

India Warehousing Market Report



January-June 2025

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Summary of the period

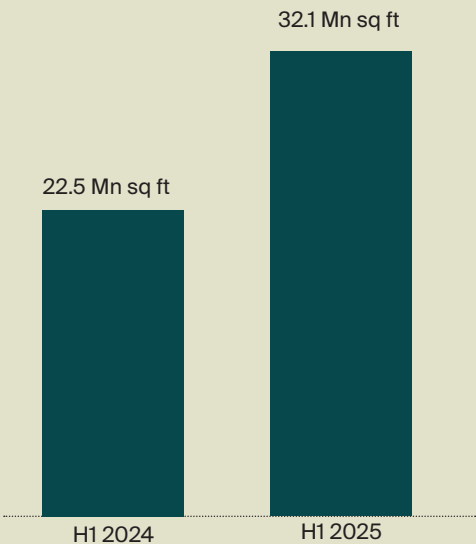
India's economy showed resilience in H1 2025 amid geopolitical tensions, global tariff shifts, and supply chain disruptions. Red Sea tensions and Middle East conflicts raised freight costs, and as the evolving US tariff regime on Chinese goods redirected some trade towards India, it benefited electronics and textiles but also added pressure on export competitiveness of other sectors. Domestically, the Reserve Bank of India reduced the repo rate by 100 bps to support growth while maintaining financial stability, easing borrowing costs for businesses and infrastructure expansion. Strong government capital expenditure in manufacturing and renewables, supported industrial output and infrastructure activity. Despite external headwinds, the RBI retained its GDP growth forecast at 6.5% for FY 2026, reflecting confidence in India's domestic demand resilience. Against this backdrop, industrial and warehousing sectors continued to benefit from steady consumption, e-commerce expansion, and PLI-driven manufacturing growth, reinforcing India's position as a stable, attractive market for logistics and industrial investments amid global volatility.

A country's logistics sector typically mirrors its economic momentum, and India's warehousing market has benefited from its robust economy, recording strong transaction volumes in recent years. The positive economic outlook and India's rising position as a consumption-driven and manufacturing-led economy have underpinned robust occupier activity in the warehousing segment. The slack in demand in the e-commerce sector since the pandemic was offset by the growing demand from the manufacturing industry and marked a healthy shift in the demand profile of the market. This signified a more resilient and broader occupier base which did not have to rely on a specific tenant group to drive volumes in the warehousing market. This momentum, which has sustained since the pandemic, culminated in record annual transaction volumes in 2024. The growth trajectory has carried into H1 2025, with transaction volumes rising by a substantial 42% YoY to 2.98 mn sq m (32.1 mn sq ft), reflecting the continued confidence of occupiers in India's logistics and warehousing landscape.

The increasing demand for higher quality spaces to streamline the supply chain and improve throughput has been a prominent trend in the Indian market and it has only intensified in H1 2025. 63% of the area transacted during the period occurred in Grade A spaces compared to the 54% recorded in H1 2024.

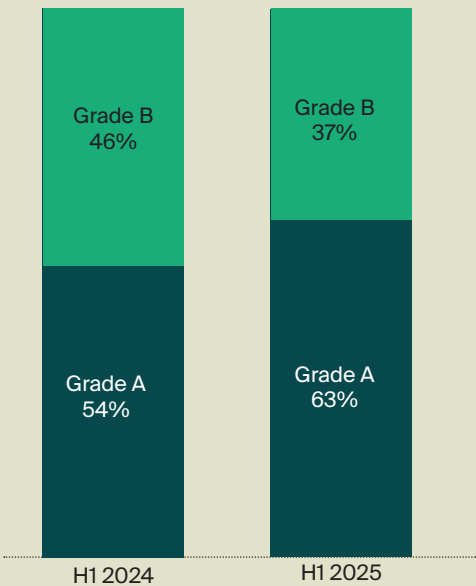


Transaction Volumes



Source: Knight Frank Research

Transaction Share by Grade



Source: Knight Frank Research

Industry split of transaction volumes

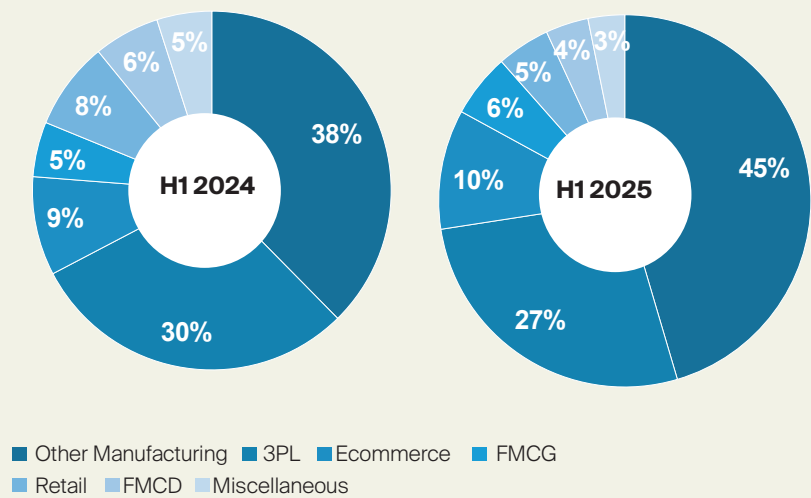
The demand profile in H1 2025 closely mirrored that of H1 2024, with minimal shifts in the market share hierarchy among the seven occupier groups tracked. The manufacturing sector emerged as the primary driver of transaction volumes, further extending its lead over 3PL players, who have traditionally anchored the market. Manufacturers in sectors such as energy, automotive, chemicals, and heavy engineering accounted for a substantial 45% of transaction activity during the period. The 1.35 mn sq m (14.6 mn sq ft) taken up by manufacturing companies during H1 2025 translate to a massive 71% YoY growth in volume terms. 44% of the space transacted by this sector was concentrated in Mumbai and Pune with companies such as SKS Fasteners, RenewSys India, Godrej & Boyce and Lupin featuring prominently during the period.

The sustained effort by industries to decentralise their manufacturing capacities from China continued to accelerate, driven by the need to de-risk their supply chains and possibly gain from the still evolving tariff environment being imposed by the US. The government's emphasis on 'Make in India' and the Production Linked Incentive scheme remain potent policies that continue to boost the manufacturing sector of the country. With the manufacturing sector retaining centre-stage, industrial space take-up remained strong and accounted for 23% of the total area transacted, comparable to the 24% share in the base period. Interestingly, there have been increasing instances of warehouses being retro-fitted to industrial specifications to cater to the specific needs of industrial occupiers as demand increases steadily in this space.

The 3PL sector accounted for a healthy 27% of the volumes during H1 2025 and more significantly, the 0.8 mn sq m (8.7 mn sq ft) taken up by this sector translated to a healthy 30% YoY growth. The need for a logistics specialist remains strong as supply chains play an increasingly important role in a business' fortunes. Mumbai constituted a substantial 35% of the sector's volumes in H1 2025 as businesses competed hard to serve the increasingly demanding consumer. NCR and Pune accounted for 19% and 12% of the sector's volumes.

Although the e-commerce sector no longer holds the dominant position it once did, a 61% YoY increase in volumes signals a strong recovery. Now accounting for 10% of overall market, the growing activity suggests the sector may be entering a new phase of expansion.

Industry Split of Transaction Share



Source: Knight Frank Research

Notes:

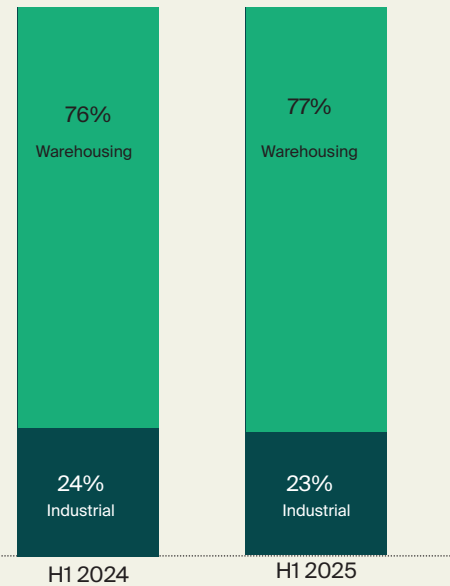
- Other Manufacturing – These include all manufacturing sectors (automobile, electronics, pharmaceuticals, etc.) except FMCG and FMCD.
- Miscellaneous – These include services such as telecom, real estate, document management, agricultural warehousing and publishing.

Industry-Split of Transaction Volume in mn sq m (mn sq ft)

	H1 2025 in mn sq m (mn sq ft)	YoY % change
Other Manufacturing	1.4 (14.6)	71%
3PL	0.8 (8.7)	30%
E-commerce	0.3 (3.3)	61%
FMCG	0.2 (1.8)	62%
Retail	0.1 (1.5)	-17%
FMCD	0.1 (1.2)	-12%
Miscellaneous	0.1 (1)	-1%
Total	3 (32.1)	42%

Source: Knight Frank Research

Transaction Share: Industrial vs Warehousing



Source: Knight Frank Research

Notes:

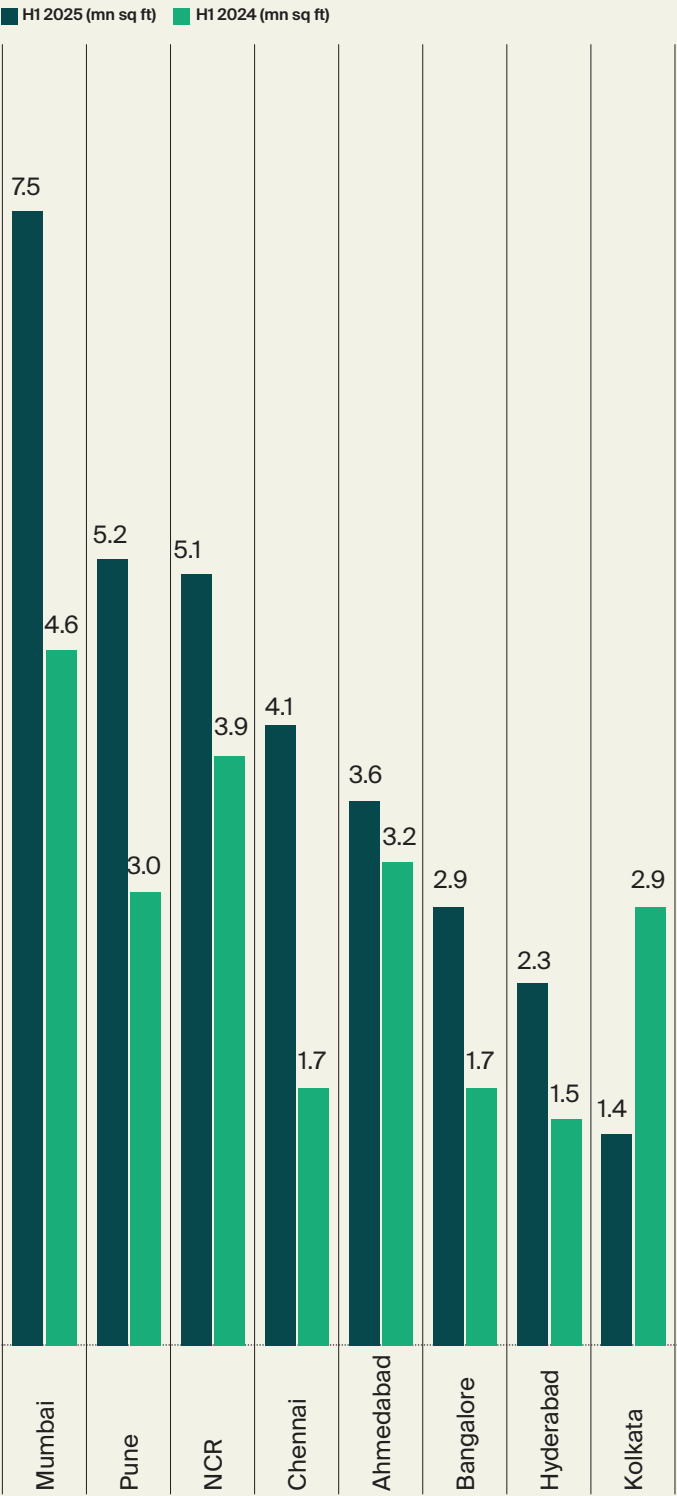
- Industrial space relates to the area taken up for core manufacturing/ engineering activities
- Warehousing space relates to space taken up for storage, and includes light manufacturing/ assembling activities

Market performance (city-level transaction volumes)

Transaction volumes grew across all cities with the exception of Kolkata in H1 2025. Mumbai was a standout performer accounting for 23% of the total volumes or 0.69 mn sq m (7.5 mn sq ft). The 3PL sector, which accounted for 41% of the area transacted was the major driver. Chennai and Pune also saw exceptional growth at 135% and 76% YoY with manufacturing sector companies driving the bulk of volumes. These three markets drove majority of the growth by accounting for 0.7 mn sq m (7.5 mn sq ft) or 79% of the incremental volumes seen in H1 2025 compared to the base period of H1 2024.

Occupier activity scaled a new half-yearly high (since H1 2023) in the Ahmedabad market with 0.33 mn sq m (3.6 mn sq ft) transacted in H1 2025. Predictably, the manufacturing sector was the dominant occupier group, taking up 48% of the total volume transacted. The manufacturing sector was also the primary driver behind the 72% YoY growth seen in Bengaluru's transaction volumes in H1 2025 as manufacturing occupiers accounted for a massive 65% of the area transacted in this market. This also marks the highest share that manufacturing occupiers have accounted for in the Bengaluru market since H1 2023.

Market-Split of Transaction Volumes



Source: Knight Frank Research

Transaction volumes in mn sq m (mn sq ft)

Market	H1 2025	YoY % change
Mumbai	0.7 (7.5)	63%
Pune	0.5 (5.2)	76%
NCR	0.5 (5.1)	29%
Chennai	0.4 (4.1)	135%
Ahmedabad	0.3 (3.6)	9%
Bengaluru	0.3 (2.9)	72%
Hyderabad	0.2 (2.3)	53%
Kolkata	0.1 (1.4)	-50%
Total	3 (32.1)	42%

Source: Knight Frank Research

Rent

Rent levels have remained buoyant across markets given the healthy occupier traction especially in the manufacturing sector. The lagging supply levels have also played their part in keeping rent levels elevated. Rent growth has ranged between 3-5% across markets as the development and absorption of Grade A spaces continued to gain favour in the market in H1 2025.

Average rent (in INR/sq ft/ month)

Market	H1 2024	H1 2025	% Change
Mumbai	23.6	24.7	4.7%
Kolkata	23.8	24.9	4.6%
Ahmedabad	17.6	18.3	4.0%
Pune	26.0	27.0	3.8%
Bangalore	22.0	22.7	3.2%
NCR	20.8	21.5	3.1%
Chennai	23.4	24.1	3.0%
Hyderabad	20.5	21.1	3.0%

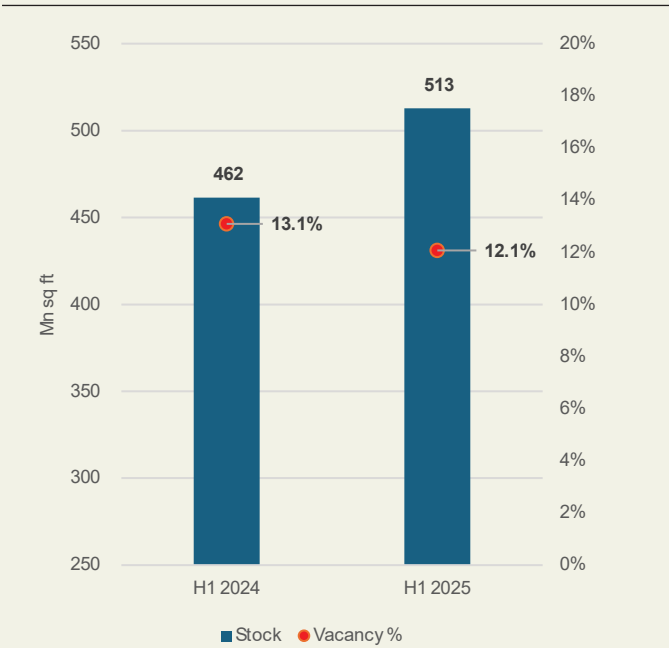
Source: Knight Frank Research

Stock and Vacancy

While the office market has almost reached the one billion sq ft mark, the warehousing and industrial market scaled the half billion sq ft mark in H1 2025. The top eight markets in India now hold 4764 mn sq m (513 mn sq ft) of warehousing and industrial space. 2.5 mn sq m (26.9 mn sq ft) of space became operational during H1 2025. While significant, this still fell short of the occupier activity in the market and has pulled down the vacancy level to 12.1% in H1 2025 from 13.1% in H1 2024. Development remained skewed towards Grade A properties, which accounted for 75% of total deliveries in H1 2025. Vacancy levels in Grade A assets stood higher at 12.9%, compared to 10.7% for Grade B, largely due to a higher share of speculative development driven by the rising demand for premium Grade A space.

The development of Grade A warehousing facilities has continued to increase in recent years and constitutes 43% of the total warehousing stock in the top eight markets. Pune and Chennai have the highest concentration of Grade A stock at 68% and 78% respectively due to their primary demand base of auto and auto ancillary occupiers. 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. 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.

Stock and Vacancy



Source: Knight Frank Research

Market-split of stock and vacancy in H1 2025

Market	Existing Stock mn sq m (mn sq ft)	Vacancy
Mumbai	14.9 (160.3)	13%
NCR	10.4 (112)	20%
Bengaluru	4.9 (52.3)	21%
Chennai	4.3 (46)	11%
Ahmedabad	4 (42.7)	11%
Kolkata	3.8 (40.9)	10%
Pune	3.2 (34.5)	10%
Hyderabad	2.2 (24.2)	14%
Total	47.6 (512.8)	12%

Source: Knight Frank Research

Share of Grade A stock

Market	Q1 2025
Chennai	78%
Pune	68%
Kolkata	56%
Bengaluru	43%
Hyderabad	43%
Ahmedabad	40%
NCR	40%
Mumbai	27%
Total	43%

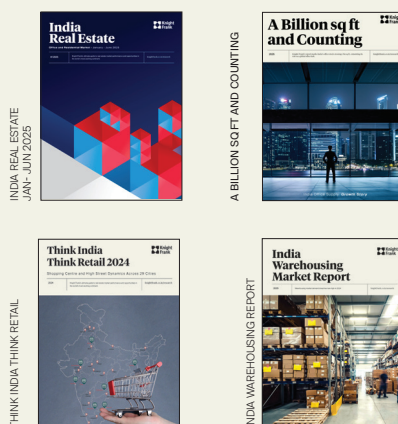
Source: Knight Frank Research

Outlook

Notwithstanding the upheavals in the global economic and geopolitical environment, the Indian economic story continues to project stability and represents one of the brightest beacons of growth in the world. The healthy growth in the warehousing and industrial market in H1 2025 mirrors the country's economic strength and while it is not immune to external influences, its fundamentals remain intact and should help sustain the volumes for the remainder of 2025. India's manufacturing PMI scaled a 16-month high in July and is a reliable indicator of strong expansionary activity. This robust PMI is supported by high order volumes and increased output, however business confidence has moderated due to rising costs and concerns regarding global trade uncertainties. The improving prospects of the manufacturing sector are expected to sustain as companies continue to derisk their supply chains by shifting capacities from China. The Indian government's commitment to the manufacturing sector also remains strong. The e-commerce sector is showing encouraging signs of recovery and will be a key sector to watch in H2 2025. The importance of the 3PL sector as a supply chain specialist is intensifying as the market evolves and companies focus on their core businesses and increasingly outsource their logistics needs.

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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Author

Yashwin Bangera
Director- Research
yashwin.bangera@in.knightfrank.com

Research

Vivek Rathi - National Director- Research
vivek.rathi@in.knightfrank.com

Corporate - Marketing & Public Relations

Piyali Dasgupta - National Director
Corporate - Marketing & Public Relations
piyali.dasgupta@in.knightfrank.com



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