

# CUSHMAN &

## GREATER CHINA LOGISTICS MARKET

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Q1 2024



# WAKEFIELD





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## KEY TRENDS & OVERVIEW

# KEY TRENDS

## Greater China's Logistics Market



China's GDP reached RMB29.6 trillion in Q1 2024, representing an increase of 5.3% y-o-y. Facing a complex international environment in the quarter, China adhered to its general guidelines of ensuring stability while pursuing progress, focusing on expanding domestic demand and optimizing the economic structure. This led to a steady rise in production demand, and a good start to the year for the economy.



The overall logistics market continued to show a trend of recovery in Q1 2024, with logistics demand gradually improving. As policies to expand domestic demand and promote consumption were implemented, consumer activity potential was further released, and demand continued to expand. Online retail sales of physical goods grew by 11.6% y-o-y, further enhancing the role of online shopping in driving consumption growth, which in turn generated greater leasing demand in the overall premium logistics warehouse market.



Investors continued to adopt a cautious attitude in Q1 2024. In 2023, investment transaction volume in the industrial logistics property sector reached 10% of the total property sector volume. However, in Q1 2024, investment transaction volume in the industrial property sector dropped to 4%. Nevertheless, recovery in the domestic economy, combined with accelerated expansion of infrastructure C-REITs, will continue to provide development momentum for the premium logistics warehouse investment market.



The influx of new projects into the market decelerated in Q1, subsequently easing leasing pressures on the overall premium logistics warehouse market stemming from new supply. However, the traditional e-commerce and third-party logistics sectors experienced a relative slowdown in growth, resulting in insufficient new leasing demand. This has left the overall premium logistics warehouse market under persistent pressure, with rents trending downwards and regional imbalances persisting. Looking ahead, as demand in sectors such as manufacturing, 3PL and consumer goods recover, the premium logistics warehouse market is expected to gradually regain its footing.



# MARKET OVERVIEW

## Greater China's Logistics Market – Q1 2024



### MAINLAND CHINA

- The total stock of premium logistics warehouse space in mainland China reached 119 million sq m in Q1 2024.
- Approximately 257,000 sq m of new supply entered the mainland China logistics market in Q1.
- The overall vacancy rate rose 0.2 percentage points q-o-q to 16.5%.
- Overall average rents decreased 1.4% q-o-q to RMB32.4 per sq m per month.
- Ahead, an additional 33.08 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 Q1.
- Hong Kong prime warehouse rents climbed 3.6% q-o-q in Q1 to reach HK\$15.3 per sf per month. The overall vacancy rate edged down to 7.1% during the quarter, compared to 7.5% in Q4 2023.
- Despite market uncertainties, the overall market vacancy level is expected to remain tight, with no new warehouse supply scheduled until 2027.



### TAIWAN CHINA

- Total premium logistics stock increased to approximately 1.09 million pings (3.60 million sq m).
- Incoming supply is expected to add 171,900 pings (568,200 sq m) of stock by the close of 2026, an increase of approximately 15.8%.
- Around 71% of stock is concentrated in Taoyuan City, close to Taoyuan International Airport. The average monthly rental level increased to approximately NT\$700–800 per ping.

Source: Cushman & Wakefield Research

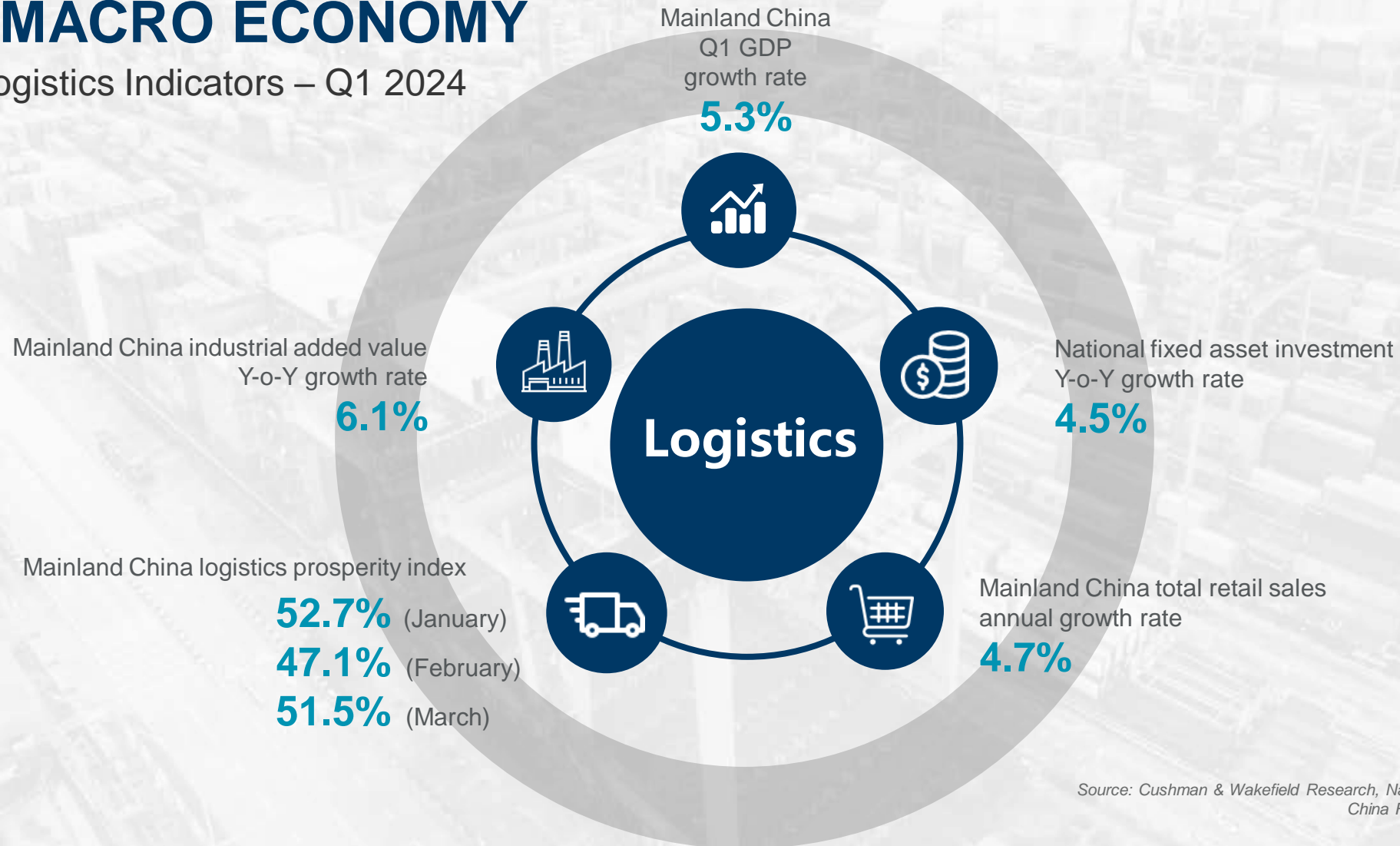
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**MACRO-ECONOMY**

02

# THE MACRO ECONOMY

## Major Logistics Indicators – Q1 2024



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

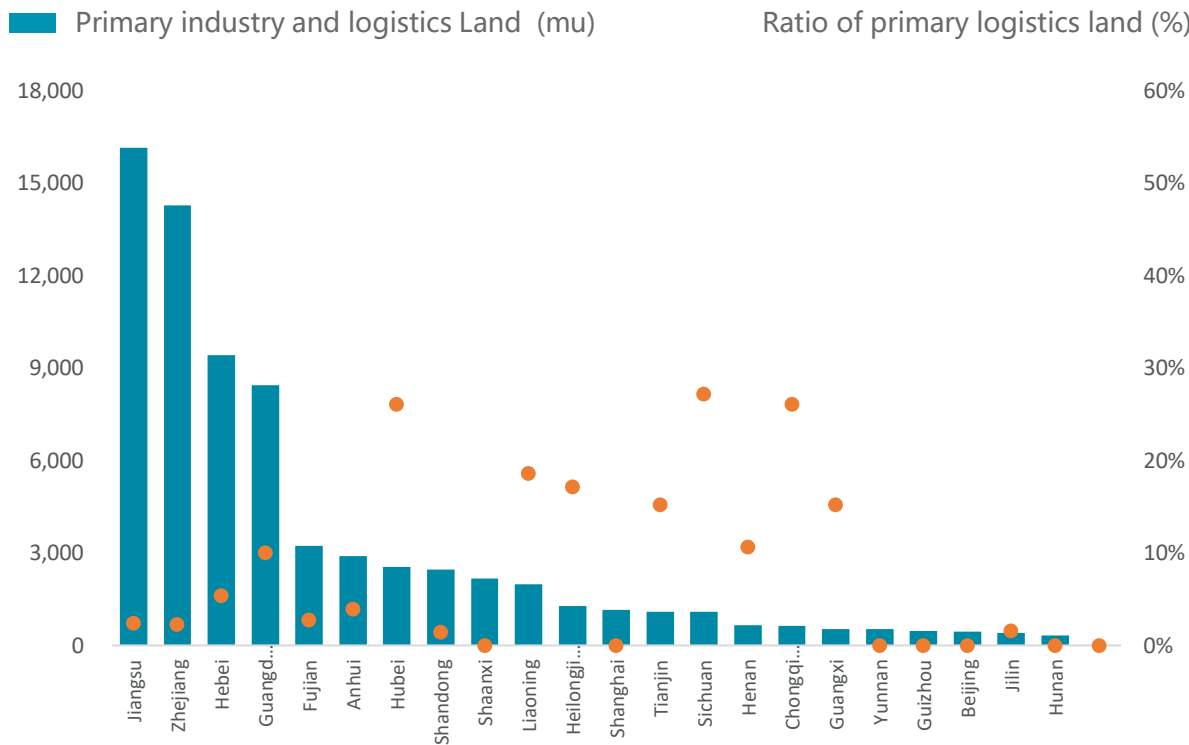


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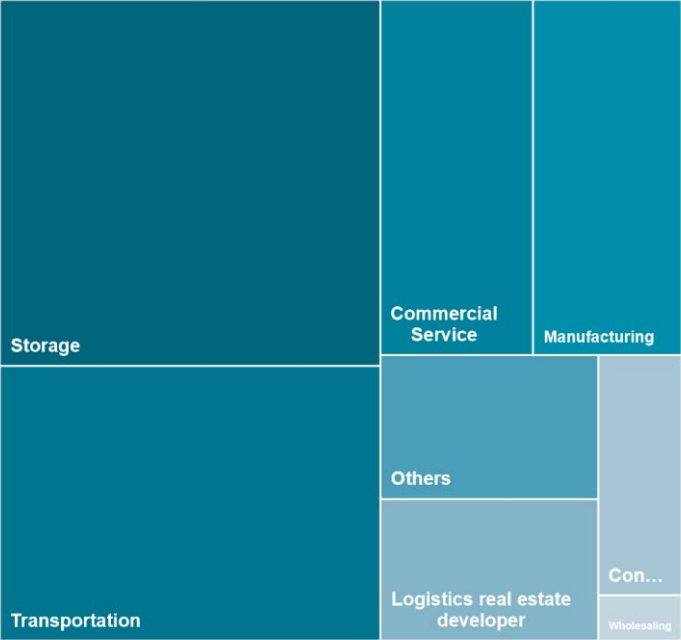
**03**  
**THE GENERAL  
MARKET**

# THE PREMIUM LOGISTICS MARKET

## Mainland China Logistics Land Supply Q1 2024



Share of primary logistics land by industry



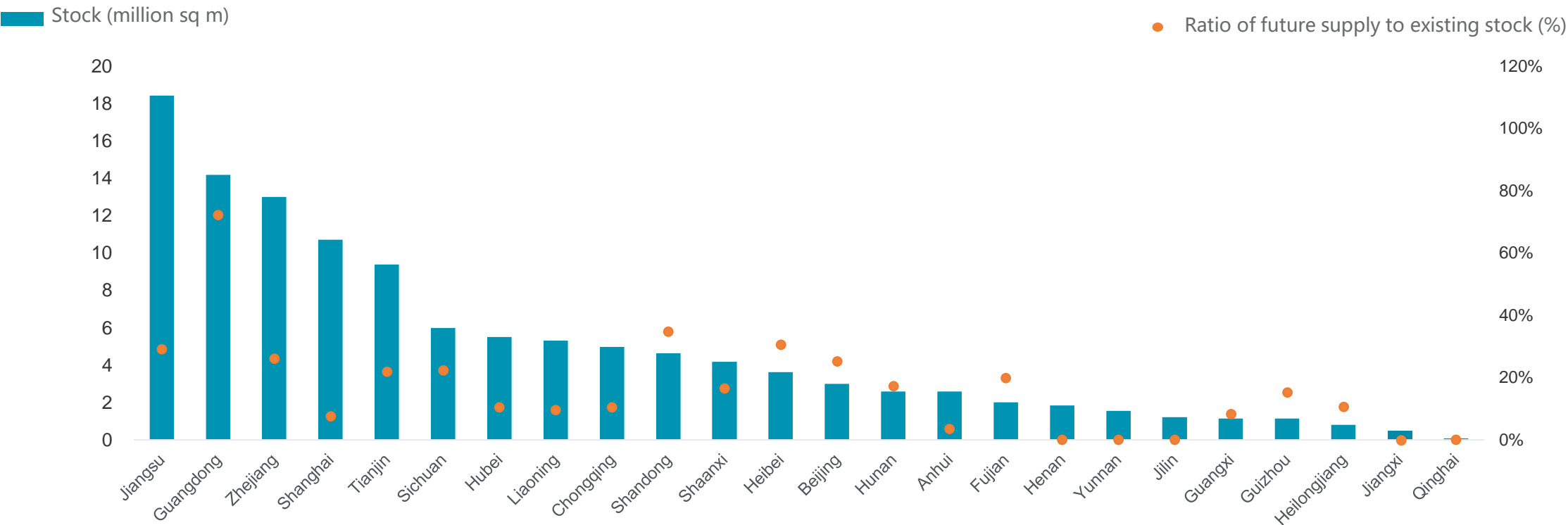
- Government sales of industrial land plots across 74 cities in mainland China totaled approximately 72,068 mu in Q1 2024. Logistics land plot supply slightly decreased, accounting for 6% of the total transaction area.
- The storage, transportation, and commercial services sectors were most active in land acquisition. Logistics real estate developers accounted for 7.1% of logistics land transactions in Q1 2024.

Source: Cushman & Wakefield Research



# THE PREMIUM LOGISTICS MARKET

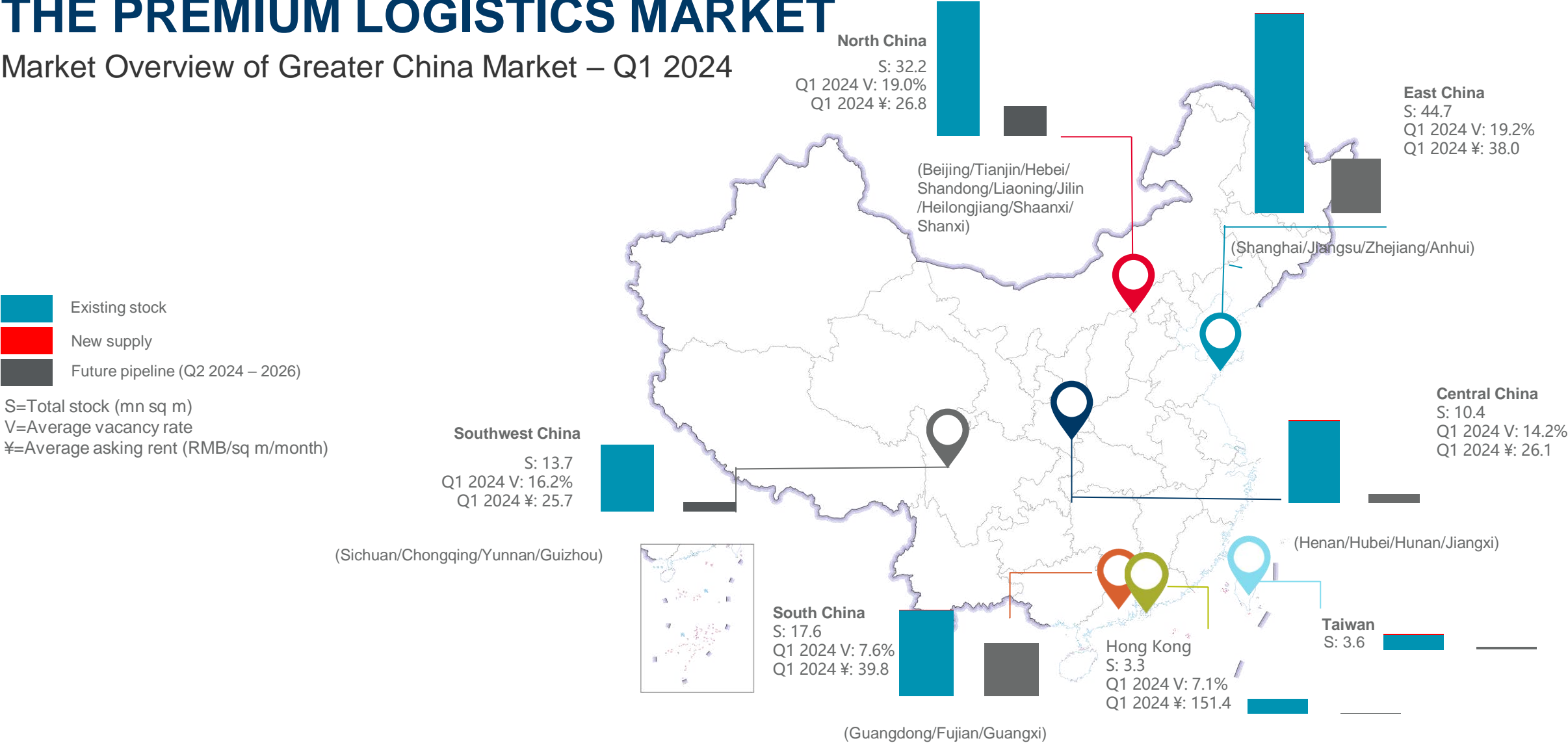
## Mainland China Stock and Future Supply (Q2 2024-2026)



- Jiangsu, Guangdong and Zhejiang were the top three locations for total stock in Q1. The momentum of new projects entering the market has eased, but the near-term high new supply situation persists, maintaining pressure on the overall logistics market. Due to relative deceleration in the growth of traditional e-commerce and third-party logistics, identifying fresh demand has emerged as a key challenge for the premium logistics warehouse market. Ahead, efforts to attract investment for premium logistics warehouses must prioritize strategic industrial operation and maintenance.
  - Guangdong, Shandong and Hebei are the top three areas in terms of the ratio of future supply to existing stock. However, total stock in Shandong and Hebei is relatively small and the future supply will have just a modest impact on the overall local logistics market.
- Source: Cushman & Wakefield Research

# THE PREMIUM LOGISTICS MARKET

## Market Overview of Greater China Market – Q1 2024

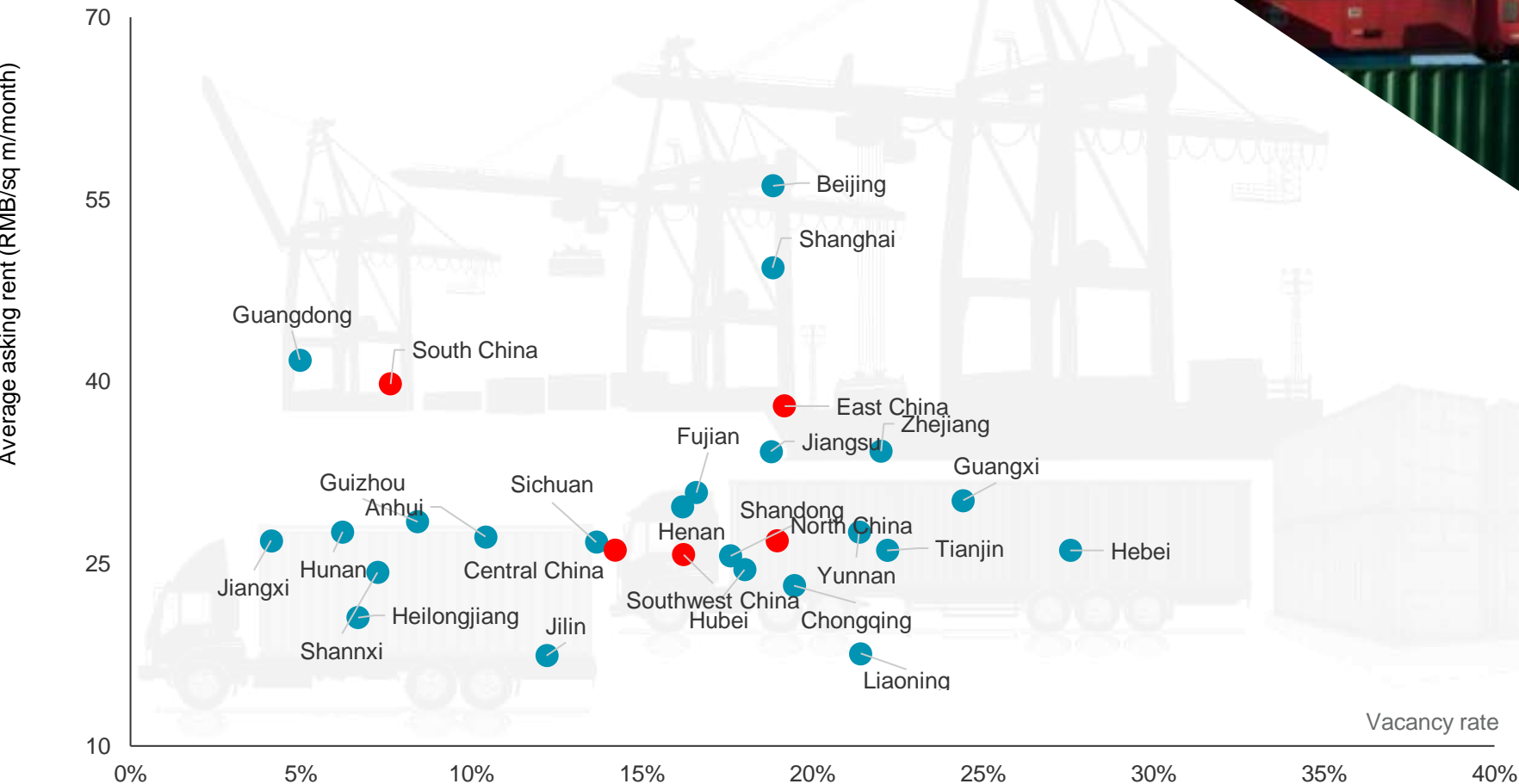


Source: Cushman & Wakefield Research



# MAINLAND CHINA PREMIUM LOGISTICS MARKET

Vacancy and Rental by Provincial Market – Q1 2024



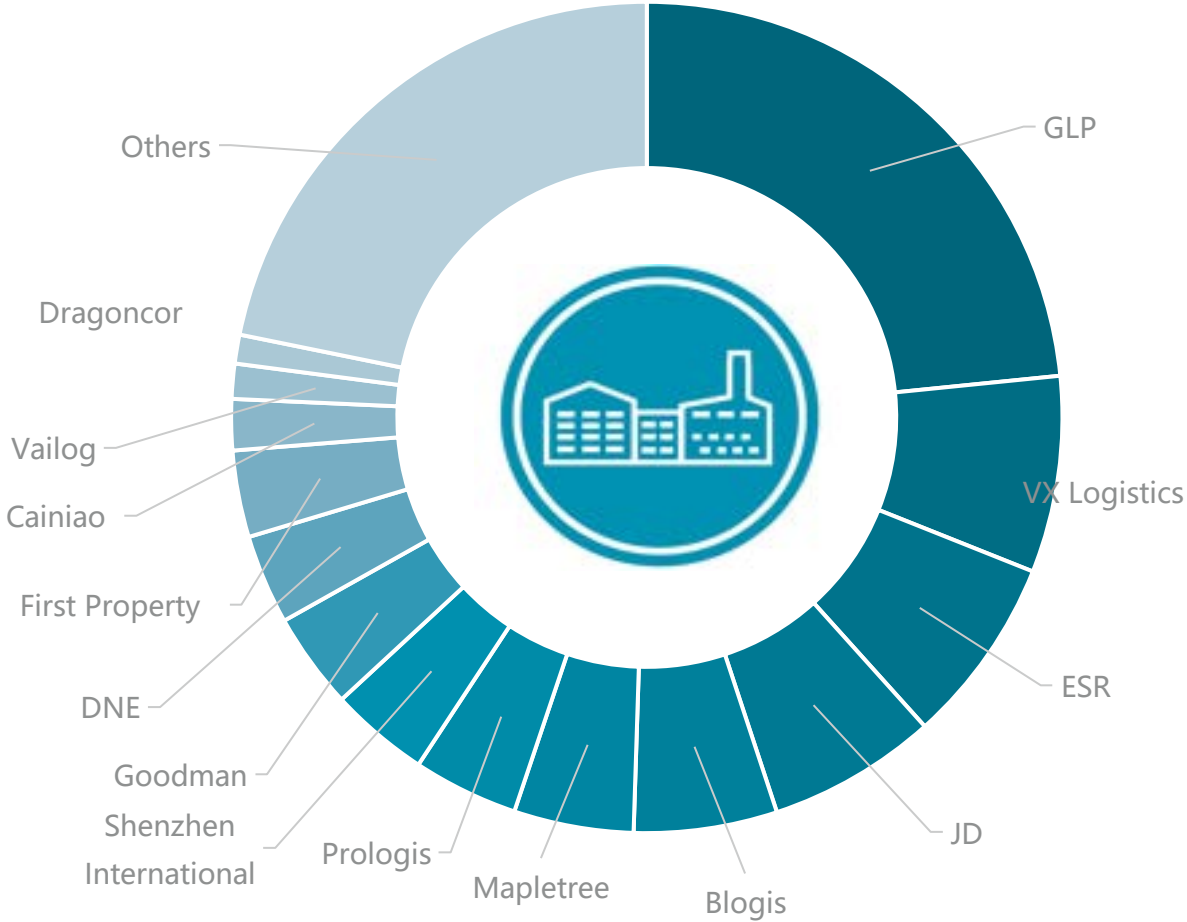
Source: Cushman & Wakefield Research

# THE PREMIUM LOGISTICS MARKET

## Mainland China Leasable Breakdown by Operator – Q1 2024

### Latest major market information:

In Q1 2024, CDH Investments Warehousing and Logistics Fund acquired 400,000 sq m of a logistics warehouse asset package from Deppon. The projects are located in key logistics node cities in China, all of which are Deppon's regional core distribution centers.



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

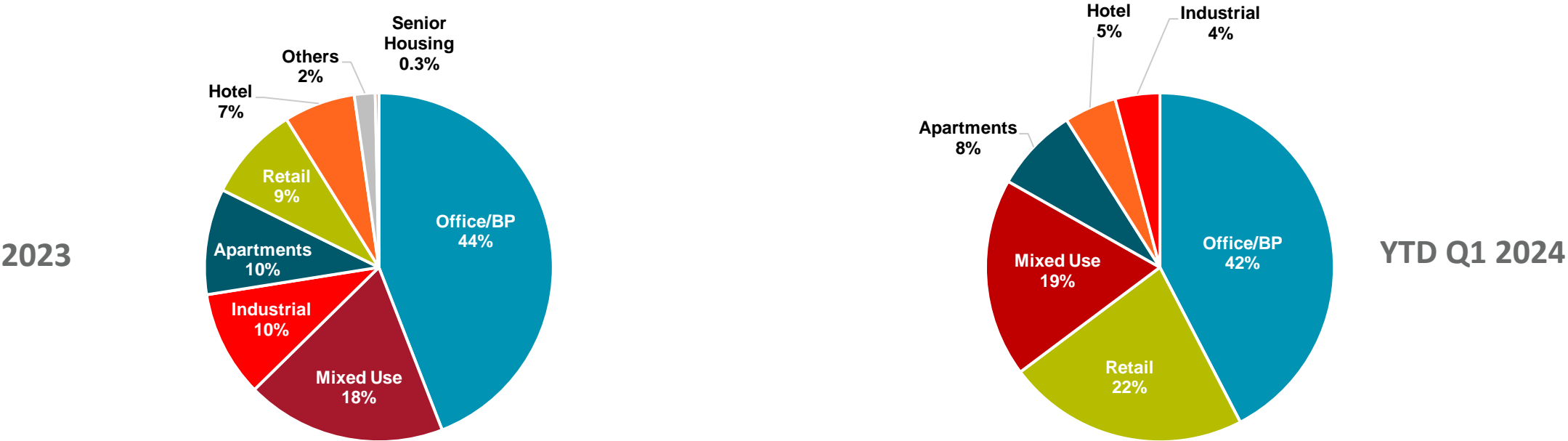
Source: Cushman & Wakefield Research



# THE PREMIUM LOGISTICS MARKET

## Investment

Investment transaction volume in mainland China – 2023 and Q1 2024



In 2023, investment transaction volume in the industrial logistics property sector reached 10% of the total property sector volume, ranking third only to the office/business park office (BPO) sector and mixed used sector.

However, in Q1 2024, investment transaction volume in the industrial property sector further declined to 4%. Nevertheless, the recovery of the domestic economy and the accelerated expansion of infrastructure C-REITs continue to provide development momentum for the premium logistics warehouse investment market.

Source: Cushman & Wakefield Research

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# 04

**THE REGIONAL  
MARKETS**

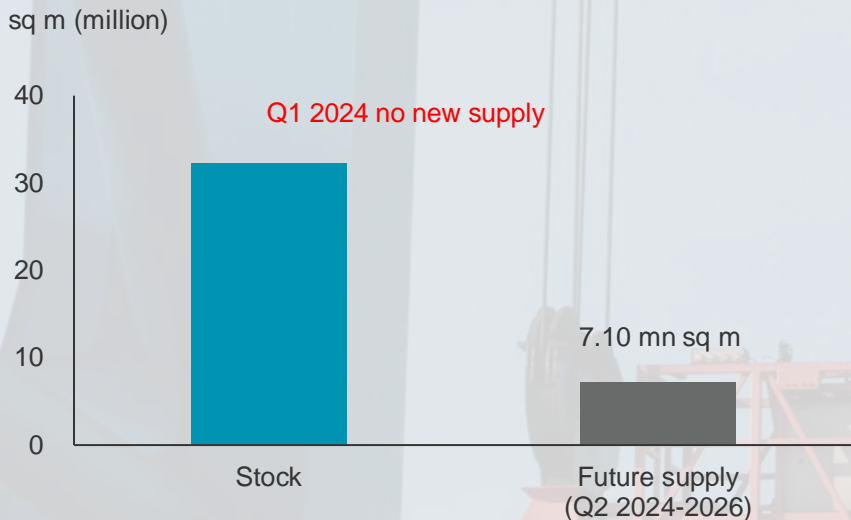


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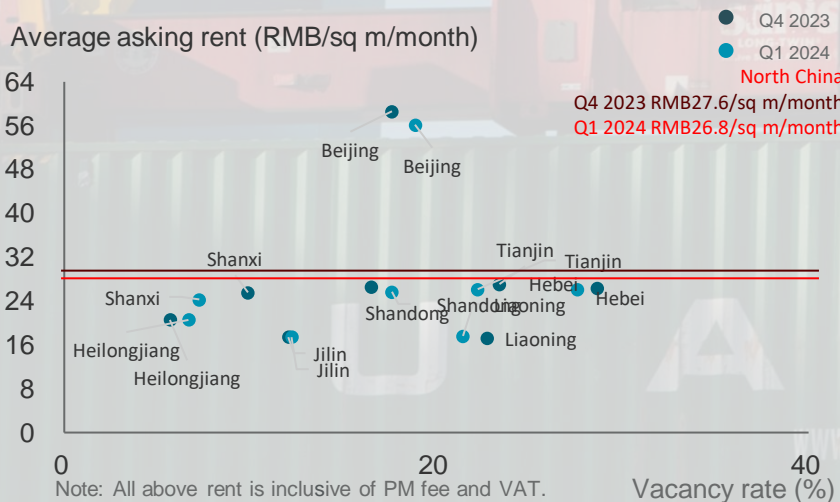
## North China Logistics Overview – Q1 2024

- The North China premium warehouse market performance was stable in Q1 2024. The average monthly rental level fell 2.7% q-o-q to RMB26.8 per sq m. The premium warehouse vacancy rate fell 0.69 percentage points to 19%.
- The Beijing premium logistics warehouse market was stable in Q1. Demand from bio-medicine sector tenants was steady, while the e-commerce, 3PL and manufacturing sectors were the key drivers of premium logistics warehouse demand. The vacancy rate in the premium logistics warehouse market rose 1.2 pp to 18.8%.
- The e-commerce and 3PL sectors were the key drivers in the premium logistics warehouse market in Tianjin. With a strong supply situation, the market faced leasing pressure. Thus, bargaining room in this market grew and average monthly rent dropped 3.5% to RMB26.1 per sq m. The vacancy rate remained at a high level. With strong supply and softened demand, it is expected that the market will experience pressure on absorption rates.
- With supply volume high, the market faced leasing pressure and afforded tenants greater bargaining power. The overall vacancy rate remained at a high level.

### Current stock, new and future supply



### Average rental and vacancy rates by mainland China provincial markets

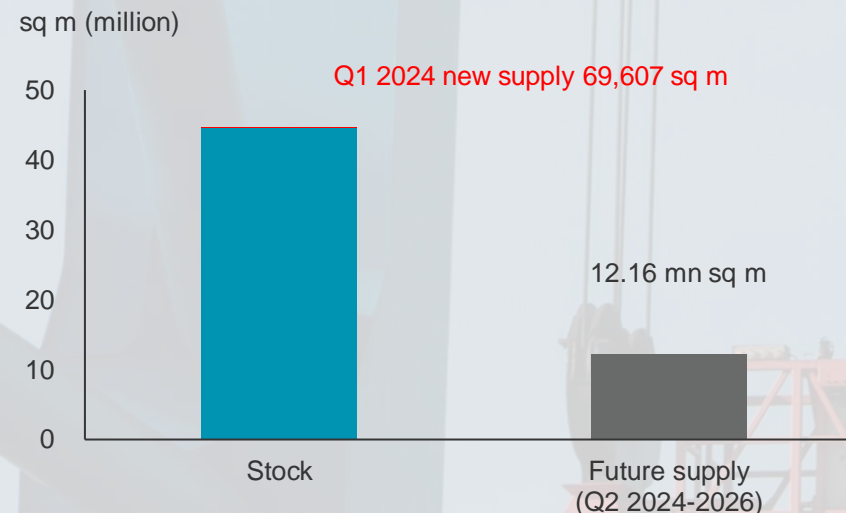


# PREMIUM LOGISTICS MARKET

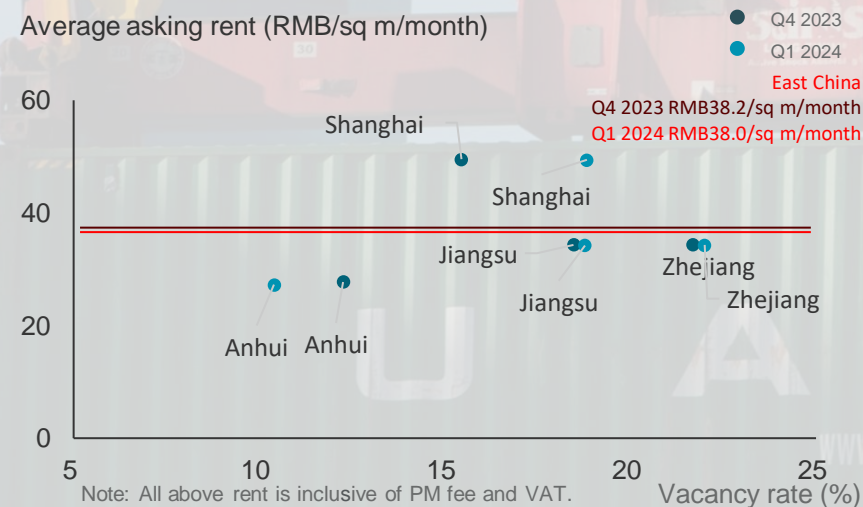
## East China Logistics Overview – Q1 2024

- The East China premium warehouse market performance remained stable in Q1 2024. The overall average monthly rental level fell 0.5% to RMB38.0 per sq m. The overall warehouse vacancy rate rose 1 percentage point to 19.2%.
- The tenant structure remained stable. The e-commerce, 3PL, express delivery and manufacturing sectors were the major demand drivers in the premium logistics warehouse market. Inquires were active, although new leasing transactions and expansion leasing transaction levels were generally flat. Some project leases expired, providing significant bargaining space for tenants in the broader market, in turn leading to a downward trend in the rental level.
- It has become relatively more difficult to match the demand from tenants with vacant projects in the market. Some projects have stricter tax requirements for tenants, which exacerbates leasing pressures and in turn the market experienced greater pressure on absorption rates.

### Current stock, new and future supply



### Average rental and vacancy rates by mainland China provincial markets



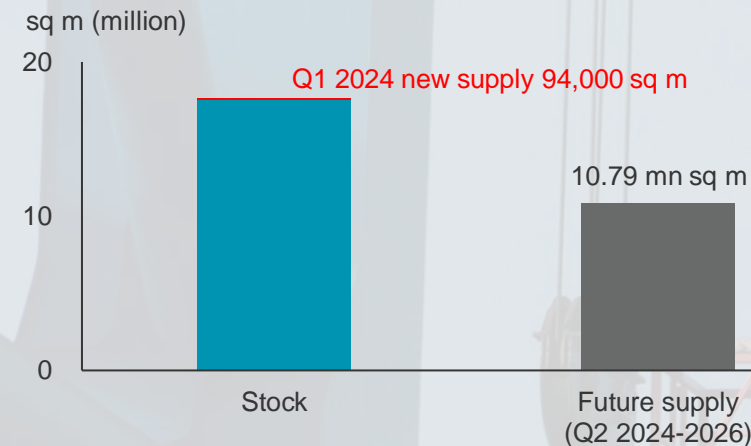
Source: Cushman & Wakefield Research

# PREMIUM LOGISTICS MARKET

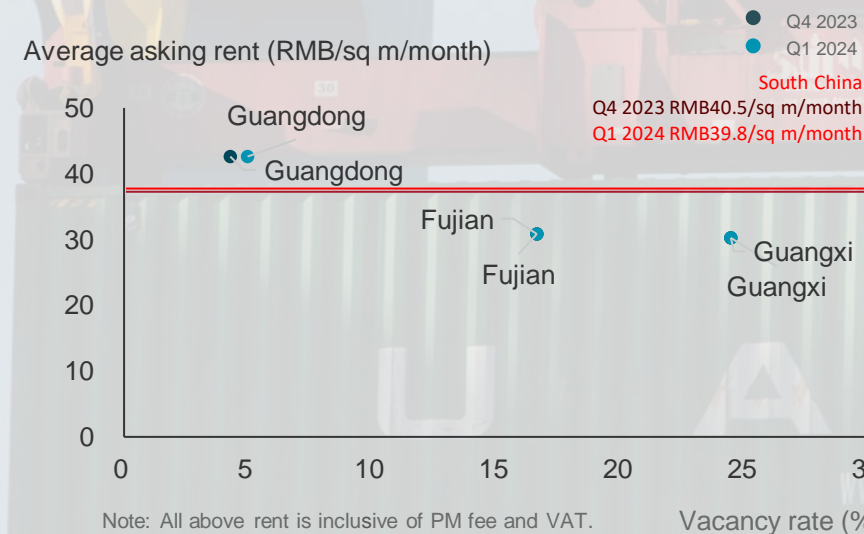
## South China Logistics Overview – Q1 2024

- The South China market recorded 94,000 sq m of new supply in Q1 2024. The overall vacancy rate rose 0.6 percentage points to 7.6%, while the average monthly rental level dropped 1.7% to RMB39.8 per sq m.
- The e-commerce and manufacturing sectors were the main drivers of activity. Demand in the Shenzhen market remained healthy. The Shenzhen vacancy rate rose slightly by 2.3 pp to reach 8%. In Dongguan, the e-commerce and 3PL sectors remained as key drivers of demand. The Dongguan vacancy rate dropped 0.8 pp to 6.7%.
- The 3PL and e-commerce sectors also remained as key drivers of demand in Guangzhou and resulted in the Guangzhou market experiencing relatively stable overall performance. With fewer lease expirations in Q1, the overall market vacancy rate rose 0.6 pp to record 4%. Meanwhile, the cross-border e-commerce sectors are expected to enter the process of securing large-scale new supply in the city market through pre-leasing.

### Current stock, new and future supply



### Average rental and vacancy rates by mainland China provincial markets



Source: Cushman & Wakefield Research

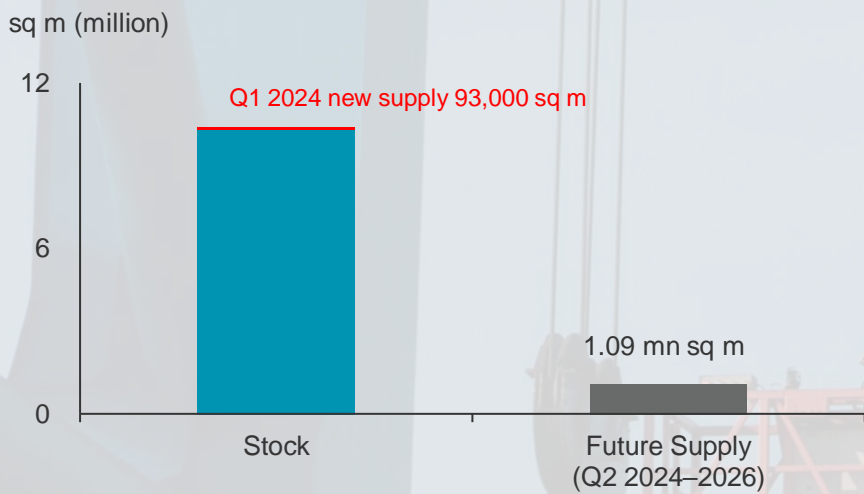


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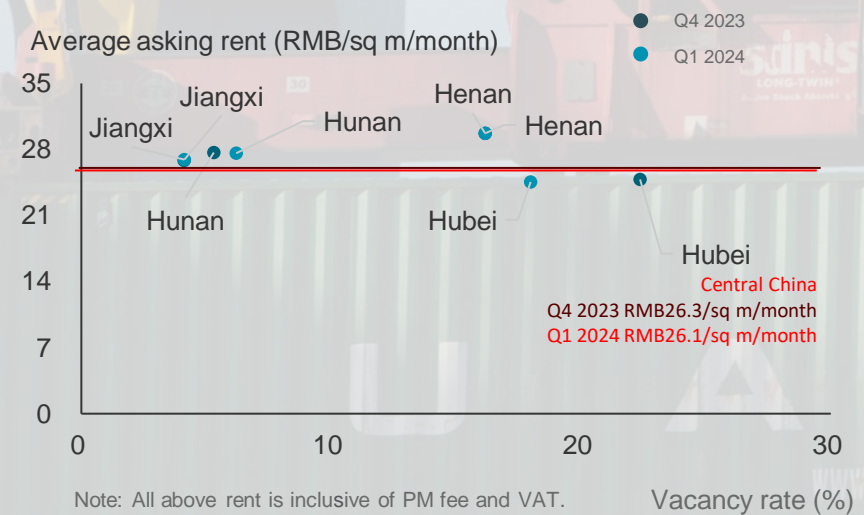
## Central China Logistics Overview – Q1 2024

- The Central China premium warehouse market was stable in Q1 2024. The overall vacancy rate dropped 1.2 percentage points to 14.2%. The average monthly rental level dropped slightly by 0. 7% to record RMB26.1 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 1.6 pp to 19.6%. The average monthly rental level fell by 1% to RMB25.5 per sq m. The large supply volume has created greater leasing pressures in the market.
- Meanwhile, overall market performance in Changsha was stable. The market recorded new supply of 93,000 sq m in Q1. The 3PL and e-commerce sectors were the major demand drivers. The average monthly rental level remained at RMB27.7 per sq m.

Current stock, new and future supply



Average rental and vacancy rates by mainland China provincial markets



Note: All above rent is inclusive of PM fee and VAT.

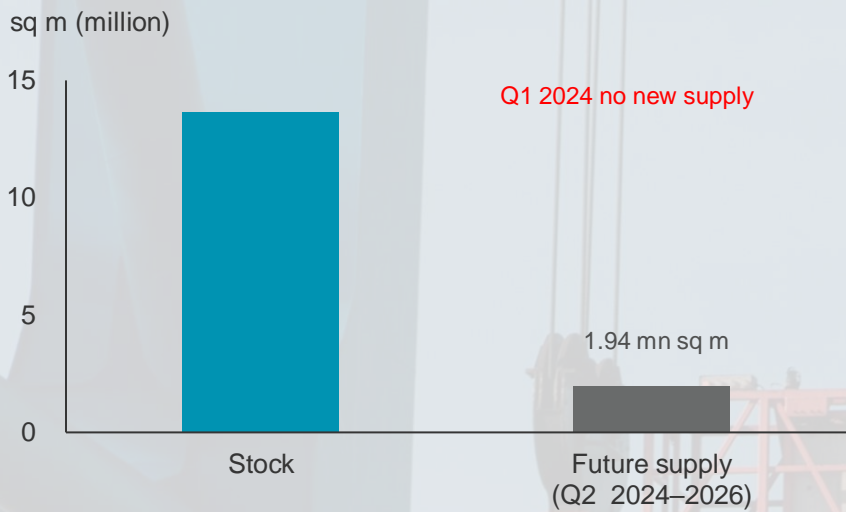
Source: Cushman & Wakefield Research

# PREMIUM LOGISTICS MARKET

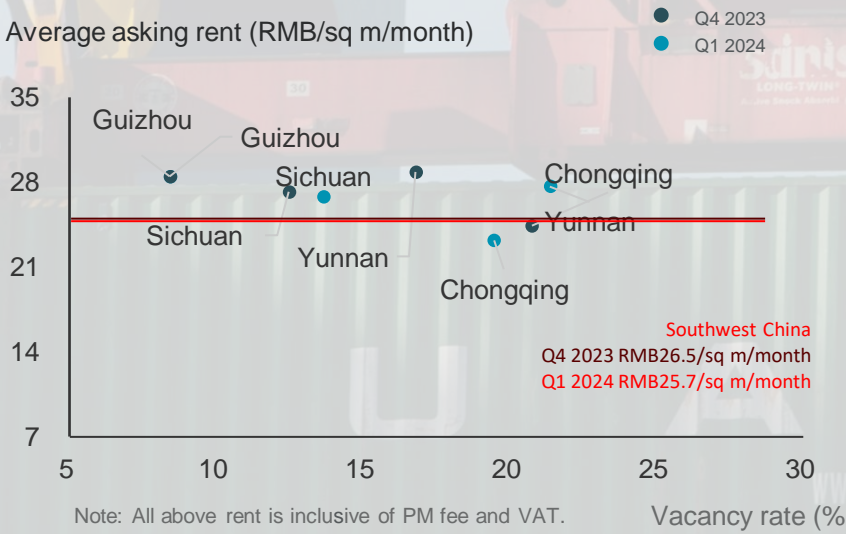
## Southwest China Logistics Overview – Q1 2024

- The overall vacancy rate in the Southwest China market rose 0.65 percentage points q-o-q to 16.2% in Q1 2024, with the average monthly rental level dropping 2.9% q-o-q to RMB25.7 per sq m.
- The Chengdu premium logistics warehouse market was stable in Q1. Some areas were active, with the 3PL, e-commerce and express delivery sectors as major demand drivers. The market vacancy rate rose 1.5 pp q-o-q to 12.6%.
- Demand for premium warehouse space in Chongqing was stable. The overall vacancy rate dropped 1.3 pp q-o-q to 19.5%. The market experienced some pressure on absorption rates.

Current stock, new and future supply



Average rental and vacancy rates by mainland China provincial markets



Note: All above rent is inclusive of PM fee and VAT.  
Source: Cushman & Wakefield Research

# MAINLAND CHINA PREMIUM LOGISTICS MARKET

## Major Market Logistics Dashboard – Q1 2024

City	Stock GFA (sq m)	Supply to 2026 GFA (sq m)	Rental change (q-o-q)	Vacancy change (pp q-o-q)
Shanghai	10,712,000	1,310,000	0.26%↓	3.38↑
Tianjin	9,382,000	2,046,000	3.46%↓	1.17↓
Chengdu	5,761,000	1,332,000	1.37%↓	1.45↑
Chongqing	4,975,000	519,000	1.84%↓	1.28↓
Wuhan	4,584,000	482,000	1.00%↓	1.64↓
Shenyang	3,959,000	369,000	1.28%↑	0.30↓
Jiaxing	3,674,000	987,000	1.18%↓	0.92↑
Guangzhou	3,652,000	2,207,000	0.32%↓	0.64↑
Kunshan	3,515,000	482,906	0.95%↓	0.74↑
Suzhou	3,509,132	1,378,000	-	0.39↓
Xian	3,383,000	688,000	3.03%↓	2.36↓
Hangzhou	3,291,000	614,000	-	1.38↑
Beijing	2,983,000	751,000	4.18%↓	1.25↑
Wuxi	2,757,000	19,000	-	0.08↑
Foshan	2,627,000	1,909,000	1.01%↓	1.65↓
Nanjing	2,529,000	255,000	-	0.49↑
Shenzhen	1,949,000	1,742,000	3.93%↓	2.31↑
Qingdao	1,673,000	406,000	3.70%↓	1.61↓
Dalian	1,347,000	61,000	3.79%↑	4.08↓
Nantong	1,036,000	793,000	-	-

Source: Cushman & Wakefield Research



# PREMIUM LOGISTICS MARKET

## Taiwan Logistics Overview – Q1 2024

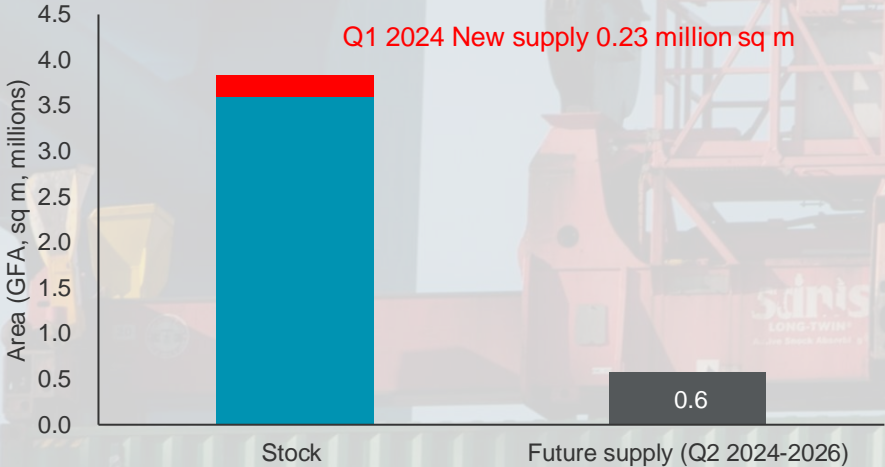
### Trade Performance

- Taiwan exports increased 12.9% y-o-y in Q1, 2024. Taiwan's international trade exports in the first quarter rose by 12.9% compared to the same period last year, driven by sustained strong opportunities in emerging technologies such as artificial intelligence. Additionally, there was general growth in exports of manufactured goods, mainly due to the rise in imports of electronic components and aviation sectors, offsetting the impact of a continued contraction in semiconductor equipment purchases. Both import and export volumes reached their second-highest levels for the same period in recent years.
- In December, wholesale sales grew 4.6% y-o-y. The wholesale trade in machinery and equipment benefited from the expansion of demand in the artificial intelligence and cloud computing sectors, driving a 20.5% y-o-y increase in related component shipments. In contrast, the wholesale trade in building materials dropped 11.2% y-o-y due to weak demand in the steel industry, coupled with steel prices being lower than in the same month last year. Retail sales in Q1 rose by 3.1% y-o-y, with a 6.4% increase in e-commerce and mail-order sales. Retail sales of “Other Integrated” sector goods expanded by 4.1%, indicating that the domestic market continues to drive the growth of Taiwan's logistics and warehousing demand.

### Logistics Property Market Performance

- Total premium logistics stock grew to approximately 1.09 million pings (3.60 million sq m). In addition, 171,900 pings (568,000 sq m) of new stock will be added by 2026, raising the total stock by 15.8%.
- Taiwan's overall high-quality logistics distribution is concentrated in Taoyuan City, adjacent to Taiyuan International Airport, with 71% of the total. In response to growing logistics demand, four major retail firms 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 level is in the NT\$700–NT\$800 per ping per month range.

Current stock, new & future supply



Source: Cushman & Wakefield Research

# PREMIUM LOGISTICS MARKET

## Hong Kong Logistics Overview – Q1 2024

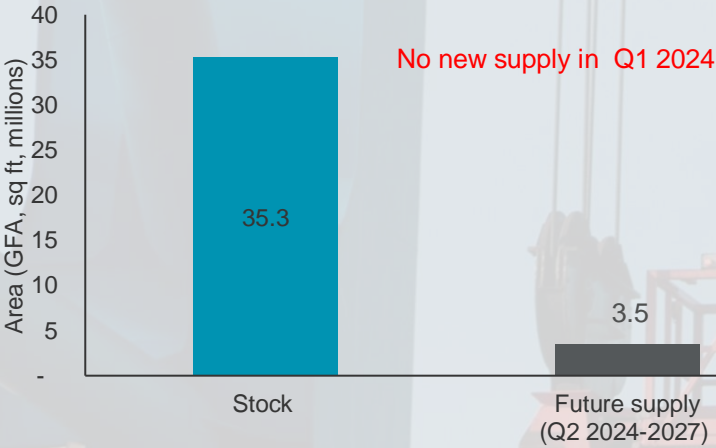
### Trade Performance

- Hong Kong’s external merchandise trade performance strengthened notably in the months of January and February combined, with total exports and imports recording growth of 16.6% y-o-y and 9.7% y-o-y, respectively. This was largely due to the low base of comparison from last year, prior to the city’s border reopening in February 2023. By export location, seven of the top 10 country markets recorded positive y-o-y increases, including Japan (43.8% y-o-y), India (34.7% y-o-y), Singapore (25.9% y-o-y) and mainland China (25.7% y-o-y).
- Hong Kong’s GDP growth increased to 4.3% y-o-y in Q4 2023, slightly up from 4.1% y-o-y in Q3 2024. Meanwhile, the overall business conditions improved mildly, with the S&P PMI index for Hong Kong strengthening to 50.9 points in March, after two consecutive months of contraction from 49.9 and 49.7 in January and February, respectively.

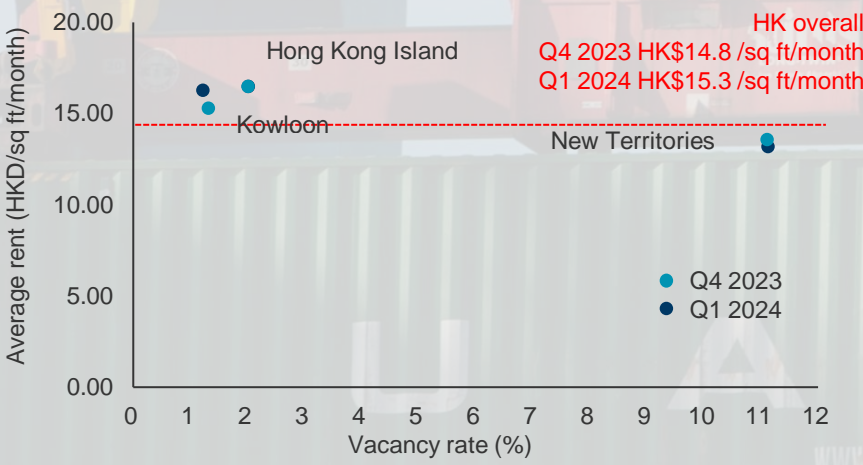
### Logistics Property Market Performance

- Hong Kong prime warehouse rents climbed 3.6% q-o-q in Q1 to reach HK\$15.3 per sq ft per month, led by growth in the Kowloon submarket at 6.4% q-o-q.
- Several premium warehouse landlords took advantage of low vacancy in their portfolio to ask higher rents, particularly in Kowloon where available options with good locations and quality buildings are limited. Rents on Hong Kong Island remained stable, while New Territories rents dropped 3.0% q-o-q as vacancy in the area remained high.

### Current stock and future supply



### Average rental and vacancy rates by submarket



Source: Cushman & Wakefield Research

Source: Cushman & Wakefield Research

# PREMIUM LOGISTICS MARKET

## Recent Notable Transactions & Outlook

### Notable Transactions

- The market observed greater enquiries for relocation and upgrading of logistics space in Q1 2024. The overall vacancy rate edged down to 7.1% during the quarter, compared to 7.5% in Q4 2023. While vacancy rates in Hong Kong Island and Kowloon remained tight, vacancy in the New Territories fell to 18.3%, down 2.2 percentage points q-o-q, mainly driven by greater occupancy in Tuen Mun.
- Key new transactions in Q1 included Prime Rich International Logistics' lease of 14,000 sf at Edwick Industrial Centre in Kwai Chung, while pharmaceutical firm Atlas International Enterprises took a 13,700 sf space in Sunray Industrial Centre in Kwun Tong. In renewal activities, Canon Electronic Business Machines renewed 22,800 sf space in Ever Gain Plaza 1 in Kwai Chung, while HGC Global Communications renewed 12,700 sf in Sino Favour Centre in Chai Wan, both companies from the consumer products sector.

Building	District	Tenant	GFA sq ft	Type
Ever Gain Plaza 1	Kwai Chung	Canon Electronic Business Machines	22,800	Renewal
Edwick Industrial Centre	Kwai Chung	Prime Rich Int'l Logistics	14,000	New Letting
Sunray Industrial Centre	Kwun Tong	Atlas Int'l Enterprises	13,700	New Letting
Sino Favour Centre	Chai Wan	HGC Global Communication	12,700	Renewal

Source: EPRC, Cushman & Wakefield Research

### Outlook

- Looking ahead, we expect to see some demand generated from F&B central kitchen operators and automobile brand showrooms. Despite market uncertainties, the overall market vacancy level is expected to remain tight, with no new warehouse supply scheduled until 2027. Consequently, we expect warehouse rental levels to remain largely stable in 2024, with low single-digit growth anticipated.





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05  
THE GENERAL  
OUTLOOK



# THE PREMIUM LOGISTICS MARKET

## General Outlook – Key Takeaways

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- The momentum of new projects entering the market has eased, but the near-term high new supply situation persists, maintaining pressure on the overall logistics market. Due to relative deceleration in the growth of traditional e-commerce and third-party logistics sectors — potentially leaving the overall premium logistics warehouse market under persistent pressure — identifying fresh demand will be a key challenge for the premium logistics warehouse market.
- Ahead, efforts to attract investment for premium logistics warehouses must prioritize strategic industrial operations and maintenance. At the operational level, it will be imperative to plan proactively, create a comprehensive vertical industrial framework, and infuse capital to sustain the facility's progress. At the product level, a combination of green practices, cutting-edge technology, openness, and adaptability is crucial. This approach will attract customers from rising and potential industries, foster expansion activity, and secure a competitive edge in the upcoming intense market battle.



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