SECTION V: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

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While preparing its report, D&B has also sourced information from publicly available sources, including our Company's financial statements available publicly.

Global Macroeconomic Scenario

The global economy, estimated at 3.1% in 2023, is expected to show resilience at 3.1% in 2024 before rising modestly to 3.2% in 2025. Between 2021 – 2022, global banks were carrying a historically high debt burden after COVID-19. Central banks took tight monetary measures to control inflation and spike in commodity prices. Russia's war with Ukraine further affected the global supply chains and inflated the prices of energy and other food items. These factors coupled with war-related economic sanctions impacted the economic activities in Europe. Any further escalation in the war may further affect the rebound of the economy in Europe.

While China was facing a crisis in the real estate sector and prices of properties were declining between 2020 - 2023, with the reopening of the economy, consumer demand is picking up again. The Chinese authorities have taken a variety of measures, including additional monetary easing, tax relief for corporates, and new vaccination targets for the elderly. The government has also taken steps to help the real estate sector including cracking down on debt-ridden developers, announcing stimulus for the sector and measures to encourage the completion and delivery of unfinished real estate projects. The sector is now witnessing investments from developers and demand from buyers.

Global headline inflation is set to fall from an estimated 6.8% in CY 2023 to 5.8% in CY 2024 and to 4.4% in CY 2025. This fall is swifter than anticipated across various areas, amid the resolution of supply-related problems and tight monetary policies. Reduced inflation mirrors the diminishing impact of price shocks, particularly in energy, and their subsequent influence on core inflation. This decrease also stems from a relaxation in labour market pressure, characterized by fewer job openings, a slight uptick in unemployment, and increased labour availability, occasionally due to a significant influx of immigrants.

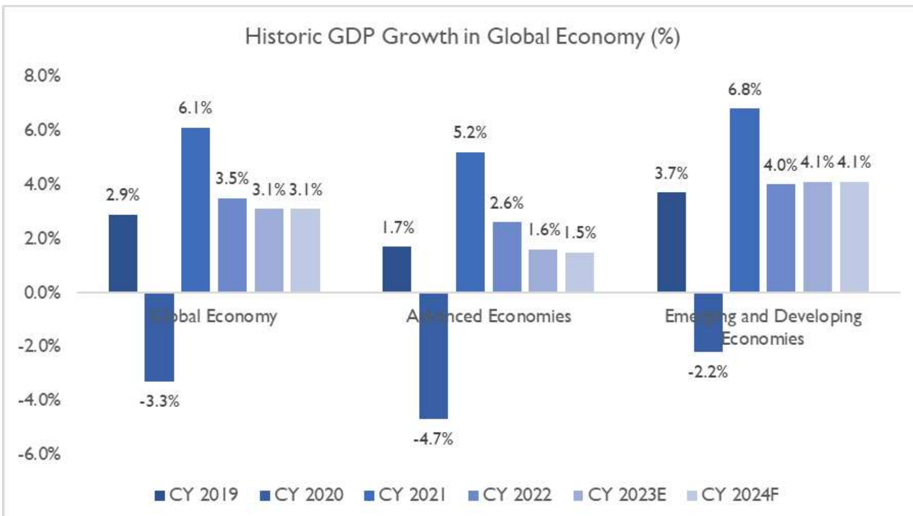
Global GDP Growth Scenario

The global economy started to rise from its lowest levels after countries started to lift the lockdown in 2020 and 2021. The pandemic lockdown was a key factor as it affected economic activities resulting in a recession in the year CY 2020, as the GDP growth touched -3.3%.

In CY 2021 disruption in the supply chain affected most of the advanced economies as well as low-income developing economies. The rapid spread of Delta and the threat of new variants in mid of CY 2021 further increased uncertainty in the global economic environment.

Global economic activities experienced a sharper-than-expected slowdown in CY 2022. One of the highest inflations in decades, seen in 2022, forced most of the central banks to tighten their fiscal policies. Russia's invasion of Ukraine affected the global food supply resulting in a further increment in the cost of living.

Further, despite initial resilience earlier in 2023, marked by a rebound in reopening and progress in curbing inflation from the previous year's highs, the situation remained precarious. Economic activity lagged behind its pre-pandemic trajectory, particularly in emerging markets and developing economies, leading to widening disparities among regions. Numerous factors are impeding the recovery, including the lasting impacts of the pandemic and geopolitical tensions, as well as cyclically-driven factors such as tightening monetary policies to combat inflation, the reduction of fiscal support amidst high debt levels, and the occurrence of extreme weather events. As a result, global growth declined from 3.5% in CY 2022 to 3.1% in CY 2023.

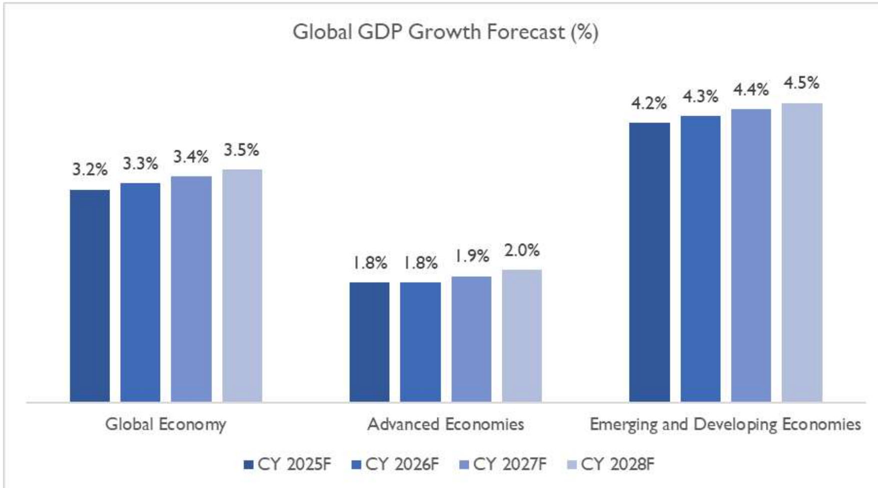


Source – IMF Global GDP Forecast Release 2024

Note: Advanced Economies and Emerging & Developing Economies are as per the classification of the World Economic Outlook (WEO). This classification is not based on strict criteria, economic or otherwise, and it has evolved over time. It comprises of 40 countries under the Advanced Economies including the G7 (the United States, Japan, Germany, France, Italy, the United Kingdom, and Canada) and selected countries from the Euro Zone (Germany, Italy, France etc.). The group of emerging market and developing economies (156) includes all those that are not classified as Advanced Economies (India, China, Brazil, Malaysia etc.)

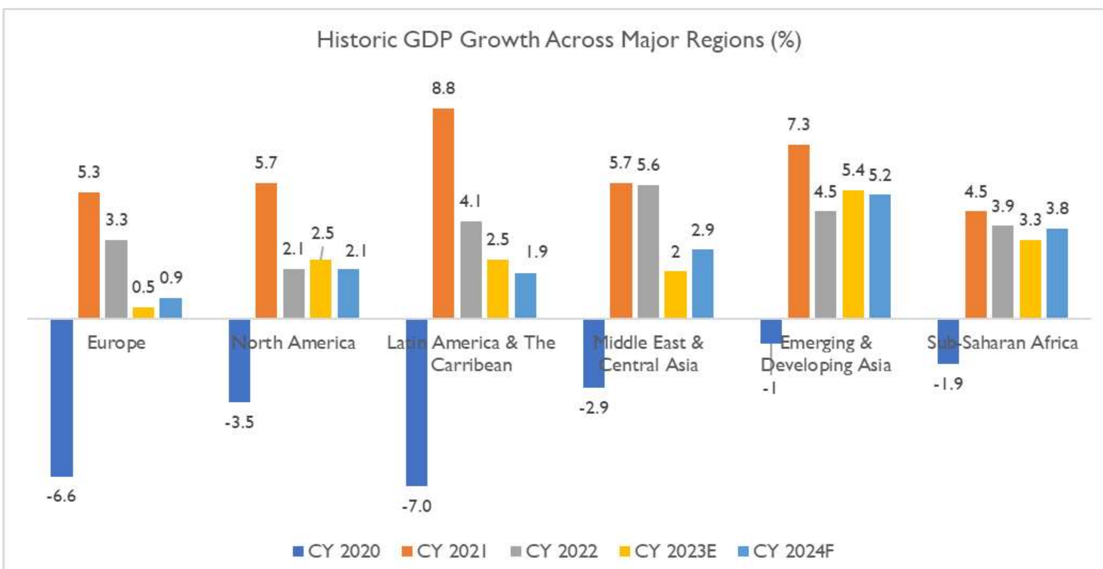
In the current scenario, global GDP growth is estimated to have recorded a moderate growth of 3.1% in CY 2023 as compared to 3.5% growth in CY 2022. While high inflation and rising borrowing costs are affecting private consumption, on the other hand, fiscal consolidation is affecting government consumption.

Slowed growth in developed economies will affect the GDP growth in CY 2024 and global GDP is expected to record a flat growth of 3.1% in CY 2024. The crisis in the housing sector, bank lending, and industrial sectors are affecting the growth of global GDP. Inflation forced central banks to adopt tight monetary policies. After touching the peak in 2022, inflationary pressures slowly eased out in 2023. This environment weighs in for interest rate cuts by many monetary authorities.



Source – IMF Global GDP Forecast Release 2024, D&B Estimates

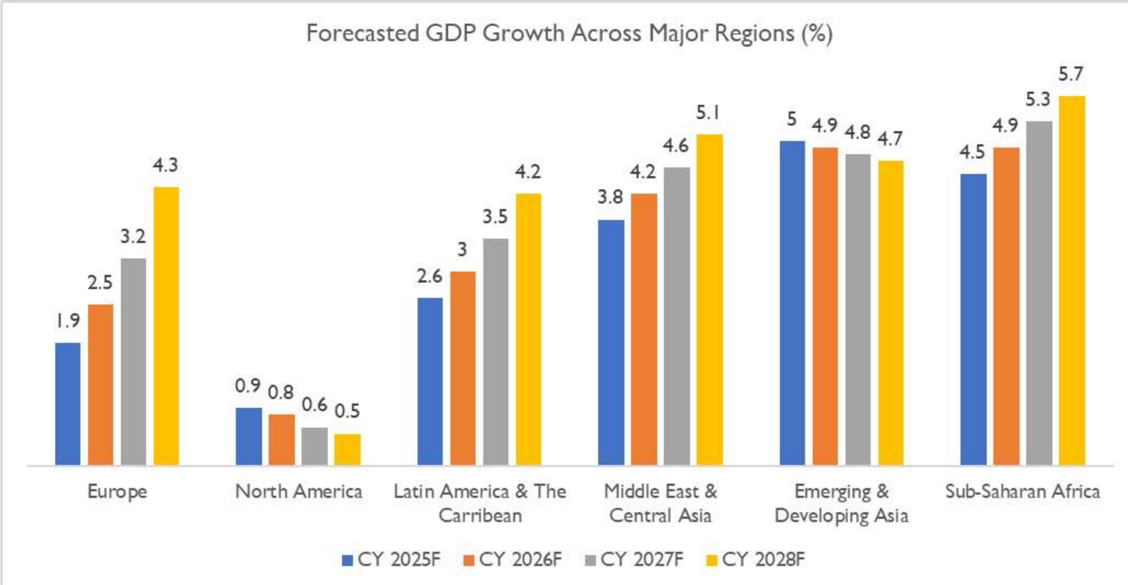
GDP Growth Across Major Regions
GDP growth of major regions including Europe, Latin America & The Caribbean, Middle East & Central Asia, and Sub-Saharan Africa, were showing signs of slow growth and recession between 2020 – 2023, but leaving Latin America & The Caribbean, 2024 is expected to show resilience and growth. Meanwhile, GDP growth in Emerging and Developing Asia (India, China, Indonesia, Malaysia etc.) is expected to decrease from 5.4% in CY 2023 to 5.2% in CY 2024, while in the United States, it is expected to decrease from 2.5% in CY 2023 to 2.1% in CY 2024.



Source-IMF World Economic Outlook January 2024 update

Except for Emerging and Developing Asia, Latin America & The Caribbean and the United States, all other regions are expected to record an increase in GDP growth rate in CY 2024 as compared to CY 2023. GDP growth in Latin America & The Caribbean is expected to decline due to negative growth in Argentina. Further, growth in the United States is expected to come down at 2.1% in CY 2024 due to lagged effects of monetary policy tightening, gradual fiscal tightening, and a softening in labour markets slowing aggregate demand.

Although Europe experienced a less robust performance in 2023, the recovery in 2024 is expected to be driven by increased household consumption as the impact of energy price shocks diminishes and inflation decreases, thereby bolstering real income growth. Meanwhile, India and China saw greater-than-anticipated growth in 2023 due to heightened government spending and robust domestic demand, respectively. Sub-Saharan Africa's expected growth in 2024 is attributed to the diminishing negative impacts of previous weather shocks and gradual improvements in supply issues.



Source-IMF, OECD, and World Bank, D&B Estimates

Macroeconomic Landscape in India

India's economy is showing signs of resilience with GDP growing to estimated 7.3% in FY 2024. Although this translates into only a slight uptick in demand (compared to FY 2023- 7.2%), the GDP growth in FY 2023 represents a return to pre pandemic era growth path. Despite this moderation in growth, India continues to remain one of the fastest growing economies in the world.

Country	Real GDP Growth (2023)
India	**6.3%**
United Kingdom	0.5%
Italy	0.7%
Canada	1.3%
China	5.0%
Brazil	3.1%
France	1.3%
United States	2.1%
South Africa	0.9%
Germany	-0.5%
Japan	2.0%
Russia	2.2%

Source: International Monetary Fund (IMF)

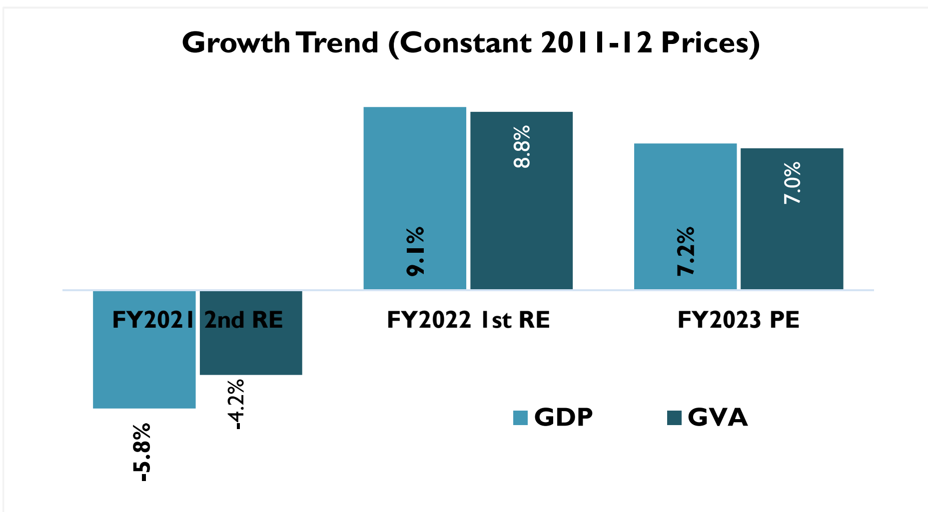
There are quite a few factors aiding India's economic recovery – notably its resilience to external shocks (Russia – Ukraine conflict) and rebound in private consumption. This rebound in private consumption is bringing back the focus on improvements in domestic demand, which together with revival in export demand is a precursor to higher industrial activity. Already the capacity utilization rates in Indian manufacturing sector are recovering as industries have stepped up their production volumes. As this momentum sustains, the country may enter a new capex cycle. The universal vaccination program by the Government has played a big part in reinstating confidence among the population, in turn helped to revive private consumption.

Realizing the need to impart external stimuli, the Government stepped up its spending on infrastructure projects which in turn had a positive impact on economic growth. The capital expenditure of central government increased by nearly 24.5% during FY 2023 as compared to the previous fiscal. The improvement was accentuated further as the Union Budget 2023-2024 announced 37.4% increase in capital expenditure (budget estimates), to the tune of INR 10 trillion. The announcement also included 30% increase in financial assistance to states at INR 1.3 trillion for capex. This has provided the much-needed confidence to private sector, and in turn attracted private investment.

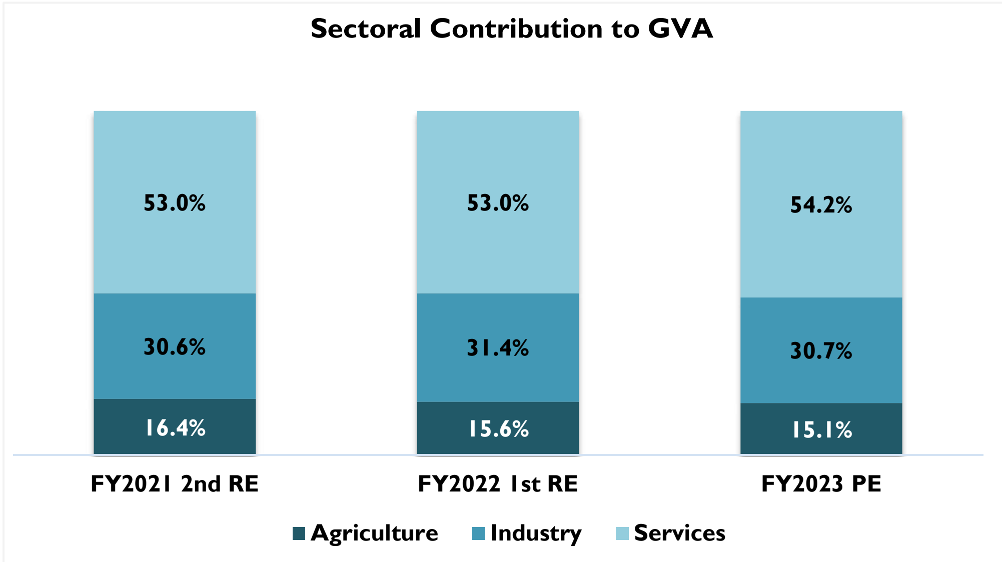
On the lending side, the financial health of major banks has witnessed an improvement which has helped in improving the credit supply. With capacity utilization improving, there would be demand for credit from corporate sector to fund the next round of expansion plans. Banking industry is well poised to address that demand.

Underlining the improving credit scenario is the credit growth to micro, small and medium enterprise (MSME) sector as the credit outstanding to the MSME sector by scheduled commercial banks in the financial year FY 2023 grew by 12.3% to INR 22.6 trillion compared to FY 2022. The extended Emergency Credit Linked Guarantee Scheme (ECLGS) by the Union Government has played a major role in improving this credit supply.

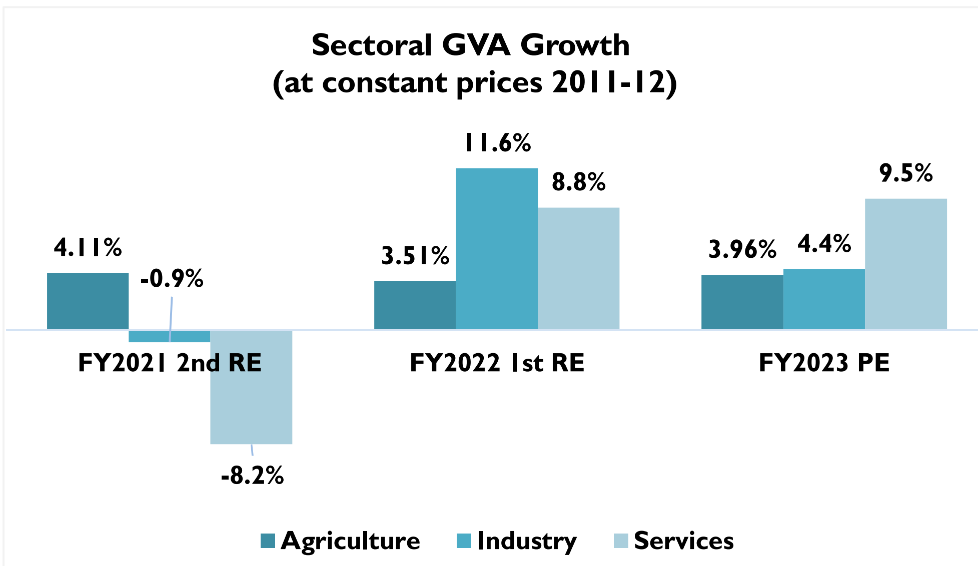
Economic Growth Trend
India's GDP in FY 2023 grew as per provision data grew by 7.2% compared to 9.1% in the previous fiscal on the back of slowing domestic as well as external demand owing to series of interest rate hikes globally to tackle high inflation. The year-on-year moderation in growth rate is also partly due to a fading impact of pandemic-induced base effects which had contributed towards higher growth in FY 2022.



Source: Ministry of Statistics & Programme Implementation (MOSPI)
RE stands for Revised Estimates, SAE stands for Second Advance Estimates



Source: Ministry of Statistics & Programme Implementation (MOSPI)



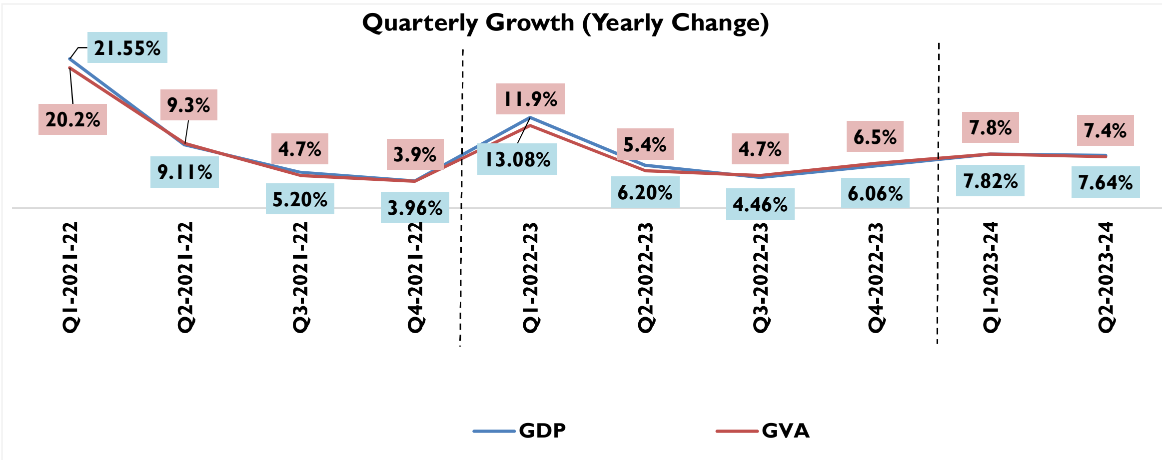
Source: Ministry of Statistics & Programme Implementation (MOSPI)

Sectoral analysis of GVA reveals growth tapered sharply in industrial sector which is estimated to have grown by just 4.4% against 11.6% in the previous fiscal. In the industrial sector, growth across major economic activity such as mining, manufacturing, construction sector slowed and it registered a growth of 4.6%, 1.3% and 10% in FY 2023 against a growth of 7.1%, 11.1% and 14.8% in FY 2022, respectively. Utilities sector too observed a marginal moderation in y-o-y growth to 9% against a 9.9% in the previous years.

Talking about the services sectors performance, with major relaxation in covid restriction, progress on covid vaccination and living with virus attitude, business in service sector gradually returned to normalcy in FY 2023. Economic recovery was supported by the service sector as individual mobility returned to pre-pandemic level. The trade, hotel, transport, communication, and broadcasting segment continued to strengthen and grow by 14 % in FY 2023 against 13.8% in the previous year and financial services, real estate and professional services sector recorded 7.1% y-o-y growth against 4.7% y-o-y growth in the previous year. However, overall service sector growth was curbed by moderation in public administration and defence services sector which recorded 7.2% yearly increase against 9.7% increase in the previous year.

Quarterly Growth Trend

On quarterly basis, the country growth moderated in Q2 and Q3 of FY 2023 which highlights impact of slowing economy on the back of monetary tightening. During Q3 FY 2023, the country's GDP grew by 4.7% against 5.4%% y-o-y increase in the previous quarter. However, the fourth quarter of FY 2023 saw a rebound in growth rate, indicating an optimistic scenario. GDP growth strengthened further in Q1 FY 2024 to 7.8%, and it managed to growth above 7% in Q2 FY 2024.

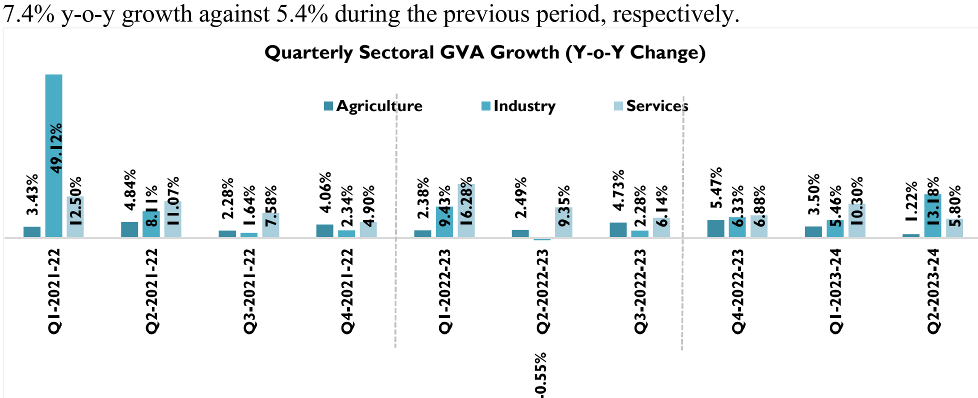


Source: Ministry of Statistics & Programme Implementation (MOSPI)

Q2 FY 2024 Quarterly GVA number indicated revival as it registered 7.4% growth compared to 5.4% in Q2 FY 2023. Industrial sector emerged as a bright spot which supported overall GVA to grow above 7%. The industrial sector GVA grew by 13.18% in Q2 FY 2024 against a decline of 0.55% in corresponding quarter previous year. Within industrial sector, India's manufacturing sector exhibited sharp improvement by registering 13.9% y-o-y growth against a decline 3.8% in the same quarter previous year. Construction sector too exhibited 13.3% y-o-y growth in Q2 of FY 2024 against 5.7% y-o-y growth in the previous quarter, mining and quarrying sector, and Electricity, gas, water supply & other utility services sector registered 10% and 10.1% y-o-y growth respectively. In Q2 FY 2023, yearly growth stood as -0.1% and 6% in mining and quarrying and Electricity, gas, water supply & other utility services sector, respectively.

While quarterly growth in industrial sector exhibited improvement, both agriculture and services sector indicated moderation during Q2 FY 2024. Agriculture sector GVA moderated to 1.22% in Q2 FY 2024 from 2.49% in the same quarter previous year.

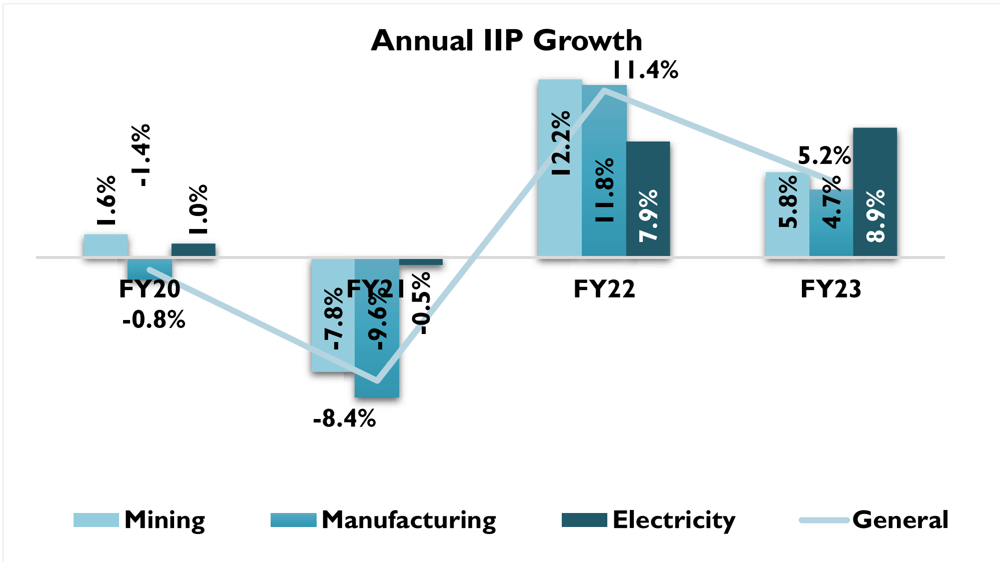
Within service sector, quarterly growth moderated to 5.8% in Q2 FY 2024 from 9.43% in Q2 FY 2023. Trade, hotel, transport, communication, and broadcasting segment observed sharp moderation in growth which registered merely 4.3% y-o-y growth in Q2 FY 2024 as compared to 15.6% growth in the Q2 FY 2023. Other services sector broadly classified as Financial, Real Estate & Professional Services too reported moderation and observed 6% y-o-y growth in Q2 FY 2024 against 7.1% (Q2 FY 2023) while Public Admin, Defence & Other Services registered 7.4% y-o-y growth against 5.4% during the previous period, respectively.



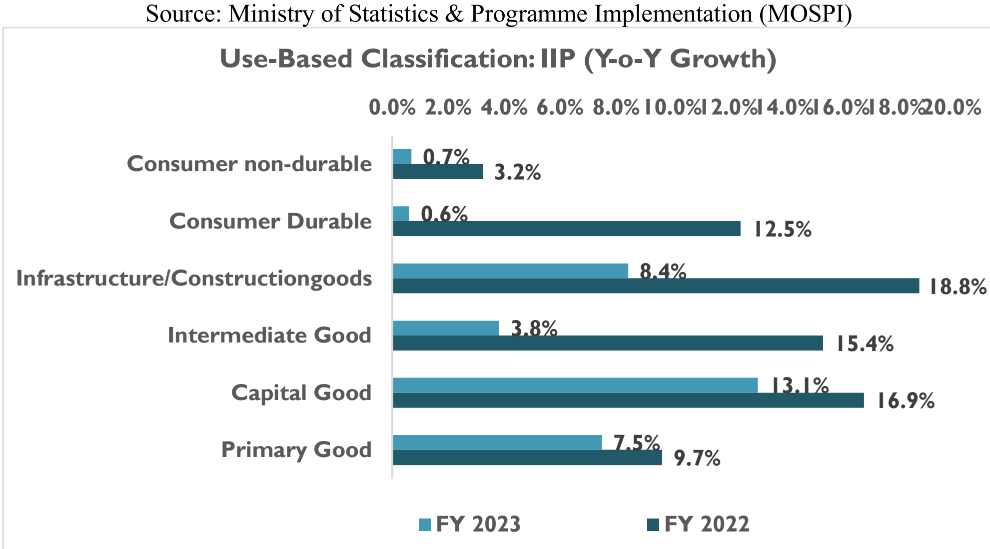
Source: Ministry of Statistics & Programme Implementation (MOSPI)

Industrial Productivity

Industrial sector performance as measured by IIP index exhibited moderation in FY 2023 by growing at 5.3% (against 11.4% in FY 2022) as series of rate hike to tame inflation impacted the industrial sector performance. Previously IIP index exhibited temporary recovery in FY 2022 from the low of Covid induced slowdown in industrial growth during FY 2020 and FY 2021. Manufacturing index, with 77.6% weightage in overall index, grew by just 4.7% in FY 2023 against 11.8% y-o-y growth in FY 2022 while mining sector index too grew by just 5.8% against 12.2% in the previous years. Electricity sector Index witnessed improvement of 1% over the previous year and registered 8.9% y-o-y increase in FY 2023



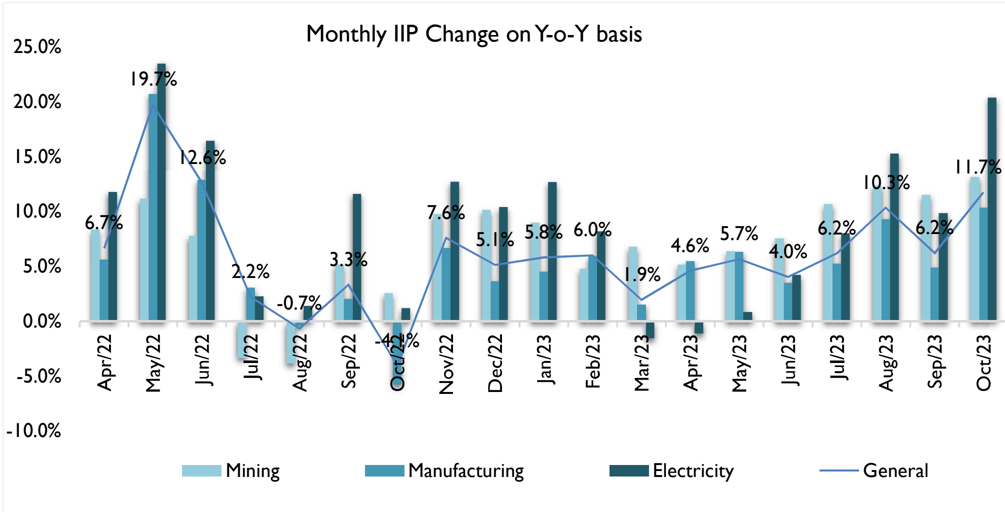
Source: Ministry of Statistics & Programme Implementation (MOSPI)



Sources: MOSPI

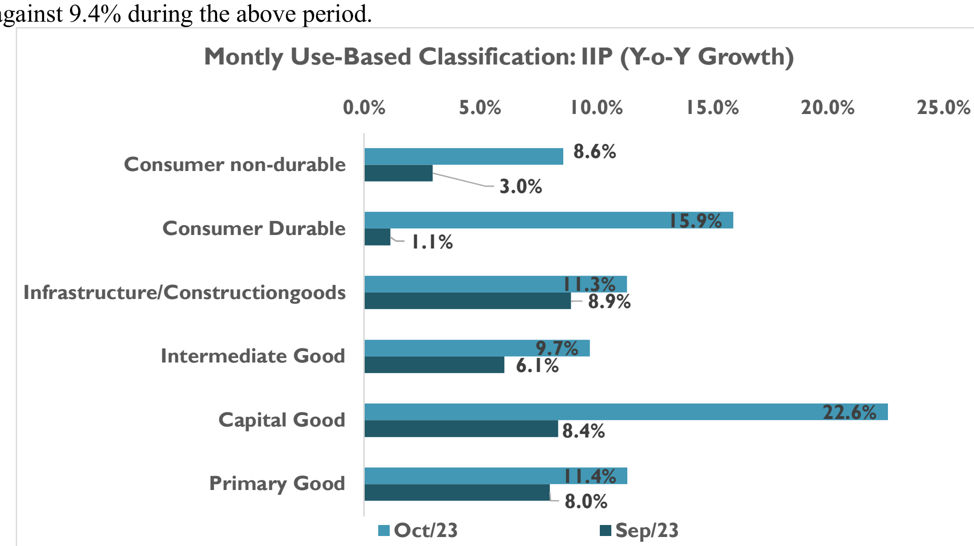
As per the use-based classification, growth in all segments deteriorated for FY 2023 as compared to FY 2022. Consumer good and intermediate goods were worst hit segments followed by infrastructure / construction Goods. The contracting IIP data points towards adverse operating business climate as global headwinds, high inflation, and monetary tightening cumulatively impacted the broader industrial sector performance.

Monthly IIP Growth Trend



Source: Ministry of Statistics & Programme Implementation (MOSPI)

In FY23, IIP index improved steadily during April and May but moderated sharply in the subsequent three month and it measured lowest in October 2022 while it showed uneven movement in the subsequent month too. IIP again moderated to register 1.9 % y-o-y growth in March 2023. In current fiscal FY 2024, the index has reported steady improvement over the last fiscal. Average of Monthly IIP data from April to October indicated 6.9% y-o-y growth against 5.3% y-o-y increase in the previous year. Manufacturing and Mining index both exhibited improvement in growth between April -October 2023 and registered 6.4% and 9.4% y-o-y growth against 4.9% and 4% y-o-y growth between April to October 2022. Electricity sector index exhibited moderation in growth, and it grew by 7.9% against 9.4% during the above period.

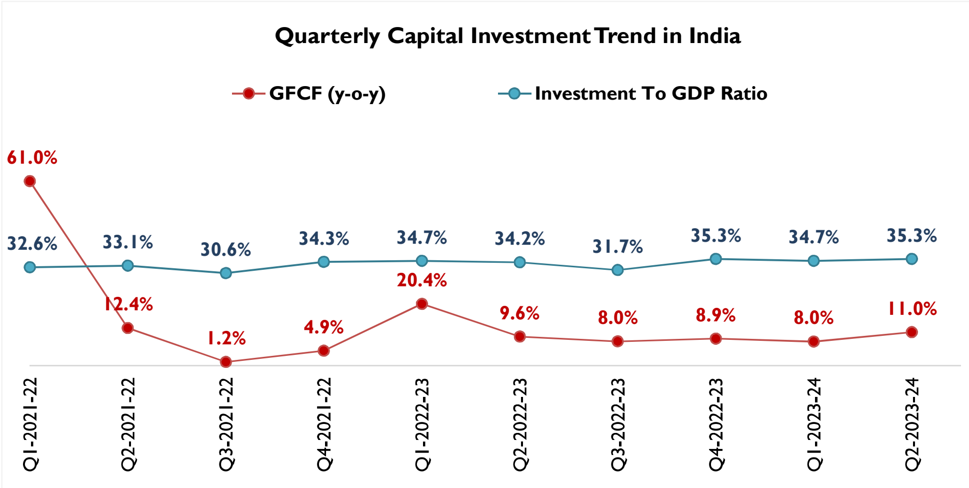


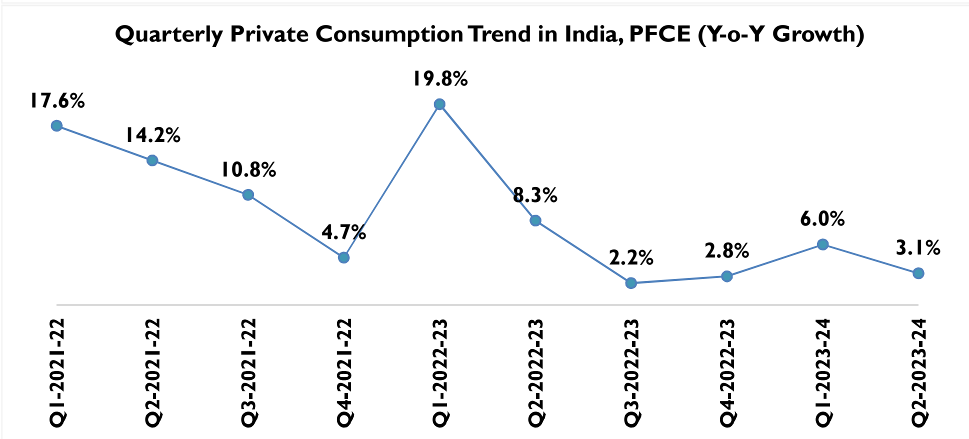
Sources: MOSPI

As per the use-based classification, growth in all segments exhibited improvement in October 2023 as compared to previous month. The improving IIP data points towards India's resilience amidst challenging operating business climate as global headwinds, high inflation and monetary tightening is likely to have adverse impact on the overall global economic performance.

Investment & Consumption Scenario

Other major indicators such as Gross fixed capital formation (GFCF), a measure of investments, gained strength during Q2 FY 2024 as it grew to 5 quarter high and registered 11% y-o-y growth against 9.6% yearly growth in Q2 FY 2023 while GFCF to GDP ratio measured all time high since Q3 FY 2012 to 35.3%.



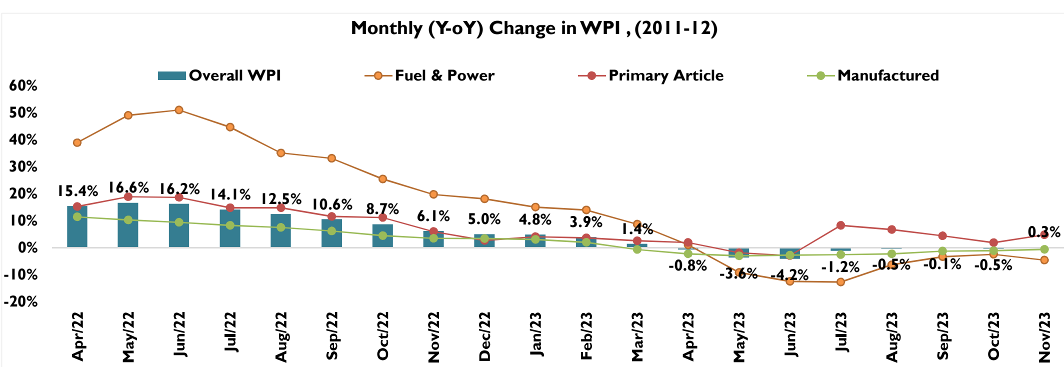


Sources: MOSPI

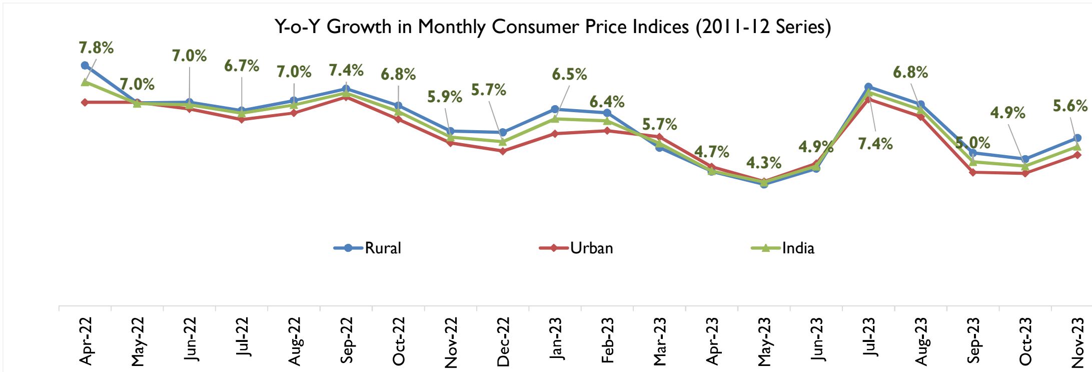
Private Final Expenditure (PFCE) a realistic proxy to gauge household spending, observed decelerated and registered 3.1% y-o-y growth in Q2 FY 2024 which is almost half of the previous quarter indicating sustained weakness in mass demand.

Inflation Scenario

Wholesale Price Index (WPI) which exhibited decline in the previous seven month rose sharply in November 2023 to 0.26% on the back of increasing prices of food inflation which grew by 8.18% in November 2023, up from 2.53% in October 2023. Increasing prices of minerals, machinery & equipment, computer, motor vehicles, electronics & optical products, other transport equipment and other manufacturing too translated in increasing WPI inflation in November 2023.



Source: MOSPI, Office of Economic Advisor, November data is provisional.



Source: CMIE Economic Outlook

Retail inflation rate (as measured by Consumer Price Index) again grew to 5.6% in November 2023 as compared to 4.8% in October 2023. The CPI inflation for rural and urban for the month of October 2023 was 5.12% and 4.62% which increased to 5.85% and 5.26% respectively in November 2023. Long term inflation rate since April 2021 peaked in April 2022 when it measured 7.8% while it moderated in subsequent month thereafter reaching 7.4% in July 2023 and the value of CPI inflation in August 2023 was 6.8%.

CPI measured below 6% tolerance limit of the central bank during November 2023. As a part of anti-inflationary measure, the RBI has hiked the repo rate by 250 bps since May 2022 to current 6.5% while it has been holding the rate at 6.5% since 8 Feb 2023.

Growth Outlook

The second advance estimates project a 7.6% growth in real GDP for FY24. Looking ahead to FY25, we anticipate GDP to maintain a robust above 7% growth trajectory, which will mark the fourth consecutive year of 7%+ growth. This growth momentum is accompanied by a slowdown in inflation, as well as various other factors in the medium to long term that will support the economy. These include enhancements in physical infrastructure, advancements in digital and payment technology, improvements in the ease of doing business and a higher quality of fiscal expenditure to foster sustained growth.

On the demand side, improving employment conditions and moderating inflation are expected to stimulate household consumption. Further, the investment cycle is gaining traction, propelled by sustained government capital expenditure, increased capacity utilisation and rising credit flow. Additionally, there are positive signs of improvement in net external demand, as reflected in the narrowing merchandise trade deficit. Despite the supply disruptions, exports clocked positive y-o-y growth in December 2023 and January 2024.

From uplifting the underprivileged to energizing the nation's infrastructure development, the Government has outlined its vision to propel India's advancement and achieve a 'Viksit Bharat' by 2047 in the interim budget announced on1st Feb 2024. Noteworthy positives in the budget include achieving a lower-than-targeted fiscal deficit for FY24 and setting a lower-than expected fiscal deficit target for FY25, proposing dedicated commodity corridors and port connectivity corridors, providing long-term financing at low or nil interest rates to the private sector to step up R&D in the sunrise sectors.

Achieving a reduced fiscal deficit of 5.8% in FY24 and projecting a lower than-anticipated fiscal deficit of 5.1% are positive credit outcomes for India. This showcases the country's capability to pursue a high-growth trajectory while adhering to the fiscal glide path. There has been a significant boost to capital expenditure for two consecutive years; capital expenditure – which is budgeted at 3.4% of GDP (INR 11.1 trillion/USD 134 bn) for 2024/25 – is at a 21-year high (3.3% of GDP in 2023/24). The enhancement of port connectivity, coupled with the establishment of dedicated commodity corridors (energy, mineral and cement), is poised to enhance manufacturing competitiveness. This strategic move aims to fulfil India's export targets and substantially reduce logistics costs.

However, headwinds to external demand emanate from recession in key exporting partners - the UK and Germany (which collectively account for over 5% of India's export portfolio) - and the spiralling effect it will have on other European countries. Supply disruptions posed by the conflict in the Red Sea, leading to rerouting of shipments through Africa, are impacting sectors exposed to exports to Europe, running on thin margins, especially small businesses. Although headline inflation moderated to 5.1% in January 2024, a three-month low, volatility in crude prices and uncertainties about food inflation are likely to keep the central bank cautious in the near term.

Commercial Real Estate Sector in India
The Indian real estate sector is one of the most globally recognized sectors. In the country, it is the second largest private sector employer after agriculture. It comprises of 2 subcategories – housing and commercial.

The commercial segment typically consists of office, retail, and hospitality spaces. The growth of the commercial real estate sector has been contributed to by an increase in office spaces due to growth of the corporate environment and the demand for workplaces, increase in malls and shopping centers due to growth in the middle-income population, increase in hospitality options due to growth in different formats of urban and semi-urban accommodation options

Indian Commercial Real Estate Sector	
Office Space	IT / ITeS, Financial Services (BFSI),
Retail Space	Organized Retail: Supermarkets, Hypermarkets, shopping malls
Hospitality Space	Hotels, resorts

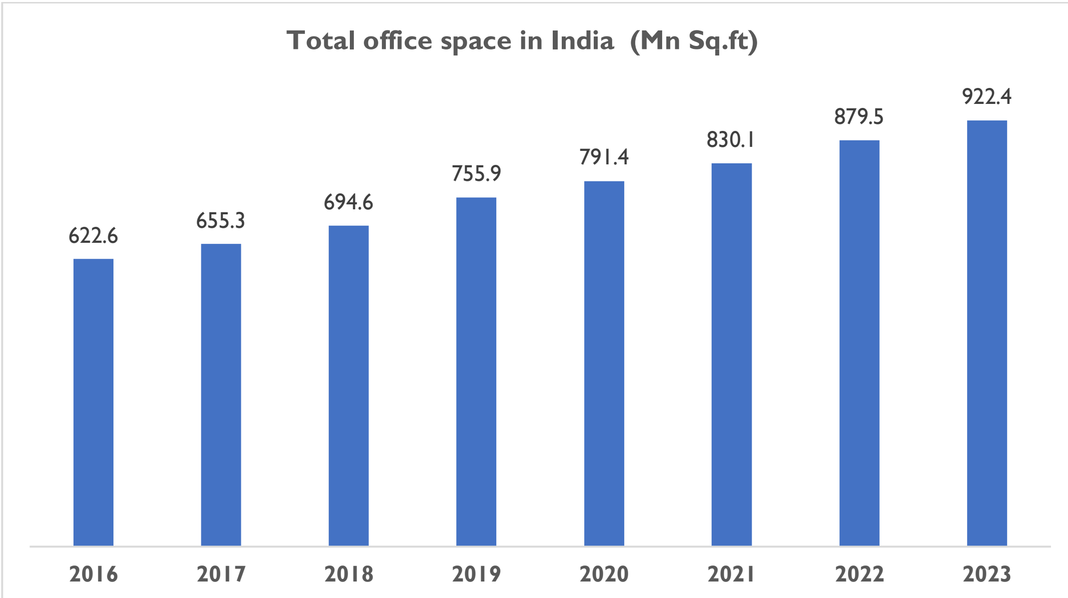
The commercial real estate sector has witnessed rapid expansion in the past couple of decades, mainly driven by demand created by the service sector. The office space segment, which accounts for 70% of the total commercial real estate space, dominates the segment. Demand for office spaces has increased exponentially due to higher demand primarily from IT / ITeS and to a certain extent from the financial services (BFSI) sector. Demand for retail spaces, especially malls and supermarkets / hyper markets, has increased due to rising incomes, robust consumption, augment in FMCG markets and a need for a one-stop shop for products and services.

Over the past decade, development of commercial real estate space has been prolific in tier-2 cities like Pune, Jaipur, Nagpur, and Chandigarh. Migration of IT / ITeS sector to such cities as well as penetration of organized retail chains has contributed to this scenario. Growth in economy hotels in these tier-2 cities has stepped up due to business travel, which has also accelerated the pace of growth in commercial real estate. Furthermore, Foreign Tourist Arrivals (FTAs) is expected to increase at a CAGR of 7.1 per cent between 2005 and 2025 to reach 15.3 Mn annually.

The gross lease activity in India's top seven cities was 12.8 million square feet, which was higher than the quarterly run rate for 2022. It increased by 23.3% year over year and had the highest lease activity among the same time periods in 2021 and 2022. An 8.6% q-o-q decline nonetheless indicated a slight slowdown, but the impact of the rumored headwinds has not yet materialized.

The quarterly net absorption in Q1 2023 was down by 4.5% q-o-q at 7.63 mn sq ft, as signs of sluggishness and deferments in expansion driven requirements and the hybrid work mode, causing some space contractions, were visible. Net absorption also fell to a six-quarter low. Delhi NCR retained its top spot for the second quarter in a row with a 25.7% share, with Bengaluru a close second with a 25.0% share.

Commercial Office Space in India
The total office space stock in India grew by 48.15% between 2016 and 2023, reflecting a steady increase in office space availability over the past eight years. The highest growth rate was recorded in 2019 at 8.83%, potentially due to factors like a booming economy and strong demand for office space. The year 2020 witnessed the lowest growth rate at 4.70%, which can likely be attributed to the COVID-19 pandemic that disrupted economic activity and led to a shift towards remote work arrangements.



Source: Knight Frank, Industry Sources

On average, office space stock has increased by 5.78% annually over this period. This indicates a consistent rise in demand for office space, potentially driven by factors like economic expansion and increasing urbanization. Interestingly, the latest growth rate in 2023 (4.88%) is slightly lower compared to the average annual growth. The growing acceptance of hybrid work arrangements, where employees split their work time between home and office, could potentially lead to a reduced need for traditional office space requirements coupled with shifting interest of developers in residential market due to booming opportunities in this sector.

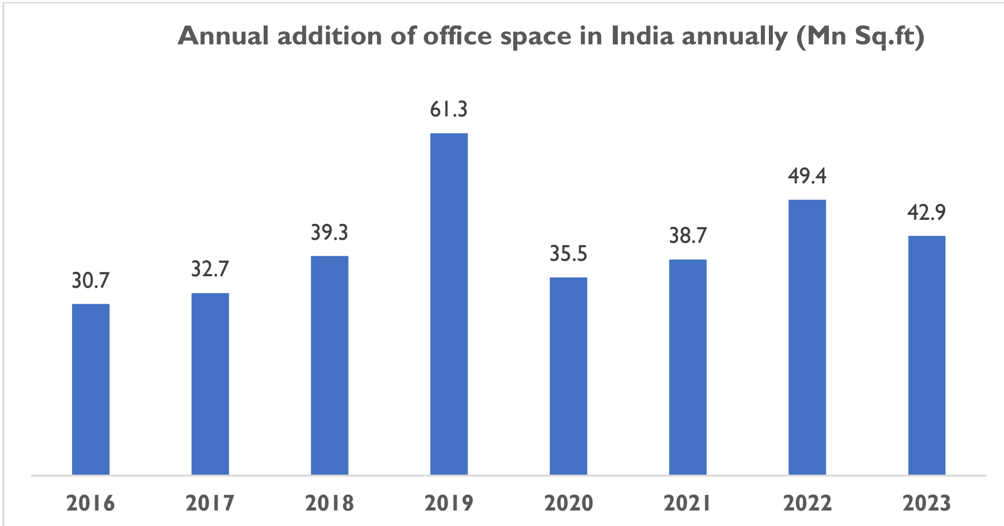
Demand Supply Scenario

The year 2022 was a landmark year for Indian commercial office space segment, reaching record high level of new addition as well as absorption / transactions after two years of pandemic hit. In 2022, approximately 49.4 million sq.ft of new office space was added while 51.6 million sq.ft of office space was subject to transactions – leasing / rentals. A robust demand scenario in IT sector, which is the largest consumer of office space in India, triggered this strong growth.

However, the onset of Covid-19 pandemic significantly affected the segment in 2020-21 – both in terms of demand as well as supply. Lockdown, and associated disruptions (in terms of availability of building materials & labor) brought new construction to a standstill. Meanwhile the shift to remote working model by service industry (led by IT-BPM sector) lowered the demand for fresh office space, hitting the transaction volume.

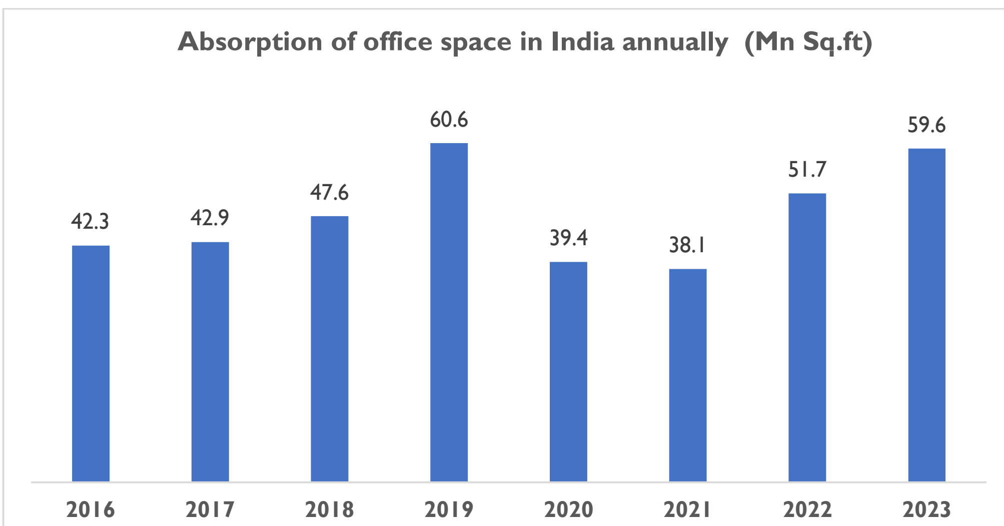
Revival in addition of new space and transactions began to pick up pace by the second half of 2022. Transactions received a boost as the service industry readied for a return to office scenario. Meanwhile near normalization of construction scenario helped in improving the addition of office space. Backed by these factors, the addition of new office space increased by 27% in 2022, compared to previous year. Additionally, the amount of transactions climbed by 23% in 2022, recording a downward trend from the 3% fall that occurred in 2021.

Compared to leasing activity, additions of new office space in 2023 were subdued at 42.9 million square feet. This represents a 2% decrease from 2022. This decline suggests developers are finding greater opportunities in the residential market, likely due to a steeper rise in sales and prices there. There was a positive sign in the second half of 2023 with 24.8 million sq ft of additions, representing a 7% year-over-year increase.



Source: Knight Frank, Industry Sources

However, there was a steady rise in leasing activity throughout 2023. In fact, the total amount of leased space across eight major markets kept increasing each quarter. By the end of the year, leasing came close to reaching record highs, with a total of 59.6 million square feet occupied. The second half of the year (H2) was particularly strong, with a 15% increase in leasing compared to the same period in 2022. This marks the highest volume of space leased in a half-year since 2012.



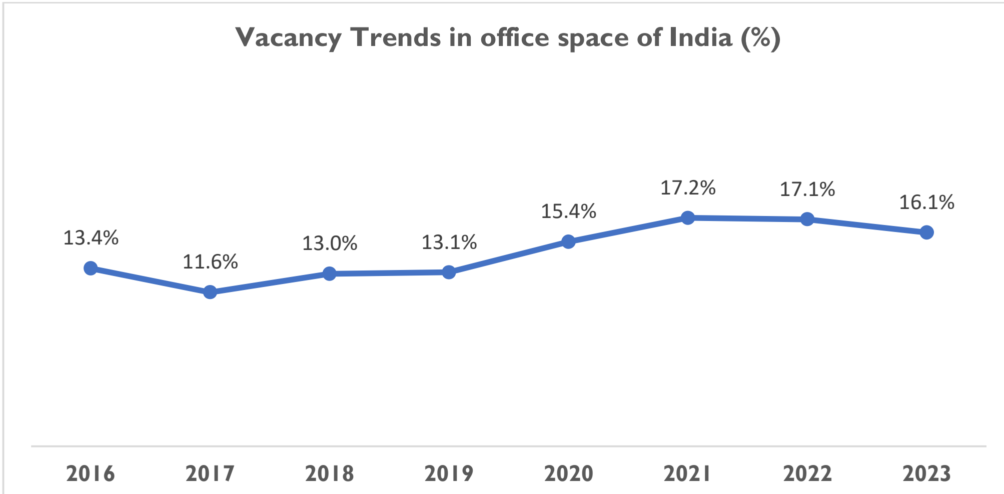
Source: Knight Frank, Industry Sources

Trends in Vacancy

The vacancy rate remained relatively stable between 2016 (13.4%) and 2019 (13.1%), suggesting a balanced market where new supply was being absorbed by growing demand. A significant rise in vacancy rates occurred in 2020 (15.4%) and 2021 (17.2%) which likely coincided with the COVID-19 pandemic. This could be attributed to:

- Shift to Remote Work: Lockdowns and social distancing measures led companies to temporarily close offices or adopt remote work arrangements, reducing demand for physical space.
- Economic Downturn: The pandemic's economic impact resulted in business closures or downsizing, leading to vacant office spaces.

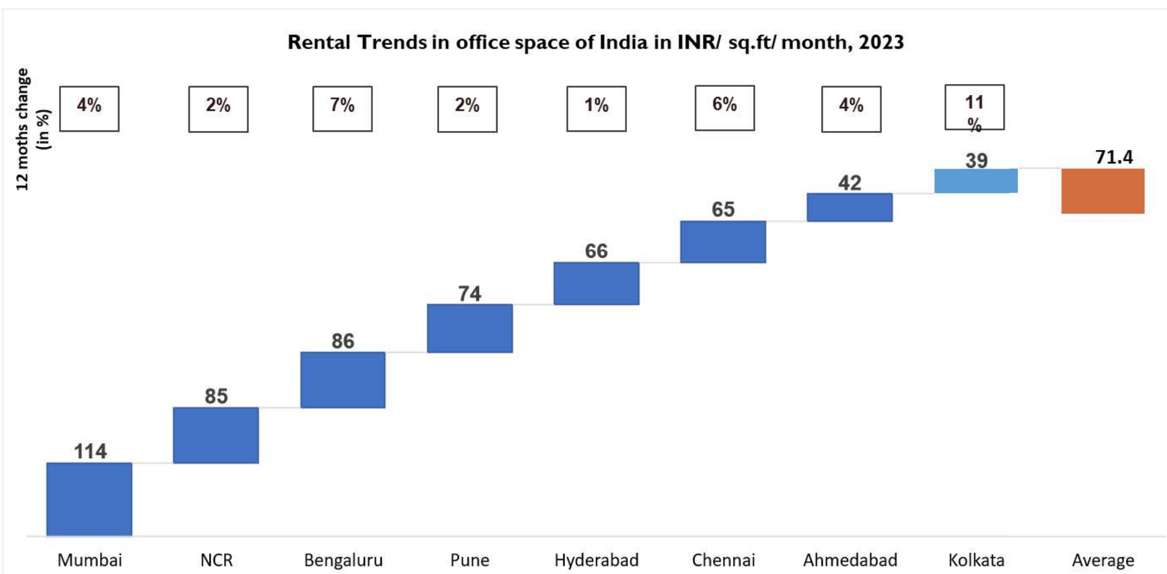
Vacancy rates have shown signs of slight stabilization in the last two years, hovering around 17.1% (2022) and 16.1% (2023). However, compared to pre-pandemic levels (around 13%), vacancy rates remain elevated.



Source: Knight Frank, Industry Sources

Rental Trends

Office rents in India have been on a steady rise throughout 2023. This marks the third consecutive six-month period where rents have either increased or held steady across all major markets. Mumbai and NCR, being major financial and business centers, command premium rents. IT hubs like Bengaluru and Pune also see high rental values due to strong demand from the technology sector. Secondary cities like Hyderabad and Chennai are catching up with rising IT activity, but their rents remain lower compared to the top tier cities.

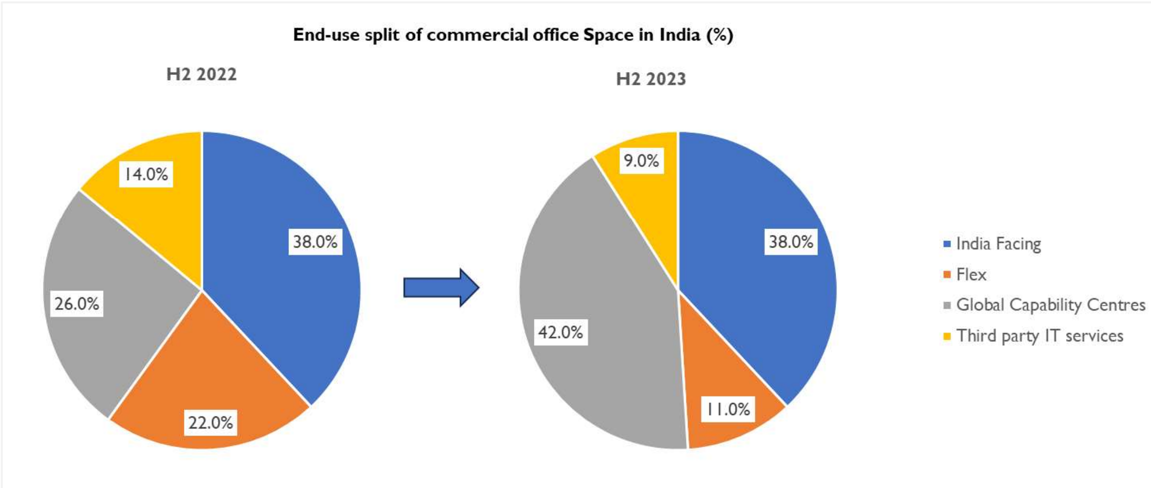


Source: Knight Frank, Industry Sources

Despite not experiencing the highest volume of leasing activity, Bengaluru witnessed the strongest rent growth at 7%. This could be due to continued demand from the IT sector and limited availability of prime office space. Mumbai, NCR, and Chennai also saw rent increases, albeit at a slower pace. Rents rose by 4% in Mumbai, 2% in NCR, and 6% in Chennai. This suggests a strengthening market even in these key commercial centers.

Commercial Office Space Demand by End Use

Companies catering to the domestic Indian market continue to be the primary driver of office space absorption with consistent Demand of 38% in both H2 2022 and H2 2023. A remarkable trend is the surge in demand from Global Capability Centers (GCCs). Their share of office space absorption jumped from 26% in H2 2022 to a dominant 42% in H2 2023, signifying India's growing appeal as a strategic hub for multinational corporations to establish centers for IT, finance, or R&D activities.



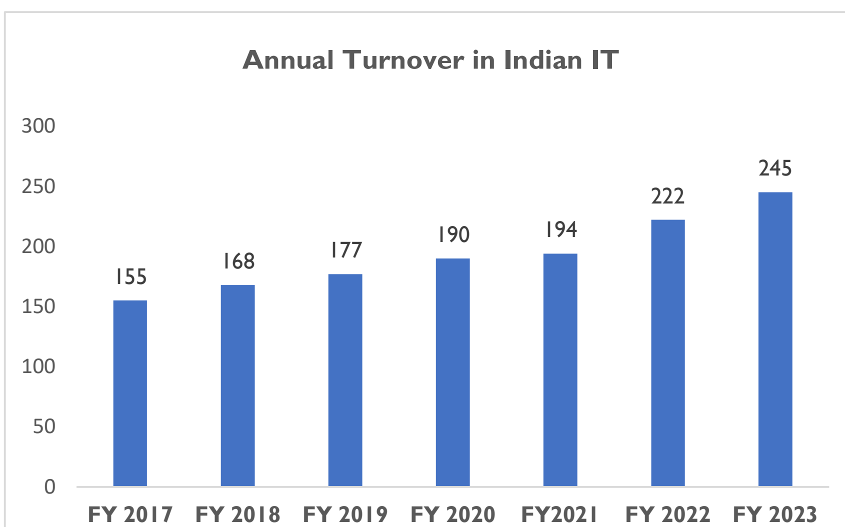
Source: Knight Frank, Industry Sources

Key Demand Drivers in India's Commercial Office Space Segment

IT-ITES sector accounts for nearly 80% of office space absorption every year, new addition is driven by expected demand from this sector. Due to this overwhelming dominance, the commercial office space trends in India is largely influenced by the hiring / expansion trends in IT industry.

According to NASSCOM, India's technology industry sales, including hardware, is predicted to reach $245 billion in FY2023, an increase of $19 billion over the previous year (8.4% y-o-y growth). With $194 billion in exports, growth is anticipated to be 9.4% in reported currency terms and 11.4% in constant currency terms. The domestic technology sector is anticipated to increase at a 4.9% y-o-y rate to reach $51 billion. On the back of ongoing investments by business and the government, domestic technology revenues are forecast to increase by 13% year over year in rupee terms. Majority of the players in industry showcased positive growth in revenue, though the margins remained under pressure.

The computer software and hardware sectors drew the most FDI equity investment in FY 2021–22.A total of $93.58 billion in FDI equity was attracted between April 2000 and December 2022. First place in "AI talent concentration" was earned by India. India was placed fifth in both "AI scientific publications" and "FTTH/Building Internet subscriptions",



Source: NASSCOM

Export revenue is expected to have grown to USD $194 Bn in FY 2023 from USD 178 billion in FY 2022, registering 9.4% growth, The market share of Indian SaaS companies increased by two times. There are 59 SaaS unicorns and potential unicorns in India. From 25.15 crore in 2014, there were 83.69 crore internet connections in 2022. During the past two years, COVID-19 pandemic accelerated the technology adoption across industries as businesses relied on digital tools for resilience and business continuity. The overall industry revenue has been driven by the fast-paced digitization and cloud adoption.

With leveraging the low-cost advantage model to execute basic data entry tasks, voice-based customer contact/support services, finance & accounting (F&A) and a range of back-office processing activities, the industry has witnessed a healthy growth during the last decade. BPM segment has exhibited a significant transformation, both in terms of value and services proposition to align with emerging trends and changing customer demand. The major revenue comes from export market. The Indian BPM industry generated a total revenue of USD 38.5 billion during FY2021 of which ~87% revenue came from export market.

As per NASSCOM's latest estimates, the BPM segment is estimated to reach USD 44 billion in FY 2022. Factors such as economies of scale, business risk mitigation, utilization improvement and superior competencies have together led to the growth of the Indian BPM industry. BPM segment is expected to account for around USD 50-55 billion of the total revenue of IT-BPM industry by 2025. Higher implementation of chatbots, RPA, AI based automation services will play a major role in the growth of BPM segment.

Despite positive future prospects, Indian BPM industry is facing multiple challenges with respect to anti-offshoring wave in the US and emergence of low-cost destinations like Philippines, Mexico Malaysia and Canada and snatching away base level data entry projects from India. Moreover, disruptive changes caused by growing digitization across industries has created a wide demand-supply gap of trained workforce in emerging areas such as artificial intelligence (AI), robotics, and automation.

India's demand for Digital Talent jobs is approximately 8x larger than the size of its fresh talent pool. By FY 2024, this demand is expected to grow to 20 times more than the available fresh talent pool. In current times, clients are putting pressure on companies to transform and upskill in new areas such as RPA, analytics, AI, and other advanced tools that can automate the customers experience in a best possible way. To adapt with changing industry dynamics, BPM companies are relentlessly undertaking scaled reskilling exercises to narrow the demand-supply gap.

Key Trends

Technological Revolution:

- Smart Buildings and Automation: Technology is redefining the office experience. The rise of smart buildings with features like sensor-based lighting, HVAC control, and space optimization software is enhancing efficiency and reducing operating costs.
- PropTech Platforms: Online platforms are streamlining property management, tenant communication, and workplace experience. These platforms allow for easier lease negotiations, amenity booking, and fostering a sense of community among tenants.
- Remote Work Integration: The widespread adoption of remote work technologies like video conferencing and cloud-based collaboration tools is prompting a shift towards flexible workspace models. Co-working spaces, serviced offices, and hybrid workplace solutions are gaining traction as companies seek to accommodate a distributed workforce.

Consolidation and Mergers:

- Flight to Quality: Economic uncertainties may lead to a "flight to quality" phenomenon, where companies consolidate operations and prioritize high-grade office spaces with amenities and infrastructure that support a productive work environment.
- Right-sizing: Companies are re-evaluating their office space needs in the wake of remote work adoption. This may lead to a reduction in overall leased space or a shift towards smaller, more collaborative work areas.

Demand from the Global Capability Centers (GCCs):

- Strategic Hubs: India's strategic location and burgeoning economy make it an attractive destination for GCCs. These centers, established by multinational corporations to manage specific functions like IT, finance, or research and development, view India as a gateway to the vast Asian market, driving demand for office space in major Indian cities.

- Favorable Regulatory Environment: Government initiatives aimed at simplifying the business environment and attracting foreign investment further incentivize GCCs to establish a presence in India. This translates to increased demand for commercial office spaces, particularly those catering to the specific needs of these specialized centers.

Tier 2 City Expansion:

- Cost-effectiveness: Rising rental costs in Tier 1 cities like Mumbai and Delhi are prompting companies to explore office space options in Tier 2 cities like Pune, Hyderabad, and Ahmedabad. Tier 2 cities offer a more cost-effective alternative with a growing talent pool and improved infrastructure.
- Government Initiatives: Government initiatives aimed at developing Tier 2 cities as business hubs are further enhancing their appeal. Improved connectivity, business-friendly regulations, and the availability of skilled manpower are attracting companies to these emerging markets.

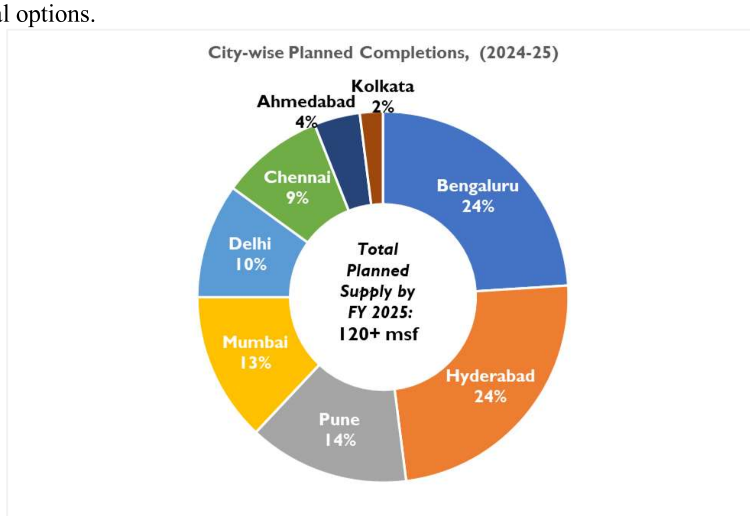
Investment Trends

The landscape of new office workspace supply in India is experiencing a significant shift. Bengaluru and Hyderabad are leading the charge, contributing nearly 55% of the Pan-India supply in 2023. These cities boast record-high project completions for commercial office workspaces. Pune continues its construction boom from the previous year, and Chennai has seen a peak in new supply. Mumbai and Delhi NCR, however, witnessed a concerning 40% decline in new supply as several projects were delayed until 2024. The market anticipates 55-60 million square feet of new commercial office workspace supply in 2024, aligning with the rising demand for quality space. With new supply marginally exceeding net space take-up, the Pan-India vacancy rate has reached 16.1% by the end of 2023. This rate is expected to remain around the same level in 2024.

However, core markets like BKC (Mumbai) face a different reality. The upcoming supply of 200,000 square feet over the next two years falls far short of the high demand witnessed in 2022-2023. Several other core markets across India, including Guindy (Chennai), Cybercity (Gurugram), and Malad-Goregaon (Mumbai), are experiencing similar supply limitations. The limited upcoming supply in core markets means occupiers face a shortage of options and potentially rising rents. This situation encourages pre-leasing to secure space in prime locations.

Given the supply limitations, will lead to tenants exploring non-core markets for their next growth phase. These areas often offer significant cost savings, improved infrastructure, and better connectivity. The influx of new supply in non-core markets has created a tenant-favourable environment across these non-core cities. These areas have captured an average of 43% of leasing activity over the past two years.

Tenants with smaller space requirements will consider second-generation properties, which may be 10-15% cheaper than brand-new spaces. The growing interest from flex space operators in repurposing these properties provides additional options.



Source: Cushman & Wakefield, Industry Sources

Regulatory Scenario in Indian Commercial Real Estate Segment

Key Initiatives & Policy Changes

- **Reforms to attract Foreign Direct Investment (FDI):** The Government of India has introduced reforms to attract Foreign Direct Investment (FDI) in the retail industry. The government has approved 51 per cent FDI in multi-brand retail and 100 per cent in single brand retail under the automatic route which is expected to give a boost to 'Ease of Doing Business.
- Policy changes including relaxation in Foreign Direct Investment (FDI) norms have resulted in an investor-friendly business environment. The economy's sturdy market fundamentals have prompted rise in institutional investors' interest in Indian retail real estate. Some of the key investors in the retail segment include Blackstone Group, Canada Pension Plan Investment Board (CPPIB), Singapore sovereign wealth fund GIC and The Xander Group. International retailers have helped in stimulating the Indian retail growth with regard to technology, supply chain, storage and warehousing, distribution, retail formats, aftersales services, etc. Further, they have helped in modernizing the retail industry and pushing it towards an organized market.
- **12th Five Year Plan (2012–2017):** The 12th Five Year Plan (2012–2017) invested INR 37 lakh crore on infrastructure development and upgrading the distribution network
- **Cashless Payments:** Government's efforts to promote cashless payments may boost modern/online retail
- **Priority Sector Status**: Retail has been accorded status of a priority sector by the government in the National Skill Development Mission. Retailers Association of India is the nodal agency for training the manpower. This would make available the required trained manpower for the growth of the sector
- **Single Brand Retail:** The government amended existing FDI policy to allow single brand retailers to sell online without establishing a physical store in India. This opens up India's retail market for everyone to test the market dynamics without making large-scale investments. Until now, every brand had to have a physical presence in India to open an online store. Moreover, to have a physical presence, it was mandatory for brands to procure 30 per cent of the value of goods sold in India, locally. Now, a single brand retail entity with more than 51 per cent FDI can count all its procurements made from India as local sourcing, irrespective of whether the goods procured are sold in India or exported. In addition, new rules provide for global retailers to do sourcing through an unrelated third party under a legally tenable agreement. Earlier, companies were allowed to source goods locally only directly from the brand or its group companies.
- **Model Shops and Establishments Bill 2016:** Introduced by the Centre, one of the provisions of this bill allows retailers to operate 24-hour which is expected to provide a boost to the retail market, especially in the metros
- **Abolishment of the Foreign Investment Promotion Board:** Following the abolishment of the Foreign Investment Promotion Board in 2017, the FDI clearance process has become convenient for investors. The move removes an extra layer of procedures, making the overall process more efficient. FDI proposals are now transferred to concerned individual ministries, which decide on their clearance

REIT & Its Impact

The Real Estate Investment Trust (REIT) - an investment vehicle that invests in rent-yielding completed real estate properties has the potential to transform the Indian real estate sector. Currently, developers incur huge capital expenditure especially in Commercial Real Estate (CRE), on land, construction, interior fit outs, etc. which remains locked for years until the asset generates returns to bredak-even. REIT will help attracting long-term financing from domestic as well as foreign sources. This could improve fund availability to real estate developers and reduce some burden on completed assets by allowing owners of such assets to raise capital from investors against issue of units. Further, for the investors, the REIT can provide a new investment vehicle with ongoing returns, elevated transparency and governance standards.

A REIT is an attractive alternative investment instrument in the Indian financial markets. Introduction of REIT is a boon for developers and more so to the real estate investors as it helps in negating the shortcomings of investing in physical real estate. This new investment vehicle offers an exit opportunity to developers thereby enabling them to monetize their real estate. While on the other hand, mandatory listing of the REITs on recognized stock exchanges will offer an easy entry and exit mechanism for investors. With respect to providing liquidity to the investors, REIT may be at par with equity shares trading on the exchange. According to Finance Bill 2023, the 'Loan repayment' distribution component from Reits and InvITs does not have to be recognized as income from other sources, as stated in the Budget.

Reits and InvITs invest in income generating commercial real estate properties and infrastructure assets via special purpose vehicles (SPV) through equity or debt instruments. Any income distributed by these trusts to its unit holders must be in the same nature and in the same proportion as distributed by the SPV to the business trust.

RERA & Its Impact

Real estate sector in India is regulated by multiple rules and regulations, which often overlap with each other. In order to bring clarity, the government introduced Real Estate Regulatory Authority (RERA) Bill in June 2013. After facing stiff opposition in the parliament, the Union Cabinet in December 2015 approved 20 major amendments to the bill based on the recommendation of an Upper House committee. Eventually the bill was approved by both the houses in March 2016.

The residential sector's operational development between 2016 and 22 can be used to gauge the impact of RERA. The performance of the residential sector was primarily a result of the improved transparency and trust injected by RERA, notwithstanding the introduction of larger policy reforms that affected real estate during the same era. Once the new procedure was in place and all parties were in agreement with the modifications made by RERA, residential sector sales and launches improved. The expansion of the residential sector and other drivers of growth, with the exception of the pause caused by the epidemic, have received attention.

The RERA-instituted escrow mechanism allowed for the efficient use of cash. The increased home sales helped developers with their cash flow and lessened their reliance on institutional capital funding requirements. Consequently, the overall effect has been an improvement in the sector's financial health.

Key Provisions

- Govt. of India as model law formulates these new rules, however given flexibility to States to modify / add their own rules. Since the land belongs to State, this flexibility is given to the States
- As per Real Estate Regulation Act, real estate developers and agents need to register with State Real Estate Regulatory Authority by 30th July 2017. They would then come under the purview of RERA act
- As per RERA, Real Estate Developer need to deposit 70% of the funds collected from buyers in separate bank account created for the projects. They need to use these funds only for the construction of the projects to see timely completion of the projects. Any deviation in this would attract penalty including imprisonment
- New Projects should obtain all approvals before the launch of the project. Thus far many complaints are received from buyers regarding builders claiming all approvals are in “closure” stage and later saying there is delay in getting approvals resulting in delays in the project. Any false statement regarding this would attract penalty including imprisonment
- In case, real estate developer wants to make any structural changes after the start of the project, it needs to take 2/3 of the buyers’ consent. Without such consent, no structural changes can be made
- Real Estate Developer would be penalized including imprisonment up to 3 years in case of any delay in the projects or in case they make any changes (without consent) to what has been promised in the project
- Real Estate Developer should provide all project details on Real Estate Regulator website and provide regular updates on construction progress
- Should rectify the defects bought buy buyer to the notice by the promoter within 5 years from the date of the possession
- In case of delay in the possession from developer side, they need to pay 2% interest above SBI Lending rate to the buyer
- As per RERA guidelines, developers should sell projects only based on carpet area, which buyers can use. In case of default, they would be imprisoned for 3 years

Impact on Real Estate Sector

RERA has finally become a regulation unlike for many years being a legislative notion. The real-estate sector in India has expanded exponentially in the recent times with number of transactions increasing alongside increase in its contribution to GDP. However, due to non-standardized and unregulated pricing mechanism, the highly fragmented sector has been criticized and has caught the nation’s attention for all the negative reasons.

Therefore, there arrived a dreadful need for a regulating body in order to smoothen the processes in the sector. RERA was one such solution, which became a regulation to act as a supervisory body to oversee the operations of the sector. The overall impact of RERA on developers and governments is mentioned as under:

- **Impact on Real Estate Developers:** The arrival of RERA has generated an uproar amongst the developers and there has been a lot of censure and pique in the community towards this regulation. However, developers have acknowledged the shift towards RERA. Furthermore, the enactments provide a great prospect for the developers to entirely modify the opinions of all the stakeholders concerning the industry and, in particular, for the developer community.

- **Impact on Government:** The impact of RERA has been wobbly on the state governments, as different governments are in various stages of implementation of RERA. Furthermore, as the developers need to synchronize with the systems / processes to comply with the regulations, the various governments also must. However, the real and actual impact of RERA on the governments would be visible in the coming years, when the new announcements and developers committing towards timelines on carpet area and enacting complete transparency on the constructions of projects.

Flexible Office Space

India's commercial office landscape is witnessing a significant shift towards flexible workspaces. The concept of flexible workspace, also known as flex space, has gained significant traction in recent years within India's commercial real estate market. This shift reflects a changing work environment where businesses prioritize agility, cost-effectiveness, and fostering collaboration. This concept, encompassing co-working spaces, serviced offices, and managed offices, caters to the evolving needs of businesses seeking agility, cost-effectiveness, and a collaborative environment.

The rise of remote work and hybrid models has fuelled the demand for flexible workspace solutions. Businesses are no longer restricted to traditional long-term leases, allowing them to scale their office space requirements up or down as needed. Flexible workspaces eliminate the need for upfront investments in furniture, infrastructure, and maintenance. Businesses pay only for the space they utilize, leading to significant cost savings. Co-working spaces foster a vibrant community atmosphere, allowing businesses to connect with other professionals and potential collaborators. This can be particularly beneficial for startups and freelancers.

Type of Flexible Office / Working space

Type of Flexible Office / Working Space: Models	
Managed Offices	• Managed offices offer a office setup with private suites or dedicated workstations. Businesses get a customized workspace tailored to their specific needs, including furniture, layout, and branding elements. • They provide scalability, allowing businesses to expand or contract their space as their needs evolve. Businesses have greater control over their workspace environment and security compared to co-working spaces. • Ideal for established businesses, larger teams, and companies requiring a more professional and private work environment. • Typical tenures of 36 - 48 months with lock-ins. Leased on per sq ft basis as well.
Hybrid Work Solutions	• Hybrid work solutions combine elements of both co-working and managed office spaces. This allows businesses to create a workspace that caters to a hybrid workforce, with dedicated desks for permanent employees and co-working areas for occasional or flexible use. • This approach offers the benefits of both worlds: dedicated space for core teams alongside the flexibility and cost-effectiveness of shared resources. • Ideal for companies adopting hybrid work models, where employees split their time between working remotely and working from an office. • Leased to multiple tenants on a per workstation basis for a fixed tenure (say 12 -24 months or less depending on agreement).
Co-working Spaces	• Co-working spaces are known for their vibrant and collaborative atmosphere. Open floor plans and common areas encourage interaction and networking opportunities with other businesses and professionals. • Desks or workstations are rented out on a membership basis. Membership plans offer various levels of flexibility, allowing individuals or small teams to choose the option that best suits their needs. These plans usually include amenities like high-speed internet, printing facilities, and meeting rooms (subject to availability). • Ideal for startups, freelancers, entrepreneurs, and small businesses seeking a dynamic work environment with networking opportunities. • Typical tenures as low as 3 - 6 months.

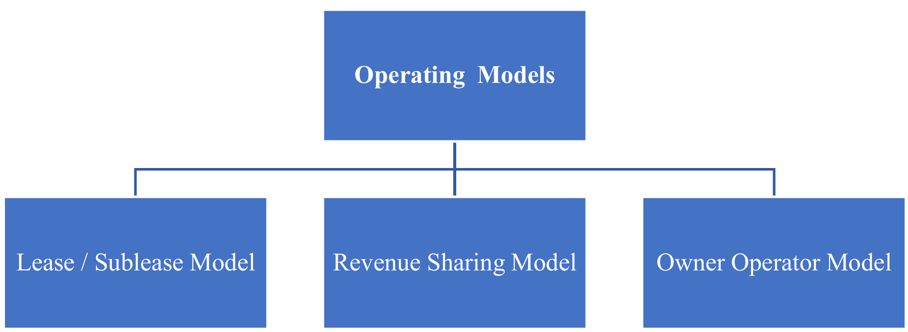
Comparative Analysis: Flexible v/s Traditional Office Space

The way corporate is evolving, the concept of office space is no longer a one-size-fits-all model. Businesses today have a choice between traditional office leases and the growing trend of flexible workspaces. While traditional office leases have long been the norm, a growing number of companies are embracing the adaptability and cost-effectiveness offered by flexible workspace models. The choice between traditional and flexible leases depends on various aspects such as size of space required, duration, facilities and amenities offered and the capacity to incur upfront capital expenditure.

Traditional Office Space	Flexible Office Space
Lease agreements: Long-term leases (typically 3-5 years) lock businesses into a fixed space and financial commitment.	**Flexible Contracts:** Offers a variety of contract options, from monthly memberships to short-term leases, allowing for greater scalability.
Upfront Costs: Significant upfront investments are required for furniture, equipment, fit-out, and infrastructure.	**Reduced Upfront Costs**: Minimal upfront investment required as furniture, equipment, and amenities are included.
Limited Flexibility: Scaling workspace up or down can be difficult and often comes with penalties or renegotiations.	**High Scalability:** Easily adjust office space needs as your team grows or shrinks without long-term financial burdens.
Predictable Environment: Offers a consistent and familiar work environment for employees who prefer a dedicated workspace.	**Dynamic Environment:** Can foster a more collaborative and vibrant work atmosphere, potentially boosting employee interaction.
Control Over Space: Companies have complete control over the design, layout, and branding of their office space.	**Limited Control:** Less control over design and layout compared to a traditional office, though some customization options might be available

Co-working Operating Models

Coworking companies operate under three primary operating models: the lease/sublease model, the revenue sharing model, and the owner-operator model. Each model presents distinct approaches to managing workspace operations, revenue generation, and financial responsibilities within the coworking industry.



Lease / Sublease Operating Model

Some coworking companies operate within a lease and sublease model, which forms the foundation of their workspace management strategies. Initially, these companies enter into long-term lease agreements with property owners or landlords to secure office spaces. These primary lease agreements outline crucial terms such as rental payments, lease duration, maintenance responsibilities, and any specific provisions related to alterations or improvements needed for the space.

Once the coworking company secures a space through the primary lease, they sublease parts of the space to individual members or companies. Subleases within coworking spaces can range from shared desks and dedicated desks to private offices and meeting rooms. These subleases offer members more flexible terms compared to traditional commercial leases, including short-term commitments, scalability options, and access to shared amenities and services within the coworking space.

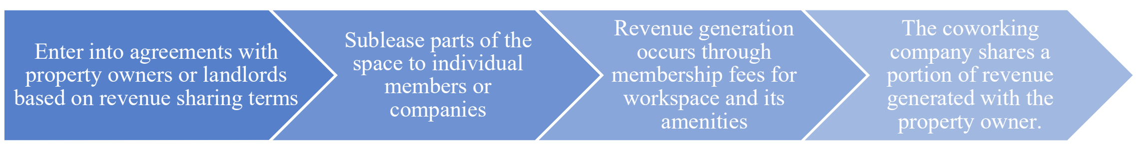
Revenue generation in coworking spaces primarily revolves around membership fees paid by members for access to the workspace and its amenities. Additionally, some coworking companies offer supplementary services such as meeting room bookings, virtual office services, event spaces, and business support services for an extra fee, contributing to revenue diversification and enhancing the overall member experience.

The sublease model provides several benefits for both coworking companies and their members. It allows coworking companies to optimize space utilization by subleasing to multiple members, thereby increasing revenue per square foot. For members, the model offers flexibility in terms of workspace options, scalability, and cost-effectiveness compared to traditional office leases. Moreover, coworking spaces foster a sense of community among members, facilitating networking, collaboration, and knowledge sharing.

However, there are challenges and considerations to navigate within this model. Coworking companies must align the terms of their subleases with the primary lease to ensure compliance and avoid conflicts. They also need to effectively manage occupancy levels, create a vibrant community, and address potential risks associated with the primary lease, including rental obligations and liabilities. Additionally, legal considerations such as lease negotiations, sublease agreements, and compliance with zoning regulations and tenant rights require careful attention.

Despite these challenges, the lease and sublease operating model empowers coworking companies to scale their operations rapidly, offer flexible workspace solutions, generate revenue, and adapt to the evolving needs of modern workers and businesses effectively.

Revenue Sharing Operating Model



The revenue sharing operating model is another approach utilized by coworking companies to generate revenue and manage their workspace operations. In this model, coworking companies collaborate with property owners or landlords to share revenue generated from the coworking space.

Firstly, coworking companies identify potential properties or spaces suitable for coworking environments. They then enter into agreements with property owners or landlords based on revenue sharing terms rather than traditional lease arrangements. These agreements outline the revenue sharing percentages, terms of payment, duration of the partnership, and any specific conditions or obligations for both parties.

Once the partnership is established, coworking companies set up and manage the coworking space, providing amenities, services, and a conducive work environment for members. Members pay membership fees to access the coworking space and its facilities, similar to the traditional lease and sublease model. However, instead of paying rent to the landlord directly, the coworking company shares a portion of the membership fees or revenue generated from additional services with the property owner.

Revenue sharing in coworking spaces can take various forms. It may involve a fixed percentage of the gross revenue or a percentage based on net profits after deducting expenses. Some agreements may also include minimum guarantees or thresholds to ensure a baseline revenue for the property owner.

The revenue sharing model offers benefits for both coworking companies and property owners. For coworking companies, it reduces upfront costs associated with leasing and allows for more flexible financial arrangements. It also aligns the interests of the coworking company and the property owner, as both parties benefit from the success and growth of the coworking space.

Property owners, on the other hand, can leverage their assets and earn a steady income stream without directly managing the coworking space. They benefit from the expertise and resources of the coworking company in operating and marketing the space, while also diversifying their revenue sources beyond traditional leases.

However, there are considerations and challenges to address within the revenue sharing model. Clear and comprehensive agreements detailing revenue sharing terms, responsibilities, and dispute resolution mechanisms are essential to ensure a mutually beneficial partnership. Coworking companies must also effectively manage costs, member retention, and space utilization to maximize revenue and profitability for both parties.

The revenue sharing operating model offers an alternative approach for coworking companies and property owners to collaborate, generate revenue, and create coworking environments that meet the needs of modern professionals and businesses.

Owner-Operator Operating Model

The owner-operator operating model is a unique approach adopted by some coworking companies to manage and operate their coworking spaces. In this model, the coworking company owns the property or space where the coworking facility is located, and they also handle the day-to-day operations of the coworking space.

The coworking companies that follow the owner-operator model acquire or develop their own properties specifically designed for coworking purposes. This could involve purchasing or leasing commercial real estate, renovating existing buildings, or constructing new coworking facilities from scratch. The company then takes on the role of both the property owner and the operator of the coworking space.

As the owner of the property, the coworking company has full control over the space, design, amenities, and overall branding of the coworking facility. They can tailor the space to meet the unique needs and preferences of their target members, creating a customized and attractive workspace environment.

In terms of operations, the coworking company manages all aspects of the coworking space, including leasing, member onboarding, facility management, community building, and administrative tasks. They also provide a range of amenities and services such as high-speed internet, meeting rooms, event spaces, networking opportunities, and business support services to enhance the member experience.

Revenue generation in the owner-operator model typically comes from membership fees paid by members for access to the coworking space and its amenities. Additional revenue streams may include fees for premium services, event rentals, partnerships with external service providers, and potential ancillary services such as cafe or retail offerings within the coworking facility.

The owner-operator model offers several advantages for coworking companies. It provides greater flexibility and control over the coworking space, allowing for customized branding, design, and service offerings that align with the company's vision and target market. It also allows for more direct interaction with members, fostering a strong sense of community and engagement within the coworking space.

However, there are challenges and considerations associated with the owner-operator model. Coworking companies must manage the financial responsibilities of property ownership, including property taxes, maintenance costs, utilities, and potential mortgage or loan payments. They also bear the risks associated with property ownership, such as market fluctuations, vacancies, and property maintenance issues.

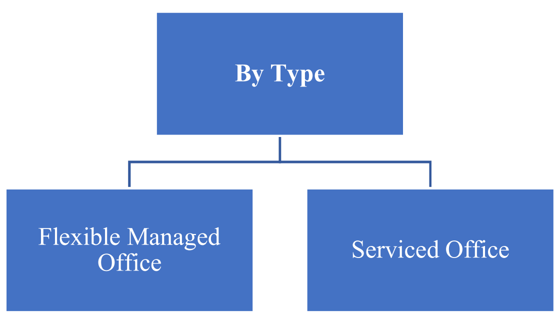
The owner-operator operating model enables coworking companies to create unique and innovative coworking spaces, drive revenue through membership fees and additional services, and build a strong community of members within their own managed properties. It requires strategic planning, financial management, and a deep understanding of the coworking industry to succeed effectively.

Amenities provided by the industry
Coworking spaces offer a range of amenities that enhance productivity and comfort for their users. These include meeting rooms, high-speed Wi-Fi, phone booths, and business class printers, ensuring professionals have the tools they need. Onsite staff and cleaning services maintain a smooth and clean working environment. Unique common areas, lounges, and professional & social events foster networking and collaboration, while amenities like unlimited coffee and tea, wellness rooms, and nap rooms cater to well-being. These facilities not only support efficient work but also create a vibrant community, making coworking spaces an attractive option for many.

Administrative Services			
Mail and packaging	Reception area	Tech services	Printers
Onsite staff			
Connectivity and Infrastructure			
High-speed Wi-Fi	Power Backup	Charging	
Meeting and Working Spaces			
Meeting rooms	Phone booths	Unique common areas	Lounges
Health and Wellness			
Wellness room	Mother's room	Medical room	Nap room
Gym	Leisure zone		
Comfort and Convenience			
Air Conditioners	Unlimited coffee and tea	Water	Cafeteria
Washroom			
Security and Safety			
Security	Cleaning services		
Professional and Social Engagement			
Game Rooms	Professional & social events		
Accessibility			
Metro Connectivity	Assessable Facilities		

Market Segmentation
The co-working market space can be segmented by two methods: By Type (Flexible Managed Office or Serviced Office), or by Business Model (Sub-Lease Model, Revenue Sharing Model, and Owner Operator Model).

By Type:



<u>Flexible Managed Office:</u> In this setup, a third-party operator takes charge of managing fully serviced office spaces. These spaces are designed to provide tenants with a comprehensive package of amenities and services, including furniture, high-speed internet connectivity, utilities, and various administrative support functions. The key characteristic of Flexible Managed Offices is their adaptability to short-term rentals, allowing businesses to scale their space requirements based on their evolving needs. Additionally, tenants often have the freedom to customize their workspace layouts and designs, aligning them with their brand identity and operational workflows.

<u>Serviced Office model:</u> This model presents a fully equipped and managed workspace solution provided by a service provider. These offices come ready-to-use with a range of amenities such as reception services, well-equipped meeting rooms, IT infrastructure, and ongoing maintenance services. The hallmark of Serviced Offices is their convenience, as tenants can quickly occupy and start operating without the hassle of managing office operations or infrastructure setup. This model also tends to be cost-efficient, as it typically includes utilities and maintenance within the rental package, reducing additional overhead costs for tenants.

Key Advantages

The concept of flexible workspaces, encompassing co-working spaces, serviced offices, and managed offices, has revolutionized the way businesses approach their office needs. By offering a dynamic alternative to traditional office leases, flexible workspaces provide a multitude of advantages for businesses of all sizes and across various industries.

- **Reduced Upfront Investment**: Eliminates the significant upfront costs associated with traditional leases, such as security deposits, build-out expenses for furniture and equipment, and long-term rent deposits.
- **Pay-As-You-Go Model**: Companies only pay for the space they utilize, translating to lower monthly costs, especially for businesses with fluctuating workspace needs.
- **Reduced Overhead Costs**: Flexible workspaces typically handle maintenance, utilities, and security, removing these burdens from the company's budget.

Cost-Effectiveness

- **Adaptable to Growth**: Flexible workspace solutions allow businesses to easily scale their space requirements up or down as their team size or business needs evolve.
- **No Long-Term Commitments**: Escape from the rigidity of long-term leases. Flexible workspace agreements often offer shorter terms, providing more adaptability for businesses in a dynamic market.
- **Ideal for Startups**: Startups and early-stage companies can benefit from flexible workspaces without committing to a large, fixed office space

Scalability and Agility

- **Modern and Collaborative Environment**: Many flexible workspaces offer well-designed, modern environments that foster collaboration and creativity, potentially leading to higher employee satisfaction and productivity.
- **Access to Amenities**: Amenities like high-speed internet, ergonomic furniture, meeting rooms, and break-out areas can enhance employee well-being and productivity.
- **Networking Opportunities**: Co-working spaces provide opportunities for interaction and networking leading to potential collaborations and knowledge sharing.

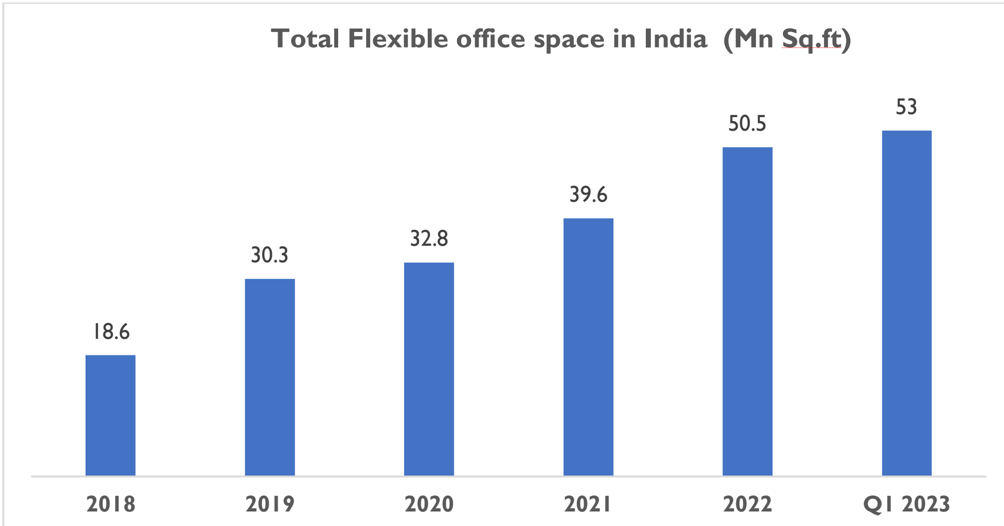
Improved Employee Satisfaction and Productivity

- **Streamlined Operations**: Flexible workspaces handle most operational aspects like maintenance, security, and utilities, freeing up the company's time and resources to focus on core business activities.
- **Improved Space Utilization:** Companies no longer have to pay for unused space in a traditional office setting. Flexible workspaces ensure companies optimize their space usage based on their current needs.
- **Reduced Risk:** Minimize the risk of being locked into a lease agreement that no longer meets the company's needs as it grows or changes.

Increased Efficiency and Reduced Management Burden

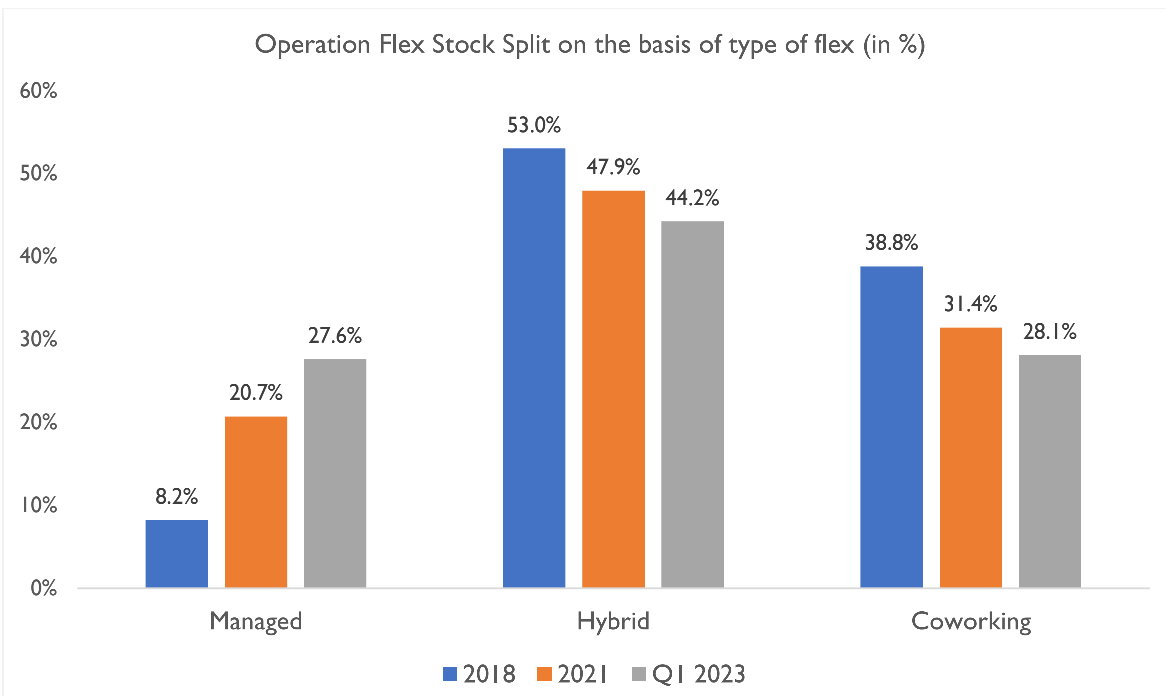
Flexible Working Space in India

The total operational area dedicated to flexible workspaces in the top seven Indian cities has reached a staggering 53 million square feet in Q1 2023. This translates to a penetration level of around 4.7% of the overall office space stock, making India one of the fastest-growing flexible workspace markets globally.



Source: JLL, Industry Sources

This growth is even more impressive considering the recent challenges. The flex workspace sector has witnessed a remarkable CAGR of 28% since 2018 rising from 18.6 million sq ft., bouncing back strongly from the pandemic-induced reset.



Source: JLL, Industry Sources

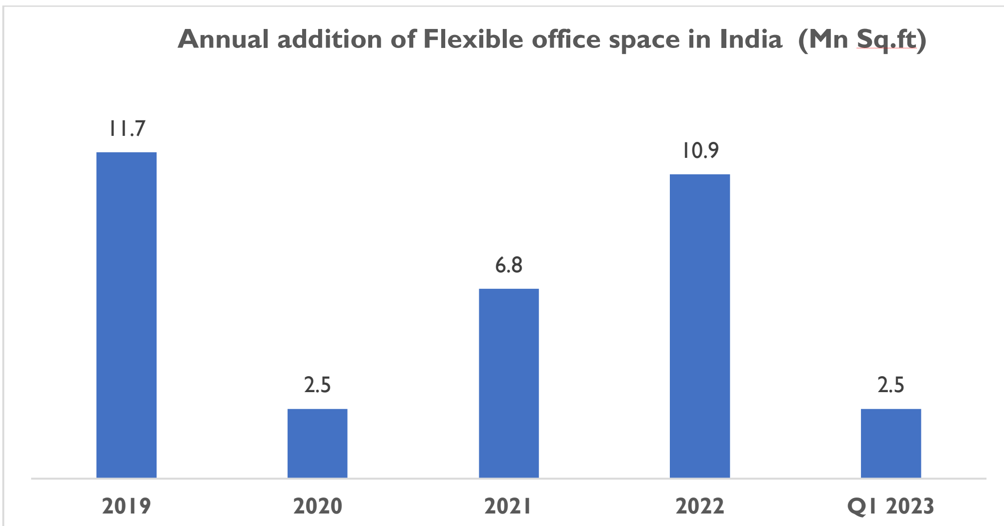
After the COVID-19 pandemic, companies have shown a strong preference for managed office spaces, driving a resurgence in this segment of the flexible workspace market. This type of provider has seen the fastest growth compared to co-working spaces or hybrid models that offer less customization for large companies.

Managed office providers have grown their market share by 3.4 times in the past two years, while co-working and hybrid space providers have seen a decline. The operational space managed by these providers has grown significantly, reaching 15 million square feet by March 2023, a tenfold increase compared to 2018.

The lines between hybrid and managed spaces are blurring. As customization becomes increasingly important for attracting large companies, many hybrid space providers are adopting features of managed office spaces in their new locations and growth strategies. In simpler terms, companies are looking for more control and customization in their flexible workspaces, and managed office providers are catering to this demand with dedicated, private spaces that can be tailored to specific needs. This is leading to a surge in the popularity of this type of workspace solution.

Supply & Demand Scenario

The year 2019 witnessed a significant addition of 11.7 million square feet of flexible space, indicating a strong pre-pandemic growth trajectory suggesting a rising demand for adaptable workspaces before the global crisis. A sharp decline to 2.5 million square feet of additions in 2020 reflects the immediate impact of the pandemic on the commercial real estate market. Lockdowns and economic uncertainty likely led businesses to postpone or downsize their workspace needs.



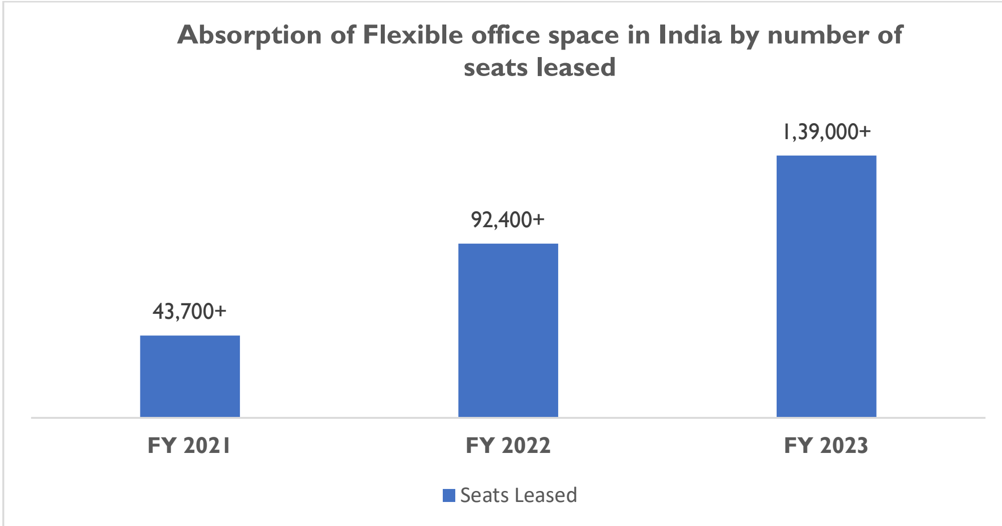
Source: JLL, Industry Sources

The market began to recover in 2021 with additions reaching 6.8 million square feet, followed by a further rise to 10.9 million square feet in 2022. This indicates a gradual return to growth as companies adapted to the new work environment and the concept of flexible work gained traction.

Demand for Flex solutions

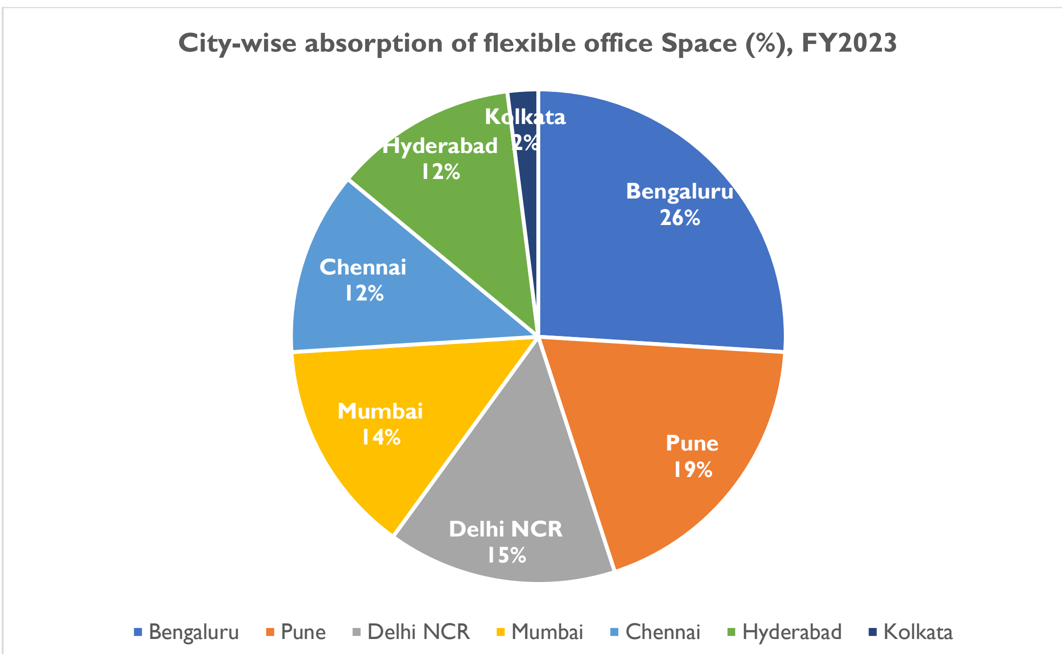
Companies of all sizes and origins whether domestic or foreign, across various industries such as tech, finance, manufacturing, consulting, etc. are actively integrating flexible workspaces into their real estate portfolios. Enterprises are leveraging flex spaces for various purposes, from housing flagship offices and high-end R&D teams to accommodating different business functions. The ability to scale up or down on-demand makes flex spaces ideal for dynamic resource planning and business needs.

The space occupied by enterprises in flex spaces has skyrocketed by 3.2 times between FY21 and FY23, reaching a record high. Notably, enterprise seat take-up in FY23 alone surpasses the combined figures of FY21 and FY22.



Source: JLL, Industry Sources

The substantial growth in FY 2022 indicates a strong post-pandemic recovery in the flexible workspace market. The growth trend continued in FY 2023, with a further 50% increase in leased seats. This sustained growth highlights the ongoing demand for flexible workspaces in India.

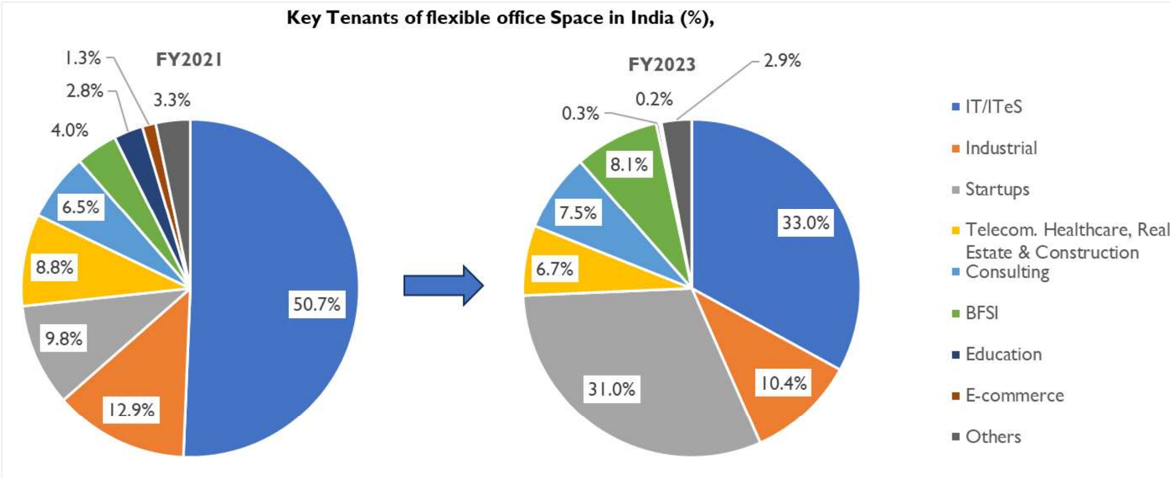


Source: JLL, Industry Sources

Bengaluru, Pune, and Delhi NCR: These three cities have emerged as the biggest markets for enterprise flex space adoption over the past three financial years, collectively accounting for approximately 60% of all enterprise seat take-up during this period.

Flexible Office Space Demand by End Use

While the tech sector has historically dominated seat take-up by enterprises, its share has dipped significantly in the past two financial years (FY22 & FY23) when compared to FY21. Indian startups have emerged as a powerful force in the flexible workspace market. Their share has skyrocketed, becoming the second highest for the last two financial years, reaching a peak of 31% in FY23. In fact, startups leased more seats during FY21-FY23 than any other sector except tech. This trend highlights how Indian startups have wholeheartedly embraced flexible workspaces. These solutions offer them the perfect balance of cost-effectiveness, location flexibility, and desired lease terms. Additionally, it empowers them to create modern, flagship workplaces for their employees.



Source: JLL, Industry Sources

The most significant shift is the diversification of demand. Flexible office formats are now being adopted by a wider range of occupier categories. This includes sectors like manufacturing/industrial, banking, financial services and insurance (BFSI), and consulting, all of which are increasingly incorporating flexible workspaces into their real estate strategies.

Key Demand Drivers

The Indian commercial office segment is witnessing a significant shift towards flexible workspaces. This trend, driven by a confluence of factors, is transforming the way businesses approach their workspace needs.

Hybrid Work Revolution: The COVID-19 pandemic has fundamentally changed how corprate work. The rise of hybrid work models, where employees split their time between remote work and in-office collaboration, has created a demand for adaptable workspace solutions. Flexible workspaces cater perfectly to this need, offering companies the option to accommodate in-person teams without committing to large, fixed office spaces. This allows for a balance between employee well-being facilitated by remote work, and the benefits of in-person collaboration and team building.

Cost-Effectiveness and Efficiency: Traditional office leases often involve significant upfront costs, long-term commitments, and the burden of managing utilities, maintenance, and security. Flexible workspaces offer a more cost-effective alternative. Companies only pay for the space they utilize, eliminating upfront deposits, build-out expenses, and long-term lease commitments. Additionally, flexible workspaces typically handle operational aspects like maintenance, utilities, and security, freeing up a company's resources for core business activities. This translates to optimized space utilization and eliminates the risk of paying for unused square footage in a traditional office setting.

Evolving Employee Preferences: The modern workforce, particularly millennials and Gen Z, prioritize flexibility and a dynamic work environment. Flexible workspaces often offer modern, collaborative environments with amenities like high-speed internet, break-out areas, well-designed workspaces, and networking opportunities. These features can enhance employee well-being, satisfaction, and potentially lead to increased productivity and creativity. A company's real estate strategy can directly impact employee morale and talent acquisition. By offering flexible workspace options, companies can cater to these evolving preferences and attract and retain top talent.

Growth of Startups and SMEs: India's thriving startup ecosystem is a major driver of demand for flexible workspaces. Startups and small and medium enterprises (SMEs) often have limited capital and require flexible workspace solutions that cater to their initial needs and allow them to scale as they grow. Flexible workspaces offer a cost-effective and adaptable option for these businesses, allowing them to focus their resources on core business activities without being burdened by long-term lease commitments and the complexities of managing a traditional office space.

Tier-II City Growth: While metro cities like Delhi, Mumbai, and Bengaluru have traditionally led the flexible workspace market, demand is burgeoning in Tier II cities like Pune, Hyderabad, and Chennai. This trend is fuelled by a growing startup culture, expanding businesses, and the increasing availability of high-quality flexible workspace options in these cities. This not only benefits companies seeking cost-effective workspace solutions in these emerging markets, but also fosters economic development and creates a more distributed office landscape across India.

Threats in the Co-working Space:

Market Saturation: The rapid expansion of co-working spaces, particularly in major cities, has led to concerns about oversaturation. This intense competition can lead to price wars, with co-working spaces resorting to aggressive discounting to attract customers. This can squeeze profit margins and make it difficult to maintain healthy occupancy rates. In a saturated market, co-working spaces may struggle to differentiate themselves, leading to closures and consolidation within the industry.

Economic Downturn: Economic slowdowns pose a significant threat to the co-working industry. During such periods, businesses, especially startups, tend to focus on cost-cutting measures. This can lead to a decrease in demand for co-working spaces as companies opt for smaller workspaces, remote work models, or even closures. Existing members might also choose to terminate their memberships to save money, further impacting the financial stability of co-working spaces.

Shifting Work Culture: While remote and flexible work arrangements are on the rise, a complete shift away from traditional office spaces is not guaranteed. Some companies might choose to return to traditional offices for reasons such as the need for greater control over their workspace layout and security, fostering better in-person collaboration and team building, or projecting a more established and professional image through a dedicated office space. This potential shift in work culture could lead to a decrease in demand for co-working spaces, particularly from established companies.

Risk Factors for the Industry:

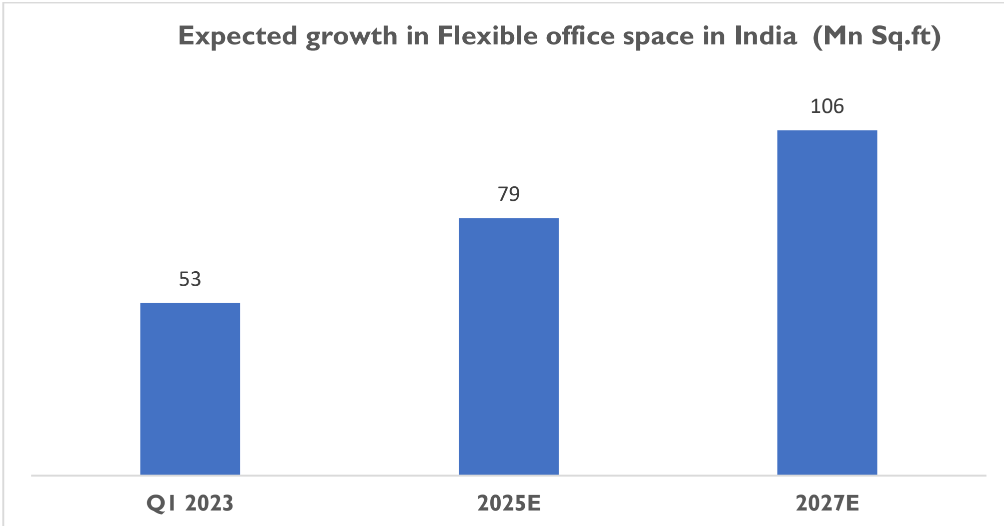
Real Estate Fluctuations: The co-working industry is heavily reliant on real estate, making it susceptible to fluctuations in the market. Rising rental prices can significantly impact profitability, forcing co-working spaces to raise their own prices and potentially deter customers. Similarly, property tax hikes can eat into profits and limit the ability to invest in amenities or upgrades. These factors can hinder the growth and expansion of co-working spaces in India.

Maintaining Profitability: Co-working spaces face a constant challenge in balancing affordability for customers with offering the necessary amenities and infrastructure. Keeping costs low is crucial to attract customers, but this can limit the ability to invest in high-quality furniture, technology, and services. On the other hand, providing attractive amenities like meeting rooms, high-speed internet, and common areas is essential to retain customers, but comes at a significant cost. Striking the right balance between affordability and amenities is crucial for the long-term financial sustainability of co-working spaces.

Technological Advancements: Advancements in communication and collaboration tools like video conferencing and project management software pose a potential threat to the co-working industry. With technology enabling seamless remote collaboration, companies might question the need for a physical workspace altogether. Additionally, the rise of virtual office solutions could provide a more affordable alternative to co-working spaces, impacting the demand for physical co-working facilities, particularly from geographically dispersed teams.

Growth Forecast

The Indian flexible workspace market is on a robust growth trajectory, fuelled by a confluence of factors. The rising popularity of hybrid work models, evolving employee preferences, the growth of startups and SMEs, diversification of demand across industries, expansion beyond metro cities, and the continuous integration of technology and amenities will all contribute to this positive outlook. With a projected market size of 106.0 million sq ft by 2027, flexible workspaces are poised to become an even more dominant and integral part of India's commercial real estate landscape.



Source: D&B Research, Industry Sources

The Indian flexible workspace market is experiencing a surge in growth, fuelled by ambitious expansion plans from established players and a growing demand for adaptable work solutions.

- Marking its entry into South India, WeWork plans to inaugurate its first building in Chennai in June 2024. This signifies their commitment to expanding their national presence and catering to the growing demand in Tier-I cities.
- Targeting a significant increase in their portfolio (4 million sq ft in 18 months), 315Work Avenue plans to expand geographically to Delhi NCR and Hyderabad. This highlights the growing demand for flexible workspaces beyond traditional hubs like Mumbai and Bangalore.
- Earmarking substantial investments (Rs 40-50 crore) for expansion, Urban Vault plans to add 1 million sq ft to its existing portfolio within two years. Additionally, they aim to enter new markets like Hyderabad and Pune, while evaluating Delhi NCR and strengthening their presence in Bangalore catering the diverse needs of a growing market.
- With a current portfolio of 10 million sq ft, Smartworks aims to reach 30 million sq ft and offer 50,000 seats within the next four years

The demand for flexible workspaces is spreading beyond traditional hubs, with companies expanding to Tier-II and Tier-III cities. The market is evolving beyond co-working spaces to offer a wider range of solutions, including managed office solutions and premium workspace options.

Emerging Trends
The Indian flexible workspace market is on a dynamic trajectory, constantly evolving to meet the needs of a changing work landscape.

Beyond Metro Cities: Tier-II and Tier-III Focus: The demand for flexible workspaces is no longer confined to metro cities. Tier-II and Tier-III cities are witnessing a significant rise in demand, driven by growing startup ecosystems, expanding businesses, and the increasing availability of high-quality flexible workspace options. This trend will lead to the emergence of new players and expansion of existing ones in these markets, catering to the specific needs of local businesses.

Tech-Enabled Workspaces and Amenities: Technology is becoming an even greater differentiator in the flexible workspace market. Landlords and operators are integrating advanced technologies like AI-powered access control systems, smart building features, room booking applications, and seamless internet connectivity. Additionally, amenities are evolving to cater to the well-being and productivity of users. This could include nap pods, fitness centers, relaxation areas, and on-site cafes or restaurants.

Focus on Community and Collaboration: While flexibility remains the core value proposition, fostering a sense of community is becoming increasingly important. Flexible workspace operators are creating opportunities for interaction and collaboration through networking events, workshops, and social gatherings. This caters to the needs of the modern workforce, particularly millennials and Gen Z, who value a sense of belonging and connection beyond just a physical workspace.

Sustainability and Environmental Consciousness: Sustainability is becoming a key consideration for both businesses and workspace providers. Flexible workspace operators are adopting eco-friendly practices like using recycled materials, energy-efficient lighting and appliances, and promoting green commuting options. This aligns with the growing environmental consciousness of businesses and individuals.

Hybrid Work Solutions and Managed Office Evolution: The rise of hybrid work models has created a demand for flexible solutions that cater to both remote and in-office needs. We can expect to see the emergence of more hybrid work packages that offer a combination of co-working space access, private office days, and virtual office solutions. Additionally, managed office offerings are likely to evolve, providing a more comprehensive solution that includes not just workspace but also IT infrastructure, administrative support, and other value-added services.

Increased Focus on Data Security and Privacy: As businesses increasingly utilize flexible workspaces, data security and privacy are paramount concerns. Operators are implementing robust security measures to ensure the confidentiality and integrity of user data. This includes features like secure Wi-Fi networks, access control systems for sensitive areas, and data encryption protocols.

Rise of Customized Workspace Solutions: The one-size-fits-all approach is giving way to a more customized workspace experience. Flexible workspace operators are offering tailored solutions that cater to the specific needs and preferences of businesses. This could involve customized workspace layouts, unique branding integration, or on-demand amenities.

Coworking Mergers and Acquisitions: As the market matures, it might witness consolidation through mergers and acquisitions among flexible workspace operators. This could lead to the emergence of larger players with wider networks and a stronger presence across different cities.

Competitive Landscape

The Indian flexible workspace market is a thriving ecosystem teeming with established players and ambitious new entrants. This dynamic landscape offers businesses a diverse range of solutions, catering to their unique needs and growth aspirations. WeWork, IWG Plc (Regus & Spaces), and other global giants hold a significant market share in India. They boast extensive networks of locations across major cities, offering a variety of solutions from co-working spaces to private offices. Their brand recognition, established infrastructure, and international expertise pose a challenge for new players in terms of attracting clients and securing prime locations.

Established Indian players like Awfis and Smartworks have a strong foothold in the market. They understand the local business culture and cater to specific needs. Their well-developed brand presence, existing client base, and established relationships with landlords can make it difficult for new entrants to gain traction.

The Indian market is witnessing a surge in regional players catering to specific cities or Tier-II and Tier-III locations. These players have a deep understanding of local needs and often offer cost-effective solutions. New entrants may find themselves competing for the same client base, particularly startups and small businesses, in these emerging markets.

Major real estate developers like DLF, Embassy Group, and Brigade Group are recognizing the potential of the flexible workspace market. They are entering the landscape in two keyways:

- Developing Flexible Workspace Ready Buildings: These developers are constructing office buildings specifically designed to accommodate flexible workspace operators. This includes features like modular layouts, high-speed internet infrastructure, and amenities catering to a dynamic work environment.
- Partnerships with Established Operators: Real estate developers are partnering with established flexible workspace operators to leverage their expertise in design, management, and marketing. This provides a win-win situation, allowing developers to optimize their assets and operators to gain access to prime locations.

In this dynamic market, players are striving to differentiate themselves by:

- <u>Focus on Specific Industries</u>: Some players cater to specific industry needs, offering customized workspace solutions and fostering industry-specific communities.

- Technology Integration: Advanced technologies like mobile apps for booking amenities, seamless access control, and IoT-enabled solutions are becoming differentiators, offering a more convenient and efficient user experience.
- Sustainability and Wellness Initiatives: A growing focus on eco-friendly practices and employee well-being is attracting environmentally and socially conscious businesses.
- The Indian flexible workspace market is expected to witness continued growth and diversification. Established players will continue to expand their national presence, while emerging challengers will focus on regional growth and niche offerings. Collaboration between flexible workspace operators and real estate developers will be a key driver of innovation and expansion. As the market matures, it can be expected to provide even more specialized solutions, a relentless focus on technology and user experience, and a growing emphasis on sustainability and employee well-being. This collaborative approach will ensure that the Indian flexible workspace market remains agile, adaptable, and well-positioned to cater to the evolving needs of a dynamic business landscape.

Key Player Profiles

wework

Company Profile

- WeWork is a leading provider of flexible workspace solutions with a global presence, including a significant footprint in India.
- Founded in 2010, with Headquarters in New York City, USA

India Presence

- WeWork has a significant presence in India with over 54 locations spread across seven major cities, including Bangalore, Mumbai, Delhi NCR, Hyderabad, Pune, Chennai (upcoming in June 2024), and others.
- They are known for offering a vibrant work environment and catering to the needs of a diverse clientele.

Recent Developments

- WeWork recently went public via a merger with a special-purpose acquisition company (SPAC) in October 2021.
- They continue to focus on expansion in India, with their upcoming Chennai debut marking their entry into South India.

Strengths

- Innovative and design-focused workspace environments
- Strong focus on community building and fostering collaboration
- Technology integration for a seamless user experience
- Extensive network of locations across major cities globally

awfis

Company Profile

- Awfis Space Solutions Ltd. (Awfis) is a prominent Indian player in the flexible workspace market, known for its focus on catering to the specific needs of domestic businesses
- Founded: 2014
- Headquarters: New Delhi, India

Key Services

- Co-working spaces
- Private cabins
- Dedicated office suites
- Managed office solutions (customizable office spaces with dedicated support services)
- Virtual office solutions

Recent Developments

- Awfis announced its plan for an initial public offering (IPO) in September 2023, signifying their growth and potential for expansion.
- They are actively diversifying their portfolio beyond co-working spaces to cater to the evolving needs of companies, with a focus on managed office solutions.
- They are expanding their presence in Tier-II and Tier-III cities, reflecting the growing demand for flexible workspaces in these regions

Strengths

- Focus on technology integration: Seamless online booking systems, mobile apps for amenity access, and potentially IoT-enabled solutions.
- Understanding the needs of Indian businesses: Offers workspace solutions tailored to the Indian work culture and business environment.
- Vibrant work environment and focus on community building.
- Extensive network across India: Present in all Tier 1 cities and several Tier 2 cities, making them a convenient option for businesses with a national presence.

SMARTWORKS

Company Profile

- Smartworks Coworking Spaces Private Limited, often referred to as Smartworks, is a prominent Indian player in the flexible workspace market.
- Founded: 2015
- Headquarters: New Delhi, India

Key Services

- Co-working spaces
- Private offices (pre-built and customizable)
- Managed office solutions (providing comprehensive services alongside workspace)

Recent Developments

- Smartworks has witnessed significant growth in recent years, expanding its footprint across India.
- They recently secured substantial funding, showcasing investor confidence in their growth potential.
- The company is actively expanding its presence in Tier-II and Tier-III cities, signifying the growing demand in these regions.
- They aim to significantly increase their portfolio size in the coming years, highlighting their ambitious growth plans.

Strengths

- Premium and design-focused workspace environment with high-quality amenities
- Technology integration: Seamless online booking systems, mobile apps, and potentially smart office features.
- Emphasis on client satisfaction and providing a holistic work experience.
- Focus on scalability and customization to cater to evolving business needs