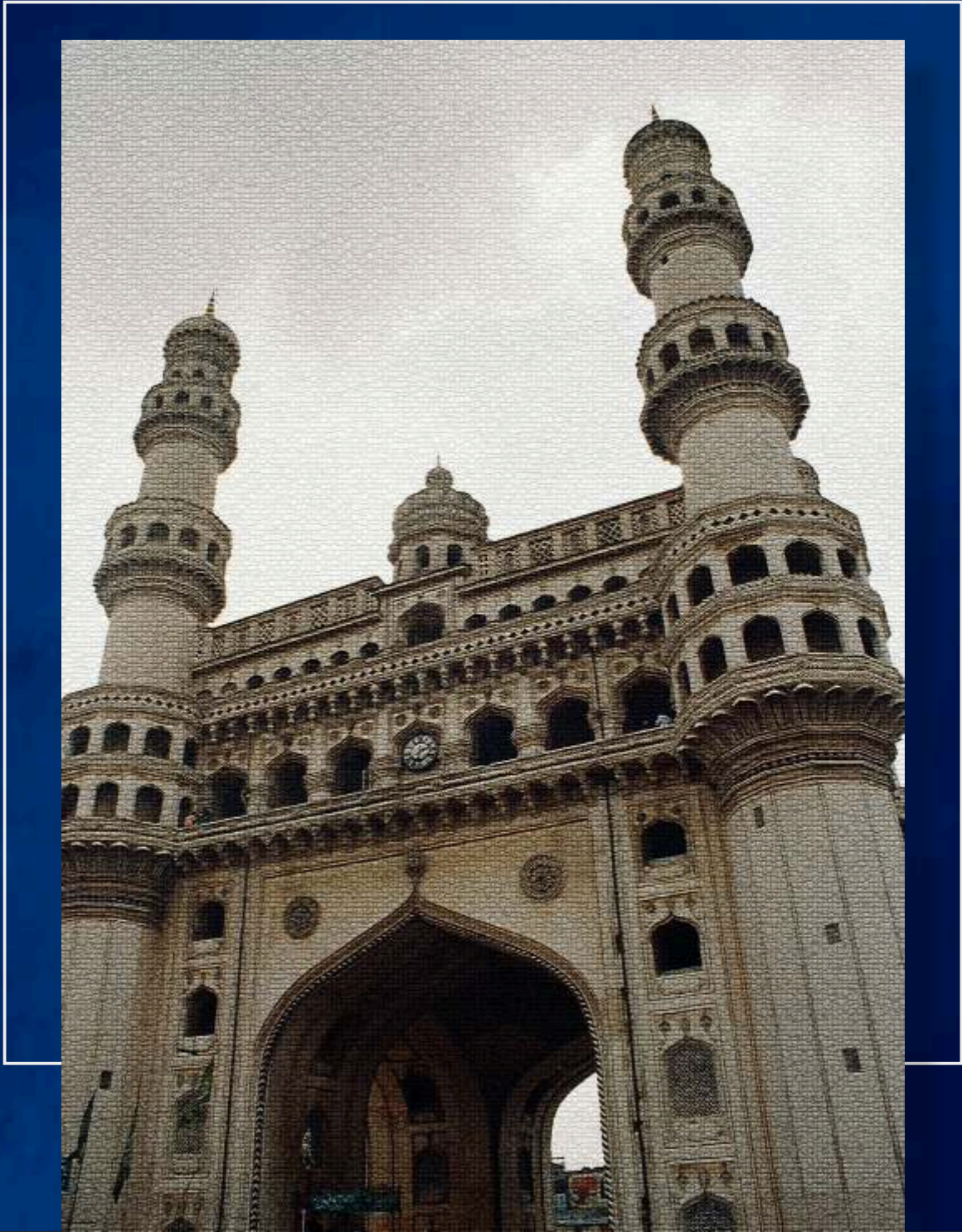


Hyderabad

The 'Bright Spot' in Indian Real Estate



July 2018



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A Note from the Chairman



Anuj Puri
Chairman
ANAROCK Property Consultants

India's future growth is today vested in the development of its tier I & II cities. They are the growth engines for any nation, and more so in a country wherein around 33% of the population currently lives in urban areas. The mounting annual influx of migrants to these cities underscores the urgent need to further develop these tier I & II cities and towns.

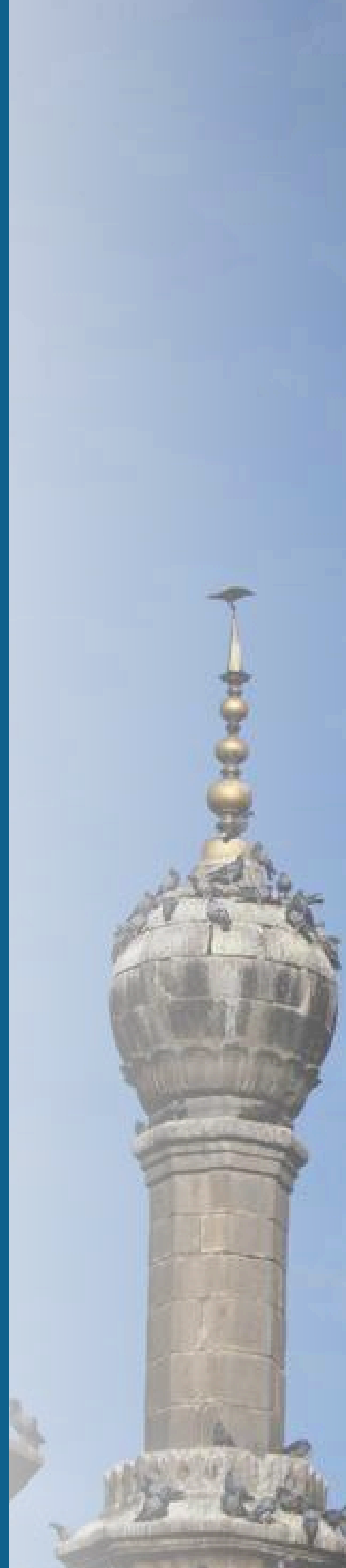
The inevitability of India's proliferating urban population - likely to double over the next decade presents a challenge as well as an opportunity for the country to reinvent and revitalise its economic development in the coming years. To keep pace with rapid urbanisation, growing income levels and evolving expectations of globe-trotting citizens, infrastructure is among the most critical challenges. Likewise, growth obstacles like inadequate urban services and sanitation, financing issues, land acquisition challenges, improper sanitation and poor city planning must be dealt with.

Some Indian cities have certainly had greater success at this than others. Hyderabad, a densely populated city and a major IT/ITeS hub, is fast transforming into a mega-city which boasts of a high liveability index. The city also enjoys the benefit of a circular development due to its outer ring road, which supports multi-directional growth. After the state bifurcation in 2014, renewed political stability has given Hyderabad an edge as the Government's key focus is on infrastructure development.

Factors like an online clearance system for new projects approval, unstinting support from the state government for young entrepreneurs, a relatively low cost of living coupled with a good quality of life, abundant land availability, a large talent pool and good infrastructure have placed Hyderabad very prominently on the country's real estate map.

To study the real estate phenomenon called Hyderabad in the detail it richly deserves, ANAROCK Property Consultants presents the white paper "Hyderabad: The 'Bright Spot' in Indian Real Estate." The report delves deep and presents a complete analysis of the city's current real estate market. It highlights key statistics, major infrastructure developments, state government initiatives to boost the city's growth, and its key ongoing challenges. It also enumerates and analyses Hyderabad's most vibrant and buzzing micro markets.

Read on to take a deep dive into Hyderabad's fascinating real estate market!





Hyderabad: An Overview

Industrial-friendly policies of the pro-development governments over the last few decades has helped Hyderabad emerge as one of the top cities in India, attracting significant global investments.

Hyderabad, a major IT/ITeS hub of India and the capital of Telangana state, has transformed significantly over the last few decades. Developed along the banks of Musi river, Hyderabad is situated over a hilly terrain and surrounded by lakes. The industry-friendly policies of highly pro-development governments over the last few decades have helped Hyderabad emerge as one of the top cities in India, attracting significant global investments.

Post the year 2000, driven by its increasing presence of IT/ITeS companies as well as manufacturing industries, Hyderabad was close to overtaking Bengaluru in terms of per capita income, population growth, real estate developments and GSDP growth rate. However, this progress was halted post 2008 due to the global financial crisis and the political instability immediately after the state bifurcation. These factors significantly impacted Hyderabad's real estate market in Hyderabad, dampening investor and buyer sentiments who assumed a wait-and-watch strategy for further investments in the city.



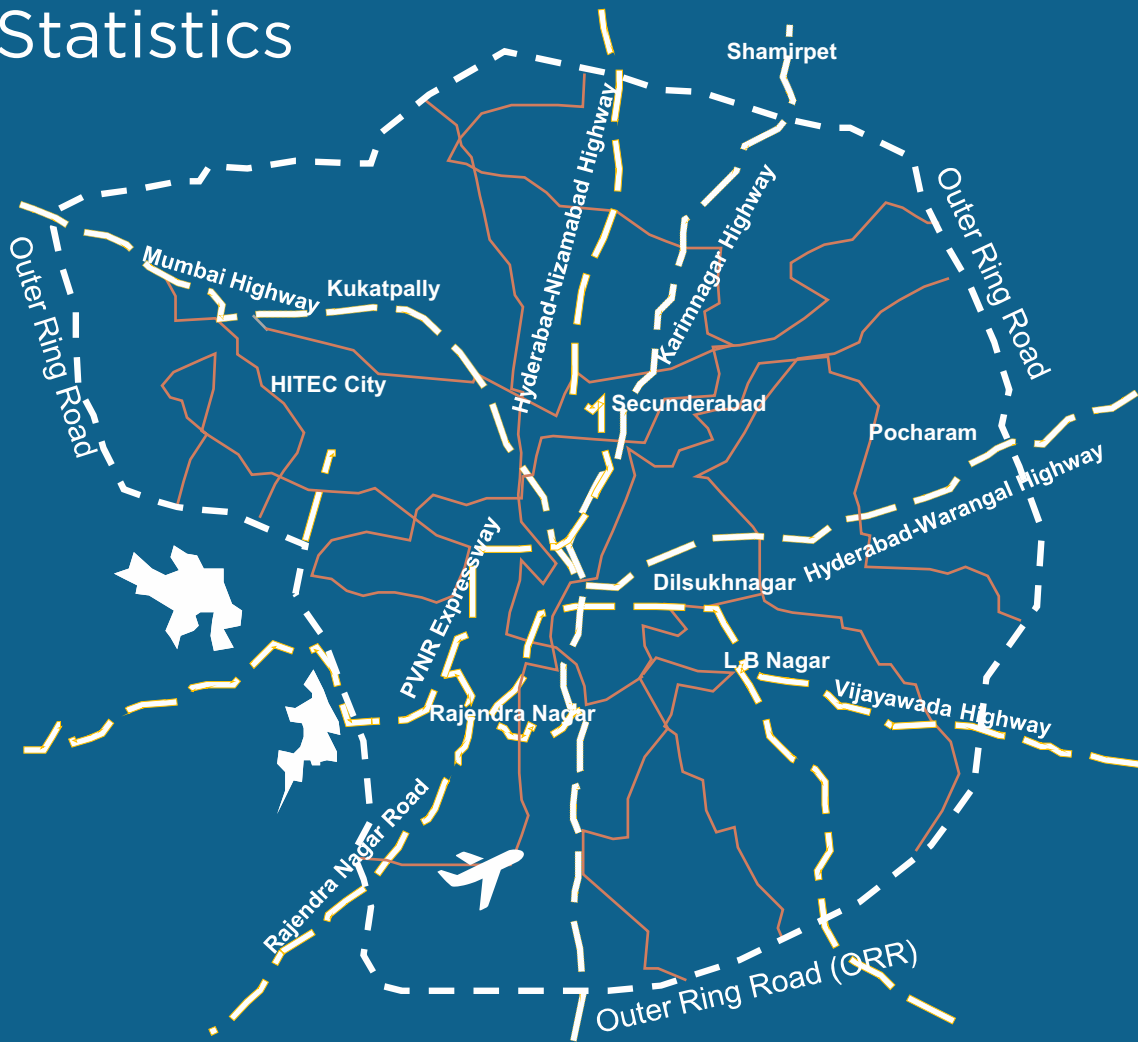
Post 2014, political stability was reinstated and the business-oriented policies of the new government reigniting investor interest in Hyderabad. Importantly, its property prices across segments were much lower than in most metros across the country. This attracted large multinational companies to establish or expand their footprints in Hyderabad, inevitably leading to increased residential demand. Today, the city can justifiably claim to be one of the most affordable realty destinations among the tier I cities.



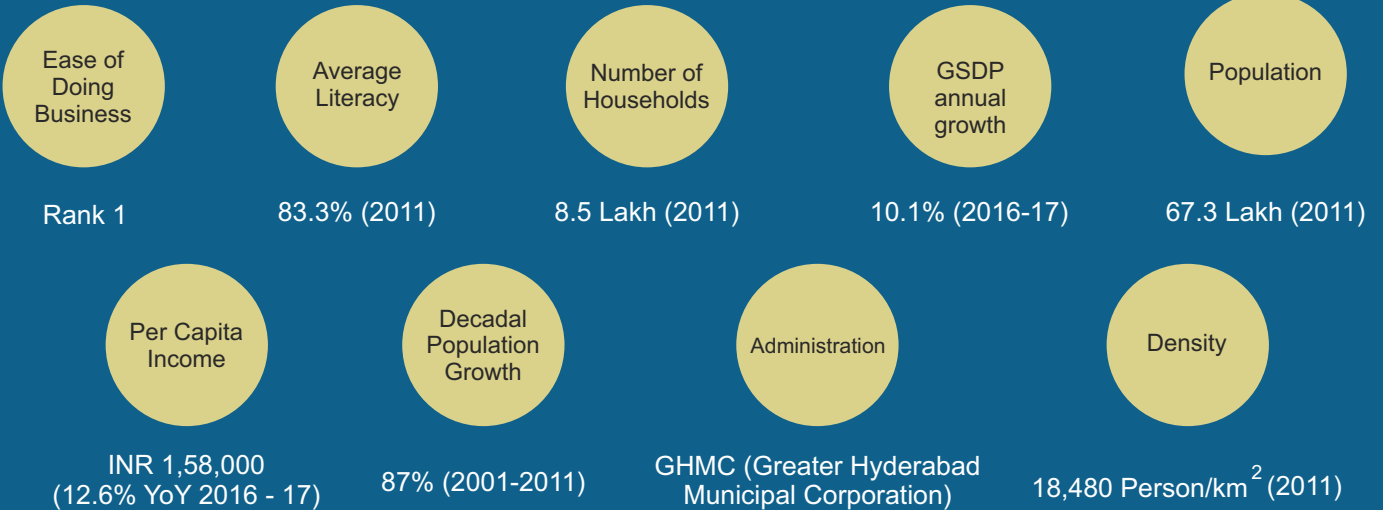
The presence of a massive aptly educated talent pool, excellent physical and social infrastructure facilities and the top ranking for ease of doing business and well as livability quotient in India, have given Hyderabad an edge for attracting large investments since 2014. Moreover, it is now a preferred IT-hub for start-ups.

The commencement of the first phase of L&T's metro project, the burgeoning organized retail industry in the city, and the success of Outer Ring Road (ORR) in easing traffic snarls, are various other growth drivers have led to the overall spurt in real estate activity seen in Hyderabad over the last few years.

Key Statistics



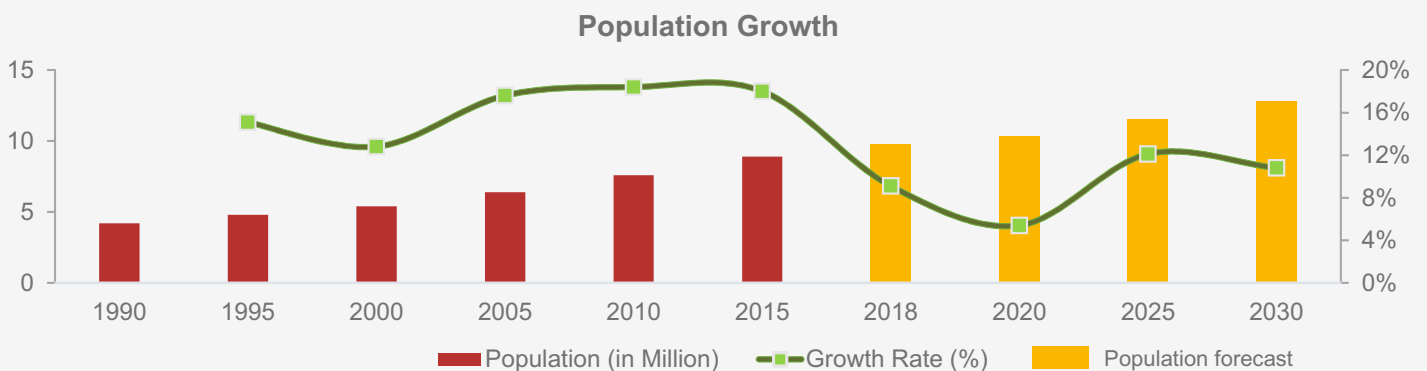
Legend | - - - - Main Roads | - - - - ORR | — Roads





Population Growth

- Hyderabad's population has registered a decadal growth of 87% during the period 2001-2011. The city's population is likely to reach 12.8 million by 2030.
- The decline in the rate of population growth post 2015 was primarily due to the state's bifurcation, political instability and the overall IT sector slow down due to lack of projects.



Administration & Regional Development Authority



Greater Hyderabad Municipal Corporation (GHMC)

- GHMC is the civic administration body for the Hyderabad city, responsible for building and maintaining roads, flyovers and also for health initiatives, sanitation, urban development and city planning.
- GHMC has launched a digital application for online grievance redressal to resolve municipal issues within 24 hours, tremendously increasing its efficiency and overall transparency.



Telangana State Industrial Infrastructure Corporation (TSIIC)

- TSIIC is a state government initiative which was established in 2014 to facilitate rapid economic development. It typically works in a PPP (Public Private Partnership) mode.
- It plays a pivotal role in mobilizing resources from large private players to cater the growing need for industrial and infrastructure development.
- Key Statistics
 - Total SEZs in the state: 67
 - Total vacant plots under TSIIC in Hyderabad: ~650
 - Total vacant area: 250 km²
 - Total IT parks: 41
 - Pharma & Biotechnology Parks: 2
 - Total number of Pharma & Biotechnology firms: 19 (Genome Valley)
- TSIIC will partner with SIDBI and other venture capital fund firms to set up investments for IT, Pharma, integrated townships and the Hyderabad Information Technology Venture Enterprise Ltd (HITVEL)



Hyderabad Metropolitan Development Authority (HMDA)

- HMDA is the urban planning agency of Hyderabad for Telangana which covers an area of 7,257 km² and includes seven districts for planning and development of Hyderabad Metropolitan region.
- 70 mandals and 1,032 villages come under HMDA's jurisdiction.
- HMDA-approved plots generally possess proper water systems, drainage, well-laid roads, street planning and lighting facilities – a distinct advantage over other plots outside its jurisdiction.
- Infrastructure development of HMDA plots is guaranteed by the development authority, ensuring better capital appreciation. However, the supply of HMDA-approved plots is limited.




HMDA: Major Projects

- Development of Inner ring road (Reti Bowli to Uppal)
- Development of infrastructure facilities at SEZs
- Construction of flyovers from Secunderabad-Balanagar-Kukatpally
- A six-lane two-way flyover from Kukatpally Y junction to Bownepally junction
- A proposed transit-oriented development system where residential pockets are developed along the national highways, railways, ORR and IRR
- HMDA has proposed to expand the residential pockets with respect to national highways and railway stations to decongest traffic issues
- HMDA's efforts are focused on rebuilding Hyderabad into a well-planned city
- HMDA's efforts are focused to rebuild Hyderabad as a well-planned city

SRDP (Strategic Road Development Plan)

- SRDP is the Strategic Road Development Plan launched by GHMC
- They have identified 20 junctions which are prone to traffic snarls and congestion
- The plan is to ease traffic at crucial micro markets of the city
- There are total five packages in the SRDP phase I of the project where, flyovers, grade separators and underpasses are being constructed with an investment of close to INR 1,000 cr



SRDP will bring phenomenal improvement to Hyderabad's road commuting scenario by removing traffic bottlenecks at major employment pockets

Package I: Multi-level flyovers and grade separators at six junctions

KBR Park, Maharaja Agrasen Jn,
Film Nagar, Jubilee Check Post
and Cancer Hospital Junction

Package II: Multi-level flyover

LB Nagar, Bairamalguda Jn,
Kamineni Hospital Jn and
Chintalkunta Check post

Package III: Underpass and two flyovers

Nanalnagar and Rethibowli Jn

Package IV: One multi-level flyover and underpass at Mindspace

Biodiversity, Ayyappa Society Jn,
Rajiv Gandhi Statue Jn and Mind Space

Package V: Grade separators or flyover

Owaisi Hospital and Bahadurpura



Proposed Projects by HMDA

Eco park at Kothwalguda

An 85-acre eco park will be built at Kothwalguda near Shamshabad with all conceivable facilities for recreation, leisure and entertainment, and green zones to attract tourists and professionals to the city. This project is developed on a PPP mode, where the land is given to private firms to manage and generate revenue through commercial development.



Development of Inter City Bus Terminal (ICBT) at Miyapur, Hyderabad on PPP mode

ICBT will be developed with a minimum development obligation of a 1 lakh sft passenger terminal, 200 bays for outstation buses, 2000 two-wheeler parking slots and other basic amenities such as medical facilities, police presence, CNG fuel stations, dormitories, etc.



Hyderabad Habitat Centre (HHC) on PPP mode at Khanamet

HHC is also a PPP mode project intended to provide the finest office spaces on an 11-acre land parcel which will have state-of-art facilities such as open air theatre, learning centres, club house, restaurants and food courts.



Transit Oriented Development (TOD) in HMA on PPP Mode at Moosapet

HMDA is conducting a feasibility study to provide and promote superior public transport in the Hyderabad Metropolitan area (HMA). This project starts from Moosapet to Balanagar Metro station and further along the metro line, to reap the benefits of transit-oriented development (TOD).



Nodal Development at Khanamet

By leveraging the above-mentioned TOD, a Greenfield Development Node at Khanamet is being planned. This will be a multi-purpose use zone for IT and residential developments.



Development of International Standard M.I.C.E. facilities at Izzatnagar on PPP Mode

34 acres of land have been allocated for M.I.C.E (Meetings, Incentives, Conferences and Exhibitions) to HICC and HITEX under ancillary and complementing facilities.



Development of Science City on PPP Mode at Budvel

A science city at Budges on PPP mode with science exposition halls, 4D animation and multi-purpose auditoriums.



Comprehensive Transportation Study (CTS) for Hyderabad Metropolitan Area (HMA)- 2041

HMDA has made draft plans for the short term (2021), medium term (2031) and long term (2041) and placed these before UMTA (Unified Metropolitan Transport Authority) to deploy a series 14 transport system developments which include Metro, MMTS, Highways, Bus Rapid Transit and Cycle tracks, etc.



City Zoning

Hyderabad Map



- GHMC was established in 2007 and it divided Hyderabad into 5 zones and 18 circles to provide basic infrastructure, sanitation and ensure maintenance for roads, building and streets.
- GHMC is planning to raise INR 1,000 Cr through Municipal bonds and term loans from financial institutions on similar lines of Ahmedabad and Pune municipalities to fund mega projects and provide superior infrastructure to the city.

Central

Central Zone - the CBD - comprises of MehdiPatnam, Khairatabad and Somajiguda. It hosts several private sector offices pertaining to engineering and infrastructure developments, as well as other commercial offices. Sanathnagar and Erragadda are the industrial estates of Hyderabad.

North

Areas around Secunderabad such as Sainikpuri, Ammuguda and Marredpally have a large number of upcoming affordable housing projects. Residential developments in this zone largely cater to the housing needs of workers of Jeedimetla industrial area and pharma companies around Quthbullapur.

South

South Zone is the second-most thickly populated area with emerging micro markets such as Budvel, Attapur, Shamshabad Airport region which has good availability of land for IT and industrial developments.

West

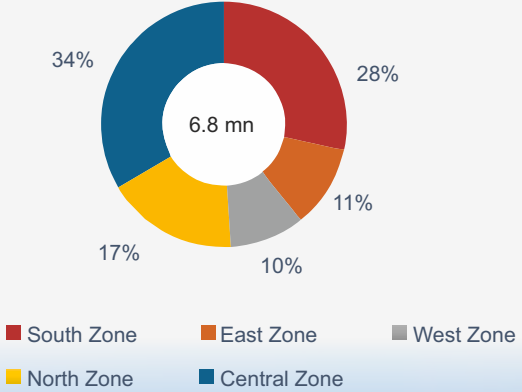
West Zone is the buzzing IT corridor of Hyderabad with booming real estate activity in Madhapur, HITEC City, Gachibowli, Manikonda and other neighbouring micro markets. This zone is witnessing massive residential activity because of its proximity to major employment hubs.

East

Prominent locations of East Zone are L.B Nagar, Uppal, Tarnaka and Pocharam (which has the largest Infosys campus), which is driving the residential growth of LB Nagar and Uppal.



Zone Wise Population Breakup



Major Initiatives to revive Hyderabad

New TDR policy

New TDR policy (Transfer of Development Rights) with online TDR bank is being established to compensate the land lost for development activities.

T-iPass

T-iPass is to boost confidence among corporates, ensure ease of doing business and establish a single-window system for approvals.

Electronics Systems Design and Manufacturing (ESDM) Policy

Electronics Systems Design and Manufacturing (ESDM) Policy aims to attract \$3 billion USD in electronics sector by creating ~2 Lakh jobs.





Uninterrupted power supply to industries and IT-ITeS SEZs

Uninterrupted industrial power supply for all types of industries including MSME and Industrial Parks.

ICT policy

ICT Policy framework 2016 was designed to provide 35 lakh direct and 1 crore indirect employment in the coming years

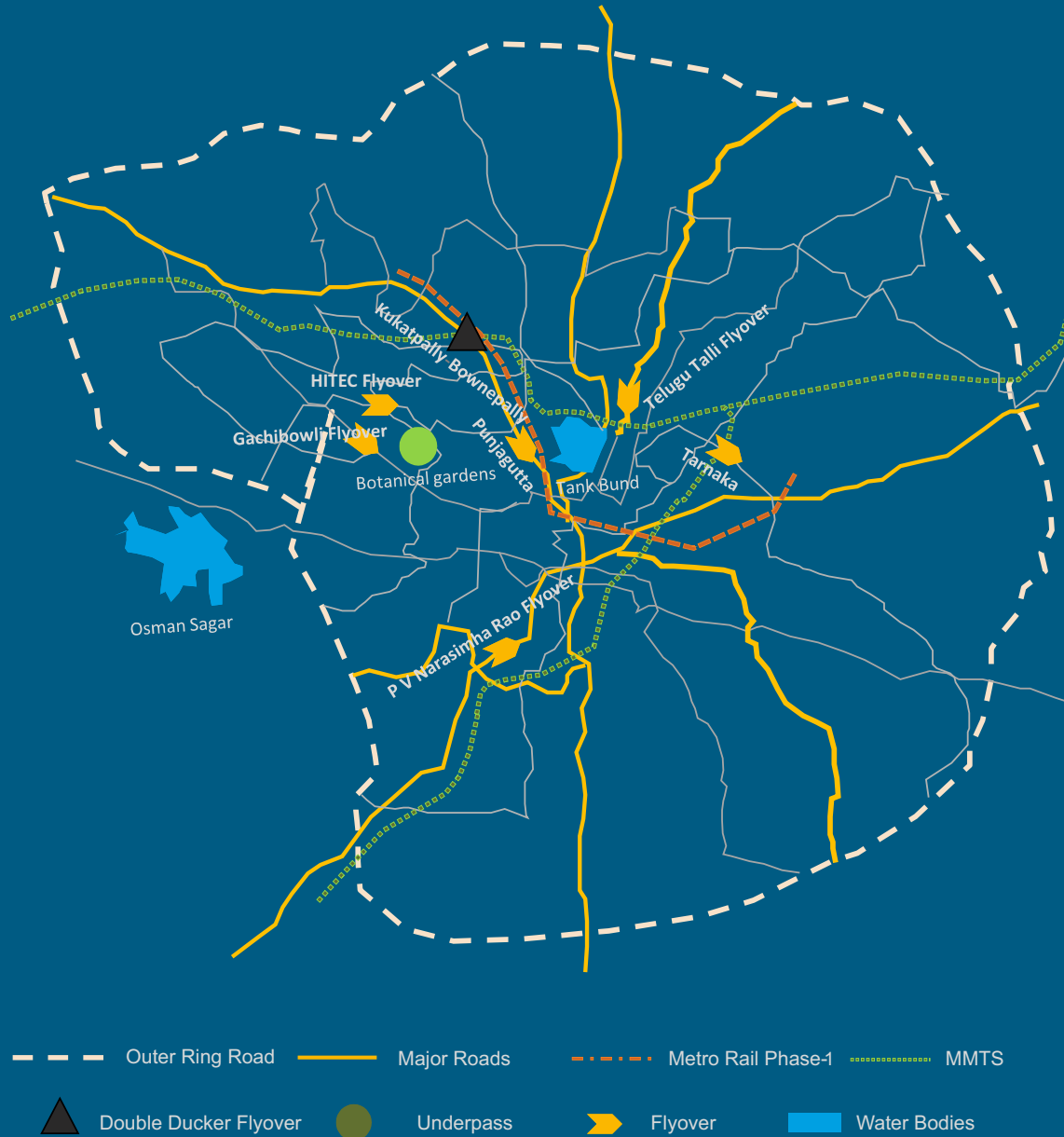
Aerospace & Defence Industry

Aerospace & Defence Industry has received a major push in the form of Aerospace Valley and Aerospace Parks in North Hyderabad. This sector is expected to create 40,000 jobs with an investment of €10 billion by International Chamber of Commerce and Industry, Bordeaux.

T-Idea

T-Idea is an incentive for industrial development and support for entrepreneurial advancements besides T-Pride and T-HUB to generate employment.

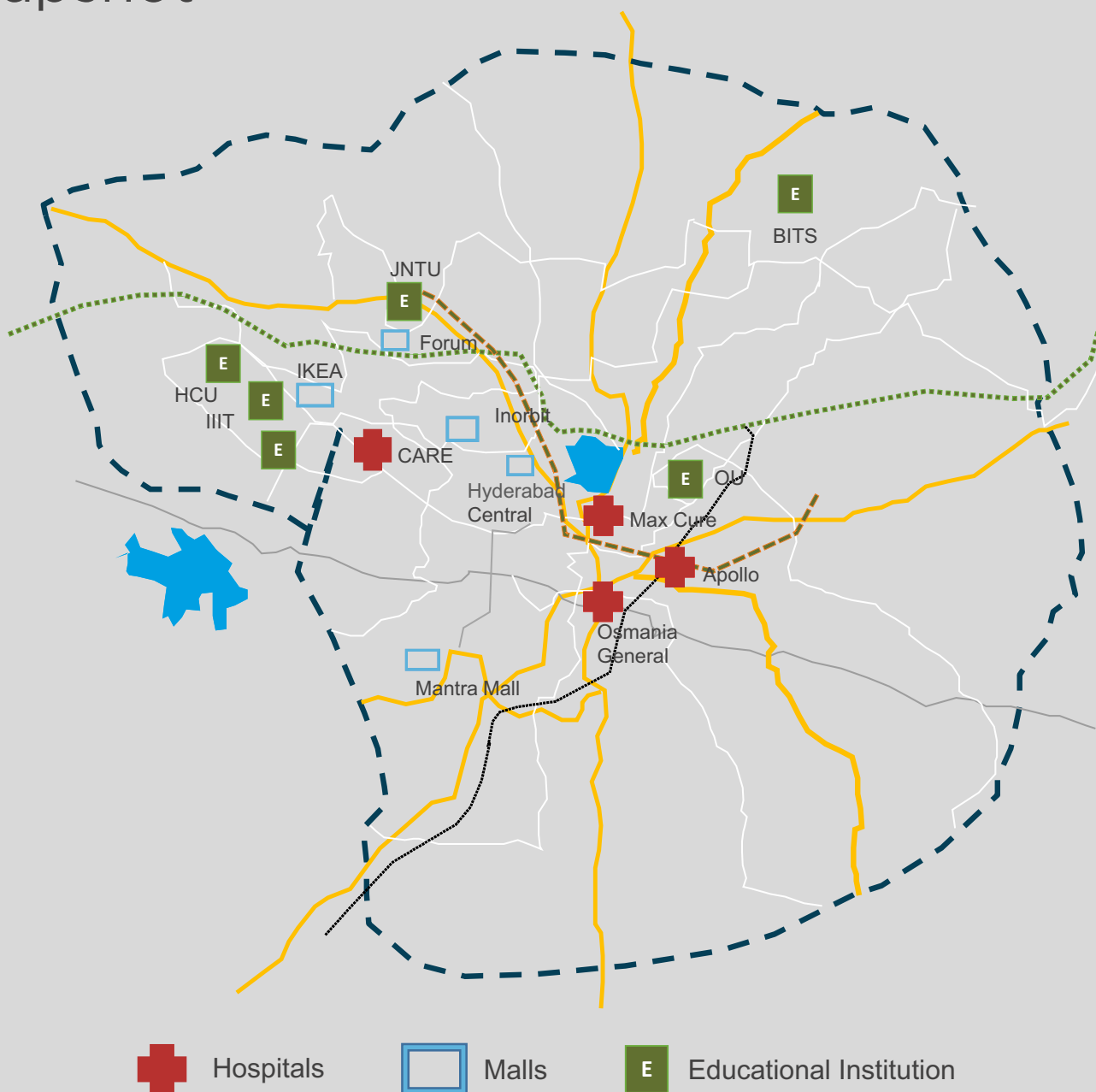
Physical Infrastructure Development



Hyderabad is well-connected to all the zones by a series of flyovers and underpasses. In addition, there are 18 new flyovers in the approved/under construction phase which will further improve the connectivity.

P V Narasimha Rao (PVNR) Elevated Expressway, the longest flyover, provides smooth connectivity between Shamshabad Airport and Masab Tank via Hyderabad - Bangalore Highway.

Social Infrastructure Snapshot



Hyderabad enjoys some of the country's best social infrastructure facilities and hosts a large number of reputed educational institutions, malls and healthcare centres.

Hyderabad scores high on organized retail spaces, with more than 20 famous malls in the city.

The city has an excellent saturation of amusement and entertainment options in the form of theme parks (Wonderla, Snow World, etc), Ramoji Film City and numerous resorts around Shamirpet.

Growth Drivers

Infrastructure:

Besides the existing Outer Ring Road, new infrastructure projects such as metro rail, underpasses and flyovers will help to drive the city's growth.



GDP per capita:

Hyderabad ranked 4th in the country and 2nd in South India in terms of GDP per capita during 2013-14, which grew by 4.2% during the same period. Hyderabad was given a 'recession recovered status' by GLOBAL METROMONITOR, 2014.



SEZs:

New Special Economic Zones (SEZs) such as FAB city (Shamshabad), Pocharam Infosys campus, Hardware Park, new electronic manufacturing clusters and upcoming Pharma companies in IKP Knowledge Park are set to increase employment levels in the city.



Government Reforms:

TS-iPass policy to boost the confidence among MNCs and corporates to drive business growth and attract investments into the city.



Affordability:

Availability of land and a large base of junior-to-mid level employees in the city will trigger demand for affordable housing projects in the South and North zones.



Education Hub:

Hyderabad is an educational hub with the presence of a large number of reputed public and private educational institutes. Students from Telangana, Andhra Pradesh, Orissa and nearby states prefer to come to Hyderabad for education because of the presence of a large number of reputed institutes for engineering, medicine, fashion technology and law.



“

Telangana government has designed development-focused policies to boost Real Estate & Construction activity, which contributes 13% of its total GSDP

”

Key Challenges

Lack of Overall Development across zones

- Real Estate development is largely confined to the Central and Western parts of Hyderabad because of the presence of large number of IT-ITeS companies there.
- The civic planning authorities should focus more on a holistic zone development plan by leveraging ORR's connectivity, establishing IT parks in South and North zones.

Drainage system

- The city's drainage system is a very old and is a major unresolved issue of Hyderabad. Problems are aggravated during rainy season. The civic planning authorities should focus on this issue to improve overall quality of living.



Traffic Congestion

- Traffic congestion at peak hours has become a 'road block' to faster urbanisation of the city. Despite the efforts of the planning authorities, such development activities are still in the nascent stage of tackling seamless traffic flow.

“

- Hyderabad should focus on a hub-and-spoke development plan to ensure circular development in all zones.
- Traffic congestion during the peak hours should be addressed.
- For the city to score higher on quality of living, the drainage system issue needs to be resolved to improve sanitation, particularly during the rainy season.

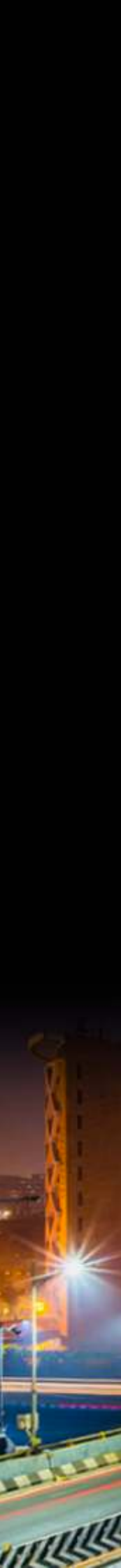
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Office Market Overview

Key Business Parks & Employment Pockets



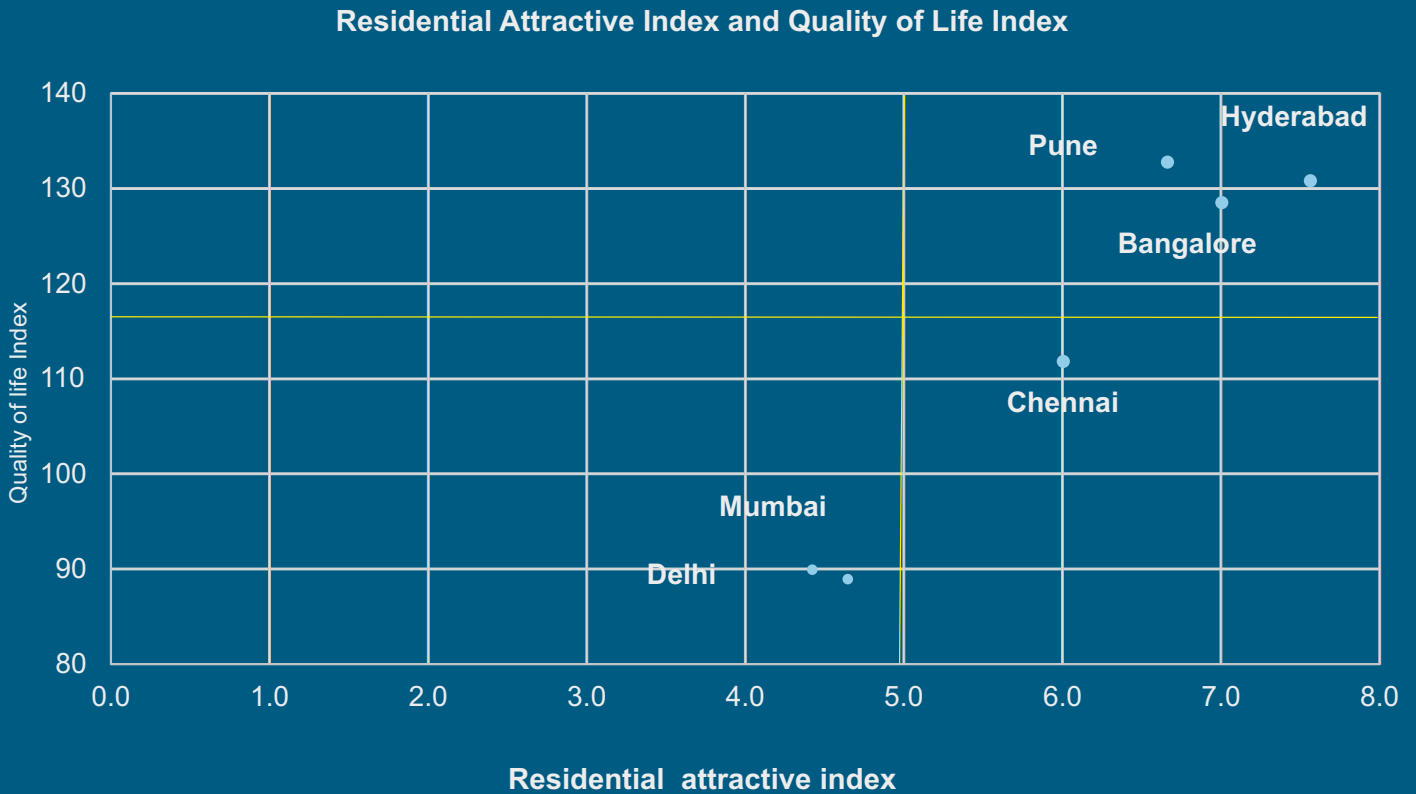
- | | | | |
|-------------------|-------------------|----------------------|------------------------|
| 1 Cyber Towers | 2 WaveRock SEZ | 3 Financial District | 4 Infosys Pocharam |
| 6 TATA Aerospace | 7 Q City Deloitte | 8 Intergraph | 9 ICICI Knowledge Park |
| 11 Tech Mahindra | 12 Divya Sree NSL | 13 Wells Fargo | 14 TCS Adibatla |
| 5 TCS Deccan Park | 10 Google | 15 Fab City | |



- Hyderabad's Western region is the hub of major IT/ITeS office spaces.
- Hyderabad is one of the preferred office spaces destinations because of its affordable rentals and the availability of good quality plug-and-play offices.



How does Hyderabad pan out against other major cities?



- Using the housing data and quality of life index scores on different parameters for major residential destinations in the country, we have plotted a scatter chart to depict what makes Hyderabad one of the most sought-after residential destinations in the country.
- The above chart indicates that Hyderabad, Bangalore and Pune are the top cities in terms of residential attractiveness index. Pune beats Hyderabad on the quality of life index by just a small margin.
- Hyderabad beats Pune on the parameters of absorption percentage and piled-up unsold inventory, giving Hyderabad an edge over Pune as a residential real estate destination.
- Hyderabad clearly scores higher on the quality of life index when compared to other cities excluding Pune. It beats Bangalore on both parameters.
- Hyderabad outshone Bangalore in terms of unsold inventory and capital value appreciation in both Q3 of 2016 and 2017, showing strong signs of recovery in residential real estate market.
- In terms of quality of life, Hyderabad beats Bangalore on the parameters of safety, cost of living, traffic commute time and pollution.



“ Hyderabad’s status as one of the most popular residential destinations in the country is based on sound parameters that indicate strong future growth. ”

Residential Market Overview



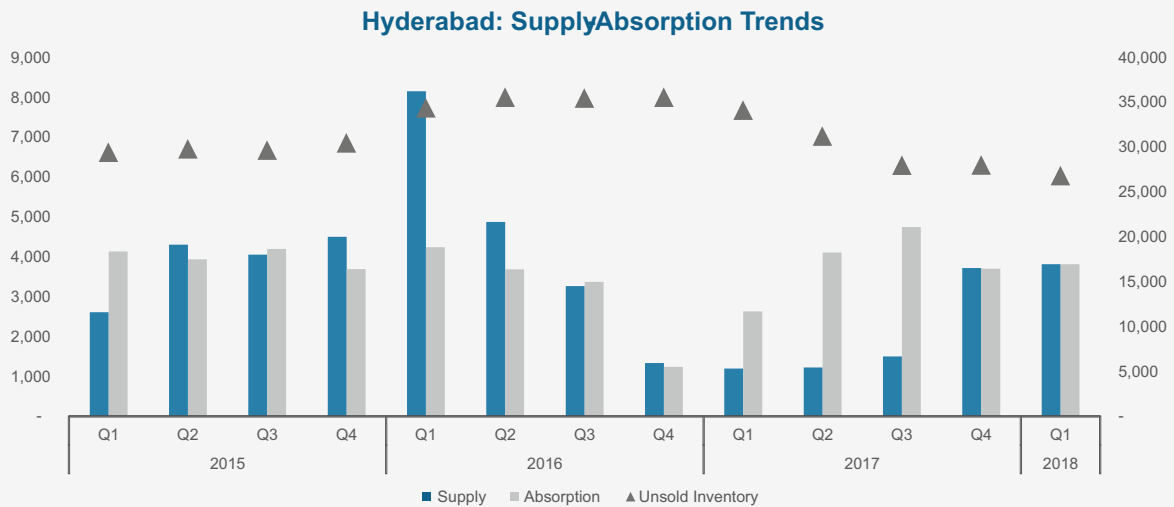
Supply:
2013 - Q1 2018: ~74,000 units



City-level average price growth
(Q4 2012-Q1 2018): 26%



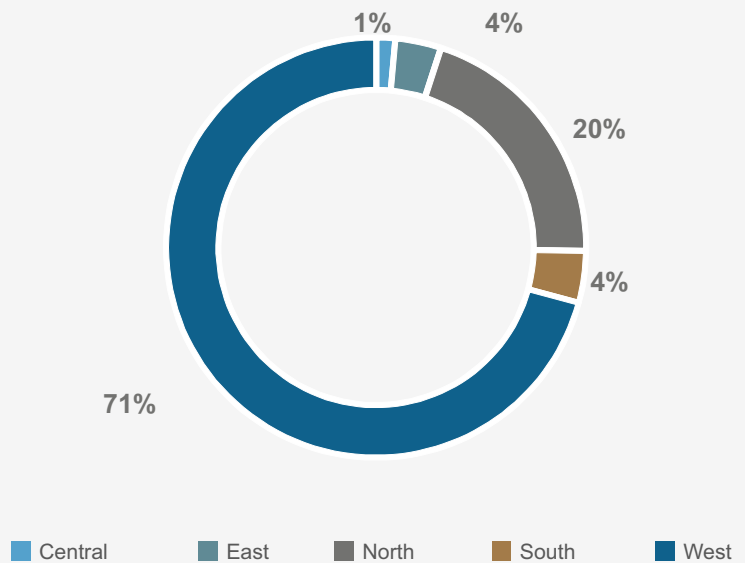
Zone with highest supply
& absorption: West Hyderabad



- Hyderabad's residential demand has witnessed a significant increase because of the growing employment levels and positive market outlook, which were only marginally affected by policy changes including DeMo, RERA and GST.
- There was a sudden spike in Q1 2016 supply – specifically, a 81% rise from Q4 2015. This increase is due to Hyderabad's favourable market conditions, and the timely completion of projects which were in a pause mode due to uncertain political conditions until 2014.
- Unsold inventory started to decline from Q4 2016 due to rising housing demand and developers looking to offload their existing stock because of DeMo and RERA, which also restricted the new launches.
- Absorption grew by 21% during 2017 from 2016 because of positive market sentiments coupled with growing IT workforce in the Western zone.
- A positive market outlook with the aggressive infrastructure developments under SRDP, favourable investor sentiments and relatively affordable rentals have boosted housing demand in Hyderabad.

Zone-wise Summary

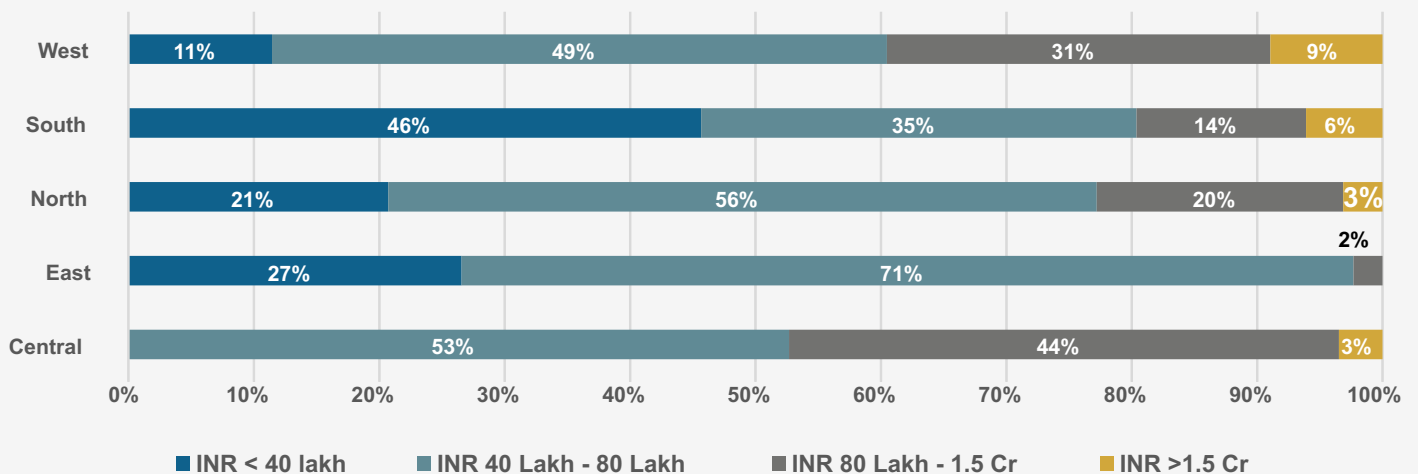
Zone - wise supply since 2013

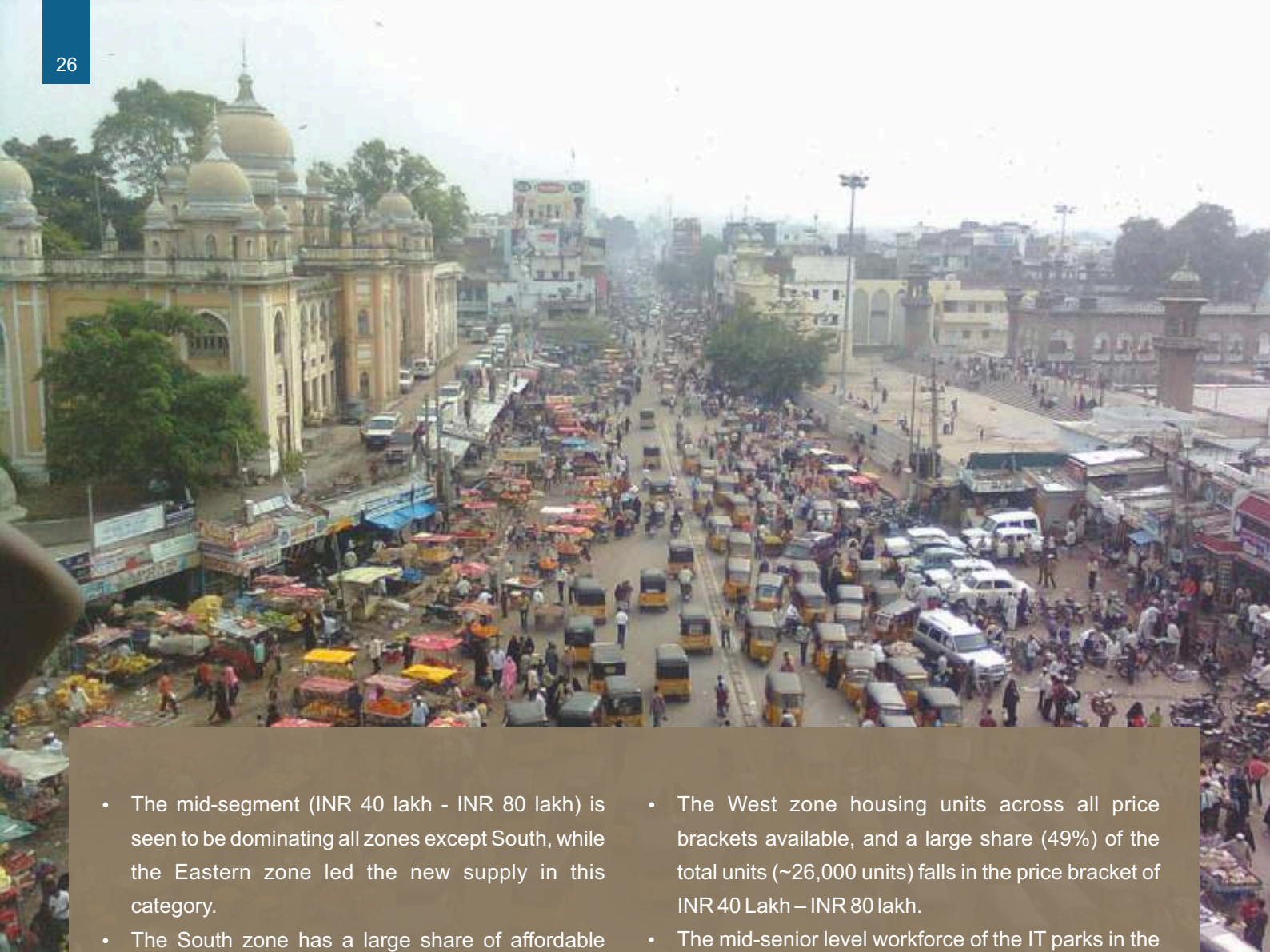


- In the last 5 years ~74,000 units were launched in Hyderabad, of which nearly 71% (~52,000 units) came in the West zone.
- A near-to 20% share of the total supply (~15,000 units) was launched in the North zone, while a minimal share of 4% each is from the South and East zones.
- The West zone – Hyderabad’s primary IT hub - tops the new launches because of land availability and good demand.

- New launches in the West zone are driven by the growing IT-ITeS workforce, increasing purchasing power and software employees’ desire to stay close to their workplaces.
- New launches in the Central zone have been minimal due to saturation of land. Development activities in the Eastern zone are still at a nascent stage and residential real estate is yet to pick up pace there.

Micro market and budget segment-wise supply (2013 - Q1 2018)





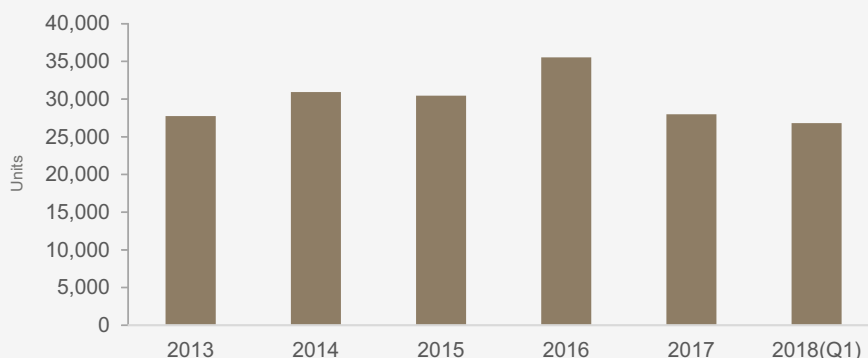
- The mid-segment (INR 40 lakh - INR 80 lakh) is seen to be dominating all zones except South, while the Eastern zone led the new supply in this category.
- The South zone has a large share of affordable housing (units priced < INR 40 lakh) with 46% (~1,300 units) of the supply in this category owing to the significant presence of junior-level employees in this micro market.
- A large share of junior to mid-level workforce in the Central zone prefers the South zone for its housing needs, particularly in localities like Rajendra Nagar, Attapur and Kismatpur which triggered the demand in the South zone.
- The West zone housing units across all price brackets available, and a large share (49%) of the total units (~26,000 units) falls in the price bracket of INR 40 Lakh – INR 80 lakh.
- The mid-senior level workforce of the IT parks in the West zone prefers to live in proximity to the relevant work locations, thereby boosting housing demand in this zone.
- Due to the presence of HITEC city, the financial district and Raidurg IT parks, micro markets such as Manikonda, Tellapur, Narsingi and Kokapet are seeing a surge in capital values and rentals.

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Hyderabad's West zone has the highest percentage of supply since 2013 due to the presence of many IT-ITeS companies which are driving residential real estate growth there.

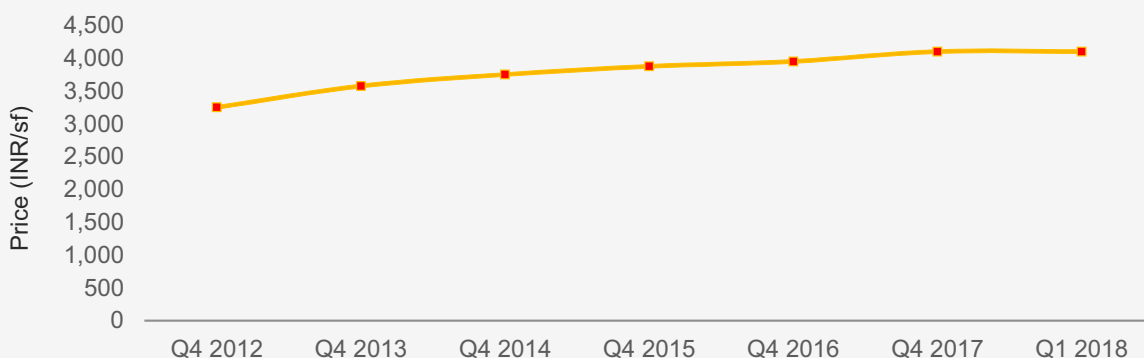
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Unsold Inventory trend



- Unsold inventory in Hyderabad grew by 11% during 2013-14 reaching ~31,000 units in 2014 due to weak market sentiments and unstable political scenario.
- Political instability, Telangana state agitation and general elections affected the absorption of units in Hyderabad. There was an overall slowdown in housing sales during this period.
- Post 2016, there is a clear upward surge in demand and absorption has accelerated in major residential pockets of Hyderabad as the city showed clear signs of revival by attracting large investments and transforming the physical infrastructure situation.
- Unsold inventory fell by 25% from 2016 reaching ~26,000 units by Q1 2018, indicating a strong comeback from the pause mode.

City-level price trend



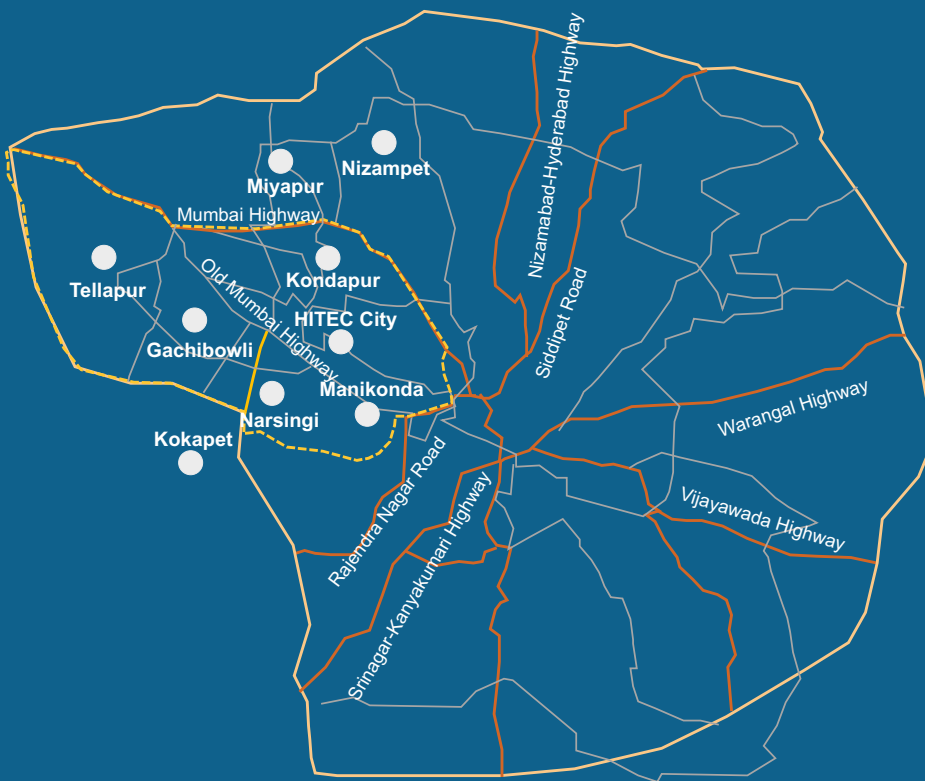
- Despite weak investor sentiments, political instability and Telangana state agitation, capital value growth on Hyderabad’s residential market have remained positive over the last 6 years.
- Hyderabad’s residential real estate market experienced a linear growth in average housing prices since Q4 2012, registering a 5% CAGR during 2012-17.
- The city’s residential market witnessed capital value growth of 26% from Q4 2012 to Q1 2018.



Hyderabad has emerged as one of the most resilient residential real estate destinations, with rising capital values registering a 26% growth between Q4 2012 - Q1 2018.



Key Residential Destinations and Top Micro Markets



Legends

- Outer Ring Road
- - - West Zone
- Major Roads
- Internal Roads





Hyderabad has grown steadily into a key South Indian city, expanding its boundaries over the years. The city has witnessed rapid urbanization and massive population growth in the central parts. Consequently, physical and social infrastructure have grown to full potential and in fact reached a point of saturation in the Central zone.

Localities such as Ameerpet, Khairtabad, Somajiguda and Banjara Hills have more or less saturated in terms of availability of land, employment opportunities and scope for future development.

Presently, the Western part of the city is seeing a surge in real estate activity with increase in supply and absorption. A whopping 75% of the new supply in residential projects is launched in the Western zone of the city, due to the presence of major employment pockets.

A major concern in the city is traffic congestion during peak hours of the day, inconveniencing employees who commute to work. Hence, micro markets with better connectivity are attracting high residential demand.

Micro markets such as Kondapur, Tellapur and Kokapet are witnessing an increase in new supply while property prices are seeing appreciation due to these areas' proximity to IT hubs, good road connectivity, connectivity to ORR and availability of land for new developments.

This section gives a brief analysis on the residential activity in the top seven micro markets around the Western belt. It provides a brief analysis of the supply, completion timelines, price brackets of housing units, growth drivers and average property prices.

“

West Hyderabad has evolved into the largest employment hub of the city, leading to high residential activity in and around its periphery. Also, with major micro markets saturating over the years, several other areas close to prominent ones are seeing spill-over demand.

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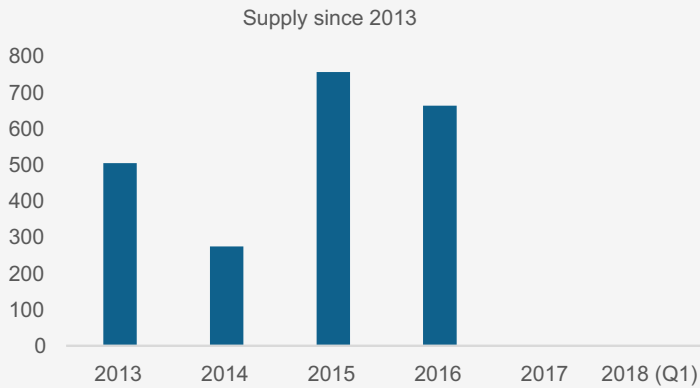
TELLAPUR – A destination for premium gated communities

▶ Total Units: ~2,200
(2013 - Q1 2018)

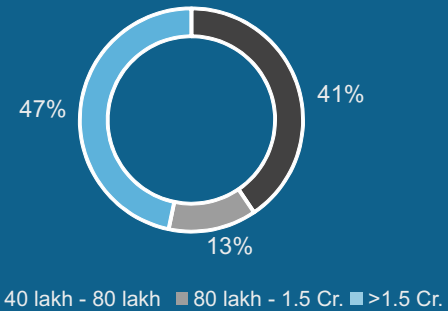
▶ Available units:
~1,100

▶ Predominant Budget Range:
> INR 1.5 Cr. (47% of supply)

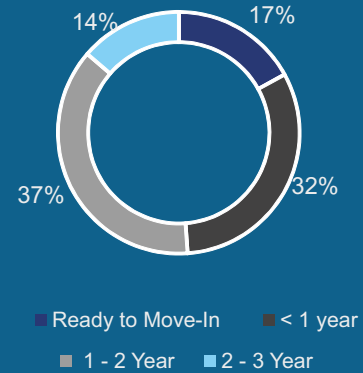
▶ 17% supply is
ready-to-move-in



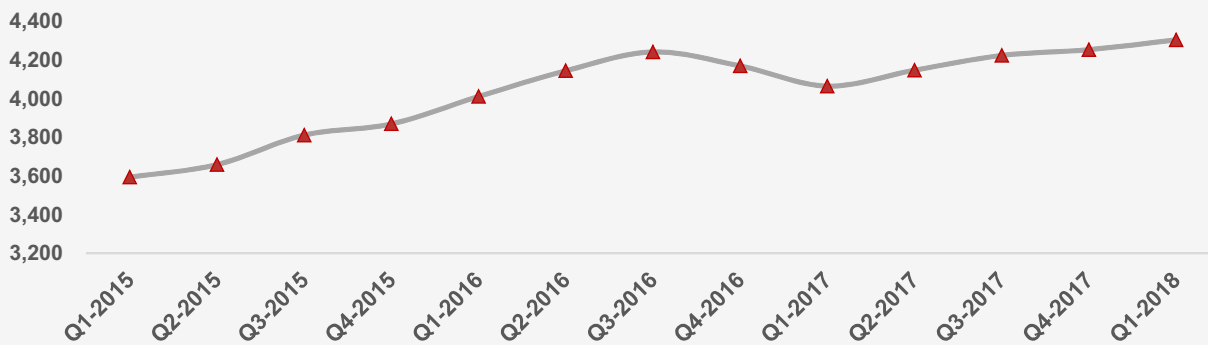
Budget - wise supply trend



Age of Inventory since 2013



Price (INR/Sqft)

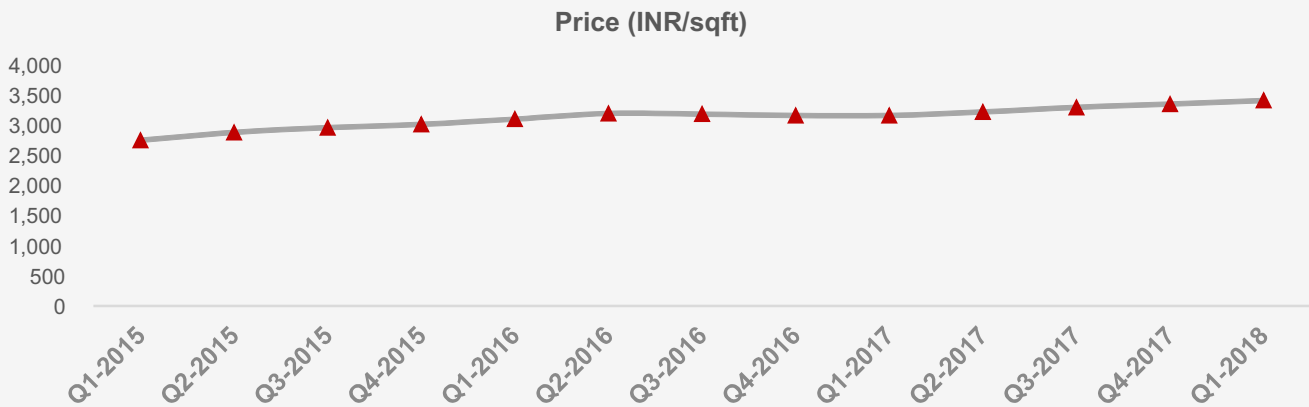
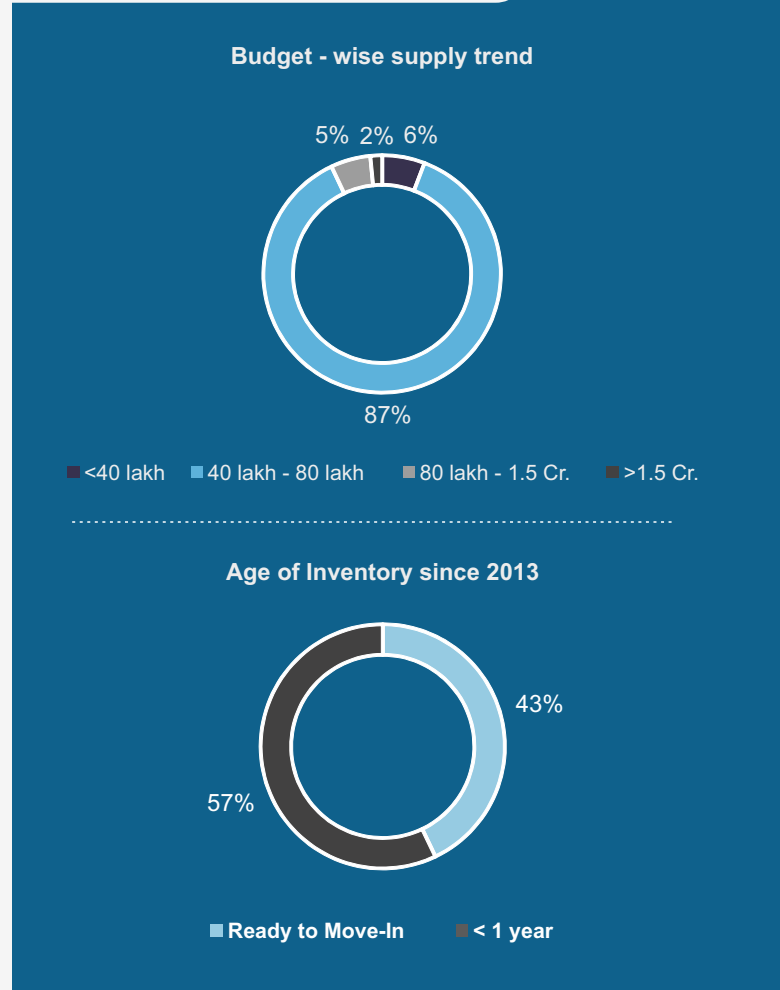
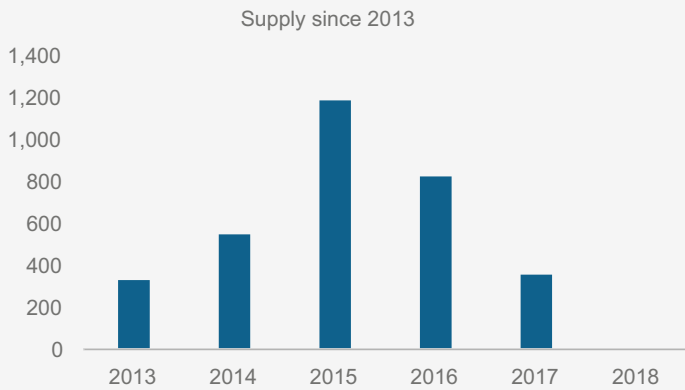


- Tellapur has excellent connectivity via ORR to major employment pockets such as Wipro Circle and the financial district.
- Maximum new supply is in the ticket size of > INR 1.5 Cr., which makes this a premium micro market. Moreover, a large part of the new supply comprises of villas and gated community projects.
- Close connectivity to Hyderabad Central University, IIT and Wipro Circle make Tellapur an attractive real estate destination.



MANIKONDA – Largest mid segment micro market

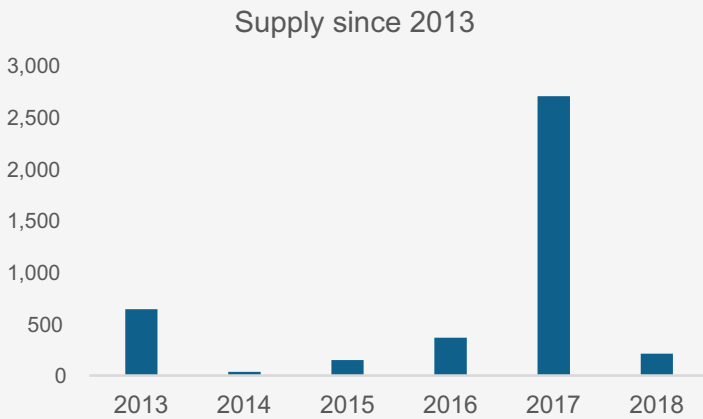
- ▶ **Total Units:**
~3,200 (2013 - Q1 2018)
- ▶ **Available units:**
~1,100
- ▶ **Predominant Budget Range:**
> INR 40- INR 80 lakh (87% of supply)
- ▶ **43% supply is ready-to-move-in**



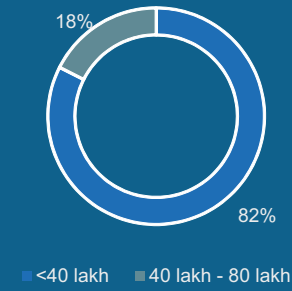
- Strategically located, Manikonda is well connected to major areas of the city, including Film Nagar, HITEC City, MehdiPatnam and the airport.
- Easy connectivity to ORR and the financial district help ease commute time to office spaces.
- A large part of the new supply caters to the mid segment in the ticket size of INR 40 lakh - INR 80 lakh.
- Manikonda is emerging as an excellent destination for rental housing with growing residential and commercial spaces because of its proximity to Lanco Hills Tech Park, a knowledge corridor.

MIYAPUR – A well connected affordable micro market

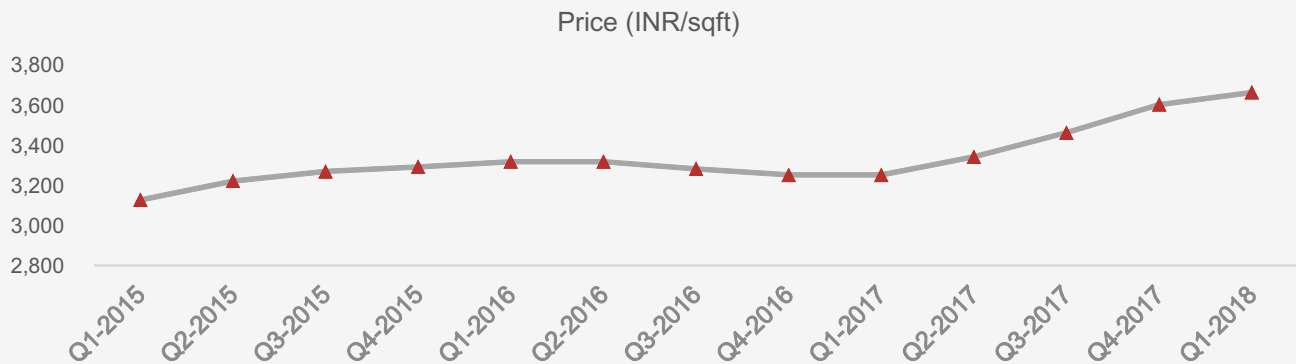
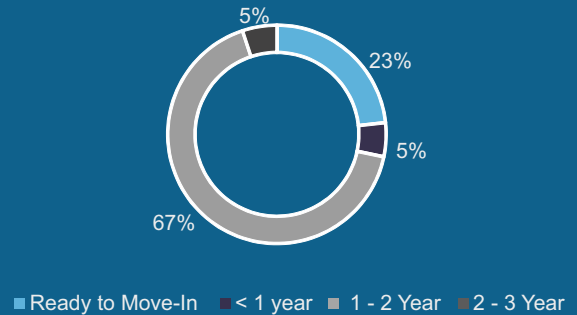
- ▶ **Total Units:**
~4,100 (2013 - Q1 2018)
- ▶ **Available units:**
~2,900
- ▶ **Predominant Budget Range:**
< INR 40 lakh (82% of supply)
- ▶ **23% supply is ready-to-move-in**



Budget - wise supply trend



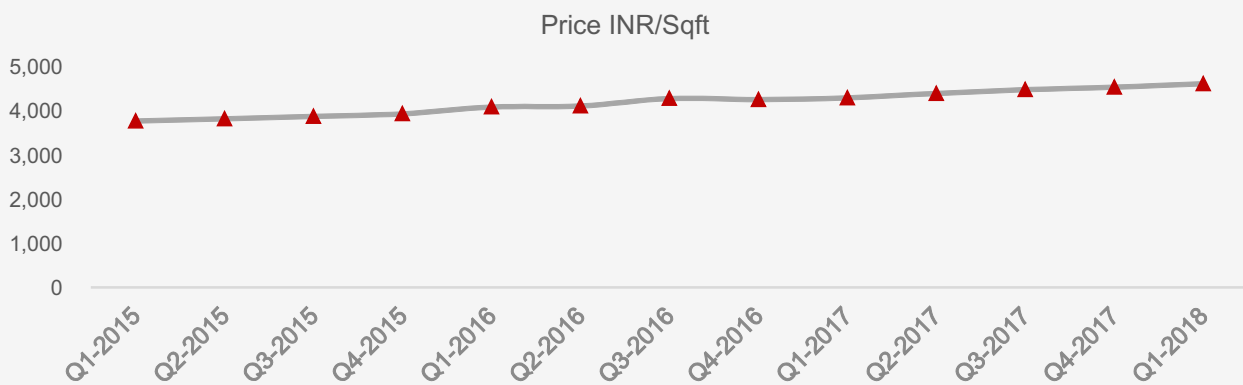
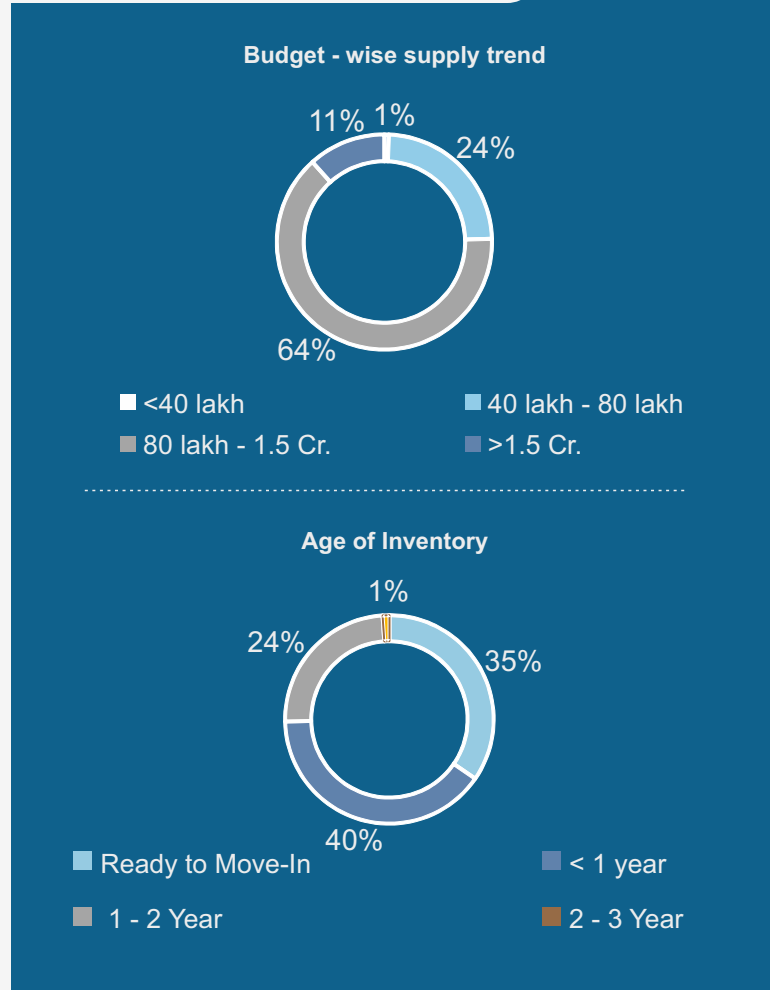
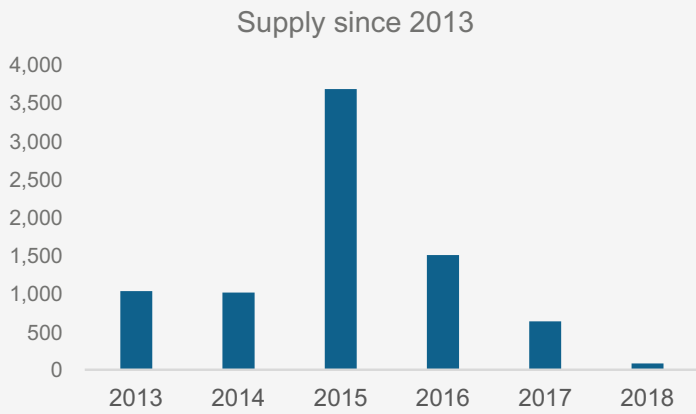
Age of Inventory



- Miyapur's real estate market was more or less stagnant till 2015 and began to recover from 2017 onwards. A major growth factor was the connectivity enhancement due to Metro phase I project which stretches from JNTU-Kukatpally to Ameerpet- MGBS and ends at L.B. Nagar.
- Miyapur has been seeing a rise in capital values since Q1 2017 due to the increasing preference of mid-junior level working professionals to reside here.

KONDAPUR – A high-class premium micro market

- ▶ **Total Units:**
~8,000 (2013 - Q1 2018)
- ▶ **Available units:**
~4,300
- ▶ **Predominant Budget Range:**
INR 80 lakh to INR 1.5 cr (64% of supply)
- ▶ **35% supply is ready-to-move-in**

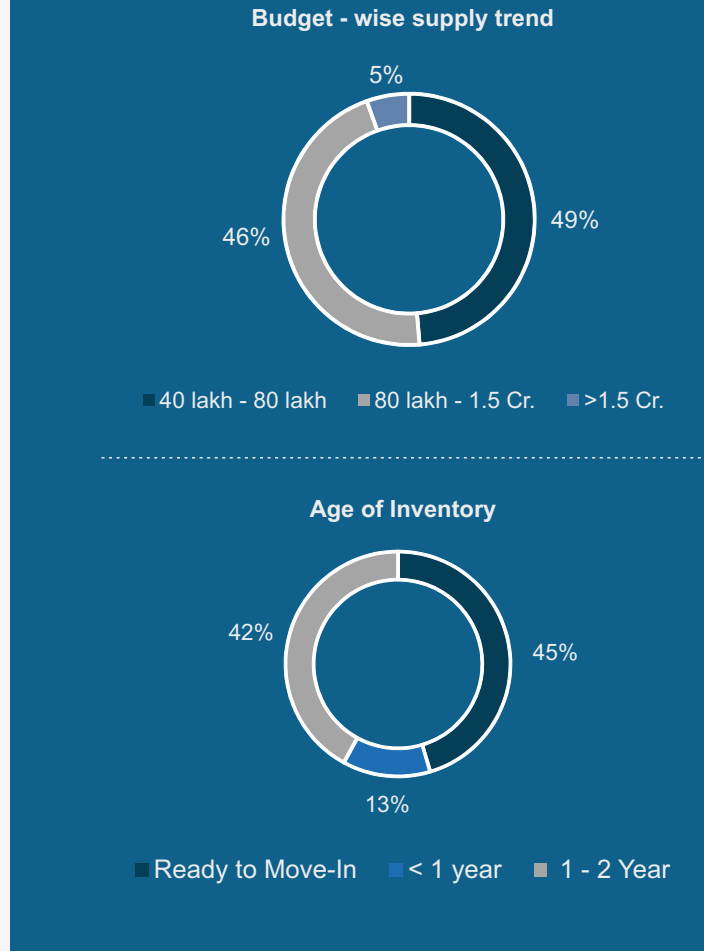
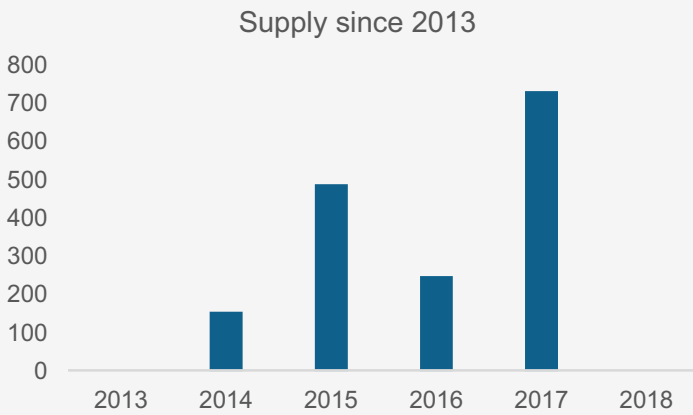


- Kondapur is centrally located and well-connected to HITEC City, Gachibowli and Kukatpally.
- Besides easy access to major IT hubs, Kondapur also offers good social infrastructure facilities.
- This micro market has seen price appreciation since 2015 due to its proximity to city’s biggest employment pocket and preference of working professionals to reside here.
- Demand for housing in Kondapur is expected to rise at a steady pace as the IT workforce is looking for ease of access to their work places.



KOKAPET – A promising mid segment micro market

- ▶ **Total Units:**
~1,600 (2013 - Q12018)
- ▶ **Available units:**
~800
- ▶ **Predominant Budget Range:**
INR 40 lakh to INR 80 lakh (49% of supply)
- ▶ **45% supply is ready-to-move-in**

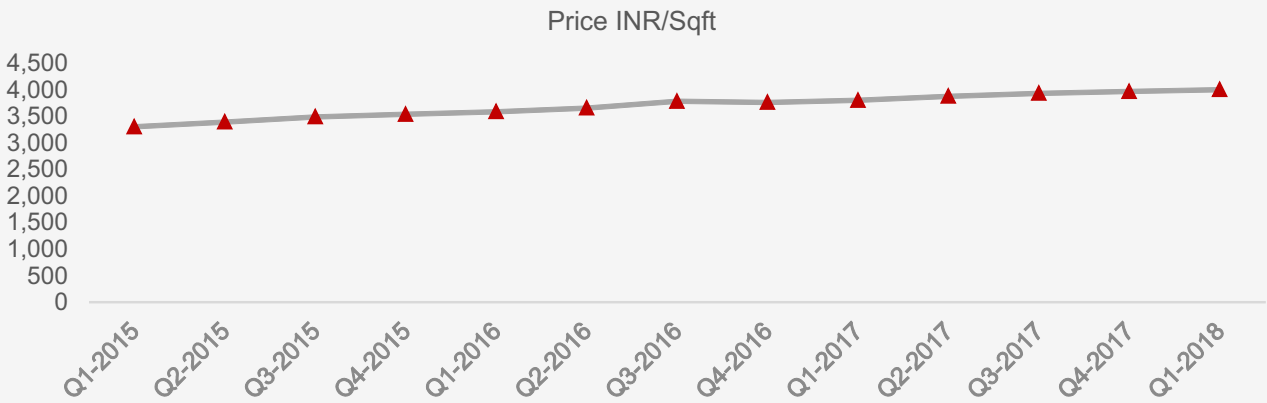
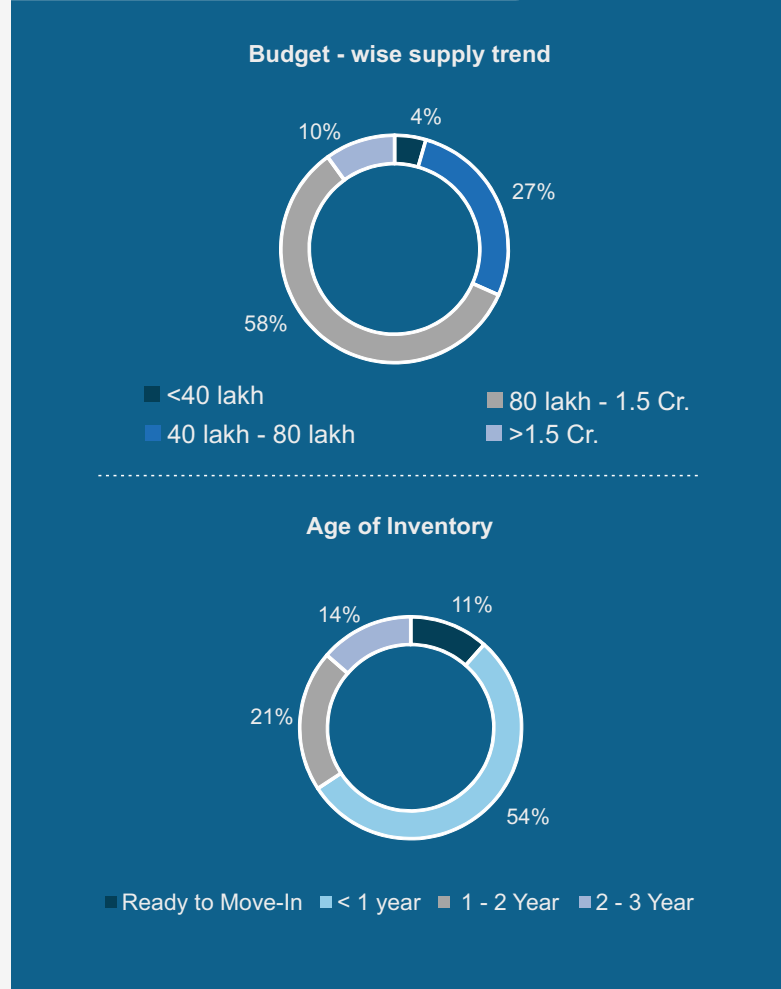
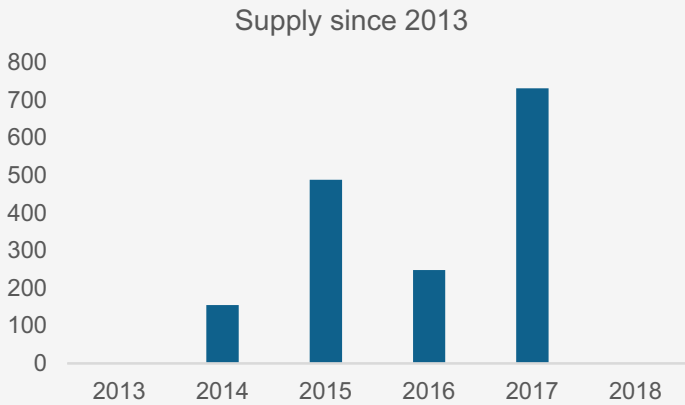


- Kokapet is strategically located and is in close proximity to Gachibowli via Narsingi – Nanakramguda Road.
- Kokapet has witnessed a linear rise in prices, making it one of the best areas for ROI. In 2017, the area had myriad options to choose from as compared to other micro markets.
- HMDA's Golden Mile project is expected to transform this micro market into a major business district on similar lines to the financial district and HITEC City.



NARSINGI – A high potential upper-mid segment micro market

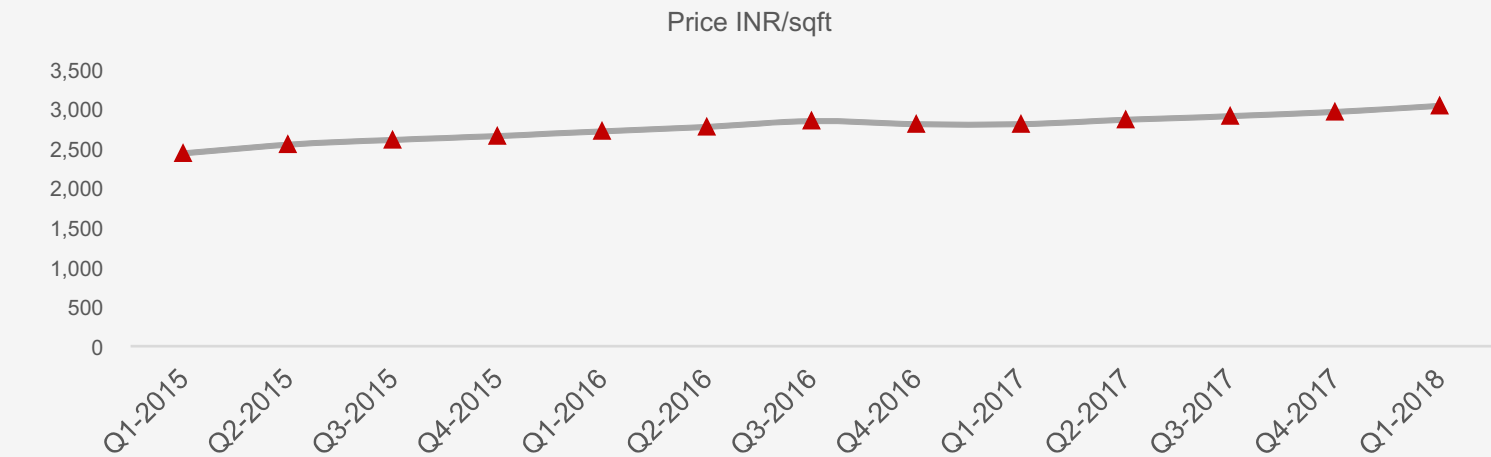
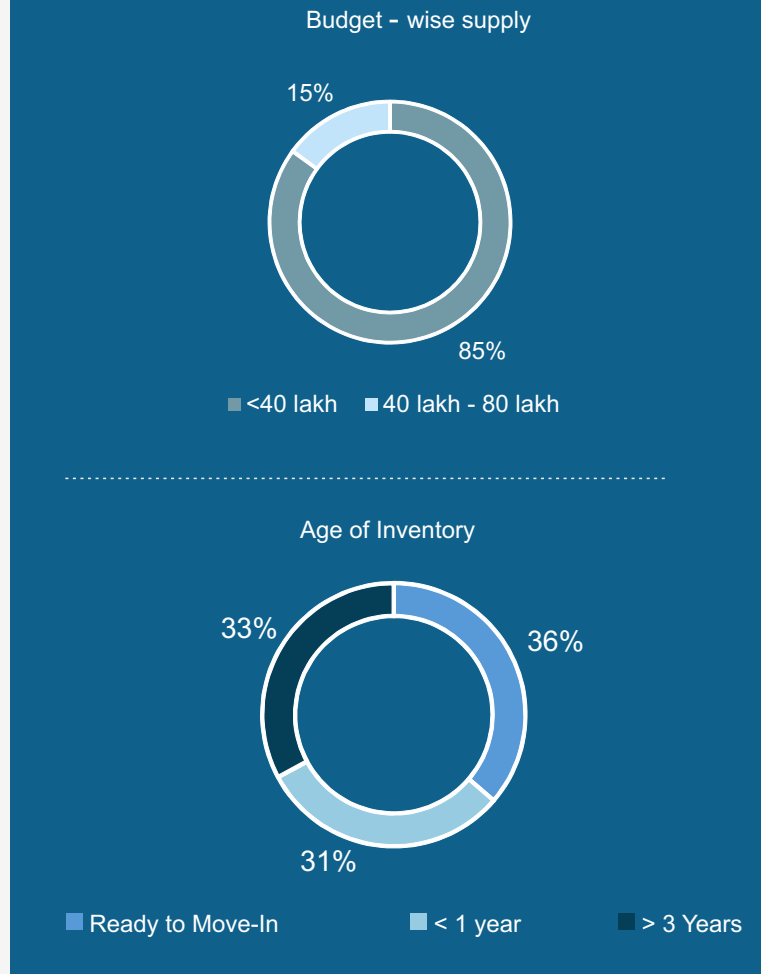
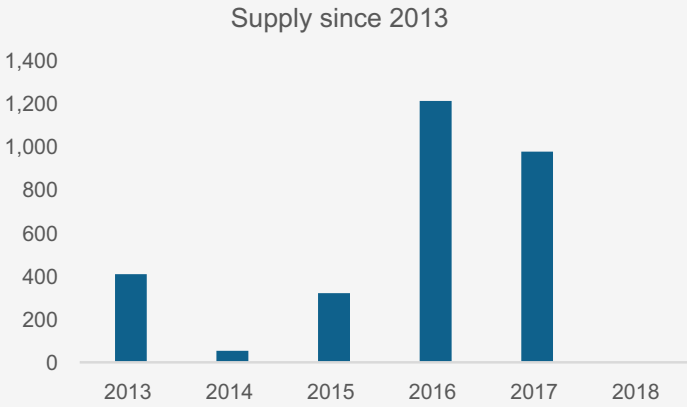
- ▶ **Total Units:**
~4,300 (2013 - Q1 2018)
- ▶ **Available units:**
~2,700
- ▶ **Predominant Budget Range:**
INR 80 lakh to INR 1.5 Cr (58% of supply)
- ▶ **11% supply is ready-to-move-in**



- Narsingi scores high due to connectivity to Wipro Circle via Kokapet-ORR road.
- This micro market is turning out to be a favourite destination for mid-to-high range premium gated community projects.
- Narsingi has witnessed only a slight variation in prices since the beginning of 2015 because its potential is still untapped and overall development is at a nascent stage.
- Demand for housing in Narsingi is expected to reach full potential in the next two years as the existing projects reach final stage and other land parcels are opened for new projects.

NIZAMPET – An affordable housing destination

- ▶ **Total Units:**
~3,000 (2013 - Q1 2018)
- ▶ **Available units:**
~2,000
- ▶ **Predominant Budget Range:**
< INR 40 Lakh (85% of supply)
- ▶ **36% supply is ready-to-move-in**



- Nizampet enjoys good connectivity to HITEC city, Kukatpally and JNTU localities, which boast of excellent social infrastructure facilities.
- A large number of standalone, affordable housing projects are coming up at Nizampet because of saturation of KPHB and Madhapur micro markets.
- Nizampet is turning out to be an affordable alternative for Kukatpally, which has limited availability of land for new projects.





Outlook

Hyderabad has come a long way from – from a Nizam-ruled South Indian city famous for its pearls to a buzzing cyber city and one of the major residential destinations in the country. Today, the city has become one of the largest exporters of IT talent.

Political instability in the state until 2014 and the overall macroeconomic environment over the last few years impacted the realty market of the city to a large extent. However, post the state bifurcation in 2014 after a long agitation and political unrest, Hyderabad is seeing a major revival. The city is experiencing a phenomenal spurt in residential real estate activity, with appreciating capital values and increasing retail and office space absorption from 2014 to 2017. Policy support from the local government to strengthen the city's socio-economic indicators has attracted investments post-2014.

The government's development initiatives such as T-iPass, T-Idea, single-window clearance system and T-Hub through regional development authorities gave a strong boost to urban and industrial development in the state, subsequently attracting global investments. With these long-term economic growth initiatives, Hyderabad is likely to witness growth in industrial, manufacturing and warehouse storage facilities as well.

Key growth sectors such as IT, electronic manufacturing clusters, start-ups with the T-Hub initiative, aerospace & defense, Pharma, life sciences and medical devices manufacturing parks which are being established around Hyderabad are expected to create medium to long-term opportunities for employment creation, population increase and growth in residential real estate activity.

In terms of residential real estate, Hyderabad has witnessed decent growth in housing sales, a decline in unsold inventory stock and a steady rise in the fresh supply of housing units in all the prime micro markets. Localities such as Tellapur, Kokapet, Manikonda, Nizampet and Kondapur are experiencing high demand for new projects, and rapid absorption of existing projects. This can be attributed to the growing employment opportunities in the Western and Central zones, improved road connectivity opening new micro markets, and rising disposable income levels of citizens.





With business-friendly government policies, new infrastructure projects, expansion of MNCs and start-ups coming into Hyderabad, the city is going to be back on investors' radar after a long pause. As a result, Hyderabad will experience steadily increasing demand for residential real estate in the years to come. Hyderabad is surely the 'bright spot' in Indian real estate.





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