

Co-Working: A Potential Boon to Corporations and Retail Centers

If the COVID-19 pandemic has taught us anything, it's that people and companies are adaptable. Those adaptations are giving rise to a new potential tenant in retail centers: co-working offices.

Regional mall owners had already begun to explore this concept, partnering with companies such as Industrious prior to the pandemic. But the co-working sector appeared to be in serious trouble as COVID-19 shut down offices around the country. Who would want to share common-area amenities in the midst of a global contagion?

As it turns out, these flexible spaces (properly sanitized on a regular basis, of course) are becoming a response to changing staff attitudes after working from home for as long as a year. Executives found that their office employees really didn't miss long commutes into their metropolitan-area offices.

"Now, many companies are looking at suburban satellite offices — amenities already in place — to help their staff achieve more of a work/life balance," observes Brad Pearl, Executive Vice President of Leasing and Development at Newmark Merrill. "And where better to accommodate that need than in an open-air retail center, which offers everyday amenities such as dry cleaners, grocers and drugstores, the ability to hold meetings outdoors if desired and a convenient location closer to home? It's something we're exploring with great excitement in our own portfolio."

A September 2020 CBRE survey showed 86% of respondents saying that they see flexible office space as a key part of future real estate strategies. WeWork, whose membership levels plunged in China after the virus took hold, saw visits rebound once the pandemic was controlled. Similarly, in the U.S. visits also have begun rebounding.

The physical model has to be different, of course — no jamming as many desks as can fit into a space with a community kitchen. One possible example has been up and running in Los Angeles since 2019, reports [Architectural Digest](#). Second Home, a London-based concept, opened a branch in Hollywood that consists of a series of self-contained pods surrounded by lush landscaping. The pods feature more than MERV-13 air filtration and interiors are made with easy-to-sanitize materials.

The possibilities are extraordinary, and a boon for every stakeholder. We landlords not only have a new potential tenant, but also daytime office workers who can and will patronize our retail stores and restaurants. Corporations can increase or decrease their square footage as needed through short-term space. And coworking members will benefit from our convenient locations closer to home, giving them a better quality of life. It's a tremendously exciting concept and time.