

Commercial Real Estate – Office – Delhi NCR

Occupancy levels have been improving
in the last 10 quarters; trend is
expected to continue

JANUARY 2025





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Of the total expected office supply of ~12 msf in Q4 FY2025 and FY2026 for the Delhi NCR market, ~22% has been pre-leased.

Investment opportunity of Rs. 72,000 – Rs. 77,000 crore in REIT-ready office spaces for Delhi NCR market.

Leasing continues to be led by Engineering & Manufacturing and IT-Business Process Management (BPM) segments for the Delhi NCR market.



Delhi NCR witnessed Grade A office supply of 7.5 million square feet (msf) and 5.2 msf in FY2024 and 9M FY2025, respectively, compared to healthy net absorption of 9.5 msf and 6.1 msf during similar period, backed by good leasing traction from diverse sector tenants led by engineering & manufacturing and IT-Business Process Management (BPM) sectors. This saw an improvement in occupancy levels to 75.8% as of December 2024 from 72.5% as of March 2023. Considering the estimated supply of ~9 msf and net absorption of ~9.5-10 msf in FY2026, ICRA forecasts the occupancy levels to rise to 77.0-77.5% by March 2026.



Delhi NCR accounts for 19% (~192 msf) of the Grade A office space among India's top six* cities (as on December 31, 2024). Central Gurugram and Noida account for around 57% of Delhi-NCR's Grade A office space. Sector 24 (Cyber City), Sector 62 (Noida) and Sector 48 (Gurugram) are the top three micro-markets in Delhi NCR, accounting for 18% of the total office supply of the city. ICRA expects vacancy levels to continue to remain low in Sector 24 (Cyber City) given no major supply and healthy absorption and see marginal improvement in Sector 62 (Noida) and Sector 48 (Gurugram) in FY2026.



The top 10 developers in Delhi NCR contribute to only 36% of the total Grade A office supply as of December 31, 2024, indicating the presence of many regional developers. The vacancies are the highest in Delhi NCR across the top six cities, largely driven by low occupancy of only around 50% in the peripheral business district (PBD) of Gurugram. The rental rates in the top three micro-markets (DLF Cyber City, Gurugram- Sector 48 and Noida-Sector 62) have been increasing steadily at a CAGR of 3-5% during FY2017-FY2024. ICRA expects the average rental rate for Delhi NCR market increase by 3-4% each in FY2025 and FY2026.



ICRA expects investment opportunity of Rs. 72,000 - 77,000 crore in REIT-ready office spaces for Delhi NCR market. To arrive at REIT-ready office spaces, ICRA has included developers with at least 1 msf 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, Mumbai Metropolitan Region (MMR), Bengaluru, Hyderabad, Chennai and Pune

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



2 Trends across Delhi NCR office market



3 Rating actions in commercial real estate





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