

# Office space: Demand in the offing!

**DEMAND FOR OFFICE SPACE IS SET TO RISE ONCE DUST SETTLES ON COVID DISRUPTIONS, RIDING ON THE BACK OF HIRING TRENDS OF LARGE IT-ITES FIRMS, REPORTS SAY**

**D**espite the second wave of pandemic and the return of partial lockdowns in some parts of the country, office space is likely to do well going ahead, driven by robust hiring by IT-ITeS firms as well as many firms signing new lease agreements.

An Anarock report says leasing volumes dipped by 30% to 35% by Q1 2021. However, the prospects of commercial office leasing for 2022 is positive, going by the recent-past hiring trends of large IT-ITeS firms which will spur office space demand.

**Prashant Thakur**, director and head (research) of Anarock Property Consultants, says: "IT-ITeS companies, which are the predominant drivers of office space demand in India, are on a major hiring spree. In terms of work volumes, there appears to have been a major scale-up since the pandemic set in. Therefore, office demand is likely to be very healthy once the dust settles on the current Covid-19 disruptions. One way or the other, given the magnitude of efforts being invested in medical research and also the fast-tracked adaptation process being witnessed in the real estate sector, it is reasonable to expect that we will see this positivity set in from 2022 onward."

It is by now evident that the WFH (Work from Home) concept has inherent limitations, and we already know that a significant share of work will still need to be conducted in office settings. Many large Infotech firms have signalled

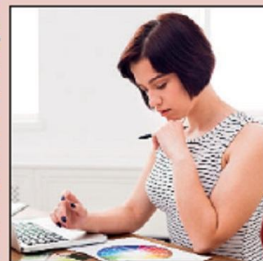


that they hope to see their workforce transition back to office mode as soon as circumstances permit.

Also, office spaces are witnessing a surge in demand with companies signing new lease agreements as they look to reopen their offices amid the prospects of economic stability. A JLL report highlights that there has been a significant increase in the total supply of flexible office space from 9.9 million sqft (MSF) in 2017 to 29.5 MSF by September 2020 owing to a conducive policy and continued investors' interest in the segment in the past few years.

"Mixed use developments are likely to shape the growth trajectory of real estate in 2021. Companies are gearing for the new normal by opting for a hybrid model with flexible working and collaboration across geographies. Self-contained hubs which com-

prise of serviced apartments, business parks, F&B and entertainment zones would continue to be in demand and do good business. Moreover, amidst health and wellness concerns, facility management and technology have assumed a paramount role in enhancing customer experience," **Pankaj Bansal**, director of M3M, says.



**Vineet Taing**, president of Vatika Business Centre, says: "Since the pandemic hit us in March 2020, a lot of firms switched to 'Work from Home', especially the IT companies, and they still tend to continue the same. They saw an opportunity in downsize and reduce operating costs. October 2020 was a boon in disguise for the office space providers since organisations had started returning back and others were following the bandwagon, resulting in higher occupancy rates." —**Mamta Sinha**