

WeWork launches charge-by-minute service

WeWork Go users need only scan a QR code upon arrival to start working and access the co-working giant's wide range of workplace amenities, indicating the next stage of evolution in the shared workspace model.

There was a time not so long ago when hotels of a certain nature and less discerning clientele charged for rooms by the hour. Certainly, they wouldn't think of charging by the minute, but that is exactly where the office space market is going. A cheap place to work, perhaps, but in the swipe right culture of instant gratification, there is something enjoyably transitory about being able to check into a serviced office and pay for your time by the minute. WeWork, the world's largest operator of serviced offices, will launch charge-by-minute services in Hong Kong starting from Q3 2019 after making its debut in Shanghai. WeWork Go users can search for nearby WeWork locations and see the availability of hot desks in each space. They can also start using the spaces by simply scanning a QR code upon arrival, and they will then be charged by the minute.

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Although coffee shops used to be the go-to for on-the-go employees seeking refuge from clinical work cubicles, rising noise levels at such public spaces have provided a less than ideal work environment. Both small and medium business (SMEs) and multinationals are now venturing into the co-working segment which provide them both with coffee, and the peace they need to get their jobs done. "So if it's similar to a price of coffee, or they just have to pay a bit more, but you get peace to actually do the work you need, it could be quite attractive. I think it's quite a smart move," said Michael Glancy, director of Hong Kong Markets at JLL. "If you need to pop in for one to two hours to a couple of things and then move on, you might not necessarily want to sign up for a one month membership."

Olga Yung, regional director for Michael Page Hong Kong, echoed the sentiment, adding that the new charging scheme will provide a supportive and flexible environment for firms requiring a workspace with no strict leasing commitments. "Imagine someone starting up their new business and perhaps needing a space to host meetings, meet with investors and brainstorm with their team. This is the perfect scenario for them where they can clock in and clock out whenever they want," Yung explained.

Co-working boom

Whilst only making up an estimated 3% of Hong Kong's property market, co-working spaces have been on the rise in the last three years. WeWork opened its first Hong Kong location up at Tower 535 in Causeway Bay in February



Olga Yung



Michael Glancy

2017 and now counts eight operating locations spread out across Wanchai, Sheung Wan, Sai Ying Pun, Taikoo, Kwun Tong and Central in its Hong Kong portfolio.

Glancy estimated that there are 10 to 15 other major co-working players across Hong Kong, with close to 50 smaller operators running a similar setup. "The industry is evolving quite quickly. When WeWork and other co-working spaces originally set up, I think most of us thought it was for new startups and small businesses, and people with backpacks and skateboards," Glancy said. "Over the last six months in Hong Kong, we're seeing more and more of the medium to large-sized businesses and multinational companies dipping their toes into flex space." Big banks such as HSBC, Standard Chartered and Morgan Stanley are big users of flexible space. And they are not just renting out three to four desks. In September 2016, HSBC rented more than 300 hot desks at WeWork's Tower 535 location to house its digital and transformation teams. Standard Chartered also designed and created its innovation lab, eXellerator, with WeWork to house its new business unit, SC Ventures.

Although location plays a substantial factor on pricing, desk prices can range from \$10,000 to \$23,000 per month in Central, whilst in areas such as Kowloon East, desk costs could be around the \$5,000 to \$7,000 price range per month. According to WeWork's website, starting prices range from \$4,800/month for a hot desk to \$8,200/month for a private office at its Tower 535 location. Prices may just continue rising in response to heated demand.

"We forecast that the demand for flex space is going to continue, but in terms of the bigger picture, what we're seeing developing quite quickly is that landlords are taking a real interest. We're forecasting that flexible workspace will hit 30% in the next 10 years," Glancy added. Hong Kong alone could see close to three million sqft of co-working space online by end-2019, with WeWork accounting for a significant chunk of the industry's overall footprint.

