MARKETBEAT
BENGALURU
OFFICE Q3 2025

MARKET FUNDAMENTALS

	YOY Chg	Outlook*
9.2% Vacancy Rate	▼	▲
9.5 YTD Net Absorption (MSF)	▼	▲
INR 95.0 Stock Wtd. Rent (PSFPM)	▲	—

ECONOMIC INDICATORS

	YOY Chg	Outlook*
7.80% GDP Growth Q1 FY25-26	▲	▼
2.07% CPI Inflation	▼	▲
61.3 Services PMI (3 months average)	▲	▼

Source: MOSPI, RBI, HSBC

STABLE LEASING DRIVEN BY HIGHER GCC SPACE TAKE-UP

Bengaluru recorded gross leasing volumes (GLV) of 4.5 msf in Q3, down by around 9% on a quarterly basis but maintaining the quarterly average of 4.5-5 msf of leasing in the current year. Net absorption in Q3 stood at 3.5 msf, similar to that recorded in the previous quarter. Leasing was driven by healthy space take-up from GCCs, which accounted for 45% of GLV in the quarter, up from 31% in Q2. The quarter saw global manufacturing, BFSI and retail majors setting up or expanding their GCCs. Fresh leasing remained dominant in the leasing activity with a share of 96%, highlighting robust occupier confidence. Engineering and manufacturing led leasing activity with a share of 32% in GLV followed by IT-BPM and BFSI with shares of 17% and 12%, respectively. Flexible workspace operators accounted for 8% of GLV. The Outer Ring Road (ORR) submarket contributed 40% of Q3 GLV, followed by Suburban East and Peripheral East with 26% and 16% shares respectively.

As of YTD 2025, GLV stood at 14.4 msf, while net absorption was 9.5 msf, on course for the second highest leasing activity ever. GCCs accounted for 42% of GLV as of YTD this year.

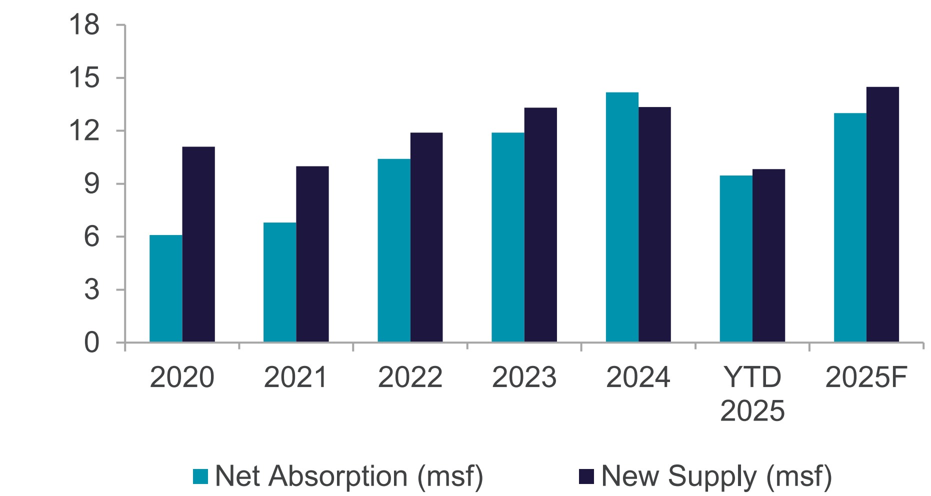
HEALTHY NEW SUPPLY; MARGINAL DECLINE IN OFFICE VACANCY

Bengaluru recorded new supply of nearly 3.6 msf in Q3, a growth of 21% on a quarterly basis. Outer Ring Road dominated quarterly supply with a share of nearly 88%. Headline city-wide vacancy rate declined marginally by 10 bps on a quarterly basis to 9.2% given the stable leasing activity. As of YTD this year, new supply stood at 9.8 msf, similar to the figure recorded during the same period last year.

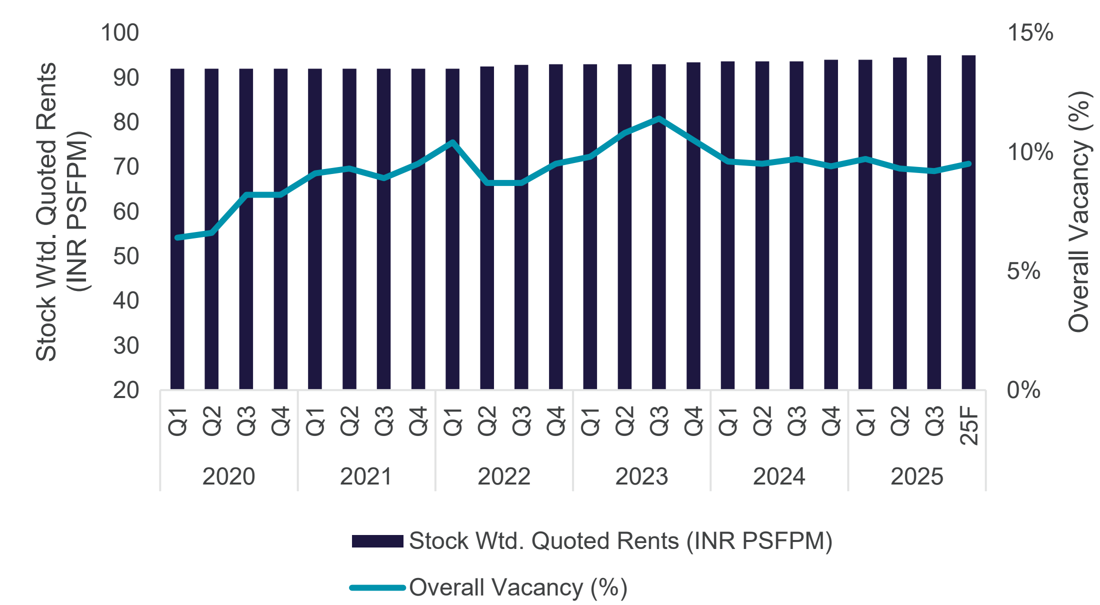
STABLE RENTALS ON THE BACK OF DEMAND-SUPPLY PARITY

Headline office rentals remained unchanged on a quarterly basis but appreciated marginally on an annual basis. Rentals are likely to remain rangebound in the near term given that supply is moving in line with demand. However, the newer Grade A/A+ supply will command premium rentals.

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	2.9%	100,000	433,763	355,221	440,000	241,000	₹ 162.1
Outer Ring Road	93,266,490	6.6%	1,540,089	3,818,693	6,856,017	4,970,805	16,661,445	₹ 104.5
Peripheral East	44,006,992	13.5%	553,000	2,384,703	1,978,432	1,815,000	6,340,115	₹ 72.0
Peripheral North	14,695,898	15.0%	410,608	1,186,079	795,175	40,608	7,024,990	₹ 74.6
Peripheral South	12,982,885	10.2%	59,688	293,898	2,153,559	180,000	738,518	₹ 68.6
Suburban East	24,096,477	4.6%	644,000	929,607	1,736,115	1,250,185	0	₹ 136.0
Suburban North West	3,768,000	54.5%	21,740	229,597	152,257	920,000	0	₹ 125.0
Suburban South	9,449,337	3.2%	131,000	187,814	345,500	200,000	3,845,607	₹ 90.3
BENGALURU TOTALS	**210,796,985**	**9.2%**	**3,460,125**	**9,464,154**	**14,372,276**	**9,816,598**	**34,851,675**	**₹95.0**

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 = 87.0 INR € 1 = 101.6 INR
Numbers for the third quarter are based on market information collected until 15th September 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 Q3 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Embassy Tech Village 3A	Outer Ring Road	Wells Fargo	329,566	Fresh Lease
Bagmane Cosmos - Vesta	Suburban East	Lam Research	174,800	Fresh Lease
Prestige Tech Cloud	Peripheral North	Walmart	100,000	Fresh Lease
Gopalan Global Axis – Block G	Peripheral East	Vidal Health	100,000	Fresh Lease

KEY CONSTRUCTION COMPLETIONS Q3 2025

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Embassy Manyata Block L4	Outer Ring Road	Target	831,089	Embassy REIT

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