

Coworking space: The New Kid on the Block



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India offers a great opportunity for coworking space operators to profit from rising demand for flexible, innovative and collaborative workspace designs. We estimate that more than 1.2 million sq ft were leased by coworking operators in India in 2016, which accounted for 3% of the overall leasing volume. Although it represents only a small share of the total leasing demand, coworking operators are planning to lease 8 to 9 million sq ft by 2020. We foresee that the concentration of coworking spaces will intensify further in Bengaluru, Mumbai, and Gurugram thanks to the availability of adequate infrastructure and opportunities for start-ups in those cities. We recommend occupiers, especially small and medium enterprises, to consider use of flexible space for their office requirements in order to benefit from an integrated networking environment, greater cost-effectiveness and more innovative workspace design.

Executive summary

As the digital age advances and occupiers' requirements evolve, use of flexible office space is becoming more popular. Coworking space has ushered in a unique culture of collaboration in the workspace environment. Demand for coworking space has expanded to include not only start-up occupiers but also large companies looking for additional space on a temporary basis and other occupiers with special space demands.

We believe occupiers can harness the potential of coworking space in different ways to mitigate rising rents and shortage of space in popular locations in cities such as Bengaluru, Pune and Hyderabad. We recommend the following strategies for different occupiers:

- > Micro, small and medium enterprises (MSMEs) should consider using coworking space to reduce financial commitments, especially during

the period when they are still unsure about their product and growth plans.

- > Large occupiers in technology, fintech and e-commerce industry should consider coworking space to fulfil the requirement of site offices in multiple locations.
- > Organisations can also use coworking offices as transitional workspace until they get their own offices without compromising the quality and location of their preferred office space. However, as the coworking office market is still in its nascent stage, the availability of large office spaces may be a concern.

We believe that the growth of coworking space poses no threat to property developers. On the contrary, developers can capitalise on the high demand for functional, flexible working space. Indian developers such as K Raheja, RMZ Corp and Embassy Group are some of the frontrunners, who appreciate the opportunities offered by coworking space. In our view, a strategic alliance between coworking operators, developers and investors will emerge as a new trend in India in the short to medium term.

Looking ahead, we expect that both international and domestic coworking operators will establish a presence in the central and suburban districts of main cities. We foresee that the concentration of coworking space will intensify further in Bengaluru, Mumbai, and Gurugram (Gurgaon) due to the availability of adequate infrastructure and opportunities for start-ups in those cities. Hyderabad may also pick up the pace as companies such as Apple, Google and Amazon, have recently taken large office spaces in the city which will create further opportunities for start-ups and a few SMEs. Among Tier II locations, cities that have a high presence of technology companies such as Pune, Jaipur, Chandigarh, Ahmedabad and Kochi should also witness the emergence of coworking hubs.





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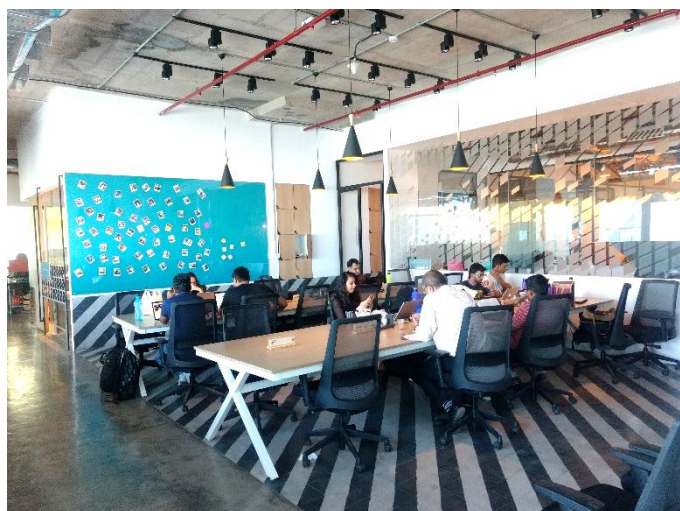
Rise of coworking space - the story behind the growth

Traditionally, office sector demand has been dominated by the technology sector in India. In 2016, the Information Technology (IT) industry represented around 58% of the total office demand in India and 41.6 million sq ft of office space was leased in top nine cities. The talent pool is primarily employed in the large IT service industry and the industry usually prefers to lease large office spaces, mainly in Tier I cities. However, mobile technology has empowered an unprecedented focus on new workplace designs, work styles, and work culture.

There is now a greater focus on creating more efficient and cost-effective solutions such as flexible and specialised workspaces. Business centres, serviced offices, start-up incubators, accelerators and coworking spaces are a few examples of such specialised workspaces. Coworking co-exists in all of these models, and many of the the leading operators have combined the essence of business centres, fab labs and accelerators into their product.

About half a decade ago, coworking operators emerged alongside the start-up boom in India. Currently, more than 160 operators facilitate coworking offices with over 350 operational centres across various Tier I and Tier II cities in India.

In our opinion, India is currently in the early adopter's phase if we use the technology adoption lifecycle. of Geoffrey Moore to track coworking industry life cycle. Although start-ups still dominate the coworking industry, it has started to generate buzz among other occupiers as well. The current user pool of coworking space has expanded and now includes media, e-commerce companies and a few corporates and multi-national companies (MNC's) as well.



Medium sized start-ups who began their journey 2-3 years ago with 10-20 employees at coworking hubs, and have expanded their size to 100-200 employees, prefer to continue experiencing the community structure offered by coworking hubs. On the other hand, several large corporations occupy coworking spaces and use them as transitional or satellite offices until they can move to their permanent offices. Moreover, global giants like Oracle, and Barclays have set up their accelerator programs to mentor, educate, and support technology and fintech start-ups.





According to the Colliers Research survey, coworking operators leased about 1.2 million sq ft in 2016 and accounted for 3% of the overall leasing volume. Although this represents a small share in overall leasing, coworking operators are making their presence felt due to large leases indicating huge expansion plans.

Table 1: Key leases concluded by flexible/ shared space operators, 2016-2017

Client	City	Area	Micro Market
WeWork	Mumbai	2,25,000	Bandra Kurla Complex
WeWork	Bengaluru	1,35,000	Residency Road
CoWrks (RMZ Group)	Bengaluru	1,50,000	Outer Ring Road
WeWork	Bengaluru	1,12,000	Intermediate Ring Road
91 Springboard	Navi Mumbai	60,000	Turbhe
91 Springboard	Mumbai	46,000	Andheri East
The Executive Center	Bengaluru	30,000	Outer Ring Road
The Executive Center	Hyderabad	28,000	Secondary Business District (SBD)
Skootr	Jaipur	27,000	-
Regus	Mumbai	25,000	Bandra Kurla Complex
Avanta Business Center	Delhi NCR	25,000	NH8
CoWrks (RMZ Group)	Bengaluru	22,000	Old Madras Road
Awfis	Delhi NCR	20,000	Golf Course Road
Regus	Delhi NCR	20,000	CBD
Awfis	Delhi NCR	15,000	Golf Course Road
Smartworks	Delhi NCR	15,000	Golf Course Road

Source Colliers International

Figure 1: New office typology revolutionising the workspace market in India

Business centres/ Serviced offices	Coworking spaces	Start-up Incubators & Accelerators	Makerspaces
			
<p>First introduced in 2004 in India, they previously operated from hotels but now leading operators also operate business centres in their buildings.</p> <p>Key Players</p> <p>Regus, Vatika Business Centres, Avanta Business Centres</p>	<p>Fully managed shared workspaces facilitating networking events for collaboration. Suitable for all types of occupiers; based on an open floor plan format.</p> <p>Key Players</p> <p>WeWork, Awfis, 91springboard, InstaOffice, CoWrks, BHIVE Workspace</p>	<p>Bigger corporate provide workspaces called accelerators or innovation hubs, wherein they provide seed capital, mentorship, and networking opportunities to start-ups.</p> <p>Key Players</p> <p>NASSCOM 10,000 Start-ups Warehouse, T Hub, Think Rise</p>	<p>Maker spaces/ fabrication labs give people access to advanced digital manufacturing technology and necessary tools.</p> <p>Key Players</p> <p>Maker's Asylum Curiosity Gym</p>

Source Colliers International

Entry of international players to ensure rapid growth

Until recently, only small local players dominated the coworking segment. Originally, coworking operators started with a small footprint in India, but they are slowly carving out a significant space in the real estate industry. To cater to the high demand, developers like RMZ Corp, K Raheja and Embassy Group have also collaborated with local and international coworking operators to make an entry in the industry.

WeWork, recognised globally as one of the most valued shared space providers, has collaborated with India-based Embassy Group to set up 6 million sq ft of shared office space in Bengaluru, Mumbai and NCR by the end of 2017. We expect more international players to follow suit and enter the Indian market in coming years. Another global giant, Regus, currently operating in a business centre environment at 97 locations in India, has planned to launch their coworking brand 'Spaces' in Delhi by the end of 2017. 'Spaces' will primarily cater to occupiers looking for a coworking space unlike the current structure in Regus, where only a small percentage of their office space is designated for coworking occupiers.

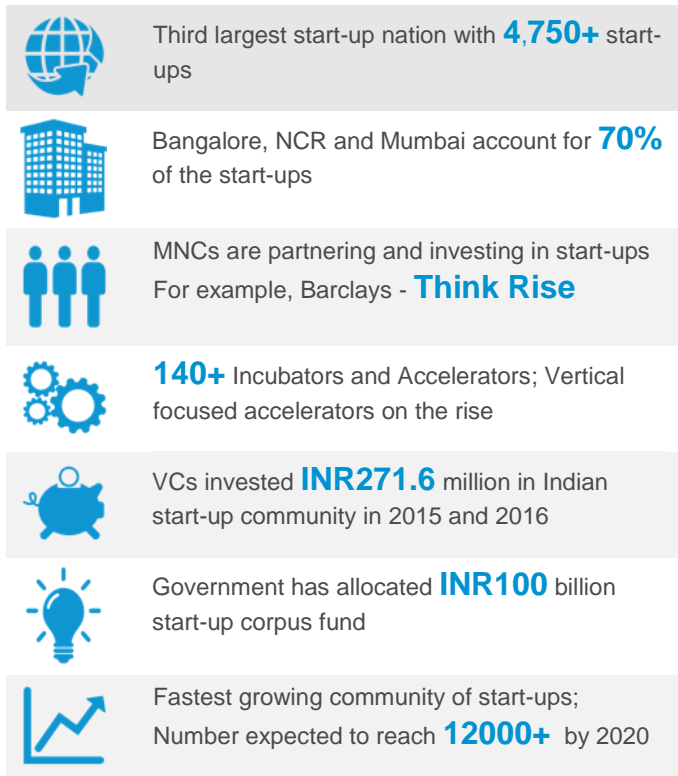
Continuing on a growth path, Indian operators also have huge expansion plans in coming years. Bengaluru-based local operator, CoWrks is likely to expand its operation by 2 million sq ft in Mumbai, Chennai, and Gurugram (Gurgaon) by next year.

Other shared space providers like BHIVE Workspace and 91springboard plan to double their floor plate area by the end of 2017. The massive expansion plans of these companies demonstrate the high demand for coworking spaces. According to Sidharth Menda, CEO of CoWrks, by 2018, the coworking space industry in India will witness an annual industry-wide investment of approximately **\$400 million** per year.

"We have experienced maximum growth in the past two years. As of 2016, we have 10 big spaces across seven cities. We are hoping to increase this significantly this year." – Pranay Gupta, Partner, 91springboard

"With 10 spaces in NCR and Bengaluru and many more in the pipeline, we plan to build a coworking space in every 5 km radius, allowing the urban working population to be more productive. For the next 3-4 quarters we plan to expand our presence in the above locations, while getting selective footprint in other key locations such as Mumbai, Hyderabad, Pune amongst others." – Vikas Lakhani, Co-founder, InstaOffice

Figure 2: Key trends in the start-up ecosystem



Source NASSCOM & VCCircle, Colliers International

The Government's Start-up India initiative is fuelling the start-up industry in the country. According to a report on the Start-up Investment Analysis by VCCircle, in 2015 and 2016, venture capitalists invested INR271.6 million (USD4.1 billion) in the Indian start-up industry. The government also allocated INR100 billion start-up corpus fund to generate 1.8 million jobs. As of 2015, there were about **4,750** start-ups, which is likely to grow to **12,000+** by the end of 2020 as predicted by NASSCOM, a trade association of IT-BPM (Information Technology - Business Process Management) industry in India. In our opinion, start-ups are one of the primary occupiers of coworking spaces and we expect this trend to continue to develop in the future.

Bengaluru, Mumbai and Gurugram (Gurgaon) to remain key locations

We expect that in the medium term both international and domestic players will look to set up in central and suburban districts across the main cities. Currently, Bengaluru, the Silicon Valley of India, naturally has the highest concentration of coworking hubs followed by NCR and Mumbai. Pune, Chennai, and Hyderabad have a relatively smaller share of the coworking industry. We foresee that the concentration of coworking spaces will

intensify further in cities such as Bengaluru, Mumbai, and Gurugram (Gurgaon) thanks to the availability of adequate infrastructure and opportunities for start-ups. Hyderabad may also pick up the pace as companies such as Apple, Google and Amazon have recently taken large office spaces in the city, which will create further opportunities for start-ups and a few SMEs to set up their base in the city. Among Tier II locations, cities that have a presence of technology companies such as Pune, Jaipur, Chandigarh, Ahmedabad and Kochi will also witness the emergence of coworking hubs.

“We plan to expand our existing portfolio of 0.1 million sq ft to 0.2 million sq ft by 2017. In addition, we hope to sign up 10,000-50,000 members within the next 1-3 years.” – Ravindra M.K, Co-founder, BHIVE Workspace

According to our study, most of the coworking spaces in these cities are located in central, off central and suburban districts. Flexible workspaces experience high occupancy rates of 80-90% in CBD's, while other locations witness occupancy rates of around 60-75%. In our opinion, it is essential for a coworking space to be located in well-connected areas to be competitive. Start-ups prefer to be close to their vendors and clients. Moreover, strategically located coworking hubs may also capture the demand of traditional technology and financial companies that are looking for extra spaces closer to their existing offices.

Figure 3: Concentration of coworking space in India

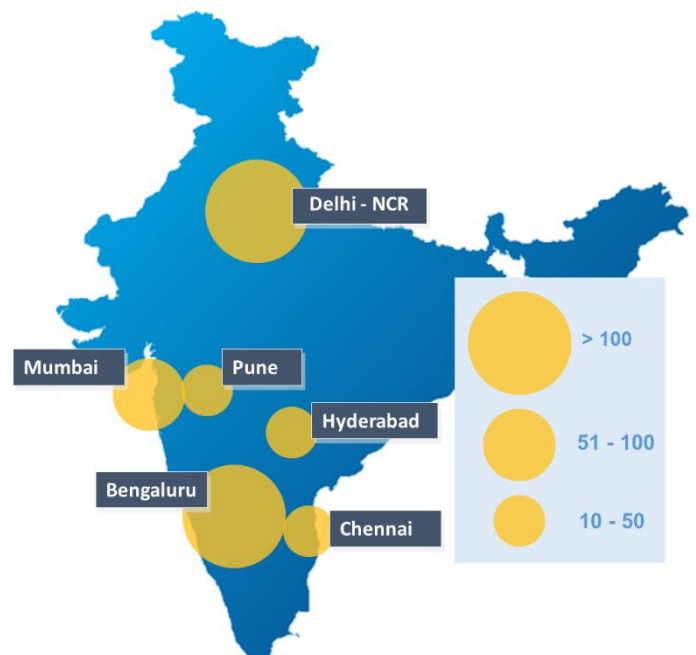


Figure 4: Flexible Workspace trends

DEEP DIVING INTO COWORKING

160 operators in India

More than **50%** centres based in Bengaluru, NCR and Mumbai

350 locations across India

Occupancy **60-80%**

1.2 million sq ft space leased in 2016 by major players in Grade A offices

Cost savings of **25-30%** for small enterprises

Source Colliers International

Flexibility, networking opportunity, and cost-effectiveness continue to drive demand

Currently, the demand for coworking space in the Indian market is primarily driven by cost-effectiveness and networking opportunities. These factors drive demand among occupiers who can benefit from advantages offered by coworking spaces.

- > Most coworking spaces in India offer hourly, daily or monthly memberships as opposed to traditional office leases which lock the occupier for a three-year term.
- > Coworking provides occupiers the flexibility to upscale or downscale their operations without the burden of fixed costs involved in traditional leases which are also rather inexpensive in comparison to elite business centres operating in hotels or CBD locations.
- > Most of the Indian coworking operators claim that occupiers can save up to **30%** for companies with less than 50 employees, compared to the expenses involved in a traditional office space.
- > Most of the coworking spaces are in CBD and SBD locations, and therefore provide cost-effective location advantages to the occupiers.
- > Rapidly growing, micro and small businesses which primarily comprise less than 50 employees, have a lot of uncertainty around cash flow, growth and scale of operations and

find it convenient to lease spaces in coworking offices.

- > Also, corporates across the globe are showing a strong interest and are providing financial support and programs for development, personalised mentorship and go-to-market strategies to new entrepreneurs. Hence, networking events benefit not only the coworking members but also the company, which can have access to the latest innovation and newer markets.

In our opinion, although flexibility, networking opportunities, and cost-effectiveness will continue to remain the key demand drivers, we also foresee that the following trends will further fuel the demand for coworking spaces.

Alternative for Swing spaces

Swing spaces are used as a temporary occupancy by any organisation during renovation, fit outs or construction. Swing spaces cannot be labelled as permanent office inventories. Hence, we believe that coworking areas are likely to be used as an alternative for swing spaces in buildings used by larger firms.

Office solutions to serve multiple locations

We believe corporates from the technology and consulting sectors, whose function requires significant interaction with clients at multiple locations, may opt for a few seats in coworking spaces at various locations. It allows employees to spend time more efficiently and meaningfully while limiting the amount of unused space in larger offices. We expect the trend to pick up in the short term especially in tight vacancy markets. Besides, it can be an efficient and optimum solution for larger companies where 50% of office space sometimes remains unutilized due to continued inflow and outflow of employees at various site locations.

Flexjob requirement

With millennials representing the largest generation in the workforce in the years to come, there will be a structural shift in the way business is done. It is estimated that by 2025, Generation Y will represent 75% of the global workforce. A recent survey of 3000 people by FlexJob provided insights on expectations of millennials from their employers. According to the survey, **82%** of millennials cite flexibility as a major factor when evaluating job prospects, thus flexible work options like variable start and finish hours, extended weekends and part-time arrangements are likely to increase in coming years.

Table 2: Average desk costs

City	CBD Average Desk Cost (INR)	CBD Average Desk Cost (US\$)	SBD Average Desk Cost (INR)	SBD Average Desk Cost (US\$)
Mumbai	15,000 - 27,000	220 - 400	8,000 - 15,000	120 - 220
Gurgaon	10,000 - 15,000	150 - 220	6,000 - 12,000	90 - 180
NOIDA	8,000 - 12,000	120 - 180	4,000 - 8,000	60 - 120
Bengaluru	7,000 - 13,000	100 - 200	4,000 - 8,000	60 - 120
Chennai	8,000 - 15,000	120 - 220	8,000 - 10,000	120 - 150
Pune	5,000 - 8,000	75 - 120	4,000 - 5,000	60 - 75
Hyderabad	5,000 - 12,000	75 - 180	4,000 - 10,000	60 - 150

Source Colliers International

Recently, PwC surveyed 44,000 of its employees in the US to know the reasons behind its high attrition rate. About 80% of their employees, who are millennials, demanded flexibility in their work schedules. As an outcome, the company plans to convert all of its US offices into coworking spaces where employees can reserve a seat or an office to work. PwC also claimed that this move could entail cost savings to the tune of millions of dollars. We expect other companies to follow suit in the coming years and if not, they may at least consider to have a part of their business operating within coworking spaces.

“Currently operating from multiple locations in India, we have 0.5 million sq ft of inventory. We hope to increase to around 20,000 seats by the end of 2017” – Amit Ramani, Founder & CEO, Awfis Space Solutions Private Limited

Occupiers' strategy - to maximise benefits from newer office typology

Flexibility remains one of the fundamental propositions of newer office typologies whether it is a serviced office, business centre, incubator or a coworking establishment. Flexibility makes them suitable for different kinds of occupiers. In fact, there is a blurred line of distinction between a serviced office, a business centre and a coworking space. With the entry of international players such as WeWork, offering serviced offices as well as a coworking space within the same location, this line of distinction will blur further in coming years, and it would be more appropriate to call them flexible office solution providers. As India is still on the verge of witnessing international players' presence, we expect the industry to see much more experimentation regarding amenities and facilities in such establishments.

Traditionally, nine years (3+3+3) lease structure is the most popular and widely used option among occupiers of all kinds. Grade A establishments at prime locations are expensive in most major cities, and due to the cost constraint, only top companies or multinationals can afford to lease such offices. Short term office spaces requirements increased the popularity of business centres in 2007. One can find a business centre in a five-star hotel or in grade A establishments in India. They provide cabins as well as contiguous floor plates along with access to business lounges, conference rooms, cafeterias and other amenities. However, due to their expensive nature, they remained a preferred option for venture capital funds, liaison offices of foreign companies and elite occupiers.

With the advancement of the digital age and requirements of various occupiers, serviced offices sprung up for occupants who needed to work together and avoid isolation. Coworking spaces served as a viable solution to not only start-up occupiers but also freelancers, one-person businesses, corporates looking for temporary offices, site offices, along with companies with unique requirements.

We believe all kind of occupiers can harness the potential of coworking spaces in different ways given the rising rents and tight office space market at preferred locations in cities such as Bengaluru, Pune and Hyderabad. We recommend the following strategies for various occupiers to profit from the growth of coworking spaces.

Start-ups and MSMEs

MSMEs should consider coworking spaces to cut costs. The initial set up of an office space may be a daunting task for a small start-up and small-scale companies as requires a significant financial commitment.

With only a few people on board and uncertainty around growth plans, they may not be able to maximise workspace efficiency.

Table 3: Occupier Strategy

OFFICE TYPE	KEY DIFFERENTIATORS	OCCUPIER STRATEGY
Leased Office	<ul style="list-style-type: none"> - 3+3+3 year lease - permanent space for employees - choice of Grade A, B and C establishments - high fixed costs 	<ul style="list-style-type: none"> - large occupiers - MNCs preferring permanent offices at strategic locations irrespective of the cost
Serviced Office/Business Centre	<ul style="list-style-type: none"> - furnished offices with dedicated cabins - facility to book offices for a few hours to a few months (flexibility in leasing, no fixed costs) - access to several amenities like business lounge, meeting & conference rooms, recreational area, cafeteria, etc. 	<ul style="list-style-type: none"> - mid-sized companies like venture capital funds, liaison offices of foreign companies and elite occupiers
Coworking spaces	<ul style="list-style-type: none"> - furnished offices with dedicated cabins - facility to book offices for a few hours to a few months (flexibility in leasing, no fixed costs) - access to several amenities like business lounge, meeting & conference rooms, recreational area, cafeteria, etc. - networking events and opportunity to interact with investors and other entrepreneurs 	<ul style="list-style-type: none"> - freelancers, start-ups, e-commerce companies - corporates looking for temporary offices, site offices - companies with JV operations looking for project offices, makerspaces and accelerator programs

Source: Colliers International

Coworking gives an option for scalability. In our discussion with a few domestic players such as 91springboard and BHIVE Workspace, the occupiers of small setups employing between 25 to 50 staff can profit from a cost cut of at least **25-30%** initially if they opt for a coworking space. Also, it saves them from a strong financial commitment when they are still unsure about their product and growth plans.

MSMEs that want to offer their employees an option to work flexible hours and work virtually to avoid the hassle of long commutes but could not do due to the high cost involved in setting up office spaces in multiple locations should tie up with flexible office operators in business centres and serviced offices. Players such as BHIVE Workspace, 91springboard and InstaOffice claim that 40-50% of their tenants/members are SMEs.

Large occupiers

Large occupiers, especially in technology, fintech and the e-commerce industry have different site locations based on the type of project and contract with other companies. The project timelines can range anywhere

from a few months to a few years. Coworking operators offer prime office solutions, high-quality technology infrastructure, access to the young-skilled workforce and a strategic location. We think coworking hubs can fulfil the requirements of site offices for these companies. An emerging e-commerce player has recently moved their office to a 90 seater coworking facility in Mumbai. They claim that this move should help them reduce their cost by 20%.

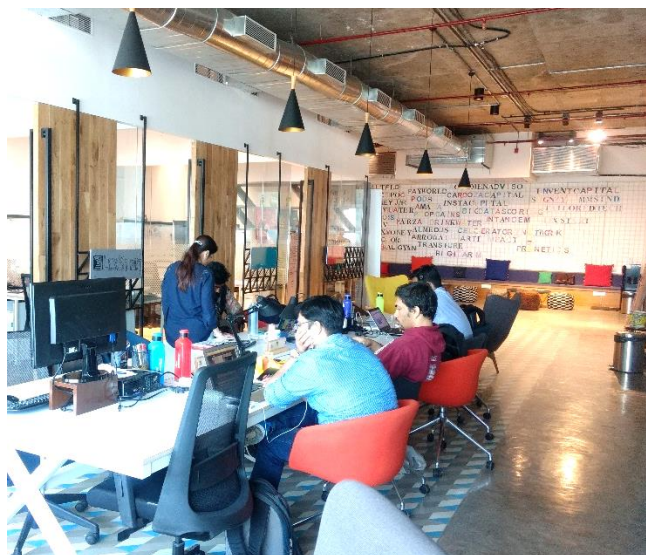
Emerging as a new trend, some organisations are also using coworking spaces for their transitional office requirements. Once an organisation leases an office space, it takes about 3 to 6 months in fit outs to make the office operational. However, as the coworking office market is still in its nascent stage, the availability of the required office space may be a concern and may not work out for many organisations.

Occupiers with special requirements

Occupiers with special requirements may find it easy to meet their requirements by teaming up with coworking spaces. For example, Fab Labs (fabrication laboratory) that require a fitted workshop for innovation and experimentation in specialised fields like robotics and

manufacturing have teamed up with a few coworking operators. The coworking operator not only provided them with dedicated spaces but also the necessary fit outs for such operations. Maker's Asylum is one of those community makerspaces in Mumbai and Delhi equipped with all necessary hand tools, power tools, 3D Printers and a laser cutting machine for hardware entrepreneurs. Recently, institutions such as Oracle and Barclays have teamed up with local coworking players to set up their incubation centres in Bengaluru and Mumbai. We advise similar companies to explore options with coworking space providers before investing in huge office spaces.

This overall flexible culture and networking opportunities can also help companies retain and enhance their talent pool. Companies sometimes create a joint venture to work on a particular project that will last for a definite time. If a company do not wish to house their employees in parent offices for a specialised and confidential project, they can take up a private space at a coworking hub for the duration of the project.



Developer Strategy – Leveraging the demand

We do not believe that the growth of coworking space is a threat to developers, but it certainly has various implications for the office property market. Traditionally, Grade A developers work on a long lease structure in India whereas Grade B developers tend to strata sell their buildings that are still under construction to investors.

Nowadays, many occupiers prefer plug and play offices, and developers are getting more and more flexible in providing fully furnished offices. Developers realise they need to adapt and meet the needs of occupiers which primarily consist of technology, financial services and

consulting firms. These businesses have a greater percentage of Millennials who prefer to work in a more collaborative and open environment. In 2016, the technology giant Microsoft in the US offered a membership at WeWork to 300 employees. These trends will slowly be adopted in India as well with IT firms striving for innovation and coworking spaces acting as a centre for research and development activities.





As the concept of coworking gained traction in 2016, a handful of developers have recognised the potential of this emerging trend and made their first move. Some developers have partnered with operators while others have formed their own coworking spaces within their own buildings. Bangalore-based CoWrks (RMZ Group) has dedicated an entire floor plate in RMZ Eco World to coworking. The early bird entry not only helps the developer achieve a bigger share in the flexible workspace segment but also be in a better position to face competition from international players. In our opinion, strategic alliance with coworking operators has opened up a new avenue for developers and represents an enormous untapped opportunity to attract new occupiers and retain existing tenants.

"We see a fundamental shift in the demand for commercial real estate, and we expect coworking and serviced offices to become a meaningful part of the office-leasing segment soon. 55% desks in any corporate office are vacant at any point. Consequently, we see distributed and flexible offices as an integral part of the workplace strategy of both early stage and mature corporations. Additionally, there are over 170 million mobile professionals in the country." - Vikas Lakhani, Co-founder, InstaOffice

Strategic alliance between coworking operators, developers and investors emerging as a new trend

While some developers are directly offering flexible office arrangements to tenants, a few of them are embracing the change and are partnering with leading coworking space providers to run their facilities. Initially, it started with leasing vacant space to coworking operators just like a traditional lease. With the success coworking

Table 4: Developer Strategy

LEASING	FRANCHISE MODEL	INVESTOR & COST SHARING MODEL	REVENUE SHARING MODEL
			
<p>Leasing of office spaces and converting them to coworking spaces by refurbishing</p>	<p>Strategic alliance with large coworking operators to leverage on industry expertise and global network</p>	<p>Cost sharing among partners for leasing, fit outs furniture, technology networking events, etc.</p>	<p>In lieu of building space and fit outs, coworking operators share revenue with developers</p>

Source Colliers International



spaces in their own facilities, developers are foreseeing the upcoming opportunities, creating the rise of a strategic alliance between coworking operators and developers. We conducted several interviews with industry experts and concluded that the following partnership models are prevalent in the market between coworking operators, developers and other investors.

Cost sharing model allows players to focus on their core expertise

A few developers have opted for a cost sharing model wherein various components of coworking spaces are sponsored by different partners/investors. Expenses incurred for conducting events and networking opportunities, internet connection and fit outs can be met by one or more of the partners/investors who have domain expertise, and profits are then shared in proportion to their respective contribution. This model allows developers to remain focused on their key

business areas while venturing into this evolving segment.

Revenue sharing model – aiding aggressive moves of global flexible workspace giants

A revenue sharing model is also emerging, where the developer pays for the building costs and fit outs while the coworking operator collects a proportion of the building’s revenue as a fee for its workspace designs, brand and software for managing the building, staff training and its global network of members. A recent example is the WeWork and Embassy Group collaboration through a revenue sharing arrangement. Also, Barclays launched its fintech innovation hub ‘Think Rise’ in Mumbai in partnership with Zone start-ups, an accelerator program which primarily aids in customer development and provides support activities to start-ups. The Mumbai site is the seventh global innovation centre

of Barclays and is managed by 91springboard, a coworking community in India.

As the office segment evolves in peripheral areas on the back of improved infrastructure, coworking spaces are also likely to expand in emerging and peripheral locations in main cities to reduce occupiers' commute time. This fits well for developers with a high vacancy in their existing buildings or micro markets with significant upcoming supply. In our opinion, developers should focus on non-performing buildings, adaptive reuse and develop them as coworking hubs. Recently, in Singapore, Ascendas-Singbridge entered into a partnership with Spacemob, the Vertex backed coworking space operator to launch a second coworking

space in Singapore Science Park. This facility will provide small businesses with cost sensitive solutions along with proximity to R&D institutions, high-tech innovation and start-ups. With numerous Special Economic Zones (SEZs), industrial and science parks in the main cities, a similar partnership could also be adopted by developers in India.

As the coworking sector matures from its current nascent stage, there will be more and more strategic alliances between property owners and operators and newer models will emerge. The changing dynamics will force developers/operators to differentiate their products in terms of amenities, offerings and quality of space.





554 offices in
66 countries on
6 continents

United States: **153**

Canada: **34**

Latin America: **24**

Asia : **39**

ANZ: **192**

EMEA: **112**

\$2.5

billion in
annual revenue

2

billion square feet
under management

16,000

professionals
and staff

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About Colliers International Group Inc.

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Colliers professionals think differently, share great ideas and offer thoughtful and innovative advice that help clients accelerate their success. Colliers has been ranked among the top 100 outsourcing firms by the International Association of Outsourcing Professionals' Global Outsourcing for 11 consecutive years, more than any other real estate services firm.

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