

MARKET FUNDAMENTALS

	YOY Chg	Outlook*
9.3% Vacancy Rate	▼	▲
6.0 YTD 2025 Net Absorption (MSF)	▼	▲
INR 94.5 Stock Wtd. Rent (PSFPM)	▲	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook*
7.4% GDP Growth Q4 FY24-25	▼	▼
2.8% CPI Inflation	▼	▲
58.7 Services PMI (3 months average)	▼	▬

Source: MOSPI, RBI, HSBC

STRONG LEASING MOMENTUM CONTINUES IN Q2

Bengaluru recorded gross leasing volumes (GLV) of nearly 5 msf in Q2, a growth of 2.4% on a quarterly basis. Net absorption in Q2 stood at 3.5 msf, a 41% growth on a quarterly basis on the back of robust fresh leasing and commencement of buildings with precommitments. Space takeup by GCCs constituted around 31% of quarterly GLV with multinationals across the IT-BPM, engineering & manufacturing and healthcare sectors leasing space for their R&D/capability centres. Fresh leasing accounted for 70% of quarterly GLV and precommitments had a share of 28% in Q2 GLV. IT-BPM (59%), flexible workspaces (14%) and engineering & manufacturing (13%) were the top 3 sectors during Q2. The Outer Ring Road (ORR) submarket contributed around 32% of Q2 GLV, followed by the Peripheral East with a 19% share.

As of H1, GLV stood at 9.8 msf, lower than the exceptionally strong leasing activity in H1 last year. However, net absorption stood at 6 msf, consistent with the figure last year. GCCs accounted for 40% of GLV in H1 with share of fresh demand at over 80%.

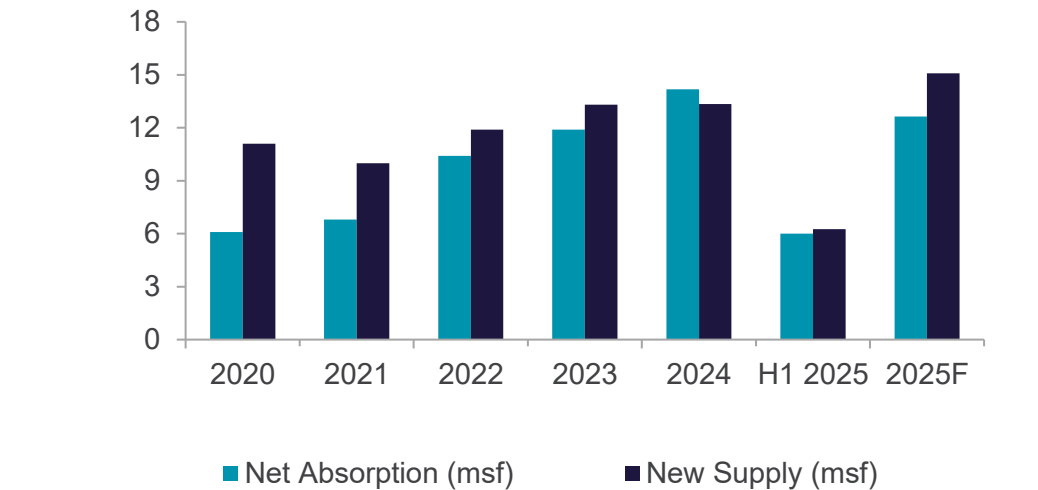
HEALTHY SUPPLY ADDITION IN Q2; DECLINE IN VACANCY RATE

Bengaluru recorded new supply of nearly 3 msf in Q2, a growth of 16% on a yoy basis but a 9% decline on a qoq basis. Suburban East contributed 32% of quarterly supply and Peripheral East accounted for 27%. Headline city-wide vacancy rate declined by 40 bps on qoq basis to 9.3% given the stronger leasing activity. As of H1, new supply stood at 6.2 msf, a 33% growth as compared to H1 2024.

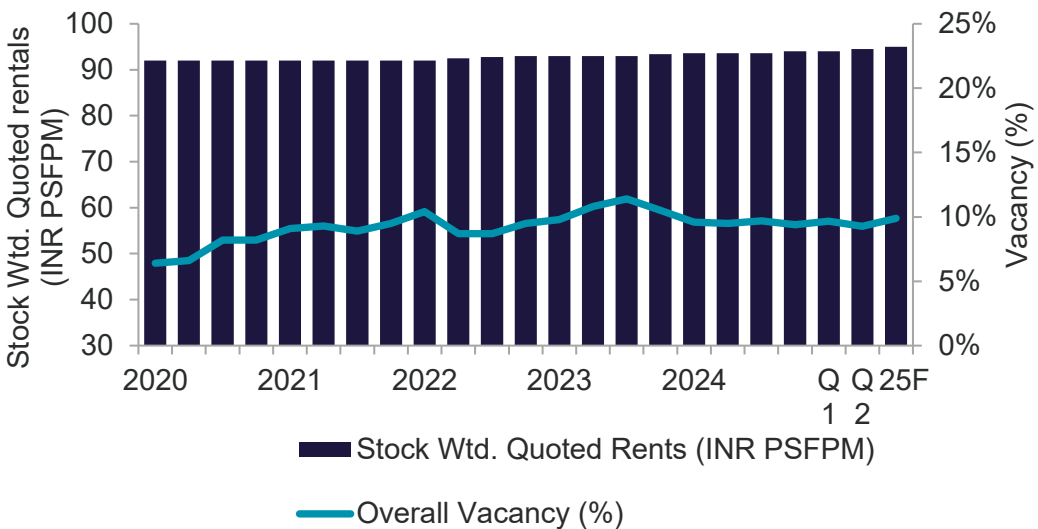
OFFICE RENTALS UNCHANGED ON A QUARTERLY BASIS

Headline office rentals remained stable on a quarterly basis but moved higher marginally on a yoy basis. Supply has moved broadly in line with demand (net absorption) in H1 this year and this is likely to be the trend in the near term on the back of healthy supply pipeline. Thus, rentals are likely to remain range-bound in the near term.

NET ABSORPTION / NEW SUPPLY



OVERALL VACANCY & STOCK WTD. QUOTED RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANCY RATE	CURRENT QUARTER NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	YTD CONSTRUCTION COMPLETIONS (SF)	PLANNED & UNDER CONSTRUCTION (SF)^	GRADE A STOCK WEIGHTED AVERAGE RENT (INR/SF/M)
CBD/Off CBD	8,530,906	4.1%	294,000	333,763	174,707	440,000	241,000	₹ 162.1
Outer Ring Road	90,135,401	5.0%	1,136,420	2,278,604	5,040,276	1,839,716	19,792,534	₹ 104.0
Peripheral East	44,006,992	14.8%	1,017,403	1,831,703	1,247,674	1,815,000	8,340,115	₹ 71.0
Peripheral North	14,695,898	17.8%	573,909	775,471	358,023	40,608	6,994,990	₹ 74.6
Peripheral South	12,982,885	10.7%	104,402	234,210	2,093,123	180,000	738,518	₹ 68.6
Suburban East	23,802,477	6.1%	186,407	285,607	544,893	956,185	294,000	₹ 135.4
Suburban North West	3,618,000	53.2%	178,607	207,857	130,157	770,000	150,000	₹ 125.0
Suburban South	9,449,337	4.6%	21,000	56,814	245,275	200,000	3,845,607	₹ 90.3
BENGALURU TOTALS	207,221,896	9.3%	3,512,148	6,004,029	9,834,488	6,241,509	40,396,764	₹94.50

The report highlights Grade A details only. Certain indicators are historically corrected by addition / deletion of older / refurbished projects as per grade A classification and accounting for changes in built-up / leasable area besides adjusting tenant leases to reflect accurate market conditions. Net absorption refers to the incremental new space take-up. YTD gross leasing activity includes pre commitments and term renewals. ^Includes planned & under construction projects until 2027. * Stock weighted average asking rental rates for spaces that provide core facility, high-side air conditioning and 100% power back up

Key to submarkets:
CBD/Off-CBD – M.G. Road, Millers Road, Vittal Mallya Road, Residency Road, etc.; Peripheral South – Electronic City, Hosur Road, Mysore Road; Outer Ring Road – Sarjapur, KR Puram, Hebbal; Suburban East – Indira Nagar, Old Airport Road, C.V. Raman Nagar; Peripheral East – Whitefield; Suburban South – Koramangala, Bannerghatta Road, Jayanagar; Peripheral North – Bellary Road, Thanisandra Road, Tumkur Road; Suburban Northwest – Rajaji Nagar, Malleshwaram.

US\$ 1 = 85.4 INR € 1 = 96.4 INR
Numbers for the second quarter are based on market information collected until 16th June 2025

Outlook*: The Outlook represents our forward-looking view of key market indicators over the next 12 months, based on current market trends, economic conditions, policy developments, and available data. Projections are indicative and may be adjusted as market dynamics evolve.

KEY LEASE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
CKPC 360 Degree Business Park	Peripheral South	TCS	1,400,000	Precommitment
Pritech Park	Outer Ring Road	Capgemini	243,000	Fresh Lease
CKPC 360 Degree Business Park	Peripheral South	Merck	186,018	Fresh Lease
Bagmane Capital Troy	Outer Ring Road	Synopsys	150,000	Fresh Lease

KEY CONSTRUCTION COMPLETIONS Q2 2025

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Vista Spaces Earth Centre	Peripheral East	NA	800,000	Vista Spaces
Embassy Zenith	CBD	Apple	400,000	Embassy Group

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