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India's Office Market Holds Near Record at 48 mn sq ft in H1 2026; GCCs Drive Historic 43% of Leasing Volumes: Knight Frank India

- **Mumbai and Pune post their strongest-ever half-year office leasing, while Hyderabad continues to see robust growth**
- **Office completions rise 35% YoY, yet vacancy declines to 14.6% as demand continues to outpace supply**
- **Bengaluru accounts for over 40% of GCC leasing**
- **Flexible workspaces capture nearly a quarter of office leasing**

Mumbai, July 09, 2026: Knight Frank India today launched the **25th edition** of its flagship report **- India Real Estate- Office and Residential Market** (H1 2026) – which presents a comprehensive analysis of the residential and office market performance across **eight**[1] major cities for **January – June 2026**. The report highlights that India's office market continued to demonstrate exceptional resilience, recording **48.0 million square feet (mn sq ft) of office transactions** during H1 2026. While marginally lower (**2% YoY)**, the performance comes on the back of last year's all-time high and marks the **second-best half-yearly leasing performance ever recorded**. This sustained leasing momentum has been achieved despite heightened geopolitical tensions, global trade disruptions, evolving AI-led workplace transformation, and continued uncertainty across major international office markets. New completions of 27.1 mn sq ft took India's office stock to 1,054.6 mn sq ft, growing 35% year-on-year (YoY), while vacancy compressed further to 14.6%, reflecting continued demand outpacing supply.

Bengaluru retained its position as India's most prolific office market with **14.1 mn sq ft** of leasing activity during H1 2026. However, **Mumbai emerged as the standout performer** recording its **highest-ever half-yearly leasing volume** of **7.3 mn sq ft**, registering a **33% YoY increase**. Hyderabad and Pune each registered a strong **29% YoY growth** in office leasing, with Pune achieving its **highest-ever half-yearly leasing volume of 6.6 mn sq. ft.**, reflecting the broad-based momentum across India's leading office markets.

Office completions reached **27.1 mn sq ft**, registering a **35% YoY increase**, led primarily by Bengaluru, Chennai and Ahmedabad. Despite this rise in supply, leasing activity continued to exceed completions, maintaining favourable market dynamics and supporting rental appreciation across all major cities.

The most defining trend of H1 2026 was the continued dominance of **Global Capability Centres (GCCs)**. GCCs accounted for **43% of all office transactions**, the highest share ever recorded in a half-year period, with **20.6 mn sq ft** of leasing, reinforcing India's strategic role in global corporate operations.

Shishir Baijal, International Partner, Chairman & Managing Director, Knight Frank India, said *"India's office market has once again demonstrated its structural resilience by sustaining near-record leasing volumes despite one of the most uncertain global business environments in recent years. The continued expansion of Global Capability Centres, strengthening domestic economic fundamentals, and India's growing strategic importance within global corporate supply chains have collectively reinforced occupier confidence. The record participation of GCCs, robust leasing across multiple cities, declining vacancy levels and sustained rental growth underscore the long-term strength of India's commercial real estate market. While global uncertainties may continue to influence business sentiment in the near term, India's office sector remains exceptionally well-positioned for sustained growth."*

[1]Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata, Pune, Mumbai

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All India Office Update: January to June 2026

India recorded **48.0 mn sq ft** of office transactions across eight major cities during H1 2026, nearly matching the historic record achieved in H1 2025. The performance reflects sustained occupier confidence supported by India's robust macroeconomic outlook, policy stability and expanding role in global business operations.

Bengaluru continued to lead office leasing with **14.1 mn sq ft**, while Mumbai recorded its strongest half-year performance on record at **7.3 mn sq ft**, growing **33% YoY**. Hyderabad and Pune each witnessed **29% growth**, demonstrating the increasing depth and maturity of India's office market.

Office Market Update – H1 2026

City	Office Transactions		New Completions	
	H1 2026 Mn Sq Ft	YoY Change (H1 2026)	H1 2026 Mn Sq Ft	YoY Change (H1 2026)
Mumbai	7.3	33%	1.6	-30%
NCR	7.2	-1%	4.0	-2%
Bengaluru	14.1	-23%	10.4	407%
Pune	6.6	29%	3.9	-55%
Ahmedabad	0.8	0%	1.7	237%
Chennai	3.6	-28%	2.6	149%
Hyderabad	7.5	29%	3.0	111%
Kolkata	0.8	-26%	-	-
All India	**48.0**	**-2%**	**27.1**	**35%**

Source: *Knight Frank Research*

Viral Desai, International Partner, Senior Executive Director Occupier Strategy & Solutions, Industrial & Logistics, Capital Markets and Tenant, Knight Frank India said *"India's office market continues to outperform most global office markets, supported by sustained occupier confidence and long-term corporate expansion strategies. The evolution of GCCs into innovation and strategic business hubs has fundamentally transformed demand dynamics, while flexible workspaces continue gaining traction as enterprises seek greater operational agility. Although AI-driven workplace transformation and global economic uncertainty may influence near-term space planning decisions, India's deep talent pool, favourable business environment and growing strategic importance will continue to drive healthy office demand through H2 2026 and beyond."*

GCCs account for highest-ever share of office leasing

Global Capability Centres (GCCs) accounted for 43% of total office leasing in H1 2026 at 20.6 mn sq ft, the highest-ever half-year share for the segment, up from 39% in H1 2025. Despite overall office absorption remaining flat, GCC leasing grew 8% YoY, reinforcing its position as the largest driver of office demand. Bengaluru remained the preferred GCC destination, accounting for 41% of leasing activity, followed by Mumbai and Hyderabad with 16% each. Continued expansion by global enterprises across financial services, technology, engineering, and healthcare is expected to sustain demand through H2 2026 and beyond.

Flexible (Flex) workspaces, including managed office and co-working operators, accounted for 24% of total office leasing in H1 2026 at 11.4 mn sq ft, up from 21% or 10.8 mn sq ft a year earlier. Growth continues to be driven by enterprises adopting hybrid portfolio strategies that combine conventional leases with flexible office solutions to accommodate evolving workforce and business requirements. The segment is also witnessing increasing demand for premium managed office formats designed for large corporate occupiers.

India-facing businesses accounted for 20% of office leasing in H1 2026 at 9.5 mn sq ft, a 9% YoY increase from 8.7 mn sq ft in H1 2025. The growth reflects improving confidence in India's consumption-driven economy, supported by rising formal employment, expanding consumer demand, and infrastructure-led growth, with sectors such as financial services, domestic technology, logistics, and FMCG driving expansion.

Third-party IT services accounted for 13% of office leasing in H1 2026 at 6.4 mn sq ft, down from 22% or 10.9 mn sq ft in H1 2025. The moderation reflects workforce optimisation, cautious hiring, and changing delivery models as AI adoption reshapes enterprise technology spending. While near-term demand has softened, India's technology services sector remains well-positioned to benefit from the long-term shift towards AI-enabled, higher-value services.

End-use split of Office Transactions (mn/sq ft) – H1 2026

City	GCC		India Facing		Flex		Third Party IT services	
	H1 2025	H1 2026	H1 2025	H1 2026	H1 2025	H1 2026	H1 2025	H1 2026
Mumbai	0.6	3.3	2.6	3.3	2.12	0.44	0.1	0.3
NCR	2.3	1.5	2.2	2.4	1.24	2.16	1.5	1.1
Bengaluru	10.0	8.5	1.7	1.1	2.72	2.87	3.9	1.6
Pune	1.3	2.1	0.9	1.2	2.23	2.19	0.6	1.0
Ahmedabad	0.1	0.0	0.3	0.4	0.12	0.36	0.3	0.0
Chennai	2.5	1.6	0.4	0.7	1.00	1.08	1.2	0.2
Hyderabad	2.4	3.4	0.3	0.3	0.52	2.01	2.6	1.9
Kolkata	0.1	0.0	0.3	0.2	0.27	0.33	0.5	0.3
All India	**19.1**	**20.6**	**8.7**	**9.5**	**10.23**	**11.44**	**10.9**	**6.4**

Source: Knight Frank Research

Rental growth remains broad-based as vacancy declines

Rental values increased across all eight office markets during H1 2026, supported by sustained occupier demand and declining vacancy.

Among major office markets, NCR recorded the highest rental appreciation at 13% YoY, followed by Bengaluru (8%), Chennai (7%), and Hyderabad (7%). Mumbai rentals remained stable year-on-year but increased 4% over the previous six months, indicating continued upward momentum.

India's overall vacancy declined to 14.6%, continuing the tightening trend witnessed over the past several years as leasing consistently outpaced new supply.

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Market-wise rental movement

City	Rent in H1 2026 INR/sq ft/month	12-month change	6-month change
Mumbai	130	0%	4%
NCR	106	13%	10%
Bengaluru	102	8%	5%
Pune	82	6%	5%
Hyderabad	80	7%	4%
Chennai	75	7%	2%
Kolkata	51	15%	8%
Ahmedabad	45	3%	3%

Source: *Knight Frank Research*

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About Knight Frank:

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Knight Frank India is headquartered in Mumbai and has more than 2,000 experts across Bangalore, Delhi, Pune, Hyderabad, Chennai, Kolkata, Ahmedabad, Indore and Kochi. Backed by strong research and analytics, our experts offer a comprehensive range of real estate services across advisory, valuation and consulting, transactions (commercial, retail, land capital and residential), project management, and facilities management. For more information, visit www.knightfrank.co.in

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