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CUSTOM OFFICES

Serviced offices free up capital expenses related to renting or leasing and are ideal for businesses looking for flexibility, good location

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THE ECONOMIC slowdown and the growing layoffs are forcing companies to opt for ready-to-use serviced offices instead of renting or leasing out office space. With property prices still higher than affordable levels, cash-strapped firms are looking to rent serviced offices or business centres to help free some of the capital on real estate.

Small wonder, this segment has seen some of the demand growth of 15 to 20 per cent this year.

"Due to the economic slowdown, we are expecting serviced-office spaces to play a very important role in India," said Sean Morgan, managing director, West Asia and India, Avanta, an office space solutions provider. "Business start-ups, professionals and large organisations seeking a market presence or wanting to expand their business in India are opting for serviced offices. Compared with conventional leased office space, a serviced office does not require furnishings or long-term lease and provides the ideal business environment both in terms of immediacy, flexibility, location and cost."

Avanta has launched serviced offices in the Statesman House, Connaught Place, New Delhi, followed by another in Mumbai's commercial district of Bandra Kurla Complex called Platina, a 50,000-sq-ft facility, claimed to be the biggest serviced-office space in India. The company plans to open the third one at Oval house in south Mumbai. Avanta also looks forward to acquire other properties in different cities to acquire a pan-India footprint over the next three-four years. The company is looking at having 12 centres in Mumbai and New Delhi alone with an investment of \$30 million.

The phenomenon of serviced offices is fast gaining popularity in New Delhi, Bangalore and Mumbai.

New Delhi-based entrepreneur Prateek

Shah and his partners used to make use of luxury hotels when they started recruiting for their concierge business.

"We used to conduct our interviews, meet prospective clients in the hotels. Now we have a small team in place. It made more sense to opt for a serviced office. Cost wise, it comes to almost the same, but we get great location in Connaught Place with literally no strings attached," he said.

Serviced-office spaces are available for a range of tenure, which could vary between three months and three years, depending on the kind of requirements specified by the

The convenience afforded by serviced offices is gaining currency in metros such as New Delhi, Mumbai and Bangalore

tenant. There is no heavy advance that is required to be paid by the tenant. Most serviced apartments are located in prime locations too.

Commercial rent in Mumbai's Bandra Kurla complex is around Rs 300 to 400 per sq ft, while New Delhi's Connaught Place commands Rs 300-350 per sq ft. In Bangalore, UB City commands a rent of Rs 250 to 300 per sq ft.

Corporate firms opting for serviced offices will get office space in these prime locations for the same cost.

Such serviced offices are usually used by entrepreneurs for their new set-ups. A company, which has rented a serviced-office, may typically be headquartered elsewhere. The firm may wish to explore a new territory to establish a business presence, mostly in sales and business development. A serviced-office could also make sense for a company that has outgrown its present space. Such a facility could also work well for executives on the move, who need a place to answer phone calls and collect mail.

Typically, these offices come with all fit-outs done, fixed telecom and internet services, a kitchen, meeting rooms, wash areas, security and reception. The facilities are maintained by the company providing the serviced-office space, but the customer will have to pay for this as well.

"It's a one-stop shop. A corporate firm does not have to worry about the details and that's another reason why they are so popular in these times," said Pravin Nair, country manager, India, Oakwood Asia Pacific, which is setting up service offices along with their serviced-apartment project in Bangalore jointly with Prestige Builders.

Mumbai-based K Raheja Corp has entered into an exclusive franchise agreement with Servcorp, an Australia-based company specialising in the business of serviced offices and virtual offices, to establish a presence in the serviced-offices business in India. The first serviced offices set up by the venture are in Mumbai and Hyderabad.

Sunil Hingorani, senior vice-president-finance, K Raheja Corp, who is leading this venture, said, "The partnership will offer fully-functional serviced offices to new ventures. We will offer state-of-the-art business centres across major cities in India." ■

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