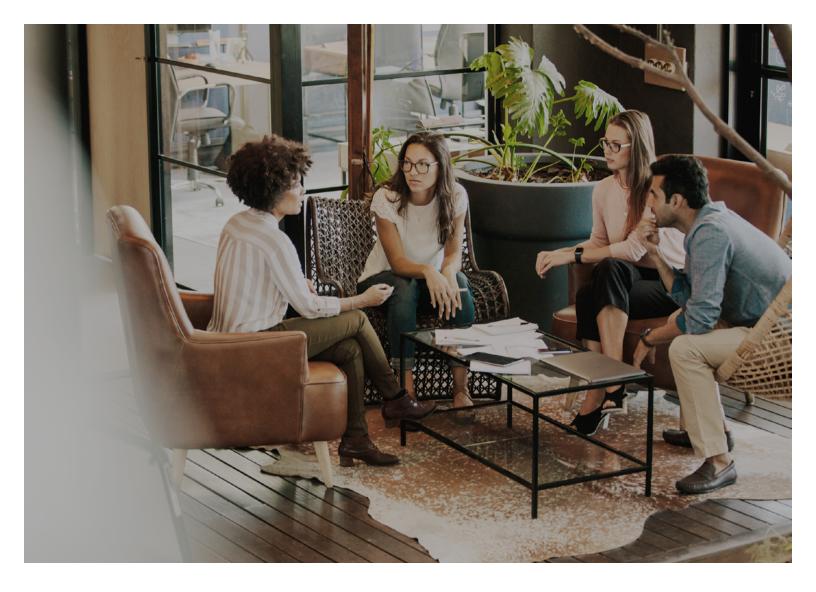# Right-Sized Coworking:
Growth Strategies for Emerging Operators

As the needs of office users change, the field is wide open for startups and smaller providers. Here's how right-sized technology solutions can help them grow.

As the office sector continues a long-term transformation, the prospects for coworking are rebounding, with encouraging implications for emerging operators around the country.

Corporations that pared their footprint over the last five years now want the benefits of providing temporary space for remote or hybrid workers: enhanced collaboration, productive in-person meetings and a workspace that's professional, close to home and free from distractions. According to a 2025 **Gallup study**, more than half of companies offer hybrid work schedules and 28 percent allow employees to work remotely full-time. Combined with increasing demand for user flexibility, that trend is catalyzing growth.

NOTABLE EXAMPLES INCLUDE:

- **Allstate** is arranging coworking options for a quarter of its 54,000 employees.

- **Amazon** has entered into multiple agreements with the reinvigorated WeWork for office space in such markets as the San Francisco Bay area, New York City and Nashville as it looks to return employees to the office while remaining nimble.

- Atlassian has adopted a "**Team Anywhere**" policy that promotes working in virtually any location.

- The U.S. General Services Administration has initiated a **pilot program** that enables employees of various federal agencies to share government-owned space.

Meanwhile, entrepreneurs, startups, business and smaller companies like the flexibility of coworking space, which accommodates growth without requiring long-term leasing commitments, according to Michael Everts, Yardi's team lead for global solutions and a former coworking operator.

"The coworking concept has been modernized to provide more flexible solutions for a company's particular needs," he said. "While companies have recognized that employees want flexibility, they still want to bring people together from time to time in meeting or office spaces."

Expanding footprint

Coworking providers are responding to the demand. By February 2025, there were more than 7,800 coworking spaces in the U.S. , a 25 percent year-over-year increase, according to the March National Office Report from Yardi Matrix. Over the same period, coworking's total footprint increased 15.2 percent to about 140 million square feet and coworking space as a percentage of total office space ticked up 30 basis points to 2 percent.

7,800
COWORKING SPACES IN THE U.S.

15.2%
INCREASE IN TOTAL COWORKING FOOTPRINT

A key factor in coworking's runway for growth is market fragmentation. WeWork, Industrious and Regus are well-known national brands, but firms that operate in a limited number of locations control as much as 85 percent of the market, noted Will Sandford, director of coworking at Yardi. What's more, coworking footprints are expanding in markets across the board, from suburbs and tertiary markets to central business districts according to **Cushman & Wakefield**.

Despite their proliferation, smaller coworking operators face no shortage of challenges compared to their larger competitors. Often that includes constrained budgets and minimal technological expertise, because small operators typically lack the backing of institutional capital, Sandford noted. Such responsibilities as setting up space, marketing and finding staff consume a good deal of energy, especially during initial launch or expansion. They also tend to rely on manual spreadsheets like Excel or QuickBooks for client management, accounting and other record-keeping functions.

140,000,000
SQUARE FEET

That approach might work for a while, but the effort to increase the client base quickly exposes its inadequacy. "Manual systems may work for 10 coworking members, but they get difficult and unwieldy to manage as the business continues to grow," Everts said. "Small flexible space providers need a software platform that simplifies member management, billing and space booking."

Tailored solution

To meet the needs of small and startup coworking operators, Yardi recently introduced the Yardi Kube **Early Stage Program**, a slimmed-down version of Yardi Kube's coworking software. The product gives flexible workspace providers a suite of operations and financial management solutions that drive and automate bookings, communications, lead generation, billing and customer portals. While the largest coworking brands have used Yardi Kube for the past **eight years**, the reimagined software is informed by the experiences of hundreds of small operators, Sandford said.

"We arguably have the most configurable and capable system in the market, but the majority of small and new-to-market operators are in need of a simplified version that can scale and add ancillary services as the business grows," he noted. "Our goal with the Yardi Kube Early Stage Program is to get coworking firms up and running, support their sales funnel and create greater operational efficiencies and competitiveness, all at a nominal cost."

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MICHAEL EVERTS
Team Leader, Yardi

YARDI KUBE'S EARLY STAGE PROGRAM FEATURES THE FOLLOWING TOOLS AND SERVICES:

Premium visibility

For several months after coworking firms adopt the software, the solution will prominently position their spaces when potential customers conduct market-specific or national searches on a variety of platforms, from general search engines like Google to listing services such as CoworkingCafe, CommercialSearch, Deskpass and Hubble. Additionally, coworking firms will be able to track those office users searching for space, which can enhance member acquisition.

Website and application optimization

The Yardi Kube team have extensive experience in optimizing coworking user journeys on website and mobile applications. Leverage our pre-configured templates to ensure your marketing sites are best positioned to serve your customer and your product. Additionally, analytics on prospect activity helps you understand and convert your website leads at a higher rate. The customer journey starts with the first click.

Team training

Yardi Aspire, a learning and development solution, is included at no extra charge for the first year. Featured topics include space layout, photo displays, pricing, billing parameters, customer communication and support, as well as other performance-related processes.

Accounting improvement

To enhance financial reporting, the system automatically records customer charges under the appropriate general ledger code and attributes them to the specific location. This gives your team the ability to better understand, optimize and accelerate your business.

Cost conscious

The program is attractively priced, with new customers receiving a discount for their first year. We understand that launching a coworking business is a challenge, so we want to make technology as simple as possible so you can welcome members sooner.

Gaining an edge

For flexible space providers that once used spreadsheets to try keeping operational functions straight, the technological advancements provided by Yardi Kube have improved competitiveness. **25N Coworking**, which provides flex office space and meeting rooms at five locations in Texas and Illinois, was on the manual record-keeping path in its early days. But the process became more difficult as the business matured, according to Meagan Slavin, the company's COO.

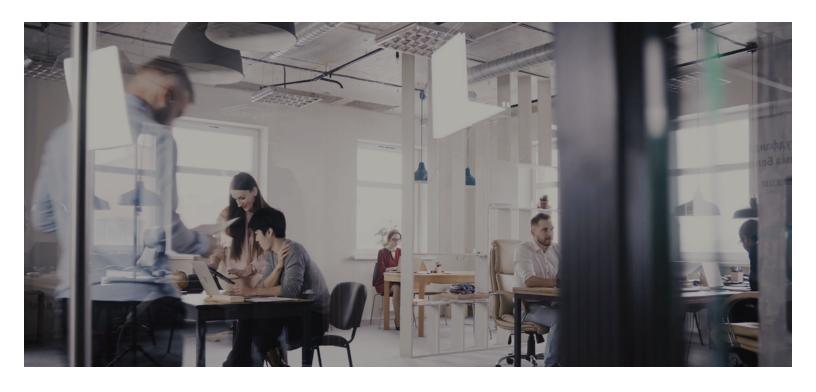> **"** Yardi Kube allows us to run our operation a lot more efficiently and smoothly.

MEAGAN SLAVIN
25N

Yardi Kube not only streamlined and automated those processes but also opened doors to opportunities that 25N hadn't considered, such as membership acquisition. "We are able to run our operation a lot more efficiently and smoothly," Slavin said, "and we have a lot more data at our fingertips that we didn't have before." 25N has integrated Yardi Kube into its website, which allows customers to book space at their convenience and has reduced the cost of bringing new clients on board.

The ability to attract prospects and provide do-it-yourself enrollment is likely to become even more critical in the coworking sector. **CBRE's 2025 Americas Office Occupier Sentiment Survey** asked office users whether they plan to occupy more coworking or flexible office space over the next two years, according to Julie Whelan, CBRE's global head of occupier thought leadership.

> " Companies want to give employees more choices over where they work or more access to on-demand meeting space.

JANET WHELAN
CBRE

As in recent years, the overall response was an expectation to marginally add coworking space. But when analyzed by company size, the results revealed a telling difference. Firms with fewer than 500 employees expect coworking space to make up as much as 25 percent of their office footprint, a much larger slice than for organizations with 500 employees or more.

"When you look at what those companies have today versus what they plan to have in two years, there's a clear difference," Whelan said. "The reasons they give are very employee-centric. They want to give them more choices over where they work or more access to on-demand meeting space."

Customer focused approach

Increasingly, office occupants of all sizes are using Yardi listing services to arrange coworking leases for the short term as well as the long term, Everts said. In many cases, employees themselves conduct the search, which simplifies the process for their companies. Deskpass, a recent addition to Yardi's offerings, drafts agreements with large organizations to give remote workers access to space on demand.

"More and more with remote work, people need a quick place to book a meeting or an office that's more professional and conducive to certain projects than what they may have at home," Everts reported. "I think that type of demand offers a big opportunity to coworking operators."

Yardi experts predict that flexible space providers lacking the ease of online reservations will become less competitive, possibly even more so with prospective members who want a short-term desk or other small footprint. Phone- or email-based inquiry and reservation methods are typically opaque and are more likely to turn into back-and-forth communications. That could frustrate would-be members who labor through the process, only to discover that the space they want is unavailable.

The Yardi Kube Early Stage Program automatically syncs the availability of space for online listing and reservation services. That's especially valuable for small coworking staffs, which typically lack the time to manage client scheduling manually once the number of users reaches a certain level. Leveraging the software's Aspire educational module further enhances a firm's professionalism, boosting its appeal to larger, potentially longer-term users.

"If I need to find coworking space, I'm going to choose the operator that gives me the option to book a reservation right away, versus someone saying, 'Come in and see us,'" Sandford pointed out. "Unless you're in a very, very small market, there are going to be competitors who have sophisticated marketing and lead-generation systems as well as seamless reservation and billing systems."

> ❝ At the end of the day, what kills coworking is the inability to fill space as soon as possible so you can start paying off the initial investment.

WILL SANDFORD
Director, Yardi

Cornerstone for growth

The experiences of emerging operators in other real estate sectors offer valuable lessons for coworking. For example, while mom-and-pop multifamily firms are busy focusing on recruiting residents, they may overlook technology that would boost efficiency. As a result, they wind up spending excessive amounts of time on manual record-keeping processes and other tasks.

But the Yardi Kube Early Stage Program provides coworking firms with a simple solution that makes it easy to add new tools over time. By enhancing their visibility and efficiency, operators can become more competitive without the cost or complexity that often accompany other software solutions. As Sandford observed, that will advance two key priorities: occupancy and positioning for future growth.

"At the end of the day, what kills coworking, or any real estate business that requires an initial capital investment, is the inability to fill space as soon as possible so you can start paying off that investment," he said. "It's important for small operators to be able to amplify their marketing efforts so that they can quickly achieve stabilized occupancy. Once they do that, they can start focusing on operational efficiencies and other opportunities that will begin to emerge."

**Contact us to discuss the Yardi Kube
solution that's right for you.**

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