

India Warehousing Market Report



January-March 2025

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Summary of the period

India’s economy has shown notable resilience in early 2025, navigating a turbulent global landscape marked by geopolitical tensions and evolving US tariff regimes. Despite these external headwinds, India’s economic fundamentals remain robust, underpinned by strong domestic demand and proactive policy support. The Reserve Bank of India’s latest projections peg GDP growth at 6.5% for both FY 2025 and FY 2026 - a slight downward revision, and yet among the highest globally. This economic stability is mirrored in sustained occupier activity within the Indian warehousing market, reflecting continued confidence from businesses and investors despite ongoing global uncertainties.

The logistics environment in a country is usually directly correlated with its economic momentum and the warehousing market has seen strong transaction volumes in recent years. The positive sentiment around the economy and India’s growing stature as a consumption and manufacturing base has been the primary driver of occupier activity in the warehousing market, with momentum sustaining since the pandemic and culminating in record annual transaction volumes in 2024. Market momentum has continued to surge in Q1 2025, with transaction volumes growing by 50% YoY to 1.55 mn sq m (16.7 mn sq ft).

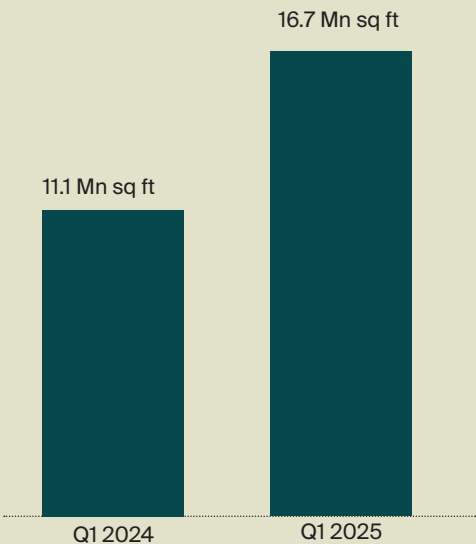
Demand for Grade A properties also remained strong in Q1 2025. 59% of the area transacted occurred in Grade A spaces during the period compared to 49% share recorded in Q1 2024.

Industry split of transaction volumes

The pecking order in the top industry groups which form the occupier base of the warehousing market has not changed. Manufacturing sector occupiers (excluding FMCG and FMCD) who took the lead from 3PL players in 2023 have remained the largest consumer of warehousing space in Q1 2025. The ongoing decentralization of manufacturing capacity from China has only intensified. With escalating geopolitical tensions caused by the tariffs being imposed by the US, companies are seeking to mitigate the impact of higher tariffs on Chinese and Vietnamese goods by shifting production to India, which now offers a more competitive cost structure for export to the US. Major global manufacturers such as Apple, Samsung, Foxconn, Micron Technology and TSMC have expanded their manufacturing operations in India. Moreover, the government’s emphasis on the ‘Make in India’ initiative and the Production Linked Incentive (PLI) scheme is yielding positive results, further enhancing the prospects of the country’s manufacturing industries.

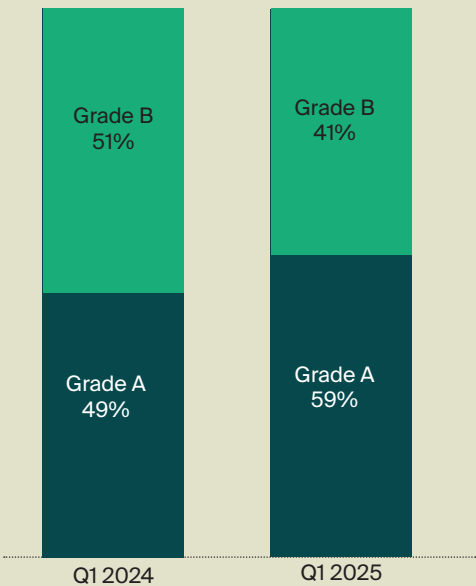
The manufacturing sector has been the most prolific occupier group in Q1 2025 with volumes transacted by this group growing by 94% YoY. Manufacturing companies accounted for a massive 48% of the transacted volumes during Q1 2025. In comparison, the share of the 3PL sector occupiers dropped from 31% in Q1 2024 to 23% of the transacted area in

Transaction Volumes



Source: Knight Frank Research

Transaction Share by Grade



Source: Knight Frank Research

Q1 2025. While there was a drop in the market share of the 3PL sector, the absolute volume taken up by 3PL occupiers has grown in YoY terms during the quarter by 12% YoY.

While it is a far cry from the dominant position it commanded a few years ago, the 13% share that the e-commerce sector occupiers claimed during the quarter is still a healthy increase from the 7% level seen in the year ago period. The 0.19 mn sq m (2.1 mn sq ft) transacted by the sector during the period constitutes a far more substantial 151% YoY growth. Volumes have been building up in this space steadily and it increasingly seems like the e-commerce companies could be looking at the start of a fresh wave of expansion.

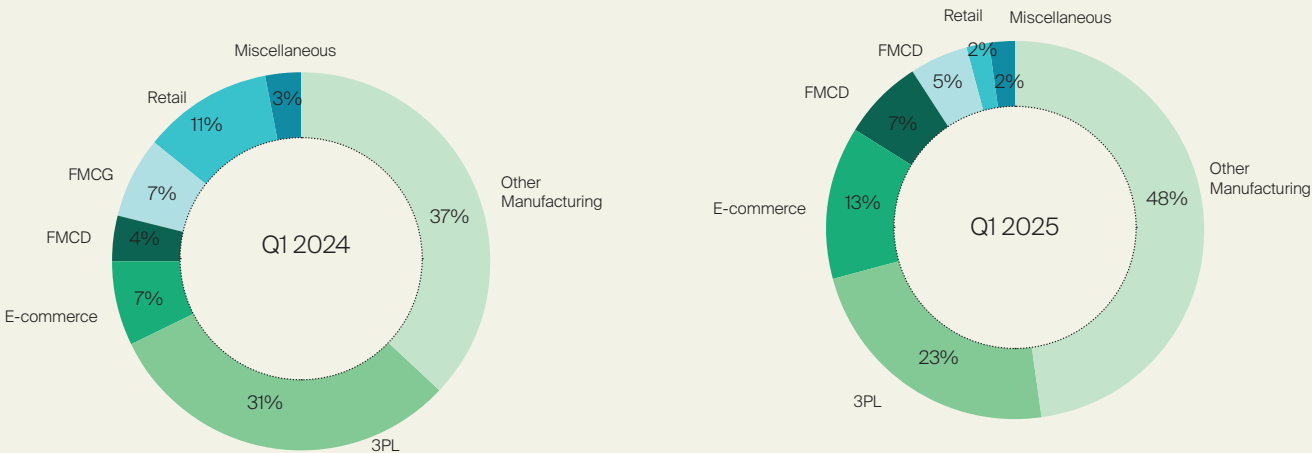
Industry-split of transactions in mn sq m (mn sq ft)

	Q1 2025	YoY % change
Other Manufacturing	0.74 (8.0)	94%
3PL	0.36 (3.9)	12%
E-commerce	0.19 (2.1)	151%
FMCD	0.1 (1.1)	165%
FMCG	0.08 (0.9)	21%
Retail	0.04 (0.4)	-68%
Miscellaneous	0.03 (0.4)	11%
Total	1.55 (16.7)	50%

Source: Knight Frank Research

Notes: Warehousing demand data includes light manufacturing/ assembling.
Other manufacturing includes entire manufacturing sector (automobile, electronics, pharmaceutical, etc.) except FMCG and FMCD.
Miscellaneous category includes services such as telecom, real estate, document management, agricultural warehousing and publishing.

Industry Split Q1 2024 and Q1 2025



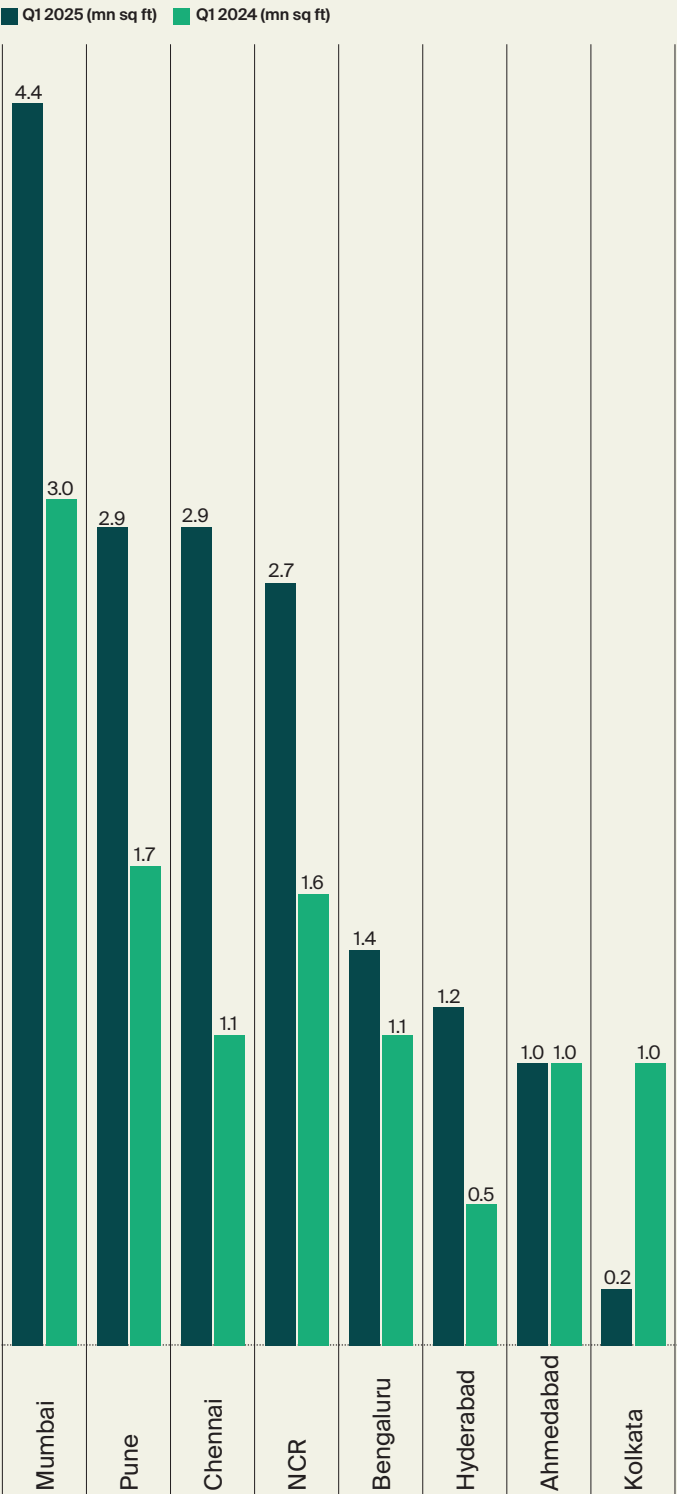
Source: Knight Frank Research



Market performance (city-level transaction volumes)

All markets, with the exception of Ahmedabad and Kolkata, saw transaction volumes growing in YoY terms even as four of the eight markets under coverage outpaced the overall market in terms of growth. Mumbai was a standout performer accounting for 27% of the total volumes or 0.41 mn sq m (4.4 mn sq ft). The manufacturing sector was the major driver here with companies such as Godrej & Boyce, Lupin, and Renewsys India accounting for 55% of the volume transacted in the market. The Mumbai market was followed by Pune, Chennai and NCR in terms transacted volumes with each of these markets accounting for close to 16-17% of the same. The manufacturing sector was the primary driver in Pune and Chennai while 3PL companies spurred market volumes in the NCR. The Chennai and Hyderabad markets saw the most volume growth at 154% and 137% YoY respectively.

Market-split of transaction volumes



Source: Knight Frank Research

Transaction volumes in mn sq m (mn sq ft)

Market	Q1 2025	YoY % change
Mumbai	0.41 (4.4)	47%
Pune	0.27 (2.9)	67%
Chennai	0.27 (2.9)	154%
NCR	0.25 (2.7)	72%
Bengaluru	0.13 (1.4)	22%
Hyderabad	0.11 (1.2)	137%
Ahmedabad	0.09 (1.0)	-7%
Kolkata	0.02 (0.2)	-75%
Total	1.55 (16.7)	50%

Source: Knight Frank Research

Rent

Rent growth had been a challenge for the warehousing market over the past decade, and it only started to gain momentum in 2021 due to the inflationary pressures on steel and cement prices, and the recovery in demand. Rent levels have sustained across markets as transaction volumes have grown since the beginning of 2024 while the supply scenario has remained comparatively tight. This rent growth trajectory has sustained in Q1 2025 as well with all markets responding to the higher occupier traction experienced during the quarter.

Average rent (in INR/sq ft/ month)

Market	Q1 2024	Q1 2025	% Change
Pune	26.0	26.8	3%
Ahmedabad	17.6	18.3	4%
NCR	20.7	21.2	3%
Chennai	23.4	24.0	3%
Mumbai	23.5	24.7	5%
Bengaluru	21.9	22.5	3%
Kolkata	23.7	24.8	5%
Hyderabad	20.5	20.9	2%

Source: Knight Frank Research

Stock and Vacancy

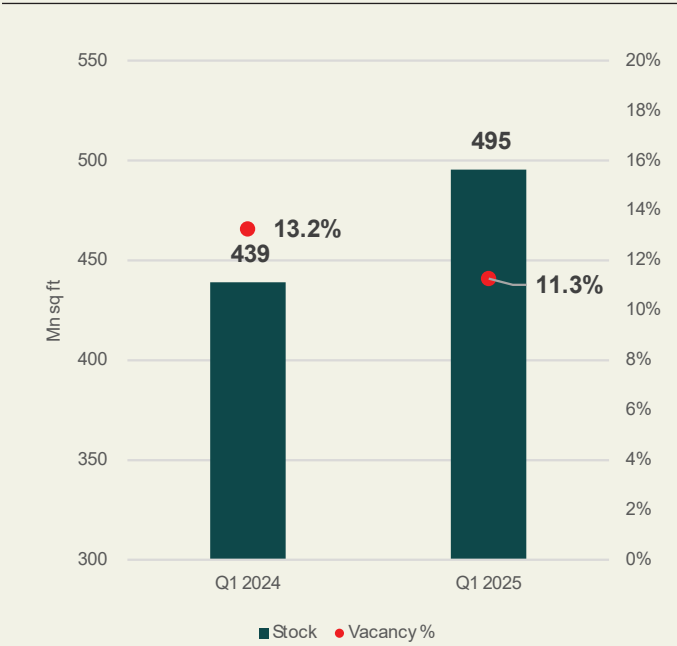
The top eight warehousing markets in India hold a warehousing stock of 46.0 mn sq m (495 mn sq ft). Mumbai is by far the largest market constituting 31% of the total stock with the NCR being a distant second at 22%. High transaction volumes, in tandem with lower supply in recent times, have kept vacancy levels at a healthy 11.3% in Q1 2025. The Bengaluru market has the highest vacancy level at 19.7% followed by NCR and Hyderabad at 18.2% and 15.9% respectively.

0.9 mn sq m (9.6 mn sq ft) of warehousing space became operational in Q1 2025 and development continued to favour Grade A properties which constituted 65% of the deliveries. The vacancy level for Grade A properties was at a healthy 11.5%, slightly higher than the 11.1% for Grade B properties due to the greater development interest here.

The development of Grade A warehousing facilities has continued to increase in recent years and constitutes 42% of the total warehousing stock in the top eight markets. The larger warehousing markets of Mumbai and NCR have a significantly lower proportion of Grade A warehouses as they are much older markets, and the bulk of their stock had been built before the demand for Grade A warehousing gathered momentum. Pune and Chennai have the highest concentration of Grade A stock at 69% and 78% respectively due to their primary demand base of auto and auto ancillary occupiers.

With the emerging focus on sustainable development, there is also an increasing need to improve the aesthetics of these warehousing parks and enable a better working environment.

Overall Stock and Vacancy



Source: Knight Frank Research

Market-split of warehousing stock and vacancy in Q1 2025

Market	Existing Stock mn sq m (mn sq ft)	Vacancy
Mumbai	14.3 (153.9)	11.4%
NCR	10 (107.1)	18.2%
Bengaluru	4.6 (49.4)	19.7%
Chennai	4.2 (45.1)	12.0%
Ahmedabad	3.9 (42.5)	12.3%
Kolkata	3.7 (39.6)	9.7%
Pune	3.1 (33.7)	10.0%
Hyderabad	2.2 (24.2)	15.9%
Total	46 (495.5)	11.3%

Source: Knight Frank Research

Share of Grade A stock

Market	Q1 2025
Chennai	78%
Pune	69%
Kolkata	54%
Hyderabad	43%
Bengaluru	40%
Ahmedabad	40%
NCR	39%
Mumbai	24%
Total	42%

Source: Knight Frank Research

Outlook

While the global economic environment remains volatile with the new tariff regime imposed by the USA impacting supply chains around the globe, the Indian economy should be relatively less impacted considering the comparatively limited exposure Indian businesses have with the USA. The manufacturing sector is also benefiting from companies looking to shift manufacturing capacities from China and Vietnam due to a relatively less adverse tariff structure in India. The 3PL sector is expected to continue to play its anchor role in the warehousing market. Meanwhile, the e-commerce sector has shown signs of recovery, and its trajectory in 2025 will be a key trend to watch.

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

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