



GREATER CHINA LOGISTICS MARKET

Q2 2024



01

KEY TRENDS & OVERVIEW

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KEY TRENDS

Greater China's Logistics Market



China's GDP reached RMB61.7 trillion in H1 2024, growing 5.0% y-o-y. The complexity, severity, and uncertainty of the external environment increased significantly in the period, while the continued deepening of domestic structural adjustments posed new challenges. However, factors such as the sustained release of macroeconomic policy effects, a moderate rebound in external demand, and the accelerated development of new productive forces provided new support. Overall, China's economy continued on a trend of recovery in the H1 2024 period, demonstrating stable progress.



The overall logistics market continued to show a trend of recovery in H1 2024. The total value of social logistics goods in China reached RMB167.4 trillion, up 5.8% y-o-y. From the perspective of the logistics structure, the industrial and agricultural sectors maintained steady growth, driving the total value of social logistics goods up by 4.9%. In the industrial sector, upgrading accelerated the transition between old and new growth drivers in industrial logistics, with high-tech manufacturing growing 8.7% y-o-y. In the online shopping sector, new e-commerce models such as live-streaming sales and instant retail developed rapidly, significantly driving the growth of online consumption. Online retail sales of physical goods grew 8.8% y-o-y. In turn, these combined factors generated greater leasing demand in the overall premium logistics warehouse leasing market.



In the investment market, transaction volume in the industrial property sector remained at 4% of total transaction volume in H1 2024. Although the share of total investment in Q2 2024 did not change, overall activity in the logistics investment market improved slightly compared with Q1 2024, with multiple warehouse logistics public REITs approved to generate development momentum for the premium logistics warehouse investment market.



Overall logistics market demand was relatively active in Q2 2024, although the number of new projects entering the market increased compared with Q1. Consequently, leasing pressure in the premium logistics warehouse market remained significant. In some city markets, the strategy of trading volume for price has shown initial effectiveness, with rents and vacancy rates both trending downwards. Ahead, with industrial quality improvement and upgrading in work, the logistics market will see an accelerated transformation period, with basic logistics services such as transportation and warehousing transitioning towards a more comprehensive model. At the same time, the rapid development of cross-border e-commerce presents new development opportunities for the premium logistics warehouse market. Operators in the warehousing and logistics market need to closely monitor market trends and seize new customer demands and industry opportunities.

MARKET OVERVIEW

Greater China's Logistics Market – Q2 2024



CHINESE MAINLAND

- The total stock of premium logistics warehouse space on the Chinese mainland reached 120 million sq m in Q2 2024.
- Approximately 976,000 sq m of new supply entered the Chinese mainland logistics market in Q2.
- The overall vacancy rate rose 0.6 percentage points q-o-q to record 17.2%.
- Overall average rents fell 2.6% q-o-q to RMB31.6 per sq m per month.
- Ahead, an additional 32.67 million sq m of new supply is scheduled for completion by the end of 2026.



HONG KONG CHINA

- Hong Kong's total stock of premium logistics space remained at 35.3 million sq ft (3.27 million sq m) in Q2.
- Hong Kong prime warehouse rents remained largely stable in Q2 at HK\$15.3 per sq ft per month. The overall warehouse vacancy rate moved down to 6.5% during the quarter, compared to 7.1% in Q1 2024.
- Despite the near-term market uncertainties, the overall warehouse vacancy level is expected to remain stable, with no new warehouse supply currently scheduled until 2027.



TAIWAN CHINA

- Total premium logistics stock increased to approximately 1.10 million pings (3.62 million sq m).
- Incoming supply is expected to add 191,900 pings (634,300 sq m) of stock by the close of 2026, an increase of approximately 17.5%.
- Around 72% of stock is concentrated in Taoyuan City, close to Taoyuan International Airport. The average monthly rental level increased to approximately NT\$700-NT\$800 per ping.

Source: Cushman & Wakefield Research



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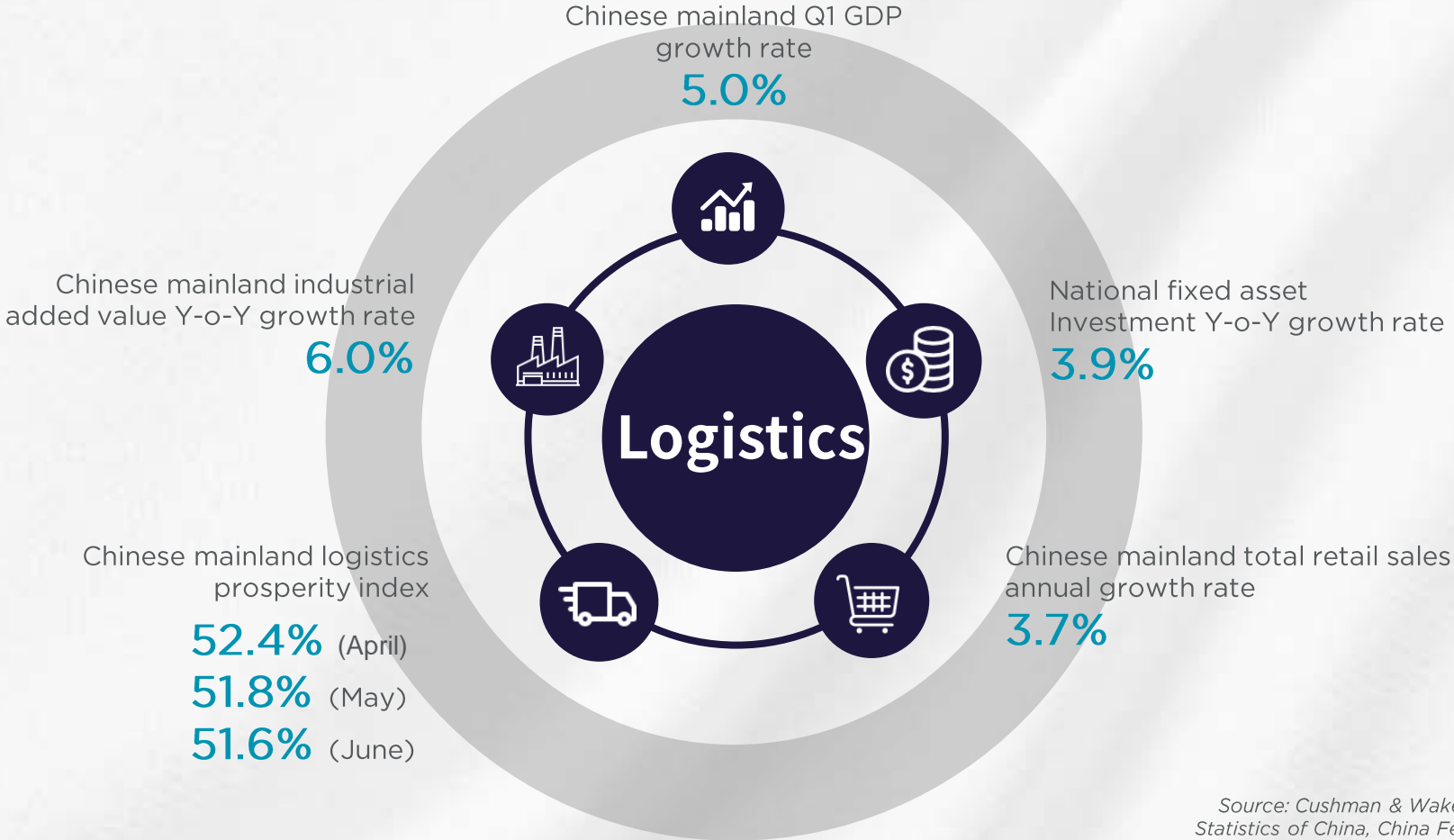
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MACRO - ECONOMY

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THE MACRO ECONOMY

Major Logistics Indicators - Q2 2024



Source: Cushman & Wakefield Research, National Bureau of Statistics of China, China Federation of Logistics & Purchasing



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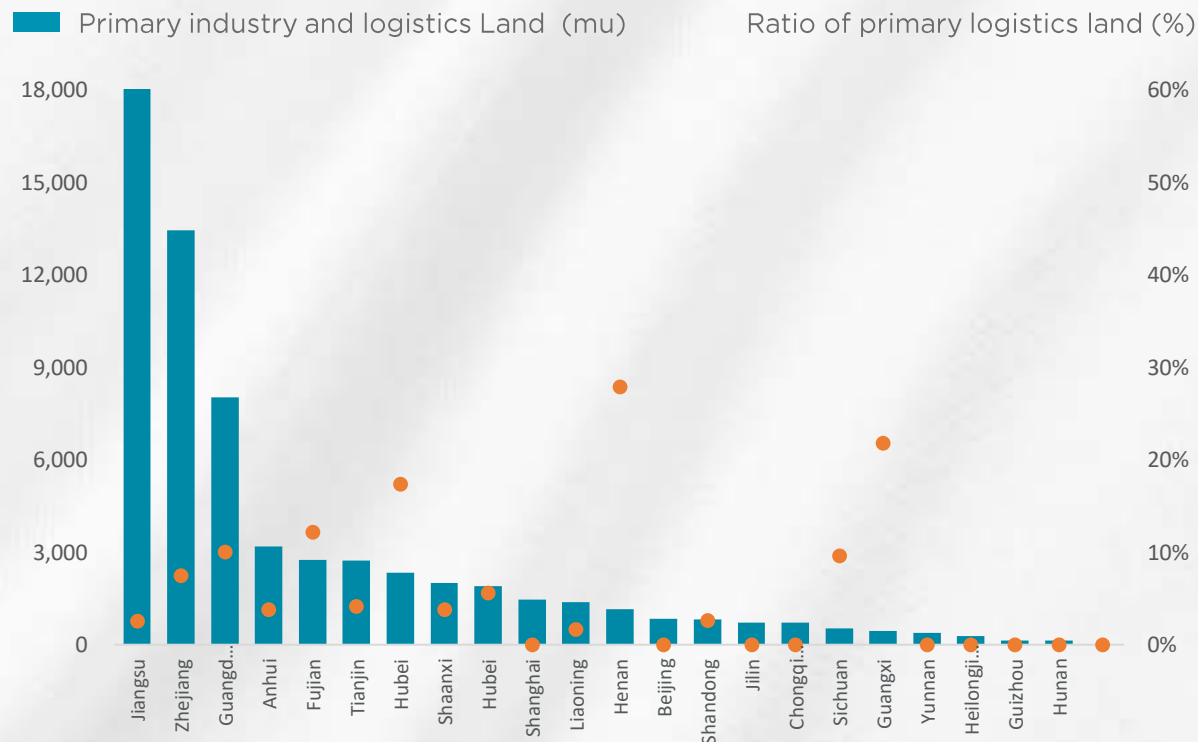
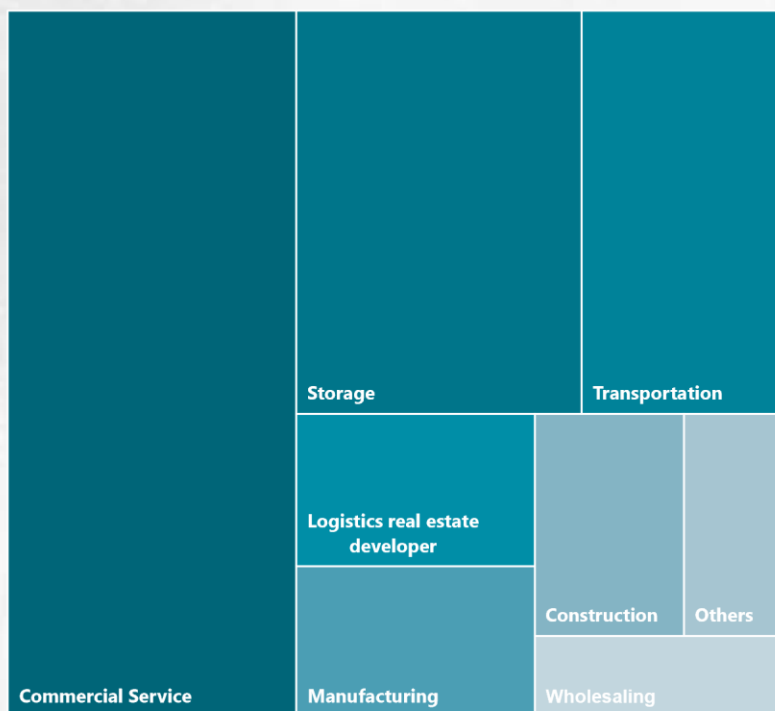
THE GENERAL MARKET

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THE PREMIUM LOGISTICS MARKET

Chinese Mainland Logistics Land Supply Q2 2024

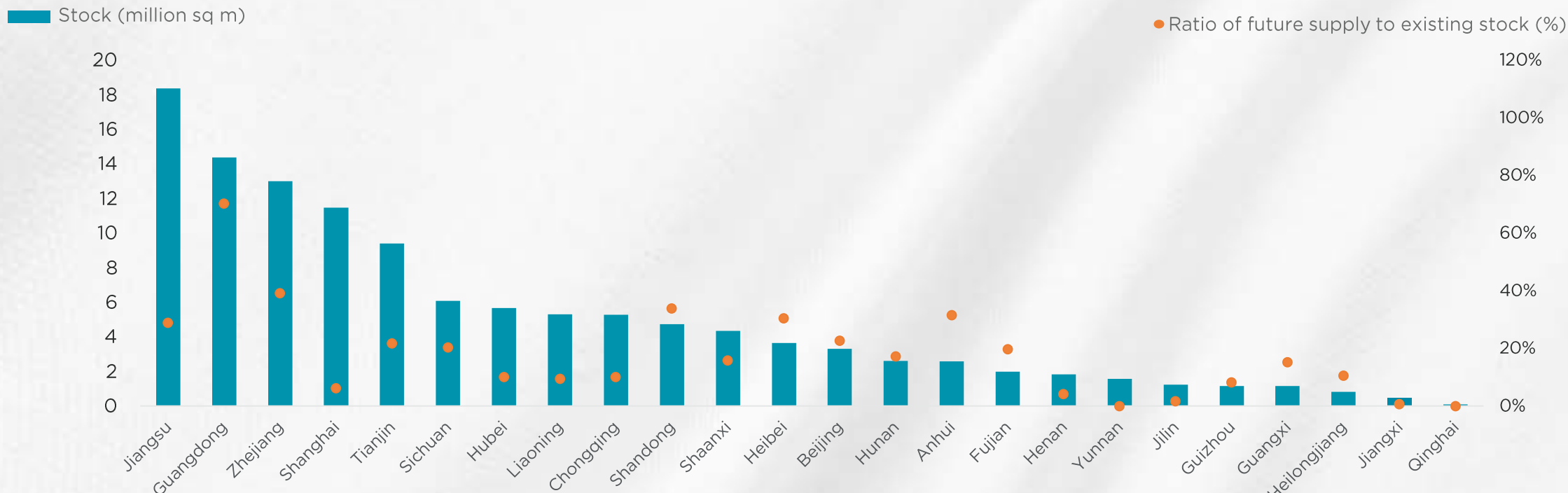
Share of primary logistics land by industry



- Government sales of industrial land plots across 74 cities in the Chinese mainland totaled approximately 65,566 mu in Q2 2024. Logistics land plot supply slightly increased, accounting for 6.1% of the total transaction area.
- The commercial services, storage and transportation sectors were most active in land acquisition. Logistics real estate developers accounted for 6.7% of logistics land transactions in Q2 2024.

THE PREMIUM LOGISTICS MARKET

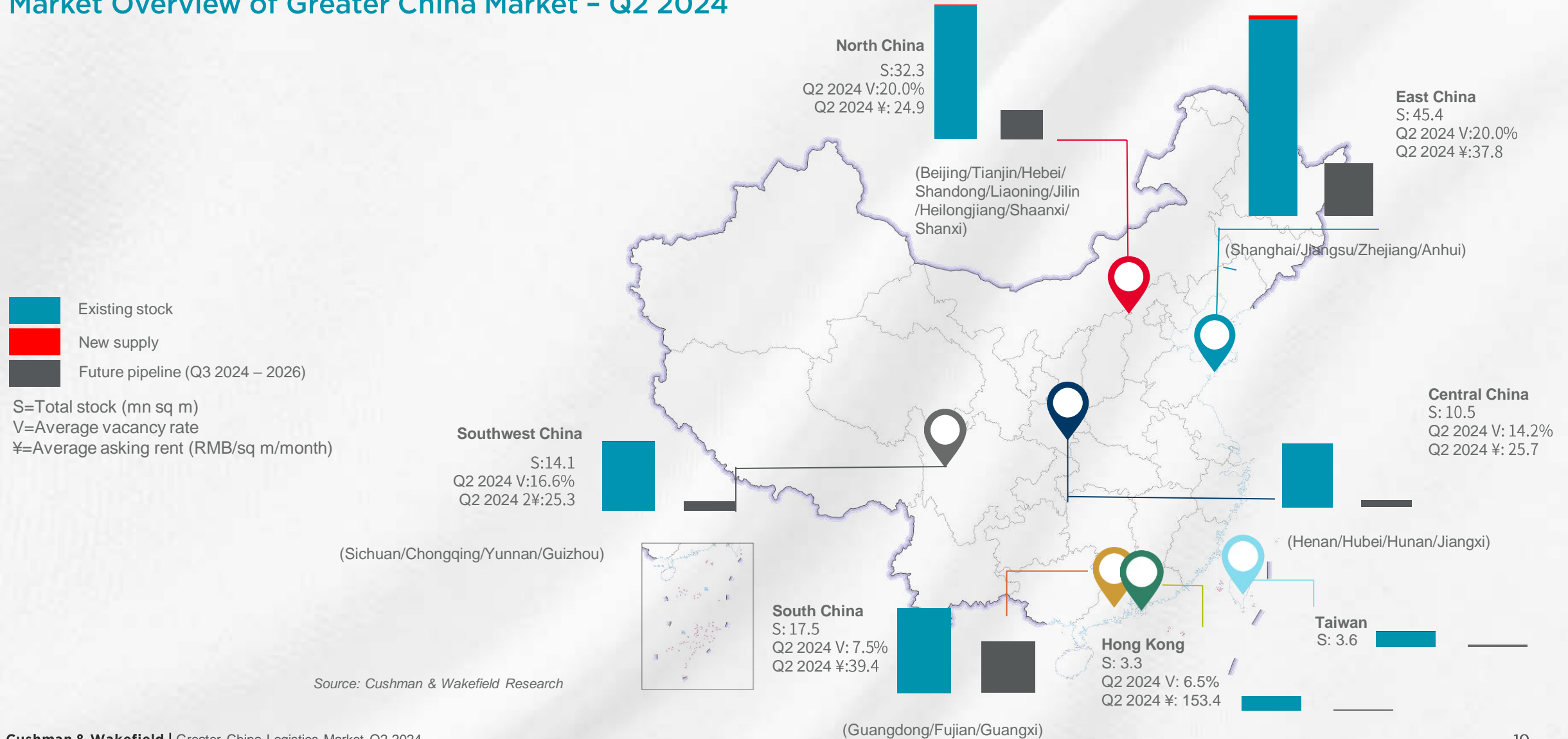
Chinese Mainland Stock and Future Supply (Q3 2024-2026)



- Jiangsu, Guangdong and Zhejiang were the top three locations for total stock in Q2. Despite the recovery of demand for premium logistics warehouses, the increase in new supply has kept the overall logistics market under pressure, and regional imbalances persist. In areas with developed industries, the demand for premium logistics warehouses is robust, demonstrating strong market resilience, with relatively stable rents and vacancy rates. Operators need to focus more on industrialised operation and maintenance strategies, implement forward-looking planning, and establish a complete vertical industrial system. At the same time, active integration of multiple advantages such as green environmental protection, intelligent technology, and openness and flexibility, is also required to identify new market demands and alleviate leasing pressure.
- Guangdong, Zhejiang and Shandong are the top three areas in terms of the ratio of future supply to existing stock. However, total stock in Shandong is relatively small and the future supply will only have a slight impact on the overall local logistics market.

THE PREMIUM LOGISTICS MARKET

Market Overview of Greater China Market - Q2 2024

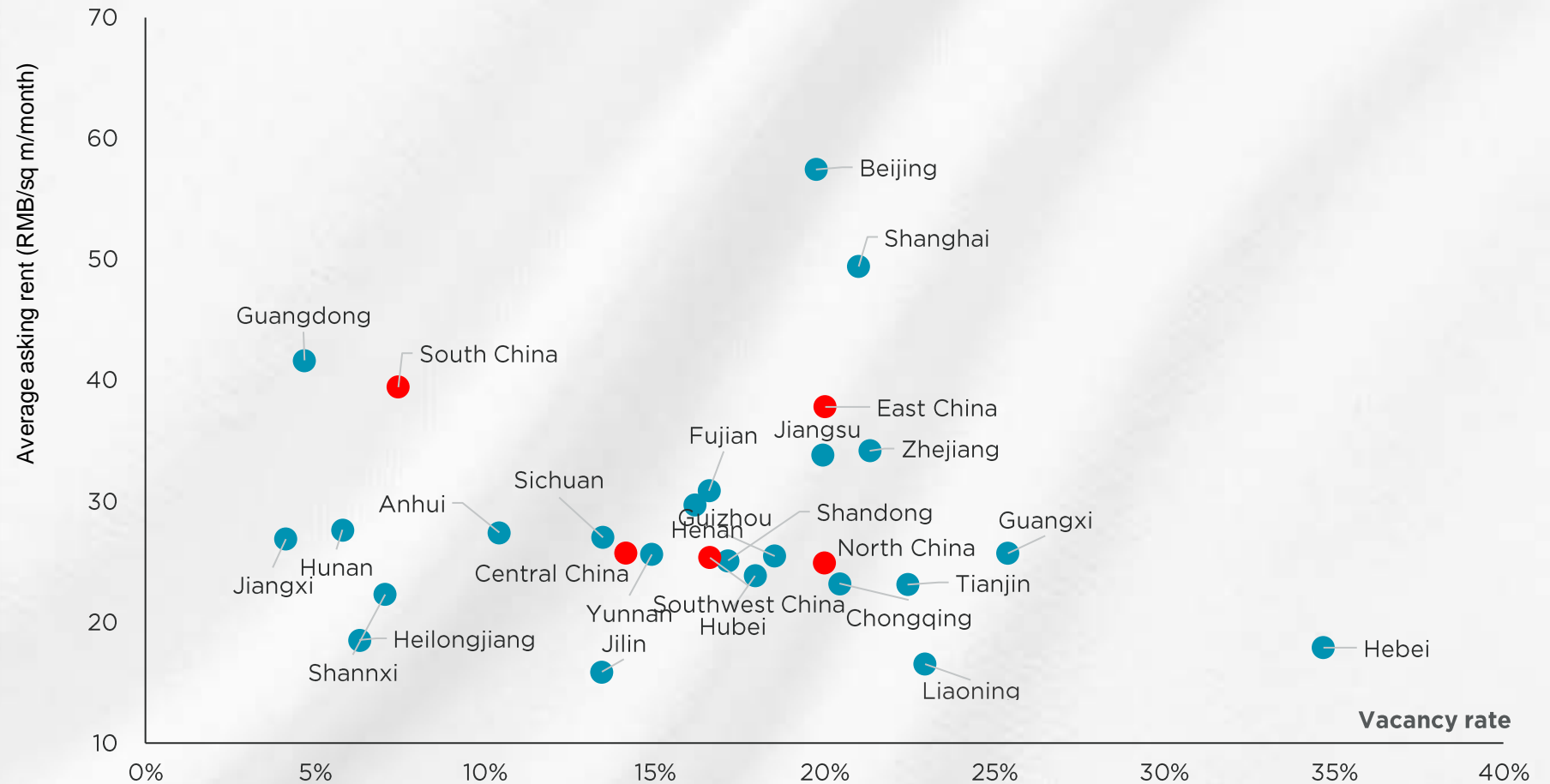


CHINESE MAINLAND PREMIUM LOGISTICS MARKET

Vacancy and Rental by Provincial Market - Q2 2024



Source: Cushman & Wakefield Research

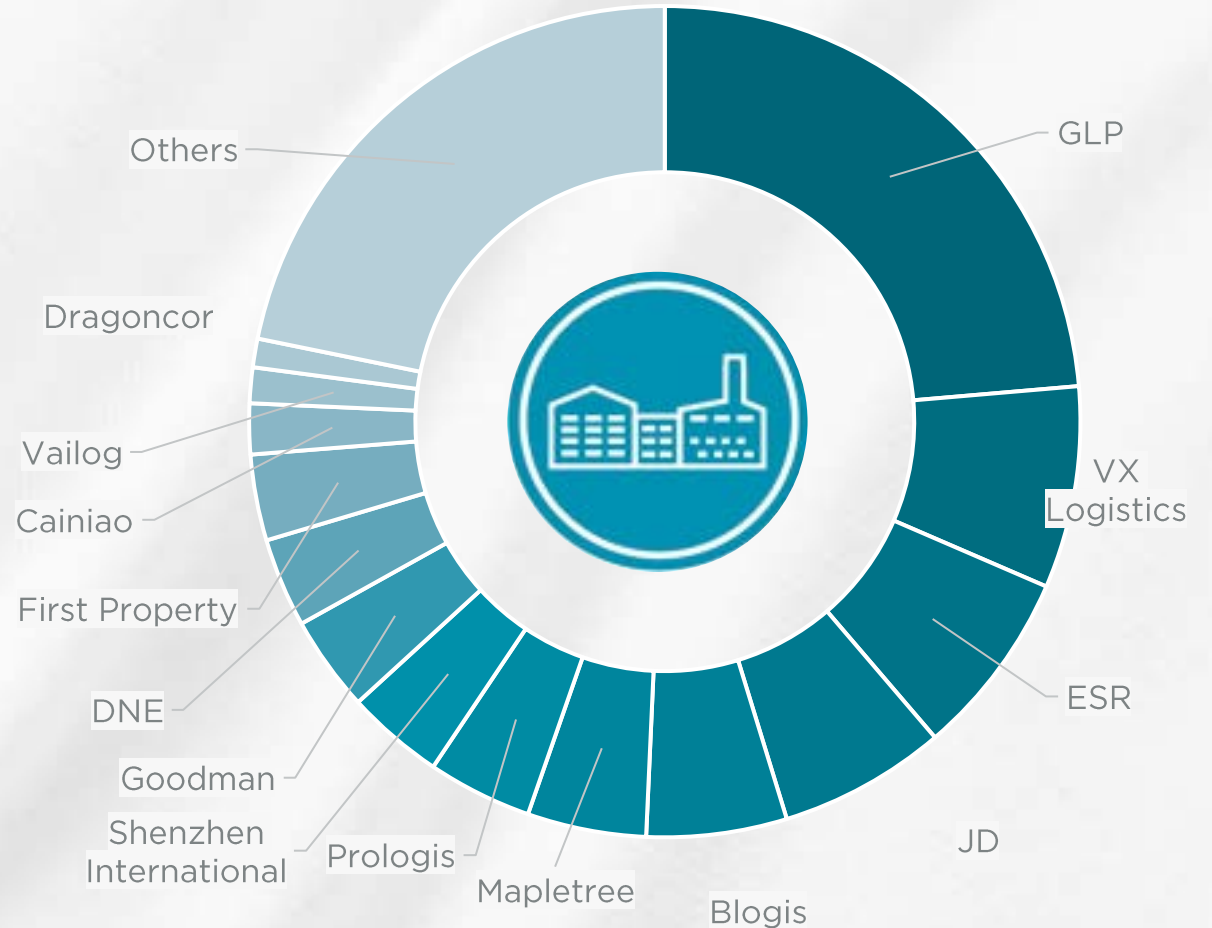


THE PREMIUM LOGISTICS MARKET

Chinese Mainland Leasable Breakdown by Operator - Q2 2024

Latest major market information:

In Q2 2024, ESR acquired nearly 127,000 sq m of logistics land in the Ningxi area of Zengcheng, Guangzhou, which will be used to build a modern supply chain centre for the Greater Bay Area.



Note: By Operator Holding >1% of Total Market Stock

Source: Cushman & Wakefield Research

THE PREMIUM LOGISTICS MARKET

Investment

Investment transaction volume in the Chinese mainland – 2023 and H1 2024



In the full-year 2023, investment transaction volume in the industrial logistics property sector reached 10% of the total property sector volume. In the H1 2024 period this figure fell to 4%.

After experiencing a period of pressure in 2023, the REIT market entered a stage of stable development in 2024, with investors becoming more rational in analysing the performance of REITs from perspectives such as the operation of underlying assets. The accelerated expansion of publicly offered REITs in warehousing and logistics continues to provide development momentum for the premium logistics warehouse investment market.



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THE REGIONAL MARKETS

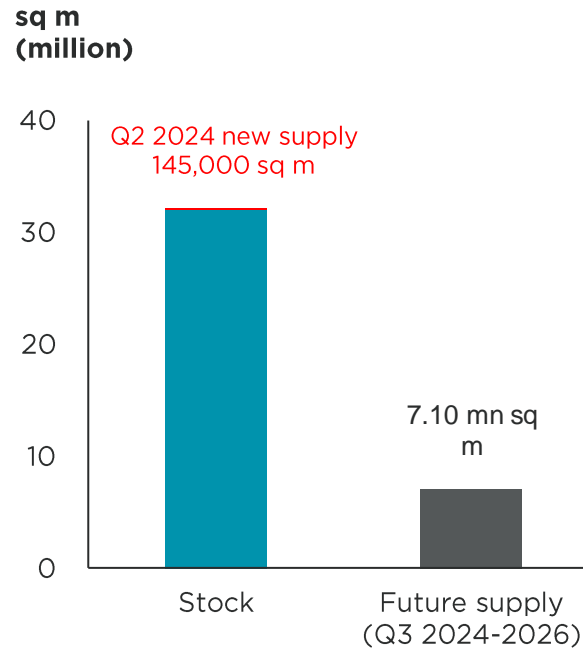
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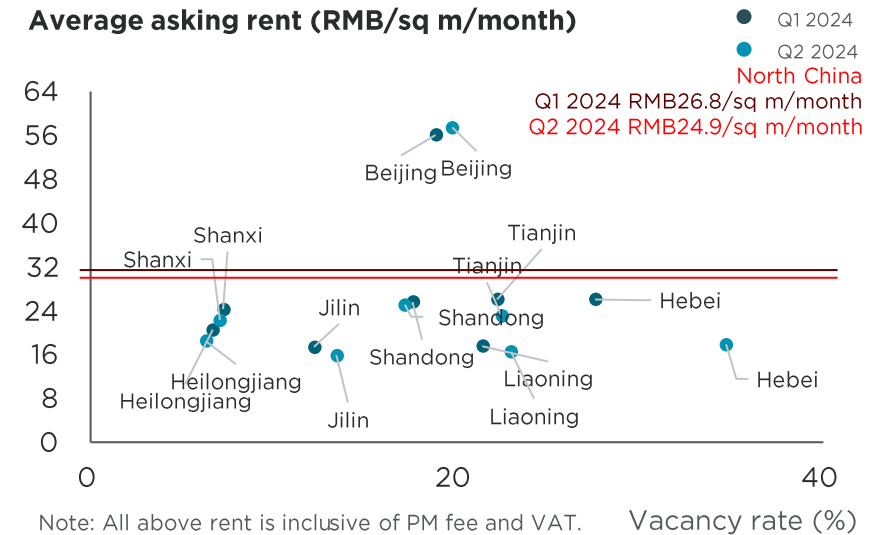
North China Logistics Overview – Q2 2024

- The North China premium warehouse market performance was stable. The average monthly rental level fell 7.3% q-o-q to RMB24.9 per sq m. The premium warehouse vacancy rate rose 1.04 percentage points to 20%.
- The e-commerce, 3PL and manufacturing sectors were the key drivers in the premium logistics warehouse market in Beijing. With new supply entering in Q2, the vacancy rate in the premium logistics warehouse market rose 0.9 pp to 19.75%.
- The e-commerce, 3PL, manufacturing and retail sectors were the major demand drivers in the premium logistics warehouse market in Tianjin. The market experienced leasing pressure, with landlords trimming rents to attract tenants. The average monthly rental level fell 6.5% q-o-q to RMB23.1 per sq m, while the vacancy rate remained at a high level.
- With strong supply and softer demand, the market faced leasing pressure, with the overall vacancy rate reaching 41%. Ahead, the overall market is expected to remain under significant leasing pressure.

CURRENT STOCK, NEW & FUTURE SUPPLY



AVERAGE RENTAL AND VACANCY RATES BY CHINESE MAINLAND PROVINCIAL MARKETS



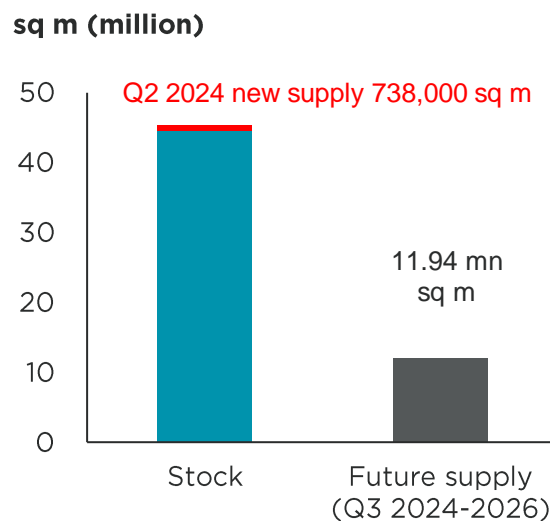
Source: Cushman & Wakefield Research

PREMIUM LOGISTICS MARKET

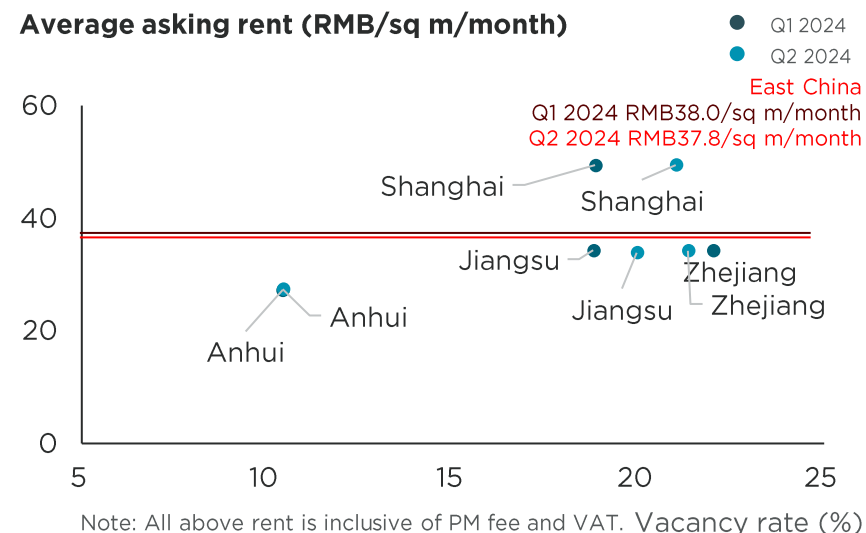
East China Logistics Overview – Q2 2024

- The East China premium warehouse market performance was stable. The market saw new completions reach 738,000 sq m. The overall average monthly rental level fell 0.4% to RMB37.8 per sq m. The overall warehouse vacancy rate rose 0.8 percentage points to 20%.
- The e-commerce, 3PL, express delivery and manufacturing sectors were the major demand drivers in the premium logistics warehouse market. New demand weakened. Some retail and express sector firms are now relocating to cities with lower rental levels after the expiry of leases.
- The overall warehouse vacancy rate rose to 20% in Jiangsu and 21% in Shanghai. Leasing performance in the core regional markets remained relatively positive, although the overall market experienced continued pressure on absorption rates.

CURRENT STOCK, NEW & FUTURE SUPPLY



AVERAGE RENTAL AND VACANCY RATES BY CHINESE MAINLAND PROVINCIAL MARKETS



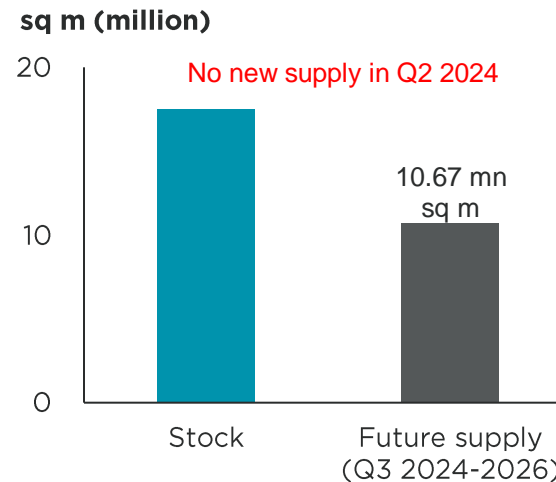
Source: Cushman & Wakefield Research

PREMIUM LOGISTICS MARKET

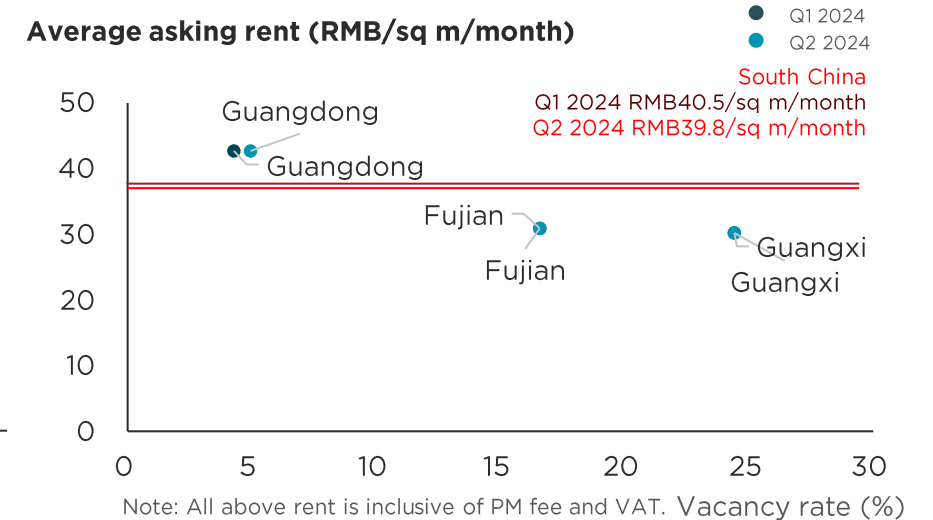
South China Logistics Overview – Q2 2024

- The South China market performance was active in the Q2 period. The overall vacancy rate edged down 0.2 percentage points to 7.5%, while the average monthly rental level dropped 0.96% to RMB39.4 per sq m.
- In the Shenzhen market, demand remained strong, with the e-commerce and manufacturing sectors the main drivers. The Shenzhen citywide vacancy rate dropped slightly by 1 pp to 7.1%. In Dongguan, the e-commerce and 3PL sectors remained as key drivers. The overall vacancy rate rose 1.1 pp to 7.8%.
- The overall performance of the Guangzhou market was relatively stable, with the vacancy rate remaining at a low level. The 3PL and e-commerce sectors also remained as the key drivers of demand.

CURRENT STOCK, NEW & FUTURE SUPPLY



AVERAGE RENTAL AND VACANCY RATES BY CHINESE MAINLAND PROVINCIAL MARKETS



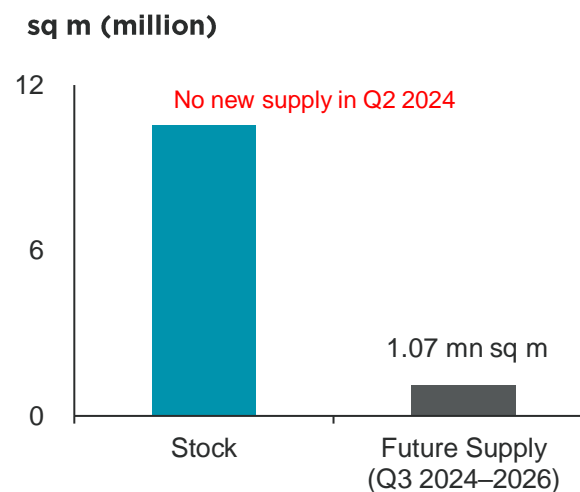
Source: Cushman & Wakefield Research

PREMIUM LOGISTICS MARKET

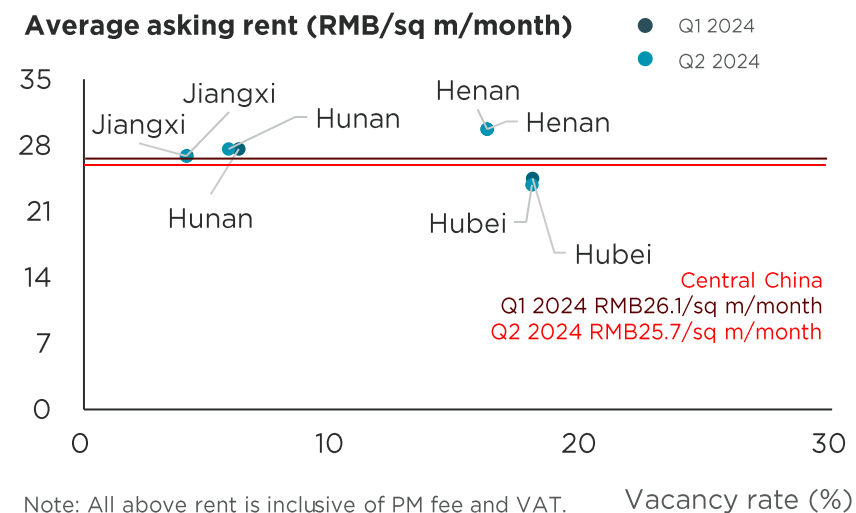
Central China Logistics Overview – Q2 2024

- The Central China premium warehouse market was stable in Q2. The overall vacancy rate dropped 0.07 percentage points to 14.2%. The average monthly rental level moved down by 1.6% to RMB25.7 per sq m.
- Wuhan's premium warehouse market was stable. The express delivery, e-commerce and city delivery sectors remained the main drivers. The overall vacancy rate dropped 0.3 pp to 19.3%. The market is affording tenants greater bargaining power, with the average monthly rental level softening 1.6% to record RMB25.1 per sq m.
- The 3PL and e-commerce sectors were the major demand drivers in the Changsha premium warehouse market. The average monthly rental level dropped 0.3% to RMB27.6 per sq m.

CURRENT STOCK, NEW & FUTURE SUPPLY



AVERAGE RENTAL AND VACANCY RATES BY CHINESE MAINLAND PROVINCIAL MARKETS



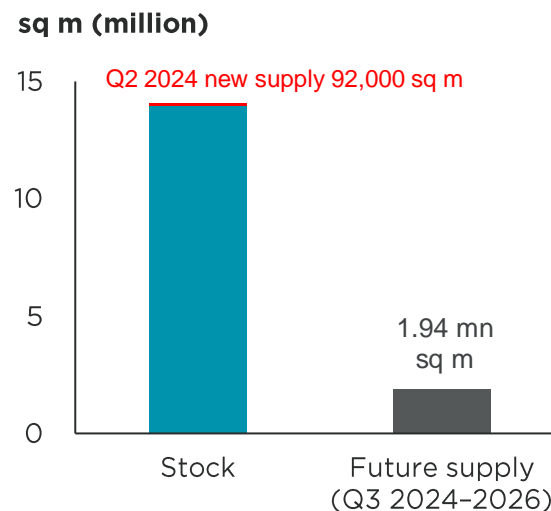
Source: Cushman & Wakefield Research

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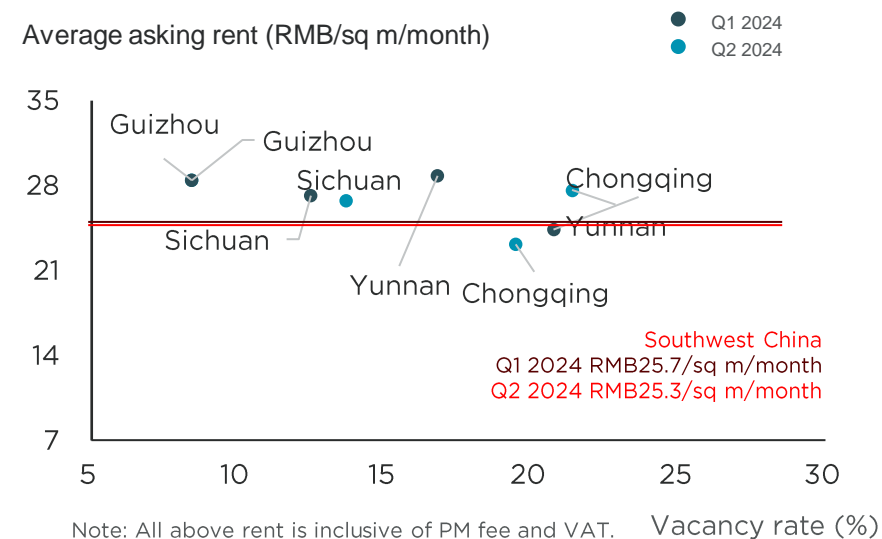
Southwest China Logistics Overview – Q2 2024

- The overall vacancy rate in Southwest China rose 0.4 percentage points q-o-q to reach 16.6% in Q2 2024. The average monthly rental level retreated 1.6% q-o-q to RMB25.3 per sq m.
- The Chengdu premium logistics warehouse market was stable, with one new project entering the market. The 3PL, e-commerce and express delivery sectors were major demand drivers. The average monthly rental level rose slightly to RMB27.3 per sq m.
- The Chongqing premium logistics warehouse market experienced absorption pressures. The market vacancy rate rose 1 pp q-o-q to reach 20.4%.

CURRENT STOCK, NEW & FUTURE SUPPLY



AVERAGE RENTAL AND VACANCY RATES BY CHINESE MAINLAND PROVINCIAL MARKETS



Source: Cushman & Wakefield Research

CHINESE MAINLAND PREMIUM LOGISTICS MARKET

Major Market Logistics Dashboard - Q2 2024

City	Stock GFA (sq m)	Supply to 2026 GFA (sq m)	Rental change (q-o-q)	Vacancy change (pp q-o-q)
Shanghai	11,463,000	630,000	0.10%↑	2.17↑
Tianjin	9,382,000	2,046,000	11.46%↓	0.25↑
Chengdu	5,853,000	1,240,000	0.88%↑	0.20↓
Chongqing	5,283,000	537,000	0.02%↑	0.98↑
Wuhan	4,652,000	482,000	1.47%↓	0.32↓
Shenyang	3,959,000	369,000	7.77%↓	1.00↑
Jiaxing	3,674,000	987,000	-	3.09↓
Guangzhou	3,652,000	2,207,000	0.43%↑	0.35↓
Suzhou	3,598,000	1,097,000	0.14%↓	3.97↑
Xian	3,551,000	688,000	9.42%↓	0.33↓
Kunshan	3,515,000	483,000	1.37%↓	0.65↓
Beijing	3,307,000	751,000	2.34%↑	0.91↑
Hangzhou	3,291,000	614,000	0.54%↓	0.41↓
Wuxi	2,757,000	19,000	-	0.63↑
Foshan	2,627,000	1,909,000	-	1.18↑
Nanjing	2,529,000	186,000	-	0.61↑
Shenzhen	1,949,000	1,626,000	2.11%↓	0.96↓
Qingdao	1,673,000	406,000	1.77%↑	3.59↑
Dalian	1,347,000	61,000	1.16%↓	3.08↑
Nantong	943,000	792,000	16.80%↓	6.39↑

Source: Cushman & Wakefield Research

PREMIUM LOGISTICS MARKET

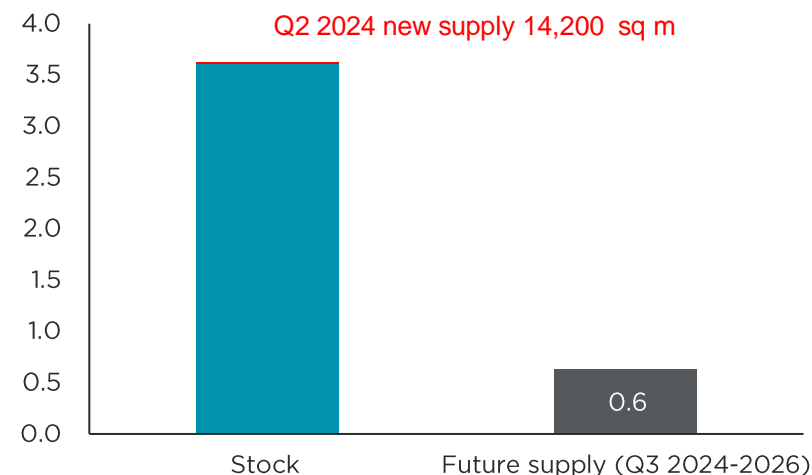
Taiwan Logistics Overview - Q2 2024

Trade Performance

- Taiwan's international trade exports increased by 9.9% in the first quarter compared to the same period last year, with positive growth now for eight consecutive months due to warmer business opportunities in emerging technology applications, a gradual strengthening of end-user demand, and the supply chain inventory replenishment effect. Imports grew by 12.7% compared to the same quarter last year, chiefly due to greater willingness by manufacturers to prepare materials, coupled with and rising market prices of some international raw materials. From January to June, both imports and exports were at record high levels.
- Wholesale trade turnover in June increased by 8.5% year-on-year. The wholesale machinery and apparatus industry benefited from AI and high-performance computing and other emerging applications demand, in turn boosting related electronic components and semiconductor testing equipment shipments with a 19.9% y-o-y increase. The chemical materials wholesale industry climbed 11.7% y-o-y, with general merchandise wholesale rising by 8.1%. Retail sales in Q2 increased by 2.7% y-o-y, with general merchandise retailing growing by 6.0% and fabrics and apparel retailing rising by 9.6%. These figures indicate that the domestic demand market continues to drive the growth of Taiwan's logistics and warehousing demand.
- Logistics Property Market Performance**
 - The total premium logistics stock grew to approximately 1.10 million pings (3.62 million sq m). In addition, 191,900 pings (634,300 sq m) of new stock will be added by 2026, raising the total stock by 17.5%.
 - Taiwan's overall high-quality logistics distribution is concentrated in Taoyuan City, adjacent to Taiyuan International Airport, with 72% of the total. In response to growing logistics demand, the four major retail giants have invested nearly NT\$100 billion into building logistics and warehousing facilities, with new supply expected to be completed by 2026. In general, market demand is steadily increasing, and rental performance is also trending upward. The rental price is approximately NT\$700~800/month/ping.

CURRENT STOCK, NEW & FUTURE SUPPLY

Area (GFA, sq m, millions)



Source: Cushman & Wakefield Research

PREMIUM LOGISTICS MARKET

Hong Kong Logistics Overview - Q2 2024

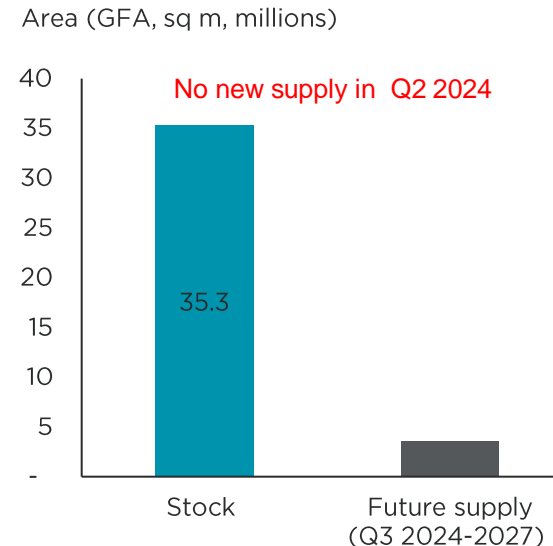
Trade Performance

- Hong Kong's external merchandise trade performance improved in April and May combined, with total exports and imports rising by 13.3% y-o-y and 6.6% y-o-y, respectively. This was largely due to the low base of comparison from last year, when the pick-up in external trade was slow immediately after the city's border reopening in February 2023. By export location, six of the ten main destinations recorded positive y-o-y increases, including Vietnam (26.9% y-o-y), the Chinese mainland (22.4% y-o-y) and the U.S. (21.8% y-o-y).
- Hong Kong's GDP growth recorded a 2.7% y-o-y increase in Q1 2024, slowing from the 4.3% y-o-y growth recorded in Q4 2023. The overall business conditions across the private sector slightly contracted along with the reduction in new business, with the S&P PMI index* for Hong Kong lowering to 48.2 points in June, down from 49.2 and 50.6 in May and April, respectively.

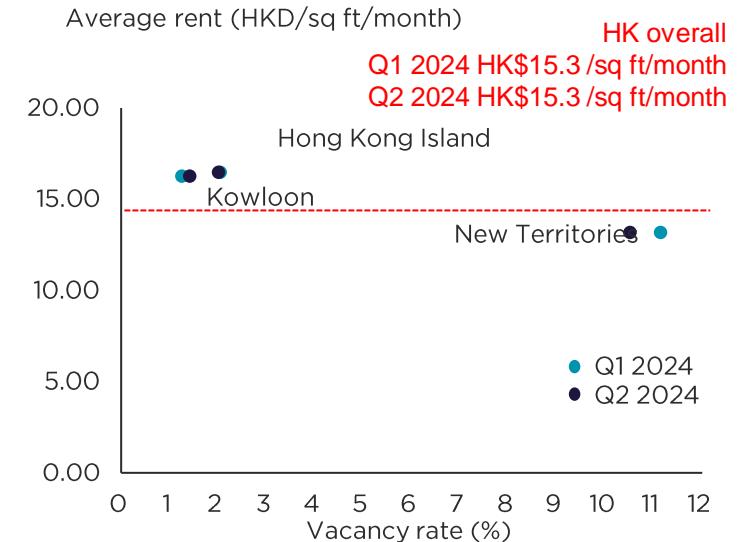
Logistics Property Market Performance

- Hong Kong prime warehouse rents remained largely stable in Q2 at HK\$15.3 per sq ft per month. Although overall leasing sentiment softened during the quarter, the tight vacancy level for most warehouse stock helped maintain rents at their current level.
- The overall warehouse vacancy rate moved down to 6.5% during the quarter, compared to 7.1% in Q1 2024. While vacancy rates in Hong Kong Island and Kowloon remained tight at 2.0%, vacancy in the New Territories fell to 16.9%, down 1.4 percentage points q-o-q, with demand mainly driven by the greater occupancy in Cainiao Smart Gateway in Chep Lap Kok.

CURRENT STOCK, NEW & FUTURE SUPPLY



AVERAGE RENTAL AND VACANCY RATES BY SUBMARKET



Source: Cushman & Wakefield Research

PREMIUM LOGISTICS MARKET

Recent Notable Transactions and Outlook

Notable Transactions

- Despite the generally quiet momentum in the logistics sector, the warehouse market still observed some sizable logistics space leasing transaction in Q2 2024, from 3PL-related to relocation and new set ups.
- Key new transactions in Q2 included Rhenus Logistics' lease of 178,400 sf at Goodman Westlink in Tuen Mun, and DSV's lease of 152,800 sf at Mineron Centre in Fanling. In terms of renewal activities, Omni Logistics renewed its 112,200 sf space in Goodman Tsuen Wan Centre, while Sony Corp renewed its 71,000 sf space in ATL Logistics Centre in Kwai Chung.

Building	District	Tenant	GFA sq ft	Type
Goodman Westlink	Tuen Mun	Rhenus Logistics	178,400	New Lease
Mineron Centre	Fanling	DSV	152,800	New Lease
Goodman Tsuen Wan Centre	Tsuen Wan	Omni Logistics	112,200	Renewal
Cainiao Smart Gateway	Chek Lap Kok	JPS Freight Solutions	98,100	New Lease
ATL Logistics Centre	Kwai Chung	Sony Corp	71,000	Renewal

Source: EPRC, Cushman & Wakefield Research

OUTLOOK

Looking ahead, despite the near-term market uncertainties, the overall warehouse vacancy level is expected to remain stable, as there will be no new warehouse supply scheduled until 2027. Consequently, warehouse rents are expected to stay largely stable throughout 2024. However, landlords may need to be more flexible in negotiations regarding the current high rent while considering upcoming lease expiries in the next 12 months amid relatively slow market conditions.





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THE GENERAL OUTLOOK

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THE PREMIUM LOGISTICS MARKET

General Outlook – Key Takeaways

- The premium logistics warehouse market is facing challenges such as new supply and intense competition. However, with the recovery in demand for warehouse space leasing brought by continued industrial upgrading and transformation, we expect the new supply to be effectively leased. In turn, rental levels and vacancy rates in the premium logistics warehouse market will gradually stabilize. The industry is expected to achieve healthier and more sustainable development in the future.
- Against a backdrop of industrial upgrading and quality improvement, we expect the logistics market to see an accelerated transformation period, with basic logistics services such as transportation and warehousing transitioning to a more comprehensive model. The rapid development of cross-border e-commerce also brings new development opportunities to the high-standard warehouse market. Operators in the warehousing and logistics market need to closely monitor market trends and seize new customer demands and industry opportunities.

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