



### Economy

- Hyderabad is known for IT and IT services, pharmaceutical and entertainment industries.
- The city is called India's Second Silicon Valley due to the large presence of IT and software companies.
- Hyderabad is also famous for its "Tollywood," India's 2<sup>nd</sup> largest film producer behind Bangalore's "Bollywood."
- The economy is growing at an average of 8% a year, fueled in part by a growing middle class of an estimated 300 million people.



### Recent Local Development

- Hyderabad experienced a high influx of IT and IT-service call centers during the 1990s, which made the city one of the major call centers in India.
- The government of Andhra Pradesh projects that by the year 2020, the city of Hyderabad will triple in size.
- State government has allocated significant investment funds for a HITECH city.

### Office Market

- As of 3Q'05, rents in the CBD recorded a marginal increase while all other markets remained stable.
- Begumpet and Banjara Hills remain the prime office locations even though only small-space locales are available.

### Real Estate Market Summary

- Proactive governmental support has led to increased interest from multinational companies to set up operations in Hyderabad.
- Vacancy levels across all markets have remained around 5%.
- Madhapur continues to be the preferred office space location. During the first 3 quarters of 2005, almost 90% of real estate transactions occurred in this district.

### Average office rental rates (US\$/ sq. ft/ month)

Location	Low	High
CBD	0.61	0.63
Banjara Hills Roads	0.57	0.63
Madhapur	0.68	0.79
Himayathnagar	0.57	0.63



ICICI Knowledge Park

### Industrial

- Hyderabad is known for IT and IT services, pharmaceutical and entertainment industries.
- The city is a major center for pharmaceutical companies such as Matrix Laboratories and Dr. Reddy's Laboratories.

### Industrial rental rates

(US\$/ sq. ft/ month)

Industrial	Low	High
Bulk Warehouse	0.15	0.22
Manufacturing	0.15	0.22

### Biotech Industry

- Genome Valley* is a biotech cluster that provides first-class facilities to over one hundred biotech companies.
- ICICI Knowledge Park (IKP) nestles in a 200-acre pollution free zone in Genome Valley, Hyderabad.
- Approximately 30 acres of land have been developed with utilities for customized R&D centers.
- ICICI Knowledge Park leases ready-to-use labs for renewable short period. At present, there are 16 companies as tenants; companies are encouraged to "graduate" from the Park to their own corporate laboratory facility.

### Multinationals Operating in Hyderabad

Google	Microsoft
Motorola	Oracle
Accenture	HSBC
Infosys	Sonata
VisualSoft	iGate
Kanbay	ADP
GE	Dell

### Average retail rental rates

(US\$/ sq. ft/ month)

Location	Low	High
Downtown	2.00	3.50
Regional Malls	1.55	2.89

### Retail

- Punjagutta and Abids are prime shopping areas with retail values of US\$4.68- \$7.50 per sq. ft per month.
- Multinational retailers prefer Banjara Hills, Jubilee Hills and Somajiguda as their base of operations.
- There are 10 malls in Hyderabad. Some of the new shopping malls in the areas are Hyderabad Central, Life Style, Shopper's Stop and Big Bazar.

### IT Industry

- IT exports are expected to exceed \$2.5 billion in the 2005-06 fiscal years.
- With \$3 Billion investment in a silicon chip manufacturing facility by the AMD-SenIndia consortium, the city became India's first Fab City.
- Extensive investment in digital infrastructure has prompted several IT and ITES companies to setup operations in HITEC city.
- The state government is developing the Indian Institute Technology in association with several multinationals.



Microsoft Office in Hyderabad

## Infrastructure

- Infrastructural facilities are among the best in India. The city is known for its premier educational institutes, research facilities and state-of-the-art medical facilities.
- A local airport provides domestic and international travel; a new state-of-the-art airport is underway in the outskirts of the city.
- The MultiModal Transport System is a light rail transportation system that connects nearby cities; a local metro system is also under construction.
- The highway network linking Hyderabad to various parts of the country is also of good quality.
- Traffic congestion is alleviated by an efficient mass rapid transit system (MRT), which provides effective transportation to commuters.
- Various bus lines operate in the city, providing frequent transportation to important places within the city.



MMTS Station in Hyderabad

## Outlook

- The micro markets of Hyderabad's office space have encountered strong absorption in the first quarter of 2006, therefore rental rates are expected to slightly rise due to growing demand.
- Retail rental rates are expected to slightly increase due to Hyderabad's well-developed retail sector. Retail giants are demanding retail space, which is expanding Hyderabad's shopping areas to Banjara Hills and Jubilee Hills.
- Rental rates for both manufacturing and warehouse industrial space are expected to slightly increase over the next 6 months due to high demand.

## Labor Market

- Hyderabad has a highly-skilled workforce because it attracts students from several regions.
- The city hosts two Deemed universities, two central universities and six state universities.
- Students from all over India are attracted to technical institutes such as the Jawaharlal Nehru Technological University, the International Institute of Information Technology and the Indian School of Business.
- Various research institutes such as the Indian Institute of Chemical Technology, Centre for Cellular and Molecular Biology and National Institute of Nutrition also attract highly qualified applicants.

## PROs

- The Government of Andhra Pradesh projects that by 2020 Hyderabad will triple its size.
- As one of the most developed cities in India, it is emerging as one of the hubs for IT and biotech industries.
- Low cost of living compared to other regions
- Shorter travel times to the work place
- Ability to attract quality talent from adjacent cities.
- Rapid improvements in infrastructure such as power, international bandwidth and urban transportation.

## CONs

- Development could be congested by the lack of clear land titles and disputed properties.

## Short Term Outlook

Rental Rates	
<b>Office</b>	↑
<b>Industrial</b>	↑
<b>Retail</b>	↑