



POST - CONFERENCE REPORT



The Global Association for
Corporate Real Estate

Welcome Address by Angela Cain



Angela Cain, CEO, CoreNet Global attended the Annual India Conference for the first time. She was visibly thrilled to see the strong attendance and high levels of engagement at the conference. She talked about the presence of 200 delegates at the event and commended CoreNet's global presence that has now expanded to 10,000 members in over 50 countries. She pointed out that CoreNet Global's current efforts were focused on seeking to strengthen the awareness around CRE and enhance skillsets for the profession. To this end, CoreNet Global had taken up several initiatives to develop business acumen and soft skills for CRE professionals through specialized curriculum development in universities and business simulation exercises. Angela also announced the winners of the Young Leader of the Year award and the MCR program graduates from India.

Opening Remarks by India Co-Chairs by Bhumesh Gaur and Sanjay Dutt

Bhumesh and Sanjay pointed out some of the highlights of the rapidly expanding role and footprint of CRE in India. They added that the profession is quickly becoming an integral part of business development in the country. Recent figures tentatively revolved around an astounding 140 million sq. ft. of CRE footprint and businesses ranging around a cumulative total of 7 billion dollars resulting from various developments in the CRE space.



Opening Keynote by Arun Shourie



Mr. Shourie's address revolved around putting forward a general appraisal of the Indian economy and its impact on the field of CRE. He talked about the much advertised claims of revival in the Indian economy in the past quarter but also highlighted the concerns around the GDP figures and growth rate claimed publicly.

Mr. Shourie pointed out the challenges that the Indian economy has faced in the recent past where the downward slide of petroleum prices globally had impacted every sector from manufacturing and exports to agriculture. India also faced severe droughts and is yet to witness any significant growth in private investments and FDI. The latter also faces constraints in immediate revival. Other problems like the delay in banking reforms have only compounded the complexities. Shourie pointed out that the growth cited in GDP estimates is simply a result of negative deflators and the fall in petroleum prices as exports and imports both fell in recent times. GDP calculation is unclear since many of the operational factors aren't disclosed and we are unable to gauge how much of it is based on direct estimate as opposed to rule of thumb or sampling results. He also stressed on the perspective that economic development is a multiplicative function, not an additive function. If even one of the factors fall, everything else gets impacted automatically. He repeatedly urged the audience to not get fixated on numbers and warned against the dangers of taking critical business decisions based on other people's claims.

He made the case for allowing private players in defence and also rued the lacklustre implementation of professionalization of Public Sector Banks (PSBs) where bad loans now exceed the net worth of many players and recapitalisation initiatives that allotted only 25k crores in budget where the need ranges from 4 to 7 lakh crores. He urged people to be wary of ephemeral indices, especially those that track results for a minute period of time and warned against the scope of confirmatory bias seeping into factual data. Pointing out the paucity of independent research institutions in India, he recommended that every business sector in India should look at developing a set of indices specific to that sector and be research-independent enough to be able to gauge the 'real temperature of the economy'.

Shourie signed off by remarking that the incredulity about GDP figures put forward by the government is an opportunity for the corporate sector in India to set up independent intellectual authorities.

Location Strategies : Major Indian Cities vs. New Alternative Hubs

With a topic contentious enough to polarize any panel, this session of CoreNet Global's 3rd Annual India Conference saw spirited discussion among developers and corporate entities to address the critical space crunch issue in many of India's top tier cities and the lukewarm response registered so far to alternative destinations.

Pointing out the basic problems in relocating to Tier 2 and 3 cities, Irfan Razack from Prestige Group remarked that, "Tier 1 cities are now over-congested and although real estate can be created anywhere, the cost is high in prime locations. The alternative is for businesses to look at smaller cities where there is a much more potential for better quality of life. But, in reality, Tier 2 and 3 cities in India still face significant connectivity and infrastructure challenges, and access to an immediate talent pool may also be a factor that holds companies back." The panel spoke about how although the standard *modus operandi* in Western countries allow for business to follow infrastructure, India seems to be doing it the other way round. In the obvious lack of physical or social infrastructure, people naturally hesitate to go to smaller towns because improvement is slow to follow. Moreover, a large proportion of talent seems enamored with top-tier cities like Bangalore and are unlikely to explore nascent options. Rajesh Arora from Flipkart highlighted another critical problem with the rising trend of double income families where switching to smaller cities becomes a problem because one person may not find fitting career options, especially if they happen to work in different fields. Talking about the problem from the corporate perspective, Krishnamurthy Bettan from Epsilon pointed out that "Presence in major cities makes more sense for corporates as critical operational components like vendor-partner relationships etc. are yet to mature in other locations." Irfan pitched in with the developer perspective by adding that, "Developers stand to gain no cost benefit advantage for putting up developments in far-flung locations despite differential cost on land as developers are compelled to bring in infrastructure in Tier 2 and 3 cities."

From the solutions viewpoint, Vinod Rajan from Société Générale said that, "We are looking at having satellite offices now. And reduce our real estate portfolio in the rest of the world." The panel prescribed solutions like trying to de-congest cities by creating counter magnets even in the outskirts of some of the larger metropolis, where, even proper connectivity can become another huge counter magnet. The panel pointed out the cases of successful outliers such as Hebbal and Whitefield in Bangalore, GIFT city in Ahmedabad, Jaipur etc. Combating difficulties in social infrastructure could be addressed through building integrated townships in lieu of IT parks.

But even the alternatives come with challenges of their own as co-location and leadership oversight becomes a challenge with decentralising and satellite offices. As Irfan Razack rightly pointed out in conclusion, "It's not about building spaces and getting them occupied. The development has to become relevant and bring joy in people's lives. Companies need to come together, take a stock of local problems, become proactive and present a master plan to the local authorities in order to help themselves and their employees."



From L to R : Sanjay Dutt, Rajesh Arora, Vinod Rajan, Krishnamurthy Bettan and Irfan Razack

The Office Space Crunch

Starting with an overview of how India is one of Asia's largest office markets with an annual absorption of 30-40 million sq. ft. and total market size of about 420 million sq. ft., the conversation veered towards how Bangalore is at the epicentre of a very palpable real estate market and office space crunch. The moderator - George McKay from Colliers International brought this to light with a simple statistical highlight – with the overall office market reaching 40.2 million sq.ft.in India, Bangalore comes at the very top of the key players list at 13.2 million sq. ft. with 7.2 million sq. ft. of office space concentrated in the Outer Ring Road area alone.

Most of the panelists, however, seemed optimistic that despite challenges at present, within a span of 3-4 years, they could be met with proper infrastructure development in collaboration with the state government. As Anurag Tyagi from Morgan Stanley opined, "Markets tend to normalize after a while so I don't see the office space crunch continuing in the long run." Jayanth Joseph from Oracle added, "Most MNCs have an operational circulating vacancy. When you add attrition to this, larger companies rarely ever face a true space crunch."

The problem, as most panelists agreed, grew from the fact that development in India is hardly planned. Most often, it's a case of one pioneer paving the path and other people following in herd mentality. Therefore, it falls to the developers to plan more coherently in liaison with the local governments.

Most developers seem more than sensitive to the issue. Anurag Tyagi shared his personal experience on the point stating that, "Fortunately, most of the large developers I've worked at look at occupier relationships in the long-term. And most make it a point to give current occupiers the first choice in expanding footprints in most office spaces. Even when companies have to let go of space, developers continue to maintain good relationships." Companies are also exploring options with alternative destinations and creative policies. As Jayanth Joseph shared, "We are experimenting with alternative spaces. Case in point can be our office in Trivandrum where our HR came up with some brilliant policies to encourage people hailing from close by areas to move back there and the office strength has since increased exponentially."

Projecting into the future, Mahesh Khaitan from Salapura Sattva Developers said, "Outer Ring Road has its challenges in terms of social infrastructure, traffic etc. and will continue to be a challenge for the next few years. Perhaps we'll see developments towards Hoskote or other areas."



From L to R : George McKay, Jayanth Joseph, Anurag Tyagi, Mahesh Khaitan

Employee Services in India

Is a truly great workplace utopian? Or, can it really be fleshed out with painstaking attention to detail and an employee-sensitive imagination? This formed the core of the debate in the third session of the conference. With talents becoming increasingly hyper-aware, Renuka Rajagopal from VMWare said, "Culture is all about transparency. We need to communicate effectively to the employees on how we are collaborating and partnering with them at all levels. We also need to get the right feedback and work on them promptly. Currently, we are focusing our efforts on providing engagement to talents in terms of employee services etc. Progressive workplace and culture are now indispensable."

Addressing the issue from the developer angle, Thirumal Govindraj from RMZ Corp pointed out that, "Companies tend to waste a lot of space. So we are trying to move away from a B2B mindset to a B2C mindset and connecting with employees directly through a technology platform because we understand just how critical the social infrastructure has become. The idea is to provide employees with a homely, laid-back atmosphere once they are within the perimeters of the campus. Everything from your food, laundry to carpool is taken care of as you are constantly connected not just with your colleagues but all the members within the IT office space."

Renuka also pointed out how the role of CRE has evolved from an operational function to that of strategic business engagement. Prasad HR from Cisco agreed, saying, "A lot of the HR initiatives are now spilling over into CRE and it is becoming a more collaborative role to facilitate business operations and even development. Metrics and transparency all come into play to facilitate employee engagement and business development."

Members from the audience, especially developers, also shared their efforts as they pointed out various innovative initiatives aimed at engaging employees like food destination centres and amphitheatres for cultural programs. Since culture is essentially transitory, members pointed out disparities in employee behaviors and spending patterns creating different working environments within the same parks.



From L to R : Ram Chandnani, Prasad HR, Renuka Rajagopal, Thirumal Govindraj

The Indian Workplace Dichotomy

This session moderated by Anurag Bhatnagar from Brookfield India Office Parks revolved around the findings of a study undertaken by Steelcase to study employee engagement both in India and globally. Praveen Rawal from Steelcase presented the information which showed that employee engagement positively correlates with workplace satisfaction. But while the global numbers were sobering with only one-third of the workforce actually engaged with their work, India posted shining numbers on the board in terms of engagement and focus with only 4% of the workforce highly disengaged or dissatisfied.

In the ensuing discussion, Subodh Sharma from Xerox set the ball rolling by saying that, “We are working towards creating a more open culture and doing away with traditional offices. For some reason, this is proving to be easier to do in European countries than in India.” Bhumesh Gaur from AMEX assented and said, “In the war for talent, better workplaces will always stand out and attract people. We are trying to incorporate more flexibility and collaboration by moving away from dedicated seating and incorporating change management. We have introduced the ‘neighbourhood’ concept to facilitate teams.”

Subodh also pointed out the need to be sensitive while exploring more avant-garde options in workplace design and mobility, “Communication is key in handling change management effectively. It is imperative for us to let employees know how they stand to gain when we take decisions like incorporating hot desks etc.” Incorporating such changes can also be beneficial to companies like the tangible benefits accrued from workplace mobility (unassigned work areas) that include reduced cost of assignment etc.



From L to R : Anurag Bhatnagar, Praveen Rawal, Bhumesh Gaur, Subodh Sharma

Closing Keynote by Prakash Iyer

“Everyone (batsman) sees the fielders. I see the gaps.” – Ricky Ponting

The 3rd edition of CoreNet Global’s Annual India Conference drew to a close with a session on Future-ready Leadership by motivational speaker Prakash Iyer and concluding remarks by Angela Cain.

Filled with juicy anecdotal tit-bits, the last session revolved around the metaphor of the teabag. Comparing leaders with teabags, Prakash pointed out that it’s only when you put them in hot water that you get to know how strong they really are. Just as everyone praises the tea and not the bag, Prakash stressed on the significance of an employee’s impact on the workplace mattering more than any recognition s/he gets.

Angela brought the program to a close by thanking all the attendees and expressing her hope to see an equally fantastic turnout at the global conferences of CoreNet Global.



Prakash Iyer keeps the audience engaged as he walks amongst them to share his stories



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The Hindu - For want of a swanky set up

The Hindu Business Line - CRE landscape in India is evolving: CoreNet Global CEO, Angela Cain

The Property Times - India chapter of CoreNet Global highlights rapid growth of Corporate Real Estate

PTINews.com - Cannot Fault Raghuram Rajan For Various 'Wrongs' – Arun Shourie

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