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Startups to lead the demand for co-working spaces in India

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India is riding high on the entrepreneurship wave and is set to become the next global startup capital. Market sentiments are favorably inclined towards the startup growth and a PWC report strongly suggests that India's unicorn tally can go well beyond 100 by the end of 2022. This positive shift has resulted in the opening of new vistas of opportunities for co-working businesses which are increasingly devising strategies to tap the rising demand. The new generation of entrepreneurs and founders is shifting bases and moving to co-working spaces, leading to a demand surge in this segment. A report says that this tilt has resulted in a growth of the share of office space absorption, making up 21 percent of the total leasing volume in Q1.

Life is fast returning to normalcy and with Covid curbs nearing zero, footfalls at physical workplaces are on a rise. Moreover, the pandemic has changed the perception of traditional workplaces and flexibility has emerged as the guiding light around which strategies are being chalked out to offer a perfect work-life balance. Be it a dedicated luncheon zone, a corner for afternoon conversations or quirky interiors to match the mood of the millennial workforce, flexible space providers are not hesitating to upgrade and fill the void to offer a never-seen-before experience in co-working spaces.

With the economy picking up, every sector is witnessing a rise in hiring and the demand for seats in co-working spaces is soaring. Additionally, the young workforce is inclined towards working with startups. The zealous and passionate young workforce is attracted to facilities that perfectly mingle with their day-to-day life, mindfulness, and well-being and helps in maintaining their lifestyle choices. Technology is the other catalyst behind the shift from mundane, monotonous, monochromatic workplaces to smart, quirky, flexible, and futuristic. The blossoming ventures are increasingly adopting zero-touch methods to not just avoid the risk of touch but also to ensure the health of their employees.

Notably, flexible office spaces also put the startups in an advantageous position by allowing them to focus more on their business operations. Flexible rents, superior infrastructure, networking opportunities, enhanced technology, and IT & admin services are some of the prime factors for self-employers and startups to opt for co-working spaces when looking for a workspace. These flexible spaces provide a perfect blend of smart investment and tangible benefits, enabling organizations in cost-cutting, growth, resource management, and expansion.

There is a strong demand for co-working spaces and this has pushed co-working businesses to launch more centres in metropolises and other demand generating areas. Today, co-working spaces have become the most sought-after assets and their share in office leasing is anticipated to rise from a mere 2% in 2010 to 13% by 2024.

Led by startups, the demand for co-working spaces is set to rise in the coming period. A combined study by Colliers and CBRE Matrix shows that startups are expected to lease about 29 million square feet between 2022 and 2024—a 1.3 times increase from the 2019-2021 period. Positive results are in the offing for this segment and as the Indian economy becomes more resilient, the office segment will register mammoth growth in the next few quarters.

(By Vineet Taing, President, Vatika Business Centre)