

## Robust demand to improve utilisation, driving margins

- Flex-workspaces accounted for ~23% of total office absorption, as enterprises prioritise agility and geographical diversification
- Aggressive expansion of leasable area (~16.2% QoQ) is likely to result in ~4.5% QoQ growth in operating area; utilisation to remain robust
- Larger leasable area, high blended occupancy (~82%) and incremental revenues from VAS to result in Adj. EBITDA growth of ~10.6% QoQ

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Over Q4FY26, ~20.7msf (+15.0% YoY, -6.8% QoQ) was absorbed as occupiers demonstrated a clear focus on expansion-driven growth and Grade A offices. Bengaluru, Delhi-NCR and Mumbai led leasing activity, making up ~67% of total leasing over the period. GCCs continue to be the driving force, accounting for ~44% of the overall leasing activity (concentrated in Bengaluru and Hyderabad). ~8.3msf (-14.4% YoY, -50.0% QoQ) was delivered over the period, spread mostly across Bengaluru, Ahmedabad and Chennai (~66% of total supply). **Flex-Workspaces (accounted for ~23% of total absorption) are evolving into a strategic tool for enterprises that enable faster expansion, geographical diversification and operational agility.**

We expect operators under our coverage to **expand leasable area by ~2.05msf (~+16.2% QoQ) and operational leasable area by ~1.5msf (+4.5% QoQ)**, enabling them to capture a growing share of the overall demand for flex-workspaces. Despite aggressive space additions, robust demand is likely to help operators (except AWFIS) maintain blended occupancy at ~84% (flat QoQ); facilitating efficient utilisation of workspaces. **As a result of the expansion in leasable area and improved utilisation of workspaces, we expect Revenue from Operations to grow by ~+5.5% QoQ.** Additionally, we believe that **high blended occupancy and expanded VAS offerings are likely to result in improved Adj. EBITDA margins of ~18.7% (+106bps QoQ).**

As space taken up by Information Technology continues to account for a substantial portion (>35%) of overall absorption, we believe the durability of this demand merits caution. However, we expect corporate and financial services tenants (especially in Mumbai and Delhi NCR) to ramp up their use of flex-workspaces keeping the leasing momentum robust.

**We are constructive on the sector and continue to believe that Flex-Workspace Operators' ability to expand leasable area and improve/maintain occupancy remains key to driving EPS growth.** We expect Adj. EBITDA growth of ~+10.6% QoQ.

### Recommendation snapshot

Ticker	Price	Target	Rating
AWFIS IN	311	335	HOLD
INDIQUBE IN	152	233	BUY
SMARTWOR IN	397	543	BUY
WEWORK IN	484	765	BUY

Price & Target in Rupees | Price as of 9 Apr 2026

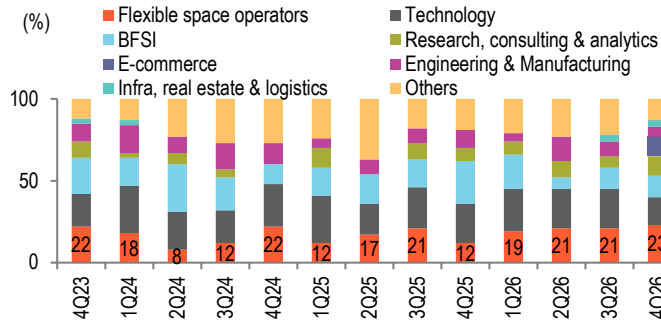


**Fig 1 – Estimates**

	4Q26E	3Q26A	QoQ (%)	4Q25A	YoY (%)
<b>AWFIS</b>					
EPS	4.51	2.98	51.47	1.57	187.51
Operational Area (msf)	8.24	7.96	3.50	6.90	19.46
Operational Seats	1,57,320	1,52,000	3.50	1,34,121	17.30
Occupancy (%)	74.50	75.00	(50bps)	73.00	150bps
Revenue from Operations (mn)	3,987	3,818	4.42	3,397	17.36
EBITDA (mn)	1,336.97	1,392.17	(3.96)	1,159.09	15.35
EBITDA Margin (%)	33.54	36.47	(293bps)	34.12	(59bps)
Adj. EBITDA (mn)	593	673	(11.94)	470	25.96
Adj. EBITDA margin (%)	13.74	16.37	(263bps)	13.09	66bps
<b>INDIQUBE</b>					
EPS	(0.86)	(0.81)	(5.46)	-	-
Operational Area (msf)	7.82	7.48	4.50	6.26	24.87
Operational Seats	1,80,722	1,72,863	4.55	1,53,830	17.48
Occupancy (%)	84.23	84.13	10bps	85.12	(89bps)
Revenue from Operations (mn)	4,080	3,899	4.62	2,969	37.39
EBITDA (mn)	2,563	2,373	8.01	1,700	50.78
EBITDA Margin (%)	62.82	60.85	197bps	57.24	558bps
Adj. EBITDA (mn)	837	721	16.04	-	-
Adj. EBITDA margin (%)	20.51	18.50	202bps	-	-
<b>SMARTWORKS</b>					
EPS	0.74	0.11	579.72	-	-
Operational Area (msf)	9.57	9.20	3.98	-	-
Operational Seats	2,18,907	2,09,000	4.74	-	-
Occupancy (%)	84.00	84.00	0bps	-	-
Revenue from Operations (mn)	4,937	4,721	4.58	3,584	37.75
EBITDA (mn)	3,215	3,056	5.19	2,324	38.31
EBITDA Margin (%)	65.11	64.73	38bps	64.84	27bps
Adj. EBITDA (mn)	969	847	14.35	549	76.45
Adj. EBITDA margin (%)	19.62	17.94	168bps	15.32	430bps
<b>WEWORK</b>					
EPS	2.41	1.22	97.72	-	-
Operational Area (mn)	8.69	8.20	6.00	-	-
Operational Seats	1,29,683	1,21,600	6.65	-	-
Occupancy (%)	84.00	83.90	10bps	-	-
Revenue from Operations (mn)	6,868	6,341	8.32	-	-
EBITDA (mn)	4,604	4,075	12.96	-	-
EBITDA Margin (%)	67.03	64.27	276bps	-	-
Adj. EBITDA (mn)	1,741	1,405	23.89	-	-
Adj. EBITDA margin (%)	25.34	22.16	319bps	-	-

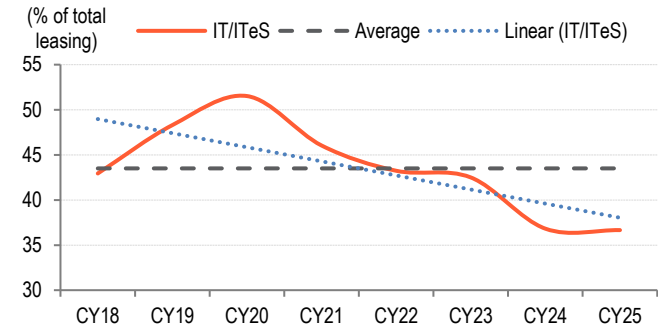
Source: Company, BOBCAPS Research

**Fig 2 – Flex-Workspaces account for a growing proportion of total absorption**



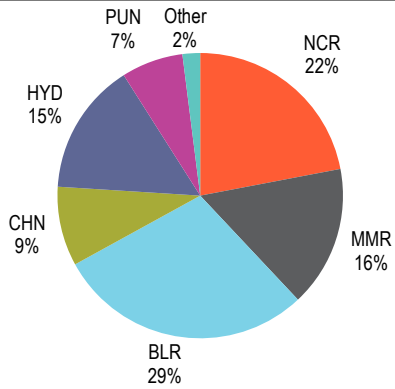
Source: BOBCAPS Research, CBRE, ANAROCK

**Fig 3 – IT tenants continue to drive a substantial portion of leasing**



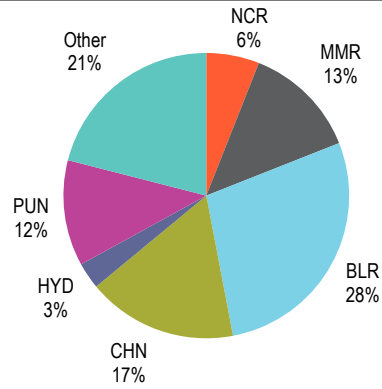
Source: BOBCAPS Research, CBRE, ANAROCK

**Fig 4 – Absorption driven by Bengaluru, Delhi-NCR and Mumbai**



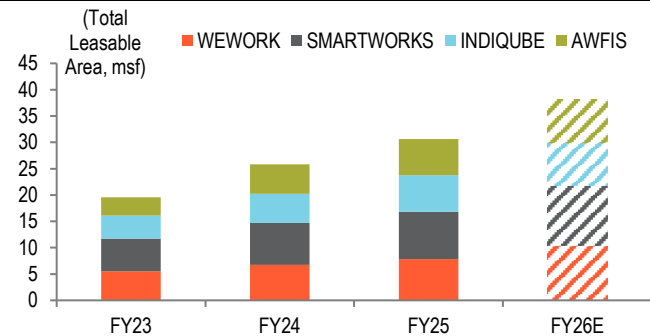
Source: BOBCAPS Research, Company

**Fig 5 – Supply concentrated in Bengaluru, Ahmedabad and Chennai**



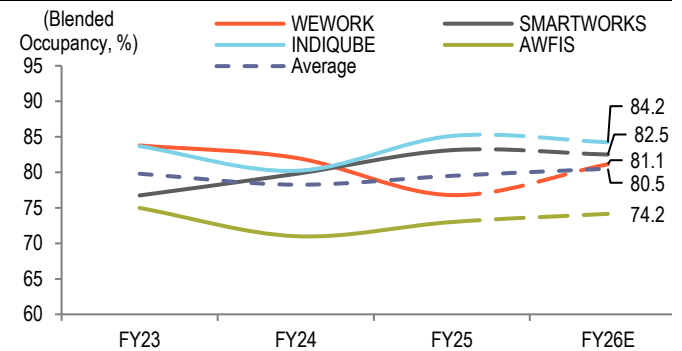
Source: BOBCAPS Research, Company

**Fig 6 – Operators expanding leasable area aggressively**



Source: BOBCAPS Research, CBRE

**Fig 7 – Avg. blended occupancy likely to stay ~flat**



Source: BOBCAPS Research, CBRE

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**Note:** Recommendation structure changed with effect from 21 June 2021

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