

INDIA

OFFICE MARKET REPORT

Q3 2025

Better never settles

KEY HIGHLIGHTS

Q3 2025

1

22.6 MSF gross leasing volume (GLV) in top 8 cities in Q3 2025; **a 7% growth** on a quarterly basis though a marginal 3.0% decline as compared to the same period last year.

2

Delhi NCR led pan-India GLV in Q3, accounting for **22% share**, followed by Bengaluru and Mumbai with **20% each**, followed by Chennai with a **13% share**.

3

IT-BPM accounted for highest share (**31%**) in quarterly leasing, followed by engineering & manufacturing and BFSI with **18%** and **14%** shares, respectively. Flex operators accounted for **11%** of quarterly GLV.

4

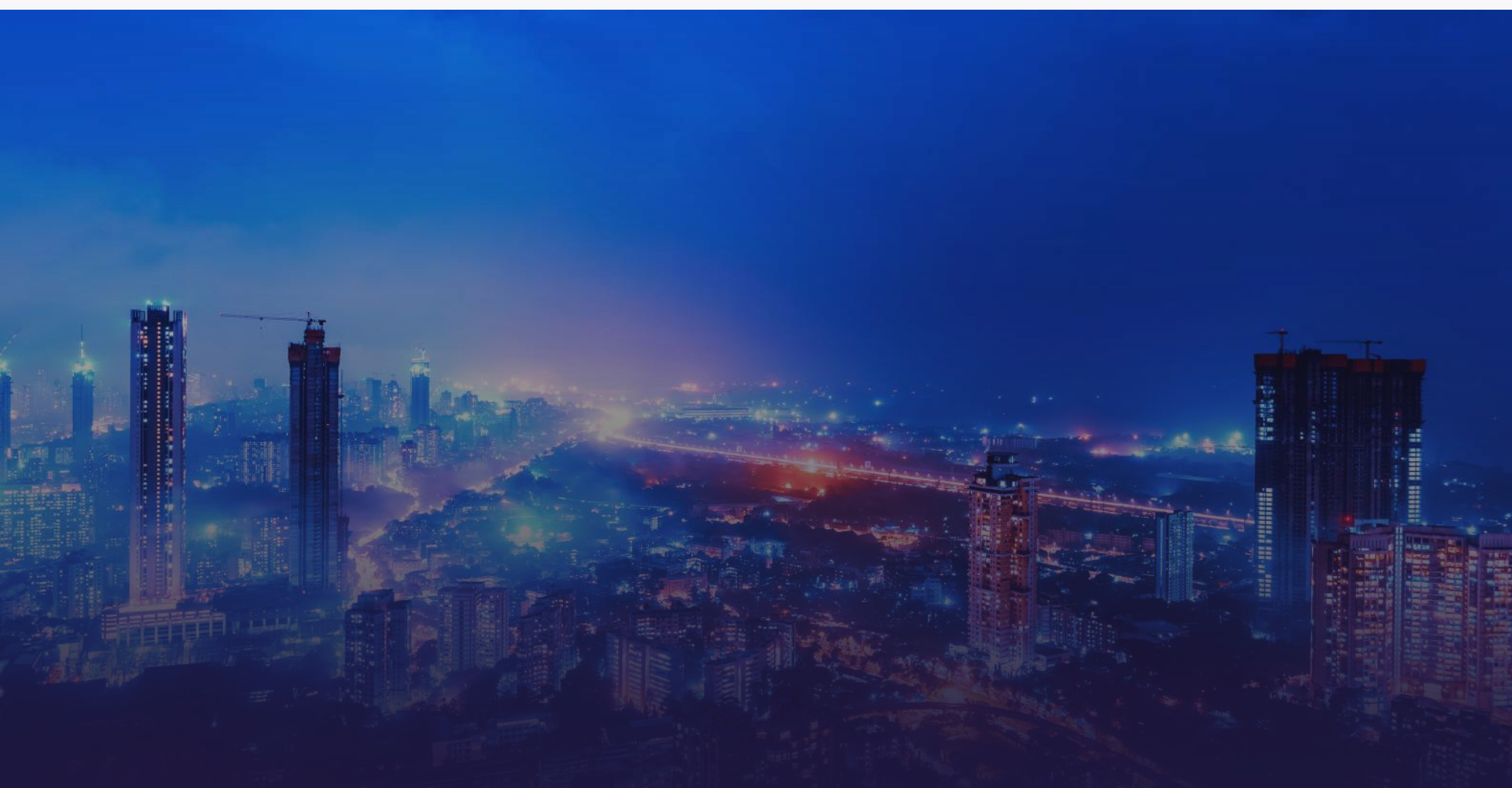
14.1 MSF of new completions were recorded in Q3 2025 with **Bengaluru** and **Delhi NCR** contributing around **25%** and **23%** respectively, followed by **Pune (19%)**.

5

Net absorption in Q3 2025 stood at 16.3 MSF, **a 35% growth** on an annual basis and a 21% expansion on a quarterly basis.

The third quarter saw sustained leasing momentum in the Indian office market with both gross lease volumes and net absorption at healthy levels. The economic uncertainty resulting from the tariff policy of the US administration continues to have minimal impact on office market activity, which is strengthened due to robust occupier confidence and continued expansion by global and domestic firms. The office market is well on course to witness a record net absorption this year and gross lease volumes are likely to be close to last year's figures or even surpass it. Amidst discussions on the impact of the US government's H1B visa fee hike on the Indian tech sector, global capability centres (GCCs) remained a key driver of office space take-up in Q3 and is likely to remain so in the near to medium term. India's tech talent will remain a prime attraction for global firms looking to invest in GCCs. Fresh space demand continued to account for a major share of leasing volumes across top cities, highlighting healthy market sentiments.

Pan India supply was relatively higher in Q3, though demand continued to surpass supply resulting in lower vacancies across most cities. Higher completions were recorded across Bengaluru, Mumbai and Delhi NCR. Completions are likely to gain momentum in the quarters ahead given the strong pipeline of projects visible currently. Rentals continued to rise in Q3 and are likely to maintain growth due to the strong demand outlook.



LEASING TRENDS

Gross Leasing Activity

Office leasing remained strong in Q3 with 20+ MSF of GLV for the sixth consecutive quarter. Both the tariff and visa policies of the US government have had minimal impact on office market activity, underscoring the strong occupier confidence, a trend likely to sustain over the near to medium term. Market activity is likely to remain healthy in the upcoming quarters due to a robust active deal pipeline. As of YTD-25, GLV stood at ~64 MSF and the market is on course to get close or to even surpass last year’s record high.

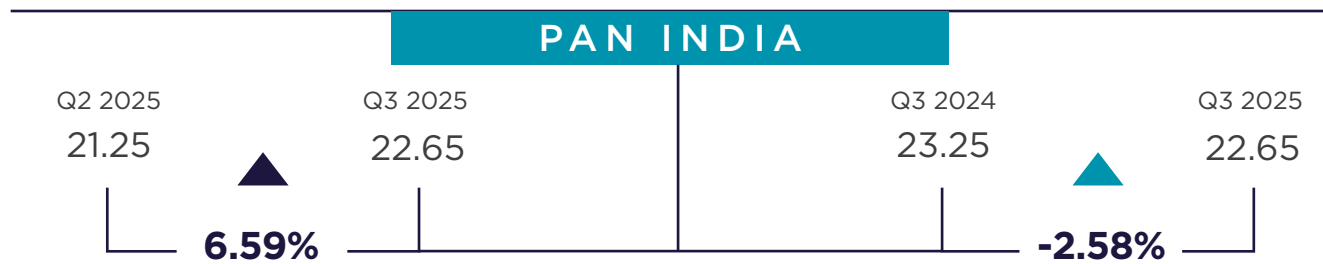
Fresh demand for space accounted for around 84% of quarterly GLV, backed by closure of large fresh deals. GCC transactions accounted for 32% of GLV during the quarter and 30% as of YTD-25, maintaining their status as one of the key drivers of office market activity. Domestic firms continued to lease more office space while flex operators expanded their footprint across top cities.

At ~19 MSF, pan-India fresh leasing was up by 21% on a quarterly basis and a marginal 1% as compared to the same period last year. Bengaluru contributed around 23% of quarterly fresh leasing volumes, followed by Delhi NCR with a 22% share. Both Hyderabad and Mumbai contributed 15% each to quarterly fresh leasing.

Pan India active deals remain strong and implementation of expansion/consolidation plans in the upcoming quarters is likely to drive deal conversion. Rentals continued to appreciate across all cities on the back of sustained space demand.

| Gross Leasing (MSF) | Q2 2025 | Q3 2025 | % Change | Gross Leasing (MSF) | Q3 2024 | Q3 2025 | % Change |
|---------------------|---------|---------|----------|---------------------|---------|---------|----------|
| Mumbai | 3.92 | 4.43 | 13.01% | Mumbai | 4.44 | 4.43 | -0.02% |
| Delhi NCR | 4.63 | 5.08 | 9.72% | Delhi NCR | 3.25 | 5.08 | 56.31% |
| Bengaluru | 4.98 | 4.54 | -8.84% | Bengaluru | 6.89 | 4.54 | -34.11% |
| Chennai | 2.17 | 2.83 | 30.41% | Chennai | 1.78 | 2.83 | 58.99% |
| Pune | 3.29 | 2.04 | -37.99% | Pune | 2.68 | 2.04 | -23.88% |
| Hyderabad | 1.59 | 2.83 | 77.99% | Hyderabad | 3.36 | 2.83 | -15.77% |
| Kolkata | 0.52 | 0.67 | 28.85% | Kolkata | 0.41 | 0.67 | 63.41% |
| Ahmedabad | 0.16 | 0.22 | 37.50% | Ahmedabad | 0.43 | 0.22 | -48.84% |

Pan India gross lease volumes stood at 22.6 MSF in Q3 helped by robust fresh leasing and expansion by foreign and domestic occupiers. GCC leasing stood at 32% of quarterly GLV and 30% of GLV during the YTD period, with the segment maintaining its status as an important contributor to office leasing. Leasing by E&M and BFSI picked up while flex operators contribution stood at 11% of GLV; large flex operators will continue to expand driven by growing demand for managed offices. Healthy active deal pipeline points towards a strong finish to the current year and minimal impact of policy-induced uncertainty from the US.

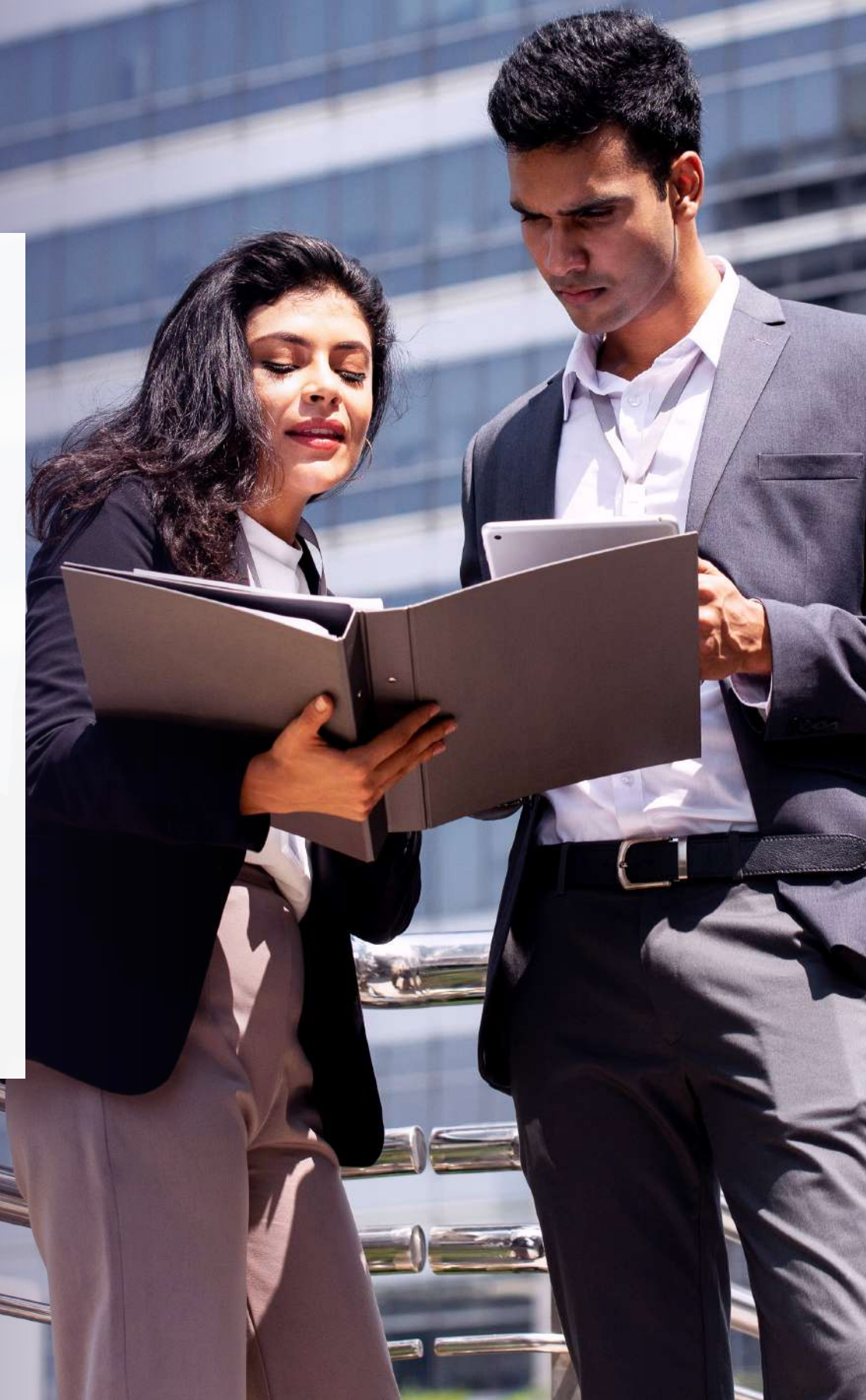


Term Renewals

Term renewals stood at 1.8 MSF in Q3, a 30% decline on an annual basis and a 43% decline as compared to the previous quarter. The office market is in a bullish phase at present, with a dominant number of deals happening either for office space expansion or to meet fresh demand. Consequently, the share of renewals has gone down. Delhi NCR led term renewals in the quarter with a share of 42%, with Pune and Mumbai contributing 23% and 15% respectively.

Preleasing activity

At 1.9 MSF, preleasing was down by 22% on a quarterly basis and a marginal 2% decline compared to the same period last year. The share of preleasing in quarterly GLV stood at 8%, lower than the previous quarter, largely due to the sharp pickup in share of fresh leasing. Mumbai dominated quarterly preleasing with 73% share, followed by Chennai at 23%.



Net Absorption

At 16.3 MSF, net absorption posted a 21% growth on a quarterly basis and a 35% expansion as compared to the same period last year helped by robust fresh leasing and operationalization of some preleased buildings in few cities. Net absorption is likely to scale a new record this year, surpassing last year's figure, highlighting strong market sentiments. Delhi NCR led quarterly net absorption with a 23% share, followed by Bengaluru and Pune with shares of 21% and 16% respectively. As of YTD, net absorption stood at over 44 MSF, a 29% growth over the same period last year.

| Net Absorption (MSF) | Q2 2025 | Q3 2025 | % Change | Net Absorption (MSF) | Q3 2024 | Q3 2025 | % Change |
|----------------------|---------|---------|----------|----------------------|---------|---------|----------|
| Mumbai | 2.59 | 2.13 | -17.76% | Mumbai | 2.64 | 2.13 | -19.32% |
| Delhi NCR | 1.37 | 3.79 | 176.64% | Delhi NCR | 1.52 | 3.79 | 149.34% |
| Bengaluru | 3.51 | 3.46 | -1.42% | Bengaluru | 4.01 | 3.46 | -13.72% |
| Chennai | 1.99 | 2.28 | 14.57% | Chennai | 0.47 | 2.28 | 385.11% |
| Pune | 2.24 | 2.54 | 13.39% | Pune | 1.55 | 2.54 | 63.87% |
| Hyderabad | 1.22 | 1.42 | 16.39% | Hyderabad | 1.32 | 1.42 | 7.58% |
| Kolkata | 0.39 | 0.43 | 10.26% | Kolkata | 0.37 | 0.43 | 16.22% |
| Ahmedabad | 0.06 | 0.21 | 250.00% | Ahmedabad | 0.19 | 0.21 | 10.53% |

PAN INDIA



Robust fresh demand and operationalization of certain projects with precommitments led to strong quarterly net absorption, which is likely to finish at a record high this year. Vacancies declined across all cities in Q3 as supply was lagging demand. However, vacancies are likely to move up on the back of expected healthy supply in the quarters ahead. Rentals moved up in Q3 and rental growth is likely to continue backed by strong demand across prime submarkets.

OCCUPIER TRENDS

IT-BPM remained the dominant segment accounting for 31% of quarterly leasing volumes, followed by engineering & manufacturing with an 18% share. BFSI segment held a 14% share in quarterly leasing and flex operators occupied the fourth spot with an 11% share. The flex segment is poised for significant growth given that healthy capital has been raised through IPOs. This is likely to help drive expansion of top flex operators across both tier 1 and 2 cities on the back of robust demand for managed office spaces. In terms of absolute lease volumes, BFSI recorded a 29% growth on a quarterly basis, while engineering and manufacturing witnessed a 26% growth. Healthcare and pharma recorded 17% growth in lease volumes while e-commerce lease volumes jumped by nearly 3x on a quarterly basis. On the other hand, space take up by professional services segment declined by around 34% on a quarterly basis.

Delhi NCR contributed around 25% of leasing by IT-BPM occupiers in Q3 followed by Chennai with a 21% share. Mumbai accounted for around 44% of leasing by BFSI occupiers with Bengaluru contributing 17%. In the flex space segment, Hyderabad led the way with 22% of the leasing volumes, followed by Chennai with a contribution of 21%. Space take-up by engineering & manufacturing sector was the highest in Bengaluru (36%), followed by Delhi NCR (24%).



IT - BPM

6.76 / 7.49 / 7.13



ENGINEERING & MANUFACTURING

2.59 / 3.19 / 4.02



E-COMMERCE

0.06 / 0.21 / 0.56



HEALTHCARE & PHARMA

1.49 / 0.77 / 0.89



OTHERS

2.73 / 1.26 / 2.56



BFSI

3.36 / 2.44 / 3.15



FLEXIBLE WORKSPACE

3.77 / 3.43 / 2.58



PROFESSIONAL SERVICES

2.06 / 2.01 / 1.32



TELECOM & MEDIA

0.42 / 0.45 / 0.43

■ Q3 2024

■ Q2 2025

■ Q3 2025

All values in MSF

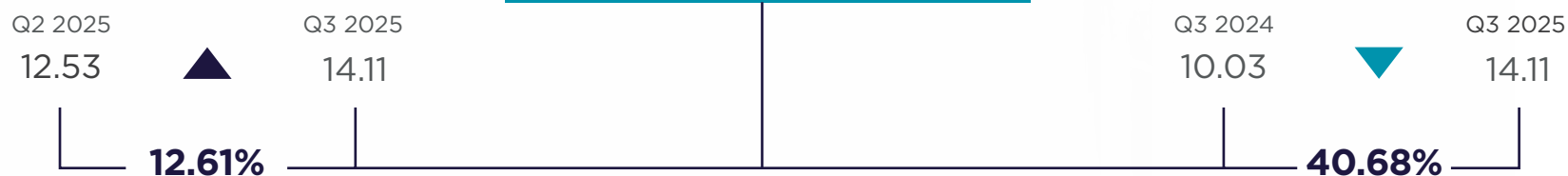
SUPPLY TRENDS

New supply stood at 14.1 MSF in Q3, a growth of 13% on a quarterly basis and an expansion of 41% as compared to the same period last year. Completions gained momentum across top cities in the quarter, with projects being expedited to meet strong demand. This trend is likely to continue as highlighted by the strong pipeline in the remainder of 2025 and beyond. Prime submarkets across major cities such as Outer Ring Road, Gurugram CBD, BKC, Madhapur etc., which currently report high demand and tight vacancies, are expected to see good supply in the upcoming quarters. In Q3, supply increased across most of the top cities including Bengaluru, Mumbai, Delhi NCR, Hyderabad and Chennai, but declined in Pune and Ahmedabad on a quarterly basis. Bengaluru and Delhi NCR cumulatively accounted for nearly half of quarterly supply followed by Pune with a 19% share. Despite higher supply in the quarter, vacancies declined across all cities with demand surpassing supply. Going forward, timely project completions are likely to facilitate demand supply balance in the market. Pune and Bengaluru are likely to contribute nearly 50% of pan India supply cumulatively in 2025 with Delhi NCR accounting for 14%.

Rentals continued to move up in the quarter across all cities on the back of strong demand. Despite expected healthy supply in the upcoming quarters, rentals are likely to maintain growth on the back of sustained demand across prime submarkets. Vacancies are likely to move up due to a higher supply influx.

| New Supply (MSF) | Q2 2025 | Q3 2025 | % Change | New Supply (MSF) | Q3 2024 | Q3 2025 | % Change |
|------------------|---------|---------|----------|------------------|---------|---------|----------|
| Mumbai | 0.86 | 1.56 | 81.39% | Mumbai | 0.63 | 1.56 | 147.62% |
| Delhi NCR | 1.06 | 3.22 | 203.77% | Delhi NCR | 0.29 | 3.22 | 1010.34% |
| Bengaluru | 2.97 | 3.58 | 20.54% | Bengaluru | 5.04 | 3.58 | -28.97% |
| Chennai | 1.22 | 1.33 | 9.02% | Chennai | 0.60 | 1.33 | 121.67% |
| Pune | 4.80 | 2.70 | -43.75% | Pune | 0.45 | 2.70 | 500.00% |
| Hyderabad | 0.85 | 1.14 | 34.12% | Hyderabad | 2.37 | 1.14 | -51.89% |
| Kolkata | 0.00 | 0.00 | NA | Kolkata | 0.00 | 0.00 | NA |
| Ahmedabad | 0.77 | 0.58 | -24.68% | Ahmedabad | 0.64 | 0.58 | -9.38% |

PAN INDIA

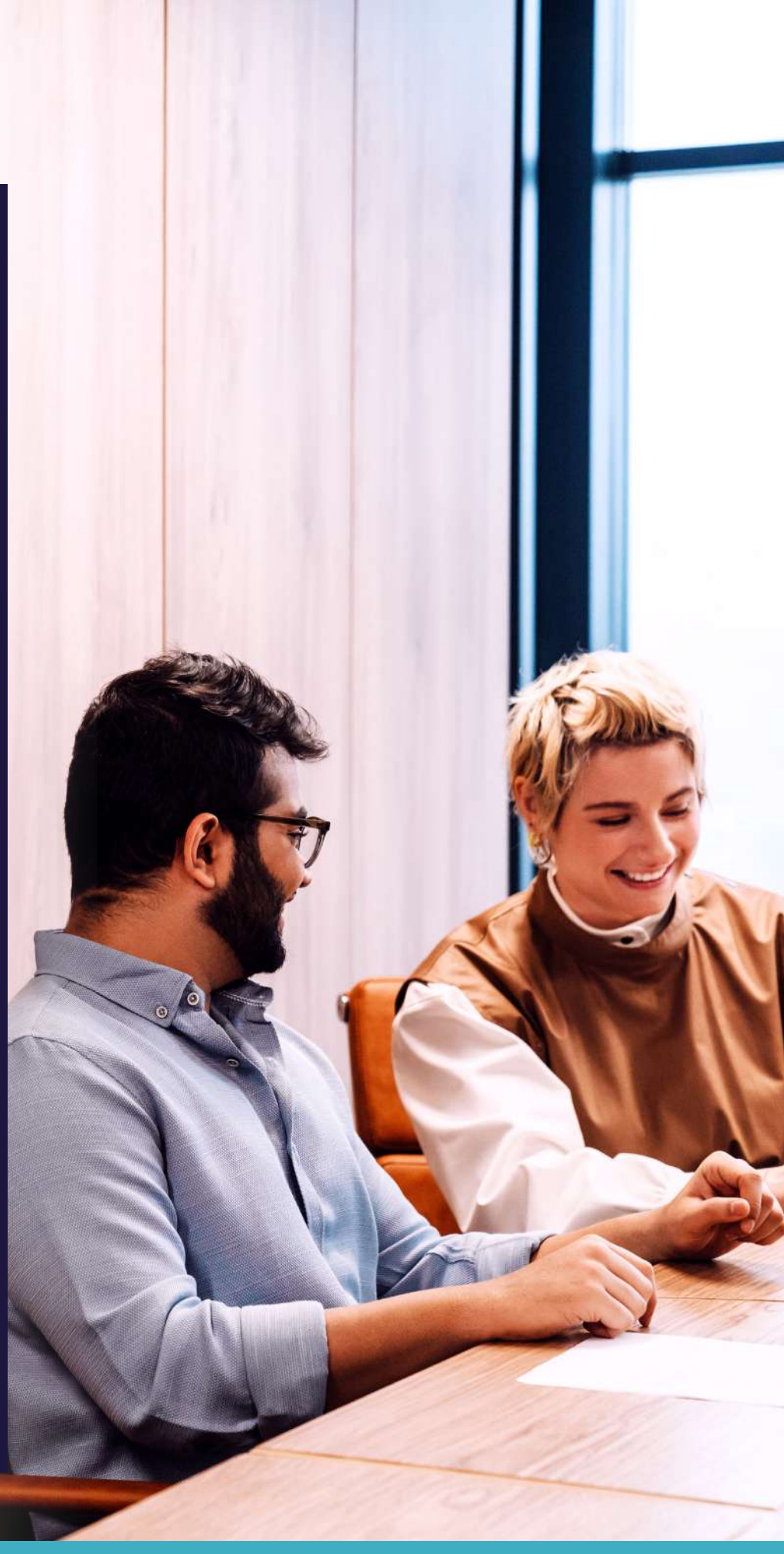


OUTLOOK

Given the robust deal volume witnessed in the first nine months of the year, including in the third quarter, we are quite confident that the office market fundamentals rest on a very strong footing. Both foreign and domestic occupiers have contributed to this demand, with GCCs continuing to make inroads into Indian cities with equal rigour. India's robust tech and AI talent pool along with an increasingly enabling policy environment is an attractive proposition for foreign firms to establish their offshore captive centres in the country. India's macroeconomic scenario remains that of resilience amidst uncertainties stemming from tariffs or geopolitical tensions. Low inflation, declining policy interest rates and strong GDP growth emerge as a deviation from an otherwise unstable growth outlook in many advanced countries. Timely conclusion of the trade deal that is currently being negotiated between India and the US will have a profound impact on the office market and the broader economy.

GCCs have become one of the mainstays of office leasing activity in recent years and the trend continued in Q3; the segment accounted for 32% of GLV in the third quarter and its contribution is likely to rise further in the near to medium term. Many mid-sized foreign multinational firms have been entering India to set up GCCs. Large talent pool, competitive real estate costs, supply of premium, investment grade offices will remain major attractions for GCCs. In terms of rising contribution of domestic firms in office leasing activity, the flex segment will continue to play a major role. Robust demand for managed offices has fuelled expansion by both large and mid-sized operators in recent years. This is likely to continue over the medium term as operators expand their footprint across both Tier 1 & 2 cities, backed by healthy capital raising through equity market listings and from rising GCC space take-up.

For sustainable office market growth over the near to medium term, Grade A/A+ supply needs to increase faster, particularly across prime submarkets. While new supply increased in Q3, demand continues to outstrip supply. Going forward, healthy supply pipeline points towards restoration of the demand-supply balance in the market as developers look to expedite projects to meet healthy demand. However, rentals are expected to rise on the back of strong demand, despite new supply entering the market.





**CUSHMAN &
WAKEFIELD**

BUSINESS CONTACT



Veera Babu

Executive Managing Director, Tenant
Representation, India

veera.babu@ap.cushwake.com

FOR FURTHER INFORMATION, PLEASE CONTACT



Awantika Mohanty

Head of Business Development Services
Singapore, South East Asia & India

awantika.mohanty@cushwake.com



Suvishesh Valsan

Senior Director, Research Services, India

suvishesh.valsan@cushwake.com

ABOUT CUSHMAN & WAKEFIELD

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2024, the firm reported revenue of \$9.4 billion across its core service lines of Services, Leasing, Capital markets, and Valuation and other. Built around the belief that **Better never settles**, the firm receives numerous industry and business accolades for its award-winning culture. For additional information, visit www.cushmanwakefield.com.