MARKET IN MINUTES
*Savills Research*

# Savills Knowledge Series: Renewed Approach & Impact on Office Market

## Poll Result Analysis, Mumbai

savills



The Savills Knowledge Series: Renewed Approach & Impact on Office Market, Mumbai Chapter was organised in March 2021 to analyse and discuss the renewed approach of businesses owing to the pandemic, various aspects of the India office market in 2020 and its performance in the Mumbai Metropolitan Region.

The webinar was attended by over 50 Corporate Real Estate leaders and decision-makers operating in varied segments such as technology, financial services, professional services, healthcare, and pharmaceuticals, among others, who shared their views on how they expect the office market to shape up going forward.

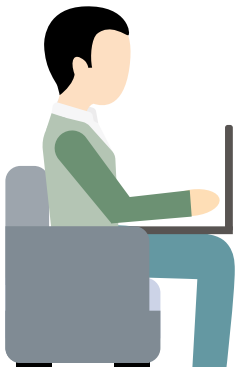
The webinar concluded with an online poll comprising of four questions that helped us gain crucial insights into occupier sentiment. We have put together this document to share those findings with you.

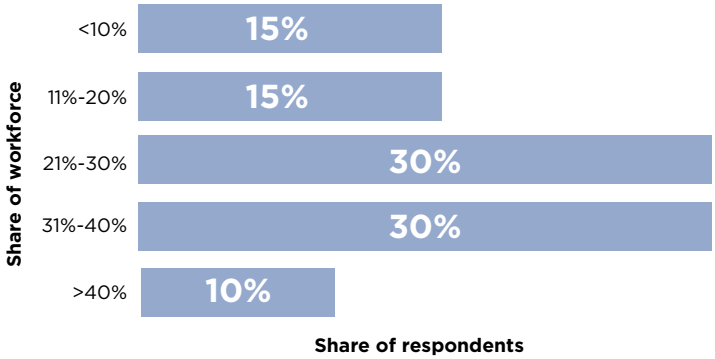
# Occupiers adopt remote-working concept

At the end of the first quarter of 2020, the country was forced to go into a complete lockdown of business activity due to the pandemic.In March 2020, workplaces were shut, and employees were working from home for the first few weeks. By May 2020, while workplaces had begun to re-open partially with easing lockdown restrictions, not all companies were asking their employees to return to office. Further, we are still witnessing a large proportion of employees working from home.

The trend of 'Work-from-home' and 'Work-from-anywhere' has gained significance thereafter and occupiers have displayed openness to remote working. The poll results suggest that a majority (60%) of occupiers foresee about 21% to 40% of their workforce to be working from a non-office location over the next 12-24 months. However, as occupiers are revisiting their density plans in existing offices to enable a safe return for employees, we expect a gradual revival of the sector and office absorption should start showing signs of recovery in H2 2021. We believe that occupiers will likely resort to a 'hub & spoke' model, offering flexibility to employees to work from anywhere or near clients. Hence, the indications are that flexible workspaces will likely gain significance in such a scenario.

**Share of workforce working from a non-office location in the next 12-24 months**






Please contact us for further information

**Bhavin Thakker**
Managing Director - Mumbai
Head - Cross Border Tenant Advisory
bthakker@savills.in

**RESEARCH & CONSULTING**

**Arvind Nandan**
Managing Director
arvind.nandan@savills.in

**Megha Maan**
Director
megha.maan@savills.in

**Suryaneel Das**
Senior Manager
suryaneel.das@savills.in

**Diksha Gulati**
Senior Manager
diksha.gulati@savills.in

**Abhinav Pal**
Assistant Manager
abhinav.pal@savills.in

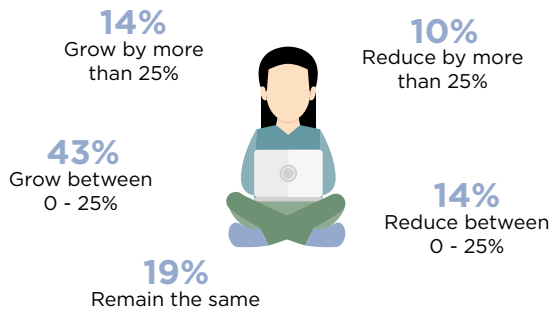
**MEDIA**

**Nitin Bahl**
Director
Marketing, Sales and Strategy
nitin.bahl@savills.in

**Savills**
Savills plc is a global real estate services provider listed on the London Stock Exchange. We have an international network of more than 600 offices and 39,000 associates throughout the Americas, the UK, continental Europe, Asia Pacific, Africa and the Middle East, offering a broad range of specialist advisory, management and transactional services to clients all over the world.

**Savills India**
Savills India is a group company of Savills Plc. and is a premier professional international property consulting firm. With full-service offices in Bengaluru, Mumbai, Delhi-NCR, Chennai, Pune and Hyderabad, the firm serves Occupiers, Investors and Developers of Real Estate. Savills India provides services across office leasing, project management, capital markets, valuations, research, consulting, industrial and logistics, and residential services. Starting in India in 2016, the company employs over 350 professionals.

**Space take-up in the next 12-24 months**




# Occupiers' expansion plans likely to sustain office leasing

Occupiers are transforming their real estate strategies from business continuity to business planning. Amidst work-from-home and the new norms of social distancing, occupiers are spending time to reassess their overall real estate requirements.

Despite the remote-working concept becoming integral to strategic thinking, our poll results suggest that 57% of occupiers will expand their footprint over the next 12-24 months. It is noteworthy that almost one-fourth of these occupiers intend to expand their real estate portfolio by more than 25%, reflecting positive occupier sentiment in the market. Certain occupiers hinted towards reducing spaces as technology adoption has made work-from-anywhere possible. We believe occupiers' expansion strategies will lead to increased office absorption over the next twelve months. We expect occupiers to offer flexibility to employees and office absorption should start showing signs of recovery in H2 2021.

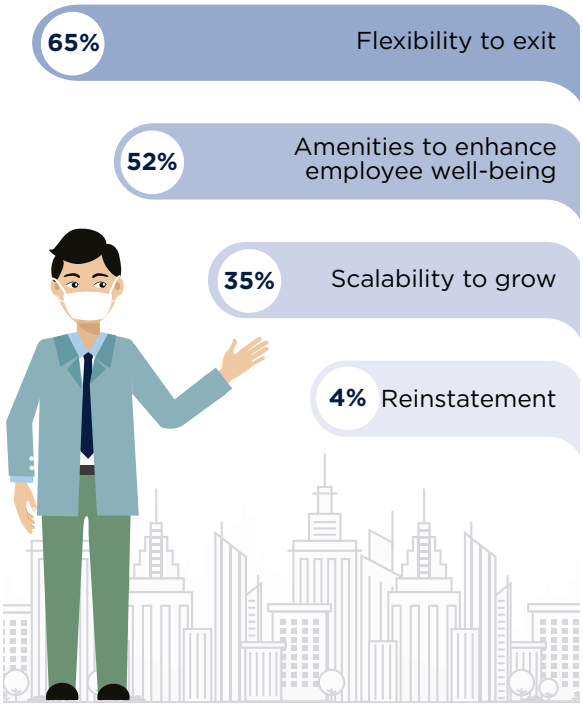
**Expansion into Tier II and Tier III cities**




# Occupiers likely to expand into Tier II and Tier III cities

Many employees returned to their respective hometowns because of the pandemic-induced lockdown in 2020. This has led to most occupiers consider setting up offices in Tier II or Tier III cities. Our poll results suggest that 45% of occupiers are likely to consider expanding into Tier II and Tier III cities. We believe that occupiers will likely resort to a 'hub & spoke' model, where the hub is in a metro city and the spoke is in a Tier II or Tier III city, offering flexibility to employees to work from anywhere. We believe flexible workspaces in Tier II cities may provide a perfect solution to meet occupiers' requirements of quality workspaces. However, it will be interesting to see the evolution of these spoke offices, given the employees' need for strong camaraderie and morale in office.

**Post-COVID priorities around transaction structuring**




# Occupiers' preference for flexibility and employee wellness

The pandemic has altered the way occupiers conceived workplaces. The current times warrant increased emphasis on employee wellness initiatives, while companies strive to regain overall business momentum. As employee wellness plans improve productivity and increase job satisfaction, occupiers are focusing on these initiatives to enhance employee efficiency as well as safety. Further, occupiers are also looking at workplace options that offer them the flexibility to expand or contract. Our poll results suggest that flexibility to exit and amenities to enhance employee well-being are the two topmost priorities of occupiers, while structuring transactions in the post-COVID world.

**The corporate world has started to emerge from the depths of a multi-dimensional crisis, which has created economic as well as social impacts. The earlier crises of the late 1990s or the late 2000s were mainly economic in nature. The strategies this time are being reoriented in a different manner. It might be early to know all the contours of the same, but it is evident that CRE think tanks in all companies are aware and working actively to adopt and adapt.**

This document is prepared by Savills for information only. Whilst the information shared above has been shared in good faith and with due care with an endeavour to keep the information up to date and correct, no representations or warranties are made (express or implied) as to the accuracy, completeness, suitability or otherwise of the whole or any part of the deliverables. It does not constitute any offer or part of any contract for sale.

This publication may not be reproduced in any form or in any manner, in part or as a whole without written permission of the publisher, Savills.

© Savills India 2021.