

Serviced offices and co-working

The 'Amazon Effect' taking over the workforce since COVID-19

Article 3

Serviced offices and co-working spaces (flexible workspace) are offered on shorter-term leases and smaller areas than commercial floorspace and have traditionally been used by start-ups and micro-businesses, or larger organisations looking for some short-term expansion. That is changing as organisations of all sizes consider the benefits that flexible workspace can bring through reduced costs, talent retention, increased productivity and collaboration with others.

Flexibility and convenience are the mottos for the modern lifestyle – also known as the 'Amazon Effect'. This drive for convenience is also relevant when exploring the work landscape and the changes experienced during COVID-19. COVID-19 opened our eyes to the true convenience that the digital world affords us, when you can arrange products, services and even take away foods to come right to your door with just a few clicks. How has this reliance on convenience and rapid upskilling in digital technologies shaped the future workforce? Will offices still hold importance for work meeting grounds? Are shared spaces with communal facilities the way of the future?

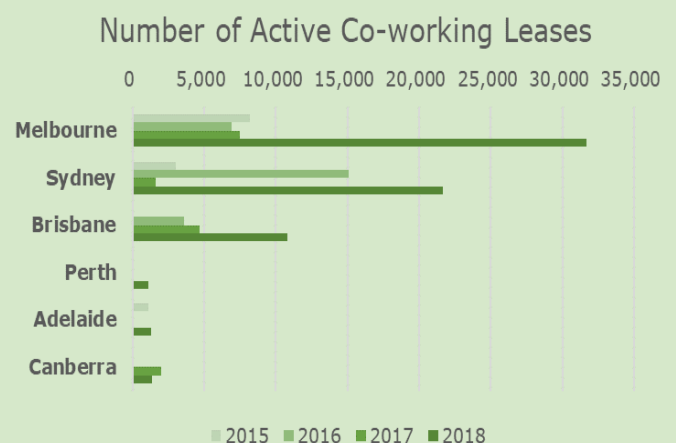
During COVID-19, the convenience model has translated into the physical workforce with the adoption of serviced offices or a co-working space, as the shift from at home working arrangements begins to dwindle and take on a new form. A Serviced Office or a Co-Working space is like having a gym membership for work, rather than a work-out. You sign up and have access to a place where you have a desk - or office - someone to answer phone calls, use of meeting rooms, video conferencing, Wi-Fi, photocopying, coffee machine and whatever other features form part of your membership.

The flexibility of some memberships will allow the use of meeting rooms, or reception services, even without the need to sign up for an office or desk space. For a sole trader or micro-business, such an arrangement gives a

professional edge to even the smallest enterprise, at a low price – and it sure beats meeting in your home kitchen or at your favourite coffee shop where privacy (and noise level) isn't guaranteed.

Serviced offices and co-working spaces – collectively regarded as 'flexible workspaces' – have been a growth industry over the past five years, though demand (and capacity) has been affected by COVID-19. Traditionally, serviced offices provided space for small-to-medium-sized businesses and larger enterprises that required additional space for project teams. Co-working appealed to micro-businesses and start-ups seeking an innovative workplace with the flexibility for growth in personnel.

However, as The Property Council of Australia reported, co-working is no longer limited to sole



The number of active co-working spaces increased significantly in 2018 (Source: JLL Research)

traders and start-ups; large corporates are considering coworking as a space and cost saver, an innovation incubator and a means of collaboration. This has seen a rapid increase in the number of co-working leases since 2015.

Businesses are also considering talent retention as a reason to set up 'hubs' that are remote from Head Office and closer to where employees live – giving the opportunity for less commuting time without the need to set up a home office and work with a houseful of potential distractions (young children and pets; lovely; but can be disruptive to daily work routines and Zoom conferences). The option then exists for workers to enjoy a short commute and transition to 'work mode'; all the facilities provided by their head office; the company of colleagues who live in the same area; and social interaction. Doing so two or three days each week – with other days in head office or at home – provides flexibility for the employee and allows organisations to significantly downsize the floorspace required in a head office.

Despite an initial fall in numbers of people working in the office when the initial lock-down commenced, many have now returned to their flexible workspaces, albeit with the capacity constrained by COVID-safe distancing measures. So, why the return to flexible workplaces, away from the work-from-home option? Illawarra-based providers contacted by RDA Illawarra gave a simple but unanimous response, 'Because it's not working from home!' As one provider put it,

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The novelty has worn off and people can feel their productivity dropping.

Workers want to get out of the house and there is a desire for social interaction or to network with others.

Some of the biggest challenges during COVID-19 were the ability of workers to collaborate and communicate whilst working remotely. Shared working facilitates that environment, without the burden of renting a huge office space in a CBD. Evidence suggests that working alongside people in an open environment can improve the development and diffusion of ideas – stimulating knowledge and creativity.

Flexible workspaces in the Illawarra have seen an increase in demand for a reduced number of (COVID-safe) spaces, and one local provider observed that they could "add another floor" with current demand. The closure of – or

restricted access to – alternative 'social' working areas such as libraries, cafes and coffee shops drove an increase in enquiries for shared office space that can be leased for short periods. This flexibility is one of the key advantages of serviced offices and co-working spaces; whilst commercial office space requires a long-term commitment, flexible workspaces provide short-term options that are increasingly attractive – especially as fit out costs are avoided.

However, the future of the flexible workspace is not secure. There is increasing competition from the commercial sector – especially in Wollongong – where recent completion of a significant expanse of A-grade commercial space in the CBD has seen considerable incentives being offered to fill B-grade floorspace. Lower prices and more flexible terms are proving attractive to organisations that would otherwise choose to utilise flexible workspaces.

How can flexible workplaces retain their attraction? Changes to their service offering and flexible office design may be the key. Designing office spaces without fixed walls allow tenant businesses to grow in place – adding floorspace, seats and personnel as required. Co-locating attractive service businesses, for example child-care, as tenants could also provide an attractive option for working parents.

So, is the flexible workspace the future of work? It certainly provides an option for organisations of any size to create a workplace that provides the opportunity for innovation and collaboration. The development of business hubs that allow mid-city workers the opportunity to ditch the commute and work closer to home with colleagues in the same locale would be a bonus.

The flexible workplace is a curious hybrid – neither working in the office, nor working from home – but providing significant benefits for workers who seek social interaction, crave collaboration, need office services or technology not available elsewhere, or simply want a change from the four walls of the spare bedroom.

In our next article...

'Is Working from Home really the Future of Work?'

