

India Co-working Office Spaces - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Abstracts

The India Co-working Office Spaces Market size is estimated at USD 1.94 billion in 2024, and is expected to reach USD 2.72 billion by 2029, growing at a CAGR of 7% during the forecast period (2024-2029).

Key Highlights

The pandemic accelerated the growth of co-working spaces in the country, as traditional workspaces faced challenges during the crisis. Many enterprises moved toward co-working spaces because of affordable prices and flexibility in working areas. Also, co-working spaces ensure to provide a safe working environment.

The sector is driven by increasing demand from freelancers, small and medium-scale enterprises (SMEs), and startups. Because the industry provides top facilities at affordable prices, large-scale enterprises are also adopting co-working spaces after realizing the benefits offered by the industry. Also, the increasing number of startups with high investment flow rates has resulted in robust sector growth.

The previous year has seen a rebound in the co-working space industry, driven by the increased demand for flexible office space. Co-working spaces have grown in popularity among businesses in India, with demand doubling over the past four years. In the first quarter of 2023, co-working spaces accounted for 27% of the net absorption of 8.2 million sq. ft. across the top seven cities, marking a substantial rise from 14% in Q1 2019.

Bengaluru and the National Capital Region (NCR) together comprised two-thirds of the

net absorption of co-working spaces during Q1 2023. Pune and Chennai collectively absorbed about 0.52 million sq. ft. of co-working spaces in the same period. The top seven cities experienced a remarkable 90% growth in net absorption of co-working spaces, escalating from 1.3 million sq. ft. in Q1 2019 to approximately 2.18 million sq. ft. in Q1 2023.

Bengaluru accounted for the highest share of leasing by Flexi operators, followed by Mumbai and Delhi-NCR. Startups first led the demand for co-working office spaces in India before MNCs and large enterprises took the plunge by taking up space in co-working office spaces.

India Co-working Office Spaces Market Trends

Cost Optimization is Driving the Significant Growth in the Sector

In India, startups mainly prefer co-working spaces for cost-effectiveness. Users only pay for what they use and rent, nothing extra, and there are no hassles or spending on infrastructure maintenance and repair, which conventional offices include. Since startups initially function on limited capital, lower costs of performing work are in their favor. Companies not bound by long-term lease contracts with strict terms in a regularly changing economic environment will be better positioned. Co-working spaces offer flexible tariffs that can combine service packages, such as choosing precisely what suits users' needs. In case users need to reduce or, on the contrary, increase the project team, for example, if companies enter a period of rapid growth and need more employees, using co-working spaces can always do it.

The companies' bottom lines are a crucial factor driving demand for co-working space. Based on locations nationwide, co-working offers a 12-72% cost reduction compared to traditional office space. The cost of traditional office space quickly adds up. In addition to lease payments, prices for conventional office space include utilities, internet, and tech support and maintenance. Conversely, utilities, internet, tech support, and maintenance are typically included in co-working memberships. Businesses of all sizes have caught on to the cost savings of shared workspace.

Increasing Number of Startups and Freelancers in the Country

Co-working ecosystem, initially the go-to option for startups and freelancers, has

become a prerequisite for SMEs. The biggest chunk of 10.3 million seats out of the total 12-16 million potential seats is ascribed to large companies. There is a quality divide of 1.5 million each among freelancers and SMEs.

As of October 3, 2023, India cemented its position as the third-largest startup ecosystem globally, boasting over 112,718 startups recognized by DPIIT across 763 districts nationwide. Regarding innovation quality, India ranks second globally, excelling particularly in the quality of scientific publications and the caliber of its universities among middle-income economies. Innovation in India transcends specific sectors, with startups addressing challenges across 56 diverse industrial domains. Notably, 13% of these startups operate in IT services, 9% in healthcare and life sciences, 7% in education, 5% in agriculture, and 5% in food and beverages.

The most minor lot is formed by startups at 100,000 seats. With a substantial shift from traditional offices to flexible workspaces attaining widespread acceptance, more SMEs are embracing coworking due to cost efficiency, flexibility, tech integrations, superior infrastructure, enhanced productivity, plug-and-play solutions, and networking opportunities. Thus, they can concentrate on their fundamental business minus the hassle of managing real estate.

India Co-working Office Spaces Industry Overview

The Indian co-working office space market is fragmented, with global and local co-working market players. Some of the key players in the market are 91 Springboard, Awfis, WeWork, and Mumbai Coworking. Also, many more are entering the need to fulfill the rapid demand for casual environment offices. Companies in the Indian co-working office space market are involved in several growth and expansion strategies, such as strategic partnerships, mergers, and acquisitions, to gain a competitive advantage.

Additional Benefits:

The market estimate (ME) sheet in Excel format

3 months of analyst support

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