NANO GCC REAL ESTATE · POINT OF VIEW

The 20-Seat Lease Trap

Most nano GCCs don't outgrow their strategy. They outgrow their lease. Why the first office should be bought as a set of options, and how to price them before you sign.

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AT A GLANCE

- A nano GCC (20 to 200 people) starts small but grows in jumps: one new workstream can double seat demand within a year.
- With top-city vacancy at a five-year low and GCCs taking close to half of Grade A leasing, the adjacent space you are counting on may not be there[1,2].
- Buy the first lease as a set of options: match the term to funded headcount, make expansion a contractual right, and price the exit before you sign.

01 The trap

A company enters India with a funded team of 20 and an ambition to reach 60. It signs the cheapest offer: a fixed 20-seat suite with a 36-month lock-in. Nine months later a second workstream moves to India and the team will hit 40. The building has no adjacent space, and the landlord is "happy to help" but cannot commit to a date. Every remaining choice is expensive: split the team across two buildings, or relocate and pay out the lock-in on a suite you no longer use.

The cause is rarely a bad forecast. It is a lease priced on the forecast alone. A nano GCC has an asymmetric risk profile: its initial team is small, but a single new workstream can change space demand quickly. The cost of growth, of a pause and of an exit should all be visible before a term is chosen. A shorter contract may be worth a premium while the operating mandate is unproven; a longer term is rational once funded headcount and technical requirements are stable.

> *The first lease should purchase options, not merely desks. Flexibility has a value that belongs in the commercial comparison, alongside rent and fit-out.*

[1] JLL, "India office leasing dips 3.9% to 37.9M sf; GCCs strong" (H1 2026 release). www.jll.com/en-in/newsroom/india-office-leasing-dips-3-point-9-percent-to-379m-sf-gccs-strong

[2] Colliers, GCCs in India 2026 report, as reported in "GCCs may account for nearly half of India's office leasing in 2026" (July 2026). www.newkerala.com/news/a/gccs-may-account-nearly-half-indias-office-leasing-804.htm

02 Why the trap is tighter in 2026

JLL reports vacancy across India's top seven cities fell to 14.5% in H1 2026, a five-year low[3]. Colliers reports GCCs leased 16.6 million sq ft of Grade A space in the same period, 46% of top-city leasing[4]. In CBRE's 2026 occupier survey, 77% of respondents expect their portfolios to expand within two years, and about 30% expect growth of more than 30%[5]. GCCs also took 44% of flex seats leased in H1 2026, according to Cushman & Wakefield[6].

These are different market series and should not be combined into one estimate, and none of them predicts a particular team's growth or a particular building's availability. Together, though, they point one way: "we'll find you space in the building" is a weaker promise than it was, so test real availability in the chosen micro-market and building, and secure documented options before a requirement becomes urgent.

03 Looking ahead: 2027 and beyond

The pressure is unlikely to ease. Colliers expects GCCs to lease 35 to 40 million sq ft a year over the next two years, 45% to 50% of office demand, and names nano and mid-sized GCCs as a driver of the next phase[7]. FICCI–ANAROCK projects more than 2,400 GCCs employing 2.8 million people by 2030[8]. In Bengaluru, ICRA expects occupancy to reach 92.0% to 92.5% by March 2027 even after new supply[9]. Three shifts follow for nano GCCs:

- **Options get dearer, so buy them now.** A lease signed in late 2026 will hit its first expansion or renewal decision in 2027–28, in a market where GCCs are competing harder for the same Grade A floors.
- **Flex becomes a long-term 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 all office stock[10]. Negotiate flex agreements like leases: seat blocks, rate locks and notice periods in writing.
- **The expansion option may be in another city.** Colliers sees a "hub-plus-one" model gaining ground in Tier II and III cities[11], with FICCI–ANAROCK naming Jaipur, Indore, Kochi and Coimbatore among emerging hubs[12]. For some centres, a planned second site is a better growth path than the floor next door.

04 Three rules for the first lease

Match the term to the funded plan, not the ambition. A three-year hiring ambition does not justify a three-year fixed footprint. Model the base team, the likely additions and a slower hiring case before agreeing area, term and deposit.

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[3] JLL, see note 1.

[4] Colliers, see note 2.

[5] CBRE, "Three in four occupiers plan to expand their office portfolios in India over next two years" (India Office Occupier Survey 2026, August 2026). www.cbre.co.in/press-releases/three-in-four-occupiers-plan-to-expand-their-office

[6] 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

[7] Colliers, GCC outlook, as reported in "GCC office leasing to reach 40 million sq ft annually by 2027" (The Realty Today, July 2026). therealtytoday.com/news/market-insights/gcc-office-leasing-to-reach-40-million-sq-ft-annually-by-2027-colliers-india-report

[8] FICCI–ANAROCK, as reported in "India to host more than 2,400 GCCs, employ 2.8 million professionals by 2030" (Business Today, February 2026). www.businesstoday.in/amp/real-estate/story/india-to-host-more-than-2400-gccs-employ-2-8-million-professionals-by-2030-ficci-anarock-514378-2026-02-03

[9] ICRA, "Bengaluru office market to sustain single-digit vacancy levels in FY2027" (December 2025). www.icra.in/Research/ViewResearchReport/bengaluru-office-market-to-sustain-single-digit-vacancy-levels-in-fy2027/6655

[10] 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/

[11] Colliers, see note 7.

[12] FICCI–ANAROCK, see note 8.

Make expansion a right, not a promise. Ask whether adjacent seats or suites can be reserved, whether the operator can offer equivalent space in the same building, and how much notice is needed. A right of first offer or first refusal helps, but the strongest protection is a defined option: named area, rent formula, notice period and delivery date.

Price the exit before signing. Indian leases often pair a long term with a shorter lock-in, such as a ten-year term with a three-year lock-in[13]; escalation commonly runs at around 15% every three years or 5% a year[14]; and deposits are often non-interest-bearing[15]. Put a number on lock-in, notice, escalation, restoration, deposit recovery and unused services. As a simple sensitivity, if a 20-seat site costs ₹2.4 lakh a month and early exit requires six months of fees, the exposure is ₹14.4 lakh before relocation and setup. Compare that with the premium for a shorter commitment or an enforceable expansion right.

05 What flexibility is worth

Return to the opening scenario. Option A costs ₹12,000 per seat a month, with a 36-month lock-in and no expansion right. Option B costs ₹15,000 per seat (25% more), with a 12-month lock-in and the right to add seats in the same building at the same rate. Extra space for Option A later costs ₹16,000 per seat plus ₹15 lakh to open a second site or relocate. The comparison has to include the probability and cost of both growth and delay, so we ran three hiring paths over 36 months.

EXHIBIT 1 · 36-MONTH CASH COMMITTED (ILLUSTRATIVE)

Hiring path	Option A response	Option A	Option B	A minus B
Flat: stays at 20	Stays put	₹0.86 cr	₹1.08 cr	−₹21.6 lakh
Base: 40 from month 13	Second site	₹1.78 cr	₹1.80 cr	−₹1.8 lakh
Accelerated: 40, then 60	Second site	₹2.74 cr	₹2.70 cr	+₹4.2 lakh
Accelerated: 40, then 60	Relocates	₹3.70 cr	₹2.70 cr	+₹1.00 cr

Assumptions chosen for clarity, not market quotes. Excludes escalation, deposits, GST and the cost of running two sites. Vertara Global analysis.

Option A wins only if the team never grows, and then by ₹21.6 lakh: the full cost of the insurance. It stays level in the faster paths only if leadership accepts a nano GCC split across two buildings. If the centre consolidates instead, the fixed lease costs ₹1.00 crore more. Option B caps the downside; boards should compare the range of outcomes, not the first year's monthly fee.

06 How to run the decision

Model three paths from the same commencement date. In the flat case, twenty people remain and unused expansion rights expire; in the base case, the team grows to forty after month twelve; in the accelerated case, it

[13] E. Goodman, "A short primer for U.S. companies on commercial office leasing in India", New York Real Estate Journal. nyrej.com/print/40834

[14] Mynd Solution, "Handling rent escalation clauses in lease management in India". www.myndsolution.com/best-practices/handling-rent-escalation-clauses-in-lease-management-in-india/

[15] King Stubb & Kasiva, "Commercial real estate leasing in India" (updated March 2025). ksandk.com/md/real-estate/commercial-real-estate-leasing-in-india/

reaches sixty and needs another suite earlier. Ask the landlord or operator to price the same rights under each path.

Hiring path	Workplace implication	Decision test
Flat at 20	Initial suite is adequate	Avoid paying for reserved area that cannot be released
Grow to 40	Defined adjacent capacity is valuable	Check option deadline, rent formula and delivery date
Grow to 60	A second phase may require a move	Price overlap, fit-out reuse and exit liability

- **Compare on one schedule.** Set usable area, term, lock-in, deposit, escalation, fit-out ownership, expansion rights and exit liabilities side by side, with total cash outflow at 12, 24 and 36 months per path. Mark conditions that depend on landlord consent and any decision that cannot be reversed without it.
- **Assign owners and dates.** The transaction team issues a schedule of material terms with dates and owners. Workplace confirms capacity and room mix; IT checks connectivity and equipment lead times; finance validates deposits and cash exposure; legal confirms the expansion and exit provisions are enforceable.
- **Negotiate for the most valuable future choice.** The priority clause is the one that protects the outcome you can least afford.
- **Set a decision gate six months before planned growth.** That leaves time to exercise an option or start a fresh search. Where availability is uncertain, keep a documented fallback site.
- **Watch the runway after launch.** Track approved headcount, actual hires, peak attendance, room pressure and remaining expansion lead time. Escalate when forecast headcount plus delivery lead time approaches capacity, with the trigger set to your own lead times rather than a fixed percentage.

QUESTIONS FOR THE BOARD

1. What headcount and functions are genuinely committed for the first 12 months?
2. What happens to total cash committed if the team doubles, or stays flat?
3. Which growth rights are enforceable, and by when must each be exercised?
4. What is the all-in cost of leaving before the planned end date?

07 How Vertara Global helps

We enter the transaction before the first letter of intent, while the most valuable rights are still cheap to secure. We combine the business ramp plan with lease and workplace due diligence, and compare a short managed term, a longer suite with option rights and a staged expansion path on total committed cash. The deliverable is a negotiation brief: the clauses to secure, the dates by which each right must be exercised and the cost of the downside case.

Whichever operating model the client chooses, including build–operate–transfer, we can set up the opening workplace, track hiring against option dates and hand over a lease obligations register to real estate and finance owners, staying engaged into year two. The test of success: adding or releasing capacity without an unplanned move or an opaque exit bill.

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.