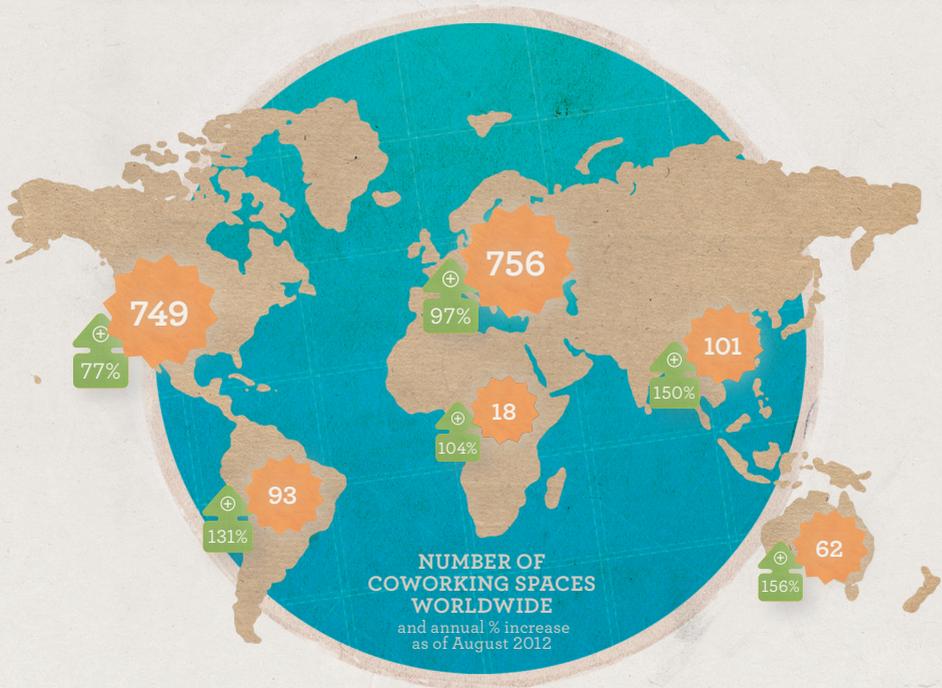


deskmag's
2nd Annual
GLOBAL COWORKING SURVEY



Supporting coworking's growth

The story of Deskmag & Deskwanted



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The 2nd Global Coworking Survey ran from October 19 to November 2, 2011. Over 1,500 people from 52 countries took part in the survey via an online questionnaire at EFSsurvey provided by Unipark.

The survey was conducted by Deskmag in cooperation with the team from Coworking Europe and translated into French and Spanish by La Mutinerie and Coworking Spain. Support was also provided by Emergent Research, the University of Texas at Austin, Coworking Deutschland, Coworking Project Italy, Jellyweek.org, Cohere Community and Deskwanted.

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We're obsessed with information. We can't help it. One of us is a journalist, the other a social scientist. When we find something we like, we dig for numbers and write about it. The data presented here is the result of our quest for information. Since we came into contact with the coworking movement, we've wanted to research it, track it, and graph it.

That's why we started Deskmag. Having been around some of the founding coworking spaces in Berlin in 2009, we saw a need for detailed analysis and reporting on the concept. More than that, we wanted to help coworking develop as a worldwide movement, to learn from its setbacks, and to document its successes.

Since launching Deskmag in mid-2010, we have published about three in-depth articles a week, and have twice carried out the most rigorous and illuminating study of coworking (the outcome of which you are now reading).

But writing about it wasn't enough. Through our research, we realized there was a need for an online tool for coworking spaces. In late 2010 we launched Deskwanted, the coworking portal, which we built on a shoestring budget. We're now improving Deskwanted to include more tools and functions that make running a coworking space easier, based on feedback from our community.

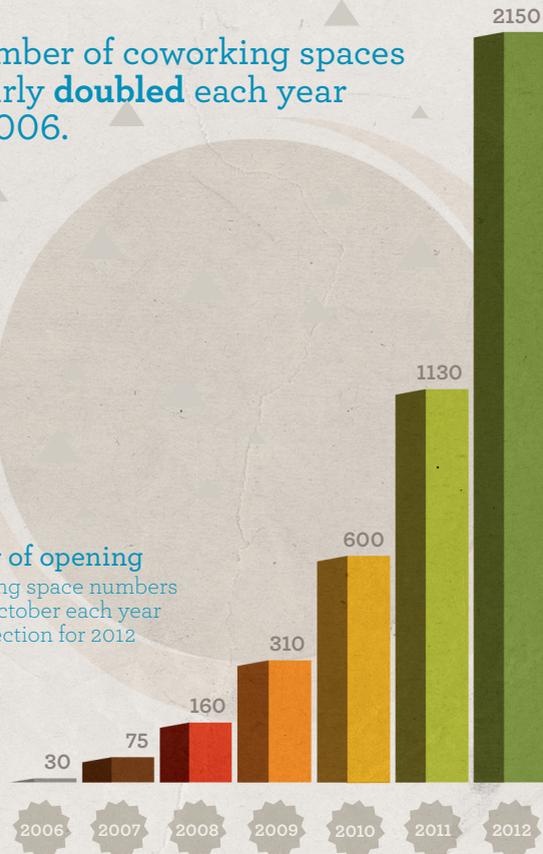
Our team has expanded; Julianne Becker is our effervescent community manager, Marco Baringer and Mario Gemoll are our programming geniuses, and we're supported by the delightful Anna Cashman, Sabrina Schifrer, Sean de Burca, Sophie Bonnet and Akki the dog.

Both Deskmag and Deskwanted spring from our desire to provide the coworking movement with information and tools. We hope you find them useful, and continue to give us feedback on how we can improve!

Carsten Foertsch & Joel Dullroy
Founders, Deskmag and Deskwanted

The number of coworking spaces has nearly **doubled** each year since 2006.

Year of opening
Coworking space numbers
as of October each year
projection for 2012



What is coworking?

With over 1,300 coworking spaces operating worldwide at the start of 2012, it is becoming clear that coworking is helping to redefine the way we work. Yet a fixed definition of coworking remains illusive; instead, a description of its elements must suffice.

Coworking spaces are shared workspaces that are used by various independent individuals as their place of business. An important precondition of coworking is the special situation of the coworkers themselves. They work mostly in self-determined situations, and the majority are independent workers, although more than one in four are employees of companies.

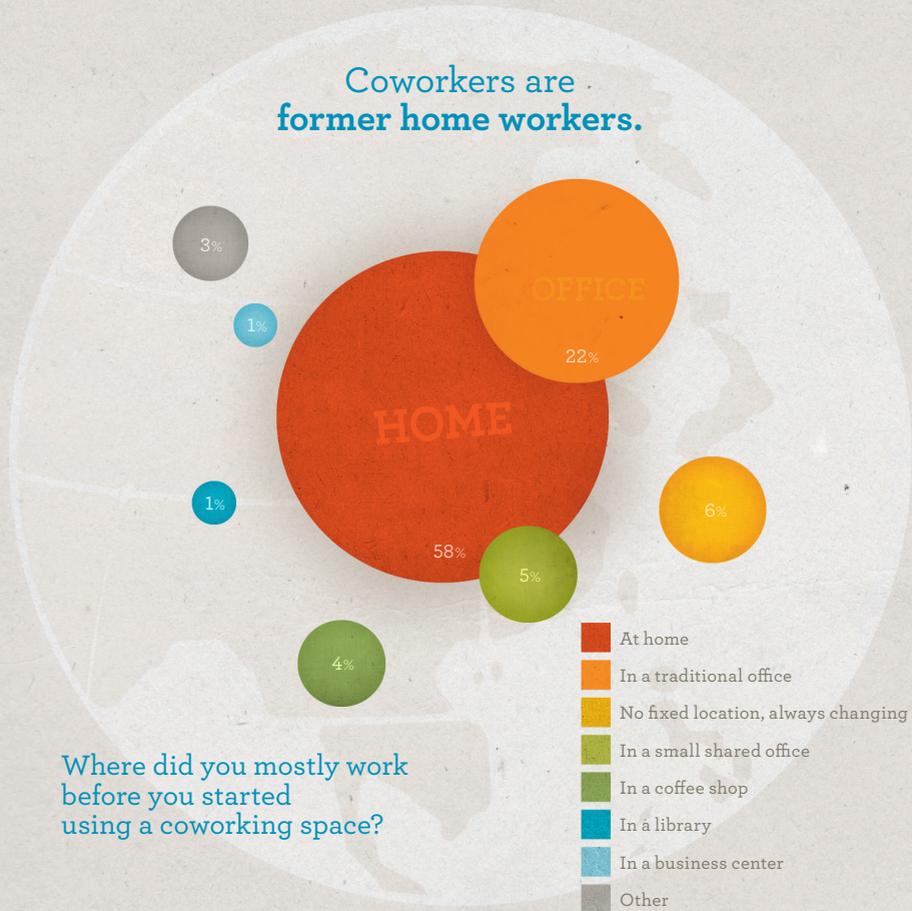
Coworking is often mentioned in the same breath as the term community. Independent and remote workers often experience problems that are best solved with others. Coworkers benefit greatly from the support and affirmation that one experiences

in a group, while sharing costs of basic infrastructure. Coworkers may also choose with whom and how much they cooperate.

Coworking is a self-directed, collaborative and flexible work style that is based on mutual trust and the sharing of common core objectives and values between members. The members treat each other equally, and can increase their well-being by working in a collaborative atmosphere, and accumulate – through cooperation, not competition – greater economic, social, and cultural capital, more so than through that which is possible in an isolated form of work. Put another way, coworking is working independently together.

The Global Coworking Survey shows the average coworker is 34 years old, university-educated, and earns an average to above average income; males outnumber females two to one.

Coworkers are former home workers.



Where did you mostly work before you started using a coworking space?

- At home
- In a traditional office
- No fixed location, always changing
- In a small shared office
- In a coffee shop
- In a library
- In a business center
- Other

Low prices are not the highest priority.



What do coworkers find important for their work?

- Interaction with people
- Flexible worktimes
- Random discoveries & opportunities
- Knowledge sharing
- Basic infrastructure
- Low costs
- Peace & privacy

Coworking has a **positive impact** on independent workers from business networks to income.



The benefits of coworking

The emphasis on community, and working alongside others, has positively affected the way coworkers work. This latest survey confirmed key findings from last year's study, which showed that individuals increased their productivity and networks by joining a coworking space.

The benefits of coworking are hard to ignore. Social circles increase significantly, business networks grow, huge jumps in productivity are seen, health and private life factors improve, isolation decreases, and over one third of coworkers surveyed confirmed that their income had increased since joining. The last factor is one which may convince uncertain potential new members to join; the cost of their membership could be recouped by the resulting boost to income.

Increases in income are likely a result of the other factors, particularly productivity and larger business networks. It is a commonly-observed occurrence inside coworking spaces for individuals to offer projects to others around them, or to recommend their fellow coworkers to clients for future employment.

Another factor, which 72% of survey respondents reported positively increasing, was their professional skill set. This may correlate to another survey finding; coworking spaces hold many regular events and meet-ups that serve as professional development opportunities. The majority of coworking spaces hold two events each month (21%). About 15% of coworking spaces host 10 or more events per month; for an overall average of 4.5.

It is interesting to note that the reported benefits of coworking closely match the factors that coworkers say are important to them in their workspace. When asked what values were important, 98% of respondents selected "community" and "independence". When asked what they liked most about their coworking space, 80% said "the people". A space's location came next in order of importance at 61%, followed by space operators at 53%. The price of coworking – often considered to be the main motivating factor – is in fact a relatively small consideration; only 47% of survey respondents said cost was the most important factor for them.

Coworkers know each other very well.

How well do you know the first names of coworkers in your space?



Coworkers are helpful acquaintances

One important advantage of working in a coworking space is the meaningful relationships which are made with other coworkers. On average, most coworkers reported meeting at least three useful new acquaintances in the two months preceding the survey. The number fluctuates only slightly depending on the size of the coworking space – bigger spaces seem to generate more inter-coworker acquaintances than small spaces.

A coworker's social circles also increase, with 77% of respondents confirming that they socialized with at least one other coworker in their space after work or at the weekends. In the 2nd Global Coworking Survey, 80% of coworkers said they liked the people in their space more than any other factor.

The positive connections forged between coworkers translate positively for coworking spaces, too. Over one third of respondents said they talk about coworking to a wider audience, both directly to friends and via social networks. Less than 3% are indifferent to coworking and just want to get on with their work.

Across all spaces, one of the most important elements of coworking, for operators and coworkers alike, is being part of a community. 94% of coworking space members said that community was the most important value for their space, and 99% said it was important for them personally.

To confirm this, the survey also checked how many people knew the first names of their fellow coworkers; after all, a community can't be too cohesive if people don't know each others' names. The responses showed that 74% of people know all or many of their fellow coworkers' names. Only 3% of large space members said they knew almost no-one's name.

Clearly trust is strong in the majority of coworking spaces. Respondents were asked if they would feel comfortable leaving their laptop in their coworking space when they left the room; 54% said "yes, always", 29% said "yes, for several hours", and only 2% said "no". Similar results were found by asking the same question about mobile phones.

Most coworking spaces are financed out of the owner's own pockets.

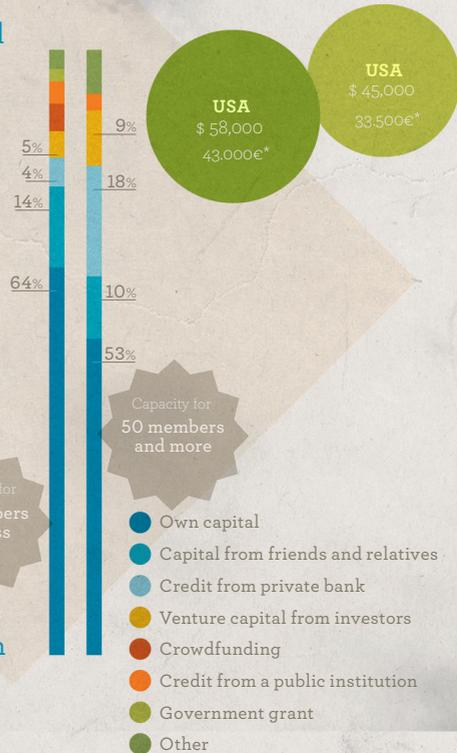
How much money was invested to open your coworking space?

- All Spaces
- Space capacity for up to 29 members only

EU
46.500€
\$ 63,000*

EU
34.500€
\$ 46,500*

Capacity for
30 members
and less



USA
\$ 58,000
43.000e*

USA
\$ 45,000
33.500e*

Capacity for
50 members
and more

How did you finance the launch of your coworking space?

* Exchange rate, as of November, 18 2011

Getting started: coworking finance

The biggest concern of coworking space founders in the planning phase is finding start-up capital – a far greater challenge than finding a location or building a user base, respondents told the survey. For the first time, the study was able to quantify the true cost of launching a space; an average of \$58,000 in the U.S. and €45,000 in Europe.

So where do most people get their funding? Crowd-sourcing may have been making headlines, but as a source of investment for coworking spaces the numbers barely hit the scale. A traditional bank loan does work for some, but again the numbers are nominal - just 7% of operators say they received funding this way, and venture capital trails behind at 5%.

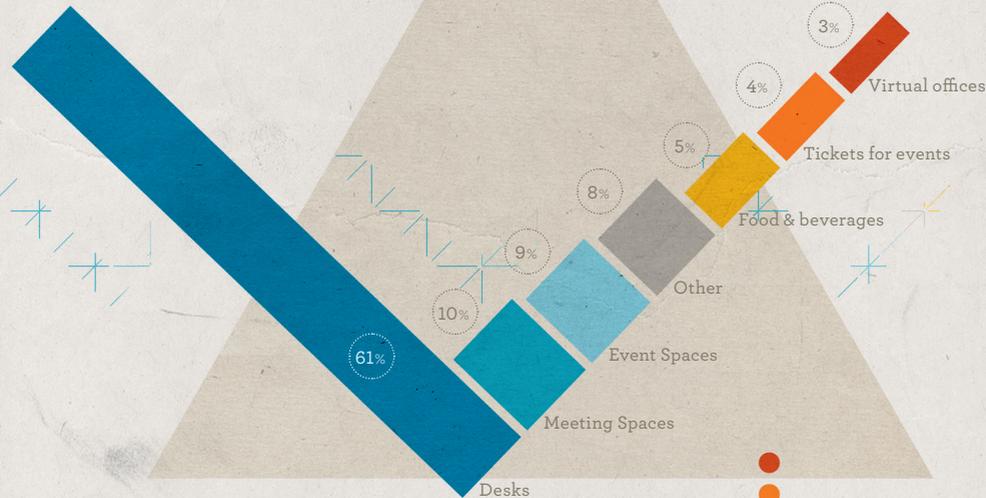
Over half of all coworking spaces, no matter how large or small, are actually funded out of the pockets of the founders. "Own capital" makes up the majority of coworking investment.

According to some operators, after searching for alternate funding schemes, most find it easier and faster to fund themselves than through slow traditional funding avenues, where the parties involved can often be unfamiliar with coworking and unwilling to support it.

Opening a coworking space is usually a group effort. On average, 2.8 people are involved as the founders of an emergent coworking space. Even in small spaces with an opening capacity of less than ten members, the average number of founders is 2.2. However, a third of small coworking spaces are started by only one. Large spaces that potentially can host more than 50 coworkers have an average of four founders.

The vast majority of coworking spaces – 79% - are founded as private businesses. Around one in eight use a non-profit organization form, and a marginal number are run by government agencies.

Coworking spaces generate most of their income by renting desks.



What proportions of your income do the following services generate?

Desks vs. meeting room

Coworking spaces earn the majority of their revenue by renting out desks, with an average of about 60% financing themselves this way. One in ten spaces earn 100% of their revenue from desk rental. The current revenue from other sources, such as meeting rooms or food and drink, is less than 10% on average.

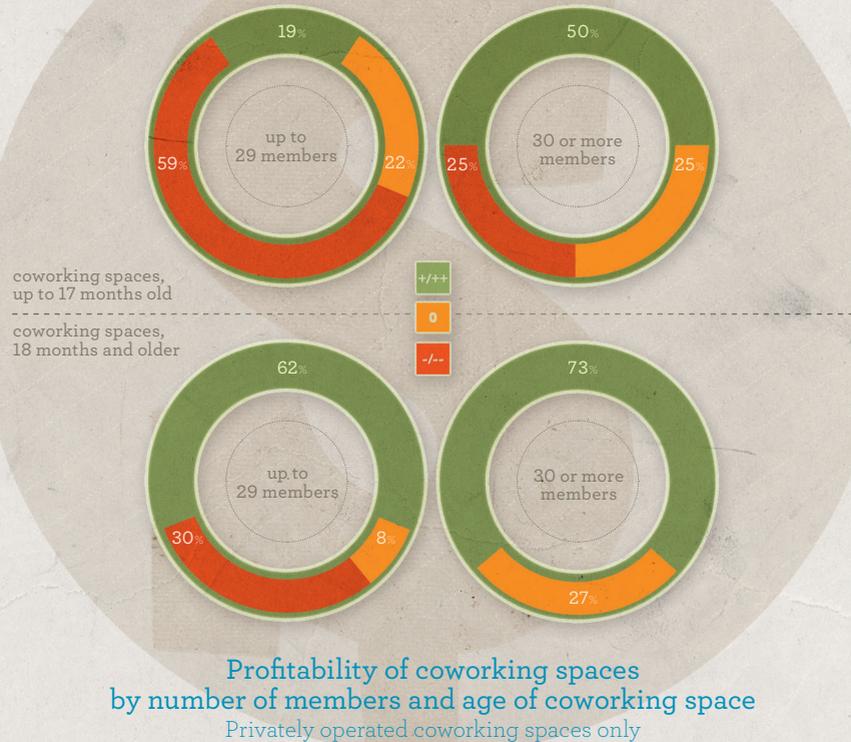
Within revenue streams there are differences between big and small coworking spaces. The more members a coworking space has, the more the income it draws from renting meeting rooms and virtual office services. Big spaces are also more likely to sell virtual office services, which could be another area of revenue growth if desired; search portal data shows this term often searched for.

At least a third of coworking spaces offer all their services as an inclusive package, with no additional costs. Infrastructure such as meeting rooms are often built into desk rental prices. Other revenue sources identified by the survey include one-time membership fees, merchandise, support services, fixed phone lines, private offices, and even art sales from an in-house gallery.

Coworking spaces generally offer two types of desks; flexible and permanent. The survey shows two-thirds of coworkers utilize flexible (or temporary) desks. A quarter have permanent desks reserved for them. 47% have 24-hour access, and a third work during traditional business hours. 60% of respondents work in their spaces at least three to four times a week, and one third work there every day.

While the present trend is more desk-oriented, another business model has emerged which derives 100% of its revenue from meeting room hire. In this model, desks are free, and workers who wish to escape the crowded, noisy office space rent premium-priced meeting rooms. By all reports, locations using this model are turning over a very significant profit, with an occupancy rate of over 90%. The popularity of such spaces may then be an indicator of things to come. Other locations are experimenting with offering their coworker member base as a diverse pool of consultants. These trials show the income stream of coworking spaces may be an ever-changing balance of services.

The older and/or larger the space,
the **more profit** it generates.



How profitable is coworking?

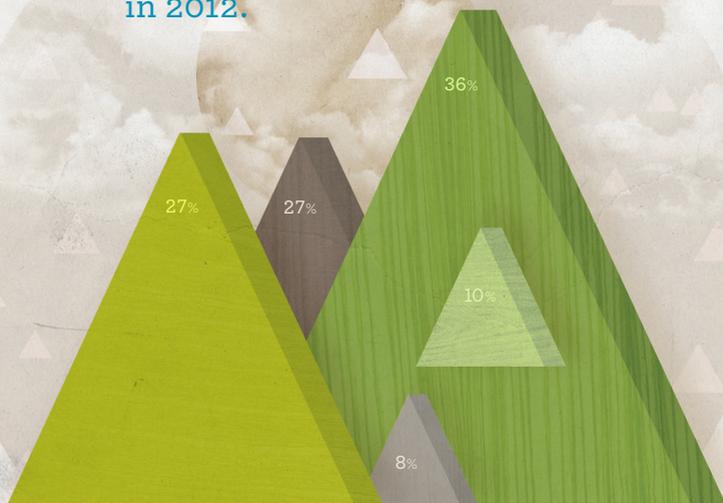
On average, 40% of coworking spaces are profitable. This initially disappointing figure masks some more complex factors, with three main elements contributing to the creation of a profitable coworking space. These are age, membership, and other sources of income for the space operators.

72% of all coworking spaces become profitable after more than two years in operation, with most spaces becoming profitable somewhere between the first and second year. This is still a young movement, and the number of spaces doubles every twelve months. Over half of all spaces are in their first year of operation, skewing the profitability average downwards. Very few companies in any industries achieve a profit in their first months of existence. That the majority of spaces are not turning a profit could have much to do with the infancy of the movement, rather than any intrinsic problem.

Membership also plays a large role in profitability. 70% of all privately-operated large coworking spaces (with 50 or more members) make a profit. Coworking spaces with between 10 and 49 members have a profitability rate of about 40% - close to the overall average. Despite their lower rent and operating costs, small spaces, with 10 or less members, are the least profitable, with 56% reporting a loss. The more members they take on, the more profitable they become.

It should also not be forgotten that 74% of all coworking space operators generate income through other work, such as freelance assignments. Operators are often led to open a coworking space by their own need for a flexible shared working environment. Coworking space managers also reap benefits by working in their own space. Like other coworkers, they experience increased productivity, business connections, and individual income.

Two in three
coworking spaces
plan to expand
in 2012.



Do you plan to expand
your coworking space in 2012?

respondents: coworking spaces
multiple responds allowed, results rounded

- ▲ Yes, we plan to expand to an extra location
- ▲ Yes, with more desks in our current location
- ▲ Yes, we plan to move to a larger location
- ▲ Other responses
- ▲ No

Spaces are set to expand

The 2nd Global Coworking Survey found that 65% of spaces are about to expand this year. Specifically, 36% of responding coworking space operators want to open at least one new location in 2012. If all carry out their plans, this would add 350 spaces to the global total.

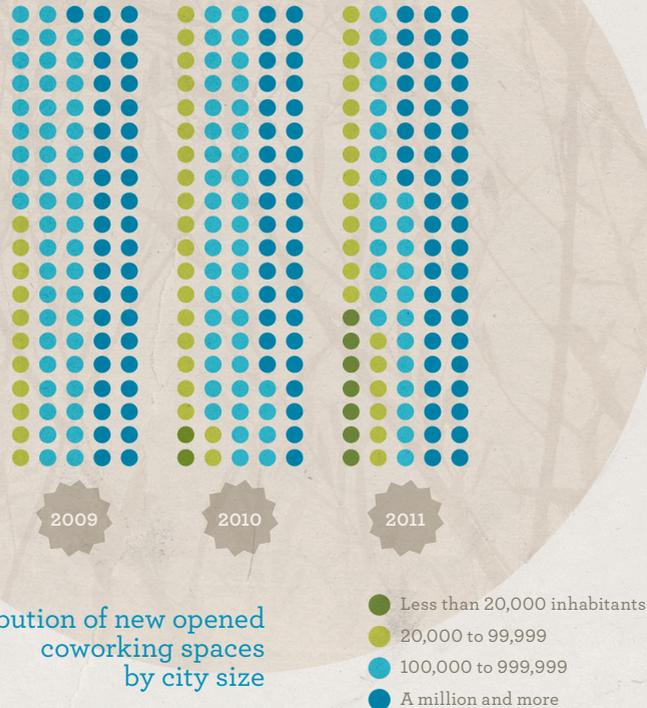
Not only is the total number of coworking spaces going to increase, but the spaces themselves are set to enlarge, with 10% planning to move to a bigger location, and 27% wanting to add more desks to their present location. Only 27% said they had no plans to expand at all.

There is a positive correlation between membership numbers and expansion plans. Spaces with large memberships are more likely to consider opening a second location, rather than expanding internally or moving. Of the spaces that want to open a new location, only 44% are presently profitable; most are making a loss or just breaking even.

In general terms, coworking space operators have a positive outlook for the development forecast for their space. Eighty-five per cent felt confident that their membership numbers would increase and 81% felt confident that their income would increase. These numbers are supported by coworkers, the majority having no plans to leave their space within the year.

As spaces plan their expansion, they should consider another key finding of the survey; the majority of coworkers - 58% - are former home workers. As well as home offices, many transition from working in a traditional office (22%). Only 4% of survey respondents said they used to work in a cafe, and one percent in a library. Of particular interest is that just one percent formerly worked in a business center. The main rival for the coworking space movement, then, is not the serviced office industry or the internet coffee shop, but the humble home office.

The number of coworking spaces in rural areas has dramatically increased in 2011.



Coworking is booming, even in rural areas

The coworking movement has roughly doubled in size each year since 2006, amounting to more than 1,300 spaces worldwide as of February 2012. While the U.S. and Europe remain the centers of coworking, spaces are popping up in all corners of the globe. The African continent, for example, presently has 14 active coworking spaces, up from zero in 2008. Spaces have also sprouted all over Asia, Oceania, and South America – the latter having the highest growth rate of any continent.

It is not surprising that the majority of new coworking spaces have blossomed in cities with more than one million inhabitants; 54% of all coworkers live in cities of this size. What could be surprising though, is that the second biggest area of growth has been in locations with fewer than 50,000 inhabitants, beating coworking space growth in mid-sized cities.

The coworking movement seems to have gained a huge amount of traction in rural areas over the past 12 months. This can most likely be attributed to community-based approaches to business development. Additionally the coworking models in these areas, while not being major hubs of technological innovation, tend to have members with more diverse professional backgrounds, from agricultural and legal to the creative industries.

For all coworking spaces, location is a critical factor, as coworkers prefer to be closer to their homes. Nearly two-thirds of the members commute 20 minutes or less to get to their space, and one in four take just ten minutes. They make these quick journeys using public transport (34%) or car (34%). Many ride bicycles (17%) or just walk (14%). Differences appear between the U.S. and other countries; there, the majority of coworkers drive.

Coworking space operators would like to **network more** locally and globally.

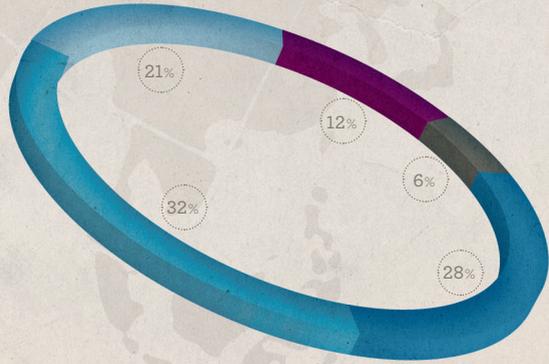
spaces with up to 29 members



spaces with 30 members and more



all spaces



Would you support a coworking association that represents the interests of coworking spaces?
respondents: coworking spaces, by number of members

- Yes, on a regional basis.
- Yes, on a national basis.
- Yes, on a global basis.
- No.
- No preference.

Exchanges between coworking spaces

Coworking spaces practice what they preach when it comes to interaction. Regular exchanges exist between local coworking spaces, with 83% reporting interaction with other coworking spaces on a regional or local level, and only 10% with no contact whatsoever.

There is also a healthy level of interaction on a national level. Bigger spaces, with 30 or more members, are more interactive on all levels, as are the spaces which have been open for more than one year. International exchanges are still rare, however, with few spaces having relationships with coworking spaces abroad.

Despite these figures, many involved in the coworking scene would like to see more use of the Coworking Visa system, which at the moment is very under-used. Only about 30% of coworkers have heard of the Coworking Visa, and only one in ten coworkers have actually used it.

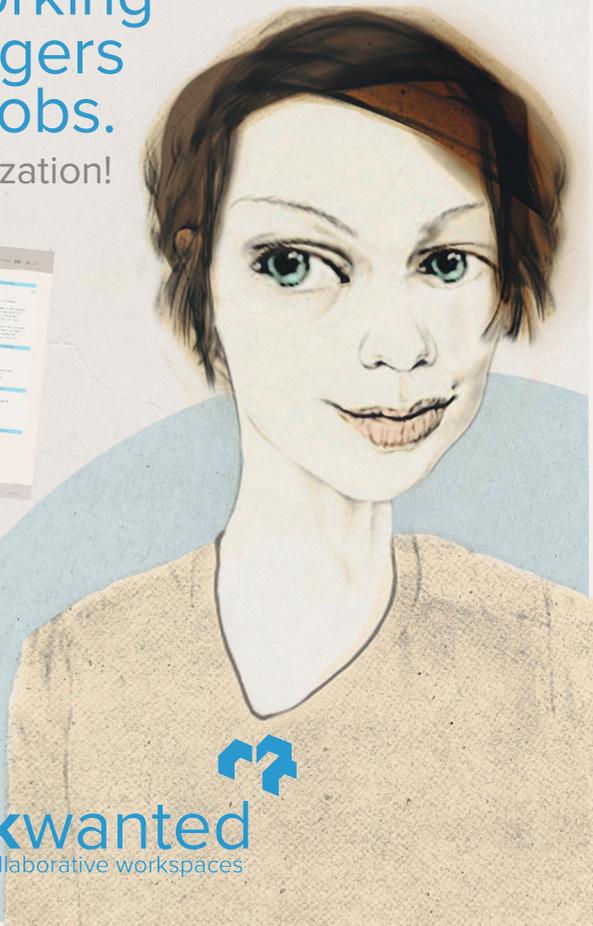
Conversely, data from our sister site, Deskwanted, shows that one in four coworking spaces participate in the Coworking Visa program, so we might expect it to be used more widely.

In addition to coworking space partnerships and agreements, there is a trend of coworkers wanting more communication with others around the world, even if just remotely. What could also be interesting in the coming years is how these networks develop.

Exactly what kind of cooperation could emerge remains open for debate. The concept of forming an official coworking association to collectively represent the movement has been floated in the past, but was met with some resistance. The survey shows a majority of spaces are now interested in pursuing stronger ties; the discussion could now consider the form and function of a potential association.

74% of coworking space managers have other jobs.

Save time on organization!



deskwanted
tools for collaborative workspaces