

Turning empty spaces into profitable places



The global shift to hybrid working offers a once-in-a-generation opportunity for property owners and investors

The world of work has changed forever, as ever increasing numbers of people choose to divide their working lives between home, a local flexible office space and a corporate HQ.

In the UK, figures from the Office for National Statistics show that in just three months between February and May this year, the proportion of hybrid workers in the country almost doubled, and IWG research shows that three times the number of FTSE 250 companies are intending to use the hybrid model compared to those looking to carry on as they were before the pandemic. At the end of last year, Google Workspace polled employees and managers from more than 15 industries in North America, Europe, APAC and Latin America, and found that 75% believed that hybrid working would become standard practice within their organisation within the next three years.

As a result of this changing work model, the global commercial real estate market is undergoing revolutionary change. Companies need less space, and, as a result, they are terminating their long-term commercial office leases at an unprecedented rate, often replacing them with shorter-term agreements or new arrangements with flexible workspace providers such as IWG. Mark Dixon, Founder and CEO of IWG, has termed this the Great Lease Resignation.

Hybrid has also shifted the centre of gravity of the working world. According to research by IWG, workers are now four times more likely to choose an office close to home than in a city centre. Work life is moving away from long commutes into central business districts, and out into the suburbs, small towns and even the countryside. Dixon says that 90% of IWG's latest locations are in what he calls "the deep suburbs".



“Over the last few years we’ve seen a seismic shift in the way that people want to live and to work. That means a fundamental change in how people are using space – and building owners are now having to navigate this new landscape. The growth of hybrid working has delivered a once-in-a-generation moment.”



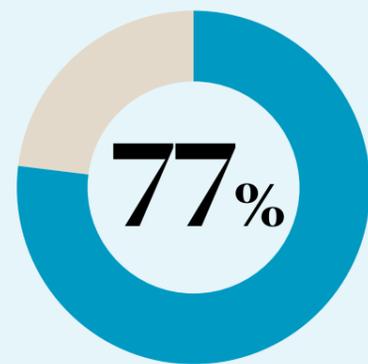
Thomas Sinclair, Group CIO and Global Head of Network Development, IWG

“We are now looking to radically increase the scale of our network, so we can have an IWG location within reach of every town, village and suburb in the world. We plan to add thousands of locations, partnering with owners who already have buildings and are looking for a different way of monetising that asset.”

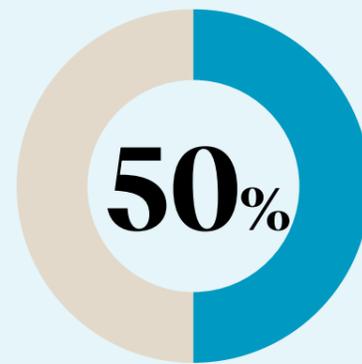


Steve Holloway, Global Partnership Development Director, IWG

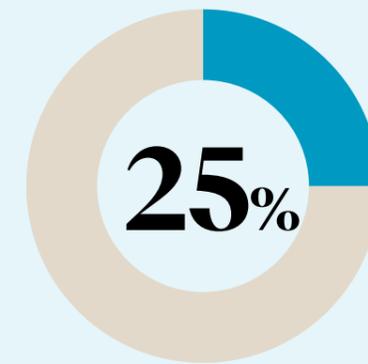
Keeping work close to home



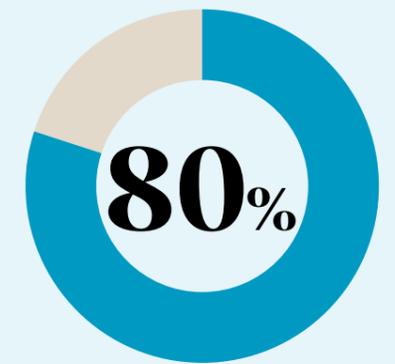
of workers say a place to work closer to home is a must-have for their next job move.



Almost half say they would quit their job if asked to return to a central office five days a week.



In the US, a quarter of workers have moved further from the city centre as a result of the pandemic.



Eight in ten of them will permanently stay in these non-city locations.



“It’s a trend that was already in place, but during the pandemic it accelerated massively”

says Steve Holloway
Global Partnership Development Director at IWG.



“Both employers and employees came to appreciate the opportunities of working closer to where they lived, and that has fundamentally shifted how people and organisations want to use office space in the future. So we’re now seeing that trend impacting building owners and landlords across most markets around the world as the demand for workspace changes. And we’re offering a way for them to capitalise on that trend through a partnership with IWG.”

That means establishing flexible workspaces close to where people live. There are currently around 3,500 locations in the IWG network, which includes unique brands such as Regus, Signature, Spaces and HQ, covering every different workstyle. According to Holloway, IWG sees the potential to grow that figure by more than a factor of ten on a global scale.

We’re looking to work with building owners in every town across every country,” he says. “We want to talk to them about the opportunity to partner with IWG as the world’s leading flexible workspace provider. I think often in

smaller towns and suburbs, building owners are just not aware of what a great solution this could be when it comes to creating income from their real estate assets now and in the future.”

“Most landlords understand what flex means, but they don’t have the capability to actually put it into practice,” adds Thomas Sinclair, IWG’s Group CIO and Global Head of Network Development. “They’re not set up to do it, so they need to outsource the solution. The question is who to work with as partners, and typically the thought process is that they should work with the global market leader – which is IWG.”

There are two main options for building owners who want to take this opportunity. One is a franchise partnership, with a building owner operating an IWG branded flexible workspace with the help of IWG’s world-class operational support and a global sales platform that generates more than 100,000 enquiries every month. And the other is a managed partnership, where IWG operates a centre on a building owner’s behalf.

Empty spaces. Profitable places.

IWG at a glance

3,500 locations

1,000 new locations
planned in the next year

120 countries

83% of Fortune 500
companies are IWG
customers

8 million customers



In smaller towns and cities the typical parameters for an IWG centre are between 8,000 and 20,000 sq ft (740 sq m and 1,900 sq m), either as a whole building or part of one. In major cities, centres can be as big as 250,000 sq ft (23,225 sq m).

A typical new opening is Two Four Nine, Lynnfield House, a 10,000 sq ft (930 sq m) Regus centre in Altrincham, a market town on the outskirts of the city of Manchester in the north west of England (see page 11). “It’s very exciting,” says Sinclair. “The owner of the building was looking with some urgency for a flex solution and we very quickly agreed a deal for us to go in

and operate a space there. It was agreed at the end of 2021 and having built the space out together with the landlord, we started to unlock demand. And that demand has been huge – so much so that it’s sold out and we’re already looking at taking more space in the building. I think it’s an example of how quickly we can react to circumstances to meet this heightened need.”



A solution for any building

The spaces that are required to meet the increased global demand for flexible office space don't have to be existing offices – IWG has a hybrid work solution for every type of building and location.

For example, there is a growing number of vacant retail spaces around the world, a phenomenon initially driven by the rise of online shopping and then compounded by the pandemic. Last year, vacancy rates in retail hit nearly 5% in the US. In the UK, vacancy rates on the high street are currently at around 14%, meaning one in seven shops are ripe for repurposing. As the world approaches an impending recession, these figures are likely to grow further.

“There is a phenomenal amount of retail space across the world that is sitting empty and where landlords are looking for a solution,” says Sinclair. “We can help them, because we have the brands and the design capabilities to fit out flexible workspace in a retail space. And we also have the distribution and the demand to match that supply with people who increasingly want to work somewhere closer to home.”

Sinclair cites The Mailbox, a former Royal Mail building in Birmingham, UK, which was recently acquired by M7 Real Estate. A struggling retail area on the ground floor has been transformed into a brand

new, 50,000 sq ft (4,600 sq m) Spaces location. “They knew and liked our brand, and they were confident that we were the right partners to help them monetise that space,” he says. (See pages 7-8.)

In South London, IWG has partnered with supermarket giant Tesco to turn part of its New Malden store into a 3,800 sq ft (350 sq m) Spaces location. “They’re a company that has a huge amount of real estate in the heart of communities where people now need places to work, and they’re looking at new and more imaginative ways of repurposing some of their empty space, both to monetise it and to provide their customers and potential customers with a differentiating amenity,” says Sinclair.

Other IWG projects include a Spaces location in a shopping mall in Bogota (the first of its kind in South America) and another in the Accor Arena, an iconic sports and concert venue on the outskirts of Paris. In Amsterdam, IWG is helping to pioneer ‘hybrid hospitality’, transforming 21,000 sq ft (1,950 sq m) of hotel space into flexible workspace.

“We believe we can find a solution for any building where there is going to be demand for a flexible workspace, whether that’s a retail space, a light industrial space, a hotel or whatever.”

– Steve Holloway

“Landlords and investors are keen to know where the levels of demand are likely to be in their markets, and the great news is that we can point to examples in similar towns where we have centres that are trading very well and are very well occupied and are creating a good return,” adds Holloway. “We also offer the opportunity of tapping into not just the local market but also the national and international market. We have a world-class sales and marketing operation that can quickly drive results for our partners.”

“There’s no other provider who can work at this kind of scale or with this level of expertise. For several decades we’ve been at the forefront of the hybrid working revolution, empowering people to work more productively and conveniently. More and more people want to work closer to home, and together with great partners around the world, we can make their dreams a reality.”



Mark Dixon,
Founder and
CEO of IWG

TRANSFORMING RETAIL SPACE IN A LANDMARK BUILDING

IWG's OpenDesk solution has turned an under-performing shopping mall into a bustling flexible office space within England's second city.



Formerly the location of the Royal Mail's main sorting office in Birmingham, [The Mailbox](#) was converted into a mixed-use building in the late 1990s. Current occupiers include blue-chip companies such as the BBC, global engineering consultancy WSP and business software provider Advanced, together with fashion and lifestyle outlets (notably Harvey Nichols), an Everyman cinema and a wide range of restaurants and bars.

In December, 2019, the 700,000 sq ft (65,000 sq m) property was acquired by M7 Real Estate, with a view to listing it on ISPX, the world's first regulated stock exchange for real estate. At that time, the ground floor of the building was occupied by 36,000 sq ft (3,350 sq m) of retail space that was performing poorly, and M7 decided to turn it into office

space. By combining it with the centralised mall area, a 50,000 sq ft (4,650 sq m) office floor plate was created. The original intention was to offer the space to a single occupier in a traditional lease arrangement.

"But then COVID-19 hit and people obviously weren't acquiring any office space at the time," says Ruth Miley, Senior Asset Manager at M7. "We saw that the world was changing and so was the way that people worked and used office space." M7 already had a longstanding relationship with IWG, and so decided to enter into a management contract to partner with them on converting the entire ground floor into a Spaces location.

The perfect solution

Transforming an area of multiple retail units into an office space is not straightforward. “It’s a complex process, but our expertise removes that complexity,” says Steve Holloway. One of the challenges with a typical retail space is that it tends to be relatively large and not necessarily endowed with lots of natural light. At The Mailbox, new glazing was added by the developers in order to increase the light, but key to the success of the project was the introduction of IWG’s OpenDesk solution, which was specifically designed to transform dull retail spaces into vibrant working areas.

First piloted at IWG’s Spaces Napa Valley, California, OpenDesk is quick to install and offers workers individual ‘rooms within a room’, combining flexibility with privacy and maximising the sense of light and space. Its introduction at The Mailbox marks the first time it has been used in the UK, and Mark Dixon anticipates it will become widely used. “We’ll be bringing the concept to more locations and we believe it has the ability to play an integral role in the high street of the future,” he says.



Spaces The Mailbox, which includes 350 OpenDesk workspaces, opened in early summer 2022 with great success. “It’s really exciting,” says Miley. “The sales team is really, really happy with progress so far and we’re on track for full occupancy.” Clients come from a wide range of sectors, and Miley foresees that as well as satisfying demand from local businesses, the centre will also be used by workers who might formerly have commuted to London.

“We’re seeing an awful lot of corporations going down the ‘hub and spoke’ route, with satellite offices popping up in the regions,” she says. “COVID-19 has shown that there isn’t the need to be in London and we’re seeing a lot of investment outside the capital. There’s a big push from the government as well to decentralise to the regions – Birmingham is a fantastic location due to its excellent transport links with London and the rest of the country, and its comparable affordability.”

On a local level, Miley says the introduction of Spaces has added a new dimension to the Mailbox building’s amenities: “We’re an office-led scheme with a prime canalside location, we’re a five minute walk from New Street station, we’ve got a whole array of restaurants and bars, as well as a wide variety of retail and services – and then we’ve got the collaboration space of Spaces for all of our existing office occupiers to use, whether it’s on a day pass or a more permanent basis, if they need some flexible space. So it really does anchor down the fact that it’s a true office-led, mixed-use asset. From a placemaking perspective, it’s really exciting to be able to have those facilities available to the end users.”



BREATHING NEW LIFE INTO SECONDARY CITIES IN ITALY

Flexible workspace is playing an important role in the redevelopment of post-industrial towns.

Como is a picturesque Italian city situated on the shores of the eponymous lake. It was once known for its industry, in particular the manufacture of silk, but since the mid-1990s, with increasing competition from the East, factories have been closed and the local economy has become more reliant on tourism. Como's inhabitants have increasingly found work in Milan, an hour's drive to the south, and in the nearby Swiss towns of Lugano and Mendrisio.

But following the COVID-19 pandemic, new life is being breathed into secondary cities such as Como, believes Cesare Lanati, CEO of BELL Group, a Milan-based real estate service and development firm with a focus on innovation. Employees have become used to flexible working and they and their companies have realised that they can work just as effectively away from the corporate HQ. But they don't want to work from home

all the time, because they need to socialise and be with other people, he says. Which is why, as IWG's first franchise partner in Italy, BELL Group will be delivering ten new flexible workspace centres over the next ten years.

“Cities like Como and Varese have long been labour pools for Milan,” he says. “But now these secondary cities are taking on a significant new role in their own right, because flexible working means workers don't have to travel to their company headquarters. It's the same with other secondary cities like Parma, Modena and Reggio Emilia, between Milan and Bologna. We're seeing an epochal change in the way that flexible spaces are used. Companies both large and small are increasingly seeing the advantage of letting employees work in a place that's close to their homes, rather than commuting, because it benefits their quality of life. So these are the kinds of cities where we'll be investing.”

Building a sustainable future

BELL Group's first centre, scheduled to open in November, is situated in a prime position on the main road into the centre of Como, on the site of a former Mercedes-Benz dealership.

“The whole area is undergoing a major renovation and former industrial spaces are being transformed into commercial spaces, mainly for the tech sector,” says Lanati, who believes there are important sustainability benefits in repurposing old buildings. “Developers have often been characterised as people who take away land in a world where there's already too little to go round,” he adds. “I believe we have a responsibility to stop consuming land and instead to bring value to disused spaces. Como is a perfect example: we've brought value and employment to a space that was empty and unprofitable.”

BELL Group has considerable experience of finding buildings to turn into new business locations and managing them, and has long focused on satisfying customers' individual needs. Lanati believes that makes the company a perfect fit when it comes to new spaces: “The traditional attitude from landlords and building owners in Italy has long been one of ‘take it or leave it’ when it came to potential tenants,

but when we entered the market, we had a background in services and logistics and we saw ourselves as service providers, who live by satisfying the needs of others. So we don't think of an office as just a ‘box to rent’. A building has to be managed, it has to be taken care of. It's important to us that our customers won't have to think about anything but their work. I believe that the more comprehensive we are in the services we offer, the more irreplaceable we will become.”

Lanati is in tune with the working Zeitgeist: as Mark Dixon has pointed out, employees no longer want to be in a building filled with hundreds of soulless desks. Instead, employers need to offer them inspiring spaces where they can focus on doing their best work.

Of the many IWG brands, BELL Group chose Regus because of its international recognisability, says Lanati. And they chose IWG for their “experience, their track record and their wealth of know-how in cities similar to the ones in which we will open”. Lanati is already thinking beyond the first ten centres. “If the project succeeds as we hope, we would certainly not want to be limited to this first tranche of development,” he says. “We would like to be able to grow significantly our partnership with IWG.”





A SOLUTION FOR EMPTY OFFICE SPACE IN GERMANY

As companies downsize their headquarters, flexible office space is taking up the slack.

Oliver Bossmann spent more than 25 years as a senior sales and marketing executive in Germany for blue-chip companies such as Coca-Cola, Procter & Gamble and Henkel before deciding to go down his own entrepreneurial road. It was a decision that led him to franchising.

“Somebody in my network gave me a call saying: ‘Did you know IWG is looking for franchise partners?’” he recalls. “My guiding principle was that I was looking for something that would be a strong trend, and it was becoming clear even before the pandemic that flexible office space was showing strong signs of growth. And also, I wanted something that was scalable. So I got introduced to IWG’s franchise director in Germany and we entered into a discussion.”

That discussion led to Bossmann signing a deal for a master franchise in 2019 and an agreement to launch up to five Regus centres across the country’s North Rhine-Westphalia region. The first opened in Neuss, a city situated on the bank of the Rhine close to Dusseldorf, in June 2020.

Because of the COVID-19 pandemic, the first year was “quite a challenge”, as Bossmann puts it. But now the 24,000 sq ft (2,230 sq m) centre is thriving, with an occupancy rate of more than 95%. Bossmann’s customers are a mix. Companies from outside Germany use the Regus virtual office service to establish a prestigious address in the country. Then there are mid-size businesses from other parts of Germany who want to expand to new areas but need flexibility. “We have one company here that started with two people, they’re now six people and they’ll soon be growing up to ten people because it’s so successful,” says Bossmann.

A third of the Neuss centre is occupied by Dell. The US technology company had been in the building since it was built 20 years ago, but during the pandemic it came to realise it no longer needed 22,000 sq ft (2,000 sq m) of its own office space. “As a modern company, they wanted to offer

their staff flexibility in where they worked,” says Bossmann. “Because so many people were dividing their time between home and the office, they no longer required such a large space.” The new Regus centre gave them the flexibility they were seeking.



Filling the void

Dell is not alone in cutting down central office numbers in the new working normal. The building in which the Neuss centre is located had long been home to other big corporates, some of whom have also reduced their presence or even totally withdrawn.

“The building is in very good condition but it has floors that are empty, which was why the landlord was so interested to get IWG as a partner,” says Bossmann. “On top of that it means he has a better mix of tenants. That led to him being very supportive with the set-up for the Regus centre.”

Bossmann says he believes that in time he will benefit from local customers who use his centre rather than commuting across the river to Dusseldorf: “There’s a definite trend for people wanting to work closer to home,” he says.

He’s already exploring sites for further centres in the region, looking for ones that are outside central business districts, and therefore better priced, but which also offer the same high quality. Ideally they should be around 17,000 sq ft (1,500 sq m), he says: “Smaller size, higher efficiency, with offices of around 100 to 200 sq ft (9 to 18 sq m) and at an affordable price. For me, that’s the winning model in the future.”

MAKING THE 15-MINUTE COMMUTE A REALITY IN THE NORTH-WEST OF ENGLAND



A new Regus workspace on the outskirts of Manchester offers flexible working close to home.



Greater Manchester is one of the UK's fastest growing regional centres and is home to more than 124,000 companies. IWG has seen strong demand for its workspaces in the area in 2022, with a 27% uplift compared to last year.

The latest local Regus centre to open is in Altrincham, a market town on the outskirts of the city. Two Four Nine, Lynnfield House exemplifies IWG's drive to offer flexible office spaces close to workers' homes, removing the need for long, costly and carbon-intensive trips to city centre offices. Instead of having to travel into Manchester, local residents can now find everything they need for the working day much closer to where they live, strengthening Altrincham's position as a self-sustaining community.

The concept of the 15-Minute City, in which shops, amenities and workspaces are all within a 15-minute walk or cycle ride, from people's homes, is becoming increasingly widespread

around the world. It has the power to revitalise suburban neighbourhoods, while also offering considerable sustainability benefits. "For several decades, we've been at the forefront of hybrid work, empowering people to work more productively and conveniently, and more and more workers want to live in a 15-Minute City," says Mark Dixon. "Locations like Two Four Nine, Lynnfield House are a perfect response to that demand. Introducing workspaces into commuter towns like Altrincham helps build self-sustaining communities, generates economic activity and creates better solutions that support hybrid working."

More than just a place of work

The 10,000 sq ft (930 sq m) flexible workspace, spread over four storeys, boasts a gym, barista coffee and 24-hour access. It will provide space for established firms and startups, while the flexible floor plan will also allow companies to design their own bespoke office spaces. But the building is more than just a place of

work. Its avant-garde facilities combined with a central location will ensure that Two Four Nine, Lynnfield House is the perfect place for business, communal and individual growth.

"We're delighted to be able to offer the ultimate flexibility to people and organisations that need it," says Jordan Kennedy, Managing Director and Head of Strategic Growth at local development company Patrick Properties Group, who partnered with IWG on the project. "To date, the team at Regus have delivered on exactly what they set out to do, selling over 70% pre-opening, and above the forecasted rents. The resource and infrastructure within IWG pay dividends in terms of executing the business plan through both procurement and marketing, bringing new customers into the centre through their extensive customer base and database. As a landlord, we've also played our part, fully investing into both the building and the centre in order to maximise the end result. It's early days, but so far so good!"

MIXING BUSINESS WITH LEISURE IN MALAYSIA

A new Regus centre in the city of Melaka offers hybrid hospitality for both locals and those from further afield.



Melaka (also known as Malacca) is a Malaysian city that has been a commercial hub for centuries. Its rich cultural background has also made it one of the leading tourist destinations in the country. Now award-winning developer Dato' Leong Sir Ley, founder of Sheng Tai International, is weaving these two threads together as the city's exclusive IWG franchise holder.

This summer, Dato' Leong opened a new Regus centre at Sheng Tai's seven-acre MetraSquare 'lifestyle district', located in Ayer Keroh, north-west of the city. The area, still under development, includes both a four-star and a five-star hotel, serviced apartments, shops and restaurants. Since the end of the pandemic and national lockdowns, business has been booming, with tourists arriving from neighbouring southeast Asian countries and also from as far afield as Europe.

Melaka is also increasingly a magnet for residents of the country's capital, Kuala Lumpur, just a one-and-a-half hour drive away. The former is a city of only around half a million inhabitants, compared to the capital's two million, making it a favoured destination for those trying to escape the crowded metropolis – a trend that Dato' Leong believes has been accelerated by the pandemic. "Today, people can work from anywhere," she says. "After being kept locked up these last two years, they want to go somewhere that's not too far from their home where they can spend some leisure time and they can also work."



Planning for growth

Dato' Leong's guests typically stay between three days and a week, combining work and leisure. The impending opening of a new wellness centre on the site will offer an added hook: "People who are travelling here aren't coming just for a holiday, they're working too, but they don't want to stress out too much. We can provide them with nutritious, healthy food as well as a range of treatments."

Dato' Leong considers the Regus centre as ideal for startups and entrepreneurs – and once their businesses take off, she has plans for them. On a 27.5-acre site on the seafront in Melaka, Sheng Tai has begun an iconic project called The Sail, comprising nine towers that will include luxury homes, offices and shops. It will also include a new Spaces location.

"I realised that if these customers' businesses grow, they might not stay and will just rent a place somewhere," says Dato' Leong. "And that's why I wanted to open Spaces. It's bigger and more luxurious and will give them everything they need when their companies move to the next phase."

The new centre is scheduled to open in 2023. In the meantime, Dato' Leong's Regus centre will serve as an added attraction in the MetraSquare development. "Regus is a prestigious international brand and it will definitely draw customers to the hotels," she says.

TRANSFORMING A CITY CENTRE SPACE IN SOUTH KOREA

The Great Lease Resignation is causing problems for landlords in Seoul, but flexible office space offers a solution.



In the South Korean capital, retail vacancy rates were running at more than 28% in the fourth quarter of last year, and in the central business district of Gangnam it was a huge 36% – the highest figure that real estate services company JLL has encountered since it began tracking rates. But Spaces Autoway Tower, which opened in 2020 in a former retail space, has been doing excellent business.

“The main customers are task force teams and startups that need offices on a short-term basis,” says Seonhui (Sunny) Jo of leading South Korean real estate manager IGIS Asset Management. “However, global companies such as Salesforce and SAS that want to use flexible space use the centre, too. It’s in a major business centre and easily accessed, so has high appeal.”

As elsewhere in the world, the hybrid working trend has taken root in South Korea, with significant repercussions for landlords. “The COVID-19 pandemic made people realise they no longer have to work in a single, fixed workspace,” says Jo. “That created problems in terms of tenants terminating leases or downsizing, but by collaborating with a co-working brand such as Spaces,

we were able to respond quickly to the change. In that sense COVID-19 gave us the opportunity to find a new business partner.”

Jo adds that IGIS believes the value of the whole building has been improved by choosing to collaborate with IWG. “It has the largest global network and can attract global companies as customers,” she says. “That’s helped the Autoway Tower to be recognised as a prime office building in Gangnam. We hope that in the future IWG’s brand and our other assets will collaborate in an equally successful way.”



Empty spaces. Profitable places.

THE US: LAND OF OPPORTUNITY

In America, IWG is responding to unprecedented demand for flexible working solutions.

“In the next twelve months, we’re looking to open somewhere between 500 and 700 new flexible office spaces in the US,” says Mark Dixon. It may sound ambitious, especially considering that IWG already has a presence in more than 300 cities and towns across America, but IWG’s Founder and CEO is confident of meeting the target: “This is our fastest-growing market, and the demand is there – and I’m not just talking about big cities like LA, New York and Washington DC, we’re also talking about smaller places like Atkins, South Carolina and Green Bay, Wisconsin,” Dixon adds. “Hybrid working is fundamentally changing the geography of the United States.”

The US has been an early and eager adopter of hybrid working. According to the latest edition of McKinsey’s American Opportunity

Survey, more than half (58%) of the nation’s workforce are already working in a hybrid way, and if offered the opportunity to work in this way, 87% say they would take it. “This represents a tectonic shift in where, when and how Americans want to work and are working,” says the report.

Hence the demand for IWG’s flexible office solutions. Just like elsewhere in the world, Dixon sees two main trends at work. One is in big cities, where many companies are downsizing, both to accommodate fewer workers as a result of hybrid working and also in the face of recession concerns in the US (the hybrid model can result in significant cost savings for employers). “In times of uncertainty, companies value flexibility more than anything else,” says Dixon.

The second major trend comes as US organisations increasingly adopt the ‘hub and spoke’ model, creating satellite offices in flexspaces outside the city centre. Typical is the case of Franklin Park, a suburban neighbourhood of Toledo, Ohio, where a new Regus centre opened this August. “For me, the shift to hybrid working presents exciting opportunities as companies seek flexible workspaces closer to workers’ homes,” says IWG Franchise Partner Doug Boehm.

“Unprecedented growth”

In the US, IWG has already demonstrated its expertise in converting non-traditional buildings into flexible workspaces, from a former church in Tulsa, Oklahoma, to part of a shopping centre in Napa Valley, California. A new partnership with Simon Property Group, which owns or holds an interest in nearly 200 shopping centres in the US and Puerto Rico, will see the opening next year of a new Spaces location at The Domain, a mixed-use shopping centre in Austin, Texas. The 14,000 sq ft (1,300 sq m) flexible office space, scheduled to open in the first quarter of 2023, will share the centre with a variety of other tenants that include family-friendly entertainment venues, upscale and fast-casual dining options, and both luxury and everyday retail brands. There are also around 5,000 residential units nearby.

“The Domain area has played a key role in driving economic growth in the northern part of Austin,” Dixon says, adding that it’s a perfect example of the 15-Minute City concept, offering a wide range of amenities as well as offices within close proximity to people’s homes.

While partnership and franchise agreements will play a significant role in IWG’s American expansion, aided by a newly launched US franchising platform, according to Wayne Berger, IWG CEO for the Americas, “the lion’s share” of new locations in the next 12 months will be opened in partnership agreements. “Flex is becoming a greater amenity for landlords, with flexible workspace in a portfolio providing a unique solution to tenants,” he says.

IWG’s first managed partnership in the US is set to open in early 2023 in Rockford, Illinois. The new Regus centre will be located in a landmark Romanesque building constructed at the end of the 19th century. Its colourful history includes use as a hotel, and more recently as the headquarters of a law firm.

Berger believes America is about to see “unprecedented growth” in the flexible workspace area. “With flexible workspaces estimated to make up 30% of commercial office spaces by 2030, it’s the perfect time to tap into this market,” he says. “Companies are expanding into new markets in the US and teams are becoming more geographically disparate than ever before. Organisations want to give their employees access to workspace regardless of where they live. In short, this is a great opportunity to break into an unsaturated market with considerable projected growth.”



Conclusion

The world is changing

Longstanding patterns of life are being upended, and demographics are shifting. As Mark Dixon says, “The idea that every morning office workers wake early, jump into polluting cars and overcrowded trains, and travel many miles to their place of work will very soon seem incredible. Our ambition is that in the near future there will be a professional workspace available everywhere – from the largest city to the smallest village.”

As a result, Dixon believes, not only will our working lives be transformed, but so will local economies – and the environment will benefit, too: “With people working locally, local amenities and retail outlets will receive a boost and new jobs will be created. Work-life balance will improve, making people more productive and healthier. And with travel reduced, carbon emissions will fall. Meanwhile, all over the world, local communities will thrive as investment floods in.”

It’s a bold vision, but it’s one that’s already taking shape. Key to its success will be turning empty or underused spaces into thriving flexible workspaces. “For building owners confronting dwindling occupancy, this is a chance to not only turn the numbers around but also to play a role in this world-changing transformation,” says Dixon. “It’s an amazing opportunity.”

Berger believes America is about to see “unprecedented growth” in the flexible workspace area. “With flexible workspaces estimated to make up 30% of commercial office spaces by 2030, it’s the perfect time to tap into this market,” he says. “Companies are expanding into new markets in the US and teams are becoming more geographically disparate than ever before. Organisations want to give their employees access to workspace regardless of where they live. In short, this is a great opportunity to break into an unsaturated market with considerable projected growth.”



Capitalise on the flexible workspace revolution by partnering with IWG to convert your empty spaces into profitable places.

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