News Release

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Hyderabad office market records best leasing volume in H1 2026; strong employment ecosystem drives residential demand: Knight Frank India

Hyderabad, July 09, 2026: **Knight Frank India** in its latest report, **India Real Estate: Residential and Office (January - June 2026) H1 2026,** cited that the convergence of structural demand drivers, and several large transactions that were under evaluation over the past few quarters culminated during H1 2026; resulted in the highest first-half leasing volume recorded in the Hyderabad's office market. The city recorded transaction volume of 7.5 mn sq ft during H1 2026, increased by 29% YoY from 5.9 mn sq ft in H1 2025. Average transacted rent increased by 7% to INR 80 per sq ft per month.

Global Capability Centres (GCCs) remained the largest occupier group in Hyderabad during H1 2026 with space absorption of 3.4 mn sq ft, accounting for 45% of total office leasing, up from 40% a year ago. **Hyderabad is the second largest GCC oriented leased office market in the country.** Office completions recorded a strong supply of 3.0 mn sq ft in H1 2026. **Despite the substantial supply infusion, vacancy levels continued to tighten, declining by 296 basis points YoY to 11.5%, reflecting Hyderabad's healthy demand-supply dynamics.**

Hyderabad's residential market maintained a stable performance in H1 2026, with housing demand remained resilient despite elevated sales levels and moderating supply additions. Housing sales stood at 19,249 units, registering a modest 1% YoY growth, while launches declined marginally by 2% YoY to 20,466 units. Market health indicators remained broadly comfortable, with the overall quarters-to-sell (QTS) standing at 5.9 quarters. The INR 10-20 mn segment continued to exhibit the healthiest absorption among large-volume categories with a QTS of 4.5 quarters, while premium housing in the INR 20-50 mn bracket maintained a reasonable QTS of 5.5 quarters despite rising inventory levels.

Banjara Hills witnessed the highest residential appreciation of 7% to INR 14,400-16,020 per sq ft. The average residential prices increased by 7% YoY to INR 8,258/sq ft.

Office Market Highlights of Hyderabad

Healthy Demand-Supply Economics

The Hyderabad office leasing market recorded historic best first half-yearly performance with transaction volumes of 7.5 mn sq ft in H1 2026. Leasing activity in Hyderabad during H1 2026 remained concentrated within the city's established office corridors, although demand became notably more diversified across micro-markets. **The SBD continued to dominate with a 60% share of total leasing, led by key office hubs such as Kondapur, Raidurg, HITEC City, and the Financial District, which remain the preferred destinations for large occupiers** due to their mature business ecosystems and infrastructure advantages. However, the most significant shift was witnessed in PBD West, where the share of leasing surged from 1% in H1 2025 to 36% in H1 2026, driven primarily by large transactions in Nanakramguda and the increasing scarcity of quality space in core office districts. Meanwhile, CBD and Off-CBD locations, including Begumpet, accounted for 4% of transactions, catering to niche occupier requirements.

Hyderabad witnessed more that than double of office supply during H1 2026, 111% increase from 1.4 mn sq ft in H1 2025 to 3 mn sq ft in H1 2026. New supply was primarily concentrated in the SBD, accounting for 64% of completions, led by projects in Kondapur, while PBD West contributed 27% through developments in Nanakramguda. CBD & Off-CBD locations accounted for the remaining 8%, with selective additions in Begumpet.

Hyderabad Office Market Summary

Parameter	H1 2026	H1 2026 Change (YoY)
Completions in mn sq ft	3.0	111%
Transactions in mn sq ft	7.5	29%
Average transacted rent in INR/sq ft/month	80	7%

Note: 1. 1 square metre (sq m) = 10.764 square feet (sq ft), Source: Knight Frank Research

End-Use Occupiers

Global Capability Centres (GCCs) remained the largest occupier group in Hyderabad during H1 2026, accounting for 45% of total office leasing at 3.4 mn sq ft, up from 40% a year ago. Leasing was led by occupiers such as Uber, Invesco, L'Oréal, and ArcelorMittal.

Flex space operators emerged as the second-largest demand segment in H1 2026, accounting for 27% of total leasing activity at 2.01 mn sq ft, compared with 9% in H1 2025. Managed office operators dominated the segment with a 26% share, while coworking operators accounted for 1%. Large enterprises increasingly utilise managed office solutions to reduce capital expenditure, accelerate occupancy timelines, accommodate project-based expansion and to provide workplace flexibility.

Third-party IT services accounted for 25% of total leasing activity in H1 2026, remaining a significant pillar of demand despite a lower share compared with the previous year.

India-facing occupiers accounted for 4% of total leasing activity in Hyderabad during H1 2026.

End-User Licensee/Buyer	GCC	Flex office spaces	Third IT party	India Facing Business
Area transacted in mn sq ft	3.4	2.01	1.9	0.3
% Share	45%	27%	25%	4%

Source: *Knight Frank Research*

Joseph Thilak, National Director- Occupier Strategy and Solutions (Hyderabad & Chennai), Knight Frank India, *said "Hyderabad continues to offer one of the country's deepest office ecosystems, combining a large skilled talent pool with comparatively competitive occupancy costs. The city also has the ability to accommodate large contiguous office requirements, something that has become increasingly difficult in more supply-constrained markets. The timely addition of high-quality Grade A office stock will be essential to accommodate future expansion and maintain the city's attractiveness as a leading destination for global and domestic occupiers."*

Rental value

Rental growth continued to reflect Hyderabad's tightening market fundamentals and strong occupier demand across key office corridors. Rental growth remained robust in H1 2026, with average transacted office rents increasing 7% YoY to INR 861/sq m/month (INR 80/sq ft/month). The strongest appreciation was witnessed in the SBD market, where rents rose 11% YoY, driven by sustained demand and limited availability of quality Grade A space.

Residential Market Highlights of Hyderabad

Residential Sales & Launches

Hyderabad's strong employment ecosystem across technology, GCCs, BFSI, and professional services sectors has supported residential demand by end-user buyer in the market. Housing sales stood at 19,249 units, registering a modest 1% YoY growth, while launches declined marginally by 2% YoY to 20,466 units. The moderation in new launches reflects a more calibrated supply approach adopted by developers amid enhanced regulatory oversight measures such as the implementation of HYDRAA, which has led to greater due diligence in project planning and approvals.

HYDERABAD RESIDENTIAL MARKET SUMMARY

Parameter	H1 2026	H1 2026 Change (YoY)
Launches (housing units)	20,466	-2%
Sales (housing units)	19,249	1%
Average Price in INR/ sq ft	INR 8,258	7%

Source: *Knight Frank Research*

Geographically, **West Hyderabad continued to dominate the city's residential market in H1 2026**, accounting for 61% of launches and 63% of sales. The corridor remains the preferred residential destination owing to its proximity to major employment hubs such as HITEC City, Gachibowli, Financial District, and Nanakramguda, supported by strong connectivity through the Outer Ring Road (ORR) and a well-developed social infrastructure ecosystem. North Hyderabad maintained a stable share of activity, accounting for 17% of launches and sales, benefiting from relatively affordable housing options and growing appeal among value-conscious homebuyers. South Hyderabad increased its share of both launches and sales to 11% and 9% respectively, supported by infrastructure-led growth, improving connectivity, and the long-term influence of the airport corridor. East Hyderabad remained broadly stable, while Central Hyderabad, despite representing a smaller share of overall activity, continued to attract buyers seeking established neighbourhoods, superior social infrastructure, and proximity to the city's traditional commercial and institutional centre.

Price-ticket size sales

Hyderabad's housing demand continued to move up the value chain during H1 2026. Homes priced between INR 10-20 mn remained the largest demand segment, accounting for 45% of total sales. Demand for higher-ticket-size homes strengthened further, with the INR 20-50 mn segment increasing its share from 18% to 23%, registering a 30% YoY increase, while the INR 50-100 mn category rose from 4% to 5%. In contrast, the affordable segment below INR 5 mn declined from 5% to 3% of sales, while the INR 5-10 mn category moderated from 28% to 24%.

TICKET-SIZE SPLIT OF SALES

Ticket Size Categories in INR	<5 mn	5-10 mn	10-20 mn	20-50 mn	50-100 mn	100-200 mn	200-500 mn	Total
H1 2026	624	4,577	8,588	4,382	869	178	31	19,249
YoY % change	-31%	-14%	0%	30%	29%	-6%	121%	1%

Source: *Knight Frank India*

Joseph Thilak, National Director- Occupier Strategy and Solutions (Hyderabad & Chennai), Knight Frank India, *said "While supply remains calibrated and demand increasingly concentrated in mid-premium and premium segments, healthy absorption levels and steady price appreciation indicate a fundamentally resilient market. The evolving sales mix reflects growing buyer preference for larger homes, superior amenities, and integrated residential developments, supported by rising incomes, improving lifestyle aspirations, and sustained confidence in Hyderabad's long-term growth prospects."*

Residential prices

Residential prices continued to strengthen across Hyderabad in H1 2026, with average prices increasing 7% YoY to INR 88,893/sq m (INR 8,258/sq ft). The increase was driven by sustained demand in premium housing markets, rising construction costs, and the growing share of higher-ticket-size developments. Select locations within the western corridor, particularly around Financial District, Kokapet, Narsingi, and Nanakramguda, continued to witness strong pricing momentum, supported by robust office market growth, expanding GCC presence, and ongoing infrastructure improvements.

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