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India's Office Leasing Set to Hit Record 50 Million Sq. Ft. by FY27, Driven by GCC and Tech Demand

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– Categories: Real Estate



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India's net annual office leasing is expected to reach an all-time high of **50 million square feet by FY2026–27**, according to a new report from Crisil Ratings. The surge will be fueled primarily by rising demand from **Global Capability Centers (GCCs)** and domestic tech firms.

This projected growth represents a **7–9% compound annual growth rate (CAGR)** over the next three years, rebounding from the dip seen during the pandemic. India's commercial real estate sector, especially **Grade A office spaces**, continues to attract sustained interest from both domestic enterprises and multinational corporations.

Leasing activity in India is heavily concentrated in the **six major cities of Bengaluru, Hyderabad, Pune, Chennai, Mumbai, and the National Capital Region**, which together account for over **80% of total demand**.

Key drivers of this expansion include:

- **GCC expansion**, particularly in tech, BFSI (banking, financial services, and insurance), and engineering sectors
- **Flight to quality**, with companies prioritizing well-located and compliant Grade A office spaces
- **Return-to-office trends**, driving increased occupancy following a long period of hybrid work setups

Crisil's report highlights that **GCCs now account for up to 50% of leasing in REIT portfolios**, significantly up from earlier years. This growth is underpinned by the confidence of global firms in India's skilled talent pool, favorable regulatory climate, and improving infrastructure in metro and tier-1 cities.

The demand for **flexible workspaces** has also seen a sharp uptick. In Q2 2025 alone, flexible office space leasing rose by **65% year-on-year**, with major co-working players expanding rapidly across urban centers.

Despite the strong leasing numbers, developers are cautious about oversupply. Vacancy rates in Grade A spaces have stayed within a manageable range of **16–18%**, indicating stable absorption.

A Crisil analyst stated, "India's commercial real estate market has emerged as a resilient asset class. The increasing share of leased assets under REITs and rising foreign institutional participation reflect long-term confidence in the sector."

With improving economic indicators and policy stability, the commercial office space market in India is poised for record-breaking growth over the next two years.