

Digital Nomads, the Now and Future of Co-Working

What is a Digital Nomad?

Digital Nomads are people who conduct their life in a nomadic manner while engaging in remote work using digital telecommunications technology. [Wikipedia](#)



Digital Nomad Co-Working Limited

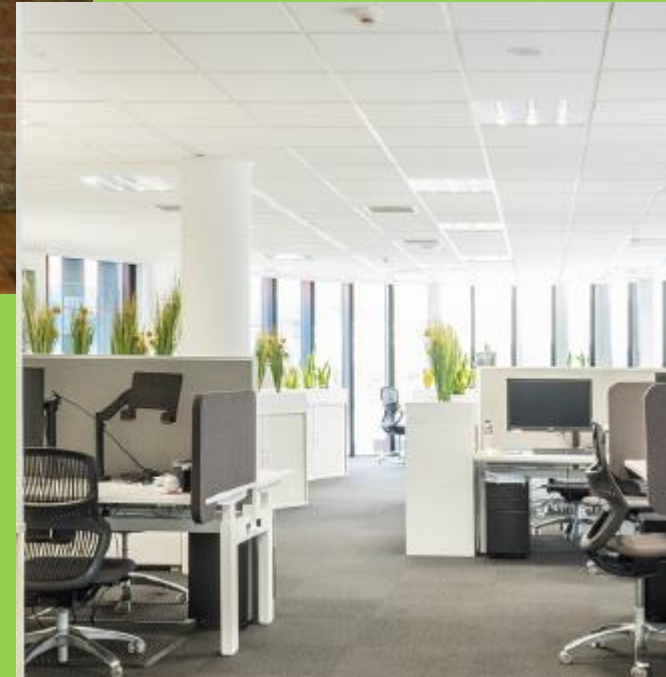
- Digital Nomad opened its first co-working office in August 2017 as a solution looking for a problem and as a new office for my property consultancy staff
- The name Digital Nomad was chosen due to its colloquial definition seemingly matching the Co-working ethos and a camel is the icon as a nod to the nomadic aspect of our marketplace
- Digital Nomad quickly expanded to 10 sites across the Wellington CBD with over 290 desks in 4.5 years
- Two new sites are to open in the second half of 2022, adding 40% more desks to give us a total of 420 desks



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- We operate an unmanned site model
- This lowers our overhead and means we can compete aggressively on price
- Our price is all inclusive, (unusual in the industry) meaning the price you pay is all you pay with no add-on costs for things such as meeting room usage and printing.
- Consistent with our 'nomadic' approach, our tenants are free to move from office to office if space allows and book meeting rooms across all sites





Advantages of Co-Working

- Short term tenure provides flexibility to tenants
- Members' rents need to cover all operational costs normally associated with leasing a property. These include:
 - rental to a landlord
 - wifi, cleaning, electricity, kitchen supplies, printing
 - capital costs including hard fitout, desk setups, meeting room furniture and teleconferencing installations

Advantages of Co-Working

Co-working services vary from one day or less options, part time use, flexible use when required and semi permanent for a term of months or years.

Flexibility of tenure allows an organisation that is growing or contracting to occupy space that suits their size requirements. A long term tenancy, by contrast, does not typically allow for this kind of flex



Other advantages

Tenants of Co-Working Suppliers can take advantage of the common resources of the Co-Working premises including use of the meeting rooms, board room, common area, breakout spaces, reception area, teleconferencing and being part of an office community

Our members can choose to rent less desks than they have staff and self manage the utilisation of the desks amongst the staff as they see fit

We have a range of tenants, from the one-man-band, to smaller SMEs that are growing. We also have Crown Agencies and Corporates, including Core Logic, Genesis Energy, Saatchi and Saatchi and Ryman Healthcare



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Our members are, in a sense, nomadic in their approach to work life and culture. They are on the move, unencumbered by the anchors or long leases and fixed work sites. 'Freedom' is their mantra and business is built around their needs.



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Landlords wanting Co-working in their buildings

- Another trend for landlords to seek out an operator of Co-working in their building or operate Co-working themselves such as Precinct purchasing Generator
- Having Co-working in a building is seen as an advantage by landlords and investors
- The Co-working incubates small companies so they can eventually become large enough for their own space, possibly in the same property or another owned by the same Landlord
- It also provides temporary space often sought by in situ tenants for special projects and the like



Covid

- Covid has seen a rapid change in office habitation
- Initially, companies asked staff to work from home during and after successive lockdowns.
- This isolation of staff, along with the ongoing lockdowns, saw a huge buy up of equipment - desks, screens, headsets, etc - to allow staff to work away from the office
- Staff working from home then requested compensation for electricity, heating and high speed internet used for work purposes
- Additionally, many staff simply did not have the space at home for an office environment, particularly young staff who rent a room in a flat

- The legacy of Covid is an enhanced demand for co-working services. Most people enjoy working from home, just not five days out of five.
- People now used to working from home during Covid will continue to seek co-working facilities to create a balance between working from home and an office
- Many of our tenants now rent desks from us for a percentage of their staff numbers and then manage the desk use amongst their staff themselves
- That saves the tenant a lot of money as they end up only spending a fraction on rent compared to what they may have spent





Seismic issues

- Recent seismic issues in buildings in Wellington have also added to the popularity of Co-working
- This is partly due to the flexibility of the Co-working model and partly due to the lack of alternatives in a tight commercial property market
- A recent example is the Ministry of Education - other tenants, too, have temporarily or permanently left their leased accommodation during strengthening work
- This trend is seen to be ongoing as more and more buildings are deemed to require seismic strengthening

Decentralisation versus CBD

- Central Government decentralisation of Crown Agencies is contributing to demand for Co-working spaces
- This is being pushed by working from home, changes from the Covid pandemic and possibly most importantly the Governments initiatives in reducing carbon emissions
- MBIE has mapped their own staff living locations and determined that significant numbers of staff would benefit from offices closer to their homes rather than the commute into the main CBDs.



Blue Mountain Campus - BMC

- The Willis Bond Blue Mountains Campus in Upper Hutt is the Crown's first foray into decentralisation in a purpose built campus
- The site reuses and repurposes existing former Government buildings originally constructed for a former DSIR
- The unused land is earmarked for new, low level, green star buildings to fully meet expected demand from Crown agencies and non-government organisations
- The location is also very seismically safe meaning the campus could be used by Crown Executive teams in times of disaster should the Wellington CBD be unusable

BMC

- MBIE is seeking Crown support and commitment for a Co-working office whereby the smaller agencies who do not require a long-term lease over a significant office area, can rent desks for their staff who live in the area (Lower Hutt, Upper Hutt, Wairarapa)
- This will provide the Crown the model of decentralisation of its smaller agencies without a commitment to a long term tenure capex and depreciation.



Summary

- Co-working is expected to continue to flourish, evolve and expand
- It is not seen as a short term trend both here and overseas but a serious contender for the provision of short and long term office accommodation options
- Covid and seismic issues in buildings has helped to spread the gospel on the advantages of co-working
- Central Government is embracing these advantages
- New Zealand is lagging behind many countries in the expansion of co-working but is catching up fast, with Digital Nomad the vanguard in the Capital

