

**RESEARCH****BOB ECONOMICS RESEARCH | GDP FY26**

FY26 growth pegged at 7.4%

**REAL ESTATE | Q3FY26 PREVIEW**

3Q26 Preview: Robust leasing to drive revenue and occupancy

**SUMMARY****INDIA ECONOMICS: GDP FY26**

NSO has estimated that Indian economy is expected to clock a growth of 7.4% in FY26 growth compared with a growth of 6.5% in FY25. GVA growth is also estimated higher at 7.3% (previously 6.4%). Stronger growth is expected for manufacturing sector in FY25 at 7.0%, much higher than last year. Even as global economies continue witness turmoil, India remains insulated on the back of the key reforms and trade pacts. The economy is expected to continue with the upward momentum especially in Q3, with some moderation likely in Q4 on the back of base effect. The attention will now shift towards Union Budget, RBI policy and corporate performance for Q3 and Q4. For FY26, we retain our real GDP forecast of 7.4-7.6%. For FY27, we project a real GDP growth of 7-7.0%.

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**REAL ESTATE: Q3FY26 PREVIEW**

- Operating revenue likely to grow ~+3.0% QoQ, supported by larger operational area (~+2.5% QoQ) and improved occupancy (+15bps QoQ)
- In the absence of large space addition announcements over 3Q26, operators are expected to add ~0.75msf, lower vs ~1.2msf in 2Q26
- Operators with the capacity to capture leasing demand from GCCs (larger tenant cohorts, longer leases) are likely to outperform

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**GDP FY26**

07 January 2026

**FY26 growth pegged at 7.4%**

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**Jahnvi Prabhakar**  
Economist**1st Advance Estimate of FY26 GDP**

GDP growth for FY26 has been projected at 7.4% against an increase of 6.5% in FY25 on a YoY basis. This was in line with our expectation of 7.4-7.6% growth.

In nominal terms, government consumption (6.6% from 6.4%) is expected to register a strong growth and private consumption (8.2% from 12%) will grow at a steady pace. Investment demand is estimated to register a stronger growth of 8.3% in FY26 (from 7.9% in FY25). Furthermore, in a positive surprise, the export growth is likely to be higher at 9.5% (8.3% in FY25) while import growth would be tad lower at 9% against a growth of 9.5% in the previous year, given the evolving dynamics on the trade front.

**GVA to accelerate**

GVA growth is expected to advance to 7.3% in FY26 compared with a growth of 6.4% in FY25. Growth in manufacturing witnessed an uptrend with 7% growth against a growth of 4.5% in the previous year. Some moderation is likely across the following sectors, including agriculture (3.1% from 4.6%), electricity (2.1% from 5.9%) and construction (7% from 9.4%). Mining sector output is expected to contract by 0.7% in FY26 against a growth of 2.7% in the last year. Service sector components are expected to register a marked improvement in FY26. Trade, transport and hotel industry is likely to grow at a much faster pace at 7.5% against a growth of 6.1% in FY25 reflecting stronger demand in tourism and hospitality industry. Financial services sector is also expected to record robust growth of 9.9% in FY26 (7.2% in FY25), with higher growth expected in credit sector. In line with expectations, steady pick up will be seen in government spending. Frontloading of capex was noted in H1 and spending is likely to hold up even in H2.



## REAL ESTATE

Q3FY26 Preview

07 January 2026

**3Q26 Preview: Robust leasing to drive revenue and occupancy**

- Operating revenue likely to grow  $\sim +3.0\%$  QoQ, supported by larger operational area ( $\sim +2.5\%$  QoQ) and improved occupancy ( $+15\text{bps}$  QoQ)
- In the absence of large space addition announcements over 3Q26, operators are expected to add  $\sim 0.75\text{msf}$ , lower vs  $\sim 1.2\text{msf}$  in 2Q26
- Operators with the capacity to capture leasing demand from GCCs (larger tenant cohorts, longer leases) are likely to outperform

**Yashas Gilganchi**  
 Research Analyst  
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Over 3Q26,  **$\sim 22.2\text{msf}$  of office space was absorbed ( $\sim +15\%$  QoQ and flat YoY)**, led by leasing activity in BLR (24%), MUM (22%) and Delhi NCR (18%). Supply continued to lag demand despite a pick-up in pace, as  **$\sim 16.6\text{msf}$  was delivered ( $\sim +10\%$  QoQ and  $\sim +3\%$  YoY)**, concentrated (63%) mostly in BLR and HYD. The space leased by Flex-Workspace operators made up  $\sim 21\%$  of the leasing activity, flat QoQ and YoY. We believe that the operating environment remains supportive and expect Flex-Workspace Operators to deliver growth in operating revenue ( $\sim +3.0\%$  QoQ), supported by larger leasable area ( $\sim +2.5\%$  QoQ) and improved occupancy ( $+15\text{bps}$  QoQ).

We expect operators to add  $\sim 0.19\text{msf}$  on average (AWFIS likely to lead with  $\sim 0.27\text{msf}$ ), translating into an average increase in operational seats of  $\sim 4,000$  ( $+2.67\%$  QoQ). In the absence of large space addition announcements over 3Q26, we expect operators to deliver lower **quarterly growth in operating leasable area of  $+2.5\%$  ( $\sim +6.4\%$  2Y avg.) as leasable area under fit-out and LOI is brought online.**

We believe that robust demand for flex-workspaces in the face of relatively modest space addition should result in **improved occupancy ( $\sim$  flat over FY23-25), with operators who are able to capture GCC demand expected to outperform** (SMARTWORKS best placed to deliver highest improvement of  $\sim +37\text{bps}$ ).

We expect increased leasable area, improved occupancy and operating margins to result in average EBITDA growth of  $\sim +6\%$  and average Adj. EBITDA growth of  $\sim +2.91\%$  in 3Q26E. We continue to believe that operators utilising strategies that result in longer leases with larger tenant cohorts, will benefit from superior earnings visibility.

**Recommendation snapshot**

Ticker	Price	Target	Rating
AWFIS IN	485	541	HOLD
INDIQUBE IN	209	345	BUY
SMARTWOR IN	492	662	BUY
WEWORK IN	612	818	BUY

Price & Target in Rupees | Price as of 6 Jan 2026



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