

Spotlight Coworking spaces in Prague

2018



SUMMARY

- The coworking concept first came to Prague in 2009 and the submarket has been growing since then with new places of various sizes, design and specialization popping up around the city every year.
- Prague currently has 28 coworking centres and 21 serviced office locations. Further growth is expected in the coming years especially in the coworking segment.

- The largest number of coworking centres is currently found within the borders of Prague 1, followed by Prague 2 and Prague 8.
- Monthly unlimited use of a hot desk within shared open space costs between 1,900 - 6,500 CZK. Fixed desk in shared area generally costs by 1,000 CZK more, which is around half of the monthly price for a private serviced office.

UPCOMING OPENINGS:

- WeWork to open their first coworking centre in the Czech Republic in 2019. The space will be located at Národní třída in Prague 1.
- Spaces (by IWG) also nearing opening of a new coworking centre at Národní třída in Prague 1.
- HubHub to expand their centre at Na Příkopě 14 and open their second coworking site in Prague during 2019 at Jungmannovo náměstí in Prague 1.

SERVICED OFFICES vs. COWORKING SPACE

It all started with serviced offices, a form of a flexible office providing fully furnished and equipped office space with full administrative and maintenance support, rented for a short period. Such flexible offices are currently offered on the Prague market by three larger operators, Regus (IWG), Flexi offices s.r.o. and Scott & Weber and a smaller company Profi-kancelář s.r.o. By the end of 2018 this market segment will welcome New Work, who will be opening their first serviced offices in Coral Office Park.

The coworking concept, where a person rents a workplace (hot desk or fixed desk) in a work environment shared with other “strangers”, was first introduced in Prague at the end of 2009 with the opening of Coffice at náměstí I. P. Pavlova. Since then the coworking market segment in the capital city has been growing every year with additional three coworking centres opened during 2010, namely Locus, Impact Hub and Creators. And from just four coworking spaces up and running in 2010 this subsector expanded to 28 operational centres in 2018.

28 coworking centres in Prague **21** serviced office locations in Prague

The two shared workspace segments, serviced offices and coworking centres, are blurring to the point of negligible differentiation. Coworking centres are adding private offices to their layouts and serviced offices are turning into more trendy workplaces adding shared community areas to reflect the coworking trend. Existing alongside each other, both concepts provide the market with more office options than ever before.

Many coworking centres focus more on supporting and fostering their community and offer education and networking events, knowledge sharing and mentoring to their members.

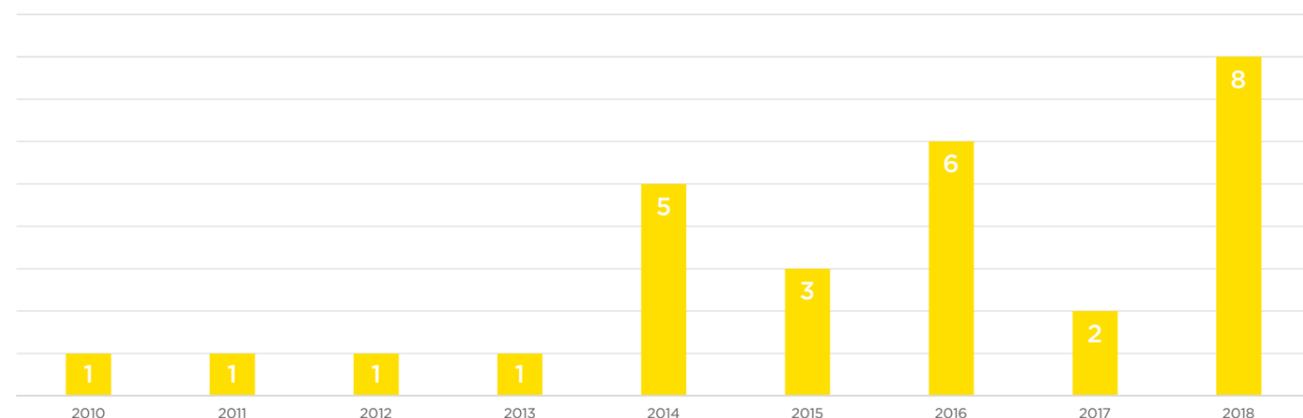
FLEXIBILITY & VARIETY

Today, the flexible workplace market in Prague offers a good mix of large scale workplaces combining hot desks and fixed desks in shared open space, private offices, meeting rooms and common areas but also much smaller and more private spaces with capacity of up to 10 people.

Although the Prague office market also attracted the large international coworking chains such as Impact Hub and Spaces (IWG), the number of smaller, more niche coworking centers, has grown significantly over the years. These smaller operators tend to cater for unique but growing segments of the market, for example providing specialist women-only spaces with babysitting service (e.g. Baby office in Prague 4, MAM Prostor in Prague 5 or Lemarket hlídárna in Prague 1) or centres aimed for expats working in Prague (e.g. Coworking Křižovatka).

Flexible serviced offices and coworking centres form a fundamental part of the commercial real estate market, growing in size and importance to landlords and occupiers. Both concepts have filled the gap on the office market providing equipped working environment to freelancers, start-ups as well as employees on business trips in cities around the world. With wide variety of spaces ranging from tiny and cosy offices to large open spaces, available for use for couple of hours, one day, few days a month or full month.

GRAPH 1 Coworking centre openings in Prague by year



Source: Savills

LARGEST COWORKING CENTRES IN PRAGUE

Business Link
4,700 M2 AT PRAGUE 7

HubHub
2,000 M2 AT PRAGUE 1

Impact Hub
1,700 M2 AT PRAGUE 5

The existence of such flexible workplaces also significantly supports companies willing to quickly expand into a new market as by locating teams within coworking spaces corporate companies avoid setup costs and overheads associated with leasing an office for longer term (i.e. deciding on the right office location, office size, dealing with fit-out and interior design etc).

WHY COWORKING?

Typical drivers and main benefits of using a coworking space:

- Being more effective compared to working from home
- Avoiding loneliness
- Networking opportunity
- Learning and progressing through workshops, mentoring or learning and observing from others
- Great environment for collaboration and synergies
- Opportunity to find talented people to work with
- Flexibility
- Lower initial costs
- Lower rental costs for small companies and freelancers compared to standard office lease

THE FUTURE

With further international coworking chains establishing their presence in Prague and pushing the overall standards up, some existing coworking centres will end up closing down or merging with others to maintain their member base and remain competitive in terms of pricing but also service levels. However, the overall expectation is that the coworking segment in Prague will continue growing and shaping itself.

According to some studies, noise is the number one complaint among members and the rising preference for smaller enclosed offices (not necessarily for use by a single person) within the coworking spaces is becoming apparent in other countries where the coworking market segment is more mature. In those markets, such desire leads to decreasing numbers of coworking centres which do not offer private offices at all.

Elsewhere in the world, we are also starting to see coworking operators looking at spaces in non-office buildings, with several examples of vacant retail space being utilised for coworking.

Coworking is showing how commercial space can be used to meet the insatiable demands of flexibility, service, comfort, and culture sought after by millennials and their Gen Z successors. Similarly, the concept is supporting the change in the way we work, with the 9-to-6 office job culture moving more towards a work-life balance that doesn't necessarily involve a permanent desk and hours of commuting.

PRICING

The most common economic models within coworking centres are monthly memberships offering hot desks or fixed desks for certain number of hours or days in a month. In majority of the properties members can make use of an unlimited 24/7 access to the coworking area. The more expensive membership packages often include other benefits such as free access to events and workshops, joga classes, use of sauna etc.

25-90 CZK
HOURLY USE (WHERE AVAILABLE)

100-500 CZK
HOT DESK FOR A DAY

1,900-6,500 CZK
MONTHLY UNLIMITED ACCESS (HOT DESK)

2,950-3,750 CZK
100 HOURS IN A MONTH (HOT DESK)

2,900-7,500 CZK
FIXED DESK FOR A MONTH IN OPEN SPACE

COWORKING FIGURES FROM ABROAD

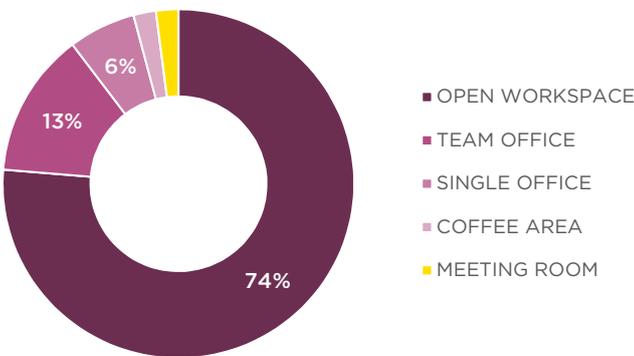
As confirmed by the 2017 Global Coworking Survey, home office is the biggest competitor to coworking centres. 42% of all members in Europe have worked from home before switching to a coworking space, followed by 30% coming from a traditional office.

According to the global survey results, the frequency of using a coworking space has slightly changed, but most

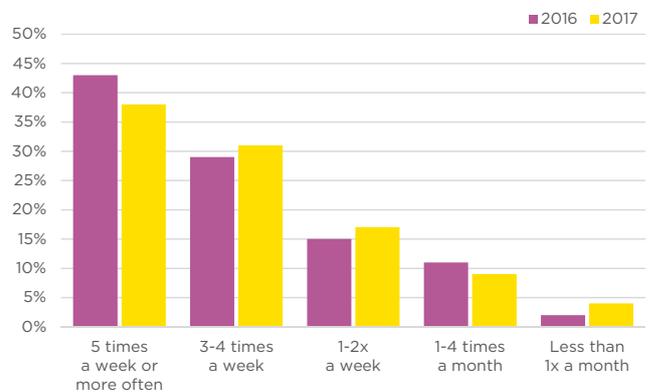
users (38%) still attend such premises 5 times a week or more.

Despite the increase in preference for private offices mentioned earlier in this report, the shared open space is still by far the most popular area to work in. This confirms that for a successful coworking centre the open workspace area should form the core.

GRAPH 2 **Open space as the most popular work area**



GRAPH 3 **Coworking space usage frequency**



Source: The 2017 Global Coworking Survey by deskmag

For the purposes of this report the following criteria were applied to define a coworking centre. A coworking space/centre offers the use of a single workspace (either hot desk or fixed desk) for a time period ranging from 1 hour up to 1 month based on one-off fee or monthly membership.

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