

MARKETBEAT

7.7%
**GRADE A-VACANCY
(Q1 2018)**
1.0 msf
**GRADE A- NET ABSORPTION
(Q1 2018)**
1.2 msf
**ALL GRADE - NEW SUPPLY
(Q1 2018)**

HIGHLIGHTS

Tight vacancies continue, pre-commitments on the rise

Lack of options and limited supply are forcing larger occupiers with immediate requirements to renew or pre-lease in Madhapur. Approx. 7.0 million square feet (msf) of space, equivalent to 70% of the upcoming supply until 2019, is likely to get pre-leased this year. We expect such tight conditions to continue until the first half of 2020, given a robust demand pipeline and upcoming renewals of major occupiers.

Rentals continue to grow

Rentals have grown nearly 12-15% in Madhapur and Gachibowli in 2017. Given ultra-tight vacancies in Madhapur, we expect rentals to go up by another 5-7% in 2018. Gachibowli is slowly attracting larger clients who are looking for rental savings. We expect this trend to gain traction from 2020 as new tech parks get ready for leasing.

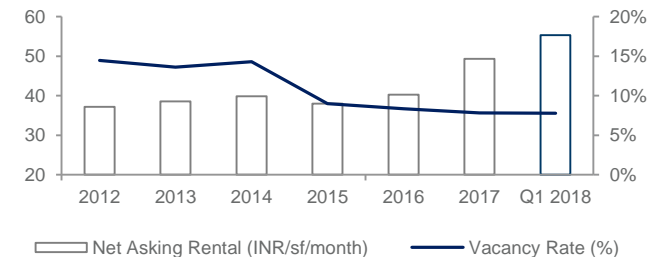
Increased interest from New Entrants to the city and renewed demand from pharma and BFSI sectors

New companies are planning to set-up operations in Hyderabad. About seven to ten large tech companies are expected to set-up their first office in the country at Hyderabad this year. The banking, financial services, and insurance (BFSI) sector is continuing to grow and has increased its market share considerably over the last few quarters. There is also renewed demand from pharmaceutical companies as substantial investments are now being made in Hyderabad.

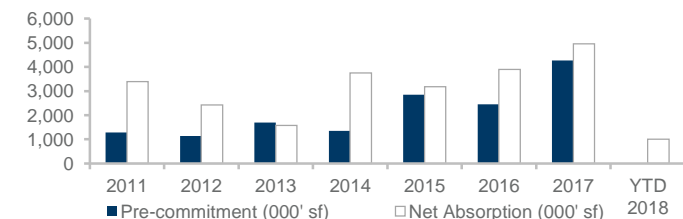
MARKET INDICATORS (MADHAPUR)

	Q1 2017	Q1 2018	12 month Forecast
Overall Vacancy	2.34	4.14	▲
Weightage Average Net Asking Rental (INR/sf/month)	57.07	62.50	▲
YTD Net Absorption (sf)	85,050	763,750	▲

GRADE A OVERALL RENT & VACANCY RATE



GRADE A PRE COMMITMENT AND NET ABSORPTION



HYDERABAD OFFICE MARKETBEAT

MARCH 2018



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SUBMARKET	INVENTORY (SF)	VACANCY RATE	YTD LEASING ACTIVITY (SF)	PLANNED & UNDER CONSTRUCTION (SF)	YTD CONSTRUCTION COMPLETIONS	YTD NET ABSORPTION (SF)	WTD. AVG. RENT*		
							INR/SF/MO	US\$/SF/YR	EUR/SF/YR
Madhapur	29,820,500	4.14%	763,750	14,164,900	374,000	763,750	62.50	11.54	9.39
Gachibowli	10,865,000	16.78%	247,000	6,451,350	660,000	247,000	47.85	8.83	7.19
Peripheral East	1,348,000	15.52%	0	800,000	0	0	30.00	5.54	4.51
TOTALS#	42,033,500	7.77%	1,010,750	21,416,250**	1,034,000	1,010,750	55.33	10.21	8.31

Net absorption refers to the incremental new space take-up; renewals not included in leasing activity statistics

*Weighted average asking rental rates for vacant spaces that provide core facility, high-side air conditioning and 100% power back up

#Revisions in inventory on account of removal of some office spaces being recently converted to retail spaces

**Planned & U/C supply captured until 2019

BFSI - Banking, Financial services and Insurance, IT-BPM – Information Technology – Business Process Management

Key to submarkets:

Madhapur includes Madhapur, Kondapur, Raidurg, Gachibowli includes Gachibowli, Nanakramguda, Manikonda, Peripheral East includes Pocharam and Uppal;

US\$ 1 = INR 65.0 ; € 1 = INR 79.9

Numbers for the first quarter are based on market information collected until 10th March 2018

KEY LEASE TRANSACTIONS – Q1 2018

PROPERTY	SUBMARKET	TENANT	SF	LEASE TYPE
Divyasree Orion Block 2	Madhapur	Wells Fargo	374,000	Expansion
aVance Bldg # H4	Madhapur	UHG	128,000	Expansion
Salarpuria Sattva Knowledge City Parcel-3	Madhapur	JPMC	68,000	Expansion
Purva Summit	Madhapur	Hinduja Global Solution	42,000	Relocation/ Expansion

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	COMPLETION DATE
The Sky View	Madhapur	NA	NA	Q1 2019
Salarpuria Sattva Knowledge Capital Block 1	Gachibowli	NA	NA	Q2 2018
Aurobindo Galaxy	Madhapur	NA	NA	Q2 2020

DATA INTO ACTION

A Cushman & Wakefield Research Publication

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