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Jobs & jobbing in Berlin

WeWork

COWORKING GOES CORPORATE

From an underground hackerspace to flexible offices on the 10th floor of Berlin's Hauptbahnhof, **the coworking scene in Berlin has altered dramatically over the last 20 years**. Now with Covid changing the way we work, some big and unexpected names are entering this competitive market. *By Mark Petrie*

Berlin is a city that exudes freedom and liberty; Berliners are not the types to be tied down and stripped of their rights (unless consented to, of course). This is perhaps part of the reason why the 'artistic freelancer' has flourished in the city, bouncing from one venture to the next, stringing a living together while enjoying the allure of the city's subcultures. Over the years, a network of remote workers has emerged – there were an estimated 260,000 self-employed Berliners in 2019 – and, naturally, workspaces waiting to accommodate them. With around 150 spaces – from independent, not-for-profit spots all the way up to international brand names – Berlin is home to the third most coworking locations in Europe, after London and Paris.

While the tech boom has seen coworking go from strength to strength, corona and the shift towards working from home have completely changed the landscape again. Once strictly the domain of tech start-ups and creative types, coworking spaces have now moved into the mainstream, attracting the attention of big-name corporate players – both as customers and investors.

Hackerspace history

Although in vogue in recent years as a symbol of Berlin's hip, tech-tinged, neo-liberal modernity, the practice of communal working in the city has actually been around much longer than many might think. In 1999, what could be seen as the very first coworking space in the world emerged on Berlin's Rungestraße at c-base, a 'hackerspace' established to share knowledge about the emerging world of computer hardware and data software. Literally an alien concept at the time, a myth shared by members purports that the base was formed in the remnants of an ancient space station that crashed from orbit. By 2002, the organisation began to offer free wi-fi to its guests and in 2006 the Pirate Party Germany was founded there.

While c-base was a club for those in the know, the first steps towards what many today would recognise as a coworking space came in 2005 with St. Oberholz at Rosenthaler Platz – the original laptop-friendly café. Back then, there was no iPhone, wi-fi was a novelty, laptops were large and heavy, and remote working was really only possible for freelancers. Also, unlike today, buying a cheap coffee at a café, pulling out a laptop and getting to work was not the done thing. But St. Oberholz changed this with the very first space where it was not only cool to be working in a café, it was strongly encouraged. "It was definitely the first café that had work as part of the concept, that was really providing workspace to people that was not an office," says co-founder Ansgar Oberholz. "That was an exciting time and we saw that something was growing."

St. Oberholz grew into something of a Berlin success story. Demand for workspace at the coffee shop was coming from not only individuals, but companies who had developed businesses around their coffee tables. Soundcloud, the music-sharing platform, was the first growing tech company to request meeting rooms. After acquiring more space in the building, it wasn't long before demand for offices started to emerge. "We were definitely the first place in Berlin that kissed alive this coworking, work-everywhere thing. The word 'coworking' didn't even exist then," says Oberholz.

Over the next 10 years, expansion continued with a similar building on Zehdenicker Straße, and the company now has 15 of its own coworking and 'flex-office' locations. It has also advised traditional companies like Sparda-Bank and Deutsche Bahn on how to reinvigorate their own office set-ups.

From hot desks to flex-offices

St. Oberholz is a prime example of how coworking spaces have changed and grown

St. Oberholz

Techspace

over time. Initially conceived as a lively place for remote workers to soak up the vibrant start-up spirit and entrepreneurial vibes, they offered a solution to those fed up with being stuck at home. As a result, coworking spaces were traditionally made up of 'hot desks' where people could occupy a work space for the day, paying by the hour or taking out a membership. This evolved to include meeting rooms and event spaces for larger organisations that needed a temporary solution for company gatherings, as well as office space for 100-percent digital start-ups with no physical HQ looking to congregate on an ad-hoc basis.

As the demand became greater, the needs of clients started to shift. Companies looking for a semi-permanent space with all the amenities of a traditional office could now expect flexible offices, or 'flex-offices', as a feature at coworking spaces. This gave companies looking to anchor their team in an attractive central location the chance to have the look and feel of an established company, without needing to take out a costly 10-year lease. And with rental prices soaring in recent years, flex-offices were highly sought after by start-ups and small companies.

For example, a traditional office for a typical start-up of 20 people in Kreuzberg, home to Berlin's 'Silicon Allee', would cost around €12,000 in monthly rent, plus a long-term contract with a down payment and overhead costs. However, a flexible office arrangement in the same area could be secured for around €8000 per month, including a flexible contract for as little as two months, a reception area, cleaning, security, kitchen, high-speed internet and all the required furniture.

For these reasons, over the past five years around 256,000sqm of office space has been leased to flexible office providers across

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Berlin, accounting for around eight percent of the city's annual office space market. The epicentre of the trend has been Mitte, followed by Friedrichshain-Kreuzberg and Charlottenburg-Wilmersdorf. But this is just the beginning. By 2030, flex-offices are set to account for around 30 percent of the office market.

The corona effect

While the coworking ecosystem has continued to grow over the past decade and a half, 2020 proved to be a defining year. With the global pandemic bringing the 9-5, office-based working week to its knees, the coworking landscape has shifted dramatically from a niche product for baseless freelancers and young start-ups to a competitive flex-office industry vying for Berlin real estate and corporate contracts.

One of the companies looking to cash in on this shift is WeWork. The global coworking company, founded by Adam Neumann and Miguel McKelvey in New York in 2010, has more than 800 locations worldwide, and since 2016 has rented around 40 percent of the entire flexible-office market in Berlin. In 2019, a $42-billion IPO criticised for its 'yoga babble' was laughed out of Wall Street. Neumann and McKelvey were sidelined as the value of the company dropped to below $10 billion, making way for real estate expert Sandeep Mathrani to take over as CEO.

Under his leadership, WeWork will soon open its 10th Berlin location at Alexanderplatz followed by another on Chausseestraße, showing that the pandemic, despite bringing new memberships to a halt, hasn't stopped it from expanding.

In fact, Covid has led to an increased appetite for flexibility among workers – something that coworking spaces stand in prime position benefit from. Research from last year found that 47 percent of employees in Germany now want to decide for themselves where they work and only four percent want to work completely from home in the future.

To help sweeten the deal for those returning to the office after the long winter of working from home, coworking spaces have adapted their memberships to become even more flexible in terms of price and accessibility. WeWork launched an 'All Access' membership that allows members to work from any of the company's offices around the world – a benefit that previously cost extra. Meanwhile, it is also experimenting with an 'On Demand' option so that anyone can meet at a WeWork location without becoming a full member.

As employees grow accustomed to their newfound flexibility, it's clear that it's not just artsy freelancers and scruffy tech entrepreneurs who are looking towards coworking. Many larger companies are trying to adapt to the new trends in order to retain staff and remain attractive to new talent by hiring flex-office spaces for their workers. "The pandemic has accelerated what had always been our core business," says Nikolay Kolev, managing director for northern and central Europe at WeWork. "When Adam and Miguel started WeWork in 2010, it was predominantly meant for freelancers and start-ups. But we always believed that this was the future of how people and companies

Everyworks

Coworking in Berlin A timeline

1999 The world's first "coworking" space opened on Berlin's Rungestraße at c-base, a "hackerspace" established to share knowledge about the emerging world of computer hardware and data software.

2005 Berlin's first "coworking café" was opened at St. Oberholz, Rosenthaler Platz.

2009 The first official coworking space in Berlin was opened on Moritzplatz by betahaus, offering an unconventional office environment to the city's freelancers.

2015 Coworking giant WeWork moves into the Sony Center, its first location in Berlin.

2020 Deutsche Bahn launches its everyworks business for professionals on the move at Hauptbahnhof.

2021 Today, there are around 150 coworking spaces in Berlin. In terms of numbers, the city ranks third in Europe behind London and Paris.

of any size will work." This trend of flex-offices becoming mainstream has had a considerable impact on the company's client list. "It wasn't that easy to bring the big corporates on board in a pre-pandemic world," says Kolev. "They said: 'It's nice, very interesting and creative, but not quite right for us.' That's why if you look back a couple of years, we had 12-15 percent enterprise business, and today it's over 50 percent of our members who are large enterprises."

Another coworking player picking up on these post-Covid changes is Techspace. Established in London in 2012 with a specific focus on catering to up-and-coming tech businesses, the company moved into the Berlin market in 2017, lured by the availability of disused warehouses that fit nicely with their industrial aesthetic. Co-founder and sales and marketing director Philip Ellis said Berlin was an obvious choice for expansion

due to thriving investment in technology, the possibility to do business in English, and Berlin being a "culturally similar but larger version of East London".

And while the company's first flexible office space in town – spread over 4200sqm on Lobeckstraße in Kreuzberg – was made up of a balance of large and smaller tech companies before the pandemic, Ellis notes that the companies they have been working with over the past year are "much bigger". Although it can't reveal names, Techspace is in negotiations with a large corporate brand that's "well known across the world" about taking up some of their flex-office space – something that would have been unthinkable before corona.

Indeed, many large companies who had expensive offices sitting vacant during corona are now on a cost-cutting mission to offset their losses. Amid restructuring to hybrid models of working, they are now looking to swap the traditional office for cheaper, more flexible space that is also less risky due to the short notice periods for cancellation.

All aboard the coworking trend

One German business behemoth that has long known the benefits of coworking – both as a customer and an owner – is Deutsche Bahn. The national rail provider might have more than 200,000 employees and be one of the country's largest employers, but over the past few years it has rented desks, offices and even entire spaces in coworking sites from various providers in Berlin.

To show that it wasn't just interested in a hot desk or two, in late 2018, the group established the DB Digital Base at WeWork's Potsdamer Platz site, just a stone's throw from its own headquarters. Explaining the decision, a spokesperson for the company

said that "suitable office space is not always available at short notice" and that "coworking spaces are therefore a good way for DB to flexibly meet this need for workplaces". DB's WeWork office is spread over 5000sqm on nine floors and houses some 250 employees working on digital innovations.

DB is not just a coworking customer: in 2015, the group set up its own coworking space, DB mindbox, a 720sqm site under the arches of Berlin's Jannowitzbrücke station, where DB employees work together with start-ups to innovate the digital side of the business. Then, in August last year, the company became the latest big name competitor in Berlin's coworking market. Sitting pretty on the 10th floor of the city's central station is everyworks, DB's coworking space targeting individual travellers and businesses looking for a flex-office in a central location. The space is explicitly not for their own employees, but is a new venture for DB into the world of coworking and flex-office real estate.

The entry of big players like DB into the coworking and flex-office world doesn't necessarily mean that the post-corona world will be a cash cow for the coworking spaces themselves. For one, the pandemic has made potential customers more selective when it comes to finding a space. "One of the biggest shifts from the last 12 months is that companies want better quality space and less of it – they are going after quality, not volume," says Techspace's Ellis.

Oberholz agrees, saying that corona has turbo-charged the changes that were already under way. "Now people really ask themselves, 'What kind of office and work environment do I need?'"

Compounding this is the increase in coworking space on the market. With the launch of everyworks, WeWork and St. Oberholz's expansion and Techspace's recent opening of its second Berlin location in a renovated ice factory on Köpenicker Straße in Mitte, there are a lot more hot desks, meeting rooms and flex-offices to choose from.

"Before corona it was really easy to rent out office spaces to enterprises – small, medium and even large – because everyone was struggling for office space. That changed; it's really upside down and today we are only in the beginning of an oversupply," says Oberholz.

Far from the days of collaborative hackers in underground space ships and laptops with lattes, coworking in Berlin is now a big corporate battlefield that is set for cut-throat, post-Covid competition. "It was competitive before, but it's more competitive now," says Oberholz. "I'm sure not everyone will make it." ■