

Savills Knowledge Series: Renewed Approach & Impact on Office Market

Poll Result Analysis, Delhi-NCR



The Savills Knowledge Series: Renewed Approach & Impact on Office Market, Delhi-NCR was organised in February 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 Delhi-NCR region.

The webinar was attended by over 50 Corporate Real Estate leaders and decision-makers like yourself, operating in varied segments such as technology, financial services, professional services, healthcare and pharmaceuticals among others, who shared their candid 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.

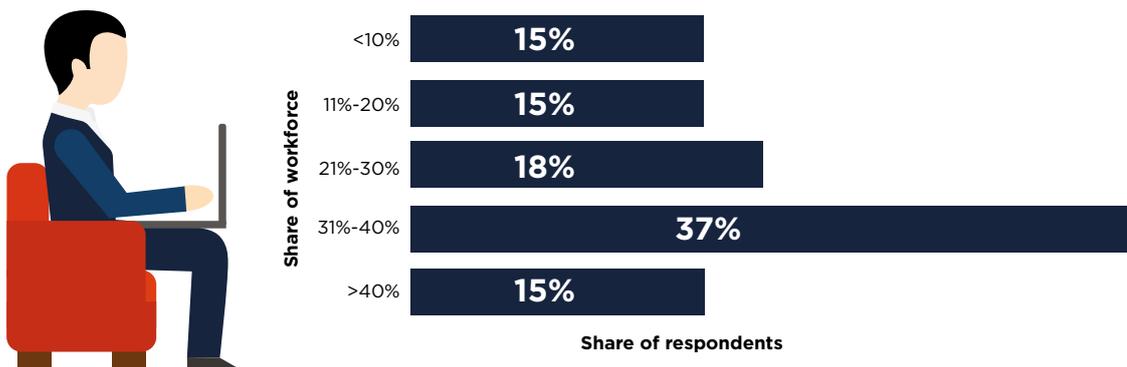
Occupiers adopt remote-working concept

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, the workplaces were shut, and the employees were sent to work from home for most of the year. 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.

The trend of 'Work-from-home' and 'Work-from-anywhere' has gained significance thereafter and Occupiers have displayed openness to remote working. 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. Our poll suggests that a majority (52%) of Occupiers see more than 30% of their workforce to be working from a non-office location over the next 12-24 months. We believe that Occupiers will likely resort to a 'hub & spoke' model, where a city head-office operates alongside smaller offices spread across the city, offering flexibility to employees to work from anywhere or near clients. Hence, the indications are that flexible workspaces will gain significance in such a scenario.

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



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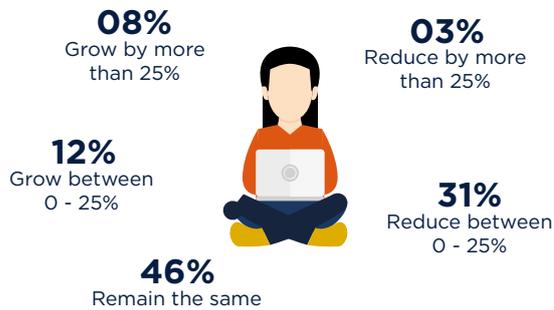
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Space take-up in the next 12-24 months



Occupiers adopting cautious approach in short-term

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 survey suggests that 20% Occupiers will expand their real estate portfolio, though

majority indicated it to remain the same in the short-term. Certain Occupiers hinted towards reducing spaces as technology adoption has made work-from-anywhere possible. We believe Occupiers will likely adopt a cautious approach in 2021. We expect Occupiers to offer flexibility to employees and office absorption to start showing signs of recovery in H2 2021.

Expansion into Tier II and Tier III cities



Occupiers not likely to expand into Tier II and Tier III cities in short-term

A large number of employees returned to their respective hometowns because of the pandemic-induced lockdown in 2020. Despite this, most Occupiers are not considering

setting up offices in Tier II or Tier III cities in short-term. In fact, the expansion that is hinted above (20%) will most likely be in Tier I cities, driving a faster recovery of the sector.

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 keep business operations afloat. 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. The poll results suggest that scalability to grow 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.

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