



# TRU Primer

## India's Commercial Real Estate: Overview

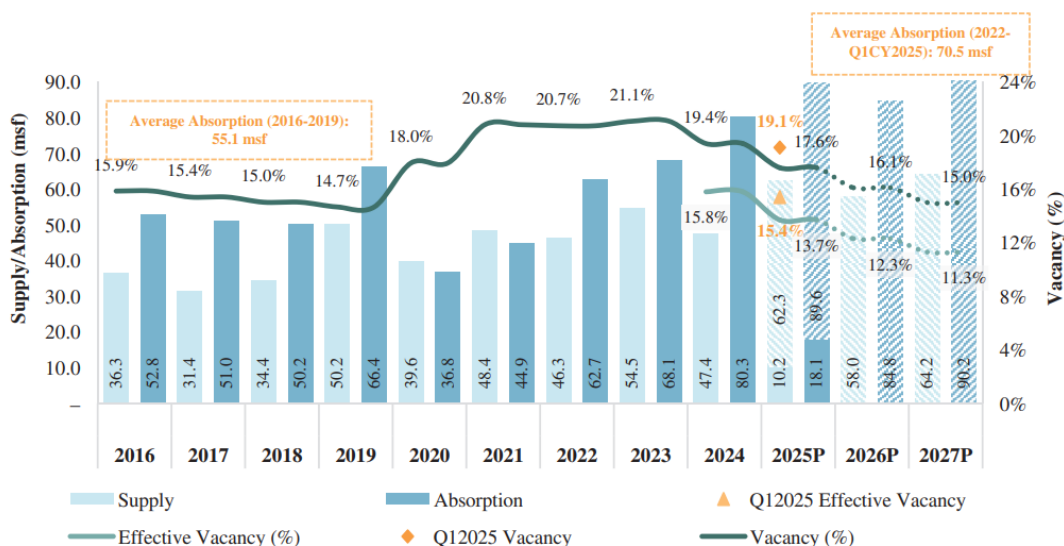
India's office market is poised for significant growth, driven by a strong talent pool and a sustained "Return to Office" (RTO) trend. The market's future looks promising due to a diversified demand from sectors like Technology and BFSI, and a shift towards higher-value Global Capability Centers (GCCs). This positive outlook is further supported by projections of continued absorption exceeding supply and accelerating rental growth across key cities.

# India's Commercial Real Estate: Overview

## Executive Summary:

Indian market is transitioning towards a higher-value, more amenity-rich, and sustainable office environment. India recorded the highest leasing activity in CY2024, with gross office absorption reaching 80.3 msf, surpassing the previous peak witnessed in CY2023, witnessing a y-o-y growth of 17.9%. This growth is fueled by a strong RTO trend, with 90% of occupiers preferring at least three days of in-office work. Sector-wise RTO rates across India illustrate improved occupancy levels which ranged from a high 85-95% for sectors such as E-Commerce and BFSI, to a more conservative 55-65% for the technology sector in H1CY2024.

**India—Supply, Absorption & Vacancy (CY2016-CY2027P)**

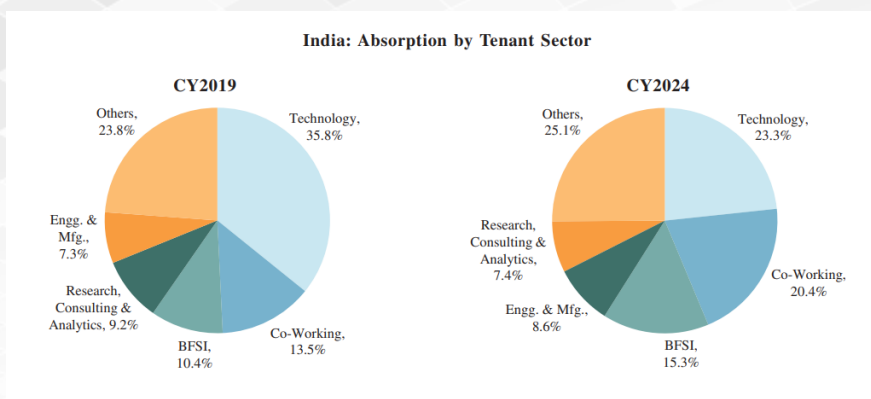


**Source:** Knowledge Realty Trust RHP, CBRE

- The average absorption from 2022 to the first quarter of 2025 is projected at 70.5 msf (million square feet), which is a substantial jump from the 2016-2019 average of 55.1 msf. This indicates a strong rebound and increased demand for office spaces after the pandemic-related disruptions.
- The effective vacancy rate fluctuated between 14.7% and 18.0% in the pre-pandemic years (2016-2020), rising sharply to 21.1% in 2022. It then began a downward trend, projected to drop to 16.1% in CY2026. This indicates that while the pandemic initially drove up vacancy, the subsequent "Return to Office" trend has led to a significant decrease in vacant spaces.
- CBRE projects absorption to exceed supply in each year for CY 2025, CY 2026 and CY 2027, a trend that will help reduce the vacancy rate.

## Diversification of Occupier Demand

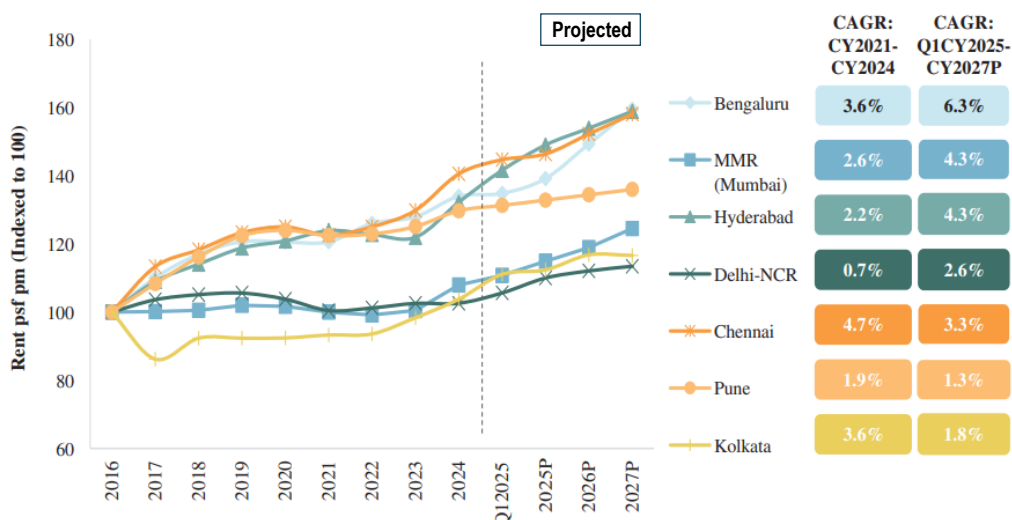
- Demand for office space is increasingly diversified, with a shift from traditional call centers to high-value Global Capability Centers (GCCs). In FY2010, India had 700+ GCC occupiers which grew by a 6.1% CAGR to 1,800+ GCC occupiers as of February 2025 and is expected to further increase to 2,100+ GCC occupiers by FY2028. GCCs share of leasing increased from 30.1% in CY2022 to 35.8% by the end of CY2024.
- The leading sectors driving absorption are Technology (23.3%), Co-working (20.4%), and BFSI (15.3%) as of CY2024.
- A notable trend is the rising influence of domestic firms, which accounted for 46.5% of commercial leasing in CY2024, up from 30% in CY2015.



Source: Knowledge Realty Trust RHP, CBRE

## Key Office Lease Rental Trends in Major Cities

**Top 7 Cities—Rental Trends (CY2016-CY2027P)**



Source: Knowledge Realty Trust RHP, CBRE

- The top seven cities - Bengaluru, Mumbai (MMR), Delhi-NCR, Hyderabad, Chennai, Pune, and Kolkata - account for nearly the entire organized office market, with Bengaluru, Mumbai, and Hyderabad contributing over half of the total gross absorption.
- CBRE projects that most cities will experience faster growth in rentals over CY2025-2027. The factors influencing higher rentals are- constrained supply in prime locations coupled with robust demand from both domestic and international tenants especially within technology and BFSI sectors.
- For instance, Delhi-NCR's lease rental CAGR is projected to increase to 2.6% over CY 2025-2027 compared to 0.7% during CY 2021-2024.
- Both Mumbai and Hyderabad also show robust and accelerating growth, with their lease rental CAGRs projected to increase to 4.3% over CY 2025-2027.

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