

February 2024



Asia-Pacific H2 2023 Logistics Highlights

Knight Frank Asia-Pacific Logistics Markets

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Asia-Pacific Overview – H2 2023

Powered by the acceleration in rental growth in Manila, overall rents in APAC maintained their upward trajectory to grow by an average of 6.2% year-on-year in H2 2023. However, near-term momentum indicated by half-yearly rental growth slowed to 1.5%, compared to 4.6% six months ago.

Leasing fundamentals in the Chinese Mainland continued to drag against a backdrop of a weak economy and substantial completions in and around Beijing and Shanghai. Total trade, which slowed significantly in 2023, substantially reduced the demand for logistics warehousing in the Chinese Mainland. To expedite the rental process, landlords have considerably reduced rents.

The region's development pipeline will remain significant in 2024, adding 43.7% to existing stock, which will continue to ease tight supply conditions. The bulk of new supply will be delivered in Chinese Mainland markets, where over 17 million sqm completing in Beijing and Shanghai will continue to weigh on market conditions for most of 2024.

With the outlook turning conservative, occupiers in the region will remain cautious, impacted by a combination of economic uncertainty, inflationary pressures and higher interest rates. Rents will remain on an uptrend, but with the structural shortage of quality spaces narrowing, growth will moderate sharply to between 1-3% in 2024, down from the over 6% rise in 2023.

6.2%

YoY growth for Asia-Pacific Rental Index in H2 2023

Manila

Recorded the highest semi-annual rental growth

13 of 17

Tracked cities recorded stable or increasing rents YoY in H2 2023

Tempered Optimism

Expectations for H1 2024

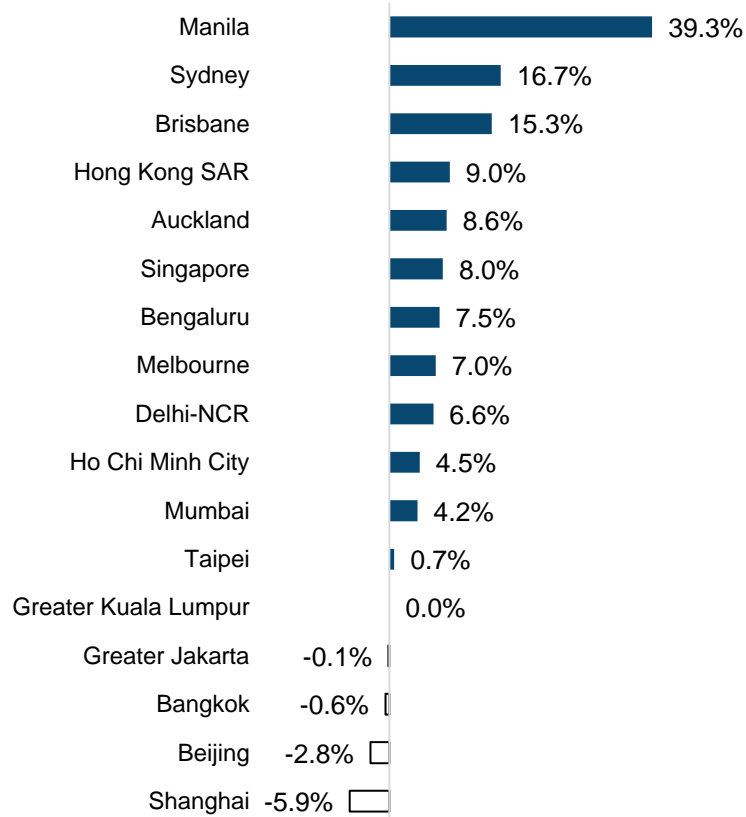
"As logistics occupiers continue to dial back on expansionary ambitions, it is becoming apparent that the supply-demand imbalance that had fueled the region's steep rental growth is waning. However, the Red Sea conflict is a reminder that global supply chains remain vulnerable to disruptions. The region's ample development pipeline is an opportunity for occupiers to review their logistics footprint. Leasing activity is expected to turn more selective with take-up from occupiers seeking strategically located prime logistics spaces that are automated and compliant with sustainability standards."

Tim Armstrong
Global Head of Occupier Strategy and Solutions

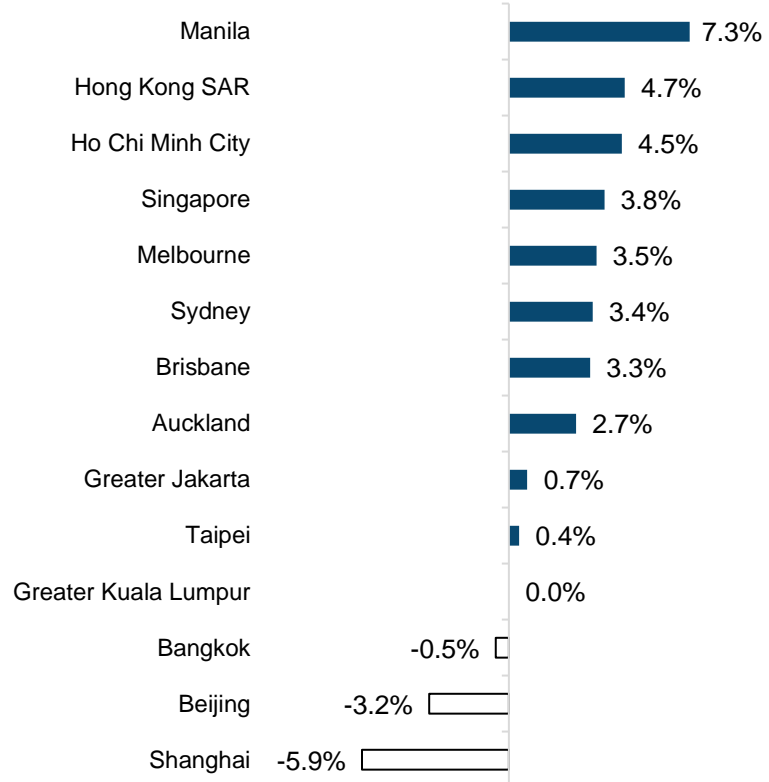
APAC Logistics Rental Trends H2 2023

Manila registers highest rent growth in 2023

Rental Growth Year-on-Year



Rental Growth Half-Yearly



Demand for logistics remain resilient but continues to taper



Ample development pipeline and growing sublease availabilities provide more options



Rent growth to moderate further in 2024



Specialist / well-located facilities will be beneficiaries of supply chain optimisation / modernisation

*India tracks by Financial Year (April-March period) and is thus excluded from this chart

APAC Logistics Snapshot

12-Month Rental Outlook

Decreasing

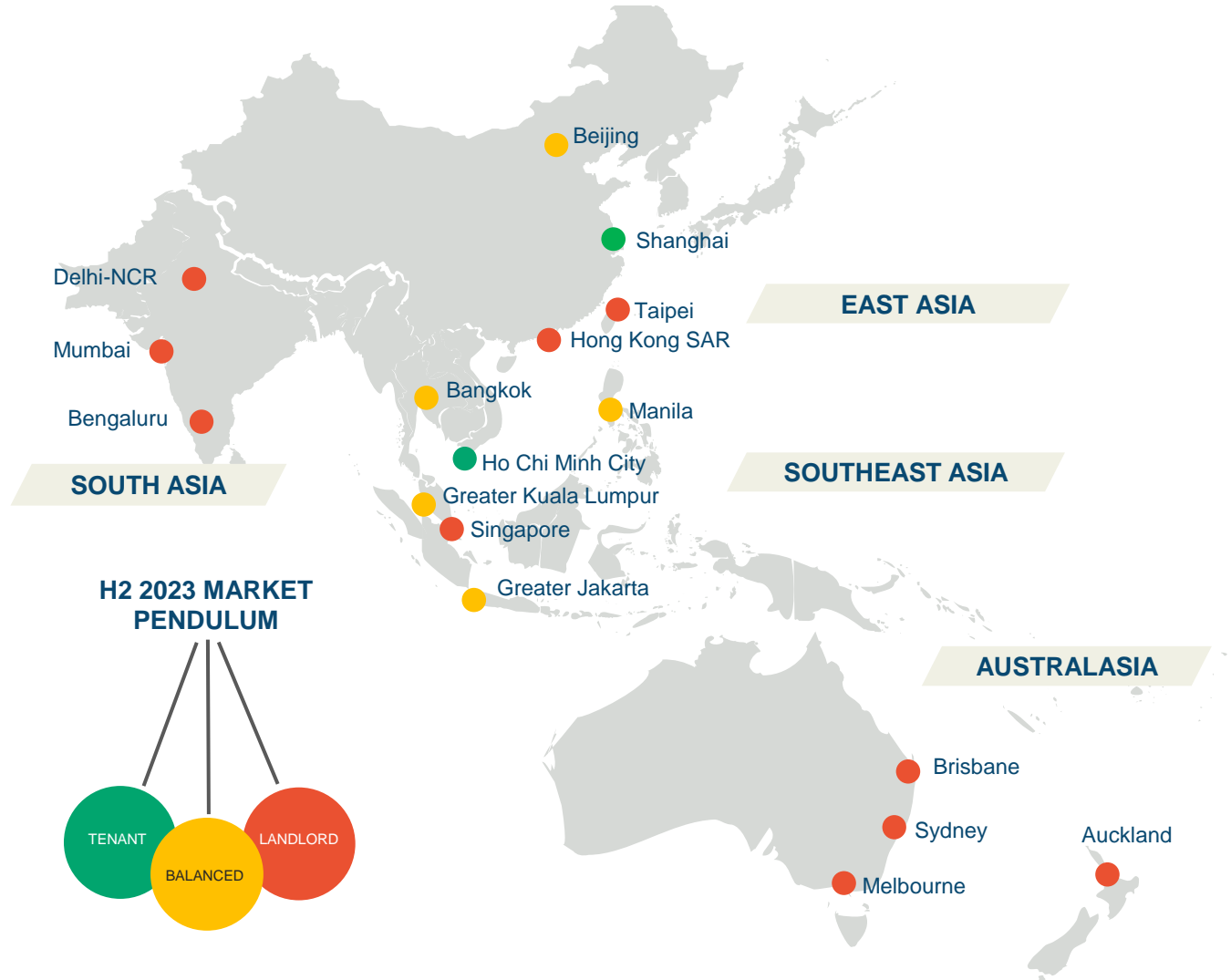
- Beijing
- Hong Kong SAR
- Shanghai

Unchanged

- Bangkok
- Greater Jakarta
- Greater Kuala Lumpur
- Ho Chi Minh Metro Area

Increasing

- Auckland
- Brisbane
- Sydney
- Melbourne
- Bengaluru
- Mumbai
- Delhi-NCR
- Singapore
- Taipei
- Manila



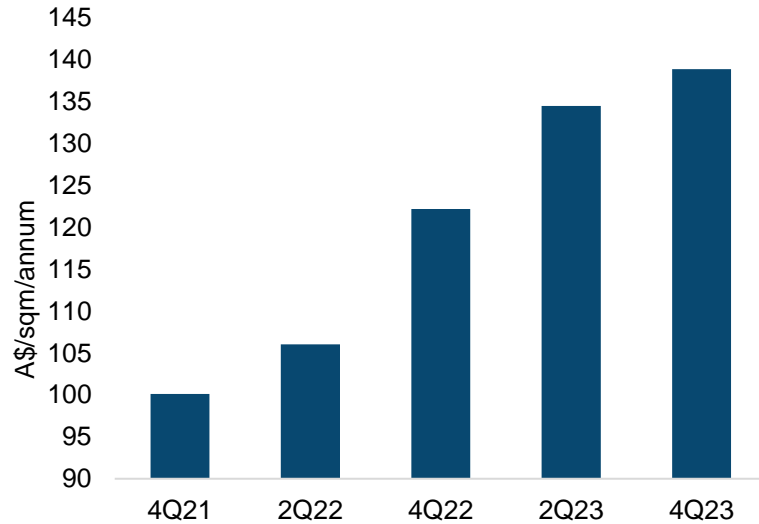
Market Dashboards

Australasia

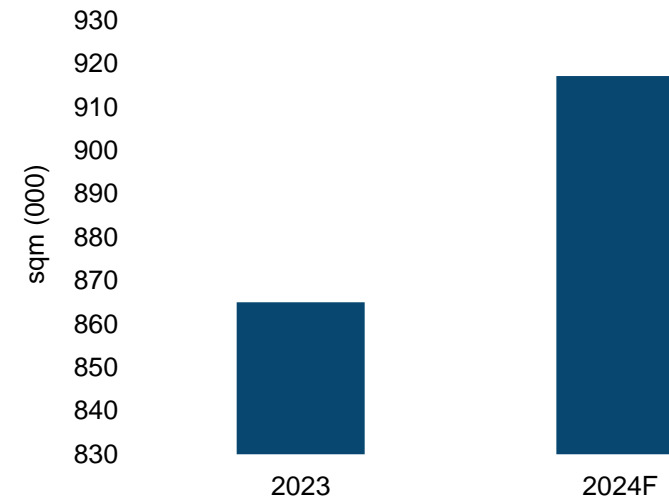
Leasing activity in Australia's Eastern Seaboard markets eased in the second half of 2023, although it was coming off record highs. As a result, the pace of rental growth slowed with all markets recording increases of less than 4% from six months ago. However, annual growth remains high with Sydney and Brisbane recording double digit increases as incentives remained at historical lows across all capital cities. While a strong pipeline of about 3 million sqm is expected to deliver in 2024 across the east coast, the majority of this new supply has been pre-committed. Rental growth is expected to be sustained albeit at a slower pace, with growth expected to revert to an annual pace in the range of 4-8% over the next 12 months. The frenetic pace is also tapering off in Auckland, as resistance to higher rents develops in the context of weaker sentiment which will lead to a moderation in rental growth.

Brisbane

Net Effective Rents



Completions/Supply Pipeline

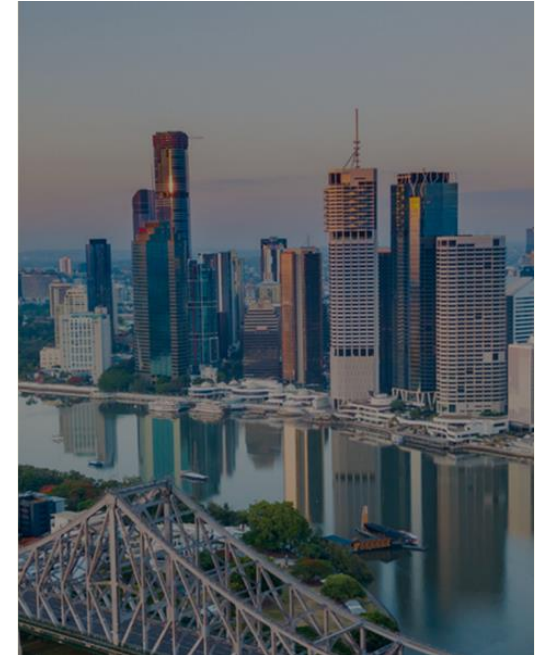


Economic Indicators

	2023F	2024F
GDP Growth	1.8%	1.2%
Unemployment Rate	3.7%	4.3%
Inflation	5.8%	4.0%

Real Estate Indicators

	H2 2023	12-mth Forecast
Prime Rent (A\$ psm pa)	158	↑
Market Balance	Landlord	Balanced

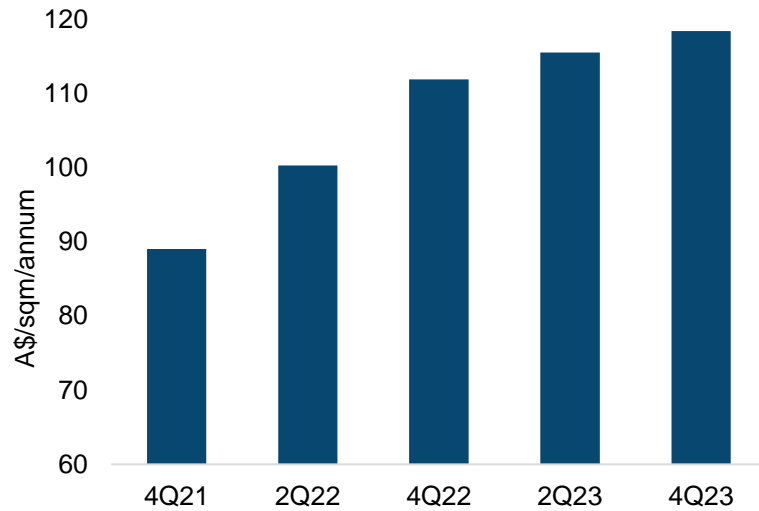


For more information, please contact:

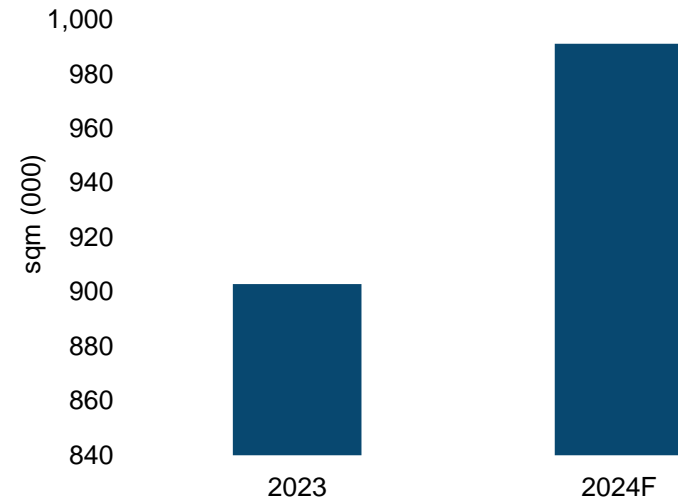
James Templeton
 Partner, Managing Director,
 National Head of Industrial Logistics
 +61 411 525 217
 james.templeton@au.knightfrank.com

Melbourne

Net Effective Rents



Completions/Supply Pipeline

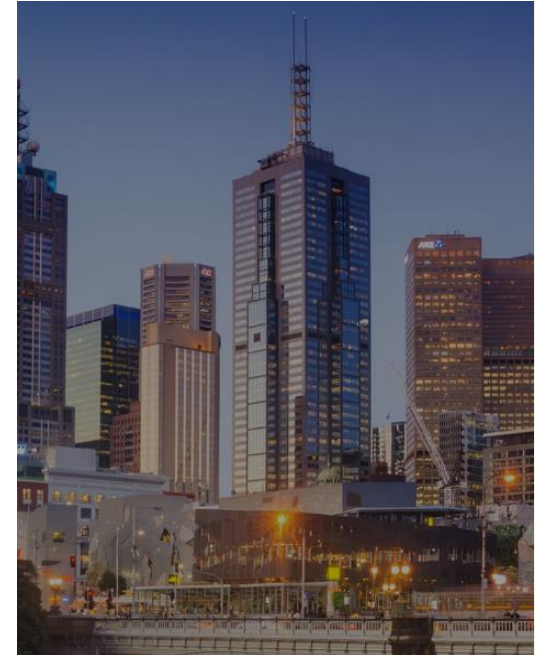


Economic Indicators

	2023F	2024F
GDP Growth	1.8%	1.2%
Unemployment Rate	3.7%	4.3%
Inflation	5.8%	4.0%

Real Estate Indicators

	H2 2023	12 mth Forecast
Prime Rent (A\$ psm pa)	135	↑
Market Balance	Landlord	Balanced

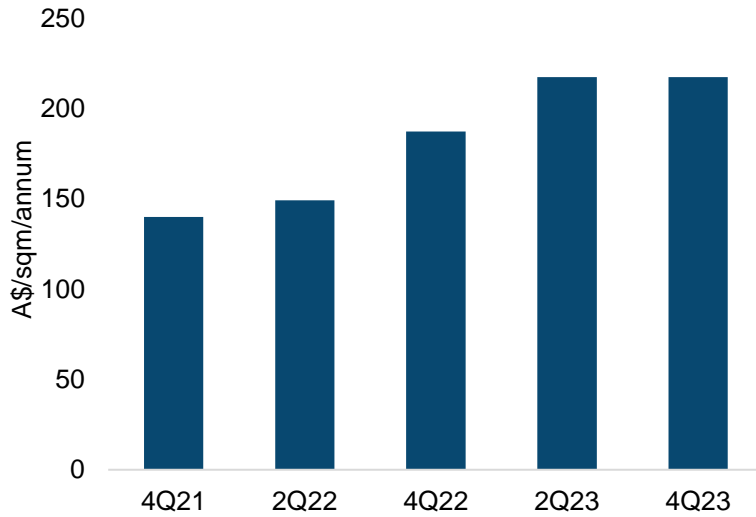


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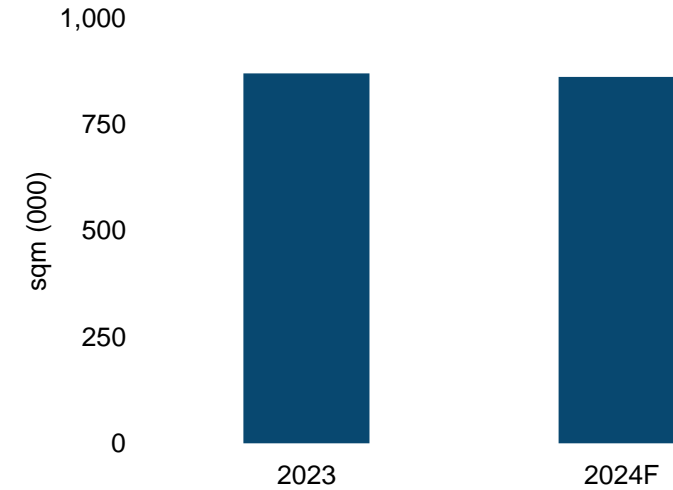
James Templeton
Partner, Managing Director,
National Head of Industrial Logistics
+61 411 525 217
james.templeton@au.knightfrank.com

Sydney

Net Effective Rents



Completions/Supply Pipeline

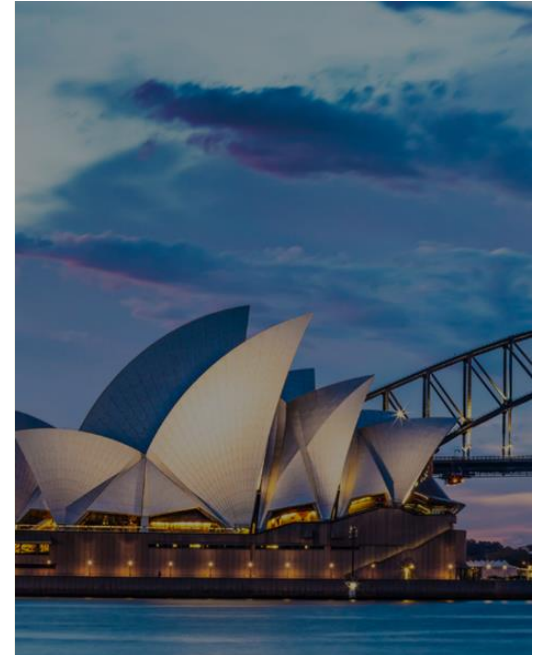


Economic Indicators

	2023F	2024F
GDP Growth	1.8%	1.2%
Unemployment Rate	3.7%	4.3%
Inflation	5.8%	4.0%

Real Estate Indicators

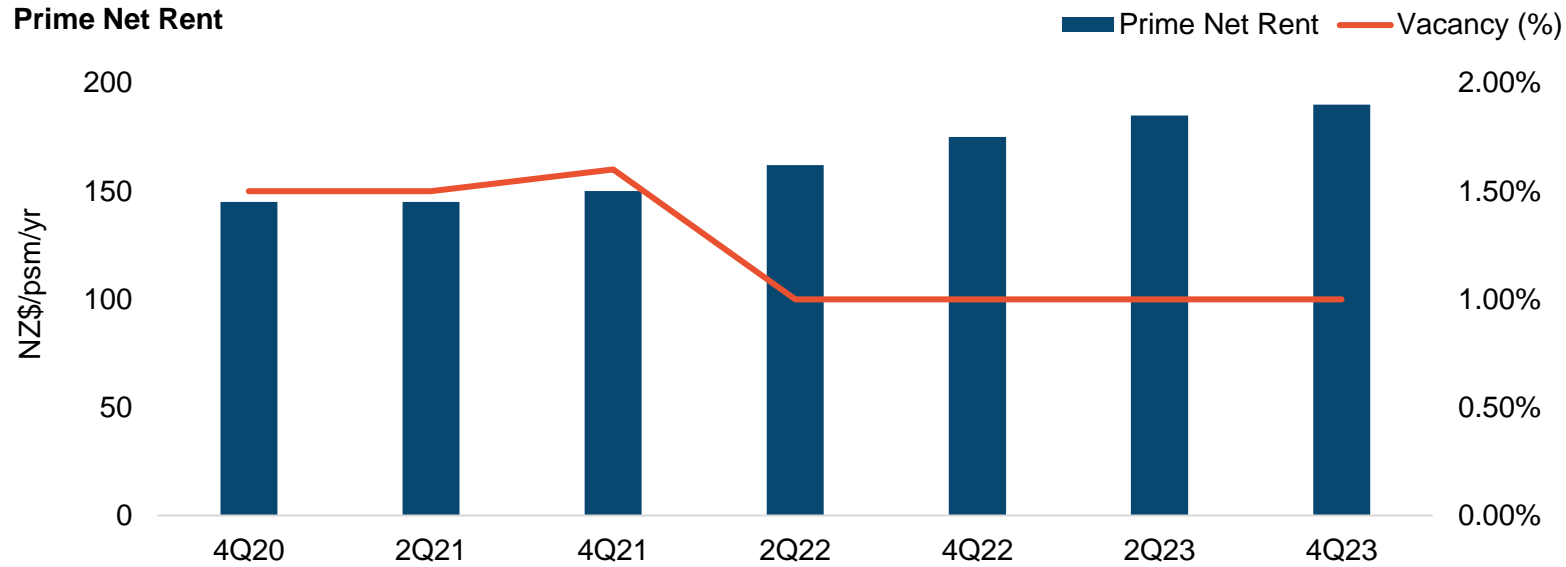
	H2 2023	12 mth Forecast
Prime Rent (A\$ psm pa)	245	↑
Market Balance	Landlord	Landlord



For more information, please contact:

James Templeton
 Partner, Managing Director,
 National Head of Industrial Logistics
 +61 411 525 217
 james.templeton@au.knightfrank.com

Auckland



Economic Indicators		
	2023F	2024F
GDP Growth	1.1%	1.0%
Unemployment Rate	3.8%	4.9%
Inflation	4.9%	2.7%

Real Estate Indicators		
	H2 2023	12 mth Forecast
Prime Rent (NZ\$ psm pa)	190	↑
Vacancy	1.0%	→
Market Balance	Landlord	Landlord

For more information, please contact:

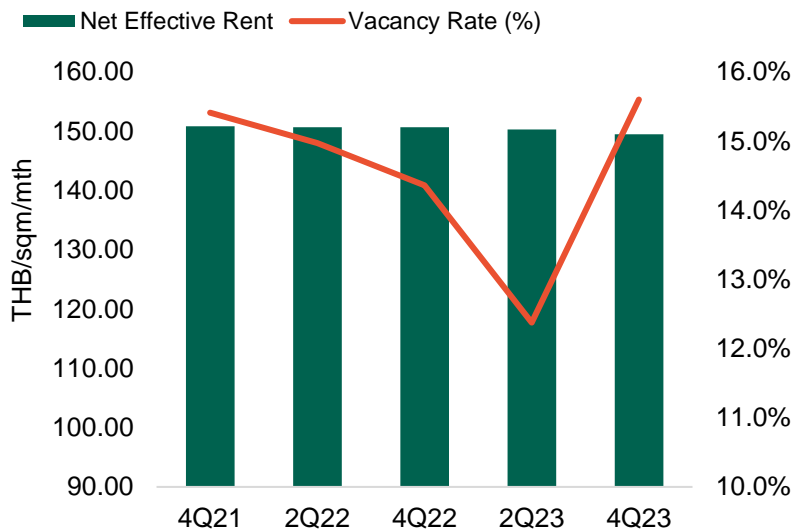
Lloyd Budd
 Executive Director Commercial and Industrial
 +6421 073 8789
 lloyd.budd@bayleys.co.nz

Southeast Asia

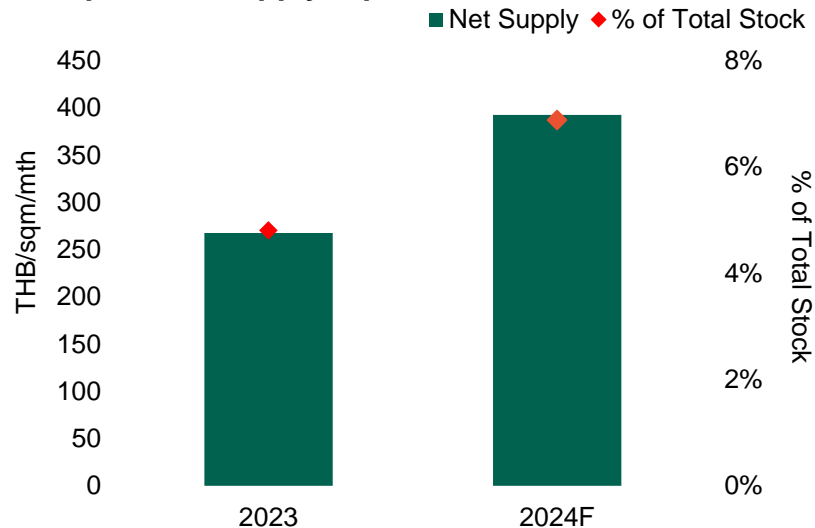
Average rent across SEA were mostly on an uptrend in the second half of 2023, with Manila again leading the region, fueled by rapid expansion of the e-commerce sector. However, the pace of rent growth is anticipated to moderate as demand for logistics spaces normalise. The recovery in manufacturing output in Singapore also created conditions for higher rents in the same period while those in HCMC increased mainly due to completions of quality logistics spaces with higher rates. Rents in Jakarta reversed a decline due to strong demographics and expanding retail and e-commerce sectors with occupiers choosing to locate closer to the capital city. Meanwhile, rental levels in Bangkok, Jakarta and Kuala Lumpur were largely stable as demand and supply remained largely in balance.

Bangkok

Net Effective Rents



Completions/Supply Pipeline



Economic Indicators

	2023F	2024F
GDP Growth	2.7%	3.2%
Unemployment Rate	N/A	N/A
Inflation	1.5%	1.6%

Real Estate Indicators

	H2 2023	12 mth Forecast
Prime Rent (THB psm pm)	158	→
Vacancy	15.6%	→
Market Balance	Balanced	Balanced

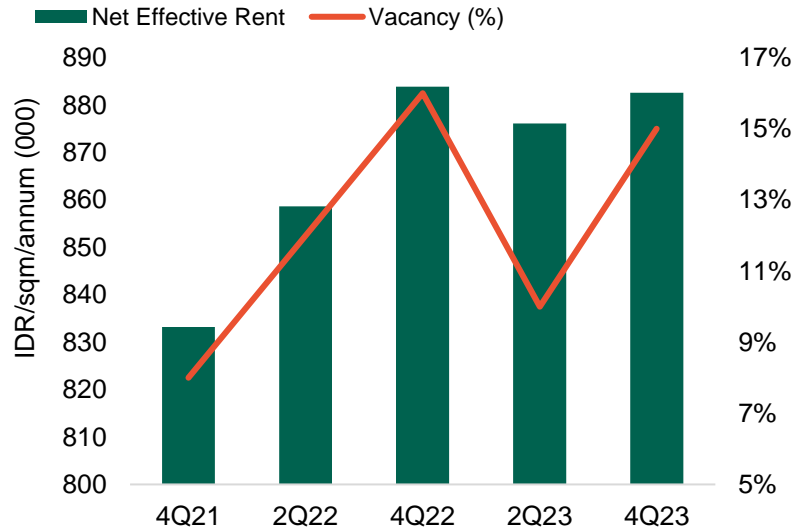


For more information, please contact:

Marcus Burtenshaw
 Head of Occupier Strategy and Solutions, Thailand
 +66 (0)2643 8223
marcus.burtenshaw@th.knightfrank.com

Greater Jakarta

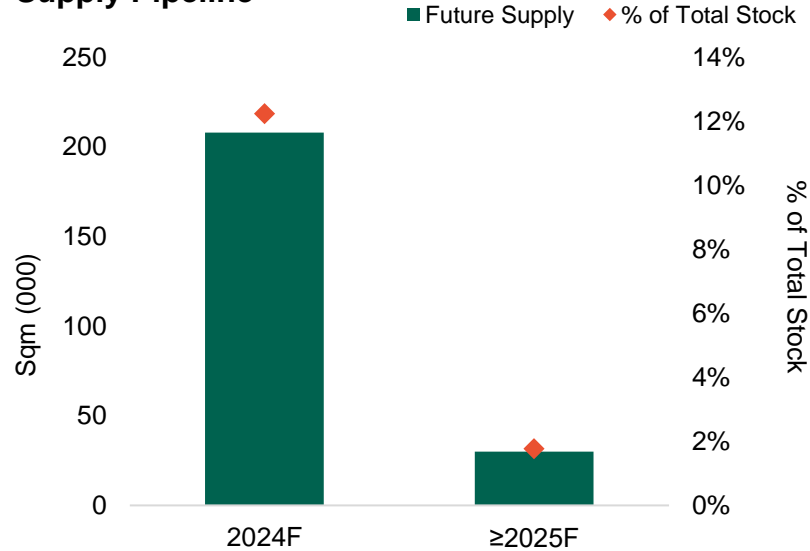
Net Effective Rents



Economic Indicators

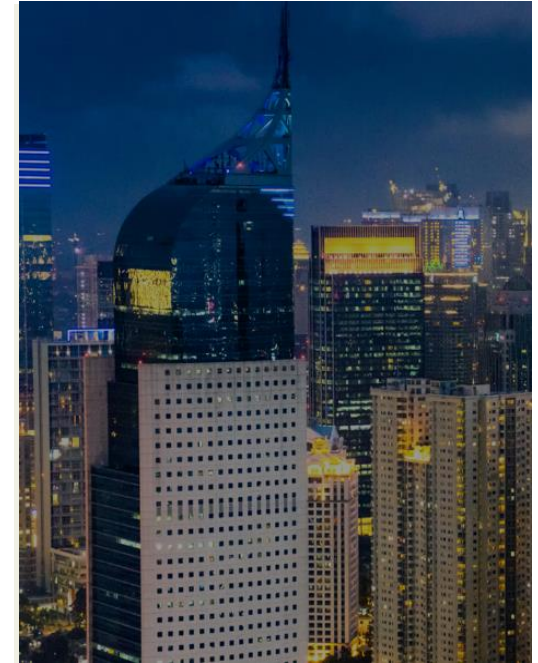
	2023F	2024F
GDP Growth	5.0%	5.0%
Unemployment Rate	5.3%	5.2%
Inflation	3.6%	2.5%

Supply Pipeline



Real Estate Indicators

	H2 2023	12 mth Forecast
Gross Rent (IDR psm pa)	906,072	→
Vacancy	15%	→
Market Balance	Balanced	Balanced

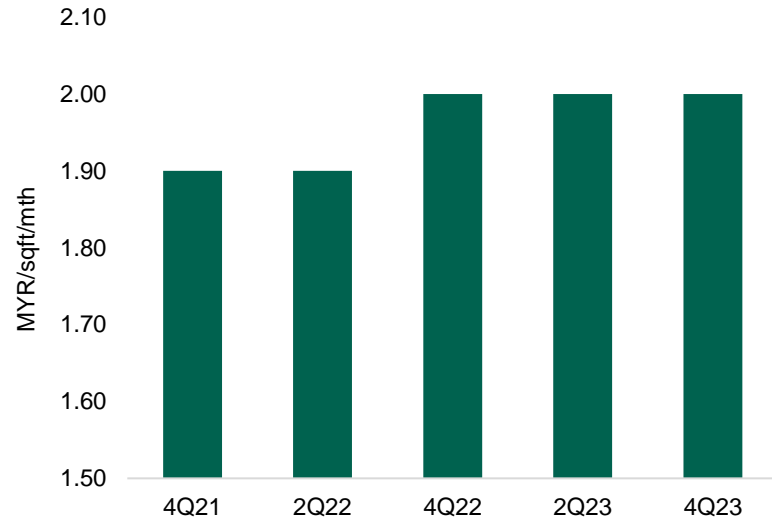


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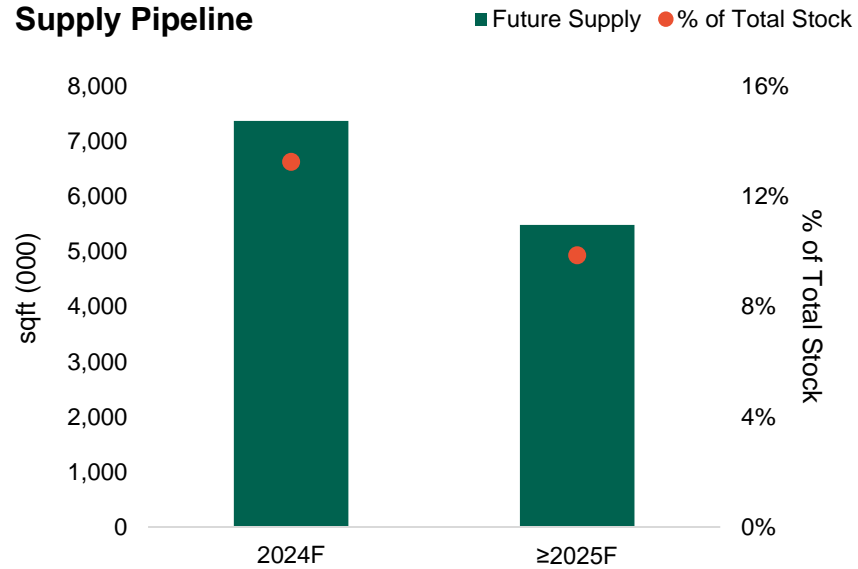
Syarifah Syaukat
Senior Research Advisor
syarifah@id.knightfrank.com

Greater Kuala Lumpur

Prime Net Rents



Supply Pipeline



Economic Indicators

	2023F	2024F
GDP Growth	4.0%	4.0-5.0%
Unemployment Rate	3.5%	3.4%
Inflation	2.5-3.0%	2.1-3.6%

Real Estate Indicators

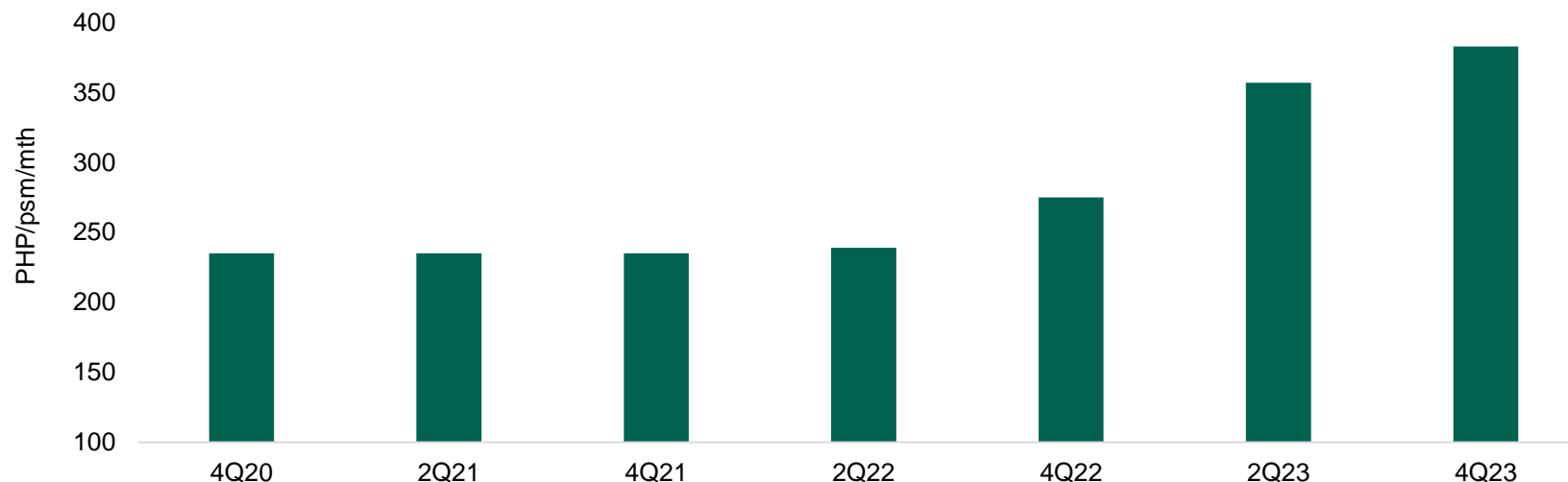
	H2 2023	12 mth Forecast
Prime Rent (MYR psf pm)	2.00	→
Market Balance	Balanced	Balanced



For more information, please contact:

Allan Sim Song Len
Executive Director
allan.sim@my.knightfrank.com

Prime Net Rent

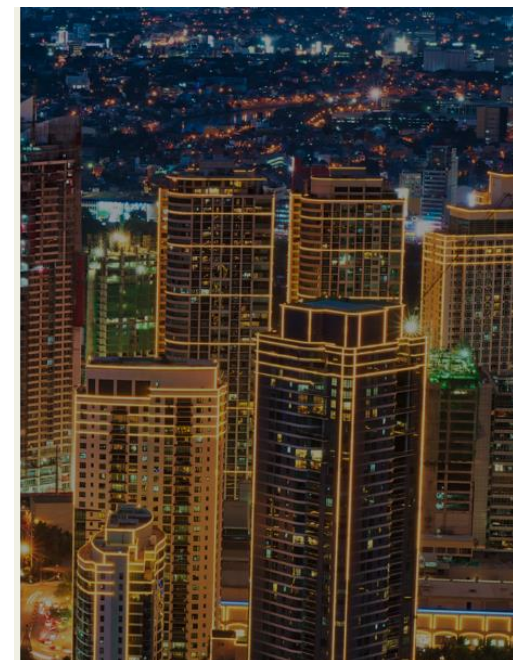


Economic Indicators

	2023F	2024F
GDP Growth	5.3%	5.9%
Unemployment Rate	4.7%	5.1%
Inflation	5.8%	3.2%

Real Estate Indicators

	H2 2023	12 mth Forecast
Prime Rent (PHP psm pm)	383	↑
Market Balance	Balanced	Balanced

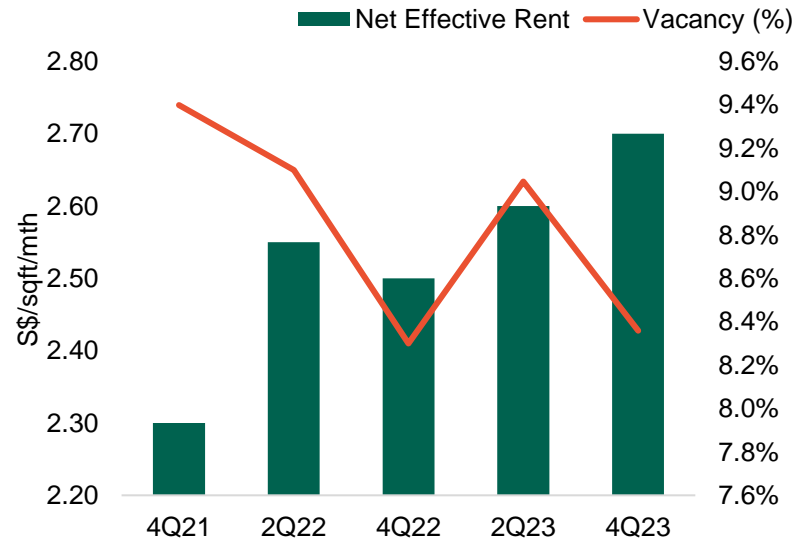


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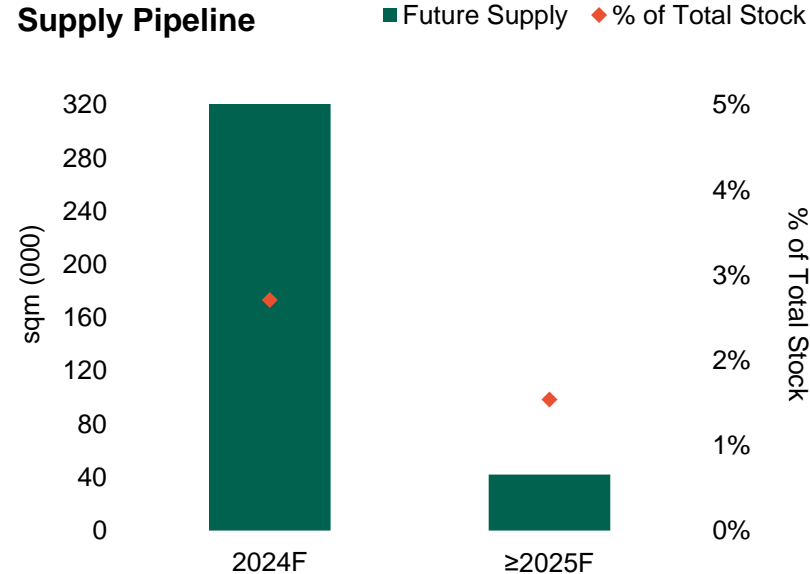
Morgan Mcgilvray
Senior Director, Occupier Strategy
and Solutions, Philippines
+632 7752 2580
morgan.mcgilvray@santos.knightfrank.ph

Singapore

Net Effective Rents



Supply Pipeline

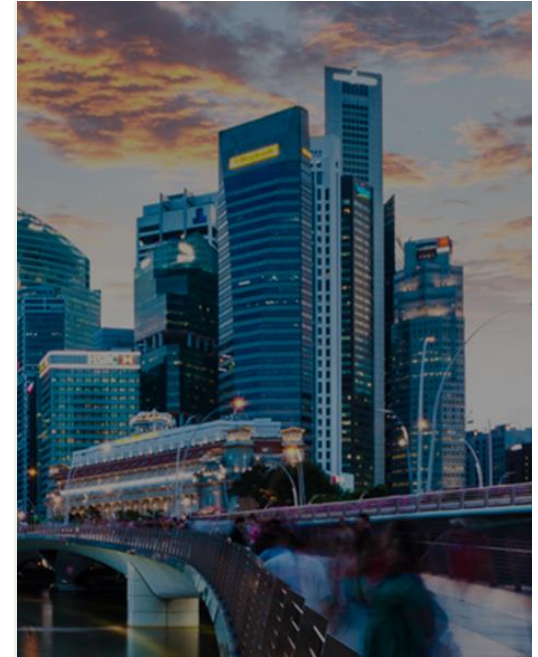


Economic Indicators

	2023F	2024F
GDP Growth	1.2%	2.1%
Unemployment Rate	1.8%	1.8%
Inflation	5.5%	3.5%

Real Estate Indicators

	H2 2023	12 mth Forecast
Prime Rent (S\$ psf pm)	2.70	↑
Vacancy	8.4%	↑
Market Balance	Landlord	Balanced

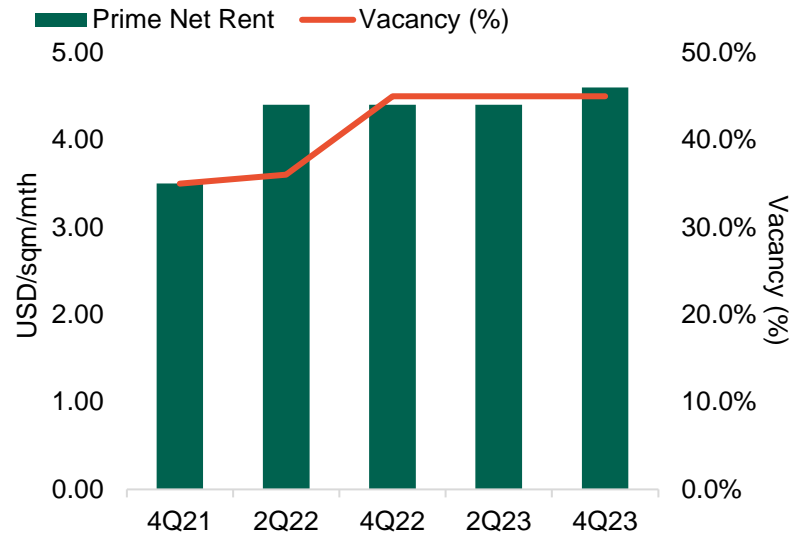


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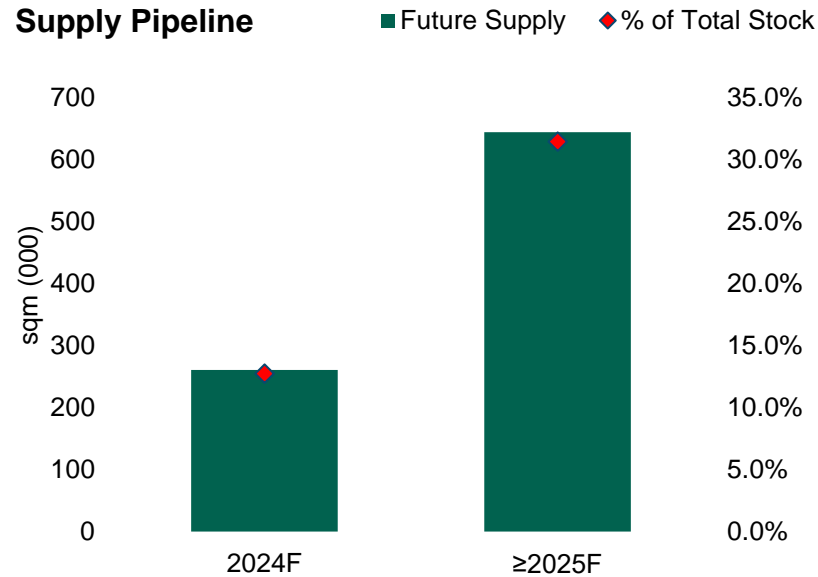
Alvin Teng
 Director
 Industrial, Capital Markets
 (Land, Building & International Real Estate & Industrial)
 +65 6228 6893
 alvin.teng@sg.knightfrank.com

HCMC Metropolitan Area

Prime Net Rent



Supply Pipeline



Economic Indicators

	2023F	2024F
GDP Growth	4.7%	5.8%
Unemployment Rate	2.1%	2.1%
Inflation	3.4%	3.4%

Real Estate Indicators

	H2 2023	12 mth Forecast
Prime Rent (US\$ psm pm)	4.60	→
Vacancy	45.0%	→
Market Balance	Tenant	Tenant



For more information, please contact:

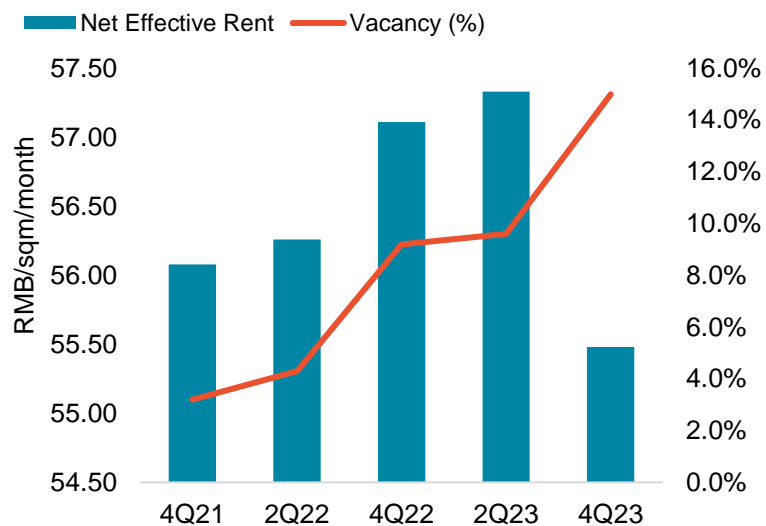
Alex Crane
 Managing Director, Vietnam
 +84 93 645 8000
 alex.crane@knightfrank.com

East Asia

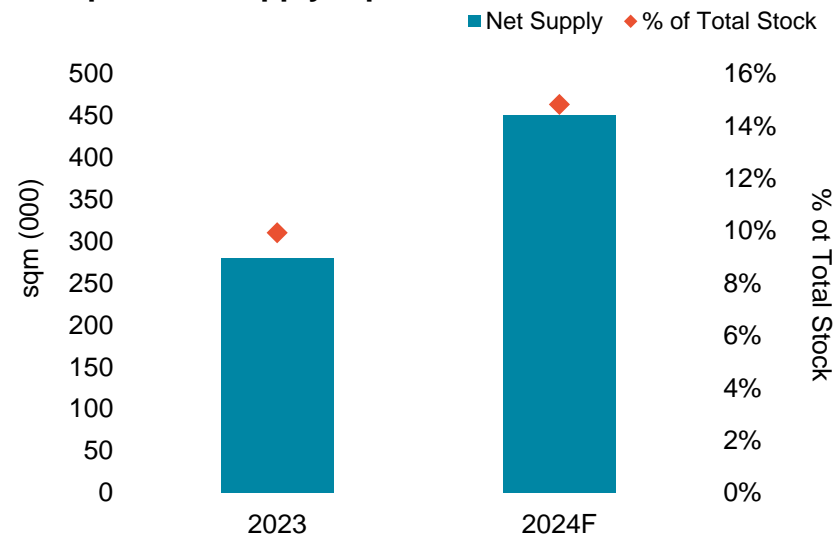
Rents in Beijing and Shanghai softened, pressured by the abundant supply of warehouses and weakening trade. Highly favourable rental rates in surrounding cities are also attracting tenants away from Shanghai and Beijing, which further reduced demand. Amid elevated vacancy rates, rents are anticipated to contract 2024. Supported by sizable leasing deals, rents for modern logistics in Hong Kong continued to register moderate growth. However, with substantial supply from Cainiao Smart Gateway likely to fuel an increase in vacancy rates, rents are likely to come under pressure in 2024. Meanwhile, market conditions in Taiwan continue to favour landlords. The reshoring of technological critical processes in Taiwan is raising storage demand for raw materials as well as semi-finished products while e-commerce companies are expanding. Robust domestic consumption, which hit a record in 2023, is fueling demand for logistics spaces from traditional retail and e-commerce players.

Beijing

Net Effective Rents



Completions/Supply Pipeline

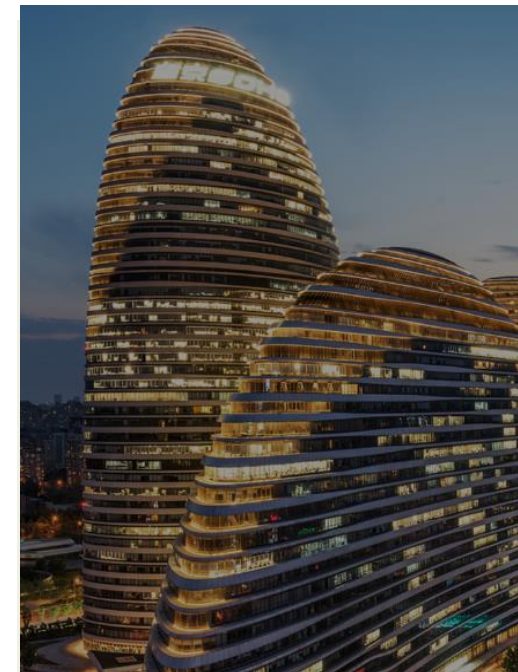


Economic Indicators

	2023F	2024F
GDP Growth	5.0%	4.2%
Unemployment Rate	5.3%	5.2%
Inflation	0.7%	1.7%

Real Estate Indicators

	H2 2023	12 mth Forecast
Prime Rent (CNY psm pm)	57.20	↓
Vacancy	15%	↑
Market Balance	Balanced	Tenant

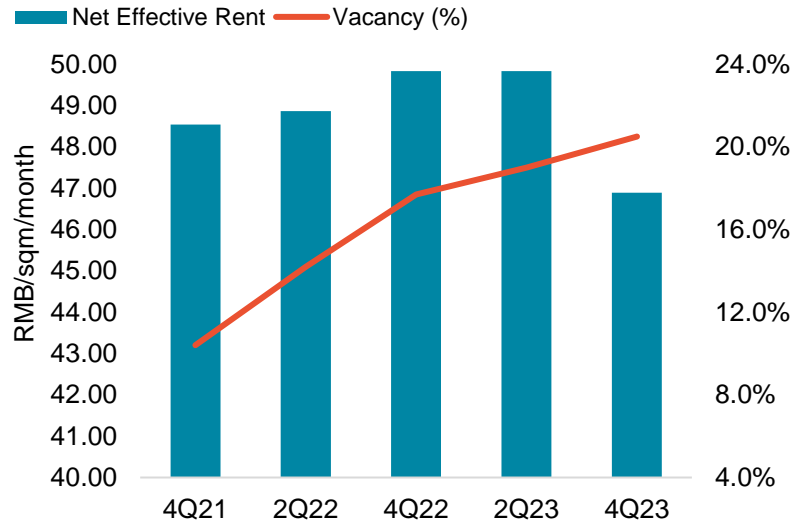


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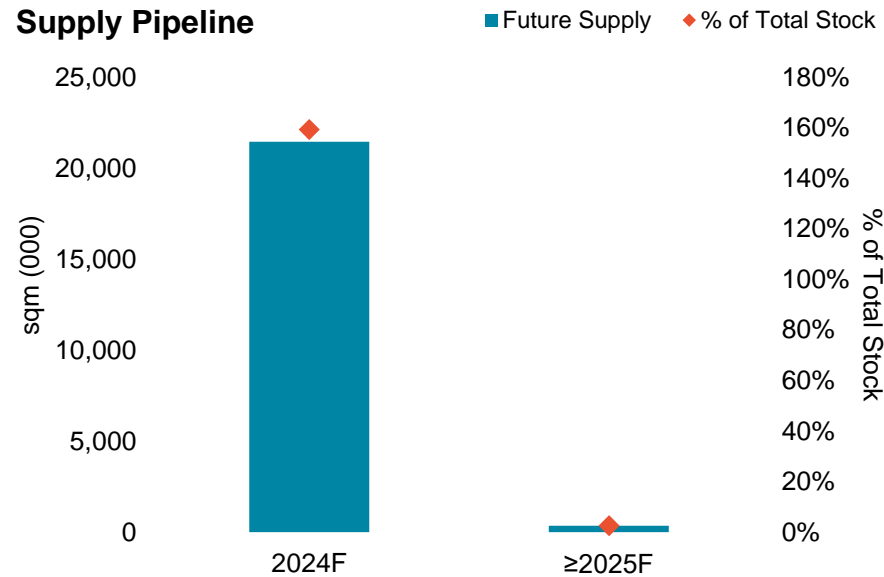
Ying Shin Lee
 Managing Director, Shanghai and China Industrial Head
 +86 21 60321719
 ying.lee@cn.knightfrank.com

Shanghai

Net Effective Rents



Supply Pipeline

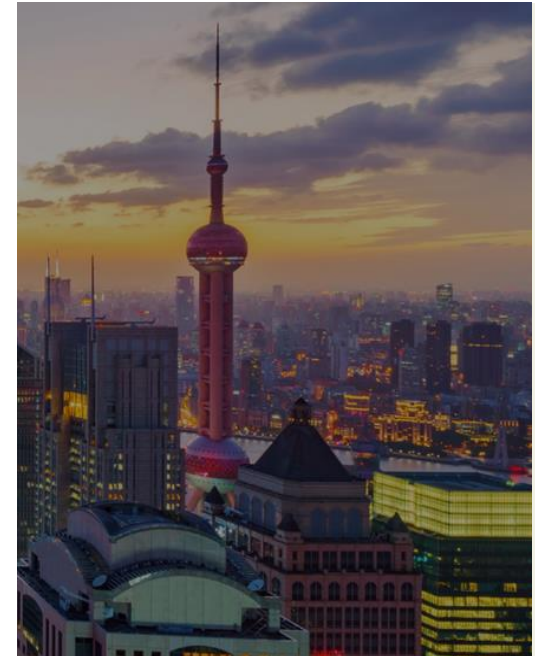


Economic Indicators

	2023F	2024F
GDP Growth	5.0%	4.2%
Unemployment Rate	5.3%	5.2%
Inflation	0.7%	1.7%

Real Estate Indicators

	H2 2023	12 mth Forecast
Prime Rent (CNY psm pm)	48.34	↓
Vacancy	20.5%	↑
Market Balance	Tenant	Tenant

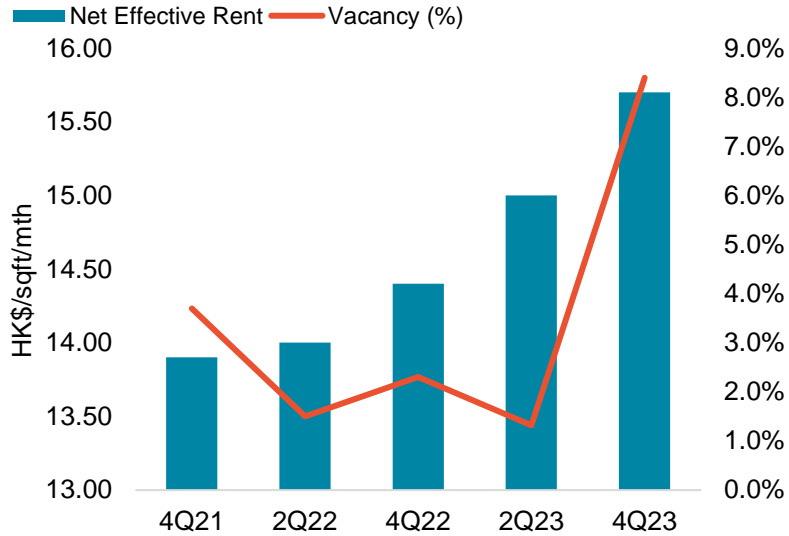


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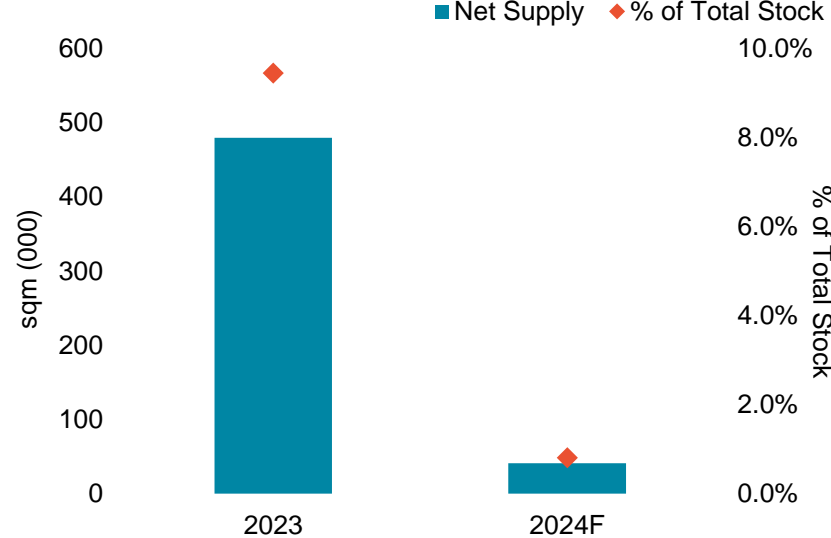
Ying Shin Lee
 Managing Director, Shanghai and China Industrial Head
 +86 21 60321719
ying.lee@cn.knightfrank.com

Hong Kong SAR

Net Effective Rents



Completions/Supply Pipeline

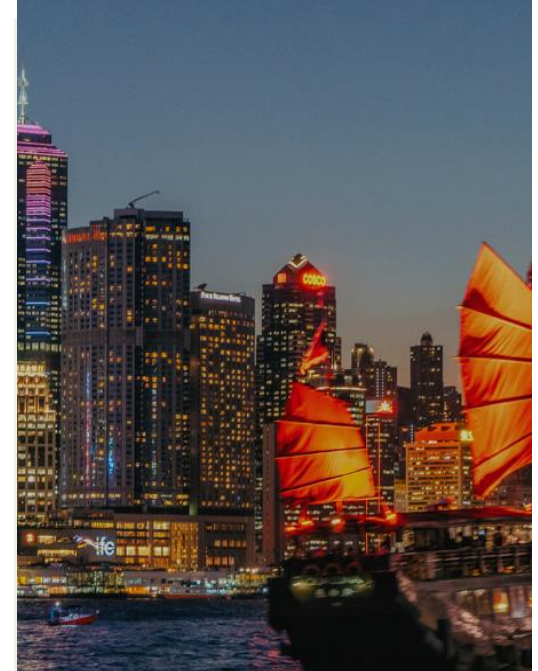


Economic Indicators

	2023F	2024F
GDP Growth	4.4%	2.9%
Unemployment Rate	3.2%	3.1%
Inflation	2.2%	2.3%

Real Estate Indicators

	H2 2023	12 mth Forecast
Prime Rent (HK\$ psf pm)	15.70	↓
Vacancy	8.4%	→
Market Balance	Landlord	Tenant

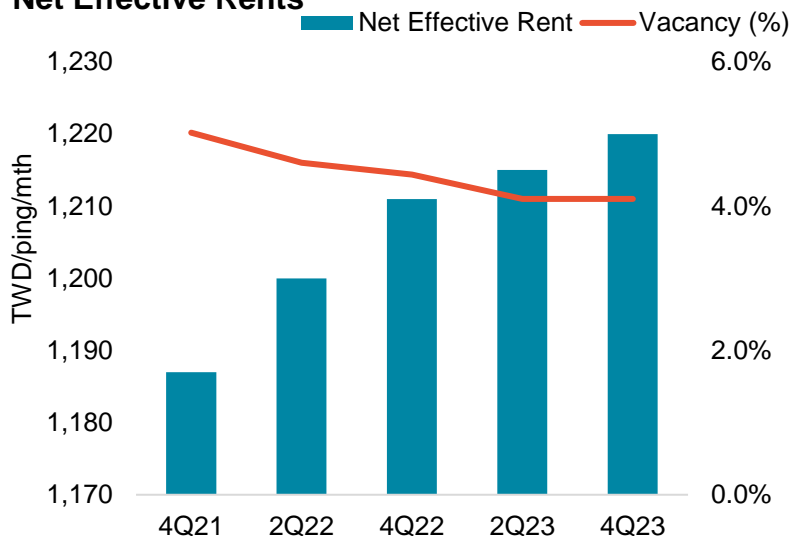


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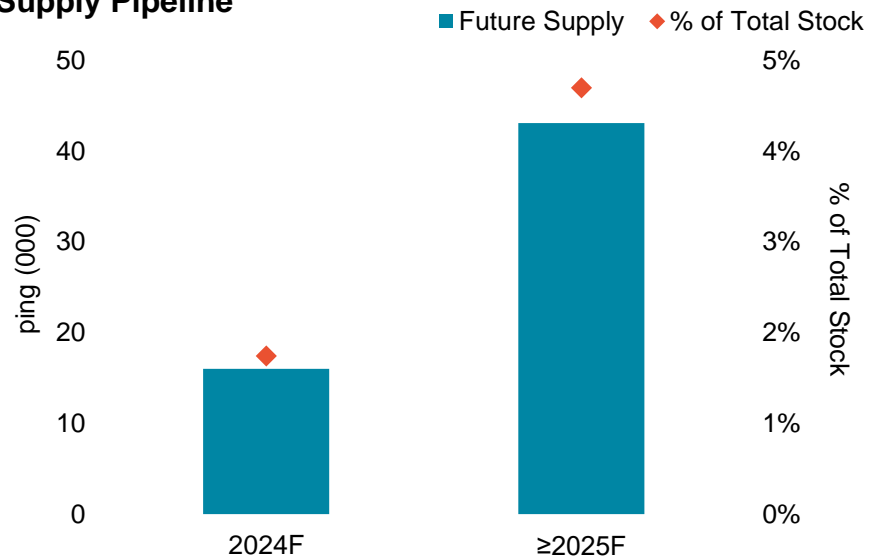
Nathan Chan
 Associate Director
 Industrial Services
 +852 2846 4859
 nathanmt.chan@hk.knightfrank.com

Taipei

Net Effective Rents



Supply Pipeline



Economic Indicators

	2023F	2024F
GDP Growth	1.4%	3.0%
Unemployment Rate	3.7%	3.7%
Inflation	2.1%	1.5%

Real Estate Indicators

	H2 2023	12 mth Forecast
Prime Rent (TW\$/ping/mth)	1,220	↑
Vacancy	4.1%	→
Market Balance	Landlord	Landlord



For more information, please contact:

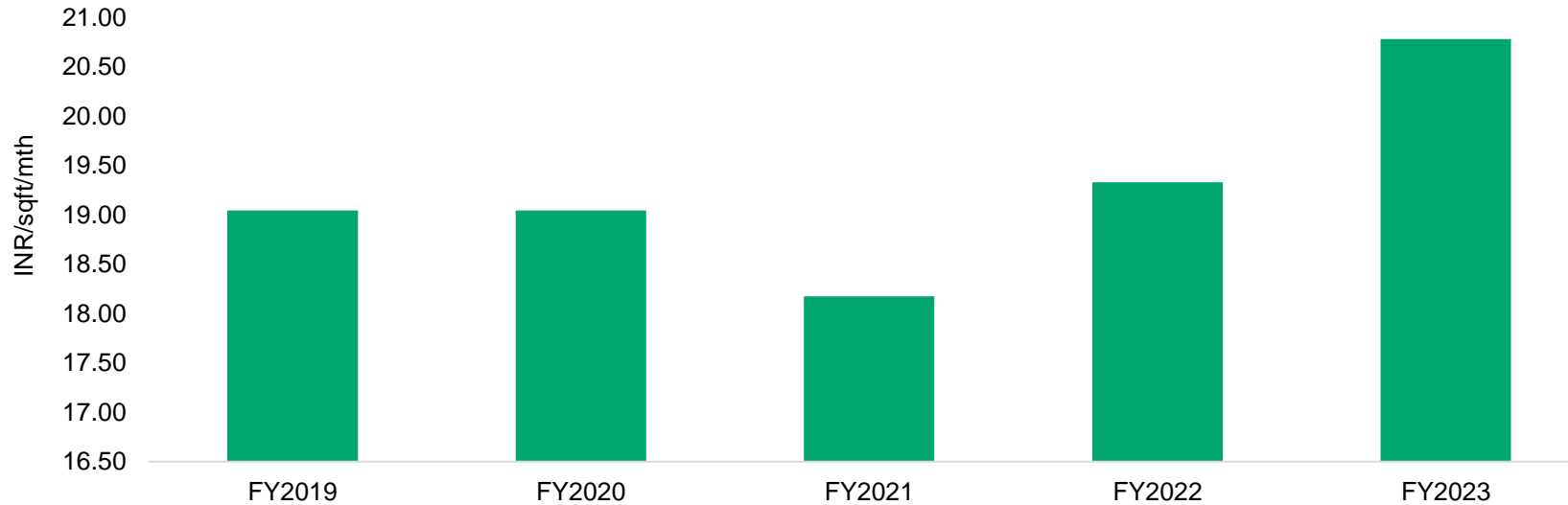
Cliff So
 Managing Director
 Agency and Professional Advisory Services
 +886 2 8729 8770
 cliff.so@repro.knightfrank.com

South Asia

The Indian warehousing market continued to reflect the strength of the Indian economy as demand remained steady in the volatile global economic environment, with 0.9 million sq m being transacted in Bengaluru, NCR and Mumbai in the first half of FY 2024 (April to September 2023). While e-commerce companies remained focused on curbing costs, demand continued to be driven by the manufacturing and 3PL sectors. India has benefitted from the sustained move towards the decentralisation of manufacturing capacity from China. Demand for logistics spaces in the country is expected to remain robust for the rest of the fiscal year, boosted by the government's focus on 'Make in India' and the Production Linked Incentive scheme.

Bengaluru

Net Effective Rents

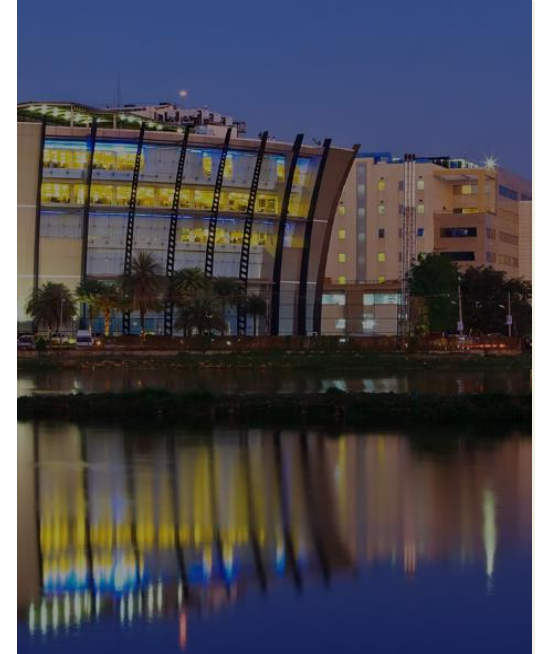


Economic Indicators

	2023F	2024F
GDP Growth	6.3%	6.3%
Unemployment Rate	NA	NA
Inflation	5.5%	4.6%

Real Estate Indicators

	FY2023	12 mth Forecast
Prime Rent (INR psf/mth)	21.50	↑
Vacancy	15.8%	↓
Market Balance	Landlord	Landlord

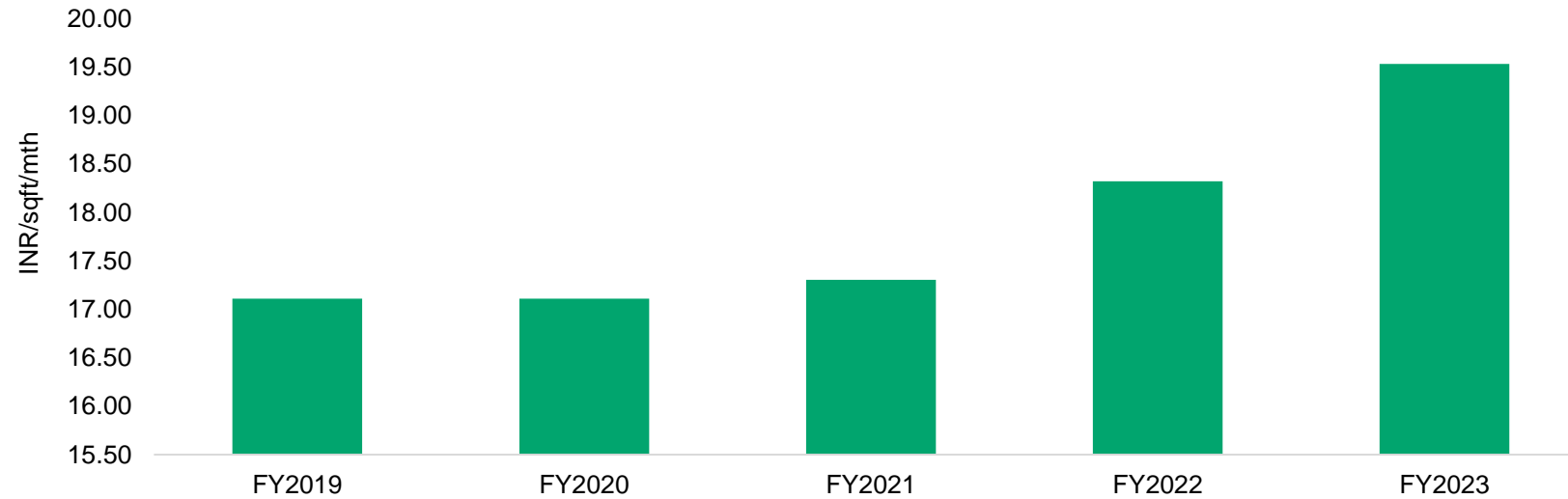


For more information,
please contact:

Balbir Singh Khalsa
National Director - Industrial &
Logistics
+91 91671 12052
balbir.singh.khalsa@in.knightfrank.com

Delhi-NCR

Net Effective Rents

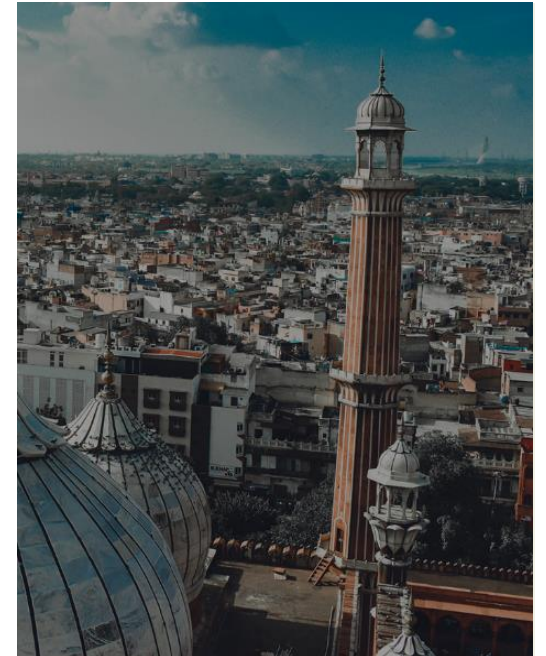


Economic Indicators

	2023F	2024F
GDP Growth	6.3%	6.3%
Unemployment Rate	NA	NA
Inflation	5.5%	4.6%

Real Estate Indicators

	FY2023	12 mth Forecast
Prime Rent (INR psf/mth)	20.20	↑
Vacancy	9.7%	↓
Market Balance	Landlord	Landlord

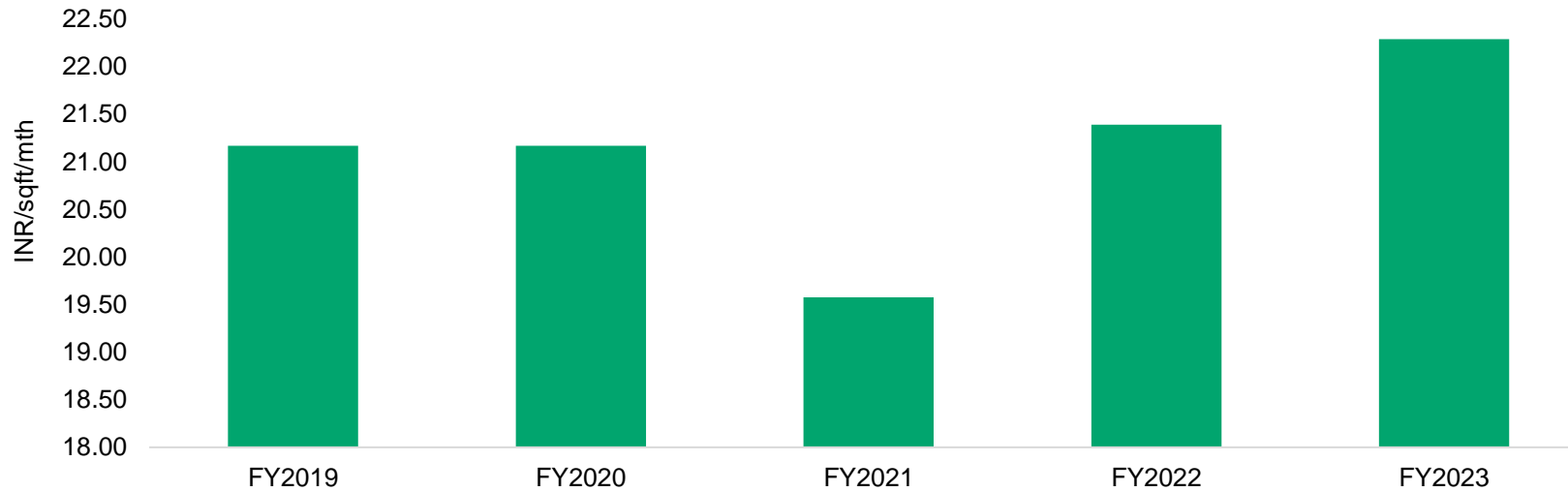


For more information,
please contact:

Balbir Singh Khalsa
National Director - Industrial &
Logistics
+91 91671 12052
balbir.singh.khalsa@in.knightfrank.com

Mumbai

Net Effective Rents

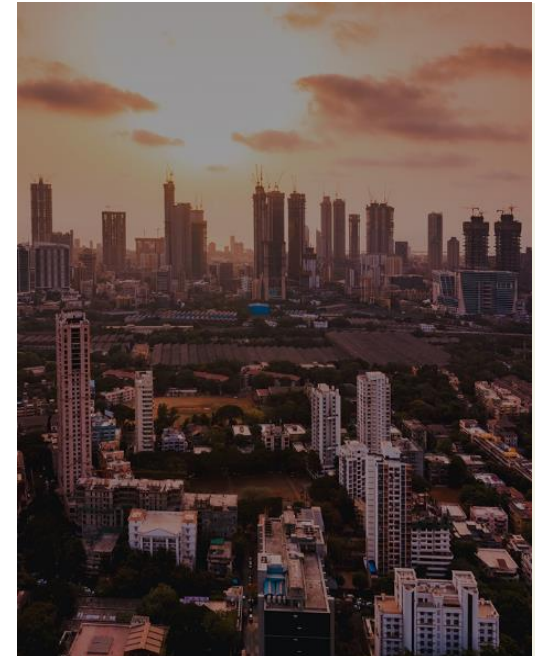


Economic Indicators

	2023F	2024F
GDP Growth	6.3%	6.3%
Unemployment Rate	NA	NA
Inflation	5.5%	4.6%

Real Estate Indicators

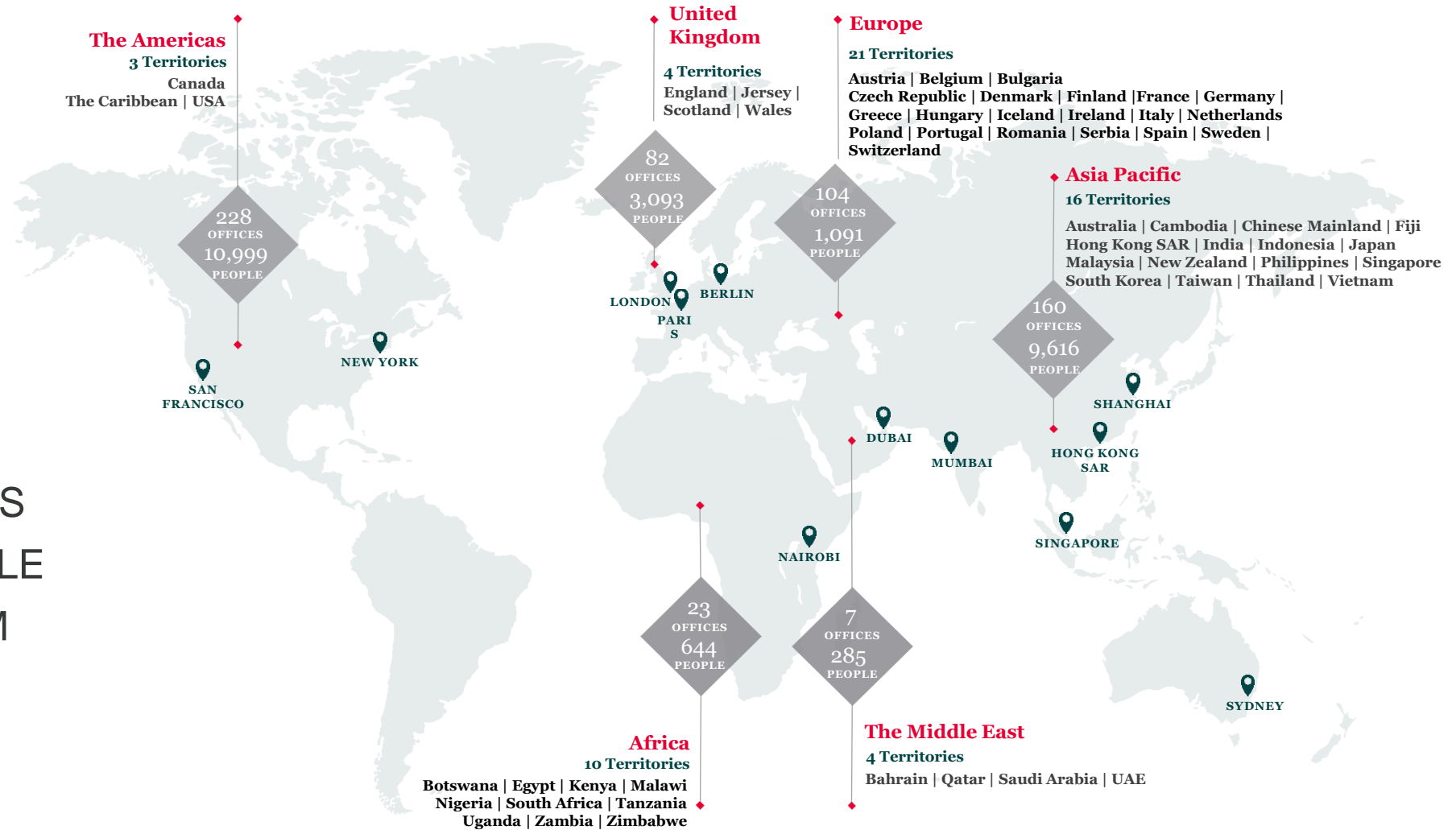
	FY2023	12 mth Forecast
Prime Rent (INR psf/mth)	23.10	↑
Vacancy	10.3%	↓
Market Balance	Landlord	Landlord



For more information,
please contact:

Balbirsingh Khalsa
National Director - Industrial &
Logistics
+91 91671 12052
balbirsingh.khalsa@in.knightfrank.com

Our Global Presence



604 OFFICES
58 TERRITORIES
25,000+ PEOPLE
1 GLOBAL TEAM

*Your partners in property
Independent & debt free
With over 125 years of
experience*

Our mission at Knight Frank is to ‘Connect People and Property, Perfectly’.

The Asia Pacific Occupier Strategy and Solutions team facilitates this for our clients, offering a broad suite of consulting and transactional services that deliver domestic and multi-market occupiers with the information and advice they require. The integration of these services enables us to understand the critical success factors for your business.

Whether you are looking for or currently occupy industrial space, office space or retail space, Knight Frank has experienced teams that are dedicated to advising you, the occupier. Our bespoke commercial agency leasing team ensures we have the optimum expertise for each project. Our relationship with occupiers also ensures we speak to the decision makers who determine occupational strategy.

We are locally expert, and yet globally connected. Our multi-market clients are managed centrally from our hubs across Asia-Pacific, from Singapore, Australia, Hong Kong and India, where we devise strategies to empower clients to attain their desired goals.



Tim Armstrong

Global Head of Occupier Strategy & Solutions

tim.armstrong@asia.knightfrank.com

+65 9737 9991



Geraldine Xiao

Director

Occupier Strategy and Solutions,
Asia-Pacific

geraldine.xiao@asia.knightfrank.com

+65 9191 9560



Christine Li

Head of Research,
Asia-Pacific

christine.li@asia.knightfrank.com

+65 8511 3758