

AS MNCS KEEP FLYING IN...

# Office Vacancies Could Hit a 10-yr Low Next Fiscal

Demand could outpace new supply, as GCCs lead a resurgence in office demand in India: Observers

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**Bengaluru:** India's commercial office market is set to witness a sharp drop in vacancy levels, reaching a decadal low of 14-14.5% by FY26, reflecting robust offtake from global inhouse centres of Fortune 500 companies and global banks.

India's office market recorded its lowest vacancy level in FY20, at 14.5%, while the highest was in FY16 at 19%.

The latest projections suggest that demand momentum will outpace new supply, bolstering occupancies to a decadal high of 85.5-86.0% by March 2026, ICRA said.

"Across the Embassy Group, we have leased 7.1 million sq ft this year. Given the sustained and strong demand from GCCs of leading global corporations, we expect similar or higher demand for quality real estate spaces across the country over the next two years," said Aditya Virwani, COO, Embassy Group.

The group has an under-construction development pipeline of

## On The Rise

Vacancy Rates expected to drop to **14-14.5%** by FY26, down from **19%** in FY16

Top global players like Amazon, Synopsys, and BNY Mellon expanding their operations in India

- ▶ **60-65 m sq ft** of new supply expected in 2025
- ▶ Occupancy rates projected to hit **85.5-86%** by March 2026

**REGULATORY BOOST:** Floor-wise denotification of IT-SEZ spaces, are playing a crucial role in reviving demand and increasing flexibility for non-SEZ occupiers



7.4 million sq ft under Embassy Reit and 7.1 million sq ft under Embassy Group, with an additional 30 million sq ft in the greenfield stage.

The resurgence in office demand is led by GCCs, which continue to expand aggressively in India, leveraging the country's highly skilled talent pool, cost advantages, and availability of Grade A office spaces at competitive rentals.

Over the past year, major global players like Amazon, Synopsys, and BNY Mellon have signed large deals to establish new centres and expand their operations in India.

"Office spaces in prime locations are seeing a resurgence, driven by companies creating community-centric ecosystems that foster collaboration and innovation. We are leveraging this momentum with nine million square feet under

construction in Bangalore, Hyderabad, and Pune while strategically expanding into Chennai," said Shivam Agarwal, vice president of strategic growth, Sattva Group.

### MNCS SHAPING MARKET

According to experts, the office market is evolving from a supplied environment to an occupier-driven landscape, shaping the next growth phase of commercial real estate in India.

This transition has pushed developers to become more agile, tailoring office spaces for multinational corporations that are increasingly consolidating and expanding their back-office and R&D operations in India, positioning the country as a key hub in global real estate strategies.

"Even amid a period of global macroeconomic uncertainty, India's office market has remained remarkably resilient. GCCs and large domestic enterprises are driving this demand, while increased physical occupancy and policy changes in IT-SEZ regulations are further supporting the trend," said Arpit

Mehrotra, managing director, office services, Colliers India.

Approximately 60-65 million sq ft of new supply is anticipated in 2025.

The scale-up, mainly driven by evolving occupier preferences, is likely to gain further momentum, with gross leasing across the top six cities projected to reach 65-70 million sq ft in 2025, according to Colliers' latest report.

"Over the next two years, we expect steady demand from sectors like technology, financial services, and GCCs, which are expanding across all four key markets where we operate. This growth has helped us secure strong pre-leasing for our under-construction projects," said Ramesh Nair, CEO, Mindspace REIT.

Additionally, regulatory reforms, particularly the floor-wise denotification of IT-SEZ spaces, are playing a crucial role in reviving demand. This change allows greater flexibility for leasing to non-SEZ occupiers, opening up previously restricted spaces to a wider tenant base.