India's Retail Sector Rebound: Leasing Volumes Hit a Three-Year Peak in 2025

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India's retail real estate market is showing clear signs of resurgence, with leasing activity touching a three-year high in 2025, underscoring a decisive turnaround for physical retail. As per JLL, the sector's momentum translated into a 54% year-on-year jump in gross leasing during the year, reaching a total of 12.5 million sq ft. The December quarter emerged as the best performing, with 3.6 million sq. ft of space leased. The sharp uptick reflects renewed consumer confidence and an acceleration in brand expansion plans, as retailers once again prioritise store-led growth to capture footfalls and deepen market presence after years of cautious recovery.

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No longer in a defensive mode, the retail sector is entering a phase of measured scale-up, driven by experiential store formats, omnichannel strategies and the steady addition of organised retail supply. More than a real estate statistic, the surge in retail leasing has emerged as a key barometer of India’s broader consumption momentum.

This renewed momentum in retail leasing comes after a prolonged phase of disruption, when pandemic-led restrictions, shifting consumer behaviour and cost pressures kept expansion plans on hold across much of the sector. The rebound is unfolding against a backdrop of improving economic growth, rising disposable incomes and stabilising inflation, which have collectively lifted discretionary spending. At the same time, consumption patterns are evolving, with retailers increasingly recognising the limitations of an online-only approach and leaning towards store-led formats that strengthen brand recall and customer engagement.

Further, the data showed that key markets of Delhi-NCR, Bengaluru, and Hyderabad together accounted for 71% of total leasing, with Delhi NCR and Bengaluru each capturing 24%, and Hyderabad close behind at 23%. The growth was supported by 6.3 million sq. ft of new retail supply and the launch of 15 shopping malls across Delhi-NCR, Hyderabad, and Mumbai, expanding total mall stock in the top seven cities to nearly 92 million sq ft by year-end. Shopping malls captured 45% of leasing activity, while high streets remained in strong demand, accounting for 48%.

Jatin Goel, Executive Director, Omaxe Group, says, "*In high-density markets like Chandni Chowk, leasing is about precision. Space here carries both cultural and commercial weight, and data allows us to understand exactly what visitors seek, what's underrepresented, and how footfall evolves through the day. Our analytics framework tracks category performance to ensure each tenant strengthens the ecosystem's overall vitality. In a heritage marketplace transitioning toward modern retail, data becomes the bridge, helping us balance legacy traders with new-age brands. The result: a leasing model that feels authentic to Chandni Chowk's spirit while remaining commercially strong and future-ready.*"

Pankaj Jain, Founder and CMD, SPJ Group, says, "*Gurugram's retail story in 2026 is no longer limited to marquee destinations. Some of the strongest momentum is coming from high-potential micro-markets like Old Gurgaon, where density, familiarity, and daily consumption patterns are deeply entrenched. These locations benefit from organic footfalls, strong local demand, and faster absorption cycles. High streets anchored by F&B, essential services, and experience-driven brands, are seeing consistent traction here. For developers and investors, this shift reinforces one truth:*

well-designed retail in lived-in neighbourhoods often delivers more resilient returns than oversized, destination-led formats. These trends are here to redefine the successful transition of retail real estate in the year ahead."

Harinder Singh Hora, Founder Chairman, Reach Group, says, "*Organised retail is shaping the present and future of urban commerce, and it is increasingly expressed through well-planned mixed-use destinations where malls, high streets and commercial spaces come together in one integrated ecosystem. In markets like Gurugram, these organised formats are outperforming fragmented developments because they bring design, consumer demand and capital into alignment—creating environments people choose to visit, brands prefer to lease and investors trust to deliver stable returns. A thoughtfully curated mix of global and home-grown brands across food, fashion, wellness and entertainment drives stronger footfalls, longer dwell time and healthier trading densities. Supported by intelligent design with walkable streets, open plazas and flexible layouts, retail spaces remain adaptable as consumer behaviour evolves. In 2026, successful retail real estate functions as a dynamic extension of urban life.*"

Siddharth Katyal, CEO, Bhumika Realty, said, "*Earlier, tenant curation was based largely on intuition and brand relationships. Today, it's a quantifiable process. We rely on a blend of demographic analysis and performance mapping to identify which categories resonate most with our visitors. For instance, data may reveal a higher conversion potential in F & B or family entertainment for a specific micro-market. The goal is not just to fill space but to ensure a symbiotic ecosystem where anchor brands pull traffic and smaller stores benefit equally. That's how leasing becomes a value chain, not a random assortment.*"

Besides, domestic retailers led the expansion, making up 82% of gross leasing in 2025, with take-up increasing from 6.5 million sq ft in 2024 to over 10 million sq ft. Foreign retailers also expanded, achieving 36% on-year growth, with 29 new brands.

Umang Jindal, CEO, Homeland Group, says, “*Retail real estate landscape is at an interesting juncture and witnessing a more disciplined and investor-aligned approach. The growth momentum achieved by tier 2 markets continue to sustain the pace with quality retail space developments. Besides, today’s consumer seeks quality experiences, and likewise, the investor approach is data-driven, relying on the quality brand-mix and consistent footfalls. What’s particularly interesting is to see that the improved infrastructure, residential growth, and limited quality supply are creating a strong case for organized retail. Demand is driven by everyday consumption, family-oriented leisure, and service-led formats rather than luxury indulgence. From an investment standpoint, stable occupancies and predictable rental behavior are restoring confidence in retail assets. As small urban centers continue to evolve, retail will increasingly follow population movement, making integrated, well-located developments the most resilient bets for the next cycle.”*

Mohit Batra, regional Director of Realistic Realtors, said, “*NCR’s commercial landscape is going through a structural transformation backed by growth in consumption, expansion by corporates, and a preference for organized retail formats. The market has demonstrated resilience even when global conditions were uncertain. The investor community sees footfall, spending power, and high-quality mixed-use developments coming* *together. As retail-led destinations become community meeting points and offices increasingly see experiential spaces, NCR presents an interesting case for long-term yield-driven investment.“*

Raj Kumar Sisodia, COO of Biigtech, says, “*Retail leasing today goes far beyond simply occupying space; it is about building a well-planned commercial ecosystem. In a rapidly growing market like Greater Noida, leasing strategies are increasingly driven by data that maps consumer demographics, catchment potential, and evolving lifestyle preferences. Curating the right tenant mix from essential retail and strong anchor brands to F&B and entertainment plays a crucial role in driving consistent footfall and improving overall trading performance. A thoughtfully leased retail destination not only enhances customer experience but also ensures long-term rental resilience and stronger asset value in emerging commercial corridors like Greater Noida*.”

Thus, the sustainability of this momentum into 2026 will hinge on how effectively retailers and developers adapt to evolving consumption patterns and capital flows. Growing interest in retail-focused REITs could further improve institutional participation and asset quality in the sector, while the next phase of growth is expected to extend beyond metros into select tier-II and tier-III cities backed by improving infrastructure and purchasing power.