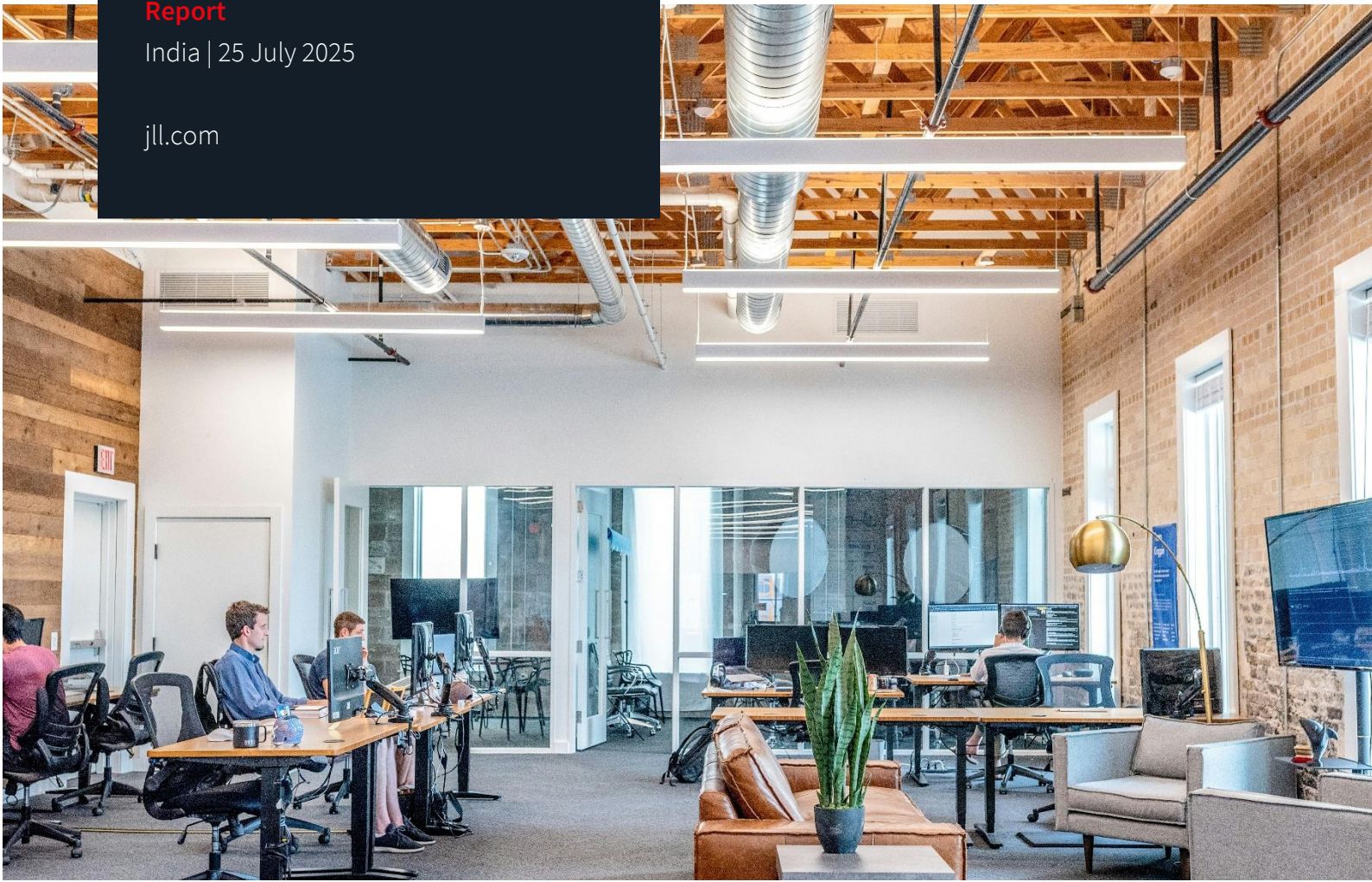


Report

India | 25 July 2025

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India's Flex Space Market

Prepared for Dev Accelerator Limited

Samantak das

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List of Abbreviations

APAC	Asia-Pacific
BFSI	Banking-Financial Services and Insurance
BPM	Business Process Management
BPO	Business Process Outsourcing
CAD	Current Account Deficit
CAGR	Compounded Annual Growth Rate
CBD	Central Business District
CCS	Consumer Confidence Survey
CLSS	Credit Linked Subsidy Scheme
CRE	Commercial Real Estate
CSI	Current Situation Index
DPIIT	Department for Promotion of Industry and Internal Trade
DM	Development Management
EMEA	Europe, Middle East, and Africa
EU	European Union
EWS	Economically Weaker Sections
FDI	Foreign Direct Investment
FEI	Future Expectations Index
FY	Financial Year/ Fiscal Year
GCC	Global Capability Center
GDP	Gross Domestic Product
GIS	Geographic Information System
GREIT	Global Real Estate Transparency Index
GST	Goods & Services Tax
GVA	Gross Value Added
HDI	Human Development Index
HPAI	Home Purchase Affordability Index
IBC	Insolvency and Bankruptcy Code
IIP	Index of Industrial Production
IMF	International Monetary Fund
INR	Indian Rupees / Indian National Rupees
IT	Information Technology
ITeS	Information Technology enabled Services
JD	Joint Development
JLL	Jones Lang LaSalle Property Consultants (India) Private Limited
JV	Joint Venture
KIA	Kempegowda International Airport
KIADB	Karnataka Industrial Area Development Board
LIG	Low Income Group
MIG	Middle Income Group
MNC	Multi-National Corporation
MoSPI	Ministry of Statistics and Programme Implementation
MPC	Monetary Policy Committee
NIP	National Infrastructure Pipeline
NPA	Non-Processing Area
NSO	National Statistical Office
NZC	Net Zero Carbon
PBD	Peripheral Business Districts
PE	Private Equity

PMAY	Pradhan Mantri Awas Yojana
PPP	Public Private Partnership
PRR	Peripheral Ring Road
RBI	Reserve Bank of India
REIT	Real Estate Investment Trust
RERA	Real Estate Regulatory Authority
RTO	Return To Office
SBD	Secondary Business District
SEC	Socio-Economic Classification
SEZ	Special Economic Zones
STEM	Science, Technology, Engineering and Mathematics
ULBs	Urban Local Bodies
UN	United Nations
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNPD	United Nations Population Division
USA	United States of America
USD	United States Dollar
UTs	Union Territories
Y-o-Y	Year-over-Year

Units

1 hectare	2.4711 acres
1 acre	43559.66 sq. ft.
1 acre	4046.825 sq. m
1 sq. m.	1.196 sq. yards
1 sq. m.	10.76391 sq. ft.
1 metre	1.0936 yards
1 metre	3.28 ft.

Definitions

Stock	The square footage of Grade A commercial space that have received a certificate of occupancy and are able to be occupied by tenants. It does not include space in buildings that are either planned, under construction or under renovation. It includes both occupied and vacant spaces in such buildings
-------	--

Supply/New Supply	The total amount of new Grade A commercial space added/ received a certificate of occupancy in the market for sale or lease during a specific period
-------------------	--

Net Absorption	Net absorption is calculated as the new floor space occupied less floor space vacated. Floor space that is pre-committed is not considered to be absorbed until it is physically occupied
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Gross Leasing	Gross leasing refers to all lease transactions recorded during the period, including confirmed pre-commitments, but does not include term renewals. Deals in the discussion stage are not included
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Vacancy Rate/ Percentage	A measurement expressed as a percentage of the total amount of physically vacant space divided by the total amount of existing stock. Under construction space is not included in vacancy calculations. A vacancy rate is the opposite of the occupancy rate, which is the percentage of space in a commercial property that is occupied
Grade A	Grade A buildings are high quality commercial properties that typically feature modern construction and design, high quality finishes and materials, efficient floor plans and layouts, advanced technological infrastructure, and superior building systems. They are well-maintained, professionally managed, and offer a range of amenities as well as facilities
Grade A+	Grade A+ buildings are a subset of the Grade A universe and are office assets of the highest quality. These have been identified based on project quality assessment, project age & upkeep, tenant quality, current rent and rental growth, sustainability certifications and other relevant factors
Institutional	Institutional includes all institutionally invested projects, whether owned fully or partially. It also includes the stock held under REITs
Strata	Strata assets/stock include assets where individual office units or spaces are owned by different individuals or entities. Each office owner has exclusive ownership and control over their specific unit, while also sharing ownership and responsibility for common areas and facilities within the building
Single Ownership	Single ownership assets, also known as fully owned office buildings, are properties where the entire building is owned by a single individual or entity. The owner has complete control and decision-making authority over the entire building, including individual office spaces, common areas, and facilities.
Hybrid Working	Hybrid working refers to a work arrangement where employees have the flexibility to divide their time between working remotely and working from a designated physical workspace, such as an office
Tier 1 cities	Largest and most developed cities in India characterized by their strong infrastructure, large population, significant business activity, and well-developed real estate markets. Classification of the cities has been done taken into consideration, amongst others, the following set of key criteria: (i) Population and city size, (ii) Economic output taking into account significant contributions to national or regional GDP, (iii) Human development indicators, which include measures such as education, healthcare, and overall living standards, (iv) Infrastructure development of the city and availability of transport, utilities, and connectivity services, and (v) Real estate activity, considering the demand and supply of office space. These include the seven largest real estate markets in India, namely Bengaluru, Chennai, Delhi NCR, Hyderabad, Kolkata, Mumbai, and Pune.
Tier 2 cities	Tier 2 cities are the next level of cities in terms of size, development, economic activity, and size of real estate market. These are usually smaller in size compared to tier 1 cities but still have significant economic importance in their respective regions. Includes emerging real estate markets like Ahmedabad (including Gandhinagar), Jaipur, Udaipur, Vadodara, Indore, Chandigarh tri-city, Kochi, Coimbatore, Bhubaneswar, Rajkot and Surat. The definitions included for the Tier 1 and Tier 2 cities may not align with formal government classifications, which could rely on different

criteria, such as house rent allowance (HRA) percentages (in relation to the total salary) or population size

Multi-National Corporation	Companies headquartered outside India, operating in more than one country, and having a global presence
Start-ups	Companies recognized by DPIIT (Department for Promotion of Industry and Internal Trade) as a Startup
Small and Medium Enterprises (SME)	Indian companies classified by the Ministry of Micro, Small and Medium Enterprises as Small (investment in plant and machinery or equipment of not more than INR 100 million and annual turnover of not more than INR 500 million) or Medium (investment in plant and machinery or equipment of not more than INR 500 million and annual turnover of not more than INR 2,500 million)
Large corporates/enterprises	All companies which do not fall under the definition of a Start-up or SME
Flex space/workspace	A flexible workspace is a comprehensive real estate solution provided by an operator to accommodate the needs of end-users. It offers fully furnished spaces that are equipped with necessary amenities and services, with potential built flexibilities around design, lease terms, configurations, and locations
Flex Stock	The square footage of flexible workspaces that are operational and can be occupied by tenants. It includes both occupied and vacant spaces in such buildings. It does not include space in buildings that are either planned, under construction or under renovation
Global Capability Center (GCC)	A Global Capability Center (GCC) is a specialized operational unit established by a multinational company in a specific location, typically in a lower-cost region, to centralize and consolidate certain business functions, processes, and capabilities. These centers are strategically designed to leverage the advantages of the location, such as skilled labour, cost efficiencies, and regional expertise

Chapter 1: Overview of the Global Economy

1.1 Introduction

The global economy currently navigates a complex landscape marked by significant policy shifts and heightened uncertainties. Following a period of unprecedented shocks, global growth remained stable yet somewhat subdued through 2024. However, the macroeconomic environment has evolved considerably, primarily influenced by newly imposed trade measures and subsequent responses. These developments have substantially increased uncertainty, introducing a notable negative shock to global growth prospects. This unpredictable trade landscape, coupled with existing domestic imbalances and policy gaps across various economies, tests the resilience of the global system. While inflation has generally declined from multi-decade highs, disinflation has recently stalled in some regions, with more countries exceeding inflation targets. Labour markets, though largely normalized, are showing signs of slowing. The confluence of escalating trade tensions, persistent policy uncertainty, and lingering domestic vulnerabilities necessitates a careful assessment of the global macroeconomic situation.

1.2 GDP Growth: Trends and Outlook

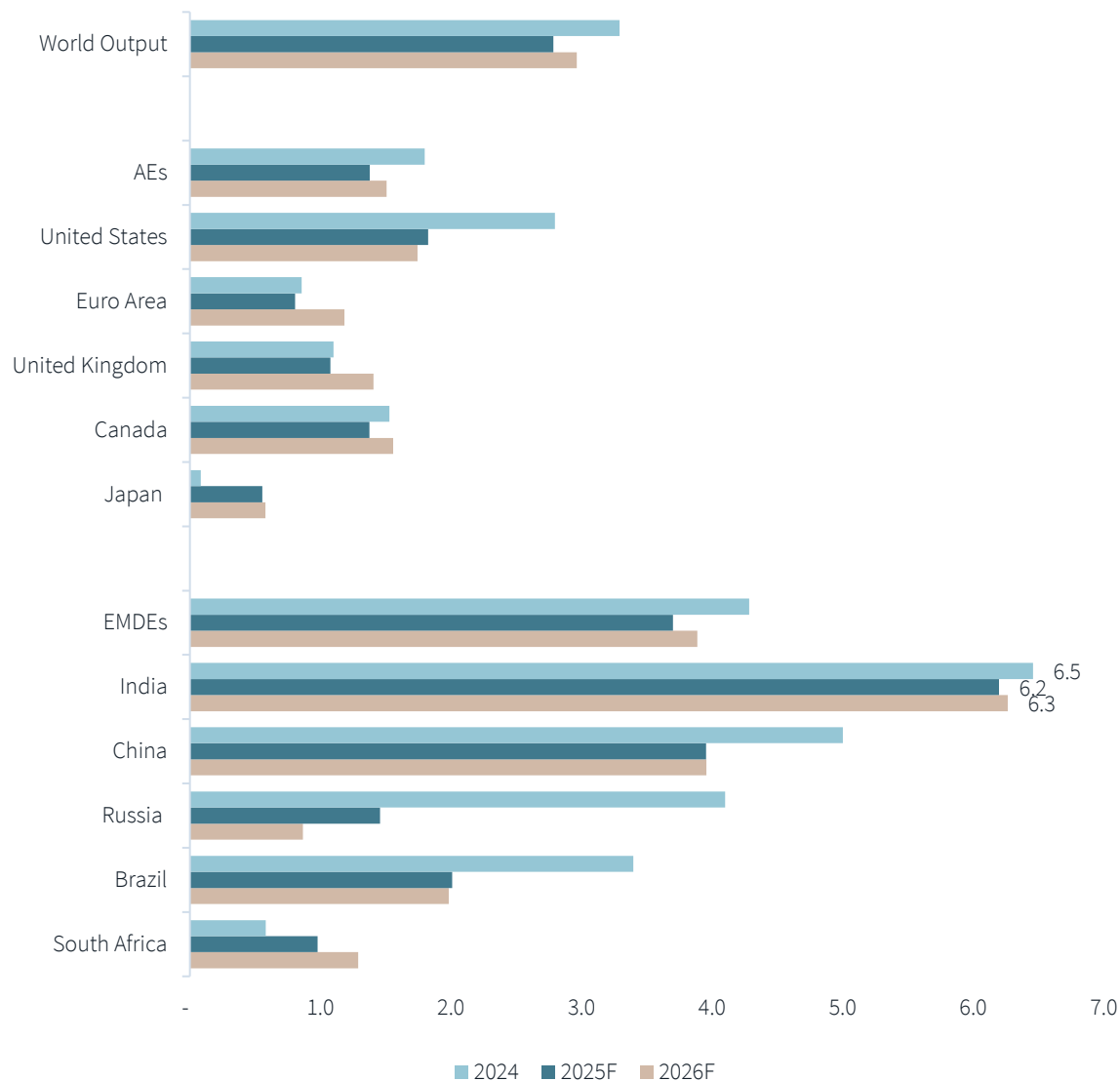
On a year-on-year basis, the global growth rate bottomed out at 2.3% at the end of 2022¹. In 2023, growth recovered to 3.3%, despite challenges such as tighter financial conditions and the ongoing conflicts in Ukraine and the Middle East. However, the resilience of the global economy was not universal. The United States experienced robust growth driven by strong household consumption and unexpectedly expansionary fiscal policy, as did many large emerging-market economies. On the other hand, several advanced economies, especially in Europe, and low-income countries experienced weakened growth. In 2024, global growth stands at 3.3%, according to IMF estimates.

Looking ahead, global growth is projected to fall from 3.3% in 2024 to 2.8% in 2025, before recovering to 3.0% in 2026. This outlook is subject to significant downside risks, including potential escalation of trade measures, prolonged policy uncertainty, financial market volatility, and rising long-term interest rates. The growth impact of tariffs is expected to vary across countries, depending on trade relationships, industry compositions, policy responses, and opportunities for trade diversification.

Notably, India's growth is projected to remain relatively more stable at 6.2% in 2025 and 6.3% in 2026. This divergence from broader global trends highlights the potential for dynamic emerging markets to become engines of global growth.

¹ Source: IMF World Economic Outlook Database

Figure 1.1: Gross Domestic Product, constant prices; percentage change



Source: MoSPI, IMF World Economic Outlook Database

Note: For India, data and forecasts are presented on a fiscal year basis, 2024 refers to FY 2024-25 and so on; For others, data and forecasts are on a calendar year basis

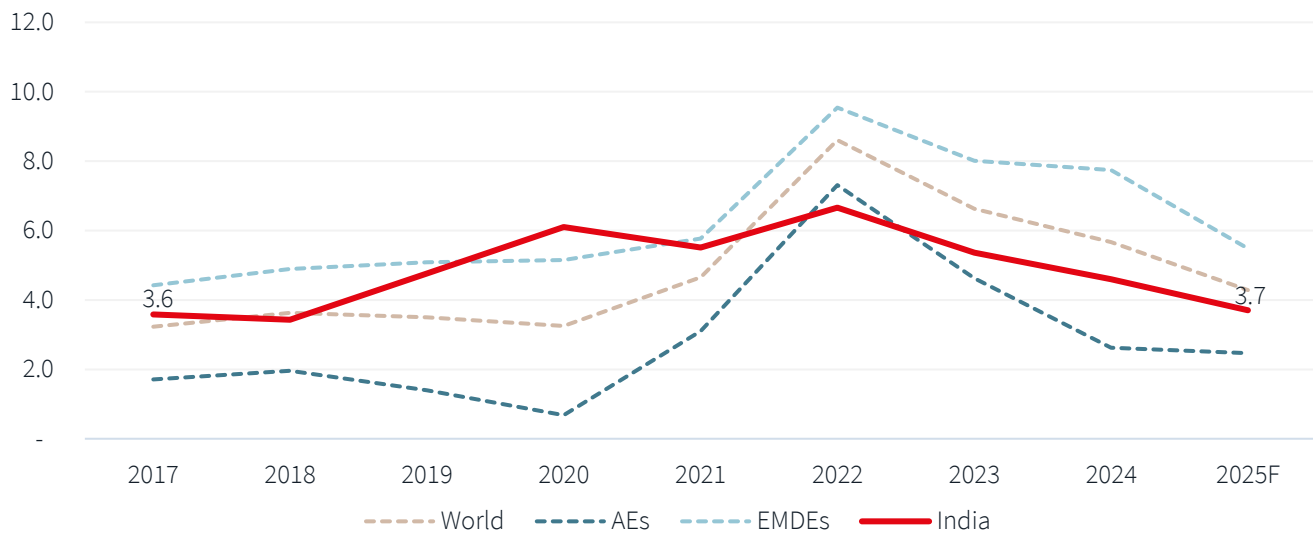
AEs – Advanced Economies; EMDEs – Emerging Market and Developing Economies

1.3 Inflation: Trends and Outlook

Global headline inflation has declined from an annual average of 6.6% in 2023 to 5.7% in 2024 and further projected to decrease to 4.3% in 2025. In 2024, the global decline in inflation is primarily influenced by a broad-based reduction in global core inflation. This stands in contrast to 2023, where core inflation only slightly decreased on an annual average basis, while the decline in headline inflation was mainly driven by lower fuel and food price inflation.

Regarding India's inflation outlook, headline inflation is expected to decline further and move below RBI's medium-term target of 4%. CPI inflation for FY 2025-26 is forecasted at 3.7%. The inflation outlook stays favourable, underpinned by subdued oil prices and abundant crop yields. Notably, recent surveys indicate a downward shift in household inflation expectations, further reinforcing the positive trend in price stability

Figure 1.2: Headline inflation, average consumer prices; percentage change



Source: IMF World Economic Outlook Database; RBI

Note: For India, data and forecasts are presented on a fiscal year basis, 2017 refers to FY 2017-18 and so on; For others, data and forecasts are on a calendar year basis

AEs – Advanced Economies; EMDEs – Emerging Market and Developing Economies

1.4 Risks to the Outlook

As the global economy continues to recover from the unprecedented impact of multiple overlapping shocks, it is crucial to analyse the potential risks that lie ahead. While downside risks persist, the current environment presents opportunities for further favourable surprises that can potentially propel global economic recovery to new heights. Overall, risks to the global economic landscape have diminished since last year, resulting in a more balanced distribution of possible outcomes around the baseline global growth projection. With inflationary pressures abating faster than anticipated in many countries, risks to the inflation outlook are also broadly balanced. In this dynamic landscape, governments, policymakers, and businesses must remain vigilant in addressing downside risks while capitalizing on upside prospects.

Downside Risks

Escalation of trade tensions and protectionism: Increased trade barriers and policy uncertainty present a significant risk. Further escalation of trade tensions, including retaliatory measures, could lead to a more significant slowdown in global growth, disrupt supply chains, and increase inflation. An increase in US bilateral tariffs could lower global output.

Financial instability and tighter financial conditions: There is a risk of abrupt repricing of assets, sharp adjustments in foreign exchange rates, and capital outflows, especially for emerging markets and developing economies with high debt levels. Higher or more persistent inflation could lead to tighter monetary policy, increasing borrowing costs and potentially triggering financial stress. Risks are also associated with historically elevated equity valuations and the leveraged investment strategies of non-bank financial intermediaries.

Geopolitical tensions and conflict: Worsening geopolitical stress and conflicts in various parts of the world could lead to lasting output losses, particularly in emerging market and developing economies. Such events can disrupt economic activity, increase uncertainty, and weaken investor confidence. A broader regional conflict could result in economic contraction and wider fiscal deficits.

Weaker-than-expected growth in major economies and spillovers: A marked slowdown in major economies would have sizable adverse spillovers to the rest of the world through trade, financial, and commodity market channels. A decrease in U.S. growth could significantly impact output in other economies.

Upside Drivers

Resolution of trade tensions and new trade agreements: A de-escalation of trade tensions and the establishment of new trade agreements that lower tariffs and reduce uncertainty could significantly boost global growth and investment. Agreements that lower tariffs could increase global growth. Non-discriminatory agreements covering digital and services trade could also facilitate broad-based gains.

Productivity gains from technological adoption, especially ai: The adoption of new technologies, particularly artificial intelligence (AI), could lead to stronger-than-anticipated investment and productivity growth. The integration of AI technologies has the potential for knowledge spillovers across industries and regions, fostering innovation and driving down costs globally.

Stronger-than-expected fiscal support: A synchronous loosening of fiscal policy in several large economies could mitigate downward pressures on demand. Higher defence and infrastructure spending in large economies could generate a significant upturn.

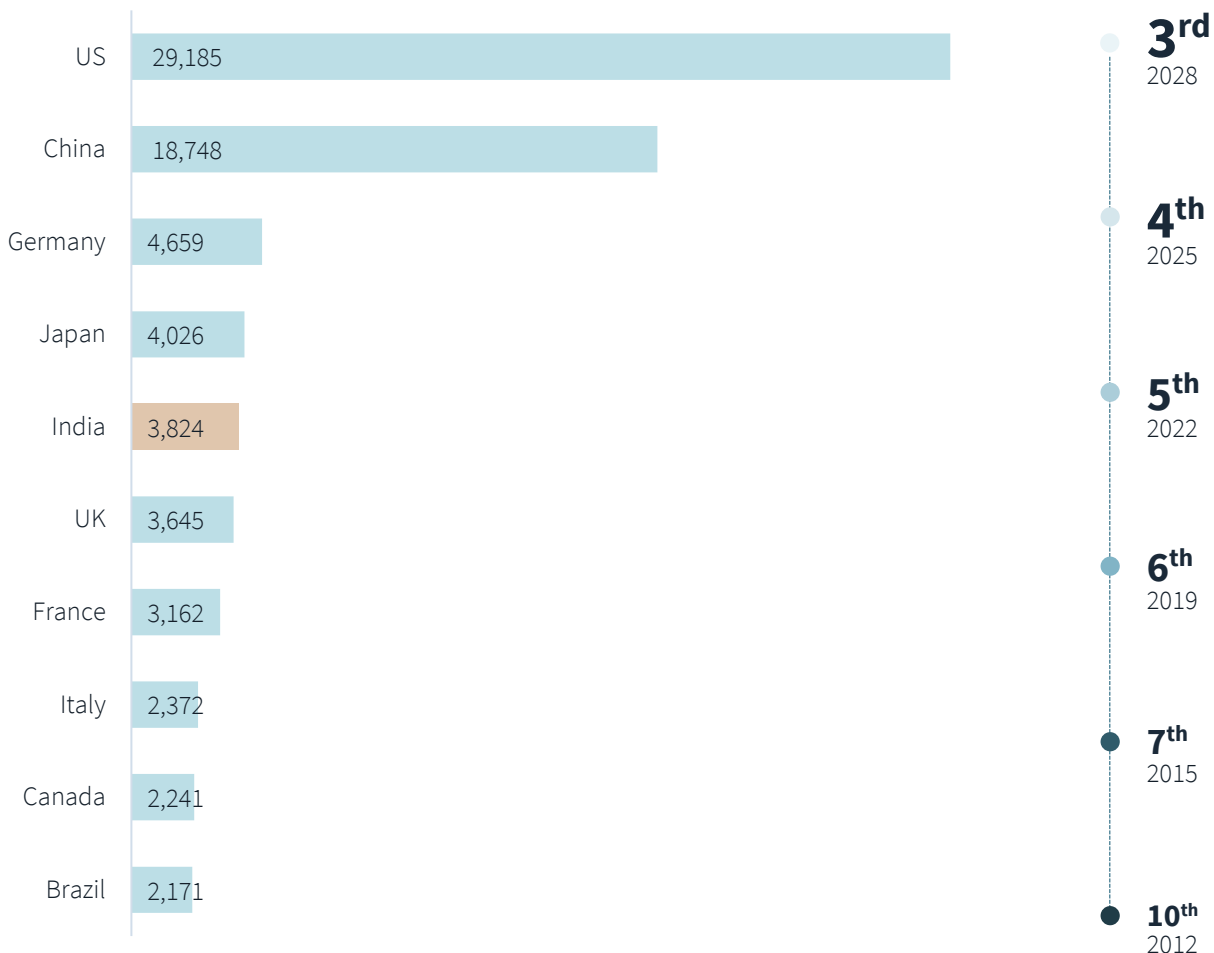
Increased resilience and use of household savings: A stronger-than-expected use of accumulated household savings could strengthen private consumption. Additionally, the global economy could prove more resilient to shocks than anticipated, as it has in recent years.

Chapter 2: Overview of the Indian Economy

2.1 Introduction

India stands as the most populous country in the world with an estimated population of 1.45 billion people². Over its extensive history spanning thousands of years, India has undergone significant transformation to emerge as a highly dynamic and diverse economic force. India's economy exhibits remarkable growth, positioning it among the fastest-growing economies worldwide. This success can be attributed to a range of factors, including its diverse population, robust domestic consumption, strategic geographical location, skilled workforce, and thriving entrepreneurial ecosystem. Currently, India is the world's fifth-largest economy in terms of nominal gross domestic product (GDP). Looking to the future, it is projected that within the next four years, India will surpass both Germany and Japan to become the world's third largest economy. This underscores the significant growth potential and undeniable momentum of India's economy.

Figure 2.1: GDP 2024, current prices (USD bn)



Source: IMF World Economic Outlook Database; RBI

Note: For India, data and forecasts are presented on a fiscal year basis, 2024 refers to FY 2024-25

²Source: UN World Population Prospects

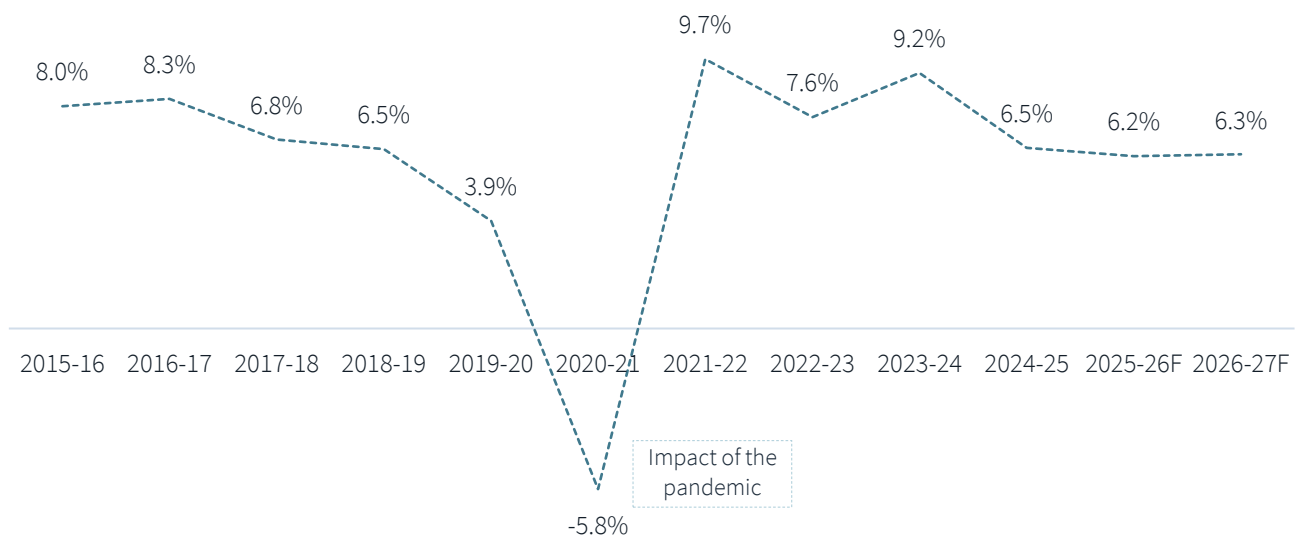
2.2 Trends in Key Economic Indicators

GDP Growth

The Indian economy faced significant challenges when the COVID-19 pandemic hit in 2020, leading to a 5.8% GDP contraction in FY 2020-21. However, it demonstrated remarkable resilience in subsequent years, surpassing pre-pandemic levels and maintaining its position as the fastest-growing major economy globally. In FY 2023-24, real GDP grew by 9.2% year-on-year, driven by government capital expenditure and strong private consumption. In FY 2024-25, the Indian economy continues to demonstrate resilience amid global headwinds.

The country has managed to navigate challenges such as trade tensions and global uncertainty better than many of its peers. Looking ahead, India is expected to maintain its position as one of the fastest-growing major economies in the world. India's growth outlook remains relatively stable, with GDP growth projected at 6.2% in FY 2025-26 and 6.3% in FY 2026-27. This forecast, while positive, represents a slight moderation from the current year and is lower than previous projections due to heightened levels of trade tensions and global uncertainty.

Figure 2.2: Real annual GDP growth



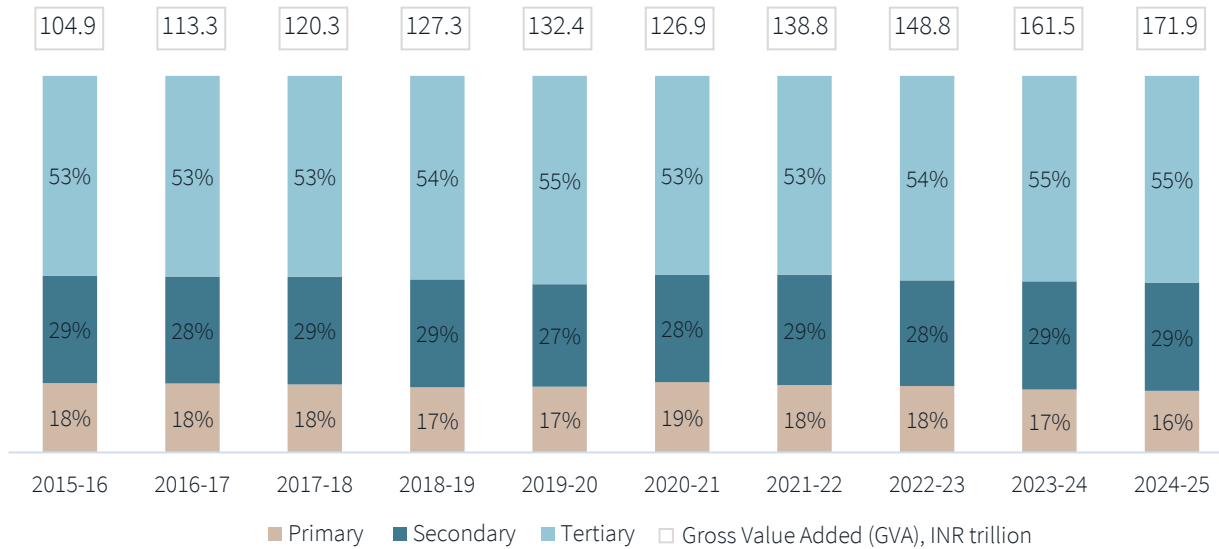
Source: MoSPI, IMF World Economic Outlook Database
 Note: FY 2024-25 figures are provisional estimates

Contribution of Services Sector to GDP Growth

The services sector, also known as the tertiary sector, is a pivotal driver of India's GDP, consistently contributing over 50% to the country's Gross Value Added (GVA). It not only holds dominance in India's GDP but also attracts significant foreign investments, makes substantial contributions to exports, and generates widespread employment.

India's services exports have significantly expanded their global presence, with the country's share in global services exports more than doubling to 4.3% in 2023 from 1.9% in 2005. India ranks as the world's second-largest exporter in 'Telecommunications, Computer, & Information Services', commanding 10.2% of the global market. This reflects India's strong position in IT outsourcing, software development, and digital services. In the 'Other Business Services' sector, India holds 7.2% of the world share, ranking third globally, driven by its expertise in professional and consulting services. The substantial growth in exports of telecommunication, computer, and information services, along with other business services, underscores India's status as a preferred destination for Global Capability Centres (GCCs). These GCCs have evolved from basic business process outsourcing units to managing high-value, mission-critical operations.

Figure 2.3: Contribution of different sectors to GVA, constant prices



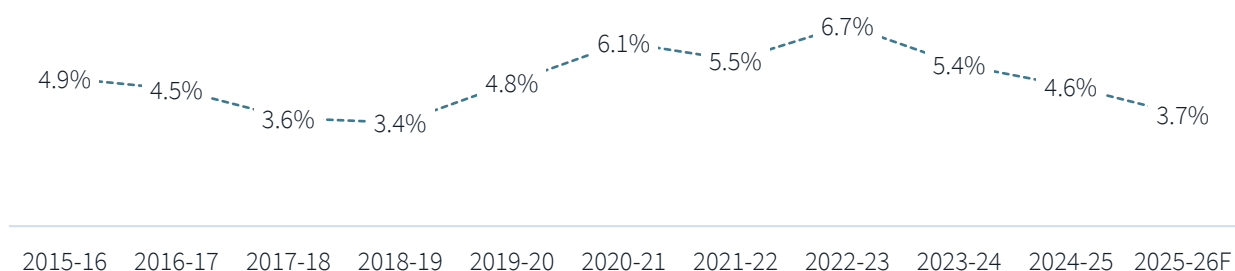
Source: NSO, MoSPI

Inflation

In FY 2024-25, India's inflationary landscape has unfolded in different phases. The fiscal year began on a positive note. Retail inflation, as measured by the Consumer Price Index (CPI) held steady at 4.8% in April and May. However, June saw a slight uptick to 5.1%, primarily due to a sharp increase in food prices that outweighed the favourable base effects. July marked the onset of the second phase, characterized by a statistical windfall. Despite persistent price pressures across food and core categories, substantial favourable base effects led to a significant 1.5 percentage point reduction in headline CPI inflation, bringing it down to 3.6%. August witnessed a marginal increase of 5 basis points, pushing inflation to ~3.7%, solely attributable to base effects, as the overall price index remained static. The third phase began with a sharp and unexpected increase in inflation. September saw a jump to 5.5%, followed by a further rise to 6.2% in October. This surge was primarily driven by an unanticipated spike in food prices. Even core inflation, which had been subdued, registered an uptick in October. Since October, inflationary pressures have continued to ease, with March 2025 marking the fifth consecutive month of decline. The headline rate dipped to 3.3% from 3.6% in February, largely attributable to a slowdown in food price increases, particularly in the vegetable category.

The RBI projects CPI inflation for FY 2025-26 at 3.7%, with quarterly projections ranging from 2.9% to 4.4%. The inflation outlook stays favourable, underpinned by subdued oil prices and abundant crop yields. Notably, recent surveys indicate a downward shift in household inflation expectations, further reinforcing the positive trend in price stability. While the outlook has turned decisively positive, concerns on lingering global market uncertainties and recurrence of adverse weather-related supply disruptions pose upside risks to the inflation trajectory.

Figure 2.4: CPI inflation

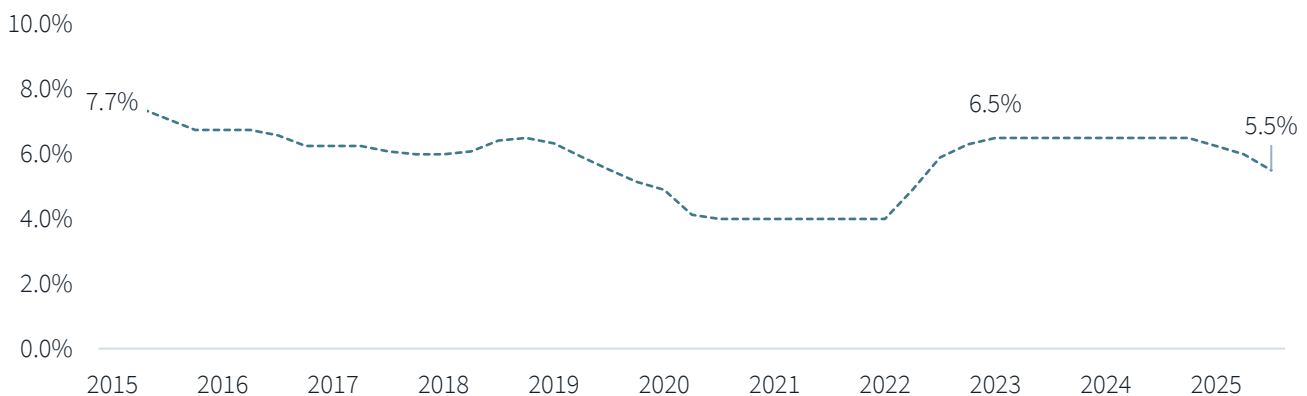


Source: MoSPI, RBI

Repo Rate

Headline inflation continues to follow a disinflationary trajectory, benefitting from both monetary policy actions and supply-side developments. Having implemented a cumulative rate hike of 250 basis points between May 2022 and February 2023, the Monetary Policy Committee (MPC) decided to keep the policy repo rate unchanged throughout 2024. In 2025, the Reserve Bank of India's has cut the repo rate by a cumulative 100 basis points, marking a bold move in the face of global economic headwinds. This decisive action amid global trade uncertainties signals a powerful commitment to economic revival. The move is a clear vote of confidence in India's economic resilience, aiming to reignite consumption, investment, and improve consumer sentiments in a challenging global landscape.

Figure 2.5: Repo Rate

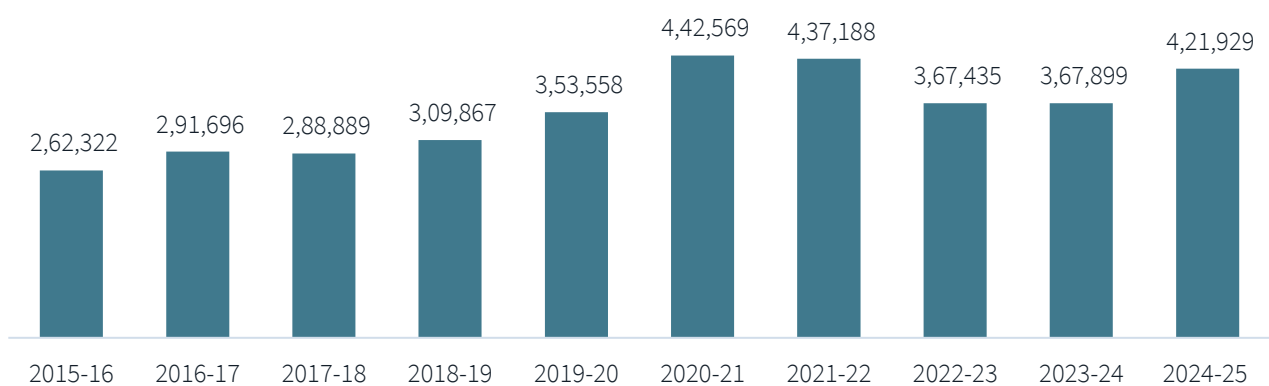


Source: RBI

Foreign Direct Investment

India has successfully maintained its appeal as a prime destination for long-term foreign capital investments, benefitting from a consistent inflow of Foreign Direct Investment (FDI) in recent years. Notably, equity inflows reached a pinnacle of INR 442,569 crores in FY 2020-21. While many countries experienced declining FDI during the pandemic, India saw record-high foreign investments in its computer services sector. The country was strategically positioned to meet the surging demand for outsourced IT and business services from nations grappling with lockdown measures. FDI in India moderated from its peak in FY 2022-23, primarily due to the adverse impact of the Ukraine conflict and the subsequent intensification of geoeconomic fragmentation. However, FDI equity inflows in FY 2023-24 remained stable, mirroring the levels of the previous fiscal year. Remarkably, FY 2024-25 saw a growth of 15% compared to 2023-24, underscoring continued investor confidence in India's economic landscape despite external geopolitical challenges.

Figure 2.6: FDI equity inflows, INR billion

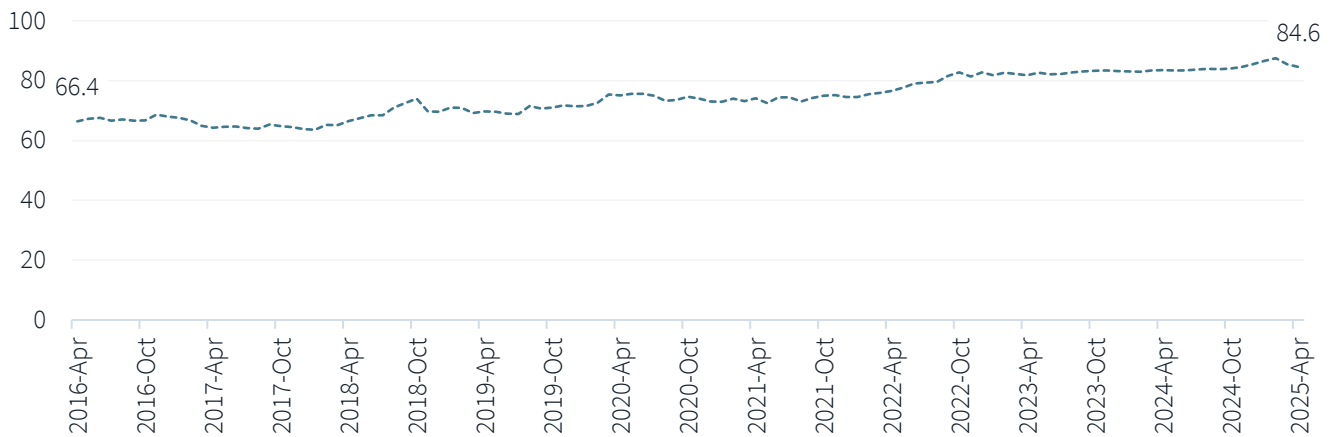


Source: DPIIT

Exchange Rate

In FY 2024-25, the Indian Rupee experienced fluctuations against the US Dollar, ranging from 83.4 to 87.6 INR per USD. The overall trend showed a depreciation bias until early March 2025, primarily due to the broad-based strengthening of the USD amid geopolitical tensions and disruptions in global trade. However, the trend reversed in the last few weeks, with the rupee appreciating against the dollar. This turnaround was supported by a combination of favourable global and domestic factors. A decline in the US dollar index, signs of a weakening US economy, and sustained portfolio inflows into Indian markets contributed to the rupee's strength. Additionally, improved investor sentiment toward emerging markets, driven by optimism surrounding a potential easing in trade tensions, encouraged capital inflows into India, further supporting the rupee's appreciation.

Figure 2.7: Exchange rate of the Indian Rupee vis-à-vis the USD (monthly average)

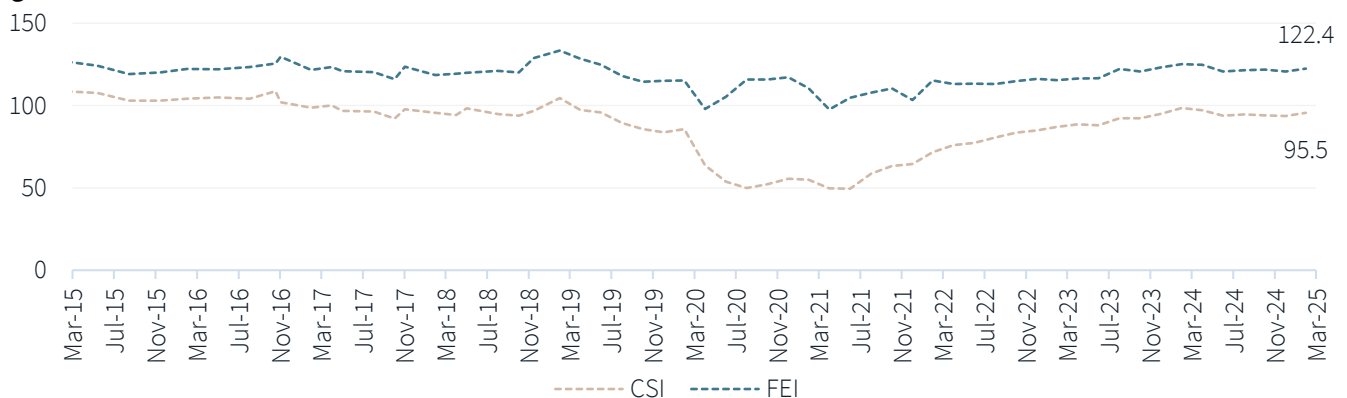


Source: RBI

Consumer Confidence

RBI's Consumer Confidence Survey (CCS) collects current perceptions (vis-à-vis a year ago) and one year ahead expectations of households on general economic situation, employment scenario, overall price situation, own income and spending across nineteen major cities. Consumer confidence as reflected in the CSI (Current Situation Index) was at its lowest in July 2021. Since then, CSI has been on a path of recovery and stands at 95.5 in March 2025. For the year ahead, households expect further improvement across parameters like general economic situation, employment prospects and income conditions as reflected in the FEI (Future Expectations Index), which stood at 122.4 in March 2025.

Figure 2.8: Consumer Confidence Indices



Source: RBI

Note: CSI and FEI are compiled based on net responses on the economic situation, income, spending, employment, and the price level for the current period (as compared with one year ago) and a year ahead, respectively. CSI and FEI = 100 + Average of Net Responses of the above parameters

2.3 Conclusion

The global economic landscape is in flux, with recent trade tensions introducing new uncertainties and potential obstacles to growth and inflation worldwide. Despite this, India's economic outlook remains relatively robust. The National Statistics Office has estimated real GDP growth for FY 2024-25 at 6.5%. Domestic growth drivers have played a crucial role in supporting economic expansion, even amid uncertain global economic conditions. Looking ahead, sustained rural demand, anticipated urban consumption revival, increased government capital expenditure, higher capacity utilization, and healthy corporate and bank balance sheets are expected to support growth. While merchandise exports face challenges from global uncertainties, services exports are expected to remain resilient. However, headwinds from global trade disruptions pose downward risks. Taking these factors into consideration, real GDP growth for 2025-26 is projected at 6.3%. Moreover, the long-term outlook of the Indian economy remains optimistic, driven by factors such as its expanding middle class, expected growth in working-age population, competitive unit labour costs, planned infrastructure augmentation, and healthy savings and investment rates.

Real estate has accounted for over 7% of the overall Gross Value Added (GVA) in the past decade, underscoring its integral role in the economy. Following two challenging years of pandemic-related lockdowns and economic instability, the real estate sector has undergone a robust recovery. Several factors have contributed to the sector's growth, including rapid urbanization, rising income levels, enabling government reforms, a growing tech sector, and improved credit availability for developers.

Furthermore, the inflation outlook has turned decisively positive, which has afforded the RBI leeway to reduce the repo rate by 100 basis points, demonstrating a powerful commitment to economic revival. Additionally, consumer confidence has continued to improve from its all-time low registered in July 2021. These promising indicators signal favourable conditions for the real estate sector to thrive and expand in the coming years.

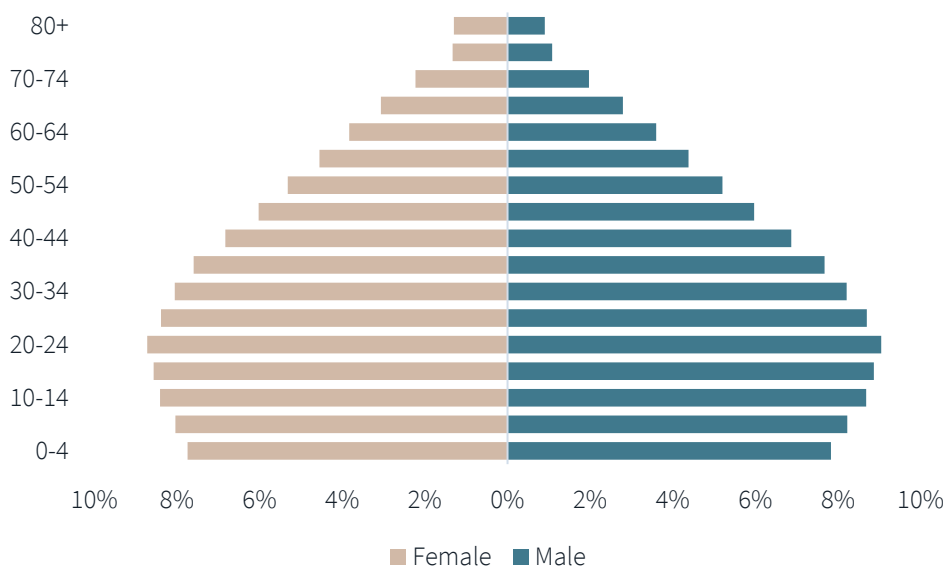
Chapter 3: Drivers of India's Office Real Estate Market

3.1 Demographic Advantage

According to recent estimates from the United Nations, India has surpassed China to become the world's most populous country. It is projected that the country's population will reach its peak size around 2064 and then decline gradually. Notably, India continues to maintain its status as one of the youngest nations globally, with a median age of 28.6 years and 42% of the population below the age of 25. A young working population with higher disposable incomes will play a crucial role in boosting economic output and giving India an edge in its technology and innovation journey.

Additionally, population ageing is unfolding at a slower pace in India over an extended period. At present, the number of adults aged 25-64 in India exceeds the number of children and youth under the age of 25 by around 20%. The working-age population is expected to continue growing both in quantity and proportion to the total population until the middle of the century, ensuring a continuing positive contribution of demographic change to per capita economic growth. The development and well-being of this population holds the key to unleashing India's demographic dividend. Achieving this relies critically on investments in the education and health of the youth. Additionally, it requires implementing policies that foster equal opportunities for women and girls.

Figure 3.1 Population distribution by age, 2024



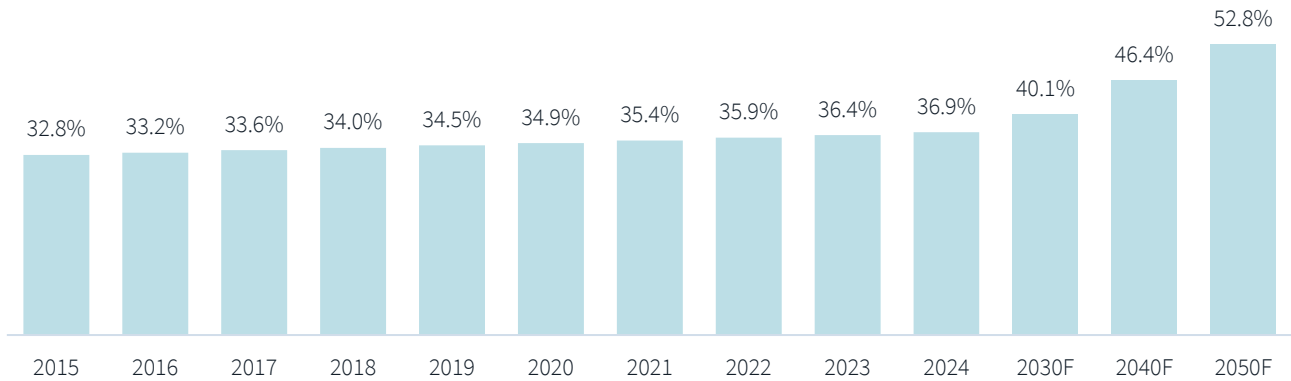
Source: UN World Population Prospects

3.2 Increasing Urbanization

India has witnessed remarkable urban progress and is projected to have one of the largest urban populations in the world in 2024, at ~532 million. The country sees nearly 20 million individuals migrating from rural to urban areas annually, combined with intrinsic population growth inside urban areas.

According to the 2011 Census, the urban share of India's population stood at around 31%. Estimates for 2024 indicate an increase to approximately 36.9%, with UNDP (United Nations Development Programme) projections suggesting that the percentage of urban dwellers will surpass that of rural dwellers by 2046. By 2050, it is anticipated that more than 880 mn people will reside in urban areas in India. This rapid urbanization will consequently fuel the demand for real estate across all asset classes.

Figure 3.2: Annual percentage of population residing in urban area

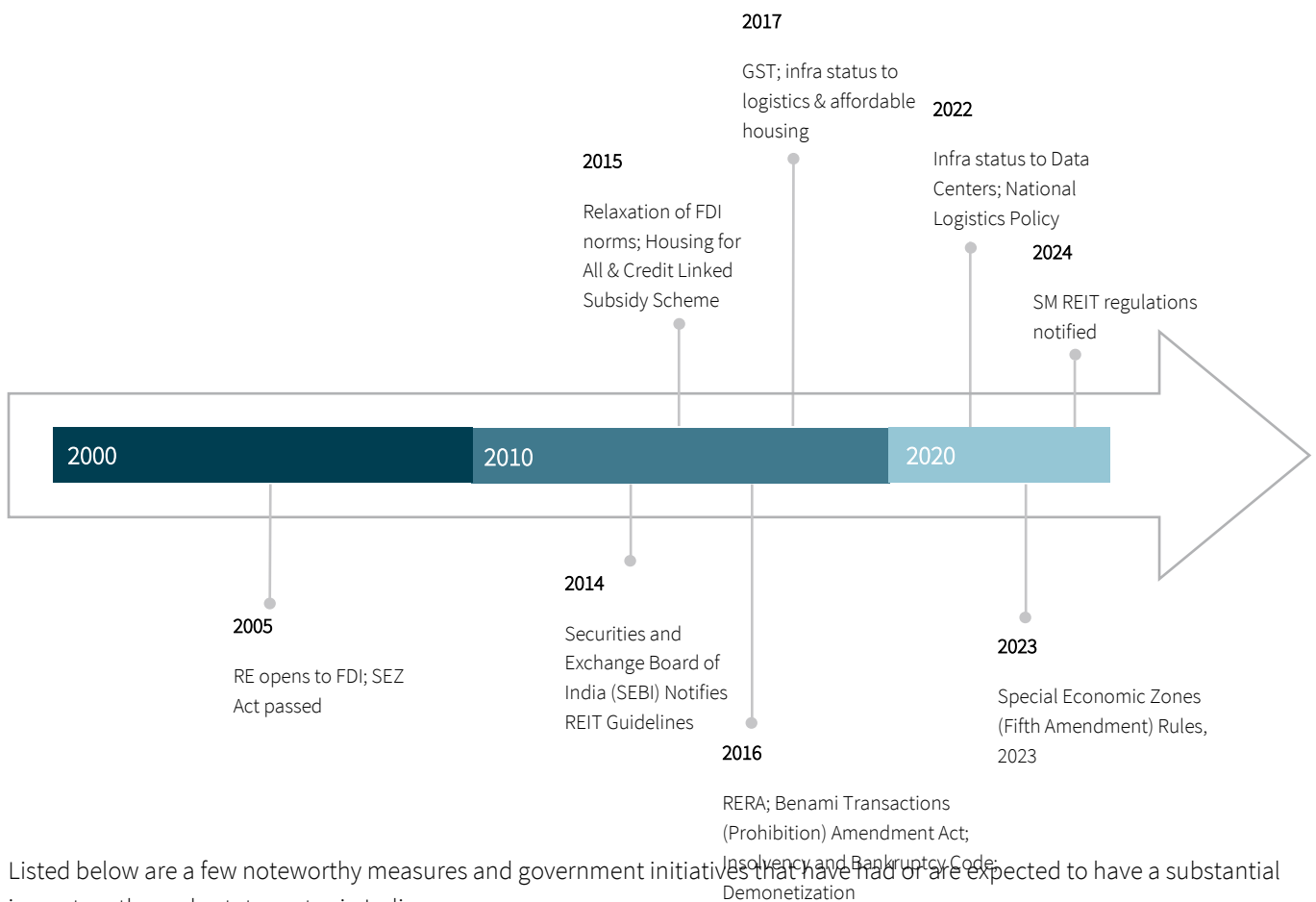


Source: UN World Urbanization Prospects

3.3 Enabling Government Reforms

The last couple of decades have witnessed a measured march towards transparency, governance, and financial discipline in India's real estate market. The transformation of the sector has been driven by a confluence of factors, with technological advancements, a maturing investment landscape and regulatory reforms like RERA, GST and REITs playing a pivotal role.

Figure 3.3: Key reforms within the real estate sector



Real Estate (Regulation and Development) Act, 2016

For several decades, the real estate sector in India lacked a centralized statute to regulate and govern its operations. Matters related to real estate projects, land, and transfer of ownership were under the purview of state governments. However, increasing instances of project delays and rising consumer complaints necessitated the establishment of an independent regulatory body for the sector. In 2016, the Central Government introduced the Real Estate (Regulation and Development) Act, as the first comprehensive central statute governing the real estate industry.

The primary objective was to foster the growth of the real estate sector by creating a level playing field for all stakeholders and fostering an environment of trust, accountability, transparency, credibility, and efficiency. The introduction of Real Estate Regulatory Authority (RERA) has led to a systemic transformation in the real estate sector. Unorganized players, including fly-by-night developers, have struggled to comply with the strict regulations imposed by RERA. Consequently, there has been an increase in industry consolidation, with smaller developers, lacking sound corporate governance and financial management practices, partnering with larger developers through joint development ventures, development management agreements, or the outright sale of land parcels.

Goods and Services Tax

GST was introduced in India on July 1, 2017, marking one of the most significant tax reforms in the country since independence. Its core principle of "one nation, one tax, one market" aims to transform India's tax system. Prior to the implementation of GST, the real estate sector faced the burden of numerous state and central taxes throughout the construction process. These taxes varied across states, leading to ambiguity and confusion among stakeholders regarding applicable rates. However, with the introduction of GST, these multiple taxes were streamlined and consolidated into a uniform regime, providing clarity and simplicity for consumers in the real estate sector.

Insolvency and Bankruptcy Code, 2016

The Insolvency and Bankruptcy Code (IBC) was introduced by the government with the aim of consolidating and amending the outdated regulations regarding insolvency and bankruptcy. Its objective is to enable better access to credit and address the challenges posed by non-performing assets. The Indian real estate sector has faced significant challenges such as non-performing assets and incomplete projects. The implementation of the IBC has brought about a time-bound and unified insolvency process, providing investors with the opportunity to resolve issues related to unpaid assets and outstanding dues.

FDI in real estate

The Government of India has implemented various initiatives to encourage foreign direct investments (FDI) in the real estate sector. In 2005, the construction development sector was initially opened for 100% FDI through the automatic route. Since then, the government has pursued efforts to further liberalize and streamline the FDI policy, aiming to attract more foreign investments and foster growth in the real estate sector. In 2018, the FDI policy was relaxed to allow 100% FDI under the automatic route in Single Brand product retail trading as well. These eased FDI policy norms have also facilitated increased private equity (PE) inflows into the sector, generating significant momentum for its development.

Special Economic Zones (Fifth Amendment) Rules, 2023

The sunset clause withdrew direct tax holidays for units commencing operations in SEZs. Global tech firms did not prefer SEZs, given significant compliance requirements without sufficient financial incentives. This led to a sharp drop in leasing in IT / ITeS SEZs, especially in the past two years. As lease contracts expired, occupier exits piled up leading to a substantial increase in vacancy.

The Central Government's notification of Rule 11B under the Special Economic Zones Rules, 2006 has paved the way for floor-wise demarcation in the built-up area of an IT/ITeS SEZ as a Non-Processing Area (NPA). This demarcated area may then be

used for setting up and operation of IT/ITeS businesses. While some developers have already de-notified under-construction SEZs and SEZ land parcels, this recent amendment is more focused on converting existing vacancies in operational IT/ITeS SEZ office assets into ‘relevant space’ for IT/ITeS occupiers. The timely intervention is expected to infuse relevant supply in core IT markets and breathe new life into the fading attractiveness of IT/ITeS SEZs.

3.4 Emphasis on Infrastructure Upgradation

The infrastructure sector holds a critical position in propelling India's economic growth and overall development. As the country steadily progresses towards attaining the status of a global economic powerhouse, the significance of having a strong and well-developed infrastructure becomes increasingly evident. The government's dedication to this cause is evident through various initiatives and substantial funds allocated to bolster the infrastructure sector.

National Infrastructure Pipeline

In 2020, India introduced the National Infrastructure Pipeline (NIP) with a vision of investing INR 111 trillion (USD 1.5 trillion) from 2020 to 2025. Public-Private Partnerships (PPPs) have been identified as a valuable mechanism to accelerate infrastructure development and facilitate investments outlined in the NIP. Engaging the private sector promotes industry competitiveness, allowing access to a broader talent pool and optimized resource utilization. Initially launched with 6,835 projects, the NIP has expanded to encompass over 14,100 projects spanning 61 sub-sectors, with a capital outlay of ~USD 2,400 billion.

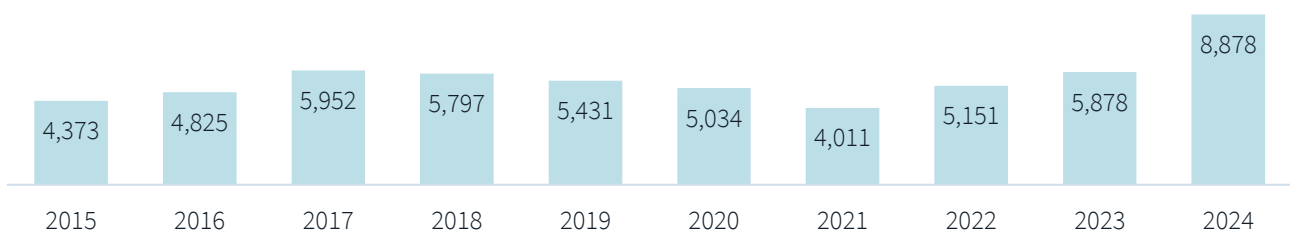
PM Gati Shakti

In 2021, the government introduced the PM Gati Shakti National Master Plan (NMP) to consolidate the various infrastructure schemes such as Bharatmala, Sagarmala, and UDAN under a unified digital platform. Integrated with the GIS-enabled PM Gati Shakti platform, it enables streamlined planning, design, and monitoring of next-generation infrastructure projects through a single portal. Consequently, there has been a significant expansion of roads, railways, and waterways, while ports and airports have undergone substantial upgrades.

3.5 Institutional Investments in Real Estate

In 2024, the real estate sector in India witnessed a significant surge in institutional investments, with a total value exceeding USD 8.8 billion spread across 78 deals. This figure stands as the highest on record and represents a significant 51% increase compared to the previous year, showcasing sustained investor confidence in India's growth story amidst global uncertainties. The bolstered confidence can be attributed to progressive government initiatives that aim to augment transparency and accountability within the real estate sector. Notably, these efforts have resulted in a prominent rise in the proportion of investments coming from foreign institutional investors in recent years, with their contributions accounting for an average share of ~74% over the past five years.

Figure 3.4: Institutional Investments in real estate, USD mn

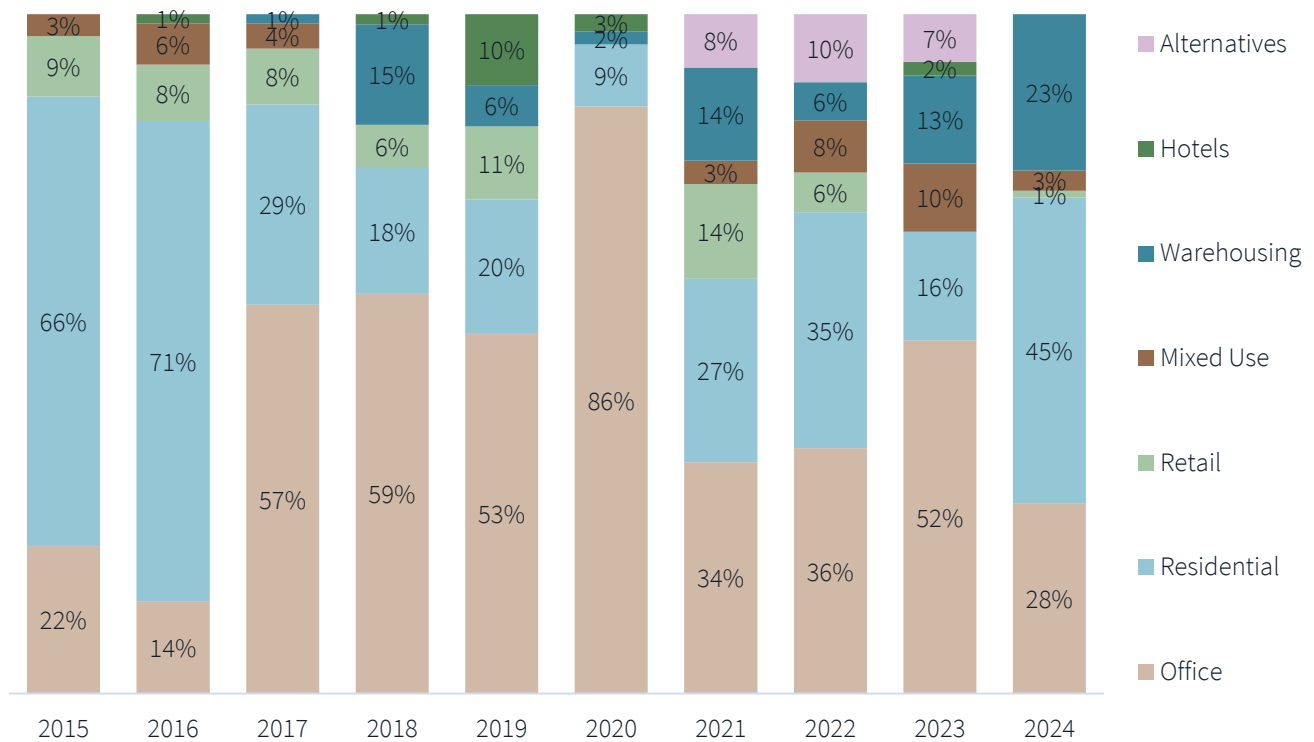


Source: JLL Research

The office sector emerged as the frontrunner commanding ~44% of overall institutional investments from 2015 to 2024, which translates to ~USD 25 billion. It was followed by the residential and warehousing sectors. Given the rapid growth of data

consumption, the digitization of the economy, the arrival of 5G technology, and the increasing focus on data localization, there is a foreseen surge in demand for investments in data centers in the coming years. It is pertinent to note the industry has witnessed a rising trend of portfolio-level investments as opposed to individual asset investments in recent years. Moreover, investors are demonstrating a preference for development partnerships with selected developers, which is driving consolidation in the market.

Figure 3.5: Distribution of institutional investments across sectors



Source: JLL Research

Note: Alternatives include Data Centers, Student Housing, Co-Living, Senior Living, Hospitals, and others

3.6 China + 1 Strategy

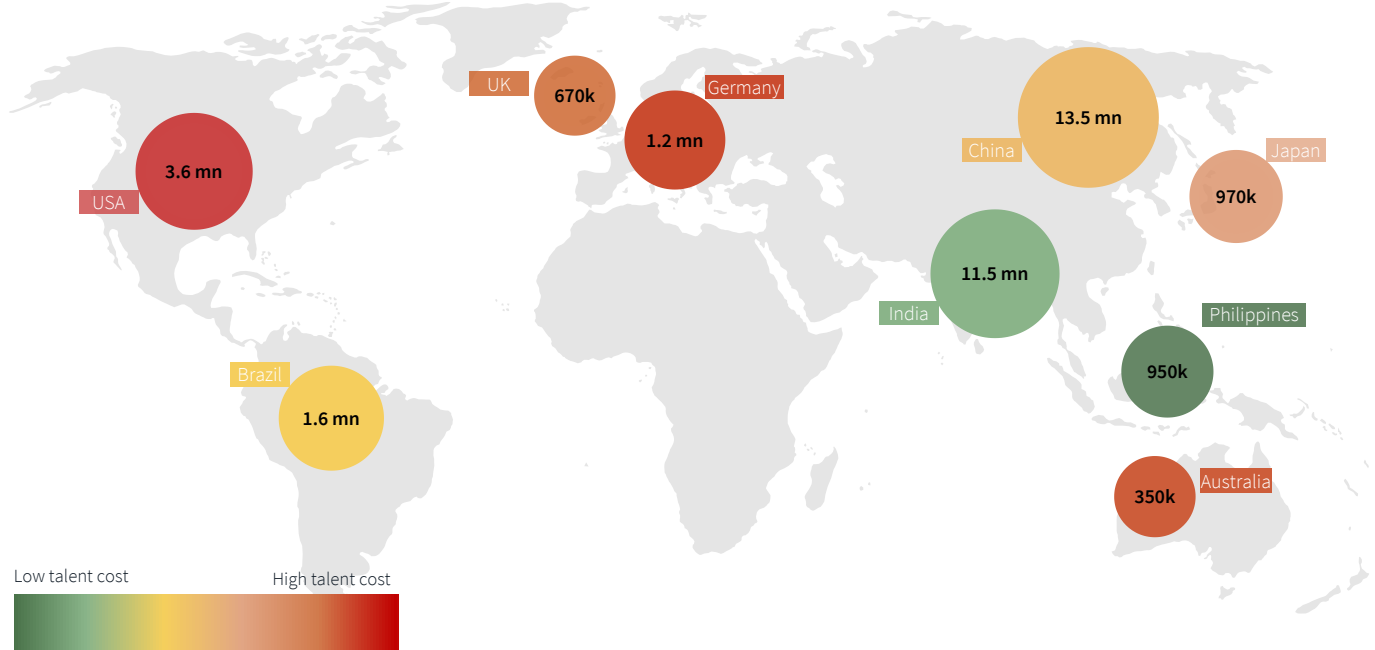
Propelled by the economic initiatives of the Indian government, such as 'Make in India' and improvements in the ease of doing business index, global giants are increasingly looking to invest in India. This has been further supported by rapid infrastructure development and the government's efforts to position India as an attractive investment destination on the world stage. To de-risk supply chain requirements and mitigate production challenges, many multinational companies are adopting strategies like China+1 and Europe+1. This approach could potentially benefit India amongst other Southeast Asian countries across various sectors. Furthermore, manufacturing firms are expected to create more R&D jobs in India as it offers efficiencies in managing both research and production in the same geographical region. We are already witnessing the impact of these initiatives with major companies like Apple setting up manufacturing units in India.

3.7 Availability of Skilled Labour at Competitive Costs

The rapid adoption of emerging technologies like cloud computing and artificial intelligence/machine learning has led to an exponential increase in the demand for tech talent. India boasts one of the world's largest pools of STEM graduates, positioning it as a major global player in producing highly skilled professionals. Furthermore, as the second-largest English-speaking country globally, India offers an added advantage by providing a large talent pool with minimal language barriers.

Additionally, one of India's key strengths is its highly competitive cost structure. There is a significant disparity between salary costs in India and those in developed countries. This cost advantage attracts global tech companies to outsource work to Indian BPOs and IT/ITeS companies, resulting in considerable cost savings. The heightened workflow and increased demand for quality office space by these companies have a significant impact on driving the growth of the real estate sector in India.

Figure 3.6: Number of STEM enrolments across countries, 2023



Source: UNESCO Institute of Statistics, PayScale, JLL Research

Notes: Figures are estimated based on STEM enrolments across all levels of higher education

3.8 Growth of Tier 2 markets

Commercial office activity has been growing in Tier 2 cities driven by factors such as increase in remote working and work from home concepts propelled by the COVID-19 pandemic, rising cost of real estate in Tier 1 cities, the availability of a skilled workforce, infrastructure developments, and government initiatives. These cities offer cost-effective alternatives for businesses without compromising on quality, attracting companies looking to reduce operational costs. The expanding talent pool, coupled with improved infrastructure, has made Tier 2 cities more accessible and connected. The government's focus on promoting investments in these cities through initiatives like Smart City projects further enhances their attractiveness.

3.9 Growing Tech Sector

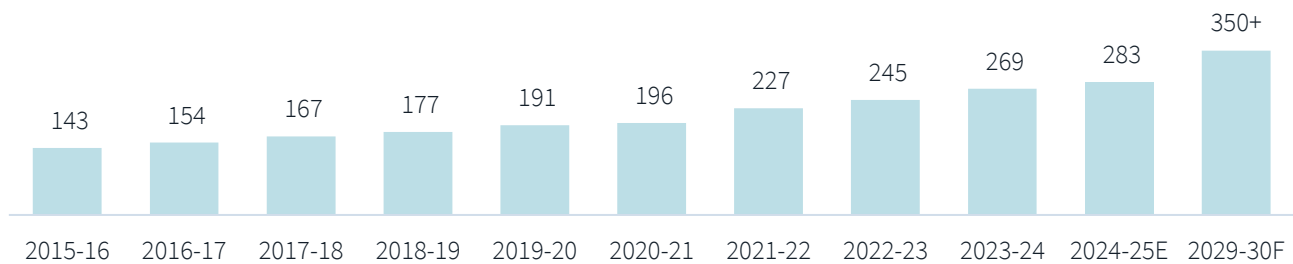
The journey of the Indian IT industry started with US-based companies beginning to outsource work to Indian-born tech companies. The industry relied on cost arbitrage as its primary value proposition with organizations outsourcing back-office functions and low-value tech development to India, driven by its low-cost talent pool. Ironically, it was during the dot com bubble and the Y2K crisis³ that India's IT industry received its biggest boost. India was able to leverage its human capital to pitch in and ensure business continuity corporations around the globe. With increased visibility in the international arena and

³ The dot-com bubble was a speculative frenzy of internet company investments that collapsed in 2000, coinciding with the Y2K crisis—widespread fear that computer systems would malfunction when dates changed from 1999 to 2000, prompting massive global preparation efforts that ultimately prevented major disruptions

improved confidence in solving complex problems, IT companies in India grew in terms of size as well as scope of services offered. Indian firms became multinational companies with delivery centers across the globe. The resultant trust established with companies across the globe laid the foundation for the growth of GCCs in India.

The tech industry in India has grown exponentially in the last two decades. Amid global geo-political tensions and headwinds, India's technology industry revenue (including hardware) is estimated to reach USD 283 billion in FY 2024-25, a 3.8% year-on-year growth. Tech export revenues are poised to reach nearly USD 200 billion while the domestic technology sector is expected to cross USD 54 billion. Despite the tough market conditions, the industry continues to be a net hirer, taking the total employee base to 5.43 mn, a year-on-year growth of ~1%.

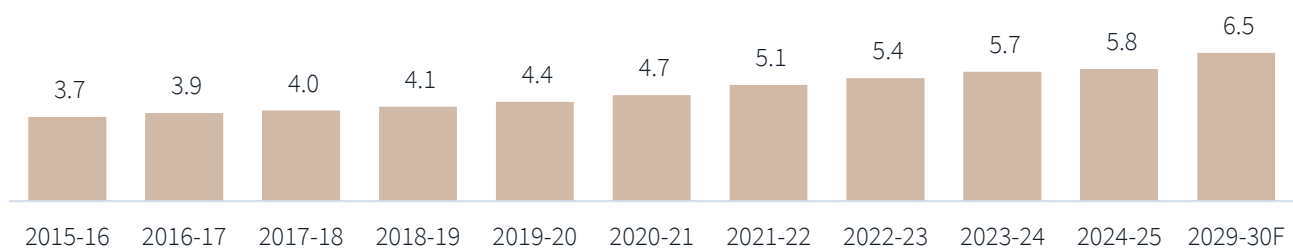
Figure 3.7: IT-BPM industry revenue, USD billion



Source: NASSCOM, JLL Research

Despite challenging market conditions, the industry remains a net hirer, expanding its total employee base to 5.8 million in FY 2024-25. The employee base is projected to surpass 6.5 mn by FY 2029-30.

Figure 3.8: IT-BPM Industry Headcount, million



Source: NASSCOM, JLL Research

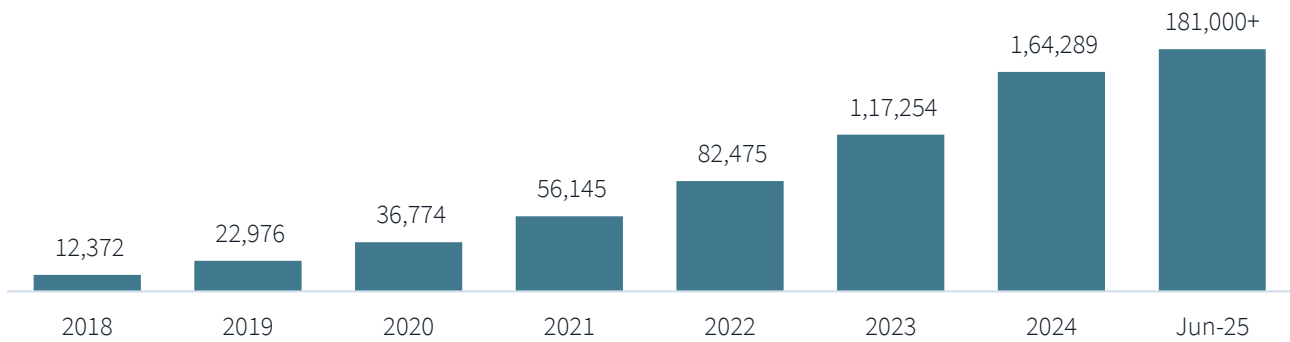
3.10 Increasing Demand from Global Capability Centers

Global Capability Centers (GCCs) remain the biggest industry segment in terms of potential growth accounting for a lion's share of current active space requirements. The opportunity for entry of new GCCs remains significant with ~65%-70% of the Global 500 companies (excluding India-headquartered firms) yet to leverage the India opportunity. The next few years are likely to witness an accelerated increase in the number of GCC units in India as more companies attempt to leverage India's growth favouring ecosystem and the existing ones execute their expansion plans within the country. India's proven credentials and trained workforce will ensure that it remains among the top innovation geographies. As firms increasingly consider offshoring R&D work and utilizing GCCs as transformation hubs to drive business excellence and organizational growth, India will continue to be a leading destination.

3.11 Expansion of Innovation Driven Businesses and Start-Ups

Over the past decade, the startup ecosystem in India has experienced exponential growth, driven by innovation, substantial venture capital investments, and government support. The number of startups recognized by the Department for Promotion of Industry and Internal Trade (DPIIT) increased from around 700 back in 2016 to over 181,000 as of June 2025.

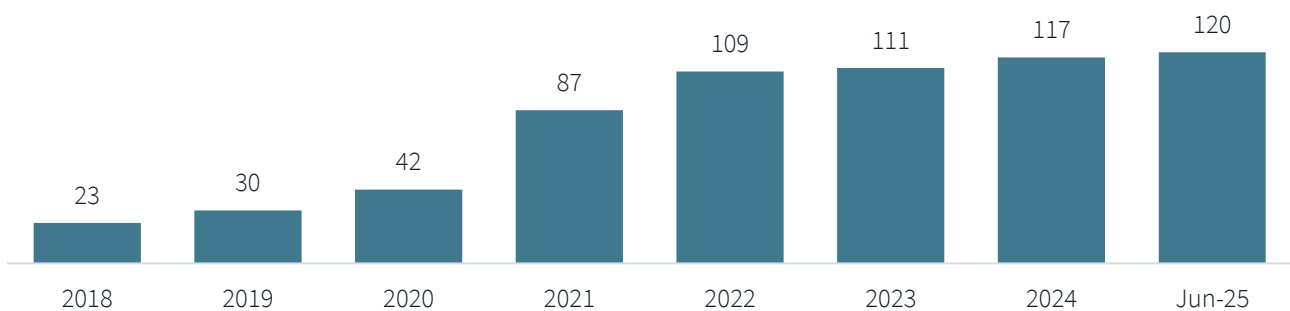
Figure 3.9: Number of start-ups in India



Source: DPIIT, JLL Research

This remarkable growth has positioned India as the third-largest startup ecosystem in the world, which has yielded over 100 unicorn startups. The thriving startup ecosystem also presents opportunities for Global Capability Centers (GCCs) to leverage emerging technologies and evolving tech solutions. This enables them to tap into a digitally advanced ecosystem for serving their global clients effectively. Furthermore, the surge in the number of startups in India has fuelled the demand for flexible office spaces in recent years. Flexible space providers offer startups a convenient and ready-to-use office space solution with low capital expenditure requirements. This allows startups to focus on their core operations without the hassle of day-to-day facility management, vendor coordination, and the flexibility to scale their team as needed.

Figure 3.10: Number of unicorn start-ups in India



Source: Invest India, JLL Research

Chapter 4: Overview of India's Office Markets

4.1 Top Seven Office Markets of India

Table 1: Overview of India's top seven office markets

	Bengaluru	Chennai	Delhi NCR	Hyderabad	Kolkata	Mumbai	Pune	Overall
Grade A Stock, mn sq ft (March 2025)	218.8	78.5	157.9	136.5	29.6	156.9	85.8	863.9
Vacancy, % (March 2025)	11.4%	6.7%	21.4%	25.7%	16.2%	11.9%	15.6%	15.7%
Average Annual Net Absorption, mn sq ft (2016 – March 2025)	9.6	3.2	6.3	6.8	1.0	5.7	3.4	36.1
Average Annual New Supply, mn sq ft (2016 – March 2025)	12.2	3.2	7.2	10.7	1.1	6.0	4.4	44.9
Average Rent, INR/sq ft/month (March 2025)	95.5	73.7	86.9	73.8	67.2	143.6	81.5	94.9

Note: Figures are in Gross Floor Area (GFA) and include only Grade A stock. Gross Floor Area refers to all covered areas including the thickness of external walls, common areas such as services areas and parking area.

Source: JLL Research, Q1 2025

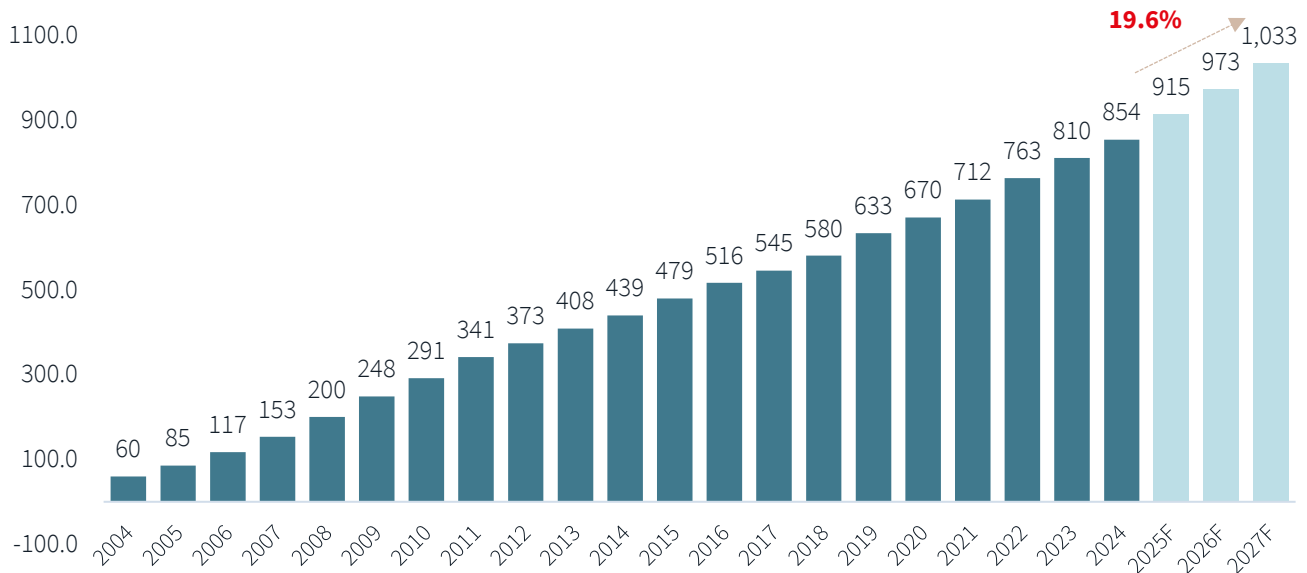
Introduction

India's office market has witnessed significant growth over the past two and half decades, establishing itself as a prominent player in the global commercial real estate industry. The top seven markets* in India have experienced a tremendous surge in Grade A office stock, growing over 14.5 times, from ~59.5 mn sq ft in 2004 to around 863.9 mn sq ft as of March 2025. The rise of the business process outsourcing (BPO) industry in the early 2000s played a pivotal role in attracting major multinational companies to set up operations in the country, subsequently kickstarting the transformation of the office market. What was once a landscape of unorganised standalone buildings has now evolved into Grade A commercial developments owned by reputed developers and institutional investors. Today, India's office market presents a wide array of opportunities for companies seeking to expand their operations.

With its robust economy, abundant cost-effective talent pool, and favourable business environment, India has become an attractive destination for both domestic and international companies looking to establish their presence in the country.

Looking ahead, the Grade A stock is projected to grow at a CAGR of ~6.7% between March 2025 and December 2027 to reach 1,033 mn sq ft.

Figure 4.1: Total Grade A office stock in India's top seven markets, mn sq ft

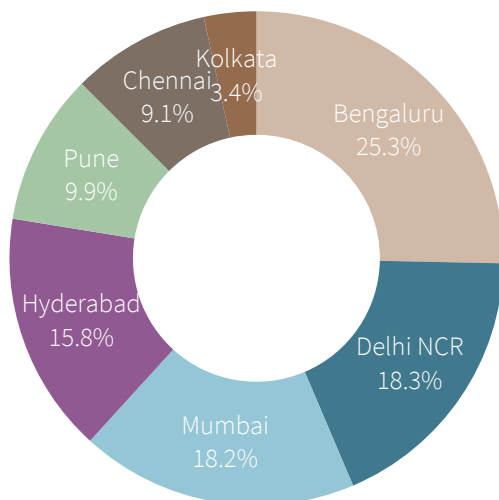


Source: JLL Research, Q1 2025

*Note: Top seven markets include Bengaluru, Chennai, Delhi NCR, Hyderabad, Kolkata, Mumbai, and Pune

Bengaluru emerges as the dominant force in India's office market with a Grade A office stock reaching around 218.8 mn sq ft, making it the second-largest office market in the Asia-Pacific (APAC) region, only surpassed by Tokyo. Following Bengaluru, Delhi NCR, Mumbai, and Hyderabad take the lead as the top office markets in India. Collectively, these markets contribute ~78% of the total Grade A stock in India's top seven markets. With well-established infrastructure, access to a highly skilled workforce, and flourishing business ecosystems, these cities offer optimal conditions for companies seeking prime office spaces. Notably, Hyderabad has experienced the most rapid growth in Grade A stock addition over the past five years.

Figure 4.2: Distribution of Grade A office stock across India's top seven markets, March 2025



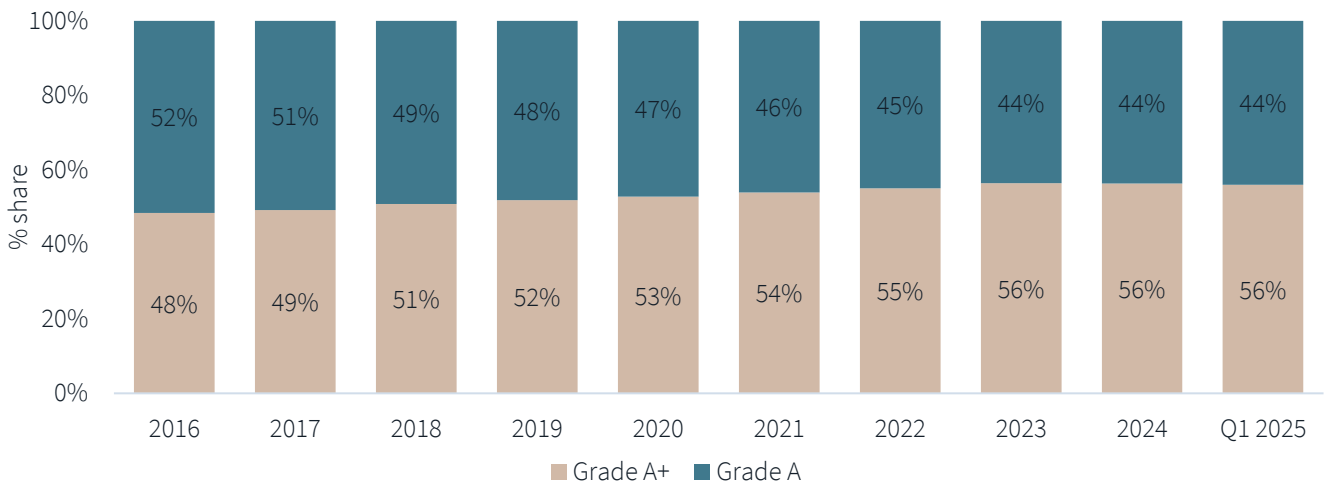
Source: JLL Research, Q1 2025

Classification of Office Stock

Based on quality

As of March 2025, ~56% of India's commercial office stock, totalling around 486.7 mn sq ft, belongs to the Grade A+ category. The upward trend in the share of Grade A+ stock is a result of the evolving nature of the sector and changing preferences of occupiers. The demand for Grade A+ grade assets has led to an increased introduction of such properties in the market.

Figure 4.3: Distribution of Grade A+ vs Grade A over the years, March 2025



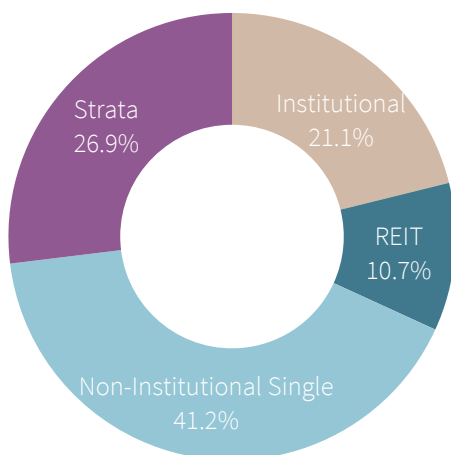
Source: JLL Research, Q1 2025

Note: Grade A+ stock has been identified based on project quality assessment, project age & upkeep, tenant quality, current rent and rent growth, sustainability certifications and other relevant factors.

Based on Ownership

As of March 2025, ~32% of India's Grade A office stock, aggregating to ~275.0 mn sq ft is institutionally (institutional + REIT) held. The remaining 588.9 mn sq ft is divided, with ~41.2% under non-institutional single ownership and the rest being strata titled.

Figure 4.4: Distribution of office stock based on ownership, March 2025

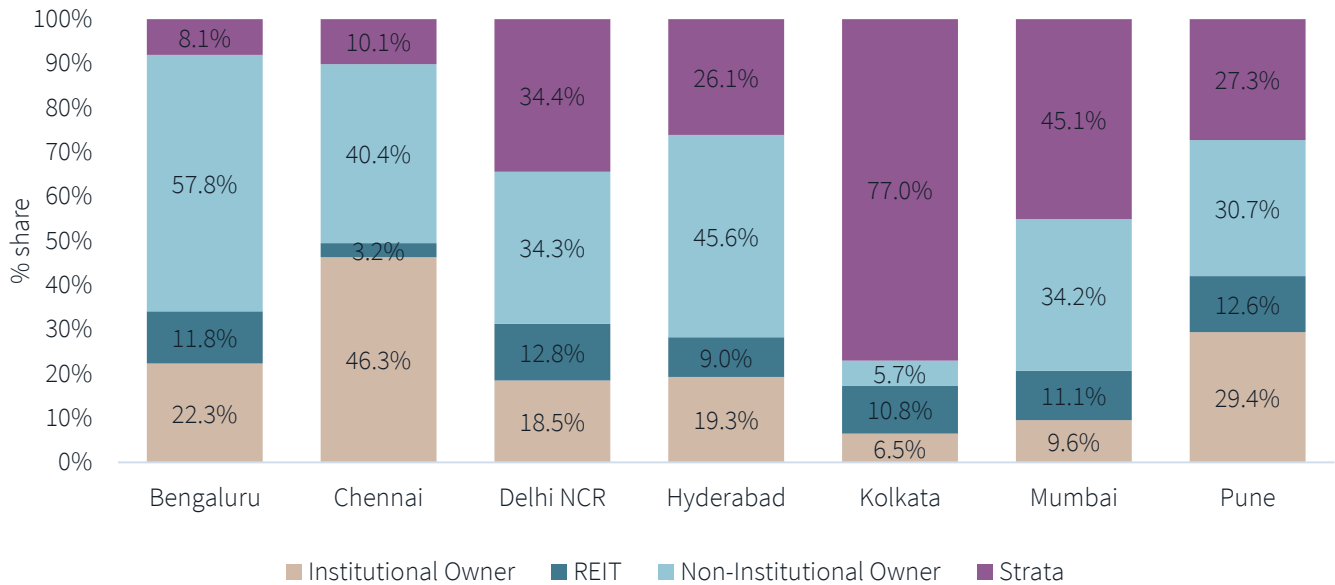


Source: JLL Research, Q1 2025

The southern markets of Bengaluru, Chennai, and Hyderabad account for ~55% of the total institutionally held stock. Alongside cost competitiveness, a rise in institutionalization and a growing emphasis on sustainability is driving the quality of commercial real estate sector in India. This has fostered the development of a strong ecosystem for the sustainable growth of India's office market. It is worth noting that projects owned by institutional investors consistently attract occupiers and

consequently enjoy higher occupancy levels compared to strata-owned assets. This signifies the preference for institutionally owned projects and highlights their role in shaping the success of India's office market.

Figure 4.5: Market-wise distribution of office stock based on ownership, March 2025

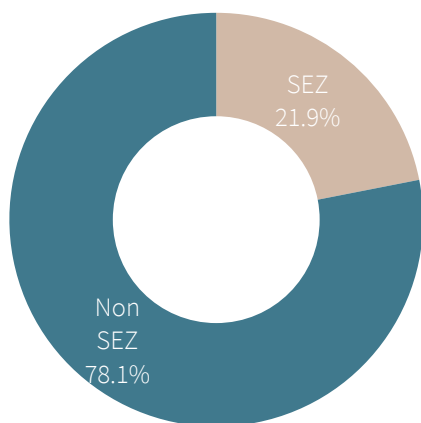


Source: JLL Research, Q1 2025

Based on Type

IT/ITeS SEZ space represents 21.9% of India's Grade A office stock, translating to ~189.3 mn sq ft. The sunset clause withdrew direct tax holidays for IT/ITeS SEZ units. The withdrawal of direct tax holidays for IT/ITeS SEZ units through the sunset clause has had a significant impact on leasing activity. The imposition of compliance requirements without corresponding financial benefits has resulted in a notable decrease in leasing activity within SEZ units. As lease contracts expired, a surge in occupier exits occurred, leading to a significant rise in vacancy levels from ~10% in December 2020 to ~19% by end-2023. Post the denotification amendment, the vacancy has for the first time fallen to ~16% in March 2025. This now compares well with the high-quality IT/ITeS office assets across India's top seven markets that maintain a lower vacancy rate of ~13%. This discrepancy highlights the leasing potential that has arisen as SEZ spaces are being denotified and designated as Non-Processing Areas (NPA), allowing for their usage in the establishment and operation of businesses engaged in IT/ITeS activities.

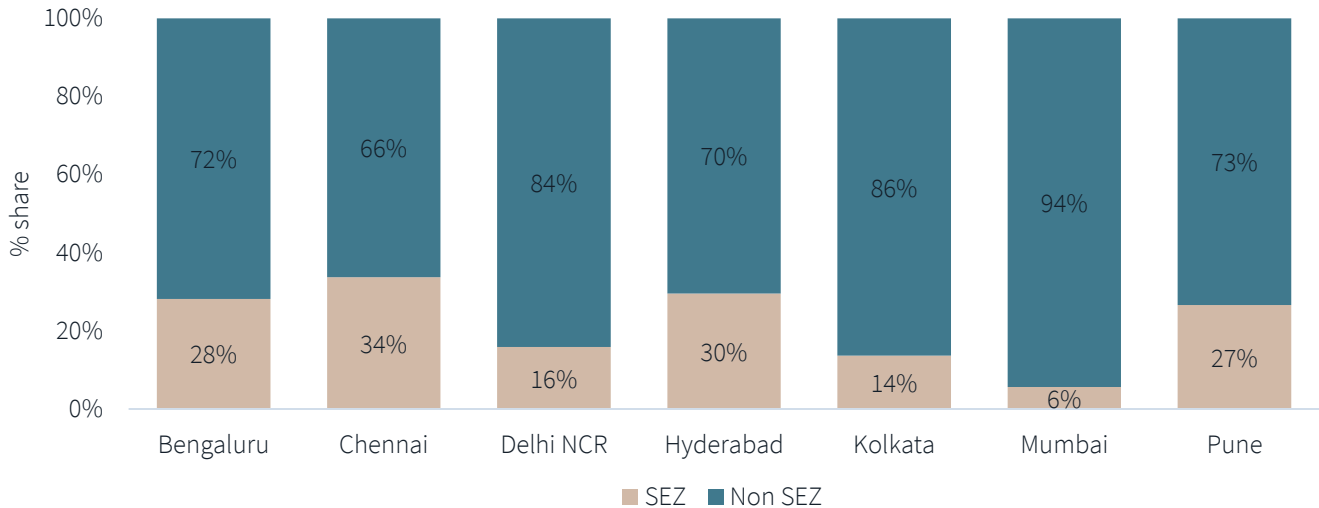
Figure 4.6: Distribution of office stock based on usage type, March 2025



Source: JLL Research, Q1 2025

The SEZ spaces in India are primarily concentrated in the tech markets of Bengaluru, Chennai, Hyderabad, and Pune. Together, these markets contribute nearly 80% of the total SEZ stock in the country.

Figure 4.7: Market-wise distribution of office stock based on usage type, March 2025



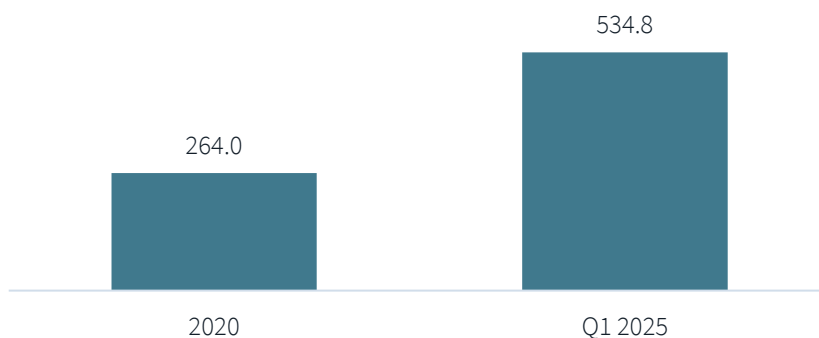
Source: JLL Research, Q1 2025

Based on Green-Certification

Sustainability has become a top priority for businesses worldwide, with particular emphasis on achieving net zero carbon (NZC) commitments. The built environment, responsible for nearly 40% of global carbon emissions is crucial for reducing carbon emissions. Hence, 'responsible real estate' plays an important role in helping organisations achieve their ambitious decarbonisation goals.

The Indian market is making significant strides towards sustainable real estate, as demonstrated by the growing presence of green-certified office buildings. Notably, the penetration of green-certified office stock has increased from ~39% in December 2020 to ~62% in March 2025. Also, it is pertinent to note that there is substantial evidence confirming that green-certified assets command a rental premium of 10-20% over their non-certified counterparts.

Figure 4.8: Green-certified office stock (mn sq ft), March 2025



Source: JLL Research, Q1 2025

Trends in Supply, Net Absorption and Vacancy

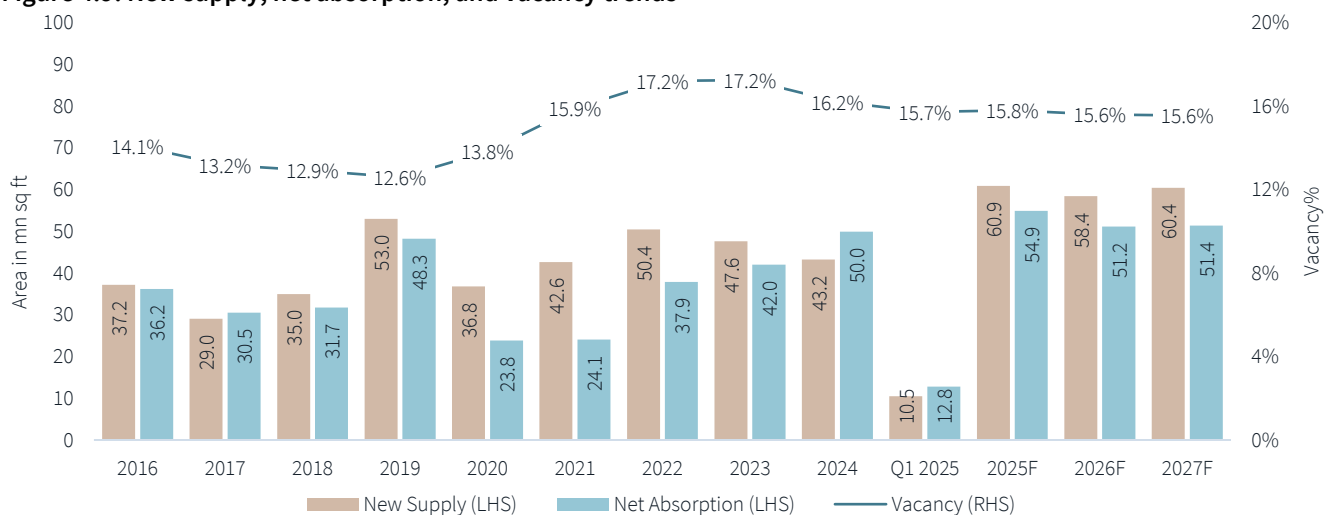
The office market in India has shown considerable vibrancy over the past few years, setting new benchmarks in 2019. Net absorption across the top seven cities in India grew at a robust 52% Y-o-Y, reaching a historic high of ~48.3 mn sq ft. At the same time, new supply grew at 51% Y-o-Y, crossing the 50 mn sq ft mark. The market was expected to continue its upward trajectory in 2020. However, the COVID-19 pandemic and subsequent containment measures brought about unprecedented

challenges for the office sector in 2020. On a Y-o-Y basis, net absorption, and new supply in 2020 dipped by 51% and 31% respectively.

In 2021, net absorption witnessed a marginal uptick, driven by an impressive Q4 leasing performance. The following year, India's office market made a full recovery as net absorption surpassed the four-year pre-pandemic average (2016-2019). 2023 was another historic year for India's office market as net absorption in India's top seven markets breached the 40 mn sq ft mark and stood at ~42.0 mn sq ft. This not only marked a new post-COVID milestone but also the second highest annual absorption, trailing only the levels recorded in 2019. The resilient expansion-driven occupier activity is a testament to the country's quality talent pool and competitive costs. India office market has built on the gains through the 2022-23 period as it remains the focal point of headcount addition and RE growth for global occupiers. It was reiterated by the net absorption for 2024 hitting historic peak levels of ~50.0 mn sq ft. Q1 2025 saw net absorption jump by 54% y-o-y on a pan-India basis to ~12.8 mn sq ft. The net absorption numbers for Q1 2025 were the highest among all first quarters going back all the way to 2008.

India's continued strength in terms of its talent pool, costs and overall tech ecosystem is a key driver for global firms to invest into their RE growth with India as the focal point. Over the next three years, we anticipate that the market activity seen in 2024 will become the new norm, with net absorption in each year from 2025 to 2027 expected to exceed that of 2024.

Figure 4.9: New supply, net absorption, and vacancy trends

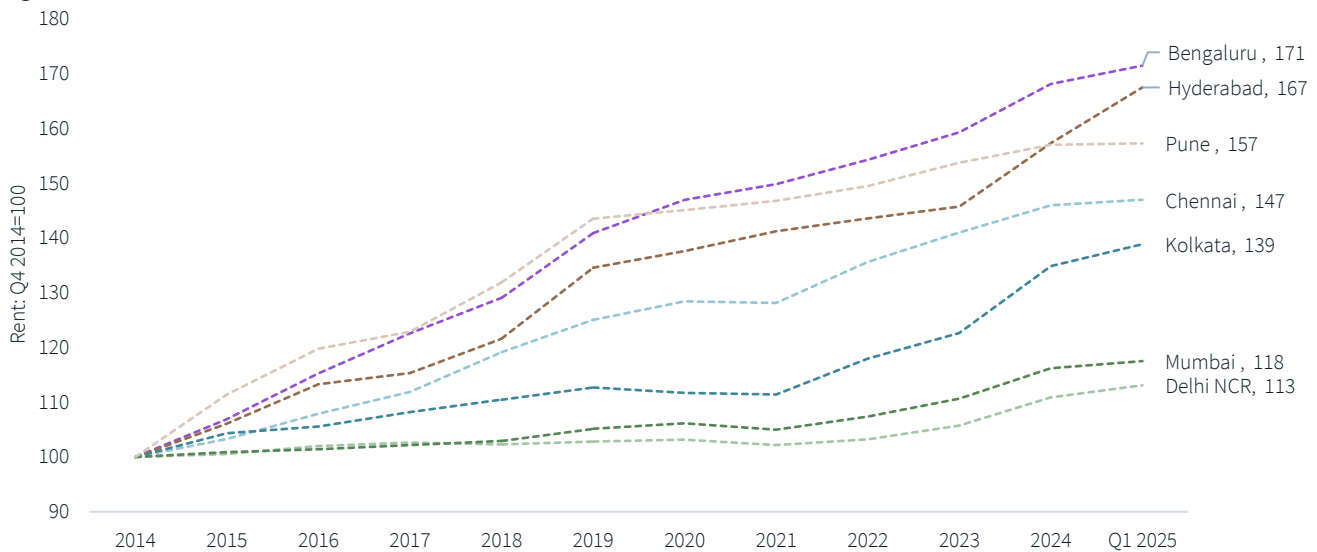


Source: JLL Research, Q1 2025

Rental Trends

Rents have moved up post pandemic across most cities, with core micromarkets seeing healthy growth in rents driven by sustained demand and higher-grade, green-certified buildings being able to command a premium. The rental values on a y-o-y basis (Q1 2025 vs Q1 2024) have increased across all cities, with Hyderabad witnessing the maximum growth of 14.5%, followed by Kolkata and Bengaluru with a growth of 13.2% and 6.3% respectively. Mumbai, Delhi NCR, Chennai and Pune recorded y-o-y rental growth of 6.1%, 6.0%, 3.1% and 1.7%, respectively.

Figure 4.10: Market-wise rental index trend

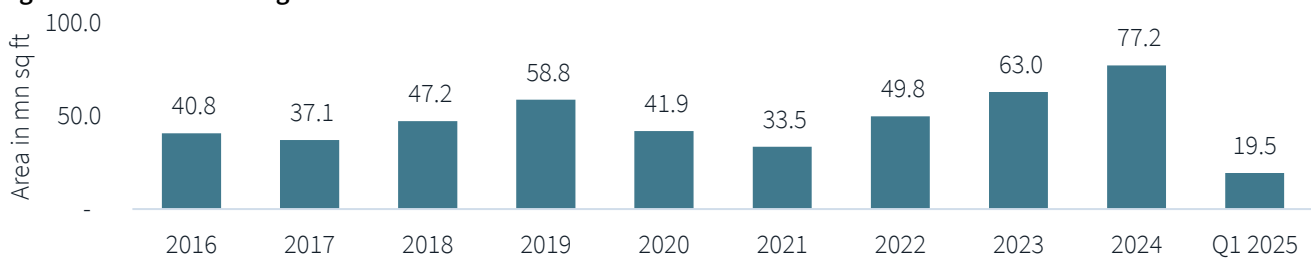


Source: JLL Research, Q1 2025

Trends in Gross Leasing Activity

Gross leasing in India's top seven markets exceeded the 60 mn sq ft milestone for the very first time in 2023, reaching an impressive 63.0 mn sq ft, a significant 26.4% y-o-y increase. In a year marked by global headwinds, these achievements were a testament to the market's strong underlying fundamentals and growth prospects. Leasing activity in India continues to see a sustained period of intense activity, underpinned by demand from both global and domestic occupiers. The annual gross leasing of 77.2 mn sq ft across the top seven cities is the best-ever for the India office market, outshining the previous peak recorded in 2023 by a significant 22.6% y-o-y. Gross leasing in Q1 2025 at ~19.5 mn sq ft was the highest among comparable first-quarter numbers and carried forward the momentum of the past two years. On a y-o-y basis, gross leasing for the top seven cities was up 28.4% at the pan-India level.

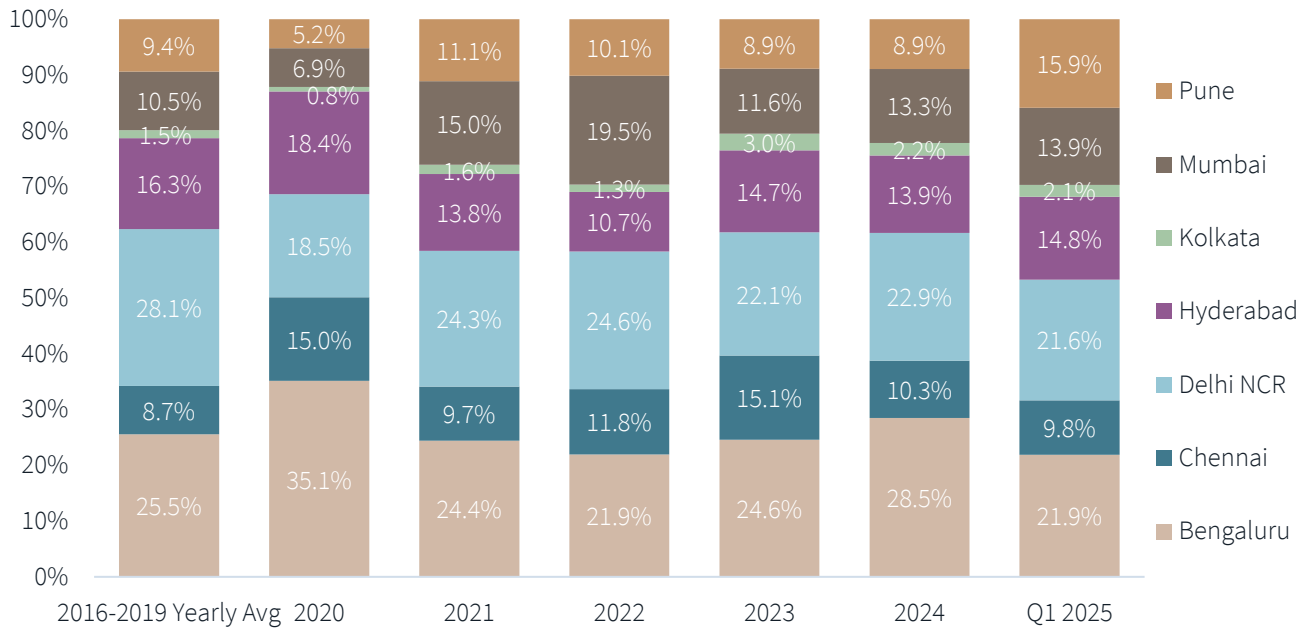
Figure 4.11: Gross leasing trends



Source: JLL Research, Q1 2025

Bengaluru and Delhi NCR followed by Mumbai, Chennai and Hyderabad have dominated the gross leasing activity over the last few years. For the full year of 2024, Bengaluru and Delhi NCR accounted for 28.5% and 22.9% of the yearly gross leasing, respectively. On a full-year comparison, gross leasing volumes were highest ever in Bengaluru, Delhi NCR, Mumbai and Pune underlining the strong market momentum that prevailed throughout during the year. Hyderabad and Chennai also saw their second best ever annual leasing numbers in 2024 with the previous peaks being 2019 and 2023, respectively. Kolkata also saw its second-best leasing performance in 2024, after the previous year. During Q1 2025, Bengaluru remained the leader in quarterly leasing activity for the fourth straight quarter with a 21.9% share. Delhi NCR followed closely behind with 21.6%. Pune jumped to the third spot with a 16% share of gross leasing in Q1, backed by strong pre-commitments with Hyderabad and Mumbai following behind.

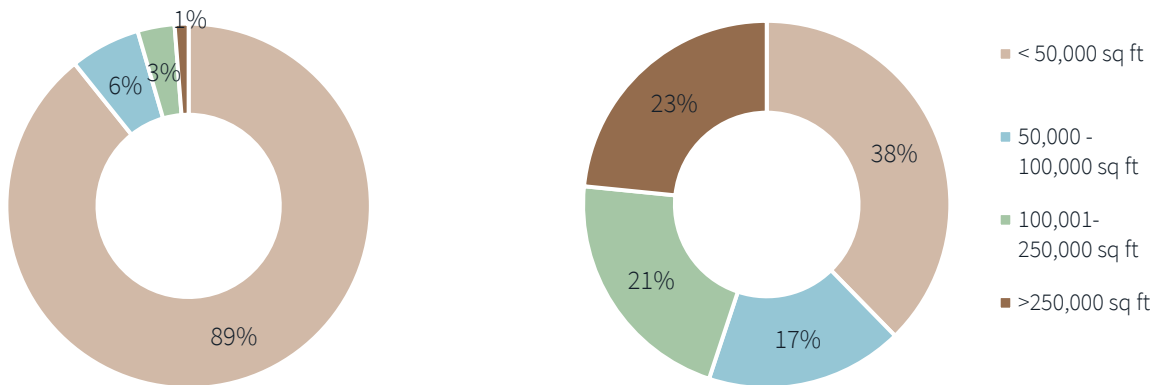
Figure 4.12: Distribution of gross leasing by markets



Source: JLL Research, Q1 2025

An analysis of the deal sizes reveals that small-sized deals (<50,000 sq ft) accounted for ~89% of the total leasing transactions, translating into ~38% of the overall area leased between January 2016 and March 2025. Mid-sized deals (50,000 – 100,000 sq ft) accounted for ~6% of the total leasing transactions, translating into ~17% of the overall area leased. Large-sized deals (>100,000 sq ft) accounted for ~4% of the total leasing transactions, translating into ~44% of the overall area leased.

Figure 4.13: Break-up of leasing from 2016 to Q1 2025 basis transaction size - no of deals (left) and area, mn sq ft (right)



Source: JLL Research, Q1 2025

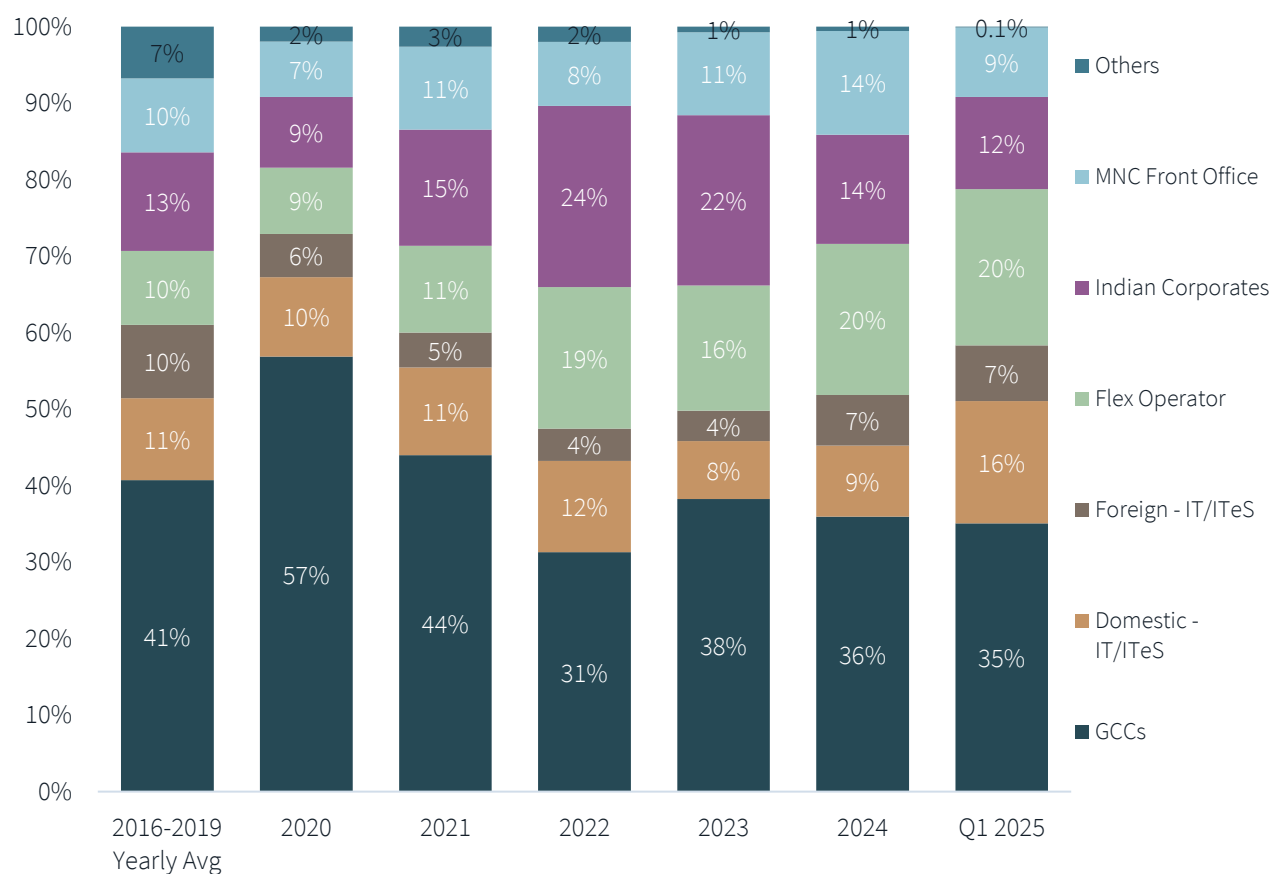
Sectors driving gross leasing activity

Tech has been the largest occupier category in India's office market. Post the pandemic, while tech continues to remain the major driver of leasing activity in the country, its share in overall leasing activity has reduced. While the tech sector saw a noticeable drop in its share (~21%) in pan India overall leasing activity during 2023 amid reduced space take-up by third-party outsourcing firms, global headwinds and slower revenue growth, it made a partial recovery this year with its share rising to ~26% in 2024. India's office ecosystem is a blend of "office to the world" and strong domestic sector growth. In a period of global sluggishness, India office market remained resilient given its underlying fundamentals. The same factors have now come together to create a period of sustained growth, with India at the forefront of global firms' real estate decisions and strategies. Strong domestic economy parameters are also fuelling space take-up by home-grown firms. The India office growth

story is strongly supported by the remarkable growth shown by GCCs. With a substantial 36% share of the total leasing in 2024, GCCs continue to remain the dominant occupier group. This has been driven by large volumes of AI and related domain work increasingly coming into the country, chasing the quality talent pool. BFSI and Manufacturing/engineering GCCs have also closed the gap in recent times and were not far behind in terms of their contribution, showcasing increasing demand across a wider spectrum of R&D and cutting-edge innovation work by GCCs. The flex segment had a substantial ~20% share in the annual leasing numbers, its best share underscoring the momentum in this segment. It is interesting to note that, the flex hit the gross leasing number of over 15 mn sq ft in 2024, another peak in this sector's performance and showcasing its continued growth and contribution to India's office market amid the evolving workplace and portfolio strategies across industries.

GCCs remained the leader in overall gross leasing activity in Q1 2025 with ~35% share, with flex operators and domestic tech firms following. Going forward, leasing activity is anticipated to be primarily driven by Global Capability Centers (GCCs) and flex operators, which will remain as the top occupier categories. An intriguing trend in the market is the increasing collaboration between new GCCs entering the country and flex operators for their office space needs. This partnership has contributed to a surge in office space demand from flex operators. At the same time, the declining proportion of GCCs in recent years can be attributed to this emerging trend.

Figure 4.13: Sector-wise share of gross leasing



Source: JLL Research, Q1 2025

4.2 Emerging Tier 2 Office Markets

Table 2: Overview of emerging office markets

	Stock, mn sq ft (March 2025)	Rental Range, INR/sq ft/month (March 2025)
Ahmedabad	~16.0	40-75
Jaipur	~4.5	45-90
Indore	~5.2	35-55
Chandigarh/ Mohali/Tri-City	~7.5	40-120
Kochi	~13.8	40-75
Coimbatore	~8.4	40-65
Bhubaneshwar	~6.4	35-95

Source: JLL Research, Q1 2025

Key Trends

Commercial office activity has been growing in Tier 2 cities driven by factors such as increase in remote working and work from home concepts propelled by the COVID-19 pandemic, rising cost of real estate in Tier 1 cities, the availability of a skilled workforce, infrastructure developments, and government initiatives. These cities offer cost-effective alternatives for businesses without compromising on quality, attracting companies looking to reduce operational costs. The expanding talent pool, coupled with improved infrastructure, has made Tier 2 cities more accessible and connected. The government's focus on promoting investments in these cities through initiatives like Smart City projects further enhances their attractiveness.

Ahmedabad is home to India's first operational smart city spread across ~3,400 acres, which houses the International Financial Services Centers Authority HQ. The market is witnessing a notable increase in demand from BFSI and tech companies, particularly in the post-COVID era. Flex operators based in Ahmedabad, are proactively acquiring a significant portion of Grade A assets as speculative investments for their future clients. As a result, the city is currently facing a shortage of Grade A supply in the market, which is expected to drive up rental rates for these premium buildings.

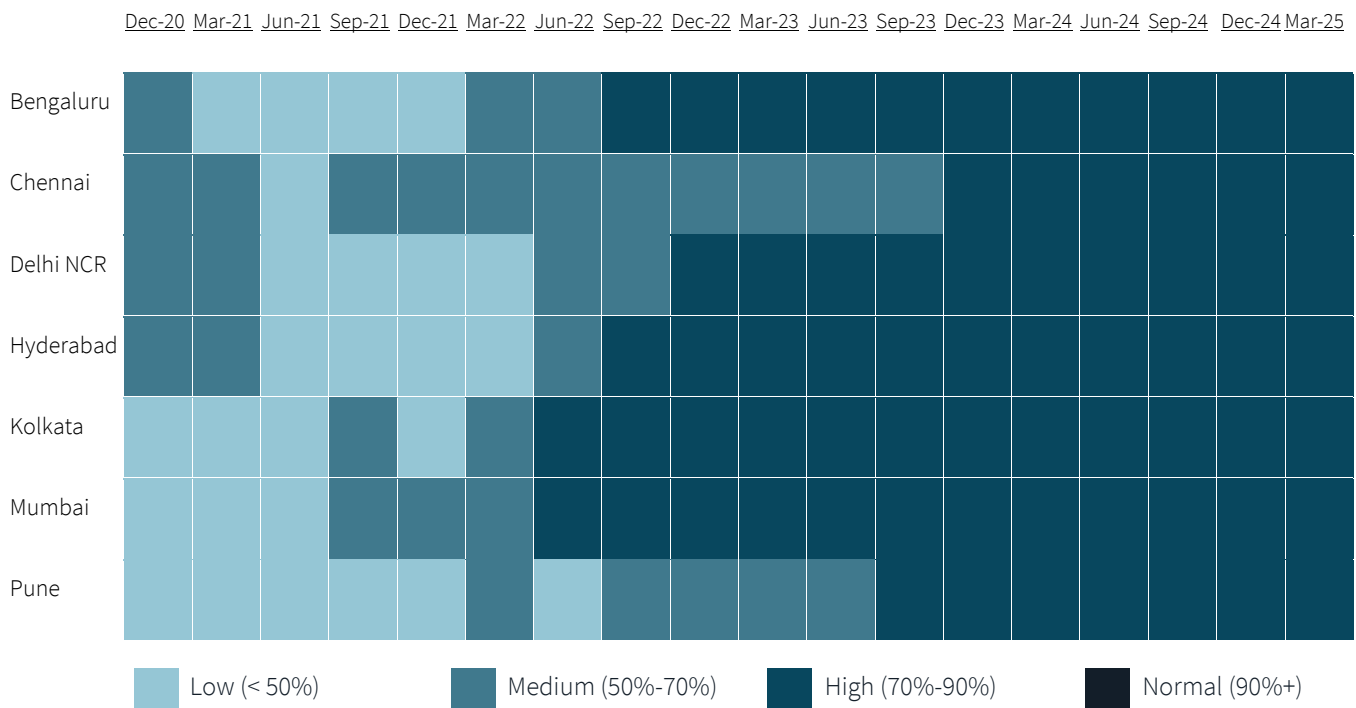
4.3 The Road Ahead

Hybrid a reality but with an ‘Office-first’ approach

The role of an office has evolved. It is a place to collaborate, foster innovation and help companies communicate their values, ethos, and culture to their dynamic and diverse workforce. Given this context, the significance of bringing employees back to offices, albeit in a hybrid or phase-wise manner has become critical. Corporates continue to be on a transformation journey with respect to RTO (return to office), with flexibility in the workplace and provision of unique offerings to employees being key to facilitate their journey back to office. Employee experience through evolved workplaces, immersive services and flexibility in working will be key in the war for talent. Companies have started charting out their return to office plans in a phased manner and are taking up new spaces to cater to their increased headcount requirements. Office portfolios are likely to expand further as hybrid working evolves with a strong ‘office-first’ approach.

Also, over the past couple of years, many firms in India have increased their employee pool without taking up additional office space to accommodate said employees. In such scenarios, hybrid and work from home models are more of a ‘necessity’ than a ‘preference’. With a rise in office occupancies, driven by return to office mandates, most large enterprises are likely to have space overruns, where the existing portfolio may not be enough to the higher in-office attendance. This will likely bring in additional space demand to the market. This ‘pent-up demand’ is expected to translate into additional space leasing over the next few years.

Figure 4.14: Return to office across markets



Source: JLL Research, Q1 2025

Focus to shift towards building performance data and active collaboration with landlords

While green office spaces have been an important step towards sustainable real estate portfolios, by 2030 leasing in green-certified will be a de-facto requirement when prominent occupiers lease office spaces. The focus will shift towards credible

building sustainability data, making the green lease contract crucial for ensuring transparency in data and active mission-aligned collaboration between landlords and occupiers throughout the life of the lease.

It will become increasingly evident that corporates must adopt a proactive approach to sustainability, integrating it deeply into their business operations and decision-making processes. They must embrace innovation and leverage cutting-edge technologies to drive efficiency, reduce environmental impacts, and enhance the quality of their workplaces. By doing so, occupiers can not only contribute to a greener future but also boost their brand reputation, attract, and retain talent, and ensure long-term business resilience. Those that take bold and decisive actions will pave the way for societal and environmental progress, setting a benchmark for others to follow.

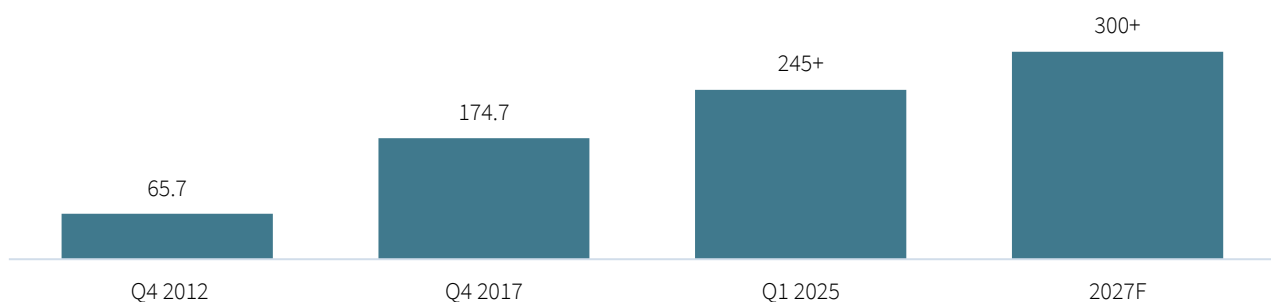
Flight to quality

It is pertinent to note that recently completed projects and lower-quality assets contribute the most to headline vacancy numbers. The flight to quality is evident in terms of office occupancy being polarized towards core markets and superior-grade projects. Institutionally owned and green certified projects continue to find favour from occupiers and hence see much better occupancy levels. Premium quality assets enjoy 500 – 800 basis points (bps) higher occupancy levels and command rental premiums of 10% - 20% when compared to other Grade A assets. This trend is expected to continue as institutional-quality assets account for a large share of the upcoming supply and will remain the first choice for corporate occupiers.

GCCs key to increasing occupier demand

India is increasingly becoming the preferred choice for large conglomerates to set up Global In-house Centers or Global Capability Centers (GCCs). As of March 2025, office Stock occupied by GCCs account for ~34% of all occupied Grade A stock across the top seven cities, which translates to ~245 mn sq ft. The holistic ecosystem provided by the bigger metros across a strong physical and office infrastructure, talent pool and support amenities have seen GCCs expand mostly across these cities, although some Tier 2 have also emerged. Over the last couple of years, with talent dispersion and trends around hybrid working, GCCs have been quite active in increasing their footprint in such emerging urban centers.

Figure 4.15: Grade A office space occupied by GCCs, mn sq ft



Source: JLL Research, Q1 2025

The next few years will witness a multifold increase in the number of GCC units in India as more companies attempt to leverage India's growth favouring ecosystem and the existing ones execute their expansion plans within the country. The number of GCC units is expected to cross 2,350 over the next 3 years with the corresponding office occupancy footprint expected to grow to over 300 mn sq ft. India's status as a GCC powerhouse has been built on its longstanding and successful service delivery models which have supported global firms increasingly in their business transformation journey. As the GCC ecosystem evolved in India, it has not been a surprise that the country's talent pool has continued to deliver complex services and tech solutions to the global parent and its client base. India's proven credentials and trained workforce will remain the momentum drivers as firms increasingly look at offshoring R&D work and using GCCs as transformation hubs which drive business excellence and organization growth.

Figure 4.16: Number of GCC units in India



Source: JLL Research, Q1 2025

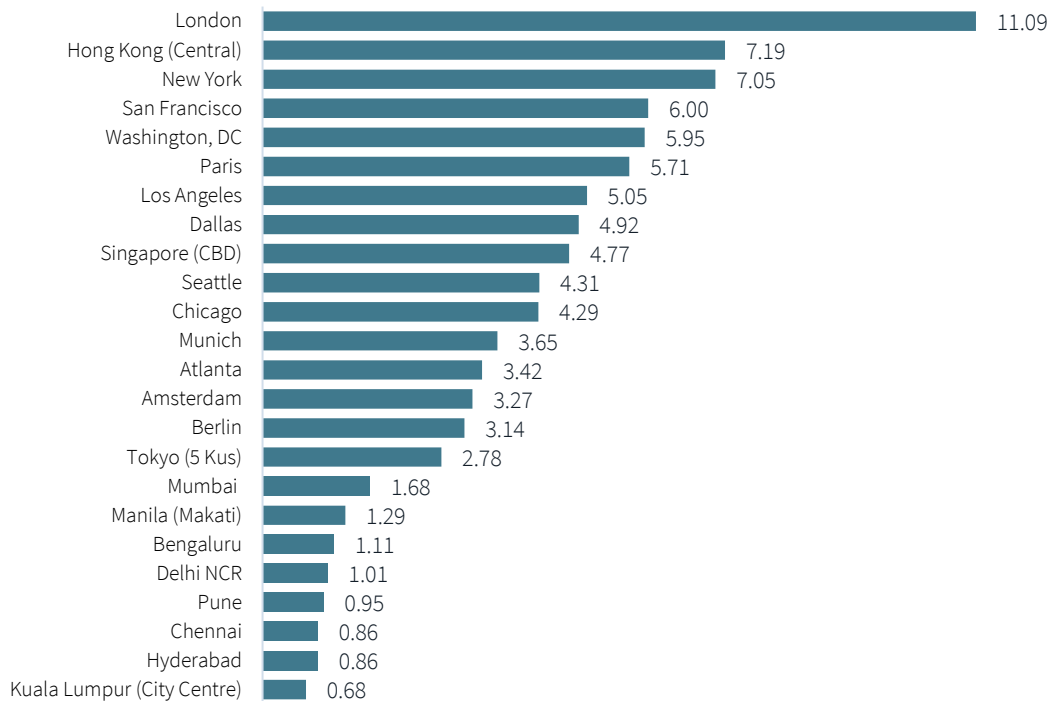
India's office market to remain growth-oriented

India's strong leasing momentum is driven by its strong tech ecosystem which is seeing strong offshoring and R&D work across multiple sectors. The combination of the available and qualified talent pool, cost advantage and quality real estate is creating a sustained growth trend even as the country's office markets were impacted to a limited extent by the global headwinds.

India office market scaled new peaks in 2024 and surpassed even the optimistic forecasts to exceed 77 mn sq ft in terms of occupier leasing volumes. As 'office to the world', India is key to headcount augmentation and capacity growth for global firms, while domestic occupiers remain ebullient in the wake of economic resilience and growth opportunities. This has created a sustained runway for the market to grow further.

A short-term sluggishness in market activity may be seen as firms evaluate the impact of tariffs – both implied as well as explicit. The uncertainty may also act as a tailwind to more offshoring opportunities for India from global firms. The fundamentals seem to support India's continued dominance as an office destination among global firms, mostly driven by its prominence as a R&D capability hub across multiple industry domains. This being said, these are still early days as the global trade and macroeconomic situation continue to evolve. India's office market looks to be well on track to match its 2024 performance. There remains a sustained runway for growth as we continue to see strong demand from global and domestic occupiers. While the growth is expected to pivot around GCC activity, domestic occupiers will likely play a bigger role, especially those from the flex, BFSI and manufacturing segments.

Figure 4.17: Rental Comparison: Q1 2025 Average Office Rent (USD/sq ft/month)



Source: JLL Research, Q1 2025

India's rising might as an offshoring destination will be crucial to the continued resilience and growth of India's office markets. GCCs remain the biggest industry segment in terms of potential growth, accounting for a lion's share of current active space requirements. BFSI firms lead in terms of active space requirements followed by the tech sector. Going forward, these two sectors along with Engineering R&D will continue to drive demand for GCCs in India. This multi-year trend is expected to keep the Indian office markets among the most growth-oriented globally.

The rise of flex

As portfolio strategies increasingly prioritize flexibility and talent retention, flex space operators are playing a crucial role in India's office markets. The top seven markets account for ~75-80% of the total office market activity in India. In 2024, flex space accounted for ~20% of gross leasing, highlighting its growing significance. It is worth noting that the flex space stock has experienced significant growth, increasing from 18.6 mn sq ft in 2018 to 74.0 mn sq ft in 2024, with a CAGR of 26%. This translates to an overall office stock penetration of ~7.0% for the flex sector. Post-COVID, the flex segment has accounted for a 17-18% share of the annual gross leasing on average. Going forward, the trend of flex space expansion is expected to continue with the operational flex stock estimated to double over the next five years and reach ~129 mn sq ft by 2028. This projected growth reflects the sustained demand for flexible office solutions and the recognition of their value in meeting evolving workplace dynamics.

Education Infrastructure

India, with its 45,473 colleges and 1.49 mn schools (as of 2021-22), is one of the largest education markets globally

Gross Enrolment Ratio in higher education is projected to increase from 28.4 in 2021-22 to 36.3 in 2027-28

Subsequently, total enrolment in higher education is projected to increase from ~43.3 million in 2021-22 and surpass 50 million by 2027-28

Education infrastructure is rapidly emerging as a significant driver for flex space and managed space providers in India, reflecting the country's evolving educational landscape and the limitations of traditional infrastructure. This trend is fuelled by the exponential growth of India's education sector, which is experiencing rising enrolment rates across all levels, from primary schools to higher education institutions.

As the demand for quality education surges, educational institutions face mounting challenges in acquiring suitable real estate for expansion. Flex spaces offer a timely and cost-effective solution to address these infrastructure needs, allowing institutions to establish presence in new locations without significant capital investment.

Moreover, the shift towards blended learning models, accelerated by the pandemic, has further amplified the need for adaptable spaces that can seamlessly accommodate both in-person and online learning environments. Flex spaces excel in this regard, offering the flexibility to reconfigure layouts for various purposes, from traditional classrooms to collaborative workspaces and high-tech learning labs. This adaptability is particularly crucial for institutions offering a mix of full-time courses, part-time programs, and short-term skill development initiatives. Flex space providers are capitalizing on this opportunity by offering comprehensive solutions that go beyond mere space provision. These offerings often include pre-installed technological infrastructure, which are essential for modern educational delivery. This turnkey approach is especially attractive to educational institutions looking to rapidly deploy digital learning tools and platforms without the hassle of managing complex IT setups.

The financial advantages of flex spaces are also a key driver of their adoption in the education sector. By opting for flexible leasing arrangements, institutions can significantly reduce upfront capital expenditure and optimize operational costs. This financial model allows for more efficient allocation of resources towards core educational activities, such as curriculum development and faculty recruitment, rather than tying up funds in fixed assets. As educational institutions increasingly focus on their core competencies of teaching and research, the outsourcing of space management to specialized providers becomes more attractive. This allows institutions to redirect their energy and resources towards academic excellence and student outcomes, rather than the complexities of real estate management.

The trend of education infrastructure driving flex space and managed space demand is likely to continue and even accelerate in the coming years. As the education sector in India continues to evolve, adapting to technological advancements and changing pedagogical approaches, the role of flexible and managed spaces in supporting this transformation will become increasingly vital. This shift not only addresses immediate infrastructure needs but also positions the education sector to be more agile and responsive to future changes in the learning landscape.

Chapter 5: Introduction to Flexible Workspaces

At a time when work is finding new meaning, digitization is taking over traditional businesses and new sectors are emerging, the office is no longer just a workplace. Most people spend a greater part of their day at work (physically or virtually) and hence workspaces have a greater role to play than ever before. The need for collaboration and collisional conversations that engender innovation while fostering organizational culture and ethos is increasing. Demand for flexibility in work patterns has become a key ask from the workforce and organizations are, consequently, looking at making their real estate portfolios suitable in this evolved workspace model.

So, what are flexible workspaces?

Flexible workspaces have been defined in multiple ways. Simplification of this term for many meant flexibility in duration of the contract and an ability to scale up or down as requirements change. In basic terms, flex spaces refer to fully furnished and serviced office spaces provided by flex space operators to end-users. Initially considered a niche offering, flex spaces have gone mainstream over the last 3-4 years, particularly as large enterprises started prioritizing flexibility in their portfolios. Across the globe, traditional working models are shifting, placing flexibility at the forefront of real estate decision-making for occupiers and commercial real estate (CRE) executives. There are several key reasons why this trend has become mainstream, and although COVID has played the role of a catalyst, the inherent advantages of flexible workspaces extend beyond the pandemic.

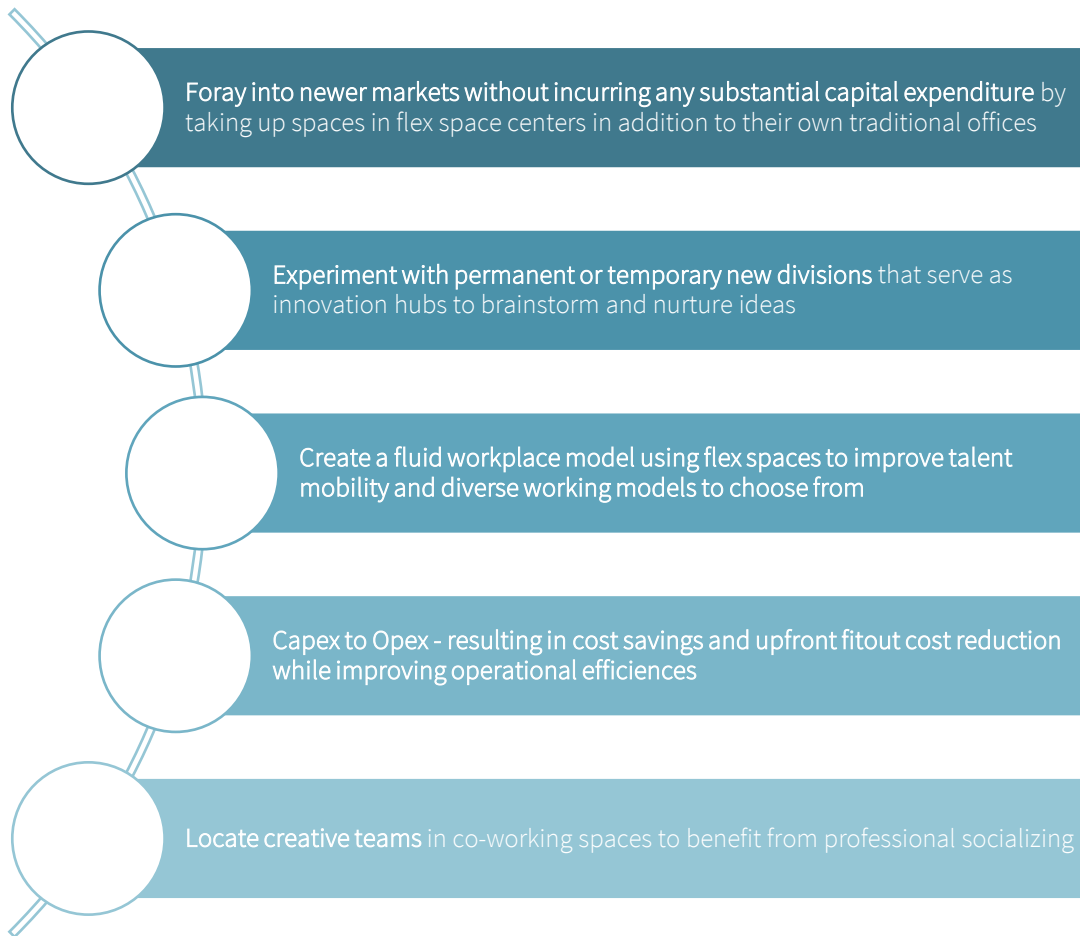
As this trend evolved, the focus has shifted from cost savings and fulfilling short-term space needs to embracing activity-based working styles and incorporating flexible spaces into the overall portfolio. In the post-COVID return-to-office scenario, flex spaces also support occupiers' portfolio optimization strategies and enable the creation of attractive spaces to attract and retain talent. The flex space industry has undergone a significant transformation, moving away from standardized workspace options towards a more tailored and focused approach. There is now a strong emphasis on providing end-to-end space and amenities management, leading to the emergence of a distinct category of managed space operators within the flex ecosystem. These operators, along with others adopting a hybrid model, are catering to the needs of large enterprises, and offering on-demand, modern workspaces that align with the requirements of today's workforce. There is increasing demand even on traditional space owners to offer such integrated flex options in their portfolios. The demand for greater flexibility from occupiers, driven by evolving workplace models and the needs of employees, has expanded the role of flex operators within conventional lease models.

With evolving workplace trends, companies have come to realize that a multifaceted approach to workplace styles and the development of a workplace playbook that encompasses all aspects of an appealing workspace and flexible work patterns are critical factors that impact talent retention in the medium to long term. Flex space operators are already playing a key role, and this role will continue as businesses and corporations adopt a multi-type of approach to their real estate portfolios, reflecting the changing needs of employees. Having flexibility within the portfolio enables corporations not only to optimize costs but also to create a working ecosystem that aligns with the needs of a fluid workforce seeking greater workplace and working style flexibility.

It's important to note that the hybrid model will not be a one-size-fits-all solution. As new workplace models such as remote work, working near home, staggered work timings, and a distributed workweek split between the office, home, and flex spaces gain prominence, managed space providers will play a crucial role as enablers, assisting occupiers in finding the perfect fit for their specific requirements and conducting experiments that enable them to identify the most effective workplace arrangements.

On the other hand, flex space operators and developers are also embracing new types of space agreements, which are reshaping the risk-reward dynamics for both parties involved. Landlords have started introducing their own branded flex spaces, acknowledging the fact that flex offerings have become a distinguishing factor in real estate decision-making. Additionally, there is significant investor interest in the flex sector due to the shifting dynamics of occupiers and the emergence of long-term contracts between operators and tenants, which creates new income opportunities. Improved investment flows will further support the growth of the sector in the future.

Figure 5.1: Flex as a business solution drives the following benefits



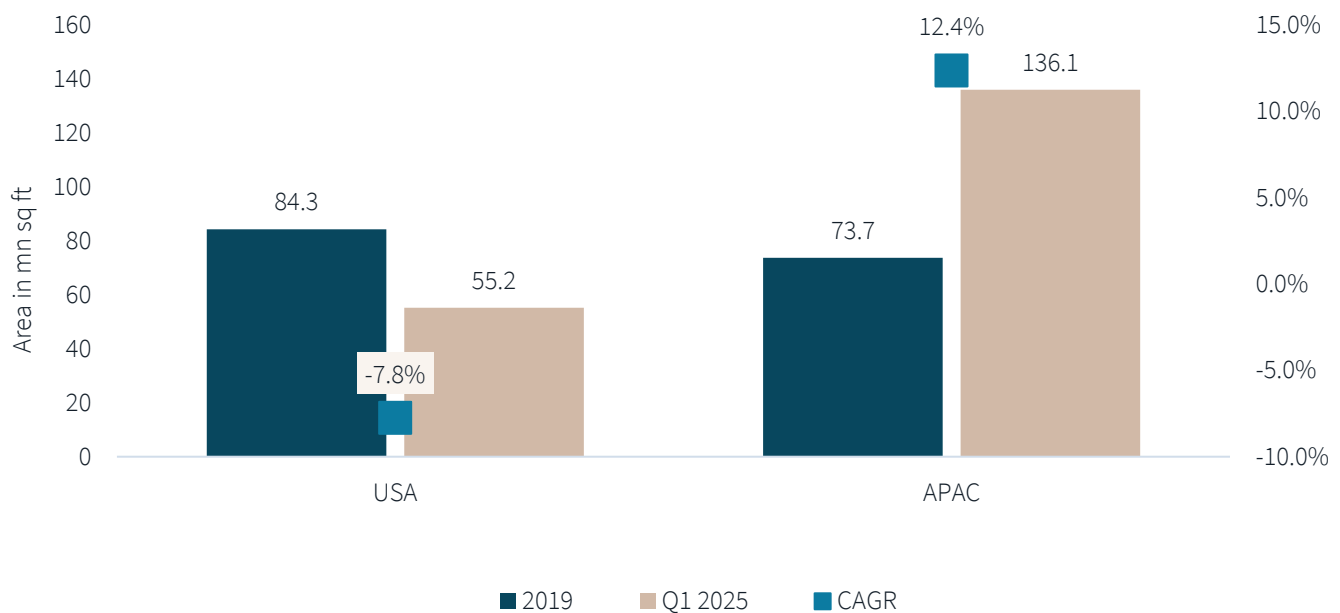
Chapter 6: Flex Spaces – A Global Perspective

6.1 Growth in Flex Space Stock across Regions

The global flex market has experienced substantial growth over the past five years, with the APAC region leading the charge. In APAC, the flex space stock has experienced significant growth at a strong CAGR of 12.4% since 2019, showcasing the momentum in this segment. This growth can be attributed to the region's robust growth fundamentals, including the rise of the shared economy, startup segments, and substantial venture capital funding across multiple sectors. As new businesses and companies have emerged, APAC has become a major hub for business expansion and flex operators have played a crucial role in facilitating quick operational turnarounds by creating an enabling ecosystem for corporations.

In the United States, it is interesting to note that major cities have witnessed a significant contraction in flex space stock over the past few years. This decline can be attributed to various factors, including market consolidation, changing business preferences, and adjustments in real estate market dynamics, including reduction in portfolio of a big operator.

Figure 6.1: Region-wise growth of flex stock (2019 v/s Q1 2025)

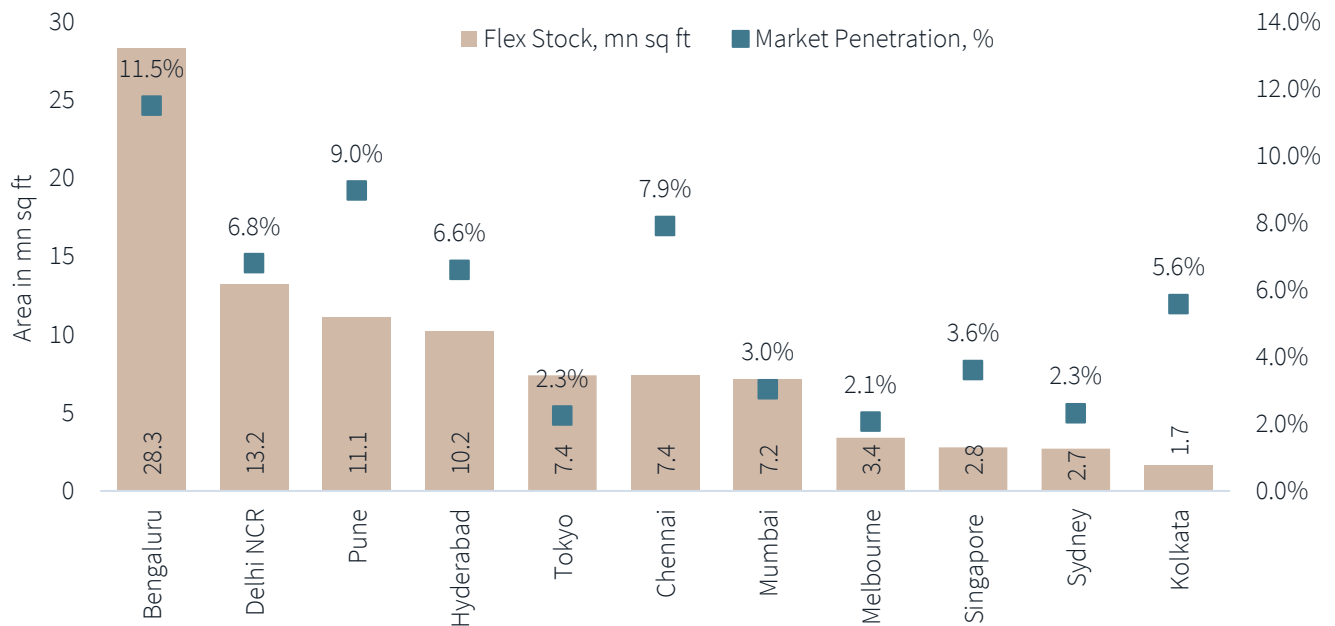


Source: JLL Research, Q1 2025

6.2 Market Penetration across Global Markets

Fuelled by the presence of start-up clusters, creative industries, SMEs, and corporate headquarters, global gateway cities have become thriving hubs for the expansion of flexible workspace operations. Bengaluru, in particular, has experienced rapid growth in flexible office space, driven by the popularity of managed offices. As of March 2025, it ranks as one of the leading global cities in terms of flex stock, boasting an operational stock of 28.3 mn sq ft and a flex market penetration rate of 11.5%. In addition to Bengaluru, five other Indian cities feature among the top ten globally in terms of total operational flex stock.

Figure 6.2: Flex stock and market penetration across major global and Indian cities, March 2025



Source: JLL Research, Q1 2025

Note: Penetration rates of flex in Indian cities are based on office stock across all grades; For other cities, the penetration rates are based on Grade A stock

While the APAC region is expected to maintain its impressive growth in flex stock, India is primed to surpass all other regional and global cities in terms of growth rate. The flex market in India is projected to expand at a remarkable pace, surpassing the growth rates seen in other cities worldwide.

Key factors driving growth of flex spaces in India include:

India remains a shining light in terms of overall office demand, driven by GCCs expanding their headcount and implementing key business transformation strategies and R&D work in the country. The entry of new GCCs into the market further contributes to the robustness of office demand.

The emergence of tier 2 and 3 cities is also fuelling office demand as organizations seek to expand beyond the larger cities and establish a dynamic and flexible workplace model. This trend creates opportunities for flex operators, who play an essential role in supporting occupiers' footprint expansion in these cities. Flex operators offer fully integrated services that provide compliant and well-managed flexible workspaces to support business operations.

Flex operators also act as the bridge to make older, existing buildings in core city CBDs more compliant with current occupier needs. This adds new stock for office tenants while also giving a fresh lease of life to older buildings. This also provides relevant space options in city-centric locations for occupiers of different industries, where earlier the older buildings were not appropriately modern for their use.

Flex operators are evolving into fully integrated service providers, offering a seamless design and build model (as part of managed space offerings which offer fully, customised space options) for occupiers. This approach eliminates efficiency concerns and time constraints associated with managing multiple vendors, providing a streamlined solution for occupiers.

6.3 Evolution of Global Flex: Trends and Outlook

Flex was reborn in the post-COVID period

After the unprecedented demand disruption in the office segment, tenants emerged with a relevant realisation – flexibility was the greatest amenity in times when the conventional workplace models needed to be redrawn. With workers demanding flexibility, it became critical for occupiers to look at their real estate portfolio strategy in a new light. As a result, there was renewed demand for lease terms being more flexible for expansion/ contraction/termination options and to allow tenants access to on-demand spaces. This shift in tenant preferences resulted in many flex space operators reporting a sharp increase in enquiries, so much more that they surpassed pre-COVID levels. Accelerated seat sales saw them recording occupancy gains of 1-3% in every month. Historically, like in India, the global flex industry also catered to freelancers, start-ups, and small teams. Since then, large companies have grown to account for over one-third of the flex industry revenue, clearly validating demand for pre-built, flexible-term, amenity-rich spaces.

Global operator perspective

Globally, flex operators are in the midst of an evolutionary change, driven by rising demand for integrating flex space into traditional real estate portfolios. As occupiers have started demanding more from flex spaces, operators are looking at adopting new practices both in terms of space offerings as well as their operating models.

The continuum of workspace options offered by operators is moving towards an enterprise-driven managed/spec model.

Enterprise Bespoke	Spec suites	Enterprise flex space	Agile flex space	Workspace on demand	Work from home
Long-term space tailored to specific tenant needs, brand, and culture	Pre-built space with modest levels of customization	Dedicated team space for short terms (< 3 years) with limited or no customization	Plug-and-play spaces or networks of options for individuals and small teams	Individual desks or meeting rooms available by the hour, day, or week	Fully virtual with no access to physical office space



Enterprise demand changing the occupier mix in flex centers in favour of large firms

Flex operators are now spending nearly 1.5-2X more than their traditional fit-out costs as they look to customise flex spaces for large enterprises. At an operational level, the landlord-flex operator relationship is undergoing a big shift, driven by occupiers who are looking at buildings which also offer on-demand flexible spaces to accommodate project teams and rapid growth within their business. As a result, flex is now a key partner in ensuring commercial buildings are more relevant for occupiers who are looking for such managed services within the building.

Table 3: Key Global Flex Market Predictions

Operator-Occupier relationship	Operator-Landlord relationship
<p>Landlords will need to increasingly adapt to tenant demands as increased flexibility portfolio strategies undergo a structural shift</p> <p>Flexible workspaces to be critical and mainstream element of commercial real estate as they become fully integrated with not just conventional office buildings, but retail shopping centers, multi-housing developments and other property types</p> <p>Plug-and-play solutions to be in high demand as an alternative for small requirements, but basic landlord offerings are likely to lose out to full-service offerings over the long run</p>	<p>Managed solutions will become aligned partnerships. Landlords to prefer hybrid contracts versus vanilla leases with greater insight into operating performance and seek greater control of the customer relationship</p> <p>Owner-operated platforms and management agreements will continue to gain scale</p> <p>Flex partners with hospitality skills will stand out. Given the operational and execution complexities of managing flex spaces investors/landlords will prefer partners with specialized hospitality, community engagement skills and broader customer acquisition channels</p>

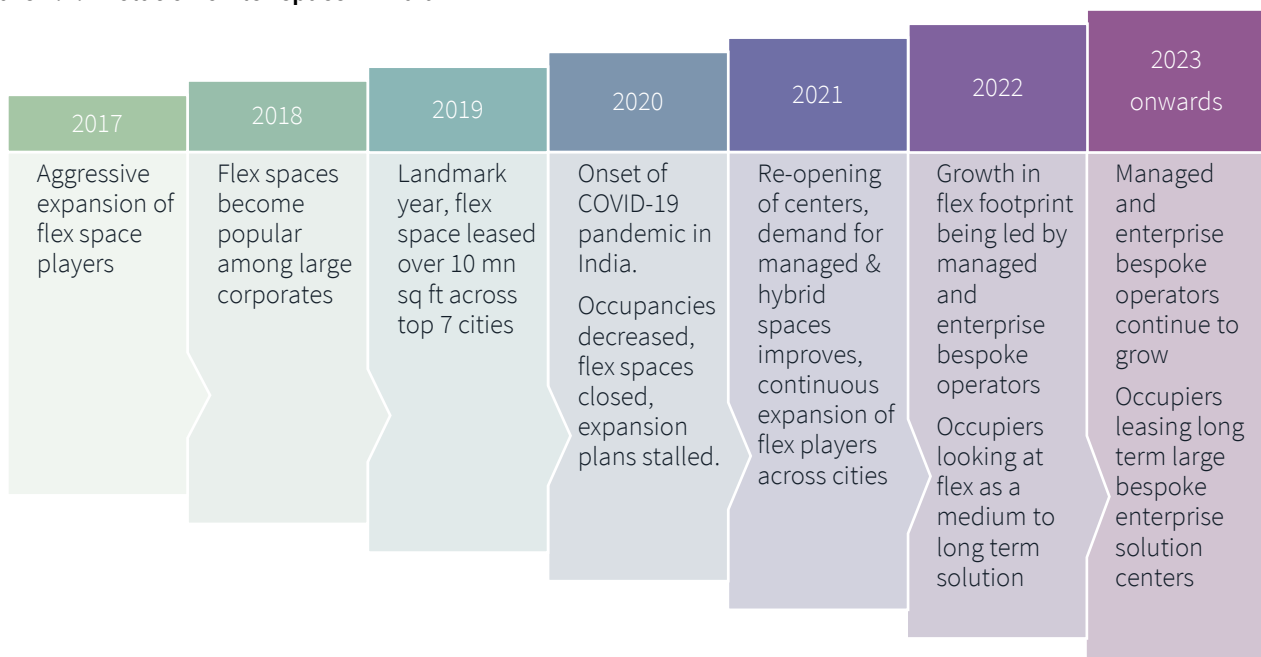
Chapter 7: Flexible Workspaces in India

7.1 Evolving role of Flex in the Indian Office Ecosystem

India's flex market started coming into its own from 2016-2017. Initially, fully serviced office offerings were available through business centers, but they were primarily designed for new or small-sized companies, offering cabin and cubicle-based models. However, fully serviced spaces were always part of developer offerings, serving as interim or incubation spaces for large corporates when their permanent offices were not yet ready. Coworking operators were the first to tap into the growing startup culture by providing more accessible and affordable serviced space options for freelancers and SMEs. The key differentiating factors for coworking operators were their service offerings and collaboration-oriented culture. These coworking spaces also influenced corporate India as firms realized the significant flexibility, they offered in terms of managing fit-out costs and having shorter, on-demand occupancy tenures. This shift in mindset was driven largely by new-age companies that emphasized agility, were tech-oriented, and had younger workforces. The market was transitioning into a new definition for itself - flex spaces or managed space providers.

In 2019, flex spaces leased over 10 mn sq ft across the top seven cities, marking a significant milestone. However, 2020 presented challenges, with many flex operators closing centers due to low occupancy as part of portfolio rationalization and some in-discussion leases were put on hold indefinitely. The COVID-19 pandemic in 2020 further transformed the flex space industry in India. With a massive remote working experiment underway during 2020 and 2021, physical occupancies in offices and flex spaces dwindled. The crisis led to a fundamental shift in workplace and work patterns, requiring occupiers and CRE decision-makers to redefine their workplace strategies and find a balance that met employees' revised expectations. Nevertheless, the flex space segment demonstrated its agility by adapting to new revenue models, taking on more managed office responsibilities, and becoming a partner to corporates seeking a balance between remote work and optimizing their real estate portfolios. Additionally, the ethos of serving freelancers and the startup culture remains essential within the flex space industry. This industry segment has become a strategic imperative for occupiers in managing their real estate portfolios. The sector continues to learn and evolve, and it has emerged stronger in the last 3 years.

Figure 7.1: Evolution of flex space in India



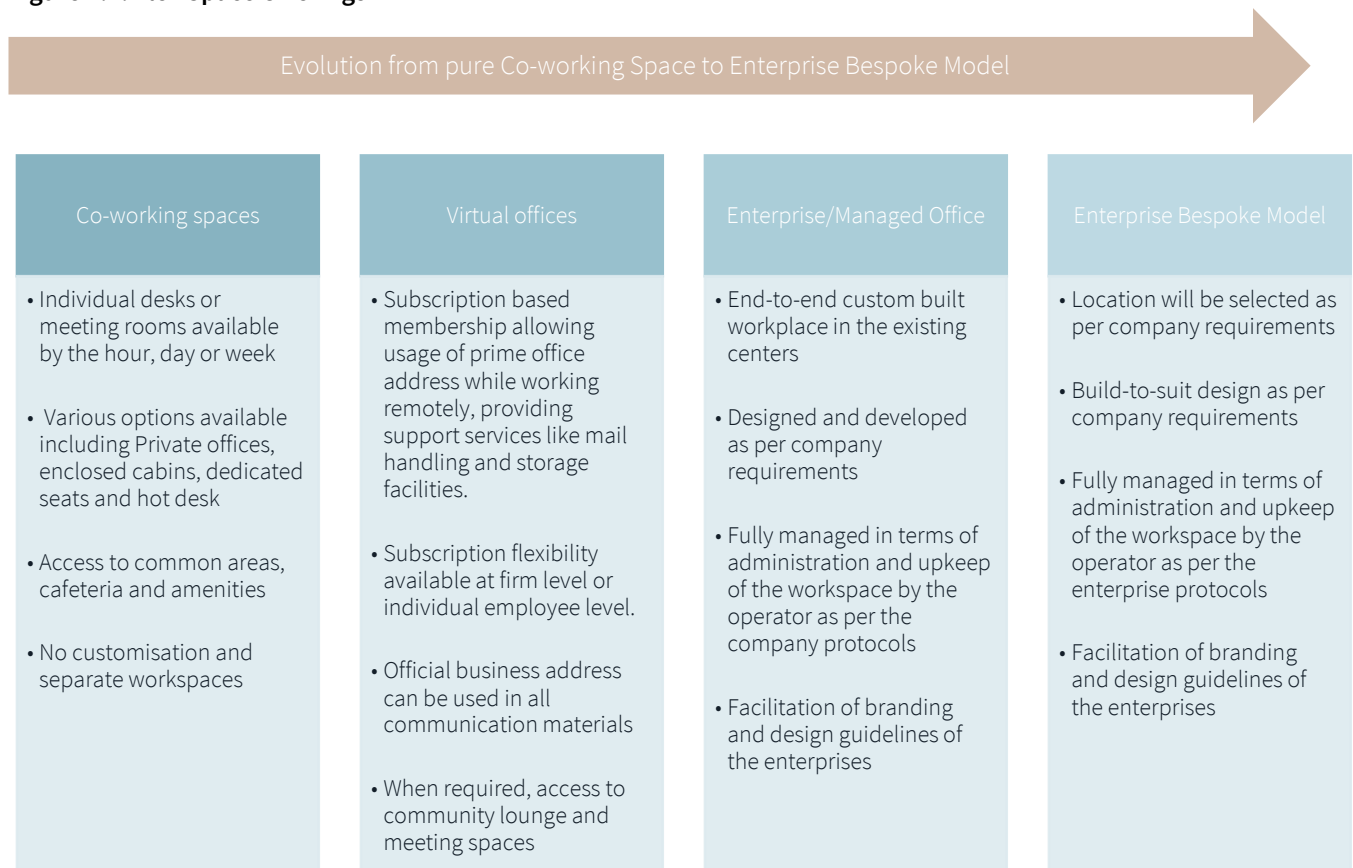
New Operating Models and Offerings

The COVID-19 pandemic has not only had a profound impact on the traditional office market but also fast-tracked trends in the flexible space segment. As businesses are actively seeking ways to make their real estate portfolios more agile and adaptable, the flexible space market is poised for a period of sustained growth. With the return of the workforce to physical offices, the emphasis on business continuity and operational resilience has become paramount for companies. Employees are demanding flexible work arrangements, prompting the need for agile workplace strategies. Flexible space solutions offer a swift and versatile turnaround, making them an ideal option for companies seeking satellite offices that minimize their employees' commute times and reliance on public transportation. Additionally, flexible space provides cost optimization and operational efficiency benefits, making it an attractive solution for businesses.

The primary reasons why flexible space is becoming a favoured choice for occupiers are the savings in capital expenditure, the ability to meet all long/medium/short-term space requirements for all team sizes and business processes along with expedited occupancy timelines. In fact, many companies have come to recognize flexibility as one of the most valuable amenities in the current business landscape.

Various types of flexible space options are now available to companies, offering them the flexibility to choose based on their specific objectives. The flex space market has evolved significantly from its roots in coworking, which primarily catered to startups and small companies, to the enterprise bespoke model that serves the needs of larger corporates.

Figure 7.2: Flex Space Offerings



Where is flex heading next?

As the flex space market evolves, portfolio integration of flex by occupiers will also be accompanied by landlords and developers enhancing such flex offerings in their buildings. Flex operators who have achieved scale and adequate funding will be at the forefront of driving portfolio synergies for both occupiers and landlords going forward.

Hotelization/amenitization of the workspace	As the demand for managed spaces continues to grow, it is evident that these spaces will be highly amenitized to enhance the overall workplace experience. The concept of Space as a Service is driving the need for hotel-like characteristics and top-quality services. Occupancy management, experiential food and beverage options, events, wellness and health offerings, and employee engagement programs will be key components of these managed spaces.
Larger player, larger market share	Key brands, particularly those supported by prominent developers and investors, and with a presence in multiple cities, are anticipated to excel in the market and attract larger enterprises. The strength of their historical track records and demonstrated performance positions them as preferred choices for larger organizations seeking flexible workspace solutions.
Operators leverage scale to enable client stickiness	By offering a complete range of services across various locations, operators can significantly enhance their relationships with enterprises. This comprehensive service portfolio serves as a valuable tool for operators in supporting client growth and occupancy plans. Furthermore, it acts as a catalyst for clients seeking to expand into Tier II cities, providing them with the necessary support and resources to successfully enter new markets.
Shift in the landlord – operator relationship	Landlords are increasingly considering the inclusion of flexible space within their property portfolios. This can be achieved through a combination of collaborating with multiple operators or by directly entering the flex space segment via strategic investments and partnerships. This allows for a flexible and scalable expansion model, benefiting both landlords and flex space providers.
“Core + Flex” strategy enablement	Flex is no longer just a short-term serviced space requirement of ‘swing space.’ As workplace models and hybrid work arrangements have evolved, business sensibilities need to be married to new work practices. Flex is and will remain mainstream as organisations look to optimize their portfolios through flexible space agreements and traditional leases. Flex will be key to expansion into smaller cities to ensure compliant workspaces while also managing a fluid workforce. Even in larger cities, satellite office set-ups, access to fully managed space on short notice and headcount changes will require a flexible space solution.

7.2 Top Seven Flex Markets of India

Table 4: Overview of India's top seven markets, March 2025

	Bengaluru	Chennai	Delhi NCR	Hyderabad	Kolkata	Mumbai	Pune
No of operators	140-150	60-70	60-70	60-70	25-35	45-55	55-65
Prominent operators	IndiQube, WeWork, Table Space, Smartworks, Bhive	WorkEZ, IndiQube, Smartworks, Awfis, Table Space, Symbyont Smart Spaces	Simpliwork, WeWork, Smartworks, Incuspze, Table Space Awfis, DevX	Table Space, Smartworks, Simpliwork, WeWork, iSprout Awfis, DevX	Awfis, Smartworks, Simpliwork, Regus, Akasa Coworking	WeWork, Redbrick, Awfis, Smartworks, Table Space, Cowrks, DevX	Smartworks, Table Space, Redbrick, IndiQube, WeWork, Awfis, DevX
No. of centers	590-600	180-190	360-370	190-200	70-80	215-225	220-230
Operational flex stock, mn sq ft	~28.3	~7.4	~13.2	~10.2	~1.7	~7.2	~11.1
Operational number of seats	~437,435	~121,320	~210,565	~164,025	~30,340	~109,450	~181,780
Average occupancy, %	80-90	80-90	75-85	80-90	75-85	80-90	80-90
Rental range, INR/seat/month	5,000 – 40,000	4,500 – 25,000	5,000 – 52,000	6,000 – 26,000	5,500 – 26,000	5,000 – 85,000	5,000 – 38,000

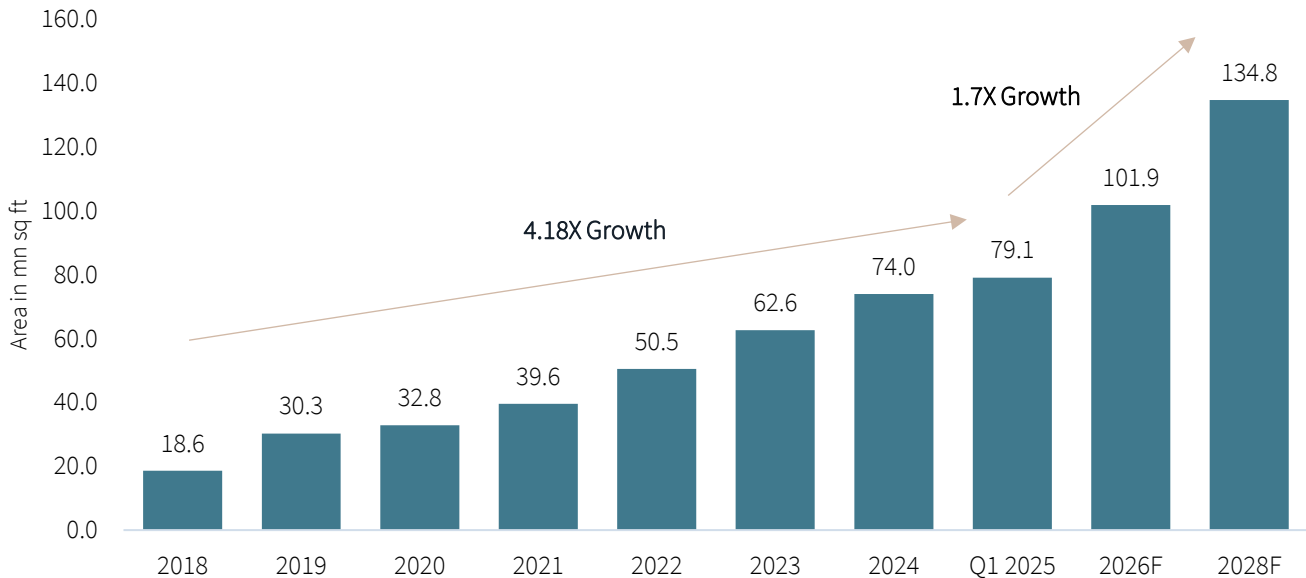
Source: JLL Research, Q1 2025

Trends in Flex Stock

India's flexible office sector is increasingly becoming an integral part of the commercial real estate landscape, playing a crucial role in occupier real estate strategies. A noteworthy statistic supporting the statement above is the remarkable growth of operational flexible space stock, which has reached a substantial 79.1 mn sq ft (as of March 2025) across the top seven cities. This translates to an overall office stock penetration of ~7.3%, positioning India as one of the fastest-growing flex office markets globally.

Despite the challenges posed by the pandemic, the flex office sector has demonstrated remarkable resilience, achieving a remarkable CAGR of ~26% since 2018. Going forward, we anticipate the operational flex stock to nearly double over the next four to five years and reach ~135 mn sq ft by 2028.

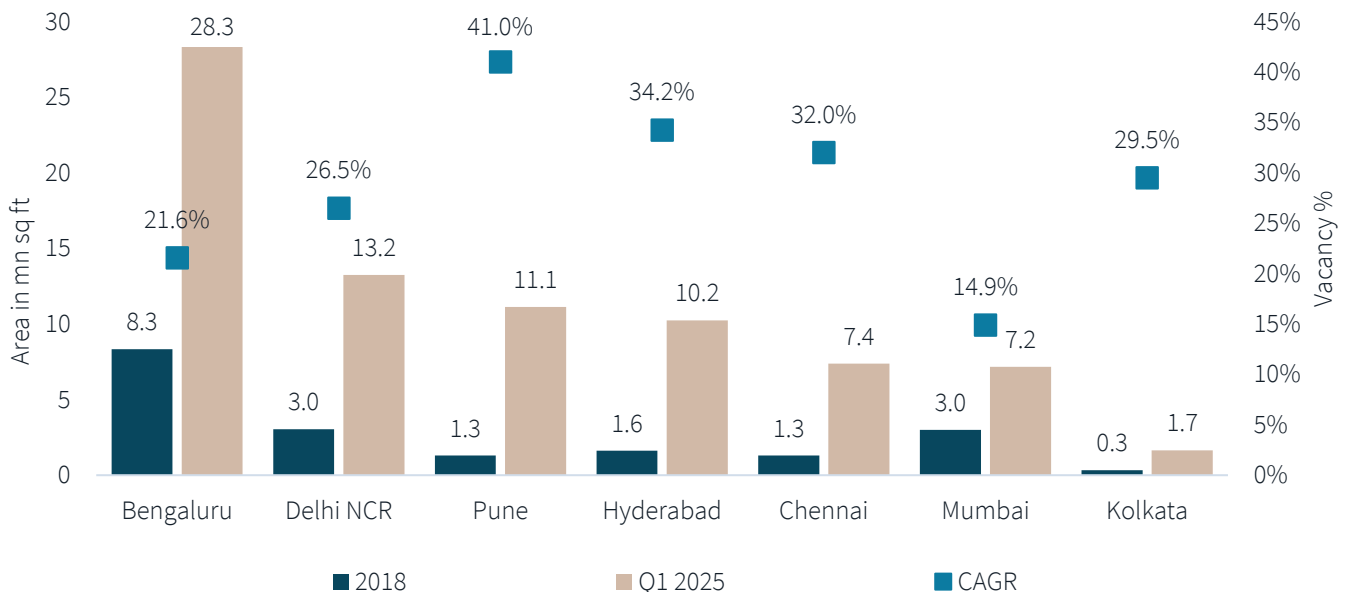
Figure 7.3: Cumulative flex stock across top seven markets, mn sq ft



Source: JLL Research, Q1 2025

The flex stock has seen robust growth across all cities since 2018, with Pune witnessing the maximum growth followed by Hyderabad and Chennai. The tech-dominated cities of Bengaluru, Hyderabad, Pune, and Chennai today account for more than 72% of the operational flex footprint across the top seven cities. Bengaluru is the overall leader, accounting for ~36% followed by Delhi NCR with a share of ~17%. Pune, Hyderabad and Chennai have displaced Mumbai to emerge as the markets with the next highest flex stock across the top seven cities.

Figure 7.4: Flex stock across markets, mn sq ft

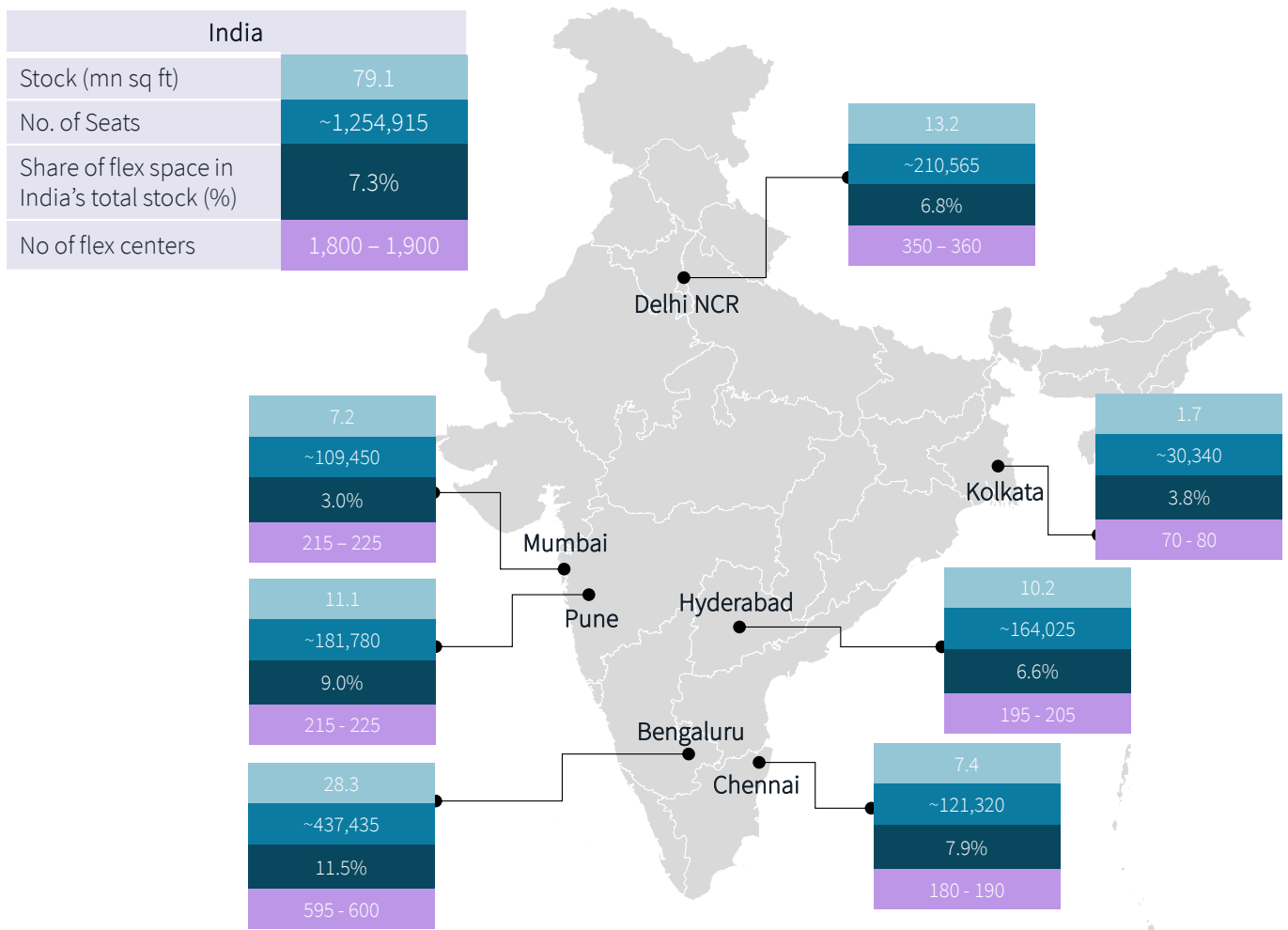


Source: JLL Research, Q1 2025

Flex Penetration in Total Office Stock

The penetration of the flex segment in India's total office stock has experienced significant growth, rising from 3.0% in 2020 to 7.3% in March 2025. Bengaluru, in particular, stands out with its high penetration level, surpassing even global standards. It will continue to be a driving force in the segment, along with other gateway cities like Delhi NCR, Mumbai, and Hyderabad, which are expected to witness rapid growth. Additionally, Pune and Chennai are also witnessing a surge in popularity, further contributing to the positive trajectory of the flex segment. Considering these factors, it is evident that the flex segment has a promising future, with tremendous potential for expansion. We anticipate that India's overall flex penetration levels will reach around 8-9% over the next five years.

Figure 7.5: Flex market penetration across markets, March 2025



Source: JLL Research, Q1 2025

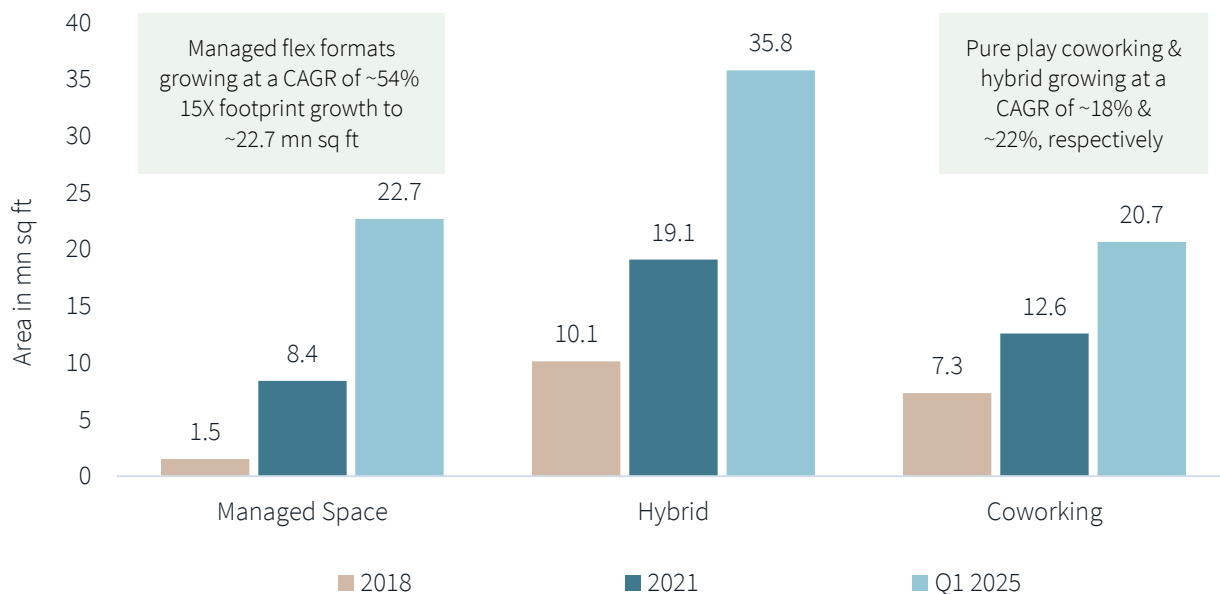
Note: Penetration of flex space is calculated basis office stock of all grades within the markets

Flex Space Operator Category-wise Growth Trends

Managed spaces	Fully customized as per client needs, furnished and serviced for the client, private or semi-private space, operator maintains it fully, client pays a fee
Hybrid spaces	Fully serviced, mix of open and dedicated desks, meeting rooms and private cabins also included, leased to multiple tenants as per workstation basis for a fixed tenure (say 1-2 years or less depending on agreement), focus is on enterprise clients, community engagement and design are given some importance while meeting needs of multiple clients
Coworking	Membership based, social working environment, events and community set up, includes hot / dedicated desks and private offices

In the post-COVID era, pure-play managed space providers have emerged as the primary drivers behind the resurgent demand for flexible office spaces, growing at a faster pace compared to other players in the market. Among the three categories of flex operators, hybrid players still maintain the largest share, accounting for a significant 45.2% of the operational flex stock (as of March 2025). The boundaries between hybrid and managed space providers continue to fade as customization becomes essential for securing enterprise clients. As a result, numerous hybrid operators are increasingly incorporating managed space characteristics into their new locations and expansion plans. This evolution underscores the rising significance of managed space providers and their capability to address unique requirements of large enterprises. Their focus on customized offerings establishes them as favoured partners for businesses in search of flexible workspace solutions.

Figure 7.6: Category-wise operational flex stock, mn sq ft

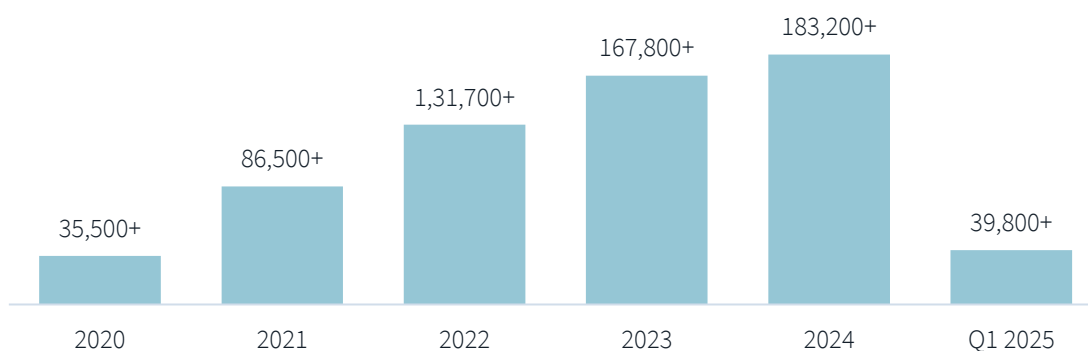


Source: JLL Research, Q1 2025

Enterprise Flex Seat Leasing Trends

Enterprises, regardless of their origin (foreign or domestic), scale (startups, MSMEs, large corporates, Fortune 500), or industry segments (tech, financial services, manufacturing, consulting, and others), have increasingly embraced flexible office spaces as an integral part of their real estate portfolios. These flexible spaces cater to a range of requirements, from flagship office locations to high-end R&D teams and various business functions. The flexibility offered by such spaces allows for short to long-term accommodation needs, with the added advantage of on-demand scaling up or down, providing the necessary flexibility for dynamic resource planning. Notably, the space uptake by enterprises in the flexible office sector has witnessed a substantial increase, reaching record-high numbers in 2023. The enterprise flex seat demand reached a new record in 2024, with over 183,200 seats taken up. This was 9.2% higher than the previous peak in 2023. The first quarter of 2025 also started on a strong note, with enterprises leasing over 39,800 seats.

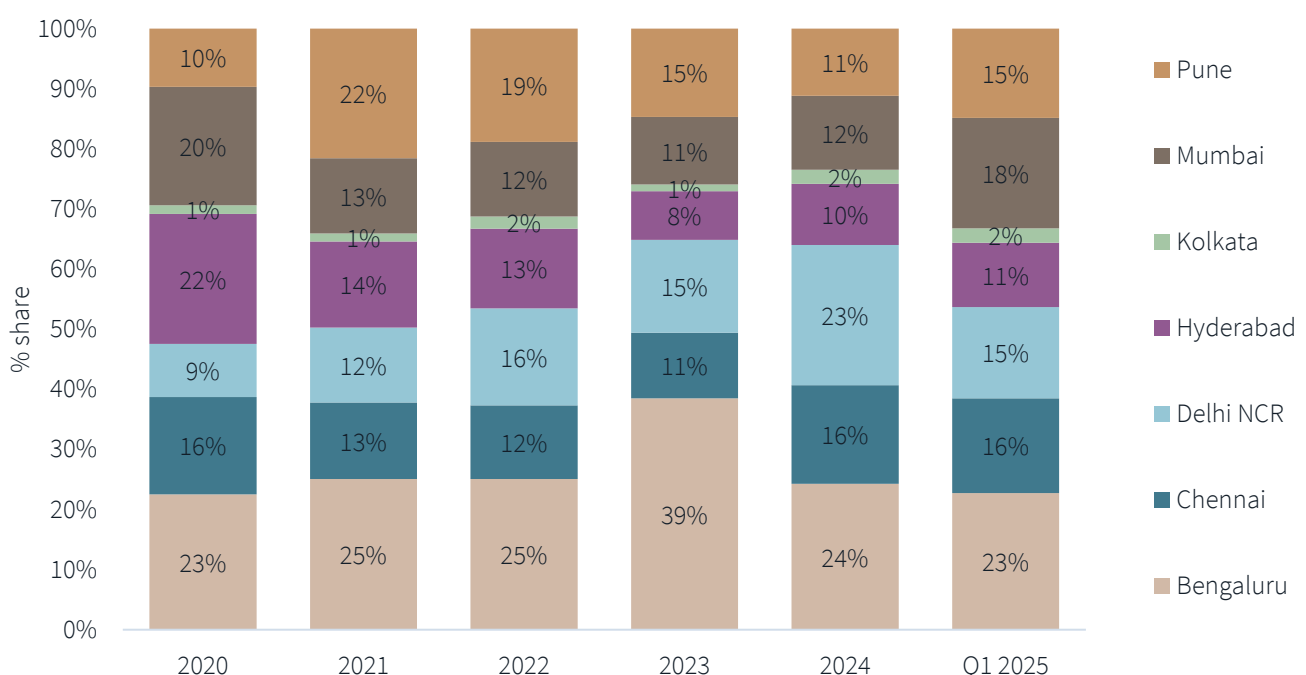
Figure 7.7: Enterprise leasing trends, no of seats



Source: JLL Research, Q1 2025

Among the top seven markets, Bengaluru, Pune, and Delhi NCR have emerged as the leading destinations, accounting for ~61% of all enterprise seat take-up between 2021 and Q1 2025.

Figure 7.8: Distribution of enterprise seat leasing across markets

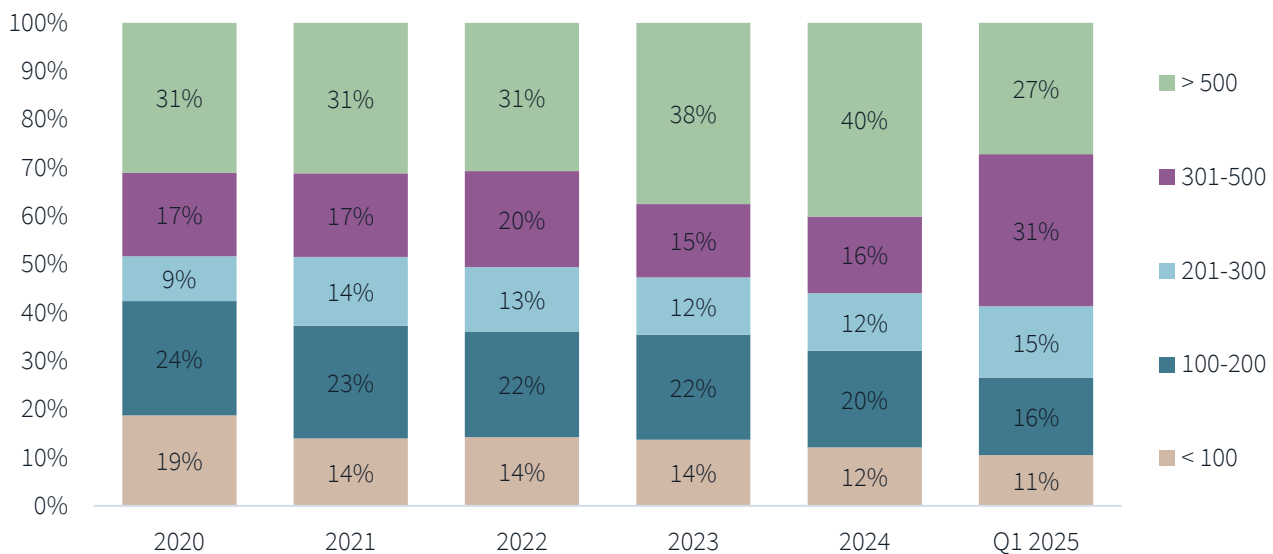


Source: JLL Research, Q1 2025

Enterprise deal sizes getting bigger

The increasing demand for managed space solutions has driven a significant expansion in deal sizes with the share of deals in the >500 seats segment increasing from 31% in 2020 to 40% in 2024. During the first quarter of 2025, transactions of size between 301-500 seats dominated the market, with deals of 500+ seats ranking as the second most significant category. With the increasing demand for managed workspace solutions, providers are adapting by delivering highly amenitized, tailored environments. The market has evolved from simpler, flexible office leases to sophisticated arrangements spanning multiple floors or entire buildings. This transformation reflects businesses' growing preference for flexible, amenity-rich workspaces that can readily scale and adjust to their changing operational requirements and business environment.

Figure 7.9: Enterprise seat leasing trends based on size of transactions (no. of seats leased)



Source: JLL Research, Q1 2025

The table below provides an understanding of the most prevalent deal sizes across markets:

Table 5: Enterprise seat leasing based on size of transactions (no. of seats leased): Key Trends

< 100	100-200	201-300	301-500	> 500
Delhi NCR, Chennai and Bengaluru dominate small deal sizes of <100 seats with a combined share of around 65-70% across all time periods	Demand is more spread across markets, with Bengaluru, Chennai and Delhi NCR typically accounting for a 60-65% share in the past two-three years	The top four cities in terms of operational flex stock – Bengaluru, Delhi NCR, Pune, and Hyderabad dominate this segment, accounting for over 2/3rds of seat demand	Bengaluru, Pune, Hyderabad, and Delhi NCR account for over 80% of all seat demand in this segment in recent times	Bengaluru, Pune, Delhi NCR, and Chennai have been the leading cities in this segment with a combined ~80% share across all time periods
Share of smaller deals has reduced as demand from large enterprises has increased	Decline in share of deals due to larger requirements now being directed towards flex	Share has remained relatively range-bound with a slight downward trend	Share in overall flex seat demand has remained range-bound	Highest share among all deal size segments, pointing towards increased demand for bigger, managed solutions from large enterprises

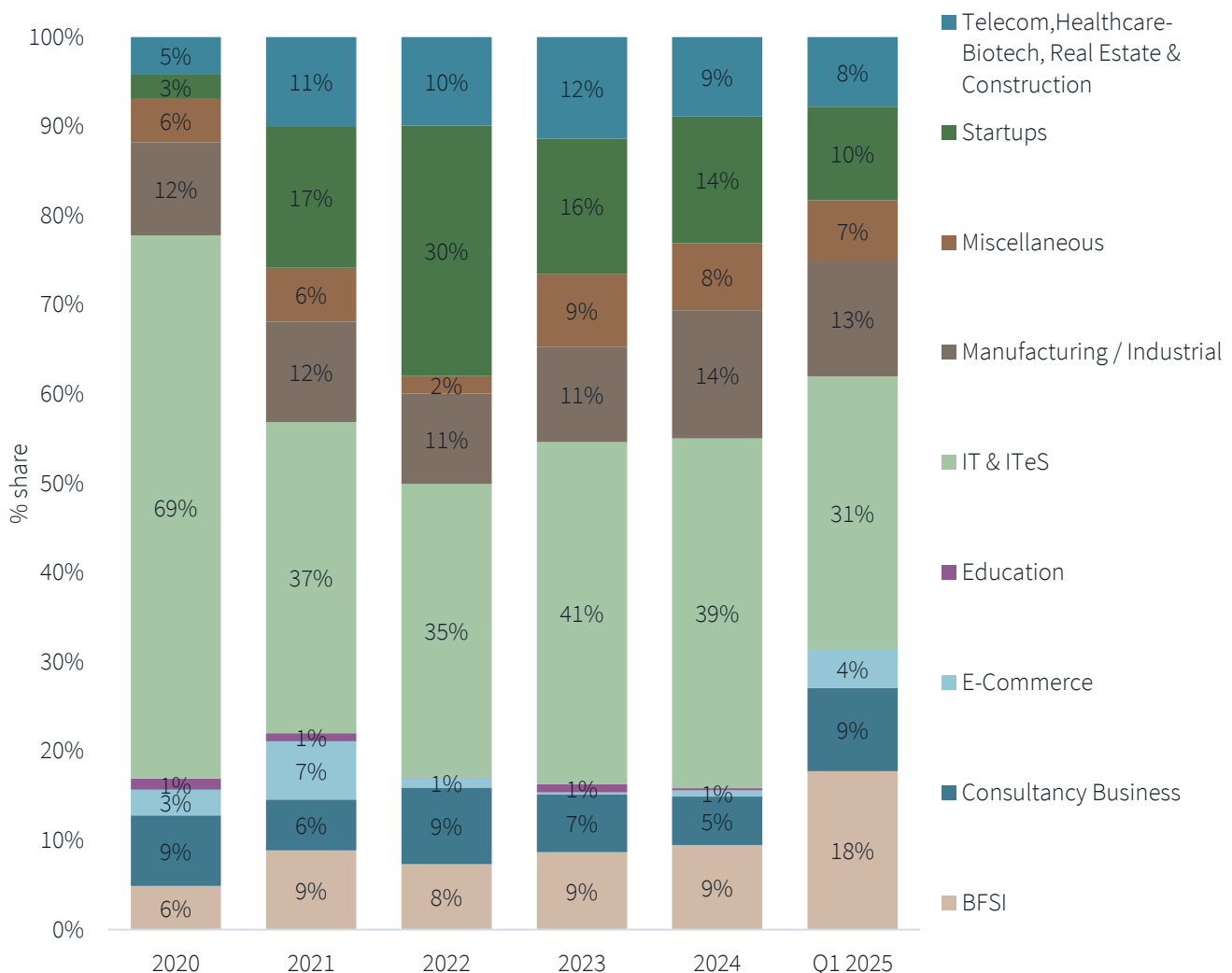
Enterprise seat take-up demand becomes more secular

The tech sector has traditionally been at the forefront of seat take-up by enterprises. However, its share witnessed a decline in 2021 and 2022. In contrast, Indian startups have experienced a remarkable rise, claiming the second-highest share over the same period, and reaching a peak of 30% in 2022. This highlights how the Indian startup ecosystem has embraced flexible workspaces, which provide the ideal combination of cost-effectiveness, convenient locations, and flexible lease terms while creating modern, flagship workplaces for their employees. In 2023 and 2024, the share of tech in flex seat take-up starting inching upwards. Tech continued to dominate the flex seats take up during the first quarter of the 2025, followed by BFSI and manufacturing sector. However, the evolving segment share shows a wider acceptance of flex with even traditional industries like BFSI showing a much greater share in enterprise flex leasing trends.

What makes this story even more compelling is the diversification of demand across various industries.

Manufacturing/industrial companies, BFSI firms, and consulting organizations are all increasingly gravitating toward flexible office solutions. This widespread adoption across sectors underscores the growing recognition of flexible workspace advantages throughout the business landscape. Such universal appeal confirms that flexible office environments can effectively serve diverse organizational needs, enabling companies from various industries to develop modern workplaces specifically designed to address their distinct operational requirements.

Figure 7.10: Enterprise seats leasing trend by tenant segment



Source: JLL Research, Q1 2025

Competitive Landscape: Tier I Cities

The growth of the flex space market can be attributed to the rapid scaling up of existing players and the entry of new players with innovative business models. The strong demand for flex spaces, combined with low entry barriers, has attracted new players to venture into this segment. Currently, there are over four hundred flex space operators in India, a significant increase from just a handful in 2010. However, the top seven players dominate the market, accounting for ~51% of the flex office stock across the top seven markets in India.

Table 6: Largest flex space operators in India, March 2025

Name of flex operator	Tier I cities present in	Number of centers in Tier I markets	Operational Area in Tier I, mn sq ft	Operational number of seats in Tier I	Presence in Tier II cities	Highlights
Table Space	Bengaluru, Chennai, Delhi NCR, Hyderabad, Mumbai & Pune	~85 – 95	~7.5 – 9.5	~118,500	No	One of the most premium managed space providers and among the fastest growing with new offerings of serviced suites and asset management. They mostly cater to large requirements of greater than 100 seats
Smartworks	Bengaluru, Chennai, Delhi NCR, Hyderabad, Kolkata, Mumbai & Pune	~55 – 60	~8.0 – 9.5	~125,600	Yes	Smartworks is a leading player in the market, offering managed enterprise solutions across all top 7 cities. They are now expanding their offering to include campus-style facilities and looking at opportunistic demand led growth in key markets. They mostly cater to large requirements of greater than 100 seats
WeWork	Bengaluru, Chennai, Delhi NCR, Hyderabad, Mumbai & Pune	~65 – 70	~7.0 – 8.5	~108,000	No	Premium operator offering a combination of coworking, enterprise and managed space offerings, the brand is now completely owned by domestic entities. It typically caters to requirements across all sizes. Having achieved profitability, the brand is now seeking to expand primarily in Tier 1 markets, with a greater emphasis on enhancing their managed offerings
IndiQube	Bengaluru, Chennai, Delhi NCR, Hyderabad, Mumbai & Pune	~95 – 105	~6.0 – 7.0	~100,050	Yes	Mostly managed space solutions being offered across its centers. Has one of the largest center networks across Tier 1 and Tier 2 markets with mostly mid-sized facilities

Awfis	Bengaluru, Chennai, Delhi NCR, Hyderabad, Kolkata, Mumbai & Pune	~160 – 170	~5.0 – 6.0	~88,200	Yes	Provides coworking as well as managed space solutions across its centers. Highest number of operational centers covering multiple Tier 1 and 2 cities. Caters to requirements across all sizes, with a greater emphasis on catering to larger size requirements through their managed space offering. It is also the first listed flex operator
Simpliwork	Bengaluru, Chennai, Delhi NCR, Hyderabad, Kolkata, Mumbai & Pune	~40 – 50	~3.5 – 4.5	~55,000	No	Managed workspace provider spread across all major Tier 1 cities
Redbrick	Bengaluru, Hyderabad, Mumbai & Pune	~55 – 60	~3.0 – 3.5	~46,750	No	Specializes in custom-designed, managed office spaces. Maximum number of centers in Mumbai and Pune. Plans to expand to other Tier 1 cities

Source: JLL Research, Q1 2025

DevX - an emerging flex operator

In addition to the seven largest operators, DevX (Dev Accelerator Limited) is rapidly emerging as one of the fastest-growing flex space solution providers in the country in terms of growth in flexible workspace stock. Specializing in complete Built to Suit Managed Office Solutions for enterprises, DevX has established a presence across 15+ submarkets in the Tier 1 markets of Delhi NCR, Hyderabad, Mumbai, Pune, and Tier 2 markets of Ahmedabad (including Gandhinagar), Indore, Jaipur, Udaipur, and Vadodara. In addition to these, DevX also has an operational center in Rajkot.

In the larger Tier 1 markets of Delhi NCR, Hyderabad, Mumbai, and Pune, DevX has ten operational centers occupying more than 0.2 mn sq ft and a capacity of ~4,700 seats. In Tier 2 markets, DevX is one of the largest flex space operators in terms of operational flex stock. With an operational footprint of nearly 0.6 mn sq ft and more than 9,000 seats, DevX has a strong presence across cities such as Ahmedabad (including Gandhinagar), Indore, Jaipur, Udaipur, and Vadodara. Impressively, DevX maintains impressive average occupancy levels of ~88% across these locations (as of March 2025).

7.3 Emerging Tier II Flex Markets

Table 7: Overview of Tier II flex markets, March 2025

Name of market	No. of operators	Prominent Operators	No. of centers	Operational Flex Stock, mn sq ft	Operational number of flex seats	Average Occupancy, %	Rental Range, INR/seat/ m
Ahmedabad*	25-30	DevX, Opulence, The Address, Incuspaze	50-60	1.5-1.7	~24,500	80-85	6,000 – 13,000
Jaipur	30-35	Awfis, DevX, IndiQube, Regus, Skootr, Smartworks	50-60	0.6-0.8	~11,300	70-75	3,500 – 13,000
Udaipur	12-18	DevX, Akshat Coworking, The Artist House	15-20	0.05-0.1	~1,100	30-40	1,500 – 5,500
Vadodara	15-20	DevX, Regus, The Address	20-25	0.2-0.3	~4,900	70-75	6,000 – 9,000
Indore	30-35	Nexus, Incuspaze, DevX, Awfis, Smartworks	40-50	0.6-0.8	~14,000	70-80	5,000 – 18,000
Chandigarh/ Mohali/Tri-City	25-30	Awfis, Bigg Bang, Magnet Cowork, My Soho, Next 57, Regus, Starthub Nation	50-60	0.3-0.4	~7,800	65-70	3,000 – 12,500
Kochi	15-20	Awfis, The Office, KUBZ, Smartworks	20-25	0.4-0.5	~6,400	75-85	6,000 – 13,000
Coimbatore	20-25	MyBranch, Discover, Aztech	30-40	0.2-0.3	~5,200	60-70	2,500 – 12,000
Bhubaneswar	10-15	Awfis, Workloop	20-25	0.2-0.3	~4,500	60-65	6,000 – 12,500

Source: JLL Research, Q1 2025

*Ahmedabad data includes Gandhinagar

Why the push for Tier 2 cities?

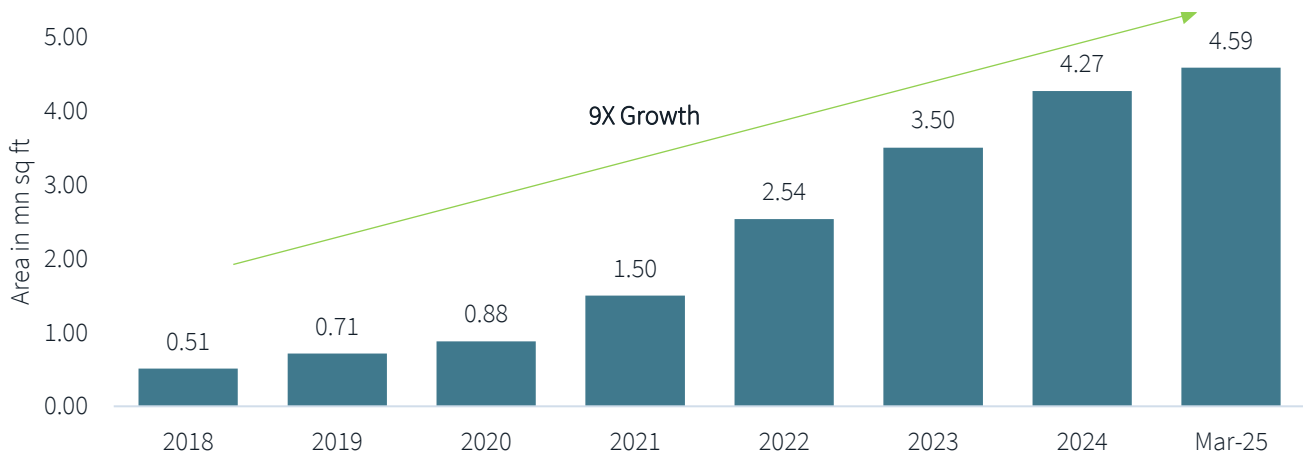
Tier 2 cities have emerged as alternative locations for many occupiers, given the changing workplace strategies in a post-COVID world. As hybrid models have evolved, so have occupier strategies with respect to their office portfolios. While some firms have experienced increased occupancies in Tier 1 cities as employees return to the office and shift back from their hometowns, others have recognized the value of establishing a presence in Tier 2 cities as well. In fact, many are using this opportunity to explore such smaller towns that serve as tech talent hubs for setting up permanent offices. As a result, Tier-2 cities are becoming vibrant centers of activity. The increasing role of employees in determining their work patterns and requesting more flexibility has led employers to consider space demand and headcount in a different light. The distribution of headcount across Tier 1 and Tier 2 cities will determine the space needs across both these categories. The overall space demand may then also change in terms of its distribution between conventional and flex spaces, as flex workspaces are well-suited to meet this kind of on-demand space needs and fulfil requirements in Tier 2 cities.

Flex operators are playing a significant role as new working models are evolving. Indian companies, SMEs, startups, and large corporations are increasingly focusing on India's interiors, recognizing the untapped business potential across various segments including fintech, edtech, and consumer support. This has led to the establishment of offices in these cities to expand business outreach and provide local support services. In this scenario, the opportunity for flex operators to partner with such companies and offer them quality office infrastructure becomes prominent. Enhanced workforce mobility and employee flexibility have driven the hub-and-spoke model, where firms cater to their dispersed workforce while also accessing the talent pool available in these locations. The need for ready-to-use, serviced offices with reliable real estate and supporting infrastructure puts flex operators at the forefront of supporting growth in Tier 2 cities. Flex operators bridge the gap created by a lack of quality real estate and infrastructure, resulting in a symbiotic environment that fuels the growth of flex in Tier 2 cities. This post-COVID transition is primarily driven by enterprises, highlighting the importance of flexibility across the entire real estate stakeholder spectrum. Business continuity is also a crucial consideration for occupiers looking at Tier 2 cities as part of their expansion and geographic diversification plans. Lower operational costs and the ability to retain talent through flexible and mobile options are additional factors contributing to the push toward Tier 2 cities.

India Tier II* Cities Flex Stock Growth

As of March 2025, the operational flexible stock in the nine emerging tier II office markets analysed stands at 4.59 mn sq ft. This represents ~9x growth compared to the 2018 flex stock numbers in these cities.

Figure 7.11: Flex stock in Tier II, mn sq ft

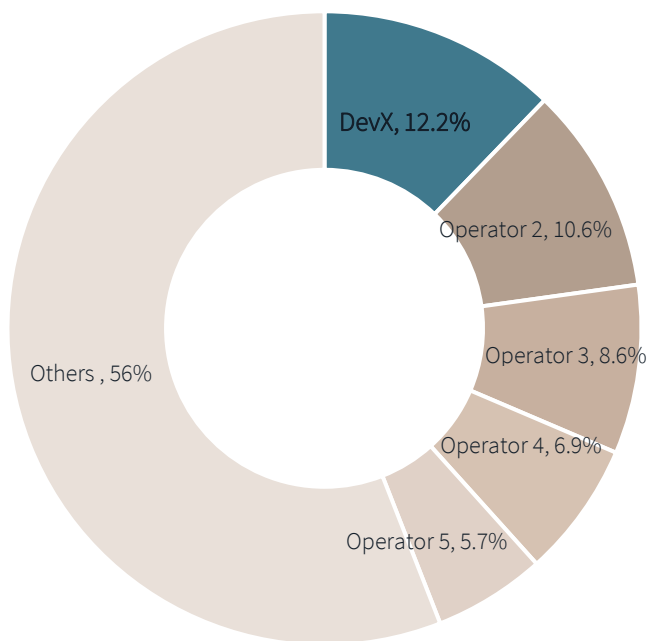


Source: JLL Research, Q1 2025

*Tier II cities include, Ahmedabad, Jaipur, Udaipur, Vadodara, Indore, Chandigarh/Mohali/Tri-City, Kochi, Coimbatore, Bhubaneswar

The stock of flexible workspaces in Tier 2 cities has tripled since 2021, following the COVID-19 pandemic. This growth can be attributed to the expansion of national operators such as DevX, Awfis, and Smartworks in these markets, as well as the emergence of several regional and local operators opening centers in these cities. DevX is one of the largest flex space operators in Tier 2 markets in terms of operational flex stock. With an operational footprint of nearly 0.6 mn sq ft and more than 9,000 seats, DevX has a strong presence across cities such as Ahmedabad (including Gandhinagar), Indore, Jaipur, Udaipur, and Vadodara. Furthermore, ~69% of their presence in Tier 2 markets is concentrated in Ahmedabad (including Gandhinagar), where DevX accounts for more than one-fourth of the total operational flex stock. Alongside being one of the largest operators, DevX maintains impressive average occupancy levels of ~87% across these tier 2 locations (as of March 2025).

Figure 7.12: Market share of operators in Tier 2 markets based on operational flex stock, March 2025



Source: Company, JLL Research, Q1 2025

7.4 The Managed Space Universe

Pure-play managed space operators have experienced the fastest growth compared to other flex space operators. In fact, the managed space segment has grown at a CAGR of 54% since 2018, with its footprint expanding approximately fifteen times during the same period. It is worth noting that managed space, as a subset of the larger flex space market, is expected to continue witnessing significant expansion. This is evident in the increasing number of large-seat take-ups (>500 seats), which now account for ~30% - 40% of all seats taken up in the flex space sector.

The key benefits of managed spaces are given below:

Stakeholders	Benefits
Landlord Perspective	<ul style="list-style-type: none"> - Long-term lease by operators is backed by a similar term agreed between occupier and operator, thus ensuring safety of lease revenues. - Opting for a managed space enables the inclusion of a well-known brand within the building premises, thereby enhancing the project's profile and adding significant value - When a new occupier enters the project through the managed space route, there is potential for further expansion, creating opportunities to fill the project - Possibility of partnering with the operator to run value-added services within the building premises, enhancing the overall experience for occupants and potentially attracting more tenants
Operator Perspective	<ul style="list-style-type: none"> - Long-term occupier contract ensures capex recovery. Contractual terms allow for lock-in periods, mitigating downside risks - Achieving occupancy from day zero ensures the generation of income right from the inception stage - Stable income stream and full occupancy support improved cash flow management - Occupier profile adds value to operator's brand and facilitates future expansion opportunities - Ability to repurpose fitouts after an occupier's exit allows for extracting further returns on investment and maximizing the utilization of the space
Occupier Perspective	<ul style="list-style-type: none"> - One stop solution: from identifying suitable locations to design & build services and ongoing space management, all provided by a single vendor - Moving away from long gestation periods typically associated with creating operational spaces, which include time needed to source space, employ multiple vendors for project management to needing an administrative team for managing daily operations - Consolidated opex model, eliminating the need for upfront capex costs - Enhanced, modern workspaces with the right branding and amenities - Provision to expand through compliant workspaces in Tier 2 cities, unlocking new growth opportunities - Flexibility to scale up or down without incurring penalties, based on terms of contractual agreement - No hassles of capex recovery or removal of fitouts post space exit

Table 8: Prominent players in the managed space universe, March 2025

	Smartworks	Table Space	Incuspaze	IndiQube	Simpliwork	DevX	Highlights
Current operational footprint	8.0-10.0	7.5-9.5	1.6-1.8	6.0-7.0	3.5-4.5	0.8-0.9	Smartworks has the highest operational footprint; DevX is emerging as one of the fastest growing managed space operators
CAGR in footprint (2018 - 2024)	~43.0-48.0%	~57.4-62.4%	~111.1-116.1%	~30.6-35.6%	~23.5-28.5% (since 2019)	~33.8-38.8% (since March 2022)	Incuspaze, Table Space. Smartworks and DevX are amongst the fastest growing flex space operators in terms of flex operational stock
Number of seats	~126,000	~118,500	~26,700	~103,300	~55,000	~13,759	Smartworks leads in terms of operational seats as well amongst the benchmarked operators followed by IndiQube and Table Space
Number of centers	55-65	85-95	20-25	100-110	40-50	25-30	IndiQube leads in terms of number of centers; DevX has larger number of centers compared to Incuspaze even though footprint is much lesser
Average center size (mn sq ft)	0.12-0.15	0.09-0.10	0.11-0.12	0.05-0.06	0.09-0.10	0.03-0.04	Smartworks prefers to operate on a campus format and hence has the highest average facility size; For DevX, the average center size is around 0.03-0.04 mn sq ft, given its presence largely in Tier 2 markets
Presence in Tier I Cities	Bengaluru, Chennai, Delhi NCR, Hyderabad, Kolkata, Mumbai & Pune	Bengaluru, Chennai, Delhi NCR, Hyderabad, Mumbai & Pune	Bengaluru, Delhi NCR, Hyderabad & Mumbai	Bengaluru, Chennai, Delhi NCR, Hyderabad, Mumbai & Pune	Bengaluru, Chennai, Delhi NCR, Hyderabad, Kolkata, Mumbai & Pune	Delhi NCR, Hyderabad, Mumbai & Pune	DevX is present in four out of the top seven markets with plans of expanding to other markets in the future
Presence in Tier 2 Cities	Ahmedabad, Indore, Jaipur, Kochi	NA	Ahmedabad, Bhubaneshwar Dehradun, Indore, Kochi, Lucknow, Trivandrum & Vadodara	Coimbatore, Jaipur, Madurai, Kochi, Vijayawada	NA	Ahmedabad, Indore, Jaipur, Udaipur & Vadodara	DevX is the largest managed space operator in Tier 2 markets in terms of operational flex stock, with centers across 6 cities
Typical deal size (seat leasing to occupiers)	Most deal sizes over 100 seats, with a maximum share in >500 seats	Most deal sizes over 100 seats, with a maximum share in >500 seats	Most deal sizes over 100 seats, with a maximum share in >500 seats	Most deal sizes over 100 seats, with a maximum share in >500 seats	Most deal sizes over 100 seats, with a maximum share in >500 seats	Most deal sizes over 100 seats, with maximum share in >150 seats	While DevX caters to clients across cohort sizes, emphasis is on larger size managed space deals
Average per seat pricing (INR/month)	12,000 – 13,000	18,000 – 20,000	6,500 – 8,500	7,500 – 10,000	13,000 – 14,000	8,000 – 10,000	DevX offers competitive pricing that aligns with industry standards

Source: Company, JLL Research, Q1 2025

DevX is emerging as a prominent player in the managed space segment. Their specialization lies in providing enterprises with fully customized and technologically advanced offices, encompassing all aspects from design and execution to management. Managed spaces (including payroll and facility management) contribute to approximately 70-80% of their overall revenue from operations. Importantly, it is worth noting that most deals encompass over 150 seats and have average lease tenures ranging from 5 to 9 years, with lock-in periods of 3.5 to 5 years.

Table 9: Comparison of lease tenures

	Traditional spaces (Industry Average Range)	Managed Spaces (Industry Average Range)	DevX
Lease Tenure	5 – 9 years	3 – 5 years	5 – 9 years
Lock-in	3 – 5 years	2.5 – 4 years	3.5 – 5 years

Source: Company, JLL Research, Q1 2025

These longer lease commitments provide a stable and predictable revenue stream, help build stronger relationships with occupiers potentially leading to contract renewals or expansions in the future, and achieve operational efficiency in the managed space segment.

Table 10: Key financial KPIs (cumulative) for the top 5* managed space operators

	2019-20	2020-21	2021-22	2022-23	2023-24
Revenue from operations (INR mn)	6,315.6	10,454.4	13,524.5	23,836.1	34,178.5
EBIDTA (INR mn)	1,548.1	2,888.0	5,316.7	12,985.5	17,224.0
PAT (INR mn)	(748.4)	(732.9)	(272.9)	(673.0)	(4,631.5)
Net worth (INR mn)	3,024.9	2,329.2	1,584.9	3,853.4	2,342.9
Long-term borrowings (INR mn)	2,896.8	3,000.0	3,504.2	14,507.0	14,081.0
Revenue growth (%)	173.6	65.5	29.4	76.2	43.4
EBIDTA margins (%)	24.5	27.6	39.3	54.5	50.4

Source: MCA

*Top 5 operators include Smartworks, Tablespace, Incuspaze, IndiQube and Simpliwork

7.5 Operating Models for Flexible Workplaces

In the Indian flex market, landlords and flex space operators typically engage in four types of arrangements as given below. Among prominent landlords in India, the Straight Lease model remains the most popular choice.

Straight Lease Model: The Straight Lease model entails landlords leasing space to operators at a fixed rental amount. This arrangement resembles a traditional lease, with market-standard terms and conditions, such as common area maintenance charges, escalations, and minimum lock-in periods. By opting for this model, landlords can minimize risk and enjoy a stable income stream while also limiting their involvement in the day-to-day operations of the flex space. It is favoured by established landlords in the market who prefer a straightforward and predictable financial arrangement. ~73% of DevX's operational flex centers operate under this type of agreement with landlords.

Revenue Share Model: Under this model, landlords and flex space operators enter a partnership, sharing both risks and rewards. In the Revenue Share model, the rent payment that operators make to landlords is based on a percentage of the generated revenue. Depending on the agreed-upon terms, landlords may or may not contribute to the capital expenditure for fit-outs. Instead of a fixed rental amount, landlords receive a share of the revenue or profit, on pre-negotiated terms. In certain cases, landlords may also require a minimum-guarantee component within the arrangement.

Furnished by Landlord: Under this model, the landlord provides fully furnished and equipped office spaces to flex operators. The cost of fit-outs is either recovered in the form of fixed rentals (cost amortized over lock-in period) or a share of the revenue/profit. ~23% of DevX's operational flex centers operate under this type of agreement with landlords.

Management Contract: Under the management contract model, the flex operator acts as a service provider, offering expertise in managing and operating the flex space, while the property owner retains ownership of the premises. The operator provides a range of services, including space design and layout, community management, marketing and sales, technology infrastructure, and overall facility management in exchange for a fixed service fee.

Advantages and considerations under different operating models

For the Landlord

	Advantages	Challenges
Straight Lease	<ul style="list-style-type: none"> - Lower risk with certainty of revenue regardless of the performance of the center - Limited involvement in day-to-day operations of the flex space center - No capital expenditure incurred on fit-out of the center 	<ul style="list-style-type: none"> - Upside potential is limited with rentals remaining fixed during the agreed upon period - No control over center design and tenant profile
Revenue Share	<ul style="list-style-type: none"> - Greater upside potential based on performance of the flex space center - More control over center design and tenant profile based on nature of agreement 	<ul style="list-style-type: none"> - Might need to incur capital expenditure on fit-out of the center based on nature of agreement - Higher risk with returns linked to the performance of the center
Furnished by Landlord	<ul style="list-style-type: none"> - More control over center design and tenant profile 	<ul style="list-style-type: none"> - Incurs capital expenditure on fit-out of the center
Management Contract	<ul style="list-style-type: none"> - Maximum upside potential based on performance of the flex space center 	<ul style="list-style-type: none"> - Incurs capital expenditure on fit-out of the center

	<ul style="list-style-type: none"> - Total control over center design and tenant profile 	<ul style="list-style-type: none"> - Highest risk with returns linked to the performance of the center
For the Operator		
	Advantages	Challenges
Straight Lease	<ul style="list-style-type: none"> - Greater revenue potential linked to performance of the flex space center. The entire upside potential in terms of revenue from F&B, digital products belong to the operator - Limited or no intervention by the landlord in how the center is operated 	<ul style="list-style-type: none"> - Higher risk with operator having to pay fixed rentals irrespective of the occupancy of the center - Higher upfront cost with the entire capital expenditure on fit-out of the center being incurred by the operator
Revenue Share	<ul style="list-style-type: none"> - Lower risk with the operator having to pay no or minimum guarantee rentals in case of low occupancy in the center - Potential for lower capital expenditure incurred on fit-out of the center, based on agreement with the landlord 	<ul style="list-style-type: none"> - Upside potential from the center is reduced - Time and effort required in coordinating with the landlord, who will have a say in how the center is operated
Furnished by Landlord	<ul style="list-style-type: none"> - Zero capital expenditure incurred on fit-out of the center 	<ul style="list-style-type: none"> - Limited control over center design
Management Contract	<ul style="list-style-type: none"> - Lowest risk with certainty of revenue regardless of the performance of the center - Zero capital expenditure incurred on fit-out of the center 	<ul style="list-style-type: none"> - Upside potential is limited with service fee remaining fixed during the agreed upon period

In addition to the four types of prevalent arrangements between landlords and flex operators, **the Opco-Propco structure** is also being utilized in the flex industry. The Opco-Propco model, short for Operating Company-Property Company model, is a structure which is being utilized in the flex industry. It involves the separation of the operational functions (Opco) from the ownership of the physical properties (Propco). Under this model, the Opco is responsible for the day-to-day operations of the flex space. This includes managing memberships, providing services and amenities, facilitating community engagement, and ensuring smooth functioning of the workspace. The Opco generates revenue through membership fees and service offerings. On the other hand, the PropCo owns the physical properties and leases them to the Opco. Their primary role is to acquire, develop, and maintain the real estate assets that are used as flex spaces. The Propco generates revenue through rental income from leasing the spaces to the Opco.

This separation allows for greater flexibility and scalability in the flex industry. The Opco can focus on providing a high-quality experience for its members, while the PropCo can focus on optimizing the real estate portfolio and value creation. Additionally, the Opco can expand its operations by leasing new properties from the Propco without the need for significant capital investment. The model also provides benefits in terms of risk management and financial stability. The Propco, as the owner of the properties, holds the real estate assets and can generate a steady rental income, even if the Opco faces challenges or changes in demand. This helps in mitigating risks and ensuring the long-term sustainability of the business.

7.6 Flex Spaces: Benefit to all Stakeholders

Tenant perspective

Traditionally, occupiers only had the option of entering conventional leases directly with the landlord. These conventional leases typically involved standard tenures, lock-in periods, and required occupiers to invest in fitouts. However, the rise of flex space operators has transformed the commercial real estate landscape, providing occupiers with alternative ways to secure office space and tailored solutions. In the recent years, tenant preferences are gravitating toward agile space options. Average lease terms have compressed, workforces have become increasingly mobile, and companies have been more cautious and deliberate in making capital expenditures. The benefits linked to operating out of a flex office setup over a conventional setup are manifold.

Cost Savings: Leasing with a flex space operator often translates to lower costs with reduced administrative costs and other overhead expenses. Pre-built, move-in ready space can reduce initial out-of-pocket expenses, enable greater efficiency, and potentially drive down total occupancy costs.

Zero capital expenditure: The key benefit for occupiers opting for customised spaces over traditionally leased spaces is the savings on the upfront expenditure for fit outs. In simple terms, while the operational costs are mostly higher because occupiers end up paying a composite rent for a bouquet of services, there are significant savings on capital expenditure.

Lease tenure flexibility: Flexible space helps organizations “buy time” as they launch new initiatives, establish growth projections, and develop longer-term space strategies. Tenants with space requirement for a shorter duration face certain challenges in leasing out space with space owners as the minimum lock-in period for organized office spaces is typically three or more years. Flexible workspaces allow the tenants to take up spaces as per their requirement in terms of lease tenures / lock-ins, thus allowing for greater flexibility.

Increased portfolio flexibility: Companies can scale up or down easily based on changing business needs. The flexibility to increase or decrease seat take-up is a key attraction for start-ups and SMEs, many of whom are faced with uncertain growth and cash flow expectations.

Innovation and collaboration opportunities: Flex arrangements foster innovation through increased employee interaction, exposure to new business concepts and cross-pollination of ideas. Employees share the space with professionals from diverse industries which provides them with networking opportunities and can lead to valuable partnerships.

Customization and convenience: For large corporates, the possibility of getting spaces customised to their requirements, a low gestation period and the convenience of managed flex spaces are important factors. Corporates today view their workplace environment as an instrument to drive business performance and enhance engagement, empowerment, and fulfilment among staff. The furtherance of this agenda requires an element of specialisation, and flex space operators are filling this gap, thereby yielding tangible benefits to the occupier.

However, it is pertinent to note that the associated benefits vary, depending on the type of occupiers and their scale of operations. Start-ups and SMEs, many of whom are faced with uncertain growth and cash flow expectations are primarily attracted to the cost and flexibility factor. For large corporates, the savings on upfront expenditure for fit outs as well as the customization and convenience are major pull factors. Large corporates are enticed by the savings on upfront expenditure for fit outs, as well as the enhanced customization options and unparalleled convenience provided by flex space operators.

Thus, flex office space is a viable real estate option for all types of office occupiers—from freelancers and start-ups to large corporates. Varied in-house amenities like gym, spa, food court, gaming zones, sleeping pods, crèche services, etc., and perks such as seamless access to the operator’s flex spaces across locations only add to the attractiveness of the deal.

A study of costs incurred in a Grade A traditional office space and flex space offerings of a prominent operator reveals that while co-working setups can potentially offer cost savings of 10 – 15% when compared to a traditional lease deal in a similar property in the vicinity, the cost of a managed space setup will be similar. In the case of managed flex spaces, savings in capital expenditure, convenience and customization are the pull factors for occupiers.

Table 11: Unit Economics – Traditional vs flex

	Traditional Lease	Flex	
		Co-working/Hot desk	Managed
Rental (INR/sq ft/m)	290 - 300	NA	NA
CAM (INR/sq ft/m)	15 - 20	NA	NA
Fit - Out (INR/sq ft/m)	40 – 50	NA	NA
Operating Expenses (INR/sq ft/m)	45 – 50	NA	NA
Occupancy Cost (INR/sq ft/m)	390 - 420	NA	NA
Occupancy Cost (INR/seat/m)	31,200 – 33,600	25,000 – 30,000	30,000 – 35,000

Source: JLL Research, Q1 2025

Note: Comparison based on quoted rentals and costs in a central business district in Mumbai; Area occupied per seat is assumed to be 80 sq ft in case of traditional lease

Landlords' perspective

The willingness of prominent landlords to embrace flex space operators in their portfolios has significantly increased in recent years. Recognizing the benefits that flex spaces bring to their buildings, landlords are adapting to the changing landscape.

The presence of flex space operators leads to a transformation of the building ecosystem, creating a diverse occupier base and fostering a vibrant working environment. These operators also offer a range of amenities, such as meeting rooms, conference facilities, and crèche services, available to all tenants for a fee. Moreover, having reputable flex space players in a building enhances its appeal, increasing its branding and marketability.

By providing flexible solutions, landlords can retain their existing tenants by offering overflow space and avoiding the need for tenants to relocate. This helps ensure longer tenant retention.

There are multiple reasons why space owners prefer partnering with or leasing to flexible workspace operators in comparison to traditional tenants. Flex space operators have the capability to provide fully customized office solutions, catering to specific client needs that landlords may not have the capacity to accommodate. Additionally, when tenants have existing spaces with a particular operator and are satisfied with the service, they prefer to continue working with that operator in other locations. This allows developers to attract tenants by partnering with flexible workspace operators.

Co-working spaces also serve as an added amenity to a building. They often fulfil small and short-term requirements, requiring the operator to manage multiple tenants' needs simultaneously. This may necessitate an extensive leasing and customer relationship team. While space owners typically prefer long-term leases, they recognize the importance of co-working spaces as an essential amenity and provide space to co-working operators to meet smaller requirements. This arrangement also helps space owners retain existing tenants with smaller space needs that can be accommodated by these co-working spaces.

Chapter 8: Challenges for the Flex Industry

The flexible workspace industry in India has experienced significant growth in recent years, driven by evolving work preferences and the changing nature of the workforce. However, it also faces certain challenges and risks that can impact its long-term viability. These include:

- **Economic Volatility:** The flex space industry can be heavily influenced by economic fluctuations and downturn cycles. During economic downturns or periods of low business activity, occupiers may face corporate budget cuts or there may be hiring freezes which impacts real estate demand. As a result, tenant demand for office spaces can reduce translating into lower demand for flex workspaces, which can impact occupancy levels and rental incomes for operators.
- **Real Estate Market Dynamics:** The flex space industry relies heavily on the availability of suitable real estate spaces. Fluctuations in the real estate market, including rising rental costs, limited availability of prime locations, or changes in property ownership, can pose challenges for operators seeking to expand or establish spaces. Matching supply with fluctuating demand can be challenging and requires effective market analysis and forecasting.
- **Market Demand and Competition:** The flexible workspace industry in India is highly competitive, with numerous global and domestic operators like WeWork, AWFIS, Smartworks, Table Space, Incuspaze, IndiQube, Simpliwork and DevX fighting for market share. Increased competition can lead to price wars, reducing profit margins and creating challenges for operators to differentiate their offerings. Understanding and accurately predicting market demand for flex workspaces can be challenging. Competition among operators has grown significantly over the years, leading to a demand-supply mismatch of spaces and pricing pressures in certain submarkets.
- **Lease Commitments:** Flex space operators often enter long-term leases with landlords, while offering flexible lease terms to their tenants. This discrepancy in lease commitments can create potential risks if the operator is unable to fill the space or if there is a high turnover of tenants, resulting in revenue gaps. Flex workspaces strive to offer flexible leases to tenants, but this can pose challenges in terms of maintaining operational stability and financial sustainability. Operators need to strike the right balance between providing flexibility to tenants while ensuring a stable business model. It will be important for operators to minimize their exposure to short-term leases to mitigate this risk.
- **Tenant Retention and Occupancy:** Flex workspace operators need to consistently attract and retain tenants to maintain high occupancy levels. Providing value-added services, maintaining a positive community culture, and offering flexible lease terms are essential to meet tenant expectations and drive long-term occupancy
- **Evolving Workplace Preferences:** The pandemic has accelerated the shift towards hybrid work models. Operators need to adapt to changing workplace dynamics and cater to the evolving needs and expectations of tenants, such as flexible terms, health and safety protocols, and remote work support.
- **Changing landlord-flex operator dynamic** – From straight lease models to landlords becoming partners through fitouts cost funding route (partially or fully) to revenue share or management contract type arrangements, the dynamic between the flex space operator and landlord is constantly evolving. These formats also differ across markets, given the risk profile of the office cluster, the landlord/property owner's standing and asset quality. As landlords want to be more participative in the flex market, there is potential for contractual conflicts which may

disrupt the centre's operations. Also, landlords may choose to enter the business of competing flex offerings. However, the risks here are evened out as operators bring in specialised service characteristics and expertise which a landlord may not be able to match. Offering a property is different than the service and the flex market is now differentiated on its overall service offering than just the property or fitouts.

- **The flex versus conventional space debate** – For large enterprise outgrowing flex spaces or choosing to move to conventional spaces will be potential risks for the operator or sector. The occupiers may also tie up directly with property owners through a fully fitted option being made available by such landlords. However, the overall service and experience offering is the demand from occupiers, which flex operators specialise in. Also, the demand continuum has evolved where flex is now a part of mainstream portfolio strategy for large enterprises. Managed operators protect their downside through lock-ins which allows them recovery of their investment capex as well as cover lease considerations. Managed operators also can refurbish and offer the same space as 'second generation' to other occupiers as well. This carries some re-leasing risk but as a fully, serviced offering will find new takers.

The transformation of real estate from a commodity or product to a service is now complete and flex has laid down the roadmap for offices of the future – agile, distributed, modern and engaging. Managed offices and hybrid flex centers catering to a wider demand for private offices as well as coworking set-ups will continue to remain the mainstay for the flex industry. However, service offerings, scale of the platform, the evolving developer/landlord partnership and occupier relationships will be key differentiators across the operators in this segment. The flex workspace industry has proven its resilience and adaptability, which is underscored by its sustained presence and growing prominence. Flex spaces have become an integral part of the corporate ecosystem, providing organizations with the flexibility and agility required in an ever-evolving business landscape. As the demand for flexible workspace solutions continues to rise, operators must anticipate and cater to the changing needs of occupiers. This includes addressing evolving work practices and technological advancements, as well as ensuring personalized experiences and dynamic offerings.

In conclusion, flex workspaces are not just a passing trend, but a fundamental shift in how offices are conceived and utilized. The industry's ability to provide customized, scalable, and service-oriented environments ensures its sustained relevance in the future of work. Flex workspaces are here to stay, serving as hubs of innovation, collaboration, and productivity for businesses of all sizes.

Chapter 9: The Design & Build Industry

This industry (Design & Build) has evolved from single and specific work outcomes' entities converging/convert into a seamless service delivery one, mostly in the engineering, design, and construction industry.

Design & Build brings designers and the construction/execution/EPC team together as one entity streamlining the process & schedules, thereby ensuring optimal results in terms of delivery and costs while creating a single point of contact for both the design and construction phases of a project.

A project with multiple vendors or consultants can create potential conflicts thus resulting in both cost and time overruns. In fact, successful delivery of a project is often a balancing act between the consultant and contractors, making the client in essence a sort of a mediator who is either figuring out the origins of the overruns or resolving disputes. Successful project delivery can often be a balancing act between the MEP (Mechanical, Engineering and Plumbing) consultant and MEP (Mechanical, Engineering and Plumbing) contractor where the end client becomes the intermediary settling disputes or sorting out the origins for cost overruns and associated issues between consultant and contractor.

Design & Build allows the costs to be agreed upon upfront under a single consultant/vendor, negating coordination on multiple fronts. This also reduces rework on projects, inherently allowing for design errors to be rectified before construction given that the consultant comes with expertise in both fields. With a singular contract, risks are carried to a significant extent by the vendor given that he is responsible for resolving design issues as well as execution omissions. This is a solution-based approach to work, enabling greater efficiency and optimum results.

The design and build market in India have experienced significant growth and evolution in recent years. This market segment encompasses the seamless integration of architectural design, engineering, and construction services, offering a comprehensive approach to creating innovative and efficient office spaces. With the growth of various industries and the increasing demand for modern infrastructure, the design and build market has become a thriving sector in India. This approach allows for greater collaboration between design professionals, construction firms, and clients, enabling streamlined project delivery and enhanced cost and time efficiencies. The design and build market in India is characterized by its focus on sustainable and eco-friendly practices, incorporating sustainable building materials, energy-efficient systems, and green technologies. This market holds immense potential as more organizations and individuals recognize the advantages of a holistic approach to creating office spaces that are aesthetically pleasing, functional, and environmentally responsible.

Sizing the design & build market

There is a great deal of synergy between the Design & Build sector and the managed space segment. All managed space operators are in effect Design & Build consultants too, as they offer the full bouquet of services from design inception to execution and handover of operational space and over and above then offer superior space management and operational excellence services. Many of managed space operators could keenly look at offering standalone design & build services as part of their overall offerings with asset management and services being an optional one as part of creating a completely unique revenue stream. Having achieved a high degree of economies of scale on the design side, with their in-house team of designers churning out multiple design options, the execution capability is visible in the quality of spaces they deliver. Many operators have also added key manufacturing capabilities, such as in-house furniture production etc, which adds a further layer of improving revenue by adding new avenues of growth and offering capabilities which can be monetised individually or grouped in multiple ways.

India's design & build market includes developer fitouts as well as fitouts through consultants and vendors. Nearly all global as well as domestic companies opt for design & build given the efficiencies inherent in this model compared to a multiple vendor-contractor-project manager approach. To understand the potential of the design & build market, particularly in view of the opportunity that managed space operators can potentially target, we used the following methodology:

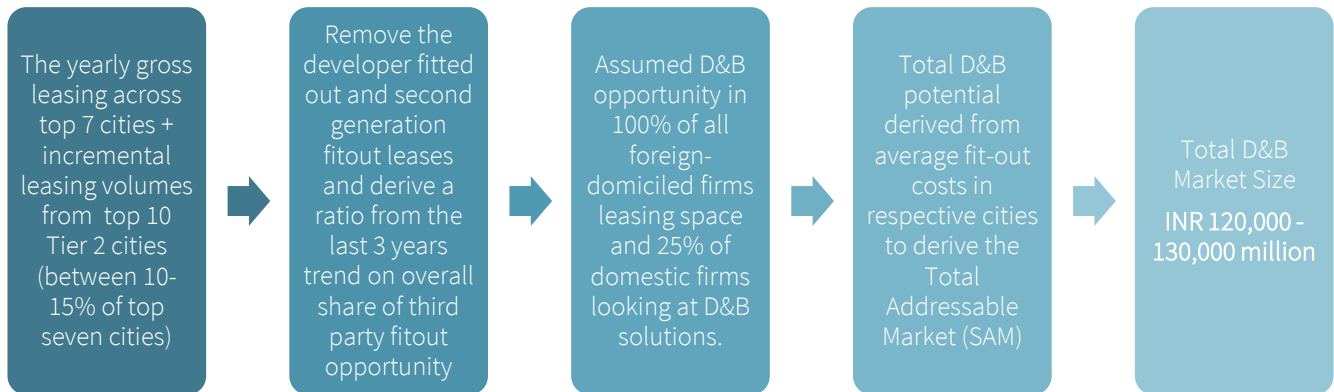


Table 12: Design and Build Industry Size

	2025E	2029F
D&B TAM (mn sq ft)	45 – 49	60 – 65
D&B TAM (INR million)	120,000 – 130,000	195,000 – 200,000

Source: JLL Research

The total addressable market (TAM) for the design and build industry represents a sizeable opportunity of INR 120,000 – 130,000 million and this is estimated to grow at a CAGR of 8.5 – 9% to reach INR 195,000 – 200,000 million by 2029.

Annexure

Company and Peer KPIs

Key Performance Indicators	Dev Accelerator Limited			Awfis Space Solutions Limited		
	As at and for Fiscal			As at and for Fiscal		
	2025	2024	2023	2025	2024	2023
Financial KPIs						
Revenue from Operations (INR million)	1,588.75	1,080.87	699.11	12,075.35	8,488.19	5,452.82
Revenue CAGR (Fiscal 2023 to 2025)	50.75%			48.81%		
EBITDA (INR million) ⁽¹⁾	804.57	647.39	298.81	4,274.80	2,454.10	1,555.58
EBITDA Margin (%) ⁽²⁾	50.64	59.90	42.74	35.40	28.91	28.53
Restated Profit/ (Loss) for the year (INR million) ⁽³⁾	17.73	4.37	(128.30)	678.70	(175.67)	(466.37)
Restated Profit/ (Loss) for the year as a % of total Income ⁽⁴⁾	1.00	0.39	(17.98)	5.38	(2.01)	(8.24)
Total Equity (INR million) ⁽⁵⁾	547.86	287.88	12.22	4,592.19	2,514.31	1,693.64
Capital Employed (INR million) ⁽⁶⁾	1,820.96	1,292.95	338.79	4,009.07	2,787.26	1,621.87
Total Assets (INR million) ⁽⁷⁾	5,403.76	4,110.89	2,824.22	25,069.84	13,980.79	9,306.05
ROCE (%) ⁽⁸⁾	25.95	17.31	3.65	37.82	17.73	3.44
Debt / Equity ⁽⁹⁾	2.39	3.51	27.17	0.05	0.13	0.06
Operational KPIs						
Operational Cities ⁽¹⁰⁾	11	11	9	18	17	16
Operational Centers ⁽¹¹⁾	26	25	17	208	160	119
Operational Super Built-up Area (million square feet) ⁽¹²⁾	0.84	0.81	0.63	6.90	4.80	3.50
Number of Capacity Seats in Operational Centers ⁽¹³⁾	13,759	12,543	10,165	134,121	95,030	68,203
Number of Occupied Seats in Operational Centers ⁽¹⁴⁾	12,054	10,422	8,218	111,378	67,414	51,140
Occupancy rate in Operational Centers (%) ⁽¹⁵⁾	87.61	83.09	80.85	83.04	70.94	74.98

Key Performance Indicators	WeWork India Management Limited			IndiQube Spaces Limited		
	As at and for Fiscal			As at and for Fiscal		
	2025*	2024	2023	2025	2024	2023

Financial KPIs

Revenue from Operations (INR million)	NA	16,651.36	13,145.18	10,592.86	8,305.73	5,797.38
Revenue growth (Fiscal 2023 to 2025)		26.67%			35.17%	
EBITDA (INR million) ⁽¹⁾	NA	10,471.02	7,956.10	6,165.42	2,263.36	2,366.90
EBITDA Margin (%) ⁽²⁾	NA	62.88	60.52	58.20	27.25	40.83
Restated Profit/ (Loss) for the year (INR million) ⁽³⁾	NA	(1,357.73)	(1,468.10)	(1,396.17)	(3,415.08)	(1,981.09)
Restated Profit/ (Loss) for the year as a % of total Income ⁽⁴⁾	NA	(7.82)	(10.32)	(12.66)	(39.36)	(32.95)
Total Equity (INR million) ⁽⁵⁾	NA	(4,374.53)	(2,921.11)	(31.11)	1,306.33	(3,081.01)
Capital Employed (INR million) ⁽⁶⁾	NA	1,554.76	1,381.17	2,133.26	2,942.00	3,045.99
Total Assets (INR million) ⁽⁷⁾	NA	44,827.61	44,140.17	46,851.23	36,679.13	29,693.17
ROCE (%) ⁽⁸⁾	NA	194.84	115.06	60.66	(56.39)	(20.18)
Debt / Equity ⁽⁹⁾	NA	(1.41)	(1.65)	(71.51)	1.26	(2.02)

Operational KPIs

Operational Cities ⁽¹⁰⁾	NA	7	6	14	12	10
Operational Centers ⁽¹¹⁾	NA	53	43	105	85	70
Operational Super Built-up Area (million square feet) ⁽¹²⁾	NA	6.33	5.54	6.26	5.33	4.25
Number of Capacity Seats in Operational Centers ⁽¹³⁾	NA	89,154	74,240	139,183	118,530	94,410
Number of Occupied Seats in Operational Centers ⁽¹⁴⁾	NA	73,139	62,200	118,467	95,076	79,002
Occupancy rate in Operational Centers (%) ⁽¹⁵⁾	NA	82.04	83.78	85.12	80.21	83.68

Key Performance Indicators	Smartworks Coworking Spaces Limited		
	As at and for Fiscal		
	2025	2024	2023

Financial KPIs

Revenue from Operations (INR million)	13,740.56	10,393.64	7,113.92
Revenue CAGR (Fiscal 2023 to 2025)		38.98%	
EBITDA (INR million) ⁽¹⁾	8,572.64	6,596.70	4,239.98
EBITDA Margin (%) ⁽²⁾	62.39	63.47	59.60
Restated Profit/ (Loss) for the year (INR million) ⁽³⁾	(631.79)	(499.57)	(1,010.46)
Restated Profit/ (Loss) for the year as a % of total Income ⁽⁴⁾	(4.48)	(4.49)	(13.58)

Total Equity (INR million) ⁽⁵⁾	1,078.81	500.07	314.66
Capital Employed (INR million) ⁽⁶⁾	4,367.21	4,249.81	3,445.13
Total Assets (INR million) ⁽⁷⁾	46,508.54	41,470.84	44,735.03
ROCE (%) ⁽⁸⁾	50.67	43.99	19.67
Debt / Equity ⁽⁹⁾	3.69	8.55	16.38

Operational KPIs

Operational Cities ⁽¹⁰⁾	15	13	12
Operational Centers ⁽¹¹⁾	46	39	39
Operational Super Built-up Area (million square feet) ⁽¹²⁾	8.99	8.00	6.16
Number of Capacity Seats in Operational Centers ⁽¹³⁾	183,613	163,022	137,564
Number of Occupied Seats in Operational Centers ⁽¹⁴⁾	152,619	130,047	105,568
Occupancy rate in Operational Centers (%) ⁽¹⁵⁾	83.12	79.77	76.74

Source: Financial statements, prospectus and investor presentations submitted to stock exchanges and at the listing of the Initial Public Offering (IPO) with SEBI; For DevX Accelerator Limited – Received from Company

Notes:

*For WeWork India, data for FY 2024-25 is not available in the public domain

- (1) EBITDA is calculated as profit / (loss) before tax plus finance costs, depreciation and amortisation expense and less other income
- (2) EBITDA Margin is calculated as EBITDA divided by Revenue from Operations
- (3) Restated Profit / (Loss) for the year means the restated profit / (loss) for the year after tax as per the Restated Consolidated Financial Information
- (4) Restated Profit / (Loss) for the year as a % of Total Income is calculated as restated profit / (loss) for the year divided by Total Income
- (5) Total Equity is calculated as Total Net worth including non-controlling interest
- (6) Capital employed is calculated as the sum of total equity, total borrowings minus cash & cash equivalents
- (7) Total Assets means sum of non-current and current assets of the company
- (8) ROCE is calculated as EBIT divided by capital employed
- (9) Debt to Equity Ratio is calculated as total borrowings divided by total equity
- (10) For DevX and Awfis, Operational Cities refer to cities where (i) company has entered into binding lease or operating arrangements with space owners; (ii) company has paid the security deposit to the space owners; and (iii) company's clients can start availing their services at the centers. For WeWork, Operational Cities refers to cities in which the company has Centers, as at the end of each respective period. For IndiQube, it refers to the total number of cities in which the company has geographic presence through rentable area plus area of centers under fitout. For Smartworks, it refers to the total number of cities in which they have geographic presence.
- (11) For DevX and Awfis, Operational Centers refer to centers where (i) company has entered into binding lease or operating arrangements with space owners; (ii) company has paid the security deposit to the space owners; and (iii) company's clients can start availing their services at the centers. For WeWork, Operational Centers refers to Centers which are operational as at the end of each respective period/year; it excludes centers under Fit-outs and centers yet to receive handover from the landlord as at the end of each respective period. For IndiQube, it refers to the total number of individual centers with rentable area plus area of centers under fitout. For Smartworks, it refers to any facility (floor, building) with or without shared amenities or services for which lease agreement has been executed with the Landlords; includes the total number of operational centers, centers under fit outs and centers yet to be handed over by the landlord.
- (12) For DevX, Awfis and Smartworks, Operational Super Built-up Area of a property is the total contracted area, which includes the carpet area, along with the terrace, balconies, areas occupied by walls, and areas occupied by common/shared construction for all Centers. For WeWork, it refers to leasable Area for Operational Centers plus Warmshell Area, as at the end of each respective period. For IndiQube, it refers to the Super Built-up Area across the company's centers where they are receiving rent from clients or could potentially receive rent from clients.
- (13) For DevX, Awfis and Smartworks, Number of Capacity Seats in Operational Centers means the maximum number of Seats available across all their Operational Centers. For WeWork, it refers to the maximum number of seats available across all Operational Centers across Core Operations, Digital Operations and Facility Management and/or Fit-out rentals Operations, as at the end of each respective period. For IndiQube, it refers to the seats across the company's centers where they are receiving rent from clients or could potentially receive rent from clients.
- (14) For DevX, Awfis and Smartworks, Number of Occupied Seats in Operational Centers means Total number of Seats contracted in Operational Centers. For WeWork, it means the total number of desks contracted with Clients in Operational Centers from Core Operations, Digital Operations and Facility Management and/or Fit-out rentals Operations; it also includes the desks occupied by the Company in respective Centers. For IndiQube, it refers to the total number of seats contracted with their clients.
- (15) Occupancy rate in Operational Centers - Number of Occupied Seats in Operational Centers divided by the Capacity seats in Operational Centers

Classification of Submarkets/Micromarkets

City	Submarkets	Locations
Bengaluru	CBD	St. Marks Road, MG Road, Ulsoor/Halasuru, Infantry Road, Racecourse Road, Millers Road, Madras Bank Road, Brunton Road, Sampangi Rama Nagar, Lady Curzon Road, Lalbagh Road, Cubbon Road, Lavelle Road, Raj Bhavan Road, Sadashivanagar, Vasanthnagar
	SBD	CV Raman Nagar, Inner Ring Road, Koramangala, Outer Ring Road, Hebbal, Thanisandra Road, Yeshwanthpur, Tumkur Road, Bellary Road, Peenya, Bannerghatta Road, Kanakapura Road, Sarjapur Main Road, Yelahanka, Devanahalli
	Whitefield	Whitefield, Brookfield, Kundalahalli, ITPL Road, Hoodi
	Electronic City	Hosur Road, Electronic City Phase I and II
Chennai	CBD	Anna Salai, Cathedral Road, NH Road Junction, RK Salai, MRC Nagar, Egmore and T Naga
	SBD	Anna Nagar, SP Road, Mount Poonamallee Road, Guindy, Velachery, Adyar, Vadapalani, Nelson Manickam Road
	SBD OMR	Pre-toll Old Mahabalipuram Road (OMR).
	PBD OMR	Post-toll OMR + Pallavaram Thoraipakkam Road (PTR)
	PBD GST	GST Road
Delhi NCR	PBD West	Ambattur
	Delhi CBD	Connaught Place (CP), Barakhamba Road, Kasturba Gandhi Marg, Janpath Road, Parliament Street, Tolstoy Marg, Baba Kharak Singh Marg, Shankar Market, Bhai Veer Singh Marg
	Delhi SBD	Aerocity, Mathura Road, Jasola, Jhandewalan, Malviya Nagar, Mohan Co-operative, Munirka, Nehru Place, New Friends Colony, Okhla, Saket, Vasant Kunj
	Gurugram	NH8 (including DLF Cyber city and Udyog Vihar), MG Road, Golf Course Road, Golf Course Extension Road, Manesar, Sohna Road
Mumbai	Noida	Noida City, Noida – Greater Noida Expressway, Greater Noida
	CBD	Nariman Point, Cuff Parade, Fort, Ballard Estate
	SBD Central	Worli, Parel, Prabhadevi, Lower Parel, Dadar
	SBD BKC	Bandra Kurla Complex, Kurla, Kalina

	SBD North	Juhu, Andheri-Kurla Complex, Andheri East, Andheri West, Santa Cruz, Vile Parle, Jogeshwari
	Western Suburbs	Malad, Goregaon
	Eastern Suburbs	Ghatkopar, Vikhroli, Kanjurmarg, Powai, Mulund
	Navi Mumbai	Vashi, Belapur, Mahape, Airoli
	Thane	Thane
Pune	CBD	Pune Cantt, Bund Garden Road, Shivaji Nagar, Deccan, Station Road, Koregaon Park, Shankar Seth Road, Wakdewadi, Senapati Bapat Road
	SBD	Karve Road, Baner, Satara Road, Kalyani Nagar, Airport Road, Nagar Road, Yerwada, Hadapsar, Viman Nagar, Aundh, Kharadi, Kothrud, Mundhwa
	Suburbs	Hinjewadi, Lohegaon, Pimpri, Chinchwad, Bhosari, Balewadi, Wakad, Pashan, Fursungi, NIBM
Hyderabad	CBD	Begumpet, SP Road, Punjagutta, Raj Bhavan Road, Somajiguda
	SBD	Banjara Hills, Jubilee Hills, Ameerpet
	Hitec City	Madhapur, Kondapur, Hitec City, Kukatpally
	Gachibowli	Gachibowli, Nanakramguda, Raidurg, Gopanpally, Kokapet
	Suburbs Others	Shamshabad, Uppal, Pocharam
Kolkata	CBD	Park Street, Camac Street, Russell Street, AJC Bose Road, Sarat Bose Road, Chowringhee, Shakespeare Sarani, Landsdowne
	SBD	EM Bypass near Ruby till Abhisar, Tangra, Topsia
	Salt Lake	Salt Lake
	Rajarhat	Rajarhat
Chandigarh	CBD	Industrial Area Phase 1, Phase 2, DLF IT Park
	SBD	Sector 74, 75, 67, 82, 83 Mohali
	PBD	Panchkula IT Park, Zirakpur
Jaipur	CBD	C- scheme, MI Road
	SBD	Malviya Nagar, New Sanganer, Road, Vaishali Nagar, Jhotwara, Tonk Road
	PBD	Sitapura, Jagatpura, Mahindra SEZ

Udaipur	CBD	University Main 100 feet road
	SBD	Ashok Nagar main road, Hathipole, Chetak Circle, Durga Nursery Road
	PBD	Sukher
Coimbatore	CBD	Racecourse, Rs Puram, Saibaba Colony, Peelamedu (Part), Nava india and Ramanathapuram
	SBD	Saravanapatti, Kalapatti, Keeranatham, Ondipudur, Vilankurichi, Peelamedu(part), Singanallur & Hope College
	PBD	Neelambur, Marudhamalai, L&T Bypass
Kochi	CBD	M.G. Road, Marine Drive
	SBD	Vytilla Bypass, Edapally
	PBD	Kakkanad
Indore	CBD	Old Palasia, New Palasia, Rajwara
	SBD North	Vijay Nagar, MR10, Nipania
	SBD South	Pithampur, Rau
	PBD West	Super Corridor
	PBD East	By-pass Road, Eastern Link Road
Ahmedabad	CBD	CG Road, Ashram Road, Ambawadi, Navrangoura
	SBD	SG Road, Prahladnagar, Sindhubhavan Road, Vastrapur, Bodakdev
	Extended SBD	Science City Road, Gota, Vaishnodevi
	PBD	GIFT City, Info City, Shantigram, Gandhinagar
Bhubaneswar	CBD	Janpath, Acharya Vihar, Shaheed Nagar, Rajmahal, Master Canteen, Rasulgarh Square
	SBD	Jaidev Vihar, Chandrasekharapur, Patia, Infocity

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