NOTE RAPIDE
PARIS REGION DEVELOPMENT AND URBAN PLANNING INSTITUTE #11

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ECONOMY

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THE BOOMING DEVELOPMENT OF THIRD PLACES IN PARIS REGION

620
THIRD SPACES IN THE PARIS REGION, 80% OF WHICH IN THE URBAN CORE OF THE AGGLOMERATION.

1,000
THIRD SPACES PLANNED BY THE PARIS REGION BY 2021.

PARIS REGION
SOURCE OF INSPIRATION

SURFACE AREA: **12,012 KM²**
12 MILLION INHABITANTS
18% FRANCE'S POPULATION
6.2 MILLION JOBS

THIRD PLACES HAVE EXPLODED IN NUMBER SINCE 2010, REFLECTING THE PARIS REGION'S ENTREPRENEURIAL DRIVE AND THE CHANGES TAKING PLACE IN WORK PRACTICES. THESE SPACES ALSO EMBODY A FRESH APPROACH TO CENTRES OF INNOVATION, WHOSE BUSINESS MODEL FOCUSES ON "DOING".

The changes induced by digital processing have had deep impacts on the ways work is organised in terms of mobility, access to shared collaborative resources and networking. In addition to teleworking (or telecommuting) from home, new nomadic, mobile, remote and collaborative forms of work have appeared, favouring the emergence of new places dedicated to professional activity: third places. Who uses these spaces? What needs do they meet? What geographical criteria are used to locate them? What do local areas expect them to achieve?

THE CONTEXT: SOCIETAL CHANGES SINCE THE 2000s

Societal and technological changes over the last 20 years have resulted in more nomadic or mobile forms of work. Several new terms have been coined – such as third places, coworking, makerspaces, fab labs – to refer to the emergence of new workplaces almost everywhere in France bringing together a growing number of economic stakeholders. The development of third places is one of the new trends in the organisation of work made possible by the spread of digital technology. Coworking has emerged alongside the rise in "project mode" working, growth in microentrepreneurship and increasing interest in start-ups.

Several factors account for the development of third places.

- Changes in work organisation have had a strong impact on entrepreneurship and the emergence of new and more flexible forms of work: economic stakeholders have had to adapt to the new business models developed by entrepreneurial projects; work rates are more and more often out of synch; the growing porousness of the borderline between personal and professional life, etc.
- The development of the collaborative economy (see the glossary on p. 6) and its platforms has increased the share of self-employment, particularly in the business services sector. Self-employment grew by +30% between 2009 and 2015 in the Paris Region[1]. Self-employed workers wish to find a solution to the problem of isolation by gathering together in collaborative spaces.

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THE POLICY OF SUPPORT FOR THE CREATION OF THIRD PLACES IN THE PARIS REGION

Since 2012, the Regional Council of the Paris Region has organised calls for projects to foster the emergence of third places across the entire Paris Region, notably in rural and periurban areas. The development of third places has the following objectives: to open up isolated local areas; to stimulate new economic activities; to improve working conditions for a better personal-professional life balance; to reduce greenhouse gas emissions due to home-work commuting; and to establish new organisational and managerial models.
In 2016, 41 new third places (for teleworking, coworking, etc.) opened in the Paris Region representing 10,750 sq. m. of extra floor space and 1,145 new work stations.
These results were achieved thanks to partnerships with the chambers of commerce and industry, French Railways (SNCF), the French postal service company (La Poste), voluntary organisations and local government authorities.

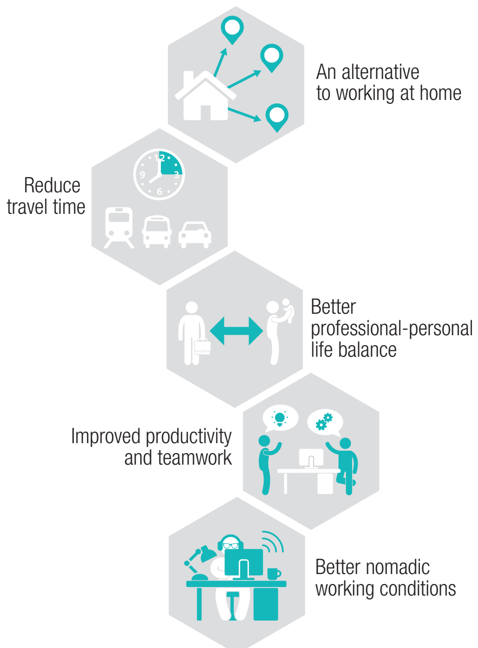
Conseil régional d'Île-de-France, report on the development of 1,000 third places by 2021, *Délibération n° CR21-16 dated 16th June 2016.*

- The transformation of working conditions in a corporate environment and people's desire to reduce daily travel to and from work have led to an increase in remote working. In France, the percentage of people who practise teleworking has reached 12% (between 8% and 18% depending on the sources of information[2]).
- The shift to a service functionality economy reflects a move from ownership value to value in use. To be productive, a business or a self-employed worker do not need to own or rent office space.
- The makers movement (see the glossary on p. 6) and the emergence of digital manufacturing tools form part of a collaborative approach.

THE DYNAMICS OF THE CHANGE HAVE BEEN RECENT AND SWIFT

This new form of collaborative work organisation has been spreading continually across the capital region. In 2017, the number of third places reached 620 in the Paris Region, comprising 171 coworking spaces, 146 shared offices, 87 fab labs and 216 business creation or development support sites.
The dynamics of the change have been recent: three quarters of identified third places have been set up since 2010. They have taken different forms: coworking spaces, shared offices (call and business centres), digital manufacturing workshops (fab labs) and business support sites. The differences between them lie in the size of the spaces for rental, the targeted public and the nature of the services provided. Most define themselves in relation to the functions and dynamics they drive, which are often a hybrid mix of coworking space, business incubator and prototyping structure.

The **benefits** of teleworking in a coworking environment



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Sources: LBMG worklabs; Néonomade

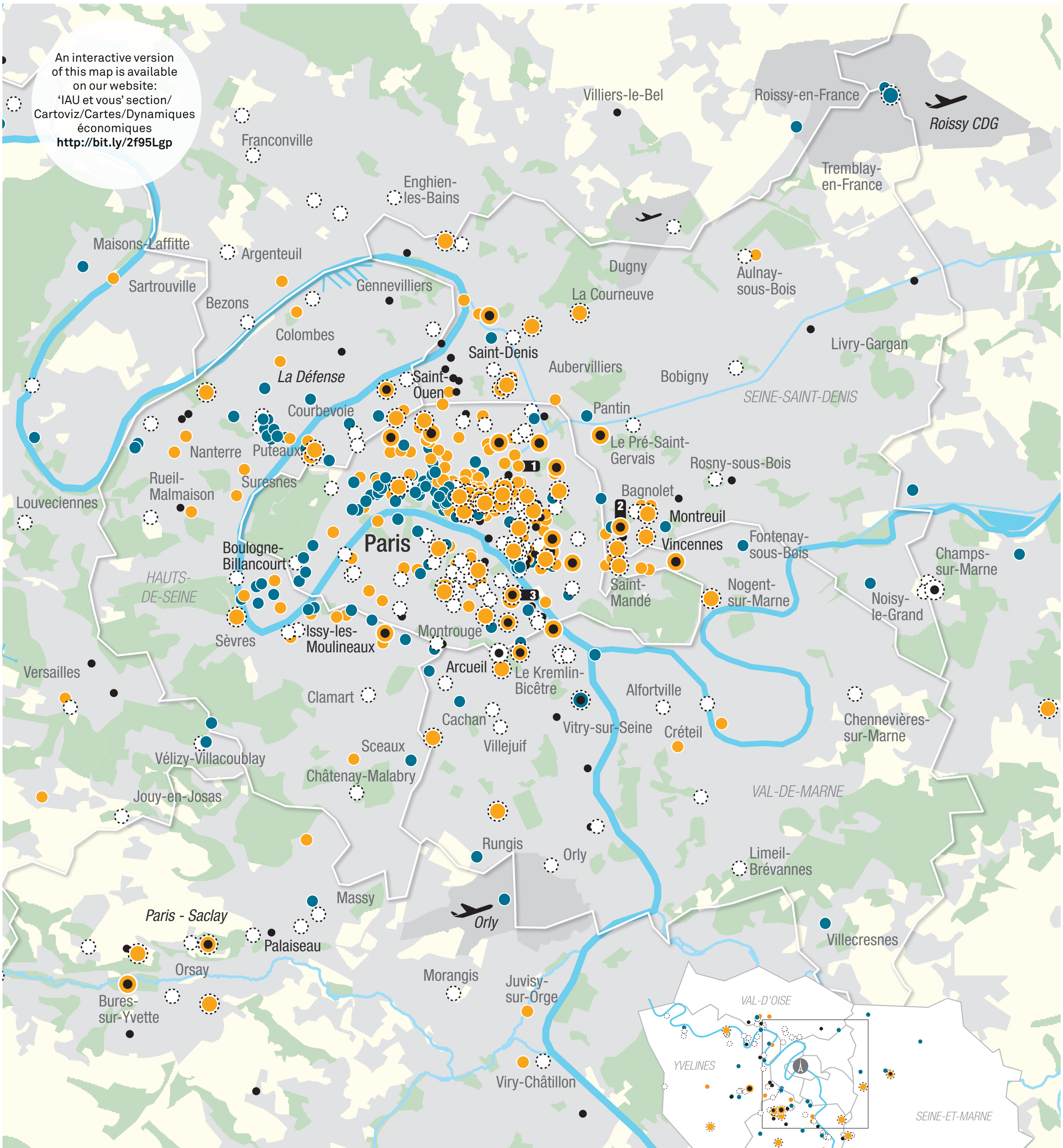
A GREAT VARIETY OF THIRD PLACES IN THE PARIS REGION

To understand the service offering in the Paris Region, the region's 620 third places were mapped. This mapping revealed a sharp imbalance between central and rural areas: over half (323) of the third places are located in Paris, notably in the central "arrondissement", but also in the north-eastern inner "arrondissements" where rents are lower and there is a large population of freelance workers in the Web and creative industries.
For the same reasons, a large number of third places are located in cities very closed to Paris such as Montreuil, Saint-Denis, Saint-Ouen, Boulogne, Issy-les-Moulineaux, Arcueil or Vincennes.
In the outer suburbs, 125 third places have been identified, mostly in Yvelines "département", which hosts 47 third places scattered across several towns (Les Mureaux, Versailles). There are 36 third places in Essonne "département" (Évry and Palaiseau) and 20 in Val-d'Oise "département". The "département" of Seine-et-Marne brings together 22 third places (Moissy), spurred by the Département Council's favourable policy.

MULTIPLE GOVERNANCE MODELS

The differing legal status of third places explains why they feature a variety of organisational models. Among the main coworking spaces, we can distinguish the following models.
- **An entrepreneurial model:** this model is favoured by entrepreneurs who choose to make space management their core business while at the same time continuing to conduct advisory activities, sometimes linked with their past business. Their aim is to develop the space they manage and open new spaces to make money from coworking.
- **A voluntary sector model:** in general, this model is found in medium-sized places (less than 300 sq. m.) designed by the founders to be shared offices that meet their own workspace needs. These managers each have another job, often in the creative industries, which they practise as freelancers. Many of these jobs are in design: architect, designer, graphic designer, etc. The space is managed by a non-profit organisation or a public interest cooperative (SCIC) and its main purpose is to enable the founders to develop their networks. As soon as they can afford it, they hire an employee to manage the administrative work.
- **A public-sector model:** these spaces are established by a municipality or an intermunicipal cooperation public corporation (EPCI) funded by public subsidies. They are managed under a public service delegation contract, but there have been some cases of a hybrid management model involving a private company. They are often located in places where the private market does not find enough demand, because their purpose is to foster entrepreneurship and teleworking in such areas.
- **A 100 % private sector model:** recently, property developers have undertaken to develop shared offices which mutate into a coworking model.

The 620 third places in the Paris Region in 2016



Functions of third places

- A mutualised office with or without a coworking space: *a shared office with services provided, such as a call or business centre.*
- A coworking space: *a shared work space supported by a community of self-employed users, microentrepreneurs and start-ups, who work in the space on a collaborative basis.*
- Fab lab: *a digital manufacturing workshop, a hackerspace, a makerspace, a prototyping space, a 3D printing space, etc.*
- A support centre: *a support and hosting structure (business incubator, business centre, seed accelerator, etc.).*

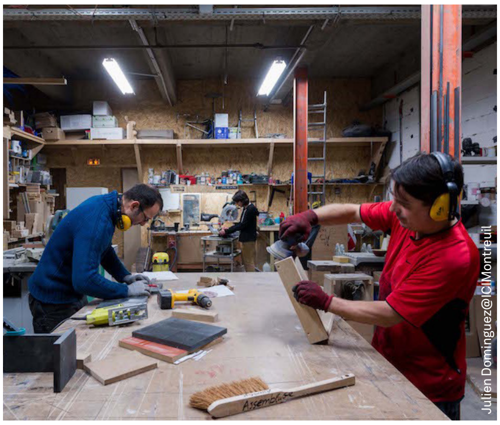
urbanised space | regional nature parks and forest | agricultural areas

N 0 5 km

Sources: Apur, Blue Office, Crocis, mairie de Paris, Makery, MENESR, Multiburo, NCI, Neo nomade, Nextdoor, PRM, Région Île-de-France, Regus, Servcorp, Stop & Work, Techonmap, IAU îdF

1. Mutinerie: a coworking space in Paris

Opened in March 2012 and located in the 19th "arrondissement" of Paris, Mutinerie is a 400-sq. m. space organised in accordance with the coworking rules in force in France featuring an open central platform, meeting rooms and a space for social interaction in the entrance lobby. It can accommodate around 50 people and brings together a community of self-employed workers and entrepreneurs in a shared work space. The Mutinerie School organises specialist training courses in areas such as creative skills, software development and entrepreneurship. Events are regularly organised relating to start-ups or the collaborative economy, while more informal moments allow coworkers to meet each other.
coworking.mutinerie.org



2. ICI Montreuil: a fab lab for skilled arts and crafts workers

ICI Montreuil opened in 2012 in a 1,700-sq. m. former electrical equipment plant in Montreuil (Seine-Saint-Denis "département") as a result of a private initiative which set up a public interest cooperative (SCIC). Managed by seven employees (FTE), it has 350 regular users, who represent a broad range of skills: the 165 permanent residents represent 53 different skilled crafts, trades and creative industries.
In addition to specialised workshops (woodwork, leather, cloth), ICI Montreuil features an exhibition room, a restaurant open to the public and a shop. Coworking spaces also enable the residents to work during the design phases. The workshops combine digitally operated machines with more traditional techniques and provide training courses to both residents and non-residents.
www.icimontreuil.com

3. Station F: the world's biggest start-ups campus

Initiated by Xavier Niel, Station F is the largest campus for start-ups in the world. It brings together entrepreneurs, investors, stakeholders and mentors who form part of the entrepreneurial ecosystem in order to create a unique dynamic and give the project an international dimension. Opened in June 2017, located in the heart of the 13th "arrondissement" of Paris, the Halle Freyssinet former railway express parcel service facility is divided into three zones: the Share zone, in which members can participate in prototyping, meeting and attending events; the Create zone, in which 3,000 work stations are available for the exclusive use of start-up members; and the Chill zone, a 4,000-sq.m. catering and relaxation space open to members, but also to local neighbourhood residents.
stationf.co/fr

4. Stop & Work Fontainebleau: serviced office spaces

This 1,200-sq.m. space was opened in 2014 in the town of Fontainebleau 55kms south-east of Paris, which is close to residential areas. It is the first branded shared business centre jointly funded by the Regus, Orange and Caisse des Dépôts companies. This business centre located outside the Paris Region's main business districts provides both a shared open plan professional environment and closed offices, which make it possible to limit commuter traffic. On one of its levels, it hosts the business incubator of the "Pays de Fontainebleau" agglomeration community. Today, with the spread of coworking, numerous branded business centres (such as Multiburo Spots, Regus Spaces) provide more flexible services by renewing the layout of their spaces. These mutualised offices are in larger buildings, which allow them also to host small and medium-sized enterprises (SMEs).
stopandwork.com/fr/locations/fontainebleau

The precursors in 2014 were Nexity with the Blue Office brand and Bouygues with Nextdoor brand. These operators are developing spaces that break with current models of office organisation, but remain more corporate than the initial models of coworking to meet the requirements of some business executives. The stock of coworking spaces accounts for 2% to 3% of the available offering, *i.e.* over 100,000 sq. m. in 2017 [ORIE, 2017].

The business model varies in accordance with the services provided. Shared offices and coworking spaces make money by renting space for work and conferences. In more rural areas, call centres function thanks to public subsidies, which are sometimes paid in kind by making premises available. To ensure that projects meet the demand of the population, the public authorities have increasingly supported the projects of private sector players or of non-profit (voluntary) organisations.

Urban regeneration projects also rely on the creation of temporary spaces that can accommodate economic activities for several years. A good example of this is the Grands Voisins project in Paris where the management of a 3.2-hectare site was entrusted to the Plateau Urbain non-profit organisation by the Paris Region's Public Land Agency (EPF IdF) pending the start of an eco-neighbourhood development in 2017. On a smaller scale, some coworking spaces are temporarily located on land closely monitored for future use by development projects to be launched in the medium term.

THE VARIED PROFILES OF USERS

The profiles of users of coworking spaces depend on the services they provide, their possible specialisation, but also on the areas in which they locate. Beyond the shared facilities (printers, meeting-rooms, broadband network) and the legal domiciliation, the users first seek to establish a community whose benefits include conviviality and networking opportunities, which are so important to self-employed workers seeking contracts.
These coworking places also allow information to flow freely, which is very beneficial to the small businesses they accommodate. Furthermore, the mutual trust created by the joint presence of other users fosters a process of exchanging gifts and counter-gifts that forms part of a non-market economy [Blein, 2016]. In a digital economy, the ability to connect rapidly with an ecosystem – made up of financiers, start-ups and large corporations – becomes essential.

THE COMMUNITY: A CORE VALUE OF COWORKING

One of the specificities defended by coworking operators is their ability to foster the establishment of communities, whose members share certain values and interact with each other to execute their projects. Although it is difficult to objectify these communities, we can give some examples of the criteria used to define them, such as those set out in the charter drawn up by the coworking participants in Greater Lyon, the second city of France. This charter underscores the need to have a convivial place equipped with shared tools where events can be organised during the year for the coworkers, with long opening hours and with at least 10 active members per month. To foster exchanges between users and prevent the formation of small inward-looking groups working in silos, access should be flexible without any time commitment and working groups should comprise more than at least three people.
The coworking community is expected to establish a sense of belonging among the users. In this regard, the space manager has a leadership role to play at the heart of this dynamic interaction between individuals in order to strengthen the community.

A MEANS OF REVITALISING LOCAL AREAS?

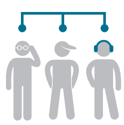
Recognising that the economic benefits may be significant, more and more local government authorities wish to foster the location of third places in certain economically and demographically depressed areas, thereby helping to revitalise them.

A driver of economic development

These new spaces can turn into lively, active and attractive places. A study by the French public group Caisse des Dépôts developed a third place network model for 2025 in the Paris Region which assumed that it would accommodate 2.3% of the working-age population. Thus, the locating of a third place with 200 work stations in a city could lead directly or indirectly to the creation of up to nine jobs in that city. According to this assumption, the workers could spend up to 57,000 euros a year locally and,

4 **typical** user **profiles**

Young graduates turned self-employed workers (aged 25-35) after their studies or a short spell in a company. They are generally **microentrepreneurs** who then set up as one-person limited liability undertakings (EURLs) or private Limited Liability Companies (LLCs).



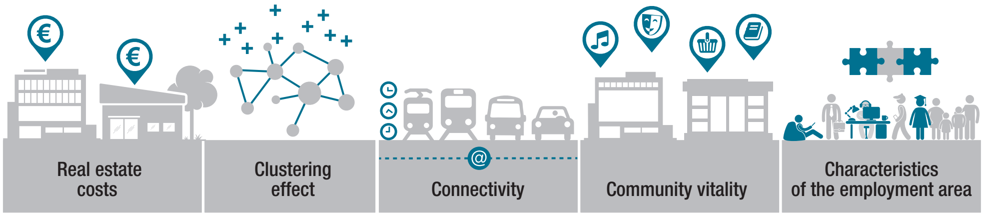
Small businesses in their start-up or growth phase managed by two or three founders aged under 30, who set up a public limited company (**SA**) with employees. After first occupying temporary premises, they sometimes move to more spacious permanent offices.

Self-employed workers (aged 35-45) with corporate **experience** who prefer to exercise their profession on their own in their initial area of expertise or after vocational **retraining.**

Mobile/nomadic workers or **teleworkers** (more rarely, *i.e.* 12%) who are set to develop. The number of teleworkers is increasing in line with the spread of teleworking in companies.

Sources: Deskmag; Idate; A. Blein

Location criteria for successful third place projects



Real estate costs	Clustering effect	Connectivity	Community vitality	Characteristics of the employment area
The main items of expenditure of the third place business model.	Proximity to other facilities (cultural amenities, businesses, universities, etc.) creates positive externalities.	Multimodal transport, travel and broadband network coverage.	Neighbourhood urban amenities (cultural, leisure, retail) are indispensable to the workers' local integration.	Population and worker typologies: social and professional categories, self-employed, microentrepreneurs, teleworkers, etc., potential third place users.

Source: IAU îdF

if they chose to live in the city concerned, it would also collect tax revenues. In future, this "third places movement" could be at the heart of the economic development and creativity-enhancing strategies of local areas. It could become a means of revitalising these areas, which face a number of specific challenges such as, notably, brownfield sites, blighted and isolated periurban sectors and neighbourhoods in which economic development needs to be stimulated. Numerous suburban and rural areas would benefit from these spaces to connect with the main local and economic hubs while at the same time deploying their own stand-alone activities. Thus, third places would allow professionals to continue working close to their homes full-time or part-time and even attract other professionals desirous to do so as well.

Places of innovation

Third places are also the new centres of innovation: they participate in the existing innovation ecosystem and provide new services and platforms specific to both start-ups and large corporations (business incubation, seed acceleration, support, mentoring, access to the community's shared resources, training, prototyping, event organisation). They are also designed to be spaces for economic activity through training workshops, meetings, events, by connecting different professional arenas (large corporations, entrepreneurs, self-employed workers, students), by mutualising skills and by fostering links and the sharing of information specific to certain sectors of the economy.
Relationships with local stakeholders and local values are essential and will be even more important as the revitalisation of the local fabric becomes the strategic pivot of the third place project. This project may inspire strong civic and socially responsible commitment, so the approach of the managers of third places should rely on the specific sociology of each neighbourhood to develop projects that are really useful to the inhabitants.■

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1. Source: employment estimates by the National Statistics & Economic Studies Institute (INSEE).
2. A survey conducted by LBMG Worklabs shows that teleworking in France is likened to "grey teleworking", *i.e.* informal work without a labour contract, be it regular or casual. The average rate of teleworking in Europe stands at around 20%, rising to between 30% and 35% in northern European countries.

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- Crocis, « Espaces de coworking et télécentres : le nouveau marché des tiers lieux collaboratifs en Île-de-France », *Les Cahiers du Crocis*, n° 40, février 2016.
- Greater London Authority, Supporting places of work: incubators, accelerators, co-working spaces, September 2014.
- IAU îdF, Apur, *Terres d'innovations*, juin 2017.

GLOSSARY

Third place: the concept appeared in 1989 in a book by Ray Oldenburg, an American academic, entitled "The Great Good Place": a third place is the third professional social environment separate from the home (first place) and the workplace (second place). As examples of third places, the author included cafés, public libraries, *i.e.* places that foster social interaction between individuals. Today, "third place" refers to a new work and production space that accommodates more and more self-employed workers and favours nomadic/mobile, remote and collaborative forms of work.
Collaborative economy: the sharing or exchanging between individuals of goods (cars, homes, parking spaces, etc.) and services (carpooling, DIY, etc.), with a monetary exchange (sale, rental, service provision) or without a monetary exchange (gifts, bartering, voluntary work). Also called the sharing economy or the peer-to-peer economy, it owes its development to on-line digital platforms that connect people.
Makers: "doing" communities (similar to Do-It-Yourself projects) that share ideas, tools and skills within collaborative spaces (fab labs or makerspaces). They design and develop things or objects, often with the help of digitally operated machines.

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