

REPORT | Q2 2025

GRI Club

GRI OFFICES & GLOBAL CAPABILITY CENTRES INDIA 2025

Key takeaways from India's premier commercial
real estate conference

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INTRODUCTION

Since 1998, GRI Club's exclusive networking events have been providing unique opportunities for the industry's decision makers to exchange valuable insights and experiences, igniting deal flow and potential using the real estate market.

GRI Club reports provide the key takeaways from these events, including the most valuable insights, the most ardent discussions, and the most intriguing strategies.

This report summarises the insights from **GRI Offices and Global Capability Centres India 2025**, a GRI Club India conference that brought together senior decision-makers to engage in high-level discussions and share innovative strategies for navigating market shifts, adapting to new investment trends, and capitalising on emerging opportunities.

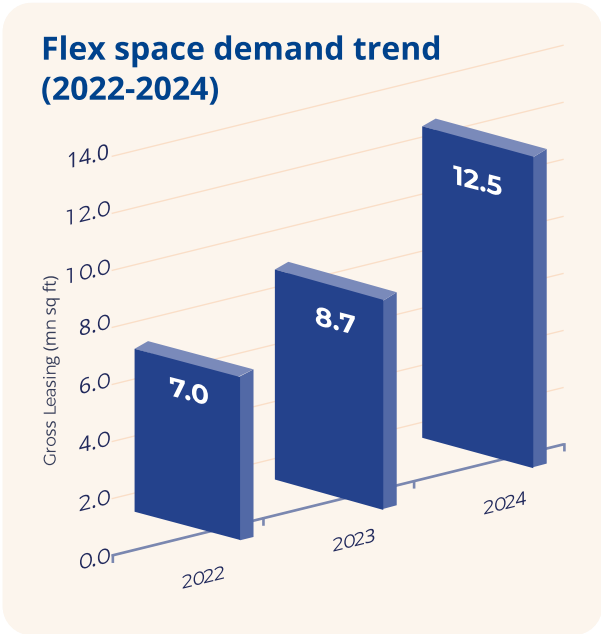


CHECK OUT ALL THE PHOTOS FROM **GRI OFFICES & GCCs INDIA 2025** 

THE FLEX SPACE REVOLUTION

As businesses grapple with an unpredictable economic environment, many are turning to flexible office solutions as a way to remain agile. Discussions explored how this shift towards flexibility is not only changing the way businesses occupy office space, but also how developers and investors are beginning to adjust their strategies to cater to this demand.

Flex operators are increasingly vital for many companies looking to scale and adjust quickly to fluctuating market conditions. With major events such as geopolitical tensions and rapid technological advancements, many are turning to flexible office solutions to reduce commitments and capital expenditure.



City-wise flex space overview

City	Flex stock (msf)	Flex penetration* (%)	Flex space leasing share (2024)
Bangalore	19.3	9%	25%
Chennai	5.0	6%	11%
Delhi-NCR	11.1	8%	27%
Hyderabad	8.1	7%	15%
Mumbai	7.8	6%	10%
Pune	7.6	10%	12%

Source: Colliers | FICCI, 2025.

*Flex space penetration pertains to the share of flex stock in the city's total Grade-A office stock.

This trend is particularly strong in sectors such as technology and finance, where businesses need the ability to scale operations, test new markets, and adjust workforce sizes quickly. By providing short-term, scalable spaces, flex operators are meeting the demand for adaptability without the risks of traditional leases.



Image: GRI Club

» **Cost efficiency and flexibility**

A common misconception in commercial real estate is that flexible office spaces are more expensive than traditional leases. However, upon closer examination, flexible spaces can actually be more cost-effective for businesses.

One key advantage of flexible office solutions is the operational efficiency they offer. Flex operators typically bundle essential services such as maintenance, security, and utilities into a single package, reducing the administrative burden on businesses, which allows companies to focus on their core operations rather than managing the day-to-day details of office space.

Additionally, the lower CapEx required for flexible spaces means businesses can allocate resources to other areas, enabling investment in growth rather than upfront costs.

By outsourcing office space management to flex operators, companies also avoid the hidden costs of owning and maintaining traditional office buildings, such as property taxes, long-term maintenance, and renovation expenses.

These advantages lead many businesses, after conducting cost-benefit analyses, to find that flexible spaces often represent a more economical choice when considering management costs, operational expenses, and the need for versatility.

» **Developer and investor perspectives**

Historically, developers have been cautious about fully embracing flex operators, largely due to concerns over the stability and long-term viability of their business models. Many prefer long-term tenants with predictable revenue streams, viewing the short-term leases and constantly changing tenant profiles of flex operators as a risk.

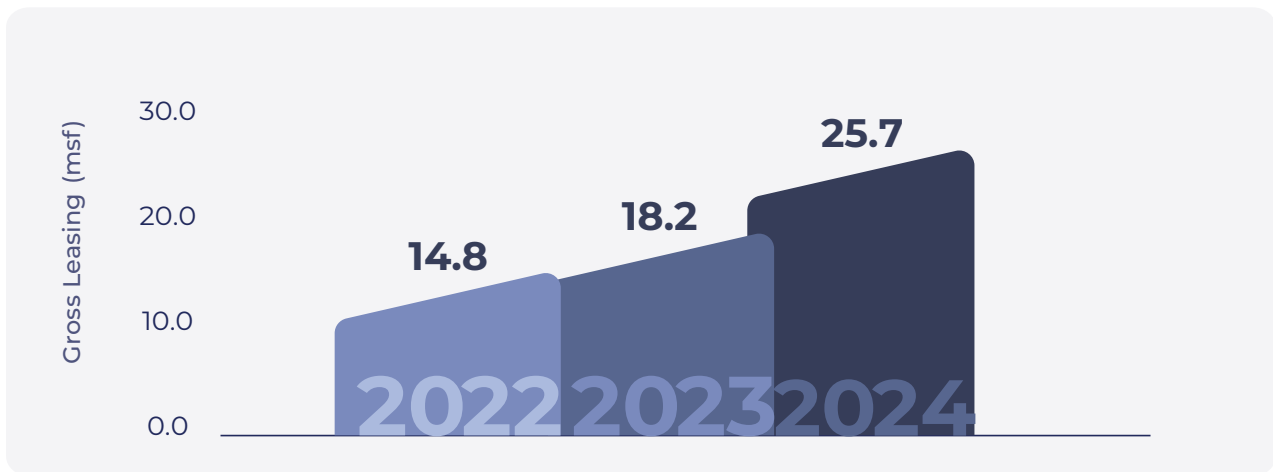
Recently, with the growing demand for flexibility, attitudes towards flex operators are shifting. Some developers are beginning to recognise the potential benefits of incorporating flexible spaces into their portfolios, with a growing realisation that failing to adapt to this evolving model could lead to missed opportunities in a rapidly changing market.

For investors, the main concern remains the perceived risk of short-term leases and the potential for flex operators to vacate quickly, leaving properties underutilised. Despite this issue, institutional investors are increasingly attracted to flex operators with a strong track record and a focus on premium spaces, noticing that blending traditional leases with flexible office solutions can mitigate risk and provide a steady stream of tenants.

STRATEGIES FOR FUTURE-PROOFING OFFICES

As the global commercial real estate market rebounds, India is rapidly emerging as a key player in this transformation. The country's expanding commercial sector is being driven largely by the growth of Global Capability Centers (GCCs), a trend that shows no sign of slowing down.

LEASING BY GCCs (2022-2024)



Source: Colliers | FICCI, 2025.

Despite the optimistic outlook, a significant shortage persists in the availability of office assets that are ready for immediate purchase or lease. International investors are primarily focused on acquiring assets that are already leased and generating returns, yet the supply of such properties remains limited.

To address this, developers are increasingly tasked with creating new office projects that not only meet the immediate demand but also cater to the long-term needs of global tenants.

This shift in focus has made the involvement of domestic capital crucial, bridging the gap between supply and demand and signaling the maturation of India's real estate market.

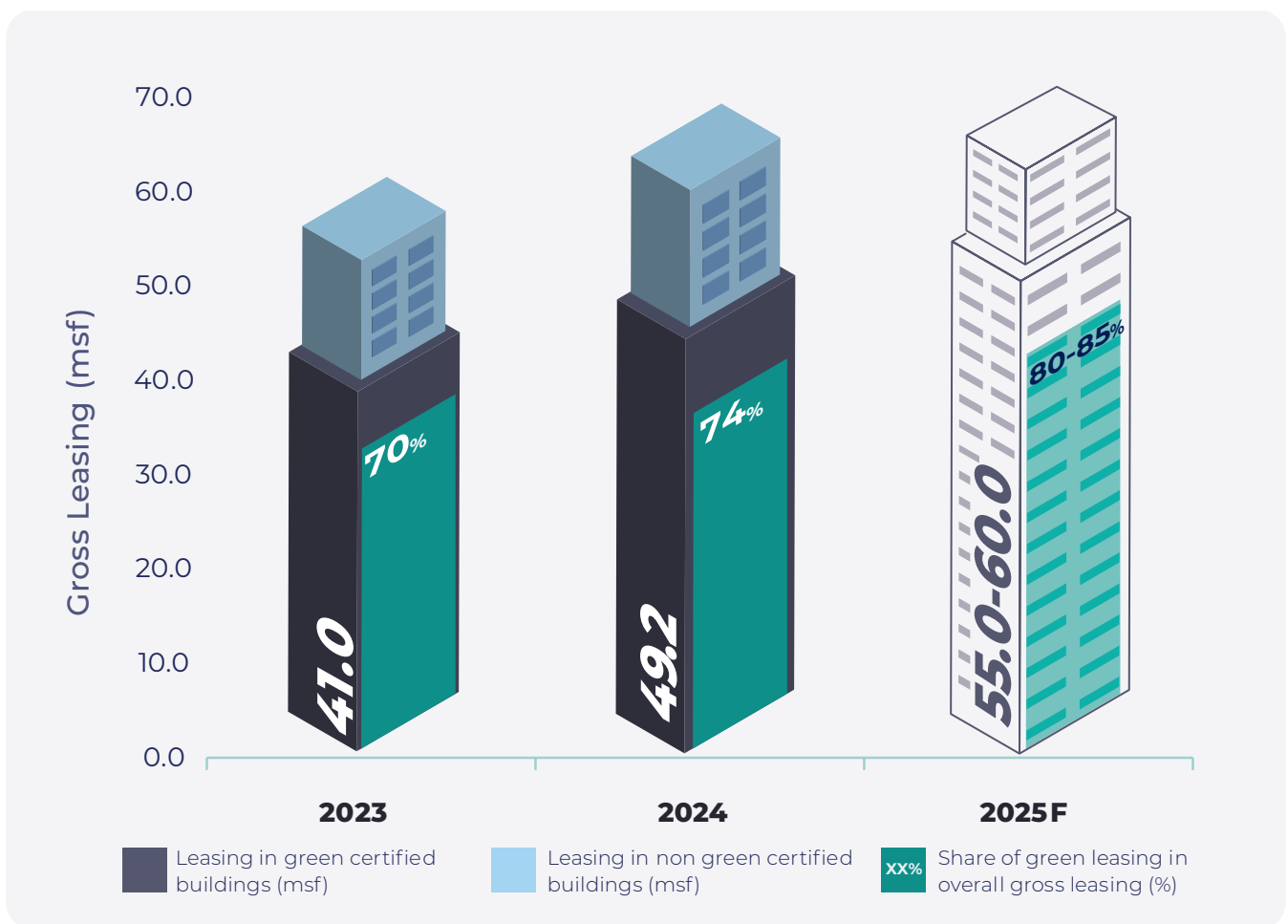


» Sustainability and technology integration

As environmental, social, and governance (ESG) considerations become central to business operations worldwide, developers are increasingly integrating sustainable design features into their projects, not only responding to global regulatory pressures but also reflecting the evolving expectations of occupiers.

The drive for sustainability is also influencing how office spaces are designed and utilised, with developers placing greater emphasis on creating buildings that go beyond functionality, incorporating employee-wellness features such as improved air quality, natural lighting, and recreational spaces.

LEASING TREND IN GREEN CERTIFIED BUILDINGS



Source: Colliers | FICCI, 2025.

In addition to green building certifications, the next generation of office spaces is being defined by the integration of advanced technologies. As businesses become increasingly reliant on technology, there is a growing demand for office spaces that can support high-bandwidth processing, as well as the use of artificial intelligence (AI) and machine learning.

» Decentralisation and smaller businesses

Developers are increasingly recognising the need to cater to a wider range of tenants, as demand for office space is no longer dominated by multinational corporations and tech giants, but also driven by smaller businesses and startups seeking high-quality, flexible spaces that allow for efficient scaling without the constraints of traditional long-term leases.

This shift is particularly evident in the growing popularity of smaller office formats, such as coworking spaces and shared office environments. These flexible workspaces offer businesses a cost-effective alternative to traditional office setups, allowing them to expand or downsize quickly in response to evolving market conditions.

The rise of these spaces has been driven by the growing “gig economy” and the increase in freelance and contract-based work, where businesses and independent contractors require adaptable work environments that can scale with fluctuating demands.

In addition to urban centres such as Bangalore, Hyderabad, and Mumbai, tier 2 and tier 3 cities like Indore, Chandigarh, and Coimbatore are also emerging as key hubs for modern office spaces, experiencing growing demand from both local businesses and the decentralisation of larger corporations.

However, developers face challenges in meeting the infrastructure and amenity standards expected by businesses. In many of these regions, the availability of Grade-A office spaces that adhere to global standards remains limited, and the development process is often slowed by regulatory hurdles and a shortage of suitable land.

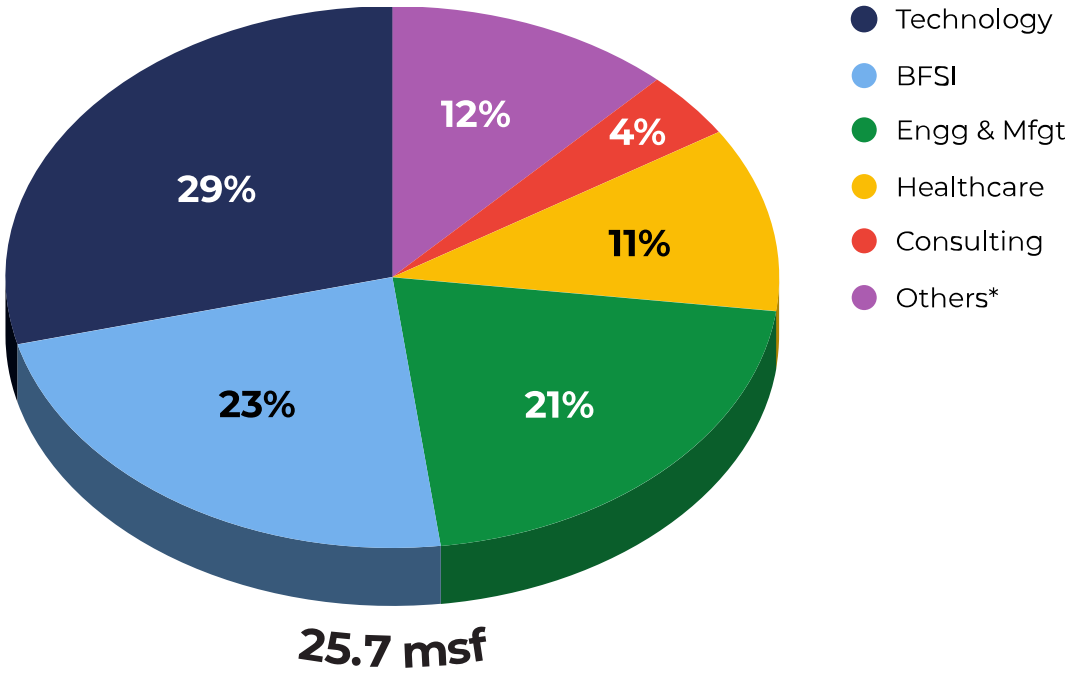
On a positive note, ongoing infrastructure improvements are set to make it easier for companies to establish operations in these areas. As these initiatives take shape, the trend is expected to continue, allowing businesses to access a larger talent pool from India’s metro areas while benefiting from more cost-effective operations.



GCC GROWTH OPPORTUNITIES

Traditionally associated with cost-effective information technology (IT) and business process outsourcing (BPO) services, GCCs are now expanding into high-value functions, including finance, marketing, research and development (R&D), and supply chain management.

GCC LEASING: SECTOR-WISE SPLIT



Source: Colliers | FICCI, 2025. *Others include E-commerce, Consumables, etc.

India, with its competitive advantages and skilled workforce, is uniquely positioned to capitalise on this shift. Beyond the traditional tech sectors, this transformation is creating opportunities for a broader range of industries, such as manufacturing, energy, and retail, to leverage the capabilities of GCCs and enhance their operational efficiency and innovation.



Image: GRI Club

» Talent upskilling for GCCs

As GCCs expand into more advanced functions, talent acquisition and upskilling have become crucial to their ongoing success. With the rise of technologies such as AI and automation, the demand for skilled professionals in these fields has reached unprecedented levels.

To meet these demands, many companies are implementing in-house talent educational programs designed to enhance employees' skills. These programs not only make employees more efficient in their current roles but also prepare them for higher-value responsibilities that directly contribute to the company's strategic objectives.

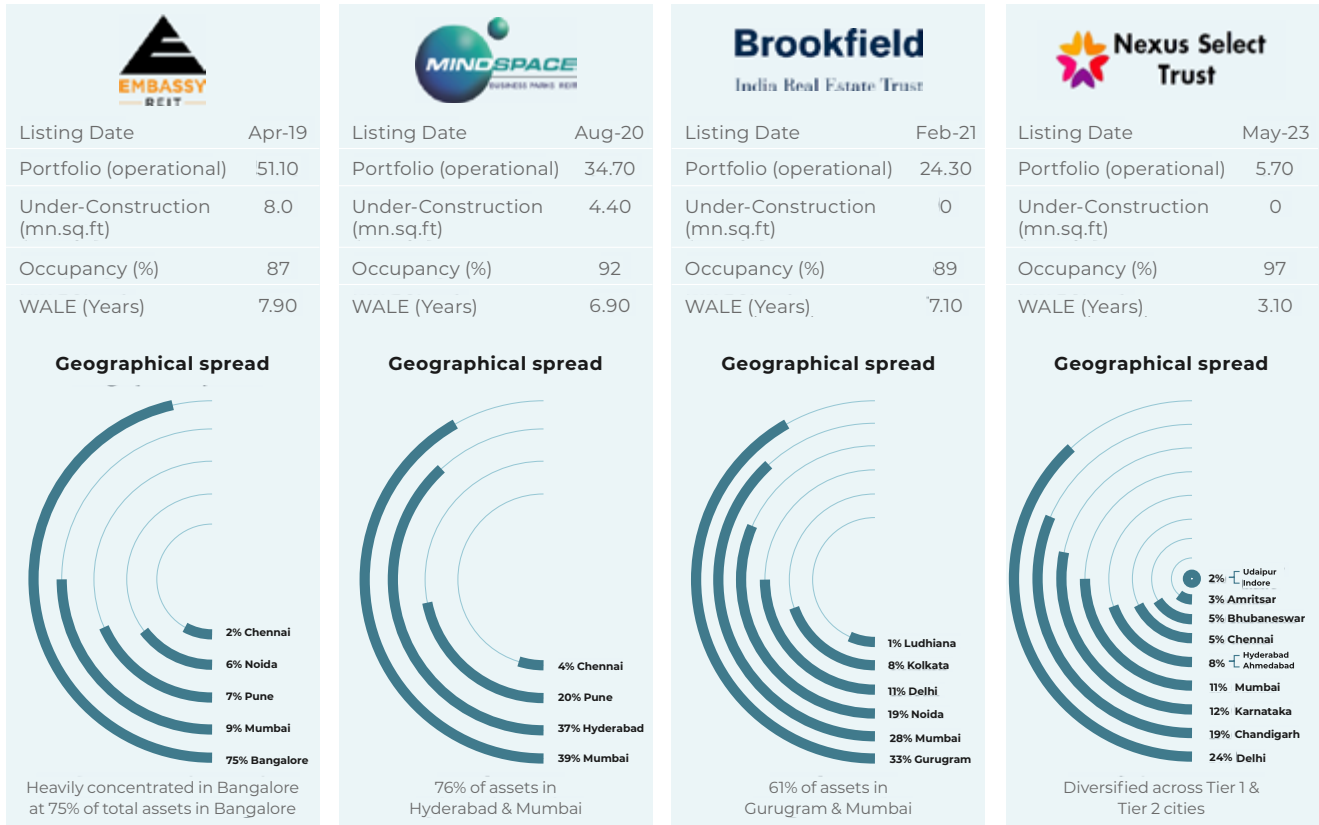
A key example shared by one executive during the meeting was a company's initiative to train 40% of its workforce on robotic process automation (RPA) tools, equipping employees to manage digital processes that will replace more manual tasks.

Fostering a culture of continuous learning and knowledge-sharing is vital for maintaining competitiveness. As technology continues to evolve, the ability to adapt to new tools, software, and operational processes will be a defining factor in the long-term success of these centers.



INVESTMENT TRENDS IN CRE

In recent years, Real Estate Investment Trusts (REITs) have substantially increased their asset acquisitions in India, with investments in 2024 more than tripling compared to 2023, reaching nearly USD 800 million. Despite this rapid growth, India's REIT market remains in its early stages, with just four REITs currently operating.



Source: JLL India.

While the regulatory framework for REITs has improved significantly, retail investor participation remains relatively low. However, this is expected to change in the near future, as initiatives such as the SM-REITs regulation are helping to attract more investors, laying the groundwork for broader market participation and long-term growth.

According to CBRE Research estimates, the potential market for SM-REITs in India covers over 300 million square feet of completed commercial office space, with an additional 50 million square feet set to be completed by 2026. This would equate to a market size exceeding USD 60 billion.

Experts also noted that retail investors in India are still learning about the benefits and opportunities that REITs offer, and there is a significant opportunity for developers and institutional investors to educate the market.

By promoting the advantages of REITs, such as diversification, liquidity, and stable income through dividends, there is potential for a large-scale increase in retail participation in the sector.

» Key challenges facing India's REIT market

One of the primary concerns is the relatively low yield from office-focused REITs. The office space market, particularly in developed economies such as the US, has underperformed in recent years, leading to a significant decline in dividends and rental income.

This global slowdown has also affected office-focused REITs in India. However, specialised REITs focusing on sectors such as industrial spaces, healthcare, and data centres have fared better, showing steady returns and growth.

Another key challenge is the lack of institutional capital available during the development phase of commercial real estate projects.

While there is ample capital for completed assets, developers often struggle to secure funding during construction, making it difficult for some developers to push forward with new projects, especially in the emerging markets of tier 2 and tier 3 cities.

Offshore investments have been the primary source of capital in such cases, but this has led to many developers having significant portions of their portfolios locked into balance sheets, limiting opportunities for unlocking value through equity.





Founded in 1998 in London, GRI Club currently brings together more than 19,000 senior executives spread across 110+ countries, operating in both real estate and infrastructure markets.

GRI Club's innovative discussion model allows free participation of all executives, encouraging the exchange of experiences and knowledge, networking, and business generation.

GRI Club Members also have access to our exclusive online platform to learn more about other members and their companies, correspond, schedule meetings, and receive unrestricted access to all GRI Club content.

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