



Commercial Real Estate – Office – Mumbai Metropolitan Region (MMR)

**Net absorption to outpace supply
for fourth consecutive year in
FY2026 for MMR office market**

JANUARY 2025





[Click to see full report](#)

Of the total expected office supply of ~12 msf in H2 FY2025 and FY2026 for the MMR market, ~17% has been pre-leased.

Office supply increased at a CAGR of 4.5% during FY2017–FY2024 for the MMR market, which is lower than the CAGR of 7% for the top six cities owing to limited land available for expansion.

Leasing from BFSI continues to be a dominant segment for the MMR market, flexi-space an emerging sector.



MMR witnessed limited Grade A office supply of 6.5 million square feet (msf) and 4.7 msf in FY2024 and H1 FY2025, respectively, compared to healthy net absorption of 9.9 msf and 6.4 msf during similar period backed by healthy leasing traction from the Banking, Financial Services and Insurance (BFSI) segment and flexible office providers. This resulted in improvement in occupancy level to 89.7% as of September 2024 from 86.1% as of March 2023. Considering the estimated supply of ~12 msf and net absorption of ~15 msf in H2 FY2025 and FY2026, ICRA forecasts the occupancy levels to rise to 92.0-92.5% by March 2026.



MMR accounts for 19% (~180 msf) of the Grade A office space among India's top six* cities (as on September 30, 2024). The Western Suburb (30%), Central Suburb (26%) and Navi Mumbai (22%) areas account for ~79% of the total Grade A office space. Navi Mumbai, Andheri (E), Goregaon (E), Thane and Bandra-Kurla Complex (BKC) are top five micro-markets in MMR, accounting for 54% of the total office supply of the city. With limited land available for expansion and healthy net absorption trends expected to continue in near-to-medium term, ICRA expects the vacancy levels to remain low in all key micro-markets of MMR.



The top 10 developers in MMR (out of a total ~300 developers) contribute to only 38% of the total Grade A office supply as of September 30, 2024, indicating the presence of many regional developers. MMR, being the financial hub of India, continues to be one of the most preferred destinations for tenants as reflected by the lower vacancy levels among the top six cities. The rental rates in the top five micro-markets witnessed CAGR of only 2-3.5% during FY2017-FY2024 due to high rental rates in MMR compared to other cities. These figures are lower than the contracted rental escalations at a CAGR of around 4.0-5.0% during this period. The average rental rate for MMR is expected to increase by 2-3% each in FY2025 and FY2026.



ICRA expects investment opportunity of Rs. 1.36-1.44 lakh crore in REIT-ready office spaces for MMR. To arrive at REIT-ready office spaces, ICRA has included developers with at least 1 million sft of Grade A office space with a minimum occupancy of 75% as on September 30, 2024. To arrive at the investment opportunity for REIT-ready office spaces, ICRA has used a cap rate of 8–8.5%.

*Top six Indian office markets include Delhi NCR, MMR, Bengaluru, Hyderabad, Chennai and Pune

1 Trend in net absorption, supply and vacancy – Top 6 markets



2 Outlook on Indian office leasing segment



3 Trends across MMR market



4 Rating actions in Commercial Real Estate





ICRA

Analytical Contact Details

Name	Designation	Email	Contact Number
Ashish Modani	Group Head	ashish.modani@icraindia.com	022 – 6169 3300
Anupama Reddy	Co Group Head	anupama.reddy@icraindia.com	040 – 6939 6427
Abhishek Lahoti	Sector Head	abhishek.lahoti@icraindia.com	040 – 6939 6433
Mihir Gada	Senior Analyst	mihir.gada@icraindia.com	022 – 6169 3326





ICRA

Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Neha Agarwal	Head – Research Sales	neha.agarwal@icraindia.com	022-61693338
Rohit Gupta	Head Business Development – Infrastructure Sector	rohitg@icraindia.com	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	vivek.bhalla@icraindia.com	022-61693372
Vinita Baid	Head Business Development – Corporate Sector - West & East	vinita.baid@icraindia.com	033-71501131
Shivam Bhatia	Head Business Development – Corporate Sector - North & South	shivam.bhatia@icraindia.com	0124-4545803
Naznin Prodhani	Head – Group Corporate Communications & Media Relations	communications@icraindia.com	0124-4545860





© Copyright, 2025 ICRA Limited. All Rights Reserved.

All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies, while publishing or otherwise disseminating other reports may have presented data, analyses and/or opinions that may be inconsistent with the data, analyses and/or opinions in this publication. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.



ICRA

Thank You!