

Foreign firms seek space in India's warehousing sector

E-comm boom, spurt in FMCG and food sectors leading to demand for storage

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Foreign companies are making a beeline to India to tap the fast-growing warehousing sector as the e-commerce boom, China+1 strategy of MNC companies, coupled with a spurt in FMCG, food, garments and pharma sectors, is leading to high demand to store goods.

Since April, three major multinational companies - FM Logistic, Rhenus and Panattoni - have announced major plans in India.

FM Logistic, the €1.4-billion French third-party logistics (3PL) company, inaugurated its first multi-client facility (MCF) in In-

dia at Farrukhnagar in Haryana. Located on a 31-acre site about 70 km from Delhi, the facility will provide warehousing and handling, co-packing, distribution, e-commerce and omni-channel services to cater to the demands of customers both in India and overseas.

Alexandre-Amine Soufiani, Managing Director, FM Logistic India, recently told *BusinessLine* that it has around 70 lakh square feet of space in India and plans to expand it to 1.2 crore sq.ft. by 2026 as the demand for 3PL logistics services is set to expand multi-fold. "We are in the golden era and we came at the right time to India," he said. Ger-



many's Rhenus Group recently expanded its warehousing footprint in India by launching two new multi-user chemical warehouses in Jamalpur (Gurugram) and Bhiwandi (Mumbai).

Vivek Arya, Managing Director, Rhenus Logistics India, the "industrial economy in the country is going through an evolution. The expansion of Rhenus warehousing facilities in India to up to 2.4 million sq.ft.

follows a period of sustained growth for the company. We aim to reach around 5 million square feet in the next three years."

The latest entrant is US-based Panattoni, which plans to invest \$200 million in India, to develop four industrial and logistics parks across major cities as it sees huge growth potential amid rising demand for warehouses.

Pandemic, a catalyst

Sandeep Chanda, Managing Director India, Panattoni, said the Indian warehousing sector in India has been witnessing extensive growth, with the pandemic being a major catalyst. The consumers' shift towards contactless operations and quick doorstep deliveries have significantly

boosted the e-commerce sector.

Several retailers and e-commerce players are seeking to expand their warehousing space, thereby driving the demand for new and modern logistics areas. India's quest to become a global manufacturing hub, fuelled by the popularity of 'China+1' strategy, is expected to propel the growth of India's industrial and warehousing space.

Coupled with this, the e-commerce boom, rising investor interest owing to favourable market dynamics and government initiatives such as 'Make in India', implementation of GST and accordance of infrastructure status to the sector, have converged to create a structural long-term story for India.

According to Market research firm 'Research and Markets', in

FY20, the warehousing market was valued at ₹1,050 billion. In terms of space requirement, it stood at 265 million sq.ft. in FY21. The total revenue is projected to reach ₹2,243.79 billion in 2026, expanding at a CAGR of 10.90 per cent.

The space requirement is expected to reach 483 million sq.ft. in 2026, expanding at a CAGR of 12.77 per cent, he said.

On reasons for the warehousing sector attracting foreign companies, Devi Shankar, President, Industrial & Logistics and Data Centres, ANAROCK Capital, attributed it to the growing need for quality industrial and warehousing spaces by e-commerce players and manufacturing companies. There is liquidity waiting to be deployed and looking for the right opportunities.