



**Horwath HTL**

*Hotel, Tourism and Leisure*

**INDUSTRY REPORT**

# Coworking Hotels

**NOVEMBER 2018**



Source: The Hoxton, Amsterdam

## Introduction

This Horwath HTL publication provides insight in the combination of hotels and coworking spaces, in short coworking hotels.

First, the relevant key trends in the environment of both coworking spaces and the hotel industry are explored and described.

Secondly, the main characteristics of the products and services, that a coworking hotel should have, are described.

These results derived from qualitative research that was conducted by interviews with industry experts from the hotel industry and coworking space industry in The Netherlands, however the results are applicable worldwide.



Source: Regus Netherlands

## Digital Nomads

***People who work remotely with the use of technology and digital (online) resources and can work at any time anywhere in the world.***

Driven by globalisation, the gig economy caused an increase in freelancers and remote workers. In addition, technology and digitality make it possible for freelancers to work whenever and from wherever, which means they are not tied to a fixed place anymore. This has also led to an increase in the number of freelancers, remote workers, and digital nomads that benefit from flexible hours, no commute, and autonomy and control over their workstyle.

The downside of working remotely is missing-out on human interaction and the social aspects an office provides. The increase in freelancers and remote workers, in combination with the 'sharing economy' led to the design of coworking spaces, which brings professionals together and solves the downside of working remotely. Many freelancers and remote workers swapped their home offices or traditional offices for coworking spaces.

According to the Global Coworking Survey of [Deskmag](#) there were 13,800 coworking spaces and 1.2 million coworking members worldwide in 2017.

Complementing the research of Deskmag, Emergent Research predicts that in 2020 there will be approximately 26,000 coworking spaces worldwide, which doubles the number of coworking spaces in 2017. The number of global coworking members will even increase more. Emergent Research expects the number of members to increase to 3.8 million in 2020.

According to the Dutch real estate magazine '[Vastgoed-journaal](#)', there were approximately 600 coworking spaces of 92 different coworking brands in The Netherlands in November 2018.



Source: Zoku, Amsterdam

## Office Real Estate

Coworking is not only changing the way people work, it is also transforming real estate. As the trend of coworking appeals to both permanent employees and digital nomads, companies worldwide are expected to deliver an innovative and collaborative workplace whilst reducing real estate costs and increasing employee productivity.

The increase in start-ups has affected the office market. As businesses are becoming smaller, larger office spaces are becoming less interesting for businesses to lease. Many start-ups cannot afford large office spaces and are not willing to sign long-term lease contracts. In addition, many office buildings underutilise their office space and most are not used during evenings or weekends, which has caused businesses and real estate owners to rethink their business models.

Providing flexible workspaces is a more efficient use of the real estate property and allows businesses to lease flexibly.

## Remodelling Hotel Spaces

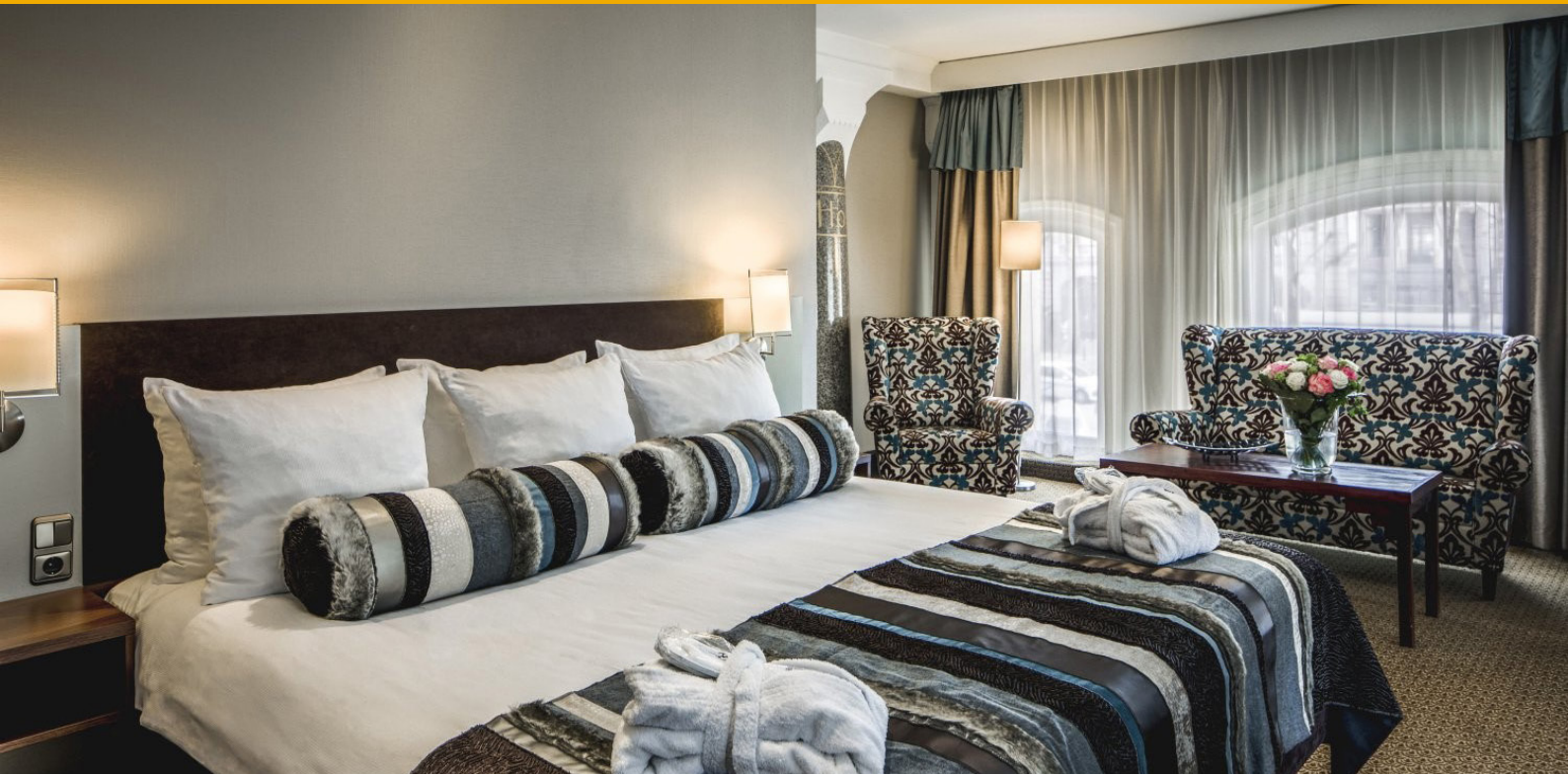
Over the last few years, a new wave of coworking is emerging that builds upon the hospitality industry. With digital nomads not only working in coworking spaces but also working from restaurants, coffee shops and hotels, hospitality businesses are rethinking and changing their

business models. Hotels have responded by offering hospitable services and an international environment, with hotel lobbies becoming popular locations to work from. Hotels are transforming their business centres and meeting facilities into coworking spaces and introducing more shared spaces and common areas. In addition, as stated previously, offices are not used during the evenings and in the weekends, which are the moments when hotels are generally busy. Hence, combining the two is using the available square meters more efficiently.

It can be concluded that both the office industry and the hotel industry are adapting and anticipating the trend of the combination of hotels and coworking spaces.

Hotel guests and coworkers have different needs, wants and benefits sought and businesses must create value for them in order to be successful. Therefore, the question explored is:

***“How can the concept of hotels and the concept of coworking spaces be combined to accommodate both the hotel guests and the coworkers?”***



Source: Eden American Hotel, Amsterdam

## The Concept

### Conceptual Variations & Must Haves

There are three variations seen in coworking hotels regarding the structure and design. A combination of a hotel and coworking spaces...

- ... where coworking is integrated in the social heart/ lobby with larger designated tables to work at, and lounges to enjoy free time or a drink, designed in such a way that business and leisure are not disturbing each other.
- ... where coworking spaces are integrated in the same building as the hotel, or vice versa, both with separate operations where a characteristic brand is combined with a more standard brand and where both share their facilities.
- ... where a strong hotel brand starts its own coworking brand or vice versa and integrates both brands in the same building and share services and facilities.

Another criterion for coworking hotels is that it should have a smart design. Just placing a table in a hotel lobby does not cut it. The design must incorporate multiple meanings/ functions in the same area. In addition, the brand story and

character plays a major role. For example, if a high-end 5 star luxury leisure hotel has a strong brand, it is still unlikely for that hotel to facilitate coworking spaces. Whereas 3-4 star hotels with a strong brand, that already have communal spaces and a business character, are more likely to facilitate coworking spaces. Furthermore, a business area location is beneficial for these concepts, especially city locations.

### Coworking Or Just Working

A coworking hotel needs a place for guests to work alone as well as work together. This can be in a vibrant place, as long as there are quiet areas available to conduct private conversations or work in silence. The combination should offer flexible and dedicated desk spaces and offer meeting rooms. These can be small-sized such as cubicles or larger.

Optionally, the combination of hotels and coworking spaces should offer private offices of different sizes for short term lease contracts. Smaller companies benefit from flexible lease contracts as they do not have the funds or future outlook to commit to a long-term lease for an office building.



Source: Het Nieuwe Kantoor, Utrecht

## Community

Coworking hotels should create a community by facilitating entertainment and events. These can be social (e.g. live music or tournaments), functional (e.g. speakers, discussion panels) or a network event. These events should be hosted for the co-working community but could also attract locals. One of the main gains identified for guests, is meeting like-minded people they would probably not meet if they are staying at a regular hotel and it also offers them potential business opportunities.

## Here, There, Everywhere

Guests of coworking hotels seek mobility and connectivity, which can be provided by a national or even international geographical coverage and network, where members are free to work at any establishment.

## Rooms

The rooms should be designed for both short stay and long stay and of course feature a comfortable bed and a fully equipped bathroom. There should be a mixture of regular hotel rooms and serviced apartments or short-stay suites with kitchenettes.

In addition, as the main task identified for the guests of coworking hotels is to work and these guests prefer to have options, the rooms should have a proper workplace so that guests can choose where they work. Moreover, the bed should not be the centre furniture piece of the room, so the guests can choose to invite their colleagues or clients into the room.

## Food & Beverage

The food & beverage facilities at coworking hotels should be extensive and preferably have a full-service concept. As these guests need breakfast, lunch and dinner, it is necessary to provide choices for all meals. Additionally, locals will be attracted by a more extensive F&B offer.



Source: The Student Hotel, Eindhoven

## Other Facilities

The guests of coworking hotels want to make their own choices regarding their work-life balance. And, as the combination is a hybrid of working, sleeping and living, the research shows that these guests require places and facilities to relax and enjoy their leisure time as well. They want to play games, do sports, watch movies, but also have some social activity such as meeting with other people. Therefore, fitness facilities, a kitchen, a game room, a library or other facilities should be offered. In this way sleeping, living and working can all be integrated in the lives of the guests without losing time on commuting.

Furthermore, the coworking hotels should boast shared and communal mixed-use spaces. A social heart that is vibrant day-round should be designed. Considering and anticipating local market trends does not only interest travellers but also makes it attractive for locals to pay a visit. The social heart can have multiple functions, for example it can be mixed with a F&B function. The social heart should have an inspiring interior design and inspire both hotel guests and coworkers. It should be a place where the guests can have business appointments, extend their professional network by meeting other coworkers, as well as their personal network by meeting other travellers and locals.

Other aspects that coworking hotels should provide are easy accessible, free, and well-working wifi, and reachable sockets. These are essential for guests to be able to do their work. In addition, the basic business supplies and services should be offered, for example a printer, printing services or a skype room.

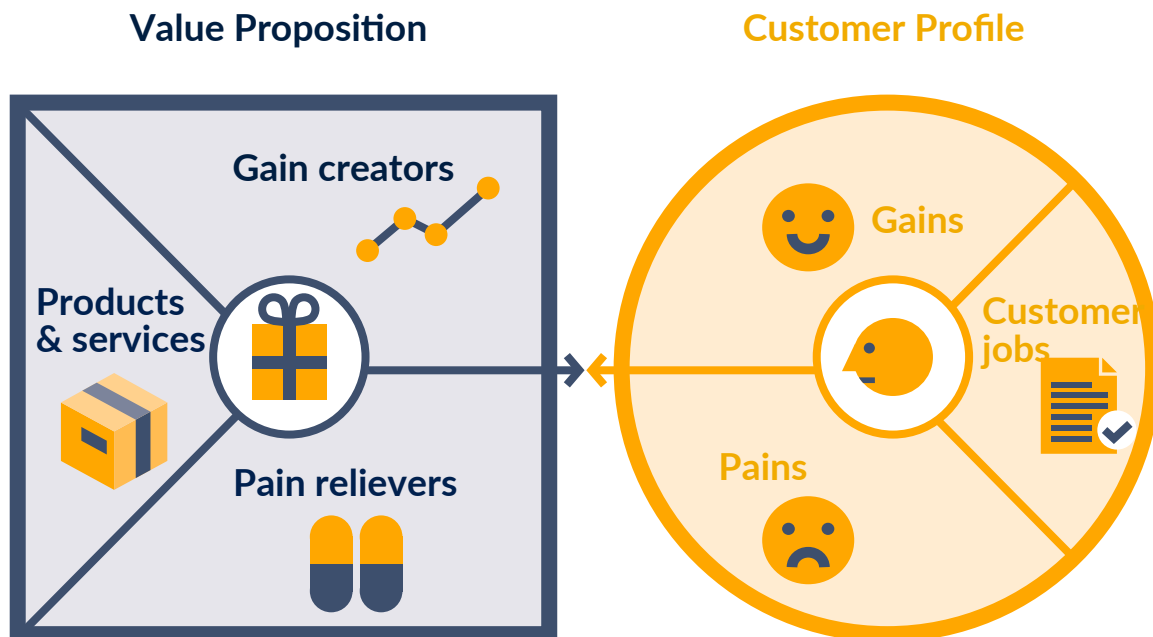
## Conclusion

The concept of hotels and the concept of coworking spaces can be combined in a coworking hotel by offering a hybrid of working, sleeping and living. This can be done by integrating working facilities, leisure facilities, and home facilities and offering hospitality services, which allows the guests to do all their functional, emotional, social jobs and fulfil their needs in one place.

## Future Outlook

In general, the future outlook is that functions of buildings and areas will merge and hold multiple functions. On the other hand, functions are shifting towards one another: office shifts more to hospitality, hospitality shifts more to office, living shifts more to hospitality, hospitality shifts more to living. Therefore, hotels and coworking spaces will be combined as well as remain separate establishments. Furthermore, both industries separate as well as combined, will show an increase in usage of technological aspects to enhance customer journeys.

Figure 1: Value Proposition Canvas



## Research Method

The research results derive from data collected from deskresearch and 9 semi-structured interviews with industry experts that are active in the hotel industry, coworking industry or a combination of both industries in the Netherlands.

The interviews were conducted between 2 May 2018 and 18 June 2018. The outcome is a general description of the analysis made from the perspectives of the experts on how the concept of coworking spaces by considering both hotel guests as well as coworkers.

Horwath HTL would like to thank the following industry experts for their participation and contribution:

- Alexander Kluit, *Apollo Hotels*
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- Rembo Boelens, *Het Nieuwe Kantoor*
- Eduard Schaepman, *Tribes*
- Hans Meyer, *Zoku*
- Rudolph Schöningh, *Accor Hotels*
- Felix Hillen, *The Student Hotel*

To explore the combination, it is important to understand the relationship between both concepts, but also between both customer segments they cater to. As a guideline, the 'Value Proposition Canvas' was used. If the needs and wants of the customers or guests do not match the concept, they will not optimally enjoy the concept and the business will then also not deliver the full potential of financial performance. By the use of the Value Proposition Canvas, a product can be created that fits the market.

The Value Proposition Canvas was designed by Alexander Osterwalder, the author '*Business Model Generation*' and inventor of the Business Model Canvas. The Value Proposition Canvas works in conjunction with the Business Model Canvas. For this research the customer segments were generalised to 'hotel guests' and 'coworkers'. The ideal coworking hotels aim to provide the product and services for both hotel guests and coworkers to optimise the experience for both segments.



## Horwath HTL Netherlands

Horwath HTL is the world's largest hospitality consulting brand with 45 offices across the world providing expert local knowledge. Since 1915 we have been providing impartial, specialist advice to our clients and are recognized as the founders of the Uniform System of Accounts which subsequently has become the industry standard for hospitality accounting.

Horwath HTL exists to serve clients by helping them achieve a broad range of goals. Our success as consultants and our international reputation in this industry depend entirely on how well we meet this fundamental challenge. It is our proven success record of achieving results that makes Horwath HTL the first choice for the world's leading hotel, travel and tourism investors, lenders and operators.

Our regional project experience, market research and analysis capabilities underpin the planning process for new hotel and tourism related developments. By thoroughly understanding local market characteristics, trends and opportunities, Horwath HTL provides product positioning, sizing and facilities configuration recommendations designed to optimize project performances. Financial feasibility is then tested by estimating cash flow and investment returns. Through financial and development sensitivity analyses, we are able to determine the project and financial structure which best meets the objectives of the developer or land owner.

Horwath HTL studies are relied upon by developers, operators, lenders and third parties requiring an impartial assessment of project viability, while our market and product descriptions form the basis for architectural briefs. Horwath HTL assists buyers and sellers of travel and tourism industry businesses and investors to optimize their objectives through a suite of tailor-made specialty services. These services cover activities from investment and divestment strategy development and transaction services, through to equity and debt finance raising. For lenders, these services extend into pre-lending reviews of hotel projects and acquisitions.

Van Hengellaan 2, 1217 AS Hilversum,  
The Netherlands  
Tel. +31 (0)35 773 26 05  
[www.horwathhtl.nl](http://www.horwathhtl.nl)  
email: [info@horwathhtl.nl](mailto:info@horwathhtl.nl)

## Authors:



### Desirée Oey

*Consultant*  
Horwath HTL Netherlands  
[doey@horwathhtl.com](mailto:doey@horwathhtl.com)

Desirée Oey has a BBA in Hospitality Management from Hotelschool The Hague. As a consultant at Horwath HTL, Desirée conducts market research, valuations, feasibility studies and hotel development potential studies for a variety of projects throughout The Netherlands.



### Marco Van Bruggen

*Senior Consultant*  
Horwath HTL Netherlands  
[mvanbruggen@horwathhtl.com](mailto:mvanbruggen@horwathhtl.com)

As senior consultant with Horwath HTL, Marco van Bruggen has carried out over 200 market analyses, feasibility studies and valuations for stand-alone and mixed-use projects including hotels, meeting centres, golf courses and leisure facilities in The Netherlands, Belgium and Luxembourg.



### Ewout Hoogendoorn

*Managing Director*  
Horwath HTL Netherlands  
[ehoogendoorn@horwathhtl.com](mailto:ehoogendoorn@horwathhtl.com)

Ewout Hoogendoorn is owner and managing director of Horwath HTL Netherlands, a member of Crowe Global. Horwath HTL presents marketing and financial figures of the Benelux hotel industry at an annual conference initiated and chaired by Ewout as of 1996, and is sponsored since 2017 by ABN AMRO Bank. As Horwath HTL takes a leading position in consulting to the hotel industry, Ewout is involved in almost all major Dutch hotel developments.



# Horwath HTL

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