

COWORKING:

INNOVATION SPACES AND VALUE CREATION

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TECHNOLOGY **COWORKING**
SPACES ARCHITECTURE DIGITAL
SOCIALITY **SMART** INVESTORS
ICT COWORKERS **REALESTATE** MARKET
TALENT GARDEN **WEWORK** TENANTS
REUSE REHABILITATION PHENOMENON URBANISM
INNOVATION **SHARING**
ECONOMY FREELANCERS
WORKPLACE UCOMMUNE **EUROPE**
USA LANDLORDS FINANCE ADAPTIVE
IMPACT INDUSTRIAL
VALUE **CHINA** LABOUR

To those who create and give value.

ABSTRACT.

Evolution in technology and society needs to be accompanied by models that are able to support change instead of limiting it.

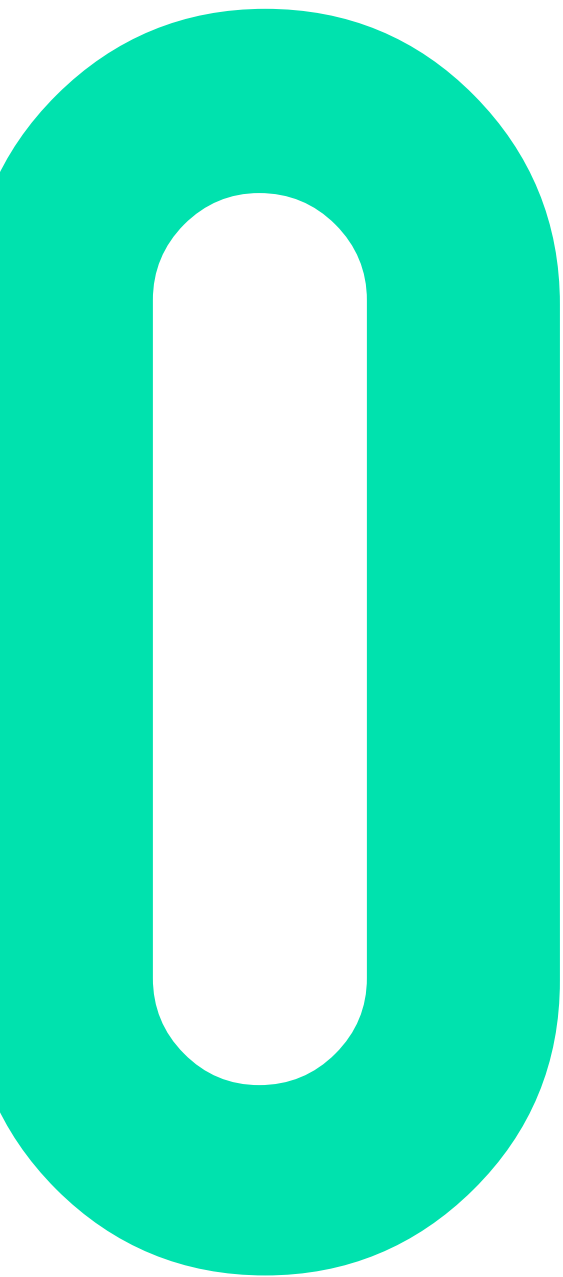
The coworking phenomenon stands as a natural consequence to the development of new economies and new professions, that require different physical and conceptual spaces. As progress requires innovation, persons in all their juridical forms try to chase it not to be left behind. Coworking spaces are in effect clusters of innovation, due to a whole set of features, not only in spatial regards, but under aspects that are always human-related at different scales and dimensions.

The possible enabling of innovation is just one of the consequences of such spaces, that are therefore analysed under a perspective of value creation, defined as the intrinsic potential of a thing, not only thought as good or service, to generate a positive impact on the objects it is in contact with and eventually on its surroundings.

To conduct an analysis on the phenomenon, it is not possible to ignore the whole framework that it is inserted in. Separation of knowledge that has happened in time due to didactic settings

is hereby questioned, therefore the subject is not limited to a pure architectural view, but it also explores the fields of urbanism, sociality, economics and finance. Each of these spheres are not examined in absolute isolation from each other, but try to frame the scenario as a whole, interacting with each other, as they actually do in the real world.

To do this, firstly an interpretation of existing literature is pursued to understand what the academic framework has investigated and asserted so far. Based upon the derived conceptual context, an analysis is conducted upon specific players in the coworking industry headquartered respectively in the USA, in Europe and in China, to prove or disprove conceptual issues in reality, following the underlying thread of value and its creation.



0. INTRO.

How do you go from a 100-years-old standardized form of working to a new concept that is able to reshape the way we build our physical and immaterial world?

How do you move millions of people in physical spaces and put them in networks that open up to new working opportunities, support around the globe, and friendships?

Apparently, this is what happened with the development of the *coworking phenomenon*.

What is a *coworking space*?

Definitions in literature are various:

“The term coworking space designates particular spaces created to facilitate [...] the practice of working alongside one another in flexible, shared work settings where desks can be rented on a daily, weekly or monthly basis.”

Merkel, J. (2015)

“Open-plan office environments where workers work next to other unaffiliated professionals for a fee”

Spinuzzi, C. (2012)

“CWS [Coworking Spaces, ed] are imagined and presented as spaces of serendipitous encounter, spontaneous exchange and collaboration.”

Brown, J. (2017)

A coworking space is a workplace where many diverse professionals, freelancers and

companies share working spaces. It is a concept that differs from the one of traditional company offices, where the working environment is not conceived to be as diverse and open.

The term itself comes from the union of the prefix co-, from Latin, cum, with, and -working, and it is attributed to Brad Neuberg, one of the first coworking space founders (Jones et al, 2009).

The composition of the space gives workers possibilities to interact with each other, and this is often helped by dedicated figures (Merkel, 2015). Architecture and business structure are strongly linked in the concept itself: the rental of the spaces is based upon a variety of workstation typologies, whose value differs not only for the dimension of the rented space, but also for the features provided by workstation typologies.

Typologies and spaces are often similar in the many coworking operators: there's open spaces, where desks are shared among different people and other desks are dedicated to single persons, offices for small companies, meeting rooms, event rooms, relax areas, cafés. The whole composition is inserted in an innovative framework, usually shaped by new professions and new ideas.

This model is usually supported by affordable rental fees, that allow single professional to be part of the communities. Indeed a big

importance of coworking spaces is attributable to the connections and network it can create.

Through an analysis of literature and of specific case studies, I will analyse the coworking phenomenon from a precise standpoint, that is from the perspective of value creation, as successively defined.

The dissertation is divided in five parts.

1. The first one analyses the dynamics of the phenomenon with a view on history and society.
2. The second one initially studies spatial concepts in collaboration spaces, then the phenomenon is studied through statistics from the coworking industry.
3. The third part defines value creation and the fields in which case studies will be examined, through a literature review on each topic.
4. The fourth part is dedicated to case studies, that is players in the industry that are considered to be the most meaningful, scanned from the value creation perspective.
5. The fifth part is a resume of considerations about achieved results.

"COWORKING IS HENCE NOT JUST ABOUT WORKING 'ALONE TOGETHER' OR 'ALONGSIDE EACH OTHER' IN A FLEXIBLE AND MOSTLY AFFORDABLE OFFICE SPACE. IT IS ALSO UNDERPINNED BY A NORMATIVE CULTURAL MODEL THAT PROMOTES FIVE VALUES: COMMUNITY, COLLABORATION, OPENNESS, DIVERSITY, AND SUSTAINABILITY."

MERKEL, J. (2015)



1. DYNAMICS.





*Image
processed
source: quotemaster.org*

THE CONTEXT.

In 2019 there are about 2 million coworkers, 20.000 coworking spaces and a nearly exponential growth rate (Smallbizlabs 2017).

20 years ago none of this existed.

How did this all happen?

To contextualize the phenomenon, I have to set a chronological view of the fields that influence human evolution, such as economic, social, technological and spatial evolutions. Through the existing literature I will analyse a sequence of events that lead to the actual situation of the phenomenon, and some contextual reasons behind those.

As the study is referring to issues in the labour market, a first analysis is based on macro-trends or categories of work models, as identified by Johns, T. and Gratton, L. (2013).

By studying the labour model based on technological advances, they point out three main *waves* of work since its virtualization, based on the above-mentioned fields.

The first one is defined as *the wave of virtual freelancers*, and refers to work in the 1980s. As such takes into account the birth of virtual communication, which can be represented by the

invention of the World Wide Web by Tim Berners-Lee in 1989 (Aja R. 2019). This started enabling people to work remotely, and companies to hire and assign projects to freelancers, gaining flexibility from both sides: people could work part-time to positions that might have required skilled workforce which usually required hiring with full-time contracts; companies could thus save money, which was a concern of the time, considered the recent economic recession.

This enabled to a new form of work, which is the one identified in the second *wave*, the one of *virtual corporate colleagues*. From the possibility to work remotely by oneself, the labour market recognized the possibility to work remotely on collaborative projects. In the meantime, new experiments were getting started relatively to new forms of working spaces. (Todd C. 2018)

One of the first examples that started introducing a new working space concept, was the New York Office of the American Ad Agency, Chiat/Day, in 1994, where the space was conceived not to have any physical barriers between people who were working on different projects (Berger W. 1999).

Suddenly after, in 1995, in Europe, a group of computer engineers created the first *hackerspace*, in Berlin, Germany. This space was intended to be a collector of computer enthusiasts to share ideas, competencies and internet connection.



Again in New York City, in 1999, a software company started 42 West 24, a space where the working environment was shaped by the concept of short-term flexible desk, that same concept coworking spaces are based on nowadays.



*Chiat/Day office, 1994.
Source: pinterest.com*

Still, the concept was not designed for interaction or collaboration, but was based mainly on a new spatial distribution.

“As the second wave gained momentum, organizations began to realize that virtualization, although a boon in many ways, was compromising some traditional workplace benefits they had taken for granted. Hoping for teamwork, they realized that too much division and distribution of labour meant less natural collaboration.”

*Johns, T. and Gratton,
L. (2013).*

From this moment, the third wave started running over the labour market. This is the wave defined as the one of *virtual coworkers*.

“A major focus of the third wave’s new technology

is to give workers the feeling of being in a shared environment. But virtual platforms can go only so far. As we'll see, organizations and workers are also investing in a return to the colocation of colleagues in the real world."

Johns, T. and Gratton, L. (2013).

The first example of what can be called a precursor of the modern coworking space was in an old factory in Vienna, Austria, in 2002 and was called *Schraubenfabrik*. It was a collector of entrepreneurs, startups, architects and freelancers, who would find like-minded individuals to share the working space with.

Two years after, in 2004, *Shraubenfabrik* gave life to a new space called *Hutfabrik*. This represents the beginning of a coworking network, even though it was still not perceived as such.

Technological advancements were taking hold in the mass consumption market, as testified by Apple sales in 2005, that counted more laptops than Desktops (Arthur C. 2009).

2005 is the same year that coworking history has its officially recognized milestone: On August 9th Brad Neuberg introduced the first official coworking space in San Francisco, named *San Francisco Coworking Space* (Neuberg B. n.d.)

"As outlined by Pratt (2002), the San Francisco Peninsula was one of the leading areas in new media production in the early 2000s as a result of a 'hybrid' infrastructure of interaction able to connect technologies, spaces and people.

Pratt notes that San Francisco, located at the end

of the Silicon Valley with a high concentration of technology industries and hardware companies, satisfied the requirements of a contemporary 'product space'. This was due to an efficient socio-spatial division of labour and cultural ambience naturally entailed into a 'bohemian' environment – a vibrant culture infused with political activism and socially-organised work patterns based on social networks and tacit or shared knowledge (Pratt, 2002)."

Gandini, A. (2015)

The year after its foundation, the first space was replaced by two other spaces: *The Hat Factory* and *Citizen Space*.

But in the meantime around 30 coworking spaces already existed around the globe.

Since then on, for the following seven years, the number of coworking spaces grew exponentially approximately doubling each year (Smallbizlabs 2017).

A new record that gives evidence to the impact that technology had on human evolution is testified by an interesting milestone, which is the release of the first iPhone in 2007.

Since then on, primarily businesspeople, secondly virtually anybody could work from anywhere.



“The growth of ICTs—such as Web 2.0, personal mobile devices, open source data, new generation printers—has been contributing to the development of knowledge-based, creative, and digital economies; that is, to the growth of the information society and the emergence of the ‘sharing economy.’”



Shraubenfabrik.
Source: coworker.com

Mariotti et al. (2017)

Coworking spaces started to pop out in most dynamic cities, as Boston, San Francisco, and New York City in the United States, as well as Amsterdam, Barcelona, Berlin, London, and Paris in the European Union. The development of the phenomenon in these cities was also conditioned by the 2008 financial crisis, due to the property value collapse. (Mariotti et al. 2017)

“In this context, the growth of CSs [Coworking Spaces, ed] seems related, on the one hand, to the need to reduce unemployment and, on the other, to the post-crisis availability of cheap office spaces”

Mariotti et al. (2017)

The socio-political-economic situation also contributed to stimulate a new ecosystem to create new entrepreneurial opportunities.

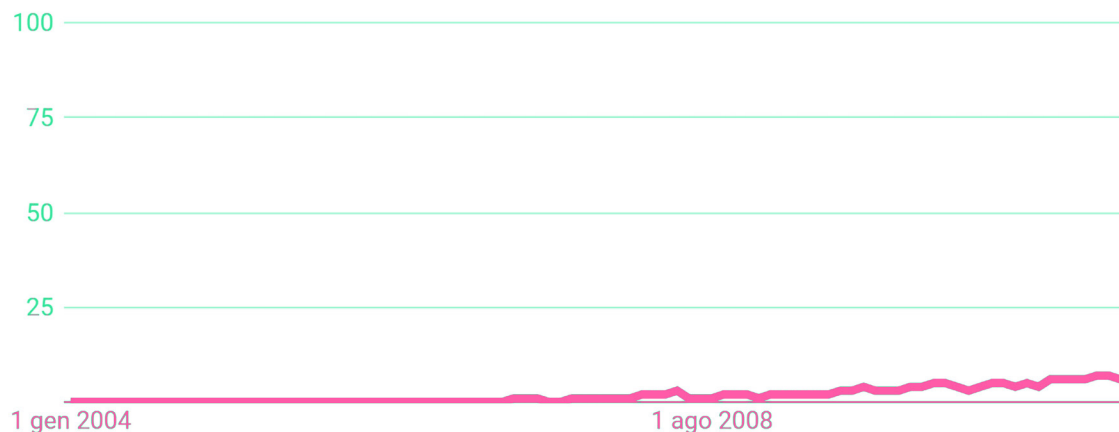
“However, it was not until the economic downturn in 2008, that coworking began to emerge as a movement in cities around the world (Avdikos and Kalogeresis, 2016; Gandini, 2015). As the economic recession denied young workers stable employment opportunities and displaced others already in the workplace, it gave rise to a generation of freelancers and entrepreneurs.”

Jamal, A. (2018)

This also started expressing as an economic value enabler.

In the aftermath of the financial crisis, in 2010 the coworking concept was already broadly

Source: Google Trends, Worldwide Searched Term: Coworking

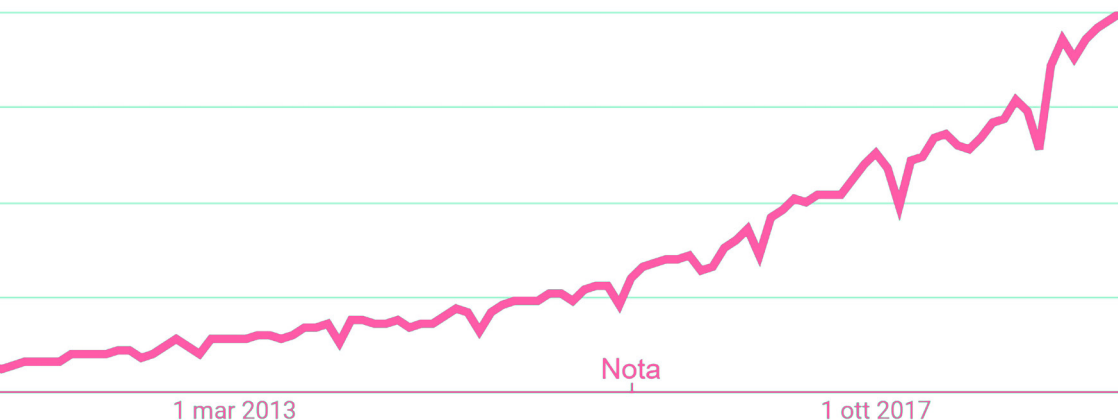


recognized (Todd, 2018): this was the year that gave birth to WeWork, today's biggest coworking company, that I will analyse later on. The phenomenon, in fact, also began to attract the interest of investors which proved its potential from a financial perspective.

While the numbers of Coworking continued to grow, many big companies decided to opt for these spaces as opposed to leased offices. By nearly doubling year by year, the number of coworking spaces worldwide has gone from the 30 spaces in 2006 to 12.100 spaces 10 years after in 2016 (Statista 2019).

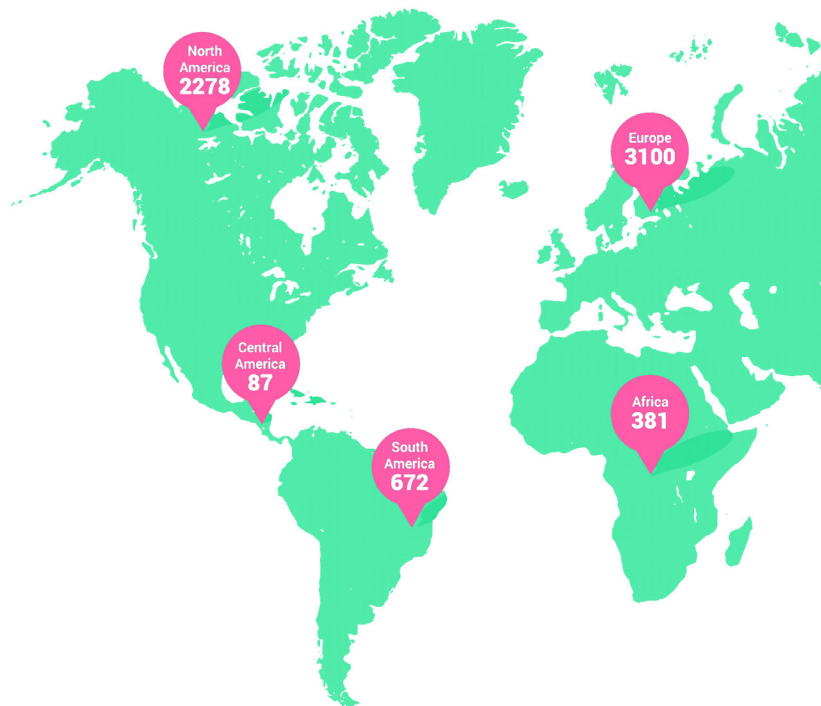
The platform Coworking Insights (2019) shrank the sample size to 9.452 *verified spaces*.

In 2017 the number of coworkers passed the million, and today, in 2019, it's around 2 million people.



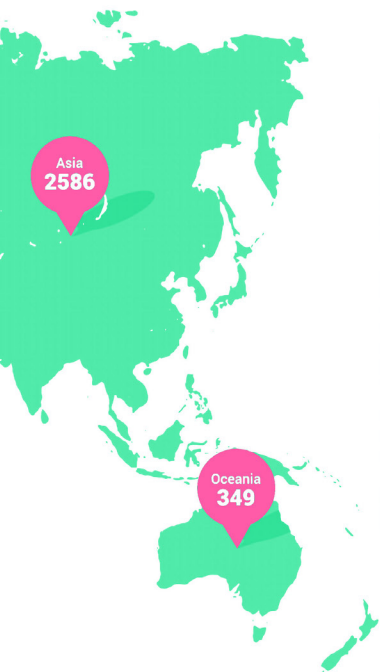
Coworking spaces have become part of the innovation ecosystem, and share with other space typologies an implicit responsibility towards economic and social improvement.

Coworking Spaces in 2019.
Source: coworkinginsights.com



"THUS, THE STARTUPS, ACCELERATORS, INCUBATORS, TECHNOLOGICAL PARKS AND CLUSTERS OF INNOVATION SHOULD MODIFY THE PRESENT DYNAMIC, IN ORDER TO REACH A SUSTAINABLE SOCIOECONOMIC DEVELOPMENT (LEYDESDORFF AND DEAKIN, 2011)."

CABOIM ET AL. (2019)



CI COWORKING INSIGHTS		SUPPLY DATA
9453 COWORKING SPACES IN 158 COUNTRIES		
ASIA		2586
AFRICA		381
OCEANIA		349
NORTH AMERICA		2278
EUROPE		3100
SOUTH AMERICA		672
CENTRAL AMERICA		87
WWW.COWORKINGINSIGHTS.COM		

DIGITAL WORKING.

“The irony of being able to work anywhere is that there isn’t anywhere designed for people who can work anywhere, so a movement formed around that and that is the coworking movement.”

*Bacigalupo, T.,
in Merkel, J. (2015)*

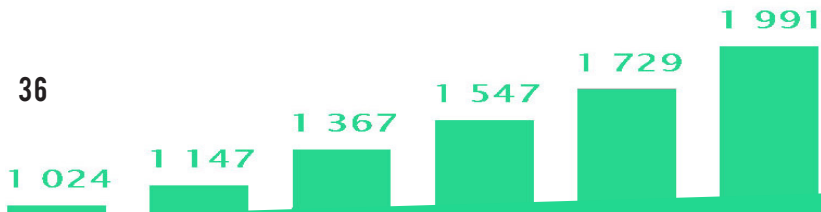
Within this social context, it is interesting to analyse typologies of people that express and represent some of the needs and lifestyles of this human era.

Freelancers, startupper, and professionals of a new virtual-knowledge economy, derive from the previously analysed context and are an active part in shaping it.

As a results of Information and Communication Technologies (ICT), not only remote work has been enabled, but it also has become a new way of life for digital professionals that choose not to have a constantly fixed abode.

It is, in example, the case of *Digital Nomads*, defined by Reichenberger (2017) as location-independent, predominantly young professionals, entrepreneurs, freelancers and

*Number of internet users worldwide from 2005 to 2018 (in millions).
Source: statista.com*



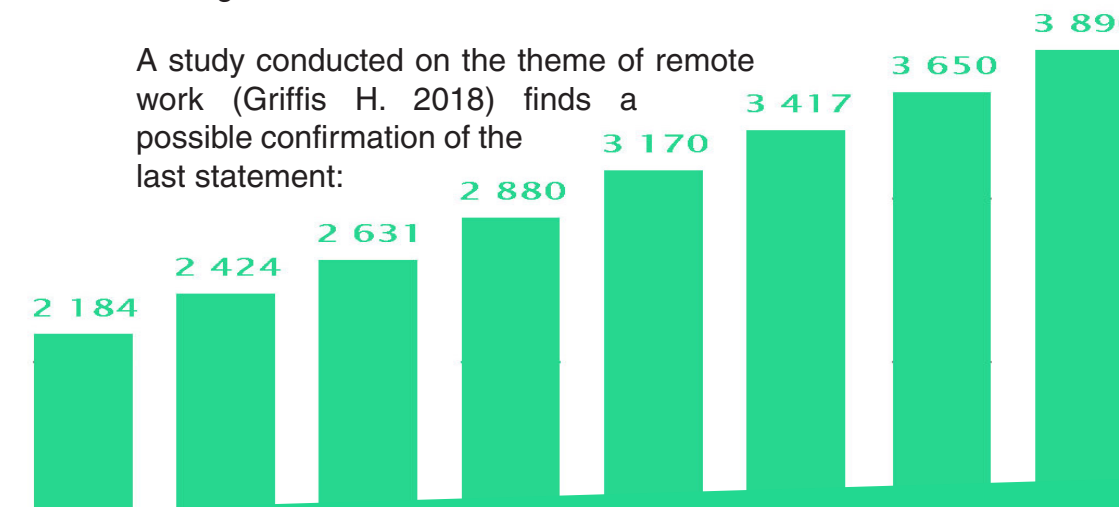
remote employees who have the capacity to mix travel and virtual knowledge work.

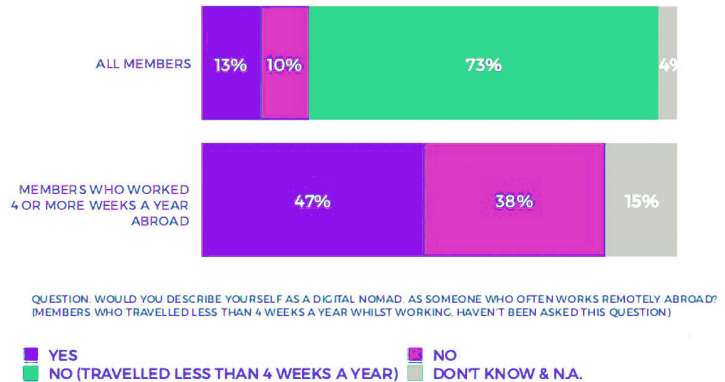
As well as *nomadism* is a condition of populations constantly moving to find a good habitat to survive within, *digital nomadism* converts the direct necessity of finding food, with the need to produce work, travelling around the world to sell products and services.

In this context, not having a fixed location does not imply that these kind of workers are necessarily always travelling and don't need a physical place to work in. This phenomenon, in fact, also develops for people that have a fixed job but need to constantly travel in order to meet clients or sell services in their geographical network.

This lifestyle is very well linked to the phenomenon of coworking, as coworking spaces represent a valid support, first for its physicality and flexibility, then for the networking opportunities it provides among workers.

A study conducted on the theme of remote work (Griffis H. 2018) finds a possible confirmation of the last statement:





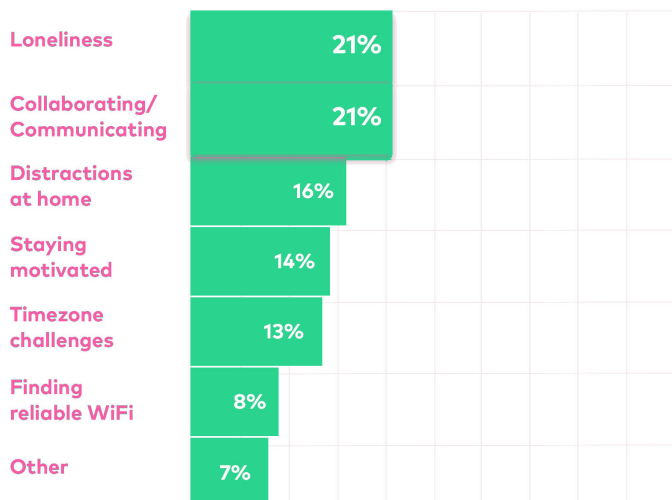
Source: The 2017 Global Coworking Survey (Deskmag 2017)

from the collected data derived by more than 1900 remote workers around the globe, one of the biggest struggle with working remotely results to be *collaborating and/or communicating*, that takes the 21% of the answers, representing the top difficulty faced by interviewed professionals. Yet only 7% of them work from coworking spaces, while the majority, the 78% works from home, generally due to high costs of coworking spaces rent, if compared to the salaries of the respondents in the analysed category.

There is no consideration in the survey about the potential consequences in solving the *collaboration and/or communication* problem, as coworking spaces should fit this need and might be useful for business opportunities.

"Escaping the social isolation of the Coworking

What's the biggest struggle with working remotely?



in Griffis H. (2018)

(Source: State of Remote Work 2018, sample size: 1,900 freelancers and employ

in the city home office, being among like-minded people facing the same challenges and problems, gaining access to valuable knowledge and recognition, and enlarging one's professional network are also strong motivations for freelancers to engage in coworking."

Merkel, J. (2015)

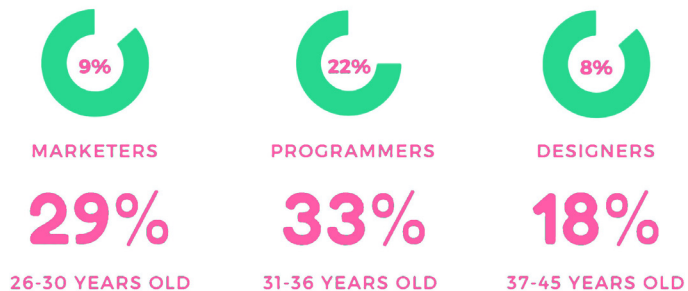
According to research (Elwes E. 2016) the age bracket that mostly falls into the category of remote workers is the one of so-called *millennials*, people born between 1981 and 1996 (Emmons, M. 2018).

This can also be perceived as a new way

of new generations in the labour market to interpret personal working life, with a more entrepreneurial-based approach.

This could be interpreted as a reaction of new generations to the schemes of a society that has been shaped by the industrial model, in its conception of the workday in huge companies, and consequent depersonalization.

Research on the topic (Elwes E., 2016) suggest that of 500 respondents to a survey dedicated to the topic of Digital Nomadism, as defined before, 36% are freelancers, mainly programmers, marketers and designers. The biggest portion of the interviewees though, declared that the average salary is quite low, thus uncovering one of the weaknesses of this model.



Analysing contextual factors in the social scenario, as seen before, economic stability

plays a major role in this phenomenon.

These socio-economic issues somehow also relate to the very concept of nomadism, by itself linked to cyclical scarcity.

"HIGH UNEMPLOYMENT MOTIVATES INDIVIDUALS TO FOUND START-UPS AND TO BECOME SELFEMPLOYED AND THAT SELF-EMPLOYMENT REDUCES UNEMPLOYMENT. IF COWORKING EXHIBITS SIMILAR MECHANISMS IT MIGHT HAVE INDIVIDUAL AND SOCIAL ADVANTAGES."

BOUNCKEN ET AL. (2018)

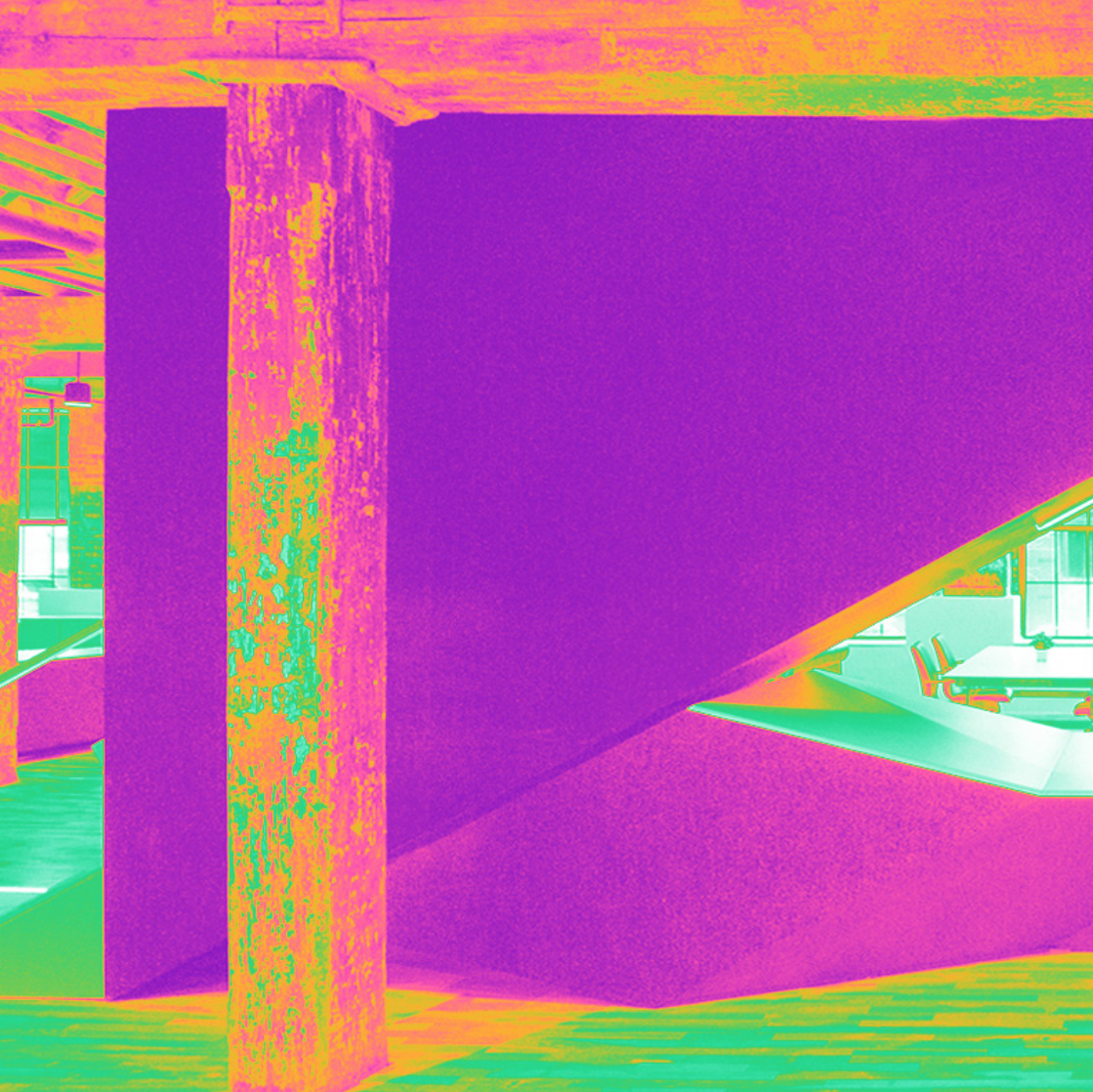




*image processed
source: wework.com*

2

2. SPACES.





Could a coworking space be perceived as a creative space? It actually appears as a space where knowledge is freely exchanged and people who interact come from different professional backgrounds. If it is considered as such, a creative space can be split into different dimensions, as stated by Martin *et al.* (2010), in order not to consider the space only under its material value, but to understand other aspects, both in the design and the study process. By analysing these dimensions, it can be found that coworking spaces encompass the concept of *creative space*.

- PHYSICAL SPACE
- PSYCHOLOGICAL SPACE
- VIRTUAL SPACE
- BIOLOGICAL SPACE
- INTERPERSONAL SPACE

The **Physical Space** is the actual material and spatial part, that supports the learning or creative process, which is by itself relative to the specific different inputs, that depend on the nature of the work.

The **Psychological Space** is directly tied to the personal aspects of people that populate the place. Whether it is about cultural roots, daily emotions, or individual character, they all are things that condition personal and collective attitudes, and perceptions of the space.

The **Virtual Space** is the one that generates not only with people of the same physical space,

but also with the immaterial community that is created through the internet. This is a point that can be often found in coworking spaces, where a community is created through internal social platforms.

The **Biological Space** refers to the individual's physical and mental abilities to relate with others, mostly in terms of learning and understanding. Here the authors refer to actual issues of the body that can limit interaction processes.

The **Interpersonal Space** is the one conditioned by a third party, which in the creative process of learning could be a teacher, while in the coworking space can be regarded as equivalent to the figure of the *host* or *community manager*.

All of these concept which relate to creative spaces, can be recognized as features of a coworking space.

How do these different dimension interact with each other?

In example, can the *Physical Space* be designed to foster interaction?

A study from Cabral & Van Winden. (2016) examines literature on this topic.

According to Oksanen and Stahle (2013), when physical spaces are shared, interaction among people is promoted, while motivating and enabling people to share knowledge and experiences. This is what the authors call "collaboration and communication enabling spaces" which lead to

network and social capital building.

From the analysis of Heerwagen *et al.* (2004) the physical environment affects collaboration: face-to-face interaction is conditioned by short walking distances, visibility and accessibility. If spaces are designed to host events, interaction is promoted, community is enlarged, and new contacts are created (Björklund *et al.*, 2011).

Is being physically together sufficient to start sharing information and creating interaction?

“In some spaces I felt like an anonymous customer, just like in a coffee shop, whereas in others I was immediately introduced to other coworkers, invited for lunch and evening events, and asked for my specific skills and interests.”

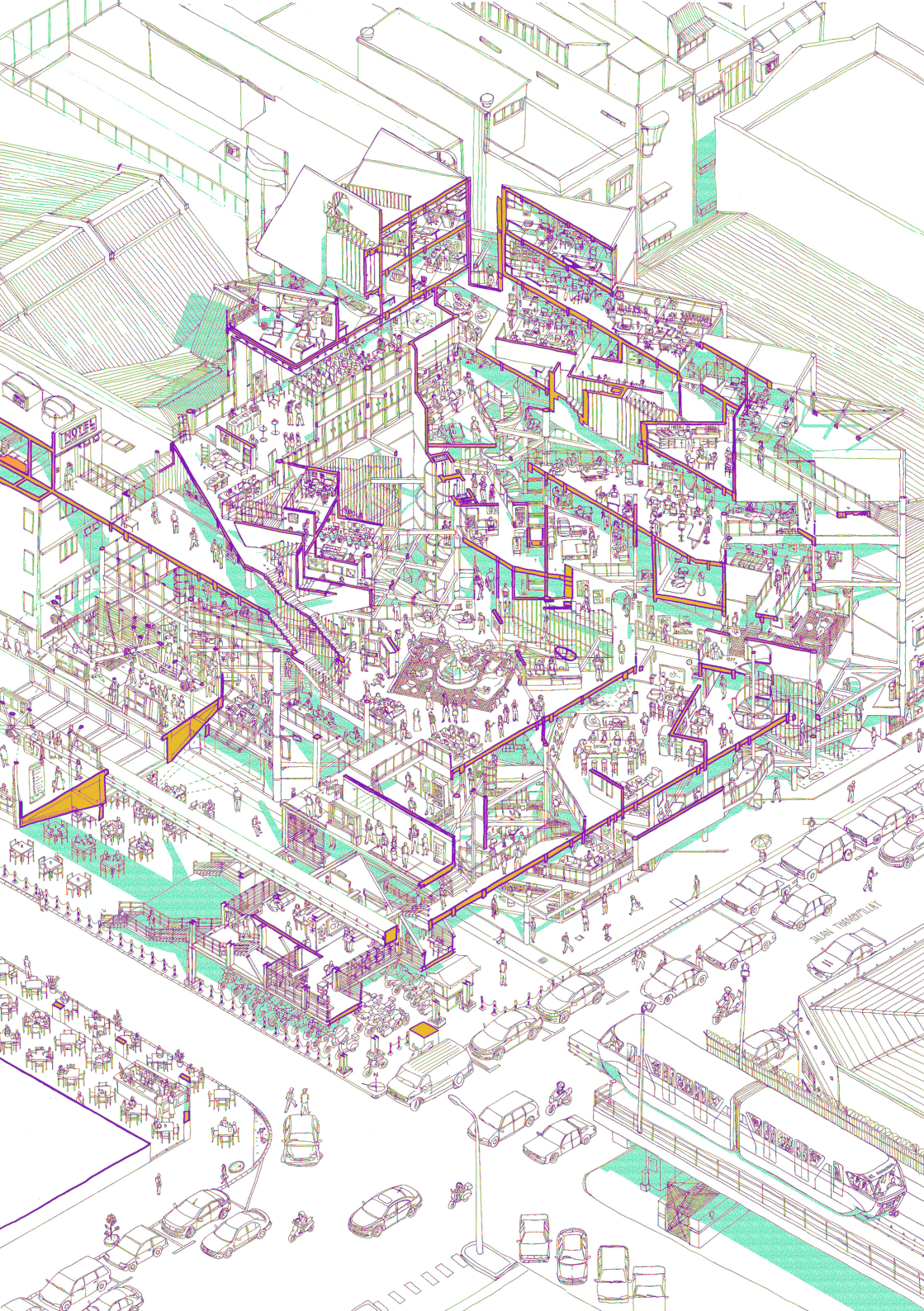
Merkel, J. (2015)

Third parties play a major role in this sense, and studies show that sometimes it's not enough to rely on the space itself, as will be seen further.

Giving a more contextual outlook to the space it is interesting to point out some historical evolution that there have been in the development of workspaces.

From the following excerpt, a conceptual shift can be noticed in the conception of spatial organization in time, due to social and technological issues that have been analysed in the section regarding evolution dynamics.

Side: How interaction can shape spatial concepts.



“The *raison d’être* for physical workspaces is being turned upside down. Previously, they were designed to house the expensive technology and tools that workers needed for output, to support efficient processes and maximum productivity, and to reinforce the hierarchy of management. Unintended side benefits that arose from colocation were cultural alignment, idea generation, and fellowship that led to greater trust, teamwork, and quality. Now, in the realm of knowledge work, those extras are the whole point of colocation, and physical space should be optimized to deliver them.”

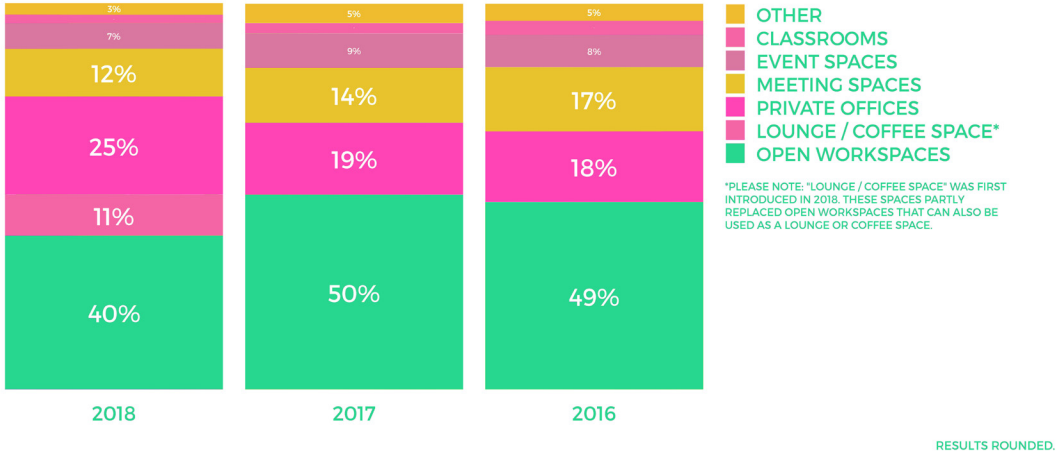
Johns, T. and Gratton, L. (2013).

SPACES IN THE INDUSTRY.

How are coworking spaces generally organized in spatial regards? They all share common traits, to analyse which there is an important source of data, that is “The 2018 Global Coworking Survey” (Deksmag 2018), produced by Deskmag, defined on its website as “the online magazine about coworking, its people and spaces”. Data is based on 1980 collected answers, 59% coworking members, 30% coworking space managers, 11% others. 36% of the respondents came from Europe, 35% from North America, 13% from Asia, 8% from South America, 4% from Africa and 4% from Oceania (mainly Australia). These data will give the possibility to first understand the situation in the industry and its evolution, and then will enable to compare case studies with the general overview.

In this sector, as will be seen, space is important not only for its architectural aspects, but for the financial ones, as the coworking concept is necessarily accompanied by a real estate base. The following will then be mainly a real-estate-based market analysis, while architectural aspects will be studied conceptually in the section regarding value creation.

GENERAL RESULTS BY YEAR



Source: The 2018 Global Coworking Survey (Deskmag 2018)

Firstly the coworking concept is embodied by the presence of open areas populated by shared or individually rented desks. These are probably the most representative spaces of the coworking concept that epitomizes the philosophy of collaborative working.

Lounge and coffee spaces can be used by coworking members both as relax areas and as spaces to meet exterior people.

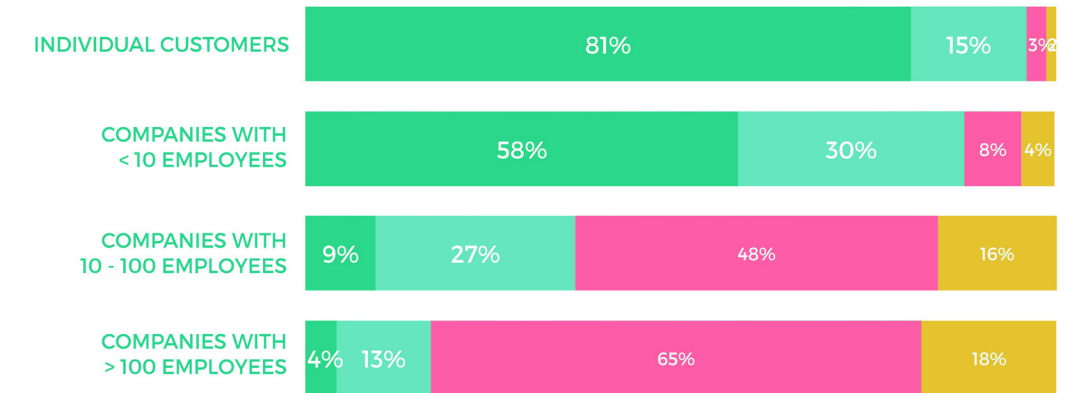
Where space begins to fragment, there are offices that, depending on the dimension of the whole coworking space, are dedicated to either small or big companies.

Other spaces include meeting rooms for coworkers and outsiders; event rooms where network is expanded to include external individuals; relax areas to take breaks form work and perhaps a cafe.

Source: [wework.com](https://www.wework.com)



GENERAL RESULTS



REPORTED BY COWORKING SPACES THAT CHOSE AT LEAST ONE OF THE TARGET GROUPS.

■ STRONG FOCUS
 ■ NEITHER STRONG NOR WEAK FOCUS
 ■ WEAK FOCUS
 ■ N.A.

29

THE 2018
GLOBAL
COWORKING
SURVEY



Source: The 2018 Global Coworking Survey (Deskmag 2018)

Since the conception of coworking spaces, spatial layout has changed and evolved, following economic and social trends. Initially coworking spaces were conceived mainly for freelancers and startups, now big enterprises show growing interest towards the phenomenon (Moriset, 2013).

A combination of different typologies can also be found inside the same building or in close physical contact. In fact, a coworking space, falls under the definition of “Localized Spaces of Collaborative Innovation” (LSCI) described by Capdevila (2013).

These kind of spaces are strictly linked to the concept of innovation and, as stated by the

author, there is a proved importance regarding the collocation of the space and the people that orbit around it. It is interesting to notice that is often being talked about spaces that are localized but do not necessarily depend on an organization, in hierarchical terms. Hence they all take different configurations, as it is not only relatively to Coworking Spaces, when talking about *LSCI*, but also regarding other and diverse types of communities, such as *hacker spaces*, *maker spaces*, *Fab Labs*, *Living Labs*, etc.

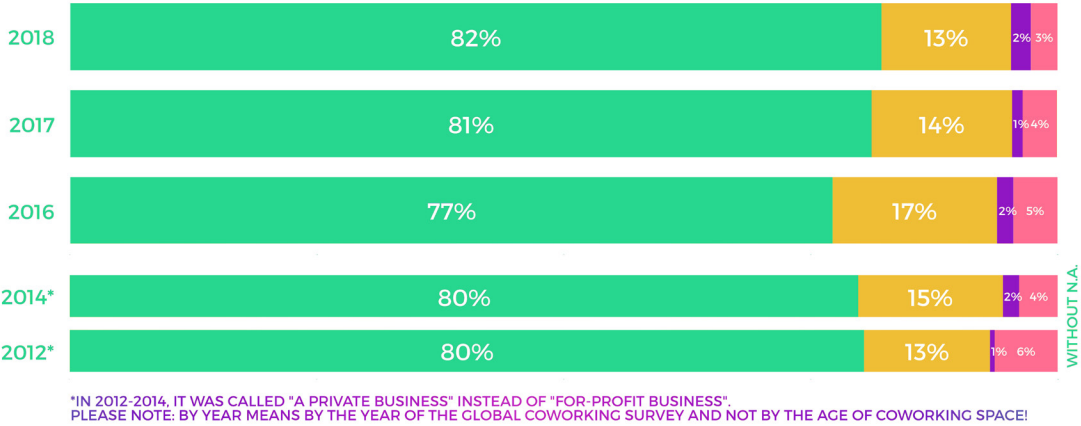
The spaces analysed by the author fall under the following features, that were extrapolated from the definition by Wenger (1999) of *community of practice*:

- 1) they are spaces open to the general public.
- 2) they have a defined focus and goal collectively agreed by their members.
- 3) they share information, and tools among the members and they encourage the free sharing of knowledge

As innovation spaces, a major role is given to knowledge exchange and interaction processes. These are related to a wider aspect of *local community*, which is where spaces are inserted in, and are culturally related to. *Local community* is here defined by Storper (2005):

“A wide variety of ways of grouping together with others with whom we share some part of our identity, expectations, and interests”

GENERAL RESULTS BY YEAR*



Source: The 2018 Global Coworking Survey (Deskmag 2018)

The same study conducted by Capdevila (2013) focuses on the different approaches with regard to user vs. institutions leadership and social vs. economic focus. Those usually depend by the subjects that initiate the spaces, whether they are public or private: it results that, generally, an economic profit focus corresponds more to private entities than public institutions. As coworking spaces are managed by private companies, it seems legit that they result to tend more towards an economic profit. The profit nature of coworking spaces is clearly showed in the graph above.

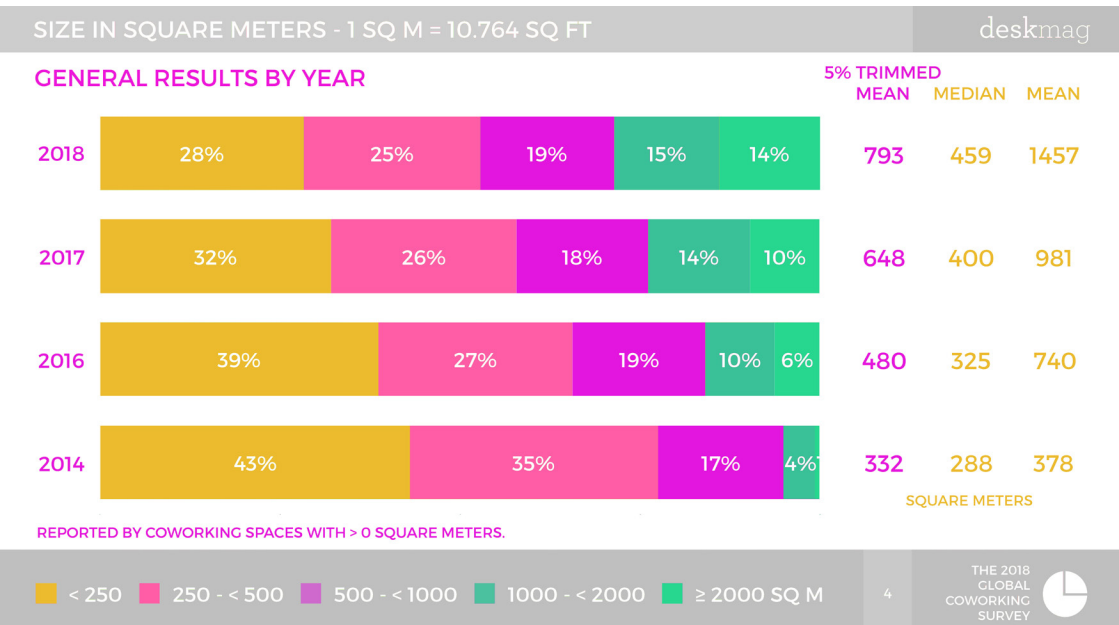
Another interesting overview is the one regarding the total dimension of coworking spaces, that

shows how the average size is changing in time.

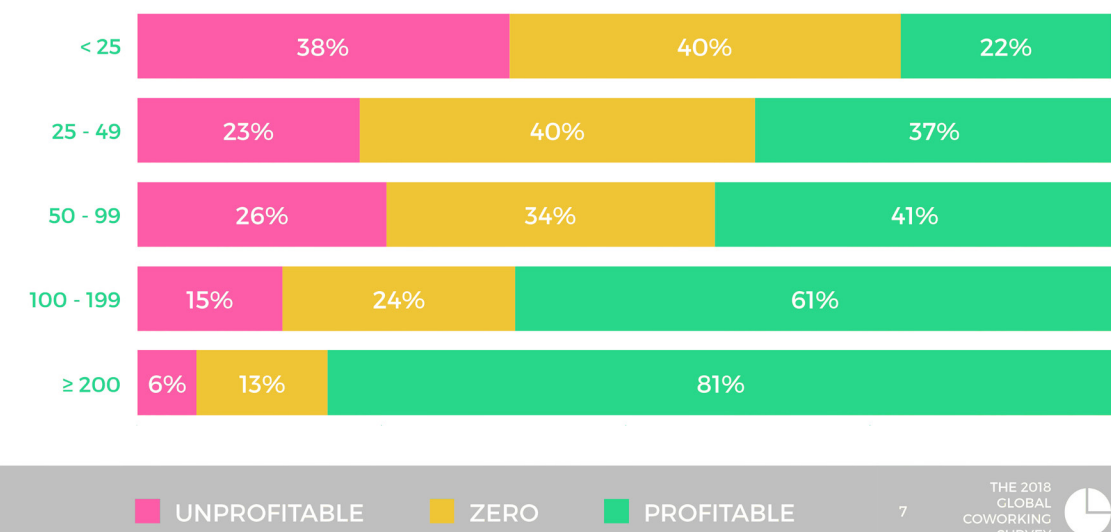
The majority of coworking spaces results to be small-middle sized, under 500 m², in which a big amount falls under 250 m².

Also, what data interestingly show is a trend towards the increase in the average dimension of the spaces, that proves market evidence about how the business model of the biggest players in the industry, is shaping more and more the real estate field, with a gradual increase in focus towards big enterprise rather than only on individual customers. As a quick introduction to this aspect, big industry players are succeeding to manage big facilities, due to contractual power and favourable conditions towards landlords, as will be seen later on.

Source: The 2018 Global Coworking Survey (Deskmag 2018)



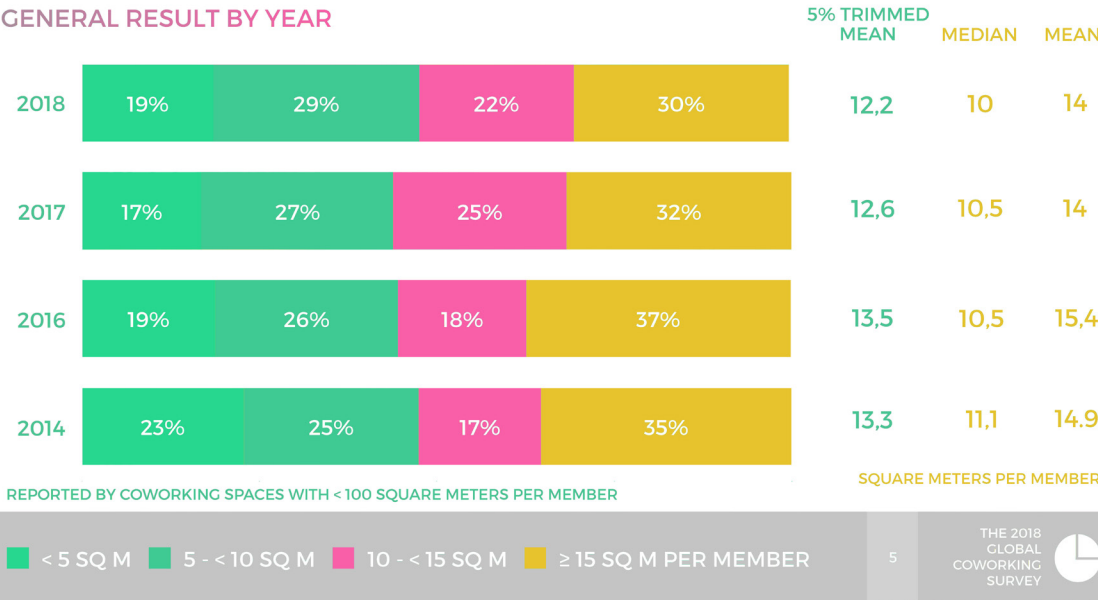
BY NUMBER OF MEMBERS



Source: The 2018 Global Coworking Survey (Deskmag 2018)

As a general evidence of business model success, big coworking spaces are way more profitable than small ones, and this also explains why big coworking space companies are growing at a tremendous pace, generating increasing interest in the financial field, as will be seen later on.

Incredible amounts of funding permit to these big office managers to become bigger as well as becoming new leaders in the real estate market. The graph above and the previous one are intimately tied to each other. The profitability of a space, in financial terms, does not only refer to the number of members. It's also a matter of ratio between members and space.

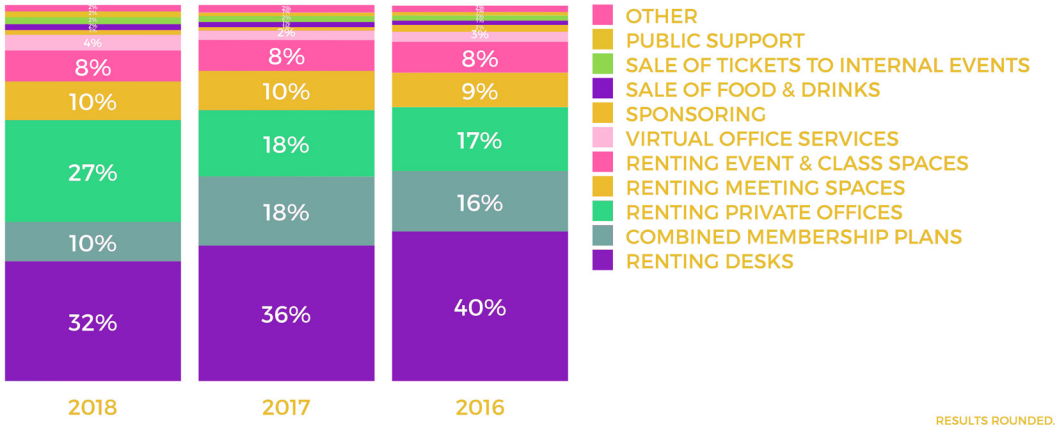


Source: The 2018 Global Coworking Survey (Deskmag 2018)

The biggest player in the industry, WeWork, is an example in this sense, as the company is able to maintain a standard of roughly one fifth of occupied space per member if compared to commercial offices in the field (CB Insights 2019).

Related to the already analysed element regarding the increasing interest of big companies, the following graph shows a gradual shift in coworking spaces' revenue model.

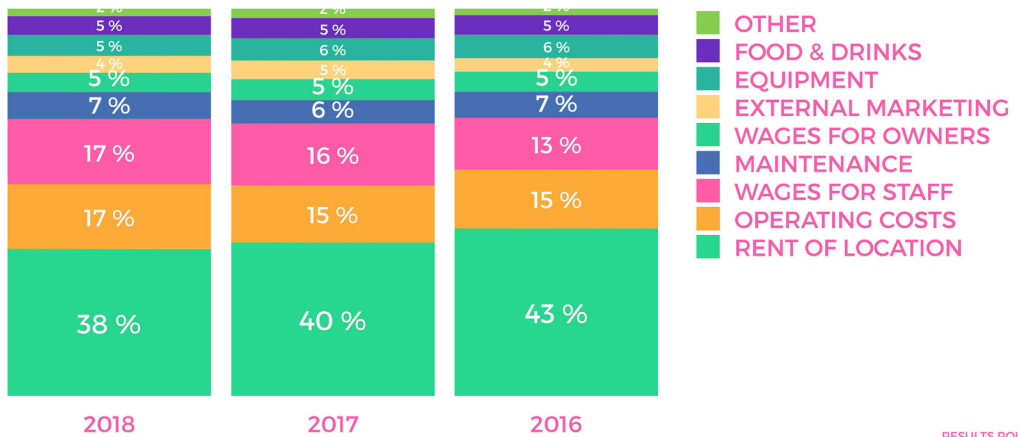
GENERAL RESULTS BY YEAR



Revenue from single desk rent is decreasing, in favour of private offices rent which increased 50% in just one year. This also pushed down revenues from combined membership plans, nearly halved in one year, showing a preference for physical services.

There also is a trend in time that signals a decrease in costs related to the rent expenses, and an increase in expenses related to operational aspects, as seen in the next chart. Although these aspects strictly depend from each single company's management, this might be a signal of increased trust from landlords or increased contractual power from companies, that albeit minimizing rent, are investing more in operational aspects, while leaving minor issues in a settled framework.

GENERAL RESULTS BY YEAR



In order to have a closer look to the phenomenon on a smaller scale, an analysis on the city of Turin has been conducted, which has been mainly based on pricing relatively to the urban context.

Different local players have been compared based on common services. These include: hot desks, that is unassigned flexible desks generally in open spaces; private desks that is reserved fixed workstations; office spaces for startups and companies; meeting spaces that can usually be reserved both by members and exterior people.

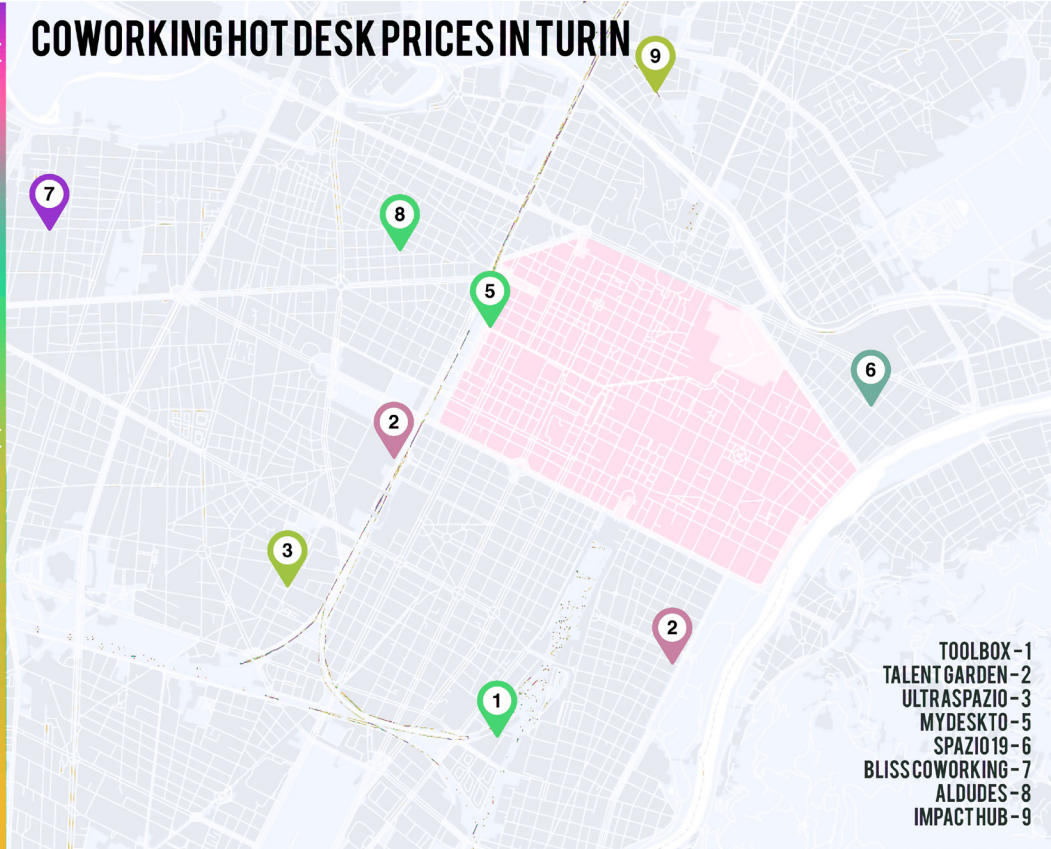
As seen in the next page, prices vary on a wide range, but this is not necessarily related to proximity to the city centre. Differences may be based more on additional services.

180€

COWORKINGHOTDESK PRICESINTURIN

120€

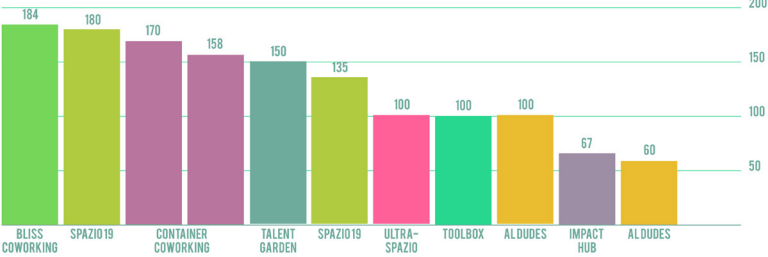
60€



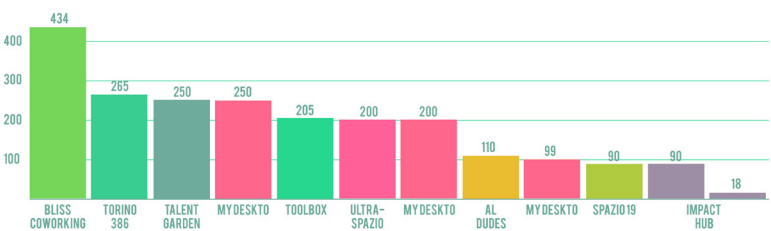
In any case, one of the most interesting aspects that comes out of the interpretation of data on the map is that coworking spaces, above all local ones, tend to remain out of the city centre - that is evidenced in the map - thus possibly generating urban and economic valuable processes.

This is in fact one of the aspects that will be analysed in the following sections, under the perspective of value creation.

HOTDESK



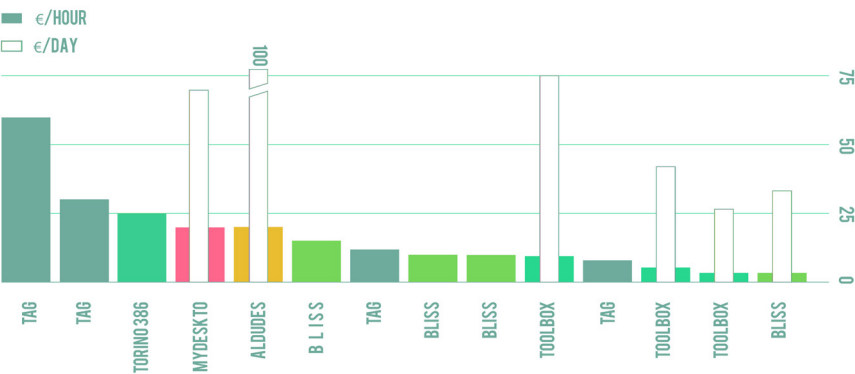
PRIVATEDESK



OFFICESPACES



MEETINGS SPACES

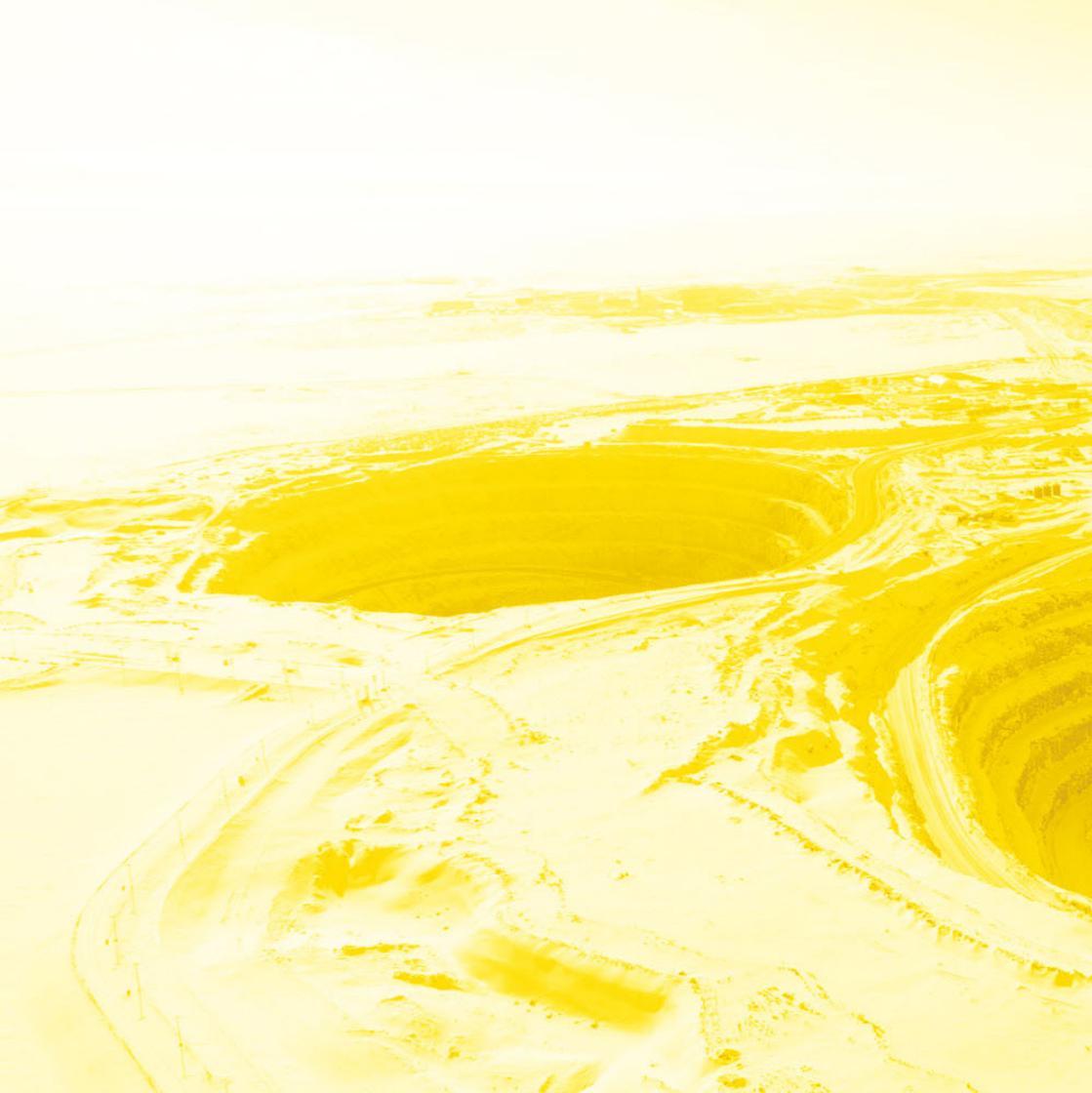


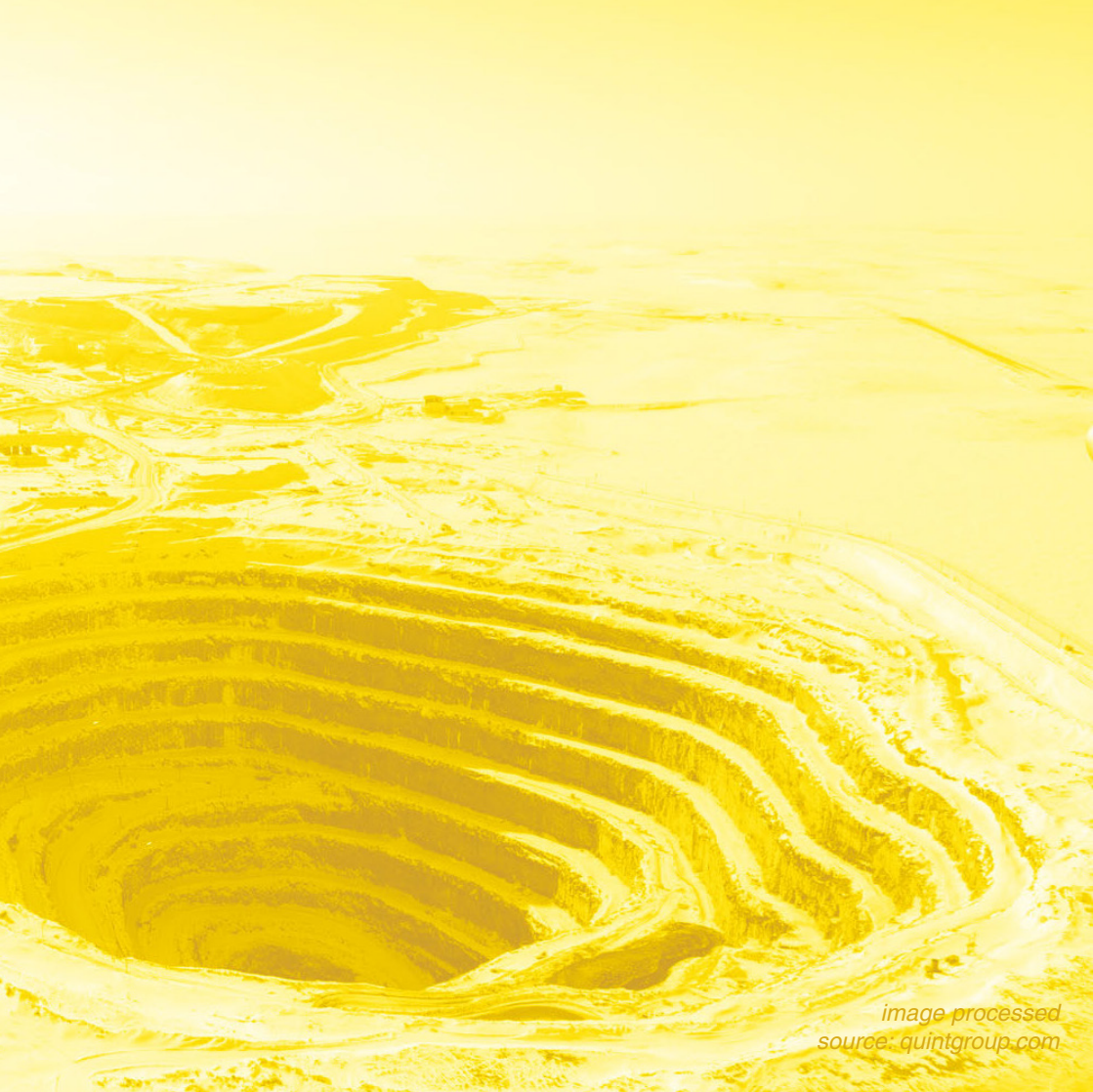




3

3. CREATING VALUE.





“Today the world’s gold stock is about 170,000 metric tons. If all of this gold were melded together, it would form a cube of about 68 feet per side. (Picture it fitting comfortably within a baseball infield.) At \$1,750 per ounce — gold’s price as I write this — its value would be about \$9.6 trillion. Call this cube pile A.

Let’s now create a pile B costing an equal amount. For that, we could buy all U.S. cropland (400 million acres with output of about \$200 billion annually), plus 16 Exxon Mobils (the world’s most profitable company, one earning more than \$40 billion annually). After these purchases, we would have about \$1 trillion left over for walking-around money (no sense feeling strapped after this buying binge). Can you imagine an investor with \$9.6 trillion selecting pile A over pile B?”

*Warren Buffett, CEO of Berkshire Hathaway,
in Buffett, W. (2012)*

Valere: Latin word meaning “to be worth”. From Sanskrit root word *bal*, indicating strength, power, merit. Consequently “to be of benefit”, “to be source of profit”.

Etymology Dictionary “Pianigiani”.
[Translated form Italian by the author.]
Source: <https://www.etimo.it>

Value:

1. Accounting: The monetary worth of an asset, business entity, good sold, service rendered, or liability or obligation acquired.
2. Economics: The worth of all the benefits and rights arising from ownership. Two types of economic value are (1) the utility of a good or service, and (2) power of a good or service to command other goods, services, or money, in voluntary exchange.
3. Marketing: The extent to which a good or service is perceived by its customer to meet his or her needs or wants, measured by customer’s willingness to pay for it. It commonly depends more on the customer’s perception of the worth of the product than on its intrinsic value.
4. Mathematics: A magnitude or quantity represented by numbers.

Value Creation: The performance of actions that increase the worth of goods, services or even a business.

Worth: Measure of value received, material or resources expended, satisfaction derived, or perceived importance of something tangible or intangible. It may be expressed either in monetary or in non-price terms.

Business Dictionary, retrieved June 2019,
source: <http://www.businessdictionary.com/>

In my research on coworking spaces, I am going to uncover a multitude of aspects regarding value creation related to the coworking phenomenon. I want to analyse if and how these spaces are able to generate a positive feedback loop in diverse interrelated fields. As by definition, not all the value created is numerically measurable, as it is very much tied to the “type” of value, i.e. whether it regards financial matters or social ones. I will examine the main fields that a coworking space covers, and how it affects them.

In short, I analyse coworking spaces to understand:

1. If and how they can be vehicles of value and its creation.
2. How value is created in different fields.
3. What are the differences among the various players, and how this reflects on value.

Although the concept of value is something mostly anybody can relate to with personal interpretation, it is subject to long history of literature. Emmitt et al. (2009) retrace some parts of this history, in which it can be noticed that the notion of value can refer either to a personal perception or to a communal one, and often depends from historical and cultural issues. Talking about perceptive value they cite Pirsig, saying that “value is ‘pure’ experience preceding rational thinking”. With regard to Economic theory, Smith, Ricardo and Marx consider value

to be the amount of labour to produce a good. Here a whole debate opens up on the difference between price and usefulness, and with neoclassical economists the attention moves on the value conceived not as the cost of labour to produce a good but the willingness to pay for that good. Moving to a financial perspective, a good acquires value not for its final usage, but mainly for its trade potential, which is taken to the extremes in art. In this sense, value is possibly a consequence of the perception of scarcity.

The result of this whole set of interpretations can vary depending on the adopted perspective. As I am not focusing on a single aspect, but I am addressing many fields, due to the nature of correlations derived by the coworking phenomenon, I frame the conception of value in a more general asset, yet intrinsically related to any field.

Then, what's the notion of value I am going to rely on?

I CONCEIVE VALUE AS THE INTRINSIC POTENTIAL OF A THING, NOT ONLY THOUGHT AS GOOD OR SERVICE, TO GENERATE A POSITIVE IMPACT ON THE OBJECTS IT IS IN CONTACT WITH AND EVENTUALLY ON ITS SURROUNDINGS. THE IMPACT CAN BE MEASURED QUANTITATIVELY, SUCH AS IN MONETARY TERMS, OR QUALITATIVELY, AS FOR INSTANCE IN THE EMOTIONAL WELLBEING OF PEOPLE.

ANALYSING FIELDS.

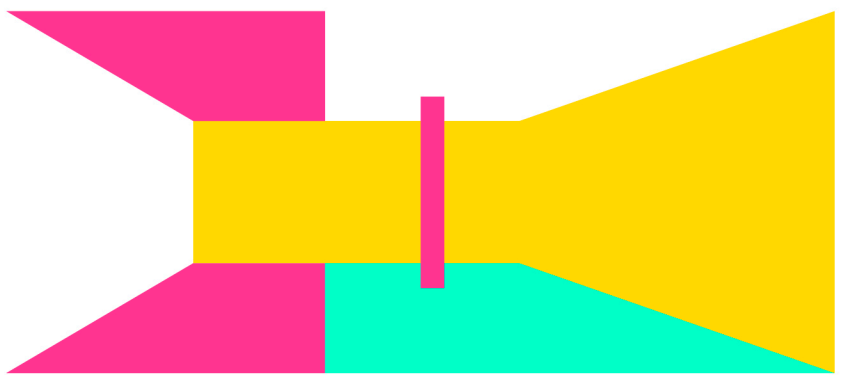
The analysis on value creation relative to the coworking phenomenon deploys on those fields I believe to be the most relevant for this study. These refer to different dimensions, from the scale of the individual, to the one of the city, and all that is included within.

With regards to the phenomenon, through an analysis of academic literature on the topics, a general overview will be given on the fields of:

- ARCHITECTURE,
- URBANISM,
- SOCIALITY,
- ECONOMICS,
- FINANCE.

This will serve to contextualize both the coworking scenario as a whole, and the analyses that will be made on the specific players in the industry.

Side: Fields. Image processed, originally from getrevue.co



ARCHITECTURAL.

As other fields, the Architectural one is subject to constant debates, in a vastness of areas. Thus, giving once and for all a definition of architectural value can be challenging and risky, as well as somehow foolish, if considering intellectual and interpretative evolution in time. Then this is not the pretence of this chapter, but to understand what has already been said, and how this can evolve. Architecture ranges from philosophy, to history, to society, to aesthetics, to functionality, to technology, to economy, to finance and so forth. Therefore a shared definition, is unlikely to be agreed, but different ones will be found to try and see how and if they can lead towards a common sense.

Regarding the multitude of fields architecture involves, multidisciplinary is addressed by Emmitt et al (2009):

“Architectural management aims to facilitate the creation of value through the strategic management, process design and control of the collaborative multidisciplinary design of buildings.”

This perspective refers to the management of processes involved in design and construction, and also takes into account the interaction among stakeholders.

When studying players in the following chapters it

Side: Conceptualization of Mies' Barcelona Pavilion

will in effect be understood why multidisciplinary management can be extremely valuable in the design process. Those companies that are able to govern all the processes involved from the architectural concept to the construction, both technically and culturally, are the ones that have more success. Talking about culture, the same can be considered as an important feature for value creation.

“Concerning the concept of value in architecture, books on architectural history and theory make it clear that architecture cannot be isolated from its historical momentum, culture and specific context. Thus the concept of architectural value is comprehensive, having not only personal but also community and cultural connotations.”

Emmitt et al. (2009)

**"IN THIS SENSE ARCHITECTURAL
VALUE INCORPORATES INTRINSIC
VALUES, WHICH CAN ONLY BE VALUATED
WITHIN THE CONTEXT OF A CULTURAL
SYSTEM. AS ARCHITECTURE CAN ALSO
BE AN EXPERIENCE OF PURE DELIGHT
ITS VALUE ALSO HAS A SUBJECTIVE
CHARACTER."**

EMMITT ET AL. (2019)

In this regard, an analysis will be conducted about if and how local and cultural aspects are taken into account by examined players.

Spector T. (2014) devises publicness as an architectural value, retracing the history of architecture, spaces and community. His general opinion on value, is that:

“Unlike taste, value is a public affair, and also unlike taste, is oriented outward – towards putting oneself out into the world – rather than inward.”

In the field of coworking spaces, this can be interpreted more with regards to community aspects than to spatial ones.

In fact, when talking about the planning of spaces that involve social presence and that are to some extent based on it, the well-being of the individual is to be taken in great consideration, in order to generate and maintain a smooth social environment. Various solutions will be noticed in this sense, based on aesthetic, physical and cultural matters, when analysing the main players in the coworking spaces industry.

Furthermore, the role of architects and space planners is considered as a key role for the positive development of community in society.

“Through a consideration of architecture as fundamentally a public good, a more effective defence of the value of the architecture profession itself can begin to be envisioned as the chief defender of the public good of the built

environment.”

Spector, T. (2014)

As such, architects and firms are among the main protagonists in the industry, and take important positions in coworking companies, both in boards and as prominent stakeholders.

Architecture is not only the finished product but it includes the whole design process, which is the *backend* of the possible realization of something valuable. During the conception of the planned space, not only is the pure formal aspect shaped, but a whole set of arguments collide, in order to generate the most *valuable* solution, depending on the aim thereof.

This is somehow the core of the ancient debate on form and function, which, if thought from the perspective of value, cannot be thought as an exact proportion between the two aspects, but as that one combination that works towards the very final aim, as conceived in the planning.

This simply means that there can't necessarily be an axiom to be applied to any case, but each design has its own rules, as well as any game has its own scope.

When applying to architecture the assumed definition of value, the intrinsic potential to generate a positive impact could be also applied in relation to an already existing architectural object, not necessarily as the final product the

possible renovation process, but independent from further human planning, that is just relative to intrinsic qualities that derive from the existence of that specific object in that specific context.

Hence, evaluating the possible impact of that specific object has a lot to do with real estate issues as the capacity of an existing building to be adapted to a new use and life depends from features which range from its structure, to its position in the urban context. This will in fact be another point in the analysis of case studies.

Given all this, as analysed in the chapter regarding space in the industry, it has been evidenced from data that the interiors of coworking spaces are mainly composed by open areas.

Does this spatial organization actually generate a positive impact on people inhabiting it? Does space acquire more aesthetic value if compared to the traditional cubicle solution?

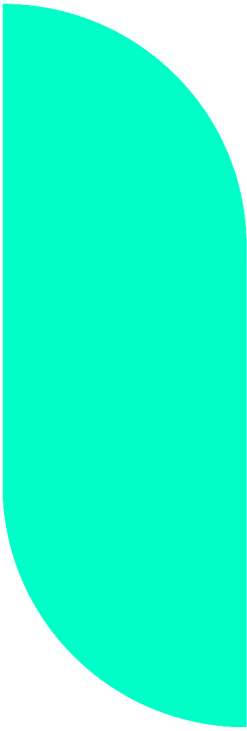
From a merely architectural point of view an open space gives greater flexibility for possible rearrangement.

If thought from a perspective of traditional work, open spaces can be a cause for distraction and lack of productivity. But the coworking industry, above all in open areas, is not a hub of traditional workers, while, as seen from general data, and as will be seen from further specific ones, it refers mainly to innovation economy (i.e. WeWork 2018, Talent Garden 2018). This is why these spaces theoretically provide “a supportive

and productive business climate to flourish entrepreneurship” (Bouncken et al. 2018), as will be seen later in the study.

Meeting rooms and private offices somehow trace traditional workplaces, but they are usually designed not to be as occluded. Still they are inserted in a theoretically more vibrant context, but isolated from the energy and interaction that an open space should provide.

THE GENERAL CONCEIVEMENT OF SPACE, AND SPECIFIC ARCHITECTURAL ARRANGEMENTS SHOULD TAKE INTO CONSIDERATION MOST HUMAN-RELATED ASPECTS: WHENEVER THESE THEORETICAL ASSUMPTIONS ARE SATISFIED IN FAVOUR OF PEOPLE, WHICH, IN THIS CASE, ARE THE FINAL USER OF THE SPACE AS DESIGNED, THE DESIGN PROCESS AND THE RESULTING FINAL SPACE ITSELF COULD BE CONSIDERED AS VALUE GENERATORS, SINCE, AS DEFINED, THEY BRING A POSITIVE IMPACT TO OBJECTS AND THINGS THEY INVOLVE.



URBAN.

Urbanism studies how people interact with the built environment, mainly on the scale of the city, therefore it includes all those subjects that refer to the city at its various extents, such as architecture, urban planning, geography, economy, etc.

When talking about the coworking phenomenon, the context is that of an urban ecosystem that is gradually abandoning the industrial city model, evolving towards new paradigms. A research on the topic by Caboim et al. (2019) [to whom the following quotes will refer to, unless otherwise specified], points out the “techno economic paradigm”, a new model with different value creation principles.

“The new paradigm encompasses a set of assumptions, principles and values, which can foster the emergence of new business models, new industries, new technologies, new market relations and new society. Sustainability, connectivity, mobility, accessibility, transparency, inclusiveness, collaboration, diversity, and meritocracy are in the core of this revolution. These characteristics enhance and recover the importance of cities as the major catalysts for socioeconomic development.”

An open debate on the figure of such cities,

Side: Conceptualization of a Riverside by the Author.

concerns the definition of “smart city” that, at first glance, suggests a concept of a system ICT (Information and Communication Technology) related. Actually, as a research on literature by the authors suggests, “Smart does not only relate to ICT and technology - it goes beyond.” Technology should enable knowledge exchanges, fostering creativity, and provide human capital opportunities “to cope with the changing urban environment”. In reference with the detachment from the industrial model, becoming smart should be also a way to reduce the impact related to an obsolescent model.

What are the factors that contribute to this dynamic process of innovation? Following the thread of the above-mentioned paper, one of the main elements is the proximity among the actors involved in the process.

This component is facilitated by urban agglomerations that by concentrating and approximating these agents conceptually enable knowledge exchanges.

**IF CITIES ARE PROPOSED TO BE
CONSIDERED AN ADEQUATE SCALE OF
ANALYSIS OF URBAN ECOSYSTEMS,
PLACES AS COWORKING SPACES ARE
TO BE CONSIDERED CATALYSTS OF THE
PROCESS.**

In confirmation of this, the research suggests that:

“This dimension [of the smart city, ed] also encompasses the collaborative networks among various stakeholders that should create competitive advantages for developing a local innovation ecosystem to produce global creative solutions.”

Something that brings closer to the phenomenon of coworking in the city, is the deployment of mixed-use buildings as well as the general use of existing buildings for an adaptation to new uses.

“Mixed buildings [...] preserve architectonic heritage for new uses and build new iconic sites involving both business and living spaces. [...] Moreover, the focus on preservation and efficient use of natural resources should be included on urban plans and building restrictions in order to take advantage from what is already built (e.g., brownfields regeneration).”

These means of application of this new paradigm in the exploitation of urban resources very often coincide with the renovation of buildings that get to be employed to foster knowledge exchange and creation as in the case of coworking spaces.

“To increase these interactions and to create new jobs [...] there is great interest from companies to transform former industrial buildings into collaborative spaces for innovation such as incubators, accelerators, fab labs, hacker spaces

and coworking.”

This analysis of so-called smart cities seems to imply that a city where knowledge exchange is fostered forms the basis for a local innovation ecosystem “in which it is possible to develop smart solutions using creativity and knowledge to deal with several urban issues more efficiently.”

A consequence that from the urban sphere impacts positively on the economic one is that this configuration, where “governance dimension is a catalyst in this process of transformation”, enables the creation of new jobs, attracting talented people in the ecosystem.

This can’t be valid *per se*, if the environment does not enable these exchanges through specific clusters.

“It is also changing “the way cities generate jobs through entrepreneurship”, and in this sense the “coworking entrepreneur” should be regarded as an urban innovator, whose choices are capable of producing urban concentrations of creative activity and consequently shape the urban and socio-economic fabric of our cities.”

Durante, G.; Turvani, M. (2018)

If knowledge layout is entrusted to universities, as well as the sometimes difficult charge to foster an entrepreneurial mindset, the realization of these conceptual purposes is to be conferred to collaborative spaces “such as fab labs,

coworking, incubators, accelerators and so on.”

“A smart city must have different kinds of knowledge sources and spaces to foster innovation.”

“In sum cities are innate engines for the socioeconomic development (Rogerson, 1999).”

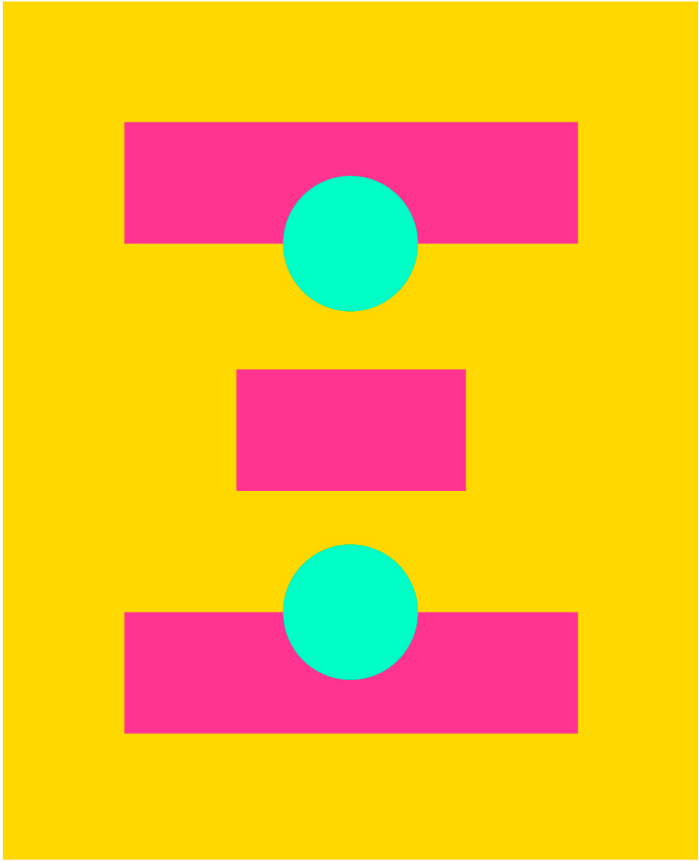
This brings us back to the starting point of the discussion: a valuable urban intervention, when relying on the general definition of value given before, is that one which is able to generate a positive impact on its surroundings.

“Furthermore, the opening of CBs [Coworking Businesses, ed] is also impacting positively on the quality of the surrounding neighbourhood, increasing the attractiveness of the area by occasionally improving public spaces and generating socio-economic and micro-regeneration effects”

Durante, G.; Turvani, M. (2018)

Our research will be focused on possible patterns that describe how coworking spaces are able to create this value, given their collocation in the urban context, which is, in example, if and how they spontaneously attract new people to their neighbourhood, offer new business opportunities for existing and purposely created local activities, and in general activate the ecosystem.

**WHEN THE MILIEU IS ACTIVATED
FOR BUSINESS PURPOSES, THE
ENCOURAGEMENT OF NETWORK
AMONG STAKEHOLDERS CAN ENHANCE
NEW BUSINESS OCCASIONS, NEW
INVESTMENT OPPORTUNITIES, CREATE
STARTUPS, INCREASE PRODUCTIVITY,
SALARIES AND CONSEQUENTLY AND A
CITY'S GROSS DOMESTIC PRODUCT.**



SOCIAL.

“Hillman (2008) found that workers who frequently go to coworking spaces want to bring the social dimension back into their working life, want to join a community (Leforestier, 2009) or depend on networks for new business opportunities.”

Cabral, V.; van Winden W. (2016)

The social sphere is very related to the coworking phenomenon.

As the authors suggest (the following quotes will refer to Cabral, Van Winden 2016, unless otherwise specified), although we are talking about working spaces, as it's been clear so far, some of the basic concept coworking relies on are collaboration and knowledge exchange, which also are some of the reasons people choose to work there.

“Meeting new people can also be of importance in many economic decisions and working outcomes, bridging resources, acquiring information, learning how to do one's work or solving problems (e.g. Ellison et al., 2013; Hutchins, 1991; Lave & Wenger, 1991).”

An interesting difference between big and small coworking spaces appears from the study. People who decide to go to coworking spaces managed

Side: Interpretation of social interaction inside a coworking space, by the Author.

by multinationals (i.e. WeWork, Spaces), mainly do it for flexibility purposes and then to focus on productivity, more than to take advantage from a possible interaction:

“Spaces and WeWork are large multinationals and after having spoken with multiple members of both spaces it seemed that interaction with other companies is not per sé the main reason for working there. Despite the efforts of both coworking spaces to have entrepreneurs and companies interact, several members mentioned to be there mainly for office flexibility purposes.”

Firstly, the space layout, as previously seen, is designed to have predominantly desks in open space rooms, which might be not sufficient to generate interaction at the social level, but it should not be a limit to it.

“Heerwagen et al. (2004) link the physical environment to collaboration, and concluded that spatial layouts offering better accessibility, visibility and short walking distances affect face-to-face interaction.”

The coworking environment slightly mixes the aspects of professional and private life, due to the general coziness of the ambience, and to the design layout, which possibly create a new context.

“With regards to the social environment Botsman and Rogers (2011) note that social interaction contributes to innovation.”

BUT HOW DO PEOPLE INTERACT WITH OTHER PEOPLE?

IS IT AN AUTOMATIC PROCESS?

IS SPATIAL PROXIMITY SUFFICIENT TO GENERATE INTERACTION?

According to Boschma (2005) there is a series of concepts of proximity that can foster interaction if combined. They can be outlined as organizational proximity (regarding coordination and knowledge exchange), social proximity (related to interaction on a micro level), and institutional proximity (which refers to rules and internal regulations).

Yet, proximity might not be enough if not managed. Interaction can be promoted both directly and not directly, through dedicated figures or through spaces themselves.

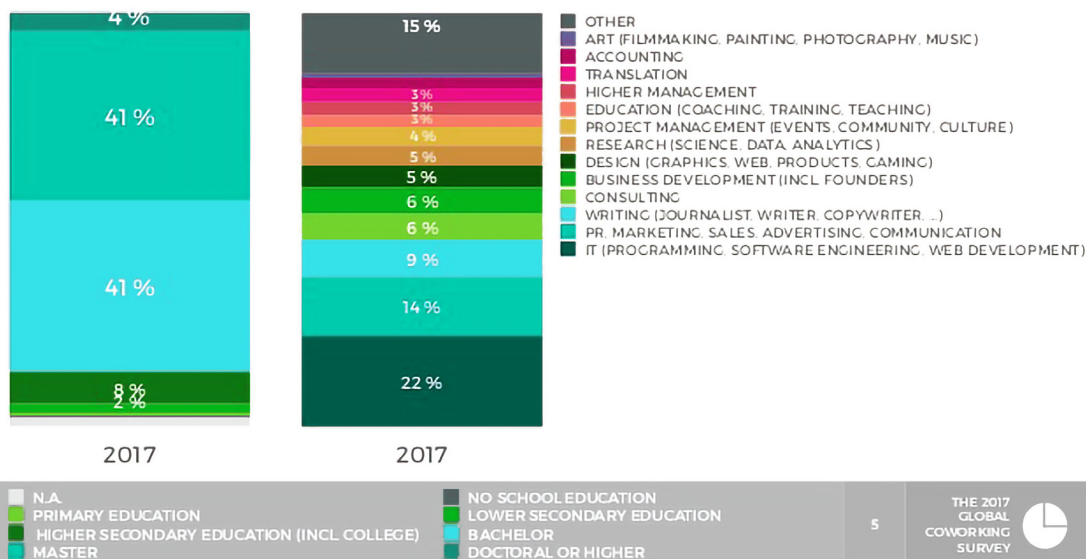
In this regard, Cabral and Van Winden (2016) study specific cases of coworking spaces and from these identify various strategies aimed at stimulating interaction, that are:

1. “Coworking space manager as connector”,
 2. “Regulating the mix of workers”,
 3. “Interior design for interaction”,
 4. “Tools for networking”
-
1. Social activity inside coworking spaces is directly managed by specific figures, namely

“community managers”. The effectiveness of connections is often to be attributed to them, as their role is to bring together the right combinations of people, accelerating processes. This high value is possible as community managers live the working spaces the same way workers do, and can then recognize opportunities both in the internal environment and in the external one. To integrate the two aspects, coworking managers are also responsible of managing networking events.

“To become fully integrated and aware of the community, the manager focusses on visibility and integration by sitting on different spots every day. The manager also lunches with the members every day and interacts with them. The bridging function works because the manager is an integral part of the community, and aware of the skills, activities, developments and problems of the members. Thus, the manager can see and exploit opportunities for members to connect and to be of value for each other’s business.”

2. Coworking spaces are composed by people who come from a lot of different fields. Even though this could be perceived as a barrier for fluent communication, “the cognitive bases of the members are fairly proximate leading to a common spoken language as a result of shared interests and attitudes” (Cabral, Van Winden 2016).



Source: The 2017 Global Coworking Survey (Deskmaç 2017)

This creates an environment where people are enthusiastic about talking with workers in other fields, as it is perceived to be inspirational.

- As will be seen more specifically in some cases regarding the industry players, the design of the space is planned to have interaction paths and spots. This happens through positioning facilities such as coffee machines, printers and other amenities in places where people converge and are induced to start interacting. Whether it is for short or long talks, contact among people helps creating a smooth environment.
- Tools for networking are generally events

and encounters, both formal and informal, and with different networking purposes. These promote opportunities to enlarge professional and personal networks, and to discover more about the existing internal community.

“Social networking sites contribute to the creation of awareness amongst coworking space members. It enables members to present themselves, connect to a local network, and develop and maintain relationships with other members”

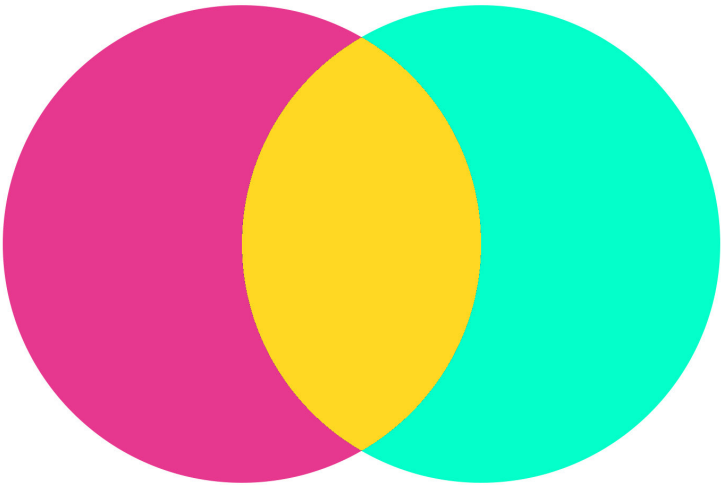
From this analysis of social matters in coworking spaces, these can be considered as deliberate catalysts of interaction, and this is due to interests of different stakeholders: the management has an interest to increase the workplace value, generating subsequent media impact on the surroundings, and everything that comes from a good reputation; workers want to find new business opportunities, enjoy a positive social environment, interacting with people in other working fields.

“Furthermore, the transfer of tacit knowledge cannot be dissociate from the creation of new knowledge as the two phenomena occur simultaneously through the mechanism of user-producer interaction (Lundvall 1988; Gertler 1995). [...] The potential innovations that would derive from this knowledge would be then the result of a co-creation that could be fruit of informal interaction and not deliberate.”

The consequences of such exchanges converges to knowledge creation and, consequently, innovation.

"ACCORDING TO THIS PERSPECTIVE, KNOWLEDGE TRANSMISSION IS NOT UNIDIRECTIONAL BETWEEN KNOWLEDGE PRODUCERS AND KNOWLEDGE USERS BUT BIDIRECTIONAL. CONSEQUENTLY, INNOVATION IS THE RESULT OF THIS SOCIAL INTERACTION."

CAPDEVILA, I. (2013)



ECONOMIC.

The coworking phenomenon is directly linked to socio-economic evolution, both passively as a consequence of the actual scenario and actively as it contributes to shape it.

The perspective that is being used in analysing this field, the same as used in the other cases, refers to the positive impact generated on objects, as generically intended, and their surroundings. Literature on the topic will be scanned using the definition of value given before, understanding how it applies to economy, in the ecosystems coworking spaces are inserted in.

It has been shown how cities play a key role in the development of human systems in our era, as activities forging economy mainly take place in urban contexts.

In this regard, the literature that analyses coworking from the standpoint of economic matters, usually relates the phenomenon to the concept of “sharing economy”.

Framing the phenomenon within this definition might appear limiting:

“Even if the boundaries of the sharing economy are difficult to define precisely and in the relevant literature “there is no ‘shared’ consensus on what activities comprise the ‘sharing economy’” some authors tried to produce a classification of sharing

Side: Interpretation of Sharing Economy by the Author.

economy activities and platforms.”

Durante, G.; Turvani, M. (2018)

Actually, economic aspects are not existing per se, but depend from direct and indirect activities:

“According to Richardson, the phenomenon can be better understood “as a series of performances, rather than a coherent set of economic practices”. The performances identified are: the enactment of a community, the access to common resources, and the collaboration between participants.”

Durante, G.; Turvani, M. (2018)

If this definition is embraced, this assumption can be assessed with reference to social aspects that have been analysed: “performances” as interaction among workers within the networking context lead to the enabling of new economic activities, which is what Jamrog et al. (2006) recognize as “innovation”:

“how organizations create value by developing new knowledge or by using existing knowledge in new ways”.

Jamrog et al. (2006)

It is interesting to notice that since innovation appears as a matter of great value for companies, and those try to ensure that innovative input are present in their workforce organization, coworking spaces can be a very valuable medium in this respect, since they are clusters of different actors, as already seen. The presence

of companies inside coworking spaces might then generate deliberate cross integration with other workers:

“Companies realize that they cannot rely solely on innovation capability from within, which is why external actors have become an increasingly crucial part of companies’ innovation capability. (Freeman, 1991). Chesbrough (2003) coined a term for this innovation approach: open innovation.”

Cabral, V.; van Winden W. (2016)

In fact, as evidenced by Cabral, V.; van Winden W. (2016), interaction, above all if related to business contexts is responsible of generating entrepreneurial outcomes. As evidenced in the latter research by the study of a series of specific cases, these can lead both to general productivity and to innovation. Innovation is outlined as “New projects, ideas, knowledge, and New clients, suppliers”, enclosing an impact on many fields, one of which is indeed the economic one.

“The rise of the sharing economy has been described as a ‘disruptive innovation’ that leverages technology to connect people with people, cutting out the traditional ‘middleperson’, in the sale or sharing of largely underutilized goods and services.”

Jamal, A. (2018)

In this, innovation and sharing economy appear interdependent, relying on “knowledge-intensive

labour and value-added goods and services”, where coworking results as a “post-Fordist solution to support a new generation of what Pohler (2011) terms atypical workers” (Jamal A. 2018).

This is stressed to be dependent not only on the normative-legal framework, but of course on the network among stakeholders in the ecosystem.

“According to Shane and Venkataraman (2000) entrepreneurial behavior refers to the recognition, seizing, and exploitation of opportunities that may lead to economic success. As coworking-users strive for independency, free collaboration, values like community, networks, and open-source projects (Lange 2011), they are prone of entrepreneurship (Gandini 2015) and can take advantage from the coworkingspace’s infrastructure and social space.”

Bouncken et al. (2018)

A study by Jamal A. (2018) analyses the economic impact coworking spaces have on mid-sized cities. It turns out that the physical presence of such spaces promotes urban renewal, allowing new enterprises to use affordable spaces in contexts where downtowns are gentrifying rapidly. In a series of interviews in the research, respondents find that coworking is revitalizing their neighbourhood and boosting local economic development, fostering entrepreneurship and innovation.

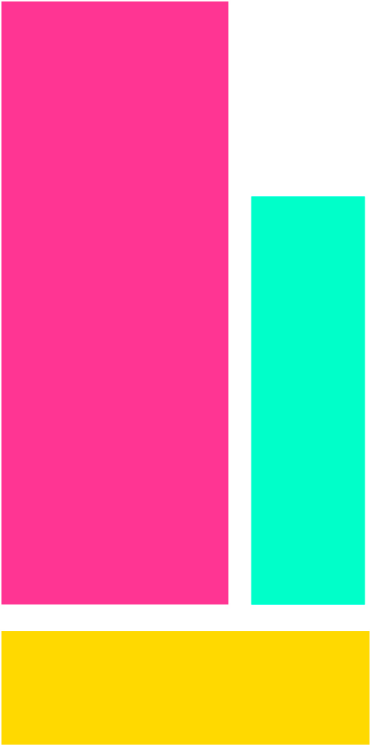
This impacts on urban aspects as analysed before:

“[...] the reuse of vacant or underused buildings is contributing to the recycling of idle urban assets, thus contributing to the realization of a circular economy, centred on the reuse of assets that have completed their life cycle, giving them new life and minimising energy and material waste.”

Durante, G.; Turvani, M. (2018)

In the ending it is evident that also economically, coworking is a value enabler, generating a positive impact on the near context, and consequently, to all the related aspects in the ecosystem.

SINCE COWORKING SPACES ARE DESIGNED TO BE BUSINESS-FRIENDLY ENVIRONMENTS, THEY SHOULD "ATTRACT AND RETAIN PEOPLE, FIRMS AND INVESTMENTS, WHICH ARE FUNDAMENTAL FOR ECONOMIC DEVELOPMENT" (CABOIM ET AL 2019).



FINANCIAL.

The coworking model involves various stakeholders, each of which has different positions. Examined dynamics will be related to big players in the field, rather than small ones. As macro-categories, stakeholders can be divided as:

1. LANDLORDS.
2. TENANTS.
3. FREELANCERS.
4. COMPANIES.
5. INVESTORS.

To understand what are the positive and negative aspects that involve each of them from a financial standpoint, it is necessary to firstly understand how the business model works, which is how money work or how they would work alternatively.

Which is, speaking as financial players, why each of those choose to adhere to this model rather than to possible alternatives.

1. LANDLORDS.

The owners of the building generally own big disused facilities, a new use for which is hard to

Side: Interpretation of Finance in Real Estate by the Author.

find, due to dimensions, location, and renovation issues. This makes the premises very difficult to rent, as there is very few type of customers that would rent them, and in any case costs might be excessive even for big companies with short-term stays, also due to fiscal reasons.

Even if the aim of landlords is to possibly find one or more lessees to rent the most square footage possible, renovation costs might exceed revenues from rent, making rehabilitation an unworthy investment.

The asset represented by the building then becomes financially void, even though potentially very powerful, as seen in the urban analysis of the phenomenon.

2. TENANTS.

Coworking companies, the tenants of the case, need to find big premises to run their business. As it has been shown in the initial overview, through statistical data, the main source of revenue of the coworking business comes from renting space, and as of 2018 this totals around the 80% of the streams (Deskmag 2018). This theoretically means that the more the disposable space, the better.

As companies under analysis are generally backed by investors, they have a not small

purchase and contractual power. Which makes them very interested in negotiating with owners of big properties.

An aspect that makes the matching very interesting for both parts, is the duration for which the space is contracted. Generally the parts sign lease agreements for 10-15 years, that is reassuring for owners, although possibly risky for tenants, due to possible economic situation changes.

To make the business work, tenants have to charge their customers, freelancers and companies, a higher price if compared to the one they pay to the landlords. This is possible due to the different contractual power of the parts: as the tenant is renting the whole square footage, it will be charged by the landlords a certain price per square meter, which, minimizes the unit cost, since it is referring to a transaction that involves a very big floor area.

3. FREELANCERS.

Workers have smaller contractual power, that makes them accept the price tenants charge, letting tenants earn a multiple of the price paid to the owners. This model, that is based on an imbalance of market prices and contractual power, is called arbitrage.

“Arbitrage is the simultaneous purchase and sale of an asset to profit from an imbalance in the price. It is a trade that profits by exploiting the price differences of identical or similar financial instruments on different markets or in different forms. [...]”

“Arbitrage occurs when a security is purchased in one market and simultaneously sold in another market at a higher price, thus considered to be risk-free profit for the trader.”

Investopedia, 2018

Freelancers rent a desk in a coworking space also as an investment. The price of a desk might be considered excessive if just considered under its material aspect, but, as already seen, there is a whole set of externalities that make workers and companies want to pay for it.

“Working in a shared workspace is a strategy for minimising individual risk as coworking spaces match the flexibility and financial situation of their workers with specific resources for sustaining freelancers and self-employed persons in a highly competitive and volatile job market”

“Freelance and self-employed professionals moreover need to master the financial, organisational and social aspects of their work life on their own, as well as their occupational training.”

Merkel, J. (2015)

As just mentioned, the fact that renting the space

could be considered as an investment, underlies the assumption of paying a higher price than possible alternatives, as staying at home, or in a café. Indeed there are even more expensive and possibly less convenient options compared to this. Renting their own office elsewhere, rather than a desk, could mean higher costs, and diverse fiscal issues. In this sense renting a desk might solve many of those, also giving social advantages.

4. COMPANIES.

A contextual consideration can be made referring to the last analysed category: if it is considered that the population “inhabiting” coworking spaces, is mainly represented by freelancers, entrepreneurs and startups, there is a risk at the very basis of the business model, as this category deals with possibly unstable jobs, which might cause these workers to suddenly leave their rented place.

However, fortunately for tenants, that is coworking companies, big companies are showing always increasing interest in coworking spaces, and this is due to financial and bureaucratic reasons: they have the possibility to start running other offices, reducing initial costs, and avoiding to sign leasing contracts, which would increase their liability ownership, depending on some countries’ regulations.

As well as in the case of freelancers, companies benefit from not having to directly manage their own office, which again, depending on the country, can be advantageous in fiscal terms.

“Many coworking spaces don’t have a main lessee but are founded solely with the purpose of serving workers who, for various reasons, don’t want to bear all the costs of running an office; therefore, all office costs that a client could need in a shared office and social space could potentially become a revenue stream for the owner.”

Coworking Resources (n.d.)

From the financial point of view companies fairly retrace the issues related to freelancers.

Big Companies also opt for leasing offices inside coworking spaces, to minimize costs when expanding, in order to evaluate the implications of their movements, before eventually deciding to rent or purchase other spaces. Then also in this case, coworking spaces enable flexibility to increase potential productivity and foster economy, being an almost purposeful tool.

5. INVESTORS.

If most of this financial game is possible, it is thanks to who decides to fund the coworking businesses, almost always with a prospect of profitability. As seen in the initial overview, as of 2018, 82% of coworking businesses worldwide

are for profit (Deskmag 2018).

The addressed market is actually the real estate one, that, as seen so far, is exploited in a new way. Besides the business model, as much as innovative it can be, the real estate market still has dynamics and required capital that is almost only available to big entities such as banks or foundations.

Big amounts of funding are issued to cover not only initial expenses for running the business, but also and most of all for the geographical expansion, that includes acquisition and operational costs, that are usually high, due to the reference market of real estate.

IN THE END THE WHOLE BUSINESS IS BASED MOSTLY ON PROFITING ON PHYSICAL SERVICES DERIVED FROM PHYSICAL FACILITIES. THE DECISION TO INVEST IN THE BUSINESS, IS THEN MOTIVATED BY THE WILLINGNESS TO TAKE POSSESSION OF A PORTION OF THE REAL ESTATE MARKET.

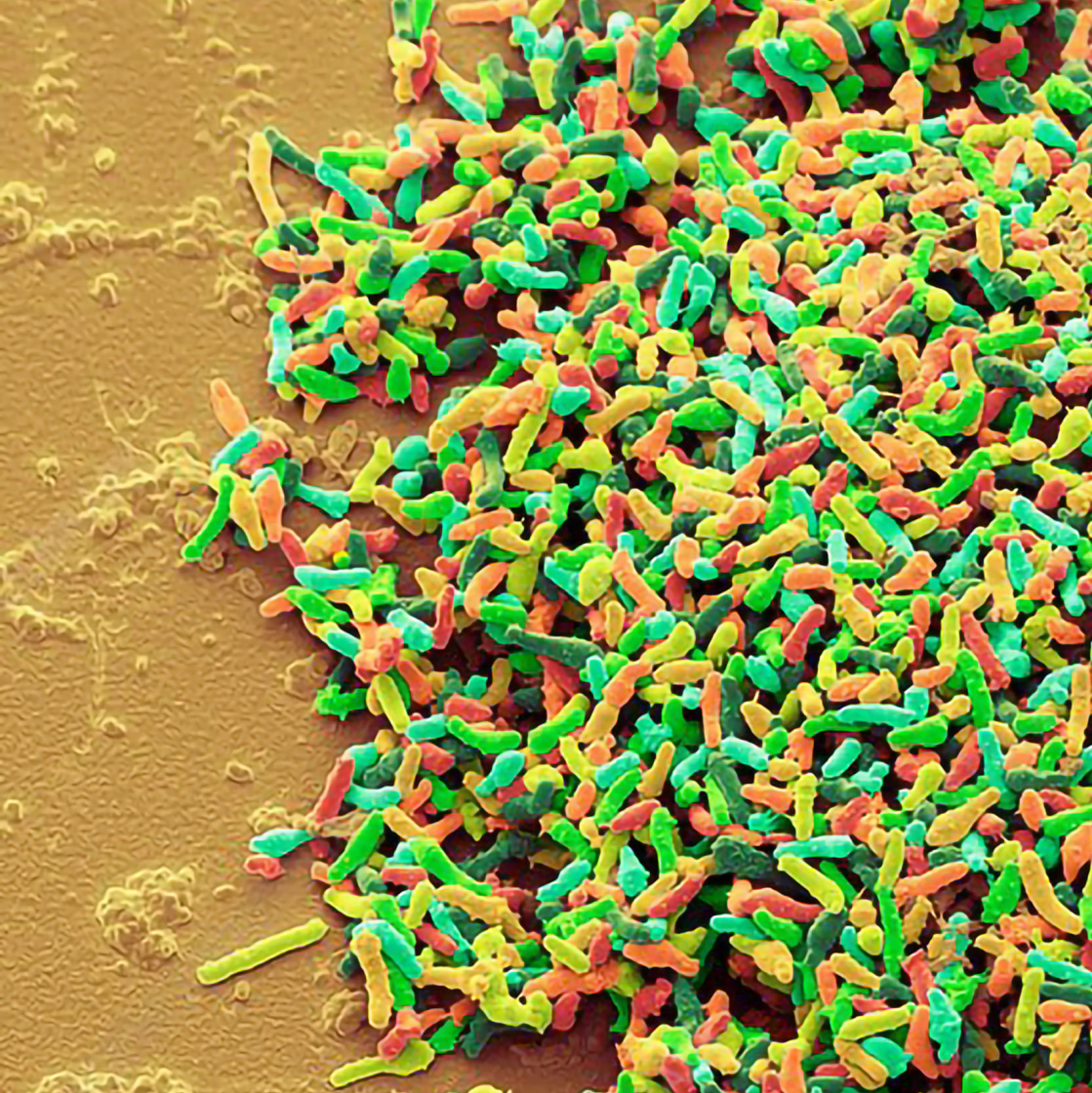
In conclusion, also in the financial field, coworking seems to bring value to all the involved stakeholders enabling a virtuous circle. Each of

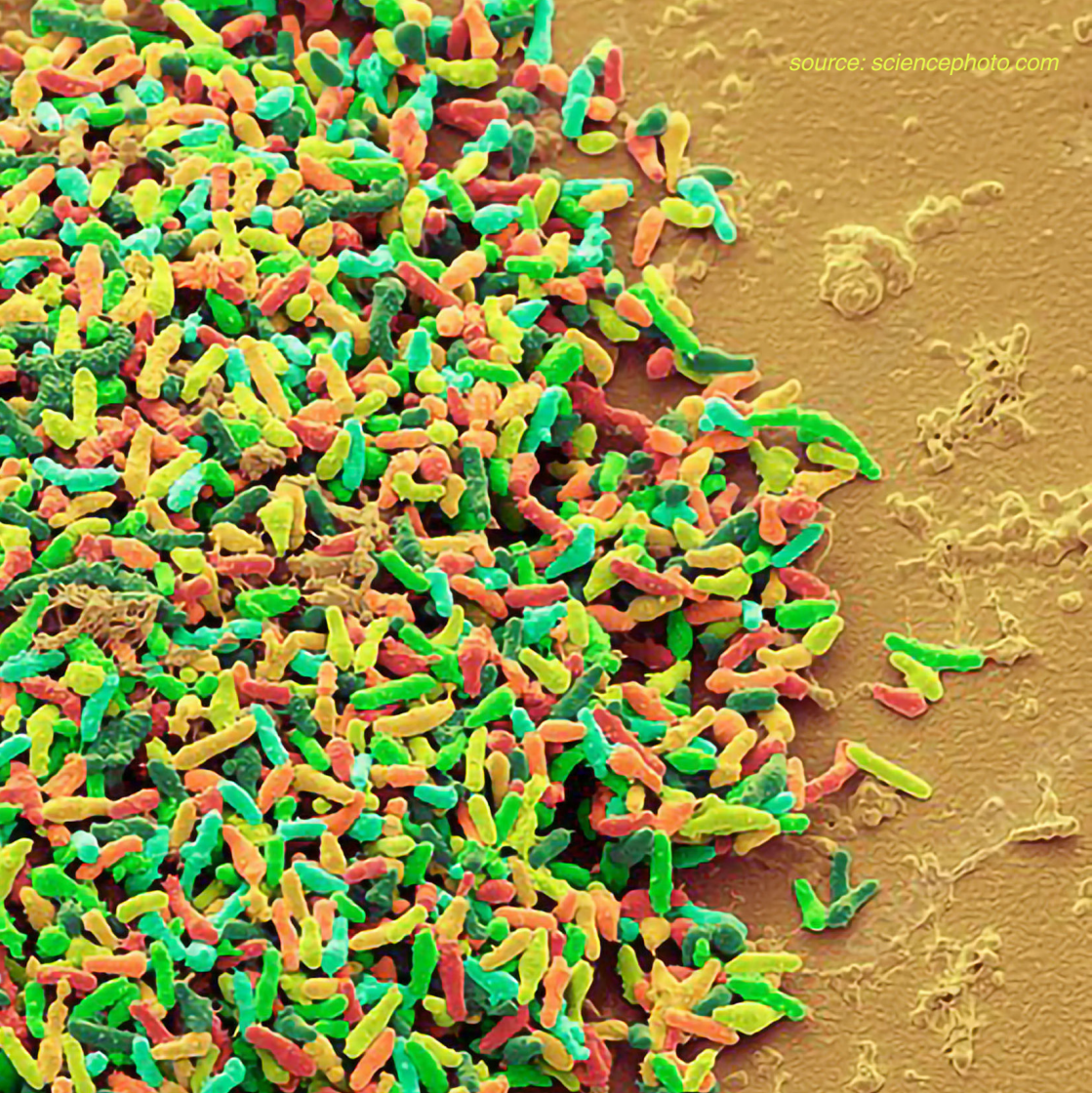
them is supposed to have financial advantages or returns: landlords can rent the whole property; tenants can profit from arbitrage; freelancers and companies can avoid big investments; companies can test new expansions; investors can grow their investment benefiting from the business of tenants.

It can be affirmed, then, that also from a financial standpoint, coworking is able to generate a positive impact on the players it involves and their surroundings.

4

4. PLAYERS.





To better understand the phenomenon of coworking, and the fields it touches, an analysis must be made on specific cases of existing coworking spaces. This will be done by examining the main players in the industry, understanding space typologies, the way those are organized, and how they work.

The subjects of this study will be the most important players in 3 continents:

- **WEWORK**, the leader in the coworking industry that started its business in the USA and then acquired the biggest portion of market share worldwide.
- **TALENT GARDEN**, the European player that started in Italy and since then has expanded all over the continent.
- **UCOMMUNE**, the Chinese player that is growing at an exponential pace through M&A (Merger & Acquisition) to get established as WeWork's main competitor.

As the point of view the analysis is based upon is related to value creation, each of them will be examined following the thread of analysed literature.

After a contextualization of the player in the industry, through a study of numbers and statistics, each will be studied in the fields in which value has been studied so far.

WeWork, Talent Garden and Ucommune will then be studied under the profile of:

- **ARCHITECTURE,**
- **URBANISM,**
- **SOCIALITY,**
- **ECONOMICS,**
- **FINANCE.**

Other players will be mentioned for their importance in the office spaces industry, but will not receive deeper attention, as the former ones.





wework®

WEWORK.

The main player in the global coworking industry is currently WeWork, with 663 (open and coming soon) locations in 115 cities [wework.com, Locations, retrieved May 2019]. As of January 2019, WeWork managed 4,2 millions m² of office space (WeWork, Economic Impact Report 2019), which is nearly 3 times the whole area of London, or 16 Empire State Buildings, or 600 football pitches.

“WeWork is an American company that provides shared workspaces for technology startup subculture communities, and services for entrepreneurs, freelancers, startups, small businesses and large enterprises.”

Wikipedia, WeWork

Recently rebranded under *The We Company*, it manages a wide range of services, from office spaces and dwellings, to education and more. Founded in 2010, it is headquartered in New York City.

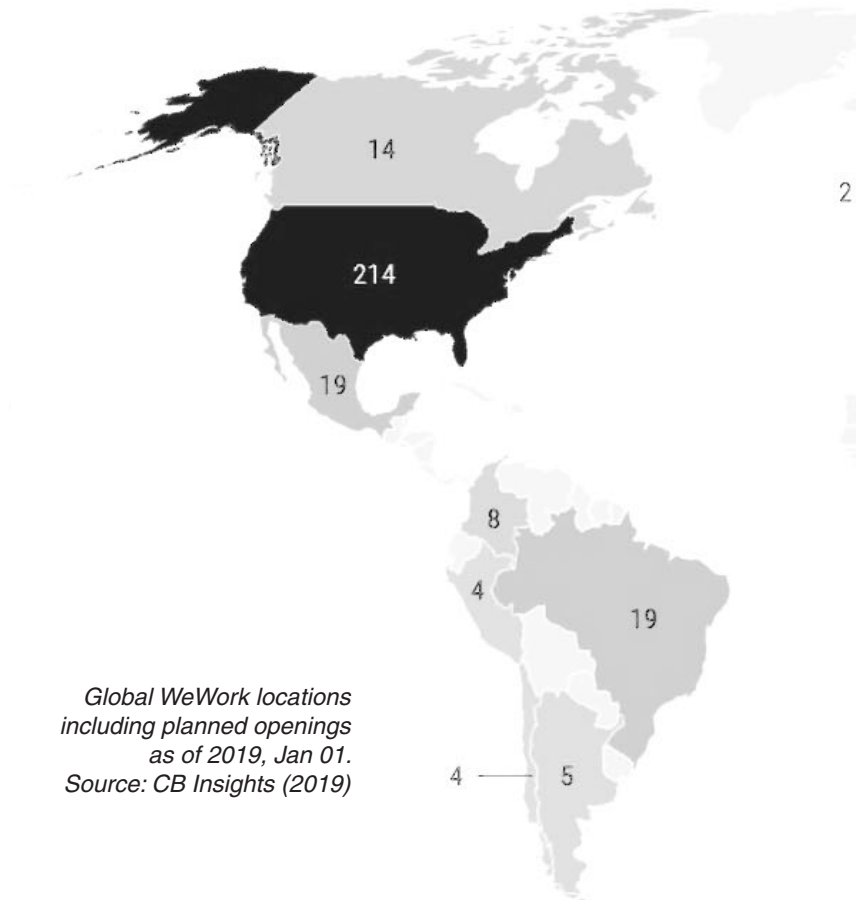
WeWork fairly represents the coworking culture, and it recalls one of the main aspects in its company mission:

“Create a world where people work to make a life,
not just a living.”

WeWork, Mission, wework.com

This is probably one of the main aspects coworking culture is based upon: in these words there is a sense of entrepreneurial freedom inspiration, which is what characterizes this movement.

Another aspect coworking ‘philosophy’ is based on is then described in those very few words that



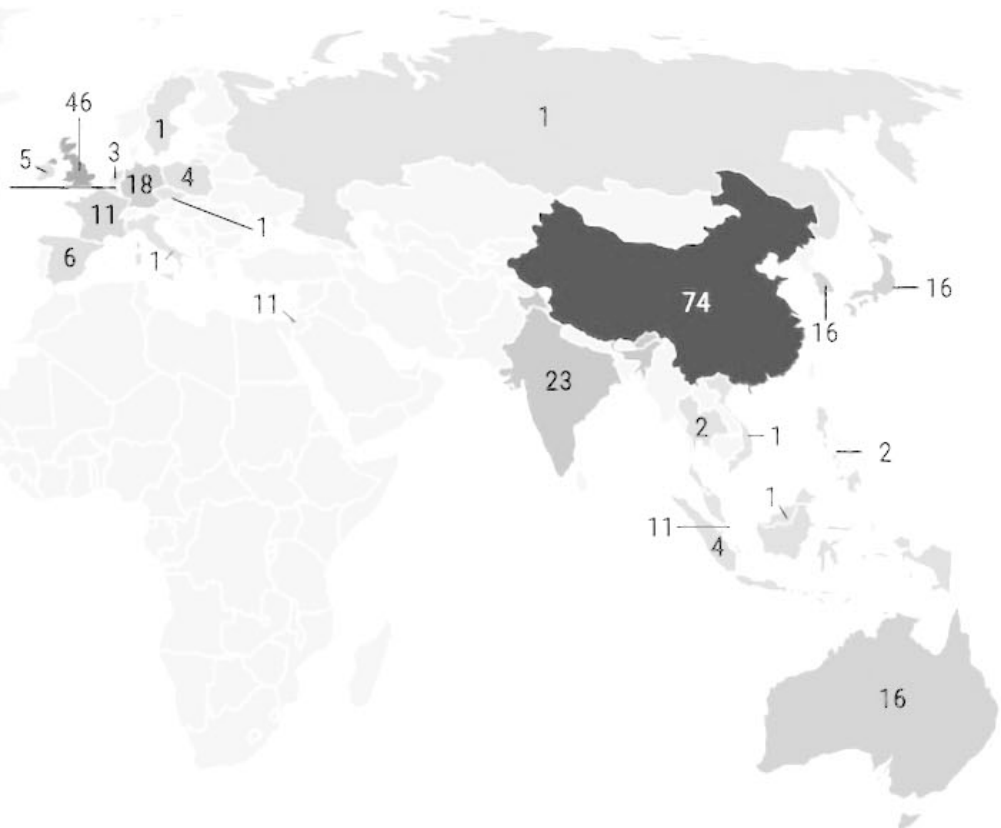
very much sound like a company vision:

“When we started WeWork in 2010, we wanted to build more than beautiful, shared office spaces. We wanted to build a community.”

WeWork, Mission, wework.com

Today WeWork is more and more dominating the real estate market, opening up new locations at a high pace.

Exponential growth and excellent business



management are motivated by an efficient protocol in scouting buildings, signing agreements with owners, actually scanning the buildings, transforming them, and accepting tenants within an average of 9 months, and as few as 4 months.

WeWork combines a modern architectural aesthetic, with benefits and amenities included in



Super-fast internet



Micro-roasted coffee



Business-class printers



Front desk service



Unique common areas



Private phone booths



Bike storage



Community managers

the membership fee, ranging from fruit infused water to outdoor basketball courts (Coworking Resources 2019)

*WeWork's Services and Amenities.
Source: CB Insights (2019, May 02)*



Daily cleaning



24/7 building access



Craft on draft



Professional & social events



Fresh fruit water



Mail & package handling



Office supplies



Global network

WEWORK LEADING THE INDUSTRY.

When compared to general statistics from “The 2018 Global Coworking Survey (Deskmag 2018), some interesting facts pop out.

While being the leader in the industry, the average size of WeWork’s locations is way bigger than the average in the industry: in 2018 more than a half of coworking spaces are under 500 m², and of the remaining half, only the 14% is bigger than 2000 m². As of 2018, WeWork managed 1.4 millions m² (15 millions square feet) in 253 buildings (data from WeWork, Economic Impact Report 2018), which makes the average location size bigger than 5000 m², more than doubling the highest parameter in the statistic. Numbers grow exponentially: from 2018 to 2019 the Year on Year space growth has been higher than 200.000 m² per month on average. As of 2019, considering 4,2 million m² of managed space

Source: WeWork, Global Snapshot, Economic Impact Report 2018



Global Snapshot

250,000+
members

253
buildings

22
countries

74
cities

3,000
veterans and refugees
pledged to be hired in
the next 5 years

1,000+
enterprise members

1M+
sq ft of space added
per month

15M+
sq ft of space leased
globally

50,000+
member companies

30,000+
community events
annually

(45 million square feet) and 425 open buildings (data from WeWork, Economic Impact Report 2019), the average location size is about 10.000 m², which is 5 times the highest parameter in the 2018 statistics. There is yet no data to have confirmation of this as a market trend, even though the evolution in the past years, shows it on the graph. What's likely though, is that WeWork might have great influence on statistics, being the market leader.

When talking about profitability, it has been shown that there is a direct correlation with the number of members per space. Spaces with more than 200 members are the most profitable, which would make WeWork extremely profitable if considering that it has an average of almost 1000 members per location (400.000 members, 425 locations. Source: WeWork, Economic Impact Report 2019). Even though

Source: WeWork, Global Snapshot, Economic Impact Report 2019

MEMBERS

400,000+

COUNTRIES

27

BUILDINGS

425

SPACE GLOBALLY

45M ft²

CITIES

100

COMMUNITY EVENTS ANNUALLY

100,000+

revenue for 2018 has arrived to \$1,82 Billions, total expenditure has overcome it, arriving to \$1,93 Billions. (Statista, WeWork 2019), and this seems motivated by operational costs of expansion (CBinsights 2019).

Although it is not known in which percentage revenue sources contribute to the total, a general 88% comes from members (CNBC 25/03/2019), which is in line with industry data that stands at 87% considered adding up all items related to members payment, as renting of desks, offices, meeting rooms etc.

Such a big gap between the We Company and the industry with regards to members per location, is linked to the company's ability to exploit its spaces with technology tools, as will be seen later on. As Stated by CBinsights (2019) "In WeWork's buildings, the average square footage per person hovers around 5 square meters. This compares to 25 square meters for commercial offices industry-wide". In Deskmag's 2018 Report, more than half the surveyed coworking spaces have more than 10 m² per member and the 5% trimmed mean for space per member stands at 12,2 m² (The 5% trimmed mean is used by Deskmag because: "it cuts the highest 5% of cases, and reflects the average reality much better than the arithmetic mean in those cases).

ARCHITECTURAL.

“Buildings are literally becoming giant computers.”

*Joshua Emig, WeWork Head of Product Research.
in McCorvey, J. J. (2016).*

How does WeWork generate value on the architectural scale? What are the tools it uses, and does the output actually have a valuable impact?

When WeWork first started in 2010, the concept of coworking was not common, nor easy to grasp, it still had to be coined, also in spatial regards. This is what comes out in an interview with WeWork’s Creative Director, Devin Vermeulen (Keohane, D. 2016), that together with Miguel McKelvey, WeWork Co-Founder and Chief Creative Officer, refused the concept of traditional offices.

“We wanted to create space with that same level of comfort that you get out of your living room, a place where you can kick your feet up on the sofa, and feel comfortable.”

*Devin Vermeulen, WeWork’s Creative Director
in Keohane, D. (2016)*

WeWork’s concept of coworking took its shape, firstly abandoning the cubicle concept, in favour of open spaces and private rooms.

The words of Vermeulen take into account pros

and cons with a positive interpretation:

“The shared space is obviously the loudest; there is music playing, people are getting coffee, and it’s got an energy that is infectious and that you want to be part of.”

Ibidem

This viewpoint relies on the assumption that this spatial arrangement automatically fosters interaction. This is actually not obvious, as stated in the research made in the chapter regarding space typologies.

Interaction among people in spaces is one of the main focuses of WeWork’s designers, and this is why common spaces are made in such a way that people who want to use amenities need to use the same corner, thus fostering interaction.

“We ended up designing these amenity bases. We would put the printers and the food in one area so that everyone is always moving in and out of that space. When you go to pick up a print or grab a coffee, you are always running into other people, and there’s this opportunity for you to stop and chat in a natural way.”

Ibidem

WeWork’s designers also rely on the assumption that big spaces give more room for creative thinking.

“But then you’ve got your desk space, offices, and conference rooms that have a different energy, they are quieter, and it’s easier to get work done,

but there are still people around. Then we have nooks and the phone booths that are quiet and space you can go if you really need to get things done.”

Ibidem

As stated by WeWork’s designers, conference rooms are smaller than average to encourage collaboration, to prove that fostering interaction is one of the main focuses of space design.

WeWork’s designers are inspired by geometry, pop culture, street art, nature, and even the neighbourhood where a building is located (WeWork 2019, Apr 06). This principle of culture incorporation is an important aspect of WeWork’s design philosophy: although the company has a strong branding communication through its spaces, it leaves a 10% of the design up to the local culture’s aesthetic sense (Coworking Resources 2019).

WeWork’s distinctive brand identity is also visible in the architectural features in the interiors: The space always opens with a spacious lobby, to welcome members and invite them to the workspaces and offices that tend to have glass walls in order to look wider. Plants and natural light are an important presence in spaces.

A glimpse of WeWork’s design approach is noticeable in the following extract:

“During the 12-minute tour that confirmed enough for Son [Main WeWork investor, ed] to eventually

write a \$4 billion check, Neumann [WeWork CEO, ed] had time to show off just one space: WeWork's R&D centre, which is part Apple Store, part Home Depot. Laptops, touchscreens and iPhones are wired to doors, lamps, fixtures and deadbolts. There's a test desk that, like a driver's seat, adjusts to saved height settings with the swipe of an ID. Next to it, a prototype phone booth matches lighting and temperature to the user's preference. A keyless entry system, which costs about \$3,000 off the rack, has been replaced by a \$400 WeWork version powered by a cheap Raspberry Pi computer."

Bertoni, S. (2017)

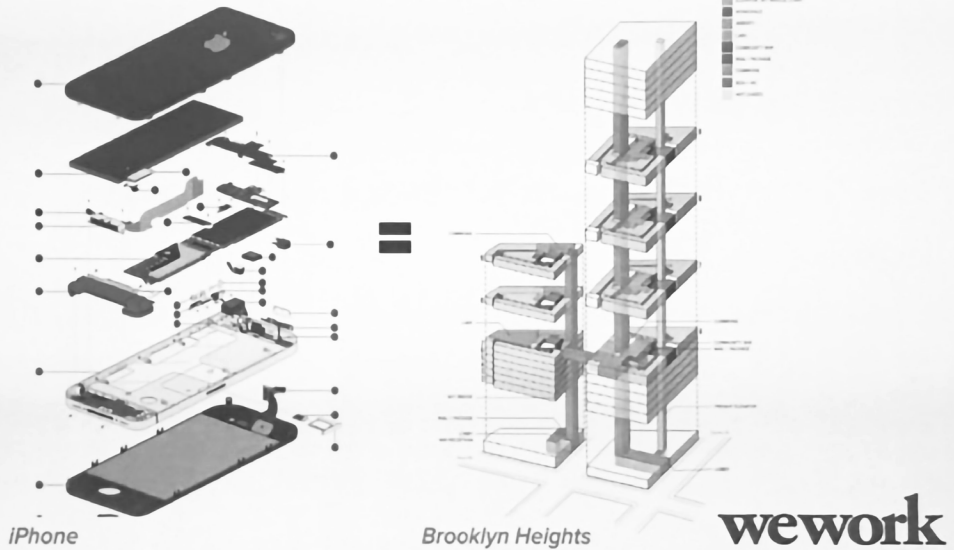
As Analysed in the section regarding general architectural value creation, WeWork retraces space layout of coworking spaces, as well as pros and cons of open areas, and it can be affirmed that in this sense, interior space theoretically satisfies the requirements it has been conceived for, thus generating value, which, as previously defined, means exploiting the potential of the object itself (in this case the space), in order to generate a positive impact to things it involves and their surroundings (people).

To arrive to the scale of interior design, the company firstly has to consider buildings in the bigger scale of their structural entirety.

As WeWork founds its architectural model on building renovation, a series of technological tools are employed in order to return the just mentioned final value.

WE MAKE PRODUCTS

We're a product company, our product is a platform for community!



Source: aec-business.com

In doing this, the company exploits the building, thus proving its intrinsic value.

WeWork's design team developed an incredibly scalable design process, which is applied to every new building after the contract is signed.

First, WeWork uses the technology of Building Information Modelling (BIM), thanks to the acquisition of the company "Case Design": spaces are 3D scanned in order to have precise informations about dimensions, positions, structures and pipelines, instead of relying on old and rough drawings.

Besides mapping the space, WeWork is present in every phase of the building's life cycle, also

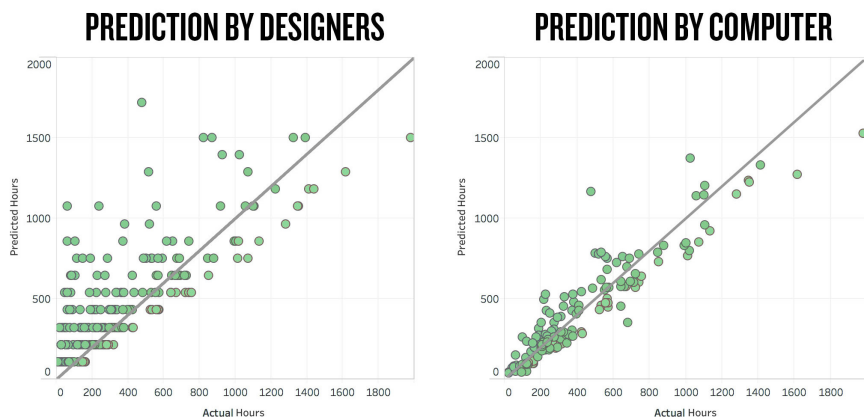
in the design and construction management: the company acquired FieldLens, a platform that allows all the involved stakeholders in the construction process (architects, foremen, owners etc.), to be a reliable and informed part in the process, real time.

This recalls the architectural concept of value as intended by Emmitt et al. (2009), as analysed in the section regarding architectural value.

Even more impressively, Research & Development in WeWork's design model has gone further: the enterprise utilizes machine learning in order to make decision before actually building the spaces, analysing data from its existing buildings' layout and room usage. To design meeting rooms, researchers at WeWork have developed a neural net which has proved 40% more accurate than human prediction (Phelan, N. 2016).

Thanks to big amounts of data derived from

Source: Phelan, N. (2016)



pattern and interactions among people, a space can be designed in order to meet the needs of future users as closely as possible.

In the future, WeWork plans to use this technology to enable the possibility to definitely affirm itself as a vertically-integrated real estate venture.

Right now, as a leading examples of how architectural decision can be improved through data collection and technology tools, the company collects data mainly in three ways:

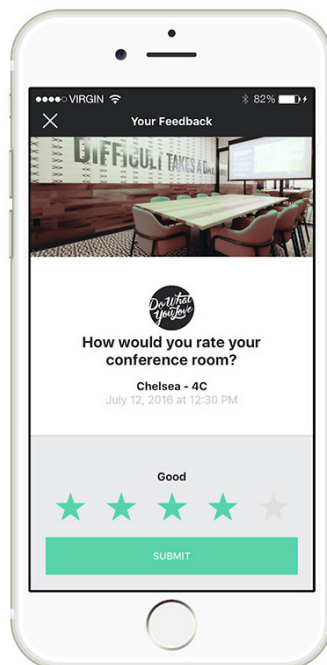
- **Cataloguing:** every design decision is stored in a database, that is shared with all the WeWork teams, in order to know any single detail, as even the height of a whiteboard.

- **Surveys:**
Members rate their experience in the spaces they use, as in example conference rooms.

“We have our members rate the room and at the end of their booking, just like they would an Uber ride.”

*Devin Vermeulen, WeWork's
Creative Director
in Keohane, D. (2016)*

*Image Source:
metropolismag.com*



A low rating means the design team will visit the room and build a solution to solve the problem. A high rating will serve as a model to replicate good traits.

- **Algorithms:** space management is regulated by algorithms to actually plan where to position desks in order to optimize space usage, and not waste any. In fact, the average square footage per person stands around 50 square feet, compared to the industry average of 250 square feet.

Not only is data used for purely spatial issues, but there also is a whole monitoring system, to ensure the best “space model” possible. In fact space is tracked through a series of sensors and then data is re-elaborated:

- **Environmental sensors:** these track interior temperature, humidity, barometric pressure, air quality, and ambient light level. Their usage is also motivated by studies from researchers at Harvard University, Syracuse University and SUNY Upstate Medical University, that demonstrate the decrease in productivity in spaces with high levels of carbon dioxide (MacNaughton et al, 2017). Firms as Zaha Hadid Architects already use these components in their offices.
- **Wall-mounted beacons:** in common spaces they can triangulate the position of WeWork members, and then track movements and common behavioural paths followed by

- people.
- **Overhead sensors:** that use an innovative type of computer vision to observe member occupancy in rooms and consequently return schemes and processes for space optimization.

WeWork does not use this data to capture individual activity, but to understand behaviour patterns and aggregated insights that will allow it to measure the efficacy of its workplace solutions.

WeWork's approach to architecture definitely seems to be oriented towards value creation, as defined before. Not only is the space designed to suit workers' needs in many contexts, but the architectural object itself, namely the building, is given new value through renovation, thanks to the multitude of technology tools.

Nevertheless, an interview conducted with a WeWork member to understand the architectural value tells something interesting and contextual. The interviewee, Sergio D.L., works in the Finsbury Pavement WeWork Location, in the City of London.

Having worked in London for years, the interviewee finds that neither the concept nor the design of the space seems too innovative at his eyes.



The concept is close to the one of a shared office, that is very common in London labour history, and from a functional point of view the open space offices are not too different from the others the interviewee has worked in. The interiors express quality, but from a structural point of view the renovation was probably not too



*Adam Neumann,
CEO of WeWork
and Bjarke Ingels,
Founder of BIG
In WeWork (2018, May 08)*

deep: in this specific location elevators are probably the old ones, and as such are often out of service, generating general discontent among workers.

In any case, as a proof of WeWork's interest and growing importance in the architectural field, in May 2018, the company announced that Bjarke Ingels, the founder of BIG - Bjarke Ingels Group, the globally famous

architectural firm, joined WeWork as Chief Architect (WeWork 2018, May 08). Shortly after, in April 2019, Michel Rojkind, founder of Mexican studio Rojkind Arquitectos, was appointed as senior vice president of architecture (Arellano 2019).





*WeWork Friesenplatz 4, Cologne.
Source: wework.com*

URBAN.

Moved by the need to match the fast pace of global expansion, WeWork has an innovative model to spot, in a city, buildings that are most fruitful for the business. It actually utilizes modern technology tools, used by tech companies in targeted advertising, applied to an urban approach in analysing the flows of people and their behaviour in the city.

Specifically, it is cooperating with *Factual*, a company that provides targeted analytics based on location, in order to study neighbourhoods and rating them based on proximity to amenities and businesses, including coffee shops, shopping, restaurants, bars, hotels, and gyms (CBInsights, 2019).

A positive impact WeWork claims to have in cities refers to space saved as well as the related carbon emission: in 2019 Global Impact Report it states that about 6,3 millions of square meters have been saved from new construction, resulting in 1,75M metric tons of carbon, the equivalent of removing 300.000 cars off the road. Most importantly, it turns out that 70% of members globally did not work in the neighbourhood prior to joining WeWork, that means more activity and increased spending to local restaurants and shops (WeWork Economic Impact Report 2019).

*Side: Location Analytics. Source: WeWork, Factual.
in CB Insights (2019)*

What popped out from a personal interview with Sergio D.L., who works at WeWork in one of its London Locations, that is Finsbury Pavement, is that it is not appropriate to talk about urban regeneration, when talking about WeWork's operations. This is because the location the company picks are in already renowned areas, where the real estate market is at extreme levels. This is generally valid when thinking of economically strong cities, where WeWork has the most of its locations. In these cases an evident impact on the urban ecosystem is unlikely, as the latter is generally already filled with offices, as in the case of the location of the interviewee, which is in the very City of London, one of the main financial cores of Europe. Usually, in situations like this one, economic activity is such that companies frequently move their offices in the same area.

It is difficult to find WeWork locations that are in the outskirts of cities, which suggests that urban regeneration is reasonably not one of the focuses of WeWork's operation, but it can be a possible collateral output, in cities that don't have extremely flourishing economic activities.

*Side: WeWork's Locations in New York City as of Sep 2018.
Image Processed. Source: brokerpulse.com*



SOCIAL.

To see social dynamics from the inside, an interview was conducted with one of WeWork's members, Sergio D.L., a 35-40 years old male that works in one of WeWork's London Locations, namely Finsbury Park, in one of the financial centres of Europe, that is The City of London. The interview was held in order to understand if the aspects that refer to collaboration and interaction are validated in the case of the largest player in the industry.

The point of view of the interviewee is the one of an employee of a big financial company that has its office in a WeWork space in the financial core of London. The company rented a private office of about 60 people in an open space, that makes them separate from the shared desk space that is located at just one of the 8 floors of the building. This means that the interviewee does not live from the inside the dynamics of the shared desk space, even though he directly observes it from the outside.

The first interesting observation made when talking about social interaction is related to contextual cultural matters. Dynamics in London are such that people don't tend to interact too much with strangers, even in a shared office

*Side: WeWork London Hammersmith Common Area.
Source: wework.com*



space, where people are each very focused on their work. Moreover, in this context, among freelancers and startupper in their 20s-30s, the presence of different professions does not seem to be fruitful for interaction itself, as people are centred on their own work.

With regard to the aspect of interior design meant for interaction, a lounge space at the ground floor is generally used for business meetings, more than for socializing, and this relates to the reasons previously mentioned.

WeWork services, though, also include courses and events that are thought for interaction.

“Happy Hours (Early-evening community get-togethers). This is a great opportunity to meet fellow WeWork members in a relaxed, fun setting.

Office Hours (WeWork-sponsored advisory sessions for members). Office hours are designed to help members navigate the many member benefits we offer or to sit one-on-one with an investor or influencer.

Lunch and Learns (member-sponsored events where they display their product or idea alongside a complimentary lunch). This is a great way to promote your product to your building network.

External Events (non-member hosts their event in a WeWork space). We often welcome external hosts to bring their networks into our spaces.”

WeWork (29 May, 2019)

In this respect, one of the marketing strategies

WeWork has to attract new people, is to throw massive launch parties, in order to make newcomers feel in a “cool” and exclusive environment, thus trying to retain them.

The opinion received from the interview is interesting as it shows some aspects that might seem distant from the concept of coworking if seen from the perspective of collaboration and interaction, and with regard to this, it also seems far from the advertisement that WeWork makes of its spaces.

Moreover, being a big and scaled up company, WeWork does not seem to regulate the mix of workers as other smaller coworking space managers do, and this might somehow limit possible interaction.

Yet, this one interview it might not be statistically relevant, firstly for being just one, then for reasons such as the cultural context, the position of the interviewee in the coworking space, and even the character of the interviewee compared to the one of each person.

The social impact WeWork has, seems relevant on paper, for the services offered, but as just mentioned it depends on a series of factors, that would require a statistical analysis of this very aspect, made inside *The We Company*, to have confirmation of possibly influential factors related to the company's model.

ECONOMIC

As WeWork is the major global leader in the coworking industry, it is likely to have a measurable impact under many aspects. It is supposed to influence people and businesses working inside its spaces, cities in which it is located, and all that surrounds these and other various actors.

In a report produced by HR&A Advisors, Inc. (WeWork 2018), an industry-leading real estate and economic development consulting firm, many of these points have been examined, to develop the first detailed economic and fiscal impact analysis of the WeWork Economy, with case studies in New York, Chicago, and Los Angeles, that are evidently particular picks in our current economy, so they might not return a broader interpretation of the state of the art.

With regard to businesses, data shows that WeWork helps new business grow: 45% of companies reported that they have been accelerated by the proximity to other members as small businesses, made of entrepreneurs, non-profits, and startups, that all make up 75% of WeWork members. Furthermore, based on a 4 people office, they save an average of \$18,000 per year.

All this combined, makes new business at WeWork 12% more likely to survive than peer

companies.

An interesting note is that 22% of Fortune 500 companies are currently WeWork members.

An element that combines economic and urban matters, is that WeWork brings people, businesses and economic activity into neighbourhoods: 70-80% of members interviewed in the report did not work in the neighbourhood prior to joining WeWork. As seen in the chapter regarding the Urban value, the company has a data-based strategic approach to spot new locations, that includes the presence of local activities, restaurants and cafés. These activities are visited by members that spend their money inside them, contributing to local economy.

This evidently creates a ripple effect in the city.

Business in WeWork's spaces are related for more than two thirds to the innovation economy, which includes advertising, media, tech and other fields. This brings high-paying positions to cities, and fosters networking to generate opportunities and potentialities.

The WeWork Economy is estimated to generate significant percentages of a city's domestic product. In New York alone it totals \$16.7 Billions, around 2% of its GDP.

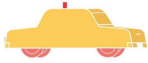
In the WeWork article that explains the results of the HR&A report, one element stands out clearly:

“The WeWork Economy creates an approximate 2x economic multiplier for cities, meaning for every 10,000 WeWork members, an additional 10,000 jobs are created through indirect and induced spending—outpacing job creation in high-growth industries like management consulting, legal services, and real estate.

Why is this significant? The survey found that this “multiplier effect” was responsible for millions more in taxes—a boon to local and state governments.”

WeWork (2018)

GDP



WeWork generates
\$16.7B (or 2.1%) of
NYC's GDP.

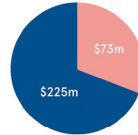


WeWork generates
\$1.9B (or 1%) of the
Chicago's GDP.



WeWork generates
\$4.4B (or 0.7%) of
LA County's GDP.

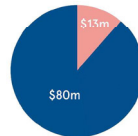
Taxes



NY STATE TAXES
\$298m



IL STATE TAXES
\$23m



CA STATE TAXES
\$93m

Personal Property
Replacement Tax

Business Income Tax

Personal Income Tax

Source: WeWork (2018)

FINANCIAL.

WeWork is a very interesting case if analysed from the financial point of view. First, it is a real estate company but it's valued as a tech company.

“As of early-January 2019, WeWork had a valuation of roughly US\$47 billion and managed 10,000,000 square feet (930,000 m²) of office space.”

Wikipedia, WeWork, retrieved June 2019

WeWork has received \$12.8 Billions USD (United States Dollars) through 12 rounds of funding since its foundation in 2010, mainly by Japanese tech and telecom giant SoftBank Group (source crunchbase.com visited 06/2019).

WeWork's business model is mainly based on *arbitrage*, that lets it charge its spaces at multiples of his competitors, as explained in the financial analysis of the coworking phenomenon.

This model is possible due to the contractual power that a big company has if compared to small tenants, that are WeWork's clients. This happens not only due to financial terms, but also for an issue of contract duration, that would not be guaranteed for years if signed by multiple individual tenants.

Architectural technology and data usage allows

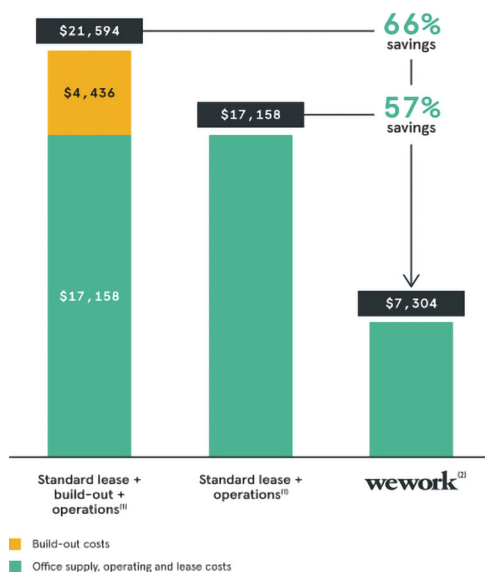
the company to have very high performance on space occupation and thereby financial return: according to David Fano, WeWork's chief growth officer, "the BIM process has increased space efficiency between 15 and 20% while saving 10% of building cost. After all, just one extra desk can add up to \$80,000 in sales over 10 years, according to Forbes" (CBinsights, 2019).

"This technology, combined with increasing buying power from constructing at scale, lowered the cost of adding a new desk to \$9,504 in September of 2017, from \$14,144 a year prior, representing 33% savings."

CBinsights (2019)

Despite each member having a small footprint of 5 square meters occupied, each one generates an average annual revenue of \$6,641 (CBinsights 2019) Considering WeWork's

Savings the company promises to enterprise clients vs. other alternatives.
Source: The We Company S-1.
sec.gov



business is based for 90% on memberships (Sovereign Wealth Fund Institute, 2019), and that this grew of 54% over 9 months in 2017 (WeWork 2018) investors' interest seems reasonable.

However, despite \$1.1B in revenue as of September 2018, the company is not yet profitable, due to operating costs in the process of scaling the business up.

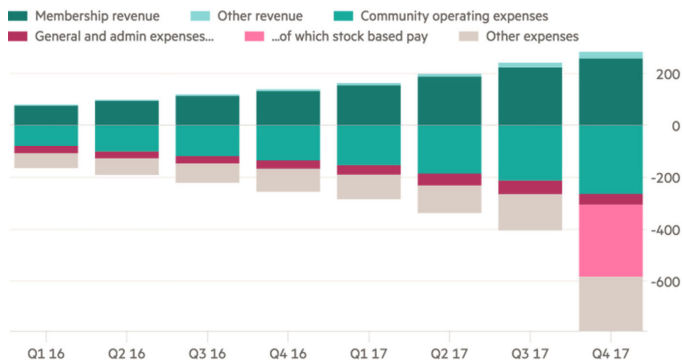
Also, its business model is risky, as it hardly owns any fixed asset of all the properties managed, and it mainly relies on funding to cover renovation and operating expenses. As space management is essentially subject to leasing contracts with landlords, and those contracts can have a duration of 10-15 years, regardless of fluctuations in real estate, economy and labour market, this model can be very risky for the company. This is also why WeWork has developed some strategies to reduce the risk, including bringing in more enterprises, instead of focusing only on freelancers; purchasing properties; shifting leases to co-management deals, and so on (Coworking Resources 2019).

The company's presence on many international cities, though, allows it for some diversification, and a sort of protection, not only in case of political-economic issues in a single country, but also due to probable support from governments in such cases. As it is managing so much space

WeWork is far from self-sustaining

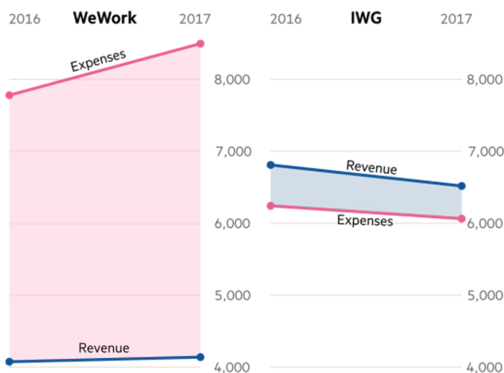
source: ft.com

Revenues and costs (\$m)



WeWork's costs far exceed its revenues

Per desk (\$)



in big cities (5.2M square feet in New York City alone) its failure would have a big influence on real estate prices, contributing to catalyse a recession in the sector. Interested parties, like investors and governments, would likely be more interested in helping support the company, than letting it drown.

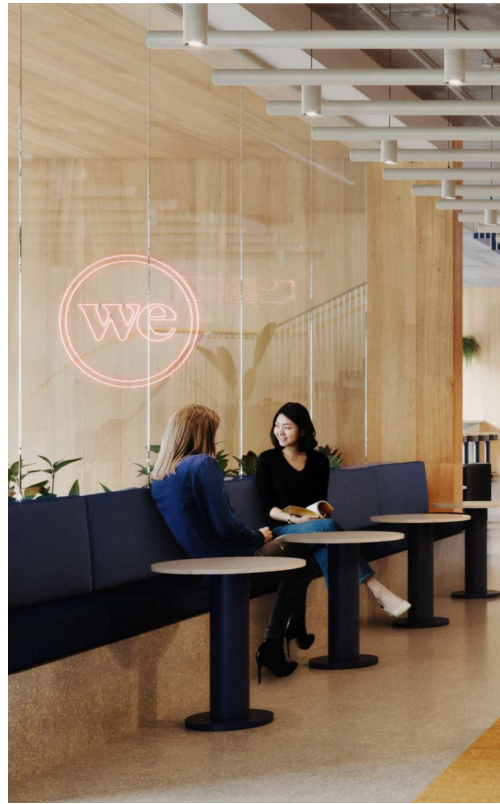
WELIVE.

Related to the phenomenon of *coworking*, WeWork utilized the same model for *coliving*. Under the *WeLive* brand.

“Our mission is to transform the rigid and isolating housing model of yesterday into a flexible and community-driven experience for today. We create a convenient, comfortable, and connected space with everything you need to live, work and play. All you have to do is show up with your suitcase.”

Source: wlive.com, About, retrieved 2019, Aug 27.

WeLive spaces are community-based housing spaces to get connected with like-minded individuals. The model is not the one of a hotel or a hostel, where people book rooms or get paired with strangers, but it's based on nightly stays or monthly leases of full apartments, where anybody has the opportunity to engage with others through events and common spaces. WeLive is not sectoried based on age or other features



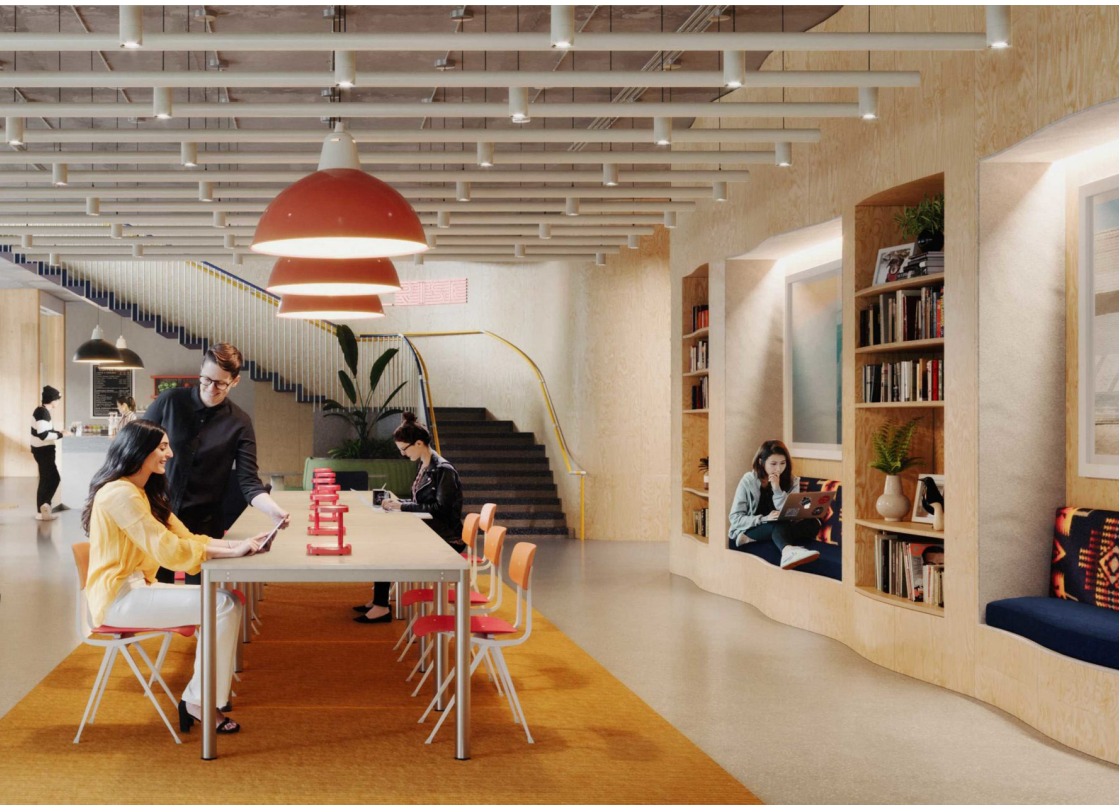
related to work or family situation.

In addition to common features of living spaces, each building offers shared amenities designed for community interaction, such as fitness spaces, chef's kitchens and outdoor facilities.

Beyond the mere description of the spaces, this model is part of a trend in the context derived by the sharing economy, that involves a change in human customs, which may lead to other developments in future society.

Since also a company as powerful in the real estate market as *The We Company* has tested this model, we might see further evolutions in the market.

Source: weline.com







source: wework.com



**Talent
Garden**

TALENT GARDEN.

Moving towards a different scale, there is Talent Garden (TaG), the Italian player in the coworking industry, that is far from the dimension of the previously analysed corporations.

“Founded in Brescia, Italy, in 2011, Talent Garden is Europe’s leading innovation platform and coworking network for digital innovation. Today we have 23 campuses in 8 countries (Albania, Austria, Denmark, Ireland, Italy, Lithuania, Romania, Spain) hosting thousands of talented people, including startups, freelancers, companies and large corporations.”

*Talent Garden, Why Talent Garden. talentgarden.org
visited July 08 2019*

Despite having the same age as WeWork, Talent Garden has had a considerably different expansion, which is certainly due to the differences in available capital.

The company’s vision is set on the conceptual coworking thread, but with a focus on technology.

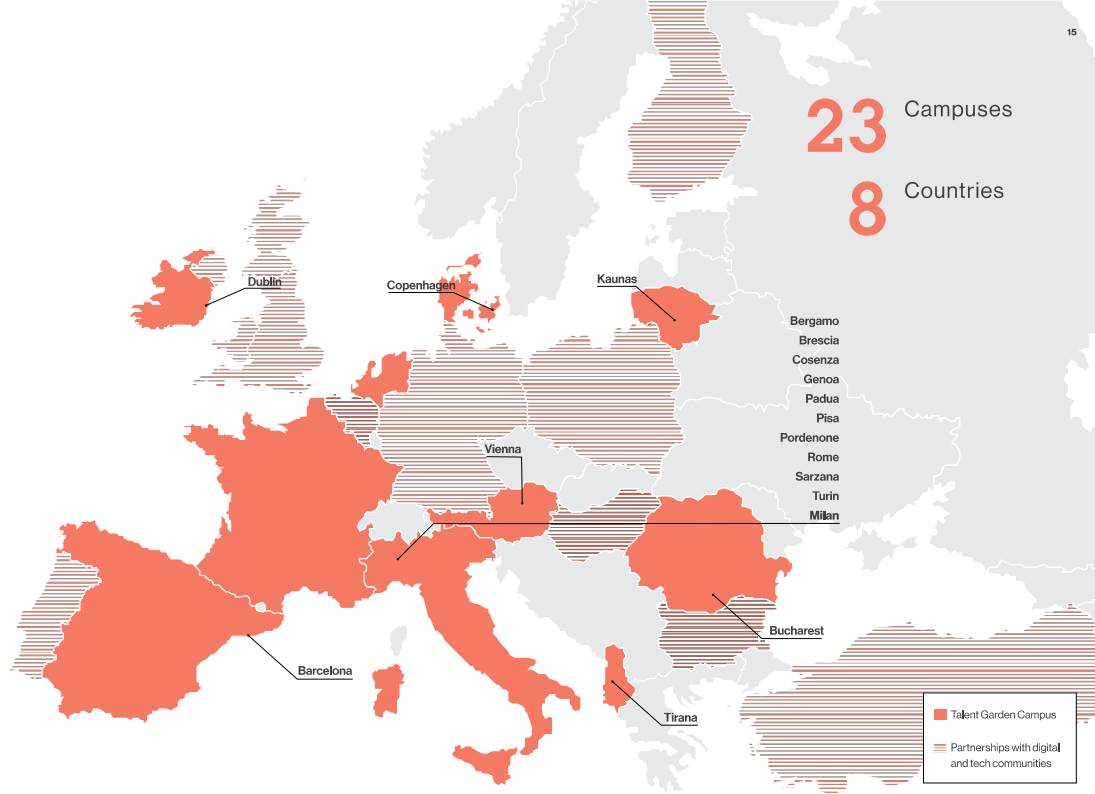
“Talent Garden’s mission is to create local, vibrant, globally connected campuses that empower digital & tech communities.”

*Talent Garden, Our Mission, Press. talentgarden.org
visited July 08 2019*

As of 2018, Talent Garden manages 23 campuses in 18 cities in 8 European Countries, for an estimated total floor area of around 100.000 m² which is the equivalent of a half Empire State Building, or 14 football pitches.

The services Talent Garden proposes do not only refer to renting the space in its various forms, but follow the company mission in the empowerment of the tech community. A difference with other coworking companies, is in fact that Talent Garden is vertically focused on the tech industry. The company's main activities are divided in:

1. Campuses, the coworking spaces with different types of memberships, depending on both time usage and space usage. They vary in fact by day, week, and month, and each offer different space dimensions, along with services and benefits related both to physical aspects and digital ones.
2. Innovation School, "an innovative educational institute offering Masters and courses in the fields of digital technologies and innovation, with a focus on coding, data, design, marketing and business." (Source: Innovation School, talentgarden.org). The aim of this program is to bring new cultures and skills for businesses into the work environment.
3. Connect Experience, that is events, to "connect tech and digital professional to make their business more innovative and successful" (Source: Connect Experience,



Source: Landlord Presentation, Milan, Italy.
Talent Garden (2019)

talentgarden.org). Events are both for the existing community and for the curious, and are generally tech-related.

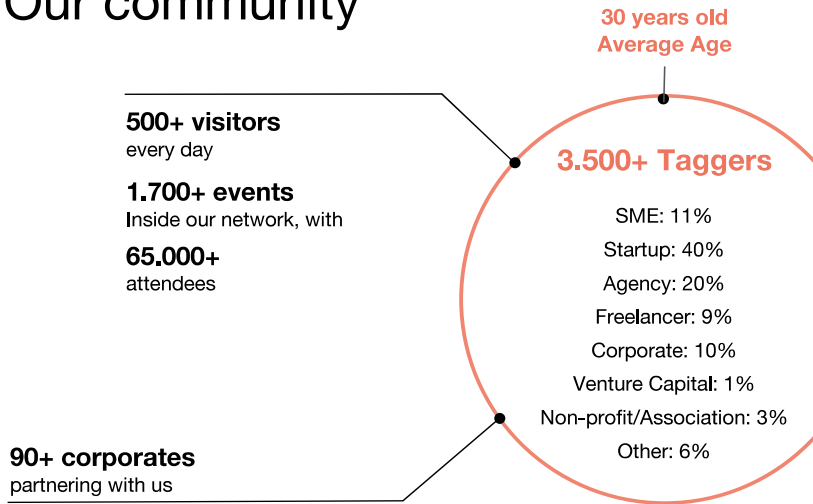
TAG'S INDUSTRY AND NUMBERS.

To analyse Talent Garden in the industry context, data will be compared to industry statistics (Deskmag, 2018), from the related chapter.

TaG's spaces have an average size in the range of 3.000 to 6.000 m² (Talent Garden, 2019), which falls within the higher quartile in 2018 statistics for coworking size (Deskmag, 2018), which is that only 14% of interviewed coworking spaces manage spaces bigger than 2.000 m².

Talent Garden recently received € 44 million which will help the company expand in the next

Our community*



*Data refer to 2018

few years: Talent Garden's CEO, in fact declared that in the next 5 years, 20 new campuses will be opened, almost doubling the results achieved in nearly 9 years (Talent Garden, 2019 Mar 11).

As previously stated, TaG's community is made of technology related professional, also defined as digital innovators. They are, on average, 30 years old. Out of the total 3.500 members, an average of 150 people per Campus can be estimated, in the total 23 campuses, that makes, for an average location of 4.500 m², about 30 m² per member. In this regard, when compared to the industry, Talent Garden seems very generous towards its members: in 2018, 70% of coworking spaces offer less than 15 m² per member (Deskmag 2018). This is far from WeWork's space management, that is less prodigal with its customers, offering an average 5m² per member (CBinsights 2019).

The company's customers' distribution confirms the interest of coworking companies for com-

panies and start-ups rather than for freelancers, probably also for risk-related financial reasons.

5.000+ hours
of training

2.500+ people
and **1.200 kids**
trained

4,2/5 overall satisfaction



Source: Talent Garden, Landlord Presentation, Milan, Italy 2019

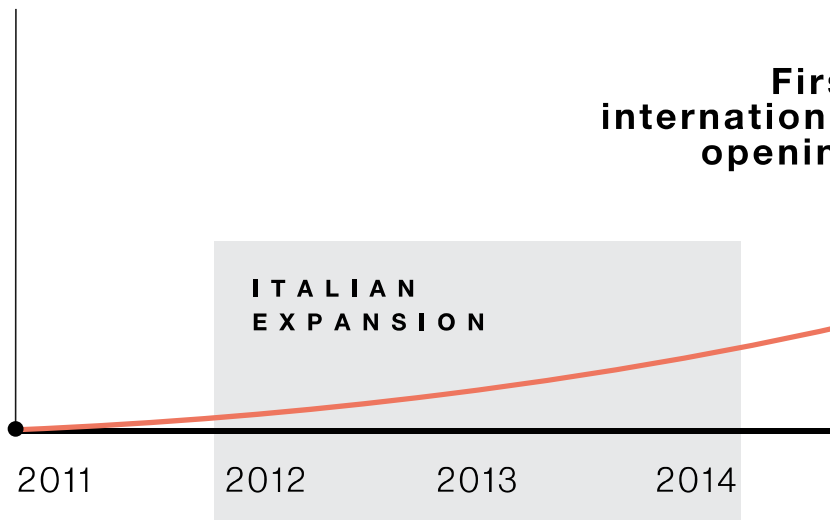
Only 9% of “Taggers” is in fact represented by freelancers, while the rest is mainly attributable to small-sized corporate entities.

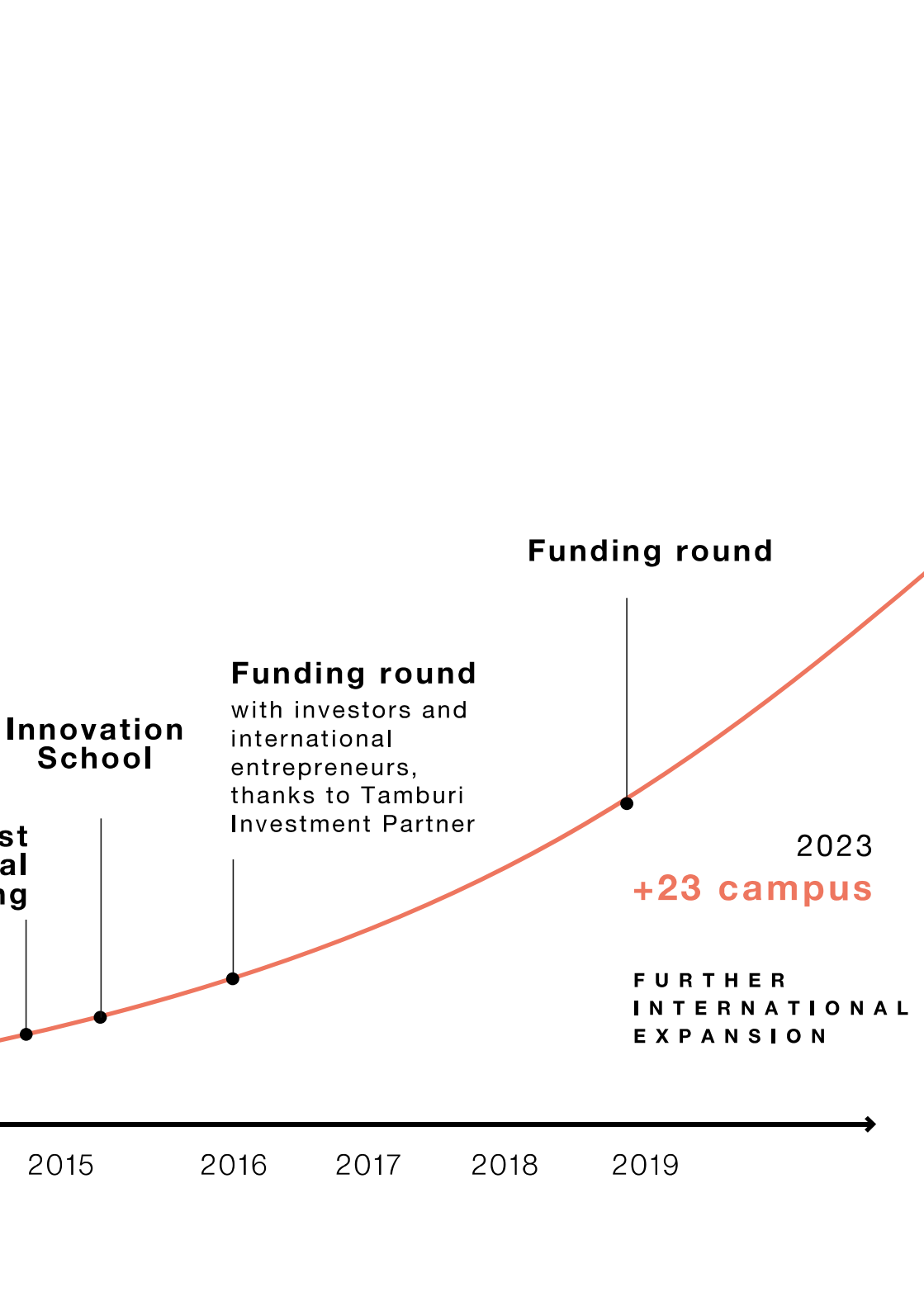
To study and understand the company's processes in greater depth, different interviews have been conducted: one was with one of the founders of the second opened campus, Talent Garden Torino, and another one was with the real estate development manager of the company.

Source: Talent Garden, Landlord Presentation, Milan, Italy 2019

First coworking space

in the heart of Northern Italy,
Brescia





ARCHITECTURAL.

How can Talent Garden satisfy the needs of its inhabitants, from the point of view of space?

All Talent Garden's campuses are designed by the same team of architects, which is responsible for creating a unique design concept for each location.

The building is studied in its entirety during the scouting process, which is based on the search of premises ranging from 3.000 to 6.000 m², preferably with single tenants.

Within this floor area a part has to be made available to create a cafeteria.

As opposed to the office building stereotype, Talent Garden's Real Estate management does not seek vertical office towers but large

A Campus Cross Section. Source: Talent Garden (2019)



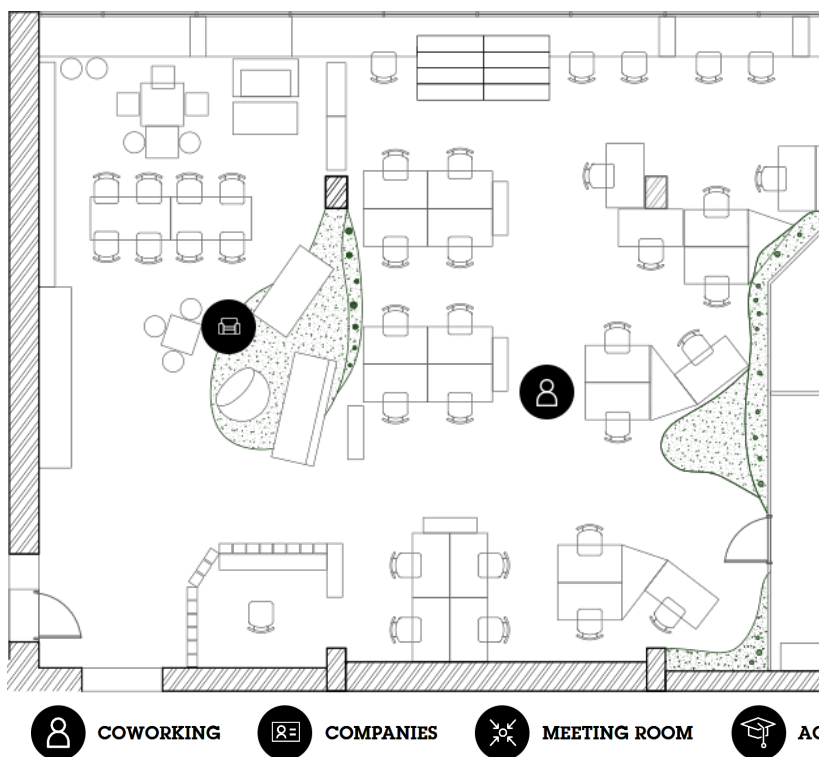
floor plans, which include in the perimeter area external spaces such as courtyards, gardens or even terraces atop the building.

Due to the contractual form Talent Garden operates with, that is the leasing of the building, the company searches for existing adaptable facilities, generally dismissed ones, such as old factories, ex auto dealers, retail, boxes, ex churches, old office buildings, barracks.

In various cases, as later examined, this process supports a part of urban regeneration, that often comes as a consequences of the management's strategic choices.

During the initial conception of the design of the building, the company uses data acquired from annual surveys to existing campuses' members. The opinion of the communities regarding the spaces is used to optimise user experience both for existing campuses and for new ones.

After designing the concept for the space, the architectural process is outsourced to local architects, that is studios that operate in the geographical area of the new campus. This aspect is interesting and important in the attempt of avoiding a completely standardized and globalised architectural style. Even though the architectural aspects must follow the brand's guidelines, this allows a more conscious use of local resources and possibly of local identity.

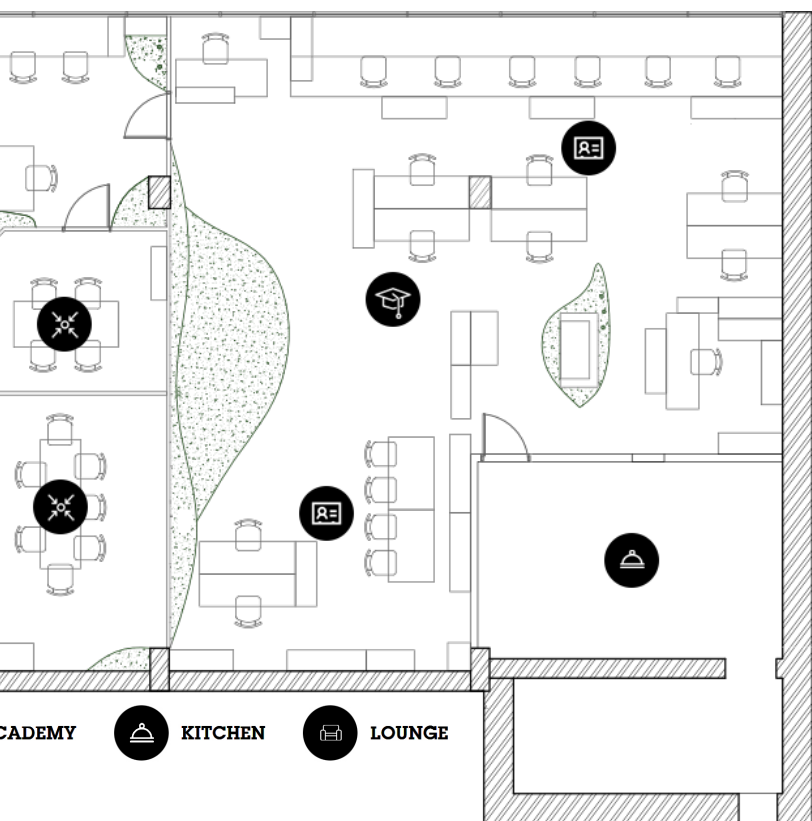


TaG Kaunas, Lithuania, Plan. Source: tagkaunas.lt

As most coworking space companies, Talent Garden offers different workstation options, that, as such, are spatially differentiated, generally by floor.

The open space concept rules both in offices and shared coworking space.

The whole ecosystem is composed not only of working spaces but also of other areas.



A complete overview of the campuses' spaces can be outlined in:

- Open workspace
- Private offices
- Meeting rooms
- TAG Cafè
- Corporate labs
- Classrooms
- Event spaces
- Relax areas
- Community space
- FabLab
- Rooftop and garden.



Interaction between members is constantly taken into account in the architectural design, not only in dedicated spaces, but also in working areas, through furniture and elements.

It is also typical in Talent Garden's interiors to find green carpets that break the possible monotony of the floor space and add a sense of calmness to the working environment.

Both for environmental purposes and for financial issues, the management pays attention to



TaG Torino Fondazione Agnelli
Source: archipanic.com

energy saving.

To study Talent Garden's architectural design process, it is interesting to understand how the project is conceptualized and executed after the initial conception of the internal team.

The case of Talent Garden Fondazione Agnelli Torino can be interesting in this regards.

The project was assigned to Carlo

Ratti Associati (CRA), that has developed a personalized heating, cooling and lighting system, "which follows occupants as they move around the building, like an individually-tailored environmental bubble" (Source: Carlo Ratti Associati, Fondazione Agnelli, carloratti.com.)

"The system gives shape to a workplace that naturally learns and is synchronized to its users' needs, thus optimizing space usage and limiting energy waste. By leveraging Internet of Things

(IoT) technologies, the new Agnelli Foundation headquarters has become a digitally-augmented building that can adapt in real time to its users' needs."

Ibidem

The system is composed by hundreds of sensors equipped by Siemens Italy that can monitor different parameters at the same time: location of people in the building, temperature, CO2 concentration. Personalization is guaranteed by a smartphone app that makes it possible for the occupants to regulate environmental settings.

"The redesign by Carlo Ratti Associati shows that the IoT paradigm can be successfully applied not only to new constructions but to the existing built stock as well. The Agnelli Foundation venue, listed by the Italian Historic Commission, was the villa house of FIAT's founder Giovanni Agnelli in the early 20th century, and later became a hub for design experimentation following its refurbishment by some of Italy's leading 20th-century architects, from Amedeo Albertini to Gabetti & Isola."

Ibidem

URBAN.

It is interesting to find that unlike other real estate focused companies, Talent Garden does not seek premises in Central Business Districts:

“We believe in lively and accessible neighbourhoods, not Central Business Districts locations.

- Accessible by public transport
- Accessible by bicycle
- Safe and friendly
- With restaurants, cafés and services

Such as: streets that are “up and coming”, areas undergoing gentrification, area re-developments, neighbourhoods close to parks or facing the seaside.”

Talent Garden (2019)

This is a potential value enabler, as testified by some of the campuses opened in the peripheries of big cities.

It is, in example, the case of one of Milan’s campuses, *Talent Garden Calabiana*, whose building was assessed in 2014, in a discredited neighbourhood, according to some of the interviewed people. The district was a zone of warehouses and small activities and was even considered unsafe, due to prostitution and murder episodes.



Fondazione Prada

Talent Garden CEO and its management decided to invest in the premises that had previously hosted an ancient typography and then a showroom (Talent Garden 2015, Sep 9), and consequently invested in the area, following one of the company's principles, assigning the architectural project to Carlo Ratti Associati (CRA).

The campus opened on Sep 9th 2015 and is so far the biggest in the whole network, with 8.500 m², and 450 members (Source: talentgarden.



org, Talent Garden Calabiana).

This apparently contributed to the redevelopment of the zone, that had already acquired interest from other entities, such as Fondazione Prada, that opened on May 9th 2015.

This was likely a strategic move from Talent Garden's management, that took advantage from and supposedly contributed to an urban regeneration process, that could have been imagined due to the dimension of the ongoing project.

In fact, unlike TaG's real estate development

process that is supposed to last 1 year in its entirety (Talent Garden 2019), Fondazione Prada's project had been commissioned in 2008 to world-renowned architecture firm OMA (OMA, Fondazione Prada, source: oma.eu), and was about to open its doors, when the leasing contract was signed by Talent Garden.

What has had more value, as previously defined, between the two activities, for the neighbourhood is difficult to assess, for a lack of specific data.

It can be assumed though, that the role in the urban regeneration process of the two players is substantially different.

While the case of OMA's Fondazione Prada appears as an enclosed white elephant, that injected a considerable amount of money for its construction, but that generates revenue mainly for the Foundation itself, more than for the neighbourhood, the case of CRA's Talent Garden Calabiana has an urbanistic economically different impact for the surroundings. While Fondazione Prada's visitors can be supposed to be one-day attendees, for as many as there can be, they are usually concentrated into the premises during the day, because of the presence of a Bar and Restaurant, and because of the urbanistic position of the Foundation, facing the railway, detached from other museum-like or similar activities. TaG's visitors are instead everyday workers, that probably profited from a renewed sentiment about the neighbourhood, but contribute to sustain it, due to their daily activities, in lunch breaks, in free-time, or to

create working synergies with local activities.

A new intervention that involves Talent Garden and that has considerable dimension at the urban level, has taken place in Turin, Italy, in June 2019 (ANSA 05 Jun, 2019).

In this case, the two main banking foundations of the city, *Compagnia di San Paolo* and *Fondazione CRT*, invested in the completion of the renewal of one of the main remaining industrial artefacts in the city, known as *OGR*, *Officine Grandi Riparazioni*, that is the ancient repairers of trains.

Talent Garden was commissioned to manage the newly created space *OGR Tech*, dedicated to technology and innovation, and created to be the reference hub for the city. In this case, the coworking space, as a concept, could be considered as a medium for the reactivation of the ecosystem, and recognized as such by private and public organizations for urban regeneration purposes.

Nevertheless, it is difficult to assess if the significant money injection for the regeneration of the premises, will effectively contribute to the neighbourhood itself, as the intervention might have similar dynamics of *Fondazione Prada's* one. The near urban context it is inserted into is in fact currently not a vibrant district of economical activities, but it is residential from one side, and populated by university rooms from the other. What the actual effects of this intervention will be, is yet to determine.

SOCIAL.

How does the company manage to create a fruitful environment for its members?

First, Talent Garden is vertically focused on tech industry, which means that from the point of view of the workers' mix regulation (Cabral and Van Winden 2016, as analysed in the chapter regarding the social field in value creation), the management has directly made a bold decision. As opposed to other coworking spaces, where the mix of workers is varied, the focus on a specific typology seems to add value in a different way, as this makes a similar effect to the one of a sports club, where all the members share the same mindset and enthusiasm about the same subject, as it also turns out from an interview with one of the members in TaG Torino, Fabrizio C. The latter also affirms that the environment is different from the one of a traditional office, as the exchange of information does not only refer to working issues, but also relates to daily life and generates friendships.

In each of the campuses there is a community manager, through whom the relationship with the members begins since their arrival in the campus: they are welcomed, and receive internal information and rules. By knowing new and existing members, their jobs and interests, the community manager actively tries to match

people, jobs and opportunities in general, through internal events, such as community lunches.

The Talent Garden network hosts many tech-focused and entrepreneurial-related events: in 2018 only, there have been more than 1.700 events with more than 65.000 attendees (Talent Garden 2019). Internal opinion recognize the effectiveness of some of those, but also argue that in some other cases, the creation of opportunities is vague.

Furthermore the company has a tool that lets people discover all the members in the campus and in the network. It is a digital platform in which every member registers, indicates interests, competencies and other parameters to facilitate matching and opportunities. This virtual meeting point, is also used for other internal issues, as in example for the reservation of meeting rooms.

In an interview with Bruno G., one of the first members of the second opened campus, Talent Garden Torino, that as such has lived the dynamics of the community since its formation, noticed that the environment changes in time.

In the beginning, professionals tend to join for new work and projects, also relevant ones, or for new business ideas. As the turnover of members is not that high, the situation tends to settle, and the creation of opportunities tends to decrease.

As seen in the architectural aspects, there is a

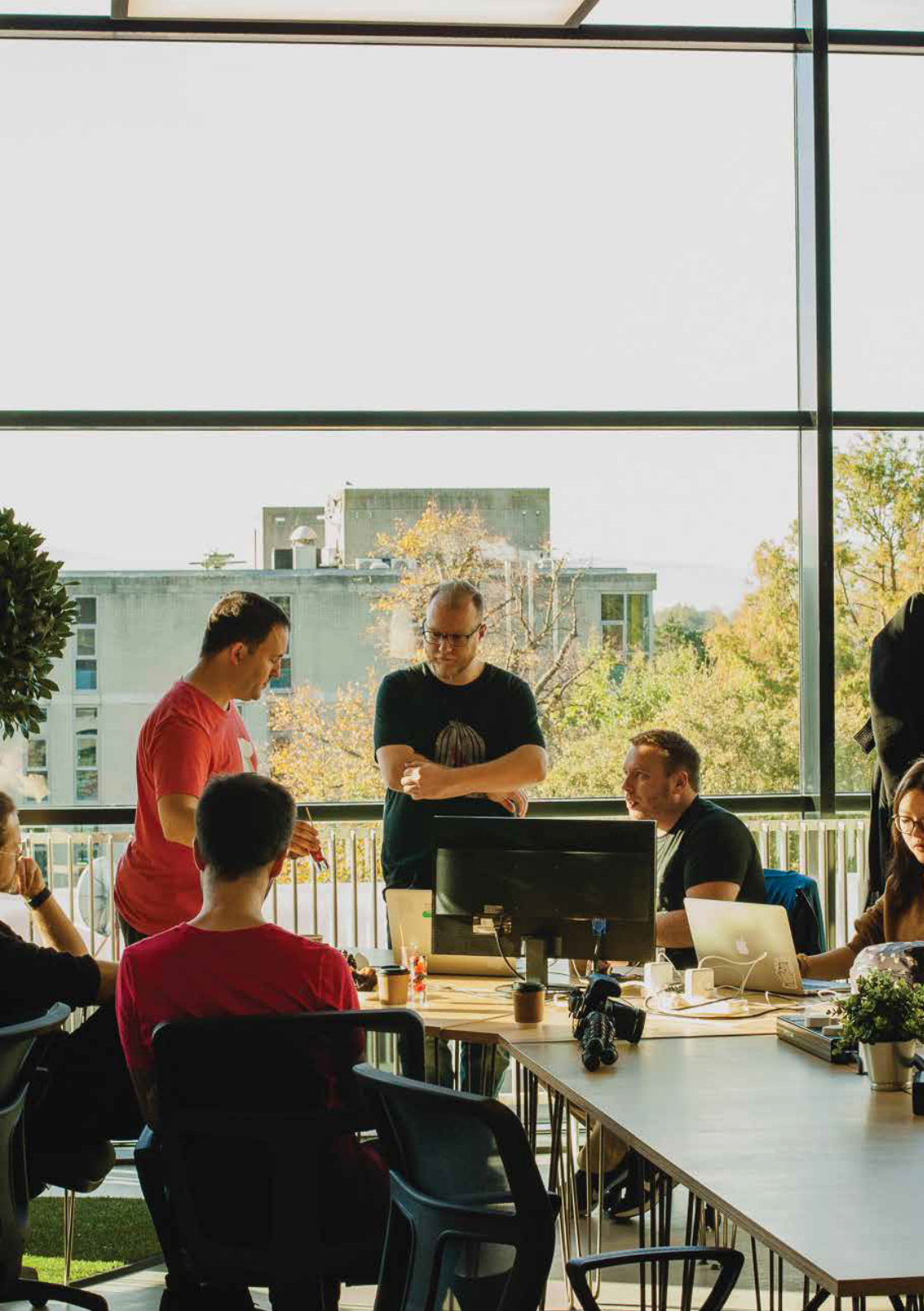
specific attention from the design team for the interaction matters.

In every TaG, there are refreshment areas, both as cafeterias and as free-access kitchens, furnished with long tables, to meet people, both interior members and outsiders. Also, the design is populated by external areas, as gardens, rooftops, or even amphitheatres.

From held interviews it turns out that open-mindedness still has an important role when deciding to meet others, and join for games such as table-football.

As an achievement for the design team, it also appears from interviews that the space nearly “obliges” people to talk, in the sense that it actually fosters interaction.

Talent Garden Dublin. Source: Talent Garden (2018)



ECONOMIC.

From an economic point of view, it must first be considered that Talent Garden addressed a specific industry that is the tech industry.

“In 2018, the tech workforce increased 4%1, a notable difference to the overall 1.1% EU employment growth. The study recorded that in Europe we have 5.7 million professional developers, an increase of 200,000 compared to 2017.”

Talent Garden (2018)

Talent Garden sets itself as a supporter for the digital innovation environment, in the creation of connections, in the empowerment of tech talents, in the enabling of possibilities “to create the future technologies that will reshape our cities, industries, and lives” (Talent Garden 2018)

Considering these premises, the dimension of the economic impact the company can have, passes through its numbers. This is why the company created a report about its impact as of 2018 (Talent Garden 2018), that is the source of following data.

The whole network comprises 3.500 members, 60% of which choose Talent Garden because of networking and business opportunities. 1 in 2 of them, which is 50% of members, have started a project with other coworkers.

“Here at Talent Garden, you really feel a sense of community and shared resources. For example, I have bought services from other community members (freelancers UX designers), and I have also gained clients from member companies.”

Armin ZadakBar, in Talent Garden (2018)

345 companies are spread across 23 campuses in 8 cities with more than 90 corporate partners. The impact the company has, though, does not only refer to the members of the companies inserted within the network.

As previously seen, Talent Garden also offers educational services, that is the *Innovation School*. As of 2018, 2.311 people have been trained, 1.200 kids and 719 trained through free courses. This brought to tangible result for the Italian students:

- 78% Do work related to the master;
- 20% Increased their earnings;
- 35% Salary increased by more than 20%;
- 55% Earn more than € 30.000.

On this latter point, a focus can be made on Italian economy to understand how valuable this datum can be.

According to the JP Salary Outlook (2018), the reference data source about remuneration in Italy, the average salary in the Country stands at € 30.642, and it's higher for the category of white collars, corresponding to the 35.8% of the total Italian employed workforce, that has a salary of € 30.814, and

that should presumably be the reference category for the students at stake. It can be argued that, without additional aggregated information about involved students, the point under discussion is not adding value above statistical average. But the other points effectively indicate a positive economic impact for the created ecosystem.

In total, 92% of involved people in 2017 are working within a year, and this increases for the following year, up to 99% (Talent Garden 01 Aug 2019). Again, additional information would be needed about the background of those concerned, as it is doubtful that the data are referring to a conversion from unemployment, and thus do not add value to the company itself but to the market trend in the tech field.

In any case, tech-related education, also considered as a business for the company can be considered as an interesting trend from a deeper analysis.

“There are many guys that would like to come at our innovation school, but they are dissuaded from their parents, that would advise them “traditional” careers. But universities keep training thousands of lawyers, regardless of the fact that only 30% of them finds a job. The real challenge here is to change that paradigm.”

*Dattoli D., Talent Garden CEO and Co-Founder
[Translated from Italian by the author]
in Vimercati, V. (2018)*

In June 2018, in Turin, Talent Garden also launched *Connected Cities*, “a one year, open innovation programme aimed at finding and boosting the most promising projects for the development of services for citizens based on digital technologies and big data.” (Talent Garden 2018). 5 ideas out of 500 were selected and received total investments for € 150.000, thanks to the support of TaG’s corporate partners. This is indeed an element in favour of the fulfilment and realization the company mission and its interest towards the improvement of the ecosystem as a whole, through an entrepreneurial mindset.

“Society flourishes when people think entrepreneurially.”

Hoffman R., LinkedIn Co-founder in Hoffman R., Casnocha B. (2012)

Side: Source: Talent Garden (2018)

TALENT GARDEN.

435

companies

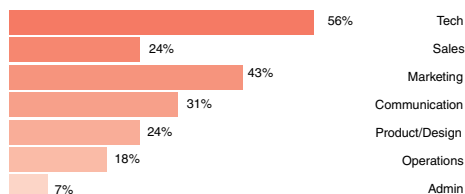
COMPANY SECTOR

Finance & Insurance	8%
Energy & Utilities	5%
Mobility & Transportation	5%
Lifestyle & Entertainment	15%
Business & Productivity	52%
Materials & Manufacturing	4%
Food, Beverages & Agriculture	5%
Health & Life Sciences	6%

*Business & Productivity Detail

Marketing & advertising, Consultancy & Advisory, Marketplace & Exchanges, Communication & Collaboration, Web Development, Data Aggregation & Services, Data Security & Privacy, Education & Knowledge Management, Business & Productivity Applications

OUR COMPANIES ARE HIRING



A UNIVERSE OF OPPORTUNITIES

60%

Of our members choose Talent Garden because of networking and business opportunities

1 in 2

Of our taggers have started a project with other coworkers

48%

Of our members plan to develop in a new location:

35%	Italy
10%	Germany
8%	Spain
20%	France
17%	USA
10 %	Other EU Countries

FINANCIAL.

Talent Garden's valuation amounts to € 100 millions. (Sideri M. 2019) This is due to recently received private investments for € 44 millions, on March 11, 2019 adding up to the previously received € 12 millions in 2016, for a total of € 56 millions (source: crunchbase.com, Talent Garden).

If after the 2016 Investment the company CEO, 26 years old at the time, had declared the intention to go public within the end of 2018 (Agi 2016, Nov 14), in 2019 the company declares the same intention in the medium term (Mosciatti L. 2019).

The newly received investment will be used to acquire existing European small players and expand the network with about 20 new openings, to face the competition of big players overseas, such as WeWork or Ucommune (Sideri M. 2019).

Talent Garden's financial activity seems to be quite intense, considering the recent past.

In 2017 it doubled revenues up to € 9 millions, with positive operative income, and it is expecting € 24 millions for 2019 (Sideri M. 2019). As of 2017 earnings were coming 50% from campuses and coworking- related business and 25% from the innovation school. The main part of the rest is attributable to events (Vimercati V. 2018).

These numbers derive from a company that

was born in 2011 as a startup that had received financial support from the owners of a local newspaper. Passers-by, tricked by its name, thought it was a flower shop, as testified by the first-ever article published about it, by the same newspaper. (Ricossa M. C. 2011)

Suffice it to say that a considerable stake of the company, a 9% that had been acquired by a third company in 2014 for around € 400.000, was reacquired by Talent Garden's management in 2018 for € 3.6 millions. That is around 9 times the initial cost of that stake (Digital Magics 2018). Enough to affirm that TaG's owners believe in a long-term perspective of their business.

What brought the company to this position, from a financial point of view?

As mentioned previously, Talent Garden runs separate businesses, that share common points. The biggest one for its revenue share, is the real-estate related one.

The company is not the owner of the building, but it also profits thanks to *arbitrage*, a previously explained concept, that is what lets the player with major contractual power benefit from the derived imbalance in the market.

As TaG does not possess the structure of the building, it seeks for individual tenants of a whole edifice for the refurbishment of the building, design implementation and extraordinary

maintenance (Talent Garden 2019).

This is why it proposes to the tenants of scouted buildings different types of partnering options, which include leasing, revenue sharing, management and partnership deals (Talent Garden 2019). In the past the business model was to franchise (Sideri M. 2019), but it probably didn't work, also from financial respects, and this brought the management to opt for different dealing options.

From a real estate operational point of view TaG is in charge of one of the categories the real estate process is divided in. This is:

- FFE (Furniture, Fixtures, and Equipment).

“Furniture, fixtures, and equipment (abbreviated FF&E or FFE) are movable furniture, fixtures, or other equipment that have no permanent connection to the structure of a building or utilities. These items depreciate substantially over their long-term use, but they are important costs to consider when valuing a company, especially during liquidation procedures.”

“An asset is classified as FF&E [on the company's balance sheet, ed] if it is used by a business to conduct its normal, daily operations. A chair for the front desk person at an office building counts as an FF&E item because the employee needs the chair to perform daily tasks to keep the business running smoothly, for example.”

Investopedia 2019

The other categories are in charge of the tenant:

- Shell and Core

“Shell and core, also known as base build, is a technique that started in the US and has since spread to the UK and other parts of the world. It involves developing the core or shell of a building, including walls and windows, but does not include flooring, furniture or other interior elements. In other words, building owners create a basic shell for renters to outfit as they please. This approach allows more time to finish internal fit outs, and gives the renter more options to customize the space to their specific style or business needs.”

Perillo Construction Inc. (2017)

- MEP Upgrade (Mechanical, Electrical and plumbing).

“Mechanical, electrical and plumbing (MEP) systems are an important part of building services and can have many different functions.

Typically designed by specialised consultants and contractors, MEP systems can present complex challenges in terms of coordination and detailing. They must satisfy multiple objectives and criteria for design, installation, commissioning, operation, and maintenance.”

Design Buildings Wiki (2018)

Talent Garden’s business model differs from the one of its competitors, for the verticality on digital industry and for the related consequent services it offers. A significant part of the earnings is in

fact attributable to the Innovation School, that so far has trained 3.500 people, but it is planning to get to 20.000 (Mosciatti L. 2019).



OGR Tech, Turin, powered by Talent Garden.
Source: artribune.com









“So think about it: Would you have not wanted to have invested with the Dutch in the Dutch Empire? Would you have not wanted to have invested in the Industrial Revolution and the British Empire? Would you have not wanted to have invested in the United States and the United States’ Empire?”

*Ray Dalio, founder of Bridgewater Associates.
In Bridgewater Associates (2019)*

UCOMMUNE.

Ucommune, is the biggest coworking player in China. As of November 2018, the company managed 200 locations in 37 cities, with nearly 15,000 companies and 100.000 members accounting for a total area of 730,000 square meters (Ucommune 2018, Nov 14). This amounts to a quarter of the City of London, more than 3,5 Empire State Buildings, around 100 football pitches.

“In 2015, we began with a dream of wanting to build a more sophisticated and beautiful space for enhanced productivity, collaboration, and innovation. We aimed to create a close-knit network of people, businesses, and friends. As a result, we’ve developed into a family – the Ucommune Community. An environment where you can be yourself, where you can develop and pursue any goals you desire. We started with a passion of redesigning the traditional office workspace. Our foundation has always been to

provide the highest quality of service along with the best work environment possible. Because, you truly deserve it.”

Ucommune, About Us, ucommune.com.sg

The company was founded as UrWork in Beijing, China in 2015, and then changed its name for a legal dispute with WeWork, in occasion of the announcement of its New York opening. In this regard, the Chinese company seems to have drawn inspiration under many aspects from the American one.

The dimension of the company seems dubious bearing in mind its short life. This is attributable to the substantial series of mergers and acquisitions it has done since its foundation, thanks to the huge amount of financing it has received since then, amounting to \$ 704,4 millions (source: crunchbase.com, retrieved Aug 12, 2019). Nevertheless it is difficult to find a gathering of all the managed locations, as those seem to remain under their previous companies' names. This also means that, so far, Ucommune does not seem to be investing in the rebranding of acquired and merged companies, but it is focusing on its expansion, as motivated by its willingness to get established as WeWork's main competitor.

Ucommune does not have a focus on a specific industry, and does not claim to serve specific

target customers in its spaces.

However, the company's mission and vision are made explicit and are modelled on the industry's sentiment.

- To empower innovative minds
- To build community through smart deployment of tech
- To be architects of the good life for all

Mission, About Us, Ucommune, ucommune.com.hk

- To shift from high speed growth to high quality development
- To move from centering on economic development to centering on people
- To transition from a material life to a better life

Vision, About Us, Ucommune, ucommune.com.hk

The company offers ordinary services in the coworking industry:

- Shared Space:
 - Hot Desk, flexible workstation;
 - Fixed Desk, dedicated workstation with storage space;
 - Team Table, dedicated area for teams.
- Private Office:
 - Private Office, Independent enclosed office space;
 - Custom Office, private office with customized layout;

- Private Headquarters, entire personalized floor plan.
- Event Hosting

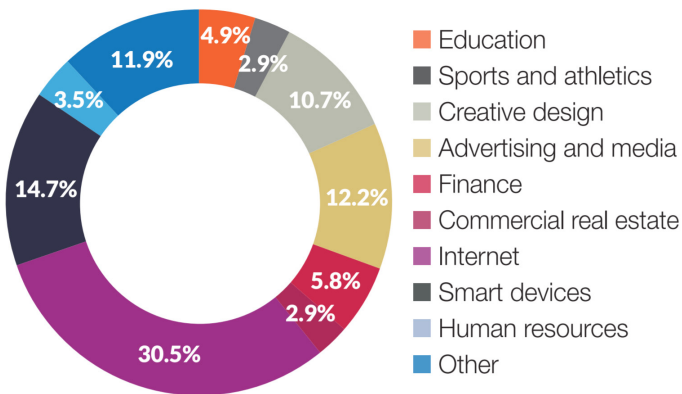
For a deeper understanding of Ucommune, an important source due to language difficulties has been the report issued in 2017 by E-House China, a data-based company that “offers primary real estate agency services to residential real estate developers lists and brokers properties for resale, and offers land acquisition consulting and property development consulting services.” (E-House China Holdings Ltd, source: bloomberg.com). The report contains information retrieved from original-language sources, giving more credit to the analysis itself.

UCommune in China.

The market under analysis in the case of Ucommune, is the Chinese one, which is a separate case if compared to the global situation described by Deskmag (2018), as analysed in the section regarding industry statistics.

As an initial insight, it can be noticed that the sectors of the labour market that populate Ucommune’s spaces, follow a similar distribution to the global one and the 40-50% is tech-related, with this being also a decision of the management.

FIGURE 3: URWORK MEMBERSHIP (RENTERS) BY INDUSTRY (2015)⁹



Source: E-House (2017)

With 730.000 m² and 200 locations, the average Ucommune coworking space amounts to 3.650 m², thus representing the highest quartile in the global market (Deskmag, 2018).

According to available data, considering the managed floor area and the total 100.000 members, that makes around 500 persons per location, space per member should be an average of 7,3 m², that is in the second bracket of global statistics, which is between 5 and 10 m². This appears an interesting compromise, compared to companies in analysis.

“In recent years, coworking space sector has been growing at year-to-year rate of 30%. It is estimated that by 2019, the total operating area of coworking space in China will reach 51 million square meters. By 2030, 30% of office space will exist in the form of coworking spaces. In the next five years, the development of a platform and sharing economy will become an important part of promoting the growth of the new economy.”

Ucommune (2018, Mar 23)

To analyse the company from a broader market-related perspective, it can be noticed that Ucommune's recent history of M&A (Mergers and Acquisitions) finds market evidence, as stated by a report published by Cushman & Wakefield (2018), regarding Asia Pacific Coworking Trends.

“Mergers and raising funds have become a common practice in the region as operators

are gearing up to enter new markets, fend off competition and trying to thwart WeWork's aggressive expansion plans in the region."

Cushman & Wakefield (2018)

In a report released in December 2018 by the China Real Estate Chamber of Commerce and major Chinese real estate service platform Haozu.com, interesting pieces of information can be found about the coworking phenomenon, as reported in Chen M. (2018). In this case the source is indirect, due to linguistic difficulties in finding the original report.

"From January to December, 40 coworking space brands disappeared from the market, with about 3 percent of them being purchased. Chinese coworking space unicorn Ucommune completed M&As with six brands this year, including Hongtai New Space, Wujie Space and Workingdom, according to the report."

Chen M. (2018)

A broader overview on the coworking market can also be of greater interest from the point of view of current Chinese economy.

"The top 10 companies occupy 37 percent of the total areas of coworking space in China, compared to 75 percent for the top 100 companies, showing a trend for market centralization"

Chen M. (2018)

In the same report, the main sectors that are hosted inside coworking spaces can be found, that follow global trends, such as IT, media, and finance (Chen M. 2018).

Wan Liushuo, CEO of Woo Space (or Wujie Space), one of the most important coworking companies that merged with Ucommune, talked about increasing competition in the industry and its consequences:

“Spaces in rural areas or purely relying on government business will be closed soon”

*Wan L., CEO of Woo Space
in Chen M. (2017)*

In Wan’s opinion, small companies of the case, currently only have two choices, to be closed, or to be bought.

This is also representative of demographic situation of the country regarding increasing concentration of population in big cities and abandonment of rural areas.

The latter point finds evidence from data, that refers to Central Business Districts of the main Chinese cities. Here, the area of coworking spaces grew from 2.5 million m² in 2017 to 3.94 million m² in 2018, and the number of desks reached 520.000, compared to 300.000 in 2017 (Chen M. 2018).

The coworking phenomenon has in fact

experienced explosive growth in recent years: in 2015 there were only about 10 coworking space enterprises in China, and two years later, in 2017, the number arrived to 4.000. An annual growth rate of 30% should lead coworking spaces to take over the 30% of the Chinese office market. (Chen M. 2017)



ARCHITECTURAL.

Ucommune does also pay attention to architectural aspects, as demonstrated by its recent acquisition of a Beijing-based interior design firm, Daga Architects (Lee, E. 2018)



Image source: mobilemarketingmagazine.com

This strategic move is similar to WeWork's one, as it seems that both companies recognize the importance of a shared design language in their locations, through a solid brand identity.

The acquisition comes out of a former collaboration with the firm for the design of some of Ucommune's spaces.

The architectural firm, also known as Grand View Architectural Design, was founded by Shen Jianghai, who previously worked in Zaha Hadid office in the UK, and specializes in urban renewal.

“Yuke Workshop [Ucommune Chinese name, ed] said that the acquisition of Grand View Architecture is the complement of the advantages of both sides, from the space design and space content to achieve further revitalization and renewal of urban space, to achieve a complete closed loop of business logic.”

Tofu, A. (2018)

Similarly to the American competitor, the architectural process is conducted with the application of data-based, non-traditional tools: Daga Architects uses multi-dimensional architectural scanning, Building Information Modelling (BIM), and “automatic generation programs” (Allwork.space 2018).

“Building scanning technology can scan a layer of office buildings in 10 minutes which is then shaped into a 3D model, greatly speeding up the building measurement and is equipped with complete on-site image recording. BIM technology not only solves problems that the design scheme cannot, but also it can intuitively guide the later construction, cost calculation, and reserve the model interface for future project operation data.”

Allwork.space (2018, Sep 10)

URBAN.

Interestingly, as opposed to previously analysed market trends, Ucommune does not exclusively point to first-tier cities, as it happens for Naked Hub, another Chinese coworking player, now acquired by WeWork, and in the case of WeWork itself (Lee, E. 2017).

“We are seeking new possibilities in second- and third-tier cities. URWork [former name for Ucommune, ed] just launched our first location in third-tier Xiangyang in Hubei Province, one of the famous car manufacturing cities in China,”

*Zhang P., CSO of Ucommune
in Lee, E. (2017)*

This can be considered as a value enabler for the Chinese urban development, or at least as a limiter to the process of mass exodus to main overpopulated cities, although possibly motivated by financial issues regarding investment capacity.

Even though this point deserves deeper analysis, it can be argued that investing in minor urban centres, albeit not rural, could in effect be a contribution to the reduction of urbanistic and social issues whilst supporting economic development of the country.

From the point of view of conscious contribution to town planning, it can't be assessed that Ucommune has hitherto played any role, even though the acquired architectural firm Daga is

specialised in urban renewal, therefore it might implement Ucommune's design process in its urban aspects.

"The acquisition of DAGA by Ucommune complements the strengths of both parties. From the aspects of space design and content, urban spaces will be further revitalized and updated. In the future, Ucommune will play a more important role in the field of urban renewal, providing one stop design, operation and servicing for its community members."

Allwork.space (2018, Sep 10)

Another point that might be subject to fierce criticism is that apparently Ucommune signed an agreement with *ofo*, Chinese bike-sharing company, to build bike stations near Ucommune's spaces worldwide, even though this seems to appear just in one article (Chen, M. 2017), without further communication from the companies.

This very point might deserve a specific examination, due to possible issues that follow, especially in China, where landscapes get characterized by shared bikes piles.

To evaluate consciously the phenomenon from an urbanistic standpoint relatively to value creation, methods should be theorized that could differentiate and weigh the economic impact shared bike can have, if used instead of

Image source: theatlantic.com



other means of transport, as well as considering related aspects, such as ecology-related, or social ones. As this is not the subject under analysis in this dissertation, this point will be left to the consideration of others.

What can be assessed without deep examination is that problems originated by the service, such as the accumulation of bike piles, should not be considered as existing *per se* and absolutely linked to the concept of bike sharing, but as deriving from an imbalance between supply and demand.

SOCIAL.

“To bring those in a parallel world together.”

Ucommune, Slogan.

Source: <https://www.ucommune.com.sg/>

Ucommune also has an interest towards social interaction, albeit its effectiveness not being evident from online sources. Its main tool should be a platform that enables communication among members not only in the physical world.

“To bring this ecosystem into fruition, UrWork envisioned its position first and foremost as the creator of a scalable platform that “made it possible for people from different worlds to meet.” The idea of a platform thus goes beyond the mere construction of a physical entity. It is about building a common mental space, offline and online, something which the founder, Mao Daqing, describes as an organic process by which a new spirit of community emerges.”

E-House (2017)

There was no available internal source to prove the effectiveness of this tool, nor to understand how physical and virtual interaction work, in an environment that is supposed to be culturally different from the occidental one.

Besides interaction aspects, it is important to notice that the company is taking a position with regards to social issues.



This was recognized during *The Global CSR* [Corporate Social Responsibility, ed] *Summit*, held at the United Nations Headquarters in New York on October 30th, 2018.

Not only Ucommune Chairman, Mao Daqing was given the *CSR Award*, but the company and the *Global CSR Foundation* jointly issued the *Declaration on Entrepreneurial Action of Social*

Impact.

Zhang Peng, Ucommune Chief Innovation Officer, said that “UCommune is actively exploring how to share its experience with college students, disabled people and veterans in order to contribute to social stability and sustainable innovation”. (PRNewswire 2018)

As a proof of Ucommune’s social intentions, the company, to strategically grow the community, issued USD \$ 1,5 millions to *She Power*, a China-based consulting platform for female professionals and entrepreneurs. (Ucommune 2018, May 08)

“The exponential growth of She Power community over the past two years has proved the robust demand of personal development for modern Chinese women. [...] There are more working women in China than rest of the world. As female leaders, we are committed to uniting all forces to build a platform that serves the good of the many women.”

*Qiu Yumei, founder and CEO of She Power.
in Ucommune (2018, May 08)*

ECONOMIC.

The framework Ucommune is inserted in, from an economic standpoint, is peculiar in this very moment of human history.

China is gradually evolving from its perception of “low cost factory to the world” to “one defined by increased value-added production and innovation across multiple sectors” (E-House, 2017).

Over the past decade, the Chinese government has been working to address several structural macroeconomic issues. These include the decreasing size of the working age population, over-dependence on investment-led growth, and a desire to move toward a more consumer-led model of development to counter rising local government debt and to ensure steady economic development.”

E-House (2017)

In order to study and foster economic growth, successive guidelines, work reports, state council opinions and local government directives have been issued. Those generally had a common thread, that is to “make it easier for small and medium-sized enterprises to do business” (ibidem).

Since 1953 the Chinese government has issued the so-called *Five Year Plans*, that are a series of social and economic development initiatives. The last ones, all refer to emerging industries

and innovation:

“ The 11th Five-Year Plan (2006-2010) for an “emerging industries development plan.”

The 12th Five-Year Plan (2011-2015) identified the “strengthening [of] indigenous innovation capacity as the core of economic restructuring.”

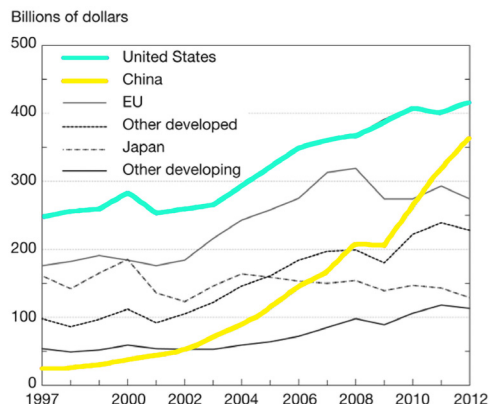
The 13th FiveYear Plan (2016-2020) continued likewise, pushing for not only innovation, but also “people’s creativity” as a means to balance lowered overall economic growth with increasing efficiency (also known as the “new normal” in China). ”

E-House (2017)

In effect, Ucommune, as part of the coworking industry and its leader in the Chinese market, plays a role that is theoretically aligned with governmental directives and with the rise of sharing economy, which, as of 2015 had a total market size of US\$299 billion (1,956 trillion RMB), with transactions totalling US\$527 billion (3,452 trillion RMB) in 2016 (Clifford, C. 2016), with 500 million people involved, according to the China State Information Centre (E-House 2017). As Ucommune is currently supporting 10.000 enterprises, it is playing its part in this national economic development.

UCCOMMUNE.

*R&D investment in countries.
Source: foreignpolicy.com*



FINANCIAL.

Ucommune's business model traces the industry, in the way it manages real estate properties with involved stakeholders, as previously explained. Due to several economic-related real estate issues, such as China's e-commerce boom in recent years, real estate developers have started suffering growing vacancies.

"The total commercial saleable space on reserve, for example, has increased from 32 million to 38 million square feet."

E-House (2017)

The situation is confirmed by other developers, such as *The Executive Centre*, that operates 45 flexible office spaces in 9 Chinese cities, or CBRE, leading American commercial real estate services and investment firm:

"There's a shake-out in the flexible office space. Since November, we've seen operators in China walking away from centres, trying to give it back to the landlord. We've been offered furniture from some of these people, saying they're trying to raise money."

Paul Salnikow, Global CEO of The Executive Centre in Goh B., Jim C. (2019)

"Co-working operators need to go further asset-light and slow one-off CAPEX investment to stay in operation.

What this means is landlords also share some

risks of this industry, not only the operators.”

*Virginia Huang, CBRE Greater China Managing Director of
Advisory & Transaction Service,
in Goh B., Jim C. (2019)*

Therefore, given weak demand, above all when referring to large commercial spaces, Ucommune is able to negotiate its own long-term leases with developers at significant value. (E-House 2017).

The reason behind Ucommune’s ability to grow in the real estate sector arguably lies behind two main factors.

First, the company has received a total of USD 704,4 millions, with the last round being of \$ 200 millions in November 2018 (Ucommune 2018, Nov 14). This let the company grow exponentially in less than 4 years, allowing it to position itself as WeWork’s main competitor in China, through a series of M&As. Reportedly, the company is now eyeing an IPO [Initial Public Offer] in order to raise more money to continue its expansion, thus countering WeWork (Zhao, R. 2018).

The second factor is the company founder, Mao Daqing, formed as an architect, that had previously worked as vice director at Vanke (Yang, Y. 2017), “a large residential real estate developer in the People’s Republic of China, engaged in developing, managing and selling properties across more than 60 mainland Chinese cities” (Vanke, source: Wikipedia,

retrieved 2019, Aug 19).

This also let the company enter a strategic partnership with Vanke itself, that “will see both parties collaborating in areas such as: joint commercial leasing, investment and operation, direct leasing, and customised interior design”. (Ucommune 2018, Mar 23).

Conscious of the real estate situation in China, Daqing recognized that relying only on rent is not safe.”

“Co-working spaces shouldn’t rely completely on rent. Services spring from the sharing space are the major source of profit.”

*Mao Daqing, Founder of Ucommune
in Chen, M. (2017)*

In fact Ucommune provides its tenants not only the shared space, which is able to save 30% of costs if compared to traditional office costs (Ucommune 2019, Jun 04). It also provides a platform, that offers legal, tech, financial, consulting services, and others. (E-House 2017).

“In many cases, UrWork tenants also become service vendors, allowing them to pilot their products and branding. In addition, UrWork partners with leading service partners in China, such as AliCloud to provide more sophisticated services to its tenants.”

E-House (2017)

Among the other services, Ucommune also

works as an incubator, providing tenants with “the tools to make them investor-ready, including pitching sessions, accelerator partnerships, and connections to individual and institutional investors” through its proprietary *School of Power*. The company also co-owns *Angel Plus Accelerator*, “promotes select startups in its marketing campaigns and invests in some of its tenants”. (ibidem)

As competing on price is not sufficient in this industry, Ucommune seems to have found a great solution in diversification.

“UrWork’s case teaches us that the nature of value creation in commercial real estate may be shifting from its traditional model of long-term leasing and anchoring tenants towards something that permits greater ease of adaptability to changing market conditions.”

E-House (2017)

In favour of its business model, Ucommune declared to be able to cover its costs through rental income, and Daqing disclosed that 25% of the company’s revenue came from its value-added services alone (ibidem).

“Co-working spaces, as such, thrive because they are able to serve the two main customers, meaning tenants and property owners, equally well.”

E-House (2017)

5LMEET.

On the wave of coworking, Ucommune CEO, also founded 5LMeet, a *coliving* spaces company, combining work and living space together.

“5Lmeet is committed to creating shared living community, covering multiple formats and spatial content such as “social apartment, shared office, innovative business IP, community activities” to create a richer shared life experience.”

*Automatic Translation from Chinese.
Source: 5Lmeet.com/home, About Us.
Retrieved 2019, Aug 28.*

5L, which stands for Linked, Liveable, Lively, Landscape, and Liberal “is a building complex that integrates living and working spaces to create a larger, more collegial environment for its tenants” and gives them access to community based services and amenities through its app (E-House, 2017).

Each building integrates both living and working spaces, classified as:

- Social Apartment, that includes shared living room, shared kitchen, laundry room and community activities;
- Shared Office, based on Ucommune’s coworking services.

Sharing economy is evidently shaping Chinese



5Lmeet Dongsi, by Daga Architects. Source: archdaily.com

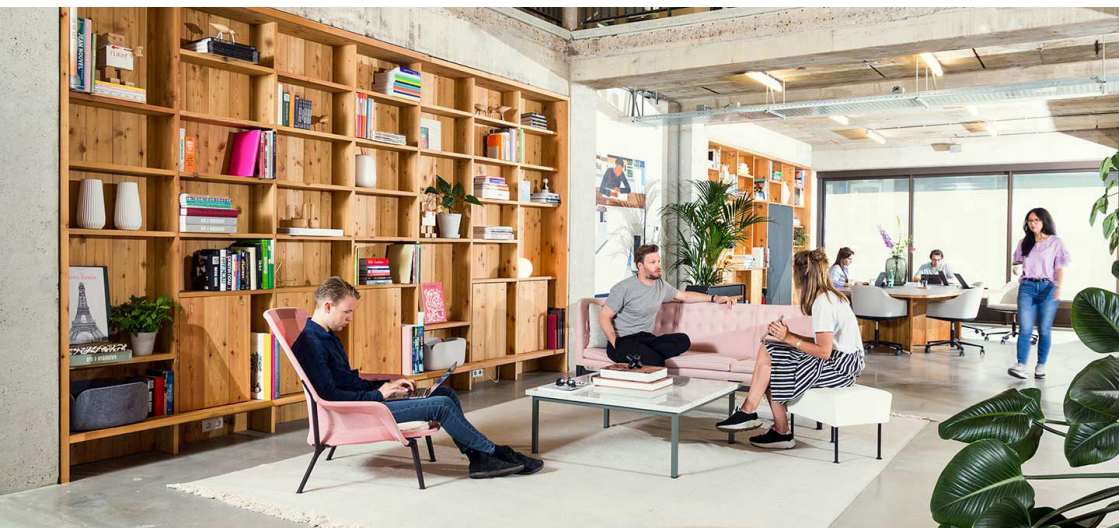
customs, and these community-based spaces and contaminations are a signal of a bigger trend that indicates a shift in human needs and consequent conception of society and interaction activities.

All of this stands as a possible proof and confirmation of theoretical assumptions previously made.



source: medium.com





OTHER PLAYERS.

The following companies will be mentioned due to their importance in the real estate market related to office spaces, or due to their position in workspaces innovation. As they have less declared focus on coworking, they will not be examined as the previous players, but will be briefly studied in their market aspects and main features.

*Side: from top to bottom:
Station F. Source: wired.it
Spaces. Source: spacesworks.com
Regus. Source: regus.com*

IWG.

International Workplace Group (IWG) is one of the biggest office providers worldwide. It is a holding company that manages different types of workspaces, most of which have followed the trend of coworking spaces, in some of their design and marketing aspects.

Our customers are start-ups, small and medium-sized enterprises and large multinationals, with unique goals and aspirations. They want a choice of workspaces and communities to match their needs. Through our companies we provide that choice.

IWG, Our Story. iwgplc.com

As of December 2018, with 3.306 locations across 1.100 cities in 110 countries, IWG manages 5,3 millions m² (IWG 2019, Mar 06), more than WeWork itself despite a considerably different market valuation, in favour of the latter. This amount of space is the equivalent of 1,8 times the City of London, or 26 Empire State Buildings, or about 750 football pitches.

An interesting fact about IWG and the flexible workspace market is IWG's Growth Rate that, as of December 2018, is of 13,3% for the entire Global Region, and it reaches its peak with a 20,7% rate for the EMEA region [Europe, Middle East, and Africa] (IWG 2019, Mar 06, 2).

The portfolio of workspace companies managed, each of which has a different focus and different target customers, includes but is not limited to:

Regus.

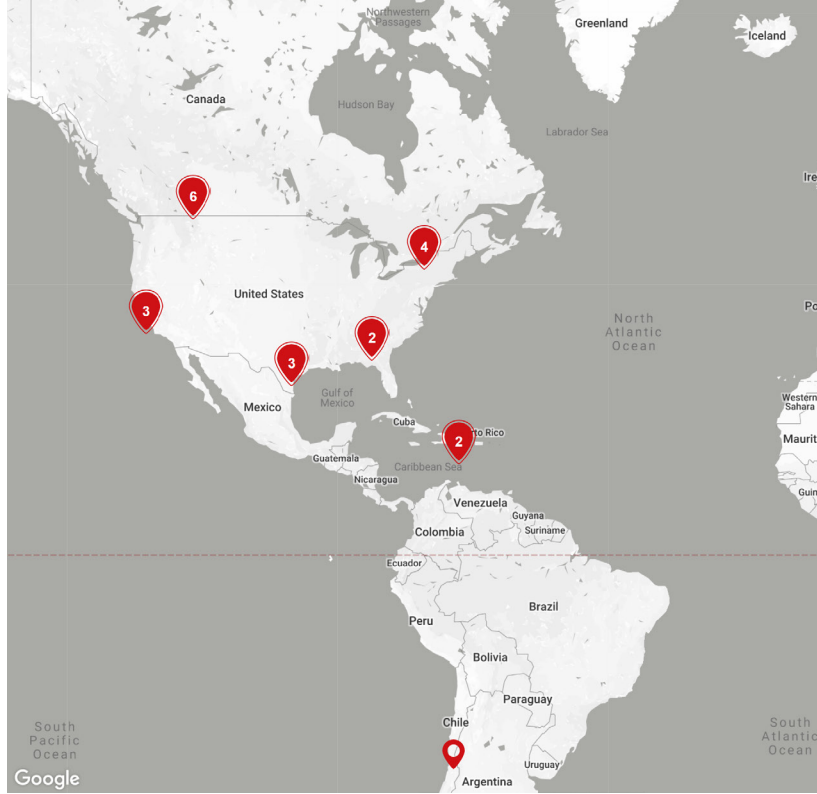
IWG's main company, was born in Belgium in 1989 to satisfy the needs of business travellers. Today it offers a range of services from usual office spaces, to coworking desks, business lounges, meeting rooms, membership plans and more. It is incorporated in Saint Helier, Jersey and it is a constituent of the FTSE 250 Index.

We continue to lead the workspace revolution.
We are helping more than 2.5 million people and their businesses work more productively, right across the planet.

IWG 2019, Mar 06

The first time Regus introduces the concept of coworking space in a Consolidated Report and Accounts of the company is for the year 2011. Apparently, the conception of coworking spaces begins in Regus history more as a new way for the company to exploit the space, than as a possible movement with a different public that had needs other from the space itself.

The distinctiveness of brand identity that has been found in other players' vision and mission is lacking in Regus' online information.



Source: *Regus Recently Opened and Coming Soon*,
regus.com/recently-opened

This is true with regards to the coworking movement, more than to the general overview of the company. This lack of “coworking identity” makes Regus a less interesting company to analyse under our standpoint.

Spaces.

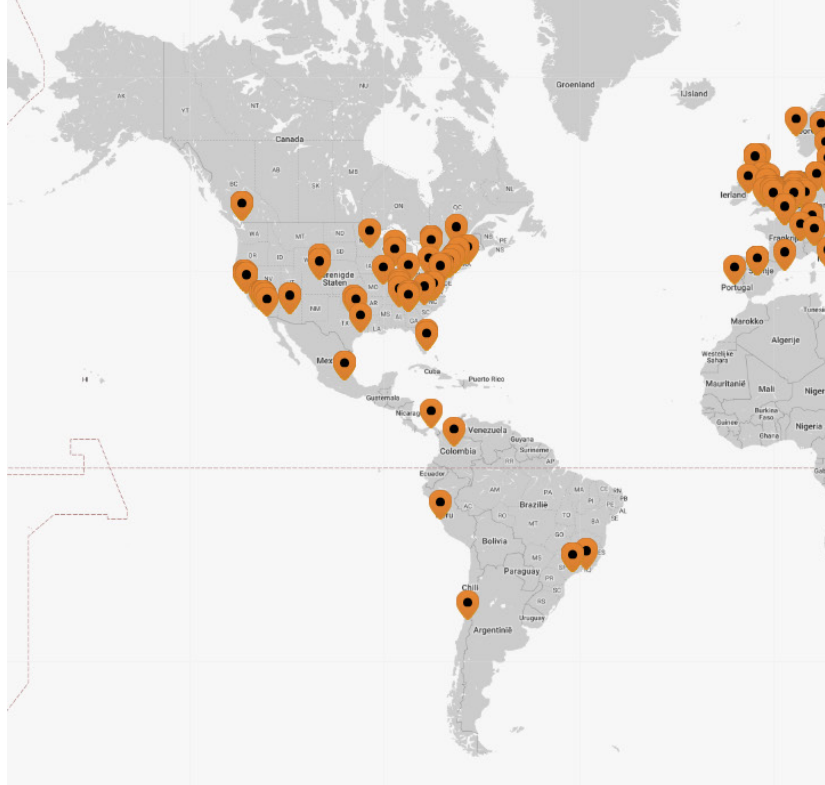
IWG’s most community-focused company, also the closest to the coworking identity concept, and as such *the company’s answer*



to the fast-growing US brand WeWork (Evans J., Espinoza J., 2018). It was born in 2006, then acquired by IWG in 2015 (Mergr, n.d.).

Spaces was built upon the idea that the work environment should be more personal, creative and stimulating. They [The founders, ed] wanted to build a community of like-minded others; a community of entrepreneurs, SME’s, intrapreneurs and global workers.

Roordink M. (2019)

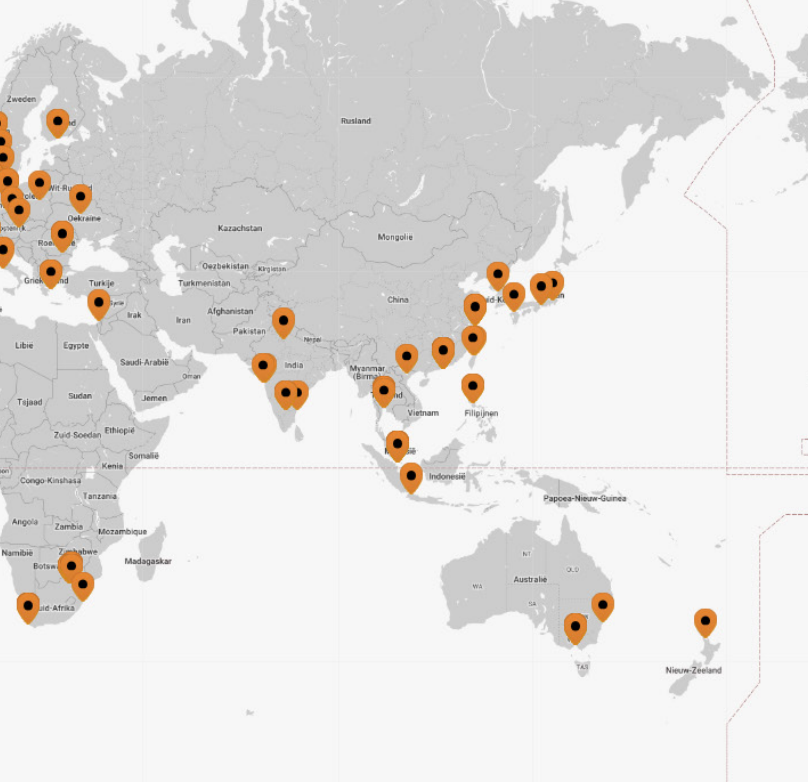


Source: 2018: *The Year of Spaces*. Source: spacesworks.com

The first among the services Spaces provides on its website is coworking, thus showing the company's focus. They also offer dedicated desks, private offices, meeting rooms and partnerships with local businesses.

Spaces' vibe is, in effect, similar to WeWork's one, and this is evident in the company's own description:

Our free-spirited vibe attracts an energetic



community of positive and open-minded business thinkers who love to meet new people. The full program of professional events and hospitality services, and the inspiring sophisticated European design of our business clubs, involves people in the buzz and energy of Spaces, and make them feel at home.

By creating dynamic workspaces with a unique and entrepreneurial spirit we help you think, create and collaborate while our friendly team sees to all of the background logistics and services. At Spaces we make sure that our community can focus on driving their business forward.

Spaces, About. spacesworks.com

STATION F.

Station F. is a French player that is presented not exactly as a coworking space even though it covers its conceptual features.

“Based in central Paris, Station F gathers a whole entrepreneurial ecosystem under one roof. For every startup, Station F has a program.”

Source: *stationf.co*
Retrieved 2019, Aug 28.

The *business incubator* is situated in a former rail freight depot previously known as la Halle Freyssinet, and today provides office spaces for up to 1.000 startup companies in its 34.000 m². The distinctiveness of Station F stands in its total coverage of services to foster innovation as a complete ecosystem.

“With more than 30 startup programs, 35 public administrations, 40 VC funds, 4 mentorship offices and 600 events per year, STATION F offers all the best resources and knowledge to help entrepreneurs grow their companies.”

Source: *stationf.co*

Other than offering this whole set of services, its members are accompanied with living solutions in an environment of like-minded people. The *business incubator* solves in fact the issue of housing for entrepreneurs joining Station F from outside of Paris, which can be thought as

previously defined *digital nomads*.

Station F *co-living* solution is called *Flatmates*, that can host 600 people in 100 apartments, 10 minutes away from the incubator. People are matched through algorithms to ensure the best fit

“Everything at Flatmates has been designed for an enhanced living and community experience. Common spaces include an open-to-public café and grocery shop, a hybrid library-laundromat, an animated event space with a weekly programming and a huge lounge where residents can come together to play music, screen movies or host cooking parties!”

Source: stationf.co/flatmates

With a complete set of services, that include gym and spa, cleaning of apartments, community events etc., Station F is probably the epitome of an *innovation hub*, due to all the services and amenities that complement spatial features.

Source: architizer.com



5

5. CONCLUSIONS.

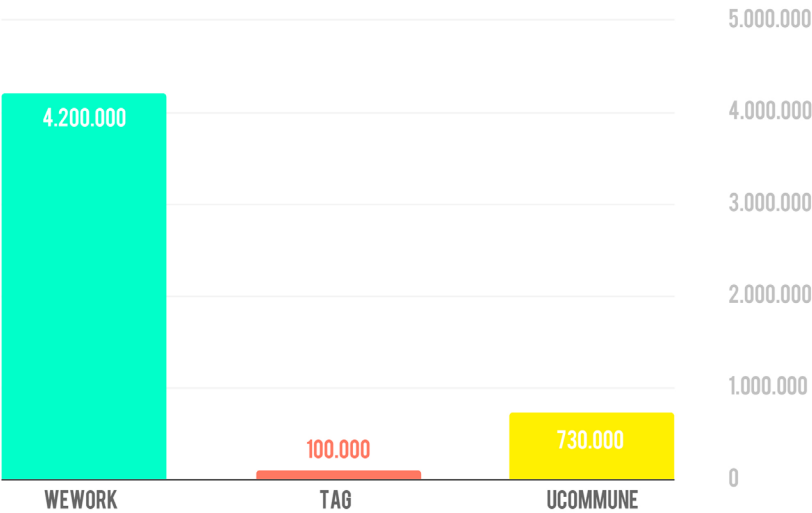
The conceptual research about value, its declinations and its creation have led to interesting practical results.

Different outcomes have been found with this process, that has been based on the conceptualization of a notion, then applied to the study of a phenomenon, and eventually on specific actors.

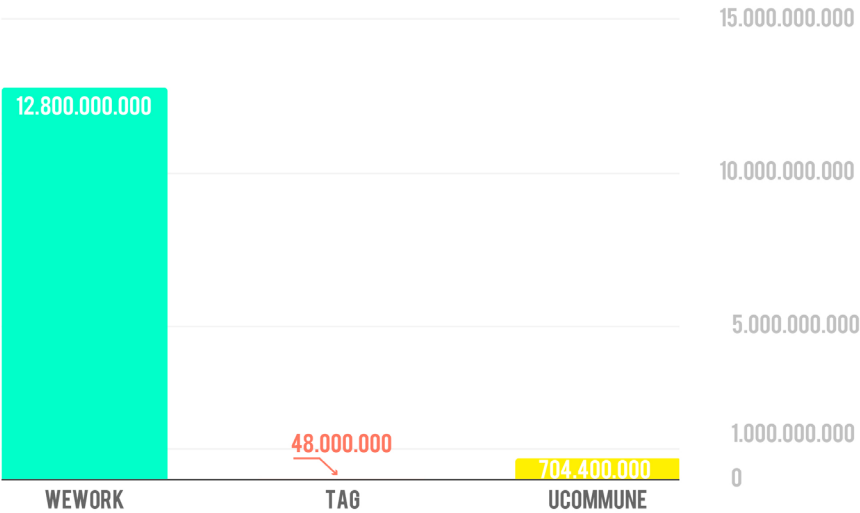
The analysed players have been chosen for their importance in their respective continents of origin. All of them share common traits, but are also very different in some regards. The following interpretations are to be intended not only as mere findings, but as the possible achievement of a research process.

The first thing that has to be mentioned is the difference in size of the 3 companies. WeWork is the market leader, and has expanded all over the world, bringing its business out of the USA, while Talent Garden and Ucommune have remained in their continents, respectively Europe and China. This brought the American company to dominate the market in the last 10 years, since its foundation in 2010. Instead, in less than 5 years, Ucommune has acquired a considerable portion of the market, and is actually trying to counter the rise of WeWork in China, through M&A that allows for rapid expansion. Why couldn't Talent Garden have a similar growth? The answer might be within the company's management, but data speak for themselves: the gap between received fundings is ridiculously unbalanced, in favour of WeWork, which since having received 12,8

TOTAL SPACE MANAGED (M²)

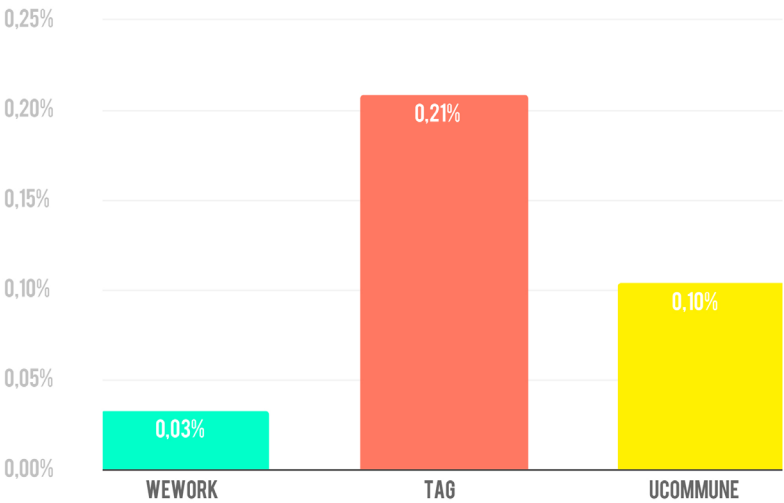


RECEIVED FUNDING (USD)



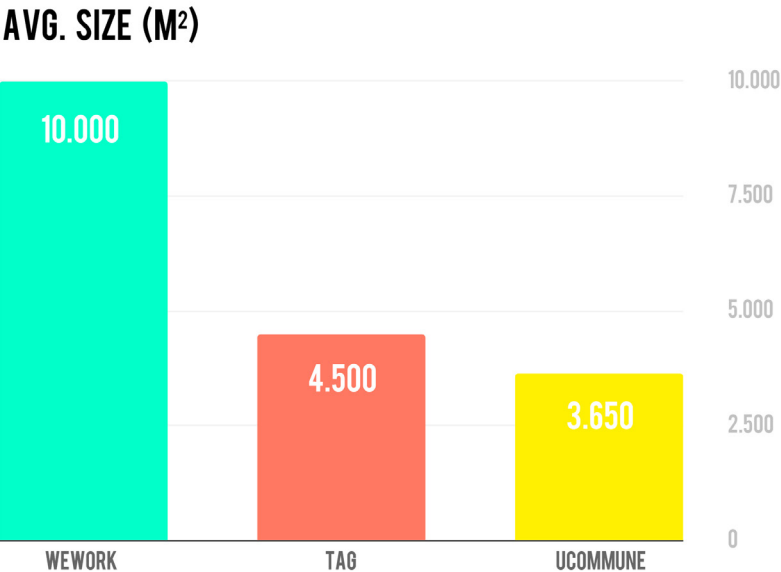
Billions USD has had the possibility to *more easily* conquer the real estate world. One might say that the 48 Millions USD invested in Talent Garden are not few, but if we consider that the transactions in which these companies are involved lie within the real estate market, things start to balance on another perspective. Actually, when merely analysing data, the most “unfortunate” of the three companies (in terms of availability of capital), that is Talent Garden, turns out to be the most efficient, in a simple comparative measurement. Based on this simple ratio, the European company seems 7 times more efficient than WeWork, and twice as Ucommune. But this is just intended to make a general comparative evaluation, and of course

USD INVESTED / M² MANAGED



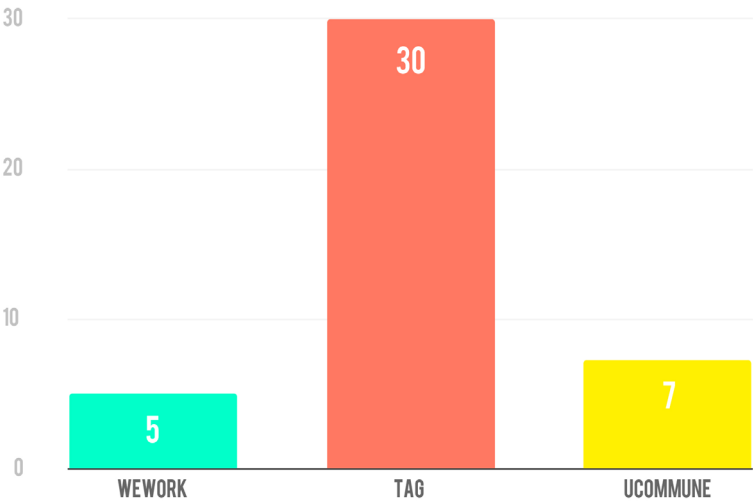
cannot substitute an appropriate financial analysis of the companies.

Although they all share the same business, and almost totally the same business model, there are differences at the core of the business itself, starting with space. Not only the total managed square footage varies, but also the average dimension of each location has considerable differences, with WeWork having the biggest average size of single premises. Can this be an indicator of profitability of the space when crossed with previous data? Certainly one cannot jump to conclusions, but this might be one of the aspects that influence operational issues, thus reflecting on profitability.



It turns out that, on average, Talent Garden is the most generous space provider in terms of space per member, and this might give rise to doubts about profitability, with all the companies having the same common denominator, that is space as a service. Its financial viability is not known, but, as seen in the dedicated analysis, the management suggests confident perspectives. This is in contrast to WeWork, whose cost-effectiveness is currently under discussion due to a consistent depreciation of its market value, after an IPO proposal, albeit having the most effective space occupancy in the office industry, when the average is at 25 m² per person (CBinsights 2019). Ucommune is

SPACE PER MEMBER (M²)



roughly emulating WeWork, in order to contrast it, as previously said. But if the model will be analogous to the american one, it is reasonable to have doubts about its economic sustainability, at least in the mid-term.

It must be said that all the three companies have the same core business and model, based on arbitrage, and that then add variations on the sides.

WeWork is in fact part of *The We Company*, and albeit remaining the main portion of it, there is all a series of real-estate based businesses that add branches to the vision of the *We Community*. Talent Garden owes a good slice of its revenues to its *Innovation School*, that is an education-based business, which falls into TaG's spaces, without additional real-estate-based implications. Ucommune additionally runs a housing-related business, and implements the coworking one with a virtual platform, that works as a sort of e-commerce and product-and-service-based marketplace for its members.

These companies will likely evolve to new business-related outcomes, in order not to perish under the *innovation economy* they are shaping.

So far, the three players have been analysed and compared under mainly numerical aspects. But the answer to the underlying thread of the whole dissertation has not yet been given. Only one of the three initial points has been addressed.

These were:

1. *If and how they can be vehicles of value and its creation.*
2. *How value is created in different fields.*
3. *What are the differences among the various players, and how this reflects on value.*

We have seen differences, but we have not yet talked about value, its creation, its declinations. In order to examine different perspectives, the phenomenon and then the players have been investigated under the fields of:

- **ARCHITECTURE,**
- **URBANISM,**
- **SOCIALITY,**
- **ECONOMICS,**
- **FINANCE.**

All of them have given sometimes similar, sometimes different results in each field. The followed path can be outlined and retraced with the help of dedicated tables.

Each player has been compared to the other in each field, for each of which different sub-categories have been declined. These must be intended as tools that are used by the subjects to generate that value, that is defined, for each field, as the intrinsic potential of a thing, not only thought as good or service, to generate a positive impact on the objects it is in contact with and eventually on its surroundings.

Architectural

	Fostering Interaction	Technology Design Tools	Data Collection	Local Culture
WeWork	Amenity bases / Lounge/ Cafe	3D Scan/ BIM/ FieldLens/ ML	Surveys/ Sensors	10,00%
TaG	Outdoor/ Lounge/ Cafe	CAD/ BIM	Annual Surveys	Outsourced to Local Firms
Ucommune	Lounge/ Cafe	3D Scan/ BIM	?	?

In the architectural field many similarities emerge: all companies share lounges and zones designated for interaction. Some use amenities in strategic zones, or even game spots.

The design tools vary, with WeWork being the leader in technological advancement applied to architecture and construction, which sometimes might be interpreted as a mechanization of the architectural creativity but thus allowing the companies to blur the boundary between *real-estate* and *tech* company. Furthermore, the aid of computer-based outputs, sometimes even results more adequate to human needs, thus demonstrating the potential effectiveness of humanly used technology.

In general, companies are becoming data-addicted, and try to extrapolate as much from their members, both directly and indirectly, which is through surveys or through sensors. There's not much information about this on Ucommune, usually due to linguistic difficulties and scarcity of available public data.

Great importance is also given to local culture, and this adds value to the interiors of the companies' premises.

Social

Urban

Community Management	Regulating the mix of workers	Tools and Events	Reactivation of Neighborhood	Ecosystem Impact (City)	
Mainly through events	No	Internal and external events	New for 70% of members	Already in CBDs	WeWork
Constant Presence/ Web	Verticality on Digital	Int/ and Ext Tech-focused	Scope of the Management	Promoted through events	TaG
Web Platform	No	Exterior aid on social issues	Future Purpose	Points to 2nd/ 3rd tier cities	Ucommune

From the standpoint of sociality, not only architecture is used to foster interaction, but there is a series of tools and activities. The strongest presence of community management is probably to be found in Talent Garden, where the verticality in the digital sector helps to find points of connection. This does not happen in the other players, that do not pay much attention on the regulation of workers in a specific sector, albeit being always mainly related to the fields of innovation economy. All companies promote events, both for the existing community and to enlarge it to the exterior. Sometimes, virtual tools as web platforms are also intended to generate exchanges between members, as particularly in the case of Ucommune.

Do Coworking premises reactivate the city at its urban level? Yes and no. WeWork, in example, is mainly present in Central Business Districts, while Talent Garden makes of reactivation of its scopes. Ucommune points to minor cities, and affirms that will pay attention to urban issues.

Economic

	Impact	Sharing Economy	Fostering Innovation	Entrepreneurial Activities
WeWork	Taxes and new jobs creation	45% boosted by proximity	2/3 Companies in Innovation Econ.	78% helped to attract talent
TaG	Incubating Innovation Econ.	60% choose it for network	Innovation School	50% started a new project
Ucommune	Supporting 10k firms in China	Helps Chinese Ecosystem	Five-Years Plan Compliant	?

Coworking spaces are promoters of sharing and innovation economy. Their impact can be assessed both at the urban level and at a broader scale, as these spaces can somehow become incubators of entrepreneurial activities. In most coworking spaces, one of the main reasons people choose to rent the space is for the networking opportunities these can create, and this attract talents and minds that can shape and build new sectors.

This stimulus is not always given directly or on purpose, as it instead happens in Talent Garden where a part of the business is dedicated to the *Innovation School*, whic really promotes the possible developments of digital economy.

The case of Ucommune not only should cover the abovementioned aspects, but also follows national guidelines, and by doing so it actively helps to reach national purposes.

The impact that coworking spaces have on the economy is not measured here in quantitative terms, but it would be interesting to quantitatively prove or disprove the importance of their activity.

Financial

Received Funding (USD)	Market Valuation (USD)	IPO Intentions	Business Model	Profitable	
12.800.000.000,00	47.000.000.000,00	Yes, but brings Val. to 15-20 B	Arbitrage/ Real Estate Business	No	WeWork
48.000.000,00	110.000.000,00	Mid-Term	Arbitrage/ Innov. School	?	TaG
704.400.000,00	3.000.000.000,00	Yes, to contrast WeWork	Arbitrage/ Real Estate/ Platform	?	Ucommune

As previously seen through charts, these specific companies have very different dimension. They have been chosen since they started their operations in three different continents, and their outputs can also be considered as mirroring of economic, political and social culture of the countries they represent.

Although being very different in dimension it has been showed how each of them generally acts upon shared principles. Their coworking-related business model is a real-estate loophole based on arbitrage, that is, as previously explained, the ability to profit from an imbalance in the market due to different contractual power. It has been explained that they also delpoy various side-business to support the one at the core and its vision.

It has not been found about the profitability of the European and the Chinese Player. The increasing interest in sharing economy might make this information available when the companies decide to go public, wther it is in the short or in the long term.

Value Created

	Architectural	Urban	Social	Economic	Financial
WeWork	Tools Efficiency/ Brand Aesthetics	Adds more activity to CBDs	Community and External Events	New job creation / Proximity Boost	High Rent Prices/ Not yet Profitable
TaG	Interaction/ local Culture/ Brand	Reactivation of Neighbourhoods	Digital Innovation Ecosystem	Innovation Econ./ network/ Entrepr.	Enhanced BM/ Good. Prospect
Ucommune	Brand Identity	Points to 2nd/ 3rd tier cities	Virtual Support: Web Platform	Acts on National Econ. Guidelines	Normal BM/ Run against WeWork

As a recapitulation of purposes and achieved results, it can be assessed that both as a phenomenon and as a manifestation thereto, *coworking* can create value.

In order to answer in a structured manner to the questions that trace the path of the whole dissertation, the following observations can be made:

1. On the first point, I can argue that in general, both from a theoretical standpoint and from the analysis conducted on players, coworking spaces are in effect potentially able to generate value, considering the models that they all share and differently decline.
2. The fields that have been analysed are fairly broad, which allows for different interpretations of value outcomes. This still gives room to objections and oppositions, since for each specific case the value might be not enabled or even subtracted by the context. Nevertheless, since the dissertation generally remained

on a market level, there still is opportunity to prove or disprove these assumptions and findings on a smaller scale.

3. The analysed players have all different histories, different dimensions, different markets and so on. Hence, each analysis has been based on that specific context. From a comparative interpretation of each chapter, then summarized in the previous tables and charts, the reader will also be able to carry out personal assessments, both on the phenomenon and on the players themselves.

This thesis has been structured upon the notion of value, and coworking has been the occasion to relate an abstract concept to the spinning world.

It is challenging to be exhaustive on a specific topic that has been analysed through a lens of theoretical assumptions. As these derive from human reflections, they are always questionable and again interpretable.

As a classic high school graduate, I have based my assumptions about the notion of *value* on linguistic roots and literature, thus I am quite confident about resulting subsequent interpretations.

My interest in the phenomenon is due to the experiencing of changing habits in the society of my era. I participate in coworking life as an active exterior user, and I recognize the potential it can have, not only for its specific model, but for its adequate interpretation of sharing economy. This interpretation of the subject also comes from having resided in places that have all the features of *co-living spaces during* my university years.

Coworking might be just one of the first examples of sharing philosophy in modern times, which, as such, has likely been deeply studied by sociologists and others in its correlation with past times and human needs.

I am confident that the debate on the definition of value and its creation will continue to give birth to new interpretations, since this is a topic that can lead to real improvements when studied in its real correlations and not only from a philosophical standpoint.
The classicism of the topic is confirmed by its actuality.

“Each of our stakeholders is essential. We commit to deliver *value* to all of them, for the future success of our companies, our communities and our country.”

*Business Roundtable (Aug 2019)
Signed by 181 Top USA CEOs.*

**INTERPRETING CONSTANT CHANGES
THAT HAPPEN IN HUMAN PERIODS CAN
BE OF GREAT OPPORTUNITY, OR, TO PUT
IT BETTER, OF VALUE.**

All that has been said so far, could have remained in a gold cube of about 3,8 meters per side, with its current price at about \$48 USD per gram. Instead of creating businesses, forming a movement and, in general, creating value, the founders of the three players could have split that shiny rock in different parts, carried it home and put it in a basement. Today I wouldn't be spending words on this, and we could all be around searching for metals.

Would this *be worth* it?

2019, Sep 13.

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Simone Foglia

