

How coworking spaces are bringing an evolution

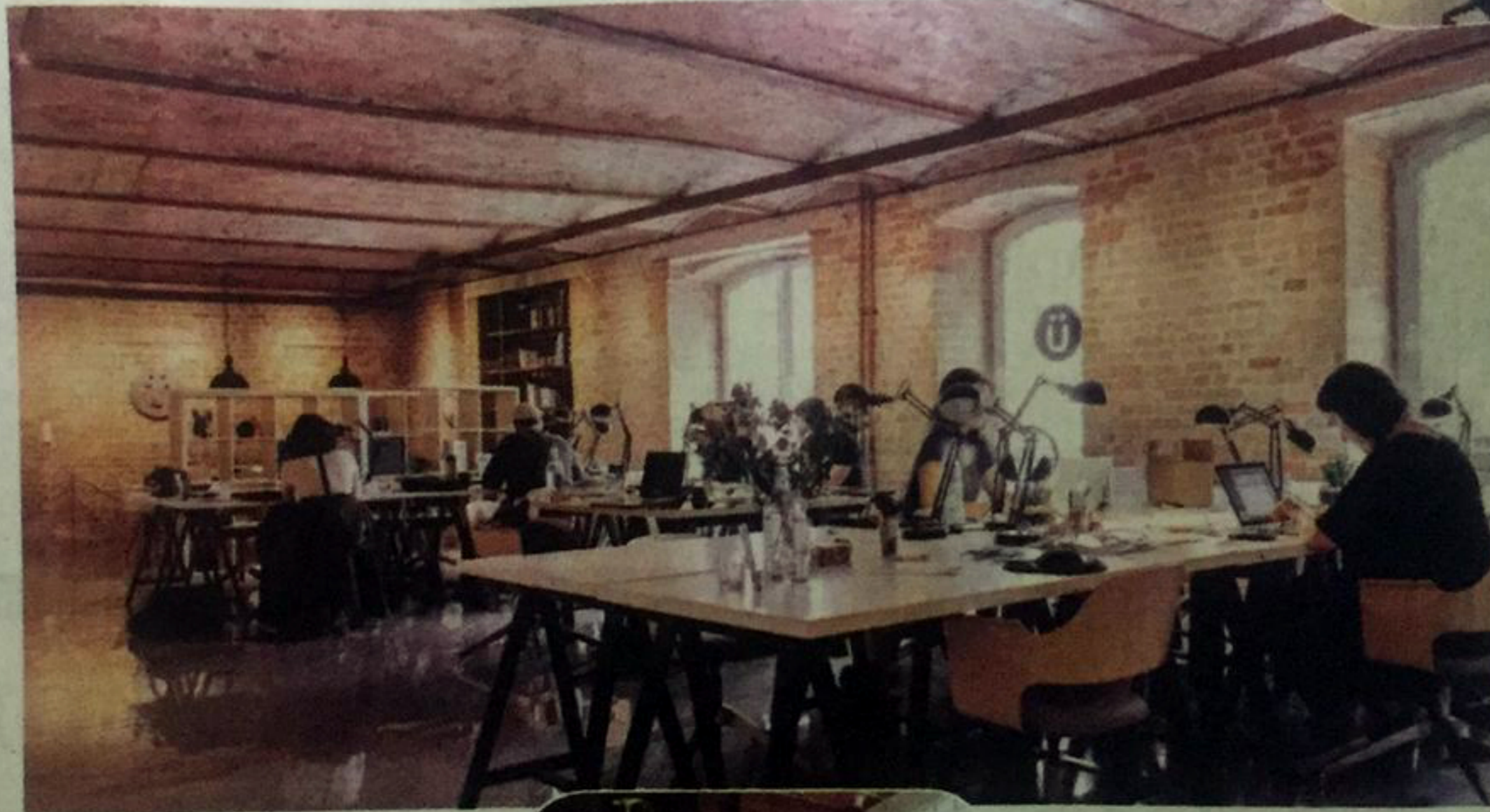


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Disruption in commercial real estate through coworking space operators, mushrooming rapidly in metro cities is a ray of hope for the real estate developers, investors and corporates. India today is viewed by global conglomerates, as a developing and emerging market. In the near future, it is possible that due to coworking spaces, businesses would shoot up rapidly, not only in the Metropolitan cities but also in the upcoming smart cities and tier-2 cities, as expected consumption of seats in 2018 might cross from 10 to 12 million sqft as per reports of a leading international property consulting company.

Due to evolving mindsets of business houses and globalized corporate practices, there is a huge shift in work culture. The SMEs or MSMEs and other big national business houses are replacing their spacious cabins and cubicles with workstations or hot seat culture, for the entire management and employees. Having said that, this arrangement is instrumental in bringing about uniformity and a sense of equality amongst all management verticals across the organization and also in bridging the age-old gap between various levels of management within the system.

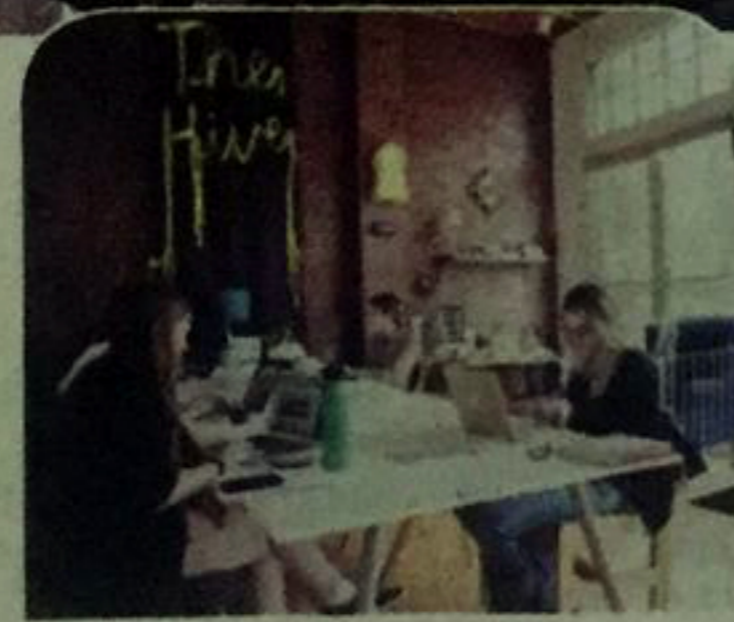
From dull and boring offices to colourful vibrant offices, from stereotypical canteens to swanky cafeterias, this shift has taken place across India. Optimum utilization of workspace is the latest buzz now, as everyone is



looking at cutting down on operational expenses.

To further prove the point, statistics prove that in a 10-hour slot of office space usage, hardly 40% of the seats are used throughout the day. On the hind site, sales offices don't really need a permanent place for their sales executives throughout the day, as they are usually in the market for business.

Although Kolkata is a bit conservative in several aspects of adaptability, it is catching up with this new age corporate space utilization theory and creating organic work ecosystem. It is also observed that coworking or plug and play offices are more cost-effective, with minimal maintenance and



removes daily administrative headaches and property management liabilities, which makes business easier for corporate houses.

Leading international operating companies like Regus and Executive Center with coworking spaces names

were already present in Bengaluru, Gurgaon, Pune, Hyderabad and Kolkata till now, but seeing the market potential of Kolkata, similar coworking space operators are coming up with various economic models as well.

This phase of evolution is a favourable opportunity for investors to look into collaborations with coworking operators to enjoy rental incomes with an assured profit sharing commercial model. The reason why this is a lucrative business model is that, first, most coworking operators, do their due diligence before they identify any location and select any property. Second, there is a calculated ROI of 12-15 percent for three years, rental

income is assured, and this is made with the help of their business analyst and SWOT analysis after considering all incomes and expenditures. Third, the occupancy of any coworking space is above 75% to 90% on an average and chances of making losses are less in any given circumstance.

With cost-effective space utilization, various concepts are entering the market at a very fast pace. The concept of using coffee shops as 'office on the go' (OOTG) has already taken birth in Mumbai by Sanjay Guha with his partner and co-founder Namrata Goyal and is ready to spread its wing shortly with their pilot project in Powai Mumbai. They are coming up as an office coworking space aggregator, with an app based technological support system for the corporates. This is basically to make short and quick sales meeting more cost-effective and less time-consuming. The facilities that OOTG would offer are very simple yet crisp, with coffee, quick bites, WIFI facilities, plug points and printout options available. OOTG will capture the market and boost the retail coffee shop business as well.

Commercial space in real estate is evolving with various innovative and cost-effective ideas, to match up the urban fast-paced work culture requirements. This is a promising sign for the investors who can again look into this area as a prospective investment option.

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