

## Flex workspace in India

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**Total addressable market for flex office spaces in India is estimated to rise to 240 msf, surpassing Rs. 600 billion in value by March 2027**

**MAY 2025**





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*Flex workspace market has grown at a CAGR of ~20% during FY2020-FY2024 and is projected to grow at a CAGR of 21-22% during FY2025-FY2027.*

*India's flexible workspace sector is set to witness five major Initial Public Offers (IPOs) and projected to raise over Rs. 7,000 crore.*



The flexible (flex) workspace supply in India currently stands at 90 million square feet (msf) as of December 2024 with over 450 operators and more than 2,000 unique centre locations. While around 90% of this supply, i.e., 81 msf, is spread across tier-I markets of India, demand of 9 msf for flexible workspaces in tier-II and III cities has also been growing. Bengaluru has the highest supply in both commercial office and flexible workspace markets in India, accounting for 32% of the total flexible workspace supply across the top six cities\*. The top five companies^ accounts for 40% of the total flex supply.



The flex supply for top six cities more than doubled from 32 msf as of March 2020 to over 67 msf as of March 2024. It is further projected to expand to 121 msf by March 2027. The flexible workspace market has risen at a CAGR of ~20% during FY2020-FY2024 and is projected to grow at a CAGR of 21-22% during FY2025-FY2027. The demand for such spaces has increased healthily post-pandemic, driven by flexibility, short-lease tenures and lower upfront cost in terms of capex for tenants. The share of flex workspaces in the commercial office segment (non-SEZ) is poised to grow to 12.5-13.5% in FY2027 from 5.3% in FY2020.



Leasing activity remained strong for flex workspaces with absorption of ~13 msf against supply of ~14 msf in FY2024, supported by healthy demand from enterprise clients, startups and domestic corporates. This trend reduced the vacancy levels by 300 bps to 17% as of March 2024 from 20% as of March 2023. Despite the influx of a huge supply of 17-19 msf each from FY2025 to FY2027, ICRA expects vacancy to remain range-bound at 16.5-17% by March 2025 and improve to 15.5-16.5% by March 2026 and March 2027. The top three segments – IT/ITes, Engineering & Manufacturing and Startups accounted for around 67% of flex-space leasing in 2024.



With expected vacancy of 122 msf within non-SEZ office supply and total flexible workspaces supply projected at 121 msf as of March 2027, the total addressable market for flex office spaces is estimated at ~240 msf, surpassing Rs. 600 billion in value by March 2027. India's flexible workspace sector is set to witness five major IPOs and projected to raise over Rs. 7,000 crore.

\*The top six Indian office markets include the Delhi National Capital Region (NCR), the Mumbai Metropolitan Region (MMR), Bengaluru, Hyderabad, Chennai and Pune

^WeWork India, Tablespace, Smartworks, Indiqube and Awfis

## 1 Flex workspace – Evolution and demand drivers



## 2 Major stakeholders in flex workspaces



## 3 Trend in supply, occupancy and vacancy – Flex workspaces



## 4 Trend in net absorption, supply and vacancy – Top six office markets



## 5 Rating actions in commercial real estate





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