

# Office sharing startup WeWork cuts valuation target ahead of IPO

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WeWork, the startup seeking to revolutionize commercial real estate with shared office space, has slashed its valuation target ahead of a share offering

WeWork has slashed its valuation target by more than half after setting an ambitious goal for the fast-growing office-sharing startup, sources

familiar with the company said Thursday.

WeWork's parent The We Company is eyeing a target market value of around \$20 billion for its stock offering expected this month after hearing doubts about its prospects from potential investors over a \$47 billion valuation, according to sources who asked to remain anonymous.

The New York-based startup that launched in 2010 touts itself as revolutionizing commercial [real estate](#) by offering shared, flexible workspace arrangements, and has operations in 111 cities in 29 countries.

The company lost \$1.9 billion last year with revenues of \$1.8 billion.

WeWork has ventured into new areas like residential apartments and education, and tells investors they should see its quarterly losses as investments.

But certain moves by co-founder Adam Neumann, such as personally investing in real estate before renting it back to WeWork, have also caused consternation.

The co-working company, which calls itself a pioneer in the "space-as-a-service" business, provides office space decorated with bright colors and industrial themes, offering free coffee, e-supplies and utilities.

The reduced valuation is the latest disappointing news from the multibillion-dollar tech "unicorns" seeking to tap into Wall Street for fresh financing.

Both Lyft and Uber have seen their shares slump after initial public offerings (IPOs) for the ride-hailing services this year, and office collaboration software group Slack has also seen losses after its direct

market listing.

WeWork is expected to raise some \$3 billion in its IPO. Its latest funding round from Japanese tech group SoftBank was based on a valuation of \$47 billion.

New York University marketing professor Scott Galloway last month called the WeWork [valuation](#) "an illusion."

"There is little pricing power... no defensible IP, no technology, no regulatory moats, no network effects, and no flywheel effect," Galloway said in a blog post.

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