

LOGOS India acquires two logistics parks in Chennai

The transaction worth Rs 700 crore includes two fully leased warehousing assets - Mappedu Logistics Park and Mahindra World City.



LOGOS India has acquired two logistics parks spread across 2.2 million sq ft in Chennai from the Casagrand Group for Rs 700 crore. The purchase marks LOGOS' first acquisition in India following the launch of its Indian business.

Mappedu Logistics Park and Mahindra World City are located within the industrial corridors of Chennai and benefit from access to the government-approved Chennai Bangalore Industrial Corridor and the Chennai Port.

The properties comprise a total Gross Lettable Area (GLA) of 2.2 million square feet, across a combined area of approximately 85 acres of land. Both parks are fully leased and provide further development opportunities within the sites, a company statement said.

"We're very pleased to have completed our first acquisition in India, bringing on board 2.2 million square feet of quality logistics facilities to our Asia Pacific portfolio," said Trent Iliffe, Managing Director, LOGOS.

"India has one of the fastest-growing economies in the world and with a high-growth real estate sector, this market is an important part of our Asia Pacific strategy as we continue to support our tenant customers' growth across the region. We look forward to bringing our significant regional experience and global development and design standards to India and these two new properties," he said.

Given Chennai's prominence as a leading industrial hub, with access to one of the country's largest ports, the parks are able to efficiently service the high-volume consumption markets of the greater Chennai region and the industrial corridors of Southern India, said Mehul Shah, chief executive officer of the LOGOS' Indian business.

"LOGOS will look to enhance the two parks, through an active asset management approach and further developing the available land within the sites," Shah added.

LOGOS' Indian business is a partnership between LOGOS and Assetz Property Group, a Bengaluru-based real estate developer. The LOGOS India Logistics Venture, with commitments from Canadian investors Ivanhoé Cambridge and QuadReal Property Group, has US\$800 million in investment capacity to develop and own high-quality, modern logistics facilities in key logistics markets of India.

Avendus Capital was the exclusive financial advisor to Casa Grande Distripark on the transaction.

"We are witnessing significant interest from global investors in the Indian warehousing space in recent times with major players partnering with developers to create large platforms. The highly unorganised and under developed Indian industrial warehousing sector is expected to undergo an unforeseen transformation owing to rapid changes in business environment such as rise the of e-commerce, GST implementation, changing costs and Make-in-India movement. The anticipated demand-supply gap of Grade 'A' warehousing is expected to open up numerous investment opportunities in the future. Through this acquisition, LOGOS has made its maiden investment even as it plans to invest in the specialised logistics and industrial parks in India," said Prateek Jhavar, director and head, Infrastructure & Real Assets Investment Banking at Avendus Capital.

Implementation of GST has had far reaching implications across sectors, more so in the warehousing and logistics sector that recorded an overall space take-up of over 24 million sq ft in 2018, a growth rate of more than 40 percent compared to 2017, as per a recent report.

Mumbai, followed by NCR, Bengaluru and Chennai dominated leasing, accounting for more than 70 percent of the space take-up. The second half of 2018 witnessed robust leasing activity with about 14.3 million sq ft of space take up, a 46 percent increase on a half-yearly basis. Mumbai dominated leasing activity with a share of about 21 percent, followed by Delhi-NCR (20 percent) and Chennai (16 percent), as per the CBRE report titled India Industrial and Logistics Market View, H2 2018.

This was closely followed by Bengaluru (15 percent) while Hyderabad and Kolkata accounted for 14 percent and 9 percent respectively. Pune and Ahmedabad collectively held a 5 percent share in overall demand. When compared on a half-yearly basis, almost every city witnessed a growth in leasing activity.

While Chennai witnessed a growth of about 104 percent, Hyderabad and Kolkata witnessed growth of 93 percent and 73 percent respectively. Other cities such as Mumbai (54 percent), Delhi-NCR (41 percent) and Pune (17 percent) also witnessed growth.

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