

OFFICE SPACE

Miami is now America's No. 1 city for co-working

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Looking for a co-working space in Miami? You've got options — by one measure, more than any other city in the U.S.

A new study has found Miami is now home to the most co-working space in America as a share of total commercial real estate. And yes, it even beats out Manhattan.

While the vast majority of commercial space still falls into traditional offices and bullpens, nearly 3 percent of all commercial office space in Miami-Dade County is now occupied by 59 co-working sites, according to the study by data and research group Yardi Matrix. In Manhattan, only about 2 percent of all offices are located in co-working, though the total square footage is more than five times the 1.4 million square foot here.



Credit of WeWork

Miami's No. 1 ranking comes as international co-working behemoth WeWork opens its fifth Miami-area location in Coral Gables. That location, and the growing number of spaces popping up in neighborhoods from South Miami to Aventura — and yes, north to Broward — shows Miami stands at the forefront of a global co-working explosion.

"Miami's young demographics, the fundamentals of its office market and composition of its economy — which attracts entrepreneurs and start-up firms and is home to extensive trade with Latin America — all work to produce a favorable environment for the co-working industry," Yardi researcher Paul Fiorilla said in an email.

The boom is also translating to a buyer's market for anyone looking to downsize from a traditional office or upgrade from the kitchen table. For just a couple-hundred bucks a month, you can get fast internet, perks like coffee, snacks, and even beer for free — and perhaps most importantly, a built-in community to network with.

The co-working boom allowed Jennifer Hardcastle, the founder of a start-up that lists art and music spaces, to move from a shared rented office in Hallandale Beach to WeWork's Lincoln Road location. In Hallandale, Hardcastle's of MADSTUDIOS paid about \$1,100 a month. But about 18 months ago, she was lured by an introductory

WeWork opened its fifth Miami location earlier this month in Coral Gables.

offer from WeWork, which was then recruiting members for its first Miami location. The first three months would be free, with the next three months 50 percent off, and the third three 25 percent off.

That was followed by another discount that she declined to disclose. But Hardcastle, 30, and her team of four will soon start paying full freight, at \$1,800 because she says the amenities and community WeWork offers, including access to all other WeWork Miami locations, make the price worth it.

"Most of our clients and locations are in Miami, we attend church in Miami — it just made sense to go down there," she said.

In the past, says Tom Roth, a developer with Grass River property, a Miamian looking to start a business on a dime likely worked at home, their garage or in subleased space.

But in 2018, businesses, entrepreneurs, artists, writers, and designers now have an array of turn-key office options at their disposal here, he says.

Along with WeWork, Miamians can choose from homegrown companies including Büro, with five locations across the county, Pipeline, with four locations between Dade and Broward; and Building.co in Brickell. CIC Miami, an outpost of a Cambridge, Mass.-based company, has made a name for itself here by hosting weekly networking

events at its Allapattah office. And Regus and Servcorp, two older-shared space models, are still going strong with locations throughout the area.

Driving the expansion is the region's active — albeit fluid — entrepreneur base, as well as its international business ties.

"In Miami, you have a lot of people coming and going," Roth said. "A lot of people who are coming from Latin America and looking to test the waters here, or who are otherwise looking for short-term space options."

Bobby Condon, general manager of WeWork's U.S. Southeast division, agrees.

"We know Miami is an epicenter for business and entertainment, and also international trade — it's a gateway for Latin America," he said. "We want to provide an entry point to a global community."

While start-ups continue to comprise the majority of co-working memberships, giant companies now are also using co-working spaces to establish a presence in South Florida. Samsung, Microsoft, Uber, eBay, Spotify and Twitter have all set up their Miami beachheads at co-working shops.

Scaled-up businesses have been the primary tenants for Pipeline, a Miami-born co-working company now expanding across Florida. Philippe Houdard, a Pipeline co-founder, said Pinkerton, one of the oldest security firms in America, maintains its Miami office at the Pipeline Brickell

location.

"We wanted to go after established companies who are serious about their work and serious about being treated as professionals," he said.

The co-working trend is starting to affect Miami real estate. Roth, the developer, is overseeing the renovation of CocoWalk in Coconut Grove. He says he is considering co-working ventures to serve as the main tenant in the new vision for the space.

"I'm delighted to have a co-working guy in the building who can manage the space needs of his tenants," Roth said. A co-working tenant means a single, long-term deal with a large client, a preferable outcome to managing leases of varying lengths with multiple tenants, he said.

For Stephen Rutchik, a Colliers International brokerage agent in Miami, a landmark moment in the city's relationship with co-working companies came in 2015, when WeWork signed on as the principal tenant of the Security Building, 1920s-era skyscraper. WeWork took over /space originally designated for a failed condo project. The building reopened in December 2017, with WeWork claiming nearly 100,000 square feet.

"Nobody had ever done it to that scale," Rutchik said. "It represented a large statement of the belief in South Florida."

Meanwhile, Rutchik himself is handling leasing for the new Gateway at

Wynwood project. He says the project developer, New York-based R&B Realty, is actively seeking a co-working space to be the lead tenant for the building.

While Brickell currently has the most shared office space, Tadd Schwartz, a public relations executive who represents several real estate clients, says the rise of business districts beyond downtown like Wynwood, Doral, and Dadeland have given co-working ventures a way to expand their footprints in the area.

"Miami has become a multi-market destination when it comes to business planning," he said.

Of course, workers with co-working memberships make up just a tiny fraction of the city's workforce, which continues to be dominated by low-paying, service-industry jobs. And with many memberships starting at more than \$300 a month, co-working spaces remain well out reach in a city where the mean annual wage is less than \$50,000.

But it seems to be the go-to option for those who can afford it. Jason Billie, 32, an attorney with his own practice, now bikes from his Miami Beach apartment to his co-working space at WeWork Lincoln Road, where a shared or "hot" desk now starts at \$220 a month.

"My office is less than 10 minutes from home on bike," he said in an email. "Between that and the convenience of the WeWork model, it's been a good fit."