

CBRE

Intelligent Investment

Built to Scale: How 3PLs are Solving India's Supply Chain Puzzle

INFOGRAPHIC

CBRE RESEARCH
SEPTEMBER 2025



Introduction

What's Fueling the Expansion of India's 3PL Market?

While supply chain optimisation and the online retail boom were already shaping the narrative for the logistics market in India since 2011-12, the COVID-19 pandemic marked a significant inflection point in the way the nation ran its businesses. Faced with unprecedented disruptions, businesses overhauled their supply chain strategies, shifting from conventional models to a blend of "*just-in-time*" and "*just-in-case*" approaches to enhance their inventory storage and delivery capabilities, in addition to avoiding long delays. This strategic pivot, coupled with the challenges of scaling infrastructure and sourcing labour, has driven companies to increasingly outsource their warehousing and distribution needs to **third-party logistics (3PLs)** entities.

3PL providers have, in many ways, become the backbone of India's logistics ecosystem, supporting critical sectors such as e-commerce, fast-moving consumer goods (FMCG), automotive, and manufacturing. Furthermore, their expertise is indispensable for specialised industries such as electronics and healthcare, which require the secure and compliant handling of sensitive goods. Their criticality is evidenced by their dominant presence in the country's Industrial and Logistics (I&L) real estate market—**an average 43% share in leasing activity between 2020 and 2024**.

This report aims to present a focused view of the 3PL sector's role in reshaping India's logistics landscape. Synthesising insights from our [India Logistics Occupier Survey, 2025](#), we examine a few pertinent themes such as future growth strategies, preferred location and leasing approaches, technology integration, and a forward-looking outlook for the sector.

Source: CBRE Research, Q3 2025



Introduction

Transforming Supply Chains: How 3PLs are a “Step Up”



Cost efficiencies

A partnership with a 3PL substantially reduces capital expenditure by eliminating the need for internal logistics infrastructure. Businesses instantly leverage the 3PL's economies of scale and optimised networks, directly reducing operational expenses for labour, technology, and maintenance. This cost efficiency is a critical market consideration, especially since almost three-fourths of Indian consumers prefer free delivery, according to a recent study¹.



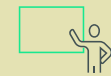
Demand fluctuation management

E-commerce, FMCG, and retail businesses often leverage 3PLs to manage delivery surges during peak seasons, which captive logistics players may not be equipped to handle. This highlights the scalability and flexibility advantages of these entities compared to in-house logistics.



Access to technology and data

3PLs provide manufacturers with access to cutting-edge logistics technology, including Warehouse Management Systems (WMS), Transportation Management Systems (TMS), Artificial Intelligence (AI)-driven forecasting, and data analytics, without requiring significant upfront investment. This enables data-driven decision-making and continuous supply chain improvements.



Penetration in tier-II and III markets

3PL providers possess inherent advantages in scale, reach, and operational efficiency that generally surpass a single company's in-house logistics. These strengths uniquely position them to navigate the specific challenges of tier-II and III markets, including inconsistent addresses, higher cash-on-delivery volume and order refusal rates. This capability is critical, as India's tier-II and III cities currently account for ~60% of all e-commerce orders, solidifying their pivotal role in market growth³.



Expertise in reverse logistics

E-commerce returns are on the rise, with a 2024 study reporting a return rate of 18% in India². This trend has prompted 3PL providers to develop specialised reverse logistics solutions. By using technologies such as route optimisation, 3PLs can help companies cut costs and improve customer satisfaction.



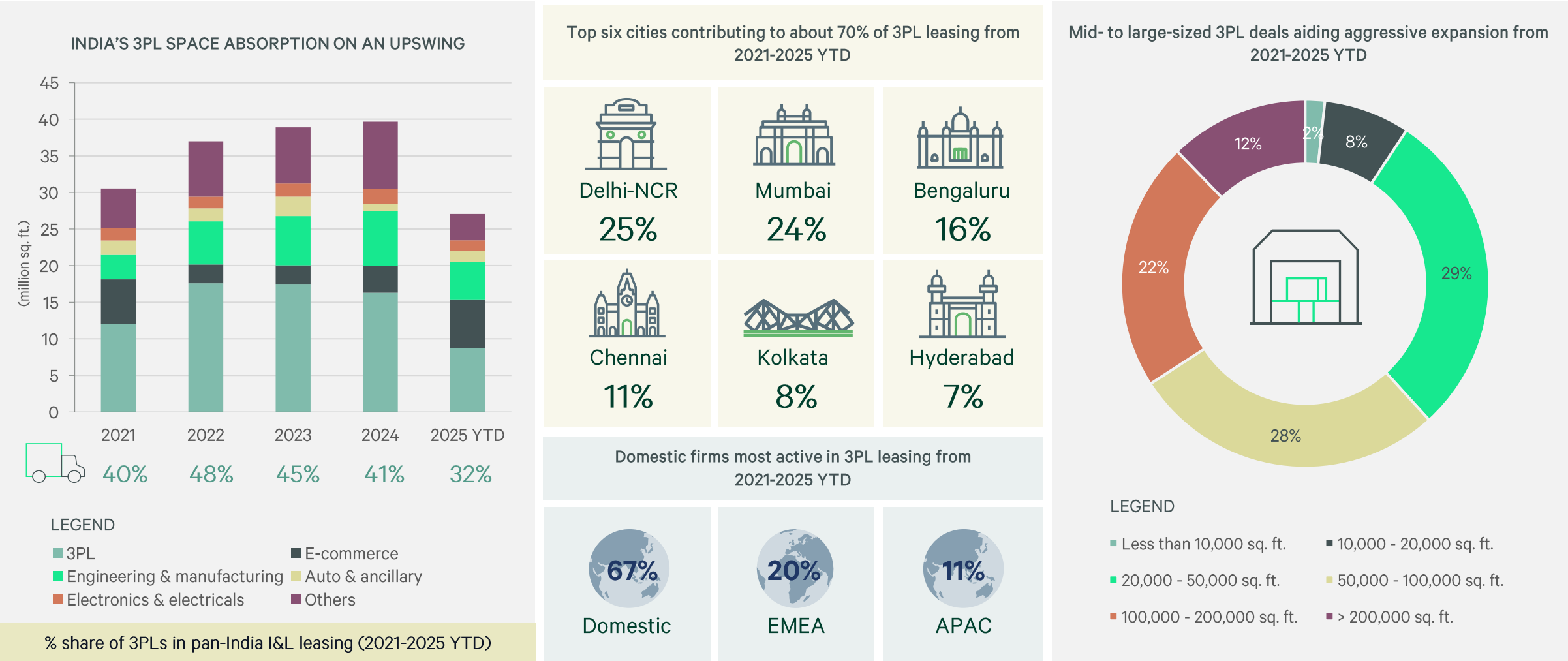
Management of specialised and valuable shipments

3PLs provide superior handling of high-value, heavy, and specialised items, utilising their advanced risk management, tracking, security, purpose-built warehousing, and technological capabilities.

1. 2025 E-Commerce Trends Report- DHL, June 2025; 2. E-commerce Return Rate Statistics and Trends, Return Prime, July 2024; 3. Spotting India's PRIME innovation moment, Deloitte-FICCI, August 2025

Overview of the 3PL market in India

3PLs - The Largest Demand Driver of India's Logistics Real Estate Market



Source: CBRE Research, Q3 2025

Portfolio strategies

2025 India Logistics Occupier Survey Insights: How 3PLs Are Projecting Future Performance



83%

of India-based 3PL survey respondents stated that their **'business performance would improve over the next 24 months'**



70%

of the surveyed India-based 3PL respondents indicated a **'projected portfolio expansion by over 10% in the next 24 months (2025-26)'**



80%

of the 3PL respondents surveyed indicated a **'projected portfolio expansion by over 10% in the next two to five years (2027-30)'**



74%

of the 3PL respondents cited **'proximity to transportation infrastructure'** as the most critical factor when selecting a warehouse within a market

Source: 2025 Asia Pacific Logistics Occupier Survey, CBRE Research, Q3 2025

Note: Responses from India-based occupiers were considered for this analysis

Clear Preference for Multi-tenanted Buildings

INDIA-BASED 3PL FIRMS' PREFERRED LEASING STRATEGIES OVER THE NEXT 24 MONTHS



61%

Lease in a multi-tenanted asset



28%

Pursue build-to-suit development



22%

Purchase an existing asset



13%

Develop their own logistics asset

Source: 2025 Asia Pacific Logistics Occupier Survey, CBRE Research, Q3 2025

Note: Respondents could select more than one answer; percentages calculated as a proportion of total responses and therefore do not add up to 100%; responses from India-based 3PL occupiers were considered for this analysis

ADVANTAGES OF 3PL FIRMS LEASING IN A MULTI-TENANTED FACILITY



Enhanced flexibility



Faster occupancy



Scalability



Risk diversification



Lower upfront costs



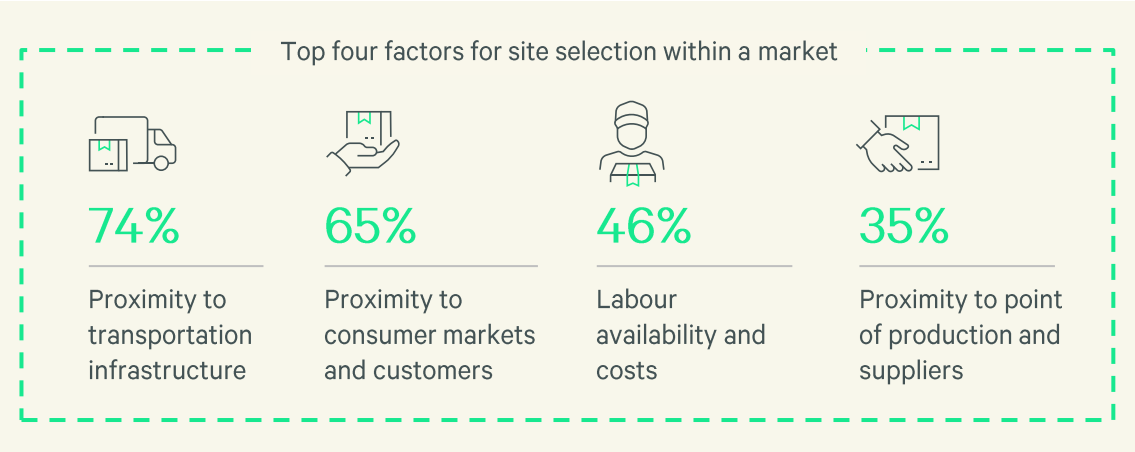
Proven infrastructure

Source: CBRE Research, Q3 2025

Supply chain

Proximity to Transportation Networks: A Critical Factor in Warehouse Selection

FACTORS CONSIDERED BY 3PL OCCUPIERS TO LOCATE THEIR LOGISTICS FACILITIES



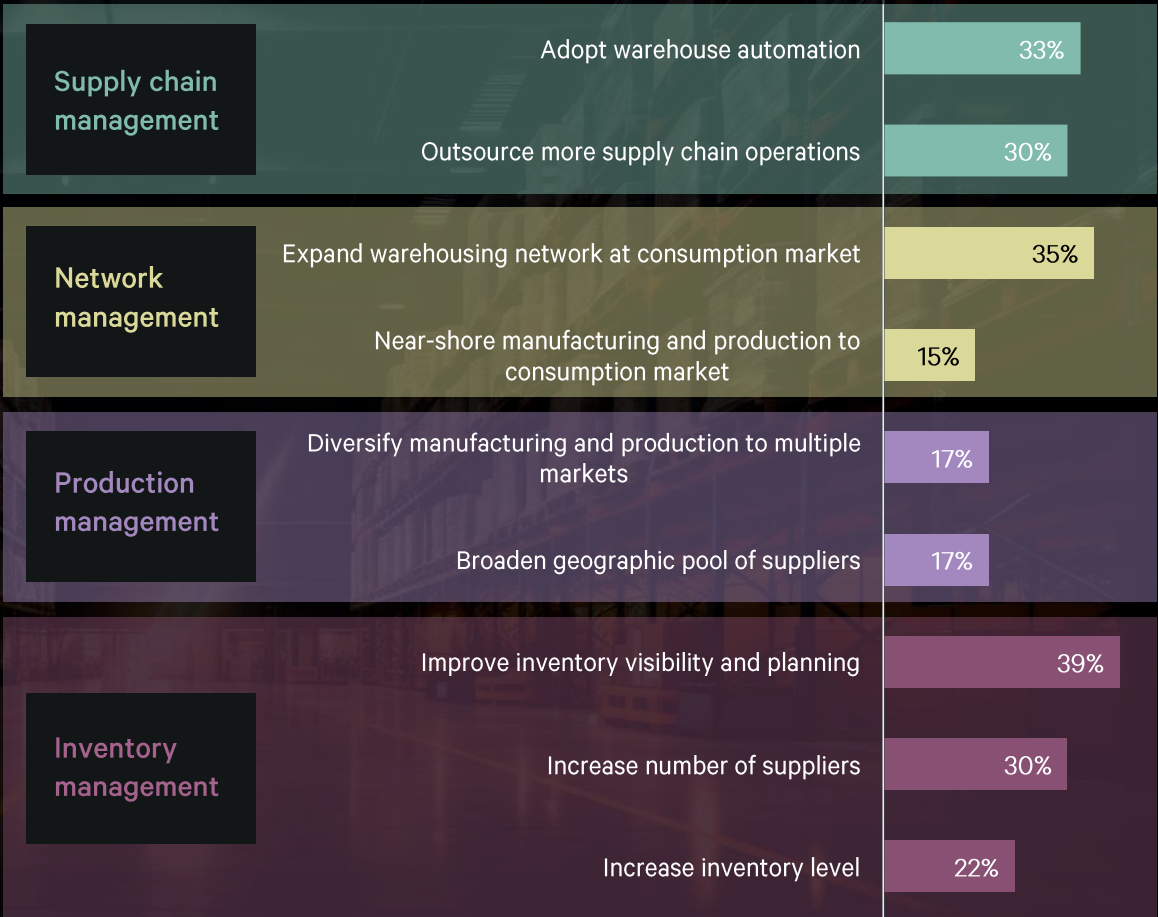
Access to **transportation infrastructure** is a paramount consideration for 3PL providers. Over 70% of respondents ranked it as the most important factor when choosing a warehouse location. This focus stems from the need to control transportation costs as proximity to key routes and infrastructure enables these entities to reduce fuel consumption and labour hours, ultimately lowering overall distribution expenses.

Nearly 65% of respondents preferred **warehouses near urban centres for faster, more cost-effective, and reliable delivery**. Labour availability (46%) and proximity to production points were other critical location considerations as per the survey.

Source: 2025 Asia Pacific Logistics Occupier Survey, CBRE Research, Q3 2025

Note: Respondents could select more than one answer; percentages calculated as a proportion of total responses and therefore do not add up to 100%; responses from India-based occupiers were considered for this analysis

3PL providers are prioritising **inventory management** and expansion into consumption markets to make their supply chains more efficient. This will lead to efficient last-mile delivery and reduced transit times.

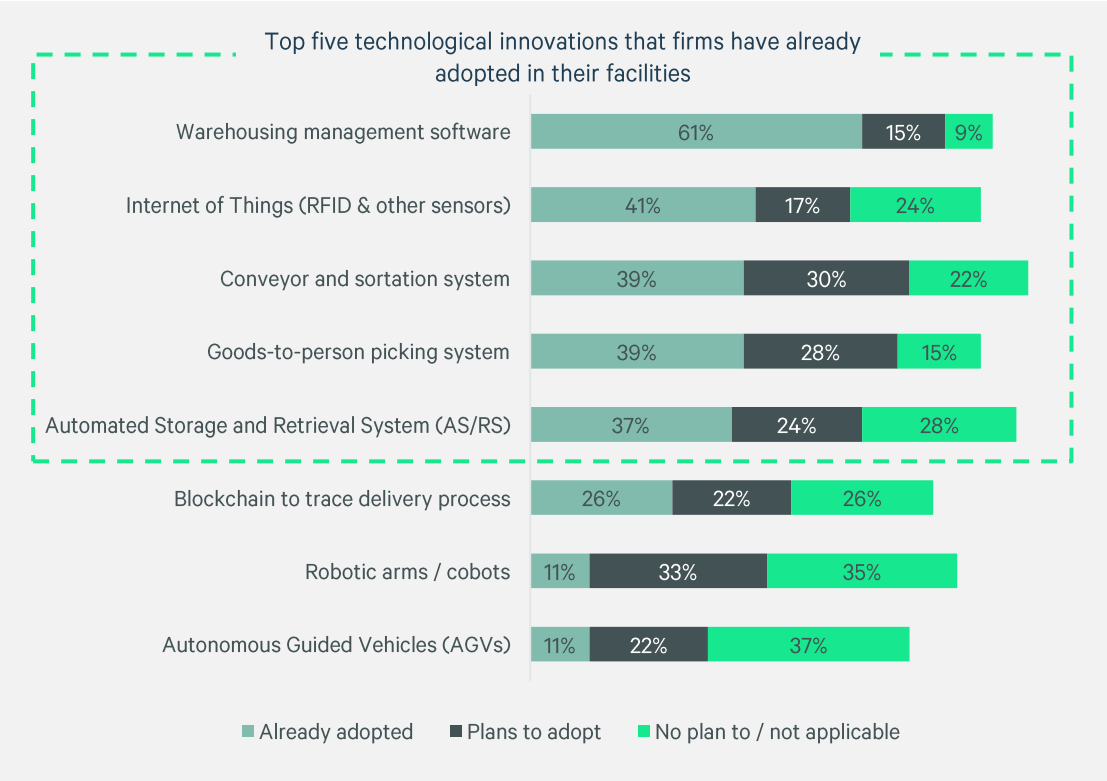


Source: 2025 Asia Pacific Logistics Occupier Survey, CBRE Research, Q3 2025

Note: Respondents could select more than one answer; percentages calculated as a proportion of total responses and therefore do not add up to 100%; responses from India-based 3PL occupiers were considered for this analysis

View on technology

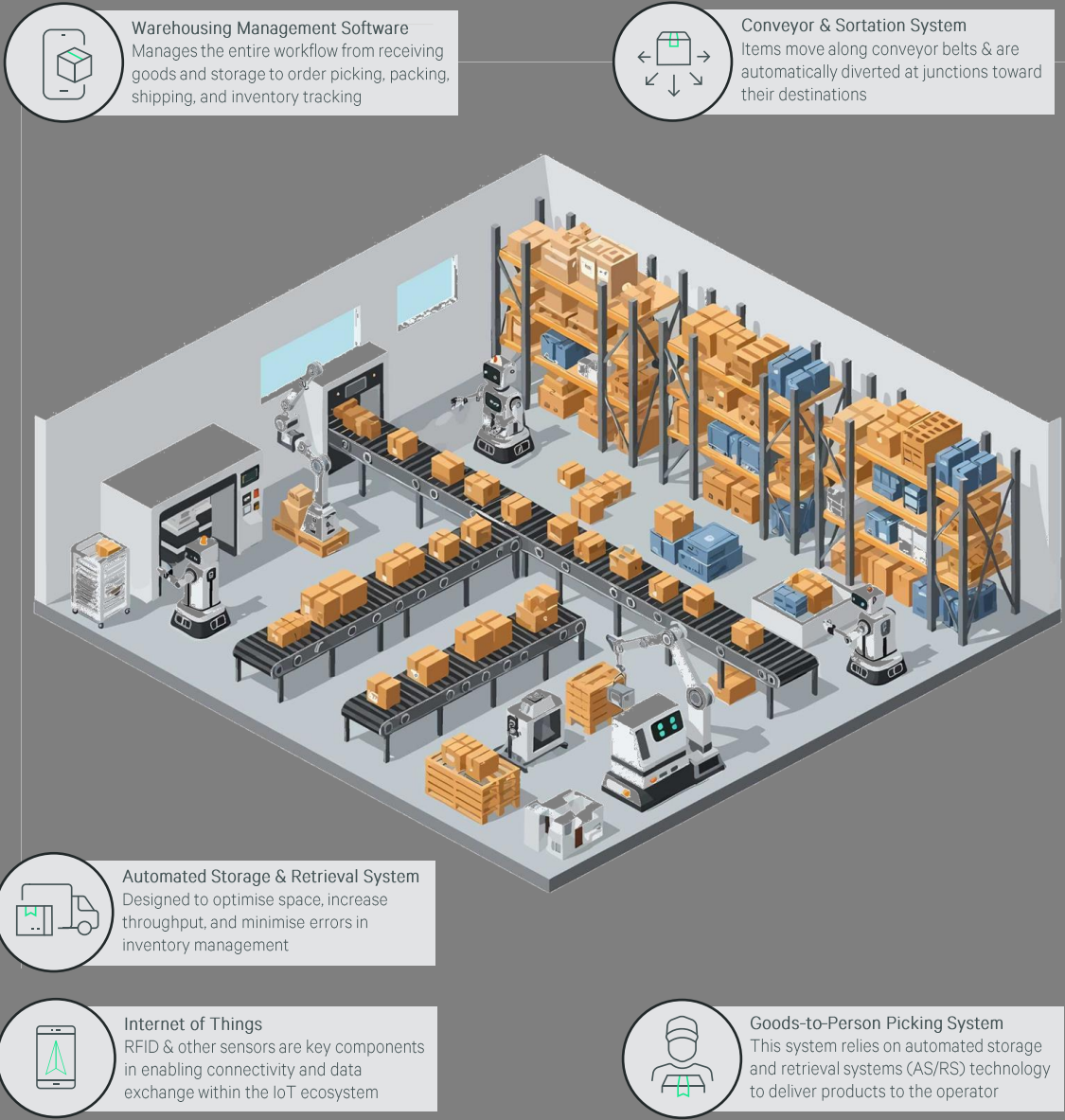
Automation in Warehouse Operations a Major Priority for 3PL Occupiers



~76%

of the surveyed 3PL respondents are currently integrating warehousing management software features in their logistics operations

Source: 2025 Asia Pacific Logistics Occupier Survey, CBRE Research, Q3 2025

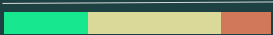


Portfolio strategies

APAC-based 3PL Firms Prioritise Expansion Plans in the Indian I&L Market

Fuelled by resilient economic growth, India is emerging as a premier destination for warehousing expansion among businesses in the Asia Pacific region. According to the [CBRE 2025 Asia Pacific Logistics Occupier Survey](#), **nearly 70% of the surveyed 3PL occupiers** are planning to expand their footprint in India over the next two years. This strategic shift is a key component of a broader trend towards diversifying supply chains to mitigate market-specific risks.

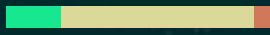
MAINLAND CHINA



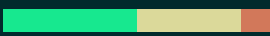
INDIA



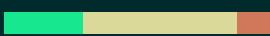
JAPAN



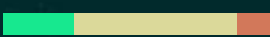
KOREA



TAIWAN



HONG KONG SAR



PHILIPPINES



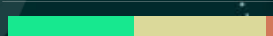
VIETNAM



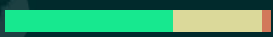
SINGAPORE



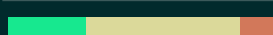
THAILAND



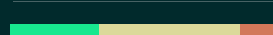
MIDDLE EAST



AUSTRALIA



NEW ZEALAND



LEGEND
EXPAND | NO CHANGE | DOWNSIZE

Source: 2025 Asia Pacific Logistics Occupier Survey, CBRE Research, Q3 2025
Note: More than 380 responses received from logistics occupiers across Asia Pacific have been used for this analysis; all the charts used are 100% stacked bars.

Success factors

The 3PL Playbook: Identifying Critical Success Factors in a Dynamic Logistics Landscape



1. 2025 E-Commerce Trends Report- DHL, June 2025; *Note: Bulkier goods such as furniture, expensive heavy goods such as TV, fridge, washing machines, etc. need proper staff handling

[^] Full Truck Load; ^{^^} Less Than Truck Load; [#] Non-Delivery Report

Way forward

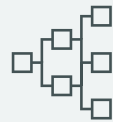
What Will Define the Future of 3PLs in India?



Technological integration / automation

The integration of AI, IoT, and data analytics, will likely become increasingly crucial for the future success of 3PLs. Some of the major enablers include:

- Forecasting demand and streamlining inventory management through predictive analytics.
- End-to-end supply chain transparency through real-time goods tracking.
- Automating warehouse functions through the integration of robotics and advanced management systems.
- Implementing route optimisation algorithms to enhance the efficiency of last-mile delivery, a critical driver of e-commerce growth.



E-commerce sector to refine growth

The burgeoning e-commerce sector in India is expected to be a key catalyst for the expansion of 3PL services. The number of online shoppers in India has surged from 140 million in 2020 to nearly 260 million in 2024¹, creating an unprecedented demand for reliable, fast and scalable logistics services.

With the increasing adoption of online shopping, especially in non-tier-I locations, businesses are increasingly turning to specialised 3PL providers to manage their logistics and fulfillment needs. To satisfy the demand for faster deliveries, these entities are expected to adopt smaller, decentralised micro-fulfillment centres.

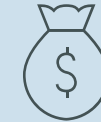


Shift towards specialisation and consolidation

The 3PL market is also trending towards specialisation, with companies focusing on particular industries and services. This evolution is a direct response to the intricate and varied needs of modern businesses. These include:

- **Cold Chain Logistics:** For perishable categories such as food and pharmaceuticals
- **Automotive Logistics:** For bulky, high-value components
- **E-commerce:** Managing high volumes of small parcels with fast delivery times

To specialise, the logistics sector is undergoing significant consolidation, with several 3PL companies acquiring newer firms to strengthen their B2B networks and last-mile delivery capabilities.



Growing focus on green logistics

3PL providers are rapidly adopting sustainable practices, driven by rising end-user and retailer green mandates. This transformation is underpinned by a supportive government environment, including the PM Gati Shakti and the National Logistics Policy, which are actively building an efficient, multi-modal logistics network.

These entities are embracing the use of AI-powered route optimisation to reduce emissions, increasing adoption of electrified fleets, and the implementation of smart warehousing solutions that use energy-efficient technologies.

It is important for 3PLs to prioritise investing in collaborative partnerships with suppliers and customers that align with their larger green goals. Moreover, they should continue focusing on eco-friendly warehousing, sustainable packaging, and integrating renewable energy in operations, and implement reverse-logistics processes that facilitate material recycling.

1. Spotting India's PRIME innovation moment, Deloitte-FICCI, August 2025

Way forward

3PLs Setting the Direction for India's Warehousing

As India's consumer and business landscape expands rapidly, the role of logistics is shifting from a mere service provider to a critical growth enabler. The 3PL segment remains a transformative force, allowing businesses to expand into new geographies without bearing the full burden of logistical complexity. **Currently commanding over a 40% share in India's overall I&L leasing**, these entities hold the power to redefine the future of the warehousing and logistics sector.

With 3PLs looking to leverage more technology to increase speed and contain costs, it will be critical for warehouses to be ready with infrastructure and features that align with the technology that these players are looking to deploy. The right location, scalability options, and access to the right labour pool will continue to remain critical factors that determine warehousing choices for these entities. As product categories entering the distribution chain diversify, specialised requirements, such as climate control for perishables / high-value items and enhanced shipment protection, will increasingly govern warehouse selection. In addition, as the retail market expands into tier-II, III, and even tier-IV cities, warehouses developed in areas near emerging hotspots will be better positioned to meet future requirements.

This environment points towards a deepening need for quality spaces within the warehousing segment, which bodes well for institutional investors. **Institutional-backed space accounted for ~40% of India's total warehousing supply in 2024, with the share anticipated to expand in the coming years.** The rapid expansion and evolving needs of e-commerce, manufacturing, and FMCG sectors have the power to directly influence the type of supply that enters the Indian market over the next five years.

As specialised 3PL players emerge, the corresponding need for such specialised warehousing spaces will require the expertise of developers that are equipped to deliver such supply – thereby providing more opportunities for institutional capital deployment. Additionally, the rise of quick commerce is opening up redevelopment opportunities within cities that investors could evaluate. Finally, as the focus moves towards green and tech enabled warehouses, occupiers will continue to evaluate the quality/compliance of their warehousing space—in all indicating towards wider deployment opportunities for capital in the logistics segment.

Source: CBRE Research, Q3 2025



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