

India Workplace - 2020



REPORT

Savills Research

# Fixed to Flexible: Mapping the Workplace & its Transformations





In this brief paper, we present a bird's eye view of how offices came to be what they are, and the transformation that they are undergoing. The important part in this mapping process is interpreting ecosystems that create workplaces, and then, alter its form in tune with the needs of time. With considerable focus on emergent trends like Co-working, it is evident that the journey of workplace remains a dynamic one.

The origin of offices, as we have come to understand the word, is arguably rooted in the Industrial Revolution. Machines brought together numerous people to work in a common premise. A pioneer was the Larkin Administration Building in Buffalo in 1906 designed by the celebrated architect Frank Lloyd Wright. It established new benchmarks in design such as spacious, undivided floors with rows of identical workstations and innovations like air conditioning, built-in furniture, hung-walls and ventilation innovations. The concept caught on rapidly and by the twenties it was the preferred design for corporates across the world.

The advent of sixties brought the next wave of change when offices across the world started looking beyond functionality. The office of this decade was a little less staid than those before it. Offices were reflective of the societal change of this time, increasingly becoming an extension of the brand.

The path in India was somewhat different though. The country was still finding its feet as a newly independent nation. The country's economy, steered by public sector, was focused on large infrastructure and basic industrial set-ups, and hence, the workplaces, though dense, were basic and pragmatic. Things began to change in the nineties when India opened the doors of its economy to the world.

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## Winds of Change

India witnessed two key changes in the last decade of the twentieth century, which were key to the evolution of work and workplace in India.

First, the nineties marked the beginning of global technological advancements which would go on to transform the work-environment worldwide. Technologies like mobile telephony, emails, virtual meetings and workplace set ups brought hitherto unknown concepts to work. These changes influenced Indian offices as well.

In parallel, the decade of nineties also heralded the economic metamorphosis of India, moving it from one end of the economic spectrum to another. Within a decade of transitioning from being a closed economy to a market-based one, the working environment changed radically.

These changes were both qualitative and quantitative.

First there was a significant increase in the demand for offices, which grew thanks to the unprecedented rise in the services sector. The share of services, which was approximately 44 % of GDP at the turn of the millennium, now stands at roughly 55%, with further growth anticipations. In fact, the unprecedented rise of services sector meant that most offices were compelled to plan not merely for the on-roll staff, but floating workforce as well.

Liberalization also led to an increase in FDI. Multinationals and other foreign investors became strong growth drivers for office space. The global players that landed on the Indian shores, brought with them a culture that equated productivity with employee motivation. Consequently, the offices they

built were designed to bring out the best in the employees. Indian companies followed suit in order to attract talent and remain competitive.

Technology, however, has remained the constant driver for change. Cloud technologies are making remote working and teleconferencing easier, leading to seamless collaboration and better productivity. This is helping create flexible, interconnected workplaces tied together by virtual conferencing, complete connection and portability.

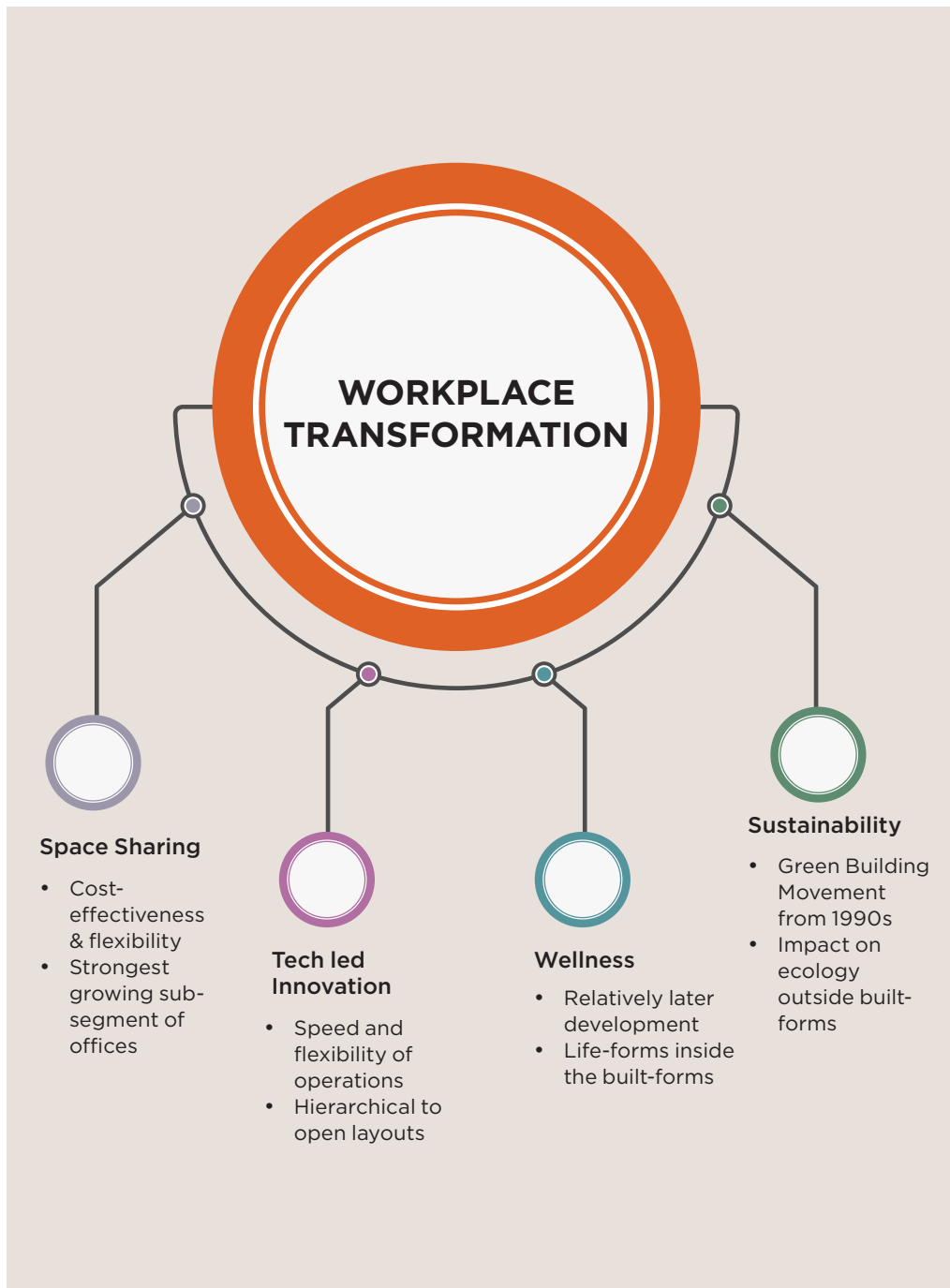
# The Drivers

The evolution of office space in India must be viewed in the context of the landscape of change.

Several factors continue to shape our offices. We now discuss, briefly, the four key features that we identify as drivers of today’s workplaces. These are likely to

power the transformation process and lead to the offices of future.

## Drivers of Transformation



## Sustainability

The sustainability conversation in India, which started in the mid-nineties, began gaining momentum towards the end of the first decade. India made three commitments at the Paris' Climate Agreement of 2010 : to reduce greenhouse gas emission intensity of its GDP by 33-35% below 2005 levels, by 2030; to base 40% of its power capacity on non-fossil fuel sources and create an additional 'carbon sink' of 2.5 to 3 billion tonnes of CO2 equivalent through additional forest and tree cover by 2030.

India's climate susceptibility, growing economy and shortage of fossil fuel to power its growth strengthened the energy efficiency conversation in India. The Green Building movement in the country started to mature in the early years of the second decade. Policy initiatives, better frameworks and guidelines, knowledge sharing, cheaper technologies and a mature market saw more builders choose energy efficient and environmentally friendly construction practices. It brought together an array of practices, techniques, and skills to minimise and ultimately eliminate the environmental impact of real estate properties.

In India, LEED (Leadership in Energy and Environmental Design) certification, granted by the US Green Building Council, became the sought-after global standard for real estate properties.

LEED is an internationally recognized green building certification system that uses third party verification to certify that a building was built using strategies that contributed to energy savings, water efficiency, CO2 emissions reduction, improved indoor environmental quality, and stewardship of resources and sensitivity to their impacts.

The certification process involves accredited evaluators using a point system to score the buildings on sustainable sites, water efficiency, energy and atmosphere, materials and resources and indoor environmental quality. The more points a building scores, the higher is its certification. Silver, Gold, and Platinum are awarded in the increasing order of points scored. LEED also provides builders with a concise framework for identifying and implementing practical and measurable green building design, construction, operations and maintenance solutions. It is flexible enough to accommodate all building types and is relevant throughout the building lifecycle.

Internationally, Fortune 500 companies occupy LEED-certified buildings for reasons ranging from branding to energy savings, reduced water consumption and improved staff productivity. The Indian chapters of these companies are following suit.

There is a growing acceptance and demand for green homes. Builders and buyers are keen to know about the green technology. Large companies such as Amazon, Google and others, demand green features before leasing out properties. The Indian Green Building Council (IGBC) pegs the market potential for green building products and technologies at about 300 billion by 2025<sup>2</sup>.

States like Bengal, Rajasthan, Punjab, Haryana, Uttar Pradesh, Himachal Pradesh, Jharkhand and Maharashtra (Pune) are incentivising green buildings by offering additional Floor Area Ratio (FAR) ranging from 5-15% for IGBC Silver, Gold and Platinum rated projects. There are some fine examples of LEED Platinum rated workplaces in India which are serving as torchbearers of the green building movement in India.

1. <https://climateactiontracker.org/countries/india/pledges-and-targets>

2. <https://www.worldgbc.org/news-media/growth-greener-india>



## Examples from Indian Operations of Companies

### Suzlon One Earth, Pune<sup>3</sup>

Suzlon One Earth is designed so that 90% of the structure receives natural daylight. Efficient ventilation ensures fresh air in the building and reduces energy consumption.

### CII- Sohrabji Godrej Green Business Centre, Hyderabad<sup>4</sup>

The roof of the building is covered with vegetation to regulate temperatures. The solar panels installed on the buildings generate around 100-120 units of electricity every day. These makes it one of the most energy-efficient buildings in India.

### ITC Maurya, New Delhi<sup>5</sup>

ITC Maurya is amongst the largest LEED Platinum rated hotels on the planet. It recycles over 90% of its waste.

### Jawaharlal Nehru Bhawan, New Delhi<sup>6</sup>

The Office of Ministry of External Affairs has installed reflecting panels that keep the building cool in summers and warm in winters. Insulated walls help regulate the temperature and reduce air conditioning requirements by 30%.

### ITC Green Centre, Gurgaon<sup>7</sup>

ITC Green Centre was built using green and sustainable building techniques. It has managed to reduce its energy consumption significantly. Double glazed windows do not allow heat to enter the building and there by regulate temperature within it.

### Infinity Benchmark, Kolkata<sup>8</sup>

Infinity Benchmark in Kolkata tackles pollution by using electric vehicles to commute within the complex. CO<sup>2</sup> monitoring sensors track rising levels and help timely action. Insulated walls regulate the temperatures in the building thus reducing the need for artificial cooling or heating.

3. <http://www.synefra.com/wp-content/uploads/2015/04/Suzlon-One-Earth-in-News.pdf>  
4. <https://www.greenroofs.com/projects/cii-sohrabji-godrej-green-business-centre-ciigbc/>  
5. <http://www.forbesindia.com/article/forbes-lives/how-green-is-your-building/55497/1>  
6. <http://www.chaitanyaproducts.com/blog/green-buildings-in-india-innovation-that-is-inspiring-the-world/>  
7. <http://www.chaitanyaproducts.com/blog/green-buildings-in-india-innovation-that-is-inspiring-the-world/>  
8. <http://www.chaitanyaproducts.com/blog/green-buildings-in-india-innovation-that-is-inspiring-the-world/>

“Businesses are becoming increasingly mindful of the fact that green buildings keep their employees healthier and more productive.”

**Wellness**

The World Health Organisation and the International Labour Organisation estimate that globally there are 2.3 million deaths each year that can be attributed to work. 2.0 million such deaths are due to occupational diseases. Cancer forms the largest category (32%), work-related circulatory diseases come next (23%), followed by communicable diseases (17%) and occupational accidents (18%). The last two are more prevalent in developing and rapidly industrialising countries.

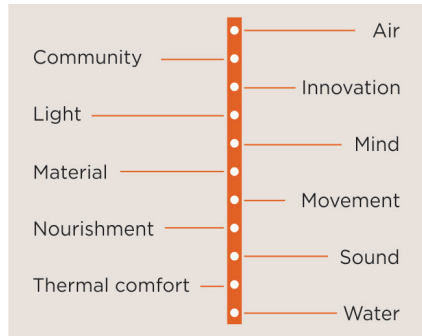
Businesses are becoming increasingly mindful of the fact that green buildings keep their employees healthier and more productive. While ensuring employee wellness and safety is a moral obligation of the employer, a healthy workforce also makes business sense. Which is why, businesses are looking to address factors that have a direct impact on the wellbeing of their employees; the workspace being one of them.

The U.S. Environmental Protection Agency has researched a phenomenon called the ‘Sick Building Syndrome (SBS)’ in which the occupants experience acute symptoms that seem to be linked directly to the time spent in the building. These symptoms include headache, dizziness, nausea, eye, nose or throat irritation, dry cough, dry or itching skin, difficulty in concentration, fatigue, sensitivity to odours, hoarseness of voice, allergies, cold, symptoms akin to flu, increase in asthma attacks and personality changes. Though the exact causes are not known, it is thought that

chemical and biological contaminants, poor ventilation, electromagnetic radiation and absence of sunlight can be the contributing factors.

Most of the people report relief soon after leaving the building, which is why SBS is now accepted as a cause of absenteeism and poor performance. Tackling specific parameters within the built environment can help prevent ill-health of the occupants and even enhance performance. While there are established norms to gauge a property’s impact on its environment, there are very few mechanisms to measure its impact on occupier wellness and health.

The WELL Building™ Standard, designed by the International WELL Building Institute (IWBI) is one such framework. It is a performance-based system that measures, certifies, and monitors the impact of built environment on health and wellbeing along the following parameters:



These parameters can be objectively measured and tracked to ascertain their impact on employee performance. World Green Building Council and Dodge Data and Analytics have conducted surveys of building owners and developers who have implemented the WELL™ Building Standard. The studies have found the following:

- 46% of building developers opined that healthy buildings resulted in greater marketability, faster leasing and sales velocity
- 79% of building owners reported an increase in tenant satisfaction
- 73% of building owners experienced a positive impact on the building leasing rate
- 62% of owners reported that incorporating these standards showed a positive impact of investments on overall building value

Johnson & Johnson’s<sup>9</sup> estimate that, wellness measures applied within their organisation have saved them \$250 million in healthcare costs over the past decade. From 2002 to 2008, they received a return of \$2.71 on every dollar they spent. A study by Towers Watson and the National Business Group on Health also builds the case for investing in employee wellness. It establishes that organizations with highly effective wellness programs have lower voluntary attrition rates (about 9%) than those with less effective programmes (15%).

Norms such as those prescribed by the IWBI represent a leap in the evolution of the built environment as a potent driver of employee well-being. These new standards work to ensure that the working environment is optimised to eliminate factors that could threaten the overall health and consequently the performance of the employee.

Location, rent and superficial aesthetics are no longer the sole drivers. The health of the tenants or occupier health, is now a key factor. Offices in India are seeking out the WELL™ Building Standard in the interest of both their business and employees.

The top six cities of India have approximately 580 mn. sq. ft of office space. These office buildings are estimated to house approximately 7 mn people, who spend a substantial part of their days in an office environment. Clearly the corporate world needs to make employee health its priority. By rough estimates, such a volume of office space directly influences the lives of 26-30 million people, including those who are a part of families for this workforce. About half of these would be children, whose future and well-being is linked to the health and quality of life of their working parents.

**Offices in India that follow the WELL™ Building Standard**

	Approx. Area in Sq. ft.	Building Name
Gujarat	4,000	Pinnacle Business Park
Haryana	60,000	DLF World Tech Park
Haryana	22,000	DLF Building No 5
Karnataka	13,000	Concorde Tower C, UB City
Karnataka	21,000	Prestige Khoday Tower
Karnataka	20,000	Prestige Trade Tower
Maharashtra	20,000	Citi Enclave Phase 6C
Tamil Nadu	10,000	TVH Beliciaa Towers
Tamil Nadu	17,000	MINT Towers

Source <https://account.wellcertified.com/directories/projects>

9. <https://hbr.org/2010/12/whats-the-hard-return-on-employee-wellness-programs>



### Technology led Innovation

The world is at the cusp of the fourth Industrial Revolution. Technology is advancing at an exponential pace delivering innovations to transform business as well as lives. Artificial Intelligence, the Internet of Things (IoT), neuromorphic computing and other technologies are set to enable companies reinvent their business models and unlock new sources of growth.

Converging industries and shortening product lifecycles are forcing organizations to innovate more aggressively and transform themselves. This is giving rise to a multi-generational workforce with distinct working styles which is creating the demand for new and more flexible work environments.

Organisations are increasingly swapping the hierarchical system for a more collaborative culture that encourages the flow of ideas in a seamless community environment. Office spaces are clearly reflecting this trend. Mixing life within and outside office is also a growing practice. Being able to connect informally with others in and around the building is seen as a useful office proposition.

### Growth of Space-Sharing

When it came to offices, till about a decade ago, businesses invested heavily in locations and uniqueness of office. There used to be a customary seclusion of spaces within offices, for attributes linked to privacy or organisational positions. There is now a paradigm shift in this behaviour thanks to the co-working spaces.

About 65% of India's population is under the age of 35 years. This group is making unconventional career choices such as freelancing, consultancy and entrepreneurship. The decade of 2010 saw the start-up boom in India thanks to the demography factor, policy initiatives as well as the rapid progress in technology. This created the need for work spaces that were flexible and allowed collaboration. Co-working spaces have served this need quite well. India is witnessing a significant increase in this category, with approximately 8 mn sq. ft. of leasing activity in 2019 alone. The growth rate of coworking can be pegged at over 50% annually, the highest for any category in office spaces in India.

Co-working<sup>10</sup> spaces are designed around agile working principles with radically different space-ratios. While traditional office spaces have historically considered

approximately 100 sq.ft. per person as desirable, the ratio is nearly halved for co-working, but with larger and more freely designed breakout areas. Amenities and value-added services as well as the IT infrastructure are designed according to highest specifications and provide greater flexibilities.

Technology is a key enabler for shared and co-working spaces. For instance, co-working spaces have tablets integrated with visitor management software replacing manual registers; IoT devices easing out manual operations; digital flipcharts replacing white boards; and app-based door locks replacing access cards.

Co-working spaces in fact, bank on seamless working and collaborative experience for those who operate on a budget. While classic co-working spaces initially catered to freelancers, entrepreneurs, remote workers and start-up companies, they are increasingly serving as space solutions to large enterprises. Larger companies today make up approximately 67% of the occupiers of coworking space.

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10. <https://economictimes.indiatimes.com/small-biz/startups/features/co-working-sector-is-hot-but-whats-fuelling-the-demand-for-cool-offices/articleshow/70186498.cms?from=mdr>





# The Road Ahead

It is evident that technology is playing a dominant role in transforming work and the workplace, more than any other time in the past.

The office, as we once knew, has changed completely over the last two decades and the sands are still shifting. Densely packed desks, reams of paper, strict work-shifts have given way to cubicles, and flexi-hours, which are now further transforming into open plan spaces and on-hire work-desks.

The Fourth Industrial Revolution (4IR) is upon us. Technologies are converging across the physical, digital, and biological worlds. The advent of Machine Learning and Artificial Intelligence, advanced robotics and autonomous transport, cloud computing and IoT is expected to reconfigure production processes, business models and service delivery. Emerging technologies are set to create new opportunities for entrepreneurs by providing access to suppliers and markets through platforms or creating opportunities

for dispersed manufacturing and remote working. This is likely to cause a shift from wage employment to self-employment and further fuel the start-up ecosystem.

Organizations are also focussing on deploying technology to allow employees in different geographies and time zones to work efficiently together. This means equipping them to work on the move. Office of the future will have a strong emphasis on bridging the gap between home and more traditional workplaces.

A growing number of companies are offering flexible working policies and increasingly opting to move into a co-working space that catalyses work-life balance and help retain talent. In fact, the coworking ecosystem has undergone transformative changes in the last couple of years.

These are tangible business benefits and hence likely to convert more corporates in the years to come. In fact, even relatively “conservative” sectors like banking, insurance and manufacturing are switching to co-working in order to be perceived as new age companies.

At present, Bengaluru, Delhi and Mumbai have the maximum number of co-working spaces in India. However, co-working is now making its way into Tier II cities like Chandigarh, Ahmedabad, Kochi, Indore, and Jaipur.



## In Conclusion

It is important to retain a sense of perspective in the moment of analysis. As we contemplate on what workplaces are today, and where they will be, it is prudent to map the current phase of time on a holistic scale.

As highlighted earlier, offices were organised on the patterns borrowed from industrial set-ups. They stayed that way for most of the twentieth century, leading to structuring of organisational finances and budgets around them. By various estimates, real estate made up 10-20% of corporate allocations. The arrival of technological revolution and new economic realities started altering the dynamics and led to the emergence of divergent models of workplace. The process is still on. The interesting part is that there is no way to ascertain if we have reached halfway, or are still on the early part of the curve.

The only certainty, as of now, is transformation. It is important to recognise that we are living in a period that delicately links two parts: the traditional office space of the past and the one that lies in the future. The future of working, whether

entirely office-free or a hybrid of flexi-orthodox-space, will remain shrouded in mystery for some more time.

However, it is well established that an office is not the staid and rigid place that it once was. In order to be happy and productive, people are blurring the line between work and play. This is giving rise to the concept of a technologically-enabled flexible work environment.

Workplaces in India have started to look more lively and inclusive. Occupiers are experimenting with layouts, incorporating unconventional spaces and building co-working areas. Co-working spaces are gradually beginning to co-exist with traditional offices in India. These spaces are enhancing the human experience by prioritizing the physical, social and psychological needs of the people.

We now see workplaces evolving into

communities; as also the melting-pots of varied work-cultures; a place where people from different organisations and sectors converge in the course of a day.

Offices of the future will most likely be productivity ecosystems comprising gyms, cafeterias, and pools, alongside work areas. It will also be possible for the families to have greater quality time with their working members, while the latter engage in their economic activities.

Finally, the defining feature of the future offices will be flexibility. Offices will empower occupiers to choose hours of work, to connect from anywhere in the world, transition seamlessly from work to play and allow flexibilities to choose empowering amenities.

It is relatively safe to say that in the offices of the future, work will be play.



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