

India Market Watch Office



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INDIAN ECONOMY: 2025

2025: A YEAR OF RESILIENT GROWTH

2025 played out with considerable uncertainties, evidenced globally in trade frictions and geopolitical tensions, weighing on cross-border trade and investor sentiment.

Nonetheless, the Indian economy maintained its strong performance despite minor blips, anchored by strong demand, steady investment activity and policy continuity. Growth momentum progressively strengthened through FY26, with GDP expanding by 7.8% in Q1 FY26 (April – June 2025) and accelerating further to 8.2% in Q2 FY26 (July – September 2025), underscoring the durability of recovery.

The macroeconomic environment remained steady during the year, supported by calibrated monetary policy, easing inflation, and key trade developments

including the signing of India-UK FTA in July 2025, which not only improved market access but also reinforced investor confidence.

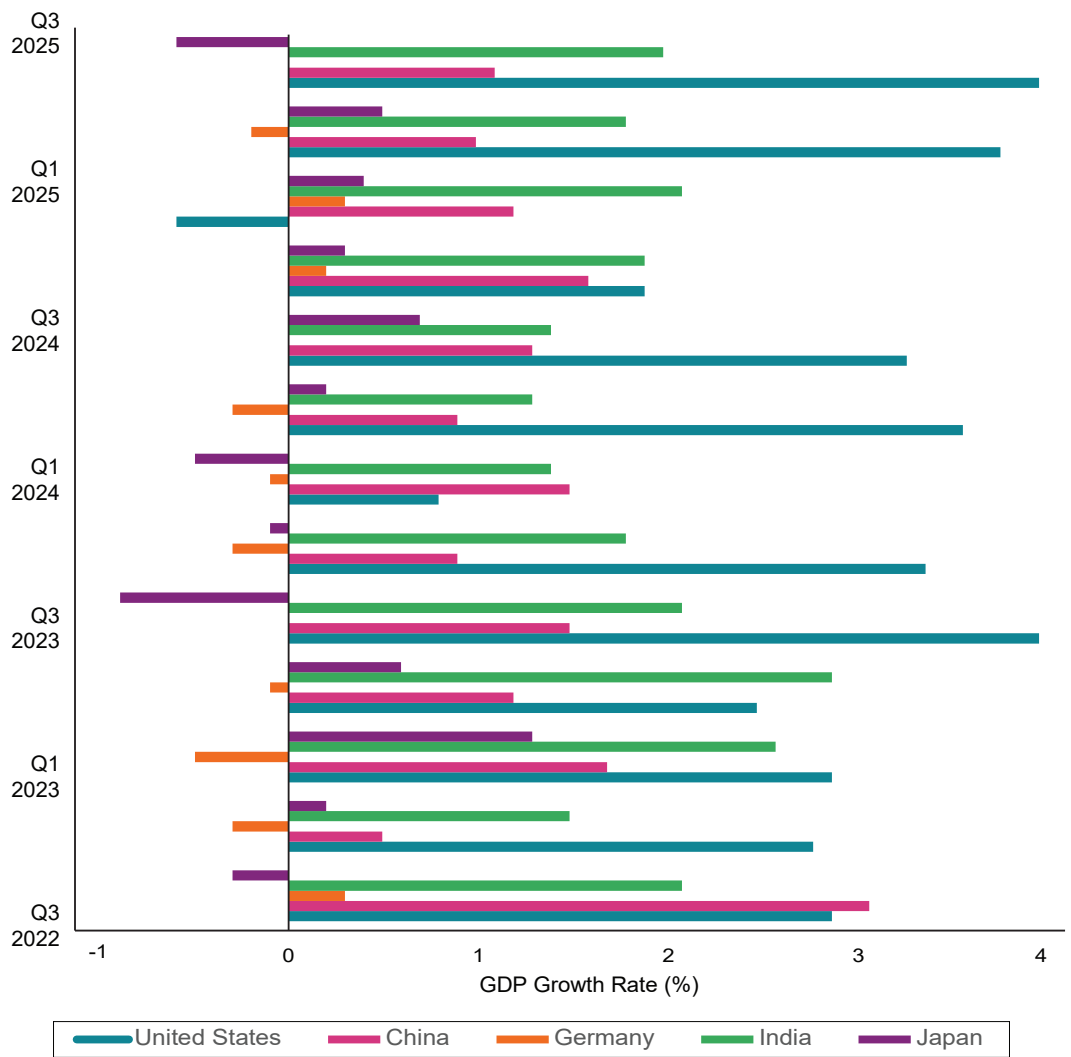
As illustrated in Chart 1, India’s growth trajectory outperformed most major global peers, reflecting strength of domestic fundamentals and reinforcing its position as one of the fastest-growing economies.



[Click here to read #SavillsRoundUp: A bi-monthly reporting of economic and real estate news](#)

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Chart 1: GDP Growth Trend



Source: Trading Economics, Savills India Research
Note: FY refers Fiscal Year (Apr-Mar)
CY refers Calendar Year (Jan-Dec)
This section contains figures in Indian system of lakhs and crores (refer Appendix for international conversions)
1 USD = Approx. 89.96 INR on 31 December 2025

MACRO STABILITY & POLICY EASING

Retail inflation eased sharply during 2025, marking one of the most disinflationary phases in recent years. As of October 2025, inflation declined from 5.2% in January 2025 to 0.3%, the lowest figure observed since 2019, largely aided by lower food prices, favourable base effects and stable fuel and housing inflation (Refer Chart 2).

Amid a sustained easing trend, the RBI revised its inflation outlook downward. Consequently,

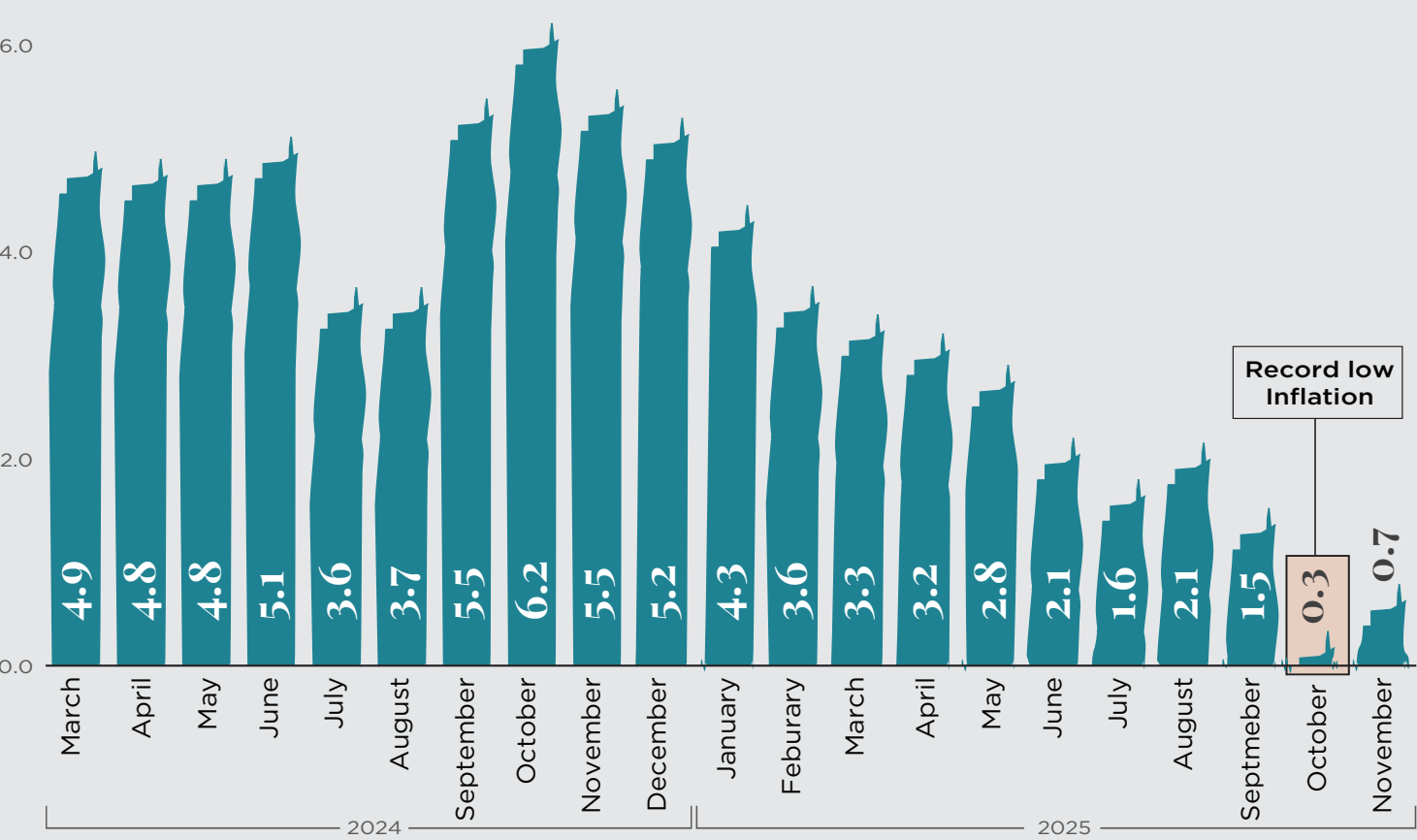
the FY26 inflation target is set within the 2-6% range, hinging mainly on a supportive policy environment.

Macroeconomic stability was further supported by strong fiscal and demand indicators. GST collections continued to be at a record high of INR 2.4 lakh crore in April 2025. In a remarkably positive move aimed at rationalising taxation, the government brought about GST 2.0 reforms, which simplified it to a two-rate structure of 5% and 18%, eliminating the 12% and 28% rates (Refer our [GST 2.0 – Lower Construction Costs and a Boost for Real Estate](#) for details).

The external sector remained stable, with foreign exchange reserves rising to a fresh high of USD 693.3 bn as of December 2025. The equity markets, though choppy through the year, delivered modest gains, with the Nifty 50 & BSE Sensex closing at 26,129.60 and 85,220.60 pts respectively on 31st December 2025. This has been driven by strong earnings visibility and domestic inflows in the market.

Overall, 2025 was marked by a low inflation environment, strong fiscal buoyancy, a resilient external position, and stable financial markets.

Chart 2: Retail Inflation Trends



Source: Trading Economics

SUSTAINED GROWTH MOMENTUM

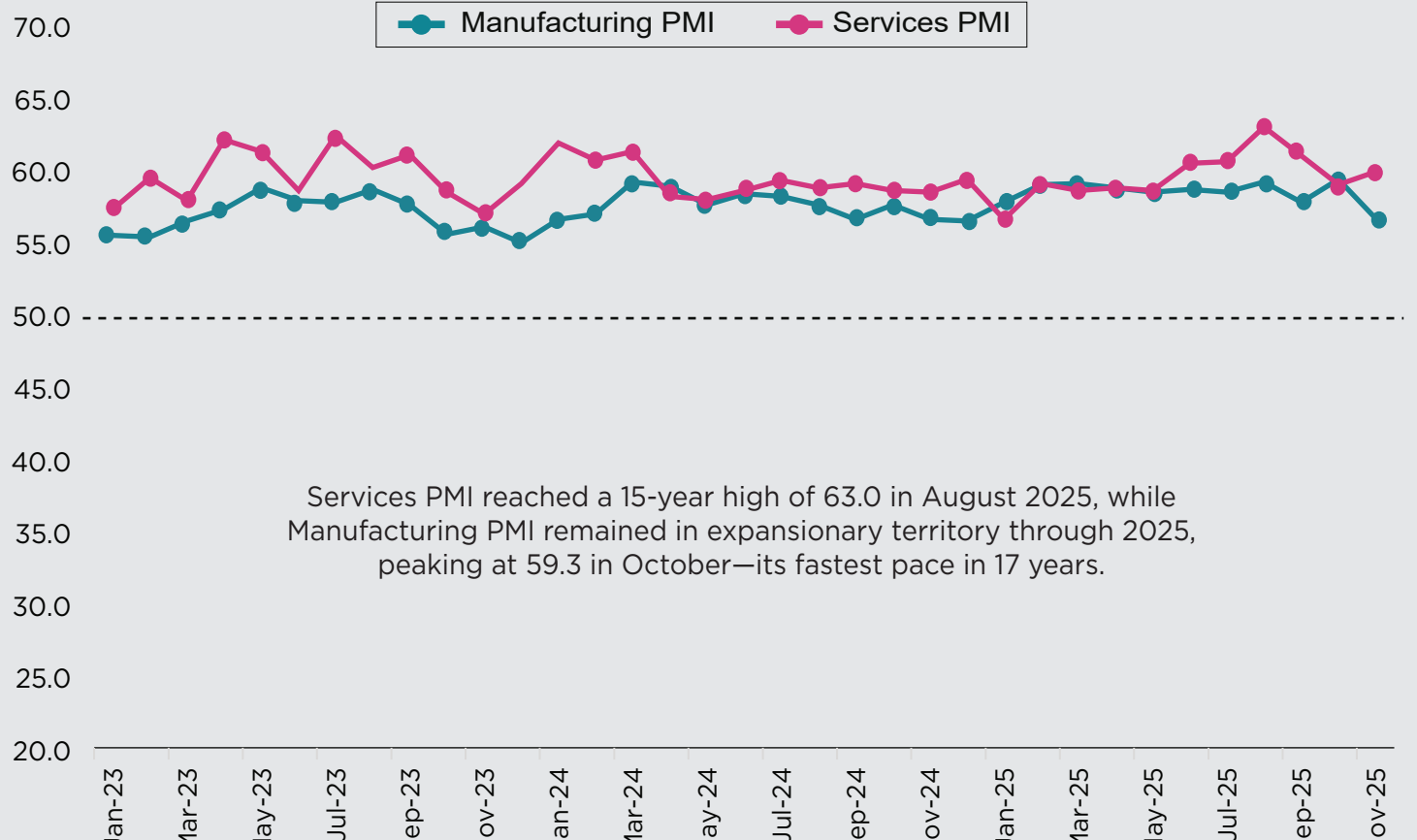
Growth momentum remained firm through 2025, supported by sustained expansion across both services and manufacturing sectors (Refer chart 3). The Services PMI stayed consistently above the 50-mark throughout the year and strengthened further in H2, rising from 60.5 in July 2025 to 63.0 in August 2025, a 15-year high,

driven by robust activity in tech services, financial services, hospitality and trade.

Manufacturing activity also remained resilient, with the PMI staying in expansionary territory through the year, rising to 59.3 in October, marking the fastest pace in 17 years. This was supported by strong order inflows and steady employment growth.

The current account deficit (CAD) eased to USD 12.3 bn, 1.3% of GDP, in the July–September quarter of FY26, compared to USD 20.8 bn, 2.2% of GDP, during the corresponding quarter of the previous year, supported by strong external balances.

Chart 3: Manufacturing & Services PMI Performance



Source: S&P Global PMI, Savills India Research



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- India’s IPO market achieved a historic milestone, raising a record INR 1.75 lakh crore, driven by strong domestic investor participation despite heightened global uncertainty.
- Foreign direct investment inflows rose over 18% to USD 35.18 bn in the July-September quarter of FY26, with inflows from the U.S. more than doubling. The services sector led by financial and business services attracted the largest share, while Maharashtra emerged as the top recipient state, followed by Karnataka and Gujarat.



MONETARY SUPPORT

In 2025, the RBI adopted a neutral monetary stance amid easing inflationary pressures. The policy repo rate was reduced cumulatively by 125 basis points during the year, from 6.50% in January to 5.25% in December 2025, supporting credit growth and domestic demand. Drawing on the strength of stable macroeconomic conditions, the RBI revised its FY26 growth projections to 7.3% from 6.8% earlier, reinforcing India’s position as one of the fastest-growing economies.

BUDGETARY ANNOUNCEMENTS

The Union Budget for FY 2025-26 emphasised the government’s strategy of achieving growth-driven and responsible budgeting, with greater concentration on the development of infrastructure, the promotion of Public-Private Partnerships (PPPs), start-up companies, the establishment of Global Capability Centres (GCCs), and the development of improved housing schemes. The Budget clearly emphasizes the government’s commitment to the development of infrastructure, with the manufacturing and housing sectors coming into focus as the prime beneficiaries.

All these have contributed to the ongoing attempts to promote economic growth, inclusive development, private investment, improved consumer sentiment, and the overall spending capacity of the middle class of India.

BUDGET-LED POLICY SUPPORT

A continued focus on housing and urban infrastructure, with renewed support for affordable housing through blended finance mechanisms such as SWAMIH Fund 2, aimed at expediting the completion of stalled housing projects. Measures to rationalise income taxes and enhance disposable incomes, particularly for the middle class, are expected to support housing demand across price segments.

Additionally, the decision to allow 100% FDI in the insurance sector would help enhance the financial service sector. Fiscal consolidation continued to be one of the key support pillars in the budget, with the fiscal deficit being targeted to lower down to 4.8% of GDP in FY25 from 5.8% in FY24, and further to 4.4% in FY26. As part of the broad-based societal and human capital agenda, the government decided to set up the Centres of Excellence for skilling and capacity building in the IITs to further strengthen the talent pool in India.



EMERGING GEOPOLITICAL CONTOURS AND GROWTH AHEAD

2026 begins with a multitude of anticipations. 2025, the opening year of the second quarter of this century, has set the tone for several noticeable changes, such as fresh geopolitical alignments, rise in bilateral trade partnerships, realignments of supply chains, and above all, fast adoption of artificial intelligence, which is expected to impact economic development across sectors and geographies.

In this context, India’s strategic position through trade connections, domestic economic progress and its role as a global centre for GCCs for high-value output in technology, analytics and innovation becomes crucial. These will cumulatively serve as foundations for the health of its office real estate. Simultaneously, Gen Z, now in its early career phase, is the new workforce driver that is set to influence the workplace in its own way, requiring flexible, digital-first environments.

With ongoing reforms, infrastructure development, and a strong talent base, India will look for the next phase of sustainable growth amid continuing global uncertainties.

Office demand across India's top six cities sustained its momentum in 2025, with gross absorption matching last year's peak level of 75.2 mn sq. ft., underscoring the market's resilience amid global economic and geopolitical uncertainties. Consistent leasing activity across key cities reflected occupiers' long-term commitment, supported by strong domestic fundamentals, cost competitiveness, and improving business confidence.

GCCs continued to be a key pillar of the office market. Sustained expansion by global enterprises across technology, BFSI, and engineering-led GCCs further reinforced India's positioning as a strategic hub within global operating models. Despite external headwinds, occupier preference for high-quality, future-ready workspaces in well-connected business districts remained intact. Stable enquiry levels and steady deal closures point to a stable and positive trajectory along with a constructive outlook for India's office market going forward.

Note: *Top six cities: Bengaluru, Chennai, Delhi-NCR, Hyderabad, Mumbai, Pune



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INDIA OFFICE MARKET UPDATE

OFFICE MARKET GROWTH ANCHORED BY GCCs, LED BY SOUTHERN CITIES

GCCs sustained their role as the principal demand driver in India's office market, with leasing activity totalling 28.3 mn sq. ft., representing 38% of overall gross absorption during the year.

Southern cities led GCC leasing activity in 2025, with Bengaluru, Hyderabad and Chennai collectively accounting for 20.5 mn sq. ft., marking a shift from 2024 when Bengaluru, Hyderabad and Pune dominated in office space absorption by GCCs.

Bengaluru continued to retain its leadership position, supported by sustained large-format GCC transactions and expansion-led demand, underpinned by its mature and well-established office

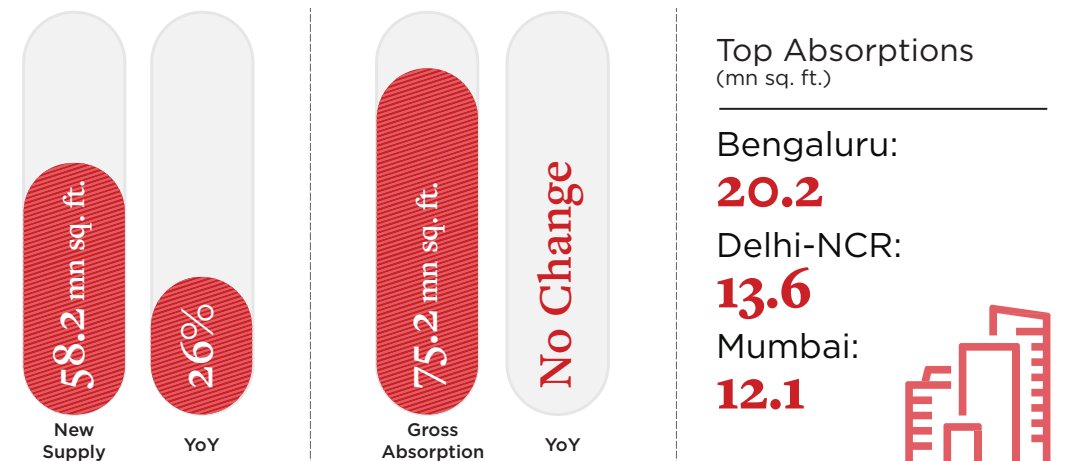
ecosystem. Hyderabad and Chennai, benefitting from deeper integration into global corporate networks, further strengthened their positioning as scalable, cost-efficient and future-ready office destinations for multinational occupiers.

For more details on GCC, refer to our report Global Capability Centres: Enabling India's Strategic Advantage

Global Capability Centres:
Enabling India's Strategic Advantage

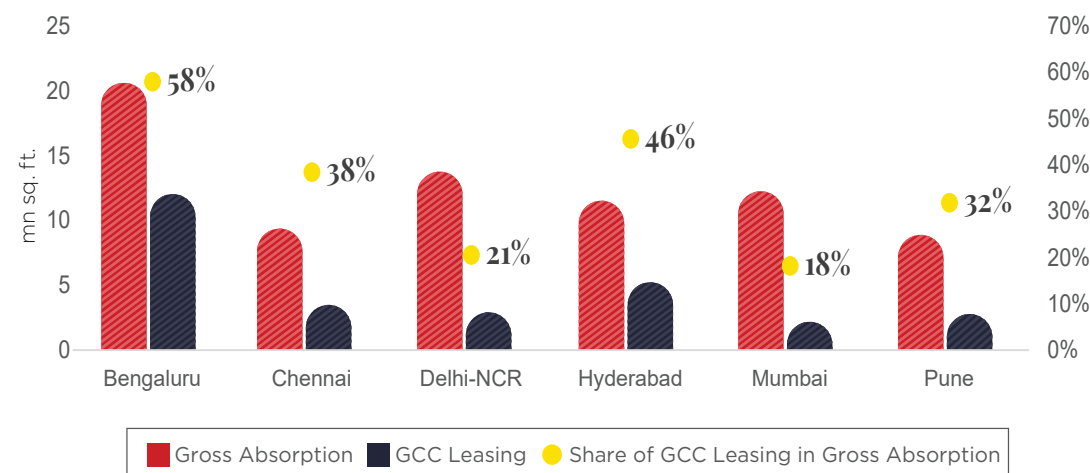
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Key Statistics: 2025



Gross absorption represents fresh leases and occupier sale, excludes renewals and pre-commitments

Gross Absorption & GCC Leasing: 2025



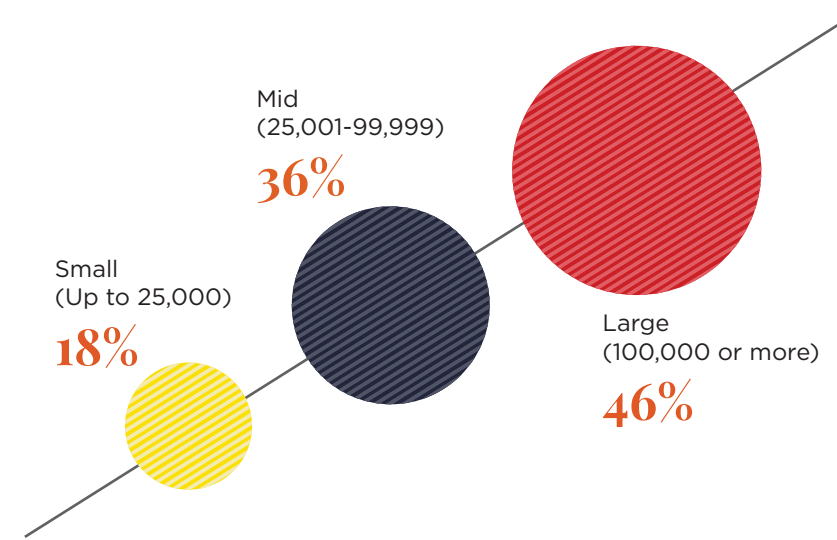
Source: Savills India Research

India's office market closed 2025 on a strong note, with 75.2 mn sq. ft. of absorption driven by the GCCs and tech & BFSI demand. In 2026, robust leasing is expected to continue, while new supply may lift vacancies and keep rental growth largely range-bound, with limited upside in select micromarkets

LARGE-SIZED DEALS CONTINUE TO DOMINATE

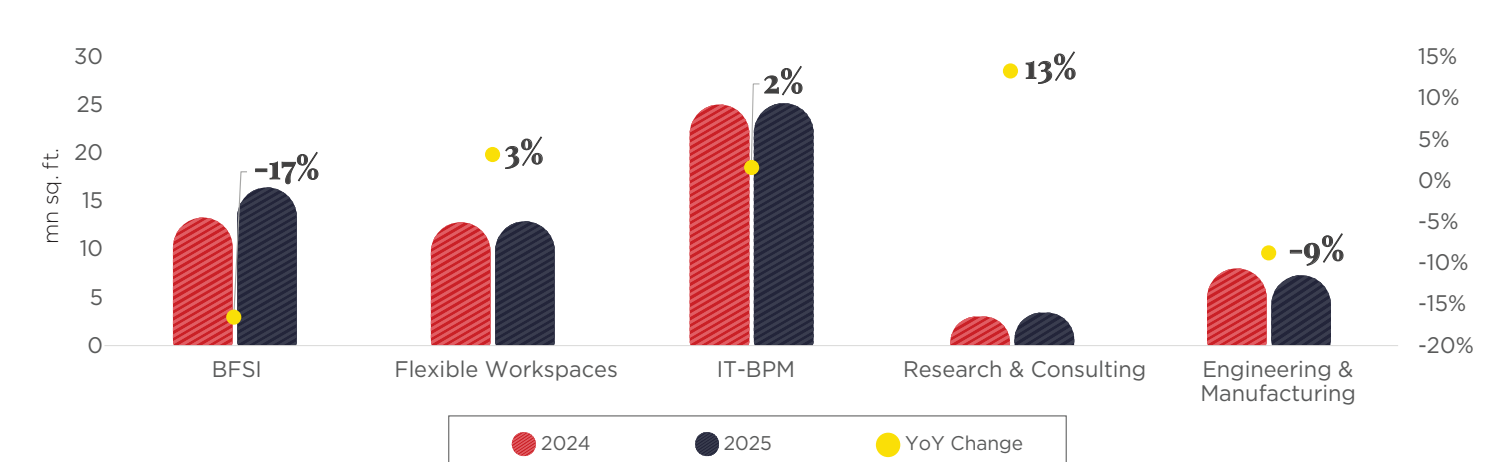
Large-sized deals (over 100,000 sq. ft.) continued to anchor leasing activity, accounting for 46% of the total, though this segment recorded a marginal 2% YoY decline compared to 2024, reflecting a more measured approach to large-scale expansions. Mid-sized deals (25,001-99,999 sq. ft.) registered a 2% annual growth, while small-sized deals (up to 25,000 sq. ft.) grew by 1% YoY. The deal-size distribution indicates a stable demand environment, supported by a mix of large occupiers and steady space requirements from mid-sized and smaller firms.

Deal Size Distribution (in sq. ft.)



Source: Savills India Research

Key Demand Drivers & Trends



Source: Savills India Research

Demand Split by Sectors

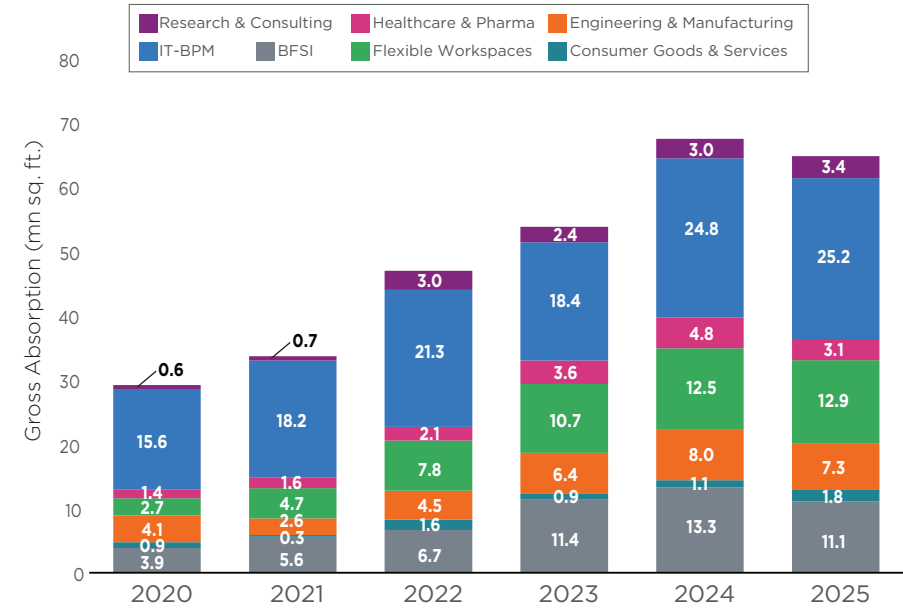


Source: Savills India Research

TECH-DRIVEN GROWTH SPURS DIVERSIFICATION IN OFFICE SPACE PREFERENCES

Tech occupiers led demand, accounting for the largest share of leasing activity at 34% of overall absorption, followed by Flexible Workspaces at 17% and BFSI at 15%. In volume terms, leasing by the technology sector witnessed a marginal increase, reaching 25.2 mn sq. ft. in 2025 compared to 25.0 mn sq. ft. in 2024, reflecting stable and sustained space requirements. Meanwhile, leasing by flex operators continued to see steady growth, with leasing volumes increasing to around 13.0 mn sq. ft. in 2025 from 12.0 mn sq. ft. in the previous year, underscoring the continued shift towards agile and hybrid workspace models.

Sectoral Rebalancing and Demand Diversification



Source: Savills India Research

The post-pandemic period has seen a shift from concentrated, sector-led expansion to more distributed and function-driven growth across industries. Improved business conditions, hybrid work adoption, and India's deeper integration into global value chains have broadened the base of office demand. As a result, sectoral diversification has strengthened, creating a more balanced and resilient demand profile.

During 2020-2025 period, while the technology sector continued to retain its position as the largest contributor in the leasing throughout the period, underscoring its role as a structural anchor sector, its pace of growth has been comparatively moderate. In contrast, leasing by flex operators has shown a clear upward shift post-2022, overtaking BFSI by 2025 and signalling a structural change in occupier preferences.

Flex leasing expanded sharply from around 3 mn sq. ft. in 2020 to nearly 13 mn sq. ft. in 2025, with its share in overall absorption rising from 9% to 17%. Meanwhile, leasing by the Healthcare & Pharma sector intensified through 2024 before moderating in 2025, reflecting a classic post-pandemic normalisation rather than a demand-led slowdown. Together, these trends indicate a more evenly distributed demand landscape, reflecting reducing concentration risk within the market.

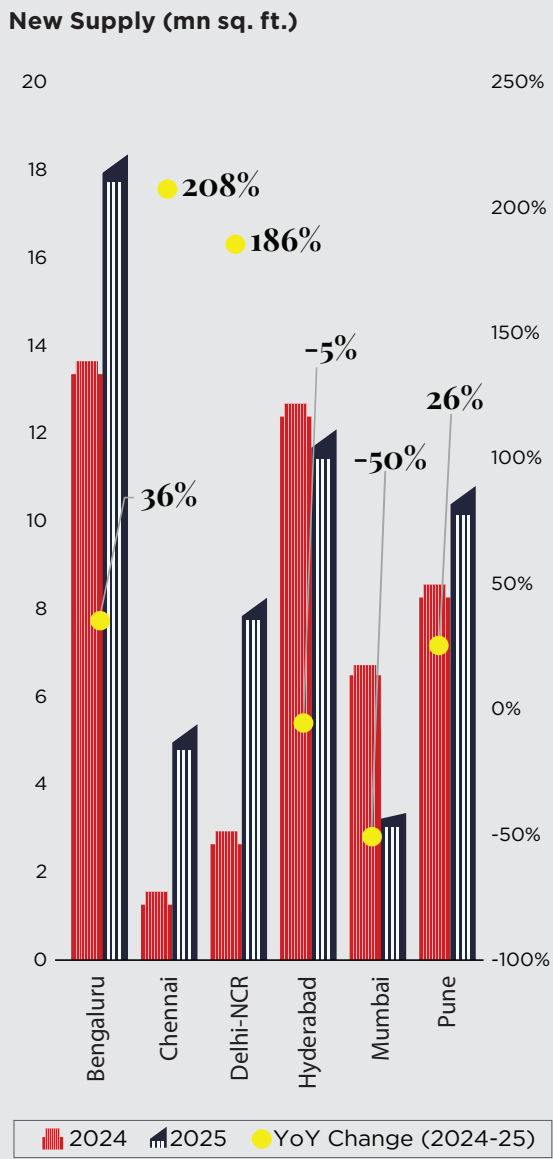
SUPPLY & VACANCY

New supply rose sharply by 26% YoY, with completions reaching 58.2 mn sq. ft. Bengaluru, Hyderabad, and Pune together led new office completions, adding 41.3 mn sq. ft. of supply, accounting 71% of the total supply.

Mumbai and Hyderabad were the only exceptions, recording a notable decline in new supply of 50% and 5%, respectively, during the same period.

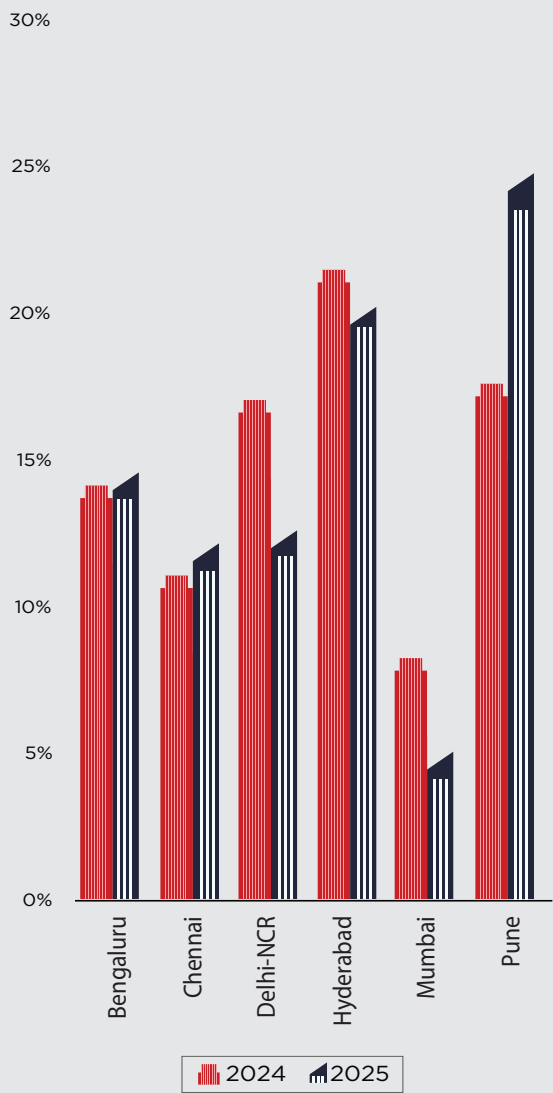
IT assets led supply infusion across India with a 70% share, followed by Non-IT assets at 23%, while IT-SEZ developments contributed a marginal 7%, entirely concentrated in Hyderabad.

Overall vacancy rate at the end of 2025 declined marginally to 14.8% from 15.2% last year, driven by steady leasing activity.



Source: Savills India Research

Vacancy Levels



Source: Savills India Research

Rental Range (INR / sq. ft./ month)

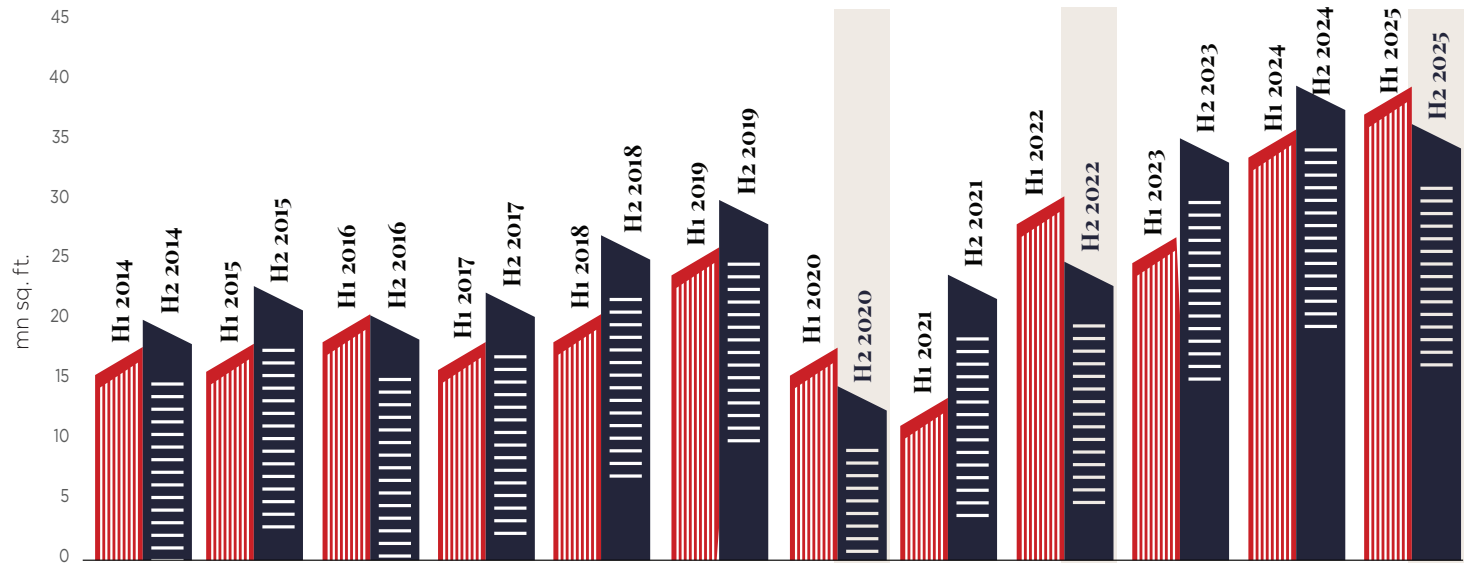


Source: Savills India Research

RENTALS

Office rentals across major cities saw healthy YoY growth in 2025, with Chennai leading at 14%, followed by Mumbai (11%) and Delhi-NCR (6%). This growth was largely underpinned by the commissioning of new, high-quality developments at rents above market benchmarks as well as limited availability in prime buildings in certain front-office locations.

H2 VS H1 GROSS ABSORPTION: A DECADAL COMPARISON



Source: Savills India Research

Historically, within a typical leasing market cycle, the second half of the year (H2) has mostly outperformed the first (H1), primarily due to leasing decisions finding more closures in H2. Stronger H2 performance often serves as a confidence marker, indicating greater clarity around business growth and workplace strategies, which in turn encourages occupiers to make longer-term real estate commitments. From 2014 to 2019, H2 leasing volumes regularly surpassed those of H1, underscoring a healthy and predictable seasonal pattern within a stable growth environment.

This rhythm expectedly got disturbed in the year of the pandemic and occasionally thereafter too.

Leasing in H2-2020 witnessed a sharp decline and the usual H2 uplift was muted. The disruption was marked by heightened uncertainty, stalled

decision-making, and limited occupier conviction. From H2-2021 onwards, the H2 advantage re-emerged, even more forcefully. It marked the release of pent-up demand and a gradual normalisation of business expansion cycles as markets reopened. The H2-2021 and H1-2022 period stood out as relatively healthy, reflecting a clear catch-up effect as occupiers moved from planning to execution as uncertainty eased.

Momentum softened again in H2-2022, as absorption dipped after a phase of strong leasing, resembling a pause during which occupiers recalibrated portfolios and absorbed commitments done in the previous two-halves. Leasing activity accelerated again in 2023 and 2024, with H2 absorption significantly surpassing H1 in both years, reaffirming the traditional strength of the second half.

However, in H2-2025, the market once again deviated from its pattern. For the first time in the last three years, second-half leasing dipped below H1 levels, a deviation previously seen only twice, in 2020 and 2022. The softness in H2-2025 appears to be a similar, short-term disturbance rather than a structural shift, and can largely be alluded to prevailing global uncertainties that weighed on occupier decision-making. Looking ahead, H1-2026 becomes a critical period to watch. It will determine whether this slowdown remains a brief pause or extends further as an after-effect of events that unfolded in early to mid-2025. While the broader leasing cycle is expected to realign thereafter, near-term trends will be shaped by how quickly confidence, visibility, and execution momentum return.

BENGALURU KEY HIGHLIGHTS

Bengaluru office demand remained steady, backed by Grade - A supply and occupier confidence: Bengaluru retained its position as India's leading office market, recording 20.2 mn sq. ft. of absorption in 2025 despite a 12% YoY decline. The moderation reflects calibrated occupier expansion and delayed deal closures amid global uncertainty, while resilient demand from the IT-BPM sector continued to support the city's long-term office fundamentals.

Leasing momentum in Bengaluru was driven by its large, skilled workforce in technology, engineering, and professional services, which remained a key attraction for both domestic and international firms.

Further, GCCs have been a key driver of Bengaluru's leasing momentum in 2025, accounting for around 58% of total absorption, with demand led by global IT-BPM GCCs, which comprised around 51% of overall absorption, while engineering & manufacturing GCCs contributed a further 27% of leasing activity.

Occupier confidence was further bolstered by stable rental trends, improved connectivity, and emerging business clusters, which provided cost-efficient yet high-quality options for enterprises.

Backed by steady occupier demand and a robust supply pipeline, Bengaluru is well placed to maintain its leadership in India's office market through 2026, with leasing activity likely to broaden beyond established business districts.

Note: *Top six cities: Bengaluru, Chennai, Delhi-NCR, Hyderabad, Mumbai, Pune



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BENGALURU OFFICE MARKET UPDATE

LEASING AND COMPLETIONS

Absorption: Bengaluru closed 2025 with office absorption of 20.2 mn sq. ft., driven largely by new space take-up as enterprises reinforced on-ground operations. Leasing momentum was defined by five standout deals that shaped Bengaluru's commercial landscape, including Target in Nagavara, Applied Materials in Whitefield, Intuit in Bellandur and JPMorgan Chase in Bellandur as well as Texas Instruments in CV Raman Nagar. These marquee transactions underscore sustained global occupier confidence and the depth of demand across Bengaluru's key office corridors.

Leasing activity during the year was anchored by large deals, exceeding 100,000 sq. ft, which accounted for around 53% of total absorption, reflecting occupiers' long-term commitments to the city. Mid-sized deals contributed close to 40%, while smaller transactions remained limited.

At the micromarket level, ORR led with over 41% share of absorption, supported by its concentration of campus-style Grade - A developments and strong access to talent. Peripheral East and SBD together captured nearly 40% of leasing, benefiting from competitive rentals, an expanding supply of quality office parks, as well as improved metro connectivity through the operational Purple Line.

Sector Split: Sector-wise absorption in Bengaluru during 2025 was led by IT-BPM, accounting for over 41% of total leasing, supported by robust demand for technology-led operations. This was underpinned by continued digital transformation initiatives, IT Policy, wider adoption of AI and automation, and sustained reliance on India's technology talent pool to support large-scale delivery and innovation.

Flexible workspaces, along with engineering & manufacturing, contributed nearly 35% of leasing, reflecting occupiers' preference for adaptable office solutions and steady R&D-led growth.

Flexible workspace operators such as Table Space, IndiQube, and Awfis among others, are meeting the need for scalable, cost-efficient, and quickly deployable workspaces through plug-and-play models in the city.

Other active sectors included BFSI (8.6%) and healthcare & pharma (4%) which recorded measured uptake, while other sectors remained selective, underscoring Bengaluru's technology-driven office market.

Supply: Bengaluru's office market witnessed a robust supply infusion in 2025, with total new supply reaching 18.4 mn sq. ft., registering around 36% YoY increase. ORR remained the largest contributor, accounting for 40% of new supply, followed by SBD at around 29% and Peripheral East contributing nearly 21% of new supply, collectively driving nearly 90% of citywide additions.

Key developers including Embassy Group, Bagmane Group, Prestige Group, Sattva Group, Vista Spaces, CapitaLand, Divyasree, RMZ, Gopalan Enterprises

among others were instrumental in delivering fresh supply of office stock.

VACANCY RATE

Bengaluru's office vacancy stood at 14.8% in 2025 compared to 14.4% in 2024, amid fresh Grade - A supply and measured occupier growth, while the city's skilled workforce and business ecosystem continued to attract corporate leasing.

RENTS

Average office rentals in Bengaluru remained stable in 2025, broadly in line with 2024 levels, as healthy leasing activity was offset by sustained Grade - A supply additions across key micromarkets. While demand from large occupiers provided underlying support, competitive conditions and active tenant negotiations limited city-wide rental growth.

Notably, the SBD and Peripheral East corridors outperformed the average, recording annual average rental increases of around 26% and around 22% respectively.

BENGALURU MARKET OUTLOOK DEMAND

Bengaluru is expected to record over 20.0 mn sq. ft. of office absorption in 2026, driven by expansion across technology, engineering, manufacturing firms, alongside rising demand for flexible and ESG-compliant workspaces. With a deep talent pool, thriving startup ecosystem, cost advantages, and robust infrastructure, supported by policies such as Karnataka's Industrial Policy 2025-30, E-R&D Policy 2021-26, the Karnataka GCC Policy 2024-2029, IT Policy 2025-30, and sector-specific incentives in EVs, aerospace, and advanced manufacturing, the city is set to sustain healthy leasing momentum and reinforce its leadership in India's office market.

SECTORS

In 2026, Bengaluru's office absorption is anticipated to be led by IT-BPM, further reinforced by engineering and manufacturing firms, along with flexible workspace operators, supported by GCC expansion, hybrid work adoption, and increasing investments in R&D. Leasing demand is further broadened by BFSI, healthcare, and consumer sectors, highlighting the city's stature as a resilient and forward-looking office market.

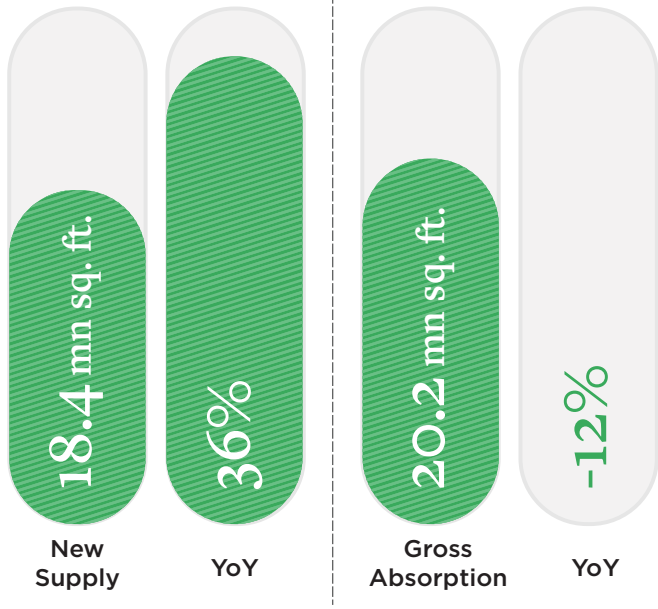
SUPPLY

Bengaluru is expected to witness around 20.0 mn sq. ft. of new office supply in 2026, underpinned by sustained development momentum, steady leasing traction, and continued demand for Grade - A workspaces. The pipeline is likely to be driven by several leading developers including Bagmane Group, Embassy Group, Sumadhura Group, CapitaLand among others, with fresh completions concentrated across key office clusters including Mahadevpura, Electronic City, Nagavara, CV Raman Nagar and other established commercial corridors.

RENT & VACANCY

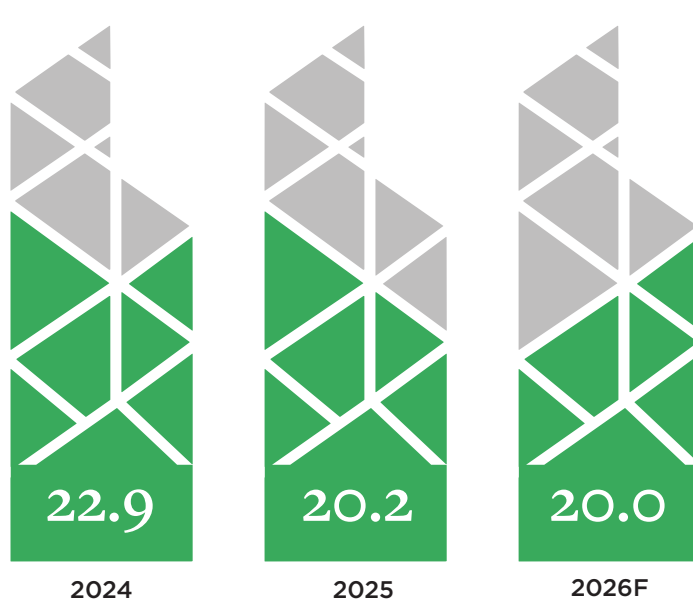
Office rentals in the city are projected to increase by 2-4% in 2026, aligned with occupiers' shift toward premium office spaces, while vacancy is expected to trend down to 13-14% by end-2026 as new supply finds traction

Key Statistics: 2025



Gross absorption represents fresh leases and occupier sale, excludes renewals and pre-commitments

Office Absorption (mn sq. ft.) in Bengaluru



Source: Savills India Research

Major transactions 2025

Target

ORR

Manyata Tech Park
8,40,000

Applied Materials

Peripheral East

ITPB
8,06,000

Intuit

ORR

Embassy TechVillage
6,36,000

JPMorgan Chase

ORR

Embassy TechVillage
5,61,000

Texas Instruments

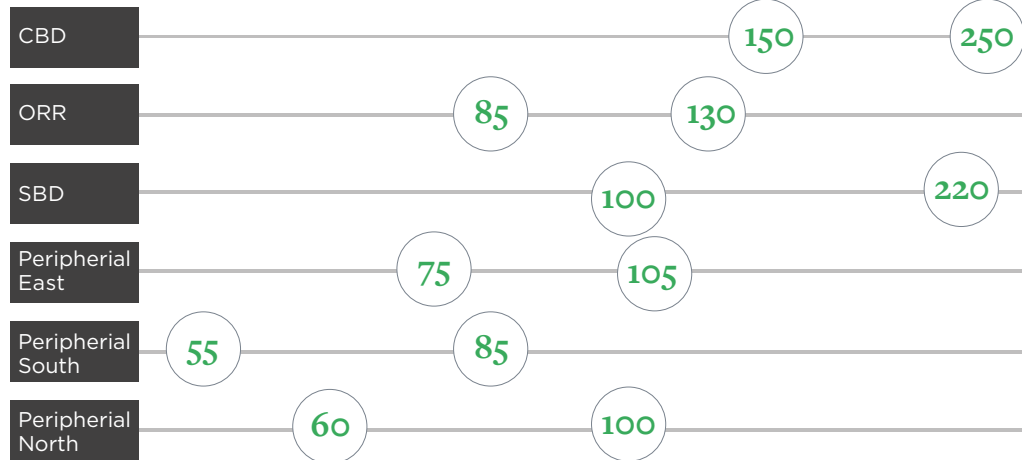
SBD

Bagmane Cosmos
5,50,000

Tenant | Micromarket | Building | Transacted Area* (sq. ft.)

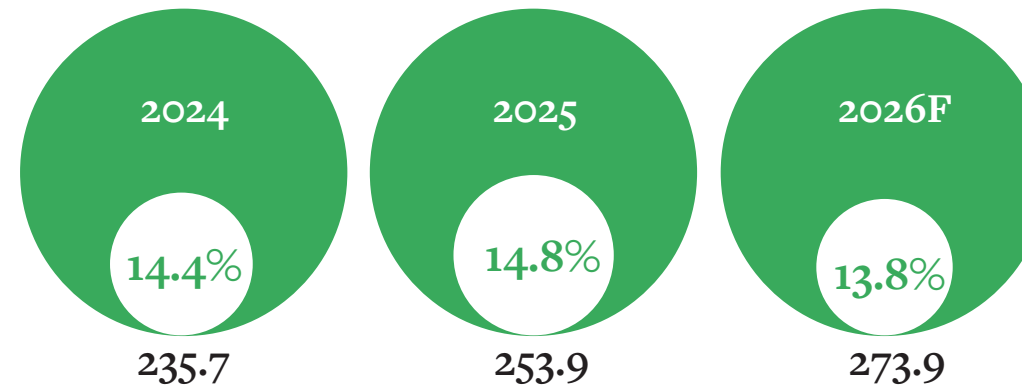
Source: Savills India Research

Rental Range 2025 (INR/sq. ft./month)



Source: Savills India Research

Grade - A Office Stock (mn sq. ft.) & Vacancy (%)



BENGALURU MICROMARKETS

Central Business District (CBD) - MG Road, Millers Road, Vittal Mallya Road, Residency Road
Outer Ring Road (ORR) - Zone 1: Sarjapur to Marathahalli, Zone 2: Marathahalli to KR Puram, Zone 3: KR Puram to Hebbal
Secondary Business District (SBD) - Indira Nagar, Mysore Road, Old Airport Road, CV Raman Nagar, Koramangala, Jayanagar, Domlur, Bannerghatta Road, Rajaji Nagar, Malleshwaram
Peripheral East - Whitefield, Brookefield
Peripheral South - Electronic City, Hosur Road, Peripheral North - Bellary Road, Thanisandra Road, Tumkur Road, Hebbal to Yelahanka

*Approximate and indicative areas only

CHENNAI KEY HIGHLIGHTS

Leasing dominated by large-sized deals: Chennai recorded a surge in office space demand, with absorption reaching 9.1 mn sq. ft. in 2025, reflecting a 10% YoY growth. Leasing activity gained strong momentum during the first half of the year; however, traction moderated slightly in the second half amid prevailing macroeconomic uncertainties.

Deal dynamics underwent a structural shift in 2025, with large-sized transactions (above 100,000 sq. ft.) accounting for 51% of total leasing activity up sharply from 34% in 2024 and translating into a 62% YoY increase. This shift highlights occupiers' growing preference for portfolio consolidation and long-term commitments. In contrast, mid-sized deals comprised 32% of leasing volume, totalling 2.9 mn sq. ft., and declined by 10% YoY, indicating a more cautious and calibrated approach toward incremental expansions.

Surge in flexible workspaces demand

Amid increasingly dynamic real estate requirements and the growing adoption of hybrid work models, flexible workspaces emerged as a key demand driver, accounting for 25% of Chennai's total office space absorption in 2025. Capitalising on the inherent flexibility of this model, several conventional occupiers opted for flexible workspaces to support expansion and relocation strategies. Notably, demand from the flexible workspace segment recorded a sharp YoY growth of 78%, underscoring its rising significance in the city's office market.

Note: *Top six cities: Bengaluru, Chennai, Delhi-NCR, Hyderabad, Mumbai, Pune



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CHENNAI OFFICE MARKET UPDATE

LEASING AND COMPLETIONS

Absorption: The city recorded Grade - A gross absorption of 9.1 mn sq. ft. in 2025, with GCCs accounting for a significant 38% of overall leasing activity, reflecting steady traction from global occupiers. Several GCCs, including Standard Chartered, Schneider Electric, Walmart and State Street, were among the key occupiers that leased large-sized office spaces during the year. OMR Zone 1 continued to lead the city's office market, contributing 36% of total leasing, followed by PTR and MPR, which accounted for 21% and 17%, respectively.

Sector Split: IT-BPM remained the dominant occupier in Chennai's office market, accounting for a substantial 36% share of total leasing activity. Flexible workspaces emerged as the second-largest segment with a 25% share, reflecting the growing adoption of scalable and hybrid office solutions. Within the BFSI sector, global firms such as Standard Chartered, AMEX, and State Street, along with key domestic players, secured significant office spaces, contributing 15% to the city's overall leasing activity. The sectoral distribution underscores the coexistence of traditional expansion-driven demand alongside the rising influence of flexible workspaces in shaping leasing patterns and occupier strategies.

Supply: Chennai witnessed a fresh supply of 5.3 mn sq. ft. of office space in 2025, nearly three times the annual supply recorded in 2024. The supply landscape was largely dominated by IT Non-SEZ developments, which accounted for 86% of the total, while Non-IT developments contributed the remaining 14%. PTR emerged as the most active micromarket, witnessing the maximum project completion and contributing to a substantial 46% of the overall supply share. This was followed by OMR Zone 1 at 22% and MPR at 12%.

VACANCY RATE

The city's overall vacancy at the end of 2025 edged up marginally to 12.4%. Despite gross absorption outpacing fresh supply, portfolio reshuffling kept vacancy largely contained. While high demand micromarkets such as Guindy experienced vacancy below 3%, peripheral areas like GST Road recorded levels above 40% as of December 2025, reflecting significant variation across the city's submarkets.

RENTS

Chennai's office rental market witnessed a significant upswing in 2025, with city-wide average rentals increasing 14% YoY. The SBD Others micromarket drove this growth, recording a remarkable 43% annual increase. Additionally, key micromarkets such as CBD, Guindy, Ambattur, and MPR experienced moderate rental growth of 3% to 12%, reflecting localised demand pressures and limited Grade - A availability in these areas.

CHENNAI MARKET OUTLOOK DEMAND

Leasing activity in Chennai is projected to remain in the range of 8-9 mn sq. ft. in 2026. While demand fundamentals remain intact, occupier sentiment is expected to stay cautious in the near term, influenced by global economic headwinds and evolving business uncertainties, which may temper immediate leasing decisions. A portion of the projected leasing activity is expected to be supported by pre-commitments, estimated at around 2 mn sq. ft., spread across the selected micromarkets, with occupier interest continuing to be driven by competitive rentals and improving connectivity.

SECTORS

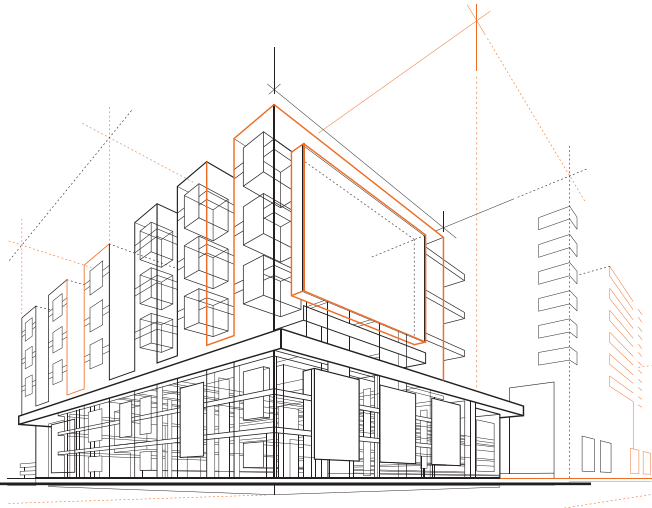
While the IT-BPM sector is expected to continue dominating Chennai's office market, flexible workspaces and BFSI are anticipated to emerge as key drivers of incremental demand. In addition, sectors such as energy & chemicals and engineering & manufacturing are likely to contribute meaningfully to leasing activity, underscoring the city's diversified industrial and manufacturing base. Chennai is also not far behind in attracting GCCs, supported by its strong talent ecosystem, competitive operating costs, and expanding Grade - A office supply.

SUPPLY

Approximately 11.3 mn sq. ft. of new office supply is expected to be delivered in 2026. Nearly 80% of this incremental supply is likely to be concentrated in the PTR, MPR, and Guindy micromarkets. With these additions, the city's overall Grade - A office stock is projected to reach around 108 mn sq. ft. by the end of 2026.

RENT & VACANCY

Office rentals in Chennai are expected to grow moderately by 3-4% in 2026, supported by steady Grade - A absorption, limited availability in prime micromarkets, and sustained demand from IT-BPM, GCCs, and BFSI occupiers. However, upcoming supply additions are likely to push vacancy levels marginally higher to around 14% by end-2026, keeping rental growth measured.

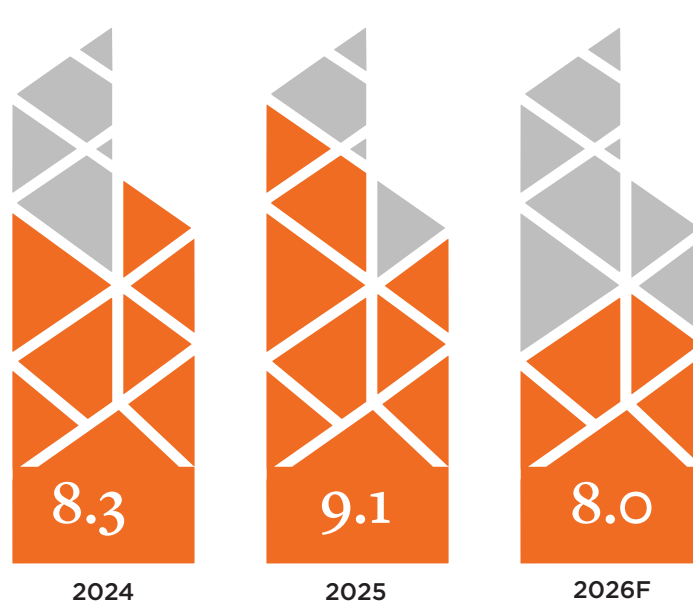


Key Statistics: 2025



Gross absorption represents fresh leases and occupier sale, excludes renewals and pre-commitments

Office Absorption (mn sq. ft.) in Chennai



Source: Savills India Research

Major transactions 2025

Standard Chartered

OMR Zone 1

DLF Downtown

7,40,000

LTIMindtree (Block 2)

MPR

L&T

6,20,000

Walmart

PTR

ITPC - Radial Road

4,65,000

Optum

PTR

Embassy Splendid TechZone

4,34,000

State Street

PTR

ITPC - Radial Road

2,50,000

Tenant | Micromarket | Building | **Transacted Area*** (sq. ft.)

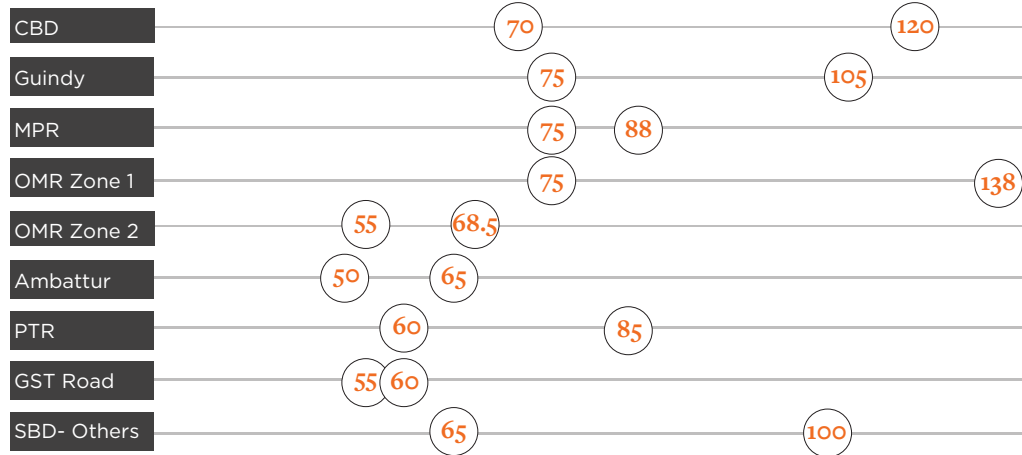
Source: Savills India Research

CHENNAI MICROMARKETS

CBD - Anna Salai, Nungambakkam, R K Salai, Egmore, T Nagar, Gream Road
SBD-Guindy & MPR - Guindy Estate, Little Mount, Ekathuthangal, Mount Poonamalle Road, Manapakkam
OMR Zone 1 (SBD-Pre Toll) - Tharamani, Perungudi, MGR Salai
SBD Others - Velachery, Arcot Road, Arumbakkam, Anna Nagar
OMR Zone 2 (PBD-Post Toll) - Thorapakkam, Shollinganallur, Navalur, Siruseri
PTR-PBD - Pallavaram Link Road
GST Road-PBD - Perungalathur, Maraimalai Nagar
Ambattur-PBD - Ambattur

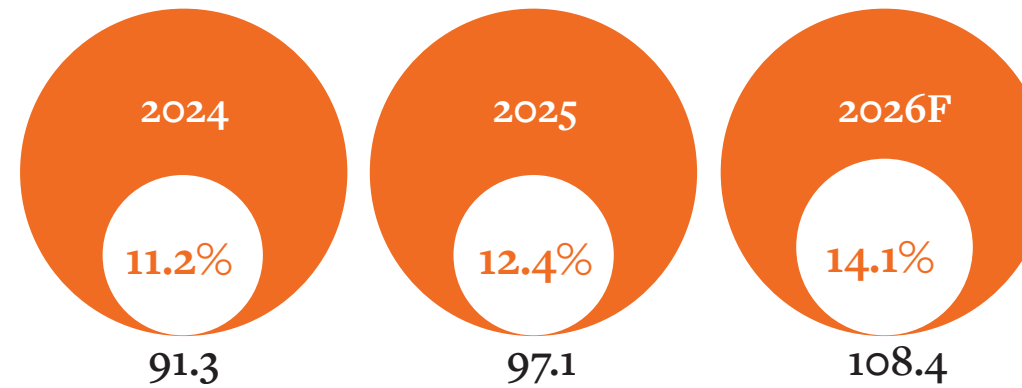
*Approximate and indicative areas only

Rental Range 2025 (INR/sq. ft./month)



Source: Savills India Research

Grade - A Office Stock (mn sq. ft.) & Vacancy (%)



DELHI-NCR KEY HIGHLIGHTS

Delhi-NCR witnessed a strong upswing in office leasing in 2025, supported by increased business activity, including sustained GCC expansions, steady demand from technology and BFSI occupiers, and a growing preference for large and new Grade-A office developments. This momentum translated into higher leasing volumes, with gross office absorption reaching 13.6 mn sq. ft., a 33% YoY increase. Gurugram and NOIDA dominated demand, contributing 61% and 33% of total absorption respectively, supported by a strong corporate base, competitive rentals, improved connectivity and a strong pipeline of quality developments. Consequently, Delhi-NCR captured 18% of India’s total office leasing, placing it second only to Bengaluru. Much of this growth was driven by fresh demand of 10.2 mn sq. ft., while the remaining 3.4 mn sq. ft. of absorption comprised pre-commitments realised during the year. As leasing strengthened, occupiers also showed a growing preference for net-zero and ESG-aligned offices, reinforcing the region’s shift towards a more resilient and future-ready office market.

IT-BPM takes the lead in office absorption in 2025

The IT-BPM sector emerged as the biggest occupier, accounting for 33% of total absorption, reaching 4.5 mn sq. ft., a sharp rise from 1.7 mn sq. ft. in 2024. In contrast, flexible workspaces experienced a slowdown, with their market share declining to 15% (2.0 mn sq. ft.) from 38% (3.9 mn sq. ft.) in 2024. BFSI and the Research & Consulting sector rebounded to capture 13% (1.8 mn sq. ft.) and 10% (1.3 mn sq. ft.) share, respectively, from 9% (1.0 mn sq. ft.) and 7% (0.7 mn sq. ft.) in 2024.

Note: *Top six cities: Bengaluru, Chennai, Delhi-NCR, Hyderabad, Mumbai, Pune



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DELHI-NCR OFFICE MARKET UPDATE

LEASING AND COMPLETIONS

Absorption: Delhi-NCR’s office absorption strengthened in 2025, with gross absorption reaching 13.6 mn sq. ft. Leasing activity remained largely stable across H1 and H2; however, H2 recorded a marginal uptick of 3%, with absorption rising to 6.9 mn sq. ft. when compared to 6.7 mn sq. ft. recorded in H1-2025.

Gurugram remained the leading office market in Delhi-NCR in 2025, with absorption rising 17% YoY to 8.2 mn sq. ft. from 7 mn sq. ft. in 2024. Within Gurugram, in 2024, the SBD micromarket led the leasing with a 53% share; however, this has now been overtaken by the CBD micromarket, which commands a strong 68% share of total deals. Meanwhile, PBD’s contribution declined further to just 0.5% (0.04 mn sq. ft.) from 3.5% (0.2 mn sq. ft.) in 2024, indicating a continued preference among occupiers for central, well-connected locations.

NOIDA experienced a clear rebound, with its share rising to 33% in 2025 (4.5 mn sq. ft.) from 26% in 2024 (2.7 mn sq. ft.). The NOIDA Expressway remained the topmost micromarket, accounting for 68% of the city’s leasing activity. Meanwhile, NOIDA CBD emerged as the second-largest contributor, expanding its share to 17% (0.8 mn sq. ft.) from just 7% (0.2 mn sq. ft.) a year ago. In contrast, Sector 62 Cluster witnessed stable activity, with absorption of 0.7 mn sq. ft. for the second consecutive year.

Office space absorption in Delhi rose 71% YoY in 2025 to 0.8 mn sq. ft., up from 0.5 mn sq. ft. in 2024. Aerocity led the gross absorption, accounting for 69% of total leasing activity. In contrast, the South Delhi Business District saw a sharp decline, with its share in the overall leasing basket falling to 19% (0.2 mn sq. ft.) from 57% (2.8 mn sq. ft.) in 2024. The remaining 12% of absorption came from the Delhi CBD micromarket, totalling 0.1 mn sq. ft. in 2025.

Large-sized office deals take the lead over mid-sized transactions in 2025

Office leasing in Delhi-NCR was largely driven by large and mid-sized deals, which together accounted for 85% of total demand. Large-sized deals contributed 49% share, reflecting a 34% YoY rise, supported by a boom in GCC demand for scalable office spaces. Over 45% of the large deals were concentrated in Gurugram CBD, followed by the NOIDA Expressway at 31%. Mid-sized deals followed, growing 16% YoY to 4.9 mn sq. ft., mainly across CBD and SBD micromarkets. In contrast, small deals declined by 4%, as occupiers opted to consolidate into larger, more efficient spaces.

Supply: New office completions saw a significant increase in 2025, with supply rising by 186% YoY to 8.3 mn sq. ft., driven by the release of pent-up projects. Gurugram CBD witnessed a 47% of new completions, followed by the NOIDA Expressway at 33% and Aerocity at 13%, underscoring the dominance of established business corridors.

VACANCY RATE

The Delhi-NCR office market is entering a high-occupancy phase. Vacancy rates in the city have declined to 12.9% in 2025 from 17.4% in 2024, driven by strong GCC-led absorption and resilient domestic demand.

RENTS

In 2025, average office rentals in Delhi-NCR rose by 6% YoY. NOIDA and Gurugram led the growth, with rents increasing by 8% and 6%, respectively. In Gurugram, the CBD micromarket saw a notable 10% rise, while the rentals in the PBD micromarket remained stable. Rentals across micromarkets of NOIDA grew by 7 to 8%, while Delhi experienced a modest increase of 3% to 5%, driven by healthy demand and limited supply.

DELHI-NCR MARKET OUTLOOK

DEMAND

Gross absorption in the Delhi-NCR region is projected at 14–15 mn sq. ft. in 2026, taking the total office stock to ~162.2 mn sq. ft. The region is increasingly emerging as a preferred destination for occupiers, supported by its large consumer base, availability of a skilled yet cost-efficient workforce, and relatively competitive office rentals compared to other Tier I markets. Ongoing infrastructure upgrades and the continued expansion of the metro network are improving regional connectivity and strengthening office demand across key corridors. Additionally, a steady influx of new developments is enhancing the region’s Grade - A office stock, with modern specifications, sustainability features, and amenity-rich campuses, thereby aligning supply with evolving occupier requirements and reinforcing Delhi-NCR’s long-term office market prospects.

SECTORS

IT-BPM is expected to retain the largest share of leasing activity in 2026. Flexible workspace operators and BFSI players are likely to compete closely, supported by demand from foreign and domestic financial institutions. Engineering & manufacturing and research & consulting occupiers are likely to see higher take-up, driven by growing R&D activity, localisation of global operations, and growing demand for professional services.

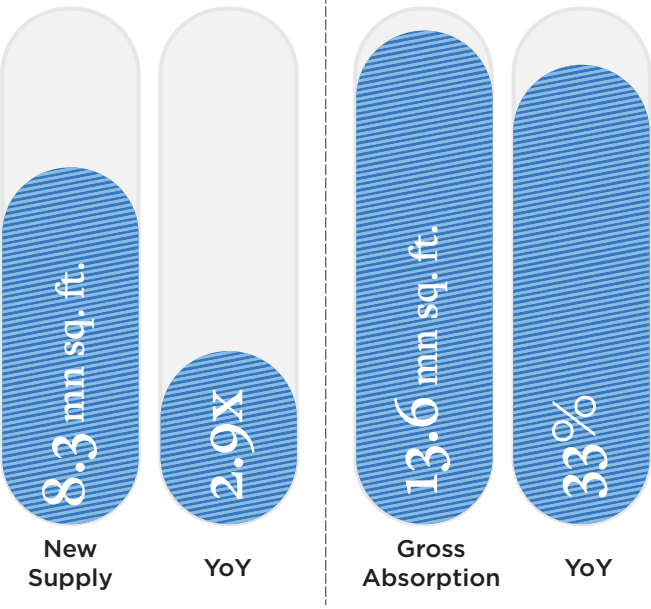
SUPPLY

Fresh office supply of around 17.1 mn sq. ft. is expected to come on stream across Delhi-NCR in 2026. Over 54% of the new completions are likely to be concentrated in NOIDA, followed by Gurugram with a 32% share, and Delhi accounting for the remaining 14% share.

RENT & VACANCY

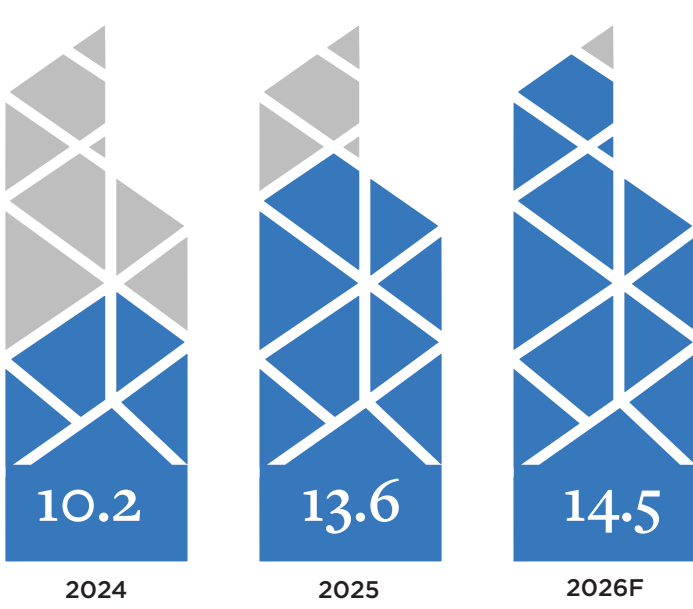
Average rentals are likely to stay largely range-bound amid elevated supply levels, although select micro-markets may see a modest uptick, driven by strong demand from service-led end-users. Overall vacancy across Delhi-NCR is expected to marginally increase, with average rentals projected to increase in the range of 6-7% by 2026.

Key Statistics: 2025



Gross absorption represents fresh leases and occupier sale, excludes renewals and pre-commitments

Office Absorption (mn sq. ft.) in Delhi-NCR



Source: Savills India Research

Major transactions 2025

Nagarro Enterprise Services

Gurugram SBD

Plot No. 6B

3,82,844

Simpliwork

NOIDA Expressway

The Opus

3,50,000

Ericsson

NOIDA CBD

KP Tower

2,50,000

EY

NOIDA Expressway

Embassy Oxygen Business Park

1,70,000

Concentrix Daksh Services India

Gurugram CBD

RMZ Infinity

1,51,568

Tenant | *Micromarket* |
Building | **Transacted Area***
(sq. ft.)

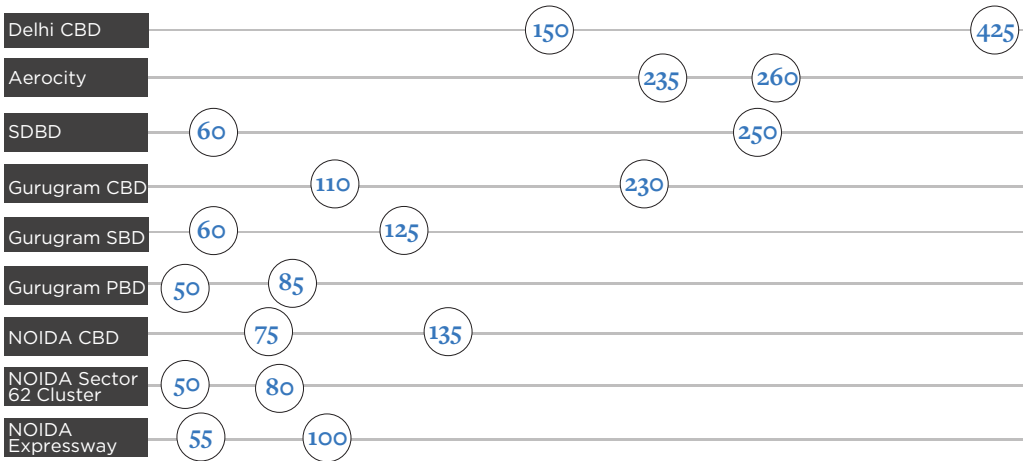
Source: Savills India Research

DELHI-NCR MICROMARKETS

Delhi CBD – Connaught Place
South Delhi Business District – Jasola, Nauroji Nagar, Nehru Place, Okhla, Saket, Sarojini Nagar, Vasant Kunj
Gurugram CBD – Cyber City, MG Road, Golf Course Road, NH-8 Prime (Up to Rajeev Chowk), Sushant Lok I
Gurugram SBD – Golf Course Extension Road (GCER), Sohna Road, Udyog Vihar, Dundaheera, Gurugram-Faridabad Road, South City, Sectors- 32/34/38/39/44 &45
Gurugram PBD – Southern Peripheral Road (SPR), NH-8 Non-prime (Beyond Rajiv Chowk), Sector 34
NOIDA CBD – Sector 16, 18, 21A, Film City
NOIDA Sector 62 Cluster – Sectors 62, 57, 58, 59, 63, 64 and 65

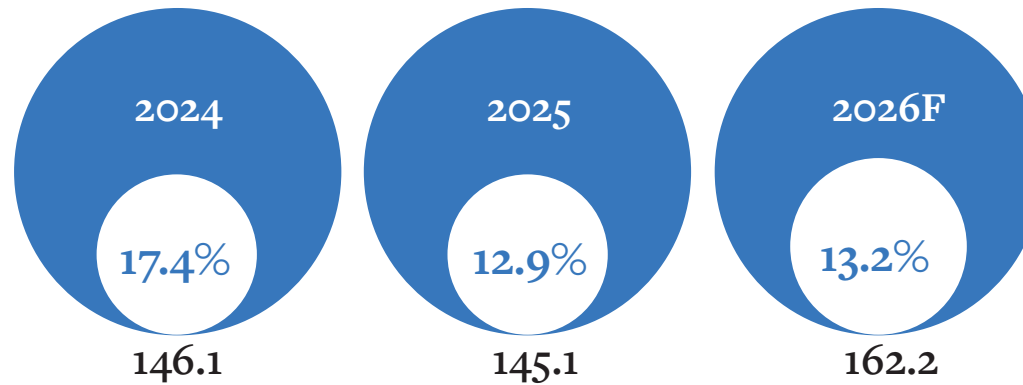
*Approximate and indicative areas only
Note: Stock basket is revised to reflect Grade-A office buildings

Rental Range 2025 (INR/sq. ft./month)



Source: Savills India Research
Note: SDBD refers to South Delhi Business District

Grade – A Office Stock (mn sq. ft.) & Vacancy (%)



HYDERABAD KEY HIGHLIGHTS

Office landscape signals strong GCC-led momentum: The Hyderabad office market recorded gross absorption of 11.4 mn sq. ft., reflecting a 13% YoY slowdown compared to the previous year. This moderation was largely due to a cautious approach adopted by occupiers amid an uncertain economic environment, leading several to defer leasing decisions and follow a wait-and-watch strategy.

Despite this slowdown, GCC-led transactions remained the primary demand driver, accounting for nearly 46% of total absorption, amounting to approximately 5.2 mn sq. ft. With companies such as Uber, Invesco, LPL Financial, ArcelorMittal, and The Hartford either expanding their operations or entering the city for the first time, the city has once again demonstrated its strength as a preferred destination for GCCs, underpinned by a deep talent pool, cost competitiveness, and a mature office ecosystem.

Note: *Top six cities: Bengaluru, Chennai, Delhi-NCR, Hyderabad, Mumbai, Pune



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HYDERABAD OFFICE MARKET UPDATE

LEASING AND COMPLETIONS

Absorption: Despite global uncertainties, the city’s commercial real estate market remained largely stable with 11.4 mn sq. ft., albeit with some delays in occupier decision-making. The city contributed a 15% market share in the overall India office space leasing activity. H2 2025 witnessed a notable 11% increase in leasing activity compared to the first half, indicating a gradual improvement in market sentiment.

SBD I continued to be the most preferred micromarket, accounting for 60% of the city-wide office space demand. Occupier activity reflected a balanced mix, with mid-sized deals comprising 44% of leasing and large transactions contributing 42%.

Sector Split: The technology sector continued to lead, contributing the largest share of the city’s leasing activity, while the BFSI sector emerged as a strong performer, capturing an impressive 14% market share. This marked a significant increase from 8% in the previous year, reflecting the sector’s strategic expansion supported by several large transactions. Flexible workspaces accounted for a 13% share, and Healthcare & Pharma contributed 11% to the overall sectoral leasing mix.

Supply: With 12.0 mn sq. ft. of supply infusion, Hyderabad ranked second in terms of new completions in 2025, accounting for a 21% share of all-India office space supply. This underscores the city’s continued attractiveness as a key office destination, supported by strong developer confidence and sustained demand from occupiers.

Notably, the SBD II micromarket accounted for 61% of the new supply, reaffirming its growing prominence as a key commercial hub within the city, followed by SBD I with 39%.

VACANCY RATE

The overall vacancy level in the city’s office market declined by 130 bps to 20.6% in H2 2025, from 21.9% in the same period last year. SBD I remained the tightest micromarket, recording a vacancy level of 11%, while SBD II reported a comparatively higher vacancy of 35% at year end.

RENTS

Compared to 2024, the city’s overall average office rentals increased by approximately 29% in 2025. Prime office assets in SBD I continued to command premium rents, registering an annual growth of 26%, while SBD II recorded a more moderate rental increase of 11%.

HYDERABAD MARKET OUTLOOK DEMAND

Demand for office space in Hyderabad is expected to remain around 11.5 mn sq. ft., including pre-committments of approximately 2.0-2.5 mn sq. ft. The city’s strong positioning as an IT hub, coupled with rising traction from GCCs, continues to be the primary driver of office demand. With quality space becoming increasingly constrained in SBD I, demand is likely to shift toward SBD II, driven by strong upcoming completions and continued interest from large occupiers.

SECTORS

The IT-BPM sector is expected to remain the primary driver of office leasing activity in the city, supported by a strong talent pool and a well-established ecosystem. However, MNCs and large technology firms are likely to adopt a more cautious approach to expansion, given the prevailing macroeconomic volatility. Flexible workspaces are anticipated to witness strong growth, emerging as a key demand driver alongside the BFSI sector. GCCs are expected to continue favouring the city, reflecting sustained interest from multinational occupiers in expanding service and operational capabilities. Overall, the city’s office market outlook remains positive, underpinned by sectoral diversification and evolving occupier strategies.

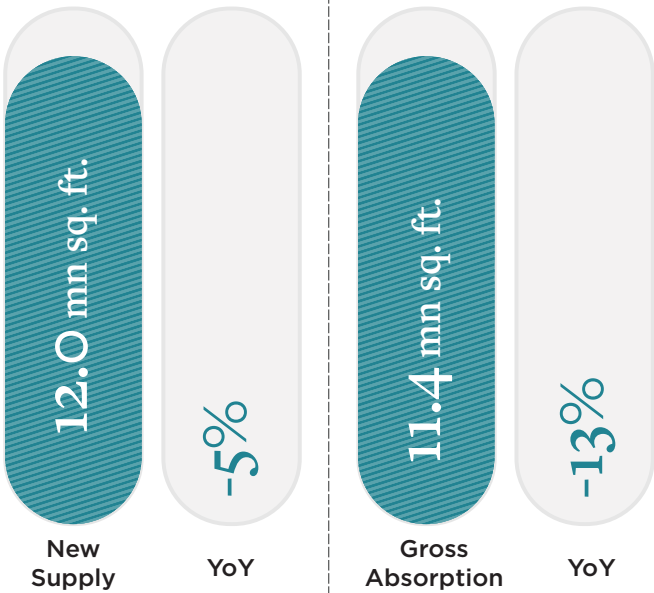
SUPPLY

Developers are expected to add approximately 19 mn sq. ft. of new office supply in 2026. Consequently, the city’s Grade - A office stock is projected to reach close to 161 mn sq. ft. by the end of 2026.

RENT & VACANCY

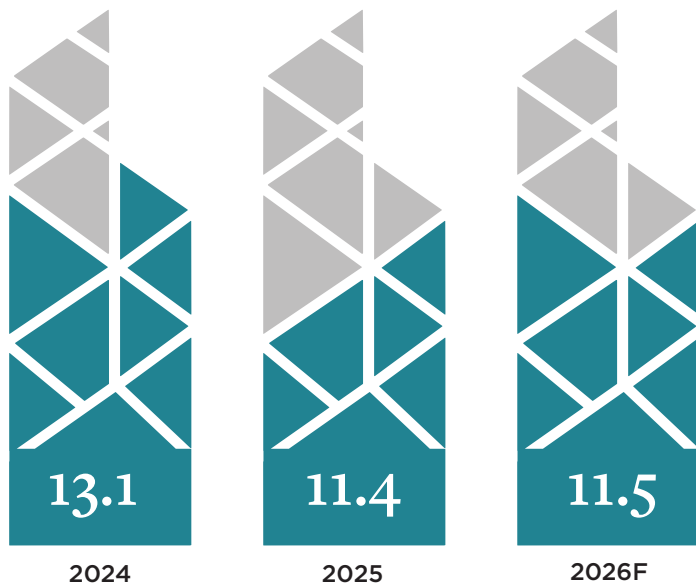
The vacancy rate is expected to rise, primarily due to the influx of new supply entering the market. Rental growth is likely to be observed in select micromarkets, particularly SBD I and SBD II, while rentals in other micromarkets are expected to remain range-bound, depending on demand conditions

Key Statistics: 2025



Gross absorption represents fresh leases and occupier sale, excludes renewals and pre-committments

Office Absorption (mn sq. ft.) in Hyderabad



Source: Savills India Research

Major transactions 2025

LPL Financial

SBD II
Prestige Skytech
2,71,000

MSD Pharma

SBD I
H10-Tower 3
2,00,000

(WeWork) JPMC

SBD I
RMZ Skyview
1,75,000

ArcelorMittal

SBD II
Kalyani Trident
1,60,000

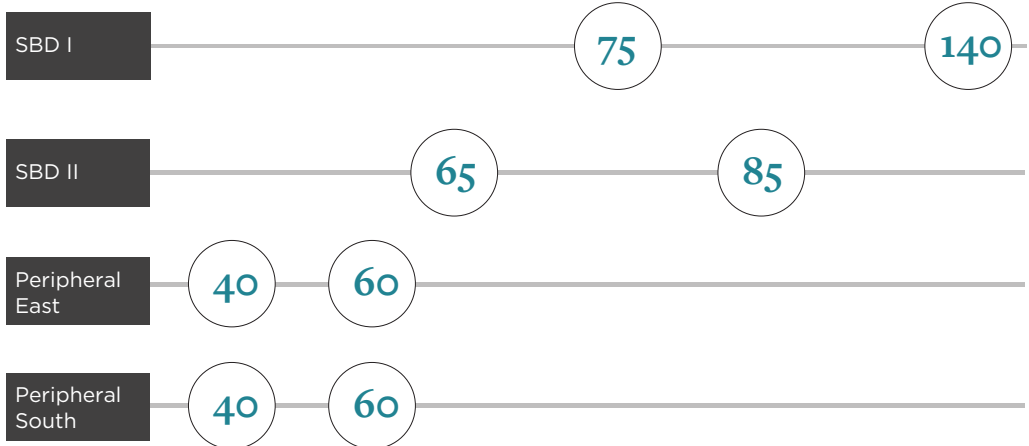
The Hartford

SBD II
Kalyani Trident
1,60,000

Tenant | Micromarket | Building | Transacted Area* (sq. ft.)

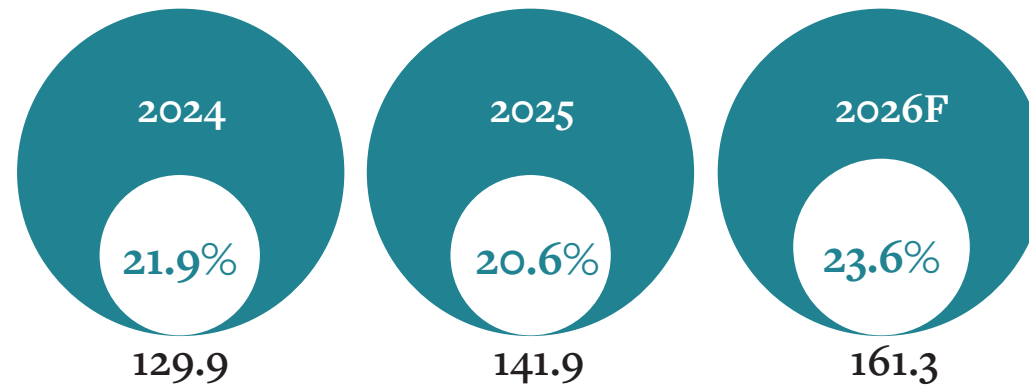
Source: Savills India Research

Rental Range 2025 (INR/sq. ft./month)



Source: Savills India Research

Grade - A Office Stock (mn sq. ft.) & Vacancy (%)



HYDERABAD MICROMARKETS

Secondary Business District I (SBD I) – HITEC City, Madhapur, Kondapur, Raidurg
Secondary Business District II (SBD II) – Gachibowli, Nanakramguda, Kokapet
Peripheral East (PBD East) – Pocharam, Uppal
Peripheral South (PBD South) – Shamshabad, Adibatla

*Approximate and indicative areas only

MUMBAI'S KEY HIGHLIGHTS

All-time high leasing, Mumbai remains in the top 3 demand markets in 2025: At 12.1 mn sq. ft., Mumbai recorded an all-time high leasing again in 2025, garnering a 16% share in India's total office demand. In terms of leasing in 2025, Mumbai maintains third place (after Bengaluru and Delhi-NCR) among the top six* cities in India. In addition to fresh leasing of 12.1 mn sq. ft., the city also registered renewals amounting to about 10.0 mn sq. ft. in 2025. This is reflective of positive occupier sentiment in the market.

Flexible workspaces gain share; prefer mid-sized deals: The growing demand for flex offices due to their customisable workspace offerings and relatively flexible lease terms has led to significant expansion by flexible workspace operators that registered a 30% YoY increase in 2025. Flexible workspaces preferred mid-sized deals of between 25,000 and 99,999 sq. ft. mainly in the micromarkets of Western Suburbs I and Eastern Suburbs.

Mumbai frontrunner in BFSI GCC leasing: Mumbai witnessed around 2.0 mn sq. ft. of Global Capability Centre (GCC) leasing in 2025. Interestingly, Mumbai witnessed the highest office leasing by BFSI GCCs during 2020-2024 as well, even though Bengaluru leads from a BFSI GCC talent perspective. This could be explained by the benefits derived from the shared ecosystem amongst primary, secondary and tertiary segments in the financial capital of the country. For more details on GCC trends, please refer to our report *'Global Capability Centres | Enabling India's Strategic Advantage'*.

Note: *Top six cities: Bengaluru, Chennai, Delhi-NCR, Hyderabad, Mumbai, Pune



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MUMBAI OFFICE MARKET UPDATE

LEASING AND COMPLETIONS

Absorption: : In line with our forecast, Mumbai sustained the momentum and recorded peak Grade-A gross absorption of 12.1 mn sq. ft. during 2025, for the second year in a row. Western Suburbs I, Navi Mumbai and Central Mumbai were the most preferred micromarkets by occupiers, together garnering about 59% share of the overall demand. This could be attributed to large space take-up by financial services occupiers for back-office setups in Western Suburbs I and for their front-office setups along with media & advertising expansion in Central Mumbai. Sub-dollar rents are attracting technology and GCC occupiers to Navi Mumbai.

Sector Split: The BFSI segment continued to be the demand driver during 2025, garnering a 23% share in overall gross absorption. This was followed by significant expansion by technology occupiers garnering a 20% share and flexible workspace operators garnering a 12% share. Noteworthy, flexible workspace operators, technology, pharma and media & advertising are amongst the major gainers in 2025.

Supply: Mumbai witnessed 3.4 mn sq. ft. of Grade-A supply infusion during 2025, almost half of the quantum witnessed in 2024. Majority of the new supply was in the form of Non-IT developments in the micromarkets of Western Suburbs I, Central Mumbai and BKC Periphery.

VACANCY RATE

Amidst significant gross absorption and limited supply infusion, overall vacancy levels in the city declined to 5.1% at the end of December 2025. Most front-office micromarkets are operating at alarmingly low sub-5% vacancy.

RENTS

Against the backdrop of robust leasing, citywide Grade-A quoted rental values strengthened by 10% YoY. The rent increase in the micromarkets of New CBD BKC and Central Mumbai can be attributed to rapidly declining availabilities in prime buildings. Concurrently, new supply in the micromarket of Western Suburbs I has been introduced at rentals higher than the current market average.

MUMBAI MARKET OUTLOOK DEMAND

Mumbai is expected to sustain similar momentum in 2026 as witnessed in 2025. We estimate 2026 to clock in Grade-A gross absorption of about 12.0 mn sq. ft. We recommend occupiers looking for large contiguous spaces to consider micromarkets such as Eastern Suburbs, Navi Mumbai and Thane that will likely see new supply infusion.

SECTORS

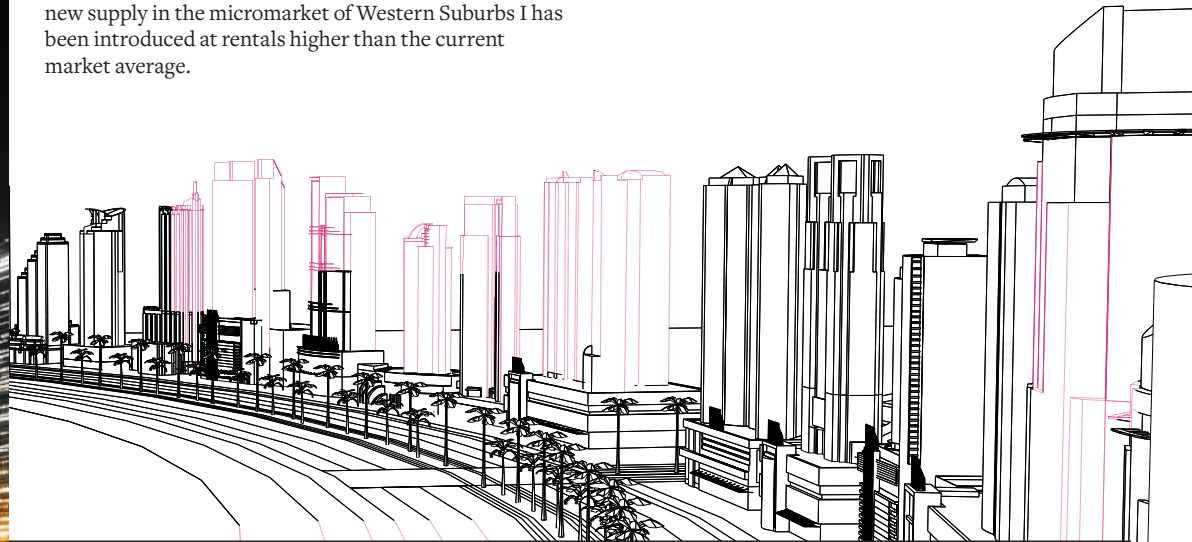
We expect the conventional demand driver of BFSI segment, along with technology occupiers to continue to drive office leasing demand in 2026. The flexible workspaces segment is likely to sustain similar levels of expansion activity leading to significant leasing in 2026. We may witness increased momentum from 3PL and ecommerce occupiers on the back of strengthening industrial & logistics ecosystem. Concurrently, public-private partnerships (ANSR-Maharashtra Government partnership to build GCC City in Navi Mumbai; Brookfield-MMRDA partnership to build 2.0 mn sq. ft. GCC facility for JP Morgan in Powai) focusing on building conducive infrastructure for GCCs will augur well for GCC expansion in the next few years.

SUPPLY

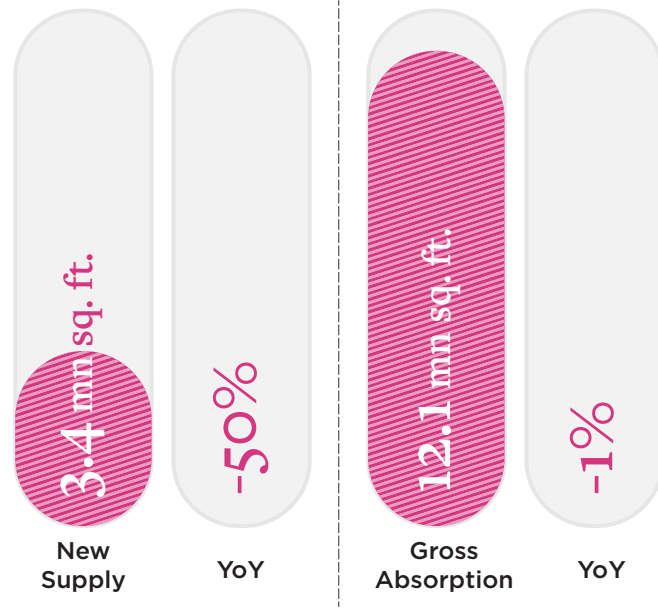
New supply of about 13.0 mn sq. ft. is scheduled to be completed during 2026. This planned supply would mostly be concentrated in the micromarkets of Eastern Suburbs I (29%), Thane (18%) and Navi Mumbai (14%).

RENT & VACANCY

Amidst significant supply infusion and sustained occupier interest, the vacancy rate is anticipated to marginally increase to 7% at the end of December 2026. Overall Grade-A rental values will likely strengthen on account of declining vacancies in prime buildings and city infrastructure upgrades becoming operational.

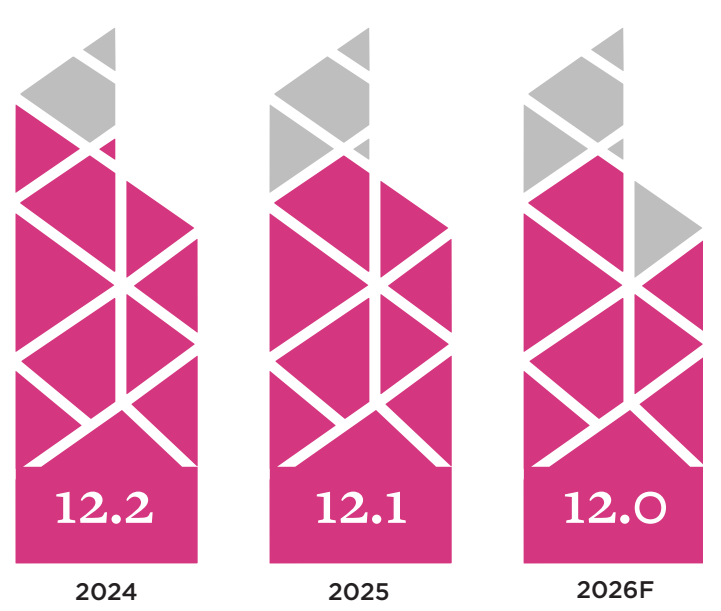


Key Statistics: 2025



Gross absorption represents fresh leases and occupier sale, excludes renewals and pre-commitments

Office Absorption (mn sq. ft.) in Mumbai



Source: Savills India Research

Major transactions 2025

HDFC Bank

Western Suburbs I

R Square

4,54,300

WNS

Thane

Centaurus

2,90,000

Deloitte Shared Services

Thane

Lodha i-Think

1,83,300

CoWrks

Eastern Suburbs

CRISIL House

1,76,800

Interactive Brokers

Western Suburbs I

Waterstone Business Park

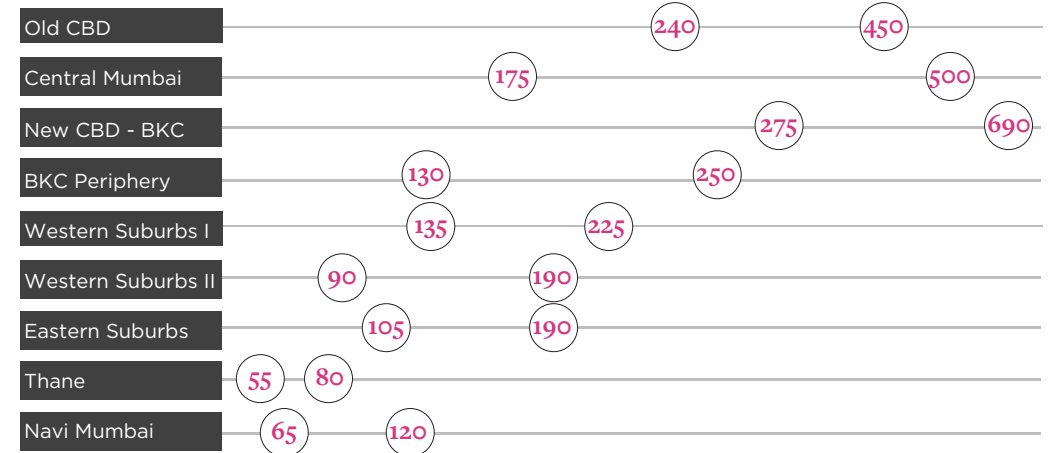
1,16,900

Tenant | Micromarket |

Building | Transacted Area* (sq. ft.)

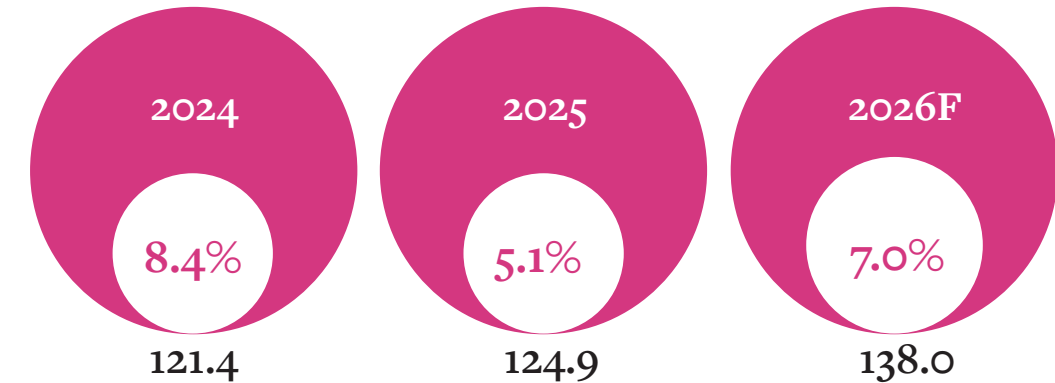
Source: Savills India Research

Rental Range 2025 (INR/sq. ft./month)



Source: Savills India Research

Grade - A Office Stock (mn sq. ft.) & Vacancy (%)



MUMBAI MICROMARKETS

Old CBD – Nariman Point, Cuffe Parade, Ballard Estate, Fort, Churchgate, Colaba
Central Mumbai – Mahalaxmi, Worli, Lower Parel, Prabhadevi, Dadar West, Dadar East, Parel
New CBD BKC – Bandra-Kurla Complex (BKC)
BKC Periphery – Bandra E, Bandra W, Kalina, Vakola, Khar E, Khar W, Kurla, Santacruz E, Santacruz W
Western Suburbs I – Vile Parle E, Vile Parle W, Andheri E, Andheri W, Jogeshwari E, Jogeshwari W
Western Suburbs II – Goregaon E, Goregaon W, Malad E, Malad W, Kandivali E, Kandivali W, Borivali E, Borivali W
Eastern Suburbs – Sion, Wadala, Chembur, Ghatkopar, Mulund, Kanjurmargin, Powai, Vikhroli
Thane – Thane, Navi Mumbai – Airoli, Vashi, CBD Belapur, Mahape, Turbhe, Ghansoli, Thane-Belapur Road

*Approximate and indicative areas only

PUNE’S KEY HIGHLIGHTS

Pune scales new peaks: Record leasing and completions in 2025

In 2025, Pune’s office market scaled new highs, with both leasing and supply reaching record levels. The city recorded gross absorption of 8.8 mn sq. ft., the highest ever for Pune, reaffirming the depth of occupier demand. On the supply side, new completions surged to an all-time high of 10.8 mn sq. ft., significantly expanding the city’s Grade - A office stock. GCC activity also strengthened during the year, accounting for 2.8 mn sq. ft. of leasing, with the majority of demand concentrated in SBD East and SBD West, further reinforcing Pune’s position as a key hub for global enterprise operations.

Flexible workspaces and large-sized deals drive the leasing momentum: Flexible workspace operators witnessed strong expansion in 2025, firmly positioning Pune as India’s third-largest flexible leasing market after Bengaluru and Chennai. The segment recorded 2.2 mn sq. ft. of leasing during the year, marking an 83% YoY growth. Overall, flexible workspaces accounted for 25% of total leasing in Pune. Large-sized deals of over 100,000 sq. ft. dominated the leasing activity, contributing approximately 40% of total absorption. These deals were mainly signed by BFSI and flexible workspace operators, with most activity concentrated in the SBD East micromarket.

Note: *Top six cities: Bengaluru, Chennai, Delhi-NCR, Hyderabad, Mumbai, Pune



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PUNE OFFICE MARKET UPDATE

LEASING AND COMPLETIONS

Absorption: Pune recorded gross absorption of 8.8 mn sq. ft. in 2025, reflecting a 4% YoY increase and marking the highest absorption level on record. Nearly 46% of total absorption was concentrated in SBD East, followed by 23% in PBD West, 18% in the CBD and 13% in SBD West. Leasing activity was fairly balanced through the year, with absorption split at 46:54 in H1 and H2 2025.

Sector Split: During 2025, IT-BPM continued to dominate the leasing activity with a 33% share. Flexible workspaces emerged as the second-largest segment with a 25% share, up from 15% in 2024, followed by BFSI at 20%. Demand for flexible workspaces strengthened sharply in 2025, driven by increased enterprise and GCC adoption of managed spaces, firm rentals in prime markets and growing hybrid strategies that have further accelerated flexible workspace uptake.

Supply: At 10.8 mn sq. ft., Pune’s office supply marked a significant milestone, reaching an all-time high in 2025. Notably, 66% of the new supply was concentrated in the SBD East micromarket. 51% of the new supply consisted of IT developments, while 49% comprised Non-IT developments.

VACANCY RATE

The office market witnessed an increase in vacancy from 18% in 2024 to 25.3% in 2025 due to record-high supply additions that outpaced the gross absorption, along with occupiers transitioning from conventional to flexible workspace formats.

RENTS

Citywide quoted rental values increased by 4% YoY in 2025. Rental growth in the PBD West micromarket can be attributed to tightening availability in prime buildings amid strong demand.

PUNE MARKET OUTLOOK

DEMAND

Pune is expected to sustain the strong momentum witnessed in 2025 into 2026, supported by healthy demand pipeline and occupier expansion plans . Grade - A gross absorption is estimated to reach 9.0 mn sq. ft. in 2026. Occupiers seeking large spaces may consider micromarkets such as SBD East and CBD, where a significant influx of new supply is anticipated.

SECTORS

We expect continued interest from technology and flexible workspace operators to continue driving office leasing demand in 2026, supported by steady enterprise expansion. As hybrid work models gain further traction, flexible workspace operators are likely to deepen their presence across key micromarkets, reinforcing leasing momentum in the city.

SUPPLY

New supply of 10.3 mn sq. ft. is scheduled to be completed during 2026 with a distribution of 30% for IT and 70% for Non-IT buildings. Half of planned supply will be concentrated in the SBD East micromarket while the other half will be allocated across the other micromarkets including the CBD and SBD West.

RENT & VACANCY

Quoted rental values are likely to remain stable across all micromarkets in 2026. The vacancy rate is expected to increase up to 26.3%, primarily driven by supply exceeding demand.

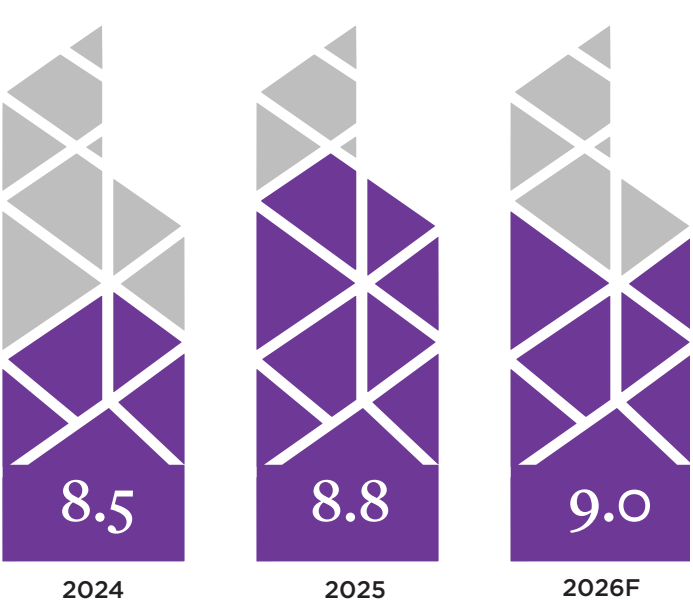


Key Statistics: 2025



Gross absorption represents fresh leases and occupier sale, excludes renewals and pre-commitments

Office Absorption (mn sq. ft.) in Pune



Source: Savills India Research

Major transactions 2025

Citigroup Inc
SBD East
Panchshil Business Hub
7,71,200

KPIT Technologies Limited
PBD West
Ascendas (ITPP) Phase 1- Cypress
1,52,100

Eaton Technologies
SBD West
Aditya Shagun Infinity IT Park
150,000

Table Space Technologies
CBD
ABIL Boulevard
1,34,900

Infosys BPM Limited
PBD West
Embassy Tech Zone 1.5 Rhine
1,28,000

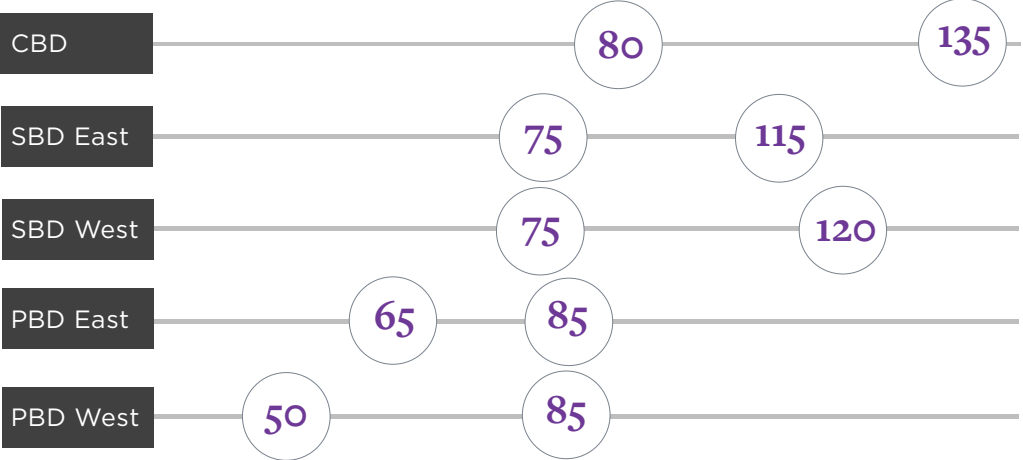
Tenant | Micromarket | Building | Transacted Area* (sq. ft.)

Source: Savills India Research

PUNE MICROMARKETS
CBD - Laxmi Road, Camp, Bund Garden, Boat Club, Koregaon Park, Dhole Patil Road, Pune Station, Shivaji Nagar, FC Road, JM Road, Wakdevadi, SB Road, Model Colony, Ganeshkhind Road, Kalyani Nagar, Yerwada
SBD East - Kharadi, Mundhwa, Nagar Road, Viman Nagar, Hadapsar, Kondhwa
SBD West - Aundh, Baner, Balewadi, Pashan, Kothrud, Karve Nagar, Khadki, Paud Road
PBD East - Phursungi, Wagholi, Charoli, Solapur Road, Saswad Road, Katraj
PBD West - Hinjewadi, Wakad, Pimpri, Bhosari, Chinchwad, Bavdhan, Mulshi, Talawade, Tathawade, Nanded City, Pimple Saudagar

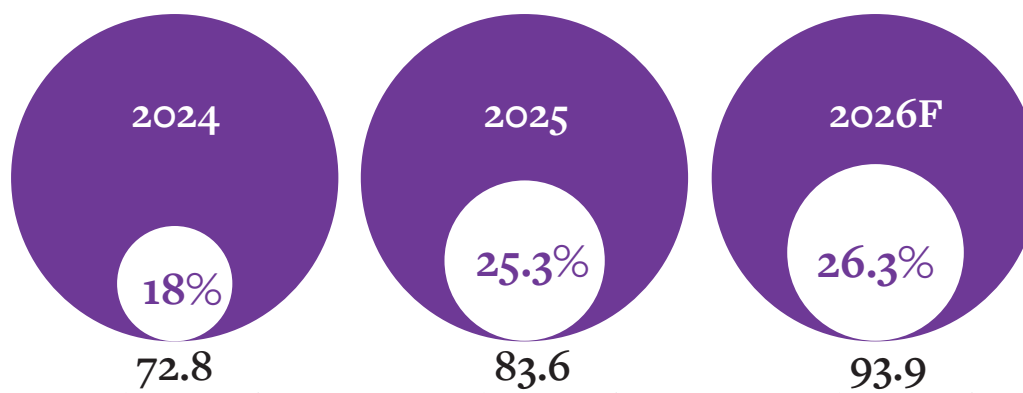
*Approximate and indicative areas only

Rental Range 2025 (INR/sq. ft./month)



Source: Savills India Research

Grade - A Office Stock (mn sq. ft.) & Vacancy (%)



ANNEXURE:

REAL ESTATE POLICY ANNOUNCEMENTS 2025

Q1

Q2

Karnataka Municipalities Model Building Bye-Laws 2017 (Amendments)

Mandates fibre optics and ICT (Information and Communication Technology) infrastructure in new buildings, in a bid towards building smart infrastructure.

Haryana Government Revises External Development Charges (EDC)

Maharashtra Increases Ready Reckoner Rates by 3.9%

The Maharashtra government raised ready reckoner rates by 3.9% across the state. This uniform hike is expected to raise the stamp duty and registration costs for property transactions, potentially leading in higher overall property prices.

The Goa Budget 2025-2026

Focused on creation of tourism infrastructure, renewal energy, easy transport, 100% literacy and fastest delivery of services. In terms of urban development, projects worth INR 423 crore will be completed under the Smart City Mission. Panjim will get INR 135 crore for smart roads expansion. A New Mopa City has also been proposed under a central scheme.

Maharashtra Housing Policy 2025

Construction of 35 lakh houses over the next five years, backed by an investment of INR 70, 000 crores. The policy is aimed at driving inclusive, sustainable, and resilient growth in Maharashtra’s housing sector.

Goa State Heritage Policy 2025

To conserve, protect and celebrate Goa’s diverse and unparalleled natural and cultural heritage.

Q3

Q4

GST 2.0 Rolled Out - A Structural Reset to Improve Project Viability

The simplified two slabs structure (5% and 18%), reinstating input credit for developers, reducing cement GST from 28% to 18%, and lowering costs for affordable housing to improve affordability and cash flow.

Karnataka Fire Safety Amendment: Dedicated Cess to Strengthen High-Rise Safety Infrastructure

In August 2025, the Karnataka government notified an amendment to the Karnataka Fire Force Act, introducing a 1% fire cess on new multi-storey and high-rise buildings, including residential projects, to support upgrades in fire-safety and emergency infrastructure.

Uttar Pradesh FAR & Coverage Reforms

The Uttar Pradesh government plans to remove ground coverage limits and raise FAR for NOIDA, Greater NOIDA, and YEIDA. Housing FAR will rise to 3.5, promoting vertical growth, while green cover norms drop to 10-15%, and builders can use all space after setbacks and parking.

Haryana Collector Rate Hike

The Haryana government increased the collector rates for property registration in the range of 10% to 50% in August 2025, across urban and rural areas.

Stamp Duty and Registration Fee Exemption for Cluster Redevelopment Rehab Homes

The Maharashtra government exempted stamp duty and registration charges for existing residents rehabilitated under Mumbai’s cluster redevelopment programme, valuing the combined area at concessional rates instead of full ready-reckoner costs.

Mandatory Digital Registration of Rental Agreements (New Rent Rules 2025)

The rollout of online registration of rental agreements, capped security deposits, and formalization of rental contracts is expected to improve transparency and standardise rental practices across urban housing markets.

Hyderabad Industrial Land Transformation Policy (HILTP) Unlocks Urban Land Supply

The Telangana government introduced the HILTP 2025 to unlock nearly 9, 292 acres of under- utilised industrial land within Outer Ring Road for mixed-use development, enhancing land availability and supporting urban expansion.

Karnataka Apartment Bill 2025: Strengthening Homebuyer Rights and Apartment Governance

The Karnataka Government announced plans to implement the new Karnataka Apartment Bill 2025, designed to update outdated laws, reinforce owners’ rights, clarify common area and land ownership, and enhance governance and dispute resolution for apartment residents.

Haryana Affordable Housing Mandate: Institutionalising EWS Supply in Private Developments

The Haryana government’s new housing policy mandates developers to reserve 20% of plots and 15% of flats for Economically Weaker Sections (EWS) in licensed colonies. For group housing projects, the EWS flats will be sized between 200-400 sq. ft., with the price capped at INR 1.5 lakh per unit. The area of EWS plots will range from 50 sq. m. to 125 sq. m., priced at INR 600 per sq. m.



APPENDIX

Abbreviations & Acronyms

Bn	Billion	CAB	Current Account Balance
GDP	Gross Domestic Product	CAD	Current Account Deficit
GST	Goods & Service Tax	Mn	Million
INR	Indian Rupee	PMI	Purchasing Manager’s Index
USD	United States Dollar	RBI	Reserve Bank of India
IT-BPM	Information Technology & Business Process Management	Sq. ft.	Square Feet
IMF	International Monetary Fund	YoY	Year over Year
GCCs	Global Capability Centres	IIP	Index of Industrial Production
FDI	Foreign Direct Investment	FII	Foreign Institutional Investors
BFSI	Banking, Financial Services and Insurance	SWAMIH	
MPC	Monetary Policy Committee	FUND 2	Special Window for Affordable and Mid-Income Housing Investment Fund 2
CPI	Consumer Price Index		

Key Definitions

Term	Definition
Stock/Inventory	This includes area of existing buildings plus new completions (supply) in each quarter/ half year/full year
Supply	- New office buildings that have received their certificates of completion/occupancy within the quarter/half year/full year or - Buildings that have their structure ready and have occupier/s operating out of it or fit-outs being carried out
Gross Absorption/ Gross Leasing/ Leasing Activity	- Sum of all leases including expansion, relocation and consolidations - Does not include full-term renewals which are after the nine-year lease expiry - Includes leasing of entire tower by an occupier within an IT park/development
Average Rental Values/Rents	A fair estimation of asking rent and deal closure rent
Vacancy	Total vacant space as a percentage of inventory/stock

Term	International Definition
Crore	Ten Million (10,000,000)
Lakh	One Hundred Thousand (100,000)



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