MARKETBEAT

HYDERABAD

OFFICE Q2 2026

MARKET FUNDAMENTALS

	YOY Chg	Outlook*
19.1% Vacancy Rate	▼	▲
3.5 H1-26 Net Absorption (MSF)	▲	▲
INR 94.1 Stock Wtd. Rent (PSFPM)	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook*
7.80% GDP Growth (Q4 FY25-26)	▲	▼
3.93% CPI Inflation	▲	▲
58.2 Services PMI (3 months average)	—	▼

Source: MOSPI, RBI, HSBC

HEALTHY H1 PERFORMANCE; MID SIZED DEALS LEAD Q2 LEASING

Gross leasing volume (GLV) in Hyderabad stood at 2.1 msf in Q2 2026, moderating 33.5% q-o-q following a strong first quarter, while remaining 30.9% higher y-o-y. Mid sized transactions (50,000 to 200,000 sft) accounted for the largest share of quarterly leasing (43%), followed by large deals (above 200,000 sft) at 26%. MNCs continued to dominate occupier demand, accounting for 54% of quarterly leasing, while GCCs contributed 37% of GLV.

Sectoral demand remained well diversified, with IT-BPM leading leasing activity (23%), closely followed by BFSI (22%) and Healthcare & Pharma (22%). Flexible Workspace operators contributed a further 19% of quarterly leasing. Gachibowli remained the most active submarket, accounting for 63% of quarterly leasing, while Madhapur captured the remaining 37% amid relatively constrained ready inventory. Despite the sequential moderation in Q2, strong leasing momentum in the first half propelled H1 2026 GLV to 5.2 msf, up 25.2% y-o-y. Net absorption totaled 1.3 msf in Q2 2026, while cumulative net absorption for H1 2026 reached 3.5 msf, an increase of 19.6% y-o-y.

NO NEW SUPPLY; VACANCY CONTINUES TO COMPRESS

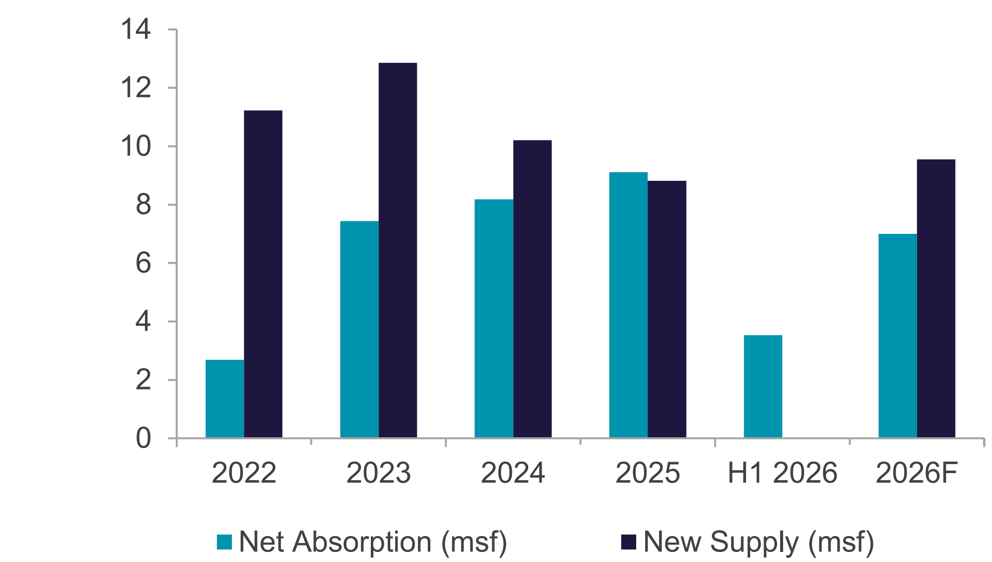
Hyderabad recorded no new Grade A office completions in Q2 2026. Consequently, no new supply was added during the first half of 2026. Absence of new supply, coupled with sustained leasing activity, reduced the citywide vacancy rate to 19.1%, compressing 110 bps q-o-q and 380 bps y-o-y. Vacancy in Grade A+ assets tightened further to just 3.9%, underscoring continued demand for premium office space. Approximately 9.6 msf of Grade A office space is expected to be delivered in H2 2026, with over 80% concentrated in Gachibowli.

RENTAL GROWTH CONTINUES; GRADE A+ ASSETS COMMAND A PREMIUM

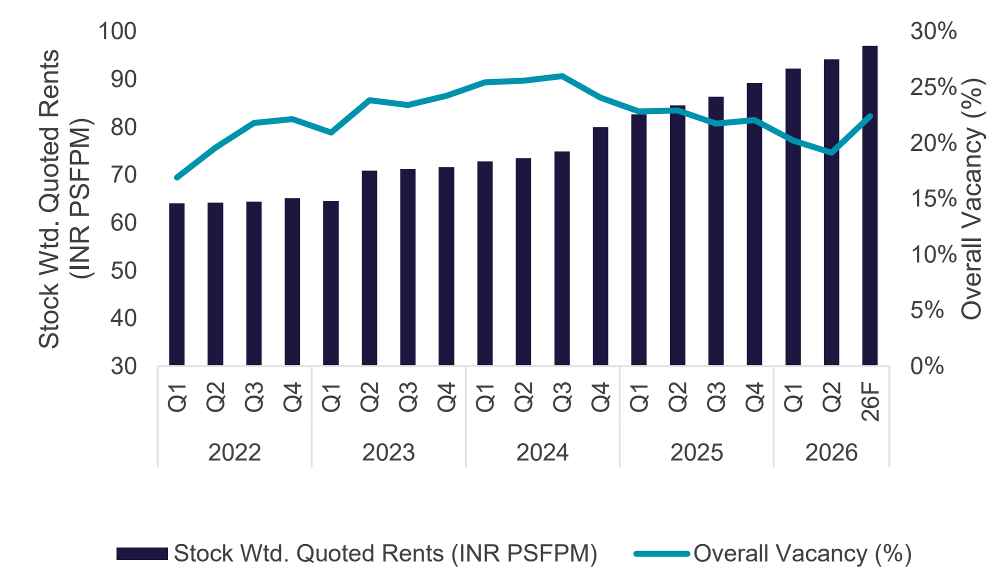
Average stock weighted rents increased 2.1% q-o-q and 11.4% y-o-y in Q2 2026, supported by healthy leasing activity and tightening vacancy across Grade A office assets.

Madhapur continued to command a rental premium of around 25 to 30% over Gachibowli, with the latter offering a corresponding rental arbitrage. Grade A+ assets commanded a rental premium of around 15% over the city average.

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	7.00%	394,238	2,636,739	3,463,705	-	13,320,000	107.1
Suburban (Gachibowli)	41,475,141	37.87%	932,606	897,605	1,768,179	-	18,300,000	74.7
Peripheral East	2,258,000	41.31%	-	-	-	-	-	52.6
HYDERABAD TOTALS**	**120,218,240**	**19.12%**	**1,326,844**	**3,534,344**	**5,244,884**	**-**	**31,620,000**	**94.1**

***Hyderabad totals indicate additional sub-markets such as 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 = 94.6 INR € 1 = 110.4 INR
Numbers for the second quarter are based on market information collected until 19th June 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 Q2 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Prestige Sky Tech 2	Suburban (Gachibowli)	LPL Financial	271,176	Fresh Lease
Dlf Cyber City Block 2	Suburban (Gachibowli)	IndiQube	130,071	Fresh Lease
Phoenix Avance H09	Suburban (Madhapur)	HCA Healthcare	103,077	Fresh Lease
Divyasree Orion Block 5	Suburban (Madhapur)	MarketStar	84,174	Fresh Lease

KEY CONSTRUCTION COMPLETIONS Q2 2026

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

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