

Commercial Real Estate – Office – Hyderabad

Hyderabad office market poised for
13 msf absorption, 16 msf supply in
FY2027

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Hyderabad is expected to witness 18-19 msf of new office supply during Q4 FY2026–FY2027, of which 23% has been pre-leased.

Despite global headwinds, office leasing activities in India have remained buoyant in 9M FY2026. However, ICRA will closely monitor the situation, as macroeconomic and geopolitical factors evolve.



Between FY2018 and FY2025, the Hyderabad office market stock recorded a compound annual growth rate (CAGR) of nearly 14%, which is high compared to CAGR of 7% observed across India's top six cities. Consequently, Hyderabad's share has increased to 16% in December 2025 from 13% in March 2021. The unlimited floor space index (FSI) has allowed developers to build more, boosting office supply in Hyderabad.



Hyderabad recorded 8.4 million square feet (msf) of fresh Grade-A office supply in 9M FY2026 against net absorption of 8.5 msf. The absorption was driven by healthy demand from IT-BPM[^] and BFSI[^] segments. With net absorption keeping up with supply, vacancy moderated to ~17% as of December 2025, from the peak of 18.2% as of March 2024. Despite an expected total supply of ~18-19 msf in Q4 FY2026 and FY2027, ICRA projects occupancy levels to remain Stable at 82.5-83.0% by March 2027, backed by continued healthy leasing momentum.



As on December 2025, Hyderabad accounted for 16% (~170 msf) of the Grade-A office space across India's top six cities*. Hitech City/Madhapur, Gachibowli and Financial District are the three major micro-markets in Hyderabad, accounting for 63% of the total office supply of the city. Vacancy is set to remain low in Hitech City/Madhapur, with limited new supply in FY2027. Gachibowli and Financial District are projected to see Stable vacancy levels, driven by steady absorption and supply.



The top 10 developers in Hyderabad collectively hold 58% of the city's Grade-A office stock as of December 2025. The rental rates in the top micro-markets – Hitech city/Madhapur, Gachibowli and Financial district have been increasing steadily over the last five years at a CAGR of 3-4%. ICRA expects the average rental rate for the Hyderabad market to rise by 3-4% YoY in FY2026 and FY2027.

*Top six Indian office markets include Bengaluru, Chennai, Delhi National Capital Region (NCR), Hyderabad, Mumbai Metropolitan Region (MMR) and Pune

[^]Information Technology-Business Process Management, BFSI - Banking, Financial Services, and Insurance

1 ICRA's Outlook On Indian Commercial Real Estate Sector



2 Trends in Hyderabad Office Market



3 Rating Actions in Commercial Real Estate - Office





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