

Flexible Workspaces: Emergence of the New Dawn

India Edition



Prelude

2020 clearly was a watershed year for many sectors and laid the foundation for multiple emerging trends, that are slowly but surely becoming more acceptable and established. For a significant portion of the year, commercial office segment found itself on crossroads. Although 2021 started on a positive note with employees in the country coming back to offices in increasing numbers, the ongoing second wave of infections has dampened the upbeat mood once again. However, learnings of the past year including adaptability and innovation held good for 2021 as well, reassuring that the office sector will eventually emerge stronger despite the current uncertainty.

Of all the segments in office leasing, the flexible workspace segment has garnered significant attention. There have been enough speculations about the future of these spaces in India. Flexible spaces, a notable contributor to the overall leasing activity in the country has found itself in not so comforting territory. The segment's share in the demand pie chart dropped from 14% in 2019 to sub 10% in 2020.

For multiple businesses across segments, pushing the reset button has become imperative. Flexible workspaces have managed to recalibrate business plans and reposition themselves rather swiftly in the altered world. This repositioning has been driven by three critical factors - flexibility & cost-effectiveness,

accelerated technology adoption and wellness. These were also highlighted in our short nugget titled "Reinvention of Flexible Workspaces in a Dynamic World Order: India Edition"¹ (March 2021). In fact, our survey results with respect to occupier priorities around transaction structuring also indicated a preference for flexible workspaces in this dynamic situation. Savills India Research had also released a detailed report "Collaborative spaces in a Dynamic World Order"² earlier in November 2020, featuring viewpoints of occupiers, developers and operators. The report had also depicted a three-phased outcome regarding the future of flexible workspaces.

In this follow up nugget, we have encapsulated four key emerging trends, which are expected to shape the flexible space domain in the near future. These trends are expected to have a long-lasting impact and will determine the success of the segment in the ongoing decade. Our beliefs and anticipation of emerging trends are supported by poll results conducted by Savills India as well as other reputed institutions. For instance, in one of our surveys, when asked about their priorities around transaction structuring more than 50% of the occupiers gave high priority to scalability, flexibility and employee wellbeing. These indicate a strong sense of confidence in shared workspaces even in today's challenging environment.

Occupier priorities around transaction structuring



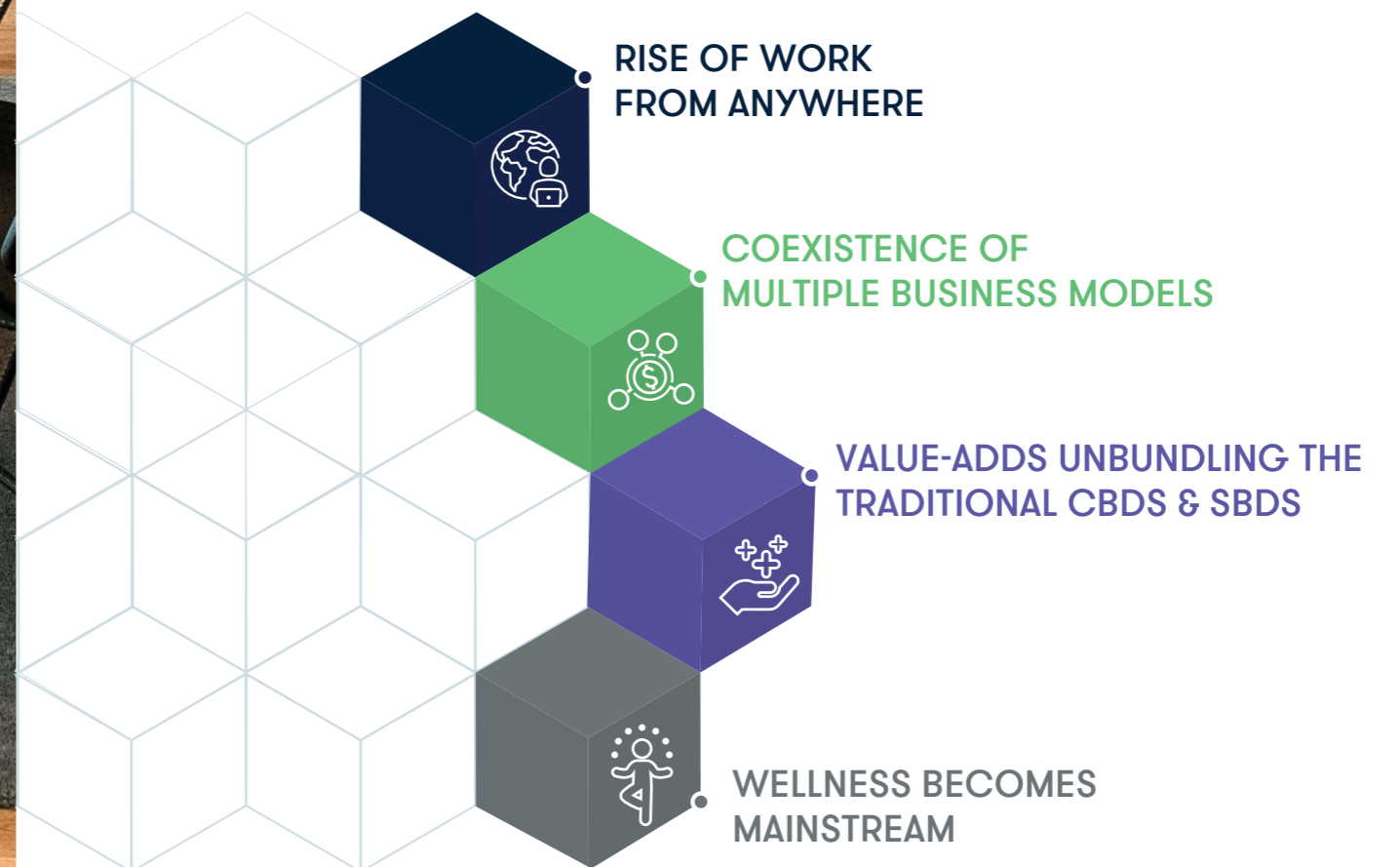
Source: Savills India Research; Renewed Approach & Impact on Office Market Survey Result

1. <https://www.workthere.com/en-in/news-guides/research/reinventing-flexible-workspaces-in-a-dynamic-world-order-india-edition/>

2. https://www.savills.in/research_articles/165611/187634-0



Emerging Trends in Flexible Workspaces



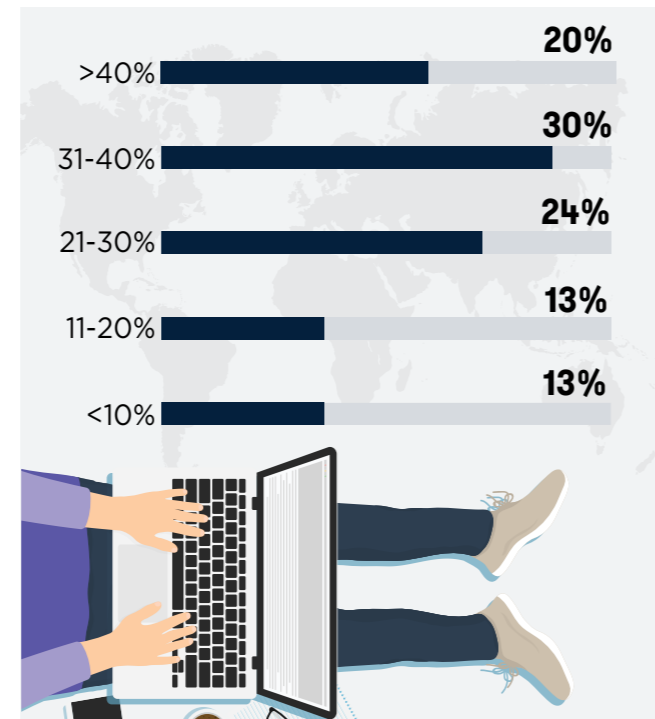


Rise of Work from Anywhere

The acceptability of **Working from Anywhere (WFA)** has increased amongst employees and employers alike. In fact, in our recently conducted survey on “Renewed Approach & Impact on Office Market”, almost 75% of the respondents opined that more than 20% of the workforce is expected to work from a non-office location in the near to medium term. However, considering the social benefits of a demarcated office space among others, coworking spaces offering managed office like work environment and presence across the city have gained tremendous traction in recent times. WeWork for instance offers clients the flexibility to work from any of its facility across the country. Organizations are preferring a **Hub & Spoke model** which is convenient for employees as well. Flexible workspaces are best suited to play the balancing act between ‘home’ and ‘office’, championing the aforementioned model.

Several leaders have recognised ‘WFA’ and are empowering managers to take decisions about their teams. Recently, an HR Director of a leading conglomerate remarked that workforce coming to office is likely to be reduced further. The company has empowered local leaders to arrive at a mutual agreement with respect to the place of work for individual employees.³ Policy changes at organizational level are promoting people to work either completely from their homes or dedicated workspaces closer to their homes. In fact, leading luxury real estate developers have also started offering a seamless work environment for residents in clubhouses and community centres.⁴

Share of workforce working from a non-office location in the next 12-24 months



Source: Savills India Research: Renewed Approach & Impact on Office Market Survey Result



Coexistence of Multiple Business Models

Tough times are expected to pave the way for **product innovation** and simultaneous existence of **multiple business models**. Developers are now offering flexible workspaces, managed services and enterprise level solutions. Bidding of vacant spaces in buildings by gig workers and hot deskers on a per seat rental basis is becoming more prevalent. Interestingly, an overwhelming 70% of the respondents, in one of the surveys conducted by NASSCOM, envisaged the rise in share of gig and remote workers across industries.

Various other business models wherein holiday homes, restaurants and pubs act as coworking centres in nonpeak hours are also offering interesting customer experiences. For example, a Pune based start-up, Friyey, has tied up with pubs and nightclubs across the city, offering coworking spaces at affordable prices. The company has entered into revenue sharing agreement with the partner establishments.⁵ Similarly, Zostel, a leading branded hostel chain has remoulded their properties workstation-ready making them attractive for people intending to stay for longer time periods, in addition to facilities like dedicated dorms and workspaces, high-speed internet connection and uninterrupted power supply.⁶

Microsoft 2021 Work Trend Index Survey Results

67%
Employees want more collaboration at work

73%
Employees want flexible remote work options to stay

3. <https://www.timesnownews.com/business-economy/companies/article/several-companies-extend-work-from-home-norms-as-covid-cases-spike-across-india/741938>

4. <https://economictimes.indiatimes.com/industry/services/property/-cstruction/luxury-real-estate-developers-offering-co-working-centres-in-housing-society/articleshow/78478800.cms>

NASSCOM 2021 CEO Survey Result

70%
Tech CEOs think gig workers will account up to 10% of workforce in 2021. Additionally, they believe remote workers will account up to 50% of workforce in 2021

5. <https://indianexpress.com/article/cities/pune/how-a-pune-startup-founder-is-turning-pubs-nightclubs-into-co-working-spaces-for-post-covid-economy-7251146/>

6. <https://www.indiatoday.in/lifestyle/travel/story/what-is-workation-the-new-way-to-travel-and-end-your-wfh-boredom-1719513-2020-09-07>





Value-adds Unbundling the Traditional CBDs & SBDs

Historically, **price differentiation** and **wide rate spectrum** have been pivotal in flexible space operators gaining foothold in the central and secondary business districts. While this advantage erodes somewhat in peripheral areas, **value add-ons** are expected to help distinguish these players in such micromarkets.

Hassle free tie-ups for business loans, daycare services for infants, senior level perks and partnerships with retail outlets could become the unique selling proposition for operators vying for clients in peripheral areas. Boutique coworking spaces and even the established ones have started to offer unique experiences to freelancers and corporates alike. Option to bring in pets are one of the many such initiatives.⁷ Innovation has not only been limited to out of box services; it has touched pricing plans as well. Quite a few flexible workspace operators are targeting the millennial workforce with "Single day work passes". Some operators have chipped in with freebies for startups such as "Complimentary first seat". Such differentiating factors are expected to fasten the decongestion of the office market and expansion into newer areas.

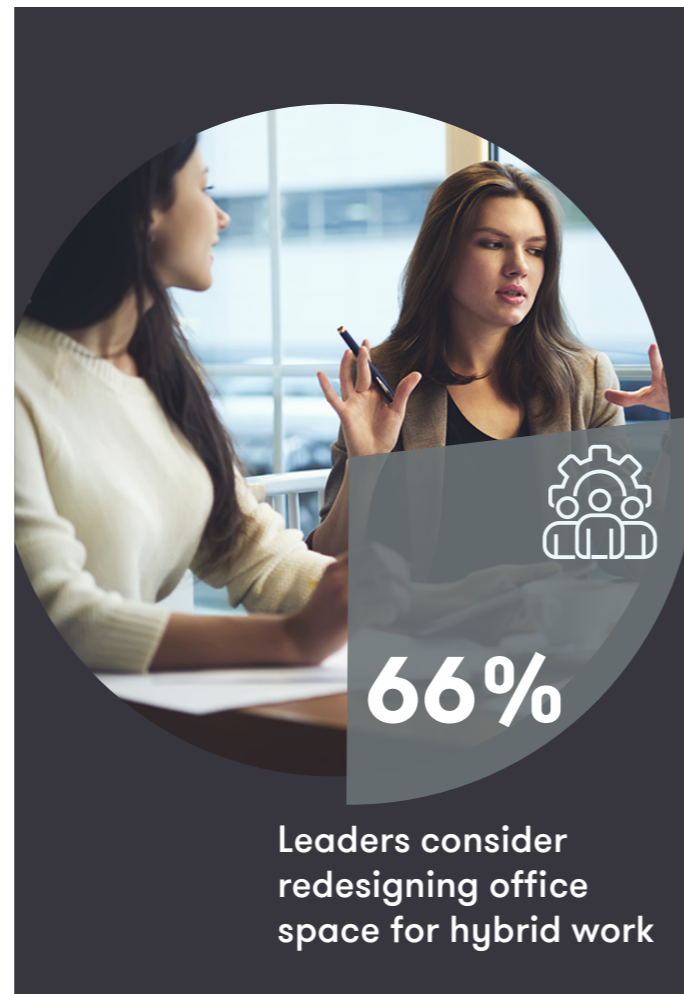
7. <https://blog.qdesq.com/pet-friendly-coworking-spaces-in-india/#:-:text=Pup-pychino%20is%20Delhi's%20first%20coworking,sitting%20capacity%20of%2026%20people.>



Wellness Becomes Mainstream

Sanitisation and adherence to social distance guidelines are likely to become **Hygiene Factors** with indispensable and expected from developers and operators alike. Building construction and interior design are expected to integrate the wellness angle in a holistic manner. Unsurprisingly, almost 66% of the business leaders participating in "Microsoft 2021 Work Trend Index Survey", considered redesigning of office space aimed at enabling hybrid work. DLF, for example, has installed new air-filtration technology across its office buildings to ensure a safe work environment for its corporate tenants as their employees return to work.⁸ Adequate spacing even in open layouts, touch free experiences, real time densification trackers and applications will differentiate one flexible workspace player from another.

Microsoft 2021 Work Trend Index Survey Result



8. <https://www.moneycontrol.com/news/business/dlf-to-invest-rs-30-crore-in-installing-new-air-filtration-technology-in-all-office-buildings-6199811.html>



Concluding Thoughts

At the beginning of the pandemic, it was widely believed that social distancing was contrary to the spirit of coworking, and flexible space operators would have a tough time staying relevant in the altered world. However, the segment has weathered the storm successfully and has come out all guns blazing offering innovative solutions and products to target all types of occupiers- freelancers, start-ups, SMEs and large domestic and multinational companies across industries. The emerging trends are likely to establish themselves as a regular feature in the coming few years and form the core of the shared space model of working.

Introducing Workthere in India, a global brokerage backed online listing platform for flexible, coworking and managed office spaces.

Launched in 2017, Workthere is operational in 10 countries focused exclusively on flexible office spaces and is owned and operated by full-service real estate services company, Savills.

With zero fees for businesses seeking such spaces, it helps you find an office space that suits your needs perfectly.

For India, we have listed over 83,199 seats across 357 coworking centres across the six metros of NCR, Bangalore, Mumbai, Chennai, Pune & Hyderabad. We follow an omnichannel approach, where your online enquiry is followed up by dedicated, local specialists to get you the perfect office.

Find your workspace now!



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