

Hyderabad has emerged as a major hotspot of Indian real estate market and the fastest growing residential market in India in the last 5 years

- **Hyderabad has emerged as a major IT/ITES, pharma and biotech hub.**
- **Robust economy, investor-friendly government policies, superior infra, better quality of life and a steady influx of skilled talent have sustained Hyderabad's real estate growth**
- **Hyderabad was the fastest growing residential market between CY19-24 in terms of sales and launches**
- **CY24 saw a recalibration in Hyderabad residential market demonstrating healthy supply-demand equilibrium**
- **West Hyderabad leads the city's real estate market**

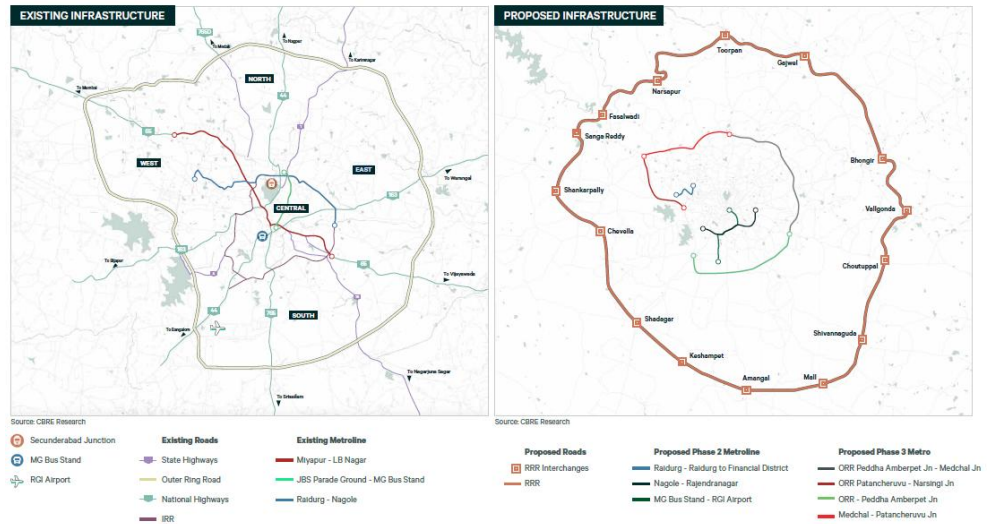
**Robust economy, superior infra and steady inflow of skilled talent has reinforced Hyderabad's reputation as prime real estate location**

City at a glance:

- ✓ Over the last two decades, Hyderabad, the capital city of Telangana, has emerged as a major IT/ITES, pharmaceutical and biotech hub.<sup>1</sup>
- ✓ Economy
  - Hyderabad is one of the fastest-growing cities globally, with a projected 9.2% annual GDP growth in 2025.<sup>2</sup>
  - It is India's second-largest IT exporter with 11.3% growth in IT exports in FY24
  - Home to ~33% of the country's Global Capability Centers (GCCs) at 500 units in 2024.<sup>3</sup>
  - Known as "Bulk Medicine Capital of India," contributing ~30% of the country's drug production.
  - City houses many of the fortune 500 companies like Microsoft (the largest R&D campus outside the US), Amazon, Google, IBM, Accenture, Deloitte, UBS, Wells Fargo etc and Indian companies like Infosys, Wipro, ICICI Bank, Cognizant, Dr. Reddy Labs, Aurobindo Pharma, TCS, Polaris etc.



- ✓ Thrust on Infrastructure
  - Proactive and investor-friendly government policies have powered the growth story of Hyderabad with strong thrust on developing and upgrading infrastructure fostering a thriving business environment
  - City features well-designed infrastructure, including an extensive network of roads, flyovers, underpasses, ring roads and operating metro line
  - Recent advancements in Hyderabad's physical infrastructure have significantly enhanced residential and office demand and supply throughout the city
  - Major infrastructure projects worth over INR 1 lakh crore have been initiated as part of Vision-2050.<sup>4</sup>



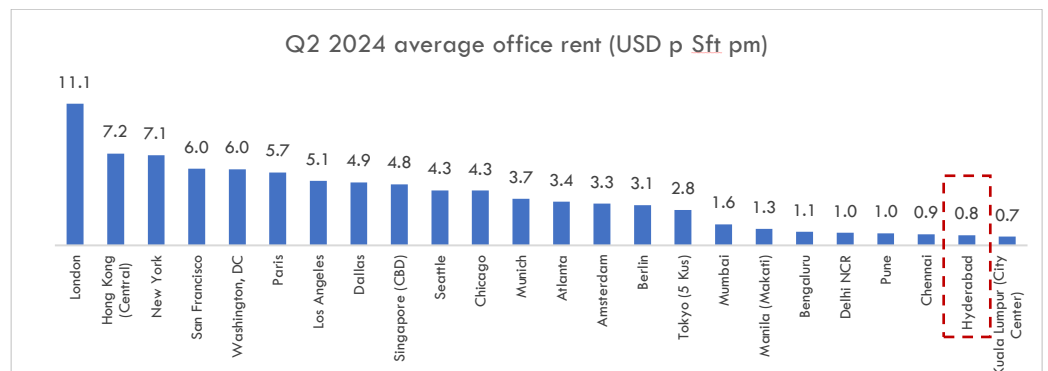
Source: CBRE, Hyderabad's Residential Renaissance report

✓ **Human capital and quality of life**

- City houses about 13-14% of India's digital tech talent and over 1 million professionals employed by the IT sector.<sup>5</sup>
- Telangana is among the top 30 global ecosystems for affordable talent in 2020.
- Renowned for its top-tier educational institutions like Indian School of Business (ISB), Indian Institute of Information Technology (IIIT), Institute of Chartered Financial Analysts of India (ICFAI), Osmania University and Jawaharlal Nehru Technological University (JNTU).
- As per Mercer's quality of living report 2024, Hyderabad ranks top among other major cities in India.<sup>6</sup>

**Hyderabad Real Estate**

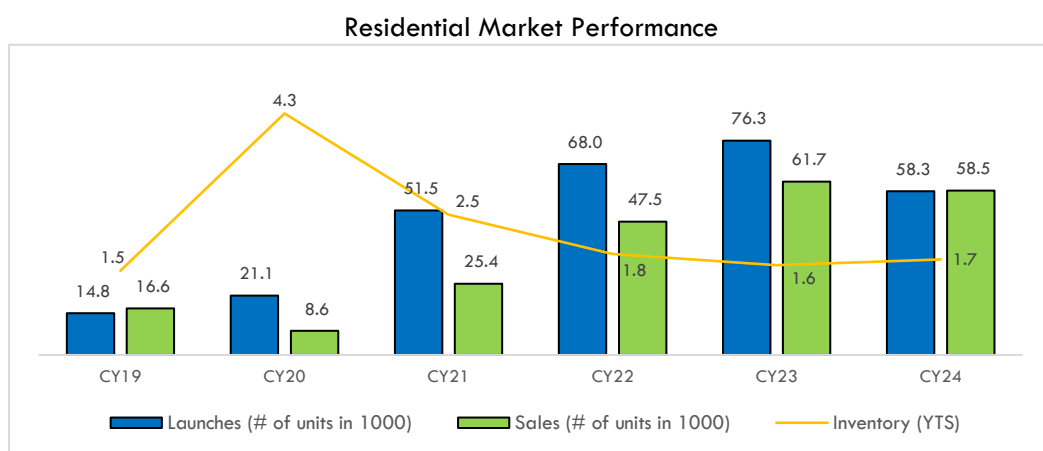
- ✓ Hyderabad has been the fastest growing residential markets between CY19-24, witnessing 31% CAGR growth in launches and 29% growth in sales, surpassing the top 7 cities 12% average growth.<sup>7</sup>
- ✓ City contributes to ~12% of the total housing stock in the top 7 cities in India.<sup>8</sup>
- ✓ Expected time to liquidate unsold residential inventory in Hyderabad reduced from 2.5yrs in CY21 to 1.7yrs in CY24.
- ✓ Hyderabad offers one of the lowest rentals in top cities globally attracting GCCs and domestic and multinational companies.
- ✓ In CY24, Hyderabad recorded gross absorption of 10.3 MM sf office space, 14.3% of India's total gross absorption of 71.9 MM sf.
- ✓ Economic growth and government focus on business infrastructure have driven real estate expansion, with HITECH City and Gachibowli sparking large-scale development in West Hyderabad.



Source: JLL Research, Q2 2024

### Hyderabad residential market:

- ✓ Total value of properties registered increased by 23% in CY24 to Rs 47,173 Cr with residential segment accounting for ~90% of the registrations.<sup>9</sup>
- ✓ CY24 saw a recalibration in Hyderabad residential market demonstrating healthy supply-demand equilibrium with moderation in new launches and healthy sales rate:
  - While new launches dropped 24% y-o-y in the year from CY23's peak of 76,300 units, sales decreased only 5% compared to CY23, demonstrating robust demand.
  - Unsold inventory remained unchained in the year as the number of new launches in the city (58,300 units) were offset by the number of units sold (58,500 units).
  - YTS<sup>(1)</sup> (expected time to liquidate the unsold inventory) increased slightly from 1.6 years to 1.7 in CY24 but has seen a drastic decline from the previous peak of 4.3 years in CY20.
  - A deeper analysis of the unsold inventory shows that the inventory priced between INR 1-5 Cr is faster moving amongst the unsold inventory



Source: Anarock Indian Residential RE report 2024

### Breakup of unsold inventory (in terms of ticket size)

Ticket Size	Years to sell (years)
Upto INR 50 lacs	2.1
INR 50 lacs to 1 Cr	1.9
INR 1 Cr to 2 Cr	1.2
INR 2 Cr to 5 Cr	1.1
INR 5 Cr to 10 Cr	1.8
INR 10 Cr to 20 Cr	0.8
INR 20 Cr to 50 Cr	5.3

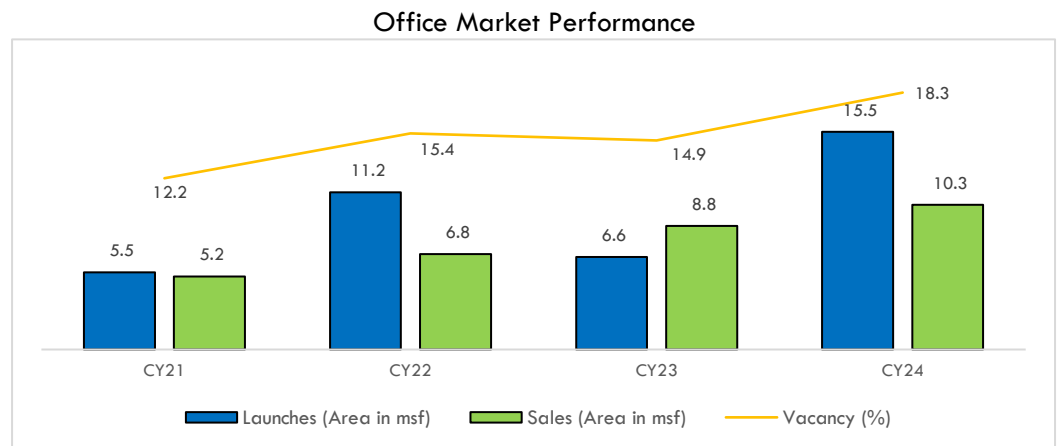
Source: Knight Frank India RE report H2 2024

### West Hyderabad micro-market:

- ✓ West Hyderabad includes major IT hubs of Hyderabad like Madhapur/ HITEC CITY (established office market of Hyderabad), Gachibowli Corridor (extended office corridor) and key residential hubs like Moosapet, Kondapur, Tellapur etc.
- ✓ The evolution of Cyberabad is considered the keystone in development of West Hyderabad and this region has expanded rapidly due to the growth of commercial hubs and IT parks.<sup>10</sup>
- ✓ This is also one of Hyderabad's most well-connected areas, with the Outer Ring Road providing seamless access to international airport and Blue and Red Metro lines ensuring smooth transit across key locations.
- ✓ The proposed Raidurg–Financial District Metro expansion will further enhance connectivity to major business districts, boosting both commercial and residential sector growth.
- ✓ Significant portion of developers have been concentrating their efforts in this region and 50 - 60% of the total projects coming up in Hyderabad are in the Western side.<sup>11</sup>
- ✓ In CY24, West Hyderabad accounted for 58% of the city's new launches and 51% of total sales, highlighting its position as the city's residential real estate powerhouse, driven by robust infrastructure development and proximity to the established IT-ITeS corridor.<sup>12</sup>

### Hyderabad office market:

- ✓ Superior physical infrastructure, lower rentals and increasing working professionals, makes Hyderabad an attractive location for corporates reinforcing its status as a leading commercial hub.
- ✓ Till CY19, Hyderabad witnessed expansion of existing tenants and entry of new tenants leading to record absorption and completion levels. New supply was pre-committed showing strong interest / commitment level of tenant towards the market. This led to compression in vacancy levels.
- ✓ Influx of new supply from CY20 onwards led to a rise in the overall vacancy rate to 18.3% in CY24, though vacancy levels in HITEC City (which is the established office market of Hyderabad) remains lower at 10% and Grade A+ buildings show exceptionally strong demand with just 2-3% vacancy.
- ✓ As per IPCs, going forward most of the leasing activity is expected to be in Hitec City (Madhapur) market owing to quality supply from leading developers and then gradually moving towards Gachibowli (Financial District) in the longer term.



Source: Knight Frank India RE report H2 2024

(1) Years to sell (YTS) is calculated as the number of years to sell the unsold inventory considering the rolling 4-quarter average sales

## References

1. Source: Savills, Hyderabad Sprint Report
2. Source: Oxford Economics
3. Source: Indian Express Article, <https://www.newindianexpress.com/business/2024/Dec/26/global-capability-centres-to-expand-workforce-in-india-by-20-in-2025>
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6. Source: India Prime City Index 2024, KF report
7. Source: Anarock Indian Residential RE report 2024
8. Source: CBRE report, Hyderabad's Residential Renaissance
9. Source: The Hindu Article, <https://www.thehindu.com/news/cities/Hyderabad/hyderabad-residential-real-estate-sees-7-growth-in-registrations-in-2024-knight-frank-india/article69119597.ece#:~:text=Hyderabad%20witnessed%20a%207%25%20year,2023%20and%2068%2C519%20in%202022>
10. Source: CBRE report, Hyderabad's Residential Renaissance
11. Source: TOI Article, [http://timesofindia.indiatimes.com/articleshow/110446628.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](http://timesofindia.indiatimes.com/articleshow/110446628.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)
12. Source: Anarock report, 2024 Residential

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