

Think India Think Retail – 10th Edition 2026

Bharat Internationalised

The New Retail Frontier

2026

A report on international brand penetration across India's 24 Tier 2 cities, and what it signals for the country's two-track retail economy.

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Foreword

The map has moved

For two decades, India's retail real estate narrative has been written almost exclusively in eight cities. The economics, the leasing benchmarks, the rent indices, and the institutional capital flows have all been calibrated to the metros. That lens produced an honest reading of where India's organised retail had matured first. However, it no longer adequately captures where the next wave of retail expansion is unfolding.

This report, therefore, reverses the lens. It examines international brand penetration from the outside in, beginning with the forces reshaping global retail, moving through India's national supply story, and arriving at the 24 Tier 2 cities where the next chapter of retail internationalisation is being written. At the analytical core of this exercise is the Knight Frank International Brand Penetration Rankings 2026, a proprietary four-pillar framework designed to measure the intensity and depth of international brand penetration across Tier 2 markets.

The findings, taken together, describe a country whose retail geography is no longer single tier. India runs two retail economies in parallel: a maturing metro economy with the structural overhangs of its first development cycle, and a younger Tier 2 economy with cleaner supply, sharper consumer aspirations, and considerable runway. The investment, leasing and brand strategies that follow from this observation are different for each.

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India is not a single retail market that happens to be large. It is a portfolio of retail markets at various stages of their individual development cycles, sharing a national growth trajectory that is uniformly positive.



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Executive Summary

Why population stopped predicting penetration

India's retail story has long been told in a single frame: the metros. Eight cities have anchored the organised retail investment thesis for two decades. That frame is now insufficient. The Knight Frank International Brand Penetration Rankings 2026 measures, for the first time, the depth and quality of international retail penetration across 24 Tier 2 Indian cities, combining Knight Frank's proprietary store-level retail database with consumption data from the Government of India. The rankings are built across four evidence-based pillars: Brand Breadth, Brand Intensity, Market Readiness and Consumption Power, and deliver a city-by-city measure of Tier 2 retail maturity.

Three findings stand out.

First, consumption quality and brand intensity, not city size, now determine which Tier 2 markets attract and sustain international brands. Chandigarh, with a population of 1.3 million, ranks first overall. Surat, with 8.6 million, ranks eighteenth. The variable that separates them is not scale but the convergence of high household spending capacity, premium retail infrastructure, and a curated brand mix in the same market.

Second, Tier 2 India's organised retail stock is structurally cleaner than Tier 1's. Of the 36 million sq ft of Shopping Centre supply across the 24 Tier 2 cities, 61 percent is Grade A, meaningfully above the Tier 1 average of 45 percent, and only 1 percent is Grade C. The newer the supply, the higher the quality: the 6 million sq ft of Grade A space added in Tier 2 from 2020 onwards is more than three times the equivalent Tier 1 addition over the same period.

Third, three cities, Surat, Jaipur, and Nagpur, together representing approximately 16 million people, remain underpenetrated. The constraint is not weak demand. It is the absence of Grade A supply capable of channelling spending power that already exists. These are not frontier markets; they are supply-side failures with high-velocity absorption potential the moment the right product arrives.

The broader conclusion is a thesis about India's retail heterogeneity. India operates two distinct retail geographies simultaneously: an established metro economy and a rapidly formalising Tier 2 economy, each with its own demand character, consumer profile, and growth trajectory. This heterogeneity is not a market constraint but a unique advantage that gives India a depth of retail expansion runway no other large economy currently possesses.

Key findings

Chandigarh, ranked highest, has a monthly per capita expenditure of INR 13,425, along with 91 percent Grade A stock, 90 percent mall occupancy and 58 international brand stores per million population. This demonstrates that a smaller, well-developed market with strong consumer spending power can consistently outperform a larger, less evolved market.

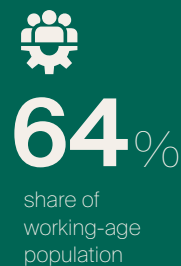
CHAPTER 1

From global recalibration to Indian acceleration

The capital has started moving

Global retail is in the midst of a structural reconfiguration. Saturation in mature western markets, rising occupancy costs, evolving consumer preferences, and the post-pandemic recalibration of expansion capital have collectively redirected brand investment toward high-growth economies. Among the major economies tracked in the IMF's April 2026 World Economic Outlook, India occupies a singular position. Projected GDP (Gross Domestic Product) growth of 6.5 percent in FY 2025-26 is the highest of any large economy, against a global average of 3.3 percent.

India's distinction in this realignment is not simply growth velocity but the combination of scale and an early stage of retail formalisation. The country's retail sector remains predominantly unorganised, with branded and formalised channels concentrated in urban centres, primarily in the eight Tier 1 cities that have anchored organised retail investment for two decades. However, that concentration is now changing, and the pace of change is accelerating. A working-age population of approximately 64 percent of the total creates a consumption base of a scale no comparable economy currently offers, while a median age of 29 years means the dominant cohort of Indian consumers is still building household formation, brand preference, and discretionary spending capacity simultaneously.



Source: Knight Frank Research;
IMF World Economic Outlook April 2026;
UN DESA World Population Prospects 2024;
UNFPA State of World Population 2025;
Press Information Bureau 2025.

Three trends reshaping global retail

Experience-led formats are progressively replacing transaction-led store design

This trend converges precisely with India's Tier 2 mall evolution. The newest Grade A assets, Lulu Lucknow, Phoenix Palassio, Phoenix Citadel Indore, Lulu Thiruvananthapuram, allocate substantially higher share of leasable area to Food & Beverages and Family Entertainment Centre formats from inception. International brands entering Tier 2 today are entering venues already designed around the consumer behaviours their global flagships now optimise for.

Brand internationalisation is accelerating through aspirational tier markets

In Tier 2 India, the newly commissioned Grade A mall has become the entry format of choice, offering controlled environments, curated co-tenancy, and captive catchments that comparable Tier 1 submarkets, with their fragmented high streets and ageing mall stock, no longer guarantee. The shift is visible in store opening patterns. Marquee international brands in apparel, footwear, beauty, and quick-service food now treat the lead anchor in a Tier 2 city as a near-mandatory step in their India rollout.

Consumption quality is diverging from consumption volume

In high-spending, lower-population markets, revenue per square foot consistently outperforms high-footfall, lower-spending equivalents. This is the commercial logic embedded in the four-pillar architecture of the rankings, and it is the analytical lens through which Chandigarh's first-place finish, ahead of cities six times its size, becomes intelligible.

India's working-age population sits at around 64 percent of the total. That share is what tells brands the consumer base is not just large today; it stays large for the next two decades.

India's distinction in this realignment is not simply growth velocity. It is the combination of scale and an early stage of retail formalisation.



Why the capital is landing in India

India's transition from a high-potential story to an active expansion priority for global brands has accelerated substantially since 2020 and three forces have converged to make this shift durable. The first is the formalisation of household spending, reflected in rising monthly per capita expenditure. The second is the post-pandemic acceleration of organised retail supply, particularly in the cities that lie outside the traditional metro footprint. The third is India's emergence as the world's most populous nation, giving global brands access to the largest cohort of aspirational, brand-aware consumers. These forces do not move independently but reinforce each other, and that compounding is what distinguishes the current expansion cycle from its predecessors.

Spending power, state by state

The Household Consumption Expenditure Survey 2023-24 highlights the consumption upgrade driving organised retail demand. The national urban Monthly Per Capita Expenditure of INR 7,078 reflects both nominal income growth and a compositional shift in household spending toward discretionary categories, precisely the categories in which international retail brands compete. Apparel, footwear, accessories, beauty, premium Quick Service Restaurants, branded leisure: these are the spending lines that move first as

urban households' cross discretionary income thresholds, and they are the categories in which Knight Frank's store-level data records the sharpest Tier 2 expansion.

The survey data also reveals substantial state-level variance in urban consumption that aggregate national figures obscure. The gap between Chandigarh's expenditure of INR 13,425 per month and Chhattisgarh's INR 4,927 represents a near-3x differential in the household spending capacity available to international brands operating in those geographies. That variance is the single most powerful differentiator in the rankings, and it reframes the Tier 2 question from one of population to one of purchasing power per household.

A family in Chandigarh spends three times more each month than a family in Chhattisgarh. From a retail perspective, that consumption gap matters far more than population size.



Where Tier 2 cities sit on India's spending map

State-level consumption variance and rankings implications

State	Urban MPCE / month in INR	City coverage	Retail landscape
Chandigarh (UT)	13,425	Chandigarh	<ul style="list-style-type: none"> 91 percent of shopping centre stock is Grade A Occupancy levels stand at 90 percent The city supports 58 international stores per million population
Tamil Nadu	8,325	Coimbatore	<ul style="list-style-type: none"> Occupied shopping centre density remains low at 351 sq ft per 1,000 population
Karnataka	8,169	Mangaluru, Mysuru, Hubballi	<ul style="list-style-type: none"> Highest occupied shopping centre density among Tier 2 cities, 1,521 sq ft per 1,000 population
Kerala	7,834	Kochi, Kozhikode, Thiruvananthapuram,	<ul style="list-style-type: none"> 257 international stores across three cities 5.2 million sq ft of total shopping centre GLA
Maharashtra	7,415	Aurangabad, Nagpur	<ul style="list-style-type: none"> Nagpur has 22 international brands but only 51 percent mall occupancy, underscoring a major retail supply gap.
Punjab	7,383	Amritsar, Ludhiana, Jalandhar	<ul style="list-style-type: none"> Vacancy levels remain elevated in Amritsar and Jalandhar at 41 percent and 34 percent, respectively
Gujarat	7,198	Vadodara, Surat	<ul style="list-style-type: none"> Retail density in Surat stands at 118 sq ft per 1,000 population, the lowest among Tier 2 cities
Andhra Pradesh	7,341	Vijayawada, Visakhapatnam	<ul style="list-style-type: none"> Visakhapatnam leads Tier 2 cities in US-origin brand concentration, with a share of 77 percent
Assam	6,913	Guwahati	<ul style="list-style-type: none"> Guwahati anchors organised retail across the Northeast
Rajasthan	6,640	Jaipur	<ul style="list-style-type: none"> Jaipur has a population of 4.0 million and retail vacancy of 18 percent, driven largely by ageing Grade B stock
Odisha	5,925	Bhubaneswar	<ul style="list-style-type: none"> Bhubaneswar is the most US-origin brand-skewed Tier 2 market, with a 56 percent share
Madhya Pradesh	5,589	Indore, Bhopal	<ul style="list-style-type: none"> Indore has 115 unique international brands, the second-highest brand breadth among Tier 2 markets
Uttar Pradesh	5,475	Lucknow	<ul style="list-style-type: none"> Lucknow has 128 unique international brands across 6 million sq ft, making it the largest shopping centre stock among Tier 2 cities
Chhattisgarh	5,114	Raipur	<ul style="list-style-type: none"> Raipur ranks among the lowest Tier 2 markets in international brand penetration

Source: Knight Frank Research; HCES 2023–24, NSO/MoSPI, Government of India; World Population Review 2025.

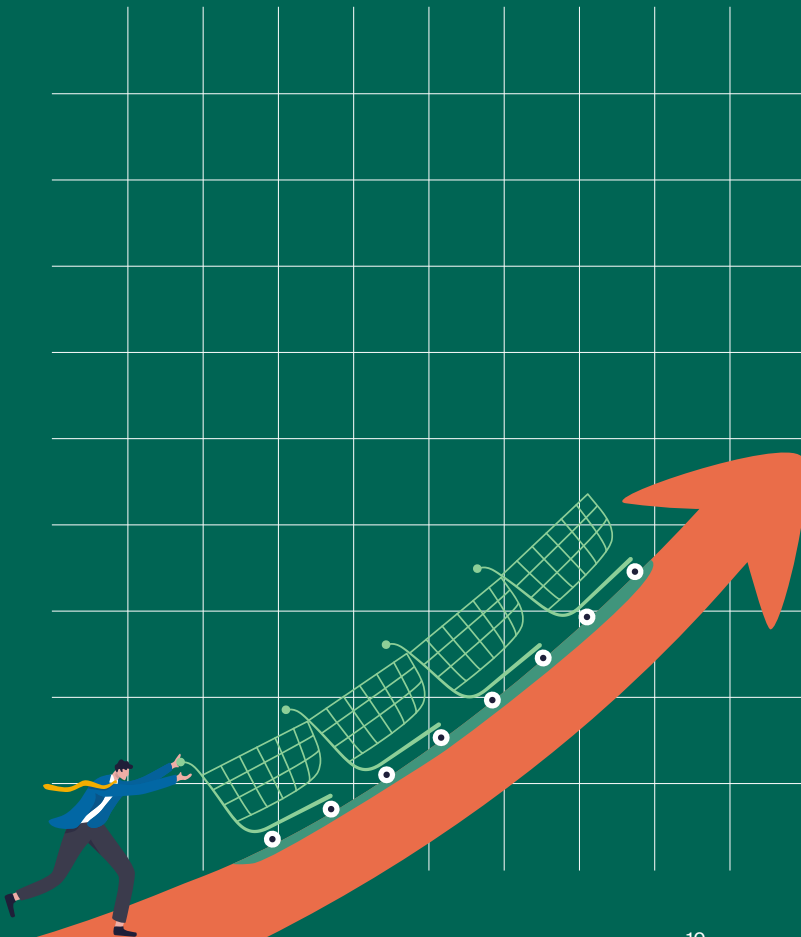
Note: All states with Tier 2 cities in the Rankings. MPCE figures include imputed values from HCES 2023–24.

CHAPTER 2

Two retail economies, one country

134 million square feet, and what it hides

India operates two retail economies in parallel, at different stages of formalisation, sharing one growth trajectory. The organised retail Shopping Centre stock stood at 134 million sq ft across 32 cities and 365 shopping centres in 2025. The headline number is large by Indian standards and modest by international ones, but it is not the headline that matters. Beneath the aggregate sits one of the most significant shifts in Indian retail real estate: a progressive divergence between the quality profile of Tier 1 supply and the quality profile of Tier 2 supply, which the conventional pan-India view conceals.



134 million sq ft

Pan-India shopping centre stock



365

Shopping centres across 32 cities



98 million sq ft

Tier 1 Shopping centres stock



36 million sq ft

Tier 2 shopping centres stock

Source: Knight Frank Research

The Tier 1 overhang

Tier 1 India's 98 million sq ft of Shopping Centre stock carries a quality problem that the aggregate occupancy headline obscures. Of total Tier 1 stock, just 45 percent is Grade A. The remaining 55 percent is split between Grade B (28 percent) and Grade C (27 percent). This Grade C overhang is the legacy of India's first mall-development boom between 2004 and 2013, when speculative supply was added at a pace the consumer base could not absorb at quality. The visible consequence today is 60 ghost shopping centres in Tier 1 cities, assets running at vacancy levels above 40 percent, effectively dormant within the operational stock count.

This legacy stock makes India's organised retail market look weaker than it actually is. When international brands look only at pan-India numbers, they see a market with a lower share of Grade A malls and higher vacancy. But this does not reflect the reality of Tier 2 cities, where the stock is newer, cleaner and better aligned with brand requirements.

Only 1 percent of Tier 2 shopping centre stock is Grade C, compared to 27 percent in Tier 1. The newer cities skipped the speculative building cycle the metros went through in the 2000s.

The Tier 2 profile, younger and cleaner stock

Of Tier 2's 36 million sq ft, 61 percent is Grade A, significantly above the Tier 1 average of 46 percent. There is virtually no Grade C stock in shopping centres, just 1 percent of the total, reflecting the fact that India's Tier 2 mall development has been predominantly post-2010 and increasingly post-2018. New Grade A supply delivered from 2020 onwards totals 6 million sq ft in Tier 2 cities, more than three times the 2 million sq ft added to Tier 1 stock over the same period. Mall delivery in Tier 2 is not a supply trickle but, capital-backed shift in where institutional retail real estate is being built.

Tier 2 has added 5.9 million sq ft of new Grade A retail since 2020. Tier 1 has added 1.9 million sq ft over the same period.

India's organised retail stock at a glance

State-level consumption variance and rankings implications

Metric	Pan-India	Tier 1 cities	Tier 2 cities
Total Shopping Centre stock (million sq ft)	134	98	36
Grade A share of stock	50%	46%	61%
Grade B share of stock	30%	27%	38%
Grade C share of stock	20%	27%	1%
Grade A vacancy	6%	4%	9%
Overall vacancy	23%	24%	16%
Ghost malls (vacancy >40%)	74	60	14
Grade A new supply 2020 onwards (million sq ft)	8	2	6

Source: Knight Frank Research

Note: Ghost malls defined as those with vacancy exceeding 40 percent of leasable area and age 3 years and above

Motion, not weakness. Tier 2 Grade A vacancy of 9.4 percent is not a problem. It is an opportunity. Tier 1's low Grade A vacancy of 3.9 percent reflects a market where limited new supply has been built. Tier 2's slightly higher vacancy reflects a market where new Grade A malls are actively opening and leasing up. One stock is stagnant, the other is in motion.

CHAPTER 3

The origin map of Tier 2 city retail

Five regions carry ninety-five per cent of the footprint

Tier 2 India's international brand presence follows a distinct geographic pattern. While brand counts show how many international brands are present, the origin of those brands reveals a deeper and more meaningful story. The 1,720+ international brand stores operating across the 24 ranked Tier 2 cities are drawn from 255 distinct brands and 37+ countries of origin. The composition of that mix is not random. It tells a specific story about which retail brands have scaled into Tier 2 cities across what categories.



1,720+

International brand stores in Tier 2 Shopping Centres



200+

distinct international brands



37+

countries of origin



46%

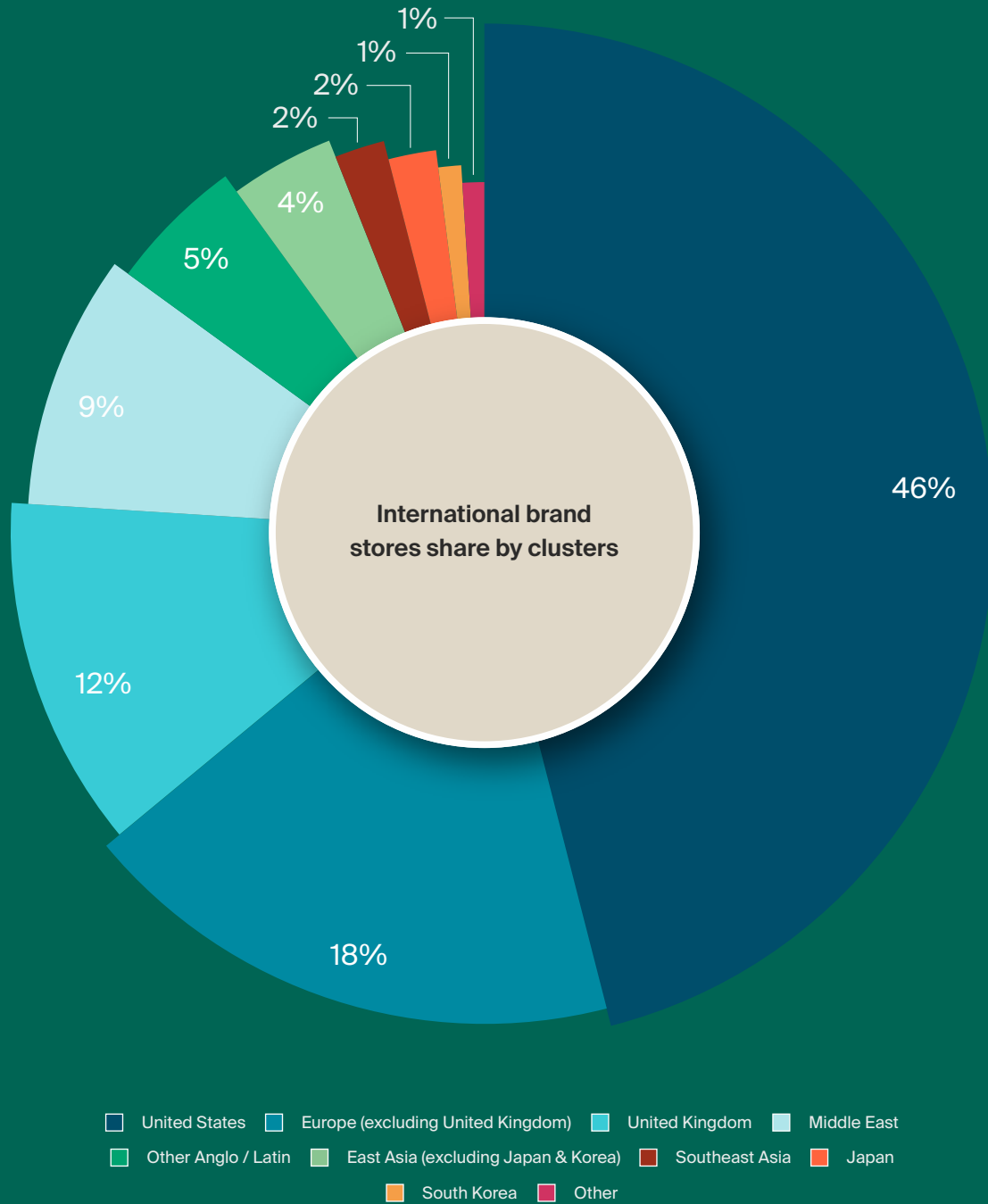
US origin share of stores

Source: Knight Frank Research

The origin mix of Tier 2 international retail

The United States (US) alone accounts for nearly half of all international stores in operation. Continental Europe and the United Kingdom together contribute another 30 percent. The United Arab Emirates (UAE) ranks fourth, while East and Southeast Asia, Japan, and South Korea, together account for about 10 percent.

The origin mix of Tier 2 international retail brand stores



Source: Knight Frank Research
Note: International brand stores in Tier 2 Shopping Centres only

The US half

The US share of Tier 2 international retail is not just dominant. It is higher in Tier 2 (46 percent) than in Tier 1 (42 percent). This reverses the conventional intuition that metros, with their luxury and premium European bias, would skew US share lower than smaller markets. The opposite is true. Tier 2 India has been internationalised primarily through US brand vehicles, and the gap to Tier 1 widens, not narrows, as one moves down the urban hierarchy.

The category composition of international brands explains why. US origin brands' dominance is not even across categories. It is concentrated in the two largest international categories in Tier 2 mall stock: Apparel (48 percent share) and Food & Beverages (91 percent share). International casual dining in Tier 2 India is, in effect, an US origin brands' casual dining replica: KFC, Burger King, McDonald's, Domino's, Pizza Hut, Subway, Starbucks, Taco Bell. Six of the ten largest international Food & Beverages chains in Tier 2 India by store count are headquartered within a 1,000-mile radius of Chicago.

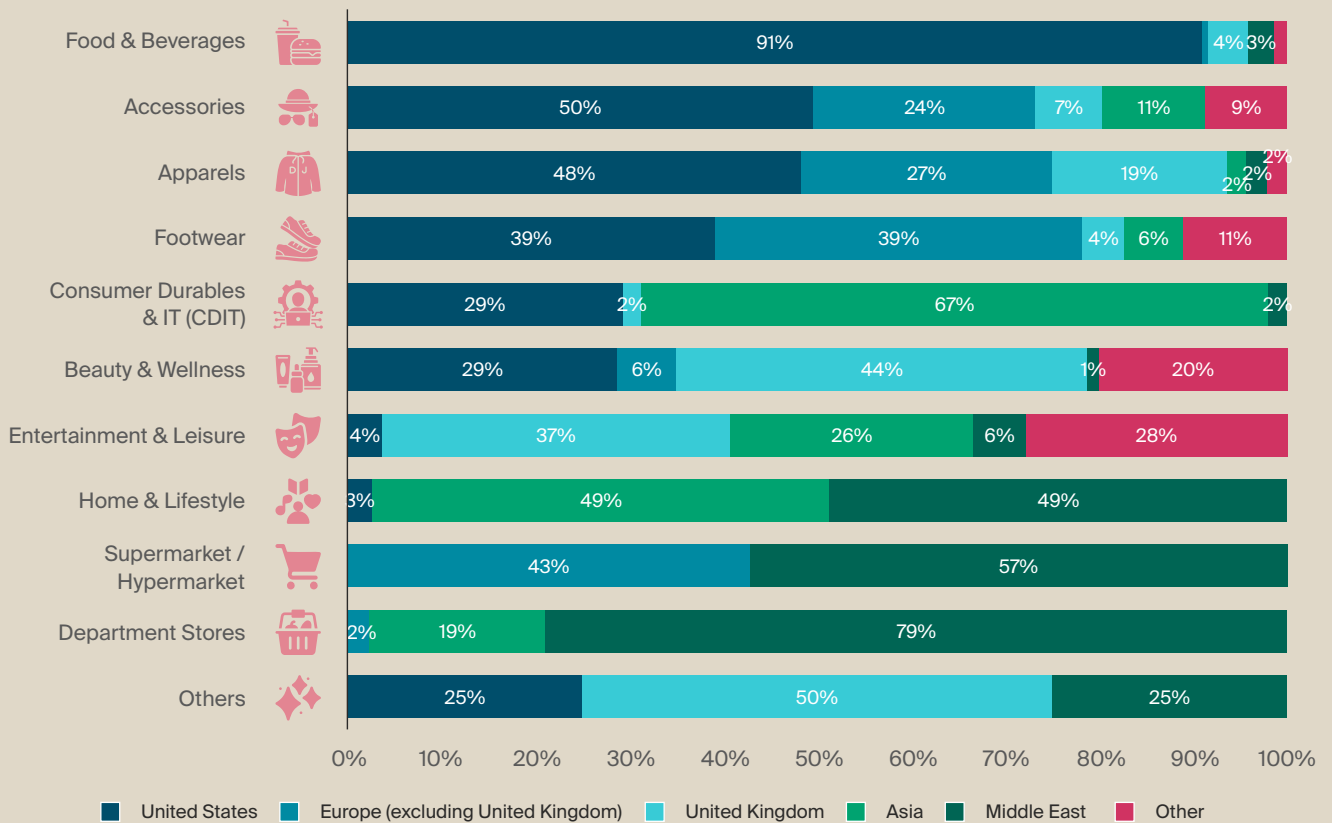
The US dominates the F&B segment in Tier 2 cities, accounting for nine out of every ten international brand outlets.

Different aisles, different continents

The category-by-region matrix below shows that leadership shifts across categories in line with each region's global retail strengths, with the US leading casual dining, Europe dominating fashion, the UK shaping beauty and toy retail, the UAE driving department store formats, and East Asia leading electronics.

Each category has a different home - the category-by-region matrix

Share of international brands in Tier 2 shopping centres by retail category



Source: Knight Frank Research
Note: International brand stores in Tier 2 Shopping Centres only

The UAE department store surprise

Middle Eastern origin stores dominate department-store-format. Of the 128 international department-store-format stores operating in Tier 2 cities' shopping centres, 79 percent are United Arab Emirates-origin. Lifestyle, Max, R&B and Splash account for the entire international department-store footprint and a small handful of European entries. In many Tier 2 Indian cities, shopping malls have developed around organised mid-market department store brands with Middle Eastern origins, rather than Western department-store chains, which are largely absent from these markets.

British beauty, Korean phones, Japanese sportswear, the specialised wings

Three further category patterns sharpen the regional picture. International Beauty & Wellness in Tier 2 is United Kingdom-led.

The Consumer Durables and IT category is 67 percent Asian: Samsung, Lenovo, Mi, OnePlus, Asus, Acer, Vivo, LG. The US share (29 percent) is concentrated in HP, Bose, and Dell. Asian dominance of consumer electronics is a global fact, but Tier 2 India shows it at full strength. Two of every three international electronics stores in Tier 2 mall stock are Asian-origin, with Korea contributing 18 percent, China-origin brands 47 percent and Taiwan a further 10 percent.

Japan's Tier 2 footprint, though small in absolute terms, is concentrated in athletic and lifestyle goods: Asics, Casio, Uniqlo. Southeast Asia's stores cluster in arcade entertainment and value home goods like Timezone and Mr.DIY. The Asian wing is small in aggregate, but each origin country is occupying a precise category niche rather than competing across the board.

Twenty-four cities, twenty-four versions of international

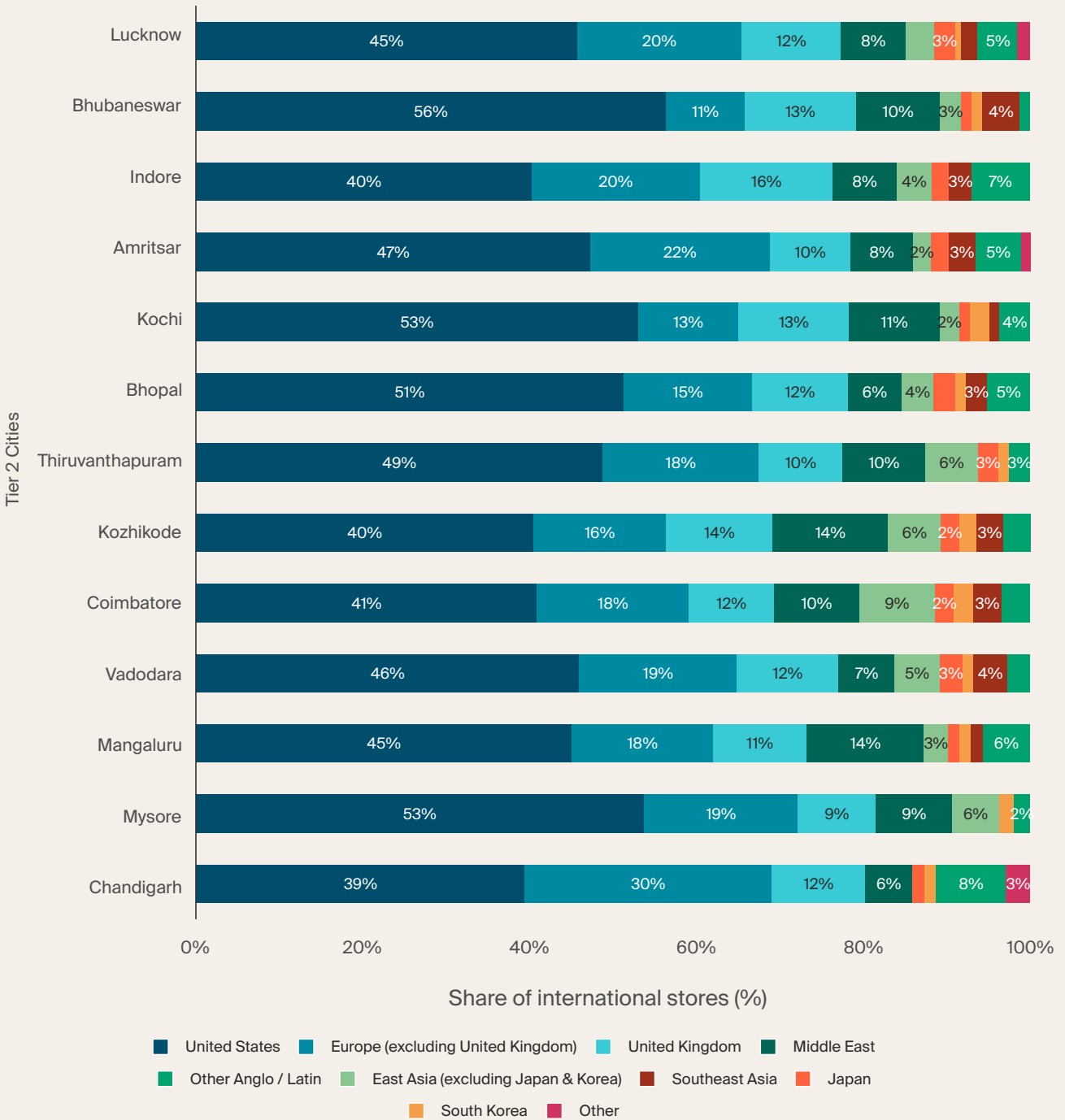
The aggregate mix obscures meaningful city-by-city variation. Lucknow is the most diverse Tier 2 international market, with brands from 28 countries represented across its 269 international stores, far more than any other Tier 2 city. Bhubaneswar is the most US-skewed sizable market (56 percent share in international stores within the shopping centres). Chandigarh and Surat carry the highest European share among large markets (30 percent and 27 percent respectively), reflecting in both cases consumer bases with disposable income for premium European apparel and footwear. Visakhapatnam, by contrast, runs a 77 percent US mix on a small absolute base, the narrowest international mix in the rankings.

79 percent of the international department store presence in Tier 2 India, including Lifestyle, Max, R&B, Splash, and Home Centre, is operated by a single UAE-headquartered group, while Western department store formats remain largely absent.

Beauty emerges as the most UK-centric category, with 44 percent of international beauty and wellness stores in Tier 2 malls linked to brands from the country. Consumer electronics, in contrast, remains heavily Asian-led, with nearly two-thirds of international electronics stores operated by Asian companies.

Where Tier 1 and Tier 2 diverge by origin

Regional brand-origin mix: Tier 2 cities by international brand store count



Source: Knight Frank Research

Note: Tier 2 Cities ranked by total international store count present in shopping centres only.

Others include – Jalandhar, Nagpur, Hubballi, Visakhapatnam, Vijayawada, Ludhiana, Aurangabad, Jaipur, Surat, Guwahati, and Raipur.

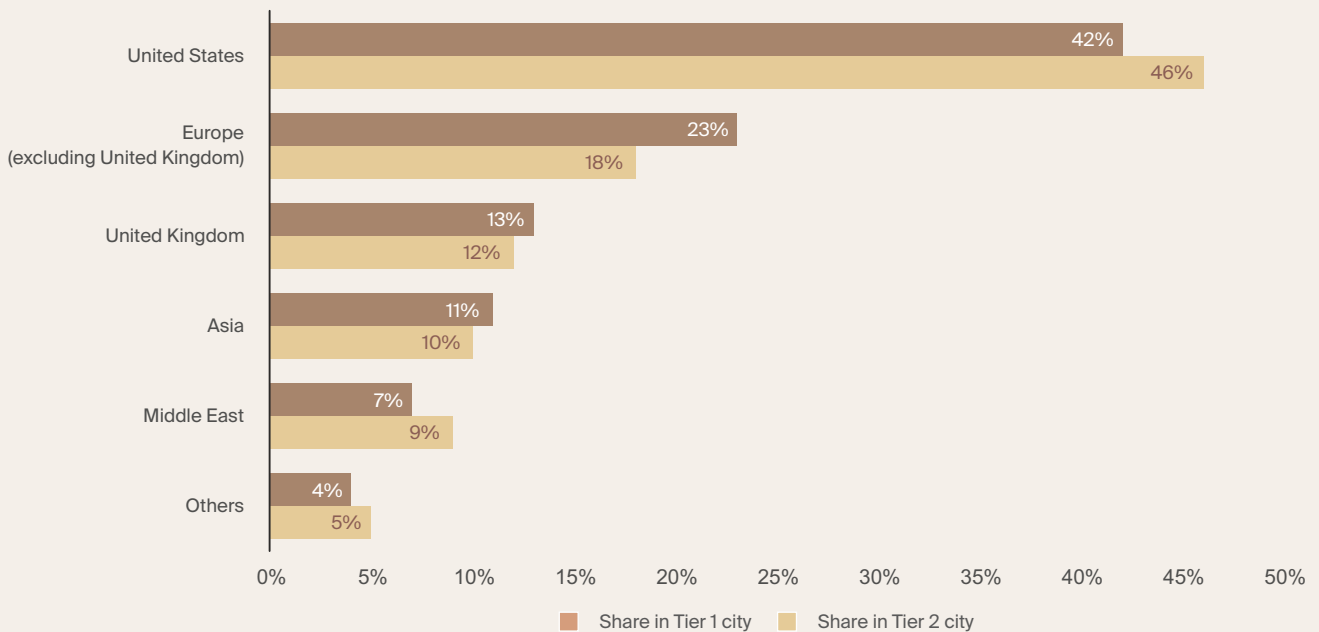
The variation has a structural read. US origin brands' casual dining and apparel scale across the whole country with a near-uniform city signature. The KFC, McDonald's, Levi's, Skechers grid is present in materially similar form across all 24 cities. European premium apparel and footwear, by contrast, concentrates in cities with either above-average consumption power (Chandigarh) or specific high-net-worth pockets (Surat's diamond and textile wealth, Ludhiana's industrial wealth). Where the European share rises above 25 percent, the city has either consumption depth or a targeted affluent catchment. Where the US origin brands share rises above 50 percent, the city is an organised-retail debutante absorbing the international template at its most accessible price points first.

Where Tier 1 and Tier 2 diverge by origin

Comparing Tier 2 origin shares against Tier 1 reveals a counter-intuitive structural pattern. The US origin brands share is comparatively higher in Tier 2 than in Tier 1 (46 percent vs 42 percent). The European share is 4 percentage points lower (18 percent vs 23 percent). The United Kingdom share is roughly flat. Tier 2 India is, in proportional terms, more US origin brands and less European than its metro counterpart.

United States and Middle Eastern brands dominate Tier 2 Cities, while Europe and United kingdom dominates Tier 1 Cities

Share of international stores by origin



Source: Knight Frank Research

Note: International brand stores in Shopping Centres only (32 Tier 1 and Tier 2 cities).

The reading is straightforward. US-led mass-market retail, quick-service restaurants, denim, mid-market sportswear, accessible casualwear, has scaled into Tier 2 India ahead of European premium and luxury. European brand expansion in India remains a metro phenomenon at the premium end. Zara, H&M, Mango show up in Tier 2 in modest counts. The higher-end European labels are largely absent. The Gulf department-store presence is over-indexed in Tier 2 because the Landmark Group's deliberate Tier 2 expansion strategy preceded most international retailers' equivalent effort. The Asian electronics presence is slightly under-indexed in Tier 2 versus Tier 1, where flagship locations dominate.

The cultural globalisation signal lies in the differential. Compared with the metros, Tier 2 India is more US-oriented, more Gulf-Indian, and less European in its international retail mix. The international retail story beyond the metros is being shaped by a distinctly different set of origin markets.

Reading the brand origin map, not multipolar, axial

The 37+ countries footprint is real but heavily concentrated. Four origin regions, the United States, continental Europe, the United Kingdom, and the United Arab Emirates, together account for 85 percent of all international stores in Tier 2 India. East Asia, Japan, South Korea, Southeast Asia, and the rest of the world together fill the remaining 15 percent. International retail in Tier 2 India is not multipolar. It is axial, with a heavy US Origin brands' spine, a European premium wing, a British beauty-and-heritage signature, a Gulf department-store anchor, and a small but specialised East Asian electronics layer. Each origin has a distinct category in which it leads, and the city-level share data shows that brand-strategy decisions about where to enter next should map onto that origin-by-category logic, not against a generic "enter Tier 2" thesis.

Where the international footprint comes from

International retail in Tier 2 India is American for food, British for beauty, and Asian for electronics.

1,720+
International brand stores

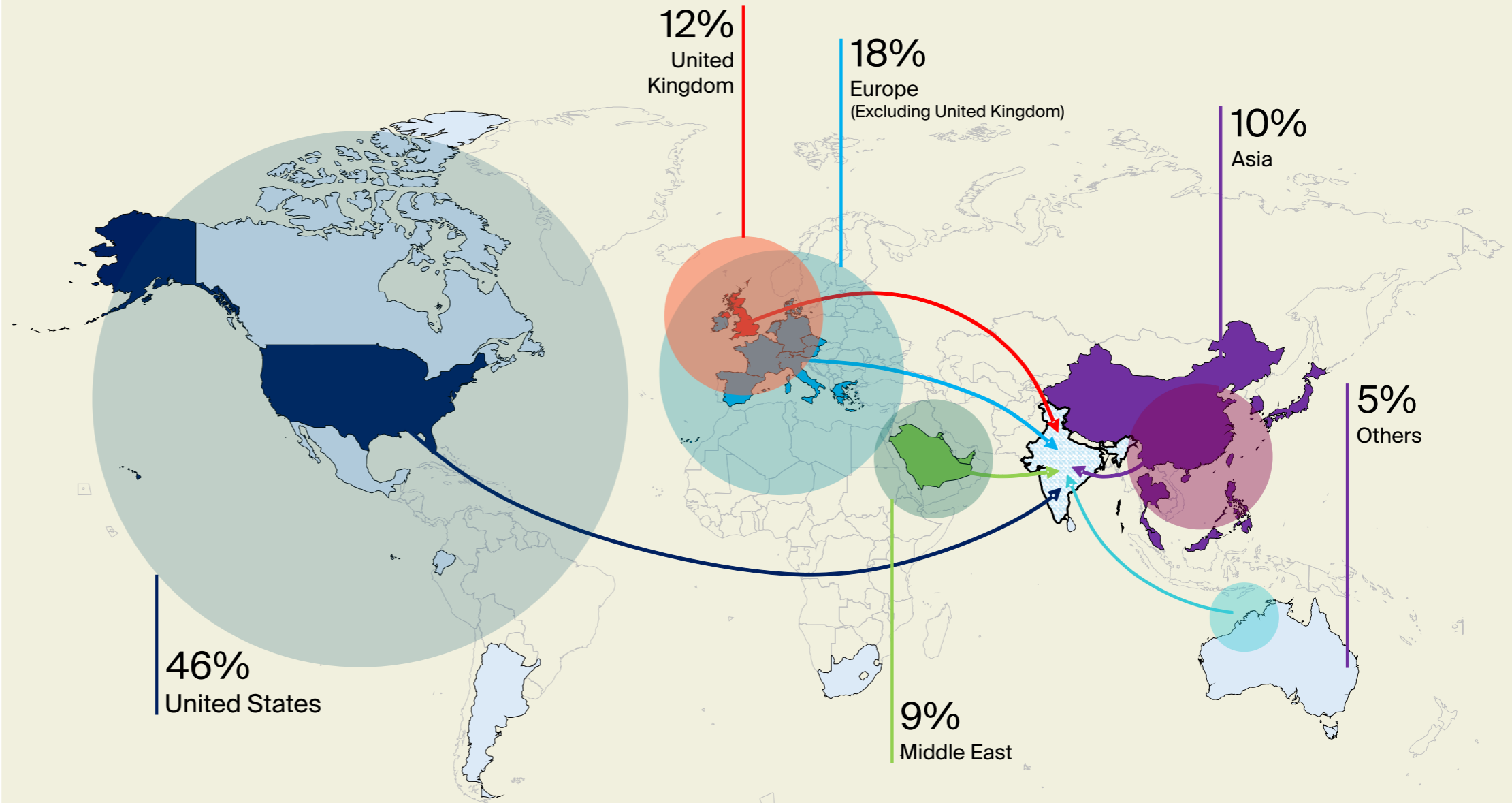
200+
Unique international brands

37+
Countries of origin

Origin profile by retail category



Regional share of 1,720+ international brand stores across 24 tier 2 cities



Source: Knight Frank Research

Note: Origin is classified by country of brand founding, not current ownership or operational headquarters. Allen Solly is classified under United Kingdom, founded in Nottingham, England in 1744 by William Hollins & Co., notwithstanding current ownership by Aditya Birla Fashion & Retail Limited. Woodland is classified under Others (Canadian origin) - founded in Quebec, Canada in the 1950s by Aero Group, notwithstanding its primary market being India. Brands with dual or contested origin are classified by primary founding country.

Note: Analysis covers international brand stores in 24 Tier 2 cities' Shopping Centres only. Airport retail, standalone high-street stores and five-star hotel retail formats are excluded to ensure cross-city comparability. Regional shares are calculated as a percentage of total international brand stores (1,720+) across the 24 Tier 2 cities.

CHAPTER 4

International Brand Penetration Rankings (KF-IBPR) 2026

Why a ranking framework was needed

Existing frameworks for evaluating India's Tier 2 retail markets have relied predominantly on supply-side metrics: total mall stock, new supply pipeline, and vacancy rates. These are necessary inputs, but they are insufficient. A city with 2 million sq ft of Shopping Centre stock and 5 percent vacancy is a quite different proposition depending on whether those malls are occupied by 80 international brands or eight regional and national tenants. The quality and depth of the international tenant base determine a market's capacity to generate premium retail rents, attract further brand entry and sustain long-term asset value. Conventional supply metrics do not capture this.

The Knight Frank International Brand Penetration Rankings 2026 were constructed to fill that gap. They measure, for the first time, the depth and quality of international retail penetration across 24 Tier 2 Indian cities, combining Knight Frank's proprietary store-level retail database, the most granular city-by-city brand-level inventory of organised retail tenants in India, with consumption data published by the Government of India. The rankings are calibrated to answer a single, commercially central question: which Tier 2 cities have witnessed the highest international brand penetration at scale, and at what relative depth?



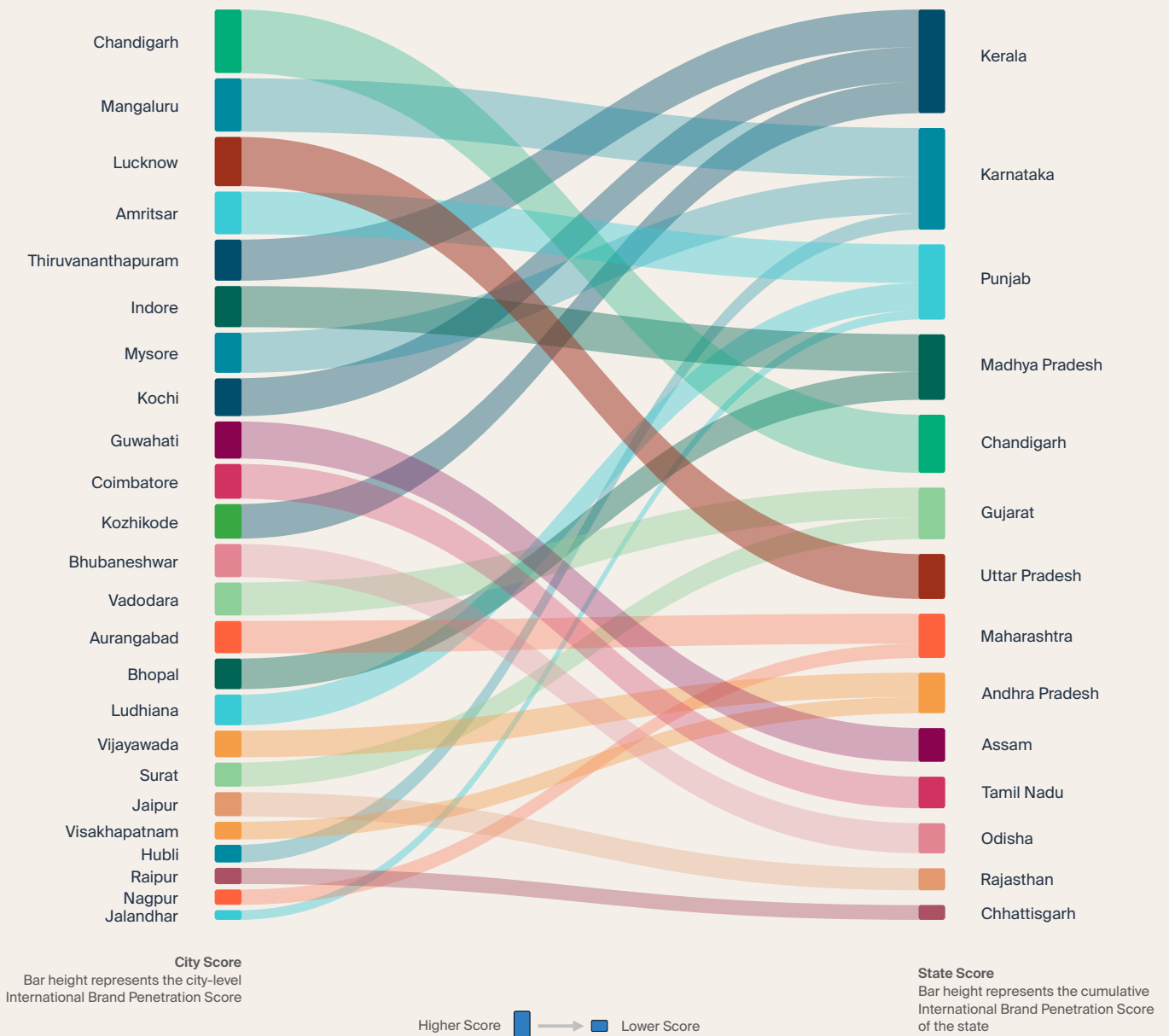
Twenty-four cities, ranked

The 2026 rankings reorder the conventional Tier 2 hierarchy in ways that are both predictable and surprising. Predictable, because the cities long understood to carry strong consumer fundamentals, Chandigarh, Mangaluru, Lucknow, the Kerala cluster, appear at or near the top. Surprising, because the cities expected to dominate by virtue of population size, Surat, Jaipur, Nagpur, sit in the bottom third, and because two relatively small cities, Mangaluru and Chandigarh, outrank cities with six or seven times their size.

City score to state score

Share of international stores by origin

Smaller, high-spending cities like Chandigarh and Mangaluru outrank Tier 2 cities with population up to six times larger, proving that consumption quality and retail infrastructure matter more than population scale.



Source: Knight Frank Research, International Brand Penetration Rankings, HCES 2023-24 (data with imputation considered), NSO/MoSPI; World Population Review 2025.

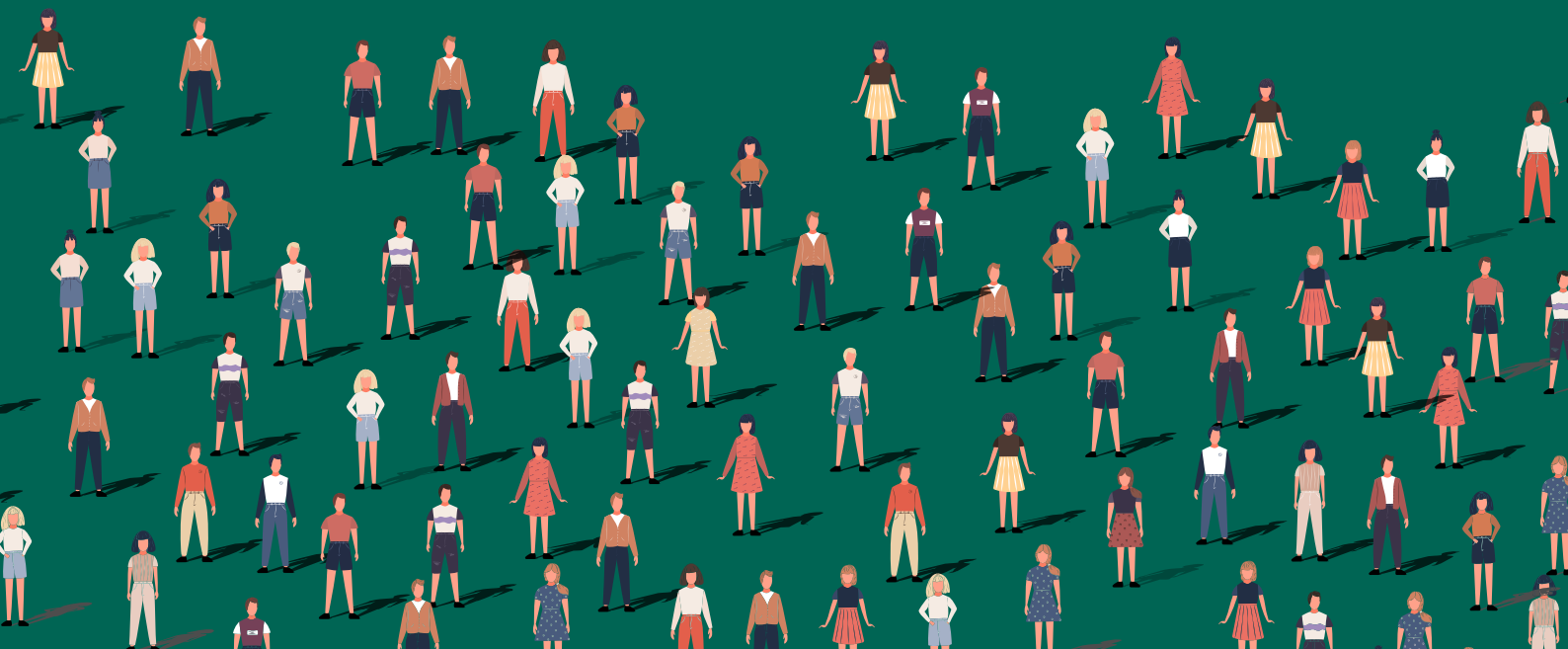
Note: Scores are presented on a 0-100 normalized scale across four pillars. States and cities are ranked top to bottom in descending order of their composite score. Color links each city ribbon back to its state. Only Tier 2 cities are ranked; 8 Tier 1 cities (incl. Mumbai, NCR, Bengaluru, Hyderabad, Chennai, Pune, Kolkata, and Ahmedabad) are assessed separately. International brand stores within Shopping Centres only are considered for this analysis. State scores are cumulative composites; city scores are individual composites on a 0-100 normalized scale.

Population decoded



The single most important observation in the 2026 rankings is that population, traditionally the first variable read in any Indian retail market assessment, is not the variable that matters. Chandigarh, with 1.3 million people, ranks first. Surat, with 8.6 million, ranks eighteenth. Mangaluru, with 0.8 million, ranks second. What separates the top of the cities in the rankings from the bottom is not scale but the convergence of three things in the same market: high household spending capacity, premium retail infrastructure, and a curated international brand presence sufficient to sustain that infrastructure. Where these three converge, international brands follow, and they follow regardless of whether the host city is a metropolis or a mid-sized regional centre.

This is the rankings' most commercially significant insight. It reframes the brand-entry decision from a simple population screen to a multi-variable readiness assessment. It also explains why several cities that consistently feature in conventional Tier 2 supply pipelines, Surat, Jaipur, Nagpur, Visakhapatnam, sit lower in the rankings than their absolute size would suggest. They have not yet assembled the convergence the rankings measure. The cities that have, frequently smaller and demographically less obvious, are the markets where brand entry economics now work most reliably.



CHAPTER 5

Five stories the rankings tell

The composite score from the rankings is informative on its own. The composition of that score, which pillars carry a city, which pillars hold it back, is more so. Read together, the patterns reveal five distinct narratives that recur across the 24 cities. Each narrative describes a different commercial logic, a different brand-entry profile and, by extension, a different investment thesis. The cities at the top do not all reach the top through the same path. The cities at the bottom are not all underperforming for the same reason. Disaggregating these patterns is what allows the rankings to inform brand strategy rather than merely rank cities.

Narrative I The Chandigarh effect

Chandigarh's first-place finish in the rankings is the clearest demonstration of what the rankings are designed to reveal. With an urban MPCE of INR 13,425, 60 percent above the national average alongside 91 percent Grade A stock, 90 percent mall occupancy, high retail density, and strong international brand presence, Chandigarh performs at near-Tier 1 Grade A standards and leads the rankings of tier 2 cities for the international brand penetration in shopping centres. It is a small market by Indian standards. It is not a small market by retail intensity standards.

INR **13,425**
Urban MPCE,
highest in rankings

58
International brand stores
per million population

91%
Grade A share of
mall stock

1
Rank in 24 cities
in 2026

Source: Knight Frank proprietary retail database 2025; HCES 2023-24, NSO/MoSPI.

For international brands yet to enter Chandigarh, the message is clear. This is not a new or risky market; it is an established, high-quality retail hub. Currently, the city's retail supply does not match its high spending power. Brands that are absent are missing out on significant demand from affluent consumers. Both market rankings and economic data confirm that the opportunity for entry is strong and well-supported.

Narrative II The Mangaluru paradox

Mangaluru, with a population of 0.8 million, ranks second overall and scores a perfect 100 on the Brand Intensity pillar, the only city in the rankings to do so. Its 103 international brand stores per million population is the highest of any city in the dataset, twice Chandigarh's figure. With 1,521 sq ft of occupied retail density per 1,000 population, also the highest of any Tier 2 city, and 89 percent Grade A stock, Mangaluru operates at infrastructural quality levels that most Tier 1 submarkets would not match. Karnataka's urban Monthly Per Capita Expenditure of INR 8,169 supports a high-spending coastal consumer base that has, over a decade of curated leasing at Mangaluru's lead Grade A asset, attracted international brand presence well more than what the city's population alone would justify.

Chandigarh's urban MPCE is 60 per cent higher than the national urban average. That single fact, more than mall stock or city size, explains why it ranks first.



103

International brand stores
per million population - highest

1,521

sq ft occupied per 1,000
population - highest

89

percent Grade A share
of mall stock

2nd

rank in 24 cities
in 2026

Source: Knight Frank proprietary retail database 2025; World Population Review 2025.

Mangaluru's profile is the rankings' most instructive case study in retail saturation under the right conditions. The city demonstrates that a tightly curated lead asset, in a high-spending coastal economy, can support brand density that exceeds that of most Tier 1 submarkets. It also points, unavoidably, to a near-term constraint. Incremental international brand entry into Mangaluru will require fresh Grade A supply rather than tenant churn within the existing footprint.

Mangaluru's 103 international brand stores per million people is the highest in the index. At 0.8 million population, it is the most brand-intensive retail market in Tier 2 India.

Narrative III

The Lucknow ceiling

Lucknow holds the single largest concentration of unique international brands in Tier 2 India: 128 brands across 6 million sq ft of Shopping Centre stock, the largest mall footprint outside the metros, running at over 90 percent occupancy. Its perfect score of 100 on Brand Breadth places it third overall on the composite, ahead of Indore and Surat. Two large catalytic openings, Lulu Mall Lucknow and Phoenix Palassio, have together transformed the city's brand intensity profile in five years and made Lucknow the most volume-rich Tier 2 retail market in the country.

Yet Uttar Pradesh's urban Monthly Per Capita Expenditure of INR 5,475 sits well below the high-spending markets. The composite score reflects a market with extraordinary volume but constrained depth. Lucknow's sheer consumer base size attracts brands at scale, supporting a wider brand universe than any other Tier 2 city. But state-level spending depth limits the premium and luxury productivity those brands can extract per store. Mass-market international formats, accessible apparel, premium Quick Service Restaurants, mid-tier beauty, sportswear, are well suited to Lucknow's volume dynamics. Premium and luxury retail will encounter ceiling effects more quickly here than in smaller, higher-spending markets such as Chandigarh and Mangaluru.

Lucknow is a volume-led market, while Chandigarh and Mangaluru are value-led markets. The rankings make this distinction visible for the first time.

Narrative IV

The Frontier Three

Surat (rank 18), Jaipur (rank 19), and Nagpur (rank 23) together represent approximately 16 million people. Each has measurable consumer spending capacity. Each is structurally underpenetrated. Surat, at 8.7 million population, has an occupied retail density of just 118 sq ft per 1,000 population, the lowest in the entire rankings, even though Gujarat's urban Monthly Per Capita Expenditure of INR 7,198 reflects robust consumption capacity. Jaipur's overall vacancy of 18 percent signals supply quality issues, not weak demand: a concentration of older Grade B assets that do not meet the design and adjacency standards international brands require. Nagpur presents the starkest case in the rankings. Maharashtra's urban Monthly Per Capita Expenditure of INR 7,415 is among the highest of any state in the dataset, the city has 3.2 million residents, and it hosts just 22 unique international brands at 51 percent mall occupancy.

The strategic implication is concentrated and unusual. In most retail expansion exercises, the cities at the bottom of the list are not the most commercially attractive opportunities. In Tier 2 India, three of the cities at the bottom of the rankings represent the largest near-term institutional development opportunity in the country, precisely because their low rankings are explained by what is absent (Grade A supply) rather than what is missing in fundamentals (consumer capacity).

The 16-million infrastructure gap

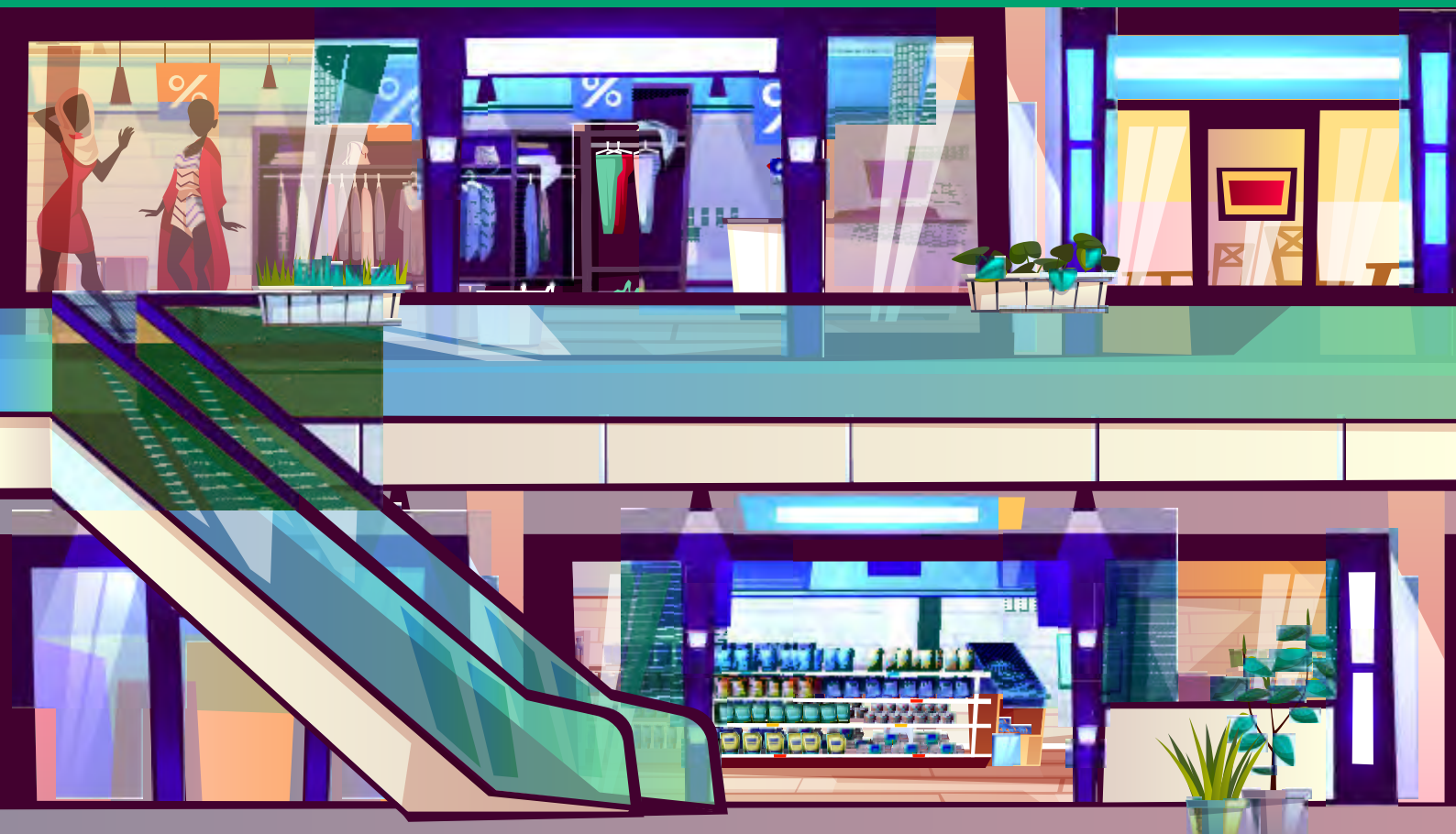
Surat, Jaipur, and Nagpur are not demand-side problems. They are supply-side failures, cities where international brand penetration is constrained not by consumer spending capacity but by the absence of Grade A retail infrastructure capable of housing it. Institutional-quality Grade A development in any of these three markets would not need to create demand. It would be entering markets where demand is structurally suppressed and waiting for the right product. High-velocity absorption on opening is the expected outcome given the underlying consumption pattern.

Narrative V

The marquee asset effect

Five malls in four cities have moved the rankings more than the rest of the decade combined. A small group of Grade A assets, opened or reopened since 2020, has reshaped Tier 2 India's retail intensity profile. Five shopping centres spread across four cities together account for the majority of post-2020 Grade A supply in Tier 2 India and have, on their own, redrawn the rankings of the cities they sit in.

Lucknow's third-place finish in the 2026 rankings is in significant measure a consequence of these openings. Before 2020 the city's Brand Breadth pillar would not have supported a top three finish. Indore's sixth-place finish, anchored by 115 unique international brands and the second-highest Brand Breadth score in the rankings, is similarly tied to the post-2022 transformation of its premium leasing base. Thiruvananthapuram, which now sits at fifth place with 100 percent Grade A stock, was a marginal market before 2021. The mall, in each of these cases, is not just an asset. It is the entry vehicle through which international brands have collectively chosen to enter the city.



CHAPTER 6

Two economies, one advantage

The bifurcation is the story

India's retail heterogeneity is not a complication. It is the advantage no other large economy currently has. It is two stories operating in parallel. The Tier 1 economy is mature, partially over-supplied but distorted by Grade C overhang from a previous development cycle. The Tier 2 economy is younger, cleaner, faster growing and more demographically aligned with the consumption trajectory international brands are positioning for. The findings of this report describe each.

India's organised retail economy in 2026 is not converging on a single equilibrium. It is bifurcating, productively, into two: one mature, one ascending.

What makes India's situation unusual, in a global retail context, is the simultaneousness. Mature economies host either established markets or frontier markets, rarely at a meaningful scale, within the same national footprint, India does. The investment, leasing and brand strategies that work in one do not, and should not, be transferred directly to the other.

Where global retail is going, India is already built for

Three of the key trends shaping global retail today converge precisely on India's Tier 2 conditions. The shift toward experience-led mall formats matches what new Grade A Tier 2 supply is being built for. The shift toward aspirational-tier brand expansion matches the consumption upgrade now visible in per capita consumption expenditure data. The shift toward consumption-quality-led market selection matches the rankings' analytical core. International brands that read these trends literally and apply them to India will, almost by definition, end up at the top of the rankings before their peers do.

Three imperatives for the near future

Build where demand is waiting

Surat, Jaipur and Nagpur together represent sixteen million people and spending capacity that already meets the threshold international brands require. The constraint in each city is not the consumer it is the absence of institutional-quality Grade A supply capable of housing the brands that consumer is already disposed to visit. A single well-executed Grade A opening in any of these three markets does not need to create demand rather it needs to release it.

Deepen where consumption is mature

Chandigarh, Mangaluru and the Kerala cluster Kochi, Thiruvananthapuram, Kozhikode are not frontier opportunities. They are established, high-quality consumer markets that are currently underserved at the premium and upper-mid end of the international brand spectrum. The rankings confirm what their consumption data implies: there is more to be captured here than is currently being captured. For international brands with a Tier 2 India strategy, these cities are not the starting point, they are the next step.

Reset where the supply is tired

Vadodara, Kozhikode, Visakhapatnam and Bhopal sit in the middle of the rankings for a specific reason their existing mall stock is ageing, mixed in grade, and no longer meeting the adjacency and design standards international brands expect as a baseline. Tenant churn within the current footprint will not move these cities. A Grade A asset, of the kind that reshaped Lucknow and Indore between 2020 and 2022, is what will bring in the change.

The rankings are not a prediction, they are a measurement of where international retail penetration sits today, taken at a moment when it is accelerating fastest. The cities at the top of the rankings will continue to deepen. The cities in the middle will graduate as the next wave of Grade A supply arrives. The cities at the bottom will reorder as institutional capital recognises that bottom of the rankings, in this dataset, are not a measure of weakness but a measure of supply opportunity. The next edition of these rankings will look different from this one.

Approach & Methodology

The Knight Frank International Brand Penetration Rankings 2026 began with a straightforward question: which Tier 2 Indian cities have attracted the deepest and most sustained international retail presence, and what explains the differences between them? Answering it required building something that did not previously exist a city-by-city, store-level inventory of international brand presence across India's organised retail base, combined with the consumption data needed to make sense of what that presence reflects.

The rankings are the first of their kind and draw on Knight Frank's proprietary retail database, which tracks store-level retail data across every operational shopping centre in the country, and on household consumption data published by the Government of India through the Household Consumption Expenditure Survey 2023–24.

What we looked at

The Bharat Internationalised: International Brand Penetration Rankings 2026 assesses 32 Indian cities (8 Tier 1 and 24 Tier 2). The Tier 2 cities form the ranked dataset. The coverage spans:

- 365 operational shopping centres with more than 22,400 stores in total
- 1,720+ international brand stores across the 24 Tier 2 cities, drawn from 200 unique international brands and 37+ countries of origin
- 36 million sq ft of Tier 2 Shopping Centre stock, of which 61 percent is Grade A

Scope of this analysis covers all grades of shopping centres (Grade A, B and C) which are present in Tier 2 cities across 93 shopping centres. International stores only are considered for the rankings; airport retail, standalone high-street stores and five-star hotel retail formats are excluded for cross-city comparability.

How we measured it

The methodology follows a structured framework that combines supply-side and demand-side indicators of international brand readiness. Starting with the universe of organised Shopping Centre stock across the 24 Tier 2 cities, the study applies a four-pillar architecture to:

- Measure international brand presence through Knight Frank's store-level database (Pillar 1: Brand Breadth; Pillar 2: Brand Intensity)
- Measure supply-side platform through Grade A share, occupancy, and occupied density (Pillar 3: Market Readiness)
- Measure demand-side capacity through state-level urban Monthly Per Capita Expenditure (Pillar 4: Consumption Power)
- Combine the four pillars into a composite score on a 0-100 scale through min-max normalisation and fixed weighting

The Knight Frank International Brand Penetration Rankings rest on four pillars. Each pillar measures a distinct dimension of a city's readiness to attract and sustain international brand presence. Each pillar is normalised across the 24 cities on a 0-100 scale using min-max normalisation, then weighted to produce the composite score. The weights were calibrated to balance the supply-side and demand-side determinants of brand entry, with consumption power carrying the highest single weight in recognition of its predictive role for retail performance.

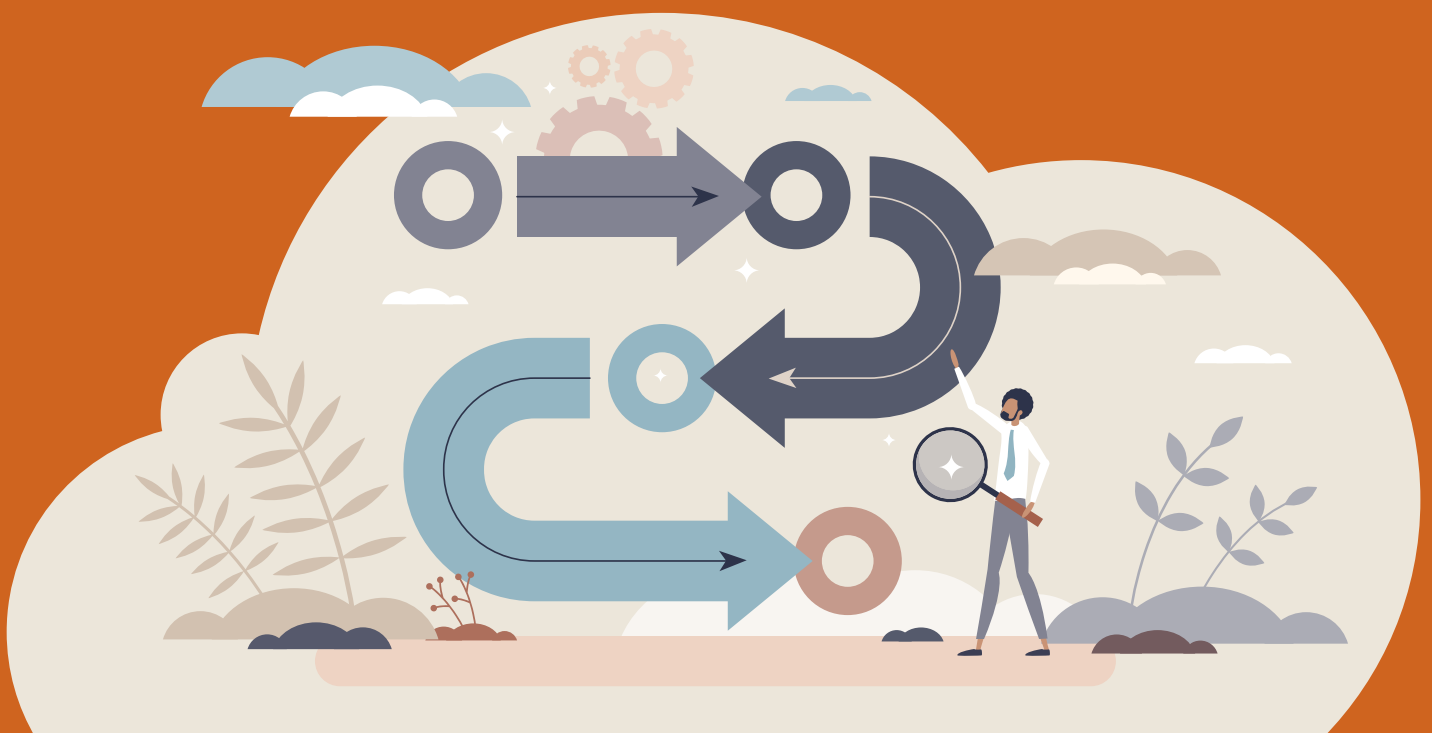
The four-pillar architecture deliberately separates breadth from intensity, and infrastructure from consumption. Brand Breadth captures the absolute count of distinct international brands present in a city, the fundamental measure of choice and curation available to the consumer. Brand Intensity adjusts for city size, capturing how concentrated the international presence is relative to population and to the broader store base. Market Readiness measures the supply-side platform on which international brands operate: the share of stock that is institutional Grade A, the occupancy that signals operating health, and the occupied retail density that reveals how much organised retail per resident exists. Consumption Power anchors the rankings to the spending capacity of the household base international brands are selling into.

Disclaimer

Consumption data is state-level, not city-level. India does not publish city-level consumption data through any government survey. The HCES 2023–24 figures with imputation used in Pillar 4 are state averages applied as city proxies. For union territories and single-city states, this is effectively a city-level figure. For cities in large, economically diverse states Maharashtra, Karnataka, Tamil Nadu, the state average is influenced by the metro and modestly overstates the spending capacity of the Tier 2 city within it. Where this affects a specific city's reading, the report notes it in the narrative.

High-street retail is not included. Brands with a significant standalone presence outside shopping centres more relevant in older commercial cities like Jaipur and Ludhiana are not counted. The rankings measure organised Shopping Centre retail only.

Study is time sensitive. Malls under construction or in pre-leasing during the study period are not included. Cities with significant upcoming supply will look different in future editions of these rankings.





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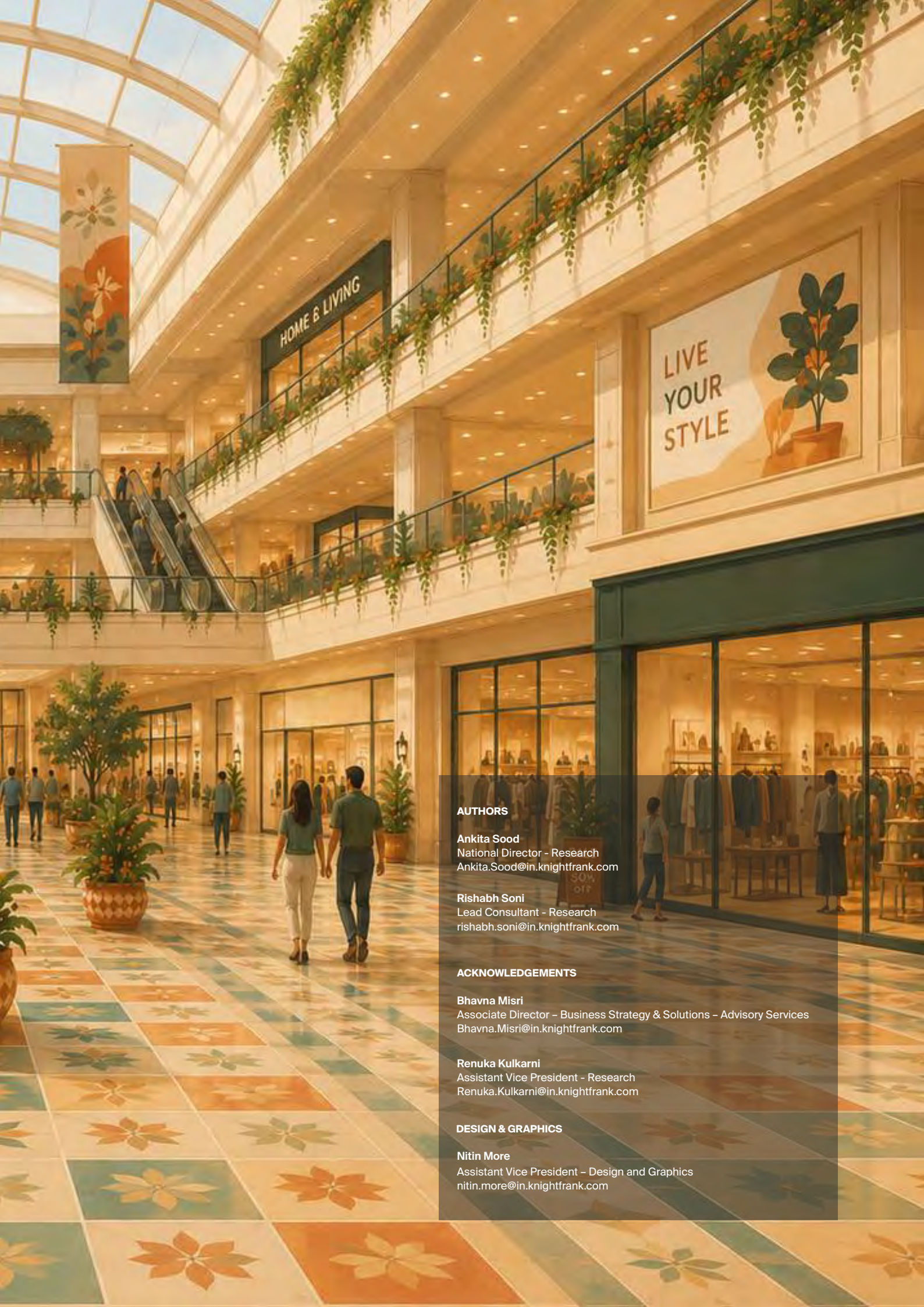
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