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Demand for flexible office places expected to rise : ICICI securities

By Faizan Haidar, ET Bureau • Last Updated: Jul 30, 2021, 09:40 PM IST

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Synopsis

"Commentary from corporates increasingly indicates that they would try to replicate the WFH model over the long term, especially in the case of IT/ITeS companies that account for 40-50% of overall Indian office demand. However, the efficacy of WFH over an extended period of time vs. a traditional full-service office model is yet to be proven," the report said.



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Demand for flexible office places are expected to rise and current trend of occupiers downsizing and delaying new leasing decisions may continue in the near-term, according to a report by ICICI securities.

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Until the global Covid- 19 concerns reduce, corporates will relook at their space requirements in CY21E and expansion or consolidation plans will be put on the backburner. Given the fact that 30-40% of Indian office space demand originates from the USA, a prolonged economic slowdown in the USA will likely lead to reduced demand for offices in H1CY21.

“Flexible workspaces not just perfectly fit the dynamic working patterns of companies but also give them an opportunity to cut costs, enhance flexibility and improve work experience. Corporates are planning to bring back their workforce to offices and flexible spaces have emerged as the best choice especially in these testing times to sustain smoother business operations,” said Vineet Taing, President - Vatika Business Centre.

“Industry reports also confirm that demand for flexible workspaces by the corporates' increased by 73% in the period between January and June this year despite the pandemic. As these spaces result in better employee retention, improve engagement, promote networking opportunities and support 'work-from-anywhere' concept, they are fast-emerging as investors' favourites,” he added.

According to a report for the office market by property consultant Cushman and Wakefield, the leasing of flexible workspace by corporate rose 73% to 31,538 seats during the January-June period on a year-on-year basis.

Enterprises had leased 18,213 seats in the first six months of the 2020 calendar year and 36,255 desks during the entire last year and the number of seats are expected to exceed by 50,000

“Cost advantage, lesser risks, and flexibility are the key drivers which are boosting the demand for flexible workspaces. The pandemic is not over yet and amid chances of a possible third wave, flexible workspaces remain the best choice for corporates to sustain business momentum and support the ‘work-from-anywhere concept,” said **Abhishek Pandey**, Vice President- Customer Engagement & Distribution, Viridian RED .