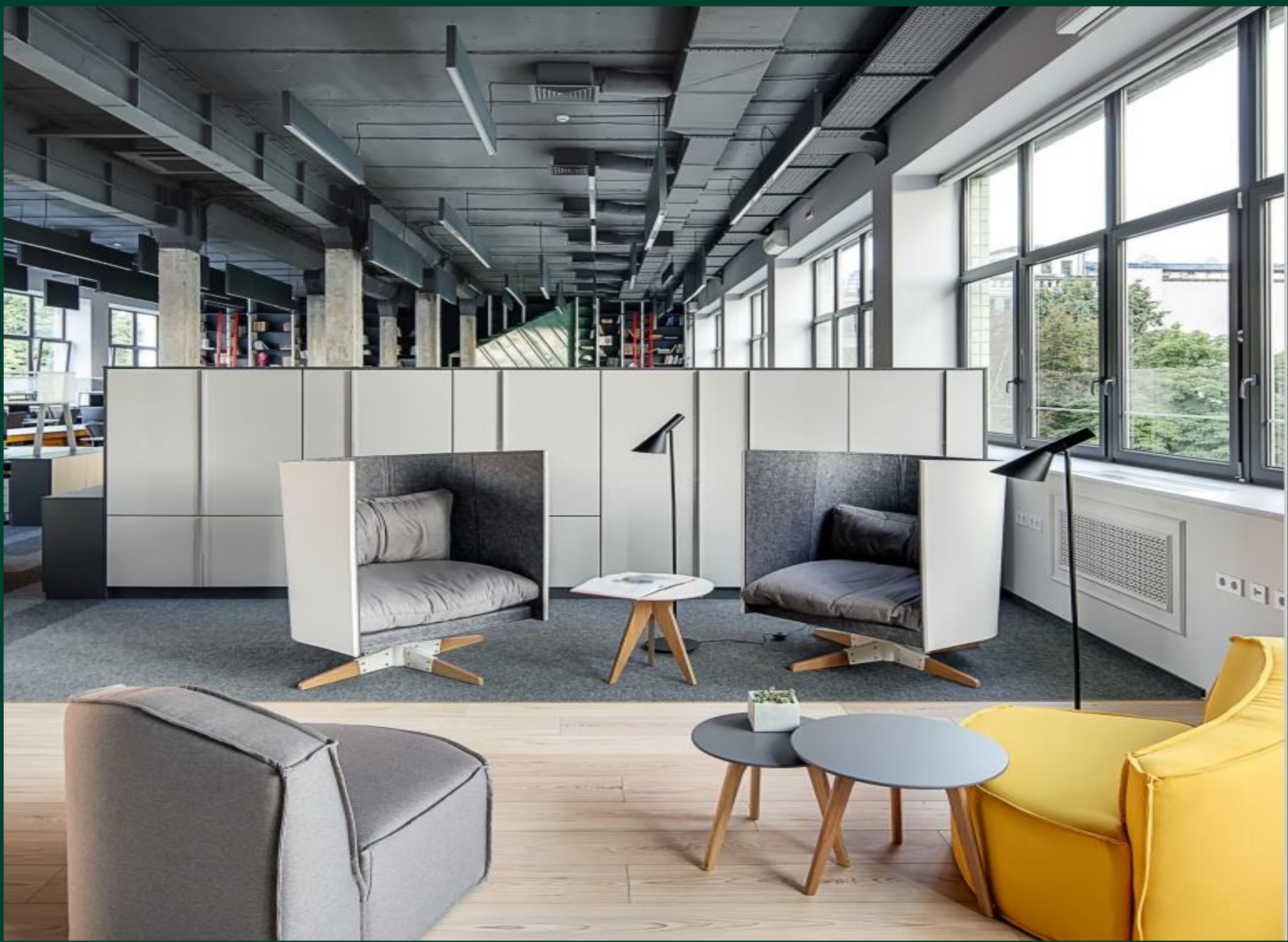
CBRE

# INDUSTRY REPORT ON FLEXIBLE WORKSPACES SEGMENT IN INDIA

Prepared for IndiQube Spaces Limited



June, 2025

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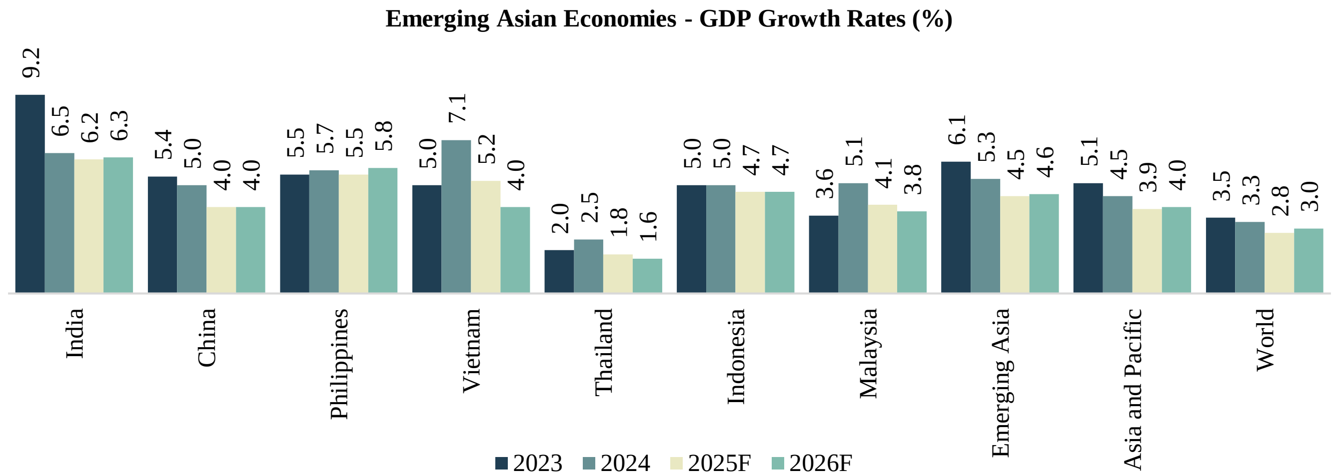
*Overview of Commercial Real Estate & Flexible Workspace Sector in APAC*

## Asia Pacific (APAC) Economy Overview

Asia-Pacific (APAC) region[1] contributes approximately 35% of the world's GDP (Gross Domestic Product) and 56% to the world's population in CY2024. *(Source: IMF, Data Mapper, April 2025)* 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 inflation (average consumer prices) at 4.3% in CY2024, a decrease from 4.8% inflation in CY2023. This decline is driven by reducing commodity prices and rising domestic demand surpassing pre-pandemic levels. *(Source: IMF, Data Mapper, April 2025)*

As per the IMF, the Asia Pacific region's GDP is projected to grow by 3.9% in CY2025, outpacing the projected world growth rate of 3.3%. India is forecast to grow by 6.2% in CY2025 driven by continued investment and growing private consumption. *(Source – IMF Data Mapper, World Economic Outlook, April 2025)* The positive outlook is based on sustained growth of the Services Sector (including the expansion of Global Capability Centres (GCC)), and an expected strengthening of the manufacturing sector, supported by Government initiatives.[2] *(Source: World Bank, India Development Update: India's Trade Opportunities in a Changing Global Context, September 2024)*

As per the IMF, India's GDP growth rate is forecast to outpace the growth of Emerging Asia[3], 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)*

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*[1] APAC Region includes Australia, New Zealand, Japan, Hong Kong SAR, Korea, Taiwan Province of China, Singapore, Bangladesh, Brunei Darussalam, Cambodia, China (People's Republic of), India, Indonesia, Lao PDR, Malaysia, Myanmar, Mongolia, Nepal, Philippines, Sri Lanka, Thailand, Vietnam and pacific island countries – Fiji, Kiribati, Marshall Islands, Micronesia, Nauru, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu (Source – IMF, Regional economic Outlook – Asia and Pacific)*

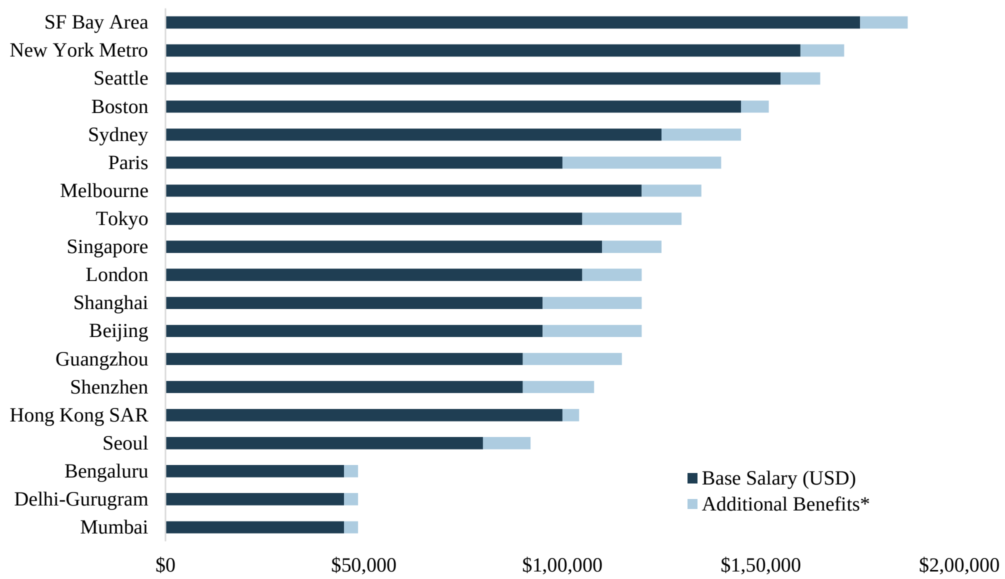
*[2] The PM Gati Shakti master plan to enhance logistics infrastructure, the Trade Infrastructure for Exports Scheme, and increased tax efficiency and rationalized tax rates to improve the business environment*

*[3] As per IMF analysis, emerging Asia includes – China, India, Philippines, Indonesia, Malaysia, Thailand, and Vietnam*

***Asia Pacific (APAC) - Position among Global Markets***

Asia Pacific's growing economy and diversity coupled with the wage differential and availability of the working population are facilitating the growth in hiring across the 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*

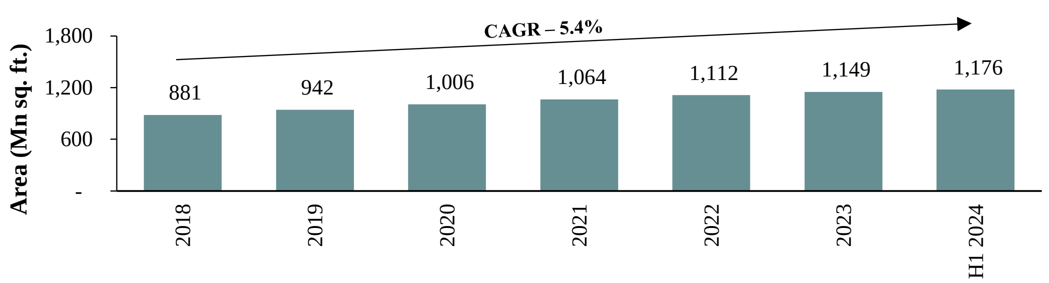
Capitalizing on labour cost arbitrage and availability of talent pool, India remains the global leader in offshoring with an estimated 5.4 Mn people employed directly through technology-related industries, forecast to contribute approximately 57-58% share in the global sourcing market in FY2025 as compared to a 55% share in FY2019. *(Source: NASSCOM)*

The infrastructure and business environments across key locations in the APAC region position it 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**

Supported by rising demand and supply completion, the APAC region had an overall net addition in stock of approximately 295.3 Mn sq. ft from CY2018 to H1 CY2024. The total recorded office stock in APAC has grown at a CAGR 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[4] 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.*

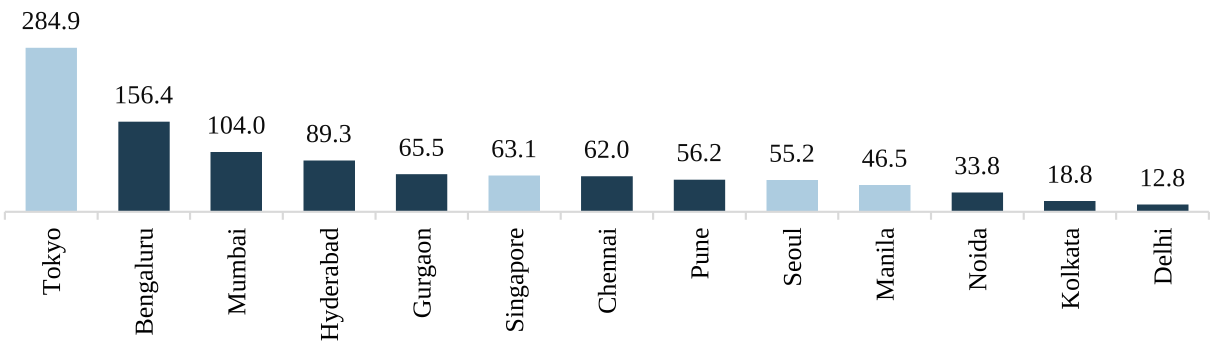
[4]*Good quality office developments with NFA normally >1,00,000 sq ft; modern with high quality finishes; flexible layout; large floor plate (normally >5,000 sq ft); spacious, well decorated lobbies and circulation areas, effective central air-conditioning; good lift services zoned for passengers and goods deliveries; professional management; parking facilities normally available.*

**Comparison Between Key Indian and Selected APAC Cities**[5]

**Total Office Stock (as of H1 CY2024)**

Tokyo is amongst the leading markets with a grade A office stock of 284.9 Mn sq. ft. Indian cities such as Bengaluru, MMR, and Hyderabad are amongst the leading markets after Tokyo in APAC 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.

**Select Global Cities - Total Office Stock (Mn sq. ft.) as of H1 CY2024**




*Source: CBRE as of H1 CY2024*

Notes: *(1) For office stock in India, total office stock represents the total completed space (occupied and vacant) in the market at the end of the quarter/year across Grade A developments only.*

*(2) For office stock outside India, Seoul includes only Grade A office stock; the remaining regions – Tokyo, Manila, and Singapore include total stock across all grades*

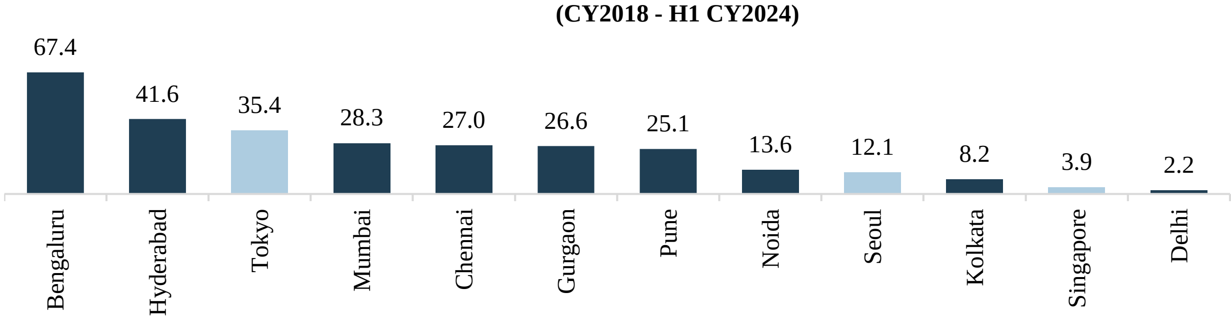
*(3) All the above-mentioned office stock figures are in Net Floor Area (NFA); Net floor area includes the whole space inclusive of common corridors, server rooms, shared amenity areas, etc.*

The key office locations in India have witnessed increased interest from occupiers, indicating a growing demand for quality office spaces. The increasing preference for quality office spaces highlights the evolving expectations of occupiers and India's ability to meet those demands.

**Cumulative Office Absorption (CY2018 – H1 CY2024)**

A growing economy, domestic consumption, relatively affordable rentals and growing demand from domestic and Multinational Corporations (MNCs) globally have been 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 in terms of absorption, absorbed more office space than the selected APAC cities *(Tokyo, Seoul, and Singapore)* combined in CY2018 – H1 CY2024. (*Source: CBRE)*

**Select Global Cities - Cumulative Office Absorption in Mn sq. ft.**
**(CY2018 - H1 CY2024)**




*Source: CBRE*

*Note: (1) The cumulative absorption figures are in Net Floor Area (NFA) including Grade A stock across all cities except – Tokyo, Seoul, and Singapore; 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*

Backed by demand from domestic firms and multinational corporations, leasing activity in India remained robust, with absorption for Bengaluru as the highest amongst comparable regions, followed by Hyderabad as of H1 CY2024. In Tokyo, ongoing flight to quality and expansion by domestic occupiers in existing buildings supported the leasing activity.

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[5] *To illustrate the key nuances of flexible workspace activity in the APAC region, four prominent cities, namely Seoul, Tokyo, Singapore, and Manila have been chosen for consideration below based on:*

*a) Absolute quantum of flexible workspace stock depicting the market size.*
*b) Nature of the economy; and*
*c) Similarities with the Indian office market.*

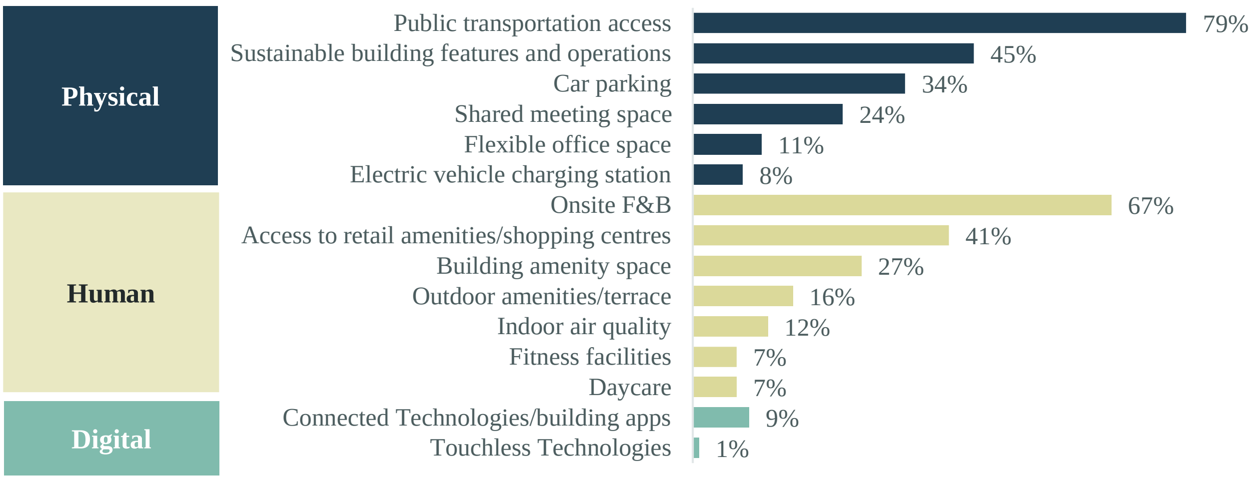
*Changing Occupier Preferences*

Amid growing awareness of the issue of wellness in the office and the need for collaboration and personal relationships, along with the limitations of working from home such as the unavailability of internet connections, constraints on household space and risk of data theft, many organizations have experienced a strategic shift from working from home to hybrid or completely in-office models. This has resulted in an increase in demand for high-quality spaces in the 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.

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. As per CBRE's 2024 Asia Pacific Office Occupier Survey[33], occupiers' building preferences are skewed towards accessibility and convenience. Key features like public transportation, sustainability features and onsite F&B are the top three considerations among occupiers seeking to upgrade their office portfolios.

Prime assets in core locations continue to outperform; Environmental, Social and Governance (ESG) performance are increasingly sought after. As a result, leasing demand is expected to be concentrated in top-quality assets in core locations providing direct access to amenities and public transportation along with buildings with ESG credentials. *(Source - CBRE Research, Investing in Asia Pacific Real Estate: Investment Strategies – Structural vs. Cyclical; August 2024)*

**Most Sought after Building Features, July 2024**

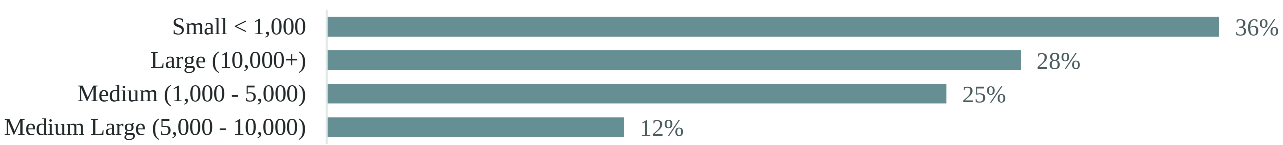



*Source: CBRE Research, 2024 Asia Pacific Office Occupier Survey; September 2024*

*Note: Multiple options were allowed; the Survey was conducted between June 6, 2024, and July 12, 2024, ~ No. of respondents for the above is 128*

***Flexible Workspace as a Segment in Office*:** CBRE's 2024 Asia Pacific Office Occupier Survey[33] also indicates that more occupiers have incorporated or plan to integrate flexible office space into their portfolios. Over 25% of respondents stated that the flexible workspace comprises more than 10% of their portfolio. However, this proportion is expected to increase to 39% over the next three years.[6] At an Asia Pacific Level, the survey indicates that smaller firms (with a number of staff less than 1,000) may allocate 36% of their offices to flex space for key reasons such as availability of prime location, access to shared amenities, and ease of managing fluctuations in headcount. *(Source - CBRE Research, 2024 Asia Pacific Office Occupier Survey; September 2024)*

**Use of Flexible workspace over the next three years by company size (No. of staff)**




*Source: CBRE Research, 2024 Asia Pacific Office Occupier Survey, September 2024*

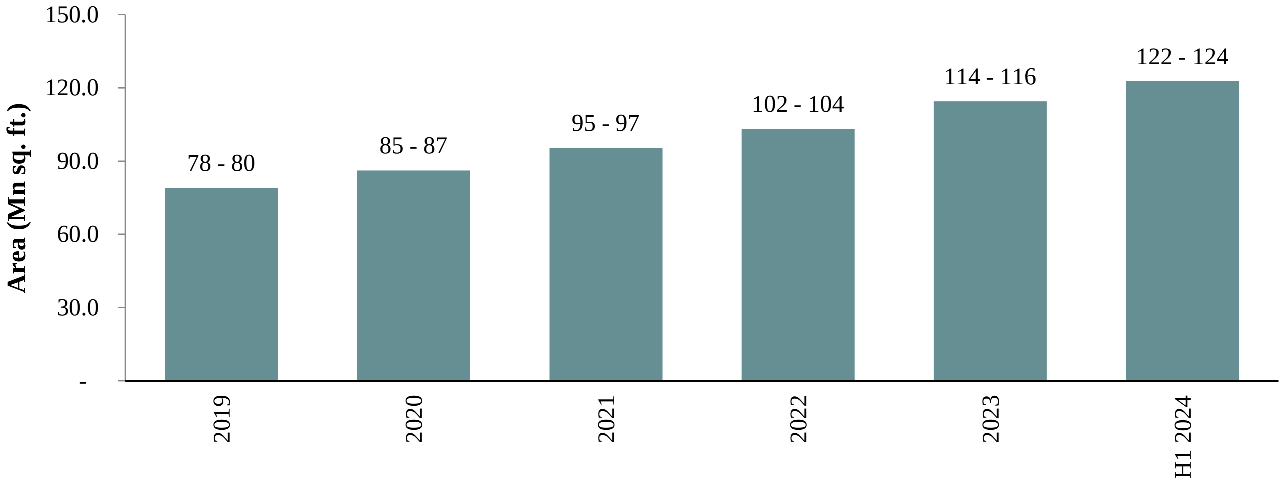
*Note: The survey was conducted between June 6, 2024, and July 12, 2024, ~ No. of respondents for the above is 71*

[6] *N – 71, some respondents selected unsure as the option*

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

The flexible workspaces[7] market in the APAC region continued to display stable growth in the last few years. The Asia Pacific flexible workspaces market has remained steady, with the total volume of flexible space in the region reaching approximately 122 - 124 Mn sq. ft. as of 30th June 2024.

**APAC - Total Flexible Workspace Stock (CY2019 - H1 CY2024)**

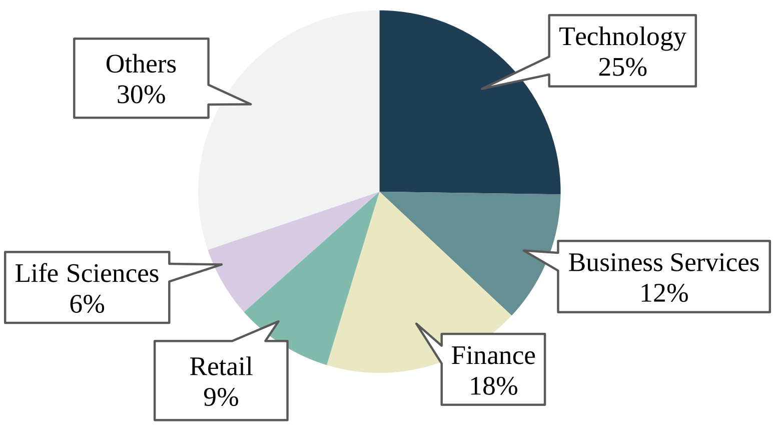



*Source: CBRE, H1 CY2024*

*Note – Flexible Workspaces includes serviced offices and co-working space located in both office and non-office space; for India – Flexible Workspaces includes Flexible workspace centres located in both office and non-office space. The stock number above includes total stock across all grades; the stock includes 19 Asia Pacific markets: Beijing, Shanghai, Shenzhen, Guangzhou, Hong Kong SAR, Taipei, Seoul, Tokyo, Singapore, HCMC, Hanoi, Bangkok, Manila Makati and Fort Bonifacio, Sydney, Melbourne and Auckland and Indian markets – Bengaluru, Chennai, Delhi, Gurgaon, Noida, Hyderabad, Kolkata, Mumbai and Pune.*

Major industry sectors driving demand for flexible workspace include technology and finance followed by the business services sector.

**Tenant Sector Absorption - Flexible Office Space in Asia Pacific* (for H1 CY 2024)**




*Source: CBRE, H1 CY2024*

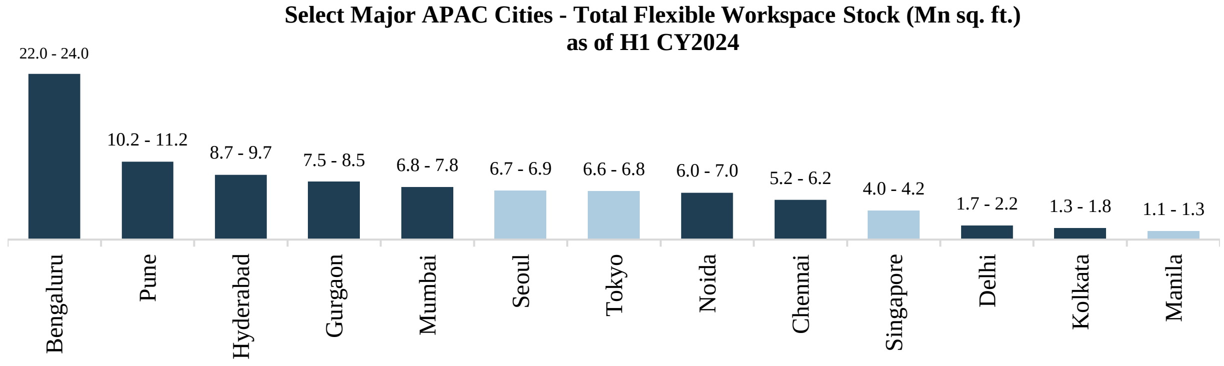
*Note: The % highlighted above is based on enterprise customer contracts in H1 CY2024; *The Market covered above includes Beijing, Shanghai, Hong Kong SAR, Tokyo, Seoul, Singapore, Delhi NCR, Bengaluru, Mumbai, Sydney CBD, and Melbourne CBD; Others above includes 3rd party space providers, Real estate, Transportation and logistics, Healthcare and life science, Resource, Education, Public/extraterritorial organizations, Industrial, Hotels, restaurants & Leisure and consumer products*

[7] *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.*

**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 in terms of quantum of flexible workspace stock, 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.




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

India is one of the largest flexible workspaces markets in APAC with a total stock of over 72 Mn sq. ft. in Tier 1 cities as of H1 CY2024 (across the top 9 cities – Bengaluru, Mumbai, Hyderabad, Pune, Chennai, Kolkata, Delhi, Gurgaon & Noida)

As highlighted in subsequent sections, favorable demographics, availability of quality talent pool and relative competitive cost for talent 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-efficient operations. This may also support the existing demand for flexible workspace solutions.

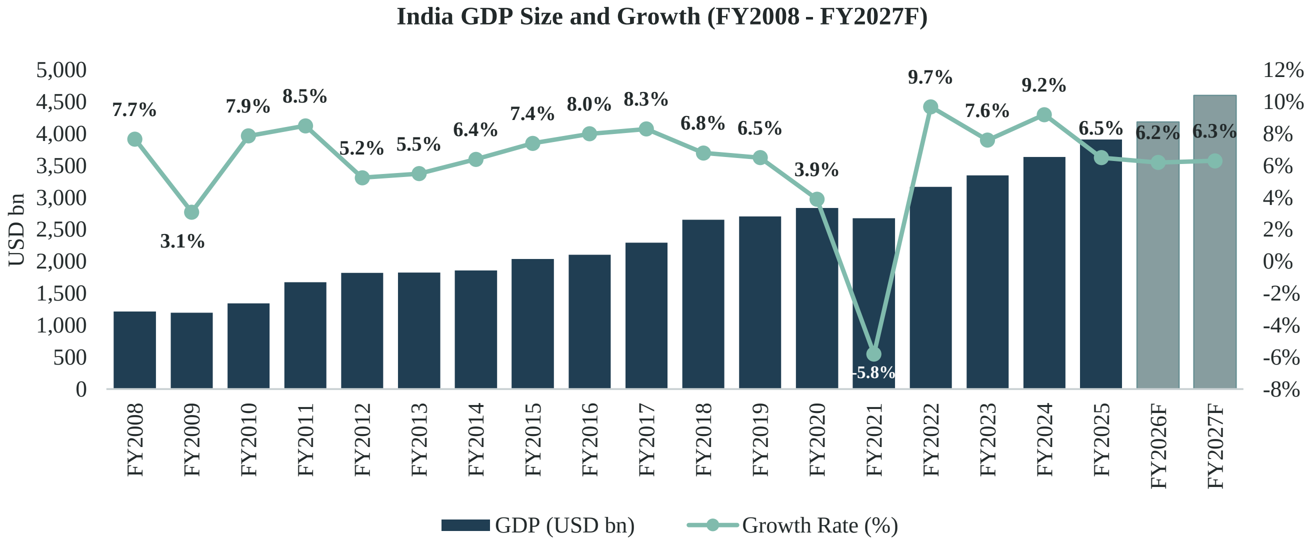
*Note: Data in this section has been represented based on the most updated information available across a common period for all APAC markets covered above, i.e. June 2024 (in order to ensure consistency across regions)*

***Indian Economy Overview***

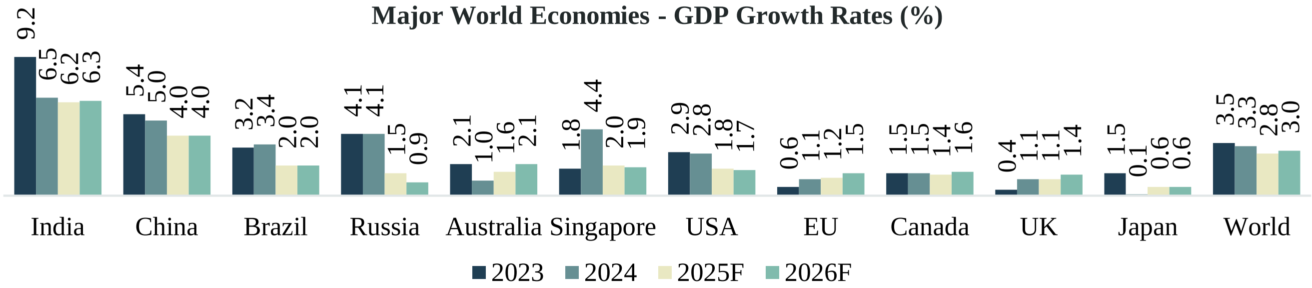
**Overview of Indian Economy**

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)*. India is forecast to record a GDP of approximately USD 4.18 trillion (FY2026F[8]). For FY2024, India had a Gross Domestic Product (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 is driven by increasing domestic demand and employment surpassing pre-pandemic levels, rising service exports and the country's digital and Government infrastructure. India's economy is projected to grow by 6.5% in FY2025. *(Source: IMF, April 2025)*

India is forecast to become the third-largest economy in the next 3 - 4 years with a projected GDP of USD 5.58 trillion in CY2028, surpassing Germany with forecast GDP of USD 5.25 trillion for CY2028. *(Source: IMF Data Mapper, April 2025)*




*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)*




*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)*

Despite geopolitical tensions, ongoing conflicts, and trade policy risks that continue to pose significant challenges to global economic stability, India displayed steady economic growth, *(Source: Economic Survey, 2024-25, Department of Economic Affairs, January 2025)*

Further, the World Bank forecasts the Indian economy to grow in the medium term, assuming gradual improvements in the global environment, no major external shocks, and a positive boost from recently adopted policies. The positive outlook is based on sustained growth of the Services Sector (including the expansion of Global Capability Centres (GCC)), and an expected strengthening of the manufacturing sector, supported by Government initiatives.[9] *(Source: World Bank, India Development Update: India's Trade Opportunities in a Changing Global Context, September 2024)*

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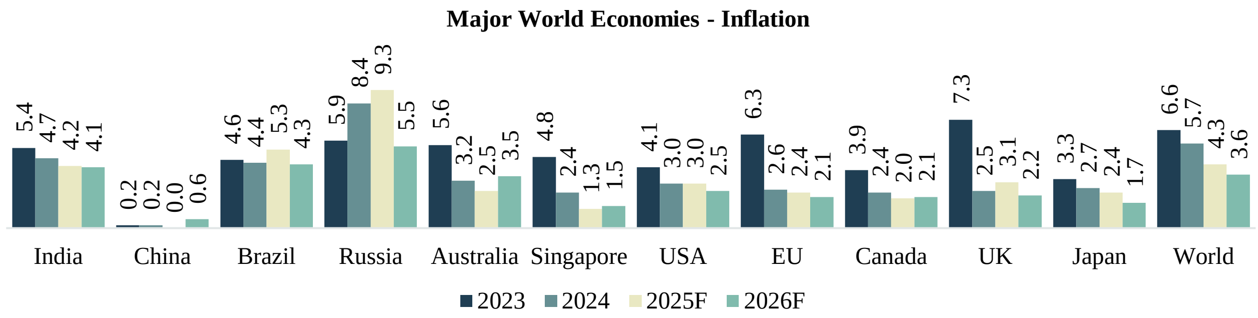
[8] *FY2026 – Fiscal Year 2026 ~ 1st April 2025 to 31st March 2026. While FY2026F refers to the forecast for April 2025 to March 2026*
[9] *The PM Gati Shakti master plan to enhance logistics infrastructure, the Trade Infrastructure for Exports Scheme, and increased tax efficiency and rationalized tax rates to improve the business environment.*

However, its important to note, there are currently numerous geopolitical tensions across the world, the outcomes of which are uncertain, with a potential of rapid escalation which could produce a significant impact on global trade and economies. Further, trade tariffs have recently been implemented between major global economies, and there is uncertainty on how future tariffs may eventuate. These factors have created significant risk to global economic conditions. How these events may impact the Indian economy is unknown, and there is an increased uncertainty to forecasts.

***Key Economic Indicators of India***

***Inflation Environment*** - Inflation has increased in most of the Western economies post-COVID-19, primarily due to the disruption in global supply chains, supply-demand imbalances post-pandemic and rising geopolitical conflicts. Retail inflation in India has followed a steady downward path over the past three financial years, falling from 6.7% in FY2023 to 5.4% in FY2024, and further to 4.7% in FY2025. *(Source: IMF Data Mapper, October 2024; Ministry of Finance, April 2025*). RBI forecast inflation to be 4.0% in 2025-26 with quarterly estimates at 3.6% in Q1, 3.9% in Q2, 3.8% in Q3, ands 4.4% in Q4. *(Source: Press release, RBI Issues April 2025 Policy Update, April 2025).*

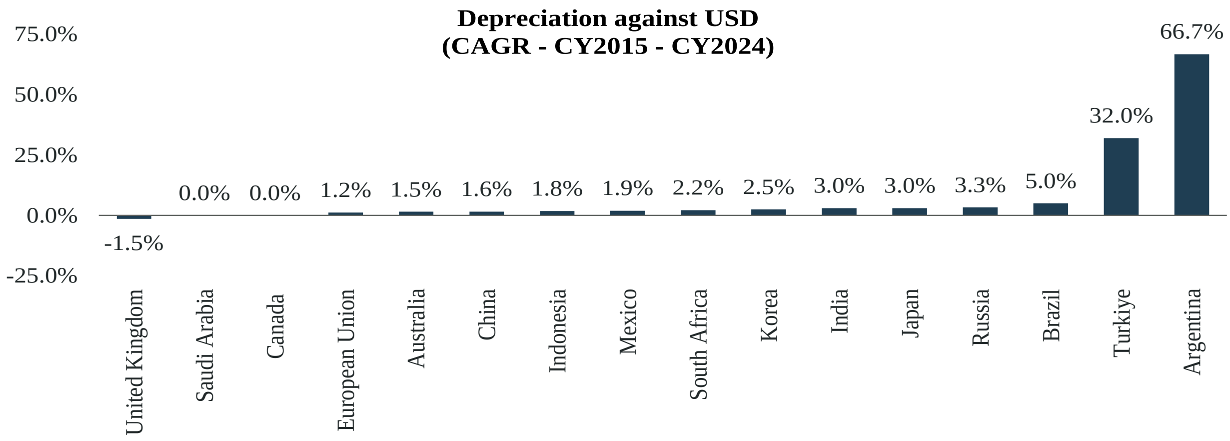



*Source: IMF estimates, Data Mapper, April 2025*

** 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)*

***Interest Rates Environment*** - The RBI increased the repo rate (Repurchasing option rate) to 250 bps (in phases) from 4.0% in January 2022 to 6.5% in February 2023 as a measure to curb rising inflation. The Monetary Policy Committee, following an in-depth evaluation of the changing macro-economic and financial conditions, along with the economic forecast, has decided to lower the policy repo rate by 50 basis points, adjusting it from 6.50% to 6% as of April 9, 2025. *(Source: RBI Bulletin, May 2025)* This was further reduced by 50 basis points to 5.5% as of 6$^{th}$ June 2025, in consideration of softened inflation rates over the last six months. *(Source: RBI, Monetary Policy Update, June 2025)* The reverse repo rate continues to be stable at 3.35% from April 2023 to March 2025. *(Source: RBI Bulletin, May 2025)*

**Depreciation of Indian Currency against US Dollar -** India's foreign exchange reserves recorded a figure of USD 696.6 billion, as of 6$^{th}$ June 2025. *(Source: RBI, June 2025)* Following a significant contraction due to the COVID-19 pandemic, the Indian economy has exhibited recovery. The demand for services, domestic consumption, investments in public infrastructure, and technological advancements continued to fuel India's economic growth. *(Source: World Bank, India Development Update: India's Trade Opportunities in a Changing Global Context, September 2024)* The graph below illustrates the CAGR depreciation of the local currency of various countries against the USD.




*Source: Bilateral Exchange Rates,[10] January 2025*

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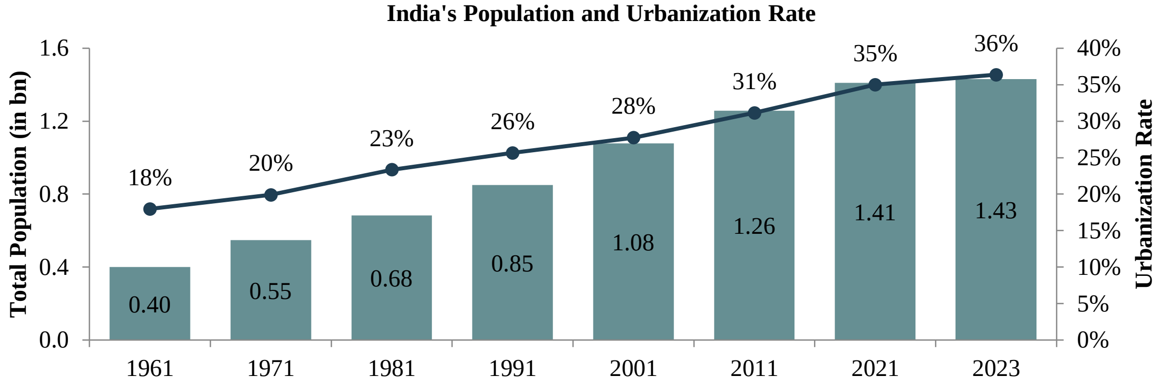
[10] *Bank for International Settlements (2025), Bilateral exchange rates, BIS WS_XRU 1.0 (data set), https://data.bis.org/topics/XRU/data (accessed on 28 January 2025).*

*Key Demographic Indicators*

**India's Population** - India's population grew from 1.26 billion people in 2011 to 1.44 billion in 2024, a CAGR of 1.06% over the period, and is now 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. *(Source: UNFPA)*

**Urbanization -** The share of the urban population in India grew from 31% in 2012 to 36% in 2023 and is forecast to increase to approximately 40% or 600 million people by 2036. *(Source: World Bank Open Data)*

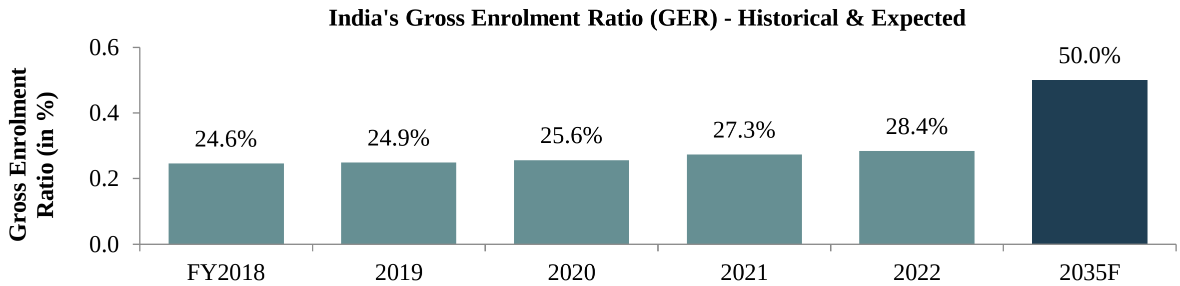



*Source: World Bank – Data as of July 2025, IMF Estimates, April 2025*

**Availability of Skilled Workforce -** India has one of the largest higher education systems in the world and is ranked second in terms of higher education[11] network. *(Source: Ministry of Education, Study in India)* India had approximately 265 million students across 1.5 million schools and 11.31 million graduates in 2022. The total number of those enrolled in higher education increased to nearly 43.3 million in 2022 from 34.2 million in 2015, growing at a CAGR of 3.4% during the period. *(Source: Ministry of Education, AISHE 2021-2022)*

According to NASSCOM, in FY2023 India had one of the world's largest annual supply of Science, Technology, Engineering & Management (STEM) graduates at over 2.5 million. Based on the availability of technology-skilled workforce, India is ranked 2nd globally as per the 2023 AT Kearney Global Locations Service Index. *(Source: NASSCOM, Strategic Review 2024)*

**Gross Enrolment ratio -** India has an estimated gross enrolment ratio (GER)[12] of 28.4% for higher education as of 2022. The National Education Policy implemented in 2020 has been designed to give a boost to GER with a target of 50% GER by 2035. *(Source: All India Survey on Higher Education, 2021-2022)* The forecast GER is anticipated to increase the availability of the talent pool in India.



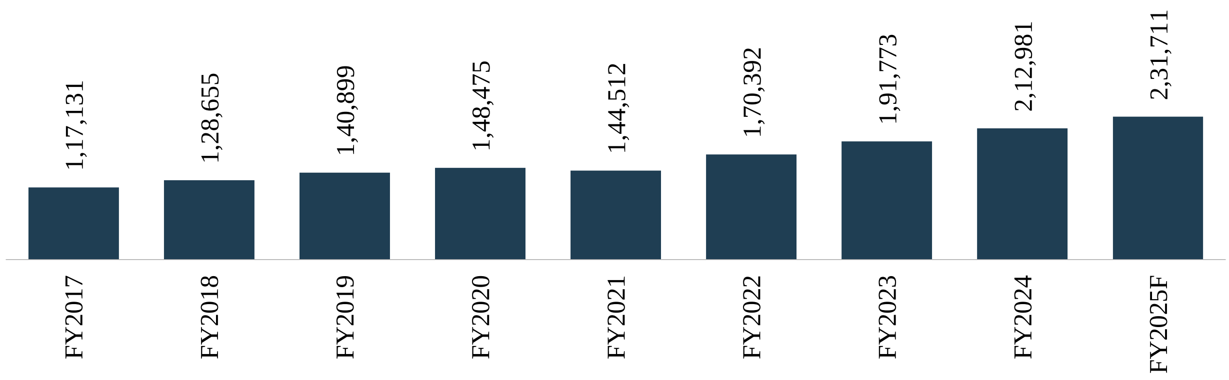

*Source: All India Survey on Higher Education, 2021-2022*

[11] *The term 'higher education' with respect to India denotes the tertiary level education that is imparted after 12 years of schooling (10 years of primary education and 2 years of secondary education).*

[12] *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.*

***Growing per capita income in India -*** India's per capita income has witnessed growth over the past few years. The per capita Gross National Income in India grew from INR 1,17,131 in FY2017 to INR 2,12,981 in FY2024. *(Source: National Accounts Statistics 2025, Ministry of Statistics and Programme Implementation, May 2025)* Further, per capita income in India is estimated to grow to INR 2,31,711 by FY2025 *(Source: Second Advance Estimates of Gross Domestic Product for 2024-25, Ministry of Statistics and Programme Implementation, February 2025)*

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

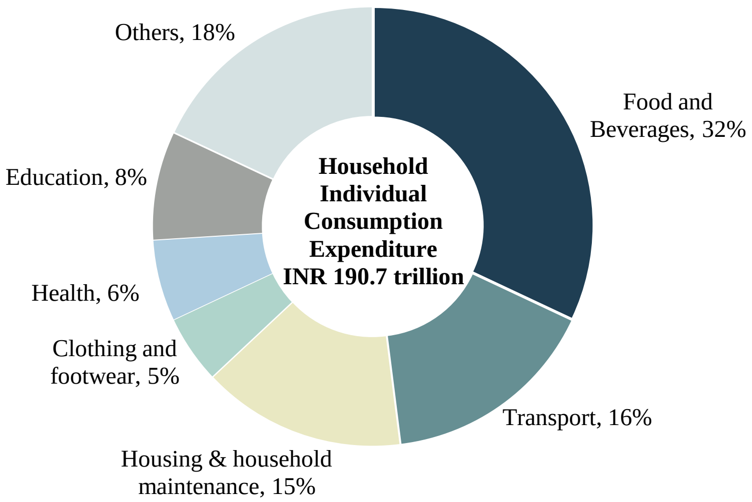



*Source: Second Advance Estimates of Gross Domestic Product for 2024-25, Ministry of Statistics and Programme Implementation, February 2025, National Accounts Statistics 2025, Ministry of Statistics and Programme Implementation, May 2025*

Growing income levels in India have led to an increase in the number of millionaires across the country. Approximately 326,400 individuals were classified as millionaires (USD 1 Mn+) as of December 2023, an 85% increase over the past decade. Mumbai and Delhi rank among the top 10 wealthiest cities in the BRICS[13] nations for 2024.[14] *(Source: World Health, Henley & Partners, December 2023)*

The household individual consumption expenditure (at current prices) in India has grown from INR 85.7 trillion in FY2016 to INR 190.7 trillion in FY2024, growing at a CAGR of 10.5% during the period. *(Source: Ministry of Statistics and Programme Implementation, May 2025)* India's per capita private final consumption expenditure[15] (at current prices) has increased from INR 49,738 in FY2016 to INR 71,016 in FY2024. (*Source: Second Advance Estimates of Annual GDP for 2024-25, Ministry of Statistics and Programme Implementation, February 2025*)

**Split of Household Individual Consumption Expenditure, FY2024**




*Source: Ministry of Statistics and Programme Implementation, May 2025*
*Note – The data is measured at current prices; Others include expenditure incurred on categories such as Communication, Recreation and Culture, Restaurants and Hotels and Miscellaneous goods and services.*

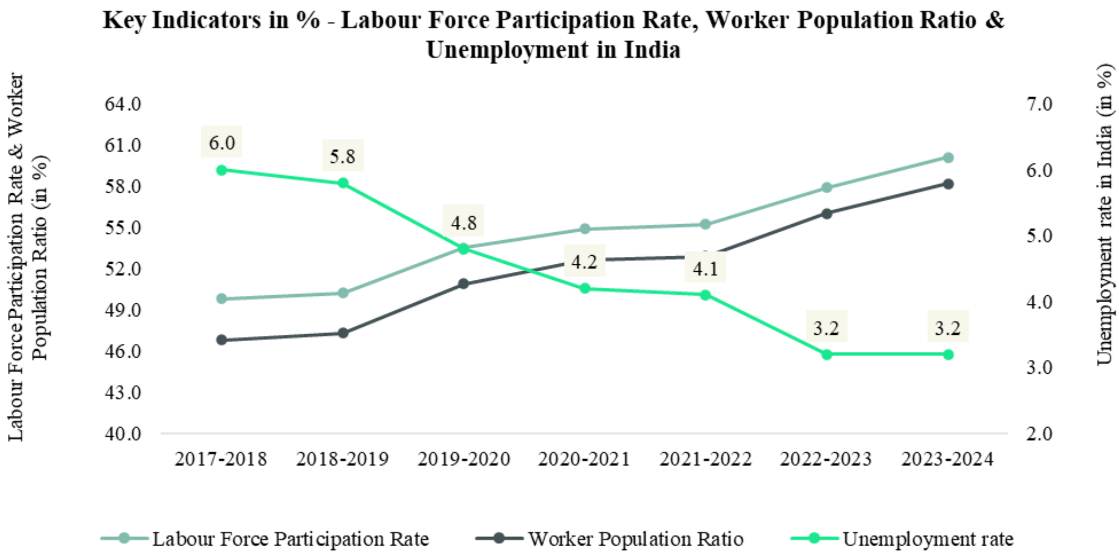
[13] *BRICS nations includes Brazil, Russia, India, China & South Africa*
[14] *Mumbai has an estimated 58,800 millionaires while Delhi has approximately 31,000 millionaires.*
[15] *Private final consumption expenditure (PFCE) includes final consumption expenditure of (a) households and (b) non-profit institutions serving households (NPISH) like temples, gurdwaras. The final consumption expenditure of households relates to outlays on new durable as well as non-durable goods (except land) and on services.*

The increase in income levels and disposable income is reshaping Indian consumer behaviour, as individuals now have the means to indulge in aspirational shopping, experiences, and purchases beyond necessities. Household Individual Consumption Expenditure incurred on Transport, Recreation and Culture, Restaurants and Hotels have grown at a CAGR of 12.5%, 10.5% and 12.3% respectively during the period FY2016 to FY2024. *(Source: Ministry of Statistics and Programme Implementation, May 2025)* This highlights a shift in the spending behaviour of Indian Households. With the increase in consumption expenditure across key segments such as F&B, Clothing, Transport, and Hotels supported by rising income levels, the Indian consumer tends to spend more on quality, variety, and convenience coupled with more experiential offerings. Capitalizing on the changing consumer behaviour, India has seen the emergence of international luxury brands established in the Indian market.

***Labor Force Participation Rate and Employment***

Key indicators such as India's worker population ratio, and labour force participation rate[16] have shown a positive trajectory over the past 6 years. This has been supported by key Government initiatives such as Atmanirbhar Bharat Abhiyan[17], Product Linked Incentive scheme[18], Start-up India[19], and Skill India Mission[20], which have been implemented to support job creation and creating a supportive environment for Small & Medium Enterprises SMEs/Startups.

The net payroll additions to the EPFO have grown from 6.11 million in FY2019 to 12.98 million in FY2025, highlighting the growth in hiring across organized sectors encompassing IT, Engineering & Manufacturing, Education, Banking, Financial Services and Insurance (BFSI) amongst others. (*Source: Ministry of Labour and Employment, Employees' Provident Fund Organisation, May 2025)* The increase in jobs and labour force participation rate has coincided with an overall decrease in unemployment rate from 6.0% in 2017- 2018[21] to 3.2% in 2023-2024[8]. Youth participation in the labour force[22] has also increased, the unemployment rate in the younger population (youth aged 15-29 years) has declined from 17.8% in 2017-2018 to 10.2% in 2022-2023[8]. *(Source: The Indian Economy Review – January 2024, Economy 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, Ministry of Statistics and Programme Implementation, September 2024, Directorate of General Employment*

*Note – The survey period of PLFS surveys is from 1st July to 30th June of next year.*

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[16] *Labour force participation rate (LFPR): LFPR is defined as the percentage of persons in the labour force in the population (Source: Annual Report Periodic Labour Force Survey, Ministry of Statistic and Programme Implementation, September 2024)*
[17]*Launched on 12 May 2020, with an C and its citizens independent and self-reliant in all senses by focusing on five pillars of Aatma Nirbhar Bharat – Economy, Infrastructure, System, Vibrant Demography and Demand*
[18]*A scheme launched to enhance India's manufacturing capabilities, increase in capital expenditure, and to promote worker welfare and attract investments in key sectors, bring economies of size and scale in the manufacturing sector and generate employment.*
[19]*Launched on 16th January 2016, it is a flagship initiative of the Government of India, intended to catalyse startup culture and build a strong and inclusive ecosystem for innovation and entrepreneurship in India.*
[20]*Includes skill training initiatives.*

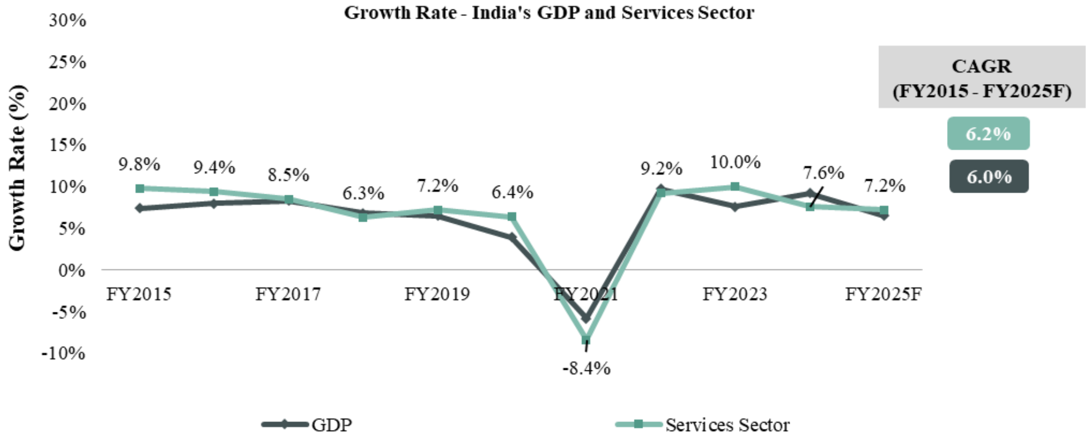
[21] *The survey period of PLFS surveys is from 1st July to 30th June of next year.*

[22]*Approximately 2/3rd of the new subscribers in EPFO payroll have been from the 18-28 years age group.*

As per the Reserve Bank of India's latest KLEMS[23] Data, employment in the country has grown at a CAGR of 5.2% over the period FY2018 – FY2024, from 475 Mn in FY2018 to 643 Mn in FY2024. *(Source: Ministry of Labour & Employment, Press Release, July 2024)* This growth is supported by an increase in employment in the services sector from 141 Mn in FY2013 to 201 Mn in FY2023, highlighting the sector's growth and a favourable shift towards white-collar jobs *(Source: RBI, KLEMS employment Database, July 2024)*. This is supported by next generation industries across key sectors such as Information Technology, Sustainability, Healthcare, and Automobiles amongst others.

***Services Sector***

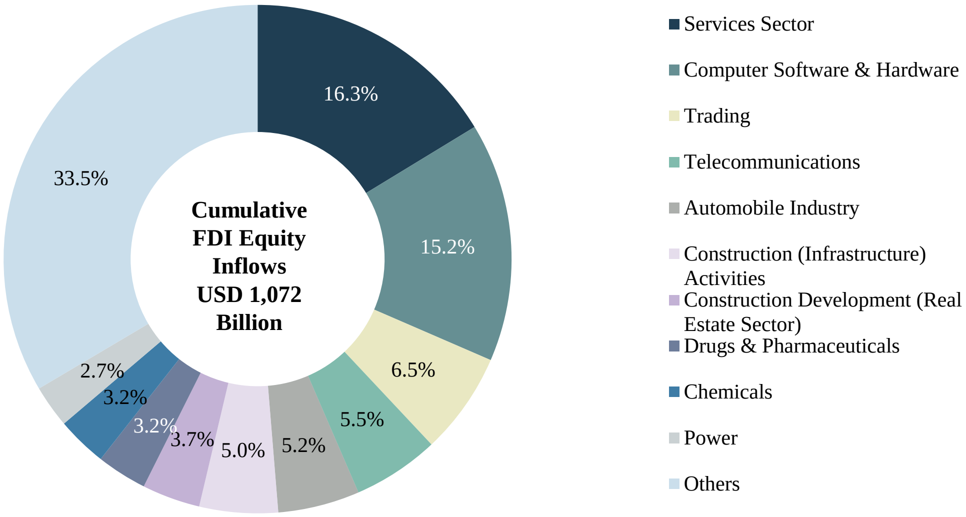
The Services Sector[24] continues to be one of the key contributors to India's growth, accounting for approximately 55 per cent of the total Gross Value Added[25] in FY25. *(Source: Second Advance Estimates on Annual GDP 2024-25, Ministry of Statistics and Programme Implementation).* Supported by growth in business activity in the Service Sector[26] and increase in people employed within the sector, the Services Sector has outperformed GDP growth over the same period.




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

India's Services Sector was the largest recipient of Foreign Direct Investment (FDI) equity inflows worth USD 118.8 billion between April 2000 – March 2025, approximately 16.3% of the total FDI Equity inflow over the period. The Services Sector's FDI equity inflows have remained within the range of 14-17% of the total over the past 4 years.

**Sectoral Split of FDI Equity Inflows (April 2000 - March 2025)**




*Source: Department for Promotion of Industry and Internal Trade, Factsheet, March, 2025*
*Others include power, non-conventional energy, hotel & tourism, food processing industries, electrical equipment, information & broadcasting, education, consultancy services, and electronics amongst other sectors.*

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[23] *The KLEMS (K: Capital, L: Labour, E: Energy, M: Materials and S: Services) database published by Reserve Bank of India's (RBI) provides employment estimates at all India level including public and private sectors.*
[24] *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)*
[25] *Gross value added at basic prices is defined as output valued at basic prices less intermediate consumption valued at purchasers' prices.*
[26] *In March 2024, services PMI increased to 61.2. (Source: Press Release, Ministry of Finance, 22nd July 2024)*

As highlighted in the below table, over the past 10 years, the contribution of financing, real estate and professional services in the overall GVA has been within the range of 21 – 24%.

| INR in bn | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22[1] | 2022-23[2] | 2023-24[3] | 2024-25[4] |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **GVA at constant Prices** | **97,121** | **1,04,919** | **1,13,283** | **1,20,342** | **1,27,338** | **1,32,361** | **1,26,873** | **1,38,768** | **1,48,780** | **1,61,515** | **1,71,798** |
| Non-Tertiary Sector | 46,276 | 49,275 | 52,930 | 56,160 | 58,553 | 59,154 | 59,780 | 65,519 | 67,967 | 73,438 | 77,301 |
| **Non-tertiary sector as a % of Total GVA** | **48%** | **47%** | **47%** | **47%** | **46%** | **45%** | **47%** | **47%** | **46%** | **45%** | **45%** |
| Tertiary Sector | 50,845 | 55,644 | 60,353 | 64,182 | 68,785 | 73,207 | 67,093 | 73,249 | 80,814 | 88,077 | 94,497 |
| **Tertiary sector as a % of Total GVA** | **52%** | **53%** | **53%** | **53%** | **54%** | **55%** | **53%** | **53%** | **54%** | **55%** | **55%** |
| Financing and Real Estate & Professional Services | 20,737 | 22,948 | 24,930 | 25,372 | 27,142 | 28,982 | 29,541 | 31,228 | 34,593 | 38,146 | 40,896 |
| **Financing and Real Estate & Professional Services sector as a % of Tertiary Sector** | **41%** | **41%** | **41%** | **40%** | **39%** | **40%** | **44%** | **43%** | **43%** | **43%** | **43%** |
| **Financing and Real Estate & Professional Services sector as a % of GVA** | **21%** | **22%** | **22%** | **21%** | **21%** | **22%** | **23%** | **23%** | **23%** | **24%** | **24%** |

*Source: National Accounts Statistics, Ministry of Statistics and Programme Implementation May 2025, Press release on second advance estimates of annual GDP for 2024-25, February 2025*

*Note – Non-Tertiary Sector includes the Primary and Secondary Sectors, where the Primary sector includes agriculture, forestry and fishing, mining, and quarrying; the Secondary sector includes manufacturing, construction, electricity, gas, and water supply; the Tertiary sector includes trade, hotels, transport and communication, Financing, real estate and professional services, public administration, defense, and other services.*

*[1] 2nd Revised Estimates; [2] 1st Revised Estimates; [3] 2nd Provisional Estimates at constant prices*

*[*] According to National Accounts Statistics, Real Estate Services includes all types of activities and dealers such as operators, developers and agents connected with real estate in India.*

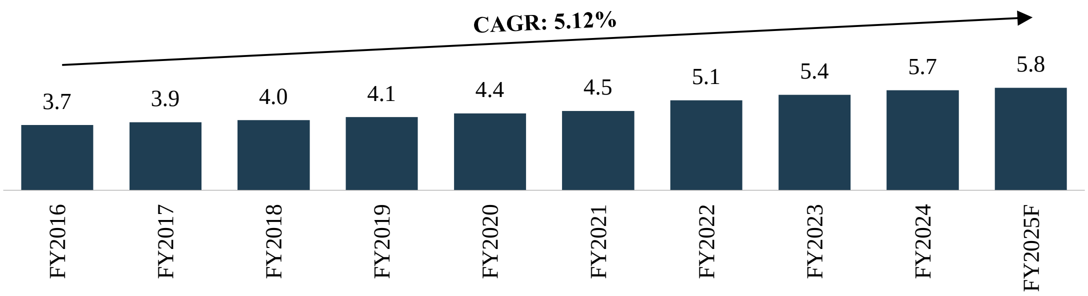
***The Technology Industry[27] within the Services Sector***

COVID-19 has accelerated the shift, towards 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 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, providing end-to-end services to their clients.

With a revenue of USD 268.8 billion in FY2024, the technology industry is estimated to grow by 5.1% reaching revenue of USD 282.6 bn in FY2025. The total revenue in the technology industry has witnessed a CAGR growth of 8.9% during the period FY2020 – FY2024. The positive outlook of this sector is further reflected in the estimated direct employment in the sector to be approximately 5.8 million in FY2025 with a net addition of 1,26,000 employees.[28] *(Source: NASSCOM)* India continues to be one of the preferred global sourcing locations, representing approximately 57-58% of global sourcing.[29] *(Source: NASSCOM)* India has seen an increase in new-generation technology businesses with over 8,100 digital solution providers employing approximately 1.4 million employees. *(Source: NASSCOM)*

Concentrated initiatives[30] from the Government have been implemented which are expected to enable India to continue emerging as a leading market for GCCs/ technology sector owing to its growing pool of talent.

**Number of people employed in Indian Tech Industry (million)**

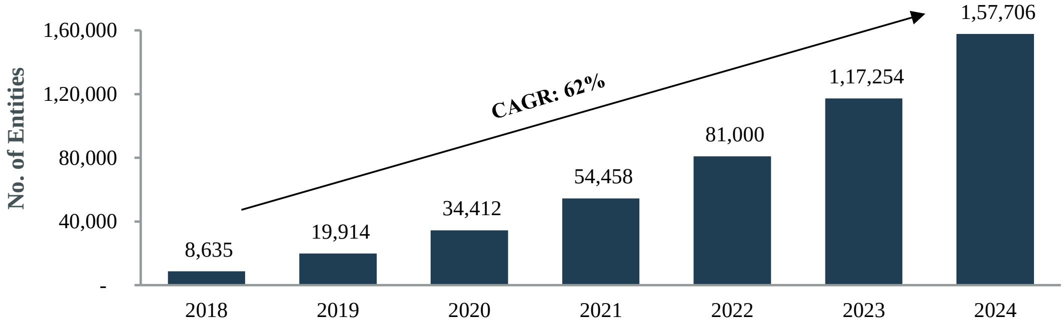



*Source: Ministry of Electronics and Information Technology, NASSCOM*

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

1. **Startups:** 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 are credited with strengthening India's ranking in the Global Innovation Index (GII) from 81st in 2015 to 39th in 2024. Cumulative FDI inflows in the manufacturing sector have increased by 68.9% to USD 165 billion (FY2014–2024) from USD 97.7 billion (FY2004-2014), post incorporation of the Make in India initiative. *(Source: Press Release, Ministry of Commerce and Industry, September 2024)*

**Number of Entities recognized as Startups by DPIIT, as of CY2024**




*Source: Department for Promotion of Industry and Internal Trade, February 2024; Ministry of Commerce & Industry, February 2025*

India is the 3rd largest ecosystem for startups globally with over 1,57,706 recognized startups generating over 1.7 million direct jobs as of December 2024. *(Source: Ministry of Commerce & Industry, February 2025)* This startup activity is supported by the growing Indian economy, enabling a favourable environment for innovative businesses.

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*[27] The technology sector is the category of companies relating to the research, development, or distribution of technologically based goods and services.*
*[28] Digital talent refers to skills, skill sets, roles, and profiles required for executing digital transformation projects.*
*[29] 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.*
*[30] Such as PM Kaushal Vikas Yojana 4.0[30], National Digital Literacy Mission[30], Pradhan Mantri Grameen Digital Saksharta Abhiyan (PMGDisha)[30], 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,*

2. **Digital Infrastructure in India**: India has a unique mix of distinctive digital public infrastructure, and technology ecosystem encompassing numerous start-ups, GCCs, SMEs and emerging tech hubs. Digital Public Infrastructure encompasses services like financial Unified Payments Interface (UPI)[31], identity (Aadhaar[32]), Government (GSTN[33]), and healthcare (CoWIN[34]) amongst others. *(Source: NASSCOM)* Supported by Government initiatives such as Digital India[35], PM Gati Shakti Yojana[36], Jan Dhan, Aadhaar and Mobile (JAM) Trinity[37,] Universal Service Obligation Fund USOF), BharatNet Project[38], and technological advancements, India's Digital Infrastructure has witnessed a posotive shift in recent years. *(Source: PIB, Universal Connectivity and Digital India Initiatives Reaching All Areas, August 6, 2024)* India is rapidly building a strong AI computing and semiconductor infrastructure to support its growing digital economy. With the approval of the IndiaAI Mission in 2024, the government allocated INR 10,300 crores over five years to strengthen AI capabilities. *(Source: PIB, India's AI Revolution, March 2025)*

Key Statistics, as at Q1, CY2024:

| Metric | March, 2014 | March, 2024 | Key Inferences |
|---|---|---|---|
| **Broadband Definition[39]** | >= 512 Kbps | >=2 Mbps | 300% increase |
| **India's Ranking in Average Internet Download Speed** | 130 | 16 | Ranked 43rd in terms of median mobile broadband speed |
| **Total Subscribers (In Mn)** | 933 | 1199.28 | CAGR (FY2014 – FY2024) – 2.5% |
| **Average Data Cost/GB** | INR 268.97 | INR 9.18 | Reduced by 96.58% |
| **Average Data Consumption*** | 0.26 GB | 20.27 GB | 77 times more |
| **Total Internet Subscribers (In mn)** | 251.59 | 954.40 | Ranked 2nd globally after China# |

*Source: PIB, Universal Connectivity and Digital India Initiatives Reaching All Areas, August 6, 2024, Invest India – Telecom, last updated on October 24, 2024*
**Average Wireless Data Usage per wireless data subscriber per month*
*# as of December 2023*

3. ***Connectivity and Physical Infrastructure –*** The Indian Government has launched several initiatives for the development of highways, railways, and airports with the aim of improving the overall connectivity within India. The National Highway (NH) network has expanded by 60% from 91,287 km in CY2014 to 146,195 km in CY2024 and 136 Vande Bharat train services (68 trains) running across the Indian railways as at June, 2025. *(Source: Ministry of Information & Broadcasting, Press Release, March 2024).* According to the Economic Survey 2023-24, Indian Railways, with over 68,584 route km and 12.54 lakh employees (as at Q12024), is the fourth largest network in the world under single management. *(Source: PIB, Transforming India's Transport Infrastructure (2014- 2025), June, 2025)* The aviation industry has witnessed an increase in domestic passenger traffic from 70.1 million passengers in FY2015 to 146.4 million in November 2024. *(Source: Directorate of General Civil Aviation)* India's airport infrastructure has expanded from 74 operational airports in 2014 to 159 airports in 2024. *(Source: PIB, Ministry of Civil Aviation, March 2025)*

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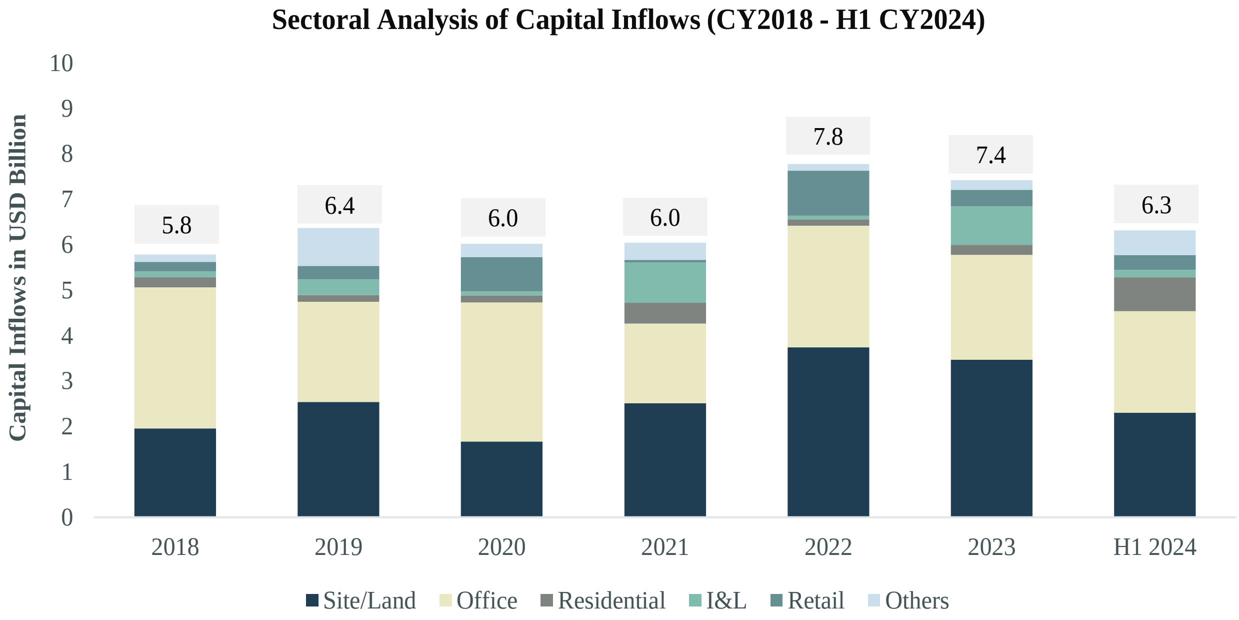
[31] *Unified Payments Interface (UPI) is a system that powers multiple bank accounts into a single mobile application (of any participating bank), merging several banking features, seamless fund routing & merchant payments into one hood. (Source: Cashless India, Government of India)*
[32] *Aadhaar is a 12-digit individual identification number which serves as proof of identity and proof of address for residents of India (Source: Cashless India, Government of India)*
[33] *Goods and Services Tax Network (GSTN) has built Indirect Taxation platform for GST to help taxpayers in India to prepare, file returns, make payments of indirect tax liabilities and do other compliances (Source: Cashless India, Government of India)*
[34] *CoWIN system is a comprehensive cloud-based IT solution for planning, implementation, monitoring, and evaluation of COVID-19 vaccination in India.*
[35] *Digital India is a programme of the Government of India with a vision to transform India into a digitally empowered society.*
[36] *An initiative to provide multimodal connectivity infrastructure to various economic zones.*
[37] *It refers to the Government of India initiative to link Jan Dhan accounts, mobile numbers and Aadhaar cards of Indians to plug the leakages of Government subsidies.*
[38] *BharatNet, one of the largest rural telecom projects in the world, aims to provide Optical Fibre Cable (OFC) connectivity to all Gram Panchayats (GPs) in India, ensuring non-discriminatory broadband access for telecom service providers.*
[39] *Broadband definition provided by Ministry of Communications as per PIB's Universal Connectivity and Digital India Initiatives Reaching All Areas, August 6, 2024*

***Long-Term Foreign Investors –*** FDI inflows in India grew from 55.6 billion in FY2016 to 81 billion during FY2025, registering a CAGR growth of 4.3% over the period. Total FDI inflows from April 2000 to March 2025 were USD 1,072.34 billion. *(Source: FDI Factsheet, Ministry of Statistics and Programme Implementation, March 2025)* The 2024 Kearney FDI Confidence Index[40] ranked India 4th in the Emerging Market Economy (EME) category. *(Source: Department of Economic Affairs, Monthly Economic Review, April 2024)* The growing real estate sector has witnessed an increasing capital inflow from domestic and international investors. Since 2018, the real estate sector has received approximately USD 40.8 billion in equity capital, with average inflows of more than USD 6.0 billion each year.




*Source: Real Capital Analytics, VC Circle, Data as of H1, CY2024*

Acquisition of land parcels and office assets have remained the top investment areas amongst investors over the last 6 years. A similar trend was seen in H1 CY2024, with Development sites/land attracted approximately USD 2.3 billion, accounting for nearly 36% of the total capital inflows during H1 CY2024, followed by the office sector with capital inflows of approximately 2.2 billion accounting for nearly 35% as at H1 CY2024. The tier 1 cities remained gateway markets for capital inflows in the office segment accounting for a dominant share of over 90% as at H1 CY2024 *(Source: CBRE Research, RCA, VCC Edge)*

Further, real estate prices are influenced by a multitude of factors including, but not limited to, market demand and supply dynamics, economic conditions, interest rates, and regional development activities. These factors contribute to the volatility in real estate prices, which in turn affects the total value of deals.

[40] *The Kearney FDI Confidence Index® is an annual survey of global business executives that ranks markets that are likely to attract the most investment in the next three years.*

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

1. ***Amendment to SEBI (REIT) Regulations, 2014; March 2024:*** The Securities Exchange Board of India has introduced the Small and Medium Real Estate Trusts (SM REITs) Framework, to provide due regulatory oversight, adequate disclosures, and an investor grievance redressal mechanism. This amendment allows investors to invest in completed and rent-yielding real estate with a minimum investment of INR 1 million across assets with a size of INR 500 million to INR 5 billion (as against minimum asset size of INR 5 billion in REIT). The maximum asset value for SM REIT is the minimum asset value mandated for REITs, thereby facilitating the way for smaller asset owners to monetise their real estate investments. This would make rent-generating assets of smaller configurations, such as standalone office/mixed use buildings/business parks, or a cluster of shops in a shopping centre typical in tier – I/II/III cities, storage sheds/warehouses of sizes less than 1,00,000 sq. ft. potential targets for SM REITs.

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. This 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 anticipated to allow corporations with an existing footprint in SEZs to expand /relocate to de-notified spaces in the same developments.

3. ***Real Estate Regulation and Development Act, 2016 ("RERA"):*** RERA[41] was introduced to protect the interests of buyers and enhance transparency and fair practices in the real estate sector. It aimed to ensure regulation and promotion of the real estate sector in an efficient and transparent manner and to protect the interest of home buyers, thereby encouraging investment in the sector.

4. ***Make in India, 2014*:** The 'Make in India' initiative was launched to facilitate investment, promote innovation, build best-in-class infrastructure, and make India a hub for manufacturing, design, and innovation. The launch of this initiative has enabled significant progress in the manufacturing sector, infrastructure development, increased investments and job creation. The Indian real estate industry is expected to conitnue playing an important role in providing necessary infrastructure development for the manufacturing industry being set up by Indian and foreign businesses.

5. ***Pradhan Mantri Gati Shakti National Master Plan:*** INR 100 trillion is designated to be invested into infrastructure, intended to support economic growth. The holistic infrastructure development program plans to improve employment opportunities and in turn is likely to drive demand for commercial real estate. 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.

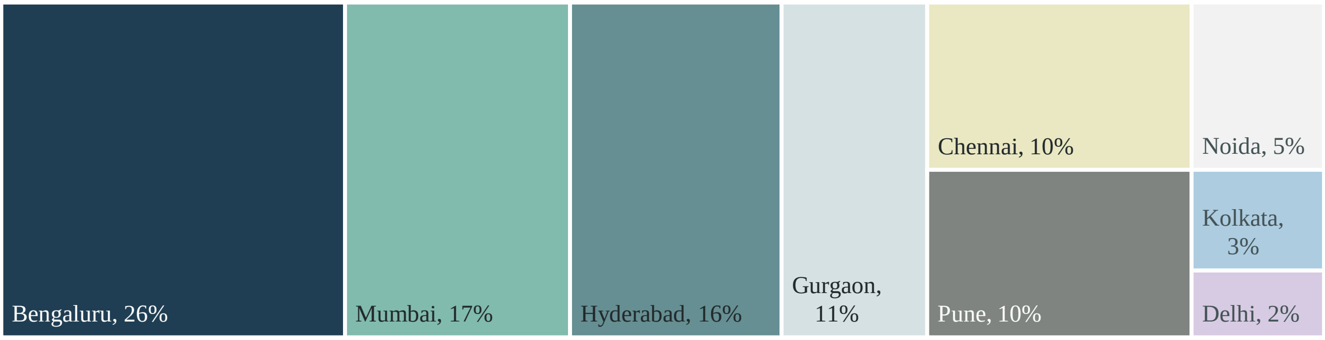
[41] *As at April 2024 RERA is implemented across all Top 9 cities, including Delhi, Gurgaon, Noida, Mumbai, Bengaluru, Hyderabad, Chennai, Pune and Kolkata along with all states and UTs in India except Meghalaya, Mizoram, Nagaland, Sikkim and Ladakh. (Source: Ministry of Housing and Urban Affairs, Real Estate (Regulation & Development) Act, 2016 [RERA] Implementation Progress Report, as on 08-04-2024)*

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 due to differences in relevant stock, and the dynamic nature of the underlying data, which may change intermittently. Kindly note that there are no official databases available for uniform tracking and information can vary as more data becomes available from the market sources. Any forecasts prepared by CBRE are based on data (including third party data), models and experience of various professionals and are based on various assumptions with respect to conditions that may exist or events that may occur in the future. However, they are dependent upon future events and subject to change without notice, and thus actual results to differ materially from those contemplated. All figures provided below are approximate only, based on data available.

***Overview of the Indian Office Market***

**Introduction** India's organized commercial office[42] stock stands at approximately 883 Mn sq. ft. as at March 31, 2025. It is concentrated in the 9 Tier-I cities comprising of Bengaluru, Mumbai Metropolitan Region ("MMR"), Hyderabad, Gurgaon, Chennai, Pune, Noida, Kolkata, and Delhi in order of size of market. *(Source: CBRE)*

**Tier 1 Office Stock - as of Q1 2025 (883 Mn. sq. ft,)**




*Source: CBRE, as of Q1 CY2025*

***Evolution of Office Stock in India***

India's office real estate landscape has changed in the past two and a half decades. India's office market has demonstrated strong growth, fueled by strong economic progress, an improved business environment and an evolving work culture.

Since the early 2000s, India's 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 March 31, 2025. Within the Indian real estate sector, the Indian office segment has emerged as one of the favoured investment asset classes as highlighted in the above section. This is due to various intrinsic factors including the growth of the economy, demand-supply fundamentals, investor-friendly policies, competitive cost advantage and availability of quality talent.

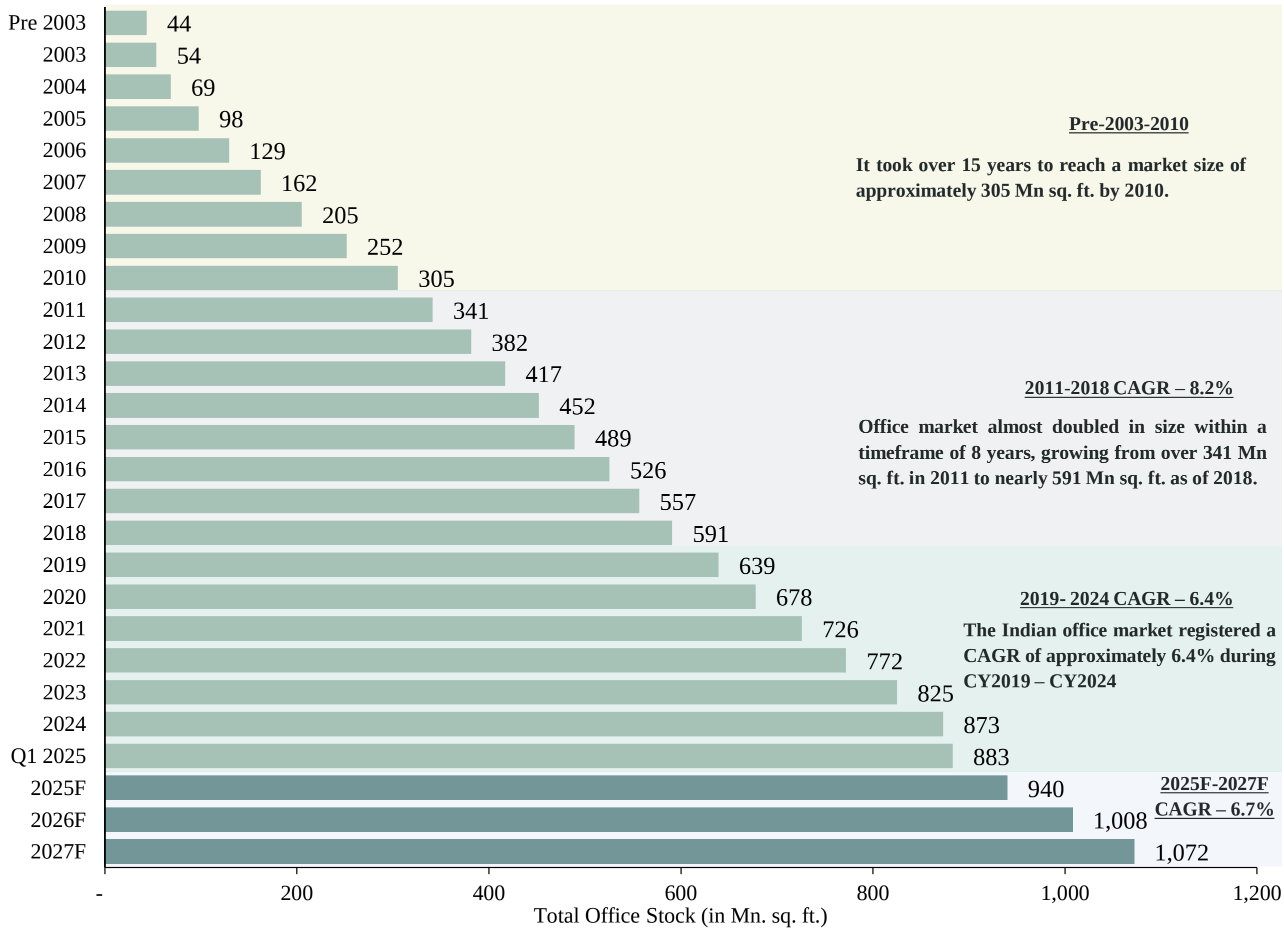
| Phase | Space Options | Office Demand Drivers |
|---|---|---|
| Pre 2000 | ➢ Standalone buildings with relatively smaller floor plates<br>➢ Lack of amenities<br>➢ Developer owned buildings with limited lease options | ➢ Government offices (PSUs)<br>➢ Trade and Commerce<br>➢ Industrial houses<br>➢ Banks<br>➢ Private corporate houses |
| 2000 – 2008 | ➢ Emergence of campus-style concepts<br>➢ Grade A facilities with basic amenities<br>➢ The presence of individual-owned developments<br>➢ Emergence of developer-led supply | ➢ Emergence of technology and engineering services<br>➢ Growth of IT Industry in India and India's emergence as a hub for outsourcing<br>➢ Increase in corporate MNC occupiers |
| 2009 – 2012 | ➢ Grade A campus-style facilities with limited support amenities and parking facilities<br>➢ Large standalone developments in secondary locations | ➢ Growth in Information Technology (IT) and Business Process Management (BPM) across prominent markets<br>➢ IT-focused policies and the emergence of SEZs<br>➢ Enhanced service offerings<br>➢ Emergence of the biotech sector |
| 2013 – 2020 | ➢ Emergence of large integrated developments with better but limited amenities<br>➢ Emergence of green buildings<br>➢ Proliferation of flexible workspaces | ➢ MNCs focusing on high-end services ~ preference for large integrated parks<br>➢ Demand from domestic companies and local businesses<br>➢ Emergence of startups and incubation spaces |
| 2021 - Onwards | ➢ Multiple types of flexible workspaces solutions exist in the market to solve for diverse occupier needs | ➢ Return-to-office as a key driver for office demand |

[42] *All commercial office references in the report pertain to organized stock unless otherwise stated.*

| Phase | Space Options | Office Demand Drivers |
|---|---|---|
| | ➢ Emergence of Tier II Cities for office sector<br>➢ Shift towards large integrated campus-style developments with a focus on amenitization, technology integration and employee experience | ➢ Demand from GCCs and MNCs setting up their office campuses<br>➢ Adoption of hybrid/distributed working practices leading to more organizations evaluating flexible workspace solutions<br>➢ Increasing demand from domestic corporations<br>➢ Tenant sector diversification and the emergence of ~ offshore, R&D, e-commerce and startup ecosystem |

*Source: CBRE, as at Q1 CY2025*

**India - Total Office Stock in Tier-I Cities (Pre 2003 - 2027F)**




*Source: CBRE, as at Q1 CY2025*

*The forecasts have been made based on ongoing market activity, and current development pipeline/under-construction projects that may have an impact on the upcoming supply in the commercial real estate market across Tier 1 cities i.e., Delhi, Gurgaon, Noida, Mumbai, Bengaluru, Chennai, Hyderabad, Pune, and Kolkata. Any forecasts prepared by CBRE are based on data (including third party data), models and experience of various professionals and are based on various assumptions with respect to conditions that may exist or events that may occur in the future. However, they are dependent upon future events and subject to change without notice, and thus actual results to differ materially from those contemplated.*

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. The Indian office market witnessed average annual supply addition of nearly 45-50 Mn sq. ft. between CY2019 – CY2024.

Going forward, the market is forecasted to witness average annual supply addition of approximately 63 - 68 Mn sq. ft. during CY2025 – CY2027. This upcoming supply is driven by the demand for quality office space, availability of land and infrastructure initiatives focusing on improving connectivity and accessibility. Commercial supply is also driven by state-specific development plans and additional policies such as Transit Oriented Development Policy, REITs, and SM REITs that aims to support the developers to develop quality assets through funding. Developers are exhibiting a growing emphasis on building state-of-the-art facilities with amenities catering to the evolving requirements of occupiers and modern business. Factors such as convenient access to public transportation systems, a healthy mix of outdoor green spaces, optimum air quality and F&B options are poised to become increasingly prominent requirements in these newly completed developments.

**Indian Office Market - Overview**

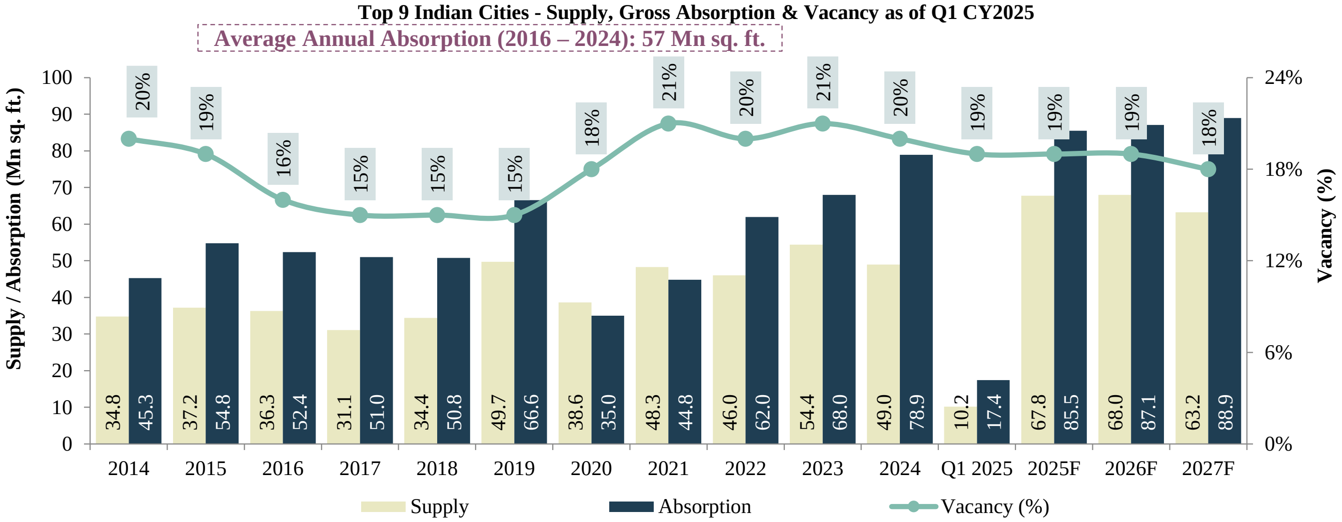
India recorded a gross absorption[43] of 66.6 Mn sq. ft. in CY2019. Office demand slowed across all cities post-March 2020 due to the impact of the global pandemic and local lockdowns in CY2020 and CY2021. Globally and in India, companies paused decisions on office take-up as management teams and corporate real estate decision-makers started focusing more 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 with the relaxation of the pandemic led restrictions and a return to office driven by improved vaccination rates across regions. As a result, 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).

Led by a steady space take-up in CY2023, the office market in India recorded gross 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.

Enhanced by domestic growth, improved mobility and increased leasing activity by both domestic and global corporates, the office sector in India witnessed record leasing of 78.9 Mn sq. ft during CY2024. The office absorption for Q1 CY2025 stood at 17.4 Mn sq. ft. against the supply completion of 10.2 Mn sq. ft.

**Top 9 Indian Cities - Supply, Gross Absorption & Vacancy as of Q1 CY2025**




*Source: CBRE, as at Q1 CY2025*
*Forecasts for years CY2025, CY2026 and CY2027 have been projected based on the current market situation and information available regarding future supply and current absorption. Forecasts have been projected under the assumption that absorption continues to grow at a similar pace compared to the last two years. Kindly note that there are no official databases available for uniform tracking. Further, specific analysis has been undertaken for the purpose of this industry report and may differ from the data and forecasts published elsewhere. Any forecasts prepared by CBRE are based on based on various assumptions with respect to conditions that may exist or events that may occur in the future. However, they are dependent upon future events and subject to change without notice, and thus actual results to differ materially from those contemplated.*

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. Established markets, notably Bengaluru, Hyderabad, Delhi-NCR, and Mumbai are to sustain their prominence in leasing activity. Concurrently, Chennai and Pune are demonstrating increased market traction driven by a well-positioned supply pipeline, a robust talent base, and a growing occupier focus on diversifying beyond gateway cities.

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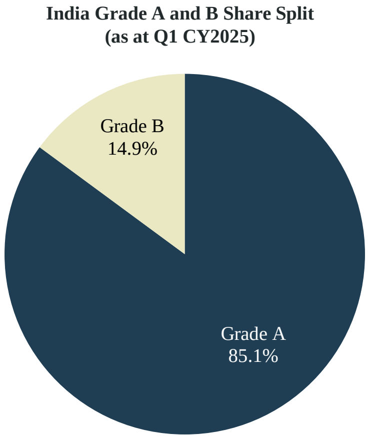
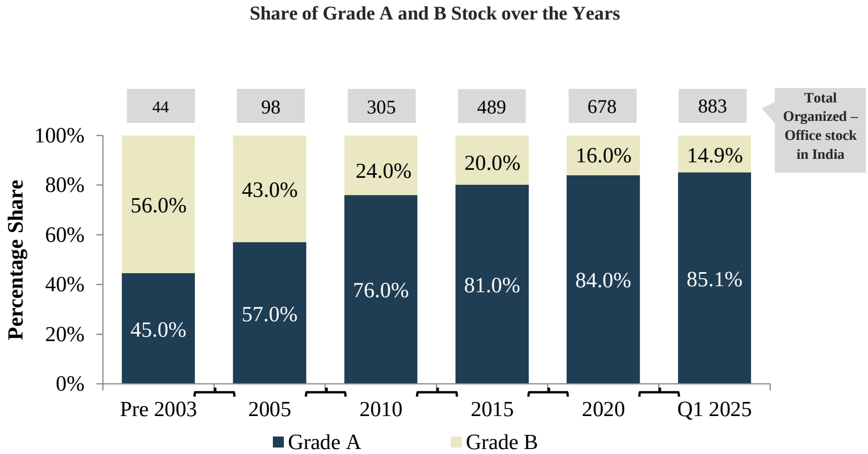
[43] *Absorption represents the total office space known to have been let out to tenants or owner-occupiers during the survey period. A property is deemed to be taken-up only when contracts are signed, or a binding agreement exists.*

### Grade Classification of Office Stock

As at March 31, 2025, 85.1% of the commercial office stock (751 Mn sq. ft.) in India was categorized as Grade A and 14.9% (132 Mn sq. ft.) was categorized as Grade B. Grade A office stock registered a CAGR of 14%, from 58 Mn sq. ft. in 2005 to approximately 751 Mn sq. ft. as at March 31, 2025, while Grade B stock had a CAGR of 6% from 44 Mn sq. ft. in 2005 to approximately 132 Mn sq. ft. as at March 31, 2025. Supported by the evolving nature of the sector and increasing demand for Grade A assets, the share of Grade B stock has seen a diminishing trend over the years as highlighted below.



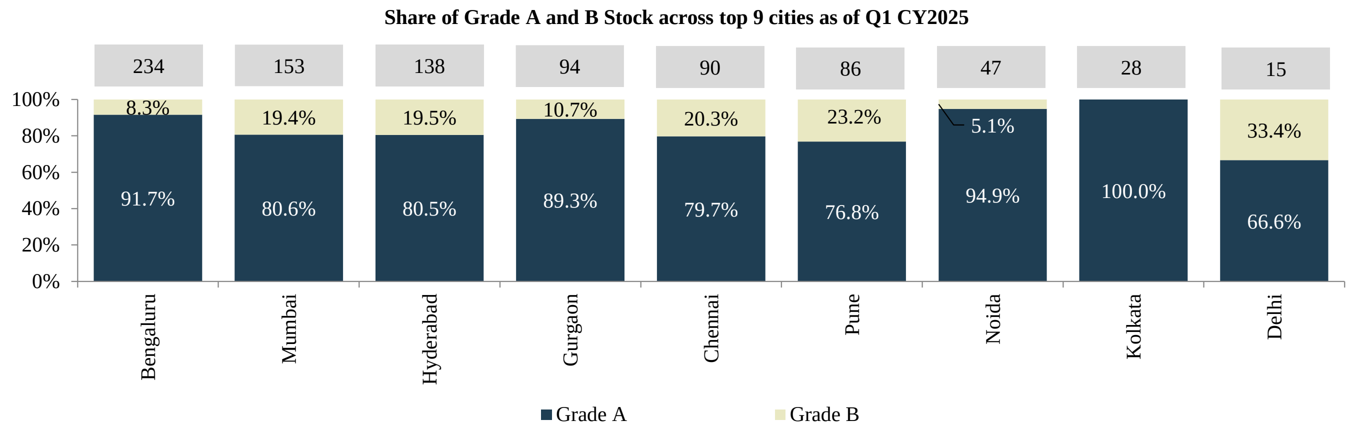

*Source: CBRE, as at Q1 CY2025*

*Note: The grading of the developments has been classified based on various factors such as quality of development, facilities and amenities provided, developer reputation, and disposition model (sale/lease).*

*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 the 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 an external facade might be ordinary. Multiple ownership might be a norm.*

The graph below highlights the quantum and share of Grade A and B stock[44] across key markets in India as at March 31, 2025:




*Source: CBRE, as at Q1 CY2025*

With growing commercial real estate in India and a shift in occupier preferences, the office stock in India has seen redevelopment/refurbishment across assets in multiple micro markets. Redevelopment/refurbishment in the form of structural changes across the façade, specifications, and modifications pertaining to ESG compliances and inclusion of additional amenities have led to relatively higher tenant retention and potentially higher rentals across these developments. This redevelopment/refurbishment has primarily been facilitated by developers, and REITS. This opportunity may also be available to capable and interested flexible workspace operators who may want to evaluate redeveloping/refurbishing some of the ageing/aged/old assets in their portfolios. As of Q1 CY2025, nearly 52% of the completed office stock (Mn sq. ft.) across Tier I cities is more than 10 years old. Further, nearly 63% of this is contributed by developments with a footprint of less than 500,000 sq. ft. The ageing stock has a large potential for asset upgradation and renovation as a lot of developments in city centres may require refurbishment to meet the requirements of the new-age workforce and changing occupier preferences.

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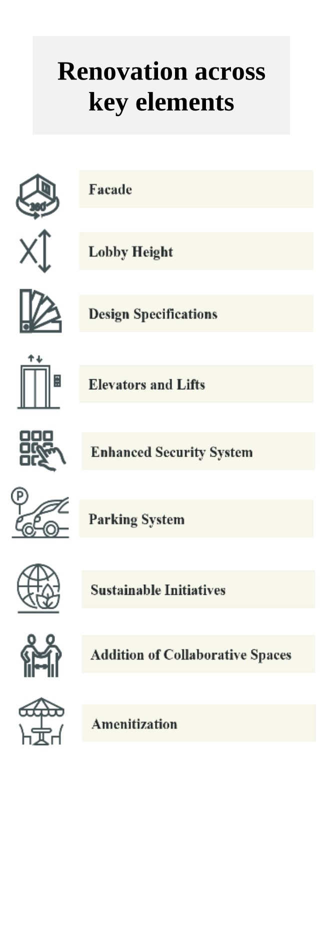
[44] *Across the key Top 9 cities in India i.e., Delhi, Gurgaon, Noida, Mumbai, Bengaluru, Chennai, Hyderabad, Pune, and Kolkata.*

A number of examples below –

| | |
|---|---|
| Building 1 | The refurbished development is located in Nariman Point, within Mumbai's Central Business District. It is in a prime location in proximity to residential neighbourhoods and state infrastructure (such as the State High Court and State Legislative Assembly) along with the city's Marine Drive, South Mumbai, and the Arabian Sea. The property underwent a major redevelopment and repositioning, including façade replacement to the entire building exterior and lobby, canopy installation, elevator revamp and enhanced security controls. It was built in 1970 and is now a green campus development with sustainable features such as rainwater harvesting, energy supply ~ Green Power Tariff Initiative, and Energy Efficient Air Handling Units amongst others. Subsequently, as at H1 CY2024, post its refurbishment the development commands a rental premium to the average rental in the Central Business District (current quoted rent of INR 340-350 psf / month compared to the average micro market rent of INR 210-230 psf/month) |
| Building 2 | Located in Bandra Kurla Complex (BKC) within Mumbai's Alternate Business District (ABD) the building underwent a complete redevelopment. Due to its location advantages and potential to command higher rentals, the building underwent redevelopment with respect to increasing the lobby height and refurbishment, updating the façade, amenities, lift and modification in common areas, sustainability initiatives and ESG compliance, introduction of flexible workspaces amongst other changes. Subsequently, as at H1 CY2024, the building commands a rental of approximately INR 250-280 psf/month compared to the commanded rentals of INR 150-170 psf/month before redevelopment (an increase by 60-65%) |

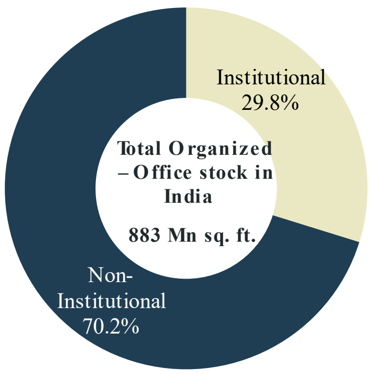



**Ownership Classification of Office Stock**

Out of the overall commercial office organized stock across the top 9 cities[45] in India, approximately 70.2% is non-institutionally[46] owned as of March 31, 2025. Further, institutionally[47] held stock accounted for nearly 29.8% of total stock.

Institutional assets in India have grown at a CAGR of approximately 6.5%, from approximately 156 Mn sq. ft. in 2016 to approximately 263 Mn sq. ft. as at March 31, 2025. Prominent cities like Bengaluru, Chennai, Hyderabad and Mumbai account for approximately 71% of the total institutionally held stock.

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




*Source: CBRE, as at Q1 CY2025*

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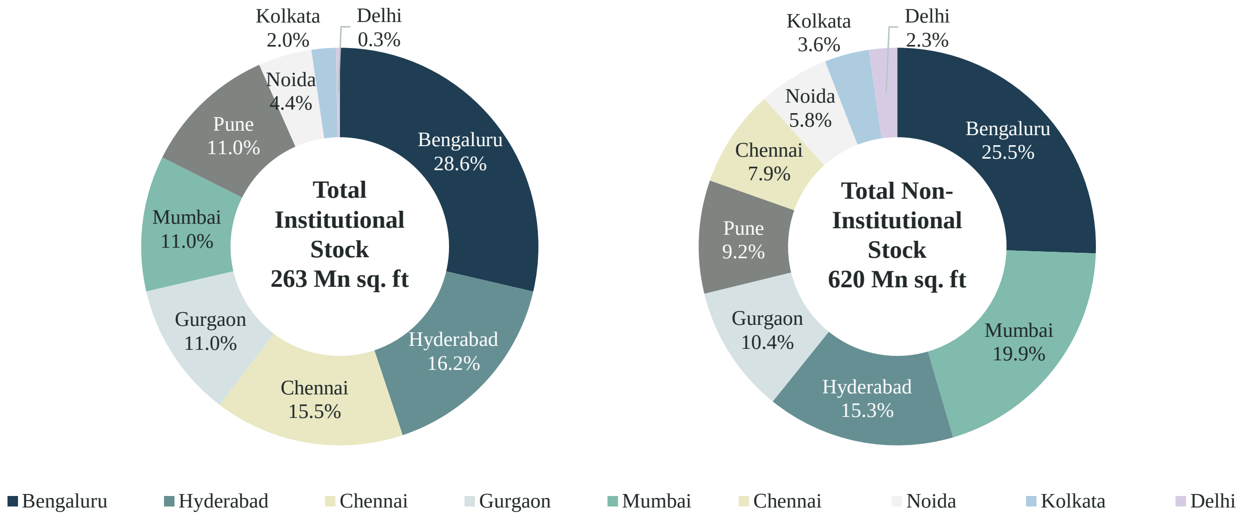
[45] *Delhi, Gurgaon, Noida, Mumbai, Bengaluru, Chennai, Hyderabad, Pune, and Kolkata.*
[46] *Non-institutional refers to office stock that is held /owned by the developers themselves or has witnessed investment by individual investors and HNI and /or a combination of both.*
[47] *Institutionally held stock / Institutional Stock refers to office assets which are majorly owned and have witnessed investment activity by institutional companies such as private equity ("PE") funds, pension funds, sovereign wealth funds, insurance companies, and real estate investment trusts ("REITs").*

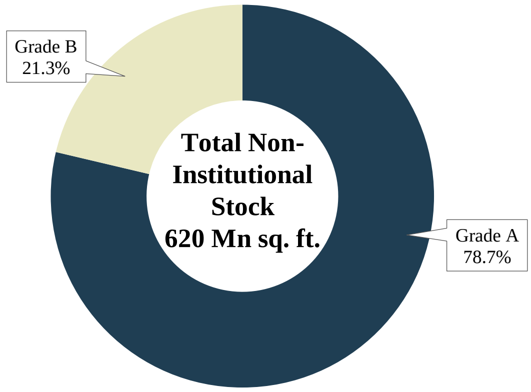
**City-wise share of Total Institutional Stock (As at March 31, 2025)** | **City-wise share of Total Non-Institutional Stock (As at March 31, 2025)**




*Source: CBRE, as at Q1 CY2025*

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. The graph represents the bifurcation of total non-Institutional stock into Grade A & Grade B as at March 31, 2025:

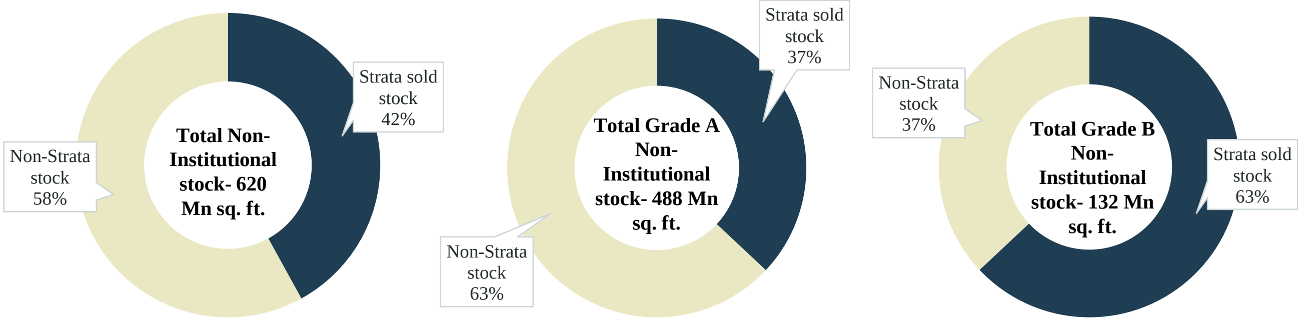
**Split of Grade A and grade B as a share of Non-Institutional stock (As at March 31, 2025)**




*Source: CBRE, as at 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 developers 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 as at March 31, 2025.

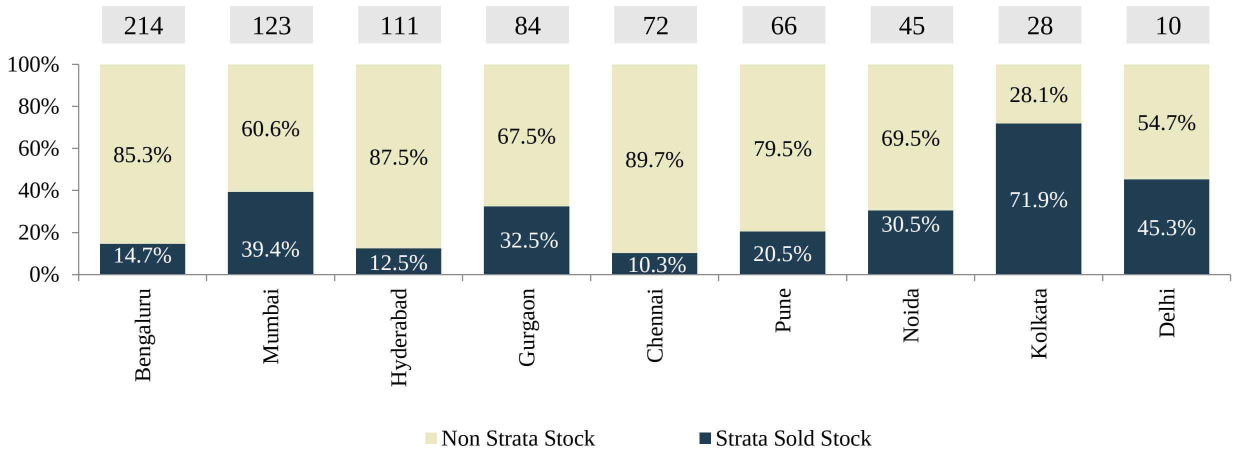
**Bifurcation of non-Institutional Stock into Strata / Non-Strata stock and further delineation of Grade A and Grade B Non-Institutional stock into Strata/Non-Strata stock**




*Source: CBRE, as at Q1 CY2025*

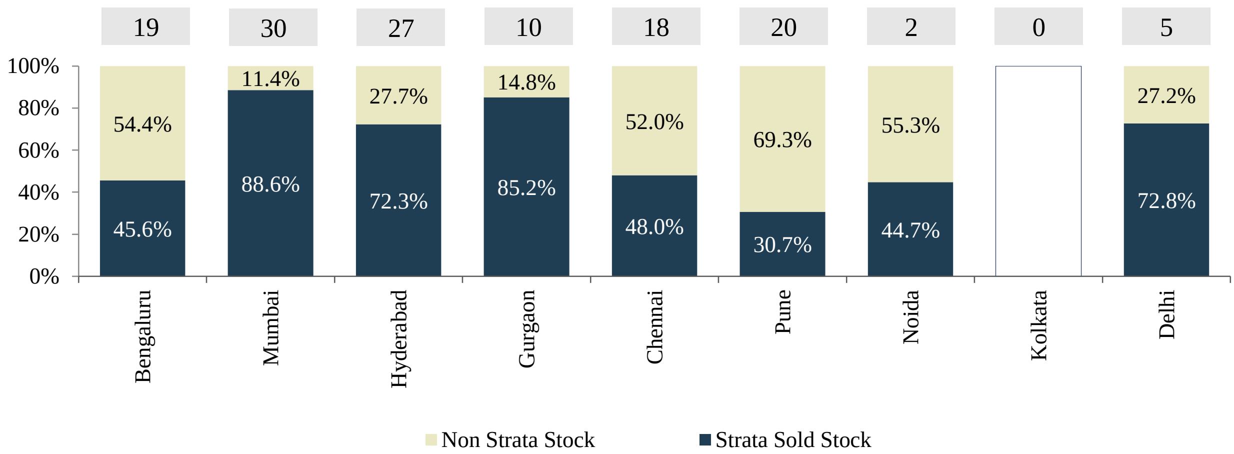
The Indian office market has evolved from a fragmented market to a more organized and consolidated sector. In the early phase of growth, India's office sector was characterized by small, independent developers. However, with the emergence of larger corporate and institutional developers, the Indian office market has witnessed supply addition of Grade A developments across non-strata (lease) models benefitting occupiers as well as developers.

**The graph highlights the share of Strata and Non-Strata in Grade A stock city-wise as at Q1 CY2025:**




*Source: CBRE, as at Q1 CY2025*

**The graph highlights the share of Strata and Non-Strata in Grade B stock city-wise as at Q1 CY2025:**




*Source: CBRE, as at Q1 CY2025*

The dominance of institutional developers in the commercial real estate market has led to a significant increase in Grade A stock. As a result, the supply of Grade A commercial spaces is relatively higher in total organized commercial stock in India.

**Key Drivers of Office Demand**

1. ***Large, English-Speaking Talent Pool***

The availability of English-speaking skilled manpower (second largest English-speaking population in the world)[48], 11.31 million graduates (including 0.89 million engineers and 2.32 million commerce graduates as at 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 had one of the world's largest annual supplies of STEM (Science, Technology, Engineering, and Mathematics) graduates at over 2.5 million. *(Source: NASSCOM)* Additionally, India accounts for approximately 28% of the global STEM workforce. *(Source: NASSCOM)* This translates into a talent pool that attracts enterprises, startups, and MNCs and drives the growth of domestic enterprises.

As at 2023, India is at a leading position in Artificial Intelligence skill penetration globally and has the lowest tech talent demand-supply gap at 25-27% compared to global tech leaders such as the USA, UK, Canada, and Australia. *(Source: NASSCOM)*

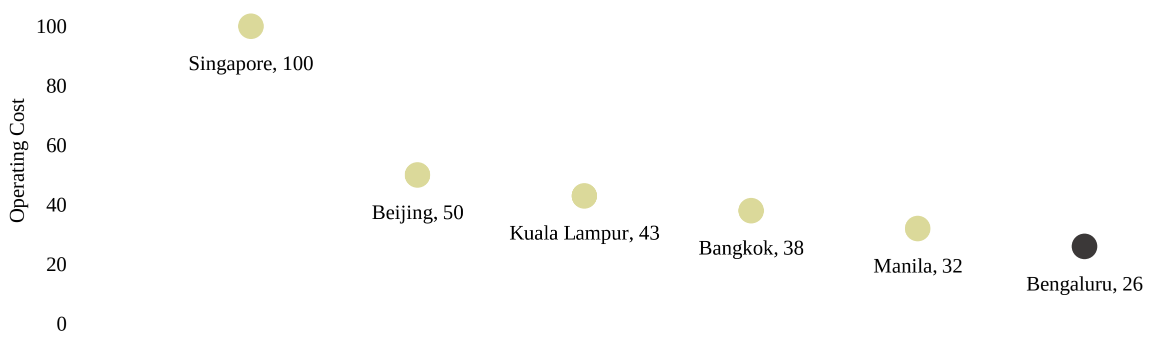
India's digital talent pool is estimated to account for approximately 38% of total talent in the technology industry i.e., over 5.8 million as at FY2025. This growth is supported by educational programs and upskilling initiatives such as PM Kaushal Vikas Yojana 4.0 and FutureSkills Prime, National Digital Literacy Mission and Pradhan Mantri Grameen Digital Saksharta Abhiyan (PMGDisha). 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)*

2. ***Competitive Cost Advantage***

The availability of skilled talent at a relatively lower cost in comparison to other global cities (as highlighted below) is one of the leading contributors to India being an attractive offshoring hub. 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 lower compared to alternative locations mentioned below. (*Source: CBRE, NASSCOM*)

The graph below highlights the cost of outsourcing services:

**Operating Cost per FTE for IT - ADM services, 2023**




*Source: NASSCOM, Indexed to Singapore = 100*

3. ***Global Capability Centres 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**")[49].

Indian GCC ecosystem has become a sandbox[50] 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)*

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*[48] Over 125 million English speakers (as per Census 2011) making it 2nd largest English-speaking country in the world after US as of 2022*

*[49] 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.*

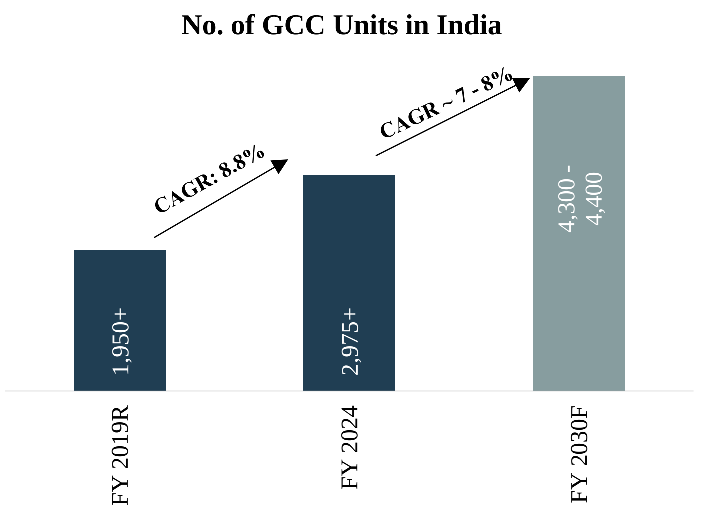
*[50] A metaphorical boundary, imposed on an area in which you can freely test ideas and innovate.*

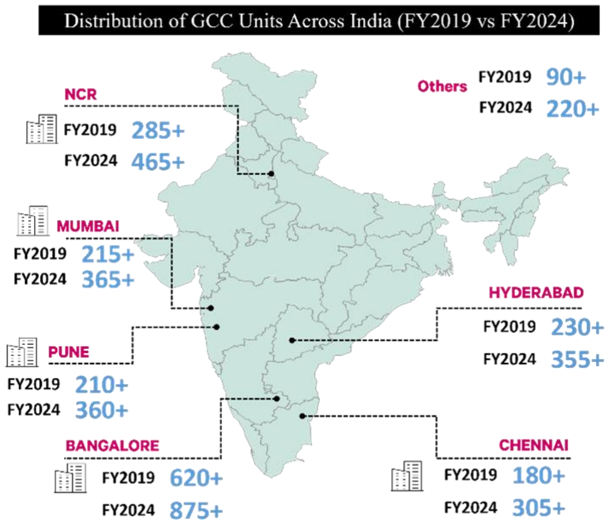
| Wave 1.0 | Wave 2.0 | Wave 3.0 | Wave 4.0 & beyond |
|---|---|---|---|
| GCC as on Outpost | GCC primarily a Satellite | GCC transitions to a Portfolio Hub | GCC transitions to a Transformation Hub |
| *As at FY 2010*<br>Total No. of GCCs: 700+<br>Revenues: USD 11.5 bn<br>Total Installed GCC Talent: 400K+ | *As at FY 2015*<br>Total No. of GCCs: 1,000+<br>Revenues: USD 19.4 bn<br>Total Installed GCC Talent: 745K+ | *As at FY 2024*<br>Total No. of GCCs: 1,700+<br>Revenues: USD 64.6 bn<br>Total Installed GCC Talent: 1.9 million+ | |
| 1. Cost & Talent Arbitrage | 1. Delivery Excellence<br>2. Innovation | 1. Digital Transformation & Innovation<br>2. Transition to Global Business Services<br>3. Peer Collaboration<br>4. Portfolio Expansion & Ownership<br>5. Global Roles | 1. Hub for as-a-Service Transformation<br>2. Customer-Centric Business Development<br>3. Accountability for Creating Newer Hubs<br>4. Monetizing Service Capability |
| Pre 2010 | 2011-2015 | 2015-current | Current onwards |

*Source: NASSCOM*

In the last 5 years, the GCC landscape in India has experienced growth. India is one of the preferred destinations for establishing GCCs amongst large global companies, with approximately 23% of the global 2000 MNCs setting up their GCCs in the country. *(Source: NASSCOM, India GCC Landscape Report – The 5 Year Journey, September 2024)*

In FY2024, India had 2,975+GCC units.[51]. The number of GCC units in India is forecast to reach 4,300 – 4,400 GCCs by FY2030. *(Source: NASSCOM*)




*Source: NASSCOM – India GCC Landscape Report – The 5 Year Journey, September 2024*
*Others include Tier II & III cities in India.*

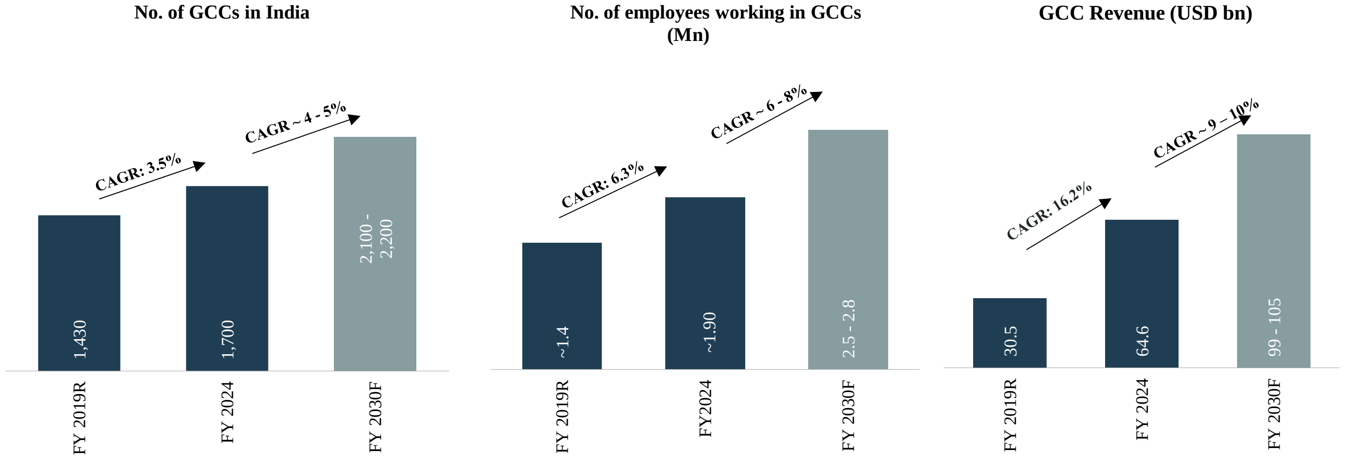
Bengaluru continues to lead in GCC setups with approximately 875+ GCCs in FY2024, followed by NCR and Mumbai with 465+ and 365+ GCCs respectively. Bengaluru & NCR accounts for 47% of the IT talent present in India's GCC ecosystem. *(Source: NASSCOM)*

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

This growth is supported by the availability of a skilled workforce at a relatively lower cost coupled with competitive rentals and Government reforms such as Startup India and Digital India. Global roles in GCCs are experiencing exponential growth, with over 6,500 roles today and a forecast increase to over 30 *(Source: NASSCOM).* The GCC revenue has increased from USD 30.5 bn in FY2019 to USD 64.6 bn in FY2024 and is forecast to reach USD 99-105 bn by FY2030 (*Source: NASSCOM*).

[51] *A GCC unit is a single centre within a city or region, but a company can have multiple units across a country, all part of one GCC.*

Talent availability, digital skills and the presence of a strong industry ecosystem are some of the key drivers for GCCs to set up centres in India. The number of employees across GCCs in India has increased over the last 5 years, from approximately 1.4 million employees in FY2019 to approximately 1.9 million in FY2024, registering a CAGR of 6.3% during the period.

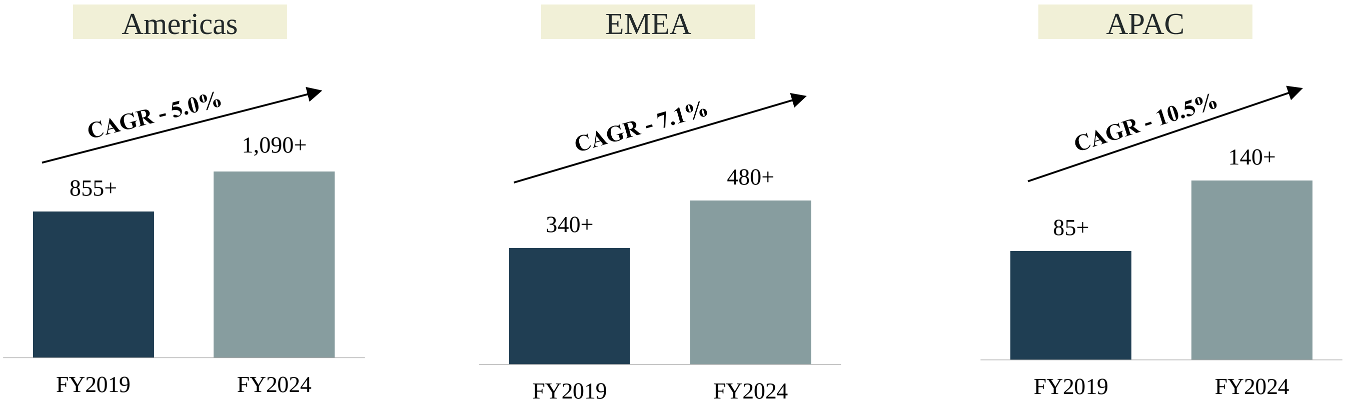



*Source: NASSCOM – India GCC Landscape Report – The 5 Year Journey, September 2024*

GCCs constitute a substantial office occupier within India's commercial real estate domain, often pioneering adaptation, and innovation for other tenant categories. 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.

While North American MNCs continue to lead in terms of the number of GCCs in India, EMEA (Europe, the Middle East, and Africa) and Asia Pacific firms have added approximately 190 – 200+ GCCs in India during FY2019 – FY2024.

**Distribution of GCCs in India based on HQ Location (FY2019 – FY2024)**

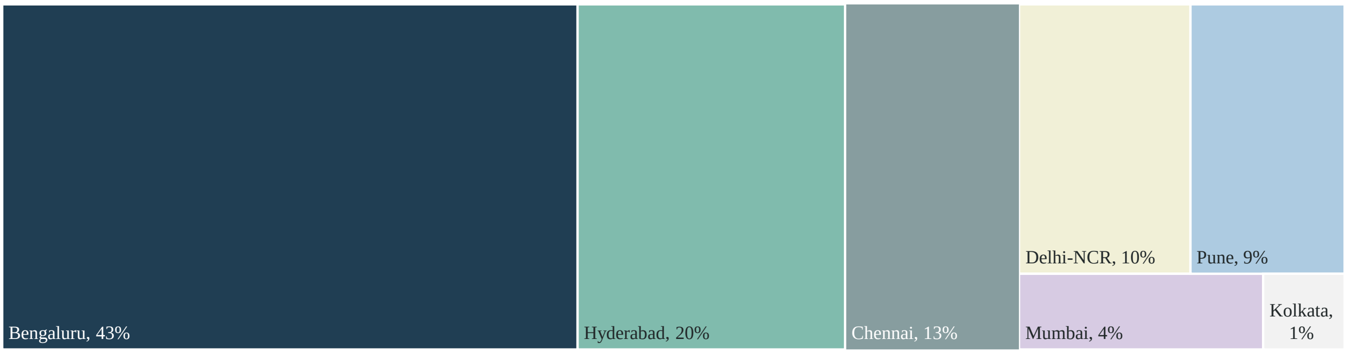



*Source: NASSCOM, India GCC Landscape Report – The 5 Year Journey, September 2024*

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 approximately 19 Mn sq. ft. in CY2022 to 29 Mn sq. ft. in CY2024. GCC cumulative leasing in the top 9 cities in India for CY2022–Q1 CY2025 was approximately 78.4 Mn sq. ft.

Within GCC leasing, Bengaluru accounts for approximately 43% of the overall office space leasing during CY2022 – Q1 CY2025. This is driven by the growing IT sector, availability of skilled talent pool, and infrastructure attracting global enterprises seeking to establish/expand their footprint in the country. Other cities like 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. The share of leasing activity by GCCs in overall leasing in India has been range bound 31 – 36% during CY2022 – CY2024.

**City wise share of office space leasing by GCC (CY2022 – Q1 CY2025) – 78.4 Mn sq. ft.**




*Source: CBRE, Data as at Q1 CY2025*
*Note: Delhi-NCR includes commercial markets of Delhi, Gurgaon and Noida*

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 becoming one of the preferred locations for multinational corporations and unicorns[52] to set up their GCC offices. The market is experiencing a dual trend - expansion of existing firms into multifunctional centres and entry of smaller players seeking digital and technological upgrades. A preference for high-quality, technology-driven workspaces is evident, with Grade A developments emerging as a focus for established players.

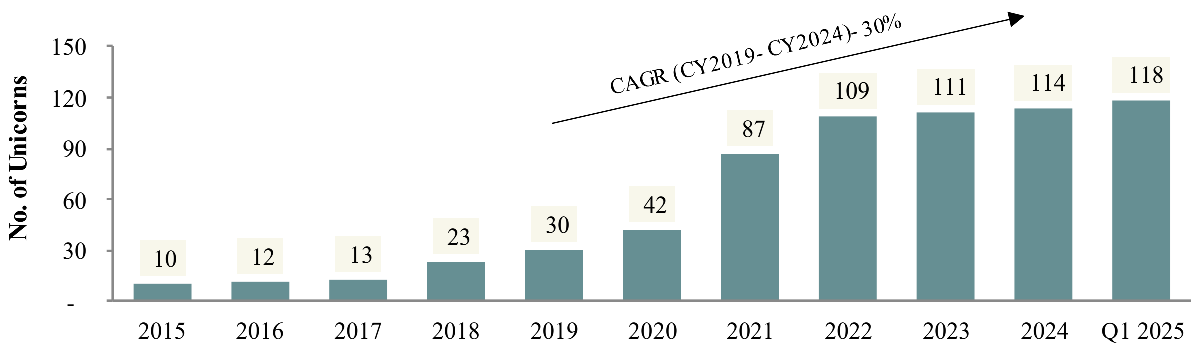
Companies are looking to increase their Indian footprint by establishing GCCs in India and maybe evaluating both conventional and flexible workspaces. An upcoming supply of office spaces is expected to cater to this growing demand from GCCs. GCC leasing is estimated to continue driving the CRE market going forward, GCC leasing accounted for approximately 37% of gross leasing in 2024 (29 Mn sq. ft.), having increased from nearly 31% in 2022 (19 Mn sq. ft.). The share is forecast to be between 35-40% for 2025-2026. *(Source: CBRE Research, GCCs Transforming India's Office Landscape; March 2025)*

4. ***Domestic Firms Driving Leasing Across Major Cities:***

***Rise of Startups and Unicorns in India***

The advancement in India's startups eco-system has contributed to the growth in demand for both office spaces and flexible workspace solutions. India boasts a dynamic environment fostered by a growing start-up culture and the availability of the talent pool. The Indian start-up ecosystem is the 3rd largest start-up ecosystem globally. The number of recognized startups in India has grown at 13% during the period CY2023 –CY2024, resulting in over 1,57,706 startups as of December 2024. These startups have created over 1.72 million direct jobs as at 31st December 2024. *(Source: Ministry of Commerce and Industry, February 2025)* 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 as at January 2025 (up from 30 unicorns in 2019 growing at a CAGR of 30% over the same period), 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 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 sectors such as travel, brands, real estate, and SaaS enabling global expansion and growth. *(Source: Indian Startups Go Global, Ministry of External Affairs, Government of India)*

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

Subsequently, the growth in Indian startups has led to increased traction from multiple sectors including Technology and BFSI amongst others, resulting in growth in demand for office space. Indian technology startup ecosystem has witnessed 15x growth in the number of technology startups over the last decade (from 2000 technology startups in 2014 to 31,000+ startups in 2023). This growth is supported by digital infrastructure, a conducive regulatory environment, and the emergence of startups in sectors like Health Technology and Education Technology. *(Source: NASSCOM, Zinnov Insights, Weathering the Challenges – The Indian Tech Start-up Landscape Report 2023)*

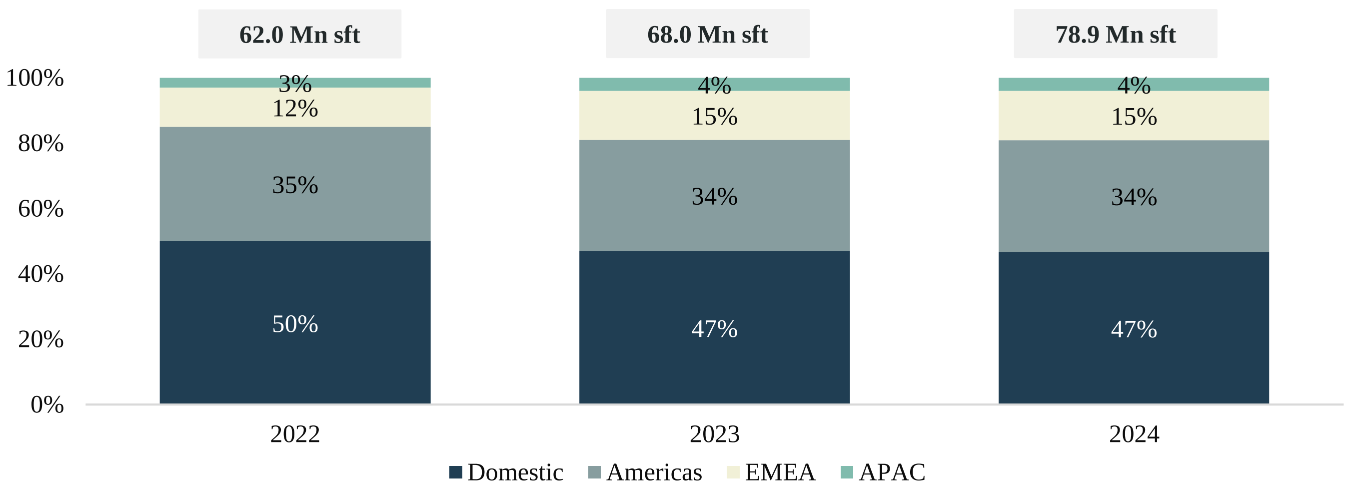
The technology sector accounted for 91+ unicorns and 31,000+ startups until 2023[53]. *(Source: CBRE Research, India Inc's Ascension: The Rise of Domestic Firms as an Office Demand Driver; September 2024; NASSCOM, Zinnov Insights, Weathering the Challenges – The Indian Tech Start-up Landscape Report 2023)* Technology firms have been the mainstay of office demand in India, fuelled by their innovation and expansion supported by digital transformation, availability of talent, innovation hubs and startup ecosystem in India. Over the coming years, technology firms in India are likely to expand into more locations to leverage operational benefits.

With a growing startup ecosystem, driven by the availability of quality talent, the need for flexible, scalable, and capital-efficient office solutions may also increase. In terms of workplace strategy, start-ups may prefer flexible workspace solutions as an option in their initial stage and may transition to traditional office spaces as they mature and expand. The rise of emerging technologies in India is forecast to create approximately 4.7 million technology-focused jobs over the next five years across manufacturing, retail, education, finance, and insurance sectors. This forecast increase is likely to drive demand for office infrastructure to support modern, collaborative work environments. *(Source: CBRE Research, India Inc's Ascension: The Rise of Domestic Firms as an Office Demand Driver; September 2024)*

***Domestic Firms to Increase Overall Space Take-up***

Before 2022, domestic companies consistently accounted for nearly a one-third share of the overall leasing. Supported by the country's steady economic growth, domestic companies are emerging as a strong force in the demand for office space in India accounting for 47% of the overall leasing in CY2024. This demand is driven by a period of financial buoyancy and a well-capitalised financial system, availability of skilled workforce, startup-ecosystem, market diversification coupled with Government initiatives[54] enabling domestic companies to invest in expansion and enhance their market presence. *(Source: CBRE Research, India Inc's Ascension: The Rise of Domestic Firms as an Office Demand Driver; September 2024)*

**Region wise Office Absorption Trends in India (CY2022 – CY2024)**




*Source: CBRE, Q1 CY2025*
*Note: The above numbers are across the Top 9 cities in India i.e., Delhi, Gurgaon, Noida, Mumbai, Bengaluru, Chennai, Hyderabad, Pune, and Kolkata*

Domestic firms demonstrated a steady share in office leasing during 2023-2024, with approximately, 86% increase compared to the pre-pandemic period (2018-2019), fuelled by increased business confidence, expansion of business, and digitalisation. *(Source: CBRE Research, 2025 India Office Outlook, March 2025)* Further, these factors have also led to continued interest from international occupiers. Their share in overall absorption have increased from 50% to 53% over the last three years. This has primarily been driven by rising focus of GCCs towards India. As of CY2024, GCCs contributed to nearly 36% of the total leasing across Tier 1 cities in India.

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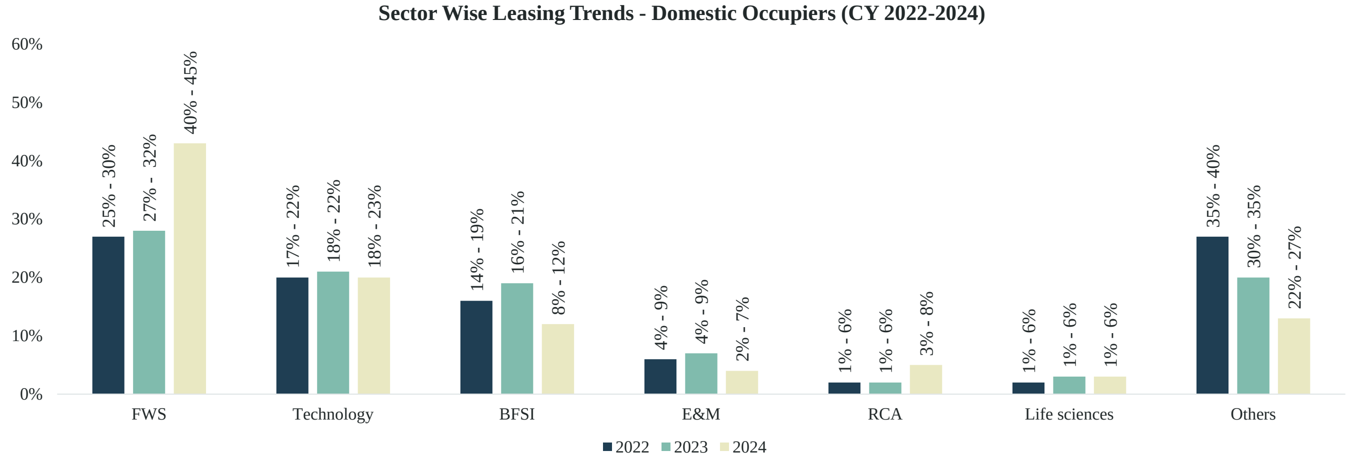
[53] *Technology start-ups in India have grown from around 2,000 in 2014 to approximately 31,000 in 2023. (Source – PIB, Ministry of Finance, 22 July 2024)*
[54] *Make in India 2.0, the Production Linked Incentive Scheme, Start-up India, Skill India, National Skill Development Mission, Pradhan Mantri Kaushal Vikas Yojana amongst other initiatives.*

Flexible Workspace operators, technology firms and banking, financial services, and insurance (BFSI) corporates have primarily dominated domestic leasing within office absorption in India. These trends highlight the robust expansion across the office leasing market and the evolving landscape of the Indian economy and commercial office segment.




*Source: CBRE, Data as at Q1 CY2025*

*Flexible Workspace Operators (FWS), Banking, Financial Services and Insurance (BFSI), Engineering & Manufacturing (E&M), Research, Consulting & Analytics (RCA), 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 in remaining Grade B developments. The above numbers are only for the top 9 cities in India i.e., Delhi, Gurgaon, Noida, Mumbai, Bengaluru, Chennai, Hyderabad, Pune, and Kolkata.*

Going forward, the share of India in global IT services spending is forecast to be 22% by 2031 up from 15% in 2021, with the forecast Indian IT workforce to be around 12.2 million. This translates to the expansion of Indian technology firms to expand into more locations to leverage strategic and operational benefits and necessitates expanded office infrastructure to support modern, cultural, collaborative work environments. Thereby rising demand for office spaces. *(Source: CBRE Research, India Inc's Ascension: The Rise of Domestic Firms as an Office Demand Driver, September 2024)*

**Indian Office Market—Top 9 Cities**

India's top nine cities account for approximately 883 Mn sq. ft. of office space. These cities house India's political capital, financial hub, and prominent technology centres. The table below includes key office statistics for the top nine office markets in India:

| Particulars | Bengaluru | MMR | Hyderabad | Gurgaon | Chennai | Pune | Noida | Kolkata | Delhi | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Total Stock as at March 31, 2025 (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 March 31, 2025 (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 March 31, 2025 (%) | 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 March 31, 2025 (per sq. ft. / month) | 93 | 149 | 74 | 106 | 85 | 80 | 61 | 59 | 200 | **98** |

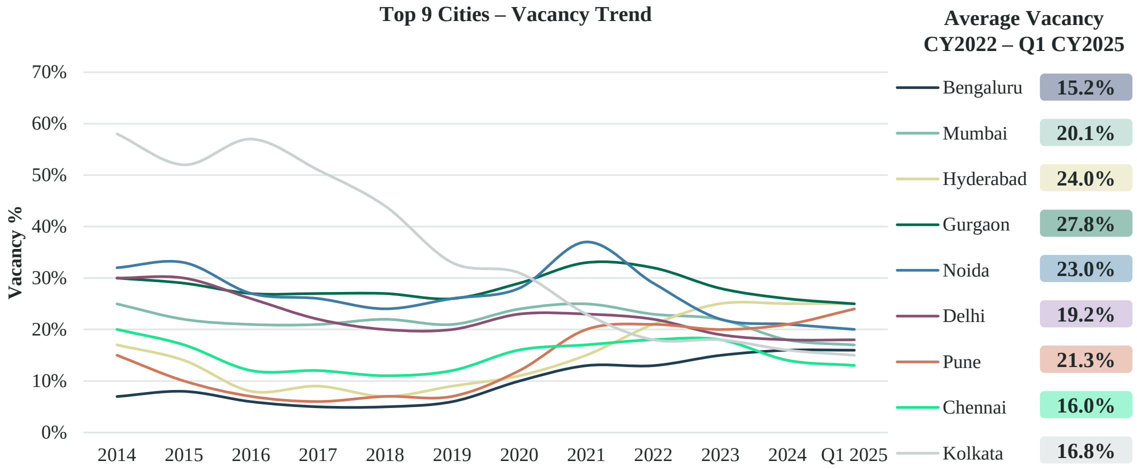
*Source: CBRE, as at Q1 CY2025*

*MMR represents the Mumbai Metropolitan Region, which includes Mumbai; *weighted average rents based on occupied stock.*

### Vacancy Trends

An increase in vacancy levels has been witnessed in major cities during 2020 – 2021, leading to relatively higher vacancy levels. Further, due to relaxation in lockdown restrictions, improved mobility and occupier sentiments coupled with leasing activity by domestic corporations and GCCs in India, decline in vacancy levels were seen across regions such as Mumbai, Gurgaon, Noida, Delhi and Chennai post 2021.

As of Q1 CY2025, markets such as Gurgaon, Hyderabad and Pune have witnessed relatively higher city-level vacancy, due to ongoing supply addition and high vacancy in certain peripheral areas with limited infrastructure and strata-owned buildings. Whereas markets such as Chennai, and Bengaluru, emerged as best-performing cities among Tier I cities in terms of current vacancy levels (Q1 CY2025). *(Source: CBRE, as at Q1 CY2025)*

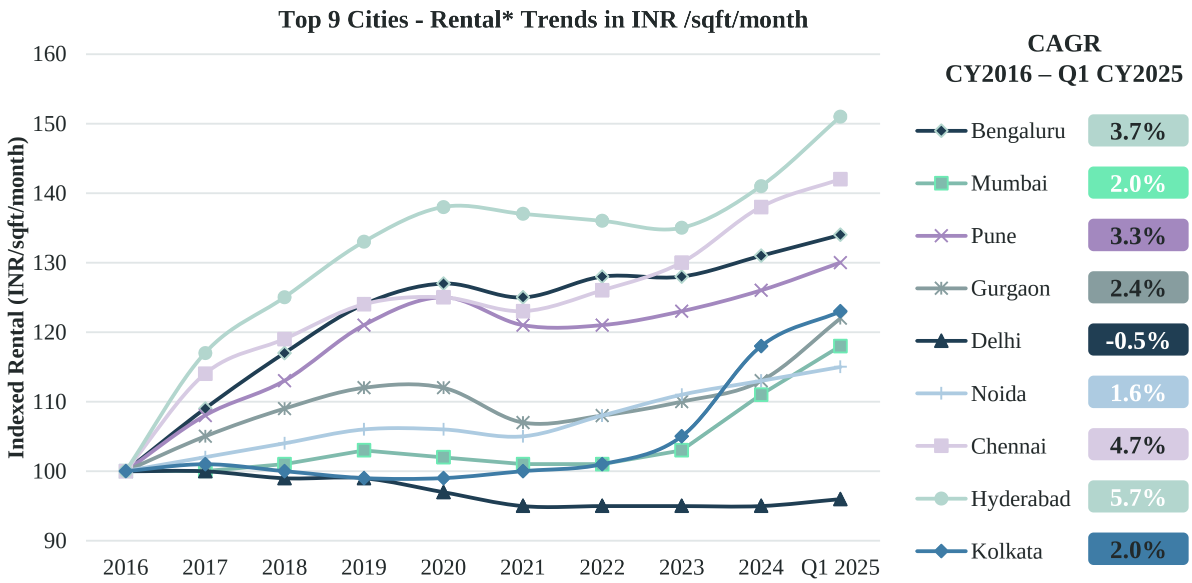



*Source: CBRE, as at Q1 CY2025*

### Rental Trends

Limited rental growth was witnessed during 2020-21 owing to the onset of the COVID-19 pandemic. From CY2022 onwards, the market has witnessed a sustained growth in leasing activity thereby moderating vacancy levels within key markets such as Bengaluru, Mumbai, Gurgaon, Chennai, Pune & Delhi.

Key markets such as Bengaluru, Hyderabad, and Chennai have consistently witnessed rent growth ranging between 3.7% - 5.7% during the period CY2016 – Q1 CY2025, driven by sustained leasing activity, persistent demand for high-quality investment-grade assets and constrained supply levels in prime locations. The 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, as at Q1 CY2025*
**Weighted average rents based on occupied stock.*

**Key Office Clusters Across Tier 1 Cities in India**

CBRE has identified 33 key office micro markets across tier-I cities highlighted below. These key micro markets were identified after assessment of multiple parameters including total stock, occupied stock, level of vacancy across the micro markets, the share of the micro market as a % of total stock within the city and upcoming supply along with forecast vacancy levels across these key micro markets. The shortlisted micro markets account for approximately 83% of the total stock and 84% of the total occupied stock in tier I cities as at Q1 CY2025.

The table below includes key office parameters for the identified clusters across Tier I 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 |
| 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 |

| Sn no. | City | Micro market | Total Stock (Mn sq. ft.) | Occupied Stock (Mn sq. ft.) | % of Total Stock | Market Rents* (INR/per sq. ft.) |
|---|---|---|---|---|---|---|
| 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 at Q1 CY2025*
**Weighted average rents based on occupied stock.*

**Recent Trends in the Indian Office Market**

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

While the 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 occupiers preferring at least 3 days in the office per week. This trend is primarily driven by the observed increase in office attendance owing to the limitations of working from home such as data theft, the unavailability of internet connections and constraints on space in the household. Growing occupancy levels in offices were recorded with 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[55])*

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 along with the integration of technology for a better experience. This approach entails the creation of high-quality assets equipped with desirable amenities, fostering a vibrant and engaging work atmosphere.

***Changing Occupier's focus and preferences***

Occupiers are focusing more on design integration, occupancy planning, employee well-being, and the curation of better experiences along with the integration of hospitality-centric amenities. 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 for placemaking[56] & hospitality-centric in-office environment with modern designs fostering enhanced employee experience.

Occupiers have remained steady in pursuing long-term portfolio expansion indicating confidence in the Indian market's potential. Indian corporates deemed cost-conscious, are seen to be emphasizing the workplace and its upgradation. About 86% of the domestic occupiers in India are looking to pursue flight-to-quality leasing over the next two years, generating the need for quality spaces. *(Source: CBRE Research, 2024 India Office Occupier Survey, June, 2024[57])*

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[55] *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, r*
*al estate & logistics, 2% - telecom & communication.*
*Region of Origin – 52% - Americas, 36% - Domestic, 10% - EMEA, 2% - APAC*
*Portfolio Size – 36% - Small (< 100,000 sq. ft.); 31% - Medium (100,000 – 500,000 sq. ft.); 33% - Large (> 500,000 sq. ft.)*
[56] *Placemaking spans planning, designing, and managing spaces that inspire and promote social interactions and exchange, contributing to an elevated holistic experience.*
[57] *Note: The survey was conducted during March-April 2024; Total number of respondents – 70-78**

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

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 are only primarily available in physical offices; and offer better physical setup.

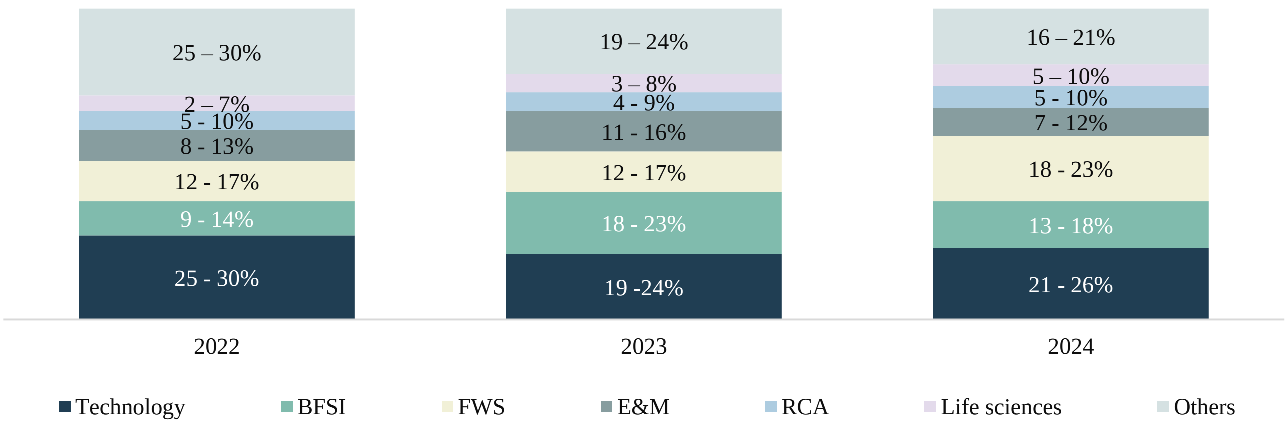
Historically, Technology firms, BFSI and E&M sectors have been the mainstay of office demand in India, fuelled by innovation and expansion accounting for a higher share in leasing.

Beyond the traditional industry sectors, flexible workspace solutions have also seen an increase in end-user interest from organizations evaluating hybrid and distributed work policies amongst other potential use cases.

Additionally, sectors such as life sciences have expanded across the top cities, driven by both domestic and global firms that leased large contiguous spaces for building their research and development capabilities. Going forward, this demand diversification trend is expected to grow and benefit from the expansion of RCA, aerospace, and automobile firms, thereby supporting the overall growth of the office sector.

During CY2024, Technology firms held the highest share in leasing accounting for 21 - 26% of overall space take up followed by Flexible workspace operators accounting for 18 - 23% of overall space take up in tier-I cities.

**Tenant Sector Absorption Trends in India (CY2022 – CY2024)**




*Source: CBRE as at Q1 CY2025, the data is considered only from Top 9 cities*

*Note: Flexible Workspace Operators (FWS), Banking, Financial Services and Insurance (BFSI), Engineering & Manufacturing (E&M.), Research, Consulting & Analytics (RCA), Others include FMCG & retail, Telecommunications, E-commerce, Infrastructure, real estate & logistics, Media & marketing, Automobile, Aviation, Industrial Conglomerate, and Hospitality*
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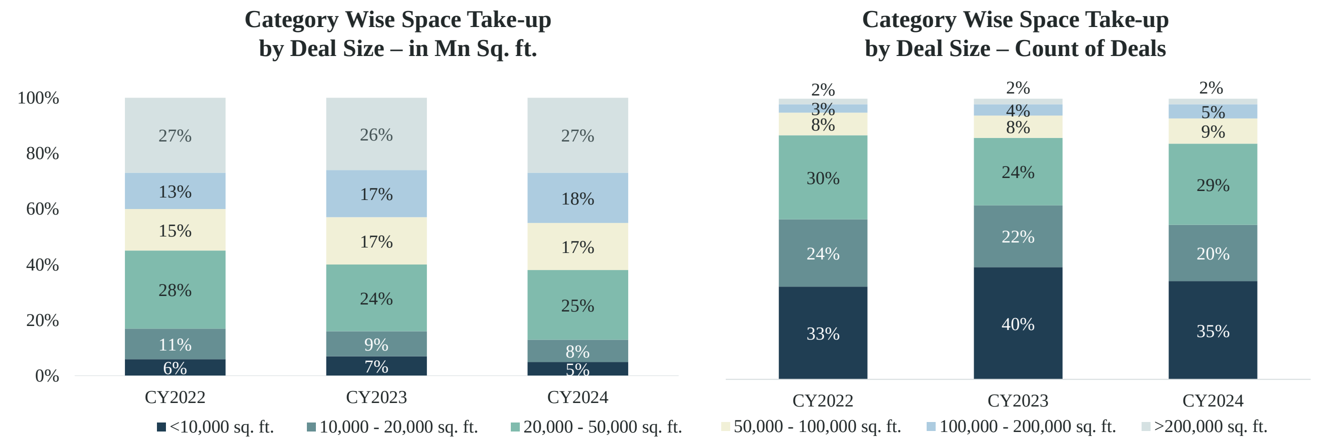
*al estate & logistics, 2% - telecom & communication.*
*Region of Origin – 52% - Americas, 36% - Domestic, 10% - EMEA, 2% - APAC*
*Portfolio Size – 36% - Small (< 100,000 sq. ft.); 31% - Medium (100,000 – 500,000 sq. ft.); 33% - Large (> 500,000 sq. ft.)*

In the last two years, approximately 95% of the overall office space take-up in tier-I cities was contributed by transactions of more than 10,000 sq. ft., based on space take-up (Mn sq. ft.). Further, in the last two years, transactions between 10,000-100,000 sq. ft. accounted for 50%, while 44% of the total space take-up was by larger space requirements i.e., greater than 100,000 sq. ft.

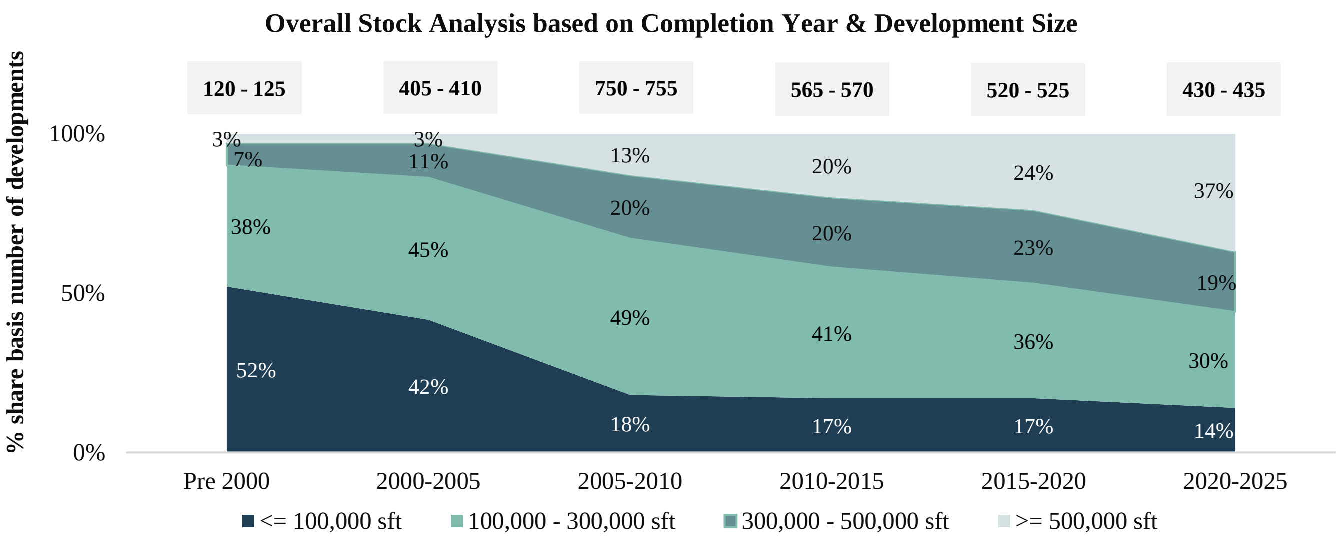



*Source: CBRE, Data as at Q1 CY2025*

### 3. *Consolidation with Specialized, Organized Office Developers ~ Shift towards large-scale buildings*

The commercial office market in India has witnessed a shift from standalone small-size buildings (i.e., less than 100,000 sq. ft.) to large integrated developments. 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.

With the introduction of campus-style developments, and integrated business parks, the share of large-size developments in overall stock has witnessed an increase over the last 15 years. As at Q1 CY2025, approximately 37% of the number of developments completed during CY2020 – Q1 CY2025 were over 500,000 sq. ft. Over the past two decades, development with sizes ranging between 300,000 – 500,000 sq. ft. and >= 500,000 sq. ft. has increased from 14% share during 2000-2005 to approximately 56% of the share during CY2021 to Q1 CY2025.




*Source: CBRE, Data as at Q1 CY2025,*

*Note – Developments launched in phases/multiple towers have been considered as different development to arrive at the number of development, developments that have been stalled/are under renovation have been excluded from the analysis.*

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

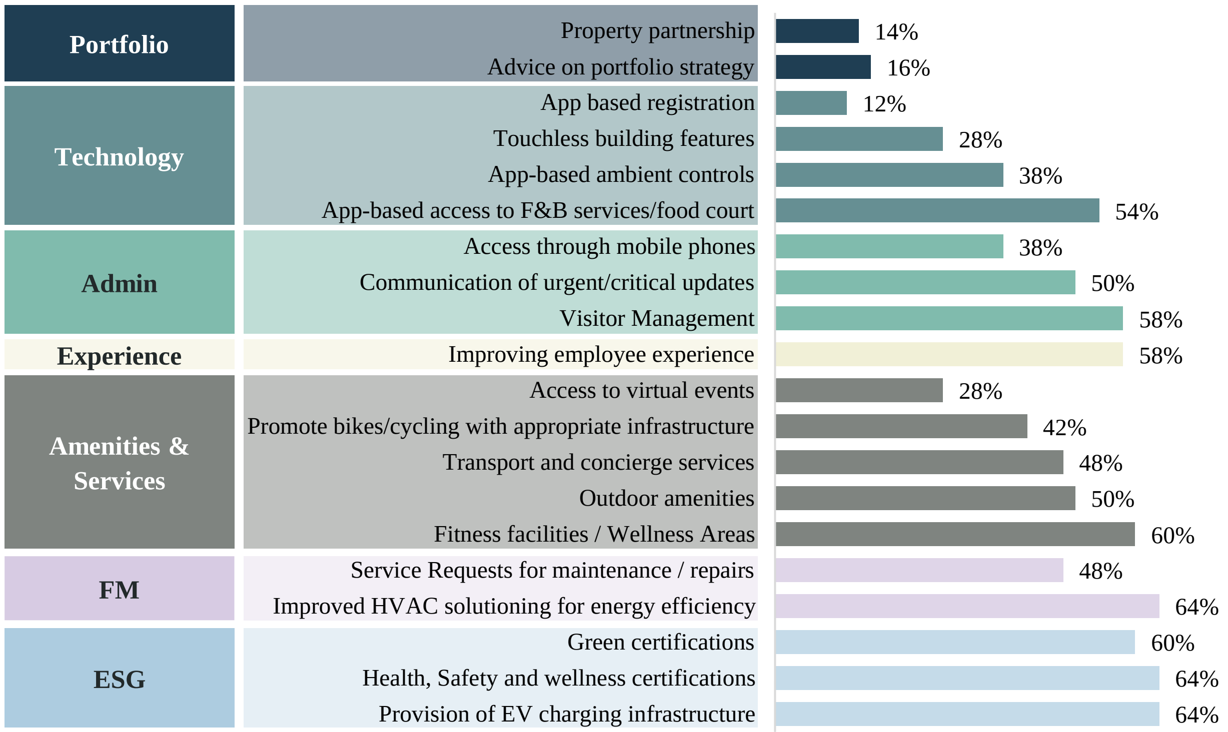
With changing lifestyles, the need for a flexible work environment, a young workforce and a higher value-added nature of work, companies are looking for superior quality office spaces with state-of-the-art lifestyle amenities. These facilities and amenities include integrated offices, relaxation spaces,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

In reference to the below graph, the changes in employees' expectations are leading to evolving requirements from occupiers. CBRE's 2024 India Office Occupier[58] Survey, June 2024, reveals that approximately 58% of occupiers are more focused on improving employee experience. Occupiers are also looking to focus on amenities and services such as access to virtual events, fitness facilities/wellness areas, outdoor amenities, and transport services as highlighted in the graph below.

With technology integration, Occupiers in India responded favourably to app-based access to F&B services, touchless building features, app-based ambient controls along with access to admin through mobile phones as highlighted in the graph below. Technology integration and connectivity remains one of the key drivers of workplace efficiency and well-being. Technologies such as video conferencing equipment and adjustable work desks can enhance employee's workplace experience and encourage them to spend more time in the office.*(Source: CBRE Research, 2024 Asia Pacific Office Occupier Survey; September 2024)*

The leasing activity in India has been driven by growing demand, growth of occupiers and return-to-office (RTO) plans. The 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*

*This was a multiple-choice question in the survey. 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.*

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

*Portfolio Size – 36% - Small (< 100,000 sq. ft.); 31% - Medium (100,000 – 500,000 sq. ft.); 33% - Large (> 500,000 sq. ft.)*

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[58] *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.*
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### *5. Sustainable Buildings Emerging as a pre-requisite for Occupiers*

As highlighted in the above chart, approximately, 64% of respondents require provision for EV charging infrastructure, and 60% of respondents are more focused towards green-certified buildings, indicating an increasing shift in preference for Green Buildings and ESG (Environmental, Social and Governance) compliance and certifications. Supported by global tailwinds around transition to green buildings and ESG considerations have become critical factors in evaluating commercial assets. Occupiers have been prioritising sustainability through various measures such as green-certified buildings, sustainable procurement, water & waste management, and energy efficiency amongst others.

With benefits ranging from low operating costs, improved employee health and enhanced brand image, a higher number of occupiers are expected to prefer green-certified buildings for new leases. Key sustainable features such as Paperless Office, green commute, HVAC system, zero waste, energy-saving initiatives and green spaces foster a positive company culture, promoting innovation and commitment.

As per CBRE's India Office Occupier Survey, 2024, nearly one-third of companies occupied green-certified buildings in their office portfolios, reflecting a growing focus on environmental responsibility. This increase in demand is driving a shift in the development landscape, with leading office developers increasingly focusing on creating green-certified office spaces. For developers, green buildings are becoming a "must have" from "nice to have" amenities. *(Source: CBRE Research, Sustainability: The Key to Future-Proofing Real Estate, February 2024)*

To support the sustainability in Indian commercial real estate landscape, the Government has taken various measures.

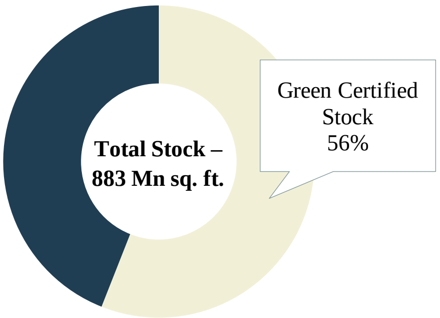
| | |
|---|---|
| **2001** | Formation of the Indian Green Building Council (IGBC) as part of the Confederation of Indian Industry (CII) |
| **2009** | Commencement of environmental and social responsibility reporting in India with the Ministry of Corporate Affairs issuing voluntary guidelines on corporate social responsibility |
| **2012** | The Security and Exchange Board of India (SEBI) mandates business responsibility Reporting filing to the top 100 listed companies by market capitalisation |
| **2017** | SEBI defines green debt securities funds raised for projects and assets falling under the set of categories to deliver environmental benefits.<br>Inclusion of energy efficiency under green debt securities. |
| **2022** | SEBI mandates ESG disclosures under business responsibility and sustainability reporting for the top 1,000 listed companies from FY2023.<br>Government releases a framework for sovereign green bonds |
| **2023** | Government issues first tranche of its maiden sovereign green bond worth INR 80 billion (USD 980 Million) |

*Source: CBRE Research, Sustainability: The Key to Future-Proofing Real Estate, February 2024*

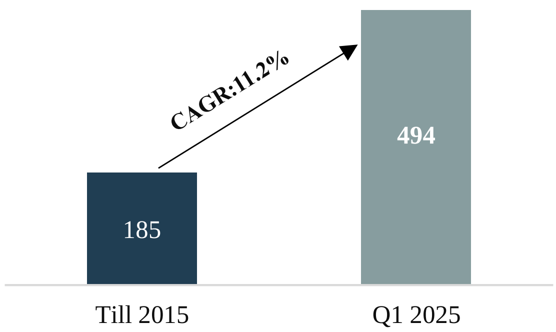
Further, green incentives such as additional FAR, preferential power tariffs, infrastructure subsidies, stamp duty waivers and tax breaks across key cities in India are intended to support green-certified developments.

As of Q1 CY2025, approximately 56% of the total office stock is green-certified. Historically the share of green-certified buildings has increased from 185 Mn sq. ft. in 2015 to approximately 494 Mn sq. ft. as at Q1 CY2025 growing at a CAGR of 11.2% during the period. Approximately 70 - 72% of the space take up during CY2024 and Q1 CY2025 (96.4 Mn sq. ft.) is across green certified buildings. *(Source: CBRE, Q1 CY2025)*

**Share of Green–Certified Buildings in Total Office Stock as at Q1 CY2025**




**Increasing Share of Total Green Certified Stock (in Mn sq. ft.)**




*Source: CBRE, as at Q1 CY2025*

### *6. Emergence of Office Space in Non-Tier I Cities –*

India's Tier I cities have been prime employment hubs and key economic and office growth drivers. Consequently, India's Non-Tier I cities were primarily seen as industrial or residential centres, developing as hubs of the trade and services sector. Since 2006, commercial real estate across these non-Tier I cities in India has been in its early stages of development. The demand for real estate was mainly driven by Business Process Outsourcing Units, local startups, industries, and IT companies supported by the STPI policy[59] and IT/ITes policy across these cities.

A COVID-19 pandemic-induced reverse migration[60] enabled businesses to access a skilled and readily available workforce in these non-Tier I cities. Since 2020, these cities have witnessed an increase in service-based growth. The demand for commercial real estate in non-Tier I cities is driven by an influx of both domestic and selected global companies on account of cost-effective real estate and the availability of a talent pool. Post the COVID-19 pandemic, these non-Tier I cities have increasingly become relevant for companies to set up their satellite offices in. This trend is further supported by the rise of local startups, the expansion of established start-ups and Micro, Small, and Medium Enterprises into these smaller markets.

Traditionally, office spaces in these non-Tier I cities were dominated by sub-investment grade built-to-suit or campus style developments, characterised by smaller floor plates, and limited amenities across strata/lease disposition model. However, capitalising on the growing corporate appetite, non-Tier I cities have gradually transitioned towards the emergence of investment-grade office parks. Additionally, some interested flexible workspace operators are also evaluating these markets for expansion, in response to the demand from organizations looking to establish/expand their footprints in these cities.

Cities such as Ahmedabad, Kochi, Vadodara, Coimbatore, Jaipur, and Indore have seen growth in multi-tenanted buildings (MTB) over the past few years. This growth is driven by the availability of land parcels, competitive rentals, developing infrastructure and connectivity, the presence of manufacturing hubs, service hubs and access to skilled talent.

**Key drivers of real estate demand in non-Tier I cities at a glance**:

| PARTICULARS | AHMEDABAD | KOCHI | INDORE | VADODARA | JAIPUR | COIMBATORE |
|---|---|---|---|---|---|---|
| **Regulatory Framework** | Gujarat IT/ITeS Policy (2022 - 2027), Industrial Policy (2020-2025) | Kerala draft IT Policy (2023), Technology Startup Policy, 2014 | Madhya Pradesh IT Policy (2019), Startup Policy 2022, MSME Policy, 2021 | Gujarat IT/ITeS Policy (2022 - 2027), Industrial Policy (2020-2025) | Rajasthan IT/ITeS Policy (2015-2025), Startup & Innovation Policy (2019-2026) | Tamil Nadu Information Communication Policy (2018), Startup Policy (2018-2023) |
| **Connectivity (Airport)** | Sardar Vallabhbhai Patel International Airport | Cochin International Airport | DAHB International Airport | Vadodara Airport (Harni Airport) | Jaipur International Airport | Coimbatore International Airport |
| **STEM Graduates*** | ~ 19,000 – 21,000 | ~ 5,700 – 6,300 | ~ 19,000 – 20,000 | NA | ~ 16,000 – 17,500 | ~ 41,000 – 43,000 |
| **Prominent Colleges** | IIM Ahmedabad, MICA, Nirma University, CEPT | SCMS Cochin, Jain University Kochi, Government Law College | IIT Indore, IIM Indore, The Institute of Engineering & Technology | Babaria Institute of Technology, GSFC University | Malviya National Institute of Technology, Manipal University | PSG College of Arts & Science, Coimbatore Institute of Technology |
| **Prominent Office Spaces** | GIFT City, Mindspace Gandhinagar, Hiranandani Signature | Brigade World Tech Centre, Lulu Tech Tower, Prestige TMS Square, Cyber Green | Brilliant Sapphire, C21 Business Park, Skye Corporate Park | Alembic business park, 73 east avenue, Temenos business park, Notus IT | Mahindra World SEZ, World Trade Park, Jaipur Centre, Mangalam Signature Tower | Hanudev Infopak, KCT Tech Park, TIDEL Park, SVB Tech Park |

*Source: CBRE, *CBRE Research, The Office Sector's Ascent: Tier II cities on the Horizon, January 2024*

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[59] *The Software Technology Park Scheme is a 100% export-oriented scheme for the development and export of computer software, including export of professional services using communication links or physical media.*

[60] *Refers to the migration of people back to their sub-urban, rural communities from Tier I cities, due to the COVID-19 pandemic.*

**Key non-Tier I cities[61] – Commercial Office Overview:**

**Ahmedabad:** Ahmedabad is the largest and most populous city in Gujarat *(Source: Ahmedabad District's Official Website, Government of Gujarat)*. Ahmedabad's twin cities (Business Capital & Gandhi Nagar) along with Gujarat International Finance Tec-City are prominent manufacturing and trading hubs in western India. Over the last decade, the city has attracted global and Indian firms and is a key hub for pharmaceutical and manufacturing.

Ahmedabad was initially recognized as an industrial and manufacturing hub. The city's office space demand was at an early development stage and relatively unorganized, driven primarily by local businesses and industries. However, in the last 3-4 years, the city has seen the emergence of startups and demand from Information Technology (IT) and Business Process Outsourcing (BPO) industries.

Key planned infrastructure initiatives such as the Ahmedabad – Mumbai High-Speed Rail[62], Ahmedabad Metro Rail Project – Phase II[63], Gujarat International Finance Tec-City (Phase II & III)[64], A greenfield – Dholera International Airport[65] and Delhi-Mumbai Industrial Corridor are intended to enhance the city's overall connectivity and attractiveness for businesses.

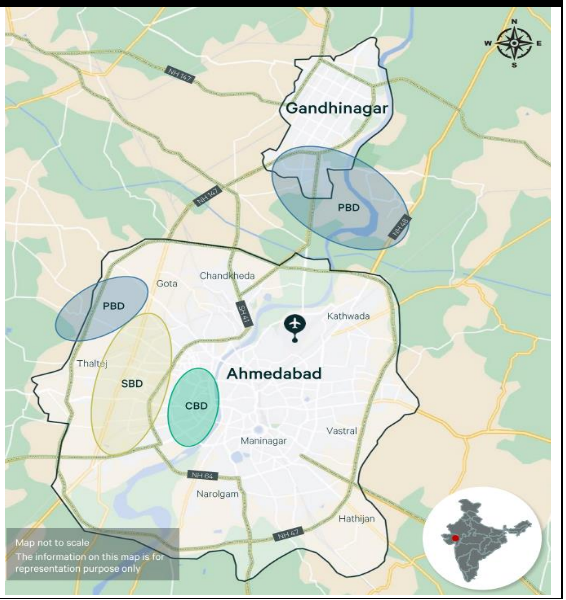
As at H1 CY2024, Ahmedabad has a total Grade A office stock of approximately 15.5 – 16.5 Mn sq. ft.. The city is forecast to see an additional supply of approximately 1.7 – 1.9 Mn sq. ft. during CY2025 based on existing under-construction projects. The key sectors driving demand across the city include BFSI (Banking, Financial Services and Insurance) and Technology and Engineering and Manufacturing (E&M) firms.

| ***Snapshot - Grade A Office stock in Ahmedabad:*** | |
|---|---|
| Total Stock as at June 30, 2024 (Mn sq. ft.) | 15.5 – 16.5 |
| Occupied Stock as at June 30, 2024 (Mn sq. ft.) | 13.6 – 14.6 |
| Vacancy as at June 30, 2024 (%) | 11 - 13% |
| Average Market Rents as at June 30, 2024 (per sq. ft. / month) | INR 35-50 per sq. ft./month |

The city has 3 prominent office micro markets as highlighted below:

***Key Office Micro-markets as at H1 CY2024:***

| **Micro-market** | **Details** | **Total Office Stock (In Mn sq. ft.)** | **Average Office Rent (INR/sq. ft./month)** | **Locations** |
|---|---|---|---|---|
| CBD | A well-established office micro market that houses largely independent buildings | 0.9 – 1.1 Mn sq. ft. | INR 35-45 /sq. ft./month | Ashram Road, Chimanlal Girdharlal Road |
| SBD | The most preferred micro-market among technology occupiers | 11.5 – 11.7 Mn sq. ft. | INR 40 – 50 /sq. ft./month | SG Highway, Prahlad Nagar, Corporate Road, Iscon Ambli |
| PBD | An emerging office micro-market houses various global technology and BFSI occupiers | 3.3 – 3.5 Mn sq. ft. | INR 40 – 50 /sq. ft./month | GIFT City, Mindspace SEZ, Sargasan, Science City |




[61] *CBRE has identified these cities based on quantum of commercial real estate and flexible workspace.*
[62] *India's first high-speed rail project, a 500 km rail line proposed to connect Mumbai and Ahmedabad via Surat and Vadodara, aimed to reduce travel time between Ahmedabad and Mumbai from 7 hours to approximately 3 hours.*
[63] *Ahmedabad Metro Rail Project Phase II is a 20.8 Km long corridor of with 8 stations launched on 16th September 2024*
[64] *An integrated development across 886 acres ~ expected to act as a key real estate node in the city (Source: Ahmedabad – Tier II cities coming of age, CBRE Research)*
[65] *Planned to have an aerocity spread across ~ 185 acres with offices, retail developments and cargo handling facilities.*

**Kochi:** The port city, Kochi is the largest urban conglomerate in Kerela. *(Source: Press Information Bureau,)* The city's economy is primarily driven by shipbuilding, chemicals, and tourism industries. It is a key commercial destination in Kerela supported by its connectivity to Tier 1 cities such as Bengaluru and Chennai.

Over the last few years, the city has seen a rise in demand from both domestic and global companies across sectors such as Technology and fin-tech. Key existing infrastructure such as Kochi Metro Rail (KMR), Kochi Water Metro and the proposed Industry Corridor (Kochi-Bengaluru Industrial Corridor) are aimed to enhance the city's overall connectivity and attractiveness for businesses.

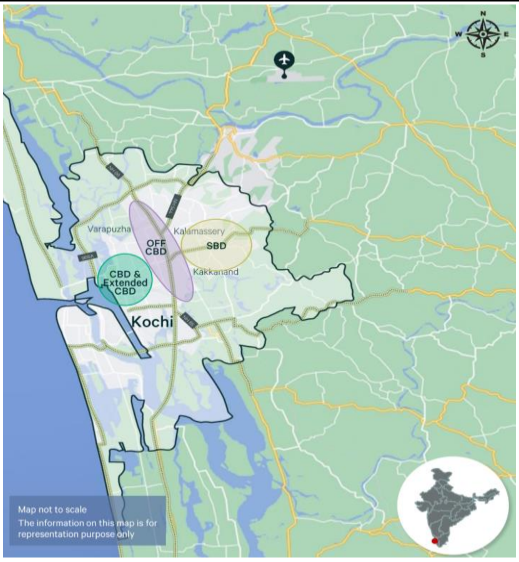
As at H1 CY2024, Kochi has a total office stock[66] of approximately 13.7 – 14.7 Mn sq. ft.. The city is forecast to see an additional supply of approximately 0.4 – 0.6 Mn sq. ft. during CY2025, based on existing under-construction projects. The key sectors driving demand across the city are Research, Consulting & Analytics, Technology and Aviation sector.

| ***Snapshot - Office stock in Kochi:*** | |
|---|---|
| Total Stock as of June 30, 2024 (Mn sq. ft.) | 13.7 – 14.7 |
| Occupied Stock as of June 30, 2024 (Mn sq. ft.) | 10.1 – 11.1 |
| Vacancy as of June 30, 2024 (%) | 25 - 27% |
| Average Market Rents as at June 30, 2024 (per sq. ft. / month) | INR 45-60 per sq. ft./month |

The city has 3 prominent office micro markets as highlighted below:

***Key Office Micro-markets as at H1 CY2024:***

| **Micro-market** | **Details** | **Total Office Stock (In Mn sq. ft.)** | **Average Office Rent (INR/sq. ft./month)** | **Locations** |
|---|---|---|---|---|
| CBD and Extended CBD | The micro-market primarily houses client-facing corporate offices, and retail outlets. | 1.1 – 1.3 Mn sq. ft. | INR 55 – 65 /sq. ft./month | MG Road, Kaloor, Kadavanthra, Panampilli Nagar, Thevara |
| Off CBD | This is an emerging office micro-market along the NH 66 bypass. | 4.3 – 4.5 Mn sq. ft. | INR 60 – 70 /sq. ft./month | Vyttila, Pararivattom, Edappally |
| SBD | A well-established office market ~ this micro-market hosts several technology firms and corporate occupiers | 8.5 – 8.7 Mn sq. ft. | INR 40 – 50 /sq. ft./month | Kakkanad, Seaport – Airport Road |




66 *Including Grade A, Grade B and Grade C*

**Indore:** Located in Madhya Pradesh, Indore was one of the first 25 cities to be developed under the Central Government's 'Smart City Mission'. It functions as the commercial capital of the state and is a key education hub as it houses premium national colleges. With a skilled labour talent pool, led by the presence of top colleges in India, and with the presence of several Grade A office developments catering to numerous Indian IT companies, global technology firms and startups, Indore is emerging as a service hub for central India.

The city has been witnessing the growth of several startups. Key ongoing Infrastructure initiatives such as the Indore Metro Rail Project aim to enhance the city's overall connectivity and ease congestion across the key nodes in the city. The proposed Economic Corridor is planned to be developed as an 'Investment Region' for office spaces, retail outlets, green industries, data centres and hotels. The corridor is likely to house a Fintech City and an Aerocity to attract global/domestic investments and boost real estate across sectors. *(Source: CBRE Research, Tier II cities: Coming of Age)*

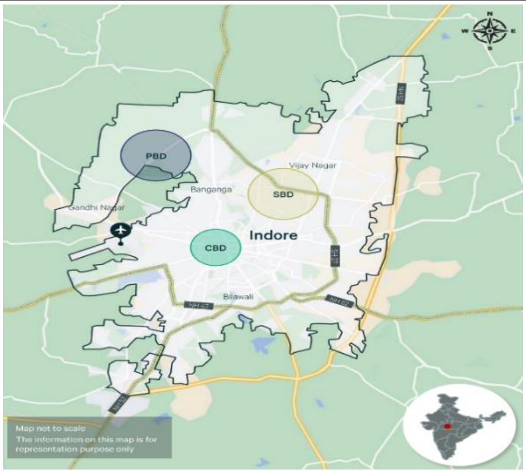
As at H1 CY2024, Indore has a total office stock[67] of approximately 9.3 – 10.3 Mn sq. ft.. The city is forecast to witness an additional supply of approximately 1.2 – 1.4 Mn sq. ft. during CY2025, based on existing under-construction project.

| ***Snapshot - Office stock in Indore:*** | |
|---|---|
| Total Stock as at June 30, 2024 (Mn sq. ft.) | 9.3 – 10.3 |
| Occupied Stock as at June 30, 2024 (Mn sq. ft.) | 8.5 – 9.5 |
| Vacancy as at June 30, 2024 (%) | 8 - 10% |
| Average Market Rents as at June 30, 2024 (per sq. ft. / month) | INR 45 - 70 per sq. ft./month |

The city has 3 prominent office micro markets as highlighted below:

*Key Office Micro-markets as at H1 CY2024:*

| **Micro-market** | **Details** | **Total Office Stock (In Mn sq. ft.)** | **Average Office Rent (INR/sq. ft./month)** | **Locations** |
|---|---|---|---|---|
| CBD | The micro market is dominated by Government agencies and banks, client-facing and administrative offices | 2.5 – 2.7 Mn sq. ft. | INR 50 – 70 /sq. ft./month | MG Road |
| SBD | A dominant office micro-market and is witnessing continued demand from occupiers – houses technology occupiers | 5.1 – 5.3 Mn sq. ft. | INR 45 – 65 /sq. ft./month | Vijay Nagar |
| PBD | A growing residential catchment and a preferred micro market for large campuses | 2.0 – 2.2 Mn sq. ft. | INR 35 – 55 /sq. ft./month | Super Corridor |




[67] *Including Grade A and Grade B*

**Vadodara:** The city is an emerging engineering and manufacturing landscape across sectors such as pharmaceuticals, chemicals, biotechnology, engineering, auto and defence. Vadodara hosts large-scale public-sector enterprises such as Gujarat Alkalies & Chemicals Limited (GACL), Gujarat State Fertilizers and Chemicals (GSFC), Indian Oil Corporation (IOCL) and Oil & Natural Gas Corporation (ONGC) amongst others. *(Source: Invest India, Vadodara – Bharuch-Ankleshwar Cluster – Country's Power Engineering and Chemicals Cluster)* Supported by the Government's existing and planned initiatives across the IT/ITes sector, Special Economic Zones – Bio-Tech Park SEZ, Industrial parks, the city has witnessed a moderate increase in demand for real estate from startups and domestic corporations.

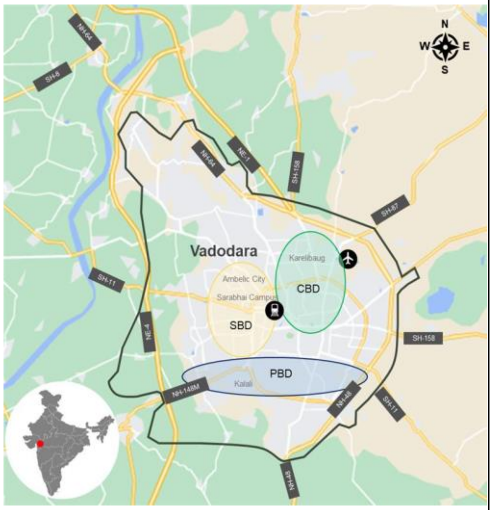
As at H1 CY2024, Vadodara has a total office stock[68] of approximately 6.7 – 7.7 Mn sq. ft.. The city is forecast to witness an additional supply of approximately 1.9 – 2.1 Mn sq. ft. during CY2025, based on existing under-construction projects. In the past few years, the region has witnessed demand for commercial real estate primarily from the Engineering and Manufacturing sectors.

| ***Snapshot - Office stock in Vadodara:*** | |
|---|---|
| Total Stock as at June 30, 2024 (Mn sq. ft.) | 6.7 – 7.7 |
| Occupied Stock as at June 30, 2024 (Mn sq. ft.) | 5.1 – 6.1 |
| Vacancy as at June 30, 2024 (%) | 21 - 24% |
| Average Market Rents as at June 30, 2024 (per sq. ft. / month) | INR 30 - 60[69] per sq. ft./month |

The city has 3 prominent office micro markets as highlighted below:

*Key Office Micro-markets as at H1 CY2024:*

| **Micro-market** | **Details** | **Total Office Stock (In Mn sq. ft.)** | **Average Office Rent[70] (INR/sq. ft./month)** | **Locations** |
|---|---|---|---|---|
| SBD + Ex - SBD | This micromarket comprises major IT parks including IT and engineering & Manufacturing tenants amongst others | 3.1 – 3.3 Mn sq. ft. | INR 45 – 60 /sq. ft./month | Sarabhai Campus, Alembic City |
| CBD | This is primarily the market for retail and comprises old city areas along with small standalone offices | 1.9 – 2.1 Mn sq. ft. | INR 38 – 60 /sq. ft./month | Karelibaug |
| PBD | This is an emerging market with upcoming large-scale developments ~ modern buildings | 1.9 – 2.1 Mn sq. ft. | INR 30 – 48 /sq. ft./month | Kalali |




[68] *Including Grade A and Grade B*
[69] *Rentals are on carpet area.*
[70] *Rentals are on carpet area.*

**Jaipur:** Jaipur's economy is primarily led by tourism and the gems & jewellery industry. The city is part of the 'Golden Triangle Tourist Circuit[71] along with Delhi NCR and Agra *(Source: Government of India)*. The city is home to Mahindra World City[72], spread across 3,000 acres.

Supported by the city's connectivity to the National Capital Region the city has witnessed increased activity in the services sector. Jaipur has seen an increase in local startups and an expansion of IT Companies over the last three years. Key existing infrastructure initiatives such as the Jaipur Metro and Jaipur Ring Road Project have enhanced the overall connectivity within the city. Ongoing and planned infrastructure initiatives such as the Delhi-Mumbai Industrial Corridor via Jaipur and the proposed metro phase III along with Ring Road project III are aimed to enhance the city's overall connectivity.

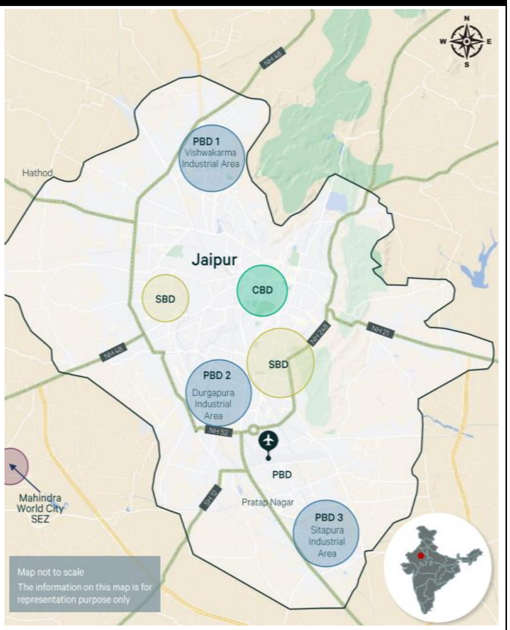
As at H1 CY2024, Jaipur has a total office stock[73] of approximately 7.1 – 8.1 Mn sq. ft.. The city is forecast to witness an additional supply of approximately 1.4 – 1.6 Mn sq. ft. during CY2025, based on current under-construction projects.

| ***Snapshot - Office stock in Jaipur:*** | |
|---|---|
| Total Stock as at June 30, 2024 (Mn sq. ft.) | 7.1 – 8.1 |
| Occupied Stock as at June 30, 2024 (Mn sq. ft.) | 5.6 – 6.6 |
| Vacancy as at June 30, 2024 (%) | 19 - 21% |
| Average Market Rents as at June 30, 2024 (per sq. ft. / month) | INR 50 - 70 per sq. ft./month |

The city has 4 prominent office micro markets as highlighted below:

*Key Office Micro-markets as at H1 CY2024:*

| Micro-market | Details | Total Office Stock (In Mn sq. ft.) | Average Office Rent (INR/sq. ft./month) | Locations |
|---|---|---|---|---|
| CBD | The most preferred office micromarket with excellent connectivity ~ old buildings are occupied by BFSI firms and retail brands | 0.3 – 0.5 Mn sq. ft. | INR 55 – 65 /sq. ft./month | C-Scheme, MI Road |
| SBD | The micro-market is characterized by a host of scattered multi-storeyed and stand-alone buildings with excellent connectivity | 3.6 – 3.8 Mn sq. ft. | INR 50 – 70 /sq. ft./month | Civil Lines, Tonk Road, JLN Marg, Vaishali Nagar |
| PBD 1,2,3 | The micromarket consists of standalone buildings with individual ownership. | 0.6 – 0.8 Mn sq. ft. | INR 50 – 60 /sq. ft./month | Sitapura Vishwakarma Industrial Area, Durgapura |
| Mahindra World City - SEZ | Spread across 3,000 acres this is a 74:26 joint venture between Mahindra Group and Rajasthan State Industrial Development and Investment Corporation. | 2.7 – 2.9 Mn sq. ft. | INR 55 – 65 /sq. ft./month | NH-8 (Jaipur-Ajmer Highway) / Ajmer Raod |




[71] *A 700 km tourist circuit that connects Delhi NCR, Agra and Jaipur*
[72] *Mahindra World City - Spread across 3,000 acres this is 74:26 joint venture between Mahindra Group and Rajasthan State Industrial Development and Investment Corporation.*
[73] *Including Grade A and Grade B*

**Coimbatore:** Coimbatore is the second-largest city in Tamil Nadu after Chennai and the 16th-largest urban agglomeration in India. *(Source: Coimbatore City Municipal Corporation, District Profile, Government of Tamil Nadu)* It is a key commercial hub for textile industries, engineering and manufacturing companies and technology firms in the state. Coimbatore is a prominent outsourcing destination for auto components and is a manufacturing hub for pumps, wet grinders, jewellery and gems.

Over the last few years, the city has seen demand from MNCs, GCCs, and local startups. Key proposed infrastructure initiatives such as the Coimbatore Metro Rail Line[74], Western Ring Road[75] and Industry Corridor[76] are aimed to enhance the city's overall connectivity.

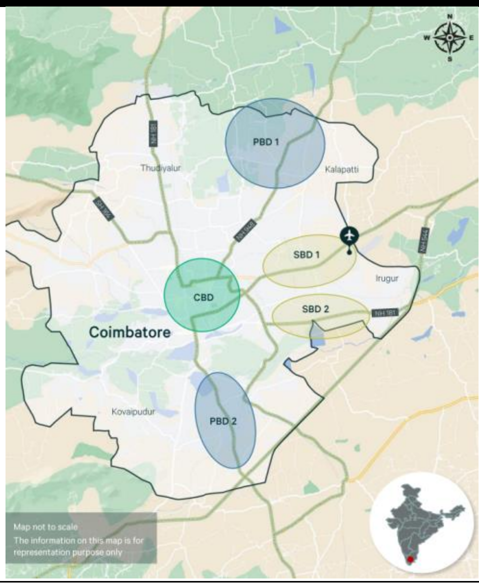
As at H1 CY2024, Coimbatore has a total office stock[77] of approximately 6.7 – 7.7 Mn sq. ft.. The city is forecast to witness an additional supply of approximately 0.2 – 0.4 Mn sq. ft. during CY2025, based on under-construction projects. The key sectors driving demand across the city are Research, Consulting & Analytics, and Technology.

| ***Snapshot - Office stock in Coimbatore:*** | |
|---|---|
| Total Stock as at June 30, 2024 (Mn sq. ft.) | 6.7 – 7.7 |
| Occupied Stock as at June 30, 2024 (Mn sq. ft.) | 5.9 – 6.9 |
| Vacancy as at June 30, 2024 (%) | 10-12% |
| Average Market Rents as at June 30, 2024 (per sq. ft. / month) | INR 45-60 per sq. ft./month |

The city has 4 prominent office micro markets as highlighted below:

***Key Office Micro-markets as at H1 CY2024:***

| Micro-market | Details | Total Office Stock (In Mn sq. ft.) | Average Office Rent (INR/sq. ft./month) | Locations |
|---|---|---|---|---|
| CBD | The micro market comprises smaller offices for client-facing businesses such as banks | 1.0 – 1.2 Mn sq. ft. | INR 50 – 70 /sq. ft./month | RS Puram, Gandhipuram, Avinashi Road till Lakshmi Mills |
| SBD | This comprises SBD1 (an upcoming commercial market with large IT occupiers) & SBD2 (characterized by small-sized offices) | 2.4 – 2.5 Mn sq. ft. | INR 50 – 65 /sq. ft./month | Avinashi Road, TIDEL[78] Park, Airport, Trichy Road |
| PBD 1 | The micro-market is dominated by MSMEs[79] | 2.8 – 2.9 Mn sq. ft. | INR 30 – 40 /sq. ft./month | Saravanampatti, Kalapatti |
| PBD 2 | A key IT location in the city comprising a SEZ campus and captive units along wit | 0.7 – 0.8 Mn sq. ft. | INR 45 – 55 /sq. ft./month | Eachanari, Neelambur |




74 *The project is expected to reduce traffic bottlenecks and enhance connectivity between key commercial micro markets in the city.*
75 *A 32.4 km long, four lane road proposed to reduce traffic congestion in the city.*
76 *Defence Industrial Corridor & Kochi-Bengaluru Industrial Corridor, the two industrial corridors are likely to enhance the connectivity of Coimbatore with other key cities, promote industrial cluster developments aimed to attract global/domestic investments.*
77 *Including Grade A, Grade B and Grade C*
78 *TIDEL is portmanteau of Tamil Nadu Industrial Development Corporation and Electronic Corporation of Tamil Nadu Limited*
79 *Micro, Small & Medium Enterprises*

***Outlook for Office space across non-Tier I Cities in India -***

**Demand side –** More than 45% of recognized startups are emerging out of non-Tier I cities. *(Source: Economic Survey, 2023-2024, Government of India)* Numerous start-ups would continue to be incubated in non-Tier I cities, powered by innovation across Education Technology, Health Technology, and Finance Technology supported by Government initiatives such as GENESIS[80] (Gen-Next Support for Innovative Startups). *(Source: CBRE Research, The Office Sector's Ascent: Tier II Cities on the Horizon, January 2024)*

Out of the total installed GCC talent, approximately 4% is in non-Tier I cities. These non-Tier 1 cities account for approximately 220+ GCCs in FY2024, up from 90+ GCCs in FY2019. Ahmedabad, Coimbatore, and Vadodara are the key hubs in these non-Tier I cities with approximately 10% of GCCs either newly set up or expanded in the past year. The State Governments of Karnataka and Tamil Nadu are crafting GCC-specific policies such as the Startup Tamil Nadu Policy, and Karnataka Data Centre Policy intended to further support the growth of GCC in these regions. *(Source: NASSCOM, India GCC Landscape Report – The 5 Year Journey, September 2024)*

CBRE India Office Occupier Survey, 2024 indicated a preference amongst occupiers to expand in smaller cities over the next few years. Global and Indian firms are looking to explore these non-Tier I cities as the next growth cities. Technology and BFSI firms are expanding their businesses in these non-Tier I cities. The Survey also revealed that domestic companies are also evaluating expansion in these non-Tier I cities over the next one to three years. *(Source: CBRE Research, 2024 India Office Occupier Survey, June, 2024[81])*

**Infrastructure development –** Several Government initiatives are likely to enhance the infrastructure within non-Tier I cities. The 'Smart Cities Mission' launched on 25th June 2015, was designed to enhance the quality of life in 100 selected cities by providing efficient services, infrastructure, and a sustainable environment. *(Source: Press Information Bureau, Ministry of Housing & Urban Affairs, September 2nd, 2024)* As at August 2024, the Government has created 1,266 vibrant urban spaces, 815 social infrastructure projects and 805 economic infrastructure projects. Over 4,700 kilometres of roads have been constructed or upgraded and 580 kilometres of cycle tracks have been developed across 100 cities. Approximately 21 incubation centres and skill development centres have been established and over 56 market redevelopment projects have been completed. More than 8,000 multi-sectoral projects are being developed within 100 cities, with an approximate cost of INR 1.6 trillion. More than 90% of the total projects (7,244 projects amounting to INR 1.5 trillion) undertaken under the Smart Cities Mission have been completed. *(Source: Press Information Bureau, Ministry of Housing & Urban Affairs, September 2nd, 2024)*

**Supply side –** A few Prominent developers in India have commenced projects in non-Tier I cities over the last few years. Over the next few years, these non-Tier I cities are expected to witness a relatively higher number of grade A office developments likely also having flexible workspaces and amenities as per global and domestic occupiers. *(Source: CBRE Research, The Office Sector's Ascent: Tier II Cities on the Horizon, January 2024)*

Increasing investments in urban infrastructure such as airports, metros, and highways an improving economy, digital integration across the country and growing urbanization are likely to expand demand for economic centres in the country beyond the traditional metropolitan cities. Technology companies and GCCs are expected to drive this gradual shift towards select non-Tier I cities. However, the transition would depend on the sustained availability of skilled talent in these smaller markets. *(Source: CBRE Research, The Office Sector's Ascent: Tier II Cities on the Horizon, January 2024)*

*Note: June 2024 data has been represented in the section above which is the most recent information commonly available across all non Tier-I cities*

[80] *Scheme with a budgetary outlay of Rs. 490 Crore for a duration of 5 years to accelerate and enhance the fast-rising tech startup ecosystem. The Scheme aims to boost the startup ecosystem in Tier-II & Tier-III cities and upcoming towns in the country with emphasis on collaborative engagement among startups, Government and corporates. GENESIS envisages further scaling up and sustaining the tech ecosystem especially to discover, support, grow and make successful startups. The scheme aims to directly support 1500+ startups from Tier-II and Tier-III cities. (Source: Press Information Bureau, Delhi, Ministry of Skill Development and Entrepreneurship, July 2024)*

[81] *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, r*

*al estate & logistics, 2% - telecom & communication.*

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

*Portfolio Size – 36% - Small (< 100,000 sq. ft.); 31% - Medium (100,000 – 500,000 sq. ft.); 33% - Large (> 500,000 sq. ft.)*

***Outlook for Office Space across Top 9 cities in India –***

Sustained corporate expansion across diverse sectors is posed 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.

**Upcoming investment-grade supply –** Aligning with evolving occupier preferences for high-quality workplace environments, developers are also placing greater emphasis on workplace experience and hospitality integration, ensuring office environments that foster productivity, collaboration, and employee wellbeing.

**Leasing –** Established markets, notably Bengaluru, Hyderabad, Delhi-NCR and Mumbai, are expected to sustain their prominence in leasing activity. Concurrently, Chennai and Pune are demonstrating increased market traction, driven by a well-positioned supply pipeline, a robust talent base, and a growing occupier focus on diversifying beyond gateway cities. Leasing demand is also forecasted to expand into tier-II cities as businesses seek strategic expansion opportunities. Leveraging the resurgence of leasing between 2022 and 2024, domestic companies are expected to continue prioritising quality spaces to support their long-term expansion plans.

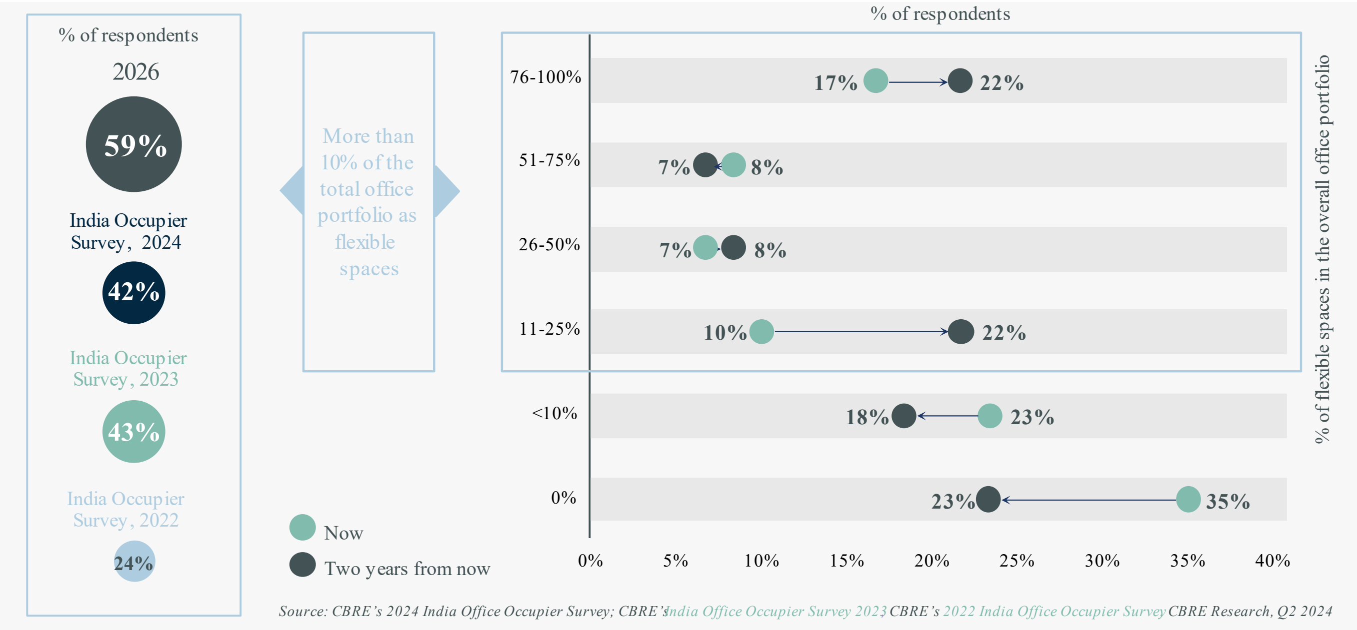
**Diversification of demand** – The technology sector is expected to remain a key demand driver, while the BFSI and E&M sectors are likely to continue expanding, propelled by their thrust towards digitalisation initiatives. Emerging industries, including life sciences, semiconductors, and automobiles, are also anticipated to witness sustained growth.

**GCCs remain a key driver of office demand –** Expansion of GCCs, driven by consolidation and new entrants, is forecast to account for 35-40% of office space absorption in key Indian cities in 2025, while supportive state policies would potentially encourage growth in smaller cities. Furthermore, sustained capital investment underpins expectations for a steady influx of quality institutional projects in the office sector. *(Source: CBRE Research, India Market Monitor Q1 2025, April 2025)*

***The emergence of Flexible Workspaces as an important segment in the office sector:***

Flexible workspaces are becoming an integral part of the commercial office market. The Flexible Workspace stock in the 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 Q1 CY 2025.

According to the CBRE Research's 2024 India Office Occupier Survey, 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, 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*

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The rise of hybrid work models, prudence in the use of capital, the need for flexibility, 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, and small and medium-sized enterprises (SMEs) to large corporations. These organizations are evaluating to integrate flexible workspaces into their office portfolios as part of their 'Core+Flex'[82] 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.

[82] *'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:

- Support in implementing hybrid and distributed working policies
- Outsourcing non-core CRE operations
- To circumvent upfront investment in office fit-outs
- Converting capital expenditure to operating expenditure
- Acquiring small portions of large floorplates in buildings of preference
- Supporting multi-geography expansions

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 varied working styles and introducing flexibility to the commercial office market.

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

| | **Details** |
|---|---|
| Pre-2015 | • Prior to 2015, the flexible workspace offering was mostly limited to two kinds of solutions:<br>○ Traditional business centres/serviced offices comprising a mix of of private suites and meeting rooms catering mostly to short-term needs for small serviced offices and swing space requirements from corporate organizations<br>○ 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 to gain 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<br>• 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 organisations<br>• 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 workspaces with flexible terms by MSMEs and corporate organisations<br>• These solutions became popular with enterprises looking to circumvent upfront capital expenditure in office fit-outs and to outsource the design, build, and management of their offices to a single vendor<br>• The continuous evolution of flexible workspace formats in response to end-user demands also eventually led to the emergence of 'Managed Campus' concept that aimed to offer the privacy, flexibility, and customization of a managed office along with the advantages and experience of an amentized and tech-enabled office campus |
| 2020 – 2021<br>(Covid-19 impact & Recovery Period) | • Owing to the COVID-19 pandemic, 'Work From Home' and 'Remote Work' protocols were implemented by many organisations<br>• 'Remote first' became the dominant work policy adopted by many organizations, impacting the physical occupancies in both traditional offices and flexible workspaces<br>• 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<br>• **Q2 2021 onwards**<br>○ Careful reopening of flexible workspace centres, 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 |

| | Details |
|---|---|
| | ○ Introduction of novel solutions by a few flexible workspace operators like on demand 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<br>• Speculative space take-up by flexible workspace operators across the country in anticipation of demand from end users<br>• Adoption of distributed/hybrid working practices and a focus on capital optimization by enterprises became among the leading drivers for flexible workspace solutions<br>• Evaluating Non-Tier 1 cities started becoming a more integral part of the expansion strategy planning for multiple operators<br>• 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 and employee well-being 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 flexible workspace solutions that in isolation or combination may incline end users towards evaluating flexible workspace solutions:

- **Capital 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.

- **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 even more agile office portfolios while providing their employees the flexibility to work from a network of locations.

- **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.

- **Operational Outsource**: Real Estate is a non-core function for most organizations and managing their real estate requirements may take from their 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 requieremnts and other operational requirements allowing them to retain their focus on their core business.

- **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.

**Common flexible workspace offerings:**

**On Demand**

- **Hybrid Digital Solution** - 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

**Pre-built, Shared & Serviced Spaces**

- **Business Centre -** 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
- **Enterprise Coworking -** 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 Managed Offices**

- **Shared Managed Offices -** Custom built bespoke serviced offices with shared common amenities for medium to long term use by end users
- **Private Managed Offices -** Custom built & fully private bespoke serviced offices with dedicated amenities for medium to long term use by end users
- **Managed Campus Centres -** 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

**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 integrating technology into their offerings to further enhance end-user experiences. 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 systems
- Digitized meeting and conference rooms booking system
- Online ticket raising platforms
- Food ordering enablement's on member app
- Enablement on member app for networking and engagement
- Automated Visitor management and access control systems
- Space utilization tracking technology
- Technology to track fit-out project progress

Multiple flexible workspace operators are looking to increase focus on service quality, member wellness, compliance and 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**

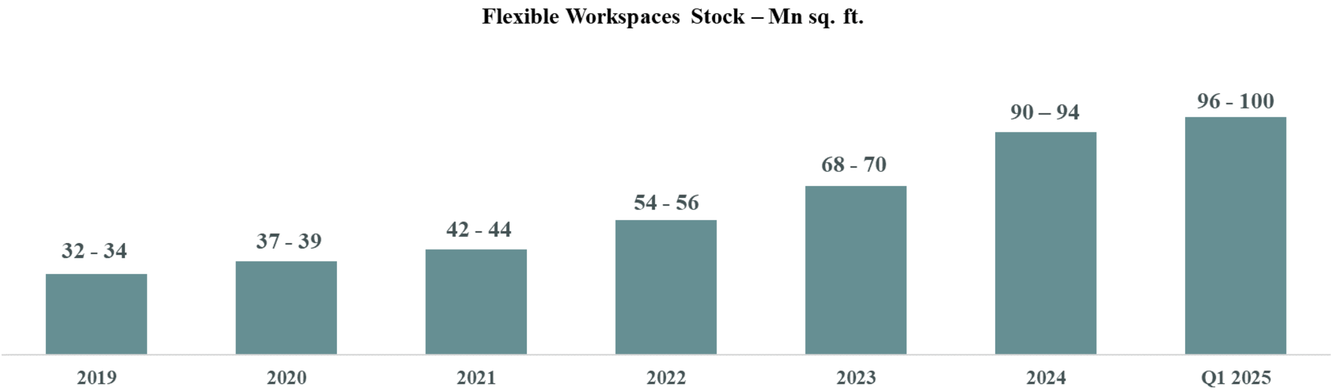
The flexible workspace stock in India currently stands over 96 Mn sq. ft. as of Q1 CY 2025. While around 90% of this stock is spread across key Tier 1 markets of India, demand for flexible workspaces in Non-Tier 1 cities has also been growing.

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 Centre 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):

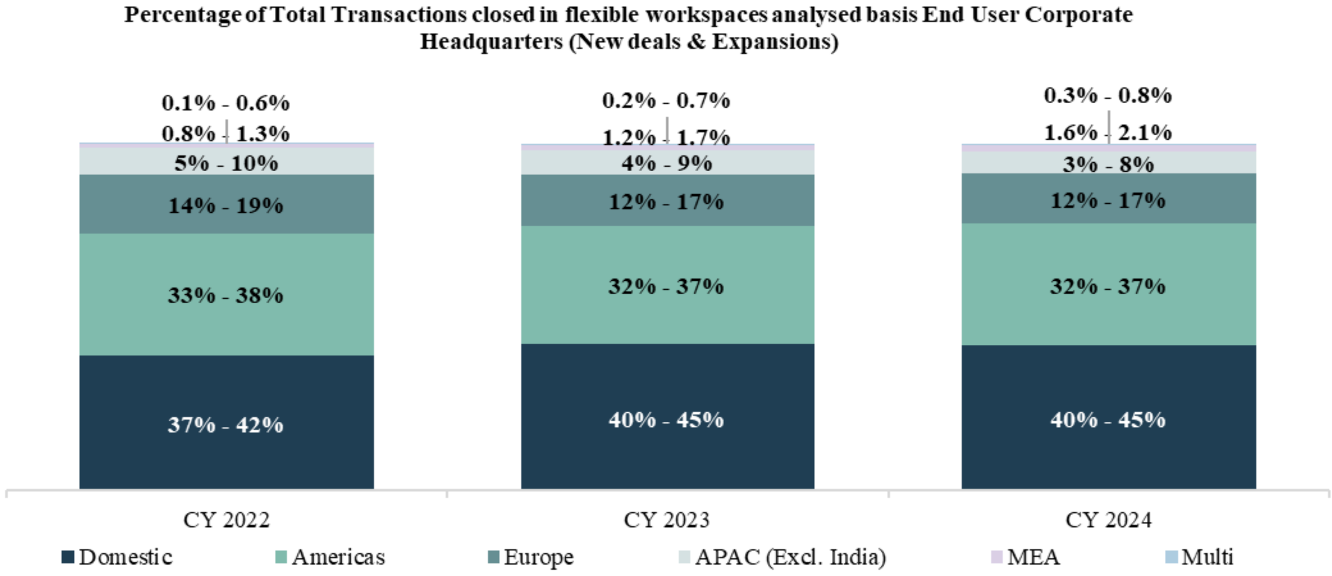



**All data as of Q1 CY 2025, estimate only.*

Tier 1 cities in India account for over 88 Mn sq. ft. of the total flexible workspace stock in India (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.

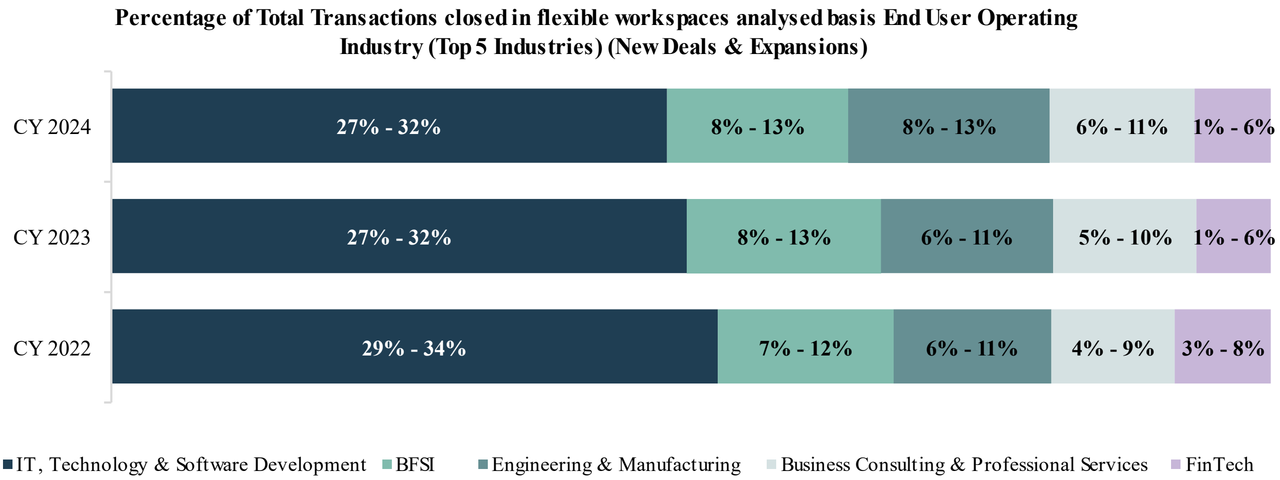
The flexible workspace stock in Non Tier 1 is also forecast to grow further to cater to the anticipated end-user demand for office spaces in these cities owing to factors such as the implementation of hybrid and distributed work policies by organizations, increased focus on employee well-being and retention 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 growth in flexible workspace demand across both Tier 1 and Non-Tier 1 cities is driven by occupier demand across diverse segments including but not limited to large enterprises, MSMEs and, startups.




*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 over 70% of the new/ expansion transactions closed across flexible workspace centres across India over the last 2-3 years.

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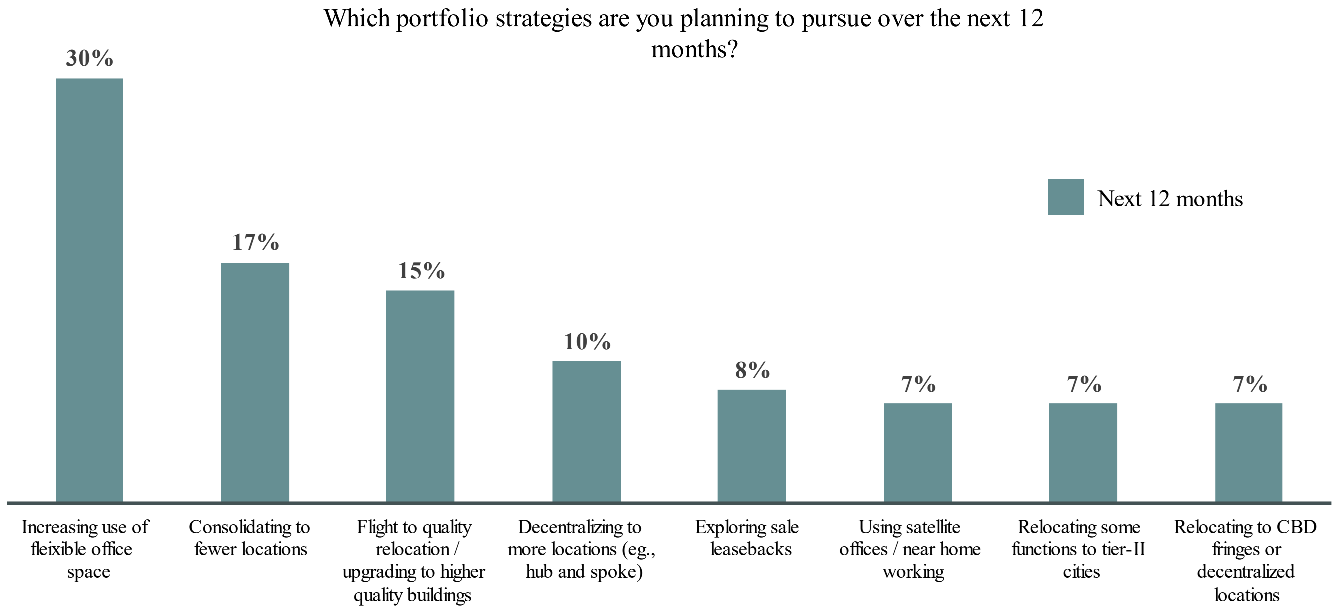
From a new/expansion transaction perspective, Technology companies have been the leading demand contributors for flexible workspaces in India followed by BFSI and Engineering & Manufacturing companies over the last 2- 3 years.

According to the CBRE Research's 2024 India Office Occupier Survey[83], 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*

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

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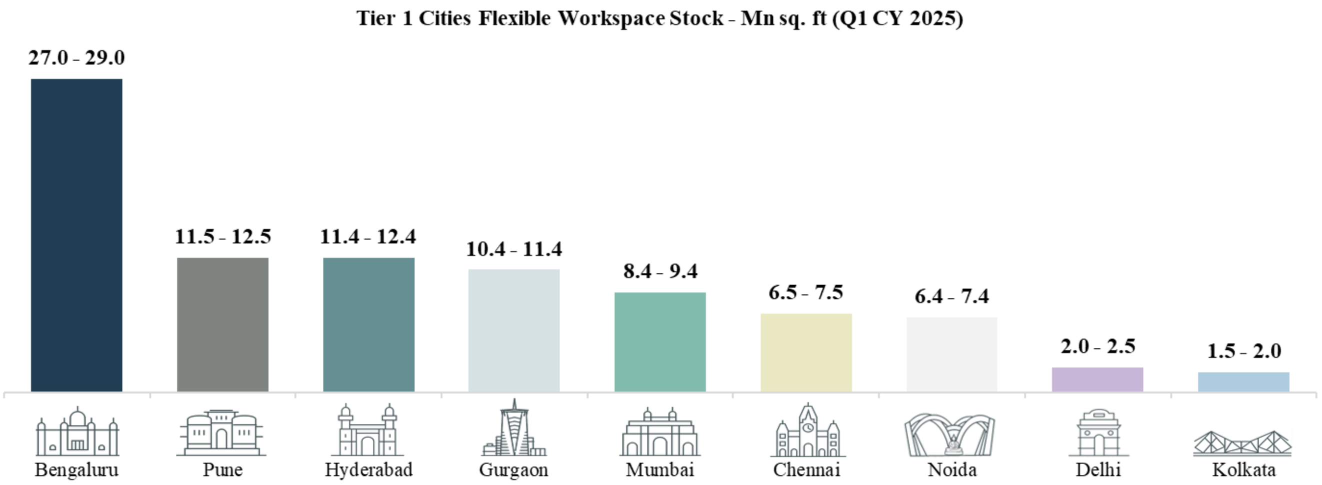
**Flexible Workspace Sector Dynamics - Tier 1 Cities**

The flexible workspace stock in Tier 1 cities grew from more than 35 Mn sq. ft. by the end of CY 2020 to over to 88 Mn sq. ft. as of Q1 CY 2025. The 28 key clusters identified across Tier 1 cities account for around 80% of total flexible workspace stock in these cities.

Given the diversity of, clients, client requirements and nature of end-user demand, a fair share of the commercial office stock including both multi-tenanted & standalone buildings and Grade A & Non-Grade A buildings in the identified key clusters could be considered as potentially relevant stock for flexible workspace operators in India.

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

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




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

**Tier 1 Cities – Overview of Flexible Workspace Segment (Q1 CY2025)**

## BENGALURU:

Bengaluru is a key hub for India's information technology sector, with multiple tech companies, research and development centres, and startups having presence in the city. It also is the country's largest flexible workspace market, with multiple operators having and expanding their presence in the city. In line with the commercial office market activity, flexible workspace operators are also looking to expand their presence in micro markets such as the Central Business District (CBD), Extended Business District (EBD), Outer Ring Road (ORR), North Bengaluru, and Whitefield.

The Central Business District (CBD) is popular due to its central location and good connectivity. The Extended Business District (EBD) offers relatively competitive rental rates compared to the CBD and has a mix of Grade A office spaces along with a couple of notable tech parks. The Outer Ring Road (ORR) is the largest commercial real estate market in Bengaluru and also has the highest flexible workspace stock in the city.

North Bengaluru is gaining relevance given the availability of Grade A office spaces and its location, providing multiple options for companies looking to expand or consolidate operations. In recent years, supported by infrastructure development and Grade A assets, Whitefield has also emerged as an option for businesses seeking strategic locations.

| **Flexible workspaces Stock (Mn sq. ft.)** | **Flexible workspaces stock as a % share of Non SEZ occupied office stock (approx.)** | **Number of Unique Centre Locations (approx.)** | **Flexible Workspace demand driving Sectors** |
|---|---|---|---|
| 27.0 – 29.0 | 17% – 19% | 445+ | IT/Tech Software development, BFSI, Business Consulting & Professional Services, Retail & E-commerce |
| **Cluster / Micro Market** *(Key Sub-Markets/Locations)* | | **Flexible workspaces Stock (Mn sq. ft.)** | **Number of Unique Centre Locations (approx.)** |
| Outer Ring Road *Outer Ring Road, Sarjapur Jn, Kadubesanahalli, Mahadevpura, Marathahalli* | | 7.2 – 7.7 | 65+ |
| Extended Business District *HSR Layout, Koramangala, Indiranagar, Domlur, Old Madras Road, Old Airport Road* | | 6.0 – 6.5 | 145+ |
| 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* | | 3.9 – 4.4 | 90+ |
| Whitefield *Whitefield, EPIP Zone, Hoodi, ITPL road, Graphite, Brookefield* | | 3.8 – 4.3 | 40+ |
| North Bengaluru *Bellary Road, Hebbal Road, Yelahanka, Kempapura, Thanisandra Road, Nagwara* | | 3.3 – 3.8 | 40+ |

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

**PUNE:**

Pune has established itself as a key commercial office market within Western India, driven by activity across key sectors, including IT/ITeS, BFSI, manufacturing, automotive, and pharmaceuticals. The city is witnessing interest from flexible workspace operators, attributable to end-user demand, particularly in markets like Central Business District (CBD) and the Secondary Business Districts (SBD) East and West.

The CBD has good connectivity through public transport, including the operational metro and offers a diversified mix of residential, retail, and office developments. The SBD East and West markets present a relatively cost-effective alternative to the CBD in terms of rental rates and host several Grade A IT/ITeS developments. With improving metro connectivity these markets are anticipated to witness increased interest from technology companies and flexible workspace operators.

Pune's proximity to a major financial centre and high-quality office spaces adds to its overall appeal. These factors are also anticipated to further contribute to the demand for flexible workspace solutions, as a diverse range of organizations consider establishing or expanding their operations within the city.

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

**HYDERABAD:**

Hyderabad is one of the key commercial markets in South India. With demand driven by sectors such as IT/ITES, consulting, and BFSI, the city has become one of the largest flexible workspace markets in India. The city has also garnered interest from companies looking to set up GCC's, contributing to overall office space absorption.

IT Corridor remains the most active market for corporate tenants, offering a good business and social infrastructure. Driven by occupier demand, multiple flexible workspace operators have setup their centres and are exploring expansion opportunities within this market. Extended IT Corridor is the second most active micro-market in terms of overall office leasing activity, garnering interest due to presence of large office campus developments and relatively lower rental rates.

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

<table>
<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 Centre Locations (approx.)</th><th>Flexible Workspaces demand driving Sectors</th></tr>
<tr><td>11.4 – 12.4</td><td>15% – 17%</td><td>170+</td><td>IT/Tech Software development, BFSI, Business Consulting and Professional Services, Engineering & Manufacturing</td></tr>
<tr><td colspan="2">Cluster / Micro Market<br>(Key Sub-Markets/Locations)</td><td>Flexible workspaces Stock (Mn sq. ft.)</td><td>Number of Unique Centre Locations (approx.)</td></tr>
<tr><td colspan="2">IT Corridor (IT Corridor I & II)<br>Kondapur, Madhapur, Gachibowli, HITEC City, Raidurg, Kavuri Hills</td><td>8.5 – 9.0</td><td>105+</td></tr>
<tr><td colspan="2">Ext IT Corridor<br>Nanakramguda, Kukatpally, Kokapet</td><td>2.2 – 2.7</td><td>20+</td></tr>
</table>

**GURGAON:**

Gurgaon is a key commercial/IT-ITES office location in Delhi NCR, with a large quantum of office stock housing headquarters and back offices for companies. Flexible workspace operators are also exploring expansion opportunities in the city especially in key locations such as Cyber City, Golf Course Road, and NH8.

Supported by its developed social and physical infrastructure, Cyber City has become the central business district for Gurgaon, hosting multiple large companies and flexible workspace operators. Golf Course Road has presence of premium office spaces and residential developments, while NH8 with prime commercial developments benefits from the connectivity via the Delhi-Gurgaon Expressway.

<table>
<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 Centre Locations (approx.)</th><th>Flexible Workspaces demand driving Sectors</th></tr>
<tr><td>10.4 – 11.4</td><td>18% – 20%</td><td>205+</td><td>IT/Tech Software development, Retail & E-commerce, BFSI, Business consulting & professional services</td></tr>
<tr><td colspan="2">Cluster / Micro Market<br>(Key Sub-Markets/Locations)</td><td>Flexible workspaces Stock (Mn sq. ft.)</td><td>Number of Unique Centre Locations (approx.)</td></tr>
<tr><td colspan="2">Golf Course Road#</td><td>1.6 – 2.1</td><td>30+</td></tr>
<tr><td colspan="2">Cyber City<br>DLF Cyber City</td><td>1.5 – 2.0</td><td>25+</td></tr>
<tr><td colspan="2">NH-8<br>(NH8 North & South)</td><td>1.2 – 1.7</td><td>15+</td></tr>
</table>

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

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

**MUMBAI:**

Mumbai is regarded as the BFSI hub of India with office space demand predominantly attributable to BFSI companies and large corporates. As multiple organizations are evaluating flexible workspace solutions as part of their real estate optimization strategies, markets such as Bandra Kurla Complex (BKC), the Western Suburbs, Central Mumbai, Eastern Mumbai and Navi Mumbai are witnessing growth in flexible workspaces.

BKC is a preferred market with a large presence of clients such as BFSI clients, consulates and multinational technology conglomerates and is considered the new CBD of Mumbai. However, increasing rental rates, driven by a limited supply of Grade A assets, are leading some companies to explore more affordable alternatives in markets like Central Mumbai.

A substantial portion of Mumbai's talent pool travels from the Western and Eastern Suburbs. With three operational metro lines providing connectivity within the Western Suburbs, Andheri has become an active and preferred option for corporates given its competitive rental rates. The largest concentration of flexible workspace stock in Mumbai is currently located within the Western Suburbs 1 market.

Eastern Suburbs includes LBS Marg which continues to be a mid & back- office location offering cost-optimal solutions with limited Grade A assets, while Powai is a self-contained township development with a balanced mix of front and back-office occupiers. Navi Mumbai, with its forthcoming international airport, offers large-scale, campus-style developments with large floor plates and relatively competitive rental rates. It continues to be a preferred location for BFSI and back-office operations.

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

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

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

**CHENNAI:**
Chennai is amongst the key office markets in South India, with demand driven by a growing supply of Grade A office spaces. The city continues to witness interest in flexible workspace solutions and markets like Guindy/Off CBD, OMR Zone 1, CBD and MPH (SBD), remain as the more preferred locations for flexible workspace operators.

With limited vacancy rates in high quality office stock, the Off CBD market is a preferred choice for SMEs, MSMEs, multinational, and local enterprises for their front-office operations. While the demand for this market is expected to remain stable particularly amongst small to mid-sized offices and flexible workspace operators given its locational advantage and ease of commute, the future supply of Grade A space is limited due to limited land availability.

OMR Zone 1 remains a key market for both corporate occupiers and flexible workspace operators, given the availability of high-quality office campuses. Rental rates are anticipated to increase as new supply remains limited over the next few years. Additionally, the increasing relevance of the MPH market can be attributed to the availability of Grade A spaces, attracting interest from a diverse range of occupiers and flexible workspace operators.

| **Flexible workspaces Stock (Mn sq. ft.)** | **Flexible workspaces stock as a % share of Non SEZ occupied office stock (approx.)** | **Number of Unique Centre Locations (approx.)** | **Flexible Workspaces demand driving Sectors** |
|---|---|---|---|
| 6.5 – 7.5 | 12% – 14% | 135+ | IT/Tech Software development, Engineering & Manufacturing, BFSI |
| **Cluster / Micro Market** *(Key Sub-Markets/Locations)* | | **Flexible workspaces Stock (Mn sq. ft.)** | **Number of Unique Centre 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+ |

**NOIDA:**
Driven by improved connectivity and an increasing supply of quality office spaces, Noida is establishing itself as a key commercial hub in Delhi NCR. There has also been an interest from flexible workspace operators in response to the demand from organizations, particularly for back-office operations.

Sector 16 is an established commercial office market. Sector 16A, known as Film City, hosts multiple media & entertainment companies and Sector 16B has emerged as a provider of Grade A commercial office developments. Sector 62 features standalone buildings with some Grade A developments along with presence of residential areas, benefits from good connectivity with NH-24 and the metro network. This market is often preferred by low-cost IT firms for back-office operations.

Noida Expressway micro-market, supported by good road & metro connectivity and with presence of Grade A IT parks and SEZs, continues to attract corporate occupiers.

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

| Flexible workspaces Stock (Mn sq. ft.) | Flexible workspaces stock as a % share of Non SEZ occupied office stock (approx.) | Number of Unique Centre Locations (approx.) | Flexible Workspaces demand driving Sectors |
|---|---|---|---|
| 6.4 – 7.4 | 20% – 22% | 130+ | IT/Tech Software development, BFSI, Business consulting & professional services |
| **Cluster / Micro Market** *(Key Sub-Markets/Locations)* | | **Flexible workspaces Stock (Mn sq. ft.)** | **Number of Unique Centre 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+ |

**DELHI:**
Delhi is the oldest commercial hub within NCR, supported by demand from sectors such as BFSI, public sector organizations, and media, however due to a lack of available land, new supply has been limited. Proliferation of flexible workspaces has been slower compared to Gurgaon and Noida, owing to relatively limited availability of Grade A commercial office stock, lower building efficiency, strata sold buildings and high rentals collectively leading to relatively less demand for office space from large enterprises.

In the coming years, the Aerocity micro-market is expected to witness increased activity from occupiers driven by its developed infrastructure, strong connectivity, and proximity to IGI Airport. Multiple flexible workspace operators are also evaluating this market for expansion opportunities.

| Flexible workspaces Stock (Mn sq. ft.) | Flexible workspaces stock as a % share of Non SEZ occupied office stock (approx.) | Number of Unique Centre 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 |
| **Cluster / Micro Market** *(Key Sub-Markets/Locations)* | | **Flexible workspaces Stock (Mn sq. ft.)** | **Number of Unique Centre Locations (approx.)** |
| Aerocity (SBD 2 & 3)# | | 0.10 – 0.15 | 3+ |

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

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

**KOLKATA:**

Kolkata, a key commercial market in Eastern India, is a relatively smaller market than other Tier 1 cities with limited expected supply in the pipeline. In recent years, multiple large organizations have established presence in the market and are evaluating this market for expansion. The occupier demand is prompting multiple flexible workspace operators to also evaluate expansion opportunities in the city particularly in PBD i.e., Salt Lake, Sector V, Newtown Rajarhat which are amongst the preferred locations for both occupiers and flexible workspace operators.

| **Flexible workspaces Stock (Mn sq. ft.)** | **Flexible workspaces stock as a % share of Non SEZ occupied office stock (approx.)** | **Number of Unique Centre 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 |

| **Cluster / Micro Market** *(Key Sub-Markets/Locations)* | **Flexible workspaces Stock (Mn sq. ft.)** | **Number of Unique Centre Locations (approx.)** |
|---|---|---|
| Peripheral Business District<br>*Salt Lake Sector V, New Town* | 1.3 – 1.8 | 30+ |

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

**Flexible Workspace Sector Dynamics – Non-Tier 1 Cities (H1 CY 2024)**

With over 6.4 Mn sq. ft. of flexible workspace stock as of H1 CY 2024, non-Tier I cities are also garnering interest from flexible workspaces operators as these cities look to meet the evolving needs of global and domestic occupiers.

As of H1 CY 2024, the top 6 non-Tier I cities including Ahmedabad, Kochi, Indore, Vadodara, Jaipur & Coimbatore collectively contribute to majority of the overall Flexible workspace stock in Non-Tier 1 cities.

Other non-tier 1 cities such as Lucknow, Chandigarh/Mohali, Bhubaneshwar, Trivandrum, Vijayawada, Madurai, Calicut and others may also witness further interest from flexible workspace operators.

**Key Non-Tier I cities – Overview of Flexible Workspace Segment (H1 CY 2024)**

**AHMEDABAD**: Ahmedabad, the largest city in Gujarat, serves as an economic hub, hosting corporate offices, financial institutions, and IT companies.

In line with the overall office market activity, flexible workspace operators have also established their presence largely in the SBD market, on the S.G. Highway and Sindhubhavan Road to cater to the demand from IT and business consulting & professional services firms etc. Operators are also evaluating GIFT City for expansion owing to occupier demand from various sectors such as BFSI, Fintech and business consulting & professional service firms.

| Number of Unique Centre Locations (approx.) | Flexible workspaces Stock (Mn sq. ft.) | Flexible Workspace demand driving Sectors |
|---|---|---|
| 50+ | 1.5 – 2.0 | IT, Business Consulting & Professional Services, BFSI, Human Resource Services |

**KOCHI**: Kochi is considered as one of the key commercial hubs of Kerala. Over the last few years, the city has seen the emergence of local startups across sectors such as Technology and FinTech. This, accompanied with different Government initiatives with a focus towards the office activity, and a growing ecosystem of startups and business has provided diverse opportunities for organizations.

Mirroring office trends, a large part of the Flexible workspace stock in the city is present in CBD - MG Road and SBD - Infopark, Smart City and Kakkanad markets in response to the occupier demand. With an increase in Grade A supply and occupier demand, multiple flexible workspace operators may continue to explore growth/expansion into this market.

| Number of Unique Centre Locations (approx.) | Flexible workspaces Stock (Mn sq. ft.) | Flexible Workspace demand driving Sectors |
|---|---|---|
| 50+ | 0.5 – 1.0 | BFSI, IT, Technology & Software Development, Business Consulting & Professional Services, Airlines, Aviation and Aerospace |

**INDORE:** Indore was one of the first 25 cities to be developed under the central Government's 'Smart City Mission'. *(Source: Indore Municipal Corporation, City Overview)* and is also a key education hub hosting top national colleges. Office activity in Indore has evolved over the years given its historical significance as a trading centre, its central location, connectivity, Government support for industrialization and infrastructure improvements.

Developers are actively launching new projects in and around Vijay Nagar, with a focus on creating Grade A mixed-use buildings that incorporate both retail and office spaces.

With the entry of more corporates and IT companies into the city, multiple flexible workspace operators may continue to explore growth/expansion into this market.

| Number of Unique Centre Locations (approx.) | Flexible workspaces Stock (Mn sq. ft.) | Flexible Workspace demand driving Sectors |
|---|---|---|
| 30+ | 0.4 – 0.9 | IT, Technology & Software Development, Business Consulting & Professional Services, BFSI |

**All data as of H1 CY 2024, estimate only.*

**VADODARA:** Vadodara is the third largest city in Gujarat. The city is well connected by rail, and road through NH-8 Highway connecting to Ahmedabad and also serves as an educational hub.

The SBD market, particularly the Sarabhai Campus, is a preferred location for occupiers from engineering and IT sectors, making it a sought-after business hub and multiple flexible workspace operators have also established/ are looking to establish presence in this location.

The evolving social infrastructure and convenient access to the rest of Gujarat enhances Vadodara's position as a growing commercial destination and multiple flexible workspace operators may continue to explore growth/expansion into this market in response to the occupier demand.

| Number of Unique Centre Locations (approx.) | Flexible workspaces Stock (Mn sq. ft.) | Flexible Workspace demand driving Sectors |
|---|---|---|
| 8+ | 0.4 – 0.9 | IT, Engineering & Manufacturing, Business Consulting & Professional Services, BFSI |

**COIMBATORE:** Coimbatore is one of the key commercial hubs for textile, engineering & manufacturing companies, and technology firms in the state.

Avinashi Road and Saravanampatti are amongst the established micro-markets in the city with good connectivity, residential catchment, social infrastructure, and the presence of IT/ITeS companies in these locations. Apart from the growth of local companies in the city, new entrants are also opening back offices/satellite offices in the city which may also lead to an increase in the demand for flexible workspace solutions.

| Number of Unique Centre Locations (approx.) | Flexible workspaces Stock (Mn sq. ft.) | Flexible Workspace demand driving Sectors |
|---|---|---|
| 30+ | 0.3 – 0.8 | IT, Technology & Software Development, Business Consulting & Professional Services, BFSI, HealthTech |

**JAIPUR:** The city has seen the emergence of local startups and the expansion of IT Companies over the last few years driven by infrastructure initiatives, connectivity, and competitive prices.

Jaipur's connectivity to the National Capital Region (NCR) further adds to its attractiveness for corporate occupiers.

Some of the micro-markets witnessing flexible workspace transactions in the city are Malviya Nagar, Tonk Road, JLN Marg, Airport Area (Sitapura Industrial Area near the airport Road). Owing to the occupier demand, multiple flexible workspace operators may continue to explore growth/expansion into this market.

| Number of Unique Centre Locations (approx.) | Flexible workspaces Stock (Mn sq. ft.) | Flexible Workspace demand driving Sectors |
|---|---|---|
| 40+ | 0.3 – 0.8 | Business Consulting & Professional Services, IT, Technology & Software Development, Retail & E – Commerce |

**All data as of H1 CY 2024, estimate only.*

*Note: June 2024 data has been represented in the section above which is the most recent information commonly available across flex and CRE for all non Tier-I cities*

***Operator Overview – IndiQube***

IndiQube is a managed office solutions company that has developed the capability to offer ammenitized and technology-driven workplace solutions of varied sizes, ranging from small offices to full buildings, along with the ability to provide diverse value-added services to their clients. IndiQube's capabilities / services include:

- Fit out as a service
- Facility Management
- Asset Renovation
- F&B
- IT Services

IndiQube is amongst the leading Flexible workspace operators in India with a presence across multiple cities. The larger share of IndiQube's total footprint as of March 31st, 2025, is in the cities of Bengaluru, Chennai and Pune as a group.

Bengaluru is the largest flex market in India by Flex Stock and IndiQube is amongst the leading operators in Bengaluru as of March 31st, 2025.

***Competition and Benchmarking (Selected Operators in India)***

There are around 500 Flexible workspace operators in India, and the top 10 operators (by portfolio size in area Mn sq. ft. Q1 CY 2025) including the likes of Smartworks, WeWork India, Awfis, and IndiQube, collectively contribute to majority of the total Pan India flexible workspace stock most of which is spread across multiple cities.

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, Smartworks and WeWork India. The operators have been benchmarked against IndiQube in the section below based on multiple financial and operational parameters.

**Competitive Landscape – Key Operational & Financial Parameters**[84]

| Parameters | IndiQube | Smartworks | Awfis | WeWork India |
|---|---|---|---|---|
| Total no. of Cities | 12 | 13 | 17 | 8 |
| Total no. of Tier I Cities | 7<br>(Bengaluru, Chennai, Gurgaon, Hyderabad, Mumbai, Noida, Pune) | 9<br>(Bengaluru, Chennai, Delhi, Gurgaon, Hyderabad, Kolkata, Mumbai, Noida, Pune) | 9<br>(Bengaluru, Chennai, Delhi, Gurgaon, Hyderabad, Kolkata, Mumbai, Noida, Pune) | 8<br>(Bengaluru, Chennai, Delhi, Gurgaon, Hyderabad, Mumbai, Noida, Pune) |
| Total no. of Non-Tier I Cities | 5<br>(Coimbatore, Jaipur, Kochi, Madurai, Vijaywada) | 4<br>(Ahmedabad, Jaipur, Indore, Kochi) | 8<br>(Ahmedabad, Bhubaneshwar, Chandigarh, Guwahati, Indore, Jaipur, Kochi, Nagpur) | 0 |
| Total no. of Centres | 85[#] | 41 | 181 | 53 |
| Occupancy for mature centres (>12 months) | 90.06% | 86.77% | 84.00% | 85.55% |

[84] *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 and WeWork India is available as of March 2025 and September 2024 respectively in the public domain, which can be reviewed within DRHP / RHP documents or Annual Reports*

| Parameters | IndiQube | Smartworks | Awfis | WeWork India |
|---|---|---|---|---|
| Annual Revenue[85] INR Mn FY 23-24 | 8,676.60 | 11,131.10 | 8,748.03 | 17,371.64 |
| Operational Revenue INR Mn FY 23-24 | 8,305.73 | 10,393.64 | 8,488.19 | 16,651.36 |
| Annual EBITDA (INR Mn)[86] | 2,263.36 | 6,596.70 | 2,714* | 10,437.9 |
| Cash EBIT/Adjusted EBITDA (INR Crores)[87] | 113.32 | 106.03 | 97 | 339.75 |

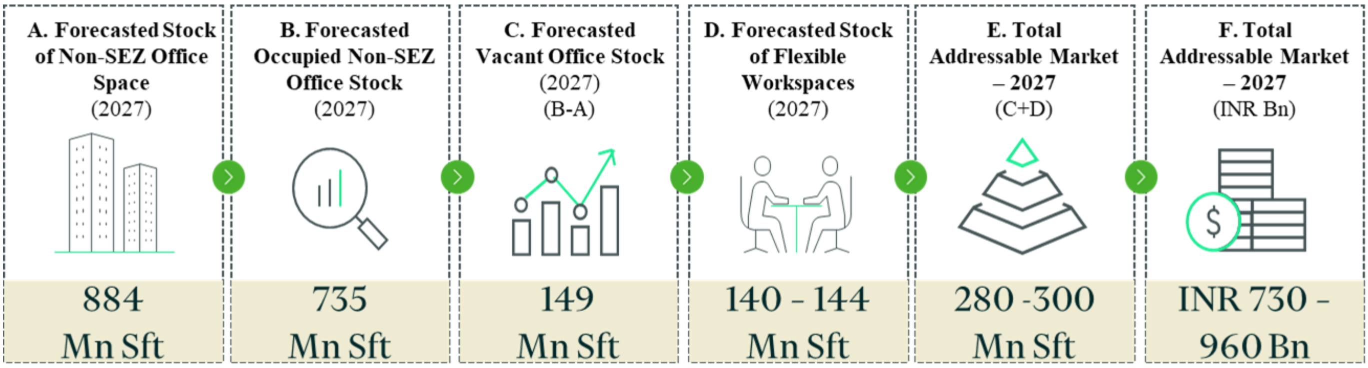
[#]No. of centres for IndiQube are reflected basis number of individual buildings/ towers in their leased portfolio as of 31st March 2024.
All information/data related to IndiQube covered in the industry report has been sourced from IndiQube

[85] Inclusive of revenue from flexible workspaces, construction & fit-out projects, design and build solutions.
[86] EBITDA means earnings before interest, tax, depreciation, and amortization, calculated as restated profit / (loss) before tax plus finance costs, depreciation, and amortization expenses less other income.
[87] 1 Crores = 10 Mn
*EBITDA for Awfis is inclusive of other income i.e. INR 259.8 Mn reported as part of the annual report. For other operators, EBITDA excludes other income.

***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 until 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. 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:

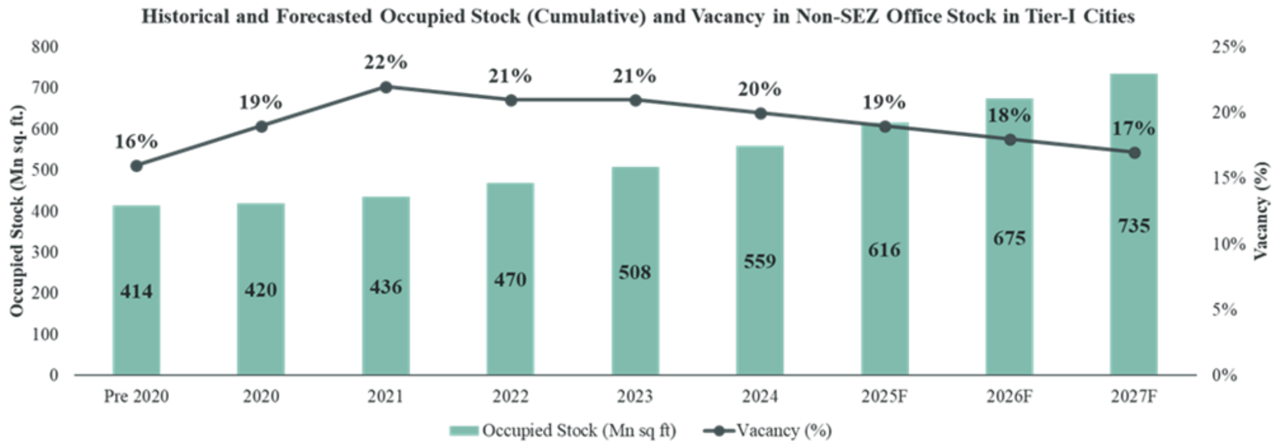
| Y-o-Y Supply (Mn sq. ft.) at an India Tier 1 city level | | | | | | | Forecasted India Tier-1 city supply (Mn sq. ft.) | | |
|---|---|---|---|---|---|---|---|---|---|
| City | Pre 2020 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 F | 2026 F | 2027 F |
| Pre 2020/Additional Non-SEZ Office Stock (Mn sq. 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** |

*Any forecasts prepared by CBRE are based on data (including third party data), models and experience of various professionals and are based on various assumptions with respect to conditions that may exist or events that may occur in the future. However, they are dependent upon future events and subject to change without notice, and thus actual results to differ materially from those contemplated*.

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 the 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*

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Vacancy levels are expected to be range-bound to current market trends owing to the balance between the absorption of existing supply, the introduction of new supply in the market and estimated future demand in the short-medium term. Forecasts for occupied stock are based on forecasted commercial office stock levels and vacancy percentages. 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.

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 possess the ability to support various organizations in a more effective implementation of their hybrid and distributed working policies.

**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 (total stock for a particular year) of the flexible workspace segment in Tier 1 cities has been arrived at by summing up the expected 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 in 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** |

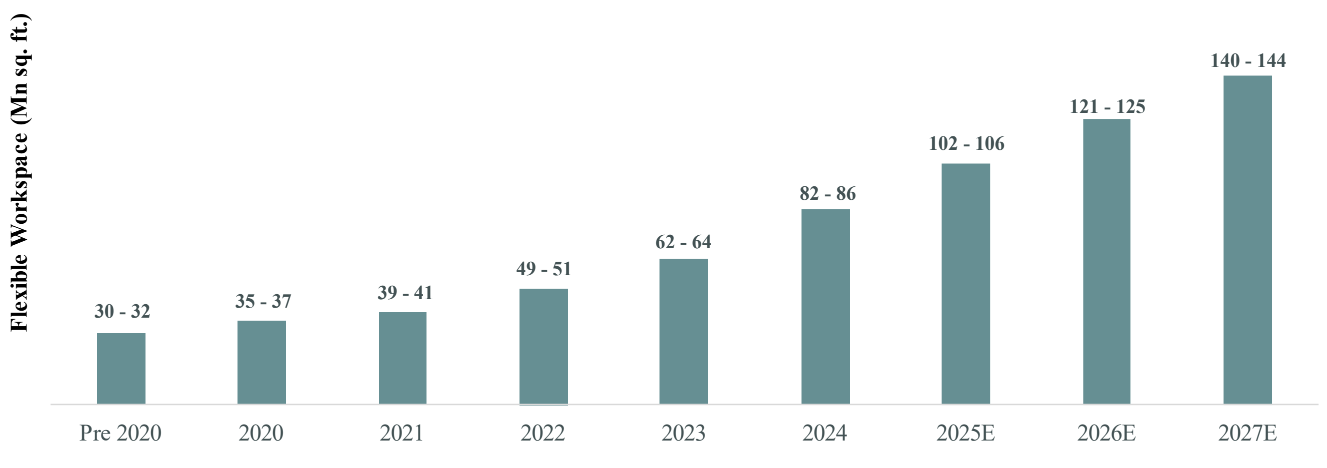
*Any forecasts prepared by CBRE are based on data (including third party data), models and experience of various professionals and are based on various assumptions with respect to conditions that may exist or events that may occur in the future. However, they are dependent upon future events and subject to change without notice, and thus actual results to differ materially from those contemplated.*
*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 the end of CY2027. These forecasts are in line with the flexible workspace operator annual net stock addition trends over the past few years and aim to project the future stock addition from operators in line with the expected demand from end users and foreseeable office supply that could be available to flexible workspace operators.

**Forecasts for Flexible Workspaces Stock in India**

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

**Forecast for Flexible Workspace Stock in India ~ Tier 1 Cities**




*Any forecasts prepared by CBRE are based on data (including third party data), models and experience of various professionals and are based on various assumptions with respect to conditions that may exist or events that may occur in the future. However, they are dependent upon future events and subject to change without notice, and thus actual results to differ materially from those contemplated. Source: CBRE Research, CY2024.*

**Total Addressable Market (TAM) 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 office 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 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 end of CY2027F.

The Total Addressable Market for the flexible workspace segment is expected to be approximately 280 - 300 Mn sq. ft. by 2027.

| Parameters | 2027F |
|---|---|
| Total Stock (Non-SEZ Office) by 2027E – Mn sq. ft. | 884 |
| Total Occupied Stock (Non-SEZ Office) by 2027E- Mn sq. ft. | 735 |
| Vacant Stock (Non-SEZ Office) by 2027E- Mn sq. ft. | **149** |
| Expected Stock of Flexible Workspace in 2027 E (Tier 1) | 140 – 144 |
| Total Addressable Market for Flexible Workspace by 2027E – Mn sq. ft. | **280 – 300** |
| Total Addressable Market for Flexible Workspace by 2027E – ₹ 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 |

*Any forecasts prepared by CBRE are based on data (including third party data), models and experience of various professionals and are based on various assumptions with respect to conditions that may exist or events that may occur in the future. However, they are dependent upon future events and subject to change without notice, and thus actual results to differ materially from those contemplated*.

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:

- **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, with the potential to have more impact in certain economies. Further, there numerous geopolitical tensions across the world at present, the outcomes of which are uncertain, with a potential of rapid escalation which could produce a significant impact on global trade and economies.
- **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.
- **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.
- **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.
- **Operational Risk:** As the 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 occupancy cost, timelines and stabilization period and can impact key operational metrics for a facility such as the payback period and operational revenues.
- **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.
- **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.
- **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.

***Understanding Unit Economics for a Typical Managed Office***

To assess the operating dynamics for a typical managed office, CBRE studied a facility with a leasable area of approximately 70,000 sq. ft. Further, a seat density of 60 sq. ft. on a leasable area has been considered for evaluating the expected number of seats for the centre. All assumptions provided below have been taken as per typical market standards seen for a speculative centre providing a quality experience in an established micro-market of a Tier I city. The overall assessment has also been carried out using the above assumptions for the centre occupancy for a short to medium-term horizon.

*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 Q1 CY2025.*

| 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 centre |
| 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 15 / sq. ft. / month (based on market standards) |
| E | Operating expenses | OPEX Charges of INR 35 / sq. ft. / month (based on 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 the leasable area*
2. *Typical revenue to rent multiple assumed in the range of 1.9 – 2.5; Multiple has also been ratified using the cost plus margin approach. Additionally, an assessment of 2-3 stabilized centres across Tier I cities has been carried out to ratify the multiple ranges.*
3. *Occupancy assumptions based on occupancy levels and timeframe to achieve occupancy seen in a successful centre in an established micro-market. Occupancy at the time of commencement of operations is to the tune of 20-25%, and steady-state occupancy is 85%. The stabilization period of 11-12 months has been considered as per market standards.*
4. *Average seat density of 60 sq. sft. Per seat has been considered for the centre on leasable area*
5. *Developer's Rent-free period of 4 months has been considered for assessment. Escalations in revenue have been considered at 5% annually. Rental payout to the developer undergoes a 15% escalation every three years.*
6. *It is assumed that 70% of the transactions for the centre 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. *A 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. The average EBITDA margin for the operator after factoring in refurbishment cost and other costs such as marketing and brokerage is approximately 26-27%. Further, the payback period for the operator is expected to be 47-48 months from the fit-out commencement cycle and nearly 44-45 months from the date of operations.

***The Importance of Value-Added Service***

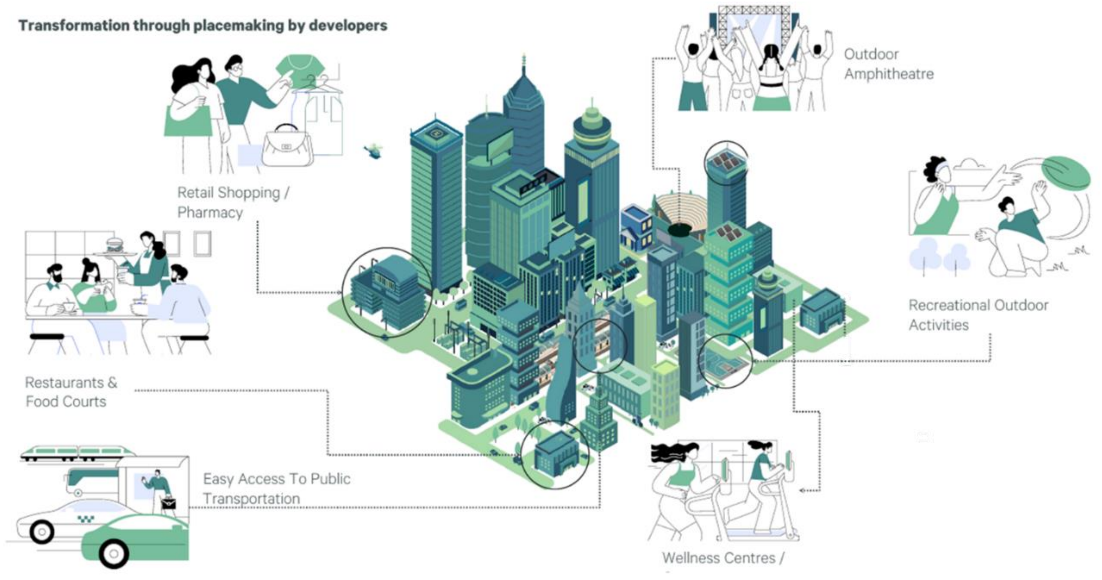
Over the last two decades, the landscape of commercial real estate has undergone a notable transformation. Previously, the market was dominated by traditional landlords developing and managing standalone buildings tailored to the basic requirements of occupiers. However, rising demand for investment-grade 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.

***Amenitization of Commercial Office Buildings: Shift Towards Campus Style Developments***

Developers are increasingly focusing on placemaking and 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 shows the importance of holistic tenant-centric planning in the commercial real estate sector.



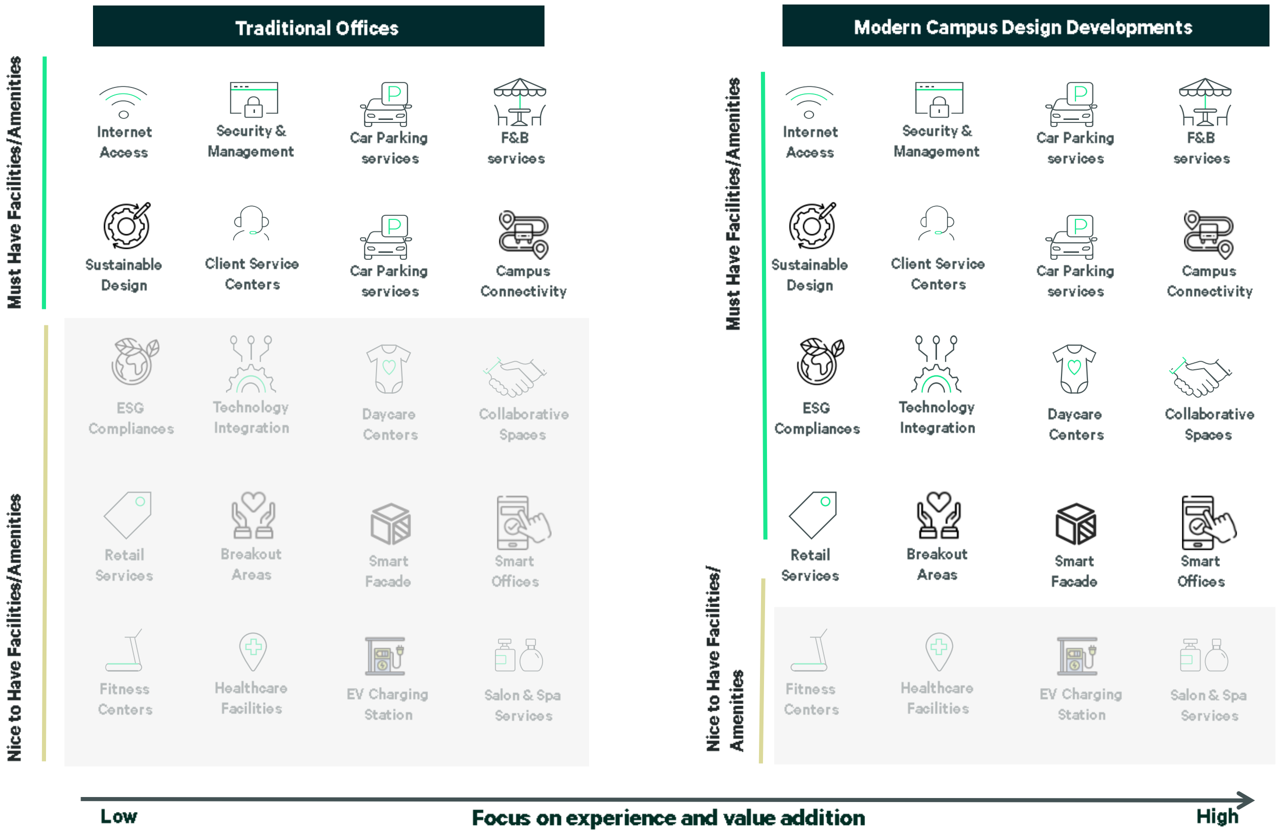

*The image above has been provided for visual representation purposes only and is not intended to resemble any actual office park/commercial development.*

**Level of Integration of Facilities and Amenities for a Commercial Office**

| Level of Integration | Enablers | Implications |
|---|---|---|
| Ecosystem Level | • Social infrastructure<br>• Physical infrastructure<br>• Ease of commute and connectivity<br>• Digital interventions | Delivers quality experience for both occupiers and employees and boosts the attractiveness and marketability of the development |
| Cluster Level | • Retail and F&B area allocation<br>• Campus aesthetics and landscaping<br>• Seamless block connectors<br>• Sustainability and compliance | Facilitates ease of access and better circulation fostering communities to connect, collaborate, and thrive |
| Building Level | • Drop-off and arrival areas<br>• Green spaces and façade<br>• Parking and break-out spaces<br>• 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, aiming to deliver quality-grade experiences. This approach integrates elements such as modern and sustainable designs, and hospitality experiences combining both work and leisure at the same time. Preference and acceptance of such formats have been seen with the introduction of such integrated commercial development.

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 developers/landowners accommodating additional nice-to-have facilities and amenities as part of their portfolios to meet the growing needs for a modern office by occupiers.



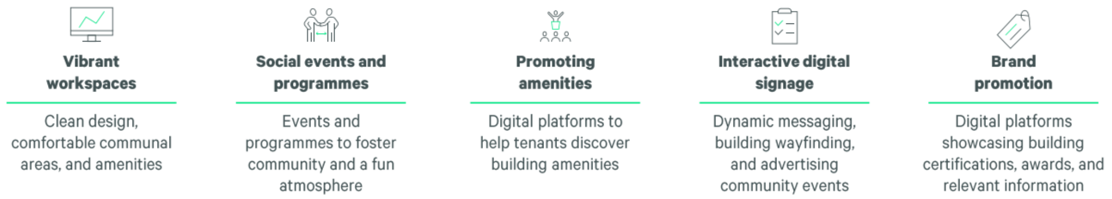

Integration of value-added services and amenitization has enabled the developers to enhance user experience and the overall marketability of the product. In addition to food and beverage, developers are looking to integrate other retail offerings such as hypermarkets, supermarkets, electronics stores, daycare centres and banks along with other support retail amenities.

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**

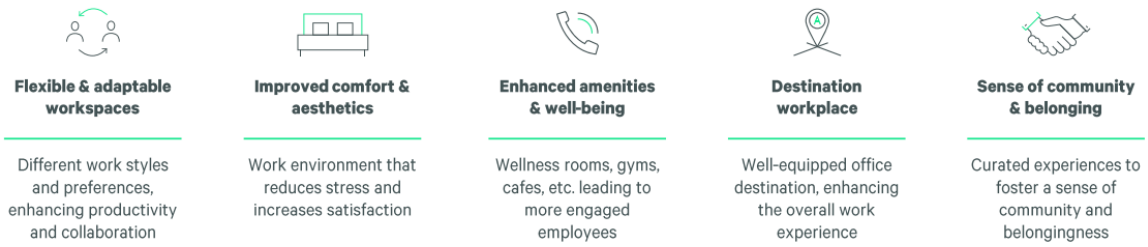
As discussed in previous sections, Occupiers are likely to emphasize enhancing employee experience[88] to attract and retain a quality workforce. Occupiers are looking for offices with dedicated areas to connect, create and focus along with support amenities enabling more collaboration, training, food, 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.




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

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*

***Impact of Rising Consumer Expenditure on Commercial Real Estate***

The shift in the developer strategy to focus on providing an experience that is driven by the evolving consumer behaviour in India. With increasing income levels, Indian consumers are now looking to enhance their lifestyle and are directing some share of their household expenditure to 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 expected to grow from INR 1,17,131 in FY2017 to INR 2,31,711 in FY2025E, registering a 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 190.7 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, the Indian consumer is likely to spend more on quality, variety, and convenience coupled with more experiential offerings. Subsequently, brands are offering experiential services and products to consumers catering to their needs.

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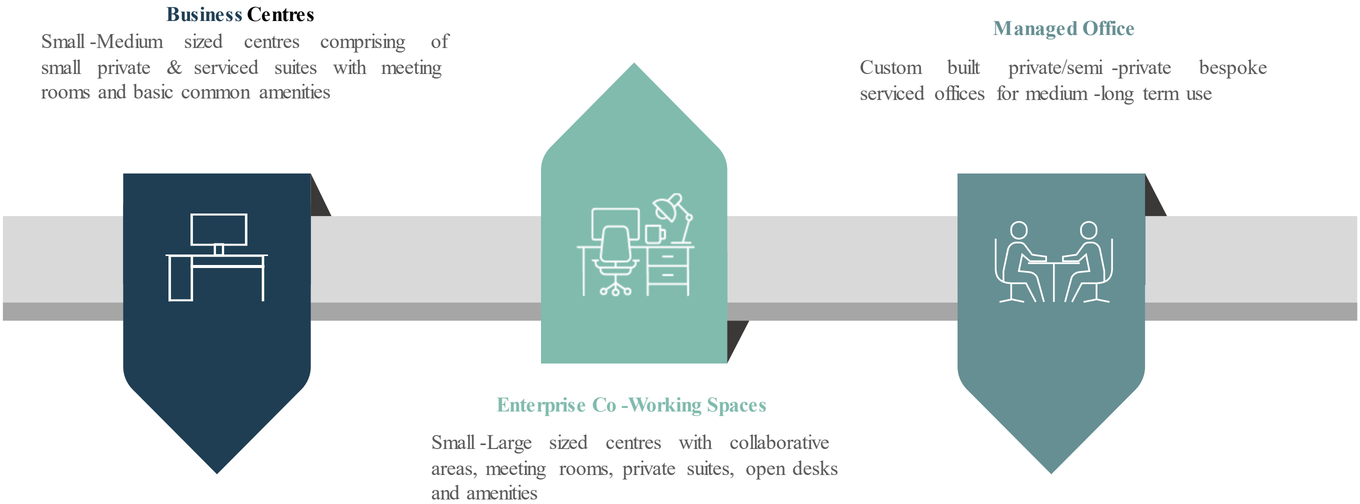
[88] *Employee experience encompasses the overall individual's journey within an organization. It considers all touchpoints – from onboarding and business engagement to role satisfaction and leadership support to exit process.*

***Ancillary Revenues in Flexible Workspace Offerings***

Flexible workspace offerings in India have evolved considerably 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 operators can be:

- **Meeting rooms, conference rooms:** Additional revenue generated from meeting/conference 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
- **Training Rooms:** Additional revenue generated from training room usage by members and non-members
- **Parking Charges:** Revenue generated from providing parking facilities to 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 centre
- **Virtual office**: Revenue generated from selling virtual office packages to enterprises and entrepreneurs
- **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 centres, retail shops, etc.

Typically, the revenue from value added services offered by the 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 the operator's portfolio of centres depending on several factors, like 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.

These value-added services may also help improve the customer experience and aid customer retention efforts. Higher focus by flexible workspace operators on providing value-added services may enhance their competitiveness. These ancillary revenue sources can allow the operators the opportunity to not only diversify their revenue but also enhance the value and attractiveness of their offerings to clients. Some flexible workspace operators have also developed the capability to provide design & build, F&B and facility management-related services to clients for their self-leased/owned offices.

***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[89] 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.<br><br>**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.<br><br>**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 honouring 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.<br><br>**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.<br><br>**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 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.

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

*Annexure*

## Company Definitions

| 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<br>Company headquartered outside India, irrespective of years of existence and no. of employees |
| Freelancer | Individuals |

**Abbreviations/ Definitions:**

| Term | Description |
|---|---|
| APAC | Asia Pacific |
| BFSI | Banking, Financial Services and Insurance |
| CAGR | Compounded Annual Growth Rate |
| CAM | Common Area Maintenance |
| CPI | Consumer Price Index |
| CY | Calendar Year |
| DRHP | Draft Red Hearing Prospectus |
| EBITDA | Earnings Before Interest Tax Depreciation & Amortization |
| EMEA | Europe, Middle East, and Africa |
| E&M | Engineering and Manufacturing |
| ESG | Environmental Social Governance |
| F&B | Food & Beverage |
| FaaS | Fit-out-as-a-Service |
| FAR | Floor Area Ratio |
| FDI | Foreign Direct Investment |
| Flex | Flexible Workspace |
| FY | Financial Year |
| FWS | Flexible Workspace Operators |
| GCC | Global Capability Centre |
| GDP | Gross Domestic Product |
| GER | Gross Enrolment Ratio |
| GST | Goods and Services Tax |
| HNI | High Net-worth Individuals |
| IMF | International Monetary Fund |
| INR | Indian National Rupee |
| Mfg. | Manufacturing |
| MMR | Mumbai Metropolitan Region |
| Mn | Million |
| MNC | Multinational Corporations |
| NCR | National Capital Region |
| OMR | Old Mahabalipuram Road |
| OPEX | Operating Expenditure |
| ORR | Outer Ring Road |
| PMAY | Pradhan Mantri Aawas Yojana |
| psf | per sq. ft. |
| RBI | Reserve Bank of India |
| RCA | Research, Consulting & Analytics |
| REIT | Real Estate Investment Trust |
| SEBI | Securities s& Exchange Board of India |
| SEZ | Special Economic Zone |
| SME | Small-Medium-Enterprises |
| sq. ft. or sf or sft | sq. ft. |
| Stats | Statistics |
| TAM | Total Addressable Market |
| USD | United States Dollar |
| Y-o-Y | Year-on-Year |

**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, Smartworks, and Awfis |