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FIs bet big on warehousing parks

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Foreign investors are betting big on India's industrial warehousing sector. And that's not without a reason. The industrial warehousing segment has witnessed rapid growth in recent years, thanks to healthy demand from occupants in sectors such as automotive manufacturing, third party logistics services and e-commerce. In addition, regulatory interventions such as implementation of the GST and infrastructure status accorded to the sector are also driving demand for large integrated warehousing

parks, felt ICRA.

A recent study by ICRA suggested that these positive factors had attracted foreign investors who are entering the sector through investment platforms with the mandate of investing in industrial warehousing parks across the major cities of the country. Often this is done by partnering with a local developer or in some cases a global warehousing operator.

Interestingly, the total amount of equity commitments to such platforms is at least \$2.5 billion over the last two years. Such investment commitments can support assets under manage-

ment of more than 130 million square feet as per ICRA estimates. This is almost double the size of the current estimated stock of Grade A industrial warehousing in the country and around 10 times the operational portfolio of such platforms as on date.

Shubham Jain, Vice President and Group Head - Corporate Ratings, ICRA said that there is increasing demand for Grade A warehousing space because of the operational conveniences and cost benefits. The demand is concentrated on the metro cities, supported by the presence of manufacturing hubs in the vicinity.