



PROPERTY ONE ASIA RESEARCH

**HYDERABAD COMMERCIAL REAL ESTATE
MAY - 2009**

ASIA COMMERCIAL

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AT A GLANCE

- City of Hyderabad witnessed a total supply of 1.8 million sq. ft. which is comparatively more than what has been received by other cities. Of this the major contributor has been Madhapur, Gachibowli and Panjagutta.
- 94% of the total supply is provided by the suburban locations of Madhapur and Gachibowli of which 220000 sq. ft. accounted for SEZ supply.
- More activities are coming in and around Panjagutta which is becoming a major commercial hub in Hyderabad.
- Aparna Constructions is coming up with a 2.5 acres commercial space in Shethpeth which is expected to be complete in 2010.
- Indu Group is coming up with 600000 sq. ft. commercial property in Shamshabad at a lease rental of approximately Rs. 25-30 per sq. ft.
- The CBD area of Hyderabad is Banjara Hills which has a lease rental of Rs. 100-150 per sq. ft. and a capital value of Rs. 8000-10000 per sq. ft.
- The suburban business districts such as Gachibowli, Madhapur have a concentration of SEZ's and have experienced shift of office spaces in last month.
- Total absorption estimated last month was approximately 250000 sq. ft. of which 70000 sq. ft. was pre-commitments made. Major absorption was by Madhapur and Gachibowli which accounted for 75% of the total supply.

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Rental Market Indicators:

Sub Market	Average Lease Rate in April (per sq. ft./per month)	Average Lease Rate in March (per sq. ft./per month)
CBD- (Banjara Hills, Begumpet) Grade A	60	70
CBD- (Banjara Hills, Begumpet) Grade B	60	65
SBD- (Jubilee Hills) Grade A	55	65
SBD- (Jubilee Hills) Grade B	50	60
Secondary Market: (Ameerpet, Himayatnagar, Sarojini Devi Road) Grade A	25	30
Secondary Market: (Ameerpet, Himayatnagar, Sarojini Devi Road) Grade B	23	25
IT Corridor (HITEC City, Madhapur, Kondapur,	38	42



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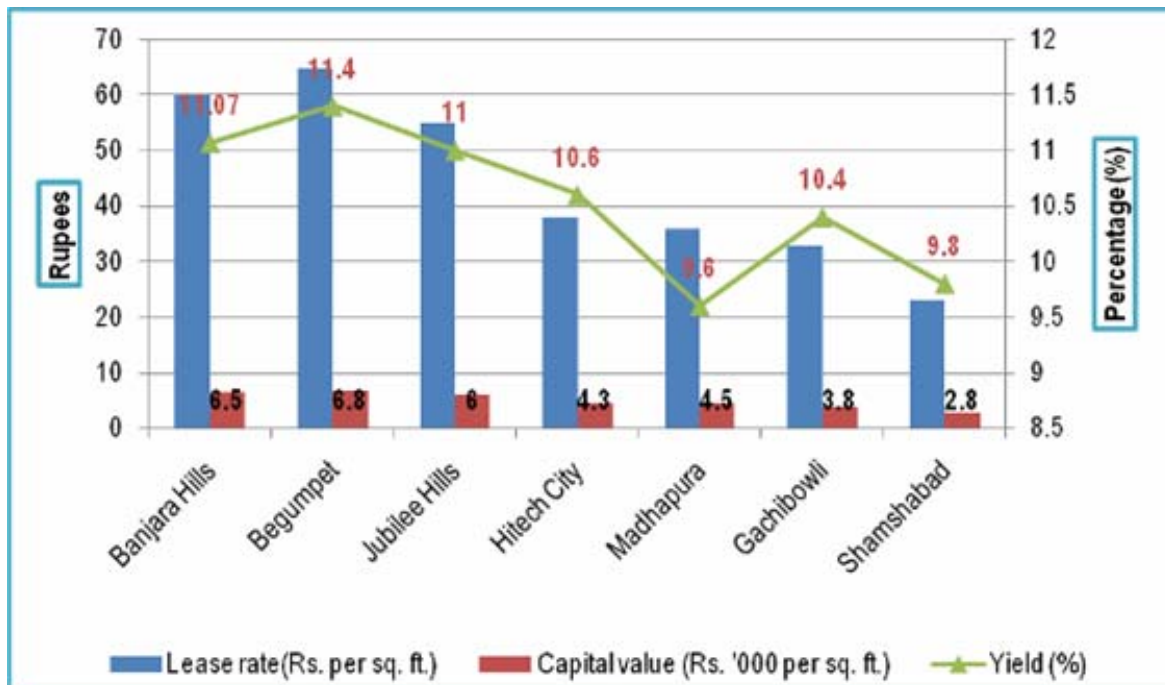
Gachibowli) Grade A		
IT Corridor (HITEC City, Madhapur, Kondapur, Gachibowli) Grade B	36	38
Shamshabad	25	28

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Comparison of Lease Rental, Capital value and Yield (April '09)



Capital value and lease rental value for office space in CBD area saw stagnation in last month. It is because there is still demand hovering in this city and no new development is coming up to negotiate corrections in rentals.

Secondary market like Jubilee Hills has witnessed a correction of approximately 8% across. Other IT corridors like Madhapur and Gachibowli has witnessed a correction of approximately 5% owing to more supply concentrated in these areas.

A historical map of Asia, showing various regions and cities. The map is rendered in a dark, textured style with a grid overlay. Labels include 'INDIA', 'CHINA', 'PHILIPPINE ISLANDS', 'S E A', 'B E N G A L', 'M A L A C C A', 'S U M A T R A', 'J A V A', 'S I N G A P O R E', 'B O R N E O', 'S U L A W E S I', 'M O L U C C A', 'M A N I L A', 'C E B U', 'I L O I L O', 'P A N A M A', 'M A N I L A', 'C E B U', 'I L O I L O', 'P A N A M A', 'M A N I L A', 'C E B U', 'I L O I L O', 'P A N A M A'.

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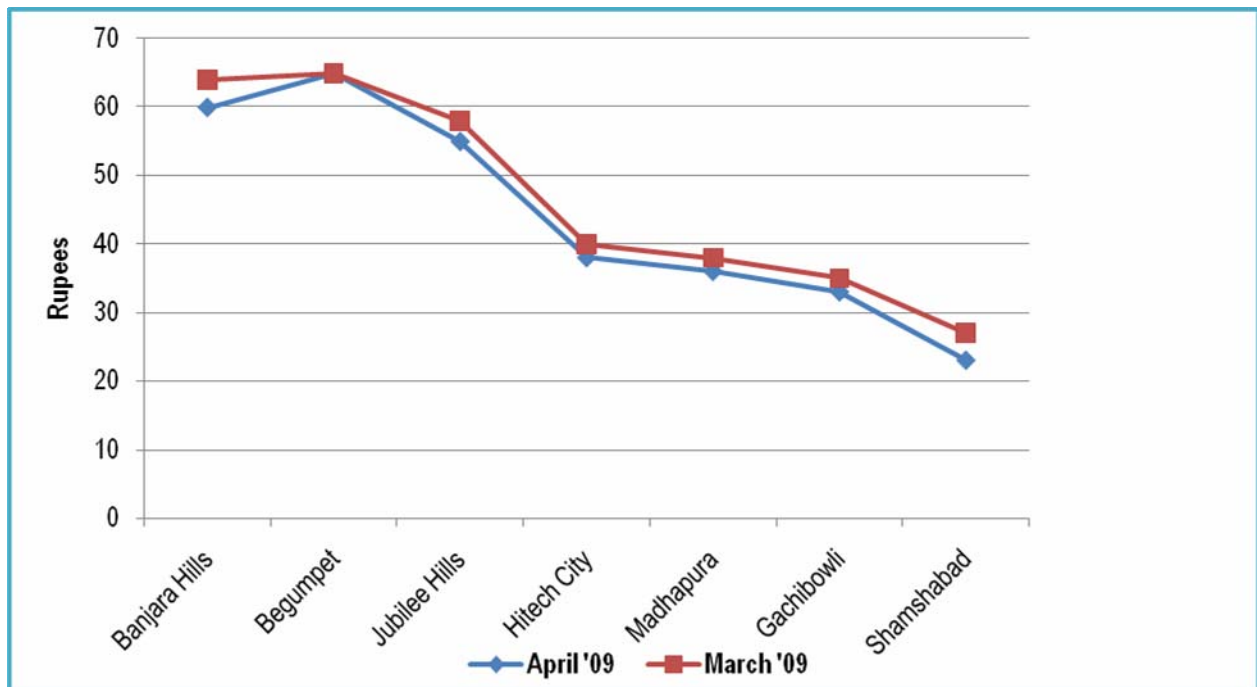
Areas like Himaytnagar and Ameerpet witnessed a correction of approximately 15% in rental values.

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Comparison of Lease Rental (April '09 and March '09)



Begumpet and Banjara Hills are locations where only slight correction has taken place because of lack of fresh supply coming in this region.

New supply is coming up in the region of Madhapur, Gachibowli hence the rentals are supposed to almost remain stable in this location.

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CAPITAL VALUE

Capital values at some of the major locations in Bangalore are as follows:

Location	Capital value (Rs. '000 per sq. ft.)
Banjara Hills	14-6.5
Begumpet	6.8
Jubilee Hills	6
Hitech City	4.3
Madhapur	4.5
Gachibowli	3.8
Shamshabad	2.8

Capital values in the central business district (CBD) area ranges between Rs 12000 and Rs 6500 per sq ft; in the suburban business district (SBD) it is between Rs 4500 and Rs 6,000 per sq feet and in peripheral business district (PBD) Rs 2,800 and Rs 3,800 per sq ft.

Commercial rates, which had been rising in value by as much 37 per cent has come down to 12 per cent. Developers and brokers are of the opinion that office space has been lying vacant in some areas for more than 5 to 6 months.

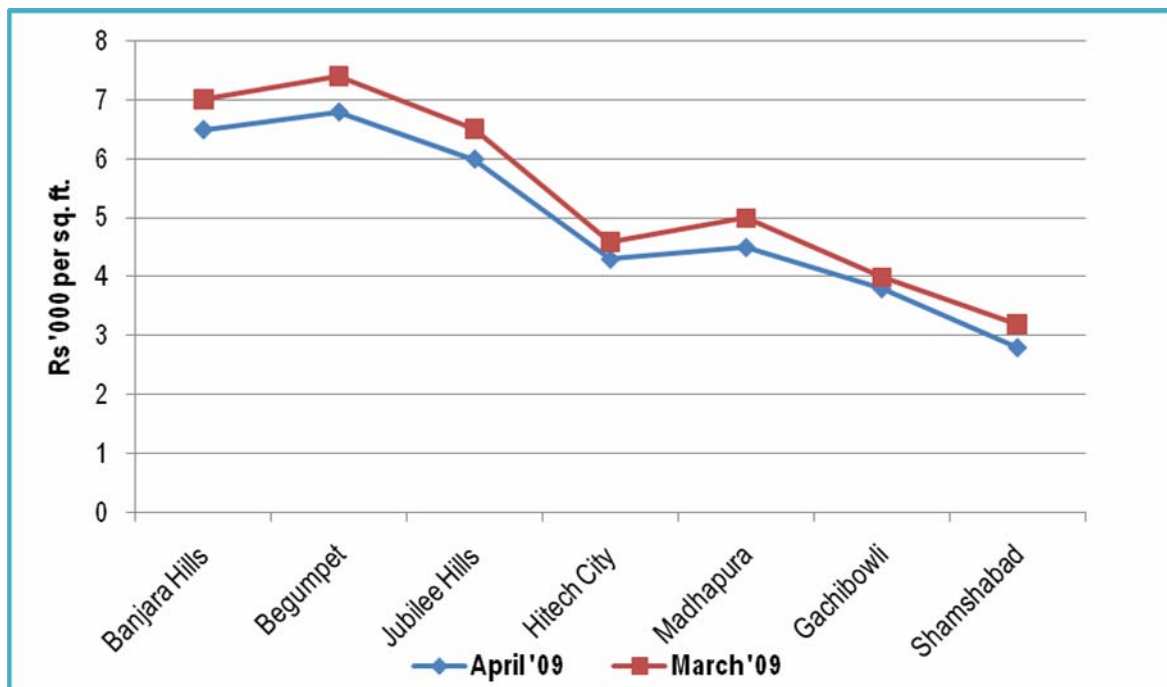
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Comparison of Capital value (April '09 and March '09)



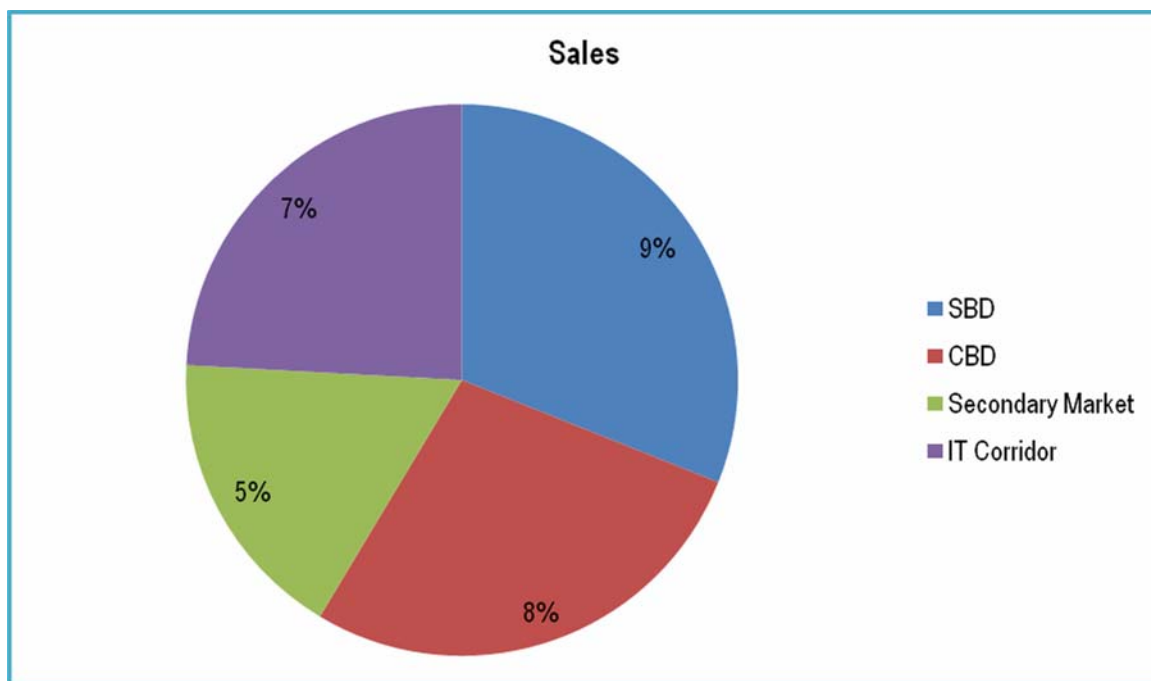
There is a drop in capital value in Madhapur and Gachibowli by 7%. Banjara Hills and Begumpet have witnessed correction to an extent of 2-3%.

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VACANCY RATES:



Average vacancy in Hyderabad has increased to an extent of approximately 18%. CBD areas such as Banjara Hills and Jubilee Hills have witnessed a vacancy rate of approximately 6-8%. In SBD markets such as Madhapur, Gachibowli vacancy is to an extent of 9% where it was 8% last month.

Overall vacancy in the city is to an extent of 9-15%. Both CBD and SBD areas witnessed vacancy of approximately 11% which is more than what it was in the last month 5-7%.

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UPCOMING PROJECTS

Project/Developer	Location	Area (sq. ft.)	Status
Aparna Crest	Shethpeth Road	2.5 acres	2011
Indu Projects Ltd. (.Pointindu)	Shamshabad	600000	Ready
SMR Holdings	Balanagar	4.5 million	Ready
Jayabheri Group (Jayabheri Orange Towers)	I.T Park Road No. 2	500000	Ready

.Pointindu a 600000 sq. ft. commercial project by Indu Projects is a complete lease model project wherein rentals are in the range of Rs. 25-30 per sq. ft.

Southern side of Hyderabad has cluster of IT Parks. Biotech Services is catching momentum.

Astral Heights a 2.5 million project by Aparna Crest is on the Shethpeth Road and has 14 floors to this building. They are planning to sell it off to investors.



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LATEST DEALS

- 6000 sq. ft. has been leased out to Axis Bank at Rs. 65 per sq. ft.
- 6000 sq. ft. has been leased out to SBI T Rs. 65 per sq. ft.
- 6000 sq. ft. has been leased out to LIC at Rs. 65 per sq. ft.



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