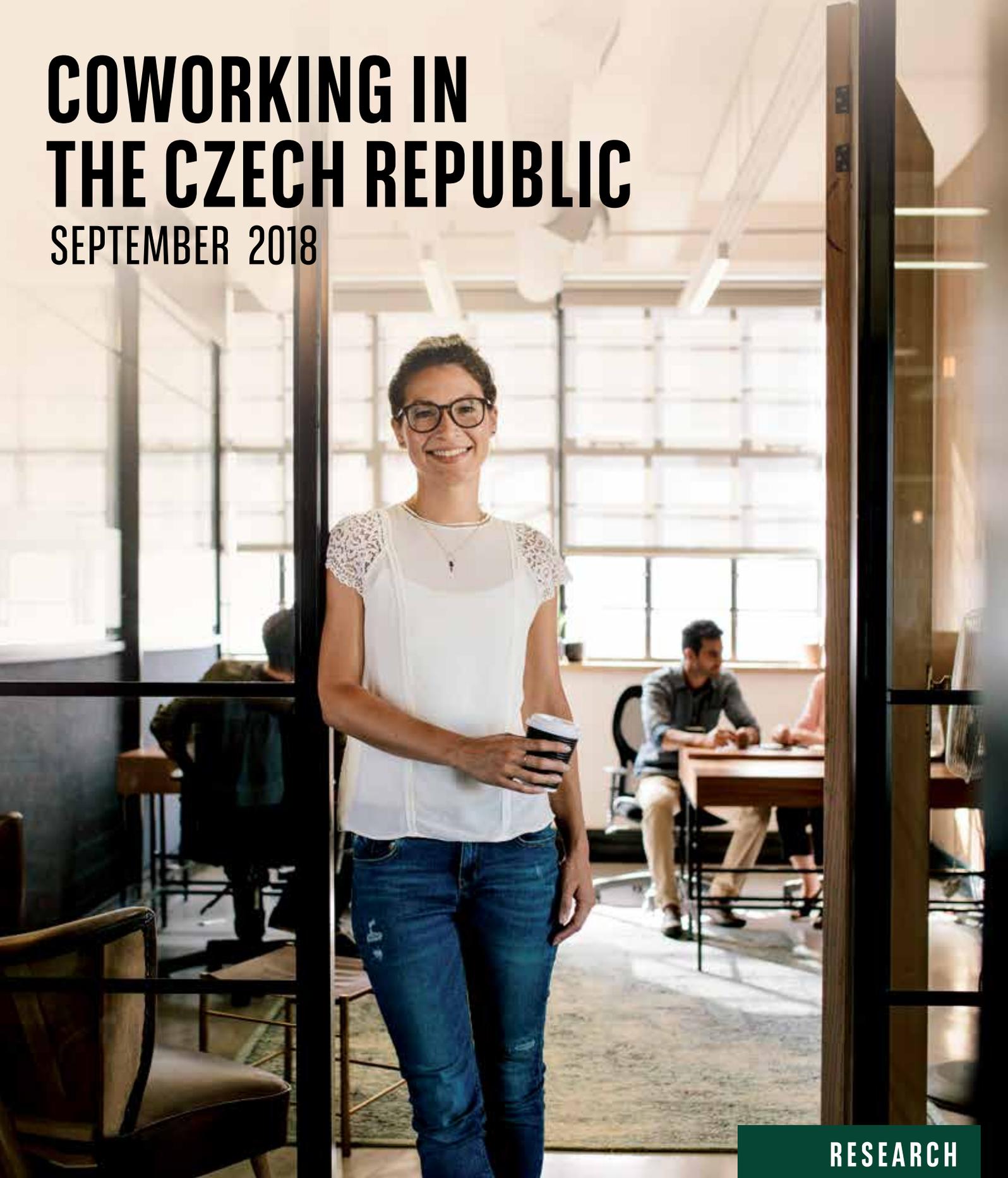


# COWORKING IN THE CZECH REPUBLIC

SEPTEMBER 2018



RESEARCH



**BNP PARIBAS  
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NODES sp. s.r.o.



**Coworking is about networking not about physical space.**



Lukáš Hudeček, Node5

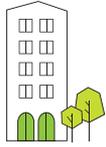


**There is space for expansion in every large city in the Czech Republic for a coworking centre, as people are less willing to relocate for work and more and more concerned with work life balance.**



Lukáš Hudeček, Node5

# COWORKING



80

Coworking centres in the Czech Republic (41% in Prague)



27,600 m<sup>2</sup>

Total size of the coworking centres



350 m<sup>2</sup>

Average size of a coworking centre



8

Coworking centres run by international operators

## COWORKING IN THE CZECH REPUBLIC



6 (9,700 m<sup>2</sup>)  
COWORKING CENTRES  
IN A-CLASS PROPERTIES

74 (17,900 m<sup>2</sup>)  
COWORKING CENTRES IN  
B, C-CLASS PROPERTIES

Source: BNP Paribas Real Estate, as of September 2018

## COWORKING SPACE MEETS THE NEED FOR

### FLEXIBILITY

Small businesses, freelancers and start-ups can use workspace when they require it. Coworking spaces offer short-term rental or membership fees based on hours of access so that the businesses save costs. These entrepreneurs also may not be able to commit elsewhere to standard long-term lease contracts. Large companies may also be a target for coworking operators and benefit from access to talent, innovation and the creativity driven environment. Additionally, some corporates may even dedicate some excess space to coworking centres.

### COMMUNITY

Coworking spaces favour communication, networking and collaborative work. Community events are organized and reinforce the feeling of being part of a community.

The network is also not bound to physical space but also extended to an online community of members including purely virtual memberships.

### SERVICES

Coworking spaces are mostly located in prime districts, close to transportation hubs and other amenities. Members are provided with a fully equipped workspace as well as food and drinks which are at disposal in the cafés and kitchenettes for the members. Some centres even offer the use of the garden, an own chef or electric cars for members to quickly get to meetings.

# COWORKING VERSUS SERVICED OFFICES?

## COMMUNITY RATHER THAN SPACE

**Coworking is already a buzz word but what defines space of this nature?**

**COWORKING IS A CONCEPT OF "WORKING TOGETHER" AND USUALLY INVOLVES A SHARED WORKSPACE WHERE INDEPENDENT PROFESSIONALS WORK TOGETHER.**

The division between coworking space and serviced offices becomes blurry as many serviced office suppliers are now presenting coworking as a part of their offer. Nevertheless, key difference is that coworking centres operate on membership fees and their philosophy relies on community and network building. While pure coworking centres offer also cellular offices for lease, serviced offices providers are tapping into the potential the millennial workforce provides with their request for flexibility and community building that is the coworking offer.

## WHAT LIES BEHIND THE RISING DEMAND FOR COWORKING SPACE?

### *MILLENNIALS AND GEN Z AS THE NEW WORKFORCE OF TODAY AND TOMORROW*

Millennials and Gen Z require more flexibility, they strive to connect both virtually as well as in real space and ask for work life balance. All that has transformed the way we work and coworking centres respond to these needs.

### *SHARING ECONOMY*

Sharing the offices becomes common as sharing cars and homes via Uber or AirBnB.

### *DIGITALISATION*

Technological advancement and digitalisation allow new flexible forms of employment away from the fixed desk in the corporate office.



**2,000**

Number of start-ups in the Czech Republic<sup>1</sup>



**340,000**

Number of self-employed – office connected professions<sup>2</sup>

Sources: 1. Erste Group  
2. Ministry of Labour



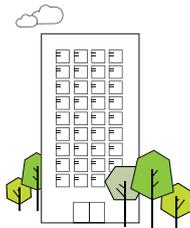
## SERVICED OFFICES PROVIDING TAILOR-MADE SOLUTIONS

There are 22 serviced offices within the Czech Republic, providing 23,000 sq m of office space operated by the global market leader Regus with 11 buildings and a local provider Scott & Weber. Their goal is to ensure that the client does not need to take care about anything and provide him with a "tailor-made office". Therefore, they offer any services clients need, such as administrative and IT support, legal and tax counselling, events organisation, catering and dry cleaning. Serviced offices nowadays are also quite flexible with offered lease length, it is even possible to rent an office for one day. They are targeting mainly business clientele. Scott & Weber will open another centre in the office building Praga Studios on 1,350 sq m next year. Regus that has become part of the IWG is about to enter the market with another product line branded Spaces providing highly professional coworking spaces directly in the downtown of Prague.



# 22

Number of serviced  
offices in the Czech  
Republic



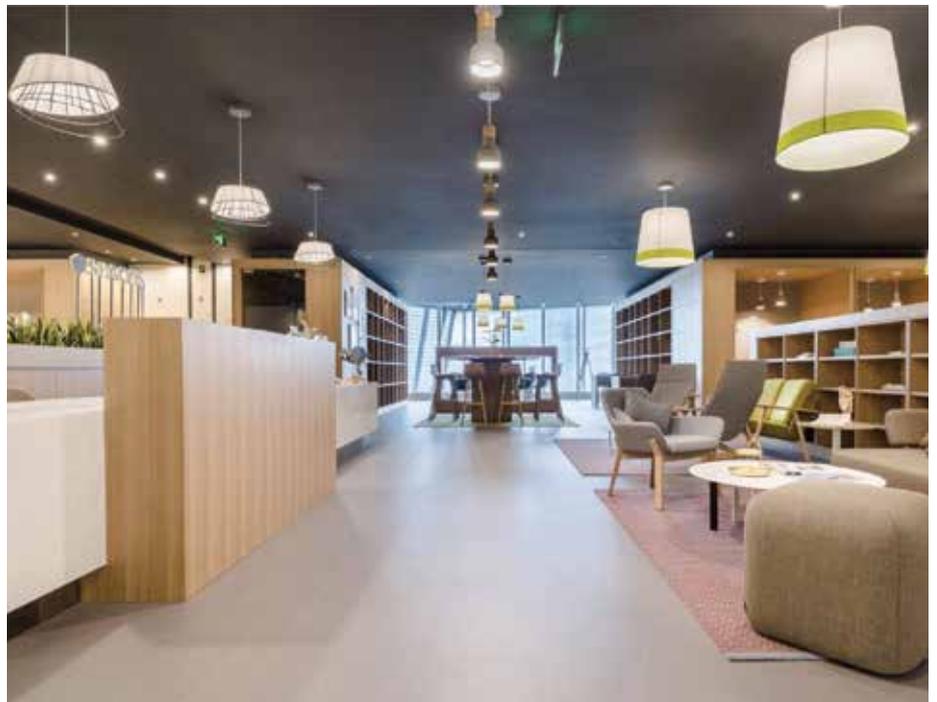
# 23,000 m<sup>2</sup>

Total size of  
the serviced offices



**Spaces offer  
creative working  
environments  
with a unique  
entrepreneurial  
spirit and we  
are happy that  
businesses in  
Prague will be  
able to join this  
unique concept  
of flexible  
working soon.**

**Karel Pelan**  
Regus Country Manager



# EVOLUTION OF COWORKING

## THE FIRST COWORKING CENTRE IN THE CZECH REPUBLIC WAS LAUNCHED IN PRAGUE IN 2009.

Since then the sector has undergone significant development and rise in the numbers. As of now, we register 80 centres in the country. 33 are situated in Prague (48% in total size of the centres). The coworking phenomenon has also spread to other towns in the country, sourcing on the cities' skilled labour, student population with strong technical background and in cases of smaller cities also lack of suitable office solutions.

The majority of centres is situated in B, C-class properties (93%). Recently the share of coworking centres in A class properties has risen to 7% and others will follow.

In 2017 Node5 opened a coworking centre in Ústí nad Labem on 750 sq m. Beginning 2018 Impact Hub opened in Brno the largest centre in its network in Europe on 3,400 sq m. The Port opened in Prague Karlín in March 2018. The international chain HubHub launched its operation in the summer this year in Na Příkopě 14 (2,000 sq m). BusinessLink

operates in Visionary office building in Prague 7 Holešovice.

Most coworking centres are run by local entrepreneurs, some of them have a wider presence in several locations. The share of international chains is rising swiftly as is the average size with the large international centres being opened. The international chains active as of September include Impact Hub, HubHub and BusinessLink, Worklounge aspires to become an international player with expansion planned abroad.

## THE SECTOR IS SEEING DYNAMIC EVOLUTION

as is confirmed by recent wave of openings. International coworking brands are expanding heavily. Another HubHub will be opened in Palác Ara also in the city centre end of this year. HubHub will focus on three pillars within its strategy providing "programming" – educational events, workshops both for members

as well as external ones, "community" building and with space rental for external events. In terms of its membership base start-ups and technology sector are a key target along with a fusion with the corporate innovation teams.

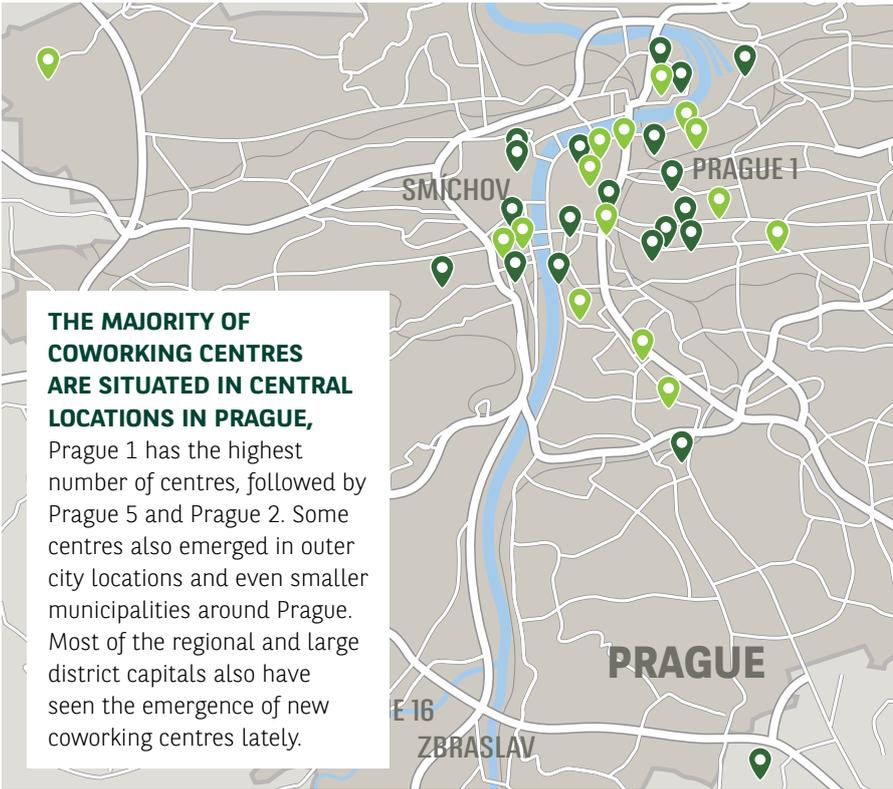
International Workspace Group (IWG – holding company of Regus Spaces and other coworking brands) will be

opening in Albatros Building in Prague 1 on 3,500 sq m. WeWork, the largest international coworking operator, is not yet present in the Czech Republic but is looking for suitable premises. Also not present are MindSpace, TalentGarden or ServCorp, some of the largest international chains active in Europe. This year new supply of coworking centres will amount to 11,500 sq m.



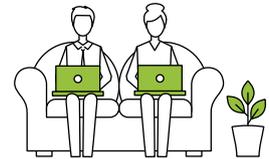
# WHERE DO WE CO-WORK?

## Coworking spaces and serviced offices in Prague



**THE MAJORITY OF COWORKING CENTRES ARE SITUATED IN CENTRAL LOCATIONS IN PRAGUE,** Prague 1 has the highest number of centres, followed by Prague 5 and Prague 2. Some centres also emerged in outer city locations and even smaller municipalities around Prague. Most of the regional and large district capitals also have seen the emergence of new coworking centres lately.

Source: BNP Paribas Real Estate

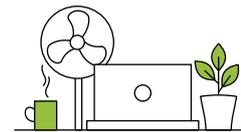


**33**  
coworking spaces  
Average size 490 m<sup>2</sup>



**It is not just about fast internet, good coffee and comfortable furniture anymore, it is about feeling good in the coworking space.**

**Petr Šedivý, Impact Hub**

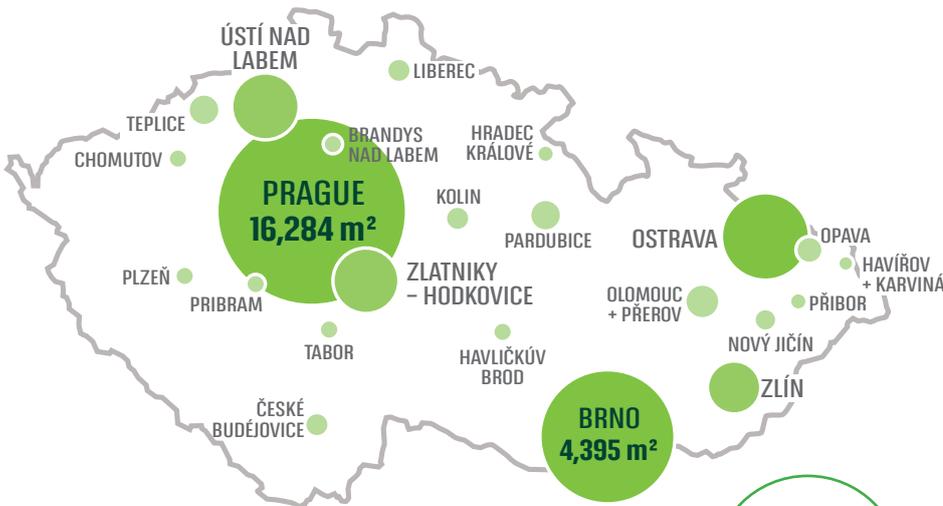


**20**  
serviced offices  
Average size 1,100 m<sup>2</sup>



**There is strong demand for coworking spaces in Prague and therefore we are negotiating about other attractive locations for HubHub.**

**Petr Herman, HB Reavis, Czech Republic**



Source: BNP Paribas Real Estate

**75%**  
located in Prague & Brno

NUMBER OF STUDENTS PER THOUSAND  
INHABITANTS IN SELECTED CITIES



Source: Ministry of Education



299,070

Number of students  
in the Czech Republic



**It is key to find a balance  
between the increased  
utilisation of space by  
events and comfort of  
the members.**

Jana Trličíková, PORT



# WHY COWORKING? HOW & FOR HOW MUCH?

## WHAT IS THE CASE FOR COWORKING CENTRES?

- Coworking centres can help to revitalise older unused space.
- They can help to increase occupancy in B and C class properties.
- They can provide an appealing addition to standard office occupier mix and attract corporates in the building to seek a proximity to talent and a creative environment.
- They can act as a counter-cyclical risk mitigation in times of economic downturn as coworking centres flourished in the times of crisis when numbers of self-employed people has risen and pressure on cost reduction increased.
- Start-ups residing in coworking centres may evolve to large occupiers very quickly, providing potential for increased rental income in the future with their need for standard office space and expansion.



One of the advantages of coworking spaces is the ability to pay only for what you need thanks to various membership types. These include options for daily or monthly fees.

**2,200 CZK**  
THE AVERAGE PRICE FOR MONTHLY UNLIMITED ACCESS IN SMALLER TOWNS.

**200-400 CZK**  
DAILY PRICES.  
MEMBERSHIP COSTS DIFFER BASED ON WHETHER YOU USE A FIX DESK OR A SHARED ONE.

**3,000-6,000 CZK**  
PRICES FOR MONTHLY UNLIMITED ACCESS WITH FLEXI DESK IN PRAGUE.

## REQUIREMENTS OF COWORKING CENTRES

### KEY REQUIREMENTS FOR SPACE CITED BY THE INTERVIEWED OPERATORS ARE THE GENIUS LOCI OR THE ATMOSPHERE OF THE BUILDING AND THE LOCALE.

Four coworking centres are situated in former industrial properties, to act in their new form as idea factories for the future. Accessibility is crucial especially by public transport as many of the members do not possess cars. Thus parking is welcome but not always requested or necessary unlike in traditional offices. The attractiveness of the location and vicinity plays a key role in the choice of the target group. Worklounge suggests, for some clients their Wenceslas Square unit is appealing as a representative office and address. For other users it feels too touristy and too posh and their workers prefer the fresher feel of the trendy Karlín unit. Adaptability of the space allowing for different set up is important, to serve as open space – coworking area, theatre seating training session or a fashion show. Flexibility to play with the space and accommodate different uses

is crucial to ensure a vibrant and vivid environment.

The landscape of coworking centres in the Czech Republic is very diverse, there are hybrid coworking centres like Worklounge, offering both a networking lounge but along with closed cellular offices and focused more on business clientele. Impact Hub centres are based around the idea of social entrepreneurship and show a diverse pool of members with about half of the resident members coming from IT and the rest from the marketing sector. Other operators such as Node5 specialise in start-ups and the IT and technology sector. A key differentiator HubHub sets itself is the aim to provide to its members with the building of a community network also the connection with the investors and the corporate world.

There are also highly specialist operators such as Mumraj or Baby Office focused on mothers with children.

# WHAT IS THE FUTURE OF COWORKING IN THE CZECH REPUBLIC?



## SPECIALISATION & PROFILING

We believe that the future of coworking will be in further specialisation of individual operators. There will be operators for creative industries like designers and architects, coworking centres for IT and technology start-ups, artist hubs combining offices with gallery spaces.

## PROFESSIONALISATION

The Czech coworking sector will further professionalise pushed by the entry of international coworking chains. Some of the excess coworking space may shift into the serviced offices category. The sector is likely to see a shake-out at some point and some operators will cease to exist. The remaining operators local or international will get stronger. Nevertheless we believe there will still be a space for well-thought concepts.

Additionally, more services might be offered by some hubs including accounting or business advisory aside mentoring, training and counselling of members. Many operators use events as a substantial source of revenues; this might even strengthen in the future.

## DIGITAL NETWORKS

Coworking chains and even individual coworking operators are integrating their processes into smart apps that run the centre from booking the meeting rooms, monitoring meal consumption in the kitchenette and issuing invoices to members.

Many chains have a wide virtual membership base creating a digital network and community beyond the four walls.

## CORPORATE COWORKING

In Western Europe and the US, large corporations are more frequently locating close to coworking centres or even dedicating some excess space for start-ups and freelancers within their premises. As more and more cowork chains locate into grade A office properties in Prague, this trend will also strengthen in the Czech market. A financial institution rents space in Impact Hub Prague for its innovation team, in Berlin The Factory hub Deutsche Bank sits alongside millennial start-ups or Microsoft in Wework in New York.



**We are here for everyone who is looking for the best working environment. Our notion of a co-working space is different, for us it is not only about sharing a workspace. We form a tightly-knit community of people where work, knowledge and ideas meet on daily basis.**



Šimon Vodrážka, K10

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# 6 BUSINESS LINES in Europe

## A 360° vision

### Main locations\*

EUROPE  
FRANCE  
BELGIUM  
CZECH REPUBLIC  
GERMANY  
HUNGARY  
IRELAND  
ITALY  
LUXEMBOURG  
NETHERLANDS  
POLAND

ROMANIA  
SPAIN  
UNITED KINGDOM

MIDDLE EAST / ASIA  
DUBAI  
HONG KONG

### Alliances\*

ALGERIA  
AUSTRIA  
CYPRUS  
DENMARK  
ESTONIA  
FINLAND  
GREECE  
HUNGARY \*\*  
IVORY COAST  
JERSEY  
LATVIA  
LITHUANIA  
MOROCCO  
NORTHERN IRELAND  
NORWAY  
PORTUGAL  
SERBIA  
SWEDEN  
SWITZERLAND  
TUNISIA  
USA

\* June 2018

\*\* Coverage In Transaction, Valuation & Consulting

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