NANO GCC REAL ESTATE · POINT OF VIEW

The Commute Tax

Rent is on the spreadsheet. The journey to work is not. Why a nano GCC should choose its location around the people it needs to hire, and how to test the commute before you sign.

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AT A GLANCE

- Nearly 70% of India office occupiers rank commute and connectivity as a top location criterion, but only about 18% would pay a premium for better transit access[1].
- The commute tax is paid in employee time and shows up later as declined offers, thin attendance and avoidable exits. A nano GCC (20 to 200 people) has the fewest ways to absorb it.
- Choose the catchment before the building: map where the talent lives, test the journey at real working hours, and price what the cheaper site really saves.

01 The tax

A company opens a 40-seat GCC in Bengaluru. It shortlists two buildings and picks the cheaper one, about 14% below the alternative, on the far side of the city from where most of its target hires live. Within six months, two strong candidates turn down offers over the journey. Attendance on design-review days drifts. The team lead starts asking whether people can skip the office on Tuesdays. Nothing in the lease has gone wrong. The location has.

The cause is rarely a bad building. It is a location chosen on the occupancy budget alone. Rent, fit-out and lease terms all sit in the comparison; the time it takes people to reach the desk does not. That cost is still paid. Employees pay it in hours and energy, and the company pays it later in slower hiring, thinner collaboration and exits that are hard to trace back to the address.

> *The commute never appears in the lease, but it is part of the employment offer. A location that the right people cannot reach reliably is not a saving.*

02 Why the tax is higher in 2026

In CBRE's 2026 India Office Occupier Survey of more than 200 senior executives, nearly 70% said they prioritise commute and connectivity when selecting office space. Only about 18% said they would pay a premium for better public transport access[2]. TomTom's 2025 Traffic Index ranked Bengaluru the world's second most congested city, with an average of about 36 minutes to drive 10 km and roughly 168 hours a year lost to rush-hour traffic by a regular car commuter[3]. Colliers reports that ten micro markets have taken more than 70% of

1 CBRE, "70% firms see commute as most crucial consideration" (India Office Occupier Survey 2026, September 2026). www.cbre.co.in/press-releases/70-firms-see-commute-as-most-crucial-consideration

2 CBRE, see note 1.

India's GCC space uptake since 2021, with Bengaluru's Outer Ring Road and Hyderabad's Secondary Business District alone accounting for 37%[4].

These are different measures and should not be combined into a single estimate. None of them shows that long commutes cause attrition, and a popular district is not automatically the right one for a particular team. Together, though, they point one way: occupiers know the journey matters, few are paying to fix it, and demand is crowding into the same congested corridors. The gap between what firms say and what they sign is where the commute tax lives.

03 Looking ahead: 2027 and beyond

Transit and demand are both shifting, and neither on a timetable a lease can rely on. Three changes matter for nano GCCs:

- **Metro lines will redraw catchments, but late.** Bengaluru's Pink Line elevated section was due by December 2025[5]; in August 2026 it was still awaiting commissioning, with the underground stretch now targeted for March 2027. Trial runs on the Blue Line along the Outer Ring Road were expected from October 2026, with the airport section targeted for December 2027[6]. Choose a site on the transit that exists today, and treat a promised line as upside, not as the plan.
- **Cheaper micro markets will pull demand outward.** Colliers expects sub-dollar and near-dollar rents to lift GCC uptake in Noida Expressway, Navi Mumbai and Hinjewadi[7]. Lower rent is real, but so is the risk that the journey lengthens for the people you most need. Test the catchment before following the discount.
- **The answer may be a second city, not a longer commute.** Colliers sees a "hub-plus-one" model spanning Tier II and III cities gaining traction, and names nano and mid-sized GCCs as a driver of the next phase[8]. For some teams, a small second site near a different talent pool will serve better than asking everyone to cross one city.

04 Four tests before you shortlist a building

Map people before buildings. Plot where current staff and target hires live, using anonymised home areas, before looking at a single floor plate. Do not treat the city centre as a proxy for where people live.

Measure the journey at real working hours. Distance misleads. Test routes by car, metro and bus at shift start and end, including late-evening departures, and walk the last mile from the station: lighting, footpaths and safety after dark.

Find who carries the burden. An average hides the risk. Late-shift teams and people who rely on public transport usually carry most of the extra time, and they are often the hardest to replace.

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3 TomTom Traffic Index 2025, as reported in "Bengaluru named world's second most congested city in 2025" (Deccan Chronicle). www.deccanchronicle.com/nation/bengaluru-named-worlds-second-most-congested-city-in-2025-1931959

4 Colliers, GCCs in India 2026 report, as reported in "GCC demand to expand beyond technology sector" (NBM&CW, 2026). www.nbmcw.com/news/reports-insights/gcc-demand-to-expand-beyond-technology-sector-colliers-india.html

5 Deccan Herald, "Bengaluru: Namma Metro pushes Pink Line deadline to December 2026" (October 2024). www.deccanherald.com/india/karnataka/bengaluru/bengaluru-namma-metro-pushes-pink-line-deadline-to-december-2026-3256417

6 Business Today, "Bengaluru Metro's Pink Line targets August 15 launch; Blue Line airport link and more" (August 2026). www.businesstoday.in/latest/trends/photo/bengaluru-metros-pink-line-targets-august-15-launch-blue-line-airport-link-and-more-green-line-trains-all-details-548373-2026-08-10

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 Colliers, see note 7.

Tie attendance to purpose. Decide what people come in to do: onboarding, design reviews, client calls. Every office day you ask for multiplies the commute, so the policy and the location have to be chosen together.

05 What the commute really costs

Return to the opening scenario. Site A costs ₹12,000 per seat a month; Site B, near a metro station and closer to the talent, costs ₹14,000. For 40 seats, Site A saves ₹80,000 a month, or ₹9.6 lakh a year. But 20 of the 40 people face an extra 30 minutes each way. Exhibit 1 shows what that adds up to.

EXHIBIT 1 · ANNUAL TRAVEL TIME ADDED BY SITE A (ILLUSTRATIVE)

Office days a week	Extra travel per affected person a year	In working weeks	Across 20 affected people a year
2 days	90 hours	2 weeks	1,800 hours
3 days	**135 hours**	**3 weeks**	**2,700 hours**
4 days	180 hours	4 weeks	3,600 hours
5 days	225 hours	5 weeks	4,500 hours

Assumes 30 extra minutes each way, 45 working weeks and a 45-hour working week. Rents are chosen for clarity, not market quotes. Vertara Global analysis.

The rule of thumb is simple: every office day a week adds about one working week a year of travel for each affected employee. At three days a week, Site A saves the company roughly ₹355 for every hour of extra travel it imposes on the team. Set that figure against what an hour of your engineers' time is worth, and against the cost of replacing one of them. The cheaper building rarely stays cheap. Boards should compare who gains and who loses time under each option, not just the monthly fee.

06 How to run the decision

- **Compare at least two micro markets on one scorecard.** Set rent, total occupancy cost, journey-time bands, transit reliability, last-mile safety and hiring reach side by side for each option.
- **Assign owners and dates.** HR maps the talent catchment; workplace tests routes and the last mile; security reviews late-shift travel; finance prices transport support and the rent premium; leadership signs off the trade-off.
- **Price the fixes before you need them.** If the best site for talent costs more, compare that premium with a shuttle, a transport allowance or a small satellite space at the cheaper site. Sometimes the fix is cheaper than the move.
- **Watch the signals after launch.** At three, six and twelve months, review offer declines, attendance by team, meeting participation and transport concerns, using voluntary, anonymised feedback rather than tracking individuals. Not every resignation is about the office; a repeated pattern usually is.

QUESTIONS FOR THE BOARD

1. Where do the skills we need for the first 24 months actually live today?
2. How long is the journey at our real shift times, and who in the team carries most of it?
3. What does the cheaper site save per hour of extra travel it imposes?
4. Which in-person activities justify the journey, and how often do they happen?

07 How Vertara Global helps

We start location strategy with the capability and its talent catchment, before the first site visit. We compare micro markets on journey times, transit reliability, last-mile safety, hiring reach, building quality and total occupancy cost, and show leadership exactly who gains and who loses travel time under each option. The deliverable is a location scorecard and a clear recommendation, with the rent premium and what it buys stated plainly.

Because many GCCs are tested in year two, we stay involved after opening: checking that the site serves the way the team actually works, and setting triggers for transport support, satellite space or a future move. The test of success: a location that helps you hire and collaborate, without hiding the cost of getting there.

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.