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Co-working space in Thailand: An emerging niche market

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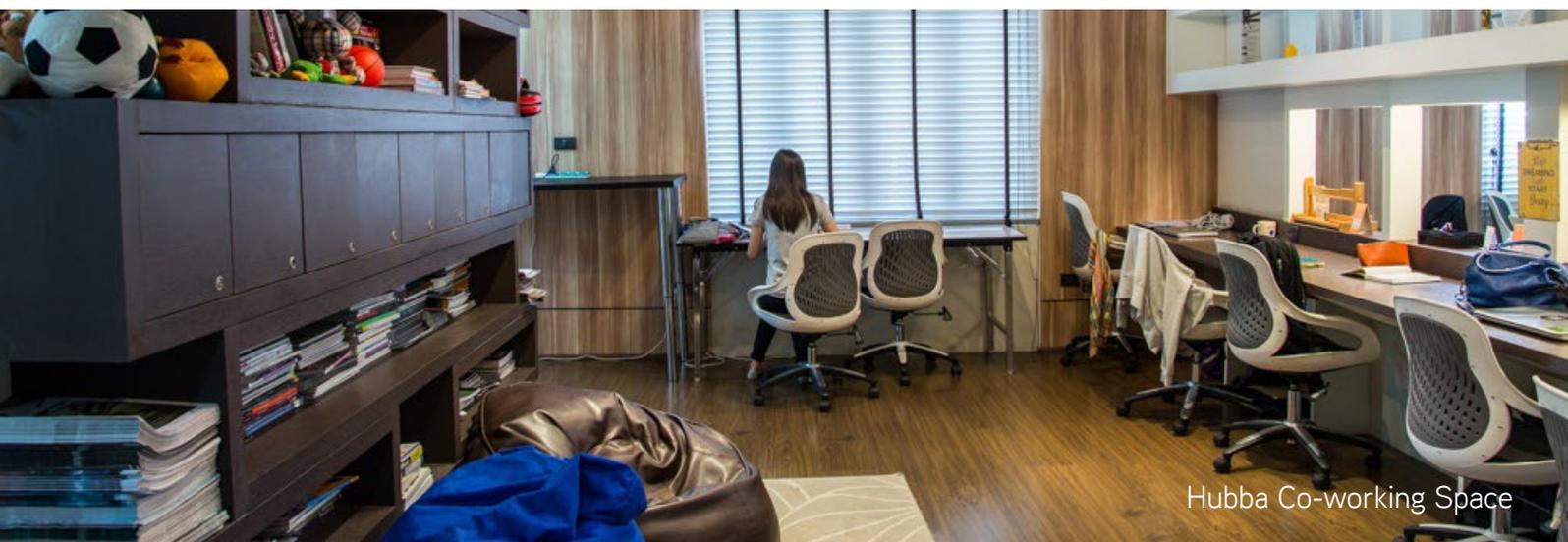
Co-working space has joined the list of “alternative” office accommodation – serviced offices, mini-office, homes offices, etc – as a new choice for the new generation of office workers. But is co-working space a viable alternative for the Bangkok market, or will it remains a fringe option for today’s urban warriors?

It would be a wild exaggeration to consider “traditional” office space to be under threat in Bangkok or any other major global city. Bangkok boasts over 8 million square metres of such accommodation in medium to high rise towers, mostly offering large floorplates around central lift cores, modern facilities such as parking, fire safety systems and airconditioning, and increasingly such other benefits as column-free floorplates, high ceilings, security systems and green building features.



Hubba Co-working Space

But alternative space solutions have been growing in popularity in Thailand, firstly through serviced offices, mini or home offices, and more recently with the emergence of incubator space and co-working space. While large corporates will continue to prefer the convenience and image of the large office towers, we are seeing many small and start-up businesses, especially in the knowledge industries that define the modern service economy, gravitate to alternative office spaces. Importantly, as these businesses grow, they do not necessarily want to mimic the business titans of old and will still seek alternative solutions, such as dedicated, staff-friendly business parks.



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Apart from start-ups and SME businesses that may not be ready or confident enough to commit to a lease in a traditional office building, co-working space is finding favour among a wide variety of freelancers that are looking for a workplace that is more formal than the home environment, more informal than the traditional office yet offers the benefits of convenience and a more professional presentation of their business. Co-working space also tends to appear more relaxed than serviced offices, and most importantly, generally offers a lower rent. It generally provides the bare minimum but also the core essentials of general office space, i.e. a worktop, a high-speed Wi-fi connection, meeting room and access to printers and other office equipment. Some co-working spaces also include a coffee corner, photography studio, garden or some other form of relaxation, like a games room with a pool table. Sometimes an extra charge is payable for these additional amenities, but they are inclusive in the basic charge at most co-working spaces allowing users to spend the whole day there without the need to go out for food, snacks or coffee.

Growing popularity

Co-working space has been booming globally over the past few years. The first space recognised as “co-working space” was established in San Francisco in 2005 and well received by users within a very short period. Most users there were people whose work relied heavily on the Internet, including both freelancers and start-up businesses. In many cases, users are constantly travelling and value the freedom of being able to work from anywhere with a good internet connection. Thus, the concept of co-working space has expanded and has been warmly welcomed all over the world. The number of co-working spaces is continuing to increase in the USA, Europe and throughout Asia, including Thailand.

Some of the results of the Work Trends Study 2015 carried out by Adecco illustrate the growing popularity of the co-working space phenomenon. Adecco surveyed approximately 31,793 job seekers and 4,168 recruiters in some 26 countries. A key finding related to the level of preference expressed for working in a co-working space environment. A preference for co-working space was expressed by:

- 33% of all job seekers (when allowed to choose several options);
- 21% of job seekers under 30 years of age and 17% of those over 30 years old (when allowed to choose only one option);
- 44% of job seekers in Americas, 28% in Asia and 29% in Europe.



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The results from the survey indicate the growing popularity of co-working space among people all over the world, especially given the fact that some 49% of the job seekers interviewed had never heard of co-working space.

The popularity of co-working space in Thailand is following the global trend. Co-working space started to appear in Bangkok in 2012, spurred by the devastating floods that kept much of the outer city under water in the fourth quarter of 2011. Many people could not get to their offices, so started to work from home. After the floods receded, some co-working spaces were officially established. At the same time, the number of freelancers and people who can work from home is increasing every year and co-working space has proven particularly attractive to this group.

The popularity of co-working spaces has spread from Bangkok to several other provinces around Thailand. Some co-working spaces outside Bangkok, especially in Chiang Mai and other major tourist destinations, are becoming centres for foreign tourists who are travelling and still need to contact their company or undertake business. The main operators are often looking at collaborating with each other and searching for suitable locations for new spaces in Bangkok and other large cities. Thus, the co-working space business in Thailand will continue to grow in the future.

The product is maturing also. Operators are increasingly attempting to offer more than just a desk, an internet connection and cup of coffee. Some are more focused on the quality of the community at the co-working space, so the space becomes not only a work place, but also a place to share ideas or look for new colleagues. Others are adding more interesting activities, such as seminars, and setting up business matching programmes to link start-ups with seed or venture capital, for instance.

Further, the trend in collaborative space is now moving into other related areas, with the emergence of co-living and co-meeting spaces. In Bangkok we are beginning to see the emergence of this combination in properties that have the capacity to add bedrooms on upper levels, while some co-working space operators, such as Hubba, are actively looking for co-meeting spaces in old shophouses, houses or small office buildings that can be transformed into a co-working space with an adjoining meeting room. In addition, Hubba is also seeking to co-operate with other partners to open new co-working spaces in both retail projects and traditional office buildings.



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A niche future

While it is an important new trend and offers a new choice within the office market, the co-working space concept by its nature will remain a niche activity: the dominance of traditional office space will not be challenged. As it does not compete directly with the large office towers, co-working space may not have a substantial direct impact on the major landlords. However, landlords should not ignore the business as its growing popularity points to ways of thinking and doing business that will impact their business model in the long run. Rather than see the emergence of co-working spaces as a threat or an insignificant minor trend, they may consider taking the lead from landlords in other markets around the world and incorporate some of the key features of co-working spaces into their projects.

While co-working space is unlikely to have a major impact on traditional office buildings and landlords in Thailand at the moment, its growing acceptance and popularity is undeniable locally, regionally and around the world. Co-working space is becoming an attractive alternative for the new generation of workers who value greater flexibility in the workplace, as well as proving particularly suitable for freelancers that do not need to work out of traditional offices.

Some co-working space operators in Thailand are continuing to expand their product into new locations and new formats, often in partnership models, ensuring increased availability and accessibility, especially in view of the large pipeline scheduled to be completed in the next 1 – 2 years.

We can therefore expect awareness of co-working space as an alternative workplace concept to spread more widely in Thailand, although it will remain a niche player in the overall office scene. Its impact on traditional office space is likely to be more in the form of encouraging more flexibility in building design and operations, rather than the much more significant disruption to traditional retail space resulting from the growth of online shopping.



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Our conclusion

In many locations around the world the traditional serviced office operators are facing new challenges from many co-working space operators. Some large, traditional serviced office operators are also converting to facilities that offer both serviced offices and co-working space in the same location, such as Regus in the USA. On the other hand, some co-working space providers, such as the US-based WeWorks, have already entered the Shanghai and Hong Kong markets and are transforming themselves into global companies and continue to expand to other countries. We should expect both of these trends to liven up the Bangkok office scene in the years to come, with serviced offices expanding their co-working space offering and global co-working space providers dipping their feet into the Thai market.



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