CUSHMAN & WAKEFIELD

Better never settles

Q2 2026

INDIA

OFFICE MARKET REPORT

KEY **HIGHLIGHTS**

Q2 2026

01 **21.4 MSF** gross leasing volume (GLV) in Top 8 cities in Q2 2026; the GLV posted marginal decline of around **1%** and **0.5%** on an annual and quarterly basis respectively

02 Bengaluru led pan-India GLV in Q2, accounting for **26%** share, followed by Mumbai and Delhi NCR with **19%** share each

03 IT-BPM accounted for highest share **(22%)** in quarterly leasing, followed by flex operators with a **20%** share. Engineering & manufacturing and BFSI segments followed with **17%** and **16%** shares, respectively.

04 **12.2 MSF** of new completions were recorded in Q2 2026. Bengaluru and Pune contributed around **47%** and **25%** respectively, followed by Ahmedabad **(11%)**

05 Net absorption in Q2 2026 stood at **11.6 MSF,** a marginal **0.2%** growth on a quarterly basis though a **15%** decline on an annual basis

Indian office market was resilient in the second quarter despite continued global uncertainty on the back of the conflict in the Middle East and potential impact on commodity prices (crude oil, LNG), domestic inflation and economic growth.

While there were concerns surrounding delays in deal closures, at the broader pan-India level, leasing activity was steady in the quarter with fresh demand continuing to perform well and certain cities recording pre-commitments as well. Continued absorption of office space, backed by strong fresh leasing, kept net absorption stable and led to translated into a further decline in office vacancy. However, at the city level, a mixed picture emerged with major deals getting closed across some of the top cities while certain other cities recording decline in lease volumes due to possible portfolio rebalancing and delays in deal closures. Global capability centres (GCCs) remained a key driver of office space take-up in the quarter and is likely to remain so in the near to medium term. Flex operators continued to expand their footprint across top cities with leasing activity at a record high in H1.

Pan India completions increased in Q2, with developers expediting completions in some of the cities to meet strong demand. However, demand continued to remain higher than supply in the quarter and certain cities recoded very low or no supply. Supply pipeline remains healthy in the remainder of the year and given the healthy demand trajectory, developers and landlords are likely to bring more Grade A/A+ supply across prime submarkets in the upcoming quarters. Headline pan-India vacancies dropped marginally by 12 bps on a quarterly basis while rents continued to rise.

LEASING TRENDS

Gross Leasing Activity

At over 21 MSF, gross office leasing remained healthy in Q2, highlighting resilience of the office market. Strong occupier confidence drove healthy fresh leasing and precommitments were recorded across some of the top cities. While pan India activity remained healthy, any temporary fallout of global developments, especially the ongoing military conflict in the Middle East, need to be closely monitored. As of Q2, the broader pan India office market has been relatively immune to the global economic uncertainty, though certain cities experienced slower leasing activity. Going forward, a strong active deal pipeline and robust market fundamentals are likely to keep leasing volumes healthy.

Closure of large deals translated into fresh demand accounting for around 76% of quarterly GLV. GCC transactions accounted for 37% of GLV during the quarter, the third highest quarterly GLV share, thereby strengthening the narrative around GCCs being a structural growth driver of the office market. Domestic firms continued to lease more office space led by flex operators, who contributed the second highest share of quarterly GLV.

At over 16 MSF, pan-India fresh leasing was marginally higher by around 3% on a quarterly basis. Bengaluru contributed around 26% of quarterly fresh leasing volumes, followed by Delhi NCR and Pune with 19% and 17% shares respectively. Rentals continued to appreciate across all cities on the back of sustained demand.

In H1, GLV stood at around 43 MSF, a 5% growth of the same period last year and current trend indicates that annual GLV will be close or even surpass last year's figure. Fresh leasing was marginally up by around 1% in H1. GCCs recorded robust growth of 38% on an annual basis in the first half of the year, accounting for 38% of GLV. GCC leasing is likely to finish at a record high this year, surpassing last year's figure.

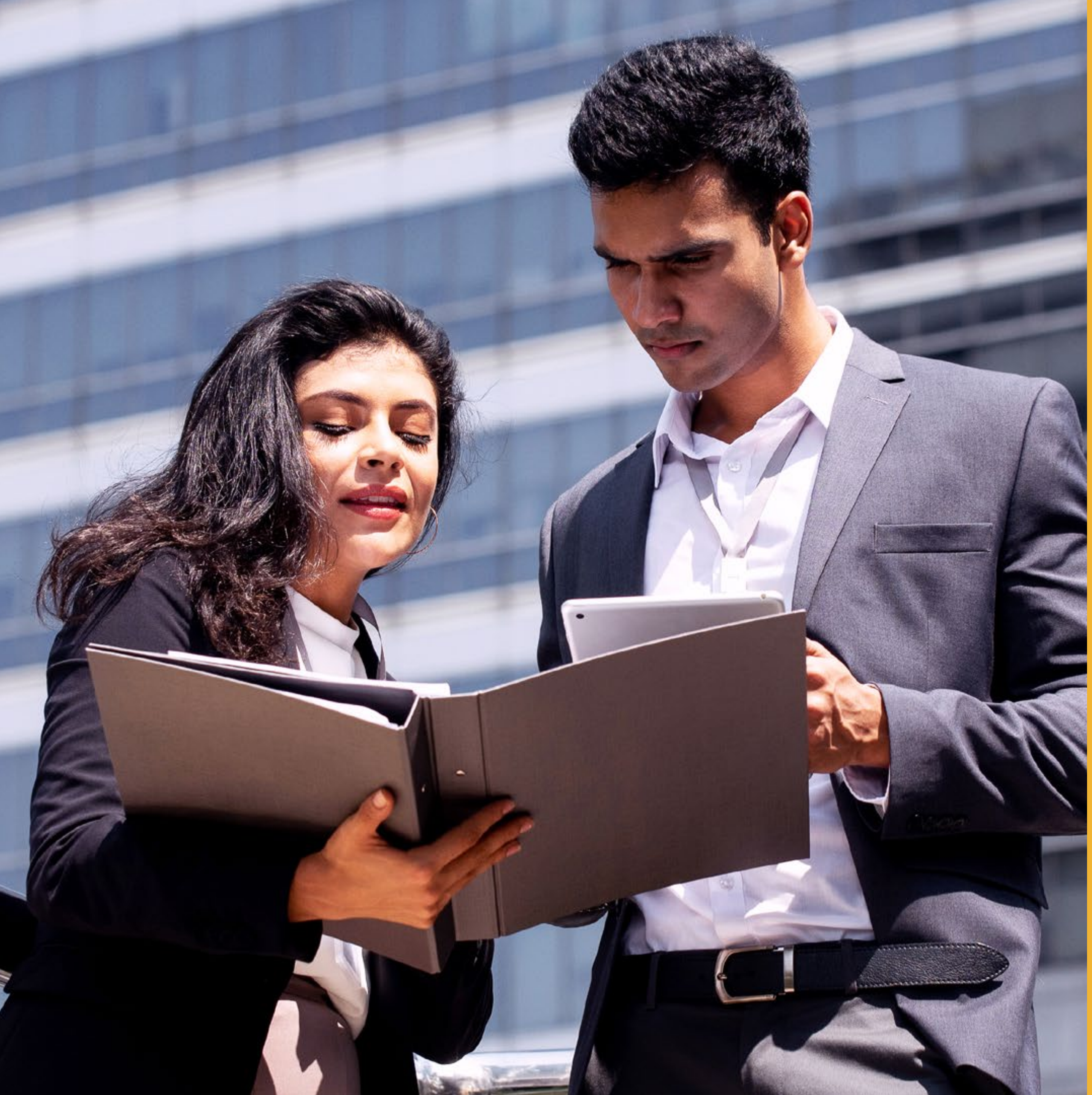
Gross Leasing (MSF)	Q1 2026	Q2 2026	% Change
Mumbai	6.60	4.13	-37.42%
Delhi NCR	2.80	4.08	45.71%
Bengaluru	4.79	5.56	16.08%
Chennai	1.66	1.27	-23.49%
Pune	2.09	3.22	54.07%
Hyderabad	3.15	2.09	-33.65%
Kolkata	0.16	0.60	275.00%
Ahmedabad	0.29	0.49	68.97%

Gross Leasing (MSF)	Q2 2025	Q2 2026	% Change
Mumbai	3.92	4.13	5.36%
Delhi NCR	5.44	4.08	-25.00%
Bengaluru	4.96	5.56	12.09%
Chennai	2.17	1.27	-41.47%
Pune	2.86	3.22	12.59%
Hyderabad	1.60	2.09	30.63%
Kolkata	0.52	0.60	15.38%
Ahmedabad	0.16	0.49	206.25%

PAN INDIA

Q1 2026	Q2 2026	% Change	Q2 2025	Q2 2026	% Change
21.55	21.45	-0.46%	21.63	21.45	-0.83%

Healthy pan India gross lease volumes in Q2 was driven by steady fresh demand and closure of large deals by foreign and domestic occupiers. GCC leasing stood at 37% of quarterly GLV with the segment maintaining as one of the critical growth pillars for the office market. Flex operators contributed 20% of GLV in the quarter; the second highest quarterly contribution ever, and the segment recorded the highest ever leasing activity on a half yearly basis. Pan India active deal pipeline remains strong and market outlook remains healthy despite concerns surrounding potential impact of continued global uncertainty.



Term Renewals

Term renewals stood at 3.3 **MSF** in Q2, a 48% growth on a quarterly basis and a 3% expansion as compared to the same period last year. Given the continued rental appreciation across top cities and prime submarkets turning largely landlord favourable, occupiers could be looking to renew leases before any further rental escalation. Mumbai led term renewals during the quarter with a share of 61%, with Delhi NCR contributing 21%. In H1, term renewals stood at 5.5 **MSF,** a growth of 6% as compared to the same period last year

Preleasing activity

At 1.9 **MSF,** preleasing declined by 45% on a quarterly basis and 19% on an annual basis. Share of preleasing in quarterly GLV stood at 9%, compared to 16% share in the previous quarter and 11% in the same period last year. Bengaluru accounted for around 63% of quarterly preleasing, followed by Hyderabad and Delhi NCR with 14% and 11% shares respectively. In H1, preleasing stood at 5.4 **MSF,** a 40% growth over the same period last year.

Net Absorption

At 11.5 **MSF,** net absorption was similar to the previous quarter's figure. Quarterly net absorption was driven by continued fresh leasing and operationalization of pre-committed projects in certain cities. Absorption levels are likely to remain healthy in the quarters ahead, given the healthy active deal pipeline and likely deal closures by global and domestic occupiers. However, any possible short term impact of the ongoing global uncertainty needs to closely watched as well. Bengaluru led quarterly net absorption with a 30% share, followed by Pune and Hyderabad with shares of 22% and 11% respectively.

Net Absorption (MSF)	Q1 2026	Q2 2026	% Change
Mumbai	1.77	1.31	-25.99%
Delhi NCR	1.51	1.24	-17.88%
Bengaluru	3.41	3.46	1.47%
Chennai	1.04	0.72	-30.77%
Pune	1.04	2.51	141.35%
Hyderabad	2.21	1.33	-39.82%
Kolkata	0.26	0.50	92.31%
Ahmedabad	0.31	0.49	58.06%

Net Absorption (MSF)	Q2 2025	Q2 2026	% Change
Mumbai	2.60	1.31	-49.62%
Delhi NCR	1.97	1.24	-37.06%
Bengaluru	3.51	3.46	-1.42%
Chennai	2.00	0.72	-64.00%
Pune	2.40	2.51	4.58%
Hyderabad	0.54	1.33	146.29%
Kolkata	0.40	0.50	25.00%
Ahmedabad	0.10	0.49	390.00%

PAN INDIA

Q1 2026	Q2 2026	% Change
11.54	11.56	**0.17%**

Q2 2025	Q2 2026	% Change
13.52	11.56	**-14.49%**

In Q2, net absorption was driven by stable fresh demand and operationalization of pre-committed projects in certain cities. Neta absorption was stable on a quarterly basis and is expected to pick up in the upcoming quarters given the healthy active deal pipeline. Vacancies declined across most cities in the quarter on the back of sustained demand and lower supply. Rentals continued to rise in Q2 and demand-backed rental growth will continue in the upcoming quarters.

OCCUPIER TRENDS

IT-BPM remained the dominant segment accounting for 22% of quarterly leasing volumes, followed by flex operators in the second spot with a share of 20%, highlighting the robust demand for managed offices. Engineering & manufacturing segment contributed 17% while BFSI accounted for 16% of quarterly lease volume. In terms of absolute lease volumes, flex operators' space take-up increased by around 6% on a quarterly basis while engineering & manufacturing recorded a 5% growth. Leasing by IT-BPM segment grew by a marginal 1% on a quarterly basis; on the other hand, BFSI recorded a 27% decline in lease volume. Professional services segment witnessed a 41% growth in leasing on a quarterly basis.

Bengaluru and Delhi NCR contributed around 21% and 20% respectively to leasing by IT-BPM occupiers in Q2. Mumbai and Bengaluru accounted for 33% of leasing each by BFSI occupiers. In the flex space segment, Pune led the way with 34% of the leasing volumes followed by Delhi NCR with a contribution of 20%. Space take-up by engineering & manufacturing sector was the highest in Bengaluru (48%), followed by Delhi NCR (19%).

In H1, flex operators saw record space takeup on a half yearly basis and a 55% growth on an annual basis. The share of flex operators in half yearly GLV increased from 13% in H1 2025 to 20% in H1 2026. Engineering & manufacturing segment recorded a 31% growth in leasing on an annual basis while BFSI segment increased space takeup by around 20%. The share of BFSI and engineering & manufacturing in half yearly GLV stood at 19% and 16% respectively. On the other hand, IT-BPM segment saw a 33% decline in leasing on an annual basis. The share of IT-BPM in half yearly GLV declined from 34% in H1 2025 to 22% in H1 2026.

Segment	Q2 2025	Q1 2026	Q2 2026
IT - BPM	8.08	4.68	4.71
ENGINEERING & MANUFACTURING	3.13	3.38	3.54
BFSI	2.46	4.60	3.36
E-COMMERCE	0.24	0.19	0.23
FLEXIBLE WORKSPACE	3.45	4.10	4.33
HEALTHCARE & PHARMA	1.08	1.11	0.89
PROFESSIONAL SERVICES	1.46	1.26	1.78
TELECOM & MEDIA	0.37	0.54	0.29
OTHERS	1.37	1.67	2.31

All values in **MSF**

SUPPLY TRENDS

New supply stood at 12.2 MSF in Q2, a 40% growth on a quarterly basis though a 2% decline as compared to the same period last year. Though the quarter recorded higher completions at the pan India level, the pace of new supply was still lower than the demand. Supply was concentrated in Bengaluru and Pune, which contributed 47% and 25% respectively. Ahmedabad and Mumbai accounted for 11% and 8% of quarterly new supply respectively. Cities such as Hyderabad and Kolkata recorded no new supply while completions in Delhi NCR and Chennai was low. Prime submarkets such as Outer Ring Road, Gurugram CBD, BKC, Madhapur, etc. which currently report high demand and tight vacancies, are expected to see healthy supply. Vacancies declined across a number of cities on the back of sustained space demand though Bengaluru, Pune and Ahmedabad saw a rise in vacancies due to higher supply. Over the next few quarters, timely project completions will remain crucial to maintain demand supply balance in the office market. In H1, new supply stood at 21 MSF, a 10% decline as compared to the same period last year.

Rentals continued to move up on the back of strong demand and relatively lower supply across some of the major cities. Despite expected healthy supply over the next few quarters, rentals are likely to appreciate on the back of sustained demand across prime submarkets. Vacancies are also likely to edge higher on the back of higher supply.

New Supply (MSF)	Q1 2026	Q2 2026	% Change
Mumbai	0.89	1.00	12.36%
Delhi NCR	1.79	0.69	-61.45%
Bengaluru	3.07	5.76	87.62%
Chennai	1.62	0.36	-77.78%
Pune	0.00	3.04	NA
Hyderabad	0.00	0.00	NA
Kolkata	0.00	0.00	NA
Ahmedabad	1.38	1.38	0.00%

New Supply (MSF)	Q2 2025	Q2 2026	% Change
Mumbai	0.86	1.00	16.28%
Delhi NCR	1.06	1.69	59.43%
Bengaluru	2.97	5.76	93.94%
Chennai	1.22	0.36	-70.49%
Pune	4.80	3.04	-36.67%
Hyderabad	0.85	0.00	-100.00%
Kolkata	0.00	0.00	NA
Ahmedabad	0.78	1.38	76.92%

PAN INDIA

Q1 2026
8.76

Q2 2026
12.25

39.84%

Q2 2025
12.55

Q2 2026
12.25

-2.39%

OUTLOOK

Stable gross leasing activity in the second quarter of the year, despite the ongoing global economic uncertainty, shows the strong fundamentals of the office market. The market remains resilient and deal closures have continued across top cities, especially by both large and mid-sized GCC occupiers. The active demand remains strong and this augurs well for market activity in the remainder of the year. While there is a need to monitor geopolitical developments and its potential impact on the broader Indian macroeconomy and office market, healthy market confidence is also highlighted by precommitments signed global occupiers across some of the major cities, India's large tech talent pool, sophisticated digital ecosystem, competitive real estate costs and supply of premium Grade A/A+ offices remain attractive for global GCCs. Domestic occupiers, led by flex operators, are contributing strongly to leasing activity and this is set to continue. Flex operators are now a strategic growth driver of the office market and large players will continue to expand their footprint rapidly on the back of rising demand for managed offices from GCCs as well as domestic firms.

GCCs continued to contribute heavily to leasing activity in Q2; accounting for 37% of GLV and GCC leasing in the current year is likely to post a record high. India has seen the entry of a number of mid-sized GCCs attracted particularly by the large talent pool. This is likely to continue over the medium term. The flex sector is likely to emerge as a beneficiary of the robust GCC influx, given the increasing occupier focus to balance cost optimization with employee engagement and productivity. GCC occupiers will continue to prefer flexible, resilient workspaces and the wide gamut of customized managed office services will remain attractive to mid-sized GCCs.

Grade A supply increased in Q2 but needs to increase faster across top cities, especially at prime submarkets, given the healthy active demand. Supply pipeline remains strong for the remainder of the year and beyond, pointing towards developers/landlords expediting projects to meet strong demand. Despite higher supply, rentals are likely to appreciate further across major cities in the upcoming quarters.

CUSHMAN & WAKEFIELD

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