



GREATER CHINA LOGISTICS MARKET

Q3 2024

Better never settles



01

KEY TRENDS & OVERVIEW

**WE DIDN'T
COME THIS FAR
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KEY TRENDS

Greater China's Logistics Market



China's GDP reached RMB95.0 trillion for the first three quarters of 2024, representing year-on-year (y-o-y) growth of 4.8%. Since the beginning of 2024, the macroeconomic environment has been complex and changing, with external pressures intensifying and China's economy being at a key stage of structural adjustment. Nevertheless, the economy has maintained stability, demonstrating resilience and potential, which lays the foundation for its continued growth into the future.



In the first three quarters of 2024, aided by favourable factors such as the emergence of industrial agglomeration effects, the accelerated formation of new logistics productivity, and enhanced supply-demand matching capabilities, the overall logistics market continued to stabilise. The total value of social logistics goods in China reached RMB258.2 trillion, representing y-o-y growth of 5.6%. In the consumer sector, new e-commerce models such as live streaming sales and instant retail have developed rapidly, and the policy of replacing old consumer goods with new ones has stimulated online consumption growth, with online retail sales of physical goods expanding by 7.9% y-o-y. In the industrial sector, demand for industrial product logistics services has grown rapidly, with total value of industrial logistics products increasing by 5.6% y-o-y.



In the investment market, investors have maintained a cautious attitude for a sustained period, yet the industrial logistics sector's share of total investment expanded to 9% in the first three quarters of 2024. From a policy perspective, the issuance of the notice by the National Development and Reform Commission in July on *Comprehensively promoting the normalised issuance of Real Estate Investment Trusts (REITs) in the infrastructure sector* will also continue to drive the development of the investment market.



In Q3 2024, overall demand in the premium logistics warehouse market remained stable. Supported by traditional e-commerce festivals, the expansion of cross-border e-commerce, and the positive impact of policies promoting consumption, leasing demand in the premium logistics warehouse markets in some cities and regions expanded, resulting in some rental growth and a decline in vacancy rates. However, for the overall market, tenants remain cautious on leasing new warehouse space, and landlords in cities with lower demand continue to adopt the strategy of trading leasing space volume for lower rentals to maintain occupancy rates. Looking ahead, while continued upgrading of the industry will bring new demand and favourable policies continue to take effect, together with a slowdown in new supply, full recovery of the overall premium logistics warehouse market will still require time to materialize.

MARKET OVERVIEW

Greater China's Logistics Market – Q3 2024



CHINESE MAINLAND

- The total stock of premium logistics warehouse space on the Chinese mainland reached 124 million sq m in Q3 2024.
- Approximately 977,000 sq m of new supply entered the Chinese mainland logistics market in Q3.
- The overall vacancy rate rose 0.9 percentage points q-o-q to record 18.0%.
- Overall average rents fell 1.1% q-o-q to RMB31.2 per sq m per month.
- Ahead, an additional 32.06 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 Q3.
- The Hong Kong overall prime warehouse vacancy rate rose in Q3 by 1.2 percentage points q-o-q to record 7.8%. The overall prime warehouse rental level stayed relatively stable at HK\$15.2 per sq ft per month, up 0.1% q-o-q.
- Looking ahead, occupiers will likely remain in a wait-and-see stance and take a prudent approach towards the end of 2024. We expect the vacancy rate to remain stable, as the market will not be seeing other significant new logistics facilities supply until 2027.



TAIWAN, CHINA

- Total premium logistics stock was unchanged from the previous quarter at 1.10 million pings (3.62 million sq m).
- Incoming supply is expected to add 240,280 pings (794,300 sq m) of stock by the close of 2026, an increase of approximately 21.9%.
- Around 79% of stock is now 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



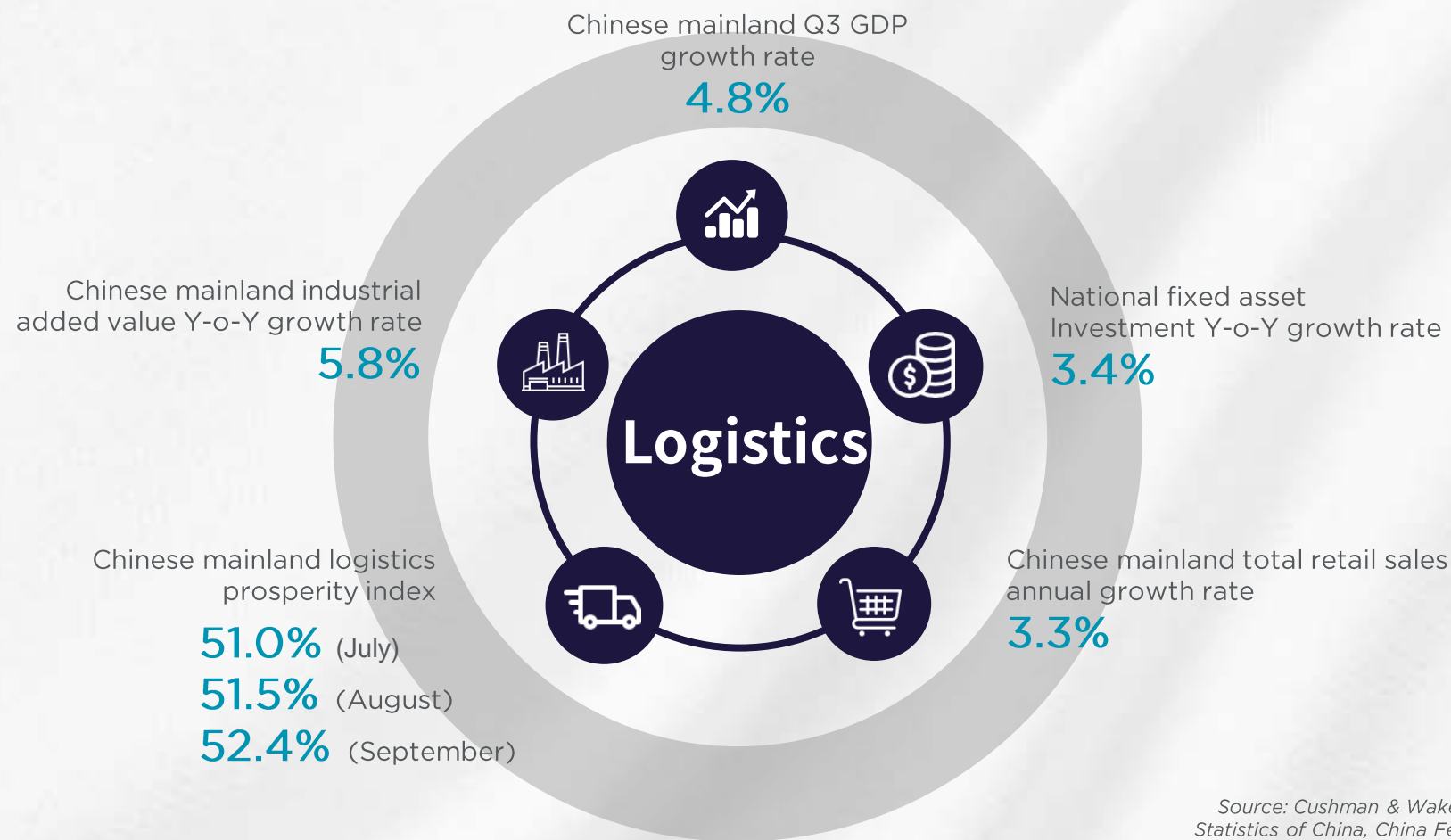
02

MACRO - ECONOMY

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THE MACRO ECONOMY

Major Logistics Indicators – Q3 2024



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



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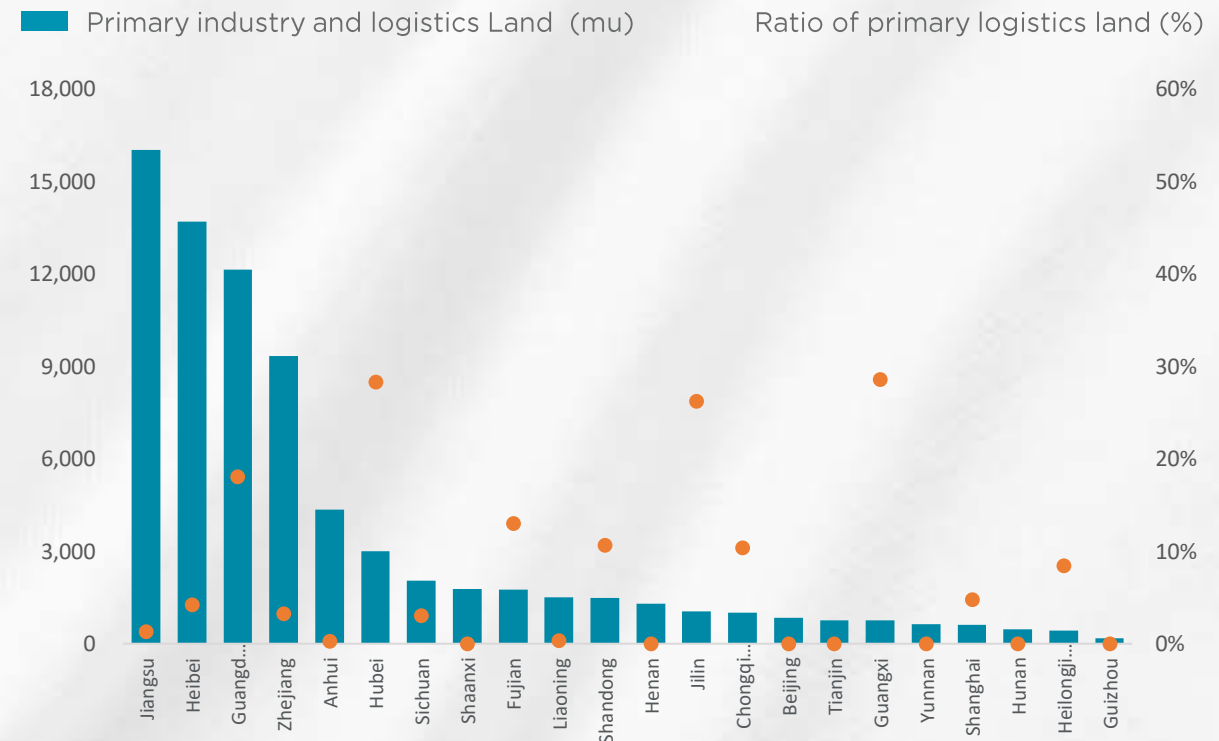
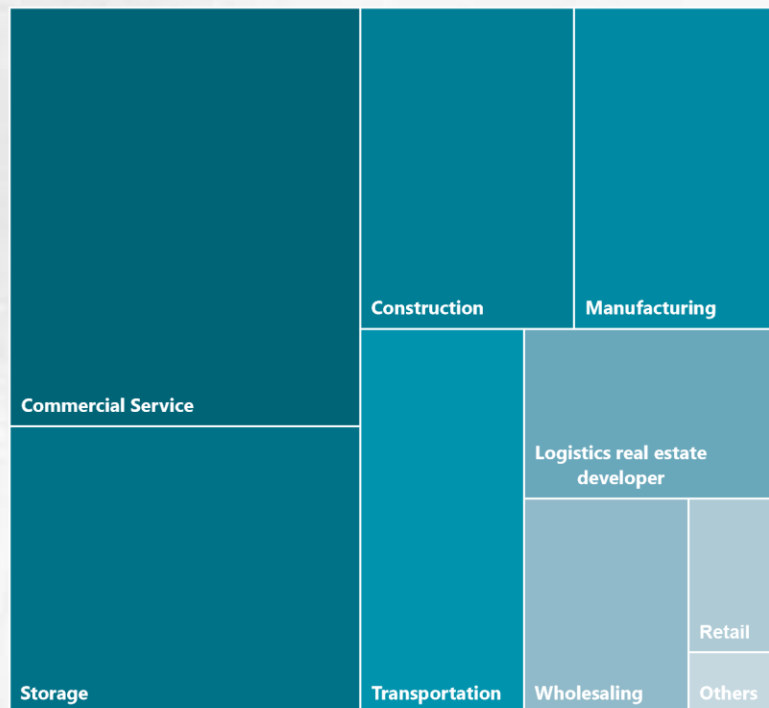
THE GENERAL MARKET

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THE PREMIUM LOGISTICS MARKET

Chinese Mainland Logistics Land Supply Q3 2024

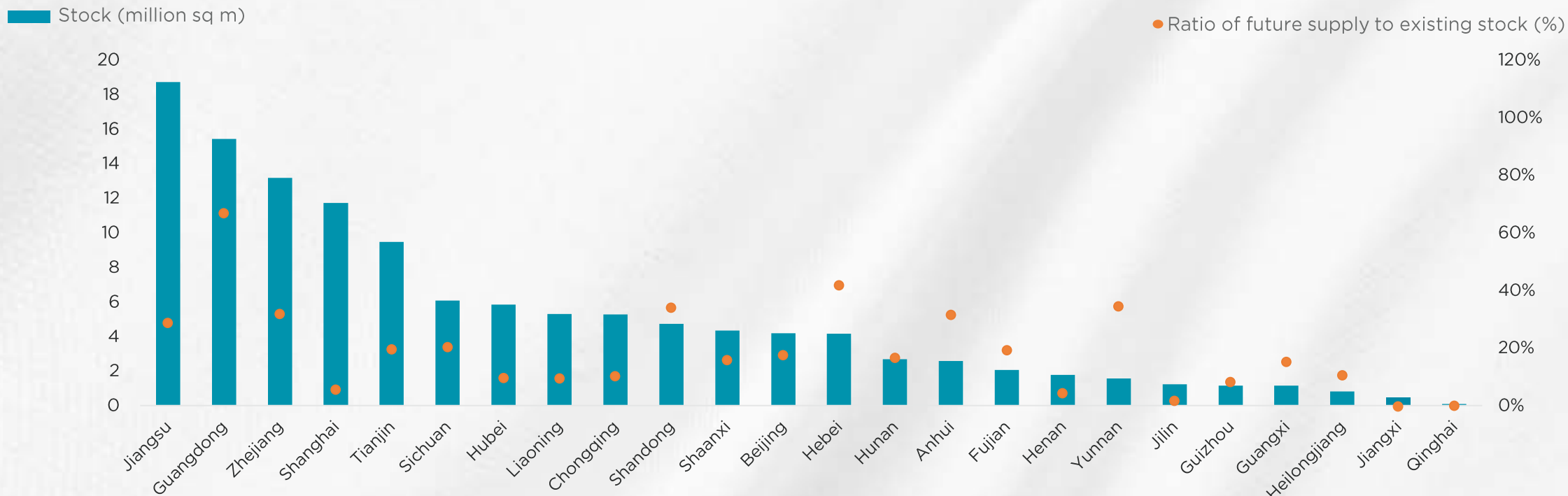
Share of primary logistics land by industry



- Government sales of industrial land plots across 74 cities on the Chinese mainland totaled approximately 74,948 mu in Q3 2024. Logistics land plot supply slightly increased, accounting for 7.0% of the total transaction area.
- The commercial services, storage, and construction sectors were most active in land acquisition. Logistics real estate developers accounted for 8.0% of logistics land transactions in Q3 2024.

THE PREMIUM LOGISTICS MARKET

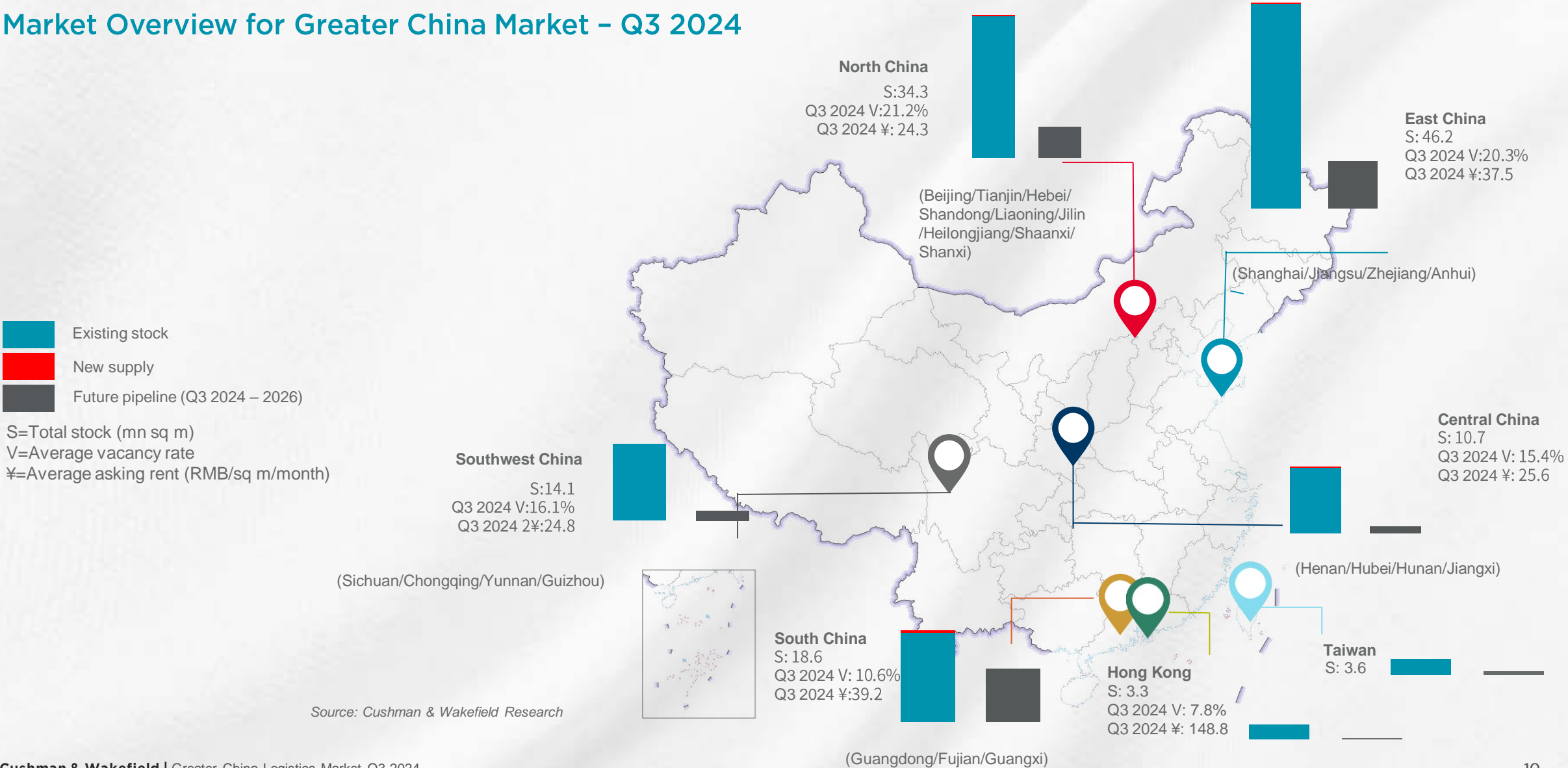
Chinese Mainland Stock and Future Supply (Q4 2024-2026)



- Jiangsu, Guangdong and Zhejiang were the top three locations for total stock in Q3. As the momentum of new supply slows, the overall premium logistics warehouse market is showing a gradual trend of recovery. Consequently, vacancy rates have decreased to some extent in cities and regions with strong demand. While maintaining existing customers, operators in the warehousing and logistics markets should focus their strategies on monitoring new demand sources, such as the need for warehousing space driven by the development of traditional retail, cross-border e-commerce, and manufacturing industries, thereby injecting new vitality into the overall high-standard warehouse market.
- Guangdong, Hebei and Yunnan are the top three areas in terms of the ratio of future supply to existing stock. However, total stocks in Hebei and Yunnan are relatively small and the future supply will only have a slight impact on the overall local logistics market.

THE PREMIUM LOGISTICS MARKET

Market Overview for Greater China Market – Q3 2024

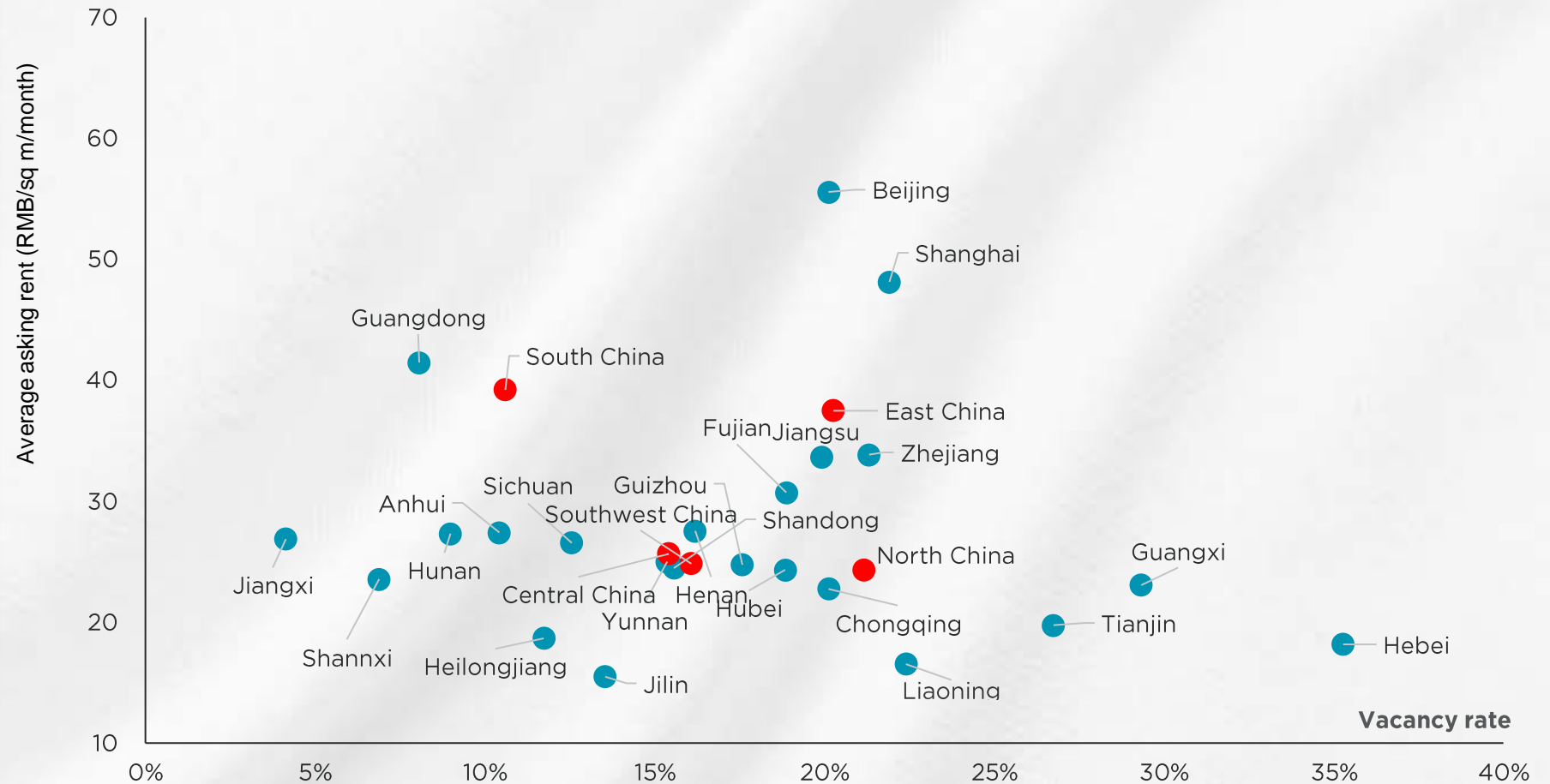


CHINESE MAINLAND PREMIUM LOGISTICS MARKET

Vacancy and Rental by Provincial Market - Q3 2024



Source: Cushman & Wakefield Research

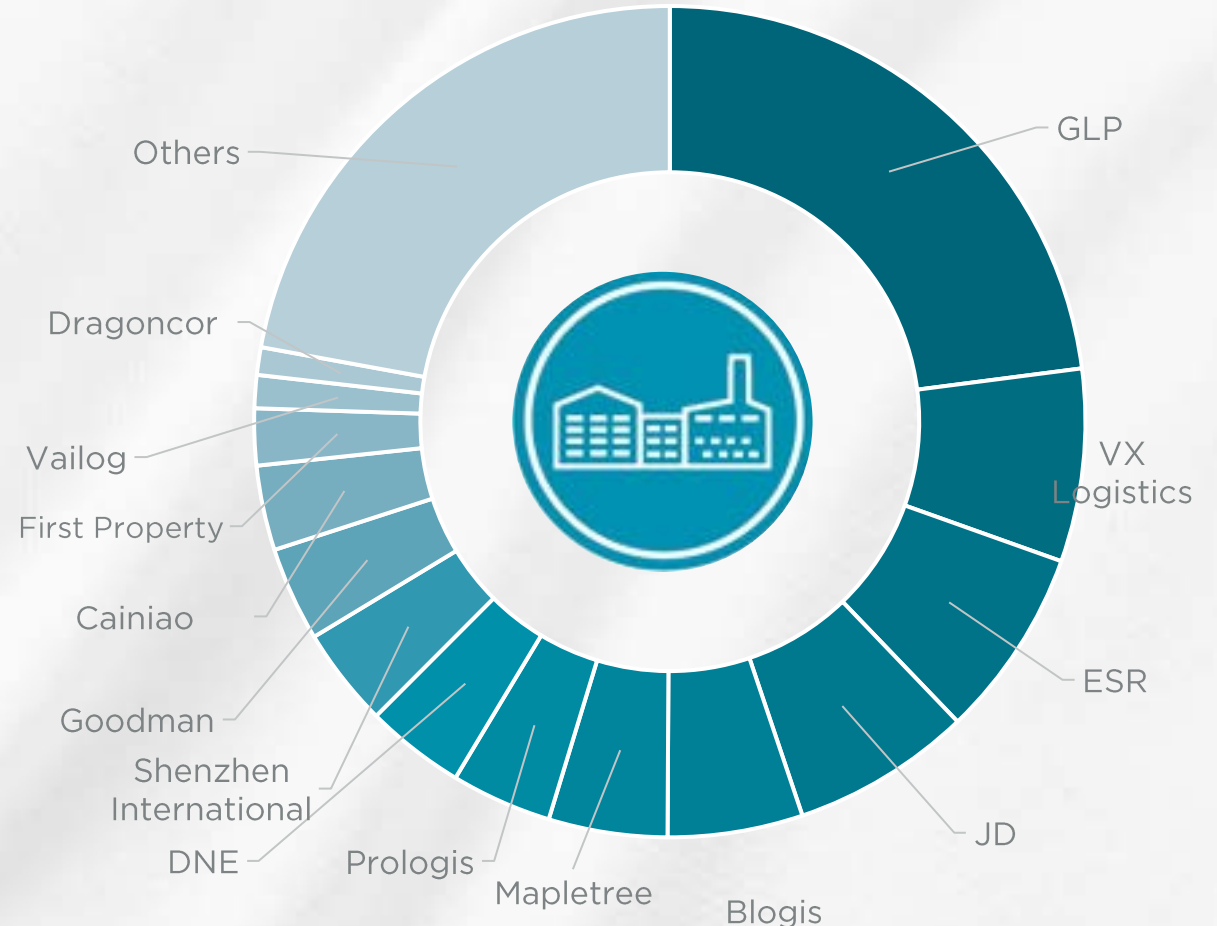


THE PREMIUM LOGISTICS MARKET

Chinese Mainland Leasable Breakdown by Operator - Q3 2024

Latest major market information:

In Q3 2024, Dongbai Group announced that it plans to sell off its four warehousing and logistics projects in a single transaction, with a total transaction price of RMB279 million. The buyer is Blackstone Group.



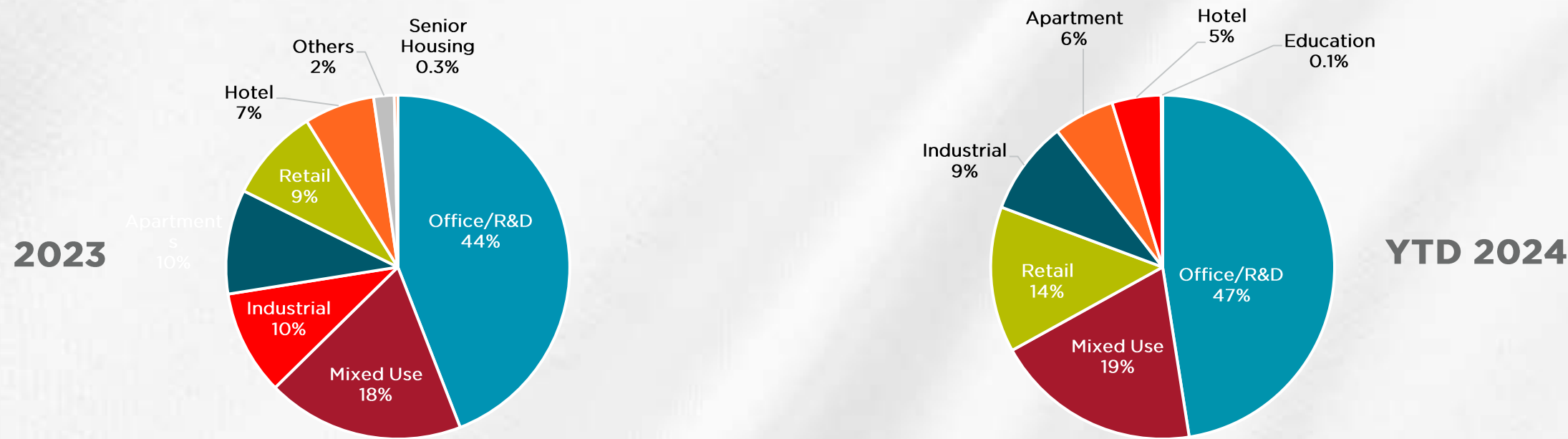
Note: By Operator Holding >1% of Total Market Stock

Source: Cushman & Wakefield Research

THE PREMIUM LOGISTICS MARKET

Investment

Investment transaction volume on the Chinese mainland – 2023 and YTD 2024



For the full-year 2023, investment transaction volume in the industrial logistics property sector reached 10% of the total property sector volume. For the first three quarters of 2024 this figure declined to 9%.

From a policy perspective, the issuance of the notice by the National Development and Reform Commission in July on *Comprehensively promoting the normalised issuance of Real Estate Investment Trusts (REITs) in the infrastructure sector* will also help drive the development of the warehousing and logistics investment market.



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THE REGIONAL MARKETS

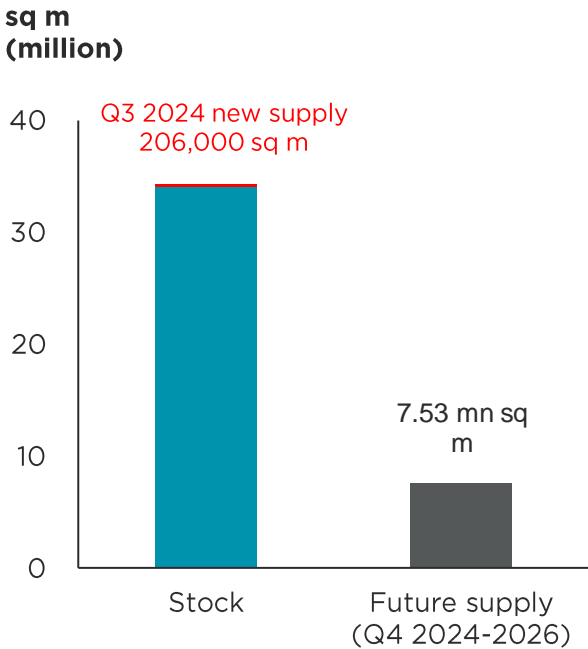
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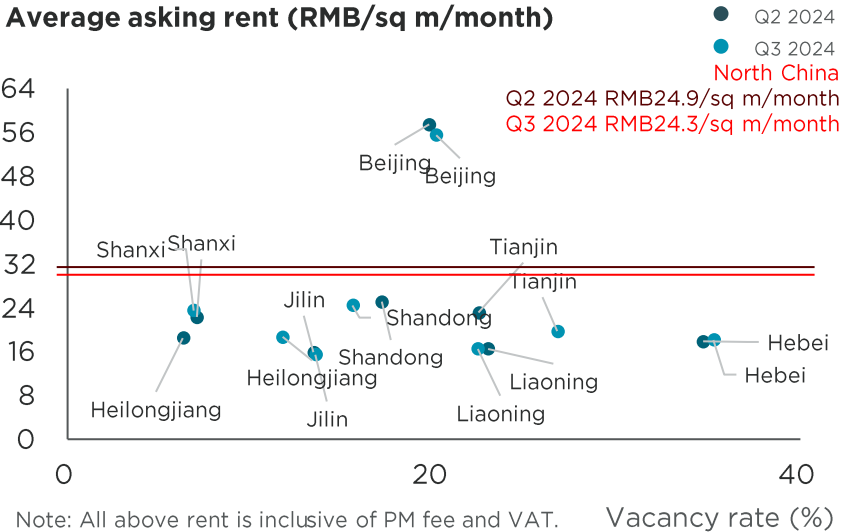
North China Logistics Overview – Q3 2024

- The North China premium warehouse market performance was stable. The average monthly rental level fell 2.4% q-o-q to RMB24.3 per sq m. The premium warehouse vacancy rate rose 1.2 percentage points to 21.2%.
- The e-commerce, 3PL and manufacturing sectors were the key drivers in the premium logistics warehouse market in Beijing. The market continued to absorb existing stock at a slow pace, with average rent down 3.3% to RMB55.6 per sq m.
- The e-commerce, 3PL, manufacturing and retail sectors have remained the major demand drivers in the premium logistics warehouse market in Tianjin. With strong supply and softer demand, the market is affording tenants greater bargaining power. The average monthly rental level fell 14.6% q-o-q to RMB19.7 per sq m, while the vacancy rate remained at a high level.
- With strong supply and softer demand, the overall vacancy rate remained at 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



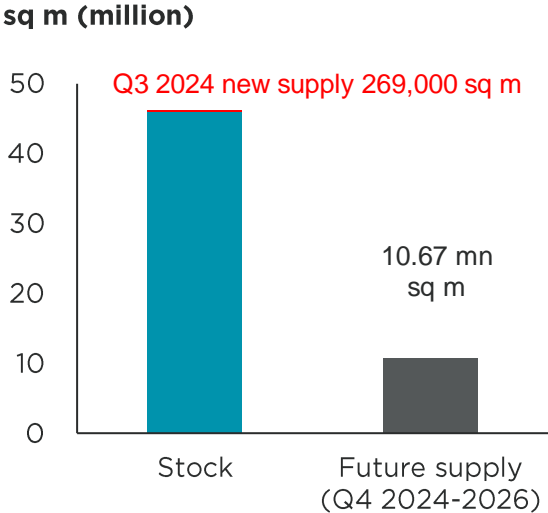
Source: Cushman & Wakefield Research

PREMIUM LOGISTICS MARKET

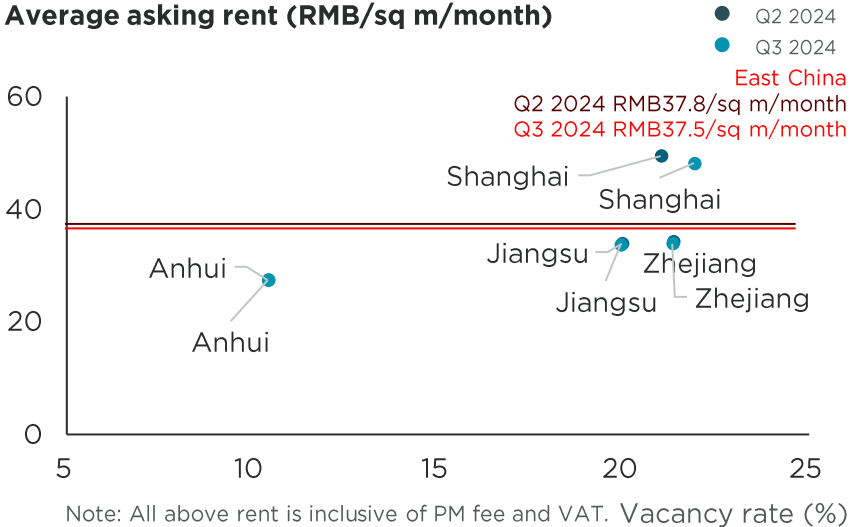
East China Logistics Overview – Q3 2024

- The East China premium warehouse market performance remained constant. The market saw new completions reach 269,000 sq m. The overall average monthly rental level fell 0.9% to RMB37.5 per sq m. The overall warehouse vacancy rate rose 0.2 percentage points q-o-q to 20.3%.
- The e-commerce, 3PL, express delivery and manufacturing sectors were the major demand drivers in the premium logistics warehouse market. Some sectors are now relocating to regions with lower rental levels after the expiry of leases. Projects in non-core areas face greater leasing competition, with landlords trimming rents to attract tenants.
- The overall warehouse vacancy rate remained at 20% in Jiangsu and rose 1 percentage point q-o-q to 22% in Shanghai. The Zhejiang market still experienced leasing pressure. With strong supply and softer demand, it is expected that the market will experience pressure on absorption rates.

CURRENT STOCK, NEW & FUTURE SUPPLY



AVERAGE RENTAL AND VACANCY RATES BY CHINESE MAINLAND PROVINCIAL MARKETS



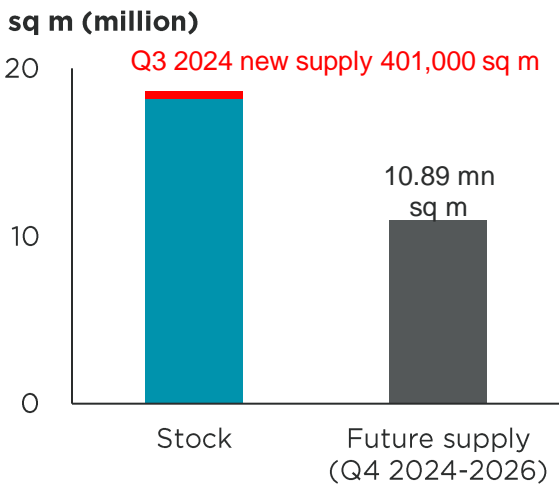
Source: Cushman & Wakefield Research

PREMIUM LOGISTICS MARKET

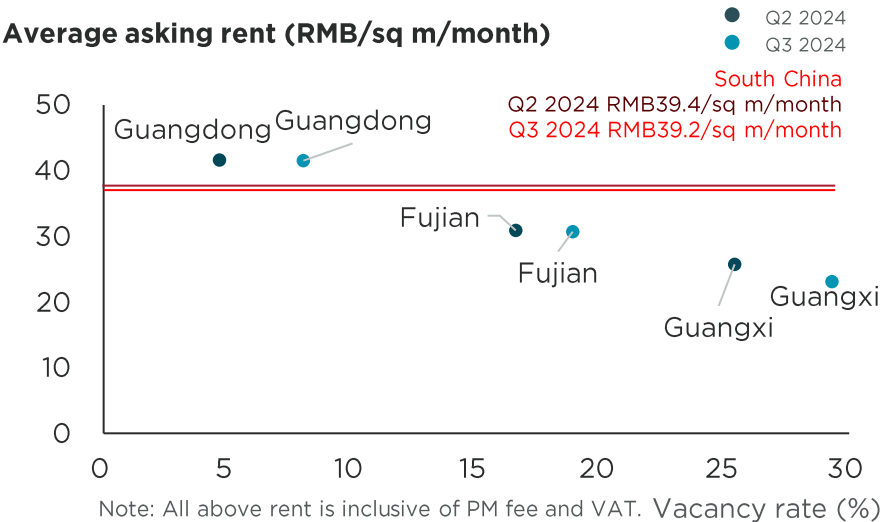
South China Logistics Overview – Q3 2024

- The South China market was active in the Q3 period. The overall vacancy rate rose 3.1 percentage points to 10.6%, while the average monthly rental level dropped 0.6% to RMB39.2 per sq m.
- In the Shenzhen market, e-commerce sector demand performance was healthy, with the e-commerce and manufacturing sectors being the main drivers. The Shenzhen citywide vacancy rate dropped slightly by 1.7 percentage points to 5.3%. With strong future supply and stable demand, we can expect the market to experience pressure on absorption rates.
- The overall performance of the Guangzhou market was relatively stable. The 3PL and e-commerce sectors also remained as the key drivers of demand. The average monthly rental level dropped 0.6% to RMB42.3 per sq m. Strong future supply is expected to pose some challenges for the leasing market.

CURRENT STOCK, NEW & FUTURE SUPPLY



AVERAGE RENTAL AND VACANCY RATES BY CHINESE MAINLAND PROVINCIAL MARKETS



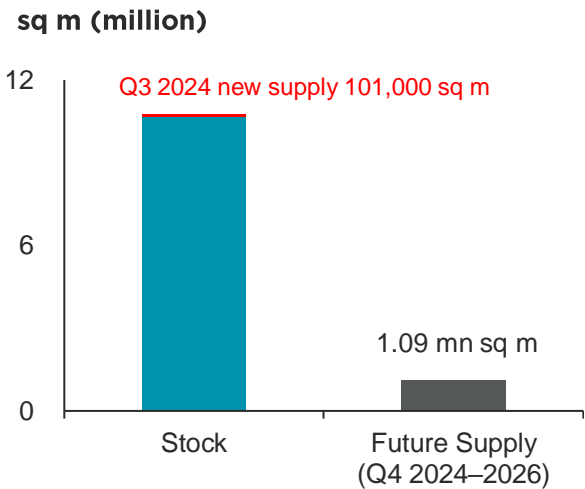
Source: Cushman & Wakefield Research

PREMIUM LOGISTICS MARKET

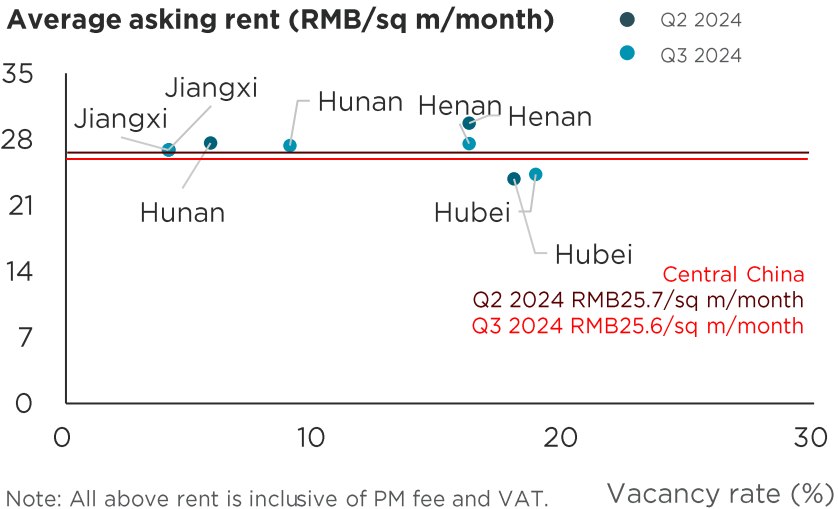
Central China Logistics Overview – Q3 2024

- The Central China premium warehouse market was stable in Q3. The overall vacancy rate rose 1.3 percentage points to 15.4%. The average monthly rental level dipped by 0.2% to RMB25.6 per sq m.
- Wuhan’s premium warehouse market was steady. The express delivery, FMCG, e-commerce and apparel sectors remained the main drivers. The overall vacancy rate dropped 0.3 percentage points to 19.3%. With existing supply expanded in the H1 2024 period, leasing market competition grew. The overall vacancy rate rose 1 percentage point to 20.3%.
- The 3PL and e-commerce sectors were the major demand drivers in the Changsha premium warehouse market. The average monthly rental level remained at RMB27.6 per sq m.

CURRENT STOCK, NEW & FUTURE SUPPLY



AVERAGE RENTAL AND VACANCY RATES BY CHINESE MAINLAND PROVINCIAL MARKETS



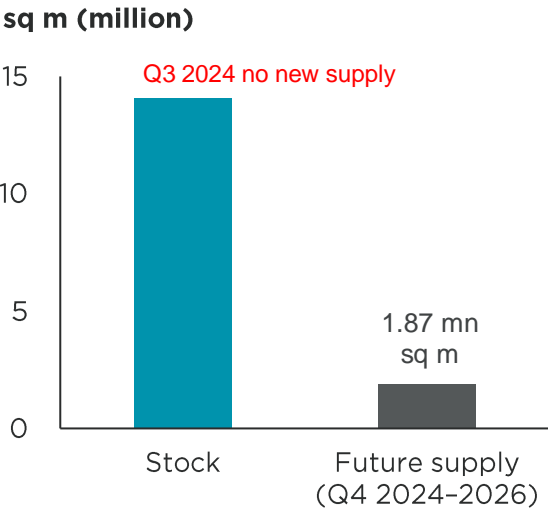
Source: Cushman & Wakefield Research

PREMIUM LOGISTICS MARKET

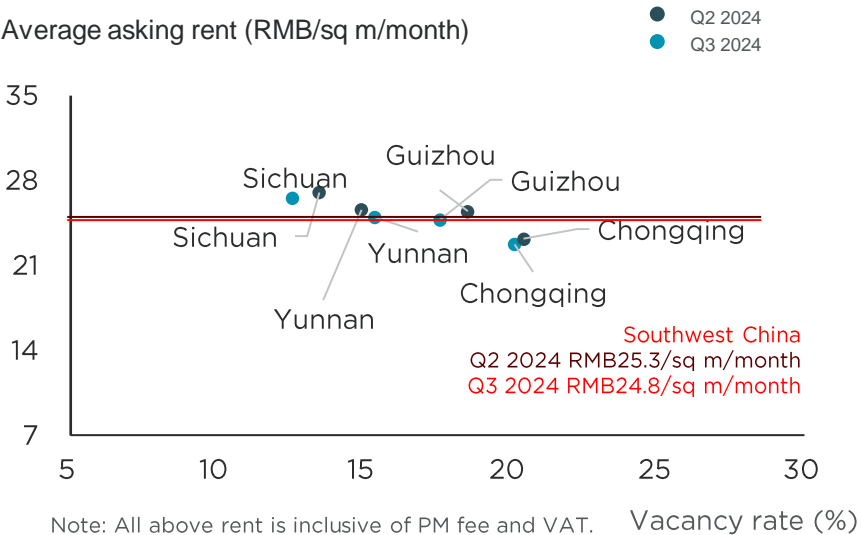
Southwest China Logistics Overview – Q3 2024

- The overall vacancy rate in the Southwest China market decreased 0.6 percentage points q-o-q to 16.1% in Q3 2024. The average monthly rental level dropped 1.9% q-o-q to RMB24.8 per sq m.
- The Chengdu premium logistics warehouse market was stable. The 3PL, e-commerce, trade and city delivery sectors were the major demand drivers. With landlords trimming rents to attract tenants, the average monthly rental level dropped 1.7% q-o-q to RMB26.8 per sq m.
- The Chongqing premium logistics warehouse market experienced absorption pressures. The market vacancy rate dropped 0.3 pp q-o-q to reach 20.1%.

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 – Q3 2024

City	Stock GFA (sq m)	Supply to 2026 GFA (sq m)	Rental change (q-o-q)	Vacancy change (pp q-o-q)
Shanghai	11,731,000	734,000	2.62%↓	0.90%↑
Tianjin	9,467, 000	1,855,000	14.56%↓	4.29%↑
Chengdu	5,853,000	1,240,000	1.71%↓	0.95%↓
Chongqing	5,283,000	537,000	1.89%↓	0.32%↓
Wuhan	4,836,000	482,000	0.55%↑	1.02%↑
Shenyang	3,959,000	369,000	-	0.37%↓
Jiaxing	3,872,000	987,000	0.62%↓	1.34%↑
Guangzhou	3,772,000	2,207,000	0.61%↓	4.92%↑
Suzhou	3,598,000	1,097,000	1.89%↓	1.55%↑
Xian	3,551,000	688,000	5.90%↑	0.20%↑
Kunshan	3,515,000	483,000	0.15%↓	0.93%↓
Beijing	4,172,000	735,000	3.29%↓	0.37%↑
Hangzhou	3,291,000	344,000	0.06%↓	0.37%↑
Wuxi	2,781,000	76,000	1.09%↓	0.32%↑
Foshan	2,712,000	1,909,000	0.05%↑	3.71%↑
Nanjing	2,529,000	186,000	-	-
Shenzhen	1,949,000	1,848,000	0.68%↓	1.76%↓
Qingdao	1,673,000	406,000	0.45%↑	4.42%↓
Dalian	1,347,000	61,000	-	1.11%↓
Nantong	943,000	792,000	-	-

Source: Cushman & Wakefield Research

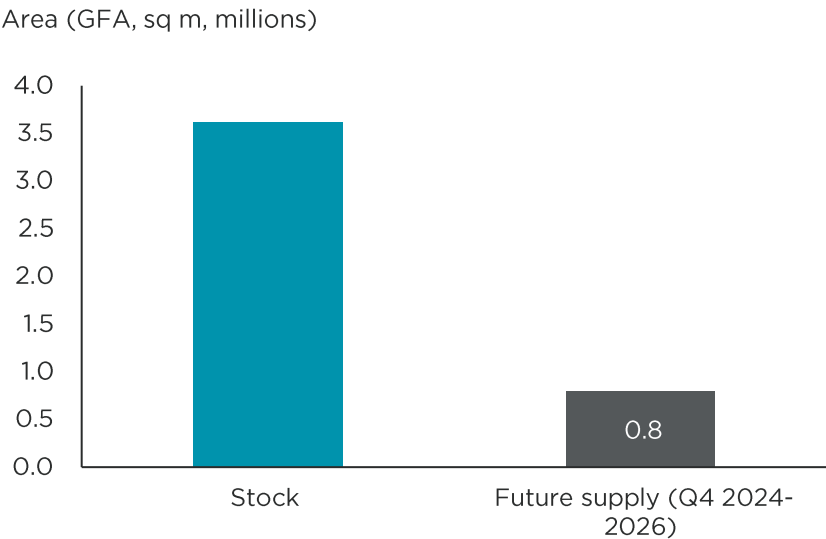
PREMIUM LOGISTICS MARKET

Taiwan Logistics Overview – Q3 2024

Trade Performance

- Taiwan's international trade exports increased by 8.1% in the third quarter from the same period last year, due to the continuation of emerging technology business opportunities such as artificial intelligence, and strong stocking of new consumer electronics products, which together led to 11 consecutive months of positive growth. Imports rose by 15% from the same quarter last year, mainly due to the recovery in derived demand for semiconductor equipment purchased by the exporting industry and stronger purchases of semiconductor equipment. From January to September, exports increased by 10.2% and imports by 10.1%.
- Wholesale industry turnover in September increased by 4.7% year-on-year (y-o-y), of which the wholesale machinery and apparatus industry benefited from AI and other emerging technology applications. Business opportunities continue to be active, with semiconductor factory R & D investment to promote related electronic components and semiconductor equipment shipment momentum, for a y-o-y increase of 8.3%. Third quarter retail turnover grew by 2.5% y-o-y, the integrated merchandise retail industry by 4.7% y-o-y, and the fabrics and apparel retail industry by 3.8% y-o-y. These figures indicate that the domestic demand market is the driving force for the ongoing growth of logistics and warehousing demand in Taiwan.
- Logistics Property Market Performance**
 - Total premium logistics stock was unchanged from the previous quarter at 1.10 million pings (3.62 million sq m). In addition, 240,300 pings (794,300 sq m) of new stock will be added by 2026, raising the total stock by 21.9%.
 - Taiwan's overall high-quality logistics distribution is concentrated in Taoyuan City, adjacent to Taiyuan International Airport, with 79% 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



Source: Cushman & Wakefield Research

PREMIUM LOGISTICS MARKET

Hong Kong Logistics Overview – Q3 2024

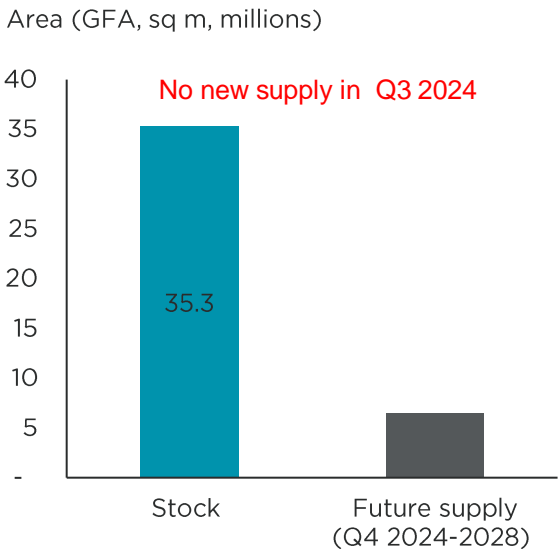
Trade Performance

- Hong Kong’s macroeconomic environment continued to recover from the low base of 2023, with the city’s total imports and exports in July and August 2024 growing by 8.9% and 9.7% y-o-y, respectively. Meanwhile, the S&P Manufacturing Purchasing Managers’ Index (PMI) in September climbed to 50.0, ending the contraction (index below 50.0) for four consecutive months, and this suggests overall market sentiment is gradually picking up.
- However, Hong Kong retail sales for the January to August 2024 period dropped by 7.7% y-o-y, predominantly due to the changing spending habits of tourists and locals, and this is also likely to impact demand for warehouse and logistics facilities.

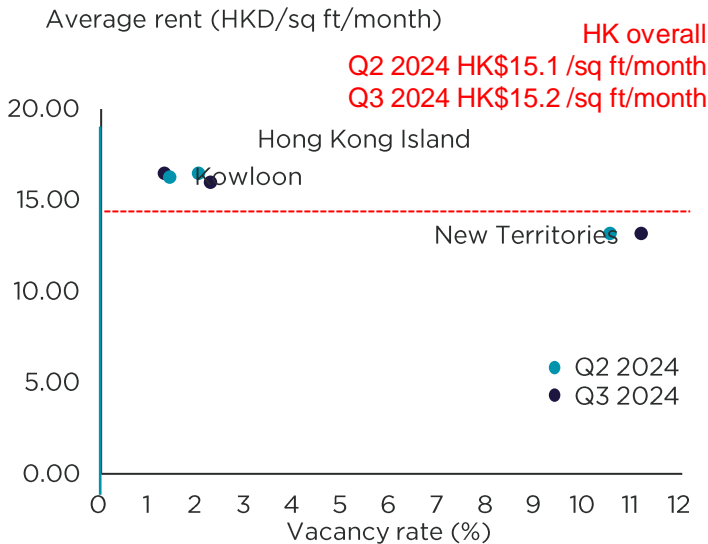
Logistics Property Market Performance

- The overall prime warehouse vacancy rate rose in Q3 by 1.2 percentage points q-o-q to record 7.8%, mainly due to a notable expansion of available stock in Tsing Yi.
- However, the overall prime warehouse rental level stayed relatively stable at HK\$15.2 per sf per month, up 0.1% q-o-q.

CURRENT STOCK, NEW & FUTURE SUPPLY



AVERAGE RENTAL AND VACANCY RATES BY SUBMARKET



Source: Cushman & Wakefield Research

PREMIUM LOGISTICS MARKET

Hong Kong Recent Notable Transactions & Outlook

Notable Transactions

- Against the economic backdrop, third-party logistics operators (3PLs) remained cautious and leasing momentum was relatively slow in Q3.
- While most leasing activities were driven by renewal cases, notable transactions in the quarter included SF DHL's 130,000 sf commitment at the en-bloc Mapletree Logistics Centre in Fanling as part of their expansion plan. Tesla also expanded by committing to a further 34,100 sf at the YKK Building Phase I in Tuen Mun.

Building	District	Tenant	GFA sq ft	Type
Mapletree Fanling Logistics Centre	Fanling	SF DHL	130,000	New Lease
Goodman Interlink	Tsing Yi	Eythos HK	68,900	New Lease
YKK Building Phase I	Tuen Mun	Tesla	34,100	New Lease
Crowning United Centre	Tsuen Wan	Worldex Logistics	25,800	Renewal
Goodman Shatin Logistics Centre Phase 2	Shatin	Bausch & Lomb	26,400	Renewal

Source: EPRC, Cushman & Wakefield Research

OUTLOOK

Looking ahead, occupiers will likely remain in a wait-and-see stance and take a prudent approach towards the end of 2024. We expect the vacancy rate to remain stable, as the market will not be seeing other significant new logistics facilities supply until 2027.

On a positive note, the development of the Northern Metropolis will likely drive greater relocation demand from tenants in brownfield sites to other warehouse facilities. We also expect to see increasing demand from Chinese mainland vehicle brands and electric vehicle operators to further drive leasing demand in the coming months. Overall, we expect overall warehouse rents to remain stable through the remainder of 2024.

05

THE GENERAL OUTLOOK

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THE PREMIUM LOGISTICS MARKET

General Outlook – Key Takeaways

- Given that tenants remain cautious about leasing new warehousing space, property owners in cities with lower demand will continue to adopt the strategy of trading price for volume in the short term to maintain the occupancy rates of their projects.
- For operators in the premium logistics warehouse market, while retaining existing customers, the focus of their strategies should be on monitoring new demand sources, such as demand for warehousing spaces driven by the development of traditional retail, cross-border e-commerce, manufacturing, and other industries, thereby injecting new vitality into the overall premium logistics warehouse market.

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It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), sustainability and more. For additional information, visit www.cushmanwakefield.com.

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ABOUT CUSHMAN & WAKEFIELD

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