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GRADE A WAREHOUSING BOOM IN TIER II & III CITIES





WOLP's Farukhagar Park warehouse

Grade A Warehousing boom in tier II & III cities

Demand for similar facilities in India is likely to grow at a compound annual growth rate of 25-30 per cent over the next five years. With close to 10 million square feet are in tier II and III cities, they collectively witnessed 17.4 per cent year-on-year growth in industrial and warehousing absorption, driven by e-commerce, retail and third party logistics companies.



Ritika Arora Bhola

With a rise in e-commerce, automotive, retail, manufacturing segments and 3PL providers safeguarding 100 per cent efficacy of business operations, the Indian warehousing sector is witnessing an unprecedented

demand. This has triggered huge potential for Grade A facilities not only in metro cities, but also in tier II and III cities. The sectors that drove the maximum absorption in 2022 were 3PL and e-commerce (52 per cent), followed by manufacturing (16 per cent) and retail sectors (13 per cent).

Development of industrial, and dedicated freight corridors (DFCs) and assigning infrastructure status to the logistics sector have fuelled growth and investments into Grade A warehousing facilities.

Considering the demand and changing consumer preferences, the industry un-

derstands the relevance and need for Grade A warehouses that are user-friendly, fully automated, and on par with the global standards.

Catering to the current businesses' needs fuelled by growth in e-commerce and retail, modern grade-A warehousing facilities are emerging



Storage and Retrieval Systems (ASRS), and QR codes to ensure faster processing. These spaces offer a plethora of benefits via green integration, mechanized MHEs, fire safety protocols, sufficient docking stations and ample space for parking, and vehicular movement.

With Grade A warehouses, the companies can align their operational requirements, while having flexibility as they fulfil critical business objectives. Metros are the preferred locations for warehousing, but the demand for Grade A facilities is growing in urban and rural centres. In fact, smaller towns are now emerging as the new consumption centres.

Experts said firms prefer to stock their inventories close to the demand centres such as Ludhiana, Patna, Varanasi, Jaipur, Lucknow, Indore, Nagpur, Bhubaneswar, Madurai, Coimbatore, Kochi are driving major logistics service demand. According to a report by Confederation of Real Estate Developers' Association of India (CREDAI), the demand for Grade A warehousing facilities

in India is likely to grow at a CAGR of 25-30 per cent over the next five years. Investors and businesses are rushing towards investing in Grade A warehousing facilities that of-

Grade A facilities have around 25 per cent lesser rentals/pallet position as compared to Grade B warehouses

fer easy expandability options, located as they are close to transport hubs, and connected to state and national highways.

TIER II & III CITIES ARE PREFERRED LOCATIONS

As per latest data from Savills India, the country witnessed industrial and warehouse ab-

sorption of 46 million sq. ft. in 2022, of which 36 million sq. ft. belonged to tier I cities. Close to 10 million sq. ft belonged to tier II and III cities. These cities witnessed 17.4 per cent YoY growth in industrial and warehousing absorption, driven by e-commerce, retail and 3PL firms. These cities included Ludhiana, Hubli, Guwahati, Patna, Jaipur, Varanasi, Lucknow, Indore, Nagpur, Rajpura, Bhubaneswar, Hosur, Madurai, Kochi, and Ernakulam, stated the Savills India report. Among the major cities in India, Delhi-NCR led the pack with the highest industrial and warehouse land absorption in 2022 at 16 per cent followed by Mumbai at 14 per cent. Pune and Bengaluru saw absorptions at 13 per cent and 12 per cent, respectively, while tier II and tier III cities accounted for 22 per cent, Savills shared.

CARGOTALK spoke to experts to discuss more on growing warehousing segment in tier II and III cities and Grade A warehouses becoming more prominent and promising to do business in the coming years.

as the most preferred choice for the users.

According to reports, from the past few years, the share of Grade A stock has risen from 34 per cent in 2017 to 50 per cent in Q1 of 2023, crossing the mark of 165 million sq. ft. owing to institutional developers and regional developers expanding their inventories in India. Organized developers are developing Grade A warehouses as these facilities offer an additional 50 per cent floor-load capacity, 40 per cent operational efficiency, efficient material handling space, safety, and security.

Grade A facilities have 25 per cent lesser rentals/pallet position as compared to Grade B warehouses, built in accordance with global standards, have extra height, high-performance flooring systems, and armed with Artificial Intelligence (AI) and various advanced technology such as Automatic Identification and Data Collection (AIDC), Automated



Automation, technology & AI are game changers



Kruti Jobanputra
Director
JW Ventures

Growth and expectations, government intervention, modern policies, transport, infrastructure, and tech growth are key drivers of the booming demand in India.

Prominent tier II locations are Delhi NCR, Mumbai, Chennai, and Gujarat, where businesses stock their cargo

FACTORS BOLSTERING DEMAND

Today, India is one of the fastest growing economies and one of the largest consumption markets in the world. With increased consumption and demand patterns across various sectors, warehousing space in India is booming. The number of international firms and brands coming into the Indian market have doubled in the past five years.

SUPERIOR WAREHOUSING INFRASTRUCTURE

Infrastructure is the chain that interconnects different links or modes of transport—air, sea, and land—into one process that ensures an efficient and cost-effective door-to-door movement of goods. Infrastructure in the country has a still a long way to go before we can call ourselves a developed country, but in the

past five years the development has surely picked up pace.

PREFERRED LOCATIONS FOR GRADE A FACILITIES

The Union government is working towards connecting the both rural as well as the urban

ADVANCEMENTS AND INNOVATIONS

Automation, technology, and AI are the game changers. Automated machines have replaced manual processes. The result is improved efficiency and productivity. In general, warehouses



areas. We can find warehouses are burgeoning across the length and breadth of the country, but prominent tier II locations are Delhi NCR, Mumbai (Near Panvel/JNPT), Chennai, and Gujarat, where businesses stock their cargo consignments.

have become more automated and technologically advanced. The government would introduce a warehousing policy to help reduce transportation and logistics costs. It aims to lay roadmap for developing exclusive warehousing zones through PPP.

Multimodal transport key to boost logistics



Huafreed Nasarwanji
Chief Commercial Officer
Gati

FACTORS BOLSTERING DEMAND WAREHOUSES

The expansion of e-commerce, emergence of 3PL segment, growth of organised retail among other sectors are factors driving demand for Grade A warehouses in India. Since third party logistics has turned out to drive demand, more companies are opting for third party logistics services to concentrate on their core operations. The focus is to make the country a global manufacturing hub by boosting infrastructure and connectivity in the form of the National Logistics Policy (NLP) and the Prime Minister's Gati Shakti (PMGS) will intensify demand for Grade A warehousing facilities.

SUPERIOR WAREHOUSING INFRASTRUCTURE

Efficient TAT at ports, throughput at warehouses, and inter-modal connectivity are vital to build a superior multimodal

The govt's focus on developing DFCs, ports, and highways have paved the way for a better logistics infrastructure

transportation ecosystem. Multimodal transportation is key to enhance logistics performance. The government's focus on developing DFCs, ports, and highways have paved the way for a better logistics infrastructure. The PMGS is a game changer for building robust multimodal connectivity.

PREFERRED LOCATIONS FOR GRADE A FACILITIES

The demand for Grade A facilities is increasing in tier II and III cities. Firms prefer to stock their inventories close to the demand centres to Patna, Jaipur, Lucknow, Varanasi, Indore, Nagpur, Bhubaneswar, Madurai, Coimbatore, and Kochi.

Manufacturing, retail & 3PL propel growth



Anshul Singhal
Managing Director
Welspun One Logistics Parks

FACTORS BOLSTERING DEMAND FOR GRADE 'A' WAREHOUSING

- One of the demand drivers of Grade A warehouses is the complexity of businesses, which boosts a need for resilient structure, immune to global supply chain disruptions
- Grade A facilities provide businesses the opportunity to scale up without structural changes. This requirement is in line with the need for premium infrastructure in India
- e-commerce growth has led to a surge in demand for efficient and technologically advanced warehousing solutions
- The development of organized retail and manufacturing sectors have pushed the need for warehousing facilities that meet their diverse requirements
- Make in India and Digital India initiatives have created a conducive environment for businesses, fuelling demand for Grade A warehouses in India
- GST led to consolidation of warehouses and need for better-equipped facilities. This has resulted in operational efficiency and cost savings of businesses
- Emphasis is on improving supply chain efficiencies and minimising transportation

costs owing to its impact on overall logistic costs. This has resulted in the need for strategically located and well-connected warehouses.

SUPERIOR WAREHOUSING INFRASTRUCTURE

With respect to cargo storage and handling, the warehousing infrastructure is still in its nascent stage with Grade A warehousing focused on Delhi, Kolkata, Mumbai, Pune, Ahmedabad, Hyderabad, and Chennai. While other cargo storage facilities must be developed, port-related cargo

e-commerce growth has led to a rise in demand for technologically advanced warehousing solutions

storage is focused on CFS facilities. Multimodal transportation is yet to gain a foothold in the country. While the railways continue to transport bulk and liquid cargo, road transport ferries all other cargo

PREFERRED LOCATIONS FOR GRADE A FACILITIES

The industry's dynamics focused on not only on tier I cities, but also on smaller cities and hinterland regions. This trend may continue to persist in the longer term. As per Savills India report, out of industrial and warehouse absorption of 46 million sq. ft., 36 million sq. ft. belonged to tier I cities, while 10 million sq. ft. belong to tier II and III cities such as Ludhiana, Guwahati, Patna, Jaipur, Varanasi, Lucknow, Indore and the like.

Sustainability, energy efficiency lead the way



Daljit Singh
Head, Business Development & CRM,
NDR Warehousing

FACTORS HIKING DEMAND FOR WAREHOUSING

Warehousing is an integral part of a supply chain. Favourable policies, Goods and Services Tax (GST), Make in India, industrial corridors are important components for infrastructure in the logistics sector. e-commerce, manufacturing, and retail among other sectors fuel demand for Grade A warehouses.

The increase in demand is attributed to several reasons, including high operational ef-



iciency, proper infrastructure along with amenities to warehouse workers, energy efficiency, implementation of health and safety regulations, and automation requirement among others for seamless cargo movement.

SUPERIOR WAREHOUSING INFRASTRUCTURE

India has come a long way in terms of infrastructure—cargo storage, handling, and multi-modal transportation. With the implementation of automation, digitization, use of material handling equipment, the government is focused on bringing down logistics costs to 9 per cent and improve the logistics performance index to be among

Metropolitan cities are the first choice for organised developers to set up Grade A warehouses

the top 25 globally and has released a set of handbooks on the warehousing standards.

Metropolitan cities are the first choice for organised developers to set up Grade A warehouses. Tier I cities account for 70 per cent of supply, while

tier II accounts for 30 per cent. There is a growing demand for Grade A warehousing in tier II cities. With the push of e-commerce, rise of disposable income and penetration of mobiles in tier III cities will see a demand of Grade A warehouses.

Industrial & air freight corridors to boost growth



Chandranath Dey
India Head, Operations, Business Development, Industrial Consulting & Integrated Logistics, India, JLL

FACTORS BOLSTERING DEMAND

- **Rise of 3PL providers:** As the 3PL industry continues to grow in India contributing 35 per cent of the net demand in Q1 of 2023, the demand for Grade A warehousing facilities increases further. This trend is driven by the preference among businesses for outsourcing non-core activities such as warehousing and distribution, to specialized service providers who can offer efficiency and cost-effectiveness.

- **e-commerce growth:** Last year, India had 0.93 billion internet users. The user base is likely to reach 1.3 billion by 2030. Internet penetration in India grew from 4 per cent in 2007 to 47 per cent in 2021. Rising internet penetration, expansion of 4G, 5G network and increasing consumer wealth may assist the e-commerce industry to reach US\$ 350 billion by 2030.

- **Rise in organized retail and omni-channel retailing:** The growth of organized retail from 6 per cent of absorption in 2017 to 15 per cent in Q1 of 2023 has led to an increase in demand of warehousing facilities to manage large volumes of inventory and support just-

in-time delivery. Omni-channel retailing will reduce inventory holding costs, operating costs, and real estate costs, while increasing brand prominence and consumer base across India.

SUPERIOR WAREHOUSING INFRASTRUCTURE

In recent years, India has improved the capacity of its ports and airports. The development of DFCs and Delhi-Mumbai Industrial Corridor will boost

Rise of organized retail from 6% of absorption in 2017 to 15% in Q1 of 2023 has led to an increase in warehousing

efficiency of cargo transportation across India. The government has announced initiatives such as multimodal transportation infrastructure, including MMLPs development, NLP.



e-commerce, 3PL, FMCG fuel demand for storage



Arpit Mehrotra
Managing Director, Office Services, South India & Head, Flex, India, Colliers

FACTORS BOLSTERING DEMAND

1. Led by robust demand from 3PL operators, Q1 of 2023 saw the highest industrial and warehousing leasing compared to the previous eight quarters in top five cities, which rose by 11 per cent year-on-year.

2. With increasing consumption in metro cities, demand for retail and FMCG sectors saw a three-fold growth YoY, as they expanded their footprint in larger markets, leading to

heightened demand for Grade A warehousing facilities.

3. Grade A facilities with advanced technology, provide occupiers benefits such as increased efficiency, improved inventory management and security, which will surge demand for quality warehouses. Led by such benefits, the occupiers are opting for such facilities to gain a competitive edge.

4. With an increased demand for q-commerce, the focus on expansion of dark stores/fulfillment centres have increased. Rise in the number of dark stores will lead to higher scale of operations that will bolster demand for hub warehouses.

SUPERIOR WAREHOUSING INFRA

The NLP will transform the sector digitally by implementing an integrated digital logistics system. Many city hubs are likely to be built during the year and beyond. The proposed

While urban cities were preferred locations, tier II and III cities have been gaining traction over the past few years

DESH Bill may promote domestic manufacturing through development hubs. MMLPs will reduce cost involved in movement of freight, generating more demand.

While urban cities have been the developers' preferred locations, tier II and III cities have been gaining traction over the past few years to set up Grade A facilities. Cities such as Jaipur, Indore, Vizag, and Coimbatore are the preferred spots for developers.

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Quality Grade A warehouses need of the hour



Ashok Gupta
MD
IRC Group

FACTORS BOLSTERING DEMAND

- **Growth in e-commerce:** This has led to an increase in demand for quality warehousing facilities that can manage large volumes of goods. Grade A warehouses, with modern technology and infrastructure, are better equipped to meet this demand.
- **Infrastructure development:** The development of infrastructure such as highways,

expressways, and railways, have made it easier for goods to be transported across the country. This led to demand for warehousing facilities at strategic locations, which can function as distribution hubs.

- **Government initiatives:** Implementation of the GST and the development of MMLPs.

Firms demand Grade A quality facilities that meet global standards in terms of safety, security, and sustainability

- **Increasing focus on efficiency:** With an emphasis on reducing supply chain costs and improving efficiency, companies are increasingly investing in ASRS and real-time inventory tracking systems. Grade A warehouses are designed to meet these requirements.

- **Demand for quality:** Companies are demanding high-quality warehousing facilities that meet global standards in terms of safety, security, and sustainability. Grade A warehouses—with modern infrastructure, efficient layouts, and compliance with international standards—can meet these requirements.

PREFERRED LOCATIONS FOR GRADE A FACILITIES

Locations for smart, automated, and Grade A facilities depend on the specific needs of a company. Urban cities tend to have better infrastructure and transportation links, which makes it easier to move goods in and out of the city. Since land costs and operating costs are higher in urban areas, they make it

more expensive to operate a warehouse distribution centre. The tier II and III cities offer cost advantages in terms of real estate and labour costs, but infrastructure and transportation links may not be like the ones in the urban cities. Firms looking to set up smart, automated, and Grade A facilities will need to consider factors such as transportation links, availability of skilled labour, local regulations that leverage logistics.

- **Automation:** ASRS and robotics are put to good use for improving efficiency and reducing labour costs.
- **Use of Internet of Things and Data Analytics:** IoT and Data Analytics are utilized to optimize warehouse operations and improve inventory management.



Maximizing throughput, supply chain profitability

FACTORS BOLSTERING DEMAND

While growth of e-commerce, increasing demand for just-in-time inventory, VMI, and a shift towards omnichannel retailing are driving this movement, e-commerce, retail, FMCG have driven the need for warehouses to manage the rise in online orders and returns. Automotive, industrial and FMCD fulfil demand, reduced TAT, inventory require efficient supply chains and adaptable warehousing solutions.

Since omnichannel retailing requires retailers have inventory available for purchase in-store, online, and through other channels, the demand for strategically located and well-



Deepak Tiwari
COO
KSH Logistics

equipped warehouses has increased. They have contributed to a rise in demand for Grade A warehouses all over the country. We have built quality Grade A facilities designed to maximize throughput and boost supply chain profitability. We have Grade A facilities in Pune, Bhiwandi, and we are steadily expanding to Delhi NCR, Ahmedabad, Hyderabad, Bengaluru, Chennai, among others.

SUPERIOR WAREHOUSING INFRASTRUCTURE

While policies such as NLP, development of MMLPs and transportation, more Grade A warehouses are coming up and urban cities are the preferred choice due to their proxim-

ity to major markets, airports, and seaports, the development of infrastructure in tier II and III cities such as Nagpur, Ahmedabad, Hyderabad are becoming more appealing.

We have Grade A facilities in Pune, Bhiwandi, and we are steadily expanding to Delhi NCR, Ahmedabad and the like

Shared facilities to reduce costs & improve efficiency



Raaja Kanwar
CMD
Apollo International and Apollo Supply Chain

FACTORS BOLSTERING DEMAND

Location and connectivity: There is a need for industrial and warehousing solutions offering easy expandability options, in proximity to transport hubs, and connected to state and NHs. This need arises due to limited space within the existing parks, which force businesses to settle for alternate locations far from the city.

Unlocking enhanced ser-

vice levels: Grade A vertical warehouses are revolutionizing warehousing and logistics by condensing storage and throughput into constrained urban locations. They provide a compelling solution for firms seeking world-class facilities

The insulation in Grade A warehouses keeps the temperature lower by 3-4°C, leading to further cost savings

and operational excellence, despite space constraints. These facilities have better air circulation and natural lighting, which enables additional savings on electricity costs. The insulation in Grade A warehouses keeps the temperature lower by 3-4°C, leading to further cost savings.

Vertical storage: Devel-

opers are building taller warehouses in response to growing needs for Grade A warehouses in areas where space is at a premium. These facilities offer operational efficiency to organizations of all types and are designed with improved floor quality and extra height to enable the use of vertical storage solutions.

SUPERIOR WAREHOUSING INFRASTRUCTURE

Progressive policy initiatives, such as the NLP, PMGS, Bharatamala, and Sagarmala

are providing support to the logistics industry in India, promoting integrated logistics and multimodal connectivity. Greenfield expressways are allowing access to large land banks for backing infra for multimodal logistic hubs.

As a result, the facilities can be set up outside city centres, reducing pollution and traffic congestion, while enhancing supply chain efficiency. However, one of the main challenges of the warehousing and contract logistic sector is the costs involved.



Rise in facilities near hubs, NHs in tier II & III cities



Vikas Choudaha
Senior Vice President & Business Head
Godrej Storage Solutions

FACTORS BOLSTERING DEMAND

Indian logistics sector is evolving at an unprecedented pace with infrastructure development and technological advancements driving the growth of the industry. The demand for Grade A facilities across India are thanks to the rise of e-commerce, growth of 3PL, adoption of automation and digital technologies, and efficient supply chain management. More than 60 per cent of volumes transacted over the past two years were of Grade A warehouses and this segment is poised to grow at the rate of 15 per cent.

Today, the focus area in warehousing is to improve productivity and efficiency. Inte-

grated automation and robotics facilitate efficient picking, movement and storing with speed and accuracy. Though such systems come at a higher cost of adoption and imple-

mentation, they pay off in longer run. We at Godrej Storage Solutions provide tailor-made warehousing solutions, which are efficient, sustainable, and suitable for complex operation.

PREFERRED LOCATIONS FOR GRADE A FACILITIES

Warehouses must be located, and equipped with advanced technology to ensure faster order fulfilment. Focus on developing MMLPs and improving connectivity between cities has enhanced logistics efficiency. The most preferred locations for Grade A warehouses are dense near urban cities due to accessibility, availability of skilled labour, and technology among others.

These facilities offer operational efficiency to bodies of all types and are designed with improved floor quality

Firms adopting practices to reduce CO₂ footprint



Rajesh Jaggi
Vice Chairman, Real Estate
The Everstone Group

FACTORS BOLSTERING DEMAND

India has witnessed growth in e-commerce, 3PL and manufacturing activities over the past few years. With increasing consumer demand for faster deliverables, warehousing space requirements of e-commerce players continue to rise, which has fuelled the demand for Grade A facilities. To meet this demand, real estate developers are diversifying their portfolios by building in-city warehouses and adding dark storage facilities and built-to-suit models in tier II and III markets to support last-mile deliveries (LMDs).

Foreign investments in the sector have established the importance of warehouse facilities across India. The Centre has focused on ramping up logistics infra by through the NLP and the PMGS, which played an important role in driving interest in Grade A warehousing.

SUPERIOR WAREHOUSING INFRASTRUCTURE

IndoSpace has invested in creating world class infrastructure for warehousing and logistics sector and supports India's transition towards achieving this goal. Retail digitalization has led to emerging consump-

tion hubs in Ludhiana, Siliguri, Patna, Jaipur, Indore, Nagpur, Vadodara, Vizag, and Kochi. In comparison to tier I cities, tier II and III cities have more land to set up industrial parks. These cities reflect a need for urban warehousing and transformation in the

The tier I and II cities reflect a need for urban warehousing and transformation in the manufacturing sector

manufacturing sector. We have launched parks in tier II and III locations, including Rajpura, Sri City and Coimbatore.

ADVANCEMENTS AND INNOVATIONS

For smart operations, the sector is adopting IoT along with robotics and automation. The industry has started integrating sustainability into its SOPs. Companies are adopting practices to reduce their carbon footprint without affecting operating costs.



Tier II & III cities gain notice due to lower costs



Ronak Shah
Executive Director, V-Trans India Ltd,
CEO, V-Logis

FACTORS BOLSTERING DEMAND

The increased demand for Grade A warehouses were driven by growth of e-commerce, which require facilities capable of managing high volumes and fast-paced operations. Modern design and technology make Grade A warehouses suited for this purpose. Infra development, such as improved connectivity and MMLPs, have made Grade A facilities appealing for businesses aiming to distribute goods across multiple locations. The combination of e-commerce growth, enhanced infrastructure, and efficiency and cost-effectiveness of Grade

A warehouses has contributed to the surge in demand. The government support in the form of incentives has stimulated the industry's expansion.

SUPERIOR WAREHOUSING INFRASTRUCTURE

India has climbed six places on the World Bank's Logistic Performance Index 2023 to the 38th position out of 139 nations because of PMGS and the NLP on enhancing logistics services in India. The country's infrastructure for cargo storage, handling, and multi-modal transportation has improved with upgraded ports, airports, and DFCs. Preferred locations for smart, automated, and Grade A facilities depend on demand, accessibility, and proximity to markets. Tier II and III cities are gaining attention due to lower costs and

India's infra for cargo storage, handling, and multimodal transportation has started improving of late

government support. Locations vary based on industry needs, supply chains, and policies.

ADVANCEMENTS AND INNOVATIONS

India's warehousing has undergone transformation, evolving from unorganized structures to an asset class. COVID has tested the supply chain model. e-commerce and 3PL players have contributed to the growing demand for warehouses. The rise of Grade A facilities, in-city warehouses, and automation solutions has shaped the sector.

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Warehouse clusters make it big in smaller cities



Lakshmanan S
Chief Operating Officer
Ecom Fulfilment Services

FACTORS BOLSTERING DEMAND

- **e-commerce boom:** A significant factor driving the need for Grade A storage facilities has been the growth of the e-commerce industry in India. Companies require warehouses to manage storage, order fulfillment, and delivery to keep up with the growing customer demand for online shopping.
- **Infrastructure development:** India has made advancements in infrastructure, building new motorways, exclusive freight lanes, and better connectivity.
- **Supply chain optimisation:** To increase operational effectiveness and cut costs, businesses are implementing cutting-edge supply chain management techniques.
- **Government programs:** Make in India campaign, the creation of specific logistics parks, and the National Logistics Policy initiatives are designed to improve trade facilitation, lower logistical expenses, and draw FDI into the industry.
- **Shifting consumer behaviour:** Customers want quicker shipping times, improved product availability, and hassle-free returns.
- **3PL industry growth:** To

service clients, companies outsource their storage and distribution operations to 3PL providers, who require well-equipped facilities that are strategically positioned.

SUPERIOR WAREHOUSING INFRASTRUCTURE

India's infra for cargo storage, handling and multimodal transportation is moderate and requires improvement. The demand for Grade-A warehousing by e-commerce firms in smaller cities has increased and is likely to gain greater traction, as the

India's infra for cargo storage, handling and multimodal transportation requires improvement

e-commerce players stress on stocking an array of inventories near customer locations.



Leveraging data analysis to optimize decision-making



Nikhil Agarwal
President
CJ DARCL Logistics Ltd.

FACTORS BOLSTERING DEMAND

The paradigm shift from traditional ways of buying to digital conversion has driven demand for logistics and warehousing. The demand side of the market is witnessing an increase in e-commerce occupiers and an emphasis on secondary cities. The supply side is characterized by the involvement of institutional players and the availability of large, top-notch, grade A warehouse facilities. The economy's expansion and

positive industrial advancements have motivated MNCs to set up their manufacturing centres in key locations in India. As India strives to set itself up as a global manufacturing hub, the market has attracted interest from both global and domestic institutional investors. The new manufacturing units under Make in India initiative has also motivated new players to enter the market.

The Union government's Make in India initiative has motivated several new players to enter the market

SUPERIOR WAREHOUSING INFRASTRUCTURE

One approach to drive revenue and growth involves optimizing utilization of warehouses. Strategic development entails determining the optimal number and location of warehouses that can best serve the organization's customers. Before considering location, however, it is essential for an organization to comprehend the purpose of its warehouses and the desired timeframe.

If an organization loses sight of its objectives, its distribution strategy may become fragmented. India's infrastructure for cargo storage, handling, and multimodal transportation has seen improvements, but still has many challenges.

Cargo storage, modern warehouse facilities with advanced systems are available in major cities and industrial hubs. Efforts have been made to upgrade ports, airports, and roadways for smoother cargo handling.

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Short delivery timelines lead to Grade A warehousing



Vineet Agarwal
MD
TCI

FACTORS BOLSTERING DEMAND

COVID has necessitated a shift towards digitization and contactless operations. As consumers went from traditional to online shopping, D2C, and quick commerce brands started revolutionizing the concept of doorstep deliveries.

With ever shortening delivery timelines, the need for easy storage, retrieval-based dark warehouses, and Points of Distribution increased. Hence, the rise in demand for modern warehouses near the point of consumption in urban cities. This phenomenon is spreading to tier II cities.

Many e-commerce categories such as retail, grocery, pharmacy, and food delivery may grow even further. As In-

dia goes on to become a US\$5 trillion economy, volumes of production and manufacturing will grow. The support ecosystem around cargo clusters, distribution parks and the inherent operational efficiencies due to economies of scale will drive many companies to opt for larger warehouses. Warehouses

In the recent World Bank report for LPI 2023, India jumped six places to be on 38th rank out of 139 nations

ing capacity discussions with buyers are evolving from per square feet capacities to per cubic feet-based metrics—leading to larger warehouses. The need for reduction in CO₂ footprint has increased adoption of green warehousing, thereby adding to the demand for Grade A warehouses in India.

SUPERIOR INFRASTRUCTURE

The shift towards modern and compliant warehousing is commendable considering there is no designated area demarcated for warehousing in cities. Having said that, this rating is bound to change soon, due to

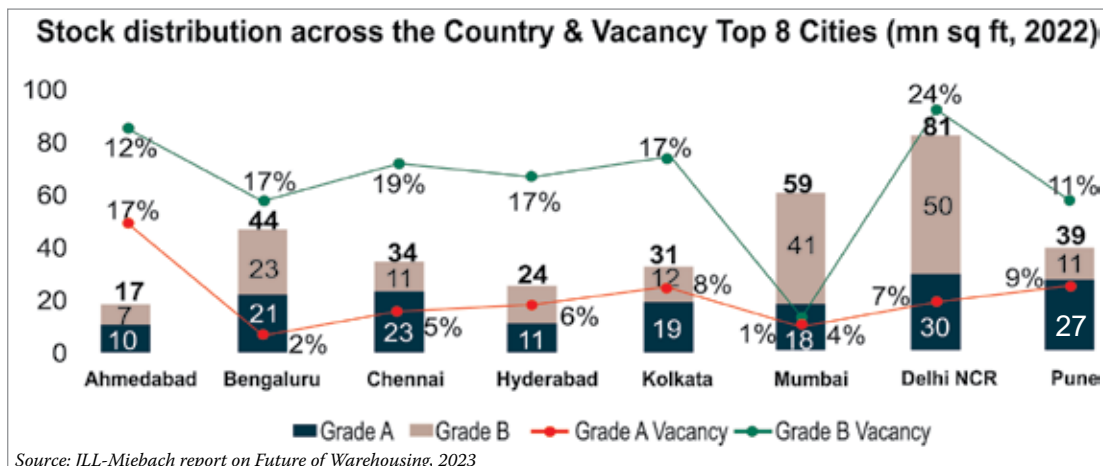
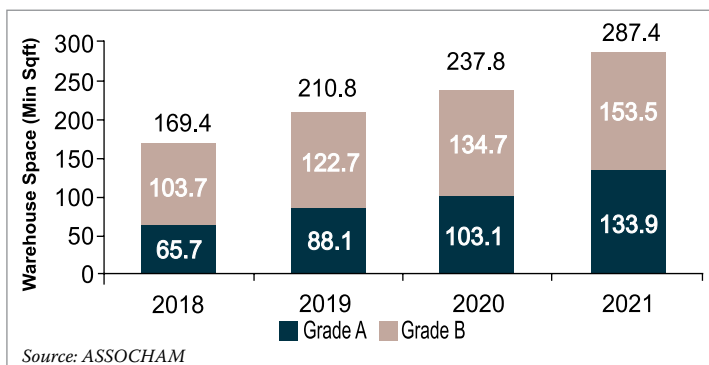


the fast-changing infra dynamics in India.

In the recent World Bank report for LPI 2023, India jumped six places to be on 38th rank out of 139 nations, reflecting the country's growth story. It is a proof the world recognizes India, as a nation that is improving on all fronts at a phenomenal pace. With continuous investment by the

Union government in projects such as Bharatmala Pariyojana, MMLPs, DFCs, Sagarmala and Inland waterways, the focus on creating world class infrastructure facilities is evident.

This will continue to help LSPs like us to reduce the TAT and trim needless costs. Thereby, playing a pivotal role in strengthening country's logistics value chain.



PREFERRED LOCATIONS

Top eight urban cities have the highest number of smart, automated, and Grade-A warehouses. Soon there will be an increase in demand of the smart facilities in tier II and III cities due to internet penetration, which has led to e-commerce boom, D2C, and food delivery. From retail, electronics, agriculture products to pharma, Grade A facilities in tier II and III cities, in the coming years, it will cater to the increased demand. 🐦