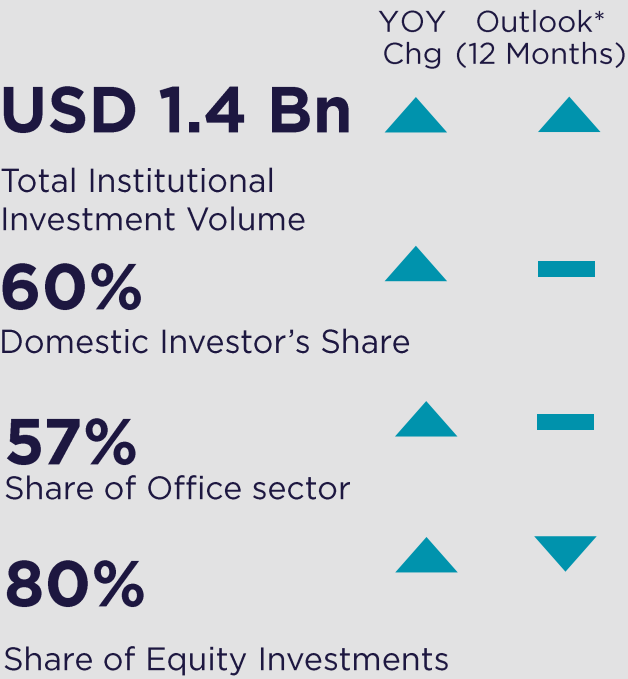
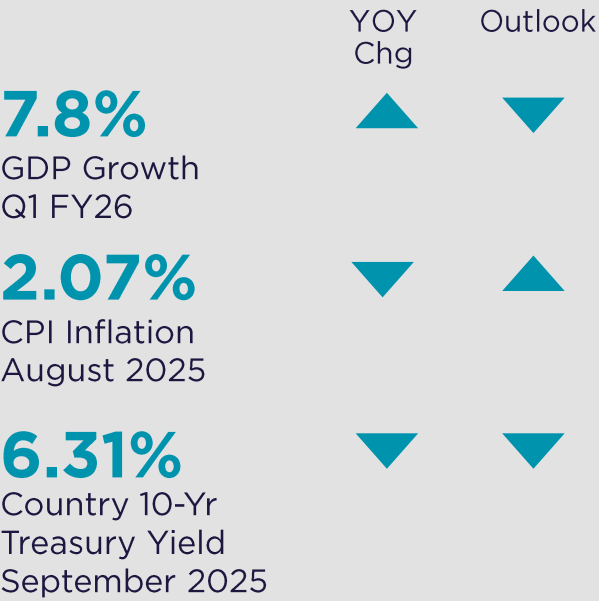


MARKET FUNDAMENTALS



ECONOMIC INDICATORS



Source: MoSPI, RBI.
10-year Treasury Yield as on 30th September 2025

GDP GROWTH IMPROVES; POLICY RATES ON HOLD AS INFLATION COOLS

India’s GDP grew by 7.8% (higher-than-expectation) in the quarter ending June-25 – marking a five-quarter high – picking up from 7.4% growth in the previous quarter. The healthy GDP growth rate in the first quarter has received a temporary boost from front-loaded government spending—unlike last year, due to the 2024 Lok Sabha elections—along with front-loaded exports to the US before the 50% tariffs could take effect. Construction sector registered 7.6% growth YOY in Q1-FY26, whereas the Financial, Real Estate & Professional Services sector expanded by 9.5% during the same period.

Inflation has tapered down to 2.07% as of Aug-25 month, partly attributed to a favourable base effect and lower prices in essential food items. The Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI) voted to maintain the policy repo rate at 5.50%, while raising the growth forecast for current fiscal year.

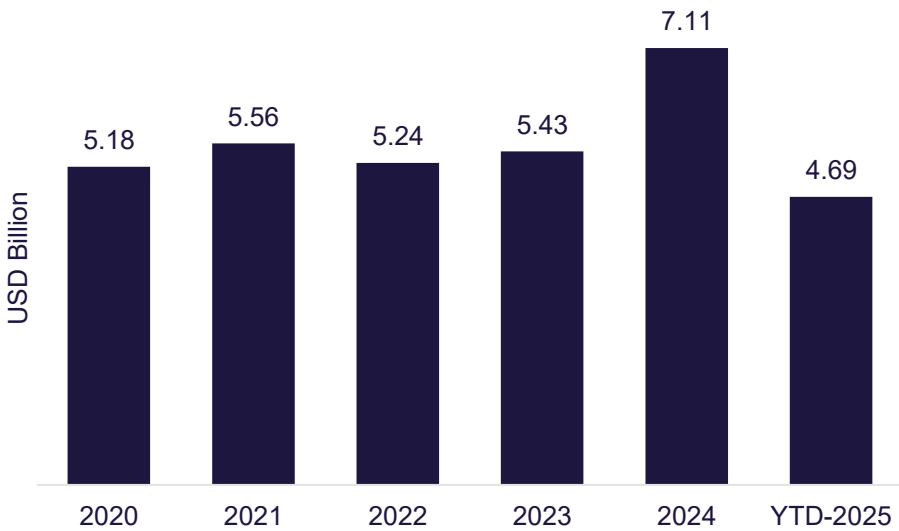
YTD 2025 INSTITUTIONAL INVESTMENT SUGGEST POSITIVE OUTLOOK

Institutional investment activity in real estate during Q3-25 recorded a total of USD 1.4 Bn, down 30% QOQ and up 38% YOY. Domestic investors’ share in Q3-25 stood at 60%, while foreign investors contributed the remaining 40%. Consequently, YTD-25 institutional investment stands at USD 4.7 Bn, with foreign and domestic investors contributing in almost equal proportion. The increased domestic institutional share acts as a safeguard against volatile foreign capital flows, reducing risks from global currency fluctuations and geopolitical events.

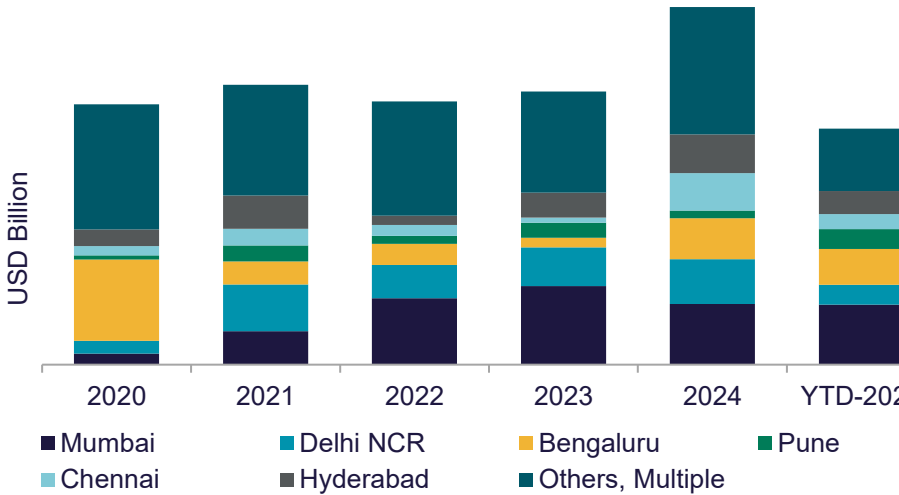
Office sector was most attractive in Q3-25, having received 57% share of inflows, followed by the Residential and Education (K-12) sectors at 14% share each. At a city level, Pune garnered 28% of quarterly investment in Q3-25, followed by Chennai and Mumbai at 20% and 13%, respectively. In the overall institutional fund deployment during Q3-25, equity investments had 81% share, followed by debt financing at 19%. Institutional investments from the US have crossed USD 1.3 Bn mark during the year, whereas it was USD 700 Mn in calendar year 2024. Significant growth was witnessed in capital inflows from Japan during the year, specially owing to diversification benefits that India provides and buoyant commercial real estate.

Core asset acquisition had 65% share in Q3-25, followed by 19% for under-construction projects and 16% for early-stage investments. Many real estate developers are exploring high-yield credit opportunities, particularly for land financing, given the limited availability of such funds owing to stringent regulations imposed on NBFCs by the central bank.

INSTITUTIONAL INVESTMENT VOLUME

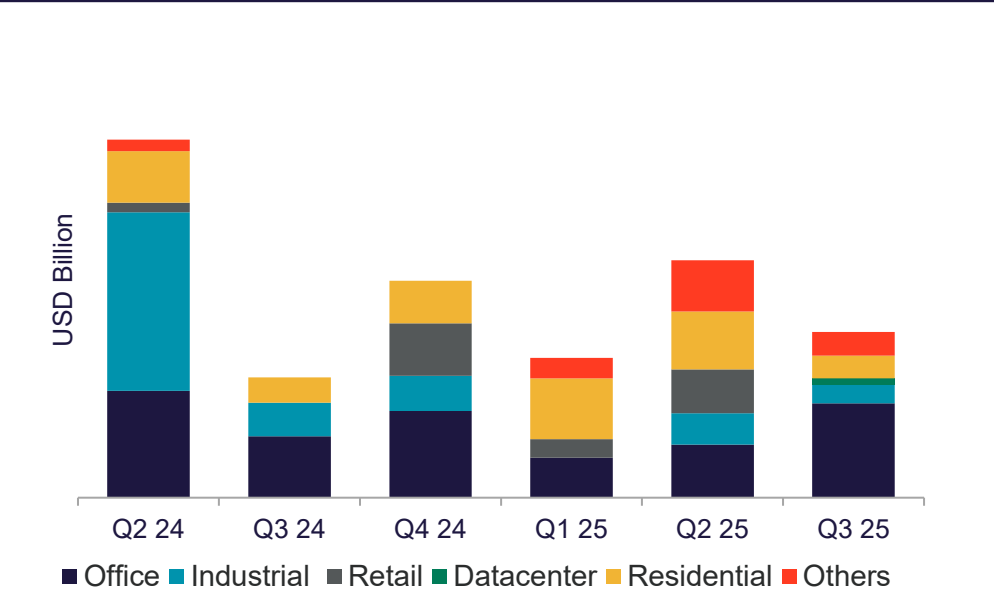


INSTITUTIONAL INVESTMENT SALES VOLUME BY CITY

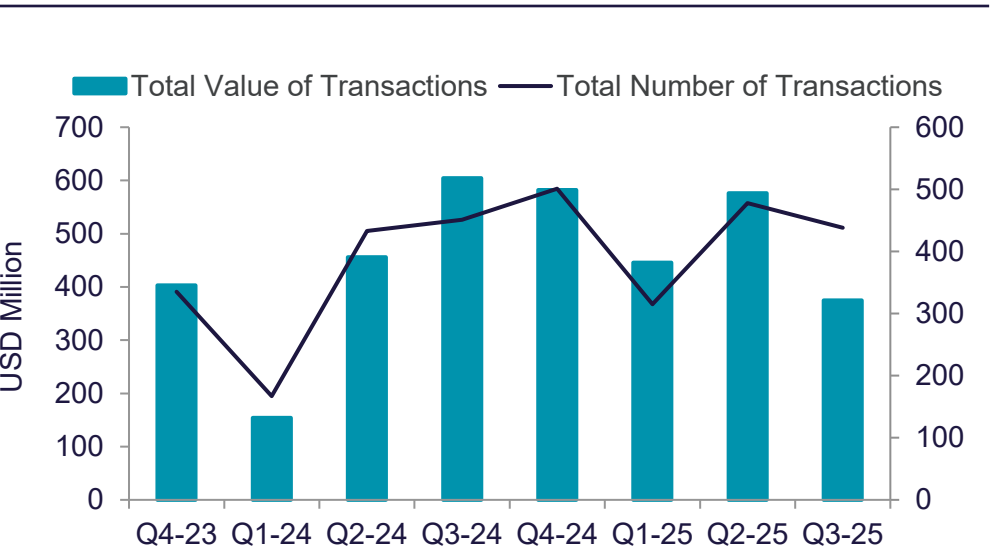


Source: (added 3rd party data source if used)

INVESTMENT VOLUME SHARE BY SECTOR



OFFICE SALE TRANSACTIONS



Source: (added 3rd party data source if used)
1 USD = 87.0 INR

FUND RAISE AIF CAT-II, REITS AND QUALIFIED INSTITUTIONAL PLACEMENT

The third quarter recorded total fundraising of USD 1.4 Bn, down 4% YOY and up 46% QOQ. Office focused funds/REIT had 81% share in Q3-25 fund raise, while the Residential sector and Logistics & Industrial sectors attracted 15% and 4% share, respectively. Some of the REITs and developers have raised fresh debt by issuing non-convertible debentures (NCDs) to retire costly debt and reduce interest expenses.

REITS

Recently, market regulator SEBI has classified REITs as equity instruments. This move is expected to improve liquidity, attract greater participation from investors. According to the Indian REITs Association (IRA), the four listed real estate investment trusts (REITs) in India as on 30th June distributed a total dividend of INR 15.6 Bn in the first quarter of the financial year 2025-2026 (Q1FY26). This represents an increase of nearly 13 percent from INR 13.7 Bn distributed in Q1FY25.

The Blackstone & Sattva backed Knowledge Realty Trust (KRT) REIT IPO raised INR 48 Bn and INR 14 Bn in a pre-IPO round in June. The KRT portfolio spans 48 MSF across 30 Grade A office assets, with about 90% of the portfolio leased to marquee tenants—76% being multinational companies and 45% global capability centres (GCCs).

As of end-September 2025, Indian REITs managed over 163 msf of completed grade A office and retail space across India, with a market capitalization exceeding USD 17 Bn.

COMMERCIAL OFFICE PURCHASE BY CORPORATES

Q3 2025 recorded sale transaction volumes of USD 375 Mn in the commercial office sector, down 38% and 35% on YOY and QOQ basis, respectively. During Q3-25, Mumbai continued to drive transactions with 61% share in value terms, followed by Pune (16%) and Bengaluru (14%). Total number of commercial office purchase transactions by corporates in Q3-25 was on par with the average deal count of last four quarters.

OUTLOOK

YTD-2025 institutional investments have crossed 68% of the overall activity recorded in 2024, which was a record year, suggesting a positive momentum for CRE investments. The REIT market, too, is reflecting this sentiment as all listed office REITs have delivered better returns (9-29%) than the BSE Realty Index (-20%) in the last 12 months. As per India’s REIT association, we can expect ~one REIT listing a year, depending on market conditions and portfolio consolidation. With GDP growth outlook revised upwards and inflation likely to remain benign in the near-to-medium term, the market is poised for a healthy momentum on the back of a stable economy.

OUTLOOK

- For FY26, the RBI has projected India’s real GDP growth at 6.8 per cent, with risks evenly balanced.
- RBI projects inflation for FY26 at 2.6 per cent, with risks evenly balanced.
- Private Equity investment activity in Indian real estate is expected to remain steady.
- The year 2025 is likely to end with around USD 6-6.5 billion given the current quarterly momentum, thereby making this the second-best year for institutional investments in CRE.
- The exceptional performance of the Indian office and retail REITs have made investments in these attractive, and this positive investor sentiment is likely to prevail for the near future.

KEY INVESTMENT ACTIVITY (USD MILLION)

PROPERTY TYPE	INVESTOR	INVESTEE/ SELLER	CITY	INVESTMENT
Office	Nuvama and Cushman &Wakefield	Keppel	Chennai	293.0
Office	360 One	Brookfield Asset Management	Pune	275.9
Logistics & Industrial	CPPIB, Everstone and GLP	Indospace	Pune	120.0
Residential	Etonhurst Capital	Piramal Finance	Mumbai	57.5
Office	Artha Global	Phoenix Group	Hyderabad	82.0

OFFICE SALE TRANSACTIONS (USD MILLION)

BUYER	Buyer's Sector	INVESTMENT	Area (Sq. ft.)	CITY
Microchip Technology India Private Limited	Semiconductor	20.2	172,493	Bengaluru
Kothari World Finance Limited	BFSI	4.0	14,163	Mumbai
National Realty	Real Estate	12.6	85,414	Mumbai

FIRST CLOSE / AMOUNT RAISED (USD MILLION)

Fund / REIT / Company	Sector	Amount Raised	Target Fund Size
Embassy REIT (NCDs)	Office	230.0	-
Knowledge Realty Trust REIT (Blackstone and Sattva)	Office	726.0	726.0
DLF-GIC JV (NCDs)	Office	126.0	-

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

RAGHAV SAND

Manager, Research
Tel: +91 124 4695555
raghav.sand@cushwake.com

SUVISHESH VALSAN

Senior Director, Research
Tel: +91 22 6771555
suvishesh.valsan@cushwake.com

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