

WeOut: Co-working giant WeWork drops Orlando location from website

By [Jack Witthaus](#) – Staff Writer, Orlando Business Journal
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Global co-working giant WeWork has clocked out of downtown Orlando.

The New York-based company — which was preparing to build out a lavish, 70,000-square-foot office space at [200 South Orange Avenue](#) — no longer is advertising its downtown Orlando space [on its website](#). Previously, the company aimed to open its office space in August 2021 after originally shooting for a second-quarter 2020 debut.

A WeWork representative declined to comment, and a representative with Atlanta-based landlord [Piedmont Office Realty Trust](#) Inc. (NYSE: PDM) wasn't available for comment. A representative with Chicago-based leasing agent JLL (NYSE: JLL) declined to comment.

The fourth, fifth and sixth floors of 200 South Orange Avenue — where WeWork planned to operate — aren't listed as available for lease, [according to LoopNet](#). However, marketing materials show that available space on nearby floors "can be combined with additional space(s) for up to 70,029 [square feet] of adjacent space." It's not known if that's referring to WeWork's space.

Office real estate experts had questioned whether WeWork would open its lone Orlando location due to the firm's financial issues. In fact, WeWork laid off thousands of employees and saw the departure of its founder [Adam Neumann](#) after it announced its City Beautiful plans in May 2019. Further, the company failed [to secure a permit to begin building out](#) its space, according to city documents. WeWork applied for the permit in June 2019, but the permit expired on April 13, 2020. City documents list the permit application status as "open."

That said, it appears as if WeWork's financial problems may have been an exception and not a rule for other co-working companies.

Miami-based Pipeline Workspaces [has seen its occupancy rise in recent weeks](#) at its 20 N. Orange Ave. office after several companies left early on during the pandemic.

In addition, even co-working company Regus — which filed for Chapter 11 bankruptcy on some of its U.S. locations in September — still has seen strong demand in Florida, said [NiCole Barry](#), vice president of operations at Orlando-based Tower Realty Partners Inc., which has several Regus locations in its office portfolio. Barry is not involved with WeWork's deal.

WeWork's numbers didn't seem to add up, Barry said, as the company expected to build out its Orlando space at a whopping \$107 per square foot, generally considered to be at the top end for spending on office space construction. Barry said WeWork would need an "A-plus" tenant with a 10-year lease with rents several dollars above market value to justify those construction costs — in addition to a steady stream of temporary clients.

"It's not that the business model can't work," Barry said of co-working in general. "There was just no way WeWork's numbers made sense."

Downtown office stats

Downtown Orlando's office market features an average vacancy rate of 13.7%, which is higher than the Orlando-area average of 11.6%, according to Cushman & Wakefield plc's (NYSE: CWK) third-quarter report. The submarket's average asking Class A rent is \$29.62 per square foot, compared with the Orlando-area average of \$27.27 per square foot, showing demand for office space there.