

Shared Office Spaces - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2020 - 2029

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Report description:

The Shared Office Spaces Market size is estimated at USD 41.39 billion in 2024, and is expected to reach USD 62.75 billion by 2029, growing at a CAGR of 8.67% during the forecast period (2024-2029).

Key Highlights

- The pandemic-era boom in remote work is fundamentally intact, despite all manner of coaxing, cajoling and threatening by employers to get workers back into the office. The work from anywhere dynamic is unhealthy for the traditional office sector, with fewer employees utilizing once-bustling commercial buildings. In contrast, the future is relatively bright for the shared workspace sector as a whole. Enormous numbers of customers are moving out of the long-term lease space. Co-working spaces should continue to flourish in the post-pandemic era, especially as traditional offices fall out of favor, and fewer large-scale properties get built.
- Based on historical data from 2018 through 2022, the total number of coworking spaces is set to reach nearly 42,000 worldwide by the end of 2024. This means that more and more coworking businesses will appear in the next years, bringing in more competition for incumbents and new market players. This significant statistic holds great significance in assessing the present landscape of coworking, offering valuable foresight into the industry's promising future prospects. It underscores the increasing adoption of coworking as a viable choice for diverse work requirements and highlights its potential to reshape the way people approach their professional endeavors.
- Across the coworking landscape, the average capacity of these dynamic workspaces stands at approximately 83 individuals worldwide. Delving deeper into regional variations, coworking spaces in the United States boast an average capacity of 105 people, signalling their potential to accommodate larger communities. While Asia takes the lead in terms of average capacity, accommodating an impressive 114 people per coworking space, South America showcases a comparatively lower average of 54 individuals, reflecting the diverse landscape of coworking trends in different continents.

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-Asia-Pacific region has become a global leader with 11,000 co-working spaces. Asia-Pacific accounts for more than one-third of all global coworking spaces. Although the biggest market for coworking businesses is currently the APAC region, coworking spaces are most popular in the U.K., London in particular, and are becoming increasingly popular in regions like North America. North America has the largest coworking space area with an average size of 9,799 sq. ft. followed by Asia (8,101 sq. ft.) and Europe (7,244 sq. ft.).

Shared Office Spaces Market Trends

Increasing Number of Co-working Space Members

If people are leaving their house, they're looking for somewhere engaging, higher quality workplace experience. Shared office space is doing really well because people have revealed a preference for working this way. Coworking spaces offer a flexible work environment, allowing people to work on their own terms. Unlike traditional offices, coworking spaces offer 24/7 access, allowing members to work when they want, how they want. In the year 2023, it is projected that approximately 5.07 million individuals will join the ranks of coworking space members. The rising number of people embracing coworking is a testament to the numerous advantages it offers, underscoring its potential to shape the future of work significantly.

The utilization of coworking spaces is driven by distinct user groups, with freelancers accounting for 37% of the users, followed by entrepreneurs comprising 24%, and SMEs representing 21%. Among these groups, freelancers emerge as the most predominant users, highlighting their strong affinity towards coworking spaces. Over the years, there has been a steady rise in the number of women engaging in coworking, gradually bridging the gender gap. While the current percentage remains below the desired 50%, the encouraging news is that the trend continues to show positive momentum, welcoming an increasing number of women to the coworking movement with each passing year.

United States Leads the Shared Office Space Industry

The US has 18.3% of the world's coworking spaces. The number of coworking spaces in the United States has been steadily increasing over the last decade. There were only 14 coworking spaces in the U.S. in 2007, 4000 in 2017, and over 6,200 estimated coworking spaces by 2022. In 2015, there were about 331,000 people using coworking spaces in the U.S. This number grew to approximately 1.08 million in 2022. Coworking spaces are most common in the very large cities, such as New York and Los Angeles, or cities with prominent technology and creative industries, such as San Francisco and Seattle. Manhattan is by far the largest single market for coworking spaces, while District of Columbia was the fastest growing state. Los Angeles is the most expensive U.S. city for coworking space.

According to Coworking Resources, the average space size in the US is about 14,000 sq ft. International Workplace Group (IWG) and WeWork are the two main providers of coworking space in the United States. In August 2022, WeWork reported its occupancy levels reached 72%, finally matching pre-pandemic numbers from the end of 2019. IWG, a global flexible-workspace network whose customers include Cisco, Uber, Microsoft, and more, says it added 2 million new members in 2021. Since many remote workers have ventured away from big cities, IWG is expanding its list of locations to include smaller U.S. towns like Kodak, Tennessee, and Bedford, New Hampshire. The company has already signed deals for more than 50 upcoming locations in the U.S. in 2022 and plans to add another 1,000 locations in 2023.

An enjoyable work atmosphere is a selling point for 70% of coworking spaces in the U.S., according to a survey. Work atmosphere as a selling point for a coworking space is at least somewhat unique to the U.S., as 70% of the country's coworking spaces that reported this as a selling point is at or above the global average. Well-situated location, attractive design and fit-out, thriving community, good service, low prices, many events, free parking, multi-location access, internet speed, wellness emphasis are

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some additional selling points for U.S. coworking spaces.

Shared Office Spaces Industry Overview

The shared office space market is fragmented in nature with a presence of several players in the market. WeWork, IWG Group, JustCo, Servcorp Limited, Industrious are some of the major players in the market. With the rising cost of rents in tier 1 and tier 2 cities, many SMEs and entrepreneurs are choosing coworking spaces to gain access to better facilities at a cheaper cost. There is a booming demand for shared office spaces globally.

While industry leaders like WeWork are thriving, the boom in demand for co-working spaces is spilling over into other industries, where any design-focused space can become a co-working venue. Serendipity Labs, for example, is working with hotels on coworking franchises. Libraries, coffee shops and traditional commercial buildings are also adding more coworking like amenities and spaces. And, of course, the traditional coworking and office suite companies continue to expand. The result of all this is increased competition.

This competition will impact the coworking industry in a variety of ways, with a big one being increased pressure on spaces to execute well. Increasing competition is normal in growing industries. The downside is some industry participants get hurt or even go out of business. We will likely see more coworking space failures over the next couple years.

Additional Benefits:

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

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