

Furnished offices flourish amid gloom

S. Shanker

Corporate revenues have shrunk, expenses curtailed and manpower numbers trimmed.

But amid this depressing scenario, the furnished offices business appears to be looking up, accommodating new clients who otherwise would have gone in for traditional space.

ONE-STOP SOLUTION

Furnished offices provide a one-stop solution to companies and entrepreneurs, offering services such as executive offices, Internet connectivity, videoconferencing, wireless access, telephone and fax lines, receptionists and client service representatives, apart from on-site executive assistants, and meeting/board rooms on pay-as-you-use basis.

Such offices also offer a prestigious address for executives to print on their business cards.

Charges are competitive



The furnished offices business is looking up

and substantially lower than traditional office space.

Ms Meenal Sinha, General Manager, Imperial Servcorp, says business is up 30 per cent in the last few months as multinational corporations and domestic players are looking

at furnished office accommodation for convenience and cost-savings as team strength and expense sheets have been cropped. Occupancy rate, she said, was as high as 85 per cent.

Imperial Servcorp has a to-

tal of 50,000 sq.ft of office space in Mumbai and Hyderabad with the client list that includes MNCs as well as start-up firms. Imperial Servcorp is a joint venture between real estate major K. Raheja Corp and Australian serviced office provider Servcorp.

ON EXPANSION MODE

Regus, which has over 2.25 lakh furnished space across the country, is looking to expand operations. "We are looking at strategic locations where we do not have a presence," said Mr Madhusudan Thakur, Regional Vice-President.

Globally, the Regus Group operates over 950 centres across 400 cities in 70 countries. The company said clients such as Google, GlaxoSmithKline and Nokia outsource their office and workplace needs to the group.

Mr Thakur said 40 per cent of the new large clients were those who owned offices before and the balance were

new, who would have either gone in for traditional space or those who preferred to tread cautiously in current economic scenario.

Typically, clients need to sign a one-page agreement to move in almost immediately. On an average it costs Rs 20,000 to accommodate one person for a month in Mumbai.

Mr Thakur says his client mix include IT (25 per cent), project driven clients such as consultants (15 per cent), manufacturing companies (23 per cent), research and development (15-20 per cent) and financial institutions (20 per cent).

Occupancy rate is 85-95 per cent. About 75 per cent of the clients stay put for eight to nine months in general.

The slowdown has, however, not left the service providers unscathed. "Charges are a function of the rentals and today it is lower by 25-30 per cent than the year ago period," he said.