



Rise of Co-working Spaces in **INDIA**

A White Paper by
360 Realtors

Introduction

India with the second largest freelance workforce & the third largest startup hub in the world is witnessing a growing demand for co-working spaces. Once a nascent industry a couple of years back, co-working spaces today command a sizable part of the overall office intake in India. Apart from the startup culture & freelance workforce, there are numerous other factors fuelling the uptrend.

Young demographics, a surging propensity for more social interaction in the workplace & demand for economical office spaces are also dovetailing co-working office spaces. Such spaces are giving a new way of working by blending innovation, collaboration & community all together. In addition to start ups & freelancers, mid-sized enterprises & MNCs are also entering the space in sizable numbers.



Currently, around 10% of the overall office absorption comprises of co-working spaces. However, going forward it is believed that around a quarter of the total office absorption will consist of co-working spaces as the demand is growing exponentially. In addition to Tier 1 cities, steady growth will be witnessed in Tier 2 cities as well backed by a rising number of startup incubators & freelance economy.



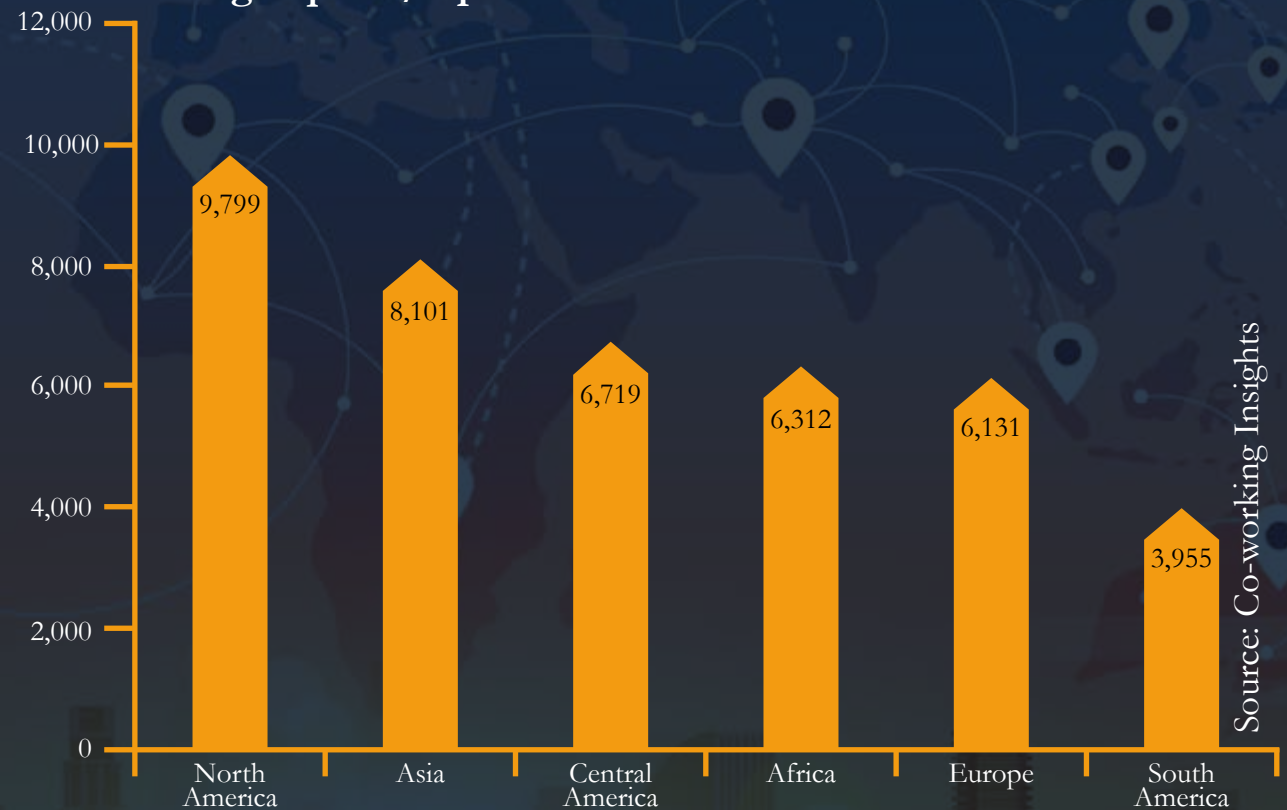
Global CO-WORKING INDUSTRY

Across the globe, co-working spaces are picking up fast. There are around 35,000 flexible workspaces around the world & they are currently valued at around USD 26 billion. Until 2022, the market will grow at around 13% annually. In 2018 alone, 2200 new offices were built globally, out of which around 1000 were opened in the USA.

As per Co-working Resources, in London every 5 days, a new co-working space opens. Likewise, in New York, space is opened in every 7.5 days. Other major cities around the globe, where the co-working industry is thriving at an unprecedented pace include Los Angeles, Singapore, Manchester, Barcelona, Lisbon, Bangalore, Paris, etc. and not to forget, Ho Chi Minh, Jakarta, Gurgaon, Mumbai & Kula Lumpur.

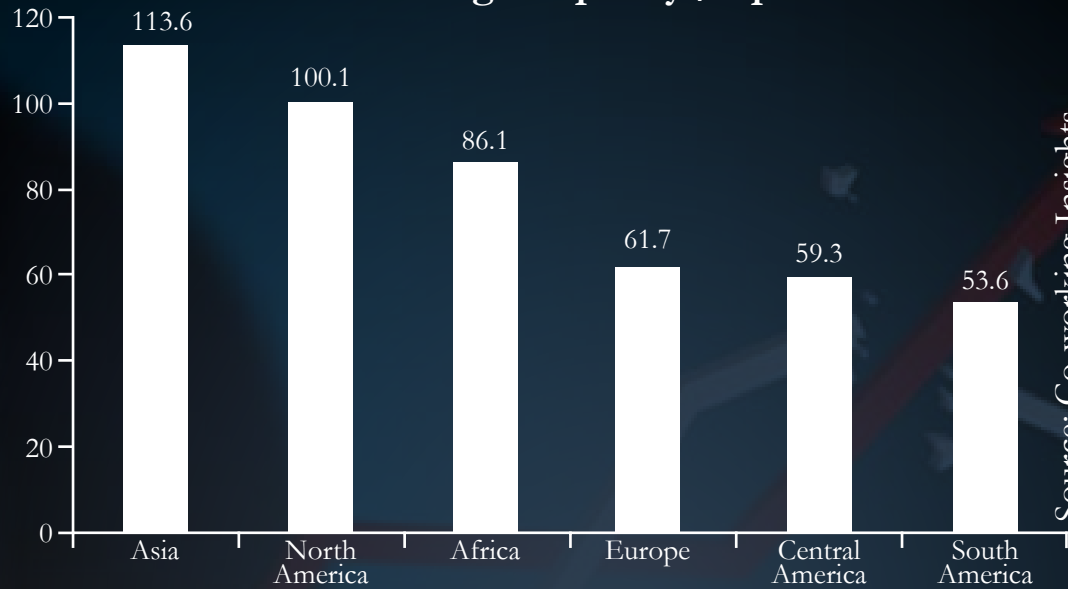
Globally, as co-working spaces continue to disrupt the industry, not just startups & SMEs, but bigger enterprises are also using shared work stations. Currently, 14% of employees of larger enterprises are using co-working spaces. It is estimated that in future, 40% of the demand for shared office work stations will emanate from larger enterprises.

Avg. Sq. Ft. / Space in Different Continents



In North America, the average space per office is slightly less than 10,000 Sq. Ft. This is followed by Asia, where space is slightly over 8,000 Sq. Ft. In terms of average capacity per space, Asia edges out North America with a capacity of around 113.

Average Capacity / Space



Source: Co-working Insights

In terms of the top 10 countries with the highest co-working space density (number of space/a population of a million), Luxembourg tops the chart followed by Singapore. Other countries include Ireland, New Zealand, UK, Australia, etc.

Top 10 Countries in terms of Co-Working Density (Spaces/ a population of million)



Source: Co-working Insights



Co-Working

Space in India

In tandem with the global trend, the Indian co-working space is evolving at an unprecedented pace. Interestingly, not just small enterprises, but even bigger players are also opting for such spaces lured by cost-effectiveness & flexible working environment. Numerous bigger enterprises in India such as Google, Deutsche Bank, Thomson Reuters, VeriFone, & EY, etc. are renting out co-working spaces.

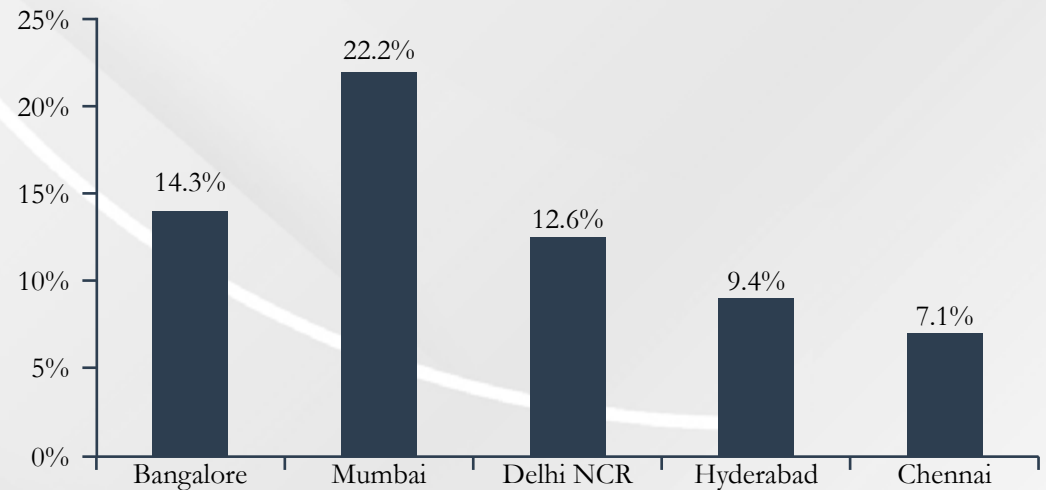
In 2013, 91springboard introduced the concept of co-working for the first time in India. Currently, there are around 400+ co-working operators in the country & the numbers are expected to grow further in the near future. This further testifies how massive the growth has been in recent times.



Factors that are driving the global growth in the popularity of co-working space are fueling their demand in India as well. In a co-working set-up, employees feel more engaged with relatively less feeling of isolation. It is also helpful in enabling them to increase the size of their business network.

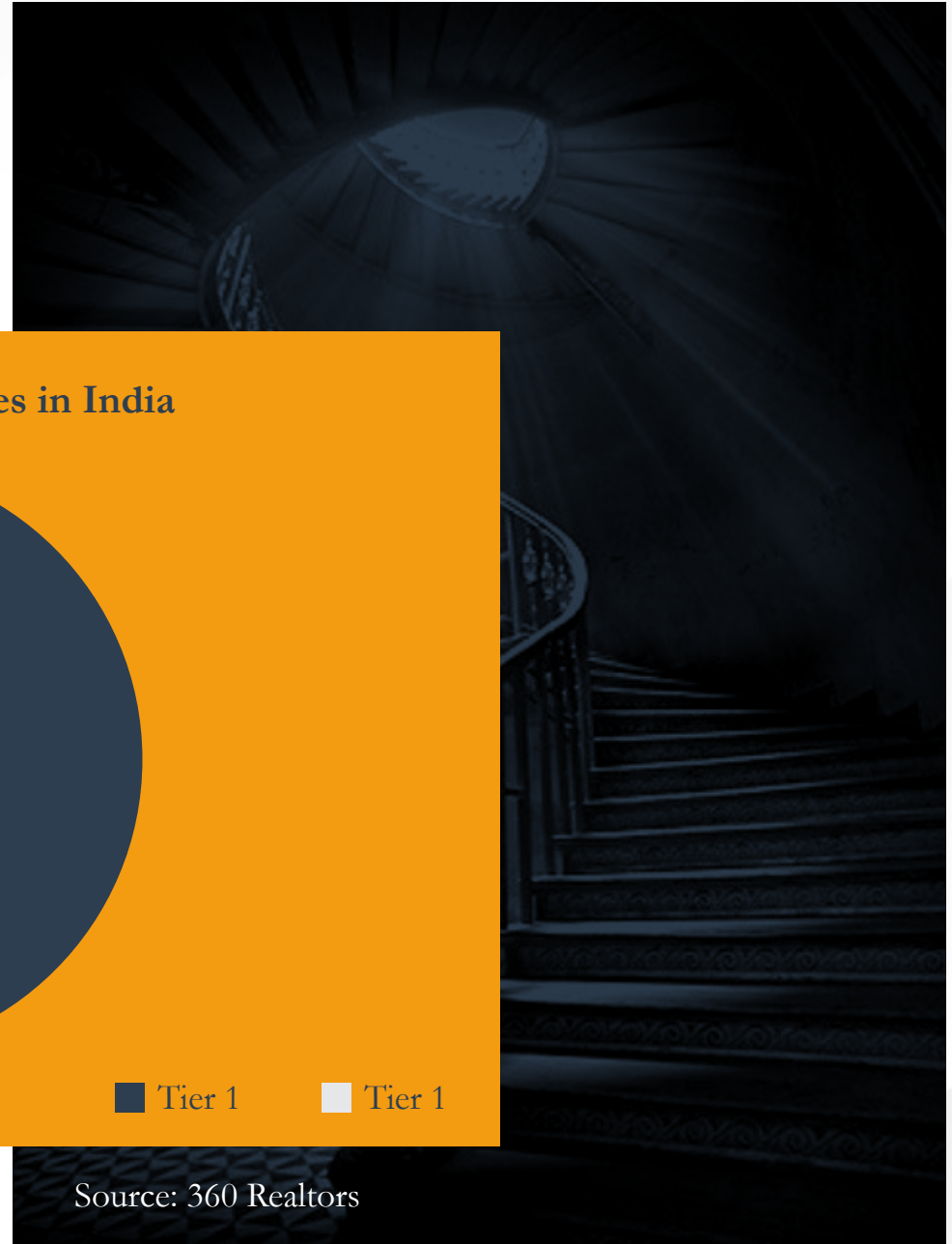
There are numerous entities which are active in the burgeoning co-working space in India. Some of the popular names include Regus, Wework, 91springboard, Social, Bhive Workspace, Awfis, InstaOffice & much more.

Co-Working as % of total office intake in India

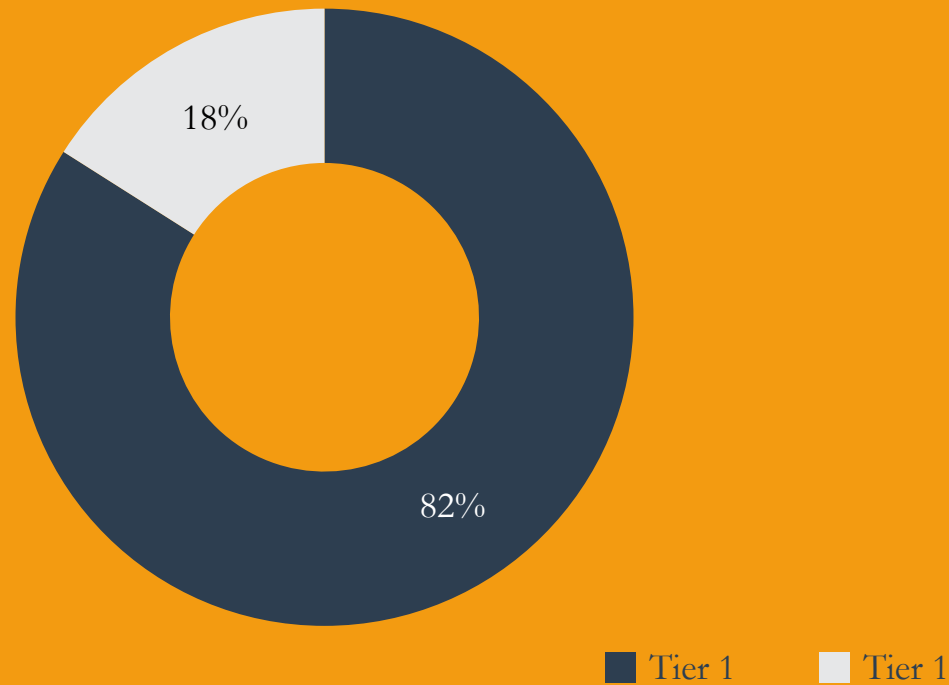


Source: 360 Realtors

The highest concentration of the co-working space is found in Delhi-NCR, Mumbai & Bangalore, etc. This is followed by other cities such as Pune, Chennai, & Hyderabad, etc. Interestingly, there is also notable growth in demand for co-working spaces in smaller cities. Shared infrastructure, networking opportunities, economic cost in conjunction with growth in freelance economy & business incubators are key growth enablers.



Split of Co-Working Spaces in India



Source: 360 Realtors

Future of Co-working Spaces in INDIA



As one of the most popular & fastest-growing segments in Commercial Real Estate in India, the current co-working market is marked by some interesting trends. Along with freelancers, startups & mid-sized enterprises, bigger enterprises & MNCs will also expand their footprint in the space.

Likewise, it will witness more consolidation in the market space, alongside the entrance of new players. Recently, in the month of July, OYO acquired Innov8, a co-working space provider for USD 30 million. OYO's entry in the space is expected to entail some major changes in the industry.

VIGOROUS GROWTH IN

Tier 1 Cities

The co-working ecosystem will continue to grow & evolve at an unprecedented pace in the Tier 1 cities backed by demand from both big as well as small enterprises.

Delhi-NCR, Bangalore & Mumbai will be some of the most favored destinations for co-working spaces in the country. However, the co-working culture will also witness steady growth in smaller cities such as Indore, Kochi, Ahmadabad, Surat, Nagpur, etc.

Millennials & Startups will Drive Growth

The rising influence of millennials will continue to positively impact the growth of the co-working spaces in India. It is estimated that over 40% of the Indian workforce comprises of the millennial. These millennials often want a more engaging workplace which can foster better networking & inspiration.

Likewise, India's burgeoning startup culture (over 5000 startups) will further dovetail growth of co-working spaces in the country. It is estimated that after China & USA, India is the third largest startup hub in the world. Increasingly, co-working space providers will also focus on better customer engagement, hospitality & value-added services.



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A black and white photograph of a modern building's facade, showing a grid of windows and architectural details. The image is used as a background for the main title.

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