New forms of employment
Coworking, Germany
Case study 50: Policy analysis

Most coworking spaces in Germany are privately run, and regional governments have little involvement beyond publicising them. However, in a few cases, more active support is being offered in recognition of the fact that this way of working has the potential to boost creative industries and districts.

Introduction

The coworking space phenomenon in Germany is rather new, fast-moving and metropolitan. Most coworking spaces are in the bigger cities such as Berlin or Hamburg (Eichorst, 2012), which are well known for their media, creative, culture and art scene. Generally, coworking spaces have developed considerably since this form of cooperation among self-employed people first appeared at the end of the last decade. The estimated number of coworking facilities in Germany reached around 285 in 2014 with the Berlin-based betahaus, and Werkheim, in Hamburg, the leading ones (deskmag, 2014a).

A coworking space can be described as an openly accessible, collaborative facility allowing the self-employed, freelancers and all other workers who are able to decide where and with whom they want to work, flexibly to rent an individual workstation in a shared office environment (Spiegel Online, 2009). The basic idea behind coworking spaces goes back to the functioning and logic of ‘open source’. Not only are computer software and ideas shared and hence made publicly available within a community, but so are workspaces (Biermann et al, 2012; HMWVL, 2012).

In Germany, the rising number of coworking spots is clearly linked to the increasing number of the so-called ‘new’ self-employed (freelancers) (Merkel and Oppen, 2013; KfW Research, 2011; Biermann et al, 2012). This new form of self-employment shows certain differences from conventional start-ups and business foundations. The ‘new’ self-employed mainly operate on their own without employees (self- or solo entrepreneurs), share comparably high educational backgrounds, are young and often work in the creative industries. They represent the main user group of coworking spaces in Germany.

This report gives an overview of the emergence and development of coworking in Germany in terms of its main user group and on institutions providing coworking, including their legal form, business orientation and locations. The specific focus of the report is an analysis of whether coworking is part of public support programmes in Germany, and more specifically in Germany’s second largest city Hamburg. It also presents the main characteristics of coworkers with regard to their professional background and sectoral affiliation. It is important to mention that this report provides the first analysis of public funding programmes focusing on coworking spaces in Germany, as well as the first detailed overview of coworking spaces and coworkers, given the very recent character, rapid development and proliferation of this way of working. The report is based on extensive desk research and expert interviews with:

- the project manager of the Stadtentwicklungs- und Stadterneuerungsgesellschaft Hamburg mbH (STEG; Hamburg’s Urban Renewal and Development Company);
- the project coordinator for real estate of the Hamburg Kreativ Gesellschaft (Hamburg Creative Society);
• the project manager of the Schiller40 coworking space and head of the department of digital culture at the city of Wolfsburg;
• a representative of the Hamburg chamber of commerce.

Coworking in Germany

Traditional offices are no longer the only valid working format. Nowadays added value is created in different locations, at different times and in changing teams without working in dependent employment. This new form of employment is always searching for new real and virtual spaces and is in need of open, digital networks and collaborative working spaces, which are flexible and serve as incubator platforms for networks, innovation and production.

(Betahaus, 2013)

Since the first German coworking space, betahaus Berlin, opened in 2009, the number of coworking spaces has grown strongly, reaching 58 in 2011 and an estimated 285 in 2014 (deskmag, 2014b). However, there are hardly any statistical data available on the coworking phenomenon that sheds light on its prevalence, development, user rate and economic impact on the labour market in Germany. The only source of information on the fast-moving coworking scene internationally, and for Germany, is the online magazine deskmag, which conducts regular surveys such as the ‘Global Coworking Survey’ and the coworking census in collaboration with Deskwanted (a start-up that facilitates networking between coworking spaces and shared offices). This survey includes only coworking spaces that consider coworking to be a principal or integral part of their business. According to deskmag, around 10,900 people were users (members) of coworking spaces in Germany in 2014. Their number has increased very rapidly since 2011 and more than doubled from 3,530 to 8,200 between 2012 and 2013.

Table 1: Development of coworking spaces in Germany

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of spaces</strong></td>
<td>58</td>
<td>124</td>
<td>219</td>
<td>285</td>
</tr>
<tr>
<td><strong>Change compared to the previous year</strong></td>
<td>+114%</td>
<td>+77%</td>
<td>+30%</td>
<td></td>
</tr>
<tr>
<td><strong>Number of users of coworking spaces</strong></td>
<td>1,420</td>
<td>3,530</td>
<td>8,200</td>
<td>10,900</td>
</tr>
<tr>
<td><strong>Change compared to the previous year</strong></td>
<td>+149%</td>
<td>132%</td>
<td>+33%</td>
<td></td>
</tr>
</tbody>
</table>

*Source: deskmag, 2014c, all figures as of 1 February of each year, estimates for 2014.*

The survey also indicates that 57% of the coworking spaces in Germany stated that they have expansion plans, which could lead to an even greater proliferation of such centres.

The website, coworking.de, one of the few sources listing coworking spaces in Germany, gives a detailed overview of their locations and local clustering. Berlin has by far the most coworking spaces in Germany, followed by Hamburg, Munich and the Rhine-Main area around Frankfurt (coworking.de, 2014).

However, there are also coworking spaces in various other German cities with populations of about 100,000 (such as Paderborn, Würzburg, Jena, Koblenz and Heidelberg). All of them are university towns and therefore offer a range of cultural activities and restaurants as well as a high quality of life, making them attractive for creative people and potential coworker who have studied at their universities.
The majority of coworking spaces are private, profit-oriented companies and are established in the legal form of limited liability companies (Gesellschaft mit beschränkter Haftung (GmbH) or Unternehmergeellschaft (UG)). As of June 2014, hardly any coworking spaces with a non-profit focus operating on a larger scale could be identified (one example is the ‘Stoffdeck’ in Hamburg-Wilhelmsburg, a coworking studio for fashion and textile designers, which is part of the official funding programme of the International Building Exhibition IBA Hamburg and passage GmbH (Gemeinnützige Gesellschaft für Arbeit und Integration) (Stoffdeck, 2014).

While business incubators and business start-up centres have supported and accelerated the start-up phase of new businesses in Germany for a long time, coworking spaces are rather recent institutions. Generally, it is difficult to distinguish clearly between coworking spaces and business incubators, as there are no official definitions of the terms and they are often used interchangeably in Germany. The only differences, although not always applicable, are the centre’s funding, legal form and its core user group. Business incubators (Gründerzentren) are often establishments of public authorities, largely funded by them and part of an official national or regional economic policy programme. Coworking spaces are, in most cases, independent private companies. While business incubators primarily provide premises for start-ups or young firms, coworking centres also cater for well established self-employed workers and freelancers. The coworking phenomenon has also attracted the interest of international companies. In January 2012, TUI AG – Europe’s leading travel and tourism group – opened a coworking space under the name ‘Modul57’ offering working spaces on flexible terms in Hanover (Foertsch and Cagnol, 2013; Modul57, 2014).

Most of the coworkers operate as self-employed or solo entrepreneurs in the creative industries. They show certain characteristics and can be grouped into two major categories according to their user patterns. The first group represents so-called ‘walk-in’ coworkers who rent a desk on flexible terms in the open space on a daily or weekly basis. Self-employed people, students and freelancers or employees from companies based outside Hamburg are typical and regular users of the open space. The other group of users rent a desk or fixed office space for a longer period of time. Typical tenants are small business start-ups with one or two employees or self-employed people who have operated in their business segment for some time or who are working on long-term projects.

Generally, all coworkers share an appreciation for working in an open and collaborative environment in which social interaction and networking is common. Coworkers are, on average, in their thirties and have either an academic background or professional training in their specific profession. Many have previously worked in dependent employment in the creative industries and have then decided to set up their own business.

The close link between coworking spaces and the creative industries is an important aspect. The majority of coworking spaces have a strong client base in the creative industries and are located in artistic and ‘trendy’ neighbourhoods of a city. Although creative industries show a rather heterogeneous picture in terms of the various subsectors or industrial markets grouped under this term, the number of business start-ups is striking and explains the proliferation of coworking spaces in recent years. According to the KfW business foundation monitor (Gründungsmonitor) (KfW, 2011), 13% of all newly founded businesses in Germany can be attributed to the creative industries, accounting for a total of 120,000 in 2010. Here, the share of self-employed workers reaches 30% compared with the general self-employment rate of only 11% over all German industrial sectors. The KfW survey also concludes that three out of four new start-ups in the creative industries are solo entrepreneurs without business partners or employees, like the typical coworker in Germany. This rate is significantly higher than the average rate of two-thirds in other industries. Another interesting feature is that business start-ups in the creative industries are predominantly located in the country’s metropolitan areas such as Berlin, Hamburg and Bremen (KfW, 2011). A growing number of people with no fixed office structures have been looking for facilities that better correspond to their needs and hence are attracted by the coworking concept. The rising number of coworking spaces in Germany can be partially explained by problems many creative freelancers or start-ups are confronted with when entering their professional career: the high financial burden and the long-term nature of rental contracts for commercial office spaces. These burdens have prevented many creative start-ups from entering business. As a consequence there has been a stronger demand for reasonably
priced small office spaces matching the requirements of creative workers in Germany’s metropolitan areas. Coworking spaces correspond to the actual needs of creative workers and provide suitable solutions for their working spaces.

Generally, coworking spaces offer all amenities of an open-plan office such as internet access, printer, conference room and postal service for up to 200 workers on a daily, weekly or permanent basis. But for their users – and this seems to be a significant aspect – coworking spaces are new communities giving them the opportunity to work independently, but not in isolation, to network, cooperate and exchange ideas and concepts in an open and cooperative setting among peers with a similar background, common interests and possibly a similar professional situation. While all coworking spaces offer and consider social areas such as a coffee shop or lounge as an important component of their concept, some go beyond that and organise regular platforms for exchange, coaching spaces or joint events to foster cooperation and networking. In these new communities cooperation among self-employed workers is common, albeit not (yet) institutionalised.

**Public support instruments for coworking**

**Germany as a whole**

In Germany, coworking is not explicitly a topic of national, regional or local policy programmes or a major component of any labour market instrument. However, its importance is often mentioned and it is acknowledged as a new and innovative form of employment that generates synergies and enables intensive cooperation among its users.

Public institutions at local level such as chambers of commerce or communal business development agencies provide various forms of information on coworking spaces in their respective regions. In most cases, the institutions list the city’s coworking spaces, which are clearly related to the creative industries and business start-ups. The overall aim is to provide information to potential start-ups, coworkers and other interested stakeholders. Table 2 gives an overview of the different forms of public information and support available for the coworking infrastructure in Germany’s largest cities including the Ruhr area and Saarland.

<table>
<thead>
<tr>
<th>City/ Federal state/ region</th>
<th>Actor</th>
<th>Information on coworking</th>
<th>Support instrument</th>
<th>Link to creative industries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Berlin</td>
<td>Senate Department for Economics, Technology and Research</td>
<td>List of coworking spaces</td>
<td>n.a.</td>
<td>Yes, part of the ‘Project Future’ (Projekt Zukunft) economic initiative</td>
</tr>
<tr>
<td>Hamburg</td>
<td>Chamber of commerce</td>
<td>List of coworking spaces together with business start-up centres</td>
<td>n.a.</td>
<td>No</td>
</tr>
<tr>
<td>Munich</td>
<td>Chamber of commerce</td>
<td>Information leaflet on coworking spaces</td>
<td>n.a.</td>
<td>Yes</td>
</tr>
<tr>
<td>Cologne</td>
<td>Chamber of commerce</td>
<td>List of coworking spaces</td>
<td>n.a.</td>
<td>No</td>
</tr>
<tr>
<td>City</td>
<td>Communal business development agency</td>
<td>List of business start-up centres and coworking spaces</td>
<td>n.a.</td>
<td>Source: data developed by the author.</td>
</tr>
<tr>
<td>-------------------</td>
<td>-----------------------------------------------------------</td>
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</tr>
<tr>
<td>Düsseldorf</td>
<td>Communal business development agency</td>
<td>List of business start-up centres and coworking spaces</td>
<td>n.a.</td>
<td>This overview shows that the majority of cities simply offer information on their coworking infrastructure. In most cases coworking centres are considered part of the creative industries or mentioned as institutions which could facilitate business start-ups in their initial founding phase. The city of Mannheim and the federal state of Saarland both refer to the future opening of coworking centres as part of a business promotion programme or a sector-specific support programme for the creative industries; these centres are either being planned or under construction. This is related to the fact that creative industries have been identified as one of the most dynamic sectors of the world’s economy (Federal Ministry of Economic Affairs and Energy, 2014) and political actors are showing increasing interest in the ability of the creative industries to maintain and strengthen Germany’s position as a creative and innovative country. The overall aim is to develop, foster and guarantee future perspectives and to strengthen employment in the creative industries, in which coworking spaces are integral businesses and coworkers significant actors. For Germany, two individual initiatives have been identified that go beyond just being part of proactive support policies: the ‘Schiller40’ coworking space in the city of Wolfsburg (Schiller40, 2014), and the</td>
</tr>
<tr>
<td>Bremen</td>
<td>‘Weserwork’ coworking space, funded by the integrative action programme ‘promote inclusion’ of the state of Bremen and charities</td>
<td>Coworking space ‘Weserwork’</td>
<td>Employment programme for people with disabilities, business concept of the coworking centre is to offer employment to people with disabilities</td>
<td></td>
</tr>
<tr>
<td>Nuremberg</td>
<td>Chamber of commerce Communal business development agency</td>
<td>List of coworking spaces</td>
<td>n.a.</td>
<td>Yes</td>
</tr>
<tr>
<td>Mannheim</td>
<td>Municipality of Mannheim</td>
<td>n.a.</td>
<td>Funding by the ERDP and the state of Baden-Württemberg for the set-up of a business centre for creative workers with a space for coworking; currently in construction phase</td>
<td>Yes</td>
</tr>
<tr>
<td>Mainz</td>
<td>Chamber of commerce</td>
<td>List of coworking spaces</td>
<td>n.a.</td>
<td>No</td>
</tr>
<tr>
<td>Ruhr area</td>
<td>Regional business development agency</td>
<td>List of coworking spaces</td>
<td>n.a.</td>
<td>Yes</td>
</tr>
<tr>
<td>Wolfsburg</td>
<td>City of Wolfsburg Communal business development agency</td>
<td>n.a.</td>
<td>‘Schiller40’ coworking space is an establishment of the city of Wolfsburg, Department for culture and creative industries</td>
<td>Yes</td>
</tr>
<tr>
<td>Saarland</td>
<td>Ministry of Labour of the federal state Saarland</td>
<td>n.a.</td>
<td>New public support programme for the promotion of business start-ups (information, financial support), in the summer of 2014 in planning: the opening of a coworking centre</td>
<td>No</td>
</tr>
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</table>
Werkheim rapidly in recent
In the case of Germany’s second largest city
Hamburg
people with disabilities,
detail here, due to its uniqueness and particular focus of the public funding programme on employment for

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**‘Schiller40’ – a publicly funded coworking space for creative workers in Wolfsburg**

The Schiller40 coworking space in Wolfsburg was opened in early 2012 as part of the Kulturwerk, a centre promoting cultural activities in the city of Wolfsburg that is owned and managed by the city’s department for culture and creative industries (Geschäftsbereich Kultur der Stadt Wolfsburg). The coworking space has 20 desks in the open space and a conference room, as well as a facility room equipped with a special printer and scanner for designers and photographers. The Schiller40 client base covers up to 300 people who are mainly from the creative industries including start-ups and freelancers such as photographers, designers and video companies. The coworking space is operated by three full-time Kulturwerk employees. They also organise events in the digital sector and training sessions such as a ‘smartphone school’ for elderly people.

According to the managing director of Schiller40, a major aim of the founders of the coworking space was to strengthen the overall image of the city in regard to the creative sector and digital scene as a significant alternative to the automotive sector (Wolfsburg is the home of Volkswagen). The basic idea and initial concept of the coworking space was developed by the centre’s managing director, who then presented it to the city council. He stated that he generally received positive feedback and great interest, which led to the founding of a working group in 2011 to develop the business.

The coworking space is funded by three stakeholders:

- Wolfsburg’s department for culture and creative industries, with a share of 70%;
- the house building department ‘Neuland Wohnungsgesellschaft’ with a share of 20%;
- the Wolfsburg AG, the communal business development agency, a public–private partnership owned by Volkswagen AG and the city of Wolfsburg, with the remaining share.

The public support covers the entire business operation of the coworking space including labour costs for the three employees and rent. The coworking space also raises funds by charging fees – from €10 for a day pass to €1,500 for a one-year membership, with the money going to the city to be used for overall maintenance, equipment, events and other projects.

According to the managing director, Schiller40 is the only publicly funded coworking space in Germany and has so far met and even exceeded the expectations of the actors involved. The coworking space has increased its original number of 13 workstations to 20, due to demand. Schiller40 is also well established and known as a centre for creative activities and digital culture. The managing director also stated that it serves as a ‘hotspot for digital culture’ and has attracted the interest and ensured the active participation of digital experts in their events.

He added that Schiller40 is very positively perceived by the media, public and political actors. In February 2014, the managing director organised the annual conference ‘Co-work 2014’, which is the only national conference of this form for coworkers, coworking spaces and all other interested parties.

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**Hamburg**

In the case of Germany’s second largest city, Hamburg, the number of coworking spaces has increased rapidly in recent years and currently stands at 10, including large ones such as betahaus 2.0 and Werkheim, which offer working desks to approximately 160 to 170 users, as well as small-scale initiatives
such as the coworking-frankenstraße.de or the Rockzipfel with eight to nine desks for coworkers. Werkheim, the betahaus 2.0 and ‘places hamburg’ are not officially designated to a specific group or sector, but all mainly house people from the creative industries. Other institutions such as the international business centre chains Regus and Excellent Business Center also offer coworking desks on flexible terms as part of their service portfolio, but do not explicitly refer to a particular professional group or have any sector-specific affiliation.

A business start-up centre in Hamburg also provides a small number of coworking desks on flexible conditions for freelancers from the music industry (Karostar, 2014).

The City of Hamburg, in its first report on the creative industries published by the Hamburg Kreativ Gesellschaft in 2012, refers to coworking as an example of an innovative employment format coming from people in the creative industries (Hamburg Kreativ Gesellschaft, 2012) and highlights the great potential of coworking, in particular in the creative industries, as an initiator of new trends for other economic branches. The report also states that several companies have already adopted and incorporated the idea of coworking in their HR strategies and are temporarily using coworking spaces as alternative offices for their employees. The report stresses the significant role of coworking spaces in regard to urban and city planning as well as communal business development (Hamburg Kreativ Gesellschaft, 2012).

The report specifically calls for vacant commercial premises to be made available for temporary and long-term use by creative workers and further declares that support for creative workers looking for properties should be a priority for public institutions involved in real estate management. The report recommends that vacant properties owned by the city of Hamburg should not be left empty for one year or more without being used by creative workers in the interim.

The Hamburg Kreativ Gesellschaft and the Stadtentwicklungs und Stadterneuerungsgesellschaft Hamburg mbH (Urban Renewal and Development Company; STEG) are both engaged in real estate management for start-ups, small companies and freelancers from the creative industries.

The STEG was founded in 1989 as the public institution in charge of managing the city’s real estate properties. Since 2003, it has operated as a private company, but is still involved in urban and city development projects as well as real estate management. Among other services, STEG focuses on innovative forms of work and new trends, and tries to incorporate them in its conceptual use of properties. Several significant start-up centres for creative industries have been founded by STEG and supported by public funding (STEG, 2014). Generally, all start-ups or freelancers operating in the creative industries searching for appropriate office space may approach STEG for reasonably priced premises. Since June 2014 STEG has been supporting the betahaus 2.0 coworking space, which is a tenant in one of its creative start-up centres.
Rent subsidy to the betahaus 2.0 coworking space, Hamburg

Hamburg’s largest coworking space, betahaus 2.0, is located in the Eifflerwerk start-up centre, which is a publicly funded project managed by the Stadtentwicklungs- und Stadterneuerungsgesellschaft Hamburg mbH (STEG) in the Schanze, a trendy neighbourhood of Hamburg.

The Eifflerwerk is a start-up centre and home to self-employed workers and start-ups of the creative industries, such as e-commerce, digital media, app development, social media, film production and design. The entire concept is based on collaborative work among freelancers, as well as start-ups and the establishment of a social community going beyond the usual business context. The Eifflerwerk is subsidised by funds of the European Regional Development Fund (ERDF).

Since its reopening at the end of June 2014, betahaus 2.0 is located on one floor of the Eifflerwerk. According to a programme manager of the STEG, ERDF funds amounting to €450,000 were allocated to the office space now occupied by betahaus 2.0. The coworking space has a conventional rental contract, which is based on a reduced rental fee per square metre, €3 to €4 below the usual market price for Hamburg.

With its reopening, betahaus 2.0 has regained its leading position in regard to size and the quantity of offered workstations among the coworking spaces in Hamburg. Another large coworking space, described in detail in case study 49 of this project, is ‘Werkheim’ which located in Hamburg-Altona (Eurofound, 2015).

Betahaus 2.0 was already being supported by the STEG while searching for an appropriate office location, as well as currently being supported in the form of a rent subsidy.

The STEG explicitly included the betahaus 2.0 Hamburg coworking space in their project proposal for ERDF funding, recognising its role in creative industries and highlighting the potential benefits it brings not only to these industries but to the St Pauli and Schanze neighbourhoods. In this context, it is important to note that the future of the company and the betahaus Hamburg facility was a determining criterion for the STEG’s support.

Strengths and weaknesses of coworking spaces

Schiller40 in Wolfsburg, betahaus 2.0 Hamburg and Weserwork in Bremen are the only examples of publicly funded coworking spaces in Germany. As they are not part of a general national, regional or even local economic support strategy or labour market policy focusing on coworking spaces, they receive funding in a rather indirect or secondary way, as in the case of betahaus 2.0, which is supported by a rent subsidy as a tenant of a creative start-up centre, or in the case of Weserwork, funded as part of an integrative programme to employ people with disabilities. The only example of a publicly funded coworking space which also operates as such is the Schiller40.

With regard to the public funding allocated to the betahaus 2.0, it remains rather questionable whether the rent subsidy can contribute to a sustainable development and successful market placement of a coworking space or any private business. However, the public support has enabled the betahaus 2.0 company to reopen its doors and continue operating after its insolvency. Also, this case is an interesting example of the great potential and multiplier effect possibly generated by the main, creative industry, users of coworking spaces on urban and city planning as well as communal economic development. A successful coworking space can attract the self-employed and start-up companies, but can also serve as the starting point for synergies among coworkers and hence spark new project ideas. The betahaus 2.0 coworking space has already attracted a large group of creative workers who use it regularly and it has contributed to a sustainable urban development of the Schanze quarter and the city of Hamburg. Although there are no pre-defined target figures and an outcome is hardly measurable, the entire process has shown that new restaurants and coffee shops have opened within the surrounding area with coworkers of the betahaus as regular clients. One of STEG’s tasks is to support the creative industries in gaining access to commercial
properties within Hamburg and to find innovative solutions for vacant properties. This target was met by providing financial support to betahaus 2.0.

It is clear that creative milieus contribute significantly to a shift in urban planning with visible changes in society – although this can apply to creative industries in general and not exclusively to coworking in particular. Often creative workers choose their office location in urban niches which then leads to the opening of small shops, studios, other shared offices and coffee shops contributing to local economic development and social cohesion (Merkel and Oppen, 2013; Hamburg Kreativ Gesellschaft, 2012).

Coworking spaces or start-up centres for creative workers can be a way to use vacant commercial real estate units. This is one of the strengths of the Schiller40 in Wolfsburg, which is now located in a building belonging to the city’s house building department.

With regard to coworking, it remains questionable whether official support programmes can contribute effectively to a positive development of privately run coworking spaces. As the example of the Eifflerwerk, home to betahaus 2.0, has shown, it was not coworking in particular, but the development and public support of a large start-up centre in a district with a high density of creative companies, that was the intended outcome.

**Outcomes**

**Macro level**

For Germany, at the time of the case study in 2014, there were no statistical data on coworking in general and its impact on the labour market or any empirical data on the potential effects of this form of employment. As coworkers represent various employment forms, general effects on the macro level, such as the labour market, are not measurable.

With regard to the public funding programmes covering Schiller40 in Wolfsburg, Weserwork in Bremen and betahaus 2.0 Hamburg, predictions on the macro level outcomes are not possible. There are no defined or measurable target figures allowing an assessment of the effectiveness of public support in general or in the specific cases outlined in this report. Weserwork has created three new jobs for people with disabilities. In the case of Schiller40, the objective was to strengthen the creative and digital sector within the city of Wolfsburg, which is primarily known for its automotive industry. According to the project manager of Schiller40, the support initiative has contributed to better visibility of the sector and laid the foundation for numerous activities such as workshops, training and the annual coworking conference in 2014 at the coworking space. Aside from that, no evidence is measurable. With regard to betahaus 2.0, which might contribute to the provision of cheaper premises to creative workers, an assessment is impossible since it has been in operation only since June 2014.

**Micro level**

Generally, public support programmes addressing coworking spaces enable them to start operation and remain competitive in their start-up phase. With public support received, the management of coworking spaces can easily dedicate more time to marketing, the organisation of events or their clients and hence reach a higher productivity level. In a second step, such support programmes have a positive effect on business start-ups, business foundations and self-employed workers, who can flexibly utilise the office units of a coworking space.

As in the case of the betahaus 2.0, the rent subsidy and the support received by STEG in finding an appropriate office location were crucial factors facilitating their reopening and general business operation. The clients of betahaus 2.0 have described numerous effects of their experiences working there. For example a digital consultant praised its lively professional and inspiring community and said he maintains regular contact with it. A self-employed copywriter, who is just starting out, emphasised the welcoming atmosphere and added that she was able to establish her own network which provided personal motivation, inspiration, support and fun. Another freelance speechwriter who usually worked on her own refers to betahaus as an important alternative to her home office, as she can be among friendly people
and establish social contacts. The effects in the case of the other publicly funded coworking space, the Weserwork in Bremen, are clearly visible in the creation of three new jobs for people with disabilities.

**Transferability**

The very limited number of publicly supported coworking spaces and, particularly, their sector-specific link and uniqueness have already shown that the general adaptation of public support to coworking spaces is complicated. With regard to the rent subsidy allocated to the betahaus 2.0, this public support instrument can of course be easily applied to other facilities and regions. However, it remains questionable whether rent subsidies are an appropriate instrument to guarantee the long-term operation of a coworking space.

The success of the Schiller40 coworking space is largely thanks to the dedicated work of the managing director and his well established contacts with the city of Wolfsburg as well as with the digital sector. It is important to highlight that Schiller40 is a relatively small coworking space and part of a sector-specific initiative at local level. The transferability of its concept might be successful under comparable circumstances, such as a well connected managing director and the willingness of a city to strengthen the creative industries.

According to the project manager of STEG, coworking spaces can generally succeed only within a distinctive area which is frequented by creative workers. In the case of the Karoviertel, Schanze or St Pauli districts in Hamburg, where the betahaus 2.0 is currently located, the majority of creative workers also live, work or spend their free time there. These neighbourhoods have shown a particularly interesting shift in urban development during the past decade with regard to the opening of new businesses and the renovation of old buildings which have transformed previously unsafe areas to prosperous, fashionable ones, where shops, restaurants and bars as well as many start-ups and other established businesses from the creative industries have chosen to set up.

**Commentary**

This report has shown that there is hardly any public funding programme focusing explicitly on coworking spaces in Germany. The coworking scene is mainly dominated by independent and privately operated businesses with no specific links to public funding. The few cases described and analysed in this report which received public funding were either very specific initiatives such as the Weserwork in Bremen or the recipient of rent subsidies only because of their office location in a creative business centre, which was funded as an entity by the ERDF. The Schiller40 is the only example of a publicly funded coworking space which could be identified for Germany. The recent dynamic development of coworking is most likely only a passing phenomenon. The recent insolvency of betahaus Hamburg and the betahaus in Cologne has shown that the successful business operation of a coworking space is complex and has also to include other services in its business plan besides simply coworking desks for walk-in clients in the open space. Moreover, a successful coworking space is completely dependent on its management and the structures it creates to enable the sustainable development of a social community of coworkers. This applies to Schiller40 as well, which can be considered a good practice example of a publicly funded coworking space, but is on closer inspection largely dependent on the network and dedicated work of one person.

Also, the common statement that coworking is ‘a new form of employment’ is problematic and misleading, as coworking is not based on a contractual relationship between employer and employee and, instead, is a form of self-employment: often referred to as the ‘new’ self-employment. With regard to certain characteristics of this type of work such as the lack of social and employment security, health and safety insurance or rules on working time, public support policies for coworking can be understood as public support programmes promoting precarious work. However, self-employed workers and start-ups as regular users of coworking spaces may benefit from social exchange and networking among other freelancers in a similar professional situation and may, in this context, experience a certain level of solidarity. Again, it remains unclear why coworking spaces are different from shared office spaces or
business incubators for self-employed people and should be publicly supported. Instead of introducing public funding for coworking, public funding activities should target employment and social security issues for freelancers and the self-employed. (Compared with freelancers and start-ups operating in other business segments, creative workers are entitled to public support if organised in the German Künstlersozialkasse. This artists’ social welfare fund is specifically designed for the self-employed in the creative industries and supports them by covering half of their contributions to health insurance and pension insurance.)

The initiative of the German trade union ver.di ‘I am worth more’ (Ich bin mehr wert) works in this context by addressing IT workers as well as freelancers and self-employed workers in the digital sector, and demands better collective agreement coverage. This sector has a traditionally low union density and is, at the same time, a sector with a quickly transforming working culture and regular coworking space

users (ver.di, 2014).

**Information sources**

**Websites**

Betahaus 2.0, available at [http://hh2.betahaus.de](http://hh2.betahaus.de)
deskmag, available at [http://www.deskmag.com](http://www.deskmag.com)
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Kim Schütze, wmp consult