



Panel of experts tout co-working as a groundbreaking trend

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A panel of experts touted co-working as a groundbreaking trend that enhances collaboration.

“This is something we’re going to see a lot more of,” Tiffany Mark, founder and director of Matrix Coworking and acting director at Horizon Coworking, told a Wisconsin Technology Council Innovation Network gathering in Madison on Tuesday. “Co-working is just the beginning of a completely new system, a new way of doing work. It’s not like another industry—this is really unique.”

According to Tech Council President Tom Still, there are more than 60 co-working spaces across the state already. The uniqueness of these collaborative spaces lies in their ability to provide a flexible, low-cost option to build a collaborative business ecosystem.

“Nationwide, the number one reason why someone joins a co-working space is because of community,” said Greg St. Fort, executive director at 100state, a co-working space located in downtown Madison.

These communal working spaces can be a low-cost alternative to renting a full office space; they provide many often-overlooked amenities that can drive up costs for businesses in traditional office settings.

“Amenities like furniture, phone, all those types of services, you have to take them into consideration when you consider overall expenditure,” said Josh Ridders, principal at Cresa, a corporate real estate advisory group. “You’re not just looking at base rent, you’re looking at occupancy costs. What at the end of the month am I writing a check for?”

At 100state, which was founded in 2013, companies have the option to pay \$75 a month for part of the open space, or \$200 a month for a space that is designated for that specific company.

“Economically, it makes a heck of a lot of sense,” said Ridders. “If you look at the numbers, if you lease 1,000 square feet in downtown Madison, the average lease rate is about 25 bucks a foot. You’re at \$2,100 a month for 1,000 square feet. When you’re in a co-working space, it’s going to feel like you’re in a 1,000-square foot space because of the conference room, because of the large kitchen and all the other amenities within the space.”

There are, however, some drawbacks to setting up shop in a co-working space.

“You don’t have your own identity,” said Ridders. “You can’t really build your own specific

culture, you could argue.”

Some see the collaborative culture of the co-working spaces as a positive—but it’s all about the stage of the company.

“There’s a threshold when you get to a certain number of employees, or a certain type of business, or a level of business where you need to venture out on your own. But economically, when you’re starting out, co-working is the way to go,” said Ridders.

Yet another option for companies is to keep a foot in the door while also pursuing more space for expansion.

“You can actually move out and stay within your space,” said Mark, adding that the fee is low enough that many companies will keep renting the space even after expanding to keep the connection with their “tribe” of developers and team members.

Building a community organically was a common theme in each panel member’s comments. That gets at the heart of what a collaborative co-working space means.

“You can be sitting at a desk and in front of you is a developer, to the right of you is a reporter and behind you is an investor,” said St. Fort. “That is the idea behind it, so you can work within the space from idea phase to venturing out as a funded company, and we’ve seen a lot of success with that.”

According to Ridders, national numbers show a positive future for co-working spaces.

“There are 27 million square feet of co-working space in the U.S.; that’s tremendous,” said Ridders. “There are 22 million people working in co-working spaces. Clearly it’s a tremendous industry, and it’s only growing.”

--By Alex Moe,
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