Cargo Breaking News

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E-commerce continues to redefine the Indian logistics sector: JLL Report

According to the JLL's The road ahead – The Logistics Sector in Asia pacific' report, investors and occupiers are reimagining India

logistics real estate strategies to take advantage of ongoing structural shifts and evolving market maturity across the country. The pandemic and lockdown, as expected, has affected the India logistics sector with overall leasing or absorption in top eight cities in India standing at 11 mn sq. ft. in H1, 2020 (Jan-Jun) as against a 12-quarter average or 7.3 mn sq. ft. However, there has been additional spike in short-term demand/temporary warehouses, (lease tenure of 6 – 11 months) demonstrating the underlying strength of the sector looking for substitute locations or business continuity planning locations for occupiers to mitigate for delays in delivery of under construction projects.

E-commerce continues to drive a reimagination of the Indian logistics sector. According to e-Marketer, online retail sales as a proportion of total retail sales stands at 14% globally in 2019. India has a huge growth opportunity with the e-commerce penetration rate standing at close to 5%. To fulfill potential, e-commerce and other sectors will increasingly push the sector in a three-dimensional growth path, which are length (across the length of a city including suburban and in-city warehouses), breadth (across the breadth of the county; tier 1 & tier 2) and height (early shoots of multi-storied warehousing).

"The pandemic will accelerate trends already in play across the sector, such as increased internet penetration rates, expansion of online grocery, omni-channel retailing, rise of temperature-controlled storage and the integration of technology into logistics and warehousing. Led by occupier and investor commitments, the sector is well placed to respond to the post-COVID-19 recovery," said Yogesh Shevade, Head – Industrial Services, JLL India.