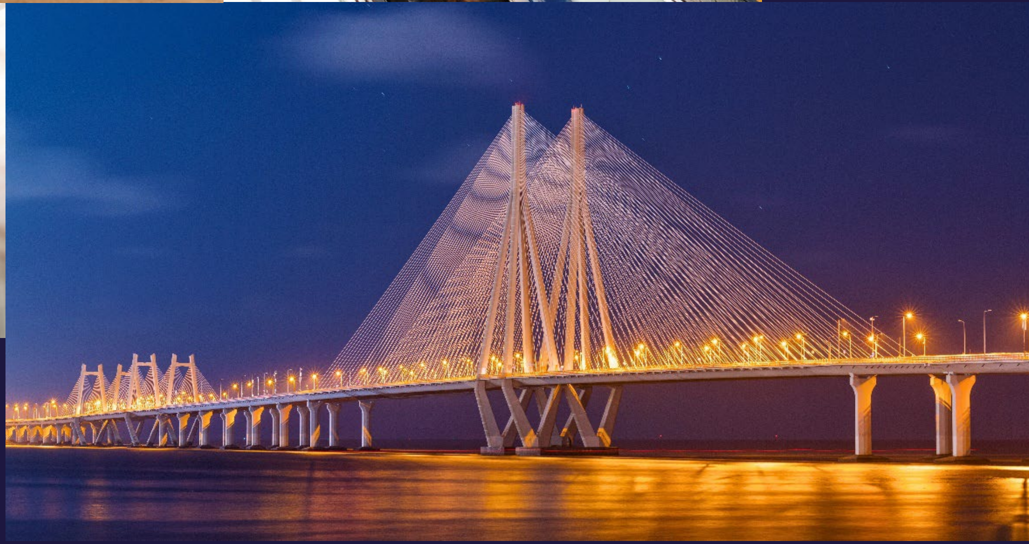
CUSHMAN & WAKEFIELD

OUTTHINK



INDIA OUTLOOK 2026

INTRODUCTION

If 2025 is to be remembered for one defining theme, it will be heightened global uncertainty. Prolonged conflicts across Europe, the Middle East and Southeast Asia, coupled with renewed trade protectionism led by the US, weighed heavily on the global economic environment. Yet, despite these headwinds, the world economy is expected to expand at over 3% in 2025, supported by easing inflation, gradual monetary policy normalisation, resilient labour markets and sustained investments in digitalisation and the energy transition. Proactive fiscal and monetary interventions, alongside steady private capital flows, played a critical role in sustaining growth.

India emerged as a clear outperformer, reinforcing its position as the fastest-growing major economy. Growth was underpinned by robust public CAPEX, accelerated infrastructure creation, strong domestic consumption, and a healthy momentum in construction and manufacturing sectors.

This macro resilience translated decisively into real estate performance. In 2025, India's commercial real estate market witnessed broad-based buoyancy across office, retail, data centres and logistics. Office absorption across the top eight cities is estimated to exceed 59 MSF, while warehousing and industrial leasing is expected to cross 50 MSF for the third consecutive year - underscoring the sector's structural growth story. Retail leasing gained traction across prime high streets and malls, while the residential market continued its shift towards lifestyle upgrades, with strong demand for premium and luxury housing. Despite healthy capacity additions, data centres remain significantly under-penetrated, pointing to a long growth runway.

As demand remains firmly entrenched, the focus now shifts to supply in the year 2026. Tight vacancies and upward rental pressure across several markets highlight the need for fresh completions. With impacts from construction delays during COVID years gradually reversing, 2026 is expected to witness a meaningful revival in new supply across office, retail, data centres and logistics, thereby helping restore market balance and occupier confidence.

Alongside this structural growth, the ongoing formalisation of the sector is enhancing transparency and deepening institutional participation. Institutional investments are once again poised to exceed USD 7.0 billion in 2025, with momentum likely to sustain in the coming year.

Against this backdrop of resilience and opportunity, Indian real estate will be entering 2026 with strong market fundamentals and renewed confidence -- well positioned to remain among the most compelling property markets globally.





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OFFICE

RESIDENTIAL

INVESTMENT

RETAIL

L&I

DATA CENTER





OFFICE

KEY MESSAGES

SUPPLY

- Fresh demand continues to rise amid constrained supply conditions, with tightening vacancy levels intensifying the need for high-quality office space.
- New completions for 2026 are projected at 59-61 MSF, to cater the growing demand.
- Premium Grade A+ supply continues to strengthen, with ~50% of 2026 completions in this category and rising pre-commitments highlighting occupiers preference for high-quality developments.

DEMAND

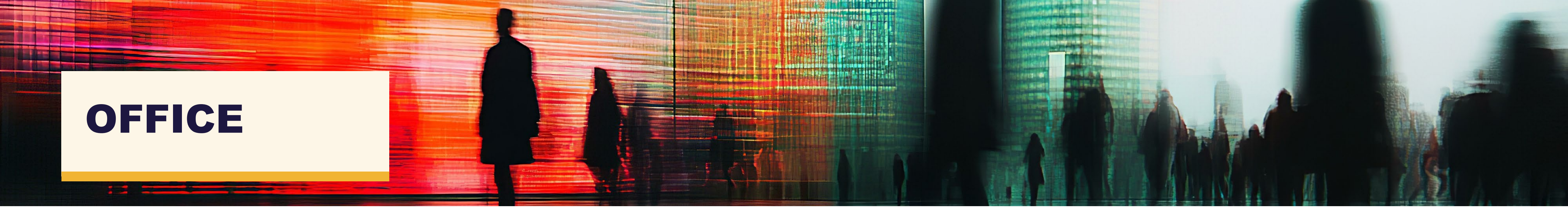
- Office market expected to sustain strong demand in 2026.
- Growth expected to be driven by GCCs, flex operators in addition to strong leasing from IT, BFSI and E&M sectors.
- Net absorption is expected to reach record levels in 2025 and the strong momentum is likely to sustain in 2026.
- While fresh leasing activity continues to dominate the market, pre-commitments have been rising steadily, a trend that has contributed significantly to the high net absorption levels recorded in 2025.

RENTS

- Driven by strong demand and tightening vacancy levels, rentals continue to rise.
- Even with higher completions lined up for 2026, vacancy is expected to hold steady at ~14%, highlighting the market's strong ability to absorb new supply.
- With this growing demand and healthy absorption levels, rents are expected to maintain their upward trajectory in 2026.

KEY OUTLOOK

- Demand from GCCs remains strong with momentum expected to continue in 2026, driven by healthy contribution from the Southern cities.
- With flex leasing volume tripling since 2021 and rising adoption of the 'Core + Flex' model, largely by GCCs and MNCs, this sector is expected to hold strong in 2026.
- REITs and listed developers are expected to expand their presence in 2026, further strengthening the share of premium, well-maintained and certified Grade A assets in the office market.



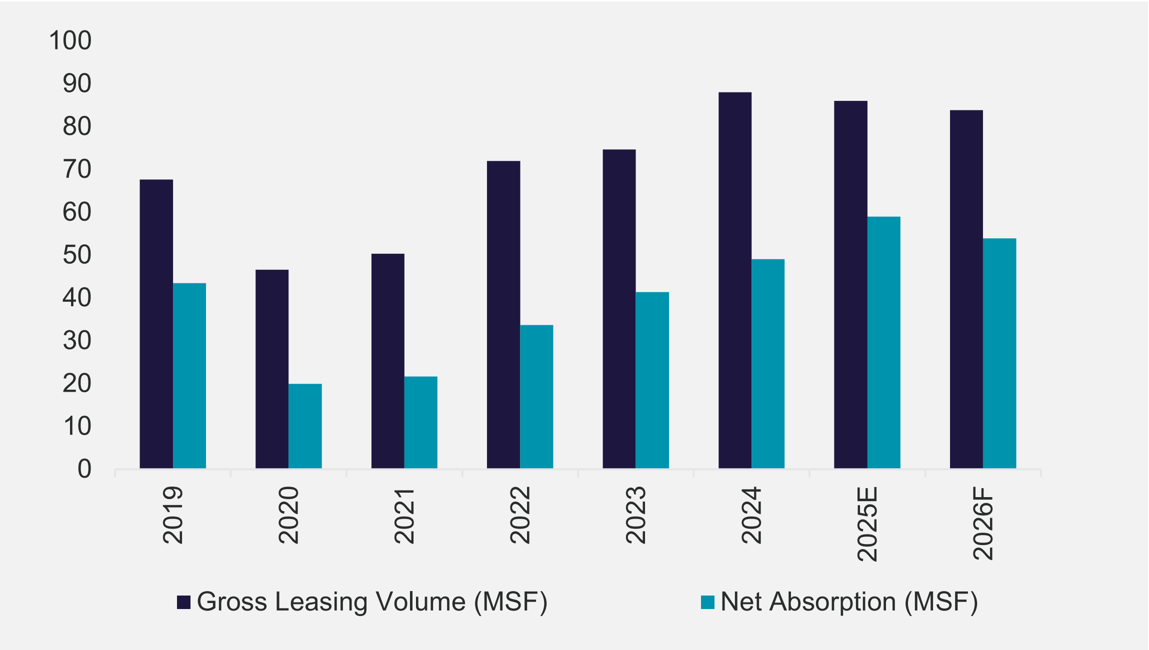
OFFICE

Buoyancy in Office Market could sustain in 2026, albeit slightly corrected from 2025

The Indian office market is set to maintain strong momentum into 2026, continuing the steady demand growth seen since 2022. Gross Leasing Volume (GLV) is expected to close at **85-87 MSF** in 2025, slightly below the 2024 peak yet indicative of a consistently robust demand. Sustained leasing activity from a diversified group of occupier sectors – IT-BPM, BFSI and Eng. & Mfg., along with entry and expansion of GCCs and scaling-up by flex operators have collectively contributed to growth of office leasing volume. These drivers are expected to remain active through 2026, keeping annual **GLV above the 80 MSF mark,** although likely to stand slightly corrected on YoY basis.

Net absorption, too, has followed an upward trajectory and is expected to surpass the 2024 level by end-2025, driven primarily by Bengaluru, Delhi NCR and Mumbai. While fresh leasing continues to account for the predominant share, the occupancy of pre-committed space in newly completed projects has also significantly contributed to absorption. With an increasing share of pre-commitments observed in recent quarters, net absorption is projected to remain healthy in the range of **54-56 MSF in 2026.**

Demand strengthens: Growth in Leasing activity and Net absorption



Source: C&W India Research

OFFICE

Rising pre-commitments: Occupiers secure space ahead

Pre-commitments have grown steadily since 2023, highlighting occupiers increasing inclination to secure space ahead of project completion, largely in response to a controlled supply pipeline and strong demand for high-quality assets.

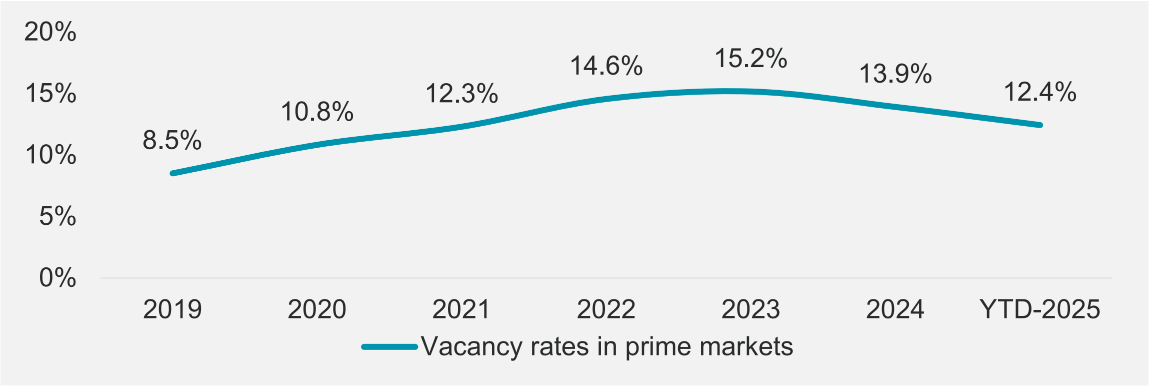
Notably, these pre-commitments are concentrated in prime micro-markets, which have tightened significantly across the top-7 cities - of the 14 prime micro markets, eight markets (Bengaluru-ORR; Chennai- South-west, Suburban South; Delhi NCR- Gurgaon CBD; Hyderabad- Madhapur; Kolkata- Rajarhat; Mumbai- BKC; Pune- SBD East and SBD West) now record vacancy at or below 10%. In such a tight market scenario, many occupiers will feel the need to pre-commit to quality spaces in upcoming supply. Therefore, we believe the pre-commitment activity could rise from current levels. This clearly showcases occupiers preference for high-quality developments in prime locations.

Deal size trends: Shift toward larger deals

Deal-size trends further illustrate evolving market conditions. While the small-sized deals (<50,000 sft) have witnessed a marginal decline, medium-sized deals (50,000-200,000 sft) have remained stable contributors throughout the post-Covid period. Mega deals (>200,000 sft), largely driven by global corporates; although fewer in count, the transactions executed are larger in scale.

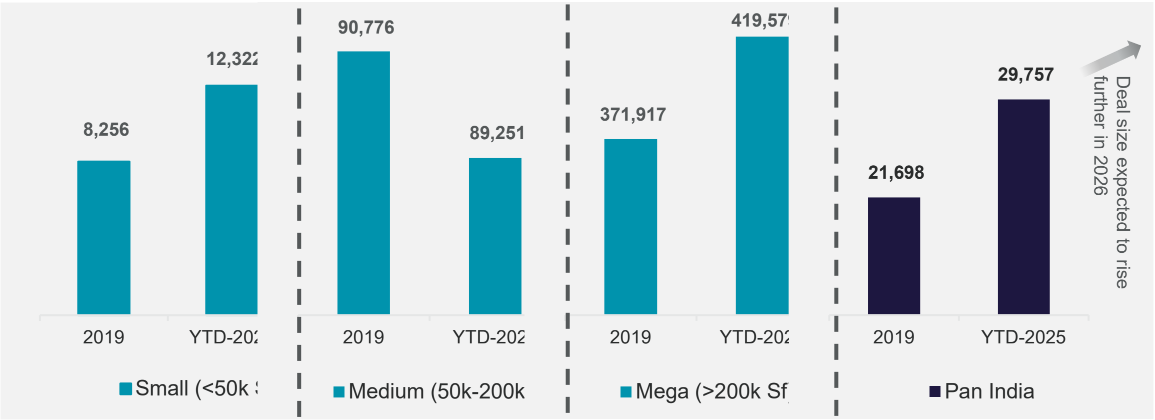
As a result, the average deal size at a pan-India level continues to rise, indicating a gradual shift toward larger and more strategic occupier commitments on a long term. This upward shift in deal size is expected to continue into 2026.

Tight vacancy levels urge occupiers to secure space ahead



Source: C&W India Research

Deal sizes scaling up across cities: Pre-covid Peak (2019) Vs YTD-25



Source: C&W India Research

YTD-2025 refers to updates as of Q3 2025

OFFICE

Anticipated supply growth amid strong demand

Supply across the top eight cities has averaged ~46 MSF annually since 2021, while demand has grown at a much faster pace. Fresh demand has grown at an average of 25% over the past four years, whereas supply has recorded a marginal growth of 5%. This widening gap underscores the urgent need for additional good-quality office space. Supply in 2025 is likely to close at 52-54 MSF, setting a record. Building on this momentum, 2026 is poised to surpass it, with 59-61 MSF anticipated to come into the market, providing some relief to the increased demand market conditions. A notable trend on the supply front is the rising share of premium developments, with nearly half of the 2026 supply expected to fall within the Grade A+ category.

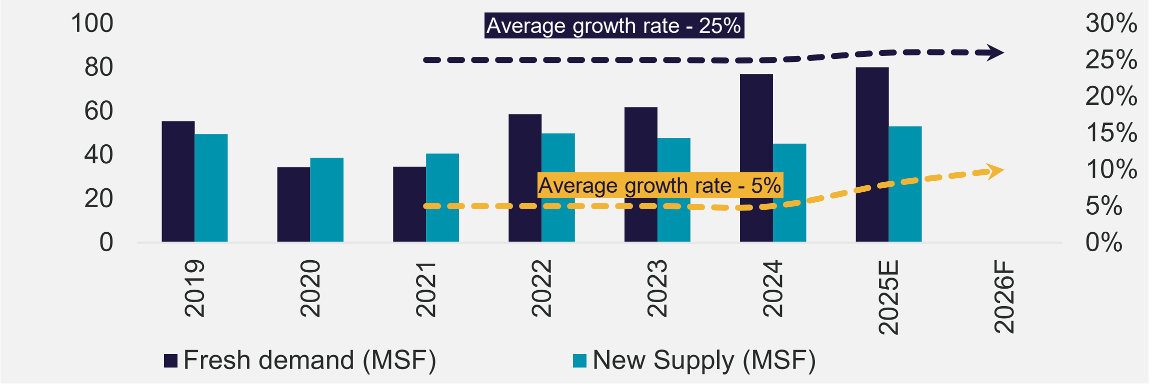
Declining vacancy highlights market tightness

Vacancy has tightened steadily since 2022 and is expected to decline by nearly 400 bps by end-2025. Despite an increase in new supply slated for 2026, vacancy is expected to hold steady at around 14%, indicating the market's capacity to absorb fresh inventory through sustained leasing momentum.

Rental growth anticipated amid tightening market conditions

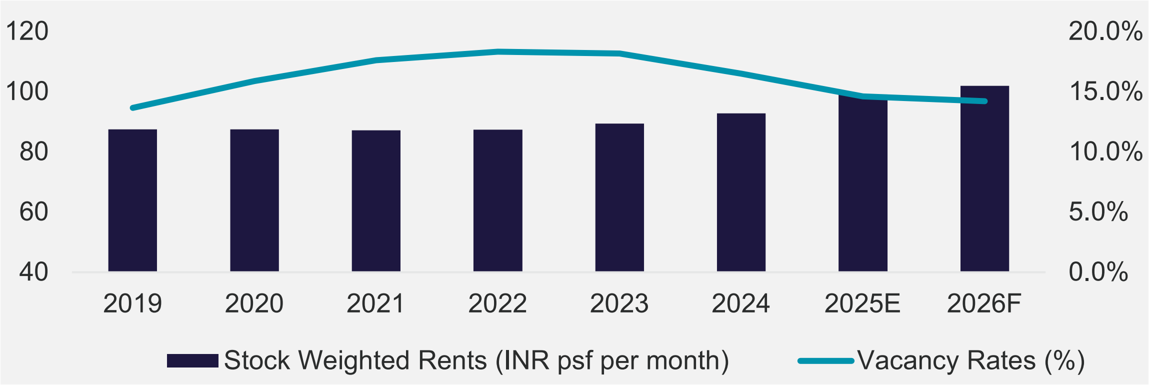
Rents have continued to rise on the back of robust demand and tightening market conditions, with rental growth in 2025 projected at around 7%, the highest in recent years. Cities such as Delhi NCR, Bengaluru, Chennai and Ahmedabad are expected to witness strong rental growth, a trend likely to continue into 2026. Key drivers include a large volume of new supply expected to come in prime markets that will command higher rentals, a rising share of Grade A+ developments and sustained demand from MNCs prioritizing quality and location over cost.

Strong demand outpaces supply



Source: C&W India Research

Vacancy tightening and rental growth momentum to hold through 2026



Source: C&W India Research

YTD-2025 refers to updates as of Q3 2025

OFFICE

Strong demand from GCCs expected to continue in 2026

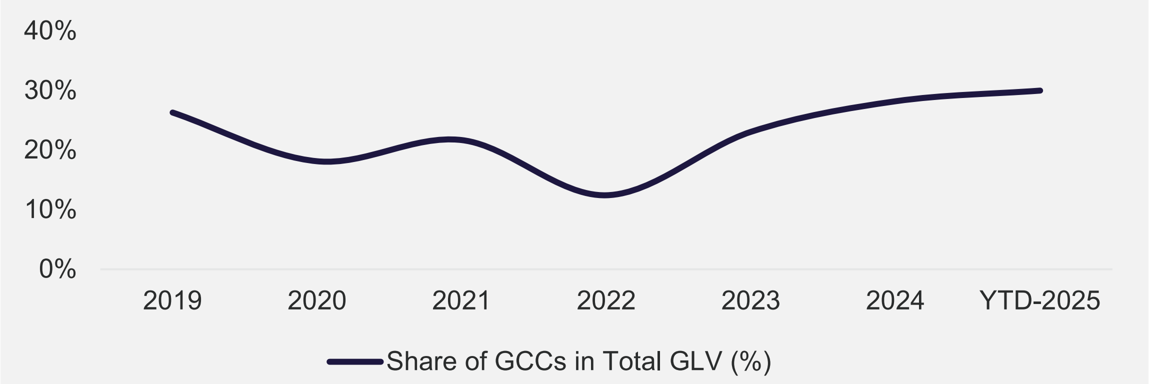
Global Capability Centers (GCCs) remain one of the strongest drivers of office demand, with their share of GLV increasing steadily since 2022. With YTD-25 GCC leasing already reaching 1.8 times the volume recorded in 2021, year-end leasing is likely to set a record, with similar momentum expected into 2026. Southern cities of Bengaluru, Hyderabad and Chennai continue to dominate, accounting for ~67% of GCC demand since 2021, supported by additional traction from Pune and Delhi NCR. While IT-led GCCs continue to anchor leasing, sectors such as E&M and BFSI have expanded rapidly, a trend set to continue into 2026. Notably, the growth is no longer concentrated only among US-headquartered firms; GCCs from the EMEA region are rising as well. Policy developments such as the H1-B visa fee hike are likely to further accelerate GCC expansion in India, as US firms increasingly look to access talent without additional visa-related costs.

Rising flex demand set to shape future workplace strategies

Flex operators continue to grow rapidly, contributing an average of 12% to annual leasing between 2021 and 2024. Although their share ranges between 10-15%, total flex leasing volumes have nearly tripled since 2021. GCCs are a major part of this growth, increasingly adopting ‘Core + Flex’ models, starting with flex space and later moving to conventional offices as operations scale.

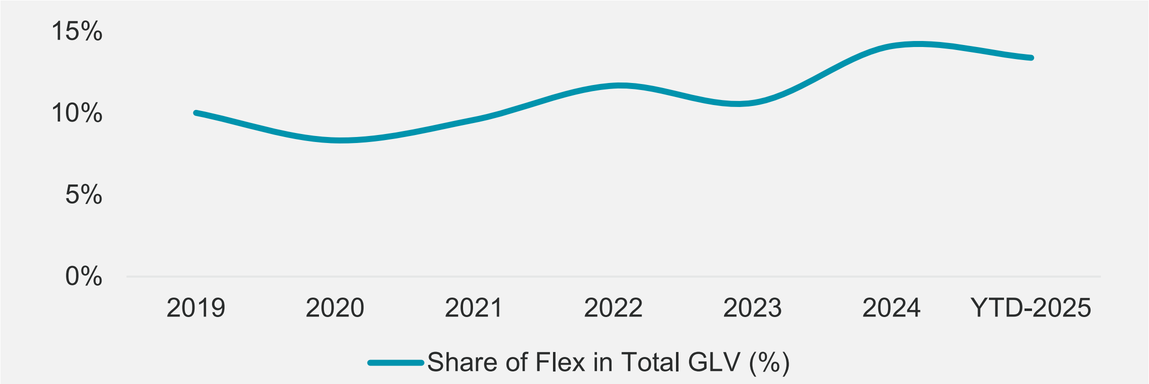
Flex operators are also expanding their services by creating fully managed office spaces for large corporates. Prominent occupiers have recently taken space in managed offices highlighting the growing preference for high-quality, operator-managed workspace models.

GCC share in GLV expected to strengthen further



Source: C&W India Research

Demand from flex operators to hold strong in 2026



Source: C&W India Research

RETAIL

KEY MESSAGES

SUPPLY

- Grade A mall supply was limited to 0.9 msf in 2024. Completions in 2025 are expected to close at ~4.3 msf, easing scarcity but not fully closing the gap created during 2024 and early 2025.
- Year 2026 mall pipeline stands at 5.9 msf, with about 76% expected to top quality (A+ Grade) assets. This will help address the supply gap that exists currently. Completions in Bengaluru, Chennai, Mumbai, and Hyderabad will anchor this new supply.

DEMAND

- Retail leasing in 2025 expected to close at ~9.0 msf, reflecting strong year-on-year growth.
- As new malls become operational, leasing activity is expected to shift back into completed mall space. Leasing that was earlier delayed or diverted to high streets is likely to be absorbed within newly delivered malls.
- Fashion, F&B, and entertainment segments are expected to remain major contributors.

RENTS

- Grade A+ mall openings are expected to set higher rental benchmarks within their cities, while re-leasing in top-performing malls offers scope for rent resets as leases expire amid a persistent demand-supply mismatch.
- High-street rents are expected to remain strong through 2025, with select corridors continuing to command among the highest rentals.
- In 2026, while average mall rents may normalize in supply-heavy markets, rental momentum is expected to remain resilient in Grade A+ malls and dominant high-street locations.

KEY OUTLOOK

- Premiumization is expected to strengthen in 2026, supported by a broader pipeline of global brand rollouts, platform partnerships, and better-specified mall formats.
- While the top eight cities will continue to account for a majority of Grade A and A+ retail stock, incremental mall development is increasingly extending into select Tier II cities, driven by rising consumption and improving developer capability.
- Income growth is expected to continue, which should remain supportive of discretionary consumption over the medium term.

RETAIL

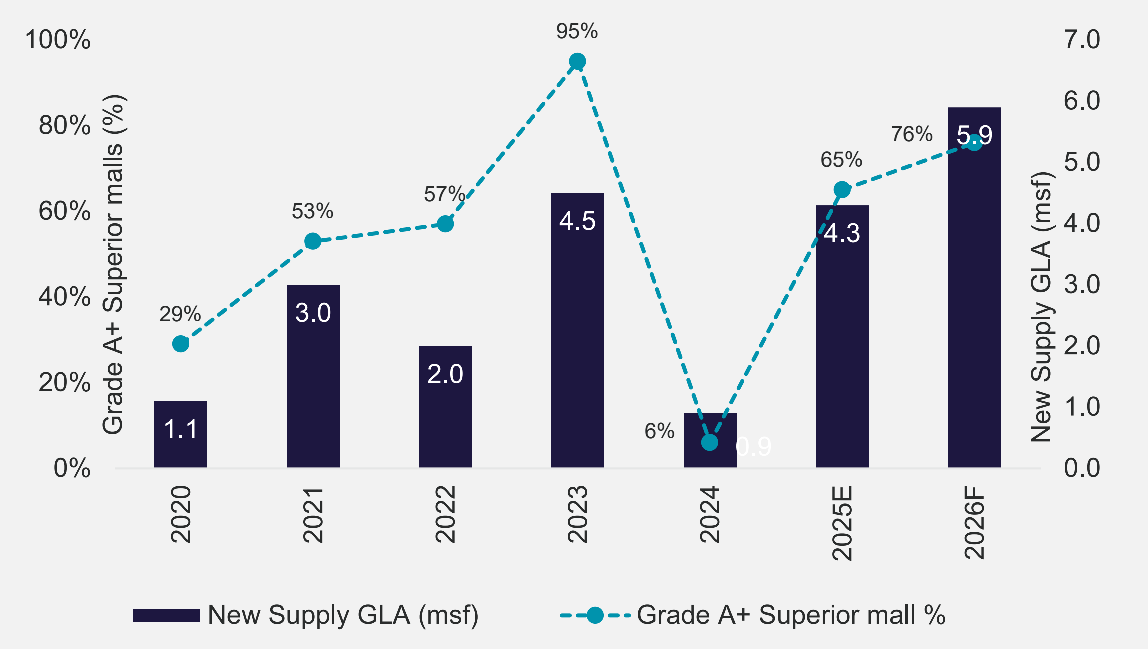
Supply Tightness Expected to Ease in 2026 as New Grade A Malls Come Online

Supply remained constrained through 2024, with deliveries of 0.9 msf, and tight conditions persisted through most of 2025 due to limited completions. Vacancy levels remained very tight during this period, with Grade A malls operating at single-digit vacancy and Grade A+ malls at even lower levels, indicating an acute shortage of quality space.

Completions accelerated toward the latter part of 2025, with year-end supply closing at ~4.3 msf. This new supply is expected to begin opening up vacancies, easing extreme tightness and creating room for expansion, particularly in high-quality assets.

In 2026, around 5.9 msf of new supply is scheduled, with approximately 76% expected to be Grade A+. This additional inventory is likely to further normalise vacancy levels, improve availability and choice for retailers, and support a healthier phase of market growth driven by expansion rather than space constraints.

Grade A Mall Supply and A+ share (2020-2026F)



Source: C&W Research

RETAIL

Leasing Momentum Expected to Remain Strong as New Supply Enters the Market in 2026

Retail leasing activity is expected to close at around ~9.0 msf in 2025, supported by a pickup in transactions toward the latter part of the year as new mall supply becomes operational. While high streets accounted for a larger share of leasing during periods of tight mall availability, mall absorption is expected to improve as new Grade A and A+ space becomes operational.

With ~4.3 msf delivered by end-2025 and a further ~5.9 msf scheduled in 2026, the pace of leasing is expected to strengthen further. Total retail demand in 2026 is projected at ~10–11 msf, driven by improved availability of quality mall space and the release of pent-up demand that was previously constrained by limited supply.

High-street leasing is expected to remain strong through 2025, with cumulative activity already crossing almost 80% of 2024 levels during the year. With Q4 being a key festive quarter, high-street leasing is expected to surpass 2024 levels, led by the top cities, while incremental activity from other markets continues to add up. In 2026, high-street demand is expected to remain steady, supported by established corridors and neighbourhood locations.

Retail Leasing Split (Main Street vs Mall) 2020-2026E

Source: C&W Research

RETAIL

Platform Partnerships Shaping Retail Ecosystems

Partnership models continue to consolidate around large retail platforms, reflecting the growing use of platform-led entry strategies. Collaborations such as Reliance Retail with Saks Fifth Avenue and Aditya Birla Group with Galeries Lafayette reflect the growing use of retail partnership strategies. Progress on the Galeries Lafayette Mumbai opening and ongoing work on the Delhi flagship indicate sustained momentum.

Retailers Refining Brand Positioning and Store Formats

Retailers are reworking brand positioning and store formats with a stronger focus on productivity and cost efficiency. Expansion is becoming more selective, with preference for formats offering steadier sales, faster payback, and flexible store layouts. Observations from large organized retailers point to growing demand for stores that can support omnichannel operations and frequent merchandising changes.

Experience-Led Development Formats Expanding

Mall formats are increasingly shifting away from anchor-led layouts toward experience-driven designs, with a higher allocation to F&B, leisure, and flexible activation spaces. Recent developments such as Jio World Drive and Jio World Plaza in Mumbai illustrate this shift in new supply. Developers are also experimenting with specialized concepts, including Forum Group's planned athleisure-focused mall near Bengaluru International Airport, indicating greater format diversification in upcoming retail supply.

Global Luxury Indicative Activity Range (Few Entrants)

Year	Indicative Range	Examples
2020	1-2	Bath & Body Works new-format rollout
2021	3-4	Under Armour resumed rollout, Victoria's Secret re-entry model
2022	6-8	Pret A Manger agreement, Tim Hortons India launch, Pottery Barn offline entry
2023	12-15	Uniqlo Tier II rollout, Pottery Barn Kids, Melissa
2024	15-20	Ralph Lauren Beauty, Sephora–Reliance repositioning, Armani Beauty pilot
2025E	~20	Sandro, Maje, Replay, Tiffani, Balenciaga, Cartier, Laura Mercier, Beauty, Armani Beauty, Galeries Lafayette Mumbai, Tesla, Valentino, Chanel Beauty, Maison Margiela
2026E	Limited confirmed entries; additional under negotiation	Off-White, Lululemon, Galeries Lafayette Delhi

Source: Secondary media

Brand names are illustrative and based on public announcements, media reports, or market discussions. Inclusion does not imply confirmed entry or committed rollout.

RESIDENTIAL

KEY MESSAGES

SUPPLY

- The outlook for 2026 is supported by sustained buyer confidence, rising income levels, and developers' confidence on launching Upper mid and high-end segments.
- Continued urbanization and infrastructure development are likely to stimulate supply, rendering 2026 as another year of healthy launch activity.
- The residential market is likely to sustain momentum in 2026, with new launches expected at over 300,000 units, surpassing previous peaks.

DEMAND

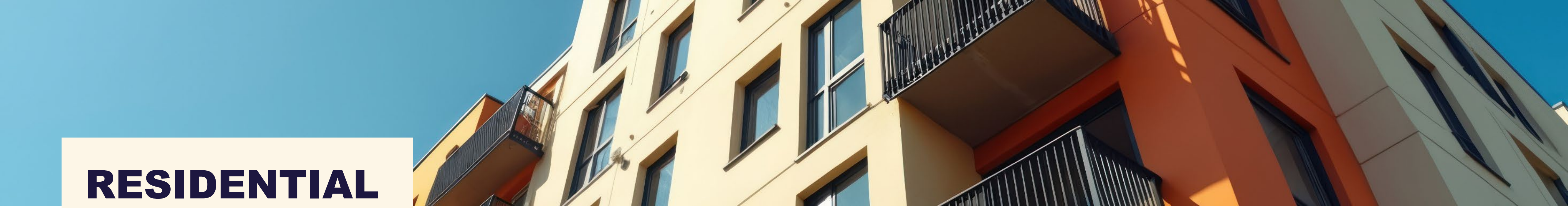
- Since 2022, India's residential market has seen a surge in high-end and luxury launches, supported by rising incomes, growing HNI and NRI participation, and lifestyle upgrades.
- The market has been concentrating in the hands of branded / listed developers. Trust, transparency and brand are measures gaining momentum amongst residential buyers.

RENTS

- The affordable housing segment is projected to maintain a diminished market share of new launches, primarily driven by escalating land prices and rising construction costs across the top 8 cities.
- Mid-segment launches, which have averaged about 52% of overall supply in recent years, are expected to maintain their commanding position across all segments in 2026. High-End and luxury launches are anticipated to sustain comparable momentum, supported by persistent demand for larger apartments and premium lifestyle amenities.

KEY OUTLOOK

- The weighted average residential price for top-8 cities is projected to rise by 5–7% over the next 12 months, as strong launch pipeline by majority of the listed players in demand-driven micro-markets supported by homebuyer interest and allows developers to undertake calibrated price hikes.



RESIDENTIAL

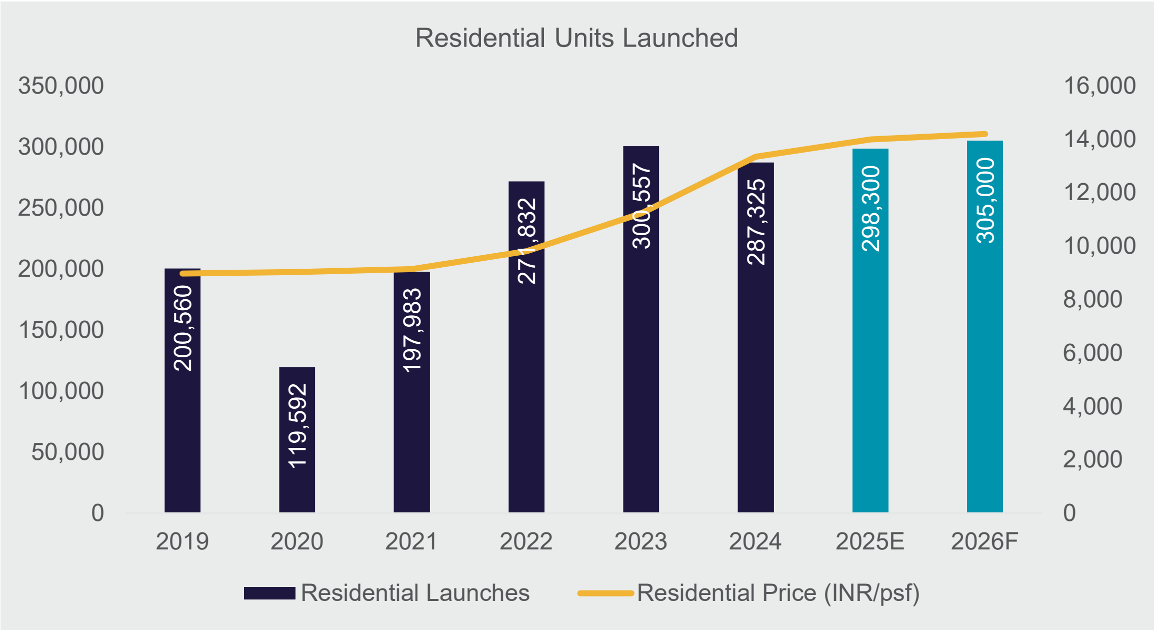
Residential launches to remain elevated in the near-term

By the end of 2025, the residential real estate market is projected to witness a robust surge, with new launches expected to reach peak levels last seen in 2023. This upward trajectory is likely to extend into 2026, supported by sustained end-user demand driven by urbanization, and lifestyle upgrades, along with rising disposable incomes and growing buyer confidence.

Market segmentation indicates that mid-segment housing continues to dominate, accounting for nearly 52% of total sales over the past 19 quarters, supported by its affordability and wide end-user appeal. Going forward, this segment is expected to remain resilient, driven by steady demand from first-time and upgrade buyers. At the same time, the luxury and high-end segment is poised for a sustained activity, mainly led by evolving lifestyle aspirations and sustained interest from NRIs, positioning it as a key growth driver in the coming years.

The weighted average residential prices have recorded steady growth, rising by approximately 5–7% over the past few years. This upward movement has been largely driven by an increasing proportion of premium and luxury project launches, which have shifted the overall price mix upward. The residential prices are expected to see a stable price movement in 2026, supported by sustained demand, limited availability of quality inventory, and strong buyer confidence in the residential real estate market.

Residential Launches and Pricing



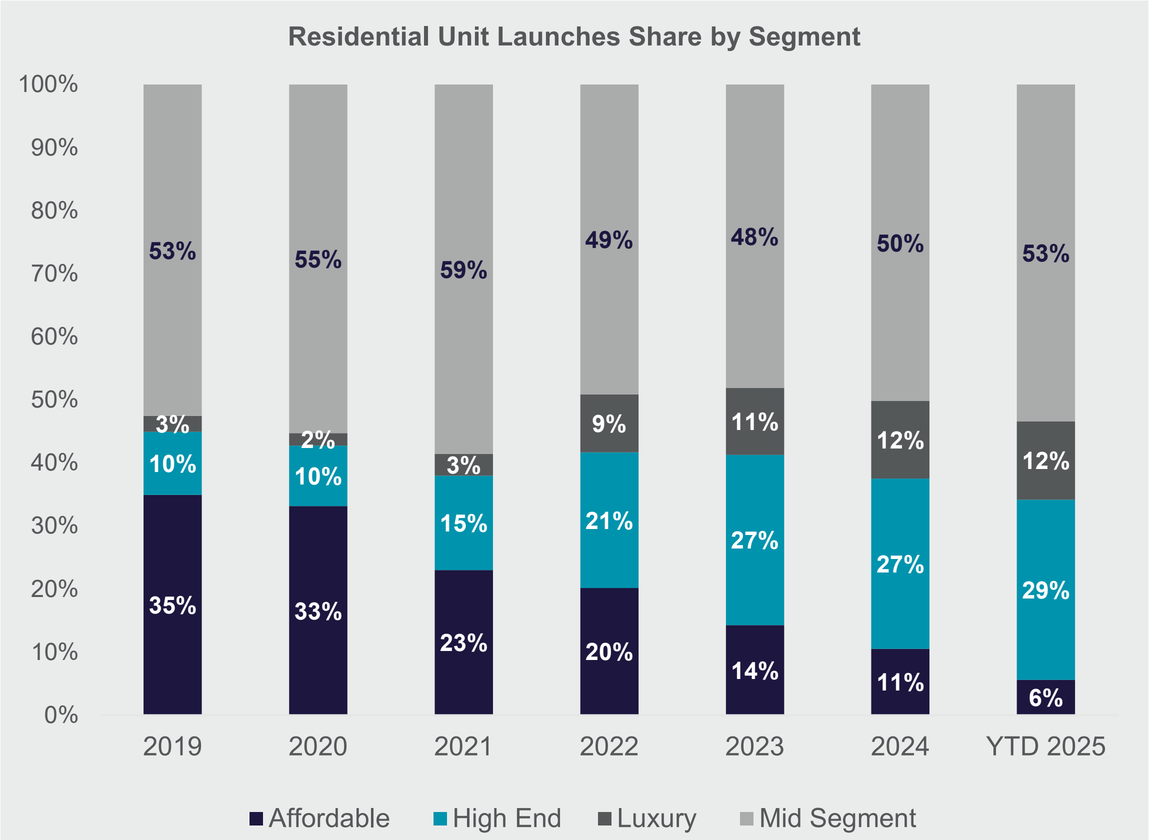
RESIDENTIAL

The luxury and high-end launches are expected to witness steady activity

The luxury and high-end segments of the residential real estate market are experiencing good growth, driven by lifestyle upgrades among affluent buyers seeking exclusivity and top amenities. This trend is further supported by increased interest from Non-Resident Indians (NRIs), who view luxury properties as valuable long-term investments for wealth preservation and rental income generation.

However, the mid-segment category continues to dominate the market, maintaining an average share of over 50% of total residential launches over the past 19 quarters. The category appeals to a broad range of buyers, including young professionals and low-income households looking to upgrade.

Looking ahead to 2026, the mid-segment is expected to maintain its dominance. At the same time, the high-end and luxury segments are projected to see sustained market activity. The share of The highlighting a well-balanced residential landscape that caters to a broad spectrum of buyer preferences.



RESIDENTIAL

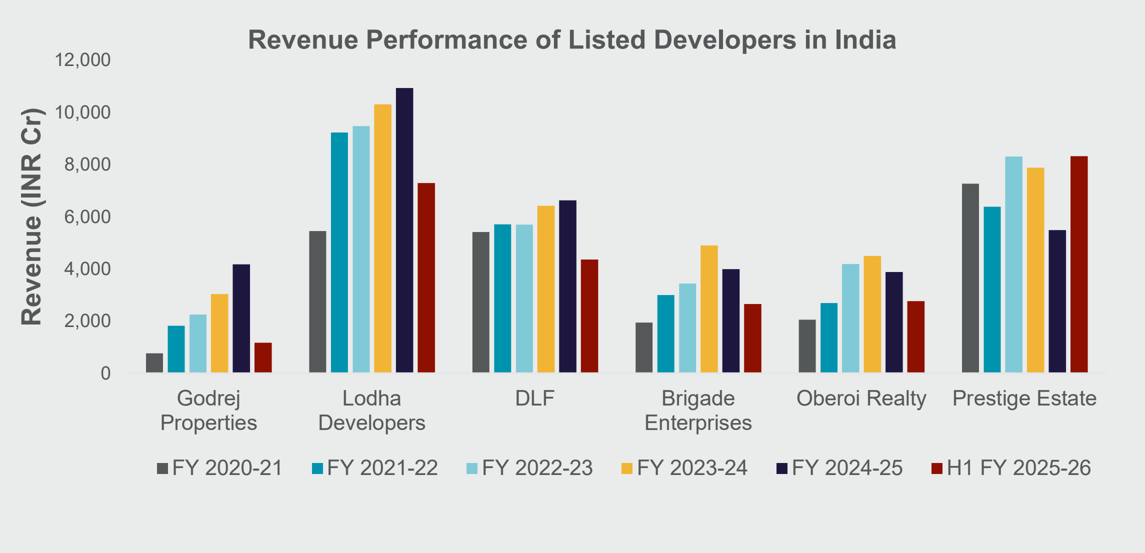
Residential market shows strong demand and execution momentum

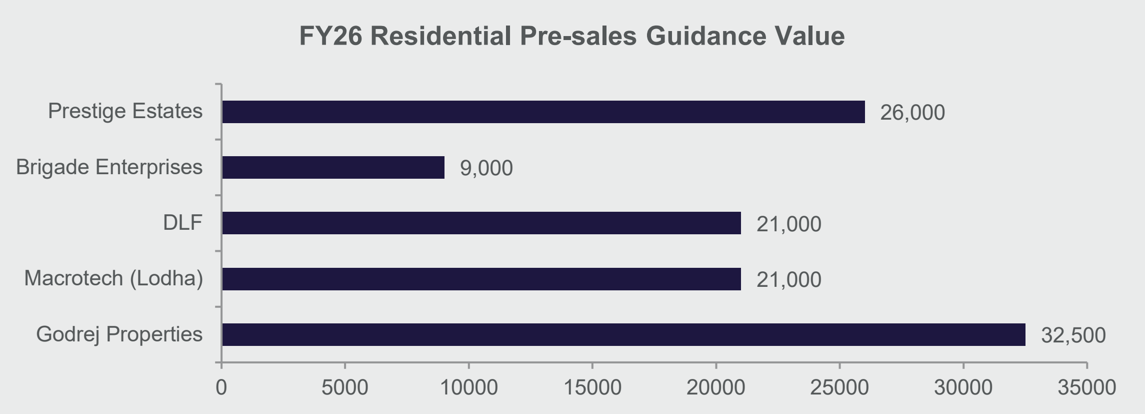
The residential real estate sector witnessed sustained demand in H1 FY26, led by strong sales performance from publicly listed developers. Several established players achieved over 50% of their FY25 revenues within the first half of FY26, reflecting healthy absorption and effective project execution. Buyer preference continues to shift towards reputed, organized developers with proven delivery capabilities, while select unlisted developers with strong local brand equity are also gaining traction. This transition is contributing to improved transparency and professionalism across the sector.

Premium Housing Demand and Market Outlook to remain positive

Demand for premium and luxury housing is expected to sustain in 2026, supported by lifestyle-driven preferences, rising participation from HNIs and NRIs, and favorable macroeconomic conditions. The share of high-end and luxury launches has increased significantly over recent years and continues to expand across major cities. With India's HNWI base growing steadily and residential inventory levels remaining at a balanced ~20 months, the overall residential market is expected to remain healthy through 2026, with a sustained momentum in the premium segment.

This evolving landscape promotes greater transparency and professionalism within the residential real estate sector. This encourages both listed and unlisted developers to adopt industry best practices, leading to enhanced consumer confidence









LOGISTICS & INDUSTRIAL

KEY HIGHLIGHTS

DEMAND

- L&I leasing activity is set to surpass 50 MSF for the fourth consecutive year in 2025; volumes likely to record at 55–60 MSF range.
- This elevated level could likely become the new-normal transaction volume in the coming years as manufacturing/logistics sector witness growth.

KEY DRIVERS

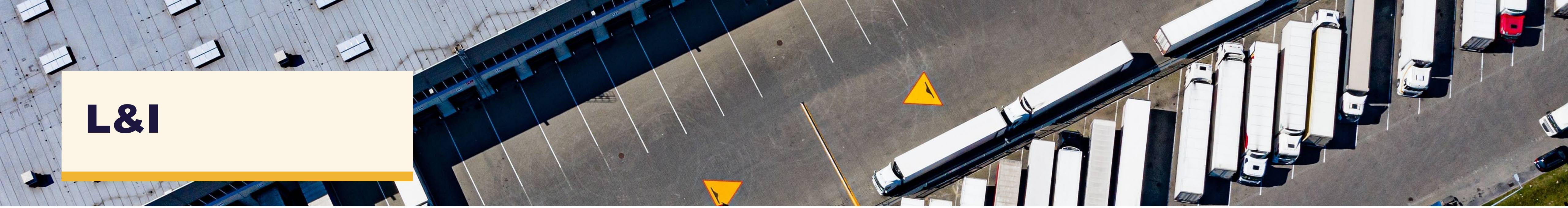
- Key drivers of demand is likely to be the 3PL and e-commerce players for warehouses and engineering, automobile and FMCG for industrial.
- Growth of quick-commerce has been encouraging, fueling demand for growth of modern and In-City warehouses in 2026.

RENTALS

- Rentals have remained stagnant for too long in the warehousing and industrial space, although that seems to be gradually changing.
- Rentals are likely to firm-up across major markets, with Grade A quotes showing signs of 5–7% growth in 2026.

SUPPLY

- Pune, Bengaluru and Chennai will be key growth centres, with strong, institutionally-led supply additions expected.
- Mumbai and Delhi NCR will witness good expansion, while Kolkata, Hyderabad and Ahmedabad will experience a more gradual, supply addition.



L&I

Sustained leasing momentum for the L&I sector

Leasing volume in the Logistics & Industrial (L&I) sector during 2025 is expected to be in the range of 58–62 MSF, marking it the fourth straight year of volumes exceeding 50 MSF. By 1H-2025, volumes had crossed 30.7 MSF across top-8 markets.

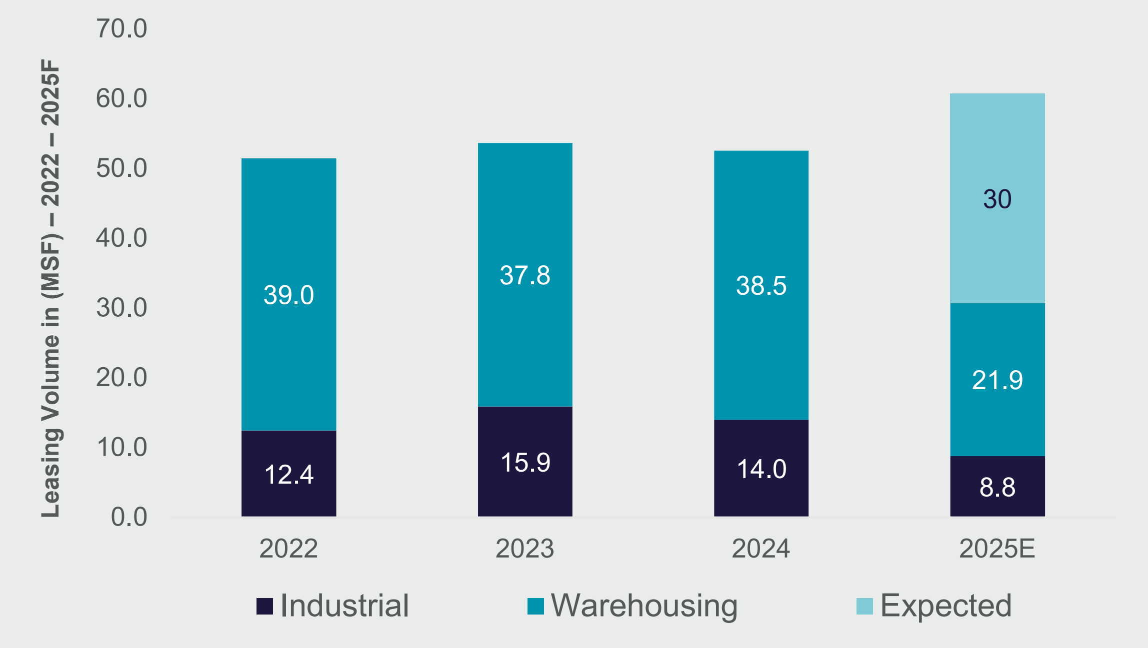
The underlying demand strength suggests that the range of 55–60 MSF could become the new baseline for leasing activity in 2026, also supported by expanding retail consumption.

Policy driving efficiency and cost-competitiveness

Following the introduction of National Logistics Policy (NLP) in 2022, logistics efficiencies have gradually improved. As per the current assessment prepared by National Council of Applied Economic Research (NCAER) for Department for Promotion of Industry and Internal Trade (DPIIT), logistics costs in India are estimated at about 7.97% of total GDP.

The momentum is further reinforced by the formalization and doubling of turnover ceiling for MSME sector, and improved logistics cost efficiencies enabled by the various multi-modal transport corridors.

Leasing Volume of 50+ MSF likely in 2025; Momentum is likely to sustain



Source : C&W Research

L&I

Diversified growth supports strong L&I leasing momentum

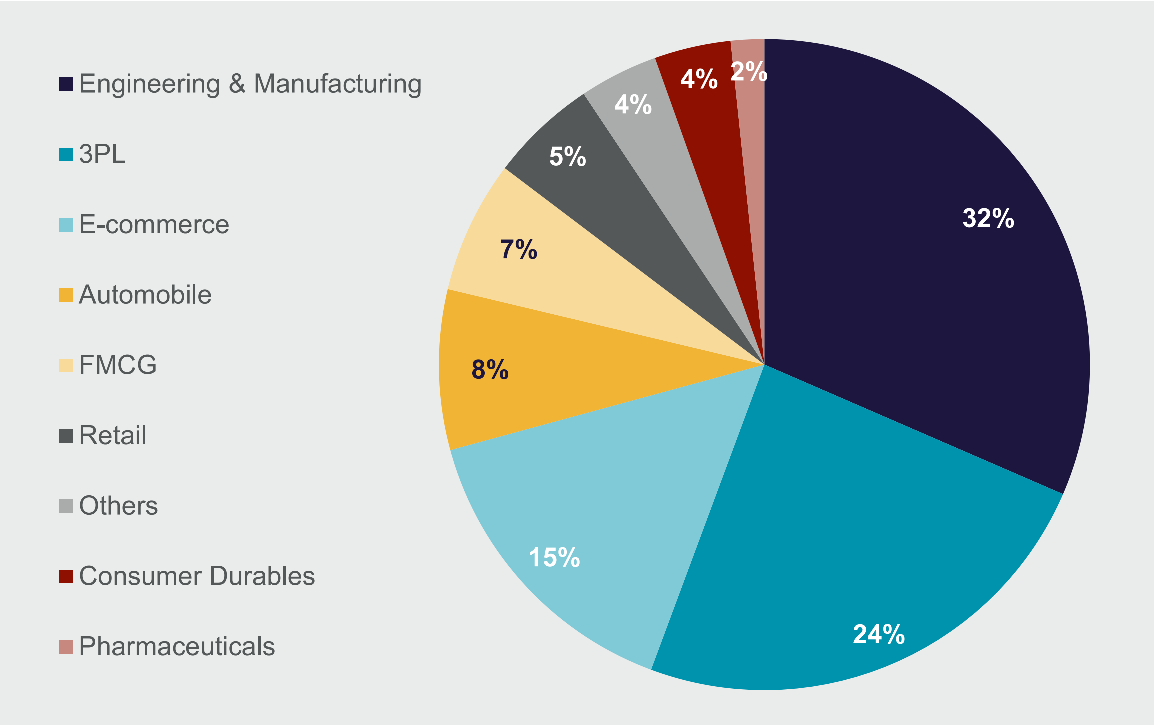
The L&I sector continues to hold firm, supported by rapid growth in engineering and manufacturing activity, expansion of 3PL's network, and continuous demand from retail-led warehousing.

Most of the key demand drivers for the L&I sector, including 3PL, e-commerce, auto, retail and FMCG, are currently in a high-growth phase, underpinned by rising consumption and continued supply-chain modernization. This broad-based momentum supports strong visibility for L&I space take-up, reinforcing confidence that leasing volumes in 2026 can sustain the current elevated trajectory.

E-commerce demand catalysing 3PL space take-up into 2026

In 2025, 3PL operators absorbed space on behalf of select e-commerce and quick-commerce brands trying to accelerate their market entry and deepen penetration across new catchments. E-commerce activity, with quick commerce anchoring much of the recent e-commerce space take-up, is expected to hold firm into 2026.

Core Demand Drivers Strengthen and E-commerce expand their share in 2025



Source : C&W Research

L&I

Rental growth outlook for 2026

Projected 2026 rentals across all markets fall within the 2–7% pan-India rental growth corridor. Pune is likely to post a strong year-on-year growth at about 7%, reflecting tight vacancy in key micro-markets and sustained demand from manufacturing occupiers and 3PL players.

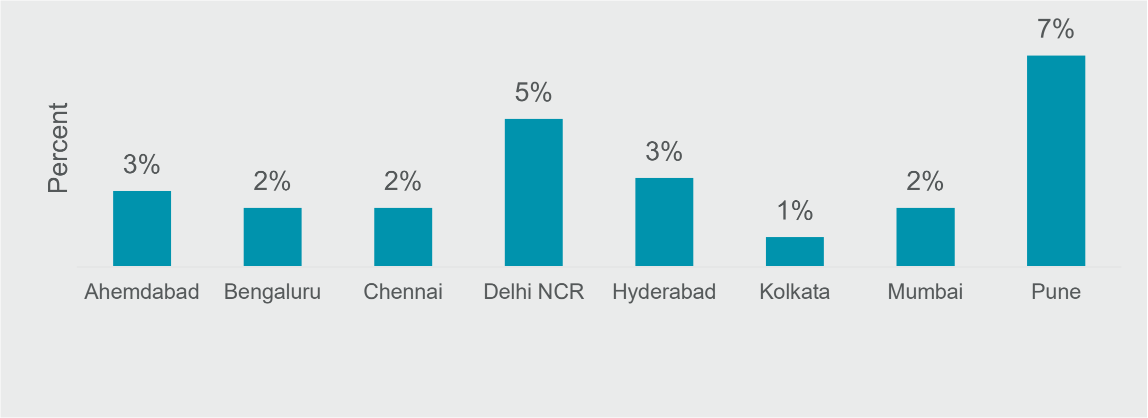
Mumbai, Hyderabad, Chennai, Ahmedabad, Bengaluru and Delhi NCR are likely to witness 2–5% rental growth, signaling landlords' ability to push modest increases while staying competitive for large-ticket mandates. Kolkata is projected to record relatively softer rental growth of ~1-2%.

2026 City-wise supply pipeline

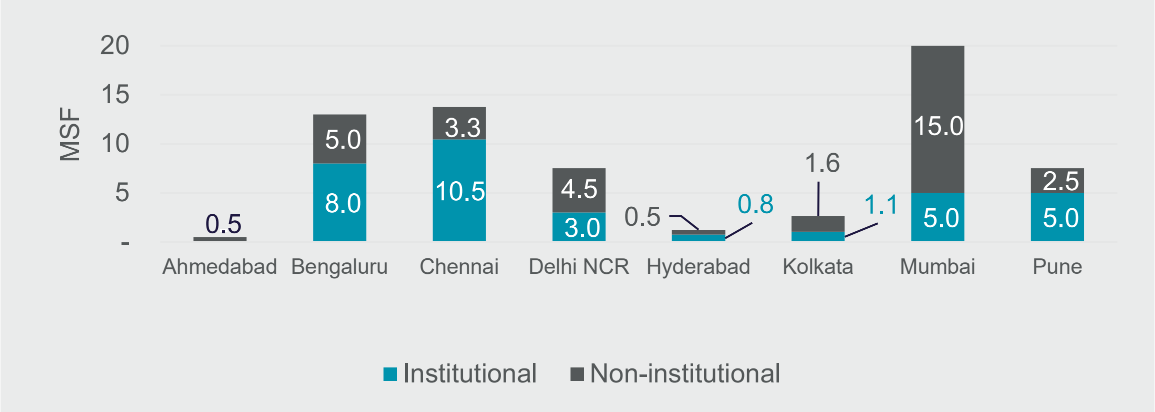
Pune, Bengaluru and Chennai continue to witness L&I inventory expansion, with 2026 supply additions of 7.5–13.8 MSF, largely led by institutional developers and reinforcing their role as key distribution and manufacturing hubs.

Mumbai and Delhi NCR could also witness new stock addition of 20 MSF and 7.5 MSF, respectively, supported by large L&I parks along major transit corridors. Kolkata and Hyderabad have more measured pipelines of 2.7 MSF and 1.3 MSF, while Ahmedabad could add 0.5 MSF, with the bulk of this new supply across these cities expected to come from non-institutional developers.

Annual Rental Growth Forecast for 2026



Annual Supply Forecast for 2026



Source: C&W Research

INVESTMENT

KEY MESSAGES

INSTITUIONAL INVESTMENT SCALES NEW HIGH

- By 2025, India's institutional real estate investments have become more balanced, with domestic capital steadily rising as overall volumes increase each year,
- Foreign capital has been relatively flat in 2025, while domestic capital anchors growth.
- Larger offshore investments expected in 2026 that could likely push institutional volumes higher.

ASSET CLASS DIVERSIFICATION TO CONTINUE

- Office regains dominance, with investments steadily rising. A robust office sector demand and healthy pipeline suggests the dominance could continue.
- Residential and L&I see more selective capital.
- Data centres emerge as a key alternative, increasingly competing with core assets for institutional investments.

REITs' OUTPERFORMANCE AND EXPANSION

- Indian REITs have outperformed, delivering 1-year return of low-to-mid 30%, highlighting a superior risk-adjusted performance.
- From January 2026, SEBI's re-classification of REITs as equity should broaden participation and liquidity.
- REIT-led acquisitions / CAPEX is expected to increase, and more REIT listings anticipated.

INVESTMENT

Domestic institutions add depth to the overall investment

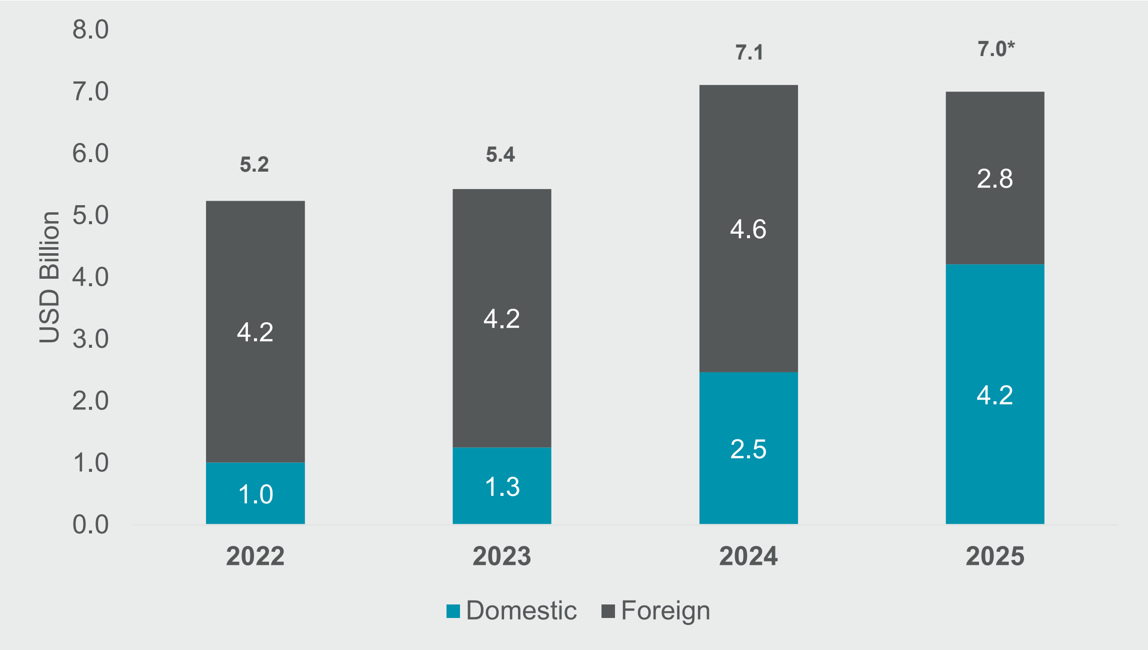
Total institutional investment has risen every year since 2023, with foreign investment staying almost stable and an increasing domestic share suggests deeper local savings and capital-market channels. Global rate volatility, tighter offshore fund raising, slow start to 2025 and more selective cross-border deployment into India have led to foreign based funds taking a back seat in the deployment bandwagon.

At USD 7.0 bn*, the institutional investments are expected to scale the record-high levels seen last year.

Rise in enquiries from off-shore funds to further support investment

Institutional investment volume is likely to rise further in 2026 as demand across various commercial real estate segments strengthens further. There have been several enquiries from Japanese funds and family offices in West Asia and it is expected to take the off-shore funds' deployment to newer heights in 2026.

Institutional Investment in Real Estate



Source: Cushman & Wakefield Data. *Figures for 2025 are from January – 15th December period

INVESTMENT

Office regains clear dominance and will continue a strong run

Investment in the Office asset class has risen consistently from USD 1.7 Bn (2022) to USD 3.5 Bn (2025), making it the primary anchor of institutional capital. This mirrors strong leasing and preference for high-quality office assets and REIT-type portfolios in major cities.

Residential players tapped accruals and capital markets

Within the residential segment, investments reflect a phase where large listed developers are using internal accruals and non-convertible debentures (NCDs) whereas mid-tier players seek PE capital. Redevelopment projects and luxury living segment are expected to continue attracting institutional capital in 2026.

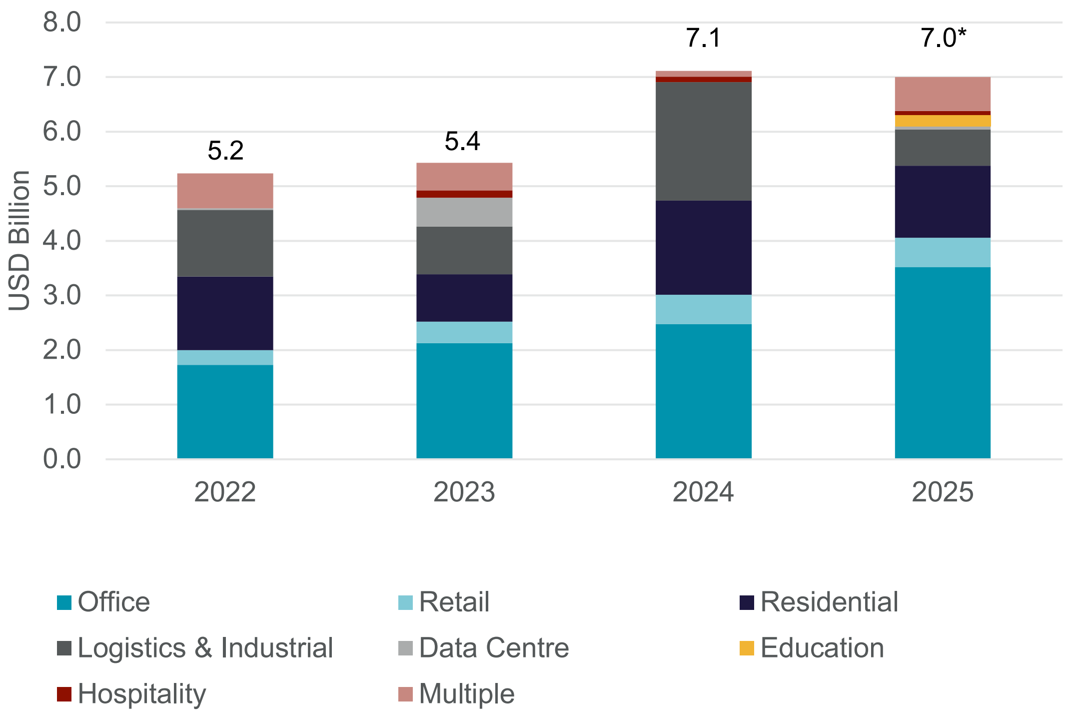
Portfolio play over greenfield expansion for L&I

Logistics & Industrial (L&I) had surged to USD 2.2 billion in 2024 but dropped to USD 0.7 billion in 2025. Clarity on trade deals and possible expansion of PLI sectors can revive interest in the L&I asset class. In 2026, funds may chase larger stabilized portfolios and manufacturing-linked parks across key infrastructure corridors rather large-scale, ground-up warehouse development on previously undeveloped sites.

Data centres to witness greater momentum in the coming years

Data centres is gradually transitioning from a niche asset allocation into more of a core alternative asset class, with 2025 witnessing JVs between prominent developers and operators. The momentum is likely to sustain as cloud, AI and fintech growth drives demand for colocation and hyperscale captive cloud facilities. Strong demand coupled with healthy project pipeline (2026 to add ~220 MW+) are opportunities for funds to deploy capital.

Investment Volume By Asset Class



Source: C&W Research. *Figures for 2025 are from January – 15th December period

INVESTMENT

Indian REITs Outshine Realty and Broad Market Indices

Over the past year, Indian REITs have delivered low-to-mid 30% returns, while NIFTY Realty remained negative and NIFTY50 was near 10%. This underscores the superior risk-adjusted performance of REITs as a listed real-estate vehicle.

REITs as equity instrument will improve liquidity

From January 2026, SEBI’s re-classification of REITs as equity allows active and passive equity funds to raise exposure within existing limits. This potentially opens-up huge fund flows and incremental demand, thereby improving index inclusion, turnover and price discovery.

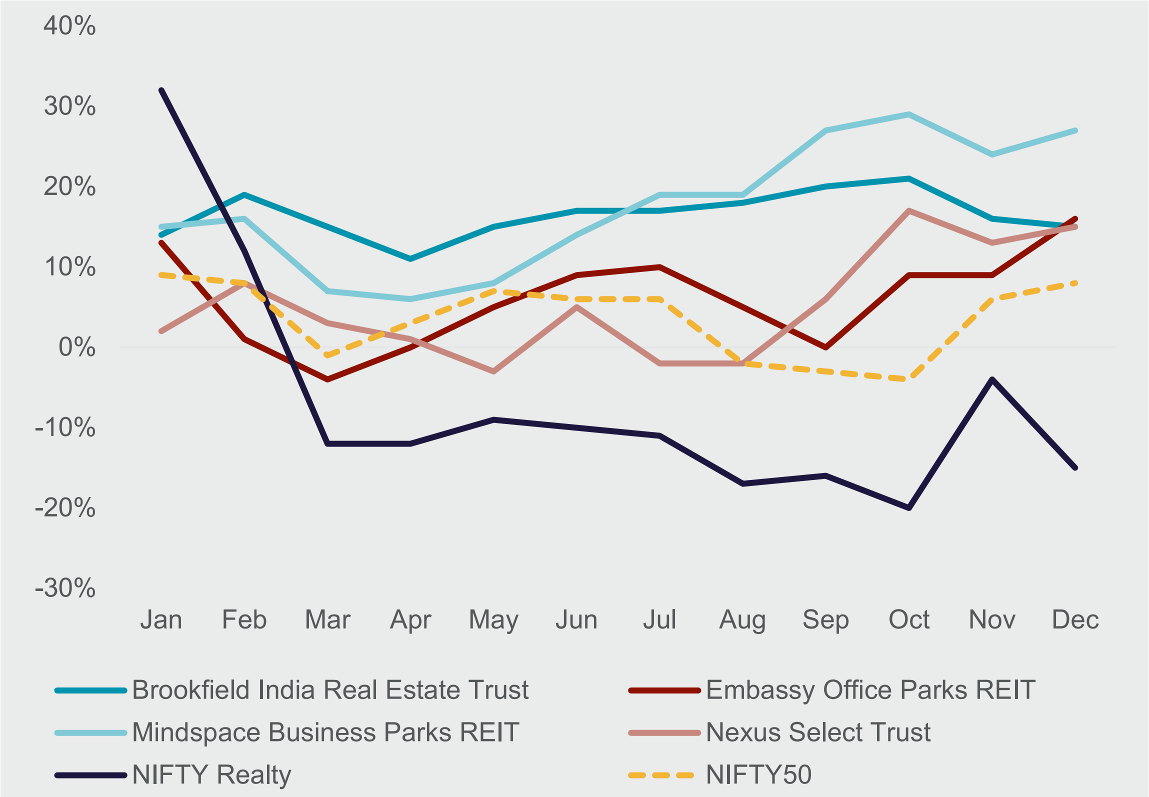
REITs CAPEX pipeline and third-party acquisitions

REITs have lined up multi-year CAPEX and acquisition pipelines, typically adding a few million square feet each through forward purchases, redevelopment and third-party asset buys. Announced deals run into several thousand crores, supporting 7–10% annual growth in net leasable area and rental income visibility.

REITs IPO and listing pipeline over the next few years

As per Indian Reits Association (IRA), on average, one player every year is likely to launch a REIT over the next three to five years. The notional pipeline runs into several lakh crore of underlying assets.

12-month YoY Return of Indian REITs and Select Indices in 2025

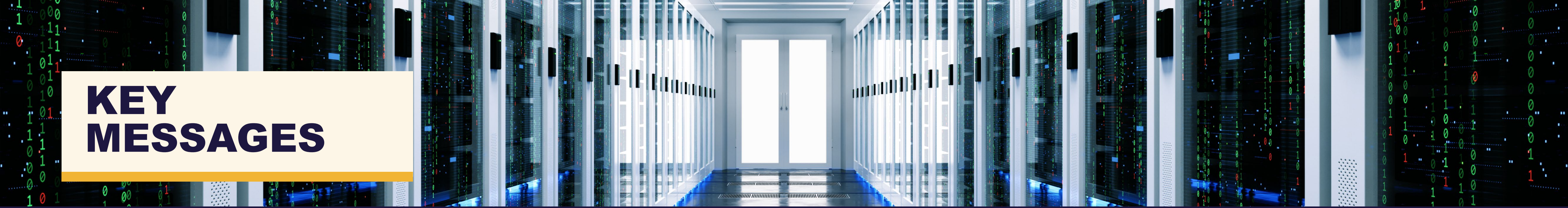


Source: National Stock Exchange of India Ltd and C&W Research. Return calculated on 1st trading day of every month after comparison with price or index value 12 months ago. As Knowledge Realty Trust REIT got listed in August 2025, it has been kept out of the comparison for YoY returns.





DATA CENTRE



KEY MESSAGES

CONTINUED ROBUST SUPPY ACROSS TOP CITIES

- Installed colocation capacity likely to reach around 1.5 GW in 2025 with supply of 228 MW in the year. This marks the third consecutive year of robust 200+ MW of supply across key cities.
- Strong supply expected to continue in 2026 with a number of projects at advanced stages of construction.
- Healthy supply addition expected in most cities with Mumbai, Delhi NCR and Hyderabad likely to witness the highest completions.

LOCATIONAL DIVERSIFICATION, AI, SUSTAINABILITY

- Leading operators are moving into Tier 2 cities and looking to establish edge data centres. Going ahead, this is likely to facilitate locational diversification of data centres.
- With AI uptake expected to increase significantly, AI-ready data centres are becoming the norm
- Sustainability is integral to data centres and renewable energy usage is rising.. This trend will continue given that AI-ready data centres are massive consumers of power and water.

GROWTH SUPPORTED BY ENABLING POLICIES

- Digital Personal Data Protection Act will ensure data safety, instill confidence and enable sectoral growth. Flexibility in data storage and processing and stiff penalties for non-compliance are key features of the policy.
- Implementation of the National Data Centre Policy, which is still at draft stage, will provide support for the sector. Fiscal incentives, renewable energy push, creation of data centre economic zones are important features of the policy.

DATA CENTRES

228 MW colo supply in 2025; 220 MW expected in 2026

Pan India (top 7 cities) installed colocation (colo) supply is likely to finish at 1.48 GW in 2025, an addition of 228 MW in the year. Though this is lower than the record supply addition seen in 2024, a 200+ MW of supply does indicate market robustness. In 2026, this trend is likely to continue with expected supply at around 220 MW. Installed colo capacity likely to reach 1.7 GW by end of 2026. Having said that, India would continue to remain an underpenetrated market given that it is a fast-digitalizing economy and data consumption (mobile data per user per month) is the highest in the world.

Subsea cable infrastructure will fuel data centre growth

Some leading cities are likely to more subsea cable landing infrastructure, thereby providing support for data centre growth. In 2026, a greenfield cable landing station is likely to be operational at Digha, West Bengal. Mumbai and Chennai are expected to see operationalization of 3 and 1 cable landing stations in 2026, respectively, thereby driving data centre growth significantly.

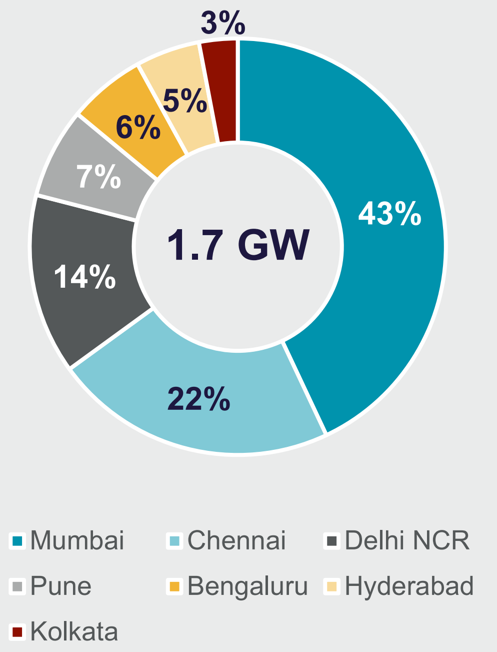
Edge data centres will gain momentum in Tier 2 cities

Data centre operators will continue to invest in Edge data centres in Tier 2 cities in 2026. At present, around 19 MW of colo capacity is operational in Tier 2 cities; cities such as Bhubaneswar, Guwahati, Lucknow have witnessed investments. However, around 130 MW is upcoming (under construction + planned). Lower latency, better customer experiences have been the focus of operators.

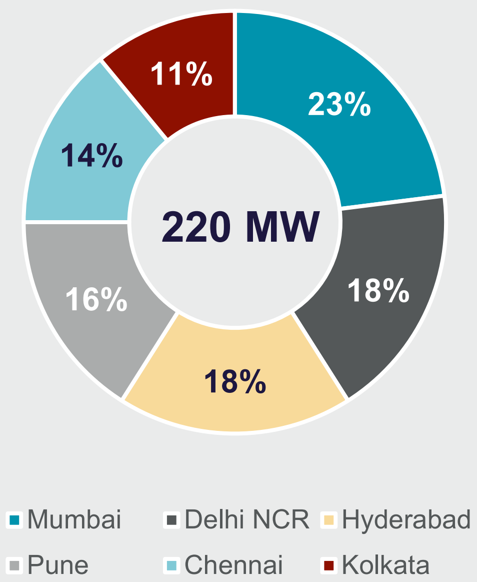
AI, sustainability will remain integral to the asset class

AI uptake is set to rise in 2026 and beyond with support from the government's IndiaAI Mission, which has allocated INR 10,300 crores over five years for AI projects. Operators will continue to focus on sustainability, especially greater solar power usage and technologies such as liquid cooling.

City-shares of installed Colo capacity, 2026



City shares of Colo supply, 2026



DATA CENTRES

Digital Personal Data Protection Act 2023 set to drive data centre growth

Implementation of Digital Personal Data Protection Act is expected to strengthen personal data safety, instill confidence in the digital ecosystem and boost data centre investments.It may be noted that the Act provides flexibility in terms of data storage and processing; data can be transferred/stored in jurisdictions other than India by businesses but the Act also imposes targeted restrictions. Flexibility in data storage and processing is likely to support expansion in AI applications, which are dependent on cross-border data flows and continuous refinement. The Act also proposes stiff penalties in case of non-compliance and recommends establishment of a Data Protection Board (DPB). The Data Protection Board will serve as the primary authority for enforcing the Act and ensuzre compliance.

National data centre policy will provide crucial policy support

The National Data Centre Policy is in the draft stage though a number of states have implemented dedicated data centre policies. Timely implementation of the national policy is likely to provide crucial policy support for data centres. The policy proposes a 20 year tax holiday if operators meet key milestones related to capacity addition, energy usage, jobs created etc. It also provides for categorization of data centres as ‘essential services’ and the creation of data centre economic zones (DCEZs). Given that data centres is different from conventional real estate asset classes, the policy provides for separate category for data centres in the National Building Code (NBC) and also proposes incentives for renewable energy usage, to drive sustainability in the sector. However, ensuring adequate availability of relevant land parcels and 24x7 power supply remain key issues., which need to be addressed

INDIA OUTLOOK 2026

OUTTHINK

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