

MARKET FUNDAMENTALS

	y-o-y Chg	Outlook*
7.8% Vacancy Rate	▼	▼
3.4 Q1-26 Net Absorption (MSF)	▲	▼
INR 97.0 Stock Wtd. Rent (PSFPM)	▲	▲

ECONOMIC INDICATORS

	y-o-y Chg	Outlook*
7.80% GDP Growth Q3 FY25-26	▲	▼
3.21% CPI Inflation	▼	▲
58.2 Services PMI (3 months average)	▼	—

Source: MOSPI, RBI, HSBC

STRONG LEASING MOMENTUM IN Q1

Office leasing activity saw a strong start to the year, with sustained momentum in Q1, as gross leasing volume (GLV) stood at 5.1 msf, marking an annual growth of around 6%. Robust fresh leasing and operationalization of pre-committed projects led to net absorption of 3.4 msf, up by ~37% on an annual basis, highlighting strong occupier confidence. In Q1, global capability centres (GCCs) remained integral to the space take-up in the city, accounting for 48% of GLV, marginally higher than the 46% share recorded in full year 2025. Fresh leasing remained dominant with a share of 72% but the quarter also saw large pre-commitments getting closed by prominent global BFSI and manufacturing firms. Engineering & Manufacturing sector led leasing, with a share of 27% in GLV while flex operators continued to expand their footprint, occupying second spot with a share of 25%. IT-BPM followed with an 18% share, while BFSI accounted for 9%. Outer Ring Road (ORR) contributed 58% of GLV, followed by Peripheral East with a 21% share.

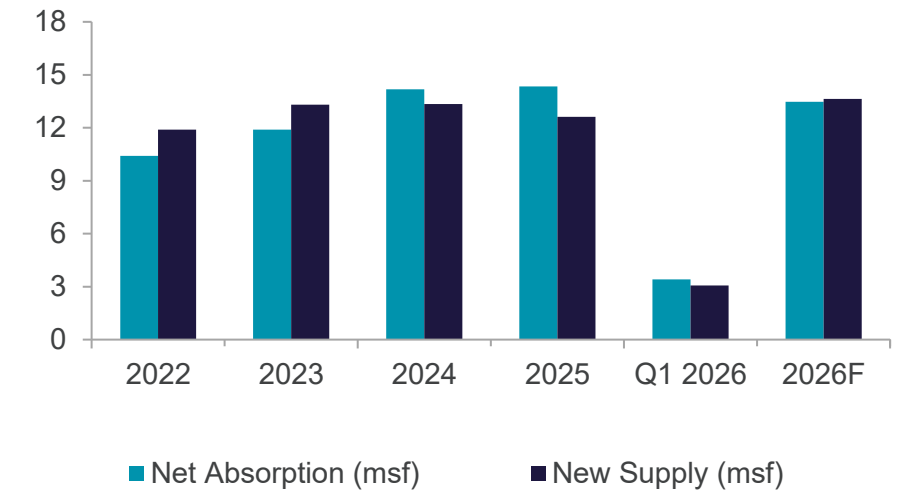
HEALTHY NEW SUPPLY; CONTINUED DROP IN OFFICE VACANCY

Bengaluru recorded new supply of ~3 msf in Q1, a growth of nearly 10% on a quarterly basis though a 6% drop as compared to the same period last year. Completions were recorded at Outer Ring Road, Peripheral East and Suburban South submarkets. The supply pipeline remains strong in the remainder of the year with projects getting expedited to meet robust demand. Headline city-wide vacancy rate declined by 30 bps on a quarterly basis to 7.8% on the back of sustained space take-up by large occupiers.

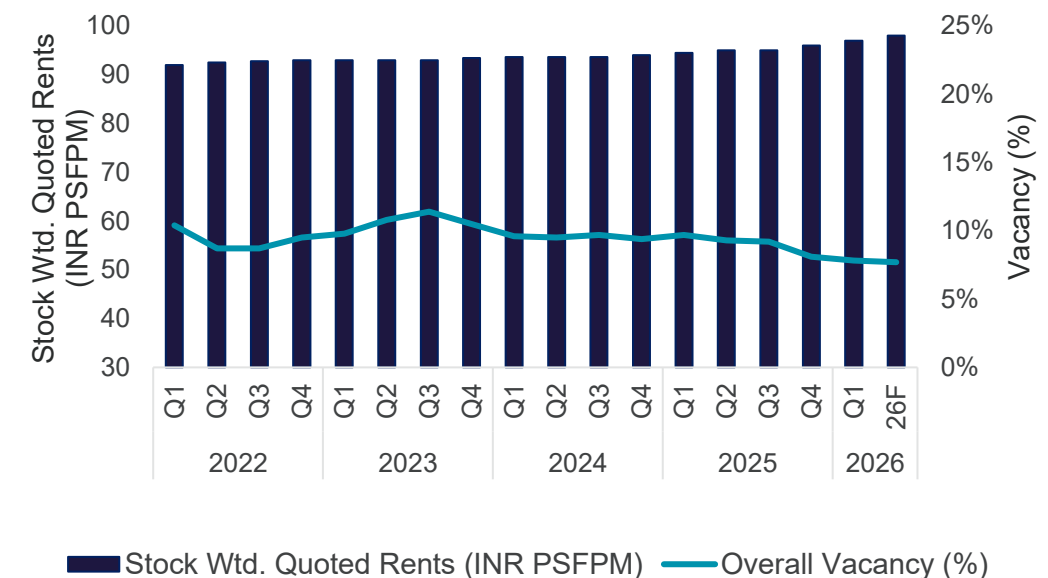
RENTALS MAINTAINED GROWTH BACKED BY STRONG DEMAND

Headline city-wide office rentals continued to record growth both on quarterly and annual basis. Rentals are likely to appreciate further in the upcoming quarters, driven by expected healthy deal closures across premium Grade A projects across prime submarkets.

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	2.0%	25,000	25,000	45,000	0	241,000	₹ 162.0
Outer Ring Road	95,066,490	4.5%	1,809,915	1,809,915	2,987,211	1,800,000	16,622,898	₹ 106.0
Peripheral East	44,846,442	9.4%	807,000	807,000	1,093,500	214,450	12,383,580	₹ 73.5
Peripheral North	16,375,898	19.3%	285,000	285,000	392,672	0	6,942,434	₹ 74.6
Peripheral South	12,982,885	9.5%	0	0	76,819	0	2,138,518	₹ 68.6
Suburban East	24,096,477	3.2%	0	0	11,000	0	1,800,000	₹ 137.0
Suburban North West	3,768,000	40.7%	218,260	218,260	204,900	0	0	₹ 125.0
Suburban South	11,009,337	14.0%	262,000	262,000	323,759	1,060,000	865,000	₹ 91.0
BENGALURU TOTALS	216,676,435	7.8%	3,407,175	3,407,175	5,134,861	3,074,450	40,993,430	₹97.0

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 2028. * 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 = 90.9 INR € 1 = 106.9 INR

Numbers for the first quarter are based on market information collected until 20th March 2026

***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 Q1 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Sattva Aura	Outer Ring Road	Smartworks	575,000	Fresh Lease
Embassy Manyata Business Park	Outer Ring Road	Tablespace	102,000	Fresh Lease
Sumadhura Capitol Towers	Peripheral East	Beckman Coulter	240,000	Fresh Lease
Titanium Tech Park Block 2	Peripheral East	Caterpillar	200,000	Fresh Lease

KEY CONSTRUCTION COMPLETIONS Q1 2026

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Prestige Lakeshore Drive Blocks 10,30,50	Outer Ring Road	NA	1,800,000	Prestige Group

SWARNAVA ADHIKARY

Assistant Vice President, Research

Tel: +91 80 40465555

swarnava.adhikary@cushwake.com

SUVISHESH VALSAN

Senior Director, Research

Tel: +91 22 6771555

suvishesh.valsan@cushwake.com

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