

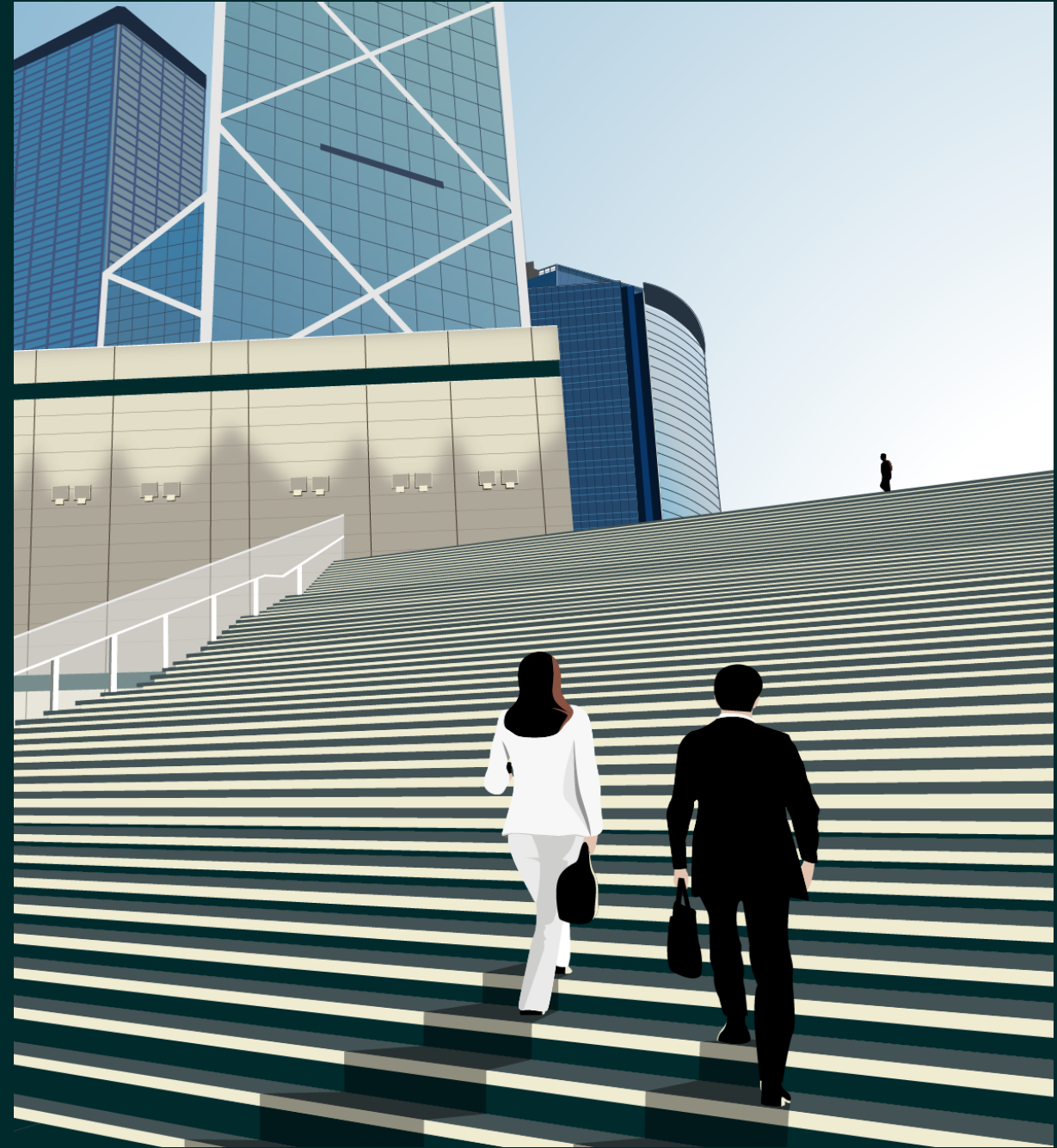
Intelligent Investment

India Alternate Sectors Outlook 2026

REPORT

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Anshuman Magazine
Chairman & CEO
India, South-East Asia, Middle
East & Africa, CBRE



Abhinav Joshi
Head of Research, India, Middle
East & North Africa, CBRE

Foreword

We are pleased to present the **India Market Outlook 2026**, our premier market intelligence report delivering a distilled perspective on the nation's evolving real estate landscape. Anchored by data-driven rigour and institutional expertise, this publication deciphers the structural shifts and strategic trajectories defining the sector's current momentum.

India's economic landscape is characterised by a resilient growth baseline and a maturing fiscal framework, albeit increasingly tested by global volatility. While robust public capital expenditure sustains domestic momentum, systemic risks—particularly within energy markets—necessitate a calibrated outlook. In this environment, proactive trade diplomacy and strategic project de-risking could serve as vital buffers, providing the policy visibility essential for sustained investment.

The office sector is set to surpass the 1-billion-sq.-ft. threshold in 2026, driven by investment-grade supply and GCC expansion into high-complexity R&D roles and product ownership. This multi-dimensional ecosystem benefits from a structural pivot towards AI-driven workforce strategies, where occupiers increasingly prioritise future-ready, high-performance environments to sustain long-term institutional growth.

Parallel to this, the industrial and logistics sectors are transitioning towards manufacturing-led growth and institutional-grade warehousing, bolstered by new-age automation and in-city delivery networks. Simultaneously, the retail landscape is being redefined by experiential flagship formats and destination malls, as investment-grade supply and high-street corridors drive the steady expansion of the organised footprint.

The residential sector is moving towards market equilibrium, led by premium demand and disciplined supply-demand parity. At the same time, structural REIT reforms and sustained investment momentum are accelerating institutional maturity, driving a resurgence in international capital and long-term equity inflows into the sector.

Beyond core assets, we examine the acceleration of data centres and flexible workspaces, now established as mainstream pillars of the real estate ecosystem. We also analyse the institutional trajectory of hospitality, healthcare, life sciences, education, and senior living segments, each offering distinct yield profiles.

We trust this report will serve as a definitive framework for navigating the complexities of the 2026 landscape and informing your strategic capital objectives.

Contents

04 Economy

08 Alternate Sectors





01

Economy

India's 2026 economic outlook is characterised by a resilient growth baseline and maturing fiscal framework, though this stability is increasingly being tested by ongoing global geopolitical volatility. While nominal GDP is projected to expand by 10.5% this fiscal, supported by a firm public capex outlay of INR 12.2 lakh crore, external pressures—particularly in global energy markets—pose a primary systemic risk. In this context, the government's continued focus on proactive trade diplomacy to secure preferential access to economies representing nearly three-quarters of global GDP, alongside project de-risking via credit support, could provide a vital strategic buffer and the policy visibility essential for sustained investment across sectors.

India's Economy in 2025: A Brief Revisit

Macro-stability: Sustaining momentum in a "Goldilocks" environment

India's economy in 2025 achieved a "Goldilocks moment"—a rare equilibrium of high growth and record-low inflation. Real GDP is estimated to have expanded by 7.4% in FY2026 (revised to 7.6% in February 2026)¹, catalysed by a 9.3% surge in the services sector² and 7.0% growth across manufacturing and construction³. This resilience persisted despite a volatile global backdrop and structural softness in the Indian rupee, which depreciated ~4% in 2025. Although U.S.-India trade deal-linked announcements briefly bolstered the INR to 90 vs. USD in early February 2026, recent geopolitical tensions have since outweighed those gains, pulling the currency back towards the 92-level as of March 2026.

Another defining trend in 2025 was the easing of Consumer Price Index inflation to a historic low of 0.25% in October 2025, averaging ~2.1% in FY2026⁴. This environment provided the RBI the necessary headroom to implement 125 basis points of cumulative repo rate cuts, reducing the rate to 5.25% by December—a level maintained through February 2026. Furthermore, fiscal consolidation remained on track; the fiscal deficit is estimated at 4.4% of GDP for FY2026⁵, while the current account deficit narrowed to 0.8% in the H1 of the current fiscal⁶.

Rebound in domestic consumption aided by tax concessions

Domestic demand fuelled India's growth momentum in 2025, catalysed by the Union Budget 2025-26's landmark income tax reforms and subsequent GST 2.0 rationalisation. By raising the effective zero-tax threshold to INR 12 lakh (inclusive of rebates), the government exempted nearly one crore additional taxpayers, significantly boosting middle-class disposable income⁷. The GST 2.0 regime further amplified the impact in September 2025 by shifting a vast array of daily essentials and mass-market goods to the 5% slab (down from 12% and 18%)⁸. Consequently, the nation's private final consumption expenditure (PFCE) is projected to have expanded by 7.0% in FY2026, hitting 61.5% of GDP—the highest share since FY2012¹ (adjusted to 55.7% following the February 2026 GDP rebasing to the 2022-23 base year).

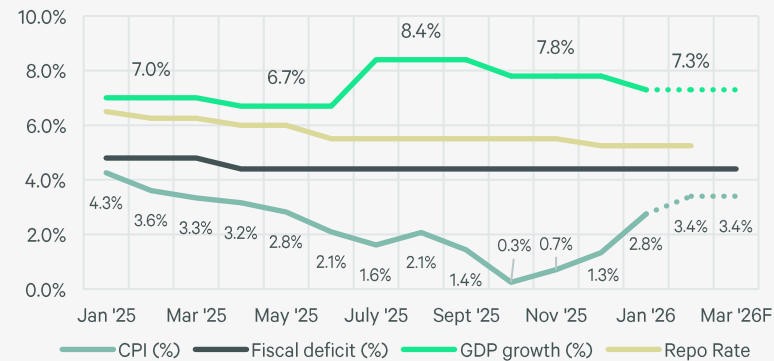
A recovery in rural demand, underpinned by a favourable monsoon and 3.6% agricultural GVA growth⁹, supported this resurgence. High-frequency indicators corroborated the trend: UPI transactions reached INR 230 lakh crore during April-December 2025⁹, while two-wheeler sales in CY2025 touched 2.03 crore¹⁰, reflecting broad-based momentum spanning both urban and rural markets.

Strategic infrastructure push through public capex

Throughout 2025, the government maintained its focus on capital expenditure to bridge investment gaps and modernise national infrastructure. The public capex outlay for FY2026 reached ~INR 11.2 lakh crore⁵, with funds directed towards productive asset creation.

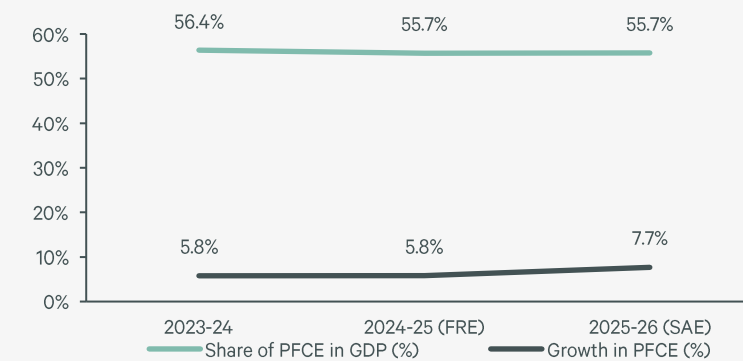
This sustained allocation to capex, representing ~3.1% of GDP⁵, served as the primary catalyst for the construction sector's robust performance during the year. By enhancing multi-modal connectivity under the PM Gati Shakti framework, the government also aimed to further reduce logistics costs and incentivise private-sector participation in the manufacturing and warehousing segments.

Figure 1.1: India's CPI, repo rate, fiscal deficit and GDP growth trends (January 2025-March 2026F)



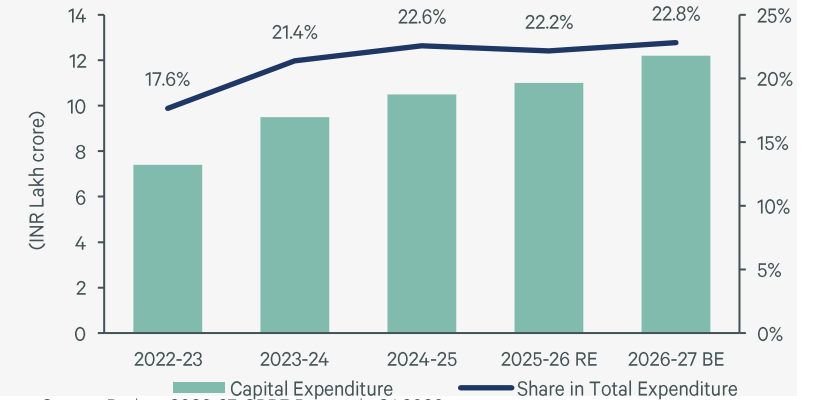
Source: MoSPI, RBI, Union Budget 26-27, CBRE Research, Q1 2026

Figure 1.2: India's PFCE trends (FY2024-FY2026F)*



Source: MoSPI, CBRE Research, Q1 2026

Figure 1.3: India's capex growth trends (FY2023-FY2026F)



Source: Budget 2026-27, CBRE Research, Q1 2026

1. Reserve Bank of India's Monetary Policy Committee and NSO and MoSPI, February 2026, 2. April-September 2025 figures, Economic Survey 2025-26, January 2026, 3. Manufacturing and construction in the secondary sector have been estimated to achieve a growth rate of 7.0% at constant prices in FY 2026, FAE, MoSPI, January 2026, 4. RBI MPC, February 2026, 5. Union Budget 2026-27, February 2026, 6. Economic Survey, January 2026, Note: India's CAD widened to 1.3% of GDP (USD 13.2 bn) in the October-December quarter of FY2026; 7. Union Budget 2025-26, February 2025, 8. The Ministry of Finance, September 2025; 9. Government's response in Rajya Sabha, February 2026, 10. Federation of Automobile Dealers Associations, January 2026

Top Trends Expected to Shape India's Economic Trajectory in 2026

01 Fiscal prudence and the growth baseline

The Union Budget 2026-27 reinforces a trajectory of fiscal discipline, with FY2027 nominal GDP projected to grow by 10.5%¹. This outlook is supported by a robust 7.8% real GDP growth in Q3 FY2026 (refer to Figure 1.4), which has lifted the full-year estimate to 7.6%². Consequently, the real GDP growth baseline for FY2027 is now positioned at 7.0-7.4%, surpassing initial Economic Survey projections (of 6.8-7.2%)³.

In tandem, the RBI MPC (February 2026) adjusted its CPI inflation forecast to 4.0% for Q1 FY2027, reflecting a slight upward revision while maintaining the target band⁴. Central to this stability is the government's commitment to a 4.3% fiscal deficit target for the next financial year, with a further glide path to 3.8% by FY2028. This is complemented by a declining central government debt-to-GDP ratio, projected at 55.6% for FY2027 and a medium-term target of 50.0% by FY2031¹. This fiscal roadmap aims to reduce the sovereign interest burden, thereby securing the long-term capital necessary for sustained public infrastructure investment.

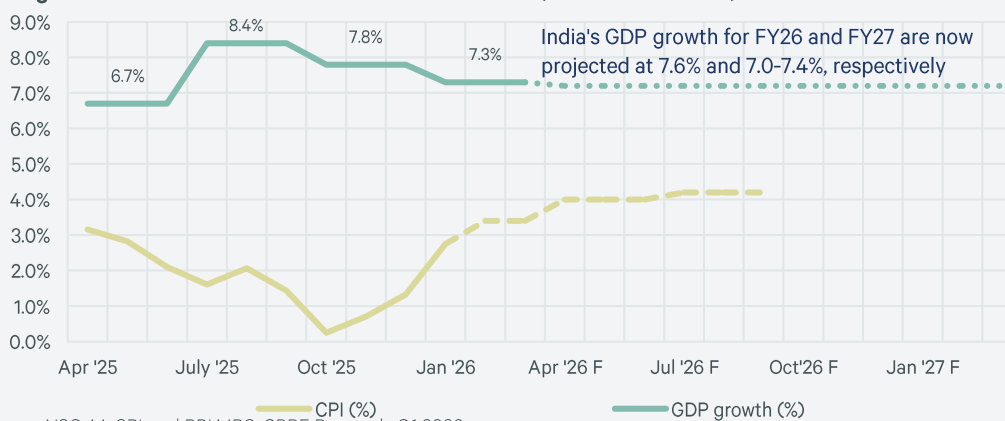
02 Strategic trade breakthroughs amidst heightened global uncertainties

India's 2026 economic outlook is defined by a strategic expansion of its trade network, even as heightened geopolitical volatility clouds the domestic growth trajectory. Renewed tensions in the Middle East—primarily involving Iran, Israel, and the U.S.—have reintroduced significant uncertainty into global energy markets*. With ~20% of the world's oil and gas supply transiting the Strait of Hormuz, the potential for supply-chain disruptions remains a primary systemic risk for the nation's energy-sensitive economy. Against these external pressures, India's proactive trade diplomacy could serve as a critical institutional buffer. The India-U.S. Interim Trade Agreement, ratified in February 2026, has successfully de-escalated bilateral frictions. Following a U.S. Supreme Court ruling that invalidated broad emergency tariffs, a subsequent Section 122 proclamation established a temporary 15% global import surcharge⁵; however, the framework crucially preserves zero-duty treatment for USD 10.03 billion of identified Indian industrial exports⁶. This provides essential policy predictability for key sectors, including textiles and electronics.

This diplomatic momentum is mirrored globally. In January 2026, India concluded a landmark Free Trade Agreement with the EU-27, granting preferential access to 99% of shared trade value. Together with the India-UK Comprehensive Economic Thoroughfare Agreement (slated for April 2026) and the Australia ECTA, **these frameworks potentially secure preferential market access to economies representing 70% of global GDP⁷** (refer to Figure 1.5).

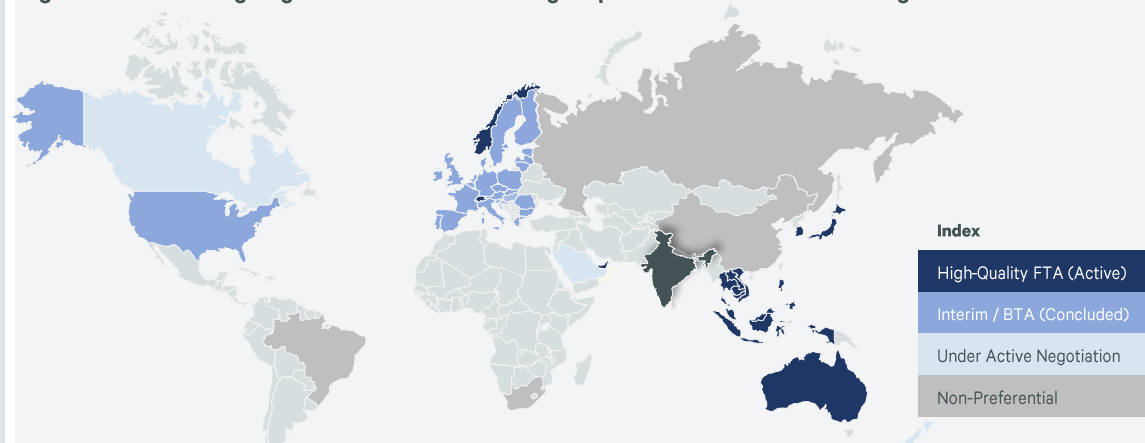
The investment landscape reflects these diverging forces of regional risk and structural opportunity. While India's FDI inflows experienced notable volatility through 2025⁸—driven largely by increased profit repatriation—Foreign Institutional Investors (FIIs) recorded a net equity outflow of ~INR 1.6 lakh crore⁹. As global uncertainties continue to test market resilience, these treaty-based frameworks aim to anchor sentiment by offering the policy visibility required for long-term capital commitments.

Figure 1.4: India's GDP and CPI inflation forecast (FY2023-FY2027F)



Source: NSO, MoSPI, and RBI MPC, CBRE Research, Q1 2026

Figure 1.5: India's ongoing and recent trade deals give potential access to ~70% of global GDP



Note: This map is for illustrative purposes only and may not be exhaustive; Source: CBRE Research, Q1 2026

1. Union Budget 2026-27, February 2026; 2. NSO & MoSPI, February 2026 (under new measurement framework with base year revised to 2022-23); 3. Chief Economic Adviser, February 27, 2026; 4. RBI MPC, February 2026; 5. After the U.S. Supreme Court invalidated previous emergency tariffs on 20 February 2026, the White House invoked Section 122. A 15% surcharge now serves as the baseline for non-exempt imports; 6. PIB, Gov, February 9, 2026; 7. Statement by India's commerce minister noting that the country has secured market access to 70% of global GDP, largely under zero-duty conditions. This follows the conclusion of nine FTAs in the last three years covering 38 countries—including the 27-nation EU, four-nation EFTA, UK, Australia, New Zealand, and the U.S.—alongside existing arrangements with the Japan, South Korea, and ASEAN nations. PIB, 12 February 2026; 8. The RBI Annual Report (May 2025) confirms that while gross FDI reached USD 81 bn in FY2025, net FDI was moderated by USD 51.5 bn in repatriation and disinvestment, characterising the phase as a sign of investment cycle maturity rather than a dilution of investment appeal; 9. NSDL, December 2025. *Note: Global energy market conditions remain fluid amid evolving geopolitical developments in West Asia. Policy responses and transitional arrangements around crude supply chains—including temporary waivers for shipments already in transit—underscore the dynamic nature of energy security considerations and supply adjustments.

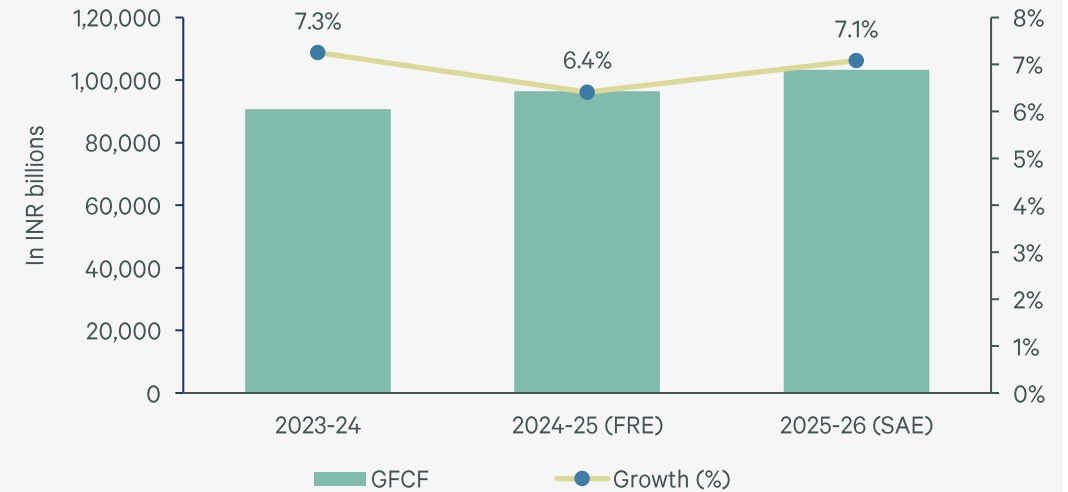
Top Trends Expected to Shape India's Economic Trajectory in 2026

03 Capex expansion: Urban integration and capital de-risking

The country's economic outlook continues to be fuelled by a sustained emphasis on infrastructure-led development, as reflected in the Union Budget 2026-27, which proposes an increase in public capital expenditure to ~INR 12.2 lakh crore, accounting for ~3.1% of GDP for FY2027¹. These allocations support initiatives to lower logistics costs and strengthen economic corridors, including seven high-speed rail connections identified in the Budget. A pillar of this fiscal strategy is the City Economic Region (CER) framework, designed to harness the shared potential of linked urban centres through seamless infrastructure networks. This programme is supported by a proposed allocation of INR 5,000 crore per CER over five years via a reform-linked "challenge" mechanism. Furthermore, the Union Cabinet has approved an INR 1 lakh crore Urban Challenge Fund to catalyse investments through market-led financing, with central assistance covering up to 25% of project costs, contingent on mobilising private or alternative capital².

To further accelerate private sector participation, recent policy measures have pivoted towards de-risking mechanisms and credit support structures, seeking to make projects more financially attractive and secure for private investors. Such initiatives align with a broader upward trend in macroeconomic data, which shows India's gross fixed capital formation (GFCF) grew by an estimated 7.1% in FY2026³ (refer to Figure 1.6). The momentum was bolstered by the previous Budget's (2025-26) provision of INR 1.5 lakh crore in 50-year interest-free loans to states—a long-tenor capital support scheme that expanded the capacity of state and local authorities to deliver infrastructure. By combining these established fiscal foundations with newer market-linked urban investment schemes, the government aims to create a more resilient, de-risked environment for large-scale capital deployment.

Figure 1.6: Increasing share of GFCF (FY2023 – FY2026E)



Source: MoSPI, CBRE Research, Q1 2026

04 Stronger bank balance sheets and capital market deepening

India's financial sector enters 2026 with one of its strongest balance sheet positions in decades, supported by asset quality improvement and steady credit expansion. Gross non-performing assets (NPAs) were at multi-year lows of about 2.15% as of September 2025⁴, based on the RBI's stability assessments, while outstanding credit by scheduled commercial banks has increased by 14.5% Y-o-Y as of December 2025⁵. A visible shift underway is the greater use of market-based funding channels alongside traditional bank lending, helping to diversify sources of capital for corporates and infrastructure projects.

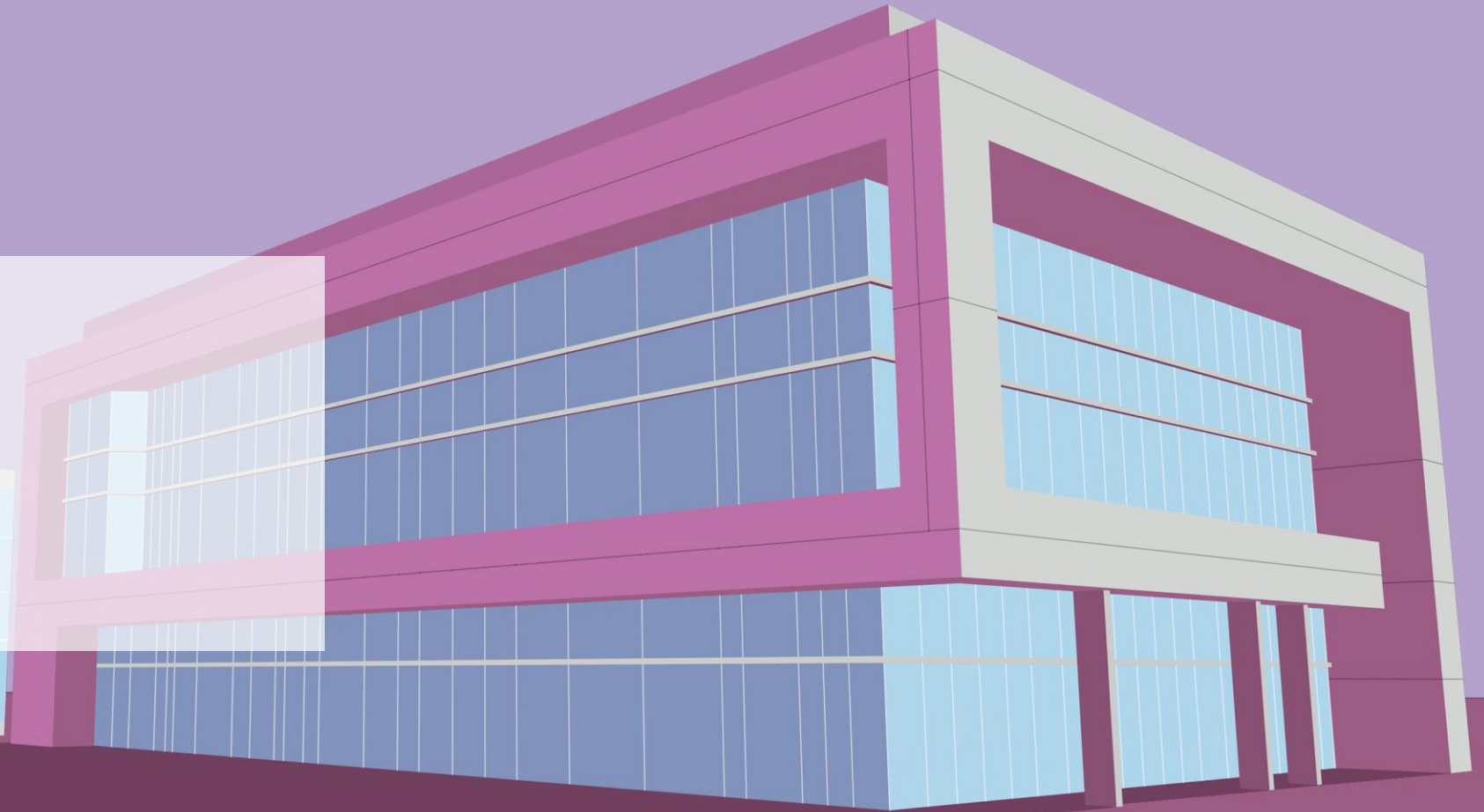
Policy measures in the Union Budget 2026-27 also aim to deepen these markets; for instance, the introduction of Total Return Swaps (TRS) on corporate bonds facilitates institutional risk distribution and improves bond market liquidity. Further maturing the landscape, the Securities Market Code, 2025 (currently under Parliamentary Standing Committee review) seeks to consolidate fragmented legacy laws into a unified framework⁶. These structural reforms, alongside the proposed rationalisation of FEMA rules⁷, are intended to simplify cross-border capital flows and sustainably lower the cost of capital across the economy.

1. Union Budget 2026-27, February 2026, 2. Press Information Bureau, February 2026; 3. NSO and MoSPI, February 2026; 4. RBI's Trends and Progress Report, December 2025, 5. Economic Survey 2025-26, January 2026, 6. The Securities Markets Code, 2025, following its introduction in December 2025, proposes to consolidate three legacy acts (SEBI Act 1992, SCRA 1956, and Depositories Act 1996) into a unified, principle-based framework. This "Super Code" is designed to enhance protection for India's over 12-crore unique investors and introduces a statutory Securities Market Ombudsperson with quasi-judicial powers to pass binding compensation awards, formalising the existing grievance redressal mechanism, 7. Recent RBI notifications, specifically the FEMA (Export and Import of Goods and Services) Regulations, 2026 and updates to the Non-Debt Instrument (NDI) framework, have transitioned foreign investment rules towards a principle-based regime. Key rationalisations include greater flexibility in valuation methodologies—moving away from rigid pricing caps towards internationally accepted standards—and eased requirements for downstream investments and reporting, aimed at reducing regulatory friction for inbound equity capital.

02

Alternate Sectors

- 09 Data Centres
- 13 Flexible Spaces
- 14 Hospitality
- 18 Education
- 19 Senior Living
- 20 Life Sciences
- 21 Healthcare



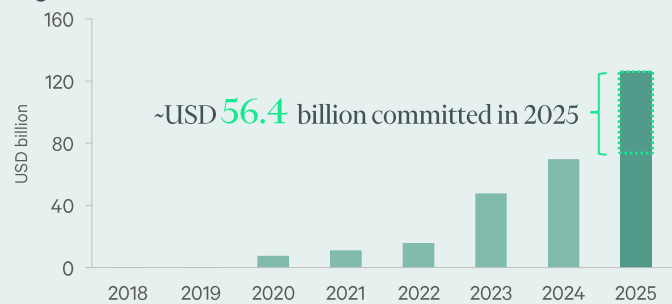
Data Centre Market Performance in 2025: A Brief Revisit

In 2025, India's data centre market was propelled by massive AI workloads—which typically require three to four times the power density of traditional cloud computing—alongside the maturation of 5G networks and evolving data sovereignty laws. Together, these factors have driven a significant shift towards both domestic hyperscale developments and localised edge computing. This momentum has been further accelerated by the emergence of neocloud operators, offering specialised, GPU-heavy infrastructure to meet the growing demand for high-performance computing.

Aligning with the nation's rapidly advancing digital landscape, total data centre available capacity reached ~1,700 MW (translating to ~26 million sq. ft.) in 2025. This was bolstered by a record-breaking 440 MW (7 million sq. ft.) of new supply addition during the year, representing a 160% Y-o-Y surge compared to 2024. Mumbai, Chennai, Bengaluru, and Delhi-NCR (Noida and Greater Noida) together accounted for about 90% of the country's operational stock by the end of 2025¹.

Accounting for over half of India's inventory, Mumbai is a leading global DC hub with ~1.1 GW of capacity¹. It remains the preferred choice for hyperscalers, leveraging superior subsea connectivity and grid reliability. Growth is now concentrated in Navi Mumbai, a dedicated district offering large land parcels and specialised industrial power.

Figure 2.1: Cumulative DC investments in India (2018-2025)



Source: CBRE Research, Q1 2026

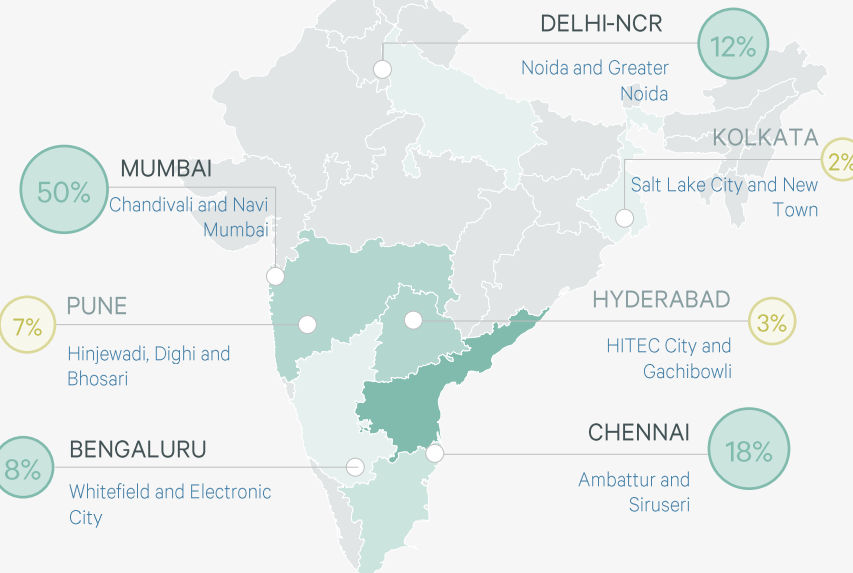
Source: 1. CBRE Research, Q1 2026

Figure 2.2: India's DC stock across tier-I markets in 2025

LEGEND

- Indicates % share in pan-India DC capacity; size of the circle represents the size of the DC market as of 2025
- Established tier-I markets
- Emerging tier-I markets

% share of states in pan-India DC investments (2018-2025)

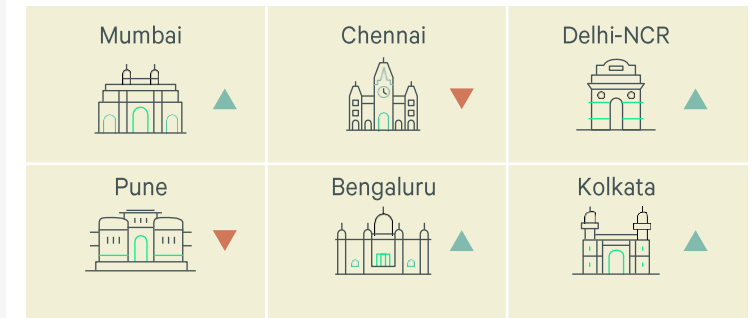


Source: CBRE Research, Q1 2026

Figure 2.3: India's DC supply overview in 2025

Data centre supply climbed at a steady **60-65%** CAGR over the past five years leading up to 2025

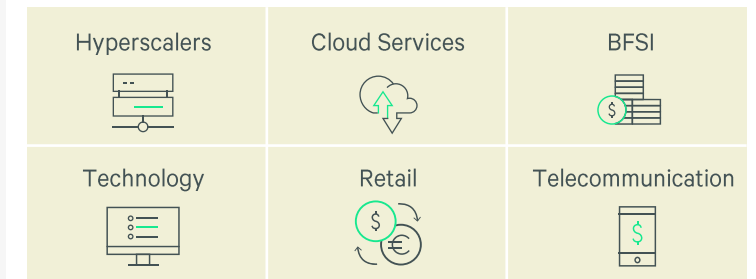
Top six cities driving DC supply in 2025



Source: CBRE Research, Q1 2026

Note: Arrows indicate annual change

Figure 2.4: Key sectors driving DC absorption in 2025



Source: CBRE Research, Q1 2026

Top Trends Expected to Shape India's DC Sector in 2026

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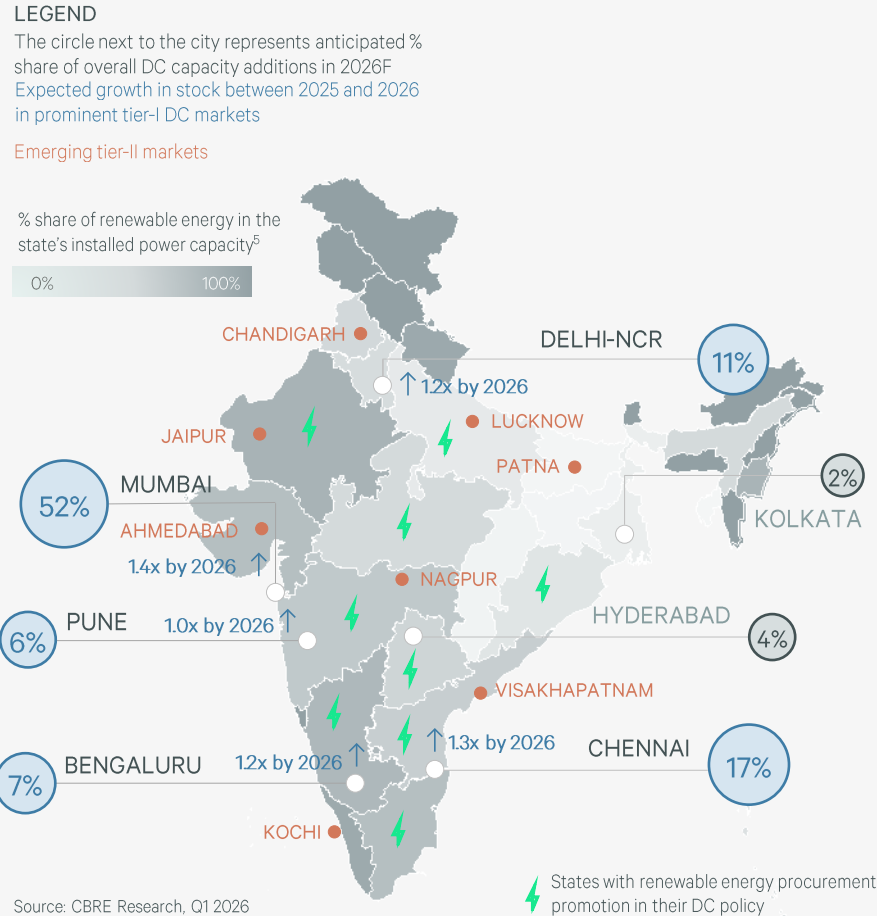
Renewable integration: Powering India's rapid data centre expansion

Globally, data centre power demand is projected to surge by 50% to reach approximately 84 GW by 2027, and further expand to ~122 GW by 2030—representing a 165% increase over 2023 levels¹. Driven by the rapid scaling of energy-intensive AI and cloud infrastructure, this surge in demand is placing unprecedented strain on power grids in high-density data centre hubs.

This global need for high-capacity, power-dense infrastructure is mirrored in India, where total data centre stock is projected to increase by ~30% Y-o-Y in 2026, supported by an estimated 500 MW of new supply². In this context, renewable energy procurement is emerging as a structural pillar of supply-side strategy, helping balance sustainability imperatives with long-term power security requirements. Notably, India achieved a historic milestone in 2025 by adding a record 44.5 GW of renewable energy—nearly double the capacity added in 2024³.

Renewable energy sourcing is now embedded within data centre policies across major states, including Maharashtra, Tamil Nadu, and Karnataka (primary hubs), as well as Telangana, Andhra Pradesh, Rajasthan, Uttar Pradesh, Madhya Pradesh, and Kerala. Furthermore, states such as Maharashtra now allow developers to obtain licences to distribute and consume green power within their own premises⁴. Such initiatives are expected to reduce the sector's reliance on traditional, carbon-intensive fossil fuels—which currently remain essential for rapid capacity expansion—while aligning with broader national clean energy targets.

Figure 2.5: Projected DC stock across India's tier-I markets in 2026



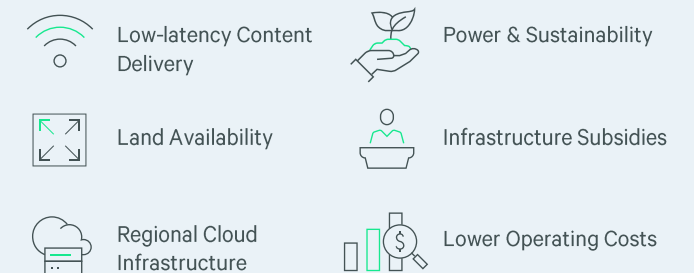
02

Tier-II cities as the next growth frontiers

Data centre capacity expansion across India's tier-II cities is poised to gain significant traction as operators increasingly adopt a distributed architecture. This strategic shift allows operators to mitigate escalating land, power, and cost constraints in saturated tier-I markets, while leveraging the competitive land pricing, state-level incentives, and favourable access to renewable energy in emerging hubs such as Visakhapatnam, Kochi, Ahmedabad, Nagpur, Lucknow, Chandigarh, Patna, and Jaipur, amongst others.

The expansion is being supported by the evolving technical requirements of edge computing and emerging AI workloads. As low-latency needs push critical infrastructure closer to end-users, tier-II hubs are becoming increasingly suitable locations for edge deployments. Additionally, certain tier-II locations with significant power and land abundance are also attracting interest for hyperscale campuses. However, given the scale and complexity of such development, this expansion is likely to be driven by large, well-capitalised developers capable of delivering fully integrated ecosystems.

Figure 2.6: Advantages of tier-II cities as DC hubs



1. Goldman Sachs Research, February 2025; 2. CBRE Research, Q1 2026; 3. Ministry of New and Renewable Energy, December 2025; 4. Maharashtra IT & ITeS Policy 2023, Government of Maharashtra, 2023; 5. National Power Portal, January 2026

Top Trends Expected to Shape India's DC Sector in 2026

03

On a bold regulatory path to DC dominance

The central government has introduced several policy initiatives to establish India as a premier global hub for DCs and digital infrastructure. The Union Budget 2026-27 serves as a key engine for this transformation, announcing a landmark tax holiday until 2047 for cloud and AI-driven services. These measures are aimed at providing the long-term fiscal certainty required to sustain a high-octane regulatory and investment environment.

Tax Holiday till 2047: A long-term income tax holiday has been proposed for foreign cloud providers utilising India-based DC infrastructure for their operations, contingent upon the use of an Indian reseller for service delivery¹.

Safe Harbour Provisions: To reduce litigation, the government has established a 15% safe harbour margin on costs for domestic DCs. This provision is expected to accelerate foreign investment by eliminating transfer pricing disputes and providing the fiscal certainty necessary for hyperscalers to deploy high-capex, AI-ready infrastructure¹.

Green Capex Support: Capital grants of 25-35% for DCs investing in green technologies have been proposed, covering on-site battery storage systems (BESS) and advanced closed-loop cooling systems¹.

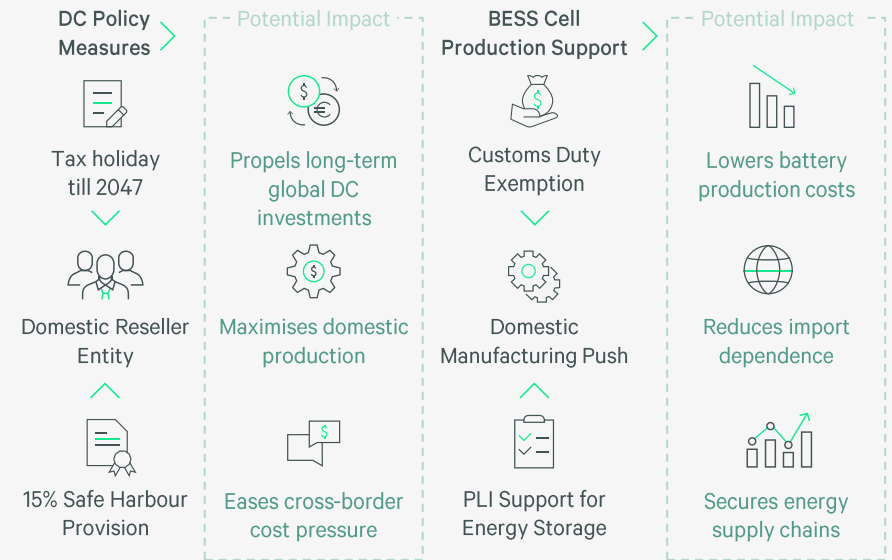
BharatNet Expansion and Rural Edge Computing: The government has allocated ~USD 8 billion (INR 74,000 crore) to extend high-speed fibre to over 2.15 lakh gram panchayats, enabling the infrastructure backbone required for edge data centers. By facilitating localised data processing in rural regions, this initiative supports low-latency applications such as precision farming and tele-medicine, thereby extending cloud capabilities to the grassroots level¹.

India Semiconductor Mission (ISM) 2.0: With an outlay of ~USD 0.9 billion (INR 8,000 crore), the new phase focuses on achieving technological depth beyond assembly operations. ISM 2.0 aims to enable domestic production of semiconductor equipment and raw materials and advance towards 3-nanometer (3nm) and 2-nanometer (2nm) technology nodes. This marks a gradual shift from legacy chip ecosystems to high-end hardware for AI servers and smartphones. By supporting fabless innovation through Design Linked Incentive (DLI) scheme, the initiative is expected to strengthen indigenous chip design capabilities, potentially lowering capital expenditure and enabling more energy-efficient, AI-ready DC deployments¹.

National-level milestones, such as **infrastructure status recognition, the India AI Mission (2024)** and the **Digital Personal Data Protection Act (2023)** have further institutionalised the sector by enhancing policy clarity for investors. In parallel, the categorisation of DCs as "strategic infrastructure" under the Draft National Data Centre Policy 2025 is expected to unlock aggressive fiscal incentives, including long-term tax holidays, and faster regulatory approvals, reinforcing India's ambition to position itself as a global hub for AI-led digital infrastructure. These measures are further complemented by state-led initiatives facilitating access to specialised industrial power and targeted fiscal incentives, ensuring a competitive and scalable environment for developers and operators across established and emerging DC markets.

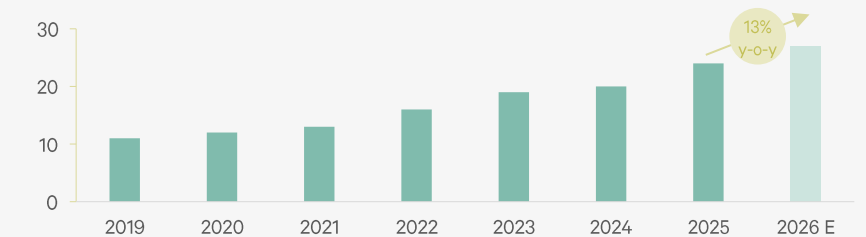
Source: 1. Union Budget 2026-27, February 2026

Figure 2.7: Union Budget 2026-27: Major DC-linked initiatives



Source: Union Budget 2026-27, CBRE Research, Q1 2026

Figure 2.8: Cumulative number of DC operators entering India



Source: CBRE Research, Q1 2026

Top Trends Expected to Shape India's DC Sector in 2026

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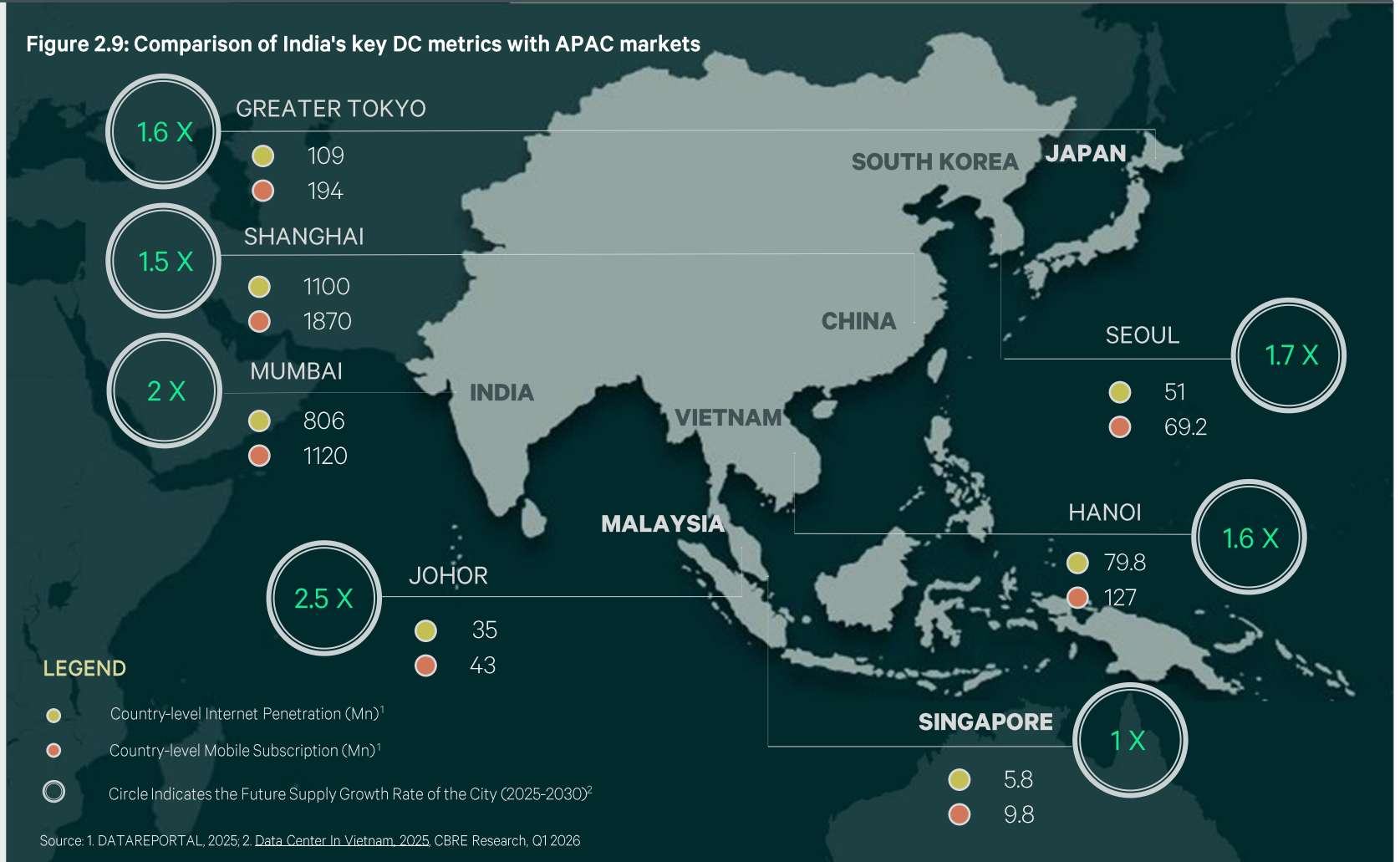
Global capital betting big

The DC sector's resilience and attractive returns potential are establishing it as a primary focus for investors, with foreign capital playing a dominant role. This interest is supported by a robust regulatory framework that continues to enhance transparency and streamline credit access. Reflecting this shift, data centres were newly classified as a mainstream asset class in the [2026 CBRE Asia Pacific Investor Intentions Survey](#), where they emerged as the fourth most preferred sector for investors. Consequently, to achieve necessary scale, investors are increasingly pursuing joint ventures and M&A activity, both of which have risen substantially over the last two years.

This institutional momentum is expected to drive a significant surge in deployments, positioning India as one of the fastest growing and most dynamic DC markets in the Asia-Pacific region (refer to Figure 2.9). Total investment commitments in this sector are projected to surpass ~USD 180 billion in 2026, representing a ~45%¹ annual growth from the ~USD 126 billion at the end of 2025.

While Telangana, Maharashtra, Andhra Pradesh, Tamil Nadu, and Uttar Pradesh are likely to be the primary recipients of these capital inflows, the investment landscape is beginning to diversify. Driven by the requirements for lower latency, 5G proliferation, and data localisation, DC operators are moving beyond traditional metro-centric models to direct sustained investment towards tier-II cities such as Ahmedabad, Visakhapatnam, Patna, and Bhopal, among others.

Figure 2.9: Comparison of India's key DC metrics with APAC markets



Source: 1. CBRE Research, Q1 2026

Flex Market: 2025 in Review, 2026 in Focus

Leasing by flex operators remained robust in 2025, maintaining a share of around 20% of India's total office absorption and underscoring sustained demand for flexible workspace solutions. The flex segment ranked as the second-largest contributor to overall office leasing, trailing only the technology sector and cementing its role as a structural demand driver.

Total flexible stock surpassed the 100-million-sq.-ft. milestone across the top nine cities during the year, driven by accelerated operator expansion and rising occupier uptake. Bengaluru retained the largest share at ~30% of this flex stock, followed by Delhi-NCR at around 20%. Over the past five years, flexible workspace inventory has expanded at a strong double-digit CAGR, consistently outpacing conventional office stock growth and reinforcing the segment as a fundamental pillar of India's office landscape.

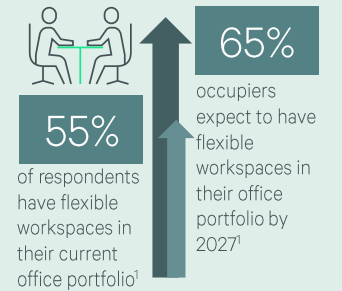


Note: The absorption and space take-up figures are based on activity within Grade A and selected non-Grade A developments across key micro-markets only. Therefore, these figures do not reflect all transactions occurring in the remaining non-Grade A developments. All data points refer exclusively to the top nine cities in India: Delhi-NCR, Mumbai, Bengaluru, Chennai, Hyderabad, Pune, Kolkata, Ahmedabad, and Kochi. Source: CBRE Research, Q1 2026.

Top Trends Expected to Shape India's Flex Sector in 2026

01 Mainstreaming of flexible workspace portfolios

Flexible workspace strategies are shifting from tactical use to structural portfolio integration. The CBRE [India Office Occupier Survey 2025](#) confirms that rising penetration levels now support long-term footprint goals, moving beyond mere overflow capacity. For GCCs and large enterprises, flex is emerging as a critical lever for scalability, capital efficiency, and multi-city expansion. Simultaneously, operators are sharpening their value propositions through diversified solution mix, technology integration, and experience-led environments—positioning flex as a comprehensive workplace solution layer rather than a mere space provider. In 2026, India's flex segment is expected to influence how portfolios are structured, not just where space is leased.



02 Institutional capital infusion

Deeper institutional capital and public market participation are steering India's flexible workspace sector towards a more disciplined growth phase. This may also signal greater maturity and stronger governance. As consolidation accelerates, operators with larger portfolios and wider city coverage are expected to gain a competitive advantage. Flex is also gaining traction as a potential repositioning tool for underperforming office assets, improving activation, tenant diversification, etc. This integration further embeds flex within mainstream office investment strategies.

03 Broadening geographic adoption

Flex growth is extending beyond tier-I hubs, becoming increasingly enterprise-led as select non-tier-I cities emerge as strategic nodes within distributed portfolios. Improving infrastructure, expanding talent pools, and superior cost efficiencies are strengthening their appeal as viable locations for occupier clients.

In 2026, the expansion of flex workspaces into non-tier-I cities is likely to serve as a strategic extension of corporate networks, gradually diversifying India's flex demand base. Key non-tier-I markets include Indore, Coimbatore, Vadodara, Ahmedabad, and Kochi, among others.

Source: 1. 2025 India Office Occupier Survey, CBRE, September 2025

Hospitality Sector Market Performance in 2025: A Brief Revisit

India's hospitality sector maintained strong growth momentum throughout 2025, underpinned by robust domestic demand and a resilient economic landscape. This upward trajectory persisted despite year-end headwinds, such as geopolitical tensions and operational disruptions involving a major domestic airline in December. **Overall occupancy levels reached ~64%**, providing a foundation for improved financial performance. Revenue per available room (RevPAR) rose by 11% Y-o-Y, surpassing the 9% growth recorded in 2024. Similarly, average daily rates (ADR) increased by 8.7% Y-o-Y, an acceleration from the 6.8% growth seen in the previous year¹.

Branded supply and strategic premiumisation

India's total hotel room inventory expanded at a CAGR of 3.1%¹ between 2021 and 2025, a trend expected to persist as leading operators execute major expansion plans. By the end of 2025, total branded inventory reached ~450,000 keys, bolstered by the addition of over 14,400 new rooms during the year¹.

While the Economy segment maintained the largest share of total inventory at 22%, the 2025 supply pipeline shifted decisively towards premiumisation¹. The Upper Midscale, Upper Upscale, and Upscale categories cumulatively accounted for ~60% of new openings, directly addressing the heightened consumer appetite for luxury experiences¹.

Geographical dispersion into emerging hubs

The sector's 2025 roadmap also highlights a strategic shift towards Tier-II and III markets, moving beyond the traditional reliance on metropolitan hubs. This geographic diversification is driven by more than just the surge in spiritual and wellness tourism; it is equally underpinned by broadening commercial activity and economic expansion in these emerging cities. Notably, enhanced infrastructure has enabled hotel brands to capture a more resilient, multi-dimensional demand profile. By blending leisure appeal with decentralised corporate demand, these markets are becoming critical pillars of the industry's evolving footprint.

Figure 2.10: ADR, RevPAR, and occupancy trends in India's hotel sector (2021-2025)

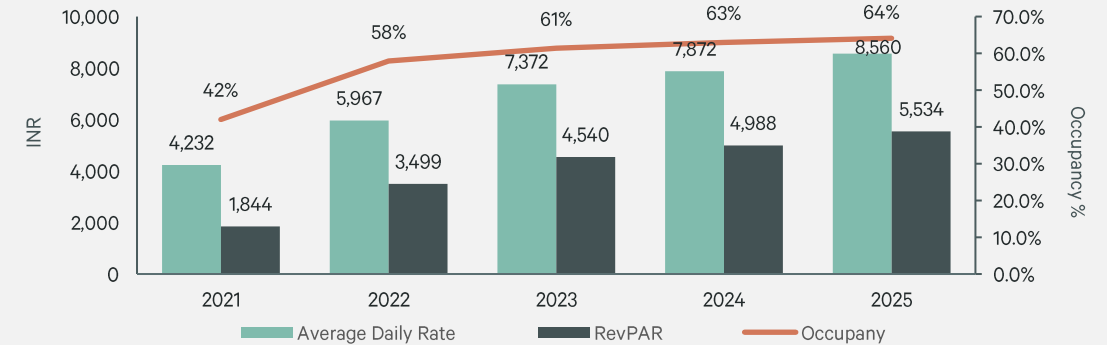
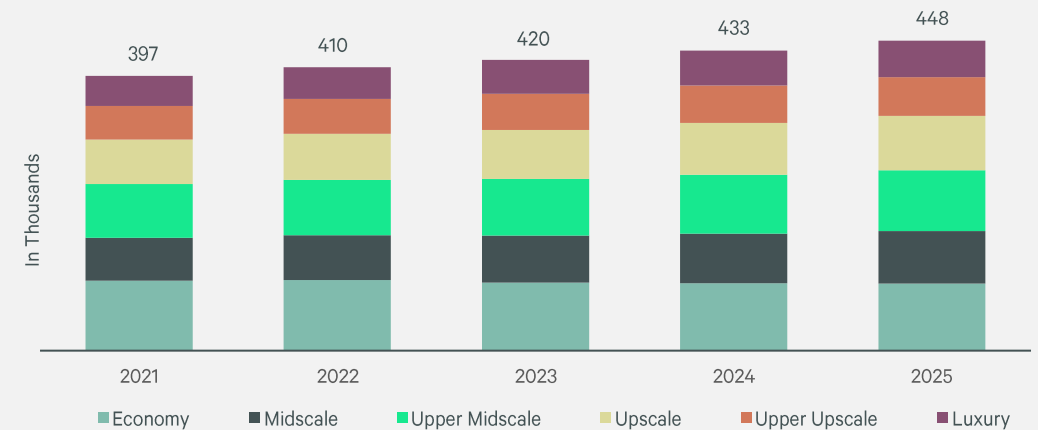


Figure 2.11: Segment-wise share of India's total hotel inventory (2021-2025)



Source: Co-Star, CBRE Research, Q1 2026

Source: 1. Co-Star, CBRE Research, Q1 2026 | Note: CoStar, through its STR data, defines hotel chain scales primarily based on the previous year's actual system-wide average daily rate (ADR). This benchmarking framework categorises branded hotels into six segments: Luxury, Upper Upscale, Upscale, Upper Midscale, Midscale, and Economy. Independent properties are classified separately based on their ADR relative to chain-affiliated hotels in their area.

Hospitality Sector Market Performance in 2025: A Brief Revisit

Deepening investment activity across hospitality assets

Since 2024, India’s hospitality sector has witnessed a substantial surge in investment activity, with institutional players aggressively acquiring large stakes. Total hotel deal value reached ~USD 456 million in 2025, representing a 2.5x Y-o-Y growth from USD 184 million¹ in 2024. This momentum is projected to continue over the next two years as investors continue to explore portfolio-led investments and targeted asset acquisitions.

Driven by attractive yield considerations and expectations of robust medium-term demand, the year was marked by several high-profile acquisitions. Key transactions included Marriott International acquiring a minority stake in Concept Hospitality for USD 15 million, while the Indian Hotels Company Ltd (IHCL) secured a 51% stake in ANK Hotels and Pride Hospitality for USD 22 million. Both deals underscore a strategic move towards capturing the Midscale segment².

While major metropolitan hubs—Mumbai, Delhi-NCR, Bengaluru, Hyderabad, Pune, Chennai, and Kolkata—remain the primary anchors for investment due to consistent year-round demand, a clear trend towards diversification is emerging. Investor interest is increasingly shifting towards:

- Leisure destinations and pilgrimage centres
- Emerging commercial cities with a constrained supply of branded inventory

These locations are increasingly attracting long-term capital as investors look to tap into growth opportunities outside tier-I markets.

Public markets and liquidity

The sector also utilised public markets to unlock liquidity and strengthen balance sheets. Key IPOs in 2025 included:

- **Schloss Bangalore (The Leela Hotels):** Listed in June 2025, the company raised INR 35 billion. Notably, INR 23 billion was strategically allocated to paring down debt².
- **Brigade Hotel Ventures:** The firm successfully raised INR 7.59 billion through its IPO in March 2025².

Table 2.1: Select institutional activity across India’s hospitality sector

Institutional Investor	Operator	Deal value (in USD million)
GIC	35% stake in SAMHI Hotels Ltd.	~88
Warburg Pincus	41% stake in Lemon Tree’s subsidiary Fleur Hotels	~105
Blackstone	~55% stake in Nitesh Land, owner of Ritz Carlton, Bengaluru	~65

Source: Co-Star, publicly available information, CBRE Research, Q1 2026 | Note: Data is indicative and reflects key expansion announcements only

Policy support strengthens hospitality supply pipeline

Supportive government policies also contributed to growth across key performance indicators in 2025. The Union Budget FY2025-26 announced a landmark initiative to develop 50 priority tourist destinations in partnership with state governments through a challenge-mode framework. As part of this programme, hotel projects in these identified locations were made eligible for infrastructure status, subject to state participation, facilitating improved access to institutional financing and supporting supply acceleration.

In addition, the continued expansion of the UDAN regional connectivity scheme, extension of MUDRA financing support for homestays, streamlined e-visa processes, and sustained allocations under tourism development programmes such as Swadesh Darshan and PRASHAD have collectively strengthened the enabling ecosystem for hospitality growth. These measures are expected to improve accessibility to emerging destinations, encourage private investment, and support the sector’s medium-term expansion trajectory.

Source: 1. Co-Star, CBRE Research, Q1 2026 | Note: CoStar, through its STR data, defines hotel chain scales primarily based on the previous year’s actual system-wide average daily rate (ADR). This benchmarking framework categorises branded hotels into six segments: Luxury, Upper Upscale, Upscale, Upper Midscale, Midscale, and Economy. Independent properties are classified separately based on their ADR relative to chain-affiliated hotels in their area. 2. Publicly available information

Top Trends Expected to Shape India's Hospitality Sector in 2026

The Indian hospitality sector is positioned for steady growth in 2026, transitioning from a phase of post-pandemic recovery to structural maturity characterised by disciplined expansion and pricing stability. The industry market size, valued at ~USD 24.6 billion in 2024, is projected to reach ~USD 31 billion by 2029 (at a CAGR of 4.7%)¹. This trajectory is underpinned by rising disposable incomes and improving accessibility facilitated by large-scale infrastructure development. Sectoral momentum is further supported by a resilient macroeconomic environment and the expansion of premium commercial spaces. In 2025, domestic tourism recorded a sharp jump, with domestic tourist visits (DTVs) rising to 4.1 billion from 2.9 billion in 2024, marking a ~40% Y-o-Y increase². **To capitalise on this underlying growth potential, listed hotel operators in India are projected to add ~70,000 to 80,000 keys by 2030³**. This points towards four structural themes that are likely to influence the sector's trajectory in 2026: connectivity-led demand expansion, experience-driven asset evolution, consolidation-oriented investment strategies, and enabling policy support.

01 Connectivity-led demand expansion set to strengthen spiritual and heritage hubs

India's spiritual and heritage landscape is evolving as a year-round institutional demand segment, supported by government investment and an overhaul of national transit networks. The foundation of this shift is a substantial commitment to connectivity, evidenced by the near-doubling of the PRASHAD scheme outlay to INR 245 crore for FY2026-27⁴.

Infrastructure milestones, including proposed high-speed rail corridors and the ongoing expansion of the national aviation sector, are enhancing accessibility and enabling premium operators to enter emerging markets with greater logistical confidence. Recent portfolio expansions, such as Lemon Tree's entry into Varanasi, Radisson's scaling in Shirdi, Puri, and Ujjain, and the presence of Taj, ITC, and Westin in Rishikesh underscore a strategic pivot towards capturing institutionalised demand across spiritual and cultural centres.

02 Experience-led positioning: Shift towards "feel-good" hospitality formats set to accelerate

In 2026, the sector is expected to accelerate its transition from conventional inventory towards higher-yield, experience-driven assets. Developers and operators are increasingly focusing on integrated mixed-use hubs and residential-style luxury offerings to cater to HNIs seeking a "hotel-at-home" lifestyle. This approach prioritises emotional comfort, professional management, and globally aligned design standards.

The 2026 landscape is also likely to be shaped by the rise of specialised formats, including wellness-led retreats, experiential villas, and heritage conversions. This reflects a shift among discerning consumers towards unique, high-touch environments, with a demonstrated willingness to pay a premium for curated services and 'feel-good' aesthetics.

03 Strategic consolidation, asset-light expansion poised to shape investment activity

The hospitality sector is witnessing a gradual strategic realignment, with operators increasingly adopting asset-light expansion models such as management contracts and franchise partnerships. This shift away from capital-intensive ownership structures has enabled hotel companies to strengthen balance sheets and pursue more disciplined growth strategies, enhancing the sector's institutional appeal.

As the industry expands, consolidation activity is expected to gain momentum in 2026. With India's branded hotel inventory estimated at ~450,000 keys⁵ and room-to-traveller ratios indicating headroom for further capacity expansion, operators are increasingly exploring acquisition-led growth strategies to scale portfolios and broaden market presence. Major hospitality players including IHCL, Marriott, and Accor are evaluating opportunities across tier-II and tier-III cities, supported by improving connectivity and expanding tourism infrastructure.

For several listed players, acquisitions and strategic partnerships are also emerging as an efficient route for portfolio expansion, supported by their recently expanded capital base. At the same time, India's extensive base of independent and unbranded hotels presents opportunities for asset aggregation and brand conversions. Against this backdrop, investment activity in the hospitality sector is likely to remain active through 2026, supported by sustained travel demand and continued investor interest in scalable hospitality platforms.

Source: 1. IBEF, July 2024; 2. Annual Report 2025-26, Ministry of Tourism, February 2026; 3. Operator websites and financial reports; CBRE Research, Q1 2026; 4. Union Budget 2026-27, February 2026; 5. Co-Star, CBRE Research, Q1 2026

Top Trends Expected to Shape India's Hospitality Sector in 2026

04 Policy reforms, ecosystem initiatives likely to support long-term sector fundamentals

Recent policy initiatives are expected to support the continued development of the country's hotel ecosystem. GST rationalisation for the hospitality sector, implemented under GST 2.0 reforms in September 2025, streamlined taxation structures to improve sector competitiveness. Under the revised framework, rooms priced above INR 7,500 continue to be taxed at 18% with Input Tax Credit (ITC), while tariffs below INR 7,500 now attract a 5% GST (without ITC), down from the earlier 12% rate¹. These measures are expected to support affordability across Midscale and Budget segments while lifting occupancy and revenue.

The Union Budget FY2026-27 also outlines several initiatives that could strengthen long-term sector fundamentals through investments in skills, infrastructure, and tourism development. The proposed upgrade of the National Council for Hotel Management and Catering Technology (NCHMCT) into a National Institute of Hospitality is expected to enhance professional training and help build a stronger talent pipeline, supporting organised expansion across tier-II and tier-III cities.

Simultaneously, the government's capex outlay of ~INR 12.2 lakh crore for FY2027² is likely to improve connectivity to emerging tourism destinations and heritage circuits, including Puri's Jagannath heritage corridor, the Mathura heritage corridor, and the Indus Valley sites of Lothal and Dholavira. The National Destination Digital Knowledge Grid is also expected to facilitate more data-driven tourism planning, enabling targeted investments and sustainable destination development.

Overall, India's hospitality sector is set for broad-based expansion, supported by:

- Resilient domestic demand
- Expanding travel across spiritual, wellness, and tier-II destinations
- Growing preference for experience-led travel formats
- A shift towards asset-light and technology-enabled operating models
- Continued infrastructure investments and skilling initiatives



Source: 1.GST Reforms, Press Information Bureau, September 2025 2.Union Budget 2026-27, February 2026

Education

Government-operated schools, colleges, and universities constitute the bedrock of India's education system, yet the private sector is increasingly emerging as the primary catalyst for modernising the landscape. This broader education sector momentum is underpinned by robust fiscal support—including a budgetary allocation of INR 1.39 lakh crore (USD 15.1 billion) for FY2027¹—and progressive regulatory reforms such as those enabling foreign universities and investors to establish campuses in the country. Driven by the infrastructure expansion required to meet the National Education Policy (NEP) objectives—including a 100% Gross Enrolment Ratio (GER) in school education by 2030 and 50% in higher education by 2035—India's education market is projected to reach USD 313 billion by FY2030². This trajectory is expected to generate substantial opportunities for private entities, particularly through strategic partnerships and institutional real estate developments.

Diverse operating models fostering private participation: The emergence of diverse operating models—notably Sale and Leaseback (SLB), Build-to-Suit (BTS), and multi-party ownership—has created a conducive environment for institutional participation in the education segment. A growing shift towards asset-light expansion has created a fit for the PropCo-OpCo model, wherein investors build or own the underlying real estate while operators manage the educational institution. By decoupling property ownership from educational operations, these structures enable more efficient capital allocation and streamlined project execution. Consequently, they have opened a strategic avenue for large-scale capital deployment across key educational segments:

- **Institutional players to continue expansion in the K-12 segment:** To maintain a competitive edge amidst rising demand for premium education, K-12 providers are increasingly leveraging these structures to secure private equity partnerships. This institutional capital is emerging as a key driver for modernising operational frameworks and upgrading physical infrastructure across major cities (refer to Table 2.2 for key institutional-backed school chains in the country).
- **Growing prominence of private universities:** Private universities are adopting similar PropCo-OpCo and multi-city hub-and-spoke models to scale efficiently, addressing public capacity constraints and catering to the rising demand for premiumised education. This is reflected in a 9.9% CAGR growth in private universities (2011-12 to 2021-22), significantly outpacing the 4.3% growth recorded by public educational institutions during the same period³.

Policy frameworks as a growth driver

Concurrently, evolving regulations, such as the 2023 Foreign Higher Educational Institutions (FHEI) framework, are driving international entry into key urban hubs (refer to Table 2.3). Additionally, the proposed Viksit Bharat Shiksha Adhishtan (VBSA) bill, introduced in late 2025, seeks to streamline governance and consolidate oversight under a single apex body, thereby fostering a cohesive environment for sustained sectoral expansion.

As macroeconomic and structural tailwinds converge, we expect these trends to gain further momentum in 2026 and beyond, driving the continued expansion of sophisticated domestic and international private education institutions. Furthermore, the NEP's long-term objective of allocating 6% of GDP to education is projected to catalyse significant public infrastructure upgrades, thereby fostering greater alignment and reducing disparities between government and private stakeholders across the national landscape.

Table 2.2: Prominent institutional investor-backed school chains in India

Name of the School Chain / School Brand	Major Institutional Investors	No. of Schools	Year of Initial Investment	Board(s) Offered
Multiple Brands (Lighthouse Learning Group)	KKR Asia Ltd.	53	2019	Cambridge, CBSE, ICSE, IGCSE
Multiple Brands (Global Schools Foundation)	Apollo Global Management	29	2021	IB, CBSE, ICSE, IGCSE
Orchids International	Peak XV Partners, Sofina, Kedaara Capital, Venturi Partners, Kenro Capital, Kedaara Capital	85	Peak XV in 2010, Sofina in 2020, Kedaara in 2023, rest in 2024	Cambridge, CBSE, ICSE
International Schools Partnership (ISP)	Partners Group and OMERS	105	Partners started ISP in 2013 and OMERS invested in 2021	CBSE, International Boards
Chirec International	Jacobs Holding AG, BDT & MSD Partners, Sofina	100	2018 (Jacobs Holding bought Cognita)	Multiple boards
Oakridge International	EQT, Neuberger Berman Private Markets, Canada Pension Plan Investment Board, Corporación Financiera Alba, Dubai Holding Investments	80+	EQT in 2008, CPP in 2017, recent investors in 2025	CBSE, IB, IGCSE in India
Crimson Schools	Alta Capital	14	2023	Cambridge, CBSE

Table 2.3: Mapping prominent foreign universities with established presence in major Indian cities

Foreign University	City	Status	Foreign University	City	Status
Deakin University	GIFT City	Operational	University of York	Mumbai	Starting operations in 2026
University of Wollongong	GIFT City	Operational			
University of Southampton	Gurugram	Operational	University of Aberdeen	Mumbai	Starting operations in 2026
Victoria University	Delhi-NCR	Starting operations in 2026	University of Bristol	Mumbai	Starting operations in 2026
Western Sydney University	Greater Noida	Starting operations in 2026	Instituto Europeo di Design	Mumbai	Starting operations in 2026
University of Liverpool	Bengaluru	Starting operations in 2026	University of Western Australia	Mumbai	Starting operations in 2026

Source: Publicly available information and CBRE Research, Q1 2026. Information is indicative and represents key expansion announcements only.

1. Union Budget, 2026-27; 2. Ministry of External Affairs – 'India To Become \$313 billion Education Market By 2030', November, 2021; 3. AISHE 2021-22

Senior Living

The senior living segment in India is transitioning from a fragmented niche into a structured asset class, driven by significant demographic shifts. With the national elderly population projected to reach 230 million by 2036¹, the market is successfully moving away from the "old age home" stereotype. As more millennials and Gen Zs settle abroad and nuclear families become the norm, seniors are increasingly seeking environments that balance independence with specialised care.

Senior living projects provide a continuum of care, integrating 24/7 medical access with preventive healthcare such as digital monitoring and physiotherapy. These projects allow residents to transition seamlessly between independent living, assisted living, and skilled nursing based on individual requirements. Furthermore, they offer active social ecosystems—including yoga and wellness centres, pet parent meetups, hobby clubs, and cultural events—which foster engagement and a strong sense of community, ensuring long-term vitality for residents.

01 Capital influx and regional concentration

The transition of senior living into a mainstream asset class is attracting significant institutional interest and long-term capital commitments. Currently, senior living facilities remain predominantly concentrated in Southern India, with key cities such as Coimbatore, Bengaluru, and Chennai witnessing the highest levels of activity. This regional focus is attributed to a combination of an ageing population, favourable rental and capital values, and established, world-class healthcare infrastructure.

Strategic capital commitments from tier-I developers in late-2025 and early-2026 indicate a promising outlook for the segment. Developers are increasingly moving beyond standalone projects to integrate specialised senior living within professional, large-scale frameworks.

Table 2.4: Major investment and expansion activity in senior living segment (2025-2026)

Developer / Platform	Investment outlay (INR crore)	Key details
Serene Communities by Columbia Pacific	3,000	Pan-India expansion across six cities; includes a INR 500 cr JV with Asset Homes in Kerala (January 2026).
Hiranandani Communities	1,000	Targeted outlay for senior living projects in Mumbai, Panvel, and Chennai (November 2025).
Brigade & Primus	750	Strategic partnership for a high-value venture in Bengaluru and South India (February 2026).
Ashiana Housing	425	Earmarked for FY2025-26 to scale its footprint across Mumbai, Bengaluru, and Delhi-NCR.
Vedaanta Senior Living	50	Launch of 'Vedaanta Ananta' in Chengalpattu, Tamil Nadu, featuring 69 senior-specific villas (February 2026).

Source: Publicly available information and CBRE Research, Q1 2026. Information is indicative and represents key expansion announcements only.

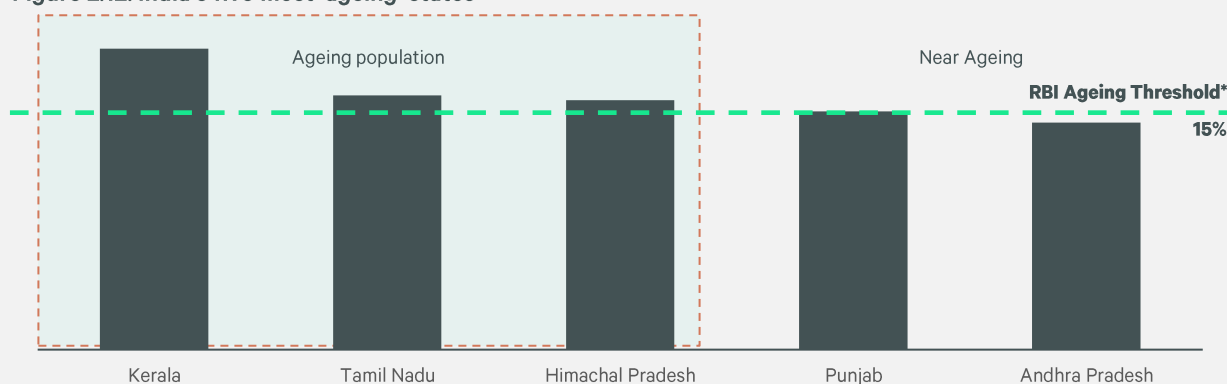
Shifting business models

While the "outright sale" model remains popular, the market is witnessing a notable transition towards **hospitality and rental-driven models**. This shift allows seniors to preserve their capital while retaining the flexibility to relocate should their healthcare requirements or location preferences change. By adopting professional community management, developers are also ensuring that safety, wellness, and social engagement remain the core value propositions, moving the segment towards a service-led real estate model.

02 Demographic outlook: The rise of "ageing states"

India's demographic trajectory is undergoing a fundamental restructuring, with major implications for real estate demand. The RBI classifies states as "ageing" when 15% or more of the population is aged 60 and above². While Kerala has already surpassed this benchmark (projected at 18.7% by the end of 2026), Tamil Nadu is expected to firmly enter the category this year at 15.8%³. By 2036, more than half of India's states are projected to be in the "ageing" category.

Figure 2.12: India's five most 'ageing' states



Source: State Finances: A Study of Budgets of 2025-26 (RBI, January 2026); India Ageing Report 2023 (UNFPA, September 2023); Population Projections for India and States 2011-2036 (MoHFW, July 2020).

These demographic pivots suggest that Southern India is likely to remain the primary market for senior living launches, offering a robust, structurally supported opportunity for institutional investors. However, key non-metros across the country such as Mysuru, Dehradun and Jaipur, in addition to Coimbatore and Pune, are rapidly emerging as preferred hubs due to better air quality, lower costs, and specialised healthcare.

The convergence of lengthening life expectancy and the rise of nuclear family structures is transforming senior living from a social necessity into a high-conviction investment theme. As the "silver economy" matures in India, the sector is moving beyond mere housing to encompass a comprehensive ecosystem of healthcare, hospitality, and social infrastructure. For institutional investors and developers, the opportunity lies in delivering professionally managed, scalable models that cater to an increasingly affluent and discerning elderly cohort. These shifts are expected to sustain the senior living segment's momentum throughout 2026 and into the medium term.

Source: 1. India Ageing Report 2023; UNFPA & IIPS, September 2023; 2. State Finances: A Study of Budgets of 2025-26, RBI, January 2026; 3. Population Projections for India and States 2011-2036, MoHFW, July 2020

Life Sciences

01 Budget support and ecosystem development set to strengthen life sciences growth momentum

India's life sciences sector, encompassing pharmaceuticals, biotechnology, medical devices, and research, is poised for accelerated growth, supported by policy continuity and targeted budgetary measures through 2026 and 2027. Central to this momentum is the government's recent announcement of the Biopharma SHAKTI scheme, featuring a INR 10,000-crore (USD 1 billion+) outlay over the next five years¹. Beyond strategic policy initiatives, sustained investment inflows and a deepening talent pool continue to underpin the sector's robust expansion. This is evidenced by strengthening sectoral GCC trends, with leasing by pharma GCCs surging 64% to reach 5.8 million sq. ft. in the 2024-25 period². Complementing these structural enablers is India's leadership in vaccine production, accounting for ~62% of global demand³. Rising requirements for diagnostic solutions are further driving advancements in biotechnological R&D and the development of integrated biotech parks. The sector is increasingly witnessing a shift towards asset-light models and heightened interest from private capital in specialised infrastructure, including wet labs, R&D centres, and biomanufacturing units. Ongoing regulatory streamlining and skill development are expected to further cement the country's position as a premier global life sciences hub.

Figure 2.13: Key macro trends shaping India's life sciences sector

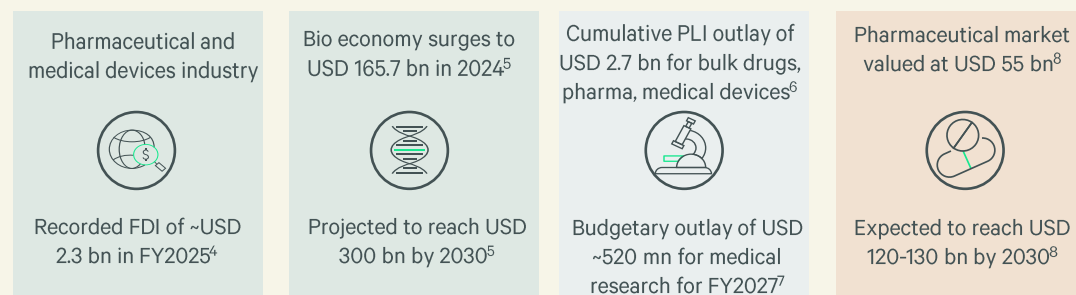


Figure 2.14: Structural factors underpinning long-term occupier demand



02 Expanding R&D and manufacturing footprint to reshape life sciences real estate demand

Domestic and global life sciences firms are increasingly scaling their footprint in India by expanding R&D capabilities, specialised lab infrastructure, and advanced manufacturing operations. Policy support for innovation alongside PLI schemes⁶ is expected to accelerate capital deployment into high-specification facilities across key hubs throughout 2026. Occupiers in this sector typically require specialised formats—including lab-enabled offices and GMP-compliant facilities—which can drive sustained demand for purpose-built life sciences parks. While life sciences real estate often necessitates considerable upfront capital investment, the sector is frequently associated with higher levels of tenant stickiness. Looking ahead, the sector's long-term growth prospects, coupled with a surge in high-value life sciences GCC functions, are expected to drive sustained institutional interest in the segment. Consequently, we anticipate a rise in cluster-based developments, positioning these specialised formats as a prominent component of India's real estate universe over the next few years.

Source: 1. Union Budget 2026-27, February 2026; 2. CBRE Research, Q1 2026; 3. Consulate General of India, October 2021, 4. DPIIT, April 2025; 5. Ministry of Science & Technology, December 2025; 6. The data is a sum total of PLI outlay of INR 15,000 crore for pharmaceuticals (FY21-29), INR 6,940 crore for bulk drugs (FY23-29), and INR 3,420 crore for medical devices (FY22-27), PIB, December 2025 and March 2026; 7. Union Budget 2026-27 increased allocation to Dept of Health Research by 24% Y-o-Y to over INR 4,820 crore as part of INR 1.06 trillion outlay to the Ministry of Health and Family Welfare, February 2026 8. Bain & Company-Healing the World: A Roadmap for Making India a Global Pharma Exports Hub, February 2025

Healthcare

01 Policy and market trends sustaining healthcare real estate investment momentum

Institutional participation in the country’s healthcare sector has accelerated in recent years, positioning the sector as a key investment theme. In 2025, India’s healthcare, pharmaceutical, and biotechnology sectors attracted over USD 8 billion in mergers & acquisitions (M&As) and private equity (PE) inflows, including a significant 38% Y-o-Y increase in healthcare and pharma deal volumes¹.

This investment momentum is driving capacity expansion, with capital deployment supporting both brownfield upgrades and new healthcare platforms. Notably, PE investors are increasingly targeting buyouts and stake acquisitions across hospital chains, diagnostics, and speciality care providers. Simultaneously, capital is flowing towards tertiary care, specialised surgeries, and tech-enabled services such as AI diagnostics and telemedicine. Policy initiatives also continue to shape the sector’s growth trajectory, evidenced by the higher allocations for healthcare infrastructure, public health networks, and medical tourism hubs in the Union Budget 2026-27.

Figure 2.15: Key catalysts for healthcare infrastructure expansion in India



USD 16.2 bn
Medical and wellness tourism’s projected market size by 2030²



USD 37 bn
Projected market size of India’s digital healthcare market by 2030, set to grow 10X from USD 2.7 billion in 2022³



USD 12.4 bn
Cumulative FDI in hospitals and diagnostic centres from April 2000 to September 2025⁴



Ayushman Bharat
While private hospitals make up 46% of the network, they handle 54% of all AB Pradhan Mantri-Jan Arogya Yojna hospitalisations⁵

02 Bridging India’s healthcare infrastructure gap to drive long-term expansion

Despite strong capital inflows and continued policy support, India’s healthcare infrastructure metrics indicate significant scope for capacity expansion. While public sector initiatives and budgetary allocations are expected to accelerate capacity creation, private sector participation will remain central to bridging the infrastructure gap. The Union Budget’s focus on district hospital upgrades, emergency care, and improved healthcare access in non-metro regions is likely to catalyse private investment across tier-II and tier-III cities. This, in turn, is expected to drive sustained demand for land parcels, leased hospital facilities, diagnostic centres, IVF clinics, and satellite healthcare centres linked to tertiary hospitals in 2026 and beyond.



Source: 1. Annual Dealtracker 2025, Grant Thornton, January 2026; 2. India’s medical and wellness tourism segment’s market size is estimated at USD 8.7 billion in 2025 and projected to almost double by 2030, Economic Survey, 2025-26, January 2026; 3. A Digital Pill for Revolutionizing Healthcare, BCG and B Capital, October 2023; 4. DPIIT, September 2025; 5. National Center for Biotechnology Information, April 2025

Research Contacts

Abhinav Joshi

Head of Research, India, Middle East and North Africa
abhinav.joshi@cbre.co.in

Vidhi Dheri

Director, National Research Operations
vidhi.dheri@cbre.co.in

Rajorshi Sanyal

Senior General Manager
rajorshi.sanyal@cbre.com

Uttaresh Venkateshwaran

General Manager
uttaresh.venkateshwaran@cbre.com

Swati Sisoudiya

Senior Associate
swati.sisoudiya@cbre.com

Flexible Spaces

Pradeep Nair

Associate Director
pradeep.nair@cbre.com

Vaishnavi Bala

Senior General Manager
vaishnavi.bala@cbre.com

Apoorva P

Manager
apoorva.p@cbre.com

Shubhi Chawla

Senior Associate
Shubhi.Chawla@cbre.com

Data Centres

Uttara Nilawar

Associate Director
uttara.nilawar@cbre.com

Mohamed Atif Khan

Deputy General Manager
mohamedatif.khan@cbre.com

Jenifer Ruban

Manager
jenifer.ruban@cbre.com

Ivan James

Associate
Ivan.James@cbre.com

Hospitality

Nitish Girotra

Senior General Manager
nitish.girotra@cbre.com

Sadiya Alvi

Senior Analyst
Sadiya.Alvi@cbre.com

Education & Senior Living

Rajorshi Sanyal

Senior General Manager
rajorshi.sanyal@cbre.com

Mohamed Atif Khan

Deputy General Manager
mohamedatif.khan@cbre.com

Life Sciences & Healthcare

J Kalyan Kumar

Senior Associate
JKalyan.Kumar@cbre.com

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Business Line Contacts

Leasing Services

Prashant Goyal

Senior Director & Head - Data Centre Practice, India
prashant.goyal@cbre.com

Gopala BM

Senior Associate Director – Data Centre Practice, India
gopala.bm@cbre.com

Bimal Sharma

Head - Retail & Alternatives
bimal.sharma@cbre.co.in

Pulkit Bakshi

Head – Flexible Business
pulkit.bakshi@cbre.co.in

Swathi S Unnithan

Manager
swathis.unnithan@cbre.com

Consulting & Valuations

Alok Kumar Puri

Associate Executive Director,
Head of Business Development & Alternate Assets
alok.puri@cbre.co.in

Deepti Dhawan

Associate Director
deepti.dhawan@cbre.co.in

Harish Sridharan

Associate Director
Harish.Sridharan@cbre.com

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CBRE

Business Line Contacts

Leasing Services

Ram Chandnani

Managing Director,
Leasing Services, India
ram.chandnani@cbre.co.in

Capital Markets

Gaurav Kumar

Managing Director & Co-Head,
Capital Markets, India
gaurav.kumar@cbre.co.in

Consulting & Valuations

Rami Kaushal

Managing Director,
Consulting & Valuations, India, Middle East & Africa
rami.kaushal@cbre.co.in

Capital Markets

Nikhil Bhatia

Managing Director & Co-Head,
Capital Markets, India
nikhil.bhatia@cbre.co.in

Global Workplace Solutions

Rajesh Pandit

Managing Director,
Global Workplace Solutions, India & Property
Management, India, SE Asia, Middle East & North Africa
rajesh.pandit@cbre.co.in

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