

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
26.5% Vacancy Rate	▲	▲
4.43 YTD Net Absorption (MSF)	▼	▼
INR 74.8 Stock Wtd. Rent (PSFPM)	—	—

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
6.70% GDP Growth (Q1 FY24-25)	▼	▲
3.65% CPI Inflation	▼	▲
59.6 Services PMI (3 months average)	▲	▲

Source: MOSPI, RBI, HSBC

Q3 DEMAND SURGES, 2024 EXPECTED TO SURPASS 2019 HIGH

Q3 2024 recorded robust gross leasing volume of 3.4 msf, marking a 40% QoQ and 45% YoY growth. YTD gross leasing reached 8.3 msf, reflecting a 40% increase compared to the same period last year. The city is anticipated to breach the pre-pandemic high of 2019, potentially surpassing 10 msf by year-end, signaling strong occupier confidence. YTD net absorption reached 4.43 msf.

Transactions over 100,000 sq. ft. accounted for 57% of total leasing, with demand driven by expansion of GCCs within sectors such as IT-BPM, Healthcare & Pharma, and BFSI. Tech firms led with 31% of leasing, followed by flexible operators (19%) and BFSI (18%). Within the 57% share of foreign firms, American companies accounted for 46%, while among APAC companies, domestic firms led with a 42% share of the market. Prime markets such as Madhapur (61%) and Gachibowli (31%) dominated leasing activity.

LIMITED VACANCY IN MADHAPUR; GACHIBOWLI LIKELY TO GAIN TRACTION

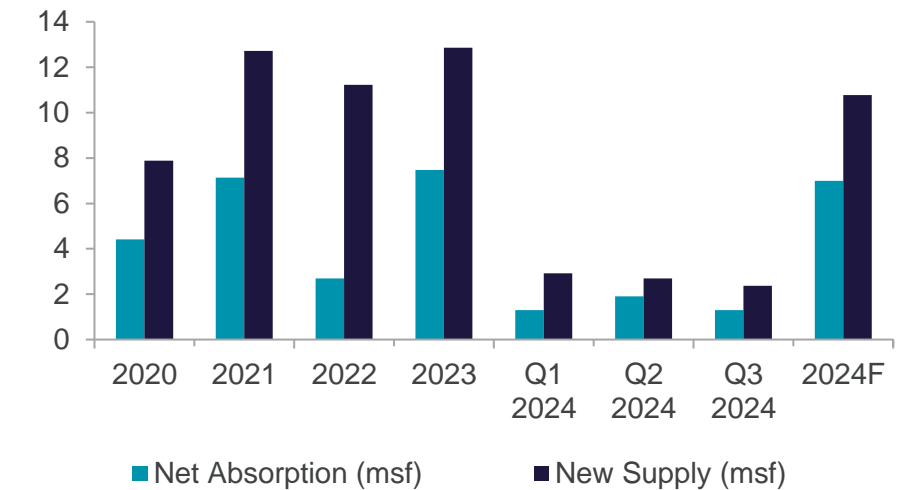
Q3 2024 saw 2.4 msf of new office supply, down 7.5% QoQ but up 12% YoY. Gachibowli dominated with 62% of this supply, followed by Madhapur with 38%. Supply growth nearly matched that of demand, keeping vacancy rates steady at 26.5%.

Madhapur's vacancy stood at 12.7%, supported by healthy leasing. However, with limited supply expected for the next 12-18 months, the market may become increasingly competitive. In contrast, Gachibowli is anticipated to meet the growing demand with a robust supply infusion in the pipeline.

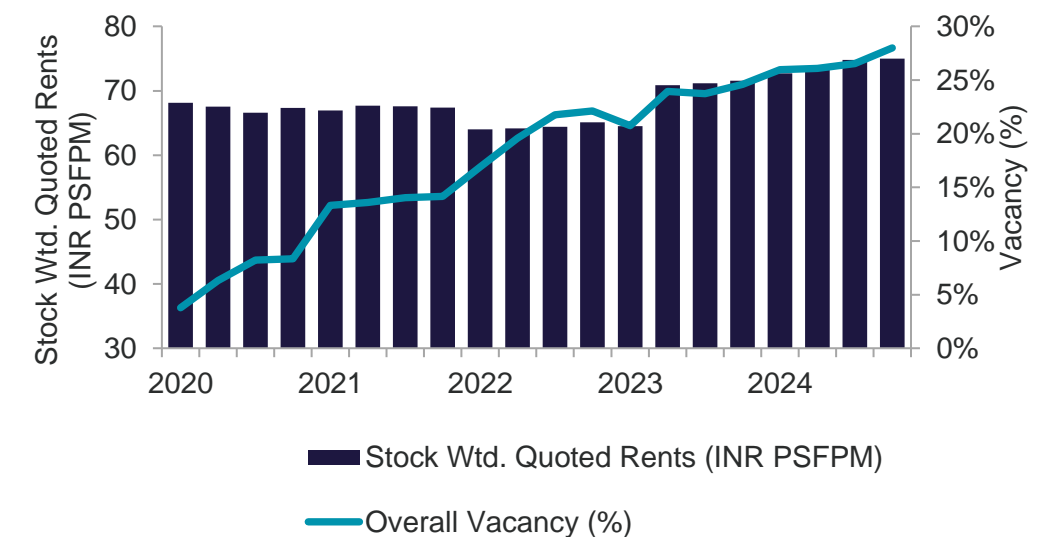
MADHAPUR RENTS EDGE UP; GACHIBOWLI HOLDS STEADY

City-wide market rentals saw a 2% increase compared to previous quarter and up to 5% rise YoY. Madhapur saw stronger rental growth, with up to 3% QoQ and 7% YoY increase, driven by high demand and ongoing leasing activity. Gachibowli's average rents which are approximately 15-20% lower than Madhapur, offers favorable rental terms for tenants.

NET ABSORPTION / NEW SUPPLY



OVERALL VACANCY & STOCK WTD. QUOTED RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANCY RATE	CURRENT QUARTER NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	YTD CONSTRUCTION COMPLETIONS (SF)	PLANNED & UNDER CONSTRUCTION (SF)^	GRADE A STOCK WEIGHTED AVERAGE RENT (INR/SF/M)
Madhapur	66,392,008	12.7%	501,692	3,125,426	6,136,317	2,292,805	11,112,000	₹ 80.51
Gachibowli	38,554,006	48.7%	752,804	792,865	1,801,807	5,691,073	28,407,000	₹ 67.05
HYDERABAD TOTALS	109,935,155	26.53%	1,303,998	4,426,702	8,297,382	7,983,878	39,519,000	₹74.80

The report highlights Grade A details only. Certain indicators are historically corrected by addition / deletion of older / refurbished projects as per grade A classification and accounting for changes in built-up / leasable area besides adjusting tenant leases to reflect accurate market conditions.

Net absorption refers to the incremental new space take-up. YTD gross leasing activity includes pre commitments and term renewals. ^Includes planned & under construction projects until 2026 *Stock weighted average asking rental rates for vacant spaces that provide core facility, high-side air conditioning and 100% power back up

Key to submarkets:

Madhapur – Madhapur, Kondapur, Raidurg; Gachibowli – Gachibowli, Nanakramguda, Manikonda

US\$ 1 = 83.7 INR € 1 = 92.1 INR

Numbers for the third quarter are based on market information collected until 20th Sept 2024

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KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Avance H6A	Suburban (Madhapur)	Optum	209,600	Fresh Lease
DLF Cyber City Block 3	Suburban (Gachibowli)	Smartworks	223,300	Fresh Lease
Laxmi Cyber City Block A	Suburban (Madhapur)	LTIMindtree	208,700	Fresh Lease

KEY CONSTRUCTION COMPLETIONS YTD 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Sky Tech	Suburban (Gachibowli)	N/A	2,354,926	Prestige Group
The Spire Tower 110	Suburban (Madhapur)	N/A	1,020,000	RMZ

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