



Q1 2025

The Connect

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Executive Summary

Economy

- India's GDP grew by 6.2% in Q3 FY2025, an increase from 5.6% in the previous quarter due to higher private consumption and government spending. However, it fell short of the RBI's GDP growth forecast of 6.8%.
- Gross Value Added (GVA) grew by 6.2% in Q3 FY2025, up from 5.8% in the previous quarter. This marks a recovery after five quarters of decline. However, growth remains below the 8% mark recorded in Q3 FY2024.
- Consumer Price Index (CPI) has been on a downward trend over the past 6 months, declining from 6.21% in October 2024 to 3.34% in March 2025. This could be attributed to a sharp decline in food inflation. Similarly, Wholesale Price Index (WPI) also declined to 2.05% in March 2025 from 2.38% in February 2025 and 2.51% in January 2025. The decline could be attributed to a moderation in food and fuel prices.
- The Reserve Bank of India reduced the repo rate by 25 basis points to 6.25% in Q4 FY2025, the first rate cut in the past five years. This boosted the liquidity in the market and increased the disposable income of citizens.
- India's Net Employment Outlook (NEO) surged to 43% in Q2 2025, reaching the highest level globally.
- Foreign Direct Investment (FDI) inflows, including equity inflows, reinvested earnings, and other capital, declined by 4% quarter-on-quarter but increased by 6% year-on-year to USD 18.99 Bn in Q3 FY2025.

Office Market

- Despite global macroeconomic uncertainty, the first quarter of 2025 witnessed sustained leasing activities across the top seven cities of India. As a result, absorption rose by 34% in Q1 2025 compared to the same period a year earlier, reaching 17.96 Mn sq ft. However, it was down by 17% from the highest ever absorption recorded in the previous quarter.
- While the share of southern cities (Bengaluru, Chennai, and Hyderabad) reduced significantly from 61% in Q1 2024 to 46% in Q1 2025, western cities (Mumbai and Pune) witnessed a jump from 24% to 37% in absorption during the same period.
- IT-ITeS sector led absorption in Q1 2025 with 34% share, marginally down from 36% in the previous quarter. BFSI sector followed with 20% share, whereas Flex Spaces contributed 9% of the absorption in Q1 2025.
- Construction activities slowed down in Q1 2025, reaching 9.50 Mn sq ft. It declined by 39% on quarter and 12% over the previous year. This could be attributed to the absence of new supply in Hyderabad and minimal supply additions in Chennai, Mumbai, and Kolkata during Q1 2025.
- Absorption outpaced new completions in Q1 2025, leading to a 100-bps reduction in the pan-India vacancy. It reached 12.9% in Q1 2025 from 13.9% in the previous quarter. Vacancy levels decreased in all cities, except Pune.
- Weighted average rentals across the top seven cities increased over the previous quarter, supported by strong absorption and new project completions. Quarterly rental growth was in the range of 1.0%-9.2%.



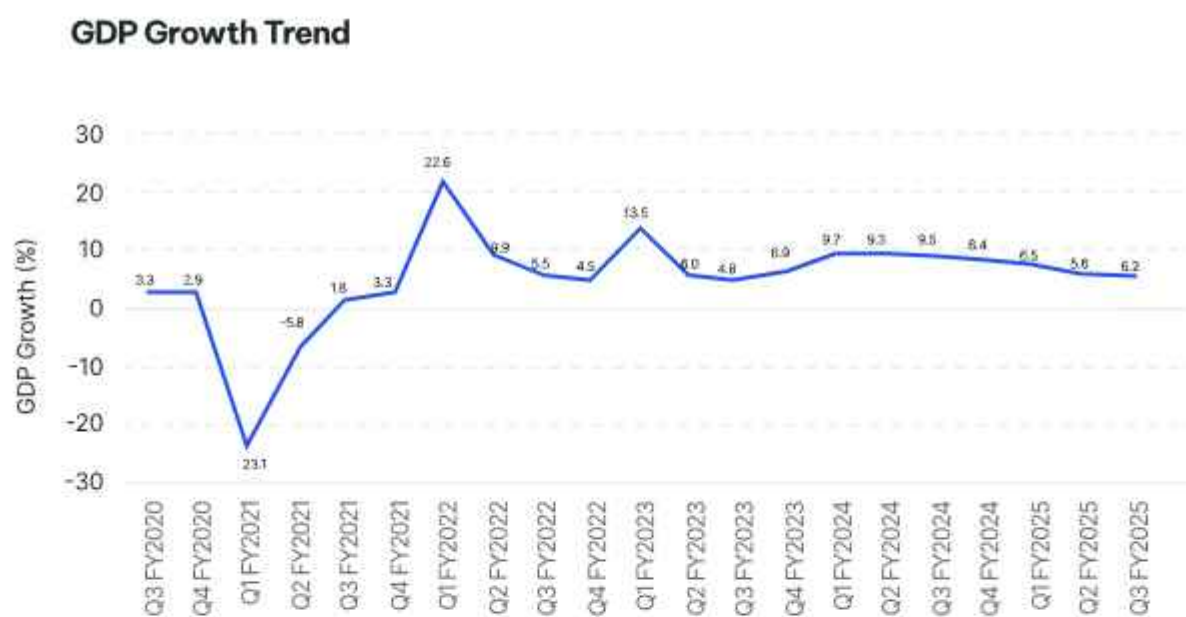
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India: Economic Indicators

India's GDP growth accelerates to 6.2% in Q3 FY2025

India's GDP grew by 6.2% in Q3 FY2025, an increase from 5.6% in the previous quarter due to higher private consumption and government spending. However, it fell short of the RBI's GDP growth forecast of 6.8%. With an average growth of 6.1% for the first three quarters, Q4 needs to expand at 7.6% to meet annual targets. While the growth rate in Q3 FY2025 remained lower than the 9.5% growth recorded in Q3 FY2024, India continues to outperform major global economies, including China, which recorded 5.4% growth in the same period.

As per industry estimates, India's GDP is estimated to grow by 6.5% in FY2026. Despite some sectoral challenges, India remains the fastest-growing major economy and is on track to become a USD 7 Tn economy by 2030, surpassing Japan to become the world's third-largest economy.



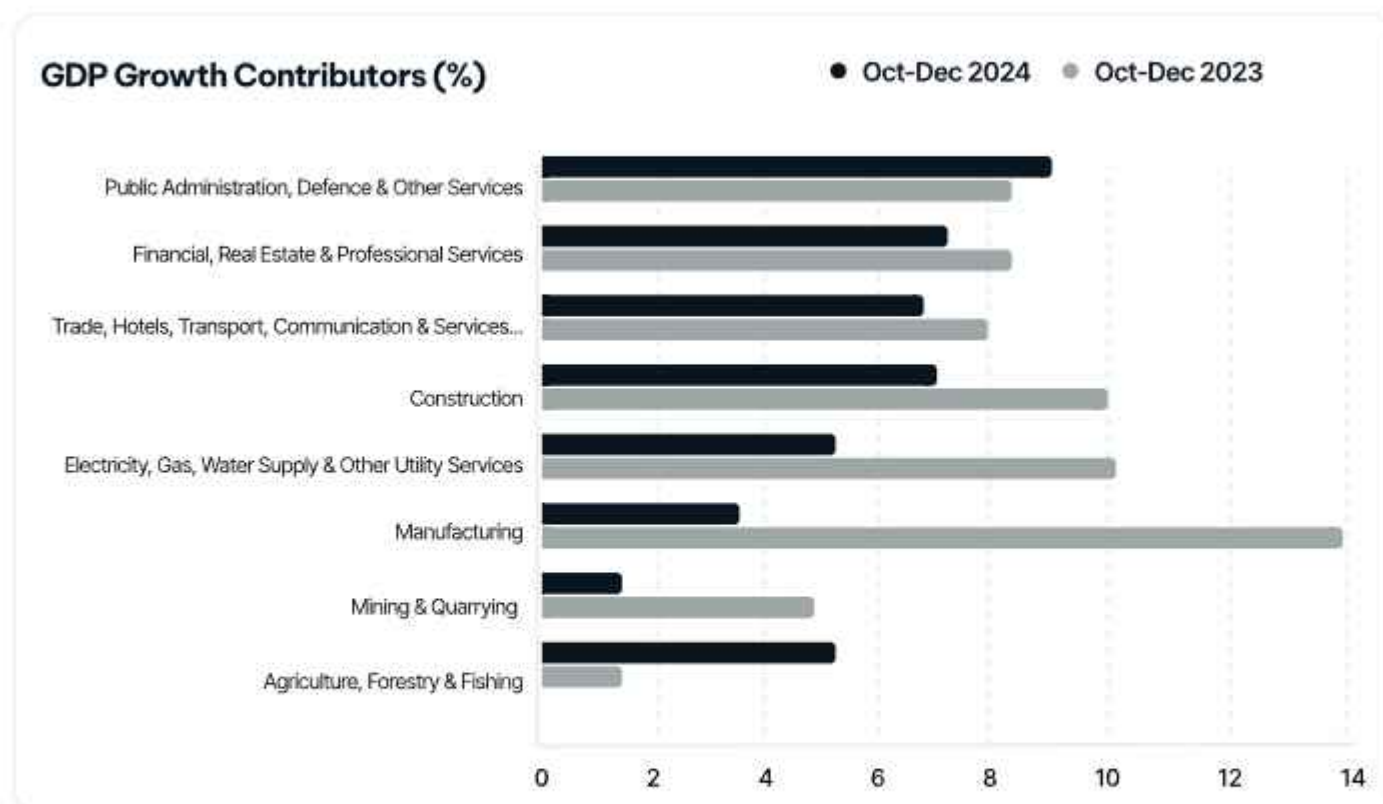
Source: The Ministry of Statistics and Programme Implementation, Compiled by Vestian Research

Gross Value Added (GVA) grew by 6.2% in Q3 FY2025, up from 5.8% in the previous quarter. This marks a recovery after five quarters of decline. However, growth remains below the 8% mark recorded in Q3 FY2024.

The primary sector expanded by 5.2% in Q3 FY2025, a significant rise from the 1.8% growth rate recorded in Q3 FY2024. This could be attributed to the significant growth of 5.6% recorded by Agriculture, Livestock, Forestry & Fishing during Q3 FY2025, owing to a strong monsoon and favourable conditions. The growth rate has increased from 1.5% in Q3 FY2024. On the other hand, growth rate in Mining & Quarrying sector declined from 4.7% in Q3 FY2024 to 1.4% in Q3 FY2025.

The secondary sector experienced the lowest growth rate of 4.8% in Q3 FY2025 as the growth rate remained sluggish in the manufacturing sector. Manufacturing sector expanded by 3.5% in Q3 FY2025, significantly lower compared to 14% growth in the same quarter a year earlier. Similarly, Electricity, Gas, Water Supply & Other Utility Services witnessed a slowdown in growth rate, from 10.1% to 5.1% during the same period stated above. While Construction sector expanded by 7% in Q3 FY2025, the growth rate slowed down from 10.0% in Q3 FY2024.

The tertiary sector led overall growth with 7.4% in Q3 FY2025, majorly driven by Public Administration, Defence & Other Services, which grew by 8.8% in Q3 FY2025. Trade, Hotels, Transport, Communication & Services related to Broadcasting, and Financial, Real Estate & Professional Services have also grown by 6.7% and 7.2% in Q3 FY2025.

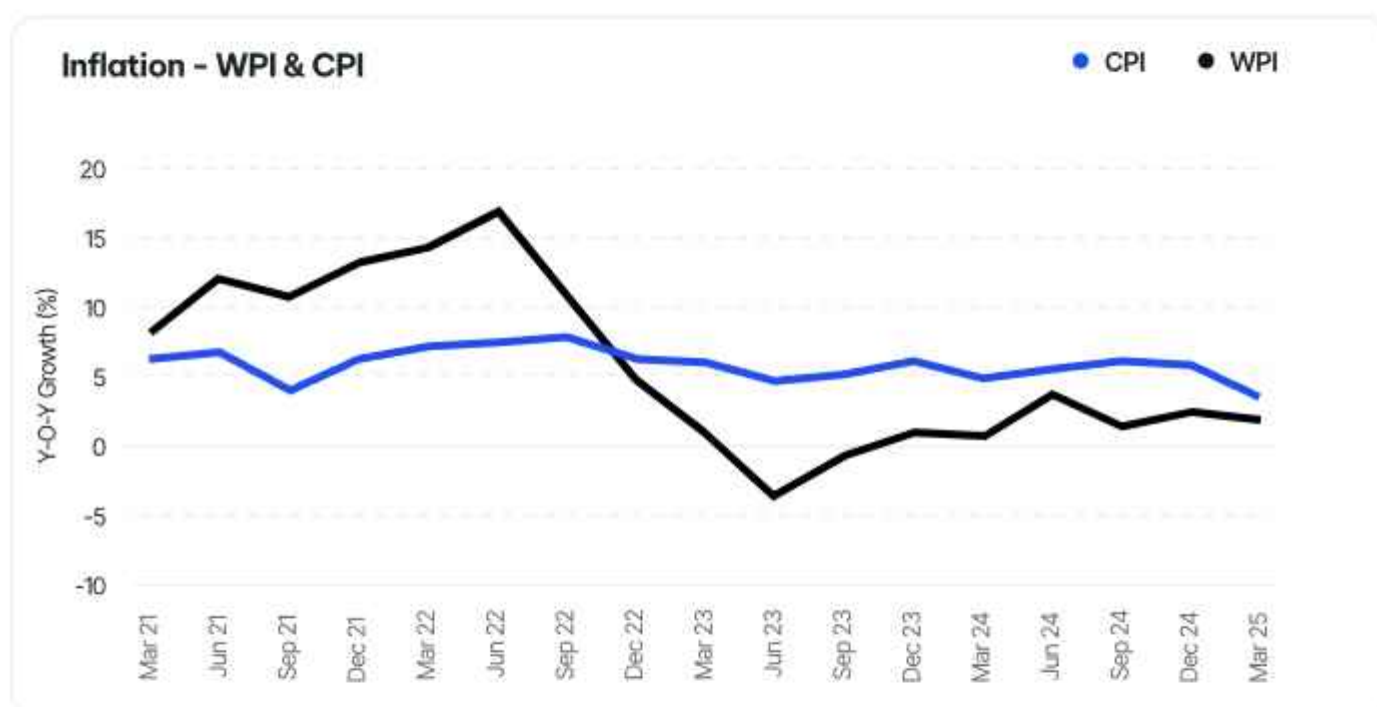


Source: The Ministry of Statistics and Programme Implementation, Compiled by Vestian Research

CPI & WPI are on a downward trend amid a moderation in food inflation

Consumer Price Index (CPI) has been on a downward trend over the past 6 months, declining from 6.21% in October 2024 to 3.34% in March 2025. This could be attributed to a sharp decline in food inflation, from 8.52% in March 2024 to 2.69% in March 2025. Moreover, headline inflation stood at 3.61% in February 2025, 4.26% in January 2025, and 4.85% in March 2024.

Similarly, Wholesale Price Index (WPI) also declined to 2.05% in March 2025 from 2.38% in February 2025 and 2.51% in January 2025. However, it has increased from 0.26% in March 2024. The decline could be attributed to a moderation in food and fuel prices. Controlled CPI and WPI inflation during Jan-Mar'25 provided headroom for future rate cuts, however, RBI needs to be cautious amid the global macroeconomic uncertainty.



Source: Reserve Bank of India, Compiled by Vestian Research

First repo rate cut in the past five years to boost liquidity

Key Policy Rates

City	Jan-25	Feb-25	March-25
PLR	15.15%	15.15%	15.15%
Repo Rate	6.50%	6.25%	6.25%
Reverse Repo Rate	3.35%	3.35%	3.35%
CRR	4.00%	4.00%	4.00%

Source: Reserve Bank of India, *State Bank of India, Compiled by Vestian Research

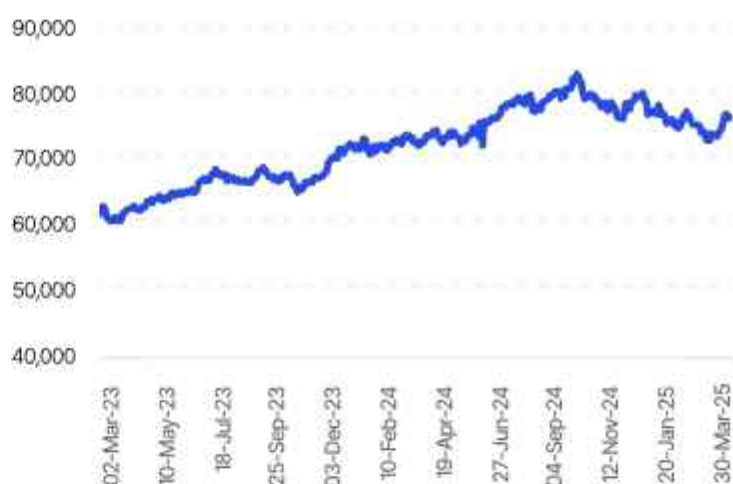
The Reserve Bank of India reduced the repo rate by 25 basis points to 6.25% in Q4 FY2025, the first rate cut in the past five years. This boosted liquidity in the market and increased the disposable income of citizens. The reverse repo rate, representing the rate at which the RBI borrows money from commercial banks, remained unchanged at 3.35%. The Cash Reserve Ratio (CRR) also stayed steady at 4%, unchanged since December 2024. CRR signifies the proportion of deposit money that banks are required to maintain with the RBI. Meanwhile, the State Bank of India maintained its Prime Lending Rate (PLR) at 15.15% throughout the quarter. These decisions reflect a calibrated monetary policy aimed at supporting economic growth while preserving financial stability.

Stock market remains bearish amid global uncertainties

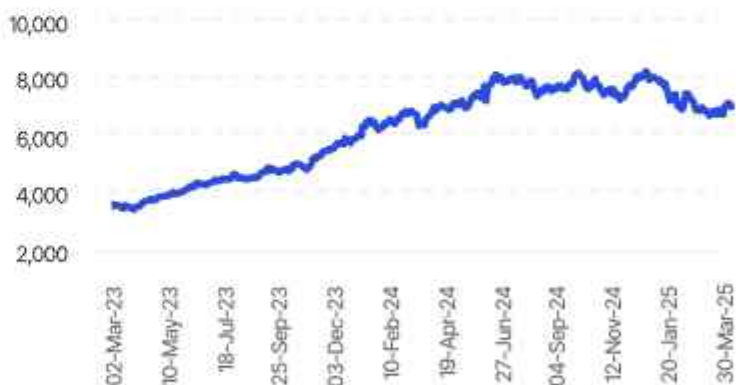
After crossing the 78,000 mark at the end of the last quarter, the index peaked at 79,944 in January 2025. However, it was 5.1% lower than the highest level recorded in the previous quarter. Since then, the index has fallen gradually and reached its lowest of 72,990 in March 2025. It was 5.4% lower than the lowest point of the previous quarter. Although SENSEX recovered post that and closed at 77,415 at the end of Q1 2025, registering a decline of only 0.9% compared to the previous quarter-end. Upcoming months are likely to be bearish for the stock market due to frictions in global trade.

BSE Realty Index reached its peak in January 2025 at 8,229, which was 5.6% lower than the highest level recorded in the previous quarter. Post that, the index slumped and reached 6,191 at the end of February 2025, 15.4% lower than the lowest point of the previous quarter. The index recovered in March 2025 and closed at 6,602 by the end of Q1 2025. However, it was still 19.8% lower compared to the previous quarter-end.

Performance of BSE SENSEX



Performance of BSE Realty Index



Source: BSE India, Compiled by Vestian Research

India's net employment outlook is the strongest globally

India's Net Employment Outlook (NEO) surged to 43% in Q2 2025, reaching the highest level globally. It increased by 3 percentage points over the previous quarter and 7 percentage points compared to the same period a year ago. Additionally, it stood 18 percentage points above the global average for Q2 2025. Among regions, West India reported the strongest hiring outlook at 47%, followed by North & East India at 44% and South India at 39%.

Among sectors, Information & Technology sector reported the highest hiring intentions of 53%, followed by Industrials & Materials at 48%. Financials & Real Estate sector and Healthcare & Life Sciences sector also showed strong hiring intentions of 43% and 42%, respectively. However, the lowest hiring intentions were reported in the Consumer Goods & Services sector and the Energy & Utilities sector, each at 32%. All sectors except Communication Services and Healthcare & Life Sciences registered an increase in NEO over the previous quarter.

Net Employment Outlook Trend



Source: Manpower India Q2 2025, Compiled by Vestian Research

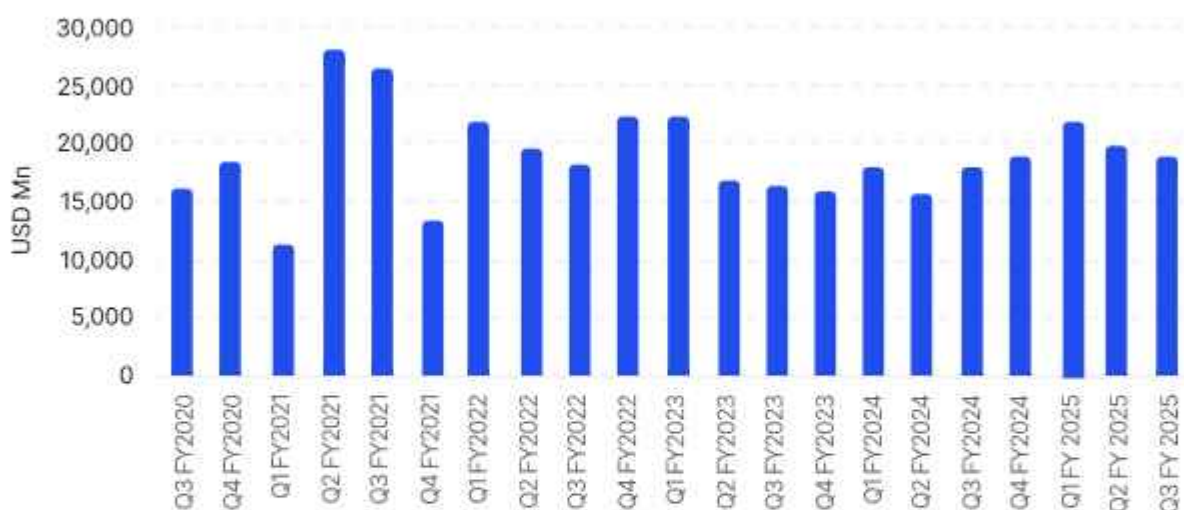
FDI inflows are on a downward trend

Foreign Direct Investment (FDI) inflows, including equity inflows, reinvested earnings, and other capital, declined by 4% quarter-on-quarter but increased by 6% year-on-year to USD 18.99 Bn in Q3 FY2025. While FDI inflows have consistently risen from Q2 FY2024 to Q1 FY2025, there was a 12% decline in Q2 FY2025, followed by 4% dip in Q3 FY2025. The inflows are likely to decrease further amid global macroeconomic uncertainty.

FDI equity inflows accounted for 57% of the total FDI inflows, however, the share has declined from 69% in Q2 FY2025. In value terms, it declined by 20% to USD 10.88 Bn over the previous quarter. Singapore continued to be the top investor with USD 4.45 Bn, accounting for 41% of the total equity inflows. Mauritius followed with an investment of USD 1.62 Bn, contributing 15% to the total equity inflows.

Services Sector attracted the highest FDI equity inflows in Q3 FY2025, totaling USD 1.54 Bn, or 14% of the total investments. It was followed by Computer Software & Hardware and Non-conventional Energy sectors, each receiving over USD 1.3 Bn of the total equity inflows. Non-conventional Energy sector saw notable growth, with its share rising from 6%-8% in the first two quarters of FY2025 to 12% in Q3 FY2025, showcasing the growing emphasis on sustainable energy.

Foreign Direct Investment (FDI) Inflow



Source: Department for Promotion of Industry and Internal Trade, Compiled by Vestian Research

Institutional investments reach USD 800+ Mn in Q1 2025

Prestige Estates Projects committed an investment of USD 191 Mn in Prestige Hospitality Ventures (PHVL) through a rights issue. The investment is expected to strengthen PHVL's hospitality business, which focuses on developing and operating hospitality projects. This was the biggest deal of Q1 2025.

In another deal, HDFC Capital Advisors partnered with Total Environment Building Systems to set up a USD 151 Mn platform for the development of residential projects in Bengaluru. Additionally, Oberoi Realty sold a stake in I-Ven Realty to Alpha Wave Ventures for USD 148 Mn.

While Blackstone is planning to acquire a 40% stake in Kolte Patil Developers for USD 134 Mn, CapitaLand acquired an office project, the Beacon, from MAIA Estates for USD 116 Mn.

Key Institutional Investments in the Real Estate Sector (Q1 2025)

Investor	Developer/Partner	Sector	Location	Approx amount (USD Mn)
Prestige Estates Projects	Prestige Hospitality Ventures	Commercial	Multi-city	191
HDFC Capital Advisors	Total Environment Building Systems	Residential	Bengaluru	151
Alpha Wave Global	Oberoi Realty	Residential	Multi-city	148
Blackstone	Kolte Patil Developers	Residential	Pune	134
CapitaLand	MAIA Estates	Commercial	Bengaluru	116

Source: Compiled by Vestian Research

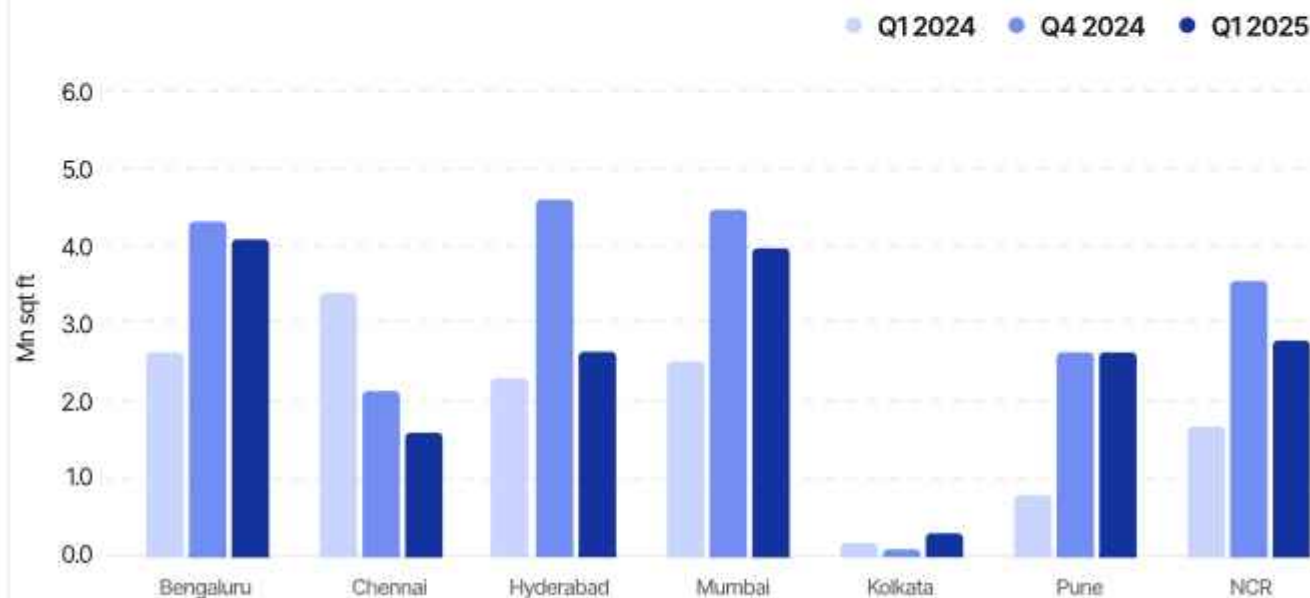


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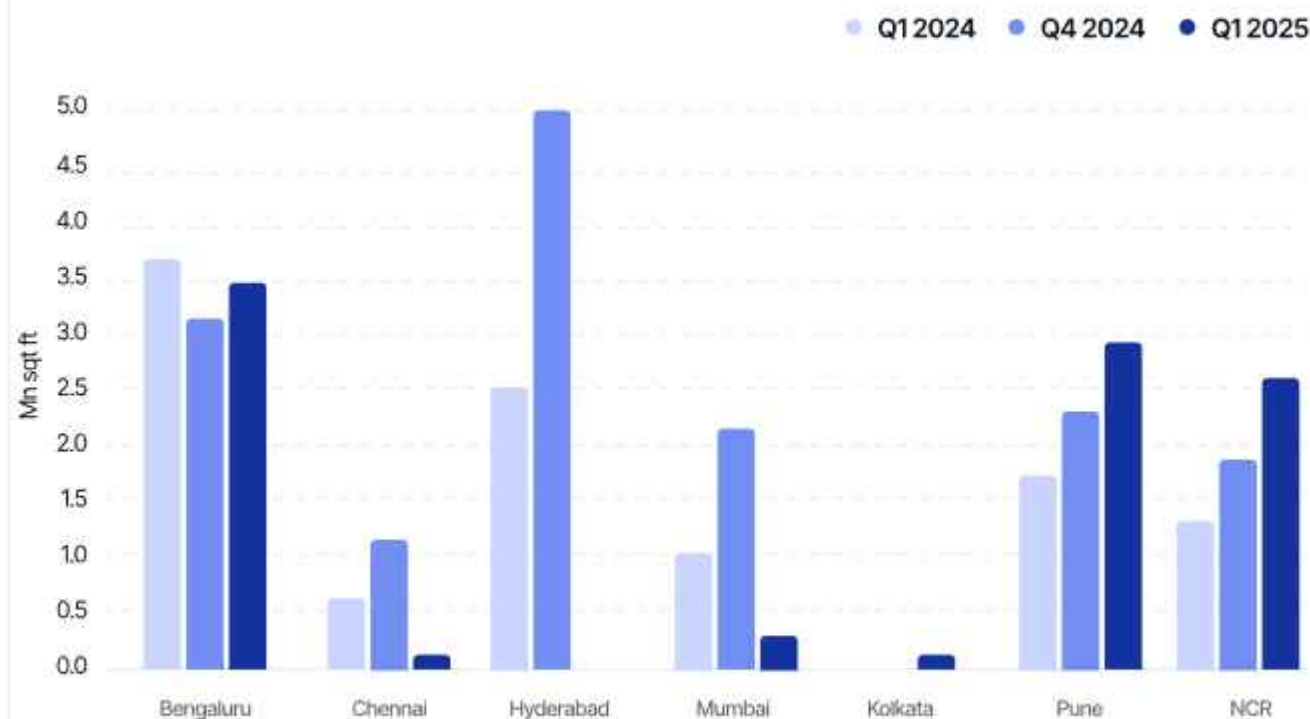
India: Office Market Overview

Sustained leasing activities keep the office market buoyant during Q1 2025

Absorption (Q1 2025 vs Q4 2024 vs Q1 2024)



New Completions (Q1 2025 vs Q4 2024 vs Q1 2024)



Office Market Summary: Q1 2025

City	Absorption	Y-o-Y Change	Q-o-Q Change	New Completions	Y-o-Y Change	Q-o-Q Change
	(Mn sq ft)	(%)	(%)	(Mn sq ft)	(%)	(%)
Bengaluru	4.08	56%	-3%	3.50	-5%	9%
Chennai	1.60	-52%	-24%	0.10	-83%	-91%
Hyderabad	2.66	17%	-43%	Negligible	NA	NA
Mumbai	3.99	60%	-11%	0.30	-70%	-86%
Kolkata	0.23	44%	289%	0.10	NA	NA
Pune	2.66	276%	NIL	2.90	71%	26%
NCR	2.73	51%	-21%	2.60	100%	44%
Total	17.96	34%	-17%	9.50	-12%	-39%

Source: Vestian Research

- Despite global macroeconomic uncertainty, the first quarter of 2025 witnessed sustained leasing activities across the top seven cities of India. As a result, absorption rose by 34% in Q1 2025 compared to the same period a year earlier, reaching 17.96 Mn sq ft. However, it was down by 17% from the highest ever absorption recorded in the previous quarter.
- While the share of southern cities (Bengaluru, Chennai, and Hyderabad) reduced significantly from 61% in Q1 2024 to 46% in Q1 2025, western cities (Mumbai and Pune) witnessed a jump from 24% to 37% in absorption during the same period.
- Bengaluru dominated pan-India absorption with 4.08 Mn sq ft in Q1 2025, closely followed by Mumbai with 3.99 Mn sq ft. Kolkata reported the lowest absorption of 0.23 Mn sq ft during Q1 2025, however, it increased by 44% on year and 289% over the previous quarter.
- Despite a quarterly decline of 3% in value terms, the share of Bengaluru in pan-India absorption increased to 23% in Q1 2025 from 19% a quarter earlier. Similarly, the share of Mumbai also rose marginally by one percentage point to 22% in Q1 2025 despite an 11% decline in value terms.
- Pune reported an annual increase of 276% in absorption, with its pan-India share rising from 5% in Q1 2024 to 15% in Q1 2025. Conversely, Chennai witnessed the highest annual drop of 52% with its share declining from 25% to 9% during the same period stated above.

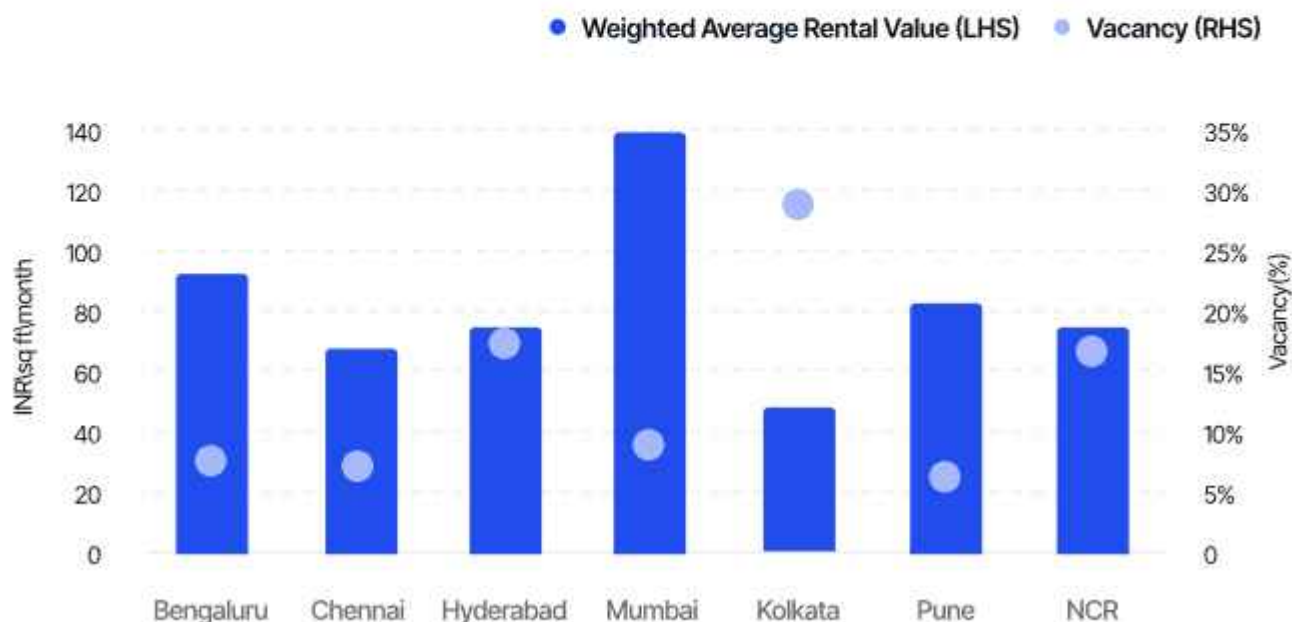
- IT-ITeS sector led absorption in Q1 2025 with 34% share, marginally down from 36% in the previous quarter. BFSI sector followed with 20% share, whereas Flex Spaces contributed 9% of the total absorption in Q1 2025.
- Construction activities slowed down in Q1 2025, reaching 9.50 Mn sq ft. It declined by 39% on quarter and 12% over the previous year. This could be attributed to the absence of new supply in Hyderabad and minimal supply additions in Chennai, Mumbai, and Kolkata during Q1 2025.
- While Bengaluru led new completions in Q1 2025 with 37% share, Pune followed with 31% share. Bengaluru's share increased from 21% in the previous quarter, whereas Pune's share rose from 15%.
- New completions in NCR doubled to 2.6 Mn sq ft in Q1 2025 compared to the same period a year ago. It also increased by 44% over the previous quarter.



India's office market maintained its growth momentum in Q1 2025, driven by sustained demand across the major office markets in India. While leasing activities slowed down in Chennai, new completions dried up in Hyderabad. As the demand-supply dynamics evolve, new growth pockets are expected to emerge.

Rentals appreciate and vacancies improve in Q1 2025

Weighted Average Rental Values & Vacancy (Q1 2025)



Source: Vestian Research

- Absorption outpaced new completions in Q1 2025, leading to a 100-bps reduction in pan-India vacancy. It reached 12.9% in Q1 2025 from 13.9% in the previous quarter. Vacancy levels decreased in all cities, except Pune.
- Pune witnessed an increase of 10 bps in vacancy during Q1 2025 as new completions surpassed absorption, whereas vacancy reduced the highest by 250 bps in Mumbai amid restricted supply.
- Kolkata, Hyderabad, and NCR recorded the highest vacancies among the top seven cities, at 28.9%, 17.5%, and 17.0%, respectively.
- Weighted average rentals across the top seven cities increased over the previous quarter, supported by strong absorption and new project completions. Quarterly rental growth was in the range of 1.0%-9.2%.
- Hyderabad led the quarterly rental growth with 9.2%, followed by Mumbai with 5.2%.

Wighted Average Rental Values: Q1 2025

City	Weighted Average Rental Value (INR/sq ft/mo)	Q-o-Q Change (%)
Bengaluru	92.4	3.8%
Chennai	66.1	3.1%
Hyderabad	75.9	9.2%
Mumbai	139.7	5.2%
Kolkata	48.3	2.8%
Pune	81.5	2.6%
NCR	73.2	1.0%

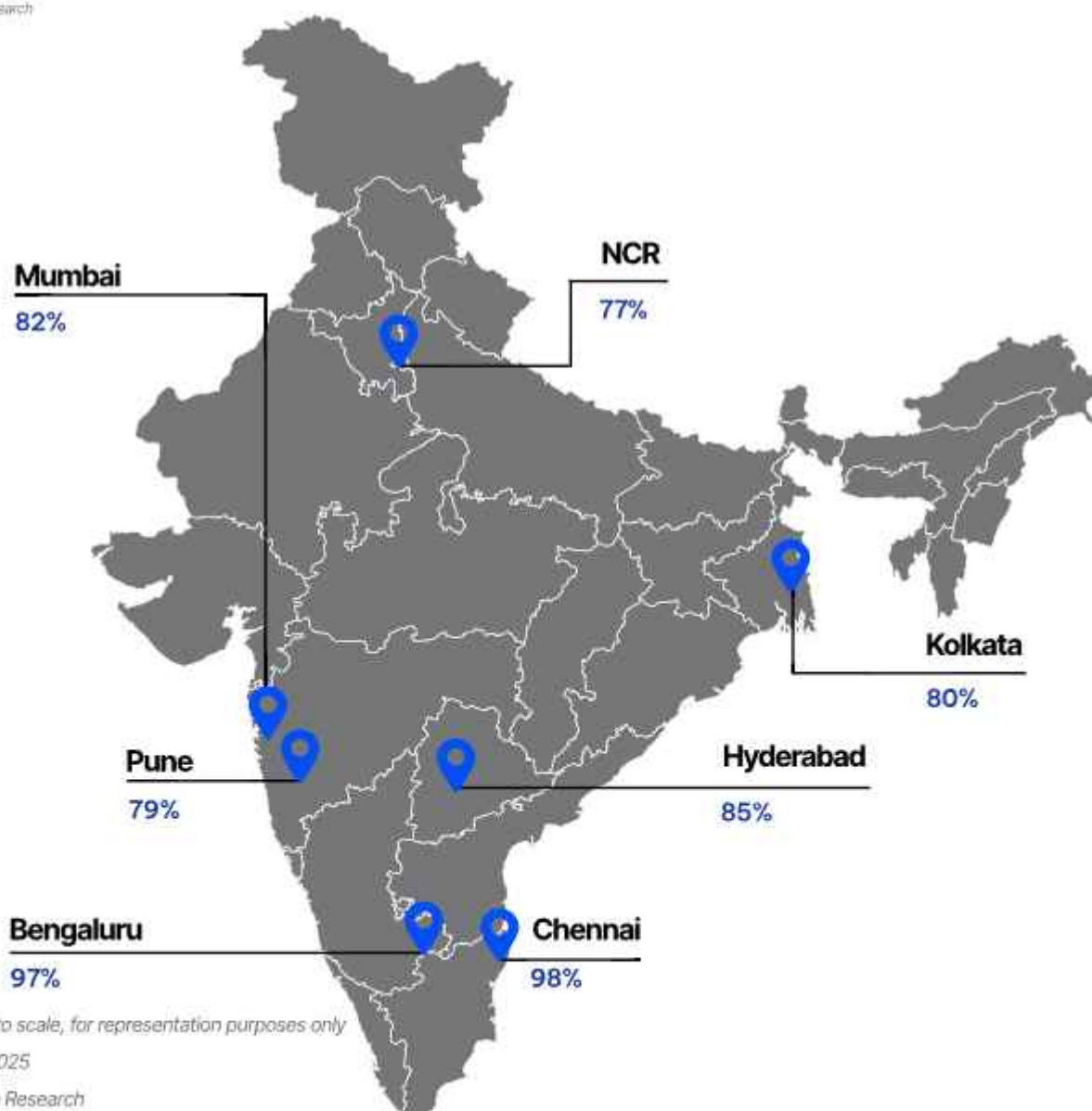
Source: Vestian Research

Share of green-certified buildings increases in absorption

City	% of the city's total absorption	
	Q4 2024	Q1 2025
Bengaluru	97%	97%
Chennai	88%	98%
Hyderabad	70%	85%
Mumbai	78%	82%
Kolkata	15%	80%
Pune	76%	79%
NCR	91%	77%
Total	83%	86%

Note: Data is for grade-A office buildings only

Source: Vestian Research



Note: Map not to scale, for representation purposes only

Data is for Q1 2025

Source: Vestian Research

Share of GCCs in pan-India absorption rises to 44% in Q1 2025 from 33% in Q4 2024

City-wise Absorption by GCCs



Source: Vestian Research

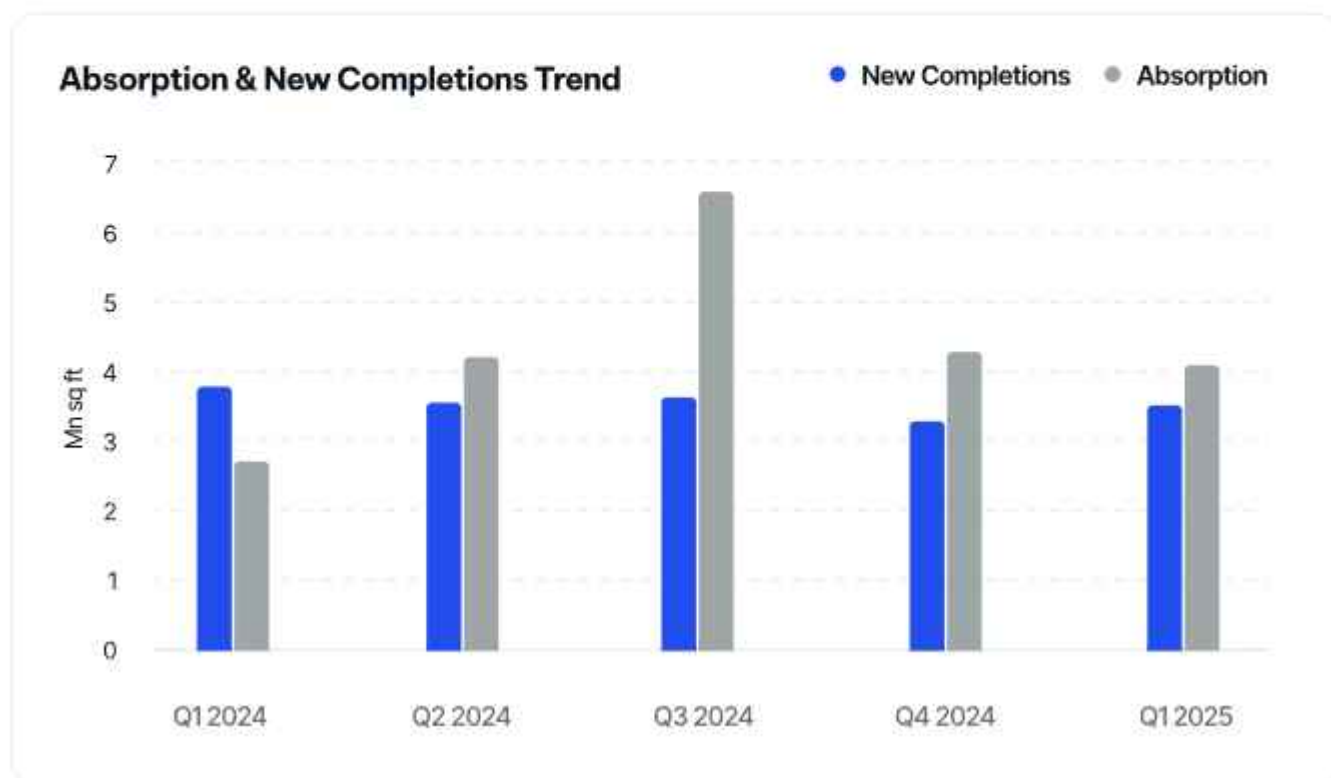
- Absorption by GCCs reached 7.87 Mn sq ft in Q1 2025, registering an increase of 9.7% over the previous quarter and a rise of 46.2% compared to Q1 2024.
- Bengaluru led the absorption by GCCs among the top seven cities with 39% share in Q1 2025, registering a 39% QoQ and 119% YoY increase in value terms.
- Bengaluru, Hyderabad, and NCR together accounted for 73% of the absorption by GCCs in Q1 2025. The share has increased from 68% a quarter earlier.



03

Bengaluru

GCCs dominate leasing activities in Q1 2025



Source: Vestian Research

Office Rental Values: Q1 2025

Micro-Market	Weighted Average Rental Value (INR/sq ft/month)
Central Business District	140
Suburban Business District	124
Outer Ring Road	114
PBD – East & South	68
PBD – Bengaluru North	79

Note: Office rentals mentioned are for Grade A spaces

Source: Vestian Research

- The city recorded an absorption of 4.08 Mn sq ft in Q1 2025, a gradual decrease for the second consecutive time after witnessing the highest-ever quarterly absorption of 6.63 Mn sq ft in Q3 2024. Despite a decline, the city accounted for the highest share of 23% among the top seven cities.
- While the absorption decreased by 3% in Q1 2025 compared to the previous quarter, the share in pan-India absorption increased from 19% to 23% during the same period stated above. Additionally, the city witnessed an increase of 56% in Q1 2025 compared to Q1 2024.
- IT-ITeS sector dominated the city's absorption with 56% share in Q1 2025; however, the share has declined from 60% over the previous quarter. Electronics sector followed with 20% share, whereas Flex Spaces accounted for 13% of the absorption in Q1 2025.
- Localities on ORR accounted for 60% of the city's total leased area in Q1 2025, followed by PBD-East at 23% and SBD at 9%.
- 97% of the city's total absorption was reported in green buildings during Q1 2025, depicting the city's inclination towards sustainability. The share largely remained stable compared to the previous quarter.
- GCCs accounted for nearly 76% of the city's absorption in Q1 2025, around 3.08 Mn sq ft. It also holds the highest share of 39% among the top seven cities.
- Construction activities decreased by 5% over the previous year, but increased by 9% compared to the previous quarter, reaching 3.50 Mn sq ft in Q1 2025. Moreover, the city accounted for 37% of pan-India supply in Q1 2025, which has increased from 21% over the previous quarter.
- As absorption surpassed new completions during the current quarter, vacancy rates improved to 7.5% from 7.8% a quarter earlier. The city has a healthy single-digit vacancy rate.
- Currently, average rentals stand at INR 92.4/sq ft/month, which has increased by 3.8% over the previous quarter and 8.7% compared to the same period a year earlier.

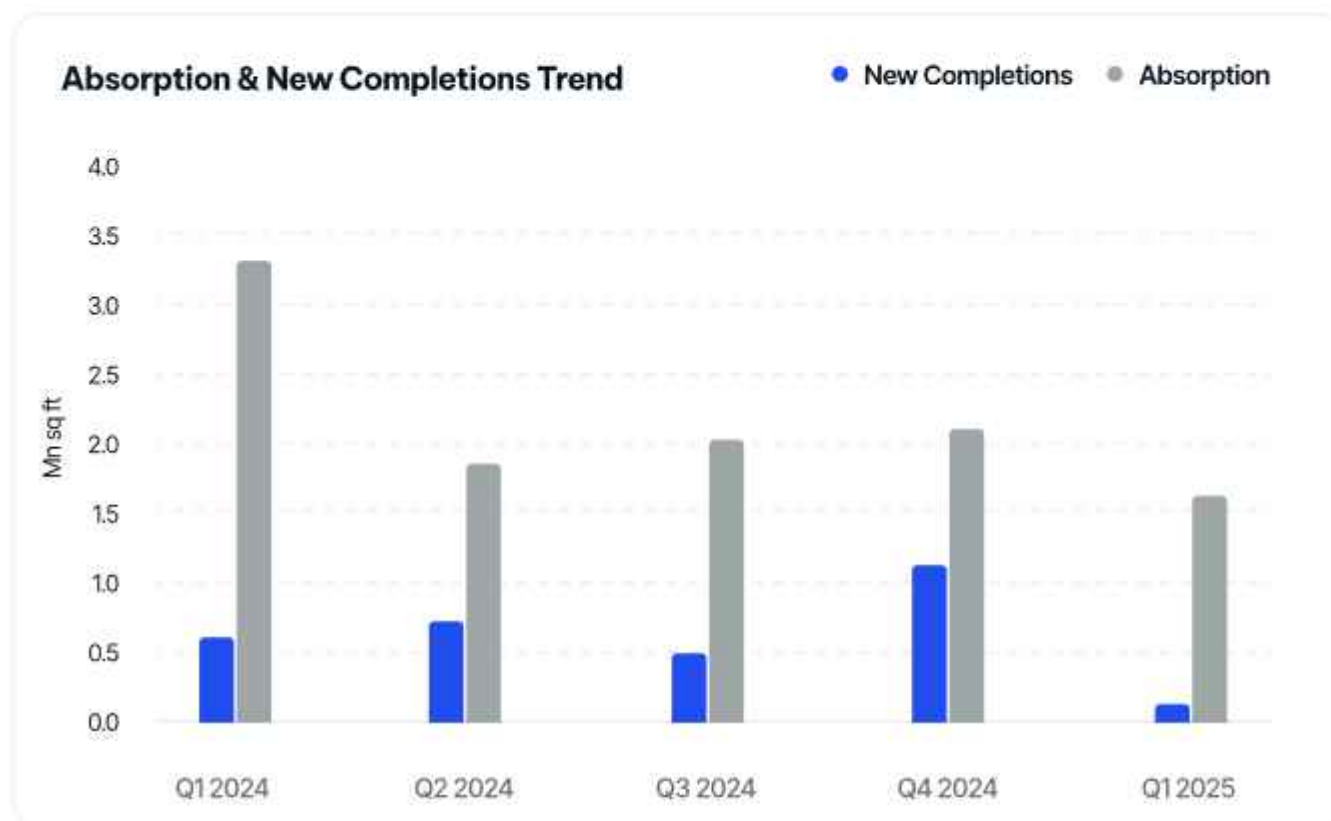
” The city witnessed elevated real estate activities during Q1 2025 despite the fear of a slowdown in the US economy. With a single-digit vacancy, robust demand, and ample supply, the city's office market is expected to expand multifold in the coming years.



04

Chennai

Market conditions favourable to developers due to controlled supply; rentals are expected to rise



Source: Vestian Research

Office Rental Values: Q1 2025	
Micro-Market	Weighted Average Rental Value (INR/sq ft/month)
CBD	80
SBD South	84
SBD West	78
SBD North-West	40
PBD – OMR (Post-toll)	54
PBD – GST Road	53

Note: Office rentals mentioned are for Grade A spaces

Source: Vestian Research

- Chennai witnessed an absorption of 1.60 Mn sq ft in Q1 2025, the lowest in the past five quarters. The absorption decreased by 24% over the previous quarter and 52% compared to the same period a year earlier.
- Despite a significant quarterly decline in absorption, the city's share in pan-India absorption remained largely stable at 9% in Q1 2025 compared to the 10% in Q4 2024. However, it declined drastically from 25% in Q1 2024.
- IT-ITeS sector led the absorption with 66% share in Q1 2025, increased from 40% a quarter earlier. Conversely, the share of Flex Spaces plummeted to 6% compared to 26% in the previous quarter. Life Sciences & Healthcare and Energy sectors together contributed around 14% of the city's absorption in Q1 2025 compared to 3% in the previous quarter.
- Micro-markets of PBD-OMR dominated the absorption with 41% share, followed by SBD-South and SBD-West with 25% and 23% share, respectively. Major technology companies are concentrated in localities such as Perungalathur, Perungudi, Tharamani, Ambattur, Sholinganallur, and Navalur.
- Nearly 98% of the total absorption was reported in green buildings, the highest among the top seven cities. The share has increased from 88% a quarter earlier and 90% a year earlier.
- GCCs accounted for nearly 29% of the city's absorption in Q1 2025, which was only 6% of the total office space leased by GCCs in the top seven cities.
- The city reported new completions of 0.10 Mn sq ft in Q1 2025, accounting for a mere 1% of the pan-India supply. The share has dropped from 7% in Q4 2024 and 6% in Q1 2024. In value terms, new completions significantly decreased by 91% over the previous quarter and 83% compared to Q1 2024.
- The city has the second-lowest vacancy rate of 7.1% in Q1 2025, reduced from 8.9% a quarter earlier due to controlled new supply and robust demand.
- Average rental values reached INR 66.1/sq ft/month in the current quarter. Rentals surged by 3.1% compared to the previous quarter and 9.3% over the same period a year earlier. It is the 2nd most affordable city after Kolkata in terms of office rentals.



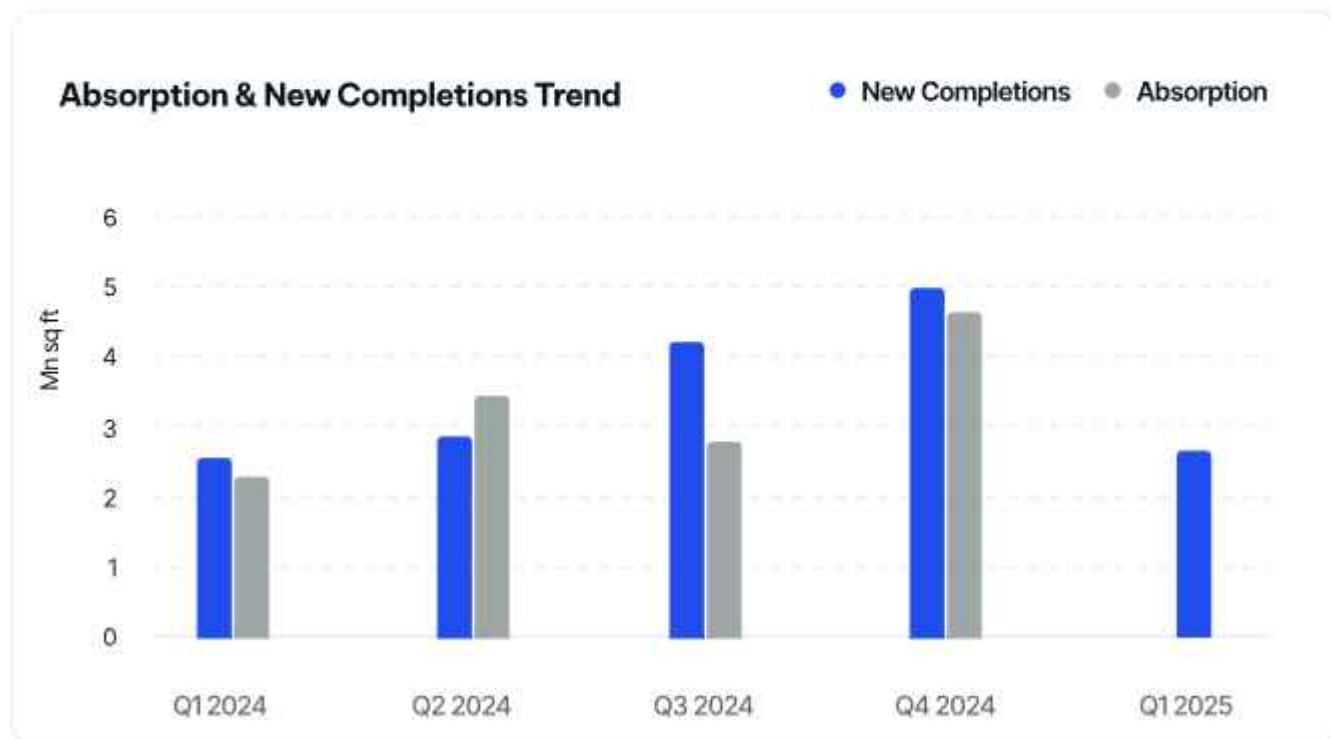
Diversified economic base kept the city's office market buoyant during the first quarter of 2025. Along with IT-ITeS sector, Life Sciences & Healthcare, Energy, and Flex Spaces contributed significantly to the heightened office demand.



05

Hyderabad

No new completions in Q1 2025, absorption at 4-quarter Low



Source: Vestian Research

Office Rental Values: Q1 2025	
Micro-Market	Weighted Average Rental Value (INR/sq ft/month)
CBD	53
SBD	65
PBD (West)	85
PBD	40

Note: Office rentals mentioned are for Grade A spaces

Source: Vestian Research

- The city reported an absorption of 2.66 Mn sq ft in Q1 2025, the lowest in the past four quarters. While the absorption decreased by 43% over the previous quarter, it reported an increase of 17% compared to the same quarter a year earlier.
- The city accounted for 15% of the pan-India absorption in Q1 2025, however, the share has decreased from 21% in Q4 2024 and 17% in Q1 2024.
- Unlike the previous quarter, Life Sciences & Healthcare sector dominated absorption with 30% share in Q1 2025, up from 15% in Q4 2024. Conversely, the share of IT-ITeS sector reduced to 20% in Q1 2025 from 38% in Q4 2024. Moreover, Consulting Services and Engineering & Manufacturing sectors collectively contributed 21% to the city's absorption in Q1 2025.
- Majority of the leasing transactions were concentrated in PBD-West, around 96%. The micro-markets of SBD and CBD are likely to witness increased traction in the coming months, owing to the enhanced connectivity to commercial hubs.
- Nearly 85% of the leasing transactions in Q1 2025 were concentrated in green buildings. The share has increased from 70% in Q4 2024, owing to the elevated demand for sustainable office spaces and the completion of new green office buildings.
- More than half of the city's office space was leased by GCCs in Q1 2025, accounting for 17% of the total office space leased by GCCs in the top seven cities.
- Followed by a healthy supply of 5 Mn sq ft in the previous quarter, the city registered negligible new completions during Q1 2025. This momentary pause could be attributed to the completion of large office buildings in the past couple of quarters.
- The city has nearly 28 Mn sq ft of vacant office space with 17.5% vacancy rate. It has decreased from 19.1% over the previous quarter due to muted supply and relatively higher absorption.
- Average rental values sharply increased to INR 75.9/sq ft/month in Q1 2025, registering a yearly increase of 13.5%. Moreover, rentals increased by 9.2% over the previous quarter, recording the highest percentage change among the top seven cities.



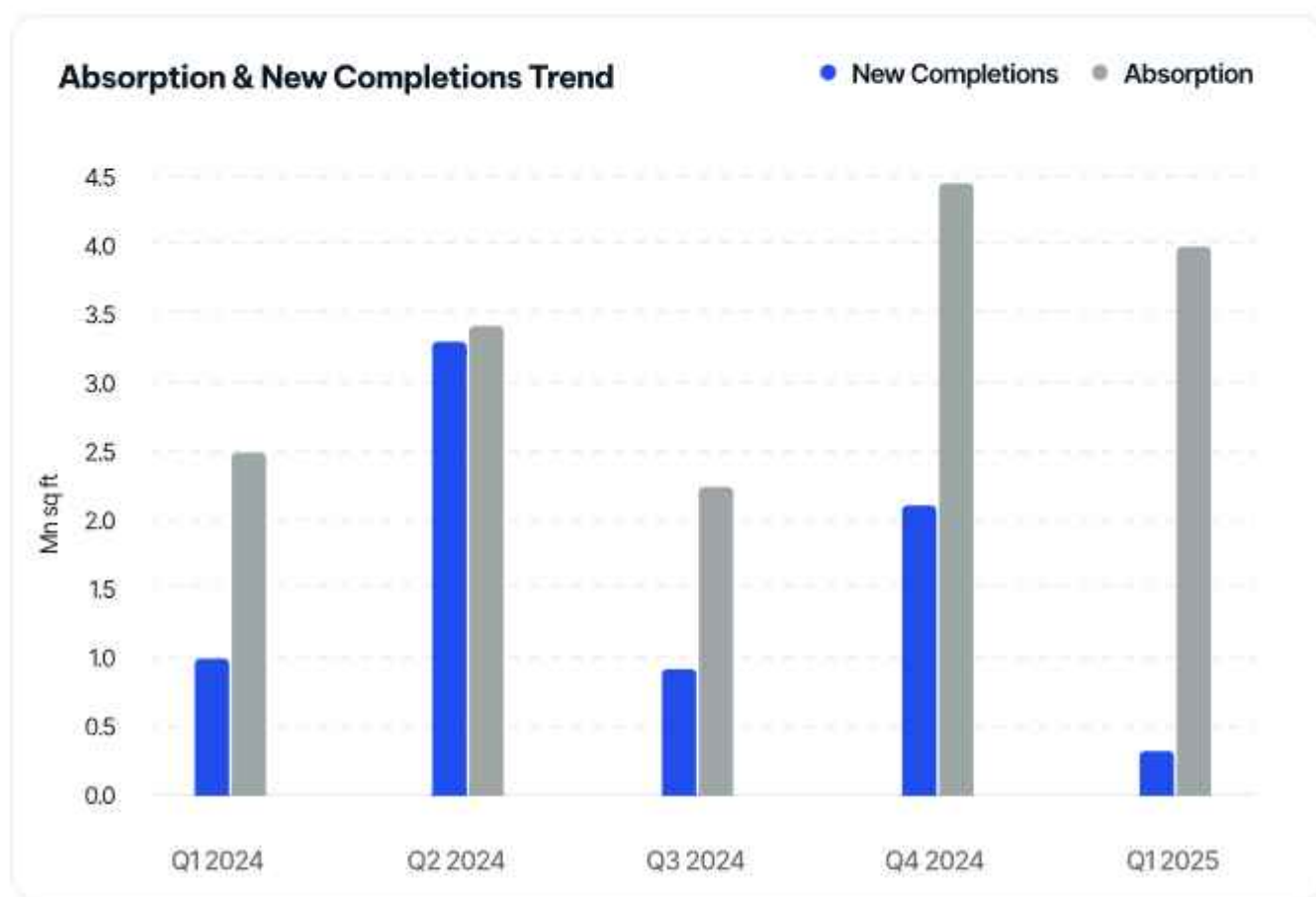
Robust supply and demand led to significant appreciation in rentals over the years across the major office markets in the city. Rentals are likely to appreciate further on the back of improved infrastructure and new supply of quality grade-A office spaces.



06

Mumbai

New-age asset classes are likely to drive office demand



Source: Vestian Research

Office Rental Values: Q1 2025	
Micro-Market	Weighted Average Rental Value (INR/sq ft/month)
CBD	218
Off-CBD	172
BKC	260
Western Suburbs	140
Eastern Suburbs	117
Navi-Mumbai	86

Note: Office rentals mentioned are for Grade A spaces

Source: Vestian Research

- Mumbai witnessed the second-highest absorption among the top 7 cities, accounting for 22% of pan-India absorption. The city recorded an absorption of 3.99 Mn sq ft in Q1 2025, registering a drop of 11% over the previous quarter. However, the absorption increased by 60% compared to the same quarter a year earlier.
- BFSI sector continued to dominate absorption in Q1 2025 with 44% share, registering an increase from 36% in Q4 2024. On the other hand, the share of IT-ITeS sector drastically reduced to a mere 7% in Q1 2025 compared to 14% a quarter earlier. Moreover, data centres emerged as major occupiers during the current quarter, accounting for 8% of the city's absorption.
- Western Suburbs led leasing activity in Q1 2025 with 49% share, followed by Eastern Suburbs at 20% and Off-CBD at 14%. Additionally, micro-markets of Navi Mumbai accounted for 13% of the city's absorption in Q1 2025.
- Nearly 82% of the leasing activities in Q1 2025 were reported in green buildings. The share has increased from 78% a quarter earlier.
- Around 27% of the city's office space was leased by GCCs in Q1 2025, accounting for 14% of the total office space leased by GCCs in the top seven cities.
- New completions reached 0.30 Mn sq ft in Q1 2025, registering a quarterly decline of 86% and a yearly decrease of 70%. Q1 2025 witnessed the lowest new completions in the past seven quarters.
- Vacancy rate dropped to 8.3% in Q1 2025 owing to robust absorption and relatively restricted supply. This is the first time that the city's vacancy rate has dropped to a single digit.
- The city has the highest office rentals of INR 139.7/sq ft/month among the top seven cities. Robust demand put northward pressure on rentals, leading to 5.2% increase over the previous quarter and 10.5% rise compared to the same period a year earlier.

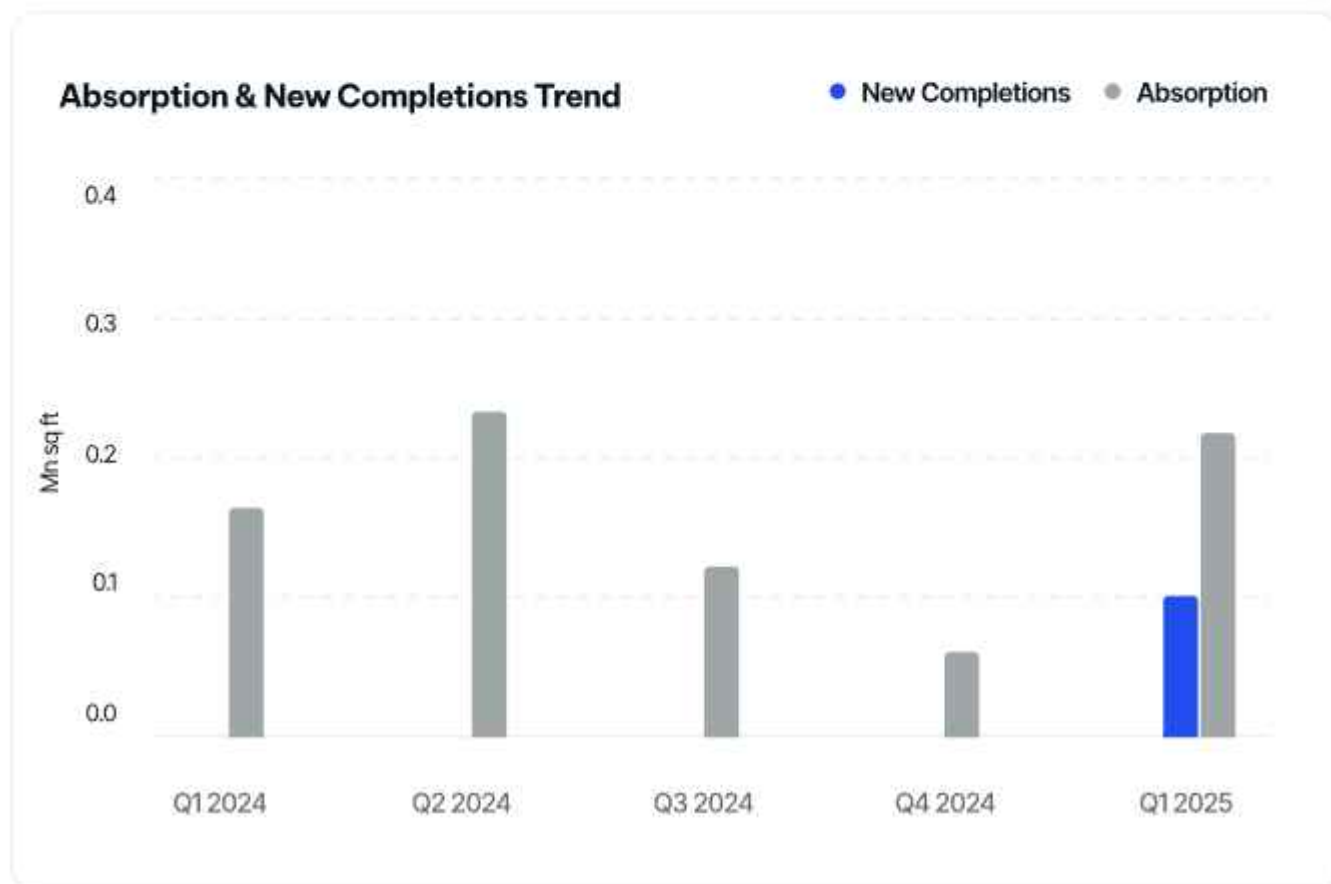
” The city's strategic location, enhanced connectivity, rich demographic dividend, and diversified economic base are likely to boost the demand for premium office spaces. As the city holds single-digit vacancy levels, rentals are expected to increase further.



07

Kolkata

Q1 2025 ends the past five quarters spell of muted new completions



Source: Vestian Research

Office Rental Values:Q1 2025	
Micro-Market	Weighted Average Rental Value (INR/sq ft/month)
CBD	104
SBD	65
PBD	41

Note: Office rentals mentioned are for Grade A spaces

Source: Vestian Research

- Absorption increased by 289% over the previous quarter and 44% compared to Q1 2024, reaching 0.23 Mn sq ft in Q1 2025.
- Despite a significant increase in absorption, the pan-India share remained largely stable at 1% during the current quarter.
- BFSI sector dominated the absorption with 31% share in Q1 2025, followed by IT-ITeS sector and Aviation with 24% and 20% share respectively.
- Micro-markets in the PBD area accounted for 65% of the city's absorption in Q1 2025, followed by CBD with 32% and SBD with 3% share.
- Nearly 80% of the absorption was concentrated in green buildings during Q1 2025, which is in range for the city.
- GCCs accounted for nearly 48% of the city's absorption in Q1 2025, however, it was only 1% of the total office space leased by GCCs in the top seven cities.
- The city registered 0.1 Mn sq ft of new completions in Q1 2025, ending the trend of muted completions for the past five quarters.
- The city has the highest vacancy rate of 28.9% among the top seven cities. However, it reduced by 60 bps over the previous quarter.
- Amid low supply and relatively higher absorption, rentals marginally increased by 2.8% over the previous quarter to INR 48.3/sq ft/month.



Despite restricted supply and robust demand for the past couple of quarters, rentals remained largely range bound. The strong pipeline of upcoming supply is expected to ease the pressure on rentals.

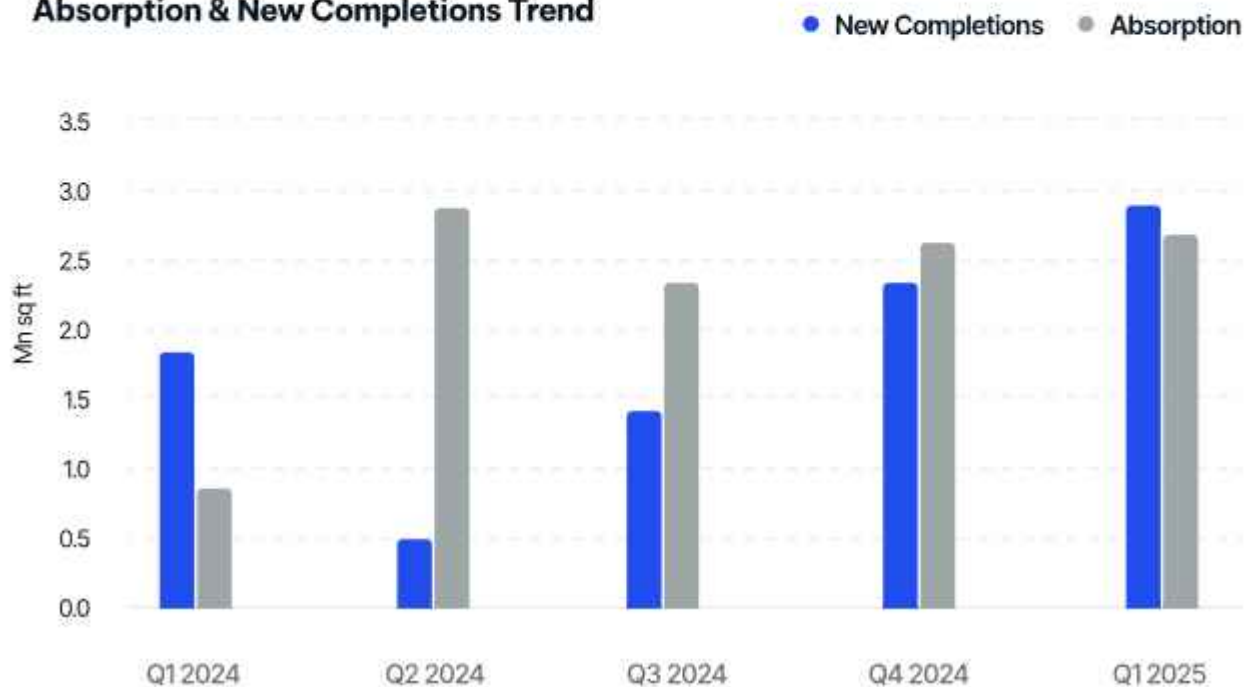


08

Pune

Demand-supply equilibrium maintains healthy vacancy levels

Absorption & New Completions Trend



Source: Vestian Research

Office Rental Values: Q1 2025

Micro-Market	Weighted Average Rental Value (INR/sq ft/month)
CBD	125
SBD East	97
SBD West	90
PBD East	68
PBD West	60

Note: Office rentals mentioned are for Grade A spaces

Source: Vestian Research

- Absorption remained stable at 2.66 Mn sq ft in Q1 2025 compared to the previous quarter. However, it increased by 276% compared to the same quarter a year earlier.
- Pune's share in pan-India absorption rose to 15% in Q1 2025 from 12% in Q4 2024 and 5% in Q1 2024.
- BFSI, IT-ITeS, and Flex Spaces together accounted for 78% of the city's absorption in Q1 2025, registering an increase from 75% in the previous quarter. BFSI topped the charts with 44% share in Q1 2025, up from 7% a quarter earlier. On the other hand, the share of IT-ITeS declined significantly to 21% in Q1 2025 from 46% in Q4 2024.
- SBD-East dominated with 65% share in Q1 2025, with IT-ITeS and BFSI sectors leasing nearly 80% of the office space in this micro-market. PBD-West followed with 24% share of the city's absorption.
- Nearly 79% of the city's absorption was concentrated in green buildings, up from 76% over the previous quarter but down from 80% in Q1 2024.
- Around 17% of the city's office space was leased by GCCs in Q1 2025 which was only 6% of the total office space leased by GCCs in the top seven cities.
- The city recorded 2.90 Mn sq ft of new completions in Q1 2025, the highest in the past three years. It increased by 71% on year and 26% over the previous quarter.
- The city's share in pan-India supply surged to 31% in Q1 2025 from 15% in the previous quarter and 16% in the same quarter last year.
- As the city attained equilibrium in demand and supply during the current quarter, vacancy rates remained largely stable at 6.6% compared to the previous quarter. The city has the lowest vacancy rate among the top seven cities.
- Rental values appreciated by 2.6% in Q1 2025 over the previous quarter, reaching INR 81.5/sq ft/month. This appreciation could be attributed to the new supply at higher rentals.



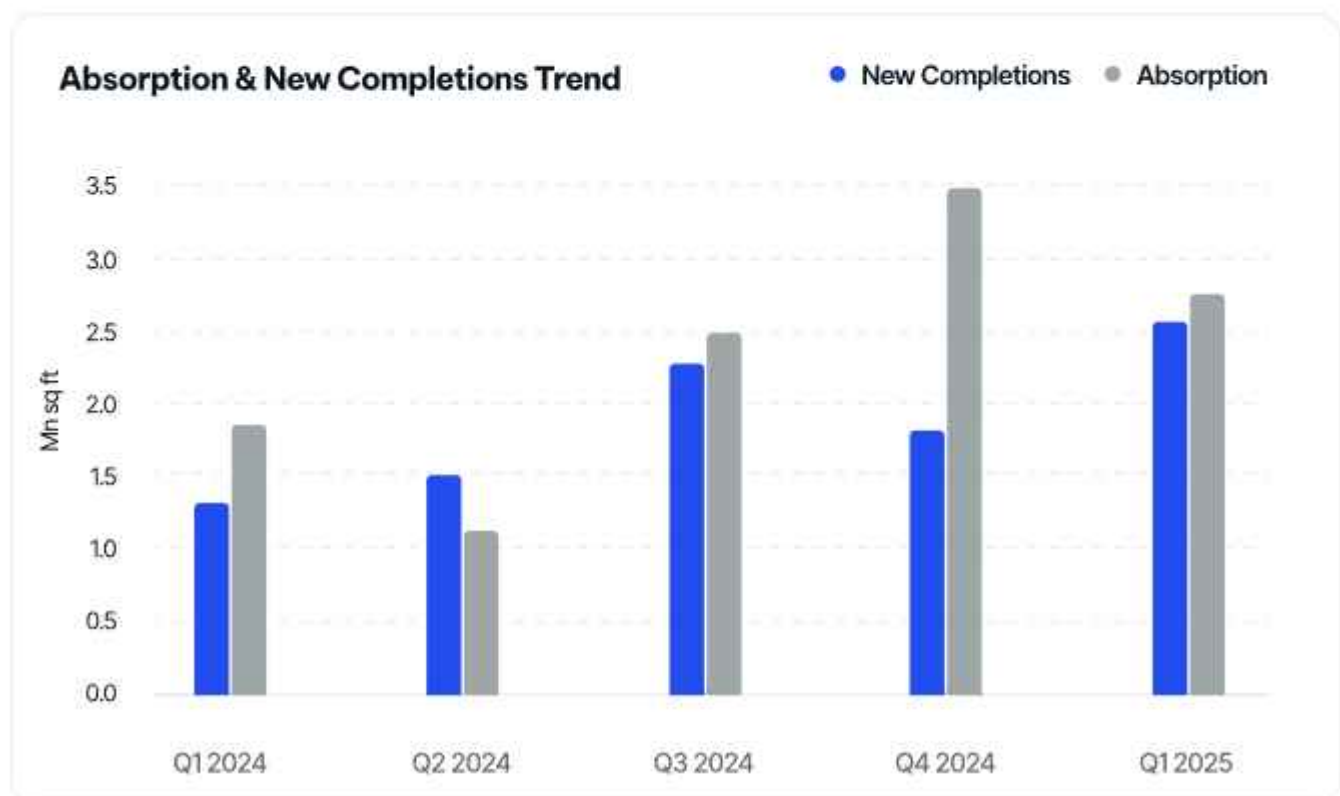
Pune's office market is thriving, driven by strong demand from sectors such as BFSI and IT-ITeS. With steady absorption and rental growth, the city's outlook remains positive.



09

NCR

Geographical boundaries are expanding to accommodate the growing demand for office spaces



Source: Vestian Research

Office Rental Values: Q1 2025	
Micro-Market	Weighted Average Rental Value (INR/sq ft/month)
CBD Delhi	295
SBD Delhi	150
Gurugram I	124
Gurugram II	113
Gurugram III	28
Noida	66
Faridabad	49

Note: Office rentals mentioned are for Grade A spaces

Source: Vestian Research

- The city recorded an absorption of 2.73 Mn sq ft, contributing 15% of the pan-India absorption. The share largely remained stable compared to Q1 2024 and Q4 2024.
- Absorption dropped by 21% in Q1 2025 over the previous quarter; however, it increased by 51% compared to the same quarter a year earlier.
- IT-ITeS sector dominated the city's absorption in Q1 2025 with 52% share as AI & Robotics companies leased significant office space. BFSI sector accounted for 15% of the city's absorption in Q1 2025, while Flex Spaces contributed 12%. However, the share of Flex Spaces declined from 36% in Q4 2024.
- Leasing activity was primarily concentrated in the micro-markets of Gurugram-II and Noida, each accounting for 36% of the total absorption in Q1 2025, followed by Gurugram-I with 28% share.
- Nearly 77% of the city's absorption was concentrated in green buildings, the lowest among the top seven cities. It declined from 91% over the previous quarter.
- Around 48% of the city's office space was leased by GCCs in Q1 2025 which was 17% of the total office space leased by GCCs in the top seven cities.
- New completions doubled to 2.60 Mn sq ft in Q1 2025 compared to Q1 2024. It also increased by 44% compared to Q4 2024. Following similar trend, the city's share in pan-India absorption rose to 27% in Q1 2025 from 12% a quarter earlier.
- The city has a vacancy rate of 17.0% in Q1 2025 with 23.1 Mn sq ft of vacant space. Vacancy decreased from 17.4% in Q4 2024 and 19.3% in Q1 2024.
- Balanced demand and supply during the current quarter kept the rentals range-bound at INR 73.2/sq ft/month compared to the previous quarter.



NCR is expanding geographically to accommodate the growing demand for office spaces. As infrastructure strengthens and occupiers' interests grow, emerging office markets in NCR are likely to drive the next wave of growth.

Outlook

- The Union Budget 2025-26 is expected to boost GDP growth in the coming quarters by focusing on agriculture, exports, MSMEs, and infrastructure development. The growth may trickle down to real estate as well.
- India has the highest Net Employment Outlook of 43% in Q2 2025, propelled by robust hiring intentions across all regions and key sectors. This positive employment sentiment may lead to heightened demand for commercial real estate assets.
- Even though the absorption decreased over the previous quarter, demand for office spaces by GCCs, IT-ITeS, BFSI, and Flex Spaces is expected to swell in the forthcoming quarters.
- Demand for office spaces is likely to increase in Tier-II and Tier-III cities as they emerge as prominent commercial hubs due to competitive rentals, enhanced connectivity, and skilled workforce. Flex Spaces are expected to gain traction in smaller towns to cater to the growing needs of large conglomerates.
- Robust demand and controlled supply exerted pressure on rentals to move up in the past couple of quarters. This trend is likely to persist as demand for grade-A office spaces is expected to increase in the coming quarters.
- The thin line between office spaces and other real estate assets is fading due to the rise of mixed-use developments and change in employee preferences. Employees prefer to work closer to home in flexible, well-connected, and convenience-focused urban settings that support both work and lifestyle needs.
- Leasing in green office buildings is expected to grow further as occupiers prioritize sustainable, green-certified office spaces to meet their net-zero goals and align with evolving ESG standards and regulations.



Office: Location master

City	Micro-market	Key Locations
Bengaluru	CBD	M.G. Road, Kasturba Road, Lavelle Road, V.M. Road, Ulsoor Road, Infantry Road
	SBD	Indiranagar, Koramangala, Inner Ring Road, Old Airport Road, Bannerghatta Road
	ORR	Stretch from Hebbal to Silk Board junction
	PBD-East & South	Whitefield, Electronics City, Mysore Road, Sarjapur Road
	Bengaluru North	Bellary Road (Hebbal to BIAL)
Chennai	CBD	Anna Salai, Cathedral Road, Dr. R. K. Salai, Nungambakkam, T Nagar, Alwarpet, Egmore
	SBD West	Guindy, Mt. Poonamallee Road, OMR (Madhya Kailash to Taramani)
	SBD South	Velachery, OMR Pre-toll (Taramani to Perungudi Toll)
	SBD-North & East	Ambattur, Koyambedu, Padi
	PBD-OMR (Post-toll)	Thoraipakkam, Sholinganallur, Siruseri, Padur
	PBD-GST Road	Tambaram, Perungalathur, Guduvanchery, Chengalpattu
Hyderabad	CBD	Begumpet, Somajiguda, Raj Bhavan Road & SP Road
	SBD	Banjara Hills, Jubilee Hills
	PBD (West)	Madhapur, Gachibowli, Raidurgam, Manikonda, Hi-Tech City
	PBD	Pocharam, Uppal, Shamshabad
Mumbai	CBD	Fort, Church Gate, Cuffe Parade, Colaba
	Off-CBD	Worli, Lower Parel, Prabhadevi
	BKC	Bandra Kurla Complex
	Western Suburds	Andheri, Goregaon, Malad
	Eastern Suburds	Vikhroli, Powai, Mulund, Thane
	Navi Mumbai	Vashi, Belapur

City	Micro-market	Key Locations
Kolkata	CBD	Esplanade, Park Street, Camac Street, AJC Bose Road, Dalhousie, Theatre Road, Shakespeare Sarani Road
	SBD	Sarat Bose Road, S.P. Mukherjee Road, Ashutosh Mukherjee Road, Rash Behari Connector & Park Circus Connector
	PBD	Salt Lake Sector-V, New Town
Pune	CBD	Bund Garden Road, S B Road, Camp, Deccan, Pune Station Road
	SBD (East)	Kalyani Nagar, Hadapasar, Kharadi, Airport Road, Viman Nagar, Yerwada, Nagar Road, Vishrantwadi
	SBD (West)	Wakdewadi, Aundh, Baner, Kothrud, Pashan, Paud Road, Khadki, University Road
	PBD (East)	Phursungi, Wanowrie, Wagholi, Saswad Road
	PBD (West)	Hinjewadi, Bavdhan, Wakad, Balewadi, Pimpri, Bhosari, Chinchwad, Pimple Saudagar
NCR	CBD Delhi	Connaught Place, Barakhamba Road, KG Marg, Minto Road
	SBD Delhi	Nehru Place, Saket, Jasola, Bhikaji Cama Place, Mohan Co-operative, Okhla, Aerocity
	Gurugram I	MG Road, NH-8, Golf Course Road, Golf Course Extn Road
	Gurugram II	DLF Cybercity, Sohna Road, Udyog Vihar, Gwal Pahari
	Gurugram III	Manesar
	Noida	Sectors 16, 18, 62, 63, Noida-Greater Noida Expressway
	Faridabad	Sector Alpha, Beta, Gamma, Tech Zone

About Vestian

Vestian is a best-in-class CRE firm, putting real estate to work worldwide. Partnering with clients of all sizes, Vestian creates and executes personalized end-to-end real estate strategies that deliver measurable results and move the dial for business.

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