

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

**MMR to maintain lowest vacancy
levels among top six office markets
by FY2027**

February 2026





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MMR is projected to witness ~8.5 msf of new office supply during Q4 FY2026-FY2027, of which 17% has been pre-leased.

Despite global headwinds, office leasing activities in India remained buoyant in 9M FY2026. However, ICRA will closely monitor the situation, as macroeconomic and geopolitical factors evolve.



MMR recorded 7.6 million square feet (msf) of fresh Grade-A office supply in FY2025 and 4.4 msf in 9M FY2026, against net absorption of 13.6 msf and 5.7 msf respectively. The absorption was driven by healthy demand from BFSI[^] and IT-BPM[^] segments. This improved occupancy level to 92.8% as of December 2025 from 88.2% as of March 2024. Despite an estimated total supply of ~8.5 msf in Q4 FY2026 and FY2027, ICRA expected occupancy levels are likely to rise to 93-93.5% by March 2027, backed by continued healthy leasing momentum.



As on December 2025, MMR accounted for 18% (~191 msf) of the Grade-A office space across India's top six cities*. The Western Suburb (31%), Central Suburb (25%) and Navi Mumbai (22%) areas account for ~78% of the total Grade A office space. Navi Mumbai, Andheri (E), Goregaon (E), Thane and Bandra-Kurla Complex (BKC) are top five micro-markets in MMR, accounting for 54% of the city's total office supply. Vacancy is set to remain low in Andheri (E), Goregaon (E) and Bandra Kurla Complex (BKC), with limited new supply in FY2027. Navi Mumbai and Thane are projected to see stable vacancy levels, driven by steady absorption and supply.



The top 10 developers in MMR collectively hold 37% of the city's Grade-A office stock as of December 2025, indicating the presence of several regional developers. The rental rates in top micro-markets like Andheri (E), BKC, Lower Parel, Goregaon (E), Thane and Navi Mumbai have largely remained range-bound at a CAGR of 2-4%. ICRA expects the average rental rate for MMR to rise by 2-4% in FY2026 and FY2027, in line with historical trends.



Between FY2018 and FY2025, the MMR office market stock recorded a CAGR of nearly 4%, which was lower compared to 7% observed across India's top six cities, primarily due to limited land parcels available for expansion. ICRA expects MMR's share by area to decline to 17.5% by March 2027 from 18% as of December 2025. However, the share in value terms is likely to remain higher.

*Top six Indian office markets include Bengaluru, Chennai, Delhi National Capital Region (NCR), Hyderabad, Mumbai Metropolitan Region (MMR) and Pune;

[^]BFSI - Banking, Financial Services, and Insurance, Information Technology-Business Process Management

1 ICRA's Outlook On Indian Commercial Real Estate Sector



2 Trends in MMR Office Market



3 Rating Actions in Commercial Real Estate - Office





ICRA

Analytical Contact Details

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





ICRA

Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Sai Krishna	Head - Research Sales and Investor Connect	sai.krishna1@icraindia.com	9840774883
Rohit Gupta	Head Business Development – Infrastructure Sector	rohitg@icraindia.com	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	vivek.bhalla@icraindia.com	022-61693372
Vinita Baid	Head Business Development – East	vinita.baid@icraindia.com	033-65216801
Shivam Bhatia	Head Business Development – Corporate Sector – North & South	shivam.bhatia@icraindia.com	0124-4545803
Sanket Kulkarni	Head Business Development – Corporate Sector – West	sanket.kulkarni@icraindia.com	022-6169 3365
Naznin Prodhani	Head - Group Corporate Communications & Media Relations	communications@icraindia.com	0124-4545860





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