

Logistics Real Estate Series Report
Logistics Center Tenant Analysis by Region

Logistics Tenant Profile

Hwasung



How far have you been to 'Hwasung'?

There's a famous story of 'The Blind men and Elephant', in which the blind men thought the elephant was a snake, a log, and a fan, depending on where they each touched.

Like the elephant, 'Hwasung' has many faces. It is home to industrial complexes (Automotive, Semiconductor, Bio-tech), several universities, and a new city known as 'Dongtan city'

'Hwasung' is also home to various logistics bases, including warehouses, distribution centers, and e-Commerce fulfillment centers.

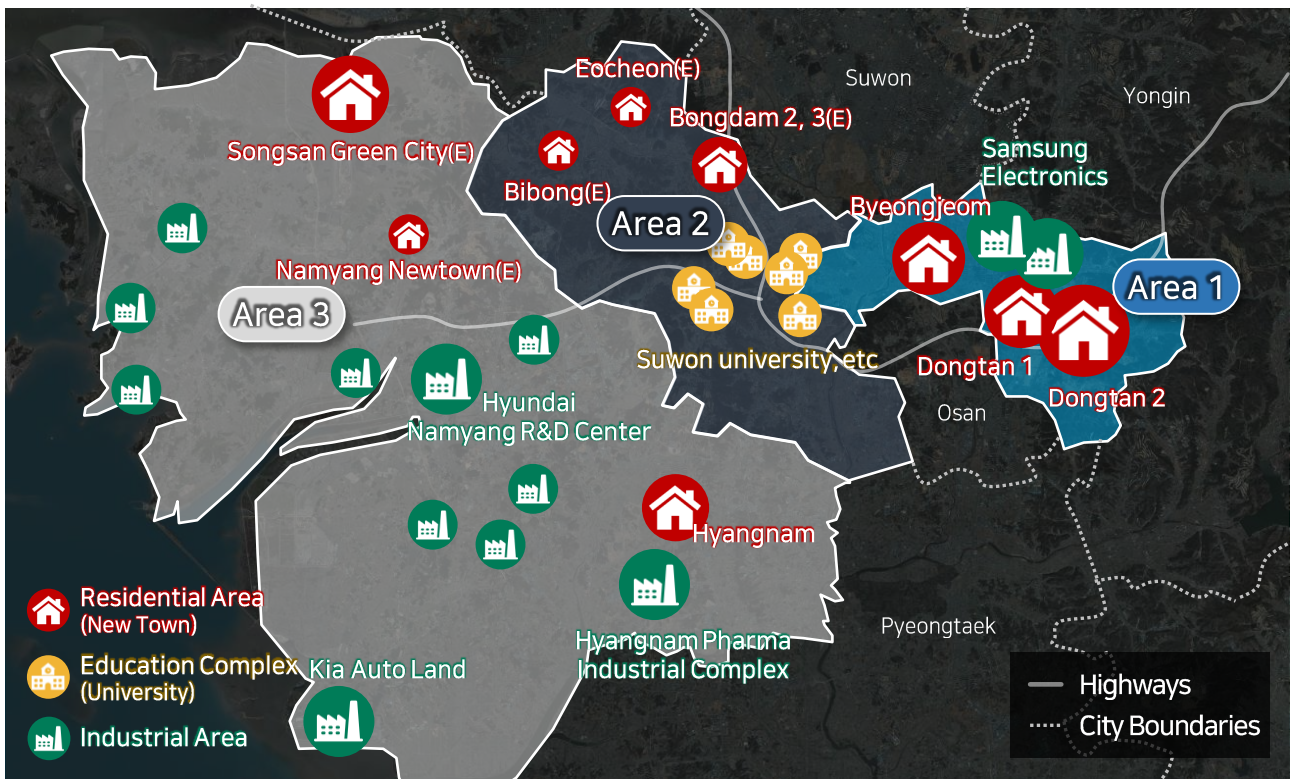
What is the value of 'Hwasung' as a logistics city ?

Hwasung expanding westward

A. Supply Status of Logistics Centers

- Hwasung is divided into 3 areas: **Area 1, represented by Dongtan, Area 2, where universities are concentrated, and Area 3, where many industrial complexes are clustered.**
- Area 1 is home to massive residential complexes** and is where approximately 61% of Hwasung's population lives. **Area 2 is the region where 7 universities are located** and where housing complexes are being built, including Bongdam District. Finally, **various manufacturing industries such as automobiles, pharmaceuticals and bio-tech are distributed in Area 3.**

Features of Hwasung by area



	Area 1	Area 2	Area 3
Main regions	Dongtan 1~8-dong, Jinan-dong, etc	Bongdam-eup, Jeongnam-myeon, etc	Jangan-myeon, Ujeong-eup, etc
Population ¹	578,751 people (60.5%)	140,180 people (14.7%)	237,644 people (24.8%)
Features	Large residential complexes (Dongtan, Beongjeom, etc.)	University dense areas (Suwon Univ., Hyupsung Univ, etc.)	Manufacturing clusters (Hyundai R&D center, etc.)

Note1: Population as of July 2024

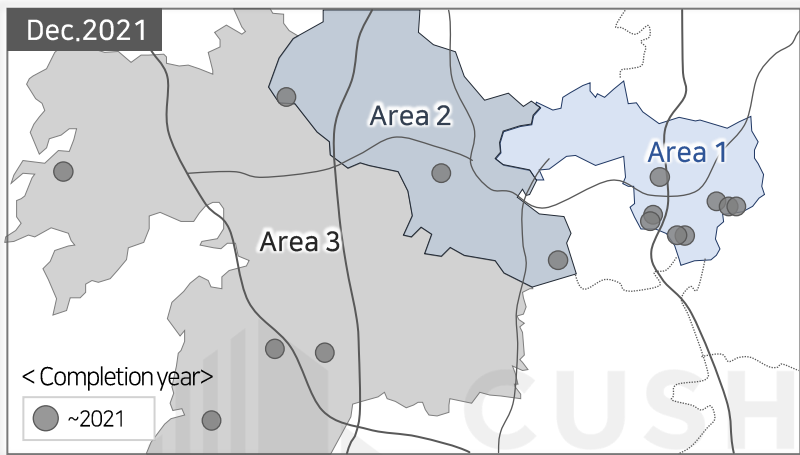
Source: C&W Research

Hwasung expanding westward

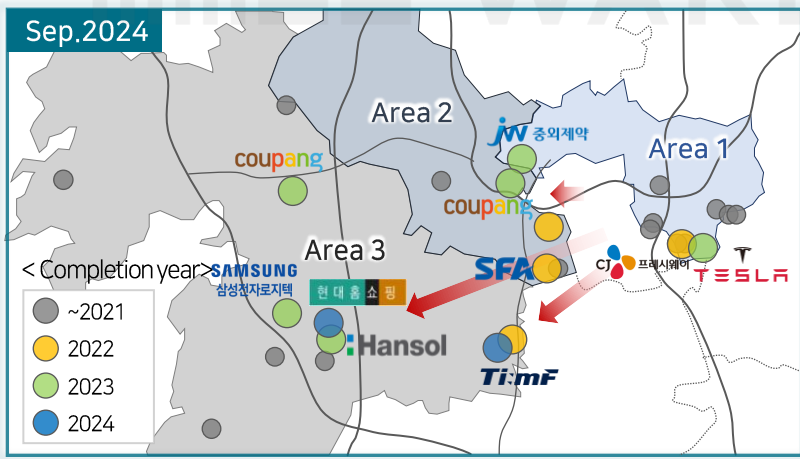
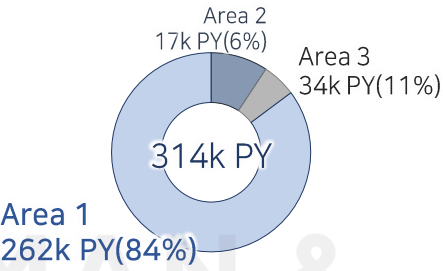
A. Supply Status of Logistics Centers

- Since 2018, large-scale supply in Hwasung has begun with the development of the Dongtan Logistics Complex in Area 1. It is adjacent to residential areas (Dongtan, Osan, Suwon), making it a representative last-mile and fulfillment base in southern part of the SMA.
- As additional development became difficult in Area 1, the logistics area has gradually expanded to the west since '22. About 69% of 221k PY of centers supplied in Hwasung since '22 are in in Area 2 and 3. Manufacturing logistics companies such as Samsung Electronics Logitech and SFA has established new bases in the new centers.

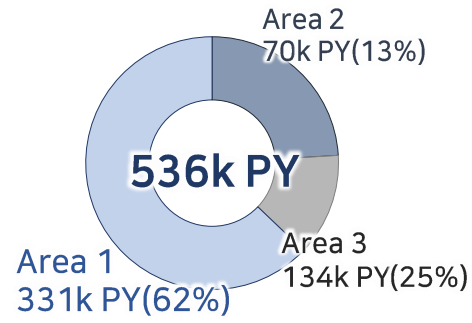
Analysis of logistics center situation²



Supply area as of Dec.2024
Total 314k PY



Supply area as of Sep.2024
Total 536k PY
(+221k PY from Dec.2021)



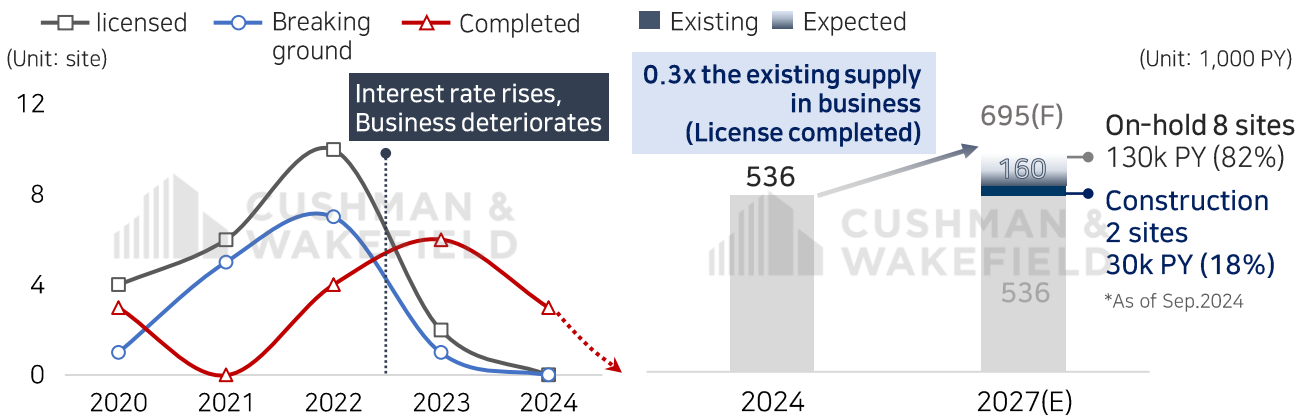
Note2: Scale of 5,000py+ in Hwasung, as of September 2024
Source: C&W Research

Hwasung expanding westward

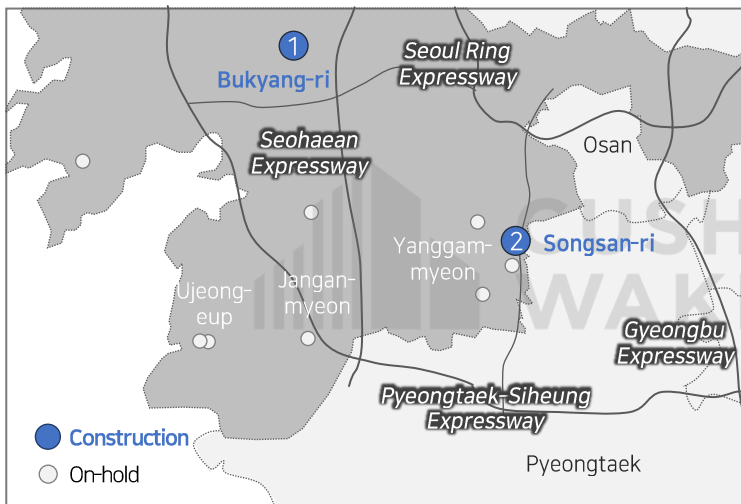
A. Supply Status of Logistics Centers

- Since the interest rate hike in '22, the number of new permits and construction starts in Hwasung has declined sharply. As of Sep.2024, 160k PY of logistics centers, about 30% of the existing supply, are being prepared for development, but **only two of them (30k PY) have started construction, which is expected to reduce the supply compared to the plan.**
- New developments are planned to be centered on Yanggam-myeon which is located within 30 minutes of Dongtan-Osan area, **which is favorable for fast delivery and labor supply, and Jangan-myeon/Ujeong-eup, which has abundant demand from the manufacture industry.**

New Supplies³



Major New Supplies



*Licensed list

No	Name	GFA(PY)	Licensed	Completed
①	Bukyang-ri	15,653	2022	2022
②	Songsan-ri	13,880	2022	2023
3	Maehwa-ri	7,196	2022	On-Hold
4	Sachang-ri	34,850	2022	
5	Songsan-ri 2	15,967	2022	
6	Hwasan-ri	15,379	2022	
7	Dokjeong-ri	24,886	2022	
8	Songgok-ri	11,579	2022	
9	Hwasan-ri 2	6,604	2023	
10	Deoku-ri	13,938	2023	

Note3: Scale of 5,000py+ in Hwasung, as of September 2024

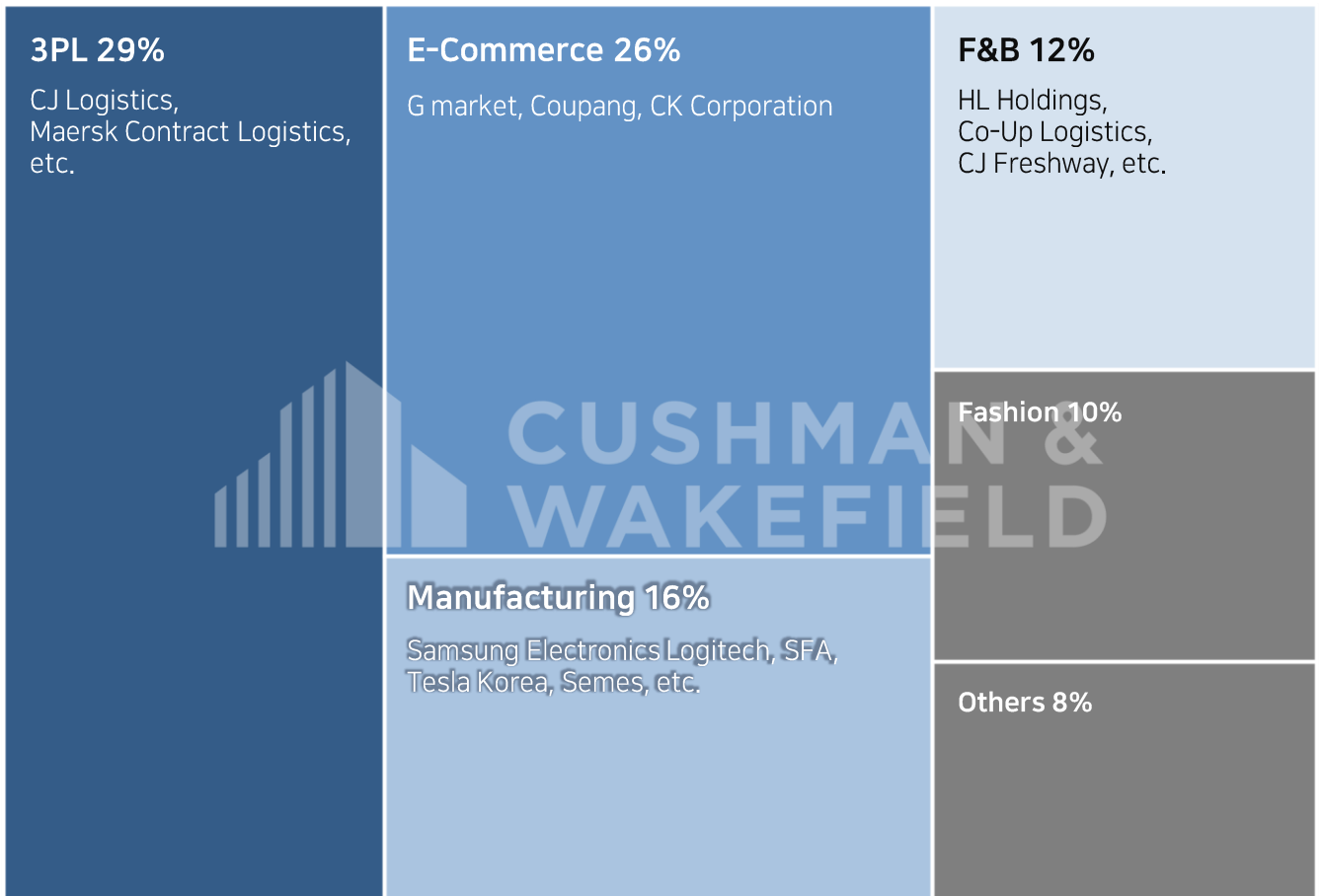
Source: C&W Research

Who is the primary tenant?

B. Tenant Industry Sector Proportions (by GFA)

- **3PL companies occupy about 29% of Hwasung’s logistics center area**, and **E-Commerce, Manufacturing, F&B, and Fashion** use the most logistics space in order.
- There are many distribution logistics bases of 3PL companies, such as **CJ Logistics and Maersk Contract Logistics. G-market and Coupang** operate their fulfillment centers in the Dongtan area. Also, **manufacturing logistics centers such as Samsung Electronics Logitech and SFA** are concentrated near their production bases, and **F&B companies such as HL Holdings, Co-Up Logistics, and CJ Freshway** run cold logistics hubs.

Tenant Proportion⁴



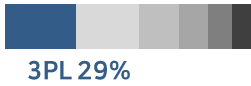
Note4: Scale of 5,000py+ in Hwasung, as of September 2024

Source: C&W Research

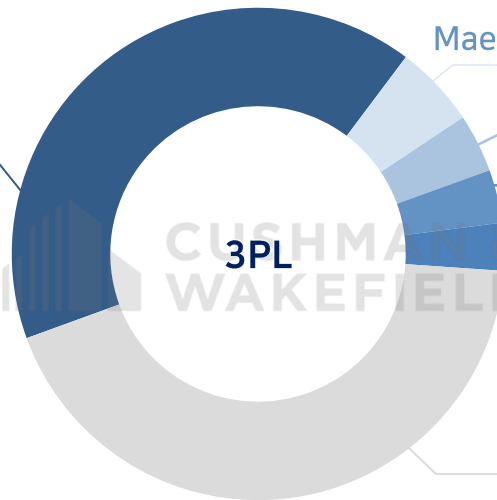
Who is the primary tenant?

B. Tenant Industry Sector Proportions (by GFA)

Proportion of 3PL logistics companies



CJ Logistics 41%



Maersk Contract Logistics 5%

Hansung GLS 4%

ACE Cold Storage 4%

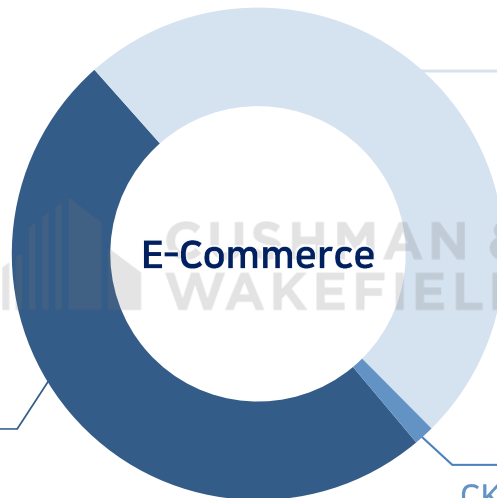
Yongma Logis 3%

Others 43%

Proportion of E-Commerce companies



G market 50%



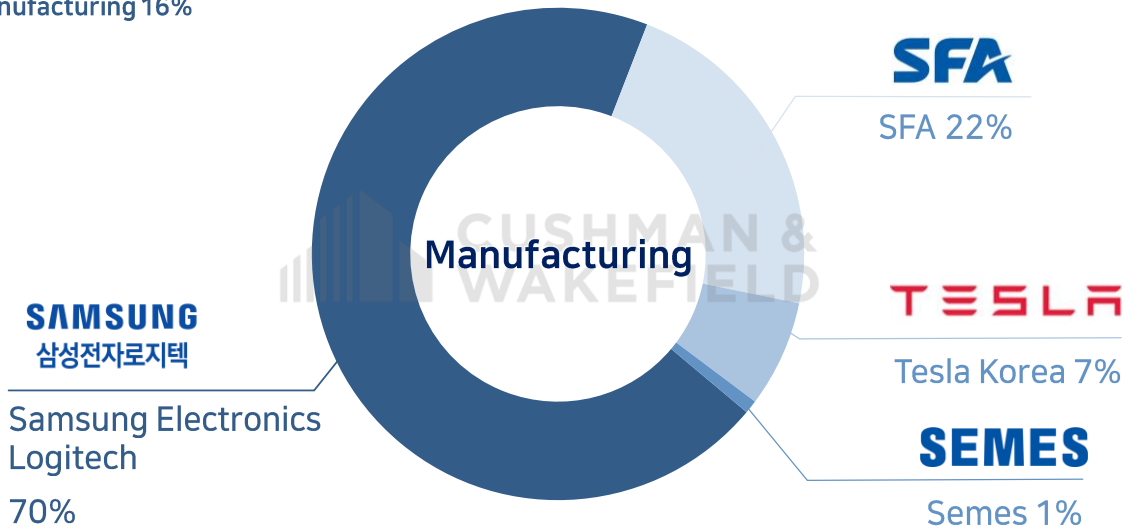
Coupang 49%

CK Corporation 1%

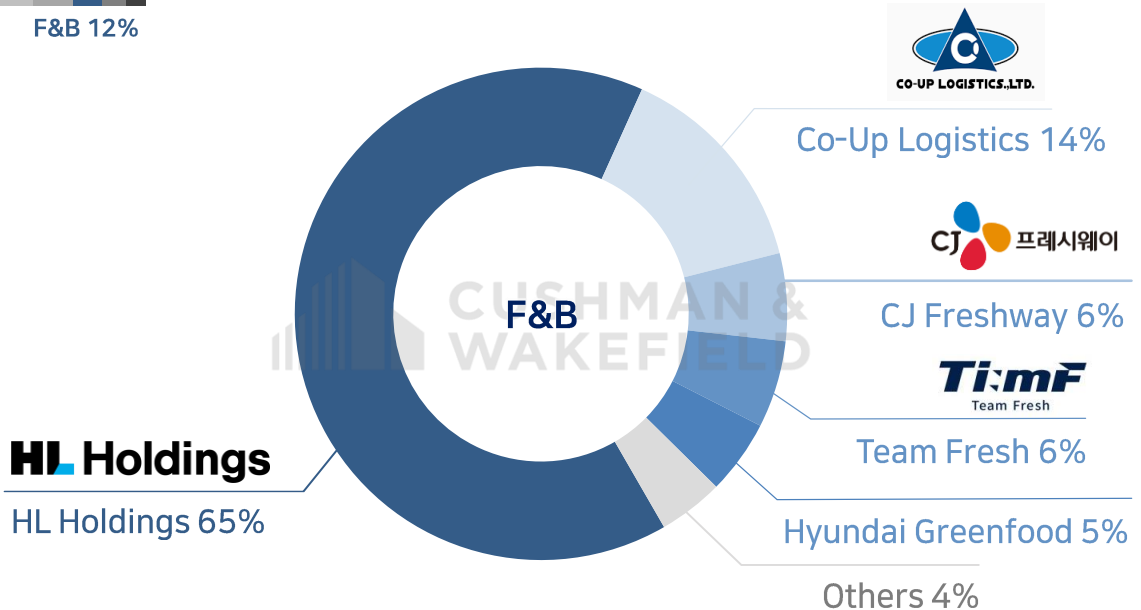
Who is the primary tenant?

B. Tenant Industry Sector Proportions (by GFA)

Proportion of Manufacturing companies



Proportion of F&B companies

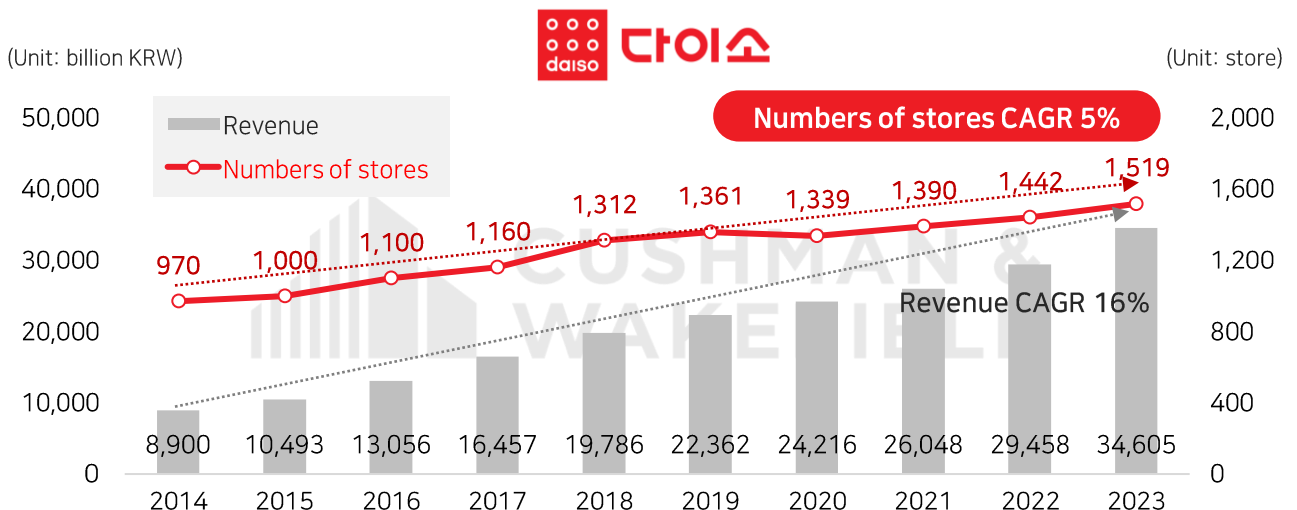
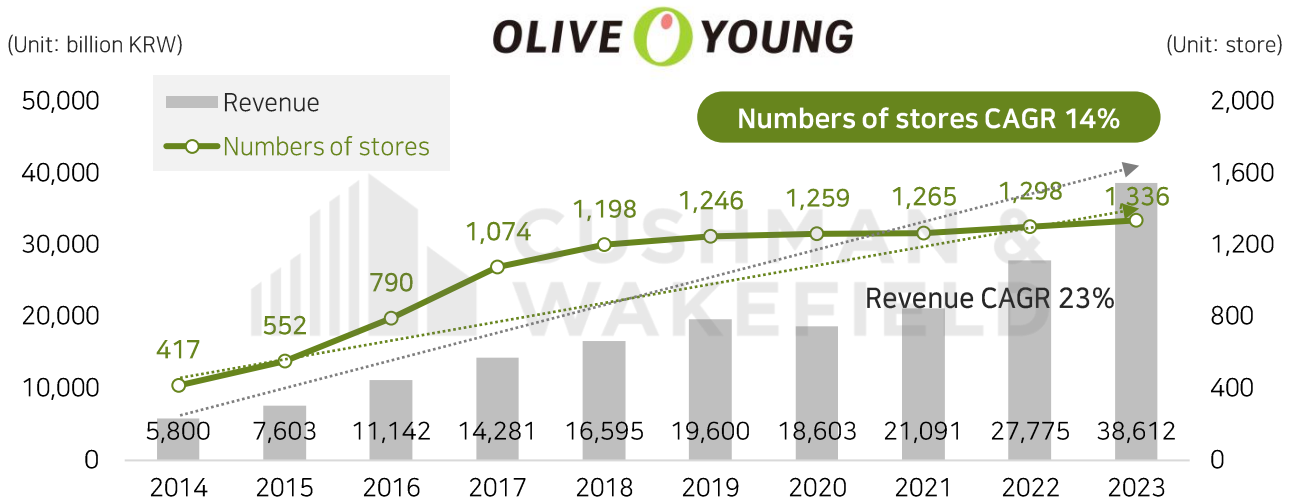


What's their logistics strategy?

C. CJ Olive Young VS Daiso

- **Daiso is accelerating its entry into the beauty market** with ultra-low and uniform prices and **has succeeded in reaching 3 trillion KRW in sales in '23**, which is the first time since its founding. With such a frightening growth rate, **it is emerging as a rival to CJ Olive Young**, which holds the top spot in the offline cosmetics market.
- **We compare and analyze the major business strategies and logistics network features** of CJ Olive Young, a traditional leader in the domestic cosmetics market, and Daiso, an emerging player.

Daiso, a new player in offline beauty market



What's their logistics strategy?

C. CJ Olive Young VS Daiso

- **CJ Olive Young**, a traditional powerhouse in the offline beauty market, **is focusing on enhancing its same-day delivery service, 'Today's Dream', and handling international delivery demand due to the K-Beauty boom.**
- It is strengthening its competitiveness in same-day delivery by **securing MFCs in major cities.** **It plans to build more than 20 MFCs by '25.** In addition, as demand for K-beauty has increased in recent years, **it has built a logistics center that handles the volume of 'Olive Young Global Mall' exclusively.**

CJ Olive Young's Logistics Network Analysis

Enhancing 'Today's Dream' service

Introduced same-day delivery service, 'Today's Dream' in '18
Sales of 'Today's Dream' grew more than 5 times annually on average for '19~'23

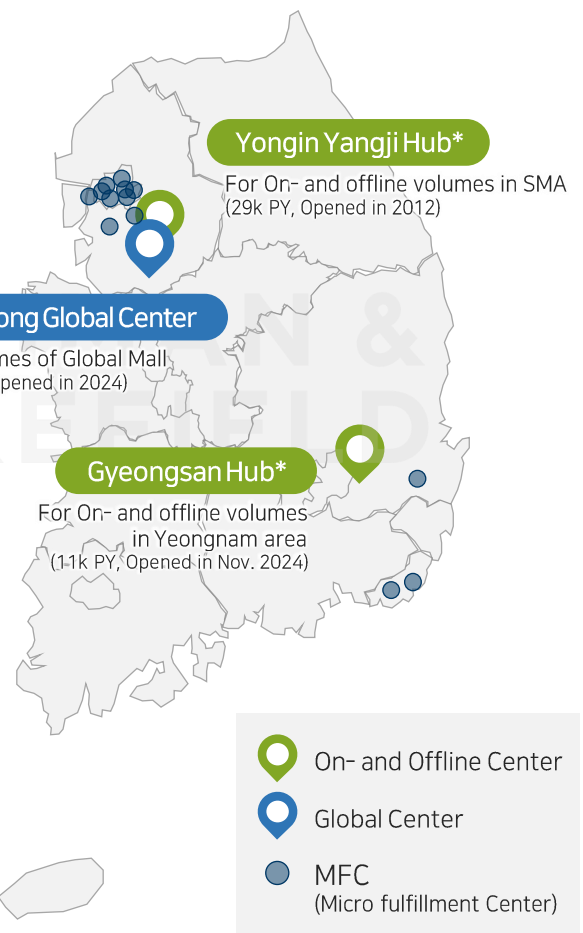
Plans to expand service areas by opening more than 20 MFCs by '25
(As of August '24, 13 centers nationwide)

Operating Global center to meet K-beauty Demand

Established a dedicated distribution center for 'Olive Young Global Mall' in Anseong

Aim to provide the same level of delivery service as overseas local manufacturers and distributors

OLIVE YOUNG

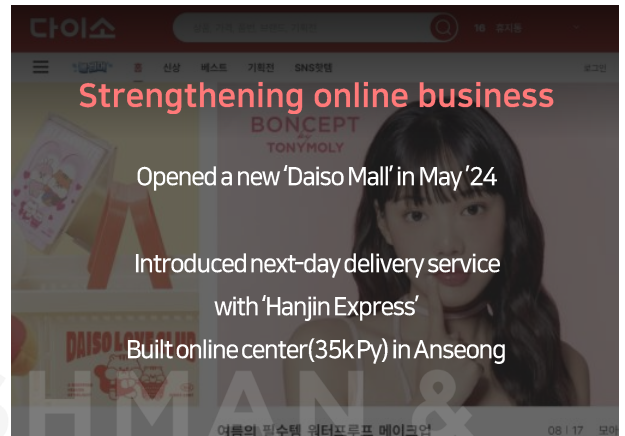
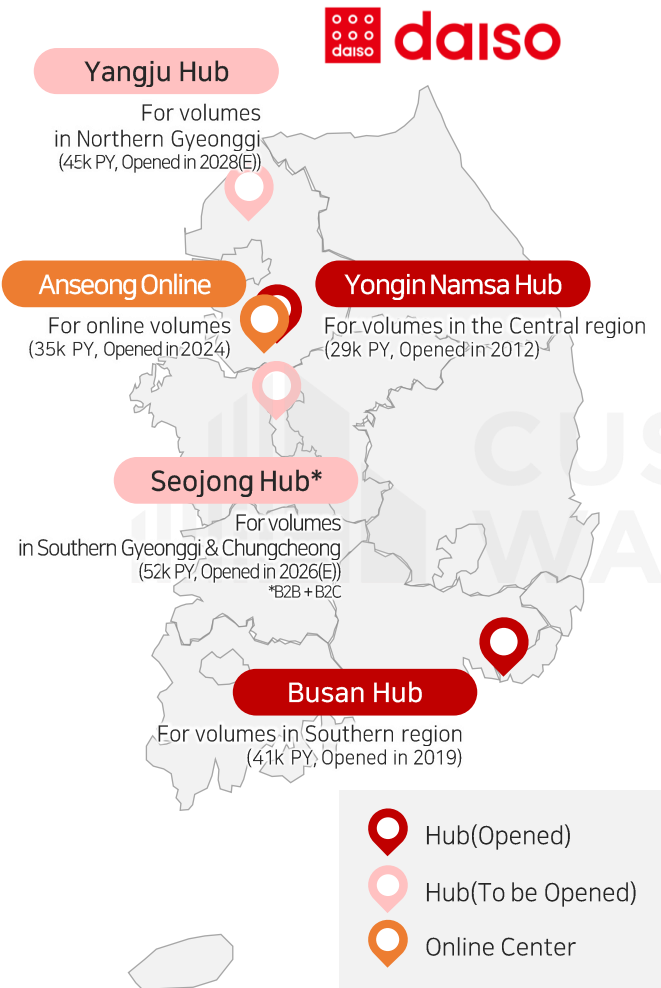


What's their logistics strategy?

C. CJ Olive Young VS Daiso

- As an emerging powerhouse in the beauty market, **Daiso is strengthening its online business and building large-scale logistics infrastructures.**
- In May '24, Daiso is striving to boost its online business by reorganizing its online mall and introducing next-day delivery service and has **built a dedicated logistics center in Anseong to handle online volumes smoothly.** In addition, it **plans to build new hubs in Sejong and Yangju** due to the increase in volume and are **expected to adjust the delivery area of the existing hub centers in Yongin, and Busan and optimize logistics.**

Daiso's Logistics Network Analysis



While the downturn in domestic consumption has damped new investment, some retailers are taking the opportunity to expand their business with aggressive investments.

Daiso and CJ Olive Young recently built a new base in the Yeongnam region to optimize their supply chains, while also building new Fulfillment centers to expand into e-Commerce and global markets.

'Hwasung' is a logistics hub that is attracting not only 3PLs and E-Commerce, but also various manufacturing, distribution, and logistics companies.

'Cushman & Wakefield' support successful logistics real estate development projects by providing optimal solutions.



Disclaimer

The data used in the analysis was calculated and analyzed based on our logistics real estate DB, and are source data that are not available to other companies.

If you have any questions about data, please contact us through the contact below.

In Addition, this report is intended for reference and may not be used for any purpose other than for reference.

All, part, or summary thereof may not be copied, disclosed, or cited to a third party without C&W's prior written consent.

C&W does not provide any warranties or guarantees, either explicitly or implicitly, in connection with this report, and all decisions must be made by your responsibilities and reasonable judgment.

Therefore, any decisions you make based on this report are at your own risk, for any harm or damage of any kind arising out of the use of this material, C&W assumes no responsibility or liability.

Therefore, we remind you that all decisions should be made by the reasonable judgement of your company upon receipt of this report.

Consulting

Carter Kim | Team Leader

Commercial Asset Consulting

Logistics Solution

carter.kim@cushwake.com

General Inquiry - Data

Suki Kim | Team Leader

Research

suki.kim@cushwake.com

C&W

Logistics Services

Logistics Real Estate One-Stop Consulting

Market Due
Diligence &
Feasibility Study

Logistics
Leasing

Acquisition &
Disposition

Logistics real estate services details



Market Due
Diligence &
Feasibility
Study

- Logistics Real Estate Feasibility Analysis Report
- Warehouse Design Consulting
- Big data-driven Logistics Advisory



Logistics
Leasing

- Leasing Advisory
- Logistics Center Marketing
- Logistics Center Due Diligence Representation



Acquisition &
Disposition

- Disposition/Acquisition Advisory
- BUILD-TO-SUIT(BTS) Advisory
- Logistics Development Advisory