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Co-working becomes co-living

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'That is your crash pad, and your living room is the rest of the building': Reza Merchant, founder of The Collective, in one of its bedrooms

When Megan Lathrop walked through the door of the four-storey house in San Francisco that was to be her new home, she was quickly caught up in a discussion about a meditation class conducted by one of her 20 housemates. It made her feel right at home.

"I wanted to be in an environment that is full of collaboration and learning and new situations and conversations," she says. Ms Lathrop was single and in her mid-30s. Six months earlier she had stepped away from a successful banking career for a spell of travel and self-exploration.

On her return to the US last January, Ms Lathrop was drawn to Campus, a start-up selling communal living for grown-ups. Compared with the flatshares she had lived in for much of her adult life, her new environment felt much more like a family whose members were helping each other to grow.

"They wanted to know whether I could cook or teach yoga or interior design," says Ms Lathrop, who now runs her own financial coaching business, Finanseer. "There was an immediate interest in what

gifts you had that you could share.”

“Co-living” is the latest craze to seize the imagination of start-up founders, partly inspired by the rise of freelancers collectively “co-working”. Shared accommodation has traditionally been considered the preserve of students, hippies and the elderly. But trends in the lifestyles of young professionals have convinced a fresh generation of entrepreneurs that there might be an attractive business in it, too.

Rocketing property prices, global careers, people starting families later, and a blurring of the boundaries between the digital and the physical as well as the personal and the professional, are held up as reasons why people will pay.

At the heart of the proposition is convenience and community. Co-living companies tend to offer flexible, short leases as well as flat monthly fees that cover rent, bills, cleaning and shared activities. The aim is to simplify “life admin”, minimise the friction that can arise between housemates — and unleash their collaborative, creative spirits.

“It’s housing on demand,” says James Scott, the 23-year-old chief operating officer of The Collective, a London-based housing start-up that acts as a developer and property manager. “My parents have a bookcase full of books and DVDs; I have a Netflix account and a Kindle. We’re far more experience-based and less possession-based.”

Next year The Collective plans to open a 11-floor development on the outskirts of London, featuring 550 single rooms, a co-working area and 10,000 square feet of shared space for residents, including a gym, spa, private bookable dining rooms, internal atrium and launderettes jazzed up with disco balls.

The tiny bedrooms already on display look like a cross between a Scandinavian apartment and a Japanese “pod” hotel, with colourful throws, a wall-mounted flatscreen television and an adjacent kitchenette shared between two.

“That is your crash pad, and your living room is the rest of the building,” says Reza Merchant, The Collective’s 26-year-old founder and chief executive. “By sharing you get access to so much more than you would in a flatshare.” The company expects to charge an all-in fee of about £1,000 per month, comparable to studio apartments in the area, and will employ full-time “community managers” to organise collective activities.

But it is not clear that it is possible to sell both community and convenience. Community, after all, requires continuity — something difficult to square with letting people drift in and out. Mr Merchant expects people to stay in The Collective for an average of nine months to a year. “This is a transitional product — it’s not somewhere you’re going to live for the rest of your life,” he says.

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- Reza Merchant, chief executive,
The Collective

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One thing uniting these companies is a fondness for metaphors from the tech world to explain what they are doing, with founders talking about “curating” homes and “onboarding” (ie, introducing) residents to local businesses.

But they are sometimes sketchy on what this means in practice — and some critics see the language as smoke and mirrors. Affordability is the real problem, according to Lucian Smithers, marketing director of Pocket, a London-based property developer that sells “micro-flats” to first-time buyers.

“We have a little bit of nervousness about the sustainability of those models,” he says. While the rent may be comparable to local studios or rooms, they often add up to a premium per square foot.

There has already been one notable collapse in the co-living sector. Campus, the start-up that was Ms Lathrop’s landlord and which had been backed by Peter Thiel, the billionaire PayPal founder, announced abruptly that it was shutting down this summer (see box).

There is also a question mark over the inclusivity of co-living. Some companies have an explicit selection process. Ryan Fix, the founder of Pure House, administers a community of 40 to 50 people spread across 10 properties in New York. He interviews each applicant and invites prospective housemates to share opinions on the new member’s suitability. What is important, he says, is less about demography and more about values. All the Pure House members, he says, are “going through a transformation towards doing what they love, living their passion”.

Brad Hargreaves, founder of Common, a co-living start-up in Brooklyn, thinks a robust community is possible without philosophical orthodoxy: “I have to think about this as how we’re solving a customer need, as opposed to trying to create a social or political movement.”

The company is a spin-off from General Assembly, the network of digital training schools Mr Hargreaves co-founded. At General Assembly, he encountered many students who could not secure accommodation for courses.

Common is his response to that need. It opened its first property this week, for 20 people in a converted Brooklyn brownstone, which it owns in partnership with a developer. The General Assembly connection means people are likely to self-select in a way that will help create unity, says Mr Hargreaves. “I’m not thinking everyone is going to sign up because of the community but the community is why they stay.”

But even when co-living businesses fail, the relationships they generate seem to persist. Ms Lathrop has formed what she calls an “intentional community” of 11 people, who now live in part of the house she first entered as a Campus resident.

Sarah Kessler, a journalist who lived in a Campus house in New York for six months, is now living in a three-bedroom flat with people she met through the experience. “I’m glad I did it; I’ll never do it again,” she says.

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