

H1 2024

# India Industrial & Logistics Market Watch



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# INDIAN ECONOMY

## H1 2024



The first half of 2024 has been eventful, not only for the Indian economy but globally. Several countries held general elections in H1 2024, with more to follow in the latter part of the year. India's general elections, the world's largest democratic exercise, concluded with the National Democratic Alliance (NDA) securing a third consecutive term, led by Narendra Modi, who returned as a third-term Prime Minister.

The past few years have profoundly impacted the global economy, causing transitions and adaptations in principles. During this transitional phase, marked by a 'polycrisis' of multiple economic and geopolitical challenges, the Indian economy emerged as a strong performer with a remarkable 8.2% GDP growth in FY24. In the latest edition of its flagship report, World Economic Outlook, the International Monetary Fund (IMF) revised the global growth forecasts to 3.2% for 2024 from 3.1% earlier. In contrast, India's growth was projected at a healthier 6.8%. This growth differential (Refer Chart 1) underscores India's potential as a major driver of global economic activity.

### ECONOMIC REALIGNMENT

Inflation remained well within the tolerance zone, with May 2024 recording a 12-month low of 4.75%. This is a significant improvement compared to two years ago, when CPI inflation was at 7.8% in April 2022. Food inflation remained a key contributor, exacerbated by erratic weather. However, core inflation was more stable, reflecting effective monetary policies and supply-side interventions. The RBI forecasts FY25 inflation at 4.5%.

The RBI has raised the FY25 GDP growth estimate to 7.2% from 7% earlier. The IMF has also recalibrated growth prospects for all countries, including India, due to better resilience and stability expectations, despite some uncertainties.

### A Period of Peaks

H1 2024 has seen numerous macroeconomic indicators reaching their peaks, marking a period of substantial economic growth. GST collections were at a record high at INR 2.10 lakh crores in April 2024 (up 12.4% YoY) driven by strong domestic demand. Forex

reserves, a key indicator of overall economic health, hit a new all-time high of USD 656 bn in June 2024.

Strong growth in Sensex and NIFTY highlight the strength of capital markets. In a remarkable achievement, both indices reached all-time highs in the last week of June 2024, with Sensex trading at 79,000 and NIFTY at 24,000. This historic surge reflects robust corporate earnings, sustained foreign investment inflows, and a favourable policy environment.

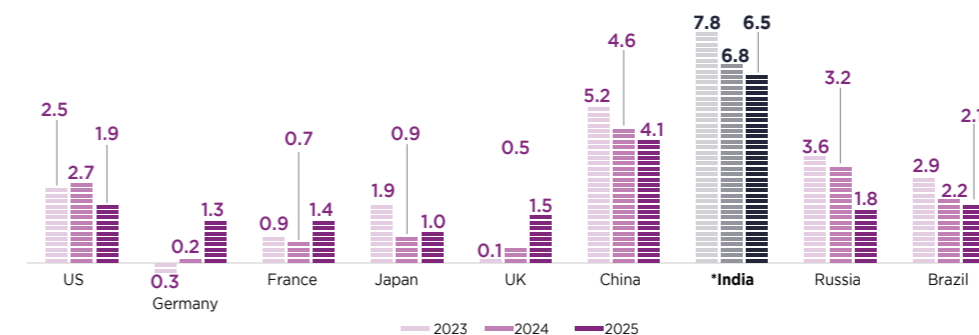
### Strong Economic Metrics

The Purchasing Managers' Index (PMI) for both manufacturing and services sectors indicated expansionary trends. The Manufacturing PMI consistently stayed above the 50-mark throughout the first half, rising to a 16-year high of 59.1 in March 2024, reflecting robust industrial activity. Similarly, the Services PMI showed one of the strongest growth rates in over 13.5 years, reaching 61.2 in the same month, highlighting significant growth in the services sector. (Refer Chart 2)

In a remarkable turnaround, India's current account deficit (CAD) has turned surplus after 10 consecutive quarters. This shift marks a crucial milestone in the country's economic recovery, reflecting improved trade balances and stronger service exports. (Refer Chart 3)

### INDIAN ECONOMY GROWTH POTENTIAL

Chart 1: GDP Growth Projections across the World



Source: IMF WEO Apr 2024  
\*FY refers Fiscal year basis

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**POLICY SUPPORT**

**Keeping Inflation Under Control**

The central bank is committed to maintaining price stability while supporting growth through calibrated monetary measures. The repo rate was held steady at 6.5% for the first half of 2024. This reflects the persistence on the ‘withdrawal of accommodation’ policy to anchor inflation expectations and ensure macroeconomic stability.

**Budgetary Announcements**

The government presented an interim budget for 2024-25, focusing on the vision of ‘Viksit Bharat’ to elevate India to the status of a developed nation by 2047.

The interim budget maintained its emphasis on capex-driven growth, allocating 3.4% of GDP, equivalent to INR 11.1 lakh crore, up from 3.3% in the previous fiscal year. This strategic increase underlines the commitment to infrastructure development and long-term economic growth. Additionally, it hinted at next-generation reforms aimed at creating an aspirational economy over the next five years, thus setting the stage for future economic and social advancements.

**Real Estate Specific Announcements**

Direct real estate announcements included the construction of two crore houses in the next five years under the Pradhan Mantri Awas Yojana (Gramin) and intent to launch a scheme to help the middle class buy or build their own houses.

Additionally, several key announcements aimed at benefiting the real estate sector

were made. These include enhancing multi-modal connectivity through economic railway corridor programmes, expansion and strengthening of the electric vehicle ecosystem via manufacturing and charging infrastructure and greater adoption of e-buses, domestic tourism promotion via long-term interest-free loans to states for comprehensive development of iconic tourist centres and related amenities, and the launch of a new scheme for strengthening deep-tech technologies for defence purposes. All these initiatives are expected to revitalise the real estate market and attract more investments into the sector.

**A POWER-PACKED YEAR**

The Indian economy in H1 2024 has seen robust growth, stable inflation and proactive policy. Despite global headwinds, India’s strategic focus on infrastructure and inclusive growth sustained its momentum.

The real estate sector’s performance for the rest of the year hinges on a multitude of factors, including a series of global events, several domestic state elections, monetary policy and the Union Budget 2024-25; with expectations on income tax resets, deeper infrastructure funding, as well as benefits for housing. Stronger reboots for affordable and mid-segment housing are key. In 2024, India is on course to record all time high demand for industrial, warehousing and office real estate. The PE investment scenario appears significantly improved too. If no major setbacks occur, 2024 could well be an inflection point for the rest of the decade.

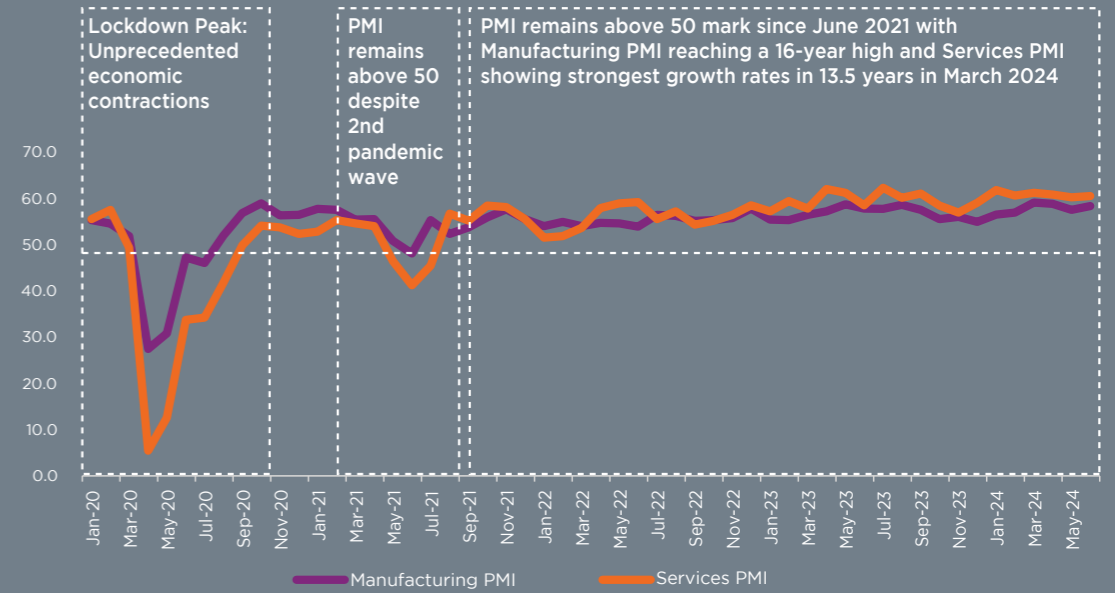


1. PMI or a Purchasing Managers’ Index (PMI) is an indicator of business activity - both in the manufacturing and services sectors. A figure above 50 denotes expansion in business activity. Anything below 50 denotes contraction. Higher the difference from this mid-point, greater the expansion or contraction.



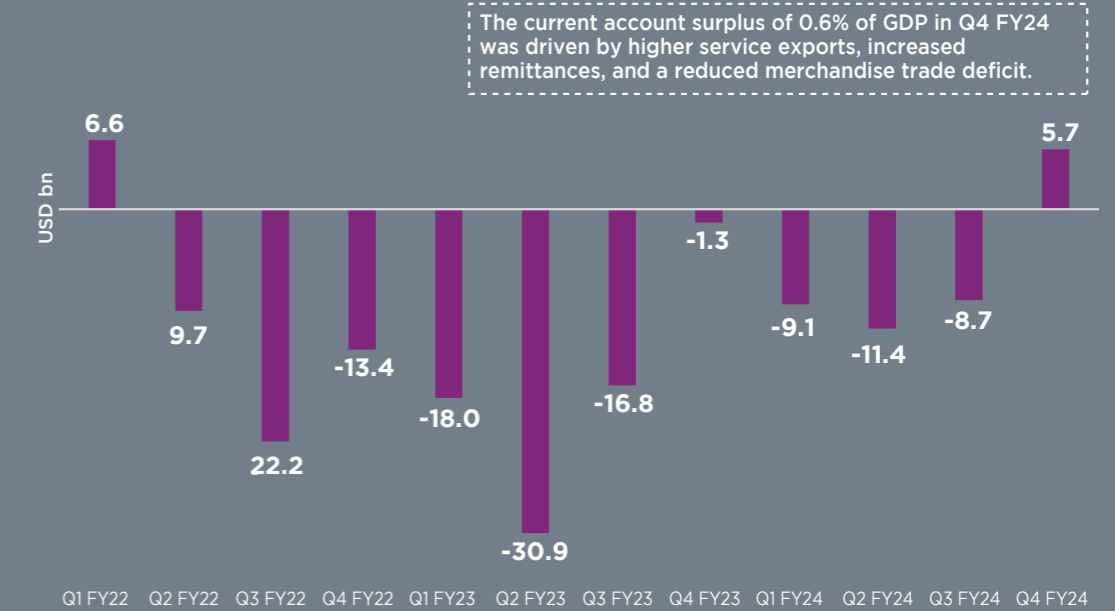
Manufacturing sector’s share in the GDP is anticipated to increase by 17% in 2023 to 25% by 2025. FDI inflow in the sector surged by 55%, totaling USD 148.9 billion during the period from 2014 to 2023.

**Chart-2: Manufacturing & Services PMI of India**



Source: S&P Global PMI, Savills India Research

**Chart-3: Current Account Balance Trend**



Source: Trading Economics, Savills India Research



GST collection in FY 2023-24 recorded at INR 2,018 billion, the highest since its implementation.



# INDIA

## Industrial & Logistics Market Overview H1 2024

The industrial and logistics sector is poised for significant expansion, driven by a robust demand and bolstered by strategic government initiatives such as PLI and FDI Policies, PPP Models of various Public Sector Undertakings, The East Coast Economic Corridor (ECEC) and India Middle East Economic Corridor (IMEC), etc. This growth is substantiated by notable YOY increases, reaffirming the sector's pivotal role in fostering economic vitality. Concurrently, the e-commerce sector is set to surge further as it adopts new models to expand urban distribution and extend its footprint into Tier-II and III locations. Moreover, strong domestic consumption

driving reduction of dependency on imports is increasing more and more manufacturing investments into multiple sectors and initiatives like the National Logistics Policy highlight substantial long-term growth opportunities, facilitating rapid technology adoption amidst evolving supply-chain dynamics.

Our report, Industrial & Logistics Market Watch H1 2024, gives an overview of the industrial and logistics sector of Tier-I, II and III cities covering economic overview, key trends, supply and demand dynamics, vacancy status, rental value trends and outlook along with key schemes and policies announced in H1 2024.

### Key Stats: H1 2024 vs H1 2023

	Supply (mn sq. ft. & % of total)		Y-o-Y change	Absorption (mn sq. ft. & % of total)		Y-o-Y change
	H1 2024	H1 2023		H1 2024	H1 2023	
Overall	28.2	27.4	2.9%	27.3	22.4	21.9%
Tier I	21.6 (77%)	20.6 (75%)	4.9%	21.4 (78%)	17.4 (78%)	23.0%
Tier II & III	6.6 (23%)	6.8 (25%)	-2.9%	5.9 (22%)	5.0 (22%)	18.0%

**Note:** Tier-I cities include Ahmedabad, Bengaluru, Chennai, Hyderabad, Kolkata, Mumbai, Delhi-NCR and Pune. Tier-II and III cities include Guwahati, Bhubaneswar, Patna, Hosur, Coimbatore, Rajpura, Lucknow, Jaipur, Nagpur, Surat, Indore, Kochi, Hubli, Vizag, Belgaum and Anantapur.

Source: Savills India Research

### Key Trends



#### Absorption:

- The industrial and warehousing sector witnessed robust absorption of 27.3 mn sq. ft. in H1 2024, a 21.9% increase YOY compared to the 22.4 mn sq. ft. absorbed in H1 2023.
- Tier-I cities captured a dominant share of absorption (78%), while Tier-II and III cities accounted for the remaining 22%.



#### Supply:

- Supply addition of 28.2 mn sq. ft. was witnessed in H1 2024, with 77% concentrated in Tier-I cities and the remaining 23% in Tier-II and III cities.



#### Supply & Absorption by Grade

- The demand for Grade-A warehousing and ready fitted-out factory space has seen a substantial surge in recent years. In H1 2024, the overall Grade-A space accounted for 49% of supply and 39% of absorption.
- As the warehousing industry undergoes evolution, there is a notable surge in demand from occupiers for specific specifications and compliance standards.



#### Stock and Vacancy

- The operational stock in Tier-I cities stands at 368 mn sq. ft. in H1 2024, while the vacancy rate increased marginally to 11.1% in H1 2024 from 9.5% in H1 2023.



#### Segments Driving the Demand

- The 3PL segment accounted for 33% of total absorption, followed by manufacturing at 22%.
- The FMCG/FMCD segment contribution to overall absorption increased to 17% in H1 2024 from 6% of the total absorption in H1 2023.
- The e-commerce segment is gaining traction, with contribution to overall absorption increasing to 6% in H1 2024 from 3% in H1 2023.



#### Supply & Absorption by City

- Among the major cities in India, Delhi-NCR led the pack with the highest absorption in H1 2024 at 20% followed by Pune at 12%, Bengaluru at 11%, while Tier-II and III cities accounted for 22% of overall absorption.
- In terms of supply, Delhi-NCR accounted for the highest contribution of 17% in H1 2024, followed by Chennai at 13%, Bengaluru at 12%, Pune and Mumbai each at 11% and Tier-II and III cities accounting for 23% of the total supply witnessed in H1 2024.

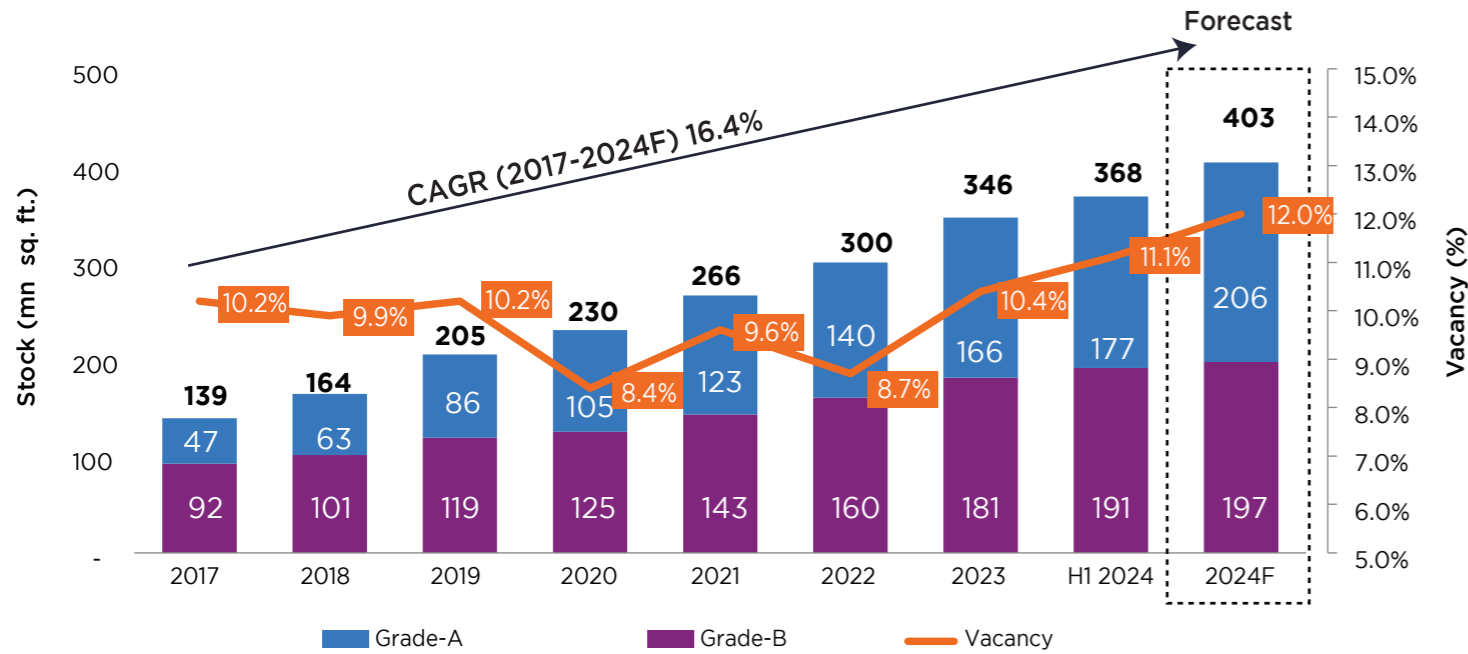


#### Rental Values

- Rental values increased marginally for compliant buildings across cities, with yields remaining stable.

## Stock & Vacancy

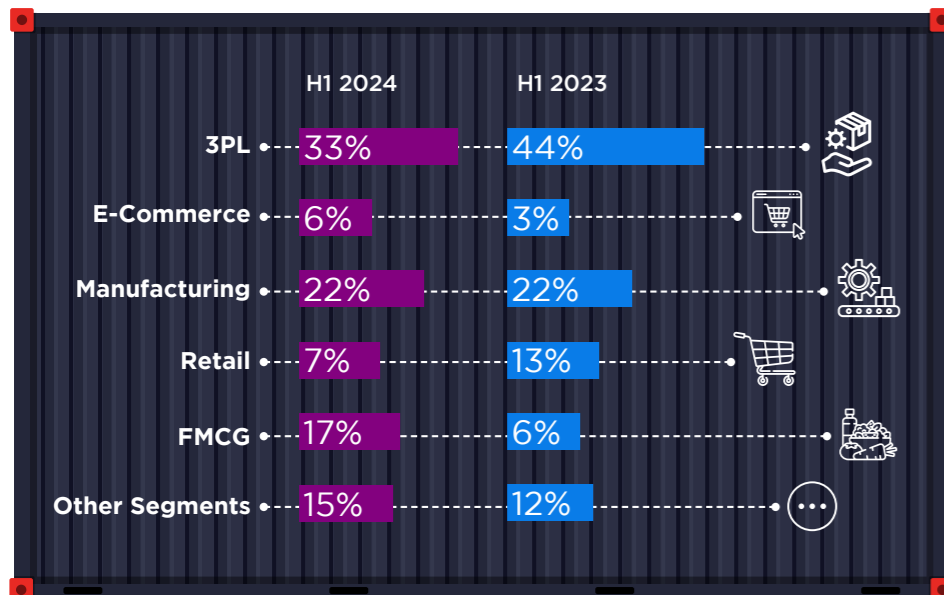
Stock & Vacancy Trend Tier-I cities



Source: Savills India Research

- Tier-I cities have witnessed a supply in the range of 20 to 46 mn sq. ft. between 2020 and 2023, with the highest supply recorded in 2023 at 46.2 mn sq. ft. In H1 2024, Tier-I cities witnessed an addition of 21.6 mn sq. ft.
- Historically, India has been a Grade-B dominant market, with over 52% of the total stock being Grade-B as of H1 2024. However, Grade-A stock is growing at a CAGR of 23.5% per annum between 2017-2024, while Grade-B stock is growing at a CAGR of 11.5% per annum during the same period. The growing focus on Environmental, Social, and Governance (ESG) standards among occupiers is expected to significantly boost demand for Grade-A space in the future. By the end of 2024, the contribution of Grade-A space to both overall supply and absorption is projected to exceed 60%.

## Absorption by Occupier Segment: H1 2024 vs H1 2023

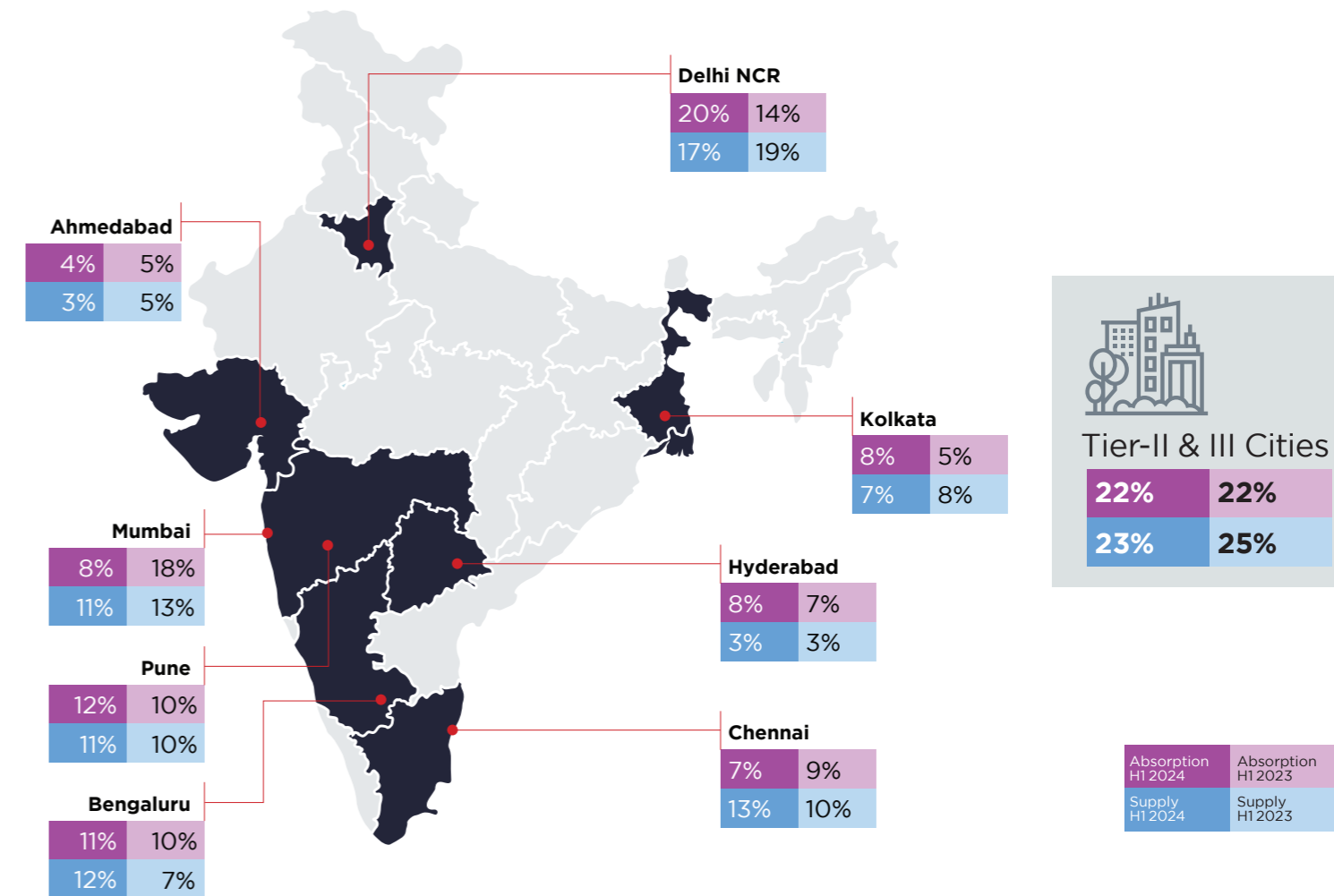


Source: Savills India Research

Note: Other Segments include space take-up by cold storage, chemicals, FTWZs, ICDs, agriculture warehousing, self-storage and manufacturing storage.

- In the last 2-3 years, the 3PL segment has played a significant role in driving demand, accounting for approximately 40-50% of the total absorption. In H1 2024, 3PL segment accounted for 33% of total absorption witnessed in the country followed by manufacturing at 22%.
- The FMCG/FMCD segment contribution to overall absorption increased to 17% in H1 2024 from 6% of the total absorption in H1 2023. The demand for warehousing space by FMCG and FMCD occupiers is on the rise due to improved demand for FMCG and FMCD products in Tier-I, II and III cities, as well as in rural markets.
- The e-commerce segment is gaining traction, with contribution to overall absorption increasing to 6% in H1 2024 from 3% in H1 2023.
- Other segments including cold storage, chemical storage, FTWZs, ICDs and urban warehousing accounted for 15% of the total absorption in H1 2024.

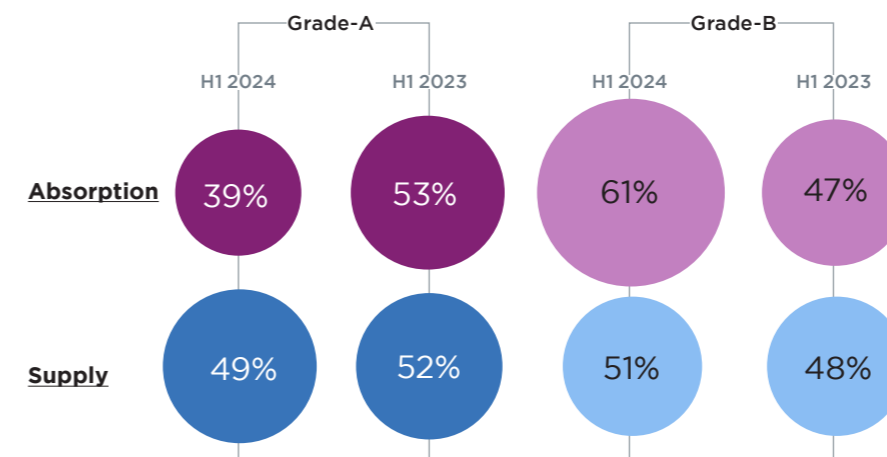
## Absorption and Supply by City: H1 2024 vs H1 2023



Source: Savills India Research

- Delhi-NCR led the pack with the highest absorption in H1 2024 at 20% followed by Pune at 12%, Bengaluru at 11%, while Tier-II and III cities accounted for 22% of overall absorption. In terms of supply, Delhi-NCR accounted for the highest contribution of 17% in H1 2024, followed by Chennai at 13%, Bengaluru at 12% and Mumbai and Pune each at 11% while Tier-II and III cities accounting for 23% of the total supply witnessed in H1 2024.

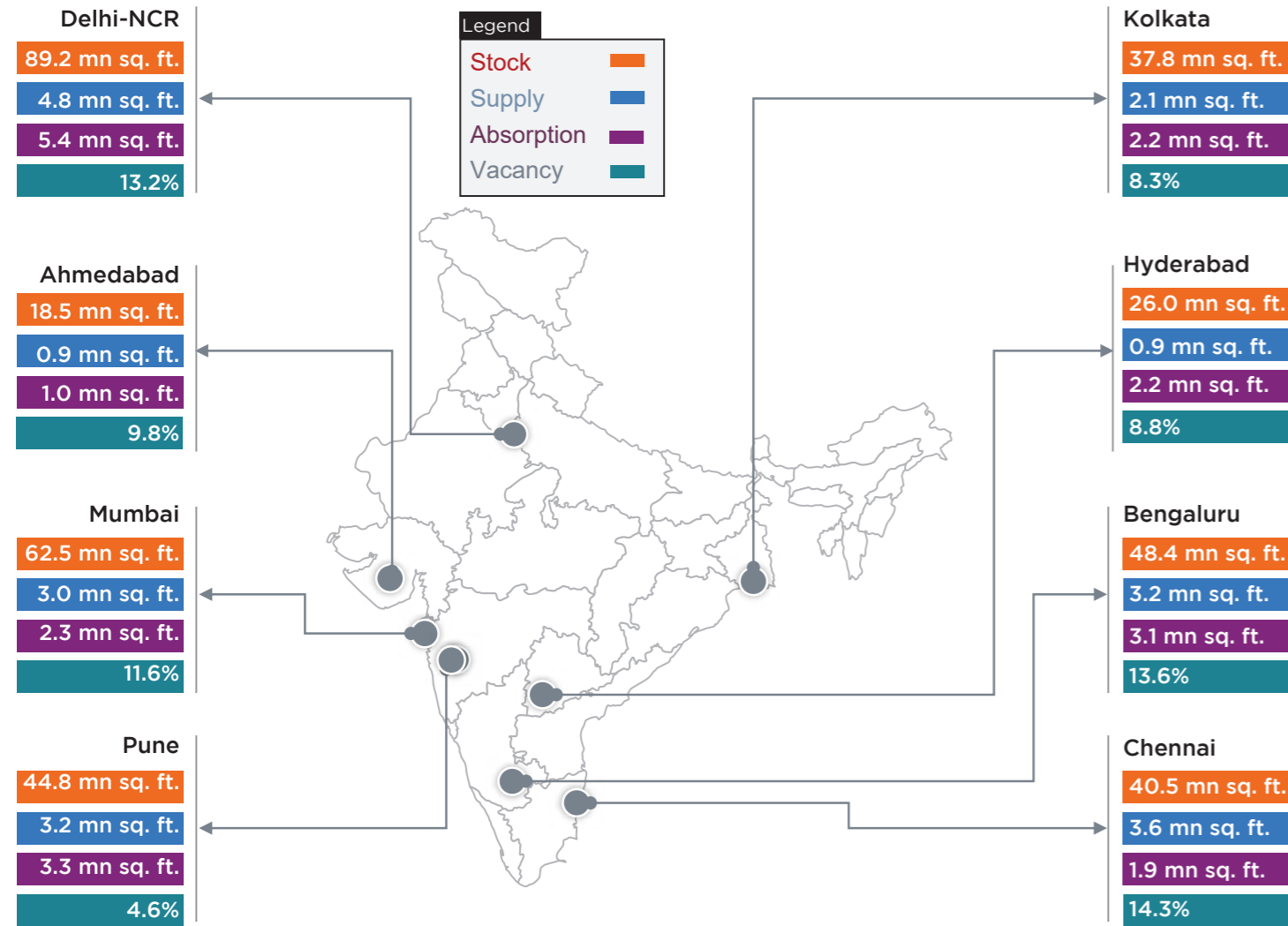
## Absorption and Supply by Grade: H1 2024 vs H1 2023



Source: Savills India Research

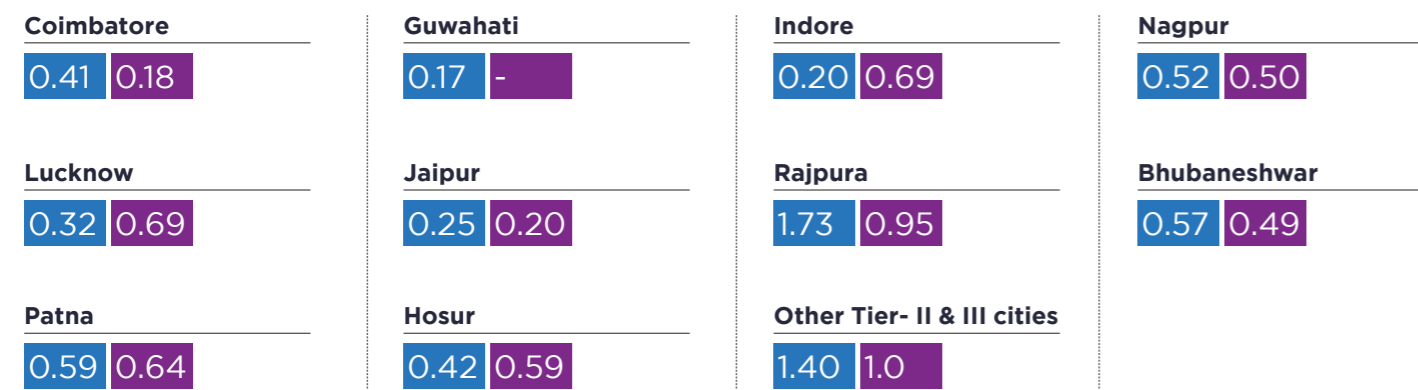
- The demand for Grade-A warehousing and ready fitted-out factory space has seen a substantial surge in recent years. In H1 2024, overall Grade-A space accounted for 49% of supply and 39% of absorption. There is a clear shift in occupier preferences to meet Environmental, Social, and Governance (ESG) standards, which will boost the demand for Grade-A warehousing and ready-fitted-out factory space. In the full year of 2024, Grade-A space contribution to both overall supply and absorption is likely to be in excess of 60%.

### City Wise Statistics: H1 2024

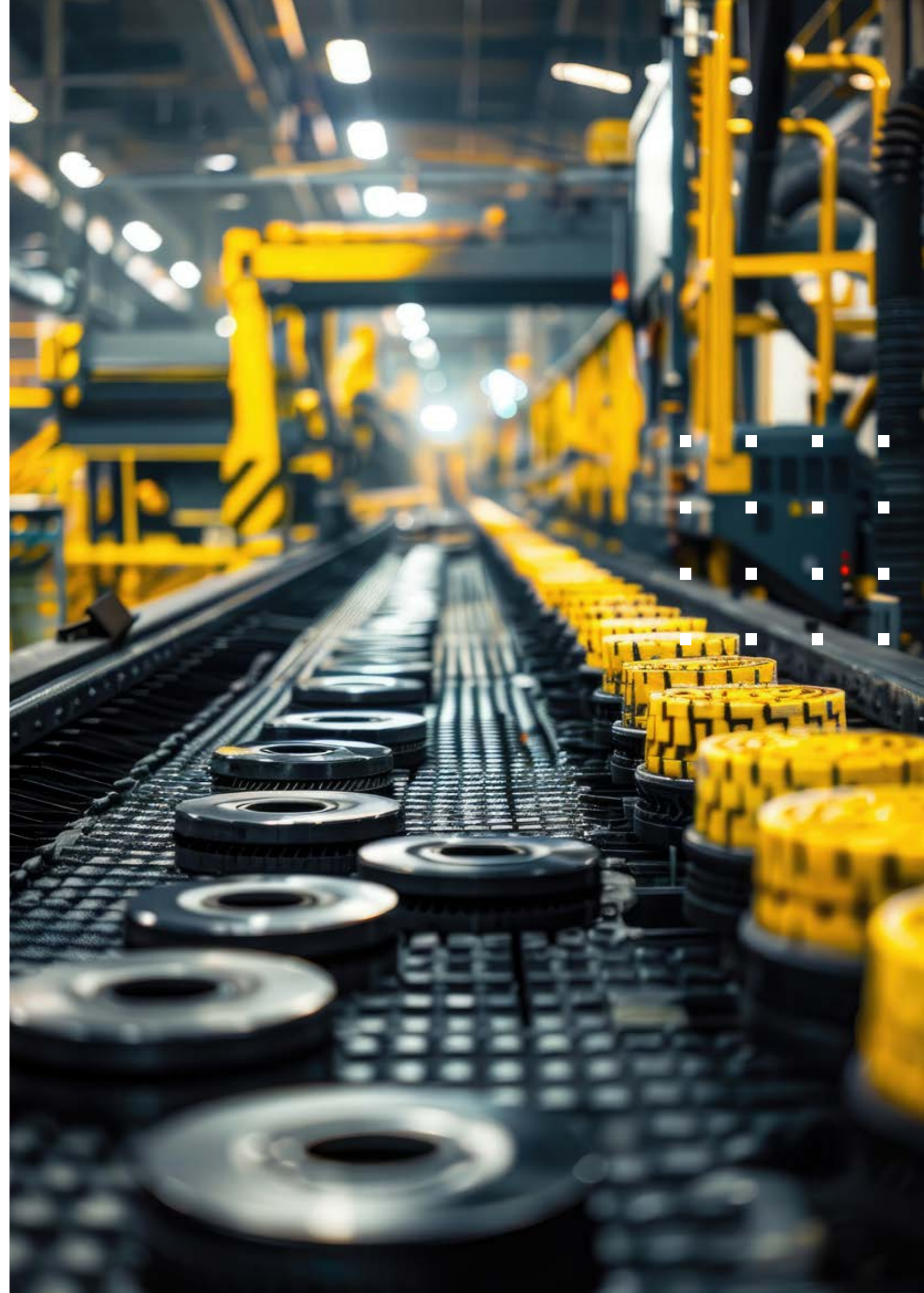


Source: Savills India Research

### Supply & Absorption in Tier-II & III Cities: H1 2024



Source: Savills India Research



# AHMEDABAD

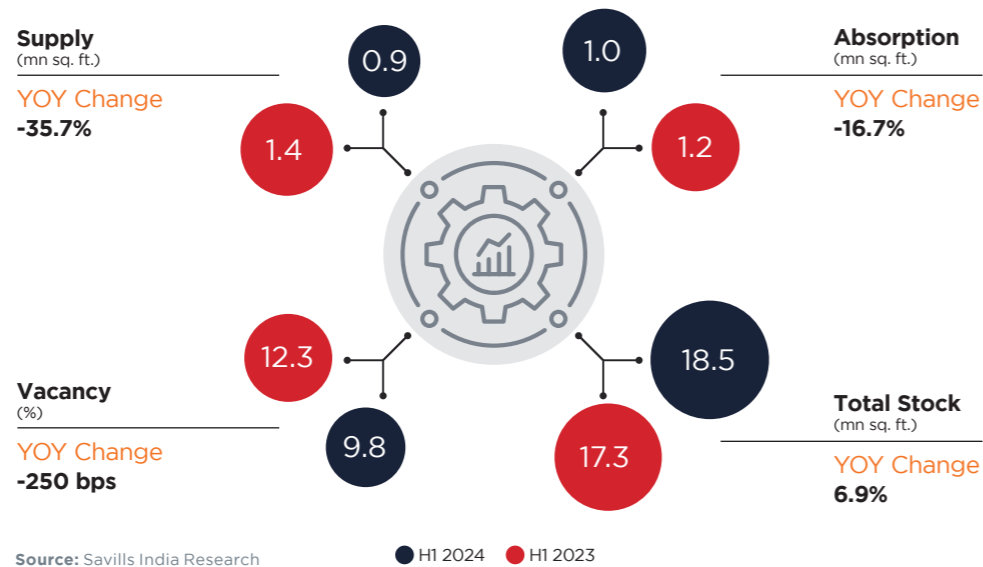
## Industrial & Logistics Market H1 2024



### Key Trends

- Most of the supply and absorption was concentrated in Grade-A properties.
- The manufacturing segment is driving the demand.
- Supply and absorption concentrated was in Changodar-Bavla and Aslali-Kheda micromarkets.
- Rental values increased marginally.
- Vacancy rates decreased marginally.

### Key Statistics



### Supply, Absorption and Vacancy

- Ahmedabad, located in western India, is a gateway to northern and western regions such as Rajasthan, Maharashtra and Madhya Pradesh. It is home to industries including pharmaceuticals, automobiles, textiles and engineering.
- Ahmedabad city witnessed absorption of 1 mn sq. ft. of industrial and warehousing space in H1 2024 down from 1.2 mn sq. ft. in H1 2023. On the supply side, the city witnessed the completion of 0.9 mn sq. ft. in H1 2024, compared to 1.4 mn sq. ft. in H1 2023. The operational stock stands at 18.5 mn sq. ft. in H1 2024. The overall vacancy rate decreased marginally to 9.8% in H1 2024 from 12.3% in H1 2023 due to surge in absorption.
- Grade-A space accounted for 97% of the total absorption and 95% of total supply witnessed in H1 2024. Due to a rising demand for compliant spaces, many institutional developers are investing in Ahmedabad. The market has witnessed an increased demand for Grade-A and compliant buildings, leading to a significant increase in Grade-A space.
- Changodar-Bavla and Aslali-Kheda remain preferred micromarkets, together contributing 100% of total absorption and 94% of total supply witnessed in H1 2024. Improved connectivity because of DMIC, a well-established industrial eco-system and higher-grade developments are driving the demand in this micromarket.

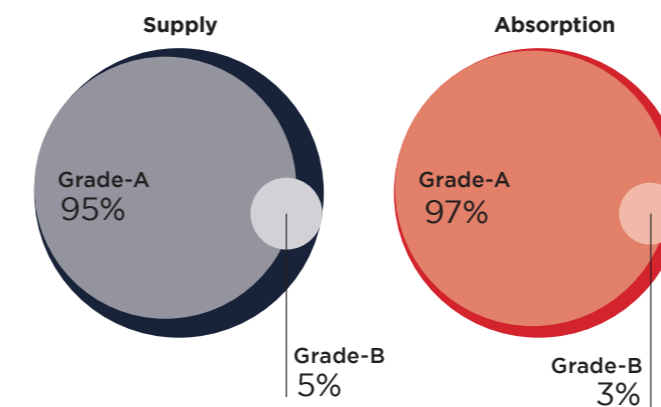
### Major Transactions

Segment	Micromarket	Area Leased (sq. ft.)
Manufacturing	Aslali- Kheda	284,000
FMCG/FMCD	Changodar-Bavla	200,000
3PL	Aslali- Kheda	150,000
E-Commerce	Aslali- Kheda	102,000
3PL	Aslali- Kheda	52,000

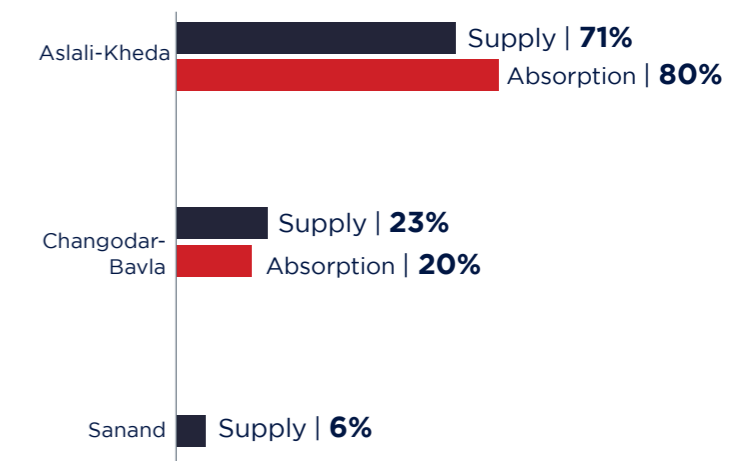
**OCCUPIER SEGMENT**  
Micromarket  
Area Leased (sq. ft.)

Source: Savills India Research

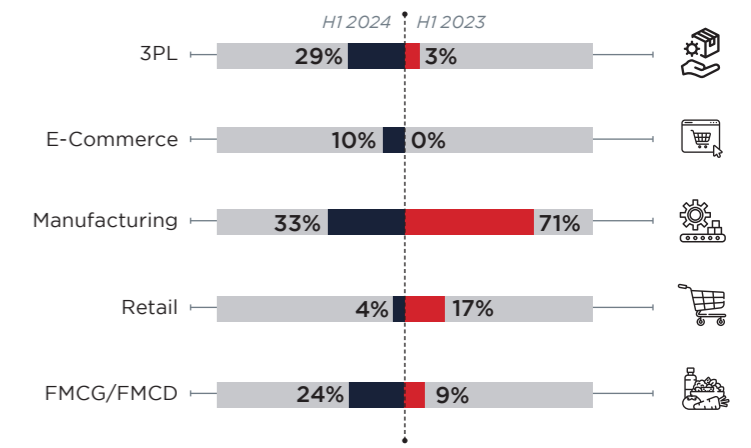
### Supply & Absorption by Grade



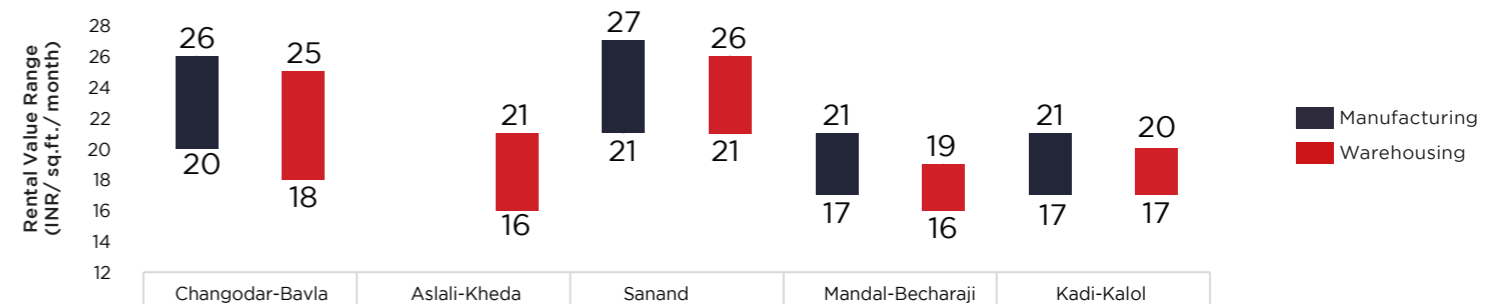
### Supply & Absorption by Micromarket



### Absorption by Occupier Segment



### Rental Values



Note: Rental Values on Carpet Area

### Outlook

- The industrial and logistics sector in Ahmedabad is likely to witness a substantial surge in 2024 with absorption exceeding 2 mn sq. ft.
- Changodar-Bavla, Sanand, and Aslali-Kheda will continue to remain the preferred locations for occupiers. Additionally, there are new emerging micromarkets such as Sanand, Dahej and Bharuch, which serve specific industries.
- Rental values are expected to increase marginally for compliant buildings across the city, with yields remaining stable.



# BENGALURU

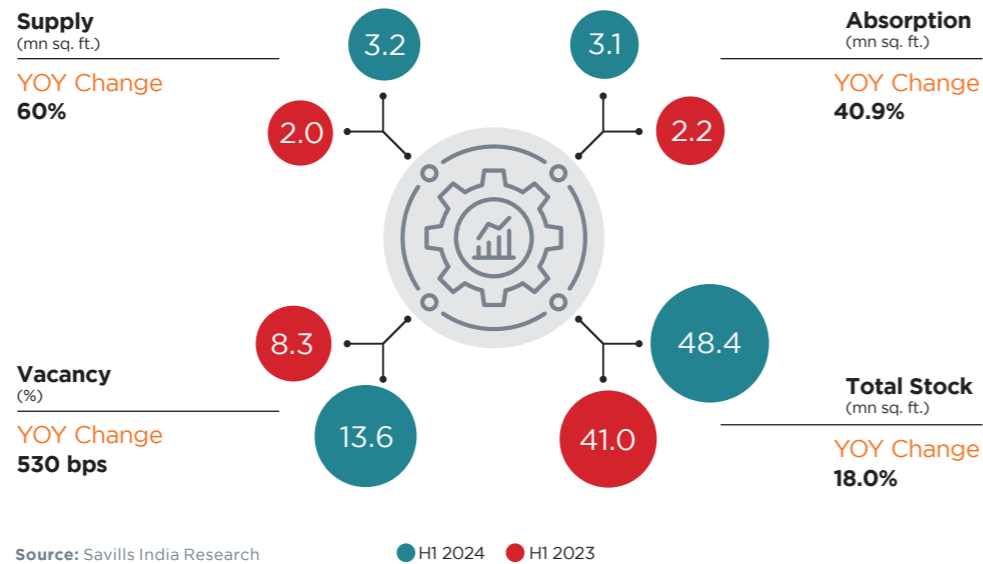
Industrial & Logistics Market H1 2024



## Key Trends

- Grade-A stock is consistently on the rise.
- 3PL and manufacturing segments are driving the demand.
- E-commerce and FMCG/FMCD segments are gaining traction.
- Hoskote and Tumkur Road remain preferred micromarkets.
- Rental values increased marginally.

## Key Statistics



Source: Savills India Research

## Supply, Absorption and Vacancy

- Bengaluru is one of the fastest growing urban centres, both from real estate and socio-economic perspectives. Availability of skilled manpower, established ecosystem, growing e-commerce, 3PL and manufacturing segments have made Bengaluru a preferred destination for industrial and logistics.
- In H1 2024, Bengaluru witnessed absorption of 3.1 mn sq. ft. of industrial and warehousing space, a 40.9% increase over 2.2 mn sq. ft. in H1 2023, while the supply surged to 3.2 mn sq. ft. up from 2.0 mn sq. ft. in H1 2023. The surge in supply was in response to growing demand.
- Hoskote and Tumkur Road micromarkets continued to maintain their dominant position, collectively contributing to over 85% of the total supply and 81% of the total absorption in H1 2024.
- The 3PL and manufacturing segments played a significant role in driving demand in H1 2024, together accounting for 44% of the overall absorption followed by the e-commerce segment at 15% and FMCG/FMCD at 8%. In addition, the uptake of manufacturing warehouses has contributed substantially to the overall absorption.

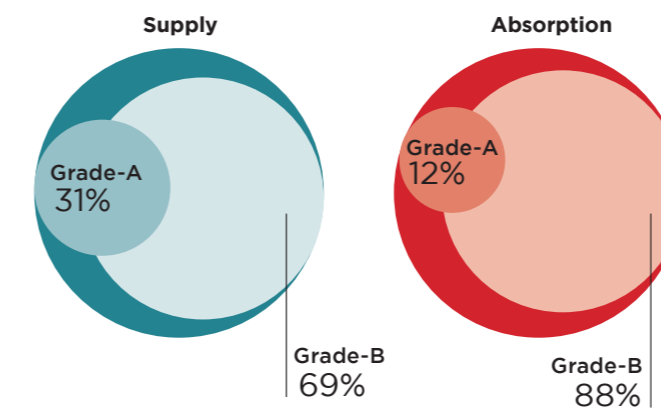
## Major Transactions

<b>E-Commerce</b> Hoskote	300,000
<b>Others</b> Tumkur Road	180,000
<b>3PL</b> Hoskote	161,000
<b>Retail</b> Hoskote	150,000
<b>FMCG/FMCD</b> Tumkur Road	149,000
<b>Manufacturing</b> Hoskote	131,000

**OCCUPIER SEGMENT**  
Micromarket  
Area Leased (sq. ft.)

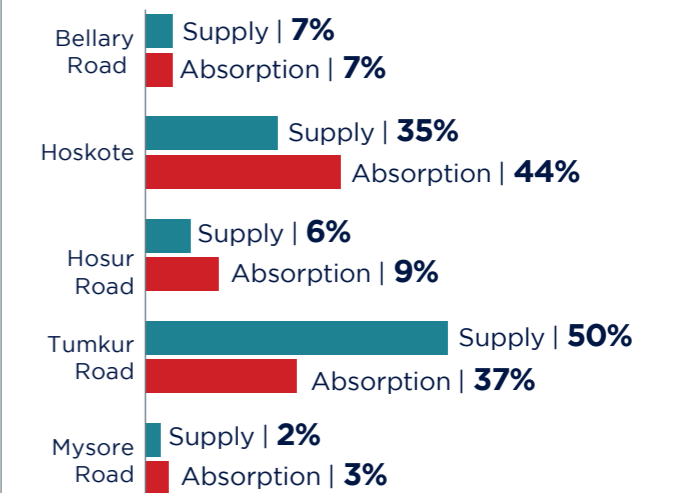
Source: Savills India Research

## Supply & Absorption by Grade



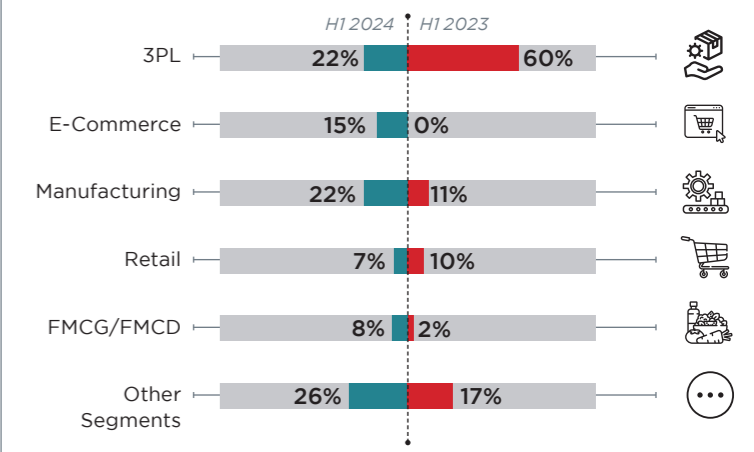
Source: Savills India Research

## Supply & Absorption by Micromarket



Source: Savills India Research

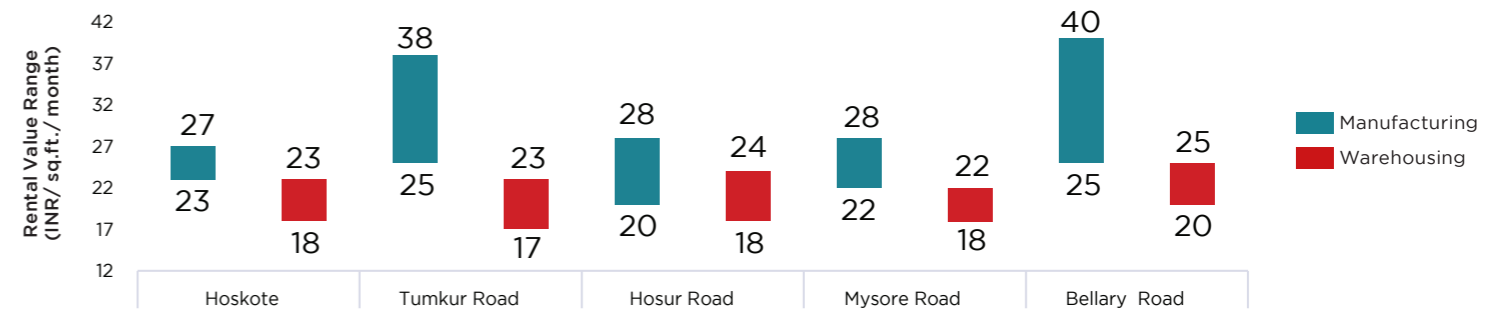
## Absorption by Occupier Segment



Source: Savills India Research

Note: Other Segments include space take-up by cold storage, chemicals, FTWZs, ICDS, agriculture warehousing, self-storage and manufacturing storage.

## Rental Values



Source: Savills India Research

Note: Rental Values on Carpet Area

## Outlook

- The city is likely to witness supply and absorption in excess of 6.0 mn sq. ft. in 2024.
- Demand will continue to be driven by 3PL, manufacturing, FMCD/FMCG and retail segments.
- Bengaluru is poised to see an increase in Grade-A industrial and warehousing supply within prominent micromarkets.
- Rental values are expected to increase marginally for compliant buildings across the city, with yields remaining stable. This expected increase in rental values is due to an increase in land values and a surge in construction costs.





# CHENNAI

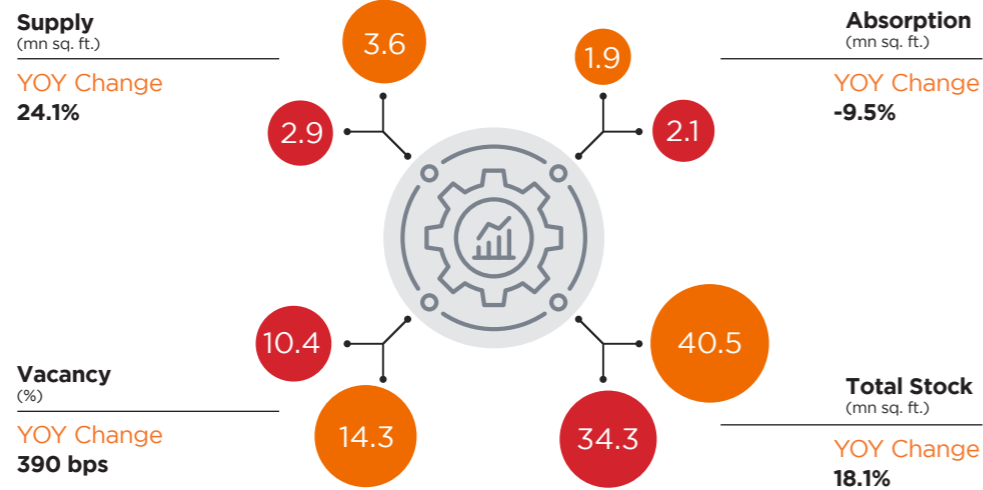
## Industrial & Logistics Market H1 2024



### Key Trends

- Grade-A space continued to dominate.
- The manufacturing and 3PL segments are driving the demand.
- Vacancy rates increased.
- Rental values increased marginally in West Chennai.

### Key Statistics



Source: Savills India Research

### Supply, Absorption and Vacancy

- Chennai has historically been a cornerstone of India's economy, owing to its seaport and transport infrastructure. The economy of the city thrives on account of a vital industrial base covering automobile, IT & ITeS, technology, hardware manufacturing.
- Industrial and warehousing space absorption in Chennai stood at 1.9 mn sq. ft. in H1 2024 against 2.1 mn sq. ft. in H1 2023. The manufacturing segment accounted for 47% of the total absorption witnessed in the city in H1 2024 followed by the 3PL segment at 45%.
- On the supply side, the city witnessed an addition of 3.6 mn sq. ft. in H1 2024, up by 24.1% from 2.9 mn sq. ft. in H1 2023. Overall vacancy rate increased to 14.3% in H1 2024 from 10.4% in H1 2023, a result of supply exceeding absorption.
- Supply and absorption are concentrated in the Bangalore Highway micromarket. Being the largest micromarket, it has accounted for 83% of both supply and total absorption witnessed in H1 2024.

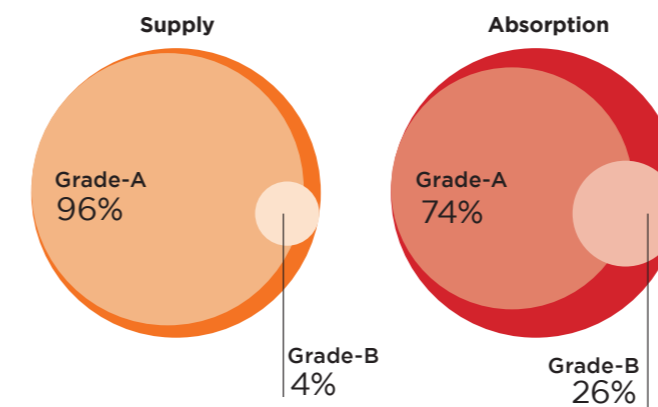
### Major Transactions

Location	Segment	Area Leased (sq. ft.)
Bangalore Highway	Manufacturing	292,000
Bangalore Highway	Manufacturing	250,000
Bangalore Highway	3PL	220,000
NH-16 GNT Road	3PL	200,000
Bangalore Highway	3PL	160,000
Bangalore Highway	3PL	125,000

**OCCUPIER SEGMENT**  
Micromarket  
Area Leased (sq. ft.)

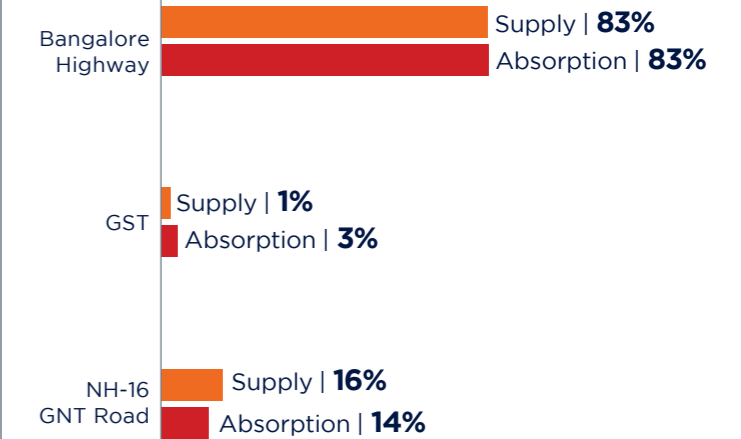
Source: Savills India Research

### Supply & Absorption by Grade



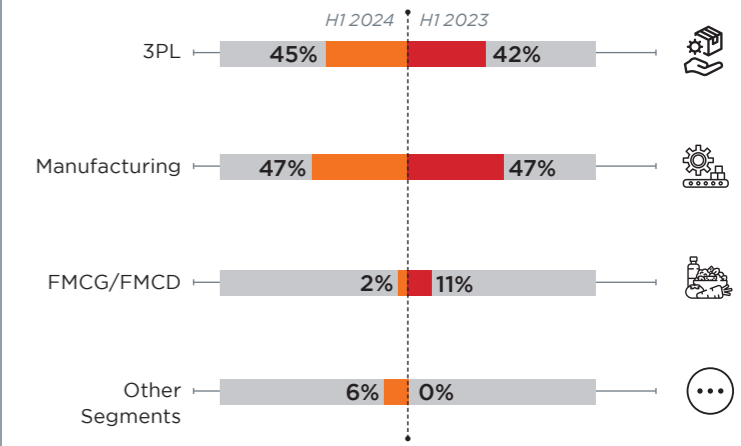
Source: Savills India Research

### Supply & Absorption by Micromarket



Source: Savills India Research

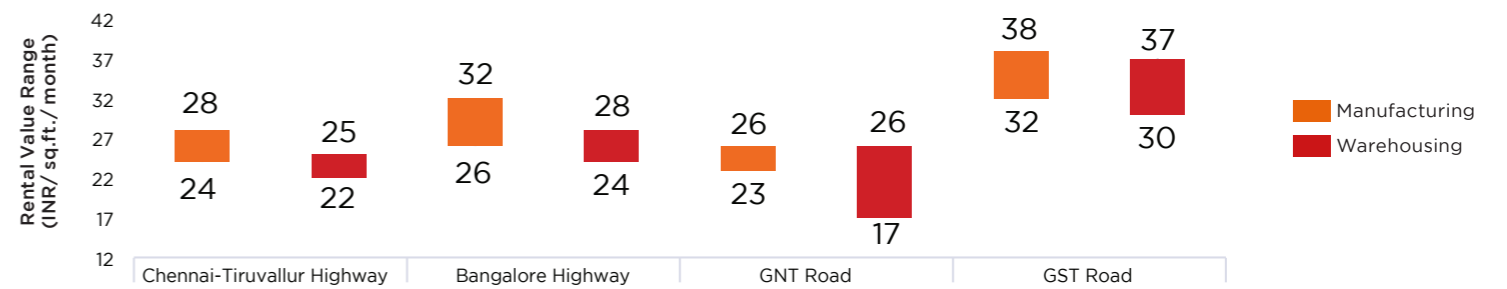
### Absorption by Occupier Segment



Source: Savills India Research

Note: Other Segments include space take-up by cold storage, chemicals, FTWZs, ICDS, agriculture warehousing, self-storage and manufacturing storage.

### Rental Values



Source: Savills India Research

Note: Rental Values on Carpet Area

### Outlook

- Chennai is likely to witness absorption in excess of 5.5 mn sq. ft. in 2024. The manufacturing and 3PL segments continue to drive the demand.
- Due to a rising demand for compliant spaces, many institutional developers are investing in Chennai. The market has witnessed an increased demand for higher Grade-A and compliant buildings, leading to a significant increase in Grade-A space.
- Manufacturing and 3PL segments will continue to drive warehousing demand in 2024. Automotive, auto-ancillary and renewable energy companies are generating significant demand for space, primarily driven by trade routes that facilitate exports.
- Rental values are expected to increase marginally for compliant buildings across the city, with yields remaining stable.

# DELHI/NCR

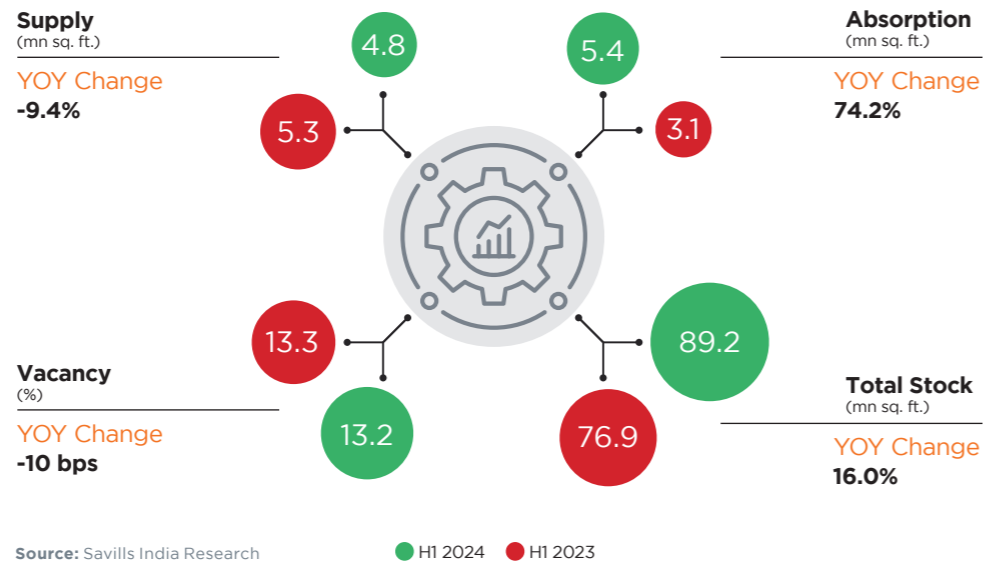
## Industrial & Logistics Market H1 2024



### Key Trends

- The 3PL and FMCG/FMCD segments are driving the demand.
- Gurugram continued to be the preferred micromarket.
- Overall vacancy rates marginally decreased.

### Key Statistics



Source: Savills India Research

### Supply, Absorption and Vacancy

- The National Capital Region (NCR) that encompasses Delhi along with its satellite cities Gurugram, Noida, Greater Noida, Ghaziabad and Faridabad is one of India's largest urban agglomerations. From an industrial and logistics perspective, NCR is not only the gateway to North India but also one of the fastest growing and most important nodes of the country.
- Delhi-NCR witnessed an absorption of 5.4 mn sq. ft. in H1 2024 compared with 3.1 mn sq. ft. in H1 2023 with a YOY growth of 74.2%. The market witnessed supply of 4.8 mn sq. ft. in H1 2024 bringing the operational stock to 89.2 mn sq. ft., the highest in the country.
- The overall vacancy rate marginally decreased to 13.2% in H1 2024 from 13.3% in H1 2023.
- Supply and absorption were concentrated in locations such as Tauru Road, Farukhnagar, Kulana, and Bilaspur-Pataudi Road within the Gurugram micromarket.
- The 3PL and FMCG/FMCD segments together accounted for 54% of the overall absorption in H1 2024. Delhi-NCR is a preferred location for 3PL and FMCD/FMCG players as it serves as a distribution hub for many nearby cities and is well connected.

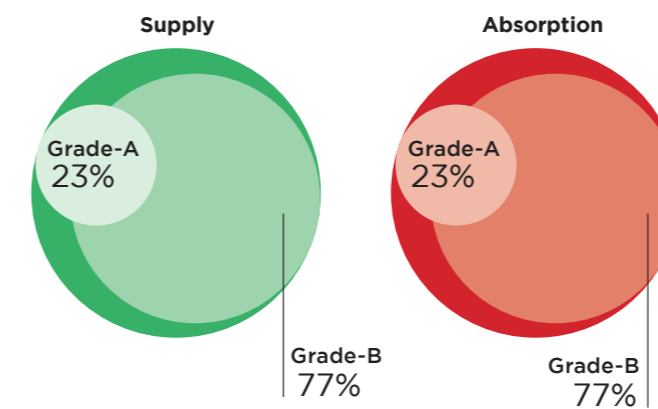
### Major Transactions

FMCG/FMCD Gurugram	306,000
FMCG/FMCD Gurugram	279,000
3PL Sonipat	250,000
E-Commerce Gurugram	223,000
Manufacturing Noida/Ghaziabad	200,000

OCCUPIER SEGMENT  
Micromarket  
Area Leased (sq. ft.)

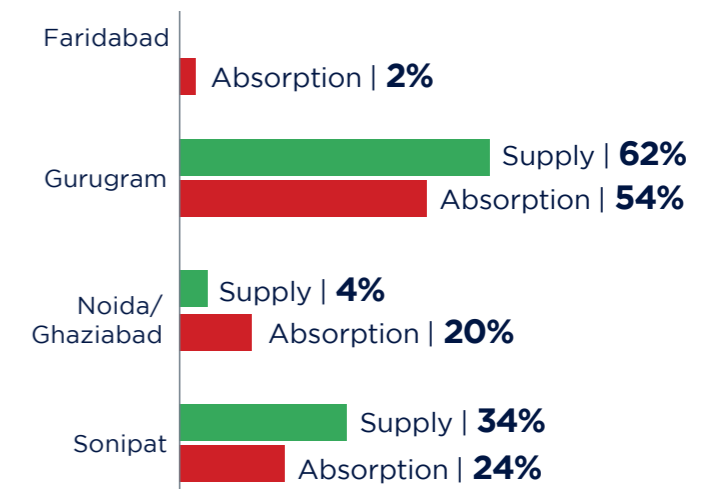
Source: Savills India Research

### Supply & Absorption by Grade



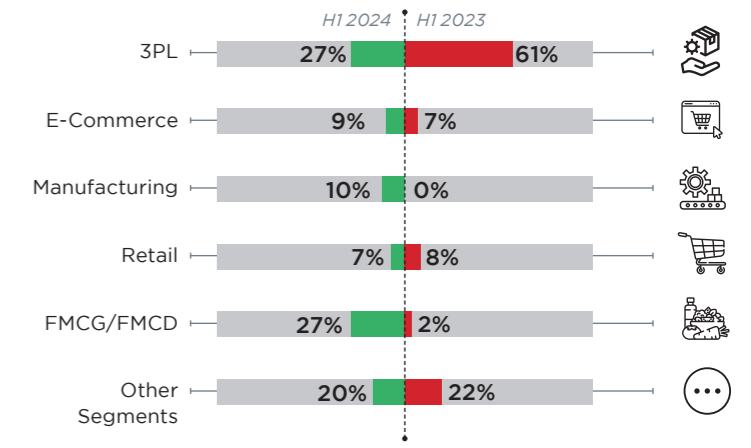
Source: Savills India Research

### Supply & Absorption by Micromarket



Source: Savills India Research

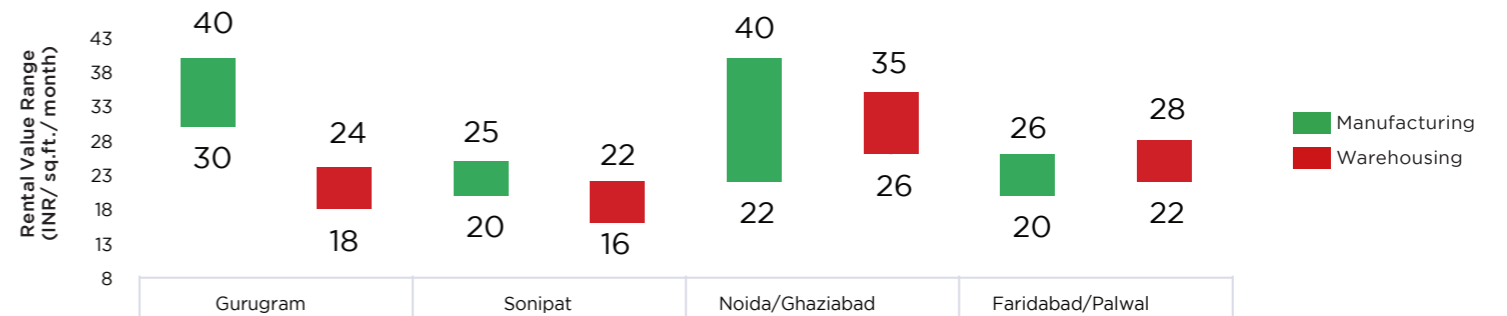
### Absorption by Occupier Segment



Source: Savills India Research

Note: Other Segments include space take-up by cold storage, chemicals, FTWZs, ICDS, agriculture warehousing, self-storage and manufacturing storage.

### Rental Values



Source: Savills India Research

Note: Rental Values on Carpet Area

### Outlook

- In 2024, the Delhi-NCR market is expected to witness absorption exceeding 10 mn sq. ft.
- The demand for warehousing in the Delhi-NCR region will be primarily driven by the 3PL, FMCG/FMCD and retail segments.
- In 2024, the vacancies are expected to increase, with supply exceeding the anticipated demand. Delhi-NCR is witnessing its highest-ever supply in 2024.
- The upcoming major rail and road infrastructure projects in the region i.e., Jewar Airport, Eastern Dedicated Freight Corridor, DMIC, etc. will further act as a strong catalyst in future.

# HYDERABAD

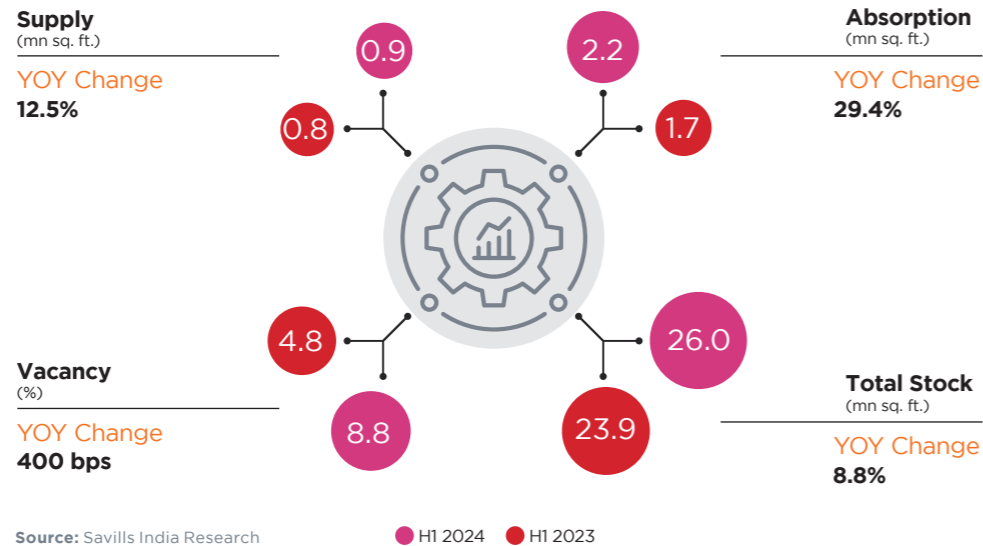
## Industrial & Logistics Market H1 2024



### Key Trends

- The 3PL and manufacturing segments are driving the demand.
- Medchal-Kompally and Shamshabad are the most preferred micromarkets.
- Demand for Grade-A space is on the rise.
- Rental values increased marginally.
- Vacancy rates increased.

### Key Statistics



### Supply, Absorption and Vacancy

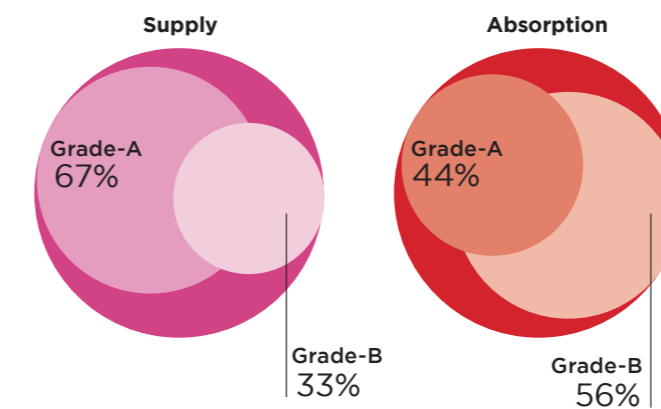
- Hyderabad is a major hub for technology and life sciences industries. It was among the pioneering cities based on its economic growth on the back of the IT boom in the early 2000s. It is home to several life sciences companies, including those in pharmaceuticals, biotechnology and crop sciences.
- In H1 2024, Hyderabad witnessed absorption of 2.2 mn sq. ft. of industrial and warehousing space, a 29.4% increase over 1.7 mn sq. ft. in H1 2023, while the supply stood at 0.9 mn sq. ft. in H1 2024. Grade-A space accounted for 44% of total absorption and 67% of the total supply witnessed in H1 2024.
- Hyderabad has historically been a market dominated by 3PL, e-commerce, and retail. Now it is the manufacturing segment that is emerging due to growing demand from pharma and biotechnology companies. In H1 2024, 3PL segment accounted for the majority of absorption, contributing 27% of total absorption, followed by the manufacturing segment at 24% and FMCD/FMCG at 22%.
- Medchal-Kompally and Shamshabad are the preferred micromarkets, together contributing 98% of total absorption and 100% of total supply witnessed in H1 2024. Connectivity, infrastructure and a well-established industrial eco-system, the presence of institutional developers, and availability of land at competitive prices are driving the demand in these micromarkets.

### Major Transactions

Segment	Micromarket	Area Leased (sq. ft.)
3PL	Shamshabad	260,000
Retail	Shamshabad	250,000
Manufacturing	Shamshabad	190,000
3PL	Medchal-Kompally	130,000
FMCG/FMCD	Medchal-Kompally	117,000

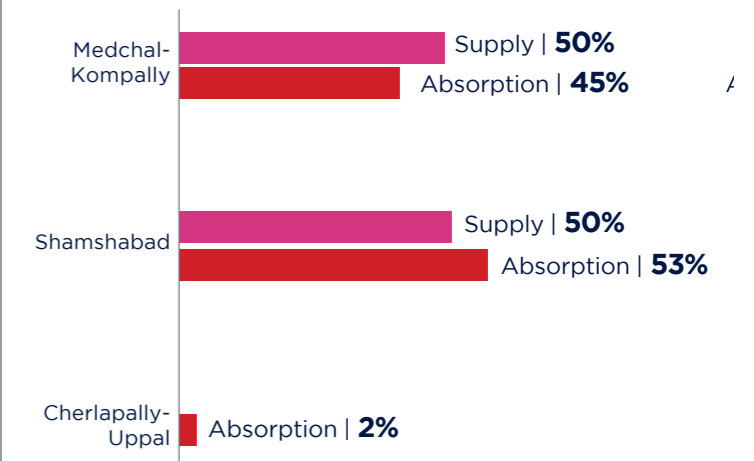
Source: Savills India Research

### Supply & Absorption by Grade



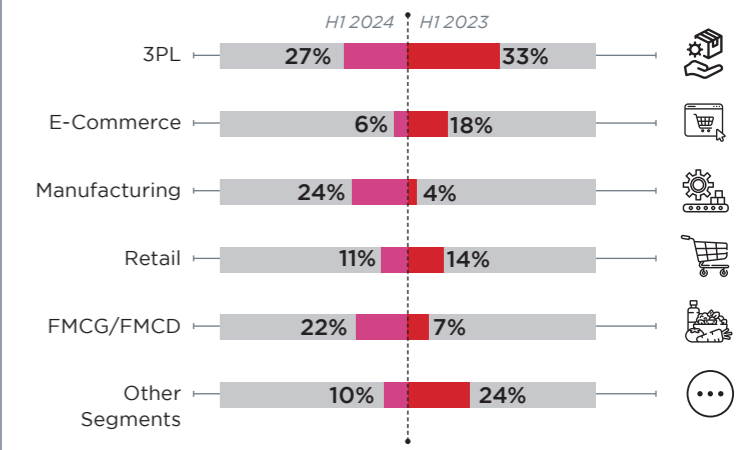
Source: Savills India Research

### Supply & Absorption by Micromarket



Source: Savills India Research

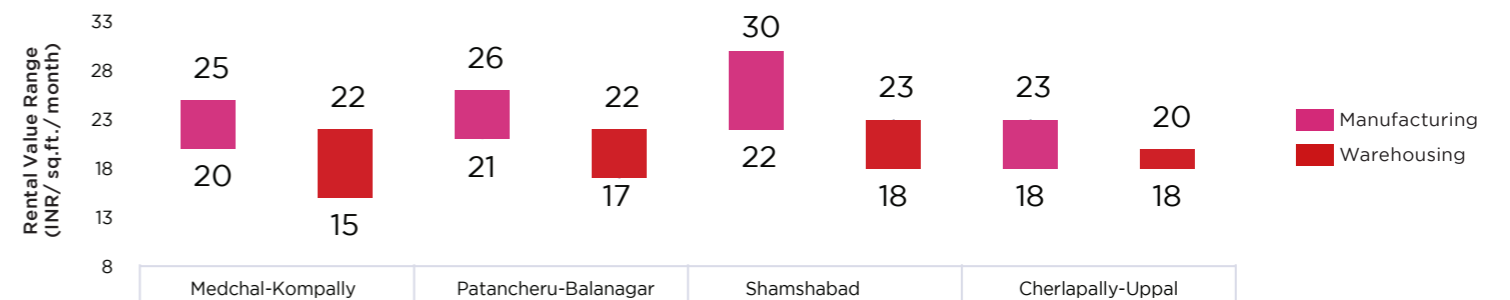
### Absorption by Occupier Segment



Source: Savills India Research

Note: Other Segments include space take-up by cold storage, chemicals, FTWZs, ICDS, agriculture warehousing, self-storage and manufacturing storage.

### Rental Values



Source: Savills India Research

Note: Rental Values on Carpet Area

### Outlook

- Hyderabad is likely to witness absorption in excess of 3.0 mn sq. ft. in 2024.
- Medchal-Kompally is likely to remain the top choice micromarket for occupiers. The majority of the demand is expected to come from Medchal-Kompally and Shamshabad micromarkets.
- The 3PL, FMCG/FMCD and retail segments are expected to drive the demand in 2024.
- Rental values are expected to increase marginally for compliant buildings across micromarkets with yields remaining stable.



# KOLKATA

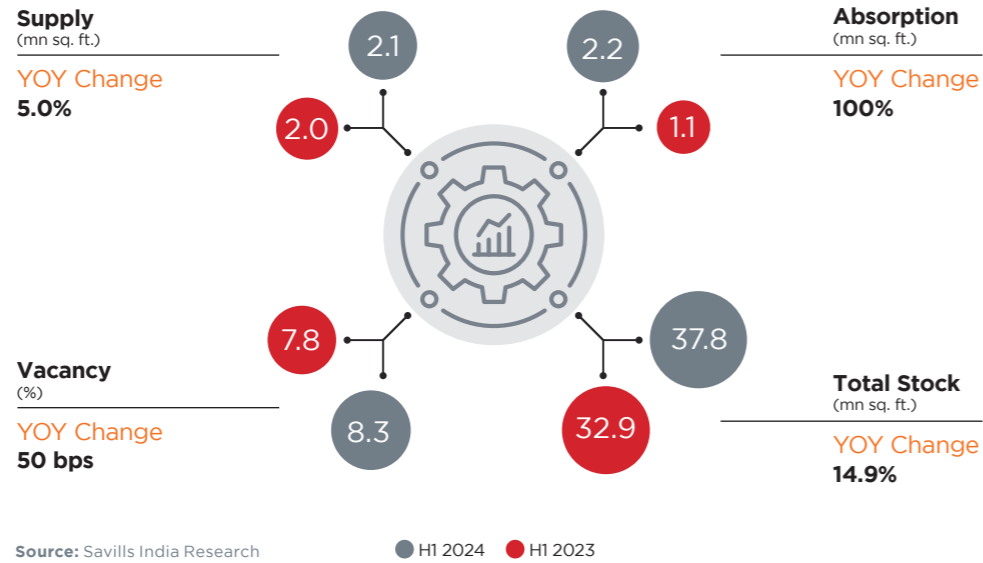
## Industrial & Logistics Market H1 2024



### Key Trends

- The 3PL segment took the lead in absorption.
- Demand and supply was concentrated in NH-16 and NH-19 micromarkets.
- Overall vacancy rates increased marginally.

### Key Statistics



### Supply, Absorption and Vacancy

- Kolkata is strategically located in eastern India, benefitting from its proximity to railway connections and key transportation hubs. Kolkata plays a pivotal role as a major warehousing hub, addressing the primary needs for consumption in eastern and northeastern states.
- The city witnessed an absorption of 2.2 mn sq. ft. of industrial and warehousing space in H1 2024 against 1.1 mn sq. ft. in H1 2023 with an increase of 100% from H1 2023 levels. On the supply side, the city witnessed the completion of 2.1 mn sq. ft. of industrial and warehousing space, with the total operational stock standing at 37.8 mn sq. ft.
- NH19 and NH16 continued to be the preferred micromarkets, together accounting for 96% of the total supply and 100% of the total absorption witnessed in H1 2024.
- The 3PL, FMCG/FMCD, retail and cold-chain segments will continue to remain key demand drivers owing to the presence of a large consumer base, considering Kolkata is the third most populous city in India. In H1 2024, the 3PL segment accounted for the majority of absorption, contributing 40% to total absorption, followed by FMCG/FMCD at 37% and retail at 16%.

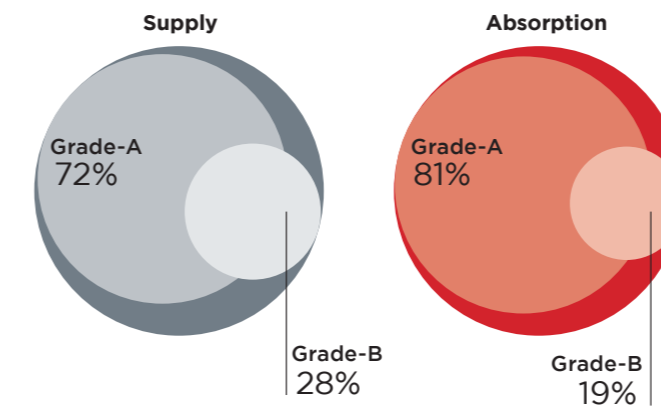
### Major Transactions

Segment	Micromarket	Area Leased (sq. ft.)
FMCG/FMCD	NH-19	280,000
3PL	NH-16	229,429
Retail	NH-19	190,000
3PL	NH-19	145,000
3PL	NH-16	140,000

**OCCUPIER SEGMENT**  
Micromarket  
Area Leased (sq. ft.)

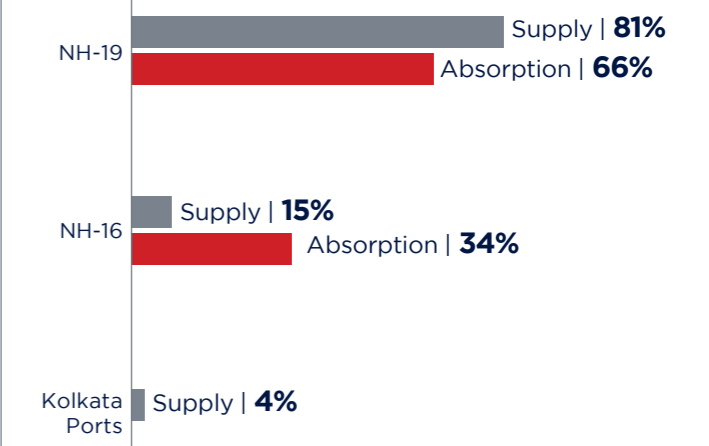
Source: Savills India Research

### Supply & Absorption by Grade



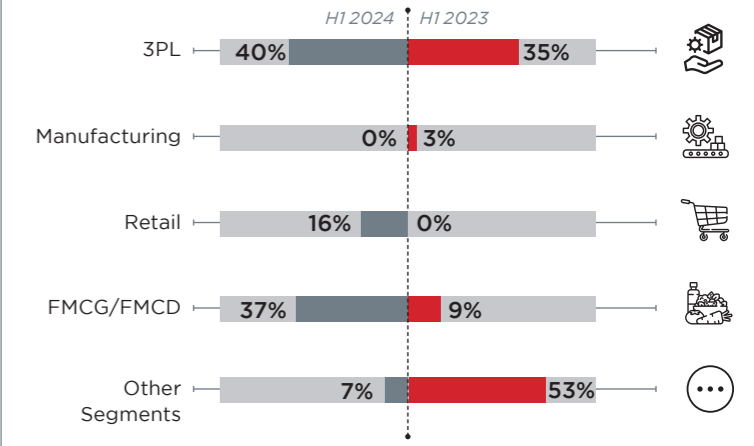
Source: Savills India Research

### Supply & Absorption by Micromarket



Source: Savills India Research

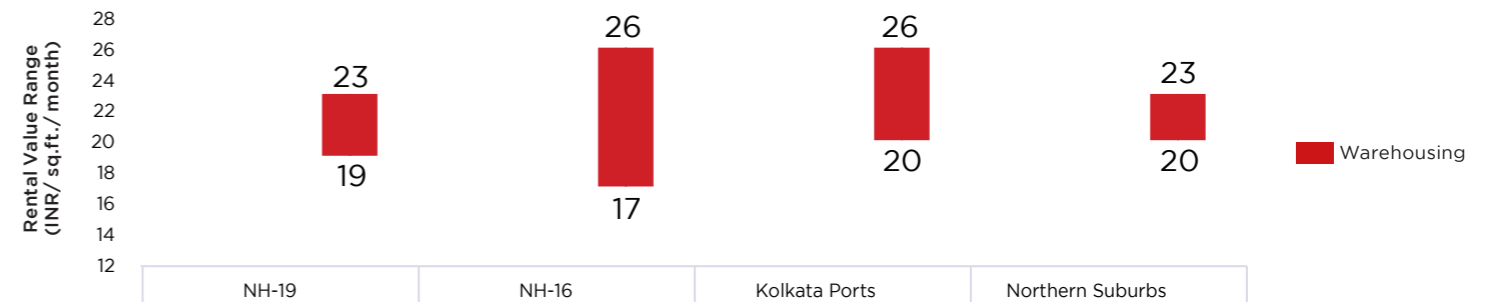
### Absorption by Occupier Segment



Source: Savills India Research

Note: Other Segments include space take-up by cold storage, chemicals, FTWZs, ICDS, agriculture warehousing, self-storage and manufacturing storage.

### Rental Values



Source: Savills India Research

Note: Rental Values on Carpet Area

### Outlook

- The city is likely to witness absorption in excess of 4.0 mn sq. ft. in 2024.
- 3PL, FMCG/FMCD and cold-chain warehousing will remain the major demand drivers owing to the substantial consumer base.
- NH-16 and NH-19 micromarkets will continue to be the preferred micromarkets.



# MUMBAI

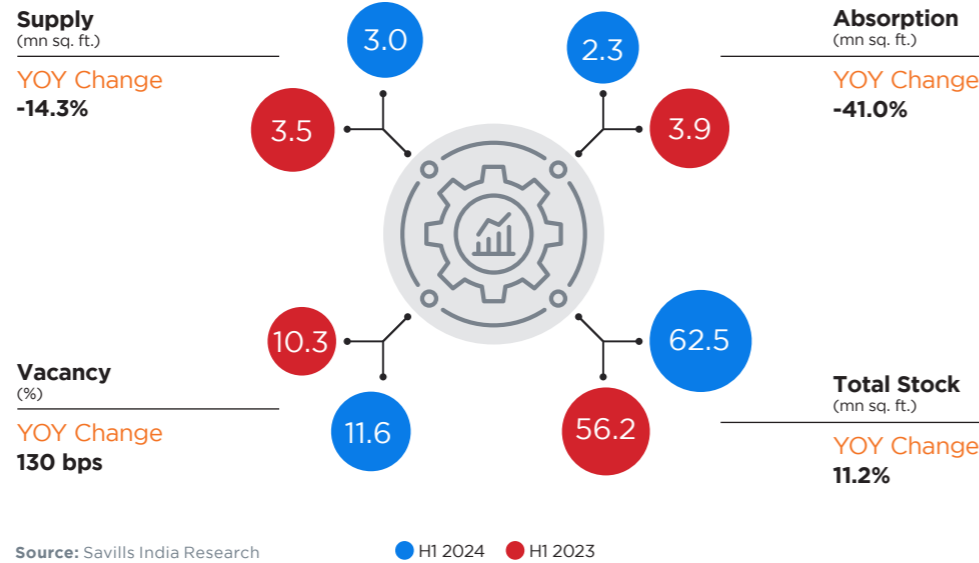
## Industrial & Logistics Market H1 2024



### Key Trends

- The 3PL, FMCG/FMCD and retail segments are driving demand.
- Bhiwandi continues to be the preferred micromarket.
- Rental values increased marginally for compliant buildings.
- Vacancy rates increased marginally.

### Key Statistics



### Supply, Absorption and Vacancy

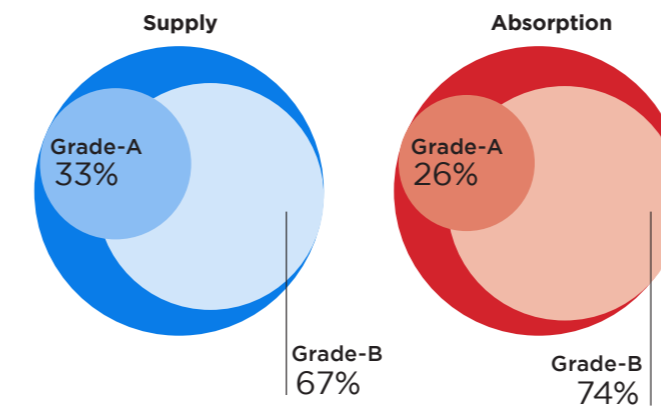
- Mumbai, the financial capital of India, is a premier destination for warehousing and manufacturing, thanks to its strategic location and robust infrastructure. Nestled on the western coast, Mumbai serves as a vital gateway for international trade, boasting of one of the busiest ports in the country.
- The city is well-connected through an extensive network of roadways, railways, and airways, facilitating seamless logistics and supply chain operations. With its thriving industrial hubs and abundant skilled workforce, Mumbai offers an ideal environment for businesses seeking to establish warehousing and manufacturing operations. The city's dynamic economic landscape, coupled with its proximity to major markets, ensures that companies can achieve operational efficiency and drive growth in this bustling metropolis.
- In H1 2024, Mumbai Metropolitan Region (MMR) witnessed an absorption of 2.3 mn sq. ft. On the supply side, the city witnessed 3.0 mn sq. ft. in H1 2024 against 3.5 mn sq. ft. in H1 2023. The operational stock stands at 62.5 mn sq. ft. in H1 2024, the second highest after Delhi-NCR.
- Bhiwandi continued to be the preferred micromarket, contributing 81% each to absorption and supply witnessed in H1 2024. Bhiwandi is a highly preferred micromarket with easy access to Mumbai, Pune, Nashik and Gujarat. It is also close to the international airport and major ports.
- The 3PL segment accounted for over 52% of total absorption witnessed during H1 2024 followed by FMCG/FMCD at 15% and manufacturing and retail each at 13%. The presence of a large consumer base and an increased emphasis on last-mile delivery are resulting in higher demand from the 3PL and retail segments, resulting in healthy competition within the quick commerce segment.

### Major Transactions

Segment	Micromarket	Area Leased (sq. ft.)
3PL	Bhiwandi	322,000
FMCDG/FMCD	Bhiwandi	284,000
Retail	Navi Mumbai	200,000
3PL	Bhiwandi	140,000
3PL	Navi Mumbai	120,000

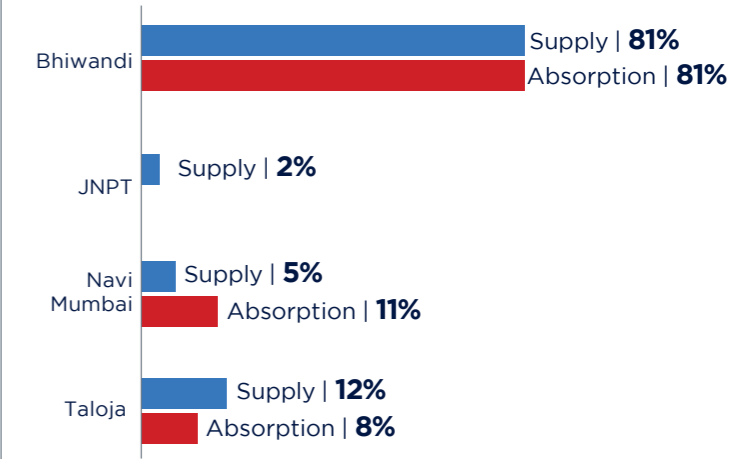
Source: Savills India Research

### Supply & Absorption by Grade



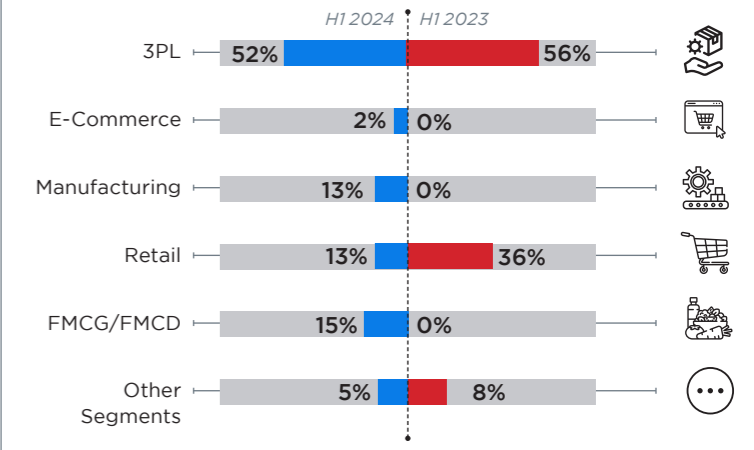
Source: Savills India Research

### Supply & Absorption by Micromarket



Source: Savills India Research

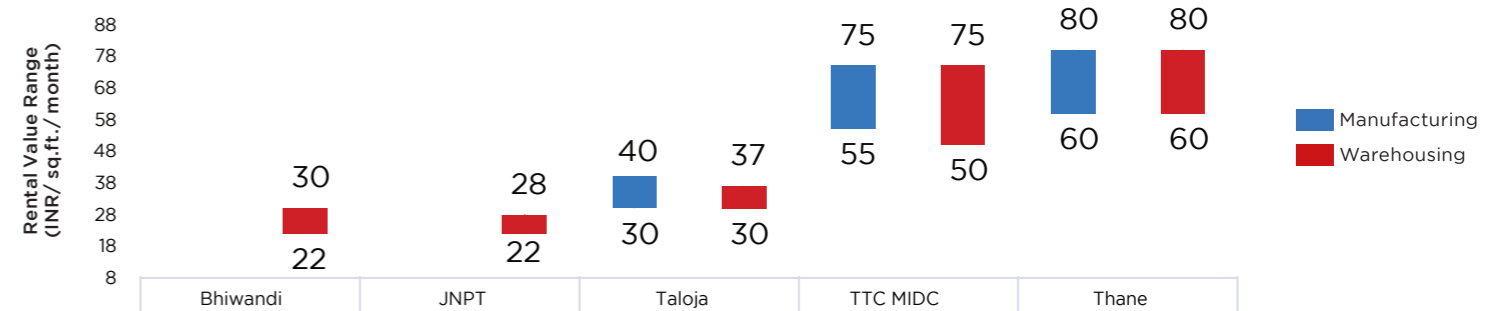
### Absorption by Occupier Segment



Source: Savills India Research

Note: Other Segments include space take-up by cold storage, chemicals, FTWZs, ICDs, agriculture warehousing, self-storage and manufacturing storage.

### Warehousing Rental Values



Source: Savills India Research

Note: Rental Values on Carpet Area

### Outlook

- In 2024, over 8.5 mn sq. ft. of industrial and warehousing space is expected, driven mainly by the Bhiwandi micromarket.
- The segments driving warehousing demand are anticipated to be 3PL, retail, and e-commerce along with increased demand for in-city warehousing by last mile delivery players.
- R&D and manufacturing developments are expected to favour Taloja, TTC Area, Panvel, Patalganga and Ambernath as preferred destinations.
- Rental values vary significantly across different micromarket with Bhiwandi being a cost-effective choice.
- There is a growing emphasis on sustainable practice and green warehousing.
- Rental values are expected to increase marginally for compliant buildings across micromarkets, with yields remaining stable.



# PUNE

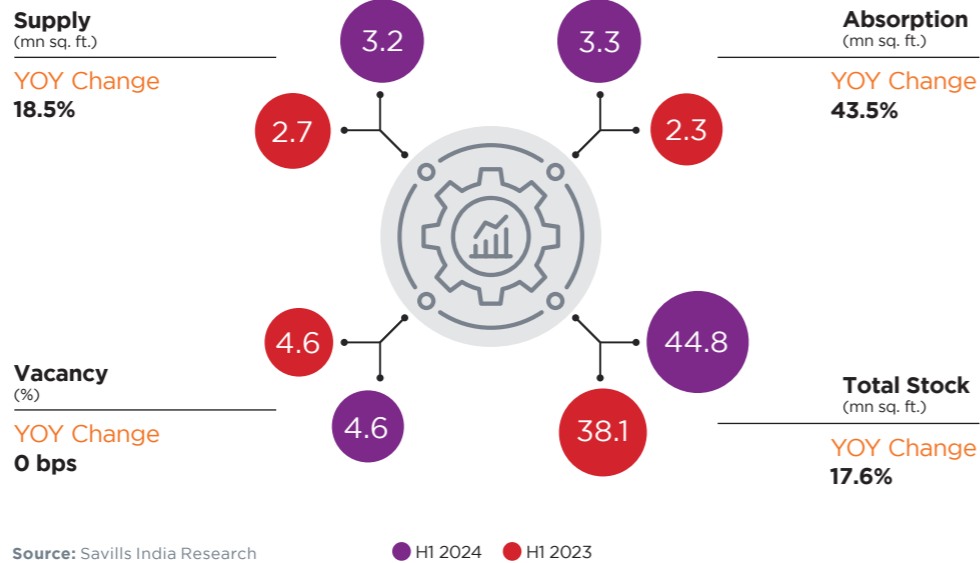
## Industrial & Logistics Market H1 2024



### Key Trends

- The manufacturing segment continues to drive the demand.
- Rental values increased marginally.
- Chakan-Talegaon micromarket continues to be the preferred location for occupiers.

### Key Statistics



Source: Savills India Research

### Supply, Absorption and Vacancy

- Pune is the second-largest city in Maharashtra after Mumbai and is also referred to as the 'Cultural Capital of Maharashtra'. Pune has eight industrial estates developed by Maharashtra Industrial Development Corporation (MIDC) along major transportation corridors, apart from those that are built on freehold/private land in and around the city.
- Pune witnessed an absorption of 3.3 mn sq. ft. of industrial and warehousing space in H1 2024 against 2.3 mn sq. ft. in H1 2023 with an increase of 43.5% YOY. The manufacturing segment accounted for the majority of absorption, contributing 68% of total absorption, followed by the 3PL segment at 21% in H1 2024.
- On the supply side, the city witnessed 3.2 mn sq. ft. in H1 2024 with an increase of

- 18.5% from H1 2023 levels. The surge in supply was due to the delivery of projects in response to growing demand. Grade-A space accounted for 50% of total absorption and 58% of total supply witnessed in H1 2024.
- The Chakan-Talegaon accounted for 80% of total absorption and 76% of total supply witnessed in H1 2024. Chakan, Talegaon, Ranjangaon and Nagar Road are preferred locations for occupiers. These are mature locations with well-established industrial ecosystems and the presence of major auto and auto-ancillary companies. These locations have been developed by Maharashtra Industrial Development Corporation (MIDC) and are well connected to Mumbai and Nashik.

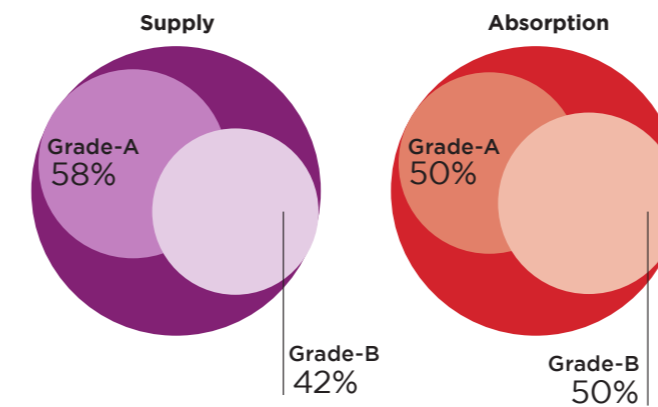
### Major Transactions

Segment	Micromarket	Area Leased (sq. ft.)
3PL	Chakan-Talegaon	440,000
Manufacturing	Chakan-Talegaon	272,378
Manufacturing	Chakan-Talegaon	265,622
Manufacturing	Chakan-Talegaon	150,000
Manufacturing	Hinjewadi	150,000
3PL	Chakan-Talegaon	135,000

OCCUPIER SEGMENT  
Micromarket  
Area Leased (sq. ft.)

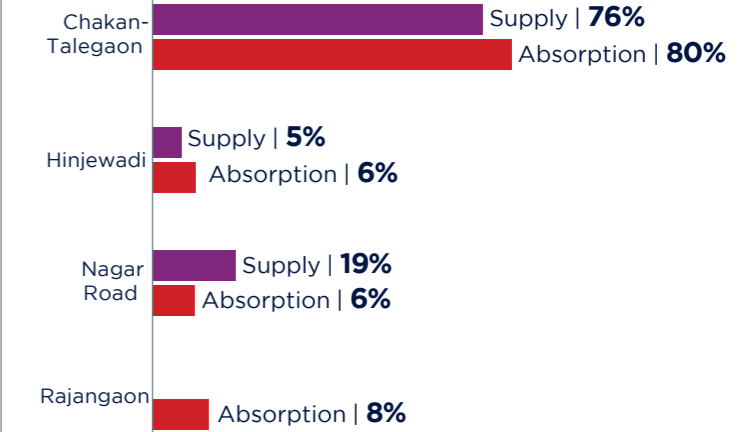
Source: Savills India Research

### Supply & Absorption by Grade



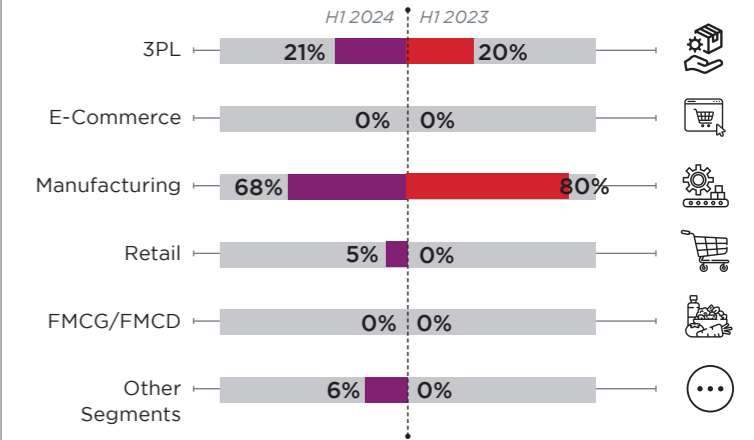
Source: Savills India Research

### Supply & Absorption by Micromarket



Source: Savills India Research

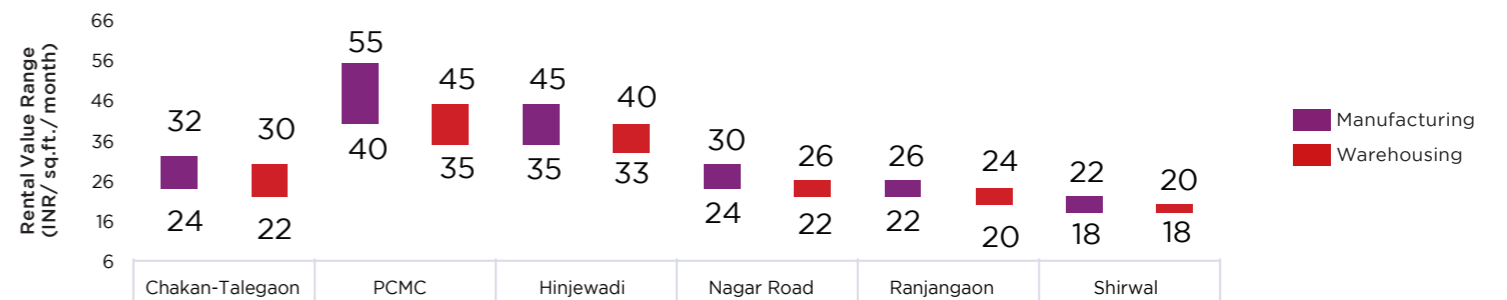
### Absorption by Occupier Segment



Source: Savills India Research

Note: Other Segments include space take-up by cold storage, chemicals, FTWZs, ICDs, agriculture warehousing, self-storage and manufacturing storage.

### Rental Values



Source: Savills India Research









Note: Rental Values on Carpet Area

### Outlook

- Pune city is likely to witness absorption in excess of 6 mn sq. ft. in 2024.
- Chakan-Talegaon and Ranjangaon remain favoured locations due to their proximity, connectivity, and ongoing graded developments.
- The market is likely to witness increased manufacturing space requirements driven by the PLI scheme for various manufacturing segments.
- Rental values are expected to marginally increase in 2024 due to lack of ready-to-move-in stock.

# SAVILLS INSIGHTS

## Key Trends

- 1 The manufacturing segment has gained momentum due to increased activity backed by various incentive schemes. 
- 2 Increased partnerships between 3PL, e-commerce, and manufacturers for streamlined supply chains. 
- 3 Growing retail segment 
- 4 Emerging subsegments like cold storage, chemical, FTWZs, ICDs, agri and self-storage. 
- 5 Tier-II and III cities grow significantly as sourcing hubs, aiding efficient distribution. 
- 6 Growing EHS standards and transition from Grade-C & D space to Grade-A. 
- 7 Attractive investment returns 
- 8 Rental outlook 

## Outlook

- Anticipate around 12 mn sq. ft. of manufacturing space absorption for 2024.
- Over 19 mn sq. ft. of 3PL space absorption is expected in 2024.
- Expect to lease approximately 6 mn sq. ft. in 2024.
- Expect to lease more than 5 mn sq. ft. in 2024.
- Tier-II and III cities shall contribute around 10 mn sq. ft. absorption in 2024.
- Migration of 900 mn sq. ft. of grade-C and D (approximately 70% of total stock) space to Grade-A in the country offers short and long-term investment opportunities.
- Growing market and attractive investment yields of 7% to 7.25%, compared with 4% to 4.5% in developed countries, provide opportunities for investors.
- Rental values increased marginally across the cities for compliant and Grade-A buildings and is likely grow further marginally across cities. The magnitude of growth will be in the range of 2% to 6% depending on location and city.

# APPENDIX

## Key Policies/Schemes announced in H1 2024

Key Policies/Scheme	Highlights
<b>Meghalaya Industrial and Investment Promotion Polic (2024)</b>	To transform Meghalaya into an investment destination for achieving holistic green growth, empowering local communities, and fostering a sustainable economy.
<b>Uttar Poorva Transformative Industrialization Scheme (UNNATI - 2024)</b>	Government of India has formulated the New Industrial Development Scheme, for the development of industries and generation of employment in the states of North-East Region.
<b>Electric Mobility Promotion Scheme 2024 (EMPS 2024)</b>	With an outlay of INR 500 crore for a period of four months, w.e.f. 1st April 2024 till 31st July 2024. The scheme is introduced for faster adoption of electric two-wheeler (e-2W) and electric three-wheeler (e-3W including registered e-rickshaws and e-carts and L5) to provide further impetus to green mobility and development of electric vehicle (EV) manufacturing eco-system in the country.
<b>Scheme for Bio-Manufacturing and Bio-Foundry (2024)</b>	Aims to provide environmentally friendly raw material alternatives such as biodegradable polymers, bio-plastics, bio-pharmaceuticals and bio-agri-inputs.
<b>Scheme to Promote Manufacturing of Electric Passenger Cars (2024)</b>	The Ministry of Heavy Industries, Government of India, launched this scheme to position India as a leading manufacturing hub for electric vehicles (EVs) and to attract investments from global EV manufacturers.
<b>Grain Storage Scheme (2024)</b>	The scheme aims to create storage capacity for 100% of India's grain production and integrate PACS godowns into the food grain supply chain, in collaboration with NABARD and led by the NCDC.
<b>Economic Railway Corridor Programs (2024)</b>	Announced the launch of three economic railway corridor programs under the PM Gati Shakti initiative to enhance multi-modal connectivity. These include energy, mineral, and cement corridors, port connectivity corridors, and high-traffic density corridors.

## DEFINITIONS

### Supply

New building(s) which are completed in a given time frame which includes Grade-A and Grade-B buildings in both BTS and speculative developments. A building is considered completed once the Occupancy Certificate is received or at least one tenant has moved in.

### Stock

Existing built-up area in all buildings located in a given market. Only Grade-A and B buildings have been considered for computing stock in each market/micromarket.

### Vacancy

Space is considered vacant till it is available for lease/sale to an end user. Vacancy is total vacant space in the market/micromarket.

### Pre-lease/Pre-commitment

The agreement to lease drawn up between the owner and the tenant, prior to the completion of a building.

### Built-to-suit (BTS)

A building which has been constructed by the developer, tailored for the requirements of an occupier.

### Absorption

Total of lease transactions (excluding renewals and churns) witnessed in completed buildings in the market/micromarket in a given time frame, which includes Grade-A and Grade-B in both BTS and speculative developments.

### Rental Value

The average of transacted rent(s) from a representative sample of same grade buildings including Grade-A and Grade-B in a market/micromarket.

### Capital Value

The price at which a sale transaction takes place. [Capital Value = Rent per year/Yield].

### Rent Computation

Rents are computed by taking a weighted average of rents in the short-listed basket of buildings wherein there are recent lease transactions, and the frequency of lease transactions is the highest.

### Micromarket

A micromarket is a geographical segment of the city, with a common and shared infrastructure. It could often be the same as the administrative unit defined or organised by the governing authority of the region.

## ABBREVIATIONS & ACRONYMS

<b>3PL</b> .....	Third Party Logistics
<b>Bn</b> .....	Billion
<b>BTS</b> .....	Built-to-suit
<b>CAGR</b> .....	Compound Annual Growth Rate
<b>CTH</b> .....	Chennai-Tiruvallur Highway
<b>DMIC</b> .....	Delhi-Mumbai Industrial Corridor
<b>ECEC</b> .....	East Coast Economic Corridor
<b>EDFC</b> .....	Eastern Dedicated Freight Corridor
<b>EHS</b> .....	Environment, Health and Safety
<b>EMPS</b> .....	Electric Mobility Promotion Scheme
<b>ESG</b> .....	Environmental, Social, and Governance
<b>EV</b> .....	Electric Vehicle
<b>FDI</b> .....	Foreign Direct Investment
<b>FMCD</b> .....	Fast Moving Consumer Durables
<b>FMCG</b> .....	Fast Moving Consumer Goods
<b>FTWZs</b> .....	Free Trade Warehousing Zones
<b>GNT Road</b> .....	Grand Northern Trunk Road
<b>GST Road</b> .....	Grand Southern Trunk Road
<b>ICDs</b> .....	Inland Container Depots
<b>IMEC</b> .....	India Middle East Economic Corridor
<b>INR</b> .....	Indian Rupee
<b>IT</b> .....	Information Technology
<b>ITeS</b> .....	Information Technology Enabled Services
<b>MIDC</b> .....	Maharashtra Industrial Development Corporation
<b>mn</b> .....	Million
<b>NABARD</b> .....	National Bank For Agriculture And Rural Development
<b>NCDC</b> .....	National Cooperative Development Corporation
<b>NCR</b> .....	National Capital Region
<b>NLP</b> .....	National Logistics Policy
<b>PACS</b> .....	Primary Agricultural Credit Societies
<b>PLI</b> .....	Production Linked Incentive Scheme
<b>PPP</b> .....	Public Private Partnership
<b>R&amp;D</b> .....	Research and Development
<b>sq.ft</b> .....	Square Foot (or Square Feet)
<b>TTC</b> .....	Trans Thane Creek
<b>UNNATI</b> .....	Uttar Poorva Transformative Industrialization Scheme
<b>YOY</b> .....	Year On Year





## Savills

Savills is a global real estate services provider listed on the London Stock Exchange. Savills operates from over 700 owned and associate offices, employing more than 40,000 people in over 70 countries throughout the Americas, the UK, Europe, Asia Pacific, Africa and the Middle East, offering a broad range of specialist advisory, management and transactional services to clients all over the world.

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Savills India is a group company of Savills PLC and is a premier professional international property consulting firm. With full-service offices in Bengaluru, Mumbai, Delhi-NCR, Chennai, Pune, Hyderabad and Ahmedabad, the firm serves occupiers, investors and developers of real estate.

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Savills, the international real estate advisor established in the UK since 1855 with a network of over 700 offices and associates globally.

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