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Gross leasing volume, which factors in all leasing activity in the market open market renewals by corporates as well as pre-leasing, is an indication of overall market activity, says ADITI VIJ.

India's office real estate market maintained its upward trajectory in Q1 2025, driven by robust leasing and tight new supply, pushing overall vacancy down for the seventh consecutive quarter to 15.7% - a cumulatively steep drop of 275 basis points (bps) from 18.45% in Q2 2023. According to Cushman & Wakefield's latest Q1 2025 Office Market Report, supply constraints and strong occupier demand in the first quarter of the year across India's top 8 office markets have resulted in a drop-in vacancy rate by 55 basis points (bps) to 15.7% from 16.25% in Q4 2024.

According to the report, total new office completions in Q1 2025 stood at 10.7 million sq. ft. (MSF), falling short of expectations due to delays in occupancy certifications and project timelines. This is a drop of 13% y-o-y and 27% q-o-q. Bengaluru (3.28 MSF), Pune (3.21 MSF), and Delhi-NCR (2.71 MSF) contributed a combined 86% (9.2 MSF) of this new supply. Hyderabad saw a supply of 1.32 MSF, while Mumbai registered supply of 0.18 MSF. Cities like Chennai, Kolkata and Ahmedabad recorded no new supply, resulting in lower vacancy rates and higher rentals in these markets.

According to the report, total new office completions in Q1 2025 stood at 10.7 million sq. ft. (MSF), falling short of expectations due to delays in occupancy certifications and project timelines.

Meanwhile, office leasing activity remained strong in the first quarter with gross leasing volume (GLV) across the top 8 markets reaching 20.3 MSF, a 5% increase y-o-y and in line with the two-year average of 20 MSF per quarter. Fresh leasing made up nearly 80% of the activity—marking the third consecutive quarter of this trend and pointing to sustained occupier expansion. Gross leasing volume, which factors in all leasing activity in the market, including fresh take-up, open market renewals by corporates as well as pre-leasing, is an indication of overall market activity.

Bengaluru (4.86 MSF) and Mumbai (4.31 MSF) led the leasing activity, followed closely by Pune (3.49 MSF). Delhi NCR, meanwhile, recorded 2.75 MSF of leasing activity while Hyderabad witnessed 2.59 MSF and Chennai 1.97 MSF. Kolkata and Ahmedabad saw leasing volume of 0.26 MSF and 0.07 MSF respectively. Notably, pre-commitments surged, more than doubling QoQ, reflecting increased occupier confidence in the market and project pipelines.

Net absorption, a key indicator of real estate demand in terms of expansion of occupied space in the market, stood at 13.4 MSF in Q1 2025, the third highest quarterly figure ever with a growth of 20% y-o-y. Delhi-NCR, Mumbai, and Bengaluru collectively contributed 63% of this total, with Pune achieving its highest-ever quarterly net absorption. Delhi-NCR, meanwhile, recorded its strongest net absorption since Q4 2019.

In terms of sectoral demand, the IT-BPM sector retained its position as the largest occupier, accounting for 29% of GLV. BFSI followed at 22%, while flex space operators maintained a steady 13% share. Global Capability Centres (GCCs) grew their share to 31%, up from 28% in 2024. Bengaluru accounted for 37% of GCC leasing, with Pune and Hyderabad recording significant quarter-on-quarter growth. Tight supply and strong demand pushed rental values upward, particularly in high-demand markets. Mumbai posted a sharp 10% QoQ increase in average rents—the highest among the top 8 cities—while Hyderabad, Ahmedabad, Delhi-NCR, and Chennai saw growth in the range of 2–4% q-o-q.

Anshul Jain, Chief Executive, India, SEA & APAC Tenant Representation, said "The momentum in India's office sector has carried into Q1 2025, supported by steady closures of large deals and robust fresh leasing activity. The continued commitment of global occupiers to expand operations here signals enduring confidence in India as a strategic business destination. While we remain watchful of evolving global economic conditions, India's position as the global hub for tech, R&D, and innovation continues to strengthen. The strong performance of the GCC segment—now contributing over 30% of gross leasing—underscores this confidence, and we expect this trajectory to continue with more greenfield entries and expansion mandates. Additionally, domestic economic factors like easing inflation and anticipated rate cuts will further support occupier activity. With a resilient demand base, rising flex uptake, and healthy supply additions in key micro-markets, we anticipate the office market will maintain its growth footing in the quarters ahead."

The momentum in India's office sector has carried into Q1 2025, supported by steady closures of large deals and robust fresh leasing activity.

Veera Babu, Executive Managing Director, Tenant Representation, added: "2025 began on a strong note, underpinned by robust market fundamentals, marking the fourth consecutive quarter with office demand exceeding 20+ MSF. GCCs remained the primary driver of this momentum, accounting for over 31% of total leasing activity. New completions were lower than the previous quarter, but supply is expected to gain traction in the coming months. Meanwhile, vacancy rates have continued to decline, reaching a four-year low of 15.7%. With over 40 MSF of active demand in the pipeline, we anticipate increasing competition for space across core markets in all major cities. The shortage of prime, centrally located, high-quality office space is likely to continue, impacting occupiers over the next 3 - 4 quarters."

Ms. Aditi Vij is senior associate director with Cushman & Wakefield

Co-living segment gains Traction in India

The resurgence of co-living sector with inventory like to reach ~1 million beds by 2030, is being fuelled by rapid urbanisation and migration to cities, especially amongst students and young professional, according to COLLIERS INDIA SURVEY.

India's co-living market is on an upward growth trajectory, with demand rebounding strongly in recent years and operators gearing up for expansion across Tier I cities and select Tier II cities. Currently estimated at around 0.3 million beds in the organized market, the inventory is projected to grow more than threefold and reach close to a whopping 1 million beds by 2030. The resurgence of the sector is being fueled by rapid urbanization and migration to cities, especially amongst students and young professionals who continue to seek flexible, relatively affordable, community-driven, and hassle-free housing

options.

Following a temporary lull during the pandemic, the demand for co-living is regaining momentum, driven by the inherent strengths of the sector. Evolving demographic patterns, education & employment-driven urban migration, rising disposable incomes, and a growing preference for fully managed rental accommodations are all contributing to a sustained rise in demand for organized co-living spaces. Of the estimated 50 million migrant population in urban India aged between 20 & 34 years in 2025, the demand base for organized co-living sector in terms of beds is currently estimated at 6.6 million.

Co-living inventory, meanwhile, stands at around 0.3 million beds only, translating into a penetration rate of about 5%. Given the intrinsic nature of demand, leading operators are in an expansionary mode. As the co-living inventory is set to reach close to 1 million beds by 2030, penetration rates can significantly improve from 5% to over 10% by the end of the decade.

Demand is estimated by projecting the urban migrant population aged 20–34, primarily relocating to urban areas for employment and studies. The demand projection assumes that a meaningful share of this demographic prefers co-living over traditional rental housing due to convenience, affordability, and lifestyle alignment.

Demand estimations take into account urban population in the 20–34 yrs age group and employment opportunity & higher education-driven urban migration. Demand estimates also factor in a proportion/representative profile within the urban migrant population having economic ability and preference for co-living accommodation over traditional rental housing due to convenience, lifestyle alignment etc.

The co-living market size is estimated on the basis of current/projected stock, adjusted for occupancy levels. Average monthly rentals provide an indication on annual revenues/market size of the sector.

Co-living penetration represents the ratio of organised inventory (in terms of beds) and the demand for co-living accommodation within the target population, primarily urban migrants, including students and young working professionals.

The co-living market, estimated at around INR 40 billion in 2025, has the potential to grow over five times and reach close to INR 200 billion by 2030.

Demand estimations take into account urban population in the 20–34 yrs age group and employment opportunity & higher education-driven urban migration.

Co-living offers 20–35% rental arbitrage as compared to traditional rental accommodations

Typical co-living facilities provide fully furnished, ready-to-move-in spaces at rentals inclusive of utilities, maintenance, and amenities like Wi-Fi, housekeeping, and community events. This ensures convenience and cost-effectiveness for the target segment - young professionals and students. Co-living facilities also foster a sense of community through shared spaces and curated social interactions, reducing the feeling of isolation

Trends in India's co-living market

	2020	2025E	2027F	2030F	2030 vs 2025
Demand (units in millions)	5.8	6.6	7.4	9.1	~1.4X
Stock (units in millions)	0.2	0.3	0.6	1.0	~3X
Penetration (%)	3%	5%	8%	11%	+600 bps
Market size (INR billion)	22	40	100	206	~5X

Source: Colliers India Note: E is estimated and F stands for forecasted numbers by the end of the year

in urban environments. Additionally, flexible stay durations and minimal upfront costs make co-living a more amenable and hassle-free alternative to traditional rental accommodation.

Overall, co-living spaces offer a more affordable alternative across major Indian cities. As of April 2025, a comparison of rents between single-occupancy co-living facilities and traditional 1 BHK units indicates a rental arbitrage of up to 35%.

Capital deployment in the co-living sector bolstered by relatively higher returns

Leading co-living operators in India are actively raising capital to scale up their operations, particularly in light of the growing demand from students and young professionals. Leading operators have collectively raised capital to the tune of USD 1 billion since inception (2015 onwards), underscoring investor confidence and long-term growth potential. Institutional investors too are increasingly viewing co-living as an attractive asset class, with returns closer to 10%, significantly higher than the 2-5% yield of traditional residential assets. In fact, steady rental income, asset-light model, and alignment with the lifestyle preferences of younger generations support diversification of capital deployment by institutional investors. As the co-living gets formalized to a greater degree in India, improving operator efficiencies and expansion are likely to accelerate the sector's transition into a relatively matured real estate asset class in the upcoming years.

Demand-supply gap in student housing presents immense opportunities for investors and operators within the co-living sector

While co-living facilities are targeted at both students and migrant working professionals alike, student housing is more nuanced and is an important sub-segment within the co-living sector. Currently, approximately 11% of India's population is in the 18-23 years age group. Although, enrollment in higher education remains low compared to developed countries and is indicated by a Gross Enrollment Ratio (GER) of 28.4% at the national level (2021-2022), enrollments in absolute terms remain huge. The number of students enrolled in higher education courses, including graduate and postgraduate programs, rose from 30.2 million in FY 2012-13 to 43.3 million in FY 2021-22, witnessing a CAGR of 3.7%.

A significant proportion of higher education students enrolled in India are out-station students who require accommodation facilities near their institutions.

A significant proportion of higher education students enrolled in India are out-station students who require accommodation facilities near their institutions. As per All India Survey on Higher Education (AISHE), during FY2021-22, accommodation facilities provided by colleges & universities could cater to approximately 4 million students, merely 35-40% of the demand and resulting in a significant demand-supply mismatch. As of 2025, the demand for student-living accommodation is estimated to be around 12 million. The acute demand and supply gap necessitates the need for quality, affordable accommodation, especially as more students migrate to cities for higher education. It also presents immense opportunities for student housing-focused operators to foray into the market with professionally managed, student-centric housing

Industrial & Warehousing Mart – Land Values and Rents (Q1)

Ahmedabad

Source: Colliers

Cluster/Micro market	Land values (Rs/million/acre)	YoY change	Rents (Rs/sqft/month)	YoY change
Aslali-Kheda	20-50	18.6%	16-22	11.8%
Changodar – Bagodara	18-80	30.7%	15-23	26.7%
Kadi – Vitthalapur	10-25	9.4%	13-20	17.9%
Bechraji – Valevada	8-18	18.2%	13-19	18.5%
Sanand	30-50	17.6%	22-27	16.7%

Bengaluru

Cluster/Micro market	Land values (Rs/million/acre)	YoY change	Rents (Rs/sqft/month)	YoY change
Peenya	150-190	9.7%	35-45	0.0%
Nelamangala	22-28	13.6%	20-23	0.0%
Dabaspete	20-28	26.3%	19-24	4.9%
Hoskote	21-30	2.0%	23-25	0.0%
Naraspura	18-22	21.2%	20-23	4.9%
Soukya Road	35-40	11.9%	24-28	4.0%
Bommasandra	135-160	9.3%	30-40	0.0%
Jigani	20-27	6.8%	22-30	0.0%
Anekal	18-24	10.5%	21-23	2.3%
Doddaballapur	36-45	8.0%	21-26	6.8%
KIADB Devanahalli	32-36	9.7%	35-40	0.0%

Chennai

Cluster/Micro market	Land values (Rs/million/acre)	YoY change	Rents (Rs/sqft/month)	YoY change
GST road	50-70	20.0%	28-39	1.5%
NH48-Chennai Bengaluru highway	20-40	22.4%	22-30	4.0%
Oragadam	25-35	9.1%	26-33	5.4%
NH16 – Chennai Kolkata highway	15-28	30.3%	20-26	0.0%

Delhi-NCR

Cluster/Micro market	Land values (Rs/million/acre)	YoY change	Rents (Rs/sqft/month)	YoY change
NH-48	25-35	33.3%	20-28	14.3%
Manesar	320-340	32.0%	35-40	15.4%
Farukhnagar	32-33	38.3%	23-25	20.0%
Ghaziabad	25-35	13.2%	22-25	11.9%
Noida	150-200	0.0%	28-38	10.0%
Greater Noida	60-120	0.0%	25-35	0.0%
Faridabad-Palwal	31-36	11.7%	19-26	12.5%
Ballabgarh-Sohna road	25-35	0.0%	19-23	5.0%
Sonipat	30-42	7.5%	18-23	2.5%

Hyderabad

Cluster/Micro market	Land values (Rs/million/acre)	YoY change	Rents (Rs/sqft/month)	YoY change
North	40-60	25.0%	16-27	10.3%
South	30-60	20.0%	15-23	0.0%
East	20-50	2.9%	12-30	5.0%
West	30-60	0.0%	15-30	12.5%

Kolkata

Cluster/Micro market	Land values (Rs/million/acre)	YoY change	Rents (Rs/sqft/month)	YoY change
Dhulagarh (Before Toll)	60-90	15.45	15-27	7.7%
Dhulagarh (After Toll)	25-35	20.0%	16-22	5.6%
Dankuni – Old Delhi road	50-60	22.2%	20-25	4.7%
Dankuni – Durgapur Expressway	30-60	12.5%	18-27	7.1%

Mumbai

Cluster/Micro market	Land values (Rs/million/acre)	YoY change	Rents (Rs/sqft/month)	YoY change
Mankoli	40-60	5.3%	21-28	19.5%
Vadape	27-35	0.0%	16-22	0.0%
Padgha	16-23	0.0%	15-22	0.0%
Vashere	20-30	0.0%	17-22	0.0%
Palaspe	32-52	0.0%	22-29	0.0%
Uran road	25-34	7.3%	20-25	9.8%
Taloja	53-63	5.5%	26-32	3.6%

Pune

Cluster/Micro market	Land values (Rs/million/acre)	YoY change	Rents (Rs/sqft/month)	YoY change
Chakan-Shikrapur road	20-25	0.0%	22-26	0.0%
Chimbali-Kurali	30-40	16.7%	20-27	11.9%
Hinjewadi	70-95	3.1%	45-50	11.8%
Lonikand	30-40	0.0%	24-28	0.0%
Ranjangaon	18-25	0.0%	20-24	0.0%
Sanaswadi	25-35	0.0%	25-28	8.2%
Talegon	30-50	21.2%	24-29	3.9%
Wagholi	65-80	0.0%	26-30	0.0%

Source: Colliers

Chennai: CREDAI RAW Report Signals Investor Confidence in Housing Sector

There has been a surge in registrations resulting in buyer confidence in residential property, says CREDAI CHENNAI SURVEY.

The Chennai residential real estate market opened 2025 on a positive note, as highlighted in the Q1 2025 report released by CREDAI Chennai. The latest figures reflect a strong recovery and rising buyer confidence, with sharp growth in unit registrations, steady sales, and continued leadership by CREDAI Chennai developers. The quarter also reflected measured optimism from developers, a more discerning buyer segment, and firm steps toward a well-balanced, resilient housing market.

The number of residential units registered in Chennai during Q1 2025 stood at 8,042, reflecting an 88% increase over Q4 2024 (4,286 units) and an 11% rise over the same quarter in 2024 (7,218 units). Notably, CREDAI Chennai members accounted for 92% of these registrations, up from 6,346 in Q1 2024 to 7,412 in Q1 2025—a 17% year-on-year increase.

Sales momentum remained steady with 3,783 units sold in Q1 2025, up 7% quarter-on-quarter and 27% year-on-year from 2,983 units sold in Q1 2024. Of these, CREDAI developers accounted for 80% of the sales volume. Projects nearing completion or ready-to-occupy continued to be the preferred choice, reflecting an increasingly discerning buyer base focused on quality and timely delivery. The recent reductions in the repo rate and the Central Government's revised income tax slabs have further supported buyer sentiment, particularly among first-time home seekers.

Project registration activity remained stable, with 61 new residential projects registered in Chennai during the quarter. This marked a slight moderation from the 78 projects recorded in Q1 2024.

CREDAI maintained a strong regional presence, leading with 4,309 registered units in South Suburbs and 1,518 units in North Suburbs, along with consistent contributions in West and Central Chennai. Across Tamil Nadu, total project registrations spanning both buildings and layouts rose steadily month-on-month, with Q1 2025 seeing 1,436 registrations in total.

Project registration activity remained stable, with 61 new residential projects registered in Chennai during the quarter.

The south suburbs accounted for 31% of total project registrations and 56% of all unit registrations in the city. The spike was driven by improved infrastructure, Metro Phase II progress, and interest in emerging corridors including Parandur, Minjur, Chengalpattu, and Sriperumbudur. These locations are expected to witness continued momentum in upcoming quarters as integrated township models and decentralised planning gain traction.

As of March 2025, unsold residential inventory in completed projects stood at 7,872 units, reflecting stable levels compared to the previous quarter. CREDAI members held 5,937 of these units. The steady inventory numbers highlight efficient supply alignment, especially in a climate where end-user demand continues to lead the market.

Across Tamil Nadu, 84 residential projects were registered in Q1 2025, with 61% attributed to CREDAI developers. Total residential unit registrations in the state reached 9,480 units, 90% of which were from CREDAI developers. Compared to Q4 2024, this marks a 34% increase, and a 24% increase compared to Q1 2024. These numbers reinforce the broader market rebound, led by strong participation from established developers and an improving policy environment.

The market also benefited from key Government initiatives including the announcement of Master Plans for 136 cities, the launch of the Chennai Shoreline Revitalisation Project, and the development of satellite towns. These moves are expected to spur real estate activity beyond the core city and support long-term housing demand.

The Government's focus on inclusive urban development through schemes and new infrastructure investments in suburban corridors is enhancing liveability and making homeownership more accessible to a wider section of the population. We are seeing measured optimism in the market. Developers are taking a calibrated approach to new launches while strengthening regulatory compliance. The result is a more mature, balanced housing sector ready to scale with upcoming urbanisation," said Mr. A Mohamed Ali, President, CREDAI Chennai.

The recent reductions in the repo rate and the Central Government's revised income tax slabs will further support buyer sentiment, particularly among first-time home seekers. We expect this momentum to carry through into the next quarter as well, especially with infrastructure-led locations attracting renewed investor and end-user interest, said Mr Asalm P Mohamed, Secretary, CREDAI Chennai.

The Q1 2025 report released by CREDAI Chennai confirms that Chennai's residential market is in a phase of strong recovery, with CREDAI members continuing to lead from the front, shaping the sector with consistency, quality, and accountability.

Hyderabad's - Office Vacancy Level at 28 million sq ft

Despite robust demand, office space stock is anticipated to rise further this year, says VESTIAN SURVEY.

Hyderabad has transformed into a culturally rich global economic powerhouse, propelled by thriving IT, pharmaceutical, and life sciences sectors. The city benefits from proactive government policies, ease of doing business, and strategic infrastructural investments, drawing substantial domestic and international capital. Rapid urbanization and expanding IT corridors have reshaped Hyderabad's real estate landscape, with the emergence of economic hubs such as HITEC City, Average housing sales are estimated at ~50,000 units during 2022-24.

> **Rapid urbanization and expanding IT corridors have reshaped Hyderabad's real estate landscape, with the emergence of economic hubs such as HITEC City,**

Hyderabad reported 59.0 million sq ft of new completions and 48.5 million sq ft of absorption since 2020. The trend of new completions surpassing absorption for five consecutive years has led to a significant rise in vacant office stock. As of Q1 2025, the city holds 28 Million sq ft of vacant stock, the highest among the top seven cities. Despite robust demand, the stock is expected to rise further in 2025 on the back of a strong pipeline of upcoming supply

Conversely, the first quarter of 2025 witnessed sustained leasing activities across the top seven cities amid global macroeconomic uncertainty. As a result, absorption rose by 34% in Q1 2025 compared to the same period a year earlier, reaching 17.96 million sq ft.

in the city. However, pan-India construction activities slowed down by 39% on quarter and 12% over the previous year, reaching 9.50 million sq ft in Q1 2025. This slowdown can be attributed to the absence of new supply in Hyderabad and minimal supply additions in Chennai, Mumbai, and Kolkata during Q1 2025.

Conversely, the first quarter of 2025 witnessed sustained leasing activities across the top seven cities amid global macroeconomic uncertainty. As a result, absorption rose by 34% in Q1 2025 compared to the same period a year earlier, reaching 17.96 million sq ft. This can be attributed to the significant increase in real estate activities in the western cities (Mumbai and Pune), with the share rising from 24% in Q1 2024 to 37% in Q1 2025.

Moreover, the sudden rise of artificial intelligence altered the growth trajectory of the IT industry. This could be substantiated by the continuous dominance of IT-ITeS sector in the absorption. The sector accounted for 34% of the pan-India absorption in Q1 2025 and 36% in the previous quarter.

Shrinivas Rao, FRICS, CEO, Vestian said, "India's office market maintained its growth momentum in Q1 2025, driven by sustained demand across the major office markets in India. Even though the absorption decreased over the previous quarter, demand for office spaces by GCCs, IT-ITeS, BFSI, and Flex Spaces is expected to swell in the forthcoming quarters."

City-wise Analysis

Bengaluru dominated pan-India absorption with 4.08 Million sq ft in Q1 2025, closely followed by Mumbai with 3.99 Million sq ft. Kolkata reported the lowest absorption of 0.23 Million sq ft during Q1 2025, however, it increased by 44% on year and 289% over the previous quarter.

· Despite a quarterly decline of 3% in value terms, the share of Bengaluru in pan-India absorption increased to 23% in Q1 2025 from 19% a quarter earlier. Similarly, the share of Mumbai also rose marginally by one percentage point to 22% in Q1 2025 despite an 11% decline in value terms.

Pune reported an annual increase of 276% in absorption, with its pan-India share rising from 5% in Q1 2024 to 15% in Q1 2025. Conversely, Chennai witnessed the highest annual drop of 52% with its share declining from 25% to 9% during the same period stated above.

Bengaluru led the absorption by GCCs among the top seven cities with 39% share in Q1 2025, registering a 39% QoQ and 119% YoY increase in value terms.

While Bengaluru led new completions in Q1 2025 with 37% share, Pune followed with 31% share. Bengaluru's share increased from 21% in the previous quarter, whereas Pune's share rose from 15%.

New completions in NCR doubled to 2.6 Million sq ft in Q1 2025 compared to the same period a year ago. It also increased by 44% over the previous quarter.

Office Market Summary: Q1 2025

City	Absorption (Million sq ft)	Y-o-Y Change (%)	Q-o-Q Change (%)	New Completions (Million sq ft)	Y-o-Y Change (%)	Q-o-Q Change (%)
Bengaluru	4.08	56%	-3%	3.50	-5%	9%
Chennai	1.60	-52%	-24%	0.10	-83%	-91%
Hyderabad	2.66	17%	-43%	Negligible	NA	NA
Mumbai	3.99	60%	-11%	0.30	-70%	-86%
Kolkata	0.23	44%	289%	0.10	NA	NA
Pune	2.66	276%	NIL	2.90	71%	26%
NCR	2.73	51%	-21%	2.60	100%	44%
Total	**17.96**	**34%**	**-17%**	**9.50**	**-12%**	**-39%**

Source: Vestian Research

Mumbai:
Surge in Residential Launches in Q1

During Q1, residential new launches surged by ~5% at 18,470 units, says CUSHMAN & WAKEFIELD SURVEY.

The city recorded new launches of 18,470 units, surged by ~5% Q-o-Q in Q1 2025. The new launches surpassed the average quarterly launches of 20,218 units recorded in the past twelve quarters.

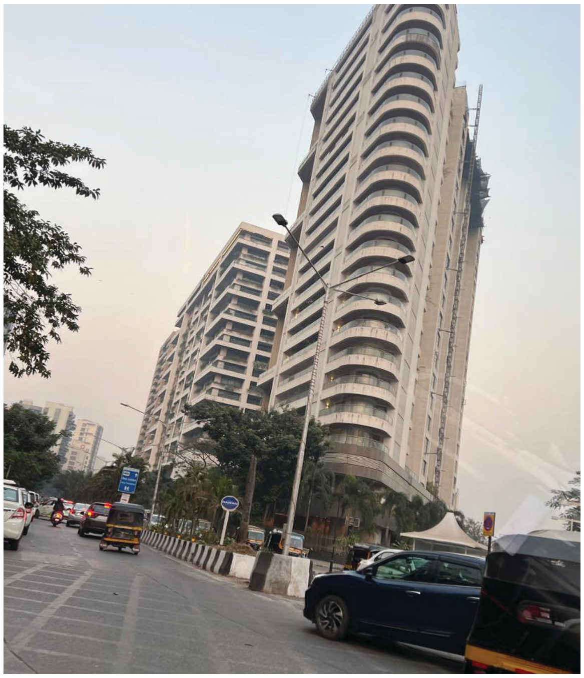
Navi Mumbai emerged as the leading submarket for new launches, accounting for 27% of the city's total in Q1 2025. It was followed by the Extended Eastern Suburbs and Western Suburbs, which contributed 20% and 18%, respectively. The upcoming Navi Mumbai International Airport and enhanced connectivity via the Mumbai Trans Harbour Link (MTHL) have significantly boosted Navi Mumbai's attractiveness for new developments. In Navi Mumbai, precincts such as Panvel, Taloja, and Kharghar recorded the highest number of new launches.

Mid-segment Launches dominate with a significant ~64% share

Mid-segment launches dominated the market, with 17,734 units accounting for

~64% of the total new launches in the city. This was followed by the high-end segment, contributing nearly 20%, and the affordable segment comprised around 15% of the total new launches. Precincts such as Panvel (1,731 units) and Dombivali (1,650 units) recorded bulk of the new launches.

The weighted average capital value for the mid-segment launches was INR 17,247 psf.



Weighted Average Capital Values witnessed a marginal dip

The city's weighted average capital values stood at Rs 20,386 per sqft, registering a marginal 7% QoQ decline in Q1 2025. This drop was primarily driven by significant rise in affordable segment launches compared to the previous quarter.

Meanwhile, rents increased in the range of 2-3% YoY in Q1 2025 while on a quarterly basis the rents largely remained unchanged.

Capital Values as of Q1 2025

Submarket	Averaged quoted capital value (Rs/sqft)	QoQ Change (%)	YoY change (%)
High-end Segment			
South	52,000 – 100,000	0%	1%
South Central	30,000 – 87,000	2%	4%
Eastern suburbs	18,000 – 71,000	2%	5%
Western suburbs – Prime	29,000 – 72,000	0%	4%
Mid-segment			
Eastern suburbs	15,000 – 30,000	7%	11%
Western suburbs	15,000 – 32,000	11%	13%
Thane	10,000 – 20,000	13%	23%
Navi Mumbai	8,000 – 21,000	18%	29%

Capital Values as of Q1 2025

Submarket	Averaged quoted capital value (Rs/sqft)	QoQ Change (%)	YoY change (%)
High-end Segment			
South	79,000 – 710,000	0%	0%
South Central	79,000 – 620,000	2%	4%
Eastern Suburbs	32,000 – 450,000	0%	1%
Western Suburbs – Prime	65,000 – 972,000	0%	0%
Mid-segment			
Eastern suburbs	24,000 – 91,000	0%	1%
Western suburbs	26,000 – 104,000	0%	1%
Thane	19,000 – 36,000	0%	2%
Navi Mumbai	15,000 – 65,000	3%	3%

Source: **Cushman & Wakefield**

Industrial & Warehousing Demand in Q1 Robust at 9 million sq ft

Across top 8 cities, there has been an uptrend I&W space during Q1, up 15% YoY, says Colliers survey.

With 9 million sq ft of leasing in Q1 2025 at a 15% YoY growth, industrial & warehousing demand across the top eight cities remained robust. Delhi NCR and Chennai led the demand, cumulatively accounting for around 57% of the overall leasing in Q1 2025. The demand for Grade A industrial & warehousing space was particularly impressive in Delhi NCR; the city has already witnessed about half of the leasing activity of 2024 in the first quarter of 2025 alone. Interestingly, across the top eight cities, engineering sector drove demand this quarter, contributing to about 25% of the overall industrial & warehousing space uptake, followed by e-commerce with 21% share. Both these sectors have surpassed the demand from Third Party Logistics (3PL) players, the usual frontrunner. While Chennai and Bengaluru saw strong traction from occupiers in the engineering space, demand from e-commerce players remained significant in Delhi NCR and Mumbai, according to Colliers India survey.

At a micro market level, Bhiwandi in Mumbai led leasing activity in the first quarter with about 1.0 million sq ft of demand, followed by Luhari (0.9 mn sq ft) in Delhi NCR and NH-16 (0.7 mn sq ft) in Chennai. These three micro markets accounted for significant leasing share in their respective cities during the quarter.

Photo by: pexels.com

Trends in Grade A Gross absorption (million sq ft)

City	Q1 2024	Q4 2024	Q1 2025	YoY change	QoQ change
Ahmedabad	0.3	0.6	0.6	100%	0%
Bengaluru	0.5	1.4	0.8	60%	-43%
Chennai	1.9	0.7	2.0	5%	186%
Delhi NCR	1.4	1.1	3.1	121%	182%
Hyderabad	0.2	0.3	0.3	50%	0%
Kolkata	0.3	1.6	0.5	67%	-69%
Mumbai	1.9	0.8	1.0	-47%	25%
Pune	1.3	1.5	0.7	-46%	-53%
TOTAL	**7.8**	**8.0**	**9.0**	**15%**	**13%**

Source: Colliers

Note: Data pertains to Grade A buildings

The strong industrial & warehousing space uptake in the first quarter of 2025 was marked by robust demand across diverse occupier sectors.

Engineering and e-commerce sectors emerged as key demand drivers

Engineering and e-commerce players drove the bulk of leasing during the quarter, together accounting for about 46% of the demand. With about 2.2 million sq ft of leasing, engineering firms alone accounted for about one-fourth of the Grade A industrial & warehousing demand in Q1 2025. The sector saw over 2X times growth in leasing activity on an annual basis, led by robust demand in Chennai and Bengaluru. E-commerce also saw close to 2 million sq ft of leasing, led by Delhi NCR and Mumbai. Bolstered by institutional capital deployment, improved last-mile delivery, and increasing consumer trust, e-commerce in India is expected to maintain a strong upward trajectory in the coming years. This would further fuel demand for warehousing spaces across Tier I and II markets in the country.

"The strong industrial & warehousing space uptake in the first quarter of 2025 was marked by robust demand across diverse occupier sectors. Engineering and e-commerce sectors emerged as key demand drivers, followed by 3PL, with each recording close to 2 million sq ft of quarterly demand or more. Automobile players also picked up significant Grade A industrial & warehousing space at 1.3 million sq ft. These are healthy signs of overall growth, reflecting broad-based demand which aligns with domestic macro-economic indicators." says Vijay Ganesh, Managing Director, Industrial & Logistics Services, Colliers India.

Large sized deals account for about half of the industrial & warehousing space demand

During Q1 2025, large deals (>200,000 sq ft) accounted for 48% of the demand at 4.3 million sq ft. These larger deals were driven by e-commerce companies, followed by engineering and automobile firms. At the city level, Delhi NCR (1.9 mn sq ft) followed by Chennai (1.0 mn sq ft) dominated the proportion of large-sized deals.

"With about 3.1 million sq ft of industrial & warehousing demand in Q1 2025, Delhi NCR saw the highest quarterly leasing in the last 2-3 years. The surge in the region was led by Grade A space uptake in Luhari and Tauru Road micro markets. In terms of occupiers, e-commerce players accounted for around one-third of the quarterly demand in the region, followed by the automobile & retail sectors. Overall, traditionally strong markets like Delhi NCR and Chennai have provided a strong start to the year. The demand momentum is likely to continue in the upcoming quarters, setting the tone for a strong performance in 2025." says Vimal Nadar, Senior Director & Head of Research, Colliers India.

Trends in Grade A Supply (million sq ft)

City	Q1 2024	Q4 2024	Q1 2025	YoY change	QoQ change
Ahmedabad	0.3	1.5	0.5	67%	-67%
Bengaluru	1.4	1.9	0.9	-36%	-53%
Chennai	1.3	0.6	2.0	54%	233%
Delhi NCR	2.3	2.1	2.5	9%	19%
Hyderabad	0.6	0.3	0.2	-67%	-33%
Kolkata	0.3	0.5	0.5	67%	0%
Mumbai	1.0	1.1	1.9	90%	73%
Pune	0.9	1.1	0.9	0%	-18%
TOTAL	**8.1**	**9.1**	**9.4**	**16%**	**3%**

Source: Colliers

Note: Data pertains to Grade A buildings

New supply in tandem with leasing during the quarter

The first quarter of 2025 saw new supply to the tune of 9.4 million sq ft, a 16% YoY rise. New supply was almost in line with the strong leasing activity during the quarter, indicating improved developer confidence in the industrial & warehousing market. Moreover, in line with demand trends, Delhi NCR and Chennai accounted for the bulk of new supply during the quarter. These two cities cumulatively contributed close to half of the new supply across the top eight cities of the country.

Vacancy levels, however, increased by 250 basis points on account of churns & exits and stood at around 13% at the end of Q1 2025. Average rentals meanwhile rose in most cities, fueled by strong space uptake in prominent industrial clusters.

Institutional Investments Up 47% YoY

Investments soared amid global macroeconomic uncertainty; Foreign investors' confidence resurrected, says VESTIAN SURVEY.

Institutional investments in Q1 2025 reached USD 0.81 billion, marking a 47% year-on-year increase. This significant uptick reflects the strong fundamentals of the real estate sector and a renewed sense of confidence among investors.

As investments approach the billion-dollar mark in Q1 2025, the residential sector has emerged as the frontrunner, dominating with 62% of the total share —up from 41% in the same period last year. In value terms, investments reported an annual increase of 125%, reaching USD 506.1 Million in Q1 2025.

Commercial assets witnessed investments worth USD 307.2 Million in Q1 2025, accounting for 38% of the total investments received during the quarter. While the share declined from 42% in Q1 2024 to 38% in Q1 2025, investments surged by 33% in value terms during the same period. Interestingly, the industrial & warehousing sector did not record any significant investment in Q1 2025. However, it is expected to garner investments in the future on the back of the rapidly growing e-commerce sector and a reduction in logistics costs.

Quarters	Institutional Investments (USD billion)	Quarterly Change (%)
Q1 2024	0.55	-31%
Q2 2024	3.10	464%
Q3 2024	0.96	-69%
Q4 2024	2.22	129%
Q1 2025	0.81	-63%

Source: Vestian Research

While domestic investors remained confident about India's growth story, the participation of foreign investors increased during Q1 2025. The share of foreign investors jumped from 2% in Q1 2024 to 43% in Q1 2025, fueled by a stabilizing global economy, India's robust economic growth compared to the major economies of the world, and rapid infrastructure development. In value terms, foreign investments skyrocketed by 3,054% annually, reaching USD 346.9 Million in Q1 2025 from USD 11 Million a year earlier.

On the other hand, domestic investors dominated with 57% share in Q1 2025. However, their share dropped from 98%

Asset Type	Institutional Investments (USD Million)			% Share			% Change	
	Q1 2025	Q4 2024	Q1 2024	Q1 2025	Q4 2024	Q1 2024	Q1 2025 vs Q4 2024	Q1 2025 vs Q1 2024
Commercial	307.2	848.5	231.6	38%	38%	42%	-64%	33%
Residential	506.1	908.5	225.0	62%	41%	41%	-44%	125%
Industrial & Warehousing	Negligible	303.3	58.9	Negligible	14%	11%	NA	NA
Diversified	Negligible	156.0	36.6	Negligible	7%	6%	NA	NA
Total	**813.3**	**2,216.3**	**552.1**	**100%**	**100%**	**100%**	**-63%**	**47%**

Note: Commercial assets include office, retail, co-working, and hospitality projects. *Source: Vestian Research* a year earlier. In terms of value, domestic investments stood at USD 466.4 Million, registering an annual decline of 14%.

Shrinivas Rao, FRICS, CEO, Vestian said, “Investor confidence in India’s growth story remains strong, with both foreign and domestic players showing increased commitment to long-term investments. This is evident in the growing share of foreign investors, along with the active participation of domestic investors. As investment activity continues to build momentum, we can expect a notable increase in future inflows, further reinforcing India's position as a dynamic and attractive investment destination.”

With key deals reaffirming confidence in the real estate sector, institutional investments are expected to maintain an upward trajectory, supported by rapid infrastructure development and economic stability.

Investor Type	Institutional Investments (USD Million)			% Share			% Change	
	Q1 2025	Q4 2024	Q1 2024	Q1 2025	Q4 2024	Q1 2024	Q1 2025 vs Q4 2024	Q1 2025 vs Q1 2024
Foreign	346.9	1,051.8	11.0	43%	47%	2%	-67%	3,054%
India-dedicated	466.4	458.5	541.1	57%	21%	98%	2%	-14%
Co-investment	Negligible	706.0	Negligible	Negligible	32%	Negligible	NA	NA
Foreign	346.9	1,051.8	11.0	43%	47%	2%	-67%	3,054%
Total	**813.3**	**2,216.3**	**552.1**	**100%**	**100%**	**100%**	**-63%**	**47%**

Note: Co-investment refers to joint funding by foreign and domestic investors. *Source: Vestian Research*

Indian Hospitality Sector Poised for Growth

The outlook for India's hospitality sector in 2025 is not just optimistic; it's electric, says ANAROCK SURVEY.

The year 2024 unfolded as a powerful reminder of the world's dynamic nature, a blend of geopolitical shifts, climate extremes, and economic recalibrations. Pivotal elections in India, France, the UK, and the US reshaped political narratives. At the same time, global conflicts, from the war in Ukraine to unrest in the Middle East, continued to impact economies and traveller sentiment. Yet, moments of celebration stood tall: the Paris Olympics united nations, the ICC Men's T20 World Cup thrilled cricket fans, and global pop culture events like Taylor Swift's Eras Tour captivated millions. Amid these global currents, India's economic resilience and domestic vibrancy powered its rise on the global stage. With a projected GDP growth of 6.5% and a steady rise in domestic consumption, India's travel and hospitality industry continued to thrive, even as it navigated evolving market dynamics.

The year began on a high note with the successful launch of IPOs by Juniper Hotels and Apeejay Surrendra Park Hotels, reflecting strong investor confidence in the sector. Domestic tourism remained the backbone during the year, even though the general elections temporarily slowed corporate travel during the election period. The second half of 2024 was shaped by big-ticket events that redefined demand cycles. The Ambani family's grand wedding celebrations in Mumbai transformed luxury hotels into high-security, high revenue zones, setting new benchmarks for destination weddings in India. Simultaneously, the live entertainment wave swept across the country. Concerts by Bryan Adams, Dua Lipa, Diljit Dosanjh, and Arijit Singh, among others, and music festivals such as Lollapalooza India drove travel and hotel bookings in host cities.

Domestic tourism remained the backbone during the year, even though the general elections temporarily slowed corporate travel during the election period.

While inbound tourism recovery remained slower than expected, the hotel sector performed strongly across all key performance metrics. The sector closed the year with a nationwide occupancy of 63-65%, average room rates (ARR) ranging between `7,800-8,000, and revenue per available room (RevPAR) in the range of `5,000–5,200, reflecting a 27–29% increase over pre-COVID benchmarks. Encouraged by this growth, hoteliers accelerated development activity, resulting in a historic high in hotel brand signings, surpassing previous records, with a sharp focus on Tier-2, Tier-3, and emerging leisure markets.

The outlook for India’ s hospitality sector in 2025 is not just optimistic; it’s electric. The year kicked off with momentum as Coldplay’s sold-out concerts in Mumbai and Ahmedabad drew fans from across the country and abroad, highlighting India’s growing prominence on the global live events circuit.

Soon after, the Maha Kumbh Mela in Prayagraj, which welcomed 66 crore visitors over just 45 days, showcased the unmatched scale of India’s religious tourism segment, emphasizing the country’s capacity to host some of the largest gatherings in the world. This momentum is expected to continue driven by vibrant calendar of cultural and sporting events, and the continued influx of travellers to spiritual destinations such as Ayodhya, Kedarnath, and Varanasi, and the growing appeal of wellness and medical tourism. At the same time, the branded economy hotel segment, which accounts for just 5–7% of total supply, is emerging as a high-potential growth Encouraged by the current momentum, we expect nationwide occupancy to reach 70% and average room rates (ARR) to cross the `10,000 mark in 2026.

However, to fully capitalize on this growth trajectory, long-awaited policy reforms must be prioritized. Granting industry and infrastructure lending status to hospitality projects, irrespective of investment size, is crucial to unlocking new development in underserved and emerging markets. With rising domestic demand, increasing global visibility, and a new era of experiential travel, India’s hospitality sector is no longer just growing, it’s gearing up to lead the world.

India’s hotel sector is poised for considerable growth in 2025, building upon the strong momentum of the two previous years.

Outlook

India’s hotel sector is poised for considerable growth in 2025, building upon the strong momentum of the two previous years. This expansion is driven by a thriving domestic tourism market, the rise of niche travel segments, a steady revival in inbound tourism, and significant infrastructure enhancements. With domestic travel continuing its upward trend, increased spending and demand are set to accelerate the sector’s development, further solidifying India’s standing in the global hospitality industry. Moreover, ongoing infrastructure improvements and substantial investments in developing key tourist destinations are expected to elevate both tourism and hospitality to new heights. In the FY26 Union Budget, the government announced an outlay of `2,541.06 crore for tourism initiatives for FY26 and is also planning to establish 50 new tourism destinations within the country.

In parallel, India’s commercial office space market is experiencing a notable upswing, contributing significantly to hospitality growth. In 2024, gross leasing reached 89 million sq. ft., with net absorption at 50 million sq. ft. across major cities. The momentum continues into 2025, with leasing activity up 14-16% year-on-year in the top seven cities. Global Capability Centres (GCCs) are emerging as key demand drivers, alongside the continued strength of the IT/ITeS sector and rapid expansion of startups in fintech, health-tech, and e-commerce.

As investor confidence remains high, this commercial boom is fueling a rise in business and MICE travel, spurring demand for quality hospitality infrastructure. Mixed-use developments—integrating Grade-A office spaces with hotels, retail, and lifestyle amenities—are reshaping urban business hubs into vibrant, multi-functional ecosystems, deepening the connection between real estate and hospitality. That said, the evolving global trade and tariff landscape could influence cross-border travel sentiment and is a factor to monitor in the near term. Sustained collaboration between the government and private sector will be critical to navigating these dynamics and securing India’s place as a leading global travel destination.

Feng Shui: Tackling Work Place Conundrum

Feng Shui for office or commercial location can create an environment, which will support the occupants and enable them to progress, says S BS SURENDRAN.

The philosophy of Feng Shui is embraced by people who are aware of the impact their surroundings have on them and feel the need to take action to improve their lives. Using Feng Shui correctly is a skill and its principles cannot be adapted simply to suit the circumstances of a place or an individual.

In Feng Shui there are two primary natural forms which must be respected and utilised, water and mountains. In the analogy of the 'Tao' water is the yang active principle and mountains carry the passive or yin principle. The earth is criss crossed with energy lines that are affected by virtually all geographical and topographical phenomena. This means that we are affected by our environment, and we in turn modify our environment by what we do within it.

Aligning the interiors and the furnishing alone ensures excellent Feng shui when tuned with the compass directions and one can achieve a lot through these methods and proper alignments.

When we adapt the oriental science for designing new homes or an office, the primary concern is to get the space to be in tune with the occupants. In an office set up it does get tricky as it has to keep in mind many different individuals to be working from there. The location of the office is not normally something over which we have control but its internal layout can make a great difference to the way people feel and behave.

By adapting Feng Shui in office environment, energy movement is assisted and at the very least the personal workspace could be cleared of accumulated "clutter". The energy of an office could be dramatically improved if its occupants respond to each other in a positive way and co-operate with one another. Changes as simple as re-aligning the furniture's, painting or moving in healthy plants are at times more than enough. Negativity breeds negativity so forward planning and planning work programmes holistically, rather than on a day-to-day basis will reduce stress.

Cramped working areas lead to cramped minds. We feel resentful if we constantly knock ourselves on colleagues, desks or cupboards. Open plan office can leave people feeling vulnerable so it is important that they personalise their spaces and are not surprised from behind. Staff rooms are where employees meet, discuss work and air grievances and the Feng Shui of these rooms is important if staff is to be positive, though they should not be too comfortable or breaks will be extended.

For enhancing the feel of your work place you could try few important Feng shui tips:-

- Ensure that the entrance is well maintained, what the staff see as they arrive each day, has a strong impact on their mind and work output.
- Avoid waste bins at entrance and keep it clutter free.
- Shadowy corners and ill-lit passageways will not encourage staff to linger in the evening, keep them well lit.
- Fresh paint work and clean flooring create an air of efficiency and together with positive images on the walls, suggest to employees that they are valued.
- Boardroom tables are best if they are oval, round tables are useful in brainstorming sessions of the management team.

Feng Shui for office or commercial location can create an environment, which will support the occupants and enable them to progress.

Mr. Surendran is an Accredited Master Fengshui Consultant, Bioenergetician and Traditional Vaastu Practitioner

Taxability of Leashold Rights under GST

Assignment by sale and transfer of leasehold rights of the plot of land allotted by GIDC to the lessee in favour of third party-assignee for a consideration shall be assignment/sale/ transfer of benefits arising out of "immovable property", and not liable for GST, held GUJARAT HIGH COURT.

The philosophy of Feng Shui is embraced by people who are aware of the impact their surroundings have on them and feel the need to take action to improve their lives. Using Feng Shui correctly is a skill and its principles cannot be adapted simply to suit the circumstances of a place or an individual.

Gujarat Chambers of Commerce and Industry vs. Union of India1

The Gujarat High Court ('High Court') has ruled that the assignment of leasehold rights in land allotted by the Gujarat Industrial Development Corporation ('GIDC') constitutes a transfer of immovable property and, is not subject to GST. This decision held that transactions fall outside the ambit of GST, i.e. it is not a supply of goods or services, in terms of the provisions of Section 7 of the Central Goods and Services Tax Act, 2017 ('CGST Act'). Paragraph 5(a) of Schedule II and Paragraph 5 of Schedule III are also inapplicable in this case.

Background

- The GIDC was established under the Gujarat Industrial Development Act, 1962, to promote industrial growth by developing industrial estates. It leases plots of land to industrial entities for 99 years under agreements containing detailed terms, including premium and lease rent payable.
- The lease agreements allow lessees (including Gujarat Chamber of Commerce and Industry, Petitioner in the case) to assign their leasehold rights to third parties, subject to GIDC's approval. Such assignment involves the transfer of all rights and obligations under the lease arrangement to the assignee.
- GST was introduced on July 1, 2017. Tax authorities issued show cause notices to lessees alleging that the assignment of leasehold rights constitutes a 'supply of services' under Section 7(1)(a) of the CGST Act, and the same is taxable at 18% GST.
- The Petitioners challenged the notices, arguing that leasehold rights are an interest in immovable property. They contended that these assignments are neither supply of goods nor supply of services and are explicitly excluded from GST under Paragraph 5 of Schedule III of the CGST Act (which covers sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building). The exclusion of sale of land and building under Paragraph 5 of Schedule III of the CGST Act has to be interpreted in light of legislative history as well as object and purpose of the statute to include sale of interest in land and benefits arising out of land.
- Further, such rights are land rights, and the intent of the GST Law is not to impose tax on transfer of immovable property as was the case even under the erstwhile service tax regime. The Petitioners also argued that taxing such transactions leads to double taxation, as stamp duty is already paid on assignment of leasehold rights.
- The Revenue Department contended that the assignment of leasehold rights is not explicitly excluded under Paragraph 5 of Schedule III, which only stipulates the sale of land and buildings. They further contended that these assignments are a supply of services since they involve valuable consideration, making them taxable under Section 7(1)(a) of the CGST Act. Additionally, the Revenue emphasized that such transactions fall under tariff headings notified under GST.

High Court's Analysis and ruling

- The High Court analyzed whether assignment of leasehold rights constitutes a 'supply of services' under the CGST Act. It agreed with the Petitioners that leasehold rights are an interest in immovable property. Assigning these rights involves a transfer of immovable property and, is not a supply of service. The High Court cited the provisions under the Transfer of Property Act, 1882 and precedents including Sri Tarkeshwar Sio Thakur Jiu2 to affirm that such rights cannot be equated with supply of services under the CGST Act.
- The High Court held what the Petitioner has transferred by way of assignment/ sale is leasehold rights which is over and above the actual physical plot of land and building, encompasses incorporeal ownership rights in such land and building, such as the right to possess, to enjoy the income from, to alienate, or to recover ownership of such right from one who has improperly obtained the title. Therefore, immovable property includes, in addition to right of ownership, aggregate of rights that are guaranteed and protected by the further agreement or contract between the owner and the lessee.
- The contention of the Revenue Department that the transfer of leasehold rights, as the interest in immovable property, covered by the scope of supply of service is not tenable as transaction of assignment is nothing but absolute transfer of right and interest arising out of the land which would amount to transfer/sale of immovable property which cannot be said to be "service" as contemplated under the provisions of GST Act.
- The High Court observed that the immovable property is nothing but, bundle of rights and right to give such property on lease is one of such rights and, further transfer of the right to occupy or possess will continue to remain as supply of service which character will not change merely because lessee of GIDC affects absolute transfer thereof in favor of the assignee leaving no right whatsoever in respect of such leasehold land and building.
- The High Court deliberated on the Allahabad High Court's decision in the Greater Noida Industrial Development Authority3 case, which concerned the levy of service tax on the renting of immovable property. The Allahabad High Court upheld the view that leasing land for commercial purposes constituted a taxable supply of services, irrespective of the lease duration. However, the Gujarat High Court distinguished the said case by emphasizing that the assignment of leasehold right for a lump sum consideration is not merely a rental service but, a transfer of interest in immovable property and so, is excluded from GST net.
- The High Court referred to the Residents Welfare Association, Noida4 case, which dealt with the characterization of deeds as either leases or outright sales for determining stamp duty applicability. In the said case, the Supreme Court clarified that leases involve a partial transfer of rights, with ownership reverting to the lessor upon lease termination, while outright sales result in complete ownership transfer. The High Court used this reasoning to distinguish between renting (a service under GST) and outright assignment of leasehold rights (a transfer of immovable property). It concluded that such assignments fall outside the GST ambit as they involve the transfer of rights in the immovable property, unlike in renting of property.
- The High Court highlighted that taxing these transactions under GST, in addition to stamp duty, results in double taxation, which contradicts the GST regime's objective of reducing cascading tax effects. On the basis of these observations, the High Court allowed the petitions and quashed the impugned show cause notices and orders in original or appeal, as the case may be.
- In conclusion, assignment by sale and transfer of leasehold rights of the plot of land allotted by GIDC to the lessee in favour of third party-assignee for a consideration shall be assignment/sale/ transfer of benefits arising out of "immovable property", and not liable for GST.

Dhruva Comments

While the first allotment/ allocation of land by the GIDC would be liable for GST but, exempted (Sr. No. 41 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017), the High Court held that subsequent assignment of leasehold rights (as in the present case) was outside the pale of GST, and not taxable.

Interestingly, CBIC vide its Circular No. 44/18/2018- GST dated 02.05.2018 clarified that the activity of transfer of 'tenancy rights' is covered under the scope of supply and is taxable. How this decision will impact other rights and benefits (such tenancy rights) arising out of land and building, will have to be seen.

The judgment provides a much-needed clarity on the taxability of leasehold rights under GST, marking a welcome relief for businesses. The decision reinforces the exclusion of immovable property transactions from GST. It also serves as a precedent for challenging similar GST demands and highlights the importance of distinguishing between transactions involving immovable property rights and those qualifying as

services under GST. Given this ruling, the taxpayers may explore an opportunity to claim refund of tax discharged on supply of leasehold rights in land in the past periods.

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