



Office politics

USA — CO-WORKING

As people retreated to their homes in the pandemic, co-working spaces suffered greatly. But the sector is well-placed to win customers back by adapting to shifting demands and demographics.

At the end of March, WeWork revealed that it would be going public as part of a merger with a special purpose acquisition company – a mechanism for becoming a publicly traded company that bypasses the initial public offering process. Why this appeals to WeWork is no mystery. In 2019 it tried to go public via the conventional method and had to withdraw due to huge losses and mismanagement. Many who had found themselves in a WeWork location in the preceding years likely felt some *schadenfreude*. The spaces were often noisy, cramped and decorated in a style more suited to a university common room than an office.

The US sector that WeWork was once synonymous with has faced much turbulence during the pandemic. Co-working directory Upsuite estimates that one in five co-working locations either closed or changed hands in 2020. To lure customers back, these spaces must adapt to the complex needs of employers and workers emerging from the pandemic.

One of the ways they're doing this is by being more flexible, both in terms of spaces rented and facilities available to workers, some of whom might be reluctant to resume toiling alongside strangers. Industrious, a private-office rental company based in New York, covers both of these bases. Inside its co-working facilities, attendees have access to a range of environments to suit different tasks. "If you're in a high-stakes sales meeting, you have access to

an external-facing conference room," says Jamie Hodari, Industrious's CEO. "Whereas if you need to work on a four-hour memo that requires all your concentration, you have a sensory-deprivation focus room open to you." That's meant to be a good thing.

Co-working spaces also need to adapt to shifting populations. Over the first six months of the pandemic, many densely populated US cities lost residents. This opened up a market for co-working spaces outside of the CBDs of metropolises. Many of the 110,978 people who moved out of New York City in 2020 (up from 18,887 in 2019) relocated upstate, a short drive away but a very different life. Barnfox, a co-working company that caters to this crowd, opened its first space upstate in the town of Hudson in February 2020. "Within a few months we realised that more people were coming from the city whether temporarily or permanently," says Barnfox co-founder Frederick Pikovsky. "And this was accelerating the trend of remote working."

In October the company opened a second site 53km down the Hudson River in Kingston. Barnfox enables the new arrivals and locals alike to make the most of their rural surroundings by offering community-led cycling rides, kayaking trips and dinner soirées.



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Although the permanent summer camp might not be for everyone.

To sell itself anew, the co-working sector must grasp the value of what it has to offer. This involves understanding what's been lost while people have been working from home. Humanyze, a Boston-based company that analyses workforce behaviour, has studied how remote working has affected collaboration among information-economy workers. Part of its findings is that "strong ties" (interactions between workers who communicate often) got stronger. But "weak ties" (connections between workers who interact for 15 minutes a week or less) dwindled.

Ben Waber, Humanyze's president, thinks that the dwindling of weak ties "changes how information flows" in a company and can have a negative impact on creativity. If co-working is to survive, it will need to convince people that serendipitous relationships can't be forged from the spare bedroom. If that fails, maybe the sensory-deprivation room will do the trick. — HRS