

EVEN AS WORK FROM HOME CULTURE PICKS UP, OFFICE DEALS FROM GLOBAL MAJORS GIVE RESPITE TO COMMERCIAL REALTY

Large Deals Bring Real Hope for Ailing Realty

Gaining Momentum

11 M sq. ft.

Total size of realty deals last month

8 M sq. ft.

Area of real estate deals for which proposals are there as of now

TOP COS THAT CONCLUDED LARGE REALTY DEALS

- Google
- Accenture
- Microsoft
- Morgan Stanley
- Standard Chartered Bank
- ANSR



Deal activity may slow down by December : Experts

Overall commercial space absorption may take a hit after a record of over 45 m sq ft last year



Kallash Babar & Sobia Khan

Mumbai | Bengaluru: A slew of large office lease transactions announced by leading global corporations in the last few weeks have kickstarted a new wave of leasing activity in the office space providing a much needed breather to the battered commercial real estate sector. Deals totalling up to 11 million sq. ft. have been finalised in the last month and the market is buzzing with new requests for proposals for another 8 million sq. ft. office space.

Even as companies experiment with the work-from-home model during the ongoing Covid-19 pandemic, a host of global majors like Google, Accenture, Microsoft, Morgan Stanley, Standard Chartered Bank and ANSR have quietly concluded large office space transactions across Indian cities.

"While there was a Covid-19 setback in the form of deference in activity initially, enquiries have started to steadily move up in the last one and a half months, especially after large deals involving global entities. These deals and new enquiries reflect the faith in the Indian market that offers not only cost benefit but also quality talent," said Ramesh Nair, CEO, JLL India.

However, the pace with which these deals have been inked in the last month highlight the fact that India still offers compelling reasons such as cost arbitrage and a high quality talent pool for MNCs to set up offices here.

"The ongoing pandemic will obviously impact the commercial property absorption this year. India has already concluded 11 million sq ft worth of deals so far and the year is expected to end with 20 million sq ft. This, despite the pandemic, is a good number as against the usual 30-35 million sq ft we score annually," said Sanjay Dutt, MD & CEO of Tata Realty & Infrastructure.

According to Dutt, these are only leasing numbers and outright sale transactions across India will be additional 10 million sq ft by the end of this year itself.

Industry experts believe the deal activity might slow down by December and might miss the number that it was expected to hit at the beginning of 2020, but the steady deal flow continues to gain momentum as many large transactions that were initiated during the pre-Covid period are heading for conclusion, and more importantly, the discussions for new transactions have already started picking up pace.

"Immediate requirements are getting converted now. The commercial realty market is expected to bounce back in 2021 as many proposals for large deals are being floated and will be converted by then," said Bijay Agarwal, MD, Salarpuria Sattva Group.

Not just the end users and occupiers but even the institutional investors are optimistic about the recovery of the Indian office market, a fact clearly indicated by over 13 times subscription of K Raheja

Corp and Blackstone Group's Mindspace Business Parks REIT.

"The anchor and strategic investors in Mindspace Business Parks REIT are the most sophisticated investors in the world and their investment call is not a short-term view. It shows that the India office story is here to stay," JLL India's Nair added.

International institutions including the Government of Singapore, Nomura Trust & Banking, HSBC Global Investment Funds and Fidelity Funds are among the key investors of Mindspace REIT.

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