Beyond Borders: A Global Perspective of International Real Estate Valuation

CHAPTER 67:
PROPTECH, CO-LIVING, AND CO-WORKING RETHINKING VALUATION FOR NEW GLOBAL BUSINESS MODELS

OCTOBER 14, 2025 | BRUCE D. GREENBERG, FRICS |MAI | SRA | ASA | ARM

When the first glass-walled co-working hub popped up in central London more than a decade ago, few in the valuation world could have predicted that it would spark a global transformation. Once reliant on stable leases, fixed tenancies, and traditional income models, the commercial real estate (CRE) sector is now grappling with a wave of innovation driven by PropTech, co-living, and co-working models. These emerging paradigms are forcing a rethink not only in how buildings are used, but how they're valued—especially in a global context where data, regulation, and investor appetite vary dramatically.

These trends aren't speculative anymore. They're operational realities reshaping urban property portfolios in cities from Amsterdam to Abu Dhabi. As valuation professionals, the task is no longer just about appraising square footage, but understanding the dynamic business ecosystems that those square feet support.

The Evolution of Value: Space as a Service

At the heart of this transformation is the idea of space as a service. Co-working providers like WeWork, The Wing, or Industrious don't merely rent office space—they offer flexibility, community, and branding. The same goes for co-living brands such as The Collective, Node, or Common, which promise community, curated experiences, and plug-and-play living environments.

Traditional valuation models struggle to capture this. The income approach, based on predictable lease terms, stumbles when tenants are rotating monthly, or when spaces are activated through memberships, not leases. The cost approach may undervalue a property by ignoring intangible assets like technology integration or brand equity. And while the market approach can be useful, comparables for these new asset classes are limited and vary significantly across regions.

In essence, these models have introduced volatility and complexity where predictability once reigned. But they've also introduced scalability and resilience—key traits in a post-pandemic economy that values flexibility over permanence.

PropTech: The Invisible Value Layer

While co-living and co-working redefine the function of space, PropTech redefines the operations. From AI-powered energy systems to blockchain-backed leasing, PropTech adds a digital layer to real estate, optimizing performance and improving tenant experiences. For valuation professionals, the challenge is identifying which technologies materially impact asset value—and which are merely operational enhancements.

For example, a smart building with predictive HVAC systems may reduce operating costs and improve ESG credentials—thus commanding a premium. A residential tower with a proprietary tenant app might foster higher retention rates or support premium pricing through curated services. But quantifying these impacts often requires interdisciplinary analysis, blending tech ROI models with traditional appraisal techniques.

More critically, PropTech adoption varies wildly across markets. What's standard in Seoul or Singapore might be novel in São Paulo. Valuers must account for this regional disparity when benchmarking assets internationally.

The Problem of Permanence in a Flexible World

One of the most pressing valuation challenges in this new business model landscape is impermanence. Co-working tenants can vacate in 30 days. Co-living renters might leave after three months. And PropTech platforms can be swapped out with a software update. This fluidity, while beneficial for operators and end-users, complicates the calculation of net operating income (NOI) and long-term value stability. Investors are demanding that valuations account for operational volatility. But how does one apply risk premiums to a business model whose failure may not mean asset obsolescence, but rather a change in operating partner? In some cases, the real estate remains fully viable, even if the operator does not. The valuation, therefore, must distinguish between asset value and business value—an increasingly blurred line in these hybrid models.

Legal, Regulatory, and Market Challenges

The global rollout of these models has not been seamless. In Berlin, co-living faces regulatory scrutiny due to housing affordability concerns. In Tokyo, fire safety and density codes complicate communal living arrangements. Meanwhile, PropTech firms operating in multiple countries must navigate divergent data privacy laws—impacting the valuation of platforms and services tied to building operations.

Valuers must also grapple with licensing and zoning laws, which may not yet accommodate these hybrid models. A building approved for "residential" may be hosting short-term renters under a co-living agreement. Similarly, a commercial building leased to a co-working firm might effectively function like a hospitality property.

Global investors, too, are asking for valuations that reflect business model risk, legal compliance, and localization of product-market fit. A plug-and-play co-living concept that thrives in New York may falter in Nairobi if local cultural or legal contexts aren't considered.

Rethinking Risk—and Opportunity

Valuation professionals are now being called to step beyond the numbers. Scenario-based modeling, dynamic income projections, and technology audits are becoming standard. Cross-functional collaboration—with PropTech consultants, hospitality analysts, and legal advisors—is more critical than ever.

Some leading valuation firms are beginning to build hybrid models that incorporate brand valuation, customer retention data, and platform dependency. Others are revising cap rate assumptions to reflect operator risk premiums and tenant churn sensitivity. But just as these models bring challenges, they also open new valuation frontiers. Smart buildings with ESG certifications may soon trade at green premiums. Co-working operators with sticky user bases could drive higher NOI predictability than traditional long-term leases. The key lies in asking the right questions—not just "what is this space?" but "how does it work, and what future does it point to?"

Conclusion: The Valuer as Strategist

The future of commercial real estate valuation is not just about bricks, mortar, and leases—it's about ecosystems, users, and the technologies that connect them. As co-living, co-working, and PropTech redefine how the world interacts with space, valuation professionals must evolve their tools, assumptions, and mindsets.

Global valuation no longer hinges on static comparables or fixed-income streams. It requires fluid thinking, cultural intelligence, legal awareness, and an embrace of innovation. In this new era, the valuer is not just an analyst, but a strategist—tasked with interpreting not just what a space is worth, but what it might become.

Bruce D. Greenberg
FRICS |MAI | SRA | ASA | ARM
Managing Director | Principal
+1-480-440-2842 Ext. 01
bdgreenberg@fourcv.com
www.fourcv.com