

MARKET FUNDAMENTALS

	YOY Chg	Outlook
24.16% Vacancy Rate	▲	▲
8.18 Full-Year Net Absorption (MSF)	▼	▼
INR 79.87 Stock Wtd. Rent (PSFPM)	—	—

ECONOMIC INDICATORS

	YOY Chg	Outlook
5.40% GDP Growth (Q2 FY24-25)	▼	▲
5.48% CPI Inflation	▼	▼
58.2 Services PMI (3 months average)	▼	▲

Source: MOSPI, RBI, HSBC

Q4 LEASING STRONG; 2024 GLV HITS A NEW HIGH

Hyderabad's office market achieved a record high in 2024, with GLV reaching 12.3 msf, surpassing the previous peak of 10.2 msf in 2019. The Q4 2024 quarter had a significant contribution with 4.3 msf of gross leasing, recording 29% QoQ and 41% YoY growth. Net absorption for the year stood at 8.2 msf, a 10% increase over 2023.

Deal sizes that exceeded 100,000 sq. ft. accounted for 56% of Q4-24 leasing, largely driven through expansion by GCCs in BFSI, IT-BPM, and Healthcare & Pharma sectors. IT-BPM firms dominated leasing activity, accounting for 50% share, followed by Healthcare & Pharma (19%), BFSI and Engineering & Manufacturing (10% each). Prime submarkets of Madhapur (59%) and Gachibowli (41%) emerged as leasing hotspots, further cementing their positions as preferred locations for occupiers.

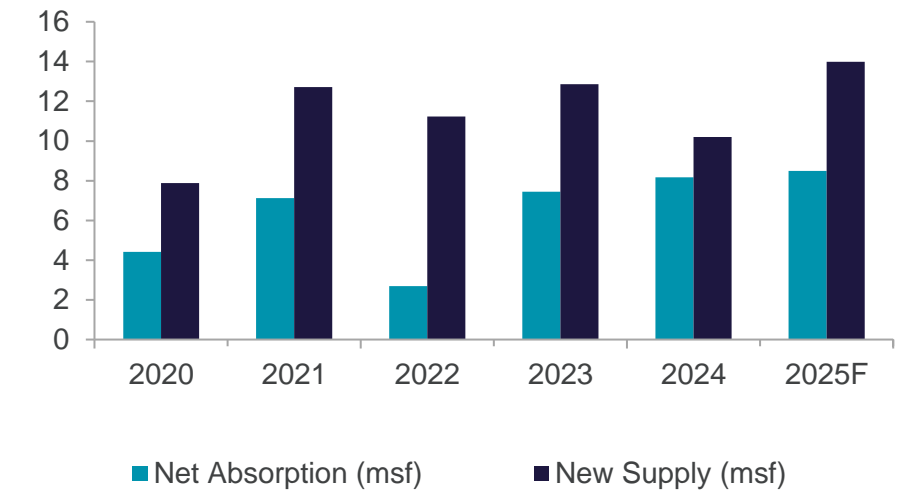
MADHAPUR VACANCY TIGHTENS; GACHIBOWLI COULD GAIN TRACTION GOING FORWARD

Hyderabad's office market saw 2.2 msf of new supply in Q4 2024, marking a 6% QoQ and 52% YoY decline, primarily due to the high base effect in 2023. Madhapur accounted for 58% of this new supply, while Gachibowli accounted for 42% share. Strong leasing activity, coupled with limited new supply, drove the overall vacancy rate down by 214 basis points to 24.16%. Madhapur's vacancy dropped to single digits, reaching 9.8%, as the submarket consistently witnessed dominant share in office space absorption. Madhapur is likely to witness limited supply over the next few years, thereby tightening the micromarket further. On the contrary, Gachibowli could see a healthy pipeline of Grade-A office projects, thereby positioning the micromarket more favorably in the coming years.

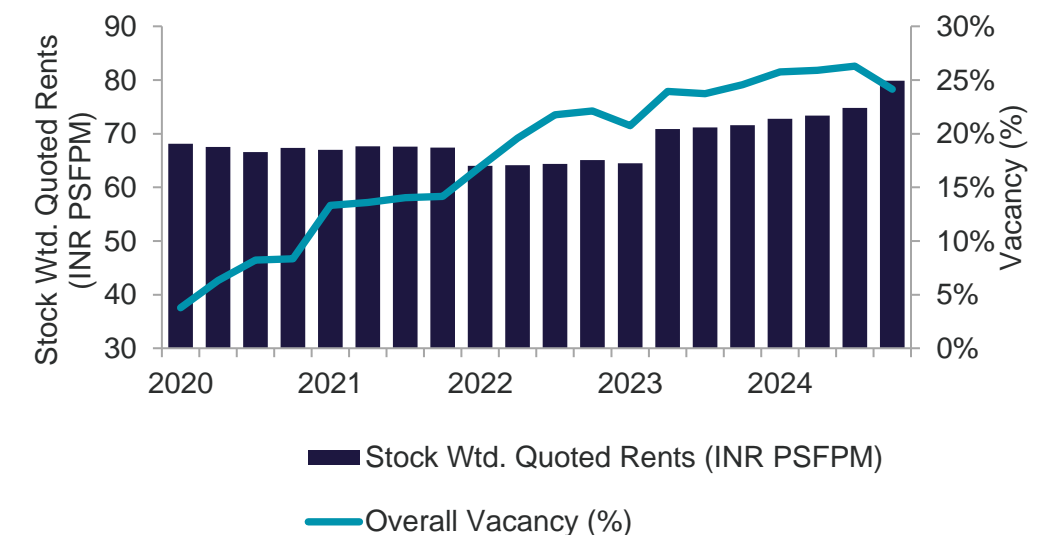
MADHAPUR LEADS RENTAL GROWTH; GACHIBOWLI RETAINS AFFORDABILITY

City-wide average rentals increased by 7% QoQ and up to 11% YoY, with Madhapur witnessing the strongest growth. This upward trend reflects sustained demand across key micromarkets, driven by strong leasing activity and limited new supply. Gachibowli continues to offer competitive rental terms, with average rents remaining 15-20% lower than Madhapur.

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	67,676,159	9.8%	2,777,091	6,368,735	8,491,753	3,582,805	9,612,000	₹ 87.33
Gachibowli	39,491,006	46.7%	1,265,424	2,058,289	3,457,416	6,628,073	31,070,000	₹ 68.57
HYDERABAD TOTALS**	112,156,306	24.16%	4,042,515	8,178,837	12,308,427	10,210,878	40,682,000	₹ 79.87

**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

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KEY LEASE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Rajapushpa Paradigm	Suburban (Gachibowli)	TCS	1,018,350	Fresh Lease
Phoenix Equinox Tower 1	Suburban (Madhapur)	Eli Lilly and Company	262,750	Fresh Lease
Avance H1A	Suburban (Madhapur)	Hyundai Mobis	252,000	Fresh Lease
KRC Mindspace Building No. 4	Suburban (Madhapur)	Table Space	164,950	Fresh Lease

KEY CONSTRUCTION COMPLETIONS Q4 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Phoenix Business Hub - Tower-1	Suburban (Gachibowli)	N/A	937,000	Phoenix Group
Phoenix Equinox T1	Suburban (Madhapur)	N/A	1,040,000	Phoenix Group
Phoenix Equinox T3	Suburban (Madhapur)	N/A	250,000	Phoenix Group

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