

Coworking space grows by 62% across Australia over past year *Melbourne becomes coworking capital of Australia* *Millennials drive growth in coworking*

21 August 2017, Melbourne – Coworking space across Australia has grown by 62% over the past year as millennials drive the new trend of how people work, Knight Frank's latest report, *Culture Clash: Flexible Workspace, Coworking and the future* has found.

Knight Frank Associate Director of Research, **Ms Kimberley Paterson** said that with millennials set to flood workplaces over the next five years, the trend is expected to continue to gain momentum.

Ms Paterson said that the amount of coworking spaces has soared by almost 300% since 2013 with this industry now occupying 193,192sqm across six capital cities, equivalent to 0.6% of total office stock.

"Sydney has enjoyed the highest growth in terms of amount of space growing by 65% while Melbourne grew by 63% over the 2017 year.

"However, Melbourne has the highest volume of coworking spaces across Australia.

"Melbourne now accounts for nearly 50% of the total volume of coworking sites across Australia, followed by Sydney, accounting for 38% of the total, while Adelaide has 5.38%, Brisbane 3.51%, Perth 3.49% and Canberra 0.35%," she said.

Knight Frank Head of Occupier Solutions, **Mr John Preece** said that Melbourne has led the evolution in coworking offering competitive monthly workpoint rates.

"Average indicative monthly rates in Sydney are at \$900 per open plan workpoint while Melbourne and Brisbane rates average \$650," **Mr Preece** said.

Mr Preece said that while growth from this sector has been rapid, it has come from an extremely low base, and Australia's coworking industry is still very much in its infancy.

"To put this into perspective, coworking providers across Australia occupy a similar amount of floor space as the entire Darwin CBD office market (215,802sqm).

"On a global scale, Central London has three times the number of coworking spaces than all of Australia, occupying 836,000sqm, equivalent to 4% of total office stock. Manhattan in New York has 180 coworking sites occupying 560,000sqm equivalent to 1.2% of total office stock," he said.

Ms Paterson said that over 2017, 53 new coworking spaces have opened across Australia, totaling 66,410sqm (includes spaces that have signed leases and will be operational by Q1 2018). This has been driven to a large extent by the arrival of WeWork.

"Since entering the Australian market in October 2016, WeWork has acquired 26,260sqm across five locations in Sydney and Melbourne and is currently the largest coworking provider in Australia with a 13.6% market share. With plans to acquire further sites in Melbourne, Sydney and Brisbane, it is estimated WeWork could occupy nearly 45,000sqm by the end of 2017.

“Hub Australia is the second largest coworking provider with a 5.4% market share, occupying 10,350sqm across four sites in Melbourne, Sydney and Adelaide. Hub Australia has plans to expand to Brisbane and Perth over the next 3 years and increase its footprint in Sydney and Melbourne.” **Ms Paterson** said.

Mr Preece said landlords are increasingly recognising the importance of offering flexibility, agility and connectivity in workplace design. Securing a coworking operator as a tenant provides a tangible commercial advantage in attracting other tenants to the space who can make use of the facilities offered.

“GPT’s launch of its own coworking model, Space&co. and Dexu Property Group’s recent joint venture with Rocketspace underlines the importance that has been placed on offering flexibility.

“Furthermore, the coworking offering is no longer being confined to small scale start-ups as seen at Space&co. (530 Collins Street) and Hub Southern Cross where growing businesses work side by side with large corporates such as Sensis, Suncorp, NAB and Australia Post all occupying between 20-60 desk spaces,” **Mr Preece** said.

Ms Paterson commented, “this trend has been widely adopted in other global cities such as New York, where IBM recently agreed to a membership deal for all desks at WeWork’s 88 University Place, the first reported case of a single corporation taking an entire coworking site.”

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Notes to Editors

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