

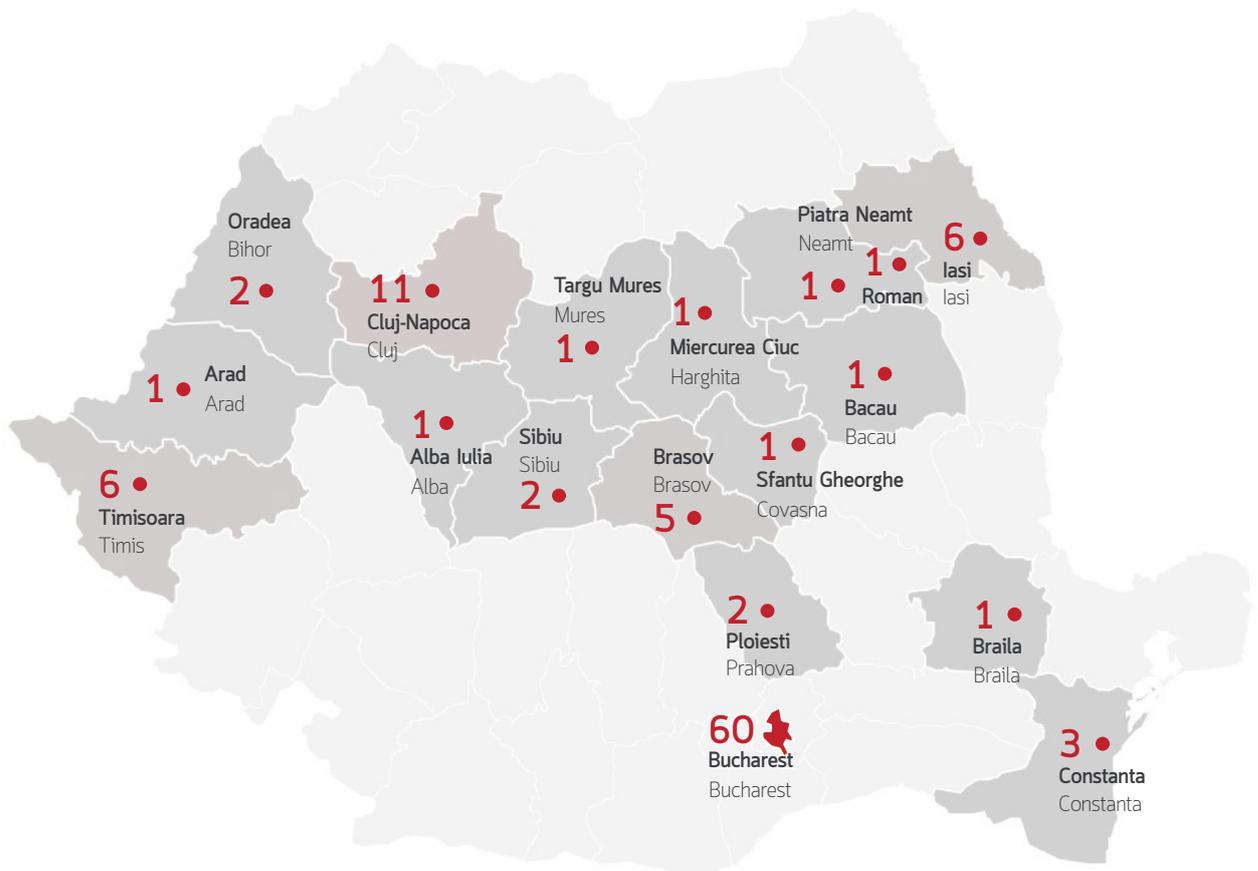
Coworking and Serviced Offices

February 2020



Coworking and Flexible Office Spaces in Romania

The coworking and serviced office segment in Romania has been under continuous development over the last three years, reaching 84,000 sqm on a national level at the end of 2019. However, 2018 remains the most successful year for this industry, when over 35,000 sqm of new spaces were delivered and the market nearly doubled in size. Currently, coworking spaces are present in 18 regional and secondary cities throughout Romania.



Evolution of coworking stock in Romania, 2017-2019

2017	2018	2019	2018/2017	2019/2018
38,370 sqm	70,488 sqm	83,965 sqm	84%	19%

23 new coworking spaces added in 2019



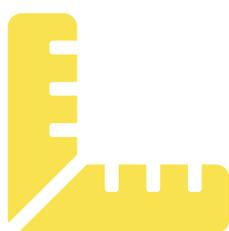
23 new coworking spaces totaling over 13,000 sqm were opened in Romania last year: 10 in Bucharest, in Brasov, Cluj-Napoca and Timisoara 3 new centers in each of the cities, while in Braila, Arad, Iasi and Sibiu, one center.

Bucharest dominates the market

Bucharest has the largest share of the coworking market, with 68,000 sqm in 60 spaces throughout the city, a little over 2% in the capital's total office stock. It is also hosting most of the large shared spaces in Romania, with 23 out of the 28 spaces over 1,000 sqm. The main operators in this industry (IWG, Mindspace, Impact Hub) are currently active exclusively in Bucharest.

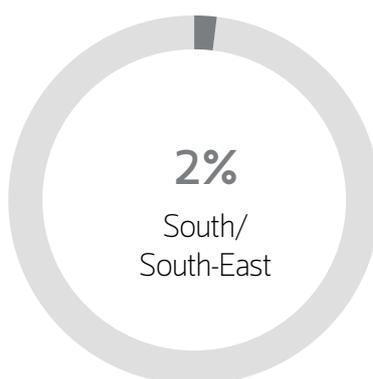
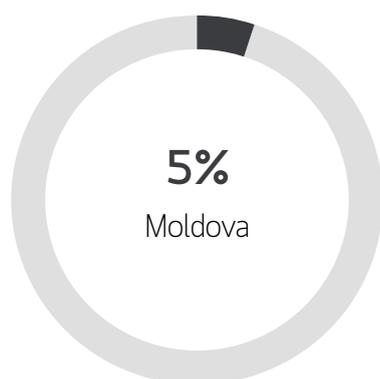
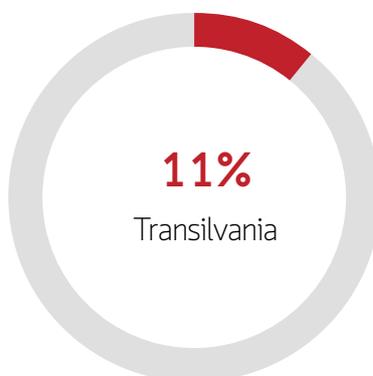


Regional cities host small spaces



The coworking industry has been developing on regional and secondary markets as well, with local entrepreneurs as the main operators. The average coworking space in regional cities has an area of under 300 sqm as opposed to Bucharest where shared office spaces average around 900 sqm. Cluj-Napoca, Constanta and Piatra Neamt are the only cities where spaces over 1,000 sqm operate.

Share of Coworking Spaces by Regions, 2019



106

coworking and shared
offices in Romania

83,965 sqm

total coworking and
flexible office stock
in Romania

13,000 sqm

in 23 new
projects added in
2019 in Romania

19% yoy

increase in
flexible office
stock in Romania

Coworking and serviced office spaces in Bucharest

10 new flexible offices totaling 10,474 sqm have been opened in Bucharest in 2019. Thus, at the end of the year, the capital city hosted 60 coworking and shared office spaces in 68,000 sqm.

Evolution of coworking stock in Bucharest, 2017-2019

2017	2018	2019
27,820	57,278	68,025

2018/2017	2019/2018
106%	19%

10,474 sqm

new flexible office space added in 2019

60

coworking and shared office spaces throughout the city

2%

share of flexible offices in total office stock at the end of 2019

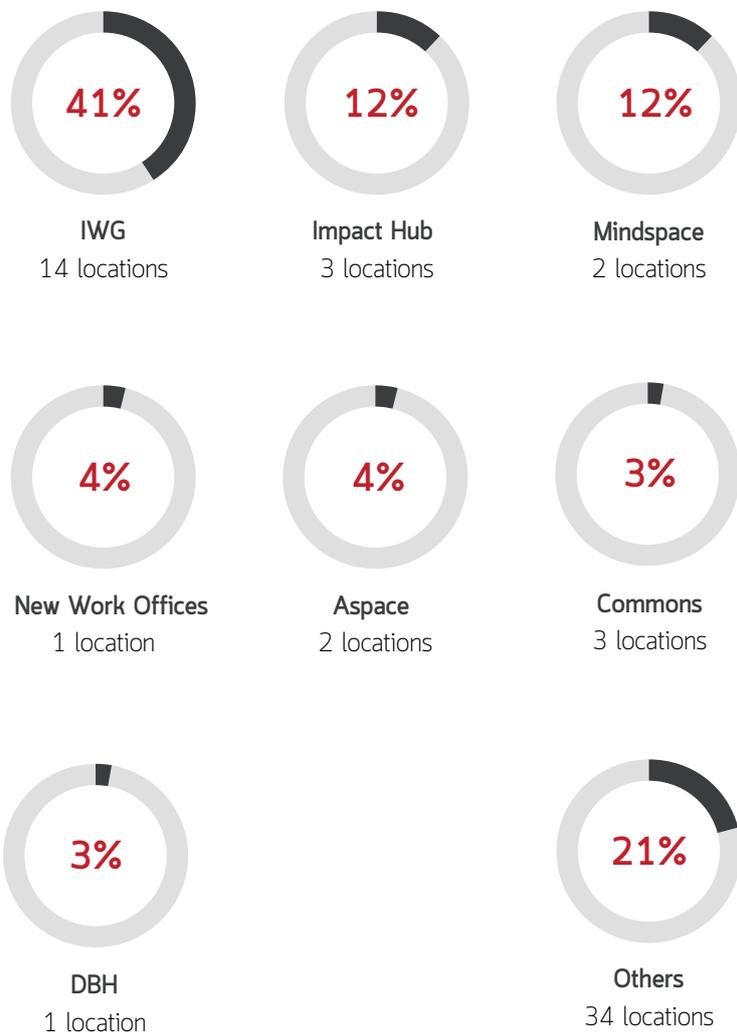
68,000 sqm

total coworking and flexible office stock in Bucharest

Coworking and serviced office spaces in Bucharest

10 new flexible offices totaling 10,474 sqm have been opened in Bucharest in 2019. Thus, at the end of the year, the capital city hosted 60 coworking and shared office spaces in 68,000 sqm.

Market share of flexible spaces operators in Bucharest in 2019



Largest flexible spaces opened in 2019 in Bucharest



D'Or Offices*,
Sun Offices*

MINDSPACE

Bucharest Tower Center*



Tudor Arghezi 8-10*,
Equilibrium



AFI Tech Park

Commons
WORK WONDERS

Victoria Business Park

*Some of the spaces opened this year are included in the 2018 flexible office stock, when the leasing contracts were signed

Location

58% of the flexible office spaces operated in Bucharest are located in central and semi-central areas, mainly because of the good access to public transport, connecting the city center to all areas of the city. Northern Bucharest has the second largest share of flexible spaces.

Number of existing flexible offices in Bucharest by area in 2019

35	15	5	3	2	
Central/ Semi-Central	North	West/ Center-West	East	South	
					TOTAL 60

Pricing

Co-working spaces offer extremely flexible leasing plans, from hourly rates starting from under 1 EUR for a hot desk in an open area, to monthly rates for fixed desks or higher fees for membership packages which grant access to events, workshops and conferences.

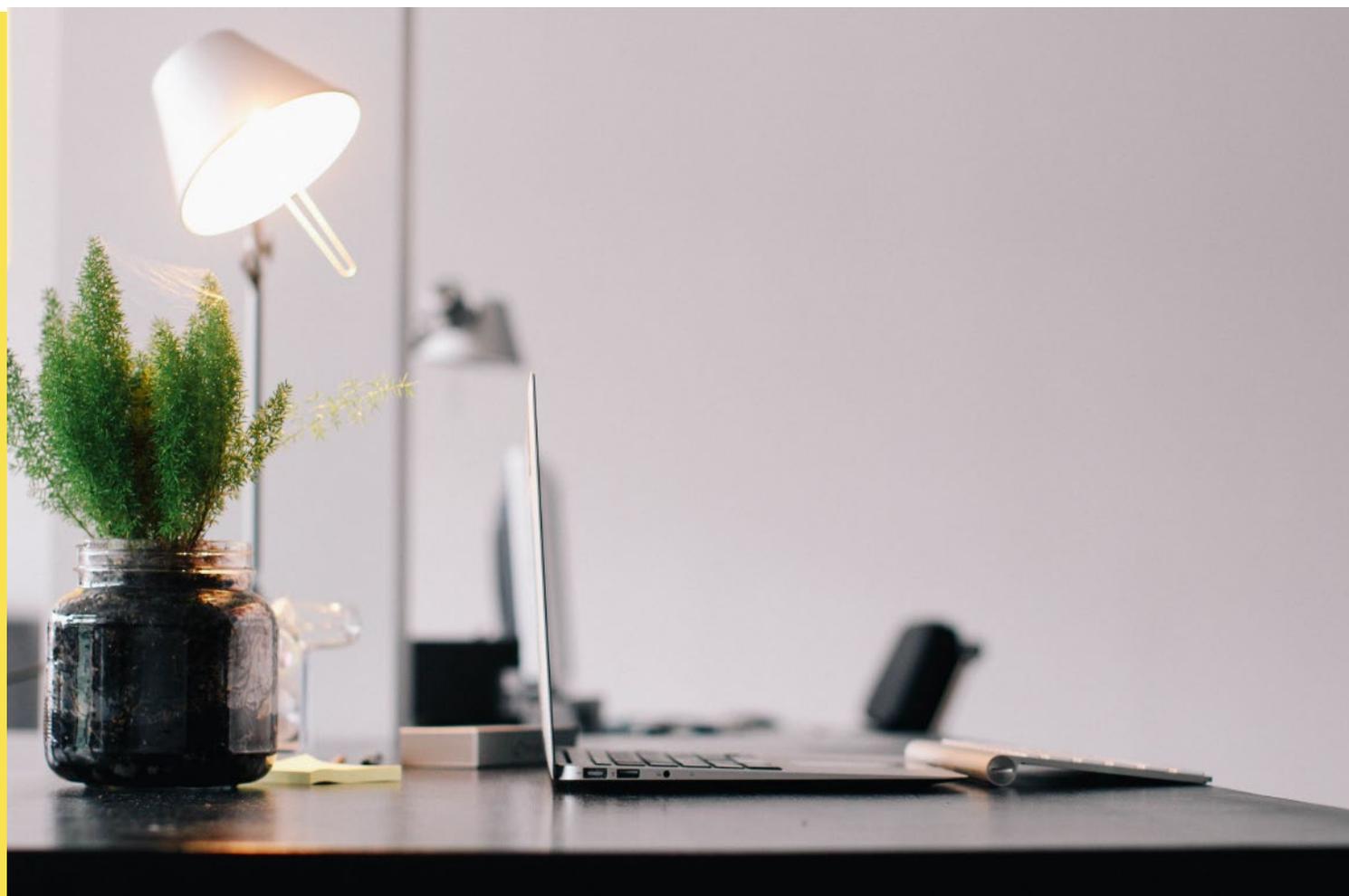
Average Costs

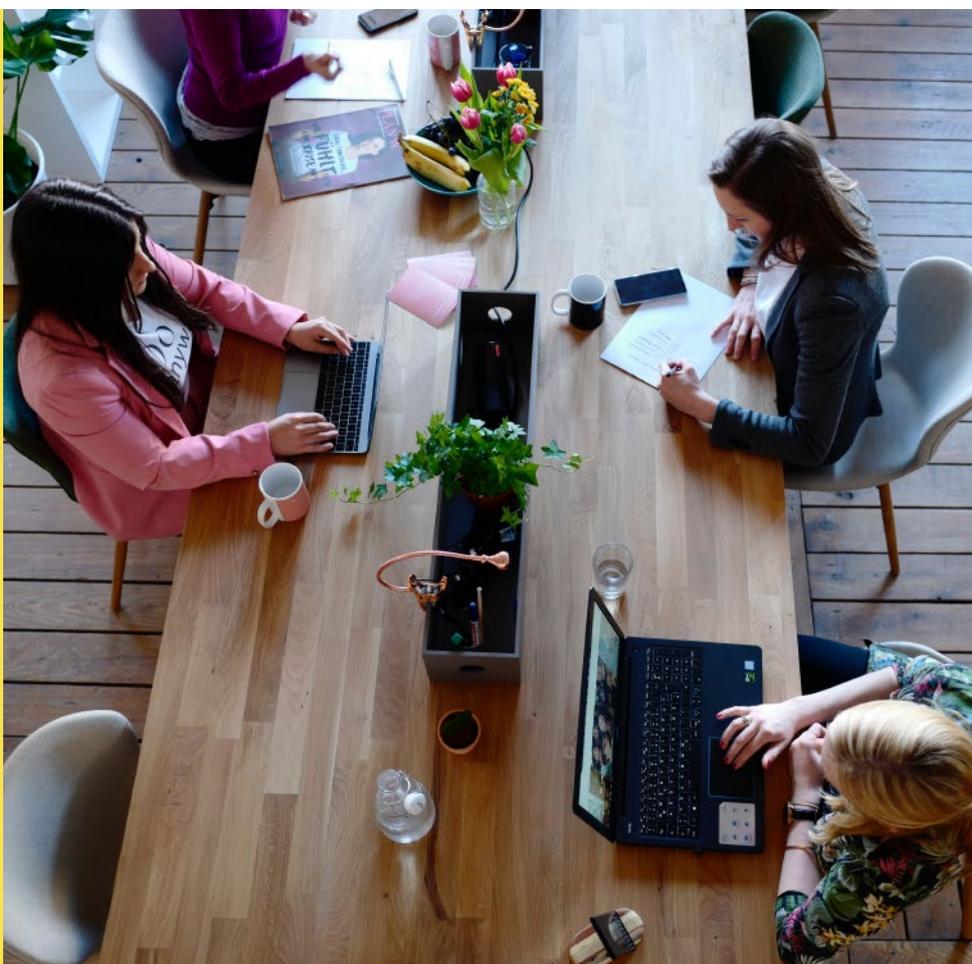
1	10	120	1,500
EUR/hour	EUR/day	EUR/month (hot desk)	EUR/month (dedicated desks for teams up to 6 people)

The current state of coworking

Despite the ascending trend of the coworking industry in Romania, not all stories have a happy ending. 11 flexible offices have permanently closed in the last two years, some operators' intentions of entering the Romanian market have been postponed, while other operators' plans of expansion on the regional market have been cancelled.

According to the 2019 Global Coworking Survey by Deskmag, only 40% of the coworking spaces around the world are profitable, while 32% operate on a zero profit, zero loss manner. Time plays an important role in the coworking industry just as in any other business and the average period for a flexible office space to become profitable is around 3 years.





Conclusions

Although the development of the coworking industry has most likely peaked in 2018, there is further room for expansion, both in untapped areas of the country as well as in Bucharest and regional cities, where there is a high potential for business growth. Our recent survey-based report, *“Work: Space and Time”*, reveals that even though only 6% of Romanian workers use coworking spaces, over 50% of them believe that working flexibly would make them happier and more productive. Furthermore, the overcrowding of urban areas and the increasing employee need for flexibility create the perfect setting for the future success of the coworking and serviced office segment.



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