



CO-WORKING SPACES

What's Behind the Exponential Rise of Co-working Spaces in India?

Niche workspaces have encouraged many new businesses to get established in co-working spaces as they find more sense of belonging in custom-built environments



Add to Queue

NEXT ARTICLE



Image credit: Shutterstock

Perfect Health Cover
LIFELINE Medical Insurance
Comprehensive Medical Insurance For Your Loved ones
Starting at just Rs. 9 per day*
GET FREE QUOTE NOW
#TheUnusualGift
Royal Sundaram General Insurance
IRDAI Registration No.: 102, Advertisment Number: RSNL/2019-2020, *T&C Apply

Gaurav Bhalla

Managing Director of Vatika Hotels

July 31, 2019 3 min read

Opinions expressed by *Entrepreneur* contributors are their own.

The traditional office space industry was transformed with the arrival of co-working spaces in India. In fact over the last decade co-working has emerged as an individual segment within commercial real estate witnessing massive growth. The expansion has been so widespread that it is expected to see around 13 million people working out of co-working spaces by 2020. As of now, the co-working trend has been vehemently embraced in tier 1 cities such as New Delhi, Bengaluru, Mumbai, Gurugram while being on the cusp of transforming the workspace environment in tier 2 & 3 cities of India.

India's burgeoning startup communities, ease in setting up offices without huge upfront investments and no admin hassles are the key drivers for the growth of this segment. Interestingly international corporates have also embarked upon the plug-n-play set up of co-working spaces seamlessly setting up their regional teams in India.

- Start a Small Business Online
- Low Cost Start Up Business
- Online Digital Marketing Course
- Best Small Business To Start
- Small Business Startups Loans
- Business Tips for Beginners
- Inexpensive Marketing Ideas
- Business Planning Tools
- Online LLC Formation
- Real Estate Listings
- RE/MAX Real Estate
- Property

But what precisely attracts so many businesses towards co-working spaces? Here is a detailed look at the factors that truly contribute to the growth of this segment:

No Long-term Leasing Commitments

The most prominent driver for the rising demand for co-working spaces is that a business can move in without long-term leasing commitments. You can rent a co-working space by a month, weeks, days and even hours and see if it works for your business. This has been a flourishing stage for a lot of start-ups initially and now becoming the chief parameter for seamless move-ins for corporate expansions.

Operations Start from Day 1

The plug-n-play set up of co-working spaces allows businesses to start operations from day 1. There is no need to spend time on doing fit-outs or arrange for other utilities. Once a business moves-in, they can start working unlike in traditional leased offices

where it takes months to be operational.

No Upfront CapEx

For businesses restraining to make huge investments on the fly co-working spaces serve the best purpose. A co-working space can be rented on the basis of the business's current needs, which eliminates the huge upfront CapEx they would otherwise have to shed in leased spaces. This helps businesses channelize their money into their product or services and hence is a major driver for the rising demand of co-working spaces.

Reduced OpEx

In a co-working space, businesses pay rent on a monthly basis and the truth is they are giving a reduced operating cost. They just pay an all-inclusive cost for space and facilities they avail, eliminating their liability for costs that keep recurring.

The Emergence of Niche Workspaces

Niche workspaces have encouraged many new businesses to get established in co-working spaces as they find more sense of belonging in custom-built environments. Accordingly, we see finance & broking hubs, tech-only spaces, women-only workspaces, marketing-only zones and more attracting businesses into the shared space culture and thus fostering the growth of co-working spaces.

Thus, by offering a promising business establishment platform for startups and a fully-equipped expansion stage for corporates, co-working spaces are growing with leaps and bounds in India.