

Intelligent Investment

India Logistics Market Outlook 2026

REPORT

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Foreword

We are pleased to present the **India Market Outlook 2026**, our premier market intelligence report delivering a distilled perspective on the nation's evolving real estate landscape. Anchored by data-driven rigour and institutional expertise, this publication aims to decipher the structural shifts and strategic trajectories defining the sector's current momentum.

India's economic landscape continues to be characterised by a resilient growth baseline and a disciplined fiscal framework, albeit increasingly tested by global volatility. While robust public capital expenditure sustains domestic momentum, systemic risks—particularly within energy markets—necessitate a calibrated outlook. In this environment, proactive trade diplomacy and strategic project de-risking could serve as vital buffers, providing the policy visibility essential for sustained investment.

The office sector is set to surpass the 1-billion-sq.-ft. threshold in 2026, driven by investment-grade supply and the expansion of GCCs into high-complexity R&D roles and product ownership. This multi-dimensional ecosystem is being redefined by a structural pivot towards AI-driven workforce strategies, where occupiers increasingly prioritise future-ready, high-performance environments to sustain long-term institutional growth.

Parallel to this, the industrial and logistics sectors are transitioning towards manufacturing-led growth and institutional-grade warehousing, bolstered by new-age automation and deepening in-city delivery networks. Simultaneously, the retail landscape is being reshaped by experiential flagship formats and destination malls, as investment-grade supply and high-street corridors drive the steady expansion of the organised footprint.

Notably, the residential sector is moving towards market equilibrium, led by premium demand and disciplined supply-demand parity. At the same time, structural REIT reforms and sustained investment momentum are accelerating institutional maturity, driving a resurgence in international capital and long-term equity inflows into India's real estate sector.

Collectively, these shifts underscore a market moving towards a sophisticated era of institutional-grade maturity. We trust this report will serve as a definitive framework for navigating the complexities of the 2026 landscape and informing your strategic capital objectives.

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01

Economy

India's 2026 economic outlook is characterised by a resilient growth baseline and maturing fiscal framework, though this stability is increasingly being tested by ongoing global geopolitical volatility. While nominal GDP is projected to expand by 10.5% this fiscal, supported by a firm public capex outlay of INR 12.2 lakh crore, external pressures—particularly in global energy markets—pose a primary systemic risk. In this context, the government's continued focus on proactive trade diplomacy to secure preferential access to economies representing nearly three-quarters of global GDP, alongside project de-risking via credit support, could provide a vital strategic buffer and the policy visibility essential for sustained investment across sectors.

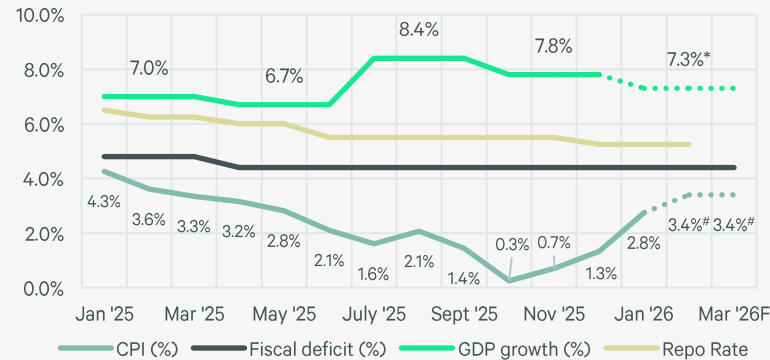
India's Economy in 2025: A Brief Revisit

Macro-stability: Sustaining momentum in a "Goldilocks" environment

India's economy in 2025 experienced a "Goldilocks moment"—a rare equilibrium of high growth and record-low inflation. Real GDP is estimated to have expanded by 7.4% in FY2026 (revised to 7.6% in February 2026)¹, catalysed by a 9.3% surge in the services sector² and 7.0% growth across manufacturing and construction³. This resilience persisted despite a volatile global backdrop and structural softness in the Indian rupee, which depreciated by ~4% during 2025. Although announcements linked to the U.S.-India trade deal briefly strengthened the INR to 90 against the USD in early February 2026, recent geopolitical tensions have since outweighed those gains, pushing the currency back towards the 92-level as of March 2026.

Another defining trend in 2025 was the easing of inflation. Consumer Price Index (CPI) inflation fell to a historic low of 0.25% in October 2025, averaging ~2.1% in FY2026⁴. This environment provided the Reserve Bank of India the necessary headroom to implement cumulative repo rate cuts of 125 basis points, reducing the rate to 5.25% by December—a level maintained through February 2026. Fiscal consolidation also remained on track; the fiscal deficit is estimated at 4.4% of GDP for FY2026⁵, while the current account deficit narrowed to 0.8% in the first half of the current fiscal⁶.

Figure 1.1: India's CPI, repo rate, fiscal deficit and GDP growth trends (January 2025-March 2026F)



Source: MoSPI, RBI, Union Budget 26-27, CBRE Research, Q1 2026

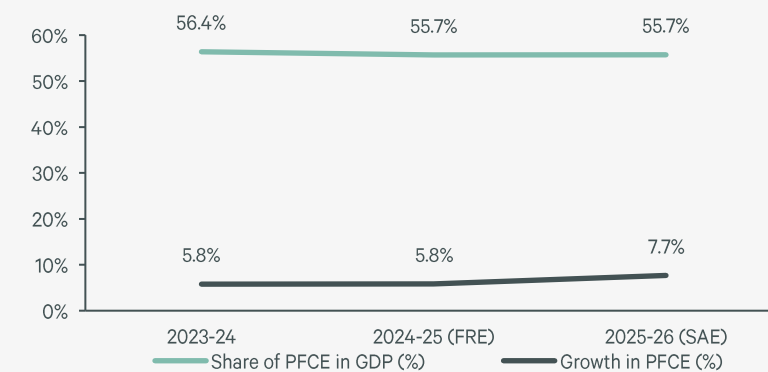
Source: 1. Reserve Bank of India's Monetary Policy Committee and NSO and MoSPI, February 2026, 2. April-September 2025 figures, Economic Survey 2025-26, January 2026, 3. Manufacturing and construction in the secondary sector have been estimated to achieve a growth rate of 7.0% at constant prices in FY2026, FAE, MoSPI, January 2026, 4. RBI MPC, February 2026, 5. Union Budget 2026-27, February 2026, 6. Economic Survey, January 2026, Note: India's CAD widened to 1.3% of GDP (USD 13.2 bn) in the October-December quarter of FY2026; 7. Union Budget 2025-26, February 2025, 8. The Ministry of Finance, September 2025; 9. Government's response in Rajya Sabha, February 2026, 10. Federation of Automobile Dealers Associations, January 2026 *Note: The Q4 figure (7.3%) is a derived estimate based on the average required to align with the FY26 real GDP projection of 7.6%; #Note: Feb/Mar CPI (3.4%) are derived estimates calculated to align with the Q4 CPI projection of 3.2%.

Rebound in domestic consumption aided by tax concessions

Domestic demand fuelled India's growth momentum in 2025, catalysed by the Union Budget 2025-26's landmark income tax reforms and the subsequent GST 2.0 rationalisation. By raising the effective zero-tax threshold to INR 12 lakh (inclusive of rebates), the government exempted nearly 10 million additional taxpayers, significantly boosting middle-class disposable income⁷. The GST 2.0 regime further amplified the impact in September 2025 by shifting a vast array of daily essentials and mass-market goods to the 5% slab (down from 12% and 18%)⁸. Consequently, the nation's private final consumption expenditure (PFCE) is projected to have expanded by 7.0% in FY2026, hitting 61.5% of GDP—the highest share since FY2012 (adjusted to 55.7%¹ following the February 2026 GDP rebasing to the 2022-23 base year, as reflected in Figure 1.2).

The resurgence in consumption was further supported by a recovery in rural demand, underpinned by a favourable monsoon and a 3.6% agricultural GVA growth⁶. High-frequency indicators reinforced this trend: UPI transactions reached INR 230 lakh crore during April-December 2025⁹, while two-wheeler sales in CY2025 touched 2.03 crore¹⁰, reflecting broad-based consumption momentum spanning both urban and rural markets.

Figure 1.2: India's PFCE trends (FY2024-FY2026F)



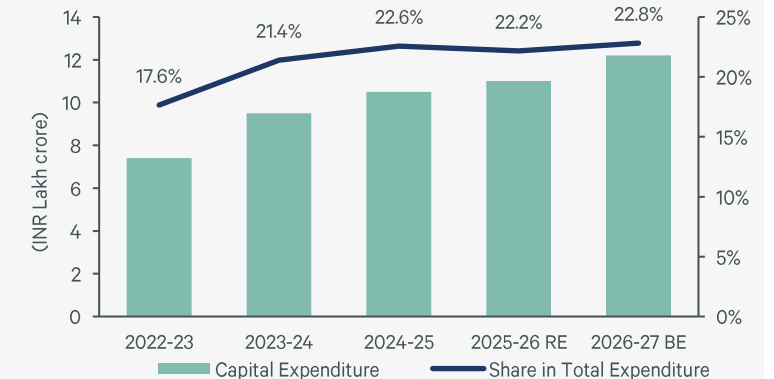
Source: MoSPI, CBRE Research, Q1 2026

Strategic infrastructure push through public capex

Throughout 2025, the government maintained a strong emphasis on capital expenditure to bridge investment gaps and modernise national infrastructure. The public capex outlay for FY2026 reached ~INR 11.2 lakh crore⁵, with funds directed towards the creation of productive assets.

This sustained capex push, representing nearly 3.1% of GDP⁵, served as a key catalyst for the construction sector's robust performance during the year. By enhancing multi-modal connectivity under the PM Gati Shakti framework, the government also aims to reduce logistics costs and incentivise greater private-sector participation across the manufacturing and warehousing sectors.

Figure 1.3: India's capex growth trends (FY2023-FY2026F)



Source: Budget 2026-27, CBRE Research, Q1 2026

Top Trends Expected to Shape India's Economic Trajectory in 2026

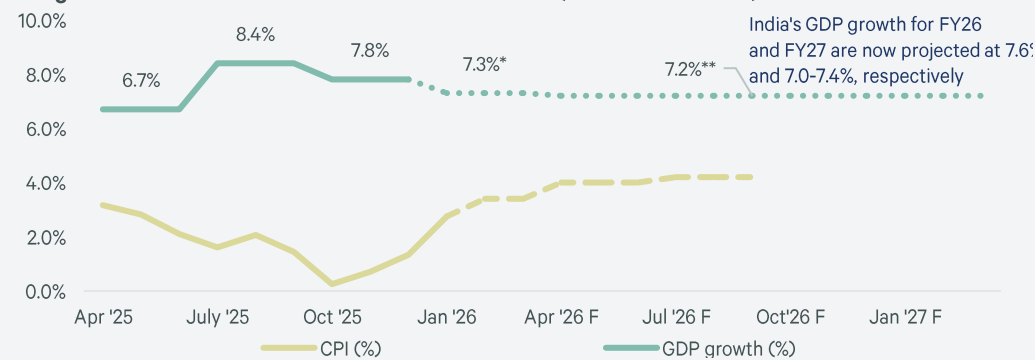
01 Fiscal prudence and the growth baseline

The Union Budget 2026-27 reinforces a trajectory of fiscal discipline, with FY2027 nominal GDP projected to grow by 10.5%¹. This outlook is supported by a strong near-term momentum, as real GDP growth reached 7.8% in Q3 FY2026 (refer to Figure 1.4), lifting the full-year estimate to 7.6%². Consequently, the real GDP growth baseline for FY2027 is now positioned at 7.0-7.4% range, surpassing initial Economic Survey projections of 6.8-7.2%³. In tandem, the RBI MPC (February 2026) adjusted its CPI inflation forecast to 4.0% for Q1 FY2027, reflecting a modest upward adjustment while remaining within the target band⁴. Central to this stability is the government's commitment to a 4.3% fiscal deficit target for the next financial year, with a further glide path to 3.8% by FY2028. This is further supported by a gradual decline in the central government's debt-to-GDP ratio, projected at 55.6% for FY2027 and a medium-term target of 50.0% by FY2031¹. This fiscal roadmap aims to reduce the sovereign interest burden, thereby securing the long-term capital necessary for sustained public infrastructure investment.

02 Strategic trade breakthroughs amidst heightened global uncertainties

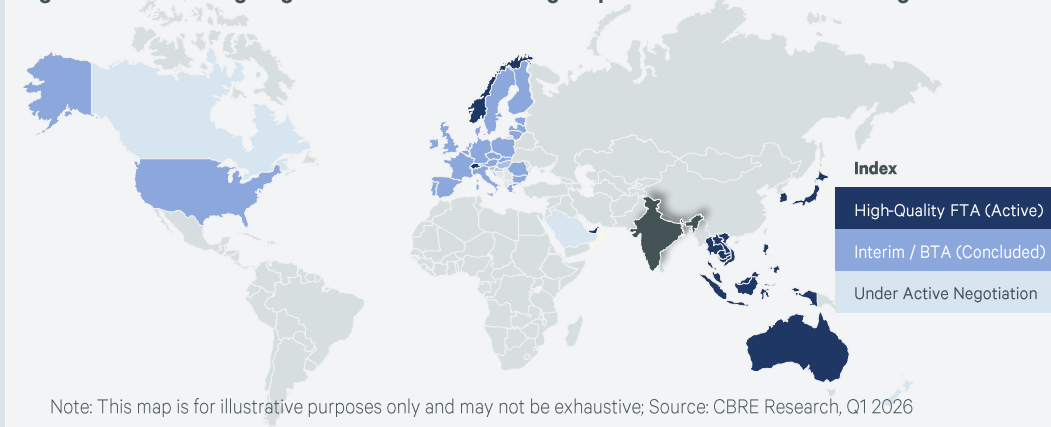
India's 2026 economic outlook is shaped by a strategic expansion of its trade network, even as heightened geopolitical volatility weighs on the domestic growth trajectory. Renewed tensions in the Middle East—primarily involving Iran, Israel, and the U.S.—have reintroduced significant uncertainty into global energy markets^{##}. With roughly 20% of the world's oil and gas supply transiting the Strait of Hormuz, supply-chain disruptions remain a key systemic risk for India's energy-sensitive economy. Against these external pressures, the country's proactive trade diplomacy could emerge as a critical institutional buffer. The India-U.S. Interim Trade Agreement, ratified in February 2026, has successfully de-escalated bilateral frictions. Following a U.S. Supreme Court ruling that invalidated broad emergency tariffs, a subsequent Section 122 proclamation introduced a temporary 15% global import surcharge⁵; importantly, the framework preserves zero-duty treatment for USD 10.03 billion of identified Indian industrial exports⁶, providing essential policy predictability for key sectors, including textiles and electronics. This diplomatic momentum is mirrored globally. In January 2026, India concluded a landmark Free Trade Agreement with the EU-27, granting preferential access to 99% of shared trade value. Alongside the India-UK Comprehensive Economic Thoroughfare Agreement (slated for April 2026) and the Australia ECTA, these agreements potentially secure preferential market access to economies representing approximately 70% of global GDP⁷ (refer to Figure 1.5). India's investment landscape reflects these diverging forces of regional risk and structural opportunity. While the country's FDI inflows experienced notable volatility in 2025-26—largely driven by increased profit repatriation—foreign institutional investors (FIIs) recorded a net equity outflow of ~INR 1.6 lakh crore⁹. As global uncertainties continue to test market resilience, these treaty-based frameworks are expected to anchor investor sentiment by providing the policy visibility necessary for long-term capital commitments.

Figure 1.4: India's GDP and CPI inflation forecast (FY2026-FY2027F)



Source: NSO, MoSPI, and RBI MPC, CBRE Research, Q1 2026
 *Note: The Q4 figure (7.3%) is a derived estimate based on the average required to align with the FY26 real GDP projection of 7.6%.
 **Note: On 27 February 2026, India's Chief Economic Advisor revised the country's FY27 GDP growth forecast to 7.0-7.4% range. The 7.2% figure represents the average of that projection range. #Note: Feb/Mar CPI (3.4%) are derived estimates calculated to align with the Q4 CPI projection of 3.2%.

Figure 1.5: India's ongoing and recent trade deals give potential access to ~70% of global GDP



Note: This map is for illustrative purposes only and may not be exhaustive; Source: CBRE Research, Q1 2026

Source: 1. Union Budget 2026-27, February 2026; 2. NSO & MoSPI, February 2026 (under new measurement framework with base year revised to 2022-23); 3. Chief Economic Adviser, 27 February, 2026; 4. RBI MPC, February 2026; 5. After the U.S. Supreme Court invalidated previous emergency tariffs on 20 February 2026, the White House invoked Section 122. A 15% surcharge now serves as the baseline for non-exempt imports; 6. PIB, GoI, February 9, 2026; 7. Statement by India's commerce minister noting that the country has secured market access to 70% of global GDP, largely under zero-duty conditions. This follows the conclusion of nine FTAs in the last three years covering 38 countries—including the 27-nation EU, four-nation EFTA, UK, Australia, New Zealand, and the U.S.—alongside existing arrangements with the Japan, South Korea, and ASEAN nations. PIB, 12 February 2026; 8. The RBI Annual Report (May 2025) confirms that while gross FDI reached USD 81 bn in FY2025, net FDI was moderated by USD 51.5 bn in repatriation and disinvestment, characterising the phase as a sign of investment cycle maturity rather than a dilution of investment appeal; 9. NSDL, December 2025. ##Note: Global energy market conditions remain fluid amid evolving geopolitical developments in West Asia. Policy responses and transitional arrangements around crude supply chains—including temporary waivers for shipments already in transit—underscore the dynamic nature of energy security, considerations and supply adjustments.

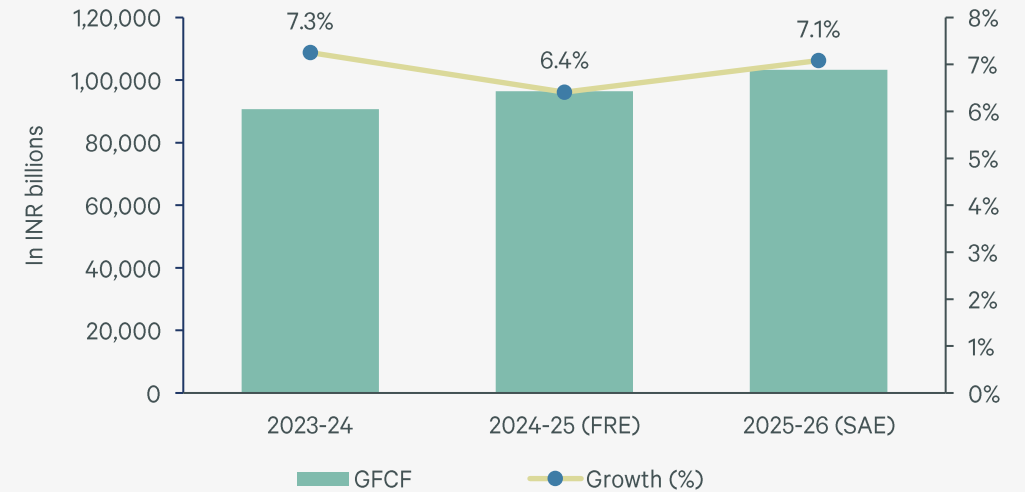
Top Trends Expected to Shape India's Economic Trajectory in 2026

03 Capex expansion: Urban integration and capital de-risking

The country's economic outlook continues to be fuelled by a sustained emphasis on infrastructure-led development, as reflected in the Union Budget 2026-27, which proposes an increase in public capital expenditure to ~INR 12.2 lakh crore, accounting for ~3.1% of GDP for FY2027¹. These allocations support initiatives such as lowering India's logistics costs and strengthening its economic corridors, including seven high-speed rail connections identified in the Budget. A pillar of this fiscal strategy is the City Economic Region (CER) framework, designed to harness the shared potential of linked urban centres through seamless infrastructure networks. This programme is supported by a proposed allocation of INR 5,000 crore per CER over five years via a reform-linked "challenge" mechanism. Furthermore, the Union Cabinet has approved an INR 1 lakh crore Urban Challenge Fund to catalyse investments through market-led financing, with central assistance covering up to 25% of project costs, contingent on mobilising private or alternative capital².

To further accelerate private sector participation, recent policy measures have also pivoted towards de-risking mechanisms and credit support structures, seeking to make projects more financially attractive and secure for private investors. Such initiatives align with a broader upward trend in macroeconomic data, which shows India's gross fixed capital formation (GFCF) grew by an estimated 7.1% in FY2026³ (refer to Figure 1.6). The momentum was bolstered by the previous Budget's (2025-26) provision of INR 1.5 lakh crore in 50-year interest-free loans to states—a long-tenor capital support scheme that expanded the capacity of state and local authorities to deliver infrastructure. By combining these established fiscal foundations with newer market-linked urban investment schemes, the government aims to create a more resilient, de-risked environment for large-scale capital deployment.

Figure 1.6: Increasing share of GFCF (FY2024-FY2026F)



Source: MoSPI, CBRE Research, Q1 2026

04 Stronger bank balance sheets and capital market deepening

India's financial sector enters 2026 with one of its strongest balance sheet positions in decades, supported by asset quality improvement and steady credit expansion. Gross non-performing assets (NPAs) were at multi-year lows of about 2.15% as of September 2025⁴, based on the RBI's stability assessments, while outstanding credit by scheduled commercial banks has increased by 14.5% Y-o-Y as of December 2025⁵. A visible shift underway is the greater use of market-based funding channels alongside traditional bank lending, helping in diversifying sources of capital for corporates and infrastructure projects.

Policy measures in the Union Budget 2026-27 also aim to deepen these markets; for instance, the introduction of Total Return Swaps (TRS) on corporate bonds facilitates institutional risk distribution and improves bond market liquidity. Further maturing the landscape, the Securities Market Code, 2025 (currently under Parliamentary Standing Committee review) seeks to consolidate fragmented legacy laws into a unified framework⁶. These structural reforms, alongside the proposed rationalisation of FEMA rules⁷, are intended to simplify cross-border capital flows and sustainably lower the cost of capital across the economy.

Source: 1. Union Budget 2026-27, February 2026. 2. PIB, February 2026; 3. NSO and MoSPI, February 2026; 4. RBI's Trends and Progress Report, December 2025. 5. Economic Survey 2025-26, January 2026. 6. The Securities Markets Code, 2025, following its introduction in December 2025, proposes to consolidate three legacy acts (SEBI Act 1992, SCRA 1956, and Depositories Act 1996) into a unified, principle-based framework. This "Super Code" is designed to enhance protection for India's over 12-crore unique investors and introduces a statutory Securities Market Ombudsperson with quasi-judicial powers to pass binding compensation awards, formalising the existing grievance redressal mechanism. 7. Recent RBI notifications, specifically the FEMA (Export and Import of Goods and Services) Regulations, 2026 and updates to the Non-Debt Instrument (NDI) framework, have transitioned foreign investment rules towards a principle-based regime. Key rationalisations include greater flexibility in valuation methodologies—moving away from rigid pricing caps towards internationally accepted standards—and eased requirements for downstream investments and reporting, aimed at reducing regulatory friction for inbound equity capital.

02

Logistics

Building on the record leasing momentum of 2025, India's logistics real estate sector is poised for steady expansion in 2026, supported by sustained occupier activity and continued investment interest. Demand is expected to remain anchored by third-party logistics (3PL) and e-commerce players, alongside a growing preference for institutional-grade warehousing assets. Notably, developers are adopting a calibrated supply approach amidst elevated land and capital costs, reinforcing market discipline.



Logistics Market Performance in 2025: A Brief Revisit

Warehousing leasing activity scales a new peak

The year 2025 was a landmark period for the Indian logistics sector, as record-high leasing underscored strong underlying fundamentals and sustained occupier confidence in expanding warehousing portfolios. **Overall absorption exceeded 68 million sq. ft. during the year, representing a 30% Y-o-Y increase.** This leasing momentum was driven by the expansion of domestic and global firms, rising consumption, and the growing availability of investment-grade assets. Among key markets, Delhi-NCR, Mumbai, Chennai, and Bengaluru collectively accounted for approximately 70% of total warehousing space absorption in 2025.

3PL, E&M firms continue to drive demand

Leasing by 3PL firms remained the primary driver of logistics space take-up in 2025, accounting for an approximately 40% share of total leasing activity. This reflected the growing demand for resilient and efficient supply chain operations. The E&M sector contributed nearly 20% of leasing during the year, supported by policy enablers such as the Production Linked Incentive (PLI) scheme. Driven by rising consumer demand and faster delivery expectations, e-commerce and quick-commerce players nearly doubled their market share—from 9% in 2024 to 16% in 2025. The expansion of automotive supplier ecosystems also led to a near doubling of warehousing leasing by auto and ancillary sectors on an annualised basis.

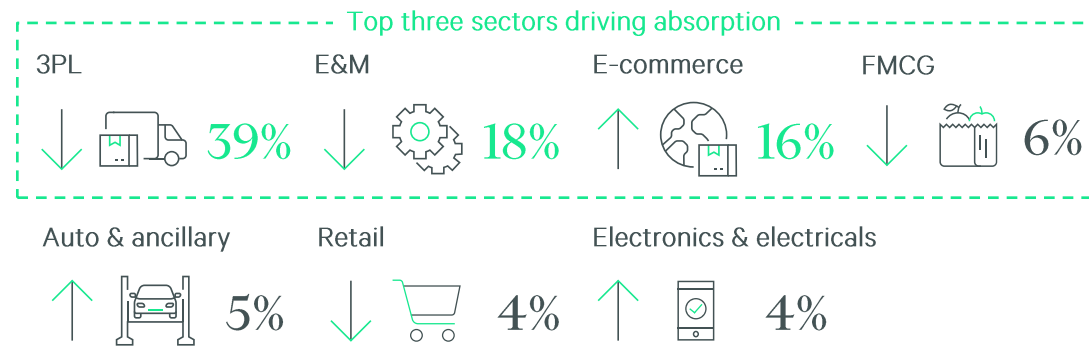
Institutional-grade supply maintains steady expansion

Warehouse completions remained resilient in 2025, reaching ~35 million sq. ft. Top-tier developers accounted for an estimated 35-40% of total supply, highlighting strong leasing fundamentals, investor confidence, and a growing preference for Grade A logistics assets. Bengaluru, Chennai, Mumbai, and Hyderabad led the development activity, representing ~70% of total completions during the year. A continued focus on premiumisation and disciplined development facilitated measured supply growth, further strengthening the market's fundamentals. Foreign investors also played a significant role in shaping the investment landscape, accounting for around 60% of overall participation in 2025.

Domestic firms emerge as key demand drivers along with EMEA and U.S. entities

Domestic companies across multiple sectors continued to be key drivers of India's warehousing demand in 2025. Within domestic occupiers, 3PL firms (25%), manufacturing companies (13%), and e-commerce players (11%) collectively accounted for the largest share of leasing activity. The share of EMEA companies in total space take-up increased to 13%, compared with 10% in 2024. Meanwhile, leasing activity by U.S.-headquartered firms doubled to 10% in 2025 from 5% in the previous year, primarily driven by occupiers in e-commerce, E&M and FMCG sectors.

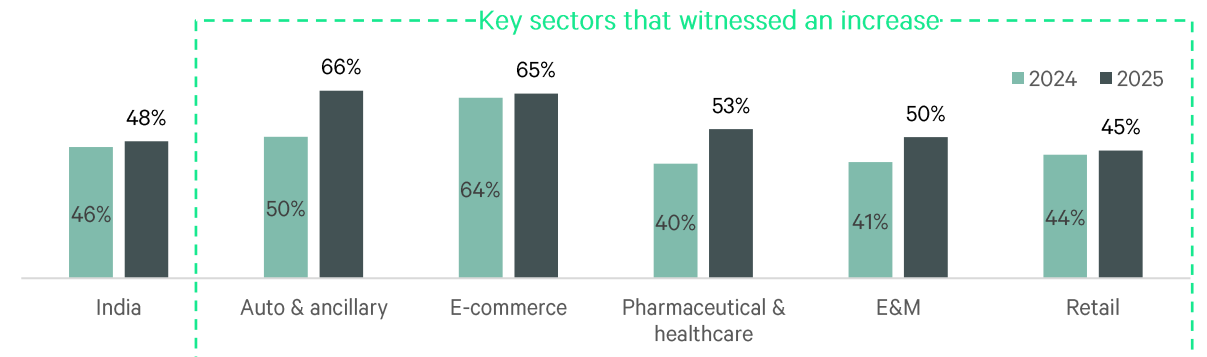
Figure 2.1: Sector-wise warehousing leasing share in 2025



Source: CBRE Research, Q1 2026

Note: Arrows indicate Y-o-Y change in leasing share

Figure 2.2: Sectoral share of total absorption within institutional-grade warehousing stock



Source: CBRE Research, Q1 2026

Top Trends Expected to Shape India's Logistics Sector in 2026

01

Quick-commerce surge set to transform urban delivery

In-city warehousing is poised for continued momentum in 2026, driven by the rapid expansion of quick-commerce platforms. India's quick-commerce segment remains on a strong growth trajectory, with Gross Order Value anticipated to rise at a CAGR of 46% between 2025 and 2028, increasing from INR 0.6 trillion to INR 2 trillion¹.

The sector predominantly operates on a hub-and-spoke model to facilitate rapid delivery: regional centres on city outskirts (hubs) frequently replenish urban micro-fulfilment centres (spokes), often multiple times a day, to reduce delivery times and fuel consumption. These micro-fulfilment centres typically stock curated, high-turnover inventories of ~2,000-4,000 stock keeping units (SKUs), tailored to hyperlocal demand within a ~2-3 km catchment, enhancing operational efficiency while limiting capital tied up in inventory.

To meet near-instant delivery expectations, platforms are scaling hyperlocal networks across high-consumption metros such as Bengaluru, Delhi-NCR, Mumbai, and Hyderabad. While in-city warehousing offers a competitive edge, the 2026 landscape is expected to shift from pure footprint expansion to a stronger focus on unit economics. The sector's performance is likely to hinge on each warehousing facility achieving the minimum order velocity required to offset the higher operating costs associated with urban real estate.

Figure 2.3: Supply chain model for in-city warehousing

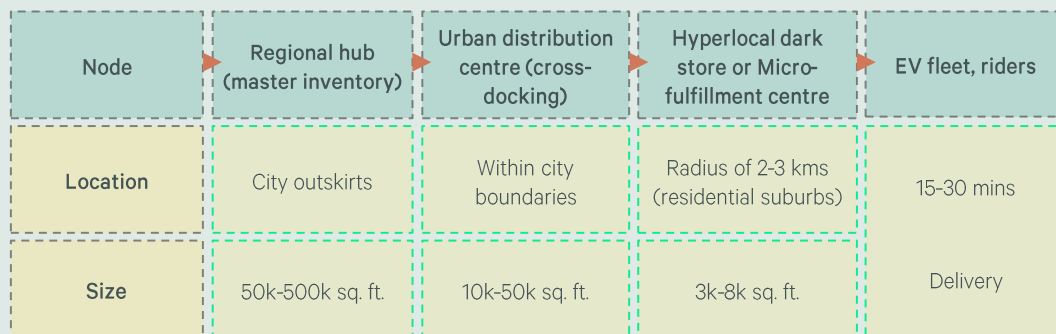





Figure 2.4: Dark stores set to remain the backbone of Q-commerce growth

-  **Blinkit:** Plans to expand its dark-store network to 3,000 locations by March 2027, up from 1,816 in September 2025; support is expected from the INR 2,600 crore investment made by its parent company made during 2025.²
-  **Zepto:** Following a USD 450 million funding round in October 2025, it plans to add over 100 dark stores through 2026 to strengthen its delivery network.²
-  **JioMart:** Expanded quick-commerce operations in October 2025 with 600 stores. It is targeting high-volume catchments to strengthen its sub-30-minute delivery network and now covers 5,000 PIN codes and over 3,000 stores; it also introduced electronics and accessories delivery across 10 cities.²
-  **Swiggy:** Raised ~INR 10,000 crore via a QIP in December 2025, allocating INR 4,475 crore towards expanding its quick-commerce fulfilment network, including dark stores; it aims to grow its footprint from 5 million sq. ft. (November 2025) to 6.7 million sq. ft. by December 2028.²
-  **Flipkart Minutes:** Plans to double its dark-store network to over 1,000 locations by March-April 2026, up from more than 500 in December 2025, and expand service coverage from 30+ to over 60 cities.²
-  **Amazon Now:** Since launching in Bengaluru (December 2024), it expanded to Delhi (June 2025), Mumbai (September 2025), and Gurugram (December 2025); it is scaling operations at approximately two centres per day and is targeting leadership in the urban 10-minute delivery segment.²

Figure 2.5: Key challenges for in-city warehousing (dark stores)

-  **Supply constraints**
Intra-city land scarcity and infrastructure limitations, particularly inadequate parking provisions, constrain dark-store expansion by leading developers. As a result, operators frequently repurpose spaces, such as former retail outlets, small offices, or restaurants to support their operations.
-  **High rentals**
Elevated urban land costs translate into higher rental outflows, placing pressure on tenant profitability. Consequently, operators often rely on non-prime spaces to achieve and maintain operational efficiency while meeting delivery timelines.
-  **Zoning hurdles**
The absence of clear legal definitions for "dark stores" within existing zoning regulations creates operational hurdles across markets.

Source: 1. India's Rapid Delivery Race: Q-Commerce set to Triple by 2028, CareEdge, July 2025; 2. Publicly available information, 2025; CBRE Research, Q1 2026

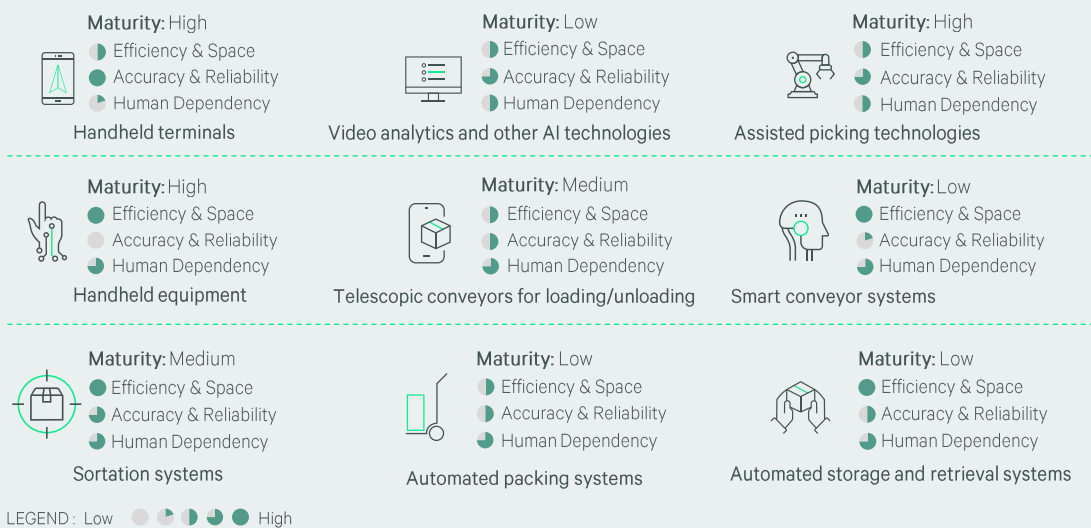
Top Trends Expected to Shape India’s Logistics Sector in 2026

02 New-age warehousing set to accelerate sector transformation

India’s warehousing sector is set to deepen its structural shift in 2026, moving from traditional storage facilities towards technology-driven, integrated logistics infrastructure, commonly referred to as “new-age warehousing”. This transition is being driven by e-commerce expansion, manufacturing growth, and the increasing availability of advanced automated systems. The market for **warehouse automation in India, currently valued at USD 0.43 billion, is projected to reach USD 1.42 billion by 2030, reflecting a CAGR of 26.96%**¹.

According to the 2025 CBRE India Logistics Occupier Survey, ~57% of respondents have either adopted or plan to adopt conveyor-sortation systems and automated storage and retrieval systems (ASRS). A further 55% have expressed interest in implementing goods-to-person picking systems within their warehouse operations. Furthermore, according to a 2025 study by FM Logistic, approximately **80% of India’s warehouses** are expected to adopt automation technologies by 2030, signalling a significant transition towards advanced logistics infrastructure².

Figure 2.6: Landscape of warehouse automation in India: Maturity and operational impact²



03 Rentals set to maintain growth momentum in 2026

Warehousing rentals are expected to maintain an upward trajectory in 2026, supported by a continued ‘flight to quality’ in leasing, rising land and construction costs, and the expansion of investment-grade supply. Across most major city micro-markets, headline rents are anticipated to strengthen, with performance varying according to local demand-supply dynamics. To preserve occupancy and pricing power, leading developers are offering selective lease customisations, including extended rent-free periods and moderated security deposits. Despite these concessions and elevated input costs, rental growth is expected to broadly track inflation.

With more Grade A warehouses coming online—particularly in supply-constrained core locations—premium assets are likely to command higher rents. As institutional-grade stock captures a larger share of overall supply, rental benchmarks are projected to recalibrate over time. In response to elevated greenfield development costs in established hubs, landlords are increasingly prioritising peripheral clusters such as Kharkhauda (Uttar Pradesh), Badli (Haryana), and Khopoli-Patalganga MIDC (near Mumbai), where land prices remain comparatively more competitive.



1. India Brand Equity Foundation (IBEF), 2025; 2. Elevating Indian Warehousing: The Performance Power of Automation, FM Logistic, August 2025; CBRE Research, Q1 2026

Top Trends Expected to Shape India's Logistics Sector in 2026

04

India's green logistics sector set to move towards mainstream adoption

In 2026, India's sustainable logistics sector could transition from a niche segment into an essential corporate standard. Driven by global decarbonisation targets and continued government infrastructure support, green warehousing is increasingly viewed not as a premium offering, but as a core requirement for market competitiveness. **India's green logistics market is projected to grow at a ~7.7% CAGR between FY2026 and FY2033, expanding from USD 48.9 billion in FY2025 to ~USD 88.5 billion by FY2033, signalling a structural shift that is likely to gain significant momentum in 2026¹.**

Core drivers of the green transition

- **Corporate mandates:** Global MNCs are prioritising sustainable supply chains to meet Scope 3 emission targets, shifting green-certified warehouses from optional considerations to non-negotiable selection parameters.
- **Operational benefits:** Sustainable facilities enhance energy efficiency, resource optimisation, and waste management practices, improving both environmental performance and workforce well-being.
- **Institutional shift:** Investors are increasingly directing capital towards assets that meet stringent ESG standards.
- **Standardisation:** Adoption of formal certifications such as LEED, IGBC, and GRIHA is helping establish rigorous, consistent, and transparent sustainability benchmarks across developments.

According to the 2025 CBRE India Logistics Occupier Survey, top ESG priorities include:

- **Renewable Energy (52%):** On-site clean energy remains the leading criterion for building selection.
- **Smart Technology (~49%):** Strong occupier preference for technology-enabled energy efficiency and optimisation.
- **Green Certifications (47%):** Occupiers increasingly select assets based on higher sustainability ratings.
- **EV Infrastructure (29%):** A growing share of tenants are willing to pay rental premiums for on-site charging infrastructure.

Note: ESG (Environmental, Social, and Governance) is a framework used by investors and stakeholders to measure a company's sustainability, ethical impact, and risk management.

In 2026, India's sustainable logistics activity is likely to be anchored around Chennai, Delhi-NCR, and Mumbai. These hubs could drive the transition through green warehousing, fleet electrification, and multimodal connectivity, leveraging ports and freight corridors to enable large-scale, low-carbon movement.

Figure 2.7: Strategic advantages of adopting sustainable logistics practices



RENTAL PREMIUM POTENTIAL

Green-certified buildings command a 7-10% rental premium compared to non-certified assets, reflecting stronger occupier preference².



REDUCED OPERATIONAL COSTS

Green warehouses can deliver 15-25% lower operating costs, compared to conventional facilities of similar capacity. EV fleets offer ~53% lower operating costs and ~26% lower total cost of ownership, compared to diesel vehicles².



GOVERNMENT INCENTIVES

Several state governments have introduced incentives for green warehouses, including subsidies for sustainable infrastructure, stamp duty rebates, development charge concessions for solar installations and targeted tax incentives.

Source: 1. Markets and Data, January 2026; 2. Building India's Future Opportunities in Green Mobility and Logistics, EY, December 2024; CBRE Research, Q1 2026

Top Trends Expected to Shape India's Logistics Sector in 2026

05

Strategic shifts in land acquisition and warehouse development

With rising land costs and the limited availability of clear-titled parcels in core locations, developers are reassessing traditional land acquisition strategies. Rather than relying solely on outright purchases or joint development arrangements, the industry is increasingly adopting alternative approaches to support warehouse expansion while optimising capital deployment.

- **Transition to long-term lease models:** Developers are selectively opting for long-term land leases instead of outright purchases. This reduces upfront capital requirements and allows greater allocation of funds towards development and operational activities.
- **Decentralisation of fulfilment hubs:** Rather than establishing a single large warehouse, developers are acquiring multiple smaller land parcels. This micro-fulfilment approach addresses the scarcity of large contiguous land tracts in core locations.
- **Strategic pivot to peripheral locations:** Developers are exploring peripheral and emerging logistics corridors beyond city limits. Lower land costs in these areas help maintain project feasibility, even after accounting for the incremental transportation costs incurred by occupiers.
- **Asset retrofitting for premium urban warehouses:** To manage high land and construction costs in urban markets, developers are refurbishing second-generation warehouses. Upgrades—including improved insulation, modern flooring, enhanced HVAC systems, and automation—allow landlords to reposition these facilities for contemporary occupier requirements while extending the operational life of existing warehouse stock.

Source: CBRE Research, Q1 2026



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