

MARKET FUNDAMENTALS

	YOY Chg	Outlook
23.10% Vacancy Rate	▼	▲
1.82 Q1-25 Net Absorption (MSF)	▲	▲
INR 82.62 Stock Wtd. Rent (PSFPM)	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
6.20% GDP Growth (Q3 FY24-25)	▼	▲
3.60% CPI Inflation	▼	▲
58.3 Services PMI (3 months average)	▲	▬

Source: MOSPI, RBI, HSBC

LEASING ACTIVITY WITNESSED GROWTH; LARGER DEALS SHAPE DEMAND

Hyderabad's office market recorded a Gross Leasing Volume (GLV) of 2.6 msf in Q1 2025, marking an 11% YoY increase. Net absorption stood at 1.82 msf, nearly doubling from Q1 2024. Notably, larger transactions exceeding 100,000 sq. ft. were primarily driven by expansion efforts in Healthcare & Pharma and BFSI, contributing to the overall market momentum.

Further consolidating its position as a leading healthcare & pharma office market in India, this sector accounted for a dominant 32% share in Hyderabad's Q1-25 leasing. This was followed by IT-BPM (21%) and BFSI (11%) sectors. Madhapur (81%) and Gachibowli (16%) led leasing activity as always, reinforcing their status as preferred business hubs.

LIMITED SUPPLY IN Q1; MADHAPUR VACANCY TO TIGHTEN

Office supply addition remained limited in Q1 2025, with just 1.32 msf of new completions, marking a 41% QoQ and 55% YoY decline. The slowdown stemmed from approval delays, with significant project completions anticipated in the coming quarters. Notably, this quarter's entire supply addition came from Madhapur.

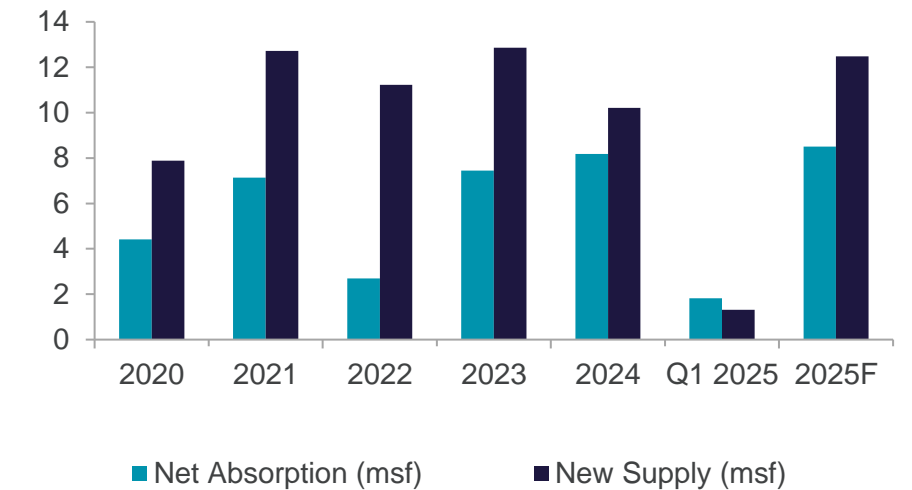
Overall vacancy stood at 23.1%. Madhapur's vacancy was at 10.5%; however, select Grade-A tech parks in the micro-market are operating at sub 5% vacancy levels. With limited new supply expected in Madhapur in the near future, vacancy levels in the micro-market are likely to tighten further as demand continues, potentially increasing competition among occupiers. As availability in Madhapur narrows, Gachibowli supported by its expanding pipeline of Grade-A office projects is poised to emerge as a compelling alternative, likely attracting occupier interest seeking future scalability.

AVERAGE RENTS RISE; GACHIBOWLI RETAINS AFFORDABILITY

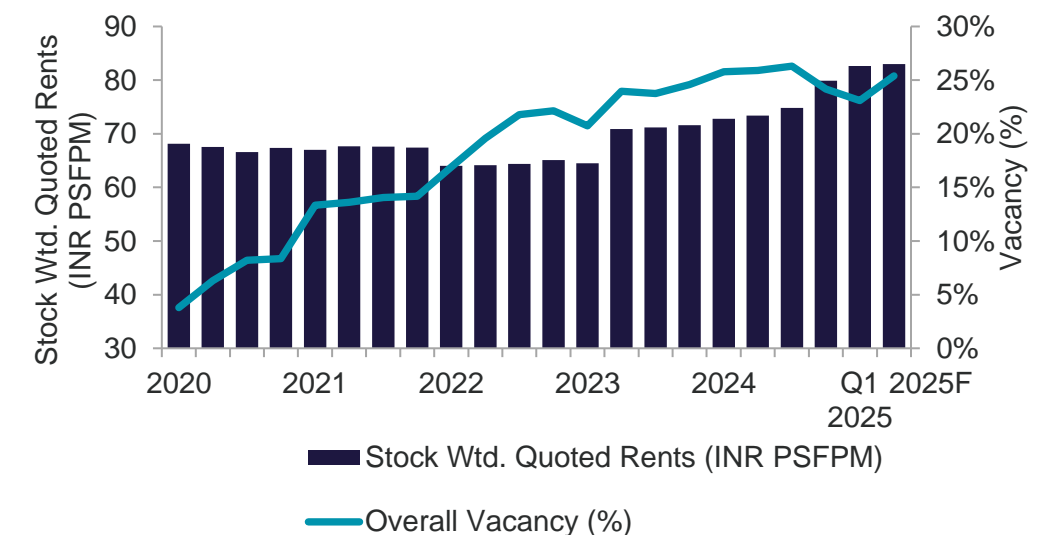
Citywide average rentals increased by 3% QoQ and up to 13% YoY, with premium developments witnessing strongest appreciation. Madhapur saw the highest rental growth, driven by strong demand and limited availability of prime office space. Gachibowli remained a cost-competitive option, with rents 20-25% lower than Madhapur.

Strategic infrastructure initiatives, particularly the Metro Phase II expansion, is set to significantly enhance connectivity and workforce mobility across Hyderabad supporting the long-term growth prospects.

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	69,796,159	10.48%	1,409,369	1,409,369	2,092,579	1,320,000	9,752,000	₹ 91.73
Gachibowli	38,161,288	44.03%	408,811	408,811	407,259	-	31,070,000	₹ 68.55
Peripheral East	2,258,000	47.48%	-	-	-	-	-	₹ 50.00
HYDERABAD TOTALS**	112,946,588	23.10%	1,816,560	1,816,560	2,589,212	1,320,000	40,822,000	₹ 82.62

**Hyderabad totals indicate additional sub-markets such as PBD East, PBD South, Suburban Others, Off CBD, CBD & Prime Suburban. 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 2027. * Stock weighted average asking rental rates for 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 = 86.7 INR € 1 = 90.5 INR

Numbers for the first quarter are based on market information collected until 20th March 2025

KEY LEASE TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
RMZ Nexity Tower 20	Suburban (Madhapur)	Amgen	209,400	Fresh Lease
RMZ Nexity Tower 20	Suburban (Madhapur)	McDonald's	156,500	Fresh Lease
RMZ Nexity Tower 20	Suburban (Madhapur)	PNC Financial Services	125,000	Fresh Lease
GAR Laxmi Infobahn Tower 6	Suburban (Gachibowli)	Capgemini	123,370	Fresh Lease

KEY CONSTRUCTION COMPLETIONS Q1 2025

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Phoenix Equinox T2	Suburban (Madhapur)	N/A	1,320,000	Phoenix Group

ALOKA MAJUMDER

Manager, Research

Tel: +91 40 4045555

aloka.majumder@cushwake.com

SUVISHESH VALSAN

Senior Director, Research

Tel: +91 22 6771555

suvishesh.valsan@cushwake.com

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