MARKETBEAT
BENGALURU
OFFICE Q2 2026

MARKET FUNDAMENTALS

	YOY Chg	Outlook*
8.6% Vacancy Rate	▼	▼
6.9 H1-26 Net Absorption (MSF)	▲	▲
INR 98.0 Stock Wtd. Rent (PSFPM)	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook*
7.80% GDP Growth Q4 FY25-26	▲	▼
3.93% CPI Inflation	▲	▲
58.2 Services PMI (3 months average)	↔	▼

Source: MOSPI, RBI, HSBC

HEALTHY LEASING ACTIVITY LED BY GCCS

Office leasing activity continued to remain strong in Q2, with a gross leasing volume (GLV) of 5.6 msf, marking an annual growth of 12% and a quarterly expansion of 16%. Robust fresh leasing and operationalization of pre-committed projects kept net absorption at a healthy 3.5 msf in the quarter, a marginal 2% growth on a quarterly basis and similar to the figure in the same period last year. In Q2, global capability centres (GCCs) anchored leasing activity with the segment accounting for 52% of GLV. Fresh leasing remained dominant with a share of 76% in GLV. The quarter also saw pre-commitments contributing 22% with global BFSI and manufacturing firms signing up large spaces. From sectoral standpoint, Engineering & Manufacturing (E&M) sector led leasing with a share of 31% in GLV, while BFSI accounted for 20%. IT-BPM followed with an 18% share, while flexible workspace operators accounted for 11%. Outer Ring Road (ORR) contributed 44% of GLV, followed by Peripheral East with a 29% share. As of H1, GLV stood at 10.3 msf, a 7% growth over the same period last year. Net absorption reached 6.9 msf in H1, a 14% growth on yoy basis. E&M contributed 30% of GLV followed by flexible workspace operators (18%) and IT-BPM (16%).

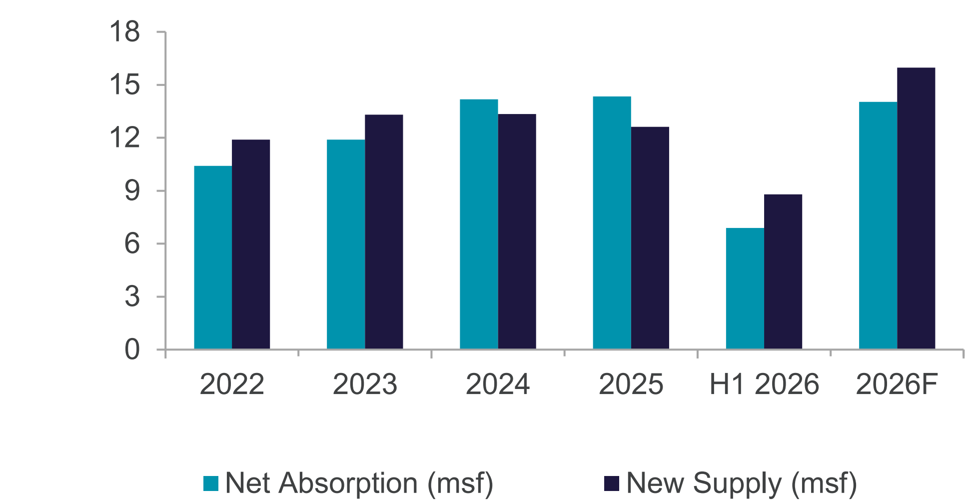
RECORD QUARTERLY NEW SUPPLY

Bengaluru recorded new supply of 5.8 msf in Q2, a record high in a quarter, and 87% and 94% growth on a quarterly and annual basis respectively. With developers expediting projects to meet strong demand, completions were recorded at Outer Ring Road, Peripheral East, Peripheral North and Suburban South. Vacancy rose to 8.6% in Q2 due to higher supply. As of H1, new supply stood at 8.8 msf, a record high half yearly figure.

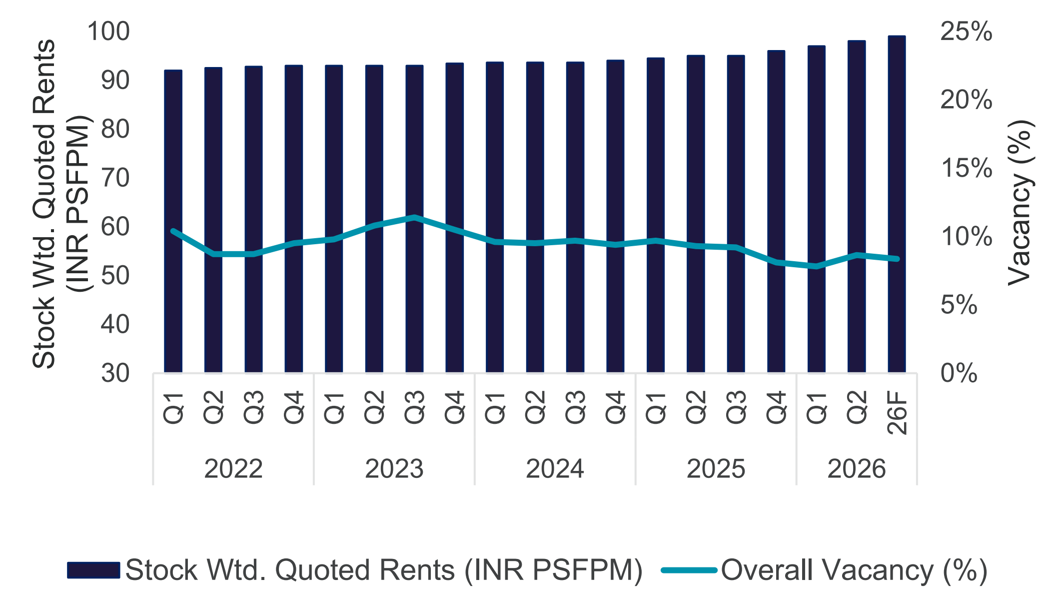
RENTALS CONTINUED TO APPRECIATE

Headline city-wide office rentals increased 3-4% on an annual basis in Q2. Rentals are likely to appreciate further in the upcoming quarters, on the back of expected healthy demand across prime submarkets, despite higher supply entering the market.

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	8,611,906	2.9%	6,000	31,000	51,000	81,000	160,000	₹ 163.0
Outer Ring Road	97,566,490	5.6%	1,333,463	3,143,378	5,085,614	4,300,000	15,287,174	₹ 107.0
Peripheral East	46,026,442	9.4%	1,105,453	1,912,453	2,717,550	1,394,450	12,793,075	₹ 75.0
Peripheral North	17,675,898	24.2%	180,000	465,000	572,836	1,300,000	6,036,007	₹ 74.6
Peripheral South	12,982,885	6.8%	347,102	347,102	433,502	0	2,138,518	₹ 69.0
Suburban East	24,096,477	2.3%	226,185	226,185	621,180	0	1,000,000	₹ 138.0
Suburban North West	3,768,000	39.8%	35,000	253,260	258,435	0	0	₹ 125.0
Suburban South	11,709,337	17.2%	228,000	490,000	607,089	1,760,000	965,000	₹ 92.0
BENGALURU TOTALS	**222,437,435**	**8.6%**	**3,461,203**	**6,868,378**	**10,347,206**	**8,835,450**	**38,379,774**	**₹98.0**

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 = 94.6 INR € 1 = 110.4 INR
Numbers for the second quarter are based on market information collected until 19th June 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 Q2 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Bagmane Capital South	Outer Ring Road	Volvo	600,000	Precommitment
Gopalan Fortune City	Outer Ring Road	Ericsson	300,000	Fresh Lease
Sattva Global City	Peripheral South	Sonata	118,170	Term Renewal
Embassy Tech Village	Outer Ring Road	Expedia	131,000	Fresh Lease

KEY CONSTRUCTION COMPLETIONS Q2 2026

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
RMZ Ecoworld (Campus 20) Building 21	Outer Ring Road	NA	700,000	RMZ Corp

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