

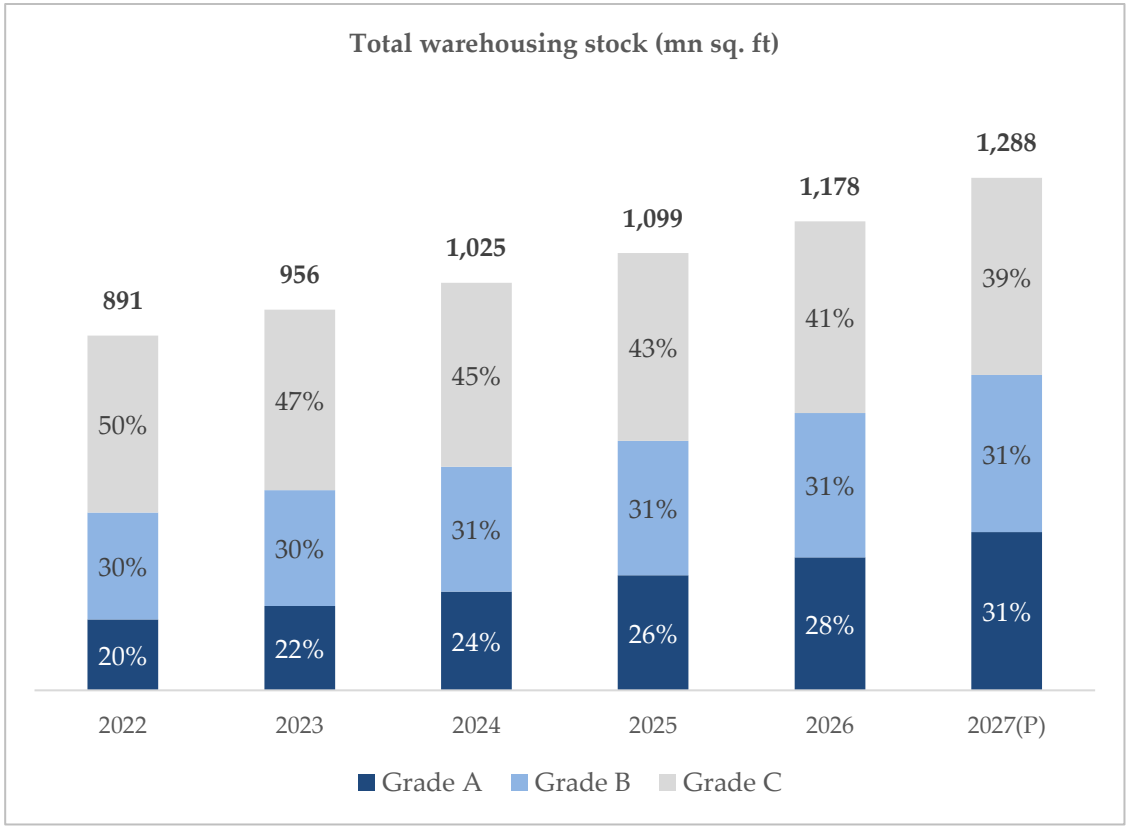
Beyond the Box

Where does the warehouse end – and the service begin?

8th October 2026

India's warehousing market is scaling rapidly, with growth increasingly driven by higher-quality, distributed and technology-enabled assets.

Warehousing stock is set to grow ~8% CAGR from 891 mn sq. ft. in 2022 to 1,288 mn sq. ft. by 2027, adding ~400 mn sq. ft. of capacity over the period.



Grade A is driving the bulk of market growth, expanding at **~17.5% CAGR** vs. ~7.9% for Grade B and just ~2.2% for Grade C.

The market is rapidly upgrading toward Grade A infrastructure: Grade A stock in the top 8 cities grew 2.5x from 88 mn sq. ft. in 2019 to 238 mn sq. ft. in 2024, reflecting a structural shift toward higher-specification assets.

Warehousing is becoming more geographically distributed: Tier-II/III cities now account for ~100 mn sq. ft. of stock, with the market increasingly moving toward a hub-and-spoke network beyond traditional Tier-I hubs.

Technology and automation are becoming core to warehouse design: India's warehouse automation market is projected to reach $1.42 bn by 2030, as operators increasingly prioritize throughput, labour efficiency and space optimization.

Green warehousing is scaling rapidly: Certified green stock is projected to grow 4x from 65 mn sq. ft. in 2024 to ~270 mn sq. ft. by 2030, driven by rising ESG requirements.

1. **CBRE India. (2026).** *India Logistics Market Outlook 2026.*
2. **JLL India. (2025).** *State of the Nation Logistics & Industrial.*
3. **Knight Frank India. (2025).** *India Warehousing Market Report.*
4. **Mordor Intelligence. (2026).** *India 3PL Warehousing Market Report.*

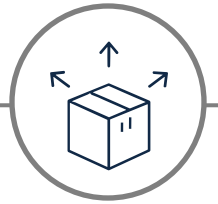
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This growth is taking shape across the supply chain, with warehousing requirements becoming increasingly differentiated by proximity to the end customer.

Supplier — *Consumer*



First Mile



Mid Mile



Last Mile

	First Mile	Mid Mile	Last Mile
Key Activities	✓ Inbound procurement & consolidation of raw materials / components ✓ Bulk storage near plants, ports or production clusters ✓ Inventory buffering (just-in-case safety stock) ✓ Inbound quality inspection & goods receipt	✓ Storage, sorting, packaging & cross-docking ✓ Order processing & outbound dispatch ✓ Multi-client inventory management ✓ Temperature-controlled storage (chilled / frozen / ambient)	✓ Micro-fulfilment & dark store operations ✓ Unit-level picking, packing & dispatch ✓ Delivery hub staging & rider allocation ✓ Returns processing & reverse logistics
Service Layer	• **Supply chain planning** & vendor management • **Inbound consolidation** from multiple suppliers • BTS facilities with **higher floor loads & power specs** • **EV fleets** for procurement logistics • **Blockchain-based traceability** (raw material / farm-to-fork)	• **Co-packing, kitting, relabelling**, product customisation • **Route optimisation** & cost planning • **Smart warehouses** with cobots & conveyor sortation • **Predictive analytics** for demand & delivery planning	• Shelf replenishment & **inventory analytics** • **Real-time delivery** notifications • Returns processing & **reverse logistics** • **Express & 10-min delivery** via dark stores / micro-FCs • **Hybrid dark store formats** with expanded SKU range
	Resilience	**Efficiency**	**Customer Experience**

The warehouse buying decision is widening beyond location and rent:
As per survey conducted by CBRE 84% of India-based occupiers prioritise better amenities and services when selecting warehouses.

Sources: CBRE India Logistics Occupier Survey 2025; CBRE *Built to Scale: How 3PLs are Solving India's Supply Chain Puzzle* 2025; Knight Frank India Warehousing Market Report H1 2025; JLL *State of the Nation: Logistics & Industrial* 2025; KPMG *The Logistics and Warehousing Market in India* 2022; qualitative synthesis by value chain stage.

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Alongside shifts across the value chain, evolving operating models of different buyer archetypes are driving increasingly specialised, flexible and technology-enabled warehouse requirements.

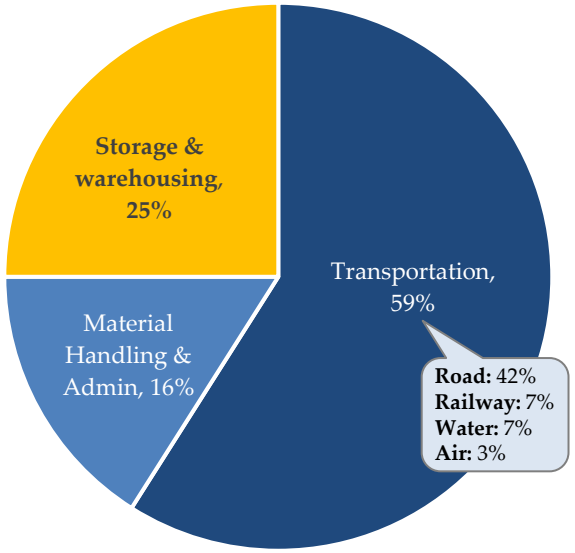
Buyer Archetype	Some Players	Operating Model 5 yrs ago	Operating Model Today	Emerging Needs
3PLs	DHL, Delhivery, Mahindra Logistics, FedEx	• Bulk lease capacity; storage + transport sold separately • Dedicated single-client facilities in top 4–5 cities	• End-to-end orchestration incl. reverse logistics & specialised handling • Multi-client networks expanding into Tier-II/III • Shift to Grade A facilities	• Multi-tenant, automation-ready buildings with higher dock ratios • Flexible layouts for rotating client mix • Proximity to multimodal transport nodes
E-commerce / D2C	Amazon, FirstCry, Blinkit, Flipkart, Instamart, Zepto	• Large centralised FCs on city outskirts; 2–5 day delivery • Bulk inbound, unit-level outbound	• Distributed fulfilment + hyperlocal dark stores for quick commerce • Urban / near-urban locations gaining priority	• Two-tier network: automated mother hubs + urban micro-FCs • Hybrid dark stores (fast + scheduled delivery zones) • Daily hub-to-spoke replenishment capability
FMCG / Consumer	Hindustan Unilever Limited, Nestle, P&G, ITC Limited	• Separate regional DCs for General Trade (GT) & Modern Trade (MT) • Ambient storage; limited cold chain	• Integrated omnichannel networks (GT + MT + e-com + D2C) • Rising temperature-controlled requirements • Increasing outsourcing to 3PLs	• Multi-temperature facilities (ambient + chilled + frozen) • VAS: co-packing, kitting, relabelling • Real-time cross-channel inventory visibility
Retail	Reliance retail, D-Mart, lifestyle (YOUR STYLE. YOUR STORE.)	• Store replenishment from regional DCs; pallet-in / pallet-out • Narrow SKU mix; minimal online fulfilment	• Omnichannel inventory; broader SKU mix; faster replenishment • Preference for established logistics corridors	• Dual-capability DCs: pallet replenishment + unit-level e-com picks • Returns processing & reverse logistics infrastructure • Tier-II/III hub-and-spoke for click-and-collect / ship-from-store
Manufacturing	Siemens, Maruti Suzuki, L&T, Bosch	• Basic storage near plants; commodity-grade godowns • ~15% of warehouse demand in 2019	• PLI + China+1 driving rapid expansion • Warehouses retrofitted to industrial specifications • Deeper supplier ecosystem integration	• Higher floor loads, power & process-specific specs (ESD, heavy-duty docks) • Production-adjacent BTS on long-term leases • Integrated manufacturing + warehousing campuses

Sources: CBRE India Logistics Occupier Survey 2025; CBRE Fortifying India's I&L Landscape 2024; Knight Frank India Warehousing Market Report H1 2025; JLL State of the Nation: Logistics & Industrial 2025; CBRE I&L Figures H2 2025; Colliers I&W Q4 2025; qualitative synthesis by archetype.

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Within the larger supply chain, warehousing accounts for only 20-25% of logistics costs, but its strategic impact extends across the entire value chain.

Total Logistics Cost mix in India



- The ~25% cost share understates the **strategic importance of warehousing**: a warehouse is the physical node around which transport routes, inventory flows, labour requirements and value-added services are organised.
- **The value of a warehouse therefore extends well beyond its own cost line** – the right location, design and operating model can unlock savings across multiple downstream logistics costs.

Across these buckets, global precedents offer a range of approaches

Network Design

Approach:

- **Demand-led locations** & optimal node density
- **Right-fit formats:** mother hub / RDC / dark store / cross-dock
- **Cost–speed–inventory trade-off**

Global Precedents:

1. **Zara: Demand led placement + right format** — micro fulfilment centres positioned closer to demand achieved 90% order accuracy and 120 picks per hour
2. **Blinkit: Optimal node density + delivery trade off** — 526+ dark stores serving 2–3 km catchments cut replenishment time from 12 to 4 hours, enabling 10 minute delivery

Transportation

Approach:

- **Direct flow-through** & fewer handling points
- **Dock / cross-dock optimisation**
- **Multimodal connectivity** & lower transport cost

Global Precedents:

1. **Walmart's cross-dock warehouse design** eliminated the storage step entirely for 85% of inventory — goods flow dock-to-dock in hours, saving $2.3 bn annually in handling and transport costs
2. **Bridgestone's "B-Direct" programme** redesigned warehouses for direct shipment to customers instead of warehouse-to-warehouse transfers — delivering ¥75 bn (~$500 mn) in supply chain cost reductions in a single year.

Ops & Compliance

Approach:

- **Layout & picking optimisation** for higher throughput
- **Automation & robotics** for productivity
- **Integrated compliance** — customs, bonded operations, documentation
- **Quality** — safety, traceability, & regulatory readiness

Global Precedents:

1. **The warehouse operator serving a leading duty-free operator in India** converted a regular warehouse to special bonded status – integrating customs processes and reduced port-to-shelf cycle time by 5–10 days.
2. **GEODIS** warehouse optimisation cut picker travel by 65–70% and reduced labour time in a retail DC, while boosting throughput by 30% in a multi channel facility

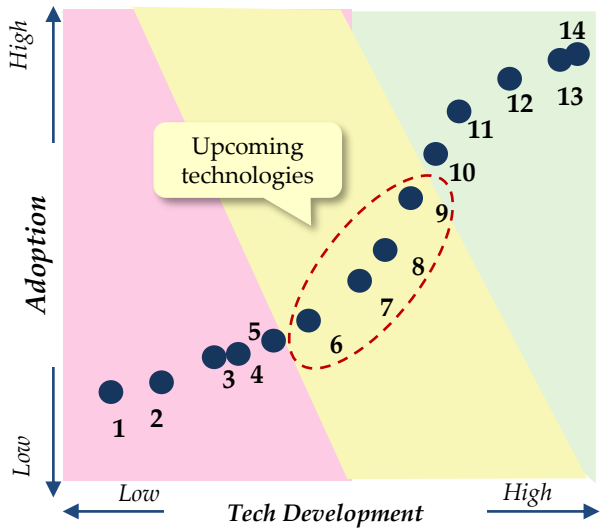
Value lies beyond the shell – the question is how to capture it across services, operations and connectivity.

Sources: NCAER (2019); Walmart cross-dock operations (Inc., May 2025); Bridgestone IR (Feb 2025); GEODIS (2025); CBIC, Customs Act 1962; Zara (Networth Hub, 2026); Blinkit (Cognitute, 2025); Deere & Company (Logistics Bureau); qualitative synthesis.

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Across global logistics, automation and sustainability are emerging as two defining forces reshaping the value chain beyond traditional cost and efficiency imperatives.

Automation is moving from selective use cases to a global investment cycle, with logistics automation projected to grow ~13% p.a. to >$200bn by 2032.



1. Automated delivery fleets.
2. Fully automated warehouse ops systems.
3. Supply chain network optimization
4. Electric fleets
5. Autonomous Delivery Fleets.
6. Drone delivery systems.
7. Automation assistance in warehouses
8. AI based stock planning & forecasting
9. Warehouse Digital Twins
10. Transportation management & route optimization
11 Predictive inventory management
12 Warehouse picking assistance software
13 Freight Tracking
14 Warehouse management systems

Illustrative & non-exhaustive

The green transition is moving into the P&L – carbon regulation and cleaner technologies are changing the economics of logistics.

Regulatory push	EU Fit for 55, EU Carbon Border Adjustment, India's Green Freight Program — **freight accounts for ~8% of global CO_2**; compliance is tightening fast
Corporate pull	Amazon, DHL, Maersk targeting net zero by 2040-50; PepsiCo India and Dabur **electrifying 30% of plant-to-warehouse transport by 2026**
Economics converging	India green logistics market: US$50.7 Bn (2026) → US$83.7 Bn by 2031 (~10.5% CAGR); **EV trucks growing ~27%;** logistics costs at 13-14% of GDP

…a perspective echoed by YCP's logistics leaders across Asia



Craig Morin
Partner, Hong Kong

***"The winners in Asian logistics** won't be the ones adopting mature tech — they'll be the ones scaling mid-curve solutions like route optimization and digital twins before competitors do."*



Shin Harry Hara
Director, Japan

***"Sustainability is no longer a ten-year roadmap for logistics** – regulation, customer expectations and improving economics are pulling the transition forward much faster than the industry expected."*



Jatin Gulati
Managing Partner, MSD Global

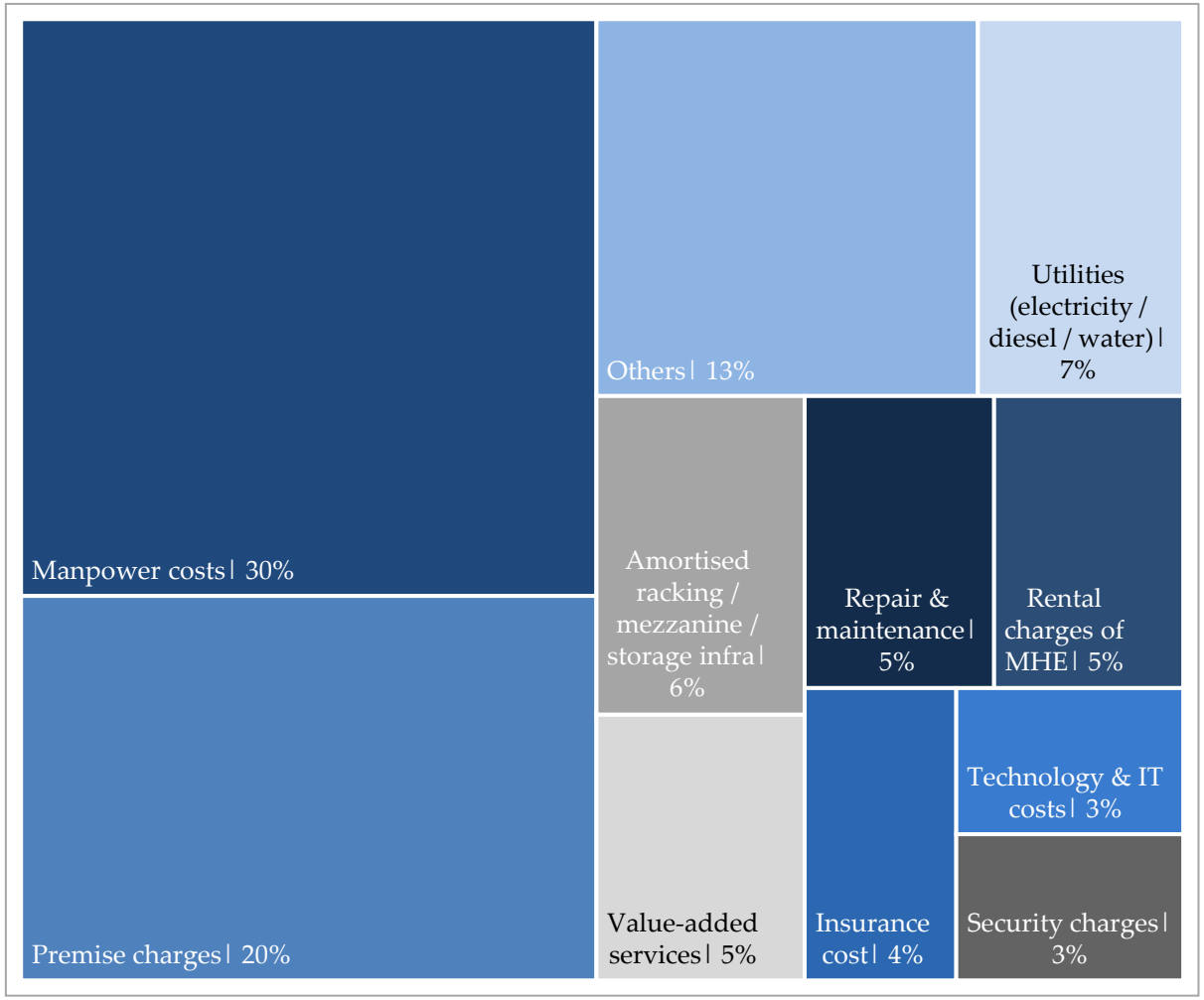
*"With ~90% of India's logistics market still unorganized, technology can enable players to build smarter networks from the ground up, **creating a moat that compounds with scale."***

Source: YCP Holdings, "India Logistics Industry: Growth and Value Creation Pathways" (2026); Infosys, "Logistics Industry Outlook 2025"

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Only ~20% of the warehouse cost stack sits in the building itself, with the remaining ~80% spanning services, operations and connectivity that influences the performance across the logistics value chain.

Service-related activities account for **~37% of warehouse costs,** creating a sizeable addressable opportunity



The Shell

- ***What is it:*** The physical building — the base asset the tenant leases
- ***What it comprises:*** Premise charges (rent / lease / ownership costs of the warehouse property)

Operations Layer

- ***What is it:*** The workforce that runs the warehouse day to day
- ***What it comprises:*** Manpower costs — receiving, put-away, picking, packing, inventory checks, loading/unloading, general warehouse operations

Service Layer

- ***What is it:*** Everything that makes the shell functional and the operations productive — infra, energy, equipment, technology, maintenance and protection **(~37%** of the cost split)
- ***What it comprises:*** Utilities / power, racking / mezzanine / storage infra, repair & maintenance, MHE rental, value-added services, insurance, technology & IT, security

Admin & Others

- ***What is it:*** Administrative and other expenses to ensure regulatory compliance and uninterrupted operations of the facility
- ***What it comprises:*** Admin overheads, compliance, documentation, licensing

Source: NCAER for DPIIT (Sep 2025), *Assessment of Logistics Cost in India*; layer mapping is qualitative synthesis.

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The global playbook points beyond the box, with leading players expanding from physical infrastructure into integrated services and India now beginning to follow the same trajectory.

Globally, Prologis has expanded from providing warehouse space to offering an integrated suite of customer solutions

- ✓ World's largest logistics REIT: **1.3 bn sq. ft across 20 countries;** $198 bn AUM
- ✓ **6,500+ customers** across consolidated and managed portfolio
- ✓ **Top tenants:** Amazon (5.3% of rent), Home Depot (1.8%), FedEx (1.4%), DHL (1.2%), etc.
- ✓ 60% of top 25 customers lease from Prologis on **multiple continents**
- ✓ Facilities positioned at **critical supply chain points:** import/national DCs near ports + Last mile facilities for same-day urban delivery
- ✓ **228 mn sq. ft of leases** signed in 2025 alone — annual record

Operations	**Turnkey warehouse setup** (racking, forklifts, MHE, automation & **robotics**, IT/IoT); move-in / move-out management; warehouse strategy consulting
Energy	**Onsite solar & storage** (450 MW+ installed; targeting 1 GW); backup power; smart metering & lighting; OnPrem power solutions
Mobility	**Fleet & depot EV charging**; workplace charging; hydrogen fuelling infrastructure
Sustainability	Net-zero by 2040; **SolarSmart programme**; Green Energy Certification; EDGE & LEED-certified buildings
Workforce	**Warehouse & Logistics Training Programme**; talent hiring & retention platform; labour solutions

The shift seen globally is beginning to emerge in India, with players expanding beyond the physical asset

INDOSPACE

Smart parks: AI CCTV, smart sensors, contactless gates
Digital layer: ERP, CRM, analytics & tenant app
Green infrastructure: IGBC / EDGE-certified; rooftop solar
In-park mobility: E-bikes & smart mobility
Flexible formats: Ready-space + BTS + expansion

ESR

Digital parks: Tenant app, visitor management & live feeds
Smart security: AI cameras & contactless access
VAS: Inventory management, specialised MHE & automation
Multi-format: BTS, dedicated & multi-user
Specialised: Ambient & temperature-controlled facilities

WELSPUN ONE Logistics Parks

Tech-enabled: IoT parking & smart infrastructure
Energy-ready: Solar-ready roofs & EV charging
Purpose-built: JNPA EXIM mega park
High-spec: 6-ton floor load | 36,000 TEU capacity
Human-centric: Crèches & skill centres
Green design: Natural cooling, daylight & water recycling

NIPPON EXPRESS

Semiconductor-ready: Dedicated Dholera facility
Specialised handling: Vibration protection & cleanroom delivery
Temperature-controlled: Specialised storage & transport
Purpose-built transport: Air-suspension vehicles & route design
Factory integration: In-factory delivery & installation

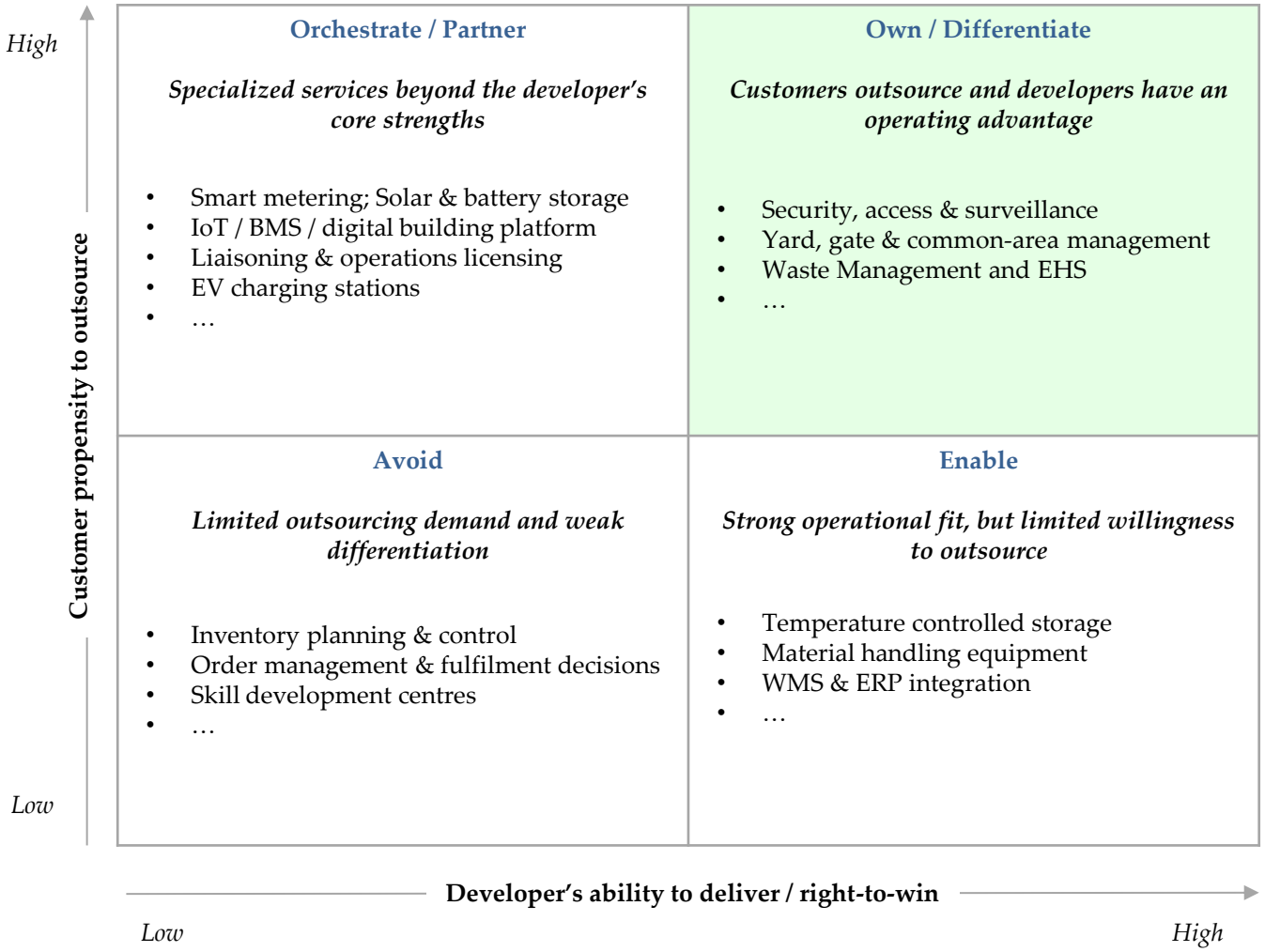
The key question is how far this evolution has progressed in practice — and how much remains a stated ambition across global and Indian players.

Sources: Horizon Industrial Parks DRHP (Aug 2026); IndoSpace corporate disclosures & ESG Report 2030; ESR India (in.esr.com); Welspun One corporate disclosures & Business India (May 2025); NX Group–ISM MoU & SEMICON India 2026 press releases (Sep 2026); Prologis Inc. 10-K FY2025 & Essentials platform (prologis.com); qualitative synthesis.

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The breadth of the logistics ecosystem creates a plethora of potential service opportunities across the value chain.

The key question is where each opportunity fits within the ecosystem, based on customer demand and the service provider's capability.



The opportunity set within each bucket is broader than the examples shown

Fit-out & Storage Infrastructure	Conveyor & sortation systems	Racking & palletization
Energy & Sustainability	EV charging	Green certifications
Facility & Park Services	Pest & rodent control	Canteen & food services
Logistics & Fulfilment Operations	Cross docking	Reverse logistics
Technology & Digital Layer	Network & connectivity	RFID Tracking

Illustrative

Sources: CBRE *Built to Scale* (Sep 2025); CBRE *India Logistics Market Outlook 2026*; NCAER for DPIIT (Sep 2025); Horizon Industrial Parks DRHP (Aug 2026); Prologis Essentials platform (prologis.com); IndoSpace corporate & ESG disclosures; qualitative synthesis.

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Beyond the Box: Questions Shaping the Future of Logistics Value Creation



01 **What does the tenant need to control and what is non-core to their business?**
Which services have genuine customer demand and willingness to pay?

02 **Who should own the customer proposition?**
Where should developers, 3PLs, technology providers and specialists play, and where will partnerships be critical?

03 **Where can an infrastructure developer add value directly or as an aggregator?**
Which services align with the developer's assets, capabilities, customer relationships, partner ecosystem and economics?

04 **What will become "table stakes" for warehouses?**
Which capabilities will shift from differentiators to basic customer expectations?

05 **Who captures the value and who carries the risk if the outcome is missed?**
Should the developer bundle services into rent, charge separately per service, or move towards outcome-based pricing (per pallet, per order, per sq. ft managed)?

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The authors of this document bring together expertise in strategy and business transformation, with a keen focus on the logistics sector.



Jatin Gulati
Managing Partner, MSD Global

- Jatin brings 22+ years of consulting experience across South Asia, Europe and Southeast Asia, having advised clients across infrastructure and other sectors on strategy, M&A and transaction advisory.
- He leads YCP's Southeast Asia practice and Logistics & Transportation vertical, with a focus on supporting logistics and infrastructure clients across markets in Asia.



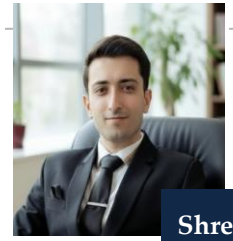
Shardul Agarwal
Director, MSD India

- Shardul brings 11+ years of experience across consulting and industry. He has worked across infrastructure, energy and technology with deep expertise in capital allocation, transaction advisory and market entry strategy.
- He has advised clients on large-scale infrastructure and logistics projects, including bid support, portfolio strategy and business development across India and Southeast Asia.



Harish Mouli
Director, MSD India

- Harish brings 8+ years of experience in industry and management consulting across Southeast Asia, with a focus on infrastructure, logistics and construction sectors.
- He has led end-to-end engagements spanning bid advisory, PMO, construction project controls and digital transformation for infrastructure developers and EPC players. Prior to YCP, he worked with Unilever in its South Asia region.



Shreyans Gupta
Consultant, MSD India

- Shreyans brings 5+ years of experience across strategy consulting, investment banking and technology, with a focus on strategic advisory and transformation across infrastructure and logistics.
- He has led large-scale business transitions, including the end-to-end handover of India's largest duty-free business, and previously worked at Goldman Sachs in Global Markets.

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