

The new growth drivers

Independent business parks have become the new drivers of economic growth. What they need is a more holistic approach from the government, says Padma Ramakrishnan

Times - they are certainly changing. Not so long ago, in India a commercial address - whatever the city you were talking about - meant some run down building which had only one thing going for it, it was located in the Central Business District of the city. As a result, it did not matter whether the building had paint peeling off, wires hanging, walls that dripped during monsoons and floors that had tiles coming off - so long as it was in the central business district, the landlord had companies - including transnational companies - queuing up to lease space.

No longer this. Today even start-ups would scorn at a place like this, even if it came cheap - not that it would! Increasingly, companies, be they worth billions of dollars or just starting out, are demanding office spaces that make a statement. Enter the concept of Business Parks!

According to real estate experts, the very name encapsulates the definition. "Business Parks are not just places where you come to work. They are also places where you can relax, de-stress, commune with nature and generally carry out your business in more healthier, more uplifting environment," says an industry analyst.

By this definition a typical Business Park would not only have tastefully done offices incorporating the very latest in international trends as far as interiors are concerned, but also state-of-the-art connectivity, excellent conferencing facilities, options for recreation like a gym and an amphitheatre, a nice garden/park that stressed executives can just stroll around, a food court with an option of cuisine and international quality facilities management.

"Given today's ultra-competitive world, a typical executive spends anywhere from 10-16 hours working. This means that he or she is spending far more time at work than at home. It is therefore incumbent upon the employers to ensure that these executives have comfortable working environment which also takes care of issues like recreation and de-stressing," says Rajan Dutta, President Human Resources of Lupin Limited.

It is this belief among HR professionals - who increasingly have a greater say as to where their company offices are located — that has led to massive growth in specialised business parks around the country. Not surprisingly, the IT industry, which was probably the first industry to realise the value of human capital that has led in this demand.

"The establishment of Business Parks or IT Parks is one area of real estate development that is actually being led by the HR community. They have realised that, all other things being equal, what swings the decision between retaining or losing good talent is the working environment that is being offered to the individual. Offer a good environment and you can retain talent. Offer the best work environment and you could probably even afford to pay slightly less," says an industry analyst.

Not surprising then that the IT industry has led the growth of Business Parks. Not only have IT giants like Infosys and Wipro established some of the best and biggest campuses for their staff, even smaller companies are ensuring that when they move into a commercial address, in terms of facilities, it is compatible with the best in the world.

The developers are, of course, quite happy to oblige the IT industry. Apart from the obvious demand, there is an attendant benefit as experts point out. Ashok Kumar MD, Creasa Partners, an international real estate consulting firm says, "IT Parks have double FSI, which means your saleable area doubles, that is why developers have come forward to do IT parks."

According to R Vasudevan, MD Vascon Engineers, the company's 1,75,000 sq ft Almonte project at Kharadi will be an IT building with all the latest amenities. Nucleus Kharadi, coming by its side, would also offer good commercial offices.

This has led to the mushrooming of IT parks, especially in cities like Pune which have a significant presence in the IT industry. On the forefront of this are developers like Panchshil

who are

developing a whopping seven million sq. ft. of space for IT/ITES industries as well other companies in four distinct projects.

Other major developments in Pune include - a 500,000 sq. ft development in Kalyani Nagar by Vascon, as well as other projects by major developers like Magarpatta, Kumar Builders and Amit Enterprises.

While the demand for Business Parks is growing, real estate industry analysts believe that government's short-sighted policy is responsible for their slower growth as compared to IT parks. "IT parks enjoy all the advantages, while Business Parks don't. It, therefore, makes sense for a developer to get his/her project categorized as an IT Park. Such a distinction is artificial and should be done away with," an analyst says.

This idea has a lot of takers. Prashanta Biswal, Head of Biotech Park, Business, TCG Real Estate feels that there is an increasing need for well-defined, well-maintained business parks. "A business park is a crying need given that our cities are not planned well and infrastructure is lagging. As business parks bring in more amenities, it will help differentiate one from another and make it more attractive", he says. In fact in the United States, you have facilities like health clubs, washing machines, food courts, even shoe shine available at such places, he points out.

Developers and experts are of the view that since business parks create a conducive atmosphere for work, they need to be extended at least some benefits that are now available to IT parks. "Even medium-sized businesses today have foreign tie ups and they want to project their image correctly," says Shashank Paranjape, MD Paranjape schemes who are planning a business park. "Having an office in an old building does not help. Besides, there are a lot of ancillary industries who want independent offices of 25,000 to 30,000 sqft and business parks can help," he says.

Milan Kothary, MD International Property Consultants, GVA Intercapitalis says that while the rent in a typical business park might be higher, the leaseholder gets value for money. He points out that in countries like the US, some business park promoters go to the extent of even picking a stake in a start up in lieu of rent. This gives the developer the scope to participate in the future scope of the company. "Such an arrangement is possible only if there is proper policy framework existing," he says.

Zaheer Bandukwalla, Director, Urban Link Consulting Ltd., a consultancy firm says, Business parks are of different types, namely: IT Parks (Government & Private), Hardware Parks, Biotech Parks, Animation Parks, Commercial Parks and now the famous SEZ Parks. etc. "In Pune we have over ten such parks already completed and operational and over 25 more either under construction or under planning stage. Most of the townships coming up in Pune have either an IT park or an SEZ planned within the township. The total square footage of IT/ Biotech/ Hardware parks under construction and planning in Pune is over 30 millions sq. ft., which would be ready in the next 2-5 years," he says.

Bandukwalla points out that the state government can play a vital role by providing financial and technical support to the city. "The state government needs to tie up with developers and corporates for infrastructure development like roads, bridges, etc. besides promoting the city to large transnational and domestic companies planning to expand or set up their base in India. The state government also needs to smoothen the development process, rules and guidelines so that the city can grow and develop faster and in a more defined and planned way," he says.

Pune has several advantages when it comes to setting up state-of-the-art business parks - chief being the availability of space. What is needed is a government policy that takes a more omnibus view of economic development and not restricting it only to a few sectors like IT or Biotech, analysts point out.

