



co-working

THE NEW WAY OF WORKING



co-working – The Emerging Ecosystem



co-working has come a long way since its conception by Brad Neuberg in 2005. This movement started in San Francisco with the idea to combine the independence of freelancing with the structure of an office space and feel of a working community.

co-working how we experience it today was preceded by European hacker spaces of the 1990s, where programmers would exchange skills and best practices under one roof.

co-working is essentially a shared office spaces that is fully equipped and is accessed anytime and from anywhere, providing Just-In-Time services enabled by technology and flexible rental for the Small businesses and start-ups. It is an innovative alternative to traditional cubicles and make-shift setups.

In the world of “**sharing economy**”, the co-working has many takers. It has been proven to be beneficial for running a business and maintaining a professional career. It not only helps in quickly and efficiently network_but also helps business grow exponentially with the new contacts we make.

co-working in India is in nascent stage driven by start-ups and SMEs wave and has the required impetus by the government’s concerted efforts to create a sustainable eco-system for entrepreneurs in the country.

Working in a co-working space has become the latest trend owing to its many advantages. Some of the benefits of Co-working Space are given below:

1. Expand your personal and business networks with fun and ease.
2. Working in Collaborative and innovative knowledge sharing environment for better productivity.
3. Decrease your feeling of isolation as a freelancer/small business owner
4. Reduce the amount of common office overheads with service oriented workplace.
5. Create new opportunities to collaborate on projects too large for your own business.
6. Work at a high quality office or location otherwise beyond your budget.
7. More mobility and flexibility of not having to be chained to long leases.

Market Drivers in India



co-working – Indian Market Size

co-working working is expected to receive \$400 million in investments by end of 2018 and is set to grow by 40%-50% in next few years. While co-working companies took up 1.8 million sft in 2017, in H1 2018 co-working players have picked up 2 million sft of office space with the highest transaction activity witnessed in Bengaluru, NCR and Hyderabad markets.

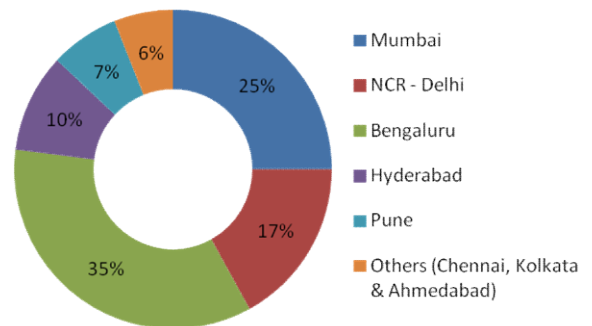
There are close to 200 co-working players running an estimated 400 shared workspaces across the country today. The potential market size for the co-working segment currently stands in the range of 12-16 million seats in India. The demand for co-working spaces is from both freelancers or start-up employees and large corporate offices that are looking to innovate, collaborate and maximise their productivity within a Start-up and SMEs ecosystem.

Co-working spaces typically work on a leasing model, where a provider rents out desks on an hourly basis. Monthly membership fees vary between INR 3,000 and INR 10,000 for a desk, making them particularly attractive for small firms looking to save money

At present, India has more than 120 operators in the top eight cities. Growing demand and low entry barriers have triggered off intense competition among flexible workplace operators across markets.

Flexible workplaces occupy more than **2.1 mn sft** of space spanning across the top eight cities in the country with Bengaluru accounting for 35% of the total flexible workspace stock. Financial Capital Mumbai accounts for 25% of the total flexible workspace stock followed by NCR – Delhi (17%), Hyderabad (10%) and Pune (7%).

Market Share in % - 2.1 million sq.ft of Coworking Space



co-working – Major Markets

NCR-Delhi is among the more prominent regions witnessing co-working space take-up trend. There are currently more than 3,500 seats available across different micro-markets in NCR. Gurugram, Noida, Ghaziabad, Faridabad and others, is the fastest growing co-working market in NCR-Delhi.

The rental range starts from Rs 300-400 for an hour and depending on the location, monthly packages start from Rs 3,500 and goes as high as Rs 12,000. The average occupancy share of co-working office spaces across NCR is about 70-75%. Some of the major co-working spaces in Delhi NCR are run by firms like 91 Springboard, Awfis, Investopad, Innov8 and Alt F, among others.

Major Deals:

- Avanta Business Centre, Statesman House, Barakhamba Road, Connaught Place: 30000 sft.
- Avanta Business Centre, Aerocity Bharti World Mark: 25000 sft
- Vatika Business Centre, Konnectus Building: 20000 sft
- Avanta Business Centre, Nehru Place: 12000 sft
- 91Spring Board, Chandra Bhawan, Nehru Place: 12000 sft.
- Awfis, L-Block, Connaught Place: 11500 sft.

Hyderabad due to its booming commercial and IT & ITes sector is seeing healthy demand for co-working space. The major co-working space demand is seen in the established commercial hubs such as Banjara Hills, Jubilee Hills, Begumpet, Hitec City, Gachibowli, Financial district, Kondapur, etc.

As of now Hyderabad has 31 co-working space offered by different players. Awfis, Regus and Vatika are major players in co-working segment in Hyderabad. The rentals varies from Rs 200-300 for an hour and depending on the location, monthly packages starts from 7500 to 20000 work stations. co-working in short term spam it has increased from 100 to 10000 seats.

Major Deals:

- Awfis, Sandhya Techno , Raidurg: 100000 sft
- Awfis, Sandhya Trade Centre, Madhapur: 40,000 sft
- Awfis, N-Heights, Hitec City: 37,623 sft (6th floor)
- Awfis , N-Heights, Hitec City: 36,344 sft (1st floor)
- 91Springboard, Kondapur, Hitec City: 20,000 sft
- Awfis, SS Tech Park, Gachibowli: 18,944 sft



co-working – Major Markets

Bengaluru is one of the most preferred co-working hubs in India owing to presence of IT&ITES and numerous Start-ups. With a rise in the number of start-ups and freelance professionals over the last few years, co-working space has become a buzzword.

There are around 65 co-working facilities in Bengaluru which includes Small, Medium and the Category A co-working companies. Major players like WeWork and CoWrk are aggressively expanding Bengaluru micro-markets.

WeWork signed a 120,000 sft deal in Embassy Golf Links and a 66,425 sq ft office deal in RMZ Latitude. It is likely to sign three more lease deals in Bengaluru

Major Deals

- Workafella, CBD Infantry Road : 42500 sft
- WeWork, Church Street: 55,000 sft
- Indiqube, Marriott ORR: 20400 sft
- Indiqube , Outer Ring Road : 10000 sft
- Indiqube, Kormangala: 21,000 sft
- Goodwork labs, Residency Road : 13000 sft

Mumbai, the financial capital of India, offers the best opportunity for creating co-working offices, targeted at firms seeking activity-based space for focused talent groups. There are around 31 co-working facilities in Mumbai.

Most of the deals for shared offices in Mumbai are witnessed in the Andheri and Powai areas because of better connectivity and proximity to airport; rental affordability for start-ups, SMEs & freelancers; availability of Grade A space and bigger catchment of office seekers to serve.

The rentals of dedicated seats in a range of Rs 5000-25000 per seat per month, including rental, electricity, housekeeping and other charges.

Major Deals:

- Regus, Andheri (E): 55,573 sft
- WeWork, Marol: 61,764 sft.
- WeWork, Vikhroli: 82,722 sft
- Empire Business Centre, 'Fulcrum' near Mumbai International Airport: 16691 sft



co-working – Major Markets

Pune has seen steady demand for co-working space since 2016 and offers around 1.0 million sft of co-working space in different micro-markets. The main co-working micro markets are CBD areas of SB Road, Bund Garden and Baner and IT Hubs such as Hinjewadi, Yerwada, Viman Nagar and Magarpatta. Around 17 large brand and number of small and local brands are available to offer the service. The rentals varies from Rs 250-500 for an hour while monthly packages per seat ranges between INR 4500 to INR 27500

Major Deals:

- Indiqube, Baner: 22500 sft
- Redbrick, SB Road: 63,000 sft
- Indiqube, Kharadi & Magapatta: 42,000 sft
- Workafella, Viman Nagar: 40,000 sft
- EFC, Hinjewadi: 50,000 sft
- EFC, Kharadi: 42000 sft
- Vatika, Yerwada: 36,000 sft

Chennai offers around 0.6 million sft of co-working space in different micro-markets. The main co-working space demand is seen Anna Salai, Alwerpet, Nungambakkam, Guindy and OMR area. Around 48 co-working facilities offering different grade of office space are available in Chennai. The rentals varies from Rs 500-600 for an hour and depending on the location, monthly packages start from Rs 6,500 and goes as high as Rs 22,000 per seat.

Kolkata is an emerging market in co-working segment. Currently the major co-working players, who are having existence in Kolkata are AWFIS, REGUS, Smartworks, DBS. Apart from these, there are some small local players like NWOOK, Easy Dafter, MY- CUBE etc. Major micro-markets offering co-working space in Kolkata are Camac Street, Shakespeare Sarani, Hungerfood Street, Topsia, Newtown and Salt Lake, Sec V. The rentals varies from Rs 350-500 for an hour while monthly packages start from INR 5000 and goes as high as INR 20K – 25K per seat.

Kolkata is expected to see entry of reputed National and International chain co-working players such as Insta Office., Workafella, Apeejay Business Centre etc., by end of 2018.

Ahmedabad co-working market is in nascent stage. There are around 9 co-working facilities operational in Ahmedabad. SG Highway, Ashram Road, Navrangpura and Gandhi Nagar are some of the emerging micro-markets for co-working space.

The rentals varies from Rs 150-250 for an hour while monthly packages start from Rs 4,500 and goes as high as Rs 10,000 per seat.



WHY co-working?

The office market in India is at an important inflection point now with the game-changing idea of co-working office spaces taking large strides this year. This idea is drastically changing the current way of working for all stakeholders including clients, developers / landlords, brokers etc. This idea will change the office market, as much as the e-commerce idea changed our retail experience forever.

Though co-working is still in a nascent stage of evolution, it has generated enough interest from all commercial office market players. Co-working is here to stay and is likely to positively affect the office market in the following ways:

1. Great Leveller: It capitalises on space requirement of medium and small player. The co-working space brands offers great choice of good buildings, locations, facilities & amenities as part of their space take-up.
2. Plug and Play office spaces with efficient use and multi-use spaces
3. Common facilities / services plugged into the monthly cost like tea / coffee, internet, printouts etc are added advantages
4. Affordable costs and flexible commercial terms are the main advantages of co-working spaces.

The changes anticipated with advancement and acceptance of co-working space are:

- For Large clients co-working space offers ready to move space without getting into hassles of long term lease. Large companies are now beginning to see the potential of co-working and moving operations to these tailor made office spaces with higher efficiency of space. In a 100,000 sft carpet area building, conventionally 1200-1400 employees can be accommodated. With the co-working model this number almost doubles.
- The changing model of leasing is going to have an impact on brokerage market. The prevailing model of straight lease with a fixed tenure, deposit, lock-in etc plugged in would change with a lot of co-working deals happening on revenue share basis with fit out investment coming in from landlords.
- The landlord would cease to be just a landlord and would become a partner in space planning and marketing.

Overall the co-working is an idea whose time has come and clients benefit the most from it. It is safe to say that co-working will completely change the office market landscape in future.





CIRIL has done more 0.6mn sft space for our co-working clients like Awfis, 91Springboard, Workafella, Avanta Business Centre, Indiqube etc. We have done leasing, revenue share and management contract deals for our co-working clients. In terms of demand, we have signed up 1000+ seats for our corporate clients with various co-working centers.



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