Intelligent Investment

India Industrial and Logistics Market Snapshot H1 2026

Holding firm through global uncertainty

REPORT

INDIA

REAL ESTATE

CBRE RESEARCH
SEPTEMBER 2026

Economy at a Glance

Resilient Economic Momentum Continues Into Q1 FY2027

India's economy grew by 7.7% in FY2026, with momentum carrying into Q1 FY2027 as the country's GDP expanded by 7.8% in the April-June quarter—ahead of the Reserve Bank of India's (RBI) 7.0% estimate[1].

Manufacturing PMI remained in expansion territory at 54.2 in June and 53.5 in July, while industrial production grew by 7.3% in June and 6.7% in July[2], reinforcing the upbeat production backdrop for the industrial and logistics sector.

India's Trade Activity Strengthens Through April-July 2026

Combined merchandise and services exports reached USD 316.42 billion during April-July 2026, up 13.16%[1] Y-o-Y. Market access widened as trade agreements with the UK and Oman became operational, building on the India-EFTA pact that came into force in late 2025; the additional U.S. tariff on Indian goods also temporarily eased to 10%.[3]

Retail Inflation in Focus Amid West Asia Tensions

The escalation in West Asia since March 2026 has kept crude prices volatile and weighed on the rupee, adding to input, freight and transport costs and keeping near-term inflation risks in focus. CPI inflation moved above the RBI's 4% target in June and July, even as the central bank marginally lowered its FY2027 inflation forecast in August. The repo rate remained unchanged at 5.25%.[4]

Key I&L Sector Developments in H1 2026

State Industrial Policies Target Manufacturing Growth

States including Haryana, Gujarat, and Rajasthan introduced new industrial policies in 2026 aimed at improving competitiveness and attracting investments across advanced manufacturing and MSMEs. The policies also focus on infrastructure development, innovation, sustainability, and employment generation[5].

Infrastructure Capex Allocation Reaches ~USD 129 billion

The Union Budget 2026-27 allocated INR 12.22 lakh crore (USD 129 billion)* towards capital investment in infrastructure. Sustained infrastructure spending could benefit the industrial and logistics (I&L) sector through improved freight connectivity, lower logistics costs, and better access to key manufacturing corridors.[6]

Horizon Industrial Parks Marks India's First Industrial Park IPO

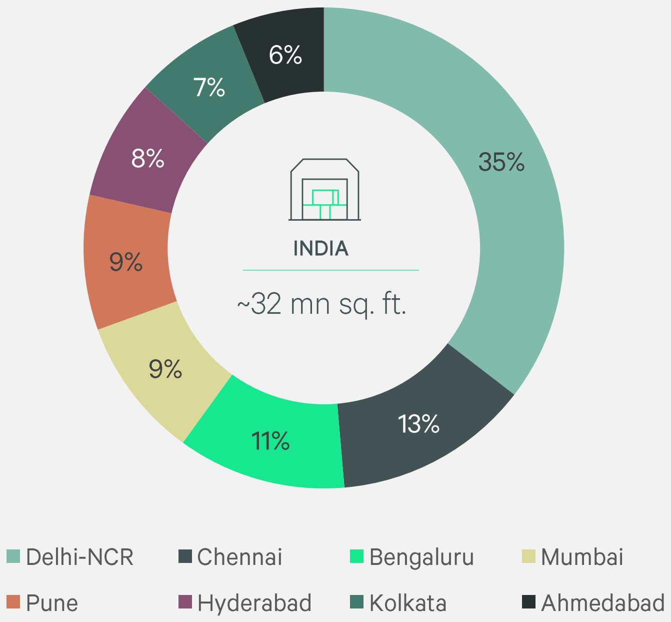
Blackstone-backed Horizon Industrial Parks listed with an issue size of INR 2,600 crore[5], marking the country's first industrial park IPO. The listing reflects strong investor confidence in high-quality industrial assets, driven by growing demand from third-party logistics (3PL), e-commerce, and manufacturing occupiers.

Source: 1. PIB Backgrounder, September 2026; 2. Ministry of Statistics & Programme Implementation, July 2026; 3. The White House, July 2026; 4. Reserve Bank of India, August 2026; 5 Publicly available Information; 6. Union Budget 2026-27, February 2026; 7. The Economic Times, August 2026; CBRE Research, H1 2026 | Note: *INR figures converted to USD at the exchange rate as of 1 September 2026.

India's Industrial & Logistics Space Take-up Surpasses 30 million sq. ft. in H1 2026

India's industrial and logistics (I&L) real estate sector recorded healthy leasing activity of ~32 million sq. ft. in January-June (H1) 2026, navigating heightened geopolitical tensions in West Asia and related disruptions to global supply chains, including around the Strait of Hormuz. Demand was led by third-party logistics (3PL) and engineering & manufacturing (E&M) occupiers, along with continued activity from e-commerce and quick-commerce players. Delhi-NCR, Chennai, and Bengaluru together accounted for ~60% of total leasing, with each city recording higher space take-up than in the corresponding period last year.

CITY-WISE SHARE OF I&L ABSORPTION IN H1 2026*



KEY SECTORS DRIVING I&L LEASING ACTIVITY IN H1 2026

3PL	Engineering & Manufacturing	E-commerce	FMCG	Retail
31% ▲	26% ▼	10% ▼	9% ▲	8% ▲

KEY CITIES DRIVING SECTOR-SPECIFIC DEMAND

3PL	Engineering & Manufacturing	E-commerce	FMCG	Retail
Delhi-NCR, Mumbai	Delhi-NCR, Chennai	Delhi-NCR, Ahmedabad	Kolkata, Delhi-NCR	Delhi-NCR, Bengaluru

OCCUPIER ORIGIN IN H1 2026 LEASING ACTIVITY*

Domestic Companies	APAC Corporates	EMEA Corporates	American Corporates
75% ▲	12% ▲	9% ▼	5% ▼

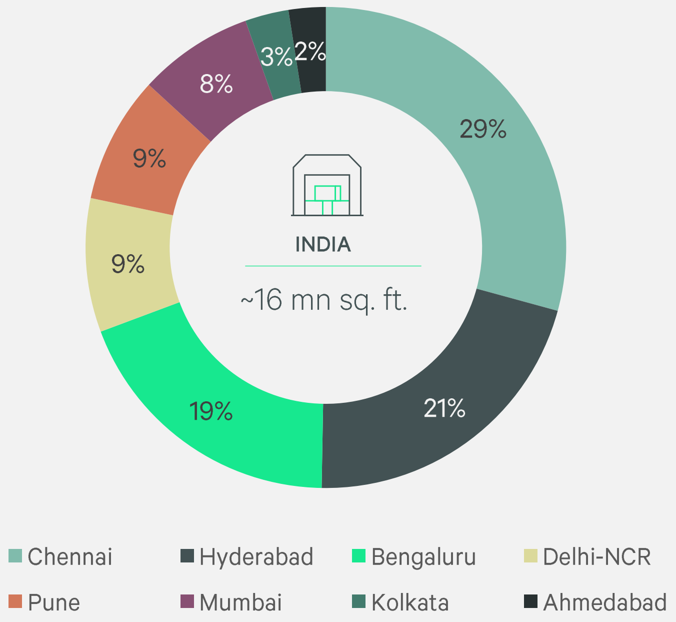
Source: CBRE Research, H1 2026 | Note: *Figures may not add up to 100% due to rounding.

Arrows indicate Y-o-Y change in share of total leasing in H1 2026

India's Warehousing Completions Reach 16 million sq. ft.

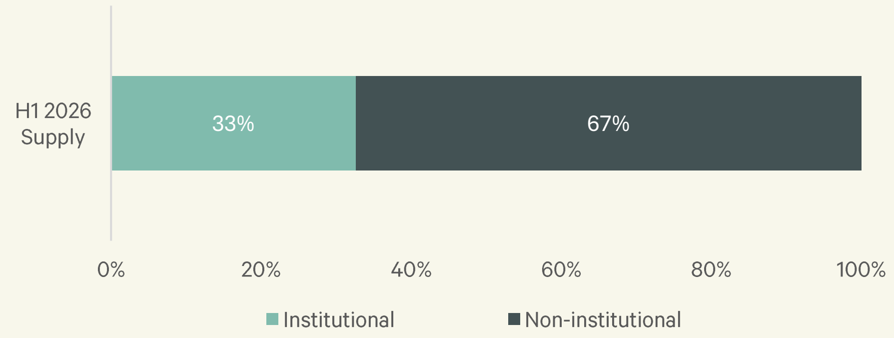
India recorded ~16 million sq. ft. of new warehousing supply in H1 2026, with top-tier developers / funds accounting for an estimated 33% of total additions. Their continued participation reflects sustained investor confidence and a growing preference for Grade A logistics assets among occupiers, along with a continued focus on premiumisation and disciplined development. New supply remained concentrated in Chennai, Hyderabad, and Bengaluru—representing ~70% of H1 completions.

City-wise share of new supply in H1 2026

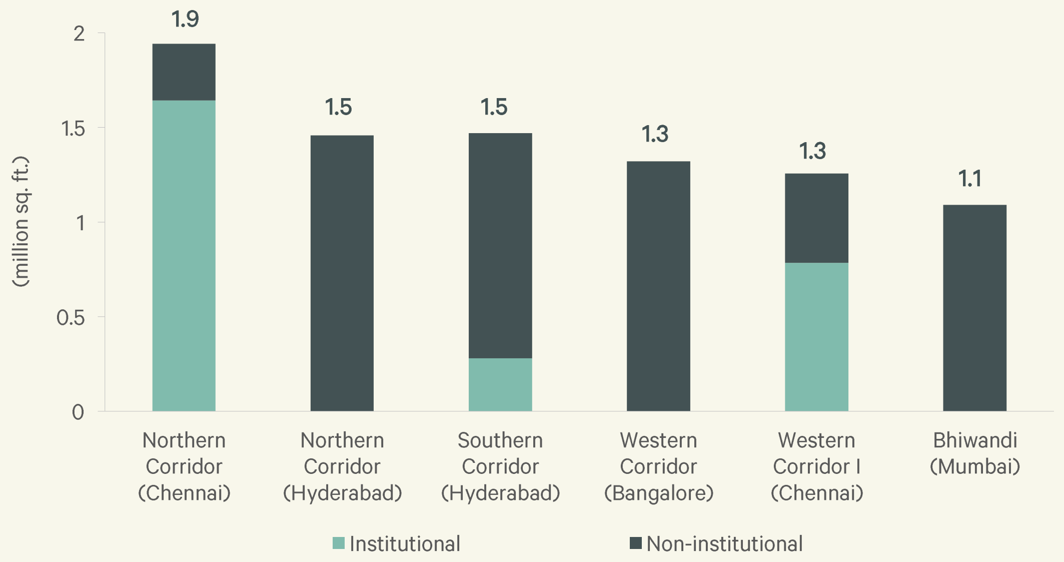


Source: CBRE Research, H1 2026

Institutionally backed assets accounted for one-third of H1 2026 supply*



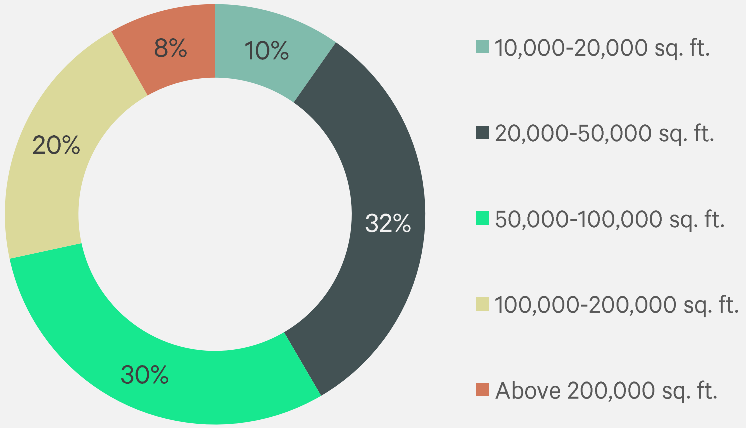
Top six micro-markets account for 55% of H1 2026 new supply*



Note: Institutional: supply backed by institutional developers/funds; Non-institutional: supply by local developers

Leasing activity by deal size

Small-sized transactions below 50,000 sq. ft. led leasing activity in H1 2026, comprising 42% of deals, compared with 40% in H1 2025. Mid-sized transactions between 50,000 and 100,000 sq. ft. represented 30% of deals, while large-sized transactions above 100,000 sq. ft. made up 28%, compared with 28% and 32%, respectively, in H1 2025.



TOP THREE SECTORS DRIVING LARGE-BOX TAKE-UP (>100,000 SQ. FT.)

3PL	E&M	E-Com
34%	22%	13%

Rental trends across key micro-markets

Quoted rental values increased Y-o-Y across key micro-markets in major cities, reflecting continued flight-to-quality demand, limited availability of quality developments, and rising land costs. Investment-grade assets also commanded a premium.

Mumbai

6-10% in Bhiwandi (NH-3) and Navi Mumbai-Panvel

Pune

6-7% in Chakan-Talegaon

Ahmedabad

Stable in Sanand and Bavla

Bengaluru

2-11% in Eastern Corridor, Southern Corridor, Northern Corridor and Western Corridor

Kolkata

6-10% in NH-2 and Taratala-Budge Budge Trunk Road

Delhi-NCR

9-18% in Delhi, Faridabad/Palwal/Ballabhgarh and Ghaziabad (NH-24, 58, 91)

Chennai

1-10% in Western Corridor-I, Southern Corridor-II, Western Corridor-II, and Northern Corridor

Hyderabad

5-7% in Western Corridor and Northern Corridor

Source: CBRE Research, H1 2026 | Note: *Rental trends refer to logistics/warehousing assets only.

Top Trends Expected to Define India's I&L Sector in 2026

Leasing momentum set to carry through H2 2026

- Following resilient leasing activity in H1 2026 despite global geopolitical volatility, I&L demand is expected to remain healthy through the remainder of the year.
- Historically, H2 has recorded stronger leasing activity, partly due to festive-season demand. This seasonal uptick, along with the anticipated completion of investment-grade supply and closure of pending transactions, could provide further impetus to space take-up.
- 3PL, e-commerce and E&M are likely to remain the primary demand drivers as occupiers continue to optimise supply chains, maintain higher buffer stocks and expand local manufacturing capabilities.

Supply expected to stay on course through 2026

- Near-term supply is expected to remain steady, backed by institutional capital and a strong under-construction pipeline.
- Investor sentiment may remain measured as tensions in West Asia, elevated capital costs, limited availability of large land parcels and longer acquisition timelines encourage a more selective approach to new launches.
- Given the committed pipeline, 2026 completions are expected to remain broadly in line with 2025 levels.

Land strategies may broaden beyond outright purchases

Rising land costs and limited availability of clear-titled parcels in core locations are expected to encourage developers to consider alternatives to outright purchases and joint development, including:

- Long-term land leases to reduce upfront capital outlay;
- Multiple smaller parcels for micro-fulfilment instead of single large facilities;
- A pivot to peripheral and emerging corridors and key highway stretches, where lower land costs could partly offset higher transport costs;
- Retrofitting second-generation urban warehouses with improved insulation, flooring, HVAC and automation to meet modern requirements without fresh land acquisitions.

Rents likely to maintain a measured upward trajectory

- Warehousing rents are expected to sustain their upward momentum through 2026, reflecting continued flight-to-quality demand and an expanding pool of investment-grade supply.
- Mumbai, Bengaluru, Chennai and Kolkata are each likely to record single-digit growth by year-end, broadly tracking inflation.
- As Grade A stock forms a larger share of supply, premium assets may command higher rentals over older facilities. Emerging clusters such as Kharkhauda, Badli and Khopoli–Patalganga MIDC could record stronger gains from a lower base.

Source: CBRE Research, H1 2026

Annexure: Micro-Market Definitions

CITY	MICRO-MARKET	LOCATIONS
Delhi - NCR	Delhi	Alipur, Bamnoli, Mayapuri, Mundka, Okhla, Rama Road and Sultanpur
Delhi - NCR	Gurgaon (NH-8)	Manesar, Tauru Road, Dharuhera, Bhiwadi, Bawal, Neemrana, Pataudi, Luhari, Kulana, Jamalpur, Farukhnagar, Jhajjar, Badli, Badshapur, Bhora Kalan, Bilaspur, Jamalpur, Kulana, and Taj Nagar
Delhi - NCR	Kundli / Murthal (NH-1)	Kundli, Murthal, Akbarpur Barota, Bahalgarh and Sonipat
Delhi - NCR	Ghaziabad (NH-24, 58, 91)	Ghaziabad
Mumbai	Bhiwandi (NH-3)	Wagle Estate MIDC, Bhiwandi (NH-3), Bhoirgaon, Borivali Village, Aamne Village, Lonad Village, Mankoli Village, Vadape Village and Vahuli
Mumbai	Navi Mumbai - Panvel, Taloja (NH-4 & NH-17)	Chirner, JNPT, Kopar Khairane, Mahape, Navi Mumbai, Panvel, Patalganga, Pawane, Taloja, Turbhe, Palsape village, Taloja MIDC, Kiravali village and Koproli Village
Mumbai	TTC MIDC (Industrial)	TTC MIDC, Turbhe, Rabale, Pawne, Dighe, Koparkhairne and Shiravane
Bengaluru	Northern Corridor	Industrial locations of Dodaballapur, Devanahalli KIADB SEZ, Hi-Tech Defence and Aerospace Park
Bengaluru	Southern Corridor	Industrial locations of Bannerghatta, Bommasandra, Attibele and Jigani
Bengaluru	Eastern Corridor	Industrial locations of Soukya Road, Old Madras Road, Hoskote Industrial Area, Narsapura and Vemgal
Bengaluru	Western Corridor	Industrial locations of Tumkur Road (Nelamangala, Dabaspet Industrial Area / Somapura) and Mysore Road (Bidadi and Kumbalgodh)
Chennai	Western Corridor - I	Sriperumbudur, Oragadam and Vallam
Chennai	Western Corridor - II	Mappedu, Mannur and Thiruvallur
Chennai	Northern Corridor	Puzhal, Manali and Red Hills

Source: CBRE Research, H1 2026

Annexure: Micro-Market Definitions

CITY	MICRO-MARKET	LOCATIONS
Chennai	Southern Corridor - I	GST Road - Maraimalai Nagar, Mahindra World City and Guduvancheri
Chennai	Southern Corridor - II	OMR-Navallur, Perungudi, Thiruporur and ECR-Akkarai
Chennai	Western Corridor - II	Mappedu, Mannur and Thiruvallur
Hyderabad	Northern Corridor	Secunderabad, Sanathnagar, GundlaPochampally, Medchal, Dundigal, Balanagar
Hyderabad	Western Corridor	Bachupally, Kukatpally, Manikonda, Pashamylaram IDA and Patancheru
Hyderabad	Eastern Corridor	Cherlapally, Uppal, Moula Ali, Mallapur, Nacharam, Pedda Amberpet and Batasingaram
Hyderabad	Southern Corridor	Adibatla, Attapur, Kothur and Shamshabad
Pune	Chakan - Talegaon	Chakan MIDC and Talegaon
Pune	Sanaswadi - Rajangaon	Sanaswadi, Ranjangaon MIDC, Lonikand, Phulgaon, Wagholi and Koregaon Bhima
Pune	Pimpri - Chinchwad	Hinjewadi, Bhosari, Pimpri, Chinchwad and Bhosari
Pune	Shirwal	Shirwal
Kolkata	NH - 2	Dankuni-Srirampur, Old Delhi Road, Kona, Panchla and Singur
Kolkata	NH - 6	Amta Road, Dhulagarh-Bagnan, Sankrial, Uluberia, Shantragachi and Saraswati Bridge
Kolkata	Taratala - Budge Budge Trunk Road	Taratala and Budge Budge Trunk Road
Ahmedabad	Changodar	Changodar, Vasna Chacharwadi, Rajoda and Moraiya

Source: CBRE Research, H1 2026

Annexure: Micro-Market Definitions

CITY	MICRO-MARKET	LOCATIONS
Ahmedabad	Bavla	Bavla, Bhayala and Kalyangadh
Ahmedabad	Sanand	Sanand, Sachana, Virochannagar, Viramgam and Makhiyav
Ahmedabad	Kadi	Kadi, Chhatral, Vitthalapur and Becharaji
Ahmedabad	Aslali	Bareja, Aslali, Kanera, Jetalpur and Pirana
Ahmedabad	Kheda	Kheda, Vadala and Vasna

Source: CBRE Research, H1 2026

Contacts

Research

Abhinav Joshi
Head of Research - India, Middle East & Africa
abhinav.joshi@cbre.co.in

Uttara Nilawar
Associate Director
uttara.nilawar@cbre.com

Nitish Girotra
Senior General Manager
nitish.girotra@cbre.com

Uttaresh Venkateshwaran
General Manager
uttaresh.venkateshwaran@cbre.com

Abhishek Vohra
Senior Manager
abhishek.vohra@cbre.com

Jenifer Ruban
Manager
jenifer.ruban@cbre.com

Aditi Kashyap
Assistant Manager
aditi.kashyap@cbre.com

Ivan James
Analyst
ivan.james@cbre.com

Business Line

Jasmine Singh
Senior Executive Director & National Head
(Industrial, Land & Logistics Services), India
jasmine.singh@cbre.co.in

Karuna Karan
Head – A&T I&L South
karuna.karan@cbre.co.in

Balaji S
Head – A&T I&L West
s.balaji@cbre.co.in

Hardeep Singh
Head – A&T I&L North
hardeep.singh@cbre.co.in

Sourav Hazra
Executive Director
Head – Industrial Advisory Services
sourav.hazra@cbre.com

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Business Line Contacts

Advisory & Transactions

Ram Chandnani

Managing Director,

Leasing Services, India

ram.chandnani@cbre.co.in

Consulting & Valuation

Rami Kaushal

Managing Director,

Consulting & Valuations, India, Middle East & Africa

rami.kaushal@cbre.co.in

Global Workplace Solutions

Rajesh Pandit

Managing Director,

Global Workplace Solutions, India & Property Management, India, SE Asia, Middle East & North Africa

rajesh.pandit@cbre.co.in

Capital Markets

Gaurav Kumar

Managing Director & Co-Head, Capital Markets, India

gaurav.kumar@cbre.co.in

Capital Markets

Nikhil Bhatia

Managing Director & Co-Head, Capital Markets, India

nikhil.bhatia@cbre.co.in

Operations

Rajat Gupta

Managing Director, Operations, India

rajat.gupta@cbre.com

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