

Intelligent Investment

India Market Monitor

Q2 2025

Industrial and Logistics

REPORT

CBRE RESEARCH

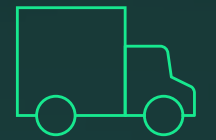
July 2025





Industrial and Logistics

India's industrial and logistics (I&L) real estate sector demonstrated continued growth in Q2 2025, backed by a robust absorption of 14.6 million sq. ft., registering a significant ~86% Y-o-Y growth. Space take-up by third-party logistics (3PL) and e-commerce companies were pivotal in strengthening the warehousing leasing activity across cities.



86%

Y-o-Y increase in I&L leasing in Q2 2025;
17% increase on a Q-o-Q basis

63%

Y-o-Y increase in I&L space take-up
in H1 2025

55%

Total share of Delhi-NCR, Bengaluru, and
Hyderabad in leasing in H1 2025

57%

Combined share of Bengaluru, Chennai, and
Mumbai in supply addition in H1 2025

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27.1 mn sq. ft.
Absorption in H1 2025

14.6 mn sq. ft.
Absorption in Q2 2025

16.7 mn sq. ft.
Supply in H1 2025

7.8 mn sq. ft.
Supply in Q2 2025

■ Absorption (mn sq. ft.) in H1 2025
■ Absorption (mn sq. ft.) in Q2 2025
■ Supply (mn sq. ft.) in H1 2025
■ Supply (mn sq. ft.) Q2 2025

Q2 2025 rental indicator arrows (Q-o-Q)

▲ Increase
 ↕ Stable
 ▼ Decrease

Delhi-NCR

7.3	3.3	↕
1.4	0.2	↕

Ahmedabad

1.4	0.5	↕
1.0	0.2	↕

Mumbai

2.9	2.5	▲
2.3	1.2	▲

Pune

2.2	0.7	▲
1.7	0.7	▲

Bengaluru

4.0	2.2	↕
4.4	2.2	↕

Kolkata

3.3	2.4	↕
1.2	1.0	↕

Hyderabad

3.6	1.7	↕
2.1	0.9	↕

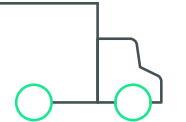
Chennai

2.3	1.4	▲
2.8	1.3	▲

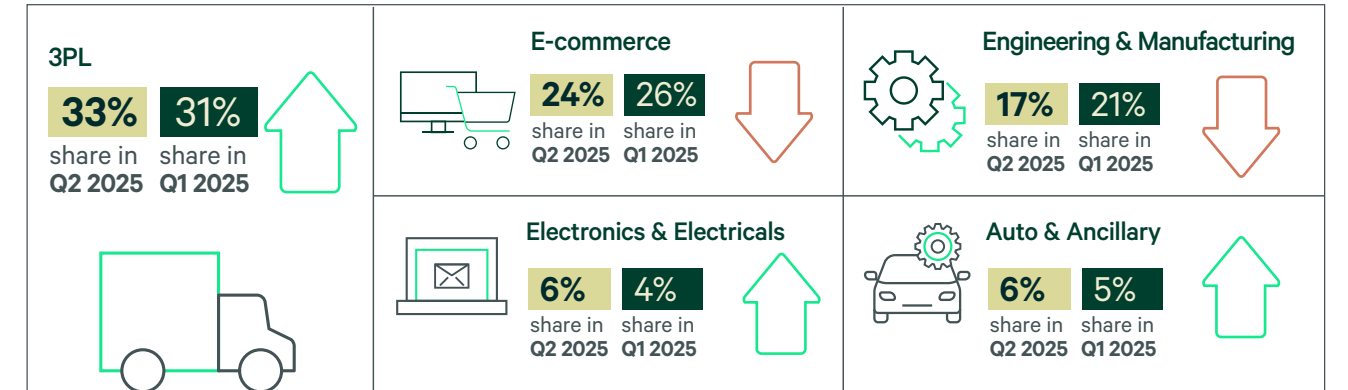


Source: CBRE Research, Q2 2025
Please note that the numbers have been rounded off and might not add up to the exact total.

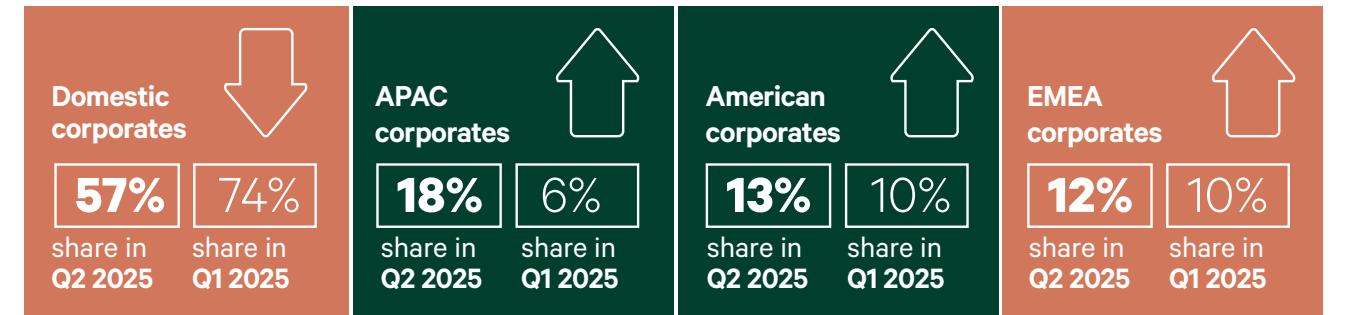
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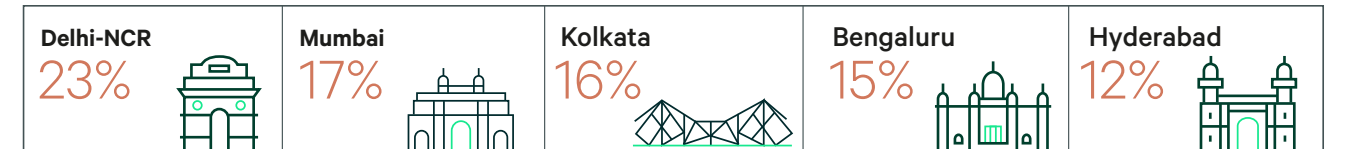
Key sectors that drove leasing activity



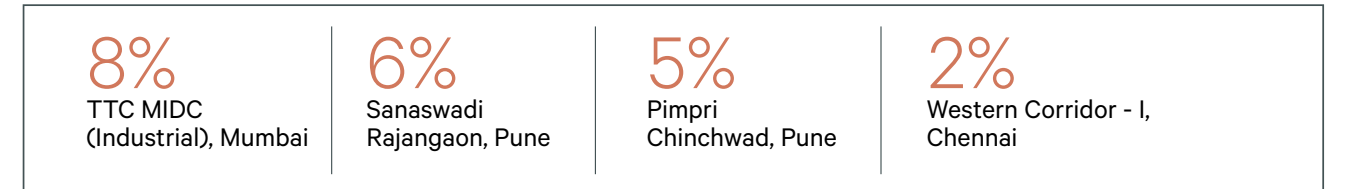
Regional share in leasing activity



Cities which led absorption in Q2 2025



Quarterly rental* movement - Growth witnessed in select micro-markets of Mumbai, Pune, and Chennai



*Note: The trend for transacted rentals may be in line with or diverge from quoted rentals for different assets depending on various factors such as asset quality, location, accessibility, age of the asset, space availability, etc.



Outlook

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Following a strong first half of 2025, we project robust warehousing demand for the upcoming quarters. 3PL, e-commerce, and retail sectors are anticipated to be the primary drivers of this space take-up as they aggressively pursue shorter delivery timelines and re-evaluate their supply chain models.

The prevailing "flight-to-quality" trend, coupled with robust demand for compliant assets—particularly within core markets such as Delhi-NCR, Mumbai, and Bengaluru—is anticipated to widen the rental differential between investment-grade and sub-investment-grade assets.

As the demand for premium, sustainable, and state-of-the-art warehouses continues to grow, we expect a large part of the 2025 supply pipeline to be led by leading developers, backed by institutional investors. Bengaluru, Chennai, Delhi-NCR, and Mumbai are projected to be the primary contributors to this new supply.

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