



REAL ESTATE WEEKLY

April 24, 2013

Real estate industry entering a new space age



By Orlando Lee Rodriguez

The days of the corner office — or even the cubicle — are over.

The trend of companies taking less rentable space is likely to continue into the foreseeable future, as collaborative spaces, where an employee's personal space consists of only a work-station, will become the setup of choice by newer companies that rely on younger workforces, say experts.

"20 years ago, people went to work in an office and they shut the door," said Kent M. Swig, president of Swig Equities. "The concept of work today is dramatically different. It is collaborative. It's open environments. We had this concept that work and play were two different things, today they're not.

Play and interaction are considered a benefit, or an enhancement to the work environment."

Giving his comments on the Changing Office Environment Panel at the Massey Knakal Commercial Real Estate Investment Summit last week, Swig and others offered insight to owners and brokers on how to better position themselves for this major change in how office space is absorbed.

"I think the market for my company and companies like mine, is just going to grow and grow," said Adam Neumann, founder of We Work. "We're at 500,000 s/f in New York City and we'll be at about 800,000 [s/f] at the end of the year. I am planning over the next 2 to 3 years to take another one and a half to two million square feet."

Despite those predictions for his business, Neumann, who has 10 locations spread across the city, warned owners against hastily breaking down walls in order to cash in on the co-working craze.

To jump on the trend without understanding its nuances can place an owner at risk of having a lot of empty space.

"To really do what we do correctly, you can't just take a space and open it up. You have to spend a lot of money," he said.

One of the points that panelists wanted to get across was there are distinct differences between co-working spaces, where multiple start-up companies share sub-leased space, and collaborative environments, a style of workspace which even a large, more established corporations may decide to use.

Knowing the difference is a way that owners and brokers can make sure to tailor their rentable space in such a way that it appeals to multiple tenants.

Panelists, who fielded questions from the sold-out room, were clear to point out that they don't expect that new types of space means a complete shift to a new kind of tenant.

Although demand from co-working companies like We Work and General Assembly are expected to increase, it is the more established companies and not startups that panelists said they see creating the majority of the demand going forward.

"If you are looking at the bulk of the space, the traditional firms are doing that, too," said Swig. "In San Francisco, we have an office building built in 1954. We've opened it up and made the kinds of space that we are talking about. Regular businesses are going into very traditional buildings and are accepting these kinds of [collaborative] spaces."

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