

Abstract by Shipra Goel

# Co-working: A Feasibility Study

*Business Viability Assessment of Co-working Office Spaces in India –  
A Study from the Service Provider and End-User Perspective*

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## Abstract

The primary purpose of this paper is to assess the business viability of co-working spaces in India with special focus on the Delhi NCR\* geography. More specifically the study aims to identify the key factors for a profitable and sustainable co-working space from the space operator (service provider) and end-user point. Delhi NCR being the upcoming co-working space hub in India, is chosen for the purpose of study. The paper aims to introduce the academic audience to the concept of co-working spaces and how these spaces are different from the existing commercial office spaces. This paper also examines the various components of a co-working ecosystem and what role does each aspect play in developing this market further in India. The paper further explores the user motivations for using this space over a traditional office space and gives an overview of the various revenue streams contributing towards the total revenue in a co-working space in Delhi NCR. It then provides a break-up of various costs incurred in running a co-working space in the Delhi NCR geography. The challenges faced by the various co-working space operators in Delhi NCR and the importance given to various features and services by users are also highlighted. Further, an attempt has been made to assess the profitability and also find out the break-even period for these spaces in Delhi NCR region which is considered to be a good representative of the entire co-working space market in India.

The research questions are addressed through a primary research survey instrument i.e. questionnaires targeted for the service providers and the end users in the Delhi/NCR region. The questionnaires are filled through face-to face

interactions, telephonic interviews and emails. The primary data collected is then supported with secondary research from news articles, journals, publications and white papers for the purpose of analysis. The data is then analyzed using various data analysis tools and techniques. Key trends and profitability elements and success factors for a co-working office space in the identified geography is highlighted.

## **Introduction**

With the growth of the entrepreneurship ecosystem worldwide, co-working office space concept has become an upward trend in the commercial real estate segment boosting huge demand for such office spaces in India and abroad.

Co-working space is an office sharing arrangement where people from different professional backgrounds, interests and companies work in the same place together. The co-working concept is not new as it existed hundreds of years back when writers and artists used to establish communities to practice their skills and network. However, Brad Neuberg is given the credit for bringing the modern age co-working concept into limelight in 2005.

Co-working space concept pre-dominantly started and evolved in the US and is now popular in many different countries. A report by Intuit, a software service provider for small businesses, says that over 40% of the workforce in the US will be either freelancers, temporary, part-time, specialists or self employed by 2020. As per the NASSCOM report, the number of start-ups in India has crossed 4,200 in the year 2015 and by the year 2020 there will be more than 11,500 start-ups in India. With the advent of start-up revolution and international companies establishing their presence in India, co-working spaces has emerged as a great alternative to

conventional office spaces within major metropolitan cities in India, essentially, due to sky rocketing real estate prices and also for the ease of setup.

An increasing number of new age entrepreneurs are occupying co-working offices in major Indian cities like Delhi NCR, Bangalore, Hyderabad, Chennai and Mumbai as they are keen to work differently and are looking for flexible and affordable work options. There are a variety of options available to the Indian entrepreneurs to choose within these cities. These include co-work spaces like Coworkin, 91Springboard, Investopad, Bhive, Social Offline, Stirring Minds, Instaoffice and 91Springbroad to name a few. More than 200 co-working spaces have come up in India in the last three years and the numbers are rising each day.

According to Colliers International, a real estate consultancy firm, Bangalore is the hotspot for such co-working spaces, as compared to locations such as the Delhi National Capital Region, Mumbai and Hyderabad, all of whom have a pretty vibrant start-up culture. With so many co-working spaces being set up in India, the question arises: Are they making money? Are these spaces financially viable vis-à-vis traditional office spaces.