

Corporate Real Estate & Facilities Management



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2024

The main objective of this report is to bring CRE community together to share insights on the corporate real estate & facilities management trends, today and beyond.

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Foreword



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Over the past two years, the Commercial Real Estate (CRE) industry has experienced a transformative shift, moving from mere awareness to the active adoption of emerging technologies that enhance end-user experiences. The rapid digitalization and integration of advanced technologies have not only streamlined operations but also elevated the expectations of tenants, stakeholders, and employees. Simultaneously, Environmental, Social, and Governance (ESG) considerations have become integral to business strategies, playing a crucial role in sustainable growth and long-term resilience. ESG is now embedded in governance frameworks and regulatory requirements, reflecting its importance in fostering trust, compliance, and corporate responsibility.

Amidst these dynamic changes, the Facilities Management (FM) industry is positioning itself as a key driver of innovation and evolution within CRE practices. The industry is navigating through challenges to deliver better outcomes while exploring diverse facets that shape the future of facilities management. As businesses aim for a net-zero future, the journey toward sustainability is fraught with challenges. It is imperative to embrace sustainable practices in our daily operations, support government initiatives, and advocate for innovative solutions.

By prioritizing future trends and challenges, we can delve into the evolving role of facility and asset managers, the impact of technology, and the importance of adhering to REIT (Real Estate Investment Trust) guidelines. The dynamic interplay between these factors is reshaping the built environment and redefining how we approach sustainability.

A well-managed facility is no longer just a functional necessity; it is crucial for enhancing safety, boosting employee motivation, and improving overall business efficiency. Facilities and asset management teams have evolved from being mere operational support to becoming frontline warriors and experience managers. They are at the forefront of adopting future trends and best practices, ensuring that end-user experiences are not only met but exceeded. These teams are also pivotal in implementing sustainability initiatives, optimizing resources, and driving the transition toward greener, more efficient buildings.

The FM industry is now more than ever involved in shaping the future of the workplace. By leveraging technology, adhering to evolving regulations, and championing sustainability, facilities and asset managers are setting new benchmarks for excellence. Their role is expanding to include a broader range of responsibilities, from enhancing workplace culture to ensuring compliance with ESG standards, all while navigating the complexities of an ever-changing real estate landscape.

In conclusion, as the CRE industry continues to evolve, the role of facilities and asset management will become increasingly critical. These teams will be the architects of a sustainable, efficient, and user-centric built environment, driving innovation and setting the stage for the future of real estate. Their ability to adapt, innovate, and lead will be instrumental in overcoming the challenges and seizing the opportunities that lie ahead.

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The Corporate Real Estate sector is at a pivotal moment, where innovation and sustainability are not just aspirations but essential drivers of growth. As we navigate this dynamic landscape, our focus remains on creating value through forward-thinking strategies that meet the evolving needs of our clients and communities. By embracing change and prioritizing excellence, we are shaping a future where corporate real estate is not only about buildings but about enhancing lives and creating lasting impact.

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Corporate Real Estate Trends

Corporate real estate (CRE) has been undergoing significant transformations globally and in India, driven by a mix of economic and geo-political shifts.

As businesses navigate a post-pandemic world, several key trends are shaping the landscape of CRE, with implications for how companies ought to strategise their office space, retail locations and industrial properties.

The hybrid work model has become essential in corporate real estate strategy. The pandemic accelerated remote work adoption, leading many organisations to re-evaluate their need for large office spaces. Consequently, there is a growing focus on flexible workspaces, allowing companies to adjust their office space requirements as needed. This trend is especially noticeable in major urban centres with high real estate costs, where companies aim to optimize their expenses.

Sustainability has also emerged as a critical consideration in CRE globally. There is a growing emphasis on green buildings and sustainable practices, driven by both regulatory pressures and a heightened awareness of environmental issues among businesses and their stakeholders. Companies are increasingly investing in energy-efficient buildings, using renewable energy sources and seeking certifications such as LEED (Leadership in Energy and Environmental Design) to demonstrate their commitment to sustainability. This trend is not only environmentally beneficial but also economically advantageous, as sustainable buildings often lead to lower operational costs and increased asset value.

Technological advancements are significantly impacting corporate real estate. Smart technologies like IoT (Internet of Things) devices, advanced security systems, and automated climate control enhance operational efficiency and user experience. These tools enable real-time monitoring and management, optimizing energy use, security, and space utilization. Additionally, data analytics are helping companies make informed property investment and management decisions. In India, similar trends are observed, albeit with unique regional nuances. The adoption of hybrid work models is gaining traction in major Indian cities like Mumbai, Bangalore and Delhi, where traffic congestion and long commutes have long been issues. Companies are increasingly offering employees the flexibility to work from home or from satellite offices closer to their residences, reducing the reliance on large, central office spaces. This shift is leading to a rise in demand for co-working spaces and flexible office solutions.

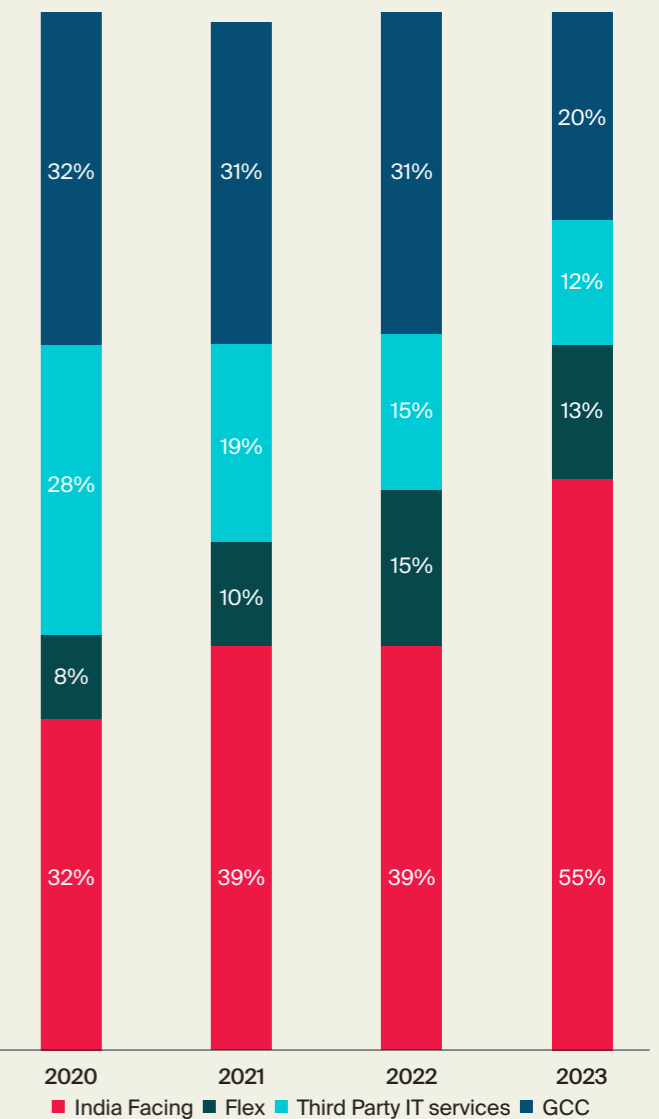
India is also witnessing a strong push towards sustainable real estate. With the Indian government setting ambitious targets for renewable energy and sustainability, there is a growing focus on green buildings. The Indian Green Building Council (IGBC) is playing a pivotal role in promoting sustainable practices, and many new commercial projects are being designed with energy efficiency and environmental impact in mind. This trend is supported by both regulatory incentives and a growing awareness among corporations about the benefits of sustainable real estate.

Technological adoption in Indian CRE is advancing rapidly. The use of smart building technologies is becoming more prevalent, driven by the need for better space management and energy efficiency. Indian companies are increasingly leveraging technology to create smarter, more connected work environments that enhance productivity and employee well-being. Additionally, the use of data analytics is helping businesses in India make strategic decisions about their real estate portfolios, ensuring that their investments align with long-term business goals.

Another notable trend in India is the growth of the industrial and logistics real estate sector. With the rise of e-commerce and the government's push for initiatives like 'Make in India', there is a significant demand for warehousing and logistics facilities.

Companies are investing in state-of-the-art logistics parks and distribution centres to support the rapid growth of online retail and manufacturing sectors. This trend is contributing to the development of robust industrial corridors and the modernization of supply chain infrastructure across the country.

RISE IN SHARE OF INDIA FACING BUSINESSES YOY



Source: Knight Frank Research

If we look at the data for office spaces, the Make in India push has led to the growth of India facing business across the country, the below chart substantiates the claim, along with the India Facing business, the Global Capability Centres (GCCs) are also gradually moving adding to the momentum of India facing manufacturing companies.

In conclusion, the corporate real estate landscape is evolving both globally and in India, driven by -hybrid work models, sustainability, technological advancements, and shifting economic dynamics. As businesses adapt to these trends, the future of corporate real estate would emphasise greater flexibility, innovation, and sustainability, ensuring that companies can meet the changing needs of their employees and stakeholders while optimising their real estate investments.

India Real Estate Market: Growth Momentum Continues Into 2024

Residential Market Insights

The Indian residential real estate market has shown remarkable resilience and growth in the first half of 2024. While India's real estate industry has experienced a broad-based recovery across all segments since the pandemic, but the residential market has arguably seen the swiftest and steepest resurgence among all real estate segments. Sales volumes in the primary market have grown at an extremely healthy annualized rate of 29% since 2020 and culminated in a 10-year high in 2023. Market sentiments have been very positive largely due to an upbeat economic outlook with GDP growth rates at the highest levels in the world. India continues to stand out as a shining example of growth in an otherwise inflationary environment in the backdrop of a volatile global geopolitical scenario caused by the Israel-Palestine and Russia-Ukraine wars.

INDIA RESIDENTIAL MARKET SUMMARY

Parameter	2023	2023 Change (YoY)	H1 2024	H1 2024 Change (YoY)	Q2 2024	Q2 2024 Change (YoY)
Launches (housing units)	350,746	7%	183,401	6%	90,147	5%
Sales (housing units)	329,095	5%	173,241	11%	86,896	12%

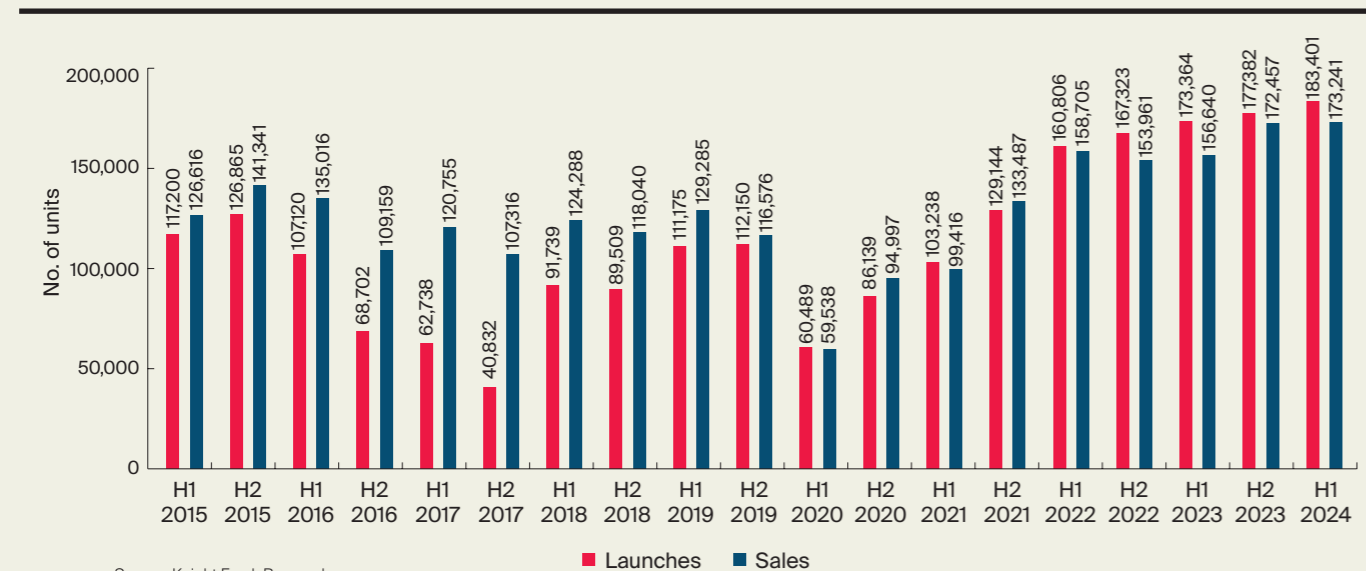
Source: Knight Frank Research

The residential market sustained its momentum as it stepped into 2024 with sales in H1 2024 scaling an 11-year high in terms of half-yearly sales. The 0.17 mn units sold in H1 2024 represent a healthy 11% growth in YoY terms. Sales have grown across all markets in YoY terms with most markets are currently at multi-year highs.

Homebuyer preferences are evolving rapidly, and this can be observed clearly in the ticket-size split of sales. Residential units priced over INR 10 mn constituted 41% of the total sales across all the eight markets under our coverage. Sales in this segment have grown by 51% YoY and it has been the primary driver for overall sales growth during H1 2024. Sales in the INR 5-10 mn and <INR 5 mn categories have dropped by 8% and 6% YoY respectively as homebuyer focus has shifted to the premium priced category.

Development activity has also scaled up to tap into the rich vein of demand that the residential market is currently seeing. The 0.18 mn units launched in H1 2024 represent a 10-year high in terms of units launched in a half-yearly period, and developers are well attuned to the changing preferences of the homebuyer that are now leaning significantly toward experiential living, squarely aimed at an upgraded lifestyle. Developers have been ahead of the curve and have judged the shifting preferences of the market by launching lifestyle-oriented premium products. The share of the number of units launched in the >INR 10 mn ticket-size category grew from 36% in H1 2023 to 47% in H1 2024.

LAUNCHES AND SALES TREND



Source: Knight Frank Research

India Office Market

India has consistently maintained its distinction as one of the rare beacons of growth since the pandemic in an otherwise bleak global economic landscape. The positive sentiment around the economy has been the primary driver of occupier activity in the office market, which has sustained the momentum gathered since 2022 and culminated in near-record annual transaction volumes in 2023. H1 2024 has picked up the pace well and racked up the highest ever transaction volumes in a half yearly period at 3.2 mn sq m (34.7 mn sq ft).

INDIA OFFICE MARKET SUMMARY

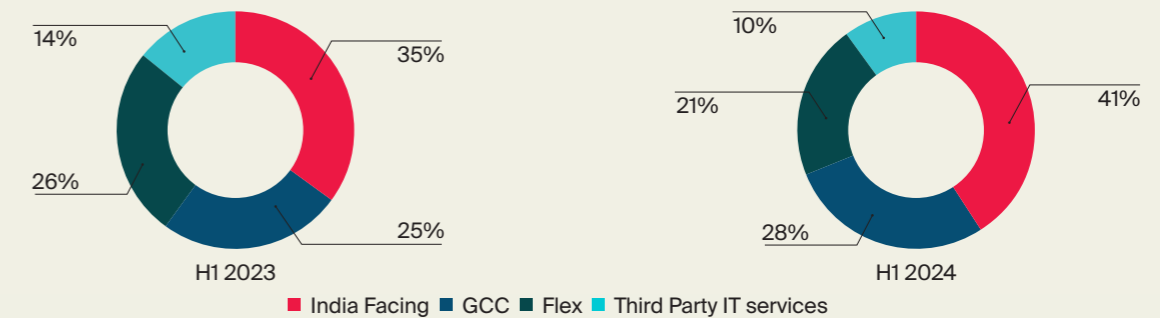
Parameter	2023	2023	H1 2024	H1 2024 Change (YoY)	Q2 2024	Q2 2024 Change (YoY)
Completions in mn sq m (mn sq ft)	3.98 (42.9)	-13%	2.33(25.1)	39%	1.12 (12.1)	-10%
Transactions in mn sq m (mn sq ft)	5.53 (59.6)	15%	3.22 (34.7)	33%	1.72 (18.5)	25%

Note: 1.1 square metre (sq m) = 10.764 square feet (sq ft)

Source: Knight Frank Research

India facing businesses have traditionally anchored the market and seen their share of transactions increase steadily from 35% in H1 2023 to a new high of 41% in H1 2024. This can be attributed to the high level of confidence in the outlook for the Indian economy and consumer markets. Companies based in the western hemisphere have also been increasing their business operations in India and setting up global capability centers (GCC) to leverage the increasingly high-quality talent pool and cost arbitrage that the Indian market offers. Indian GCCs have aggressively scaled up the value chain with corporates increasingly willing to offshore more business that is critical, including value-added functions and processes to their Indian GCCs. The share of GCCs has grown from 25% previously to 28% in H1 2024 with corporates overseas expanding existing GCC facilities and setting up new operations, resulting in 48% more space taken up during the current period. With business sentiments improving and the uncertainties steadily reducing, occupiers are more inclined to make longer term commitments to the workplace by signing long-term leases.

END-USE SPLIT OF TRANSACTIONS IN H1 2023 AND H1 2024



Source: Knight Frank Research

Completions have been comparatively subdued as development interest continues to be largely focused on residential projects due to the relatively steep increase in sales and prices in the residential market. 2.33 mn sq m (25.1 mn sq ft) of office space came online across the eight cities under our coverage, 39% higher than a year ago, however, lagging transactions by a margin of 28%.

Physical occupancy levels have risen consistently across markets and are being reported in the REIT portfolios at levels upwards of 65%. Post pandemic, the remote working phenomenon failed to take root in India, with some exceptions in technology dominated markets. Leadership teams across industries including technology majors such as TCS and HCL Technologies are aggressively calling for a return to office. Given that the Indian economic juggernaut continues to gain momentum with a pro-business leadership set to continue at the helm of the government for a renewed term of five years, the Indian office space market has few headwinds over the near term besides a weak supply scenario and looks on course to conclude 2024 on a new high.

India

Private Equity Investments

Indian Real Estate Market: A Resilient and Transformative H1 2024

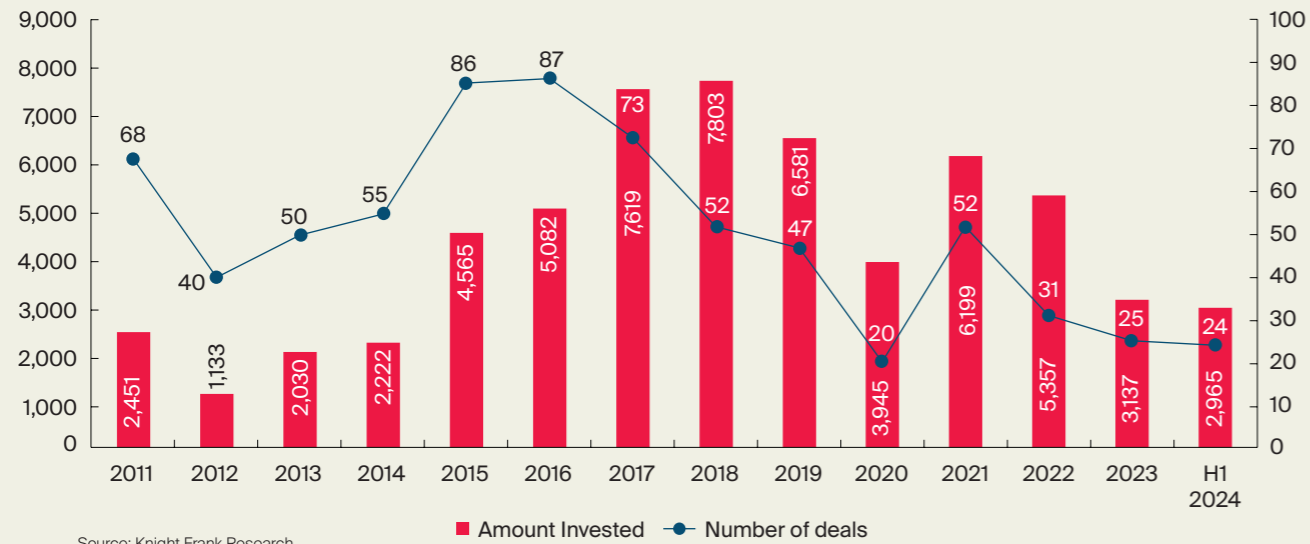
The first half of 2024 has been a period of remarkable resilience and transformation for the Indian real estate market. Despite global economic challenges such as high interest rates, geopolitical tensions, and inflation, the market has demonstrated significant adaptability and growth. Private equity (PE) investments in Indian real estate reached an impressive USD 3.0 billion, marking a 15% year-on-year increase.

The Indian economy's strong fundamentals, demonstrating resilience as one of the fastest-growing major economies globally, have contributed to sustained investor confidence in the Indian real estate sector. This, coupled with a shift in investor focus towards multi-city deals, has led to several significant investments in real estate. Notably, the top five PE transactions in the first half of 2024 accounted for a substantial 80% of the total PE investments received during this period.

Key Trends in PE Investments during H1 2024

The Indian real estate market experienced a notable surge in investments during H1 2024. This growth was particularly evident in the residential sector, driven by increased domestic participation. Historically dominated by foreign investors, the market saw a significant rise in domestic investments post-COVID, with domestic investors now accounting for 20% of total investments in recent years.

LAUNCHES AND SALES TREND



Source: Knight Frank Research

Sectoral Insights

Residential Sector

The residential sector witnessed a staggering 209% year-on-year increase in PE investments, reaching USD 854 million. Domestic investors played a crucial role, with Bengaluru and Mumbai emerging as top beneficiaries. Investments were diversified across under-construction and new developments, reflecting a strong belief in the sector's growth potential.

Office Sector

The office sector attracted USD 579 million in H1 2024, representing a 67% decline year-on-year. Despite this decline, the demand for Grade A office spaces in prime locations remains robust. Investors showed a clear preference for ready assets, with Hyderabad, Pune, and Bengaluru being key hubs for office investments.

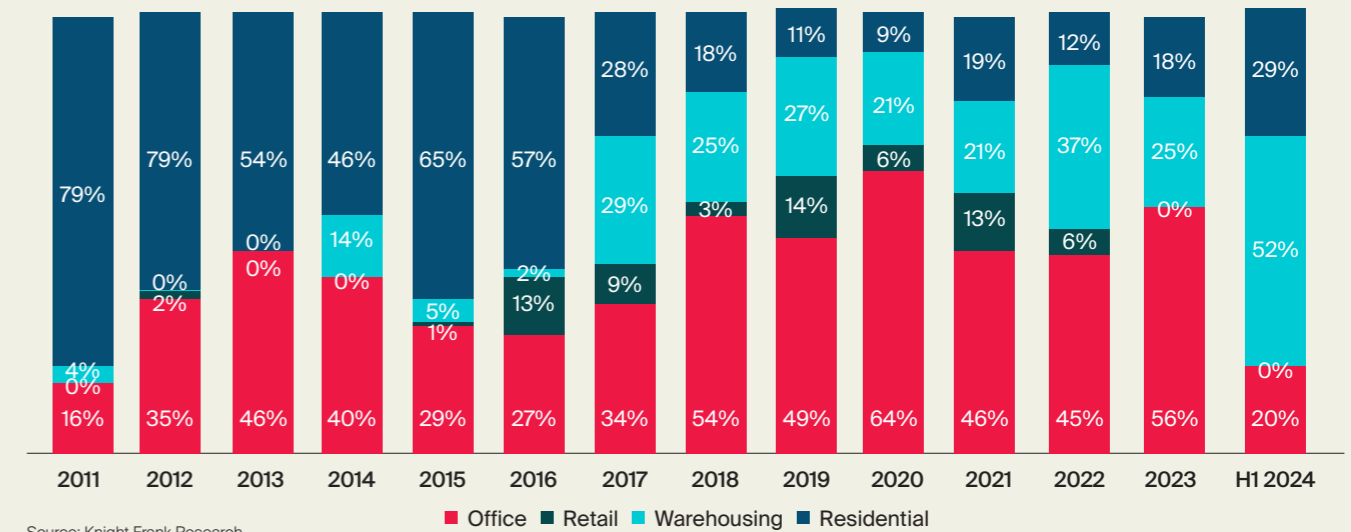
Warehousing Sector

Leading the investment space, the warehousing sector received USD 1,532 million, a 176% year-on-year increase. This surge was driven by the growth of e-commerce and supply chain optimization, with significant investments in Tier-II and Tier-III cities.

Retail Sector

The retail sector did not record any deals in H1 2024 due to economic concerns and high interest costs. However, the listing of a retail REIT is expected to rejuvenate the sector, sparking renewed interest among investors.

OFFICE SECTOR TAKES A BACKSEAT AS WAREHOUSING SECTOR LEADS



Source: Knight Frank Research

Outlook

The outlook for the Indian real estate market remains positive amid global uncertainties. The warehousing sector is expected to continue its growth trajectory, driven by the expanding e-commerce industry and government initiatives to improve logistics operations. The residential sector is also poised for sustained growth, supported by strong demand fundamentals and increased domestic participation.

While the office sector faces challenges, the demand for Grade A office spaces remains strong. The retail sector is anticipated to rebound with the listing of retail REITs and a recovery in retail sales. The increasing dominance of domestic private equity investors, particularly in the residential sector, reflects growing confidence in the Indian real estate market.

Overall, the Indian real estate market is becoming more diverse and dynamic. Despite existing challenges, the sector's resilience, strong demand fundamentals, and the growing involvement of domestic investors indicate a promising future. As the market matures and adapts to new trends, it is well-positioned to become a prominent player in the global real estate investment arena.

Diversity, Equity, Inclusion & Belonging (DEI&B) in Corporate Real Estate:

A Comprehensive Overview

In today's global business environment, the principles of Diversity, Equity, Inclusion, and Belonging (DEI&B) are essential for creating a dynamic and sustainable workplace. The Corporate Real Estate (CRE) sector, traditionally perceived as homogeneous, is increasingly recognizing the importance of these principles in fostering a culture that values, respects, and connects with individual differences.

The CRE sector's dedication to DEI&B is becoming more embedded in its corporate values and business practices. Companies understand that a diverse workforce brings a wealth of perspectives and ideas, which are crucial for innovation and effective problem-solving. By embracing diversity, CRE firms enhance their internal culture and better serve a diverse clientele. The industry's approach to equity ensures that all employees have access to the same opportunities, resources, and fair treatment, while belonging ensures everyone feels part of the community. This commitment to equity and belonging is reflected in policies and practices aimed at eliminating barriers and fostering a sense of connection, so individuals can reach their full potential without feeling isolated.

Inclusion in CRE goes beyond mere representation; it is about creating an environment where everyone feels valued, can contribute authentically, and experiences a deep sense of belonging. Belonging is not just about being included, but about feeling a sense of ownership and connection to the workplace. It's about knowing that one's unique contributions are appreciated, and that there is a place for everyone to thrive. Numerous initiatives have been implemented to foster an inclusive and welcoming workplace. These include training programs on unconscious bias, inclusive leadership, cultural competence, and belonging-centered activities that encourage employees to connect deeply with one another. Additionally, many CRE firms have established employee resource groups (ERGs) that provide support and advocacy for various underrepresented groups within the industry. These ERGs not only promote inclusivity but also create spaces where employees can build relationships and feel a strong sense of belonging within their teams. They provide platforms where diverse voices are heard, respected, and where everyone feels like they truly belong.

The commitment to DEI&B in the CRE sector extends to recruitment and retention strategies. Companies actively seek to attract a diverse pool of candidates through partnerships with organizations that focus on underrepresented groups. Hiring practices are designed to be transparent and equitable, ensuring that all candidates are evaluated fairly based on their skills and

qualifications. Once hired, employees are supported through mentorship programs, professional development opportunities, and career advancement pathways that are accessible to all. At the heart of these programs is the goal of not only retaining diverse talent but also ensuring that individuals feel a lasting sense of belonging. This fosters a culture where employees are not only respected for their differences but are also united by shared values and a common purpose.

In Corporate Real Estate, DEI&B is crucial for creating environments that reflect the diversity of the workforce they serve. CRE professionals are responsible for managing a company's property portfolio and ensuring that the workspaces are inclusive, accessible, and foster a sense of belonging. This includes considering the needs of employees with disabilities, creating gender-neutral facilities, designing spaces that promote collaboration among a diverse workforce, and cultivating a sense of connectedness where every employee feels they are an integral part of the team. By prioritizing DEI&B, CRE can play a significant role in shaping corporate culture and fostering an inclusive, cohesive environment.

The impact of DEI&B initiatives in CRE is evident in the positive feedback from employees and recognition from external organizations. Employee surveys consistently highlight the inclusive culture, the sense of belonging, and the opportunities for growth and development within the industry. Furthermore, the sector has received various awards for its commitment to DEI&B, underscoring its position as a leader in promoting workplace diversity, inclusion, and belonging.

The dedication to DEI&B in the CRE sector also influences interactions with clients and the broader community. Companies leverage their diverse workforce to provide more nuanced and effective solutions to clients, understanding that diverse perspectives can lead to better outcomes. Additionally, the CRE industry is involved in various community outreach programs that promote diversity, inclusion, and belonging, further solidifying its role as a responsible corporate citizen.

In conclusion, the CRE sector's commitment to Diversity, Equity, Inclusion, and Belonging is a fundamental aspect of its corporate identity. By embedding DEI&B principles into its culture, policies, and practices, the industry not only enhances its internal environment but also drives positive change in the communities it serves. The sector's efforts demonstrate that fostering a diverse, equitable, inclusive, and connected workplace is not just a moral imperative but also a strategic advantage that benefits everyone involved.



Use of Technology in Real Estate Industry and Facilities & Asset Management Services

PropTech (Property Technology) refers to the use of technology and innovation in the real estate industry, enhancing the management, buying, selling, and leasing of property. In the context of Facility Management, PropTech plays a crucial role in improving operational efficiency, reducing costs, and enhancing user experiences.

The key focus for the use of Technology is seen in:

- **Big Data Analytics** that involve the collection, processing, and analysis of vast amounts of data generated by various systems within a facility/ across multiple facilities. Big Data Analytics supports decision-making, improved operational efficiency, and significant cost savings. The applicability is extensive in
 - Predictive Maintenance that helps analyse data from sensors and equipment to predict potential failures before they occur, reducing downtime and maintenance costs.
 - Space Utilization Optimization that uses the occupancy data to understand how spaces are used, enabling better space planning and reducing real estate costs.
 - Energy Management understands the energy usage patterns to identify inefficiencies and optimizes energy consumption.
- **Building Information Modelling (BIM)**, extensively used in Project Management & Facility management Services is a digital representation of the physical and functional characteristics of a facility, used for planning, designing, constructing, and managing buildings. BIM enables Improved accuracy in maintenance, reduced costs during renovations, and better collaboration among team members/ departments.
 - Asset Management provides detailed information about building components and systems, helping facility managers track and manage assets throughout their lifecycle.
 - Maintenance Planning helps schedule and perform maintenance activities based on the detailed model of the facility.
 - Renovation and Retrofitting can be affected using BIM to plan and execute renovations with minimal disruption by having a precise model of the existing facility.
- **Internet of Things (IoT)** uses the network of interconnected devices and sensors that collect and exchange data, enabling real-time monitoring and control of various systems. Integration of IoT helps Increased operational efficiency, improved occupant comfort, and reduced energy consumption.
 - Real-Time Monitoring continuous and real time monitoring of HVAC, lighting, security systems, and environmental conditions (temperature, humidity) to ensure optimal operation.
 - Smart Building Automation of building systems based on occupancy, time of day, and environmental conditions to improve efficiency and occupant comfort.
 - Occupant Experience Enhancement that provides personalized experiences for building occupants, such as automated lighting and climate control adjustments based on preferences.
- **Sustainability and Green Building Technologies** are focused on reducing the environmental impact of facilities through energy efficiency, resource conservation, and sustainable practices. These result in lower operational costs reduced environmental impact, and improved compliance with sustainability standards and certifications.
 - Energy Management Systems (EMS) that monitors and optimizes energy usage in real-time to reduce consumption and carbon footprint.
 - Water Conservation Technologies help smart irrigation, low-flow fixtures, and rainwater harvesting systems to reduce water usage.
 - Renewable Energy Integration incorporates solar panels, wind turbines, and other renewable energy sources into the facility's energy mix.

- **Augmented Reality** has transformed the real estate industry by enhancing the way properties are marketed, viewed, and managed. AR overlays digital information onto the physical world, providing an interactive experience that can significantly improve customer engagement, decision-making, and operational efficiency in real estate. AR helps in
 - Virtual Property Tours that enable potential buyers or tenants to take immersive virtual tours of properties without being physically present.
 - Interactive experience that can lead to higher customer engagement and satisfaction.
 - Helps buyers and tenants make more informed decisions by providing a realistic view of the property.
 - Interior Design Visualization is possible as AR allows users to visualize how furniture, decor, and other interior elements will look in a space. By overlaying virtual furnishings onto real environments, clients can experiment with different styles and configurations before making purchases. Helps buyers and tenants make more informed decisions by providing a realistic view of the property.

The use of Technology in providing of Facility Management Services has become second nature as clients look for DSS (Decision Support Systems) that provides accurate and real time data, efficient and smooth Facility Management Operations and supports in Client Relationship management.

There exist a few roadblocks that need to be worked around for successful implementation of these solutions.

- Systems might not be compatible with new PropTech solutions, leading to integration challenges.
- The increased use of IoT and data analytics raises concerns about data privacy and cybersecurity threats.
- Resistance from stakeholders, especially in traditionally managed facilities, can slow down the adoption of PropTech solutions.

The integration of PropTech in Facility Management is revolutionizing the industry by making buildings smarter, more efficient, and responsive to the needs of their occupants. As technology continues to advance, the adoption of these solutions is likely to become a standard practice in the industry.

► Some focus areas are:

- Smart Building Management uses IoT Devices and Sensors to monitor and control various aspects of a building, such as lighting, temperature, security, and energy consumption.
- Building Management Systems (BMS) integrates systems that automate the control of building operations, leading to more efficient energy use and improved maintenance scheduling.
- Energy Monitoring and Optimization modules track energy usage in real-time and suggest ways to reduce consumption, leading to lower operational costs and a reduced carbon footprint.
- Tenant and Occupant Experience is enhanced by mobile applications that allow tenants to interact with building services, book amenities, report issues, and receive updates.
- Enhanced Security Systems are enhanced by solutions like biometric access and AI-powered surveillance to enhance building security.
- Automated Financial Management help manage budgets, track expenses, and streamline billing processes.
- Vendor Management is done through digital platforms that facilitate the management of service providers, contracts, and procurement processes.



Green Horizon: Crafting a Sustainable Future with Net-Zero

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The path to success in ESG and Net Zero rests on a commitment to long-term sustainability, making responsible choices now that safeguard the planet, elevate quality of life, empower communities, and build a more equitable future for all.

Sathish Rajendren, FRICS

Senior Executive Director, Facilities & Asset Management, Knight Frank India



In today's world, achieving net-zero carbon emissions and implementing ESG (Environmental, Social, and Governance) solutions are both critical in creating sustainable, efficient, and ethically operated facilities. Net Zero is a specific goal that falls within the environmental component of ESG, while ESG encompasses a broader range of ethical and sustainability issues, including governance and social responsibility. Net-zero efforts often form a part of a company's ESG strategy, but ESG covers much more than just carbon reduction. The rise of ESG and net-zero practices signifies a shift towards more responsible consumption, production, and governance in industries worldwide. This article explores the intertwined goals of net-zero emissions and ESG trends in facilities management, highlighting their shared vision for a sustainable future.

The Importance of Net-Zero Emissions

Achieving net-zero carbon emissions has become a global imperative in the fight against climate change. Net-zero emissions refer to balancing the amount of greenhouse gases released into the atmosphere with those removed, ensuring a halt to global warming, particularly for carbon dioxide (CO₂). The energy sector, as a significant contributor to emissions, plays a central role in this transition, alongside efforts like carbon sequestration and renewable energy adoption.

Net-zero initiatives extend beyond carbon to include water, waste, and energy. Net-Zero Water involves recycling and rainwater harvesting to reduce ecological footprints, while Net-Zero Waste promotes segregation, recycling, and reuse to minimize landfill impact. Net-Zero Energy focuses on efficient generation and renewable energy adoption, crucial for curbing emissions. Similarly, Net-Zero Carbon practices in industries and buildings involve minimizing emissions and offsetting the remainder through nature-based solutions.

Countries like India are setting long-term net-zero goals, with a target of 2070. Encouraging electric vehicle (EV) adoption and enhancing renewable energy infrastructure are vital components of this strategy. The rise of innovative business models, such as battery leasing and rental, supports this shift. Globally, over 70 countries and thousands of businesses are committed to reducing their emissions, with a shared responsibility to ensure net-zero targets are met.

ESG Solutions in Facilities Management

Facilities management has increasingly become aligned with ESG considerations, responding to the growing demand for sustainability, social responsibility, and ethical governance. Below are key trends that highlight the integration of ESG solutions into building operations.

Sustainable Building Operations

Sustainable building operations reduce energy consumption, minimize waste, and incorporate renewable energy. Organizations are adopting Energy Management Systems (EMS) to optimize energy use, building automation systems that adjust settings based on occupancy. Renewable energy, like solar panels, is being integrated into facilities, with companies investing heavily in clean energy to reduce their carbon footprints.

Efforts to achieve zero-waste are gaining momentum as well, with companies leading the way by making 600 facilities zero-waste to landfill. These initiatives not only contribute to environmental goals but also align with the broader net-zero movement.

Smart Building Technologies

Smart technologies, including IoT-enabled sensors, are transforming facilities management by enhancing ESG performance through real-time monitoring of energy, water, and air quality. Predictive maintenance, utilizing machine learning and data analytics, helps anticipate equipment failures, reducing downtime and maintenance costs. Watson IoT platform is a key player in this space, optimizing both environmental and operational efficiency.

Occupant Health and Well-being

Facilities management now emphasizes occupant health, tying into the social aspect of ESG. Standards like the WELL Building Standard ensure better air, water, and lighting conditions in buildings. Biophilic design, which incorporates natural elements into spaces, is another trend promoting mental well-being.

ESG Reporting and Transparency

Stakeholders increasingly demand transparency in ESG performance, driving the adoption of tools which track energy use, water consumption, and waste in real-time. Integrated reporting systems, like GRESB's benchmarks for real estate portfolios, help organizations combine ESG metrics with financial data for a holistic view of their sustainability efforts.

Governance and Ethical Management

Ethical governance plays a crucial role in ESG implementation. Facilities managers are responsible for ensuring that supply chains follow environmental and labor standards. Supplier Code of Conduct is an example of enforcing ethical practices across its operations. Moreover, ESG risk management services, like those provided by GL, guide organizations in navigating regulatory challenges.

Resilience and Climate Adaptation

As climate change increases the frequency of extreme weather events, facilities must adapt to ensure resilience. The Climate Resilience Design Guidelines by the City of New York provide a framework for buildings that can withstand rising sea levels and storms. Additionally, few companies do offer disaster preparedness services to minimize financial and operational disruptions in the wake of disasters.

The Path Forward: A Unified Vision for Sustainability

ESG solutions and Net Zero emissions share a common goal of fostering sustainability and resilience in operations. By combining the principles of reducing emissions with the ethical, social, and environmental considerations of ESG, organizations can create a significant positive impact on both the environment and society. Achieving net-zero emissions requires global cooperation, innovative solutions, and a commitment from every industry sector. At the same time, integrating ESG solutions into facilities management can optimize energy use, improve occupant well-being, and ensure long-term resilience against climate challenges. As we move forward, facilities managers and organizations must continue to embrace sustainable practices, support technological innovation, and promote transparency and governance. Together, we can achieve a future that is not only net-zero but also rooted in ethical and socially responsible operations.



Global Capability Centres and India Office Market Landscape – 2024

Global Capability Centres (GCCs) are offshore establishments that multinational corporations set up to provide services to their parent entity. This is based on the leverage of global skills, resources, and knowledge. These entities are generally integrated into larger corporations and offer various services like research and development, IT support, outsourcing of business processes, engineering solutions, and other related functions.

GCCs projected to absorb an impressive 26 mn sq ft of office space by 2027

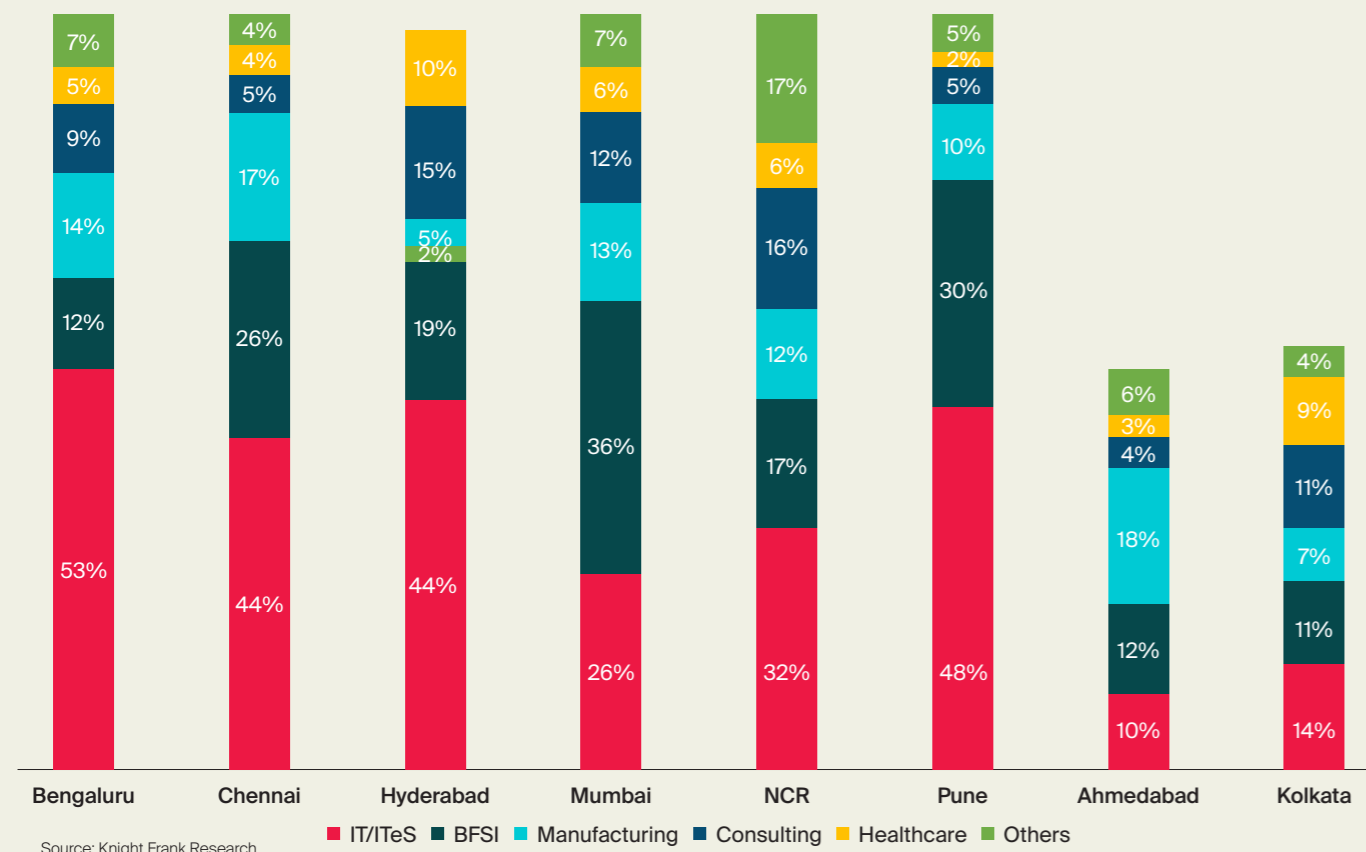
- Bengaluru with the highest IT/ITES GCCs
- Mumbai highest in the weighted average rent for GCCs

- Most GCC deals are in small offices below 50000 sqft in India
- Transfer pricing regulations and SEZ and STPI laws impact high on GCCs in India
- Hybrid mode is the most preferred and viable operating model for GCCs in India

Industry segment

IT/ITeS sector GCCs lead the chart followed by BFSI and Consulting GCCs. For BFSI, Mumbai leads with highest percentage of GCCs under the BFSI sector and Bengaluru leads with highest percentage of GCCs in the IT/ITeS sector.

AROUND 80% OF THE GCCS IN INDIA ARE CURRENTLY SERVICING INTERNATIONAL FACING CLIENTS



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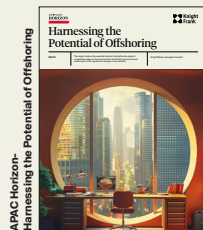
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Global Capability Centres and India Office Market Landscape Report



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APAC Horizon - Harnessing the Potential of Offshoring

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