

Canada Co-Working Office Spaces - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Canada Co-Working Office Spaces Market size is estimated at USD 3.24 billion in 2024, and is expected to reach USD 4.75 billion by 2029, growing at a CAGR of greater than 8% during the forecast period (2024-2029).

Key Highlights

- In Canada, the COVID-19 pandemic impacted the co-working office space market. Due to the lockdown restrictions, the companies lost 75% of their customers. People are returning to co-working spaces more than a year and a half later. These changes are proving to be beneficial to co-working spaces, which were growing increasingly popular before the outbreak impacted their economic models. As COVID-19 cases decreased, people sought new ways to work, socialize, and get out after more than a year at home.
- The co-working trend has evolved into a transformative force in the Canadian corporate scene. New work patterns are in demand, and many flexible office operators are gaining a foothold in the lease market. Co-working real estate alternatives are reshaping other key markets in Canada. Since 2017, the flexible footprints of Calgary, Ottawa, and Vancouver have grown by more than 80%. The Waterloo region competed with Toronto (1.8%) in terms of market penetration of co-working space operations (with coworking accounting for 1.4% of total office supply). Suburban growth has outperformed downtown growth in Edmonton and the Waterloo region. The suburban co-working space market in Vancouver grew by 83%.
- According to Canadian press, there are currently 617 co-working spaces in Canada, including locations run by major corporations such as Staples. JPMorgan Chase asked all of its workers to return to work. In the meantime, Ottawa-based e-commerce company Shopify abandoned its headquarters in favor of a remote-only workforce. However, as vaccine protection improves and the debate over the future of work heats up, some businesses see an opportunity to strike a middle ground by adopting a more flexible approach to the workplace through co-working.
- Overall, the future of coworking looks bright. The demand for flexible workspace options, the use of technology and automation,

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the emphasis on sustainability and green initiatives, and the desire for community and collaboration will all be factors in its growth and development. As more people work remotely or as freelancers, coworking spaces will continue to provide a valuable solution to the need for flexible, affordable workspace options.

Canada Co-Working Office Spaces Market Trends

Toronto Region is Providing Ample of Opportunities to Tech Giants and Promoting the Market Growth

A report from the business world says that the IT industry was responsible for a big chunk of office leasing during the pandemic. Toronto leads the way in North America for tech job development. According to the survey, which assesses the influence of the IT industry on office demand and rents in Canada's 30 largest tech regions, Toronto saw a 26% increase in job growth from 2019 to 2020. Over the previous five years, high-tech companies have dominated the rental of office space.

Not surprisingly, the most expensive places were Toronto and Vancouver, where a private office costs an average of USD 1,657 and USD 1,270 per month. Other markets that averaged USD 1,000 or more per month for a private office included Ottawa and the Waterloo region, representing USD 1,112 and USD 1,083 respectively.

Co-working office spaces operated by real estate operators occupy 3.1 million square feet of office space, or 1.8% of the region's total office stock. The bulk of the space, 2.3 million square feet, is downtown, in 147 locations out of a total of 216 flexible workspaces across the GTA. Regus/Spaces is Toronto's largest flexible operator, with a 1.3 million sq. ft. footprint across 56 locations, or 42% of the market by square footage. It plans to add 347,000 sq. ft. over the next two years.

With a vacancy rate of 8%, Toronto has the highest downtown Class A rates, at CAD 34.18 (USD 25.53) per sq. ft. More than 7.5 million square feet of new supply are still under development in the city, with about 600,000 square feet under construction in the suburbs. However, during Q4 2021, more than 1.3 million sq. ft. of downtown office space was absorbed, slightly exceeding by roughly 40,500 sq. ft. the amount of newly completed supply added to the market over the same period. Owing to the above points, Toronto is expected to dominate the Canada co-working office space market during the forecast period.

Rising Supply of Co-working Office Space across Urban and Sub-urban regions

Hybrid and remote work arrangements will become the norm in 2022, which is why the world's largest flexible workspace and office provider continues to grow. The Canadian co-working office market is dominated by two major players, IWG and WeWork, which represent more than half of the national inventory. There are hundreds of single-site operators across the country, however, which make up over one-third of the market. IWG (Flexible Workspace and Office Provider) opened nine Canadian sites in 2022 and is focusing on expansion in secondary, tertiary, and suburban markets in which it had no, or minimal, presence.

In Canada, the amount of new office space rose for the second year in a row in 2022, and it was expected to keep going up in 2023. In 2021, there will be a total of almost six million square feet of new supply in the downtown and suburban office real estate markets.

Five new spaces totaling 173,500 sq. ft. will launch throughout Canada as demand for co-working spaces grows due to improved labor flexibility. About 83% of businesses are implementing a flexible or hybrid working strategy for their employees, allowing people to work differently than they did before the pandemic. Spaces recently opened a 26,000-sq.-ft. Zibi Ottawa cross-provincial facility. It is part of the 34-acre Zibi mixed-use complex on Chaudiere Island, which connects Ottawa and Gatineau, and is housed in a refurbished four-story former paper mill building at 4 Booth St.

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The Canadian co-working office space market is fragmented with the presence of several privately owned co-working spaces. The market is expected to grow during the forecast period due to huge investments and funding received by companies in the industry. Some of the key players in the market include Lab T.O., District 28, La Halte 24/7, L Atelier Vancouver, BNKR, WeWork, and Regus. Major companies in the market have adopted new technology adoption, partnerships, business expansions, and acquisitions as their key developmental strategies to offer better services to customers in the industry. For instance, in June 2021, WeWork, one of the leading global flexible space providers, announced that WeWork on Demand, an app providing pay-as-you-go access to workspace and meeting rooms, is now available in Canada. WeWork On Demand is available in 12 buildings across Toronto, Vancouver, Calgary, and Burnaby.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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