INDUSTRY REPORT ON FLEXIBLE WORKSPACES SEGMENT IN INDIA

Prepared for Smartworks Coworking Spaces Limited

20th June 2025

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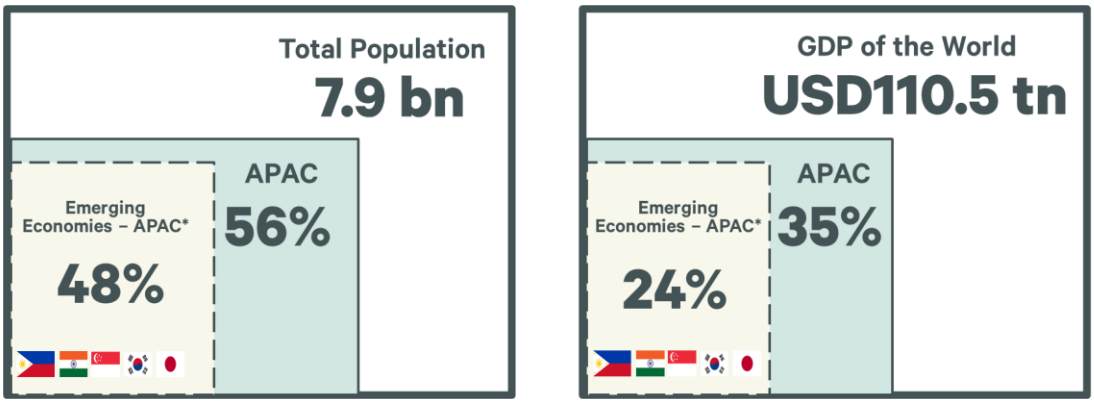
Overview of APAC (Commercial Real Estate & Flexible Workspace Sector)

Asia Pacific (APAC) Economy Overview

The Asia-Pacific (APAC) region[1] contributes approximately 35% of the world's GDP and 56% to the world's population as of CY2024. With its diverse economies, ranging from developed markets such as Singapore and Japan to rapidly growing nations such as China and India, the growth of the economy in the APAC region has been resilient supported by domestic demand and consumption. *(Source: IMF, Asia, and Pacific: Steady Growth and Diverging Prospects, April 2024)* The APAC region recorded an inflation *(average consumer prices)* at 4.4% as of CY2024. This decline is driven by reducing commodity prices and rising domestic demand surpassing pre-pandemic levels. *(Source: IMF, Data Mapper October 2024)*

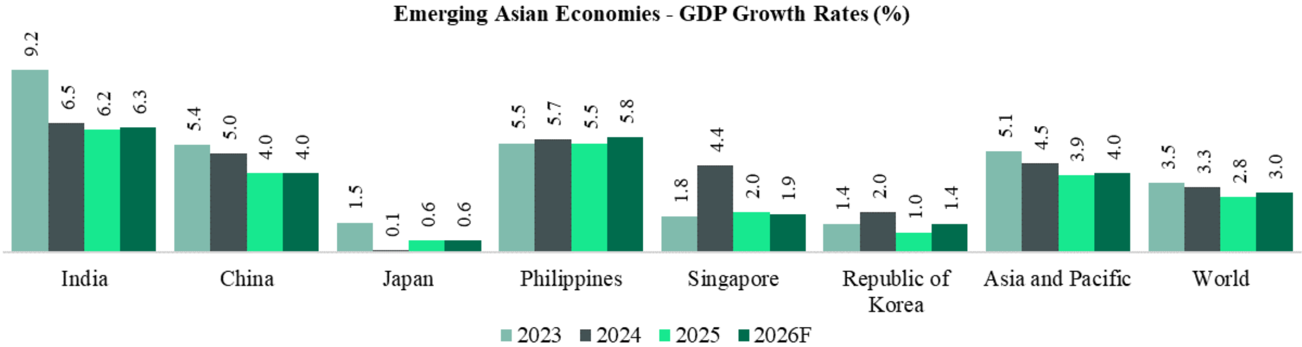
Asia-Pacific Population and GDP as a % of the World (As of CY2024)



Source: IMF Data Mapper, April 2025
Note: APAC includes Singapore, Japan, India, the Philippines, and the Republic of Korea*
As per IMF analysis, emerging Asia includes – China, India, Philippines, Indonesia, Malaysia, Thailand, and Vietnam

As per the IMF, the Asia Pacific region's GDP is projected to grow by 4.5% in CY2024, outpacing the projected world growth rate of 3.3%. Going forward, despite global uncertainty, India is forecasted to grow by 6.2% in CY2025 driven by continued investments, growing private consumption, technological advancements, and digitalization. This projected growth is driven by increasing domestic demand and employment surpassing pre-pandemic levels, rising services exports, growing financial sector coupled with the country's digital and government infrastructure. *(Source: IMF, Data Mapper April 2024, IMF Asia, and Pacific: Steady Growth and Diverging Prospects, 2024)*

India's GDP growth rate is forecast to outpace the growth of selected economies as per the IMF, as highlighted below:



Source: IMF estimates, World Economic Outlook, April 2025

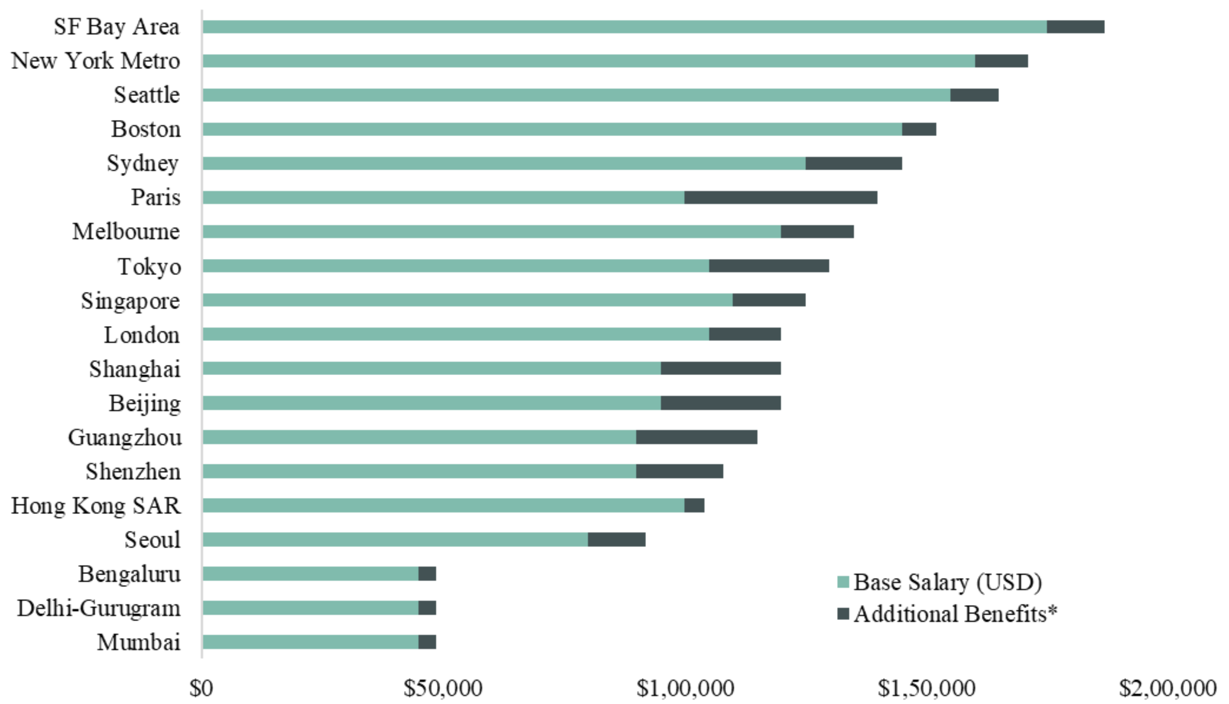
** Although the IMF provides data for the majority of countries in the Calendar Year (CY), For India, data and forecasts are presented on a fiscal year basis, and GDP from 2011 onward is based on GDP at market prices with fiscal year 2011/12 as a base year. (Refer to Pg 12, Note 3)*

[1] *APAC Region includes Australia, Australia, Bangladesh, Bhutan, Burma, Brunei Darussalam, Cambodia, China (People's Republic of), Cook Islands, Fiji, India, Indonesia, Japan, Kiribati, Korea, Republic of, Laos, Malaysia, Maldives, Marshall Islands, Micronesia, Federates States of, Magnolia, Nepal, New Caledonia, New Zealand, Niue, Pakistan, Palau, Papua New Guinea, Philippines, Singapore, Solomon Islands, Sri Lanka, Taiwan, Thailand, Timor Leste, Democratic Republic of, Tonga, Tuvalu, Vanuatu, Vietnam*

Asia Pacific (APAC) - Position among Global Markets

Asia Pacific's growing economy and diversity coupled with the wage differential and availability of working population are facilitating the growth in hiring across technology sector, thereby establishing the APAC region as one of the preferred locations for businesses. *(Source: CBRE Research, Global Tech Talent Guidebook 2024 – Asia Pacific View, April 2024)*

Average Software Engineer Compensation by Market in USD (2024)



Note: Additional benefits vary by market and may include mandatory employer costs like disability insurance, social security and health care.
Note: Exchange rates may have a significant impact on US dollar equivalent wages
Source: CBRE Research, Global Tech Talent guidebook 2025, April 2025; Secondary source: ERI, CBRE Research, January 2025

India remains the global leader in offshoring with an estimated 5.4 Mn people employed directly through technology-related industries, forecasted to contribute approximately 57-58% share in the global sourcing market in FY2025 as compared to a 55% share in FY2019. *(Source: NASSCOM)* As per latest available World Bank's Doing Business Report, 2020, India's rank in ease of doing business had improved from 142nd in 2014 to 63rd in 2019, witnessing an increase of 79 ranks in a span of 5 years, reflecting a substantial enhancement in the business environment. *(Source: World Bank's Doing Business Report (DBR), 2020, PIB Delhi, 7th Feb 2024, Ministry of Commerce and Industry)*

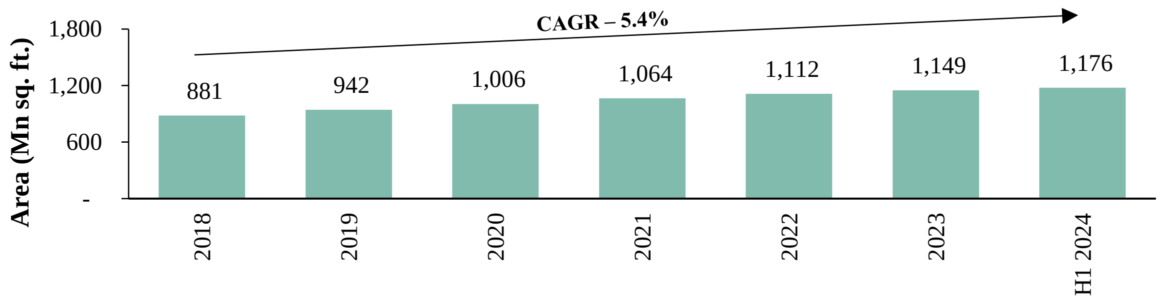
Furthermore, Singapore has emerged as one of the preferred locations for corporate headquarters with the highest number of completed regional headquarters in the past 10 years in Asia Pacific (2014 – 2023). (*Source: Singapore Economic Development Board, 2023*) This growth is supported by its developed infrastructure, regulatory processes, and ease of doing business. As per latest available World Bank's Doing Business Report, 2020, Singapore was ranked as 2nd best business environment in terms of ease of doing business in 2019. *(Source: World Bank, 2019)*

The infrastructure and business environments in these locations, positions Asia Pacific as a hub for technological innovation and corporates. This influx of businesses is subsequently leading to an increased demand for office space, as companies are establishing and expanding their physical presence in the APAC region.

APAC – Commercial Real Estate Overview

APAC region's office real estate landscape has transformed over the past few years. Supported by rising demand and supply completion, the region had an overall net addition in stock of approximately 295.3 Mn sq. ft.[2] from CY2018 to H1 CY2024. Furthermore, the Asia Pacific office leasing market has already returned back to normal post COVID-19, with corporates resuming and active corporate real estate planning. The total recorded office stock in APAC has undergone a CAGR growth of 5.4% during the period CY2018 – H1 CY2024.

APAC - Total Grade A Office Stock (CY2018 - H1 CY2024)

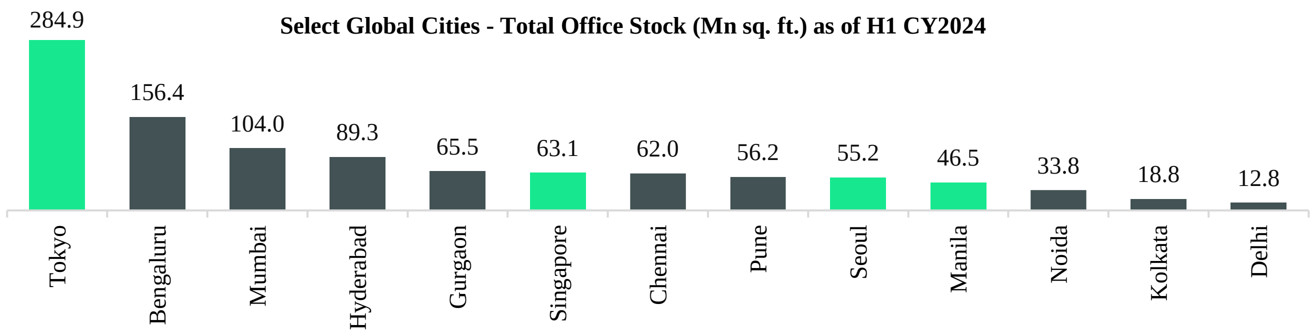


Source: CBRE, as of H1 CY2024
Note: The overall commercial office stock for APAC shown includes only Grade A stock across the regions and is recorded based on Net Floor Area; Net floor area includes the whole space inclusive of shared walkways, server rooms, shared amenity areas, etc.
Grade A office stock includes following Asia Pacific markets: Beijing, Shanghai, Shenzhen, Guangzhou, Hong Kong SAR, Taipei, Seoul, Tokyo, Singapore, HCMC, Hanoi, Bangkok, Manila Makati and Fort Bonifacio, Delhi NCR, Bengaluru, Mumbai, Sydney, Melbourne and Auckland.

Comparison Between Key Indian and Selected APAC Cities

Total Office Stock (as of H1 CY2024)

Tokyo is the leading market with a grade A stock as of H1 CY2024 of 284.9 Mn sq. ft. followed by Bengaluru, MMR, and Hyderabad amongst the leading markets in Asia with a total office stock of 156.4 Mn sq. ft., 104.0 Mn sq. ft., and 89.3 Mn sq. ft., respectively as of H1 CY2024.



Source: CBRE, as of H1 CY2024
Notes:

(1) *The office stock figures are in Net Floor Area (NFA) including Grade A & B stock; Net floor area includes the whole space inclusive of common corridors, server rooms, shared amenity areas, etc; the office stock numbers for Seoul are inclusive of only Grade A stock*

Tokyo along with Indian cities such as Bengaluru, MMR, and Hyderabad currently have the highest total stock when compared with selected cities (Seoul, Manila, Singapore) in APAC. India had an increased interest/traction from occupiers, indicating an increase in demand for office spaces. The increasing preference for quality office spaces coupled with the office stock in India highlights the evolving expectations of occupiers and India's ability to meet those demands. Consequently, the market has witnessed an increase in space take-up for quality spaces.

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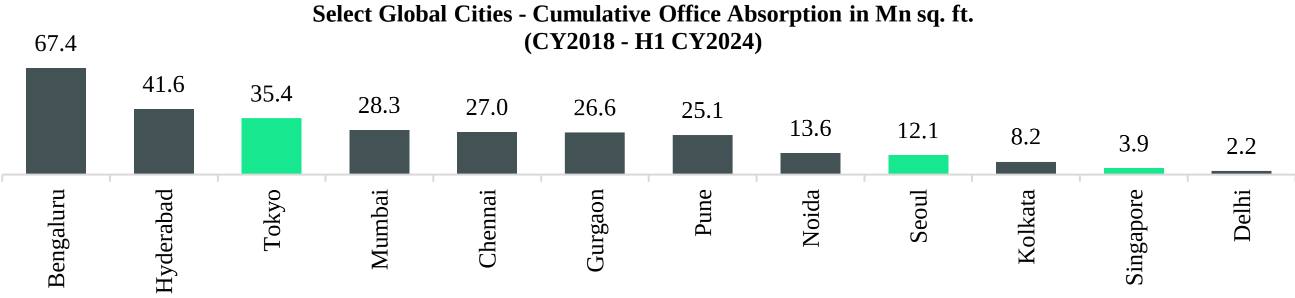
[2] *This includes grade A office stock includes following Asia Pacific markets: Beijing, Shanghai, Shenzhen, Guangzhou, Hong Kong SAR, Taipei, Seoul, Tokyo, Singapore, HCMC, Hanoi, Bangkok, Manila Makati and Fort Bonifacio, Delhi NCR, Bengaluru, Mumbai, Sydney, Melbourne and Auckland.*

Cumulative Office Absorption (CY2018 – H1 CY2024)

Growing economy and domestic consumption coupled with relatively affordable rentals and growing demand from domestic and Multinational Corporations (MNCs) globally has been a critical factor in key Indian cities having the highest office absorption amongst selected global cities as highlighted in the below chart. Bengaluru, the largest market in APAC absorbed more office space than the selected APAC cities *(Tokyo, Seoul, and Singapore)* combined in CY2018 – H1 CY2024. (*Source: CBRE*)



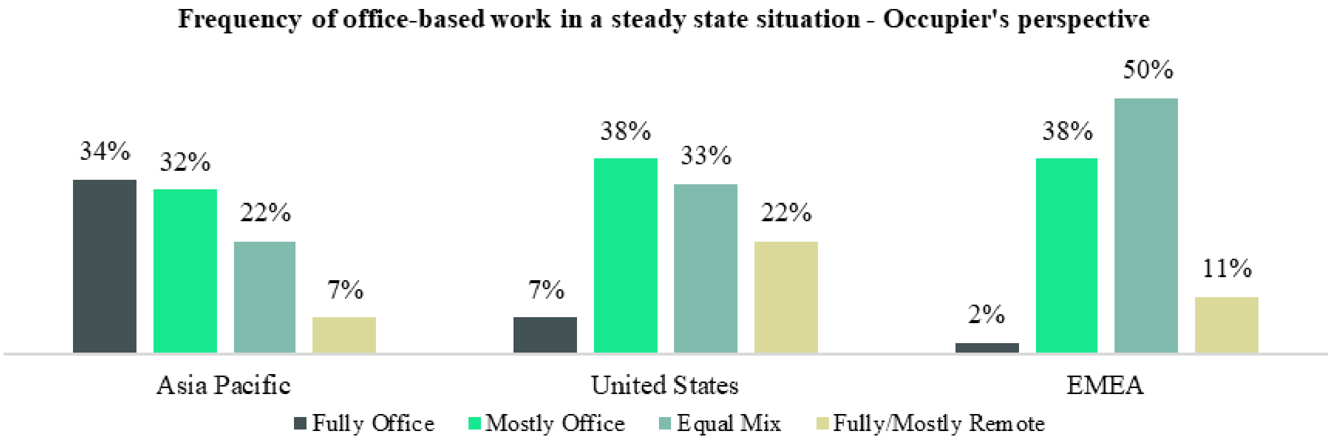
Source: CBRE

Note: The cumulative absorption figures are in Net Floor Area (NFA) including Grade A & B stock; Net floor area includes the whole space inclusive of common corridors, server rooms, shared amenity areas, etc; the absorption numbers for Seoul are inclusive of only Grade A stock

Return to the office – A Key Driver for Office Demand

CBRE's Global Occupier Survey highlights that despite widespread acceptance of hybrid working, expectations for office attendance are higher in APAC than in other regions. While 34% of employers in this APAC region expect their staff to fully work from the office, the equivalent figures in the US and EMEA stands at just 7% and 2% respectively. Amid growing awareness of the issue of wellness in the office and the need for collaboration and personal relationships, coupled with the limitations of working from home such as the unavailability of internet connections and constraints on household space, data theft, many organizations have experienced a strategic shift from working from home to hybrid or completely in-office models. *(Source: CBRE Research; Why Asia Pacific offices are different and now is the time to invest, June 2023, Global Occupier Survey)*

This has resulted in an increase in demand for high-quality spaces in APAC region over the past few years, with occupiers seeking high-quality offices delivering an optimal combination of location, design elements, technology, services, and amenities.



Source: CBRE Research; 2023 Office Occupier Sentiment Survey: Global Summary, September 2023

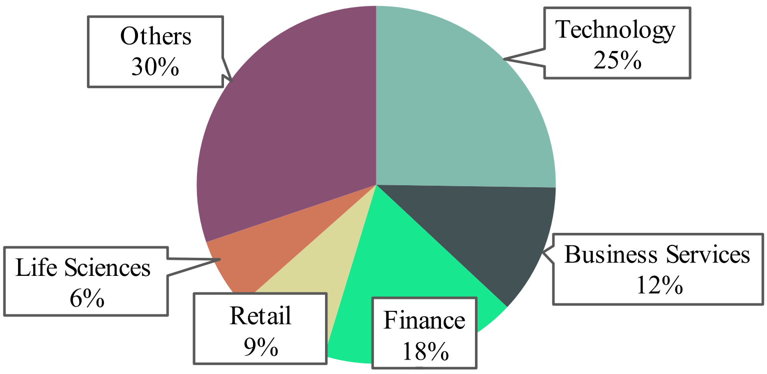
Note: Unsure is included as an option in Asia Pacific, Percentages may not add up to 100% due to rounding

With changing occupier preferences, employers are considering providing a greater variety of space within offices, including flexible seating arrangements, meeting rooms, breakout areas, F&B options, and better amenities to enhance the overall employee experience. Physical office spaces in the Asia Pacific region play a central role given occupier preferences for high-quality digital infrastructure, collaborative spaces for employees and for driving team building, learning, and business innovation through community and collaboration.

Flexible Workspaces – Asia Pacific ("APAC") Overview:

The flexible workspaces[3] market in the APAC region continued to display stable growth in the last few years. As of June 2024, there were approximately over 3,000 flexible workspace centres in the region. Major industry sectors driving demand for flexible workspace include technology and business services followed by the finance sector. According to CBRE's 2024 Asia Pacific Office Occupier Survey, September 2024, approximately 78% of occupiers in the APAC region prefer enterprise solution/private suites dedicated space, and 48% also prefer event space in flexible workspace centers.

Tenant Sector Absorption - Flexible Office Space in Asia Pacific* (for Q2 CY 2024)



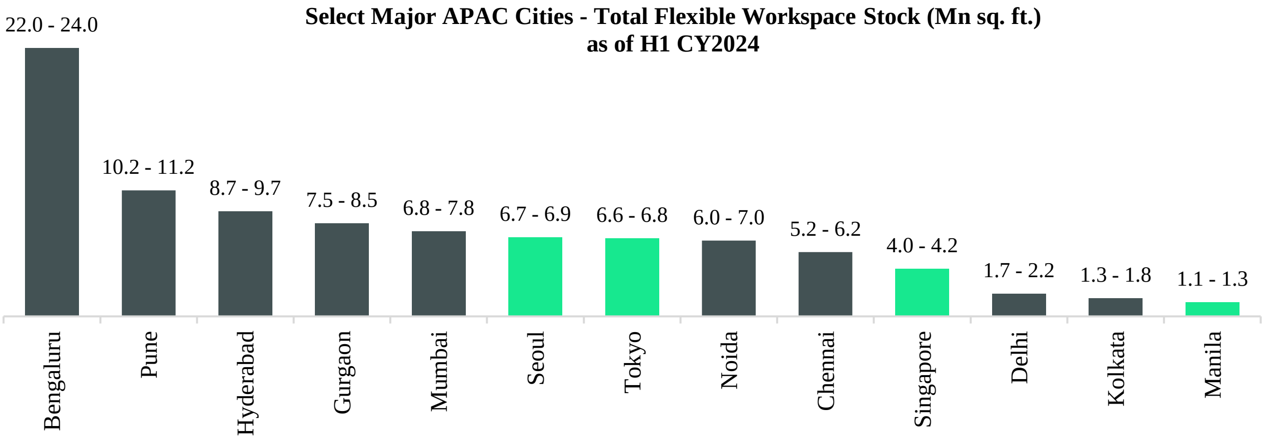
Source: CBRE, Q2 CY2024

*Note: The % highlighted above is based on enterprise customer contracts in Q2 CY2024; *The Market covered above includes Beijing, Shanghai, Hong Kong SAR, Tokyo, Seoul, Singapore, Delhi NCR, Bengaluru, Mumbai, Sydney CBD, and Melbourne CBD; Others above includes 3rd party space providers, Real estate, Transportation and logistics, Healthcare and life science, Resource, Education, Public/extraterritorial organizations, Industrial, Hotels, restaurants & Leisure and consumer products*

Comparison Between Key Indian and Selected APAC Cities

Total Flexible Workspace Stock (as of H1 CY2024)

Bengaluru, Pune, and Hyderabad are amongst the leading markets in APAC with a total flexible workspace stock ranging between 22.0 – 24.0 Mn sq. ft., 10.2 – 11.2 Mn sq. ft., and 8.7 – 9.7 Mn sq. ft., respectively as of H1 CY2024. In contrast, other key cities of Asia such as Seoul, Tokyo, Singapore and Manila have a total flexible workspace stock of approximately 6.7 – 6.9 Mn sq. ft., 6.6 – 6.8 Mn sq. ft., 4.0 – 4.2 Mn sq. ft., and 1.1 – 1.3 Mn sq. ft. respectively.



Source: CBRE as of H1 CY2024; The flexible workspaces figures mentioned above include stock across all grades; Manila - Makati & Fort Bonifacio

[3] *Flexible workspace solutions primarily refer to fully furnished and serviced real estate offerings provided by Flexible Workspace Operators to end users with potential flexibilities built-in around aspects including but not limited to space design, tenure, area, location and product.*

India is one of the largest flexible workspaces markets in APAC with a total stock of over 72 Mn sq. ft as of H1 CY2024 in Tier 1 cities as listed above.

While the demand for flexible workspaces has been consistently growing in the APAC market, certain drivers and salient features of the Indian office market listed below may favor the flexible workspace segment to grow further.

- With changing occupiers' preferences, India with its ample high-quality existing and upcoming stock in both central/key business markets and decentralized submarkets along with an improving infrastructure is providing flight-to-quality options. Furthermore, the Indian commercial market is witnessing a shift towards green-certified space and sustainable buildings.
- As highlighted in subsequent sections, favorable demographics, availability of quality talent pool and India's competitive cost viz for talent and rentals offer businesses a compelling value proposition. These factors may position India as a preferred destination for setting up bases for MNCs, and corporates for their Global Capability Centres (GCCs). These companies may also consider evaluating flexible workspaces to expand their operations in India which may also help in enabling them to outsource some elements of their value chain including but not limited to office experience and running cost effective operations. This may also support the existing demand for flexible workspace solutions.
- As organizations prioritize highly amenitized and tech-enabled office spaces, while pursuing capital efficiency, operational outsourcing, and hybrid/distributed working strategies, they may also evaluate to further integrate various types of flexible workspace solutions in their real estate portfolio. These requirements/pursuits may also have the potential to support the demand for flexible workspaces in India amongst a diverse set of end-users such as Startups, MSMEs, and large enterprises.

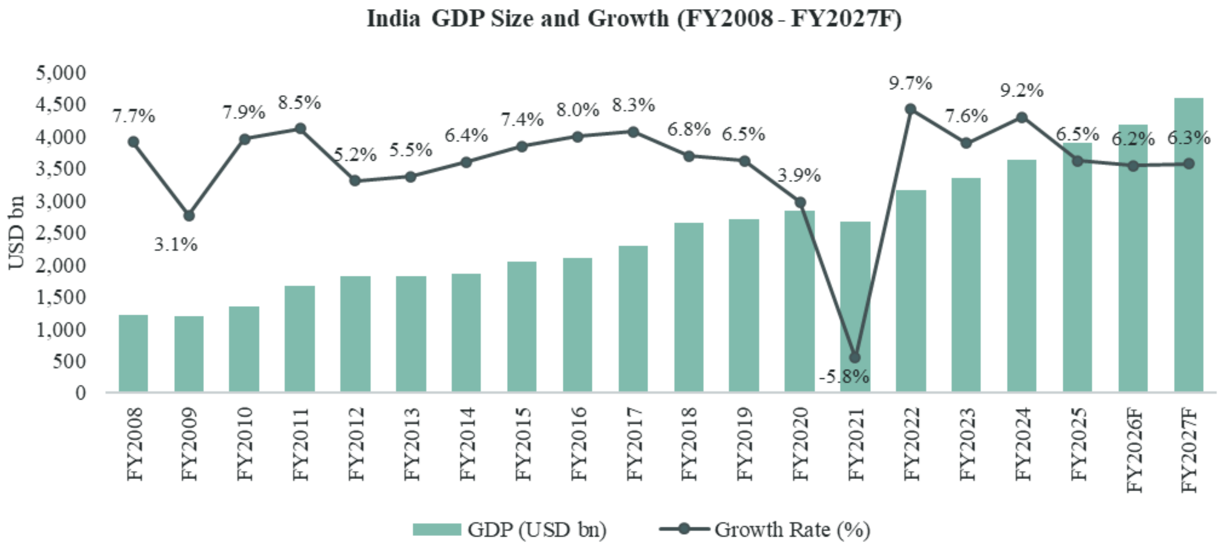
Note: Data in this section has been represented based on the most updated information available across a common period for all APAC markets covered above, i.e. June 2024 (in order to ensure consistency across regions).

Indian Economy Overview

Overview of Indian Economy

India is one of the fastest-growing economies as of June 2025, and is the fourth largest economy after the US, China, and Germany. *(Source: Press Information Bureau, Government of India, June 2025)*. For 2023, India had a GDP growth rate of 9.2% compared to the world's growth of 3.5% demonstrating a strong economic rebound post-COVID-19. This growth was driven by increasing domestic demand and employment surpassing pre-pandemic levels, increasing service exports, and a strong financial sector. India's economy has shown steady growth of 6.5% in FY2025. *(Source: IMF, April 2025)*

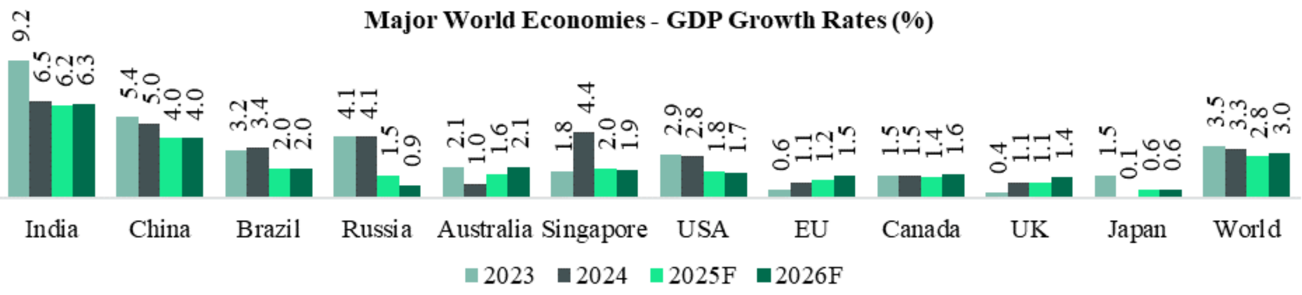
India is forecast to maintain the fastest real GDP growth rate compared to the world's largest economies, at 6.2% in FY2026 and 6.3% in FY2027. *(Source: IMF, World Economic Outlook, April2025)*



Source: IMF database as of April 2025, World Economic Outlook April 2025
For India, data and forecasts are presented on a fiscal year basis, and GDP from 2011 onward is based on GDP at market prices with fiscal year 2011/12 as a base year. (Refer to Pg 12, Note 3)

India is one of the fastest-growing economies globally.

Amid geopolitical tension, rising inflation, and tough market conditions, India continues to exhibit strong economic growth. India's GDP is forecast at 6.2% during CY2025. This compares favorably with the world's major economies including China's forecasted GDP growth rate of 4.0% for CY2025 and the USA's forecasted GDP growth rate of 1.8% for CY2025.



Source: IMF database as of April 2025, World Economic Outlook April 2025

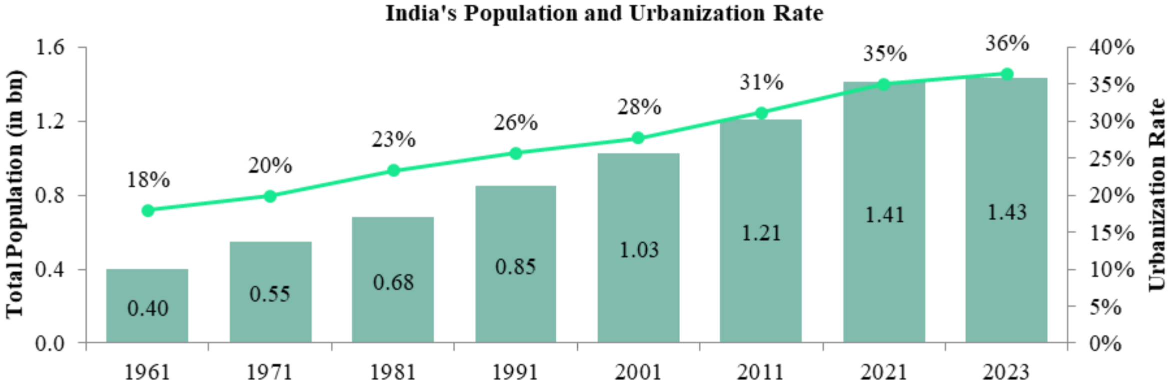
** Although the IMF provides data for the majority of countries in the Calendar Year (CY), the values for India are published in the Fiscal Year (FY). Here the growth rate shown in the 2023 bar reflects the growth rate of FY 2022/23 (starting in April 2022)*

India's digital infrastructure coupled with supportive government policies and initiatives signify India's stable growth by fostering innovation, accelerating financial inclusion, and enhancing the overall industry's efficiency. Furthermore, India's economic growth projections indicate a growth in GDP, surpassing the growth rates of other nations and establishing India as one of the fastest-growing economies globally. This projected growth is likely to enhance India's economic landscape, positioning it as a favoured geography for global investments and economic opportunities.

India's Demographics and Urbanization

- India's population grew from 1.26 bn in 2011 to 1.44 bn in 2024, indicating a compound annual growth rate (CAGR) of 1.06% during the period 2011 - 2024, and now has the largest population in the world. *(Source: IMF, April 2025)* Approximately 68.7% of the population is in the age group of 15-64, which makes it the country with the largest youth population globally as of 2024.[4] *(Source: UNFPA)*

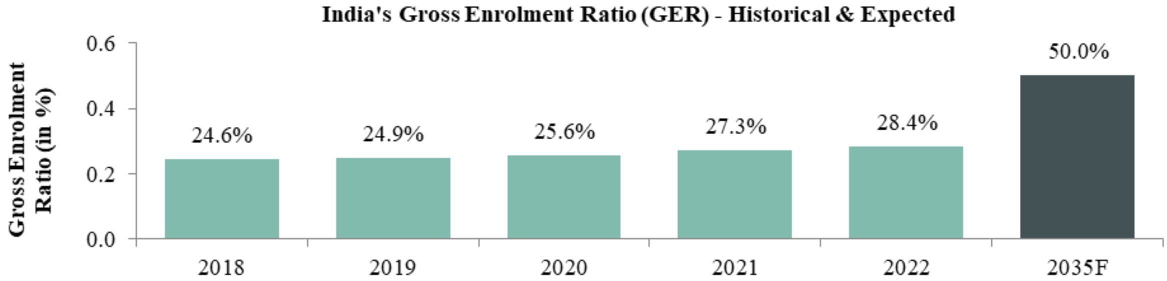
- The share of urban population in India has grown from 31% in 2012 to 36% in 2023. Going forward, the share of the urban population is forecast to increase further reaching approximately 40% by 2036. *(Source: World Bank)* The rapidly growing trend of urbanization and migration to Tier-1[5] cities in search of better employment opportunities are likely to increase real estate demand and lead to infrastructure development across these cities. India's growing population and rapid urbanization have increased the demand for quality services and better infrastructure in Tier 1 cities.



Source: World Bank – Data as of April 2025, IMF estimates, April 2025

In FY2023 India had one of the largest population of highly qualified Science, Technology, Engineering & Management (STEM) graduates in the world. *(Source: NASSCOM)* India has the world's largest education system in terms of enrolment with a total enrolment of 265 Mn in 1.5 Mn schools and 11.31 Mn graduates including 0.89 Mn engineers and 2.32 Mn commerce graduates as of 2022. *(Source: Ministry of Education, AISHE 2021-2022[6])*

- India has an estimated gross enrolment ratio (GER)[7] of 28.4% for higher education as of 2022. The National Education Policy is anticipated to give a boost to GER and is also expected to have a sizeable impact on the overall market for higher education. The Government's target of increasing GER to 50% by 2035 with a rising student population base is expected to give a major push to the segment. *(Source: All India Survey on Higher Education, 2021-2022)*



Source: All India Survey on Higher Education, 2021-2022

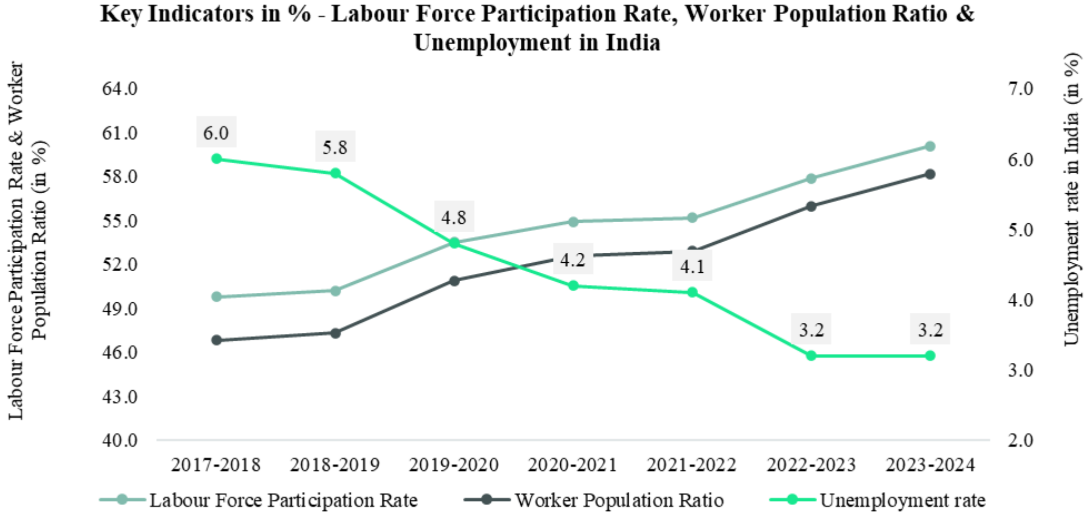
India's rising gross enrolment ratio and the availability of a highly skilled talent pool have increased its attractiveness to global companies. With the supply of experienced and new talent to cater to both core and new-age digital technologies[8], multinational corporations & Global Capability Centres[9] are considering India as a viable location, capitalizing on the country's educational infrastructure, domestic consumer market, and labor cost arbitrage.

[4] *Estimated size of national population at mid-year, 2024*
[5] *Tier 1 cities include Delhi, Gurgaon, Noida, Mumbai, Bengaluru, Hyderabad, Chennai, Pune and Kolkata*
[6] *AISHE 2021-2022, based on the latest information available in the public domain*
[7] *GER is a key indicator of the level of participation in higher education within a given population. Higher GER values indicate greater enrolment in higher education among the 18 – 24 years age group.*
[8] *New age digital technologies such as Internet of Things, Big Data, Artificial Intelligence, Cloud Computing, Augmented and Virtual reality etc.*
[9] *GCCs are the captive hubs that include both MNC-owned units that undertake work for the parent's global operations and the company-owned units of domestic firms.*

Growing Labor Force Participation Rate and Employment

Driven by the aforementioned indicators, the employment landscape in India has witnessed a shift, with the share of total employment in the services sector increasing from 30% in FY2013 to 34% in FY2023. *(Source: RBI, KLEMS employment Database, July 2024)*

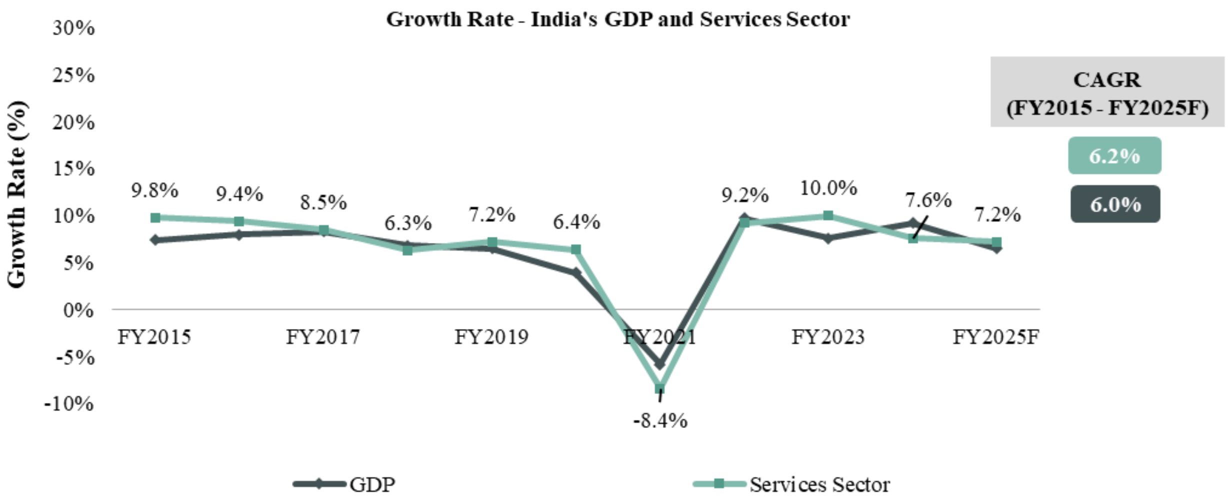
Key indicators such as India's unemployment rate, worker population ratio, and labor force participation rate have witnessed a positive trajectory over the past 5-6 years indicating an evolving labor market in India. This has been supported by key government initiatives such as Atmanirbhar Bharat Abhiyan, Product Linked Incentive scheme, Skill India Mission, and Start-up India, which have assisted in job creation and creating a supportive environment for Small & Medium Enterprises SMEs/Startups. The unemployment rate has declined from 6.0% in 2017- 2018[10] to 3.2% in 2023-2024, with the unemployment rate in the younger population of India (youth aged 15-29 years) declining from 17.8% in 2017-2018 to 10.2% in 2023-2024. *(Source: The Indian Economy Review – January 2024, Economic Survey, 2024, Department of Economic Affairs; Annual Report, Periodic Labour Force Survey 2023-2024)*



Source: Periodic Labour Force Surveys, Employment and Unemployment Scenario of India, September 2024, Directorate of General Employment
Note – The survey period of PLFS surveys is from 1st July to 30th June of next year.

Increasing Number of People Employed in the Services Sector

The services sector[11] led by technology and financial services continues to be one of the key drivers of the Indian economy contributing to the rising number of people employed in India. The services sector has outperformed GDP growth i.e., 6.2% CAGR between FY2015-2023 as compared with 6.0% growth of GDP during the same period.



Source: Ministry of Commerce and Industry, April 2024, Ministry of Statistics and Program Implementation, February 2025, IMF estimates, World Economic Outlook, April 2025

[10] *The survey period of PLFS surveys is 1st July to 30th June of next year.*
[11] *According to the National Accounts classification, services sector covers a wide range of activities such as trade, hotels, and restaurants; transport storage and communication; financing, insurance, and real estate; and business services; and community, social and personal services. In the World Trade Organization (WTO) and Reserve Bank of India (RBI) list of services, construction is also included. (Source: Government of India)*

Employment in the services sector increased from 141 Mn in FY2013 to 201 Mn in FY2023, highlighting the sector's growth and indicating a shift towards white-collar jobs. *(Source: RBI, KLEMS employment Database, July 2024)*

India's services sector was the largest recipient of Foreign Direct Investment (FDI) inflows worth USD 118.8 bn between April 2000 and March 2025, i.e., 16.3% of total FDI Equity inflow[12] during the same period. The services sector's FDI equity inflows have remained within the range of 14-17% of the total over the past 4 years.

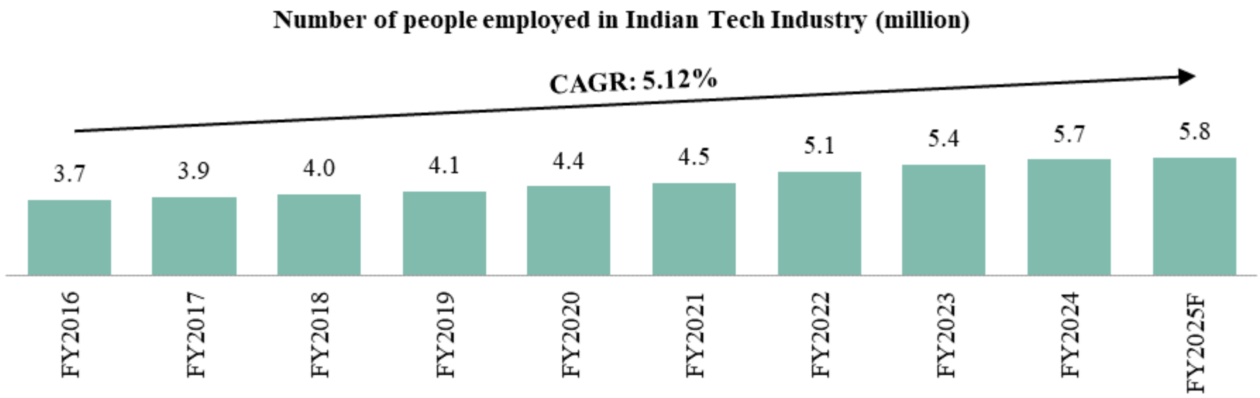
India's business environment, government initiatives, and dynamic workforce, contribute to diverse and employment growth with more job opportunities. As per Reserve Bank of India's latest KLEMS data, employment in the country has grown at a CAGR for 5.2% during the period FY2018 – FY2024 (643.3 Mn in FY2024 compared to 475 Mn in FY2018). *(Source: Ministry of Labour & Employment, Press Release, July 2024)* This growth is driven by white-collar jobs supported by next-generation industries across key sectors such as Information Technology, Sustainability, Healthcare, and Automobiles amongst others.

The Technology Industry is one of the Key Drivers of the Services Sector

COVID-19 has accelerated the structural shift, driving the use and deployment of technology, especially cloud, data analytics, e-commerce, and digital transformation. *(Source: Ministry of Commerce & Industry, April 2024).* The Indian technology services sector continues to evolve as the focus is moving towards higher value-added services with Indian companies and Global Capability Centres ("GCCs") of multinational corporations, now providing end-to-end services to their clients. This trend has been one of the key drivers for the office segment in the country.

With a revenue of USD 268.8 bn in FY2024, the technology industry is estimated to grow by 5.1% reaching revenue of USD 282.6 bn in FY2025. The positive outlook of this sector is further reflected in the net hiring, with an addition of 1,26,000 direct employees over FY2025 and the total direct employees estimated at 5.8 Mn in FY2025. *(Source: NASSCOM)*

Concentrated efforts from the Indian Government's launched programs PM Kaushal Vikas Yojana 4.0[13], National Digital Literacy Mission[14], Pradhan Mantri Grameen Digital Saksharta Abhiyan (PMGDisha)[15], the world's largest digital literacy program, Centre of Excellence for IoT and AI' along with forward looking initiatives such as National Data Governance Policy are expected to enable India to continue emerging as a leading market for GCCs/ technology sector owing to its growing pool of talent.



Source: Ministry of Electronics and Information Technology, NASSCOM

Overall, the direct employment in Technology industry is forecasted to be approximately 5.8 Mn people with over 1.4 Mn digitally skilled talent workforce. India continues to be one of the preferred global sourcing locations, representing a 57-58% share in global sourcing[16]. India has seen an increase of new-generation technology businesses with over 8,100 digital solution providers employing approximately 1.4 Mn employees. *(Source: NASSCOM)*

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[12] *Services sector's FDI share on cumulative amount of FDI equity inflow excluding, amount remitted through RBI's NRI Schemes (USD 728.9 billion)*
[13] *A scheme to enable ecosystem for youths to get skilled, enable delivery for skill training in a market-oriented and demand driven manner, thereby improving employability of candidates.*
[14] *The Digital Saksharta Abhiyan (DISHA) or National Digital Literacy Mission (NDLM) Scheme has been formulated to impart IT training.*
[15] *Launched in 2017, Pradhan Mantri Gramin Digital Saksharta Abhiyan (PMGDISHA) is a scheme' to usher in digital literacy in rural India with a target to cover 6 crore rural households (one person per household) across the country.*
[16] *Global Sourcing refers to the services sourced from a country/countries different from the country where the firm receiving services is located; It includes both offshoring and near-shoring*

Through the integration of technology in the real estate sector, PropTech[17] is improving the industry's efficiency and accessibility for consumers. With automation, 3D views, and market research coupled with secure remote transactions, PropTech has improved transparency in the market along with efficient use of resources. While PropTech in India is still in its early stage, the integration of digitalization and technological advancements is further expected to increase demand for real estate in India. *(Source: CBRE)*

Sub-sectors like Engineering R&D, with GCCs spanning across Services and BPM, have emerged as key growth hotspots. Digital Engineering is expanding into sectors like BFSI, Healthcare, and Retail, with nearly two-thirds of large deals centred on this shift. The industry exports revenue now indicates an equal revenue split between Global MNCs (including GCCs) and Indian service providers. *(Source: NASSCOM)* India, with its thriving technology industry, lowest-tech talent demand-supply gap[18] and, cost advantage is well placed to capitalize on this trend.

Growing per capita income in India

The per capita gross national income of India grew from INR 117,131 in FY2017 to INR 231,711 as of FY2025F, registering a CAGR growth of 8.9% during the same period. Metropolitan cities in India have played an important role in increasing India's economic growth and employment landscape. This growth is driven by increasing urbanization, increasing labour force participation rate, and availability of talent pool across these cities coupled with the growing service sector. Cities such as New Delhi and Hyderabad have per capita incomes that are 2.6 - 2.7 times higher than the national average. *(Source: Second Advance Estimates of Gross Domestic Product for 2024-25, Ministry of Statistics and Programme Implementation, February 2025; National Accounts Statistics 2025, Ministry of Statistics and Programme Implementation, May 2025)*

Per Capita Gross National Income in India at current prices (in INR)

Source: National Accounts Statistics 2025, Ministry of Statistics and Programme Implementation, May 2025

Growing income levels in India led to an increase in the number of millionaires across the country. Approximately 326,400 individuals are classified as millionaires (USD 1 Mn+) as of December 2023, highlighting an 85% increase in wealth over the past decade. Mumbai and Delhi rank among the top 10 wealthiest cities in the BRICS[19] nations for 2024.[20] *(Source: World Health, Henley & Partners, December 2023)* This increase in income levels is reshaping Indian consumer behaviour. The Indian consumption landscape is experiencing a strong growth phase, supported by increase in discretionary spending with a focus on improving lifestyle and quality of life.

Driven by increasing income levels in India, net national disposable income had a CAGR growth of 10.1 % from FY2016 to FY2024. The Household Individual Consumption Expenditure (at current prices) had a CAGR growth of 10.5% from FY2016 to FY2023 from INR 85.7 trillion in FY2016 to INR 190.7 trillion in FY2023. This growth is primarily driven by factors such as rising discretionary spending, urbanization, expanding middle class, and changing lifestyles. *(Source: Ministry of Statistics and Programme Implementation, May 2025)*

India's per capita income has witnessed growth over the past few years. This growth is driven by the growing economy, favourable and growing white-collar employment landscape. Consequently, metropolitan cities with higher per capita income levels compared to the national average on the account of employment generated across the services sector, has resulted in relatively high per capita consumption expenditure.

[17] *Proptech, or property technology, is this intersection of the real estate industry with technology, software, and digital solutions aimed at maximising the sale-purchase, research, marketing, and management of properties. (Source: Startup India, Ministry of Commerce and Industry)*

[18] *Lowest tech talent demand supply gap among global tech leaders such as USA, UK, Canada, and Australia. Source: NASSCOM – Strategic Review, 2024*

[19] *BRICS nations include Brazil, Russia, India, China & South Africa*

[20] *Mumbai has an estimated 58,800 millionaires while Delhi has approximately 31,000 millionaires.*

India's Emergence as a Favoured Investment Destination

India has remained a favoured destination for long-term foreign capital investments. The total FDI inflows from April 2000 to March 2025 were USD 1072.3 bn. Out of the total FDI inflows from FY2016 – FY2025 were USD 703.6 bn i.e., a 105% increase from USD 343.1 bn during the previous 10 years (FY2006 – FY2015). *(Source: Department for Promotion of Industry and Internal Trade, FDI Factsheet, March 2025).* The 2024 Kearney FDI Confidence Index ranked India 4th in the Emerging Market Economy (EME) category, indicating its attractiveness as an FDI destination, despite the recent moderation and volatility in global capital FDI investments. *(Source: Monthly Economic Review, April 2024)*

In CY2023, capital inflows in real estate were led by development sites and built-up offices. Supported by relatively larger presence of investment grade projects, growing urban infrastructure, a diverse talent pool and overall market maturity, Tier 1 cities accounted for approximately 72% of the equity inflows. If the historical and prevailing trends continue, the office sector is expected to continue to be one of the leading beneficiaries of the total institutional inflows.

Institutional investors have primarily infused capital to acquire built-up office assets, which had a share of over 60% (approximately USD 8.8 bn) in total investments. The past six years saw more than a dozen foreign institutional investors, asset managers, and developers entering the Indian real estate sector. *(Source: RCA, VCC Edge)*

The growing real estate sector has further increased investments resulting in significant capital inflow from domestic and international investors. This trend continued in H1 CY2024, with development sites and land attracting approximately USD 2.3 billion, which constituted nearly 36% of the total capital inflows during this period. The office sector followed closely, with capital inflows of around USD 2.2 billion, representing nearly 35% of the total as of H1 CY2024. Tier 1 cities maintained their status as key markets for capital inflows in the office segment, accounting for a substantial share of over 90% as of H1 CY2024 *(Source: RCA, VCC Edge).*

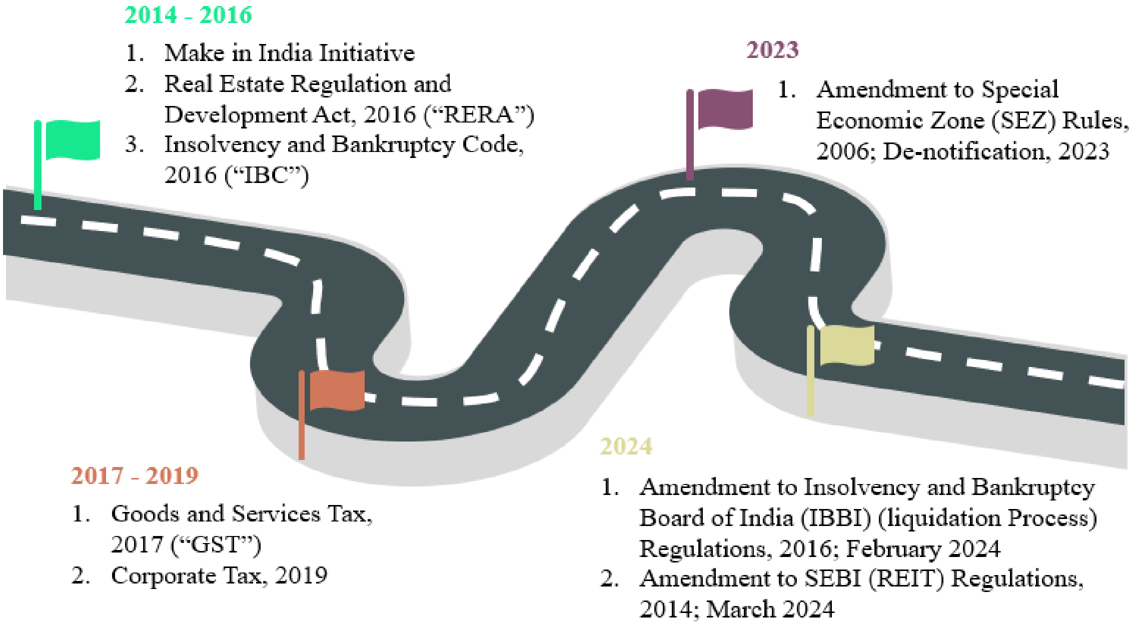
Macro-Economic Environment and Key Trends Assisting Real Estate in India

The continued focus of the Indian Government on programs such as 'Make in India (2014)', 'Startup India', and 'Atal Innovation Mission' has assisted in fostering a supportive ecosystem for domestic enterprises. These initiatives credited in strengthening India's ranking in the Global Innovation Index (GII) from 81st in 2015 to 39th in 2024. Also, cumulative FDI inflows in the manufacturing sector have increased by 68.9% to USD 165 bn (FY2014–2024) from USD 97.7 bn (FY2004-2014), post incorporation of the Make in India initiative. *(Source: Press Release, Ministry of Commerce and Industry, September 2024)*

India's startup ecosystem had growth contributed by an increase in venture capital investments, Government initiatives, and innovation. India is the 3rd largest ecosystem for startups globally with over 1,57,706 as of December 31, 2024. *(Source: Ministry of Commerce and Industry, February 2025)* The Department for Promotion of Industry and Internal Trade("DPIIT") - recognized startups across 770 districts of India as of December 31, 2024. *(Source: Department for Promotion of Industry and Internal Trade, Prabhaav, January 2025)* This startup activity is further supported by the growing Indian economy, enabling a favorable environment for innovative businesses. The volatility in many international markets has enhanced investment focus towards India. This trend is expected to position India as a hub for startup activity.

If historic and current trends continue, domestic enterprises are likely to require larger office spaces to accommodate a growing workforce and facilitate collaboration, contributing to the growth in demand for India's commercial real estate sector.

Major Structural Reforms by the Indian Government to Assist Economic and Real Estate Growth



Key Initiatives Intended to Assist Commercial Real Estate Growth:

1. ***Real Estate Regulation and Development Act, 2016 ("RERA"):*** The RERA was introduced to protect the interest of buyers and enhance transparency and fair practices in the real estate sector. It aimed to encourage the investment in the sector. The Real Estate Act makes it mandatory for each state and union territory, to form its regulator and frame rules that will govern the functioning of the regulator. It directly affects buyers, intended by increasing trust and transparency in the market, which was a key factor impacting slow activity levels in the sector over previous years.

2. ***Amendment to Special Economic Zone (SEZ) Rules, 2006; De-notification, 2023:*** In early 2023, the Union Ministry of Commerce and Industry amended the act allowing a floor-wise de-notification of the leasable area in SEZs into non-SEZ areas. The proposed regulation is expected to enable SEZ developers to attract more firms engaged in domestic activities, not just export-oriented firms in these developments. The changes in SEZ rules are also expected to allow corporations with an existing footprint in SEZs to expand /relocate to de-notified spaces in the same developments. This has impacted new project launches and development completions in the office segment, assisting the overall growth of the office segment in India. This is also expected to have a flow-on effect on the flexible workspace market in India.

3. ***Amendment to SEBI (REIT) Regulations, 2014; March 2024:*** SEBI has introduced the Small and Medium Real Estate Trusts (SM REITs) Framework, to provide due regulatory oversight, adequate disclosures, and investor grievance redressal mechanism. According to the amendments, SM REIT can be set up as a Trust with an asset size of INR 50 Crores (as against INR 500 Crores in REIT). This amendment allows investors to invest in the completed and rent-yielding real estate with a minimum investment of INR 10,00,000. This amendment will increase access to real estate investments, and provide liquidity in the market, thereby facilitating further growth of REITs and consequently growth of the real estate sector in India.

4. ***Make in India, 2014*:** The 'Make in India' initiative was launched to facilitate investment, foster innovation, build best-in-class infrastructure, and make India a hub for manufacturing, design, and innovation. Indian Real Estate Industry will play an important role in providing necessary infrastructure development for the manufacturing industry being set up by Indian and foreign businesses. These investments by Indian and foreign industrialists are likely to contibute to downstream demand for commercial office spaces, residential properties, and the construction of factory buildings.

Key Initiatives Intended to Fuel Economy and Overall Real Estate Growth:

5. ***Insolvency and Bankruptcy Code, 2016 ("IBC"):*** The IBC was introduced to provide a time-bound, unified insolvency process, and aims to maximize recovery by preserving companies as a going concern.

6. ***Goods and Services Tax, 2017 ("GST")*****:** GST is a unified sales tax, which has replaced approximately ten central, state, and local taxes in India. Implementation of GST has removed the cascading effects of tax to increase cost efficiency, reducing prices and leading to the formation of a unified national market.

7. ***Amendment to Insolvency and Bankruptcy Board of India (IBBI) liquidation Process) Regulations, 2016; February 2024:*** On 13th February 2024, the Insolvency and Bankruptcy Board of India (IBBI) amended Regulations, 2016. Wherever the corporate debtor has given possession to an allottee in a real estate project, such asset shall not form part of the liquidation estate of the corporate debtor.

8. ***Pradhan Mantri Gati Shakti National Master Plan:*** INR 100 trillion worth of infrastructure plan is to be developed to augment economic growth. The holistic infrastructure development program plans to improve employment opportunities. The mission aims to improve connectivity in the country. Economic Zones like textile clusters, pharmaceutical clusters, defence corridors, electronic parks, industrial corridors, fishing clusters, agri zones will be covered to improve connectivity. *(Source: National Portal of India, Government of India)* This, in turn, is likely to drive demand for commercial real estate spaces, especially across key logistic hubs and industry corridors.

9. ***Other Initiatives***: There have been several government initiatives aimed at improving India's competitiveness and ease of doing business. Increased spending on infrastructure including both Railways and the PMAY[21] scheme along with an allocation of INR 10,000 crore per year for an Urban Infrastructure Fund for tier – 2 & tier 3 cities to aid in home ownership is anticipated to stimulate the real estate market in India. *(Source: Union Budget of India 2022 – 2023)*, FDI reforms across multiple sectors, push towards Digital India, New Foreign Trade Policy, Phased Manufacturing Programme (PMP) amongst others and Startup India Initiatives coupled with key incentives to start-ups are key steps taken by government to enhance the global competitiveness of Indian industries as a part of the roadmap for India 2047. *(Source: Press Release – Government takes several steps to promote business, boost startups and manufacturing, Ministry of Commerce & Industry, dated 30th July, 2024)*

[21] *Pradhan Mantri Awas Yojana-Urban (PMAY-U), being implemented since June 2015, is one of the major flagship programmes by Government of India to provide all weather pucca houses to all eligible beneficiaries in the urban areas of the country through States/UTs/Central Nodal Agencies.*

Disclaimer for the Sections below

The data presented in this report was compiled at the time of its generation. It is important to note that minor variations may exist when compared to other reports of a similar nature due to differences in the underlying data which may change intermittently as new information becomes available.

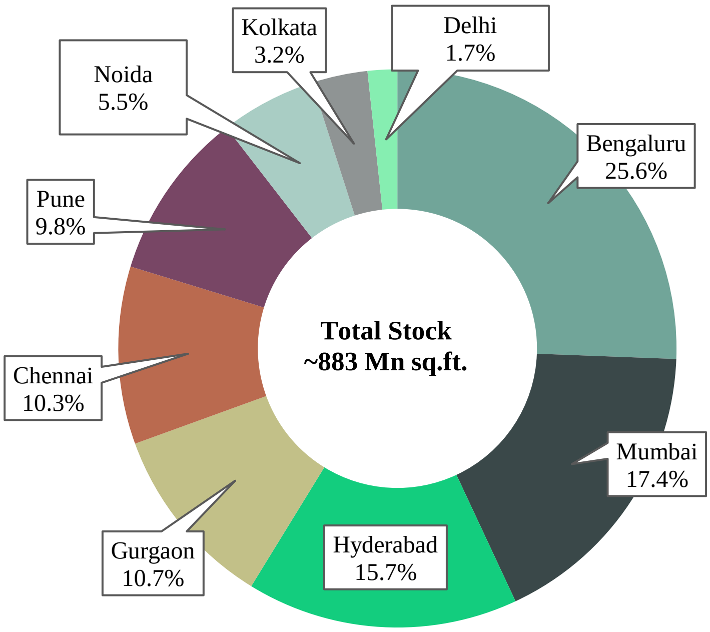
Forecasts, estimates, and other forward-looking statements contained in this Industry Report are inherently uncertain, as any change in factors underlying their assumptions, or events or combinations of events that cannot be reasonably foreseen, may have a significant impact. Actual results could differ materially from such forecasts, estimates, or such statements. All figures provided below are approximate only, based on data available.

Overview of the Indian Office Market

Introduction

India's commercial office[22] stock stands at an estimated 883 Mn sq. ft. as at Q1 CY2025. It is concentrated in the top 9 cities comprising of Bengaluru, Mumbai Metropolitan Region ("MMR"), Hyderabad, Gurgaon, Chennai, Pune, Noida, Kolkata, and Delhi in order of size of market. The approximate 883 Mn sq. ft. total stock[23] is considered as organized stock[24] and is purely utilized as office space. Out of the total stock, approximately 80% is non-SEZ stock i.e. 706 Mn sq. ft. and the remaining 20% (177 Mn sq. ft.) is classified as an SEZ stock[25] . *(Source: CBRE)*

India - Top 9 Cities - Office Stock (Mn sq. ft.) – as at Q1 CY2025



Source: CBRE, as of Q1 CY2025

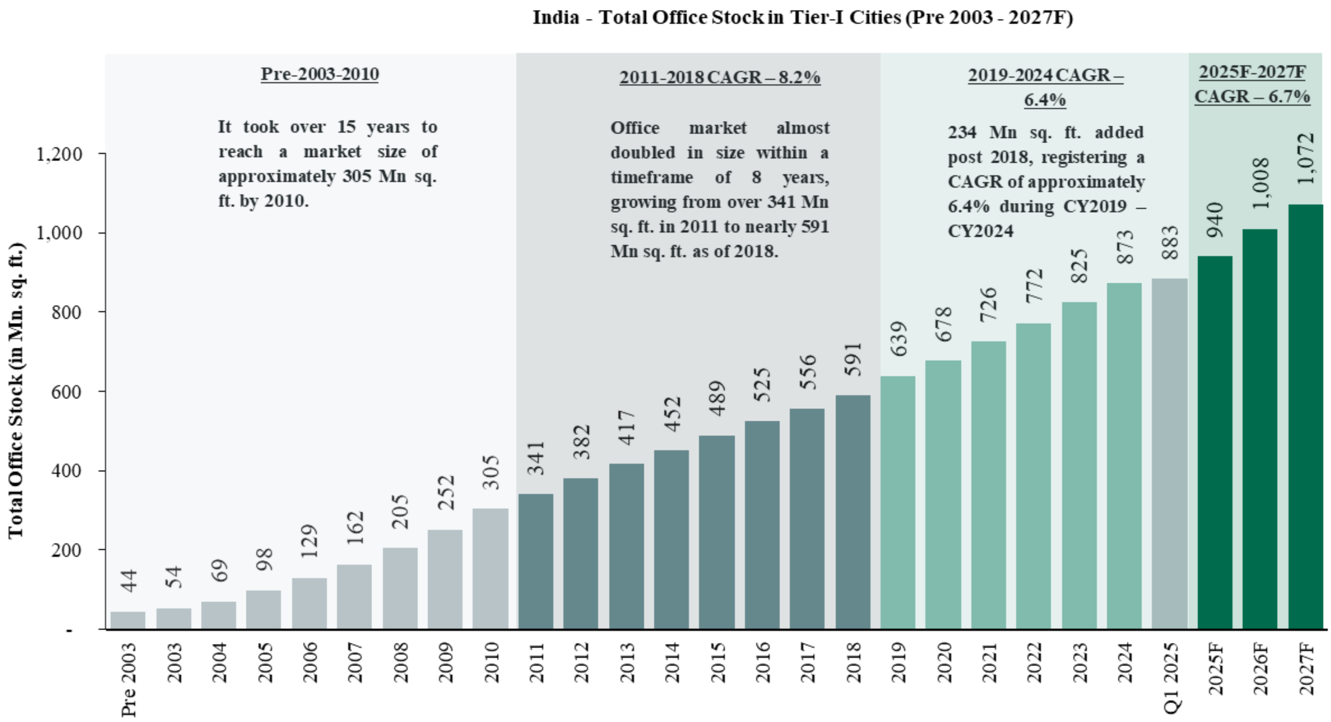
[22] *All commercial office references in the report pertain to organized stock unless otherwise stated.*
[23] *Total stock here represents the total completed space (occupied and vacant) in the market at the end of the Q1 CY2025.*
[24] *Organized stock represents the inventory held by organized private developers and institutional developers.*
[25] *SEZ Stock refers to a development type: includes all IT focused Special Economic Zones approved as per the SEZ India Authority. Non-SEZ stock refers to a development type; includes buildings developed for occupiers involved in IT/ITeS operations (as defined in the National and State Level IT Policies), inclusive of STPI (Software Technology Parks of India) and includes all non-IT buildings, inclusive of those for corporate office space.*

Evolution of Office Stock in India

India's office real estate landscape has changed in the past two and a half decades. Since the early 2000s, office stock has grown more than 20 times from approximately 44 Mn sq. ft. as of pre-CY2003 to approximately 883 Mn sq. ft. as at Q1 CY2025. Indian real estate has emerged as a favored investment asset class due to various factors including the growth of the economy, demand-supply fundamentals, investor-friendly policies, and increased transparency. Various Global Sovereign and Pension Funds are setting up and expanding their India presence with a long-term investment horizon of 10 to 15 years, which will add further stability & depth to the Indian office market.

Historically, the Indian office market witnessed an increase in overall commercial office stock from an estimated 341 Mn sq. ft. in CY2011 to approximately 591 Mn sq. ft. in CY2018 growing at a CAGR of 8.2% during the period. Furthermore, the Indian office market had an estimated supply addition of approximately 292 Mn sq. ft. during the period CY2019 – Q1 CY2025.

Building upon the sector's strong growth trajectory, characterized by two years of record leasing activity, India's office sector is anticipated to experience continued expansion in 2025. This growth is likely to be driven by the strategic expansion of portfolios by domestic and global firms, which coupled with planned investments, solidifies the sector's outlook. *(Source: CBRE, India Office Figures Q1 2025, April 2025)*



Source: CBRE, as of Q1 CY2025

The forecasts have been made considering historic trends, ongoing market activity, and certain parameters such as development pipeline that may have an impact on the upcoming supply in the commercial real estate market across Tier 1 cities.

Key Drivers of Office Demand

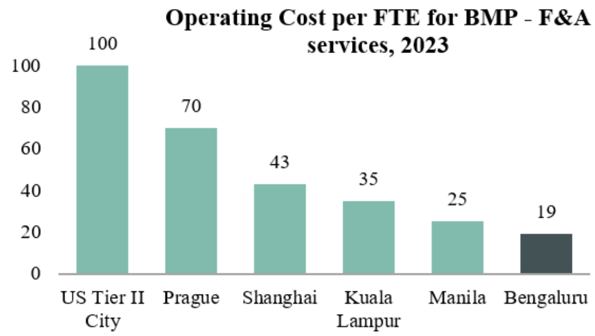
Large, English-Speaking Talent Pool

The availability of English-speaking skilled manpower (second largest English-speaking population in the world), 11.31 Mn graduates (including 0.89 Mn engineers and 2.32 Mn commerce graduates as of 2022) and the improving quality of multi-disciplinary educational institutions provide a large and skilled talent workforce. *(Source: Ministry of Education, AISHE 2021-2022)* In FY2023, India recorded one of the world's largest annual supply of STEM graduates at over 2.5 Mn. *(Source: NASSCOM)*

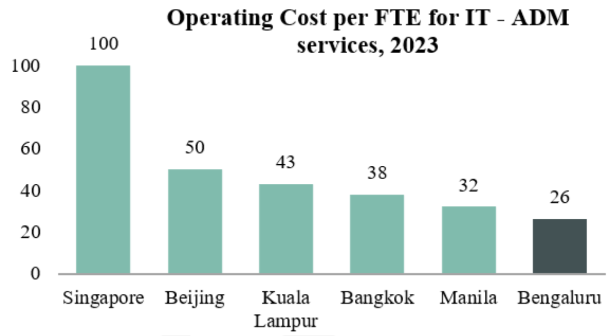
India's digital talent pool is estimated to account for approximately 38% of total talent in technology industry i.e., an estimated 5.8 Mn as of FY2025. This growth is supported by educational programs and upskilling initiatives such as PM Kaushal Vikas Yojana 4.0 and FutureSkills Prime, National Digital Literacy Mission and Pradhan Mantri Grameen Digital Saksharta Abhiyan (PMGDisha), the world's largest digital literacy program. This growing talent is anticipated to bridge the gap between demand and supply for skilled professionals, solidifying India's status as a leading global hub for tech talent. *(Source: NASSCOM)*

Competitive Cost Advantage

India has a cost advantage compared to many of its global counterparts. Further, the operating cost per full-time equivalent ("**FTE**") for Application Development and Management/Maintenance ("**IT-ADM**") services is relatively less. (*Source: CBRE, NASSCOM*)



Source: NASSCOM, Indexed to US Tier II City = 100



Indexed to Singapore = 100

GCC Charting a New Technology Era and Driving Growth

While the first two decades of India's growth in the technology industry were led by third-party service providers, the last decade has seen the emergence of Global In-House Centres ("**GICs**", also called captives or Global Capability Centres "**GCCs**")[26].

Indian GCC ecosystem has become a sandbox[27] for global companies driving organization-wise transformative initiatives. From decentralization and diversifications of portfolios, to creating innovation hubs, Indian GCCs are strategically restructuring and transitioning from their origins as cost arbitrage centres, to a hub for service transformation with a focus on value enhancement and skilled talent. *(Source: NASSCOM, Zinnov, GCC 4.0 India Redefining Globalization Blueprint, June 2023)*

Wave 1.0	**Wave 2.0**	**Wave 3.0**	**Wave 4.0 & beyond**
GCC as on Outpost *As of FY 2010* Total No. of GCCs: 700+ Revenues: USD 11.5 bn Total Installed GCC Talent: 400K+	GCC primarily a Satellite *As of FY 2015* Total No. of GCCs: 1,000+ Revenues: USD 19.4 bn Total Installed GCC Talent: 745K+	GCC transitions to a Portfolio Hub *As of FY 2023* Total No. of GCCs: 1,580+ Revenues: USD 46.0 bn Total Installed GCC Talent: 1,659K+	GCC transitions to a Transformation Hub
1. Cost & Talent Arbitrage	1. Delivery Excellence 2. Innovation	1. Digital Transformation & Innovation 2. Transition to GBS 3. Peer Collaboration 4. Portfolio Expansion & Ownership 5. Global Roles	1. Hub for as-a-Service Transformation 2. Customer-Centric Business Development 3. Accountability of Creating Newer Hubs 4. Monetizing Service Capability
Pre 2010	2011-2015	2015-current	Current onwards

Source: NASSCOM

GCCs in India have evolved from support centres with 700 GCCs in FY2010 to transformation hubs with over 1,700 GCCs as in FY2024. The number of GCCs in India is forecasted to grow at 4-5% (y-o-y) reaching more than 2,100 – 2,200 GCCs by FY2030. *(Source: NASSCOM)*

This growth is supported by the availability of a skilled workforce at relatively lower cost coupled with competitive rentals and government reforms such as Startup India and Digital India.

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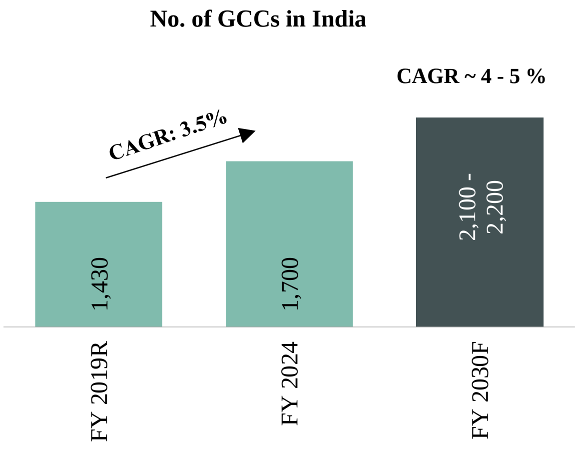
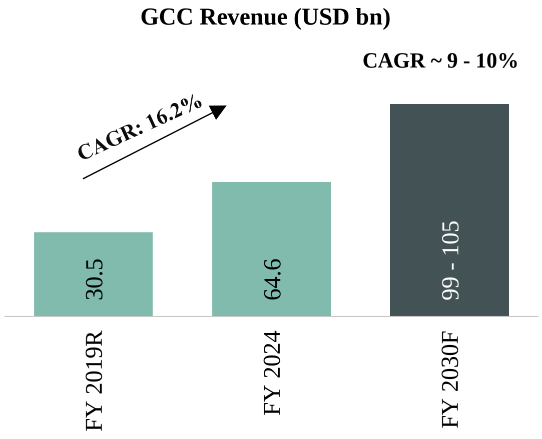
[26] *Note: GCCs are the captive hubs that include both MNC-owned units that undertake work for the parent's global operations and the company-owned units of domestic firms.*

[27] *a metaphorical boundary, imposed on an area in which you can freely test ideas and innovate.*

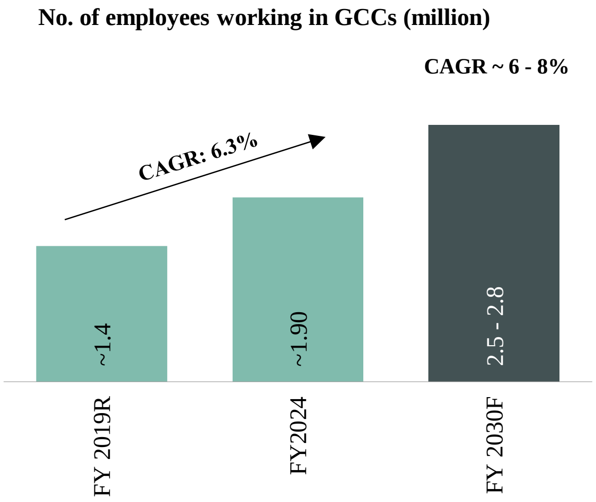
The GCCs revenue has also increased from USD 30.5 bn in FY2019 to USD 64.6 bn in FY2024 and is further forecasted to reach USD 99-105 bn by FY2030. (*Source: NASSCOM*).



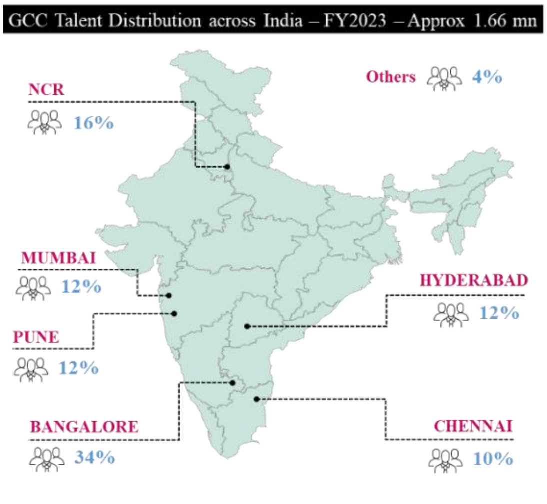


Source: NASSCOM– India GCC Landscape Report – The 5 Year Journey, September 2024

GCCs have steadily expanded their footprint in India and have become a critical driver of office demand across most markets. The overall GCC leasing in India has increased from 19 Mn sq. ft. in CY2022 to 29 Mn sq. ft. in CY2024. Furthermore, out of the overall office space leasing, GCC space take-up in the Tier 1 cities had an increase from an estimated 31% in CY2022 to 36% in CY2024. While Bengaluru continues to account for the largest share in leasing, Hyderabad, Chennai, and Pune have also seen increased traction. This is due to a trend amongst GCCs moving closer to their talent pool and the increased availability of quality office supply by large developers and institutional investors. *(Source: CBRE).*



Source: NASSCOM



Source: NASSCOM; Others include Tier II & III cities in India

A clear shift is being observed in India as most of the new GCCs entering the country are establishing multi-functional centres Engineering, Research & Development (ER&D), IT, and Business Process Management). GCCs in India are supporting their HQs with transformation initiatives such as building new products, creating technology enhancements, and becoming a business hub for their parent organization. Tier I cities remain the preferred destinations for GCCs in India, with approximately 96% of the talent housed in these cities.

Owing to the availability of new and experienced talent, a supportive regulatory framework coupled with the availability of quality grade and cost-effective real estate, India is moving towards becoming one of the preferred locations for offices of GCCs & multinational corporations.

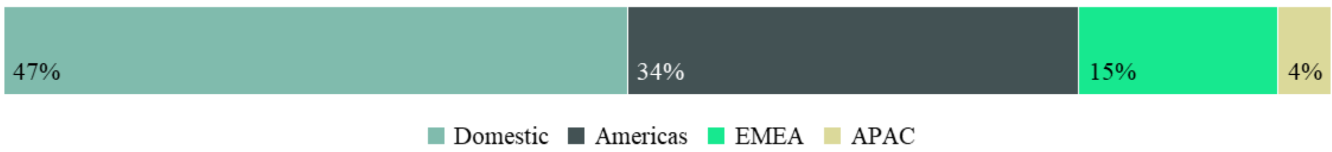
Rise of Indian Companies

Domestic Firms to Increase Overall Space Take-up

Supported by the country's steady economic growth, domestic companies are emerging as a strong force in the demand for office space in India. This demand is driven by a period of financial buoyancy and a well-capitalised financial system, enabling domestic companies to invest in expansion and enhance their market presence. In terms of office absorption by domicile, domestic firms are emerging as a key demand contributor for office space accounting for 47% of commercial leasing in CY2024. This trend is propelled by a growing consumption base in the country.

The expansion of domestic firms is further supported by the government's emphasis on infrastructure development and the execution of several reform measures. Beyond traditional industry sectors, the office market is likely to benefit from the expansion of flexible workspace operators, Research Consulting & Analytics, aerospace and automobile firms.

Office Absorption as per Domicile- CY2024 (78.9 Mn. sq. ft.)

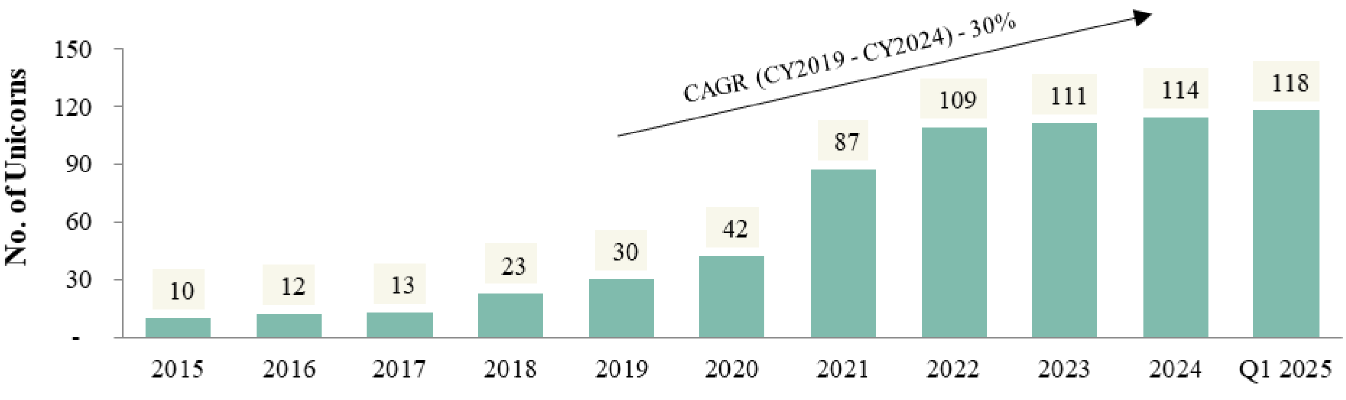


Source: CBRE, Data as at Q1 CY2025

The advancement in India's startup eco-system has contributed to the growth in demand for both office spaces and flexible workspace solutions. India is the third largest startup ecosystem in the world, supported by business environment, talented workforce, digital transformation, and an entrepreneurial and innovation spirit. The number of recognized startups in India has grown at a rate of 34% during the period CY2023 – CY2024, resulting into over 1,59,157 startups as of January 2025 with approximately 49% of startups from Tier 1 cities. *(Source: Ministry of Commerce, and Industry, Nine Years of Startup India; PRABHAAV, January 2025)* The presence of startups has increased six folds in the last seven years with presence across 670+ districts across the country as of December 31, 2023. *(Source: States' Startup Ranking 2022, National report, Ministry of Commerce, and Industry)*

Supported by the Startup India Initiative, Innovations for Defence Excellence, Atal Innovation Mission, Innovation and Agri-Entrepreneurship Development Program, India has seen the emergence of 118 unicorns[28] as of January 2025, shaping India's economy and innovation landscape.

Number of Unicorns in India (CY2015 - Q1 CY2025)



Source: Press Information Bureau, Department for Promotion of Industry and Internal Trade, June 2025

Along with the increasing number of startups and unicorns in India, many Indian startups such as Oyo Hotels and rooms, Ola Cabs, and Tonbo Imaging and Lenskart, MakeMyTrip amongst others are expanding their operations beyond the domestic market and venturing into international markets by forging strategic partnerships or through acquisitions. This has increased international opportunities across the sectors such as travel, brands, real estate, SaaS enabling global expansion and growth. *(Source: Indian Startups go global, Ministry of External Affairs, Government of India)*

Subsequently, the growth in Indian startups has led to an increased traction from multiple sectors including BFSI amongst others, resulting into growth in demand for office space.

[28] *Unicorn refers to the companies with a market valuation of more than USD 1 bn.*

Indian Office Market Overview

Recovery post COVID-19 related disruptions,

After India had recorded 66.6 Mn sq. ft. of gross absorption[29] in CY2019, office demand slowed across all cities post-March 2020 due to the impact of the global pandemic and local lockdowns in CY2020 and CY2021. Globally and in India, companies paused decisions on office take-up as management teams and corporate real estate decision makers initially focused on managing short-term business continuity priorities and thereafter assessing future growth plans and office accommodation strategies.

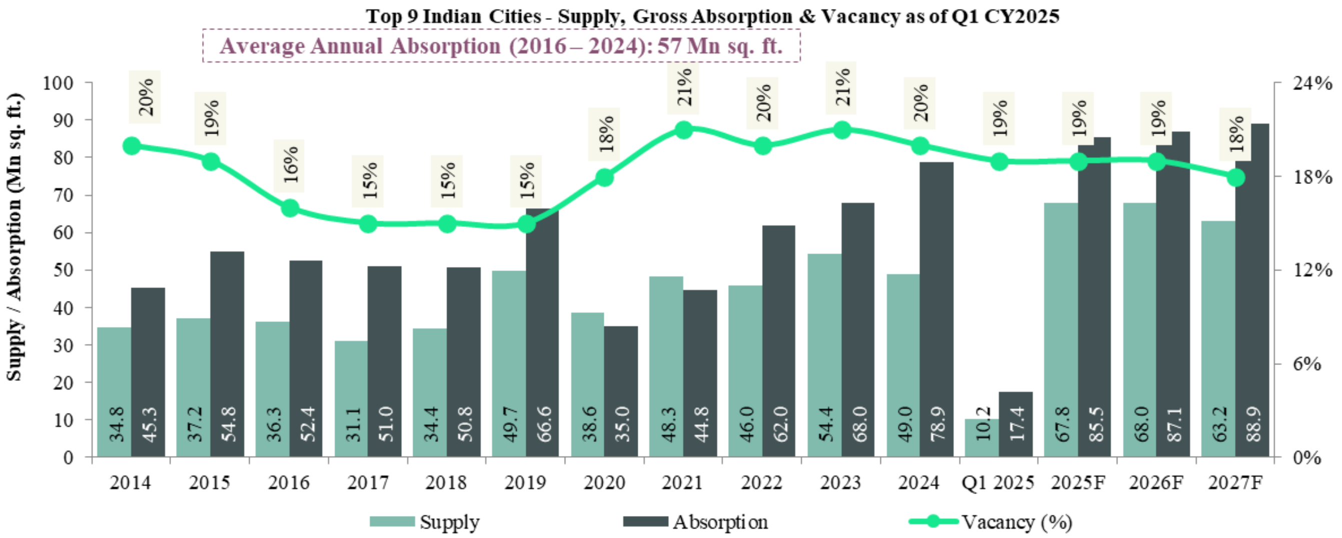
The office sector in India exhibited recovery in CY2022 as occupier sentiments improved due to the relatively less severe Omicron (COVID-19) wave, the subsequent relaxation of restrictions and improved vaccination rates. As markets reopened across India, enquiries and inspections increased and the quantum of RFPs across cities also grew during CY2022. Consequently, strong leasing performance was observed in CY2022 (62.0 Mn sq. ft. gross absorption) in comparison to CY2021 (44.8 Mn sq. ft. of gross absorption).

Indian workplaces experienced higher employee attendance & Return to Work traction in CY2023 as compared to CY2022. The office sector continued to witness meaningful gains in CY2023, with a resurgence in occupiers' sentiments and pent-up demand post a rise in return-to-offices. *(Source – CBRE)*

As of H1 CY2024 Indian cities such as Bengaluru, and Hyderabad had higher office absorption when compared with selected cities in APAC (Seoul, Singapore, Tokyo & Manila). Led by a steady space uptake in CY2023, the office market in India performed better than anticipated during the year, registering the second-highest absorption figures at 68.0 Mn sq. ft, representing a y-o-y growth of 9.7% vis-à-vis the previous year and an increase of approximately 52% over CY2021. This leasing activity was led by Hyderabad, Chennai and Mumbai having an increase in leasing activity as compared to the previous year, buoyed by the addition of quality supply, and the rising interest of global and Indian corporates to expand in these markets due to talent availability, infrastructure development and competitive rentals.

Enhanced by domestic growth, improved mobility and resurgence in occupier sentiments, the office sector in India witnessed record leasing in CY2024 of approx. 78.9 Mn sq. ft. The office absorption for Q1 CY2025 stood at 17.4 Mn sq. ft. as against the supply completion of 10.2 Mn sq. ft. The supply influx is anticipated to remain strong, with a significant portion of investment-grade office space forecasted to enter the market in CY2025.

During CY2024, Occupiers prioritised high quality spaces as they continued to facilitate portfolio expansion and consolidation, strengthened by a period of financial buoyancy and well-capitalised financial system.



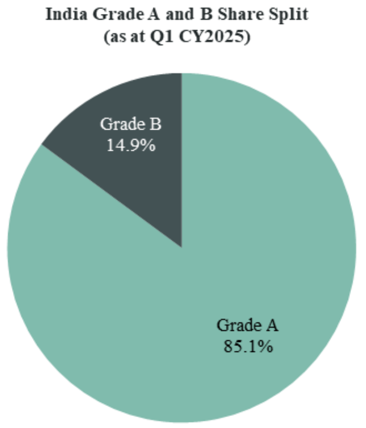
Source: CBRE, as at Q1 CY2025

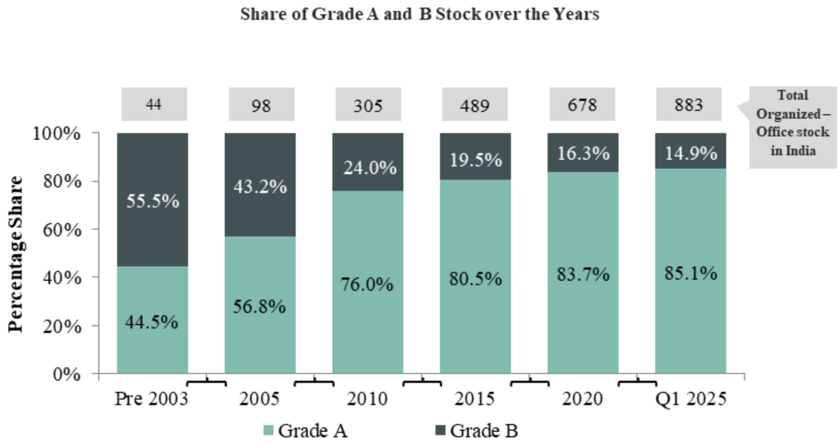
Future supply estimates are based on analysis of proposed and under-construction buildings, however, future absorption estimates are derived basis of past trends, current vacancy, and estimated supply. Historical data and forecasts provided for 2025, 2026 and 2027 across all indicators are based on CBRE's opinion of the current/historic market situation and availability of information in the public domain, any changes to the market situation may impact the forecasts. Several factors like global macroeconomic uncertainty, geopolitical climate, pace of construction, and developer profile/execution capability may have a significant impact on forecast estimates mentioned above. Considering the risk factors, forecasts are likely to change with periodic reviews given the evolving situation.

[29] *Absorption represents the total office space known to have been let out to tenants or owner-occupiers during the survey period. A property is deemed to be taken-up only when contracts are signed, or a binding agreement exists.*

Grade Classification of Office Stock

As at Q1 CY2025, over 85.1% of the commercial office stock in India, aggregating to 751 Mn sq. ft., pertains to Grade A category. Grade A office stock registered a CAGR of 14%, from 58 Mn sq. ft. in 2005 to approximately 751 Mn sq. ft. as at Q1 CY2025. While Grade B stock accounted for approximately 14.9% of the organized commercial office stock in India as at Q1 CY2025, a diminishing trend in the share of Grade B stock is observed over the years. This is attributable to the evolving nature of the sector, changing occupier preference leading to a higher introduction of quality Grade A assets.





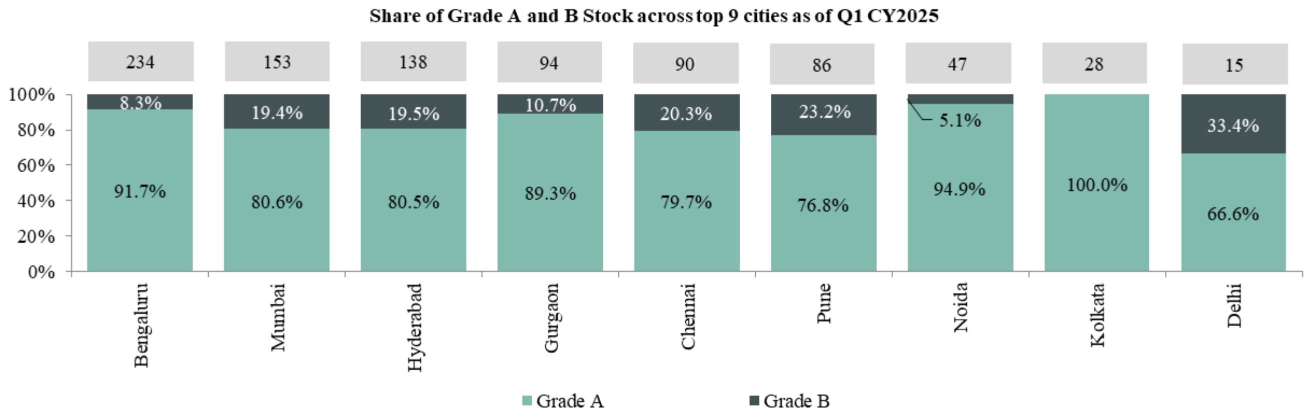
Source: CBRE, as at Q1 CY2025

Note: The grading of the developments has been done based on various factors such as quality of development, facilities and amenities provided, developer reputation, disposition model, etc.

Grade A: Refers to a development type; the tenant profile includes prominent multinational corporations, while the building area is not less than 10,000 sq. ft. It includes an open plan office with large size floor plates, adequate ceiling height, 24 X 7 power back-up, supply of telephone lines, infrastructure for access to internet, central air-conditioning, spacious and well decorated lobbies, circulation areas, good lift services, sufficient parking facilities and has centralized building management and security systems.

Grade B: Refers to a development type; the tenant profile includes mid to small sized corporates, average floor plate sizes, flexible layout, adequate lobbies, provision of centralized or free-standing air-conditioning, adequate lift services and parking facilities. An integrated property management system might not be in place, while external facade might be ordinary. Multiple ownership might be a norm.

Further, the graph below highlights the quantum and share of Grade A and B stock as at Q1 CY2025:

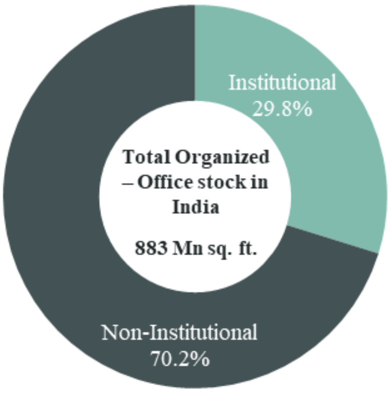


Source: CBRE, as at Q1 CY2025

Ownership Classification of Office Stock

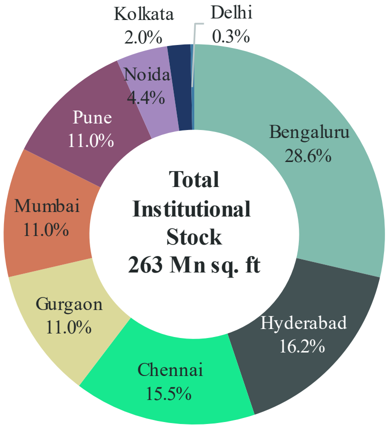
In respect of the overall office stock, approximately 29.8% of the total commercial organized stock in India are institutionally[30] held as at Q1 CY2025. Further, approximately 70.2% of the total commercial organized stock in India is non-institutionally owned stock as of Q1 CY2025.

Share of Institutional and Non-Institutional Stock (As at March 31, 2025)

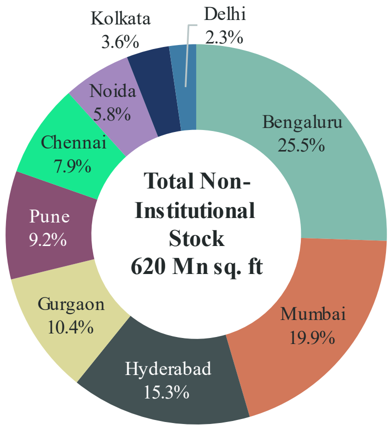


Source: CBRE, as of Q1 CY2025
Note - Institutional Stock refers to office assets which are majorly owned and have witnessed investment activity by institutional players such as private equity ("PE") funds, pension funds, sovereign wealth funds, insurance companies, and real estate investment trusts ("REITs"). Non-institutional refers to office stock that is held /owned by the developers themselves or have witnessed investment by individual investors and HNI and /or combination of both.

City-wise share of Total Institutional Stock (As at March 31, 2025)



City-wise share of Total Non-Institutional Stock (As at March 31, 2025)



Bengaluru Hyderabad Chennai Gurgaon Mumbai Chennai Noida Kolkata Delhi

Source: CBRE, as of Q1 CY2025

Institutional assets in India have grown at a CAGR of approximately 6.5%, i.e., from approximately 156 Mn sq. ft. in 2016 to approximately 263 Mn sq. ft. as at Q1 CY2025. Prominent cities including Bengaluru, Chennai, Hyderabad and Mumbai, account for approximately 71% of the total institutionally held stock.

Some of the major institutional investors include Blackstone, Embassy REIT, Brookfield REIT, Mindspace REIT, GIC, CapitaLand, Mapletree Investments, Brookfield, CPPIB, Bain Capital, Godrej Fund and Hines amongst others.

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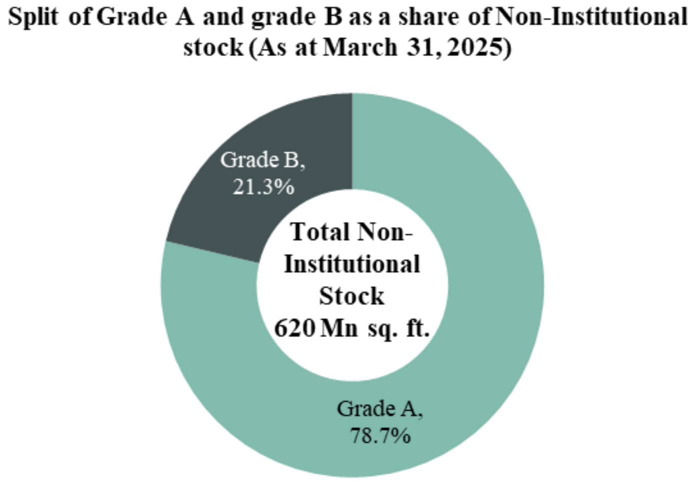
[30] *Institutionally held stock / Institutional Stock refers to office assets which are majorly owned and have witnessed investment activity by institutional players such as private equity ("PE") funds, pension funds, sovereign wealth funds, insurance companies, and real estate investment trusts ("REITs").*

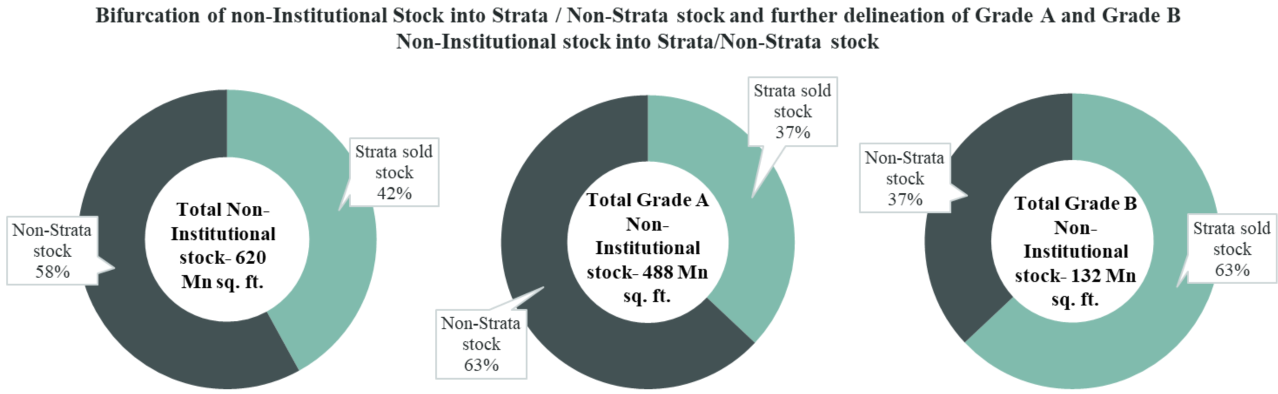
The graph represents the bifurcation of total non-Institutional stock into Grade A & Grade B as at Q1 CY2025:



Source: CBRE, as of Q1 CY2025

Non-institutional office stock is further classified as strata stock and non-strata stock. Strata stock refers to office space that has been sold by the developers during its marketing stage to Investors, HNIs, end users and individuals. Non-strata stock refers to office space that is held /owned by the developer themselves.

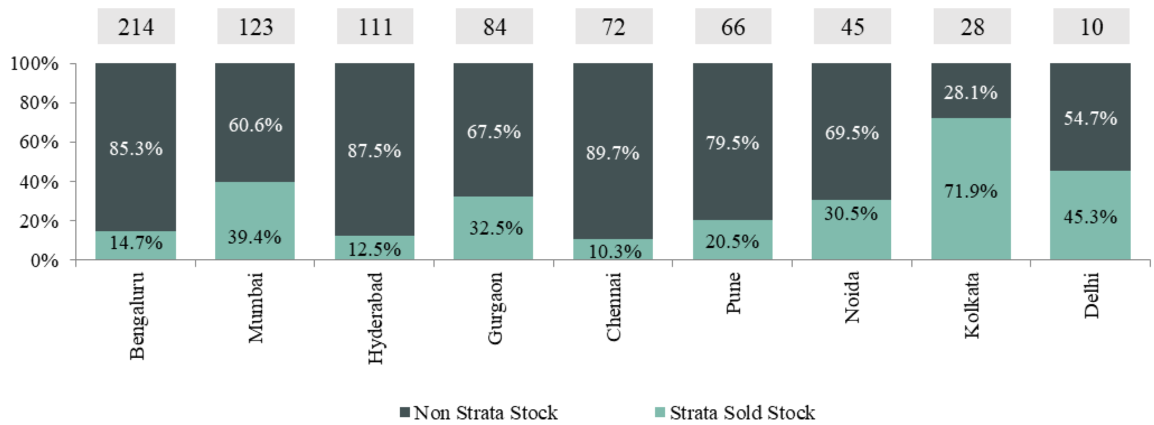
Approximately 42% i.e., 263 Mn sq. ft. of the total non-institutional stock of 620 Mn sq. ft. has witnessed strata sale activity.



Source: CBRE, as of Q1 CY2025

The Indian office market historically possesses and continues to offer a large potential for asset upgradation, a variety of alternate assets[31] and ageing properties in need of refurbishment.

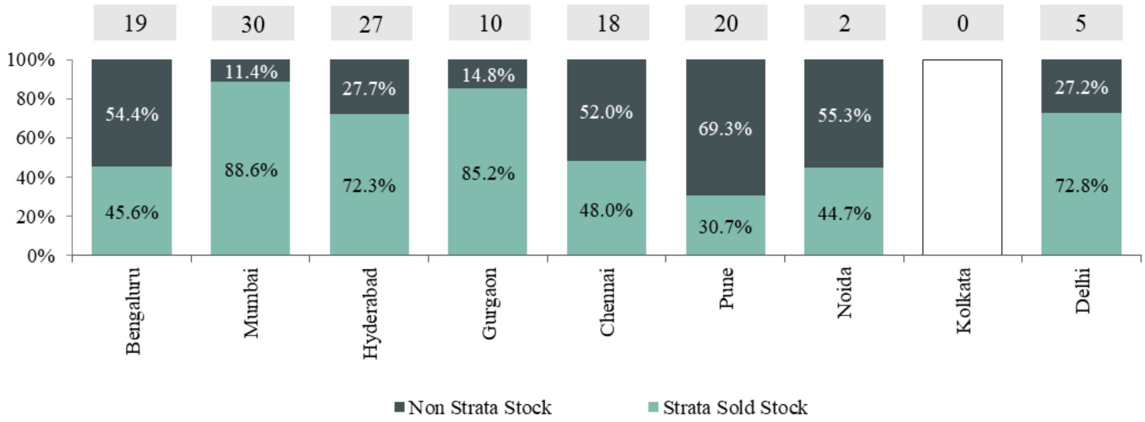
Table highlights share of Strata and Non-Strata in Grade A stock city-wise at Q1 CY2025:



[31] *Alternate assets refer to mixed-use developments, hotel, and mall establishments.*

Source: CBRE, as of Q1 CY2025

Table highlights share of Strata and Non-Strata in Grade B stock city wise as at Q1 CY2025:



Source: CBRE, as of Q1 CY2025

Indian Office Market—Top 9 Cities

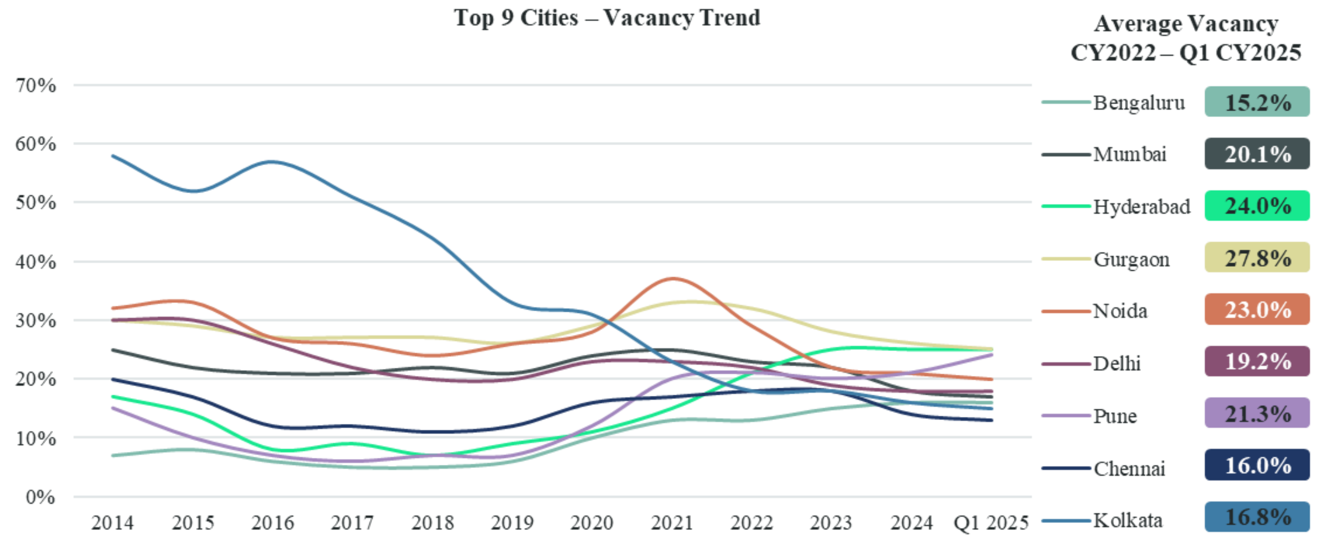
India's top nine cities' accounts for approximately 883 Mn sq. ft. of office space. These cities house India's political capital, financial hub, and prominent technology centers. Table below includes key office parameters for the top nine office markets in India:

Particulars	Bengaluru	MMR	Hyderabad	Gurgaon	Chennai	Pune	Noida	Kolkata	Delhi	Total
Total Stock as at Q1 CY2025 (Mn sq. ft.)	233.7	152.5	137.6	93.5	89.8	85.9	47.1	27.7	15.0	**882.9**
Occupied Stock as of Q1 CY2025 (Mn sq. ft.)	195.9	126.6	103.6	70.0	77.9	65.6	37.8	23.4	12.3	**713.1**
Vacancy as of Q1 CY2025 (%)	16.2%	17.0%	24.7%	25.1%	13.3%	23.6%	19.8%	15.4%	18.0%	**19.2%**
Average Annual Absorption CY2017 – Q1 CY2025 (Mn sq. ft.)	16.0	7.0	9.7	6.8	6.0	5.5	3.9	1.8	0.7	**57.5**
Market Rents* as of Q1 CY2025 (per sq. ft. / month)	93	149	74	106	85	80	61	59	200	**98**

Source: CBRE, as at Q1 CY2025
*MMR represents Mumbai Metropolitan Region, which includes Mumbai; *weighted average rents based on occupied stock.*

Vacancy Trends

Increase in vacancy levels were witnessed in major cities across CY2020 and CY2021 attributable to slow down in leasing activity on the back of COVID-19 pandemic and supply completion during the period. Delhi NCR and MMR demonstrate relatively higher city level vacancy, which is due to high vacancy in certain peripheral areas with limited infrastructure and in buildings with strata ownership and design challenges.

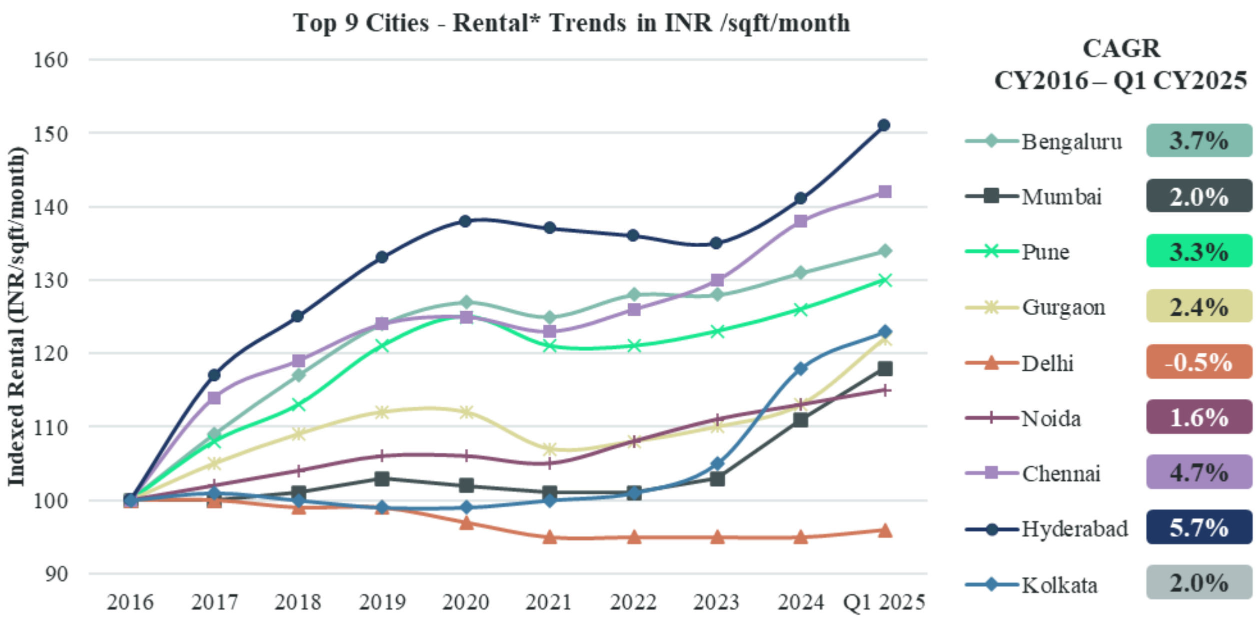


Source: CBRE, as of Q1 CY2025

Rental Trends

Key markets such as Bengaluru, Pune, Hyderabad, and Chennai have consistently witnessed rent growth ranging between 3.7% - 5.7% during the period CY2016 – Q1 CY2025, driven by constrained supply in prime locations coupled with steady demand from technology tenants. Cities such as Mumbai, Gurgaon, Noida, Delhi, and Kolkata have also witnessed growth albeit at a slower pace ranging between 1 – 2%.

However, limited growth in rental was witnessed during 2020-21 owing to the onset of COVID-19 pandemic. CY2022 onwards the market has witnessed a sustained growth in leasing activity thereby moderating vacancy levels within India. Rental outlook continues to be range bound at a city level; however established submarkets are expected to witness a marginal uptick in the medium term on the back of quality supply in prime locations. *(Source: CBRE)*



*Source: CBRE, as of Q1 CY2025, *Weighted average rents based on occupied stock.*

Recent Trends in Indian Office Market

1. *'Return-to-Office' Witnesses Higher Pace*

While hybrid working model continues to be prevalent across sectors, occupiers are adopting a firmer stance on bringing employees back to the office with 90% of occupier's preferring at least 3 days in the office per week. This trend is primarily driven by observed increase in office attendance owing to the limitations of working from home such as data theft, the unavailability of internet connections and constraint on space in household. Growing occupancy levels in offices were recorded with corporates targeting approximately 75–80% physical occupancy in CY2024. Occupancy levels within the workspace have been rising across sectors as occupiers focus more on employee satisfaction, experience, and overall productivity. Sectors such as E-commerce, Engineering and Manufacturing, Banking and Financial Services, Research and Analytics have witnessed occupancy trends ranging between 80-95%. *(Source: CBRE Research, 2024 India Office Occupier Survey, June, 2024[32])*

Physical office spaces in India are likely to continue to play a central role given occupier preferences for providing high-quality digital infrastructure and collaborative spaces for employees and for driving team building, learning and business innovation through community and collaboration.

This trend is likely to see occupiers invest in developing 'experiential workplaces' that promote brainstorming, enhance employee productivity, and prioritise well-being. This approach entails the creation of high-quality assets equipped with desirable amenities, fostering a vibrant and engaging work atmosphere.

2. *Changing Occupiers focus and preferences*

Occupiers are focusing more on design integration, occupancy planning, employee wellbeing, curation of better experience coupled with integration of hospitality. Additionally, this experience is being generated by revising their internal design requirements to potentially reduce the space density along with increasing the focus on collaboration and community spaces. Developments by leading developers, particularly those who operate large-scale business parks as a whole with multiple employee amenities, are uniquely placed to adapt to these changing trends with superior portfolio quality assets to address the needs of potential occupiers with their high-quality, safety and wellness-oriented properties, including technological enhancements in common areas and property management. Supported by increasing occupancies coupled with a diverse multi-generational workforce, there is a growing need of placemaking[33] & hospitality centric in-office-environment with modern designs fostering exceptional employee experience. *(Source: CBRE Consulting)*

Further, occupiers remain steadfast in pursuing long-term portfolio expansion demonstrating persistent confidence in the Indian market's potential. As per CBRE Research, 2024 India Office Occupier Survey, June 2024, almost 70% of the occupiers indicated their intention to increase the size of their office portfolio over the next two years[34].

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[32] *Note: The survey was conducted during March-April 2024; Total number of respondents – 70-78**

This was a single choice question. The results are limited to those respondents who chose to answer this question and may differ from individual companies on a case-to-case basis.

The tenant sector of the respondents are as follows: 36% as technology sector, 19% - banking, financial services and insurance, 10% - research, consulting & analytics, 10% - life sciences, 7% - flexible workspace operators, 5% - engineering and manufacturing, 5% - education, 2% - electronics, 2% - telecom, 2% - infrastructure, real estate & logistics, 2% - telecom & communication.

Region of Origin – 52% - Americas, 36% - Domestic, 10% - EMEA, 2% - APAC

Portfolio Size – 36% - Small (< 1,00,000 sq. ft.); 31% - Medium (1,00,000 – 5,00,000 sq. ft.); 33% - Large (> 5,00,000 sq. ft.)

[33] *Placemaking spans planning, designing, and managing spaces that inspire and promote social interactions and exchange, contributing to an elevated holistic experience.*

[34] *Note: The survey was conducted during March-April 2024; Total number of respondents – 70-78**

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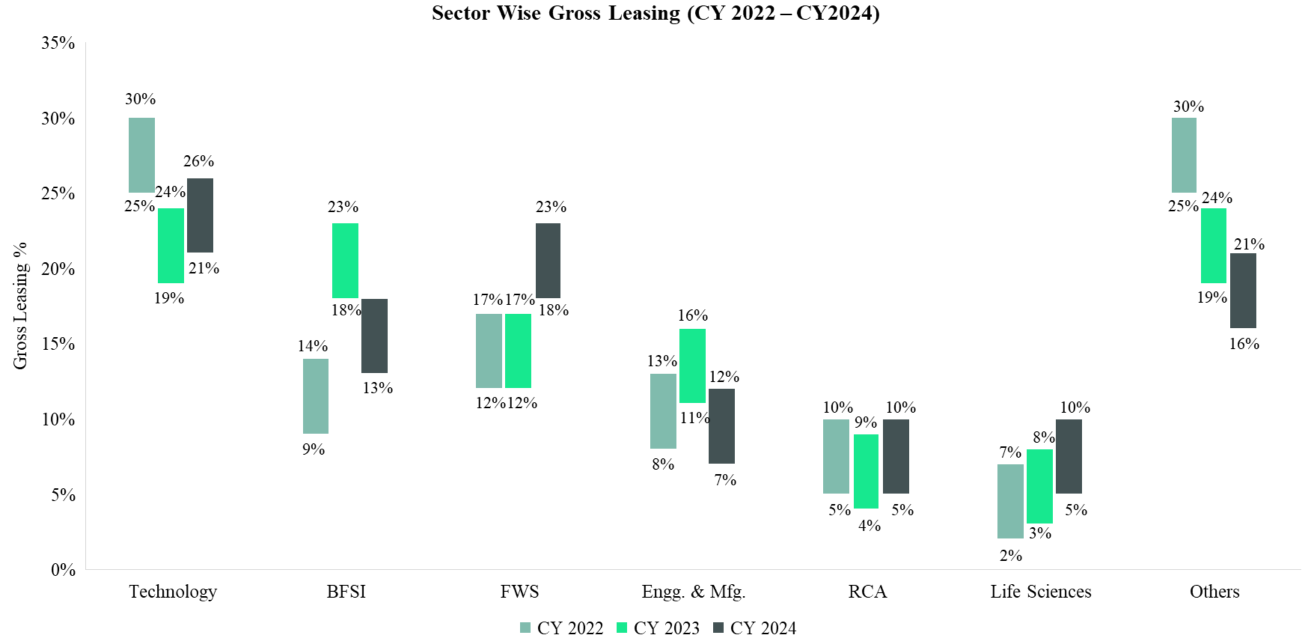
3. Long-Term Relevance of Office Spaces and Changing Profile of Occupiers

Continued attractiveness of India's office market on account of demographic factors and availability of large-scale talent base with technical skillsets at affordable cost, positions the relevance of quality grade office spaces in the long term. Even as occupiers are adapting to a hybrid set-up, physical offices are here to stay as they promote key operational themes of team connection and community, collaboration; provide access to tools and technology that is only available in physical offices; and offer better physical setup.

While the office sector continues to be dominated by the technology firms, BFSI and E&M companies taking a higher share in leasing. Beyond the traditional industry sectors, Flexible Workspace operators have also emerged as one of the leading office space absorbers in the last few years. The office market is poised to further benefit from the expansion of RCA, aerospace, and automobile firms.



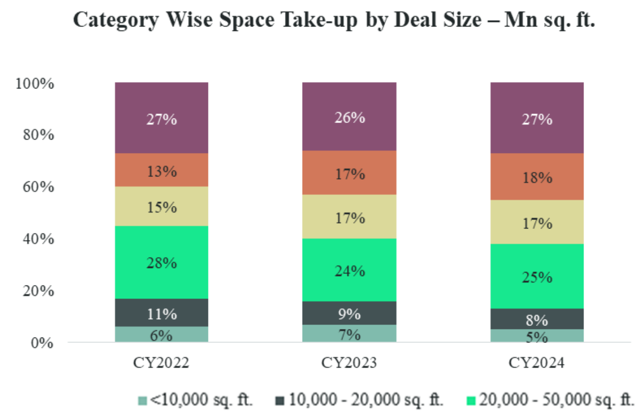
During CY2024, Technology firms held the highest share in leasing followed by Flexible Workspaces Solution firms ranging between 21-26% and 18-23% respectively. *(Source: CBRE)*

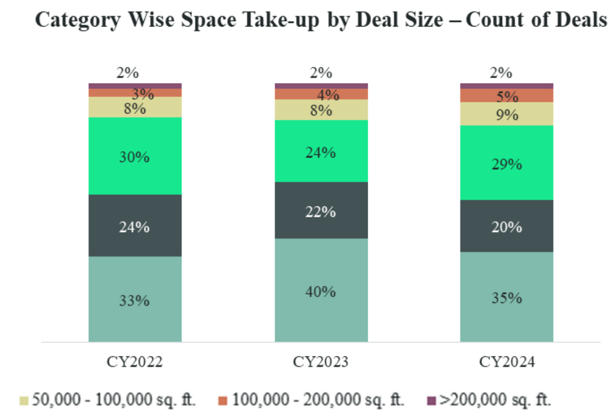
Source: CBRE, as of Q1 CY2025

Note: FWS – Flexible Workspace Operators, RCA – Research, Consulting & Analytics, Others include FMCG & retail, Telecommunications, E-commerce, Infrastructure, real estate & logistics, Media & marketing, Automobile, Aviation, Industrial Conglomerate, and Hospitality.

The numbers are mentioned as per space take up in Grade A developments and selected Grade B only across key micro markets. Thereby, it doesn't reflect all the deals. The above numbers are only for top 9 cities in India i.e., Delhi, Gurgaon, Noida, Mumbai, Bengaluru, Chennai, Hyderabad, Pune, and Kolkata.

As per market analysis of the deal sizes (Mn sq. ft.) for last two years approximately 93-95% of the overall office space take-up in tier I cities was contributed by transactions more than 10,000 sq. ft. Transactions between 10,000-100,000 sq. ft. accounted for 49-51%. Whereas 43-45% of the total space take-ups were by larger space requirements i.e., greater than 100,000 sq. ft.





Source: CBRE, Data as at Q1 CY2025

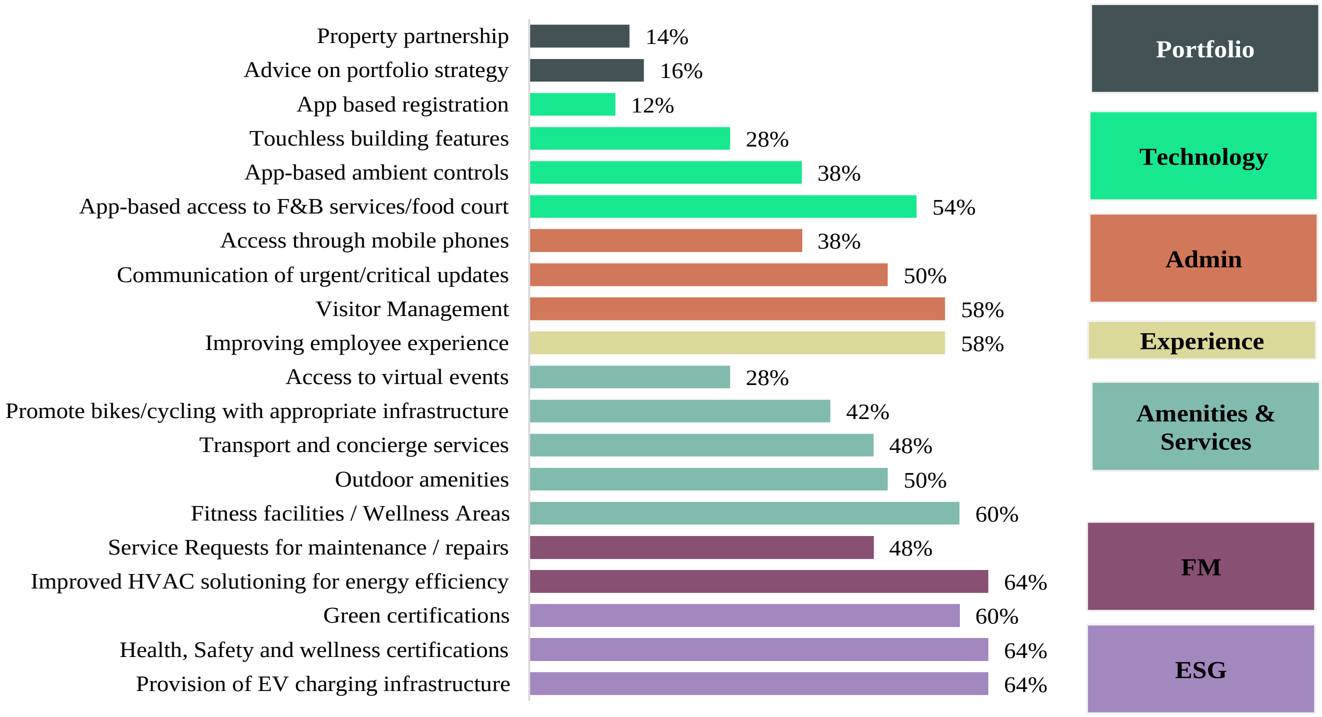
4. *Increasing Demand for Quality Grade Office Spaces offering quality experiences*

With changing lifestyles, the need for a flexible work environment, a young workforce and a higher value-added nature of work, companies are looking for superior quality office spaces with state-of-the-art lifestyle amenities. These facilities and amenities include integrated offices, relaxation spaces, daycare centres, sports zones, support infrastructure (hotels, food, and beverages, on site convenience stores, retail facilities) and tech-enabled workspaces).

In reference to the graph below, the changes in employees' expectations are leading to evolving requirements from occupiers. CBRE's 2024 India Office Occupier[35] Survey, June 2024, reveals that approximately 58% of occupiers are more focused on improving employee experience, followed by nearly 28 - 60% of occupiers focusing on amenities and services such as access to virtual events, fitness facilities/wellness areas, outdoor amenities, and transport services. With technology integration, approximately 35 - 55% of occupiers in India responded favourably to app-based access to F&B services, followed by touchless building features, app-based ambient controls along with access of admin through mobile phones.

Increasing demand and acceleration of occupiers' return-to-office (RTO) plans propelled leasing momentum in India. Further, continuing increase in office occupancies has prompted occupiers to renew their focus on workplace strategies and amenities to better enable RTO amidst new flexible working arrangements.

Occupier's Requirements from Office Spaces



Source: CBRE Research – 2024 India Office Occupier Survey, June 2024

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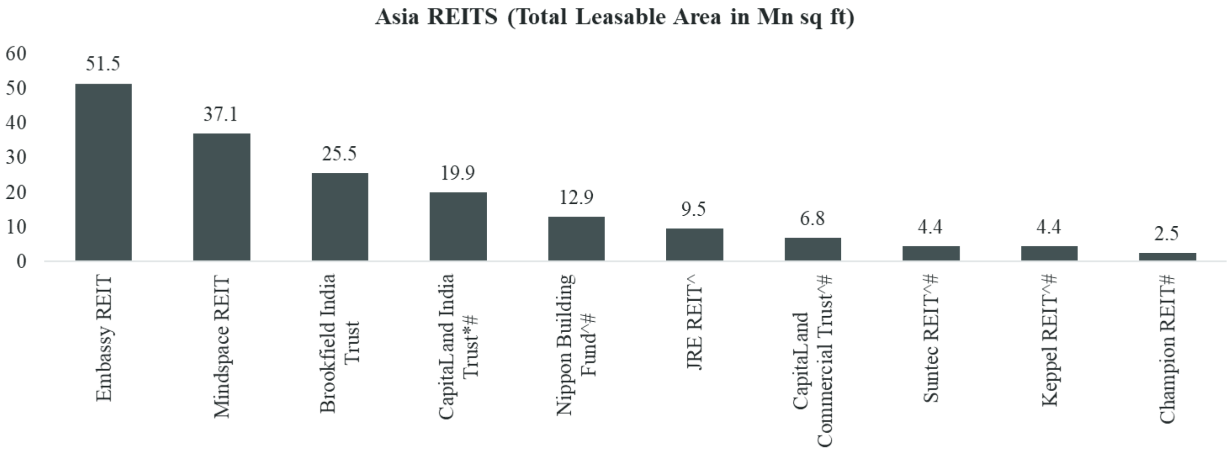
5. *Consolidation with Specialized, Organized Office Developers*

In the early phase of growth, India's office sector was characterized by built-to-suit, captive campuses of various Indian technology companies. These campuses were typically developed by unorganized players such as landowners taking up one-time developments with no linkages between enterprises, supply, and changing requirements of occupiers towards amenities and specifications. However, in the last decade, this fragmentation has given way to the emergence of organized and specialised office-focused developers. Such large developers benefit from economies of scale, diversity of tenant base and strong tenant relationships due to their focused business model.



*Source: CBRE ; Data is based on information available in the public domain for the latest period. Graph represents prominent REITs in Asia that are office focused (area represents completed/UC/Planned office leasable areas only), *Does not include office areas of third party forward purchases, ^reflective of net lettable area, #Data as of 31 December 2024, all others reflective of data as of 31 March 2025, Total area may differ due to number rounding.*

Key Office Clusters Across Tier 1 Cities in India

Commercial properties in tier-1 cities accounted for approximately 90-95% of the total available commercial office space stock in India as of Q1 CY2025[36] (These key clusters/micro-markets amongst the Tier 1 cities shall help us understand the occupier sentiment in terms of optimal rentals, location dynamics, type and quality of developments, other qualitative aspects that the micro-markets offer which continues to attract the occupier interest).

CBRE has identified 33 key office clusters across tier 1 cities as highlighted below. These key clusters were identified after assessment of multiple parameters including total stock, occupied stock, level of vacancy across the clusters, share of micro market as a % of total stock within the city and upcoming supply along with forecasted vacancy levels across these key micro markets. The shortlisted micro markets accounts for approximately 83% of the total stock and 84% of the total occupied stock in tier 1 cities.

Table below includes key office parameters for the key identified clusters across Tier 1 cities in India:

Sn no.	City	Micro market	Total Stock (Mn sq. ft.)	Occupied Stock (Mn sq. ft.)	% of Total Stock	Market Rents* (INR/per sq. ft.)
1	Bengaluru	Outer Ring Road	75.0	66.7	8%	100 – 105
2	Bengaluru	PBD-Whitefield	50.0	40.2	6%	60 – 65
3	Hyderabad	Extended IT Corridor	48.6	31.0	6%	55 – 60
4	Hyderabad	IT Corridor II	46.4	39.2	5%	85 – 90
5	Bengaluru	North Bengaluru	36.4	26.6	4%	75 – 80
6	Mumbai	Navi Mumbai Business District	30.7	24.3	3%	65 – 70
7	Noida	Noida Expressway	28.7	22.0	3%	55 – 60
8	Bengaluru	Extended Business District	28.3	26.1	3%	125 - 130

[36] *Total stock is representative of office space across Tier I and top 10 tier II cities. The Top 10 Tier II cities include Chandigarh, Jaipur, Lucknow, Coimbatore, Kochi, Trivandrum, Vishakhapatnam, Ahmedabad, Indore, and Bhubaneshwar*

Sn no.	City	Micro market	Total Stock (Mn sq. ft.)	Occupied Stock (Mn sq. ft.)	% of Total Stock	Market Rents* (INR/per sq. ft.)
9	Hyderabad	IT Corridor I	27.4	24.3	3%	75 – 80
10	Mumbai	Secondary Business District (Western Suburbs 1)	26.9	21.7	3%	120 – 125
11	Chennai	OMR Zone 1	25.5	24.0	3%	105 – 110
12	Mumbai	PBD-East (Eastern Suburbs)	23.6	19.7	3%	130 – 135
13	Mumbai	PBD-West (Western Suburbs 2)	22.2	18.1	3%	130 – 135
14	Mumbai	Extended Business District (Central Mumbai 2)	18.8	15.3	2%	195 – 200
15	Gurgaon	Extended Golf Course Road	18.7	12.3	2%	65 – 70
16	Pune	PBD- North East	17.8	13.4	2%	85 – 90
17	Gurgaon	NH-8 Before Rajiv Chowk	17.7	15.3	2%	110 – 115
18	Pune	SBD-North East (SBD-East)	16.5	13.6	2%	85 – 90
19	Bengaluru	Central Business District	16.3	14.5	2%	140 – 145
20	Chennai	OMR Zone 2	15.9	13.4	2%	65 – 70
21	Pune	SBD-North West (SBD-West)	14.5	11.4	2%	80 – 85
22	Mumbai	Alternate Business District (New CBD- BKC)	14.4	13.6	2%	330 – 335
23	Pune	PBD-North West	13.4	9.1	2%	50 – 55
24	Kolkata	Peripheral Business District (PBD – Salt Lake Sector V)	13.2	11.6	1%	50 – 55
25	Gurgaon	DLF Cyber City	12.3	11.7	1%	145 – 150
26	Chennai	Mount Poonamallee Road (SBD)	12.2	11.5	1%	80 – 85
27	Noida	Peripheral Noida (Sector 62 & vicinity)	12.0	10.2	1%	50 – 55
28	Chennai	Central Business District	10.8	8.8	1%	95 – 100
29	Chennai	Off-CBD	10.3	9.3	1%	80 – 85
30	Kolkata	Extended PBD (PBD – Rajarhat, Newtown)	10.2	8.3	1%	45 – 50
31	Gurgaon	Golf Course Road	10.0	8.2	1%	120 – 125
32	Pune	Central Business District	6.0	3.4	1%	80 – 85
33	Delhi	SBD 2 & 3 (Aerocity)	3.3	3.1	0%	190 – 195

Source: CBRE, as of Q1 CY2025
**Weighted average rents based on occupied stock on leasable area basis.*

Outlook for Office Segment:

Sustained corporate expansion across diverse sectors is poised to stimulate multi sectoral office space leasing activity further nationwide. The technology sector is expected to remain resilient, with hiring anticipated to be concentrated in specialized domains such as artificial intelligence, machine learning, data analytics and cloud computing among others. Furthermore, the inherent strength and continued expansion of the BFSI and E&M sectors coupled with their focus on digitalization and developing new service offerings, are expected to contribute to increased office leasing demand.

Building on their momentum in 2024, flexible workspace operators are expected to maintain growth in leasing driven by the anticipated end-user demand, as occupiers look to prioritize agility and flexibility within their real estate portfolio and leases. Emerging sectors such as life sciences, semi-conductors and automobiles would continue to experience growth. Furthermore, startups are expected to remain active, fuelled by government incentives designed to support their growth.

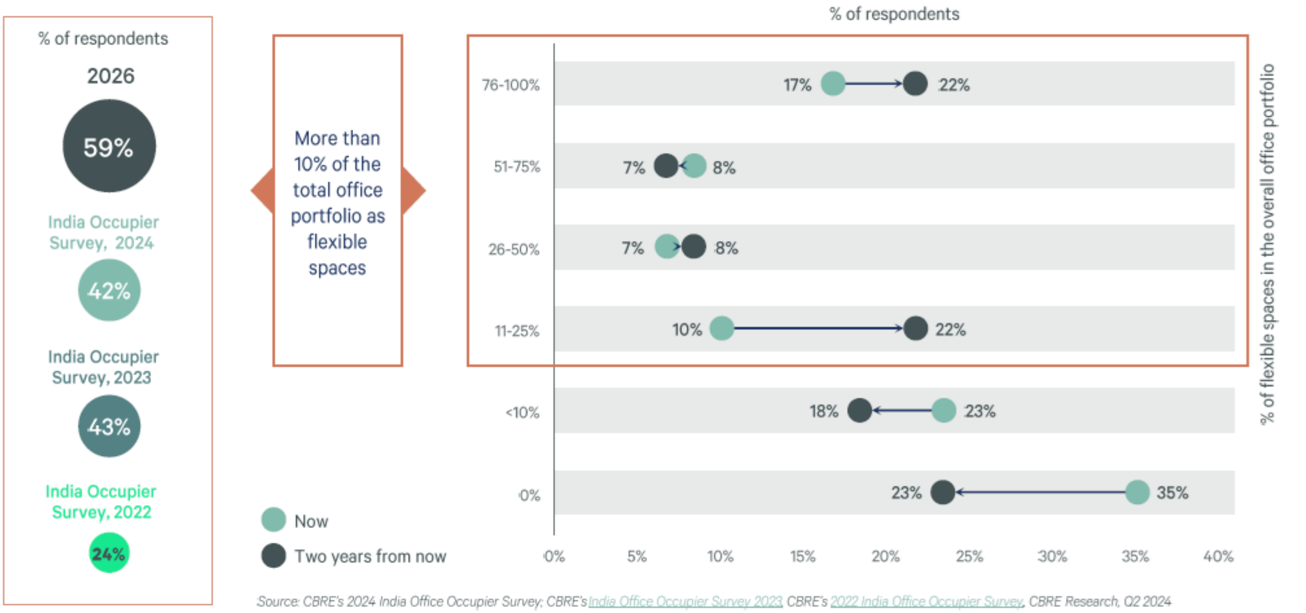
Emergence of Shared Economy

The shared economy as a concept has emerged across various real estate categories, driven by changing expectations of occupiers, changing lifestyle, technological advancements and cost containments. Developments that are facilitating the sharing of residential and commercial spaces are emerging. This trend is supported by demand of co-living spaces, and flexible workspaces.

Emergence of Flexible Workspaces as an important office sub-segment:

Flexible workspaces are becoming an integral part of the commercial office market. The Flexible Workspace stock in top 9 Tier 1 cities grew from more than 35 Mn sq. ft. by end of CY 2020 to over 88 Mn sq. ft. as of Q1 CY 2025.

According to the CBRE's India Office Occupier Survey 2024, the number of companies with over 10% of their office space being flexible is expected to jump from 42% (Q1 2024) to 59% by 2026.



Source: CBRE Research's 2024 India Office Occupier Survey, June 2024
*Note: The survey was conducted during March-April, 2024; Total number of respondents – 70-78**

This was a single choice question. The results are limited to those respondents who chose to answer this question and may differ from individual companies on a case-to-case basis.

The tenant sector of the respondents are as follows: 36% as technology sector, 19% - banking, financial services and insurance, 10% - research, consulting & analytics, 10% - life sciences, 7% - flexible workspace operators, 5% - engineering and manufacturing, 5% - education, 2% - electronics, 2% - telecom, 2% - infrastructure, real estate & logistics, 2% - telecom & communication.

Region of Origin – 52% - Americas, 36% - Domestic, 10% - EMEA, 2% - APAC

Portfolio Size – 36% - Small (< 1,00,000 sq. ft.); 31% - Medium (1,00,000 – 5,00,000 sq. ft.); 33% - Large (> 5,00,000 sq. ft.)

The rise of hybrid work models, prudence in the use of capital, the need for flexibility in workspace planning and a shift in work culture are amongst the factors fuelling the demand for flexible workspaces. This has resulted in demand from diverse segments, from start-ups, small and medium sized enterprises (SMEs) to large corporations. These organisations are evaluating to integrate flexible workspaces into their office portfolios as part of their 'Core+Flex'[37] strategies. 'Core+Flex' can allow organizations the opportunity to be more capital efficient, while providing employees the flexibility to work from different locations.

The increasing use cases of flexible workspaces, incoming investments in the sector, demand from both startups and large enterprises, increasing focus by companies around ESG and employee wellness and constant evolution of products and offerings by flexible workspace operators are amongst the key factors that may position this asset class and sector for growth in future as well.

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[37] *'Core + Flex' is a strategy that offers occupiers a way to integrate traditional leased space and flexible office agreements in their overall real estate portfolios*

Flexible Workspace Industry Overview: India Story

What are Flexible Workspace Solutions?

Flexible workspace solutions primarily refer to fully furnished and serviced real estate offerings provided by Flexible Workspace Operators to end users with potential flexibilities built-in around aspects including but not limited to space design, tenure, area, location, and product. Multiple leading operators have also now developed the capability to offer multiple value-added and ancillary products and services. End users may consider one or the other kind of flexible workspace solution for a diverse set of use cases including but not limited to:

- To support multi-geography expansions
- To support implementation of Hybrid Working & Distributed Working policies
- To circumvent upfront investment in office fit outs
- To convert capital expenditure to operating expenditure
- To Outsource Non-Core CRE Operations
- When they want to acquire small portions of large floor plates in buildings of preference

The popularity and adoption of flexible workspace solutions has witnessed an increase amongst both startups and corporate enterprises, owing to their increasing use cases and constant innovations by leading Flexible Workspace operators.

Evolution of Flexible Workspaces in India

Flexible workspace solutions are becoming an integral part of the modern work culture, catering to diverse working styles and introducing flexibility to the commercial office market.

The table below highlights the evolution of flexible workspace sector in India:

	Details
Pre-2015	• Before 2015, the flexible workspace offering was mostly limited to two kinds of solutions: – Traditional business centers/serviced offices comprising a mix of private suites and meeting rooms catering to mostly short-term needs for small serviced offices and swing spaces requirements from corporate organizations – Incubators and accelerators mostly providing early-stage startups with cost-efficient, open layout, shared workspace solutions. Some incubators and accelerators also supported their members with gaining access to mentors and investors
2015 - 2017	• Around 2015, the co-working concept started gaining popularity in India with the initial target audience for this offering being startups
2017- 2019	• Expansion by both existing domestic and international brand flexible workspace operators in India along with the emergence of new flexible workspace operators in the country • Continual evolution of the existing startup-centric co-working format that also led to the emergence of the enterprise co-working format that could better cater to the demand for flexible workspace solutions from enterprise customers/corporate organizations • Introduction of the 'Managed Office' offering by some flexible workspace operators in response to the emerging demand for customized, private/semi-private, serviced and professionally managed offices with flexible terms by MSMEs and corporate organisations • These solutions became popular with enterprises looking to circumvent upfront capital expenditure investment in fit-outs and to outsource the design, build, and management of their offices to a single vendor • The continuous evolution of flexible workspace formats in response to end-user demands also eventually led to the emergence of the 'Managed Campus' concept that aimed to offer the privacy, flexibility and customization of a managed office along with the advantages and experience of a amenitized and tech-enabled office campus
2020 – 2021 (Covid-19 impact & Recovery Period)	• Owing to the COVID-19 pandemic, 'Work From Home' and 'Remote Work' protocols were implemented by many organizations • 'Remote first' became the dominant work policy adopted by many organizations, impacting the physical occupancies in both traditional and flexible workspaces • Most leading flexible workspace operators used this period to review & reengineer their portfolios, re-think their business strategies, increase focus and investments on technology, amenities, health and safety, upgrade their facilities and optimize costs • Managed office commitments dispalyed relative resiliance during this period owing to enterprise clientele and relatively longer flex contracts between operators and end users in many cases

	Details
	Q2 2021 onwards – Careful reopening of flexible workspace centers with increased focus on EHS, ESG, and other COVID safety protocols, practices, and guidelines along with the installation of Health and Safety oriented technologies and equipment by multiple operators – Introduction of novel solutions by flexible workspace operators like pay-per-use solutions /day pass, reverse offices and fit-out as a service to name a few to try to support RTO and hybrid working initiatives by the end user occupiers
2022 onwards	• Adoption of “core+flex” strategies by multiple startups and corporate enterprises resulted in an increase in demand for flexible workspaces • Speculative space take-up by flexible workspace operators across the country in anticipation of demand from end users • Adoption of Distributed/Hybrid working practices and a focus on capital optimization by enterprises became among leading demand drivers for flexible workspace solutions • Evaluating non-Tier 1 cities started to become a more integral part of expansion strategy planning for multiple operators • A growing investor interest in the flexible workspace sector

Key Growth Drivers & Salient Features of Flexible Workspace Solutions

The demand for flexible workspaces has been fueled further by an increasing focus on flexibility, capital efficiency, cost optimization, hybrid / distributed working, employee well-being, and a focus on core business activity amongst other things by end-users. Both startups and large enterprises have been increasingly evaluating flexible workspace solutions owing to their increasing use cases and the innovations by leading flexible workspace operators.

Below are some key growth drivers & salient features of the flexible workspace solutions that in isolation or combination may incline end users towards evaluating flexible workspace solutions:

- **Evolving Real Estate Strategies:** With the increasing adoption of hybrid / distributed working practices, large organizations may consider to further integrate flexible workspace solutions into their overall real estate portfolios. This might enable these organizations to have more agile office portfolios while providing their employees the flexibility to work from a network of locations.

- **Capital & Financial Efficiencies:** Since in flexible workspace solutions the upfront capital required to build the facility is usually invested by the operator, flexible workspace solutions can support the end user in circumventing the need for upfront capital investment in their office fit outs. This may provide an option for end user organizations to allocate the same capital towards their core business activities or another purpose of choice.

- **Operational Outsource:** Real Estate is a non-core function for most organizations and managing their real estate requirements may take from management’s bandwidth and resources. By opting for a flexible workspace solution, organizations are usually able to align with a solo vendor/provider and a single point of contact for all or most of their workspace related expenses, escalations, support requirements, and other operational requirements allowing them to retain their focus on their core business.

- **Flexibility:** If pre-negotiated with the operator during the structuring of the membership agreement, end users may have the opportunity to build in their contract flexibilities around upsizing or downsizing the space, alternate locations, pricing, etc.

- **Variety of Offerings:** Some leading flexible workspace operators may have the ability to provide end users with a variety of offerings including but not limited to on-demand solutions, meeting rooms, training rooms, private suites, built-to-suite managed office solutions. Organizations can opt for a mix of these offerings to cater to diverse business/organizational needs based on factors like location, team type, number of employees, purpose, etc.

- **Customization, and Bespoke Solutions -** When opting for a managed office solution, end user occupiers may have the flexibility to customize their workspace to their preference and have bespoke, private/semi-private and dedicated office spaces with services that suit their specific needs.

Types of flexible workspace offerings:

On – Demand	Pre-built, Shared & Serviced Spaces		Custom Built Managed Offices		
HYBRID-DIGITAL SOLUTION	**BUSINESS CENTRE**	**ENTERPRISE COWORKING**	**SHARED MANAGED OFFICES**	**PRIVATE MANAGED OFFICES**	**MANAGED CAMPUS CENTRES**
Pay per Use solutions allowing users to book open desks and meeting rooms on demand across locations with booking, payment, usage tracking enabled through technology	Small – Medium sized centres comprising of small private & serviced suites with shared meeting rooms and common amenities primarily catering to short term space needs from enterprises	Small – Large sized centres with collaborative areas, meeting rooms, private suites, open desks and key amenities with the ability to cater to both startups and enterprises	Custom built bespoke serviced offices with shared common amenities for medium to-long term use by end users	Custom built & fully private bespoke serviced offices with dedicated amenities for medium to-long term use by end users	Full building campus like flexible workspace centres aiming to provide the end user occupiers with the privacy, flexibility, and customization of a shared managed office solution along with experience analogous to an amenitized and tech enabled office campus

Evolution and Demand for Managed Campus Solutions

To provide a Managed campus solution / experience, operators usually acquire full buildings from a single or multiple landlords/investors in a warm shell/bare shell condition, upgrade & amenitize them and then offer parts of the facility as fully customized & fitted out, tech enabled, managed and serviced office solutions to multiple end user occupiers.

Such solutions aim to provide the end user occupiers with the privacy, flexibility, and customization of a managed office solution along with the benefits and experience of an amenitized and tech enabled office campus. These solutions aspire to provide a holistic office environment that integrates work, wellness, and convenience, and endeavour to provide for/solve for all the needs of the end user enterprises and their employees within the campus.

This kind of a managed campus solution can also help passive landlords who are not actively engaged in the marketing and leasing of their buildings to be able to lease their entire development to a single tenant i.e., the managed campus operator in one go, which may save the landlords some time and effort that is otherwise spent in leasing the asset in parts to multiple tenants and gets the landlord rental commitment for their entire asset from a single operator. The managed campus operator then in-turn looks to provide flexible and managed office solutions to clientele from diverse sectors and industries that have requirements of varied sizes and tenures on flexible terms within the campus/centre.

Flexible Workspace Operators' Tech Stack:

In the evolving landscape of hybrid working, modern workplaces are also aiming to act as collaborative hubs and are trying to merge the physical and digital worlds through the use of technology. Leading flexible workspace operators are also focusing on incorporating technology into their offerings to further enhance the end-user experience. The integration of technology can support in streamlining operations, fostering collaboration and more.

A well-rounded flexible workspace operator tech stack may include the below technologies, platforms, enablement's and more:

- Tech enabled Parking Management System
- Automated Visitor Management & Access control Systems
- Digitized meeting and conference room booking system
- Online ticket raising platforms
- Food ordering enablement on Member App
- Tech enabled smart access systems for common amenities like gym, creche, game room, etc.
- Enablement on member app for networking and engagement
- Technology to track space utilization
- Technology to track fit-out project progress

Multiple flexible workspace operators are looking to increase focus on service quality, member wellness, compliance & safety, and customer experience. This increased focus may drive them to continually enhance and expand their technology offerings and invest in utilitarian and experience-oriented technologies to distinguish their services. A comprehensive technology stack can not only help an operator differentiate itself, but also potentially attract more customers and aid customer retention efforts.

Flexible Workspaces | India Overview

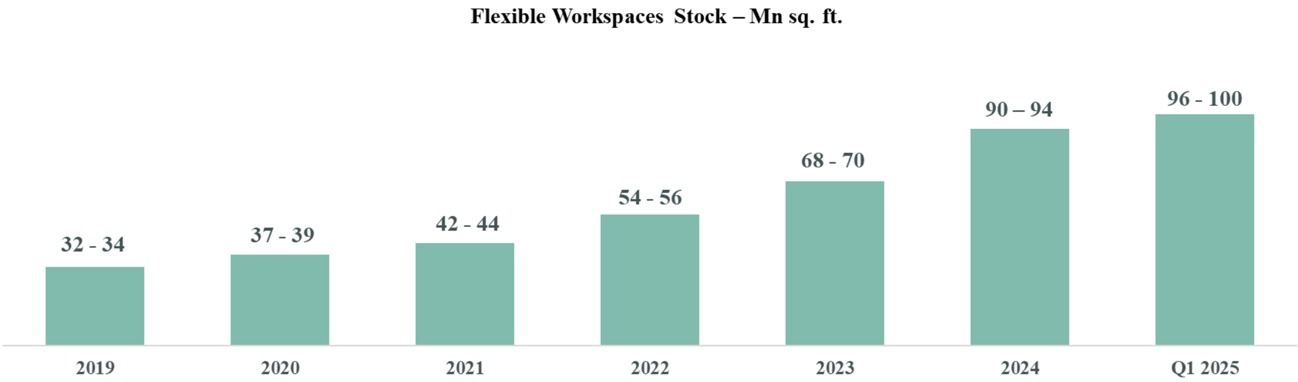
The flexible workspace stock in India stands over 96 Mn sq. ft. as of Q1 CY2025. While over 88 Mn. sq. ft. of this flexible workspace stock is spread across key tier 1 markets of India, demand for flexible workspaces in Non-Tier 1 cities has also been growing. The top 10 operators (by portfolio size in area Mn sq. ft., Q1 CY 2025) collectively contribute to majority of the total Pan India flexible workspace stock.

The table below provides key statistics on flexible workspaces across India (Tier 1 & Non-Tier 1 cities):

Flexible Workspace Stock in India (Pan India) *	
Operators	~500
Number of Unique Center Locations	2,200+
Flexible Workspace Stock	96 – 100 Mn sq. ft.

**All data as of Q1 CY 2025, estimate only.*

The chart provides Y-o-Y total flexible workspaces stock across India (Tier 1 & Non-Tier 1 cities):



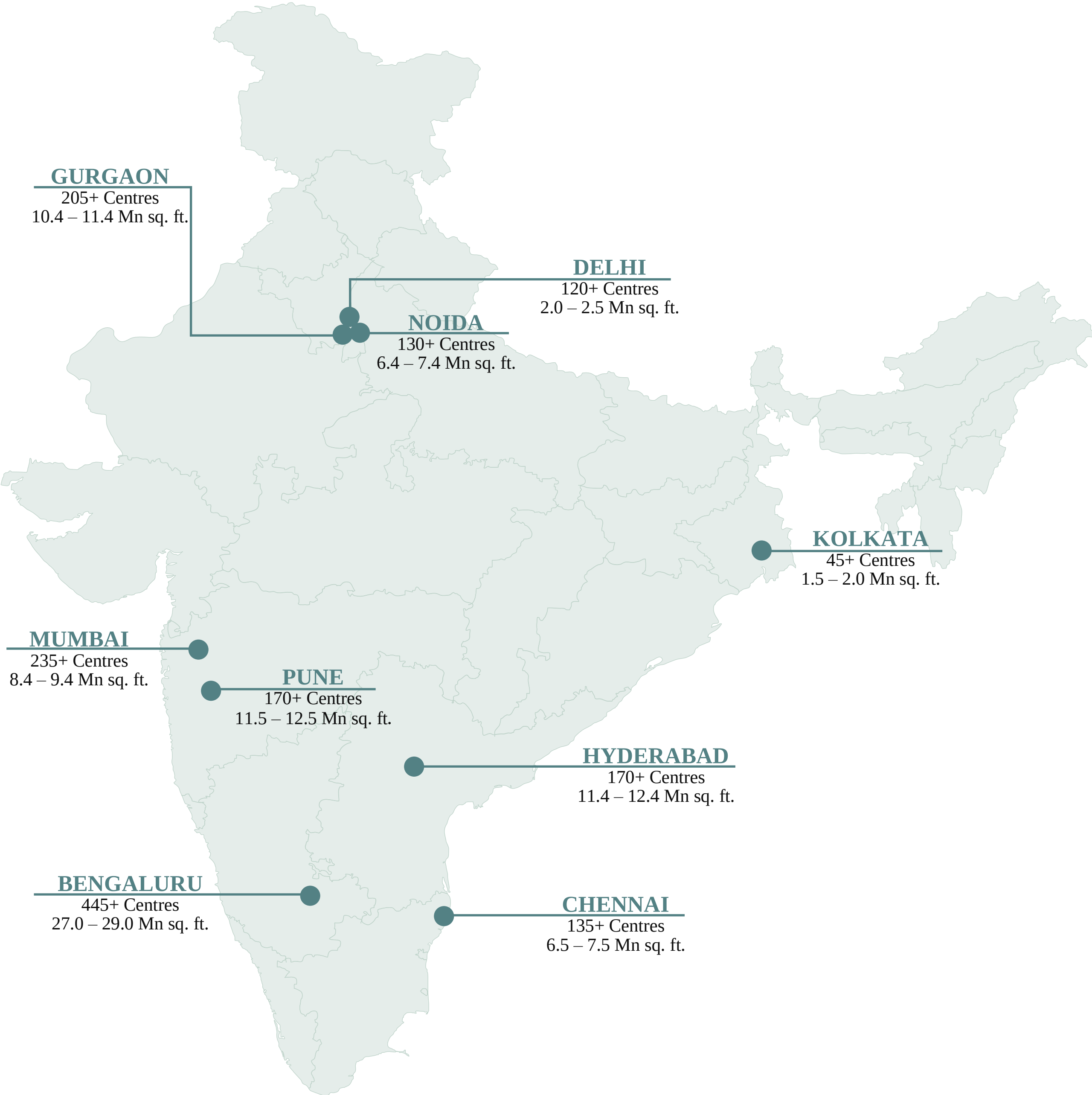
**All data as of Q1 CY 2025, estimate only.*

Tier 1 cities account for over 88 Mn sq. ft. of the total flexible workspace stock in India as of Q1 CY 2025. The flexible workspace stock across tier 1 markets is forecast to keep growing at least in the near term in response to end user demand.

The flexible workspace stock in Non-Tier 1 cities is also forecast to grow further to cater to the anticipated end user demand for office spaces in these cities owing to factors such as hybrid and distributed work policies being implemented by organizations, increased focus on employee wellbeing & retention by organizations, access to the skilled talent pool at competitive costs, improving infrastructure & connectivity and the relatively lower cost of living and cost of real estate in these cities. The Non-Tier 1 cities flexible workspace stock in India is currently distributed between many city level operators and multi geography operators.

The growth in flexible workspace demand across both Tier 1 & Non-Tier 1 cities is driven by occupier demand across diverse segments including but not limited to large enterprises, MSMEs and start-ups.

The below map provides the city wise flexible workspaces stock in Tier 1 cities of India:



Note: All data as of Q1 CY 2025, estimate only.

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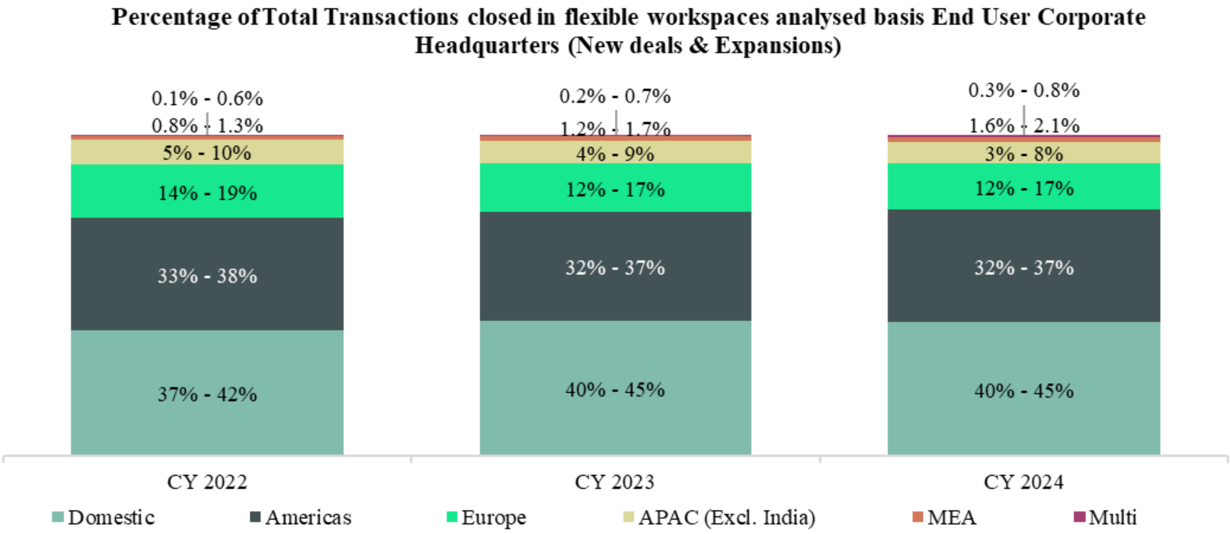
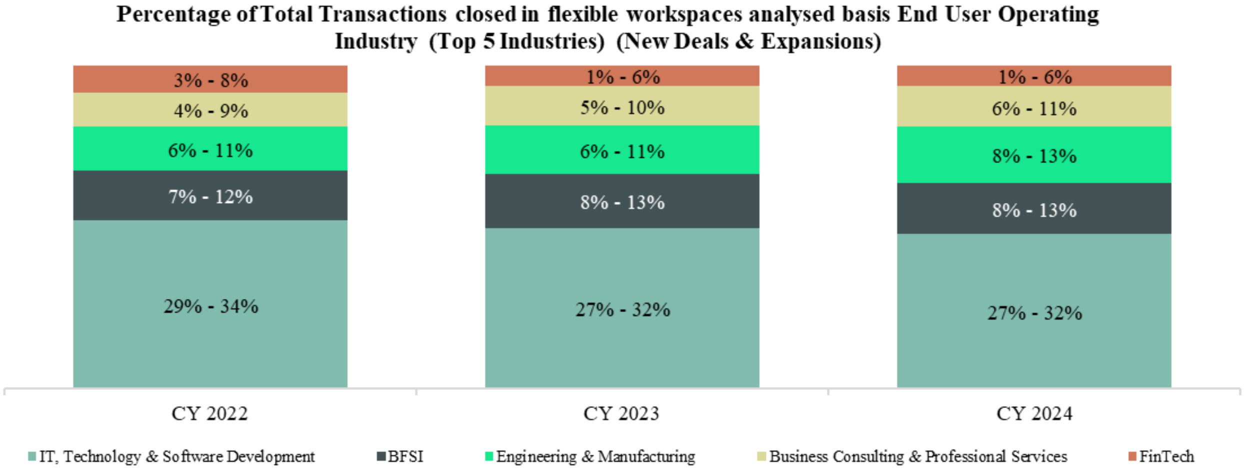


Source: CBRE; all figures are approximate only. The data presented was compiled at the time of its generation. It is important to note that minor variations may exist due to differences in the underlying data which may change intermittently as new information becomes available.

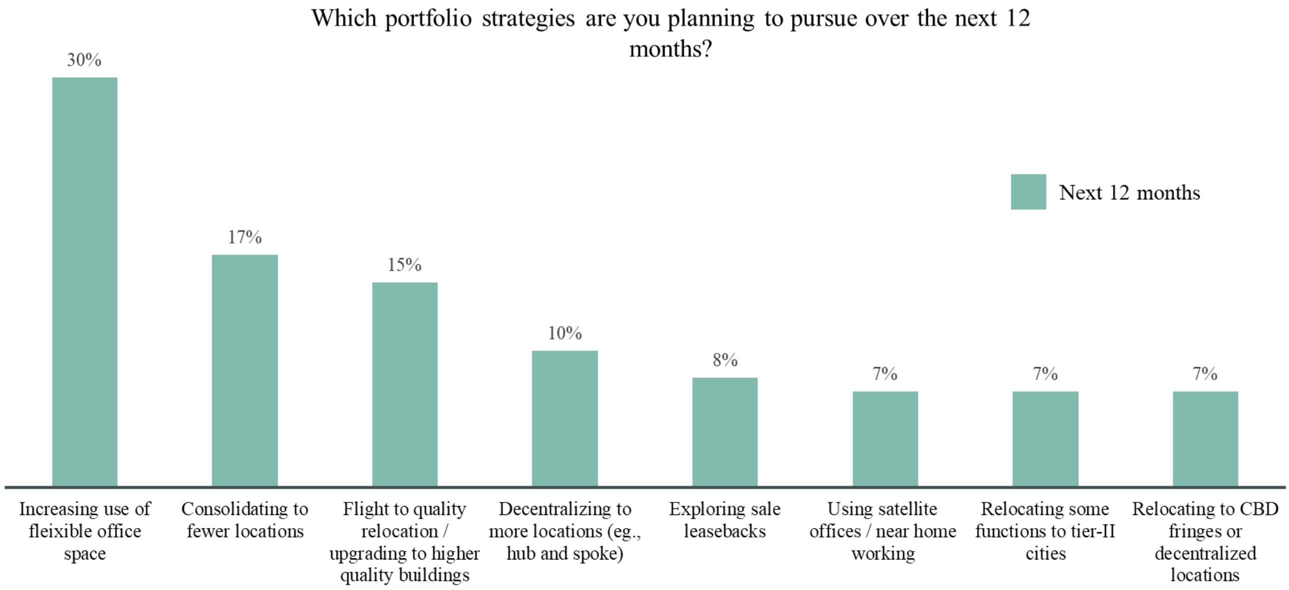
The demand for flexible workspaces in India has been well distributed between domestic and internationally headquartered organizations. Collectively, Domestic and American headquartered organizations contributed to over 70% of the new/expansion transactions closed across flexible workspace centers across India over the last 2-3 years.



Source: CBRE; all figures are approximate only. The data presented was compiled at the time of its generation. It is important to note that minor variations may exist due to differences in the underlying data which may change intermittently as new information becomes available.

From a new/expansion transaction perspective, Technology companies have been the leading demand contributors for flexible workspaces in India followed by BFSI and E&M companies over the last 2-3 years. Majority seats have been getting transacted in 100+ seats cohort categories in flexible workspace centres over the last 2-3 years.

According to the CBRE's 2024 India Office Occupier Survey, June 2024[38] with a sample size of approximately 70 – 78 respondents, the post pandemic environment has fostered a stronger emphasis on portfolio agility, driving an increased demand for flexible workspace solutions. Reflecting this trend, about 30% of occupiers identified "expanding their use of flexible office spaces" as their primary portfolio strategy approx. over the next 12 months. While companies across sectors indicated increased usage of flexible workspaces, domestic occupiers indicated a higher preference compared to American corporates.



Source: CBRE Research, 2024 India Office Occupier Survey, June 2024

Flexible Workspace Sector Dynamics - Tier 1 Cities

The total flexible workspace stock in Tier 1 cities stands over 88 Mn sq. ft. as of Q1 CY 2025. The stock grew from more than 35 Mn sq. ft. by the end of CY 2020 to over to 82 Mn sq. ft. by the end of CY 2024, at a CAGR of approximately 23-24%. The 28 key clusters identified across Tier 1 cities account for around 80% of total Flexible workspace Stock in these cities.

Bengaluru currently is both the largest commercial office and flexible workspace market of India accounting for around 30% of the total flexible workspace stock in the Tier 1 cities.

While the hubs like Bengaluru, Pune, Hyderabad, Gurgaon and Mumbai continue to be popular markets for flexible workspace operators, markets like Noida and Chennai have also gained traction in response to the end-user interest.

[38] *Note: The survey was conducted during March-April, 2024; Total number of respondents – 70-78**

This was a single choice question. The results are limited to those respondents who chose to answer this question and may differ from individual companies on a case-to-case basis.

The tenant sector of the respondents are as follows: 36% as technology sector, 19% - banking, financial services and insurance, 10% - research, consulting & analytics, 10% - life sciences, 7% - flexible workspace operators, 5% - engineering and manufacturing, 5% - education, 2% - electronics, 2% - telecom, 2% - infrastructure, real estate & logistics, 2% - telecom & communication.

Region of Origin – 52% - Americas, 36% - Domestic, 10% - EMEA, 2% - APAC

Portfolio Size – 36% - Small (< 1,00,000 sq. ft.); 31% - Medium (1,00,000 – 5,00,000 sq. ft.); 33% - Large (> 5,00,000 sq. ft.)

Overview of Tier 1 Cities in India (Q1 CY 2025)

BENGALURU:
Bengaluru is a hub for India’s information technology industry with the presence of multiple prominent technology companies, Research and Development (R&D) centers along with emerging startups. Bengaluru is the largest flexible workspace market in the country with multiple flexible workspace operators present and expanding in the city. In line with the office market activity, flexible workspace operators are looking to expand their footprint in markets/key clusters like CBD, EBD, ORR, North Bengaluru and Whitefield.

While CBD is a preferred market given its location, mobility, connectivity, and social fabric, EBD has a mix of Grade A assets and a couple of notable tech parks with relatively competitive rental rates compared to CBD. ORR is the largest micro market in the city for commercial real estate and has the highest concentration of flexible workspace stock in the city.

North Bengaluru is garnering interest, due to its strategic location and availability of Grade A commercial stock. With infrastructure development and Grade A assets, in recent years Whitefield has also emerged as an option for businesses seeking strategic locations.

<table>
<tr><th colspan="4">Bengaluru Flexible Workspace Stats</th></tr>
<tr><th>Flexible workspaces Stock (Mn sq. ft.)</th><th>Flexible workspaces Stock as a % share of Non SEZ occupied office stock (approx.)</th><th>Number of Unique Center Locations (approx.)</th><th>Flexible Workspace demand driving Sectors</th></tr>
<tr><td>27.0 – 29.0</td><td>17% – 19%</td><td>445+</td><td>IT/Tech Software development, BFSI, Business Consulting & Professional Services, Retail & E-commerce</td></tr>
<tr><th colspan="4">Key Clusters / Micro Markets</th></tr>
<tr><th colspan="2">Cluster / Micro Market
(Key Sub-Markets/Locations)</th><th>Flexible workspaces Stock (Mn sq. ft.)</th><th>Number of Unique Center Locations (approx.)</th></tr>
<tr><td colspan="2">Outer Ring Road
Outer Ring Road, Sarjapur Jn, Kadubesanahalli, Mahadevpura, Marathahalli</td><td>7.2 – 7.7</td><td>65+</td></tr>
<tr><td colspan="2">Extended Business District
HSR Layout, Koramangala, Indiranagar, Domlur, Old Madras Road, Old Airport Road</td><td>6.0 – 6.5</td><td>145+</td></tr>
<tr><td colspan="2">Central Business District
MG Road, Vasant Nagar, Residency Road, Ashok Nagar, Langford Road, Richmond Road, Ulsoor, Dickenson Road, Infantry Road, Lavelle Road, Kasturba Road, Vittal Mallya Road</td><td>3.9 – 4.4</td><td>90+</td></tr>
<tr><td colspan="2">Whitefield
Whitefield, EPIP Zone, Hoodi, ITPL road, Graphite, Brookefield</td><td>3.8 – 4.3</td><td>40+</td></tr>
<tr><td colspan="2">North Bengaluru
Bellary Road, Hebbal Road, Yelahanka, Kempapura, Thanisandra Road, Nagwara</td><td>3.3 – 3.8</td><td>40+</td></tr>
</table>

**All data as of Q1 CY 2025, estimate only.*

PUNE:

Pune is one of the key commercial office hubs of Western India, driven by sectors such as IT/ITeS, BFSI, Manufacturing, Automobile, and pharmaceutical, etc. Proximity to financial capital and presence of quality office developments are amongst the key demand drivers for the city. It is also attracting interest from flexible workspace operators in response to demand from end-users especially in the key clusters/micro markets of CBD, SBD – East & SBD – West.

CBD has a mix of retail, residential & commercial developments along with connectivity through public transportation including operational Metro. SBD East & SBD West offer lower rental rates compared to CBD and have a presence of Grade A IT/ITES developments. Given the improving metro connectivity, these markets are expected to garner further interest, especially from Tech companies and flexible workspace operators.

<table>
<tr><th colspan="4">Pune Flexible Workspace Stats</th></tr>
<tr><th>Flexible workspaces Stock (Mn sq. ft.)</th><th>Flexible workspaces Stock as a % share of Non SEZ occupied office stock (approx.)</th><th>Number of Unique Center Locations (approx.)</th><th>Flexible Workspace demand driving Sectors</th></tr>
<tr><td>11.5 – 12.5</td><td>23% – 25%</td><td>170+</td><td>IT/Tech Software development, Engineering & Manufacturing, BFSI, Healthcare & Pharmaceutical, Automotive</td></tr>
<tr><th colspan="4">Key Clusters / Micro Markets</th></tr>
<tr><th colspan="2">Cluster / Micro Market
(Key Sub-Markets/Locations)</th><th>Flexible workspaces Stock (Mn sq. ft.)</th><th>Number of Unique Center Locations (approx.)</th></tr>
<tr><td colspan="2">Secondary Business District – West (SBD-NW)
Aundh, Baner, Bavdhan, Pashan, Balewadi, Bengaluru Highway, Kothrud</td><td>4.5 – 5.0</td><td>55+</td></tr>
<tr><td colspan="2">Central Business District
Koregaon Park, Bund Garden, SB Road, Yerwada, Kalyani Nagar, Shivaji Nagar, Erandwane</td><td>3.3 – 3.8</td><td>45+</td></tr>
<tr><td colspan="2">Secondary Business District – East (SBD-NE)
Viman Nagar, Nagar Road, Hadapsar, Nibm, Mundhwa, Wanowrie</td><td>2.0 – 2.5</td><td>30+</td></tr>
</table>

HYDERABAD:

Hyderabad has become one of the leading commercial hubs in South India and is one of the largest flexible workspace markets in India with demand from sectors such as IT/ITES, Business Consulting and BFSI. Hyderabad is also witnessing demand from New Entrants looking to set up offices and GCCs which is contributing to the overall office absorption in the market.

IT Corridor is the most active micro market for corporate occupiers with a developed social and business infrastructure. Given the sustained occupier demand, multiple flexible workspace operators have established and are looking to expand their footprint in this market along with opportunistic expansion in the Ext IT Corridor which is the second most active micro market with respect to overall office leasing activity. Ext IT Corridor has presence of campus-style developments with comparatively lower rental rates.

**All data as of Q1 CY 2025, estimate only.*

Hyderabad Flexible Workspace Stats			
Flexible workspaces Stock (Mn sq. ft.)	**Flexible workspaces Stock as a % share of Non SEZ occupied office stock. (approx.)**	**Number of Unique Center Locations (approx.)**	**Flexible Workspaces demand driving Sectors**
11.4 – 12.4	15% – 17%	170+	IT/Tech Software development, BFSI, Business Consulting and Professional Services, Engineering & Manufacturing
Key Clusters / Micro Markets			
Cluster / Micro Market *(Key Sub-Markets/Locations)*		**Flexible workspaces Stock (Mn sq. ft.)**	**Number of Unique Center Locations (approx.)**
IT Corridor (IT Corridor I, II) *Kondapur, Madhapur, Gachibowli, HITEC City, Raidurg, Kavuri Hills*		8.5 – 9.0	105+
Ext IT Corridor *Nanakramguda, Kukatpally, Kokapet*		2.2 – 2.7	20+

GURGAON:

Gurgaon is a prominent commercial and IT/ITeS office hub in Delhi NCR hosting a large quantum of commercial office stock catering to the demand for head offices and back offices for many organizations. Multiple flexible workspace operators are exploring opportunities to further expand their footprint in the city, especially in the key clusters/micro markets like Cyber City, Golf Course Road, NH8, etc.

Cyber City, with a well-developed social and physical infrastructure, houses the offices of multiple large enterprises along with the presence of multiple flexible workspace operators. It has emerged as the new CBD of the Gurgaon commercial office market. Golf Course Road has multiple premium commercial developments along with premium residential projects while NH8 benefits from the connectivity via the Delhi-Gurgaon Expressway with prime commercial developments.

Gurgaon Flexible Workspace Stats			
Flexible workspaces Stock (Mn sq. ft.)	**Flexible workspaces Stock as a % share of Non SEZ occupied office stock. (approx.)**	**Number of Unique Center Locations (approx.)**	**Flexible Workspaces demand driving Sectors**
10.4 – 11.4	18% – 20%	205+	IT/Tech Software development, Retail & E-commerce, BFSI, Business consulting & professional services
Key Clusters / Micro Markets			
Cluster / Micro Market *(Key Sub-Markets/Locations)*		**Flexible workspaces Stock (Mn sq. ft.)**	**Number of Unique Center Locations (approx.)**
Golf Course Road[#]		1.6 – 2.1	30+
Cyber City *DLF Cyber City*		1.5 – 2.0	25+
NH-8 *(NH8 North & South)*		1.2 – 1.7	15+

[#]Golf Course Road cluster/ micro-market is not inclusive of institutional areas

**All data as of Q1 CY 2025, estimate only,*

MUMBAI:
Mumbai is considered the BFSI hub of India and is largely driven office demand from large enterprises and BFSI firms. Mumbai has witnessed demand for flexible workspace solutions by corporates who may be looking to optimize their real estate portfolios and key markets such as Bandra Kurla Complex (BKC), the Western Suburbs, Central Mumbai, Eastern Mumbai and Navi Mumbai are witnessing growth in the flexible workspaces.

Bandra Kurla Complex is the new CBD of the city and has a large presence of BFSI clients, consulates & multinational technology companies. Increasing rentals along with a dearth of grade A supply in the market is leading to relatively affordable alternative micro markets like Central Mumbai being evaluated by some end user occupiers.

A large part of the talent pool in the city travels from the Western and Eastern Suburbs. With three metro lines currently operational in the city giving metro connectivity within Western Suburbs, Andheri continues to be one of the preferred markets for corporates given its competitive rental rates. The maximum flexible workspace stock in Mumbai is currently present in the Western Suburbs 1 market.

Eastern Suburbs is a widely spaced micro-market. LBS Marg continues to be a mid & back- office location with limited Grade A assets, offering cost optimal solutions while Powai is a self-contained township development with a balanced mix of front and back-office occupiers.

With an upcoming international airport, Navi Mumbai offers large scale campus style developments with large floor plates, relatively competitive rentals and continues to be a preferred location for BFSI and back-office operations.

Mumbai Flexible Workspace Stats			
Flexible workspaces Stock (Mn sq. ft.)	**Flexible workspaces Stock as a % share of Non SEZ occupied office stock. (approx.)**	**Number of Unique Center Locations (approx.)**	**Flexible Workspaces demand driving Sectors**
8.4 – 9.4	7% – 9%	235+	BFSI, IT/Tech Software development, Engineering & Manufacturing

Key Clusters / Micro Markets		
Cluster / Micro Market ***(Key Sub-Markets/Locations)***	**Flexible workspaces Stock (Mn sq. ft.)**	**Number of Unique Center Locations (approx.)**
Western Suburbs 1 (SBD) *Vile Parle, Andheri East & West*	2.4 – 2.9	55+
Navi Mumbai (NmBD) *Seawoods, Vashi, Mahape, Airoli, Juinagar*	1.2 – 1.7	20+
Western Suburbs 2 (PBD-W) *Jogeshwari, Goregaon, Malad, Kandivali, Borivali*	1.0 – 1.5	25+
New CBD (ABD) *Bandra Kurla Complex*	1.0 – 1.5	20+
Eastern Suburbs (PBD-E) *Sion, Chembur, Ghatkopar, Vidyavihar, Vikhroli, Powai, Kanjurmarg, Bhandup, Mulund, Wadala*	0.9 – 1.4	20+
Central Mumbai 2 (ExBD) *Parel, Lower Parel, Dadar, Elphinstone Road, Byculla*	0.3 – 0.8	15+

**All data as of Q1 CY 2025, estimate only.*

CHENNAI:

Chennai is a well-established office market in South India, with demand supported by the growing supply of Grade A office buildings. The city continues to witness interest in flexible workspaces, particularly in Guindy/Off CBD, OMR Zone 1, CBD and SBD (MPH) which remain more preferred locations for flexible workspace operators.

Off CBD has low vacancy in high-quality office spaces and is one of the preferred micro market for SMEs, MSMEs, multinational, and local firms for front offices operations. Given the market's locational advantage and easy commute, the demand for the Off CBD market is expected to remain steady, especially amongst small to mid-sized offices and flexible workspace operators. However, the Grade A supply pipeline remains constrained due to limited land availability.

OMR Zone 1 is one of the preferred micro markets for large occupiers and flexible workspace operators owing to the presence of high-quality office campuses developments. Given the limited supply, rentals in the market are expected to increase for the next few years. In addition, the MPH market is also gaining traction given the availability of Grade A spaces, attracting interest from a diverse range of occupiers and flexible workspace operators.

Chennai Flexible Workspace Stats			
Flexible workspaces Stock (Mn sq. ft.)	**Flexible workspaces Stock as a % share of Non SEZ occupied office stock. (approx.)**	**Number of Unique Center Locations (approx.)**	**Flexible Workspaces demand driving Sectors**
6.5 – 7.5	12% – 14%	135+	IT/Tech Software development, Engineering & Manufacturing, BFSI

Key Clusters / Micro Markets		
Cluster / Micro Market ***(Key Sub-Markets/Locations)***	**Flexible workspaces Stock (Mn sq. ft.)**	**Number of Unique Center Locations (approx.)**
OMR Zone 1 *Thiruvanmiyur, Perungudi, MGR Salai*	2.2 – 2.7	25+
Off Central Business District *Guindy, Vadapalani, MRC Nagar*	1.7 – 2.2	35+
Central Business District *Anna Salai, T Nagar, RK Salai, Nungambakkam*	1.0 – 1.5	45+
Secondary Business District *Mount Poonamallee, Porur*	0.2 – 0.7	5+

**All data as of Q1 CY 2025, estimate only.*

NOIDA:
Supported by improved connectivity and supply of quality office spaces, Noida is emerging as a key commercial activity hub in Delhi NCR. Noida has also witnessed an increased interest from flexible workspace operators in response to occupier demand, particularly for back-office operations.

Sector 16 is amongst the key commercial hubs in Noida. Sector 16A, also known as Film City, hosts multiple media & entertainment companies while Sector 16B has seen the development of Grade A commercial offices. Sector 62 micro market predominantly having standalone buildings, few Grade A developments along with the presence of residential catchments in proximity, is often preferred by low-cost IT firms for back-office operations. The market is well connected with NH-24 and the metro.

Noida Expressway has Grade-A IT parks and SEZ developments and continues to attract corporate occupiers. With good road & metro connectivity and sustained occupier interest, Flexible workspace operators are exploring Noida for expansion opportunities.

Noida Flexible Workspace Stats			
Flexible workspaces Stock (Mn sq. ft.)	**Flexible workspaces Stock as a % share of Non SEZ occupied office stock. (approx.)**	**Number of Unique Center Locations (approx.)**	**Flexible Workspaces demand driving Sectors**
6.4 – 7.4	20% – 22%	130+	IT/Tech Software development, BFSI, Business consulting & professional services

Key Clusters / Micro Markets		
Cluster / Micro Market ***(Key Sub-Markets/Locations)***	**Flexible workspaces Stock (Mn sq. ft.)**	**Number of Unique Center Locations (approx.)**
Expressway & Vicinity	2.7 – 3.2	35+
Sector 62 & Vicinity (Peripheral Noida) *Sector 62 and other nearby sectors*	2.1 – 2.6	50+
Sector 16 & Vicinity *Sector 16, 16A, 16B, 18 and other nearby sectors*	1.4 – 1.9	35+

**All data as of Q1 CY 2025, estimate only.*

DELHI:

Delhi is one of the oldest commercial hubs of Delhi NCR with office demand from sectors such as BFSIs, public sector organizations and Media. However, due to a dearth of developable land parcels, the supply addition has been limited. The growth of flexible workspaces has also been slower in Delhi as compared to Gurgaon and Noida owing to factors such as relatively limited availability of Grade A commercial office stock, high rentals, lower building efficiency, resulting in relatively less demand for office space from large enterprises. In the coming years, Aerocity is expected to witness increased interest from both commercial office and flexible workspace operators owing to its developed social infrastructure along with good connectivity with public transport, quality upcoming supply and immediate proximity to the IGI Airport.

Delhi Flexible Workspace Stats			
Flexible workspaces Stock (Mn sq. ft.)	**Flexible workspaces Stock as a % share of Non SEZ occupied office stock. (approx.)**	**Number of Unique Center Locations (approx.)**	**Flexible Workspaces demand driving Sectors**
2.0 – 2.5	17% – 19%	120+	BFSI, Advertising marketing, and PR, Front/Sales offices for Business consulting/IT firms
Key Clusters / Micro Markets			
Cluster / Micro Market ***(Key Sub-Markets/Locations)***		**Flexible workspaces Stock (Mn sq. ft.)**	**Number of Unique Center Locations (approx.)**
Aerocity (SBD 2 & 3)[#]		0.10 – 0.15	3+

[#]only includes Aerocity, doesn't factor markets like Saket, Vasant Kunj, etc.

KOLKATA:

Kolkata, known as the commercial hub of Eastern India, is a relatively smaller office market compared to other Tier 1 cities, with limited new supply pipeline.

In recent years, multiple large organizations have established presence in the market and are evaluating this market for expansion. In response to the occupier demand, multiple flexible workspace operators are also evaluating expansion opportunities in the city. PBD i.e., Salt Lake, Sector V, Newtown Rajarhat are amongst the preferred locations for both occupiers and flexible workspace operators.

Kolkata Flexible Workspace Stats			
Flexible workspaces Stock (Mn sq. ft.)	**Flexible workspaces Stock as a % share of Non SEZ occupied office stock. (approx.)**	**Number of Unique Center Locations (approx.)**	**Flexible workspaces demand driving Sectors**
1.5 – 2.0	8% – 10%	45+	Outsourcing and Offshore consulting, Business consulting and professional services, IT/Tech Software development, Engineering & Manufacturing
Key Clusters / Micro Markets			
Cluster / Micro Market ***(Key Sub-Markets/Locations)***		**Flexible workspaces Stock (Mn sq. ft.)**	**Number of Unique Center Locations (approx.)**
Peripheral Business District *Salt Lake Sector V, New Town Rajarhat*		1.3 – 1.8	30+

**All data as of Q1 CY 2025, estimate only.*

Operator Overview – Smartworks

Incorporated in 2015, Smartworks has a leased portfolio of 8.9 Mn sq. ft. across 14 cities as of 31st March 2025. 95% of their portfolio (by area in Mn sq. ft.) is located within the identified 28 key flex clusters.

The operator usually leases large buildings and converts them into managed office campuses, and currently has an average facility size of approximately 0.19 Mn sq. ft.

Smartworks has a total of four lease signed centers in India above 0.5 Mn sq. ft. in size, with the largest center of approximately 0.7 Mn sq. ft. located in Vaishnavi Tech Park in Sarjapur, ORR in Bengaluru.

Some of the amenities across a typical Smartworks managed campus centre may include the following:

- RFID-enabled parking
- Sports zones and gymnasiums
- Cafeterias and Smart stores
- Recreational areas and snooze rooms
- Doctor's rooms
- Event spaces, training and meeting rooms

As of 31st March 2024, Smartworks was the largest managed campus operator, amongst the benchmarked operators in terms of total stock, with a lease signed portfolio of 8.0 Mn sq. ft.

Competition and Benchmarking (Selected Operators in India)

There are around 500 flexible workspace operators in India. For the purpose of this exercise, we have only reviewed the operators that are already listed or have filed DRHP/RHP for listing with regulatory authorities in India and therefore for whom information is publicly available and who also have a portfolio of around 5 Mn. sq. ft. as of 31st March 2024 (based on information made public by the benchmarked operators). The operators currently meeting the aforementioned criteria are Awfis, IndiQube and WeWork India. The operators have been benchmarked against Smartworks in the section below based on multiple financial and operational parameters.

Qualitative Parameters

Parameters	Smartworks	WeWork India	IndiQube	Awfis
Products/ Solutions	• Managed Office Solutions • Value added Services (VAS) such as cafeterias, sport zones, Smart Convenience Stores, gymnasiums, crèches • Fitout as a service (FaaS)	• Core Services • Private Office • Office Suites • Serviced Floors • Managed Office • Ancillary/Additional Services • Pay per use- On Demand Office • All Access Subscription • Virtual Office- Business Address • WeWork Workplace- Office SAAS • WeWork Marketplace • WeWork Business Solutions • WeWork Events & Hospitality • WeWork Labs- Accelerator Program for Startups	• Managed Office Solutions • Virtual Office • Customizable design and build solutions • Facility Management • Asset maintenance and plantation • Catering, and transportation services	• Plug & Play Offering • Awfis CoWorking • Awfis Managed Office • mobility solutions - Meeting room, day passes, virtual office • Allied Service - F&B, Concierge , event management, IT support Powered by Awfis • Awfis Transform - Corporate Design and Build Solution

Parameters	Smartworks	WeWork India	IndiQube	Awfis
Ancillary revenue categories	Tech-enabled smart store, Additional parking space, Event spaces, Smart café, IT services, Gym pass, Offers and Partnerships within the app, etc.	Events, Pay-per-use Day Pass, Virtual office, Conference rooms, Parking facilities, Dedicated IT services, F&B services, White Glove services, Design & Build Services, WeWork Workplace Software, WeWork Business Solutions, 'WeWork Member App etc.	Interior design and build, facility management, F&B, transport, and technology solutions	F&B, IT services, Mobility services, Parking, and valet, Infra and allied services, Events and engagement, Alliance and in-centre promotions, etc.

Note: The data is provided as of March 31, 2024, basis information available in public domain, DRHP/RHP Documents, Annual Reports and across company websites

Key Operational & Financial Parameters[39]

Parameters	Smartworks	WeWork India	IndiQube	Awfis
Total Stock/ Area Mn. sq. ft.[40]	8.00	6.56	5.52*	5.6
Total No. of Cities	13	8	12	17
Total No. of Tier 1 Cities	9	8	7	9
Total No. of Non-Tier 1 Cities	4	0	5	8
Total No. of Centres	41	53	85	181
Total Seats[41]	1,82,228	93,786	1,18,530	1,10,540
Occupancy for mature centres (>12 months)	86.77%	85.55%	90.06%	84%
Weighted Average Tenure Client side (in months)	46	23	46	33
Annual Revenue[42] INR Mn (FY 23-24)	11,131.10	17,371.64	8,676.60	8,748
Rental Revenue INR Mn (FY 23-24)[43]	9,970.62	14,025.41	6,803.95	5,507

Note: The data is provided as of March 31, 2024, basis information available in public domain, DRHP/RHP Documents, Annual Reports and across company websites

All information/data related to Smartworks covered in the Industry Report has been sourced from Smartworks

**For Indiqube Active stock means the rentable SBA plus SBA under fitout. SBA means Super Built-up Area of a property which is the total center area, including the carpet area, along with the terrace, balconies, areas occupied by walls, and areas occupied by common/ shared construction.*

[39] Note: This section has been based on the most updated information available in the public domain across a common period for benchmarked operators i.e. 31st March 2024. It may be noted that updated information for Awfis, IndiQube and WeWork India is available as of March 2025, June 2024 and September 2024 respectively in the public domain, which can be reviewed within DRHP / RHP documents or Annual Reports.
[40] Inclusive of operational centers, centers under fit-outs and centers yet to be handed over by the landlord. EOIs, LOIs, ROFR, ATL, and hard options are excluded.
[41] Inclusive of seats across operational centers, centers under fit-outs and centers yet to be handed over by the landlord. EOIs, LOIs, ROFR, ATL, and hard options are excluded.
[42] Inclusive of revenue from flexible workspaces, construction & fit-out projects, design and build solutions.
[43] Rental Revenue is exclusive of any provisions.

Forecasts for Flexible Workspaces

Demand for flexible workspaces here refers to space taken up or stock addition by flexible workspace operators within the commercial office segment. An assessment of space take-up historically as well as space take-up forecasts by flexible workspace operators over the forecast period till 2027 has been undertaken.

The forecasts outlined are an estimate only, not a guarantee, and should not be relied upon. Future forecasts can be influenced by a wide variety of factors.

Supply Forecasts / Market Sizing Assessment Methodology

The total stock of approximately 883 Mn. sq. ft. of office spaces in Tier 1 cities in India comprises both SEZ and non-SEZ office stock. However, the supply forecasts for flexible workspaces are based on non-SEZ spaces only as flexible workspace activity in SEZs is very limited at present.

The below table provides an assessment of overall non-SEZ office supply trends in Tier 1 cities in India as well as forecasts for supply over the forecast period:

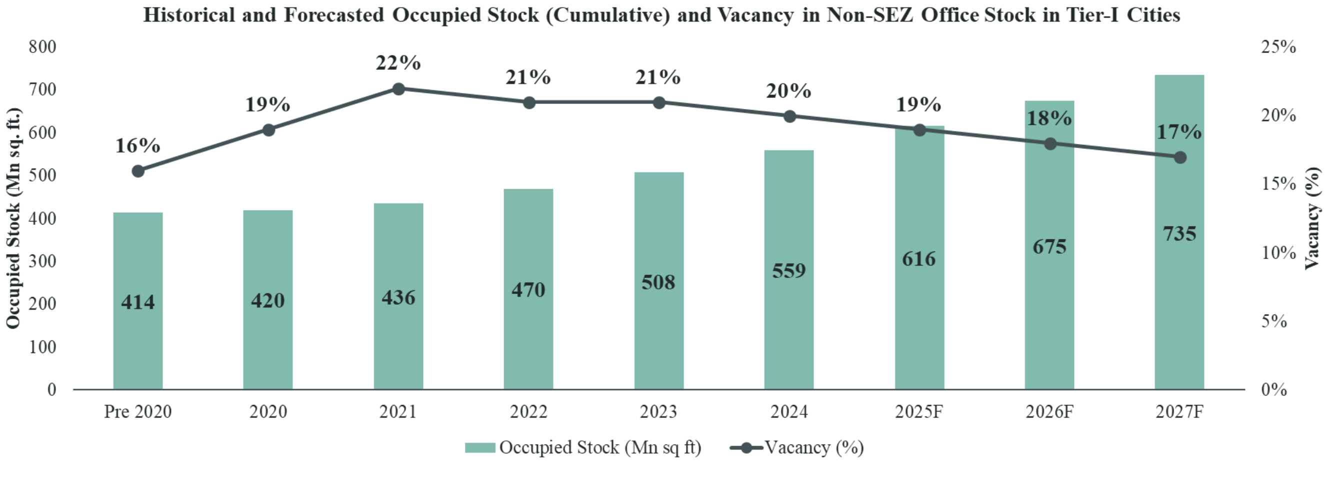
Y-o-Y Supply (Mn sq. ft.) at a city level							Forecasted supply (Mn sq. ft.)		
City	**Pre 2020**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025F**	**2026F**	**2027F**
Non-SEZ Office Stock (Mn sq. ft.)	**493**	**27**	**39**	**37**	**50**	**49**	**63**	**66**	**60**
Cumulative Non-SEZ office Stock (Mn sq. ft.)	**493**	**520**	**559**	**596**	**645**	**695**	**758**	**824**	**884**

Based on CY. The above forecasts are based on the current and historic supply and demand trends for the office market. It assumes that the market continues to display similar characteristics over the forecast period. Forecasts are inherently uncertain, and not a guarantee.

The forecasts for the years 2025 – 2027 were estimated considering the growth rate of office witnessed during the recent years along with the current upcoming supply pipeline. The year-on-year growth rate of the cumulative stock of office ranged between 5% - 8% between pre 2020 to 2024. This assumes that similar growth is experienced over the forecast period, and market conditions remain stable.

Considering the above analysis, approximately 60 – 65 Mn sq. ft. of average annual supply addition of Non-SEZ office stock is expected at an India level over the forecast period to 2027 and reach 884 Mn sq. ft. by 2027F, with the majority concentrated in top 9 Tier 1 cities.

The graph below provides an assessment of overall non-SEZ office occupied stock and vacancy trends in Tier 1 cities in India as well as forecasts for the occupied stock/vacancy for the next 3 years:



Source: CBRE, Q1 CY2025

Future supply estimates are based on analysis of proposed and under-construction buildings, however, future absorption estimates are derived basis of past trends, current vacancy, and estimated supply. Historical data and forecasts provided for 2024, 2025, 2026 and 2027 across all indicators are based on CBRE's opinion of the current/historic market situation and availability of information in the public domain, Any changes to the market situation may impact the forecasts. Several factors like global macroeconomic uncertainty, geopolitical climate, pace of construction, and developer profile/execution capability may have a significant impact on forecast estimates mentioned above. Considering the risk factors, forecasts are likely to change with periodic reviews given the evolving situation.

Vacancy levels are expected to reduce with the current market trends owing to absorption levels witnessed and the introduction of new supply in the market in the short-medium term.

Forecasts for the occupied stock is based on estimated commercial office stock levels and vacancy percentage. There was an increase in vacancy levels in 2020-2021 witnessed largely due to the impact of the COVID-19 pandemic, higher levels of existing supply and consolidation of space by BFSI and IT tenants.

Outlook for Flexible Workspace Sector in India

India has witnessed growth in demand for flexible workspaces. Flexible workspace stock addition by operators has witnessed growth over the years and approximately 18 – 22 Mn sq. ft. of stock was added in 2024. The share of flexible workspaces stock in Non-SEZ occupied office stock across Tier I cities increased from 7% -9% Pre 2020 to 14% -16% by the end of CY2024.

Features and benefits such as flexibility, capital efficiency, cost optimization, employee well-being and operational outsourcing are some of the key demand drivers of Flexible workspace solutions amongst both startups and enterprises. Through a widespread network of centres across the country and with the assistance of various inhouse or aggregator owned hybrid digital products, leading flexible workspace operators may possess the ability to support various organizations in a more effective implementation of their hybrid and distributed working policies.

India has emerged as one of the key flexible workspace markets, primarily driven by demand for both coworking and managed office solutions, from various large enterprises / corporates / MNCs, SMEs & MSMEs as well as startups that may also be evaluating flexible workspace solutions while reviewing their 'Core+Flex' strategies. The demand for flexible workspaces is not only driven by end – users signing new contracts with flexible workspace operators but also by them extending or renewing some of their existing contracts on need basis wherever viable. Owing to the constantly evolving use cases of flexible workspace solutions, some organizations may also evaluate them as potential solutions to support relocations, consolidation etc. post expiry of their traditional leases.

Estimation of Future Additional Stock Expected in Flexible Workspace Segment

Forecasts have been made for the overall flexible workspace stock until 2027 and the total expected market size of the flexible workspace segment in Tier 1 cities has been arrived at by summing up the anticipated net stock addition for all the Tier 1 cities.

The table below outlines the Y-o-Y trends and forecasts for stock under flexible workspaces for all Tier 1 cities and India:

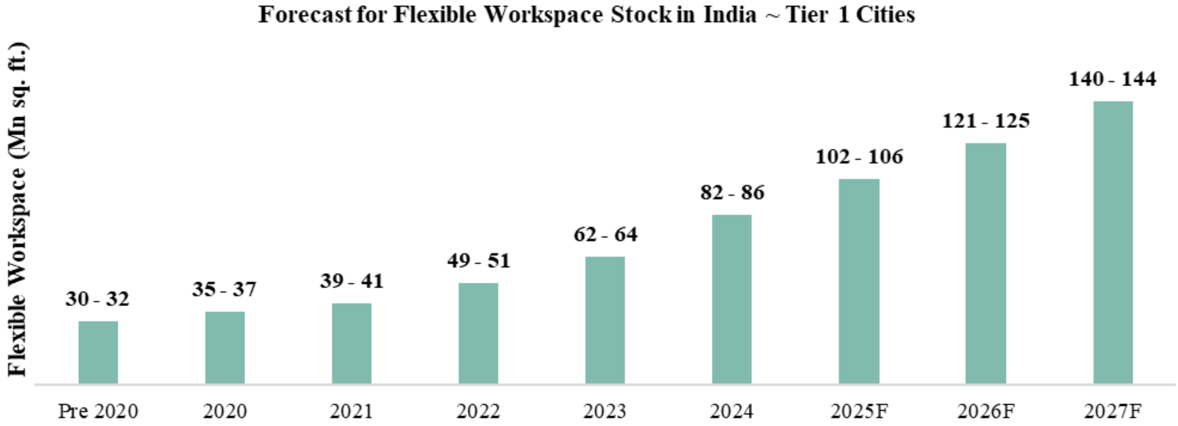
Current Stock (Mn sq. ft.) of Flexible Workspaces							Forecasts for stock addition (Mn sq. ft.)		
Estimation of Stock Addition – Cumulative	**Pre 2020**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025F**	**2026F**	**2027F**
India Level Stock– Cumulative (Mn sq. ft.)	**30 – 32**	**35 – 37**	**39 – 41**	**49 – 51**	**62 – 64**	**82 – 86**	**102 - 106**	**121 - 125**	**140 - 144**
India Level Stock Addition– Y-0-Y (Mn sq. ft.)	**30 – 32**	**4 – 6**	**4 – 6**	**9 – 11**	**12 – 14**	**18 - 22**	**18 - 22**	**18 - 22**	**18 - 22**

Historical data and forecasts provided for 2025, 2026 and 2027 across all indicators are the basis of CBRE's opinion of the current/historic market situation and availability of information in the public domain, any changes to the current market situation may impact the forecasts. Several factors like global macroeconomic uncertainty, geopolitical climate, pace of construction, and develop may have a significant impact on the forecast estimates mentioned above. Considering the risk factors, forecasts are likely to change with periodic reviews given the evolving situation. Please note, a range of approx. 2 - 4 Mn. sq. ft. has been considered for the above table with the purpose of representation/standardization across data forecasts.

The total flexible workspace stock ranging between 82 - 86 Mn sq. ft. by the end of CY2024, is forecasted to grow to approximately 140 - 144 Mn sq. ft. across Tier 1 cities by end of CY2027 with a CAGR of approximately 18 – 20%. These forecasts are in line with the flexible workspace operator annual net stock addition trends over the past few years and aim to forecast the future stock addition from operators in line with the forecast demand from end users and foreseeable office supply that could be available to flexible workspace operators.

Forecasts for Stock of Flexible Workspaces in India

The forecasts for market size for flexible workspaces in India for all the top 9 tier 1 cities is outlined below:



Future supply estimates are based on analysis of proposed and under-construction buildings, however, future absorption estimates are derived basis of past trends, current vacancy, and estimated supply. Historical data and forecasts provided for 2025, 2026 and 2027 across all indicators are the basis of CBRE's opinion of the current/historic market situation and availability of information in the public domain, any changes to the current market situation may impact the forecasts. Several factors like global macroeconomic uncertainty, geopolitical climate, pace of construction, and developer profile/execution capability may have a significant impact on the forecast estimates mentioned above. Considering the risk factors, forecasts are likely to change with periodic reviews given the evolving situation.
Source: CBRE

Total Addressable Market for flexible workspace segment

TAM for flexible workspaces is defined as the existing/estimated area taken up by flexible workspace operators within the overall office inventory, plus the vacant stock of non-SEZ office spaces that is available for take-up in the market both by flexible workspaces and other CRE end users/companies.

As illustrated above, the total stock of non-SEZ office space is expected to be approximately 884 Mn sq. ft. while the occupied stock is expected to be approximately 735 Mn sq. ft. by 2027F. It is also known that the current stock of flexible workspaces within the office stock is over 82 Mn sq. ft. (CY 2024) across Tier 1 cities which is estimated to be approximately 140 - 144 Mn sq. ft. by the of CY2027F.

The total addressable market for the flexible workspace segment is expected to be approximately 280 - 300 Mn sq. ft.

Parameters	2027F
Total Stock (Non-SEZ Office) by 2027F – Mn sq. ft.	884
Total Occupied Stock (Non-SEZ Office) by 2027F- Mn sq. ft.	735
Vacant Stock (Non-SEZ Office) by 2027F- Mn sq. ft.	**149**
Expected Stock of Flexible Workspace in 2027F (Tier 1)	140 – 144
Total Addressable Market for Flexible Workspace by 2027F – Mn sq. ft.	**280 – 300**
Total Addressable Market for Flexible Workspace by 2027F – ₹ Bn	**730 - 960**
TAM Calculation (₹ Bn)	
Weighted Average Rent for Non-SEZ Stock (India Level) – ₹/sq. ft./month	110
Revenue to Rent Multiple (Lower End)	1.9
Revenue to Rent Multiple (Upper End)	2.5
Total Addressable Market (Lower End) – ₹ Bn	730
Total Addressable Market (Upper End) – ₹ Bn	960

The above estimates are based on the current and historic supply and demand trends for the office and flexible workspace markets. It assumes that the market continues to display similar characteristics over the forecast period. Forecasts are inherently uncertain, and not a guarantee.

With expected vacancy of approximately 149 Mn sq. ft. within the non-SEZ office stock and estimated level of total stock occupied by flexible workspaces (140 - 144 Mn sq. ft.) by 2027F, the total addressable market ("TAM") for the flexible workspace operators represents a sizeable opportunity of 280 - 300 Mn sq. ft. (in terms of area) and ₹ 730 – 960 Bn* (in terms of value) by 2027.

**Calculated based on the assumed revenue to rent multiple range that a typical facility managed by a flexible workspace operator may have the prospect of realizing in India in an asset priced around the weighted average rent of Non-SEZ Stock, times the TAM (in sq. ft.). ₹ Bn is representative of the rental revenue potential and not the real estate value.*

Potential Threats and Challenges associated with the Flexible Workspace Sector

The flexible workspace industry has witnessed considerable growth over the past few years. However, despite the consistent growth, there are inherent risk factors associated with this segment:

- **Market Saturation Risk:** As more players enter the flexible workspace market, the risk of market saturation increases. This can lead to heightened competition, downward pressure on pricing, and challenges in attracting and retaining clients, potentially reducing profitability for operators.
- **Economic Uncertainty:** General economic conditions have the ability to impact the demand for office and flexible workspaces. A downturn in economic conditions could impact on demand for flexible workspace. Events like COVID-19 may force companies to impose work-from-home protocols and reduce their usage of office spaces which may directly impact the revenues and occupancies for flexible workspaces. Current international trade tariff uncertainties may threaten global economic conditions and have more impact in certain economies.
- **Client Churn Risk:** Since most of the clients/end users sign up for flexible workspace solutions for the short-medium term, operators have to pre-empt client churn/exits and identify new customers that shall acquire the churned/vacated space. During economic downturns or during a market slowdown, it may become difficult for flexible workspace operators to retain existing short-term customers and find new replacement customers for the vacated space. This may lead to risks associated with vacancy including strained cashflows for the facility.
- **Supply Limitation:** In times of high demand for office spaces by both end users and flexible workspace operators, it may get difficult for the operators to be able to acquire quality supply and scale at pace due to supply crunch. This could impact or delay the flexible workspace operators' expansion plans.
- **Operational Risk:** As an operator relies on a number of factors to drive a facility's revenue and profitability, variations across critical metrics such as market rentals for office space, cost of utilities and operations and the cost of fit-outs may have the potential to significantly impact the overall pricing dynamics and profitability. These variations or fluctuations may have an impact on the overall cost, timelines and stabilization period of the facility and can impact key operational metrics for a facility such as the payback period and operational revenues.
- **Asset Liability Mismatch:** Coworking operators usually sign up long-term leases with landlords to provide short – medium-term flexible office solutions to some of their end-user clients. A high concentration of such short-term commitments in the operator's client mix creates risks associated with asset-liability mismatch. Such risks can be mitigated to some extent by having a larger proportion of an operator's portfolio offered to enterprise grade customers on a medium to long-term basis.
- **Rent Variations:** Flexible workspace operators like any other space lessee, may face the risk of an upward movement in the building lease rental post the expiry of their original lease tenure. This is more likely to happen in markets/buildings facing high demand for commercial office space with limited supply. In case the operator wants to continue in the same space for another term post the expiry of the original tenure in a high-demand market, the operator may face the demand for a higher rent from the landlord which may make it unviable for the operator to continue in the same space. This risk may impact business continuity planning for any lessee. To mitigate this risk, the operators can try to incorporate renewal/extension terms in the primary lease agreement with the landlord, if possible.
- **Concentration Risk:** In some cases, it has been observed that operators may offer their entire facility to a single or small number of end-user clients. This is usually observed in cases of demand-led managed office transactions. This can lead to concentration risk where if the solo or any major customer leaves or defaults, it may significantly impact operator cashflows for that facility. This risk can be mitigated or circumvented to some extent by offering a facility to multiple clients where a single client or a few clients may not have the ability to impact the facility's revenue, profits and cashflows consequentially.

Understanding Unit Economics for a Typical Managed Campus

In order to assess the operating dynamics for a typical managed office campus, CBRE studied a facility with a leasable area of approximately 2,00,000 sq. ft. The size has been derived based on market averages for similar operators/centers in India. Further, a seat density of 60 sq. ft. on leasable area has been considered for evaluating the expected number of seats for the center. All assumptions provided below have been taken as per typical market standards witnessed for a speculative center providing a grade A experience across an established micro-market of a Tier 1 city, basis market assessment exercise. The overall assessment has also been carried out using the above assumptions for the center occupancy for a short to medium-term horizon.

Average operating expenditure including CAM charges typically ranged between INR 40-60/ sq. ft./month for a typical managed campus facility across a prominent cluster of a Tier I city.

The below is a hypothetical representation only based on an average facility under the assumptions outlined. The financial viability of any flexible workspace facility will vary significantly based on a variety of factors, particularly relating to the supply/demand characteristics of the location.

Operator Side – Key Assumptions

All the values in the subsequent tables are in INR as of 31st March 2025.

S No.	Parameters	Comments
Capital Expenditure		
A	Cost of Fit-out	INR 2,400 per sq. ft. on leasable area based on cost benchmarks for fit-out for a typical flexible workspace center
B	Total Upfront Cost	Total upfront payment including fit-out cost and 5 months security deposit to the landlord
Recurring Expenditure		
C	Rentals to the space owner	Rentals of INR 102 / sq. ft. / month (basis market standards)
D	CAM charges to space owner	CAM Charges of INR 13 / sq. ft. / month (basis market standards)
E	Operating expenses	OPEX Charges of INR 35/ sq. ft. / month (basis market standards)
Revenue		
F	Revenue from Seats	Based on per-seat prices at a 2.4x revenue to rent multiple, 85% stabilized occupancy
G	Other Revenues	Typically ranges between 1-10%. Net revenue of 4-5% has been considered after adjusting for associated cost

Notes:

1. *All the charges mentioned above are on leasable area*
2. *Typical revenue to rent multiple assumed in the range of 1.9 – 2.5; Multiple has also been ratified using cost plus margin approach. Additionally, assessment of 2-3 stabilized centers across Tier I cities has been carried out to ratify the multiple range.*
3. *Occupancy assumptions based on occupancy levels and timeframe to achieve occupancy witnessed in a successful center in established micro-market. Occupancy at the time of commencement of operations is to tune of 20-25%, steady state occupancy is 85%. The stabilization period of 14-15 months has been considered as per market standards.*
4. *Average seat density of 60 sq. ftc. Per seat has been considered for the center on leasable area*
5. *Developer Rent free period of 5 months has been considered for assessment. Escalations in revenue have been considered at 5% annually. Rental payout to developer undergoes 15% escalation every three years.*
6. *It is assumed that 70% of the transactions for the center have been carried out by IPCs leading to a weighted average brokerage of 3-5% of Total Contract Value against an average lock-in period of 24-36 months*
7. *Asset Rental represents the weighted average India-level rentals for Non SEZ stock across Tier I cities*
8. *Fitout refresh cycle of 5 years has been considered, post which the operator is expected to incur 30-40% of fit-out cost as a refurbishment expense every 5 years*
9. *The overall assessment excludes any impact of interest and taxation.*
10. *Kindly note the sample unit economics model prepared is solely for representation purposes for a single centre and might not reflect portfolio level averages for the industry*

The assumptions illustrated above have been utilized for assessing the expected cashflows for the operator under a straight lease model. Average EBITDA margin for the operator after factoring refurbishment cost and other costs such as marketing and brokerage is approximately 25-26%. Average ROCE[44] for the operator is to the tune of 18-19%. Further, payback period for the operator is expected to be 51-52 months from the fit-out commencement cycle and nearly 45-46 months from the date of operations.

44 Reflective of 12-year average ROCE

The Importance of Value-Added Service

Over the last two decades, the landscape of commercial real estate has undergone a notable transformation. Previously, the market was dominated by traditional landlords developing and managing standalone buildings tailored to the basic requirements of occupiers. However, rising demand for investment-grade office spaces and changing occupier preferences, have led to the emergence of developers creating integrated office developments designed to meet evolving needs of occupiers.

Further, post-COVID-19 there has been a shift in occupiers' preferences and employees' expectations with the rising need for modern workplaces supported by improved technology and enhanced workplace experiences that enable hybrid working policies. Nowadays, office parks have started focusing on amenitization and the creation of collaborative environments; supported by technology interventions to create better in-office experiences.

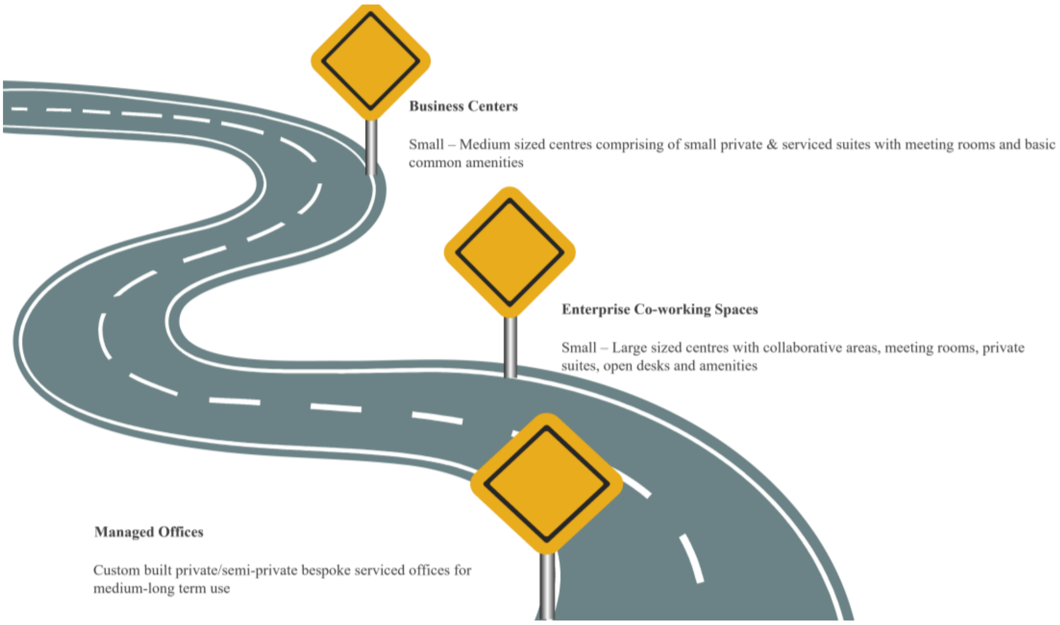
The flexible workspaces segment has also seen growth and evolution over the last few years. There has been an increase in focus on upscaling of centres and in preference towards better amenitized formats for office developments, with the operators' increasing focus on value-added services and amenities across their centres.

Ancillary Revenues in Flexible Workspace Offerings

Flexible space offerings in India have evolved significantly over the years. In its early days, the sector was mostly dominated by business centres/serviced offices, which primarily consisted of small private suites, meeting rooms, and basic functional amenities such as vending/coffee machines, printing machines, and stationery.

With the introduction of enterprise coworking solutions, the operators started designing and building larger, more amenitized and technology-enabled centres. Along with private suites and offices, these centres also have open-layout seating and larger common areas to encourage and enable collaboration, networking, and community events.

While business centres/serviced offices and enterprise coworking spaces continued to co-exist and grow, managed office solutions i.e., custom-built, private/ semi-private and fully serviced office space solutions also started becoming popular with enterprise customers eventually laying the foundation for the origination of the Managed Campus concept. Managed Campuses aim to combine the privacy, flexibility, and customization of a managed office solution with the benefits and experience of an amenitized and technology-enabled office campus.



Ancillary revenues are revenues that the operator generates from its clients over and above the standard membership fee by providing additional value-added services. Some common sources of ancillary revenue for flexible workspace can be:

- **Meeting rooms, conference rooms:** Additional revenue generated from meeting/conference room usage by members and non-members.
- **Training Rooms:** Additional revenue generated from Training room usage by members and non-members.

— **Event Space:** Revenue from providing space, services, and infrastructure within the operator’s facility for hosting events for members and non-members.

— **On-demand or Hybrid Digital Solutions:** Revenue generated by providing hot desks and meeting rooms on an hourly or daily basis while providing access to common amenities of the center.

— **Virtual office**: Revenue generated from selling virtual office packages to enterprises and entrepreneurs.

— **Parking Charges:** Revenue generated from providing parking facilities to members.

— **Sale of additional credits**: Revenue from selling additional credits to existing members that enable them to book meeting rooms, conference rooms, take printouts, etc.

— **Internet/ IT services:** Revenue from providing additional IT services like dedicated Internet

— **Revenue from chargeable amenities like Gym, creche, and retail stores, within the facility:** Revenue from providing members access to paid on-site amenities such as gymnasiums, creche/daycare centers, retail shops, etc.

— **Partnerships with other platforms:** Revenue from partnerships/ collaborations with other companies/digital platforms

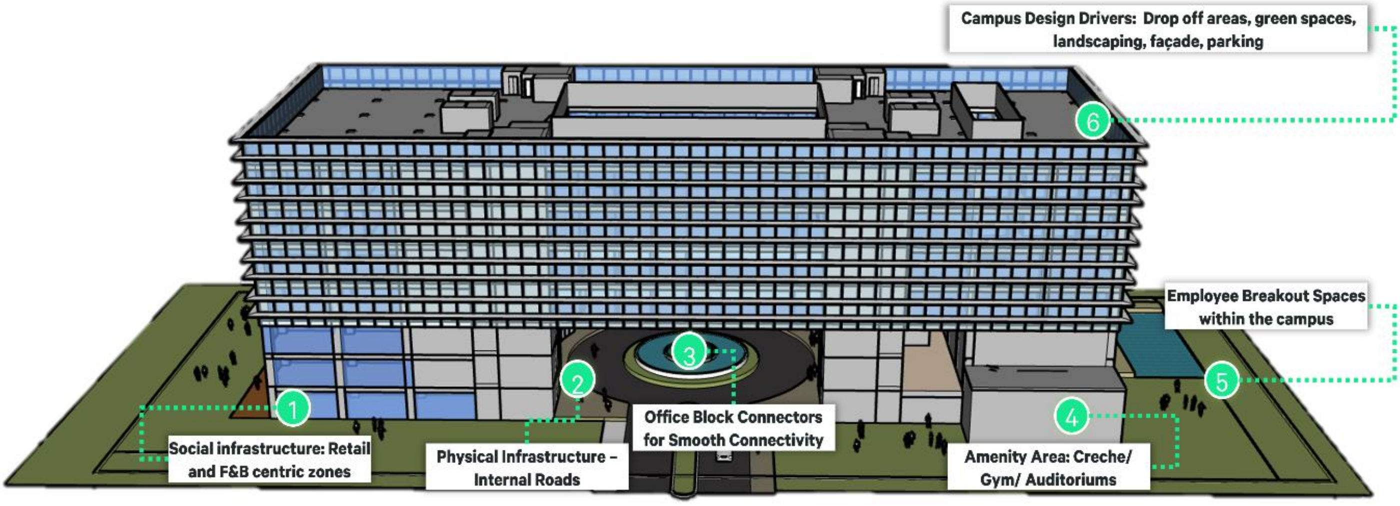
Typically, the revenue from such value added services offered by the operators has been observed to usually range between *0% - 10* % of the overall revenue generated by the centre. However, the proportions of ancillary revenue may vary across an operator's portfolio of centres depending on several factors, such as the product format of the centre i.e., managed office, business centre, enterprise coworking, along with the nature of space take-up i.e., demand-backed built-to-suit offices, speculative space take up, etc., the scale of centre, the focus on and scale of amenities being offered and the client mix in a centre i.e. startups, free-lancers or enterprises.

Value-added services may also help flexible workspace operators improve the customer experience and aid customer retention efforts. Higher focus by flexible workspace operators on providing value-added services may enhance their competitiveness while allowing them the opportunity to potentially diversify their income streams and enhance the value proposition for their clients.

In conclusion, flexible workspace operators can leverage a variety of ancillary revenue streams to complement their primary revenue from leasing office space/seats by offering services such as meeting rooms & event spaces, technology & administrative support, wellness programs, and more. This can allow the operators the opportunity to not only diversify their revenue but also enhance the value and attractiveness of their offerings to clients. This approach can help in creating a more sustainable and robust business model by meeting the varied needs of modern businesses and professionals.

Amenitization of Commercial Office Buildings: Shift Towards Campus Style Developments

Developers are increasingly focusing on incorporating amenities that enhance overall occupiers' experiences by going beyond the functional utility of office spaces. The amenities in these parks are diverse, comprising of support retail including various F&B options, banks, creches, gyms, and clubhouses. This evolution in office development highlights the importance of holistic tenant-centric planning in the commercial real estate sector. Workplace hospitality is anticipated to enhance end-user experience allowing the developer to view occupiers as valued guests by prioritizing service, convenience, and comfort.



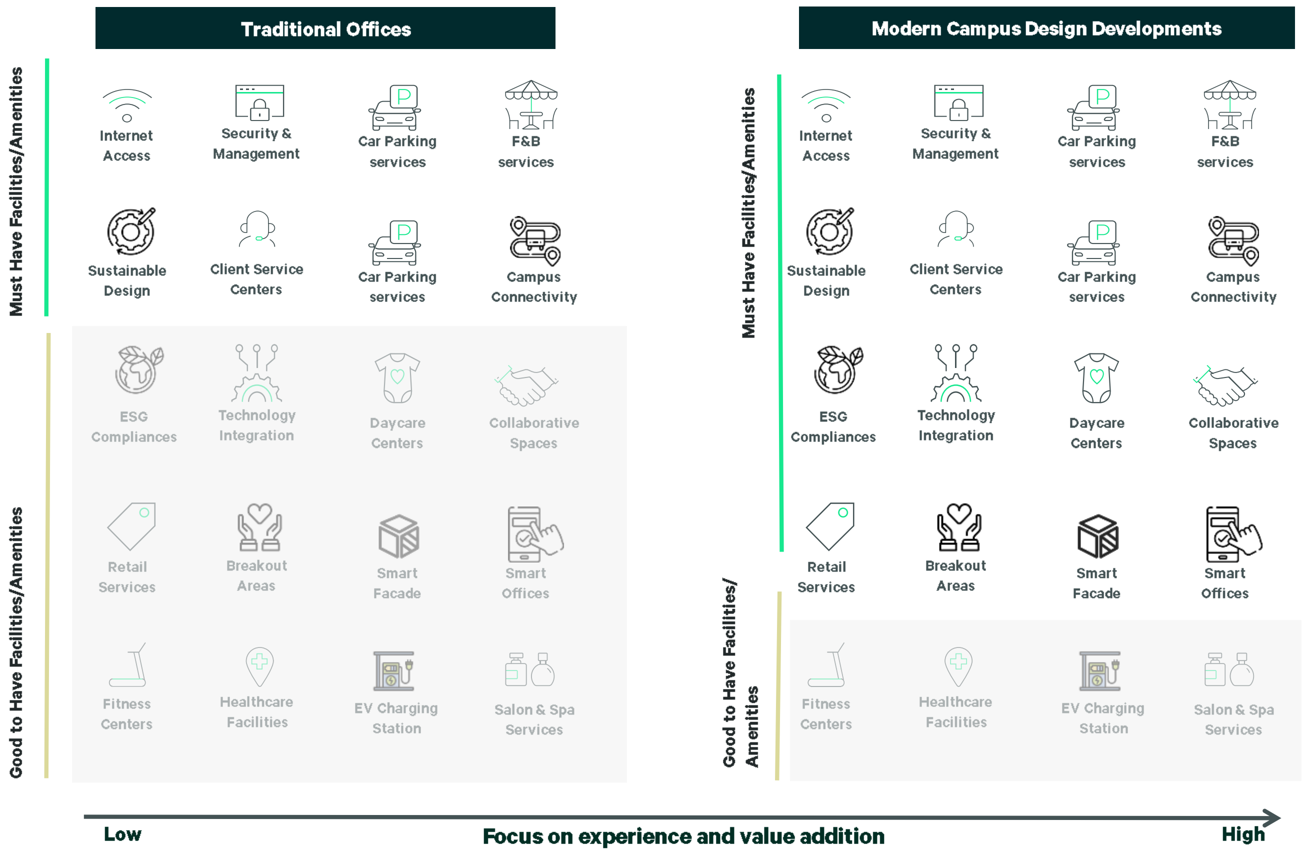
The above image has been provided for visual representation purpose only. Resemblance to any office park / commercial development is purely coincidental.

Level of Integration of Facilities and Amenities for a Commercial Asset

Level of Integration	Enablers	Implications
Ecosystem Level	• Social Infrastructure • Physical Infrastructure • Ease of Commute & Connectivity • Digital Interventions	Delivers grade-A experience for both occupiers and employees and boosts the attractiveness and marketability of the development
Cluster Level	• Retail and F&B area allocation • Campus Aesthetics and Landscaping • Seamless Block Connectors • Sustainability and Compliance	Facilitates ease of access and better circulation fostering communities to connect, collaborate, and thrive
Building Level	• Drop-off and arrival areas • Green Spaces and Façade • Parking and Break-out spaces • Building efficiency and design features	Enhances the overall user experience and assists in delivering an efficient asset that is in line with the needs of the occupiers

Modern commercial offices are being developed with a focus on placemaking, aimed at delivering quality grade experiences. This approach integrates elements such as aesthetically pleasing modern designs, sustainable design perspective and thoughtfully created hospitality experiences combining both work and leisure at the same time. Preference and acceptance of such formats have been witnessed with the introduction of such integrated commercial development.

Further, the evolution of the commercial office segment has propelled a shift in preference of occupiers and developers. Occupiers are now evaluating a holistic and sustainable commercial asset that caters to their changing needs and fosters enhanced employee experience. This has led to the developers/ landowners accommodating additional good-to-have facilities and amenities as part of their portfolios to meet the growing needs for a modern office by occupiers.

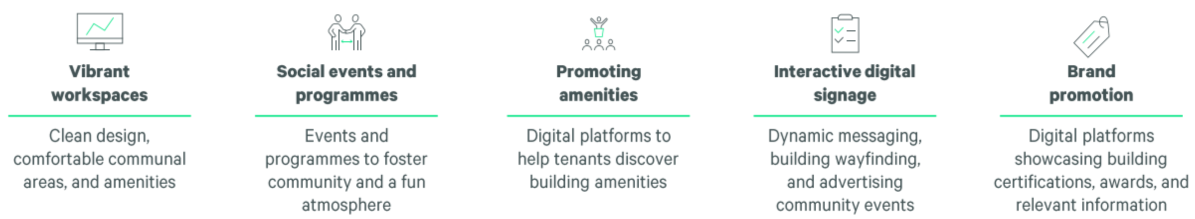


Further, developers are not only focusing on the aesthetic utilitarian buildings and campuses but starting to intently focus on the aspects of placemaking across small-medium scale developments. Placemaking spans planning, designing, and managing spaces that inspire and promote collaborative spaces contributing to an elevated employee experience.

Employee Experience as a Key Focus

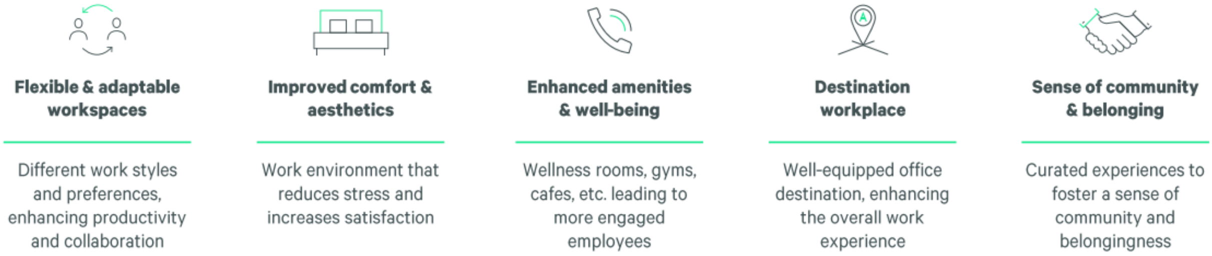
As discussed in previous sections, Occupiers are likely to emphasize enhancing employee experience[45] to attract and retain a quality workforce. Occupiers are looking for offices with dedicated areas to connect, create and focus along with support amenities enabling more collaboration, training, food and beverage options and dedicated social spaces. Along with employee wellbeing, experience curation and hospitality-centric facilities and services are key elements of employee experience, as elaborated below.

1) **Experience Curation – Space Activation and Community Building:** Space activation at the workplace aims to develop vibrant and engaging workspaces that create community, encourage collaboration and are likely to enhance employee experience. This is achieved through the integration of collaborative areas spread across the offices aimed to promote social interaction.



[45] *Employee experience encompasses the overall individual's journey within an organization. It considers all touchpoints – from onboarding and business engagement to role satisfaction and leadership support to exit process.*

2) **Hospitality Integration – Service–led Delivery**: Integration of hospitality-centric services and amenities enables good design aiming to enhance user experience, to prioritise service, comfort and convenience. Developers are looking to focus on enhanced experiences by introducing augmented services and amenities. These can include flexible workspaces, concierge services, better aesthetics, dedicated tenant lounges and bars, onsite food and beverages, and wellness programs.



Source: CBRE Research, Employee Experience – Pathway to Reimagining Workspaces, July 2024

To understand the impact of such value-added services across office developments, CBRE conducted an in-depth study focusing on marquee commercial developments across prominent hubs and key markets in India. A total of 8-10 office developments across different regions were shortlisted for further evaluation as part of the study basis the following parameters:

1. **Total leasable area**: Commercial developments having leasable area within 0.5 Mn – 2 Mn sq. ft. have been assessed. The above range represents a combination of standalone and campus-styled developments exhibiting exposure to value-added services. Also, these developments have witnessed relatively higher occupancy levels vis-à-vis micro-market averages.
2. Only assets by **Grade A and Institutional developers** were shortlisted for assessment.
3. Commercial developments / Office parks with **year of operation within the last decade**
4. Appropriate **presence of area contribution by retail, facilities, and amenities**

Key objectives of the analysis included, but were not limited to:

1. Assessment of must-have and good-to-have amenities and facilities across marquee products.
2. Evaluating the ideal proportion of area dedicated towards key facilities and amenities as part of the commercial development.
3. Assessment of potential implications/impact of increase in area under facilities and amenities on the overall revenue potential of the development
4. Impact of a holistic and integrated commercial offering on the overall occupancy and stability of the development
5. Assessment of additional facilities and retail categories being provided in newer products.

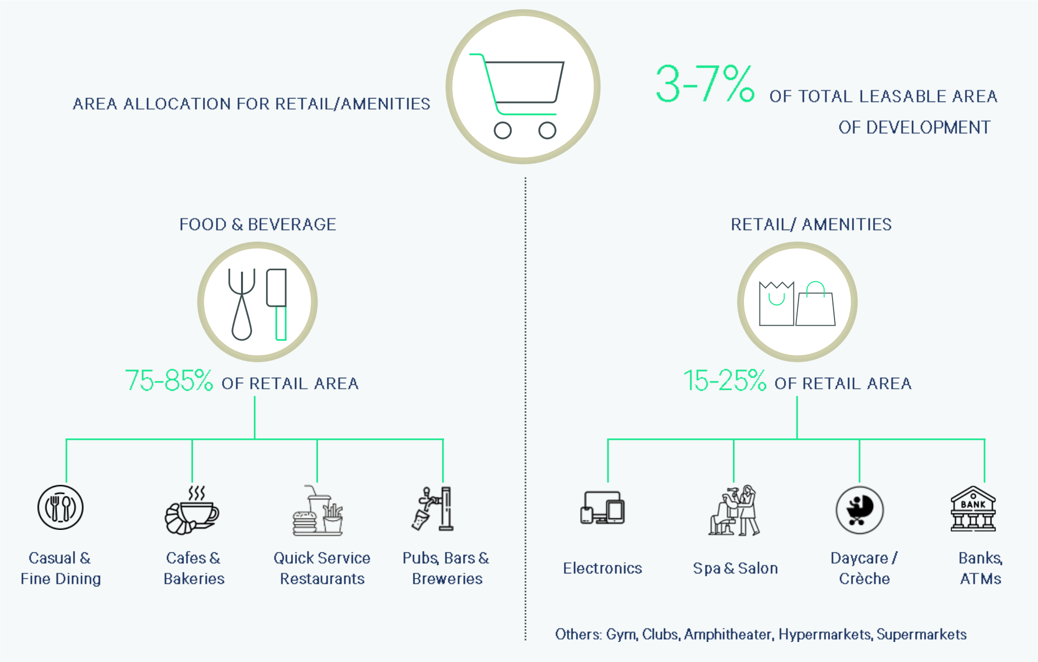
Key highlights of the analysis include, but are not limited to:

1. Proportion of leasable area dedicated towards retail, F&B, and other facilities and amenities as part of the development.
2. Historic trends and the evolving nature of support facilities and amenities across key commercial developments
3. Assessment of overall area breakup of categories and sectors within the retail zones of commercial developments i.e., F&B area, the area under retail stores
4. Evaluation of existing revenue sources for the commercial developments ~ sector/segment-wise split of overall revenue between commercial and retail tenants
5. In-depth analysis of retail revenue to determine key contributing categories.

Key findings of the analysis of office assets are as follows:

Overall area allocated for the retail category across the evaluated assets accounted for **approximately 5-7%** of the total leasable area including food court. A large majority of this area comprises retail outlets/kiosks that enable the asset to cater to the needs of the captive catchment as well as drive footfalls.

The integration of hospitality-centric services across retail areas and amenities across these assets allows the developer to generate additional revenue. This further enables the office parks to act as experience centres and enhance the overall space utility. Further, it has been observed that these developments tend to have relatively higher occupancy rates viz-a-viz the micro market average.



Case in Point 1: A marquee development in Gurgaon with twin towers exemplifies the contemporary trend of integrating retail, F&B, and other support retail such as electronics stores as an offering within commercial spaces. This development with approximately **3-5%** of total leasable area allocated for retail generates nearly 3-5% of total asset revenue highlights the importance of **creating a holistic environment enabling employees to access the outlets and dining options conveniently along with driving footfall from the vicinity**. These factors have also enabled the development to sustain high occupancy levels to the tune of 95-98% against the micro-market average of 90-93%.

Case in Point 2: A marquee development in Hyderabad exemplifies the modern trend of delivering better experience around commute arrival, recreation, technology inclusion, digital interventions, visitor experience, and service quality amongst others. The development has an **average occupancy level of nearly 95-98% against the micro-market average of 86 - 89%**. Approximately **5-7%** of the total leasable area is dedicated to supporting retail covering various top options for casual dining, café, and food court areas generating approximately 4-6% of total asset revenue. The place also has other support retail such as a hypermarket and creche along with amenities such as an amphitheatre. This **hospitality-centric experience unifies the brand experience** while accommodating occupiers' preferences with **thoughtful design and amenities promoting social interaction and collaboration**.

Case in Point 3: A prominent commercial asset located in Bandra-Kurla-Complex has focused on sustainability and providing the occupiers with a sustainable and technology-driven office environment. The developer has allocated nearly **3-5%** of the total leasable area towards retail, majority of which comprises curated F&B offerings. A combination of these facilities and amenities as part of the complex has enabled the development to **sustain healthy occupancy levels** i.e., **95-98%** compared to micro-market average occupancy of 87-90%. This has also assisted in driving footfalls to the dedicated retail zone. Further, retail offerings are able to **generate additional revenues to the tune of 1-3%** for the asset.

Case in Point 4: A strategically positioned commercial development with a focus on delivering hospitality hospitality-centric experience, located in Powai is a product with focus on key retail offerings and experiences. These amenities include a fitness centre, daycare centres, medical facility, and a multi-cuisine food court **accounting for nearly 3-5% total leasable area**. Subsequently, this has allowed the developer to witness healthy occupancy levels i.e., **95-98% compared to the micro-market average of 93 – 96%,** and increased occupier interest and traction for retail services contributing to additional revenues of approximately 2-4%.

Post assessment of these marquee assets, CBRE finds that integration of value-added services and amenitization have enhanced the overall marketability and added to the overall revenue of the asset by approximately 2– 6%. These assets enjoy relatively higher occupancy levels and rentals compared to their relative micro-market averages, thereby having a parallel impact on the need/sustenance of value-added options. Further, the presence of a curated retail offering has assisted in driving footfalls and enriching the overall occupier experience. In addition, F&B offerings reflected the highest contribution towards the overall retail revenue across the shortlisted assets i.e., nearly 85-90%. Other retail offerings ranging between hypermarkets, supermarkets, electronics stores, daycare centres, banks, etc. contribute to the balance share of revenue.

Occupiers are increasingly drawn to modern integrated parks packed with amenities including F&B outlets, outdoor open spaces, fitness & wellness centres, and community events, among others.

Impact of Rising Consumer Expenditure on Commercial Real Estate

The shift in the developer psyche to focus on providing an experiential product is driven by the evolving consumer mindset in India. Indian consumers are now focusing on enhancing their lifestyle and are directing some share of their household expenditure on retail and experiences.

India’s per capita income has shown a consistent upward trajectory, with increased consumer purchasing power. The per capita Gross National Income in India grew from INR 1,17,131 in FY2017 to INR 2,31,711 as of FY2025, registering a Compound Annual Growth Rate (CAGR) growth of 8.9% over this period. *(Source: Second Advance Estimates of Gross Domestic Product for 2024-25, Ministry of Statistics and Programme Implementation, February 2025)*

The household consumption expenditure in India has grown from INR 85.7 trillion in FY2016 to INR 190.6 trillion in FY2024, growing at a CAGR of 10.5% during the period. India’s per capita private final consumption expenditure has increased from INR 49,738 in FY2016 to INR 71,016 in FY2024. The rise in per capita private final consumption expenditure reflects improved living standards. *(Source: Ministry of Statistics and Programme Implementation, May 2025)*

With the increase in consumption expenditure across key segments such as F&B, Clothing, and Transport, India’s growing affluence, the new Indian consumer tends to spend more on quality, variety, and convenience coupled with more experiential offerings. Subsequently, brands are offering high-end services and products to consumers catering to their needs.

Fit out-as-a-Service (FaaS)

Introduction

The value proposition of the Fit-out-as-a-Service solution by flexible workspace operators relies on the premise that flexible workspace operators as their core business, design, build, and service offices for multiple clients, that take managed office solutions from them. This experience may also help such operators create and deliver well designed, compliant, and cost-efficient offices timely for organisations that may be looking to have their own/self-leased office whose fitouts are executed and managed by a third party/flex operator.

The premise that the core business of flexible workspace operators is to design, build, and manage offices for multiple customers may allow them the ability to hold fit-out inventory, have well-negotiated vendor contracts, have set templates and processes in place, have grip over compliances and have full-time delivery teams on payroll that may enable them to build cost and design efficient offices at a quick pace for customers wanting FaaS. Certain FaaS providers may also have partnerships enabling fitout financing for their clients.

Mentioned below are few potential advantages and disadvantages of opting for FaaS from an occupier perspective:

Advantages	Disadvantages
End-to-End Integration and Single Point of Contact: The service provider[46] streamlines the fit-out process by serving as the single point of contact between vendors and occupiers, facilitating seamless integration of all services. This approach ensures comprehensive management and coordination of the entire project thereby, making the whole process hassle free for the occupiers. **Economies of Scale and Cost Efficiency:** The service provider may be able to capitalize on economies of scale to secure better procurement deals. This may result in cost-effective fit outs that maintain high standards of quality. Their extensive industry experience and relationships ensure competitive pricing and superior service delivery. **Quick Delivery of Large Spaces:** Leveraging reserve stock/inventory and extensive experience, the service provider may be able to deliver large-scale spaces quickly and efficiently. Their established relationships with contractors and vendors can enable honoring of short delivery timelines without compromising on quality.	**Restricted Control:** Businesses may have control on certain design aspects; however, the overall delivery timeline and output quality depends upon the service provider. Occupiers can overcome this by clearly outlining the design requirements, quality, expectations, delivery timelines in the contract and by including provisions for regular progress reports and reviews. **Integration Challenges:** Ensuring seamless integration of the design with existing infrastructure and accommodating future modifications can be challenging, requiring meticulous planning and coordination for both the occupier and the service provider. This can be mitigated by having detailed planning sessions, encouraging designs that allow for future modifications, scheduling regular coordination and meetings between the team and service provider. **Dependency on Providers**: Reliance on external service providers can lead to potential issues of quality control, timelines, and alignment with business objectives. Can be mitigated by conducting a thorough research and vetting before selecting a service provider by checking their track record, references, and portfolio to ensure reliability and quality.

This service enables companies to delegate the non-core task of designing, building and managing their office space to specialized providers.

The emphasis on retail areas across the commercial office segment along with the changing nature of expenditure and consumer preferences are also expected to continue the transformation witnessed in the real estate sector. This may drive demand for developments emphasizing holistic consumer experiences with hospitality-centric amenities and facilities. To capitalize on changing dynamics, developers and operators may also evaluate to strategically align their offerings in response to consumer preferences for convenience and quality experience.

[46] *The service provider includes developers, project management consultants, flexible workspace operators and third party vendors.*

Annexure

Company Definition

Company Type	Definition
Start-up	Indian company, with < 5 years of existence and <500 employees
SME	Indian company, with >5 years of existence and <500 employees
Corporate/MNC	Indian company, with >500 employees OR Company headquartered outside India, irrespective of years of existence and no. of employees
Freelancer	Individuals

Abbreviations:

Term	Description
APAC	Asia Pacific
CAGR	Compounded Annual Growth Rate
CY	Current Year
MMR	Mumbai Metropolitan Region
FY	Financial Year
CPI	Consumer Price Index
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GST	Goods and Services Tax
IMF	International Monetary Fund
Mn	Million
NCR	National Capital Region
OMR	Old Mahabalipuram Road
PMAY	Pradhan Mantri Aawas Yojana
psf	per sq. ft.
INR	Indian National Rupee
USD	United States Dollar
RBI	Reserve Bank of India
SEZ	Special Economic Zone
sq. ft. or sf or sft	sq. ft.
Stats	Statistics
Flex	Flexible Workspace
TAM	Total Addressable Market
GER	Gross Enrolment Ratio
FaaS	Fit-out-as-a-Service
GCC	Global Capability Centre
SME	Small-Medium-Enterprises
MNC	Multinational Corporations
CAM	Common Area Maintenance
F&B	Food & Beverage
Y-o-Y	Year-on-Year
HNI	High Net-worth Individuals
EMEA	Europe, Middle East, and Africa

Glossary:

	Description
1	Development Completions / Supply - Represents the total area of new floor space that has reached practical completion and is occupied, ready for occupation or an occupancy permit, where required, has been issued during the survey period.
2	Total Stock - Represents the total completed space (occupied and vacant) in the market at the end of the quarter/year.
3	Vacant Space - Represents the total office space in completed properties, which is available for lease and is being actively marketed at the end of the quarter / year. Space that is not being marketed or is not available for occupation is excluded from vacancy. Space that is Under Construction is also excluded from Vacant Space.
4	Vacancy Rate (%) Calculation - Vacant Space expressed as a percentage of Total Stock.
5	Total Occupied Stock Calculation - Total Stock minus Vacant Space.
6	Absorption/Take Up - Represents the total office space known to have been let out to tenants or owner-occupiers during the survey period. A property is deemed to be taken-up only when contracts are signed, or a binding agreement exists. Unless otherwise stated, references to absorption shall refer to gross absorption.
7	Rental Values - Quoted rental values; measured in INR/sq. ft./month representing the average asking (quoted) rental rate for all available space in existing buildings at the end of the quarter/year. This rate indicates an average of what landlords would charge to lease space in that market, with operating costs covered by the tenant. Rental values provided are exclusive of property taxes.
8	SEZ Stock - Refers to a development type; includes all IT-focused Special Economic Zones approved as per the SEZ India Authority.
9	Non-SEZ Stock - Refers to a development type; includes buildings developed for occupiers involved in IT/ITeS operations (as defined in the National and State Level IT Policies), inclusive of STPI (Software Technology Parks of India) and includes all non-IT buildings, inclusive of those for corporate office space.
10	Grade A - Refers to a development type; the tenant profile includes prominent multinational corporations, while the building area is not less than 10,000 sq. ft. It includes an open plan office with large size floor plates, adequate ceiling height, 24 X 7 power back-up, supply of telephone lines, infrastructure for access to internet, central air-conditioning, spacious and well decorated lobbies, circulation areas, good lift services, sufficient parking facilities and has centralized building management and security systems.
11	Grade B - Refers to a development type; the tenant profile includes mid to small sized corporates, average floor plate sizes, flexible layout, adequate lobbies, provision of centralized or free-standing air-conditioning, adequate lift services and parking facilities. An integrated property management system might not be in place, while external facade might be ordinary. Multiple ownership might be a norm.
12	Institutional Stock - Institutionally held stock / Institutional Stock refers to office assets which are majorly owned and have witnessed investment activity by institutional players such as private equity (“PE”) funds, pension funds, sovereign wealth funds, insurance companies, and real estate investment trusts (“REITs”).
13	Non-institutional Stock - Non-institutional refers to office stock that is held /owned by the developers themselves or have witnessed investment by individual investors and HNI and /or combination of both.
14	Global Capability Centre - GCCs are the captive hubs that include both MNC-owned units that undertake work for the parent’s global operations and the company-owned units of domestic firms
15	Placemaking - Placemaking spans planning, designing, and managing spaces that inspire and promote social interactions and exchange, contributing to an elevated holistic experience
16	Alternate assets - Alternate assets refer to mixed-use developments, hotel, and mall establishments
17	Refurbishment - Refurbishment refers to the process of renovating and improving a property to enhance its functionality and value. This includes structural repairs, updating electrical and plumbing systems, modernizing interiors, enhancing energy efficiency, and improving exterior features with a goal to restore and upgrade the property to meet current standards and market demands.
18	Net Absorption - Net Absorption represents total office space known to have been let out to tenants or owner-occupiers excluding the space that has been vacated, during the survey period.
19	Gross Absorption - Gross absorption represents the total office space been let out to tenants or owner-occupiers during the survey period.
20	Flex/Flexible Stock - Summation of the total area under occupancy/management by all the flexible workspace operators across the country
21	Benchmarked operators - For the purpose of this report, benchmarked operators refer to WeWork India, IndiQube, and Awfis