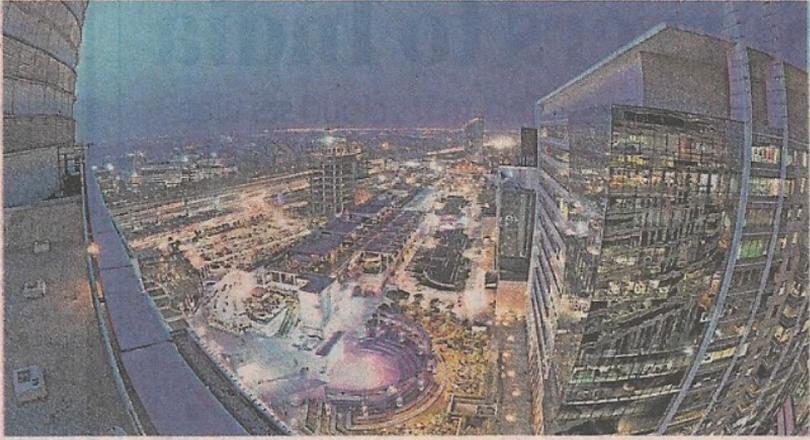


Co-Working Sector Maybe Disruptor in Commercial Realty



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The concept of co-working spaces originated from business centres – just that they are a lot more affordable. Co-working spaces are a more developed concept in the West and are only now rapidly mushrooming in the country.

As per global real estate services firm Jones Lang LaSalle, 730,000 square feet of co-working space was absorbed in 2016 alone. It reported that Mumbai, Delhi-NCR, Kolkata, Bengaluru, Chennai, Pune and Hyderabad have emerged as the top preferred locations. It is estimated that about 9,600 co-working seats are available across India.

By the end of 2017, such facilities will increase by 40% to 50% and reach 1 million square feet in India, according to a report by New York-based co-working company WeWork. JLL estimates India's co-working market could receive \$400 million in investments by 2018. By 2020, the number of recognised co-working spaces will grow four-fold to 400 centres across India.

According to JLL, Gurgaon is the preferred destination for Indian and multinational companies in the National Capital Region. The city offers a larger number of such spaces for flexible working options at affordable rents, networking opportunities and shared amenities.

The city today is witnessing an increase in the number of startups and small and medium enterprises, sustained by the government's concerted efforts to create a sustainable eco-sys-

tem for entrepreneurs in the city. All these provide a perfect podium for co-working business centres to supply the office space needs of these growth-seeking startups.

Several developers, too, plan to start their own co-working offices to provide incubation spaces or divide large floor plates for smaller occupants. On an average, the cost per seat per month in a co-working centre is in the range of ₹10,000-15,000 in the central business district of Delhi and ₹12,500-15,000 in the central business district of Gurgaon.

With prime rentals in Gurgaon averaging ₹250 per sq. ft. per month, an office of 700 sq. ft. housing 10 employees would amount to ₹150,000 per month after additional costs including air-conditioning and maintenance. In contrast, 10 seats in a co-working centre would cost about ₹75,000 per month, making them particularly attractive for small companies looking to save money.

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Despite demand for co-working spaces, there are several challenges that need to be tackled. For instance, changing the conventional mindset of a client who would want to book an office space,

meeting room or any other service based on the touch-and-feel factor rather than through an app. Further, a few operators prefer to lease out their entire area – or a large part of it – to companies that can act as 'anchor tenants,' thereby helping them get a fixed income stream.

With the advent of major co-working players in Gurgaon and an increasing number of such facilities coming up across cities to cater to the demand of startups and small and medium companies, the co-working sector is expected to thrive and could prove to be a significant disruptor in India's commercial real estate market.