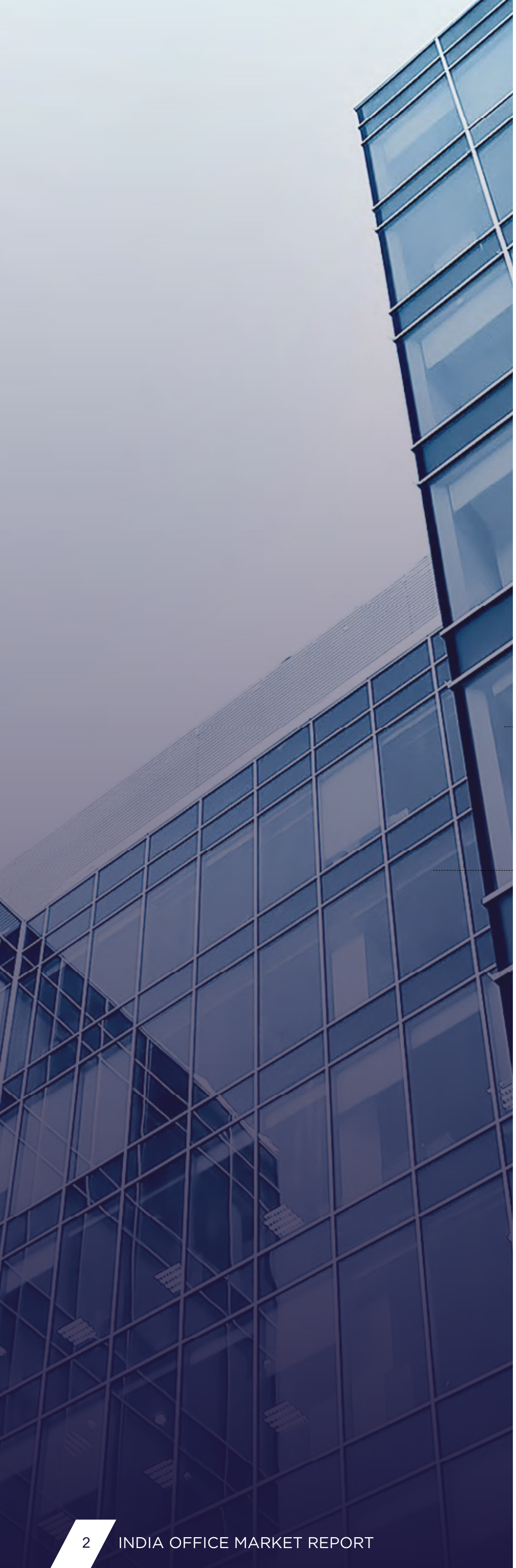
# INDIA

## OFFICE MARKET REPORT

Q4 2025

Better never settles



# KEY **HIGHLIGHTS**

## Q4 2025

**1** 24.7 msf gross leasing volume (GLV) in Top 8 cities in Q4 2025 the second highest quarterly figure ever; the GLV posted **8% growth** on a quarterly basis and around **4% expansion** on an annual basis

**2** Bengaluru led pan-India GLV in Q4, accounting for **31% share,** followed by **Hyderabad** and **Mumbai** with **22%** and **17%** shares respectively

**3** **IT-BPM** accounted for highest share **(25%)** in quarterly leasing, followed by **flex operators** with a **22% share. BFSI and engineering & manufacturing segment**s followed with **15%** and **14%** shares, respectively

**4** **15.3 msf** of new completions were recorded in **Q4 2025** with **Hyderabad** and **Bengaluru** contributing around **36%** and **18%** respectively, followed by **Pune (16%)**

**5** Net absorption in **Q4 2025** stood at **15.7 msf,** an **8.4% decline** on a quarterly basis and a **3.5%** fall on an annual basis

# KEY **HIGHLIGHTS**
2025

1. **Annual GLV** stood at **88.7 msf in 2025**, a record high and a marginal **1% growth** over 2024

2. **Bengaluru** led the annual GLV with a share of around **25%,** followed by **Mumbai (19%)** and **Delhi NCR (18%)**

3. **IT-BPM** accounted for **~31%** of annual GLV, followed by **flex operators and BFSI** with around **15% shares each** and **engineering & manufacturin**g with around **14%**

4. New completions stood at **~53 msf** in 2025. **Pune and Bengaluru** led with **~25%** and **24%** shares respectively

5. Net absorption stood at **61.4 msf in 2025**, a record high and **growth of 25**% over the previous year

The continued uncertainty resulting from tariff policy of the US administration and a delayed trade deal with the US had negligible impact on the office market with both annual GLV and net absorption finishing at record highs in 2025. Despite the speculation around possible adverse impact of the tariffs, the US economy continued to post healthy growth as of Q3 and optimism around the economy in 2026 is expected to support activity in the Indian office market, especially from US-based occupiers. The quarter saw large deals getting closed across top cities by global multinationals and space take-up by domestic firms too remained robust; flex operators, in particular recorded the highest ever leasing activity in 2025. Global capability centres (GCCs) remained a key driver of office space take-up and is likely to remain so in the near to medium term. Fresh space demand remained dominant in leasing volumes across top cities, highlighting healthy market sentiments.

Pan India supply was higher in Q4, with the full year supply finishing at a record high. Given the robust demand trajectory, developers and landlords are expediting projects across top cities. Completions are likely to gain momentum in the quarters given the strong pipeline of projects visible currently. Headline pan-India vacancies dropped sharply in Q4 and rentals continued to rise across all cities.

# LEASING TRENDS

## Gross Leasing Activity

At nearly 25 msf, office leasing remained strong in Q4 with quarterly space take-up the second highest ever. Strong occupier confidence drove leasing momentum in the quarter with minimal impact of the US tariff and visa policies on the office market. For the full year, GLV stood at ~88.7 msf, a record high and given the robust demand trajectory, similar or even higher figure could be witnessed in 2026.

Closure of large deals translated into fresh demand accounting for around 78% of quarterly GLV. GCC transactions accounted for 42% of GLV during the quarter, the highest ever quarterly GLV share, and 33% for the full year, again a record high. GCCs have transformed into a structural growth driver for the office market and is likely to remain so in the upcoming quarters. Domestic firms continued to lease more office space with record high space take-up by flex operators in 2025 on the back of strong demand for managed offices.

At ~19.4 msf, pan-India fresh leasing was marginally higher than the previous quarter with fresh demand for the full year finishing at a record high of over 70 msf. Bengaluru contributed around 32% of quarterly fresh leasing volumes, followed by Hyderabad and Mumbai with 22% and 14% shares respectively.

Pan India active deals remain strong and ongoing expansion/consolidation is likely to drive leasing activity in the upcoming quarters. Rentals continued to appreciate across all cities on the back of sustained demand.

| Gross Leasing (MSF) | Q3 2025 | Q4 2025 | % Change |
|---|---|---|---|
| **Mumbai** | 4.43 | 4.29 | -3.03% |
| **Delhi NCR** | 5.53 | 2.06 | -62.83% |
| **Bengaluru** | 4.54 | 7.59 | 67.35% |
| **Chennai** | 2.83 | 2.02 | -28.64% |
| **Pune** | 1.89 | 2.55 | 35.38% |
| **Hyderabad** | 2.83 | 5.42 | 91.59% |
| **Kolkata** | 0.67 | 0.25 | -62.47% |
| **Ahmedabad** | 0.22 | 0.49 | 124.47% |

| Gross Leasing (MSF) | Q4 2024 | Q4 2025 | % Change |
|---|---|---|---|
| **Mumbai** | 4.61 | 4.29 | -6.84% |
| **Delhi NCR** | 2.96 | 2.06 | -30.44% |
| **Bengaluru** | 6.75 | 7.59 | 12.57% |
| **Chennai** | 2.13 | 2.02 | -5.26% |
| **Pune** | 1.72 | 2.55 | 48.27% |
| **Hyderabad** | 4.33 | 5.42 | 25.10% |
| **Kolkata** | 0.28 | 0.25 | -11.07% |
| **Ahmedabad** | 1.04 | 0.49 | -52.43% |

**PAN INDIA**

| Q3 2025 | Q4 2025 | Change |
|---|---|---|
| 22.93 | 24.68 | 7.63% |

| Q4 2024 | Q4 2025 | Change |
|---|---|---|
| 23.82 | 24.68 | 3.63% |

**Pan India gross lease volumes stood at 24.7 msf in Q4 and 88.7 msf for the full year, a record high, helped by robust fresh demand and closure of large deals by foreign and domestic occupiers. GCC leasing stood at 42% of quarterly GLV and 33% of GLV for the full year, again a record high. With the segment maintaining its status as a key contributor to leasing activity. Flex operators contributed 15% of GLV in the year; the second highest share, with large operators continuing to expand on the back of robust demand for managed offices. Healthy active deal pipeline points towards healthy demand momentum in 2026 as well.**

## Term Renewals

Term renewals stood at 1.3 msf in Q4, a 31% decline on a quarterly basis and a 58% decline as compared to the same period in 2024. High share of fresh demand and pickup in preleasing activity in the quarter resulted in decline in term renewals in Q4. Mumbai led term renewals during the quarter with a share of 61% with Pune and Mumbai contributing 32%. For the full years, term renewals stood at 8.4 msf, a 24% decline on an annual basis.

## Preleasing activity

At 4 msf, preleasing more than doubled on a quarterly basis and witnessed a 4x jump on an annual basis. Share of preleasing in quarterly GLV stood at 16%, compared to 8% share in the previous quarter. Bengaluru accounted for around 34% of quarterly preleasing, followed by Hyderabad and Mumbai with 29% and 20% shares, respectively. For the full year, preleasing stood at nearly 10 msf, a marginal 2% growth on an annual basis and an 11% contribution to annual GLV, like in 2024.

## Net Absorption

At 15.7 msf, net absorption was marginally down on a quarterly and annual basis though for the full year, net absorption posted a record high of 61.4 msf. This is the first time the metric surpassed the 60 msf mark, well above the ~50 msf figure in 2024. Quarterly net absorption was driven by robust fresh leasing, and this is a trend that is likely to continue given the strong active deal pipeline. Bengaluru led quarterly net absorption with a 31% share, followed by Hyderabad and Mumbai with shares of 25% and 13% respectively.

| Net Absorption (MSF) | Q3 2025 | Q4 2025 | % Change |
|---|---|---|---|
| **Mumbai** | 2.13 | 2.00 | -6.01% |
| **Delhi NCR** | 3.81 | 1.26 | -66.81% |
| **Bengaluru** | 3.46 | 4.89 | 41.24% |
| **Chennai** | 2.28 | 1.67 | -26.85% |
| **Pune** | 2.60 | 1.31 | -49.61% |
| **Hyderabad** | 2.25 | 3.91 | 74.07% |
| **Kolkata** | 0.43 | 0.18 | -57.69% |
| **Ahmedabad** | 0.21 | 0.49 | 135.15% |

| Net Absorption (MSF) | Q4 2024 | Q4 2025 | % Change |
|---|---|---|---|
| **Mumbai** | 4.11 | 2.00 | -51.27% |
| **Delhi NCR** | 1.60 | 1.26 | -21.04% |
| **Bengaluru** | 3.96 | 4.89 | 23.37% |
| **Chennai** | 0.29 | 1.67 | 482.37% |
| **Pune** | 1.72 | 1.31 | -23.53% |
| **Hyderabad** | 3.79 | 3.91 | 3.26% |
| **Kolkata** | 0.21 | 0.18 | -12.13% |
| **Ahmedabad** | 0.62 | 0.49 | -20.78% |

### PAN INDIA

Q3 2025 17.16 — Q4 2025 15.71: **-8.43%**

Q4 2024 16.29 — Q4 2025 15.71: **-3.51%**

**Robust fresh demand led to healthy net absorption in Q4, with the full year figure scaling a record high of 61.4 msf. Vacancies declined across all cities in the quarter on the back of sustained demand even though supply picked up across top cities. However, vacancies are likely to move up in the upcoming quarters on the back of expected healthy supply. Rentals moved up in Q4 and rental growth is likely to continue backed by strong demand across prime submarkets.**

# OCCUPIER TRENDS

IT-BPM remained the dominant segment accounting for 25% of quarterly leasing volumes, followed by flex operators with a share of 22%. The surge in space take-up by flex operators in the quarter highlights the robust demand for managed offices from GCCs as well as domestic firms. BFSI and engineering & manufacturing held the third and fourth spots with 15% and 14% shares of quarterly GLV respectively. In terms of absolute lease volumes, BFSI recorded a 15% growth on a quarterly basis while space take-up by flex operators surged by 2x as compared to the previous quarter. Leasing by telecom & media segment jumped by nearly 2.5x while both Professional services and Healthcare & pharma segments recorded around 6% growth on a quarterly basis. On the other hand, leasing by engineering & manufacturing segment declined by around 7% on a quarterly basis.

For the full year, IT-BPM led with a 31% share in annual GLV while both BFSI and flex operators had a 15% share. Flex operators jumped to the second spot in GLV contribution, highlighting the robust demand momentum for managed offices. Engineering & manufacturing segment contributed 14% to annual GLV.

Hyderabad contributed around 39% of leasing by IT-BPM occupiers in Q4 followed by Bengaluru with a 17% share. Hyderabad accounted for 52% of leasing by BFSI occupiers with Delhi NCR contributing 14%. In the flex space segment, Bengaluru led the way with 32% of the leasing volumes followed by Mumbai with a contribution of 31%. Space take-up by engineering & manufacturing sector was the highest in Bengaluru (56%), followed by Delhi NCR (15%).

IT – BPM
**6.99 / 7.42 / 6.18**

BFSI
**3.91 / 3.15 / 3.61**

ENGINEERING & MANUFACTURING
**5.51 / 3.75 / 3.49**

FLEXIBLE WORKSPACE
**3.39 / 2.79 / 5.32**

E-COMMERCE
**0.19 / 0.46 / 0.35**

PROFESSIONAL SERVICES
**1.07 / 1.34 / 1.42**

HEALTHCARE & PHARMA
**1.47 / 0.89 / 0.95**

TELECOM & MEDIA
**0.23 / 0.41 / 0.98**

OTHERS
**1.05 / 2.73 / 2.38**

Q4 2024 Q3 2025 Q4 2025

*All values in MSF*

# SUPPLY TRENDS

New supply stood at 15.3 msf in Q4, a growth of 8% on a quarterly basis and an expansion of 4% as compared to the same period last year. For the full year, supply stood at a record high of nearly 53 msf with completions gaining momentum across top cities with projects being expedited to meet strong demand. This trend is likely to continue as reflected in the strong supply pipeline in 2026 and beyond. Prime submarkets such as Outer Ring Road, Gurugram CBD, BKC, Madhapur, etc. which currently report high demand and tight vacancies, are expected to see healthy supply. In Q4, Hyderabad and Chennai accounted for a major proportion of supply with Hyderabad recording a 5x surge in completions on a quarterly basis. Supply in Chennai increased by around 65% on a quarterly basis while consistent supply was also seen in Bengaluru, Mumbai and Pune. Despite higher supply in the quarter, vacancies declined across all cities on the back of record high space demand. Over the next few quarters, timely project completions will remain crucial to maintain demand supply balance in the office market.

Rentals continued to move up on the back of strong demand. Despite expected healthy supply over the next few quarters, rentals are likely to appreciate on the back of sustained demand across the premium Grade A/A+ supply in prime submarkets. Higher supply is also likely to move vacancies higher across major cities.

| New Supply (MSF) | Q3 2025 | Q4 2025 | % Change |
|---|---|---|---|
| **Mumbai** | 1.56 | 1.40 | -10.34% |
| **Delhi NCR** | 3.22 | .0.18 | -94.57% |
| **Bengaluru** | 3.58 | 2.81 | -21.54% |
| **Chennai** | 1.33 | 2.19 | 64.71% |
| **Pune** | 2.70 | 2.38 | -11.92% |
| **Hyderabad** | 1.14 | 5.51 | 383.51% |
| **Kolkata** | 0.00 | 0.00 | NA |
| **Ahmedabad** | 0.58 | 0.81 | 40.65% |

| New Supply (MSF) | Q4 2024 | Q4 2025 | % Change |
|---|---|---|---|
| **Mumbai** | 3.70 | 1.40 | -62.16% |
| **Delhi NCR** | 1.27 | 0.18 | -86.19% |
| **Bengaluru** | 3.60 | 2.81 | -22.13% |
| **Chennai** | 0.93 | 2.19 | 134.91% |
| **Pune** | 2.10 | 2.38 | 13.33% |
| **Hyderabad** | 2.23 | 5.51 | 147.51% |
| **Kolkata** | 0.00 | 0.00 | NA |
| **Ahmedabad** | 0.85 | 0.81 | -4.13% |

**PAN INDIA**

| Q3 2025 | Q4 2025 | Q4 2024 | Q4 2025 |
|---|---|---|---|
| 14.11 | 15.28 | 14.68 | 15.28 |

**8.29%**    **4.09%**

# OUTLOOK

The record high leasing activity in 2025 shows the strong fundamentals of the office market and indicative of a sustained growth trajectory that is likely to continue in 2026. The market remains unfazed by the uncertainty induced by the recent tariff and visa policies of the US administration and continues to see large deal closures by global occupiers, especially GCCs. The trend are extremely positive and will support market growth in the near to medium term. India's robust tech talent pool and increasingly sophisticated digital ecosystem remain attractive propositions for global multinationals to expand or establish GCCs in the country. On the other hand, domestic occupiers are also contributing strongly to space take-up, Flex operators, in particular, have been expanding their footprint on a large scale on the back of growing demand for managed offices. Space take-up by flex operators surged to a record high in 2025 and the segment was the second largest contributor to lease volumes. The flex segment is likely to remain a structural growth driver in the near to medium term driven by rising GCC space absorption. Optimistic outlook on the US economy in 2026 and timely conclusion of the trade deal will provide further support for the office market and broader economy.

GCCs continued to contribute heavily to leasing activity in Q4; with the segment accounted for a record 42% of GLV in the fourth quarter and 33% of GLV for the full year, the highest ever. Many mid-sized foreign multinational firms have been entering India to set up GCCs attracted by the large talent pool, competitive real estate costs and supply of premium offices. This is likely to continue over the medium term with more GCCs likely to expand footprint not just in the top metro cities but also explore emerging Tier 2 cities.

For sustainable office market growth, Grade A/A+ supply needs to increase faster, especially at prime submarkets. Going forward, healthy supply pipeline points towards developers/landlords expediting projects to meet strong demand and maintain the demand-supply balance in the market. Despite higher supply, rentals are likely to appreciate further on the back of sustained demand.

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