

Pre-Commitment Latest Trend among Corporates as Rentals Keep Rising

EARLY BIRDS Companies in Gurgaon are increasingly taking up space in buildings that are still under construction to save themselves from potentially high rentals later

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Office occupiers are pre-committing leases—taking space in buildings under construction—to safeguard against high or rising future rentals.

“Large corporates or companies which have future expansion plans are pre-committing leases, especially in central business districts of Gurgaon,” said Vineet Taing, president of Vatika Business Centre. Over the past nine months, central business district (CBD) areas of the city have witnessed a rise of about 10% in rental values. “This is majorly due to the demand-supply mismatch and is concentrated only in CBD areas. Rent of office spaces in the secondary business districts has more or less remained stable,” said Taing.

While large companies are committing to leases in advance, the smaller ones are mostly opting for co-working spaces.

“We have witnessed the tenants’ appetite for higher quality office space and broadening of co-working/shared office demand earlier this year. Primary tenants of flexible working space are businesses which either have limited visibility over future expansion plans or believe that a collaborative environment is conducive to the success of their operation,” said Sanjay Chatrath, executive director (NCR), Colliers International India.

The concentration of co-working spaces is expected to intensify in Gurgaon due to the availability of adequate infrastructure and opportunities for startups.



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“As occupiers’ needs are evolving rapidly, developers in Gurgaon are now constructing smart buildings which are equipped with advanced technologies to meet such demand,” said Chatrath.

Gurgaon most preferred market to rent an office space Even with rising rents, Gurgaon

continues to be the most preferred market in the National Capital Region when it comes to leasing of office space, a recent report by Colliers International India showed. According to the report, about 1.58 million square feet of office space was leased in Gurgaon in July-September, followed by Noida

with 0.6 million square feet. The gross leasing area in New Delhi was 0.26 million square feet.

“Availability of Grade A office spaces, along with all the basic infrastructure, is the reason why companies continue to opt for Gurgaon. Although the rents are comparatively lower in Noida and Faridabad, they have low supply of Grade A office spaces,” said Taing.

In Gurgaon, over 30% of the total leased area was concentrated on Golf Course Road, in Cyber City and along parts of National Highway 8.

<https://realty.economictimes.indiatimes.com/news/commercial/office-occupiers-pre-commit-office-spaces-in-gurugram-to-avoid-rising-rentals/61743283>

Office occupiers pre-commit office spaces in Gurugram to avoid rising rentals

While large corporate are opting pre-commit office spaces, smaller companies are mostly opting for co-working spaces.



NEW DELHI: Office occupiers in [Gurgaon](#) are pre-committing office spaces in under-construction buildings to secure themselves against high or rising future rentals.

“Large corporate or companies which have future expansion plans are pre-committing leases especially in central business districts of Gurgaon,” says Vineet Taing, president, Vatika Business Centre.

In the last nine months, Central Business Districts (CBD) areas of the city have witnessed a rise of about 10% in rental values. “This is majorly due to demand-supply mismatch and is concentrated only to CBD areas. Rent of office spaces in Secondary Business Districts (SBD) have more or less remained stable,” said Taing.

While large corporate are opting pre-commit office spaces, smaller companies are mostly opting for co-working spaces.

“We have witnessed the tenant’s appetite for higher quality office space and broadening of co-working / shared office demand, earlier this year. Primary tenants of flexible working space are businesses which either have limited visibility over future expansion plans or believe that a collaborative environment is conducive to success of their operation,” said Sanjay Chatrath, executive director (NCR), [Colliers International India](#).

The concentration of co-working spaces is expected to intensify further in [Gurugram](#) thanks to the availability of adequate infrastructure and opportunities for start-ups. “As occupier’s needs are revolving rapidly, developers in Gurgaon are now constructing smart buildings which are equipped with advanced technologies to meet such demand,” said Chatrath.

Gurgaon most preferred market to rent an office space

Even with rising rents the city continues to be the most preferred market in National Capital Region (NCR) when it comes to leasing an office space, a recent report by Colliers International India has revealed. According to the report, Gurgaon witnessed the highest absorption of approximately 1.58 million sq ft in Jul-Sep 2017, followed by [Noida](#) with 0.6 million sq ft of gross absorption.

The total gross leasing volume in Delhi amounted to 0.26 million sq ft in the second quarter of FY 2018.

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In Gurgaon, over 30% of total leasing volume was concentrated on the Golf Course Road, Cyber City and certain parts on National Highway 8.