Colliers

FICCI

INDIA OFFICE

Setting New Standards for 2025







February 2025

FOREWORD

The Indian office market is on a strong growth trajectory, set for a robust 2025 following record-breaking demand in recent years. 2024 was a milestone year, marking unprecedented absorption levels and a shift towards an occupier-driven market. This momentum is expected to continue, with gross leasing projected at 65-70 million sq. ft. in 2025.

Demand is diversifying beyond technology firms, with Engineering & Manufacturing, BFSI, and flex space operators cumulatively expected to account for over half of total office uptake. The flex space segment, driven by agility and cost efficiency, is poised to contribute 20% of total demand.

Global Capability Centers (GCCs) remain pivotal, likely driving 40% of leasing activity, reinforcing India's role as a global talent and innovation hub. Sustainability is also a key focus, with 80-85% of demand likely to be concentrated in green-certified buildings, reflecting the shift towards ESG-driven real estate.

City-wise, Bengaluru will continue to lead with approximately one-third share in total leasing, while Hyderabad, Delhi-NCR, and Mumbai show strong growth potential in 2025. The rise of REITs is further maturing the market, enhancing transparency and investor access to premium office assets. Additionally, rental growth in key micro-markets is expected due to strong demand and limited supply in prime locations.

FICCI – Colliers report on "***India Office: Setting New Standards for 2025***" provides a comprehensive analysis of key trends and opportunities for investors and occupiers. This report offers valuable insights into this dynamic landscape, helping stakeholders navigate challenges and seize growth opportunities in an evolving market. I believe the findings will be beneficial for realtors, consumers, government bodies, research institutions, and the industry, guiding future developments. The ideas and deliberations arising out of this report would go a long way in reflecting on the way forward.



Raj Menda

Chairman, FICCI Committee on Urban Development and Real Estate &
Chairman of Supervisory Board,
RMZ Corporation

FOREWORD

India’s commercial office market has been raising the bar in the last few years, especially in the post-pandemic era. The office real estate in India has gradually transformed from a supply-led to an occupier-driven market over the last more than a decade. Resultantly, demand has been scaling up across the top six office markets and ended at a stronger note in 2024. 2025 is expected to be a year of solidification, where established trends get strengthened and newer standards begin to permeate the fabric of commercial real estate in India.

Looking ahead in 2025, demand for Grade A office spaces is expected to remain robust, with Global Capability Centers (GCCs) playing a significant role in driving nearly 40% of the overall demand. Sectors such as technology, BFSI, and engineering & manufacturing are expected to drive leasing activity at Pan India level. At the same time, flex spaces, aided by preference for agility and cost optimization will cement their position as a leading demand driver. Bengaluru will continue to dominate Grade A space uptake with strong leasing activity by occupiers from technology and engineering & manufacturing sectors. Mumbai will retain its positioning as a BFSI stronghold, while Pune and Hyderabad are poised for growth in leasing by occupiers across financial services, technology, and pharmaceuticals sectors.

Sustainability will become a “hygiene factor” in office real estate portfolio decision-making, with preference for green-certified buildings that align with corporate ESG goals set to grow further. Around 80-85% of office space demand is anticipated to emanate from green-certified developments and reflects the growing emphasis on energy efficiency and wellness-focused workplaces.

With demand continuing at elevated levels and vacancy levels remaining rangebound, key micro markets across the top cities will present significant rental upsides. Developers too will continue to align their offerings with occupier preferences and investor requirements. Future developments will be constructed with the intention of being listed in Real Estate Investment Trusts (REITs) and Small & Medium REITs (SM-REITs). This will ensure that these assets are designed to meet the criteria for inclusion in these investment vehicles. Retail investor participation in commercial real estate will mature further throughout 2025 and stakeholders can benefit from enhanced liquidity in real estate. Overall, evolving occupier preferences and strong investment momentum will continue to shape India's office market in the next few years, setting newer standards and benchmarks in the process.



Badal Yagnik
Chief Executive Officer
Colliers | India

Contents

1 India Office Market – A promising 2025, capitalizing on current trends

- Continued shift to occupier-driven and demand-led market 01

2 Evident scaling up of Grade A office demand

- Demand scale-up across key markets drives three consecutive peak years, starting 2022 02

3 Occupier-driven market expansion in 2025

- Engineering & manufacturing, BFSI and flex space operators to drive demand 03
- Engineering & manufacturing demand: Balanced growth across key markets, Bengaluru to maintain dominance 04
- BFSI demand: Mumbai to remain core hub, other cities to gain traction in 2025 05
- Flex space demand: To cement position as leading demand driver in 2025 06

4 GCC demand to further gain ground in India

- GCCs likely to drive ~40% of Grade A space uptake in 2025 07
- Technology, BFSI and Engineering & manufacturing firms can drive 3/4th of GCC leasing in 2025 08

5 Sustainability quotient: A hygiene factor throughout 2025

- At almost 3/4th of overall demand, preference for green certified buildings rose in 2024 09

6 Office REITs to expand and encompass premium developments in 2025

- Operational REIT portfolio to breach 100 mn sq ft in next few years 11

7 Solidification of set benchmarks in 2025

- Diversification and demand scale up to continue in established markets 12

1 India Office Market – A promising 2025, capitalizing on current trends

Continued shift to occupier-driven and demand-led market

India's office market has witnessed **unprecedented demand growth in consecutive years, with 2024 particularly emerging as a watershed year**, marked by record-breaking absorption levels and robust leasing activity across occupier segments. Annual leasing volumes across the top six cities surpassed all previous records, reaching 66.4 mn sq ft—a remarkable 14% year-on-year growth. Bengaluru led the surge, achieving its highest-ever annual leasing volume of 21.7 mn sq ft. Hyderabad & Mumbai demand also peaked with at least 10 mn sq ft leasing each in 2024. Apart from steady demand from tech occupiers, other sectors such as Engineering & Manufacturing (Engg & mftg), Banking Financial Services & Insurance (BFSI) and flex space operators witnessed significant traction and collectively accounted for more than 50% of overall Grade A space uptake in 2024.

On the supply side too, **developers reciprocated the confidence in heightened leasing activity**. With infusion of more than 50 mn sq ft of Grade A developments, 2024 witnessed 6% higher completions as compared to 2023. The **balanced interplay between demand and supply** has kept vacancy levels rangebound while average rentals have witnessed a consistent upward trend in the post-pandemic era. Following the **demand revival across major office markets of the country, average office rents finally surpassed pre-pandemic levels** in mid-2024.

In all likelihood, the office space **demand will solidify itself at elevated benchmarks** and continue to be driven by shifts in demand characteristics. In addition to **establishment of new standards**, the evolving occupier landscape will deepen commercial real estate in terms of developer offerings too. Developers will become increasingly agile in curating the built structure to suit occupier preferences. The overall office market is likely to continue its steadfast journey, **transforming from a "Supply-led" market to a more "Occupier-driven" market** over the next few years.

The **office market outlook for India remains positive in 2025**, with anticipated demand expansion from Global Capability Centers (GCCs) and domestic occupiers across key sectors such as Engineering & manufacturing, BFSI, and flex space operators as well. The dynamic office environment in India is set to further evolve, driven by **continued innovation & sustainable product offerings**.

India Grade A Office Stock

2019: 545.5 msf

2024: 760.2 msf

Indian office market evolved from supply driven to occupier driven market

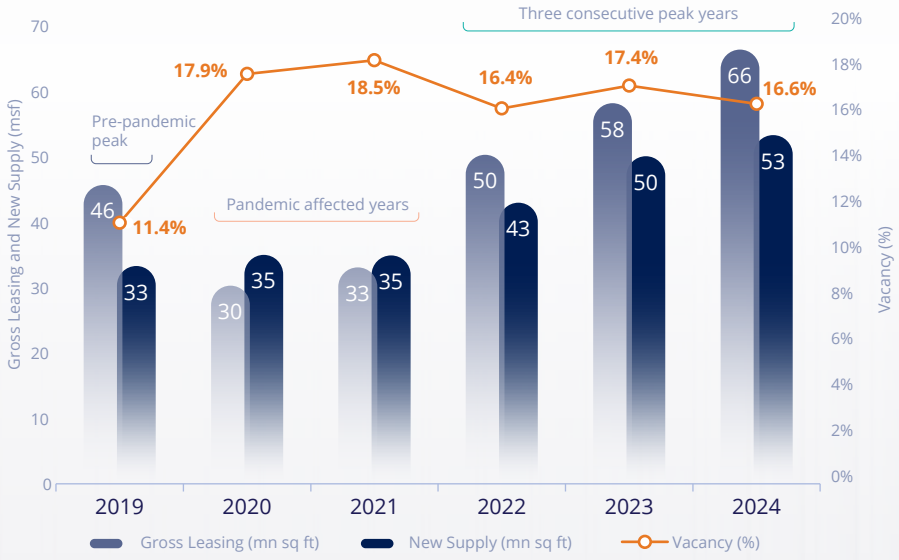
Avg WAQ Rent (2024)

2019: INR 99.5 /sf/month

2024: INR 101.8 /sf/month

5.2% rise YoY in rentals (2024) and completion of rental recovery in all major markets

India office demand-supply trend (2019-2024)



Source: Colliers | Notes: Data Pertains to Grade A office buildings only | Top 6 cities include Bengaluru, Chennai, Delhi-NCR, Hyderabad, Mumbai, and Pune | Gross absorption: does not include lease renewals, pre-commitments and deals where only a letter of Intent has been signed. Weighted Average Quoted (WAQ) Rents are in INR per square feet per month for warm shell offices and do not include Common Area Maintenance (CAM) or taxes.

2 Evident scaling up of Grade A office demand

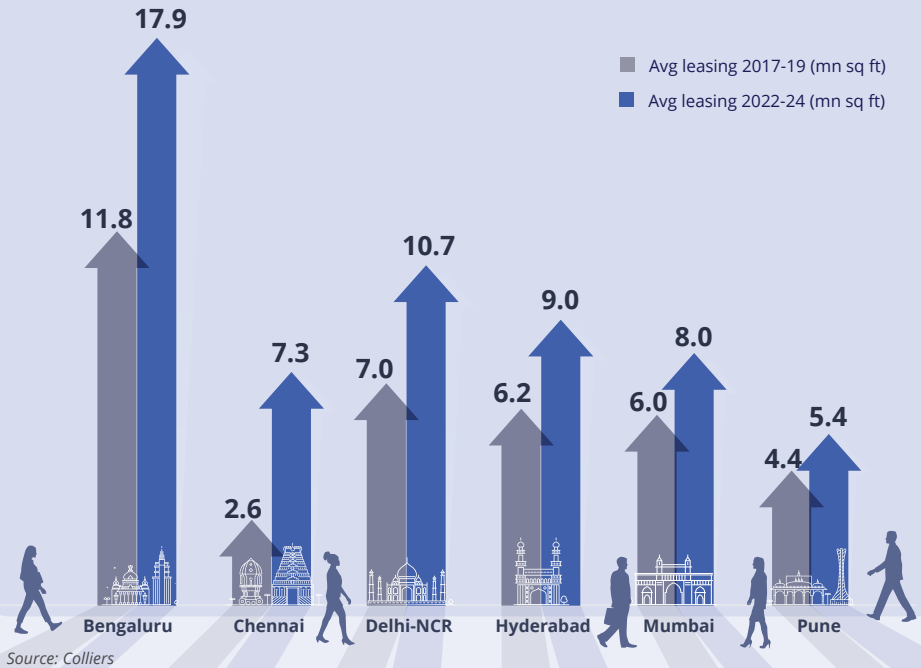
Demand scale-up across key markets drives three consecutive peak years, starting 2022

Over the last three years, India's office market has consistently crossed the erstwhile annual leasing benchmark of 50 mn sq ft. The demand surge has been largely fueled by the top six cities, which remain the mainstay of the commercial real estate in the country. Meanwhile, tier II cities are also gaining momentum, owing to prevalence of hybrid work policies.

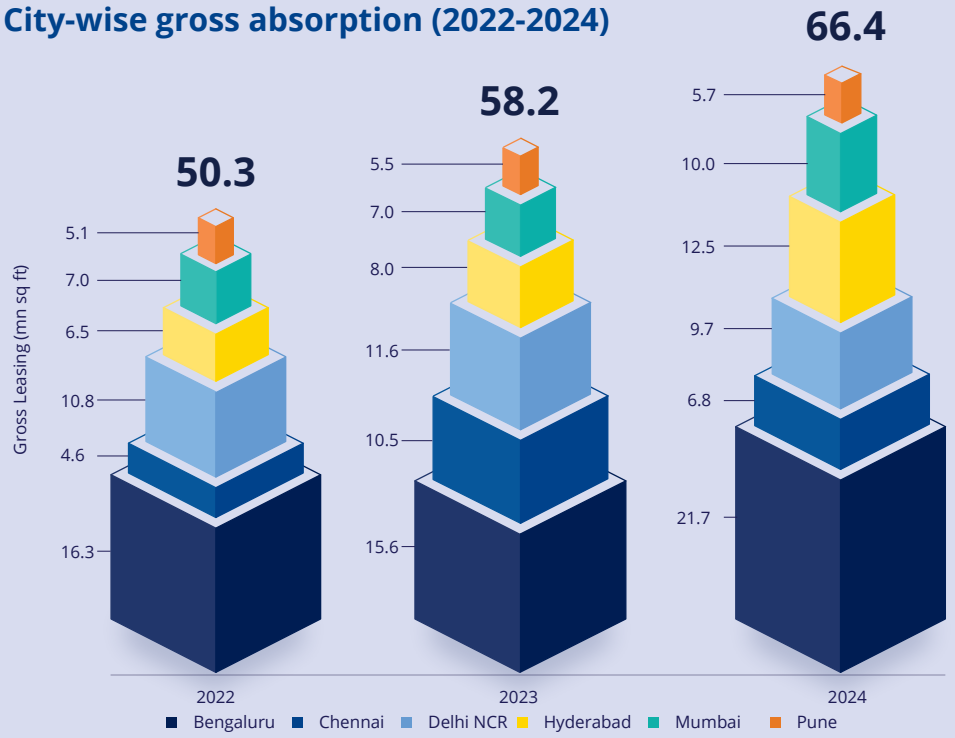
Bengaluru continued to be the most dominant office market, contributing around one-third of the annual leasing activity in India. Even in the post pandemic period, the city's demand base has scaled up from around 15 mn sq ft in 2022-23 to beyond 20 mn sq ft in 2024. Mumbai, Hyderabad, and Delhi NCR also demonstrated strong leasing momentum in 2024, with each city recording close to or exceeding 10 mn sq ft of Grade A space uptake. Hyderabad, in particular, registered the highest annual growth, a 55% increase in leasing compared to 2023.

Over the past three years, all the top office markets of the country have witnessed this scale-up. Moreover, new benchmarks and standards are expected to further strengthen in 2025, driven by diversification of demand across occupier segments and sustained growth in domestic economy.

Demand scale-up in Top 6 cities



City-wise gross absorption (2022-2024)



Source: Colliers

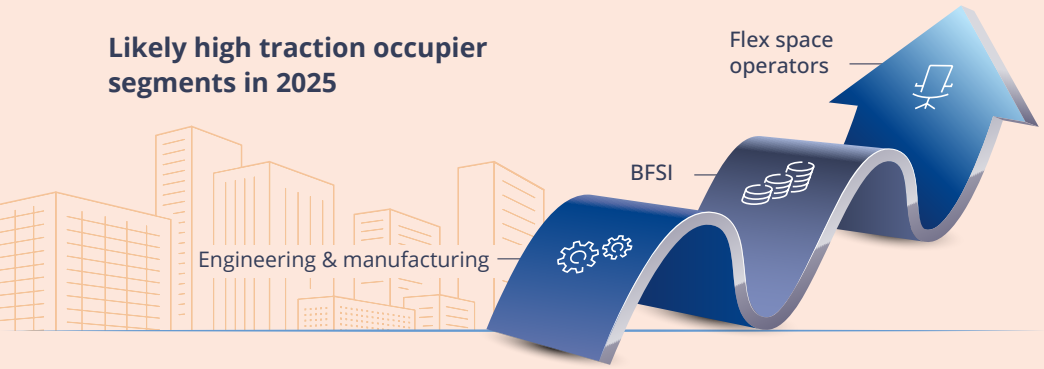
Notes: Data Pertains to Grade A office buildings only | Gross absorption: does not include lease renewals, pre-commitments and deals where only a letter of Intent has been signed | Pandemic affected years of 2020 and 2021 have been excluded for a better comparison

3 Occupier-driven market expansion in 2025

Engineering & manufacturing, BFSI and flex space operators to drive demand

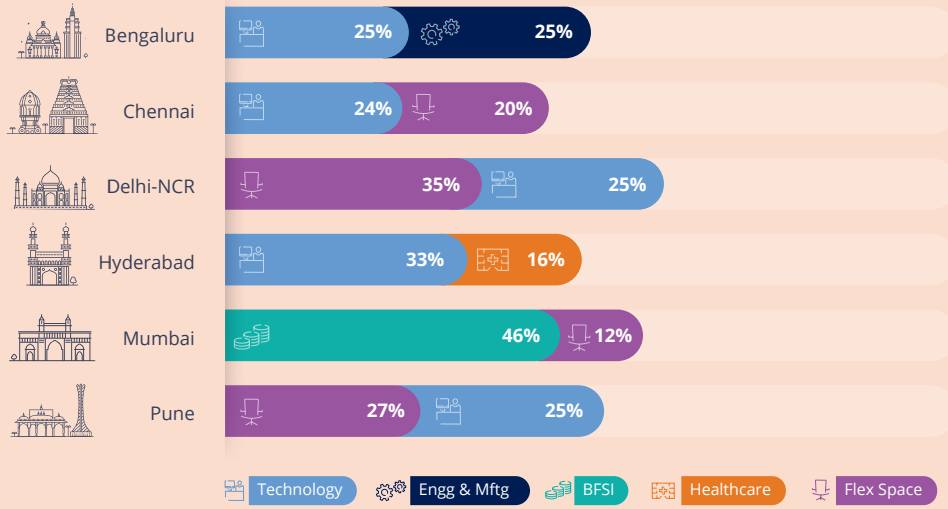
- Indian office market is witnessing a broad-based demand expansion, with segments such as Engineering & manufacturing, BFSI, and flex spaces gaining prominence alongside the traditionally dominant Technology sector. GCCs across multiple sectors are also gaining ground. This occupier diversification is expected to drive balanced and sustained leasing growth in 2025 and beyond.
- The Technology sector's share in leasing has declined from 40% - 50% at the start of the current decade to 25% in 2024, led by prevalence of hybrid work models and a growing adoption of flex spaces.
- In 2024, flex space operators emerged as the top demand driver in Delhi-NCR, Hyderabad, and Pune, underscoring occupiers' preference for agility and cost efficiency. Flex spaces can potentially account for around one-third of the Grade A office space demand in these cities in 2025.
- Meanwhile, Mumbai will continue to attract BFSI occupiers and see renewed interest from global consulting and private equity firms, while Hyderabad is likely to see sustained growth from flex space operators and pharmaceutical firms in 2025.
- In Chennai, leasing by Engineering & manufacturing players is likely to surpass leasing by flex space operators in the next one-two years, while Pune can potentially witness heightened BFSI activity, at par with Technology sector leasing.

Likely high traction occupier segments in 2025



Sectoral leasing trends (2024 and 2025F)

Top 2 sectors 2024 (Share in overall city leasing)



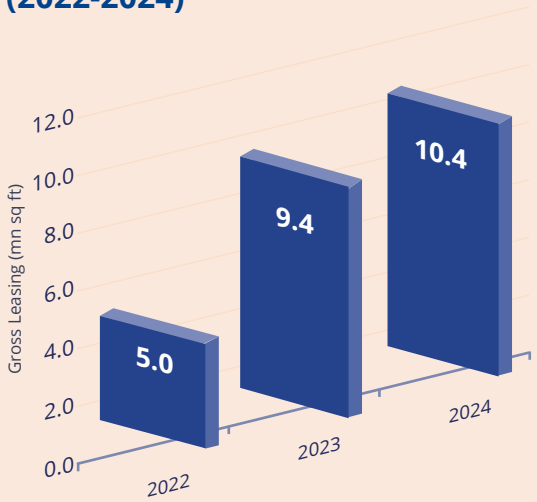
Sector	2024		2025F	
	Leasing (msf)	Share (%)	Leasing (msf)	Share (%)
Technology	16.3	25%	15.0 - 20.0	~25%
Flex Spaces	12.5	19%	~15.0	~20%
BFSI	11.0	17%	10.0 - 15.0	15% - 20%
Engg & Mftg	10.4	16%	10.0 - 15.0	15% - 20%
Healthcare	4.8	7%	3.0 - 8.0	5% - 10%
Consulting	4.3	6%	3.0 - 8.0	5% - 10%
Others	7.1	10%	2.0 - 5.0	2% - 5%

Source: Colliers
Notes: Data Pertains to Grade A office buildings only | Top 6 cities include Bengaluru, Chennai, Delhi-NCR, Hyderabad, Mumbai, and Pune | Gross absorption: does not include lease renewals, pre-commitments and deals where only a letter of Intent has been signed.

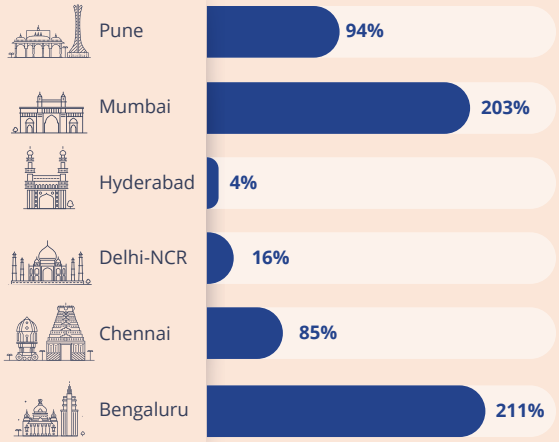
Engineering & manufacturing demand: Balanced growth across key markets, Bengaluru to maintain dominance

- In 2024, Engineering & manufacturing firms registered more than 10 mn sq ft of space uptake, contributing around 16% of overall office space demand, up from 12% in 2021. Bengaluru alone accounted for around half of the space uptake by Engineering & manufacturing firms during 2024.
- Compared to 2022, Bengaluru and Mumbai have seen multifold increase in leasing activity by Engineering & manufacturing firms. Grade A space uptake by such firms also grew significantly in Chennai and Pune.
- Overall, leasing by Engineering & manufacturing sector is expected to surge by 10-15% YoY in 2025, reaching 10-15 mn sq ft across the top six cities. Although demand will continue to be driven by Bengaluru, considerable growth in Engineering & manufacturing deals is anticipated in Chennai and Pune.

Leasing by Engg & Mftg firms (2022-2024)



City-wise Engg & Mftg leasing growth (2024 vs 2022)



2025 outlook

Gross Absorption

10-15 msf

Annual Growth
10% - 15%

Sectoral share
15% - 20%

Leading cities
Bengaluru | Chennai | Pune

Growth Drivers

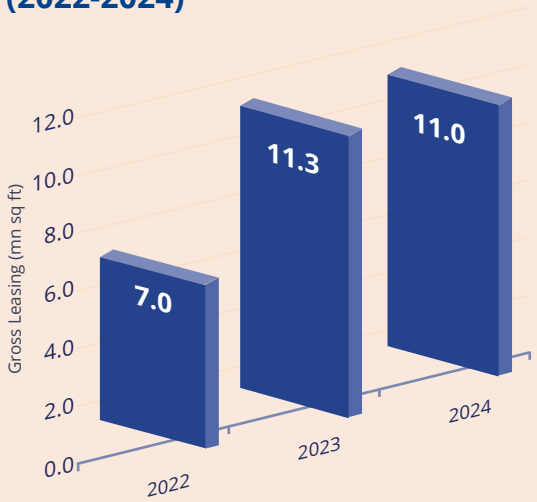
- Global capital inflows in manufacturing sector deriving comfort from availability of skilled workforce and relatively affordable real estate price points
- Rise in domestic manufacturing capabilities through implementation of "Make in India" program
- Development of Industrial parks under National Industrial Corridor development program across multiple cities
- Office space expansion and establishment of regional outreach centers by leading construction firms amidst continued government impetus on infrastructure-led construction

Source: Colliers | Notes: Data Pertains to Grade A office buildings only | Top 6 cities include Bengaluru, Chennai, Delhi-NCR, Hyderabad, Mumbai, and Pune | Gross absorption: does not include lease renewals, pre-commitments and deals where only a letter of Intent has been signed.

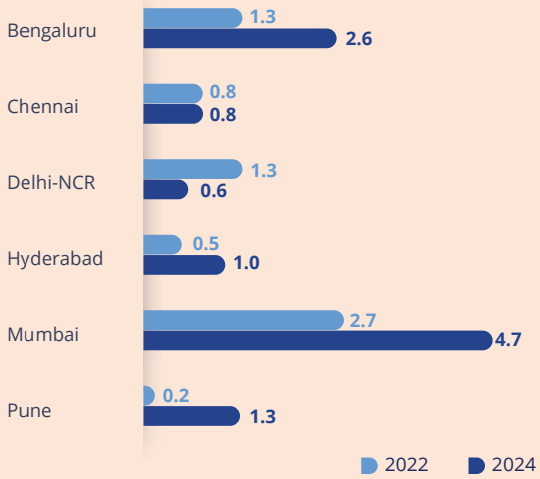
BFSI demand: Mumbai to remain core hub, other cities to gain traction in 2025

- BFSI occupiers leased ~11mn sq ft of office space during 2024, making it the third-largest demand driver, after technology firms and flex space operators. Share of BFSI in overall leasing rose to 17% during 2024, compared to 14% in 2022.
- Mumbai retained its dominance as the financial hub, driving 42% of BFSI leasing in 2024. However, other cities such as Bengaluru and Hyderabad saw notable traction, collectively driving 1/3rd of BFSI leasing in 2024, with demand nearly doubling compared to 2022 levels. Pune also witnessed a significant rise in BFSI leasing, with the sector driving nearly 1/4th of the city's office space demand in 2024.
- In 2025, BFSI firms are expected to lease 10-15 mn sq ft of office space across the top six cities, marking a 10-15% year-on-year growth.
- While Mumbai will remain the core hub for BFSI occupiers, rising traction in Bengaluru, Hyderabad, and Pune indicates an increasing preference for diversification beyond traditional hubs.

Leasing by BFSI firms (2022-2024)



City-wise BFSI leasing (msf)



2025 outlook

Gross Absorption

10-15 msf

Annual Growth
10% - 15%

Sectoral share
15% - 20%

Leading cities
Mumbai | Bengaluru | Pune

Growth Drivers

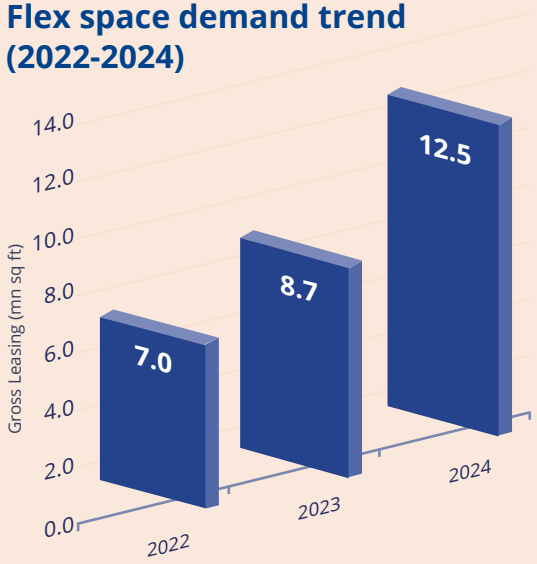
- Significant investments in IT infrastructure and digital transformation supporting the need for expansion/ relocation to technology adept office spaces
- Growth in digital payments, financial products, and services driving BFSI expansion and office space needs
- Growth in retail banking, insurance, fintech, and wealth management leading BFSI firms to scale operations & increase workforce
- Regulatory requirements encouraging corporates to accommodate separate compliance, risk management, financial & audit teams

Source: Colliers | Notes: Data Pertains to Grade A office buildings only | Top 6 cities include Bengaluru, Chennai, Delhi-NCR, Hyderabad, Mumbai, and Pune | Gross absorption: does not include lease renewals, pre-commitments and deals where only a letter of Intent has been signed.

Flex space demand: To cement position as leading demand driver in 2025

- Flex spaces have been expanding rapidly across India's top six cities, with traction across multiple occupier segments.
- In 2024, flex space operators registered a record-high absorption of 12.5 mn sq ft, marking a 44% year-on-year growth. Notably, flex space demand peaked in Q4 2024 at 4.7 mn sq ft, contributing to 24% of the total office space demand during the last quarter.
- Delhi-NCR and Bengaluru accounted for over half of the total flex leasing, during 2024. As on date, Bengaluru holds the highest flex stock at 19.3 mn sq ft, while Pune leads in flex penetration at 10%.
- Flex space operators are likely to lease close to 15 mn sq ft of Grade A space in 2025 and contribute around one-fifth of the overall demand over the next few years.

Flex space demand trend (2022-2024)



City-wise flex space overview

City	Flex stock (msf)	Flex penetration* (%)	Flex space leasing share (2024)
Bengaluru	19.3	9%	25%
Chennai	5.0	6%	11%
Delhi-NCR	11.1	8%	27%
Hyderabad	8.1	7%	15%
Mumbai	7.8	6%	10%
Pune	7.6	10%	12%

*Notes: *Flex space penetration pertains to the share of flex stock in total Grade A office stock of the city*

2025 outlook

Gross Absorption
~15 msf

Annual Growth
10% - 15%

Sectoral share
~20%

Leading cities
Bengaluru | Delhi NCR

Growth Drivers

- Enhanced offerings by flex space operators including customization, well designed layouts, wellness & sustainable elements
- Surging enterprise demand, especially from technology firms and leading MNCs
- Hub & spoke offices, with prevalence of decentralized work models
- Rising demand for fully managed, plug & play offices from diverse occupier segments

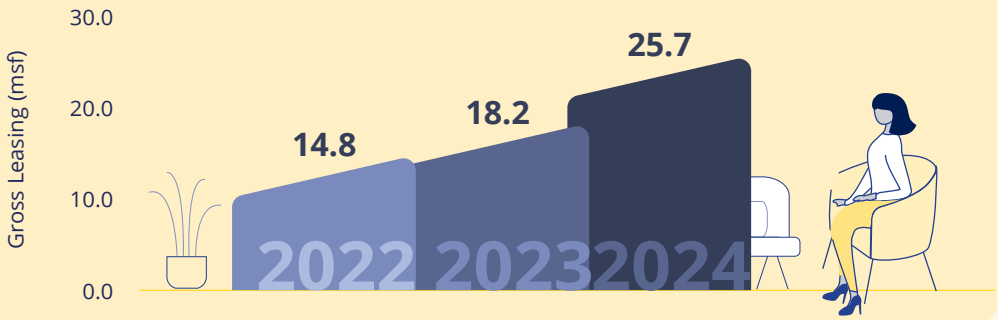
Source: Colliers | Notes: Data Pertains to Grade A office buildings only | Top 6 cities include Bengaluru, Chennai, Delhi-NCR, Hyderabad, Mumbai, and Pune | Gross absorption: does not include lease renewals, pre-commitments and deals where only a letter of Intent has been signed.

4 GCC demand to further gain ground in India

GCCs likely to drive ~40% of Grade A space uptake in 2025

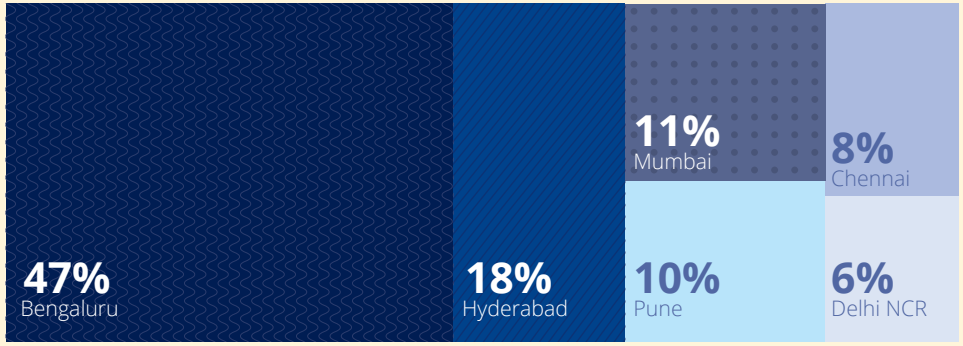
- Global Capability Centers (GCCs) continued to expand their presence in India in 2024 as well, with space uptake rising by 41% YoY in 2024, at 25.7 mn sq ft. across the top six cities. GCC demand in India has particularly picked up momentum in the post-pandemic period, after a muted activity during 2019-21 period.
- Going forward, as GCCs functionally transform from outsourcing hubs to knowledge and innovation hubs, India will continue to maintain its competitive advantage in the global arena. Moreover, with enabling business environment and healthy domestic growth prospects, global firms are likely to lease 25-30 mn sq ft of grade A office space across the top six office markets, contributing to ~40% of the total office demand in 2025.

Leasing by GCCs (2022-2024)

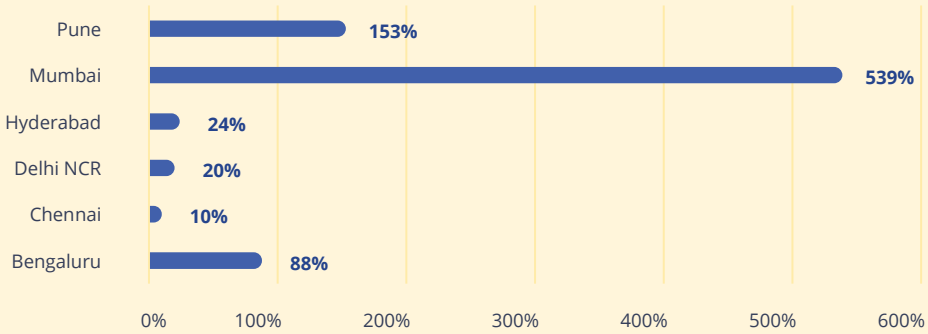


City-wise share in GCC leasing (2024)

With 12.0 msf, almost half of the GCC space uptake in 2024 came from Bengaluru, followed by Hyderabad at 4.7 msf of activity. Mumbai, meanwhile, registered highest growth in GCC space uptake in 2024, 4X compared to 2023 levels. Office space demand by GCCs will continue to see heightened traction in 2025, with all the cities witnessing rise in leasing volumes. Bengaluru and Hyderabad will particularly see comparatively higher leasing by GCCs.



City-wise GCC leasing growth (2024 vs 2022)



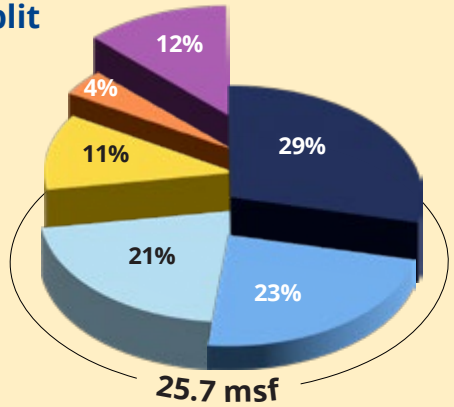
Since 2022, there has been a notable increase in GCC leasing across major cities. Mumbai, for instance, has experienced exponential growth, while Pune and Bengaluru also witnessed strong growth in 2024 as compared to 2022 levels. Overall, owing to the strong rebound in GCC activity in the last 2-3 years, the outlook for GCCs in India remains positive.

Source: Colliers
Notes: Data Pertains to Grade A office buildings only | Top 6 cities include Bengaluru, Chennai, Delhi-NCR, Hyderabad, Mumbai, and Pune | Gross absorption: does not include lease renewals, pre-commitments and deals where only a letter of Intent has been signed.

Technology, BFSI and Engineering & manufacturing firms can drive 3/4th of GCC leasing in 2025

GCC leasing 2024: **Sector wise split**

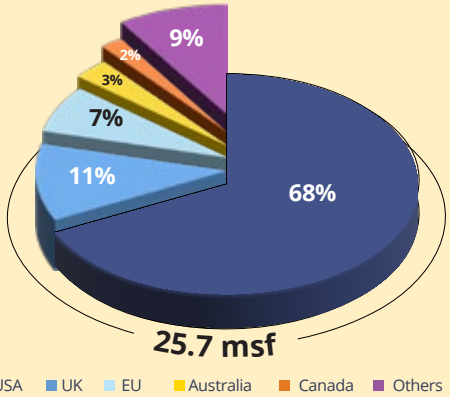
Over the years, technology firms have dominated GCC leasing activity. This continued in 2024, with the sector accounting for around 30% of the GCC space uptake in India. Amongst GCCs, while demand from occupiers in technology sector is likely to be steady in 2025, BFSI and Engineering & manufacturing firms are likely to collectively drive 40-50% of GCC real estate demand in India.



Note- *Others include E-commerce, Consumables, etc.

GCC leasing 2024: **Origin country wise split**

US-based companies are likely to remain at the forefront in GCC leasing activity during 2025, driving ~70% of total GCC leasing of the country. With further improvement in business sentiments, strengthening of bilateral relations and improved regulatory framework, countries across regions are expected to ramp up their GCC operations in India.



2025 outlook

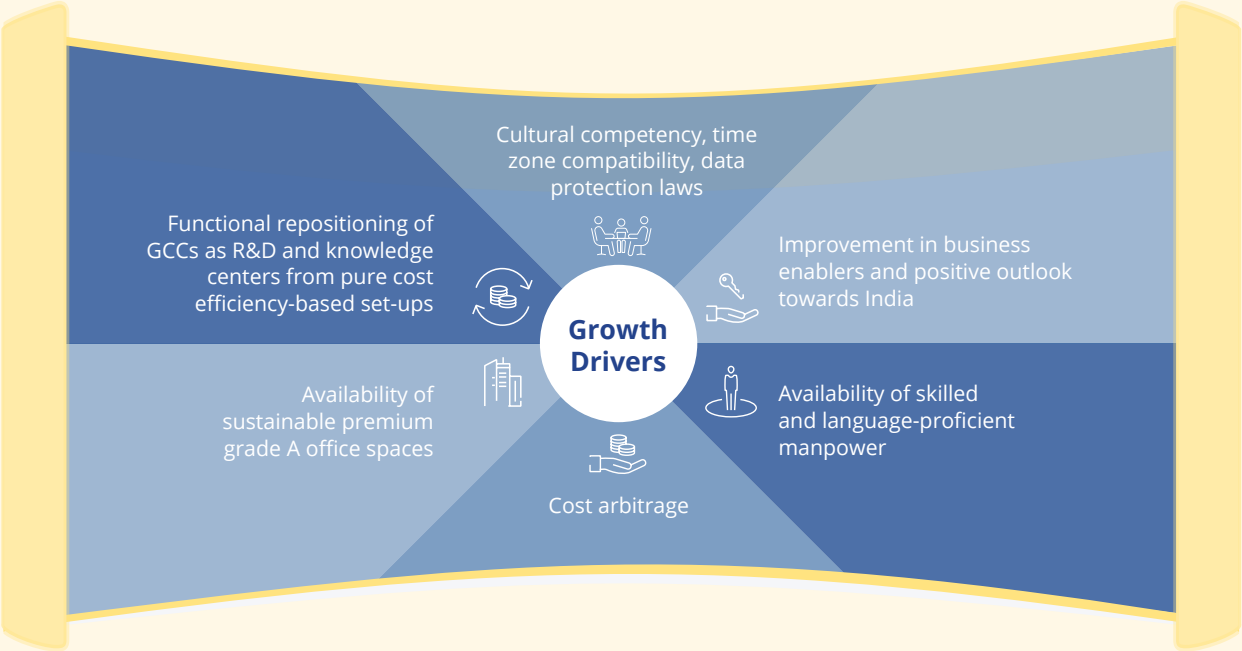
Gross Absorption

25-30 msf

Annual Growth
10% - 12%

Overall share
~40%

Leading cities
Mumbai | Bengaluru
Hyderabad | Pune



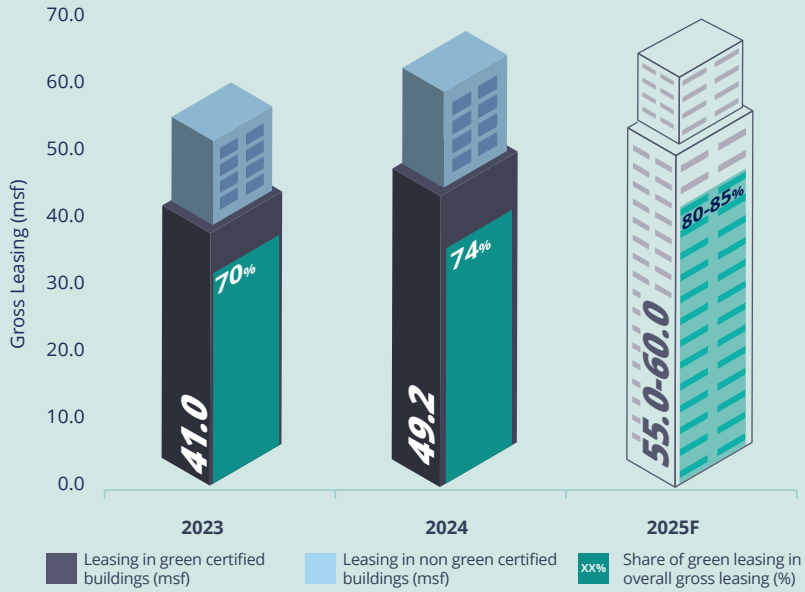
Source: Colliers | Notes: Data Pertains to Grade A office buildings only | Top 6 cities include Bengaluru, Chennai, Delhi-NCR, Hyderabad, Mumbai, and Pune | Gross absorption: does not include lease renewals, pre-commitments and deals where only a letter of Intent has been signed.

5 Sustainability quotient: A hygiene factor throughout 2025

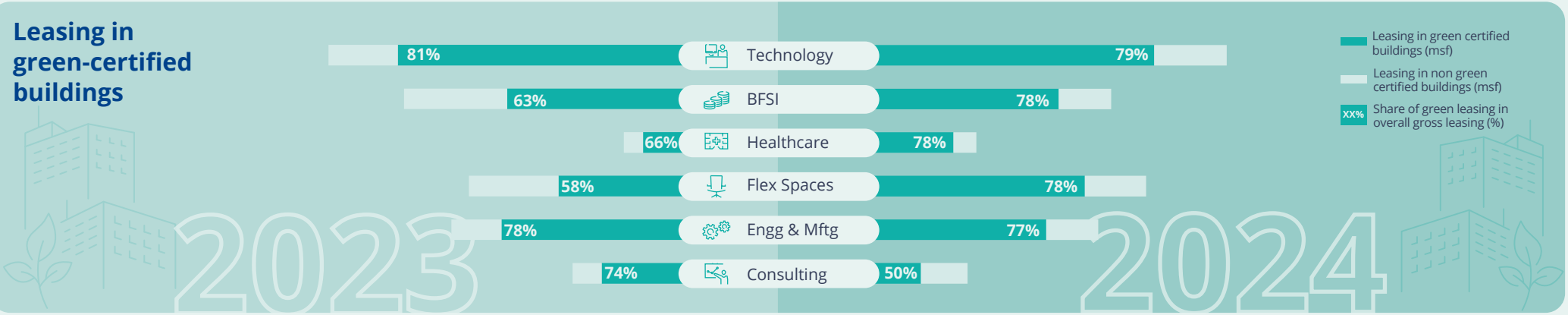
At almost 3/4th of overall demand, preference for green certified buildings rose in 2024

- In the past two years, corporates have increasingly opted for office spaces that align with global sustainability standards with respect to energy efficiency, carbon emissions, and employee well-being. This shift is driving growing preference for green certified workplaces.
- Over 70% of the leasing activity across the top six cities in the last two years took place in green-certified buildings, with Delhi-NCR and Pune faring better as compared to others. Overall, leasing in green certified buildings has surged by 20% in 2024 compared to 2023 across the top 6 markets.
- Occupiers across sectors are increasingly embracing sustainable building elements, with technology and Engineering & manufacturing firms leading the trend—around 80% and 78% of their respective space uptake in 2024 took place in green-certified buildings.
- Looking ahead, 80-85% of overall office space demand in 2025 is expected come from green-certified spaces, underscoring the continued shift toward sustainable real estate development. Certifications like LEED and GRIHA remain the most preferred among tenants, but as the demand for high-quality, amenities and cost-efficiency grows, occupiers are likely to explore other certifications such as WELL, BEE Star Rating (Bureau of Energy Efficiency) and Energy Conservation Building Code (ECBC) etc.

Leasing trend in green certified buildings



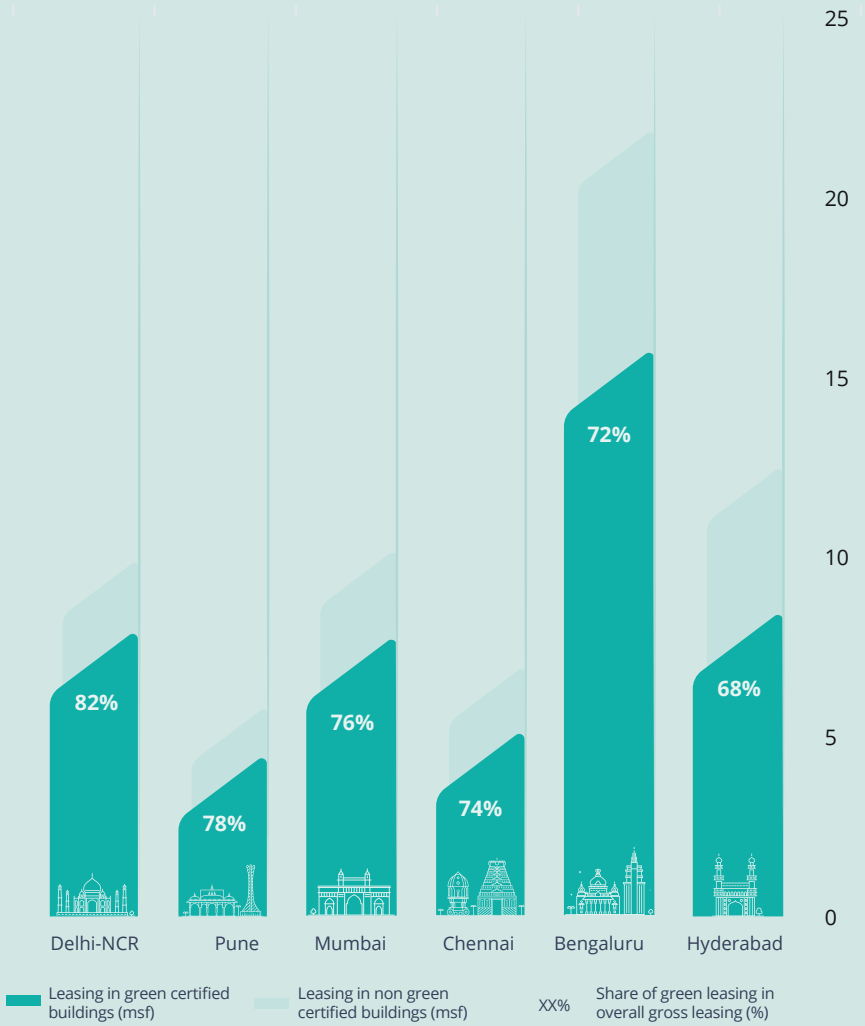
Leasing in green-certified buildings



Source: Colliers

Notes: Data Pertains to Grade A office buildings only | Top 6 cities include Bengaluru, Chennai, Delhi-NCR, Hyderabad, Mumbai, and Pune | Gross absorption: does not include lease renewals, pre-commitments and deals where only a letter of Intent has been signed.

Leasing in green certified buildings : 2024



Source: Colliers | Notes: Data Pertains to Grade A office buildings only | Gross absorption: does not include lease renewals, pre-commitments and deals where only a letter of Intent has been signed.

2025 outlook

Leasing in Green Certified Buildings

55-60 msf

Annual Growth
5% - 10%

Overall share
80-85%

Leading cities
Bengaluru | Delhi NCR | Pune

Growth Drivers

- Occupiers prioritizing ESG goals, with many targeting net-zero carbon emissions in long term
- State level policies & incentives
- Growing focus towards employee-well being and employee productivity
- Occupiers recognizing the financial benefits such as cost savings through enhanced energy efficiency
- Global occupier preference for complying with global sustainability standards
- Frameworks like SEBI's BRSR and global disclosures will drive demand for green-certified offices

6 Office REITs to expand and encompass premium developments in 2025

Operational REIT portfolio to breach 100 mn sq ft in next few years

- As of 2024, around 80 mn sq ft of grade A office stock is listed under REITs. Developers are increasingly focusing on creating office portfolios to eventually list them under REITs. The regulatory environment has played a pivotal role in the gradual maturity of office REITs, with regulations pertaining to Small and Medium REITs (SM-REITs) enhancing transparency and institutionalization in Indian real estate including the office market.
- Additional close to 400 mn sq ft of existing Grade A developments have the potential to come under the ambit of REITs. Moreover, the first SM-REIT listing in 2024 marked a significant milestone, and several more are in the pipeline. The overall comfort with fractional ownership in commercial real estate is expected to grow further in 2025 and enhance retail investor participation.
- With SEBI's regulatory push for SM-REITs, fund-raising unregistered Fractional Ownership Platforms (FOPs) are expected to get listed as SM REITs in 2025 and particularly democratize real estate investments in commercial real estate office.
- Developers in search of alternate fund-raising avenues are prioritizing the construction of rent-yielding and high-grade assets. With increasing popularity of REITs, build quality standards are set to improve further in 2025, positioning India as a major market for global capital inflows within commercial real estate.
- As of 2024, with 101.9 mn sq ft, Bengaluru holds highest REIT-able grade A stock, accounting for 26% of total REIT-able stock in India, followed by Hyderabad with 20% REIT-able stock. Additionally, around 8 mn sq ft of Grade A assets in Bengaluru and Hyderabad (within existing listed REITs) are likely to become operational in 2025.

REIT-able Grade A stock (2024)



India office REITs: Operational performance

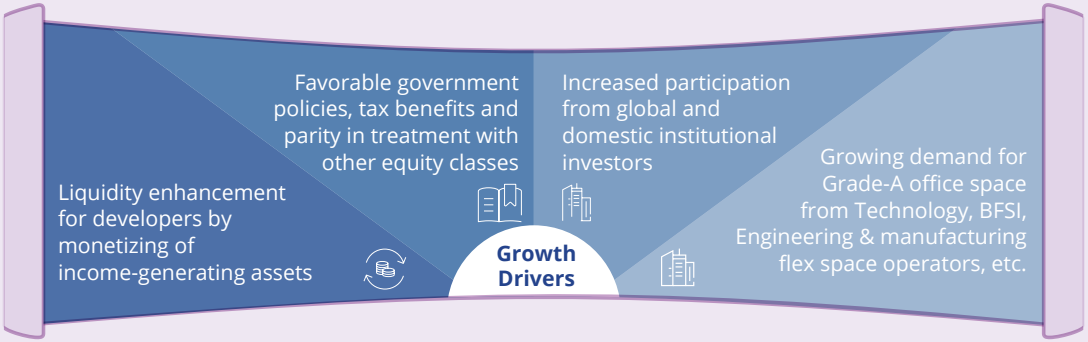
Key Metric	Embassy Office Parks REIT Ltd.	Mindspace Business Parks REIT	Brookfield IndiaReal Estate Trust REIT Ltd.
Operational office portfolio (msf)	38.9	26.8	15.0
WALE (Years)	8.2	7.2	7.1
Occupancy*	87.0%	89.6%	87.0%
Index performance**	**13.0%**	**12.8%**	**14.7%**

Note:
Weighted Average Lease Expiry (WALE), and Occupancy are mentioned for office assets of the REITs
**Committed occupancy, includes properties with letters of offer accepted by tenants*
***Comparison of closing price in BSE (31st December 2024 vs 1st January 2024)*

Outlook

Under-construction portfolio of existing REITs
22msf

Leading cities
Bengaluru | Hyderabad



Source: Latest respective REIT quarterly filings reports, BSE, Colliers
Notes: Data Pertains to Grade A office buildings only | Top 6 cities include Bengaluru, Chennai, Delhi-NCR, Hyderabad, Mumbai, and Pune | Gross absorption: does not include lease renewals, pre-commitments and deals where only a letter of Intent has been signed.

7 Solidification of set benchmarks in 2025

Diversification and demand scale up to continue in established markets

India's office market is poised for continued growth in 2025, building on its robust performance in 2024. The rise of managed office spaces, flexible leases, and cost advantages will continue to fuel the adoption of the 'Core + flex' model, with annual gross leasing expected to be in the range of 65-70 mn sq ft. Key sectors like Engineering & manufacturing, BFSI and flex spaces are set to drive more than half of the office space demand, while technology firms will have around one-fourth share. Global Capability Centers (GCCs) will remain pivotal, contributing around 40% of leasing activity, with smaller cities complementing established hubs like Bengaluru. Tier-II and III cities will complement demand in established markets on account of cost arbitrage, talent availability, and infrastructure upgrades. Flex space operators will continue expanding and are likely to contribute ~20% of commercial real estate demand in 2025. Sustainability will also take center stage, with 80% of upcoming supply expected to be green-certified. Additionally significant retrofitting potential can materialize in existing office inventory.

2025: India office market outlook

01

Demand
65-70 msf

Office demand poised to solidify, registering gross leasing of 65-70 mn sq ft; City-level demand continued to scale- up

02

New supply
60-65 msf

Around 60-65 mn sq ft of under-construction projects are likely to operationalize; Energy-efficient & sustainable material use to increase further

03

Vacancy
15-16%

With demand surpassing supply, vacancy levels are likely to decline further in 2025

04

Rents
INR **100-110/sf/month**

Amidst strong demand, average rentals are set to rise further, particularly in high activity micro markets

Source: Colliers
Notes: Data Pertains to Grade A office buildings only | Top 6 cities include Bengaluru, Chennai, Delhi-NCR, Hyderabad, Mumbai, and Pune | Gross absorption: does not include lease renewals, pre-commitments and deals where only a letter of Intent has been signed.

The office market across India's top six cities is poised for robust growth, with both demand and supply expected to surge, continuing the strong momentum observed in recent years. Bengaluru will dominate both demand and supply, with leasing activity projected to exceed 20 msf, driven by robust demand from flex spaces and Engineering & manufacturing. Hyderabad is set to witness significant supply additions and strengthen its position as a key hub for the Technology and Pharma sectors. Meanwhile, cities such as Pune and Chennai will benefit from growing interest in high-quality, well-connected office spaces. Corporate expansions, heightened focus on sustainability, and the rising preference for tech-enabled, wellness-oriented workspaces will set new benchmarks for India's office market in 2025.

Established Office Markets	City	Leasing 2025F (msf)	New Supply 2025F (msf)	Key growth drivers/sectors	Outlook 2025
Cluster 1	Bengaluru	20+	15-20	• Engg & mftg • Flex spaces • GCCs especially Technology firms	• In 2025, Bengaluru will continue to lead Pan India office space demand, driving 1/3rd the overall leasing across the top 6 cities. • Engineering & manufacturing and flex spaces will dominate the city's office leasing, together accounting for 40-45% of total city's space uptake in 2025. • Nearly half of the India GCC demand is likely to come from Bengaluru in 2025.
Cluster 2	Delhi NCR	10-15	10-15	• Flex Spaces • Technology	• Flex space operators will continue to thrive, driving almost 1/3rd of the city's office leasing activity, and can surpass leasing activity by Technology sector. • 70-80% of office space demand is likely to come in green-certified buildings. Average rentals can move upwards by 5-10%.
	Hyderabad	10-15	10-15	• Technology • Healthcare • GCCs	• Leasing volumes are expected to increase further in 2025, driven predominantly by strong demand from technology and healthcare firms. • Flex space operators are likely to strengthen their presence in the city, driving 15-20% share in the overall leasing activity. • Over 90% of the new supply in 2025 is likely to be concentrated in SBD and Off SBD micro-markets.
Cluster 3	Chennai	5-10	5-10	• Technology • Engg & mftg • Flex spaces	• Leasing by flex space and Engineering & manufacturing is likely to be at par with leasing by Technology sector in 2025. • OMR Zone and Guindy are likely to witness bulk of the leasing activity in 2025.
	Mumbai	5-10	5-10	• BFSI • Engg & mftg	• While the BFSI sector will continue to be a major demand driver, Mumbai is expected to see a growing share of office space leasing by engineering and manufacturing firms. • Operational expansion of Navi Mumbai airport and cost arbitrage in Navi Mumbai, will continue to drive space uptake by GCCs and technology firms.
	Pune	5-10	5-10	• Flex spaces • Technology • BFSI	• Flex spaces will continue to drive office demand and account for 25-30% of the leasing activity in the city. BFSI and Engineering & manufacturing are also likely to take up significant incremental space in 2025. • Flex space and green building penetration within the city's existing Grade A stock will continue to remain high compared to other cities.

Source: Colliers | Notes: Data Pertains to Grade A office buildings only.

For further information, please contact:



Arpit Mehrotra
Managing Director
Office Services | India
arpit.mehrotra@colliers.com



Vimal Nadar
Senior Director & Head
Research | India
vimal.nadar@colliers.com

Authors:



Suryaneel Das
General Manager
Research | India
suryaneel.das@colliers.com



Pallavi Kukdolkar
Manager
Research | Pune
pallavi.kukdolkar@colliers.com



Rimjhim Bhardwaj
Assistant Manager
Research | Delhi-NCR
rimjhim.bhardwaj@colliers.com



Lopa Raval
Assistant Manager
Research | Bengaluru
lopa.raval@colliers.com

Marketing & PR



Sukanya Dasgupta
National Director & Head
Marketing & Communication | India
sukanya.dasgupta@colliers.com

Design & Development



Satnam Singh
General Manager
Marketing & Communication | India
satnam.singh@colliers.com

About Colliers

Colliers (NASDAQ, TSX: CIGI) is a leading global diversified professional services company, specializing in commercial real estate services, engineering consultancy and investment management. With operations in 70 countries, our 22,000 enterprising professionals provide exceptional service and expert advice to clients. For nearly 30 years, our experienced leadership – with substantial inside ownership – has consistently delivered approximately 20% compound annual investment returns for shareholders. With annual revenues exceeding $4.5 billion and $99 billion of assets under management, Colliers maximizes the potential of property, infrastructure and real assets to accelerate the success of our clients, investors and people. Learn more at corporate.colliers.com, X @Colliers or LinkedIn.

Legal Disclaimer

This document/email has been prepared by Colliers for advertising and general information only. Colliers makes no guarantees, representations or warranties of any kind, expressed or implied, regarding the information including, but not limited to, warranties of content, accuracy and reliability. Any interested party should undertake their own inquiries as to the accuracy of the information. Colliers excludes unequivocally all inferred or implied terms, conditions and warranties arising out of this document and excludes all liability for loss and damages arising there from. This publication is the copyrighted property of Colliers and /or its licensor(s). © 2025. All rights reserved. This communication is not intended to cause or induce breach of an existing listing agreement. Colliers International (India) Property Services Pvt. Ltd.

Neerja Singh
Assistant Secretary General
Logistics & Infrastructure
neerja.singh@ficci.com



Komal Sharma
Additional Director
Logistics & Infrastructure
komal.sharma@ficci.com



Shaily Agarwal
Deputy Director
Infrastructure
shaily.agarwal@ficci.com



About

Established in 1927, FICCI is the largest and oldest apex business organisation in India. Its history is closely interwoven with India's struggle for independence, its industrialisation, and its emergence as one of the most rapidly growing global economies. A not-for-profit organisation, FICCI is the voice of India's business and industry. From influencing policy to encouraging debate, engaging with policy makers and civil society, FICCI articulates the views and concerns of industry. It serves its members from the Indian private and public corporate sectors and multinational companies, drawing its strength from diverse regional chambers of commerce and industry across states, reaching out to over 250,000 companies. FICCI provides a platform for networking and consensus building within and across sectors and is the first port of call for Indian industry, policy makers and the international business community.