MARKET IN MINUTES
Savills Research

India | Q3 2024

Industrial & Logistics

Key Trends

- The industrial and warehousing sector witnessed a robust absorption of 17.5 mn sq. ft. in Q3 2024 compared to 11.4 mn sq. ft. in Q3 2023. On a YTD basis, cumulative absorption reached 44.8 mn sq. ft. in Q3 2024 compared to 34 mn sq. ft. in Q3 2023, representing the highest ever YTD Y-o-Y growth of 31.8%.
- The market witnessed a fresh supply of 19.3 mn sq. ft. in Q3 2024 compared to 17.7 mn sq. ft. in Q3 2023. On a YTD basis, cumulative supply reached 47.5 mn sq. ft. in Q3 2024, indicating a YTD Y-o-Y growth of 4.4%.
- The 3PL sector continued to dominate, contributing 38% to the total absorption in the country in Q3 2024, followed by FMCG/FMCD (17%) and manufacturing (16%). Demand for warehousing space by FMCG and FMCD occupiers is on the rise due to an increased demand for respective products in tier I, II, and III cities, including rural markets.
- In Q3 2024, Delhi-NCR remained at the top, contributing the highest percentage to the total supply (22%) and total absorption (17%).
- Overall absorption is outpacing supply, resulting in reduced vacancies. Vacancy rates in Tier II and III cities are expected to reduce further due to growing demand and limited pipeline supply.

Key Statistics

Absorption across tiers

	Q3 24 Absorption (Mn sq. ft.)	Q3 23 Absorption (Mn sq. ft.)	Y-o-Y Change (%)	YTD Q3 24 Absorption (Mn sq. ft.)	YTD Q3 23 Absorption (Mn sq. ft.)	YTD Y-o-Y Change (%)
Overall	17.5	11.4	53.5%	44.8	34.0	31.8%
Tier I	14.0	8.9	57.3%	35.4	26.6	33.1%
Tier II & III	3.5	2.5	40.0%	9.4	7.4	27.0%

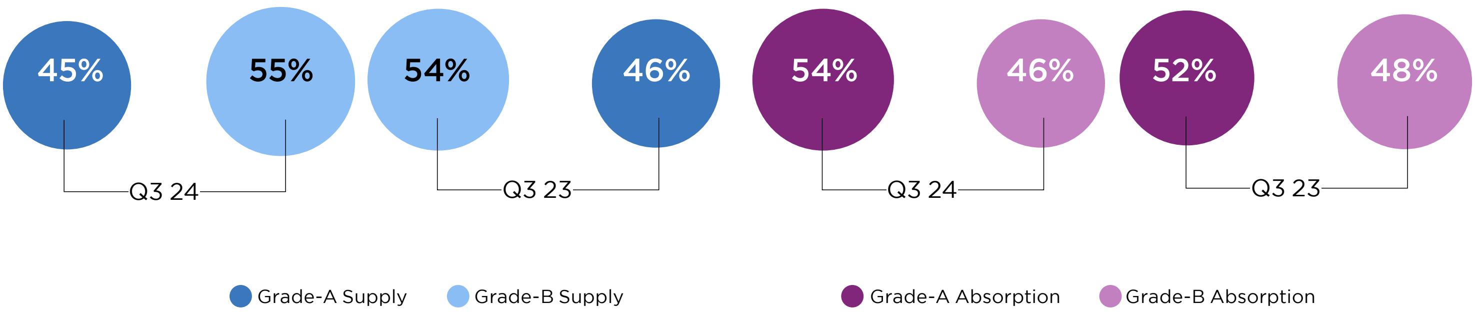
Source: Savills India Research

Supply across tiers

	Q3 24 Supply (Mn sq. ft.)	Q3 23 Supply (Mn sq. ft.)	Y-o-Y Change (%)	YTD Q3 24 Supply (Mn sq. ft.)	YTD Q3 23 Supply (Mn sq. ft.)	YTD Y-o-Y Change (%)
Overall	19.3	17.7	9.0%	47.5	45.5	4.4%
Tier I	16.4	14.1	16.3%	38.0	35.1	8.3%
Tier II & III	2.9	3.7	-21.6%	9.5	10.4	-8.7%

Source: Savills India Research

Q3 2024 vs Q3 2023: Grade-wise supply & absorption (%)



Source: Savills India Research

Sector-Wise Absorption (%)

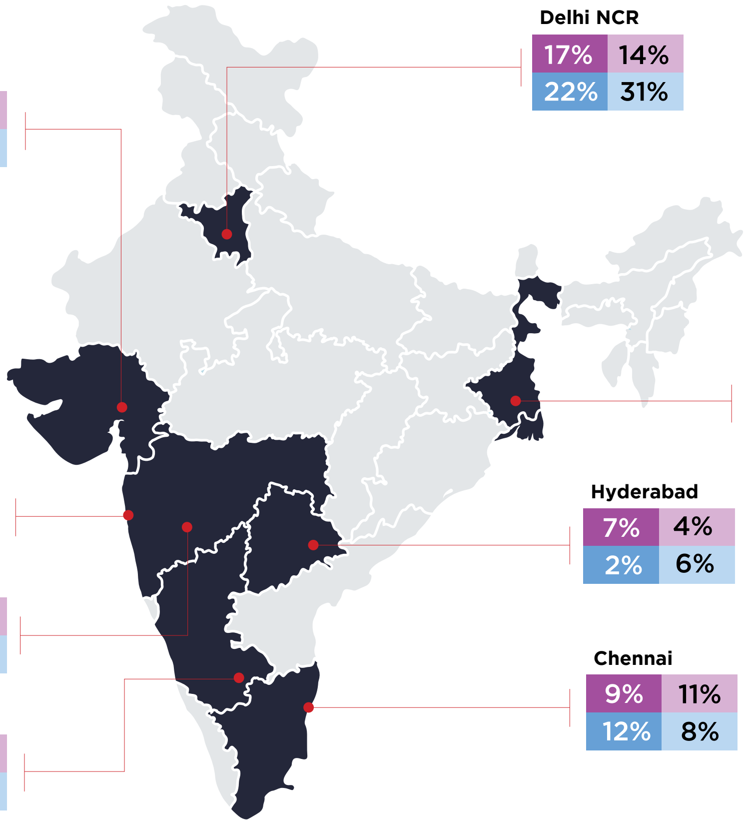
Q3 2024 vs Q3 2023

	Q3 24	Q3 23
3PL	38%	32%
E-Commerce	8%	3%
Manufacturing	16%	33%
Retail	12%	16%
FMCG/FMCD	17%	5%
Others	9%	11%

Source: Savills India Research
Note: Others include manufacturing warehousing, cold storage, chemical storage, FTWZs, ICDs, and urban warehousing

City-Wise Supply and Absorption (%)

Q3 2024 Vs Q3 2023



City	Absorption Q3 24	Absorption Q3 23	Supply Q3 24	Supply Q3 23
Delhi NCR	17%	14%	22%	31%
Ahmedabad	1%	3%	2%	1%
Kolkata	13%	8%	12%	6%
Mumbai	8%	13%	6%	12%
Hyderabad	7%	4%	2%	6%
Pune	8%	14%	11%	8%
Chennai	9%	11%	12%	8%
Bengaluru	17%	11%	18%	7%
Tier-II & III Cities	20%	22%	15%	21%

Source: Savills India Research
Note: Tier I cities include Ahmedabad, Bangalore, Chennai, Hyderabad, Kolkata, Mumbai, Delhi-NCR, and Pune. Tier II and Tier III cities include Guwahati, Bhubaneshwar, Patna, Hosur, Coimbatore, Rajpura, Lucknow, Jaipur, Nagpur, Surat and Indore.

Outlook

- The industrial and logistics sector is poised for significant expansion, driven by a robust demand landscape and further bolstered by strategic government initiatives. Manufacturing & warehouse space absorption is anticipated to exceed 60 mn sq. ft. and supply in excess of 65 mn sq. ft. in 2024.
- Tier II and III cities are likely to witness significant growth both in terms of supply and absorption as prominent hubs for sourcing, consumption, and distribution.
- The 3PL and manufacturing sectors continue to drive the demand with a surge in FMCG/ FMCD space.
- The e-commerce sector is likely to witness a surge in activity going forward. The sector is amplifying its urban distribution and extending its reach to tier II & III cities.

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