MARKETBEAT
HYDERABAD
OFFICE Q1 2026

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	y-o-y Chg	Outlook*
20.22% Vacancy Rate	▼	▲
2.21 Q1-26 Net Absorption (MSF)	▼	▼
INR 92.23 Stock Wtd. Rent (PSFPM)	▲	▲

ECONOMIC INDICATORS

	y-o-y Chg	Outlook*
7.80% GDP Growth (Q3 FY25-26)	▲	▼
3.21% CPI Inflation	▼	▲
58.2 Services PMI (3 months average)	▼	▬

Source: MOSPI, RBI, HSBC

STRONG Y-O-Y GROWTH; LARGE-FORMAT DEALS DOMINATE LEASING MIX

Hyderabad recorded GLV of 3.15 msf in Q1 2026, a 22% increase y-o-y, while net absorption stood at 2.21 msf. Leasing was dominated by large transactions (100,000 sft and above) at 81% of GLV, with mid-sized deals (25,000-99,999 sft) contributing 17%. Madhapur accounted for 91% of quarterly leasing. MNCs dominated with an 88% share, with GCCs representing 26% of total GLV, reflecting the city's continued draw for global capability mandates.

IT-BPM led sectoral demand with a 36% share, moderating from 44% in Q4 2025, reflecting a broader occupier mix during the quarter. Flexible Workspace followed at 30%, driven by driven by large transactions from flex operators. BFSI accounted for 23%, supported by global financial services firms establishing and deepening their Hyderabad presence. Domestic occupiers contributed 12%, largely within the flexible workspace segment.

NO NEW COMPLETIONS IN Q1 2026; VACANCY TIGHTENS

Q1 2026 recorded no new Grade A completions, with the forthcoming pipeline concentrated in Gachibowli and select additions expected in Madhapur. The remainder of 2026 is expected to add ~11 msf, 86% concentrated in Gachibowli. The medium-term pipeline through 2027–2028 adds a further ~20 msf, of which 57% is Gachibowli-led, reinforcing the submarket's role as the primary supply engine.

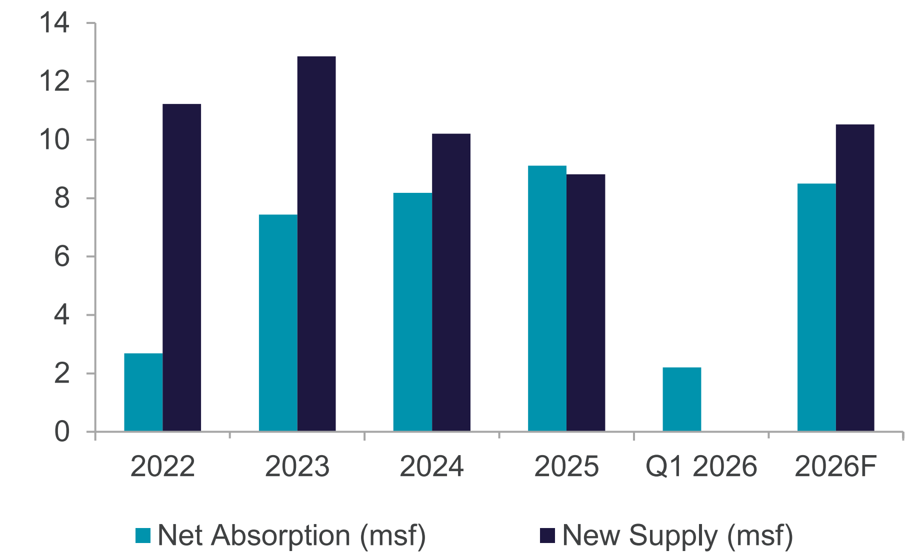
No new supply combined with healthy absorption drove citywide vacancy down to 20.22%, a compression of 180 bps q-o-q and 260 bps y-o-y. Madhapur vacancy stood at 7.5%, with Grade A+ assets at an exceptionally tight 4.8%.

RENTAL SUSTAIN UPWARD JOURNEY; MADHAPUR LEADS RENTAL GROWTH

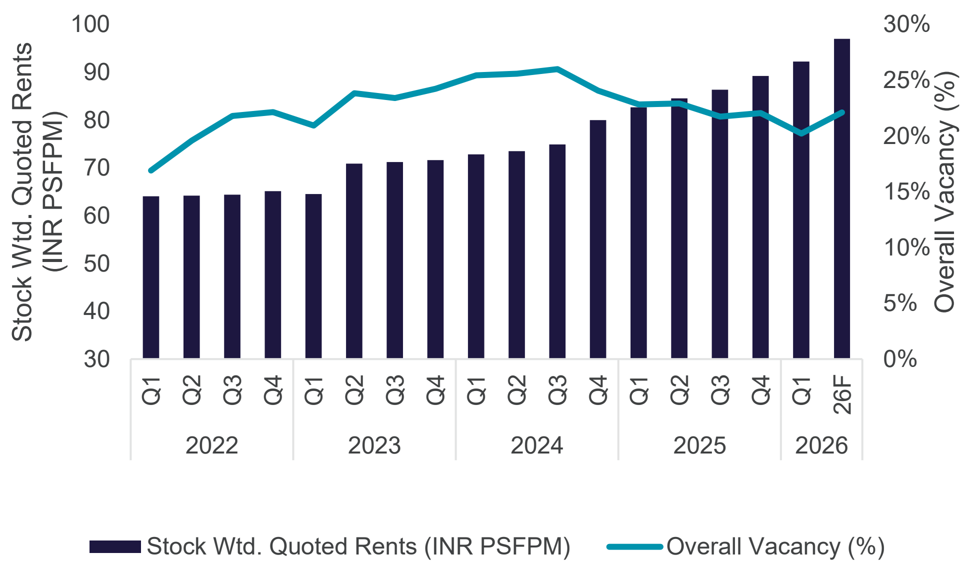
Average stock-weighted quoted rents rose 3.4% q-o-q and 11.6% y-o-y in Q1 2026, with Madhapur continuing to command a rental premium underpinned by constrained availability and sustained large-occupier demand, while Gachibowli retains a meaningful rental arbitrage, positioning it as the preferred destination for cost-conscious expansions.

Hyderabad continues to gain traction as an attractive GCC destination, with a growing number of global firms deepening their presence in the city. A deep talent pool and a mature occupier ecosystem across BFSI, technology, and professional services reinforce the city's positioning for long-term global capability build-outs.

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)
Suburban (Madhapur)	73,187,811	7.54%	2,242,501	2,242,501	2,866,110	-	9,874,200	105.5
Suburban (Gachibowli)	41,475,141	40.12%	-35,001	-35,001	270,175	-	20,310,000	72.3
Peripheral East	2,258,000	41.31%	-	-	-	-	-	50.00
HYDERABAD TOTALS**	**120,218,240**	**20.22%**	**2,207,500**	**2,207,500**	**3,149,285**	**-**	**30,184,200**	**92.23**

***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 the 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 2028 * Stock weighted average asking rental rates for spaces that provide core facility, high-side air conditioning, and 100% power backup*

Key to submarkets:
Madhapur – Madhapur, Kondapur, Raidurg; Gachibowli – Gachibowli, Nanakramguda, Manikonda

US$ 1 = 90.9 INR € 1 = 106.9 INR
Numbers for the first quarter are based on market information collected until 27th March 2026

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 Q1 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Phoenix H10 T3	Suburban (Madhapur)	WeWork	404,000	Fresh Lease
Phoenix Equinox T2	Suburban (Madhapur)	Charles Schwab	345,430	Fresh Lease
aVance H09	Suburban (Madhapur)	The Executive Centre (TEC)	200,000	Fresh Lease
Phoenix Centaurus	Suburban (Gachibowli)	UBS Business Solutions India Pvt. Ltd.	138,920	Fresh Lease

KEY CONSTRUCTION COMPLETIONS Q1 2026

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
No new completions this quarter				

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