



Yardi Matrix

National Office Report

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Coworking Grows in the Suburbs

- The geographic makeup of coworking space is becoming more suburban, according to Yardi Matrix. In the past year, the amount of flex space tracked by Yardi Matrix has grown to 124.8 million square feet from 113.5 million, and nearly all of that growth has been in suburban submarkets. Suburban coworking space has increased by nearly 9 million square feet during that time, compared to only 400,000 square feet in urban areas.
- Suburban submarkets now account for nearly as much space as their urban counterparts. The suburban share of national flex space has increased by 3 percentage points to 47% in the 12 months ending in March, while the share in urban submarkets has shrunk to 48% from 52%. Coworking's shift to the suburbs is even more striking without Manhattan, the urban market with the largest amount of flex space. With Manhattan excluded, the suburbs' share of national coworking space is 52%.
- Some of the coworking space tracked by Yardi Matrix lacks submarket classification, which is why the sum of urban and suburban shares does not equal 100%. However, because most of the unclassified spaces are in smaller markets, we believe the majority are within suburbs. We continuously revise our tracking of these spaces and will provide updates in future reports.
- What's behind the shift to the suburbs? Companies that embrace remote and hybrid work are recognizing the need to provide a place for in-office collaboration, training and deep focus. Many firms have eschewed traditional office leases and instead are choosing coworking to fulfill this need. With the workforce increasingly decentralized, firms are leasing suburban flex space to accommodate workers closer to their homes.
- It's not clear whether the suburbs will continue to dominate growth in flex space. Although central business districts are still facing an uphill battle to regain their pre-pandemic prominence and vibrancy, city centers can offer amenities and transportation options that many suburbs cannot match. We expect that vibrant city centers with mixed real estate uses will attract more coworking tenants in the long run. Cities that contain primarily office towers and few amenities in their downtowns will struggle to fill flex spaces.

