


**REGION
FOCUS**

HIGH ON HYDERABAD

Hyderabad has been witnessing high growth in the real estate segment, making it stand among the top five concentrated cities for housing in India.

BY : SREYASI MAITY

Different components such as IT boom, competitive property costs, large-scale start-up culture, great quality of life and accessibility of developable land, make Hyderabad one of the lucrative real estate market for developers from across the nation. Existing Special Economic Zones (SEZs) supporting textile, gadgets, biotech, pharmaceutical, etc. and new SEZs such as FAB city, Pocharam Infosys Zone and upcoming Electronic Manufacturing Estates have further added employment opportunities which will be the growth drivers of real estate of the city.



Madhusudhan G., Chairman & MD, Sumadhura Group said,

"Globally, India is leading in terms of millennial population (i.e., 34% of the country's total population), accounting for nearly half of the working age population. Millennial entrepreneurs have always looked up to high-end and luxurious spaces

for their workplace, increasing demand for Grade A office spaces. In 2019, the top seven markets for Grade A

AREAS OF CONCERN

- As most of the real estate development has taken place in the western part of the city, the real estate growth is skewed towards this region. More than 75 per cent of the new residential project launches have taken place in western part which is putting substantial pressure on the areas utility infrastructure as well as roads and traffic situation.
- While the Outer Ring Road has provided multi-dimensional connectivity to various locations in the city, overburdened transport systems and de-clustering of the roads needs immediate remedial.
- Addressing the pollution issues, water and power shortages, lack of proper sewage collection and treatment, slums rehabilitation and tackling unplanned constructions are other urban development challenges facing the city.
- Furthermore, with steep rise in property prices, land prices have risen sharply creating an adverse impact on open plots business. So, buyers are not keen on putting their money on land now as they feel there may not be much appreciation in near future.

• **Gachibowli** - Gachibowli could be a major hotspot for commercial real estate in Hyderabad. Real estate supply is solid and property costs have gone up relentlessly which makes it a great place to invest. Investors can anticipate a yearly Return On Venture (ROI) anywhere between 20-25%.

• **Manikonda** - Manikonda is another fast-developing micro-market of west Hyderabad near HITEC city, Gachibowli, and Kondapur. It is one of the biggest mid-segment micro-market in Hyderabad with more than 50% supply in ready-to-move properties.

• **Nallagandla** - Nallagandla encompassed by Kondapur on the east, Gachibowli in the south, Tellapur to the west, and Lingampally in the north is the emerging market that has pulled in investors and cost appreciation alongside expanded rental patterns in affordable and mid-segment housing.

• **Miyapur** - Miyapur real estate market has seen cost appreciation due to its vicinity to the city's greatest business and educational pockets. This region has large open spaces for high-rise buildings.

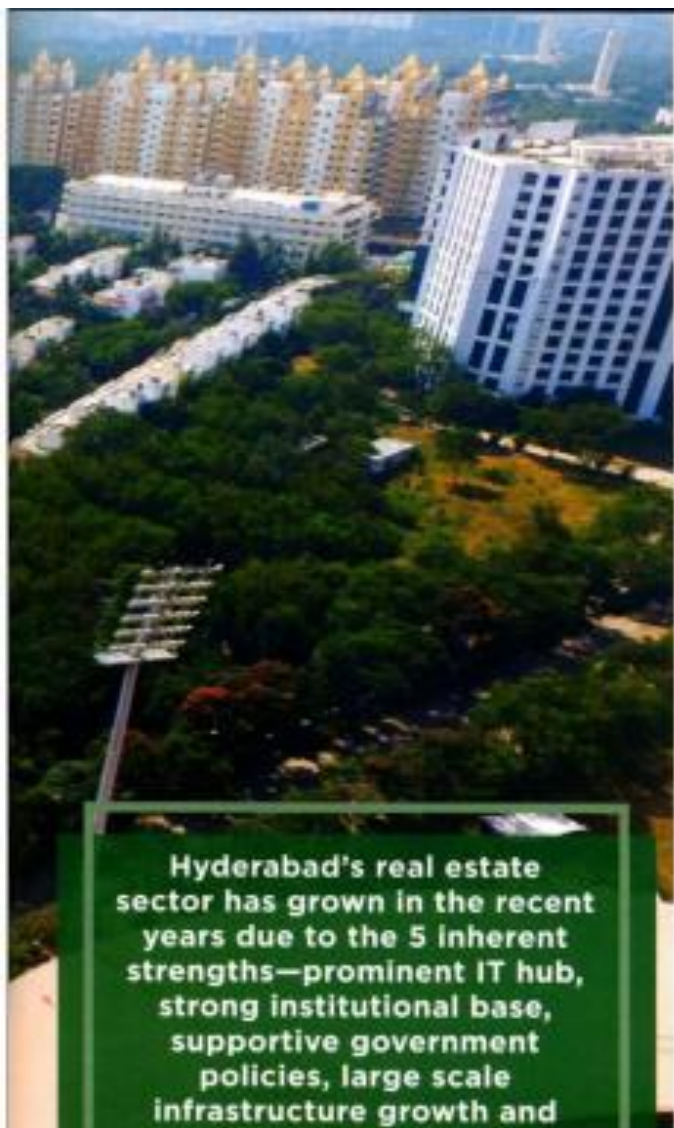
• **Madhapur** - Madhapur is home to prominent IT workplaces and educational institutes with robust infrastructure, metro network, land accessibility, and plenty of housing options to select from. Plotted advancement and skyscrapers are coming up within the northern portion of Madhapur.

THE WHEELS OF GROWTH

The commercial real estate continues to be the area of investment and the trend is expected to continue in the years coming ahead. The Gachibowli financial district and hi-tech corridor has become a major commercial hub. According to a recent industry report, Hyderabad saw the sharpest quarterly increase among all cities with investment inflows increasing by a multiple of 5.6 times on-quarter.

The large scale infrastructure initiatives of Telangana government include, building a 363-km regional ring road (RRR) in Hyderabad, the highway network, building skywalks, flyovers, and advancement of green spaces across Hyderabad. In addition, due to the accessibility of developable land and higher rentals, the city is getting to be favoured city for real estate developers as well as buyers.

In spite of the various challenges, Hyderabad has more potential than many other cities in India. With Hyderabad emerging as one of the leading foreign investments destination in the South, this would further boost the demand for real estate in the city.



Hyderabad's real estate sector has grown in the recent years due to the 5 inherent strengths—prominent IT hub, strong institutional base, supportive government policies, large scale infrastructure growth and significant employable young population.

office spaces and office rentals are Delhi-NCR, Mumbai, Bengaluru, Chennai, Hyderabad, Pune and Kolkata.

In fact, Hyderabad clocked a 129% spike in office space completion in the first half of 2019, the residential realty too saw a 47% increase in units launched and a massive 67% decrease in unsold inventory in the same period. In

addition, nearly 40% of the total transacted space in warehousing was taken by e-commerce sector in Hyderabad in 2018 majorly in the Jeedimetla-Medchal-Kompally cluster.



Pradeep Lala, CEO Embassy Services Pvt Ltd, added, "Ensuring that the growth of infrastructure matches with the growth of business is

a challenge for any government. In the case of Telangana, the government has focused on developing the IT corridor and has established an agency called TSIIIC (Telangana State Industrial Infrastructure Corporation). This agency provides single window clearance and support for all initiatives."

REALTY HUBS OF HYDERABAD

The circular improvement supported by Outer Ring Street, National Highways, and metro have given multi-directional growth and associated far-off zones to city centres. In addition to the concentration of residential markets in Central Hyderabad, there has been spillover of demand in new locations of East Hyderabad such as LB Nagar, Nacharam and Malakpet. The IT sector has resulted in the growth of the city towards the Western Hyderabad locations of Madhapur, HITEC City, Kondapur, and Gachibowli whereas, industrial activity has led to residential activity in North Hyderabad micro markets. According to **Rakesh Reddy, Director, Aparna Constructions and Estates Private Limited,** "Hyderabad and neighboring areas have turned out to be a real-estate goldmine in the recent past. While the real estate market has suffered a setback since demonetization, Hyderabad remained stable. In Hyderabad, the authorities have not put FSI restrictions in order to encourage developments in the city. This has also helped rationalize the per square feet cost of the projects."



CAPITAL VALUES

Avg. Quoted Rate (INR/sq ft)	Quarterly Change (%)	Short-term Outlook
4,775	NIL	↑
4600	NIL	↑
4190	NIL	↑
3615	NIL	↑
3000	NIL	↑

RENTAL VALUES

Key Macro Market	Avg. Quoted Rent (INR/Month)	Quarterly Change (%)
Gachibowli	17,000 - 25,000	NIL
Kondapur	16,000-24,000	NIL
Mayapur	13,000-20,000	NIL
LB Nagar	8,000-13,000	NIL
Adibatla	9,000-15,000	NIL

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