

India's industrial & logistics construction to exceed 60 million square feet: Report

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According to a report by Savills India, a global real estate advisory firm, "On an average, 3.4 per cent to 6.7 per cent increase in construction costs for general manufacturing and 4.8 per cent to 6.7 per cent for grade-a warehousing were registered between H1 2020 and H1 2024."

The report further said, "Among cities, Kolkata recorded the highest escalation for General Manufacturing costs at 6.7 per cent, followed closely by Chennai (6.5 per cent). For Grade-A Warehousing, Chennai led the surge with a 6.7 per cent increase, with Bengaluru and Hyderabad each witnessing a 6 per cent rise."

"This increase can be attributed to the rise in the prices of crude oil, steel, aluminium, cement, labour, equipment rentals and costs of plumbing and fixtures," the report said.

Sumit Rakshit, Managing Director, Project Management Services, Savills India said, "India is emerging as a global manufacturing hotspot. Naturally, the demand for manufacturing and warehousing facilities was expected to surge in the coming years. We expect construction costs for industrial and warehousing projects to increase marginally over the next 3-4 years."

As per the report, "Despite rising costs, India remains cost-competitive, with construction expenses for manufacturing and warehousing substantially lower than in developed nations like the US, UK, France, and Germany, owing to affordable labour and relatively lower material costs."

Srinivas N, Managing Director, Industrial and Logistics, Savills India said: "The manufacturing and warehousing sectors are experiencing substantial construction, driven by increasing market demand, supportive government policies, growth in the FMCG and FMCD, electronics, apparel, EV and associated sectors."

"The changing occupier preferences to meet ESG (Environmental, Social, and Governance) standards were likely to lead to increased demand for sustainable and energy-efficient buildings, driving the adoption of green construction practices in industrial and warehousing sectors," he added.