



Workplace



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Co-working revolution: from upstarts to the mainstream

Global startup WeWork's move to property ownership marks a significant step in the flexible office market – with plenty of opportunities for architects, reports *Ella Jessel*

Global co-working firm WeWork made the headlines this month with its latest eye-catching move: becoming its own landlord.

Until now the much-hyped office provider has operated with an 'asset-light' strategy of leasing space, doing it up, and then renting it out. Now it will buy its own properties through its \$2.9 billion property fund ARK.

It marks a change in direction for the cash-burning startup, which often faces criticism it is overvalued for a company that only earns revenue on rent.

But while all eyes are on its upcoming stock market listing, WeWork putting down roots won't go unnoticed by its increasing number of competitors. In London, the company has more office space than the UK government and this latest step sends the message that it is here to stay.

In recent years, the flexible market, variously called co-working, serviced or shared offices, has exploded. In central London, flex office comprises around 1.37 million sq m, or 6 per cent of total office stock. In 2018, it surged in regional cities such as Birmingham, Bristol and Glasgow.

This growth comes amid hopes of a 'spring bounce' in commercial work which could be the beginnings of a resurgence of new office construction. Analysis by industry tracker Glenigan shows that the value of all new office starts in the capital rose by 47 per cent in the first quarter, compared with the same period last year.

While other big co-working brands such as The Office Group (TOG) and IWG continue to prosper, the past 12 months have seen a number of new players dip their toe into the market, including traditional landlords such as British Land, the Crown Estate, Landsec and HB Reavis.



The Office Group, Wimpole Street, Marylebone, London, by dMFK

As new landlords scramble to get involved, fears have been raised that the sector is reaching saturation point. But there are no immediate signs of the bubble bursting and, meanwhile, the intense competition on quality has opened up opportunities for architects.

Unlike traditional 'off-the-shelf' offices, co-working requires a design approach that is summed up by Piercy & Co's Pete Jennings as everything from the 'concrete to the cutlery'. A bespoke design solution is just one of the must-haves in the co-working 'amenity arms race'.

The two most common forms of flexible offices – meaning offices available on short leases and that can also scale up or down as companies evolve – are co-working and serviced offices.

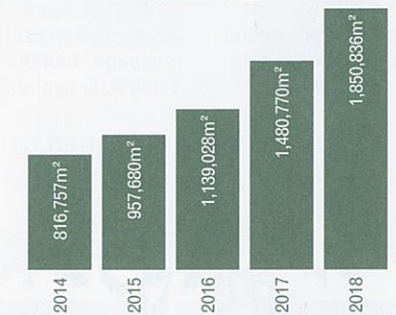
Co-working offices tend to be open-plan, with desks for rent individually or for teams. They are usually aimed at individuals or small companies. Serviced offices are more compartmentalised and usually designed for bigger clients. Many brands are a mix of both.

Confusingly, however, 'co-working' is often used as a catch-all term for the entire flexible office sector.

But while the terminology can be ambiguous, what is clear is that the sector is rapidly growing. 'There is certainly an accelerating move towards flex-working and it is having a disruptive impact on the office market,' says Elaine Rossall, chair of the British Council for Offices's (BCO) research committee and head of estate agent JLL's UK Offices Research.

Originally popular with freelancer and small tech start-ups, flexible offices are increasingly being used by large multinationals. WeWork counts HSBC, Deloitte and Facebook among its tenants. TOG, which

UK's total flexible work space (m²)
Source: JLL



Squire & Partners' Bellefields Road co-working office in Brixton, London



Fora Borough, London, by Hassell

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PATRICK WILLIAMS

has 33 buildings across the UK, with six more opening next year, says its 15,000 members include a 'smorgasbord of start-ups, entrepreneurs and freelancers'.

The emergence of new brands set up by traditional developers and landowners is an indicator of how the sector is going mainstream. In June 2017, British Land launched Storey, which now operates in 10 buildings including its Broadgate campus in the City of London. It was followed by HB Reavis's flexible office brand HubHub while Landsec launched Myo at the start of this year. Private equity real-estate business Brockton Capital is behind Fora, which has eight buildings in central London.

According to Fora's head of development Russell Durling, the latest crop of co-working ventures is a result of the property industry realising it 'needed to do something' to counter the pull of co-working provided by others.

'They needed to either work with a co-working provider or create their own,' he says. 'I think it's a realisation it's not going away; it is not a fad.'

Many of these brands are pitching for a different, more mature type of user than the original WeWork customer. Durling points out that Fora calls its brand 'pro-working' and that its 'differentiator' is its 'premium space'. It also calls its users

'residents' rather than tenants or occupiers.

'It is blurring the lines between an office, a hotel and high-end resi,' he says. 'The old-way of co-working was as cheap as possible to enable people to move from their kitchen table to a desk. But this is a premium offering, rather than cheap and cheerful.'

Jennings of Piercy & Co, which recently completed a Fora scheme off Brick Lane in east London, says the trend has moved away from hotdesk-style co-working. 'The idea of privacy has become very important again,' he says. 'People want a space they can inhabit and own so hot-desking doesn't really work for that.'

This pitch for the 'grown-up' market was echoed by British Land's head of offices Tim Roberts when the developer launched Storey. It is a 'more sophisticated, mature offer, that does not include ping-pong tables and free beer,' he told the *Financial Times*.

So if free beer is a thing of the past, what are offices now offering? In an increasingly crowded field, flexible office providers are competing to outdo each other on facilities and services. The 2019 wishlist includes hot yoga classes, pecha kucha space, cinemas, deskside 'room service', pet-friendly



Fora Reading by Piercy & Co

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policies, beauty salons and 'cultural calendars' with lectures and events. One co-working space in east London even has an in-house nursery.

In addition, brands are keen to emphasise their USPs. Uncommon's new branch in Liverpool Street has been designed using biophilia – a connection with nature. The office is home to 1,000 living plants including a 5m-tall Ficus benjamina tree, native to Asia and Australia, which had to be lifted in by crane.

'This isn't just about the occasional yoga class or desk massage,' founder and designer Tania Adir explained last week.

Interior fixtures, meanwhile, were sourced from 'Italian artisan designers' while the space includes sensory elements including curated playlists, 'bespoke scents' not to mention a light installation by the Chemical Brothers' lighting designer.

Co-working is also becoming more specialised. Makerversity at Somerset House has been created for makers and designers, and includes hi-tech printers and machinery; while a new batch of women-focused co-working spaces have also cropped up, such as the Allbright in Mayfair and US brand The Wing, set to open its first London office this summer.

Office providers trying to outdo each other on quality and image means plenty of work for architects. 'With growing competition, office designs will have to be refreshed more often,' explains Rossall. 'Flex-working is very design-centred so the bigger providers are looking for new architects who can create a range of styles – from the not-for-profit feel of some spaces to those that seem like gentlemen's clubs.'

Squire & Partners partner Tim Gledstone says his firm has seen a growth in work from the flexible sector, which he describes as a 'way of working that will stay forever'. Projects include a co-working space for the south London nightclub Ministry of Sound (with a 'feature tequila bar' in the washroom) and the Grade II-listed former bathhouse in Hackney for Clockwise.

Squires itself has embarked on its own co-working venture next to its office in Brixton. Gledstone describes the project as for

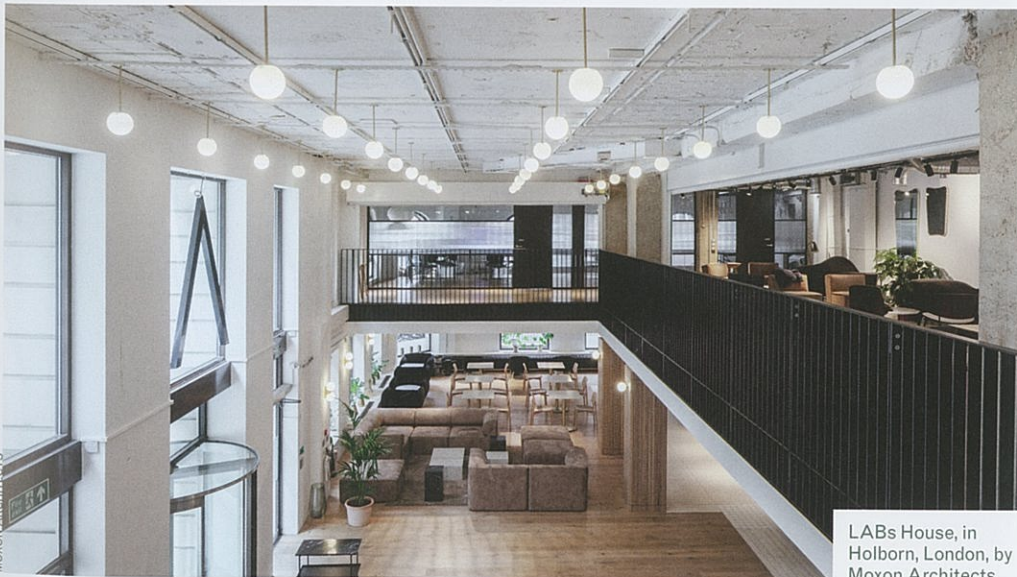
The Wing London, Soho, by Arup



Fora Spitalfields, London, by Piercy & Co



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MOXON ARCHITECTS

'flexible and joyous working, living and playing'. Asked how the design differs from traditional offices, Gledstone says it is more 'holistic'.

He explains: 'As opposed to thinking about these elements separately, the design delivers a unified set of spaces that work together to create an environment which is more than the sum of its parts.'

Meanwhile Jennings says that if design for Category A offices is a 'best-guess' at how a business might occupy a space, co-working requires a different approach, explaining: 'It involves having influence over each detail of the space from desk

and power layouts to joinery and fabric detailing.'

With the Brick Lane Fora project, Piercy & Co created a four-storey atrium in the heart of the building to bring light and connectivity between the floors. 'It's pretty difficult to do that speculatively,' he says. 'But when you know how the whole building is going to be used, it makes sense.' He adds that there are some technical challenges in providing the increased fresh air and cable runs that these spaces tend to require – 'particularly in existing buildings'.

Asked if the current fashion for stripped-back design – best characterised by exposed ceiling pipes and millennial-pink furnishings – is set to continue, Jennings says he thinks there is already a desire to move beyond a co-working aesthetic to something 'more tailored to the individual building and brand' which 'feels authentic'.

Julian de Metz, of dMFK Architects, is currently on site

The 2019 wishlist of services includes hot yoga classes, pecha kucha space and pet-friendly policies

with three projects for TOG, including a fitout of three floors of the Cesar Pelli Tower at 1 Canada Square and a refurb of a 1980s tower in King's Cross. The architect says he has noticed an 'ever increasing developer confidence' in design and furniture quality as a 'major driver for lettable and point of difference'.

As larger tenants go flexible, de Metz says one big design challenge is ensuring the office provider brand does not 'overpower' tenant identity – an issue that increases as tenant size and nature changes to larger, more established organisations.

As traditional offices become more flexible and co-working spaces smarten up, the gap between them is narrowing. As De Metz also points out, there is almost a 'convergence' between the flexible workspace providers and the traditional shell-and-core developers, remarking: 'It feels like the two worlds will end up meeting in the middle.'

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Uncommon, Liverpool Street, London