Building Viksit Bharat

Real Estate as a Catalyst for Growth

2026	This report explores real estate as an enabler of India's economic growth, investment and urban transformation. It examines how the sector can support evolving demand, economic centres and the infrastructure required for Viksit Bharat.	*knightframk.co.in/research*

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Foreword

Saurabh Sanyal
Secretary General, ASSOCHAM

As we move towards the vision of Viksit Bharat @ 2047, the way we build our cities, create infrastructure and provide spaces for people and businesses will have a lasting impact on the country's growth and development. Real estate has a very important role to play in this process. The sector is not only about housing and commercial buildings, but it also supports economic activity, creates employment, attracts investment and increasingly connects with sectors such as manufacturing, logistics, technology and other new-age businesses.

Over the last few years, the sector has changed considerably. Along with residential and office spaces, areas such as warehousing, data centres and flexible workspaces are becoming an important part of the real estate landscape. New roads, metro networks, airports and industrial corridors are also creating new opportunities in cities, and these are emerging growth centres across the country.

As India grows, development approvals must become faster and more predictable. There is a need for better coordination between infrastructure and land-use planning. Technology and reliable data can help improve planning and decision-making. At the same time, sustainability, safety and resilience of our built environment must receive greater attention. Further, India's urban population is expected to increase significantly over the coming decades, making it essential that our cities are planned not only for growth, but also for better quality of life and access to opportunities.

ASSOCHAM jointly with Kight Frank has come out with this knowledge report on the subject, which highlights some of the key issues and recommendations that can help the sector contribute more effectively to India's growth. It also suggests the need for greater consistency in regulatory processes, stronger digital systems and closer alignment between infrastructure development and real estate planning.

I sincerely thank the team who have contributed to this document and hope that the contents of the report will provide valuable insights to policy makers and industry stakeholders and will further help in laying the roadmap for future growth and development of real estate sector for building Viksit Bharat.

Foreword

Shishir Baijal

International Partner, Chairman and Managing Director - Knight Frank India

India's growth story is increasingly being shaped by the capacity of its cities, infrastructure and productive assets to support a larger, more formal and diversified economy. At the centre of this transition is real estate.

Real estate provides the physical foundation for economic activity; housing citizens, enabling businesses, supporting manufacturing and logistics, creating employment and increasingly reshaping fast growing opportunities of the economy such as GCCs and data centres. Its significance therefore extends well beyond the value of property itself. Real estate and ownership of dwellings have contributed approximately 7% of India's annual GVA, on average, over the past decade, while construction accounted for 12.0% of total employment in 2025. The sector's growing integration with formal finance, supported by RERA, GST, housing finance and institutional investment, has further strengthened its role in the wider economy.

At the same time, the nature of real estate is changing. Residential markets are becoming more premiumised, office demand is increasingly driven by global businesses, infrastructure is reshaping development geographies, and warehousing, retail, flex and data centres are expanding the definition of real estate. The next phase of growth will therefore depend not simply on creating more space, but on creating the right physical capacity, in the right locations and at the right quality to support India's evolving economy.

This report examines this transition across the scale and evolution of existing markets, the infrastructure reshaping their geography, emerging sources of demand and next-generation asset classes, and the capital and institutional frameworks required to support their expansion.

Real Estate for Viksit Bharat is ultimately about more than the growth of a sector. It is about building the physical foundations for more productive cities, sustained investment, better employment opportunities and a built environment capable of supporting India's long-term economic ambitions.

Introduction:

Real Estate for Viksit Bharat

India's growth story is increasingly being shaped by the capacity of its cities, infrastructure and productive assets to support a larger and more formal economy. Real estate sits at the centre of this transition. It provides the physical infrastructure for households and businesses, creates employment through construction and allied activities, supports manufacturing and services through commercial and industrial assets, and increasingly enables newer parts of the economy such as digital infrastructure and organised logistics.

Its importance therefore extends beyond the value of property itself. Real estate influences economic output, employment, capital formation and a wide network of allied industries. These linkages make it an important enabler of Viksit Bharat; improving productive capacity, strengthening investment and creating the physical environment required for sustained economic growth.

According to the Economic Survey 2025-26, real estate and ownership of dwellings has accounted for approximately 7% of India's annual GVA, on average, over the past decade. This contribution has been accompanied by a gradual formalisation of the sector. The introduction of RERA and GST, alongside the expansion of formal housing finance and institutional investment, has strengthened the integration of real estate with the wider economy. Real estate is therefore no longer simply a sector associated with construction and property ownership. Its increasing integration with formal finance has made it an important channel through which household savings, institutional capital and economic activity translate into physical assets. Housing finance, in particular, has deepened considerably, with outstanding individual housing loans increasing from around INR 10 tn in March 2015 to more than INR 37 tn by March 2025, taking housing loans from around 8% to over 11% of GDP.

The sector's significance is equally visible through employment, particularly through the construction industry, the principal employment channel associated with real estate development. According to the Periodic Labour Force Survey 2025, construction accounted for 12.0% of India's total employment, making it one of the country's largest employment sectors. The scale of this workforce reflects the employment intensity of India's continuing urbanisation and physical asset creation, while the development cycle itself generates demand across contractors, skilled trades, architects, engineers, consultants and other professional services.

The economic footprint of real estate extends further through its linkages with allied industries. Construction creates demand across cement, steel, aluminium, glass, paints, tiles, sanitaryware, electrical equipment, furniture and furnishings, connecting real estate development directly with manufacturing. The completed asset then supports a wider services ecosystem spanning banking, housing finance, insurance, brokerage, property and facility management, professional advisory and investment management. A residential project, for instance, generates demand across materials, labour and finance during development and subsequently becomes a platform for household consumption and local economic activity. Similarly, an office, logistics facility or industrial asset enables businesses to operate, employ people and expand.

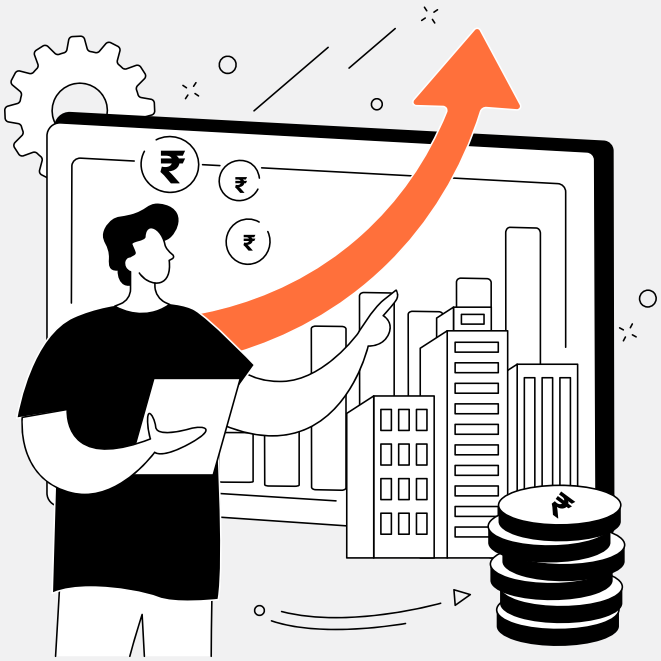
Real estate therefore has a dual role in the economy it is both a sector that generates economic activity and the physical platform on which other sectors operate.

This role is becoming increasingly important as the structure of India's economy changes. The real estate market of today is broader than the traditional residential and commercial development cycle. Housing is becoming more premiumised and financially integrated; office demand is increasingly being shaped by global businesses; infrastructure is opening new development corridors; logistics assets are becoming closely linked to manufacturing and consumption; retail is responding to changing consumption patterns; and data centres are creating demand for physical infrastructure driven by the digital economy.

The next phase of real estate growth will therefore be defined not simply by the creation of more space, but by the creation of the right physical capacity for a growing economy.

This is the lens through which this report examines India's real estate sector beginning with the scale and evolution of existing markets, moving through the infrastructure that is reshaping their geography, and then examining the new sources of demand and emerging cities that could shape the next phase of growth. The analysis finally turns to the policy and institutional conditions required to enable this growth efficiently.

The report therefore moves from understanding real estate's economic contribution, to examining what is enabling its expansion, identifying where the next sources of demand are emerging, and finally asking what is required to unlock that potential.



Real Estate as a Growth Engine

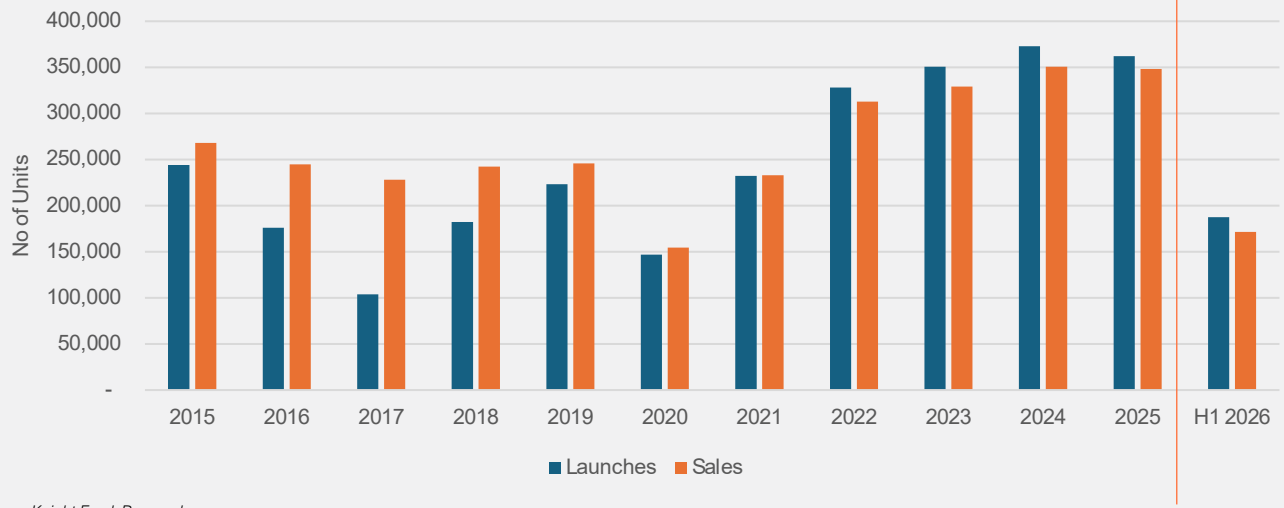
1.1. Residential market performance: From Volume to Value: The Changing Composition of Housing Demand

India's residential market has undergone a significant structural shift over the past decade. The market is not only larger today but is also changing in terms of what is being built, what is being bought and the value of housing being transacted. The post-2021 period marks a clear inflection point, with both residential sales and launches accelerating alongside a pronounced shift towards higher-ticket housing.

This transformation has taken place against a backdrop of greater formalisation within the sector, including the implementation of the Real Estate (Regulation and Development) Act (RERA), 2016, which strengthened transparency, accountability and buyer protection. At the same time, changing homebuyer preferences and rising purchasing power have reshaped the demand profile, while developers have responded with a greater focus on higher-quality, amenity-rich and higher-value housing.

India's residential market is therefore moving beyond a volume-led growth model, with value increasingly becoming an equally important dimension of housing demand.

Residential Launches and Sales Trend



Source: Knight Frank Research
**Top 8 cities: Ahmedabad, Bengaluru, Chennai, Hyderabad, Kolkata, MMR, NCR and Pune*

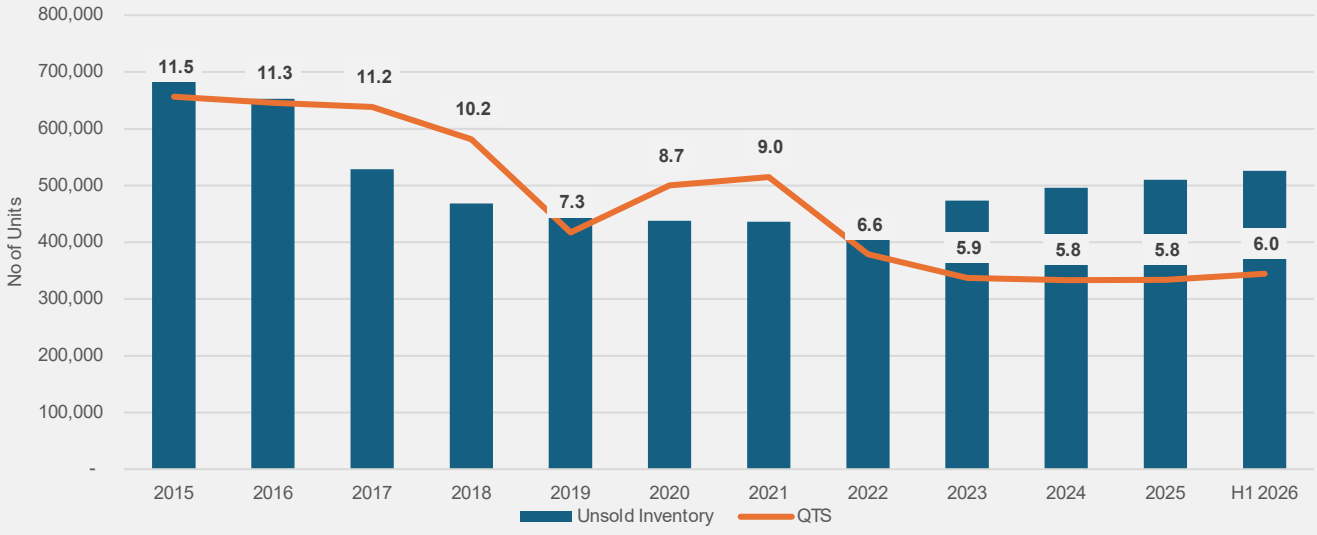
The scale of this expansion is evident in the growth of both residential sales and launches. Between 2015 and 2025, residential unit sales across the top eight cities grew at a CAGR of 3.0%, while launches grew at 4.0%. The pace of activity has, however, accelerated considerably during the current cycle. Between 2021 and 2025, sales grew at a 10.6% CAGR, while launches increased at an even faster 11.9% CAGR.

Residential Market CAGR during different growth periods

10-year CAGR (2015-25)		Current-cycle CAGR (2021-25)	
Unit Sales	Unit Launches	Unit Sales	Unit Launches
3%	4%	10.6%	11.9%

Source: Knight Frank Research

Unsold Inventory and QTS



Source: Knight Frank Research

The period preceding the current cycle was marked by several disruptions, including the NBFC liquidity crisis and the COVID-19 pandemic, alongside a broader process of regulatory and institutional change following the introduction of RERA. The subsequent expansion therefore represents not merely an increase in market activity, but a marked increase in the underlying scale of residential development and homebuyer participation.

Despite the sharp increase in new supply since 2021, inventory levels have remained relatively contained. Over the 10-year period, quarters-to-sell (QTS)[1] declined from 11.5 quarters in 2015 to 5.8 quarters in 2025, while unsold inventory declined from 6,91733 units to 5,09,815 units. Over the more recent four-year period, QTS declined further from 9.0 quarters in 2021 to 5.8 quarters in 2025, while unsold inventory increased moderately from 4,36,402 units to 5,09,815 units. In H1 2026, QTS stood at 6.0 quarters, with unsold inventory at 5,25,695 units.

This combination of higher sales, increased launches and relatively contained inventory provides an important backdrop to the next structural shift in the market: the change is not only in how many homes are being sold, but in what buyers are seeking from their homes and the value they place on those attributes.

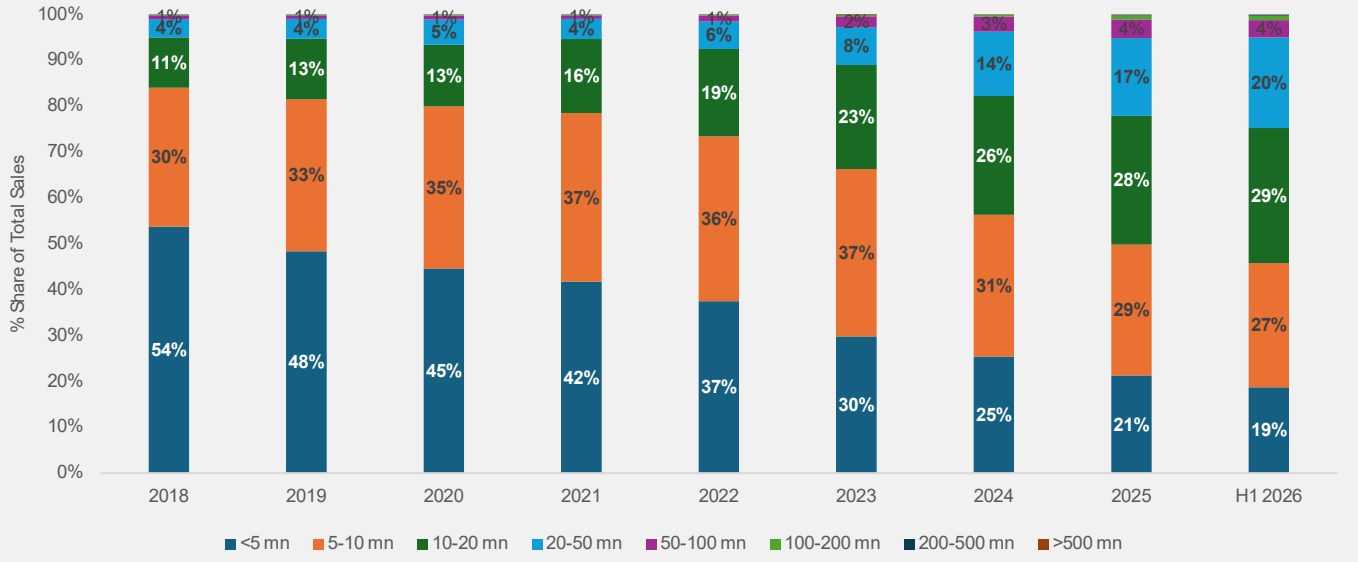
The movement towards higher-value housing has been supported by a fundamental shift in homebuyer preferences following the COVID-19 pandemic. With homes becoming a more important setting for work, leisure, wellness and recreation, buyers have increasingly placed greater value on space, functionality, quality and the overall residential environment.

This has translated into stronger preference for larger homes, better specifications, dedicated workspaces and developments offering a wider range of amenities. Fitness and wellness facilities, landscaped open spaces, recreational areas and upgraded common spaces increasingly became part of the residential value proposition.

These preferences have, in turn, influenced developer strategy. New projects have increasingly incorporated larger configurations, higher specifications and more amenity-rich environments, enabling developers to position a greater proportion of their housing supply at higher ticket sizes.

The shift, therefore, is not simply a function of rising prices. It reflects a change in the value proposition of housing itself, with buyers increasingly willing to pay for greater space, better quality and a more comprehensive residential experience. This changing value proposition is reflected in the ticket-size distribution of residential sales, which shows a clear movement towards higher-value housing.

Ticket size split comparison of sales



Source: Knight Frank Research

[1] *Quarters to Sell (QTS): The number of quarters required to exhaust the unsold inventory is termed as the QTS of a particular market. It is calculated by dividing the unsold inventory by the average sales of eight trailing quarters from the end of the analysis period.*

Homes priced below INR 5 mn accounted for 54% of residential sales in 2018, with the share declining steadily to 19% by H1 2026. Over the same period, homes priced at INR 10 mn and above increased their share from 16% to 54% of residential sales, indicating a significant shift in the value composition of housing demand.

The increase in the INR 10 mn+ segment has been broad-based, with the INR 10-50 mn range accounting for the majority of this expansion. The INR 10-20 mn segment increased its share of sales from 11% in 2018 to 29% in H1 2026, while the INR 20-50 mn segment increased from 4% to 20%. Together, these segments accounted for 49% of residential sales in H1 2026, compared with 15% in 2018.

Homes priced above INR 50 mn continue to represent a relatively small proportion of overall sales, accounting for around 5% in H1 2026. The shift in residential demand is therefore concentrated predominantly within the INR 10-50 mn range rather than at the ultra-luxury end.

The change in the sales mix indicates that higher-ticket housing has moved from representing a relatively small component of residential demand to accounting for more than half of all sales. This represents a fundamental change in the composition of India's residential market, with the INR 10 mn+ segment increasingly defining the mainstream of housing demand.

Ticket size split comparison of QTS

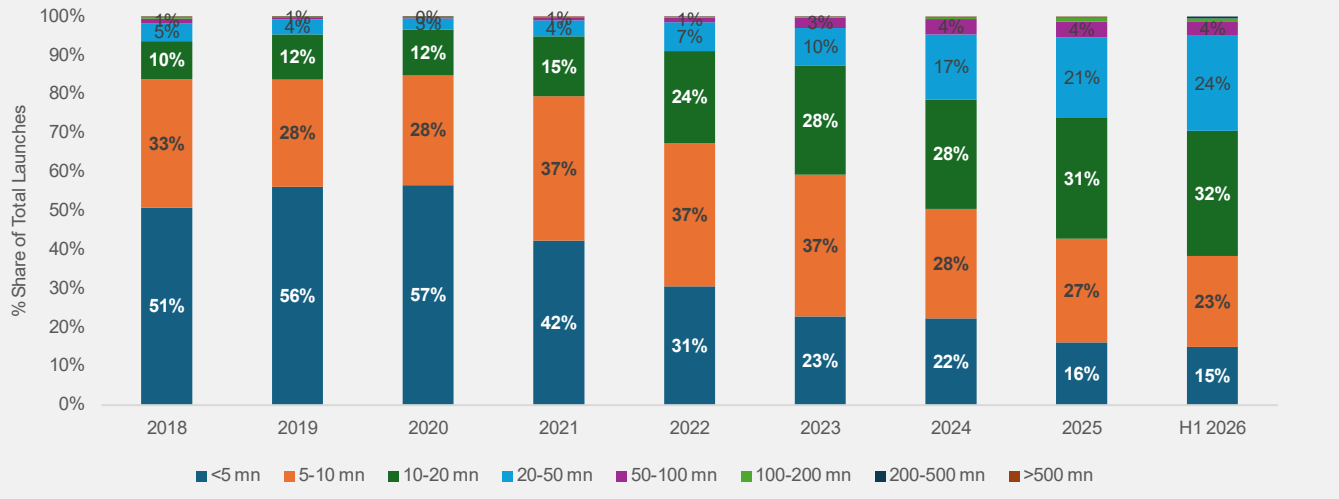
	<5 mn	*5-10 mn*	*10-20 mn*	*20-50 mn*	*50-100 mn*	*100-200 mn*	*200-500 mn*	*>500 mn*	*Total*
2021	11.2	7.3	7.9	4.9	12.7	24.8	15.2	849.2	9.0
H1 2026	8.9	5.4	5.5	4.4	2.9	4.5	14.2	9.7	6.0

Source: Knight Frank Research

The absorption profile across ticket sizes provides a further indication of the depth of this shift. QTS for homes priced at INR 10-20 mn declined from 7.9 quarters in 2021 to 5.5 quarters in H1 2026, while the INR 20-50 mn segment declined from 4.9 to 4.4 quarters over the same period. These are the segments that have accounted for much of the expansion in higher-ticket housing, and their relatively contained QTS indicates that the increase in supply at these price points has been accompanied by sustained absorption.

Importantly, this absorption is not confined to the entry-level segments: the lower QTS observed across several higher-ticket categories suggests that demand has broadened sufficiently to support a larger share of higher-value housing within the mainstream market.

Ticket size split comparison of launches

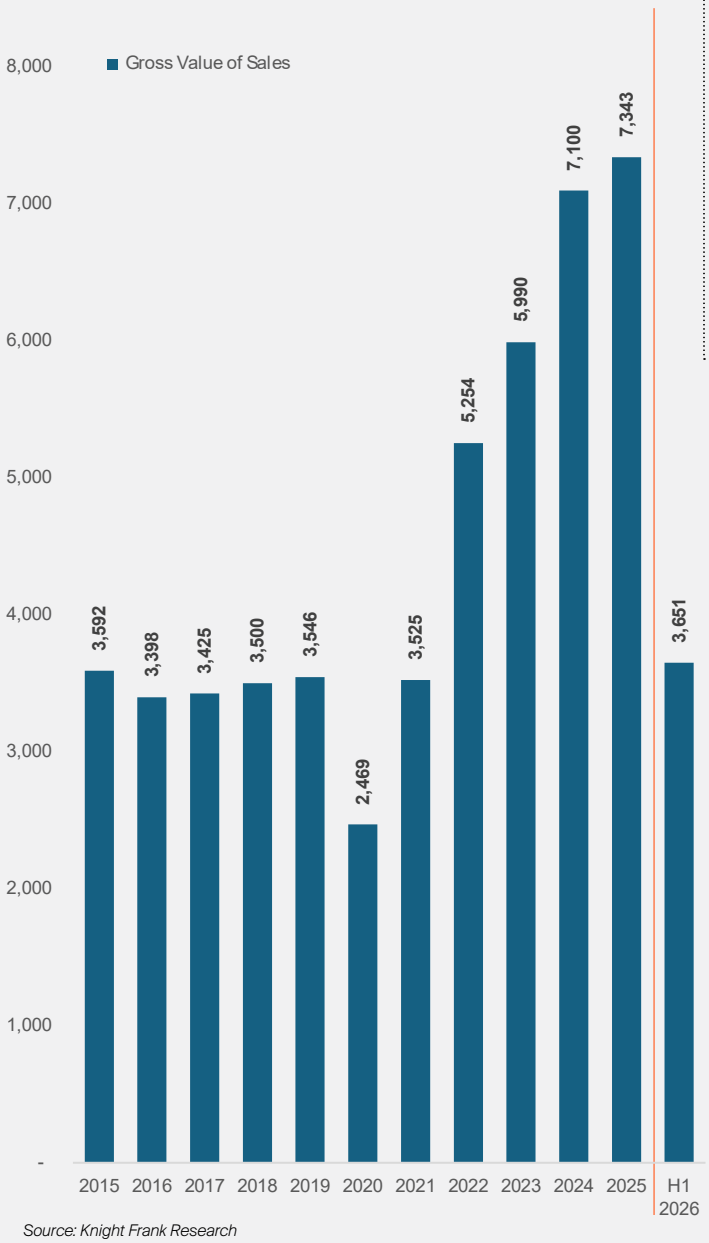


Source: Knight Frank Research

The shift in the composition of residential demand is also reflected in new supply. The share of INR 10-50 mn homes in new launches increased from 15% in 2018 to 56% in H1 2026. Within this, the INR 10-20 mn segment increased from 10% to 32%, while the INR 20-50 mn segment increased from 5% to 24% over the same period.

The increase in these segments on the supply side broadly corresponds with their growing share of sales. Together, INR 10-50 mn homes accounted for 49% of sales and 56% of launches in H1 2026, compared with 15% and 15%, respectively, in 2018. The broad-based increase across both sales and launches indicates a structural shift in the market towards higher-ticket housing, rather than a concentration of growth at the ultra-luxury end.

Gross Value of Residential Sales



Source: Knight Frank Research

With INR 10 mn+ homes now accounting for more than half of residential sales and a similar proportion of new launches concentrated in the INR 10-50 mn range, higher-ticket housing has become an increasingly important component of mainstream residential activity.

The changing composition of housing demand is also reflected in the economic value of residential transactions. Unit sales capture the volume of housing activity, but do not fully capture the effect of changes in unit size, price and ticket composition. Gross value of residential sales therefore provides a complementary measure of market expansion by capturing the combined effect of homes sold, the area transacted and the price realised per sq ft.

At the aggregate level, gross value of residential sales across the eight markets increased from INR 3,592 bn in 2015 to INR 7,343 bn in 2025, representing a 7% CAGR over the decade. The expansion has been particularly pronounced during the current cycle, with the value of residential transactions more than doubling from INR 3,525 bn in 2021 to INR 7,343 bn in 2025.

The significance of this expansion lies in the fact that residential growth is increasingly being reflected in value as well as volume. The current cycle has expanded the economic scale of residential activity alongside the number of homes transacted, supported by a shift towards larger, better specified and higher-ticket housing.

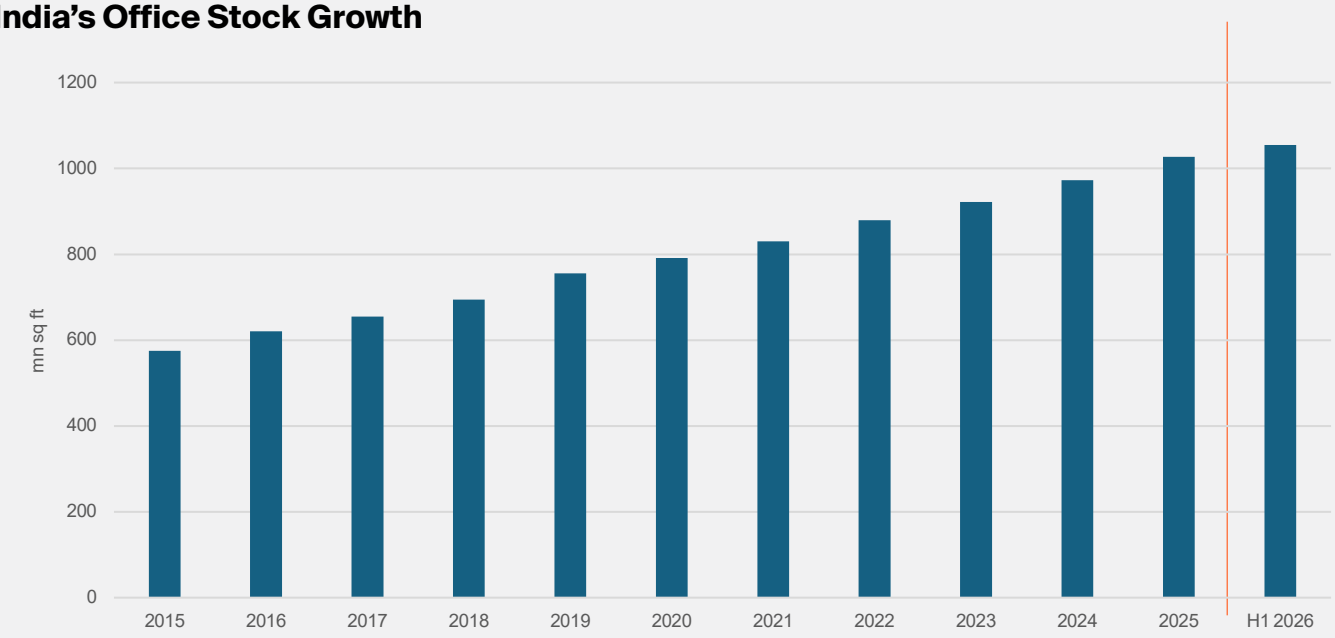
Growth in residential value is therefore no longer being driven solely by an increase in the number of homes transacted. It increasingly reflects the combined effect of transaction volumes, the size and quality of homes being purchased, and higher price points. The residential market is consequently undergoing a transition from volume to value, with higher-ticket housing becoming an increasingly important component of mainstream residential activity.

1.2. Office market performance and occupier dynamics: From Office Space to Economic Infrastructure

India's office market has expanded materially over the past decade, both in terms of stock and market activity. As of H1 2026, India had 1.05 bn sq ft of office stock and is the fourth-largest office market globally by stock. The office asset base is valued at approximately INR 18.8 tn (USD 197.9 bn), highlighting the growing significance of office real estate within the country's commercial asset base.

The expansion has been accompanied by a gradual improvement in the quality of the office stock. Grade A assets account for 55% of the total stock, while Grade B accounts for 41% and Grade C for 5%. The predominance of Grade A and B assets indicates the increasing formalisation of the office market and the development of a larger pool of institutional-quality commercial space. Vacancy stood at 14.6% as of H1 2026.

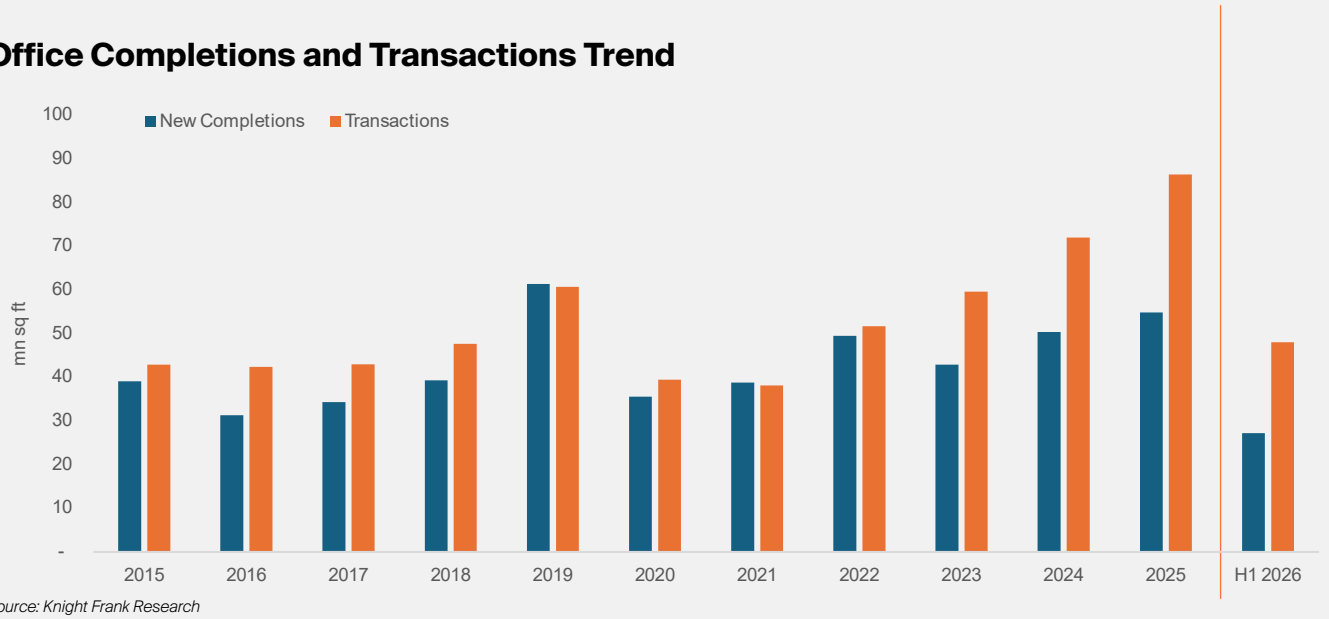
India's Office Stock Growth



Source: Knight Frank Research

Office market activity has also increased alongside the expansion in stock. New completions have increased by 3% CAGR during 2015-25 whilst transactions have increased at a faster pace, from 43 mn sq ft to 86 mn sq ft, recording a 7% CAGR over the same period. The difference has been more pronounced in the post-2021 period, with transactions growing at a 23% CAGR between 2021 and 2025, compared with 9% for completions. This indicates a significant increase in occupier activity within the existing office ecosystem, alongside continued additions to stock.

Office Completions and Transactions Trend

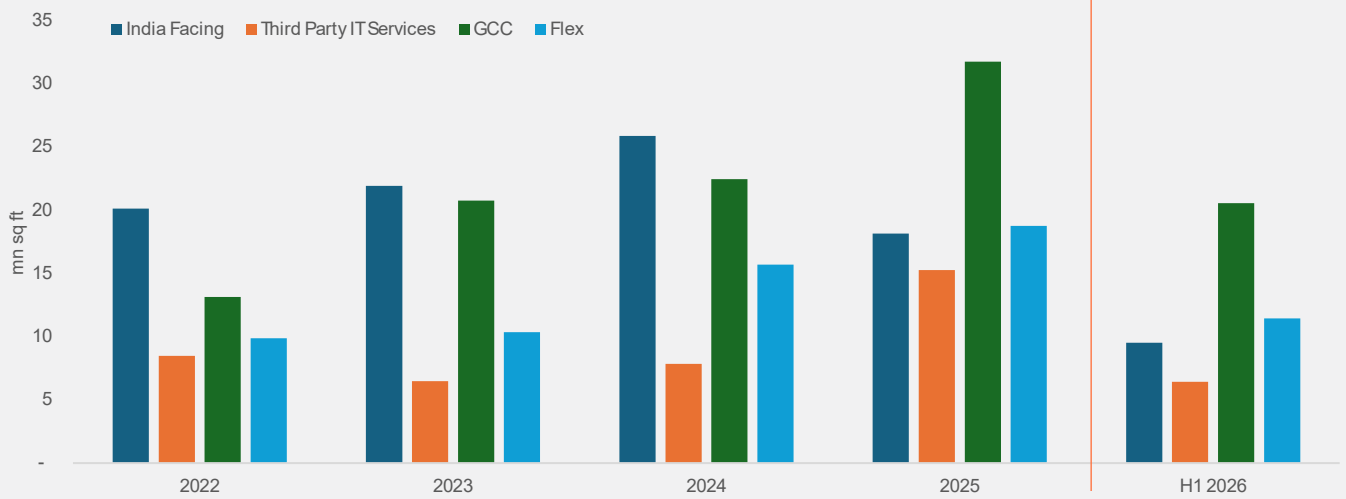


Source: Knight Frank Research

The growth of the office market has also been accompanied by a change in the composition of occupier demand. While India-facing businesses and third-party IT remain important contributors to office transactions, GCCs have emerged as an increasingly significant source of demand, with their share of transactions rising from 25% in 2022 to 43% in H1 2026. Flex operators have also established a meaningful presence, accounting for 24% of transactions in H1 2026.

The changing composition of demand reflects the increasing diversity of India's office occupier base. Domestic businesses continue to require space as the Indian economy expands, while GCCs are increasing their presence as global companies deepen their operations and capabilities in India. At the same time, the growth of flex reflects changing requirements around the way businesses access and consume office space.

End user dynamics of Indian Occupiers



Source: Knight Frank Research

Notes:
India Facing: These refer to such transactions where the lessees/buyers are entities which have an India focused business, i.e., no export.
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.
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.
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.

Key Office Stats

Office Stock*	1,055 mn sq ft
Value of Office Stock*	INR 18.8 tn
	USD 197.9 bn
Grade of Office Stock*	
A	55%
B	41%
C	5%
Vacancy *	14.6%
CAGR 10 Y (2015-25)	
Transactions	***7%***
Completions	***3%***

*Source: Knight Frank Research *As of H1 2026*

The significance of India's office market therefore extends beyond the value of the underlying real estate. Office buildings provide the physical infrastructure through which businesses establish and expand operations, employ talent, undertake research and development, deliver services and participate in global value chains.

India's 1.05 bn sq ft office stock and nearly USD 200 bn asset base represent a substantial pool of physical infrastructure supporting this activity. The continued expansion in transactions and the broadening of the occupier base further demonstrate how office real estate is closely linked to the growth and changing structure of the economy.

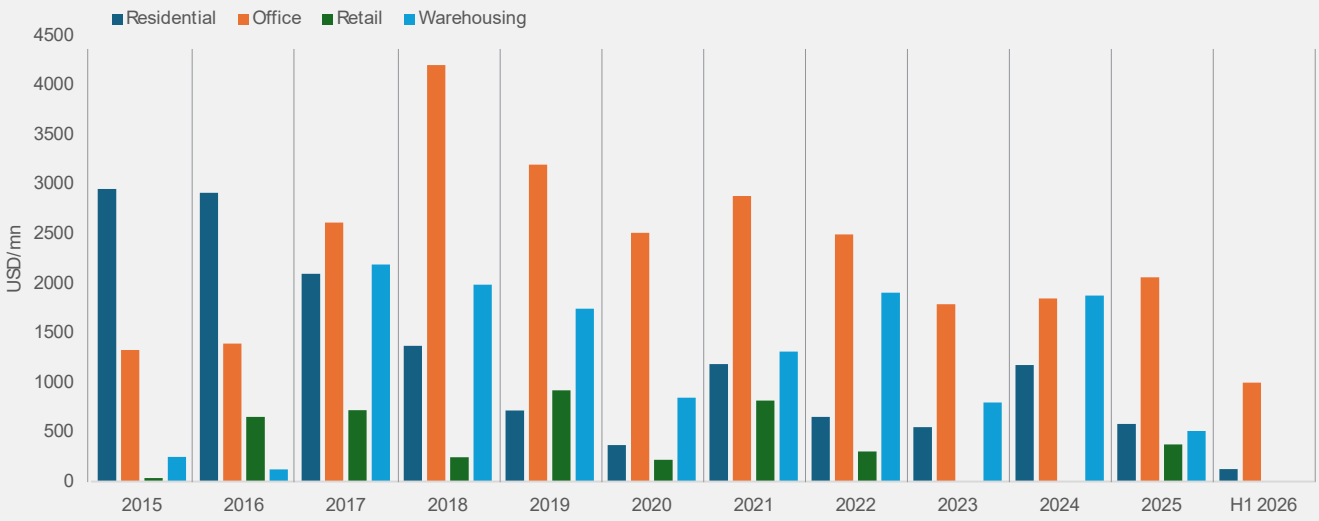
Office real estate is therefore not simply a consequence of economic growth; it is an enabler of it. Its contribution to Viksit Bharat will increasingly depend on the country's ability to provide the right quality of space, in the right locations, supported by infrastructure, connectivity and an enabling business environment. The national picture, however, only establishes the scale of this opportunity. The next question is where this growth is concentrating, and how infrastructure and connectivity are shaping the cities and corridors that support India's expanding economic activity.

1.3. PE investment flows: How has real estate attracted and mobilised investment capital in India.

Indian real estate has evolved into a significant destination for institutional capital, with investment expanding beyond traditional residential and office opportunities into warehousing, retail and emerging specialised real estate. Between 2015 and H1 2026, USD 59.8 bn of PE capital was deployed across residential, office, retail and warehousing.

The more significant shift, however, has been in the composition of this capital. Residential dominated institutional investment in the early years, before office emerged as the principal destination, while warehousing developed into a major institutional asset class. The evolution reflects the increasing depth and diversification of India's real estate investment market.

Trends in Private Equity Investments in the Real Estate Sector



Source: Knight Frank Research, Venture Intelligence

No of PE deals in each Real Estate Asset Class

Year	Residential	Office	Retail	Warehousing
2015	74	10	1	1
2016	75	6	5	1
2017	46	14	6	7
2018	21	21	4	6
2019	18	17	6	6
2020	7	7	2	4
2021	23	14	4	11
2022	10	12	2	7
2023	10	5	-	8
2024	26	9	-	6
2025	14	15	1	4
H1 2026	8	8	-	-

Source: Knight Frank Research, Venture Intelligence

Phase Analysis: Four Distinct Capital Cycles

Phase 1: Foundation (2015-2016): Residential Leads, Commercial Institutionalises

The 2015-16 period captures a real estate investment market still led by residential, alongside the early institutionalisation of commercial assets. Total PE investment stood at USD 4.6 bn in 2015 and USD 5.1 bn in 2016, with residential accounting for 65% and 57% of total inflows, respectively. Office dominated commercial investment, while warehousing and retail were only beginning to attract institutional capital. Residential also recorded significantly higher transaction activity, with 74-75 deals annually compared with 6-10 office transactions.

Residential leads institutional investment: Residential PE exceeded the combined investment in office, retail and warehousing in both 2015 and 2016, reflecting the scale of India's development market and early institutional appetite for housing-led opportunities.

Office establishes commercial leadership: Office accounted for most of commercial sector) PE inflows during the period, supported by IT-led demand, multinational occupiers and the emergence of income-generating Grade A assets.

Warehousing enters the institutional universe: Investment in modern logistics infrastructure began gaining traction ahead of GST, with USD 250 mn invested in 2015 as organised warehousing platforms started to emerge.

Policy strengthens the investment proposition: SEBI's 2014 REIT framework introduced institutional-grade governance, standardised disclosure and a future liquidity pathway for PE capital. FDI reforms in the same year reduced the minimum built-up area requirement from 0.54 mn sq ft to 0.22 mn sq ft and the minimum capitalisation threshold from USD 10 mn to USD 5 mn, while easing exit conditions and lowering entry barriers for foreign investors.

Global investors establish India platforms: Blackstone, GIC, CPPIB, Hines and Tishman Speyer were among the global investors building exposure to Indian real estate, laying the foundation for larger institutional allocations in the subsequent cycle.

Phase 2:
Acceleration (2017-2019): Global Capital Scales Up Indian Commercial Real Estate

The 2017-19 period marked a sharp acceleration in institutional capital formation across Indian commercial real estate, with cumulative PE inflows reaching USD 17.8 bn. Office absorbed USD 10.0 bn during the three-year period, while warehousing emerged as a second major institutional destination. At the same time, residential investment declined sharply, marking the beginning of a sustained rotation in capital allocation towards commercial real estate.

2017: Warehousing emerges as a co-anchor: Warehousing attracted USD 2.2 bn, as GST, e-commerce and organised logistics accelerated demand for Grade A distribution infrastructure. Office simultaneously attracted USD 2.6 bn.

2018: Office reaches a record: Total PE investment peaked at USD 7.8 bn, with office accounting for USD 4.2 bn, the highest annual inflow recorded for any asset class. Major institutional transactions, including Blackstone's Manyata and Embassy portfolio acquisitions, highlighted the increasing scale of office investment.

Residential capital contracts: Residential PE fell from USD 2.1 bn in 2017 to USD 717 mn in 2019, while deal count declined from 46 to 18. The simultaneous rise in office investment and decline in residential investment marked a clear reallocation of institutional capital towards commercial real estate.

2019: REITs establish the public-market exit: Embassy Office Parks REIT listed India's first REIT in April 2019, providing institutional office investors with a new exit and capital-recycling mechanism.

Retail reaches a high: Retail recorded its highest PE inflow in the dataset at USD 922 mn, supported by the maturation of organised mall portfolios and increasing institutional interest in consumption-led real estate.

Phase 3:
Disruption & Recalibration (2020-2022): Pandemic Tests Asset-Class Resilience

The COVID-19 pandemic compressed PE deployment across real estate in 2020, with total investment falling to USD 3.9 bn from USD 6.6 bn in 2019. The subsequent recovery was uneven across asset classes. Warehousing benefited from accelerated logistics demand, office remained resilient despite uncertainty around workplace demand, while retail experienced the sharpest contraction. Residential recorded its lowest investment and deal count in 2020 before a temporary rebound in 2021.

Office remains resilient: Office PE remained at USD 2.5-2.9 bn annually during 2020-22, supported by the structural depth of GCC demand, quality occupier covenants and increasing confidence in REIT-backed income streams.

Warehousing outperforms: Logistics and industrial assets benefited from e-commerce fulfilment, 3PL expansion, manufacturing and supply-chain formalisation, with investment reaching USD 1.9 bn in 2022.

Retail bears the deepest impact: Retail PE fell to USD 220 mn in 2020 as footfall disruption and rental waivers affected mall cash flows. Investment remained subdued through 2022.

Residential records a temporary rebound: Residential PE increased from USD 368 mn across seven deals in 2020 to USD 1.19 bn across 23 deals in 2021, coinciding with the pandemic-driven shift towards larger homes and increased demand for space. Investment subsequently moderated to USD 654 mn in 2022.

2022 marks a commercial rebound: Total commercial PE reached approximately USD 4.5 bn, led by office and warehousing. Flex space also attracted its largest PE transaction to date, at USD 594.5 mn, as institutional investors began recognising managed offices as a scalable occupier segment.

Phase 4:
Consolidation, Repricing & Selectivity (2023-H1 2026): Quality Over Quantum

The 2023-H1 2026 period reflects a more selective institutional capital market, with higher global interest rates, elevated cost of capital and greater underwriting discipline moderating overall PE deployment. Capital, however, has remained concentrated in assets supported by structural demand, visible income growth and clearer exit pathways. Total PE investment moderated from the highs recorded in 2017-18, while office retained its position as the principal institutional destination.

Office remains the institutional anchor: Office PE remained within USD 1.8-2.1 bn annually during 2023-25, supported by GCC-led leasing, constrained Grade A supply and continued portfolio-level institutional transactions.

Supply constraints create value-add opportunities: Limited new Grade A office supply is increasing the relevance of repositioning, refurbishment and core-plus strategies,

allowing institutional investors to target rental and capital appreciation through existing assets.

Warehousing matures: Investment reached USD 1.9 bn in 2024, supported by a broader occupier base spanning manufacturing, FMCG, pharmaceuticals, automotive and EV supply chains, reducing dependence on pure e-commerce demand.

Data centres attract new institutional capital: India's hyperscaler-led data centre expansion is creating a new real estate investment category, with approximately 1.4 GW of operational capacity and a significantly larger planned pipeline. Institutional capital is increasingly being deployed into specialised digital infrastructure alongside traditional commercial assets.

Retail re-emerges: Retail PE increased to USD 374 mn in 2025, as premium mall portfolios and strengthening consumption supported renewed institutional interest.

Residential remains selective: Residential PE rose to USD 1.18 bn in 2024, its second-highest level since 2018, before moderating to USD 583 mn in 2025. Deal activity, however, remained structurally below the levels recorded during 2015-16.

H1 2026: Contemporary Signal: Office attracted USD 998 mn across eight deals in H1 2026, equivalent to almost half of the full-year 2025 investment. Residential attracted USD 128 mn across eight deals, while retail and warehousing recorded no transactions during the period.

The decade therefore captures a clear shift in investment preferences: residential led the early phase of institutional participation; office emerged as the dominant destination as income-generating commercial assets scaled; and warehousing subsequently established itself as a major institutional asset class.

The shift towards income-generating commercial assets has also strengthened the pathway for capital recycling. Office, in particular, has developed from a PE-funded asset class into an increasingly institutionalised investment market, with stabilised assets transitioning into listed REIT structures.

Cumulative Capital Formation: 2015 - H1 2026

Asset Class	*Cumulative PE Investment (USD/bn)*	*Share*
Office	27.3	46%
Residential	14.7	24%
Warehousing	13.5	23%
Retail	4.3	7%

Source: Knight Frank Research, Venture Intelligence

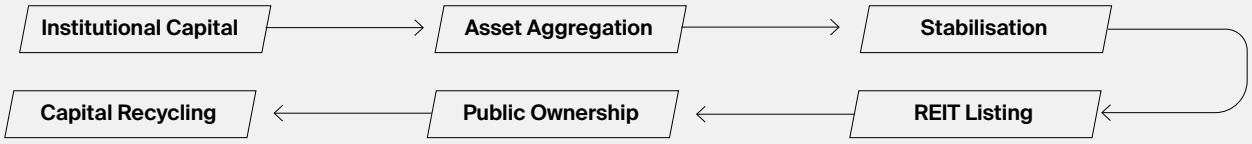
Between 2015 and H1 2026, USD 59.8 bn of PE capital was invested across residential, office, retail and warehousing, highlighting the scale of institutional participation in India's real estate market. Office accounted for the largest share of institutional capital over the period, absorbing 46% of cumulative investment, while residential remained the second-largest recipient at 24%. Warehousing, despite its shorter institutional history, attracted almost as much capital as residential, highlighting the rapid expansion of the institutional real estate universe.

1.4. Institutionalisation of Real Estate and Infrastructure

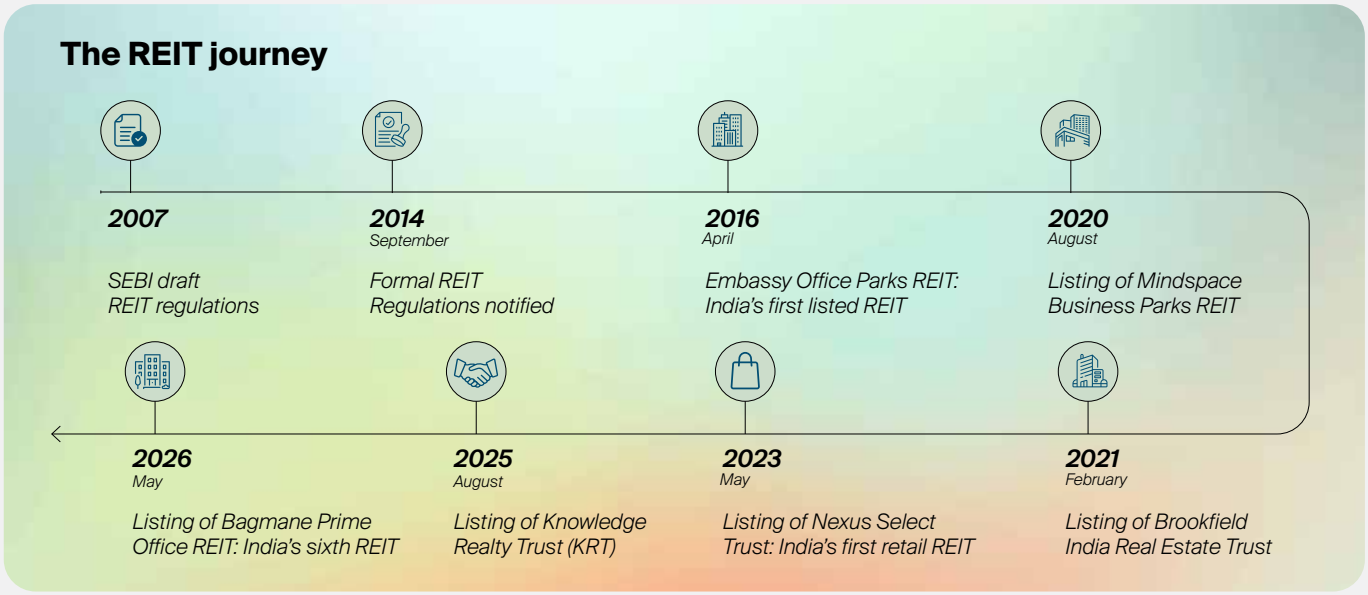
1.4.1. REITs: The Institutionalisation of Income-Generating Real Estate

Since the formal REIT regulations were notified in 2014, India has developed a stock exchange listed real estate investment market that provides developers and institutional investors with an avenue to monetise stabilised assets while widening access to real estate for public-market investors. From the first listing in 2019 to six listed REITs by 2026, the market has expanded in scale, asset-class coverage and geographic presence.

The progression can be broadly represented through the following capital cycle:



Office has been at the centre of this development, supported by the scale of its income-generating assets, established institutional ownership and availability of portfolios of sufficient scale for listing.



India took five years from the notification of the formal REIT regulations to the listing of its first REIT in 2019. The market subsequently added five listed REITs over the next seven years, reflecting a gradual deepening of institutional participation. The market has also expanded beyond office. The listing of Nexus Select Trust in 2023 introduced organised retail as the second major asset class within India's listed real estate market, while the subsequent listings of KRT and Bagmane Prime Office REIT further expanded the scale of listed office assets.

The expansion of listed REITs has strengthened the exit and capital-recycling mechanism available to institutional real estate investors. Stabilised assets can be aggregated into listed portfolios, allowing existing investors to monetise their holdings while creating access for a broader investor base.

Office remains the dominant segment of India's REIT market. By June 2026, the six listed REIT platforms collectively held 167 mn sq ft of operational office space, with a further 36.1 mn sq ft under construction.

Office REIT (Operational Area in mn sq ft) Portfolios by REIT & City as of June 2026

	Brookfield India Real Estate Trust	Embassy Office Parks REIT	Knowledge Realty Trust	Mindspace Business Parks REIT	Nexus Select Trust	Bagmane Prime Office REIT	Total
Ahmedabad	-	-	0.5	-	-	-	0.5
Bengaluru	7.8	27.9	15.3	-	-	16.6	67.6
Chennai	-	2.5	1.9	5.2	0.2	-	9.7
Hyderabad	-	-	12.9	13.3	-	-	26.2
Kolkata	3.2	-	-	-	-	-	3.2
Mumbai	4.5	2.1	6.2	11.9	-	-	24.6
NCR	16.7	4.7	0.6	-	-	-	22.0
Pune	-	6.4	-	5.7	1.0	-	13.1
Chandigarh	-	-	-	-	0.1	-	0.1
Total	32.2	43.6	37.4	36.0	1.3	16.6	167.0

Source: Knight Frank Research, Company Filings

The operational portfolio represents 16% of India's 1.05 bn sq ft office stock and the under-construction portfolio is equivalent to a further 19% of the existing operational REIT stock, indicating continued expansion of institutional ownership. Institutionalisation, however, remains uneven across markets.

Bengaluru has the highest REIT penetration among the major office markets, with 67.6 mn sq ft of REIT-backed stock accounting for 27% of total office inventory. Embassy remains the largest REIT platform in the city, while the addition of Bagmane's portfolio has materially increased listed institutional ownership.

Hyderabad follows with 26.2 mn sq ft of REIT-backed stock and 20% coverage, supported by KRT and Mindspace. Mumbai has 24.6 mn sq ft of REIT stock, equivalent to 14% of its office inventory, while NCR and Pune record coverage of 11% each. Chennai and Kolkata each have 10% coverage, while Ahmedabad remains at 1%.

REIT Coverage Analysis: Penetration (Operational Area in mn sq ft) & Expansion Potential

Office (Operational)	Total Stock	REIT Stock	REIT Coverage %	Commentary
Ahmedabad	43.8	0.5	1%	KRT marginal presence; GIFT City remains largely non-REIT; significant greenfield opportunity
Bengaluru	254.0	67.6	27%	Dominant REIT city: Embassy leads with 27.9 mn sq ft; IT-campus depth gives highest absolute REIT stock
Chennai	97.1	9.7	10%	Lowest REIT penetration among major markets. Scope for more stock to be included is present since 66% of the office stock in Chennai is Grade A
Hyderabad	129.1	26.2	20%	KRT and Mindspace presence in HITEC City; Embassy entry in progress
Kolkata	33.6	3.2	10%	Brookfield's Candor TechSpace Salt Lake; market depth limits further expansion
MMR	173.8	24.6	14%	Mindspace's 11.9 mn sq ft; BKC cluster and Brookfield Powai are the MMR anchors; CBD premium values highest per sq ft
NCR	208.1	22.0	11%	Brookfield anchors with 16.7 mn sq ft; Gurugram DLF-zone dominance; significant non-REIT Grade A pipeline
Pune	115.1	13.1	11%	Embassy Hinjewadi and KRT Raheja cluster; coverage constrained by active denotification of SEZ assets
Total	1,054.6	167.0	16%	~16% national REIT penetration vs 90%+ in mature markets (Singapore, Australia); structural expansion runway

Source: Knight Frank Research

The variation in REIT penetration highlights the uneven depth of institutional ownership across India's office markets. Markets with deeper Grade A stock, established institutional ownership and larger investable portfolios have seen faster adoption of the REIT model. However, the expansion of REIT portfolios is not limited to operational assets.

The listed platforms have a combined 36.1 mn sq ft of office space under construction. Bengaluru accounts for the largest share at 16.4 mn sq ft, followed by Mumbai at 4.6 mn sq ft, Hyderabad at 3.9 mn sq ft and Chennai at 3.8 mn sq ft.

The pipeline indicates that institutional ownership is continuing to expand alongside the underlying office market, with listed platforms adding to their portfolios through development and acquisition.

Office REIT (Underconstruction Area in mn sq ft) Portfolios by REIT & City as of June 2026

	Brookfield India Real Estate Trust	Embassy Office Parks REIT	Knowledge Realty Trust	Mindspace Business Parks REIT	Bagmane Prime Office REIT	Total
Ahmedabad	-	-	-	-	-	-
Bengaluru	0.1	4.0	9.2	-	3.0	16.3
Chennai	-	2.6	-	1.2	-	3.8
Hyderabad	-	-	-	3.9	-	3.9
Kolkata	2.7	-	-	-	-	2.7
Mumbai	-	-	-	4.6	-	4.6
NCR	1.8	-	-	-	-	1.8
Pune	-	2.4	-	0.6	-	3.0
Chandigarh	-	-	-	-	-	-
Total	4.6	9.0	9.2	10.3	3.0	36.0

Source: Knight Frank Research, Company Filings

The institutionalisation of real estate is also extending beyond office. The listing of Nexus Select Trust in 2023, India's first retail REIT, introduced organised retail into the listed real estate market. By June 2026, retail REITs held 11.0 mn sq ft of operational assets, comprising 10.7 mn sq ft under Nexus and 0.4 mn sq ft under Brookfield.

Retail REIT (Operational Area in mn sq ft) Portfolios by REIT & City as of June 2026

	Nexus Select Trust	Brookfield India Real Estate Trust	Total
Ahmedabad	0.9	-	0.9
Bengaluru	1.7	-	1.7
Chennai	0.7	-	0.7
Hyderabad	0.8	-	0.8
Kolkata	-	-	-
Mumbai	1.0	-	1.0
NCR	0.6	-	0.6
Pune	0.4	-	0.4
Others*	4.6	0.4	5.0
Total	10.7	0.4	11.0

Source: Knight Frank Research, Venture Intelligence
**Others include cities such as Chandigarh, Bhubaneswar, Amritsar, Udaipur, Mangaluru, Mysuru, Indore and Ludhiana*

Retail REITs also have a more dispersed geographic footprint than office REITs. Approximately 5.0 mn sq ft, or 45% of total retail REIT stock, is located outside the eight major office markets, across cities including Chandigarh, Bhubaneswar, Amritsar, Udaipur, Mangaluru, Mysuru, Indore and Ludhiana.

The difference reflects the underlying demand drivers of the two asset classes. Office institutionalisation follows employment centres and corporate occupier markets, while retail institutionalisation follows consumer catchments, population and spending patterns.

The expansion of retail REITs is consequently widening the geographic footprint of institutional real estate ownership beyond the established office markets.

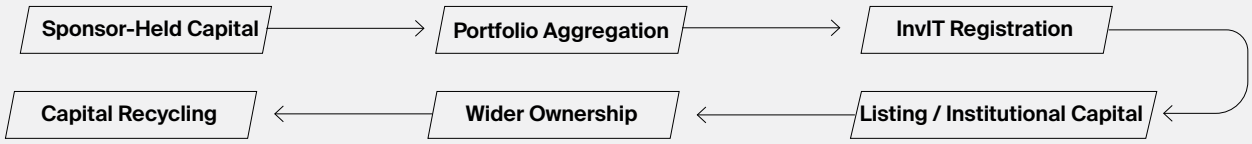
By June 2026, listed REITs accounted for 167 mn sq ft of operational office stock and 11.0 mn sq ft of retail stock, with a further 36 mn sq ft of office space under construction. At 16% of national office stock, REIT penetration remains relatively low, indicating substantial scope for further institutionalisation.

1.4.2. InvITs: The Institutionalisation of Warehousing Infrastructure

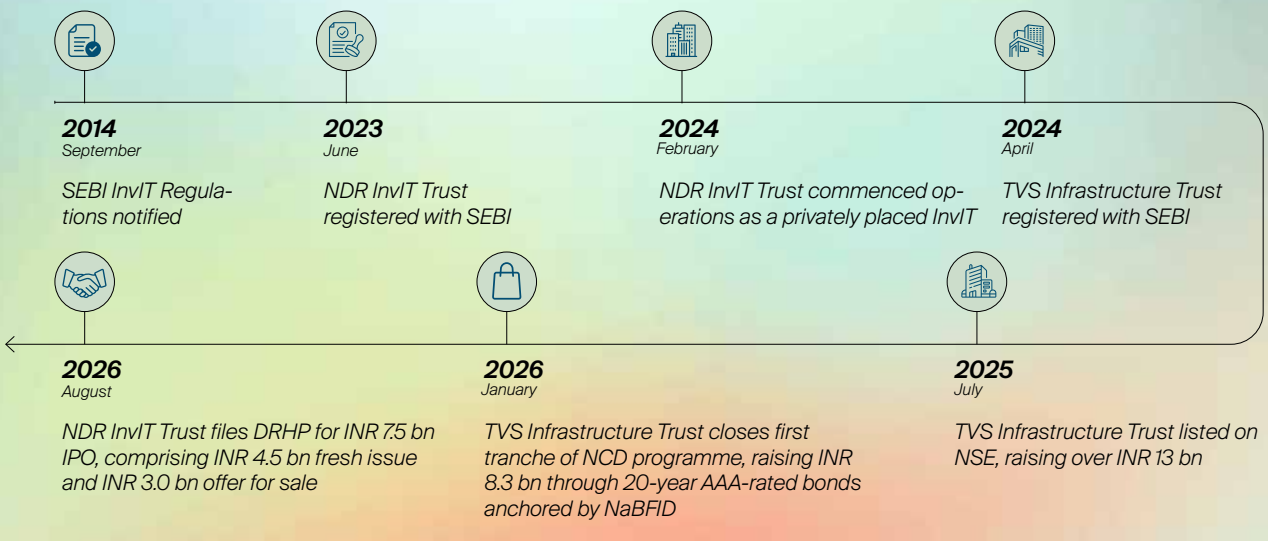
Since SEBI notified the InvIT Regulations in 2014 alongside REITs, India's infrastructure investment trust market has developed into a multi-sector platform spanning roads, power, telecom and other infrastructure assets. Warehousing, however, entered this institutional framework only recently. The emergence of NDR InvIT Trust and TVS Infrastructure Trust since 2023 marks the beginning of a distinct institutionalisation pathway for warehousing, as established warehouse portfolios are being aggregated into trust structures that can access long-term institutional and, increasingly, public-market capital.

Unlike conventional infrastructure assets, warehousing is a real estate-adjacent operating asset whose investment characteristics increasingly resemble infrastructure: large-scale, operational portfolios; recurring rental income; diversified occupier bases; and demand anchored by consumption and manufacturing activity. The emergence of dedicated warehousing InvITs therefore represents an important extension of India's capital-markets architecture into an asset class that has traditionally been financed through developers, private equity and other forms of private capital.

The institutionalisation pathway can be broadly characterised as:



The institutionalisation of warehousing through InvITst



Source: Knight Frank Research, Company Filings

The emergence of dedicated warehousing InvITs has been accompanied by increasing access to capital markets. TVS's 2025 listing and subsequent AAA-rated debt issuance demonstrate the ability of stabilised warehousing portfolios to tap both equity and long-term debt markets, while NDR's proposed 2026 IPO could further broaden public-market participation.

Warehousing InvIT portfolios

	NDR InvIT Trust*	TVS Infrastructure Trust**	Combined
Operational portfolio	23.0 mn sq ft	9.3 mn sq ft	~32.2 mn sq ft
Under-construction / pipeline	10.6 mn sq ft (ROFO pipeline)	1.4 mn sq ft	~12.2 mn sq ft
Geographic footprint	17 cities	18 industrial parks across 10 SPVs in 5 states	-
Occupancy	~99.8%	>98%	-
Portfolio	100 warehouses	18 industrial parks	

Source: Knight Frank Research, Company Filings
**as of June 2026, **as of March 2026*

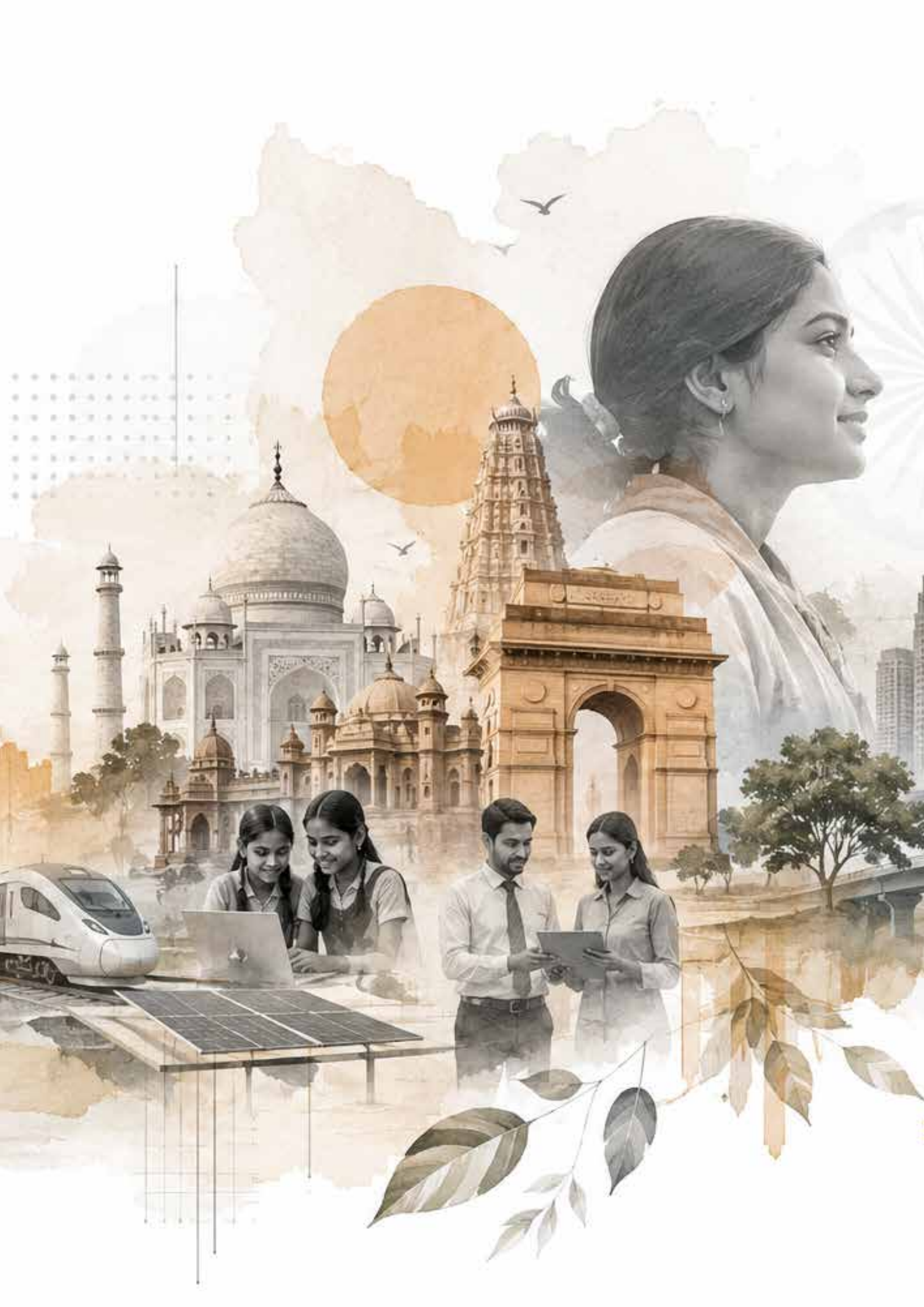
Together, NDR and TVS account for approximately 32 mn sq ft of operational warehousing, with a further 12 mn sq ft under construction or in the pipeline. High occupancy across both portfolios reflects the characteristics that support institutional ownership, including diversified assets, established occupier demand and predictable rental cash flows.

Warehousing remains an emerging component of the InvIT universe, with roads and fibre continuing to dominate the asset base. However, the emergence of dedicated warehousing platforms and their increasing access to public equity and long-term debt markets indicate a gradual shift from privately held portfolios towards aggregated, institutionally owned assets. As the pool of stabilised warehouse assets expands, InvITs could provide an additional avenue for capital recycling and long-term financing of India's logistics infrastructure.

The regulatory evolution, including the reclassification of REITs as equity instruments and removal of the shared investment cap with InvITs, could further widen the investor base and improve liquidity, with potential index inclusion providing an additional avenue for passive capital.

PE investment demonstrates India's ability to attract institutional capital, while REITs and InvITs are creating increasingly established routes to monetise, aggregate and recycle that capital across real estate and infrastructure-linked assets. Office remains the most developed expression of this cycle, while the emergence of retail REITs and warehousing-focused InvITs signals that institutionalisation is beginning to extend across asset classes.

Real estate is therefore contributing to India's economic growth not only through the activity, employment and value creation generated by the sector, but also by attracting and increasingly recycling institutional capital into productive assets.



Infrastructure & Urban Transformation

India's next phase of real estate growth will increasingly be shaped by the expansion and transformation of its urban infrastructure. As cities grow beyond established centres, connectivity is becoming an important determinant of where households live, businesses locate and new development takes place. This is particularly relevant as infrastructure investment increasingly extends beyond improving mobility within cities to connecting emerging urban centres and peripheral locations with established economic nodes.

The relationship between infrastructure and real estate, however, is not simply one of proximity. Improved connectivity can expand the effective catchment of an economic centre, reduce travel times and make previously peripheral locations more accessible to employment, consumption and logistics networks. The resulting change in accessibility can influence the development potential of these locations and contribute to the emergence of new residential and commercial corridors.

The evolution of India's infrastructure network therefore needs to be considered alongside the changing geography of real estate. As connectivity expands, so does the spatial footprint of economic activity.

2.1. Infrastructure-led real estate growth

India's infrastructure investment has expanded significantly over the past decade, increasing the capacity of cities and economic centres to connect with surrounding markets. Gross infrastructure CapEx has increased from INR 765 bn in FY15 to INR 6.6 tn in FY25, while its share of total CapEx has increased from 39% to 63% over the same period. At INR 6.0 tn in FY26 RE, infrastructure continues to account for more than half of total CapEx, while INR 6.7 tn has been budgeted for FY27, indicating that infrastructure remains a significant component of public capital expenditure.

The increase has been accompanied by a substantial expansion in spending on the networks that influence the movement of people and goods. Roads and highways CapEx increased from INR 166 bn in FY15 to INR 2.9 tn in FY25, while railway CapEx increased from INR 301 bn to INR 2.5 tn over the same period. Spending under Housing and Urban Affairs has also increased, from INR 74 bn in FY15 to INR 316 bn in FY25, reflecting the broader expansion of investment in urban infrastructure.

Infrastructure CapEx: Expanding the Capacity for Urban and Economic Growth (INR/bn)

	FY15 Actuals	FY25 Actuals	FY26 RE	FY27 BE
Gross Infrastructure CapEx	765	6,624	6,020	6,727
Roads & Highways	166	2,853	2,721	2,942
Railways	301	2,520	2,520	2,778
Housing & Urban Affairs	74	316	330	348
Infrastructure CapEx / Total CapEx	39%	63%	55%	55%

Source: Knight Frank Research, Budgetary Documents
RE- Revised Estimates; BE- Budgeted Estimates

The scale and composition of this investment majorly impacts the real estate sector because transport infrastructure directly influences the accessibility of land and the movement of labour. As travel times between established urban centres and peripheral locations reduce, the effective geography of a city expands. This can increase the development potential of locations that were previously constrained by accessibility, while also strengthening the attractiveness of established corridors with improved intra-city connectivity.

The impact is visible across both residential and commercial real estate. For residential markets, improved connectivity can expand the viable commuting radius and support development beyond established urban centres. For office markets, access to a larger labour pool and improved employee mobility can increase the viability of locations outside traditional business districts. In logistics and industrial markets, connectivity to highways, ports and other transport infrastructure can influence the location of distribution and manufacturing activity.

Infrastructure therefore acts as an enabler of real estate growth by expanding the geographic reach of economic activity. The changing relationship between connectivity and real estate is increasingly visible across India's cities, where new residential and office corridors are emerging beyond established urban centres.

However, the relationship between infrastructure and real estate varies by the type of connectivity created and the constraint it addresses.

Different infrastructure, different real estate outcomes

Infrastructure Type	Office Impact	Residential Impact	Illustrative Example
Metro / Rapid Transit	Supports peripheral office corridor formation by improving access to established employment nodes and expanding the occupier catchment.	Encourages densification and transit-oriented development along the alignment, opening new residential catchments alongside office growth.	***Bengaluru:*** Namma Metro strengthening Whitefield and ORR; ***Chennai:*** Metro Phase II improving connectivity across OMR, Sholinganallur and other emerging corridors.
Peripheral / Orbital Roads	Enables suburban office parks and decentralises demand from established business districts.	Supports peripheral and satellite residential growth, often at relatively lower price points than established urban cores.	***Hyderabad:*** ORR supporting the Gachibowli-Kokapet corridor; ***Bengaluru:*** PRR; ***Pune:*** Ring Road.
Coastal Roads / Sea Links	Expands the effective catchment of established CBDs into adjoining locations, easing accessibility constraints in land-constrained markets.	Can trigger repricing and densification in newly connected residential markets and integrate satellite locations more closely with the metropolitan region.	***Mumbai:*** MTHL integrating Navi Mumbai with the wider MMR; Coastal Road improving connectivity between South Mumbai and the western suburbs.
Greenfield Airports	Can create new commercial corridors, although office-led maturation typically follows a longer gestation period.	Residential demand can emerge ahead of office maturity, particularly where buyers anticipate future connectivity and economic activity.	***NCR:*** Noida International Airport-Yamuna Expressway corridor; ***MMR:*** Navi Mumbai International Airport.
High-Speed Rail	Can strengthen secondary business hubs and support commercial development around station nodes.	Can support premium and investment-led residential demand around stations, although the impact remains an emerging trend in India.	***Mumbai-Ahmedabad HSR***, particularly the Sabarmati station node.
Regional Rapid Transit	Can strengthen connectivity between metropolitan centres and peripheral employment hubs, supporting commercial development along station-linked corridors.	Can widen residential catchments by reducing commuting times, potentially supporting housing development and demand in connected peripheral locations.	***Delhi-Meerut corridor***, operational between Delhi and Meerut
Industrial Corridors	Generates logistics-adjacent office demand, including GCC back offices, R&D and supply-chain functions.	Creates workforce housing demand, generally concentrated in the affordable-to-mid segment and increasingly linked to planned industrial townships.	***Chennai Bengaluru Industrial Corridor:*** Ranipet/Tumakuru; ***Delhi Mumbai Industrial Corridor:*** Dholera Special Investment Region.
Data Centre Infrastructure	Supports specialised office ecosystems around hyperscalers, technology firms, professional services and GCCs.	Has limited direct impact on mainstream residential markets, although ancillary workforce housing can emerge around established clusters.	***Kolkata:*** New Town data-centre cluster; Hyderabad: Chandan Valley cluster.

Dedicated Freight Corridors & Ports	Creates indirect office demand by reducing logistics costs and improving trade and supply-chain efficiency.	Limited direct impact on mainstream residential markets; housing demand is primarily linked to industrial workforces.	***Western Dedicated Freight Corridors:*** strengthening logistics locations around Bhiwandi and Panvel.
Financial/ Regulatory Ecosystems	Can anchor entire office segments through policy, incentives and institutional concentration rather than physical connectivity alone.	Can generate premium and executive housing demand as financial-sector employees seek proximity to the emerging business ecosystem.	***GIFT City:*** IFSC framework anchoring BFSI, fintech and financial GCC activity.

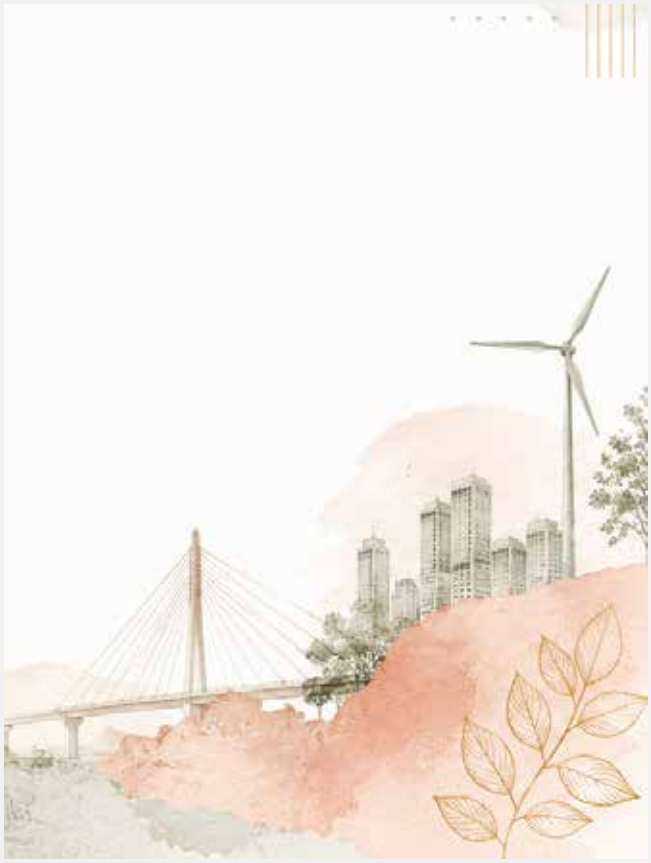
Source: Knight Frank Research

The common effect across these infrastructure types is an improvement in relative accessibility. Where connectivity is a binding constraint, reduced travel times can expand the area suitable for development. Where connectivity is already established, new infrastructure can strengthen existing corridors or redirect growth towards locations with greater land availability and development capacity.

Infrastructure does not independently generate real estate demand. It improves the viability and competitiveness of locations by increasing their access to employment centres, markets and economic activity. The scale of the real estate response depends on the extent of the accessibility improvement and the constraints affecting the location before the infrastructure investment.

The extent to which improved accessibility translates into additional real estate capacity also depends on how intensively land can be utilised. Higher FSI allows well-connected locations to accommodate greater residential and commercial development within a given urban footprint, making land-use intensity an important complement to transport infrastructure. This is particularly evident in well-planned cities such as Tokyo and Singapore, where FSI levels of around 20 and 25 respectively are supported by integrated land-use and transport planning, high-density development, land constraints and the concentration of economic activity. By comparison, FSI across Indian cities remains considerably lower, ranging from around 1 in Thane to 4 in Bengaluru.

This relationship is particularly relevant as India's infrastructure pipeline expands across metros, highways, airports, railways, industrial corridors and other economic infrastructure. These investments are changing the spatial distribution of economic activity and expanding the range of locations in which real estate development can be supported. The impact of this shift can be assessed through changes in development activity, transaction volumes, pricing and the emergence of new residential, office and industrial corridors across India's urban markets.



The comparison highlights that infrastructure capacity and development capacity need to evolve together. Where connectivity improves but land-use intensity remains constrained, the ability to translate accessibility gains into additional real estate supply may be limited.

2.2. City-level growth and emerging corridors

Infrastructure-led real estate growth is ultimately experienced at the city level, where changes in connectivity translate into shifts in employment locations, residential catchments and development activity. The nature of this relationship differs across markets depending on their stage of urbanisation, existing economic base and infrastructure network. Rather than following a uniform pattern, infrastructure is reshaping each city's real estate geography in different ways by extending established corridors, creating new employment nodes or integrating peripheral locations into the wider urban economy.

City - Wise Key Office and Residential Stats

	Ahmedabad*	Bengaluru	Chennai	Hyderabad	Kolkata	MMR	NCR	Pune
Office								
Transactions (mn sq ft)								
2015	0.8	11.1	5.1	4.6	0.9	7.5	7.4	5.5
2025	2.0	28.7	10.1	11.4	2.3	9.8	11.3	10.8
10Y CAGR	11%	10%	7%	10%	9%	3%	4%	7%
H1 2026	0.8	14.1	3.6	7.5	0.8	7.3	7.2	6.6
Completions (mn sq ft)								
2015	1.4	8.5	2.1	3.9	3.1	5.8	11.5	2.7
2025	1.9	16.2	3.5	4.3	-	5.1	9.6	14.2
H1 2026	1.7	10.4	2.6	3.0	-	1.6	4.0	3.9
Stock (mn sq ft)								
2015	15.5	123	67.5	51.3	21.0	117.8	137.7	57.5
2025	42.1	244	94.5	126.2	33.6	172.3	204.1	111.2
10Y CAGR	12%	7%	3%	9%	5%	4%	4%	7%
H1 2026	43.8	254	97.1	129.1	33.6	173.8	208.1	115.1
Grade A Stock (as of H1 2026)	18%	69%	66%	67%	53%	43%	47%	53%
Vacancy								
2015	20%	8%	19%	6%	33%	22%	22%	11%
2025	37%	13%	8%	12%	30%	17%	14%	14%
H1 2026	37%	12%	8%	11%	27%	16%	14%	14%
Weighted Average Rentals (INR/sq ft/month)								
2015	44.4	51.5	51.7	42.0	54.8	104.0	64.0	56.0
2025	44.0	97.1	73.0	77.0	47.5	125.0	96.2	78.0
H1 2026	45.3	102.1	74.5	80.0	51.1	130.0	106.0	81.7

	Ahmedabad*	Bengaluru	Chennai	Hyderabad	Kolkata	MMR	NCR	Pune
Residential								
Sales (unit)								
2015	16,826	50,083	17,882	14,903	20,618	62,581	48,800	36,264
2025	18,262	55,373	18,262	38,403	16,896	97,188	52,452	50,881
% Growth	9%	11%	2%	158%	-18%	55%	7%	40%
H1 2026	9,581	27,968	9,198	19,249	8,368	47,355	24,862	24,890
Sales share of homes valued > INR 10 mn								
2018	9%	14%	11%	21%	16%	24%	18%	5%
2025	24%	72%	35%	69%	25%	37%	82%	28%
H1 2026	26%	78%	41%	73%	26%	39%	84%	36%
Launches (unit)								
2015	15,552	45,590	14,956	11,197	22,753	39,663	63,458	30,897
2025	22,041	68,760	20,865	40,737	15,780	87,114	50,769	56,118
% Growth	42%	51%	40%	264%	-31%	120%	-20%	82%
H1 2026	11,077	34,749	9,588	20,466	7,316	49,161	23,877	31,116
Unsold Inventory (unit)								
2015	39,782	98,734	36,497	31,477	35,874	1,81,151	2,06,028	62,190
2025	36,231	67,518	19,332	54,878	19,630	1,55,604	1,04,969	51,653
H1 2026	37,727	74,299	19,722	56,095	18,578	1,57,410	1,03,984	57,879
QTS								
2015	8.7	7.9	7.4	8.4	10.7	11.1	16.9	6.5
2025	7.8	4.9	4.5	5.8	4.6	6.4	7.6	4.0
H1 2026	8.1	5.3	4.4	5.9	4.4	6.5	7.9	4.5
Weighted Average Price (INR sq ft)								
2015	2,730	4,780	4,596	3,620	3,535	7,994	4,578	4,835
2025	4,794	8,906	7,396	8,200	5,879	14,604	13,420	9,875
% Growth	76%	86%	61%	127%	66%	83%	193%	104%
H1 2026	4,826	9,354	7,555	8,258	5,942	14,948	13,788	10,063

Source: Knight Frank Research
**Ahmedabad office data is as of 2016. Stock and Transactions CAGR is over a 9-year period, 2016-25.*

Ahmedabad

Rapid supply creation versus absorption capacity

Ahmedabad shows that expanding real estate capacity does not automatically translate into absorption; supply quality and economic depth matter. Office stock rose from 15.5 mn sq ft in 2016 to 42.1 mn sq ft in 2025, a 12% CAGR, while transactions increased 150% between 2015 and 2025. Yet vacancy reached 37% in H1 2026 and only 18% of stock is Grade A. Residential growth has been moderate, with sales up 9% and launches 42% between 2015 and 2025. The market is therefore adding capacity faster than demand is tightening it, highlighting why initiatives such as GIFT City need to generate not just supply, but sustained economic and occupier demand.

Bengaluru

Employment expansion translating into residential value creation

Bengaluru's expanding employment base is translating more strongly into residential value than into residential volume. Office stock nearly doubled between 2015 and 2025, with 69% of it being Grade A and vacancy is 12% as of H1 2026. Residential sales, however, increased only 11%, while prices rose 86% and the share of sales above INR 10 mn surged from 14% in 2018 to 78% in H1 2026. The defining shift is therefore from volume to value: a deeper employment economy is supporting greater purchasing power and premiumisation across residential catchments.

Chennai

Residential expansion ahead of office-stock growth

Chennai shows that residential catchments can expand ahead of formal office-stock growth as accessibility improves. Office stock grew at only a 3% CAGR between 2015 and 2025, while office transactions grew at a 7% CAGR, indicating stronger occupier activity without a proportionate expansion in stock. Residential launches increased 40%, prices 61%, and the share of sales above INR 10mn rose from 11% in 2018 to 41% in H1 2026. The divergence suggests that residential development is responding to a widening urban geography rather than simply following new office supply. Infrastructure can therefore bring emerging residential locations into the effective urban market ahead of a comparable expansion in measured office stock.

Hyderabad

Scale-driven expansion with volume and value moving together

Hyderabad is the clearest case of infrastructure, employment and housing reinforcing one another at scale. Office stock more than doubled between 2015 and 2025, while residential sales rose 158% and launches 264%. At the same time, sales of homes valued more than INR 10 mn sales share increased from 21% in 2018 to 73% in H1 2026. Hyderabad has therefore expanded both the size and value of its residential market unlike markets where premiumisation has largely replaced volume growth. With QTS at 5.9 in H1 2026, absorption remains broadly stable, but sustaining this trajectory will depend on demand keeping pace as new corridors mature.

Kolkata

Market consolidation amid weak underlying demand

Kolkata is becoming healthier without becoming materially larger, highlighting the limits of connectivity where underlying demand remains shallow. Residential sales and launches declined 18% and 31% between 2015 and 2025, yet unsold inventory almost halved and QTS improved from 10.7 to 4.4. Office activity has been more resilient, but 27% vacancy remains high despite 53% Grade A stock. The result is consolidation rather than expansion: improved inventory efficiency has not translated into renewed demand. Infrastructure can strengthen selected locations but cannot by itself create the economic depth required for sustained market growth.

MMR

Metropolitan integration and value redistribution

In a mature metropolitan economy, infrastructure increasingly redistributes real estate activity rather than simply creating new supply. Office stock grew at a modest 4% CAGR between 2015 and 2025, while residential sales rose 55% and prices 83%; office vacancy simultaneously compressed to 16%. The real estate impact of infrastructure is therefore increasingly spatial rather than purely additive changing the relative accessibility and value of locations within an established economic system. MTHL, the Coastal Road and improving links toward Navi Mumbai illustrate how connectivity can redistribute households, businesses and development across the metropolitan geography.

NCR

Value concentration amid constrained residential volume

NCR demonstrates that infrastructure-led metropolitan integration can create substantial real estate value without corresponding growth in housing volumes. Residential sales increased only 7% between 2015 and 2025, while launches declined 20%; prices nevertheless rose 193% and the share of sales of homes value >INR 10mn share increased from 18% in 2018 to 84% in H1 2026. Office vacancy also compressed to 14%. NCR's defining outcome is therefore value concentration rather than volume expansion, as improved connectivity across a polycentric region strengthens premium locations disproportionately.

Pune

Parallel expansion of employment and residential markets

Pune shows the most balanced relationship between employment expansion and residential growth, with both markets widening in parallel. Office stock nearly doubled between 2015 and 2025 and transactions rose 96%, while residential sales increased 40%, launches 82% and prices 104%. QTS improved from 6.5 to 4.5, even as premiumisation accelerated. The city illustrates how infrastructure can support the simultaneous expansion of employment nodes and residential catchments, allowing the metropolitan footprint to widen without a pronounced divergence between office and housing markets.

The city-level evidence shows that infrastructure does not produce a uniform real estate response; its impact is shaped by the maturity, economic depth, land availability and spatial structure of each urban market. Bengaluru and Hyderabad demonstrate how expanding employment ecosystems can reinforce residential value creation, with Hyderabad combining this with exceptional volume growth. Chennai shows that residential catchments can expand ahead of formal office-stock growth, while Pune demonstrates a more parallel expansion of employment and housing. In mature markets such as MMR and NCR, infrastructure increasingly integrates and redistributes activity within an established metropolitan economy, producing different outcomes for value and volume. Ahmedabad and Kolkata provide the counterpoints: the former shows capacity creation running ahead of absorption, while the latter shows improving market efficiency without renewed volume growth.

The evidence therefore suggests that infrastructure should not be viewed as a standalone generator of real estate demand, but as a force that changes the spatial distribution, accessibility and relative attractiveness of urban locations. The extent to which that potential translates into sustained real estate growth depends on the economic activity, housing demand, land availability and quality of development that infrastructure connects.

2.3. Urbanisation and changing location dynamics

India's infrastructure cycle is beginning to alter the geography of urban growth itself. The evidence in the preceding sections suggests that the country's major cities are moving beyond a model in which development is concentrated around an established core and infrastructure subsequently extends that footprint. Instead, infrastructure is increasingly influencing the emergence, strengthening and integration of multiple locations within a wider urban economy.

The shift, however, is not uniform. Bengaluru is already operating through multiple established employment and residential corridors, while Hyderabad remains strongly concentrated along its western corridor, with planned developments such as Pharma City providing the potential for a new southern economic node. Chennai is seeing residential catchments extend beyond its established employment spine, while MMR and NCR increasingly function as metropolitan economies that extend well beyond their traditional city boundaries. These differences suggest that Indian urbanisation is not following a single path from monocentric to polycentric development; rather, different cities are moving through different stages of spatial diversification and integration.

The scale of urbanisation is also increasing the importance of this spatial transition. India's largest urban centres are already operating at metropolitan scale, with 11 cities having populations above 1 mn and six above 10 mn as of 2024. As urban centres

Population scale of India's largest cities

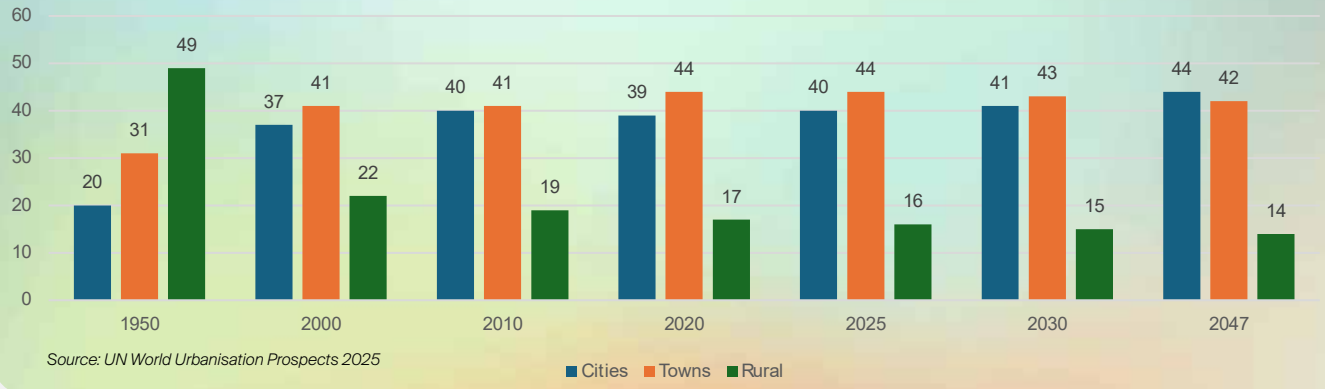
Metric	No of Cities
Cities with population >10 mn*	6
Cities with population >5 mn*	3
Cities with population >1 mn*	11

Source: Oxford Economics
*as of 2024

become larger, the concentration of population and economic activity creates greater pressure on land, housing and transport capacity, while also increasing the need to integrate surrounding locations into the wider urban economy.

The longer-term trajectory reinforces this trend. The share of India's population living in cities is projected to increase from 40% in 2025 to 44% by 2047, while the rural share declines from 16% to 14%. This continued shift towards urban centres suggests that the demand for housing, employment, mobility and supporting infrastructure will increasingly be concentrated within interconnected urban and metropolitan systems.

India's changing urbanisation profile
Percentage of India's population living in



Source: UN World Urbanisation Prospects 2025

This distinction matters for understanding the role of infrastructure. A new metro line, expressway, airport or industrial corridor does not simply add connectivity to an existing market. By changing travel times and access to employment centres, it can alter the relative attractiveness of locations within the wider urban region. Over time, this can influence where developers build, where households choose to live and where businesses establish operations. Infrastructure therefore increasingly acts as a mechanism through which the spatial structure of a city is reorganised.

But connectivity by itself is not sufficient. The city-level evidence shows that infrastructure creates very different outcomes depending on the economic and urban context into which it is introduced. Bengaluru and Hyderabad demonstrate stronger alignment between employment expansion and residential value creation. Chennai has experienced substantial residential expansion despite relatively modest growth in office stock, indicating that residential catchments can widen ahead of measured employment growth. Ahmedabad, in contrast, demonstrates that substantial capacity creation can occur without corresponding absorption, with office stock expanding rapidly while vacancy remains elevated. Infrastructure can therefore influence real estate through multiple channels not only by supporting employment and demand, but also by improving accessibility to land, widening housing catchments and increasing the availability of developable locations. The effectiveness of infrastructure depends not simply on how much is built, but on how well it is aligned with the location of economic activity, housing demand, land availability and development capacity.

This is particularly relevant as infrastructure begins to reshape the relationship between jobs and housing. These markets do not necessarily expand simultaneously or within the same location. Employment in one node can support housing demand across a wider catchment when connectivity improves, while residential development can also anticipate future employment growth. Infrastructure planning therefore needs to consider jobs, housing and mobility as components of the same urban system rather than as independent investments.

The same principle applies to the growing relevance of metropolitan and regional connectivity. Metro networks are reshaping accessibility within cities, while RRTS is strengthening links across metropolitan regions, as seen in the Delhi-Meerut corridor. At the inter-city level, the expanding High-Speed Rail network could be more transformative by strengthening economic and real estate linkages between major urban centres across states. Beyond the Mumbai-Ahmedabad corridor, proposed connections such as Mumbai-Pune, Pune-Hyderabad, Hyderabad-Bengaluru, Hyderabad-Chennai, Chennai-Bengaluru, Delhi-Varanasi and Varanasi-Siliguri could, over time, influence the spatial relationship between cities by reducing travel times, widening labour and business catchments and creating new opportunities around station nodes. MTHL is similarly strengthening the functional relationship between Navi Mumbai and the wider MMR economy. As the functional geography of real estate expands beyond municipal boundaries, infrastructure planning also needs to reflect the geography of the metropolitan and inter-city economies it is intended to serve.

This becomes critical as India enters a phase of development involving greenfield airports, regional expressways, industrial corridors and new employment ecosystems. Locations around Jewar and Navi Mumbai, and emerging nodes such as Pharma City may develop into important components of their respective urban economies, but infrastructure delivery alone will not determine that outcome. Their success will depend on the quality, efficiency, financial viability and timely delivery of infrastructure, alongside the availability of employment, housing, social infrastructure, utilities and developable land, and the sequencing of these components.

The implication is that infrastructure investment needs to be deliberate rather than simply extensive. Projects need to be evaluated against the urban geography they are intended to serve where employment is located or likely to emerge, where housing demand can be accommodated, how land can be developed, and whether supporting infrastructure can be delivered alongside connectivity. Infrastructure that is poorly aligned with these factors may improve accessibility without generating commensurate economic or real estate activity;

India's cities are consequently becoming less defined by their traditional boundaries and more by the networks of employment, housing and infrastructure that connect them. The next phase of urban growth will depend on how effectively these networks are understood and planned. For real estate, the question is therefore no longer simply where infrastructure is being built, but whether it is being built in the right places, at the right scale and in the right sequence to support the urban economy around it.

infrastructure that is carefully integrated with them can accelerate the development of an entire urban corridor.

This makes coordination the central planning challenge. Transport infrastructure can expand the geography of opportunity, but capturing that opportunity requires land-use planning, employment generation, housing supply and social infrastructure to develop in sufficient proximity and at an appropriate pace. This is where the infrastructure agenda intersects directly with the objectives of Viksit Bharat: the economic return on infrastructure investment depends not only on the capital deployed, but on how effectively the surrounding urban economy is able to respond.

The Next Generation Of Real Estate

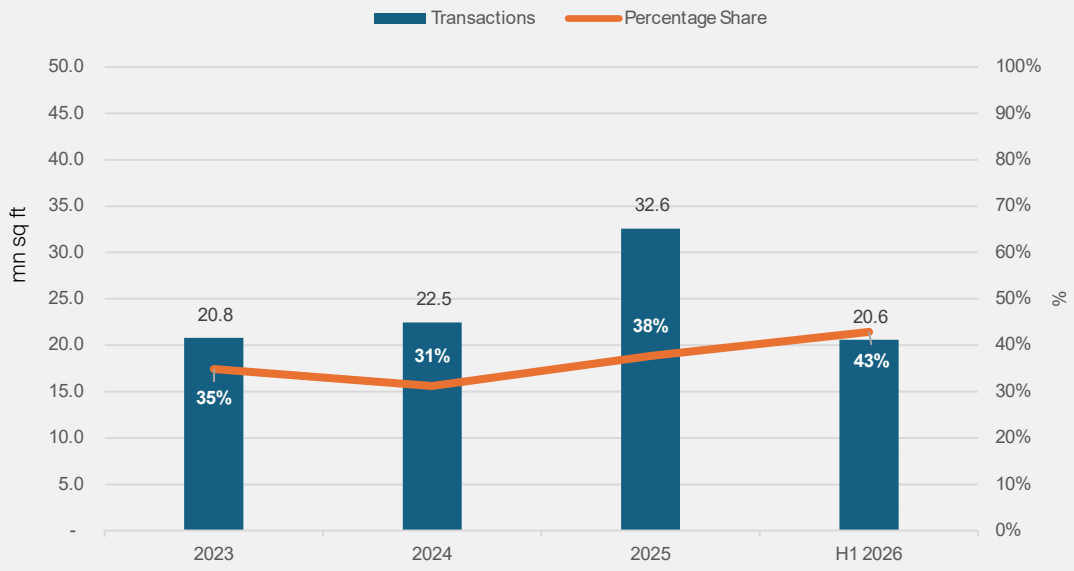
3.1 GCC expansion and its impact on office demand and cities

India's GCC proposition was initially built around talent availability and cost arbitrage. A large skilled workforce, lower operating costs and relatively low office rentals compared with global markets made India an attractive location for technology and back-office functions. Over time, this proposition has evolved as multinational companies have moved higher-value and more specialised functions to India, including technology, engineering, R&D, analytics, finance and risk management.

This transition is making GCCs increasingly important to India's real estate market. Their requirements extend beyond cost-efficient space to Grade A offices, large floor plates, digital infrastructure, workplace amenities and access to specialised talent. GCC expansion is therefore influencing not only the quantum of office demand, but also the quality and location of new office supply.

GCC transactions increased from 20.8 mn sq ft in 2023 to 32.6 mn sq ft in 2025, while their share of total office transactions increased from 35% to 38%. At 20.6 mn sq ft in H1 2026, GCCs accounted for 43% of office transactions.

Trend in GCC penetration as a share of total office absorption.

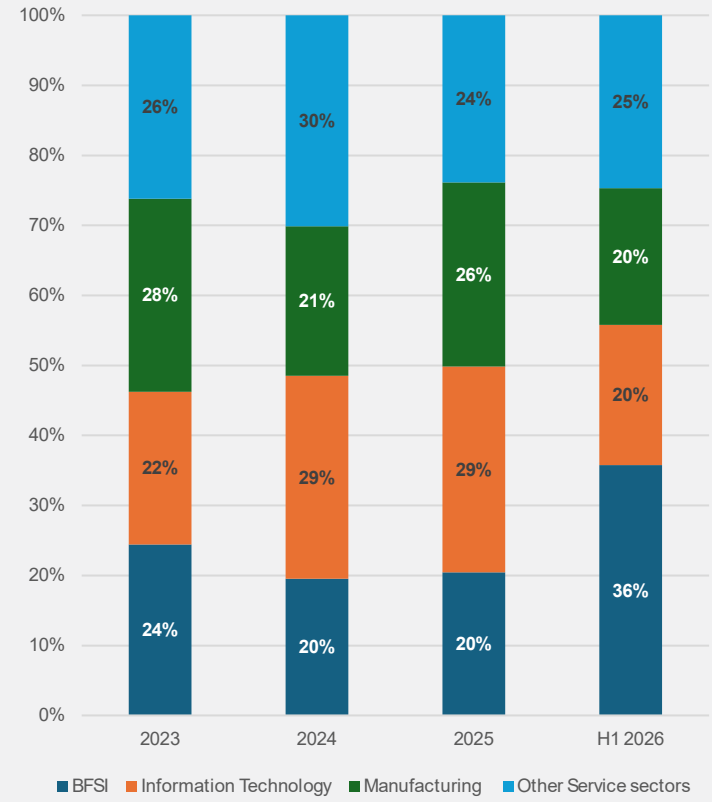


Source: Knight Frank Research

The rising share is significant because GCC demand is increasingly linked to longer-term global operating strategies, rather than short-term fluctuations in domestic occupier sentiment. As companies establish and subsequently scale their Indian operations, GCCs can generate a sustained requirement for office space and support the absorption of institutional-grade supply.

The industry composition shows a more fundamental change in the GCC model. No single industry dominates GCC transactions, with BFSI, IT, manufacturing and other services all contributing meaningfully to demand. The Information Technology's share increased from 22% in 2023 to 29% in 2025 but moderated to 20% in H1 2026. Manufacturing has remained a significant contributor throughout, while BFSI's share increased sharply from 20% in 2025 to 36% in H1 2026.

Industry Split of GCC transactions



Source: Knight Frank Research

This diversification is important because it signals that India's GCC proposition is becoming increasingly industry-agnostic and capability-led. Manufacturing companies are increasingly locating engineering, R&D and global support functions in India; BFSI companies are expanding technology, analytics, finance and risk capabilities; while IT continues to anchor technology-intensive operations.

The shift also has a direct real estate implication. Different global functions create different real estate requirements. A technology centre, an engineering and R&D operation and a BFSI centre may differ in their requirements for security, infrastructure, floor-plate configuration, workplace design and location. As GCC activity broadens, these requirements are also contributing to greater differentiation across cities and sub-markets, with cities developing stronger positions in specific capabilities; Bengaluru in technology, Hyderabad in life sciences and pharmaceuticals, and MMR in financial services, for example. The expansion of the GCC ecosystem therefore supports a more differentiated office market rather than simply increasing aggregate absorption. More importantly, this diversification makes the growth story less dependent on the expansion of India's technology sector alone and broadens the potential pipeline of global functions across cities.

The city-level data shows how this changing GCC model is translating into office markets. Bengaluru recorded 15.2 mn sq ft of GCC transactions in 2025, with GCCs accounting for 53% of its office transactions. Chennai and Hyderabad recorded 45% each, while Mumbai's GCC share increased sharply to 46% in H1 2026. The varying contribution of GCCs across markets indicates that this demand is not being distributed uniformly but is increasingly reflecting the sectoral strengths and capability ecosystems of individual cities and sub-markets.

City Wise GCC Absorption and Transaction Share

	Ahmedabad	Bangalore	Chennai	Hyderabad	Kolkata	Mumbai	NCR	Pune
2023	0.1	3.8	6.0	4.1	0.2	0.8	2.6	3.3
% share in overall leasing	*4%*	*30%*	*56%*	*46%*	*12%*	*10%*	*26%*	*49%*
2024	0.1	9.3	3.2	5.1	0.1	0.7	2.4	1.5
% share in overall leasing	*4%*	*52%*	*39%*	*49%*	*9%*	*7%*	*19%*	*19%*
2025	0.1	15.2	4.5	5.1	0.1	1.7	3.0	2.8
% share in overall leasing	*7%*	*53%*	*45%*	*45%*	*2%*	*18%*	*26%*	*26%*
H1 2026	0.0	8.5	1.6	3.4	0.0	3.3	1.5	2.1
% share in overall leasing	*1%*	*60%*	*45%*	*45%*	*4%*	*46%*	*21%*	*32%*

Source: Knight Frank Research

Overall % share of GCC transactions in Grade A properties

	Ahmedabad	Bangalore	Chennai	Hyderabad	Kolkata	Mumbai	NCR	Pune
2024	0.1	9.3	3.2	5.1	0.1	0.7	2.4	1.5
2025	*0.1*	*15.2*	*4.5*	*5.1*	*0.1*	*1.7*	*3.0*	*2.8*
H1 2026	0.0	8.5	1.6	3.4	0.0	3.3	1.5	2.1
GCC Transaction in Grade A (%)	*82%*	*99%*	*95%*	*99%*	*80%*	*90%*	*98%*	*96%*

Source: Knight Frank Research

The variation across cities is important. GCCs do not simply follow the largest existing office markets; their location decisions increasingly reflect the combination of talent pools, connectivity, quality supply, operating costs and the ability to scale. This allows GCC demand to reinforce established centres while supporting the emergence of new office corridors and business districts.

GCC demand can also influence the quality of office supply. These occupiers typically seek institutional-grade, Grade A assets with higher standards of building quality, infrastructure, security and workplace specifications. This is reflected in the data, with Grade A properties accounting for 99% of GCC transactions in Bengaluru and Hyderabad, 98% in NCR, 96% in Pune,

India's GCC opportunity has consequently moved through three stages: competitive cost created the initial advantage, abundant talent enabled scale, and diverse capability is now creating depth. The rising contribution of GCCs to office transactions, their increasingly diverse industry base and their influence on city-level office markets point to a structural shift in how global companies use India.

This is what makes GCCs a next-generation real estate growth engine. Their expansion is not simply adding to office demand; it is upgrading the quality of that demand, broadening its economic base and supporting the development of new employment and real estate ecosystems across Indian cities.

95% in Chennai and 90% in Mumbai. Their growing presence can therefore encourage developers and asset owners to maintain and invest in higher-quality buildings to meet evolving occupier requirements. GCC expansion consequently contributes not only to the quantum of office demand, but also to the quality and competitiveness of India's office stock.

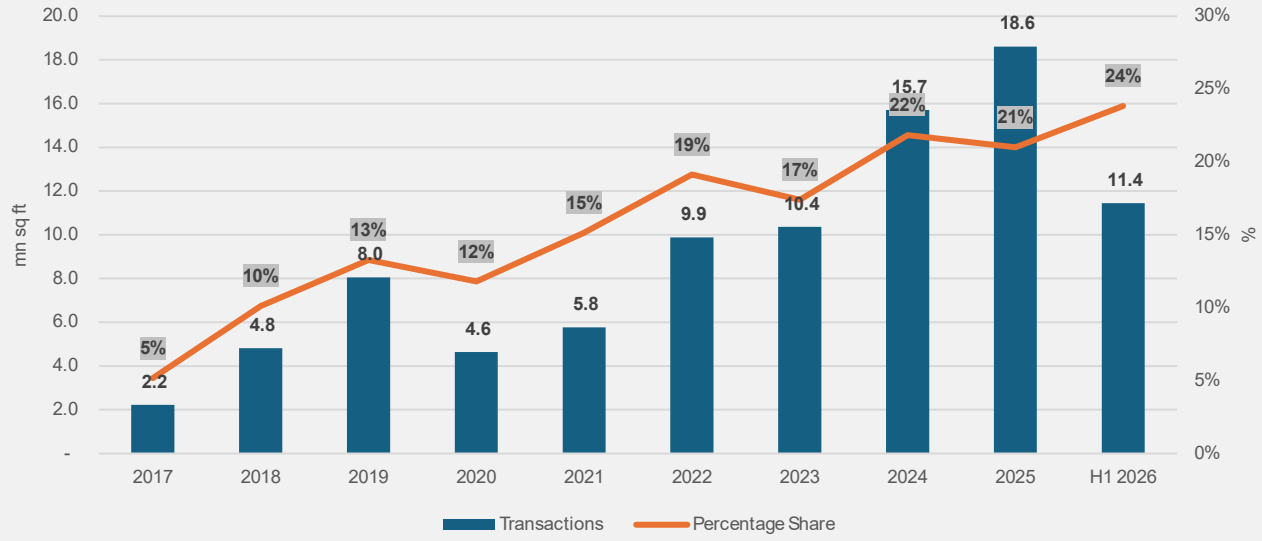
The resulting impact extends beyond office space. Concentrated pools of global employment can strengthen demand for housing, mobility, retail and social infrastructure, while encouraging further investment in the surrounding urban ecosystem.

3.2 Flex as an enabler of business agility

The evolution of flexible office space reflects a broader change in how businesses approach real estate. In an environment characterised by volatility, uncertainty and changing business requirements, occupiers increasingly value the ability to adjust their real estate footprint without being constrained by long-term commitments. Flex has therefore moved beyond being an alternative workspace format to becoming a mechanism through which businesses can scale, contract or enter new locations with greater speed and lower upfront capital requirements.

India's flex market has expanded significantly alongside this shift. Flex transactions increased from 2.2 mn sq ft in 2017 to 18.6 mn sq ft in 2025, a 30% CAGR, while its share of overall office transactions increased from 5% to 21%. In H1 2026, flex accounted for 24% of transactions, the highest share recorded in the period.

Trend in flex space penetration as a share of total office absorption.



The expansion has also been broad-based, with Bengaluru, Pune, Chennai and Hyderabad emerging as significant flex markets alongside the established MMR and NCR markets. The growing adoption of core-plus-flex and hub-and-spoke models reflects this change. A stable core office can provide the long-term base for corporate functions and teams, while flexible space can provide additional capacity for expansion, project teams, new market entry or distributed workforces.

This creates a potential demand funnel between flexibility and permanence. Businesses can establish a presence in a new market through flex before committing to a conventional lease or use flex to absorb temporary or uncertain requirements before determining their longer-term footprint.

The implications extend to landlords as well. Flex operators can aggregate requirements from multiple occupiers, take larger blocks of space and provide landlords with access to a diversified end-user base. Flex is consequently emerging as an intermediary layer within the office market, connecting landlords with a more fragmented and dynamic occupier base.

It also alters the distribution of real estate risk. A conventional lease places greater responsibility on the occupier to forecast future space requirements, whereas a flex model allows part of that uncertainty to be absorbed by the operator. The value of flex, therefore, lies not only in shorter commitments but in transferring a portion of occupancy risk in exchange for greater adaptability.

City wise Flex Market Scorecard: 2017 to H1 2026

City	2017 (mn sq ft)	2025 (mn sq ft)	8Y CAGR	H1 2026 (mn sq ft)	H1 2026 Share	Peak Share (Year)
Ahmedabad*	0.1	0.2	10%	0.4	45%	45% (H1 2026)
Bengaluru	0.7	5.3	29%	2.9	20%	30% (2023)
Chennai	0.1	2.1	46%	1.1	30%	30% (H1 2026)
Hyderabad*	0.7	1.9	15%	2.0	27%	27% (H1 2026)
Kolkata**	0.02	0.8	85%	0.3	40%	40% (H1 2026)
MMR	0.7	2.7	18%	0.4	6%	28% (2025)
NCR	0.3	2.2	28%	2.2	30%	30% (H1 2026)
Pune	0.4	3.4	31%	2.2	33%	38% (2020 & 2022)

Source: Knight Frank Research
**2018, **2019, Ahmedabad and Hyderabad are 7Y CAGR, Kolkata is 6Y CAGR*

The significance of flex extends beyond the flexibility of the lease itself. It changes how businesses consume office real estate. Traditional leasing requires occupiers to commit to a fixed footprint based on anticipated future requirements, potentially leaving them with excess capacity when business conditions change. Flex converts a portion of this fixed requirement into variable capacity, allowing occupiers to align their workspace more closely with actual business needs.

This becomes particularly relevant in a VUCA environment, where hiring plans, project requirements, market entry and business cycles can change faster than conventional lease structures. Flex allows businesses to respond to these changes without allowing their real estate footprint to become a constraint on growth.

The changing occupier profile reinforces this shift. Large enterprises account for 72% of seats in flex spaces, indicating that flex is no longer primarily associated with freelancers, startups and small businesses. It is increasingly becoming part of the real estate strategy of larger organisations seeking greater flexibility in capacity and location.

The evolution of investment in flexible workspace provides another indication of its growing role within the office market. PE investment increased from USD 25.3 mn in 2017 to USD 112.3 mn in 2019, before the pandemic interrupted the investment cycle. The sector subsequently attracted USD 594.5 mn across nine deals in 2022, its largest annual inflow during the period. Investment moderated thereafter as the market moved towards consolidation, but H1 2026 recorded USD 30.9 mn across two deals, with larger-ticket transactions indicating renewed investor interest.

Key occupiers within Flex Spaces

Category	Share of Seats
Type of Company	
Large Enterprise	72%
SME	18%
Startup	10%
End Use	
GCC	52%
Third Party IT	26%
India Facing	22%
Type of Industry Vertical	
Information Technology	43%
BFSI	25%
Other Service Sectors	24%
Manufacturing	8%

Source: Knight Frank Research

The contrast between continued growth in flex absorption and lower deal volumes is significant. The market is moving from operator proliferation towards scale and consolidation, with investors increasingly evaluating enterprise exposure, operating capability and scalability rather than simply the number of locations.

Trends of Private Equity Investment in Indian Flexible Spaces

	Amount (USD/Mn)	No of Deals	Market Context
2016	1.5	4	Market emergence; early-stage operators
2017	25.3	6	Coworking concept gains traction
2018	48.7	5	Global operators (WeWork, IWG) scale India
2019	112.3	8	Peak pre-pandemic; CLSA, Peak XV invest
2020	11.3	2	COVID-19 deal freeze; sector tests resilience
2021	6.2	2	Cautious recovery: hybrid work narrative builds
2022	594.5	9	Enterprise GCC surge; Hillhouse, Actis anchor mega-round
2023	59.4	5	Normalisation post-2022 spike; 5 quality deals
2024	31.1	4	Selective institutional capital: GCC-led operators attract PE
2025	24.3	4	Consolidation phase; 4 strategic deals; operator quality > quantity
H1 2026	30.9	2	Renewed investor interest; larger-ticket deals signal a potential reacceleration in capital deployment

Source: Knight Frank Research, Venture Intelligence
Note: PE investment amount of certain deals is not mentioned due to unavailability of that information

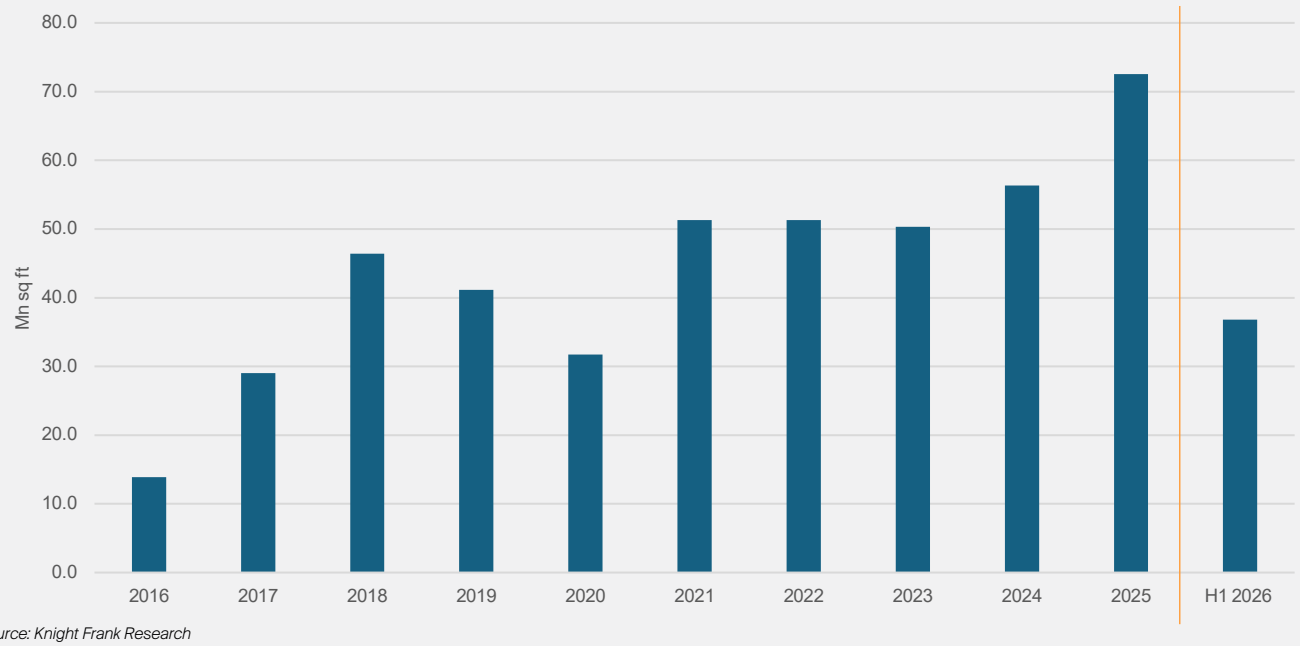
Flex is therefore becoming more than an alternative form of office occupancy. By converting fixed real estate commitments into variable capacity, it allows businesses to align space with the pace and uncertainty of growth, while creating a new intermediary layer between landlords and occupiers. Its rising penetration, increasing adoption by large enterprises and GCCs, and evolving investment profile suggest that flexibility is becoming a structural component of India's office market rather than a temporary response to changing workplace preferences. As businesses increasingly treat real estate as an adaptable component of their operating strategy, flex can support not only workspace efficiency but also market entry, expansion and the faster absorption of office space.

3.3 Warehousing as an enabler of consumption and manufacturing: From Storage to Supply-Chain Infrastructure.

India's warehousing sector has evolved from a largely fragmented storage market into an increasingly organised component of the country's supply-chain infrastructure. The expansion reflects a combination of manufacturing growth, rising consumption, supply-chain formalisation, 3PL adoption and improving connectivity.

Warehousing transactions increased from 13.9 mn sq ft in 2016 to 72.5 mn sq ft in 2025, registering a 20.2% CAGR. The market has also maintained its scale into 2026, with 36.8 mn sq ft transacted in H1 2026. The sustained expansion indicates that organised warehousing is moving beyond a niche logistics requirement and becoming an established component of India's commercial real estate market.

Transaction Volumes



Source: Knight Frank Research

The expansion, however, is not uniform across cities. Pune, MMR and Bengaluru recorded the strongest long-term growth in transaction volumes, while Pune emerged as the largest market in 2025 at 16.0 mn sq ft, ahead of MMR at 13.5 mn sq ft and NCR at 12.2 mn sq ft. Chennai has also seen significant expansion, while Ahmedabad and Kolkata have developed steadily from smaller bases.

The emerging geography is significant. Unlike office real estate, where employment concentration is a primary driver, warehousing demand follows the physical movement of goods. Locations that combine manufacturing activity, consumption catchments and connectivity to major transport networks are therefore increasingly becoming logistics nodes.

Infrastructure is strengthening this relationship. Expressways, dedicated freight corridors, ports and multimodal logistics networks are reducing travel times between production centres, distribution hubs and consumption markets. This is allowing occupiers to consolidate operations into larger, more efficient facilities while also making previously peripheral locations viable for organised warehousing.

The result is a real estate geography increasingly shaped by logistics efficiency rather than simply urban boundaries.

City Level trends (mn sq ft)

	Ahmedabad	Bangalore	Chennai	Hyderabad	Kolkata	MMR	NCR	Pune	All India
Transactions									
2016	1.7	1.3	1.9	1.2	1.4	1.6	2.8	2.0	13.9
2025	6.4	8.2	8.3	3.4	4.6	13.5	12.2	16.0	72.5
9Y CAGR	16%	23%	18%	12%	14%	27%	18%	26%	20%
H1 2026	4.1	4.0	3.0	2.1	2.4	10.7	5.9	4.6	36.8
Stock as of H1 2026									
	47.9	62.2	46.5	26.9	42.4	192.1	117.8	49.0	584.9

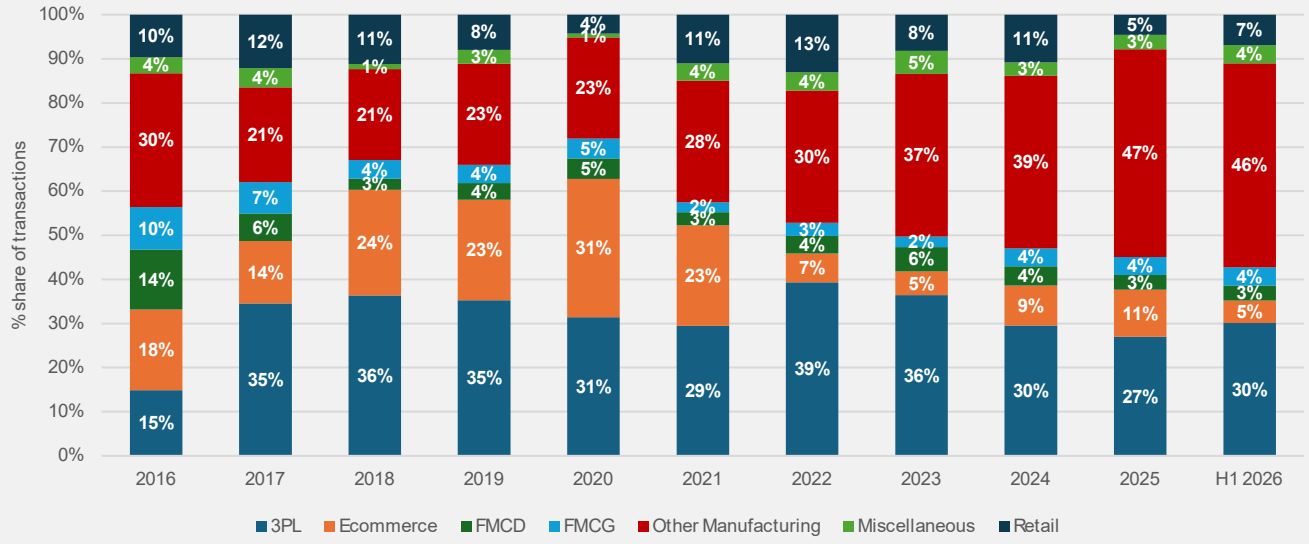
Source: Knight Frank Research

The more important structural change is visible in the industry composition of transactions. Manufacturing's share increased from 30% in 2016 to 47% in 2025, making it the largest source of warehousing demand. 3PL also increased its share from 15% to 27%, while e-commerce declined from 18% to 11%.

This represents a fundamental broadening of the market. E-commerce helped institutionalise warehousing, but manufacturing and 3PL are increasingly determining its scale. Manufacturing requires storage and distribution capacity around production clusters, while 3PL operators create demand by aggregating logistics requirements across multiple industries.

This shift also makes the sector less dependent on the fortunes of a single end-use. As India's manufacturing base expands, organised retail scales and businesses increasingly outsource logistics, warehousing demand can grow through multiple channels simultaneously.

Industry split of Warehousing Volumes



Source: Knight Frank Research

Notes:

- *Other Manufacturing: These include all manufacturing sectors (automobile, electronics, pharmaceuticals, etc.) except FMCG and FMCD.*
- *Miscellaneous: These include services such as telecom, real estate, document management, agricultural warehousing and publishing.*

The structural shift in occupier demand suggests that warehousing is increasingly being shaped by the formalisation and reconfiguration of India's supply chains rather than by any single end-use. The combination of manufacturing expansion, rising 3PL penetration and infrastructure-led connectivity is creating demand for larger, better located and more specialised facilities.

This changes the nature of the opportunity. As supply chains consolidate, location efficiency, scale and network coverage become increasingly valuable characteristics of logistics real estate. The resulting demand is therefore not simply for more warehouse space, but for a more integrated logistics network connecting production centres with consumption markets.

Warehousing is consequently emerging as one of the real estate segments most directly linked to India's physical economic expansion. Its growth is being driven simultaneously by industrial capacity, consumption and infrastructure investment giving the asset class a broader and more durable demand base than its earlier association with e-commerce suggested.

3.4 Retail as an indicator of consumption-led growth

India's consumption economy is changing in scale, composition and geography. Rising incomes and urbanisation are widening consumption catchments, while premiumisation and changing consumer preferences are increasing the demand for organised and experience-led formats. Retail real estate is therefore becoming an important indicator of consumption-led growth, reflecting not only how much India consumes, but how that consumption is changing.

The expansion of organised retail provides the starting point. Across the eight Tier 1 markets, the combined organised retail footprint stands at 105.3 mn sq ft, with shopping centres accounting for 98 mn sq ft. The scale is concentrated in shopping centres, but the remaining formats continue to occupy distinct positions within the retail landscape.

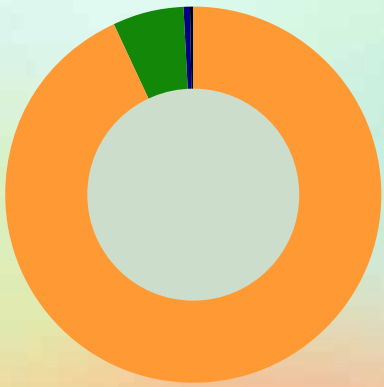
Shopping centres account for 93% of organised retail stock across the eight Tier 1 markets, establishing them as the dominant format. Their scale and managed environment have made them the principal platform for organised retail, particularly as consumers increasingly seek a combination of shopping, food, entertainment and leisure. The remaining formats, while smaller in footprint, serve more specific consumption environments. High streets retain relevance through established catchments, visibility and accessibility; airports are increasingly positioned around premium and travel-led consumption; while hotels continue to serve a more limited luxury segment.

The format mix varies materially across cities. Mumbai has 97% of its organised retail stock in shopping centres, compared with 80% in Ahmedabad, where high streets account for 19%. Bengaluru also retains a relatively higher high-street presence at 7%, while the remaining markets have 94% or more of their stock concentrated in shopping centres.

This variation suggests that retail formalisation is not following a single urban model. Shopping centres provide scale and institutionalisation, while established high streets continue to derive value from location and legacy consumer catchments. The resulting retail landscape is therefore being shaped by the interaction between newer organised formats and established retail geographies.

Combined organised retail stock in Top 8/Tier 1 cities

	2025 (mn sq ft)
Shopping Centres	98.0
High Streets	6.6
Airports	0.6
Hotels	0.1
Total	**105.3**



Source: Knight Frank Research

Retail Footprint by Format in Tier 1 Cities Stock Distribution in Tier 1 Cities in Shopping Centres, High Street, Airports and 5 Star Hotels

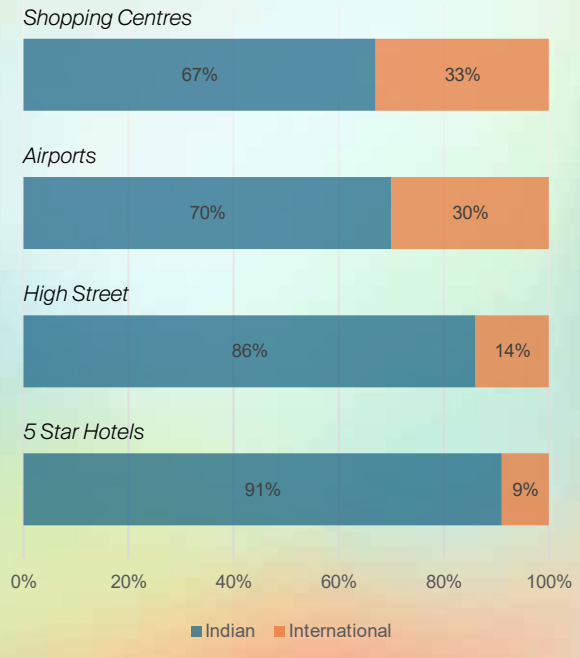
	Shopping Centres	High Streets	Airports	Hotels
Ahmedabad	80%	19%	1.1%	0.3%
Bengaluru	92%	7%	0.9%	0.03%
Chennai	94%	6%	0.1%	0.1%
Hyderabad	94%	6%	0.1%	0.1%
Kolkata	94%	6%	0.1%	0.1%
Mumbai	97%	2%	0.4%	0.2%
NCR	94%	5%	0.6%	0.2%
Pune	94%	6%	0.1%	0.1%
Total	93%	6%	0.5%	0.1%

Source: Knight Frank Research

The changing role of each format becomes more evident in its brand composition. International brands account for 33% of retail stock in shopping centres, compared with 30% at airports, 14% on high streets and 9% in five-star hotels. The higher concentration of international brands within shopping centres and airports reflects the ability of these formats to support larger catchments, curated tenant mixes and premium consumption environments. High streets, in contrast, continue to derive strength from established local demand and brand visibility.

The evolution of retail is therefore not simply a shift from one format to another. It is a differentiation of formats around distinct consumer propositions, with the quality and experience offered by the asset becoming increasingly important to both retailers and consumers.

Brand Origin Share in Different Retail Formats in Tier 1 Cities



Source: Knight Frank Research

The expansion of organised retail is also accompanied by a significant divergence in the quality of existing shopping centre stock. Pan-India shopping centre stock stands at 134 mn sq ft, of which 98 mn sq ft is located in Tier 1 cities and 36 mn sq ft in Tier 2 cities. However, the composition of this stock differs sharply. Grade A assets account for 61% of Tier 2 stock, compared with 46% in Tier 1, while Grade C stock accounts for only 1% in Tier 2 against 27% in Tier 1.

The difference is not limited to existing stock. Since 2020, 6 mn sq ft of Grade A shopping centre supply has been added in Tier 2 cities, three times the 2 mn sq ft added in Tier 1 markets. This points to an important shift in the retail development cycle. The established metros continue to command the majority of organised retail stock, but a larger share of new institutional-quality supply is now being created in emerging consumption markets. Retail growth is therefore increasingly being accompanied by an improvement in the quality of the underlying real estate.

The quality differentiation is also visible in vacancy. Grade A shopping centres across Tier 1 cities record vacancy of 4%, significantly below the 15% overall vacancy for shopping centre stock. The gap indicates that demand is increasingly concentrating within better-quality assets, while

older and lower-grade stock faces greater leasing pressure. This is particularly relevant in mature markets, where the expansion of organised retail is increasingly a question of repositioning existing stock and creating differentiated consumer experiences, rather than simply adding more space. For retailers, the environment in which a store operates is becoming increasingly important to brand positioning and customer acquisition. For developers and investors, this shifts the focus towards asset quality, tenant mix, catchment depth and the ability to sustain footfall over the longer term.

The most significant structural change is emerging in the geography of new supply. Tier 2 cities currently account for only 36 mn sq ft, or around 27%, of pan-India shopping centre stock but they have accounted for 75% of Grade A shopping centre supply added since 2020. Their higher Grade A share also suggests that newer markets are developing organised retail on a relatively modern asset base, rather than carrying the legacy stock accumulated in older retail cycles. The opportunity is therefore taking two different forms: upgrading and repositioning established retail markets, while expanding organised, Grade A supply in emerging consumption centres.

Shopping Centre Retail stock at a glance

	Pan-India	Tier 1 cities	Tier 2* cities
Total Shopping Centre stock (mn 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	15%	15%	16%
Grade A new supply 2020 onwards (mn sq ft)	8	2	6

Source: Knight Frank Research
**Chandigarh, Mangaluru, Lucknow, Amritsar, Thiruvananthapuram, Indore, Mysore, Kochi, Guwahati, Coimbatore, Kozhikode, Bhubaneshwar, Vadodara, Aurangabad, Bhopal, Ludhiana, Vijayawada, Surat, Jaipur, Visakhapatnam, Hubli, Raipur, Nagpur and Jalandhar*

Retail's next phase is consequently not defined by the expansion of shopping space alone. It is being shaped by formalisation, premiumisation, asset quality and the widening geography of consumption.

The dominance of shopping centres establishes the scale of organised retail, while the continued relevance of high streets and the emergence of airports demonstrate the increasing differentiation of retail formats. At the same time, the stronger quality profile and faster addition of Grade A supply in Tier 2 markets point to a broader geographical expansion of organised consumption.

Retail is therefore emerging as an important component of next-generation real estate because it provides a physical measure of India's transition towards a deeper, more organised and increasingly aspirational consumption economy. As consumption expands beyond established metropolitan catchments, the development of modern retail infrastructure will increasingly accompany the emergence of new consumption centres making retail both an indicator and an enabler of consumption-led growth under Viksit Bharat

3.5 Data centres as infrastructure for the digital economy

India's digital expansion is creating a new source of real estate demand, driven by rising data generation, cloud adoption, digital services and computing requirements. Unlike conventional commercial real estate, data centre demand is not directly linked to employment or business expansion. The availability of reliable power, connectivity, land and cooling infrastructure instead determines where and how quickly capacity can be added.

This has made data centres an increasingly important component of India's digital infrastructure, while also creating a real estate segment with a fundamentally different demand and location profile.

Across the seven major markets, live data centre capacity increased from 296 MW in 2016 to 1,622 MW in 2025, registering a 21% CAGR and expanding 5.5 times over the period.

Growth has been broad-based, although the pace of capacity addition has varied considerably across markets. Mumbai remains the largest market at 767 MW and has expanded at a 26% CAGR, while New Delhi recorded a similar growth rate. Chennai has emerged as another rapidly expanding market, with capacity growing at a 24% CAGR, followed by Pune at 19% and Hyderabad at 17%.

The market hierarchy also reflects the importance of infrastructure readiness. Mumbai and Chennai benefit from established digital connectivity and submarine cable infrastructure, while Hyderabad and Pune offer greater scope for capacity expansion through land and power availability. The resulting geography is therefore not a simple extension of the country's office or population hierarchy.

Data Centre Scale and Concentration (Live Capacity)

Market	2016 (MW)	2025 (MW)	9Y CAGR	Expansion
Bengaluru	78	170	9%	2.2x
Chennai	27	192	24%	7.0x
Hyderabad	37	151	17%	4.1x
Kolkata	4	23	22%	5.9x
Mumbai	97	767	26%	7.9x
New Delhi	22	175	26%	7.8x
Pune	31	145	19%	4.6x
Total	296	1,622	21%	5.5x

Source: Knight Frank Research

The expansion of India's data centre capacity extends well beyond operational infrastructure. Across the seven markets, total supply stands at 10.3 GW, including 1.6 GW of live capacity, 0.3 GW under construction, 2.9 GW of committed capacity and a further 5.4 GW at an early stage of development. The total development universe is therefore equivalent to 6.3 times the current live capacity, although the early-stage component represents potential supply rather than capacity with the same degree of development certainty.

The scale and depth of this potential supply vary significantly across markets. Mumbai remains the largest market, with 767 MW of live capacity and total supply of 4.7 GW, reflecting its established data centre ecosystem and continued investment pipeline. Hyderabad has the highest potential expansion relative to its existing base, with total supply equivalent to 14.0 times its current live capacity, followed by Chennai at 8.3 times and Kolkata at 7.3 times. A substantial share of this potential is at the early stage, particularly in Hyderabad, Chennai and Mumbai, highlighting the scale of capacity being considered rather than capacity that is certain to materialise.

The distinction between current capacity and the broader supply universe is therefore important. Mumbai continues to anchor the market in terms of operational scale, while Hyderabad and Chennai show greater potential for capacity expansion relative to their existing bases. The distribution of early-stage capacity also indicates that India's data centre

market is moving beyond established hubs, with new capacity being evaluated across a wider set of markets as digital infrastructure requirements expand.

The pipeline also needs to be viewed through the lens of development certainty. Under-construction and committed capacity provide a stronger indication of supply likely to enter the market, while early-stage projects reflect longer-term potential and remain contingent on securing land, power, approvals and other development requirements. The 10.3 GW total supply figure should therefore be interpreted as the market's broader development universe rather than a forecast of capacity that will necessarily become operational.

Upcoming Supply (MW)

Market	Live*	Under Construction	Committed	Early Stage	Total Supply	Total Supply / Live (x)
Bengaluru	170	5	63	119	356	2.1X
Chennai	192	42	319	1,040	1,593	8.3X
Hyderabad	151	33	634	1,299	2,117	14.0X
Kolkata	23	13	71	62	170	7.3X
Mumbai	767	173	1,543	2,209	4,692	6.1X
New Delhi	175	26	162	379	742	4.3X
Pune	145	31	128	298	602	4.1X
Total	1,622	322	2,920	5,406	10,271	6.3X

Source: Knight Frank Research
**2025*

- *Live: Operational IT capacity*
- *Under Construction: Capacity currently being developed*
- *Committed: High-confidence capacity with key development requirements substantially secured*
- *Early Stage: Potential capacity at an early stage of development, with key requirements such as land, power or approvals yet to be fully secured*
- *Total Supply: Live+ Under Construction + Committed + Early Stage*

The location economics of data centres are increasingly shaped by infrastructure availability rather than conventional real estate drivers. Power is a core operating requirement, fibre connectivity determines network access, while land and cooling infrastructure influence the feasibility and operating cost of large facilities.

This creates a different relationship between infrastructure and real estate. In conventional markets, infrastructure investment can improve accessibility and expand development catchments. For data centres, infrastructure availability can determine whether a location is viable for development in the first place.

The importance of this is increasing as India's digital requirements become more compute-intensive. Cloud adoption, digital services and the growing deployment of AI are increasing demand not only for data storage but also for computing capacity, supporting the development of larger and more sophisticated facilities.

Data centres therefore represent a broader change in the composition of India's real estate market. Demand is increasingly being created by the physical infrastructure required to support the digital economy, rather than only by the businesses and people that occupy conventional real estate.

With live capacity expanding 5.5 times over nine years and the total development universe now standing at 6.3 times the existing base, data centres are emerging as a structural growth segment at the intersection of real estate, energy and digital infrastructure. While a significant share of this potential remains at an early stage, the scale of capacity being developed and considered indicates substantial long-term expansion. The next phase of growth will therefore depend on markets' ability to support large-scale computing infrastructure, making power availability, digital connectivity, land and infrastructure capacity increasingly important determinants of India's future data centre geography.

3.6 Cities emerging as the centres of the next generation of real estate

The preceding sections have established the growing importance of GCCs, flex, warehousing, retail and data centres within India's real estate landscape. The next question is where this growth is likely to be concentrated.

The geography of these asset classes is not uniform. Each is supported by a different combination of economic activity, infrastructure, talent, consumption, land availability and development capacity. Cities with established advantages in one area may therefore emerge as stronger markets for a particular asset class, without necessarily leading across the broader real estate market. The analysis consequently considers city-asset class fit, rather than ranking cities on a common scale.

Next-Generation Real Estate Asset Classes Mapped to Cities

Asset class	Key centres	Quantitative signal	Structural advantage
GCCs	Bengaluru, Chennai, Hyderabad	GCC leasing volume and share of overall leasing; Grade A concentration	Talent + ecosystem depth + sectoral specialisation
Flex	Bengaluru, Pune, Chennai, Hyderabad	Market scale + historical growth + current penetration	Office depth + occupier diversification
Warehousing	Mumbai, NCR, Bengaluru, Pune	Existing stock + historical stock growth	Consumption + manufacturing + connectivity
Retail	NCR, Mumbai, Bengaluru, Pune	Occupied stock + retail density + market depth	Consumption + spending power + premiumisation
Data centres	Mumbai, Chennai, Hyderabad	Live capacity + total supply + total supply/live ratio	Power + digital connectivity + land and development capacity

Source: Knight Frank Research

Note: The mapping covers the eight major markets tracked extensively by Knight Frank Research; Ahmedabad, Bengaluru, Chennai, Hyderabad, Kolkata, Mumbai, NCR and Pune. It indicates relative strengths within this tracked universe and is not an exhaustive ranking of Indian cities or an assessment of emerging and smaller markets

The emerging geography of next-generation real estate is not uniform across asset classes. The data indicates that market leadership is increasingly being determined by the depth of the underlying ecosystem rather than by the size of the existing real estate market alone. Bengaluru's strength in GCCs and flex, for instance, reflects its concentration of technology talent and a deep occupier ecosystem, while Hyderabad combines GCC expansion with a growing data centre and life-sciences base. Mumbai's scale and consumption depth support its relevance across multiple asset classes, particularly retail, data centres and warehousing.

The opportunity is also extending beyond the established metros. Pune's manufacturing and consumption base supports both warehousing and flex demand, Chennai's industrial and infrastructure ecosystem strengthens its position across warehousing, GCCs and data centres, while NCR's large consumption and employment catchment supports retail and warehousing at scale. This suggests that the next phase of real estate growth will be shaped by specialisation across cities, with individual markets developing around the economic activities and infrastructure advantages they are best placed to support.

Importantly, this is not intended as a ranking of cities. The assessment identifies markets where the current combination of demand drivers, ecosystem depth, infrastructure, supply and development capacity provides a supportive base for future growth. As these underlying conditions evolve, the geography of each asset class can evolve with them.

The Next Centre May Be an Existing City - or an Emerging Node

For Viksit Bharat, this distinction is important. India's next phase of urban development will require real estate to support not only where people live and work, but also where global functions are located, where goods are produced and distributed, where digital infrastructure is built and where consumption is expanding.

The emerging geography of Indian real estate is therefore becoming less about established versus emerging cities and more about the economic roles and ecosystems that different locations are developing. Established markets are likely to deepen their advantages as new sources of demand scale, while smaller cities and emerging nodes can gain relevance where infrastructure, employment, land availability and supporting urban infrastructure come together.

The next generation of real estate growth will therefore not be defined by new cities replacing established ones, but by the expansion and diversification of India's urban network. Some opportunities will emerge through the strengthening of existing metropolitan centres; others may develop around new employment clusters, infrastructure corridors, industrial nodes and greenfield urban developments. The ability to identify and support these emerging ecosystems will be critical to determining where the next centres of real estate growth take shape.


TRANSPORTATION
URBAN DEVELOPMENT
WATER & SANITATION
SUSTAINABILITY
ENERGY

Enabling Viksit Bharat

Recommendations to Stakeholders

The preceding sections have established the scale, evolution and growing economic significance of India's real estate sector. Real estate is increasingly supporting economic growth, employment creation, investment mobilisation, infrastructure utilisation and the development of new economic centres. The question, therefore, is no longer whether real estate can contribute to India's growth, but what more is required to enable the sector to fulfil its potential as an enabler of Viksit Bharat.

As the sector expands in scale and complexity, its regulatory and institutional ecosystem will need to evolve alongside it. The opportunity is to create an environment in which development can respond more efficiently to demand, capital can flow more effectively into productive assets, and the built environment can remain sustainable, resilient and fit for purpose over the long term.

This requires policy intervention across four interconnected dimensions: creating an enabling regulatory and policy environment; making approvals and development faster and more predictable; using digitalisation and technology to improve information and planning; and strengthening sustainability, resilience and safety across the built environment.

Together, these priorities seek to strengthen the three pillars of Real Estate for Viksit Bharat; enabling growth, deepening investment and improving the ease of doing business, while ensuring that the sector is equipped to support India's economic and urban transformation.

4.1 Regulatory and policy reforms

India's real estate sector is entering a phase where the nature of demand, investment and development is changing rapidly. The policy framework must keep pace with this evolution. The objective is not to create more regulation, but to ensure that existing and emerging opportunities can be supported through appropriate land, capital, investment and development frameworks.

The focus of this section is therefore on structural policy interventions that can enable the next phase of real estate growth and investment. These include improving the viability of affordable housing, supporting GCC ecosystem, integrating infrastructure with land-use planning, expanding institutional participation through REITs, and ensuring that the growth of high-resource asset classes is aligned with resource availability.

A) Make affordable housing supply commercially viable

The growing premiumisation of the residential market underscores the need to strengthen the supply of lower-ticket housing. While demand-side support remains important, the economics of affordable housing development need to be addressed to encourage greater participation from private developers and institutional capital.

1 Unlock suitable public land for affordable housing: Government agencies and PSUs should identify suitable vacant land within or around urban centres and make a defined portion available for affordable housing through transparent public-private partnerships, long-term leases or concessional arrangements. This can reduce one of the largest components of development cost while avoiding the concentration of affordable housing in peripheral locations with limited access to employment, transport and social infrastructure. The allocation of land should be linked to clearly defined affordability, beneficiary and delivery conditions.

2 Provide targeted additional/free FSI for qualifying affordable housing: States should consider higher base or free FSI for projects meeting defined affordability and dwelling-size thresholds. This can distribute the cost of land across a larger development area and improve project viability. A 50% increase in base FSI could increase the number of units by 50% and reduce the estimated cost per dwelling by 24%. Targeted FSI incentives can therefore simultaneously support greater supply and improve affordability without relying entirely on direct fiscal support.

3 Rationalise supply-side fiscal support: Existing demand-side measures should be complemented by targeted fiscal incentives for qualifying affordable housing projects where viability gaps remain after accounting for land, development potential and financing benefits. Such support should be calibrated to affordability outcomes and project delivery rather than provided as a blanket incentive.

Together, these measures can shift the policy approach from subsidising demand alone towards improving the economics of affordable housing supply, enabling greater participation from private developers and institutional capital while ensuring that affordability remains an enforceable project outcome.

B) Expand the institutionalisation and diversification of real estate through REITs

Globally, REIT markets have evolved from vehicles concentrated in traditional commercial real estate to diversified platforms for institutional ownership across a wide range of income-generating assets. The USA has REITs across 14 different property segments, compared with eight in Australia and seven in Singapore, while India currently has REITs across only two broad segments: office and retail. International markets have expanded into industrial and logistics, residential, healthcare, hospitality, data centres, self-storage, timber and other specialised real estate, demonstrating the potential for REITs to extend well beyond conventional commercial assets.

For India, this points to a significant opportunity to both deepen and broaden the REIT market. The immediate opportunity lies within established asset classes themselves. Despite the rapid evolution of the market since the first REIT listing in 2019, only around 16% of Grade A office stock is currently held through REIT structures. This is particularly significant as office is the most mature and institutionally investible real estate asset class in India, indicating substantial headroom to bring additional stabilised assets into listed vehicles.

Beyond office and retail, as India's real estate market matures, asset classes such as data centres, hospitality, healthcare and residential rental portfolios can progressively become suitable for listed structures as they develop the required scale, operating history, asset quality and predictable cash flows.

The policy objective should therefore be to accelerate the institutionalisation of existing stabilised assets while creating a clear pathway for new asset classes to enter listed structures as they mature. This would provide developers and asset owners with a structured exit and capital-recycling mechanism, while enabling institutional investors to access a larger pool of income-generating real estate. As capital is released from stabilised assets, it can be redeployed into new development, strengthening the cycle of asset creation and lowering capital cost.

Deepening the REIT market will also require a broader domestic investor base. Pension funds and other long-term institutional investors represent an important potential source of domestic capital for REITs, given their long investment horizons and demand for stable, income-generating investments. Greater participation from these institutions can help create a deeper and more diversified investor base for listed real estate.

India could therefore examine the scope for greater participation of pension funds and other domestic long-term institutional investors in REITs, within appropriate investment, risk and liquidity parameters. As the REIT universe broadens to include a wider range of mature, income-generating assets, this would provide domestic institutional investors with greater opportunities for diversified exposure to real estate, while directing a larger pool of domestic savings towards productive real assets.

C) Establish a National GCC Development Framework to align employment, talent, land and urban infrastructure

GCCs have emerged as a structural driver of India's office market and an increasingly important component of the country's economic growth story. GCCs accounted for 43% of office transactions in H1 2026, up from 25% in 2022, making them the largest source of office demand in the market. Their expansion is also increasingly linked to higher-value functions such as technology, engineering, research and development, analytics and product development. Sustaining this growth will therefore require policy to look beyond facilitating individual investments and address the wider ecosystem of talent, land and urban infrastructure required to support GCC-led growth.

Several states have already introduced GCC policies covering investment facilitation, infrastructure, skills and incentives. A national framework could complement these state-level initiatives by providing a common policy direction for GCC development, while allowing states to retain flexibility in designing location- and sector-specific interventions. Such a framework could also help align talent development with the evolving requirements of GCCs. Industry-academia partnerships, Centres of Excellence and targeted skill-development programmes could be encouraged in areas such as artificial intelligence, data analytics, cloud computing, cybersecurity, engineering and R&D, with greater participation from GCCs in identifying future skill requirements.

The physical planning of GCC growth is equally important. Specialised employment districts could be incorporated into city and regional plans to accommodate large-scale office development, with land, development capacity, transport connectivity and utilities planned alongside housing and social infrastructure. This would allow the infrastructure requirements generated by large employment clusters to be anticipated rather than addressed after development has already taken place. It would also enable GCC-led office development to generate more integrated urban growth, with housing, retail, hospitality and other supporting activities developing around employment centres.

This approach could also help enable the emergence of new GCC hubs beyond India's established metropolitan markets. Cities with a strong talent base, improving connectivity, adequate infrastructure and relevant sectoral strengths could be identified for targeted development as specialised GCC destinations. A national framework could provide the basis for

assessing and supporting such cities, while allowing states to build strategies around their respective sectoral and locational advantages. This would allow GCC growth to contribute not only to the expansion of existing office markets but also to the emergence of new economic centres.

Policy recommendation: Establish a National GCC Development Framework to guide the next phase of GCC-led growth in India. The framework could provide a common national direction across investment facilitation, skills development and employment-led spatial planning, while complementing existing state-level policies. It could provide a basis for industry-linked talent development, specialised employment districts and the identification of emerging cities with the potential to develop as GCC hubs

D) Establish sustainability and resource-efficiency standards for high-resource real estate

India's real estate growth is increasingly extending into asset classes with substantially higher resource requirements than conventional commercial development. Data centres are a key example. India had approximately 1.6 GW of live data-centre capacity at the end of 2025, with capacity expected to increase 6.3-fold in the coming years. The scale of this expansion makes resource efficiency an important consideration not only for individual assets, but also for the infrastructure and resources that support them.

Water availability is particularly important in this context. As data-centre capacity expands, the use of potable water for cooling needs to be carefully managed, particularly in water-stressed locations. Policy could encourage or progressively require the use of treated wastewater, water recycling and closed-loop cooling systems, where technically feasible, to reduce dependence on freshwater resources. This would help ensure that the expansion of high-resource real estate does not place unnecessary pressure on water available for essential municipal and household requirements.

Energy requirements also need to be considered alongside this expansion. Greater emphasis on energy-efficient cooling, renewable-energy utilisation and efficient power consumption can help manage the incremental load created by these assets. At the planning stage, the availability and capacity of power and water infrastructure could form part of the assessment for large developments, particularly where multiple high-resource facilities are expected to be concentrated in a single location.

The same principle can extend beyond data centres to other emerging real estate assets with significant resource requirements. Rather than applying uniform sustainability requirements across all real estate, India could adopt a resource-efficiency framework that identifies high-resource asset classes and establishes requirements proportionate to their energy, water and infrastructure intensity. This would bring resource availability and local carrying capacity into development decisions while allowing high-growth asset classes to expand sustainably.

Policy recommendation: Establish a national resource-efficiency framework for high-resource real estate, with data centres as an initial priority. The framework could define asset-specific benchmarks for water and energy consumption and establish appropriate requirements for water recycling, treated wastewater, efficient cooling and renewable-energy utilisation. For large projects and clusters, adequate local water and power capacity could be considered as part of the planning and approval process. The framework could subsequently be extended to other high-resource asset classes as their scale and resource intensity increase.

E) Enable integrated infrastructure and land-use development

India's investment in transport infrastructure is increasingly reshaping the geography of urban growth. Metro networks, expressways, airports and regional connectivity can improve accessibility and unlock development potential in surrounding areas. However, where land-use planning follows infrastructure development rather than anticipating it, new connectivity can result in fragmented development, pressure on existing infrastructure and underutilisation of the economic potential created by public investment.

A more integrated approach would bring land-use and development planning into the infrastructure planning process itself. Major transport investments could be accompanied by parallel spatial development plans identifying development corridors and transit-oriented development zones, along with appropriate land uses, development densities, FSI, trunk utilities, housing and social infrastructure. Development capacity could be aligned with the carrying capacity of local infrastructure, allowing areas expected to benefit from new connectivity to be planned proactively rather than responding to development pressures after infrastructure becomes operational.

This approach can also strengthen the link between infrastructure investment and the value it generates. Land-value capture mechanisms could enable a portion of the incremental value created by public infrastructure to be captured and reinvested into transport, utilities and other supporting infrastructure. This can create a more sustainable financing cycle for urban development while ensuring that the benefits of infrastructure investment are better integrated with the development it enables.

Policy recommendation: Institutionalise integrated infrastructure-land-use planning for major infrastructure investments. Major transport projects could incorporate a parallel spatial development plan that establishes the development framework for areas expected to benefit from new connectivity, including land use, density, TOD, infrastructure capacity and supporting housing and social infrastructure. Land-value capture could complement this framework by providing a mechanism to reinvest a portion of the value created by infrastructure into supporting urban infrastructure.

This would help shift India from infrastructure-led connectivity to infrastructure-enabled, coordinated urban development, allowing public investment to generate greater economic and real estate value.

4.2 Ease of approvals and development:

Establish common standards for real estate registration and transactions

Ease of doing business extends beyond obtaining development approvals to the process of transacting and registering real estate. Although RERA has established a common regulatory framework, the processes administered through RERA authorities, registration departments and land-record systems continue to differ across states. This creates additional compliance requirements and makes it more difficult for developers, investors and homebuyers operating across multiple markets to navigate transactions consistently.

There is also an opportunity to examine where in the development lifecycle registration should take place. In Maharashtra, registration is undertaken at the Agreement for Sale stage, whereas in several other states, the registration process is linked more closely to the later stages of construction and completion. A national framework could examine the benefits of enabling registration at an earlier, clearly defined stage of the transaction, while maintaining appropriate legal and consumer safeguards. Bringing greater consistency to the timing and process of registration could reduce late-stage transaction friction and provide greater certainty to both buyers and developers.

A national minimum process standard could establish common documentation, data fields, digital workflows and service timelines across RERA, registration and land-record systems, while allowing states to retain jurisdiction over their respective legal and regulatory requirements. Effective state-level practices, including those demonstrated in Maharashtra, could provide benchmarks for such standardisation.

Policy direction: Establish common minimum standards for real estate registration and transaction processes across states, including greater consistency in documentation, digital workflows, service timelines and the stage at which registration can occur.

4.3 Digitalisation and technology

India's real estate ecosystem generates large volumes of information across land ownership, zoning, development permissions, property transactions and infrastructure. However, this information remains fragmented across different authorities and systems. The next phase of digitalisation should therefore move beyond individual process digitisation towards using technology to improve the availability of information and the quality of planning decisions.

Digitise and integrate land and property information

Government could progressively integrate existing land records, property registration, RERA and development information through common data standards and geospatial mapping. This should also include digitisation of public land banks and zoning information, providing greater visibility on the location, ownership, land use and development potential of land held by public authorities.

Making such information accessible through appropriate digital platforms would reduce information asymmetry for developers and investors, improve land-use transparency and allow development potential to be assessed earlier in the project cycle.

Use data and technology for predictive urban planning

The next opportunity is to use integrated data not only to record development, but to anticipate it. Geospatial, demographic, mobility, infrastructure and real estate data can be combined to identify emerging development corridors, assess infrastructure capacity and anticipate requirements for transport, utilities, housing and social infrastructure.

Over time, AI and predictive analytics could strengthen this capability by identifying development patterns and potential infrastructure requirements before they become visible through conventional planning processes. This would enable government to move from responding to urban growth to anticipating and planning for it, particularly in areas experiencing rapid infrastructure-led development.

4.4 Sustainable and resilient development, Safety and building standards

India's rapid urbanisation will create a built environment that will remain in use for several decades. The quality, safety and resilience of this building stock will therefore have implications well beyond the construction cycle. As climate risks intensify and cities become more exposed to heat, flooding, water stress and extreme weather, the focus of real estate policy needs to extend from creating additional supply to ensuring that the built environment remains safe, resilient and fit for purpose over its lifecycle.

Strengthen building safety and resilience standards

India has established national building codes and standards covering structural and fire safety, among other aspects. However, their implementation and enforcement can vary across jurisdictions. A stronger national baseline for structural safety, fire safety, disaster resilience and climate adaptation could provide greater consistency, while allowing states and cities to incorporate requirements based on local risk conditions.

The emphasis should be on strengthening implementation rather than continually adding regulatory requirements. Risk-based inspections, periodic certification for critical and high-occupancy buildings, and clearer accountability across the development and occupancy lifecycle could help improve compliance and reduce the gap between prescribed standards and their implementation.

Create a framework for retrofitting the existing building stock

India's sustainability and resilience agenda cannot be addressed through new construction alone. A significant share of the country's future built environment already exists, making the performance of existing buildings an equally important policy consideration. Retrofitting can improve energy and water efficiency, fire and structural safety, accessibility and climate resilience, while extending the useful life of assets.

A national retrofit framework could provide standardised assessment protocols, performance benchmarks and targeted incentives to support building owners in identifying and undertaking economically viable upgrades. For large commercial and institutional assets, periodic assessment could help identify buildings where retrofit investment can materially improve safety, efficiency and asset performance.

This approach would also support more efficient use of existing capital stock by upgrading and extending the life of buildings where appropriate, rather than relying solely on replacement through redevelopment. It would complement the expansion of new real estate by improving the quality and resilience of the stock already embedded within India's cities.

Concluding Remarks

India's real estate sector is at an inflection point. Over the course of this report, we have seen how the sector has evolved from being primarily a provider of housing and physical space to becoming increasingly intertwined with economic growth, employment, investment, infrastructure and the emergence of new economic centres.

The nature of the market is changing alongside this evolution. Homebuyer aspirations are shifting, residential markets are becoming more premiumised, office demand is being reshaped by GCCs and new occupier models, institutional capital is deepening, and newer asset classes are expanding the definition of real estate itself. At the same time, infrastructure investment is changing the geography of development and creating opportunities beyond established centres.

This transformation creates a much larger opportunity for India. But capturing it will require more than continued growth in the sector. It will require an ecosystem capable of converting latent demand into sale, capital into productive assets and infrastructure into sustainable economic activity. This is where policy, regulation and institutional frameworks become critical.

The priorities identified in this report from enabling affordable housing and new economic centres, to deepening institutional investment, improving ease of doing business, integrating land and infrastructure planning, leveraging digitalisation, and strengthening safety, resilience and resource efficiency are intended to support this next phase of the sector's evolution.

The ambition for Viksit Bharat should therefore not be measured only by the size of India's real estate market, but by what that market enables: more productive cities, sustained investment, better employment opportunities, improved housing choices and a built environment capable of supporting India's long-term economic ambitions.

Real Estate for Viksit Bharat is ultimately about moving from real estate as an outcome of growth to real estate as an enabler of growth; one that can mobilise investment, improve the ease of doing business and create the physical foundations for a more developed India.

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