

# Industry Report on Flexible Workspaces Segment in India, Middle East and South East Asia

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Prepared for Executive Centre India Limited



1 July 2025

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

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*TEC Group refers to Willow Holdco Pte. Ltd., one of Executive Centre India Limited's Corporate Promoters, and its direct and indirect subsidiaries, which includes Executive Centre India Limited and its subsidiaries (as per information provided by the Company).*

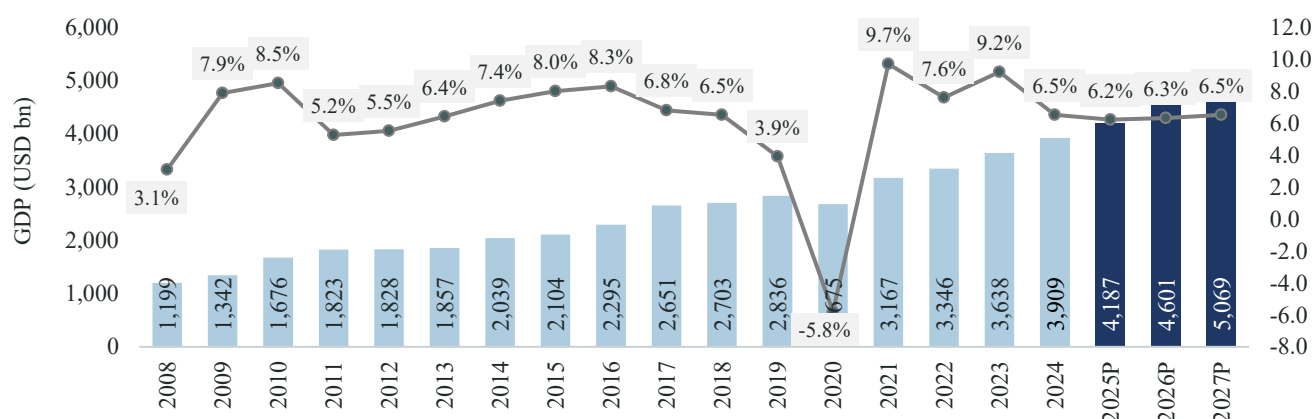
## INDIA

### Economy Overview

#### World's Fastest Growing Major Economy

India is one of the fastest-growing economy in the world and as of June 2025, India is the fourth largest economy after the US, China, and Germany (Source: Press Information Bureau, Government of India, June 2025). For 2023, India had a Gross Domestic Product (GDP) growth rate of 9.2% compared to the world's growth of 3.5%, and APAC region's 5.1% growth, demonstrating a strong economic rebound post-COVID-19. This growth was driven by increasing domestic demand and employment surpassing pre-pandemic levels and rising service sector exports. India's GDP growth rate was 6.5% for 2024, and is forecast to be 6.2% in 2025, showing steady growth compared to the Emerging Asian economies such as China (4.0%), Indonesia (4.7%), Philippines (5.5%). India is projected to be world's fastest growing economy. (Source: Press Information Bureau, Government of India, June 2025)

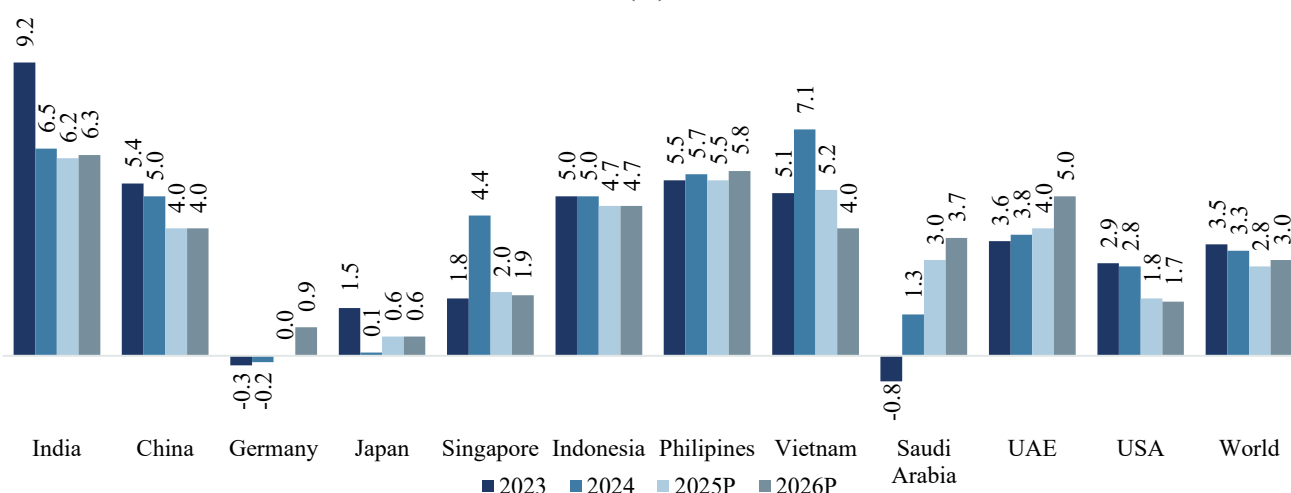
India GDP Size and Growth (2008 - 2027P)



Source: IMF database as of April 2025, World Economic Outlook April 2025<sup>1</sup>

For India, data and forecasts are presented on a fiscal year basis, and GDP from 2011 onward is based on GDP at market prices with fiscal year 2011/12 as a base year. (Refer to Pg 12, Note 3)

GDP Growth Rates (%) for Select Economies



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

Note 1: Although the IMF provides data for the majority of countries in the Calendar Year (CY), the values for India are published in the Fiscal Year ("FY"). Here the growth rate shown in the 2023 bar reflects the growth rate of FY2022/23 (starting in April 2022).

Note 2: Countries with presence of TEC Group are shown along with top economies of the world.

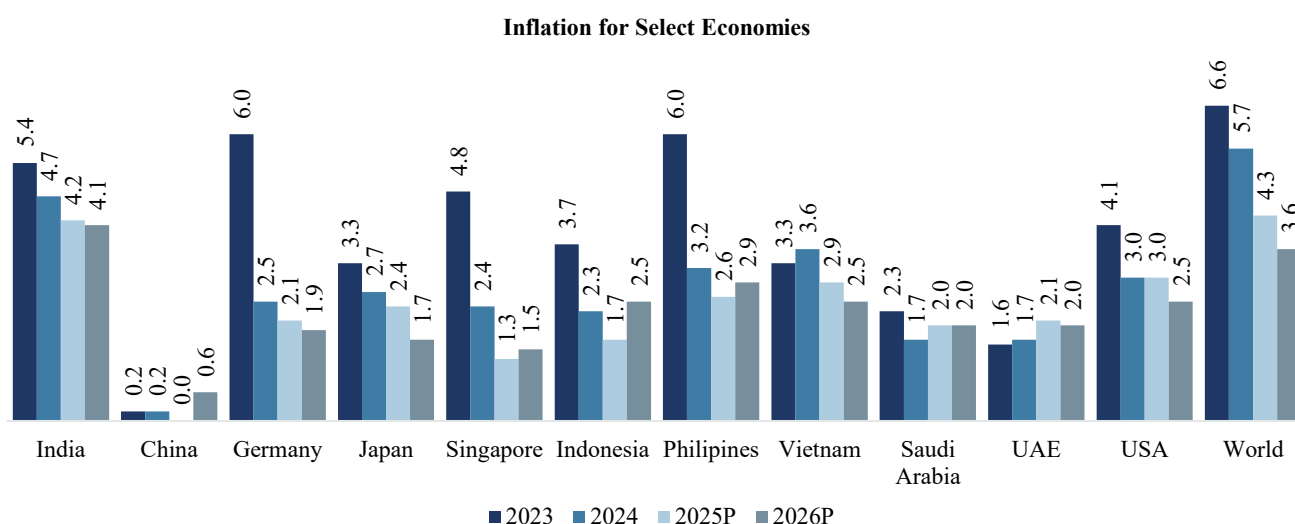
<sup>1</sup> IMF, World Economic Outlook, April 2025



Despite global uncertainties and downward revisions in growth forecasts for other large economies, India is set to maintain its leadership in global economic growth. Supported by strong fundamentals and strategic government initiatives, the country is well-positioned to navigate the challenges ahead. With reforms in infrastructure, innovation, and financial inclusion, India continues to enhance its role as a key driver of global economic activity. (Source: Press Information Bureau, Government of India, April 2025)

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

**Stable Inflation Environment** - Global headline inflation is expected to decline at a pace that is slightly slower than what was initially forecast in January, reaching 4.3% in 2025 and 3.6% in 2026, with notable upward revisions for advanced economies and slight downward revisions for emerging market and developing economies in 2025. (Source: IMF Data Mapper, April 2025) RBI forecast inflation to be 4.0% in 2025-26 with quarterly estimates at 3.6% in Q1, 3.9% in Q2, 3.8% in Q3, and 4.4% in Q4. (Source: Press release, RBI Issues April 2025 Policy Update, April 2025).



Source: IMF estimates, Data Mapper, April 2025

**Stable Interest Rates Environment** - The RBI increased the repo rate (Repurchasing Option rate) by 250 bps (in phases) from 4.0% in January 2022 to 6.5% in February 2023 as a measure to curb rising inflation. The Monetary Policy Committee, after a detailed assessment of the evolving macroeconomic and financial developments and the economic outlook, reduced the policy repo rate in following timeframe: The reverse repo rate continues to be stable at 3.35% from April 2023 to November 2024 and remains unchanged as of 6<sup>th</sup> June, 2025. (Source: RBI Bulletin, January 2025, Policy Update by RBI, April 2025 & June 2025)

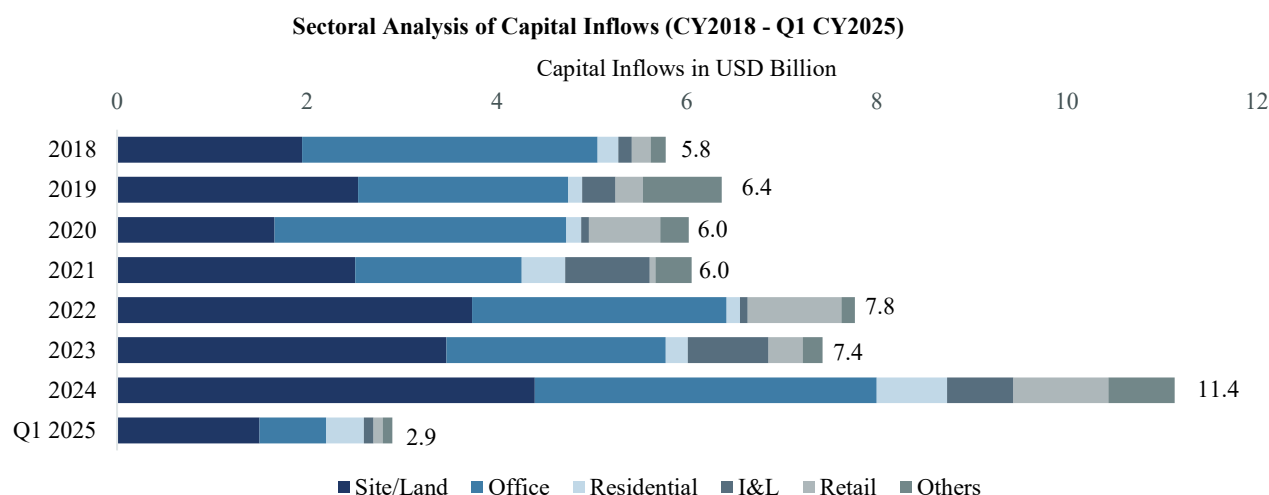
Date of Change in Repo Rate	Change in Repo Rate	Effective Repo Rate (%)
7 <sup>th</sup> February, 2025	25 basis points reduction	6.25%
9 <sup>th</sup> April, 2025	25 basis points reduction	6.00%
6 <sup>th</sup> June, 2025	50 basis points reduction	5.50%

Source: Press Information Bureau, Policy Update by RBI, April 2025, Press Information Bureau, Policy Update by RBI, June 2025

**Interest From Long-Term Foreign Investors** – The inflow of Foreign Direct Investment (FDI) into India grew from USD 55.6 billion in FY2016 to USD 81.0 billion in FY2025, reflecting a CAGR of 4.3% over the stated period. Total FDI inflows from April 2000 to March 2025 were recorded at USD 1,072 billion. (Source: Department for Promotion of Industry and Internal Trade) In

the 2024 Kearney FDI Confidence Index<sup>2</sup>, India was ranked fourth within the Emerging Market Economy (EME) category. (Source: Department of Economic Affairs, Monthly Economic Review, April 2024)

The expanding real estate market has seen a significant rise in capital investments from both local and foreign investors. Since 2018, the sector has garnered approximately USD 53.7 billion in equity capital, with yearly inflows averaging more than USD 7 billion.

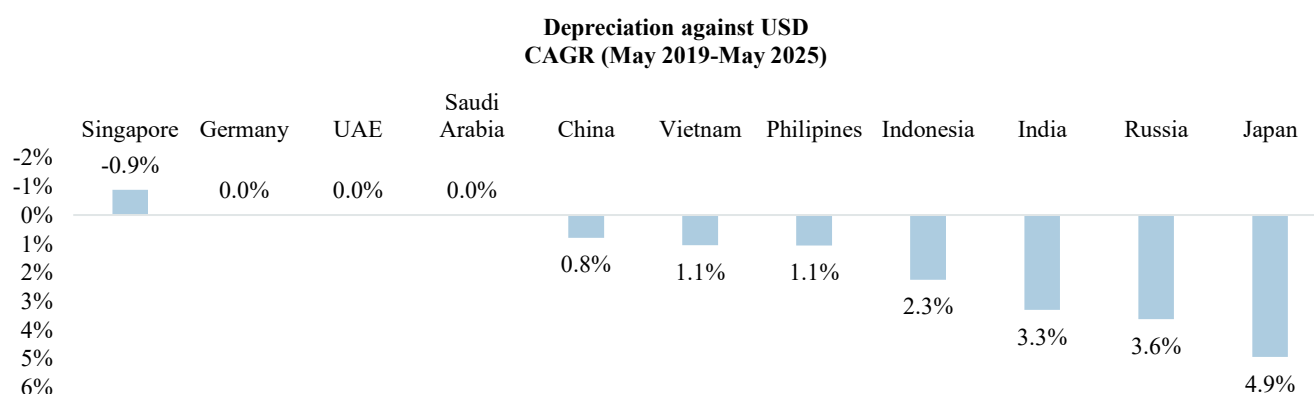


Source: Real Capital Analytics, VC Circle, Data as of Q1, CY2025

Over the past seven years, the acquisition of land parcels and office assets has consistently been a primary focus for investors. This trend continued in Q1 CY2025, with development sites and land attracting approximately USD 4.4 billion, which constituted nearly 39% of the total capital inflows during CY2024. The office sector followed closely, with capital inflows of around USD 3.6 billion, representing nearly 32% of the total in CY2024. Tier 1 cities maintained their status as key markets for capital inflows in the office segment, accounting for a substantial share of over 90% in CY2024 (Source: RCA, VCC Edge).

**Depreciation of Indian Currency against US Dollar** - India's foreign exchange reserves stood at USD 696.6 billion, as of 6<sup>th</sup> June, 2025. (Source: RBI, June 2025). This offers an import cover of nearly 11 months reflecting the strength of the external sector. (Source: Press Release by Ministry of Finance, RBI Issues April 2025 Policy Update)

The graph below illustrates the CAGR depreciation of the local currency of various countries against the USD.



Source: Bilateral Exchange Rates,<sup>3</sup> May 2025

<sup>2</sup> The Kearney FDI Confidence Index® is an annual survey of global business executives that ranks markets that are likely to attract the most investment in the next three years.

<sup>3</sup> Bank for International Settlements (2024), Bilateral exchange rates, BIS WS\_XRU 1.0 (data set), <https://data.bis.org/topics/XRU/data> (accessed on 22 April 2025).

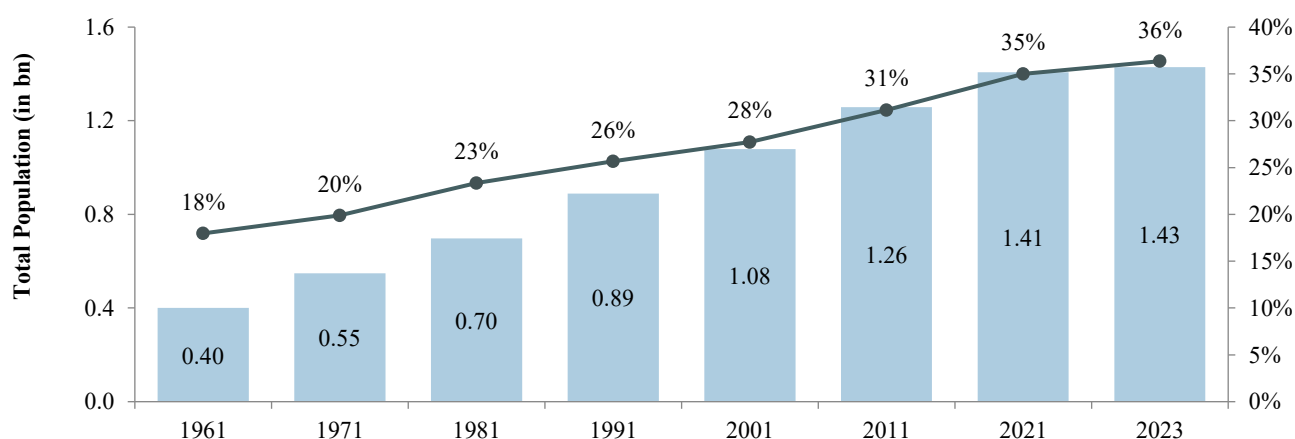
The RBI is diversifying its foreign exchange reserves by increasing gold reserves, a trend observed globally. Notably, there has been a substantial rise in gold holdings, increasing from 5.5% to 12.3 % (Source: Reserve Bank of India, June 2025) of total foreign exchange reserves between 24<sup>th</sup> May, 2019 and 06<sup>th</sup> May, 2025.

### Key Demographic Indicators

**Population** - From 2011 to 2024, India's population increased from 1.26 billion to 1.44 billion people (CAGR of 1.06%), making it the world's largest population. (Source: IMF, April 2025) Approximately 68.7% of this population is within the 15-64 age bracket, positioning India as the country with the largest workforce population worldwide as of 2024. (Source: UNFPA) India's population is forecast to reach approximately 1.5 billion by 2029. (Source: IMF, Data Mapper, October 2024) Further, with a median age of 31 in 2030 (versus 42 in China, 40 in the US) India is forecast to remain one of the youngest nations in the world with one of the largest working-age population. In 2030, it is expected that Millennials and Generation Z<sup>4</sup> will constitute approximately 77% of India's population. (Source: Future of Consumption in Fast-Growth Consumer Markets – India, January 2019, World Economic Forum) The country's demographic trend highlights the growing potential for a demographic dividend. The current young population, with a median age of around 28 years, compared to the ageing population of developed countries, is the key driver of the growth potential. (Source: Economic Survey 2024-25)

**Urbanization** - The proportion of urban population in India increased from 31% in 2011 to 36% in 2023 and is projected to rise to approximately 40% by the year 2036. (Source: World Bank Open Data)

India's Population and Urbanization Rate



Source: Urbanisation Rates from World Bank – Data as of July 2024, Total Population from IMF Data Mapper as of April 2025

**Availability of Skilled Workforce** - India has one of the largest higher education<sup>5</sup> systems in the world and is ranked second in terms of higher education network. (Source: Ministry of Education, Study in India) As of 2022, India had roughly 265 million students attending 1.5 million schools and 11.31 million graduates. Enrolment in higher education institutions grew by a CAGR of 3.4% between 2015 and 2022, from 34.2 million to 43.3 million respectively. (Source: Ministry of Education, AISHE 2021-2022)

As per NASSCOM, India had an annual supply of over 2.5 million graduates in Science, Technology, Engineering, and Management (STEM) fields in FY2023, making it one of the largest graduate pools in the world. The 2023 AT Kearney Global Locations Service Index ranks India second globally for its technology-skilled workforce. (Source: NASSCOM, Strategic Review 2024)

**Gross Enrolment Ratio** - India's Gross Enrolment Ratio (GER)<sup>6</sup> for higher education was estimated at 28.4% in 2022. The National Education Policy, implemented in 2020, aims to enhance the GER to 50% by the 2035. (Source: All India Survey on Higher Education, 2021-2022)

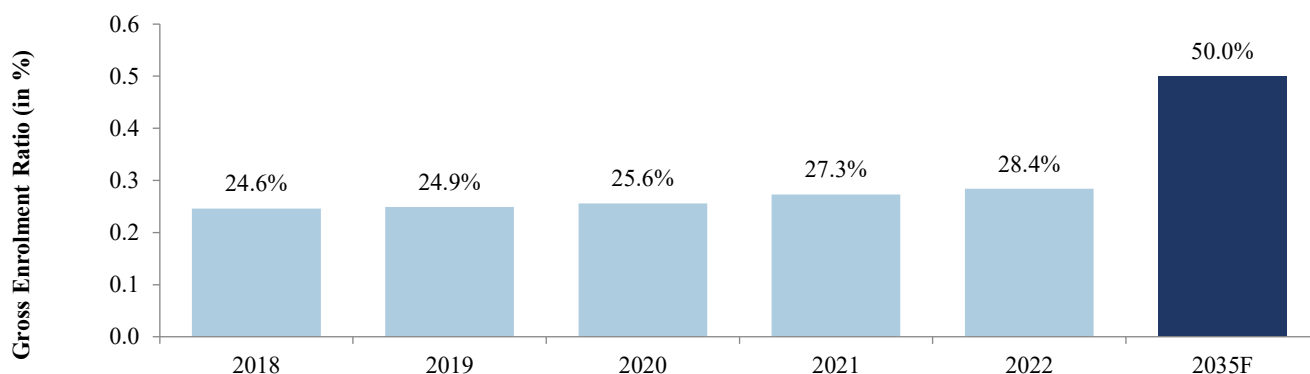
<sup>4</sup> As per World Economic Forum, Millennials are people born between 1981 to 1996; Generation Z refers to people born between 1997 to 2012

<sup>5</sup> The term 'higher education' with respect to India denotes the tertiary level education that is imparted after 12 years of schooling (10 years of primary education and 2 years of secondary education).

<sup>6</sup> GER is a key indicator of the level of participation in higher education within a given population. Higher GER values indicate greater enrolment in higher education among the 18 – 24 years age group.



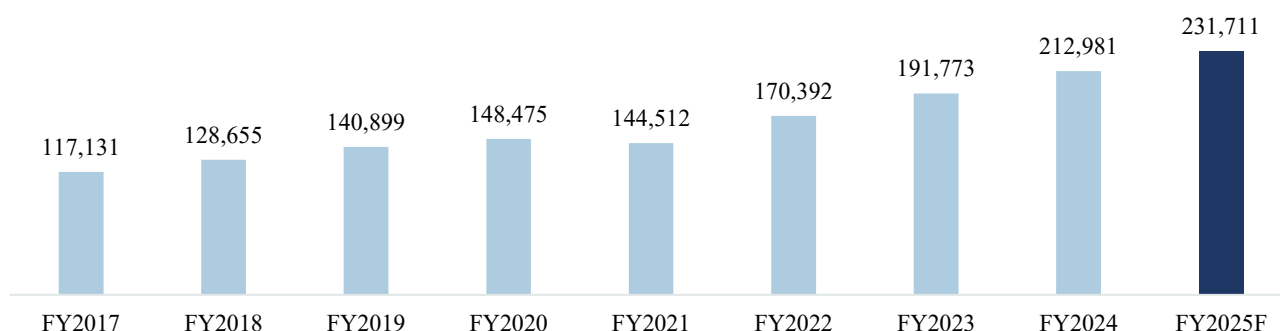
### India's Gross Enrolment Ratio (GER) - Historical & Expected



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

**Growing per capita income** - India's per capita income has exhibited growth over recent years. The per capita Gross National Income in India increased from ₹ 1,17,131 in FY2017 to ₹ 212,981 in FY2024, reflecting a CAGR of 8.9% over this period. (Source: Second Advance Estimates of Gross Domestic Product for 2024-25, Ministry of Statistics and Programme Implementation, February 2025)

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

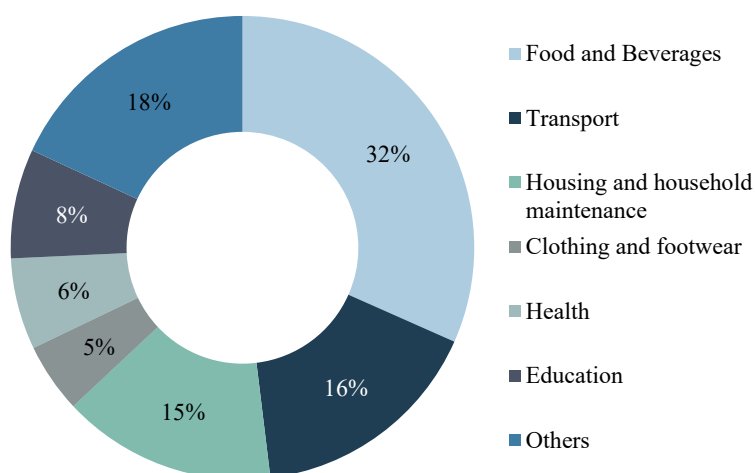


Source: FY2017 to FY2024 figures from National Accounts Statistics, 2025 and FY2025F figure from Second Advance Estimates of Gross Domestic Product for 2024-25, Ministry of Statistics and Programme Implementation, February 2025

India's Individual consumption expenditure by households (at current prices) has increased from ₹ 150.7 trillion to ₹ 190.7 trillion between FY2022 and FY2024 exhibiting a CAGR of 12.5% over this period. (Source: National Accounts Statistics, Ministry of Statistics and Programme Implementation, May 2025) Moreover, the per capita private final consumption expenditure<sup>7</sup> in India (at constant prices) has increased from ₹ 63,807 in FY2022 to ₹ 71,016 in FY2024.

<sup>7</sup> Private final consumption expenditure (PFCE) includes final consumption expenditure of (a) households and (b) non-profit institutions serving households (NPISH) like temples, gurdwaras. The final consumption expenditure of households relates to outlays on new durable as well as non-durable goods (except land) and on services.

### Split of Household Individual Consumption Expenditure (at current prices), FY2024



Source: Ministry of Statistics and Programme Implementation, April 2025

Note – The data is measured at current prices; Others include expenditure incurred on categories such as Communication, Recreation and Culture, Restaurants and Hotels and Miscellaneous goods and services.

With the increase in income levels and disposable income, Indian consumer behaviour is evolving, enabling individuals to afford aspirational shopping, experiences, and purchases that go beyond necessities. From FY2016 to FY2024, the Household Individual Consumption Expenditure on Transport, Recreation and Culture, and Restaurants and Hotels has grown at a CAGR of 12.5%, 10.5%, and 12.3%, respectively. (Source: Ministry of Statistics and Programme Implementation, April 2025) This highlights a change in the spending habits of Indian households. The increase in consumption expenditure across key areas such as Food & Beverages, Clothing, Transport, and Hotels, supported by rising income levels, indicates that Indian consumers are now more likely to spend on quality, variety, and convenience, along with more experiential offerings.

### Labor Force Participation Rate and Employment

Key indicators, including India's worker population ratio and labour force participation rate, have demonstrated a positive trend over the past six years. This improvement has been bolstered by various Government initiatives such as the Atmanirbhar Bharat Abhiyan<sup>8</sup>, the Production Linked Incentive Scheme<sup>9</sup>, Start-Up India<sup>10</sup>, and the Skill India Mission<sup>11</sup>, all of which have been enacted to facilitate job creation and foster a supportive environment for Small and Medium Enterprises (SMEs) and startups.

The net payroll additions to the Employees' Provident Fund Organisation (EPFO) have increased from 6.11 million in FY2019 to 13.15 million in FY2024, with further addition of 12.98 million in FY2025. (Source: Ministry of Labour and Employment, May 2025) A rise in hiring has occurred across organized sectors such as Information Technology, Engineering & Manufacturing, Education, Banking, Financial Services, and Insurance (BFSI), among others. (Source: Ministry of Labour and Employment, April 2025) This increase in employment and labour force participation rate has been accompanied by a reduction in the overall unemployment rate from 6.0% in 2017-2018<sup>12</sup> to 3.2% in 2023-2024. Additionally, youth participation in the labour force<sup>13</sup> has grown, with the unemployment rate among the younger population (ages 15-29) decreasing from 17.8% in 2017-2018 to 10.2% in 2023-2024. (Source: The Indian Economy Review – January 2024, Economic Survey, 2024, Department of Economic Affairs; Annual Report, Periodic Labour Force Survey 2023-2024)

<sup>8</sup> Launched on 12 May 2020, with an aim is to make the country and its citizens independent and self-reliant in all senses by focusing on five pillars of Aatma Nirbhar Bharat – Economy, Infrastructure, System, Vibrant Demography and Demand

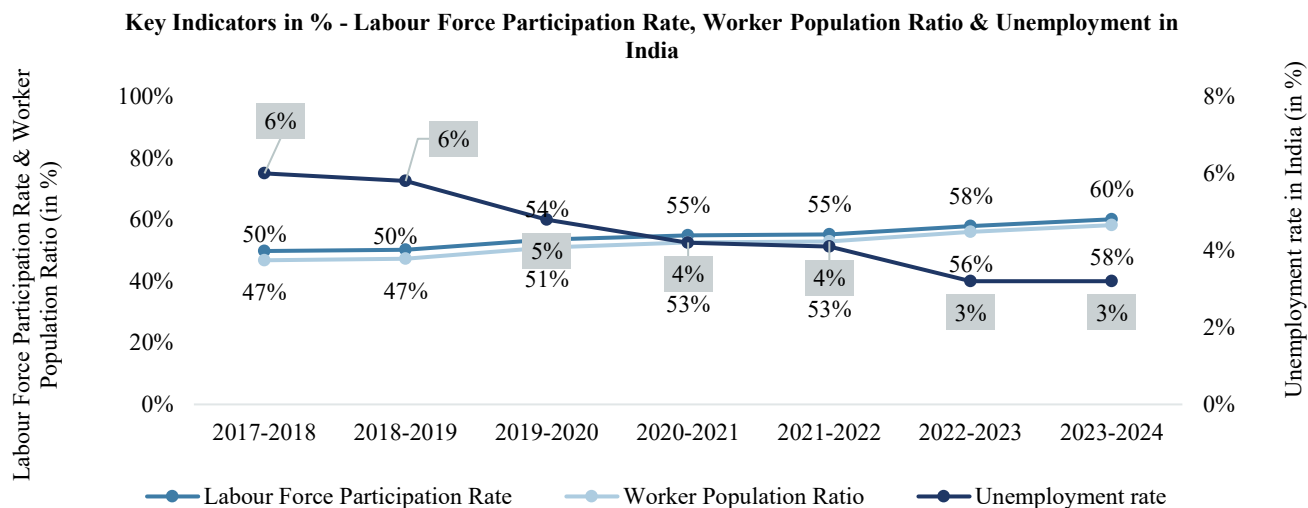
<sup>9</sup> A scheme launched to enhance India's manufacturing capabilities, increase in capital expenditure, and to promote worker welfare and attract investments in key sectors, bring economies of size and scale in the manufacturing sector and generate employment.

<sup>10</sup> Launched on 16<sup>th</sup> January 2016, it is a flagship initiative of the Government of India, intended to catalyse startup culture and build a strong and inclusive ecosystem for innovation and entrepreneurship in India.

<sup>11</sup> Includes skill training initiatives.

<sup>12</sup> The survey period of PLFS surveys is from 1<sup>st</sup> July to 30<sup>th</sup> June of next year.

<sup>13</sup> Approximately 2/3<sup>rd</sup> of the new subscribers in EPFO payroll have been from the 18-28 years age group.



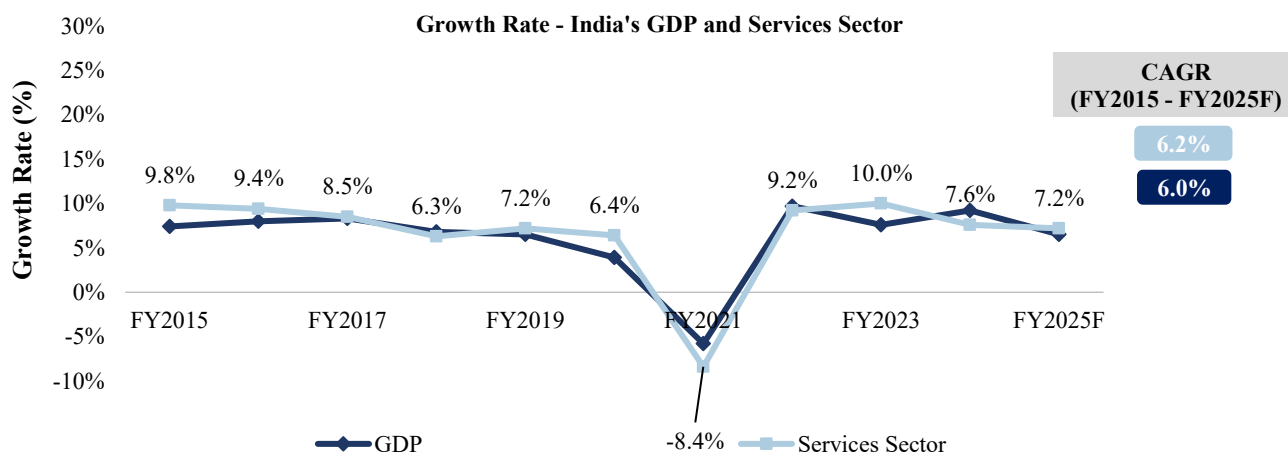
Source: Periodic Labour Force Surveys, Employment and Unemployment Scenario of India, September 2024, Ministry of Statistics and Programme Implementation

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

The Reserve Bank of India's latest KLEMS<sup>14</sup> Data indicates that employment in the country has grown at a CAGR of 5.2% over the period from FY2018 to FY2024, rising from 475 million in FY2018 to 643 million in FY2024. (Source: Ministry of Labour & Employment, Press Release, July 2024) This increase is supported by the services sector, which saw employment grow from 141 million in FY2013 to 201 million in FY2023, achieving a CAGR of 3.6%. This highlights the sector's growth and a favourable shift towards white-collar employment. (Source: RBI, KLEMS employment Database, July 2024) This positive trend is further supported by next-generation industries in critical sectors such as Information Technology, Sustainability, Healthcare, and Automobiles, among others.

### Services Sector

As one of the main drivers of India's economic expansion, the services sector<sup>15</sup> accounts for approximately 55% of the total Gross Value Added<sup>16</sup> in FY2024, according to the Economic Survey of 2024. The sector's performance, bolstered by a rise in business activities<sup>17</sup> and employment, has exceeded GDP growth over the corresponding period.



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

<sup>14</sup> The KLEMS (K: Capital, L: Labour, E: Energy, M: Materials and S: Services) database published by Reserve Bank of India's (RBI) provides employment estimates at all India level including public and private sectors.

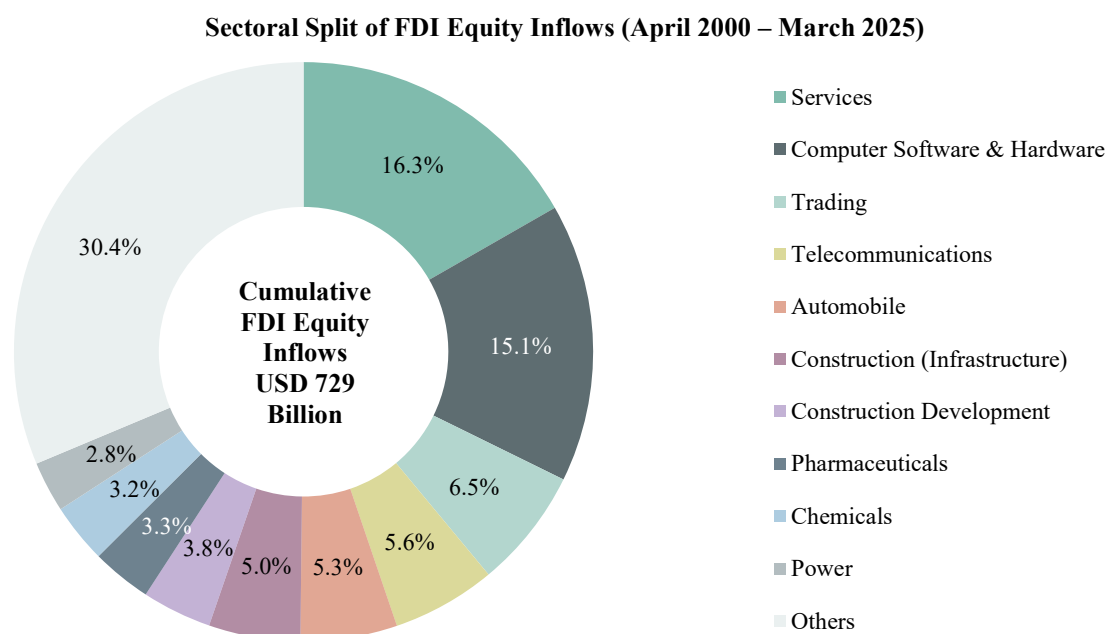
<sup>15</sup> According to the National Accounts classification, Services Sector covers a wide range of activities such as trade, hotels, and restaurants; transport storage and communication; financing, insurance, and real estate; and business services; and community, social and personal services. In the World Trade Organization (WTO) and Reserve Bank of India (RBI) list of services, construction is also included. (Source: Government of India)

<sup>16</sup> Gross value added at basic prices is defined as output valued at basic prices less intermediate consumption valued at purchasers' prices.

<sup>17</sup> In March 2024, services PMI increased to 61.2. (Source: Press Release, Ministry of Finance, 22<sup>nd</sup> July 2024)

India's services sector attracted the highest Foreign Direct Investment (FDI) equity inflows amounting to USD 118.8 billion between April 2000 and March 2025, accounting for approximately 16%\* of the total FDI equity inflows in India during this timeframe. In the past four years, the FDI equity inflows into the services sector have remained within the 14% to 17% range. The Construction Development (Real Estate sector) has attracted about 4% of FDI equity inflows, equating to USD 27.14 billion, during the period from April 2000 to March 2025.

\*Services sector's FDI share on cumulative amount of FDI equity inflow excluding, amount remitted through RBI's NRI Schemes (USD 728.9 billion)

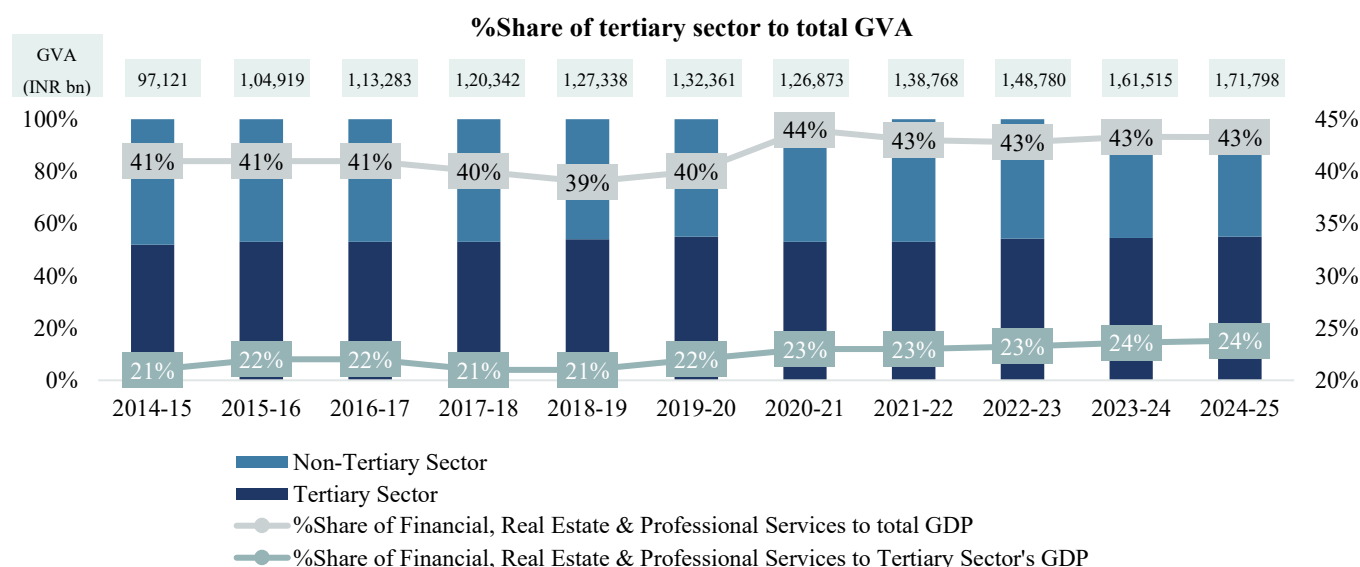


Source: Department for Promotion of Industry and Internal Trade, Factsheet, March 2025

Note 1: (i) Services sector includes Financial, Banking, Insurance, Non-Financial / Business, Outsourcing, R&D, Courier, Tech, Testing and Analysis, Other  
(ii) Others include power, non-conventional energy, hotel & tourism, food processing industries, electrical equipment, information & broadcasting, education, consultancy services, and electronics amongst other sectors.

Note 2: %age worked out in USD terms and FDI inflow received through Government Route + Automatic Route + acquisition of existing shares only.

As highlighted in the below graph, over the past 10 years, the contribution of financing, real estate, and professional services in the overall GVA<sup>18</sup> has been in the range of approximately 21 – 24%.



<sup>18</sup> Gross Value Added (GVA) at basic prices is defined as output valued at basic prices less intermediate consumption valued at purchasers' prices.

Source: National Account Statistics, May 2025, Second Advance Estimates of annual GDP, 2024-25, Ministry of Statistics and Programme Implementation.  
 Note – Non-Tertiary Sector includes the Primary and Secondary Sectors, where the Primary sector includes agriculture, forestry and fishing, mining, and quarrying; the Secondary sector includes manufacturing, construction, electricity, gas, and water supply; the Tertiary sector includes trade, hotels, transport and communication, Financing, real estate and professional services, public administration, defence, and other services.

<sup>1</sup>2<sup>nd</sup> Revised Estimates; <sup>2</sup>1<sup>st</sup> Revised Estimates; <sup>3</sup>2<sup>nd</sup> Provisional Estimates at constant prices; <sup>4</sup>1<sup>st</sup> Advanced Estimates at constant prices

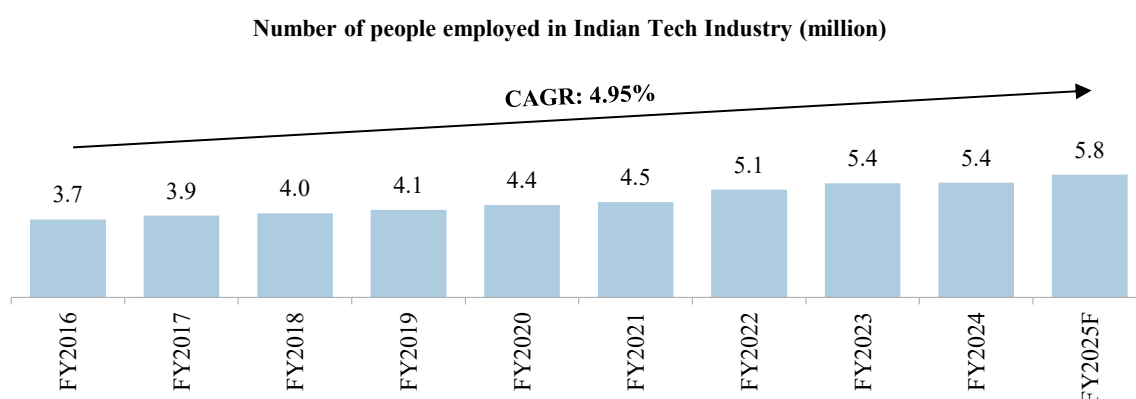
\*According to National Accounts Statistics, Real Estate Services includes all types of activities and dealers such as operators, developers and agents connected with real estate in India.

## The Technology Industry<sup>19</sup> within the Services Sector

COVID-19 has fastened the move towards use and implementation of technology, particularly in cloud services, data analytics, e-commerce, and digital transformation (Source: Ministry of Commerce & Industry, April 2024). The Indian technology sector is advancing, with a shift towards higher value-added services. Indian companies and Global Capability Centres ("GCCs") of multinational corporations are providing comprehensive services to their clients.

With a revenue of USD 268.8 billion in FY2024, the technology industry is estimated to grow by 5.1% reaching revenue of USD 282.6 billion in FY2025. (Source: NASSCOM) This positive trend is also evident in the estimated direct employment in the sector, which is approximately 5.8 million in FY2025, with a net increase of 1,26,000 employees<sup>20</sup> over FY2022-23. (Source: NASSCOM,) India remains a preferred global sourcing destination, accounting for about 57-58% of global sourcing<sup>21</sup>. (Source: NASSCOM: Rewiring Growth in the Changing Tech Landscape, Strategic Review, 2024)

The Government has implemented focused initiatives<sup>22</sup> with the objective of establishing India as a leading global hub for tech talent. (Source: Invest India, Digital India: Revolutionising the Tech Landscape, February 2024)



Source: Ministry of Electronics and Information Technology as of April 2025

## Major Structural Reforms and Initiatives Positively Impacting Real Estate in India

- 1. Amendment to SEBI (REIT) Regulations, 2014; March 2024:** The Securities Exchange Board of India (SEBI) has established the Small and Medium Real Estate Investment Trusts (SM REITs) Framework to ensure regulatory oversight, sufficient disclosures, and an investor grievance redressal mechanism. This amendment enables investors to invest in completed, rent-generating real estate with a minimum investment of ₹ 1 million, across assets ranging from ₹ 500 million to ₹ 5 billion, as opposed to the previous minimum asset investment requirement of ₹ 5 billion for REITs. The maximum asset value for SM REITs is set at the minimum asset value mandated for REITs, thus paving the way for smaller asset owners to monetize their real estate investments. Consequently, rent-generating assets of smaller configurations, such as standalone office buildings, mixed-use buildings, business parks, clusters of shops in shopping centres which are typical in tier I, II, and III cities, and storage sheds or warehouses under 100,000 square feet, are potential targets for SM REITs.

<sup>19</sup> The technology sector is the category of companies relating to the research, development, or distribution of technologically based goods and services.

<sup>20</sup> Digital talent refers to skills, skill sets, roles, and profiles required for executing digital transformation projects.

<sup>21</sup> Global Sourcing refers to the services sourced from a country/countries different from the country where the firm receiving services is located; It includes both offshoring and near-shoring.

<sup>22</sup> Such as PM Kaushal Vikas Yojana 4.0, National Digital Literacy Mission<sup>22</sup>, Pradhan Mantri Grameen Digital Saksharta Abhiyan (PMGDisha), the world's largest digital literacy program, Centre of Excellence for IoT and AI' along with forward-looking initiatives such as National Data Governance Policy,



2. **Amendment to Special Economic Zone (SEZ) Rules, 2006; De-notification, 2023:** In early 2023, the Union Ministry of Commerce and Industry revised the act to allow for the floor-wise de-notification of leasable areas within Special Economic Zones (SEZs), converting them into non-SEZ areas. This amendment is intended to help SEZ developers attract more firms engaged in domestic activities, rather than solely export-oriented businesses. Additionally, the changes in SEZ rules are anticipated to permit corporations already established in SEZs to expand or move to de-notified spaces within the same developments.
3. **Real Estate Regulation and Development Act, 2016 (“RERA”):** RERA<sup>23</sup> was established with the purpose of protecting the interests of buyers and promoting transparency and fairness in the real estate market. The act aims to regulate and promote the real estate sector efficiently and transparently, safeguarding the interests of home buyers and fostering investment in the sector.
4. **Make in India, 2014:** The ‘Make in India’ initiative was launched to facilitate investment, promote innovation, build best-in-class infrastructure, and make India a hub for manufacturing, design, and innovation. The launch of this initiative has enabled significant progress in the manufacturing sector, infrastructure development, increased investments, and job creation. The Indian real estate industry is expected to continue playing an important role in providing necessary infrastructure for the manufacturing industry being set up by Indian and foreign businesses.
5. **Pradhan Mantri Gati Shakti National Master Plan:** ₹ 100 trillion is designated to be invested into infrastructure, intended to support economic growth. The holistic infrastructure development program plans to improve employment opportunities and in turn is likely to drive demand for commercial real estate. Economic Zones like textile clusters, pharmaceutical clusters, defence corridors, electronic parks, industrial corridors, fishing clusters, agri zones will be covered to improve connectivity. (Source: National Portal of India, Government of India) This, in turn, is likely to drive demand for commercial real estate spaces, especially across key logistic hubs and industry corridors.
6. **Insolvency and Bankruptcy Code, 2016 (“IBC”):** The IBC was introduced to provide a time-bound, unified insolvency process, and aims to maximize recovery by preserving companies as a going concern.
7. **Amendment to Insolvency and Bankruptcy Board of India (IBBI) liquidation Process Regulations, 2016; February 2024:** On 13th February 2024, the Insolvency and Bankruptcy Board of India (IBBI) amended Regulations, 2016. Wherever the corporate debtor has given possession to an allottee in a real estate project, such asset shall not form part of the liquidation estate of the corporate debtor.
8. **Goods and Services Tax, 2017 (“GST”):** GST is a unified sales tax, which has replaced approximately ten central, state, and local taxes in India. Implementation of GST has removed the cascading effects of tax to increase cost efficiency, reducing prices and leading to the formation of a unified national market.
9. **Digital Infrastructure in India -** India has a unique mix of distinctive digital public infrastructure, and technology ecosystem encompassing numerous start-ups, GCCs, SMEs and emerging tech hubs. Digital Public Infrastructure encompasses services like financial Unified Payments Interface (UPI)<sup>24</sup>, identity (Aadhaar<sup>25</sup>), Government (GSTN<sup>26</sup>), and healthcare (CoWIN<sup>27</sup>) amongst others. (Source: NASSCOM: Rewiring Growth in the Changing Tech Landscape, Strategic Review, 2024) Supported by Government initiatives such as Digital India<sup>28</sup>, PM Gati Shakti Yojana<sup>29</sup>, Jan Dhan, Aadhaar and Mobile (JAM) Trinity<sup>30</sup>, Universal Service Obligation Fund USOF, BharatNet Project<sup>31</sup>, and technological advancements, India’s Digital Infrastructure has witnessed a positive shift in recent years. (Source: PIB, Universal Connectivity and Digital India Initiatives Reaching All Areas, August 6, 2024) India is rapidly building a strong AI computing and semiconductor infrastructure to support its growing digital economy. With the approval of the IndiaAI Mission in

<sup>23</sup> As at April 2024 RERA is implemented across all Top 9 cities, including Delhi, Gurgaon, Noida, Mumbai, Bangalore, Hyderabad, Chennai, Pune and Kolkata along with all states and UTs in India except Meghalaya, Mizoram, Nagaland, Sikkim and Ladakh. (Source: Ministry of Housing and Urban Affairs, Real Estate (Regulation & Development) Act, 2016 [RERA] Implementation Progress Report, as on 08-04-2024)

<sup>24</sup> Unified Payments Interface (UPI) is a system that powers multiple bank accounts into a single mobile application (of any participating bank), merging several banking features, seamless fund routing & merchant payments into one hood. (Source: Cashless India, Government of India)

<sup>25</sup> Aadhaar is a 12-digit individual identification number which serves as proof of identity and proof of address for residents of India (Source: Cashless India, Government of India)

<sup>26</sup> Goods and Services Tax Network (GSTN) has built Indirect Taxation platform for GST to help taxpayers in India to prepare, file returns, make payments of indirect tax liabilities and do other compliances (Source: Cashless India, Government of India)

<sup>27</sup> CoWIN system is a comprehensive cloud-based IT solution for planning, implementation, monitoring, and evaluation of COVID-19 vaccination in India.

<sup>28</sup> Digital India is a programme of the Government of India with a vision to transform India into a digitally empowered society.

<sup>29</sup> An initiative to provide multimodal connectivity infrastructure to various economic zones.

<sup>30</sup> It refers to the Government of India initiative to link Jan Dhan accounts, mobile numbers and Aadhaar cards of Indians to plug the leakages of Government subsidies. such as hilly areas and dense forests.

<sup>31</sup> BharatNet, one of the largest rural telecom projects in the world, aims to provide Optical Fibre Cable (OFC) connectivity to all Gram Panchayats (GPs) in India, ensuring non-discriminatory broadband access for telecom service providers.

2024, the government allocated ₹ 10,300 crores over five years to strengthen AI capabilities. (Source: PIB, India's AI Revolution, March 2025)

- 10. Connectivity and Physical Infrastructure** – The Indian Government has undertaken several initiatives to enhance the development of highways, railways, and airports, with the objective of improving overall connectivity within the country. The National Highway (NH) network has increased by 60%, from 91,287 km in CY2014 to 146,204 km as of 11<sup>th</sup> June 2025, and there are over 100 Vande Bharat train services (51 trains) operational across the Indian railways as of Q1 2024. (Source: Press Release, Transforming India's Transport Infrastructure (2014-2025), June 2025). As indicated in the Economic Survey 2023-24, Indian Railways, with a network extending over 68,584 route km and 1.254 million employees (as of Q1 2024), is the fourth largest railway network worldwide under a single management. (Source: PIB, Ministry of Finance, July 2024). The aviation industry has observed a rise in domestic passenger traffic from 70.1 million in FY2015 to 228.1 million in FY2024. (Source: PIB, Directorate General of Civil Aviation, April 2025). The airport infrastructure in India has expanded from 74 operational airports in 2014 to 160 airports in 2024. (Source: PIB, Ministry of Civil Aviation, March 2025).
- 11. China + 1 and Europe+1 strategies** are being adopted by many global multi-national corporations (“MNCs”) to de-risk supply chain requirements and mitigate production challenges which could benefit India amongst other South-East Asian countries across various sectors including commercial real estate.

According to CBRE 2025 Asia Pacific Investor Intentions Survey<sup>32</sup>, net buying intentions<sup>33</sup> reached 13% in this year's survey, driven by substantial increase in most markets outside mainland China. After a landmark year for elections, investors ranked the uncertain geopolitical landscape as the top challenge for real estate investment in 2025. Investors cited uncertainty around tariffs, as well as potential fiscal stimulus in the U.S. and resulting debt policies as the main reasons influencing this choice. Mumbai and Delhi are attracting long-term investors looking to add to their real estate exposure, with India set to witness strong cross-border interest in 2025. (Source: CBRE Research, 2025 Asia Pacific Investor Intentions Survey, February 2025)

- 12. Startups** - The Indian Government's focus on programs such as 'Make in India (2014)', 'Startup India', and the 'Atal Innovation Mission' has nurtured a supportive environment for domestic companies. These initiatives have been instrumental in advancing India's position in the Global Innovation Index (GII), climbing from 81<sup>st</sup> in 2015 to 39<sup>th</sup> in 2024. Following the introduction of the Make in India initiative, the cumulative Foreign Direct Investment (FDI) inflows in the manufacturing sector have increased by 68.9%, reaching USD 165 billion during FY2014–2024, compared to USD 97.7 billion in FY2004-2014. (Source: Press Release, Ministry of Commerce and Industry, December 2023, Press Release, Ministry of Commerce and Industry, September 2024)

India is the 3<sup>rd</sup> largest ecosystem for startups globally with over 1,57,706 recognized startups generating over 1.73 million direct jobs as of December 31, 2024. (Source: Ministry of Commerce and Industry, February 2025) This startup activity is supported by the growing Indian economy, enabling a favourable environment for innovative businesses.

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<sup>32</sup> The survey was conducted in November and December 2024. Over 460 responses were received from participants who were asked a range of questions related to their buying intentions, perceived challenges and preferred investment strategies, sectors, and markets for the coming year.

<sup>33</sup> Net Buying Intentions - net buying intention compares the responses for expected selling activity to the expected buying activity.

## Commercial Office Market Overview

### Introduction

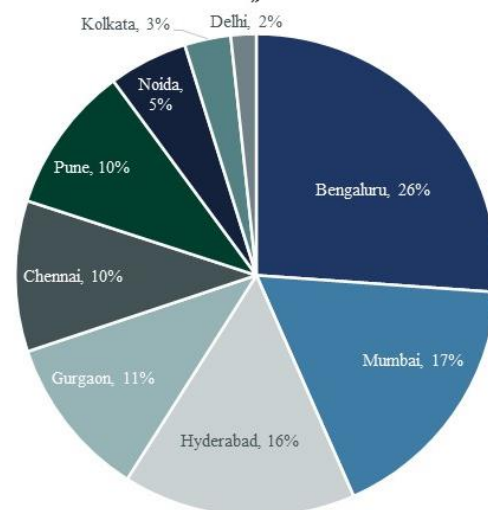
India's organized commercial office stock stands at an estimated 883 million square feet as of Q1CY2025. It is concentrated in the top cities (Tier 1 cities) comprising of Bengaluru, Delhi-NCR (Gurgaon, Noida and Delhi), Mumbai Metropolitan Region ("MMR"), Hyderabad, Chennai, Pune, and Kolkata, in order of size of market. Driven by strong occupier demand, India's office market witnessed record absorption of 79 million square feet in CY2024 compared to 68 million square feet in CY2023 and 17 million square feet was absorbed in Q1CY2025. Further, these Tier 1 cities account for 90-95% of office stock in India. Capital deployment towards India's real estate market reached a new peak in 2024, driven by a resurgence in investments into built-up assets and sustained momentum in the acquisition of land / development sites. (Source: CBRE Research, India Market Monitor Q4 2024 - Investments, January 2025)

### Evolution of Office Stock in India

India's office real estate landscape has undergone significant transformation over the past 25 years and is one of the largest office markets in the world in terms of total office stock. The sector has witnessed robust growth driven by strong economic development, a conducive business environment, and a shifting work culture. As of Q1CY2025, India's commercial office stock is estimated at 883 million square feet and is expected to grow at a CAGR of 11.7%, reaching 1,072 million square feet by the end of 2027<sup>34</sup>.

From the early 2000s onwards, office inventory in India has increased over 20 times, from around 44 million square feet before 2003 to about 883 million square feet by Q1CY2025. In the broader real estate market, the office segment has emerged as a preferred investment asset class, driven by economic growth, favourable demand-supply dynamics, investor-friendly policies, competitive costs, and the availability of skilled talent. In recent years, increased real estate activity from Grade A office developers coupled with PE investments providing access to capital have resulted in increased supply supporting the growing occupier demand.

India - Tier 1 Cities Office Stock - as of Q1CY2025 (883 Mn. sq. ft.)

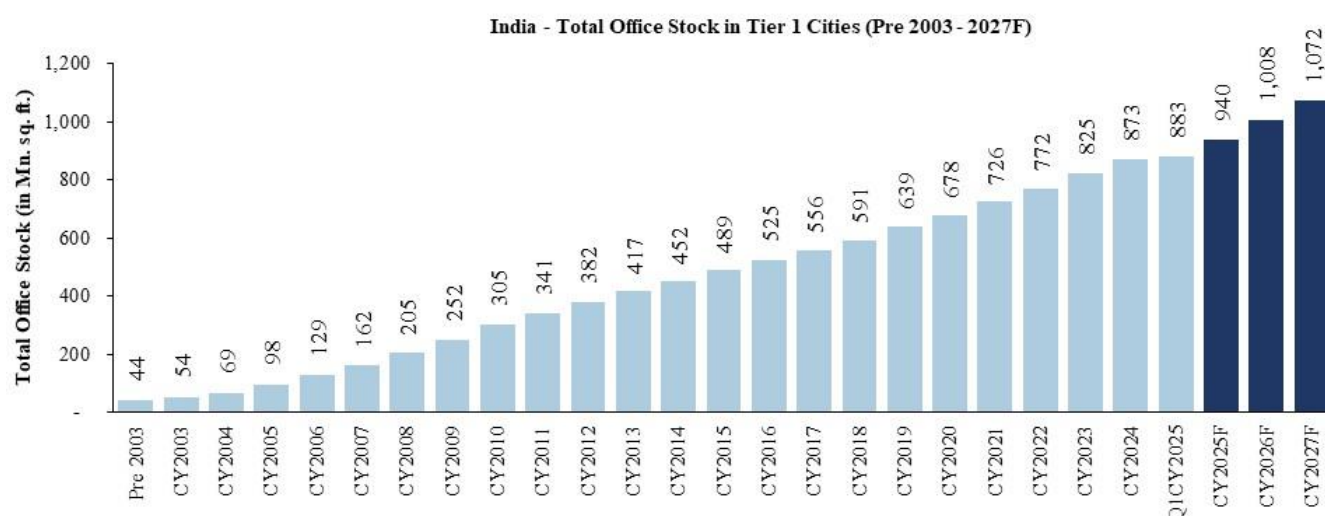


Source: CBRE, data as of Q1CY2025, all figures are approximate only.

Phase	Space Options	Office Demand Drivers	Office Stock Evolution
Pre 2000	<ul style="list-style-type: none"><li>Standalone buildings with relatively smaller floor plates</li><li>Lack of amenities</li><li>Developer owned buildings with limited lease options</li></ul>	<ul style="list-style-type: none"><li>Government offices (PSUs)</li><li>Trade and Commerce</li><li>Industrial houses</li><li>Banks</li><li>Private corporate houses</li></ul>	<ul style="list-style-type: none"><li>Inception of commercial real estate in Indian market. More than 18 years to reach a stock of approx. 205 million square feet by CY2008</li></ul>
2000 – 2008	<ul style="list-style-type: none"><li>Emergence of campus-style concepts</li><li>Grade A facilities with basic amenities</li><li>The presence of individual-owned developments</li><li>Emergence of developer-led supply</li></ul>	<ul style="list-style-type: none"><li>Emergence of technology and engineering services</li><li>Growth of IT Industry in India and India's emergence as a hub for outsourcing</li><li>Increase in corporate MNC occupiers</li></ul>	
2009 – 2012	<ul style="list-style-type: none"><li>Grade A campus-style facilities with limited support amenities and parking facilities</li></ul>	<ul style="list-style-type: none"><li>Growth in Information Technology (IT) and Business Process Management (BPM) across prominent markets</li></ul>	<ul style="list-style-type: none"><li>Office market increased by almost 86% in size within a timeframe of 4 years, growing from</li></ul>

<sup>34</sup> Future supply estimates are based on analysis of proposed and under-construction buildings, however, future absorption estimates are derived basis past trends, current vacancy, and estimated supply. Historical data and forecasts provided for 2025, 2026 and 2027 across all indicators are based on CBRE's opinion of the current/historic market situation and availability of information in the public domain, any changes to the market situation may impact the forecasts. Several factors like global macroeconomic uncertainty, geopolitical climate, pace of construction, and developer profile/execution capability may have a significant impact on forecast estimates mentioned above. Considering the risk factors, forecasts are likely to change with periodic reviews given the evolving situation.

Phase	Space Options	Office Demand Drivers	Office Stock Evolution
	<ul style="list-style-type: none"> <li>Large standalone developments in secondary locations</li> </ul>	<ul style="list-style-type: none"> <li>IT-focused policies and the emergence of SEZs</li> <li>Enhanced service offerings</li> <li>Emergence of the biotech sector</li> </ul>	over 205 million square feet in CY2008 to nearly 382 million square feet as of CY2012.
2013 – 2020	<ul style="list-style-type: none"> <li>Emergence of large integrated developments with better but limited amenities</li> <li>Emergence of green buildings</li> <li>Proliferation of flexible workspaces</li> </ul>	<ul style="list-style-type: none"> <li>MNCs focusing on high-end services ~ preference for large integrated parks</li> <li>Demand from domestic companies and local businesses</li> <li>Emergence of startups and incubation spaces</li> </ul>	<ul style="list-style-type: none"> <li>Approximately 261 million square feet were added from CY2013 to CY2020, registering a CAGR of approximately 7.2%</li> </ul>
2021 - Onwards	<ul style="list-style-type: none"> <li>Multiple types of flexible workspaces solutions exist in the market to solve for diverse occupier needs</li> <li>Emergence of Tier II Cities for office sector along with continued growth in Tier I cities</li> <li>Shift towards large integrated campus-style developments with a focus on amenitization, technology integration and employee experience</li> </ul>	<ul style="list-style-type: none"> <li>Return-to-office as a key driver for office demand</li> <li>Demand from GCCs and MNCs setting up their office campuses</li> <li>Adoption of hybrid/distributed working practices leading to more organizations evaluating flexible workspace solutions</li> <li>Increasing demand from domestic corporations</li> <li>Tenant sector diversification and the emergence of ~ offshore, R&amp;D, e-commerce, and startup ecosystem</li> </ul>	<ul style="list-style-type: none"> <li>Approximately 147 million square feet were added from CY2021 to CY2024, registering a CAGR of approximately 6.3%.</li> </ul>



Source: CBRE, all figures are approximate only.

The forecast have been made based on ongoing market activity, and current development pipeline/under-construction projects that may have an impact on the upcoming supply in the commercial real estate market across Tier 1 cities i.e., Delhi, Gurgaon, Noida, Mumbai, Bengaluru, Chennai, Hyderabad, Pune, and Kolkata. Several factors like global macroeconomic uncertainty, geopolitical climate, pace of construction, and developer profile/execution capability may have a significant impact on forecast estimates mentioned above. Considering the risk factors, forecasts are likely to change with periodic reviews given the evolving situation.

An estimated 189 million square feet of additional office supply is forecast by CY2027, with a CAGR of 11.7 % between Q1CY2025 and CY2027. This growth is driven by rising demand for quality office spaces, increasing diversity of tenant profiles, availability of land, and infrastructure initiatives aimed at enhancing connectivity and accessibility. State-specific development plans, alongside policies such as the Transit Oriented Development Policy, REITs, and SM REITs, are further supporting developers in creating high-quality assets through improved funding options.

### Indian Office Market - Overview

After India experienced a record-breaking 67 million square feet of gross absorption in CY2019, office demand slowed across all cities post-March 2020 due to the impact of the global pandemic and local lockdowns in 2020 and 2021. Globally and in India, companies paused decisions on office take-up as management teams and corporate real estate decision makers initially



focused on managing short-term business continuity priorities and thereafter assessing future growth plans and office accommodation strategies.

Despite the pandemic, leasing activity picked up in the subsequent years. India recorded the highest leasing activity in CY2023, with gross office absorption reaching approximately 68 million square feet surpassing the previous peak witnessed in CY2019.

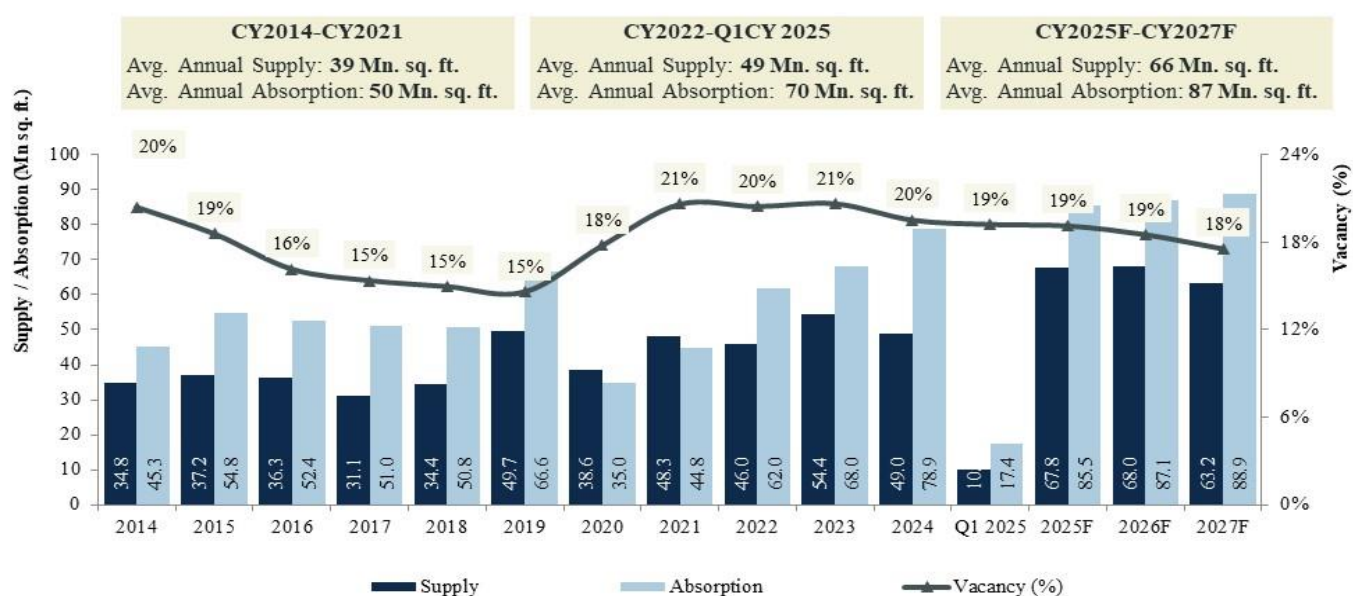
India's real estate market experienced a heightened phase of expansion and transformation in 2024. Along similar lines, the office sector surpassed expectations in 2024, with gross absorption of approximately 79 million square feet surpassing the previous peak to maintain an upward trajectory, supported by economic growth, high leasing activities from global as well as domestic occupiers.

Following two years of record-breaking absorption levels, India's office sector is anticipated to experience continued expansion in 2025, likely to be driven by the strategic expansion of portfolios by domestic and global firms.

The forecast supply is expected to remain strong with the infusion of good quality, investment grade developments. Bengaluru, Hyderabad, and Delhi-NCR are forecast to lead the completions, followed by Pune, Mumbai, and Chennai. (Source: CBRE, Research, India Market Monitor Q4 2024, January 2025)

Gross absorption has consistently surpassed supply levels and activity in the office sector has significantly increased over the past years as illustrated in the chart below.

**Tier 1 Indian Cities - Supply, Absorption & Vacancy as of Q1CY2025**



Source: CBRE, years are in calendar years, all figures are approximate only.

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



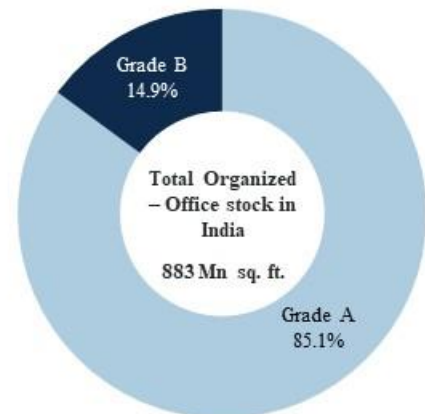
## Grade Classification of Office Stock

Grade A commercial stock dominates the market with 85% (~751 million square feet) and 15% (~132 million square feet) Grade B developments as of Q1CY2025. Grade A office stock grew at a CAGR of 12.5%, rising from 78 million square feet in 2005 to 751 million square feet by Q1 2025. In contrast, Grade B stock expanded at a slightly slower CAGR of 10.6%, increasing from 19 million square feet in 2005 to 132 million square feet during the same period. Driven by the sector's evolution and rising demand for Grade A assets, the share of Grade B stock has steadily declined over the years.

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

**Grade A:** Refers to a development type; the tenant profile includes prominent multinational corporations, while the building area is not less than 10,000 square feet. It includes an open plan office with large size floor plates, adequate ceiling height, 24 X 7 power back-up, supply of telephone lines, infrastructure for access to the internet, central air-conditioning, spacious and well-decorated lobbies, circulation areas, good lift services, sufficient parking facilities and has centralized building management and security systems. **Grade B:** Refers to a development type; the tenant profile includes mid to small-sized corporates, average floor plate sizes, flexible layout, adequate lobbies, provision of centralized or free-standing air-conditioning, adequate lift services and parking facilities. An integrated property management system might not be in place, while an external facade might be ordinary. Multiple ownership might be a norm.

Split of Grade A & B Stock



Source: CBRE, data as of Q1CY2025, all figures are approximate only.

## Ownership Classification of Office Stock

Out of the overall organized commercial office stock across the tier 1 cities of India, approximately 29.8% is institutionally held with the balance 70.2% being non-institutionally owned as of Q1CY2025. These institutional developments backed by PE funds/ REITs ensure increased transparency, standardization, heightened attention to amenities, and flight to quality thereby enhancing occupier/ end user experience. Leading cities of Bengaluru, Chennai, Hyderabad, Mumbai and Gurgaon collectively account for nearly 82% of the total institutionally held stock.

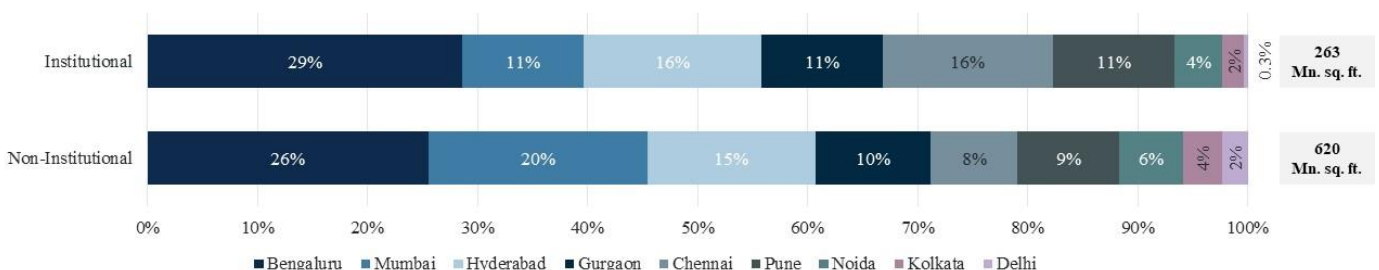
*Note: Non-institutional refers to office stock that is held /owned by the developers themselves or has been subject to investment by individual investors and HNI and /or a combination of both.*

Share of Institutional and Non-Institutional Stock (As of Q1CY2025)



Source: CBRE, all figures are approximate only.

City wise share of Total Institutional and Non-Institutional Stock (as of Q1CY2025)



Source: CBRE, all figures are approximate only.

Some of the major institutional investors include Blackstone, Embassy REIT, Brookfield REIT, Mindspace REIT, GIC, CapitaLand, Mapletree Investments, Brookfield, CPPIB, Bain Capital, Godrej Fund and Hines amongst others. Non-institutional office stock is divided into two categories: strata stock and non-strata stock. Strata stock refers to office spaces very often sold by developers during the marketing phase to investors, high-net-worth individuals (HNIs), end users, and individuals. In contrast, non-strata stock comprises office spaces retained or owned by the developers or other non-institutional owners.

## Key Drivers of Office Demand

### 1. Services sector

The services sector, a key driver of India's economy, generates the highest office demand in the country. India's exports have seen a historic rise, reaching USD 778.21 billion in FY2024. This marks a 67% increase from USD 466.22 billion in 2013-14. The growth reflects India's expanding role in global trade, driven by strong performances in both merchandise and services exports. (Source: Press Release, India's Exports Reach Historic Heights, February 2025) India's share in the world's services exports has risen steadily over the past decade, highlighting the growing importance of the sector to the economy<sup>35</sup>. India offers a conducive environment for multinational corporations due to its political stability, expanding economy and financial regulatory framework. Over the last three decades, technology and corporate services have driven demand for commercial office space from both global and domestic corporations.

### 2. Large, English-Speaking Talent Pool

India has the world's second-largest English-speaking population<sup>36</sup>, with a skilled workforce comprising 11.31 million graduates in 2022. The improving quality of multidisciplinary educational institutions further enhances this talent base. (Source: Ministry of Education, AISHE 2021-2022)

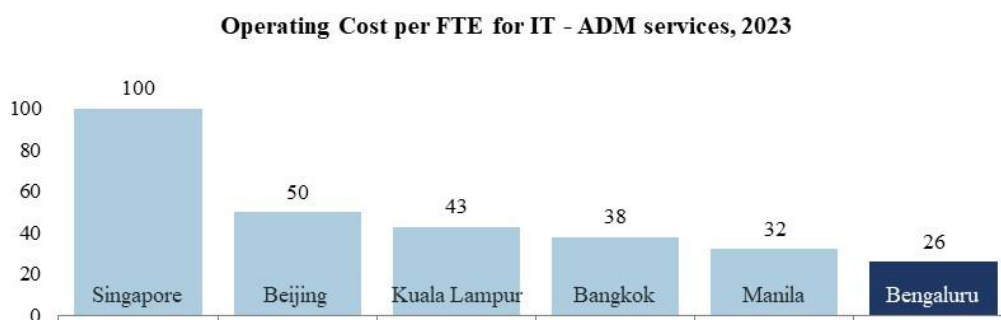
India has one of the largest pools of qualified Science, Technology, Engineering & Management (STEM) graduates in the world, with over 2.5 million graduates in 2023. Indian technology companies, the largest private sector employers, had an estimated direct employment of approximately 5.4 million people in FY2023. (Source: Ministry of Electronics & Information Technology)

As per the NASSCOM: India Tech Industry Digital Talent Demand and Supply Analysis report dated November 2023, India reported the lowest tech talent demand-supply gap (25% to 27%) compared to countries like the USA, UK, Canada, and Australia. Furthermore, India's digital talent<sup>37</sup> pool, estimated at over 2 million professionals in FY2024, constitutes around 38% of the technology industry's total talent. Initiatives like PM Kaushal Vikas Yojana 4.0, FutureSkills Prime, the National Digital Literacy Mission, and PMGDisha continue to bolster upskilling efforts. This growing talent base positions India as a leading global hub for tech talent by bridging the demand-supply gap for skilled professionals. (Source: NASSCOM)

### 3. Competitive Cost Advantage

India offers a significant cost advantage, with skilled talent available at a lower cost compared to other global cities. This affordability makes India an attractive destination for offshoring. Operating costs per full-time equivalent ("FTE") for application development and management or maintenance ("IT-ADM") services are also substantially lower than in alternative global locations. (Source: CBRE, NASSCOM)

The graph below highlights the cost of outsourcing services:



Source: NASSCOM: Rewiring Growth in the Changing Tech Landscape, Strategic Review, 2024, Indexed to Singapore = 100

<sup>35</sup> Ministry of Commerce and Industry, World Bank, Government of India

<sup>36</sup> Over 129 million English speakers making it 2<sup>nd</sup> largest English-speaking country in the world after US, Census of India 2011

<sup>37</sup> Digital talent includes anyone who works in technology, specifically those who work in information technology, digitalization, analytics, and automation along with other segments.

#### 4. Low-Cost, High-Quality Infrastructure

India offers high-quality office space at affordable prices across major cities. Office options are still available at close to US\$ 1 - 2 rental per month on average across relevant office markets. The country's pricing advantage is exhibited by the fact that rentals in top Indian cities are over 50% cheaper than some other competing Asian markets.

#### 5. Global Capability Centres Charting a New Technology Era and Driving Growth

India is one of the leading destinations for technology services tenants in the world and continues to be a leader in the global sourcing industry with an ~ 58.0% market share in FY2023. While the first two decades of India's growth in the technology industry were led by third-party service providers, the last decade has seen the emergence of Global In-House Centres ('GICs'), also called Global Capability Centres ('GCCs')<sup>38</sup>. GCCs are offshore services hubs established by Multinational Corporations (MNCs) to perform strategic functions, leveraging knowledge based-talent, cost, and operational efficiencies.

The Indian GCC ecosystem has evolved into a sandbox<sup>39</sup> for global companies, driving transformative organizational initiatives. These centres have shifted their focus from cost arbitrage to becoming innovation hubs, enabling decentralization, portfolio diversification, and strategic restructuring. Today, Indian GCCs are leading the transition towards service transformation, emphasizing value creation, and leveraging skilled talent. (Source: NASSCOM, Zinnov, GCC 4.0 India Redefining Globalization Blueprint, June 2023)

Wave 1.0	Wave 2.0	Wave 3.0	Wave 4.0 & beyond
<p>GCC as on Outpost</p> <p><i>As of FY2010</i></p> <p>Total No. of GCCs: 700+</p> <p>Revenues: USD 11.5 billion</p> <p>Total Installed GCC Talent: 400K+</p> <p>1. Cost &amp; Talent Arbitrage</p> <p>Pre 2010</p>	<p>GCC primarily a Satellite</p> <p><i>As of FY2015</i></p> <p>Total No. of GCCs: 1,000+</p> <p>Revenues: USD 19.4 billion</p> <p>Total Installed GCC Talent: 745K+</p> <p>1. Delivery Excellence</p> <p>2. Innovation</p> <p>2011-2015</p>	<p>GCC transitions to a Portfolio Hub</p> <p><i>As of FY2024</i></p> <p>Total No. of GCCs: 1,700+</p> <p>Revenues: USD 64.6 billion</p> <p>Total Installed GCC Talent: 1.9 million+</p> <p>1. Digital Transformation &amp; Innovation</p> <p>2. Transition to Global Business Services</p> <p>3. Peer Collaboration</p> <p>4. Portfolio Expansion &amp; Ownership</p> <p>5. Global Roles</p> <p>2015-2023</p>	<p>GCC transitions to a Transformation Hub</p> <p>1. Hub for as-a-Service Transformation</p> <p>2. Customer-Centric Business Development</p> <p>3. Accountability for Creating Newer Hubs</p> <p>4. Monetizing Service Capability</p> <p>2023 onwards</p>

Source: NASSCOM – GCC 4.0 India Redefining the Globalisation Blueprint, June 2023

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

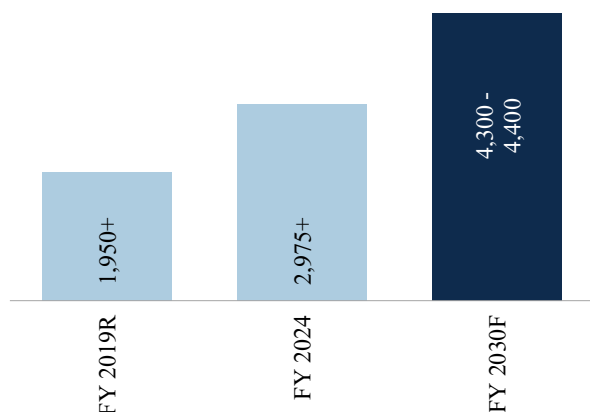
As of FY2024, India had 2,975+ GCC units<sup>40</sup>, one of the largest share globally, emerging as the 'GCC Capital of the World' as per the India GCC Landscape Report, The 5 Year Journey, September 2024. The number of GCC units in India is forecast to grow at a CAGR of 7 to 8% reaching more than 4,300 to 4,400 GCCs by FY2030. (Source: NASSCOM, India GCC Landscape Report – The 5 Year Journey, September 2024)

<sup>38</sup> Note: GCCs are offshore services units established by Multinational Corporations (MNCs) to perform strategic functions, leveraging knowledge-based talent, cost and operational efficiencies. GCCs encompasses the Technology, Engineering and Operations functions, including Shared Services Centres of MNCs in India

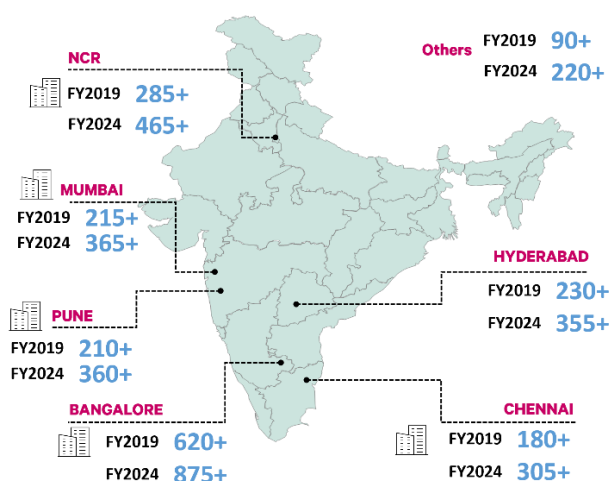
<sup>39</sup> A metaphorical boundary, imposed on an area in which you can freely test ideas and innovate.

<sup>40</sup> A GCC unit is a single centre within a city or region, but a company can have multiple units across a country, all part of one GCC.

**No. of GCC Units in India**



**Distribution of GCC Units Across India (FY2019 vs FY2024)**

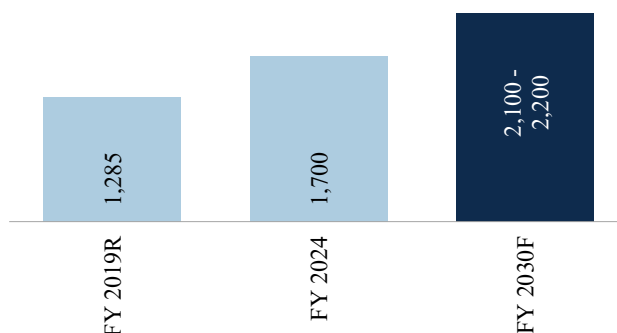


Source: NASSCOM – India GCC Landscape Report – The 5 Year Journey, September 2024  
Others include Tier II & III cities in India.

Bengaluru remains the leader in GCC units (Global Capability Centre) setups, with over 875 GCCs as of FY2024, followed by NCR and Mumbai, hosting more than 465 and 365 GCC units, respectively. Together, Bengaluru and NCR account for 47% of the IT talent within India's GCC ecosystem. (Source: NASSCOM, India GCC Landscape Report – The 5 Year Journey, September 2024)

The evolution of GCCs in India has grown from over 700 centres in FY2010 to over 1,700 in FY2024. This number is projected to increase at a CAGR of 4%, reaching 2,100 to 2,200 GCCs by FY2030. (Source: NASSCOM, India GCC Landscape Report – The 5 Year Journey, September 2024)

**No. of GCCs in India**

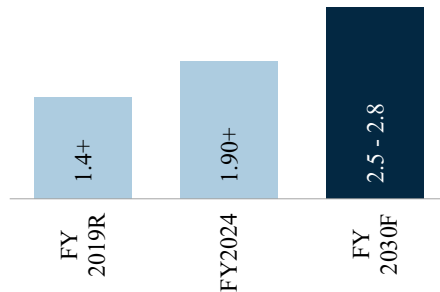


Source: NASSCOM – India GCC Landscape Report – The 5 Year Journey, September 2024

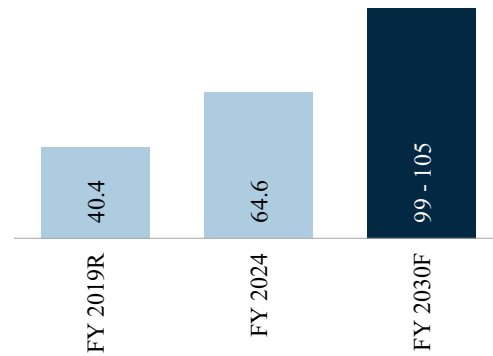
GCC revenue has grown significantly, rising from an estimated USD 40.4 billion in FY2019 to USD 64.6 billion in FY2024. It is forecast to reach USD 99 to 105 billion by FY2030, reflecting a CAGR of ~8.4% from FY2024 to FY2030 (Source: NASSCOM)

Over the past five years, the workforce in Indian GCCs has expanded from 1.4 million employees in FY2019 to over 1.9 million in FY2024, showing a CAGR of 6.3% during this period (Source: NASSCOM – India GCC Landscape Report – The 5 Year Journey, September 2024)

**No. of employees working in GCCs (million)**



**GCC Revenue (USD billion)**

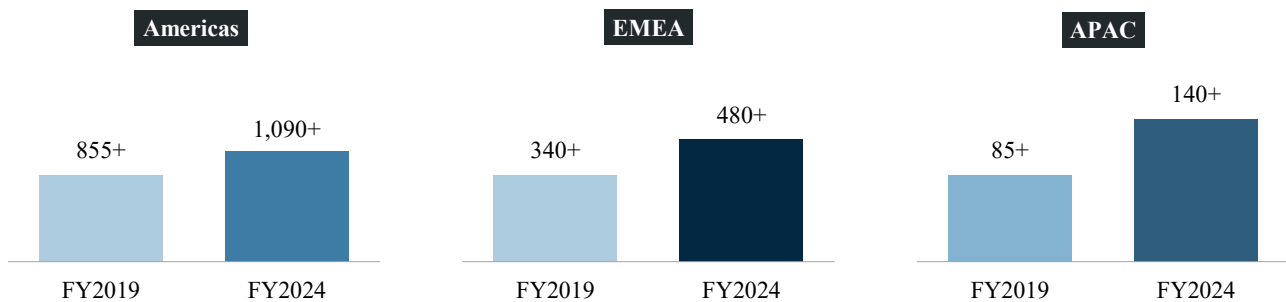


Source: NASSCOM – India GCC Landscape Report – The 5 Year Journey, September 2024

GCCs are a significant office occupier in India’s commercial real estate sector, often leading the way in innovation and adaptation for other tenant categories. A noticeable trend among new GCCs entering India is the establishment of multi-functional centres specializing in areas such as Engineering, Research & Development (ER&D), IT, and Business Process Management. These centres are driving transformation initiatives for their parent organizations by developing new products, advancing technology, and serving as key business hubs.

While North American MNCs continue to dominate the GCC landscape in India, firms from Europe, the Middle East, and Africa (EMEA) and the Asia Pacific (APAC) have collectively set up approximately 190–200 GCCs in India between FY2019 and FY2024.

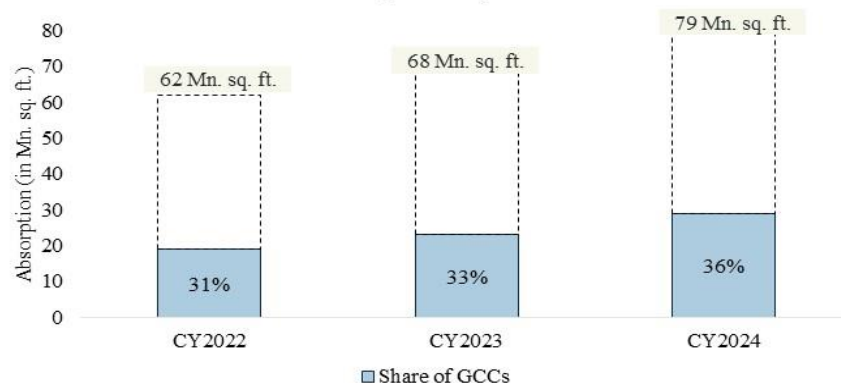
**Distribution of GCCs in India based on HQ Location (FY2019 – FY2024)**



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

From 2022 to 2024 GCC leasing activity grew at a CAGR of 23.2%, rising from an estimated 19 million square feet in CY2022 to 29 million square feet in CY2024. Between CY2022 and CY2024, cumulative GCC leasing across the top nine cities reached approximately 71 million square feet. As of Q1CY2025, approximately 8 million square feet is leased by GCC occupiers.

**Share of GCC in overall Office Absorption- Tier 1 Cities (CY2022 – Q1CY2025)**



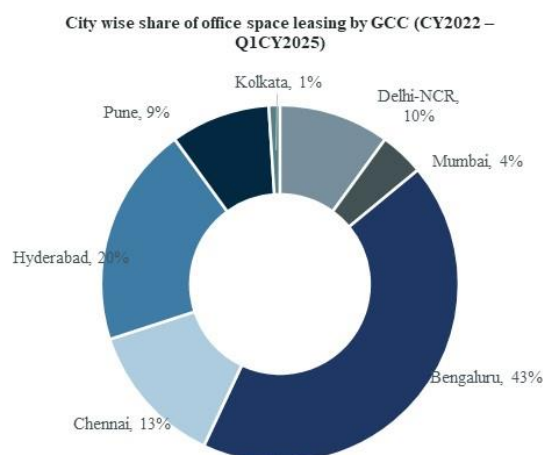
Source: CBRE, all figures are approximate only.



Bengaluru accounted for about 43% of the total GCC office space leasing during CY2022 to Q1CY2025. Other cities such as Hyderabad, Chennai, Delhi-NCR, and Pune have also seen increased traction. During CY2022 to Q1CY2025, GCCs contributed 35% of overall office leasing activity in India.

India is a popular destination for multinational corporations and unicorns<sup>41</sup> to establish their GCC offices. The market is witnessing dual trends: the expansion of existing firms into multifunctional centres and the entry of smaller players focusing on digital and technological advancements. A clear preference for high-quality, tech-enabled workspaces is evident.

Many companies are actively expanding their presence in India by setting up GCCs. These companies may evaluate both conventional and flexible workspace options. While existing GCC facilities consolidate within premier office developments in specific cities, small to mid-sized firms testing Indian markets may lease within flexible workspaces. The upcoming supply of office spaces is expected to be able to meet the growing demand from GCCs. Supported by a skilled workforce, competitive cost advantages, and a favourable business environment, India is well-positioned to maintain its status as a leading market for GCCs.



Source: CBRE, all figures are approximate only.

GCC leasing accounted for nearly 36% of gross leasing in CY2024 (29 million square feet), having increased from nearly 31% in CY2022 (19 million square feet). Approximately 64% of the GCC leasing activity in CY2024 is driven by US firms. GCC leasing is forecast to continue driving the CRE market going forward with the share of GCC leasing forecast to be between 35% to 40% for 2025 to 2026. (Source: CBRE Research, *GCCs Transforming India's Office Landscape*, March 2025) These global occupiers have exhibited increased preference for newer integrated office parks with focus on quality and amenities.

## 6. Rise of Startups and Unicorns in India

The advancement in India's startups eco-system has contributed to the growth in demand for both office spaces and flexible workspace solutions. The country offers a dynamic environment, supported by a growing startup culture and a strong talent pool. As the third-largest startup ecosystem globally, India has seen a 13% growth in the number of recognized startups from CY2023 to CY2024, bringing the total to over 1,57,000 startups by December 2024. These startups have generated over 1.72 million direct jobs as of CY2024. (Source: Ministry of Commerce and Industry, *India's Startup Revolution*, February 2025)

Initiatives such as Startup India, Innovations for Defence Excellence, the Atal Innovation Mission, and the Innovation and Agri-Entrepreneurship Development Program, has contributed to the rise of over 100 unicorns as of 2024, up from 30 unicorns in 2019. This represents a CAGR of 32% over the same period. (Source: Ministry of Commerce and Industry, *India's Startup Revolution*, February 2025)

The Indian technology startup ecosystem has grown 15-fold over the past decade, from 2,000 tech startups in 2014 to over 31,000 in 2023. This growth is supported by digital infrastructure, a favourable regulatory environment, and the rise of startups in sectors like Health Technology and EdTech. (Source: NASSCOM, *Zinnov Insights, Weathering the Challenges – The Indian Tech Start-up Landscape Report 2023*)

The technology sector alone accounted for more than 91 unicorns and over 31,000 startups by 2023<sup>42</sup>. (Source: NASSCOM, *Zinnov Insights, Weathering the Challenges – The Indian Tech Start-up Landscape Report 2023*) Technology firms have been a major driver of office demand in India. In the coming years, technology companies are likely to expand into more locations to take advantage of operational benefits.

As the startup ecosystem continues to grow, driven by access to quality talent, there will likely be an increased demand for flexible, scalable, and cost-efficient office solutions. Early-stage startups may prefer flexible workspace options and can transition to traditional office spaces as they scale up. The rise of emerging technologies in India is set to create around 4.7

<sup>41</sup> Unicorn refers to the companies with a market valuation of more than USD 1 bn.

<sup>42</sup> Technology start-ups in India have grown from around 2,000 in 2014 to approximately 31,000 in 2023. (Source – PIB, Ministry of Finance, 22 July 2024)

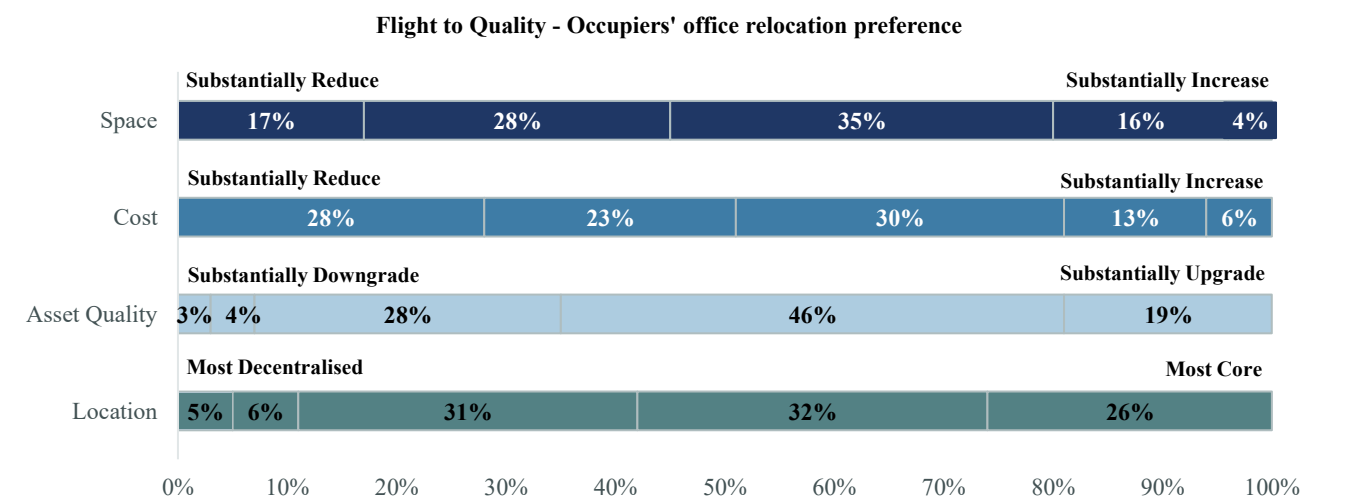
million technology-focused jobs over the next five years in sectors such as manufacturing, retail, education, finance, and insurance. This growth is expected to further drive demand for office infrastructure that supports modern, collaborative work environments. (Source: CBRE Research, India Inc’s Ascension: The Rise of Domestic Firms as an Office Demand Driver, September 2024  
Secondary data sourced from: NASSCOM, India Brand Equity Foundation (iBEF)

Prominent Trends in India Office Market

1. Increasing demand for High-Quality Spaces – Flight to Quality

Organisations are strategically investing in office spaces that transcend basic functionality. Occupiers are increasingly seeking to upgrade to high-quality office spaces to attract and retain top talent and enhance employee experience. Underscoring this demand for upgraded workspaces, occupiers ranked ‘flight to quality’ among their top three priorities<sup>43</sup>. Across various cities, Grade A office buildings have experienced a notable increase in leasing activity as occupiers actively seek high-performance properties featuring superior infrastructure, seamless connectivity to residential areas and premium amenities. Notably, approximately 65% of occupiers relocated with a need to upgrade in CY2023<sup>44</sup>. (Source: CBRE Research, India Office Occupier Survey, June 2024<sup>45</sup>)

Further, as per CBRE – APAC’s ‘Flight to Quality in the Asia Pacific Office Market Report’ released in 2024 Asia Pacific Leasing Sentiment Index reveals that an increasing number of companies are conducting evaluations to determine whether they should stay in their current location or relocate. When companies decide to relocate, they prioritize the quality of the office space over its size (as illustrated below). The report noted that in APAC, companies seek core office locations and spaces of better quality, while also aiming to reduce costs. Relocations often involve consolidation or downsizing, although there are some cases where companies relocate to the same size or expand. (Source: CBRE APAC Report - Flight to Quality in the Asia Pacific Office Market, June 2024)



Source: CBRE APAC Report - Flight to Quality in the Asia Pacific Office Market, June 2024; Note: A total of 142 office leasing professionals across the region were surveyed.

Within India, ample high-quality new supply across sub-markets with improving infrastructure has expanded flight-to-quality options.



<sup>43</sup> CBRE Research, India Office Occupier Survey June 2024.  
<sup>44</sup> Upgrade encompasses the transition from standalone buildings to tech parks with superior building specifications, the conversion of non-green certified to green certified buildings, and relocation to micro-markets offering enhanced connectivity. These considerations include, but are not limited to, improved amenities and infrastructure, Grade A classification, and larger floor plates.  
<sup>45</sup> The survey was conducted during March-April 2024; Total number of respondents – 70-78  
This was a single choice question. The results are limited to those respondents who chose to answer this question and may differ from individual companies on a case-to-case basis due to their scale, type and location of business operations.

Country	Building Upgrade	Flight to core	Flight to green
Hong Kong SAR	●		●
India	●		●
Japan	●	●	
Korea	●		
Mainland China	●		
Singapore		●	●

Source: CBRE APAC Report - Flight to Quality in the Asia Pacific Office Market, June 2024; '●' implies prevailing trends in respective countries

## 2. Increasing demand for well Amenitized Office Spaces offering quality experiences

As lifestyles evolve, companies are seeking superior quality office spaces that cater to the need for flexibility, a younger workforce, and more value-added work. These spaces are increasingly incorporating lifestyle amenities such as integrated offices, relaxation areas, daycare centres, sports zones, and support infrastructure, including hotels, food and beverage options, onsite convenience stores, retail facilities, and tech-enabled workspaces.

In reference to the overleaf graph, the changes in employees' expectations are leading to evolving requirements from occupiers. CBRE's Q1 2024 India Office Occupier<sup>46</sup> survey reveals that approximately 58% of occupiers are more focused on improving employee experience. Occupiers are also looking to focus on amenities and services such as access to virtual events, fitness facilities/wellness areas, outdoor amenities, and transport services as highlighted in the graph below.

With technology integration, occupiers in India responded favourably to app-based access to F&B services, touchless building features, app-based ambient controls along with access to admin through mobile phones as highlighted in the graph below. Technology integration and connectivity remains one of the key drivers of workplace efficiency and well-being. Technologies such as video conferencing equipment and adjustable work desks can enhance employee's workplace experience and encourage them to spend more time in the office. (Source: CBRE Research, 2024 Asia Pacific Occupier Survey<sup>47</sup>)

<sup>46</sup> Note: The survey was conducted during March-April 2024; Total number of respondents – 70-78\*

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

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

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

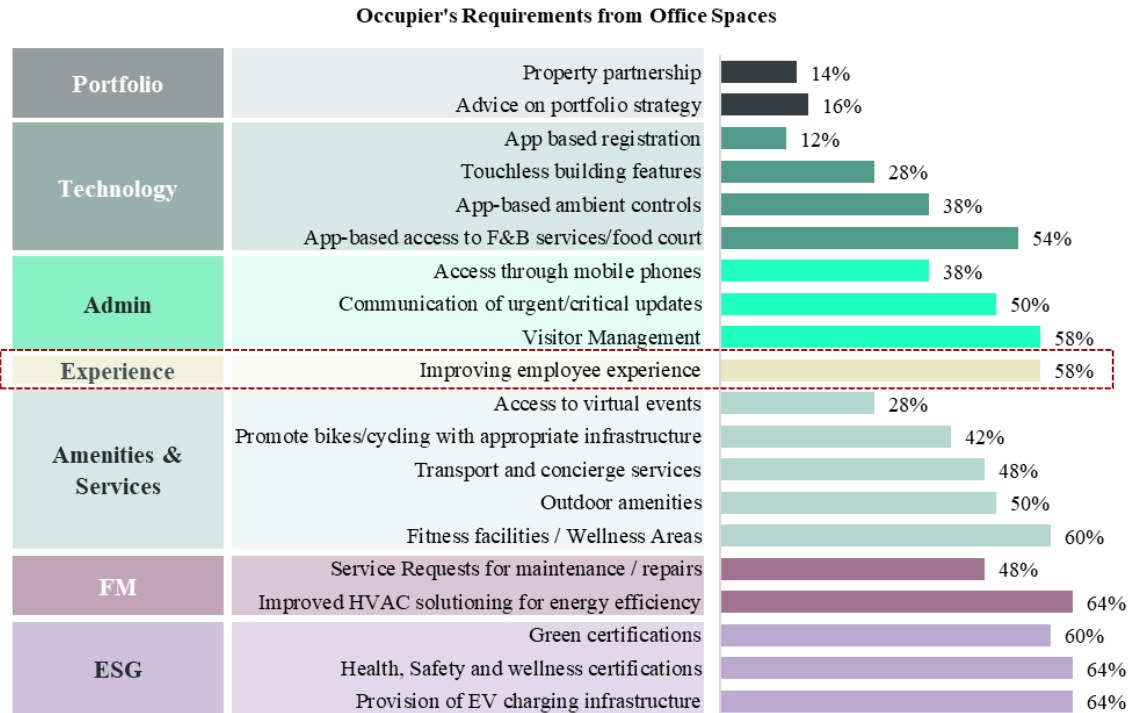
Portfolio Size – 36% - Small (< 1,00,000 square feet); 31% - Medium (1,00,000 – 5,00,000 square feet); 33% - Large (> 5,00,000 square feet)

<sup>47</sup> The survey was conducted during March-April 2024; Total number of respondents – 70-78

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Source: CBRE Research – India Office Occupier Survey, June 2024<sup>47</sup>

### 3. Sustainable Buildings Emerging as a pre-requisite for Occupiers

As shown in the chart in the preceding point, around 60% of the respondents prioritize green-certified buildings and 64% require health, safety and wellness certifications, reflecting a growing preference for Green Buildings and ESG (Environmental, Social, and Governance) compliance and certifications. The global shift towards green buildings have become crucial factors in assessing commercial assets. Occupiers are placing greater emphasis on sustainability through initiatives such as green certification, sustainable procurement, water and waste management, and energy efficiency, among others.

With benefits ranging from low operating costs, improved employee health and enhanced brand image, a higher number of occupiers are expected to prefer green-certified buildings for new leases. Key sustainable features such as paperless office, green commute, HVAC system, zero waste, energy-saving initiatives and green spaces foster a positive company culture, promoting innovation and commitment. To support the sustainability in Indian commercial real estate landscape, the Government has taken various measures.

2001	<ul style="list-style-type: none"> <li>Formation of the Indian Green Building Council (IGBC) as part of the Confederation of Indian Industry (CII)</li> </ul>
2009	<ul style="list-style-type: none"> <li>Commencement of environmental and social responsibility reporting in India with the Ministry of Corporate Affairs issuing voluntary guidelines on corporate social responsibility</li> </ul>
2012	<ul style="list-style-type: none"> <li>The Security and Exchange Board of India (SEBI) mandated business responsibility Reporting filing to the top 100 listed companies by market capitalization</li> </ul>
2017	<ul style="list-style-type: none"> <li>SEBI defined green debt securities funds raised for projects and assets falling under the set of categories to deliver environmental benefits</li> <li>Inclusion of energy efficiency under green debt securities</li> </ul>
2022	<ul style="list-style-type: none"> <li>SEBI mandated ESG disclosures under business responsibility and sustainability reporting for the top 1,000 listed companies from FY2023</li> <li>Government released a framework for sovereign green bonds</li> </ul>
2023	<ul style="list-style-type: none"> <li>Government issued first tranche of its maiden sovereign green bond worth ₹ 80 billion (USD 980 Million)</li> </ul>

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

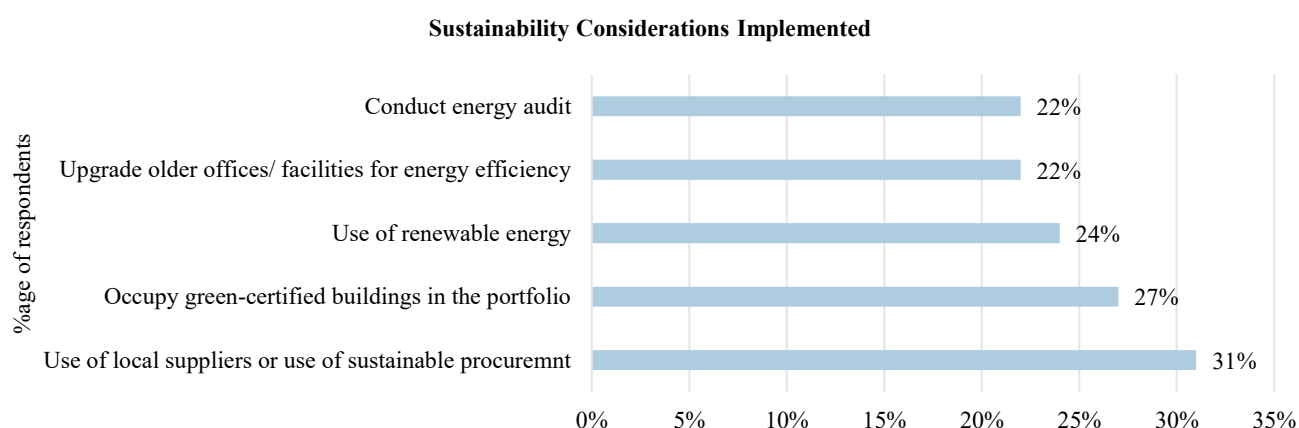
Further, green incentives such as additional FAR, preferential power tariffs, infrastructure subsidies, stamp duty waivers and tax breaks across key cities in India are intended to support green-certified developments.

As at Q1CY2025, approximately 56% of the total tier 1 cities' office stock is green-certified. (Source: CBRE, Q1CY2025). The focus is rapidly shifting towards introducing green certified office buildings, as evident from the charts below. Further, approximately 60% of new Grade A office leases were signed in India involved green buildings in 2023. (Source: CBRE APAC Report - Flight to Quality in the Asia Pacific Office Market, June 2024)



Source: CBRE Research, From Existing to Exceptional: A Strategic Approach to Retrofitting Indian Office Spaces, May 2025, all figures are approximate only

All the top 20 office occupiers in India have committed to achieve net zero by 2050 and about 40% of them are targeting to achieve net zero much earlier i.e. by 2030. (Source: CBRE Research, India Office Occupier Survey, June 2024<sup>48</sup>) Energy efficiency is the top-most priority for occupiers, with all 20 occupiers having specific targets. Moreover, tracking carbon footprint has emerged as another key priority, with 95% of the top occupiers taking active steps towards it. Some of the measurable sustainable metrics include carbon emissions, waste management, energy/water consumption, compliance with chemical safety requirements, compliance with environmental standards.



Source: CBRE Research, India Office Occupier Survey, June 2024<sup>48</sup>

CBRE's survey also indicated that nearly one-third of companies occupied green-certified buildings in their office portfolios, reflecting a growing focus on environmental responsibility. The surge in demand is driving a significant shift in the development landscape, with the leading office developers increasingly focusing on creating green certified spaces. As occupiers prioritise, they are exploring considerations beyond green certifications. Encompassing aspects such as employee health and wellbeing, waste reduction, use of local suppliers/ sustainable procurements, reducing carbon emissions and water conservation. (Source: CBRE Research, India Office Occupier Survey, June 2024)

<sup>48</sup> The survey was conducted during March-April 2024; Total number of respondents – 70-78

This was a single choice question. The results are limited to those respondents who chose to answer this question and may differ from individual companies on a case-to-case basis due to their scale, type and location of business operations. The tenant sector of the respondents are as follows: 36% as technology sector, 19% - banking, financial services and insurance, 10% - research, consulting & analytics, 10% - life sciences, 7% - flexible workspace operators, 5% - engineering and manufacturing, 5% - education, 2% - electronics, 2% - telecom, 2% - infrastructure, real estate & logistics, 2% - telecom & communication.

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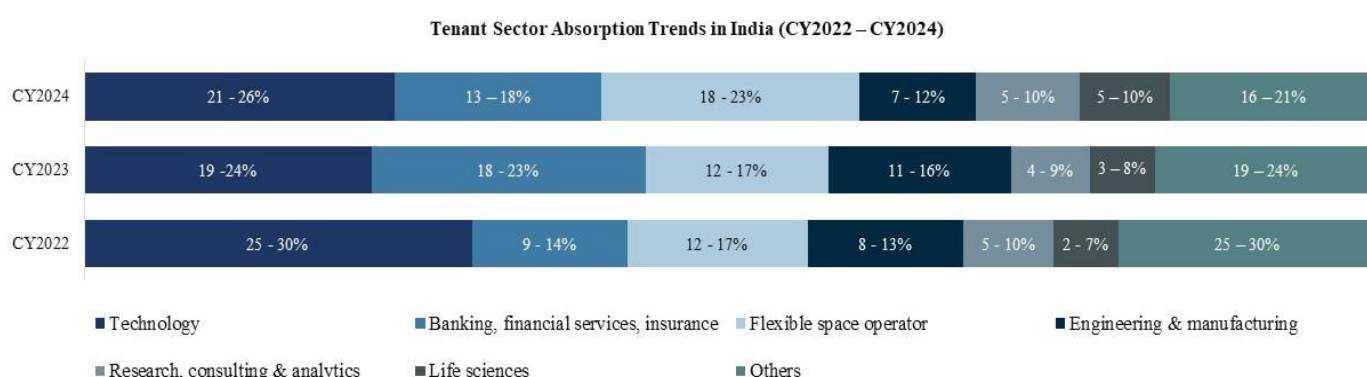


#### 4. Diversification of Occupier Demand

Historically, the technology, BFSI, and E&M sectors have driven office demand in India, contributing a significant share to leasing activity through innovation and expansion.

In addition to traditional industries, flexible workspace solutions have seen interest from organizations exploring hybrid and distributed work policies, among other use cases. The life sciences sector has also expanded across major cities, driven by both domestic and international companies leasing large, contiguous spaces for research and development. This trend of diversified demand is expected to continue, supported by the growth of sectors like research, consulting and analytics, aerospace, and automotive, contributing to the overall expansion of the office sector.

During 2024, technology firms led leasing activity, accounting for 21% to 26% of total space take-up, followed by flexible workspace operators, which emerged as one of the fastest growing segments within the Indian CRE landscape accounting for 18% to 23% in CY2024 of total leasing in the top 9 cities, compared to 12% to 17% in CY2022.



Source: CBRE, data as of Q1CY2025, The data is considered only from Top 9 cities, all figures are approximate only

Note: Others include: FMCG, Telecom; Media, Automobiles, Aviation Thereby, it doesn't reflect all the deals. The above numbers are only for the top 9 cities in India i.e., Delhi, Gurgaon, Noida, Mumbai, Bengaluru, Chennai, Hyderabad, Pune, and Kolkata.

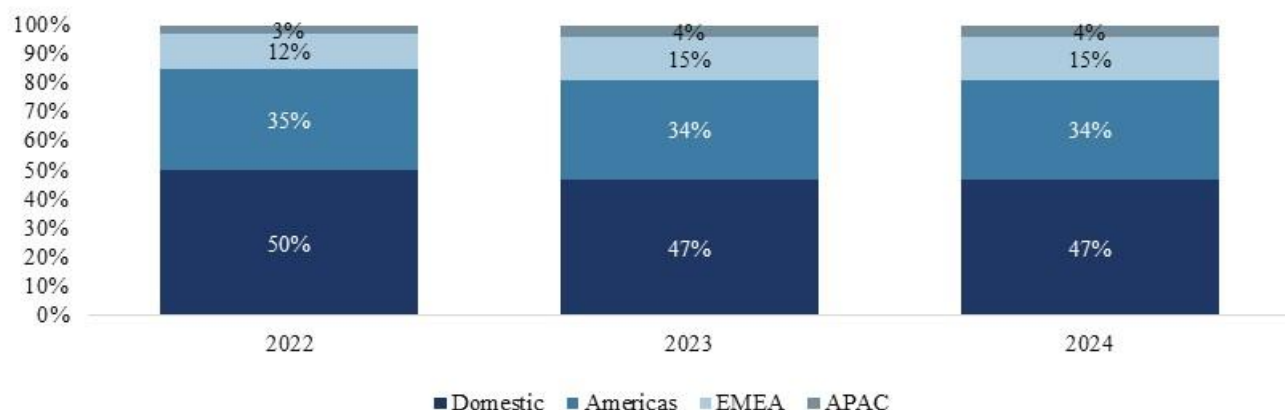
#### 5. Region wise Share of Overall Space Take-up

The office sector in India has seen continued interest by international occupiers. Their share in overall absorption has increased from 50% to 53% over the last three years. While the Americas region accounts for majority of the international demand, a rise in EMEA and APAC's absorption share has been witnessed over the last three years. The growing interest from international occupiers has primarily been driven by rising focus of GCCs towards India. In CY2024, GCCs contributed to nearly 36% of the total leasing across Tier 1 cities in India.

With the country's steady economic growth, domestic companies are now emerging as a significant contributor to the demand for office space in India, accounting for 47% of total leasing in CY2024. This surge in demand is fuelled by financial stability, a well-capitalized financial system, access to a skilled workforce, a thriving startup ecosystem, market diversification, and government initiatives<sup>49</sup> that support the expansion and market presence of domestic companies. (Source: CBRE Research, *India Inc's Ascension: The Rise of Domestic Firms as an Office Demand Driver*, September 2024)

<sup>49</sup> Make in India 2.0, the Production Linked Incentive Scheme, Start-up India, Skill India, National Skill Development Mission, Pradhan Mantri Kaushal Vikas Yojana amongst other initiatives.

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



Source: CBRE Research, *India Inc's Ascension: The Rise of Domestic Firms as an Office Demand Driver*, September 2024

Flexible workspace operators, technology firms and banking, financial services, and insurance (BFSI) corporates have primarily dominated domestic leasing within office absorption in India. (Source: CBRE Research, *India Inc's Ascension: The Rise of Domestic Firms as an Office Demand Driver*, September 2024)

Going forward, India's share in global IT services spending is forecast to be 22% by 2031 up from 15% in 2021, with the forecast Indian IT workforce to be around 12.2 million. Indian technology firms are expected to expand into more locations to leverage strategic and operational benefits, which may propel expanded office infrastructure to support modern, cultural, collaborative work environments. (Source: CBRE Research, *India Inc's Ascension: The Rise of Domestic Firms as an Office Demand Driver*, September 2024; Secondary data sourced from: NASSCOM, India Brand Equity Foundation (iBEF))

## 6. Long-Term Relevance of Office Spaces

While the hybrid working model remains common across sectors, occupiers are taking a stronger approach to having employees return to the office, with 90% of occupiers preferring at least three days in the office per week. This shift is largely driven by the challenges of working from home, including concerns over data security, unreliable internet connections, and limited space at home. Occupancy trends have been increasing across sectors as companies place greater emphasis on employee satisfaction, experience, and overall productivity. Sectors such as e-commerce, engineering and manufacturing, banking and financial services, and research and analytics have seen occupancy rates ranging from 80% to 95%. (Source: CBRE Research, *2024 India Office Occupier Survey*, June, 2024<sup>50</sup>)

<sup>50</sup> Note: The survey was conducted during March-April 2024; Total number of respondents – 70-78

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## Indian Office Market—Top 9 Cities

India's top nine cities account for approximately 883 million square feet of office stock. These cities house India's political capital (Delhi-NCR), financial hub (Mumbai), and prominent technology centres (Bengaluru). The table below includes key office statistics for the top nine office markets in India:

Particulars	Bengaluru	MMR	Hyderabad	Gurgaon	Chennai	Pune	Noida	Kolkata	Delhi	Tier I Cities
Total Stock as of Q1CY2025 (million square feet)	233.7	152.5	137.6	93.5	89.8	85.9	47.1	27.7	15.0	882.9
Occupied Stock as of Q1CY2025 (million square feet)	195.9	126.6	103.6	70.0	77.9	65.6	37.8	23.4	12.3	713.1
Vacancy as of Q1CY2025 (%)	16%	17%	25%	25%	13%	24%	20%	15%	18%	19%
Average Annual Absorption CY2017–Q1CY2025 (million square feet)	16.0	7.0	9.7	6.8	6.0	5.5	3.9	1.8	0.7	57.5
Market Rents* as of Q1CY2025 (per square foot per month)	93	149	74	106	85	80	61	59	200	98

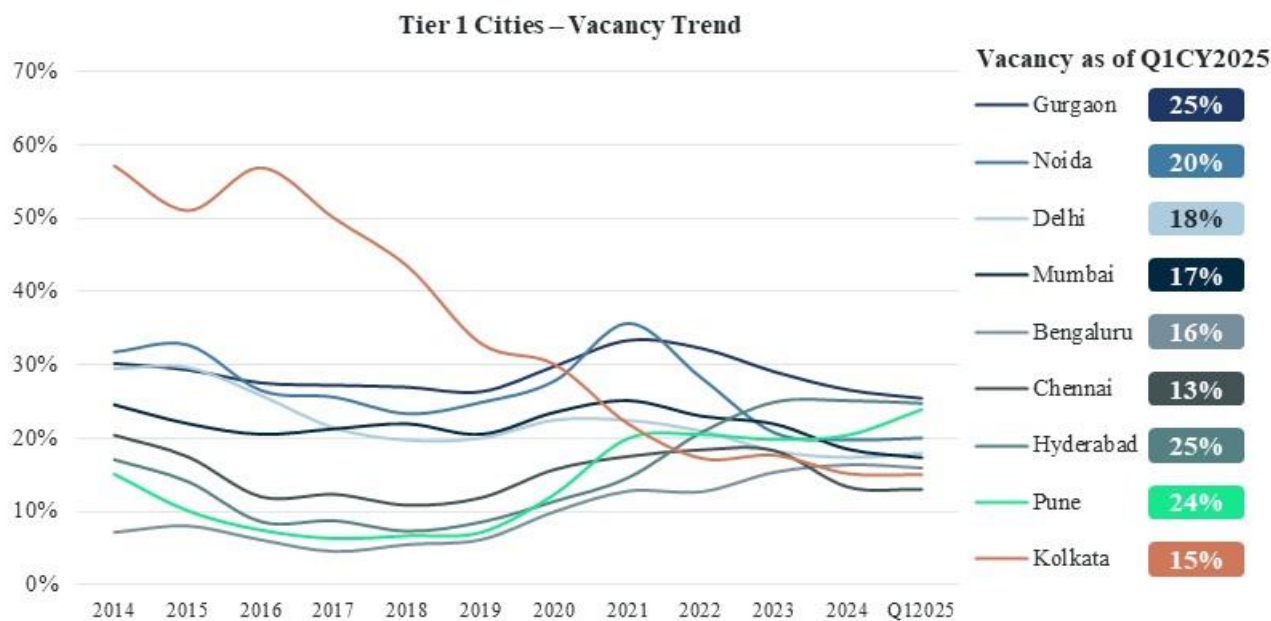
Source: CBRE, all figures are approximate only.

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

## Vacancy Trends

Vacancy levels in major cities had risen due to a slowdown in leasing activity caused by the COVID-19 pandemic and the completion of new supply during 2020 to 2021. However, following the easing of lockdown restrictions, improved mobility, positive occupier sentiment, and increased leasing activity from domestic corporations and GCCs, vacancy levels began to decline in regions such as Mumbai, Gurgaon, Noida, Delhi, and Kolkata after 2021.

As of Q1CY2025, markets like Delhi NCR and MMR demonstrate relatively higher city level vacancy, which is due to high vacancy in certain peripheral areas with limited infrastructure and in buildings with strata ownership and design challenges. In contrast, cities like Bengaluru, Chennai, and Kolkata have lower vacancy levels (Q1CY2025) among Tier 1 cities.



Source: CBRE, all figures are approximate only.

## Rental Trends

While the overall rental outlook remains range-bound at the city level, specific established submarkets are expected to see a slight increase in rents in the medium term, supported by the availability of quality supply in prime locations.



Source: CBRE, all figures are approximate only.

\*Weighted average rents based on occupied stock.

## Key Office Clusters Across Tier 1 Cities in India

CBRE has identified 33 key office micro-markets (clusters) across Tier-I cities, as outlined below. These micro-markets were selected based on an evaluation of various factors, including total stock, occupied stock, vacancy levels, the share of each micro-market in the city's total stock, upcoming supply, and forecasted vacancy rates. As of Q1CY2025, these selected micro-markets represent approximately 83% of the total stock and 84% of the total occupied stock in Tier-I cities. These 33 key office micro-markets contributed to approximately 91% of the total office absorption in Q1CY2025.

The table below includes key office parameters for the identified clusters across Tier I cities in India:

S. No.	City	Micro market	Total Stock	Occupied Stock	% share of Overall Stock	Market Rents* (₹ /square foot /month)
			(million square feet)	(million square feet)		
1	Bengaluru	Outer Ring Road	75.0	66.7	8%	100 – 105
2	Bengaluru	PBD-Whitefield	50.0	40.2	6%	60 – 65
3	Hyderabad	Extended IT Corridor	48.6	31.0	6%	55 – 60
4	Hyderabad	IT Corridor II	46.4	39.2	5%	85 – 90
5	Bengaluru	North Bengaluru	36.4	26.6	4%	75 – 80
6	Mumbai	Navi Mumbai Business District	30.7	24.3	3%	65 – 70
7	Noida	Noida Expressway	28.7	22.0	3%	55 – 60
8	Bengaluru	Extended Business District	28.3	26.1	3%	125 - 130
9	Hyderabad	IT Corridor I	27.4	24.3	3%	75 – 80
10	Mumbai	Secondary Business District (Western Suburbs 1)	26.9	21.7	3%	120 – 125
11	Chennai	OMR Zone 1	25.5	24.0	3%	105 – 110
12	Mumbai	PBD-East (Eastern Suburbs)	23.6	19.7	3%	130 – 135
13	Mumbai	PBD-West (Western Suburbs 2)	22.2	18.1	3%	130 – 135
14	Mumbai	Extended Business District (Central Mumbai 2)	18.8	15.3	2%	195 – 200
15	Gurgaon	Extended Golf Course Road	18.7	12.3	2%	65 – 70
16	Pune	PBD- North East	17.8	13.4	2%	85 – 90
17	Gurgaon	NH-8 Before Rajiv Chowk	17.7	15.3	2%	110 – 115
18	Pune	SBD-North East (SBD-East)	16.5	13.6	2%	85 – 90
19	Bengaluru	Central Business District	16.3	14.5	2%	140 – 145
20	Chennai	OMR Zone 2	15.9	13.4	2%	65 – 70
21	Pune	SBD-North West (SBD-West)	14.5	11.4	2%	80 – 85
22	Mumbai	Alternate Business District (New CBD- BKC)	14.4	13.6	2%	330 – 335
23	Pune	PBD-North West	13.4	9.1	2%	50 – 55
24	Kolkata	Peripheral Business District (PBD – Salt Lake Sector V)	13.2	11.6	1%	50 – 55
25	Gurgaon	DLF Cyber City	12.3	11.7	1%	145 – 150
26	Chennai	Mount Poonamallee Road (SBD)	12.2	11.5	1%	80 – 85
27	Noida	Peripheral Noida (Sector 62 & vicinity)	12.0	10.2	1%	50 – 55
28	Chennai	Central Business District	10.8	8.8	1%	95 – 100
29	Chennai	Off-CBD	10.3	9.3	1%	80 – 85
30	Kolkata	Extended PBD (PBD – Rajarhat, Newtown)	10.2	8.3	1%	45 – 50
31	Gurgaon	Golf Course Road	10.0	8.2	1%	120 – 125
32	Pune	Central Business District	6.0	3.4	1%	80 – 85
33	Delhi	SBD 2 & 3 (Aerocity)	3.3	3.1	0%	190 – 195

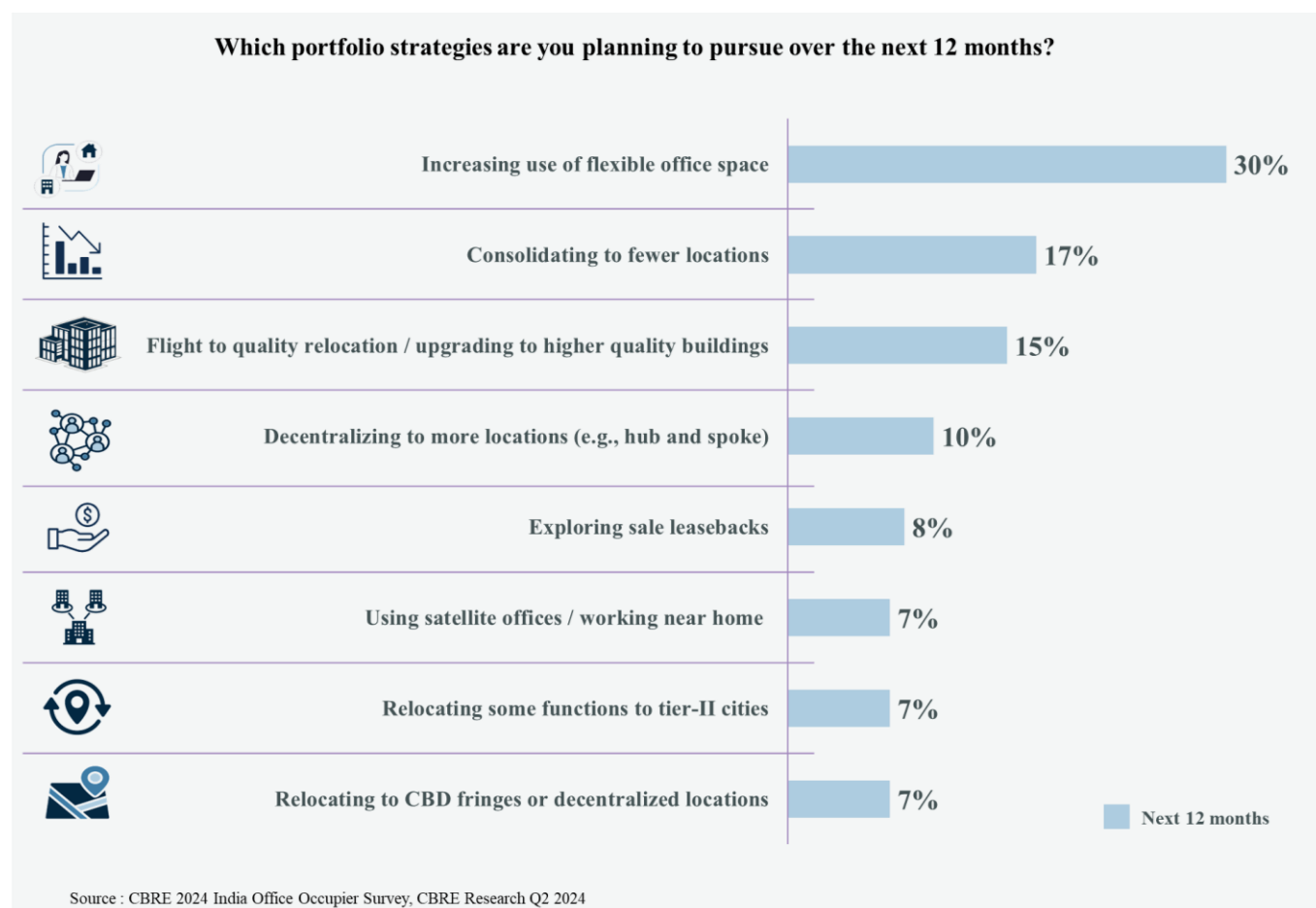
Source: CBRE, data as of Q1CY2025, all figures are approximate only. \*Weighted average rents based on occupied stock.

Note - Names mentioned in parentheses ( ) depicts the nomenclature of clusters used in the India Flexible Workspace Industry Overview chapter.

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

The Flexible Workspace stock in the top 9 Tier 1 cities grew from more than 35 million square feet by end of CY2020 to over 88 million square feet as of Q1CY2025. Flexible workspaces are becoming an integral part of the commercial office market with many organizations now also looking to evaluate fully integrated, serviced workspaces.

According to CBRE's India Office Occupier Survey 2024<sup>51</sup>, the post pandemic environment has fostered a stronger emphasis on portfolio agility, driving an increased demand for flexible workspace solutions. Reflecting this trend, about 30% of occupiers identified "expanding their use of flexible office spaces" as their primary portfolio strategy over the next 12 months. While companies across sectors indicated increased usage of flexible workspaces, domestic occupiers indicated a higher preference compared to American corporates.



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

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

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

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

<sup>51</sup> Note: The survey was conducted during March-April 2024; Total number of respondents – 70-78

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

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



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The rise of hybrid work models, prudence in the use of capital, the need for flexibility in workspace planning, and a shift in work culture are amongst the factors fuelling the demand for flexible workspaces. This has resulted in demand from diverse segments, from start-ups, and small and medium-sized enterprises (SMEs) to large corporations. These organisations are evaluating to integrate flexible workspaces into their office portfolios as part of their ‘Core+Flex’ strategies<sup>52</sup>. ‘Core+Flex’ can allow organisations the opportunity to be more capital efficient, while providing employees with the flexibility to work from different locations.

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

## Standard Market Practices

Parameter	Detail
Space	
Space Measurements	<ul style="list-style-type: none"> <li>Space is measured and quoted as gross floor area (GFA) in square feet</li> <li>Gross floor area is commonly known as the “Super Built-Up Area (SBUA)”</li> <li>All commercial terms of a lease are based on SBUA</li> </ul>
Efficiency Ratio	<ul style="list-style-type: none"> <li>Typically, net usable area (which is equivalent to carpet area) is 60% to 75% of gross floor area, depending on the building, city, micro-market etc.</li> <li>Usually, a split floor has a lower efficiency than a full floor</li> </ul>
Type of Space	<ul style="list-style-type: none"> <li>Bare Shell: This is a plain cement structure, with electric connection. Tenants must carry out internal fit-outs, electrical and plumbing work.</li> <li>Warm Shell: Most common in grade A projects but the definition of warm shell can vary across developers. This includes 100% diesel generator back up, high side air conditioner taps off with Air Handling Unit (AHU)/ without AHU on the floor, electrical tap-offs, provision of chilled water supply and plumbing and requisite fire-fighting infrastructure. Finished flooring or 60 to 75 mm screed and washroom may or may not be the washroom specification. In a warm shell lease, tenants could do the fit-out or ask the developer to do it.</li> </ul>
Lease Details	
Lease Terms	<ul style="list-style-type: none"> <li>The lease term is normally 3+3+3 years whereas it is 5-years in Mumbai-and Pune.</li> </ul>
Right of Renewal	<ul style="list-style-type: none"> <li>In a 3/5 years lease, tenants have the option to renew the lease after the end of the 3/5 year period for one/two more terms of 3/5 years each on the same terms and conditions except for any other agreed condition/ commercial terms as part of the initial agreement.</li> <li>Rent would be at a pre-agreed escalation at the time of renewal, except in the state of Maharashtra</li> <li>All lease rentals must be negotiated on market rate upon the expiry of the 5+5 /3+3+3 lease term</li> <li>There is no prevailing market norm as a deadline for execution. Ideally to do it 3-6 months in advance.</li> <li>A fresh lease document needs to be executed for the renewal term.</li> </ul>
Option to expand & right of first refusal	<ul style="list-style-type: none"> <li>An option to expand is usually negotiable</li> <li>A right of first refusal is normally available in a newly constructed building to tenants to occupy substantial areas</li> </ul>
Right To Sublet	<ul style="list-style-type: none"> <li>Rare and pre-negotiated upfront in the original lease, especially grade A developers.</li> <li>Subletting is only allowed to group of companies or affiliates with a prior notification and landlord’s approval</li> </ul>
Termination Or Early Break	<ul style="list-style-type: none"> <li>By practice (not law) tenants are allowed to terminate the notice before a lock-in period expires.</li> </ul>

<sup>52</sup> ‘Core + Flex’ is a strategy that offers occupiers a way to integrate traditional leased space and flexible office agreements in their overall real estate portfolios.

	<ul style="list-style-type: none"> <li>The lock-in period, which is the period a tenant guarantees to stay in the leased property, ranges from 36-60 months. The tenant has an option to terminate the lease upon serving 3-6 months' notice after the lock-in term expires. However, landlords typically lock the entire lease as lock-in period.</li> <li>If the tenant vacates before the lock-in period expires, the tenant is liable to pay the gross rent along with all the applicable charges for the remaining lock-in period.</li> <li>If the fit-outs are undertaken by the landlord, at the times of the lock-in for occupation of space may be for a minimum of three years. However, there is an additional lock-in for five years' basis the tenant paying the amortized value to cover the fit-out cost.</li> </ul>
Occupancy Cost	
Rent	<ul style="list-style-type: none"> <li>All rents are usually quoted on a net basis – i.e. service charge/ management fee exclusive, Tax is mostly exclusive with the exception of those mentioned in the "tax" clause below.</li> <li>Rent Quoted: Indian Rupees (₹) per square foot per month, usually based on Gross Floor Area or SBUA.</li> <li>Rent Payable: Monthly in advance by the 1<sup>st</sup> or latest by 5<sup>th</sup> of each month.</li> </ul>
Incentives (Rent free/ others)	<ul style="list-style-type: none"> <li>Rent Free Period: Typically, 3-6 months for all tier 1 markets in India, depending upon size and complexity of the project.</li> <li>Fit-out allowances: Tenant improvement allowances are not a norm in India market. Sometimes given by landlords.</li> </ul>
Service Charge / Management Fee	<ul style="list-style-type: none"> <li>Service charge/ management fee is excluded from gross rent.</li> <li>Service charge/ management fee includes janitorial services, building security services, common area maintenance and cleaning and elevator maintenance.</li> </ul>
Rent Review / Rental Cap	<ul style="list-style-type: none"> <li>Rental escalation is pre-fixed, typically 15% after every three years or 5% annually.</li> <li>All lease rentals must be negotiated on market rate upon the expiry of the 5+5/ 3+3+3 lease term.</li> </ul>
Tax	<ul style="list-style-type: none"> <li>Goods And Service Tax and Surcharge ("GST"): Paid by tenants on monthly basis. 18% GST rate on rent and/or any payments made such as service charge/ management fees and utilities etc. The tax amends are basis government regulations.</li> <li>Municipal/Property Tax: The costs of municipal taxes are included in the rent in most of the markets with the exception of below. Bangalore, the landlord must pay the current tax value, along with any and future increment of the property value in the payable tax. In Delhi and Mumbai, the landlord or tenant pays for any increases of the property value, depending on their agreement. Some parts of Delhi-NCR, especially Gurgaon, could pass on the liability of property tax to the tenant.</li> </ul>
Security Deposit & Guarantees	<ul style="list-style-type: none"> <li>Typically range from 6 to 12 months' gross rent regardless of the credit strength of the tenant. It is refundable to tenants upon termination of the lease agreement.</li> <li>Security deposit is negotiable.</li> <li>Landlords tend to prefer cash rather than letters of credit (guarantees) from banks to use as security deposits. It is also not a common practice to put security deposits into escrow account, with the exception of build- to-suit /under-construction transactions, or provide bank guarantees to tenants to guarantee return of security.</li> </ul>
Car Parking	<ul style="list-style-type: none"> <li>Tenants usually pay extra for parking. In some cases, car parking fee is included in rent depending on negotiation.</li> </ul>
Utilities	<ul style="list-style-type: none"> <li>Tenants required to pay electricity and water usage directly to the landlords.</li> <li>For expense associated with electric consumption and transmission losses within leased space and common areas, tenants pay to the public utility company via direct meter, or through the landlord via sub meter. Landlords may mark up the electric charge when sub metered on account of providing the service and managing the public utility company.</li> <li>Chill water for AHU's is metered and paid separately.</li> </ul>
Restoration	<ul style="list-style-type: none"> <li>Typically, at tenant's cost.</li> <li>A standard clause in most of the lease agreement requires tenants to restore (reinstate) the premises to its original condition, except for fair wear and tear, upon the expiry of the lease.</li> </ul>
Transaction Costs	
Agents' Fees	<ul style="list-style-type: none"> <li>New Lease: Standard market fees is two months' gross rent. Landlord typically pay the fee to tenant representative brokers. In case of individual landlord, tenants may have to pay the deficit fees (between the standard market fees and the fee paid by the landlord) to the tenant representative brokers.</li> </ul>

	<ul style="list-style-type: none"> <li>Lease Renewal: Payable by the tenant and can range from 15 to 30 days of gross rent depending on whether it's an administrative renewal or an open market renewal or a percentage of savings achieved over the remaining lease term or for the new term in case of renegotiation.</li> </ul>
Other Transaction Costs	<ul style="list-style-type: none"> <li>Legal fees: Each party bears its own legal fee, which includes payment for services such as title due-diligence documentation, Letter of Intent (LOI), lease deed execution and coordination for registration etc.</li> <li>Lease document registration charges: Payable by tenants. A lease agreement exceeding 11 months must be registered and it is generally the tenant that has to register the lease document.</li> <li>Stamp Duty: Payable by tenants. The charges vary from state to state.</li> </ul>
Green Buildings	
Green Building Certificates	<ul style="list-style-type: none"> <li>LEED and WELL certification, together with rating from local bodies which include IGBC (The Indian Green Building Council), GRIHA (Green Rating for Integrated Habitat Assessment) and British Safety Council are the most common green certificates being adopted in the market.</li> </ul>
Office Fit-Out Costs	
Estimated Fit-Out Costs <sup>53</sup>	<ul style="list-style-type: none"> <li>Basic+: ₹ 3,496 – 3,898 per square foot</li> <li>Medium: ₹ 5,031 – 5,599 per square foot</li> <li>High: ₹ 7,483 – 8,321 per square foot</li> <li>Premium: ₹ 8,877 – 9,879 per square foot</li> </ul>

Source: CBRE Research, Asia Pacific Office Leasing Guide 2024 Update, April 2024

#### Fit-out costs in India:

The fit-out costs are typically categorised as Basic+, Medium, High and Premium categories depending on the quality of materials used, detailing amongst others. Core fit-out cost components such as MEP Works, Civil and Interior Works and Furniture Works typically account for 70% to 75% of the total cost. While a variation of 6% to 9% is observed in these core cost components depending on the categories, the other cost components typically remain range bound with 1% to 2% variation.

The typical cost breakup under each category is detailed in the table below:

Categories	Cost Components								
	Soft Cost	Civil and Interior Works	Flooring works	Furniture	MEP Works	Networking Passive Works	AV Equipment	Active Component	Miscellaneous
Premium	5%	26%	4%	25%	24%	2%	4%	5%	5%
High	6%	23%	4%	22%	27%	3%	4%	6%	5%
Medium	6%	20%	5%	18%	31%	3%	4%	6%	5%
Basic+	6%	21%	5%	17%	33%	4%	3%	6%	4%

Source: CBRE Project Management, data as of Q4 2024; CBRE Research, India Construction Cost Trends 2024-25: Navigating costs in a transforming landscape Report, March 2025

Percentages of the fit-out cost breakup provided in the table above are indicative of a typical office fit-out project, therefore CBRE advises clients to exercise caution and engage in professional services for precise percentages based on the client's unique requirements.

#### Details of Fit-Out Cost:

Fit-Out Cost Specifications				
Description	Premium Level	High Level	Medium Level	Basic+ Level
Civil & interiors works	High end veneer or acrylic finishes for partitions, fully automated partition for large and flexible spaces, Advanced acoustic and noise reduction	Partitions 160 mm thickness, high quality veneer or laminate finish, double glazed partitions & doors, motorized blinds for meeting rooms,	Partitions 120mm thickness, imported single glazed partitions, manual blinds, high-end finishes, indigenous semi motorized foldable partitions, Basic acoustic	Partitions 90mm thickness, standard laminate finishes, indigenous single glazed partitions, manual blinds, manual foldable / non-foldable partitions,

<sup>53</sup> CBRE Project Management, data as of Q4 2024; CBRE Research, India Construction Cost Trends 2024-25: Navigating costs in a transforming landscape Report, March 2025. The fit-out costs are on gross leasable area.

	solutions. High end flooring options, Modern ceiling solutions.	Improved Acoustics, Durable flooring solutions, Integrated Ceiling solutions.	treatments, Durable, cost-effective flooring solutions.	minimal acoustic treatments. Durable, cost-effective flooring solutions.
<b>Raised flooring works</b>	Adjustable height system, high load capacity, advanced pedestal system.	Adjustable height system, moderate load capacity, standard pedestal system.	Fixed height system, Basic load capacity, standard pedestal system. Partial locations.	Fixed height system, Basic load capacity, standard pedestal system. Partial locations
<b>Carpet works</b>	Premium quality, custom-designed carpet tiles with wool or nylon blend, High performance underlay.	High quality carpet tiles with nylon or polypropylene blend, medium performance underlay. Basic range ₹ 2,250/Sq. m	Standard carpet tiles with nylon or polypropylene blend, basic underlay. ₹ 1,950/Sq. m	Basic carpet tiles with nylon or polypropylene blend, basic underlay. ₹ 1,600/Sq. m
<b>Modular false ceiling works</b>	Premium acoustic ceilings using mineral fibre and fiberglass for top-notch sound absorption, metallic and custom panel ceilings.	Higher acoustic ceilings, sprays / TechZone ceiling / metallic ceiling, etc.	Acoustic ceilings / grid ceiling / gypsum ceiling, etc.	Grid ceiling / Gypsum ceiling / open ceilings, etc.
<b>Workstations</b>	Ergonomic premium finish workstations with motorized height adjustment. Premium quality desk tops with cable management. Ample storage, soundproof partitions, and advanced technology integration. Basic cost > approx. ₹ 90,000	Ergonomic high quality workstations with motorized height adjustment. Durable desk tops with basic cable management. Sufficient storage, soundproof partitions, and basic technology integration. Basic cost > approx. ₹ 75,000 to ₹ 60,000	Ergonomic workstations with partial motorized height adjustment. Durable desk tops with basic cable management. Limited storage and basic technology integration with standard finishes. Basic cost approx. ₹ 60,000 to ₹ 42,000	Basic fixed-height workstations. Minimal storage, and basic technology integration with standard finishes. Basic cost approx. < ₹ 42,000
<b>Office &amp; meeting room chairs</b>	Use of premium products	Imported > approx. ₹ 41,250	Approx. ₹ 30,500 to 37,500	< Approx. ₹ 22,500
<b>Internal electrical works</b>	IEC - 61439 panels with Hot swappable breakers, Advanced Distribution Boards, Partition type Race ways, Net box type socket for meeting rooms, GI conduits, UPS rising mains, busway system, GI / powder coated raceways	4B type Panel with hot swappable breakers, Modular DB, Power receptacles, MS conduit, Copper cables for UPS system, GI / powder coated raceways	3B panels with fixed breaker, Modular DB, Power receptacles. FRLS PVC conduits, GI Raceways & Cable tray, Aluminium cables for Raw power application, GI / powder coated raceways	3B panels with fixed breaker, Modular DB, Power receptacles. FRLS PVC conduits, GI Raceways, Aluminium cables for Raw power application, GI raceways
<b>Luminaires &amp; LMS</b>	POE LMS system, Tuneable LED light fixtures & LED imported decorative light fixtures	Type 2 Dali LMS system, Tuneable LED light fixtures & LED imported decorative light fixtures	Dali LMS system, non-Tuneable LED light fixtures & indigenous decorative light fixtures	Indigenous luminaries
<b>UPS system</b>	Modular N+N with LI batteries , 15 min back up for workstation, 30 min back up for Critical rooms	Modular N+N with LI batteries , 15 min back up for workstation, 30 min back up for Critical rooms	Conventional N+1 with LI batteries, 15 min back up for workstation, 15 min back up for Critical rooms	Conventional UPS with VRLA batteries 15 min
<b>CRAC units</b>	N+N Dual fluid	N+N DX type	N+1 DX type	N+1 DX type
<b>FPS &amp; ELV system</b>	2-layer sprinkler system (pendent/concealed), GI pipework with Grove	1-layer sprinkler system (pendent/concealed), existing pipe	Pendent/concealed sprinkler, modified MS pipework with welding,	Pendent/concealed sprinkler, modified MS pipework with welding,

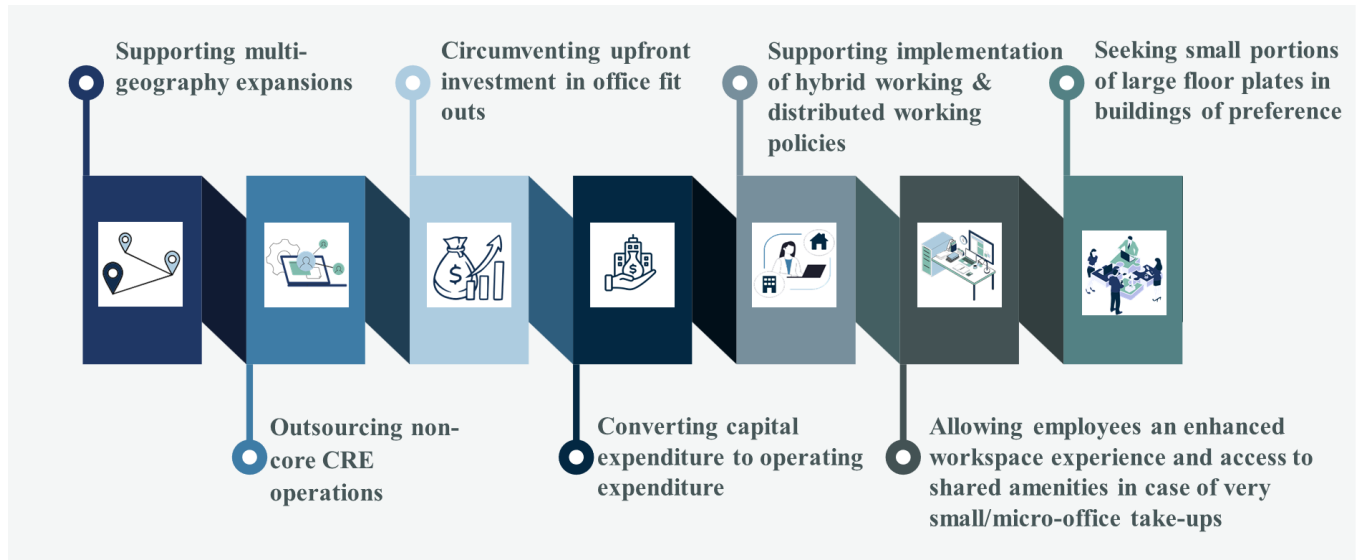
	couplings, GSS, VESDA, RR for critical rooms. Clean agent extinguishers, battery-powered signage, smoke detectors for double-height areas, integrated FAPA system with repeater panel.	modification, GI pipework with Grove couplings, GSS, VESDA, RR for critical rooms. Extinguishers, battery-powered/passive signage, independent FA & PA systems.	GSS, VESDA, RR for critical rooms. Extinguishers, passive signage, independent FA & PA systems.	GSS, VESDA, RR for critical rooms. Extinguishers, passive signage, independent FA & PA systems.
<b>HVAC low side distribution</b>	Thermo diffusers, N+1 configuration for critical areas	Thermo diffusers, N+1 configuration for critical areas	N+1 configuration for critical areas	Normal Specs
<b>Kitchen equipment</b>	Full-fledged kitchen	Full-fledged kitchen	Reheating provision	Reheating provision
<b>Networking passive works</b>	High-speed data transmission with Category 6A UTP cabling. Organized cable routing. High-density patch panels. High-speed backbone and server connections with OM4 multimode fibers. Proper cable labelling and management. Secure, high-quality racks. Comprehensive grounding and bonding.	Reliable data transmission with Category 6 UTP cabling. Organized cable routing. Medium-density patch panels. Backbone and server connections with OM3 multimode fibers. Proper cable labelling and management. Secure standard rack cabinets. Basic grounding and bonding.	Standard data transmission with Category 5e UTP cabling. Basic cable routing. Low-density patch panels with basic labelling. Basic cable management and grounding.	Standard data transmission with Category 5e UTP cabling. Basic cable routing. Low-density patch panels with basic labelling. Basic cable management and grounding.
<b>AV equipment</b>	High-quality audio system with advanced DSP, amplifiers, and speakers. 4K UHD displays, projectors, and video conferencing systems. Advanced control system for centralized audio and video. Dimmable LED lighting management. Dimmable LED lighting with colour-changing capabilities. Professional acoustic treatment. Concealed cable management.	High-quality audio system with amplifiers and speakers. Full HD displays, projectors, and video conferencing systems. Basic control system for audio and video. Dimmable LED lighting. Basic cable management.	Standard audio system with amplifiers and speakers. HD displays and projectors. Basic control for audio and video. Basic cable management.	Basic audio system with speakers. Standard displays and projectors. Basic cable management.

Source: CBRE Project Management, data as of Q4 2024; CBRE Research, India Construction Cost Trends 2024-25: Navigating costs in a transforming landscape Report, March 2025

## *Flexible Workspace Industry Overview*

### **What are Flexible Workspace Solutions?**

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



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



## Evolution of Flexible Workspaces in India

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

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

Pre 2015	<ul style="list-style-type: none"> <li>Before 2015, the flexible workspace offering was mostly limited to two kinds of solutions: <ul style="list-style-type: none"> <li>Traditional business centres/serviced offices comprising a mix of private suites and meeting rooms catering to mostly short-term needs for small, serviced offices and swing space requirements from corporate organizations</li> <li>Incubators and accelerators mostly providing early-stage startups with cost-efficient, open layout and shared workspace solutions. Some incubators and accelerators also supported their members with gaining access to mentors and investors</li> </ul> </li> </ul>
2015 - 2017	<ul style="list-style-type: none"> <li>Around 2015, the co-working concept started gaining popularity in India with the initial target audience for this offering being startups</li> </ul>
2017- 2019	<ul style="list-style-type: none"> <li>Expansion by both existing domestic and international brand flexible workspace operators in India along with the emergence of new flexible workspace operators in the country</li> <li>Continual evolution of the existing startup-centric co-working format that also led to the emergence of the enterprise co-working format that could better cater to the demand for flexible workspace solutions from enterprise customers/corporate organizations</li> <li>Introduction of the 'Managed Office' offering by some flexible workspace operators in response to the emerging demand for customized, private/semi-private serviced and professionally managed workspaces with flexible terms by MSMEs and MNCs/corporate organizations</li> <li>These solutions became popular with enterprises looking to circumvent upfront capital expenditure in fit-outs and to outsource the design, build, and management of their offices to a single vendor</li> <li>The continuous evolution of flexible workspace formats in response to end-user demand also eventually led to the emergence of the 'Managed Campus' concept that aimed to offer the privacy, flexibility, and customization of a managed office solution along with the benefits and experience of an amenitized and tech-enabled office campus</li> </ul>
2020 – 2021 (Covid-19 impact & Recovery Period)	<ul style="list-style-type: none"> <li>Owing to the COVID-19 pandemic, 'Work from Home' and 'Remote Work' protocols were implemented by many organizations</li> <li>'Remote first' became the dominant work policy adopted by many organizations, impacting the physical occupancies in both traditional offices and flexible workspaces</li> <li>Most leading flexible workspace operators used this period to review &amp; reengineer their portfolios, re-think their business strategies, increase focus and investments on technology, amenities, health and safety, upgrade their facilities and optimize costs</li> <li><b>Q2 2021 onwards</b> <ul style="list-style-type: none"> <li>Careful reopening of flexible workspace centres with increased focus on EHS, ESG, and other COVID safety protocols, practices, and guidelines along with the installation of health and safety-oriented technologies and equipment by multiple operators</li> <li>Introduction of novel solutions by a few flexible workspace operators like on demand pay-per-use solutions/day passes, reverse offices and fit-out as a service to name a few to try to support RTO and hybrid working initiatives by end user occupiers</li> </ul> </li> </ul>
2022 Onwards	<ul style="list-style-type: none"> <li>Adoption of "Core+Flex" strategies by multiple startups and corporate enterprises resulted in an increase in demand for flexible workspaces</li> <li>Speculative space take-up by flexible workspace operators across the country in anticipation of demand from end users</li> <li>Adoption of distributed / hybrid working practices and focus on capital optimization by enterprises became among the leading demand drivers for flexible workspace solutions</li> <li>Evaluating non-Tier 1 cities started to become a more integral part of expansion strategy planning for multiple operators</li> <li>A growing investor interest in the flexible workspace sector</li> </ul>

## Key Growth Drivers & Salient Features of Flexible Workspaces Solutions

The demand for flexible workspaces has been driven by an increasing focus on flexibility around solutioning and contractual terms, capital efficiency, cost optimization, hybrid or distributed working, employee well-being and functional office design amongst other things by end-users.

Both large enterprises and SMEs have been increasingly evaluating flexible workspace solutions owing to their increasing use cases and the innovations by leading flexible workspace operators.

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



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



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



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



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



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



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

## Flexible Workspaces Salient Features and Value Proposition for Landlords / Developers:

With evolving occupier preferences and an increasing focus on employee engagement & experience by organizations, multiple landlords are expected to undertake measures to try and further modernize, amenitize and upgrade their assets in order to make them more appealing and better suited to contemporary end user preferences. Having a flexible workspace within a development may help the landlord with the aforementioned objective in multiple ways including the following:



**Amenity for occupiers** - Flexible workspaces can act as an added amenity for the existing and potential tenants in an office development and provide the tenants access to hot desks, on demand meeting rooms and event spaces, while also providing them with a potential solution for immediate expansion and swing space in case required



**Marketing** - Since multiple leading flexible workspace operators usually invest in marketing of their centres across various online and offline platforms, they also by extension help in marketing of the assets where their centres are present



**Small and short-term office requirements** - Flexible workspace operators can help accommodate smaller and short-term office requirements which sometimes a landlord may not be able / keen to service owing to indivisible floor plates and long-term nature of typical traditional leases



**Business opportunities** - Some members occupying space in a flexible workspace in a building may also choose to take a long-term traditional office in the same building



**Full building take-ups** - Some flexible workspace operators lease full buildings from the landlord in one go which may save the landlords some time and effort otherwise spent in leasing the asset in parts to multiple tenants and secure rental commitments for their entire asset from a single operator









**Diversifying tenant risk and tenant mix** - By leasing space to a flexible workspace operator, landlords may have an opportunity to have end-users from multiple sectors that sign up as customers for the flexible workspace in their assets. While this may help diversify the tenant mix of the building it may also reduce vacancy risk (especially owing to economic/ sector cycles) for the centre



**Incubation Space** - For companies that are looking to take long term space in an asset, a pre-built flexible workspace solution may be able to provide a fully serviced and managed incubation space to their employees during the fit-out period of their long-term space

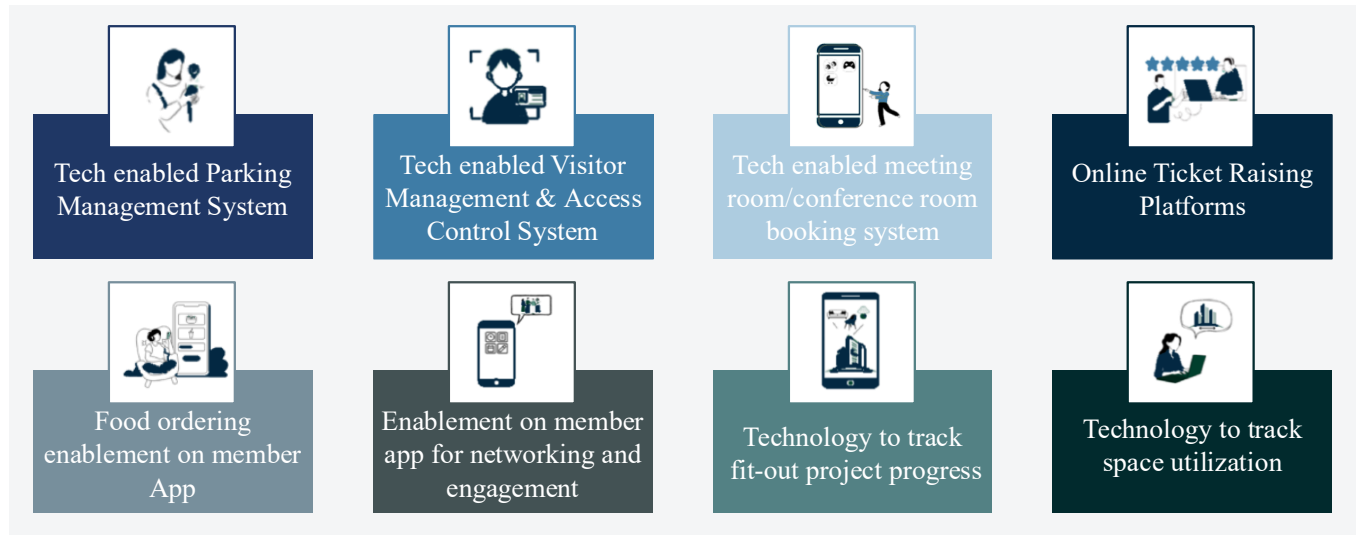
## Common flexible workspace offerings:

On – Demand	 <h3>Hybrid-Digital Solutions</h3> <p>Pay-per-use solutions allowing users to book open desks and meeting rooms on demand across locations with booking, payment, and usage tracking enabled through technology</p>
Pre-built, Shared & Serviced Spaces	<div data-bbox="308 689 692 1021">  <h3>Business Centres</h3> <p>Small – medium sized centres comprising of small private &amp; serviced suites with shared meeting rooms and common amenities primarily catering to short term space needs from enterprises</p> </div> <div data-bbox="951 689 1335 987">  <h3>Enterprise CoWorking</h3> <p>Small – large sized centres with collaborative areas, meeting rooms, private suites, open desks, and key amenities with the ability to cater to both startups and enterprises</p> </div>
Custom Built Managed Offices	<div data-bbox="204 1070 580 1339">  <h3>Shared Managed Offices</h3> <p>Custom built bespoke serviced offices with shared common amenities for medium to long term use by end users</p> </div> <div data-bbox="620 1070 1023 1339">  <h3>Private Managed Offices</h3> <p>Custom built &amp; fully private bespoke serviced offices with dedicated amenities for medium to long term use by end users</p> </div> <div data-bbox="1050 1070 1452 1469">  <h3>Managed Campus Centres</h3> <p>Full building campus like flexible workspace centres aiming to provide the end user occupiers with the privacy, flexibility, and customization of a shared managed office solution along with experience analogous to an amenitized and tech enabled office campus</p> </div>

### Flexible Workspace Operators' Tech Stack:

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

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



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

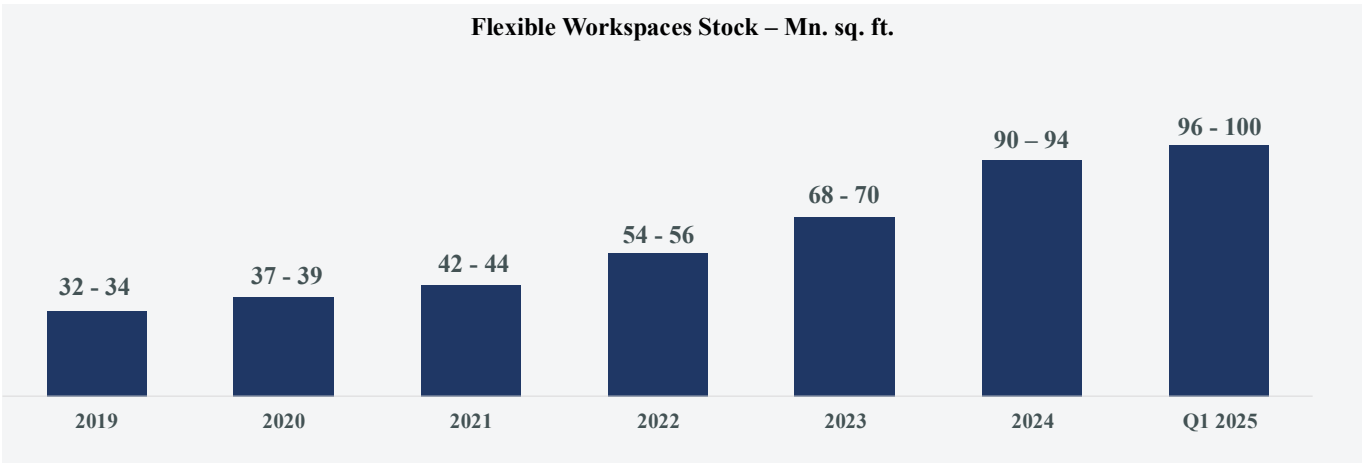
Flexible Workspaces | India Overview

Key statistics on flexible workspaces across India (Tier 1 & Non-Tier 1 cities):

<div>~500</div> <div>Operators</div>	<div>2,200+</div> <div>Number of Unique Centre Locations</div>	<div>96 – 100 Mn. sq. ft.</div> <div>Flexible Workspace Stock</div>
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Data as of Q1 CY 2025, all figures are approximate only

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

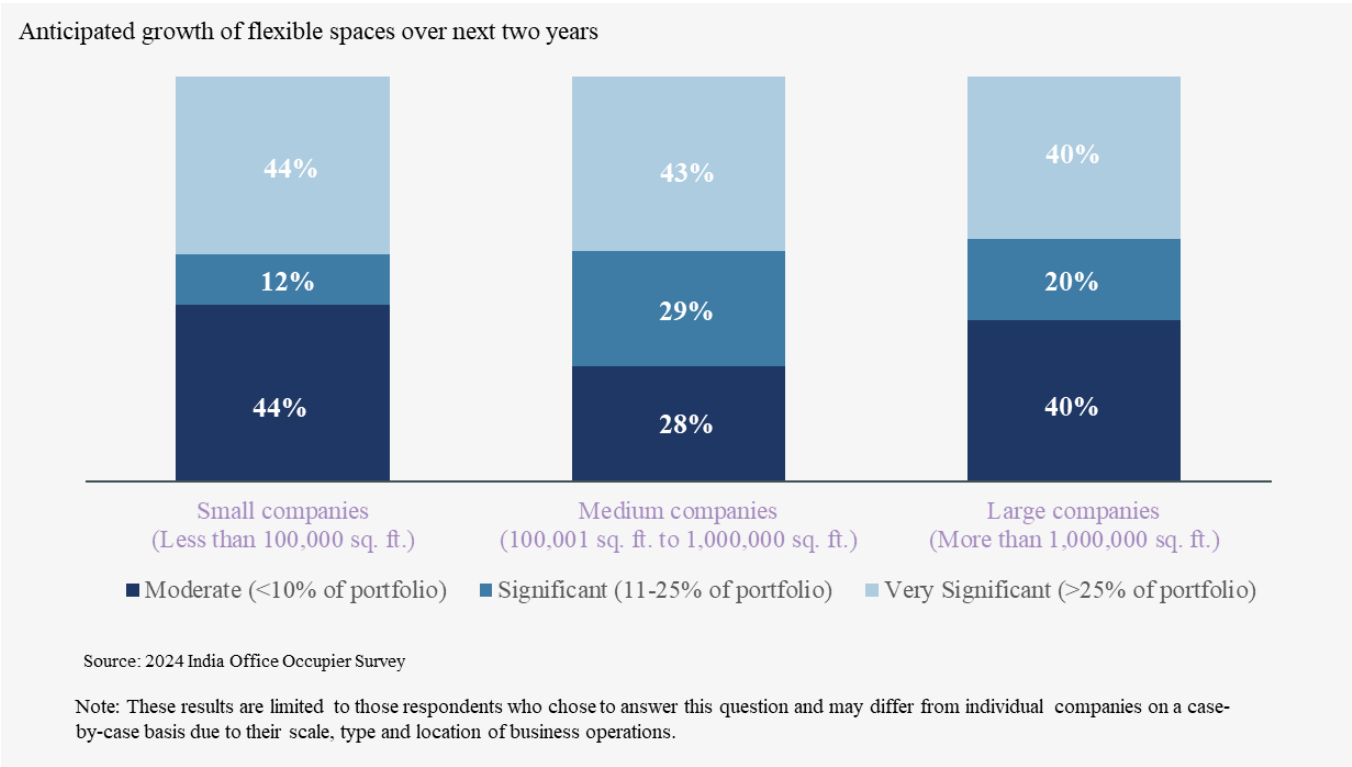


Data as of Q1 CY 2025, all figures are approximate only

Tier 1 cities account for over 88 million square feet of the total flexible workspace stock in India (Q1 CY 2025). The flexible workspace stock across tier 1 markets is forecast to keep growing at least in the near term in response to the demand from a diverse set of organizations including but not limited to large enterprises, MSMEs and start-ups, looking to establish or expand their presence in these cities.





According to CBRE India Office Occupier Survey 2024, small, medium and large sized companies are expected to increase share of flexible workspaces in their overall real estate portfolio as per below:



Note: These results are limited to those respondents who chose to answer this survey and may differ from individual companies on a case-by-case basis due to their scale, type, and location of business operations. CBRE may have adopted certain assumptions for the purpose of providing the report because some matters are not capable of accurate calculation or fall outside the scope of our expertise, or our instructions. To the extent that the report includes any statement as to a future matter, that statement is provided as an estimate and / or opinion based on the information known to CBRE at the date of this document. All statements and implications thus included in this report constitute our judgment as of the date of publishing. They are subject to change without notice, and transactions should not be entered into on the basis of information, opinions and estimates set out herein. There may be differences between projected and actual results because events and circumstances frequently do not occur as predicted. CBRE specifically excludes any responsibility or liability whatsoever in connection with any purchases, disputes, developments, or loss of profits for the reader or any other person on account of this report. Additionally, any regional or sectoral conclusions may differ and may not be fully applicable to individual firms and should be looked upon from a case-to-case perspective. Local dynamics may also result in a difference of results for individual corporates due to the type, scale, and location of business operations. There may also be a change in occupier sentiments due to any adverse event which may lead to varying results in the future.

Percentage of Total Transactions closed in flexible workspaces analysed basis End User Corporate Headquarters (New deals & Expansions)

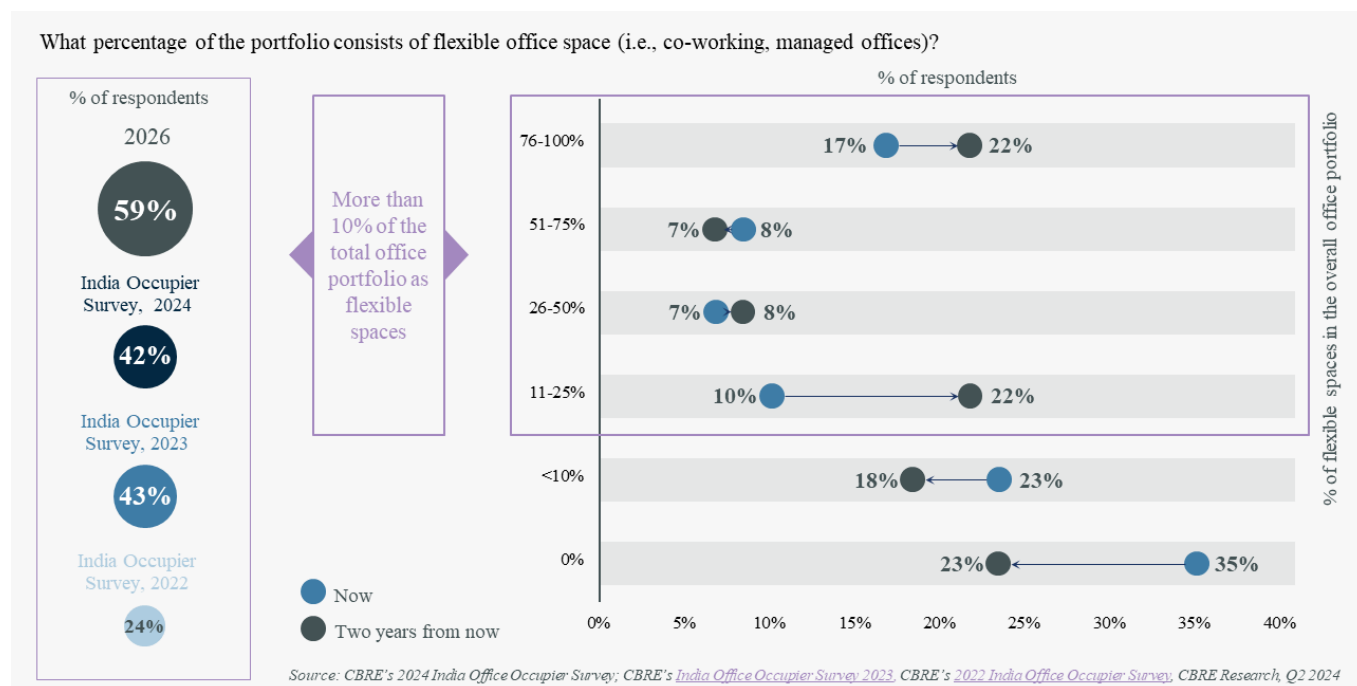
	CY 2022	CY 2023	CY 2024
 Domestic	37% - 42%	40% - 45%	40% - 45%
 International	58% - 63%	55% - 60%	55% - 60%

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

The demand for flexible workspaces in India has been well distributed between domestic and internationally headquartered organizations. Collectively, internationally headquartered organizations have contributed to over 50% of the new or expansion transactions closed across flexible workspace centres across India over the last 2 to 3 years

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

According to the CBRE's India Office Occupier Survey 2024<sup>54</sup>, the number of companies with over 10% of their office space being flexible is expected to jump from 42% in Q1 2024 to 59% by 2026



Source: CBRE Research, India Office Occupier Survey, June 2024<sup>54</sup>

<sup>54</sup> Note: The survey was conducted during March-April 2024; Total number of respondents – 70-78

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

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

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

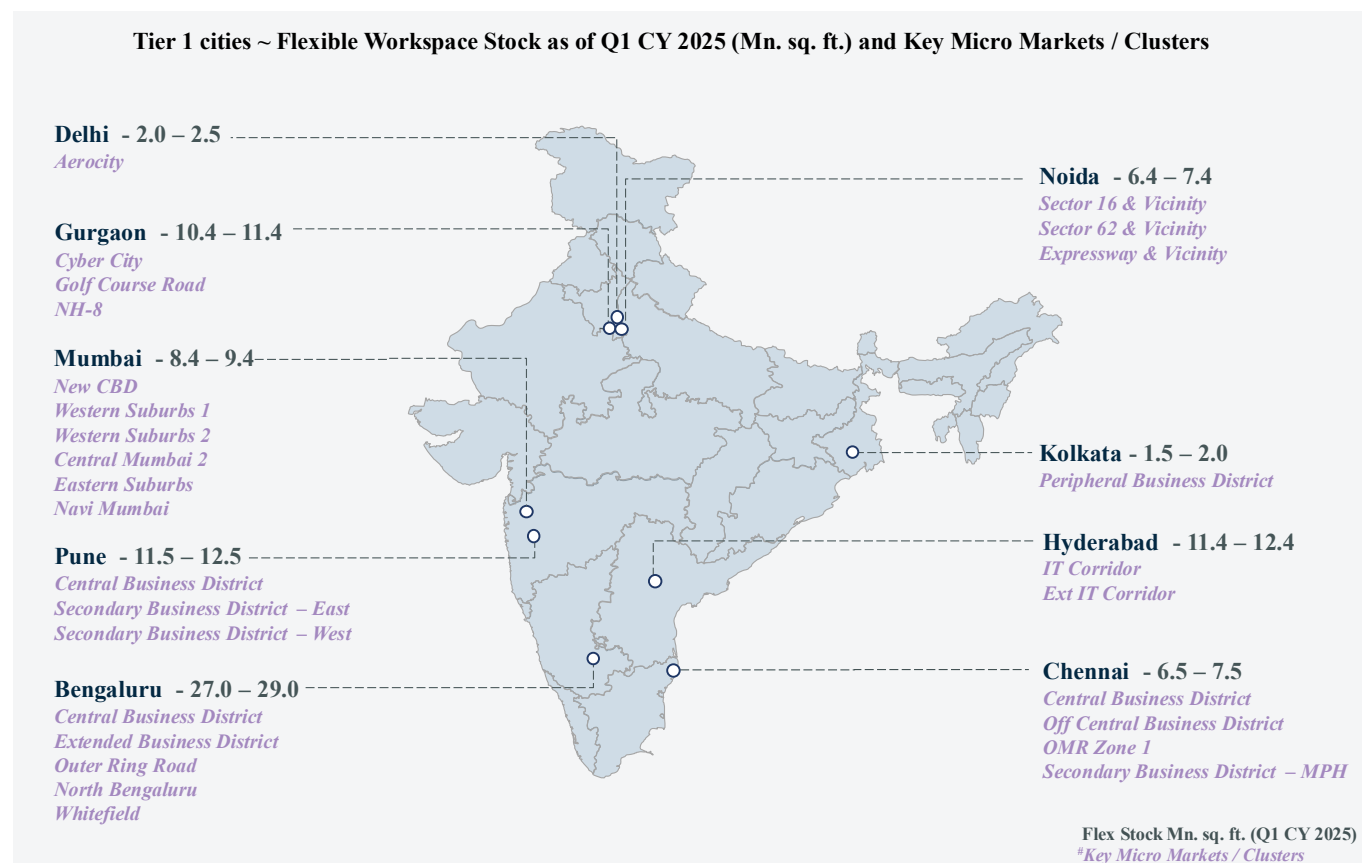
Portfolio Size – 36% - Small (< 1,00,000 square feet); 31% - Medium (1,00,000 – 5,00,000 square feet.); 33% - Large (> 5,00,000 square feet)

## Flexible Workspace Sector Dynamics - Tier 1 Cities

The flexible workspace stock in Tier 1 cities grew from more than 35 million square feet by the end of CY 2020 to over 88 million square feet as of Q1 CY 2025. The 28 key clusters<sup>#</sup> identified across Tier 1 cities account for around 80% of total flexible workspace stock in these cities.

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

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







Data as of Q1 CY 2025, all figures are approximate only  
 Map not to scale, for representative purpose only.

7 cities amongst the Tier 1 cities i.e. Bangalore, Chennai, Delhi, Gurgaon Hyderabad, Mumbai, and Pune account for over 79 million square feet of flexible workspace stock.

## Bengaluru:

Bengaluru is a hub for India's information technology sector, hosting multiple technology firms, research and development centres, and emerging startups. Bengaluru is the largest flexible workspace market in India, with multiple operators having and expanding their presence across the city. In line with office market trends, flexible workspace operators are present/expanding across key micro-markets, including the central business district (“CBD”), extended business district (“EBD”), outer ring road (“ORR”), North Bengaluru and Whitefield.

Flexible Workspaces Stock (million square feet)	Flexible Workspaces Stock as a % share of Total Office Stock (approx.)	Number of Unique Centre Locations (approx.)	Flexible Workspace Demand Driving Sectors
27.0 – 29.0	11% – 13%	445+	   

Data as of Q1 CY 2025, all figures are approximate only

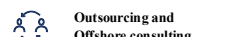
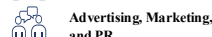
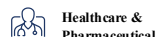
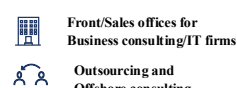
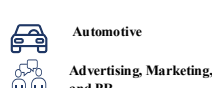
The CBD remains a preferred location given its central positioning, accessibility, and connectivity. The EBD has a couple of notable tech parks along with a mix of Grade A office spaces offering relatively competitive rental rates compared to the CBD. ORR, as the city’s largest commercial real estate micro-market, also has the highest concentration of flexible workspace stock in the city.

Meanwhile, North Bengaluru is gaining interest due to its strategic location and availability of Grade A office spaces, making it an attractive option for businesses looking to expand or consolidate operations. In recent years, with infrastructure development and Grade A assets, Whitefield has also emerged as an option for businesses seeking strategic locations.

Cluster / Micro Market (Key Sub-Markets/Locations)	Flexible Workspaces Stock (million square feet)	Number of Unique Centre Locations (approx.)
Outer Ring Road <i>Outer Ring Road, Sarjapur Jn, Kadubesanahalli, Mahadevpura, Marathahalli</i>	7.2 – 7.7	65+
Extended Business District <i>HSR Layout, Koramangala, Indiranagar, Domlur, Old Madras Road, Old Airport Road</i>	6.0 – 6.5	145+
Central Business District <i>MG Road, Vasant Nagar, Residency Road, Ashok Nagar, Langford Road, Richmond Road, Ulsoor, Dickenson Road, Infantry Road, Lavelle Road, Kasturba Road, Vittal Mallya Road</i>	3.9 – 4.4	90+
Whitefield <i>Whitefield, EPIP Zone, Hoodi, ITPL Road, Graphite, Brookefield</i>	3.8 – 4.3	40+
North Bengaluru <i>Bellary Road, Hebbal Road, Yelahanka, Kempapura, Thanisandra Road, Nagwara</i>	3.3 – 3.8	40+






Data as of Q1 CY 2025, all figures are approximate only

### Definitions:



## Pune:

Pune has emerged as one of the prominent commercial office markets in West India, driven by sectors such as IT/ITeS, BFSI, manufacturing, automobiles, and pharmaceuticals. Supported by end-user demand, the city is attracting interest from flexible workspace operators, particularly in key micro-markets such as the central business district (“CBD”) and the secondary business districts (“SBD”) East and West.

Flexible Workspaces Stock (million square feet)	Flexible Workspaces Stock as a % share of Total Office Stock (approx.)	Number of Unique Centre Locations (approx.)	Flexible Workspace Demand Driving Sectors
11.5 – 12.5	13% – 15%	170+	    

Data as of Q1 CY 2025, all figures are approximate only

The CBD offers a blend of residential, retail, and office developments, with public transport connectivity, including an operational metro. The SBD East and West micro-markets host Grade A IT or ITeS developments and offer lower rental rates compared to the CBD and as the metro connectivity improves, these markets are expected to attract growing interest from technology firms and flexible workspace operators.





Pune's proximity to financial centres, along with high-quality office spaces enhance its appeal and this may further contribute to demand for flexible workspaces.

Cluster / Micro Market <i>(Key Sub-Markets/Locations)</i>	Flexible Workspaces Stock (million square feet)	Number of Unique Centre Locations (approx.)
Secondary Business District – West (SBD- North-West) <i>Aundh, Baner, Bavdhan, Pashan, Balewadi, Bengaluru Highway, Kothrud</i>	4.5 – 5.0	55+
Central Business District <i>Koregaon Park, Bund Garden, SB Road, Yerwada, Kalyani Nagar, Shivaji Nagar, Erandwane</i>	3.3 – 3.8	45+
Secondary Business District – East (SBD- North-East) <i>Viman Nagar, Nagar Road, Hadapsar, NIBM, Mundhwa, Wanowrie</i>	2.0 – 2.5	30+

Data as of Q1 CY 2025, all figures are approximate only

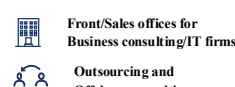
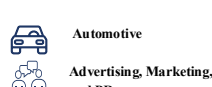
## Hyderabad:

Hyderabad has emerged as one of the prominent commercial hubs in South India and has also attracted new entrants looking to set up offices and GCC's, contributing to overall office space absorption. It is one of the largest flexible workspace markets in India with industries such as IT or ITeS, consulting, and BFSI contributing to the end user demand.

Flexible Workspaces Stock (million square feet)	Flexible Workspaces Stock as a % share of Total Office Stock (approx.)	Number of Unique Centre Locations (approx.)	Flexible Workspaces Demand Driving Sectors
11.4 – 12.4	8% – 10%	170+	   

Data as of Q1 CY 2025, all figures are approximate only

### Definitions:







IT Corridor is the most active micro-market for occupiers, offering good business and social infrastructure. Given the sustained occupier demand, multiple flexible workspace operators have setup their centres and are evaluating opportunities to expand their presence in this market. Extended IT Corridor has emerged as the second most active market in terms of office leasing activity, benefiting from comparatively lower rental rates and presence of large office campus developments.

Cluster / Micro Market (Key Sub-Markets/Locations)	Flexible Workspaces Stock (million square feet)	Number of Unique Centre Locations (approx.)
IT Corridor (IT Corridor I & II) <i>Kondapur, Madhapur, Gachibowli, HITEC City, Raidurg, Kavuri Hills</i>	8.5 – 9.0	105+
Ext IT Corridor <i>Nanakramguda, Kukatpally, Kokapet</i>	2.2 – 2.7	20+

Data as of Q1 CY 2025, all figures are approximate only

## Gurgaon:

Gurgaon is one of the key commercial and IT or ITeS office hubs in Delhi NCR, housing a substantial office stock that caters to headquarters and back-offices of many organisations. The city has also been attracting interest from flexible workspace operators, particularly in markets like Cyber City, Golf Course Road, and NH8.

Flexible Workspaces Stock (million square feet)	Flexible Workspaces Stock as a % share of Total Office Stock (approx.)	Number of Unique Centre Locations (approx.)	Flexible Workspaces Demand Driving Sectors
10.4 – 11.4	11% – 13%	205+	   

Data as of Q1 CY 2025, all figures are approximate only

Cyber City has emerged as Gurgaon's CBD, supported by developed social and physical infrastructure. The market has a presence of multiple large corporates and flexible workspace operators.

Golf Course Road has presence of multiple premium office spaces and residential developments, while NH8 benefits from good connectivity via the Delhi-Gurgaon Expressway, with prime commercial office developments. In response to the occupier demand, flexible workspace operators may evaluate expansion opportunities in these markets.

Cluster / Micro Market (Key Sub-Markets/Locations)	Flexible Workspaces Stock (million square feet)	Number of Unique Centre Locations (approx.)
Golf Course Road <sup>#</sup>	1.6 – 2.1	30+
Cyber City <i>DLF Cyber City</i>	1.5 – 2.0	25+
NH-8 <i>(NH8 North &amp; South)</i>	1.2 – 1.7	15+

Data as of Q1 CY 2025, all figures are approximate only; <sup>#</sup>Golf Course Road cluster/ micro-market is not inclusive of institutional areas




### Definitions:

 IT/Tech Software development	 Business Consulting & Professional Services	 Engineering & Manufacturing	 Automotive	 Front/Sales offices for Business consulting/IT firms
 BFSI	 Retail & E-commerce	 Healthcare & Pharmaceutical	 Advertising, Marketing, and PR	 Outsourcing and Offshore consulting



## Mumbai:

Mumbai is a key financial hub of India, with office space demand primarily driven by BFSI companies and large corporates. Organizations are evaluating flexible workspace solutions as part of their real estate optimization strategies and key markets such as Bandra Kurla Complex (“BKC”), the Western Suburbs, Central Mumbai, Eastern Mumbai and Navi Mumbai are witnessing growth in the flexible workspaces.

Flexible Workspaces Stock (million square feet)	Flexible Workspaces Stock as a % share of Total Office Stock (approx.)	Number of Unique Centre Locations (approx.)	Flexible Workspaces Demand Driving Sectors
8.4 – 9.4	5% – 7%	235+	  

Data as of Q1 CY 2025, all figures are approximate only

BKC, regarded as the city’s new CBD, has a large presence of BFSI firms, consulates, and multinational technology companies. However, limited Grade A supply and increasing rental rates are prompting some companies to evaluate relatively affordable alternatives in Central Mumbai.

A significant portion of the city's talent pool travels from the Western and Eastern Suburbs. With three metro lines operational providing connectivity within Western Suburbs, Andheri has emerged as a preferred location for corporates owing to its competitive rentals. The Western Suburbs 1 micro market currently has the highest share of flexible workspace stock in Mumbai.

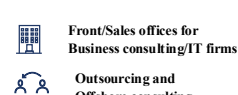
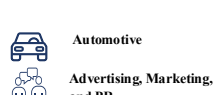
Eastern Suburbs comprises of LBS Marg which continues to serve as a mid & back-office location with limited number of Grade A assets offering cost-effective solutions while Powai, a self-sustained township, maintains a balanced mix of front and back-office occupiers.

Navi Mumbai offers large scale campus style developments with large floor plates, relatively competitive rentals and continues to be a preferred location for BFSI and back-office operations. The upcoming international airport is also expected to contribute to sustained occupier interest.

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




Data as of Q1 CY 2025, all figures are approximate only

### Definitions:



## Chennai:

Chennai is one of the key office markets in South India, with demand supported by the growing supply of Grade A office buildings. The city continues to witness interest in flexible workspace solutions, particularly in Guindy or Off CBD, OMR Zone 1, CBD and MPH (SBD), which remain more preferred locations for flexible workspace operators.

Flexible Workspaces Stock (million square feet)	Flexible Workspaces Stock as a % share of Total Office Stock (approx.)	Number of Unique Centre Locations (approx.)	Flexible Workspaces Demand Driving Sectors
6.5 – 7.5	7% – 9%	135+	  

Data as of Q1 CY 2025, all figures are approximate only

The Off CBD market has low vacancy rates in high-quality office spaces and is one of the more preferred locations for SMEs, MSMEs, multinational, and local firms for front-office operations. Demand in this market is expected to remain steady, particularly among small to mid-sized offices and flexible workspace operators owing to its strategic location and ease of commute, however, the pipeline of Grade A supply remains constrained due to limited land availability.




OMR Zone 1 continues to attract both occupiers and flexible workspace operators, owing to the presence of high-quality office campuses. Rentals in this market may see an upward trend in the coming years as new supply remains limited. Additionally, the MPH market is also gaining relevance due to the availability of Grade A spaces, attracting interest from a diverse range of occupiers and flexible workspace operators.

Cluster / Micro Market (Key Sub-Markets/Locations)	Flexible Workspaces Stock (million square feet)	Number of Unique Centre Locations (approx.)
OMR Zone 1 <i>Thiruvanniyur, Perungudi, MGR Salai</i>	2.2 – 2.7	25+
Off Central Business District <i>Guindy, Vadapalani, MRC Nagar</i>	1.7 – 2.2	35+
Central Business District <i>Anna Salai, T Nagar, RK Salai, Nungambakkam</i>	1.0 – 1.5	45+
Secondary Business District <i>Mount Poonamallee, Porur</i>	0.2 – 0.7	5+

Data as of Q1 CY 2025, all figures are approximate only

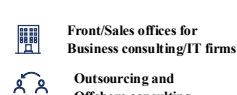
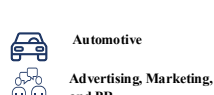
## Noida:

Noida is emerging as an important commercial hub within Delhi NCR, driven by improved connectivity and an increasing supply of quality office spaces. The market has been attracting interest from flexible workspace operators in response to demand from organizations, particularly for back-office operations.

Flexible Workspaces Stock (million square feet)	Flexible Workspaces Stock as a % share of Total Office Stock (approx.)	Number of Unique Centre Locations (approx.)	Flexible Workspaces Demand Driving Sectors
6.4 – 7.4	13% – 15%	130+	  

Data as of Q1 CY 2025, all figures are approximate only

### Definitions:



Sector 16 has been a key commercial market, while Sector 16A (Film City) hosts multiple media and entertainment companies. Sector 16B has seen the development of Grade A commercial offices.

Sector 62, having a mix of standalone office buildings, select Grade A developments and supported by its proximity to residential catchments, is often preferred by low-cost IT firms for back-office operations. The market is well connected with NH-24 and the metro.




The Noida Expressway continues to attract corporate occupiers, offering Grade A IT parks and SEZs. With good road & metro connectivity and sustained occupier interest, flexible workspace operators are exploring Noida for expansion opportunities.

Cluster / Micro Market (Key Sub-Markets/Locations)	Flexible Workspaces Stock (million square feet)	Number of Unique Centre Locations (approx.)
Expressway & Vicinity	2.7 – 3.2	35+
Sector 62 & Vicinity (Peripheral Noida) <i>Sector 62 and other nearby sectors</i>	2.1 – 2.6	50+
Sector 16 & Vicinity <i>Sector 16, 16A, 16B, 18 and other nearby sectors</i>	1.4 – 1.9	35+

Data as of Q1 CY 2025, all figures are approximate only

## Delhi:

Delhi is the oldest commercial hub within Delhi NCR, with office space demand driven by sectors such as BFSI, public sector organizations, and media. However, new supply has been limited due to lack of land availability, and the growth of flexible workspaces has been slower compared to Gurgaon and Noida. This can largely be attributed to factors such as limited availability of Grade A commercial stock, strata-sold buildings, higher rentals, and lower building efficiency, resulting in relatively less demand for office space from large enterprises.

Flexible Workspaces Stock (million square feet)	Flexible Workspaces Stock as a % share of Total Office Stock (approx.)	Number of Unique Centre Locations (approx.)	Flexible Workspaces Demand Driving Sectors
2.0 – 2.5	14% – 16%	120+	  

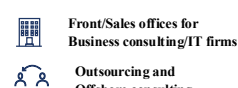
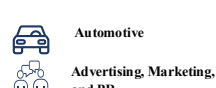
Data as of Q1 CY 2025, all figures are approximate only

In coming years, Aerocity micro-market is expected to see increased occupier interest, supported by its developed infrastructure, strong connectivity, and proximity to IGI Airport. Multiple flexible workspace operators are also evaluating this market for potential expansion opportunities.

Cluster / Micro Market (Key Sub-Markets/Locations)	Flexible Workspaces Stock (million square feet)	Number of Unique Centre Locations (approx.)
Aerocity (SBD 2 & 3) <sup>#</sup>	0.10 – 0.15	3+





Data as of Q1 CY 2025, all figures are approximate only; <sup>#</sup>only includes Aerocity, does not factor markets like Saket, Vasant Kunj, etc.

### Definitions:



Kolkata:

As a key commercial hub in Eastern India, Kolkata is a relatively smaller office market compared to other Tier 1 cities, with limited new supply pipeline. In recent years, multiple large organization have established presence in the market and are evaluating this market for expansion.

Flexible Workspaces Stock (million square feet)	Flexible Workspaces Stock as a % share of Total Office Stock (approx.)	Number of Unique Centre Locations (approx.)	Flexible workspaces Demand Driving Sectors
1.5 – 2.0	5% – 7%	45+	   


Data as of Q1 CY 2025, all figures are approximate only


Multiple flexible workspace operators are also exploring expansion opportunities in the city, particularly in key locations like Salt Lake, Sector V, and Newtown Rajarhat, in response to demand from organizations evaluating to establish or grow their operations in the city.


Cluster / Micro Market <i>(Key Sub-Markets/Locations)</i>	Flexible Workspaces Stock (million square feet)	Number of Unique Centre Locations (approx.)
Peripheral Business District <i>Salt Lake Sector V, New Town Rajarhat</i>	1.3 – 1.8	30+


Data as of Q1 CY 2025, all figures are approximate only


Definitions:


 IT/Tech Software development


 Business Consulting & Professional Services


 Engineering & Manufacturing


 Automotive


 Front/Sales offices for Business consulting/IT firms

 BFSI

 Retail & E-commerce

 Healthcare & Pharmaceutical

 Advertising, Marketing, and PR

 Outsourcing and Offshore consulting

## Forecast For Flexible Workspaces

Demand for flexible workspaces here refers to space taken up or stock addition by flexible workspace operators within the commercial office segment. An assessment of space take-up historically as well as space take-up forecasts by flexible workspace operators over the forecast period to CY2027 has been undertaken.

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

### Office Supply Forecasts / Market Sizing Assessment Methodology

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

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

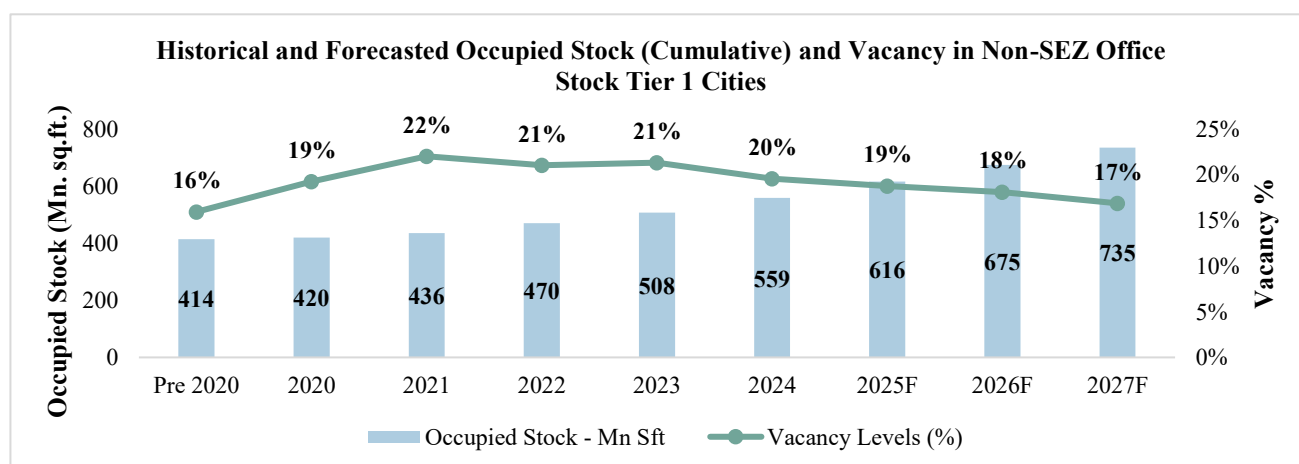
Y-o-Y Supply (million square feet) at an India Tier 1 city level							Forecast India Tier-1 city supply (million square feet)		
City	Pre 2020	2020	2021	2022	2023	2024	2025 F	2026 F	2027 F
New Non-SEZ Office Stock (million square feet)	493	27	39	37	50	49	63	66	60
Cumulative Non-SEZ Office Stock (million square feet)	493	520	559	596	645	695	758	824	884

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

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

Considering the above analysis, approximately 60 to 65 million square feet of average annual supply addition of non-SEZ Office Stock is estimated at an India level over the forecast period to 2027 and reach 884 million square feet by 2027F, with the majority concentrated in the top 9 Tier 1 cities.

The graph below provides an assessment of overall non-SEZ office occupied stock and vacancy trends in Tier 1 cities in India as well as forecasts for the occupied stock/vacancy for the next 3 to 4 years:



*Future supply estimates are based on analysis of proposed and under-construction buildings, however, future absorption estimates are derived basis of past trends, current vacancy, and estimated supply. Historical data and forecasts provided for 2025, 2026 and 2027 across all indicators are the basis of CBRE's opinion of the current/historic market situation and availability of information in the public domain, any changes to the current market situation may impact the*

forecasts. Several factors like global macroeconomic uncertainty, geopolitical climate, pace of construction, and developer profile/execution capability may have a significant impact on the forecast estimates mentioned above. Considering the risk factors, forecasts are likely to change with periodic reviews given the evolving situation. Source: CBRE, CY2024.

Vacancy levels are estimated to be range-bound to current market trends owing to the balance between the absorption of existing supply, the introduction of new supply in the market and estimated future demand in the short-medium term.

Forecast for occupied stock are based on forecast commercial office stock levels and vacancy percentages. There was an increase in vacancy levels from 2020 to 2021 witnessed largely due to the impact of the COVID-19 pandemic, higher levels of existing supply and consolidation of space by BFSI and IT tenants. In 2023, the sector recorded the highest leasing activity since the peak of 2019, leading to a marginal dip in vacancy levels.

### Estimation of Future Additional Stock Forecast in Flexible Workspace Segment

Forecasts have been made for the overall flexible workspace stock until CY2027 and the total expected market size of the flexible workspace segment in Tier 1 cities has been arrived at by summing up the anticipated net stock addition for all the Tier 1 cities.

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

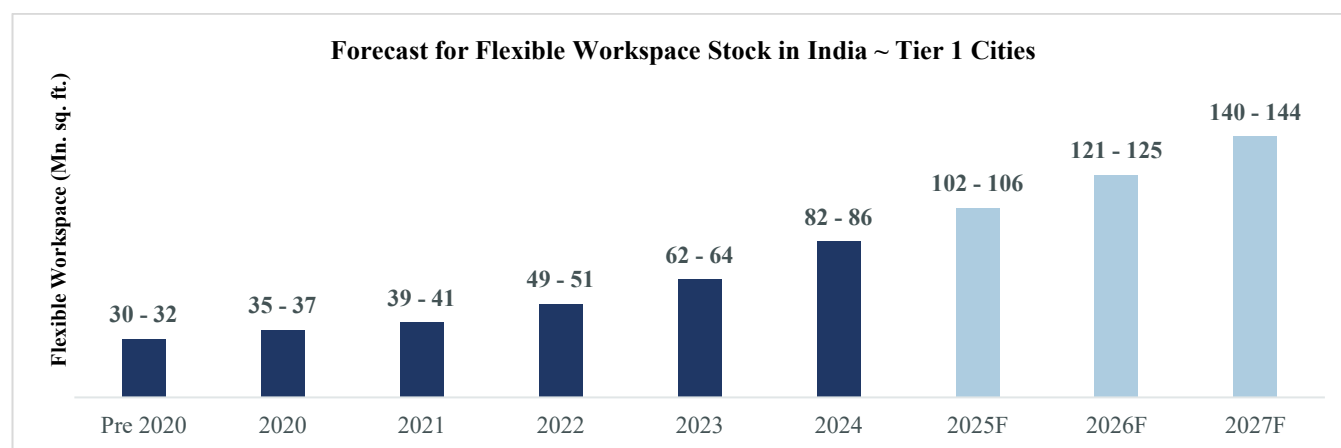
Y-o-Y stock addition and total Stock (million square feet) of Flexible Workspaces for India Tier 1 Cities							Forecast for stock addition (million square feet)		
	Pre 2020	2020	2021	2022	2023	2024	2025 F	2026 F	2027 F
Total Stock (million square feet)	30 – 32	35 – 37	39 – 41	49 – 51	62 – 64	82 – 86	102 – 106	121 – 125	140 – 144
Y-o-Y Stock Addition (million square feet)	30 – 32	4 – 6	4 – 6	9 – 11	12 – 14	18 – 22	18 – 22	18 – 22	18 – 22

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

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

### Forecasts for Flexible Workspaces Stock in India

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



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



have a significant impact on the forecast estimates mentioned above. Considering the risk factors, forecasts are likely to change with periodic reviews given the evolving situation. Source: CBRE, CY2024.

## Total Addressable Market (“TAM”) for Flexible Workspace Segment

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

As illustrated below, the total office stock of non-SEZ office space is forecast to be approximately 884 million square feet while the occupied stock is expected to be approximately 735 million square feet by 2027F.

The flexible workspaces stock across Tier 1 cities as of CY Year end 2024 was over 82 million square feet, which is estimated to be approximately 140 to 144 million square feet by end of CY2027F. Around 70% of the forecast end state flexible workspace stock is expected to be in the 28 key clusters mentioned on page 49 of this report.

The Total Addressable Market for the flexible workspace segment is expected to be approximately 280 to 300 million square feet by 2027F.

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

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

With estimated vacancy of approximately 149 million square feet within the non-SEZ office stock and estimated level of total stock of flexible workspaces (140 to 144 million square feet) by the end of CY2027F, the TAM for the flexible workspace operators represents a sizeable opportunity of 280 to 300 million square feet (in terms of area) and ₹ 730 to 960 Billion\* (in terms of potential rental revenue) by 2027F.

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

## Potential Threats and Challenges associated with the Flexible Workspace Sector

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

- **Asset Liability Mismatch:** Coworking operators usually sign-up long-term leases with landlords to provide short – medium term flexible office solutions to some of their end user clients. A high concentration of such short-term commitments in the operator’s client mix creates risks associated with asset-liability mismatch.
- **Client Churn Risk:** Since most of the clients/end users sign up for flexible workspace solutions for short-medium term, operators need to pre-empt client churn/exits and identify new customers that shall acquire the churned/vacated space. During economic downturns or during a market slowdown, it may become difficult for flexible workspace operators to retain existing short-term customers and find new replacement customers for the vacated space. This may lead to risks associated with vacancy, including strained cashflows for the facility.

- **Market Saturation Risk:** As more players enter the flexible workspace market, the risk of market saturation increases. This can lead to heightened competition, downward pressure on pricing, and challenges in attracting and retaining clients, potentially reducing profitability for operators.
- **Operational Risk:** As an operator relies on a number of factors to drive a facility's revenue and profitability, variations across critical metrics such as market rentals for office space, cost of utilities and operations and the cost of fit outs may have the potential to significantly impact the overall pricing dynamics and profitability. These variations or fluctuations may have an impact on the overall cost, timelines and stabilization period of the facility and can impact key operational metrics for a facility such as payback period and operational revenues.
- **Rent Variations:** Flexible workspace operators like any other space lessee, may face the risk of an upward movement in the building lease rental post the expiry of their original lease tenure. This is more likely to happen in markets/buildings facing high demand for commercial office space with limited supply. In case the operator wants to continue in the same space for another term post the expiry of the original tenure, in a high demand market, the operator may face the demand for a higher rent from the landlord which may make it unviable for the operator to continue in the same space. This risk may impact business continuity planning for any lessee.
- **Concentration Risk:** In some cases, it has been observed that operators may offer their entire facility to a single or small number of end-user clients. This is usually observed in cases of demand-led managed office transactions. This can lead to concentration risk where if the solo or any major customer leaves or defaults, it may significantly impact operator cashflows for that facility.
- **Economic Uncertainty:** General economic conditions have the ability to impact the demand for office and flexible workspaces. A downturn in economic conditions could impact demand for flexible workspaces. Events like COVID-19 may force companies to impose work from home protocols and reduce their usage of office spaces which may directly impact the revenues and occupancies for flexible workspaces. Current international trade tariff uncertainties may threaten global economic conditions and have more impact in certain economies.
- **Geopolitical Tension:** There are currently numerous geopolitical tensions across the world, such as Russia-Ukraine war, conflicts in the Middle East etc., the outcomes of which are uncertain, with a potential for rapid escalation which could produce a significant impact on global trade and economies. These factors have created significant risk to global economic conditions. How these events may impact the Indian economy is unknown, and there is an increased risk to all forecasts outlined within the Industry Report.
- **Supply Limitation:** In times of high demand for office spaces by both end users and flexible workspace operators, it may get difficult for the operators to be able to acquire quality supply and scale at pace due to supply crunch. This could impact or delay the flexible workspace operators' expansion plans.

## The Importance of Value-Added Service

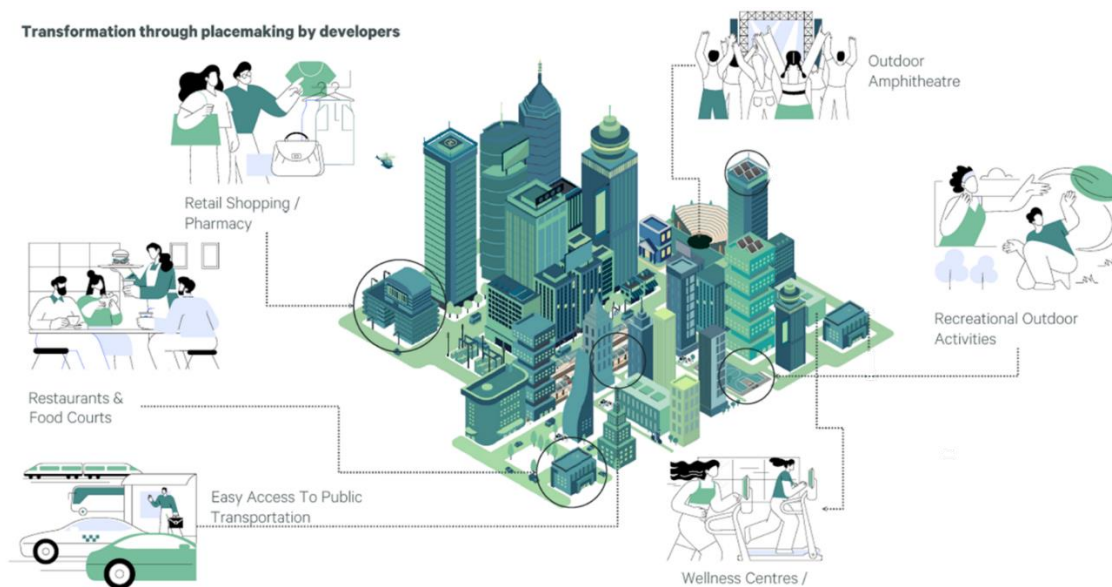
Over the past two decades, the commercial real estate industry has evolved significantly. Traditionally, the market was dominated by conventional landlords who primarily developed and managed standalone buildings to meet the basic needs of occupants. However, increasing demand for premium office spaces and shifting occupier preferences have driven developers to create campus-style office environments that cater to these evolving expectations.

The COVID-19 pandemic further reshaped occupier preferences and employee expectations, emphasizing the need for modern workplaces equipped with advanced technology and designed to enhance the overall work experience, particularly in support of hybrid work models. As a result, office parks are now prioritizing amenities, hospitality services, and fostering collaborative environments, leveraging technology to improve in-office experiences.

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

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

Developers are increasingly focusing on placemaking and incorporating amenities that enhance the overall occupier experience, going beyond the basic functionality of office spaces. These office parks offer a diverse range of amenities, including retail support such as food and beverage options, banking services, childcare centres, fitness facilities, large meetings and event spaces, and clubhouses. This shift in office development underscores the growing emphasis on holistic, tenant-centric planning in the commercial real estate sector



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

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

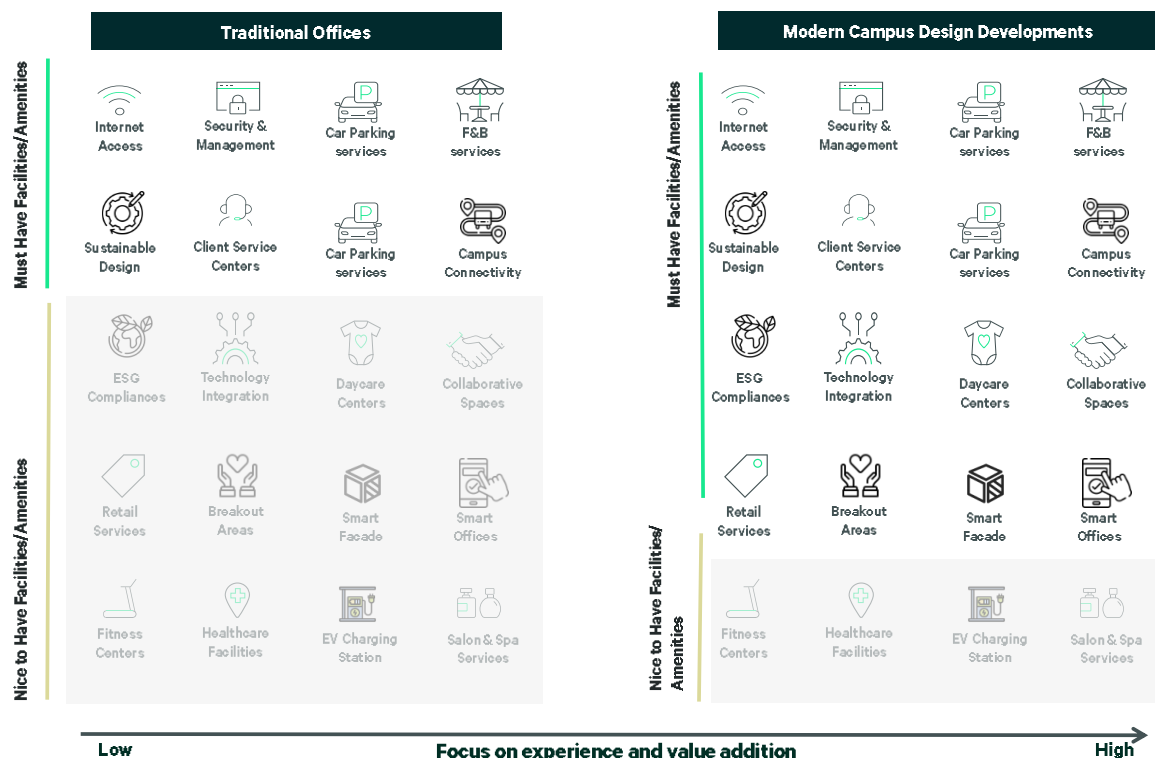
Level of Integration	Indicative Enablers	Potential Implications
Ecosystem Level	<ul style="list-style-type: none"><li>• Social infrastructure</li><li>• Physical infrastructure</li><li>• Ease of commute and connectivity</li><li>• Digital interventions</li></ul>	Delivers quality experience for both occupiers and employees and boosts the attractiveness and marketability of the development

<b>Cluster Level</b>	<ul style="list-style-type: none"> <li>• Retail and F&amp;B area allocation</li> <li>• Campus aesthetics and landscaping</li> <li>• Seamless block connectors</li> <li>• Sustainability and compliance</li> </ul>	Facilitates ease of access and better circulation fostering communities to connect, collaborate, and thrive
<b>Building Level</b>	<ul style="list-style-type: none"> <li>• Drop-off and arrival areas</li> <li>• Green spaces and façade</li> <li>• Parking and break-out spaces</li> <li>• Building efficiency and design features</li> </ul>	Enhances the overall user experience and assists in delivering an efficient asset that is in line with the needs of the occupiers

Developers are expanding their focus beyond the aesthetic and functional aspects of buildings and campuses, placing greater emphasis on placemaking in small to medium-scale developments. Placemaking involves the strategic planning, design, and management of spaces that foster collaboration and enhance the overall employee experience.

Modern commercial office developments are prioritizing placemaking to deliver premium, experience-driven environments. This approach incorporates contemporary, eco-friendly designs alongside hospitality-inspired elements that seamlessly blend work and leisure. The growing preference for such integrated commercial developments highlights their increasing acceptance in the market.

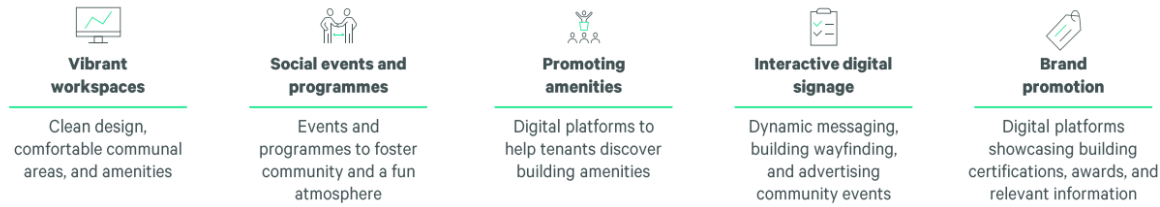
Occupiers are now seeking comprehensive and sustainable commercial properties that align with their evolving needs while enhancing the employee experience. In response, developers and landowners are incorporating a wider range of attractive amenities into their portfolios to meet the demand for modern office spaces. Beyond food and beverage options, they are introducing diverse retail offerings such as hypermarkets, supermarkets, electronics stores, daycare centres, and banks, along with other supportive retail amenities.



## Employee Experience as a Key Focus

As previously discussed, occupiers are prioritizing employee experience to attract and retain top talent. They seek office environments that offer dedicated spaces for collaboration, creativity, and focused work, along with support amenities that foster teamwork, training, dining, and social interactions. In addition to employee well-being, curated experiences and hospitality-driven facilities and services play a crucial role in shaping the overall workplace experience, as detailed below.

- **Experience Curation – Space Activation and Community Building:** Workplace space activation endeavours to create lively and engaging work environments that build community, stimulate collaboration, and are likely to improve the employee experience. This goal is realized by integrating collaborative areas distributed across the office to encourage social interaction.



- 1) **Hospitality Integration – Service-led Delivery:** Integrating hospitality-oriented services and amenities supports well-designed spaces that enhance user experience, emphasizing service, comfort, and convenience. Developers aim to elevate experiences by offering augmented services and amenities, including flexible workspaces, concierge services, enhanced aesthetics, exclusive tenant lounges and bars, onsite food and beverage services, and wellness initiatives along with shared meetings & event facilities for the tenants



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

## Impact of Rising Consumer Expenditure on Commercial Real Estate

There has been a shift in developers' strategies toward creating experience-driven spaces in response to evolving consumer behaviour in India. With rising income levels, Indian consumers are now aspiring for an upgraded lifestyle and are channelling a part of their household spending towards retail and experiential activities.

India's per capita income has shown a consistent upward trajectory, with increased consumer purchasing power. The per capita Gross National Income in India grew from ₹ 1,17,131 in FY2017 to ₹ 2,08,633 in FY2024, registering a CAGR of 8.6% over this period. (Source: Ministry of Statistics & Programme Implementation, Government of India, *Second Advance Estimates of Annual GDP for 2024-25*)

India's individual consumption expenditure by households (at current prices) has increased from ₹ 150.7 trillion to ₹ 190.7 trillion between FY2022 and FY2024 exhibiting a CAGR of 12.5% over this period. (Source: National Accounts Statistics, Ministry of Statistics and Programme Implementation, May 2025) Additionally, India's per capita private final consumption expenditure has risen from ₹ 63,807 in FY2022 to ₹ 71,016 in FY2024. This increase in per capita private final consumption expenditure signifies an enhancement in living standards. (Source: Ministry of Statistics and Programme Implementation, February 2025)

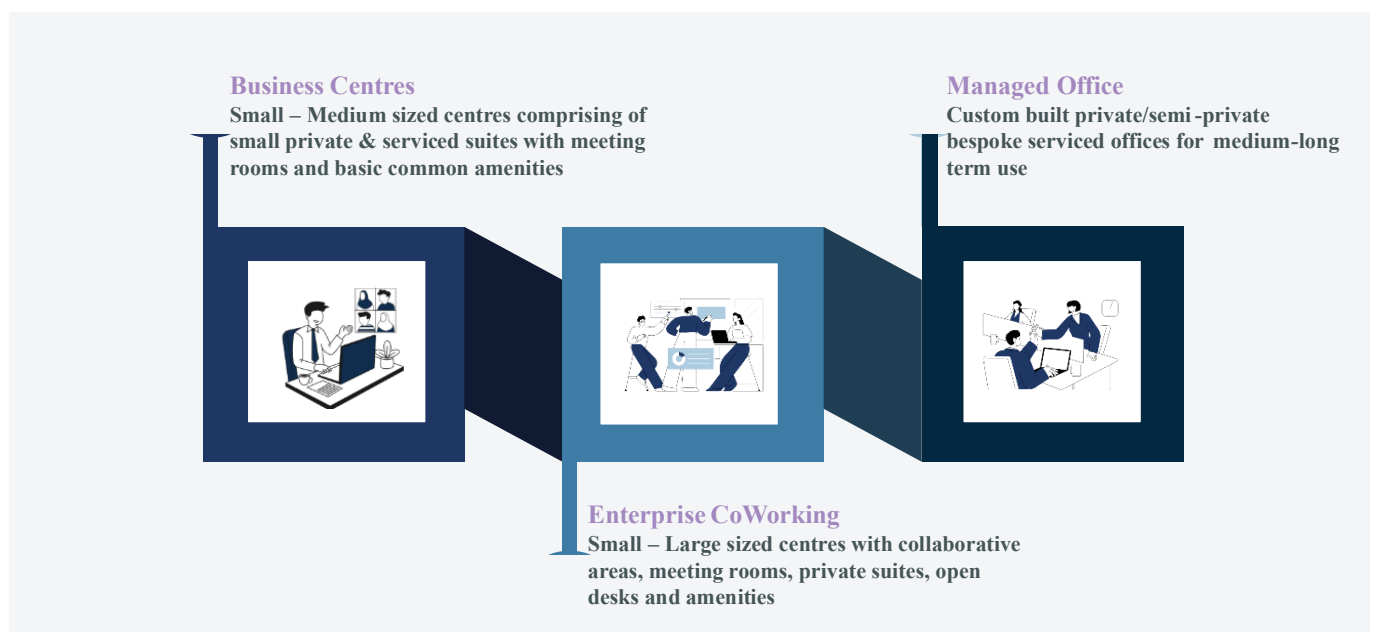
As consumption expenditure increases in key areas like F&B, Clothing, and Transport, Indian consumers are expected to invest more in quality, variety, and convenience, along with enhanced experiential offerings. As a result, developers, landlords, and flexible workspace operators are also delivering experiential services and products tailored to consumer needs.

## Ancillary Revenues in Flexible Workspace Offerings

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

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

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





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

 <p><b>Training Rooms</b> Additional revenue generated from training room usage by members and non-members</p>	 <p><b>Meeting rooms, Conference rooms</b> Additional revenue generated from meeting/conference room usage by members and non-members</p>
 <p><b>Event Space</b> Revenue from providing space, services, and infrastructure within the operator's facility for hosting events for members and non-members</p>	 <p><b>Sale of Additional Credits</b> Revenue from selling additional credits to existing members that enable them to book meeting rooms, conference rooms, take printouts, etc.</p>
 <p><b>Parking Charges</b> Revenue generated from providing parking facilities to members</p>	 <p><b>Internet/ IT services</b> Revenue from providing additional IT services like dedicated Internet</p>
 <p><b>On-Demand or Hybrid Digital Solutions</b> Revenue generated by providing hot desks and meeting rooms on an hourly or daily basis while providing access to common amenities of the centre</p>	 <p><b>Virtual office</b> Revenue generated from selling virtual office packages to enterprises and entrepreneurs</p>
 <p><b>Partnerships with other Platforms</b> Revenue from partnerships/ collaborations with other companies/digital platforms</p>	 <p><b>Revenue from chargeable amenities like gym, creche, and retail stores, within the facility</b> Revenue from providing members access to paid on-site amenities such as gymnasiums, creche/daycare centres, retail shops, etc.</p>

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

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

## Conclusion:

The evolution of commercial real estate is increasingly being shaped by value-added services, with a strong emphasis on placemaking, experience-driven spaces, and holistic ecosystem planning. As occupiers prioritize employee well-being and engagement, developers are evaluating to integrate premium amenities, hospitality-inspired services, and flexible workspaces, which may help enhance the overall end user experience. The rise of campus-style developments, sustainability-driven features, and smart infrastructure further underscores this shift. Moving forward, the commercial real estate sector is expected to continue to see an upsurge in demand for curated experiences, community-building initiatives, and technology-enabled services, reinforcing the strategic role of value-added services in enhancing asset differentiation and long-term occupier retention.

MIDDLE EAST

Economy Overview

United Arab Emirates (“UAE”)

The UAE economy is forecast to grow by around 4.5% in 2024, with a CAGR of 4.6% until 2027. This growth is driven by the non-oil sector, while oil GDP growth is expected to flatten. The UAE’s focus is on diversifying its economy into tourism, finance, and technology, creating new job opportunities. As of 2024, non-oil activities account for approximately 75% of overall GDP. (Source: UAE Ministry of Economy 2024)

Key indicators such as household expenditure in the UAE has grown at an annual rate of around 6.1% from 2016 to 2023. (Source: World Bank) The UAE shows a youthful demographic, with approx. 50% of the UAE population aged between 15 and 35. (Source: UAE Government Permanent Committee for Human Rights)

The commercial office sector is benefitting from the non-oil activity which has seen significant economic and subsequent employment growth. Rental rates have typically trended upward post COVID-19. With limited new supply and significant demand, commercial space performance remains buoyant, and occupancy rates are increasing as a result. Most well-located premium properties are running close to full capacity, with the wider market benefiting from the uptick in demand which has spilled over from Grade A assets, cascading to other areas. This has driven growth in rental rates as landlords have capitalized on lower vacancy. The limited supply of premium office space and restricted development pipeline gives existing operators an edge in attracting tenants.

It’s important to note, there are currently numerous geopolitical tensions across the world, including within the Middle East region, and the outcomes of which are uncertain, with a potential of rapid escalation which could produce a significant impact on global trade and economies. Specifically, the current conflict between Israel, Iran and the United States has the potential to impact local Middle East and global markets. Further, international trade tariffs have recently been implemented between major global economies, and there is uncertainty on how future tariffs may eventuate. These factors have created significant risk to global economic conditions. How these events may impact the local and global economies is unknown, and there is an increased risk to all forecasts outlined.

UAE Business Friendly Environment



\*In designated areas \*\* Highest in the world (Source: Government of Dubai Media Office DXB annual traffic)

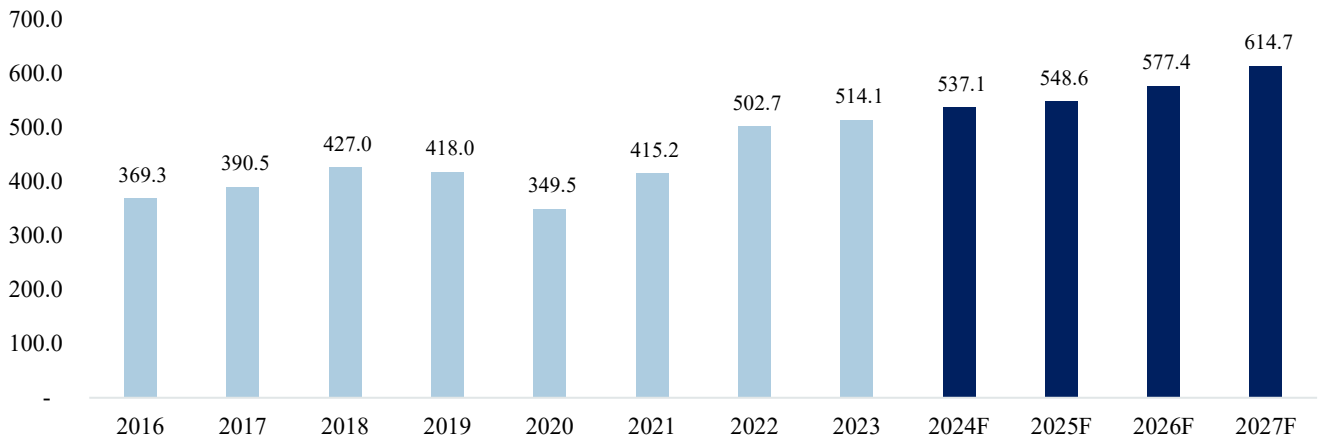
Gross Domestic Product

The UAE economy is primarily influenced by Abu Dhabi and Dubai, which together contribute approximately 95% of the GDP output on average. (Source: About the UAE Seven Emirates, UAE Government and Government of Dubai GDP press release February 2025) Abu Dhabi's economy is largely dependent on oil revenues, whereas Dubai's economy is more diversified and service oriented. The total GDP grew at a 4.8% annual rate from 2016 to 2023 and is forecast to grow at 4.6% annually until 2027. (Source: International Monetary Fund (IMF), World Economic Outlook Database, April 2025)

Emirate	GDP Contribution (2024, approximates)	Main Non-Oil Sectors (2024, approximates)
Dubai	27%	Trade (17%), manufacturing (15%), financial and insurance (13%), construction (12%), real estate (8%)
Abu Dhabi	68%	
Sharjah, Umm Al Quwain, Fujairah, Ajman, and Ras Al Khaimah	5%	

Source: UAE Government, Government of Dubai, UAE Ministry of Economy 2024

**UAE GDP USD Current Prices in Billions**

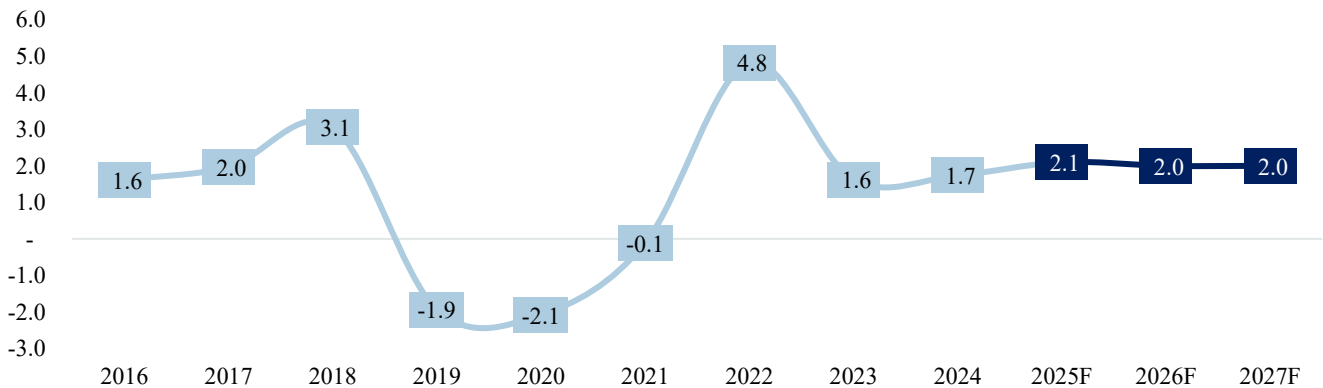


Source: International Monetary Fund, World Economic Outlook Database, April 2025. 2023 is the latest information available.

## Inflation

The UAE's inflation varied within a range from a low of -2.1% in 2020 to a high of 4.8% in 2022, averaging 1.2% throughout the period from 2016 to 2024. Inflation rate is forecast to reach approximately 2.1% in 2025 and then slightly decrease, stabilizing at approximately 2.0% from 2026 onwards. This trend indicates moderate price growth in the long term, suggesting stable economic conditions. According to the UAE Central Bank, the inflation rate is notably below the global average of 5.7%. (Source: UAE Central Bank Quarterly Economic Review March 2025)

**UAE Inflation Rate**

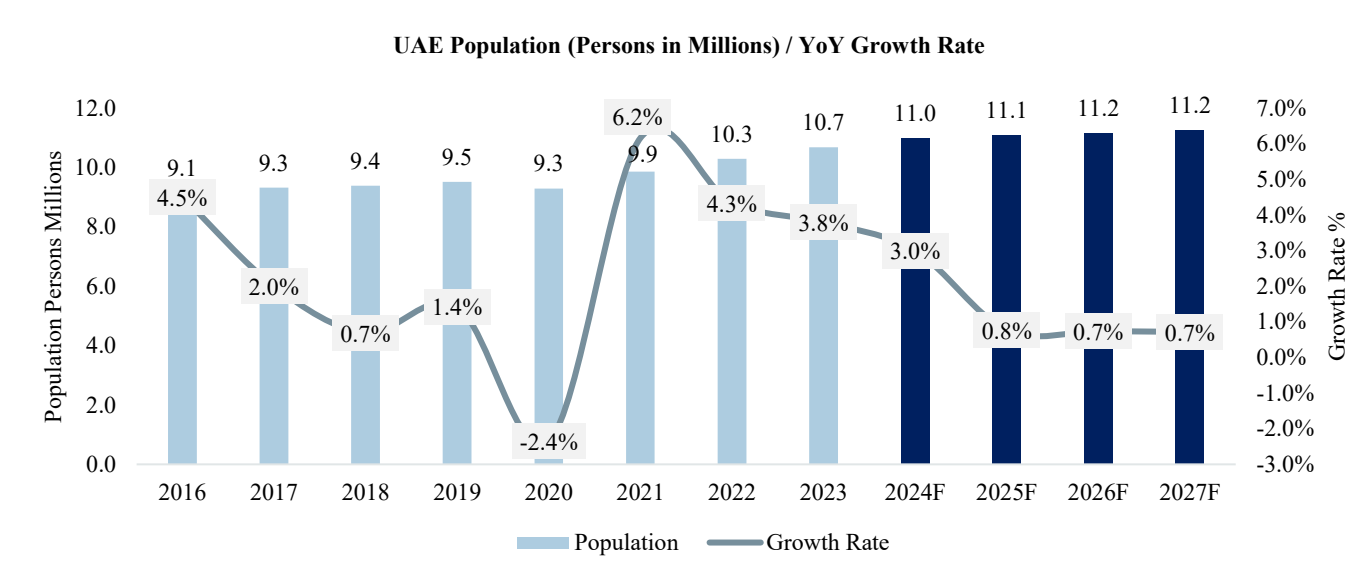


Source: International Monetary Fund, World Economic Outlook Database, April 2025

## Population

Historically, the UAE's population grew at a CAGR of 2.3% from 2016 to 2023. The UAE's population is forecast to show a steady increase at a CAGR of 1.3% from 2023 to 2027. (Source: International Monetary Fund, World Economic Outlook Database, April 2025) The forecast population growth rate aligns with the UAE government's goals to boost the economy and attract High Net Worth Individuals (HNWI). Initiatives such as the 10-year long-term visa program for certain professionals and foreign investors and retirement visas for individuals meeting a specific wealth threshold have contributed to population growth in recent years.

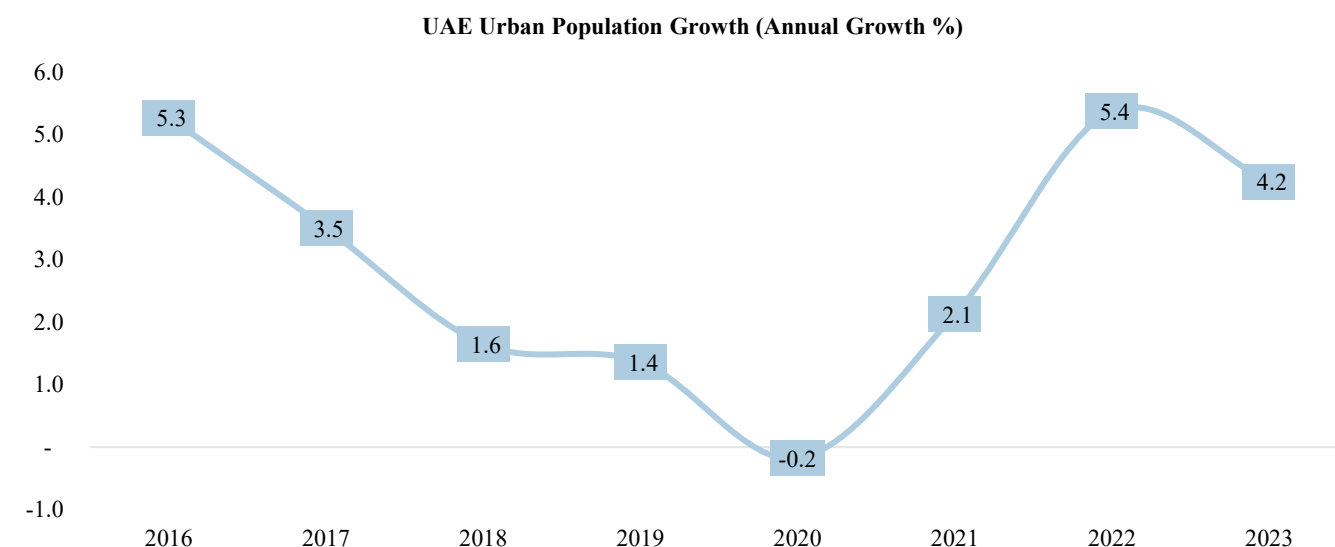
The World Bank states that expatriates make up around 88% of the UAE's population, indicating the economy's dependence on foreign nationals.



Source: International Monetary Fund, World Economic Outlook Database, April 2025. 2023 is the latest information available.

### Urban Population

The UAE has an urbanization rate of approximately 88% with the highest concentration in Dubai, followed by Abu Dhabi and other emirates. (Source: World Bank) The urban population is forecast to increase due to urban expansion in the UAE. This growth is anticipated to continue as more residential units and job opportunities arise in the main urban centres.

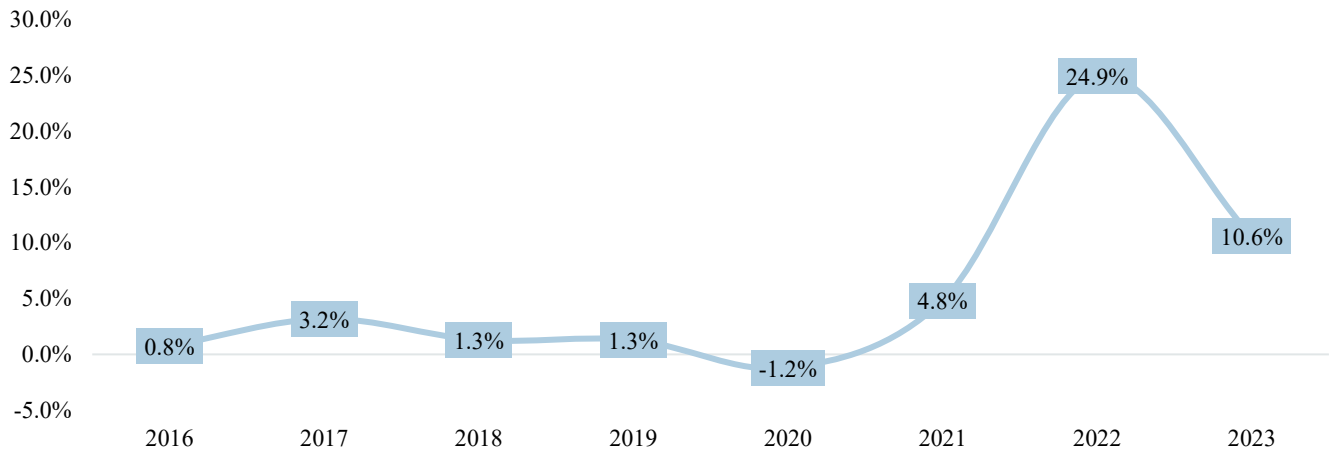


Source: World Bank. 2023 is the latest information available.

### Household Expenditure

Household expenditure in the UAE has grown at an annual rate of around 6.1% from 2016 to 2023. (Source: World Bank) This benefits the consumption across sectors. The UAE is diversifying its economy beyond oil into tourism, finance, and technology, potentially creating new, higher-paying jobs.

### UAE Household Expenditure Growth



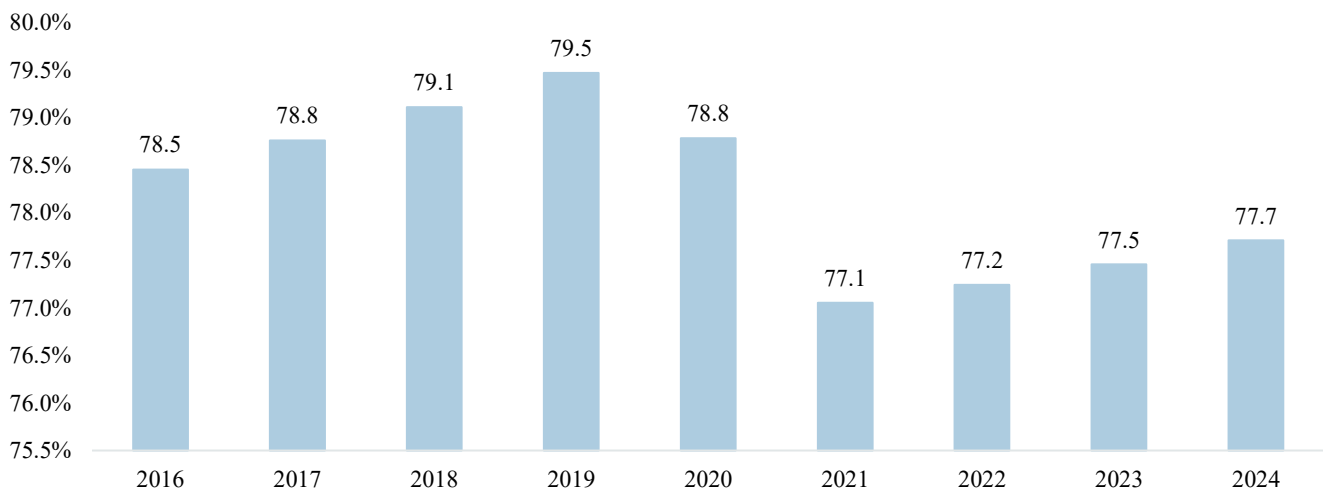
Source: World Bank. 2023 is the latest information available.

### Employment

The UAE labour force participation rate (15+ age group) grew at a CAGR of negative 0.1% from 2016 to 2024 mainly because of the negative impact of COVID-19. Post the pandemic the labour force participation rate grew at a CAGR of 0.3% in line with pre-COVID-19 growth rate. (Source: World Bank)

The unemployment rate is at a very low rate of 2.1% as of 2024 and is forecast to stabilize in 2025. (Source: World Bank Unemployment, total (% of total labour force) (modelled ILO estimate) page) The creation of more jobs through new market entrants in various sectors of the economy has boosted economic activity, aligning with the country's economic diversification efforts.

### UAE Labour Force Participation Rate (15+ Age Group)

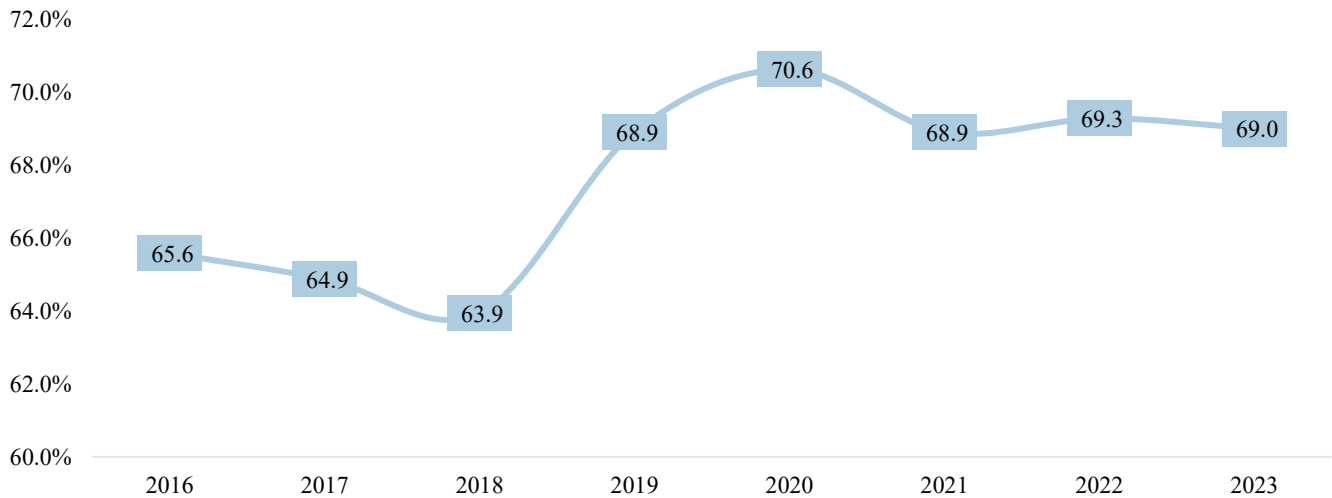


Source: World Bank

### Contribution of Sectors

The UAE's economy is focused on services like tourism, transportation, real estate, and construction as main economic drivers. These sectors mainly drive demand for real estate assets, especially impacting the demand for offices. Establishment of new international companies locating their regional bases in the UAE further supports the anticipated demand for offices.

Service Sector Employment as a Percentage of Total



Source: World Bank. 2023 is the latest information available.

### Key Clusters and Occupier Sectors

City	Submarket	Typical Tenants	Rents Prices
Dubai	Dubai International Financial Centre (DIFC) / Dubai World Trade Centre (DWTC)	Financial services, legal firms and other professional services	Upper-End
Dubai	Downtown Dubai	Financial services, consultancies and other professional services	Upper-End
Dubai	Internet/Media/Knowledge City	Technology, media and education	Upper-Mid
Abu Dhabi	Al Maryah Island (Part of ADGM)	Financial services, legal firms and other professional service	Upper-End
Abu Dhabi	Al Reem Island (Part of ADGM)	Family offices and medium enterprises	Upper-Mid
Abu Dhabi	Central Business District / Hamdan Street	Government and trading firms	Mid-End

Source: CBRE.

### Economic Freezones (Offshore) and Mainland (Onshore) Office Zones

The UAE has over forty-five freezones offering various benefits to businesses. Freezones, governed by entities like DWTC and Abu Dhabi Global Market (ADGM) with their regulations and licensing procedures, differ from onshore companies which follow UAE corporate law. Many new businesses choose freezones for the flexibility and easier registration process. Key advantages include 100% foreign ownership and tax and profit repatriation benefits, unlike onshore areas that may require a local partner in certain industries.

Freezones in Dubai and Abu Dhabi are almost fully occupied due to a surge in new business registrations. A recent law change in Dubai allows freezone businesses to operate on the mainland, lowering entry barriers and supporting economic growth in line with Dubai Economic Agenda (D33). This permits licensed companies to have offices outside freezones. However, there is limited Grade A office space available onshore.

### Major Government Initiatives Influencing Real Estate

The UAE is boosting its population with initiatives like the Golden Visa program, which attracts investors, entrepreneurs, and skilled professionals. This scheme offers 5 to 10 years of residency without a sponsor for highly skilled foreign talent. (Source: UAE Government Portal) It also targets high net-worth individuals by offering residency to people who invest at least AED 2 million in properties. Additionally, changes in foreign ownership laws now allow 100% ownership of onshore businesses, improving the business environment.

The Dubai Economic Agenda (D33) aims to double the size of Dubai's economy between 2023 and 2033. (Source: Invest in Dubai). The real estate sector plays a key role in this ambition, contributing 8% to the GDP in 2024 as the emirate seeks to diversify its economy. (Source: Dubai Economic Agenda 'D33') D33 includes significant investments in human capital and technology, aimed at accelerating Dubai's economic growth by enhancing workforce skills and increasing economic productivity.



by 50% through innovation and digital adoption. *(Source: Dubai Economic Agenda 'D33')* Dubai attracts many companies with its business-friendly environment, especially in freezones like DWTC.

Abu Dhabi's Economic Vision 2030, like D33, aims to diversify the economy and reduce oil dependency. It seeks an efficient business environment and a disciplined fiscal policy. *(Source: Abu Dhabi Economic Vision 2030)* A key sector is finance, with Abu Dhabi Global Markets (ADGM) covering Al Maryah Island, Al Maryah East and Al Reem Island, attracting various occupiers and keeping vacancy rates low.

### **Office Growth Factors**

The Dubai office market, as of Q1 2025 comprising approximately 111 million square feet of Gross Leasable Area (GLA), is more than twice the size of the Abu Dhabi office market, which has around 51 million square feet. Historically, demand in Abu Dhabi was lower as companies preferred to establish larger headquarters in Dubai, using Abu Dhabi for satellite offices. After the COVID-19 pandemic, demand for Abu Dhabi offices has increased; however, there is a lack of high-quality office space relative to this demand. Similarly, Dubai faces a shortage of Grade A office space, typically required by multinational corporations. The booming residential market in Dubai post 2020 has led developers to concentrate more on housing projects, thereby reducing the availability of new office spaces.

Growth in DWTC, DIFC and ADGM is driven by global asset managers and consultants attracted to their business-friendly environments, strategic locations, robust legal system and worker lifestyle benefits. This has increased demand for top-quality office space, raising rents due to limited supply. As of Q1 2025, vacancy rates are low at approximately 6% in Dubai and 4% in Abu Dhabi for a CBRE selected basket of office assets.

### **Expansion of Ancillary Services**

The UAE has significantly increased the number of its registered businesses since 2020, driving demand for office services and facilities management. This growth is mainly due to international investors, with the government targeting FDI. New companies often begin in serviced offices and expand as they grow, increasing the need for registration and licensing assistance, particularly in freezones. Higher asset management standards and a focus on internet of things (IoT) and artificial intelligence (AI), and Robotics, are enhancing facilities management.

### **Global Investment in Real Estate**

UAE's relaxed foreign ownership laws have attracted international buyers, leading to a surge in Dubai property prices since 2020. The proactive COVID-19 strategies and swift reopening by the Dubai and Abu Dhabi governments, along with Golden Visas, political stability, security, and a growing economy, have drawn interest globally. This influx has significantly increased demand, boosting sales rates and rents for commercial real estate in Dubai, with demand now outweighing supply.

The real estate markets have undergone significant structural changes, improving market transparency and efficiency through digitalization initiatives. Historically, institutional capital has been hesitant to invest in UAE real estate due to perceptions of opacity and volatility. However, these views are evolving, as evidenced by the joint venture between the Investment Corporation of Dubai (ICD) and Brookfield for one of the region's premier office towers in DIFC.

### **Infrastructure Advancement**

Investment in national infrastructure, such as Etihad Rail—the largest infrastructure project in the UAE—will enhance connectivity between the seven emirates and neighbouring Gulf Cooperation Council (GCC) countries. This project will facilitate the transportation of freight and passengers and is expected to positively impact connectivity and economic growth. Additionally, the improved logistics network will benefit key ports throughout the UAE.

The planned relocation of Dubai International Airport (DXB) to Al Maktoum Airport, situated to the south of Dubai, is anticipated to make it the largest airport globally upon completion. *(Source: Government of Dubai Media Office DXB annual traffic)* The current airport serves as a significant transport hub but faces restrictions on expansion due to its location in a densely populated area. The new airport will have the capacity to accommodate 260 million passengers annually, increasing the capacity by approximately 2.8 times compared to the current airport's annual capacity of around 92 million passengers per year, which currently holds the title of the busiest international airport globally as of 2024. *(Source: Government of Dubai Media Office Al Maktoum International Airport)*

### **Technological Advancement**

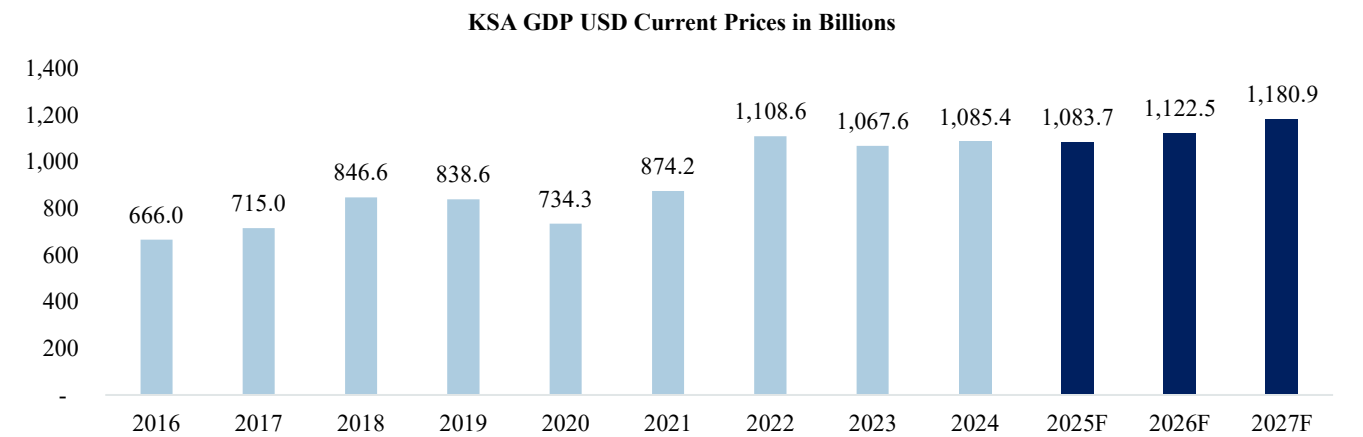
The UAE is investing heavily in AI data infrastructure and cloud services to boost economic growth. Local firms like G42 have partnered with Microsoft and OpenAI. The government's goal is to increase technology's GDP contribution from 11.7% in 2021

to over 20% by 2031 (Source: IISS). Technology parks are set up in most emirates to support this aim. The UAE Digital Government Strategy 2025 seeks to create a digital-first government to enhance efficiency and reduce costs, improving quality of life. (Source: Smart Sustainable Cities UAE Government) Dubai and Abu Dhabi rank 29th and 28th in the Smart City Index. (Source: Smart Sustainable Cities UAE Government)

The Kingdom of Saudi Arabia - Riyadh

Gross Domestic Product (GDP)

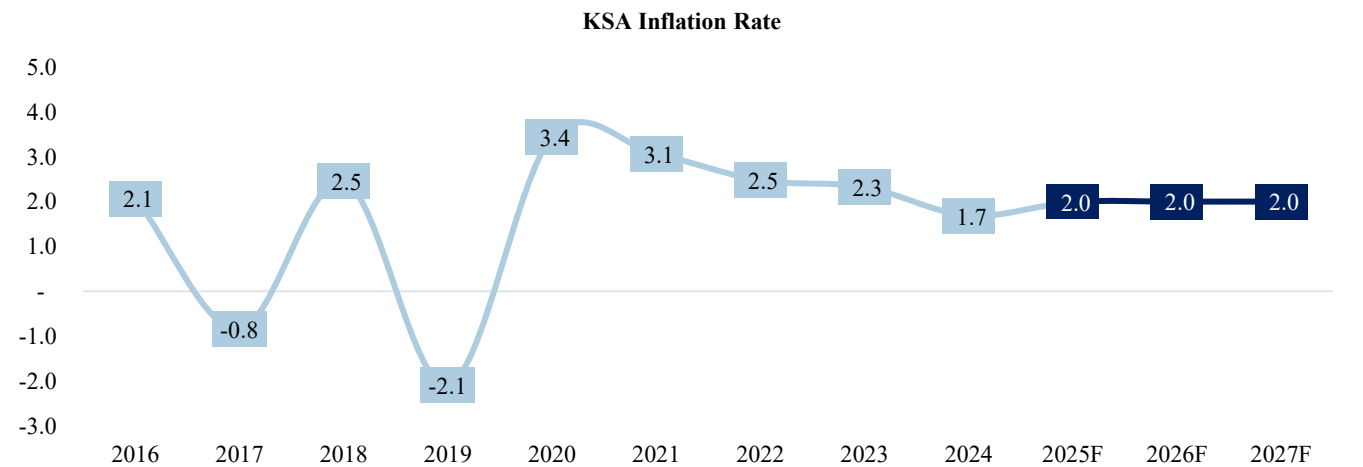
The Kingdom of Saudi Arabia's ("KSA") GDP grew at a CAGR of 6.3% from 2016 to 2024 (Source: International Monetary Fund, World Economic Outlook Database, April 2025) driven by numerous government-backed projects throughout the kingdom as part of 'Vision 2030'. The GDP is forecast to increase by 2.9% by 2027. Vision 2030 includes plans for domestic investment of approximately USD 7.2 trillion by 2030, aiming to transform the country through development projects that attract FDI. This plan involves major construction and infrastructure initiatives to improve citizens' lives, diversify the economy, and invest in non-oil sectors such as finance and tourism by attracting international companies. (Source: Vision 2030 KSA Government)



Source: International Monetary Fund, World Economic Outlook Database, April 2025

Inflation Rates Overview

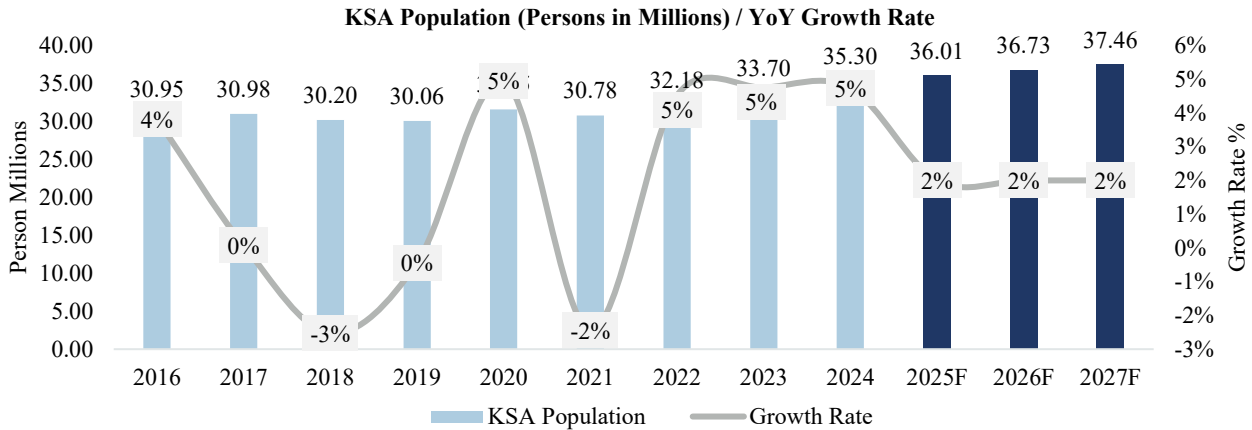
During the period from 2016 to 2024, inflation in the Kingdom of Saudi Arabia fluctuated from a minimum of -2.1% in 2019 to a maximum of 3.4% in 2020, averaging 1.6% overall for the period. The inflation rate is forecast to reach and stabilize at 2.0% by 2025 and thereafter. The inflation rate of 2.3% in 2023 was driven by a global recovery, supply chain issues, and VAT changes. It dropped to 1.7% in 2024 due to stabilized supply chains and effective monetary policies by the Saudi Arabian Central Bank. An increase to 2% is expected in 2025 because of higher economic activity and consumer demand. It is forecast to remain stable at around 2% from 2026 onwards. (Source: International Monetary Fund, World Economic Outlook Database, April 2025)



Source: International Monetary Fund, World Economic Outlook Database, April 2025

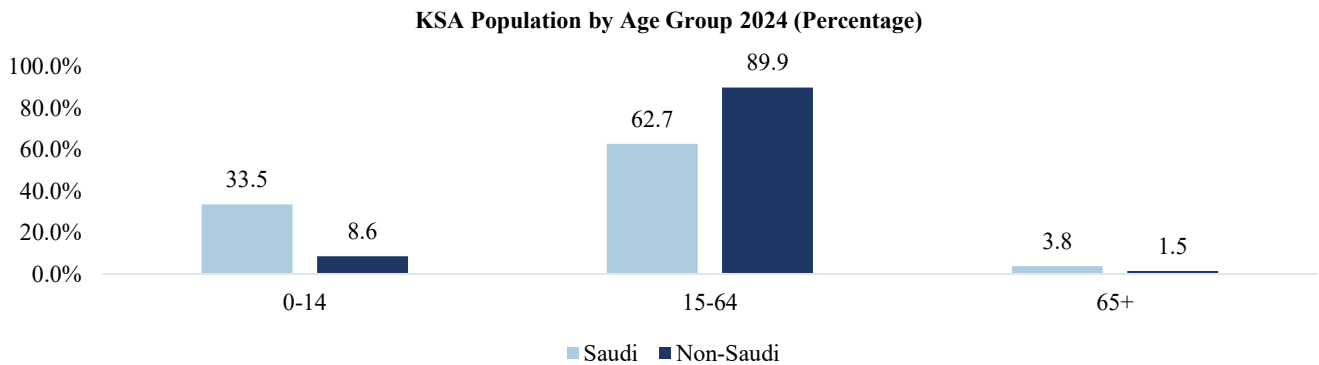
## Population

KSA's population experienced a CAGR of 1.7% from 2016 to 2024. It is forecast that the population will continue to grow at a CAGR of approximately 2.0% between 2024 and 2027, reaching around 37.5 million by 2027. (Source: International Monetary Fund, World Economic Outlook Database, April 2025) Investment in infrastructure and housing has resulted in population growth in major urban areas.



Source: International Monetary Fund, World Economic Outlook Database, April 2025

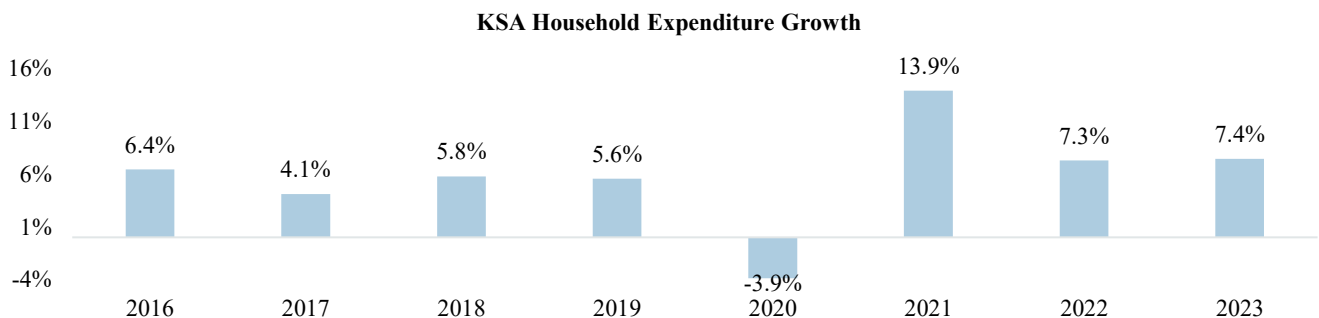
Most of the KSA population is under 64, offering a significant working population to boost economic growth and fill private sector roles as part of the government's effort to diversify the economy away from oil dependence.



Source: General Authority for Statistics (GASTAT) KSA 2024

## Household Expenditure

Since 2016, household expenditure for KSA residents has grown at a CAGR of about 5.6%. (Source: World Bank) When considering the moderate inflation rate of 1.7% in 2024 this demonstrates price stability and helps boost consumer sentiment, household expenditure has shown strong growth as more tourism, entertainment and leisure options are available to the KSA population. This trend contributes to the demand for quality housing, retail, entertainment, and leisure experiences due to the population's stronger purchasing power. Strong purchasing power can contribute to economic growth and job creation.

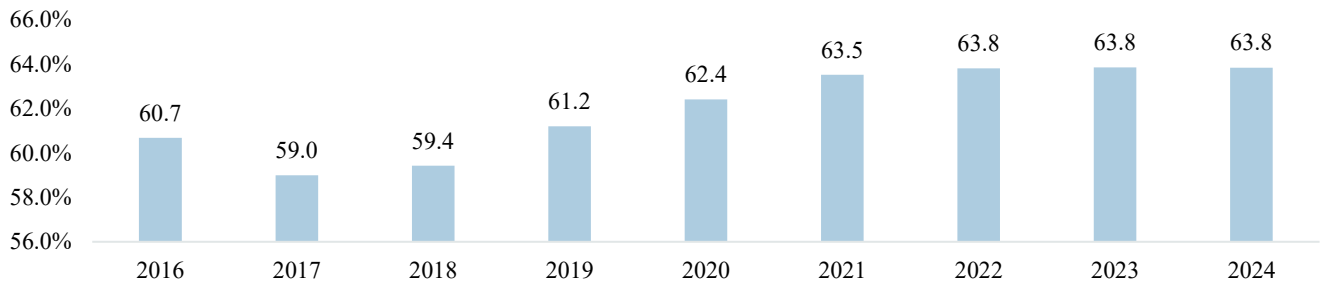


Source: World Bank - 2023 is the latest information available

## Employment

The decline in oil prices from 2014 to 2016 resulted in lower employment levels due to the importance of oil in KSA's economy. The labour force participation rate has been at a stabilised rate of approximately 64%. (Source: World Bank) Labour force participation has increased since 2016 with more job opportunities in the Saudi market, supported by initiatives such as Saudization, empowering women as part of the workforce and utilizing international expertise. The entry of females into the workforce has increased which is benefitting KSA companies. The young population provides favourable demographics for future economic growth alongside substantial fiscal spending.

**KSA Labour Force Participation Rate (15+ Age Group)**

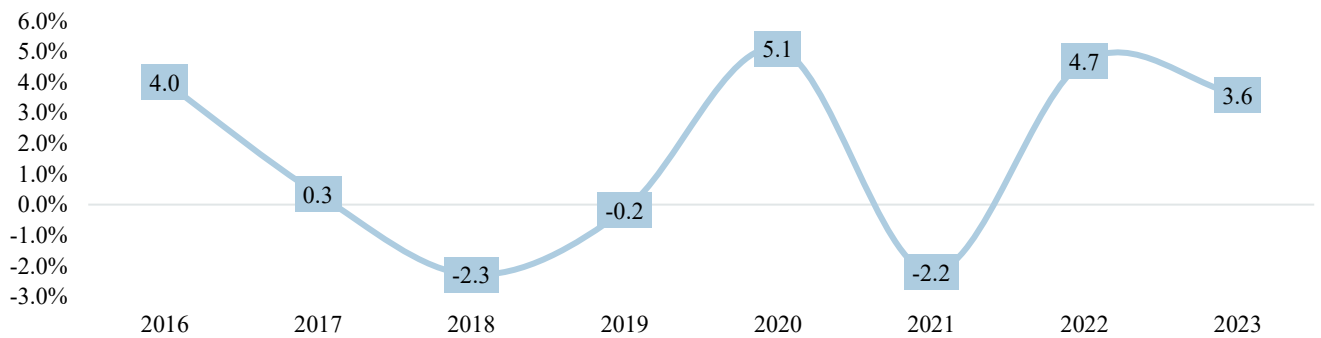


Source: World Bank

## Urbanization Rate

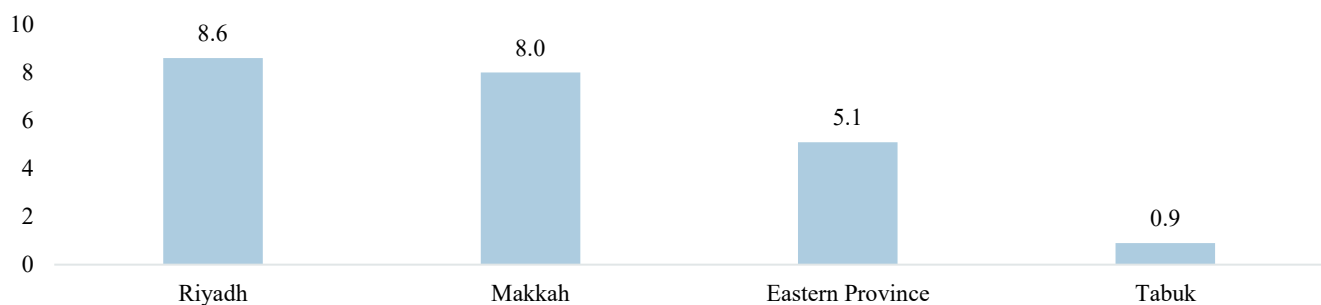
KSA has an urban population of 85%, which is growing. (Source: World Bank) This trend is expected to continue as large government backed projects attract people to cities. The urban population of Riyadh, Jeddah (Makkah province), Khobar (Eastern province) and Tabuk are respectively 91%, 88%, 93% and 86%. The number of smaller cities has also grown, with the number of cities increasing from 258 in 2004 to 285 in 2015. (Source: UN)

**KSA Urban Population Growth (Annual %)**



Source: World Bank - 2023 is the latest information available

**Population by Province 2022 (Persons in Millions)**



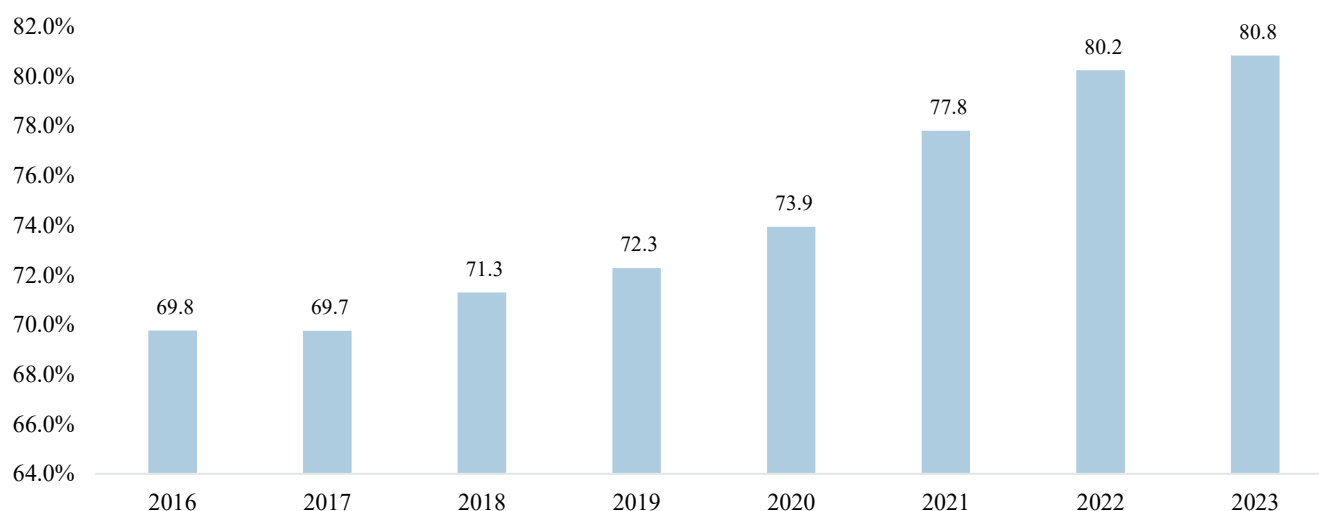
Source: GASTAT Census 2022 – (Most recent Census)

## Total Employment in Services Sector

The proportion of total employment in the services sector has grown significantly, with a CAGR of 2.8% from 2019-2023, reflecting changes in the KSA economic structure. *(Source: World Bank)* Efforts to diversify the economy focus on consumer services and knowledge-driven industries.

The non-oil sector GDP continues to grow due to measures reducing reliance on oil. Key sectors such as construction, tourism, transport, and communications are driving this diversification. Expansionary government spending plans aimed at promoting growth are anticipated to maintain the budget at similar levels over the medium term.

Service Sector Employment as a Percentage of Total



Source: World Bank. 2023 is the latest information available

## Primary Clusters and Occupier Sectors

City	Submarket	Typical Tenants	Rent Prices
Riyadh	King Abdullah Financial District (KAJD)	Financial services, legal firms and other professional services	Upper-End
Riyadh	Olaya / King Fahd Road	Financial services, legal firms and other professional services and MNCs	Upper-Mid
Riyadh	Digital City	Technology, media, startups	Mid-End

## Significant Government Initiatives Affecting Real Estate

Since 2016, Vision 2030 has driven Saudi Arabia's real estate market. This USD 7 Trillion development plan aims to diversify the economy from hydrocarbons, encouraging private sector investments led by the Public Investment Fund (PIF). Major projects like KAJD, NEOM, Red Sea Global, ROSHN Group, Diriyah Gate, and Qiddiya are transforming the economic landscape, creating numerous real estate and construction opportunities. These initiatives also aim to modernize the country, boosting tourism and various industries, and driving demand in the hospitality and office sectors.

The Ejari digital portal, launched in 2018, enhances market transparency by creating a more regulated real estate rental sector. Administered by the Ministry of Justice, it has improved efficiency by digitalizing processes previously reliant on in-person visits and checks. *(Source: Ejari)*

## Office Growth Factors

The Regional Headquarters (RHQ) Program, launched by the RCRC and the Ministry of Investment KSA, seeks to bring multinational companies to Riyadh to further support diversifying away from the oil industry. Companies are required to have a physical office and at least 15 full-time employees, boosting demand for flexible office space.

The program's incentives, including preferential treatment for Saudi contracts, tax and visa benefits, have attracted around 600 companies like Northern Trust, Google, PWC, and PepsiCo. *(Source: Gulf Business)* This has significantly reduced Riyadh office market vacancies due to a lack of available office stock. King Abdullah Financial District (KAFD), with its high-quality Grade A stock, benefits from the RHQ program as demand remains strong. The CBD district in Olaya and along King Fahad Road is experiencing increased building activity, alongside major projects such as King Salman Park and Diriyah Gate, which include office components.

## Expansion of Ancillary Services

Office support services in Riyadh have experienced significant changes. Companies in Riyadh now seek integrated facility management office solutions encompassing both hard and soft services. This trend illustrates the challenges involved in registering a business in KSA, leading new market entrants to prefer flexible workspaces that can assist in business setup.

With rapid urbanization and construction, the facilities management industry has shifted towards performance-driven contracts. Advances in AI and smart buildings allow precise tracking of building performance, enhancing decision making and service quality. As this market matures, such practices will become standard. Additionally, new businesses in Riyadh are increasing demand for shared office services, including business registration, information technology, and finance functions.

## Global Investment in Real Estate

Vision 2030 prioritizes attracting international capital to reduce domestic financing needs. Recent laws now allow foreign investors to own and trade real estate, treating them equally with local investors, except where national interest is concerned). This enhanced framework aims to boost market efficiency and strengthen property rights, making investment easier for international buyers. Premium residency programs require at least USD 1 million investment. *(Source: Middle East Briefing)* The KSA government promotes large government backed projects like NEOM with significant capital needed from international investors.

## Infrastructure Development

Investments in infrastructure throughout KSA and Riyadh have an objective to enhance resident's quality of life. As part of Vision 2030, 'The Health Sector Transformation Program' aims to improve access to healthcare throughout the country with a focus on digitalisation and an increase private sector participation. *(Source: Vision 2030 Health Sector Transformation Program)* Major projects like the Riyadh Metro will reduce traffic and provide sustainable transport, encouraging transit-oriented real estate development near transport hubs. King Salman International Airport will improve city connectivity and expand passenger and cargo services, contributing USD 7.2 billion to the non-oil GDP. *(Source: Public Investment Fund (PIF))* These developments are expected to boost employment and benefit commercial real estate demand.

## Technology Importance

Saudi Arabia's technology ambitions are illustrated through its significant partnerships with international technology companies. The PIF and Google Cloud partnership to create an advanced AI hub in KSA is one such example that will increase KSA's GDP by USD 71 billion across 8 years. *(Source: PIF Press Release)* The country intends to take advantage of its low energy costs for data centres and provide incentives to draw in international tech companies and investments.

The technology sector is crucial for economic growth and modernization, impacting real estate through data centre expansion, and increasing demand for office space and research labs. Both public and private sectors are undergoing digital transformation to support a digitally enabled economy. The KSA government aims for the technology sector to contribute 5% of GDP by 2030. *(Source: International Trade Administration)* and has made significant progress, ranking 6th globally in the UN E-Government Development Index. *(Source: UN E-Government Knowledgebase)*



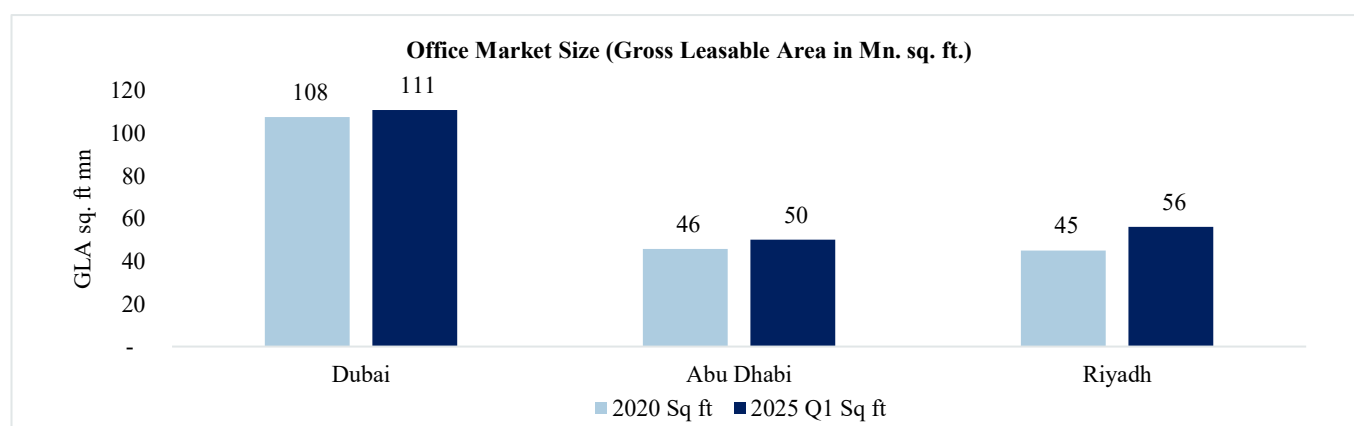
## Commercial Office Market Overview

The Middle East office markets evaluated include Dubai, Abu Dhabi, and Riyadh. Among these, Dubai stands as the most developed and largest market, followed by Abu Dhabi and Riyadh, have similar office stock sizes. Each market is experiencing significant government investment aimed at economic diversification to enhance their non-hydrocarbon sectors. There is substantial demand from both international and domestic occupiers, resulting in a shortage of Grade A office space. The Middle East office markets present high barriers to entry for non-local investors, necessitating years of relationship-building to successfully collaborate with appropriate local developers.

Dubai's office market has low vacancy rates, especially in prime locations. Business-friendly visa policies have attracted companies and new residents, boosting demand in both offshore and onshore areas.

Abu Dhabi has cultivated a favourable business climate, similar to Dubai, and expanded its office market while aiming to become a regional financial hub. Abu Dhabi Global Markets (ADGM) boasts low vacancy rates and has attracted many financial companies for their regional offices. Construction activities Abu Dhabi have increased to meet market demand.

Riyadh has advanced due to Saudi Vision 2030, aimed at modernizing the country and enhancing residents' quality of life. This initiative has led to numerous projects transforming the city's real estate market. The policy requiring companies to have their regional headquarters in Saudi Arabia has increased demand for Riyadh office space, resulting in low vacancy rates amid a supply shortage.



Source: CBRE Research; all figures are approximate.

### Total Stock and Occupied Stock (All Grades Q1 2025) \*

Real Estate Market	Total Office Stock	Occupied Office Stock	Unoccupied Stock
Dubai	111 million	104 million	7 million
Abu Dhabi	50 million	48 million	2 million
Riyadh	56 million	56 million	-**
<b>Total</b>	<b>217 million</b>	<b>208 million</b>	<b>9 million</b>

Source: CBRE, all figures are approximate.

\*Using occupancy from selected supply basket tracked by CBRE Research and applying across all grades for each market. \*\*Occupancy rate at 99%+

## Dubai

### Evolution of Dubai Commercial Real Estate Market

Phases	Real Estate Demand Drivers	Office Demand Implication
1990s	<ul style="list-style-type: none"> <li>Dubai's market expanded by attracting global businesses and diversifying its economy beyond oil revenues.</li> <li>Relaxed land controls initially increased local activity.</li> <li>Significant investments in infrastructure facilitated a substantial real estate boom during the 2000s.</li> </ul>	<ul style="list-style-type: none"> <li>During the late 1990s, the government began to release tightly controlled land banks for sale to Emirati citizens, which subsequently paved the way for foreign ownership in designated areas during the 2000s.</li> </ul>

		<ul style="list-style-type: none"> <li>By decade's end, commercial real estate market began to emerge along Sheikh Zayed Road.</li> </ul>
<b>2000s</b>	<ul style="list-style-type: none"> <li>In 2002, foreign ownership of freehold property was permitted in specific areas.</li> <li>The market attracted significant capital due to increased transparency.</li> <li>Demand for office space increased across various sectors, including those outside the hydrocarbon industry, in accordance with the government's economic diversification strategy.</li> <li>The Global Financial Crisis (GFC) decreased market investment, leading to a downturn by the end of the period.</li> </ul>	<ul style="list-style-type: none"> <li>Dubai's real estate market experienced significant growth, with commercial prices rising due to the substantial availability of credit in the industry.</li> <li>In 2007, office occupancy rates reached nearly full capacity with rents comparable to other major global hubs.</li> <li>By 2009, due to the Global Financial Crisis (GFC), the market experienced a slowdown as credit availability decreased.</li> </ul>
<b>2010</b>	<ul style="list-style-type: none"> <li>At the beginning of the period, the Dubai government required a bailout due to the cancellation of large government backed projects, which undermined investor confidence.</li> <li>An oversupply of 44,000 residential units and vacant commercial space by the end of 2010 depressed market performance.</li> <li>In 2015, a decrease in oil prices and an excess of residential units led to a market adjustment.</li> <li>Dubai South underwent significant commercial construction for Expo 2020, building office convention centres, hotels, and warehouses.</li> </ul>	<ul style="list-style-type: none"> <li>By 2010, office prices had dropped 57% from their 2008 peak, and rents fell 60%. Occupancy levels decreased from 90% to around 70%.</li> <li>The market recovery was gradual, with Dubai's safe haven status drawing capital during the geopolitical events of the Arab Spring in the Middle East.</li> <li>Dubai's market sentiment improved after winning the EXPO 2020 convention in 2013, leading to a significant uptick in market activity.</li> <li>Office freezones had the lowest vacancies, with rents remaining stable even during market corrections.</li> </ul>
<b>2020s</b>	<ul style="list-style-type: none"> <li>In 2020, real estate market experienced reduced activity due to the global pandemic, similar to other markets.</li> <li>The 2021 Expo convention in Dubai attracted 24 million people, establishing the city as a leading global events destination.</li> <li>Dubai's favourable business laws and regulations have consistently drawn individuals since 2021, resulting in significant population growth.</li> <li>Dubai's largescale projects show its dedication to remaining a global city.</li> <li>Demand for residential developments has significantly rebounded following the pandemic, particularly due to Golden Visa programs. Consequently, developers have shifted their focus from prioritizing new office supply to investing in residential assets instead.</li> </ul>	<ul style="list-style-type: none"> <li>Following the pandemic, Dubai demonstrated resilience and efficiently managed the situation to facilitate an early re-opening compared to other cities. This efficiency attracted a significant influx of individuals from around the world, stimulating activity in both residential and commercial real estate sectors.</li> <li>The Expo district has evolved into a mixed-use masterplan, incorporating both residential and commercial properties.</li> <li>Major projects planned for 2025 include Dubai Creek Harbour, Palm Jebel Ali, Dubai Hills, and the Al Maktoum airport expansion, all of which contain office components.</li> <li>Occupier demand for offices has increased rents from 2022 to 2024, with most high-quality properties nearly fully occupied. From 2022 to 2024 grew at a CAGR of 13%.</li> </ul>

### Dubai Commercial Real Estate Market – Today

The influx of people to Dubai has boosted the office market. Dubai offers Freezone (offshore) and Mainland (onshore) office locations. Freezone offices in areas like DWTC, DIFC, and DMCC allow 100% foreign ownership. Onshore offices require a UAE national partner with 51% ownership. Freezones are characterized by tax exemptions, specific regulations, visas, and laws, which contribute to their high occupancy rates. Dubai's office market features stratified ownership, introduced to attract retail investors from local and Gulf Co-operation Council countries. This fragmented ownership model makes buildings less appealing for institutional-level investments.

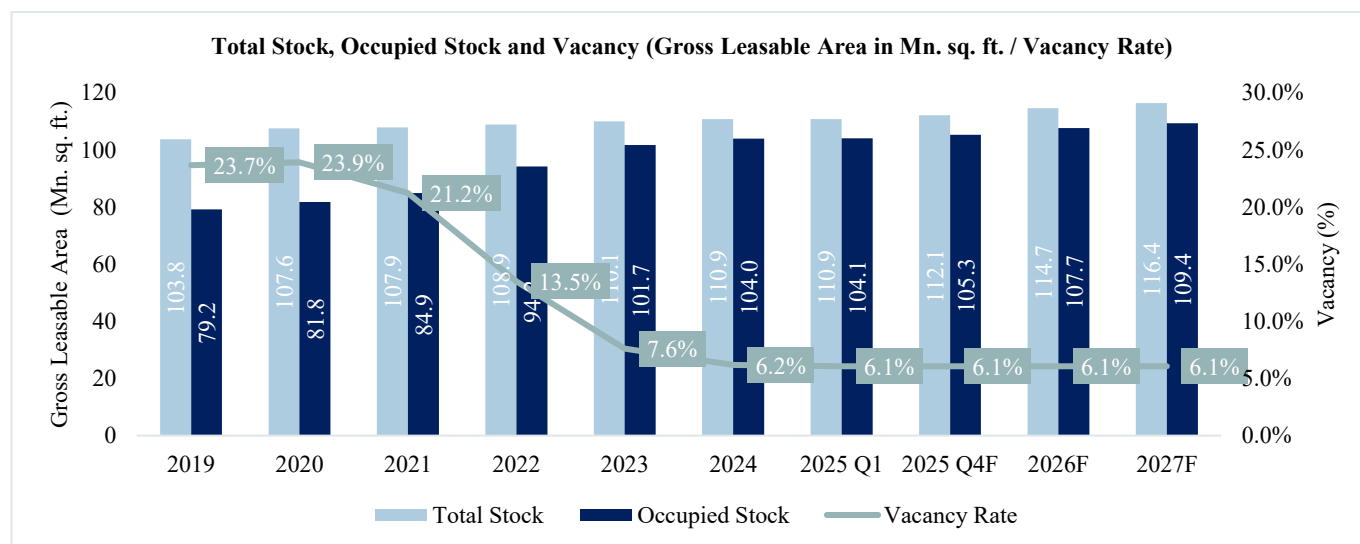
In 2024, Dubai's commercial investment market experienced an increase in transactional activity amid high office occupancy rates and rising rental values. With limited supply in both prime and secondary locations, leasing volumes were constrained. The sale of office properties, including Emaar Business Park 3, Emaar Square Building 3, 6 Falak Business Park (TECOM), a minority (49%) stake in Brookfield Place, and the H&H office project in DIFC comprising 600,000 square feet of unbuilt commercial accommodation, shows there is liquidity, investors seeking investment opportunities in Dubai.

Due to limited availability in prime and secondary areas, tenants are choosing to remain in their existing spaces and renovate. This trend is particularly noticeable in DIFC, where properties are fully occupied and very few new developments have been completed in recent times. Office deliveries across the market have decreased throughout 2024. Prominent projects such as One

Za'abeel and 6 Falak were handed over in early 2024. Additionally, the newly renovated Millennium Office Tower on Sheikh Zayed Road was handed over at the end of the year.

In 2025, approximately 2 million square feet of office stock is expected to be delivered, representing about 2% of the total stock. This indicates that the anticipated office stock pipeline remains limited, despite strong demand for high-quality office space.

### Dubai - Total Stock, Occupied Stock and Vacancy



Source: CBRE Research, all figures are approximate.

Note: Future supply estimates are based on analysis of planned and under-construction buildings, Future occupied stock estimates are derived based on past trends and most recent vacancy rate. Historical data and forecasts provided for 2026 and 2027 are based on CBRE's assessment based on available information in the public domain. Any changes to the market conditions may impact the forecasts. Several factors including but not limited to macroeconomic uncertainty, geopolitical climate, pace of construction, and developer profile, execution capability may have a significant impact on forecast estimates. Forecasts are likely to change as these factors evolve.

By 2027, Dubai's occupied stock is forecast to reach approximately 109 million square feet GLA, driven by post-pandemic business recovery, population growth, and a shortage of quality offices.

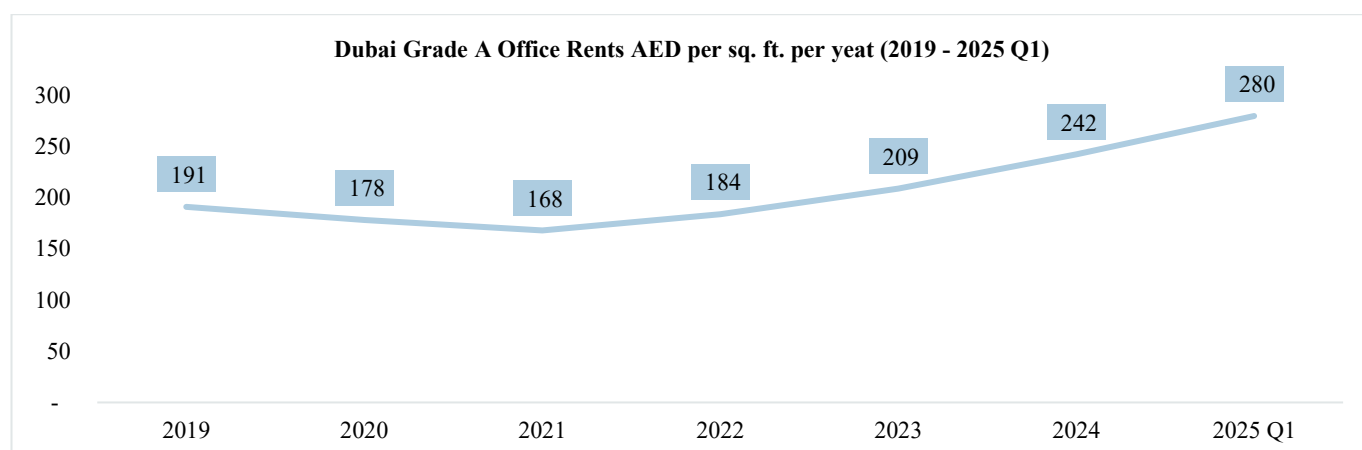
Dubai's economic diversification is increasing the demand for new office spaces. The push for digital nomads, golden visa holders, and financial sector growth has boosted the absorption of Grade A office space.

Dubai's office stock is forecast to reach approximately 115 million square feet GLA by the end of 2026, driven by delayed projects from 2020 due to COVID-19. New supply will be mainly focused around DIFC, Jumeirah Lake Towers (JLT), Sheikh Zayed Road (SZR) and Tecom. It must be noted there were no completed office developments delivered in Q1 2025, as onsite stock that is expected to deliver in 2025 will enter the market later in the year.

Office supply is forecast to grow at a CAGR of approximately 2% from 2025 to 2027, resulting in limited availability of high-quality space, especially in freezones that appeal to market entrants. This is anticipated to favour landlords and benefit flexible operators. The forecast rise in absorption will likely exceed the growth in supply, creating a competitive market dominated by landlords, especially for Grade A office space. In 2020, the office vacancy rate for CBRE's selected supply basket in Dubai was 24%. By 2025, this rate has dropped to approximately 6%, indicating a preference for new quality offices amid economic growth and rising employee numbers.

Office locations in areas like DWTC, DIFC, Business Bay, and Downtown Dubai remain popular among international businesses for their primary office tenant demand. Additionally, there is growing interest in TECOM and JLT as tenants seek alternatives to the more expensive office spaces in the central commercial districts.

## Rental Trends



Source: CBRE Research, all figures are approximate.

In 2025 Q1, the average Grade A rent increased to approximately AED 280 per square foot per year, reflecting a growth of around 34% compared to 2023. New offices in Dubai are being developed with extensive amenities and facilities, along with varied retail options, aimed at enhancing employee productivity and social interactions.

## Occupier Preferences

Occupiers are redesigning office layouts for hybrid working and collaboration beyond just workstations. Optimising space enhances employee experience and boosts attendance. With a hub and spoke model, regional offices offer event spaces for smaller offices to gather at headquarters, fostering engagement. This approach suits workforces that mostly work from home but occasionally meet in person.

Occupiers and workers now demand well-connected public transport, onsite food & beverage, shared meeting spaces, flexible office options, and car parking facilities. Due to limited public transport in expanding areas, Dubai office workers prefer driving, making car parking essential. New Grade A offices like One Za'abeel are incorporating high-quality wellness facilities to capitalize on this trend.

Sustainability credentials like LEED and WELL are increasingly common in Dubai's office market, driven by international firms with global sustainability mandates. ICD Brookfield, for instance, has achieved LEED Platinum for its 140,000 sq. ft of green space through various energy, construction, water, and waste management initiatives. Additionally, Dubai developers can benefit from green financing options by incorporating sustainable design features that can potentially lower financing costs.

## Standard Market Practices

Parameter	Details
Rental Quotation	<ul style="list-style-type: none"> <li>AED per square foot per annum</li> <li>Serviced offices are quoted on a United Arab Emirates Dirham (AED) per desk per month basis.</li> </ul>
Brokerage Norms	<ul style="list-style-type: none"> <li>Tenants pays agency fees as a percentage of year one gross annual rent, exclusive of any incentives.</li> </ul>
	<ul style="list-style-type: none"> <li>Agency fees range between 5 – 10%</li> </ul>
	<ul style="list-style-type: none"> <li>Some landlords will honour an agency fee based on 5-10% of year one gross annual rent.</li> </ul>
Basis of Measurement	<ul style="list-style-type: none"> <li>Buildings generally apply the International Property Measurement Standards (IPMS).</li> </ul>
Rent Payment terms	<ul style="list-style-type: none"> <li>Rent is normally paid in advance in the form of post-dated cheques and can be made in 1-4 payments per annum depending on the landlord.</li> </ul>
	<ul style="list-style-type: none"> <li>Some landlords accept wire transfers, usually quarterly or every 6 months in advance.</li> </ul>

Service Charge	<ul style="list-style-type: none"> <li>Service charges are paid to cover items such as building management, maintenance and operational costs, security, and cleaning of the premises. They may include a provision for a sinking fund to replace large capital items such as elevators. An Open Book service charge policy is not common.</li> </ul>
Property Taxes & Other Costs	<ul style="list-style-type: none"> <li>Value Added Tax (VAT) was introduced on 1st January 2018 at a rate of 5% and is applicable on rent, parking, service charges and utilities.</li> </ul>
Landlord Incentives	<ul style="list-style-type: none"> <li>Tenant Improvement Allowances from the Landlord are very rare.</li> </ul>
	<ul style="list-style-type: none"> <li>For new shell &amp; core leases, landlords generally offer a rent-free period equivalent to 1-5 months based on a 5-year lease term. This varies depending on landlord and sub-market sentiment, handover condition, lease term, size of unit.</li> </ul>
Lease Length & Break Options	<ul style="list-style-type: none"> <li>Standard lease terms are 3-5 years, with some Landlords willing to offer even longer leases of up to 10 years. Tenant-only rights to break the lease are common in the market, particularly in longer leases (i.e., a 7–10-year lease with a break option on expiry of year 5 or year 8).</li> </ul>
	<ul style="list-style-type: none"> <li>Micro office / serviced offices leases are minimum 1 year up to typically 3 years term.</li> </ul>
Delivery Standards	<ul style="list-style-type: none"> <li>There is no set standard in Dubai. Typically, restrooms, prayer rooms and pantries are considered part of the shell.</li> </ul>
	<ul style="list-style-type: none"> <li>The majority of developments are handed over in a shell and core standard.</li> </ul>
	<ul style="list-style-type: none"> <li>Some new buildings are being completed and handed over in a ‘Category A’ standard (i.e., with a raised floor including floor boxes, suspended ceilings, lighting, and Mechanical, Electrical, and Plumbing (MEP) provisions above).</li> </ul>
	<ul style="list-style-type: none"> <li>There has been an increase in 2<sup>nd</sup> generation fitted space offered in the market, due to tenants relocating and leaving their office in an as-is condition. Landlords are capitalizing by charging higher rents on a unit handed over ‘as-is’.</li> </ul>
Utilities	<ul style="list-style-type: none"> <li>Service charges usually do not include the Dubai Electricity and Water Authority (DEWA) charges for which the tenant pays separately and directly to the provider by meter. There is also a separate charge for chilled water/district cooling. Some landlords however charge a fixed service charge including all utilities.</li> </ul>
Escalations / Rent Review	<ul style="list-style-type: none"> <li>Most landlords nowadays seek 5% annual escalations throughout the lease term.</li> </ul>
	<ul style="list-style-type: none"> <li>If the tenant agrees to a longer-term lease of 5-year years plus, then the landlord may agree to escalations every other year, or a lower annual increase.</li> </ul>
Reinstatement	<ul style="list-style-type: none"> <li>The tenant is usually required to reinstate the premises to its original condition as per the lease requirements. Landlords sometimes negotiate a fixed reinstatement cost or waive this obligation and accept the premises in its existing condition, subject to fair wear and tear and subject to securing a replacement tenant.</li> </ul>
Security Deposit	<ul style="list-style-type: none"> <li>Landlords require a security deposit, ranging from 10% to 25% of the year one rent, depending on the landlord and handover condition (shell &amp; core or fitted).</li> </ul>
Fit-out Costs USD per square foot (AED per square foot)* <i>Dependent on layout (Data as of Q3 2023, Rounded)</i>	<ul style="list-style-type: none"> <li>Low: USD 190 – 220 per square foot (AED 698 – 808 per square foot)</li> <li>Medium: USD 255 - 270 per square foot (AED 936 – 992 per square foot)</li> <li>High: USD 325 – 360 per square foot (AED 1,194 – 1,322 per square foot)</li> </ul>

Source: CBRE Middle East Agency and Transaction, CBRE Global Office Fit-Out Cost Guide 2024; \*August 31, 2023 Rate = 3.6725

*The parameters outlined above are based on best-effort analysis and reflect high-level general market practices observed across Grade A office buildings in the United Arab Emirates, with a focus on Dubai. While they aim to capture prevailing trends relating to leasing structures, service charges, fit-out norms, rent reviews, and typical landlord-tenant arrangements, it is important to note that each submarket, building, and landlord may adopt differing practices based on asset quality, location, occupier demand, and commercial positioning.*

*These benchmarks are accurate as at the time of writing and derived from a combination of industry sources, transactional evidence, and market participant feedback. However, they are subject to change without notice due to evolving regulatory frameworks, economic conditions,*

and leasing dynamics. Furthermore, certain categories such as serviced offices, shell & core handovers, and rent-free periods may vary significantly depending on the micro-location, lease term, and negotiation outcomes.

This information should not be construed as investment advice, nor does it constitute a binding representation of commercial terms. Independent verification and professional consultation are recommended prior to any lease negotiation or investment decision.

## Fit Out Costs Breakdown

Cost analyses are categorized by different floor plans: Activity Focused (which prioritizes adaptability for a range of tasks and includes areas for concentrated work), Collaborative (which is tailored to foster teamwork and enhance collaboration in a versatile way), and Event Oriented (which is designed for more dynamic environments like town halls and meeting spaces, allowing for a range of event configurations).

Build specifications are as per the following:

Build Specification	Details
Low	Utilizes existing landlord builds for fittings like ceiling arrangements, coupled with basic furnishings.
Medium	Offers a budget conscious upgrade, incorporating bespoke design elements while retaining much of the existing layout.
High	Features the highest quality in furnishing and bespoke design details.

Breakdown of the numbers is outlined below:

City / Parameter	Total Fit-Out Cost USD / square foot			Fit Out USD / square foot			Furniture USD / square foot			Technology USD / square foot			Professional Fees (%)
Dubai	Low	Mid	High	Low	Mid	High	Low	Mid	High	Low	Mid	High	Total
Activity Based Layout	205	270	360	139	190	267	12	17	18	30	31	34	12%
Team Based Layout	190	255	325	129	176	233	9	17	18	30	31	34	12%
Event Based Layout	220	270	340	155	195	255	8	11	11	30	31	34	12%

Source: CBRE Global Office Fit-Out Cost Guide 2024; data as of Q3 2023



## Abu Dhabi

### Evolution of Abu Dhabi Commercial Real Estate Market

Phases	Real Estate Demand Drivers	Office Demand Implication
1990s	<ul style="list-style-type: none"> <li>During the 1990s, the commercial real estate market prohibited foreign ownership, resulting in a lack of international investment.</li> <li>The skyline consisted primarily of low-rise structures, including government offices and locally developed commercial centres.</li> </ul>	<ul style="list-style-type: none"> <li>Abu Dhabi's commercial real estate growth was modest and regulated by the government.</li> <li>During this period, the government aimed to extend the city's boundaries into adjacent islands beyond Abu Dhabi Main Island and developed a master plan to strategize future growth.</li> </ul>
2000s	<ul style="list-style-type: none"> <li>In 2005, Abu Dhabi enacted property laws permitting foreign buyers in specific investment zones on a leasehold basis.</li> <li>During the Global Financial Crisis, prices decreased as demand weakened, and projects were cancelled throughout the region.</li> </ul>	<ul style="list-style-type: none"> <li>During the mid-2000s, rising oil prices prompted the Abu Dhabi government to develop ambitious plans. They master planned new commercial zones in Al Maryah (ADGM) and Al Reem Island to serve as future financial and commercial hubs. Office vacancies remained low due to the limited supply being delivered until 2007.</li> <li>In 2008, the global financial crisis caused Abu Dhabi property prices to drop by 25%, commercial rents to decrease, and vacancies to increase as demand diminished.</li> </ul>
2010	<ul style="list-style-type: none"> <li>An office oversupply by the mid-2010s would reduce performance.</li> <li>The government combined Aldar Properties and Sorouh to strengthen both developers.</li> <li>Expansion of freehold foreign ownership regulations in specified areas.</li> </ul>	<ul style="list-style-type: none"> <li>The commercial real estate market stabilized in the early 2010s, but high office vacancies followed a shock in oil prices.</li> <li>Aldar has become the leading developer in Abu Dhabi, creating residential and commercial properties throughout the city.</li> <li>Although ownership liberalisation attracted some FDI, high vacancy rates and low transaction activity persisted in the commercial market.</li> </ul>
2020s	<ul style="list-style-type: none"> <li>In 2020, the COVID-19 pandemic significantly affected real estate assets globally.</li> <li>Abu Dhabi is investing in infrastructure, including Etihad rail and future metro and transit plans to connect islands and the mainland.</li> <li>ADGM expanded its financial hub to Reem Island.</li> </ul>	<ul style="list-style-type: none"> <li>The city quickly recovered post-pandemic due to effective health policies, and workers returned to offices.</li> <li>By 2023, the Abu Dhabi market saw an 8% rise in prime office rents due to expanding government finances and the non-oil economy.</li> <li>The future infrastructure plan aims to accommodate the increasing population and office workers, while also supporting diversification efforts and providing a foundation for growth.</li> <li>The expansion of ADGM freezone from Al Maryah Island to Reem Island promises continued success as a financial hub and offers great investment opportunities for office developers, given the low vacancy rates.</li> </ul>

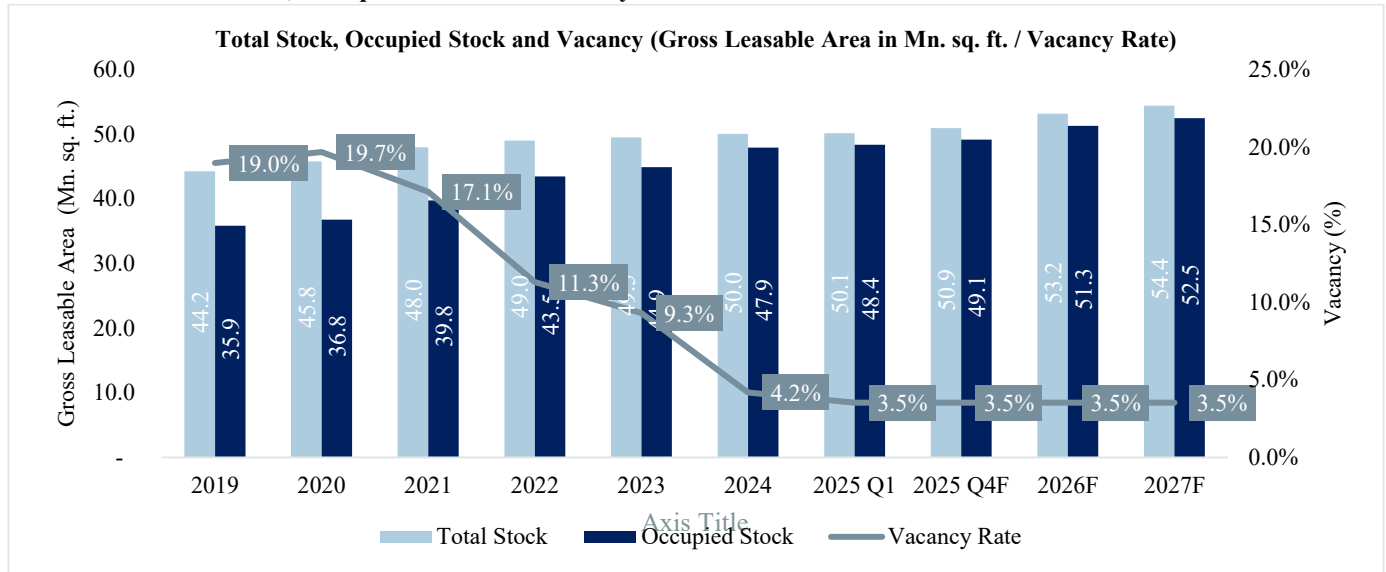
Source: CBRE Middle East Analysis.

### Abu Dhabi Commercial Real Estate Overview

International businesses continue to seek office locations within the central areas of Abu Dhabi, including the Main Island and the Abu Dhabi Global Market (ADGM), which remain prominent focal points for office tenant demand in the city. Nevertheless, there has been an increasing interest in emerging regions such as Masdar City, Capital Centre, and sections of Khalifa City, as tenants are progressively being priced out of prime Grade A office spaces in the more established commercial districts.

Abu Dhabi, similar to Dubai, has a dual ownership structure between freezone areas, such as ADGM, and onshore office zones. However, the scope of stratified ownership in Abu Dhabi is less extensive than in Dubai, with most concentration on Reem Island. Typically, office properties in Abu Dhabi are owned by a single landlord.

## Abu Dhabi - Total Stock, Occupied Stock and Vacancy



Source: CBRE Research, all figures are approximate.

Note: Future supply estimates are based on analysis of planned and under-construction buildings, Future occupied stock estimates are derived based on past trends and most recent vacancy rate. Historical data and forecasts provided for 2026 and 2027 are based on CBRE's assessment based on available information in the public domain. Any changes to the market conditions may impact the forecasts. Several factors including but not limited to macroeconomic uncertainty, geopolitical climate, pace of construction, and developer profile, execution capability may have a significant impact on forecast estimates. Forecasts are likely to change as these factors evolve.

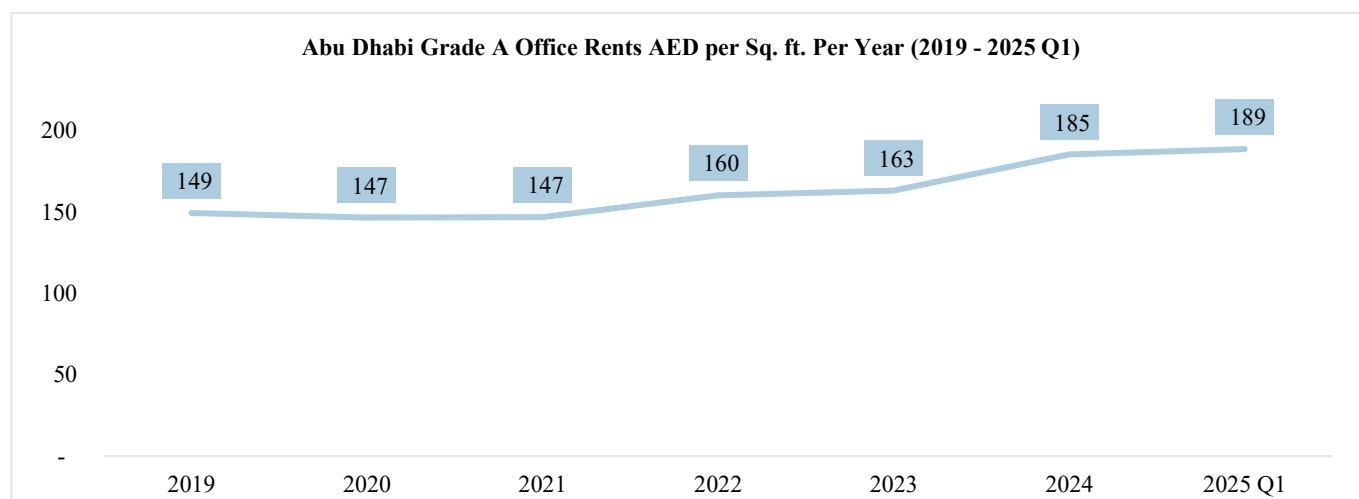
Abu Dhabi's total office stock is forecast to reach around 51 million square feet GLA by the end of 2025, mainly due to projects delayed from 2020 because of COVID-19. In 2025, office space in Abu Dhabi is predominantly composed of Grade B facilities. However, forecasts indicate an increase in the availability of Grade A office spaces, along with a reduction in Grade B office spaces.

The office occupied stock is forecast to grow at an approximate CAGR of 3.3% between 2025 and 2027. Consequently, there may be increased competition for quality office space, which could widen the performance gap between new prime offices and older properties. Currently, landlords dominate the market, with low vacancy rates and high rental prices observed in Grade A office spaces. Similar to Dubai, there is limited availability of quality supply for tenants, especially in key office areas in Abu Dhabi.

In the longer term, with demand generators remaining strong, and supply levels stabilizing, absorption-supply analysis indicates an overall market nearing healthy levels and a potential opportunity for new office development in the market, particularly in the Grade A segment.

The delivery of higher-quality office space is promoting a shift to quality, resulting in a two-tiered market between new and old developments as well as between free zone and non-free zone. This trend can be seen from the differences in rental and occupancy rates across various developments and areas in the city. Abu Dhabi's business environment is drawing global corporations, increasing demand for Grade A office space.

New lease registrations surged through 2024 with significant quarter-on-quarter and year-on-year growth, while renewals remained stable. This indicates that landlords are actively managing their assets to increase rent and attract higher-paying tenants. The average vacancy rates have continued to decline, reaching approximately 3.5% by Q1 2025 for a selected supply basket tracked by CBRE.



Source: CBRE Research, all figures are approximate.

Occupier demand remains steady, with several new office towers being developed across the northern parts of Abu Dhabi Island, primarily at Grade B quality. One Maryah Place, a joint venture between Aldar and Mubadala, will bring approximately 1.1 million square feet of Grade A office space to the market upon completion.

In the first quarter of 2025, the average rent for Grade A offices is approximately AED 189 per square foot, which represents an estimated 16% increase from the average office rent in 2023.

### Occupier Preferences

Occupier preferences in Abu Dhabi are similar to Dubai, emphasizing space flexibility, sustainability, and top-class amenities to attract employees. Upcoming office buildings like Masdar City Square, which features a net-zero energy headquarters, exemplify the future of Grade A space in Abu Dhabi.

### Standard Market Practices – Abu Dhabi

Parameter	Detail
Rental Quotation	<ul style="list-style-type: none"> <li>AED per square metre per annum</li> <li>Serviced offices are quoted on an AED per desk per month basis.</li> </ul>
Brokerage Norms	<ul style="list-style-type: none"> <li>Tenants pays agency fees on percentage of year 1 gross annual rent basis, exclusive of incentives.</li> </ul>
	<ul style="list-style-type: none"> <li>Agency fee range between 5 – 10%</li> </ul>
Basis of Measurement	<ul style="list-style-type: none"> <li>Buildings generally apply the International Property Measurement Standards (IPMS).</li> </ul>
Rent Payment terms	<ul style="list-style-type: none"> <li>Rent is normally paid in advance in the form of post-dated cheques and can be made in 1-4 payments per annum depending on the landlord.</li> </ul>
	<ul style="list-style-type: none"> <li>Some landlords accept wire transfers, usually quarterly or every 6 months in advance.</li> </ul>
Service Charge	<ul style="list-style-type: none"> <li>Service charges are paid to cover items such as building management, maintenance and operational costs, security, and cleaning of the premises. They may include a provision for a sinking fund to replace large capital items such as elevators. Some landlords follow an Open Book service charge policy while others follow a fixed approach.</li> </ul>
Property Taxes & Other Costs	<ul style="list-style-type: none"> <li>Value Added Tax (VAT) was introduced on 1st January 2018 at a rate of 5% and is applicable on rent, parking, service charges and utilities.</li> </ul>
Landlord Incentives	<ul style="list-style-type: none"> <li>Tenant Improvement Allowances from the landlord are very rare.</li> </ul>
	<ul style="list-style-type: none"> <li>For new shell &amp; core leases, landlords generally offer a rent-free period equivalent to 1-5 months based on a 5-year lease term. This varies depending on landlord and sub-market sentiment, handover condition, lease term, size of unit.</li> </ul>

Parameter	Detail
Lease Length & Break Options	<ul style="list-style-type: none"> <li>Standard lease terms are 3-5 years, with some landlords willing to offer even longer leases of up to 10 years. Tenant-only rights to break the lease are common in the market, particularly in longer leases (i.e. a 7–10-year lease with a break option on expiry of year 5 or year 8).</li> </ul>
	<ul style="list-style-type: none"> <li>Micro office / serviced offices leases are minimum 1 year up to typically 3 years term.</li> </ul>
Delivery Standards	<ul style="list-style-type: none"> <li>There is no set standard in Abu Dhabi. Typically, restrooms, prayer rooms and pantries are considered part of the shell.</li> </ul>
	<ul style="list-style-type: none"> <li>The majority of developments are handed over in a shell and core standard.</li> </ul>
	<ul style="list-style-type: none"> <li>Some new buildings are being completed and handed over in a 'Category A' standard (i.e. with a raised floor including floor boxes, suspended ceilings, lighting and MEP provisions above).</li> </ul>
	<ul style="list-style-type: none"> <li>There has been an increase in 2<sup>nd</sup> generation fitted space being offered in the market, due to tenants relocating and leaving behind their office in an as-is condition. Landlords are capitalizing by charging higher rents on a unit handed over 'as-is'.</li> </ul>
Utilities	<ul style="list-style-type: none"> <li>Service charges usually do not include the Abu Dhabi Distribution Company (ADDC) charges for which the Tenant pays separately and directly to the provider by meter. There is also a separate charge for chilled water/district cooling. Some landlords however charge a fixed service charge including all utilities.</li> </ul>
Escalations / Rent Review	<ul style="list-style-type: none"> <li>Most landlords nowadays seek 3-5% annual escalations throughout the lease term.</li> </ul>
	<ul style="list-style-type: none"> <li>If the tenant agrees to a longer-term lease of 5-year years plus, then the Landlord may agree to escalations every other year, or a lower annual increase</li> </ul>
Reinstatement	<ul style="list-style-type: none"> <li>The tenant is usually required to reinstate the premises to its original condition as per the lease requirements. Landlords sometimes negotiate a fixed reinstatement cost or waive this obligation and accept the premises in its existing condition, subject to fair wear and tear and subject to securing a replacement tenant.</li> </ul>
Security Deposit	<ul style="list-style-type: none"> <li>Landlords require a security deposit, which can range from 10% to 25% of the year 1 rent depending on the landlord and handover condition (shell &amp; core or fitted).</li> </ul>
Fit-out Costs USD per square foot (AED per square foot)*  <i>Dependent on layout  (Data as of Q3 2023,  Rounded)</i>	<ul style="list-style-type: none"> <li>Low: USD 190 – 220 per square foot (AED 698 – 808 per square foot)</li> <li>Medium: USD 255 - 270 per square foot (AED 936 – 992 per square foot)</li> <li>High: USD 325 – 360 per square foot (AED 1,194 – 1,322 per square foot)</li> </ul>

Source: CBRE Middle East Agency and Transaction, CBRE Global Office Fit-Out Cost Guide 2024; \*August 31, 2023 Rate = 3.6725

The parameters outlined above are based on best-effort analysis and reflect high-level general market practices observed across Grade A office buildings in the United Arab Emirates, with a focus on Abu Dhabi. While they aim to capture prevailing trends relating to leasing structures, service charges, fit-out norms, rent reviews, and typical landlord-tenant arrangements, it is important to note that each submarket, building, and landlord may adopt differing practices based on asset quality, location, occupier demand, and commercial positioning.

These benchmarks are accurate as at the time of writing and derived from a combination of industry sources, transactional evidence, and market participant feedback. However, they are subject to change without notice due to evolving regulatory frameworks, economic conditions, and leasing dynamics. Furthermore, certain categories such as serviced offices, shell & core handovers, and rent-free periods may vary significantly depending on the micro-location, lease term, and negotiation outcomes.

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## Fit Out Costs Breakdown

Cost analyses are categorized by different floor plans: Activity Focused (which prioritizes adaptability for a range of tasks and includes areas for concentrated work), Collaborative (which is tailored to foster teamwork and enhance collaboration in a versatile way), and Event Oriented (which is designed for more dynamic environments like town halls and meeting spaces, allowing for a range of event configurations).

Build specifications are as per the following:

Build Specification	Details
Low	Utilizes existing landlord builds for fittings like ceiling arrangements, coupled with basic furnishings.
Medium	Offers a budget conscious upgrade, incorporating bespoke design elements while retaining much of the existing layout.
High	Features the highest quality in furnishing and bespoke design details.

Breakdown of the numbers is outlined below:

City / Parameter	Total Fit-Out Cost USD / square foot			Fit Out USD / square foot			Furniture USD / square foot			Technology USD / square foot			Professional Fees (%)
Abu Dhabi	Low	Mid	High	Low	Mid	High	Low	Mid	High	Low	Mid	High	Total
Activity Based Layout	205	270	360	139	190	267	12	17	18	30	31	34	12%
Team Based Layout	190	255	325	129	176	233	9	17	18	30	31	34	12%
Event Based Layout	220	270	340	155	195	255	8	11	11	30	31	34	12%

Source: CBRE Global Office Fit-Out Cost Guide 2024, data as of Q3 2023

## Kingdom of Saudi Arabia (KSA) – Riyadh

### Evolution of Riyadh Commercial Real Estate Market

Phases	Real Estate Demand Drivers	Office Demand Implication
<b>1990s</b>	<ul style="list-style-type: none"> <li>The population increase led to swift urbanization.</li> <li>Strict foreign investment rules hindered market capital entry.</li> <li>Government and hydrocarbon industry were the primary occupiers.</li> </ul>	<ul style="list-style-type: none"> <li>Riyadh expanded its urban growth starting in the 1980s.</li> <li>During this period, foreign ownership was prohibited, similar to the regulations in the UAE.</li> <li>Most offices built in Riyadh during this period were concentrated in the Olaya district, the central business area.</li> </ul>
<b>2000s</b>	<ul style="list-style-type: none"> <li>The early to mid-2000s oil price boom led to substantial investment in real estate markets.</li> <li>Riyadh's joining the World Trade Organization (WTO) increased its international involvement and created more economic opportunities.</li> <li>More international businesses were entering Riyadh.</li> </ul>	<ul style="list-style-type: none"> <li>Landmark buildings such as the Kingdom Tower and Faisaliah Tower were completed during this period to accommodate incoming foreign residents.</li> <li>Mid-rise business campuses appeared throughout the city.</li> <li>KAFD was master planned in the 2000s to serve as a regional financial hub.</li> </ul>
<b>2010</b>	<ul style="list-style-type: none"> <li>The Riyadh real estate market was less impacted by the global financial crisis due to its limited exposure to international capital, unlike Dubai or Abu Dhabi.</li> <li>Continued to develop as a regional business centre.</li> <li>Saudi Vision 2030, launched in 2016, has significantly affected Riyadh's real estate market by driving rapid transformation and modernization.</li> </ul>	<ul style="list-style-type: none"> <li>Office campuses such as Digital City, intended for technology companies, were completed.</li> <li>The first phases of King Abdullah Financial District (KAFD) have been completed. The development is now considered a central location for offices in the city.</li> <li>In the first half of 2014, the office market vacancy rate for Riyadh was approximately 15-18%.</li> <li>Foreign investors gained access to the Saudi Stock Exchange, enabling the REIT structure and formalizing the commercial real estate market through professional investment management.</li> <li>The launch of large government backed projects in Riyadh will provide significant office space.</li> </ul>
<b>2020s</b>	<ul style="list-style-type: none"> <li>COVID-19 affected every aspect of the economy; however, economic activity persisted, supported by government stimulus measures.</li> <li>Large government backed projects like Qiddiya, Sports Boulevard, Riyadh Expo 2030, and King</li> </ul>	<ul style="list-style-type: none"> <li>The Vision 2030 large government backed projects have several objectives, with the primary goal being to improve the quality of life in KSA and Riyadh, thereby increasing the city's attractiveness. The completion of KAFD is substantially achieved.</li> </ul>

Phases	Real Estate Demand Drivers	Office Demand Implication
	<p>Salman Park, part of Vision 2030, have driven real estate in Riyadh since 2016.</p> <ul style="list-style-type: none"> <li>Strong demand in Riyadh's residential sector has extended into the commercial real estate market.</li> <li>The government's mandate requiring regional headquarters to be located in Riyadh has prompted numerous firms to establish or relocate their regional offices to the city.</li> </ul>	<ul style="list-style-type: none"> <li>Grade A office rents rose by 13% in 2023, indicating an upward trend.</li> <li>Many new regional headquarters have lowered vacancy rates and increased rents by 18% in 2024. Vacancy rates are now at cyclical lows.</li> </ul>

## Riyadh – Office Demand Drivers

### Office Demand from MNCs

As part of Vision 2030, the Regional Headquarters (RHQ) program commenced in 2024. Its goal is to encourage multinational corporations to establish their regional headquarters in Riyadh. Due to numerous projects initiated by the Kingdom, several companies are transferring their RHQ from nearby cities such as Dubai to Riyadh to take advantage of the investment opportunities in the capital. The program has already attracted a substantial number of companies as of Q4 2024.

### Office Demand from SMEs

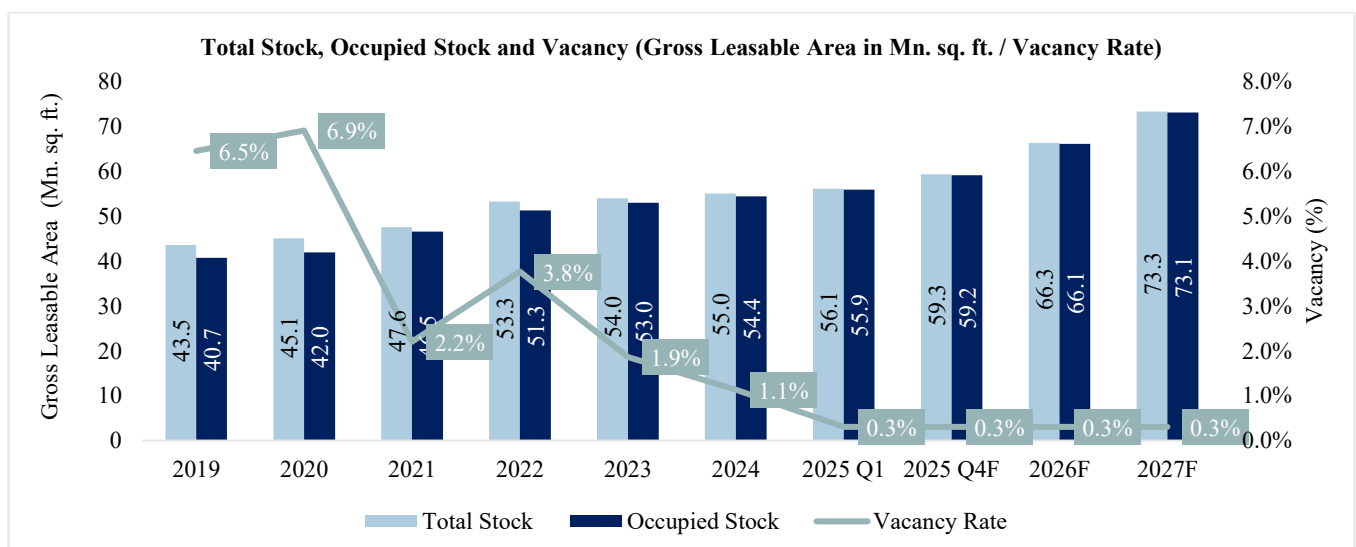
The General Authority for Small and Medium Enterprises (Monsha'at) has implemented various programs and initiatives to facilitate financing and access for SMEs. According to the latest data, SMEs are forecast to benefit from SAR 1 trillion in investments in Riyadh by 2030 and are anticipated to increase their contribution to GDP.

As of the fourth quarter of 2023, Riyadh accommodates approximately 44% of the Kingdom's small and medium-sized enterprises (SMEs). Makkah and the Eastern Province follow with roughly 18% and 11%, respectively. These SMEs are engaged in various economic activities, including retail (14%), construction (13%), and food & beverage (11%). These statistics highlight the importance of this sector and its potential impact on the office market, as these companies expand and continue their operations within Saudi Arabia. *Source: SAMA (Saudi Arabian Monetary Authority), Monshaat, GAS (The General Authority for Statistics).*

### White Collar Jobs

In line with Vision 2030's goal of reducing unemployment to 7%, the Kingdom has maintained progress towards this goal over the past five years. White-collar employees constitute approximately 17% of Riyadh's total employment figures, significantly contributing to the demand for office space. While work-from-home trends have affected other global office markets, they do not eliminate the need for companies' office spaces as part of the RHQ program. In the short term, occupiers may require smaller office spaces or seek lower rent or flexible leasing terms.

### Riyadh- Total Stock, Occupied Stock and Vacancy



*Source: CBRE Research, all figures are approximate.*

*Note: Future supply estimates are based on analysis of planned and under-construction buildings, Future occupied stock estimates are derived based on past trends and most recent vacancy rate. Historical data and forecasts provided for 2026 and 2027 are based on CBRE's assessment based on available information in the public domain. Any changes to the market conditions may impact the forecasts. Several factors including but not limited to macroeconomic uncertainty, geopolitical climate, pace of construction, and developer profile, execution capability may have a significant impact on forecast estimates. Forecasts are likely to change as these factors evolve.*

By Q1 2025, the total amount of quality office space in Riyadh has reached approximately 56 million square feet of gross leasable area (GLA).

The office stock in Riyadh is expected to grow at a CAGR of ~11% from 2025 to 2027, reaching approximately 73 million square feet GLA. Most of the new office space will be grade A supply located in the central Riyadh.

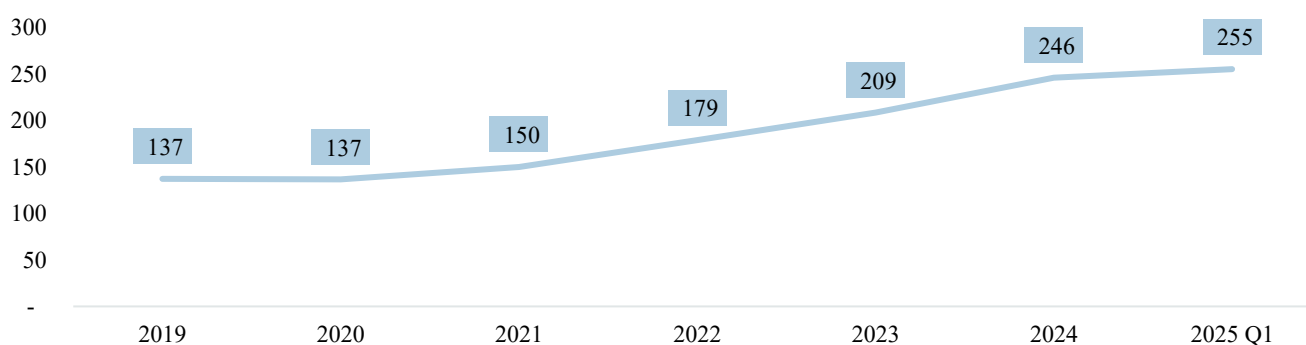
In Q1 2025, Grade A and B offices constitute approximately 88% of the office market stock in Riyadh. The vacancy rate is decreasing, leading to landlords maintaining high rent expectations. However, the anticipated arrival of large-scale upcoming projects is anticipated to significantly increase new supply in the coming years.

Despite substantial stock deliveries until 2027, demand for quality office space in KSA, especially Riyadh, is forecast to surpasses supply due to forecast population growth and new businesses. The demand for office space continued to be robust in 2024, and is expected to remain this way in 2025, although transactions in Riyadh are currently slowing due to the limited availability of high-quality spaces that can be leased immediately. Low vacancy rates for Grade A office locations indicate strong demand influenced by Saudi Arabia's expanding non-oil economy, which is a significant aspect of the government's Vision 2030 diversification strategy aimed at reducing dependence on the oil sector.

## Rental Trends

The private sector has driven most of the demand for space due to recent low oil prices and production constraints. The high occupancy rates have increased rents. Additional space is expected in 2025 and 2026 from large projects in Riyadh, including Diriyah Gate and King Salman Park.

**Riyadh Grade A Office rents SAR per Sq. ft Per Year (2019 - 2025 Q1)**



Source: CBRE Research, all figures are approximate.

In Q1 2025, Grade A office rents in major districts like Digital City, KAHD, and Olaya District averaged SAR 255 per square foot/year. Low vacancy rates have increased rents for top-quality spaces. Demand is driven by international occupiers and the growth of the domestic private sector.

Occupancy levels in Riyadh are high, with Grade A and B offices nearly fully occupied at around 99.7% for CBRE's selected basket of office assets. High-quality buildings tend to have better occupancy and performance.

## Occupier Preferences

Office occupiers in Riyadh are modifying layouts to create more space for collaborative work. By optimising space, they can enhance employees' experience and improve office attendance. Occupiers are adopting a hub-and-spoke model with their operations, allowing regional offices to provide event spaces when smaller offices visit headquarters to drive engagement across the organisation. The KSA government's encouragement for companies to establish regional headquarters within KSA has increased the demand for top-quality international standard space designs, as seen in desirable office locations such as KAHD.



## Standard Market Practices

Parameter	Detail
Basis of Measurement	<ul style="list-style-type: none"> <li>No single standard of area calculation is used in the KSA. However, the RICS IMPS standard is increasingly used, and floor areas now tend to be stated as a net or gross internal area.</li> </ul>
Brokerage Norms	<ul style="list-style-type: none"> <li>Tenants pay agency fees as a percentage of year one gross annual rent, exclusive of any incentives.</li> <li>Agency fees range between 5 – 10%. It is typically 5% for renewals and 10% for acquisitions.</li> <li>Some landlords will honor an agency fee based on 5-10% of year one gross annual rent</li> </ul>
Rent & Payment terms	<ul style="list-style-type: none"> <li>Rents are generally quoted as a gross rental in Saudi Arabian Riyal (SAR) per square metre per annum, inclusive of service charges.</li> <li>Quoting rents are typically stated some 10% to 15% above the deal rate to allow for some negotiation.</li> <li>Rent is normally paid annually in advance</li> </ul>
Service Charge	<ul style="list-style-type: none"> <li>Service charges are paid to cover items such as building management, maintenance and operational costs, security and cleaning of the premises.</li> <li>Service charges are usually charged as percentage of rent, often 10% but can be 15% to 20%.</li> </ul>
Property Taxes & Other Costs	<ul style="list-style-type: none"> <li>Value Added Tax (VAT) was introduced on the 1st of January 2018 and increased to 15% from 1st July 2020. It is applicable on commercial rents, service charges and associated fees etc. and is payable by the tenant.</li> </ul>
Landlord Incentives	<ul style="list-style-type: none"> <li>Tenant Improvement Allowances from the Landlord are not market practice.</li> <li>Landlords may offer rent free equivalent to 0.5-1 month per 1 year leased, however for Grade A office where supply is limited then this could be less.</li> </ul>
Lease	<ul style="list-style-type: none"> <li>The Ejari contract is the unified commercial contract imposed by the Saudi government. The Ejari system was introduced by the Ministry of Housing and became mandatory for all real estate firms to join.</li> <li>It seeks to regulate the rental market with measures to protect the rights of landlords and tenants, and control rents.</li> <li>According to the Ministry of Labor and Social Development, rent contract registration with electronic Ejari system is mandatory for the issuance and renewal of work permits for non-Saudi's.</li> </ul>
Lease Length & Break Options	<ul style="list-style-type: none"> <li>Traditional practice in KSA was for renewable one-year leases, however more recently, we have seen a shift from corporate Tenants negotiating more traditional 3–5-year leases.</li> <li>Mid-term lease breaks were not available; however, these are now becoming more common; for example, at the end of the third year of a five-year Lease. Break penalties may be applicable.</li> </ul>
Delivery Standards	<ul style="list-style-type: none"> <li>The majority of developments are handed over in a shell and core standard. Typically, restrooms, prayer rooms and pantries are considered part of the shell.</li> </ul>
Utilities	<ul style="list-style-type: none"> <li>In most instances, service charges do not include the cost of utilities (i.e. water, electricity or sewerage), for which the Tenant pays separately and directly to the provider either by meter or as a unit rate directly to the landlord. There is also a separate charge for chilled water.</li> </ul>
Escalations / Rent Review	<ul style="list-style-type: none"> <li>The landlords will generally agree to fix the rent for a new transaction for the first 2-3 years, thereafter landlords would normally seeking 3-5% annual escalation throughout the Lease term.</li> <li>If the Tenant has agreed to a longer-term Lease of 7 years plus, then the Landlord may agree to escalations every other year.</li> </ul>
Reinstatement	<ul style="list-style-type: none"> <li>The Tenant must usually restore the premises to its original state, but this is negotiable.</li> <li>Landlords sometimes waive this obligation and accept the premises in its existing condition. Generally, a Tenant will have improved the premises, but any redecoration or damage must be made good.</li> </ul>
Security Deposit	<ul style="list-style-type: none"> <li>Landlords require a security deposit (1–3 months of base rent) to be paid at the time of Lease signing.</li> </ul>
Fit Out Costs (SAR per square foot) *	<ul style="list-style-type: none"> <li>Low: USD 160 per square foot (SAR 600 per square foot)</li> <li>Medium: USD 230 per square foot (SAR 863 per square foot)</li> <li>High: USD 310+ per square foot (SAR 1,163+ per square foot)</li> <li>Fit-out timelines have also been extended in recent years with the limited construction contractor capacity as the Vision 2030 large government backed projects construction are ongoing.</li> </ul>

Source: CBRE Middle East Agency and Transaction \*May 29, 2025 Rate = 3.7500

The parameters outlined above are based on best-effort analysis and reflect high-level general market practices observed across Grade A office buildings in the Kingdom of Saudi Arabia, with a focus on Riyadh. While they aim to capture prevailing trends relating to leasing structures, service charges, fit-out norms, rent reviews, and typical landlord-tenant arrangements, it is important to note that each submarket, building, and landlord may adopt differing practices based on asset quality, location, occupier demand, and commercial positioning.

*These benchmarks are accurate as at the time of writing and derived from a combination of industry sources, transactional evidence, and market participant feedback. However, they are subject to change without notice due to evolving regulatory frameworks, economic conditions, and leasing dynamics. Furthermore, certain categories such as serviced offices, shell & core handovers, and rent-free periods may vary significantly depending on the micro-location, lease term, and negotiation outcomes.*

*This information should not be construed as investment advice, nor does it constitute a binding representation of commercial terms. Independent verification and professional consultation are recommended prior to any lease negotiation or investment decision.*

The market data and forecasts contained in the flexible workspace section have been prepared based on publicly available information only. Publicly available information is assumed to be accurate and complete. Due to the limited availability and inconsistency of comprehensive data across the flexible office sector in the subject Middle East markets, this analysis is not exhaustive, is subject to inherent uncertainties and focuses only on key operators and locations.

### Flexible Workspace Industry Overview

Flexible workspace is forecast to continue expanding in the Middle East when considering the shift towards hybrid working models. Additionally, MNCs are opting for flexible workspace to benefit from the support that many flexible office operators can provide to companies entering the market such as setting up their business, visas and physical office space.

Dubai contributes significantly to the total flexible workspace inventory (approximately 70%) amongst the selected cities. As the UAE continues to attract startups and SMEs, the demand for flexible office solutions is projected to grow alongside new business registrations.

Abu Dhabi and Riyadh host a diverse range of flexible workspace operators, covering about 700,000 square feet of office space. These markets are expected to grow annually due to rising demand from start-ups, hybrid work schemes, and MNCs seeking flexible workspace to reduce overheads.

Abu Dhabi is experiencing growth at a steady pace, with initiatives like Abu Dhabi Global Market (ADGM) contributing to this trend. Riyadh's flexible workspace market is evolving, and demand is increasing due to remote working, hybrid models, and a growing entrepreneurial ecosystem. It is forecast that both demand and supply will rise as we approach 2030, in alignment with the government's Vision 2030. Additionally, Riyadh experiences transient demand due to short-term business visits and travel from other GCC countries.

### Assessment of Supply Dynamics

The flexible workspace inventory across the three primary cities in the Middle East—Dubai, Abu Dhabi, and Riyadh—approximates between 2.3 to 2.9 million square feet as of Q1 2025.

<b>46+</b>	<b>160+</b>	<b>2.3-2.9 Mn. sq. ft.</b>
<i>Operators</i>	<i>Number of Unique Centre Locations</i>	<i>Flexible Workspace Stock</i>

Source: CBRE, all figures are approximate.

### Current Flexible Workspaces Market Size Estimate (Q1 2025)\*

City	Lower Bound	Upper Bound
<b>Dubai</b>	1.6 million square feet	1.9 million square feet
<b>Abu Dhabi</b>	0.4 million square feet	0.6 million square feet
<b>Riyadh</b>	0.3 million square feet	0.4 million square feet
<b>Total</b>	<b>2.3 million square feet</b>	<b>2.9 million square feet</b>

Source: CBRE, all figures are approximate.

\*Using occupancy from selected supply basket tracked by CBRE Research and applying across all grades for each market.

### Dubai

In 2024, Dubai's overall office market witnessed a 20% year-on-year increase in rentals due to high demand and limited supply. Key projects like One Zabeel and 6 Falak were handed over early in the year, with Millenium Office Tower following at year's end. Despite new completions, demand outstripped supply, pushing occupancy rates up to approximately 94%.

This trend is forecast to continue into 2025 as new deliveries remain scarce, supported by non-oil economic growth driving employment. Flexible office spaces are gaining popularity, mirroring global trends. The demand for both conventional and flexible workspaces has surged, driven by the issuance of 70,000 new business licenses in 2024, part of Dubai's diversification efforts. (Source: Dubai Government)

In early 2025, the flexible workspace market is estimated at approximately 1.6 to 1.9 million square feet, accounting for less than 2% of the total office stock market. Companies renting flexible workspaces seek quality spaces located in mostly new

buildings that offer a wide range of services, including shared spaces and outdoor areas. Additionally, central locations with good road and public transport links are highly sought-after, similar to conventional office spaces. Most companies also aim to establish offices in financial free zones, which are special economic zones offering business licenses to foreign-owned businesses along with tax concessions, customs duty benefits, and services for investors looking to set up a business in Dubai.

Downtown and Trade Centre are key areas in Dubai, accounting for approximately 20% of the flexible workspace stock. These locations provide Grade A office spaces with good public transportation access, high-quality office buildings, and premium amenities in the vicinity such as malls, hotels, and food and beverage offerings. Key flexible workspace operators have opened offices in these two locations, including The Executive Centre\*, IWG, ServCorp, Cloud Spaces, MyOffice and WeWork.

Dubai Silicon Oasis registers the largest area of flexible workspaces within one cluster, accounting for approximately 20% of the total flexible workspace stock, mainly located in three hubs (Technohub 1 and 2 and the DSO HQ Building). This economic zone aims to attract businesses working within the technology, knowledge, and innovation sectors. It offers modern commercial spaces, digital infrastructure, and R&D facilities.

Jumeirah Lakes Towers accounts for 7% to 8% of the total flexible workspace stock. This free zone benefits from excellent public transportation service with two metro stations and a location along Sheikh Zayed Road. Key companies include major operators like IWG and ServCorp, as well as smaller ones with only one or two addresses in Dubai, such as AstroLabs, Nook, and The Place, enabling a mix of large companies and start-ups.

Flexible Workspaces Stock (million square feet)	Flexible Workspace Stock as a % share of Total Office Stock	Number of Unique Centre Locations	Flexible Workspace Demand Driving Sectors
1.6 – 1.9	1.5% - 1.8%	90+	Technology and Innovation E-commerce and digital services Sustainability and Green Initiatives
Key Clusters		Flexible Workspaces Stock (Thousands square feet)	Number of Unique Centre Locations
Dubai Silicon Oasis – Free-trade zone <i>DSO HQ Building, Dtec Technohub 1, Dtec Technohub 2</i>		340 – 360	3+
Trade Centre (1&2) – Free-trade zone <i>One Central, Emirates Tower (onshore), One Zabeel, Sheikh Rashid Tower</i>		220 – 260	7+
Downtown Dubai <i>Boulevard Plaza 1&amp;2, Emaar Square, Dubai Mall (Fountain Views), Standard Chartered Tower, Opera Grand, 48 Burj Gate</i>		120 – 150	7+
Jumeirah Lake Towers – DMCC Free-trade zone <i>Mazaya Business Avenue BBI, Madina Tower, HDS Business Centre, Almas Tower, One JLT, MAG 214, The Dome Tower</i>		110 – 170	8+

Source: CBRE, all figures are approximate.

\*The Executive Centre refers to Executive Centre India Limited operations in Dubai

## Abu Dhabi

Abu Dhabi's office market is growing as demand increases and the supply of quality stock remains limited in key locations, with occupancy in Grade A locations exceeding 95% in the CBRE basket of tracked properties as of 2025. This demand is mainly driven by the banking, finance, and oil & gas sectors. Particularly, Abu Dhabi Global Market (ADGM) has attracted numerous financial institutions, including asset managers and hedge funds. The supply of Grade A stock remains challenging, which has positively influenced rents. Correspondingly, there is an increasing demand for flexible workspaces due to Abu Dhabi shifting towards a knowledge-based economy and a hybrid working models. Key locations for flexible workspaces include financial hubs such as ADGM (Including Al Maryah Island, Al Maryah East and Al Reem Island), and Al Bateen. ADGM is situated on Al Maryah Island, providing the advantages of a free zone for both domestic and international enterprises. The location features premium office spaces and numerous amenities that enhance convenience for occupants, including retail malls, dining options, clinics, and upscale hotels.

Al Reem Island offers flexible workspaces and is anticipated to grow as an office location since ADGM expanded its jurisdiction to include the island in 2023. This boosts ADGM's demand and reinforces its status as a global financial hub with potential for future growth.

Al Bateen is a prestigious waterfront with luxury residential properties, hotels, public spaces such as parks and beaches as well as a vibrant office market. It is anticipated the current available coworking spaces will grow in the coming years.

The rising demand and limited Grade A stock have driven up rents and the need for flexible workspaces. Local and international start-ups, as well as established multinational companies, are seeking flexible workspaces to save costs and accommodate remote teams.

Flexible Workspaces Stock (million square feet)	Flexible Workspace Stock as a % share of Total Office Stock	Number of Unique Centre Locations	Flexible Workspace Demand Driving Sectors
0.4 – 0.6	0.7% - 1.1%	30+	Banking/ IT/ Tech/ Asset Management/ Hedge Fund/ Start Ups/ Hybrid Workers/ Multi-national organizations
Key Clusters		Flexible Workspaces Stock (Thousands square feet)	Number of Unique Centre Locations
Al Maryah (ADGM)		90 – 120	6+
Al Reem Island (ADGM)		40 – 70	4+
Al Bateen		35 – 60	4+

Source: CBRE, all figures are approximate.

## Riyadh

Riyadh's office market for Grade A space is experiencing high occupancy rates of over 95% due to the limited supply and strong demand. (Source: CBRE Research Saudi Arabia Real Estate Market Review Q4 2024) The main sectors contributing to this demand include Government/Public Sector, Financial Services, Professional and Consulting, and IT. There has also been an increase in demand for flexible workspaces within Riyadh from both local and international businesses. Freelancers, hybrid workers, and hybrid teams are key drivers of this demand for adaptable office spaces. As Saudi Arabia offers incentives and becomes more attractive to businesses, there is rising demand from Entrepreneurs and Startups. Currently, the strong demand is surpassing the available Grade A stock.

King Abdullah Financial District (KAFD) is the main hub for flexible workspace in Riyadh, offering modern infrastructure and various amenities, including Grade A offices, retail, leisure, luxury residences, dining, and educational facilities.

Al Olaya is a prime location for flexible workspace solutions. Situated in the northern region of Riyadh, it offers a combination of commercial and residential facilities.

Flexible workspaces are increasing in Roshn Front, a rapidly developing area in Riyadh. Grade A office supply is forecast to grow in the coming years. Global MNCs such as big 4 accounting firms occupy this premium office destination with a strong growth outlook.

Flexible Workspaces Stock (million square feet)	Flexible Workspace Stock as a % share of Total Office Stock	Number of Unique Centre Locations	Flexible Workspace Demand Driving Sectors
0.3 – 0.4	0.5% - 0.8%	40+	Startups, Freelancers, Entrepreneurs, Consultancies, MNCs, Finance, Tech, Banking
Key Clusters		Flexible Workspaces Stock (Thousands square feet)	Number of Unique Centre Locations
King Abdullah Financial District (KAJD)		50 – 70	6+
Al Olaya		50 – 100	7+
Roshn Front		10 – 20	2+

Source: CBRE, all figures are approximate.

### Forecast for Flexible Workspaces

#### Forecast for Office Supply

In the evaluation of office space in Dubai and Abu Dhabi, a total office stock of 161 million square feet (as of 2024) has been considered. The table below details the overall office stock and its forecast growth in each city from 2022 to 2027.

City	2022	2023	2024	2025F	2026F	2027F
Dubai	109	110	111	112	115	116
Abu Dhabi	49	50	50	51	53	54

Note: Future supply estimates are based on analysis of planned and under-construction buildings, Future occupied stock estimates are derived based on past trends and most recent vacancy rate. Historical data and forecasts provided for 2025, 2026 and 2027 are based on CBRE's assessment based on available information in the public domain. Any changes to the market conditions may impact the forecasts. Several factors including but not limited to macroeconomic uncertainty, geopolitical climate, pace of construction, and developer profile, execution capability may have a significant impact on forecast estimates. Forecasts are likely to change as these factors evolve.

#### Forecast for Flexible Workspaces Segment

The flexible workspace sector in the UAE is still emerging. The market size was estimated using a bottom-up approach by assessing key operators' locations and their areas. Future forecast until 2027 considers the growth of flexible workspaces alongside wider office market expansion.

The forecast is based on market trends and is meant to give a forward-looking view of the flexible workspace market. These estimates are not guarantees and should not be seen as definitive forecasts. Various factors like workforce trends, supply and rental dynamics, government policies, and macroeconomic conditions can affect future demand and the accuracy of these forecasts.

The markets analysed have an emerging flexible workspace sector that is in the early stages of development. Forecasts were derived from observing how two major flexible workspace operators increased their presence in Dubai, opening new centres. Additionally, the vacant office stock for the market was analysed, which could potentially be transferred into the flexible workspace market and is part of the potential addressable market.

The flexible workspaces stock is forecast to grow to between 2.1 to 2.5 million square feet by 2027, with penetration levels forecast to range from 1.8% to 2.1%. The table below shows these forecasts.

Dubai	2024	2025F	2026F	2027F
Total Office Stock (A) - million square feet	111	112	115	116
Total Flexible Workspaces Stock (B) (Lower & Upper Bound) - million square feet	1.6 - 1.9	1.7 – 2.1	1.9 – 2.3	2.1 – 2.5
Penetration Rate = (B) / (A)	1.5 – 1.8%	1.6 – 1.9%	1.7 – 2.0%	1.8 – 2.1%
Abu Dhabi				
Total Office Stock (A) - million square feet	50	51	53	54
Total Flexible Workspaces Stock (B) (Lower & Upper Bound) - million square feet	0.4 – 0.6	0.4 – 0.6	0.4 – 0.7	0.5 – 0.7
Penetration Rate = (B) / (A)	0.7 – 1.1%	0.8 – 1.2%	0.8 – 1.2%	0.8 – 1.3%

*Note: These estimates are based on current and historical office market supply and assume similar trends will continue. Forecasts are inherently uncertain and not guaranteed.*

## **Total Addressable Market (TAM) for Flexible Workspace Segment**

The TAM for flexible workspaces is defined as the existing and forecast area occupied by flexible workspace operators within the overall office inventory.

### **Dubai**

Dubai's total office stock is forecast to reach approximately 116 million square feet by 2027, up from around 111 million square feet in 2024. Flexible workspaces within this stock are forecast to grow from 1.6 to 1.9 million square feet in 2024 to approximately 2.1 to 2.5 million square feet by 2027. Currently, Grade A offices make up approximately 15% of the stock and with low vacancy rates due to high demand and limited supply, while Grade B offices dominate the market. Furthermore, the analysis investigates the vacant office space in the total addressable market for each city under observation. The vacancy rates for overall stock and Grade A properties (as tracked by CBRE) in Dubai are estimated to be 8% and 5%, respectively, in 2024.

Parameters	2027F
Total Office Stock by 2027F – million square feet	116
Flexible Workspaces Stock Penetration Rate 2027F – %	1.8 – 2.1%
Expected Stock of Flexible Workspace in 2027F – million square feet	2.1 – 2.5
Vacant Stock by 2027F – million square feet	0.1
Total Addressable Market for Flexible Workspace by 2027F – million square feet	2.2 – 2.6
TAM Calculation	
Weighted Average Rent – AED/square foot/month	21.6
Revenue to Rent Multiple (Lower & Upper End)	2.0 – 2.4
Total Addressable Market Potential Rental Revenue * (Lower & Upper End) – AED million	1,140 – 1,617
Total Addressable Market Potential Rental Revenue * (Lower & Upper End) – ₹ billion	26.4 – 37.5

*Exchange Rate as of 22 April 2025: 1 AED = ₹ 23.18*

*Note: These estimates are based on current and historical data and assume similar trends will continue. Forecasts are inherently uncertain and not guaranteed.*

*\*Calculated based on the assumed revenue to rent multiple range that a typical facility managed by a flexible workspace operator may have the prospect of realizing in Dubai in an asset priced around the weighted average rent, times the TAM (in square feet). AED million & ₹ billion is representative of the rental revenue potential and not the real estate value.*

### **Abu Dhabi**

As demonstrated above, the total office stock in Abu Dhabi is anticipated to be approximately 54 million square feet by 2027. The current flexible workspace stock within this inventory is estimated to range between 0.4 and 0.6 million square feet in 2024, with forecasts indicating an increase to approximately 0.5 to 0.7 million square feet by 2027. The total office stock currently stands at approximately 50 million square feet as of 2024. Grade A office stock comprises 16% of the total office inventory in Abu Dhabi, while Grade B stock constitutes the majority of the market. Furthermore, we have included vacant office stock to the total addressable market for each city analysed. Vacancy rates for overall office inventory and Grade A assets tracked by CBRE in Abu Dhabi are 4% and 6%, respectively, as of 2024.

Parameters	2027F
Total Office Stock by 2027F – million square feet	54
Flexible Workspaces Stock Penetration Rate 2027F – %	0.8 – 1.3%
Expected Stock of Flexible Workspace in 2027F – million square feet	0.5 – 0.7
Vacant Stock by 2027F – million square feet	0.02
Total Addressable Market for Flexible Workspace by 2027F – million square feet	0.52 – 0.72
TAM Calculation	
Weighted Average Rent – AED/square foot/month	14.0
Revenue to Rent Multiple (Lower & Upper End)	2.7 – 3.1
Total Addressable Market Potential Rental Revenue * (Lower & Upper End) – AED million	237 – 376
Total Addressable Market Potential Rental Revenue * (Lower & Upper End) – ₹ billion	5.5 – 8.7

*Exchange Rate as of 22 April 2025: 1 AED = ₹ 23.18*

*Note: These estimates are based on current and historical data and assume similar trends will continue. Forecasts are inherently uncertain and not guaranteed.*



\*Calculated based on the assumed revenue to rent multiple range that a typical facility managed by a flexible workspace operator may have the prospect of realizing in Abu Dhabi in an asset priced around the weighted average rent, times the TAM (in square feet). AED Mn & ₹ billion is representative of the rental revenue potential and not the real estate value.

## SOUTH EAST ASIA

### Economy Overview

As a part of this report, CBRE has evaluated four countries across South East Asia which are the key Executive Centre India Limited markets in the region.

S. No.	Country (Office Market City)	Overview
1.	Singapore (Singapore)	<ul style="list-style-type: none"> <li><b>Economic Overview:</b> Singapore is a high-income economy built on a business-friendly regulatory environment and strong investments in infrastructure, education, healthcare, and public services. The country has a GDP of USD 547 billion and GDP per capita of USD 90.7 thousand. GDP is forecast to grow at 2.0% in 2025. The country has a population of approximately 6.0 million and density of 8,396 people per sq. km. along with an urbanization rate of 100.0% (2023). Most of the workforce is employed in tertiary sector (85.5%, 2023) and unemployment is forecast to remain at 1.9% throughout 2025-2027. (Source: World Bank, IMF, 2024)</li> <li><b>Office Market:</b> Singapore has a total office stock of approximately 65.0 million square feet of which 15.6 million square feet is considered Grade-A within the CBD. (CBRE Research, All figures are for Q1 2025 unless specified otherwise)</li> <li><b>Flexible Office Market:</b> The total flexible office stock in Singapore is approximately 4.0 million square feet (6.1% of the Total Office Stock) with over 53 operators and more than 182 unique centre locations. (CBRE Research, Q1 2025)</li> </ul>
2.	Indonesia (Jakarta)	<ul style="list-style-type: none"> <li><b>Economic Overview:</b> Being the largest economy in Southeast Asia, Indonesia has a GDP of USD 1,396 billion and GDP per capita of USD 4,900. GDP is forecast to grow at 4.7% in 2025. The country has a population of 281.6 million with density of 147 people per sq. km., with Jakarta having the largest population base. The country has an urbanization rate of 58.6% (2023). Additionally, 49.1% of the workforce is employed in tertiary sector (2023) and unemployment is forecast to remain at 5.1% throughout 2025-2027. (Source: World Bank, IMF, All figures are for 2024 unless specified otherwise)</li> <li><b>Office Market:</b> Jakarta has a total office stock of approximately 124.8 million square feet of which 47.7 million square feet is considered Grade-A within the CBD. (PT Leads Property Services Indonesia, Q1 2025)</li> <li><b>Flexible Office Market:</b> The total flexible office stock in Jakarta is approximately 1.6 million square feet (1.3% of the Total Office Stock) with over 10+ operators and more than 80+ unique centre locations. (PT Leads Property Services Indonesia, Q1 2025)</li> </ul>
3.	Philippines (Metro Manila – Makati & Fort Bonifacio)	<ul style="list-style-type: none"> <li><b>Economic Overview:</b> Philippines has a GDP of USD 462 billion and GDP per capita of USD 4,100. GDP is forecast to grow at 5.5% in 2025. The country has a population of 113.2 million with density of 377 people per sq. km., with Manila having the largest population base. The country has an urbanization rate of 48.3% (2023). Most of the workforce is employed in tertiary sector (59.2%) (2023) and unemployment is forecast to remain at 5.1% throughout 2025-2027. (Source: World Bank, IMF, All figures are for 2024 unless specified otherwise)</li> <li><b>Office Market:</b> Metro Manila has a total office stock of approximately 47.3 million square feet of which 13.3 million square feet is considered Grade-A within the CBD. (CBRE Research, Q1 2025)</li> <li><b>Flexible Office Market:</b> The total flexible office stock in Metro Manila is approximately 1.2 million square feet (2.5% of the Total Office Stock) with 15+ operators and more than 56+ unique centre locations. (CBRE Research, Q1 2025)</li> </ul>
4.	Vietnam (Ho Chi Minh City)	<ul style="list-style-type: none"> <li><b>Economic Overview:</b> Vietnam has a GDP of USD 459 billion and GDP per capita of USD 4,500. GDP is forecast to grow at 5.2% in 2025. The country has a population of 101.3 million with density of 305 people per sq. km., with Ho Chi Minh City having the largest population base. The country has an urbanization rate of 39.5% (2023). Additionally, 35.8% of the workforce is employed in tertiary sector (2023) and unemployment is forecast to remain at 2.0% throughout 2025-2027. (Source: World Bank, IMF, All figures are 2024 unless specified otherwise)</li> <li><b>Office Market:</b> Ho Chi Minh City has a total office stock of approximately 18.5 million square feet of which 4.3 million square feet is considered Grade-A within the CBD. (CBRE Research, Q1 2025)</li> </ul>

		<ul style="list-style-type: none"> <li>• <b>Flexible Office Market:</b> The total flexible office stock in Ho Chi Minh City is approximately 0.9 million square feet (4.9% of the Total Office Stock) with 17+ operators and more than 53+ unique centre locations. (CBRE Research, Q1 2025)</li> </ul>
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Source: Data as of Q1 2025 for Office and Flexible Office Market from CBRE Research for Singapore, Metro Manila, and Ho Chi Minh City and from PT Leads Property Services Indonesia for Jakarta. All data is approximate.

Note –

- CBRE classifies CBD in Singapore based on buildings that are located in Raffles Place, Shenton Way, Marina Centre, and Marina Bay. All other buildings have been classified as Non-CBD. Fringe CBD is currently not included in CBD and includes Tanjong Pagar, City Hall / Beach Road, Bugis and Orchard / Dhoby Ghaut / Newton.

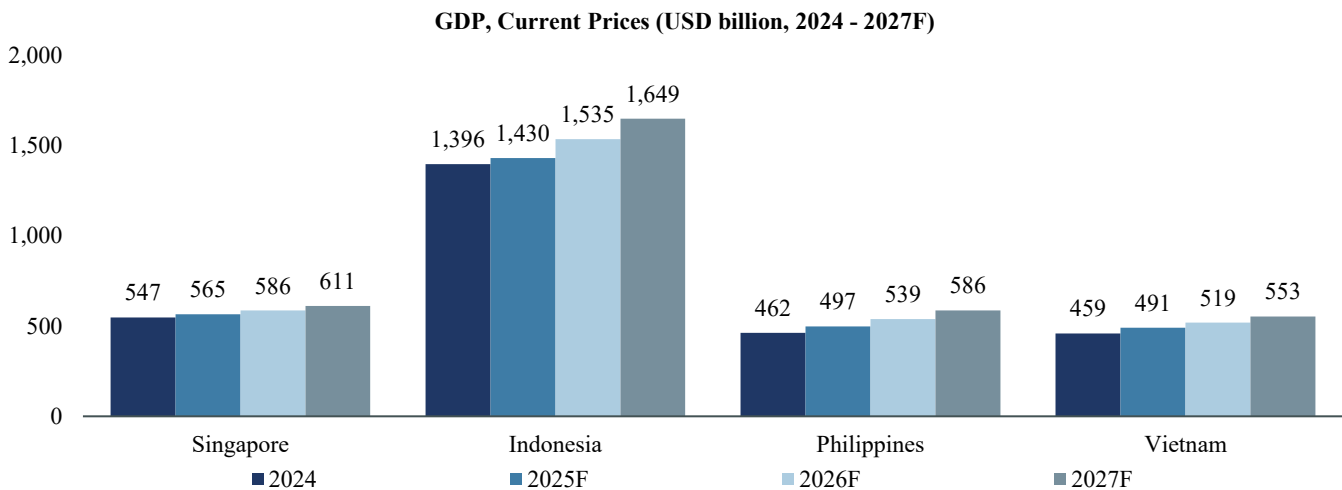
- CBRE classifies CBD in Metro Manila as buildings that are located in Makati while non-CBD refers to buildings that are located in Fort Bonifacio.

- CBRE classifies CBD in Ho Chi Minh City as buildings that are located in District 1.

- PT Leads Property Services Indonesia classifies CBD as buildings that are located in the micro markets of Kuningan Persada, Senayan, MH Thamrin, Mega Kuningan, SCBD, Gatot Subroto, Rasuna Said and Jendral Sudiram with additional areas classified as others

## Key Economic Indicators

Across all the evaluated South East Asian<sup>55</sup> countries, GDP growth is forecast to maintain an upward trajectory. As of 2024, Indonesia had the largest GDP (USD 1,430 billion) followed by Singapore (USD 547 billion), Philippines (USD 462 billion) and Vietnam (USD 459 billion). (Source: IMF, 2025)

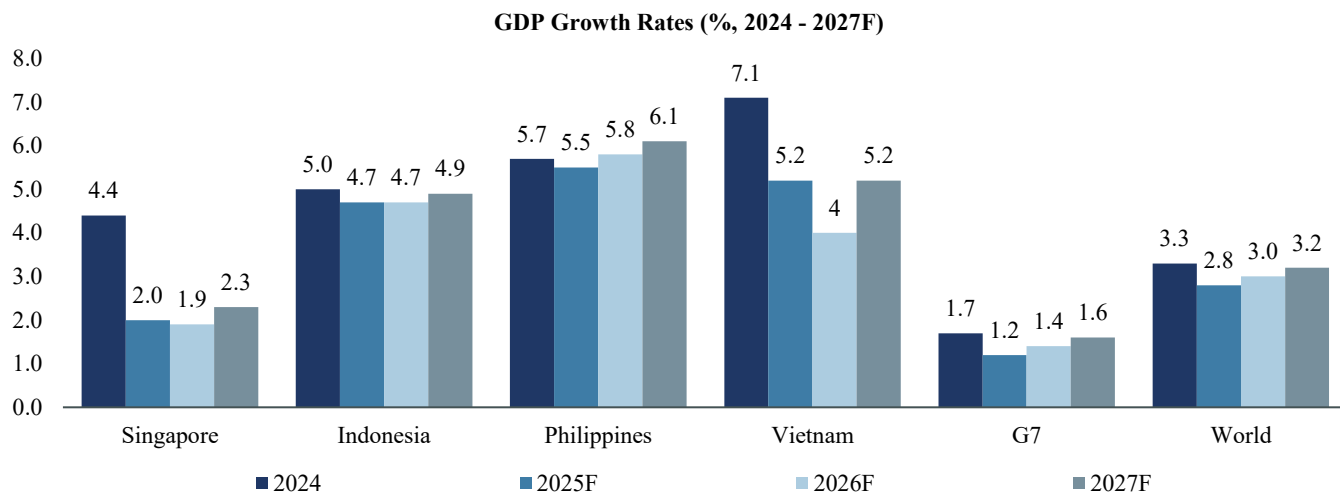


Source: IMF database as of April 2025, World Economic Outlook April 2025

As a mature economy in the region, Singapore, has a lower GDP growth (4.4%) in comparison to the other three peers in 2024. In Indonesia, domestic demand will be a key backbone of growth supported by enhanced social spending. Economic growth in the Philippines is forecast to increase driven by strong domestic demand and sustained public investment. In Vietnam, export-driven manufacturing, inward foreign direct investment and extensive institutional reform will be key to sustain momentum, albeit slower than the 2024 growth spurt.<sup>56</sup>

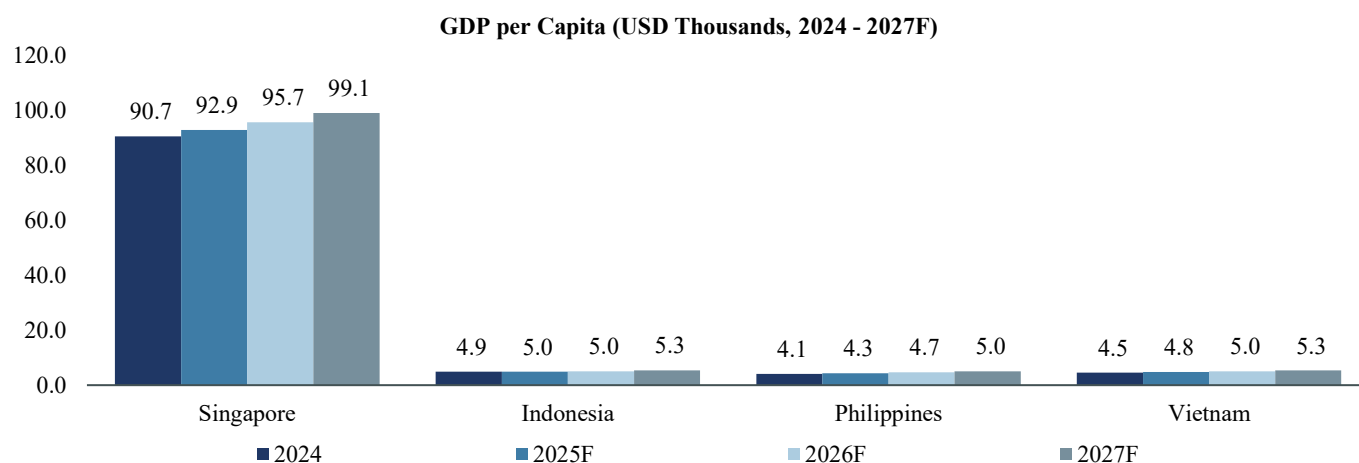
<sup>55</sup> Refers to Singapore, Philippines, Indonesia and Vietnam

<sup>56</sup> "Asian Development Outlook, April 2025", Asian Development Bank. Accessed on June 30<sup>th</sup> and accessible [here](#)



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

**GDP per Capita** – As of year-end 2024, Singapore shows the highest GDP per capita (USD 90.7 thousand) followed by Indonesia (USD 4.9 thousand), Vietnam (USD 4.5 thousand) and then Philippines (USD 4.1 thousand) of the countries compared (Source: IMF, 2024).



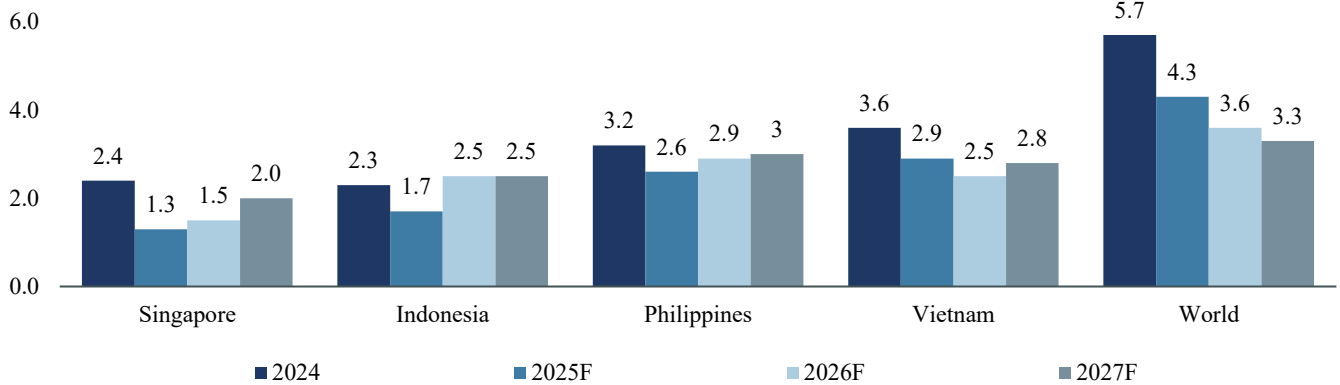
Source: IMF database as of April 2025, World Economic Outlook April 2025)

### Inflation across the region will moderate

As of 2024 year end, Indonesia exhibited the lowest Consumer Price index (“CPI”) inflation of 2.3% followed by Singapore (2.4%), Philippines (3.2%) and then Vietnam (3.6%). These are lower than the global average inflation rate of 5.7% in 2024. (Source: IMF, 2025) Lower inflation in Singapore can be attributed to the active policy and intervention mechanisms of the Monetary Authority of Singapore.<sup>57</sup> The focus of the Indonesian Government is on balancing economic growth and inflation given its higher annual GDP as compared to Vietnam and the Philippines which is reflected in its lower inflation relative to these countries.

<sup>57</sup> “IMF Staff Completes the 2025 Article IV Mission to Singapore”, IMF. Accessed on June 30, 2025 and viewable [here](#)

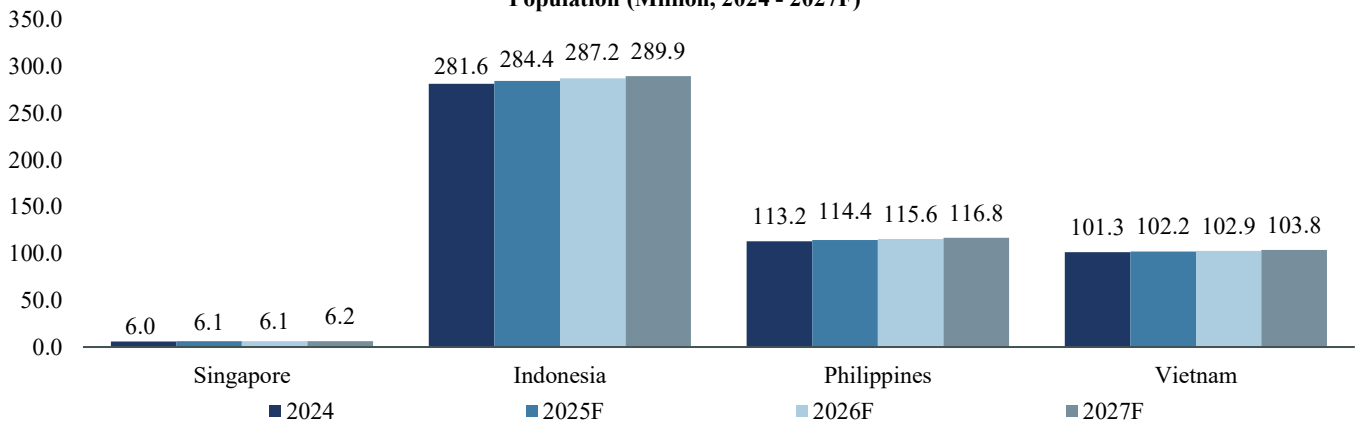
**Inflation Rate (% , 2024 - 2027F)**



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

### Demographic & Socio-Economic Characteristics

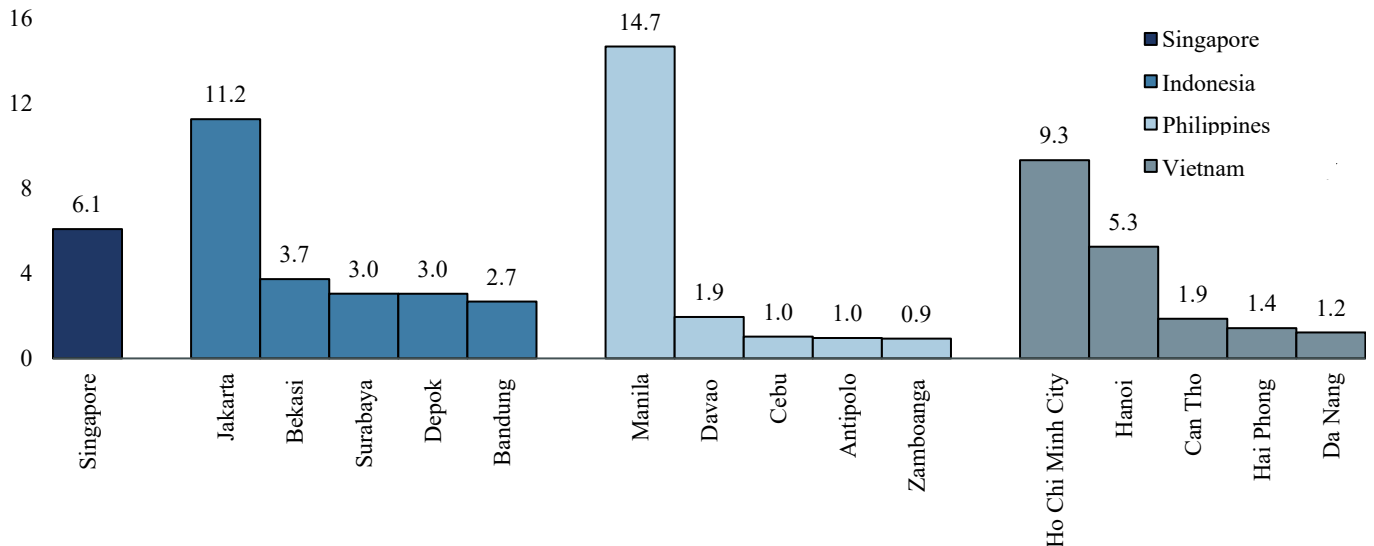
**Population (Million, 2024 - 2027F)**



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

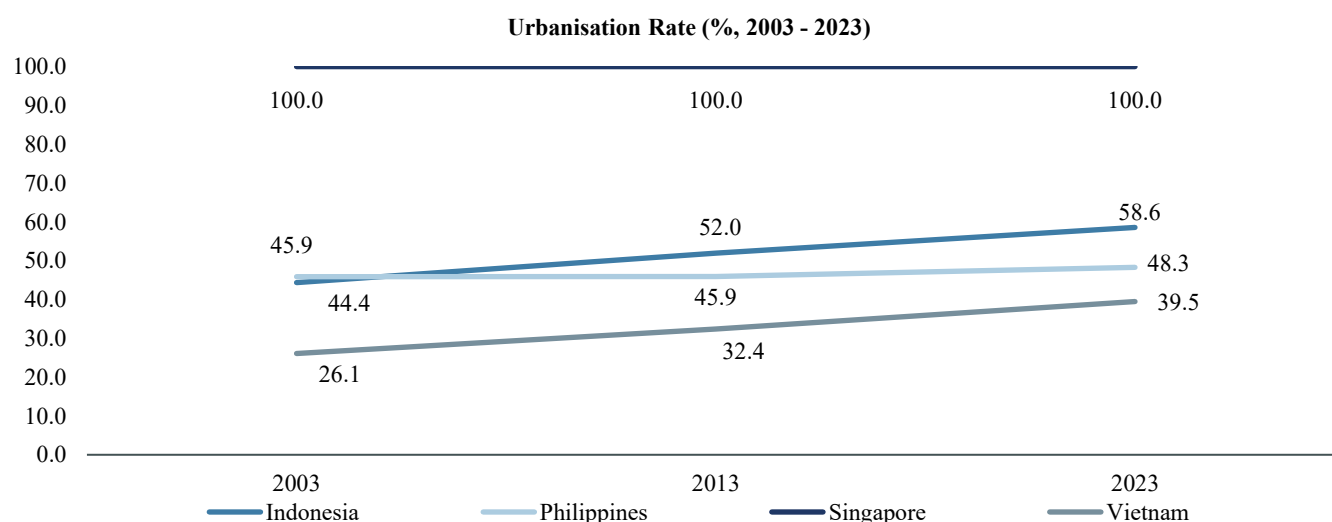
**Population** – Across the evaluated economies, as of 2024, Singapore has the lowest population (6.0 million) followed by Vietnam (101.3 million), Philippines (113.2 million) and then Indonesia (281.6 million) (Source: IMF, 2024). Population density for the respective countries is highest for Singapore (8,396 people per sq. km.) followed by Philippines (377 people per sq. km.), Vietnam (305 people per sq. km.) and Indonesia (147 people per sq. km.)

**Population of Top Cities (Million, 2023)**



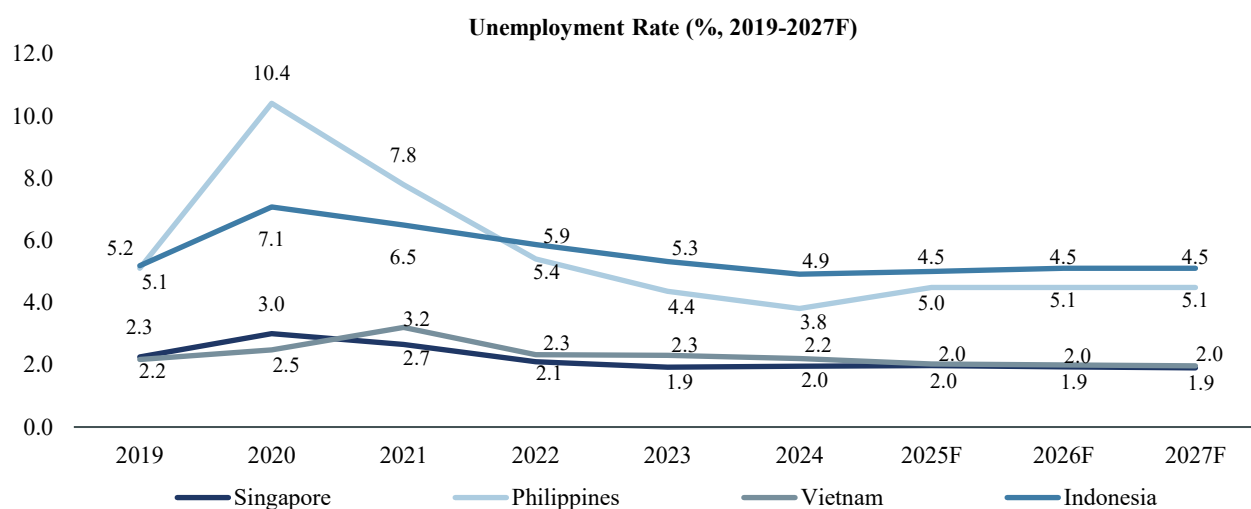
Source: The World Factbook (2023), CIA

**Urbanization Rate** – Singapore is a fully urbanised country. Both Philippines and Vietnam are gradually increasing the rate of urbanisation. The pace of growth has been higher in the case of Vietnam where the urbanisation rate has gone up from 26.1% in 2003 to 39.5% in 2023. Finally, Indonesia has the second highest urbanisation rate amongst the four countries.



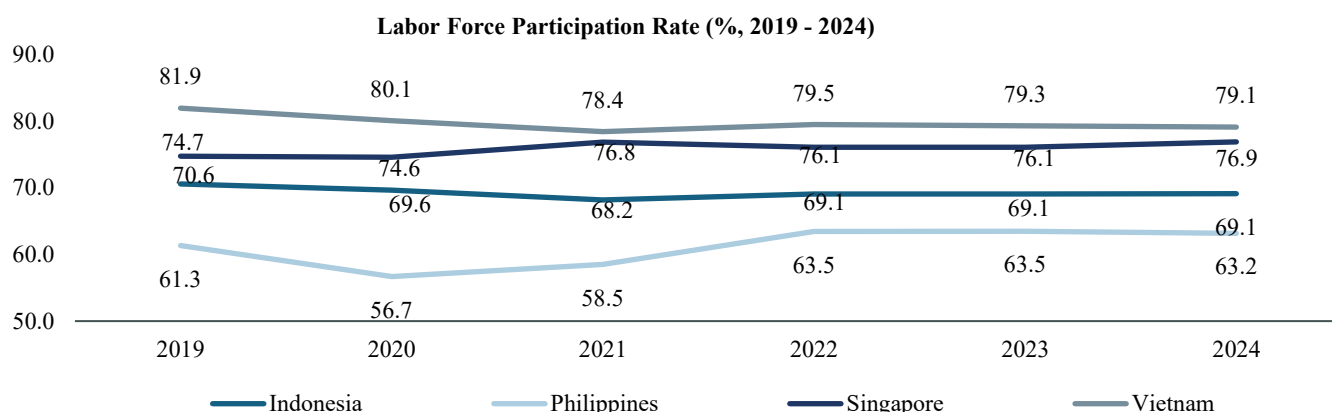
Source: World Bank (2025)

**Unemployment Rate** –Singapore exhibited the lowest unemployment rate of 2.0% and is forecast to remain relatively stable over the next three years. This is followed by Vietnam (2.2%), Philippines (3.8%) and Indonesia (4.9%) (Source: IMF, 2025).



Source: IMF Estimates (2025)

**Labor Force Participation Rate** – Across the evaluated economies, in year-end 2024, labour force participation ranges between 63.2 to 79.1%. Vietnam exhibited the highest labour force participation rate of 79.1% followed by Singapore (76.9%), Indonesia (69.1%) and then Philippines (63.2%) (Source: World Bank, 2024).



Source: World Bank (2025)

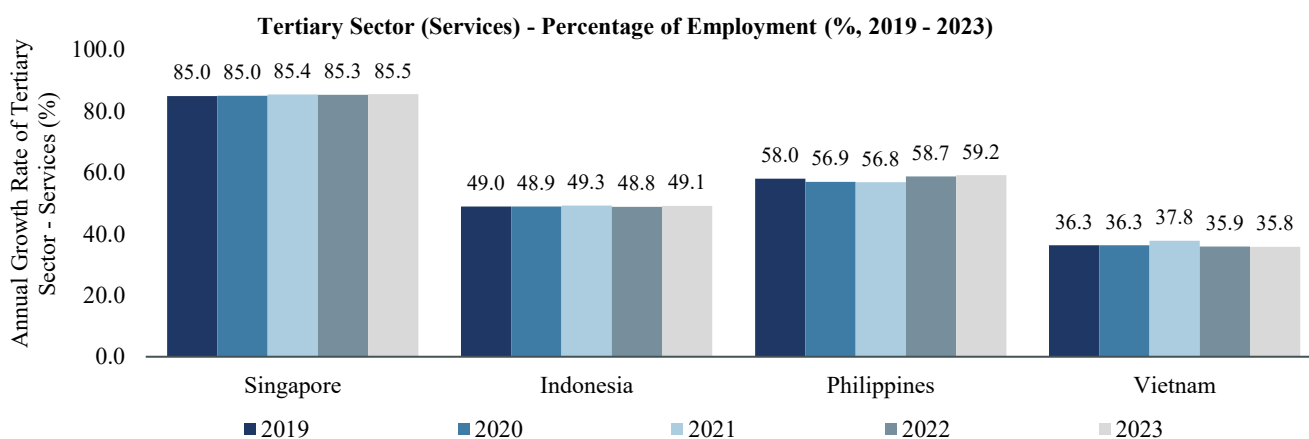
**Tertiary Sector (Services) Employment Rate** – Across the evaluated economies, in year-end 2023, Singapore showcased the highest tertiary sector (services) employment rate among the 4 countries (6<sup>th</sup> highest in the world) (85.5%) followed by Philippines (59.2%), Indonesia (49.1%) and then Vietnam (35.8%) (Source: World Bank, 2023).

The services sector continues to be one of the substantial contributors to Singapore’s economic growth and its role in creating employment opportunities.

The services sector in the Philippines continues to be a key sector in terms of the number of employed persons with a significant portion of the workforce engaged in activities such as business process outsourcing.

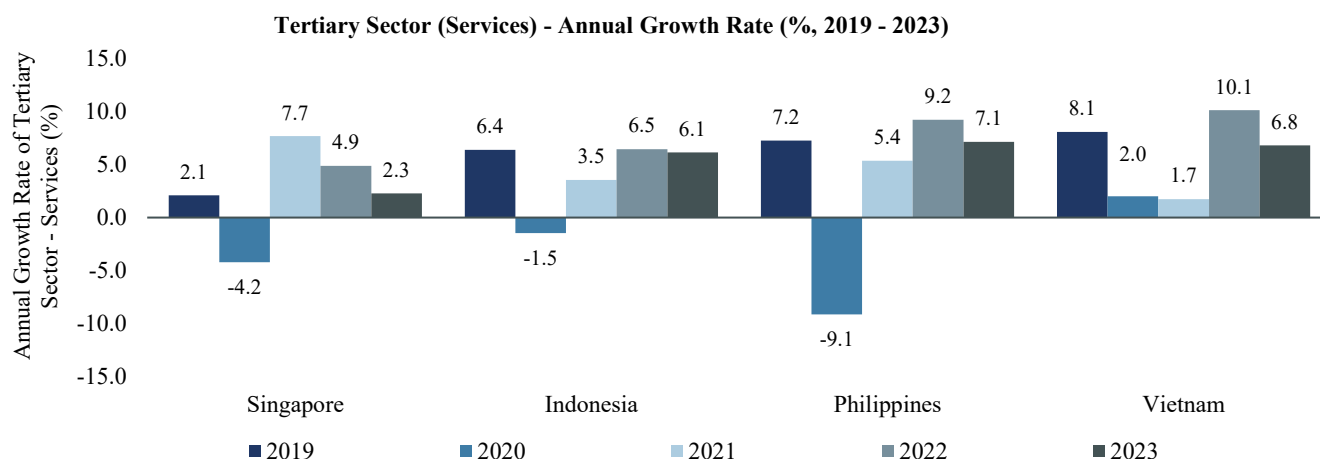
Within Indonesia, the recent trend of urbanisation has seen a greater concentration of services sector jobs in major cities such as Jakarta, making them important economic hubs.

Vietnam’s workforce is more evenly spread out as compared to the other three countries.



Source: World Bank (2025)

**Tertiary Sector (Services) Growth Rate** – Across the evaluated economies, in year-end 2023, Philippines showcased the highest annual growth rate in tertiary sector (services) employment (7.1%) followed by Vietnam (6.8%), Indonesia (6.1%) and then Singapore (2.3%) (Source: World Bank, 2023).

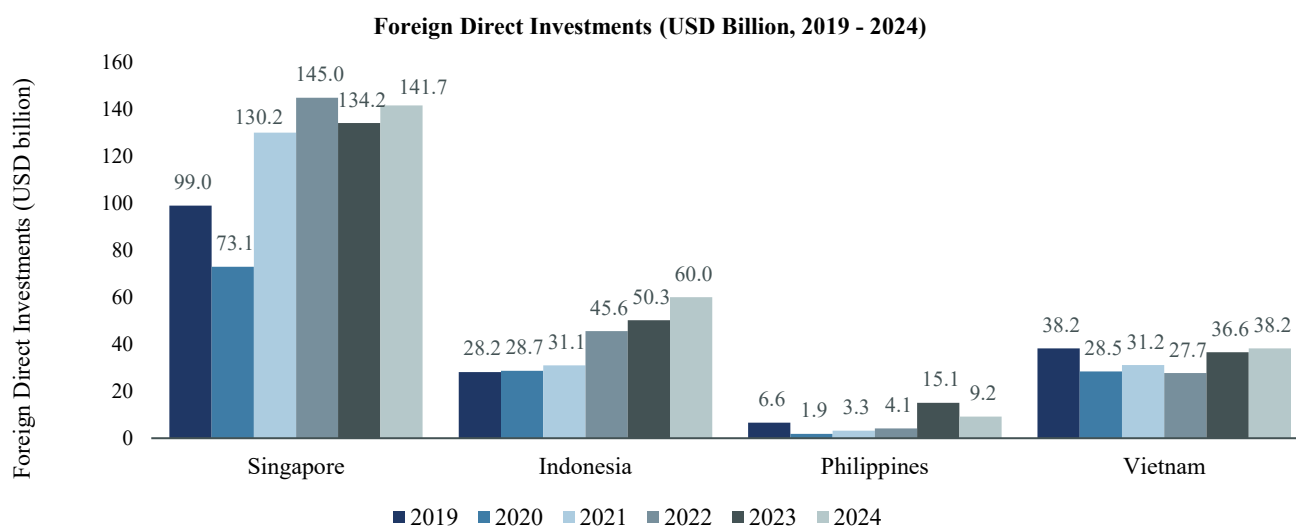


Source: World Bank (2025)

**Foreign Direct Investments (FDI)** – Across the evaluated economies, in year-end 2024, Singapore recorded the highest FDI flows, reaching approximately USD 142 billion in 2024, an increase of 5.6% over the previous year. This was largely due to increases in equity capital and retained earnings, which constituted the bulk of FDI inflows in Singapore in 2024<sup>58</sup> (Source: Department of Statistics Singapore, 2025). This was followed by Indonesia (USD 60 billion), Vietnam (USD 38 billion) and then Philippines (USD 9 billion) (Source: Respective Government Statistics, 2025).

The Finance & Insurance sector accounted for the largest share (60.4%) of Singapore's FDI inflows in 2024 followed by the Professional and Administrative & Support Services, Wholesale & Retail Trade, Manufacturing, and Information & Communications sectors. These top five industries made up a combined 99.1% of total FDI inflows into Singapore.<sup>59</sup>

Indonesia recorded FDI of circa USD 60 billion which peaked in 2024 over the period of 2019-2024. This was a result of the various strategic incentives, streamlined regulations and investor-friendly policies being pushed by the Indonesia government, positioning itself as a destination for more business expansion and new growth opportunities to attract FDI.



Source: Singapore Statistics (Singapore), BPS-Statistics Indonesia (Indonesia), Philippine Statistics Authority (Philippines, Ministry of Planning & Investment (Vietnam) (2025)

<sup>58</sup> Source: Foreign Direct Investment in Singapore (Flows). Retrieved on May 22<sup>nd</sup> and accessible [here](#)

<sup>59</sup> Source: Foreign Direct Investment in Singapore (Flows). Retrieved on May 22<sup>nd</sup> and accessible [here](#)



## Government Initiatives & Infrastructure Development impacting Real Estate Growth

### Singapore

1. **Singapore Green Plan 2030 & Green Building Initiatives:** The Government is actively encouraging developers to build environmentally sustainable buildings through its Green Plan targets. This in turn will drive demand for modern, green-certified office spaces, attracting tenants who prioritize sustainability.
2. **Use of ESG (Environmental, Social, and Governance) factors:** The Government aims to green 80% of Singapore's buildings by 2030 as a part of this initiative.<sup>60</sup>
3. **Infrastructure Development:** New MRT lines (like the Thomson-East Coast Line, Jurong Region Line, Cross Island Line) will enhance connectivity across the island, making the city more integrated and reducing commute times. The Government is also building road and commuter infrastructure. To ensure that Singapore maintains its positioning as an air hub, the Government is also investing in a new Terminal called T5. T5 will be linked to the other terminals at Changi Airport, allowing the expanded Changi Airport to be operated as a single, integrated airport for ease of transfer between different terminals with airfield operational efficiency. Robust infrastructure in turn will drive sustained interest and importance of Singapore as a regional hub for companies which in turn will be favourable for office demand.
4. **Attracting High-Value Industries & Foreign Investment:** Singapore's Economic Development Board (EDB) actively courts multinational corporations (MNCs), particularly in high-growth sectors like technology, finance, biomedical sciences, and advanced manufacturing. This directly fuels demand for high-quality office space to house these companies and their workforce.

### Indonesia

1. **Infrastructure Development Push:** Significant government investment in transport infrastructure, including a high-speed rail connecting Jakarta and Bandung, upgrades to the existing Soekarno-Hatta Airport which serves as a crucial gateway into Jakarta and expansion and improvements to the urban transit rail network.
2. **Regulatory Reforms:** Reforms such as the Omnibus Law aims to streamline regulations, ease business licensing, and attract more domestic and foreign investment. While broad, these will in turn position Indonesia as a more attractive investment destination and in-turn maintain business expansion momentum and drive demand for office space.
3. **Digital Economy Focus:** Indonesia's government has positioned the digital economy as a cornerstone of its broader economic development strategy. Central to this ambition is the "Making Indonesia 4.0" roadmap, which aims to position the country as a leading digital economy by 2030. These plans will enhance digital infrastructure, boost innovation, and integrate advanced technologies across various sectors strengthening the broader ecosystem and in turn ensuring that the country remains on the radar of companies expanding across the South East Asia region.

### Philippines

1. **Infrastructure Program ("Build Better More"):** The Philippines has a continued focus on infrastructure. A Successor to "Build, Build, Build," the Build Better More program prioritizes transport infrastructure (roads, railways like the Metro Manila Subway, airports such as the New Manila International Airport and bridges). Improved connectivity, especially within Metro Manila and key regional centres will enhance talent movement and increase the attractiveness of Metro Manila.
2. **Investment Promotion Agencies (IPAs) Incentives:** The Philippine Economic Zone Authority offers fiscal and non-fiscal incentives (like tax holidays) to businesses locating within designated economic zones. This has been a major driver for the Business Process Outsourcing (BPO) industry, a primary occupier of office space in the Philippines. BPOs are analogous to Indian GCCs. Philippines's BPO sector witnessed the emergence of Third-party or outsourced BPOs followed by the more captive centres in recent years.
3. **CREATE Act (Corporate Recovery and Tax Incentives for Enterprises):** The law aims to make the tax and incentive system more competitive. While adjusting some existing incentives, the overall goal is to attract investment which, in turn, fuels demand for office space.

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<sup>60</sup> Source: CBRE Singapore – The next step for a greener tomorrow. Accessed on April 25<sup>th</sup> and viewable [here](#)

## Vietnam

1. **Foreign Direct Investment (FDI) Attraction Policies:** The government actively seeks FDI through tax incentives, preferential land rentals in economic zones/industrial parks, and efforts to simplify administrative processes. This attracts foreign companies needing office space for administrative, R&D, or in-country headquarters functions.
2. **Infrastructure Development:** Construction and expansion of metro lines in Ho Chi Minh City, new expressways, and airport upgrades (e.g., Long Thanh International Airport) will make Ho Chi Minh City more accessible and support commercial development, including office buildings, around key nodes.

The data and insights presented in this report are based on a selection of office buildings tracked across various markets and sub-markets within Southeast Asia. This methodology is applicable for all parameters covering the market supply, occupancy, vacancy and rentals provided in the report. Details on the breakdown by Central Business District for each city are provided in the respective sections.

## Commercial Office Market Overview

### South East Asia Office Market

Across the four markets, based on the total office stock (basket of office assets tracked)<sup>61</sup>, Jakarta is the largest market (124.8 million square feet) followed by Singapore (65.0 million square feet), Metro Manila (47.3 million square feet), and Ho Chi Minh City (18.5 million square feet) respectively (all figures approximate). The table below includes key office statistics for the four South East Asia office markets:

Parameter / City	Singapore	Jakarta	Metro Manila (Makati & Fort Bonifacio)	Ho Chi Minh City
Total Office Stock (million square feet)	65.0	124.8	47.3	18.5
Total CBD (Grade-A) Office Stock (million square feet)	15.6	47.7	13.3	4.3
Occupied CBD (Grade-A) Office Stock (million square feet)	14.7	35.2	10.6	3.7
Vacancy Rate of CBD (Grade-A) Office Stock (%)	5.9%	26.0%	20.7%	14.6%
Average Market Rental of CBD (Grade-A) Office Stock (Local Currency /square foot/month)	SGD 12	IDR 31,981	PHP 108	USD 4.9

Source: Data as of Q1 2025, CBRE Research, PT Leads Property Services Indonesia. All data is approximate. Data for office market is based on the office basket tracked by CBRE (Singapore, Metro Manila (Makati, Fort Bonifacio only) and Ho Chi Minh City) and PT Leads Property Services Indonesia (Jakarta) respectively, all figures are approximate only. Market rents for Vietnam are tracked in USD by CBRE.

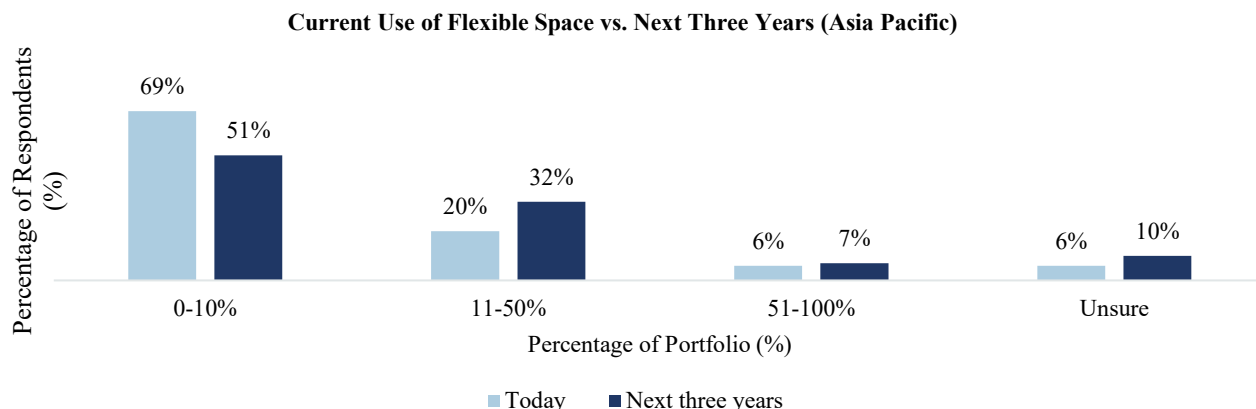
### Outlook & Trends

The office sector is anticipated to see steady growth driven by resilient office leasing demand and peaking of the office supply across the region. Key trends as outlined below are based on CBRE's Asia Pacific Office Occupier Survey. The trends outlined below are aggregates for Asia Pacific, and not focused exclusively on South East Asia.<sup>62</sup>

- Companies are expecting to make more use of Flexible Workspaces:** More occupiers have incorporated or plan to integrate flexible office space into their portfolios. As per CBRE's 2024 Asia Pacific Office Occupier Survey results, as of 2024, only slightly over a quarter of respondents stated that flexible space comprised more than 10% of their portfolio. However, this proportion is expected to increase to 39% over the next three years. Among those intending to expand their use of flexible space, most anticipate it will comprise 10% to 50% of their portfolios by 2027. Smaller firms may allocate up to 100% of their offices to flexible space for reasons such as availability of prime location; access to shared amenities; and ease of managing fluctuations in headcount.

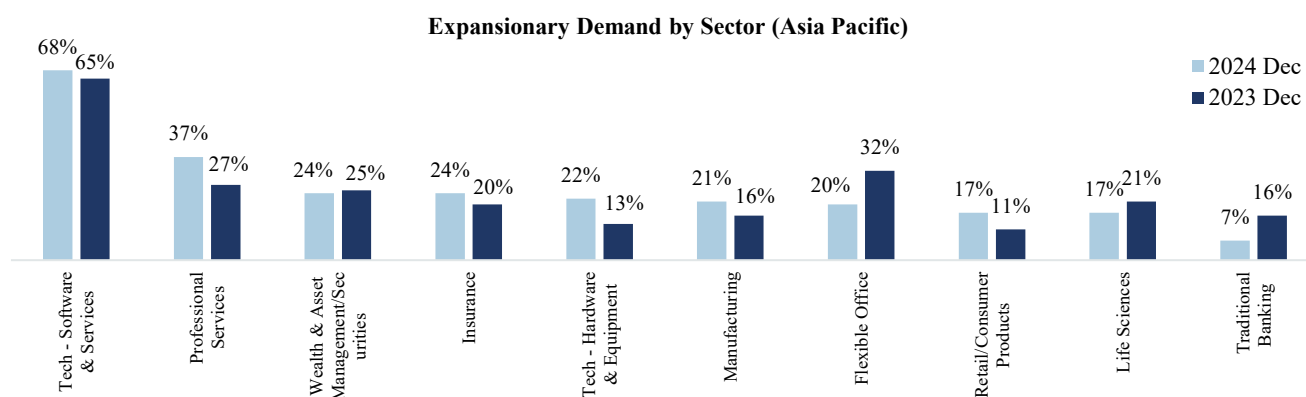
<sup>61</sup> The data and insights presented in this report are based on a selection of office buildings tracked across various markets and sub-markets within Southeast Asia. This methodology is applicable for all parameters covering the market supply, occupancy, vacancy and rentals provided in the report. Details on the breakdown by Central Business District for each city are provided in the respective sections.

<sup>62</sup> CBRE Research, Asia Pacific Office Occupier Survey Report, September 2024. The survey was conducted between June 6, 2024 and July 12, 2024. A total of ~130 responses were received. Accessible [here](#)



Source: CBRE Research (2024), all figures are approximate only

- Varying Demand from Flexible Workspace Providers:** While dedicated space and enterprise solutions remain popular, demand for event space within flexible offices grew by 4% y-o-y, while that offering private spaces and shared amenities increased by 12% y-o-y. Demand for fully customized turnkey solutions (up 13% y-o-y) and access passes for multiple centres (up 16% y-o-y) is also rising. In contrast, on-demand workstations are becoming less popular.<sup>63</sup>
- Flight to Quality to Drive Demand:** Flight to quality demand will remain prominent. Occupiers' more selective approach will result in stronger demand for high-quality and ESG-compliant office buildings with a strong amenity offering. As per CBRE – APAC's 'Flight to Quality in the Asia Pacific Office Market Report' released in 2024, an increasing number of companies are conducting evaluations to determine whether they should stay in their current location or relocate. When companies decide to relocate, they prioritize the quality of the office space over its size. Landlords of prime offices are less exposed to vacancy pressure as they are beneficiaries of flight to quality demand. This allows them to adopt a firm stance towards premiums they charge for their buildings.
- Resilient Demand:** The technology sector will dominate expansionary demand in the near term followed by business and professional services. New requirements will focus on small to medium-sized units rather than large-scale expansion. Demand among financial firms will remain strong. Wealth management, asset management and insurance firms are looking to upgrade and acquire additional space.<sup>64</sup>



Source: CBRE Research (Q4 2024). Leasing sentiments do not anticipate the impact of recent tariff announcements, all figures are approximate only

- Office Supply:** Singapore's supply will stay tight, while other South East Asian markets will face stronger vacancy pressures. As outlined earlier, quality Grade A assets are expected to perform better.
- Healthy Office Space Take-Up:** Office leasing demand remained resilient in 2024; a trend forecast to continue in 2025. 41% of occupiers are anticipating office growth over the next three years. In parallel, the mix of occupiers that are looking to reduce space has also fallen, albeit in a smaller proportion to 28% in 2024 as compared to 30% in 2021. However, given

<sup>63</sup> "2024 Asia Pacific Office Occupier Survey", CBRE Research (September 2024). The survey was conducted between June 6, 2024 and July 12, 2024. A total of ~130 responses were received. Accessible [here](#)

<sup>64</sup> Source: CBRE 2025 Asia Pacific Real Estate Market Outlook. Accessible [here](#)

the recent tariff announcements, while the office leasing sentiment remains largely positive in Q1 2025, occupiers are taking a wait-and-watch approach over the coming months in light of recent tariff announcements.<sup>65</sup>

- **Amenities are driving office selection for Occupiers:** Occupiers’ building preferences across the Asia Pacific region are skewed towards accessibility and convenience. Public transportation, onsite F&B and sustainability features are the top three considerations among occupiers seeking to upgrade their office portfolios.
- **Sustainability will inform future Workplaces:** Environmental sustainability is a key consideration, with occupiers demonstrating a preference for green design and energy saving office equipment. Occupiers increasingly favour ESG certified office buildings over non-certified ones.

## Evolution & Demand Drivers across SEA

### Evolution of commercial real estate market in Singapore

Phase	Office Market	Office Demand Drivers
1990 – 2000	<ul style="list-style-type: none"> <li>• Technological corridors, made up of business parks, science parks and academic institutions, created to facilitate the growth of high-tech industries with expansion across both CBD and more distributed and targeted clusters outside such as the Changi Business Park</li> <li>• Smaller floorplates and most developments undertaken by local developers</li> </ul>	<ul style="list-style-type: none"> <li>• Early entry of American tech firms</li> <li>• Domestic businesses</li> <li>• Financial services and banking sector</li> </ul>
2001-2010	<ul style="list-style-type: none"> <li>• Introduction of REITs</li> <li>• The Government sought to transform Singapore into a global financial hub by setting aside land in the city centre to support the growth of financial and services sectors.</li> <li>• Increase in floor plate size</li> <li>• Emphasis on building amenities such as onsite fitness centres, parking facilities, outdoor communal spaces, onsite food &amp; beverage etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Sustained growth and expansion from financial services and banking sector</li> <li>• Growth and expansion of professional services and legal firms</li> </ul>
2011-2020	<ul style="list-style-type: none"> <li>• Adaptable floor plates to accommodate the demand from flexible workspace providers</li> <li>• Increased development interest from global players</li> <li>• Sustained development and expansion of the core CBD with new developments such as Marina Bay Financial Centre and Asia Square</li> <li>• Expansion beyond CBD with mixed developments such as Paya Lebar Quarter</li> </ul>	<ul style="list-style-type: none"> <li>• Arrival of Chinese tech giants</li> <li>• Demand from homegrown Start-Ups and Fintech companies</li> <li>• Increased regional headquarter presence by global businesses</li> </ul>
2021-Present	<ul style="list-style-type: none"> <li>• Adoption of green building certifications and move towards sustainability credentials</li> <li>• Rejuvenation of the CBD through initiatives such as the Central Business District Incentive (CBDI) and Strategic Development Incentive (SDI) schemes</li> </ul>	<ul style="list-style-type: none"> <li>• Sustained demand from Banking &amp; Finance, Pharmaceutical &amp; Biomedical sectors</li> <li>• Establishment of new Family offices</li> </ul>

<sup>65</sup> “U.S. Import Tariffs and Asia Pacific Real Estate”, CBRE Research (May 2025). Accessed on May 23rd and accessible [here](#)

### Evolution of commercial real estate market in Ho Chi Minh City

Phase	Office Market	Office Demand Drivers
1990 – 2000	<ul style="list-style-type: none"> <li>Adoption of the Doi Moi economic policy marked the beginning of commercial real estate development primarily in District 1</li> <li>Limited Grade-A supply with small floorplates and basic amenities</li> </ul>	<ul style="list-style-type: none"> <li>Trading companies</li> <li>State Owned Enterprises</li> <li>Early Foreign Investors</li> </ul>
2001-2010	<ul style="list-style-type: none"> <li>Expansion in District 1 with entry of international developers and investors</li> <li>Improved building quality and specifications and introduction of early mixed-use developments</li> </ul>	<ul style="list-style-type: none"> <li>In-country core office of global companies</li> <li>Financial Services</li> <li>IT &amp; Telecommunication Companies</li> <li>Trading Companies</li> <li>Manufacturing Companies</li> </ul>
2011-2020	<ul style="list-style-type: none"> <li>Expansion beyond District 1 or the CBD to other districts</li> <li>Rise of Grade A office developments</li> <li>Expansion in floor plates</li> <li>Enhanced amenities &amp; building services</li> </ul>	<ul style="list-style-type: none"> <li>Co- Working Operators</li> <li>Manufacturing Companies</li> <li>BPOs</li> <li>Financial Services</li> <li>Professional Services</li> </ul>
2021-Present	<ul style="list-style-type: none"> <li>Expansion of office clusters and districts</li> <li>Smarter buildings and larger floor plates</li> <li>Flight to quality and integration of sustainability and wellness features in new buildings</li> </ul>	<ul style="list-style-type: none"> <li>Information Technology</li> <li>Banking, Finance &amp; Insurance</li> <li>Manufacturing</li> <li>Life Sciences</li> <li>Professional Services</li> </ul>

### Evolution of commercial real estate market in Manila

Phase	Office Market	Office Demand Drivers
1990 – 2000	<ul style="list-style-type: none"> <li>Development concentrated in Makati and emerging business districts led by local developers</li> <li>Basic amenities and small floor plates</li> </ul>	<ul style="list-style-type: none"> <li>Banking &amp; Financial Services Companies</li> <li>Early BPO Outsourcers</li> <li>Trading Companies</li> <li>Domestic Conglomerates</li> </ul>
2001-2010	<ul style="list-style-type: none"> <li>Expansion of core CBD and growth of the Bonifacio Global City district</li> <li>Expansion of floor plate sizes and improved building quality &amp; specifications with emphasis on mixed use developments</li> </ul>	<ul style="list-style-type: none"> <li>Call Centres</li> <li>Back Office Operations</li> <li>KPOs</li> <li>Banking &amp; Financial Services</li> </ul>
2011-2020	<ul style="list-style-type: none"> <li>Expansion across the broader National Capital Region</li> <li>Increased floor plate sizes and more integrated township developments</li> <li>Focus on comprehensive facilities and focus on PEZA (Philippine Economic Zone Authority) certification for buildings</li> </ul>	<ul style="list-style-type: none"> <li>IT-BPM</li> <li>Offshore Gaming Operators</li> <li>Financial Services</li> <li>E-Commerce &amp; Tech Companies</li> <li>Software Development</li> <li>Flexible Workspace Operators</li> </ul>
2021-Present	<ul style="list-style-type: none"> <li>Smart building and technology integration</li> <li>Increased focus on sustainability</li> <li>Prioritization of amenities in the building and developments that are at par with best-in-class Grade A buildings in the region</li> </ul>	<ul style="list-style-type: none"> <li>Healthcare</li> <li>Banking, Finance &amp; Insurance</li> <li>IT-BPM</li> <li>Outsourcing</li> </ul>

### Evolution of commercial real estate market in Jakarta

Phase	Office Market	Office Demand Drivers
1990 – 2000	<ul style="list-style-type: none"> <li>Development concentrated in the golden triangle (spanning Thamrin-Sudirman, Rasuna Said-Kuningan and Gatot Subroto) areas led by local developers with basic amenities with a focus on single use office style buildings</li> </ul>	<ul style="list-style-type: none"> <li>Banking &amp; Financial Services Companies</li> <li>Early MNCs expanding in South East Asia</li> <li>Domestic Conglomerates</li> </ul>
2001-2010	<ul style="list-style-type: none"> <li>Expansion of the core CBD to nearby districts with increased presence of international developers and investors</li> <li>Introduction of early mixed-use developments and improved floor plate efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Banking &amp; Insurance</li> <li>Resources &amp; Oil &amp; Gas companies expanding in the market</li> <li>IT &amp; Tech Companies</li> <li>Professional Services</li> </ul>
2011-2020	<ul style="list-style-type: none"> <li>Further expansion of the CBD and move towards decentralization of offices</li> <li>Developments focused on meeting international requirements and standards</li> </ul>	<ul style="list-style-type: none"> <li>Co-Working Operators</li> <li>Tech &amp; E-Commerce</li> <li>Financial &amp; Professional Services</li> </ul>

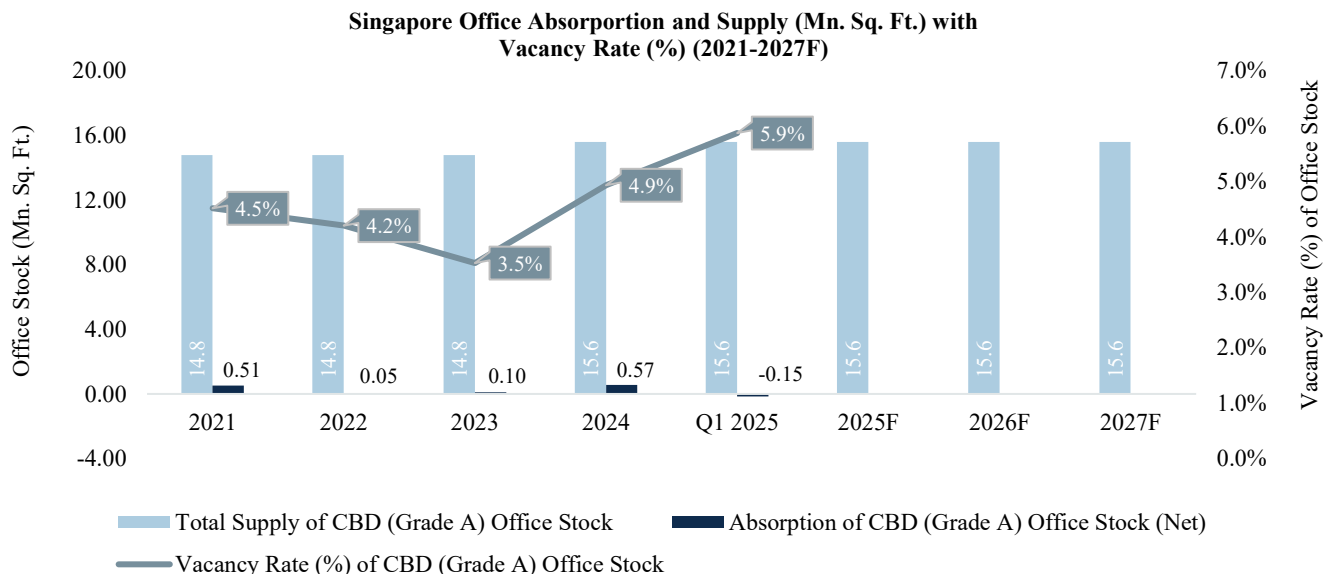
Phase	Office Market	Office Demand Drivers
	<ul style="list-style-type: none"> <li>Significant emphasis on amenities, connectivity, and embodiment of live, work and play concept for office districts</li> </ul>	
2021-Present	<ul style="list-style-type: none"> <li>"Flight-to-quality" demand by tenants</li> <li>Increased emphasis on health, wellness, and sustainability features</li> <li>Greater integration of smart building features</li> </ul>	<ul style="list-style-type: none"> <li>Technology</li> <li>Oil &amp; Gas</li> <li>Professional Services</li> <li>Manufacturing</li> </ul>

## Singapore

### Supply, Vacancy and Absorption

Between 2021-24, Singapore's CBD (Grade-A) office stock remained constant, averaging 1.8 % CAGR over the period. Approximately 0.8 million square feet of new supply was added in 2024 (equivalent to 5.5% of 2023 CBD Grade-A office stock), increasing the total supply to 15.6 million square feet,

As of Q1 2025, the total supply of CBD (Grade-A) office stock in Singapore stood at circa 15.6 million square feet which saw a 5.5% increase from 2023 (14.8 million square feet). Vacancy rates for CBD (Grade A) offices increased to a peak of 5.9% since 2021.



Source: Data as of Q1 2025, CBRE Research, all figures are approximate only

Note – CBRE classifies CBD as buildings that are located in Raffles Place, Shenton Way, Marina Centre, and Marina Bay. All other buildings have been classified as Non-CBD. Fringe CBD is currently not included in CBD and includes Tanjong Pagar, City Hall / Beach Road, Bugis and Orchard / Dhoby Ghaut / Newton. Future supply is estimated based on current under construction and in planning projects. Forecasts are an estimate only, not a guarantee.

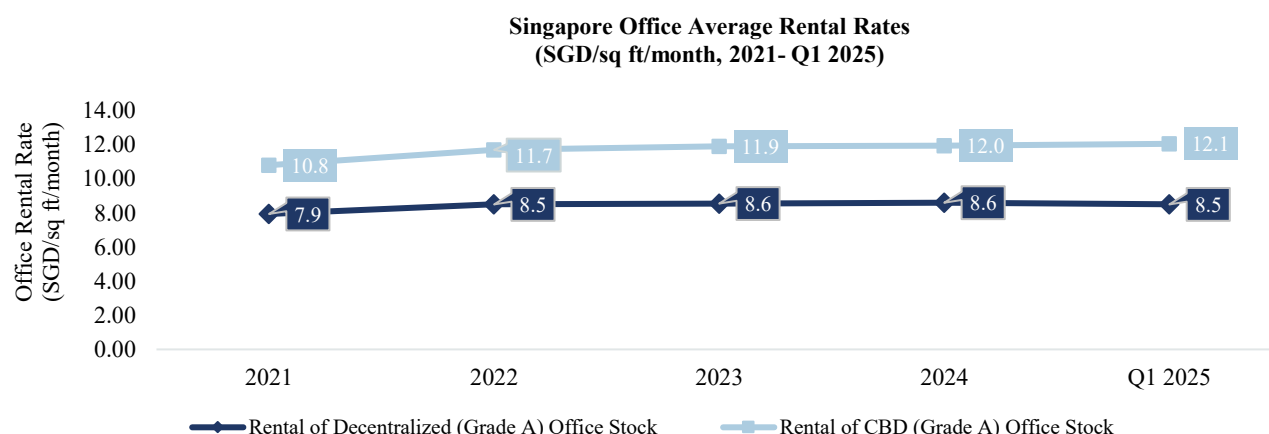
Following new supply in 2024, development pipeline is expected to thin out before peaking again in 2028. In particular, over the next three years (2025 - 2027), the total supply of CBD (Grade-A) office is forecast to remain relatively flat. Meanwhile, within the non-CBD areas, key projects in the pipeline include Keppel South Central (Fringe CBD) in 2025 and Shaw Tower Redevelopment (Fringe CBD) in 2026.

With IOI Central Boulevard Towers (situated in CBD; Marina Bay) being the latest development completed in 2024 and no significant new supply expected in the Core CBD (Grade A) for the next three years, vacancy in the CBD will remain tight.<sup>66</sup>

<sup>66</sup> Source: CBRE 2025 Singapore Real Estate Market Outlook. Retrieved on April 24th and accessible [here](#)



## Rental Trends



Source: Data as of Q1 2025, CBRE Research, all figures are approximate only

Note – CBRE classifies CBD as buildings that are located in Raffles Place, Shenton Way, Marina Centre, and Marina Bay. All other buildings have been classified as Non-CBD. Fringe CBD is currently not included in CBD and includes Tanjong Pagar, City Hall / Beach Road, Bugis and Orchard / Dhoby Ghaut / Newton.

In 2024, rental growth for CBD (Grade A) was positive amidst flight to quality as CBD (Grade A) rents grew by 0.4% y-o-y, albeit relatively lower as compared to the 1.7% rental growth observed in 2023. In Q1 2025, rents have shown an increase (0.8%) for CBD (Grade A) stock while rents have shown a decline (1.2%) for Decentralized (Grade A) office stock.

## Occupier Preferences

Cost efficiency and flexibility are key priorities for occupiers as flight-to-quality dominates with tenants becoming more selective, leading to a concentration of activity in the Grade A segment. The flight to quality trend of prioritising high-quality office spaces will continue to be a critical theme as companies focus on talent attraction and retention.<sup>67</sup>

In parallel, occupiers are displaying a strong focus on sustainability and green certified buildings along with a shift towards high-quality space to attract and retain talent. Office buildings with amenities such as food establishments, proximity to wellness facilities and good transport connectivity are keenly sought after.<sup>68</sup>

Green office building adoption in Singapore is steadily improving and is approaching the 80% mark. The city-state's Grade A office market is 100% green certified, with all new buildings and existing buildings with a gross floor area of over 5,000 square feet undergoing major retrofitting works required to achieve a BCA Green Mark certification.<sup>69</sup>

## Standard Market Practices

Parameter	Detail
Space	
Measurement	<ul style="list-style-type: none"> <li>Space is measured at net lettable area in square feet</li> <li>Net lettable area includes the carpetable areas, space occupied by pillars, may or may not include the corridors between elevators and tenant space, excludes the area occupied by toilets, elevators, shafts, part of exterior walls, and ground floor lobby space.</li> </ul>
Efficiency Ratio	<ul style="list-style-type: none"> <li>90% of net lettable area of a Grade-A building</li> </ul>
Leasing Details	
Lease Terms	<ul style="list-style-type: none"> <li>3-5 Years</li> </ul>
Right of Renewal	<ul style="list-style-type: none"> <li>Renewal for further term at prevailing market rents 6-9 months before expiry</li> </ul>
Right to Sublet	<ul style="list-style-type: none"> <li>Rare and needs to be pre-negotiated</li> <li>Partial subletting is allowed subject to landlord approval</li> </ul>

<sup>67</sup> Source: CBRE Asia Pacific Office Trends Q4 2024. Retrieved on April 24th and accessible [here](#)

<sup>68</sup> Source: CBRE Asia Pacific Office Trends Q4 2024. Retrieved on April 24th and accessible [here](#)

<sup>69</sup> Source: CBRE Decarbonising Asia Pacific's Office Buildings. Retrieved on April 24th and accessible [here](#)

Parameter	Detail
Termination or Early Break	<ul style="list-style-type: none"> <li>Rare and not applicable in most cases</li> </ul>
Occupancy Cost	
Rent	<ul style="list-style-type: none"> <li>Quoted on gross basis – i.e. service charges are inclusive, but taxes are exclusive</li> <li>Rent is quoted in Singapore Dollars (SGD) per square foot per month and based on net lettable area</li> <li>Rent is payable monthly or quarterly in advance</li> </ul>
Incentives	<ul style="list-style-type: none"> <li>Rent free period ranges between 1-3 months for fit out depending on size and complexity of the project</li> </ul>
Service Charge / Management Fee	<ul style="list-style-type: none"> <li>Service charge is included in the gross rent</li> <li>Includes building staff, security, repairs, air conditioning during normal office hours, elevator maintenance and common area cleaning</li> </ul>
Rent Review / Cap	<ul style="list-style-type: none"> <li>Rent is normally fixed and not escalated during the term</li> <li>Rent review is typical for longer lease (greater than 5 years)</li> </ul>
Tax	<ul style="list-style-type: none"> <li>9% Goods and Service Tax (GST) to be paid on gross rent by tenants</li> <li>Property tax increases to be paid by landlords. A provision in the lease is included that allows the landlord to recover from the tenant any tax increase during the lease term which is attributable to the premises.</li> </ul>
Security Deposit & Guarantees	<ul style="list-style-type: none"> <li>3-6 months of gross rent depending on the level of paid-up capital of the entity</li> </ul>
Utilities	<ul style="list-style-type: none"> <li>Tenant is required to install separate meter for utilities consumption and lay telecommunication lines within the premises</li> <li>Bulk purchases by landlords are becoming common and tenant pays the landlord in such cases.</li> </ul>
Restoration	<ul style="list-style-type: none"> <li>Typically, at tenant's cost</li> <li>Standard clause requires the tenant to reinstate the premises to the original bare condition for fair wear and tear, upon lease expiry.</li> </ul>
Transaction Costs	
Agents Fees	<ul style="list-style-type: none"> <li>New Lease: Payable by Landlord</li> <li>Lease Renewal: Payable by tenant. Typically, 0.5 months of gross rent.</li> </ul>
Other Transaction Costs	<ul style="list-style-type: none"> <li>Legal fee and stamp duty are borne by the client</li> </ul>
Office Fit-Out Costs	
Estimated Fit-Out Costs on Gross Area <sup>70</sup>	<ul style="list-style-type: none"> <li>Low: USD 189 – 204 per square foot (SGD 225 – 275 per square foot)</li> <li>Medium: USD 251 – 292 per square foot (SGD 339 – 394 per square foot)</li> <li>High: USD 291 – 340 per square foot (SGD 393 - 459 per square foot)</li> </ul>

## Fit Out Costs Breakdown

Breakdowns of the costs are based on different floor layouts. These include Activity Based (emphasis is on flexibility for various activities and incorporates personal space for focused work), Team Based (focused on collaboration, this layout is designed to support teamwork in an effective, flexible manner) and Event Based (accommodates more dynamic spaces like town halls and meeting rooms, adaptable for various events).

Build specifications are as per the following:

Build Specification	Details
Low	Utilizes existing landlord builds for fittings like ceiling arrangements, coupled with basic furnishings.
Medium	Offers a budget conscious upgrade, incorporating bespoke design elements while retaining much of the existing layout.
High	Features the highest quality in furnishing and bespoke design details.

<sup>70</sup> Source: CBRE Global Office Fit-Out Cost Guide 2024. Data as of Q3 2023; Retrieved on April 24th and accessible [here](#); August 31, 2023 Rate = 1.350822

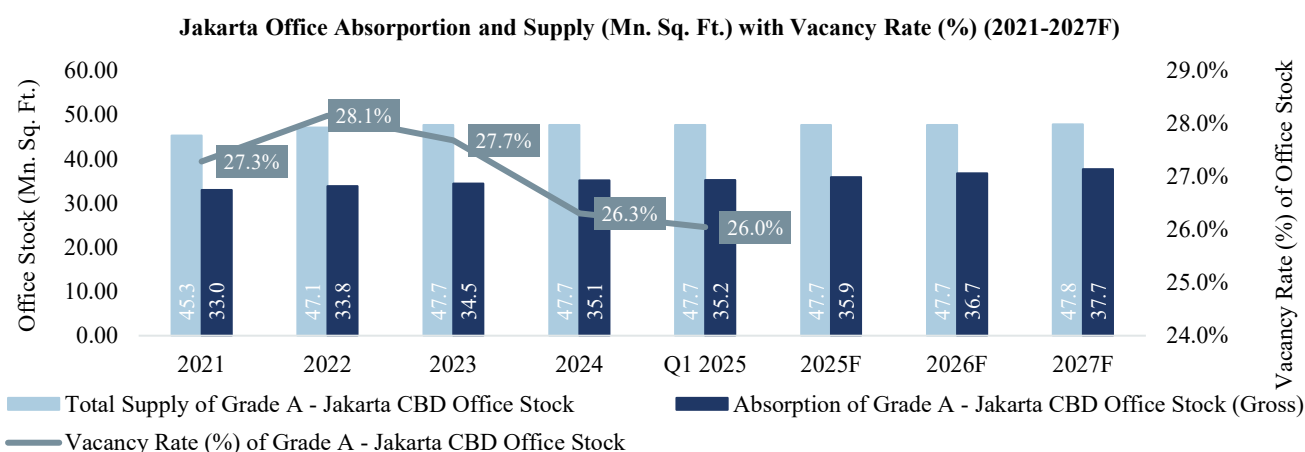
Breakdown of the numbers is outlined below:

City / Parameter	Total Fit-Out Cost \$ / square foot			Fit Out \$ / square foot			Furniture \$/ square foot			Technology \$ / square foot			Professional Fees (%)
Singapore	Low	Mid	High	Low	Mid	High	Low	Mid	High	Low	Mid	High	Total
Activity Based Layout	204	292	340	123	188	223	12	17	18	30	30	33	24%
Team Based Layout	189	278	319	113	177	206	9	17	18	30	30	33	24%
Event Based Layout	198	251	291	122	161	190	8	11	11	30	30	33	24%

Source: CBRE Global Office Fit-Out Cost Guide 2024, data as of Q3 2023

## Jakarta

### Supply, Vacancy and Absorption



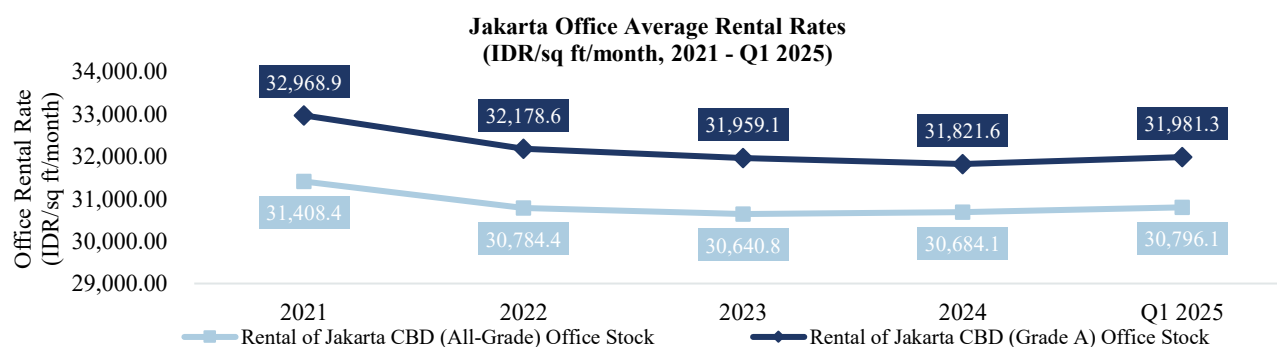
Source: Data as of Q1 2025, PT Leads Property Services Indonesia, all figures are approximate only

Note – PT Leads Property Services Indonesia only tracks Gross Absorption. CBRE classifies CBD as buildings that are located in the micro markets of Kuningan Persada, Senayan, MH Thamrin, Mega Kuningan, SCBD, Gatot Subroto, Rasuna Said and Jendral Sudiram with additional areas classified as others. Future supply is estimated based on current under construction and in planning projects. Forecasts are an estimate only, not a guarantee.

In 2024, Jakarta's office supply in the CBD remained unchanged at circa 47.7 million square feet similar to 2023.

Due to the absence of new office completions and supported by resurgent demand, the vacancy rate for Jakarta CBD office dropped to 26.3% in 2024 from its peak of 28.1% in 2022. This downward trend in vacancy rate suggests a potential for even lower vacancy rate in the near future, particularly under the absence of new supply.<sup>71</sup>

### Rental Trends



Source: Data as of Q1 2025, PT Leads Property Services Indonesia, all figures are approximate only

<sup>71</sup> Source: PT Leads – Jakarta Property Market Insight (Q4 2024). Retrieved on April 24<sup>th</sup>

*Note – CBRE classifies CBD as buildings that are located in the micro markets of Kuningan Persada, Senayan, MH Thamrin, Mega Kuningan, SCBD, Gatot Subroto, Rasuna Said and Jendral Sudiram with additional areas classified as others.*

As of Q1 2025, the rental rates for both Jakarta CBD (All-Grade) and CBD (Grade-A) remained relatively flat and comparable to both 2023-24 levels. This lack of movement in overall rental prices indicates a divergence in pricing strategy amongst building grades. While landlords of Grade-A properties have been increasing service charges to offset rising operational costs, buildings with higher vacancy rates have maintained their figures and, in some cases, even further discounted their base rental rates to attract tenants. This indicates a persistent softness in the market, where landlords prioritize occupancy levels over rental income growth<sup>72</sup>.

## Occupier Preferences

Demand for Grade-A office spaces continue to remain high. Companies continue to focus on sustainability and wellness favouring green buildings to meet their ESG requirements. There continues to be push for right sizing of office space to optimize space usage with an emphasis on space utilization and creating more vibrant workplaces with dedicated spaces for meeting rooms, events and collaboration amongst their employees.

## Standard Market Practices

Parameter	Detail
Space	
Measurement	<ul style="list-style-type: none"> <li>Space is measured at semi gross floor area in square meter</li> <li>Net lettable area - includes carpetable areas (i.e. area available to the tenant for office use), space occupied by pillars but excludes corridors between elevators and tenant space and areas occupied by toilets, elevators, shafts, part of exterior walls, and ground floor lobby space</li> </ul>
Efficiency Ratio	<ul style="list-style-type: none"> <li>Semi gross floor area is typically 10 – 15% of the gross floor area</li> <li>Net lettable area / carpetable area is usually 10 – 15% of the semi gross floor area</li> </ul>
Handover Conditions by Landlord	<ul style="list-style-type: none"> <li>Bare condition</li> </ul>
Signage and Naming Right	<ul style="list-style-type: none"> <li>Subject to landlord's consent</li> </ul>
Leasing Details	
Lease Terms	<ul style="list-style-type: none"> <li>3 – 5 years</li> </ul>
Right of Renewal	<ul style="list-style-type: none"> <li>Typical renewal notice period is 6 months before lease expiry</li> </ul>
Right to Sublet	<ul style="list-style-type: none"> <li>Subject to landlord's consent</li> </ul>
Termination or Early Break	<ul style="list-style-type: none"> <li>Subject to landlord's approval</li> </ul>
Occupancy Cost	
Rent	<ul style="list-style-type: none"> <li>All rents are quoted in Indonesian Rupiah per square meter per month on a semi gross floor area basis.</li> <li>Payable quarterly or semi-annually in advance excluding service charge.</li> </ul>
Incentives	<ul style="list-style-type: none"> <li>As an allowance to cover the period required for fitting out (2-3 months).</li> <li>Subject to landlord's consent.</li> </ul>
Service Charge / Management Fee	<ul style="list-style-type: none"> <li>Service charge is usually quoted in Indonesia Rupiah per square meter per month.</li> <li>Service charge is part of Gross Rent (Gross Rent = Base Rent + Service Charge)</li> <li>Service charge includes items such as common area cleaning, building maintenance, security, water provision, trash collection, building management staff, AC, lighting, power outlet during office hour.</li> <li>Note that however, some buildings include AC only during office hour while others exclude AC, lighting, and power outlet.</li> </ul>
Rent Review / Cap	<ul style="list-style-type: none"> <li>Typical escalation per annum is dependent on the market condition at which the rent is reviewed by the landlord which may be lower, stable, or higher than the agreed figure.</li> <li>Rent review may be applicable in circumstances where tenants wish to renew.</li> </ul>
Tax	<ul style="list-style-type: none"> <li>Value Added Tax (VAT) at 11%. Borne by lessee.</li> </ul>

<sup>72</sup> Source: PT Leads – Jakarta Property Market Insight (Q4 2024). Retrieved on April 24<sup>th</sup>

Parameter	Detail
Security Deposit & Guarantees	<ul style="list-style-type: none"> <li>Divided into two payments.</li> <li>Booking Deposit</li> <li>One-to-two month's rent inclusive of service charge (sometimes inclusive of VAT), payable upon the signing of the letter of offer.</li> <li>This sum is usually used as part of the first rental payment which is typically quarterly but could be semi-annually or annually in advance.</li> <li>Security Deposit</li> <li>A further security deposit equating to two-to-three months' rent inclusive of service charge but exclusive of VAT, payable upon the signing of the lease agreement.</li> <li>This sum shall be refundable at the end of the lease as long as the tenant has adhered to the covenants of the lease and no payments are owed.</li> </ul>
Utilities	<ul style="list-style-type: none"> <li>Water is included in service charge</li> <li>Tenant is required to install separate meter for utilities and telecommunication. Tenant pays to landlord for power use. For telecommunication, it is paid to either landlord or vendor while for internet, it is paid to the vendor.</li> </ul>
Restoration	<ul style="list-style-type: none"> <li>Typically borne by tenant.</li> <li>Tenant is required to restore to its original condition.</li> </ul>
Transaction Costs	
Agents Fees	<ul style="list-style-type: none"> <li>New Leases: 5% from gross rental.</li> <li>Lease Renewal: 2.5-3.0% from gross rental mostly.</li> </ul>
Other Transaction Costs	<ul style="list-style-type: none"> <li>Legal fees – Subject to collective consent between landlord and tenant.</li> <li>Stamp duty – No stamp duty in Indonesia but a stamp fee of IDR 10,000 per agreement.</li> </ul>
Office Fit-Out Costs	
Estimated Fit-Out Costs on Gross Area <sup>73</sup>	<ul style="list-style-type: none"> <li>Low: USD 95 – 124 per square foot (SGD 225 – 275 per square foot)</li> <li>Medium: USD 111 – 134 per square foot (SGD 339 – 394 per square foot)</li> <li>High: USD 141 – 173 per square foot (SGD 393 - 459 per square foot)</li> </ul>

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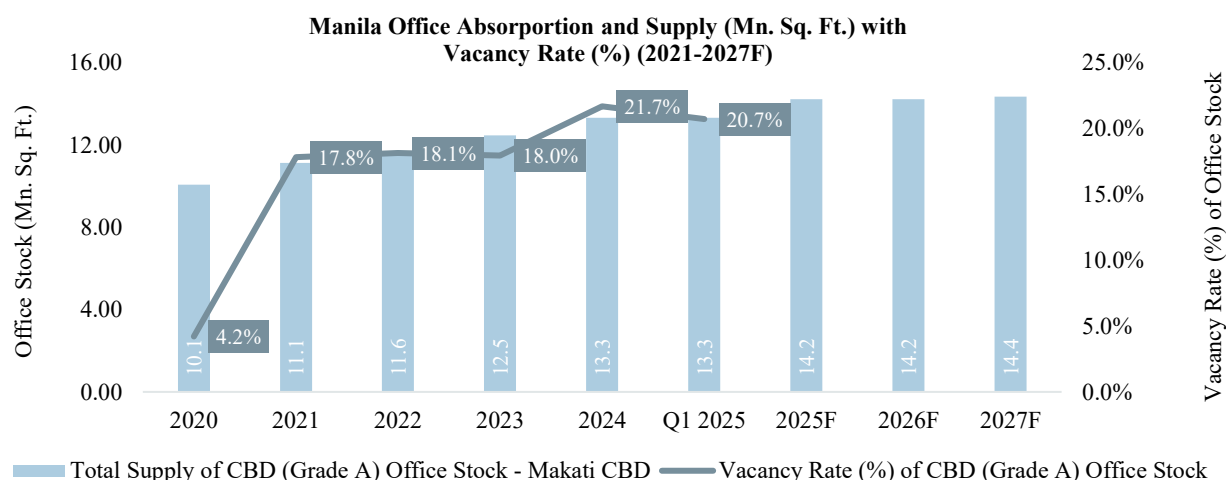
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Singapore	Low	Mid	High	Low	Mid	High	Low	Mid	High	Low	Mid	High	Total
Activity Based Layout	105	130	158	73	93	117	6	9	9	16	16	17	11%
Team Based Layout	95	111	141	66	75	101	5	9	10	16	16	17	11%
Event Based Layout	124	134	173	92	100	134	4	6	6	16	16	17	11%

Source: CBRE Global Office Fit-Out Cost Guide 2024; data as of Q3 2023

<sup>73</sup> Source: CBRE Global Office Fit-Out Cost Guide 2024. Data as of Q3 2023; Retrieved on April 24th and accessible [here](#)

## Manila

### Supply, Vacancy and Absorption



Source: Data as of Q1 2025, CBRE Research, all figures are approximate only

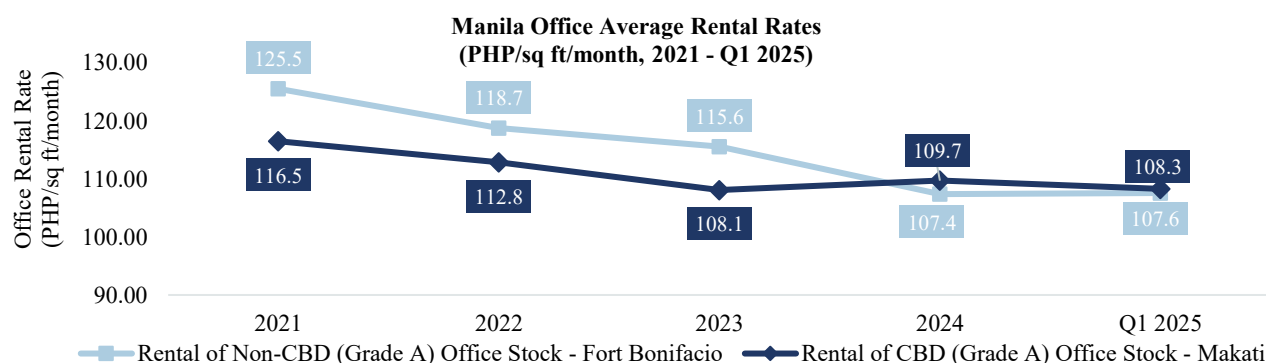
Note – CBRE classifies CBD as buildings that are located in Makati only. Future supply is estimated based on current under construction and in planning projects. Forecasts are an estimate only, not a guarantee.

As of Q4 2024, the total supply of CBD (Grade-A) office stock in Manila stood at circa 13.3 million square feet which saw a 6.9% increase from the previous year (12.5 million square feet) and a 19.8% increase as compared to 2021. The market supply did not change in Q1 2025 as compared to Q4 2024.

Throughout the period of 2021-2024, the vacancy rate of CBD (Grade-A) office stock remained elevated and peaked at 21.7% in 2024. In Q1 2025, the vacancy rate declined slightly to 20.7%. The increase in vacancy as compared to historical levels is attributed to the influx of additional supply as well as rationalization of demand by core occupiers such as the Online Gaming Operators and the IT-BPM sector.

### Rental Trends

Rental rate for CBD (Grade-A) office stock in Manila in Q1 2025 (PHP 108.3 per square foot per month) declined by 1.3% from the previous quarter (PHP 109.7 per square foot per month) while rates of Non-CBD (Grade-A) increased by 0.2%.



Source: Data as of Q1 2025, CBRE Research, all figures are approximate only

### Occupier Preferences

Occupiers are thinking of space holistically moving with an increased focus on offices more collaborative spaces, meeting areas, and amenities. Companies are looking for offices which offer their employees thoughtfully curated and well-designed office spaces which in turn also drive office attendance. Occupiers also prefer to be located in PEZA (Philippine Economic Zone Authority) certified buildings which offer them tax advantages.

## Standard Market Practices

Parameter	Detail
Space	
Measurement	<ul style="list-style-type: none"> <li>Space is measured at gross lettable area in square meters</li> <li>Gross leasable area includes – carpetable areas, space occupied by pillars, may or may not include corridors between elevators and tenant space, includes areas occupied by toilets, and ground floor space lobby, excludes elevators, shafts, and architectural components of exterior walls</li> </ul>
Efficiency Ratio	<ul style="list-style-type: none"> <li>85-88% of leasable area</li> </ul>
Leasing Details	
Lease Terms	<ul style="list-style-type: none"> <li>5 Years</li> </ul>
Right of Renewal	<ul style="list-style-type: none"> <li>Most leases include an option to renew for 3 to 5 more years at an agreed rent or at the prevailing market rent. Written notice is provided at least 6 months before lease expiry.</li> </ul>
Right to Sublet	<ul style="list-style-type: none"> <li>Subletting to subsidiaries is allowed but subject to Landlord's approval.</li> <li>Subletting to third parties is prohibited by default.</li> <li>Right to sublet needs to be negotiated before signing the lease.</li> </ul>
Termination or Early Break	<ul style="list-style-type: none"> <li>If the landlord agrees this can be triggered after the third year of a 5-year term and requires a notice of 6 months. Penalties including the forfeiture of security deposit and additional compensation ranging between 3-6 months of the rent needs to be paid.</li> </ul>
Occupancy Cost	
Rent	<ul style="list-style-type: none"> <li>Quoted on a net basis – i.e. service charges and tax are excluded</li> <li>Rents are quoted in Philippine Pesos (PHP) per square meter per month and based on gross leasable area.</li> <li>Rents are payable monthly or quarterly in advance.</li> </ul>
Incentives	<ul style="list-style-type: none"> <li>Rent free period is typically 3 months for fit out depending on size and complexity of the project. Common use service area fee and utilities are charged during the fit-out period.</li> </ul>
Service Charge / Management Fee	<ul style="list-style-type: none"> <li>Service charge is excluded from the quoted rent.</li> <li>Includes building staff, security, repairs, air conditioning during normal office hours, elevator maintenance and common area cleaning</li> </ul>
Rent Review / Cap	<ul style="list-style-type: none"> <li>Rent is normally escalated on an annual basis. The rate of rental escalation is negotiable.</li> <li>Rent review is applicable only upon renewal of lease terms.</li> </ul>
Tax	<ul style="list-style-type: none"> <li>12% value added tax (VAT) is payable by the tenants on the gross rent.</li> <li>Documentary Stamp Duty is due on the execution of the lease contract and payable by the tenants to the Bureau of Internal Revenue.</li> <li>Withholding tax of 5% of monthly rental rates is withheld from the monthly rentals due to the lessor.</li> </ul>
Security Deposit & Guarantees	<ul style="list-style-type: none"> <li>Typically, equal to 3 month's rent, either based on the first or the last year's rental rate.</li> <li>Advance rent equal to 3 month's rent is payable upon the lease commencement or the handover date.</li> <li>in some cases, a reservation deposit equivalent to 1 month's rent</li> </ul>
Utilities	<ul style="list-style-type: none"> <li>Tenant is required to install separate meter for utilities consumption and lay telecommunication lines within the premises</li> <li>Bulk purchases by landlords are becoming common and tenant pays the landlord in such cases.</li> </ul>
Restoration	<ul style="list-style-type: none"> <li>Typically, at tenant's cost</li> <li>Standard clause requires the tenant to reinstate the premises to the original bare condition for fair wear and tear, upon lease expiry.</li> </ul>
Transaction Costs	
Agents Fees	<ul style="list-style-type: none"> <li>New Lease: Landlords typically pay 1 month's gross rent to the tenant representative brokers for a lease less than 5 years. For lease, which is 5 years or above, this is 2 months' gross rent.</li> <li>Lease Renewal: Typically paid by the tenants to the tenant representative agent. Renewal fees are subject to mutual agreement but equivalent to 1 month's rent.</li> </ul>
Other Transaction Costs	<ul style="list-style-type: none"> <li>Vetting Fee: A fee payable to landlord for review of the tenant's fit out / technical plans. Should be settled by the tenant or its appointed contractor.</li> </ul>
Office Fit-Out Costs	



Parameter	Detail
Estimated Fit-Out Costs on Gross Area <sup>74</sup>	<ul style="list-style-type: none"> <li>Low: USD 98 – 112 per square foot</li> <li>Medium: USD 105 – 154 per square foot</li> <li>High: USD 131 – 191 per square foot</li> </ul>

### Fit Out Costs Breakdown

Breakdowns of the costs are based on different floor layouts. These include Activity Based (emphasis is on flexibility for various activities and incorporates personal space for focused work), Team Based (focused on collaboration, this layout is designed to support teamwork in an effective, flexible manner) and Event Based (accommodates more dynamic spaces like town halls and meeting rooms, adaptable for various events).

Build specifications are as per the following:

Build Specification	Details
Low	Utilizes existing landlord builds for fittings like ceiling arrangements, coupled with basic furnishings.
Medium	Offers a budget conscious upgrade, incorporating bespoke design elements while retaining much of the existing layout.
High	Features the highest quality in furnishing and bespoke design details.

Breakdown of the numbers is outlined below:

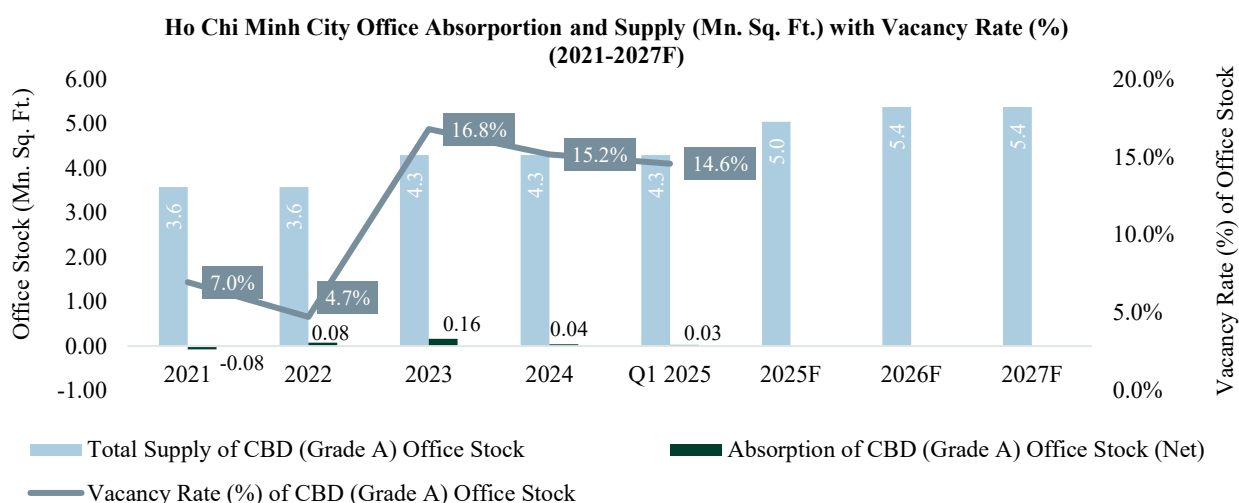
City / Parameter	Total Fit-Out Cost \$ / square foot			Fit Out \$ / square foot			Furniture \$/ square foot			Technology \$ / square foot			Professional Fees (%)
Singapore	Low	Mid	High	Low	Mid	High	Low	Mid	High	Low	Mid	High	Total
Activity Based Layout	112	154	191	77	112	144	7	9	10	17	17	19	11%
Team Based Layout	112	134	164	79	94	119	5	9	10	17	17	19	11%
Event Based Layout	98	105	131	67	72	93	4	6	6	17	17	19	11%

Source: CBRE Global Office Fit-Out Cost Guide 2024, data as of Q3 2023

<sup>74</sup> Source: CBRE Global Office Fit-Out Cost Guide 2024. Data as of Q3 2023; Retrieved on April 24th and accessible [here](#)

## Ho Chi Minh City

### Supply, Vacancy and Absorption



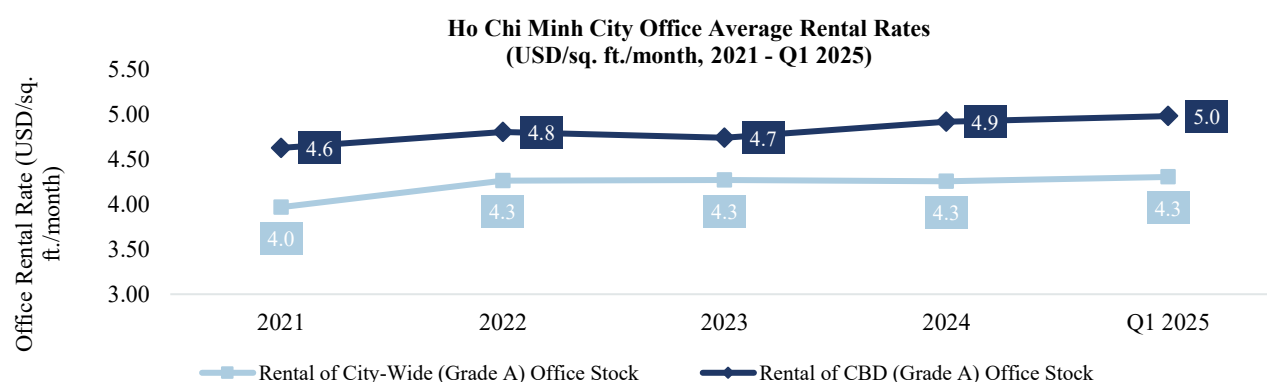
Source: Data as of Q1 2025, CBRE Research, all figures are approximate only

Note – CBRE classifies CBD as buildings that are located in District 1. Future supply is estimated based on current under construction and in planning projects. Forecasts are an estimate only, not a guarantee.

As of Q1 2025, the total supply of CBD (Grade-A) office stock in Ho Chi Minh City stood at circa 4.3 million square feet and showed no variation compared to Q4 2024. Vacancy declined but remained in the double digits – the vacancy rate of CBD (Grade-A) office stock reached 14.6% in Q1 2025 which was a decline as compared to its 2023 peak of 16.8% over the period of 2019-2024.

The total supply of CBD (Grade-A) office stock is forecast to reach circa 5.4 million square feet by 2027, an increase of about 25% from 4.3 million square feet in 2024.

### Rental Trends



Source: Data as of Q1 2025, CBRE Research, all figures are approximate only

Note – CBRE classifies CBD as buildings that are located in District 1. CBRE tracks Vietnam market rentals in USD.

Rental rate for CBD (Grade-A) office stock in Ho Chi Minh City increased by 1.2% in Q1 2025 as compared to Q4 2024. This increase was mainly driven by new high-quality buildings gradually filling up as all new Grade-A buildings completed since 2019 are green certified, thus successfully attracting reputable companies leasing areas of up to 10k+ - 21k+ square feet., or even nearly 108k+ square feet<sup>75</sup>

Meanwhile, rental rates for city-wide Grade-A office stock were observed to remain relatively flat between 2022-2024 with an increase of 1.17% in Q1 2025.

<sup>75</sup> Source: CBRE Ho Chi Minh City Figures Q4 2024. Retrieved on April 24<sup>th</sup> and accessible [here](#)

## Occupier Preferences

There is an ongoing trend of flight-to-quality in the Ho Chi Minh City office market.<sup>76</sup> All new Grade A buildings in Ho Chi Minh City completed since 2019 are green certified through Green Mark or LEED.<sup>77</sup> With increased supply in the market, starting from Q3 2024, occupiers have been spoilt for choice and are also able to get better rentals on older Grade A buildings which are not at par with newer developments helping them optimize for their cost savings while balancing quality of their office space.<sup>78</sup>

## Standard Market Practices

Parameter	Detail
Space	
Measurement	<ul style="list-style-type: none"> <li>Space is usually measured and quoted as net lettable area in square meter.</li> <li>Net lettable area - Includes carpetable Areas (i.e. area available to the tenant for office use), space occupied by pillars but excludes corridors between elevators and tenant space and areas occupied by toilets, elevators, shafts, part of exterior walls, and ground floor lobby space</li> </ul>
Efficiency Ratio	<ul style="list-style-type: none"> <li>Typically, net lettable area is 75-85% of the gross floor area</li> <li>Carpetable area is typically 95% of the net lettable area</li> </ul>
Leasing Details	
Lease Terms	<ul style="list-style-type: none"> <li>Ranges between 3-5 Years</li> </ul>
Right of Renewal	<ul style="list-style-type: none"> <li>Most leases include an option to renew for 3 more years at an agreed rent or at the prevailing market rent at the time of renewal</li> <li>Typical renewal notice period is 6 to 9 months before lease expiry</li> </ul>
Right to Sublet	<ul style="list-style-type: none"> <li>Rare. Any subletting has to be pre-negotiated before signing the lease and is subject to the landlord's approval.</li> <li>Subsidiaries and affiliates of the company are permitted to sublease parts of the leased area, but this is subject to the landlords' approval.</li> </ul>
Termination or Early Break	<ul style="list-style-type: none"> <li>Should landlords agree, a typical pre-termination right can be triggered after a minimum occupation of 24 months.</li> <li>Requires a notice period of typically, 6 months</li> <li>Penalties are applicable but vary ranging from forfeiture of the security deposit</li> </ul>
Occupancy Cost	
Rent	<ul style="list-style-type: none"> <li>All rents are quoted on a net basis – i.e. service charges and tax exclusive</li> <li>Rents are quoted in USD per square meter per month, typically based on the net lettable area (NLA). Some rents may be quoted on a gross area. Contracts are signed in Vietnamese Dong (VND)</li> <li>Rent is payable quarterly in advance in most cases.</li> </ul>
Incentives	<ul style="list-style-type: none"> <li>Rent free period is provided on a case-by-case basis and is typically 1-2 months of fit out period.</li> </ul>
Service Charge / Management Fee	<ul style="list-style-type: none"> <li>Service charge is excluded in the net rent</li> <li>Service charge includes building staff, building repairs, air conditioning during normal office hours, elevator maintenance and common area cleaning.</li> </ul>
Rent Review / Cap	<ul style="list-style-type: none"> <li>Rent is typically escalated at 3-5% per annum, which is based on the appreciation of the Vietnamese Dong and the Consumer Price Index</li> <li>Rent review is applicable only in the case of lease renewal. It is common to place a rental cap in the renewal clause which is roughly 15%.</li> </ul>
Tax	<ul style="list-style-type: none"> <li>Value Added Tax (VAT) is paid by the tenant and is 10% on gross rent</li> </ul>
Security Deposit & Guarantees	<ul style="list-style-type: none"> <li>Typically, equal to 3 months' gross rent</li> </ul>
Utilities	<ul style="list-style-type: none"> <li>Water is included in the service charge</li> <li>Tenant pays directly to authorities for telecom services</li> <li>For electricity, bulk purchases are becoming common, and the tenant pays the landlord based on metered usage.</li> </ul>
Restoration	<ul style="list-style-type: none"> <li>Typically, at tenant's cost</li> </ul>

<sup>76</sup> Source: CBRE Vietnam Market Outlook 2025. Retrieved on April 24th and accessible [here](#)

<sup>77</sup> Source: CBRE Ho Chi Minh City Figures Q4 2024. Retrieved on April 17th and accessible [here](#)

<sup>78</sup> Source: CBRE Ho Chi Minh City Figures Q3 2024. Retrieved on April 24th and accessible [here](#)

Parameter	Detail
	<ul style="list-style-type: none"> <li>A standard clause in the lease agreement requires tenants to restore the premises to its original conditions upon lease expiry</li> </ul>
Transaction Costs	
Agents Fees	<ul style="list-style-type: none"> <li>New Leases: Landlords typically pay 1 month's gross rent to landlord rep brokers</li> <li>Lease Renewal: Typically paid by the tenants to the tenant representative agent. Renewal fees are 0.5 month of gross rent</li> </ul>
Other Transaction Costs	<ul style="list-style-type: none"> <li>Legal Fee: Market practice is for each party to be responsible for their own legal costs</li> <li>Stamp Duty: There is no stamp duty payable.</li> </ul>
Office Fit-Out Costs	
Estimated Fit-Out Costs on Gross Area <sup>79</sup>	<ul style="list-style-type: none"> <li>Low: USD 68 – 85 per square foot</li> <li>Medium: USD 81 – 104 per square foot</li> <li>High: USD 112 – 129 per square foot</li> </ul>

### Fit Out Costs Breakdown

Breakdowns of the costs are based on different floor layouts. These include Activity Based (emphasis is on flexibility for various activities and incorporates personal space for focused work), Team Based (focused on collaboration, this layout is designed to support teamwork in an effective, flexible manner) and Event Based (accommodates more dynamic spaces like town halls and meeting rooms, adaptable for various events).

Build specifications are as per the following:

Build Specification	Details
Low	Utilizes existing landlord builds for fittings like ceiling arrangements, coupled with basic furnishings.
Medium	Offers a budget conscious upgrade, incorporating bespoke design elements while retaining much of the existing layout.
High	Features the highest quality in furnishing and bespoke design details.

Breakdown of the numbers is outlined below:

City / Parameter	Total Fit-Out Cost \$ / square foot			Fit Out \$ / square foot			Furniture \$/ square foot			Technology \$ / square foot			Professional Fees (%)
Singapore	Low	Mid	High	Low	Mid	High	Low	Mid	High	Low	Mid	High	Total
Activity Based Layout	85	104	129	57	71	92	5	7	7	12	13	14	15%
Team Based Layout	78	97	117	52	65	80	4	7	7	12	13	14	15%
Event Based Layout	68	81	112	44	53	79	3	5	5	12	13	14	15%

Source: CBRE Global Office Fit-Out Cost Guide 2024; data as of Q3 2023

### Flexible Workspace Industry Overview

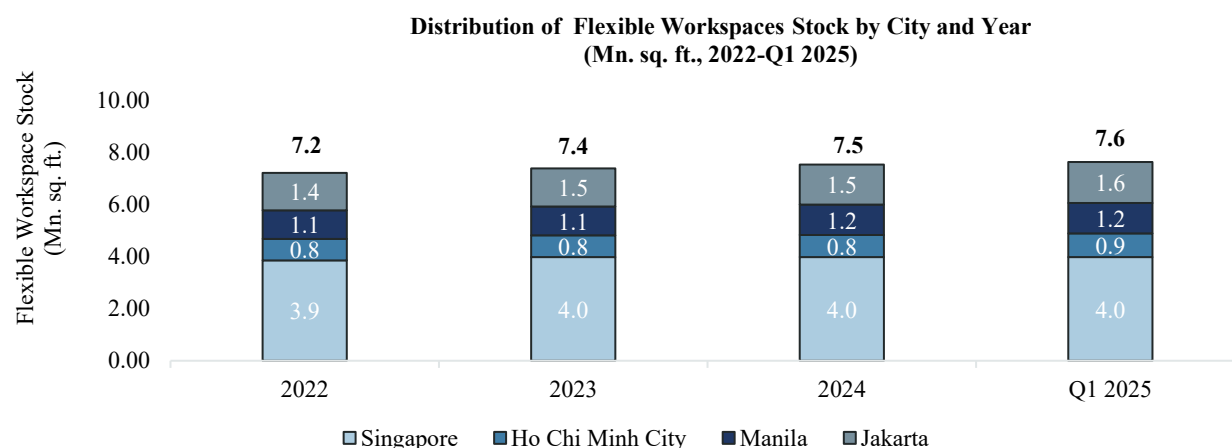
#### Assessment of Supply Dynamics

The four markets assessed in this section includes Singapore, Jakarta, Manila, and Ho Chi Minh City.

The total flexible workspace stock across the four markets stands at over 7.6 million square feet as of Q1 2025. The stock grew from 7.2 million square feet in 2022 at a CAGR of 2.23% till 2024.

<sup>79</sup> Source: Estimated fit-out costs for Hanoi are taken as proxy. CBRE Global Office Fit-Out Cost Guide 2024. Data as of Q3 2023; Retrieved on April 24th and accessible [here](#)

Across South East Asia, Singapore is the largest flexible workspace market followed by Jakarta, Manila, and Ho Chi Minh City respectively. As of Q1 2025, Singapore's flexible workspace stock (approximately 4.0 million square feet) alone is 9% higher than the combined flexible workspace office stock of the other three markets in South East Asia (approximately 3.7 million square feet).



Source: Data as of Q1 2025, CBRE Research for Singapore, Ho Chi Minh City, and Manila. Data for Jakarta from PT Leads Property Services Indonesia. All data is approximate.

Note – Data includes that for Singapore, Jakarta, Manila, and Ho Chi Minh City only.

## Singapore

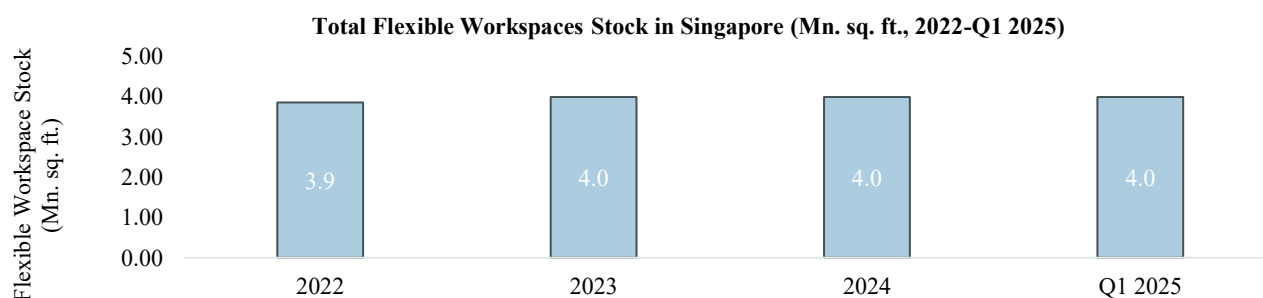
Singapore is regarded as a mature market, and a favoured location for businesses looking to set up their regional offices and headquarters in Asia-Pacific. Nearly half of all Asia regional headquarters are located in the city state<sup>80</sup>. As outlined earlier, Singapore's flexible workspace market is much larger relative to its peers in South East Asia. Key statistics on flexible workspaces across Singapore are outlined in the table below.

Operators	Number of Unique Centre Locations	Flexible Workspace Stock
53	182	4.0 million square feet

Source: Data as of Q1 2025, CBRE Research. All data is approximate only.

As of Q1 2025, the flexible workspace stock in Singapore stood at approximately 4.0 million square feet with 53 operators operating across 182 unique centre locations. Growth moderated in 2024 with the market growing at 0.04% y-o-y as compared to 3.39% in the previous year. As of Q1 2025, the flexible workspace stock remains similar to 2024 and makes up 6.1% of the total office stock<sup>81</sup> in the city.

Key demand driving sectors for the office market (of which flexible workspaces are a subsector) in Singapore include Banking & Finance, Pharmaceutical & Biomedical, Tech & ICT, Business Services, and Transport & Storage amongst others.



Source: Data as of Q1 2025, CBRE Research. All data is approximate.

<sup>80</sup> Source: Economic Development Board. Retrieved on April 17<sup>th</sup> and accessible [here](#)

<sup>81</sup> Total office stock refers to overall total supply of office space (all Grade types) in the market.

Flexible Workspaces Stock (million square feet)	Flexible Workspace Stock as a % share of Total Office Stock (approx.)	Number of Unique Centre Locations (approx.)	Office Demand Driving Sectors
4.0 million square feet	6.1%	182	<ul style="list-style-type: none"> <li>Banking &amp; Finance</li> <li>Pharmaceutical &amp; Biomedical</li> <li>Tech &amp; ICT</li> <li>Business Services</li> <li>Transport &amp; Storage</li> </ul>

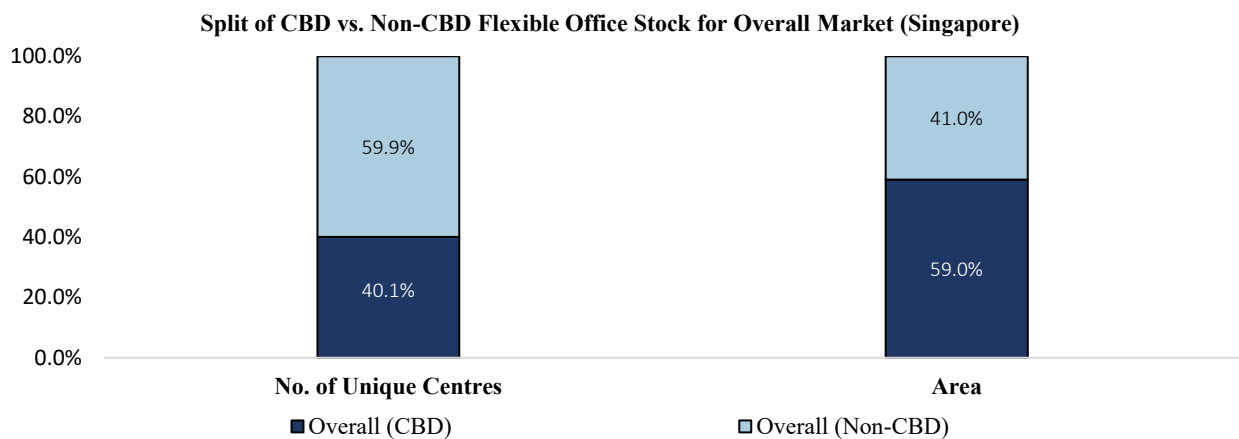
Source: Data as of Q1 2025, CBRE Research. All data is approximate.

Premium office spaces with superior specifications continue to be a significant factor influencing occupiers' choices, with prime locations around the Central Business District remaining highly sought after.<sup>82</sup> This explains why Singapore sees a relatively higher quantum of flexible workspaces stock (2.4 million square feet) concentrated in the CBD as compared to non-CBD (1.6 million square feet) by approx. 44%.

Cluster / Micro Market (Key Sub-Markets/Locations)	Flexible Workspaces Stock (million square feet)	Number of Unique Centre Locations (approx.)
CBD	2.4 million square feet	73
Non-CBD	1.6 million square feet	109

Note – CBRE classifies CBD as buildings that are located in Raffles Place, Shenton Way, Marina Centre, and Marina Bay. All other buildings have been classified as Non-CBD. Fringe CBD is currently not included in CBD and includes Tanjong Pagar, City Hall / Beach Road, Bugis and Orchard / Dhoby Ghaut / Newton.

Source: Data as of Q1 2025, CBRE Research. All data is approximate.



Source: Data as of Q1 2025, CBRE Research; All data is approximate, and numbers are rounded to the nearest one-digit decimal place.

## Jakarta, Indonesia

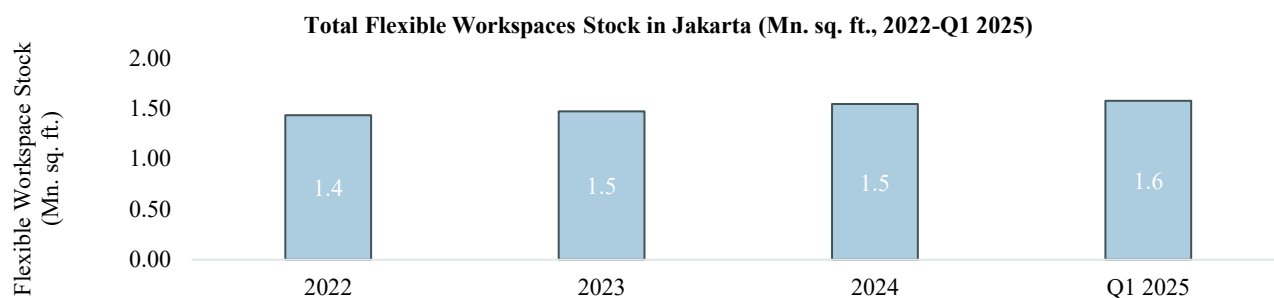
Jakarta as a vibrant metropolis and capital of Indonesia is the largest city in Indonesia. Characterized by an urban demographic and holding strong economic significance for Indonesia, the city is home to both domestic and international businesses.

As of Q1 2025, the flexible workspace stock in Jakarta City stood at 1.6 million square feet with presence of 10 operators operating across 82 unique centre locations. The market has shown consistent growth between 2022 and Q1 2025.

Operators	Number of Unique Centre Locations	Flexible Workspace Stock
10	82	1.6 million square feet

Source: Data as of Q1 2025, PT Leads Property Services Indonesia. All data is approximate.

<sup>82</sup> Source: Singapore's Office Rents Ends 2024 with Modest Growth. Retrieved on April 17th and accessible [here](#)



Source: Data as of Q1 2025, PT Leads Property Services Indonesia. All data is approximate.

The Flexible Workspace stock makes up approximately 1.26% of the total office stock<sup>83</sup> in the city.

Flexible Workspaces Stock (million square feet)	Flexible Workspace Stock as a % share of Total Office Stock (approx.)	Number of Unique Centre Locations (approx.)	Office Demand Driving Sectors
1.6 million square feet	1.3%	82	<ul style="list-style-type: none"> <li>Technology</li> <li>Oil &amp; Gas</li> <li>Professional Services</li> <li>Manufacturing</li> </ul>

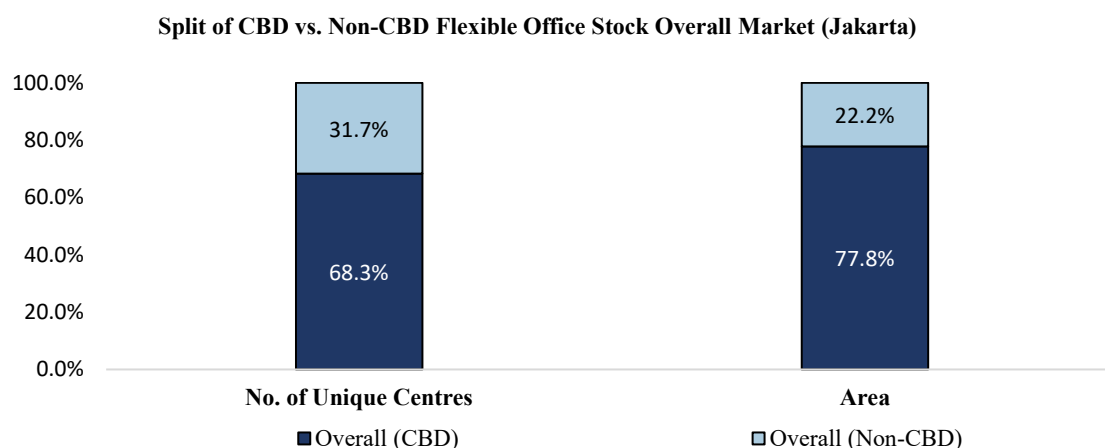
Source: Data as of Q1 2025, PT Leads Property Services Indonesia. All data is approximate.

As of Q1 2025, the distribution of flexible workspaces in Jakarta showcases a higher concentration (77.8%) in the CBD. In terms of unique centre locations, CBD has a higher quantum of centres (56) as compared to non-CBD (26).

Cluster / Micro Market (Key Sub-Markets/Locations)	Flexible Workspaces Stock (million square feet)	Number of Unique Centre Locations (approx.)
CBD	1.2 million square feet	56
Non-CBD	0.4 million square feet	26

Note – CBRE classifies CBD as buildings that are located in the micro markets of Kuningan Persada, Senayan, MH Thamrin, Mega Kuningan, SCBD, Gatot Subroto, Rasuna Said and Jendral Sudirman with additional areas classified as others.

Source: Data as of Q1 2025, PT Leads Property Services Indonesia. All data is approximate.



Source: Data as of Q1 2025, PT Leads Property Services Indonesia. All data is approximate and numbers are rounded to the nearest one-digit decimal place.

## Manila, Philippines

Manila has traditionally been a back-office market favoured by global multinationals looking to set up their offshore operations spanning customer experience services, IT & Digital Services, Healthcare Information Management, among others.<sup>84</sup> More

<sup>83</sup> Total office stock refers to overall total supply of office space (all Grade types) in the market.

<sup>84</sup> Source: Why the Philippines retrieved on April 17th and accessible [here](#)



recently, the city is focusing on attracting shared services and global in-house centres of companies rather than typical third-party outsourcers.<sup>85</sup>

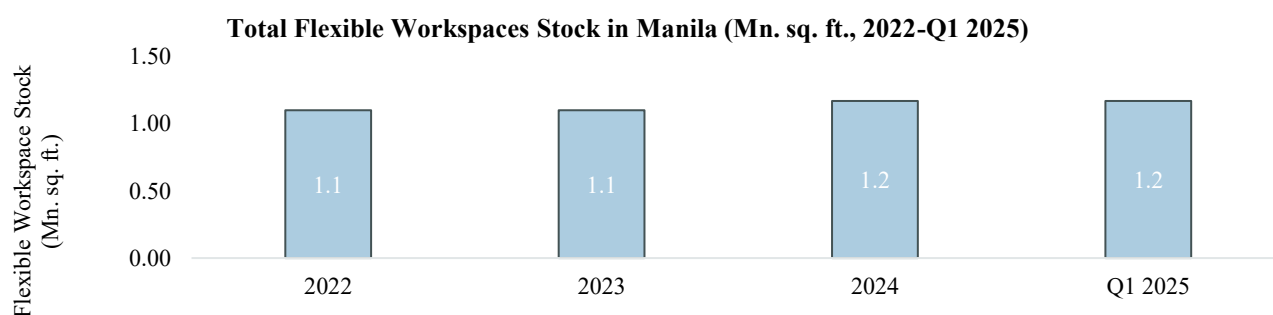
As of Q1 2025, the flexible workspace stock in Manila stood at 1.2 million square feet with presence of 15 operators operating across 56 unique centre locations.

Operators	Number of Unique Centre Locations	Flexible Workspace Stock
15	56	1.2 million square feet

Source: Data as of Q1 2025, CBRE Research. All data is approximate.

\*Note: CBRE includes data only for Makati and Bonifacio Global City. Note that Ortigas, Bay Area, and Alabang are emerging flexible workspace hubs.

The Flexible Workspace stock makes up approximately 1.2% of the total office stock<sup>86</sup> in the city. Growth remained flat in 2023 but saw an increase of circa 6.3% in 2024. Key demand driving sectors for the office market (of which flexible workspaces are a subsector) in Manila include healthcare, banking, financial services, and insurance as well as Professional Services and Knowledge Process Outsourcing (KPO). This trend in the Philippines has parallels to the massive demand from Global Capability Centres in India. Demand from the IT-BPM sector and the Philippine Offshore Gaming Operators (POGOs) has declined in recent quarters but historically these sectors have been key drivers of demand in the city.



Source: Data as of Q1 2025, CBRE Research. All data is approximate.

Flexible Workspaces Stock (million square feet)	Flexible Workspace Stock as a % share of Total Office Stock (approx.)	Number of Unique Centre Locations (approx.)	Office Demand Driving Sectors
1.2 million square feet	2.5%	56	<ul style="list-style-type: none"> <li>Healthcare</li> <li>Banking, Finance &amp; Insurance</li> <li>IT-BPM</li> <li>Outsourcing</li> </ul>

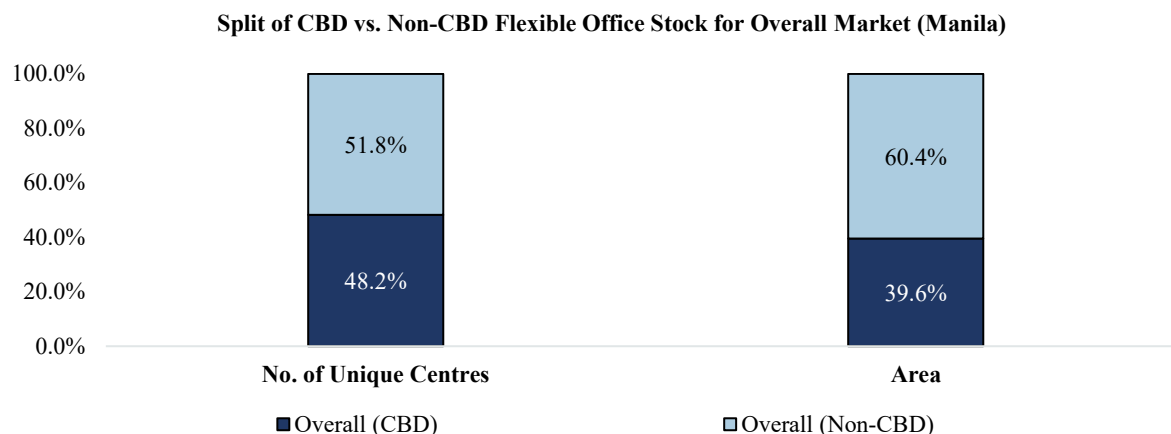
Source: Data as of Q1 2025, CBRE Research. All data is approximate.

Cluster / Micro Market (Key Sub-Markets/Locations)	Flexible Workspaces Stock (million square feet)	Number of Unique Centre Locations (approx.)
CBD	0.5 million square feet.	27
Non-CBD	0.7 million square feet	29

Note – CBRE classifies CBD as buildings that are located in Makati while non-CBD refers to buildings that are located in Fort Bonifacio. Source: Data as of Q1 2025, CBRE Research. All data is approximate.

<sup>85</sup> Source: Metro Manila office vacancy to hit 5.7% by 2027 — CBRE. Retrieved on April 17<sup>th</sup> and accessible [here](#).

<sup>86</sup> Total office stock refers to overall total supply of office space (all Grade types) in the market.



Source: Data as of Q1 2025, CBRE Research. All data is approximate and numbers are rounded to the nearest one-digit decimal place.

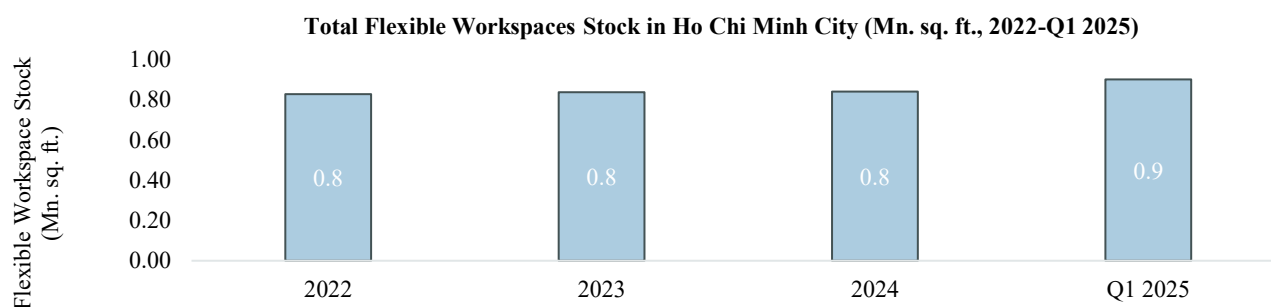
### Ho Chi Minh City, Vietnam

As the most populous city in Vietnam, Ho Chi Minh City is the core office centre in the Southern part of the country and home to both domestic and international companies operating in the country. As of Q1 2025, the flexible workspace stock in Ho Chi Minh City stood at 0.9 million square feet with presence of 17 operators operating across 53 unique centre locations. Growth was relatively flat in 2024 at 0.43% y-o-y as compared to 1.13% in the previous year. However, a higher growth of 7.18% was observed in Q1 2025 as compared to 2024.

Operators	Number of Unique Centre Locations	Flexible Workspace Stock
17	53	0.9 million square feet

Source: Data as of Q1 2025, CBRE Research. All data is approximate.

The Flexible Workspace stock makes up approximately 4.85% of the total office stock<sup>87</sup>. Ho Chi Minh City's flexible workspace stock showed little variation between 2022-2024 but saw a 7.2% growth in Q1 2025 as compared to Q4 2024. Key demand driving sectors for the office market (of which flexible workspaces are a subsector) in Ho Chi Minh City include Information Technology, Banking, Finance & Insurance, Manufacturing Life Sciences and Professional Services.<sup>88</sup>



Source: Data as of Q1 2025, CBRE Research. All data is approximate.

Flexible Workspaces Stock (million square feet)	Flexible Workspace Stock as a % share of Total Office Stock (approx.)	Number of Unique Centre Locations (approx.)	Office Demand Driving Sectors
0.9 million square feet	4.9%	53	<ul style="list-style-type: none"> <li>Information Technology</li> <li>Banking, Finance &amp; Insurance</li> <li>Manufacturing</li> <li>Life Sciences</li> <li>Professional Services</li> </ul>

<sup>87</sup> Total office stock refers to overall total supply of office space (all Grade types) in the market.

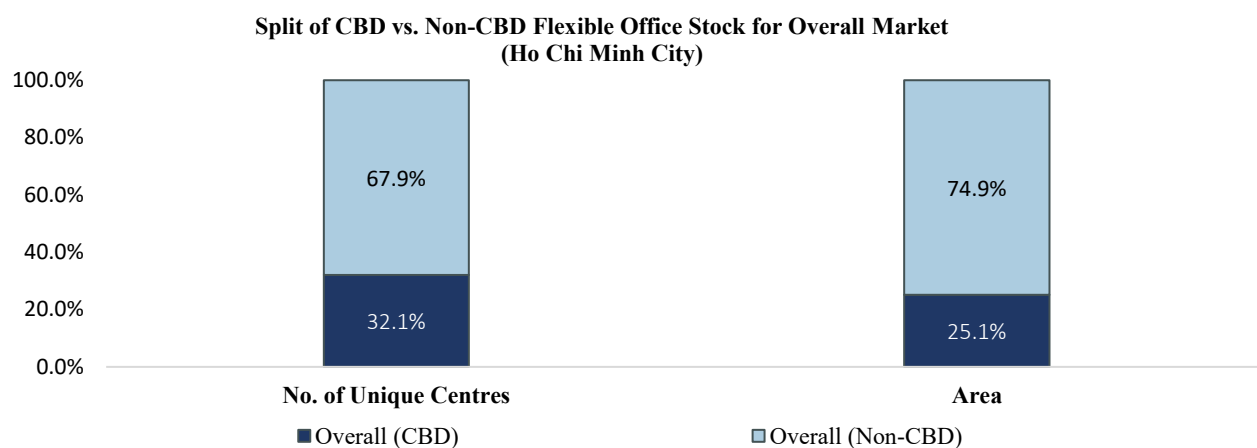
<sup>88</sup> Source: Vietnam Real Estate Market Outlook retrieved on April 17th and accessible [here](#)

Source: Data as of Q1 2025, CBRE Research. All data is approximate.

Cluster / Micro Market (Key Sub-Markets/Locations)	Flexible Workspaces Stock (million square feet)	Number of Unique Centre Locations (approx.)
CBD	0.2 million square feet	17
Non-CBD	0.7 million square feet	36

Note – CBRE classifies CBD as buildings that are located in District 1.

Source: Data as of Q1 2025, CBRE Research. All data is approximate.



Source: Data as of Q1 2025, CBRE Research. All data is approximate and numbers are rounded to the nearest one-digit decimal place.

## Forecast For Flexible Workspaces

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

The demand for flexible workspaces in a given city is measured by the space take-up by flexible workspace operators from the overall commercial office stock. Our analysis considers both historical space take-up trends, as well as forecast demand from flexible workspace operators through 2027.

Our forecasts are based on a thorough examination of market trends and are intended to provide a forward-looking view of the flexible workspace market. However, please note that these forecasts are estimates and not guarantees and should not be relied upon as a definitive forecast. A range of factors, including workforce and occupier trends, supply and rental market dynamics, government policies, and macroeconomic conditions, can influence future demand and may impact the accuracy of these forecasts. Forecasts from 2025-27 are estimated based on announced and developing projects in the market. The forecasts assume that there will be no delays to the forecasted supply due to potential global macro-economic uncertainty, supply chain risks or any forced majeure.

### Forecast for Office Supply in Singapore

The total office stock of 64 million square feet (2024) has been considered as a part of this evaluation. The table below provides the overall office stock and growth in Singapore from 2022-2027.

City	2022	2023	2024	2025F	2026F	2027F
Singapore	63	62	64	65	65	66

Source: Data as of Q4 2024, CBRE Research, all figures are approximate only

### Forecast for Flexible Workspace Segment in Singapore

Singapore's flexible workspace stock similar to the broader office stock has remained fairly constant between 2022 and 2024, increasing moderately by 150,000 square feet Compounded annual growth over a three-year period, is approximately 1.70%.

For the purpose of forecasting the growth over the time period under evaluation, it is essential to consider the penetration rate of flexible workspaces. This is the total flexible workspace stock relative to the total office stock in the city.

The forecasts for the years 2025 – 2027 were estimated considering the historical growth rate of flexible workspace, upcoming supply pipeline and penetration rate ranges based on historical levels. This assumes that similar growth is experienced over the forecast period, and market conditions remain stable.

A summary of the penetration levels and the flexible stock is captured in the table below:

City	2022	2023	2024	2025F	2026F	2027F
Total Office Stock (A) – million square feet	63	62	64	65	66	66
Total Flexible Workspace Stock (B) – million square feet	3.9	4.0	4.0	4.0 - 4.1	4.0 - 4.2	4.1 - 4.3
Penetration Rate = (B) / (A)	6.2%	6.4%	6.2%	6.2% - 6.3%	6.1% - 6.4%	6.2% - 6.5%

Source: Data as of Q4 2024, CBRE Research, all figures are approximate only

Note: The above estimates are based on the current and historic supply and demand trends for the office and flexible workspace markets. It assumes that the market continues to display similar characteristics over the forecast period. Forecasts are inherently uncertain, and not a guarantee. Q1 2025 rates are provided as actuals. For penetration rates, historical levels are used to calculate ranges for 2025-27.

At the lower end, the flexible office market is expected to grow to 4.1 million square feet while at the higher end, it is expected to grow to 4.3 million square feet in 2027. Similarly, penetration levels are expected to range between 6.1% and 6.5%.

### Total Addressable Market (TAM) for Flexible Workspace Segment in Singapore

TAM for flexible workspaces is defined as the existing/estimated area taken up by flexible workspace operators within the overall office inventory. As illustrated above, the total office stock<sup>89</sup> is forecast to be approximately 66 million square feet in 2027. The

<sup>89</sup> Total office stock refers to overall total supply of office space (all Grade types) in the market.

current stock of flexible workspaces within the office stock is over 4.0 million square feet (2024) in Singapore which is estimated to be approximately 4.1 – 4.3 million square feet by 2027.

Parameters	2027 (F)
Total Office Stock by 2027F – million square feet	66
Flexible Workspaces Stock Penetration Rate by 2027F - %	6.2 – 6.5%
Forecast Stock of Flexible Workspaces by 2027F – million square feet	4.1 - 4.3
TAM Calculation	
Average Rent – SGD /square foot/month	\$12.5
Revenue to Rent Multiple (Lower & Upper End)	1.2 – 1.8
Total Addressable Market Potential Rental Revenue* (Lower & Upper End) – SGD million	732 – 1,157
Total Addressable Market Potential Rental Revenue* (Lower & Upper End) – ₹ billion	48 - 75

Exchange Rate as of 10 April 2025: 1 SGD = ₹ 64.91(based on exchange rate from Google Finance)

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

\*Calculated based on the assumed revenue to rent multiple range that a typical facility managed by a flexible workspace operator may have the prospect of realizing in Singapore in an asset priced around the weighted average rent, times the TAM (in square feet). SGD Mn & ₹ billion is representative of the rental revenue potential and not the real estate value.

#### Forecast for Office Stock in Vietnam, Philippines & Indonesia

City	2022	2023	2024	2025F	2026F	2027F
Ho Chi Minh City	16	18	19	19	20	20
Manila (Makati & Fort Bonifacio)	44	46	47	49	51	54
Jakarta	124	125	125	126	127	127

Source: Data as of Q4 2024, CBRE Research for Manila and Ho Chi Minh City and PT Leads Property Services Indonesia for Jakarta

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

#### Forecast for Flexible Workspace Segment in Vietnam, Philippines & Indonesia

The flexible workspace stock has increased in line with the broader markets between 2022 and 2024, increasing by 1,32,000 square feet Compounded annual growth over a three-year period, is approximately 2.83%.

A summary of the penetration levels and the flexible stock is captured in the table below:

Ho Chi Minh City	2022	2023	2024	2025F	2026F	2027F
Total Office Stock (A) – million square feet	16	18	19	19	20	20
Total Flexible Office Stock (B) – million square feet	0.8	0.8	0.8	0.9	0.9	1.0
Penetration Rate = (B) / (A)	5.2%	4.7%	4.5%	4.4%-4.6%	4.3%-4.7%	4.4%-4.9%
Manila (Makati & Fort Bonifacio)						
Total Office Stock (A) – million square feet	44	46	47	49	51	54
Total Flexible Office Stock (B) – million square feet	1.1	1.1	1.2	1.2	1.3	1.4
Penetration Rate = (B) / (A)	2.5%	2.4%	2.5%	2.4%-2.5%	2.3%-2.5%	2.2%-2.5%
Jakarta	2022	2023	2024	2025F	2026F	2027F
Total Office Stock (A) – million square feet	124	125	125	126	127	127
Total Flexible Office Stock (B) – million square feet	1.4	1.5	1.5	1.5-1.6	1.5-1.6	1.5-1.7
Penetration Rate = (B) / (A)	1.2%	1.2%	1.2%	1.2%-1.3%	1.2%-1.3%	1.2%-1.4%

Source: Data as of Q4 2024, CBRE Research for Manila and Ho Chi Minh City and PT Leads Property Services Indonesia for Jakarta

*Note: The above estimates are based on the current and historic supply and demand trends for the office and flexible workspace markets. It assumes that the market continues to display similar characteristics over the forecast period. Forecasts are inherently uncertain, and not a guarantee. Penetration levels across the region fall below historical rates as CBRE has capped the growth for Manila and Ho Chi Minh as outlined above. Q1 2025 rates are provided as actuals. For penetration rates, historical levels are used to calculate ranges for 2025-27 and factors potential consolidation, downsizing or closure of centres.*

### **Total Addressable Market (TAM) for Flexible Workspace Segment in Vietnam, Philippines & Indonesia**

Parameters	2027 (F)		
	Ho Chi Minh City	Manila (Makati & Fort Bonifacio)	Jakarta
Total Office Stock by 2027F – million square feet	20	54	127
Flexible Workspaces Stock Penetration Rate by 2027F - %	4.4%-4.9%	2.2%-2.5%	1.2%-1.4%
Forecast Stock of Flexible Workspaces by 2027F – million square feet	0.9-1.0	1.2-1.4	1.5-1.7
TAM Calculation			
Average Rent – USD /square foot/month	\$2.7		
Revenue to Rent Multiple (Lower & Upper End)	1.2 – 1.9		
Total Addressable Market Potential Rental Revenue* (Lower & Upper End) – USD million	136 – 244		
Total Addressable Market Potential Rental Revenue* (Lower & Upper End) – ₹ billion	12 - 21		

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

*\*Calculated based on the assumed revenue to rent multiple range that a typical facility managed by a flexible workspace operator may have the prospect of realizing in the underlying city in an asset priced around the weighted average rent, times the TAM (in square feet). USD million & ₹ billion is representative of the rental revenue potential and not the real estate value.*

## Operator Overview – Executive Centre India Limited

Amongst the flexible workspace operators currently operating in India, Executive Centre India Limited (India Operations)<sup>90</sup> incorporated in 2008, was one of the early international brands to lead the offering of premium flexible workspace solutions in the country. Their core offerings include:

- Pre-built, Shared & Serviced Offices /Business Centres and Custom-Built Managed Office (Private office and managed solutions) and
- Management centres and value-added services, such as, meeting rooms, event spaces, virtual offices, coworking spaces, IT support, business services, barista bars, reinstatement services, secretarial support services, and parking (“**Service Management Solutions**”)

They currently have a presence across many key markets of Asia, operating in seven Tier I cities in India, prominent cities in the Middle East, i.e. Dubai and Abu Dhabi, several markets in South East Asia, including Singapore, Jakarta (Indonesia), Manila (Philippines) and Ho Chi Minh City (Vietnam), and Colombo (Sri Lanka).

Executive Centre India Limited has established multi-asset relationships with various leading developers and landlords across India, Middle East and South East Asia. As of March 31, 2025, 100.00% of its total leasable area<sup>91</sup> for operational centres<sup>92\*</sup> was in Grade A developments in India and Middle East and 97.00% of its total leasable area<sup>91</sup> for operational centres<sup>92\*</sup> was in Grade A developments in South East Asia.

Further, as of March 31, 2025, 95.02%, 100.00%, and 91.59% of its total leasable area<sup>91</sup> for operational centres<sup>92\*</sup> was located in Key Clusters/CBD in India, Middle East and South East Asia, respectively.

Executive Centre India Limited operates in the premium flexible workspace category, where competition is deemed to be relatively limited in relation to the overall flexible workspace market.

The table below highlights the number of operational centres<sup>92\*</sup> and the total leasable area<sup>91</sup> of Executive Centre India Limited and its subsidiaries as of March 31, 2025:

Region	As of March 31, 2025		Markets
	Number of operational centres <sup>92*</sup>	Total leasable area <sup>91</sup> for operational centres <sup>92*</sup> (million square feet)	
India	36   49	1.21	Bengaluru, Mumbai, Gurugram, Chennai, Hyderabad, Pune, and Delhi
Middle East	3   12	0.15	Dubai and Abu Dhabi
South East Asia	14   21	0.40	Singapore, Jakarta, Ho Chi Minh City, and Manila
Others	3   4	0.03	Colombo
<b>Total</b>	<b>56<sup>#</sup>   86<sup>##</sup></b>	<b>1.80</b>	

<sup>\*</sup>Excludes Management Centres. <sup>#</sup>Representative of centres basis number of individual building /tower; <sup>##</sup>Representative of centres basis number of individual floors /units in a building /tower for Executive Centre India Limited. Note - Leasable area figures may vary due to number rounding.

For FY2025, Executive Centre India Limited achieved a revenue to rent multiple of 2.93, 3.52, and 2.11 across India, Middle East and Singapore, respectively, which was higher than the typical industry average ranges for the said parameter assumed for the aforementioned markets for the said period.

As of March 31, 2025, Executive Centre India Limited recorded an occupancy rate for mature centres of 92.85%. Also, as of March 31, 2024, Executive Centre India Limited (India Operations)<sup>90</sup> recorded an occupancy rate for mature centres of 94.02%, which was higher than that of the benchmarked operators in India (outlined below) as of the same date.

<sup>90</sup> Executive Centre India Limited (India) refers to Executive Centre India Limited operations in India

<sup>91</sup> **Total Leasable Area** is defined as the chargeable area /rented area /super built up area /built up area /gross area of the Centres as captured in the lease agreement / lease deed/ leave and license agreement /sublease executed between the landlords and the operators. This includes Operational centres and Committed centres.

<sup>92</sup> **Total Leasable Area for Operational Centres** is defined as the chargeable area /rented area /super built up area /built up area /gross area of the Operational Centres as captured in the lease agreement / lease deed/ leave and license agreement /sublease executed between the landlords and the operators. It does not include centres for which the operator is yet to receive handover from the landlord or centres under fit-out.

All information/data related to Executive Centre India Limited and its subsidiaries covered in the industry report have been provided by the Company



## COMPETITION AND BENCHMARKING (Selected Operators for India, Middle East & South East Asia)

The flexible workspace industry is characterized by a diverse range of operators, including international, national and regional /local operators having varying portfolio sizes across India, the Middle East and Southeast Asia.

### India

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

### Qualitative Parameters

Parameter	Executive Centre India Limited (India Operations) <sup>93</sup>	Smartworks	WeWork India	Awfis	IndiQube
Products/ Solutions	<ul style="list-style-type: none"> <li>Premium Serviced Offices</li> <li>Managed Enterprise Solutions</li> <li>Virtual Offices</li> <li>Coworking</li> <li>Meetings &amp; Events</li> <li>IT Services (incl. Mini Data Centres)</li> <li>Community</li> <li>Secretarial Services</li> </ul>	<ul style="list-style-type: none"> <li>Managed Office Solutions</li> <li>Value added Services (VAS) such as cafeterias, sport zones, Smart Convenience Stores, gymnasiums, crèches)</li> <li>Fitout as a service (FaaS)</li> </ul>	<ul style="list-style-type: none"> <li>Core Services <ul style="list-style-type: none"> <li>Private Office</li> <li>Office Suites</li> <li>Serviced Floors</li> <li>Managed Office</li> </ul> </li> <li>Ancillary/Additional Services <ul style="list-style-type: none"> <li>Pay per use-On Demand Office</li> <li>All Access Subscription</li> <li>Virtual Office-Business Address</li> <li>WeWork Workplace-Office SAAS</li> <li>WeWork Marketplace</li> <li>WeWork Business Solutions</li> <li>WeWork Events &amp; Hospitality</li> <li>WeWork Labs-Accelerator Program for Startups</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Plug &amp; Play Offering <ul style="list-style-type: none"> <li>Awfis Co-Working</li> <li>Awfis Managed Office</li> <li>Mobility solutions - Meeting room, day passes, virtual office</li> </ul> </li> <li>Allied Service - F&amp;B, Concierge, event management, IT support</li> <li>Powered by Awfis</li> <li>Awfis Transform - Corporate Design and Build Solution</li> </ul>	<ul style="list-style-type: none"> <li>Managed Office Solutions</li> <li>Virtual Office</li> <li>Customizable design and build solutions</li> <li>Facility Management</li> <li>Asset maintenance and plantation</li> <li>Catering, and transportation services</li> </ul>
Ancillary revenue categories	<ul style="list-style-type: none"> <li>Meetings &amp; conference</li> <li>Event spaces</li> <li>Event planning services</li> <li>Origo Barista Bars (F&amp;B)</li> <li>IT Support</li> <li>Parking</li> <li>Office Reinstatement</li> <li>Secretarial Services</li> <li>Partnerships &amp; promotions</li> </ul>	<ul style="list-style-type: none"> <li>Tech-enabled smart store</li> <li>Additional parking space</li> <li>Event spaces</li> <li>Smart café</li> <li>IT services</li> <li>Gym pass, Offers and Partnerships within the app, etc</li> </ul>	<ul style="list-style-type: none"> <li>Events</li> <li>Pay-per-use</li> <li>Day Pass</li> <li>Virtual office</li> <li>Conference rooms</li> <li>Parking facilities</li> <li>Dedicated IT services</li> <li>F&amp;B services, White Glove services</li> <li>Design &amp; Build Services</li> <li>WeWork Workplace Software</li> <li>WeWork Business Solutions,</li> <li>WeWork Member App, etc.</li> </ul>	<ul style="list-style-type: none"> <li>F&amp;B</li> <li>IT services</li> <li>Mobility services</li> <li>Parking, and valet</li> <li>Infra and allied services</li> <li>Events and engagement</li> <li>Alliance and in-centre</li> <li>Promotions, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Interior design and build</li> <li>Facility management</li> <li>F&amp;B</li> <li>Transport, and technology solutions</li> </ul>

Note: The data is provided as of March 31, 2024, based on information available in public domain, DRHP/RHP Documents, Annual Reports and across company websites including the value added services and ancillary/additional services.

All information/data related to Executive Centre India Limited and its subsidiaries covered in the industry report have been provided by the Company.

All information/data related to Executive Centre India Limited and its subsidiaries covered in the industry report have been provided by the Company.

<sup>93</sup> Executive Centre India Limited (India) refers to Executive Centre India Limited operations in India.

## Key Operational & Financial Parameters

FY 2024							
Parameters	Units	Executive Centre India Limited	Executive Centre India Limited (India Operations) <sup>94</sup>	Smartworks	WeWork India	Awfis	IndiQube
Year of Incorporation	Year	The Executive Centre Group <sup>95</sup> – 1994 Executive Centre India Limited (India Operations) <sup>94</sup> – 2008	2008	2015	WeWork Global – 2010 WeWork India – 2017	2014	2015
Total Stock (Total Leasable Area) <sup>96</sup>	million square feet	1.65	1.10	8.00	6.56	5.60	5.52*
Number of Centres <sup>96</sup>	Number	54 <sup>#</sup>   80 <sup>##</sup>	34 <sup>#</sup>   45 <sup>##</sup>	41	53	181	85
Number of Cities <sup>96</sup>	Number	14	7	13	8	17	12
Operational Stock (Total Leasable Area for Operational Centres) (A)	million square feet	1.59	1.10	7.21	6.18	4.8	5.33**
Operational Occupancy <sup>97</sup>	%	92.50%	93.42%	79.77%	82.04%	71%***	80.21%
Occupancy in mature centres <sup>98</sup>	%	93.85%	94.02%	86.77%	85.55%	84%	90.06%
Annual Revenue (Total Income) <sup>99</sup>	₹ million	10,553.19	5,236.46	11,131.10	17,371.64	8,748.0	8,676.60
Operational Revenue (Revenue from Operations) <sup>100</sup> (B)	₹ million	10,366.20	5,095.24	10,393.64	16,651.36	8,488.2	8,305.73

All information/data related to Executive Centre India Limited and its subsidiaries covered in the industry report have been provided by the Company.

<sup>94</sup> Executive Centre India Limited (India) refers to Executive Centre India Limited operations in India.

<sup>95</sup> TEC Group refers to Willow Holdco Pte. Ltd., one of Executive Centre India Limited's Corporate Promoters, and its direct and indirect Subsidiaries, which includes Executive Centre India Limited and its Subsidiaries.

<sup>96</sup> Total Stock is inclusive of operational centres, centres under fit-outs and centres yet to be handed over by the landlord. EOIs, LOIs, ROFR, ATL, and hard options are excluded. Total Leasable Area is defined as the chargeable area /rented area /super built up area /built up area /gross area of the Centres as captured in the lease agreement /lease deed/ leave and license agreement /sublease executed between the landlords and the operators. This includes Operational centres and Committed centres.

<sup>97</sup> Centres refer to any facility (floor, building) with or without shared amenities or services for which lease agreement has been executed with the Landlords /space owners. It includes the total number of operational centres, centres under fit outs and centres yet to be handed over by the landlord /space owner (Smartworks & WeWork); Number of Centres is reflected basis number of individual buildings/ towers in their leased portfolio (IndiQube); Number of Centres is not clearly defined in the public documents (Awfis).

<sup>98</sup> Operational Occupancy refers to the percentage of the occupied seats divided by the total seat capacity in operational centres.

<sup>99</sup> Occupancy for mature centres refers to the percentage of the occupied seats divided by the total seat capacity in mature centres (>12 months)

<sup>99</sup> Annual Revenue (Total Income) refers to the revenue from operations as per the Restated Consolidated Financial Information (Executive Centre India Limited), sum of revenue from operations and other income (Smartworks & IndiQube); revenue from operations, other income and finance income (WeWork India); revenue from flexible workspaces, construction & fit-out projects, design and build solutions and other income (Awfis).

<sup>100</sup> Operational Revenue (Revenue from Operations) refers to the revenue from operations as per the Restated Consolidated Financial Information (Executive Centre India Limited & Smartworks); revenue from rental income, margin revenue on finance lease, electricity charges, maintenance charges, sale of goods and other ancillary services for the period (IndiQube); Leases represents revenue from operating leases with respect to specified workspaces, Revenue from Contract with Customers represents revenue from workspaces subscribed under our digital products, value-added services, revenue generated under our operator model and revenue generated from our Facility Management and/or Fit-out rentals Operations, and subscription revenue from our video conferencing product (WeWork India).

FY 2024							
Parameters	Units	Executive Centre India Limited	Executive Centre India Limited (India Operations) <sup>94</sup>	Smartworks	WeWork India	Awfis	IndiQube
Rental Revenue (License Fees Income) <sup>101</sup>	₹ Mn	8,740.71	4,316.61	9,970.62	14,025.41	5,507.00	6,803.95
Revenue per square foot (B/A) <sup>102</sup>	₹ per square foot. p.a.	6,519.62	4,632.04	1,441.56	2,694.39	1,768.38	1,558.30
Revenue to Rent Multiple		2.71	2.97	Data not available in public domain	2.63 <sup>^</sup>	Data not available in public domain	2.33
Annual EBITDA <sup>103</sup>	₹ Mn	5,648.49	2,779.14	6,596.70	10,437.91	2,714.0 <sup>^^</sup>	2,263.36
Cash EBIT /Adjusted EBITDA	₹ Cr	182.77	106.63	106.03	339.75	97	113.32
EBITDA Margin <sup>104</sup>	%	54.49%	54.54%	63.47%	62.69%	31.0%	27.25%
ROCE <sup>105</sup>	%	FY2024: 43.68% FY2023: 57.63%	Only Entity level ROCE available	FY2024: 28.12% FY2023: 11.90%	FY2024: 54.05% FY2023: 30.32%	FY2024: 42.8% FY2023: 25.26%	FY2024: 38.52% FY2023: 15.66%

All information/data related to Executive Centre India Limited and its subsidiaries covered in the industry report have been provided by the Company.

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

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

\*\*Refers to IndiQube centres where the operator is (i) receiving rent from clients or (ii) could potentially receive rent from clients.

\*\*\*Blended occupancy for Awfis

<sup>#</sup>Representative of centres basis number of individual building /tower; <sup>###</sup>Representative of centres basis number of individual floors /units in a building /tower for Executive Centre India Limited. Excludes Management Centres.

<sup>^</sup>Revenue to Rent multiple is calculated as Net ARPM divided by Rent Cost per Desks Capacity in Operational Centres plus Warm shell Desks less Desks in our Facility Management and / or Fit-out rentals Operations. Net ARPM is defined as Net Membership Fees divided by Billed Desks for Core Operations for the period/ year. It is an average realization per Member per month (WeWork India).

<sup>^^</sup>EBITDA for Awfis is inclusive of other income i.e. ₹ 259.8 Mn reported as part of the annual report (2024). For other operators, EBITDA excludes other income.

This section has been based on the most updated information available in the public domain across a common period for benchmarked operators i.e., 31 March 2024. It may be noted that updated information for Awfis, IndiQube and WeWork India is available as of March 2025, June 2024 and September 2024 respectively in the public domain which can be reviewed within DRHP /RHP documents or annual reports.

## Middle East

Parameter	Executive Centre India Limited (Middle East Operations) <sup>106</sup>	Cloud Space	Regus - IWG	Servcorp
Entity Year of Incorporation	• 1994	• 2020	• 1989	• 1978
Products/ Solutions	• Serviced Offices • Managed Enterprise Solutions	• Co Working memberships and day passes • Dedicated desks and	• Serviced private offices • Day offices • Custom offices	• Serviced offices • Virtual offices • Co-working spaces

<sup>101</sup> Rental Revenue refers to the rental revenue which is exclusive of any provisions /reserves (Smartworks); Leases represents revenue from operating leases with respect to specified workspaces (WeWork India); Revenue from leased out premises /space under an operating lease (IndiQube & Awfis); License Fee Income refers to revenue generated from private office and managed solutions (Executive Centre India Limited).

<sup>102</sup> Revenue per square foot is calculated by dividing the Revenue from Operations /Operational Revenue by the Operational Stock (B/A).

<sup>103</sup> EBITDA means earnings before interest, tax, depreciation and amortisation, calculated as restated profit / (loss) before tax plus finance costs, depreciation and amortisation expenses less other income.

<sup>104</sup> EBITDA Margin is calculated as EBITDA for the period/ year divided by Revenue from Operations for the period/ year

<sup>105</sup> Return on Adjusted Capital Employed is calculated as Adjusted EBITDA for the period/ year divided by Adjusted Capital Employed for the period/ year

<sup>106</sup> Executive Centre India Limited (Middle East) refers to Executive Centre India Limited operations in Middle East

Parameter	Executive Centre India Limited (Middle East Operations) <sup>106</sup>	Cloud Space	Regus - IWG	Servcorp
	<ul style="list-style-type: none"> <li>Virtual Offices</li> <li>Dedicated Desks and Hot Desks</li> <li>Day Offices</li> <li>Meetings &amp; Events and Event Planning Services</li> <li>IT Services (incl. Mini Data Centres)</li> <li>Business Registration and Lease Registration Support</li> <li>Other Services: Community Memberships, Secretarial Services</li> </ul>	<ul style="list-style-type: none"> <li>cubicles</li> <li>Serviced private offices</li> <li>Meeting rooms</li> <li>Event spaces and creative studios</li> <li>Ether – retail incubator</li> <li>Other services: Admin support, IT help desk, member portal, lease registry services</li> </ul>	<ul style="list-style-type: none"> <li>Co-working dedicated desk spaces/hot desks</li> <li>Day Coworking</li> <li>Coworking membership</li> <li>Virtual offices</li> <li>Business lounge membership across multiple Regus locations</li> <li>Meeting &amp; conference rooms</li> <li>Event space and training rooms</li> </ul>	<ul style="list-style-type: none"> <li>Meeting rooms and conferencing facilities</li> <li>IT and telecom services</li> <li>Remote work package</li> <li>Community packages</li> <li>Business registration and lease registry support</li> <li>Secretarial services</li> </ul>
<b>Ancillary Revenue Categories</b>	<ul style="list-style-type: none"> <li>Reinstatement Revenue</li> <li>Parking</li> <li>Mail handling</li> <li>Courier</li> <li>Café space</li> </ul>	<ul style="list-style-type: none"> <li>Daily/monthly pass memberships</li> <li>Meeting rooms</li> <li>Cafes and event spaces</li> </ul>	<ul style="list-style-type: none"> <li>On demand services</li> <li>Technology</li> <li>Parking</li> <li>Storage</li> </ul>	<ul style="list-style-type: none"> <li>Technology</li> <li>Meeting rooms</li> <li>Mail handling and courier</li> </ul>
<b>Cites of Operations ME</b>	<ul style="list-style-type: none"> <li>Abu Dhabi, Dubai and Riyadh</li> </ul>	<ul style="list-style-type: none"> <li>Abu Dhabi, Dubai and Riyadh</li> </ul>	<ul style="list-style-type: none"> <li>Abu Dhabi, Dubai and Riyadh.</li> </ul>	<ul style="list-style-type: none"> <li>Abu Dhabi, Dubai and Riyadh.</li> </ul>

Note: Data is as of March 31, 2025, based on information available in public domain, Annual Reports and across company websites. All information/data related to Executive Centre India Limited and its subsidiaries covered in the industry report have been provided by the Company.

### South East Asia

Operator	Executive Centre India Limited (Singapore Operations) <sup>107</sup>	IWG	WeWork	Servcorp
Founded in	1994	1989	2010	1978
Country of Listing	-	United Kingdom	-	Australia
Products / Solutions	<ul style="list-style-type: none"> <li>Serviced Offices</li> <li>Managed Enterprise Solutions</li> <li>Virtual Offices</li> <li>Coworking Dedicated Desks and Hot Desks</li> <li>Day Offices</li> <li>Meetings &amp; Events and Event Planning Services</li> <li>IT Services (incl. Mini Data Centres)</li> <li>Other Services: Community Memberships, Secretarial Services</li> </ul>	<ul style="list-style-type: none"> <li>Office Space</li> <li>CoWorking</li> <li>Virtual Offices</li> <li>Meeting Rooms</li> <li>Membership</li> <li>Business Address</li> <li>Telephone Answering</li> <li>Event Space</li> <li>Private Offices</li> <li>Custom Offices</li> <li>Day Offices</li> <li>Hot Desks</li> <li>Dedicated Desks</li> <li>Workplace Recovery</li> </ul>	<ul style="list-style-type: none"> <li>Office Space</li> <li>Co-Working</li> <li>Membership</li> <li>Virtual office</li> <li>Meeting Rooms</li> <li>Workplace Recovery</li> </ul>	<ul style="list-style-type: none"> <li>Serviced Office</li> <li>Virtual Offices</li> <li>Coworking</li> <li>Meeting Rooms</li> </ul>
<b>Cities of Operation (SEA)</b>				
Singapore	Y	Y	Y	Y
Ho Chi Minh City	Y	Y	Y	N
Jakarta	Y	Y	Y	N
Manila	Y	Y	Y	Y

All information/data related to Executive Centre India Limited and its subsidiaries covered in the industry report have been provided by the Company.

<sup>107</sup> Executive Centre India Limited (Singapore) refers to Executive Centre India Limited operations in Singapore