MARKETBEAT
# HYDERABAD
## OFFICE Q3 2025

CUSHMAN & WAKEFIELD

### MARKET FUNDAMENTALS

| | YOY Chg | Outlook* |
|---|---|---|
| **22.43%** Vacancy Rate | ▼ | ▲ |
| **4.44** YTD 2025 Net Absorption (MSF) | ▲ | ▲ |
| **INR 86.4** Stock Wtd. Rent (PSFPM) | ▲ | ▲ |

### ECONOMIC INDICATORS

| | YOY Chg | Outlook* |
|---|---|---|
| **7.80%** GDP Growth (Q1 FY25-26) | ▲ | ▼ |
| **2.07%** CPI Inflation | ▼ | ▲ |
| **61.3** Services PMI (3 months average) | ▲ | ▼ |

*Source: MOSPI, RBI, HSBC*

## LEASING ACTIVITY STRENGTHENS; MID-SIZED DEALS DOMINATE

Hyderabad's office market recorded a Gross Leasing Volume (GLV) of 2.83 msf in Q3 2025, and net absorption stood at 1.42 msf, up 16% QOQ and 7% YOY. For YTD 2025, GLV stood at 7.0 msf, a 12% decline over the same period last year, owing largely to the high base effect of 2024.

Occupier activity reflected a balanced mix, with mid-sized deals comprising 51% of leasing and large transactions contributing 36%. Submarket-wise, Madhapur led with a 61% share, followed by Gachibowli at 31%, reinforcing the city's distinct dual-core market structure. MNCs maintained dominance with a 71% share, while domestic firms accounted for 29%. Sector-wise, IT-BPM led leasing with 30%, followed by flexible workspaces (20%). Engineering & Manufacturing (13%) and Healthcare & Pharma (12%) added further diversity to occupier demand.

## SUPPLY CONCENTRATED IN MADHAPUR; VACANCY DECLINES STEADILY

New supply in Q3 2025 was recorded at 1.14 msf, entirely concentrated in Madhapur, up 34% QOQ but lower by 52% YOY. On a YTD basis, completions were at 3.37 msf, all within Madhapur, reflecting a 58% decline compared to the same period last year. The lower infusion has been driven by staggered project delivery schedules, with developers phasing completions more strategically in line with prevailing occupier demand.

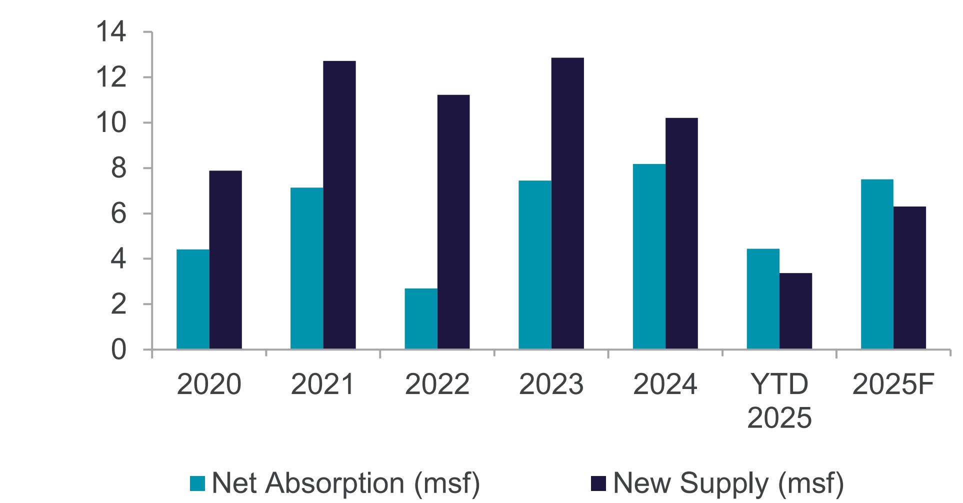
Citywide vacancy stood at 22.43% in Q3, marking a 50 bps QOQ reduction and a sharper 360 bps YOY decline. The improving vacancy trend is a positive sign of healthy demand balancing limited new supply, especially as vacancy in Grade A+ tech parks has fallen below 5%, highlighting strong sustained demand for top-tier office projects.

## RENTS APPRECIATE; GACHIBOWLI RETAINS COST ADVANTAGE

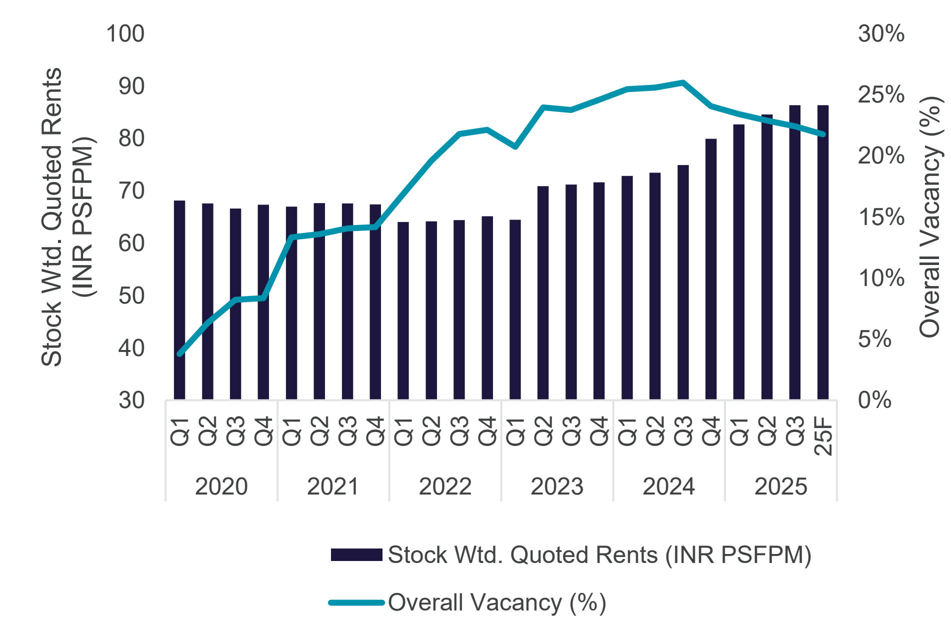
Average citywide stock-weighted rentals increased by 2% QOQ and 15% YOY in Q3 2025, with both Madhapur and Gachibowli registering appreciation. This rental growth reflects robust occupier interest amid limited supply. Despite the upward trajectory, Gachibowli continues to offer a significant cost arbitrage of 25-30% compared to Madhapur, making it increasingly attractive for occupiers seeking scalability with cost efficiency.

While supply additions remain notable, steady occupier demand and strategic phased deliveries are expected to maintain a balanced market momentum in the near term.

### 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 | 71,615,946 | 11.69% | 721,519 | 2,622,488 | 4,808,956 | 3,370,135 | 3,092,000 | ₹ 96.56 |
| Gachibowli | 37,595,141 | 40.38% | 434,511 | 1,550,633 | 1,978,450 | - | 20,200,000 | ₹ 69.88 |
| Peripheral East | 2,258,000 | 41.31% | 139,390 | 139,390 | 139,390 | - | - | ₹ 50.00 |
| **HYDERABAD TOTALS**** | **114,766,375** | **22.43%** | **1,419,376** | **4,441,847** | **7,004,094** | **3,370,135** | **23,292,000** | **₹ 86.4** |

***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 = 87.0 INR € 1 = 101.6 INR*
*Numbers for the third quarter are based on market information collected until 15th September 2025*

***Outlook****: *The Outlook represents our forward-looking view of key market indicators over the next 12 months, based on current market trends, economic conditions, policy developments, and available data. Projections are indicative and may be adjusted as market dynamics evolve.*

## KEY LEASE TRANSACTIONS Q3 2025

| PROPERTY | SUBMARKET | TENANT | SF | TYPE |
|---|---|---|---|---|
| Phoenix Centaurus | Suburban (Gachibowli) | Tablespace | 264,800 | Fresh Lease |
| The Skyview Tower 20 | Suburban (Madhapur) | WeWork | 175,950 | Fresh Lease |
| KRC Mindspace Building No. 14 | Suburban (Madhapur) | EY | 146,985 | Fresh Lease |
| Phoenix Centaurus | Suburban (Gachibowli) | FEDEX | 125,050 | Fresh Lease |

## KEY CONSTRUCTION COMPLETIONS Q3 2025

| PROPERTY | SUBMARKET | MAJOR TENANT | SF | OWNER/DEVELOPER |
|---|---|---|---|---|
| Phoenix H10 - Tower 2 | Suburban (Madhapur) | N/A | 1,140,000 | Phoenix Group |

*Large deals: 100,000 sq. ft. and above; Mid-sized deals: 25,001 – 99,999 sq. ft.;*
*Small deals: Up to 25,000 sq. ft.*

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