

FOR IMMEDIATE RELEASE

Mumbai's Office Stock Records 169 Mn Sq Ft; over 50% office stock in Grade B category: Knight Frank India's Billion Sq Ft Office Report

- **MMR emerges as India's third largest office stock market with SBDs leading the charge; Grade A share at 40%**

Mumbai, August 04, 2025: Knight Frank India, in its latest report, *A Billion Sq Ft and Counting – India Office Supply Growth Story*, highlights Mumbai Metropolitan Region (MMR)'s pivotal role in shaping India's office market evolution. With a total stock of **169 mn sq ft** as of H1 2025, MMR stands as the third largest office market in India, contributing **17%** to the nation's total office stock. Despite a marginal 5% YoY decline in leasing volumes, Mumbai's strong demand for Grade A spaces has resulted in a **12% YoY rental growth** – the highest among all major cities.

Shift from Core to Scalable Markets

Mumbai's commercial footprint is undergoing a fundamental transformation, with **58% of the office stock now concentrated in Secondary Business Districts (SBDs)** such as BKC, Andheri, Goregaon, and Powai. The traditional Central Business Districts (CBDs) like Nariman Point and Fort, once the epicentres of corporate India, now account for only 15% of the market's stock. The Peripheral Business Districts (PBDs) – Thane, Navi Mumbai, Airoli, and Belapur—comprise 27%, indicating growing traction in affordable and infrastructure-enabled corridors.

Rental Premiums and Vacancy Compression

Despite a **48% decline in new completions** in H1 2025 (2.2 mn sq ft), average transacted rents in Mumbai rose to **INR 129.4/sq ft/month**, underlining occupiers' willingness to pay premiums for well-connected, ESG-compliant workspaces. This supply-demand asymmetry has brought vacancy levels down to **17.4%**, the lowest in over a decade.

Occupier Profile and Flex Space Boom

Flex spaces emerged as the dominant occupier segment, contributing **39%** of total leasing in H1 2025, up from just 10% in the same period last year. This rapid uptake is fueled by occupiers seeking agility, hybrid-readiness, and tech-enabled environments. Global Capability Centres (GCCs) too have doubled their share to **11%**, reflecting Mumbai's growing relevance as a strategic offshore delivery location. Meanwhile, India-facing businesses saw a recalibration, dropping to 48% of total absorption from 80% YoY.

Grade Composition Reflects Balanced Legacy and Premium Demand

MMR's office stock comprises **40% Grade A and 51% Grade B buildings**, showcasing a relatively balanced market. This distribution is reflective of Mumbai's legacy as an early starter in India's commercial evolution, while also revealing scope for retrofitting older stock to meet evolving occupier expectations.

Key Milestones in India's Office Stock Evolution

Period	Phase	Key Drivers	Stock Growth (mn sq ft)	% Change
1990–2000	Tech Boom Foundation	Economic liberalization, early IT services growth, emergence of tech parks, limited supply mainly in CBDs, rise of Indian software exports	Grew to 192	–
2000–2008	IT/ITES Expansion Era	Offshoring boom, rise of IT/ITES occupiers, large integrated campuses, suburban corridor expansion (e.g., Whitefield, Hinjewadi, Cyberabad)	192 → 278 (+86)	45%
2008–2010	Great Recession Impact	Global financial crisis, demand contraction, rental corrections, consolidation of occupier footprints	278 → 355 (+77)	28%
2010–2014	Recovery & Consolidation	Demand recovery, infrastructure investments (metros, roads), growth of BFSI/consulting demand, entry of global funds	355 → 544 (+188)	53%
2015–2019	Policy Reforms Era	Launch of REIT framework, India's first REIT (Embassy), implementation of RERA & GST, infra push, entry of coworking office players	575 → 756 (+181)	31%
2020–2023	COVID Era, Recovery and proliferation of flex space	Pandemic-led disruption, hybrid work adoption, resilience of REITs, rise in enterprise adoption of flex and managed offices, technology integration	791 → 922 (+131)	17%
2024–Present	Rise of GCCs and AI	Rapid GCC expansion is accelerating demand for AI-integrated, tech-enabled workplaces. Flex space is becoming mainstream, ESG mandates are shaping asset choices, and design is increasingly centred on wellness, productivity, and innovation.	973 → 993 (+20)	2%

Source: Knight Frank Research

Kaushik Shah– National Director - Occupier Strategy and Solutions and Industrial & Logistics (Mumbai), Knight Frank India, said, “Mumbai's transition from a core CBD-centric market to a diversified, hybrid-ready ecosystem underscores its adaptive strength. The dominance of SBDs and growing preference for ESG-aligned, flex-format workspaces reflect a global outlook among occupiers. With leasing activity led by flex and GCCs, and with constrained supply in sight, rental growth is expected to continue its upward trajectory in the second half of 2025.”

Mumbai's infrastructure developments, such as the Mumbai Metro Line 3 (Colaba-Bandra-SEEPZ), Atal Setu (MTHL), and Navi Mumbai International Airport, are redefining demand corridors. These upgrades are expected to fuel occupier migration toward PBDs while catalysing rental uplift in micro-markets like BKC, Central Mumbai, and SBD West.

As India's office stock crosses the 1 bn sq ft milestone, Mumbai continues to serve as a bellwether for institutional interest and occupier confidence. With its strategic industry mix of BFSI, consulting, media, and tech, combined with steady Grade A demand, the city is well-positioned to play a leading role in India's next billion sq ft office growth journey.

Market Level Zone-wise Rentals (INR/sq ft)

	Ahmedabad	Bengaluru	Chennai	Hyderabad	Kolkata	MMR	NCR-Delhi	NCR-Gurugram	NCR-Noida	Pune
CBD	40-51	130-220	70-95	55-65	70-105	190-277	220-390	120-192	80-110	82-143
SBD	47-55	100-180	75-105	70-95	55-95	98-427	90-230	85-140	50--65	64-128
PBD	55-60	60-95	38-70	30-65	27-65	54-99	NA	40-45	30-35	48-110

Source: Knight Frank Research

- End -

About Knight Frank

Knight Frank LLP is a leading independent, global property consultancy. Headquartered in London, Knight Frank has 20,000+ people operating from over 600+ offices across more than 50 territories. The Group advises clients ranging from individual owners and buyers to major developers, investors, and corporate tenants. For further information about the Company, please visit www.knightfrank.com

Knight Frank India is headquartered in Mumbai and has more than 1,900 experts across Bangalore, Delhi, Pune, Hyderabad, Chennai, Kolkata and Ahmedabad. Backed by strong research and analytics, our experts offer a comprehensive range of real estate services across advisory, valuation and consulting, transactions (residential, commercial, retail, hospitality, land, and capitals), facilities management and project management. For more information, visit www.knightfrank.co.in

For further information, please contact
Knight Frank press office:

Piyali Dasgupta

+91 9833571204

piyali.dasgupta@in.knightfrank.com

Tania Banerjee

+91 9819004431

tania.banerjee@in.knightfrank.com

Neha Mokal

+91 7021630296

neha.mokak@2020msl.com