

Flex space absorption by operators outpaces broader office market with CAGR of 30%; led by large enterprise adoption: Knight Frank India

- Flex space records leasing volumes of 18.6 mn sq ft in 2025
- Large enterprises account for 72% of total flex space absorption
- Information Technology industry leads with a share of 43%

Mumbai, April 01, 2026: Knight Frank India, the leading international property consultancy, in its latest report – *Flex Space Occupier Intelligence* cited India’s flex office market has witnessed a sharp rise in **annual transaction volumes, increasing from 2.2 mn sq ft in 2017 to 18.6 mn sq ft in 2025** across the top eight cities¹. This represents **8.4 times increase, translating into a strong CAGR of 30%** over eight-year period. This growth significantly outpaces the broader office market², which recorded a CAGR of 9% over the same period. This sustained momentum has also led to a sharp rise in flex space penetration, which has increased from **5% in 2017 to 21% in 2025**.

While the market-level growth story is well documented, a critical dimension has remained underexplored: who exactly is choosing flex, why, and in which cities. Initially, flexible workspace solutions were largely preferred by startups, freelancers, and small businesses. However, in recent years the segment has evolved into a large-format enterprise product within India’s office market. The trend underscores a structural shift in occupier preferences, with flexible workspaces increasingly becoming a core component of India’s office ecosystem rather than a transitional solution.

OCCUPIER PROFILE BY TYPE OF COMPANY

Large enterprises dominate flex adoption

Large enterprises account for 72% of total flex space absorption, far exceeding SMEs (18%) and startups (10%), highlighting the growing adoption by corporates and multinational firms, driven by agility, faster deployment, and capital efficiency. Within this segment, global MNCs hold 81% of enterprise seats, followed by Indian large enterprises (11%) and scaled startups (8%), reinforcing the role of flex spaces across the corporate lifecycle.

Type of Company	Share of Seats
Large Enterprise	72%
SME	18%
Startup	10%

Source: Knight Frank Research

Notes:

- *Large Enterprise:* Listed companies, MNC subsidiaries, or established Indian private firms with 1,000+ employees, national/global presence, and revenue exceeding INR 250 Cr including startups that have scaled to unicorn status or gone public.
- *SME:* Profitable, independently owned businesses (bootstrapped or PE-backed) with typically 10-999 employees, a defined regional or national market, and a stable, repeatable business model spanning IT services, professional services, manufacturing, and niche sectors.
- *Startup:* Venture or angel-backed companies in active growth mode, typically under 7 years old, often pre-profit, with a funding stage (Seed through Series D+).

¹ Ahmedabad, Bengaluru, Chennai, Hyderabad, Kolkata, MMR, NCR, Pune

² Data is derived from Knight Frank Research’s proprietary analysis of seat-level transactions executed by flex space operators across major Indian cities- over the five-year period from 2020 to 2025. It covers seat transactions, which have been systematically classified by company type, end use, and industry.

Startup presence skewed to early-stage firms

Startups contribute a mere 10% of flex space, with early-stage companies accounting for 81% of this share. Within Startups, seed-stage firms hold 2%, while growth-stage startups (Series B/C and beyond) account for 12% of the share, as many usually transition to conventional office formats at scale.

Startup Occupiers in Flex

Startup Stage	Share of Seats
Seed Stage	2%
Early Stage (Series A)	5%
Early / Growth Stage (Series A/B)	81%
Growth Stage (Series B/C)	10%
Late Stage (Series D and above)	2%

Source: Knight Frank Research

Shishir Bajjal, International Partner, Chairman & Managing Director, Knight Frank India, said, “India’s flexible workspace sector has moved well beyond its early positioning as a startup-led phenomenon to become a core component of enterprise real estate strategy. The strong 30% CAGR in flex space adoption, significantly outpacing the broader office market, reflects a structural shift in how occupiers are approaching workspace—prioritising agility, speed, and capital efficiency.”

He further added, “Looking ahead, we expect flex spaces to play an increasingly critical role in enabling global capability centre expansion, supporting distributed workforce strategies, and driving portfolio optimisation for large corporates. As demand continues to mature, the next phase of growth will be defined by deeper enterprise integration, city-specific demand strategies, and the evolution of flex operators into full-service workspace partners.”

OCCUPIER PROFILE BY INDUSTRY VERTICAL

GCCs lead demand, flex as a strategic lever

By end use, Global Capability Centres (GCCs) account for 52% of flex demand, followed by third-party IT firms (26%) and India-facing businesses (22%). Flex spaces provide an excellent option to global firms for an entry and expansion strategy for setting up GCCs, enabling faster market entry and scalable operations. Third-party IT firms also leverage flex for project-based workforce fluctuations, while India-facing firms are more prone to using these for satellite offices and short-term needs.

Breakdown of End Use of Operations within Flex Spaces

End Use	Share of Seats
GCC	52%
Third Party IT	26%
India Facing	22%

Source: Knight Frank Research

OCCUPIER PROFILE BY INDUSTRY VERTICAL

IT dominates but occupier base widens

At an industry level, Information Technology (IT) leads with a 43% share, followed by Banking, Financial Services and Insurance (BFSI) at 25%, other services (24%), and manufacturing (8%). While IT continues to anchor demand, the increasing participation of BFSI and other service sectors indicates a broadening occupier base across consulting, media, logistics, healthcare, and more.

Breakdown of Type of Industry Verticals within Flex Spaces

Type of Industry Vertical	Share of Seats
Information Technology	43%
BFSI	25%
Other Service Sectors	24%
Manufacturing	8%

Source: Knight Frank Research

Note:

- Other services include all types of services which are not part of the IT/ITeS and BFSI sectors. Some of the major sub-sectors of other service sectors are e-commerce, consulting, logistics, healthcare, telecom, media and infrastructure

CITY-LEVEL FLEX OFFICE ABSORPTION

City Flex Market Scorecard: 2017 to 2025

City	2017 (mn sq ft)	2025 (mn sq ft)	2025 Share	Peak Share (Year)
Bengaluru	0.7	5.3	18%	30% (2023)
Pune	0.4	3.4	31%	38% (2020 & 2022)
MMR	0.7	2.7	28%	28% (2025)
NCR	0.3	2.2	20%	29% (2024)
Chennai	0.1	2.1	21%	21% (2025)
Hyderabad*	0.7	1.9	17%	21% (2021)
Kolkata**	0.02	0.8	34%	34% (2025)
Ahmedabad*	0.1	0.2	10%	29% (2022)

Source: Knight Frank Research | *2018, **2019

- Bengaluru remains India's largest flex market by absolute scale, consistently leading national absorption since 2018 and recording a peak 5.3 mn sq ft in 2025.
- Pune stands out for the depth of flex adoption, with flex accounting for 31% of total office absorption in 2025 and sustaining some of the highest penetration levels in India across multiple years.
- MMR has evolved from an early flex market into a more scaled one, with 2025 marking its highest-ever flex absorption at 2.7 mn sq ft and a strong 28% penetration.
- NCR's flex market has moved from gradual expansion to breakout growth, with 2024 emerging as the key inflection year before volumes moderated in 2025 on a higher base.
- Chennai has recorded one of India's most dramatic flex expansions, growing from a negligible base in 2017 to a meaningfully scaled market by 2025.
- Hyderabad's flex trajectory has been cyclical rather than linear, but the market has regained momentum post-2022 and is now on a steady recovery path.
- Kolkata demonstrates that even a smaller office market can deliver high flex relevance, with the highest flex penetration in India at 34% in 2025 despite modest absolute volumes.
- Ahmedabad's flex market has been defined by episodic spikes rather than steady growth, with sharp absorption swings reflecting its still-evolving market maturity.

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