

A Billion sq ft and Counting



2025

Knight Frank's report marks India's office stock crossing 1 bn sq ft, cementing its role as a global office hub.

knightfrank.co.in/research



India Office Supply **Growth Story**

CONTENTS



SECTION 1:
Executive Summary
Pg. no 04



SECTION 3:
Decoding India's 1 Billion Sq Ft Office Milestone
Pg. no 12

SECTION 6:
Assessing the Supply Deficit in India's Commercial Office Segment
Pg. no 32

SECTION 7:
Workplace 2.0: Retrofitting as the Smart Growth Strategy
Pg. no 36

SECTION 2:
Evolution of India's Office Market
Pg. no 06

SECTION 5:
The Office Markets as an investment class.
Pg. no 26



SECTION 4:
Indian Office Markets: Demand and Supply and other key metrics
Pg. no 20

SECTION 8:
Global comparison
Pg. no 42



SECTION 9:
Conclusion: Scaling the Next Billion
Pg. no 44

FOREWORD



Shishir Baijal

Chairman and Managing Director

India's commercial real estate sector stands on the brink of a generational transformation. What began as a modest marketplace in the early 2000s has evolved into a globally competitive, investor-favoured, and occupier-driven ecosystem. As the country's office stock crosses the milestone of 1 billion sq ft during 2025, it marks more than just a quantum leap in built space it signals the arrival of India as a strategic nerve centre in the global office economy.

This evolution is not only measured in scale but also in the pace and quality of development. From an 8.6% CAGR over two decades to the increasing dominance of Grade A offices and the emergence of new cities like Hyderabad and Pune, the contours of India's office market are being redrawn by long-term demand, value creation, and technological resilience.

Moreover, India's global ranking as the fourth-largest office market by area underscores its significance amid shifting geopolitical and economic dynamics. Unlike several mature markets grappling with oversupply or obsolescence, India's supply remains finely balanced, driven by sustained demand from GCCs, IT/ITeS, and professional services.

With a deepening valuation base (USD 187 billion), robust investor returns through retrofitting, and unparalleled affordability in global rental terms, India continues to attract capital and corporate interest alike. The decade ahead will likely see another billion square feet added, potentially by 2036, driven by urbanisation, GDP growth, and formal sector expansion.

We hope this study offers valuable insights and serves as a meaningful resource for developers, investors, occupiers, and policy stakeholders who are shaping the next era of Indian commercial real estate.

SECTION 1:



EXECUTIVE SUMMARY

India's office market is at a defining moment, set to cross the 1 bn sq ft mark in total office stock universe. A stock. This milestone reflects not only the scale of India's commercial real estate but also its remarkable resilience, institutional maturity, and consistent growth trajectory. From just under 200 mn sq ft in the early 2000s to nearly 1 bn sq ft in 2025, the expansion underscores India's emergence as one of the fastest-growing and most future-ready office markets globally.





This milestone carries far-reaching implications for all key stakeholders in India's real estate ecosystem:

Institutional Investors and REIT Managers:

To assess performance benchmarks, calibrate return expectations, and explore future capital deployment across geographies and asset types.

Developers and Occupiers:

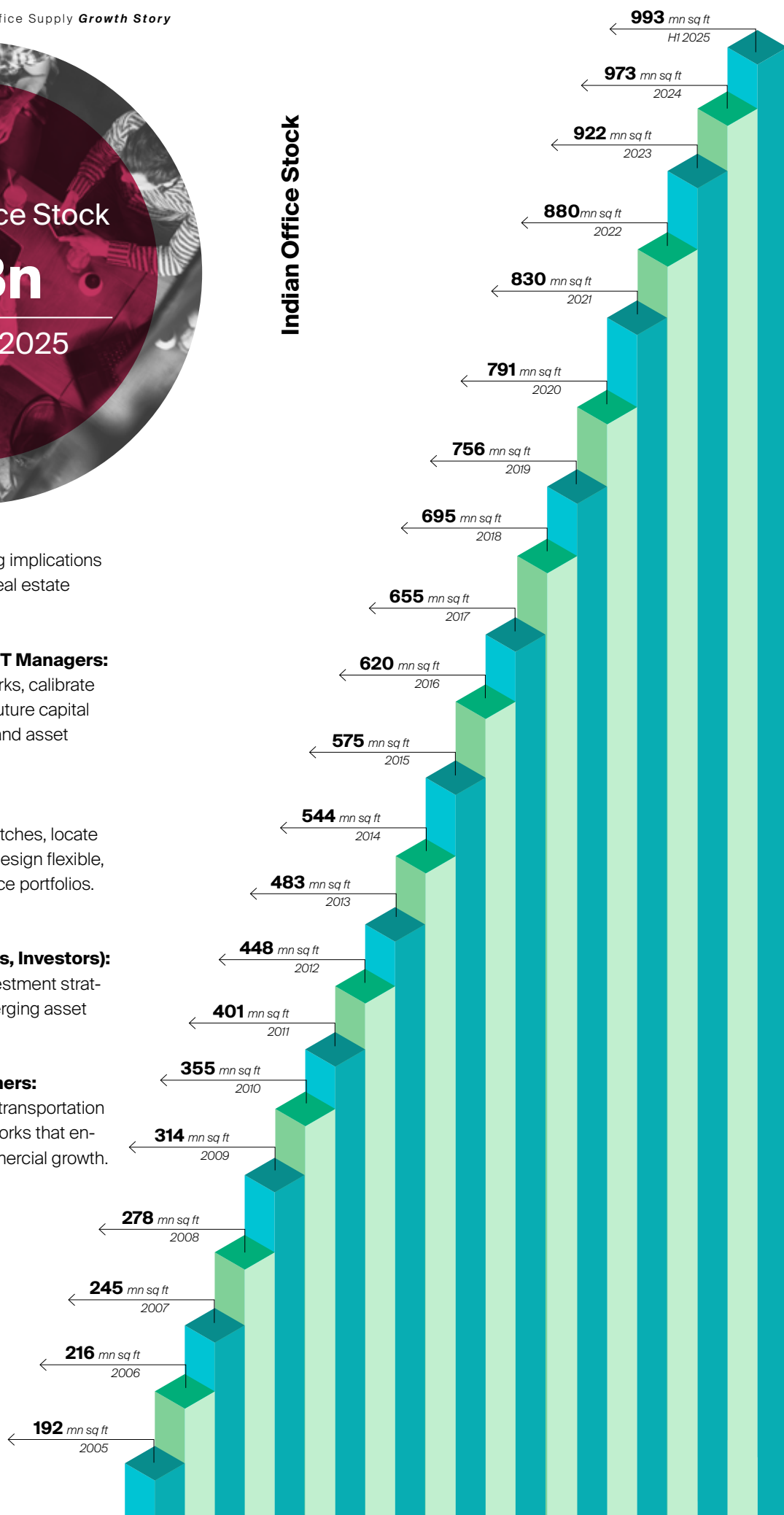
To identify supply-demand mismatches, locate high-growth micro-markets, and design flexible, ESG-aligned, and future-proof office portfolios.

BFSI Players (Lenders, Insurers, Investors):

To align credit, insurance, and investment strategies with market cycles and emerging asset trends.

Policymakers and Urban Planners:

To drive supportive infrastructure, transportation connectivity, and planning frameworks that enable balanced and inclusive commercial growth.



SECTION 2:



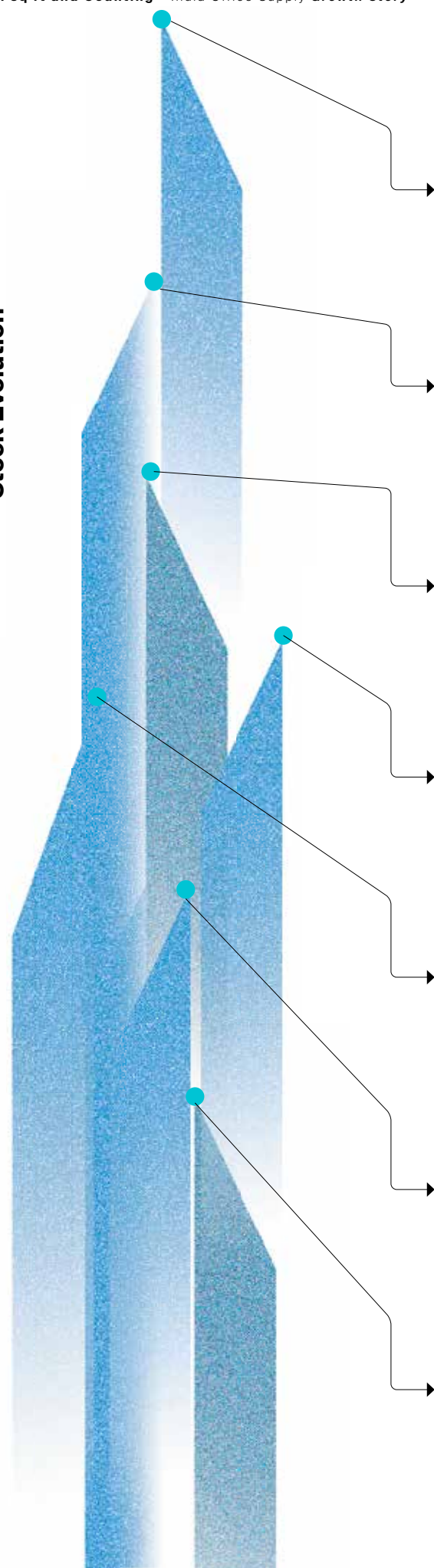
EVOLUTION OF INDIA'S OFFICE MARKET

India's office market evolution from 1990 to 2025 represents one of the most remarkable transformations in global commercial real estate. From its humble beginnings serving the early IT industry to becoming a sophisticated ecosystem supporting the world's largest concentration of Global Capability Centres, the market has demonstrated exceptional resilience, adaptability, and growth potential.

The journey through seven distinct phases, from the tech boom foundation through the current new normal era—reveals consistent themes of innovation, policy-driven transformation, and market resilience. Each major challenge, from the 2008 Great Recession to the COVID-19 pandemic, has ultimately strengthened the market's structural foundations and expanded its capability to serve diverse occupier needs.



Key Milestones in India's Office Stock Evolution



2024 - Present

Rise of GCCs and AI

Key Drivers - Rapid GCC expansion is accelerating demand for AI-integrated, tech-enabled workplaces. Flex space is becoming mainstream, ESG mandates are shaping asset choices, and design is increasingly centred on wellness, productivity, and innovation.

Stock Growth (mn sq ft) - 973 → 993 (+20)

Change (%) - 2%

2020-2023

COVID Era, Recovery and proliferation of flex space

Key Drivers - Pandemic-led disruption, hybrid work adoption, resilience of REITs, rise in enterprise adoption of flex and managed offices, technology integration

Stock Growth (mn sq ft) - 791 → 992(+131)

Change (%) - 17%

2015-2019

Policy Reforms Era

Key Drivers - Launch of REIT framework, India's first REIT (Embassy), implementation of RERA & GST, infra push, entry of coworking office players

Stock Growth (mn sq ft) - 575 → 756 (+181)

Change (%) - 31%

2010-2014

Recovery & Consolidation

Key Drivers - Demand recovery, infrastructure investments (metros, roads), growth of BFSI/consulting demand, entry of global funds

Stock Growth (mn sq ft) - 355 → 544 (+188)

Change (%) - 53%

2008-2010

Great Recession Impact

Key Drivers - Global financial crisis, demand contraction, rental corrections, consolidation of occupier footprints

Stock Growth (mn sq ft) - 278 → 355 (+77)

Change (%) - 28%

2000-2008

IT/ITES Expansion Era

Key Drivers - Offshoring boom, rise of IT/ITES occupiers, large integrated campuses, suburban corridor expansion (e.g., Whitefield, Hinjewadi, Cyberabad)

Stock Growth (mn sq ft) - 192 → 278 (+86)

Change (%) - 45%

1990-2000

Tech Boom Foundation

Key Drivers - Economic liberalization, early IT services growth, emergence of tech parks, limited supply mainly in CBDs, rise of Indian software exports

Stock Growth (mn sq ft) - Grew to → 192

Change (%) - NA

The journey towards achieving a 1 bn sq ft office market milestone has been significantly influenced by a series of policy reforms and infrastructure-led interventions. While the SEZ policy served as an early catalyst for concentrated commercial development, the sustained growth and diversification of office stock have been driven by regulatory enhancements, institutional frameworks, and strategic connectivity initiatives. Collectively, these measures have enabled the development of high-quality, large-scale office assets, facilitated the emergence of new business districts, attracted long-term capital flows, and strengthened the overall resilience of India's commercial real estate sector.

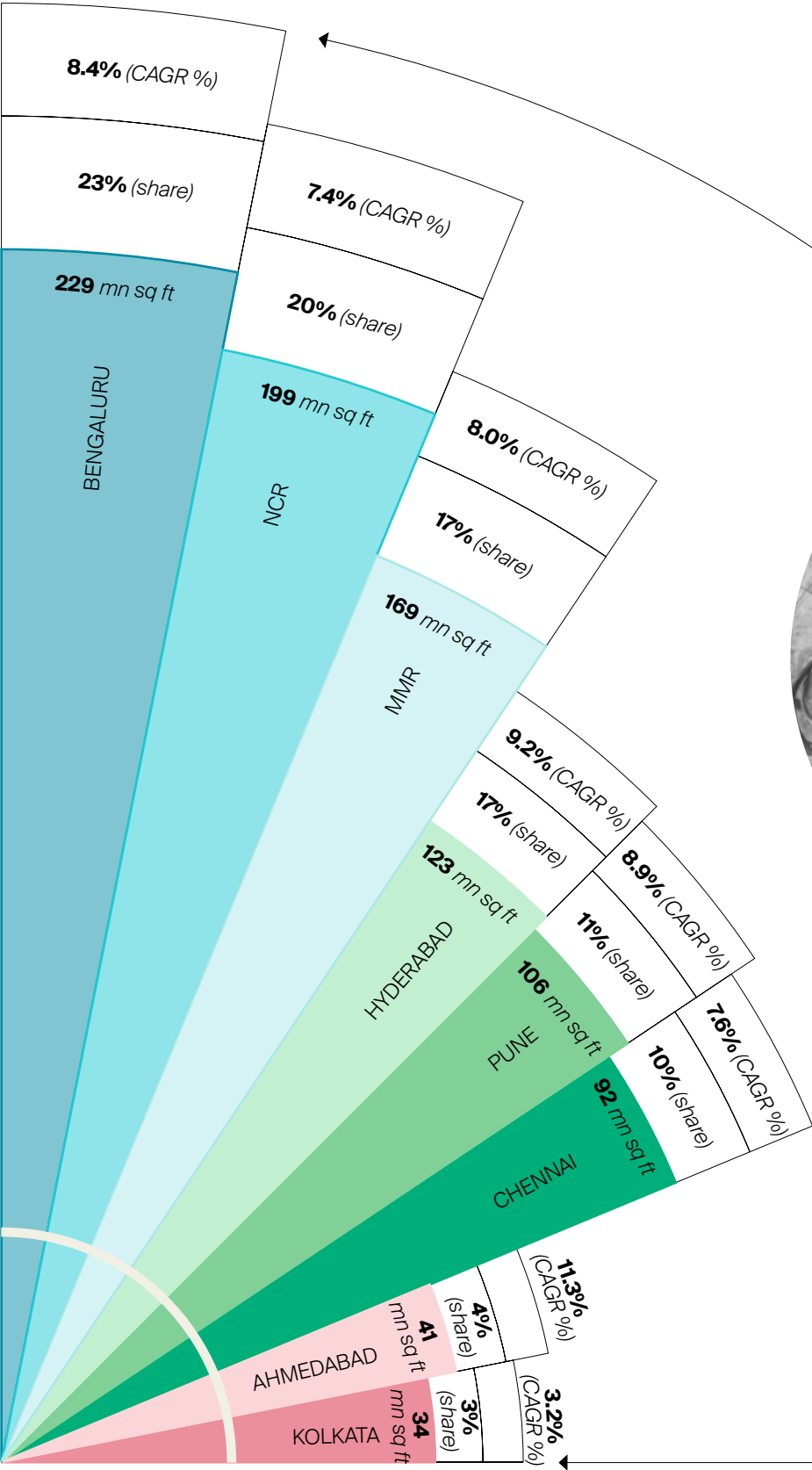
Policies & Infra Push Shaping India’s Office Market



Source: Knight Frank Research

India's office stock has grown at a CAGR of 8.6% over CY2005–2025. Bengaluru, NCR, and MMR have led this expansion, collectively accounting for 60% of the total stock. Close behind, Hyderabad, Pune, and Chennai contribute another 33%, while Ahmedabad and Kolkata make up the remaining 7% of India's office stock.

Key Office Hubs



Source: Knight Frank Research

Key Office Hubs

Market	Stock* (mn sq ft)	% Share	CAGR# (%)	Key Drivers
Bengaluru	229	23%	8.4%	Dominated by IT/ITES and technology firms, Bengaluru remains India's "Silicon Valley." It continues to attract significant investments due to its robust tech ecosystem, vast talent pool, and the presence of numerous Global Capability Centres (GCCs). Strong government support and relatively affordable costs further fuel demand for office space.
NCR	199	20%	7.4%	Serving as India's startup capital, NCR is home to a diverse mix of sectors including tech, BFSI, consulting, and government agencies. Its strategic location near administrative centres, access to a vast consumer base, and rapid infrastructure development have made it a gateway for both domestic and international firms.
MMR	169	17%	8.0%	As India's financial capital, MMR anchors the BFSI (Banking, Financial Services & Insurance) sector, housing the headquarters of major banks, financial institutions, and regulatory bodies like the RBI and SEBI. It is also a hub for media, entertainment, and multinational corporations, supporting steady demand for office space.
Hyderabad	123	12%	9.2%	Benefiting from the IT/ITES boom, Hyderabad is home to numerous large technology parks and global tech firms. World-class infrastructure, favourable state policies, and a growing ecosystem for pharmaceuticals and life sciences has further boosted creation of office stock.
Pune	106	11%	8.9%	Known as both an IT and manufacturing hub, Pune's growth is driven by tech giants, startups, and firms in the automotive and engineering sectors. The city is favoured for its quality talent from local educational institutions and significantly lower costs compared to Mumbai.
Chennai	92	10%	7.6%	Chennai's focus on technology and manufacturing continues to drive office real estate growth. In addition to IT/ITES, it is a major hub for automotive and electronics manufacturing.
Ahmedabad	41	4%	11.3%	Ahmedabad's growth in its office stock is anchored by its robust manufacturing base, particularly in pharmaceuticals, chemicals, textiles, and engineering. This industrial strength has driven demand from corporate offices, R&D centres, and associated business services. Complementing this, the GIFT City initiative, India's first International Financial Services Centre (IFSC) is emerging as a major financial and professional services hub, attracting banks, fintechs, and global institutions.
Kolkata	34	3%	3.2%	Though it has the lowest share, Kolkata is witnessing gradual office absorption driven by IT, BFSI, and regional headquarters. Improved infrastructure and growing interest from national companies are strengthening its office market fundamentals.
India	993		8.6%	

Source: Knight Frank Research

*As of H1 2025

CAGR for Bengaluru, NCR, MMR, Hyderabad, Chennai and Pune is over for a 20-year time frame whereas for Kolkata and Ahmedabad is it over a 11 year and 9-year timeframe.

ITPB – Pioneering the Evolution of Formal Business Parks in India

In the early 1990s, India was still in the infancy of its liberalization era. Office spaces were largely unorganized, fragmented, and largely limited to urban central business districts (CBDs) or converted residential/factory premises. Amid this backdrop, Ascendas, a Singapore-based business park developer, made a bold move that reshaped India's commercial real estate landscape.

In 1994, Ascendas partnered with the Karnataka government to develop International Tech Park Bangalore (ITPB) in Whitefield, making it India's first large-format, master-planned IT office park. ITPB didn't just offer office space; it introduced:

- Integrated campus-style infrastructure with built-to-spec, plug-and-play tech blocks.
- Amenities like food courts, event spaces, parking, and later retail and hospitality, a rarity in India at the time.
- Secured environments, centralized facilities management, and sustainable design principles.
- Seamless leasing solutions with rigorous standards of service and building quality.

This holistic model was inspired by Ascendas' experience across Southeast Asia and mirrored successful business parks in Singapore, China, and Malaysia.

The result? Global tech companies like IBM, Dell, Oracle, and SAP saw India as a long-term destination—not just for cost arbitrage, but to set up Global Capability Centres (GCCs), triggering a wave of formal office development. Following the success of ITPB in Bengaluru, Ascendas expanded to metros like Chennai (CyberVale, ITPC), Pune (ICC Tech Park), Hyderabad (V Park), NCR, and Kolkata. Beyond IT, it ventured into R&D parks, logistics hubs, and mixed-use districts, strategically located near airports, highways, and metro lines, catalyzing new commercial zones like Whitefield (Bengaluru), Taramani (Chennai), and Kharadi (Pune).

Conclusion: A Blueprint for India's Modern Office Market:

Ascendas helped formalize India's office ecosystem, driving decentralization from CBDs to peripheral parks. It influenced policies on SEZs, triggered large-scale infra development (metros, roads, hotels, housing), and inspired Indian players like Infosys and TCS to replicate the model.

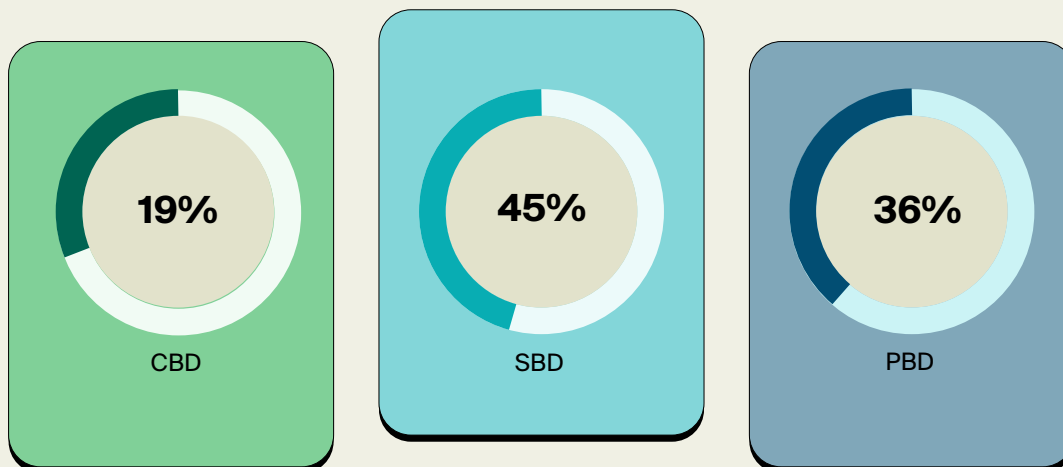
SECTION 3:



DECODING INDIA'S 1 BILLION SQ FT OFFICE MILESTONE

Zone-wise Distribution of Office Stock

Commercial properties are often divided into various districts. The average rental or capital value of properties in these districts is based on this categorization and business houses and individuals use them to decide the area to set up offices. Central Business Districts (CBDs), situated at the heart of a city, are historically the most premium office locations, supported by robust infrastructure and connectivity. Suburban Business Districts (SBDs), located in suburban areas, offer a blend of accessibility, modern office spaces, and lower operational costs, while Peripheral Business Districts (PBDs) cater to emerging office clusters in city outskirts, often linked with industrial and IT-led developments.



Understanding the spatial distribution of office stock across business districts offers valuable insight into evolving occupier preferences, infrastructure maturity, and cost considerations in each city. As of the latest data, the National Capital Region (NCR) leads with the highest proportion of office stock in CBDs at 44%, underscoring its legacy as a core commercial hub. Meanwhile, cities like Hyderabad (47%) and Mumbai Metropolitan Region (MMR) (58%) have witnessed a pronounced shift toward SBDs, where occupiers benefit from modern infrastructure, better scalability, and competitive rents.

On the other hand, PBDs dominate in markets such as Kolkata (71%), Bengaluru (52%) and Pune (51%), reflecting a growth trajectory driven by new-age office corridors and greenfield developments. This structural transition from dense, high-cost CBDs to more flexible and efficient SBDs and PBDs signals a clear occupier tilt toward contemporary, tech-integrated work environments that support expansion and hybrid work models. Each city displays a unique spatial pattern:

Ahmedabad concentrates 58% of its stock in SBDs such as SG Highway and Thaltej, while GIFT City anchors its PBD.

Bengaluru reflects a concentration in PBD, with Whitefield and Electronic City emerging as strong peripheral nodes.

Hyderabad has transitioned from CBDs like Banjara Hills to SBDs and PBDs in HITEC City, Gachibowli, and beyond

Kolkata shows a heavy peripheral orientation, with Salt Lake and Rajarhat leading.

MMR's commercial heart has shifted from Nariman Point to BKC and Andheri, with Thane and Navi Mumbai playing a strong peripheral role.

NCR presents a rare balance across all three districts, with robust CBD presence in Connaught Place and Gurugram's DLF Cyber City, but growing traction in Noida-Greater Noida SBD and PBD zones.

Pune is gradually migrating outward with major PBD activity in Kharadi and Hinjewadi.

Recognizing these patterns is imperative for occupiers, investors, and policymakers alike, as the commercial real estate ecosystem continues to evolve in tandem with urban expansion, infrastructure upgrades, and changing workforce preferences.





Market	CBD		SBD		PBD	
Ahmedabad		22%		58%		20%
Bengaluru		9%		39%		52%
Chennai		18%		49%		33%
Hyderabad		11%		47%		41%
Kolkata		20%		8%		71%
MMR		15%		58%		27%
NCR		44%		41%		15%
Pune		11%		38%		51%
Grand Total		19%		45%		36%

Source: Knight Frank Research

Business District Classification

Ahmedabad	CBD	Ashram Road, Ellisbridge, Paldi
	SBD	Bodakdev, Keshav Baug, Prahladnagar, Satellite, SG Highway, Thaltej
	PBD	Gandhinagar, GIFT City
Bengaluru	CBD	MG Road, Residency Road, Cunningham Road, Lavelle Road, Richmond Road, Infantry Road
	SBD	Indiranagar, Koramangala, Airport Road, Old Madras Road, Hebbal ORR, Marathahalli ORR, Sarjapur Road ORR
	PBD	Whitefield, Electronic City, Bannerghatta Road, Thanisandra, Yelahanka, Devanahalli, Vijaynagar, Tumkur Road, Mysore Road
Chennai	CBD	Anna Salai, RK Salai, Nungambakkam, Greaves Road, Egmore, T Nagar
	SBD	Mount Poonamallee Road, Porur, Guindy, Nandambakkam, Perungudi, Taramani
	PBD	OMR beyond Perungudi Toll Plaza, GST Road, Ambattur
Hyderabad	CBD	Banjara Hills, Jubilee Hills, Begumpet, Ameerpet, Somajiguda, Himayat Nagar, Raj Bhavan Road, Punjagutta
	SBD	HITEC City, Kondapur, Manikonda, Kukatpally, Raidurg
	PBD	Gachibowli, Kokapet, Madinaguda, Nanakramguda, Serilingampally, Uppal, Pocharam
Kolkata	CBD	Park Street, Camac Street, Theatre Road, AJC Bose Road, Elgin Road, Rabindra Sadan, Esplanade, Lenin Sarani, S N Banerjee Road, Central Avenue, Dalhousie Square, Mangoe Lane, Brabourne Road, Chandni Chowk, Rawdon Street, Loudon Street, Lee Road, Lord Sinha Road, Hastings, Hare Street, Kiran Shankar Ray Road, Upper Wood Street, Hungerford Street, Circus Avenue, Syed Amir Ali Avenue, Chowringhee
	SBD	Topsia, JBS Haldane Avenue, EM Bypass-Park Circus Connector, EM Bypass-Rashbehari Connector, Anandapur Main Road, Rajdanga, South Ballygunge, Ashutosh Mukherjee Road, Gariahat, Hazra, Chetla, Jessore Road, Nagerbazar
	PBD	Salt Lake Sector V, Rajarhat New Town, BT Road, Bantala
MMR	CBD	Nariman Point, Cuffe Parade, Ballard Estate, Fort, Mahalaxmi, Worli, Parel, Lower Parel, Dadar, Prabhadevi
	SBD	BKC, Bandra (E), Kalina and Kalanagar, Kurla, Ghatkopar, Vikhroli, Kanjurmarg, Powai, Bhandup, Chembur, Andheri, Jogeshwari, Goregoan, Malad
	PBD	Thane, Airoli, Vashi, Ghansoli, Rabale, Belapur

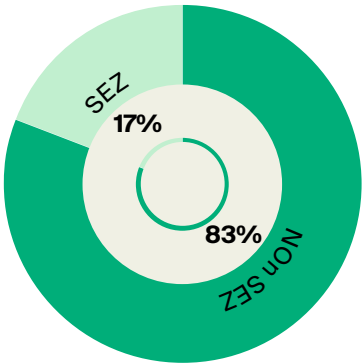
NCR	CBD	Delhi: Connaught Place, Barakhamba Road, Kasturba Gandhi Marg, Minto Road, ITO, Bahadur Shah Zafar Marg, Pusa Road, Jhandewalan; Gurugram: DLF Cyber City, DLF Qutub Enclave, MG Road, NH-8, Golf Course Road, Sector 16, Sector 18, Sector 27, 29 Noida: Sectors 1-10, 16, 16A, 16B, 18, 62, 63, 64, 65, 104, 105, 125, 126, 127, 128, 135
	SBD	Delhi: Nehru Place, Saket, Malviya Nagar, Shivaji Marg, Sukhdev Vihar, Jasola, Bhikaji Cama Place, Mohan Cooperative Area, Okhla (all phases), Aerocity, Iswar Nagar, Punjabi Bagh; Gurugram: Golf Course Extension Road, Udyog Vihar (all phases), Gwal Pahari, Southern Peripheral Road, Sohna Road, Sectors: 21, 22, 30, 32, 33, 39, 44, 45 Noida: Sectors 43, 48, 58, 59, 60, 142, 143, Sectors 148A, 153, 159, Noida-Greater Noida Expressway (till Pari Chowk), Film City
	PBD	Gurugram: Manesar, Beyond Hero Honda Chowk Noida: Sector Alpha, Sector Beta, Sector Gamma, Knowledge Park 3, Tech Zone, Noida-Greater Noida Expressway (beyond Pari Chowk)
Pune	CBD	Bund Garden Road, S B Road, Camp, Deccan, University Road, Shankar Sheth Road
	SBD	Kalyani Nagar, Yerwada, Nagar Road, Hadapsar, Wakdewadi, Aundh, Baner, Kothrud, Balewadi, Pimpri, Chinchwad, Khadki, Moshi and Bhosari
	PBD	Kharadi, Phursungi, Hinjewadi, Bavdhan, Wakad

Source: Knight Frank Research

Market Level Zone-wise Rentals (INR/sq ft)

	Ahmedabad	Bengaluru	Chennai	Hyderabad	Kolkata	MMR	NCR- Delhi	NCR- Gurugram	NCR- Noida	Pune
CBD	40-51	130-220	70-95	55-65	70-105	190-277	220-390	120-192	80-110	82-143
SBD	47-55	100-180	75-105	70-95	55-95	98-427	90-230	85-140	50--65	64-128
PBD	55-60	60-95	38-70	30-65	27-65	54-99	NA	40-45	30-35	48-110

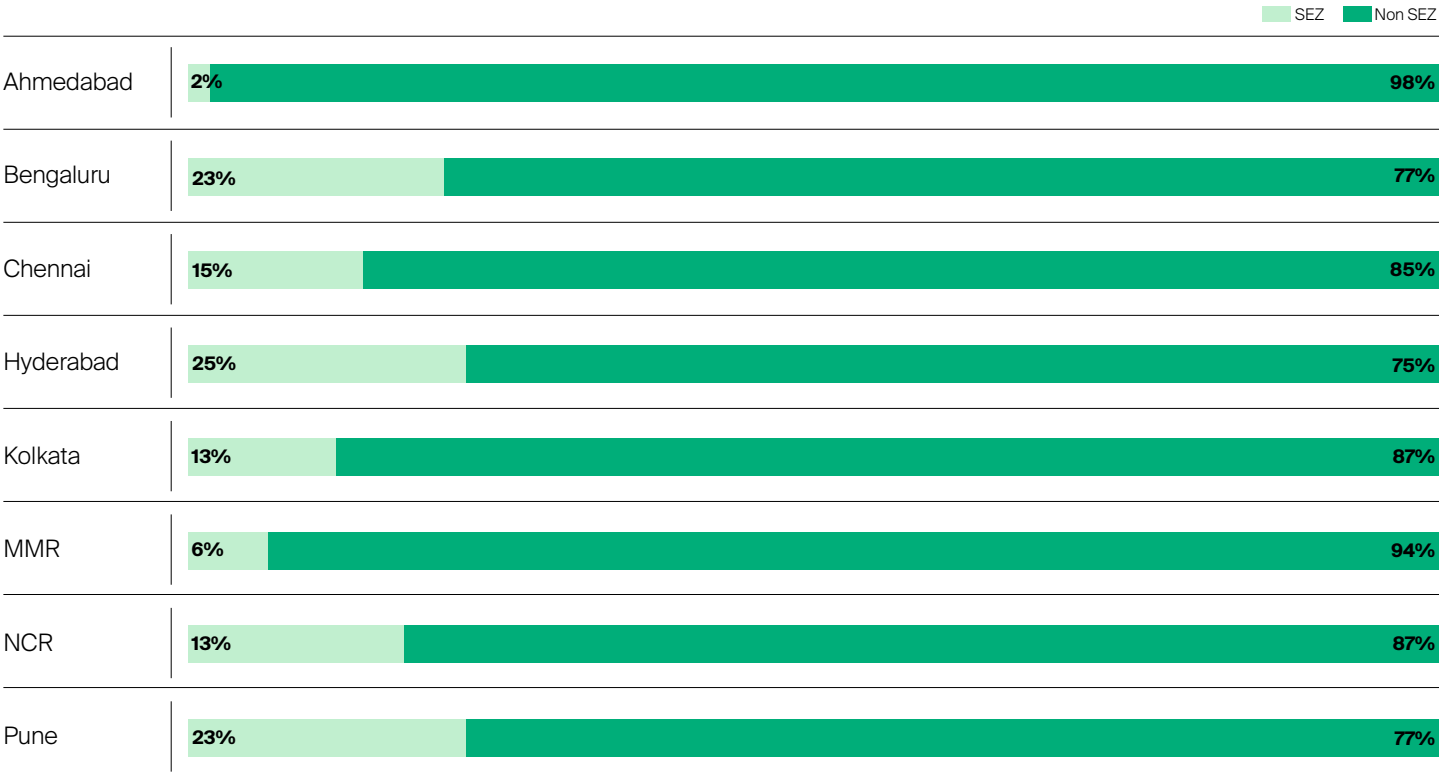
Source: Knight Frank Research



SEZ vs Non-SEZ Office Stock in India

As of current estimates, only 17% of India's total office stock is located within Special Economic Zones (SEZs), with the remaining 83% falling under non-SEZ areas. Cities like Ahmedabad, MMR, and NCR have a minimal SEZ presence, while Bengaluru, Pune, and Hyderabad account for the bulk of SEZ-driven stock. However, with the formal denotification of many SEZs following policy shifts and the sunset of tax benefits, this share is expected to decline further. Going forward, most new supply is likely to be non-SEZ, reflecting occupier preference for flexibility, urban integration, and compliance ease outside the SEZ framework.

Distribution of SEZ and Non-SEZ Office Stock



Source: Knight Frank Research

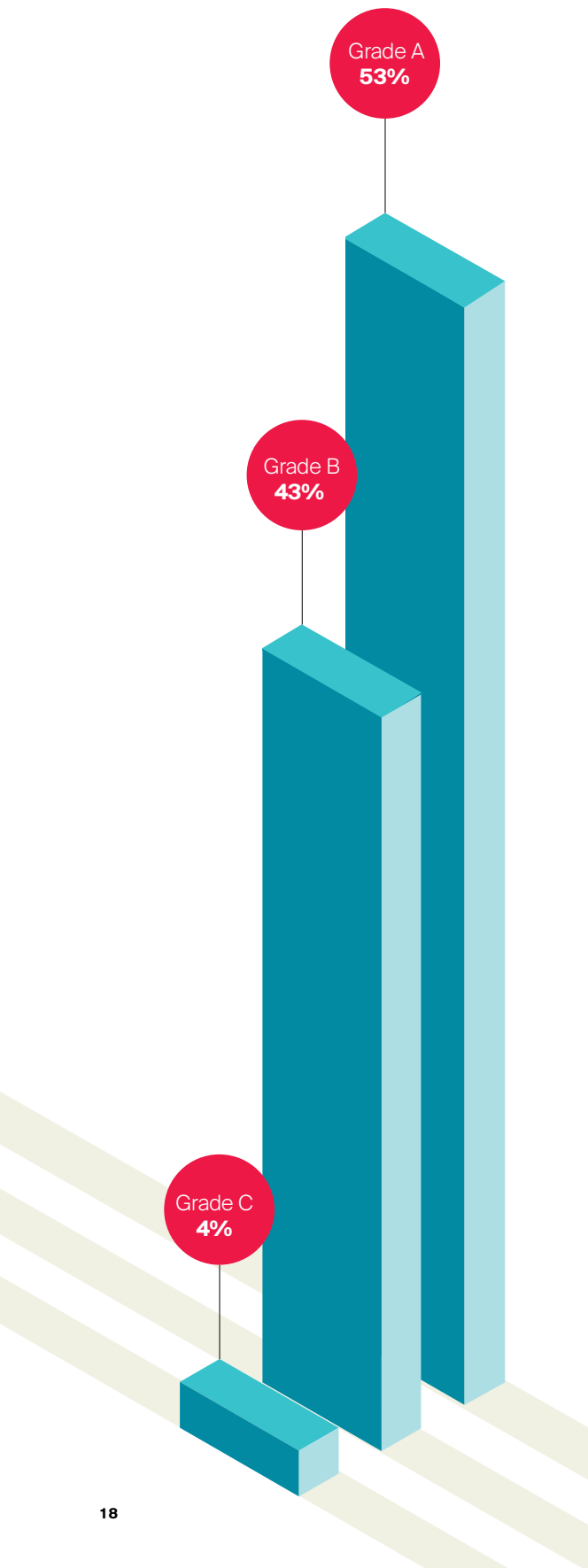
Grade-wise Composition of Office Buildings Across Key Indian Cities

The Indian office real estate landscape reveals a diverse grade mix across major urban centres, with Grade A stock comprising 53% of the total supply on average. This is followed by Grade B at 43%, while Grade C accounts for just 4%, indicating a generally high standard of commercial space in leading cities.

Bengaluru (70%), Hyderabad (68%), and Chennai (64%) top the chart in terms of Grade A share, reflecting their modern, IT-led development patterns and strong demand for premium office spaces. In contrast, Ahmedabad exhibits a predominantly Grade B profile (75%) with only 19% in Grade A, suggesting a more mid-market orientation or slower transition to institutional-grade assets.

Mumbai Metropolitan Region (MMR) and the National Capital Region (NCR) show a relatively balanced distribution between Grade A and B buildings 40% and 43% in Grade A, respectively. As legacy office markets, both MMR and NCR naturally have a higher share of older Grade B assets, reflective of earlier development cycles and slower grade conversion in certain micro-markets.

Meanwhile, Kolkata stands out for having the highest share of Grade C buildings (11%), pointing to a need for asset upgrades in some parts of the city. The dominance of Grade A stock in newer business hubs and the presence of aging stock in older markets underline the importance of asset repositioning and redevelopment as key themes shaping the next phase of India's office sector evolution.



Distribution of Grade A, Grade B and Grade C office Stock

	A	B	C
Ahmedabad	19%	75%	6%
Bengaluru	70%	25%	5%
Chennai	64%	33%	3%
Hyderabad	68%	30%	1%
Kolkata	53%	37%	11%
MMR	40%	51%	10%
NCR	43%	55%	2%
Pune	50%	49%	1%
Total	53%	43%	4%

Source: Knight Frank Research



SECTION 4:



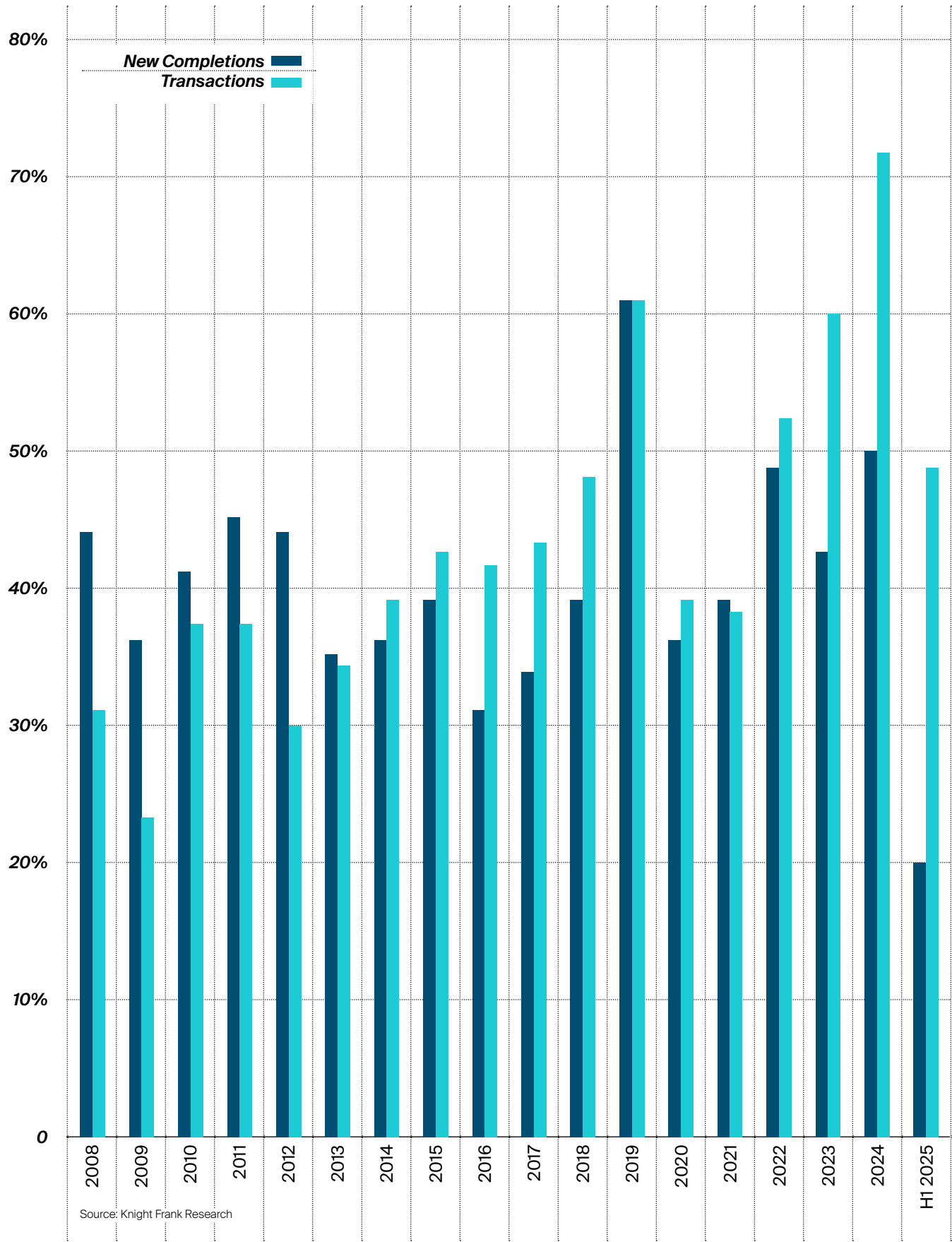
INDIAN OFFICE MARKETS: DEMAND AND SUPPLY AND OTHER KEY METRICS

India Office Stock: Demand-Led Evolution

The evolution of India's office stock is fundamentally anchored in its strong demand dynamics. From 2008 to 2024, the market has witnessed steady and resilient occupier activity, with gross leasing growing at a compound annual growth rate (CAGR) of 5%. In contrast, new completions have been sporadic, expanding at a modest 1% CAGR over the same period. This demand-supply imbalance is further evident in the post-pandemic phase, where annual absorption has consistently outpaced new supply, tightening vacancy levels and reaffirming occupier confidence. Notably, gross leasing crossed 70 mn sq ft in 2024 and has already touched 49 mn sq ft in just H1 2025, underscoring the market's structural strength despite global macro uncertainties.



Trend in Office Completions and Absorption (mn sq ft)



Occupier Landscape: Understanding Who Drives Office Demand

India's commercial office real estate market has evolved in tandem with the changing profile of its occupiers. Over the years, space absorption has been shaped by a wide spectrum of industries, from traditional sectors like IT/ITeS, manufacturing, and BFSI to newer, high-growth verticals within the Other Services Segment (OSS), such as e-commerce, consulting, and healthcare. However, to truly understand the nature and longevity of office demand, it is imperative to go beyond industry classifications and examine the end-use orientation of occupiers. The purpose for which space is consumed, whether serving domestic markets or offshore clients, offers deeper insights into occupier strategies, portfolio stickiness, and future growth potential. The office market in India is largely shaped by four dominant end-use categories:



India Facing Businesses

These occupiers continue to dominate, accounting for a steady 35–40% share of total absorption. Their share rose from 20 mn sq ft in 2022 to 26 mn sq ft in 2024, driven by sectors like BFSI, consulting, e-commerce, and domestic conglomerates expanding operations across metros.

Definition:

Occupiers primarily serving domestic customers across sectors such as retail banking, consulting, e-commerce, telecom, and manufacturing.

Real Estate Implication:

Their space take-up is closely linked to India's macroeconomic growth and consumption-led expansion.



Global Capability Centres (GCCs)

The GCC segment has grown consistently, reflecting India's rising importance as a strategic offshore hub for global corporations. From 13 mn sq ft in 2022, absorption increased to 23 mn sq ft in 2024, with strong momentum sustained into H1 2025 (19 mn sq ft).

Definition:

Fully owned offshore delivery centres of multinational corporations providing centralized services, ranging from tech and finance to legal and R&D.

Real Estate Implication:

GCCs represent long-term, strategic real estate commitments and are driving demand for high-quality, future-ready office spaces.



Third-Party IT Services

Though this segment was relatively subdued post-pandemic, demand rebounded in H1 2025 (11 mn sq ft), showing early signs of recovery in the outsourcing industry.

Definition:

These occupiers offer outsourced technology services to multiple offshore clients, typically in software development, application management, and BPO.

Real Estate Implication:

Their space needs are driven by global demand cycles and cost arbitrage. Uptake often reflects confidence in global tech demand and offshore outsourcing viability.



Flexible Workspace Operators

Flex operators have gained prominence with an increasing preference for managed solutions. From 10 mn sq ft in 2022, their share climbed to 16 mn sq ft in 2024. Sustained uptake in H1 2025 (10 mn sq ft) signals a structural shift in workplace strategies.

Definition:

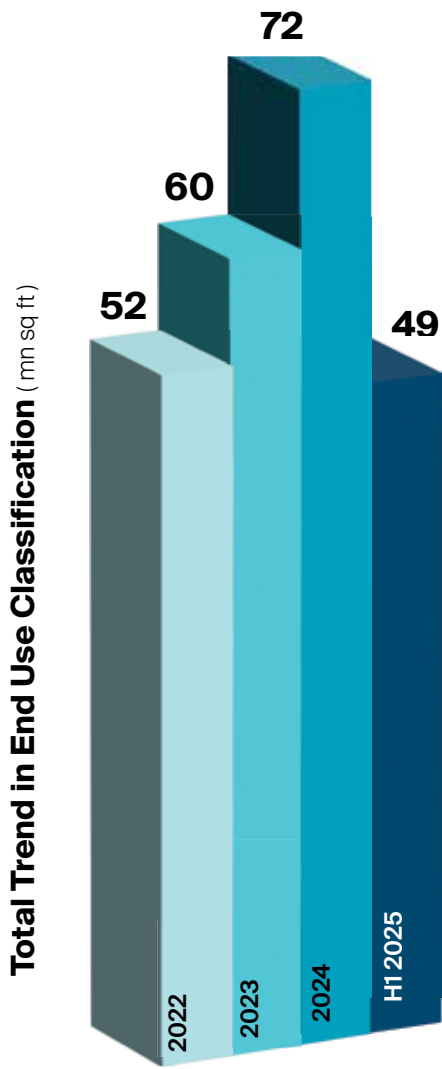
Flex space includes two key formats: co-working and managed offices.

Co-working: Multi-tenant environments offering comprehensive office solutions with flexibility in tenure, services, and scalability, typically without a single anchor tenant.

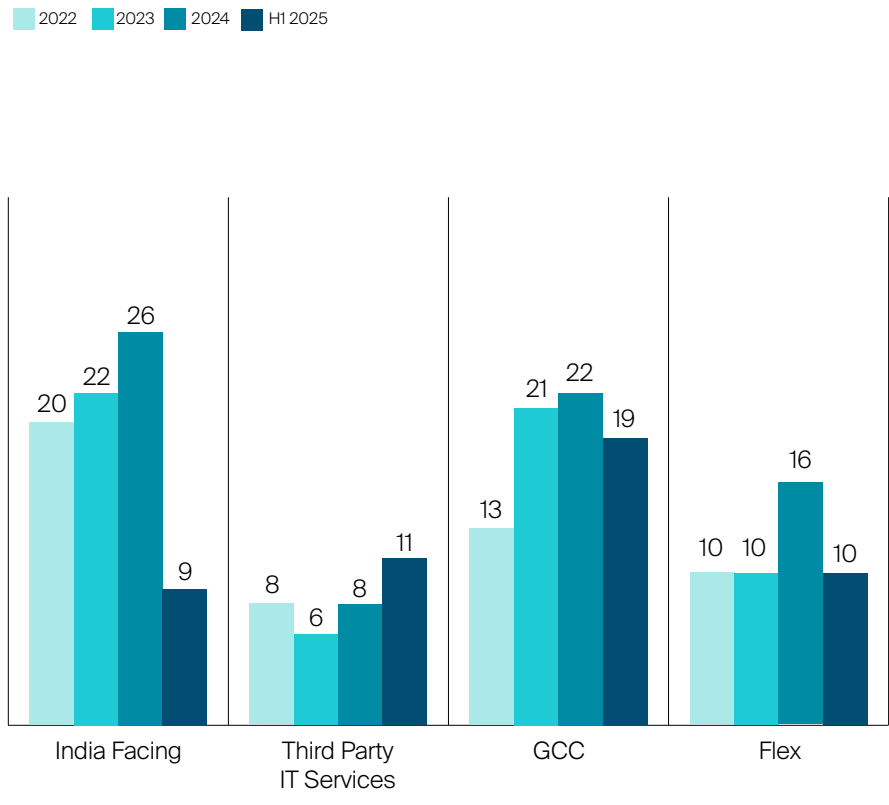
Managed Offices: Tailored and operated for a single large tenant or a dominant anchor, offering custom-built workspace solutions while retaining the flexibility of outsourced operations.

Real Estate Implication:

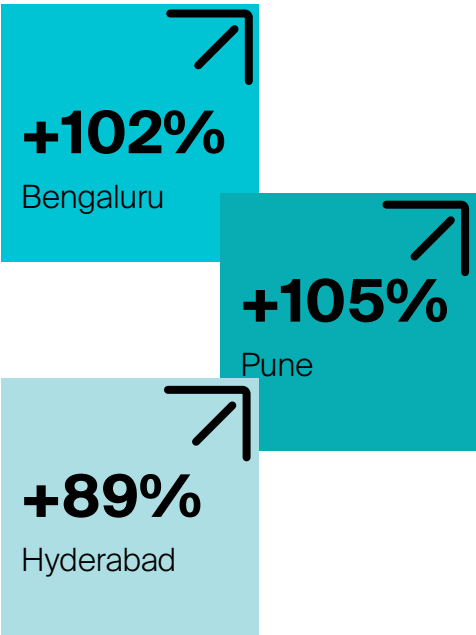
Together, these models are reshaping occupier expectations and contributing significantly to annual office absorption, especially among startups, SMEs, and large corporates seeking agility.



Trend in End Use Classification (mn sq ft)



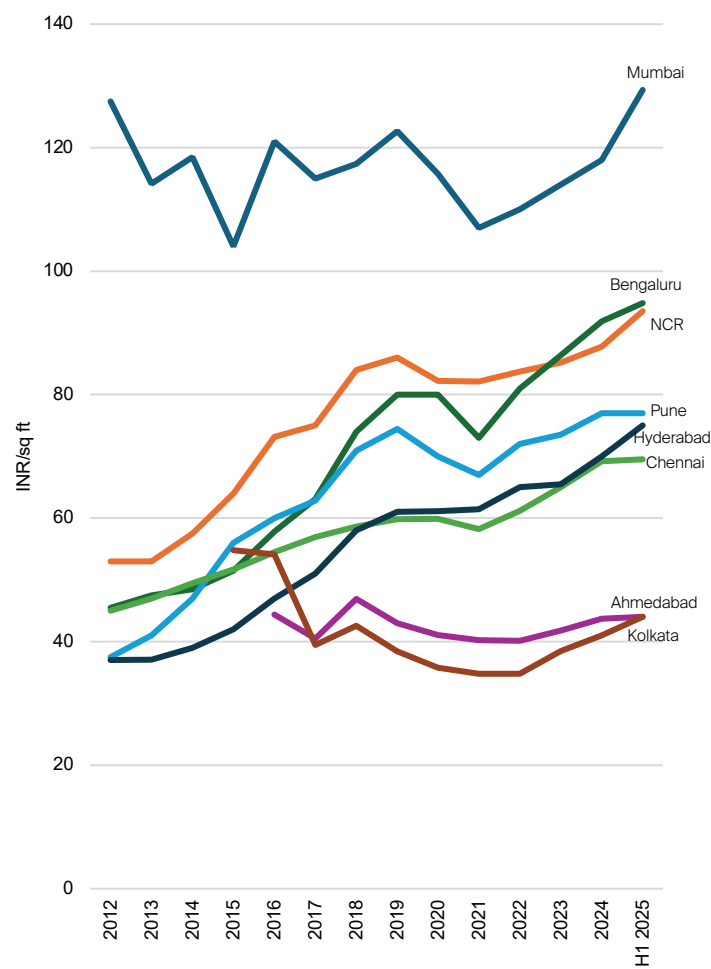
Source: Knight Frank Research



**Office Market Health:
Rental Growth and Vacancy Trends**

The office sector has showcased a strong post-pandemic rebound, marked by rising rentals and stabilising vacancy levels across key cities. Rentals have grown steadily across most markets between 2012 and H1 2025, with Bengaluru (+102%), Pune (+105%), and Hyderabad (+89%) recording the highest rental appreciation, driven by consistent demand from tech and GCC occupiers. Vacancy levels, after peaking during the pandemic (2020–21), have moderated across key markets. Bengaluru continues to be the tightest market with ~11% vacancy, while Chennai and NCR have seen a supply squeeze coupled with increased absorption with vacancy rates dropping below 10%. Mumbai and NCR, while witnessing slower rental growth, reflect steady absorption trends, supported by BFSI and consulting sector activity. Hyderabad offers a notable example of resilience, with rentals climbing from INR 37/sq ft in 2012 to INR 75/sq ft in H1 2025, despite some recent increase in vacancy due to large supply additions.

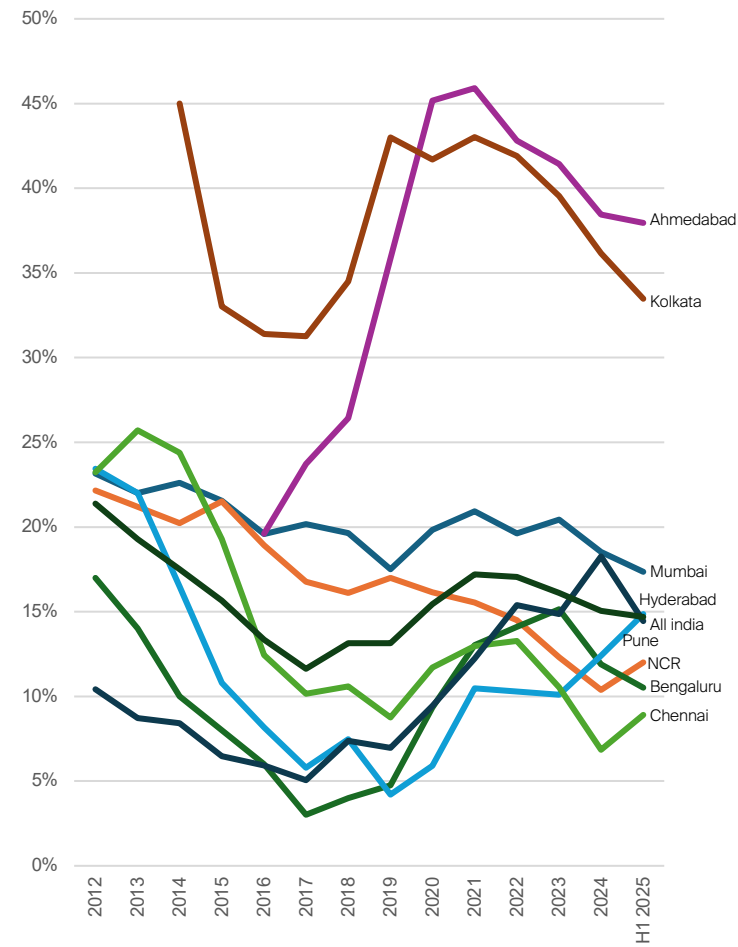
Trend in Rentals



Source: Knight Frank Research



Trend in Vacancy



Source: Knight Frank Research

SECTION 5:



THE OFFICE MARKETS AS AN INVESTMENT CLASS

Interest garnered from Private Equity Players

India's office real estate sector has long served as a cornerstone of private equity (PE) investment. However, its trajectory over the past decade and a half has been far from linear. While 2018 marked the sector's historical high point in terms of capital inflow and transaction volume, recent years have witnessed a pronounced recalibration, shaped by structural, cyclical, and macroeconomic headwinds. From a peak of USD 4.2 bn in 2018, annual investments in the segment have contracted with a notable decline in deal count signalling both investor caution and a strategic pivot toward alternative real estate asset classes.



Early-phase exposure; global funds explore Indian office parks, betting on economic growth and favourable demographics.

399 5 2011

Limited deal flow amid macro uncertainty; investors begin identifying large IT office clusters for long-term plays.

393 4 2011

First wave of platform buys; global PE funds target yield-rich IT parks as confidence in India's long-term office demand grows.

934 7 2012

Anticipation builds around REITs; early aggregation of rent-yielding assets for future listings.

893 5 2013

Weak rupee attracts foreign capital; REIT regulations announced, catalysing strong inflows.

1326 10 2015

Market matures; strategic bets on SEZs and business parks accelerate ahead of eventual REIT launch.

1392 6 2016

Global majors (Blackstone, Brookfield) deepen platforms; clarity on REIT norms and exit potential lifts investor confidence.

2612 14 2017

2018

4201 21

Peak year. Mega portfolio deals (e.g., Blackstone, Brookfield); Embassy & Mindspace REIT pipelines in final stages; easy global liquidity drives large cheques.

H1 2025 3 706

Capital highly selective; focus only on high-pre-leased Grade A towers; large development-stage bets avoided amid yield pressure and leasing drag.

2024 9 1848

Continued pullback; no new REITs; bolt-on acquisitions dominate; macro headwinds and high capital costs mute momentum.

2023 5 1763

Hybrid work dents absorption: warehousing, data centres, and life sciences offer better risk-adjusted returns; office loses shine.

2022 12 2494

Interest rates rise; yields expand, compressing valuations; investors prefer stabilized assets, avoid development-stage risk.

2021 14 2882

Recovery led by core, income-producing parks; REITs acquire completed assets; cautious optimism, but structural uncertainty persists.

2020 7 2509

COVID shock. New leasing freezes: diligence delayed due to lockdowns; rent collection holds, but pipeline weakens.

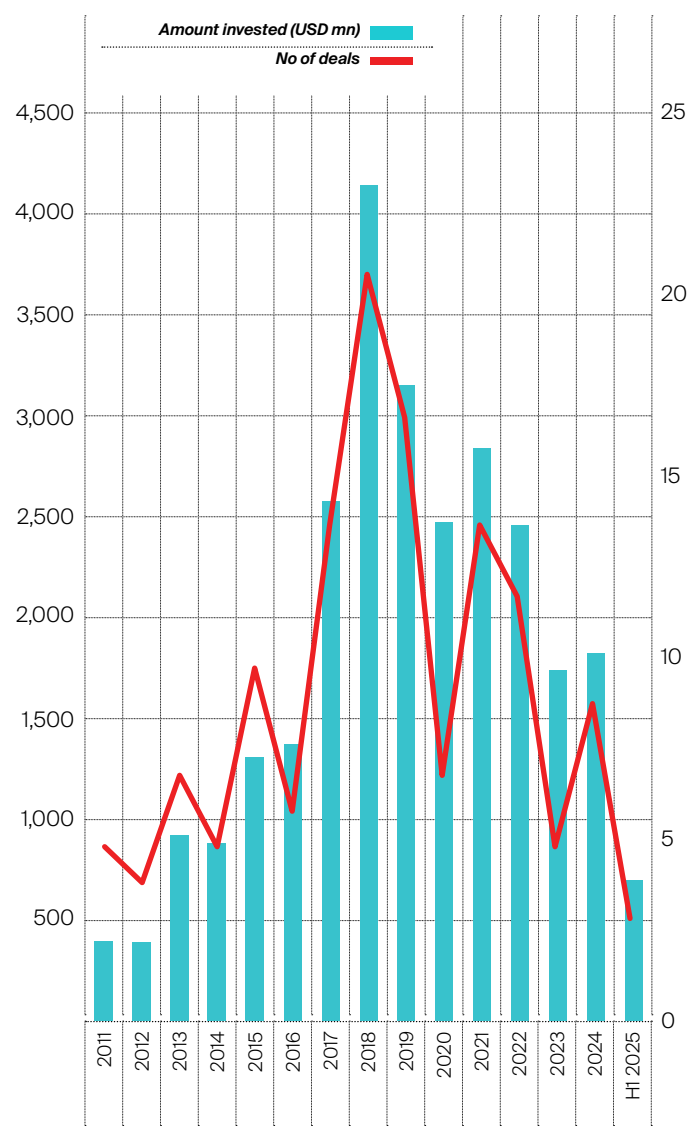
2019 17 3198

REIT listing prep leads to cautious capital rotation; some investors take partial exits while others await market response.

Investment Volume (USD mn) No. of Deals

Source: Knight Frank Research, Venture Intelligence.

Trends of Private Equity Investment in Offices



Source: Knight Frank Research, Venture Intelligence.



REITs: Reshaping Real Estate Investments in India

India's REIT journey commenced with SEBI's draft regulations in 2007 and culminated in the formal adoption of the REIT Regulations in September 2014. The first REIT to list was Embassy Office Parks in April 2019, followed by Mindspace Business Parks in August 2020, and Brookfield India REIT in early 2021. Their emergence marked a critical turning point transforming commercial real estate into a liquid, transparent, and yield-generating asset class. India's office REITs cover only ~10% of the total available office space across major cities, highlighting significant room for expansion.

REIT Portfolios by REIT & City (Operational Area in mn sq ft) as of March 2025

REIT	Bengaluru	Chennai	Hyderabad	Kolkata	MMR	NCR	Pune	Total
Embassy Office Parks REIT	25.8	1.4	—		2.1	4.7	6.4	40.4
Mindspace Business Parks REIT	—	1.1	16.1	—	14.5	—	5.5	37.2
Brookfield India REIT	—	—	—	3.2	4.4	16.7	—	24.3
Total (All REITs)	25.8	2.5	16.1	3.2	21	21.4	11.9	101.9

Source: Knight Frank Research

REIT Listing Dates, Market Performance & Yields

REIT	Date of Listing	CMP*	Issue Price	CAGR Return	Dividend Yield	Total Return
Embassy Office Parks REIT	05 Apr 2019	INR 404	INR 300	5%	6%	10%
Mindspace Business Parks REIT	07 Aug 2020	INR 419	INR 275	9%	6%	15%
Brookfield India REIT	19 Feb 2021	INR 312	INR 275	3%	7%	10%

Source: Knight Frank Research *As of July 24, 2025.

Tenant Mix & GCC Concentration (FY25 Update)

REIT	GCC / Tech Occupier Share	Other Sector Highlights
Embassy REIT	~61-62% of leasing in FY25	Tech (30%), Financial Services (25%), Research & Consulting (9%), Co-working (7%)
Mindspace REIT	Hyderabad Financial District 100% pre-leased to GCC; city-wide GCC strategy,	Tech, Finance, E-commerce, Manufacturing, Flex space with strong institutional-grade portfolio.
Brookfield India REIT	SEZ parks predominantly leased to Capgemini, Tech Mahindra, L&T Tech, Qualcomm, and Cognizant	IT/tech anchor tenants across SEZ portfolio

Source: Knight Frank Research

Investor & Developer Implications

Institutional yield vehicles:

REITs bridge the gap between illiquid real estate and listed investment opportunities.

Development capital recycling:

Developers can monetize mature assets and redeploy capital into new projects or expansions.

GCC anchoring is critical:

Leasing to captive share service group (SSCs/GCCs) provides stable, long-tenured cash flows central to both REIT performance and Grade A rental narratives.

Scope for portfolio expansion:

With strong performance in select micro-markets, REITs continue to scout growth opportunities, Mindspace's Hyderabad acquisition and Embassy's development pipeline are prime examples.

Upcoming REITs

Several new vehicles are slated to launch in 2025–26—both large institutional vehicles and smaller “SM-REITs”, expanding choices for investors in Grade A office real estate.

Knowledge Realty Trust (KRT)

- **Sponsors:** Blackstone + Sattva Group
- **Portfolio:** 48 mn sq ft of Grade A offices (37 mn sq ft operational; 11 mn sq ft under development) across Bengaluru, Mumbai, Delhi-NCR, Hyderabad, Pune
- DRHP filed mid-2025; IPO likely late 2025 to raise ~INR6,200 cr
- Upon listing, will become India's fourth office REIT and one of its largest by AUM

Bagmane Prime Office REIT

- **Sponsor:** Bagmane Group
- **Initial portfolio:** Prime office assets in Bengaluru's ORR, Whitefield and PBD East micromarkets (est. 5–10 mn sq ft)
- **Target listing:** H1 2026 after SEBI approval

SM-REITs

- **Rationale:** To democratize access to commercial real estate for retail/small investors (INR 2–5 cr trusts)
- **Organizers:** Fractional-ownership platforms exploring SEBI-approved Small REIT structures
- **Focus:** Niche single-owner buildings



SECTION 6:

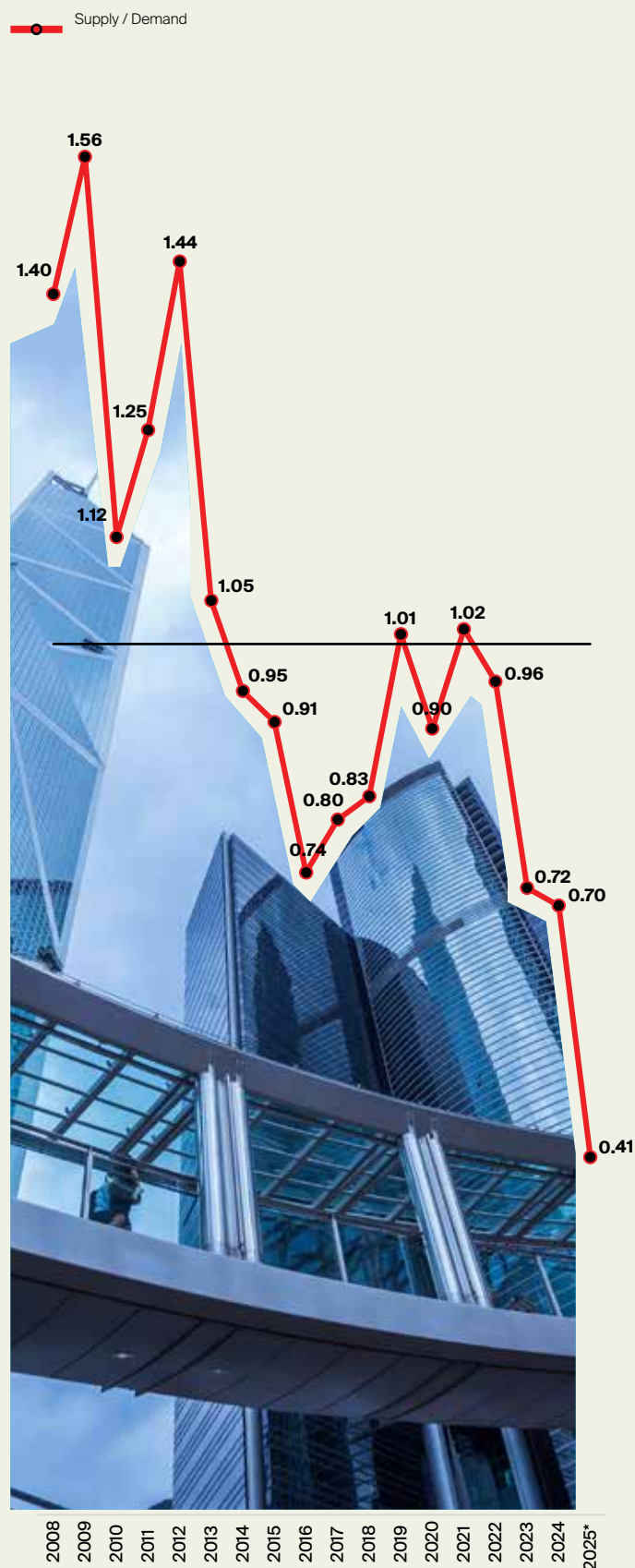


ASSESSING THE SUPPLY DEFICIT IN INDIA'S COMMERCIAL OFFICE SEGMENT

India's commercial office market is undergoing a fundamental shift, marked by a growing supply-demand imbalance that is reshaping the sector's trajectory. The supply-to-demand ratio has dropped precipitously from 1.40 in 2008 to just 0.41 in H1 2025, underscoring a significant shortfall in the availability of quality office stock. This chronic undersupply is being felt most acutely in core urban business districts, where Grade A vacancy levels have fallen to single digits, even as occupier demand accelerates.



Office Completions to Absorption Ratio



Source: Knight Frank Research
 * 2025 is Jan - Jun



Post-COVID, India has emerged as an outlier in global office market dynamics. While international markets saw contraction and uncertainty, India's office sector demonstrated remarkable resilience. Leasing activity has not only recovered but surged to historic highs, buoyed by demand from GCCs, technology firms, BFSI, and flex space operators. However, this strong rebound in demand has not been mirrored by a corresponding uptick in fresh supply creation.

Today, the Indian office market stands at an inflection point. The interplay of acute supply constraints, surging demand, and cautious developer sentiment is pushing the market toward a period of rental growth, valuation uptick, and strategic recalibration. For stakeholders across the ecosystem: developers, institutional investors, and policymakers alike, this moment presents both a challenge and an opportunity: to address the structural supply gap and enable the next phase of India's office-led urban evolution.

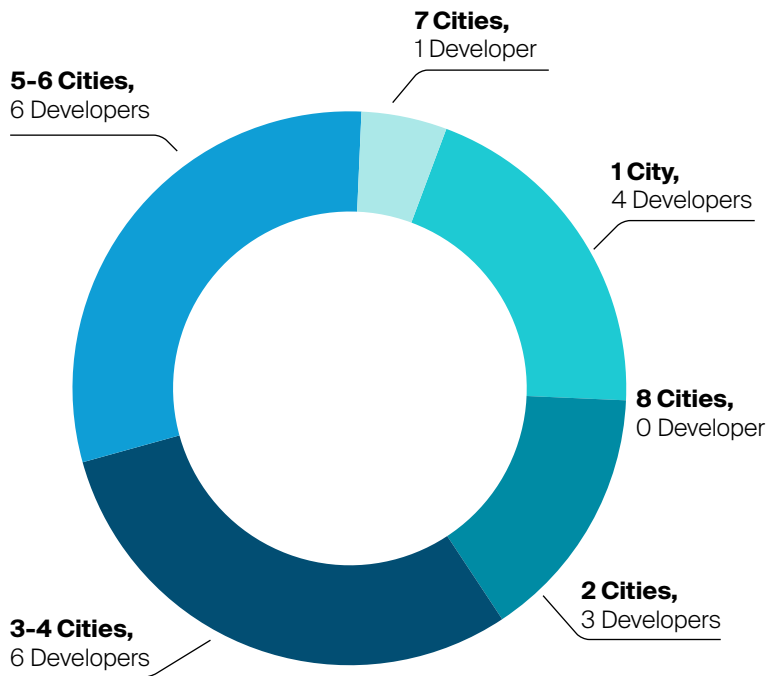


Developer Landscape: Limited Geographic Footprint

An analysis of India's top 20 office space developers reveals a fragmented presence across major cities. No single developer currently operates in all of the top eight tracked markets (Ahmedabad, Bengaluru, Chennai, Hyderabad, Kolkata, MMR, NCR, and Pune). The maximum presence is seven cities, achieved by only one developer. On average, developers are present in just 3-4 cities.

This geographic concentration limits the ability of developers to capitalize on pan-India growth opportunities and restricts balanced regional development of commercial real estate.

Mapping major commercial office developer active presence across top 8 cities



Source: Knight Frank Research

Developer Economics: Residential Profitability Undermining Commercial Supply

The acute undersupply in India's office real estate market is not just a function of post-COVID caution it is increasingly driven by project-level economics that favour residential over commercial development. Across India's prime micro-markets, residential capital values per square foot (PSF) have significantly outpaced those of comparable commercial projects, sometimes by more than 2x-3x. This valuation disparity is reshaping developer strategy, with many shifting capital towards residential projects where profit per sq ft is higher, cash flows are quicker, and regulatory pathways are simpler.

Illustrative PSF Gaps Between Commercial and Residential Assets

City	Commercial Project	Outright Price (INR/sq ft)	Residential Project	Current Selling Price (INR/sq ft)	Valuation Gap (INR/sq ft)	Resi: Comm Multiple
MMR	Commercial Project in Nariman Point	64,000	Residential Project in Nariman Point	1,41,033	77,033	2.2
MMR	Commercial Project in BKC	93,333	Residential Project in BKC	1,10,000	16,667	1.6
NCR	Commercial Project in Gurugram	43,429	Residential Project in Gurugram	1,40,000	96,571	3.2
Bengaluru	Commercial Project in CBD BLR	57,143	Residential Project in CBD BLR	93,333	36,190	1.6
Hyderabad	Commercial Project in Hi-Tech City	20,267	Residential Project in Hi-Tech City	28,667	8,400	1.4
Chennai	Commercial Project in OMR	15,200	Residential Project in OMR	18,233	3,033	1.2

Source: Knight Frank Research
Note: Calculations are done on carpet area and price

This growing **valuation arbitrage** has made residential developments more attractive on a pure return-on-investment basis. Developers, particularly those with limited capital or higher cost of borrowing, increasingly prioritize residential launches over office supply in the same micro-markets, deepening the supply deficit in the commercial space.

Strategic Implications: Rebalancing the Urban Fabric

With Grade A commercial vacancy at near-record lows, India risks missing a key opportunity: capturing the next 2 bn sq ft in annual office leasing potential from GCCs, tech, BFSI, and professional services. However, this can only be unlocked if:

- Public-private models are explored to de-risk office-led developments (e.g., land allocation, tax incentives, concessional FSI);
- Higher institutional participation fills the funding gap for long-gestation commercial builds;
- Establishing exclusive office zones is essential to support sustainable commercial growth, rather than blending with residential-driven projects.

Conclusion: Bridging the Gap to Enable India's Office Growth Story

In the face of strong post-pandemic demand, surging leasing momentum, and resilient corporate occupier appetite, India finds itself at a critical juncture. Without a deliberate policy and capital intervention to counteract the commercial supply deficit and residential valuation pull, the country could see rental inflation, occupier displacement, and lost foreign investment. Solving for this supply imbalance is not merely about buildings it's about unlocking India's next wave of employment, innovation, and urban evolution.



SECTION 7:



WORKPLACE 2.0: RETROFITTING AS THE SMART GROWTH STRATEGY

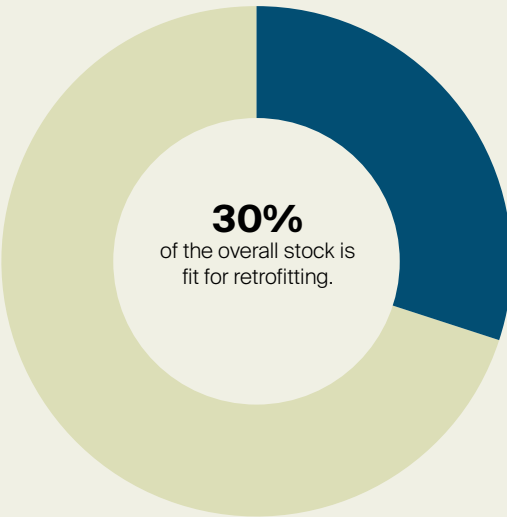
India's commercial real estate market is at a pivotal juncture, where the focus is no longer solely on adding new square footage, but on enhancing the value, functionality, and sustainability of existing assets. In this evolving landscape, retrofitting has emerged as a strategic imperative. As a large share of the country's office stock matures, asset owners are increasingly challenged to keep their buildings relevant amid shifting occupier expectations, ESG mandates, and digital infrastructure needs.



Retrofitting refers to the targeted upgrading of existing office buildings to bring them in line with contemporary standards without the need for complete demolition or rebuilding. Far from being cosmetic, these upgrades span core building systems, common areas, and critical user-experience touchpoints. The goal: to significantly improve operational efficiency, tenant appeal, and long-term asset value.

The urgency is underscored by the age profile of India’s commercial office stock. According to Knight Frank Research, 28% of the current office inventory predates 2010, including 24% from 2000–2009 and 3% from before 1999. These legacy buildings largely concentrated in prime Central and Secondary Business Districts (CBDs and SBDs) now face growing challenges around energy inefficiency, physical wear, and functional obsolescence. While once premium, they risk falling behind in a market where tenants demand wellness-centric design, smart infrastructure, and green operations.

Knight Frank’s analysis estimates that approximately 298 mn sq ft, or 30% of India’s total office stock, is ripe for retrofitting. This stock has an estimated value of INR 3,439 bn, presenting a significant investment opportunity.



Common Retrofitting Upgrades

Zone	Common Upgrade Elements	Indicative CapEx Share	Key Value Drivers
Entrance & Lobby	Modern finishes, improved lighting, digital reception kiosks, clear signage, accessibility aids, secure entry systems	8–12%	Enhances first impressions, reflects brand identity, and attracts prospective tenants
Mechanical, Electrical & Plumbing (MEP)	HVAC system revamps, efficient air handling, smart controls, water-saving fixtures, LED retrofits, solar readiness	45–55%	Cuts energy use by 10–30%, improves sustainability scores, boosts indoor comfort
Elevator Systems	Upgraded drives and controllers, cab interiors, door safety systems, regenerative mechanisms	10–15%	Reduces downtime, improves efficiency, meets updated safety and code standards
Parking Facilities	Smart lighting, surveillance, EV charging points, motion sensors, structural reinforcement	6–9%	Improves safety, reduces lighting costs, introduces EV-based revenue opportunities
Fire & Life Safety	Enhanced sprinkler networks, alarms, smoke evacuation systems, fire-rated enclosures	5–8%	Ensures compliance, mitigates risk, and can lower insurance liabilities
Façade & Envelope	High-performance glazing, external shading, insulation, sealing improvements	10–18%	Reduces thermal loads, lowers noise ingress, elevates building performance
Digital Infrastructure & Security	Smart building systems, access control upgrades, 5G/Wi-Fi enhancements, visitor management, advanced surveillance	2–4%	Drives operational insights, enhances user experience, improves building intelligence
Wellness & Accessibility	Air quality tech, natural lighting improvements, green design elements, inclusive access pathways	2–3%	Strengthens ESG performance, supports occupant wellbeing, improves tenant retention

Source: Knight Frank Research

One of the clearest signals of why retrofitting matters today is, the accelerating flight to quality trend. Across global and Indian markets alike, tenants are demonstrating a strong preference for high-performance, well-located office spaces that elevate employee experience and support hybrid working. Modern occupiers are no longer willing to compromise on quality prioritizing buildings that offer better air quality, flexible floor plates, smart infrastructure, and wellness-driven amenities.

In a world increasingly shaped by sustainability commitments and talent competition, workplaces have become strategic tools for businesses not just cost centres. Companies want offices that reflect their brand values, enable collaboration, and support environmental goals. As a result, premium office assets those that tick these boxes are seeing sustained demand and higher absorption levels, even in uncertain economic conditions.

This dynamic is placing underperforming buildings under pressure. Secondary assets that lack flexibility, energy efficiency, or contemporary appeal are struggling to stay relevant. But rather than write them off, owners have a unique opportunity to reposition these buildings through well-executed retrofits. The goal is not just to update appearances, but to transform these spaces into competitive, future-ready assets that can once again command attention and rent in the quality-conscious office market.

But Two Decades Later:

- Aging Infrastructure: Legacy MEP systems, envelope inefficiencies, and energy use 40% above green benchmarks.
- Flight to Newer Assets: Tenants have shifted to newer Grade A campuses, accepting 35–45% higher rents for upgraded experiences.
- Fragmented Occupancy: Single-tenant plates now split among coworking firms with short-term leases.
- 18-20% Vacancy: Nearly double the local submarket average, due to deferred capex and outdated amenities.

30% of the overall stock is fit for retrofitting.

	mn sq ft	% Share	Value (INR/Bn)
Grade B Stock			
CBD	99	10%	1,348
SBD	157	16%	1,579
Grade C Stock			
CBD	25	3%	341
SBD	17	2%	170
Overall stock which can be retrofitted	298	30%	3,439

Source: Knight Frank Research

Beyond age, what qualifies a building for retrofitting is its performance gap, physical fatigue, leasing underperformance, or outdated infrastructure. In today's tenant-driven market, occupiers are willing to pay a premium for smarter, greener, and healthier work environments. This shift makes retrofitting not just a maintenance exercise, but a forward-looking investment, capable of generating outsized returns. *In fact, Knight Frank's benchmarking reveals that for every INR 1 crore spent on retrofitting, owners have realised INR 1.4–2.2 crore of value creation over five years, delivering IRRs of 16–24%, well above the typical 10–12% commercial hurdle rate. The current stock which is fit for retrofitting can potentially realise/be worth INR 4,814.6 bn to INR 7,566 bn.*

Unlocking value: The case for office retrofitting

One of Mumbai's oldest and most centrally located IT parks in the Andheri MIDC was India's first purpose-built “intelligent” office park when it was launched in 2001. With ducted raised floors, fibre connectivity, and redundant power systems, it attracted global tech and pharma occupiers and commanded top rents for over a decade.

Why It Stood Out (Then):

- Tri-mode cabling (fibre, copper, coax) pre-laid to every desk—unheard of in the late '90s.
- Vast 58,000 sq ft floor plates and 4m floor-to-ceiling height enabled unmatched flexibility.
- Delivered 4–5 years ahead of competing parks in the micro-market.

Retrofitting scope and payoff potential:

If a full-scope retrofit across MEP, façade, lobbies, vertical transport, and parking is projected at INR 370–390 crore (~INR 1,250/sq ft). If executed, this knowledge park could close its rental gap (INR 150/sq ft → INR 210 - 220/sq ft), compress vacancy, and improve net operating income by INR 23 cr annually, with a 9/10-year financial payback when ESG-linked premiums are factored in.

Lesson: Buildings that fail to keep pace are experiencing higher churn, steeper rental discounts, and widening capex drag. Even trailblazers lose market relevance without renewal. Retrofitting is not just about preservation it's about reclaiming leadership.

Project 1: Legacy Asset, New Life: Reclaiming Relevance in a Shifting CBD

Retrofit Period: 2007–2012

Challenge: 1970s-era tower in Nariman Point losing tenants to BKC and Parel.

Strategy: Full MEP overhaul, façade refresh, IBMS, LEED-Silver targeting.

- Impact:**
- Rent ↑ 56% (INR 160 → INR 250/sq ft)
 - Vacancy ↓ (18% → <5%)
 - Asset sold at 50% premium to pre-retrofit valuation
 - Energy use ↓ 33%

Lesson:
Retrofitting transformed a legacy tower into a Grade A+ address, attracting long-term occupiers and institutional capital

Project 2: From Press to Prestige: A Legacy Tower’s Managed Office Makeover

Retrofit Period: 2022–2024 (by a Managed Flex Space Operator)

Challenge: Outdated structure with newsroom layout, inefficient HVAC, limited parking.

- Strategy:**
- Façade + structural reinforcement (carbon-fibre wrap)
 - VRV HVAC + solar + IoT lighting
 - Re-stack to managed-office model (1,000–18,000 sq ft modules)
 - New lifts, fire upgrades, biophilic common areas

- Impact:**
- Rent ↑ 2.1× (INR 75/sq ft → INR 160/sq ft)
 - NOI ↑ 2.6× (INR 7 cr → INR 18 cr)
 - Occupancy ↑ 33 percentage points
 - IGBC Gold certified.

Lesson:
Strategic overlays like flexible layouts and experiential amenities create monetisable differentiation. Managed formats enable higher yields and tenant stickiness.

Project 3:
Scaling Value Through Phased Retrofits

Retrofit Period: 2004–2009 (Ascendas)

Challenge: First-gen IT campus needed systems upgrade and capacity expansion.

Strategy:

- IBMS, STP, chilled water plant, landscape design
- Added 402,000 sq ft “Vega” block; 92% pre-leased.

Impact:

- Rent ↑ 38% over market
- NOI ↑ 72%
- Valuation ↑ 50% (within 6 years)
- Occupancy ↑ to 99%

Lesson:

Phased retrofits aligned with tenant growth cycles can drive sustained uplift in both income and valuation, especially in scalable campus formats.

The Comparative Edge of Retrofitting

Dimension	Project 1	Project 2	Project 3
Vintage (yrs)	50	50	20
Rental Uplift	+56%	+110%	+38%
Vacancy Drop	–15 pp	–33 pp	–4 pp
Sustainability Uplift	LEED Silver	IGBC Gold	Solar + native land-scaping

Source: Knight Frank Research



Why it works:

1. ***Flight-to-Quality leverage:***

Tenants pay premiums for ESG-aligned, amenity-rich spaces.

2. ***Faster, greener delivery:***

Retrofit timelines are 40–60% shorter than redevelopment; embodied carbon savings can reach 70%.

3. ***Revenue model transformation:***

Shifting to managed office models boosts per-seat revenue and flexibility.

4. ***Campus:***

Shared utility infrastructure improves operating leverage and tenant scalability.

Conclusion: Retrofitting Isn't a second choice, it's a competitive edge

In India's evolving office landscape, retrofitting is not just a response to obsolescence, it is a proactive play for leadership. It empowers developers and asset owners to:

- ***Capture 35–110% rental premiums.***
- ***Compress vacancy below 5%***
- ***Boost asset values by 40–60%***
- ***Align with tenant ESG mandates and capital market preferences.***

By combining engineering, placemaking, and ESG alignment, retrofits turn yesterday's leaders into tomorrow's benchmarks without the wait, waste, or wallet-burn of starting from scratch.

SECTION 8:



GLOBAL COMPARISON

India's commercial office stock stands at 0.99 bn sq ft, making it the fourth largest globally, behind the U.S. (10.2 bn sq ft), China (6.26 bn sq ft), and Japan (1.77 bn sq ft). To illustrate the scale of mature markets, New York City alone has ~0.78 bn sq ft, nearly India's entire footprint.

Yet, India's office market distinguishes itself through high utilization and demand alignment. While the U.S. holds over 1.43 bn sq ft of vacant office space, India's supply remains closely linked to its economic core, IT/ITeS, Global Capability Centres (GCCs), and professional services unlike China's manufacturing-heavy office stock.

This sectoral focus positions India at the forefront of the digital and AI-driven economy, with 0.53 bn sq ft of Grade A stock concentrated in key business districts. It's not just expanding in volume but also maturing in quality, governance, and institutional depth.

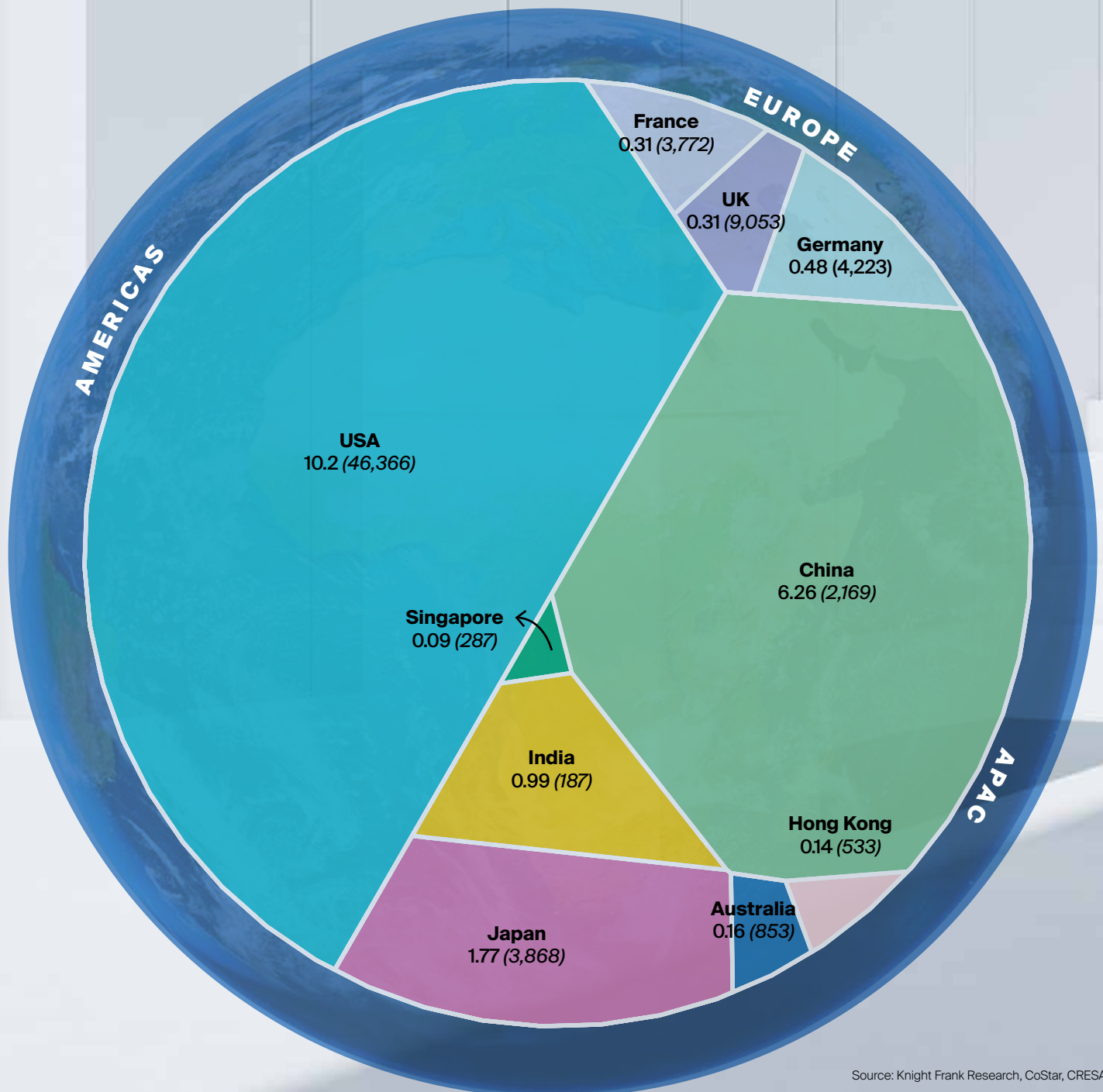
In terms of value, India's office market is estimated at USD 187 bn, modest relative to global peers. The U.S. leads with USD 46.4 trn, China follows with USD 2.17 trn, and Japan with USD 296 bn. Despite smaller footprints, European markets command higher asset values, the UK (USD 9.05 trn), Germany (USD 4.22 trn), and France (USD 3.77 trn) owing to greater institutionalisation and pricing power.

This stark valuation gap signals untapped potential for India. As REITs deepen, ownership institutionalises, and asset quality rises, India is poised for strong value accretion alongside continued stock growth, reinforcing its rising stature in the global office landscape.



Market Statistics: *Global Office Stock and Value*

Volume: Bn sq Ft | Value of Stock: USD/bn



Source: Knight Frank Research, CoStar, CRESA

SECTION 9:



CONCLUSION: SCALING THE NEXT BILLION

India stands at an inflection point in the global commercial real estate landscape. No longer defined solely by rapid square footage expansion, the market is now driven by value creation, digital transformation, ESG priorities, and global integration. With an existing office stock valued at over INR 16.07 trn (USD 186.9 bn), the sector has matured into a core economic asset class and a barometer of India's services-led growth trajectory.



INR 16.07 trn
(USD 186.9 bn)
existing office stock value

One of the clearest indicators of this momentum is the strong correlation between office stock and GDP growth. Over the past two decades, India's GDP has grown at a compounded rate of 6.5–7.5%, while its office footprint has expanded in tandem, driven primarily by the IT/ITeS sector, which remains the single largest occupier and a key contributor to economic output.

A closer look at the data reveals a structural transformation in space utilisation patterns. In 2008, India recorded 0.67 mn sq ft of office leasing per USD 1 bn of IT/ITeS exports. By 2024, this figure has moderated to 0.32 mn sq ft, reflecting over a 50% decline in space consumed per unit of export revenue. Yet, this shift is not indicative of softening demand, on the contrary, 2024 marked the highest leasing activity on record at 71.9 mn sq ft.



Instead, the trend reflects a more evolved, efficient, and flexible approach to real estate use, influenced by:

- Operational Optimization: Agile workspaces, higher density layouts, and process digitization.
- Hybrid Work Structures: Post-pandemic flexibility enabling companies to do more with less space.
- Flight to Quality: Strong demand for ESG-aligned, Grade A assets in core business districts.
- Institutional Ownership: REITs and global funds enhancing utilisation, transparency, and asset performance.

India's office market is no longer growing merely in size it is deepening in strategic value, becoming a preferred destination for GCCs, multinationals, and technology-led enterprises.

Looking ahead, the growth runway remains significant. With current office stock nearing 1 bn sq ft, India is poised to add its next billion square feet by 2036–2041, depending on the pace of expansion. These projections are anchored in India's expected nominal GDP growth, historical absorption trends, and increased institutionalisation of the office sector. At a 12.7% CAGR, supported by strong economic momentum and formalisation, the milestone could arrive by 2036. Even under a more measured 10.9% CAGR, India would still cross the 2 bn sq ft mark by 2041.

Either way, the trajectory is undeniable: India is on course to double its office stock within the next 12 to 15 years, cementing its role as one of the most dynamic and resilient commercial real estate markets globally.

Global Value Proposition: India's Dollar Advantage

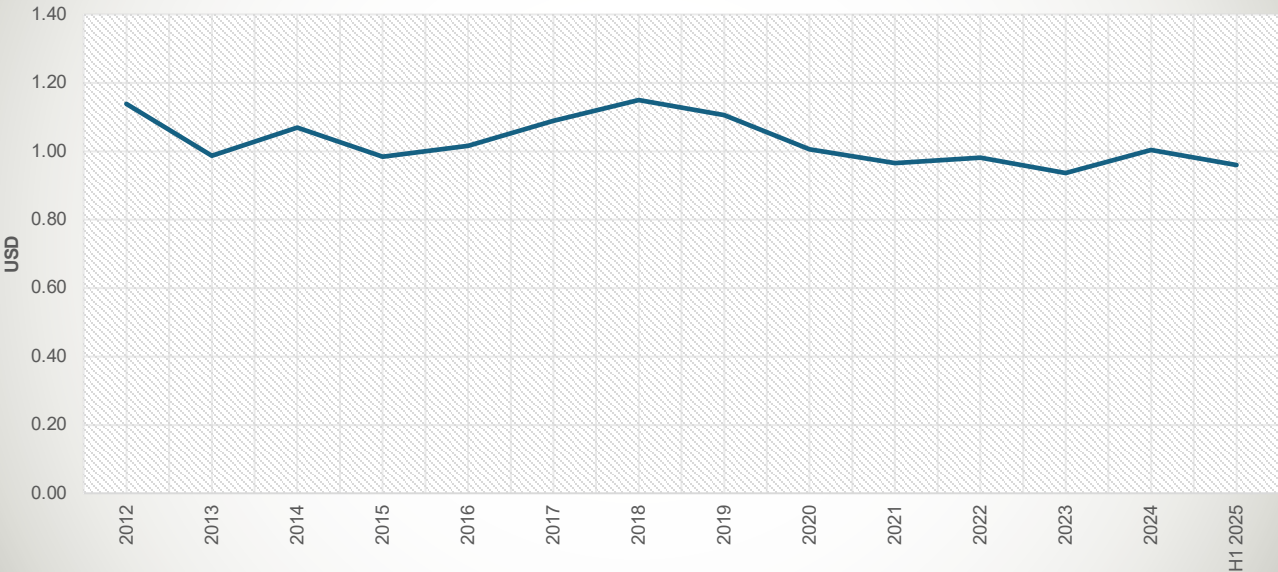
A defining competitive edge of India's office market lies in its remarkable cost efficiency, especially when benchmarked in dollar terms. Despite rental growth in local currency and gradual INR depreciation over the years, India remains a sub-dollar market a rare positioning among global office destinations. Average office rents have declined from a pproximately USD 1.14/ sq ft per month in 2012 to just USD 0.96/sq ft in 2025, making India one of the most affordable global hubs for high-quality office space.

This dollar-denominated affordability, combined with the rising quality of supply, is a major catalyst behind the rapid proliferation of GCCs. Today, GCCs contribute nearly 40% of India's annual office absorption, reflecting a growing preference among global enterprises to centralize high-value operations in cost-effective, talent-rich, tech-enabled environments.

At a time when occupiers worldwide are under pressure to optimise costs without compromising on quality, India offers an unbeatable value proposition, modern, ESG-compliant commercial real estate at a fraction of the cost in comparable global markets. This cost arbitrage is not just preserving India's appeal, it is amplifying its strategic role in global corporate real estate portfolios.



Average Rentals in terms of USD/sq ft/month



Source: Knight Frank Research

India's Office Sector:

Not Just Growing, But Evolving

More than just adding square footage, India is redefining the quality and purpose of commercial spaces:

- PropTech and AI are transforming building efficiency and user experience
- Wellness-focused designs are driving higher productivity and tenant retention
- Grade A buildings account for over 53% of new stock, led by Bengaluru and Hyderabad
- Flex-space and hybrid-ready formats are standard in new developments

Grade A New stock

53%

This evolution underscores a shift from volume-driven expansion to value-led growth, backed by smart infrastructure, sustainability, and human-centric design.

As India targets becoming a USD 10 trn economy by the early 2030s, the demand for future-ready office infrastructure will intensify. Retrofitting older assets, integrating technology, and expanding green-certified developments will be critical in shaping the next billion sq ft.

India's demographic dividend, digital-first workforce, and resilient service exports give it structural advantages that are hard to replicate. With low USD rental costs, robust GDP growth, and rising institutional participation through REITs and PropTech, India's office market is uniquely positioned for sustainable, inclusive, and globally relevant growth.



KEY CONTACTS

Shishir Bajjal

Chairman and Managing Director
shishir.bajjal@in.knightfrank.com

Occupier Strategy and Solutions

Viral Desai

Senior Executive Director
Occupier Strategy & Solutions, Industrial & Logistics, Capital Markets and Retail Agency
viral.desai@in.knightfrank.com

Bangalore

Rahil Gibran

Executive Director
+91 98451 88868
rahil.gibran@in.knightfrank.com

Mumbai

Kaushik Shah

National Director
+91 98191 77738
kaushik.shah@in.knightfrank.com

Gurgaon

Anand Patil

National Director
+91 99583 03300
anand.patil@in.knightfrank.com

Pune

P Vilas

National Director
+91 98811 35409
p.vilas@in.knightfrank.com

Hyderabad

Joseph Thilak

National Director
+91 95000 98371
joseph.thilak@in.knightfrank.com

Ahmedabad

Rumit Parikh

Branch - Senior Director
+91 99096 49953
rumit.parikh@in.knightfrank.com

Kolkata

Joydeep Paul

Senior Director
+91 85840 74745
joydeep.paul@in.knightfrank.com

Advisory & Valuation

Gulam Zia

Senior Executive Director
gulam.zia@in.knightfrank.com

Saurabh Mehrotra

Executive Director - Advisory
saurabh.mehrotra@in.knightfrank.com

Project Management Services

Deben Moza

Senior Executive Director
deben.moza@in.knightfrank.com

Facilities & Asset Management Services

Sathish Rajendren

Senior Executive Director
sathish.rajendren@in.knightfrank.com

Report Author

Urvisha Jagasheth

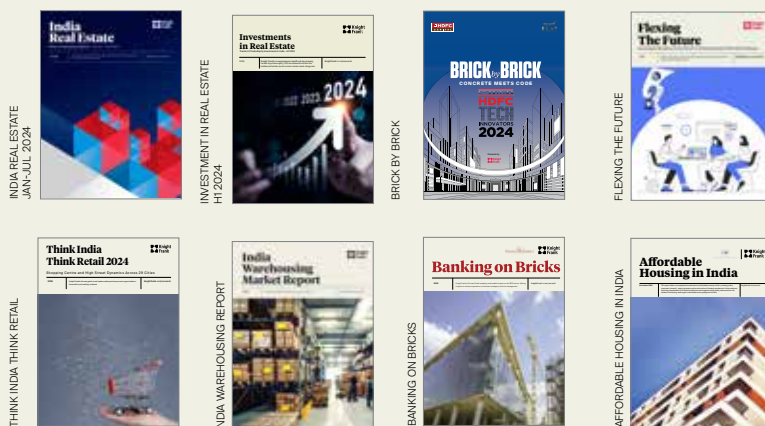
Assistant Vice President - Research
urvisha.jagasheth@in.knightfrank.com

Graphics & Design

Mahendra Dhanawade

Assistant Vice President- Graphic & Design
mahendra.dhanawade@in.knightfrank.com

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.



Knight Frank Research Reports
are available to download at
knightfrank.com/research

Research

Vivek Rathi - National Director - Research
vivek.rathi@in.knightfrank.com

Corporate - Marketing & Public Relations

Piyali Dasgupta - National Director
Corporate - Marketing & Public Relations
piyali.dasgupta@in.knightfrank.com



The statements, information, data and opinions expressed or provided herein are provided on "as is, where is" basis and concerned parties clients are required to carry out their own due diligence as may be required before signing any binding document. Knight Frank (India) Private Limited (KFIPL) makes no warranties, expressed or implied, and hereby disclaims and negates all other warranties, including without limitation, implied warranties or conditions of merchantability, fitness for a particular purpose, or non-infringement of intellectual property or other violation of rights including any third party rights. Further, KFIPL does not warrant or make any representations concerning the accuracy, likely results, or reliability of the use of the statements, information and opinions as specified herein. The statements, information and opinions expressed or provided in this presentation / document by KFIPL are intended to be a guide with respect to the purpose for which they are intended, but in no way shall serve as a guide with regards to validating title, due diligence (technical and financial), or any other areas specifically not included in the presentation. Neither KFIPL nor any of its personnel involved accept any contractual, tortious or other form of liability for any consequences, loss or damages which may arise as a result of any person acting upon or using the statements, information, data or opinions in the publication, in part or full. The information herein shall be strictly confidential to the addressee, and is not to be the subject of communication or reproduction wholly or in part. The document / presentation is based on our understanding of the requirement, applicable current real estate market conditions and the regulatory environment that currently exists. Please note: Any change in any one of the parameter stated above could impact the information in the document/presentation. In case of any dispute, KFIPL shall have the right to clarify.

CIN No. - U74140MH1995PTC093179