India Real Estate

Office and Residential Market - January - March 2026 (Q1 2026)

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Foreword

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India's Real Estate market in Q1 2026 reflects a nuanced divergence across asset classes, shaped by both cyclical adjustments and structural strengths. While the office market has demonstrated resilience and achieved a new peak in leasing activity, the residential market has entered a phase of moderation that warrants closer attention.

The office market continues to benefit from India's growing strategic relevance in the global economic landscape. Record leasing volumes during the quarter, supported by sustained expansion of Global Capability Centres (GCCs) and strong occupier demand for Grade A assets, underscore the depth of institutional interest in India. Even amidst geopolitical uncertainties, demand has remained broad-based across key markets, reinforcing confidence in the country's long-term growth trajectory.

In contrast, the residential market is showing early signs of recalibration after a prolonged period of strong performance. Sales have moderated and the gap between launches and absorption has widened, indicating a more cautious demand environment. Importantly, this moderation is occurring alongside continued price appreciation, which is beginning to test affordability and impact volume growth.

A notable shift in demand composition has emerged, with higher ticket size segments continuing to perform relatively well, while activity in the sub-INR 10 mn category has declined. Given that this segment remains critical to sustaining transaction volumes and overall market depth, there is a clear need for targeted measures to support affordability and demand in this category.

At a broader level, global and domestic uncertainties, including geopolitical developments and evolving concerns around AI-driven shifts in employment dynamics, are contributing to a more measured and cautious approach among homebuyers. While the long-term demand drivers of the residential market remain intact, the current phase highlights the importance of maintaining a balanced and responsive policy environment.

Overall, India's Real Estate market remains underpinned by strong fundamentals. However, the divergence between asset classes and the emerging moderation in residential demand indicate that the market is entering a more calibrated phase, one that will require close monitoring and thoughtful interventions to sustain momentum in the quarters ahead.

INDIA OFFICE MARKET – Q1 2026

The first quarter of 2026 has been marked by a sharp escalation in geopolitical tensions, led by the ongoing conflict involving Iran, which poses a serious threat to global stability. The situation has disrupted critical energy supply chains and heightened risks around the Strait of Hormuz, a vital artery for global oil trade. At the same time, rapid advances in artificial intelligence (AI) are reshaping industries and business models at an unprecedented pace, introducing a parallel layer of disruption and uncertainty for economies worldwide. Resulting volatility in energy prices, alongside technological shifts, has amplified inflationary concerns and raised the likelihood of a broader slowdown in global economic activity. The scale and persistence of these developments have also unsettled financial markets and trade flows, reinforcing a fragile and uncertain global environment.

Amid this backdrop, India has continued to demonstrate notable economic resilience and rising geopolitical significance. Supported by strong domestic demand, policy continuity and macroeconomic stability, the country remains among the fastest growing major economies. The Reserve Bank of India has projected GDP growth of approximately 6.7% for FY2026 and 6.5% for FY2027, underscoring confidence in the country's growth trajectory. India's expanding role in global supply chains and its increasing strategic importance in a shifting world order further strengthen its position as a relatively stable and attractive economic destination.

The strong underlying momentum in the Indian economy was reflected in robust and well-distributed occupier activity during the quarter. The office market recorded a new high of 2.77 mn sq m (29.9 mn sq ft) in Q1 2026, surpassing the previous quarterly peak seen in the base period of Q1 2025 by 6%. Notably, this growth was broad-based across markets, in contrast to the base period where demand was heavily skewed towards Bengaluru, indicating a more balanced and widespread expansion in office leasing activity.

Mumbai (MMR) (0.52 mn sq m (5.6 mn sq ft)) and Hyderabad (0.54 mn sq m (5.9 mn sq ft)) each recorded historic highs in Q1 2026, compared to four markets achieving similar peaks in the base period. To contextualise the scale of activity, leasing volumes in both markets during the quarter exceeded more than half of their total transaction volumes for the entire year of 2025. Overall volumes were significantly supported by large deals exceeding 0.09 mn sq m (1.0 mn sq ft). Notably, there were four such transactions across four different markets during the quarter, with NCR and Bengaluru being the other markets besides Mumbai and Hyderabad to witness deals of this scale.

Leasing activity in Q1 2026 remained overwhelmingly concentrated in Grade A office assets, which accounted for 93% of total transactions. This reflects a clear and sustained shift in occupier preferences towards higher-quality spaces that support evolving workplace strategies, efficiency requirements and ESG considerations. The trend has deepened over recent years, underpinned by the expansion of institutional-grade, REIT-backed portfolios, the growing footprint of Global Capability Centres (GCCs), and the increasing integration of flexible workspace solutions within core office portfolios.

GCCs dominated leasing activity in 2025 and continued to be the primary demand driver in Q1 2026, accounting for a record 1.34 mn sq m (14.4 mn sq ft), or 48% of total leasing during the quarter, marking the highest share and absolute uptake recorded in a single quarter. In line with trends observed last year, Bengaluru remained the preferred market, capturing 41% of GCC leasing in Q1 2026. Among other occupier segments, India-facing businesses, third-party IT services, and flex operators accounted for 19%, 15%, and 17% of total leasing, respectively. Notably, India-facing firms recorded the strongest growth, with the 0.54 mn sq m (5.8 mn sq ft) leased, reflecting a 22% YoY increase, the highest among all end-use categories.

Office completions continue to trail demand, as developer focus remains skewed toward residential projects. A total of 1.30 mn sq m (14.0 mn sq ft) was delivered across the eight major cities in Q1 2026, reflecting a sharp 154% YoY increase, but still amounting to less than half of the space absorbed during the quarter.

This persistent gap between supply and demand, evident since 2021, has steadily tightened market conditions. Vacancy levels have compressed from 17.2% in 2021 to a considerably lower 13.9% in Q1 2026. The resulting supply constraints across key markets have supported a sustained rental upcycle since early 2022, with landlords gaining greater pricing power even as several global office markets face headwinds.

- *Mumbai (0.52 mn sq m (5.6 mn sq ft)) and Hyderabad (0.54 mn sq m (5.9 mn sq ft)) each recorded historic highs in Q1 2026.*
- *Volumes were significantly supported by large deals exceeding 0.09 mn sq m (1.0 mn sq ft). Notably, there were four such transactions across four different markets during the quarter, with NCR and Bengaluru being the other markets besides Mumbai and Hyderabad to witness deals of this scale.*
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- *India-facing firms recorded the strongest growth, with the 0.54 mn sq m (5.8 mn sq ft) leased, reflecting a 22% YoY increase, the highest among all end-use categories.*
- *NCR and Kolkata led the gains at 15% YoY each, while Hyderabad and Chennai recorded increases of 8% YoY. Rent levels in Mumbai and Bengaluru grew by a comparatively modest 6% and 7% YoY, respectively.*

Rent growth remained positive in Q1 2026, ranging between 2% and 15% YoY across cities. NCR and Kolkata led the gains at 15% YoY each, while Hyderabad and Chennai recorded increases of 8% YoY. Rent levels in Mumbai and Bengaluru grew by a comparatively modest 6% and 7% YoY, respectively.

Table 1: Transactions in mn sq m (mn sq ft)

Market	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q1 2026 YoY Change %
Bengaluru	0.51 (5.5)	0.39 (4.2)	0.58 (6.3)	0.86 (9.2)	-28%
Hyderabad	0.18 (1.9)	0.27 (2.9)	0.24 (2.6)	0.54 (5.9)	48%
Chennai	0.19 (2)	0.18 (1.9)	0.22 (2.4)	0.52 (5.6)	60%
NCR	0.48 (5.2)	0.25 (2.7)	0.13 (1.4)	0.37 (4.0)	95%
Pune	0.13 (1.4)	0.22 (2.3)	0.32 (3.4)	0.29 (3.1)	-17%
Mumbai	0.3 (3.2)	0.26 (2.8)	0.21 (2.2)	0.14 (1.5)	-19%
Kolkata	0.09 (1)	0.05 (0.5)	0.06 (0.7)	0.03 (0.4)	125%
Ahmedabad	0.06 (0.6)	0.03 (0.4)	0.08 (0.8)	0.02 (0.3)	20%
All cities	**1.93 (20.7)**	**1.66 (17.8)**	**1.83 (19.7)**	**2.77 (29.9)**	**6%**

Source: Knight Frank Research,

Table 2: Completions in mn sq m (mn sq ft)

Market	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q1 2026 YoY Change %
Bengaluru	0.09 (1)	0.55 (5.9)	0.76 (8.2)	0.41 (4.4)	322%
NCR	0.36 (3.9)	0.14 (1.5)	0.38 (4.1)	0.29 (3.1)	1,463%
Hyderabad	0.13 (1.4)	0.15 (1.6)	0.12 (1.3)	0.22 (2.3)	0%
Ahmedabad	0.05 (0.5)	0.03 (0.3)	0.11 (1.2)	0.15 (1.6)	0%
Mumbai	0.16 (1.7)	0.14 (1.6)	0.12 (1.3)	0.09 (1)	87%
Pune	0.49 (5.3)	0.1 (1.1)	0.4 (4.3)	0.09 (1)	-72%
Chennai	0.08 (0.8)	0.04 (0.4)	0.19 (2)	0.05 (0.5)	160%
Kolkata	0 (0)	0 (0)	0 (0)	0 (0)	0%
All cities	**1.35 (14.6)**	**1.15 (12.4)**	**2.07 (22.3)**	**1.3 (14)**	**154%**

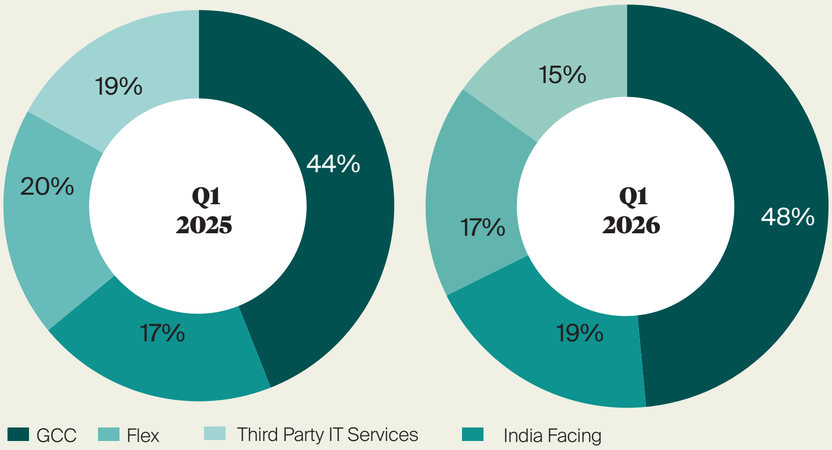
Source: Knight Frank Research Note: Blanks denote negligible numbers.

Average rent growth across markets during Q1 2026

Market	YoY Change	QoQ Change
Kolkata	15%	2%
NCR	15%	9%
Chennai	8%	2%
Hyderabad	8%	1%
Bengaluru	7%	4%
Mumbai	6%	0%
Pune	5%	4%
Ahmedabad	2%	2%

Source: Knight Frank Research

End-use split of transactions



Source: Knight Frank Research

Notes:

1. India Facing: These refer to such transactions where the lessees/buyers are entities which have an India focused business, i.e., no export or import.
2. Third Party IT Services: These refer to transactions where the lessees/buyers are focused on providing IT and IT enabled services to offshore clients. They service multiple clients and are not necessarily owned by any of them.
3. Global Capability Centres (GCC): These refer to transactions where the lessees/buyers are focused on providing various services to a single offshore company. The offshore company has complete ownership of the entity that has transacted the space.
4. Flex Spaces: These refer to transactions by companies that specialise in providing comprehensive office space solutions for other businesses along with the benefits of flexibility of tenure, extent of services provided and the ability to scale higher or lower, as required.

Looking ahead, India's office market remains well-positioned to navigate the current global volatility, supported by the country's strong macroeconomic fundamentals, domestic demand resilience, and increasing integration into global supply chains. The continued expansion of GCCs, alongside the execution of higher-value and innovation-led functions from India, is expected to sustain occupier demand even as technological disruptions such as AI reshape global business models. At the same time, the growing depth and institutionalisation of the market, reflected in rising REIT penetration and the expansion of high-quality, income-generating assets, is enhancing transparency, liquidity, and investor confidence. While near-term uncertainties in the global environment may influence decision-making cycles, India's relative stability and structural growth drivers are likely to underpin steady leasing momentum and support a constructive medium-term outlook for the office sector.

INDIA RESIDENTIAL MARKET– Q1 2026

Homebuyer activity in Q1 2026 has been measured, with the market entering a phase of consolidation. While underlying demand drivers remain intact, sales momentum has softened, reflecting a period of recalibration after a strong run. This moderation follows a resilient 2025, when the Indian residential market remained steady despite rising concerns of a potential correction particularly in premium segments amid sustained price appreciation and the potential threat of job losses brought about by AI adoption.

While the comparatively stable macroeconomic environment, with easing inflation and the 125 bps reduction in RBI policy rates aiding affordability continued to remain supportive, the market has begun showing signs of losing steam as the 84,827 units sold in Q1 2026 represent a 4% YoY decline. Sales in MMR declined by 7% YoY while that in NCR and Pune dropped by 11% YoY each.

The volume of units launched continued to exceed sales in Q1 2026, marking the 14th consecutive quarter of this trend. The gap between quarterly launches and sales widened to 10,028 units, indicating a continued lag in absorption and reaching its highest level since Q1 2023. A total of 94,855 units were launched during the quarter, reflecting a 2% decline compared to the previous period.

Across markets, launch activity moderated in most cities, with the exception of Bengaluru, Chennai, and Ahmedabad. NCR recorded the most significant drop, with launches down 8% YoY. Hyderabad and Kolkata each saw a 6% decline, while Pune and Mumbai (MMR) registered more modest drops of 5% and 1% YoY, respectively.

Market activity remained skewed toward the higher end even as growth moderated, while volumes continue to slide in ticket sizes below INR 10 mn. The share of these lower segments has declined to 47% of total sales, compared to 54% in Q1 2025. Sales in the sub-INR 5 mn category fell across all markets, while the INR 5-10 mn segment saw limited growth, with only Kolkata and Chennai registering increases of 8% and 19% YoY, respectively.

In contrast, units priced above INR 10 mn recorded 11% YoY sales growth in Q1 2026, compared to the sub-INR 5 mn and INR 5-10 mn segments which contracted by 23% and 12%, respectively. This growth was broad-based across higher ticket sizes, led by the INR 10-20 mn segment, which grew by 10% YoY and accounted for 29% of total sales, marginally surpassing the 28% share of the INR 5-10 mn segment, which had consistently led market share since Q4 2022. Other premium segments also saw strong traction, with sales rising by 17% in the INR 20-50 mn segment, 12% in the INR 100-200 mn segment, and 80% in the INR 200-500 mn segment.

Unsold inventory levels have continued to rise since 2020, driven by supply consistently outpacing sales. This increase has been largely concentrated in the >INR 10 mn segment, reflecting the sustained developer focus on higher ticket size projects in recent years. Inventory in this segment has grown by 18% YoY, while that in the sub-INR 5 mn and INR 5-10 mn segments has declined by 7% and 2% YoY, respectively. Notably, the INR 20-50 mn category has seen a sharp 46% YoY increase in inventory, warranting closer monitoring from a market balance perspective.

A more complete picture of market health emerges when unsold inventory is assessed alongside sales velocity. The Quarters to Sell (QTS) metric, which estimates absorption time based on the average sales rate of the past eight quarters, has edged upward across the eight key markets, rising from 5.9 quarters in Q1 2025 to 6.0 quarters in Q1 2026. While the movement appears marginal in isolation, it reflects the compounding effect of moderating sales and sustained new supply additions.

Inventory build-up is most pronounced in the INR 20-50 mn segment, though this has not translated into any material stress on market balance. With Quarters to Sell (QTS) at a steady 4.4 quarters, inventory in this category remains well supported by underlying demand dynamics. At the upper end, trends are less linear. The luxury and super-luxury segments are currently showing elevated QTS levels, with units above INR 500 mn at 9.7 quarters and those in the INR 200-500 mn range at 14.2 quarters. However, these figures should be interpreted with caution. The absolute size of these segments remains limited, with a combined inventory of under 2,000 units. As a result, even a small number of launches or transactions can significantly influence QTS, leading to sharper fluctuations that may not fully reflect underlying market dynamics.

- *The market has begun showing signs of losing steam as the 84,827 units sold in Q1 2026 represent a 4% YoY decline.*
- *Sales in Mumbai declined by 7% YoY while that in NCR and Pune dropped by 11% YoY each.*
- *Across markets, launch activity moderated in most cities, with the exception of Bengaluru, Chennai, and Ahmedabad. NCR recorded the most significant drop, with launches down 8% YoY. Hyderabad and Kolkata each saw a 6% decline, while Pune and Mumbai registered more modest drops of 5% and 1% YoY, respectively.*
- *The QTS metric has edged upward across the eight key markets, rising from 5.9 quarters in Q1 2025 to 6.0 quarters in Q1 2026. While the movement appears marginal in isolation, it reflects the compounding effect of moderating sales and sustained new supply additions.*

The market is showing signs of cooling in overall sales and launches, partly driven by persistently high price levels as developers continue to hold firm on headline pricing. In response to the resulting moderation in sales, developers are increasingly adopting demand-side measures such as bank and developer subvention schemes, cash discounts and freebies, along with more aggressive channel partner incentives to support transaction volumes.

Table 1: Sales

Market	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q1 2026 YoY Growth %
Mumbai	22,105	24,706	25,447	23,185	-7%
Bengaluru	14,095	14,538	14,236	13,092	5%
NCR	12,547	12,955	12,702	12,734	-11%
Pune	10,098	12,118	14,434	12,711	-11%
Hyderabad	9,589	9,601	9,754	9,541	1%
Chennai	4,578	4,617	4,710	4,763	9%
Ahmedabad	4,683	4,694	4,688	4,758	2%
Kolkata	4,232	4,374	4,432	4,043	5%
Total	**81,927**	**87,603**	**90,403**	**84,827**	**-4%**

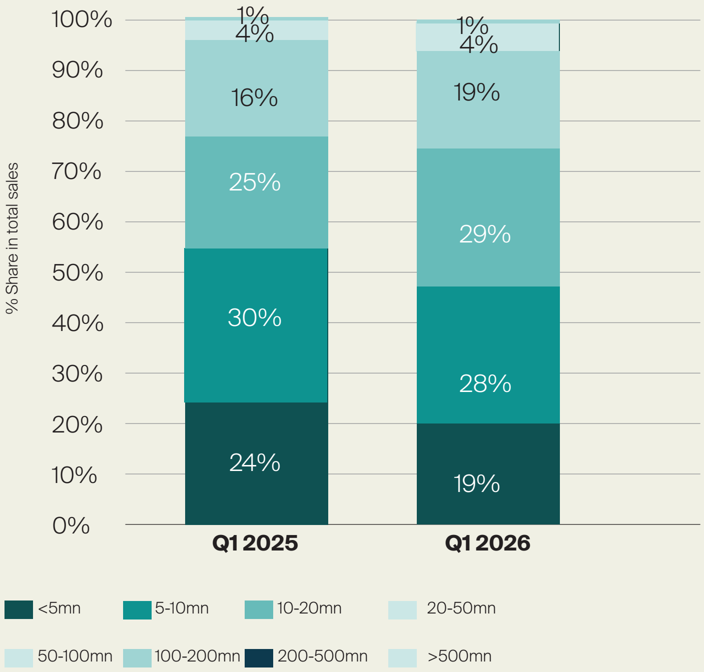
Source: Knight Frank Research

Table 2: Launches

Market	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q1 2026 YoY Change
Mumbai	19,745	19,145	22,518	25,491	-1%
Bengaluru	16,974	17,817	17,445	17,185	4%
NCR	11,957	10,657	14,879	12,257	-8%
Pune	10,328	15,234	14,325	15,497	-5%
Hyderabad	10,301	9,764	10,011	9,975	-6%
Chennai	5,045	6,172	5,072	5,112	12%
Ahmedabad	5,106	5,797	5,510	5,863	4%
Kolkata	3,975	4,069	4,029	3,475	-6%
Total	**83,431**	**88,655**	**93,789**	**94,855**	**-2%**

Source: Knight Frank Research

Ticket size split comparison of sales during Q1 2025 and Q1 2026



Source: Knight Frank Research,

Ticket size Segment Health

Ticket-size Segment	Unsold Inventory (housing units)	Unsold Inventory	Quarters-to-sell (QTS)
<5 mn	174,855	-7%	8.9
5-10 mn	136,719	-2%	5.4
10-20 mn	131,555	10%	5.5
20-50 mn	62,491	46%	4.4
50-100 mn	9,726	4%	2.9
100-200 mn	2,633	-9%	4.4
200-500 mn	1,429	38%	14.2
>500 mn	438	-6%	9.7
Total	519,846	3%	6.0

Source: Knight Frank Research,

Ticket size split comparison of sales during Q1 2025 and Q1 2026

Ticket-size Segment	Sales in Q1 2026	Sales YoY % Change
<5 mn	16,273	-23%
5-10 mn	23,567	-12%
10-20 mn	24,657	10%
20-50 mn	16,075	17%
50-100 mn	3,338	-3%
100-200 mn	738	12%
200-500 mn	165	80%
>500 mn	12	-93%
Total	84,827	-4%

Source: Knight Frank Research,

Weighted average price change across markets during Q1 2026

Market	Price	YoY	QoQ
Ghaziabad	8,548	13%	0%
Greater Noida	9,557	11%	0%
Hyderabad	8,211	9%	0%
Faridabad	7,359	7%	0%
Chennai	7,417	6%	0%
Gurugram	17,858	6%	1%
Pune	9,975	5%	1%
Mumbai	36,049	4%	0%
Navi Mumbai	13,607	4%	1%
Thane	14,932	4%	2%
Delhi	22,748	4%	1%
Noida	14,821	4%	2%
Bengaluru	8,952	4%	1%
Kolkata	5,937	3%	1%
Ahmedabad	4,798	3%	0%

Source: Knight Frank Research,

Notes: Prices are weighted based on the unsold inventory across all projects launched since 2019 that remain active in the market.

The India residential market enters 2026 in a phase of consolidation, but one that carries more downside risk than the headline numbers suggest. Price growth, sales velocity, and new supply additions are moderating in tandem, and while this may appear to be an orderly recalibration, the direction of travel across each of these variables is compounding rather than self-correcting. The backdrop adds further weight to this concern. Persistent geopolitical tensions and growing anxieties around AI-driven shifts in employment patterns have introduced a layer of caution among prospective homebuyers. Taken together, these demand-side pressures and softening market metrics point to a market losing incremental ground, not yet in retreat, but no longer holding steady in any meaningful sense. How these conditions evolve through 2026 will be critical; if present trends continue without reversal, what is currently a consolidation could drift into something more pronounced.

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

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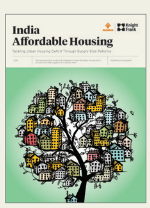
INDIA REAL ESTATE JAN-JUL 2024

A BILLION SQ FT AND COUNTING

INDIA AFFORDABLE HOUSING



BEYOND THE RUNWAY

COMMERCIAL REAL ESTATE

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INDIA WAREHOUSING REPORT

BANKING ON BRICKS

HOME BUYERS SURVEY

REGIONAL RAPID TRANSIT SYSTEM

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