

India Flexible Office Space - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The India Flexible Office Space Market size is estimated at USD 2.15 billion in 2024, and is expected to reach USD 3.04 billion by 2029, growing at a CAGR of 7.05% during the forecast period (2024-2029).

Flex space operators have changed the face of commercial real estate with their innovative offerings. This market is projected to grow steadily throughout 2021 and beyond. Flexibilised office spaces are becoming a favorite choice of employers for a return to work across all parts of India, and almost half of companies plan to increase their use over the next year.

Over the following 12 months, a significant increase in flexible office space use has been identified by more than 47 % of respondents. The survey also noted that by 2025, 56 percent of respondents had a target to have at least 10 % of the office portfolio as flexible space. This growth is to continue, driven by demand, profitability, and return profile for investors, albeit at a slower pace resulting from the impact of COVID-19. Developments that initially caused the growth of the flex market, like the focus on utilizing workplaces to boost productivity and drive dynamic work cultures, enhance emphasis on employee health, etc., will continue to influence the next phase in India.

In 2022, Bengaluru and Delhi NCR account for more than 50% of India's flexible office space stock, with Bengaluru housing around 10.6 million sq ft of such spaces. Hyderabad with 4.5 million sq ft and Mumbai with 4.3 million sq ft of flexible office stock follow. While the flex-space market more than tripled in the last three years, the momentum going ahead will be relatively slower. Players are likely to tread cautiously, and the overall market is expected to be 1.5 times the current size. At the same time, demand for flexible space is expected to remain resilient, and the size of the flex space market will likely cross 50 million sq in the current year, led by increased demand from larger enterprises.

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India Flexible Office Space Market Trends

Increasing Number of Startups and Freelancers in the Country To Drive the Market

The Flexible Office Spaces, initially the go-to option for startups and freelancers, has become a prerequisite for SMEs. The biggest chunk of 10.3 million potential seats is ascribed to large companies. There is a qual divide of 1.5 million each among freelancers and SMEs.

Small and Medium Enterprises have been growing rapidly, with over 63 million SMEs in the country currently rising at an average rate of 10%. SMEs contribute 45% of India's manufacturing output and more than 28% of India's GDP. The current MSME employee base of 128 million is expected to grow to 170 million in the current year with renewed economic reforms by the government, including streamlining labor laws. Ensuring digital integrations & creating SME/MSME-friendly policies, the SME segment can no longer be overlooked by the business ecosystem in India.

The smallest lot is formed by startups at 100,000 seats. With a substantial shift from traditional offices to flexible workspaces attaining widespread acceptance, more and 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.

Office Space is Witnessing Growth in India

In India, the office sector is one of the fastest to recover from the impact of the pandemic, and the market in the top seven cities is expected to reach 1.2 billion square feet in seven years; based on current prices, it will be valued at USD 165 billion. Bengaluru was the preferred market for occupying office space, with a gross absorption of 3.2 million scalable areas during the first half of the calendar year 2022, followed by the national capital region at 2.1 million and Mumbai Metropolitan Region at 1.70 million.

In Q1, Pune held a 20% share of the gross rental volume, followed by Mumbai, Delhi-NCR, and Bengaluru with around 19%, 18%, and 14%, respectively.

In six cities, the gross leasing of office spaces increased by 53.3 million square feet in 2022, compared with 32.9 million square feet a year earlier due to better demand. These six cities are Delhi-NCR, Mumbai, Bengaluru, Hyderabad, Chennai, and Pune. According to the report, India's commercial real estate market is expected to generate approximately 39-33 million sqft of total leasing in 2023 under an optimistic scenario.

India Flexible Office Space Industry Overview

The India flexible office space Market's competitive landscape is fragmented with major international and domestic players in the country. The India Flexible Office Space Market observes high competition from the players. The technological developments in the market have made it easier for new players to enter. The companies in India's Flexible Office Space Market are involved in several growth and expansion strategies, such as strategic partnerships, mergers, and acquisitions, to gain a competitive advantage. Some of the major players are WeWork, Awfis, 91 Springboard, Redbricks, and Mumbai Co-working, among others.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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