NANO GCC REAL ESTATE · POINT OF VIEW

# From Incubation Space to Permanent Home

Most nano GCCs leave their first office for the wrong reason: a renewal date, a budget cycle or one crowded Tuesday. How to tell when the centre is genuinely ready to move, and what a permanent home really costs.

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AT A GLANCE

- Incubation is a paid experiment. Set its end conditions before the team moves in, and move on evidence, not on a renewal date.
- Flex is becoming a long-term home: GCCs took 44% of flex seats leased in H1 2026, and two-thirds of occupiers expect flex in their portfolio within two years[1,2].
- Compare staying, adapting and moving on total cost per seat. In Bengaluru, fit-out spread over five years roughly doubles the headline rent[3,4].

## 01 The trap

A nano GCC opens in a 25-seat managed office. Eighteen months in, the office is full every Tuesday, team leads complain that they cannot book rooms, and the incubation agreement is nearing renewal. Leadership asks for a permanent lease.

The numbers tell a more mixed story. The office averages 15 people on a typical day, 60% of its seats. On the recurring peak day, 23 come in, or 92%. A bigger lease would solve the peak, but the GCC would pay for empty desks the rest of the week. And if the real constraint is meeting rooms, or a single team-wide anchor day, a larger floor may not solve it at all.

The cause is a decision made by the calendar. Agreements end, budget cycles close and a crowded day feels like evidence. None of these says whether the centre's needs have become stable enough to justify a long commitment, and that is the only question that matters.

> *Incubation is a paid experiment. Its output should be a workplace brief built on evidence, and the move should follow the brief, not the renewal date.*

[1] Cushman & Wakefield, India flex space trend in H1 2026 (August 2026). www.cushmanwakefield.com/en/india/news/2026/08/india-flex-space-trend-in-h1-2026

[2] CBRE, India Office Occupier Survey 2026, as reported in "77% of Indian companies plan office expansion even as AI changes how work gets done" (Allwork.Space, August 2026). allwork.space/2026/08/77-of-indian-companies-plan-office-expansion-even-as-ai-changes-how-work-gets-done/

[3] Address Advisors, Bengaluru Market Overview Q2 2026 (July 2026). addressadvisors.com/market-insights/bengaluru-market-overview-q2-2026

[4] Cushman & Wakefield, India Office Fit Out Costs and Market Insights 2026. www.cushmanwakefield.com/en/india/insights/office-fit-out-cost-guide

## 02 Why the decision is harder in 2026

Flexible space is no longer a niche. JLL reports that flex operators leased a record 10.23 million sq ft across India's top seven cities in H1 2026, and 28.4% of Q2 leasing, while GCCs took 41.7% of all space leased and vacancy fell to 14.5%, a five-year low[5]. Cushman & Wakefield counts 191,306 flex seats leased across the top eight cities in the same half, up 68.4% year on year, with GCCs taking 44% of them[6]. In CBRE's 2026 occupier survey, 67% of occupiers expect flex to form part of their portfolio within two years, up from 58% today, and private managed offices are the most preferred format[7].

These series measure different things and should not be added together, but they point one way. Staying in flex is a more credible long-term option than it used to be, and moving is harder to time, because the floor you want may go to another GCC while you deliberate.

## 03 Looking ahead: 2027 and beyond

Three shifts will shape the decision for centres entering incubation now:

- **Flex becomes a home, not a stopgap.** Colliers expects flex stock in the top seven cities to pass 100 million sq ft by 2027, about 10.5% of office stock, with enterprises driving nearly 70% of flex seat demand[8]. Commitments are lengthening too: WeWork India's average commitment term has risen to 28 months, and 33 months for large enterprises[9]. For many nano GCCs, the right permanent home may be a long-term managed suite rather than a bare-shell lease.
- **Waiting has a price.** Knight Frank puts Bengaluru's prime office rent at ₹163 per sq ft a month in Q2 2026, about 10% higher than a year earlier[10]. In a rising market, a late decision costs more than disruption: it locks in a higher base rent for years.
- **The brief has to absorb AI.** In CBRE's survey, 57% of occupiers say AI has not yet affected their leasing decisions, but AI automation is the factor most often expected to influence them over the next one to two years[11]. Launch headcount assumptions may not survive to the signing of a long lease.

## 04 Read the signals, not the calendar

Track a small set of measures from month one and review them each quarter with HR, IT, finance and the business. Talk to team leads as well: the data shows what is happening, but leaders can explain why, and how the mandate has moved since launch.

EXHIBIT 1 · WHAT TO TRACK DURING INCUBATION

| Signal | What to measure | Decision test |
|---|---|---|
| **Attendance** | Average and peak-day seats used, by team | Is the pressure total capacity, or concentration on a few days? |

[5] JLL, "India office leasing dips 3.9% to 37.9M sf; GCCs strong" (14 July 2026). www.jll.com/en-in/newsroom/india-office-leasing-dips-3-point-9-percent-to-379m-sf-gccs-strong

[6] Cushman & Wakefield, see note 1.

[7] CBRE, see note 2.

[8] Colliers, "Flex India: Pioneering the Future of Work", as reported in The Realty Today (December 2025). therealtytoday.com/news/market-insights/indias-flex-market-to-cross-100-msf-with-penetration-above-10-by-2027-says-colliers-india-report/

[9] WeWork India quarterly disclosures, as reported in "WeWork India markets flexibility, but monetises certainty" (Basis Point Insight, August 2026). basispointinsight.com/Story/wework-india-markets-flexibility--but-monetises-certainty_4a0731aa84ba.html

[10] Knight Frank, Q2 2026 prime office rents, as reported by IANS (August 2026). ianslive.in/indias-prime-office-markets-rents-surge-up-to-10-pc--20260817130558

[11] CBRE, see note 2.

| Signal | What to measure | Decision test |
|---|---|---|
| **Meeting space** | Room bookings, failed bookings, call-booth queues | Is the room mix, not the seat count, the real constraint? |
| **Hiring** | Where joiners commute from; offers declined over location | Does the location still work for the talent you need? |
| **Service** | Support tickets, network incidents, access problems | Does the operator's service model fit a larger team? |
| **Mandate** | New functions, client audits, security or data rules | Can the space meet needs it was never chosen for? |

Then sort the findings into two lists: problems the current site can fix, such as a different room mix, staggered anchor days or a second block of seats in the same building, and problems that need a new site. Only the second list justifies a search.

## 05 What the headline rent leaves out

Most move decisions end in a comparison between a per-seat flex fee and a per-sq-ft rent, and this is where they most often go wrong. The flex fee bundles rent, maintenance, furniture, IT, security and reception. A conventional lease unbundles them and adds the cost of setting up and of leaving.

Exhibit 2 uses two published Bengaluru figures: a stock-weighted quoted rent of ₹102.3 per sq ft a month in Q2 2026[12], and Cushman & Wakefield's 2026 fit-out benchmark of ₹6,027 per sq ft[13].

EXHIBIT 2 · BENGALURU RENT PLUS FIT-OUT, ₹ PER SQ FT PER MONTH (ILLUSTRATIVE)

| Cost line | Five-year stay | Nine-year stay |
|---|---|---|
| **Quoted rent** | ₹102 | ₹102 |
| **Fit-out, spread over the stay** | ₹100 | ₹56 |
| **Rent plus fit-out** | **₹202** | **₹158** |

*Not yet included: CAM, utilities, IT, security, deposits and reinstatement. Assumes the occupier funds fit-out, spread evenly with no financing cost; excludes escalation, GST and any landlord contribution. Vertara Global analysis of published figures.*

Over a five-year stay, fit-out roughly doubles the headline rent before a single running cost is added; over nine years it still adds more than half. A landlord contribution or warm-shell handover changes the picture and is worth negotiating hard for. Either way, compare staying, adapting and moving on total cost per seat over the same period and at the same seating density. A headline rent comparison almost always flatters the conventional lease, and flatters it most for small teams.

## 06 How to run the decision

Agree the end conditions of incubation before the team moves in, and hold the decision to them.

- **Set the triggers in advance.** A permanent search is justified by headcount that has held on plan for several quarters, with a credible two- to three-year forecast; by infrastructure, client or regulatory needs that shared space cannot meet; by capacity pressure that outlasts the cheaper fixes; or by a like-for-like cost crossover. A lease date alone is not a trigger.

[12] Address Advisors, see note 3.

[13] Cushman & Wakefield, see note 4.

- **Price three options on one schedule.** Stay as is, adapt in place (more seats, a private suite or a longer term with the current operator), or move. Set cost per seat, term, notice, exit liability, fit-out ownership and expansion rights side by side over three and five years.
- **Read the exit terms early.** Notice periods and lock-ins in the incubation agreement should shape the timeline, not surprise it. Where downtime would hurt clients, negotiate an overlap so the new site is live before the old one closes.
- **Build the timeline from the brief.** Industry commentary describes occupiers expecting a fully seated team within twelve weeks of signing[14]. Allow for search, legal work, design, fit-out and IT commissioning, and set the decision gate early enough that slippage cannot force a rushed move.
- **Plan the people side.** Explain why the move is happening and what it means for commutes well before moving day. Trust built in incubation is easily lost in a badly explained move.

QUESTIONS FOR THE BOARD

1. Which of our launch assumptions on headcount, functions and attendance have changed?
2. What requirement can we not meet in the current space, and could the operator meet it?
3. On total cost per seat over the same period, when does staying cost more than moving?
4. Is a long-term managed suite a credible permanent home for us?

## 07 How Vertara Global helps

We work with leadership before the team moves into incubation, while the end conditions are still easy to set. We document the opening assumptions, put the measures in Exhibit 1 in place and review them with HR, IT, finance and the business at agreed points. When the decision comes, we compare staying, adapting and moving on total cost per seat, experience and continuity, and give leadership a clear recommendation with the evidence behind it.

If a permanent home is justified, we run the brief, search, commercial negotiation, fit-out and transition while live operations continue, then hand over the contracts, warranties, asset data, service levels and a post-occupancy action plan, staying engaged into year two. The test of success: the GCC moves once, at the right time, without losing the momentum it built in incubation.

ABOUT VERTARA global

Vertara Global is a practitioner-led GCC advisory firm. We help mid-market companies across sectors and geographies design, set up, scale and transform their Global Capability Centres, from the first business case and location choice to the operating model, entity, talent and workplace.

Our services span five pillars:

1. **GCC Consulting**
2. **Legal & Entity Support**
3. **People Advisory**
4. **Digital & AI**
5. **Engineering GCC Solutions**

Client-first and leader-led: senior practitioners run every engagement, and we stay involved after handover, because year two is where many GCCs are tested.

[14] I. Ghai, "India is leasing office space faster than it can fit it out" (CXOToday, July 2026). cxotoday.com/expert-opinion/india-is-leasing-office-space-faster-than-it-can-fit-it-out/