

# THE BUSINESS AND THE FUTURE OF COLIVING

By Angharad Owen

**O**ver the past couple of years, the term 'coliving' has grown in popularity. Worldwide Google searches of the term have increased by over 100% in the past five years, with related searches including "coworking" and "coliving" followed by major cities, eg New York, Paris and San Francisco. In the UK however, coliving searches only started to gain popularity from 2016, and it is increasing, albeit very slowly. Related search terms include "London", "coworking" and major coliving space providers such as The Collective.

This research explains what people are searching for – but what does it mean for the future of housing?

And, what exactly is coliving and who is it for?

When this question was posed to the attendees of the conference, there appeared to be some differing opinions. **Luke Spikes**, founder of coliving model and serviced accommodation HiggiHouse, made it very clear that coliving is not a term that can be interchangeable with HMO. He says: "a lot of people have been relabelling an HMO as coliving because it feels convenient and on trend, but in fact they are not making any fundamental changes to what their proposition was before."

**Dan Jackson**, founder of Urban Shared in London and the Urban Shared app, agrees. "Coliving is about improving the customer experience in a shared home, regardless of whether it's for the younger generations or for older adults," he explains. "There needs to be a focus on how other tools can be used to foster the sense of community and create a feeling of belonging."

A form of coliving has been the accommodation of choice for a high number of American retirees. In the 1980s, retirement villages flourished in the USA and many senior citizens come together to live in a smaller room with large shared amenities. However, according to **David Bunk**, principal of Canadian company Home Free for older adults, coliving is more than a small room with shared amenities. "It's the idea of having more by having less," he says. "To colive, having material possessions becomes less important." He believes that having less stuff will allow people to have more freedom to explore hobbies, try new experiences and have more meaningful relationships with others. He continues: "Baby Boomers aren't looking to live in the same way their parents and grandparents did in these types of facilities. They are looking for something new, and coliving is the answer."

Understanding that coliving is changing the way that both developers and consumers are viewing shared accommodation, however, it is still in its infancy – perhaps because there is not yet a distinct definition. Nevertheless, there is an increasing interest in the model from the investment community, particularly in the USA. Major companies such as Common, Quarters, Roam and the UK's The Collective have shown that there is a demand from the market and the model does indeed work.



Despite these companies' success, the UK's estate agency industry still needs to catch up with the advancements and developments in shared living, says **David Thomas**, director of Liberty Gate, an award-winning estate agency in Nottingham. *"I haven't heard it being discussed at industry events, but I think it would be great for an estate agency to be involved with it because it could become an essential part of the private rental sector,"* he states.

A possible reason for the hesitation from agencies to implement it is due to the lack of online tools for marketing specific coliving rooms or spaces. Although there is a website (coliving.com) that allows consumers to filter spaces by city or country, there appears to be a concern that relying on direct bookings may not be sustainable, particularly as developments, ambitions and competition increase. Many of the well-known coliving brands use social media to target prospective consumers, and this is something that smaller operators should consider when developing their spaces.

In order to market their rooms effectively, Luke Spikes and Dan Jackson wanted to offer a customer-led brand. Jackson began offering long-term accommodation using the popular rent-to-rent strategy, whereby he pays the landlord a guaranteed rent every month, rents the rooms out individually and however much is left over is profit. Not owning the properties meant that he was unable to invest in the spaces, so he had to start contemplating other ways to create a good experience for his consumers.

He decided to implement technology to create a community around his brand, so he developed the Urban Shared app. On the App Store, the app's description says that tenants can communicate directly with the landlord, raise and track maintenance issues, access tenancy documents, browse through videos and instructions for household appliances including WiFi codes, easily move between Urban Shared properties within two weeks, and browse through a list of additional products and services offered including personal room cleans and contents insurance.

Although Jackson said that the purpose of the app was to create a community, from the description it suggests that it is just another tool for communication between landlord

and tenant. Therefore, is it ultimately for benefit for the tenant or was it developed to make the landlord's life easier?

Whereas Jackson focuses on utilising existing properties and trying to make the best of what is already available, Luke Spikes is looking to build properties specifically for coliving purposes. His goal would be to have a hybridisation of coworking, coliving and serviced accommodation throughout the building.

*"Urbanisation is one of the big global drivers for this, and many people want to come back into living in city centres."* Luke says. *"A second driver is unaffordability, so we have to make better use of the land and real estate assets in the cities where people want to live."*

*"You're not going to do that by redoing something that's already been done. You have to rethink it."*

Coliving itself is not a new premise – people have lived in some form of shared accommodation for decades, whether it be rooms or in a retirement village. The current coliving trends, however, are being driven by younger people. Bunk considers whether it's down to homeowning gradually becoming more unaffordable, or whether the incoming generation just want to do things differently to what their parents and grandparents did. *"There seems a focus on a freer lifestyle, with many people trying to find a hybrid between owning and renting,"* he explains. But for the elderly,

Canadian rates for homelessness among senior citizens are "skyrocketing".

According to the National Shelter Study from 2005-2009, the estimated amount of emergency shelter users in Canada over the age of 55 increased from 10,727 in 2005 to 12,120 in 2009. Older adults were also more likely to have longer stays in shelters, with 13% of those over 55 staying for more than one month, compared to only 8.5% of adults aged 25-54.

Another study researching the evictions of senior citizens in the Greater Toronto Area by the Centre for Equality Rights in Accommodation found that the number of homeless seniors in Toronto doubled between 2009 and 2013 (from the City of Toronto Street Needs Assessment, 2013) and that close to 30,000 senior citizens are on the waitlist for social housing in Toronto (based on data reported in Toronto Vital Signs, 2016).





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David's model is to provide suitable housing to senior citizens in Canada, but he has been hesitant to use the term coliving for what he is providing. **"We usually talk to the children of our clients and we rely on them to talk to their parent about coming to us,"** he explains. **"The word coliving isn't commonly known in that age group."**

Spikes, on the other hand, is keen to avoid using industry-specific terms, eg HMO, when speaking to prospective consumers, as they are unlikely to know what it means.

**"Why would I use that language when communicating with a customer?"** he asks. He chooses to use the term 'coliving' and he hopes that by doing so, he will attract more people to his brand.

Trying to integrate the term into everyday use will depend on how the model succeeds in major urban cities around the world: Berlin, London, New York and San Francisco, to name a few. These cities are considered unaffordable for those on a standard income, and there isn't much space to build. **"There's a perfect storm in some parts of the globe with regards to the demand for what we're doing,"** Jackson says. **"It's a basic supply and demand and cost issues."**

More people are looking to move into city centres because prices are moving up, and the fundamentals are pointing towards the increasing numbers of people who need to live in these areas. Now, developers and accommodation providers are looking at how to make them even better.

Alongside economic drivers, there are society trends that are playing a part in the trend towards coliving. According to the ONS, in 2018, suicide rates increased by 11.8% from 2017. However, it is important to note that the ONS has stated: **"Suicide rates tend to fluctuate on a year-to-year basis. It is therefore too early to say whether the latest increase represents a change in the recent trend."**

Loneliness is a common problem in the UK too, with over nine million people – almost one fifth of the population – reporting that they are often or always lonely, based on Trapped in a Bubble research by the Red Cross.

**"Coliving is the next generation of shared home, where it's addressing some of the issues surrounding loneliness in this ever-connected world,"**

Jackson says.

Spikes believes that is the role of an owner, operator and developer to focus on the customer, and that coliving is fundamentally about the wellbeing of the individuals in their charge. He also believes that introducing multi-generational living will help combat some of the above issues regarding loneliness, particularly in the elderly.

A study in The Netherlands has shown that having six students living in a residential home for the elderly found that the **"the elderly home made a transition from a predictable and controlled environment in which elderly people were objectified and received minimal, cost-effective, and efficient assistance in daily life to a surprising and anticipating intergenerational, enabling environment in which elderly people live; they do the things they can and enjoy doing and receive assistance accordingly."**

(Intergenerational Housing: The Case of Humanitas Netherlands; Arentshorst, Kloet and Pine, 2019.)

Could this be the evolution of coliving? While some think that large purpose-built buildings with hundreds of rooms is the best model for coliving, eg The Collective, Jackson believes that smaller, family-sized units are a better



model, connected to other similar units in some way. Common in New York have utilised Brownstones in this way, which are a good size for a great coliving experience. **"Having buildings with 200, 300, 400 rooms, I think you need to be very careful to not create a different problem,"** Dan warns.

**"As a community, we are still learning. The research around optimum room space and community elements is creating a lot of opportunity to do different things to enhance this asset class even further."**

At least everyone agreed that coliving must be a consumer-led model. What do the people want? Estate agent David Thomas is **"shocked by this political stance of having longer tenancies."** Through speaking to tenants daily, he has noticed that many want flexibility. He believes the desire to be transient through work or lifestyle has contributed to the growth in short-term accommodation such as Airbnb. He adds: **"People like the flexibility of being able to choose to be transient if they want, or if they'd rather to put roots down."**

Going back to the original question, what exactly is coliving?

From being present on this panel and writing this article, it seems that coliving is ultimately shared accommodation focusing on feeling rather than function. Luke Spikes's closing advice to developers is to: **"put yourself in the shoes of the customer and reflect upon whether the space enhances the way that person feels."**

David Bunk's vision of coliving for older adults is an opportunity to **"do well by doing good."** Coliving – done right – offers an opportunity for anyone working in property to add more meaning to their lives. **"We can take care of people's hearts and it's a real opportunity to live our best lives as investors,"** he says.

It is a form of living that encompasses flexibility, community, shared space and the use of technology. Age should not be a barrier, as studies have shown that every generation can learn from others. David

Bunk's Canadian model has proven that coliving can work for senior citizens and Luke Spikes is keen to introduce multi-generational living in the UK. Coliving should be a place where people can not only connect with housemates, but have the freedom to explore new activities and hobbies through house meals and skill share sessions.

By utilising existing spaces, like Dan Jackson's model in London, people can be brought back into city centres without the price tag that often comes with it. However, building specific coliving spaces would allow developers to create somewhere specifically for the consumers' needs without limitations of size or location.

There is no one-size-fits-all for coliving. Having a multitude of different options, from countryside retreats for the digital nomads to city centre apartments for working professionals, would allow consumers to find exactly what they are looking for.

**But there is one thing that can be agreed upon – coliving is first and foremost about community.**

*YPN took part in a coliving debate panel organised by Helen Pollock to discuss the future of the model.*

