

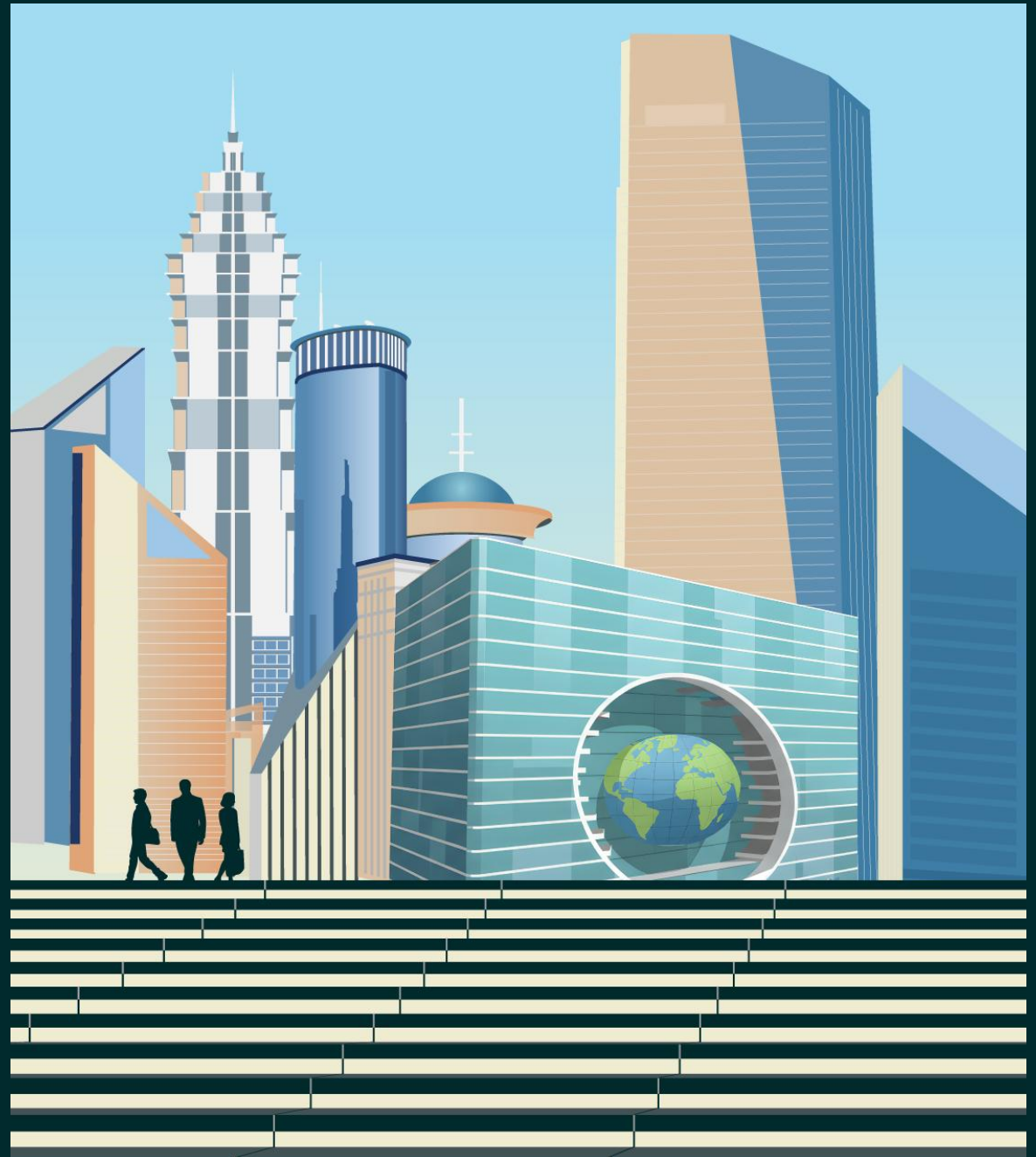
Intelligent Investment

# India Real Estate Investment Market Outlook 2026

REPORT

CBRE RESEARCH  
MARCH 2026

**CBRE**





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# 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 aims to decipher the structural shifts and strategic trajectories defining the sector's current momentum.

India's economic landscape continues to be characterised by a resilient growth baseline and a disciplined 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 the expansion of GCCs into high-complexity R&D roles and product ownership. This multi-dimensional ecosystem is being redefined by 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 deepening in-city delivery networks. Simultaneously, the retail landscape is being reshaped by experiential flagship formats and destination malls, as investment-grade supply and high-street corridors drive the steady expansion of the organised footprint.

Notably, 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 India's real estate sector.

Collectively, these shifts underscore a market moving towards a sophisticated era of institutional-grade maturity. We trust this report will serve as a definitive framework for navigating the complexities of the 2026 landscape and informing your strategic capital objectives.

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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.

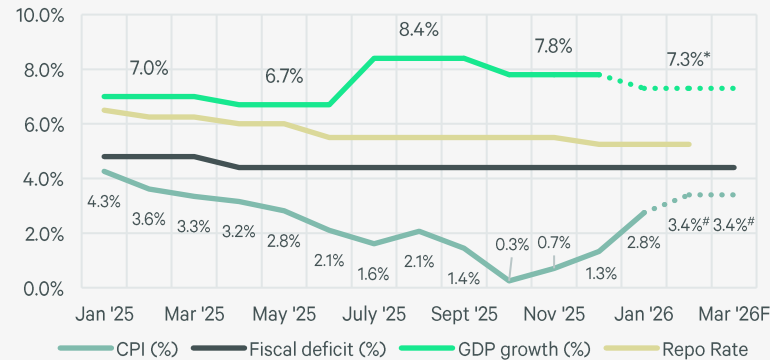
# India's Economy in 2025: A Brief Revisit

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

India's economy in 2025 experienced 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)<sup>1</sup>, catalysed by a 9.3% surge in the services sector<sup>2</sup> and 7.0% growth across manufacturing and construction<sup>3</sup>. This resilience persisted despite a volatile global backdrop and structural softness in the Indian rupee, which depreciated by ~4% during 2025. Although announcements linked to the U.S.-India trade deal briefly strengthened the INR to 90 against the USD in early February 2026, recent geopolitical tensions have since outweighed those gains, pushing the currency back towards the 92-level as of March 2026.

Another defining trend in 2025 was the easing of inflation. Consumer Price Index (CPI) inflation fell to a historic low of 0.25% in October 2025, averaging ~2.1% in FY2026<sup>4</sup>. This environment provided the Reserve Bank of India the necessary headroom to implement cumulative repo rate cuts of 125 basis points, reducing the rate to 5.25% by December—a level maintained through February 2026. Fiscal consolidation also remained on track; the fiscal deficit is estimated at 4.4% of GDP for FY2026<sup>5</sup>, while the current account deficit narrowed to 0.8% in the first half of the current fiscal<sup>6</sup>.

**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

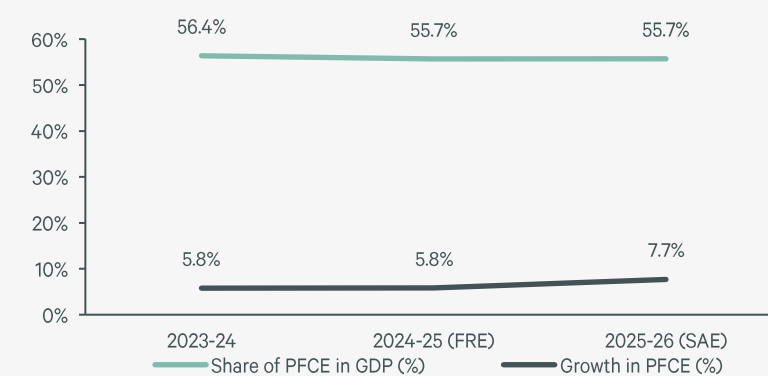
Source: 1. Reserve Bank of India's Monetary Policy Committee and NSO and MoSPI, February 2026, 2. April-September 2025 figures, Economic Survey 2025-26, January 2026, 3. Manufacturing and construction in the secondary sector have been estimated to achieve a growth rate of 7.0% at constant prices in FY2026, 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 \*Note: The Q4 figure (7.3%) is a derived estimate based on the average required to align with the FY26 real GDP projection of 7.6%; #Note: Feb/Mar CPI (3.4%) are derived estimates calculated to align with the Q4 CPI projection of 3.2%.

## 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 the subsequent GST 2.0 rationalisation. By raising the effective zero-tax threshold to INR 12 lakh (inclusive of rebates), the government exempted nearly 10 million additional taxpayers, significantly boosting middle-class disposable income<sup>7</sup>. 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%)<sup>8</sup>. 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 FY2012 (adjusted to 55.7%<sup>1</sup> following the February 2026 GDP rebasing to the 2022-23 base year, as reflected in Figure 1.2).

The resurgence in consumption was further supported by a recovery in rural demand, underpinned by a favourable monsoon and a 3.6% agricultural GVA growth<sup>9</sup>. High-frequency indicators reinforced this trend: UPI transactions reached INR 230 lakh crore during April-December 2025<sup>9</sup>, while two-wheeler sales in CY2025 touched 2.03 crore<sup>10</sup>, reflecting broad-based consumption momentum spanning both urban and rural markets.

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



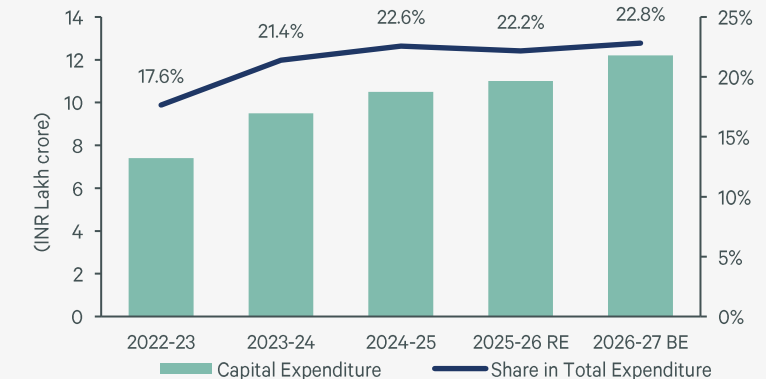
Source: MoSPI, CBRE Research, Q1 2026

## Strategic infrastructure push through public capex

Throughout 2025, the government maintained a strong emphasis on capital expenditure to bridge investment gaps and modernise national infrastructure. The public capex outlay for FY2026 reached ~INR 11.2 lakh crore<sup>5</sup>, with funds directed towards the creation of productive assets.

This sustained capex push, representing nearly 3.1% of GDP<sup>5</sup>, served as a key 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 aims to reduce logistics costs and incentivise greater private-sector participation across the manufacturing and warehousing sectors.

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



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

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

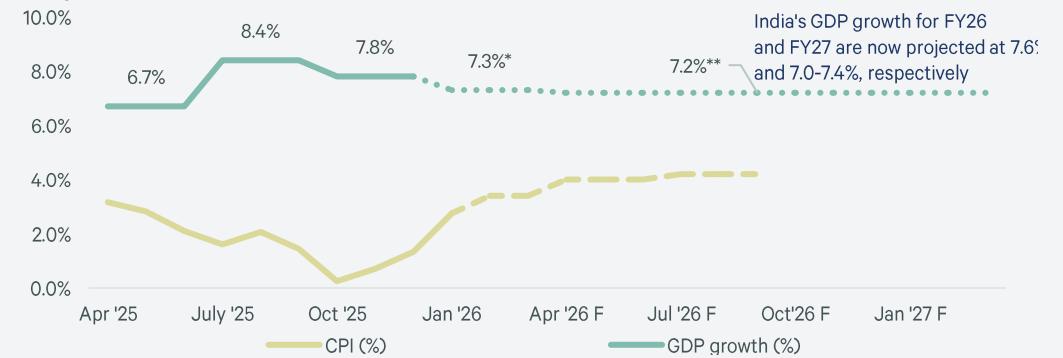
## 01 Fiscal prudence and the growth baseline

The Union Budget 2026-27 reinforces a trajectory of fiscal discipline, with FY2027 nominal GDP projected to grow by 10.5%<sup>1</sup>. This outlook is supported by a strong near-term momentum, as real GDP growth reached 7.8% in Q3 FY2026 (refer to Figure 1.4), lifting the full-year estimate to 7.6%<sup>2</sup>. Consequently, the real GDP growth baseline for FY2027 is now positioned at 7.0-7.4% range, surpassing initial Economic Survey projections of 6.8-7.2%<sup>3</sup>. In tandem, the RBI MPC (February 2026) adjusted its CPI inflation forecast to 4.0% for Q1 FY2027, reflecting a modest upward adjustment while remaining within the target band<sup>4</sup>. 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 further supported by a gradual decline in the central government's debt-to-GDP ratio, projected at 55.6% for FY2027 and a medium-term target of 50.0% by FY2031<sup>1</sup>. 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 shaped by a strategic expansion of its trade network, even as heightened geopolitical volatility weighs on 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<sup>##</sup>. With roughly 20% of the world's oil and gas supply transiting the Strait of Hormuz, supply-chain disruptions remain a key systemic risk for India's energy-sensitive economy. Against these external pressures, the country's proactive trade diplomacy could emerge 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 introduced a temporary 15% global import surcharge<sup>5</sup>; importantly, the framework preserves zero-duty treatment for USD 10.03 billion of identified Indian industrial exports<sup>6</sup>, providing 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. Alongside the India-UK Comprehensive Economic Thoroughfare Agreement (slated for April 2026) and the Australia ECTA, these agreements potentially secure preferential market access to economies representing approximately 70% of global GDP<sup>7</sup> (refer to Figure 1.5). India's investment landscape reflects these diverging forces of regional risk and structural opportunity. While the country's FDI inflows experienced notable volatility in 2025-26—largely driven by increased profit repatriation—foreign institutional investors (FIIs) recorded a net equity outflow of ~INR 1.6 lakh crore<sup>9</sup>. As global uncertainties continue to test market resilience, these treaty-based frameworks are expected to anchor investor sentiment by providing the policy visibility necessary for long-term capital commitments.

Figure 1.4: India's GDP and CPI inflation forecast (FY2026-FY2027F)

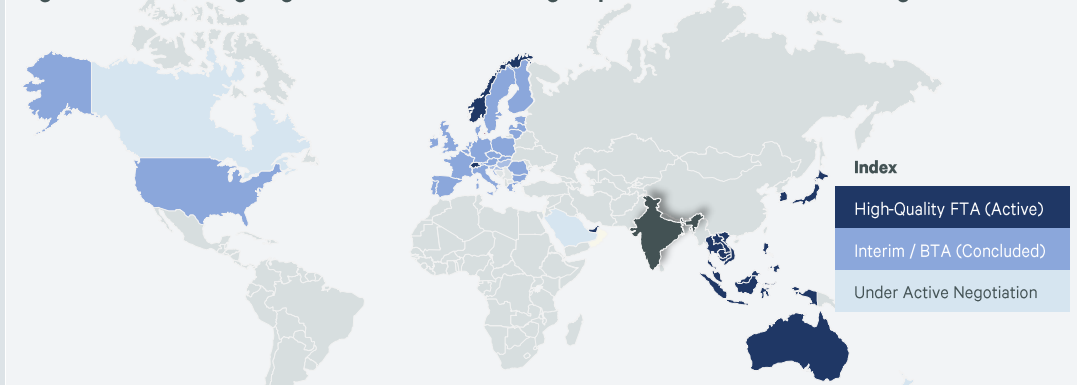


Source: NSO, MoSPI, and RBI MPC, CBRE Research, Q1 2026

\*Note: The Q4 figure (7.3%) is a derived estimate based on the average required to align with the FY26 real GDP projection of 7.6%.

\*\*Note: On 27 February 2026, India's Chief Economic Advisor revised the country's FY27 GDP growth forecast to 7.0-7.4% range. The 7.2% figure represents the average of that projection range. #Note: Feb/Mar CPI (3.4%) are derived estimates calculated to align with the Q4 CPI projection of 3.2%.

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

Source: 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, 27 February, 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, GoI, 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.

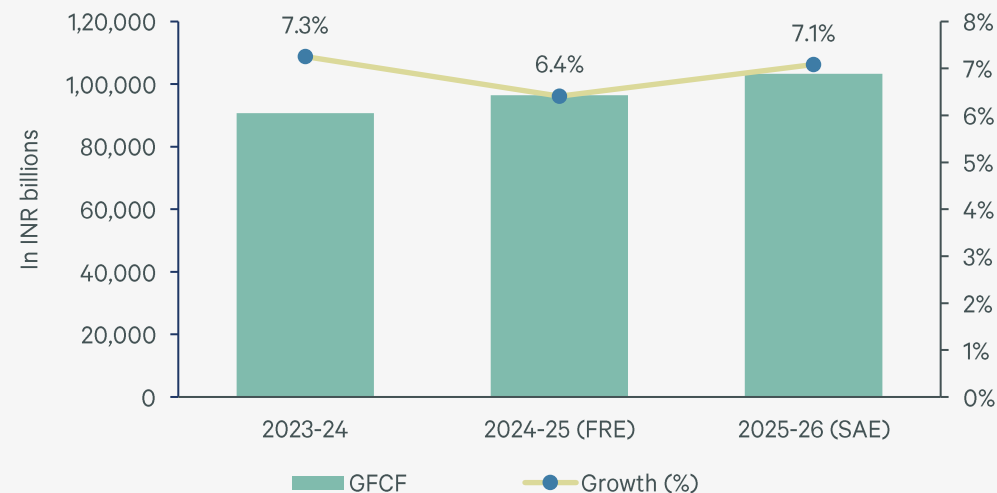
# Top Trends Expected to Shape India’s Economic Trajectory in 2026

## 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 FY2027<sup>1</sup>. These allocations support initiatives such as lowering India’s logistics costs and strengthening its 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 capital<sup>2</sup>.

To further accelerate private sector participation, recent policy measures have also 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 FY2026<sup>3</sup> (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 (FY2024-FY2026F)



Source: MoSPI, CBRE Research, Q1 2026

## 04 Stronger bank balance sheets and capital market deepening

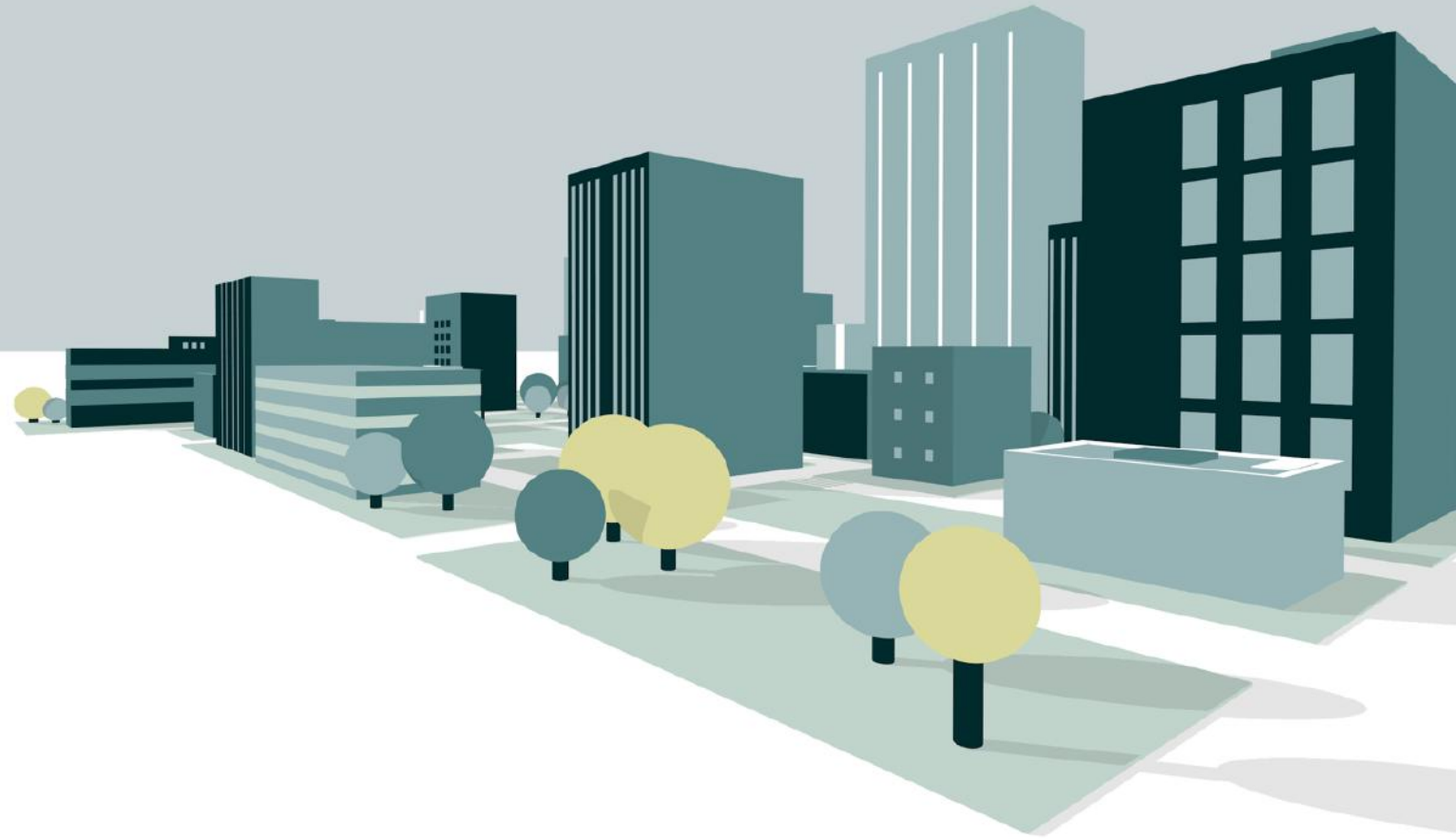
India’s financial sector enters 2026 with one of its strongest balance sheet positions in decades, supported by asset quality improvement and steady credit expansion. Gross non-performing assets (NPAs) were at multi-year lows of about 2.15% as of September 2025<sup>4</sup>, based on the RBI’s stability assessments, while outstanding credit by scheduled commercial banks has increased by 14.5% Y-o-Y as of December 2025<sup>5</sup>. A visible shift underway is the greater use of market-based funding channels alongside traditional bank lending, helping in diversifying 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 framework<sup>6</sup>. These structural reforms, alongside the proposed rationalisation of FEMA rules<sup>7</sup>, are intended to simplify cross-border capital flows and sustainably lower the cost of capital across the economy.

Source: 1. Union Budget 2026-27, February 2026. 2. PIB, 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 Investments

India's capital markets narrative in real estate is being defined by sustained investment momentum and expanding institutional participation across core and alternative real estate segments. Capital mobilisation in 2025, including USD 5 billion<sup>1</sup> raised for real estate, infrastructure, and alternative investments, is expected to be progressively deployed into acquisitions and development opportunities over the next three to five years.



# Investment Market Performance in 2025: A Brief Revisit

<p><b>Equity inflows hit a record high<sup>1</sup></b></p> <p>Equity investments into India's real estate sector <b>surged 25% Y-o-Y in 2025, reaching a record USD 14.3 billion.</b> This growth was primarily underpinned by a significant influx of capital into land / development sites and built-up assets.</p> <p>While deal activity remained elevated with 271 transactions (compared to 278 in 2024), the average deal size rose to USD 53 million, up from USD 51 million in the previous year. Notably, mid-sized deals in the USD 10-50 million range accounted for 22% of total inflows.</p> <p>Within the broader APAC market, where equity capital inflows surpassed USD 166 billion in 2025, <b>India ranked fifth with a 9% share of regional activity.</b> Japan and China collectively accounted for almost half of the region's total investment volume.</p>	<p><b>Gateway cities dominate equity infusion<sup>1</sup></b></p> <p>Mumbai, Bengaluru, and Delhi-NCR—with a collective ~55% share of total equity inflows in 2025—continued to be the primary destinations for capital (refer to Figure 2.2). Mumbai and Bengaluru together attracted ~USD 6.2 billion in investments, accounting for ~44% of total activity.</p> <p><b>For tier-II and III markets, equity investments exceeded USD 0.9 billion during the year, reflecting ~50% Y-o-Y growth.</b> Indore, Coimbatore, Panipat, Ludhiana, and Rishikesh together accounted for ~65% of the activity recorded across these cities.</p>	<p><b>Land / development sites, office assets attract major share of investment activity<sup>1</sup></b></p> <p>Land / development sites and the office sector together received over 74% of total capital inflows during the year (refer to Figure 2.1).</p> <p>Within the land / development sites segment, more than 80% of capital inflows were directed towards residential, office and mixed-use developments, while the remaining was allocated to warehousing, data centres, retail, and hospitals.</p>	<p><b>Investor mix evolves; REIT participation strengthens<sup>1</sup></b></p> <p>Real Estate Investment Trust (REIT) investments experienced a significant upsurge in 2025, registering a <b>~3X Y-o-Y growth.</b> Overall, developers and institutional investors dominated investment activity with a combined share of ~77% (refer to Figure 2.3). Developers led capital inflows during the year, capturing a ~47% share.</p> <p>Domestic investors (primarily developers) injected ~USD 10.6 billion, representing ~74% of overall activity in 2025. Foreign inflows totaled ~USD 3.7 billion during the same period, with institutional investors from the U.S. and Canada comprising ~65% of these inflows.</p>	<p><b>Debt financing scales a new peak</b></p> <p>Debt financing through banks, NBFCs, trusteeships, NCDs, and other channels <b>soared to a new peak of ~USD 55.8 billion in 2025<sup>2</sup>,</b> marking a nearly 43% increase compared to the previous year and growing at a CAGR of about 15% since 2017. A majority of this financing was channelled into key markets such as Mumbai, Delhi-NCR, Bengaluru, and Hyderabad, highlighting their key role in the sector's growth.</p> <p>Multi-city deals accounted for nearly 23% of total debt financing during 2025, reflecting evolving funding structures within the sector.</p>
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Figure 2.1: Prominent sectors driving capital inflows in 2025<sup>1</sup>

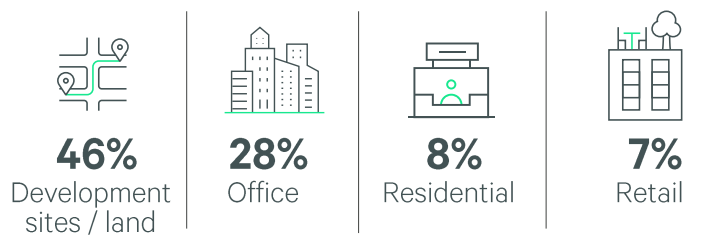


Figure 2.2: Cities driving capital inflows in 2025<sup>1</sup>

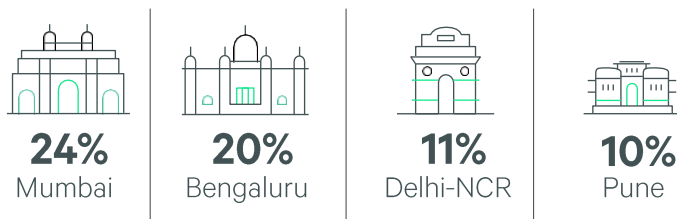
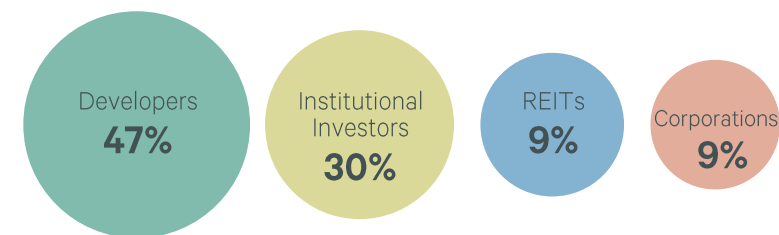


Figure 2.3: Key investor categories driving capital inflows in 2025<sup>1</sup>



1. Real Capital Analytics, CBRE Research, Q1 2026; 2. Private Circle, CBRE Research, Q1 2026

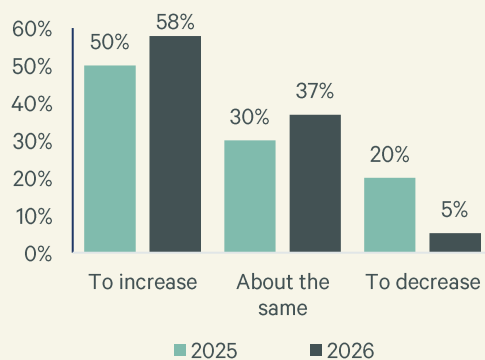
# Top Trends Expected to Shape Capital Inflows in 2026

## 01 Structural transformation and capital resurgence

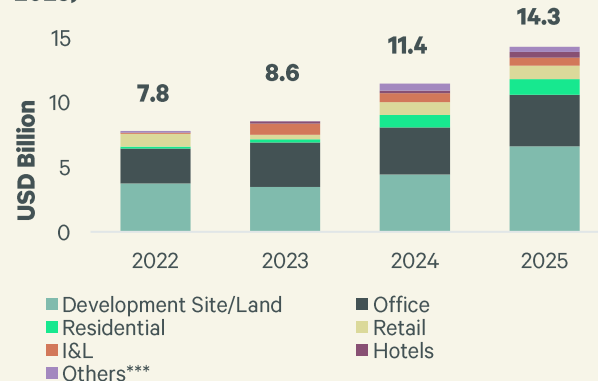
India's real estate sector is poised for sustained investment momentum in 2026, building on the robust activity witnessed in the previous year. This outlook is underpinned by increasing institutional maturity and a transition towards more resilient, long-term capital flows. While domestic capital accounted for most of the investment activity in 2025, international capital is expected to re-engage more actively this year, driven by clearer deployment strategies and stronger conviction. This resurgence is supported by regulatory continuity and an expanding domestic consumption base amidst growing geopolitical uncertainties. India-based responses to [CBRE's 2026 Asia Pacific Investor Intentions Survey](#) signal strong confidence: **over 90% of investors expect purchasing activity to remain stable or increase**, notwithstanding persistent pricing pressures and elevated land costs (refer to Figure 7.4).

Furthermore, the strategic engagement on trade and tariff frameworks with the United States is expected to reinforce investor confidence by providing much-needed visibility on cross-border conditions. This sentiment is expected to further anchor demand for GCCs, logistics, and industrial development. Concurrently, the government's focus on infrastructure and policy incentives continues to expand opportunities across established and alternative segments. With the rise of domestic platforms and enhanced access through REITs and SM REITs, the market is positioned for deeper institutionalisation. Expanding capital pools and widening development corridors are further strengthening India's position as a resilient, opportunity-rich yet complex real estate market.

**Figure 2.4: How is real estate investment activity likely to change in 2026?<sup>1</sup>**



**Figure 2.5: Sectoral split of capital inflows (2022-2025)<sup>2</sup>**

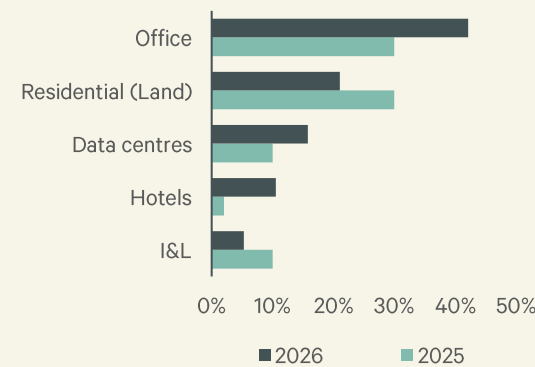


## 02 Patient capital flows likely to strengthen across key sectors

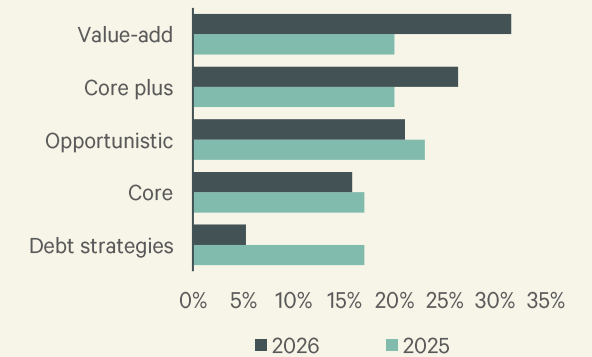
**Office:** The investment landscape for India's commercial office sector is projected to maintain a positive momentum in 2026, as we expect an influx of institutional capital from international sovereign and pension funds, alongside a strengthening domestic fund and Alternative Investment Fund (AIF) ecosystem. High absorption levels in office leasing are creating increasingly competitive conditions for both global and local funds. CBRE's latest investor intentions survey indicates that the office sector remains the preferred asset class, with ~42% of investors indicating a willingness to allocate capital to it<sup>1</sup> (refer to Figure 7.6).

Another clear strategy is emerging—while REITs are expected to focus on acquiring core and core-plus assets for portfolio stability, investor interest in value-add strategies remains robust. Investors are willing to acquire older assets for refurbishment to capture rental premiums, accepting calibrated vacancy risk to revitalise these assets. According to the survey<sup>1</sup>, value-add strategies are the most favoured, followed closely by core-plus (refer to Figure 2.7). Additionally, leading investors are decisively undertaking development risks, driven by strong office market take-up and the sector's clear growth trajectory. They are actively committing capital to greenfield office projects, contributing towards the next wave of Grade A supply. Notably, capital inflows into land and development sites for office projects recorded **over 7X Y-o-Y growth in 2025<sup>2</sup>**, suggesting continued momentum in opportunistic investment strategies.

**Figure 2.6: Which sectors will be most preferred by investors in 2026?<sup>1</sup>**



**Figure 2.7: Which will be the preferred investment strategies for 2026?<sup>1</sup>**



<sup>\*\*\*</sup>Others include Mixed-use, Hospitals, Student Housing, etc.

1. 2026 Asia Pacific Investor Intentions Survey, January 2026 (India-specific responses); 2. Real Capital Analytics, CBRE Research, Q1 2026

# Top Trends Expected to Shape Capital Inflows in 2026

**Industrial & Logistics (I&L):** The industrial sector continues to exhibit steady performance, while the logistics segment is witnessing a simultaneous phase of consolidation and expansion. These twin trends are reinforcing investor confidence across the broader I&L landscape. As early-cycle funds mature, the transition of quality assets is facilitating strategic portfolio consolidation through the disposition of platforms/assets and paving the way for prospective private and public listings through Infrastructure Investment Trusts (InvITs) or IPOs.

Meanwhile, active players are expanding their warehousing footprints in anticipation of public listings. At the same time, rising land costs are likely to constrain incremental supply additions, gradually tightening the future development pipeline. Coupled with sustained occupier demand for quality spaces, this evolving supply-demand dynamic is expected to support rental appreciation across select micro-markets. Given its infrastructure-linked characteristics and stable outlook, the sector is expected to remain a primary target for global capital.

**Retail:** The retail investment landscape for the year remains robust, with specialised investors, developers, and a retail-focused REIT continuing to drive acquisition and development activity. With the country's dedicated retail REIT actively evaluating multiple opportunities, the sector is poised for continued expansion and consolidation within the organised retail space.

## 03 Alternative asset classes: The next frontier of real estate growth

India's alternative real estate sectors are poised for sustained momentum in 2026, with substantial capital flowing into data centres (DCs), flexible workspace solutions (FWS), healthcare, hospitality, and living platforms. Improved exit visibility—supported by robust equity markets and successful IPOs—is strengthening investor confidence, even as evolving market conditions influence allocation strategies.

**Data Centres:** The DC sector saw investments rise to USD 0.48 billion in 2025, a 27% Y-o-Y increase<sup>1</sup>. Looking ahead, DCs are expected to attract sustained capital, bolstered by long-term tax incentives for domestic cloud services extending until 2047. This initiative encourages the development of secure, energy-efficient campuses, with over USD 100 billion committed by key players over the coming years<sup>2</sup>. The integration of renewable energy and improved fibre connectivity is creating a reinforcing cycle linking digital infrastructure with real estate demand. Consequently, DCs remain a top-tier preferred segment (refer to Figure 2.6).

**Hotels:** 2025 was an exceptional year for the hospitality sector, with investments surging to USD 0.46 billion—a 2.5-fold Y-o-Y increase. Strong fundamentals and recent listings are enabling hotel operators to partner with developers to build new properties rather than merely rebranding existing assets. Strategic partnerships with global operators to manage purpose-built, experiential properties signal long-term confidence in premium leisure and business travel (refer to Table 7.1).

**Healthcare\*:** Institutional investment remains concentrated in the hospital sector, with global players consolidating multi-speciality networks through majority stake acquisitions. Concurrently, allocations towards single-speciality formats are rising. This sustained private equity participation is driving expansion into tier-II and III cities to address underserved demand. Furthermore, operators are increasing investment in technological innovation, specifically AI-led diagnostics and robotic surgery, etc., to enhance operational efficiency.

**Table 2.1: Key alternate sector deals in 2025<sup>1</sup>**

Investor	Investee	Deal details	Sector	Amount (USD million)
Iron Mountain	Web Werks	Acquisition of Web Werks's 14-megawatt portfolio of six data centres	Data centres	~164
NTT	Pantheon Buildcon and Tusshar Infra Developers	Land acquisition (Mumbai)	Data centres	~100
Alphabet Inc	Maharashtra Industrial Development Corporation (MIDC)	Land acquisition (Navi Mumbai)	Data centres	~97
STT Global	Lodha Group	Land acquisition (Palava)	Data centres	~57
GIC	SAMHI Hotels	GIC acquired a 35% stake in five assets of SAMHI Hotels	Hotels	~90
Blackstone	Nitesh Land	Majority Stake in Ritz-Carlton Bengaluru	Hotels	~87
Chalet Hotels	Mankind Pharma Ltd.	The Westin Resort & Spa, Himalayas	Hotels	~61
Fortis Healthcare	TMI Healthcare	125-bed People Tree Hospitals in Bengaluru	Healthcare*	~49
Narayana Health	-	Land acquisition (Bengaluru)	Healthcare*	~29

\*Note: Healthcare sector includes hospitals /clinics, medical devices, healthcare delivery, life sciences, medical technology, medical office buildings and associated healthcare services sub-sectors.

Source: 1. Real Capital Analytics, CBRE Research, Q1 2026; 2. Publicly available information: Adani Group announced a USD 100 billion investment by 2035 for renewable-powered, hyperscale AI-ready data centres, whilst Google outlined a USD 15 billion investment for a 1 GW cluster in Visakhapatnam. Additionally, CtrlS planned a USD 47 million investment to establish a 10 MW edge data centre in Patna; 3. 2026 Asia Pacific Investor Intentions Survey, January 2026 (India-specific responses)

# Top Trends Expected to Shape Capital Inflows in 2026

## 04 Capital strategies set to recalibrate amidst evolving funding dynamics

Heading into 2026, the investment landscape is likely to witness a resurgence in private equity participation in the residential sector, signalling a gradual shift away from the debt-centric focus of the past decade. With fewer distressed assets available, AIFs and other lenders could increasingly evaluate land funding and growth capital opportunities. Investors are adopting more flexible, structured deal frameworks—combining land acquisitions with income-generating projects for cross-collateralisation. Specialised funds are also realigning strategies towards smaller developers with established execution track-record.

Rising liquidity is expected to intensify competition among capital providers, creating a more favourable borrowing environment. Amidst widening capital availability and heightened competition from traditional banks, investment funds are recalibrating yield expectations to secure access to high-quality assets across multiple development stages. Meanwhile, the commercial sector is expected to continue prioritising equity-led funding approaches for long-term development, supported by sustained participation from domestic and international institutional investors and high-net-worth individuals, ensuring stable capital for growth-oriented projects.

## 05 The institutionalisation of Indian real estate: The IPO wave

The Indian real estate sector experienced a pivotal shift in 2025, driven by a wave of successful IPOs across the REIT, SM REIT, residential, and flexible workspace segments. This surge clearly demonstrates robust investor confidence and has rapidly accelerated the institutionalisation of the industry. In 2026, the pipeline is expected to remain strong, with several high-value offerings in the commercial, logistics, and REIT/SM REIT segments already in advanced stages of filing. These upcoming listings are expected to further deepen market liquidity and transparency (refer to Table 2.2).

Table 2.2: A snapshot of recent real estate-linked IPOs

Sr. No.	Entity	Offer size (INR crore)	Industry	Status	Year of listing	Market cap* (in INR crore)
1	Knowledge Realty Trust REIT	4,800	REIT	Listed	2025	~51,794
2	WeWork India Management	3,000	Flex	Listed	2025	~9,000
3	Kalpataru Ltd	1,590	Real Estate	Listed	2025	~8,525
4	Sri Lotus Developers and Realty Ltd	792	Real Estate	Listed	2025	~7,331
5	IndiQube Spaces Ltd	700	Flex	Listed	2025	~4,977
6	Smartworks Coworking Spaces Ltd	583	Flex	Listed	2025	~4,645
7	PropShare Titania SM REIT	473	SM REIT	Listed	2025	~491
8	RMZ Corp	~9,000**	Real Estate	Upcoming	2026 E	-
9	Horizon Industrial Parks Ltd	2,600	Real Estate	Filed DRHP	2026 E	-
10	Table Space	~1000	Flex	Upcoming	2026 E	-
11	PropShare Celestia SM REIT	~245	SM REIT	Draft KIS Filed	2026 E	-

\*Note: Market capitalisation as of 31 December 2025

\*\*Note: RMZ Corp is planning an IPO to raise approximately USD 1 billion in 2026

Source: Securities and Exchange Board of India (SEBI) and publicly available information

# Top Trends Expected to Shape Capital Inflows in 2026

06

## From reform to reinvention: India's REITs and SM REIT ecosystem poised for broader market adoption

The current year is poised to be a transformative period for India's REITs, driven by structural regulatory reforms and increasing market maturity. Following a robust performance in 2025, REITs are transitioning from a yield-focused alternative asset class towards a mainstream, equity-linked portfolio allocation. Two key themes are expected to shape this phase: the institutionalisation of REITs through banking and equity market reforms, and continued maturation within the nascent SM REIT segment over the next three to four years.

The outlook for REITs in 2026 remains strong, underpinned by critical policy interventions aimed at enhancing capital efficiency. The sector stands to benefit from the **RBI's proposal to permit commercial banks to lend directly to REITs**. This harmonisation with the existing InvIT framework is expected to rationalise borrowing costs—previously reliant largely on bond markets—thereby enhancing balance sheet flexibility and fostering distributable cash flow growth. Concurrently, **the reclassification of REITs as equity-related instruments by SEBI, effective January 1, 2026, acts as a catalyst for liquidity**. This regulatory change enables broader participation from mutual funds and Specialised Investment Funds (SIFs), which were historically constrained by hybrid instrument limits.

Consequently, the sector is likely to witness sustained passive inflows as **REITs become eligible for wider equity index inclusion**. Furthermore, the Union Budget has articulated a strategic intent **to monetise Central Public Sector Enterprise (CPSE) assets through dedicated REIT structures**. This initiative is expected to unlock value from state-owned commercial real estate, offering institutional investors access to high-quality, sovereign-backed assets.

The SM REIT segment is also expected to witness broader adoption. Key upcoming milestones include the anticipated listing of a commercial property in Ahmedabad in 2026 and the registration of multiple new schemes. With fractional ownership platforms (FOPs) becoming more organised with established governance standards by SEBI, listing activity is expected to accelerate as they establish compliant asset pipelines. CBRE India Research estimates that **India's SM REIT market could exceed USD 75 billion, supported by over 500 million sq. ft. of eligible office, logistics, and retail assets**<sup>1</sup>. While initial listings may remain modest, expansion is expected to accelerate in the coming years.

Figure 7.8: Unit price performance of listed REITs (Listing price vs. Q3 FY25 vs. Q3 FY26)<sup>2</sup>

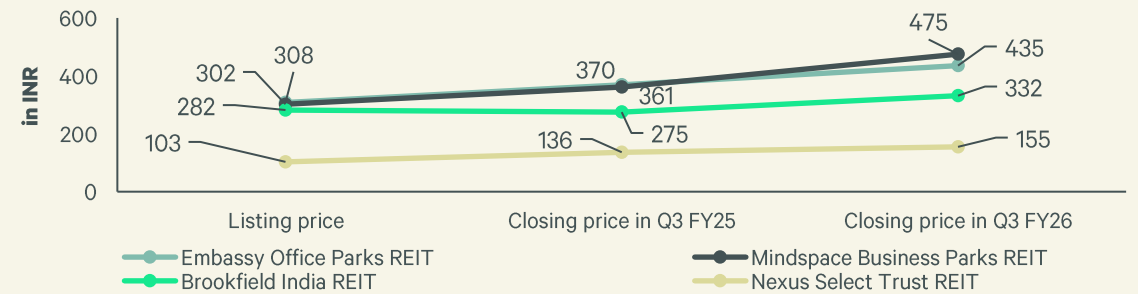
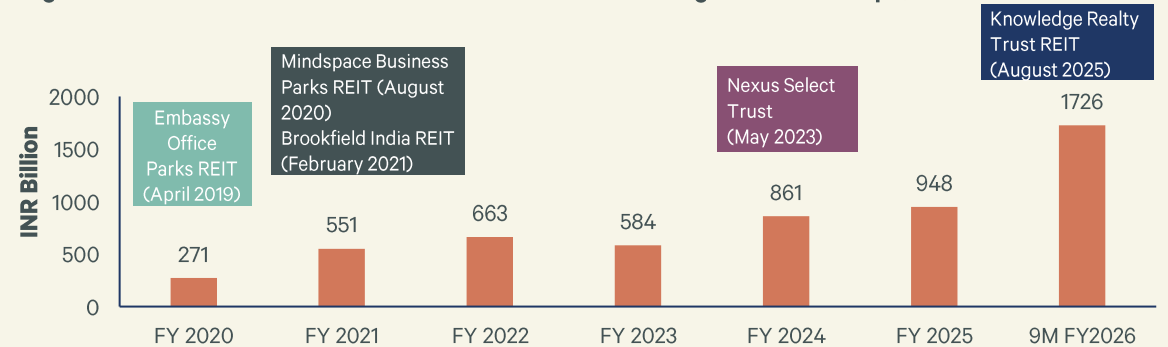


Table 7.3: ROIs of listed REITs<sup>2</sup>

Listed REITs	Growth rate (Q3 FY2026 vs Q3 FY2025)	Growth rate since listing
Embassy Office Parks REIT	18%	41%
Mindspace Business Parks REIT	31%	57%
Brookfield India REIT	21%	18%
Nexus Select Trust REIT	14%	50%
Knowledge Realty Trust REIT	-	18%

Figure 7.9: The evolution of India's REITs: A multi-fold surge in market cap (FY20 - 9M FY26)<sup>2</sup>



1. From Niche to Next Wave: SM REITs Forging Real Estate Investment Frontiers, CBRE Research, November 2025; 2. National Stock Exchange and quarterly reports of listed REITs, CBRE Research, Q1 2026

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