



CUSHMAN &
WAKEFIELD

COWORKING REPORT

DENVER CBD

Q3 2018

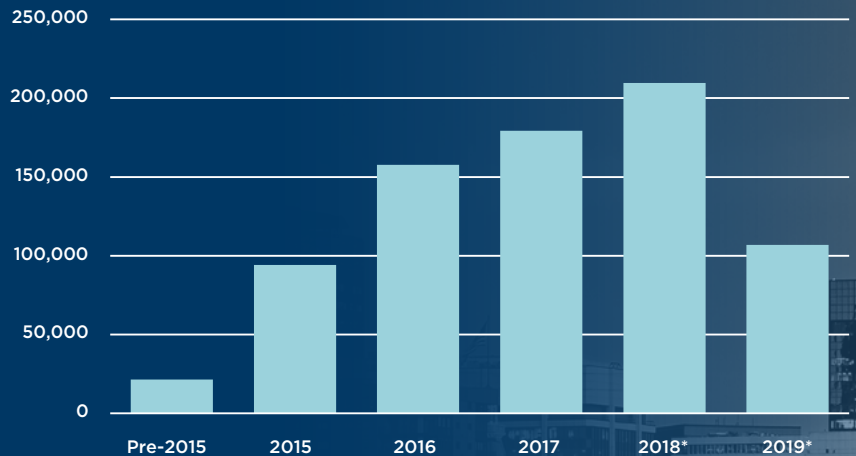


GROWTH

Coworking space has grown explosively in the Denver CBD. At the beginning of 2015, there was only 21,381 SF of coworking space. Since then, over 607,000 SF of coworking space has been added with more than 117,000 SF already in the pipeline to open in 2019. Furthermore, each year has added an increasingly larger amount with roughly 98,000 SF added in 2015, more than 158,000 SF added during 2016, 189,000 SF in 2017 and more than 206,000 SF YTD already in 2018. Expect this trend to continue in 2019 with more than half of the current 2018 total already in the pipeline. This immense increase is obviously driven by growing tenant demand for such space, but why?

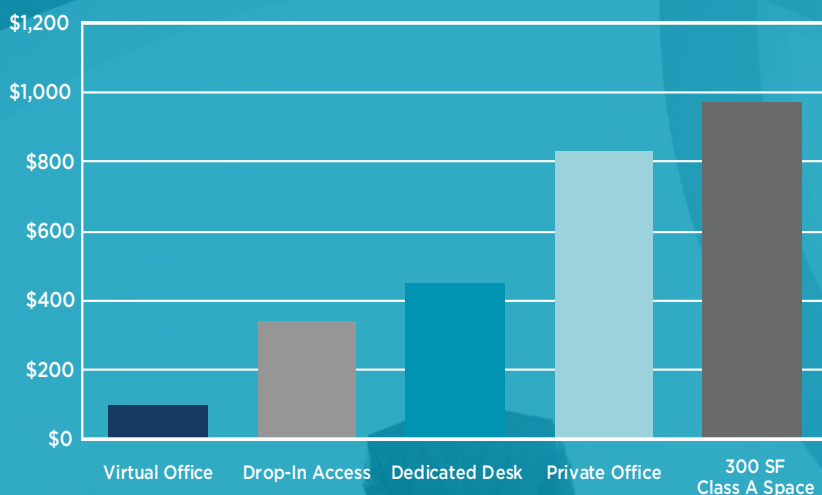
coworking deliveries by year

**18-19 are based on pipeline*



DRIVERS & SAVINGS

average monthly coworking costs



Perhaps the largest driver for tenants seeking coworking space is the savings it provides. Coupled with the added amenities that are provided with this up-front cost, small and large companies are weighing coworking facilities as a strong alternative during their search for real estate.

Coworking spaces offer many different options for potential tenants and while not all coworking spaces are created equal, a general breakdown is offered to the right.

Virtual Office

The most basic plan, offers little to no access to the physical space but does allow tenants to list the space as a business address. This is ideal for startups in their earliest, largely work-from-home, phase.

Drop-In Access

The most popular plan offers access to a coworking space's common area. Tenants can drop in at the space any time they want and work at any open desk. Plans vary from unlimited access to a prescribed number of days per month, as well as a certain number of hours at the space's meeting rooms, if applicable.

Dedicated Desk

Similar to the drop-in plan, but tenants have a reserved desk space allowing them to leave their belongings permanently.

Private Office

The most expensive option allows tenants a private office in the space. This can range from one-person suites to as large as 20 people at a time.

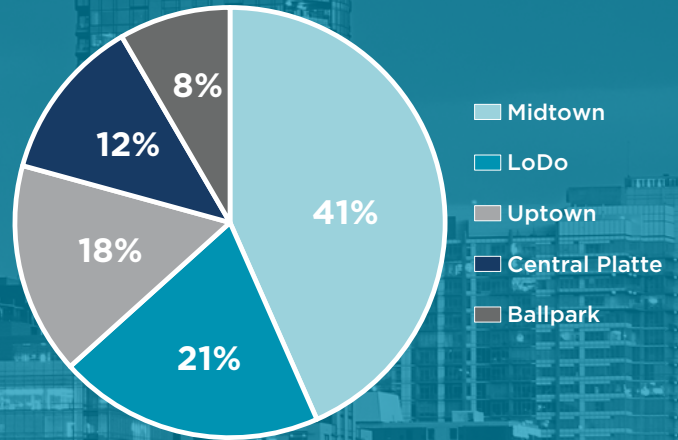
SHARED

DEDICATED

WHERE

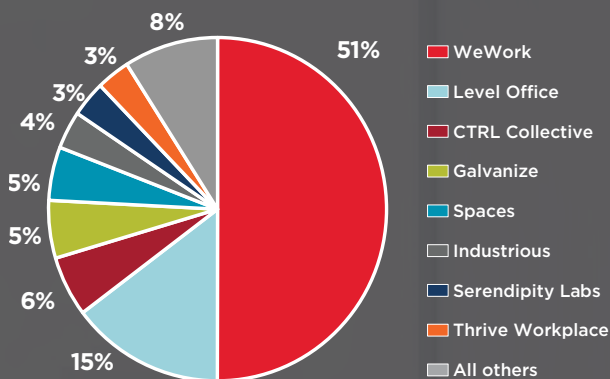
Coworking space is well-distributed throughout the CBD, but the largest portion is focused in the Midtown micro-market with nearly 319,000 SF of space; more than double LoDo, the next highest, at just under 158,000 SF of space. This is largely due to two of the largest locations, WeWork Tabor and Novel Coworking/Level Office, calling the midtown micro-market home.

submarket share of coworking space

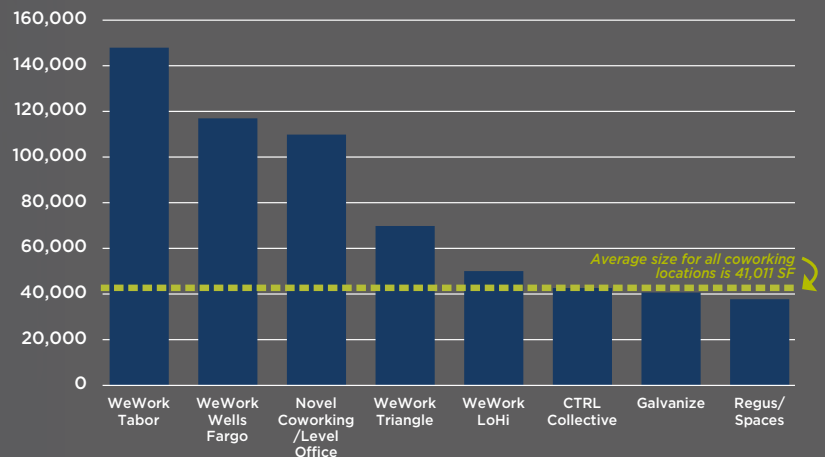


SUPPLY

provider share of coworking space



largest coworking locations by sf

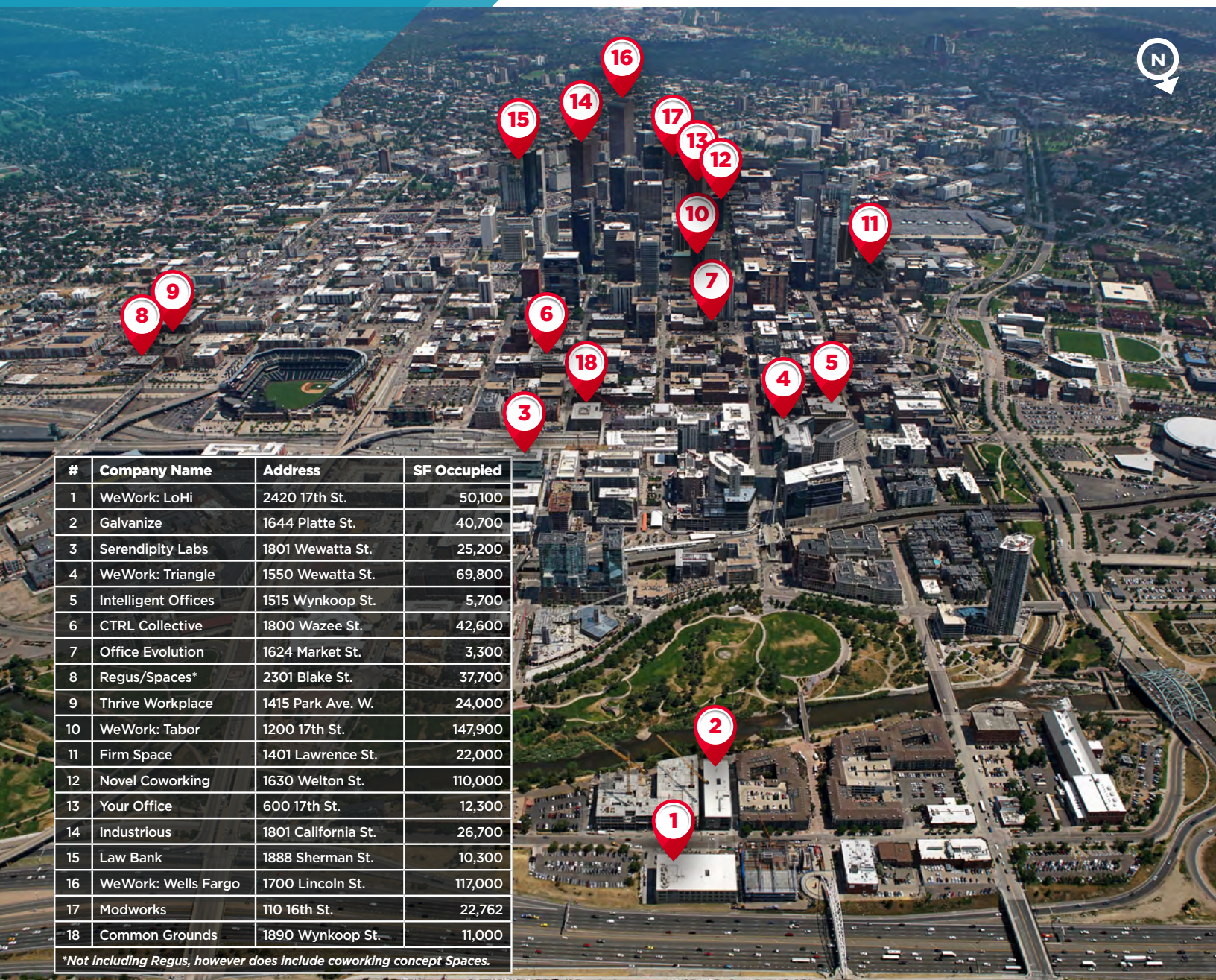


While many different coworking users have opened space in the CBD, WeWork has, to this point, dominated the 745,291 SF market with a 51% share at 384,282 SF, including their Wells Fargo location, scheduled to open in 2019. They have also embraced the large coworking space model as even their smallest location exceeds the CBD average of 41,011 SF.

What does the future hold? Coworking currently accounts for only 2.7% of the total Class A & B inventory throughout Denver's CBD, but 96.6% of that has been added in just the past four years.

Estimates put the total amount of coworking space nationally at about 32.5 MSF, excluding executive suites models such as Regus, which would

mean Denver represents about 2.3% of the entire US coworking market. As Denver has evolved into a tech city and startup hotbed, two types of users that frequent coworking space, it would not be surprising to see coworking space continuing to expand at an increasing rate around the Denver CBD as demand for it continues to grow.



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