

Flexi Workspaces Are the New Hotspots

Rental companies make a pile as businesses look to cut real estate costs; serviced office space model in demand too

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Flexible workspace providers are recording huge demand as their clients look to save on real estate costs and maximise resource utilisation in an uncertain economic scenario.

"Companies are not able to make a concrete business judgement for the future. Based on the present business, they do not want to take a risk in acquiring large spaces," says Renu Kakkar, VP, Apeejay Surrendra Group.

The workspace providers rent out office spaces to companies, entrepreneurs and individuals. Global workspace provider, Regus, as well as local players such as Apeejay Business Centres and DBS Office Business Centres recorded a huge increase in clients over the past year. Real estate consultant Cushman & Wake-

field too has seen up to a 20% increase in the number of companies asking for feasibility studies on moving to a flexible workspace in the past two to three years. It is currently advising a few large information technology firms, two to three pharmaceutical companies and an FMCG major on implementing the flexible workspace option.

While Regus has seen its clients list grow 50% in the past 12 months to 8,000, Apeejay Business Centre has seen it grow by 30%. DBS Office Business Centre declined to share a specific number. Their clients include big companies such as Nokia, Apple, Blackberry, American Express, Morgan Stanley to mid-sized firms and even start-ups.

Flexible workspace providers give space on rent for the entire floor, building or a portion of a floor based on the need on an hourly, monthly or yearly basis at a pre-fixed fee. Typically, they are approached by companies that don't want to spend all their money on buying a property or on committing to a long-term rental package over a number of years, adding utility, telecoms, maintenance and digital bills in the process.

The companies gain a ready-to-use office with a prestigious address in a prominent business area, with the flexibility to scale up or down. The average usage of such space is between seven



and 12 months. "We're working with MNCs that have a team of two in India that are using Regus as a 'toe in the water' to see if their business would be viable here," says Madhusudan Thakur, regional vice president, Regus, South Asia.

The package includes a Business World card that will provide the team with office space in many locations around the world within the Regus network, adds Thakur. Regus is adding five new centres that are currently under construction in India, and plans to take the total tally to 47 by 2014.

Companies are also getting access to the serviced office space model, wherein they pay on-

ly for the facility they really need.

Serviced office spaces, which are shared by several companies, make sense for firms that are just starting up businesses as well as established players exploring cautious expansion into new territories, says Santhosh Kumar, CEO, operations, Jones Lang LaSalle India.

Much of this growth is coming due to companies' new approach to working. Global research findings suggest a shift towards flexible working: 80% of companies worldwide state that flexible working policies attract and retain skilled staff, and 81% of all companies now offer part of their workforce some form of flexible working. Nearly 60% of employees say flexible working offers better work-life balance, according to a Regus Study.

"We can foresee flexible working as an increasing norm in India because of its unique demographic structure, its younger workforce and its dominating presence in service-oriented economy. Most non-manufacturing units are likely to move towards a mobile office or a convenient place, where employees have to commute lesser and flexibility in terms of working hours especially in the given state of infrastructure," says Thakur.

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