

Project Appraisal and Monitoring Services

India's Office Leasing Segment – Outlook, Trends 2026 and Ahead



About Us

Resurgent India Ltd. is a top-tier financial advisory firm and a Category I Merchant Banker, serving SMEs, large corporates, and government bodies. Our services span Techno-Economic Viability (TEV) studies, Lender's Independent Engineer (LIE) assessments, Agency for Specialized Monitoring (ASM), Detailed Project Reports (DPRs), and Due Diligence assignments. We also support clients through specialized practices in Debt Syndication, Capital Markets, and Valuations, alongside Investment Banking and NBFC Advisory. In addition, we provide Stressed Asset Advisory, Insolvency (IBC) Services, Corporate Legal Services, ESG Advisory, Government Advisory, FinTech Solutions, and Training, enabling clients to access a complete suite of financial and strategic solutions.

Our Project Appraisal and Monitoring vertical assists in both pre- and post-disbursement decision-making for lenders. We have delivered over 2000 TEV studies and more than 750 LIE reports. Furthermore, we are empanelled with nearly all public sector banks, several private banks, and NBFCs for LIE and TEV studies, and with the Indian Banks' Association (IBA) for ASM services.

Introduction

India's office space sector has evolved into a globally competitive and structurally resilient market. Record leasing volumes, sustained vacancy compression, and firming rentals underscore the sector's transformation. Demand continues to be led by Global Capability Centres (GCCs), BFSI, engineering, manufacturing, and flex-space operators. Simultaneously, developers and REITs are increasingly embedding sustainability, disaster resilience, and climate responsiveness into construction and asset management strategies. Regulatory and financing reforms by the RBI and banking institutions have further institutionalized capital flows, aligning long-term funding with ESG imperatives.

Industry Size and Outlook

As per Resurgent India Limited's (RIL) assessment, the near-term outlook for India's office leasing industry remains positive. Vacancy compression is expected to sustain, supported by robust demand from GCCs and BFSI occupiers. Rentals are projected to grow at a steady 3–6% annually, underpinned by disciplined supply additions and increasing institutional capital flows through REITs and regulatory reforms. Overall sector fundamentals remain Stable to Positive, with risks assessed as manageable.

Grade A office stock stood at approximately 900 million sq ft in 2025 and is projected to exceed 1,200 million sq ft by 2030. In value terms, India's office leasing industry is estimated at ₹9–10 lakh crore, with Grade A assets accounting for nearly 70–75% of the total stock. Leasing activity in 2025 reached a record 82.6–86.4 million sq ft, while net absorption of ~61–65 million sq ft outpaced new supply of ~58 million sq ft. Vacancy levels compressed to ~13.9%, with FY26 projected to improve further to ~12.5–13.0%.

Market Balance with Vacancy Levels

Year	Net Absorption (msf)	Closing Balance (msf)	Vacancy %
FY2021	35	685	~15.0%
FY2022	45	735	~14.5%
FY2023	50	787	~14.0%
FY2024	57	842	~14.0–14.5%
FY2025	65	900	~13.9%
FY2026 (proj.)	65-70	960-970	~12.5–13.0%

Vacancy Compression – Reasons and Sustainability

Vacancy compression is primarily driven by demand consistently outpacing new supply, particularly within Grade A assets. Expansion by GCCs, BFSI players, and flex operators continues unabated, while supply additions remain disciplined. Occupiers are increasingly gravitating toward ESG-compliant, resilient, and institutionally managed Grade A office parks, leading to demand concentration in premium assets. The sustainability of this trend is reinforced by REIT-led ownership, transparent disclosures, and improving developer credit metrics.

Current Rentals Across Cities (2025)

City	Average Rent (INR/sq ft/month)	Comments
Bengaluru	85–95	GCC demand driving steady growth
Mumbai (MMR)	150–180	CBDs are witnessing sharp increases due to BFSI demand
Hyderabad	70–80	Competitive rentals supported by a strong GCC base
NCR (Gurugram/Noida)	80–100	Moderate growth with diversified demand
Pune	75–85	Engineering and GCC clusters are pushing rents upward
Chennai	65–75	Industrial linkages supporting moderate growth
Kolkata	55–65	Stable rentals with marginal growth in IT corridors
Emerging hubs	40–50	30–40% lower than metros; cost-efficient alternatives

Prospective Rental Trends (2026–2030)

Rentals are expected to grow at a 3–6% CAGR through 2030. Market polarization will continue to favor prime Grade A assets in Bengaluru, Mumbai, and Hyderabad, while emerging hubs offer cost-efficient alternatives. Key growth drivers include GCC expansion, increased flex-space adoption, infrastructure upgrades (metros, airports, expressways), and supply constraints in central business districts. India's office market is projected to grow at approximately 10% CAGR, reaching USD 124 billion by 2030, outperforming several global peers.

Capital Flows

Capital inflows into the office sector are strengthening. RBI's Project Finance Norms (2025) have eased provisioning requirements and clarified treatment of project delays, enhancing the viability of long-term lending for office developments. The Green Lending Directions (2025) mandate structured frameworks for green deposits, ESG reporting, and third-party verification, enabling preferential financing for certified green buildings. REITs continue to institutionalize ownership and liquidity, attracting global capital into stabilized Grade A portfolios. Collectively, these measures are deepening liquidity while aligning capital deployment with sustainability objectives.

Government Support

Government initiatives have materially supported sector growth. RERA has strengthened transparency and accountability, while 100% FDI is permitted under the construction development route. The REIT framework has institutionalized asset ownership and liquidity, attracting long-term global investors. Green incentives such as IGBC fast-track approvals, state-level rebates, and FAR relaxations are catalyzing sustainable development. The GRESB-CII IGBC MoU has further aligned Indian assets with global ESG benchmarks, facilitating access to green financing.

Global Context

The global office market was valued at USD 3.26 trillion in 2025 and is projected to reach USD 4.20 trillion by 2030, growing at a CAGR of ~5.2%. India differentiates itself through a compelling cost-to-talent advantage, scalable Grade A stock, and increasing institutionalization. The country has firmly established itself among the top three office leasing markets globally, alongside the United States and China. Post-COVID, India has gained global market share, driven by GCC expansion, BFSI demand, and unmatched talent economics.

Competing markets such as Singapore, the Philippines, and Vietnam continue to attract outsourcing operations; however, India's scale, depth of Grade A inventory, and REIT-led institutional framework provide a decisive edge. With net absorption consistently exceeding 60 million sq ft annually, India now accounts for over 40% of Asia-Pacific office leasing activity, a marked improvement over pre-COVID levels.

Growth Drivers Against Global Context

India's office sector benefits from multiple structural growth drivers. Infrastructure investments—metro expansions, expressways, and airports—are enhancing connectivity. Power availability is improving through capacity additions and renewable integration, supporting both office parks and emerging data centers. The rollout of 5G and rapid cloud adoption are strengthening digital infrastructure, while a large STEM workforce continues to offer a superior cost-to-talent advantage. Institutionalization via REITs, ESG disclosures, and global capital inflows further cements India's position as a preferred destination for occupiers and investors.

Key Constraints

Key challenges include elevated financing costs, regulatory delays in land acquisition and environmental clearances, and global volatility in technology cycles affecting outsourcing demand. ESG adoption remains uneven due to data gaps and varying levels of awareness. Additionally, rising power demand from data centers and digital infrastructure places pressure on grid capacity.

India and Data Centers – Preparedness in Leasing Space

India's data center industry is scaling rapidly, with IT load capacity doubling in 2025 to approximately 387 MW and projected to triple by 2030. This expansion is reshaping office leasing dynamics, as hyperscalers, cloud providers, and AI-driven enterprises increasingly seek campus-style developments integrating office and data center facilities. Developers are responding by creating hybrid parks that ensure seamless connectivity, redundancy, and disaster resilience.

Leasing demand is increasingly concentrated in cities with robust power availability, fiber connectivity, and regulatory clarity—namely NCR, Mumbai, Hyderabad, and Chennai. These markets are emerging as dual hubs for office leasing and data center growth. Occupiers favor Grade A assets with climate-responsive design, renewable energy integration, and strong business continuity frameworks, aligned with ESG mandates.

Preparedness is evident in REIT disclosures and developer strategies highlighting dedicated leasing pipelines for data center operators alongside traditional office tenants. The sustainability of this trend will depend on grid augmentation, renewable adoption, and streamlined approvals; nonetheless, India is progressively building capacity to address these challenges.

Changing Construction Approaches – Real Estate Entities (2025 Disclosures)

Public disclosures and audit reports indicate a marked shift toward green construction, disaster preparedness, and advanced climate control systems. ESG considerations are increasingly embedded into both design and operations, driven by occupier preferences and investor mandates.

Entity	Approach	Comment
DLF Cyber City Developers	IGBC Platinum portfolio; disaster drills; resilient HVAC	ESG embedded into operations
Embassy Office Parks REIT	100% green certification target; smart climate control	REITs driving transparency
MindSPACE Business Parks REIT	Renewable energy integration; flood resilience	Climate risk adaptation mainstreamed
Brookfield India REIT	Disaster preparedness; net-zero pathways	Global investors raising standards
Godrej Properties	Water recycling; climate-responsive design	Domestic developers aligning globally

Standards and Frameworks – Key Pointers

Category	Key Standards / Frameworks	Impact
Building & Safety	NBC, local DCRs, Fire Codes	Structural safety and compliance
Energy & Sustainability	ECBC, IGBC, LEED, GRIHA, ISO 14001/50001	Efficiency, certifications, rental premiums
Capital & Regulation	RERA, SEBI REIT norms, FDI, GST	Transparency and global capital access
Green & ESG	IGBC fast-track, state incentives, GRESB-CII IGBC MoU	Green adoption and ESG financing
Disaster & Climate Controls	Seismic codes, flood resilience, HVAC, renewables	Resilience and climate responsiveness

Conclusion

India's office leasing industry is positioned for sustained momentum through FY26 and beyond. Vacancy compression is supported by robust demand, disciplined supply, and quality-led market polarization. Rentals are expected to rise steadily in prime markets, driven by GCC expansion and infrastructure upgrades. Capital flows continue to strengthen through banking reforms and REIT-led institutionalization, while construction practices increasingly embed ESG and resilience. India is concurrently preparing to absorb data center-driven demand, reinforcing its role as a global hub for office leasing and digital infrastructure.

Resurgent India Limited's Imprint in Domestic Office Leasing Segment – Project Appraisal (TEV)

Resurgent has analyzed office projects across geographies while closely tracking sectoral movements and influencing factors, maintaining strong alignment with evolving industry dynamics. The Indian office leasing market reflects regional variations, industrial demand, and broader structural shifts encompassing sustainability and financing reforms. Leveraging this integrated perspective, Resurgent's TEV framework delivers holistic project viability assessments and sector-aligned insights, enabling financial institutions and stakeholders to make informed and well-calibrated decisions.

Information Source:

Publicly available information broadcasted by various rating agencies, RBI latest and relevant releases, reports published by various industry research bodies, Audited Reports of various listed entities operating in the office leasing space, reports available on various regulatory frameworks applicable to the industry in the public domain, Resurgent India Limited internal repository, Resurgent Research.

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