



# HITEC City, Hyderabad

The Epicenter of Hyderabad's IT-ITeS Developments

Micro Market Overview Report

March 2018





# About Micro Market



The Hyderabad Information Technology and Engineering Consultancy City, abbreviated as HITEC City, located in the western quadrant of the city, is one of the most prominent commercial-cum-residential destinations in the country. This technology hub sprawls over 151 acres and covers portions of suburbs such as Madhapur, Gachibowli, Kondapur, Manikonda and Nanakramguda. The HITEC City is also known as Cyberabad and lies at the heart of Madhapur suburb.

The technology hub offers multi-tenanted ultra-modern corporate complexes, which are customized to meet the requirements of IT-ITeS companies. Numerous IT parks and SEZs such as Cyber Towers, Cyber Gateway, Avance Business Hub IT SEZ, VBIT Park, Raheja Mindspace, DLF Cyber City and TCS Synergy Park and many more have a presence in the HITEC City. Also, this technology hub houses offices of a number of renowned companies such as Patni Computer Systems, Oracle Corporation, GE Capital, Google, Amazon, Facebook, Deloitte, Tech

Mahindra, Tata Consultancy Service and IBM amongst others. Besides, its stature as a prominent IT-ITeS hub, HITEC City is also best suited for residential developments. The micro market has a well laid social and physical infrastructure with the presence of best retail options in the vicinity such as Inorbit Mall, Next Galleria Mall and South India Shopping Mall. In addition, it has the presence of major educational institutes in the vicinity such as Indian School of Business, National Institute of Fashion and Technology and International Institute of Information Technology.

Strategic location coupled with excellent connectivity and presence of major multinational companies in the precinct has made HITEC City as one of the most sought after micro market of Hyderabad. The micro market will remain the epicenter of economic activity due to the presence of a vibrant IT-ITeS industry, mushrooming commercial developments and proximity to Gachibowli, which is also a major economic hub of Hyderabad.





Hassle-free connectivity to various parts of the city via Nehru Outer Ring Road

HITEC City is well-connected to various parts of Hyderabad through a grid of roads and an established rail network.



**Nehru Outer Ring Road** - HITEC City lies in proximity to Nehru Outer Ring Road, which provides excellent connectivity to the southern, northern and eastern suburbs of the city.

**Old Mumbai Highway** - HITEC City lies in proximity to Old Mumbai Highway, which connects it to Central Hyderabad and other key suburbs of western Hyderabad. Also, major arterial roads such as Gachibowli-Miyapur Road and HITEC City road provides hassle-free connectivity to the central areas as well other areas of the city



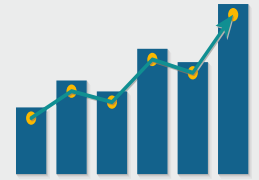
**Rajiv Gandhi International Airport** - Located 34 km from the HITEC City, The Rajiv Gandhi International Airport is well-connected to the micro market..



**Multi-Modal Transport System (MMTS)** - MMTS is a suburban rail system in Hyderabad and has a station in HITEC City, which connects it to Secundrabad in North Hyderabad to Umdanagar in South Hyderabad.

**Metro Rail** - HITEC City has an operational metro station, which provides excellent connectivity to peripheral areas of Western and Eastern Hyderabad. Also, it eases the commute for office goers who reside in a distant location and work in and around HITEC City.

# Major Growth Drivers

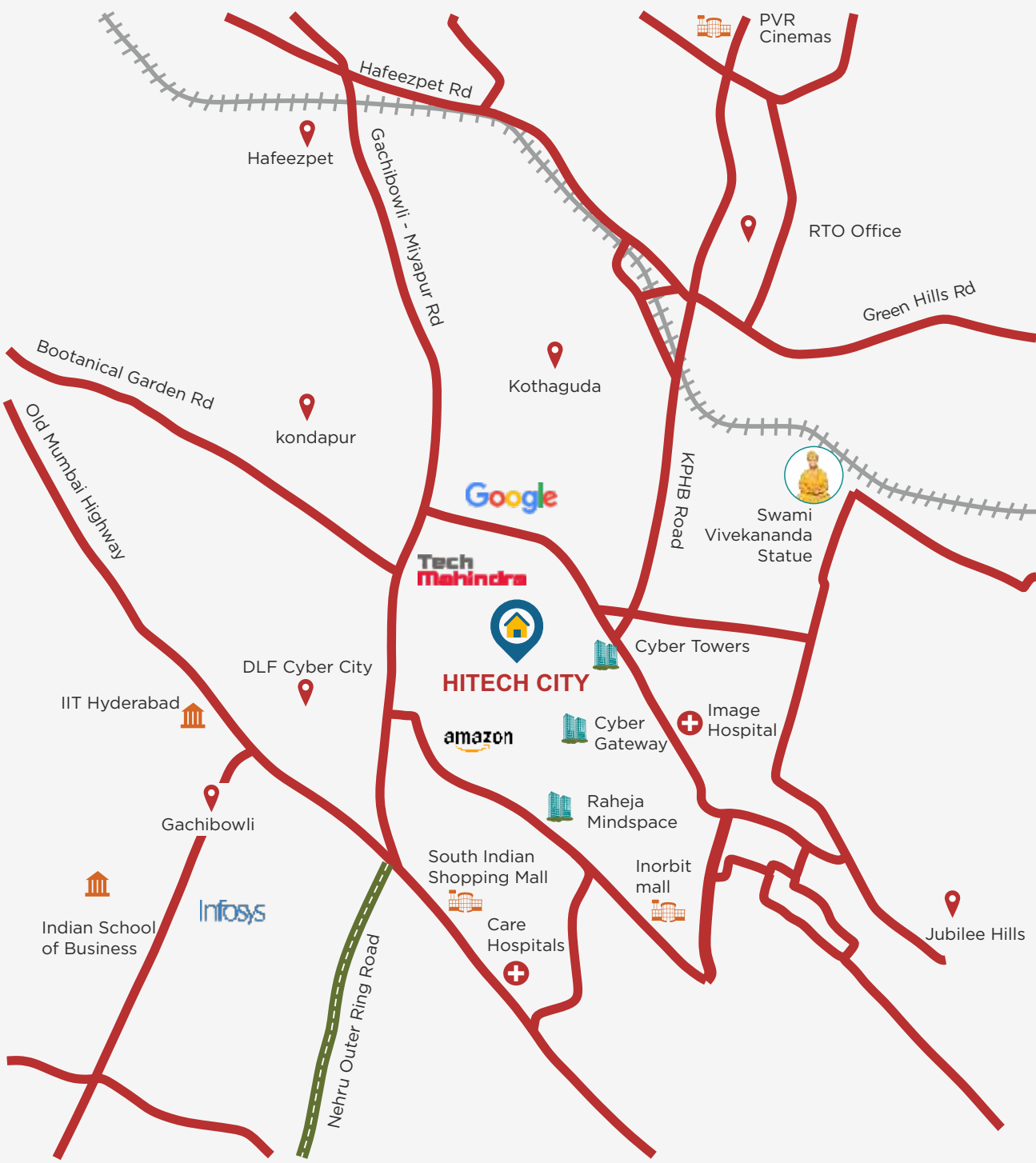


- To further improve connectivity and ease traffic situation in HITEC City, the state government has planned development of a monorail along with the existing MMTS and the metro rail. The state government has commissioned a feasibility survey for monorail services between the city outskirts and HITEC City, Gachibowli, Financial District and other areas. Once operational, it will reduce the travel time to Gachibowli, Nanakramguda and also new areas such as Tellapur and Kokapet.
- HITEC City and its surrounding suburbs such as Gachibowli, Jubilee Hills and Financial district are the engines of Hyderabad's economic growth. The mushrooming commercial developments in these suburbs have not only increased the housing demand in the region but also drawn the Government's attention to transforming these suburbs into one of the most sought-after destinations, by providing adequate infrastructure and augmenting connectivity to other parts of the city.
- Kokapet, which is an emerging business hub, is also easily accessible from the HITEC City. Hyderabad Metropolitan Development Authority (HMDA) has developed an IT-ITeS SEZ at Kokapet sprawling across 120 acres and provided all necessary support infrastructure.
- Presence of global and national companies, improving connectivity and continuous expansion of commercial offices will further accelerate the residential demand in the region

Excellent infrastructure, improving connectivity & presence of numerous commercial developments act as growth catalysts



# Location

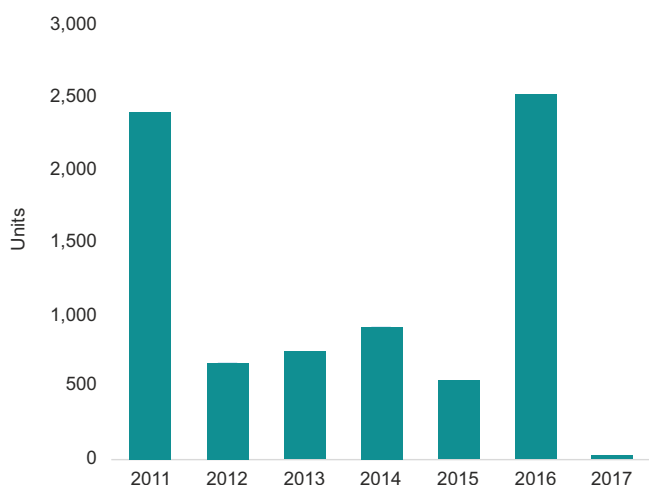


	Business Park		Hospital
	Outer Ring Road		Shopping Mall
	Main Road		Prominent location
	Educational Institute		Railway Track

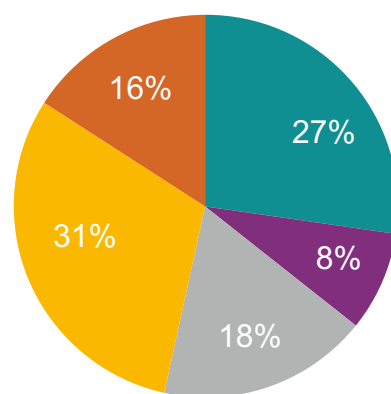
# Residential Market Assessment



## New Launch Supply



## Age of Inventory (Launches between 2011 to 2017)



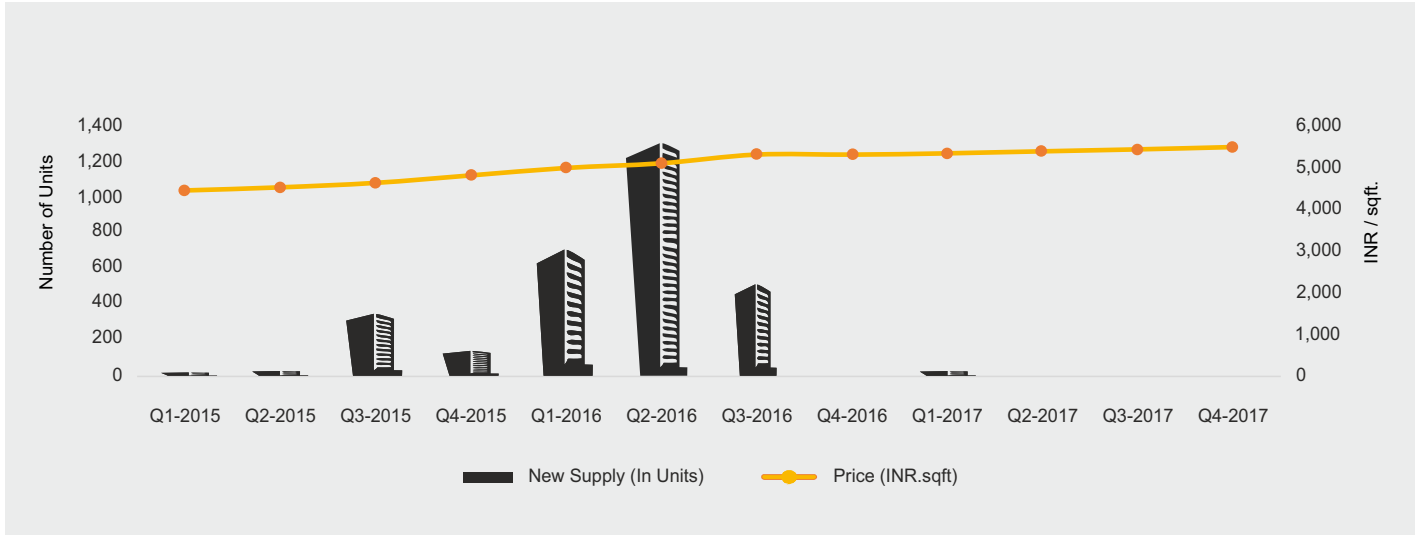
■ Ready to Move-in 
 ■ < 1 Year 
 ■ 1-2 Year 
 ■ 2-3 Years 
 ■ > 3 Years

- The residential market of HITEC City (including Madhapur) added around 7,700 units during the last 7 years.
- The supply trends in the micro market clearly delineates the state of political turmoil in the city which had a direct impact on the real estate activity.
- In 2011, the micro market added around 2,400 units, which is 31% of overall supply. During 2011-2015, the residential market remained subdued, primarily due to the political instability in the city.
- In 2016, the micro market recorded a whopping jump of 78% in supply trend over the previous year, indicating an improvement in the sentiments post formation of the Telangana state. However, in 2017, the real estate activity was extremely low due to state's inability of implementing RERA within the stipulated timelines.
- Of the overall supply, nearly 73% has been already absorbed in the primary market.
- Of the overall supply in HITEC City, nearly 27% are completed and mostly sold out. Notably, 26% of inventory is likely to complete within 2 years and most of these projects are at an advance stage of construction.
- Only 16% of the overall supply in HITEC City is likely to complete post 3 years or so. Developers with under construction projects are now focusing on speeding the construction, to avoid RERA penalties on execution delays.
- The major chunk of inventory, which is 31% of overall supply, is getting completed in the next 2 - 3 years.



# Residential Market Assessment

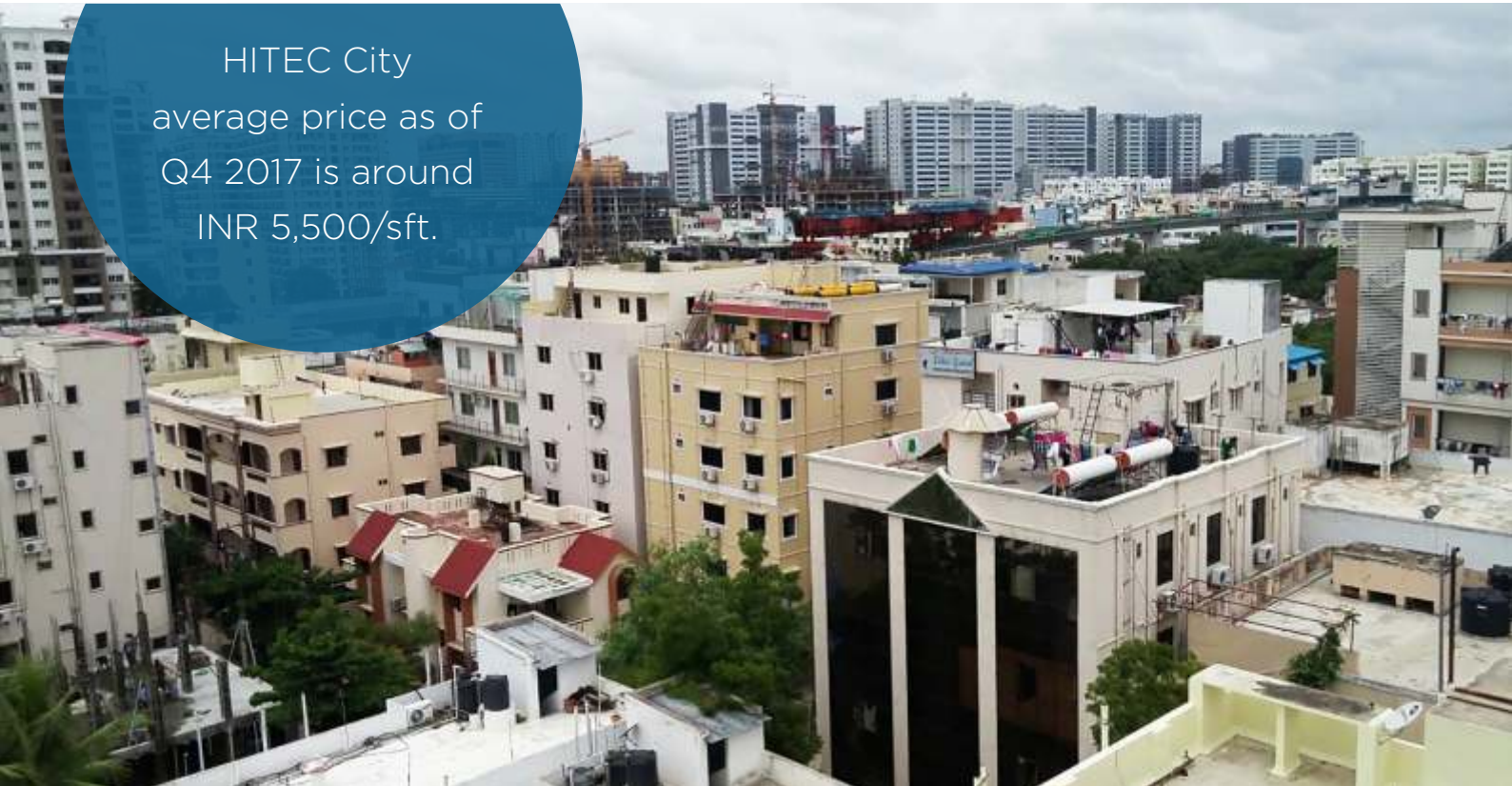
## Micro Market Price Movement wrt Supply



- HITEC City’s average price as of Q4 2017 was around INR 5,500/sqft, and has recorded a 23% surge in the last 12 quarters. The upward price movement clearly indicates an improvement in market sentiments.
- Although, supply addition was sluggish during the past 12 months, prices continued moving northwards. This

was primarily due to the state’s positive move towards transforming Hyderabad into one of the most attractive city by implementing investment favored industrial policy. The micro market not only fascinated developers for vertical expansion, but also enticed migrant IT professionals to reside here permanently.

HITEC City average price as of Q4 2017 is around INR 5,500/sft.







New launches likely to improve upon full-fledged implementation of RERA

- Hyderabad's robust infrastructure coupled with excellent connectivity and sprawling commercial developments has made it one of the best city to reside. Post the state bifurcation, realty sentiments in the Hyderabad residential market seem to have improved. Additionally, with investment favored industrial policies and upgraded social infrastructure facilities, Hyderabad is back on the investors' radar.
- Continuous infrastructure upgrades in the western suburbs of the city to augment the connectivity to other peripheral areas has increased the developer interest towards high potential markets of West Hyderabad. Commercial developments in these suburbs are mushrooming rapidly and residential developments are also following the suit. However,

2017 was the lackluster year in terms of new launch supply, but during this time sales activity gained momentum and attracted the fence sitters, who had held on to their purchase decisions due to prolonged political upheaval.

- The property prices in HITEC City are rising due to an uptick in sales and new launches are also likely to improve once RERA is completely implemented in the state. Developers who had held on to their projects due to RERA uncertainty are likely to soon infuse an additional residential supply. In addition, HITEC City, which is amongst the most sought-after micro market of Hyderabad is likely to witness a major chunk of new launches due to its future growth potential and strong underlying fundamentals.

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