

## Hyderabad Real Estate: Deliberate recalibration of supply in CY25 augers well for structural health of residential market

- Robust economy (IT and pharma), investor-friendly government policies, superior infra, better quality of life and a steady influx of skilled talent have driven real estate growth
- Residential market remains structurally healthy despite recent sales moderation, with deliberate recalibration of supply
- Office market continues to be resilient with strong leasing and improving vacancy
- West Hyderabad will likely to further strengthen its status as premium commercial and residential district, driven by high-value land economics and Grade-A office

### Strong economic base, deep talent pool, and sustained infrastructure-led growth have positioned Hyderabad as a prime real estate market and a preferred destination for occupiers and investors

#### City at a glance:

- ✓ Hyderabad is **India's 5<sup>th</sup> largest metropolis and a leading economic hub**, driven by its strong presence across IT/ITeS, biotechnology, pharmaceuticals, manufacturing, and financial services. The metropolitan region contributes ~55% to the state's output.<sup>1</sup>
- ✓ **Thriving IT/ITeS ecosystem** - Hosts over 1,500 companies and a workforce of ~9.5 lakh professionals, making it India's second-largest IT/ITeS hub after Bengaluru.<sup>1</sup> The ecosystem is further strengthened by 500+ Global Capability Centres (GCCs).<sup>2</sup>
- ✓ **Industrial & Life Sciences strength** - A leading life sciences and industrial hub, contributing ~40% of India's bulk drug production and ~20% of pharmaceutical exports, supported by established clusters such as Genome Valley and Fab City.<sup>1</sup>
- ✓ **Demographics & Socio-economic profile** - Estimated population of ~1.1 crore and a literacy rate of 83%+.<sup>1</sup> Benefits from a deep and skilled talent pool, accounting for ~13–14% of India's digital workforce.<sup>3</sup>
- ✓ **Thrust on Infrastructure & Urban Development** - Strong road networks and metro connectivity with major projects worth over INR 1 lakh crore underway under Vision-2050.<sup>4</sup>

#### Hyderabad Real Estate

- ✓ Hyderabad has been the fastest-growing residential markets between CY19–25, recording 20% CAGR in launches and 18% growth in sales, outperforming the top 7 cities which saw average growth of 10% and 7% respectively.<sup>5</sup>
- ✓ Expected time to liquidate unsold residential inventory declined from 2.5 years in CY21 to 1.7 years in CY24, before moderating to 2.2 years in CY25. Still the market remains fundamentally healthier than the initial years of the decade.<sup>5</sup>
- ✓ Hyderabad has also emerged as India's second-fastest growing office market, expanding at a 9.2% CAGR between CY05–25, and is now the fourth-largest office market with 12% share of total stock, benefiting from the IT/ITES boom.<sup>6</sup>
- ✓ The office market is characterized by a high-quality supply base, with ~68% of total stock comprising Grade A assets and ~30% Grade B.<sup>6</sup>
- ✓ Strong economic growth and continued government focus on infrastructure have driven real estate expansion, with key corridors such asHITEC City and Gachibowli catalysing large-scale residential and commercial development in West Hyderabad.

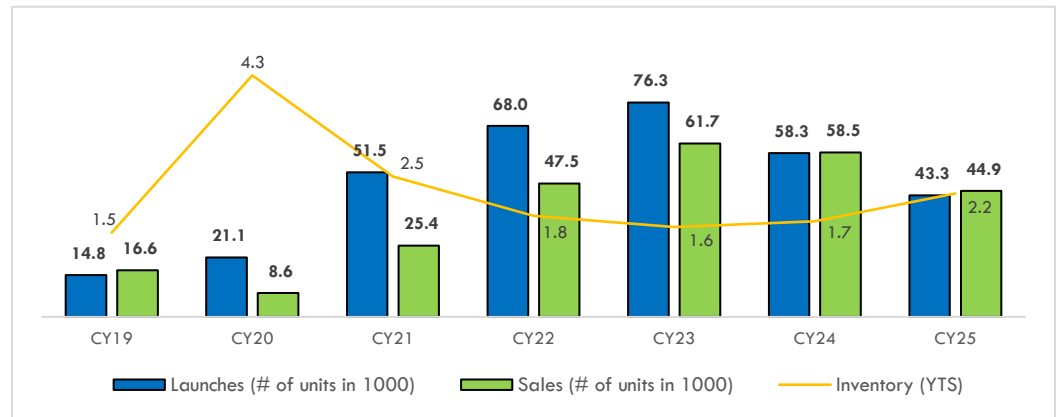
#### Hyderabad Residential Market:

- ✓ Hyderabad residential market, in line with broader pan-India trends, entered a phase of consolidation in CY25, marking a shift from aggressive expansion seen in prior years, while maintaining a healthy structural balance with sales exceeding new launches.
- ✓ While new launches dropped 25% CAGR in the year from CY23's peak of 76,300 units, sales decreased only 15% compared to CY23, demonstrating robust demand<sup>5</sup>. This

suggests a maturing market where developers are prioritising the clearing of existing stock over the rapid launch of new inventory.

- ✓ Unsold inventory declined by 2% over CY25, as total units sold (44,900 units) marginally exceeded new launches (43,250 units), while remaining unchanged in CY24 over CY23.<sup>5</sup>
- ✓ YTS<sup>(1)</sup> (expected time to liquidate the unsold inventory) increased from 1.6 years in CY23 to 2.2 in CY25 but is significantly lower than the previous peak of 4.3 years in CY20.<sup>5</sup>
- ✓ Total value of registered properties rose 11% y-o-y in CY25 to Rs 52,351 Cr while recording 75,222 home registrations in the year, a 2% y-o-y decline.<sup>7</sup>
- ✓ A deeper analysis of the unsold inventory shows that the inventory priced between INR 1-10 Cr is faster moving amongst the unsold inventory.<sup>8</sup>

Residential Market Performance



Source: Anarock Indian Residential RE reports

Breakup of unsold inventory (in terms of ticket size)

Ticket Size	Years to sell (years)
Upto INR 50 lacs	2.6
INR 50 lacs to 1 Cr	1.9
INR 1 Cr to 2 Cr	1.1
INR 2 Cr to 5 Cr	1.3
INR 5 Cr to 10 Cr	1.3
INR 10 Cr to 20 Cr	0.3
INR 20 Cr to 50 Cr	3.6

Source: Knight Frank India RE report H2 2025

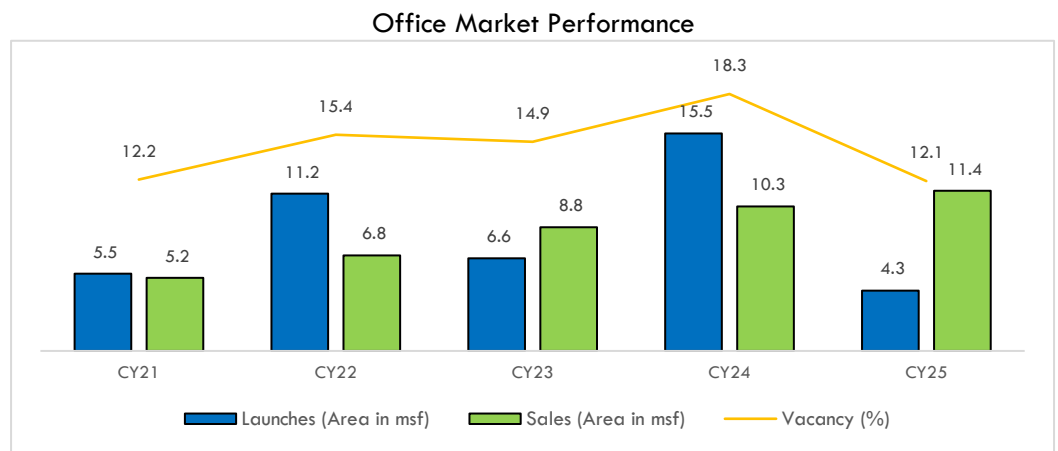
#### West Hyderabad Micro-Market:

- ✓ West Hyderabad is the city's primary IT corridor, comprising key hubs such as HITEC City (Madhapur), the Gachibowli–Financial District corridor, and major residential catchments including Kondapur, Tellapur, and Moosapet.
- ✓ 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.
- ✓ Proposed Raidurg-Financial District Metro expansion is expected to further enhance connectivity to major business districts boosting both commercial and residential sector growth.
- ✓ The region has emerged as the epicentre of both residential and commercial growth, driven by the concentration of IT parks and large employment hubs.

- In CY25, West Hyderabad dominated new supply in the city, accounting for 68% of total launches, reflecting sustained developer preference.<sup>1</sup>
- The zone also led demand, contributing 55% of total citywide sales in CY25.<sup>1</sup>

### Hyderabad Office Market:

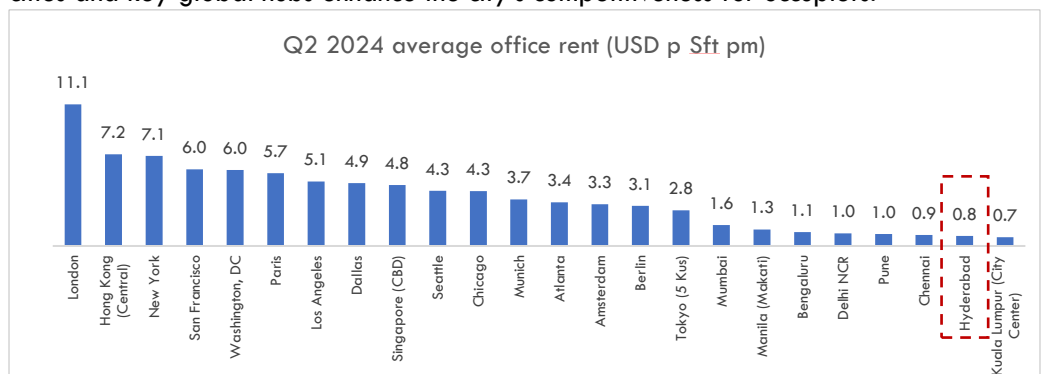
- ✓ Hyderabad is one of the preferred destinations for corporates because of its affordable rentals, presence of good quality plug-and-play offices, superior physical infrastructure and increasing working professionals.
- ✓ In CY25, Hyderabad office market witnessed steady leasing activity alongside a sharp moderation in new supply, indicating a shift from strong expansion in the previous year.
  - Gross absorption remained resilient at 11.4 msf, registering a 11% y-o-y growth.<sup>8</sup>
  - In contrast, completions declined sharply by 72% y-o-y to 4.3 msf after peaking at 15.5 msf in CY24.<sup>8</sup>
  - Vacancy levels improved materially, declining from 18.3% in CY24 to 12.1% in CY25, driven by strong absorption and limited new supply.<sup>8</sup>



Source: Knight Frank India RE report H2 2025

### Key Drivers of Hyderabad Real Estate:

- ✓ **Diversified leasing demand:** Sustained demand from large occupiers, global capability centers, life sciences, pharma and technology firms continues to anchor both office absorption and residential demand.
- ✓ **Rental affordability advantage:** Relatively lower rental levels versus other Tier 1 Indian cities and key global hubs enhance the city's competitiveness for occupiers.



Source: JLL Research, Q2 2024

- ✓ **Favourable state policies** - Investor-friendly governance, streamlined approvals, and policy stability support faster project execution and capital deployment.
- ✓ **World-class infrastructure** - Extensive road networks, metro connectivity, and ongoing large-scale infrastructure investments strengthen urban mobility and accessibility.

- ✓ **Skilled talent pool** - Significant share of India's digital and knowledge workforce underpins long-term occupier demand and business expansion.

#### Investment Thesis:

- ✓ CY25 numbers indicate that the developers have taken cognisance of reducing sales numbers by reducing launches and are prioritising clearing of existing inventory. This reaffirms structural health of residential market.
- ✓ With housing sales moderating and collections slowing, developers will increasingly rely on private credit to bridge cash flow gaps and sustain project execution. This provides exciting investment opportunities for private credit in Hyderabad to provide last mile funding especially for well-located projects with good product fitment.

(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

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7. Source: Telangana Today Article, <https://telanganatoday.com/hyderabad-home-registrations-dip-2-in-2025>
8. Source: Knight Frank India RE report H2 2025

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