



Realtors turn aborted SEZ sites into warehouses

Indian logistics businesses are moving out from disorganised and fragmented models to highly organised ones

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A NUMBER of developers have started unlocking the value of their aborted or postponed special economic zones (SEZ) sites by developing warehouses. The demand-side impetus for modern warehousing from retail and other sectors has triggered a supply-side response in the initiation of the next wave of integrated logistics and warehouse project, says Jones Lang LaSalle Meghraj (JLLM).

According to JLLM, it makes sense for developers to start off with warehouses, realise the value and wait for an appropriate time (when the liquidity crunch is over and things get better) to move to bigger things.

Some cases in point are: Reliance Logistics Park (Mumbai SEZ), Reliance Logistics Park (Reliance Haryana SEZ), Unitech-Salem-Jurong, KMDA (Kona, Howrah, West Bengal), Global Logistics Navi Mumbai Investment Company (Navi

Mumbai SEZ), Reliance Logistics Park (Navi Mumbai SEZ), Adani Logistics Park (Patli, Pataudi Road, Haryana), Reliance Logistics Park (Rewas Port Based SEZ), and MADC Sical Logistics (MIHAN Road Terminal, Nagpur).

Mayank Saksena, associate director, JLLM, told *FC Estate*, "Recent plans by United Credit Belani Group, RPG-owned CESC and Phoenix Group of Forum Mall fame are all cases in point."

Abdul Wahid, chief executive officer, Apeejay Infralogistics, told *FC Estate*, "Even with global melt-down, Indian GDP (gross domestic product) will still have a steady growth over 6 per cent due to its domestic consumption. This is a direct growth-enabler for the logistics industry, which is expected to grow 15 per cent to 20 per cent year-over-year."

The Indian logistics business is undergoing a sea-change and moving out from the disorganised and fragmented business models to highly integrated, consolidated and organised one, he said. "As

per the declared investment plans, nearly 110 logistics parks spread over 3,500 acres, involving an estimated cost of \$1 billion, are expected to be operational and an estimated 45 million sq ft of warehousing space, with an investment of over \$500 million, is expected to be developed by various logistics companies by 2012," Wahid said.

Meanwhile, quoting Jones Lang LaSalle Meghraj's latest study report, *On Point: Retail Distribution Warehousing*, Saksena said, "Another development that has helped in the promoting the cause of integrated logistics facilities has been the policy allowing the establishment of free-trade warehousing zones (FTWZs) by the government. As a special category of special economic zones with a focus on trading and warehousing, FTWZs are admissible to all the tax benefits extended to SEZs. They provide duty-free warehousing to exporters."

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