



Focus Discipline Growth

Independent Market Research Report 2025/26

maple tree
logistics



Independent Market Report

Mapletree Logistics Trust Management Ltd.

Asia-Pacific Annual Logistics Real Estate Market Report

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Section A: APAC Market Analysis

1. APAC macroeconomic overview

Global economic growth remains resilient as at the beginning of 2026. Tariff uncertainty persists, but a continued AI investment boom is anticipated to offset some trade headwinds. At the same time, global inflation is expected to continue to decline, allowing for easing of monetary policies. In its March 2026 update, Oxford Economics (OE) expects global growth of 3.0% in 2026 and 2.9% in 2027.¹ Upside risks to inflation are increasing because of higher energy, shipping, and transport costs. As such, global headline inflation is expected to accelerate to 4.3% this year, as compared to 3.4% in 2025.

Trade and geopolitical uncertainties represent key downside risks to economic growth this year. Considerable uncertainty around US tariff policy remains in 2026, especially after recent ruling by the US Supreme Court and the Trump administration's response. Moreover, the impact of tariffs across sectors and countries may diverge from the initial structure discussed in 2025.

The situation in the Middle East creates fresh unpredictability. The conflict is foremost an unfolding human tragedy that has already resulted in significant loss of life and displacement across the region. Channels of immediate impact to global economy will be largely via higher energy prices, supply chain disruption and financial market risk aversion. JLL does not make specific predictions about conflict duration, outcomes, or escalation scenarios, but further impact may cause broader economic disruptions as well as price and cost pressures beyond the energy sector.

Asia-Pacific's economies are cautiously navigating global headwinds, although Asian exports will likely sustain near-term momentum. Across the region, domestic demand provides stability despite cautious consumer behaviour. Fiscal policy should remain supportive of domestic demand in 2026. Regional central banks will move cautiously and closely monitor global developments, and some banks may turn more hawkish in response to higher energy prices.

Growth expectations in Asia-Pacific remain more buoyant than the US and Europe. OE is forecasting annual Gross Domestic Product (GDP) growth of 4.0% in 2026 and 3.7% in 2027, lower than the 4.3% in 2025, with the strongest growth forecasts in emerging markets such as India and Southeast Asia (SEA). That said, risks to growth prospects remain in the near term, notably geopolitical tensions and shifting policy environments.

Economic conditions are diverse across numerous Asia-Pacific economies. The Australian economy is recovering from a period of weakness, with real GDP expected to grow by 2.2% this year.² However, higher input costs passing through to consumer prices in early 2026 are adding to inflationary pressure, particularly as some businesses operate under capacity constraints. With headline CPI significantly above the Reserve Bank of Australia (RBA) 2–3% target range, RBA raised the cash rate by 25 bps to 4.1% at its March meeting, following a similar hike the previous month. Further monetary tightening may be needed to curb inflationary pressures.

China's GDP grew by 5.0% in 2025, in line with the official target. The consumer and housing related sectors remain fragile, although the outlook for exports is partly helped by easing US-China trade tensions and a shift to high value-added products. Growth target of 4.5%-5.0% for 2026 was lower than the past few years, and slower but high-quality growth will remain the focus of the 15th Five Year Plan period (2026-

¹ Oxford Economics (OE), March 2026. All economic data on this page is from OE, unless otherwise stated.

² Oxford Economics (OE), March 2026. All economic and demographic data on this page is from OE, unless otherwise stated.

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2030). China's exposure to the global energy shock is cushioned by its domestic energy mix, and higher input costs will feed through to producers more than consumers.

In Hong Kong SAR, estimates showed that GDP grew by 3.5% in 2025. 2026 growth is forecast at between 2.5% and 3.0% year-on-year (y-o-y), as trade flows moderate amidst global challenges. However, the recovery of domestic demand should persist, supported by the gradual stabilisation of the property market and the job market.

GDP growth for India is expected to come in at 7.5% in 2025 and growth is forecast at 6.5% in 2026. Strong domestic demand should help cushion external challenges, though rising energy prices begin to weigh on household budgets. Ongoing bilateral trade negotiations with the US remain unresolved; implementation of the proposed agreement, including a planned reduction in baseline tariffs from 50% to 18%, has been deferred. The Reserve Bank of India reiterated that policy remains data-dependent, with scope for recalibration should inflationary pressures persist.

Japan's economic growth remained weak in late 2025, with full-year growth at 1.0%. GDP growth is expected to slow further this year at 0.3%. Export growth will be supported by chips-related demand, although the near-term outlook remains uncertain due to elevated US tariffs and global tensions. Consumer demand may soften amid persistent inflation concerns, giving impetus to the government to proceed with expansionary fiscal plan. With global energy costs rising, the Bank of Japan acknowledged upside risks to inflation when it held its policy rate at 0.75% in March.

Malaysia's economy grew by 5.2% over 2025 and momentum will likely remain strong at 4.6% in 2026. Global AI-related demand should continue to support exports. Upcoming labour reforms may push up labour costs and feed through to higher household disposable incomes and consumption. Bank Negara Malaysia is expected to keep its key policy rate at 2.75% this year, with growth still firm and inflation edging upwards.

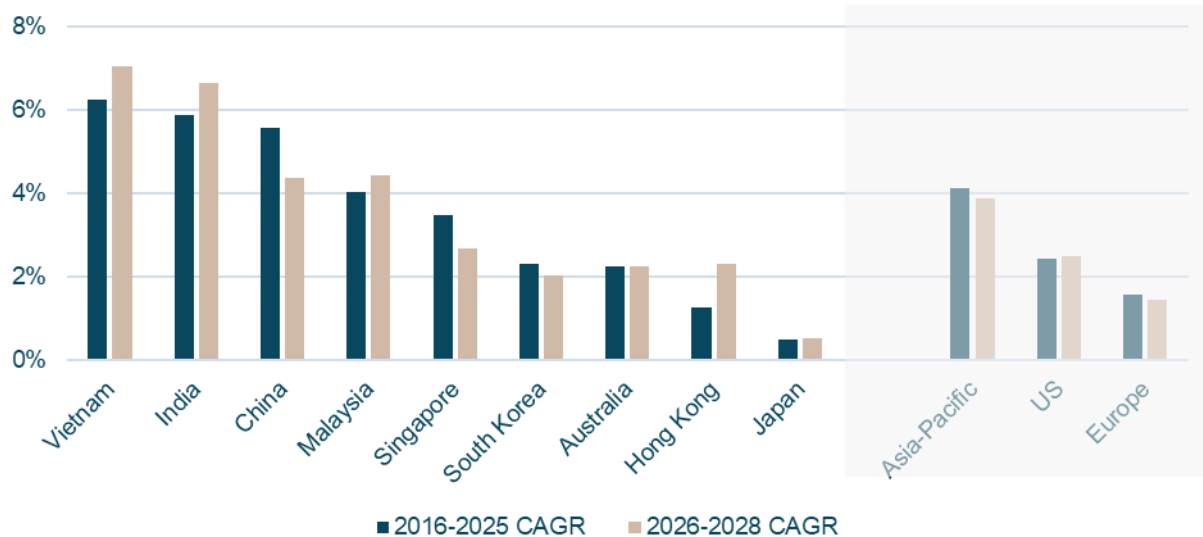
Singapore's economy expanded by 5.0% in 2025, but real GDP growth is forecast to ease to 4.1% in 2026 as Singapore's open and trade-dependent economy remains exposed to global risks and rising input costs. Exports continue to benefit from AI-driven demand, but consumer spending may remain volatile due to inflationary pressures. The Monetary Authority of Singapore should maintain its current monetary policy settings, though a weakening growth outlook increases the likelihood of further easing in the near term.

South Korea's GDP was up 1.0% in 2025. 2026 growth is forecast at 1.9%. Exports, particularly semiconductors, remain a primary engine, but challenges remain as the US government has intensified trade pressures on South Korea. Fiscal measures will offer some support as a supplementary budget will provide cash payments and energy subsidies for lower-income households and small business owners. The Bank of Korea held its policy rate steady in February, marking a continuation of its policy pause to ensure financial stability and curb household debt.

Vietnam's 2025 GDP growth was 8.0% and 2026 growth is forecast at 7.2%, led by the manufacturing and services sectors. Electronics exports continued to be the main source of strength, though the current account balance is expected to shrink this year, because of weaker global demand and higher imported oil prices. Underlying consumption remains healthy, supported by low unemployment rate. Inflation risk tilted to the upside but the central bank will likely remain on hold on monetary policy, reflecting its focus on stabilising the currency.

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Figure 1: Asia-Pacific vs. US and EU Real GDP Growth



Source: Oxford Economics, March 2026
Note: Europe refers to EU and UK

New drivers for logistics real estate trends

Increasing geopolitical risks have highlighted the critical importance of supply chain modernization, prompting businesses to rethink their global strategies. In an era of trade tensions and regional instability, there is a greater focus on inventory management. The potential for disruption now requires companies to maintain more backup capacity and higher inventory levels as a buffer, balancing the need for resilience against higher warehousing costs.

This drive for greater operational resilience is a powerful force for innovation in the logistics industry. As companies shift manufacturing closer to home or to more stable regions, they often face higher labour costs that add to supply-chain vulnerabilities. In response, logistics companies have accelerated the adoption of warehouse automation and diversified transportation modes to mitigate these risks.

Technological advancement is a key enabler of this transformation. Artificial intelligence (AI) and robotics are rapidly transforming global contract logistics, driving major shifts in efficiency, scalability, and responsiveness. Storage and fulfillment facilities are at the center of this technological change, with robotic process automation (RPA) and autonomous vehicles playing an increasing role in moving and storing products. Beyond physical automation, smarter warehouses equipped with big data analytics also provide better visibility, allowing for faster order fulfillment and predictive risk management.

Simultaneously, consumers are adapting to new digital marketplaces, and retailers and logistics operators are taking steps to capitalize on this key growth area. Last-mile transportation service is the final, often most costly, phase of transporting goods from a distribution hub to the end user. E-commerce logistics companies increasingly leverage on innovative technologies (AI, delivery drones, driverless vehicles) to streamline the last mile delivery market. Moreover, localized inventory can improve efficiency and reduce the distance to consumers near urban centres, thus significantly improving agility and flexibility in delivery.

Driven by evolving tenant demands and increasingly stringent legislation, the logistics sector is also placing a greater emphasis on sustainability. In response to these customer and regulatory pressures, the industry is accelerating its transition away from traditional practices toward decarbonization. This shift is evident in the growing adoption of renewable energy sources and automation solutions that reduce waste and energy consumption in both warehousing and freight forwarding.

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In short, supply chain modernisation and re-organisation are adding to the growing demand for new logistics facilities. Tenants are upgrading from outdated, often small and owner-occupied facilities to newer facilities, which are often in premium locations near to end-customers. Demand should also continue to grow for modern logistics facilities that are suitable for automation and deployment of labour-saving systems.

Supply chain overview

Geopolitical tensions have highlighted the critical importance of agile and flexible business operations. In a world which has become characterised by heightened economic and geopolitical uncertainties, businesses are re-organising their supply chains, with options including re-shoring, on-shoring and near-shoring part of the production process to ensure the resiliency of their operations.

Supply chain diversification is an important factor affecting the structures of global supply chains. In part due to rising protectionism that is triggering a major re-ordering of the global trading system, more companies are making efforts to adopt supply chain strategies that reduce over dependence on a single country for supply. Multinational firms are adopting several key strategies to enhance operational agility:

Supply chain diversification: expanding manufacturing and sourcing locations in multiple markets. In addition to factors such as lower costs, this may allow companies to access consumer markets such as the US and Europe and bypass targeted tariffs.

Dual-track supply chains: Firms are developing parallel operational networks optimised for different regulatory environments, ensuring continuity and compliance while maintaining trade access to major markets.

Market-specific product design: Businesses are tailoring product configurations to align with regional technical standards and sourcing requirements.

In recent years, some multinational firms have directed investment toward emerging manufacturing hubs in emerging SEA and India, which have benefited from trade diversion from China. However, the future of "China Plus N" strategies remains uncertain under US pressure to prevent transshipment through China. Southeast Asian countries like Vietnam, which rely heavily on Chinese inputs, remain particularly vulnerable to these trade tensions. Companies must now reassess the costs and benefits of relocating supply chains away from China given evolving trade negotiations.

This global restructuring of trade and manufacturing has significant implications for logistics real estate. Companies' shift toward geographically diversified production networks is driving increased demand for efficient transportation infrastructure and modern logistics facilities. The result is surging demand for high-specification industrial and logistics (I&L) properties—warehouses featuring automation, connectivity, and sustainability capabilities that meet Industry 4.0 standards.³ This intersection of technological advancement and supply chain restructuring creates substantial new opportunities for real estate investors and developers throughout the region.

Lastly, recent geopolitical instability, particularly the conflict in the Middle East, is putting global supply chains to the test. This environment requires logistics real estate investors and occupiers to better identify and monitor risks to business and portfolio, as well as to design and optimise for agility and flexibility. Building redundancy and contingency plans is essential for business strategies aimed at absorbing shocks,

³ Industry 4.0 refers to the transformation of manufacturing processes to enhance efficiency and reduce costs, by integrating digital technologies like artificial intelligence, robotics, and the Internet of Things.

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such as supply chain disruptions. Consequently, data-driven cost management and optimization are critical to balancing this increased resilience with financial sustainability.

E-commerce impacts on logistics demand

Recent technological advancements and societal shifts fuelled a new level of e-commerce growth. The proliferation of internet connectivity and smart devices has created a vast digital consumer base. Alongside this technological foundation, key consumer trends are reshaping the online retail landscape. Social and live-stream commerce, for instance, have transformed online shopping into an entertainment-driven and highly interactive activity. Platforms like TikTok and Instagram now seamlessly blend content creation with direct sales. Another major development is the rise of cross-border e-commerce. In an environment of high living costs, shoppers are increasingly turning to international platforms like Shein, Temu, and AliExpress to find better deals, fuelling their global expansion.

Asia-Pacific has the world's largest e-commerce market, accounting for roughly 40% of the global market and more growth is expected in the future.⁴ The upside to I&L real estate is greater demand for warehousing space. This will be particularly so with the shift from offline to online retailing. Further, Asia-Pacific's e-commerce logistics market is set to remain the largest growth market globally, forecast to grow at a 2025-2030 CAGR of 7.5%,⁵ driving demand for warehousing space for e-commerce uses such as returns processing and handling, distribution hubs, inventory buffers, and fulfilment operations.

The rise of e-commerce has been a pervasive force throughout the global supply chain, driving faster, more efficient shipping, high inventory turnover and inventory staged in forward locations near consumers. In 2025, the global e-commerce logistics market continued to grow. The global market is valued at USD 625.0 billion, according to Transport intelligence (Ti), a leading data provider for the global logistics industry.⁶ The Asia-Pacific, North American and European e-commerce logistics markets represent more than 95.0% of the global market. E-commerce is expected to remain a positive tailwind for the logistics market, and e-commerce logistics spending globally is forecasted to grow at a 2026-2029 CAGR of 7.8%.

Asia-Pacific was the biggest market, with total industry spending of USD 224.0 billion. Looking forward, Asia-Pacific is forecast to remain one of the world's fastest growing consumer markets. Regionally, spending on e-commerce logistics is expected to moderate to a 2026-2029 compound annual growth rate (CAGR) of 7.4%, driven by rising online retail penetration and improving infrastructure.⁷

Also noteworthy is the growth of cross-border e-commerce logistics, which is benefiting from a wider growth in overall cross-border e-commerce sales. Cross-border e-commerce is increasingly popular as online platforms such as Temu, TikTok Shop, AliExpress and Shein gained traction in international markets, as online shoppers seek better product deals abroad, against a backdrop of high living costs. It is estimated that Asia-Pacific's domestic and cross-border markets represent 86.0% and 14.0% of the region's total e-commerce logistics market, respectively.

That said, cross-border e-commerce faces significant challenges from taxes to customs regulations. A notable example is the end of "de minimis" exemption from US duties enjoyed by low-value e-commerce shipments, effective 29 August 2025. This means every shipment will now go through US customs clearance and be subject to import duties and taxes, regardless of value or country of origin. This will

⁴ Statista, March 2026.

⁵ Transport Intelligence, March 2026.

⁶ Unless otherwise stated, all data on this page are from Transport Intelligence, March 2026.

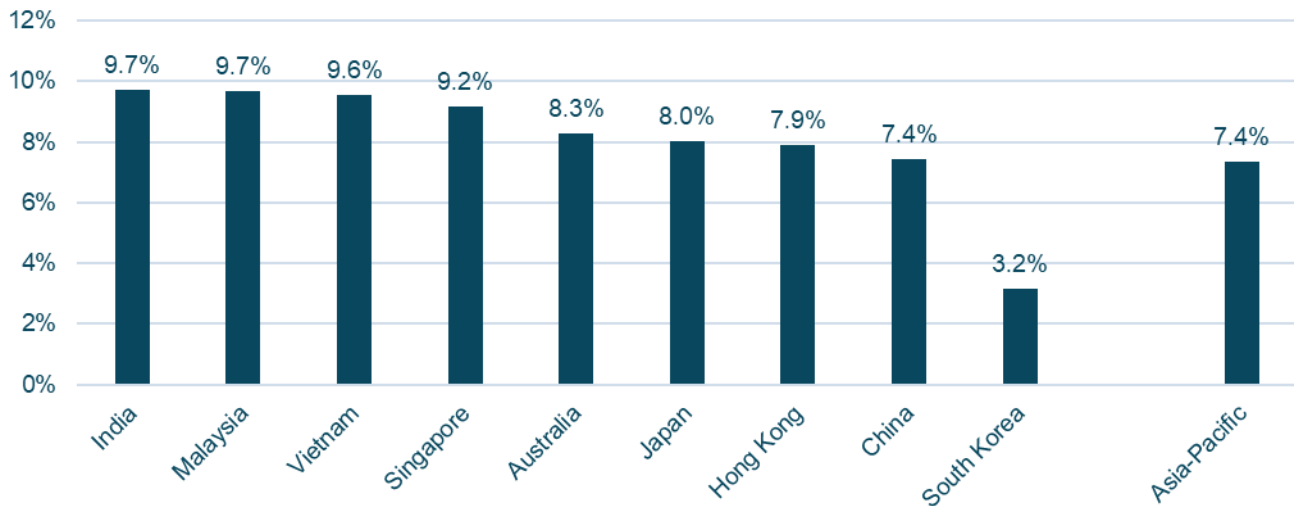
⁷ Unless otherwise stated, all data on this page are from Transport Intelligence, March 2026.

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significantly impact the global e-commerce logistics market, leading to increased costs, slower shipping times, and changes in supply chain strategies.

Changes in government policies and other issues could constrain future growth in cross-border e-commerce. In the near-term, some electronic retailers may opt for an asset-light approach, using third-party providers rather than building their own storage and distribution networks in view of the uncertainties.

Figure 2: Forecast Growth of E-commerce Logistics Spending, 2026-2029 CAGR



Source: Transport Intelligence, March 2026

Third-party logistics (3PL) market trends

The rapid growth in commerce has amplified the importance of the supply chain function in almost every business that ships physical goods. Some companies are choosing to make significant investments to build out this function internally, while many others are looking to 3PLs to outsource the function.

The rise of the 3PL industry represents a business model which relies on third-party service providers to handle distribution needs. The 3PL market comprises freight-forwarding and contract logistics. Freight forwarding is the outsourcing of services to move products between different locations and across different transportation modes. Contract logistics is the outsourcing of transport and logistics operations (most commonly warehousing and distribution) by any company to a dedicated 3PL service provider. Globally, freight forwarding and contract logistics accounted for 41.0% and 59.0%, respectively, of total 3PL spending in 2025.

3PL spending worldwide is forecast to grow by a 2026-2029 CAGR of 3.6%.⁸ By region, 3PL revenue in Asia-Pacific is projected to grow at a 2026-2029 CAGR of 5.7%, above the growth rate of North America and Europe (2.1% and 1.7% respectively).

Contract logistics spending worldwide is forecast to grow by a 2026-2029 CAGR of 3.9%. Spending in Asia-Pacific is projected to outpace other major regions with projected 2026-2029 CAGR of 6.5%, which is more than double the growth rates of North America and Europe (2.4% and 1.9% respectively).

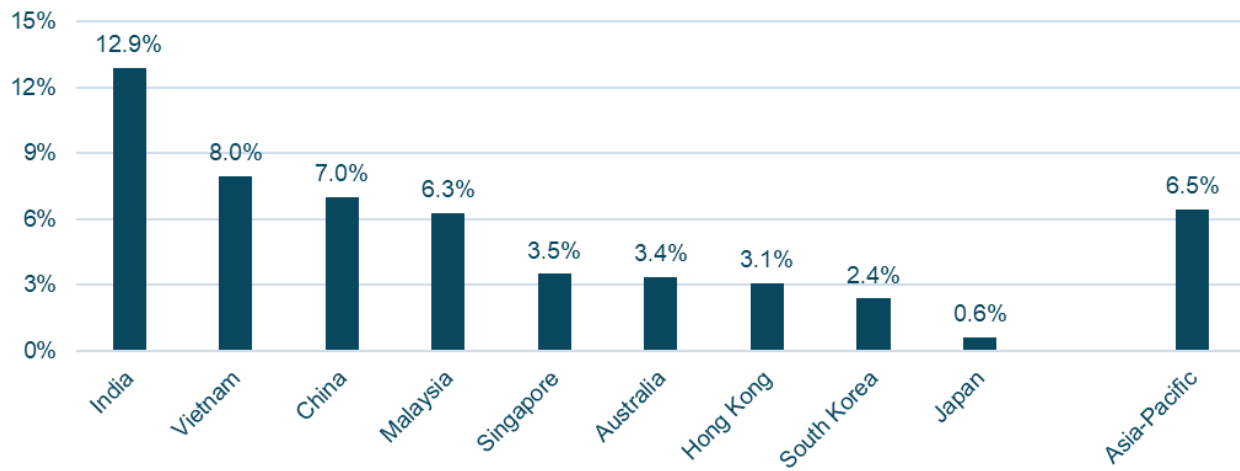
Asia-Pacific is expected to remain the world's largest contract logistics market by region in the medium-term. By country, China is the second biggest market worldwide after the US, with projected 2026-2029 CAGR of 7.0%. Vietnam, India and Malaysia will help drive the region's market expansion with CAGRs of

⁸ Unless otherwise stated, all data on this page are from Transport Intelligence, March 2026.

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between 6.0% and 13.0% over the same period. Conversely, low growth is expected in the more mature markets such as Australia, Singapore, South Korea and Japan.

Figure 3: Forecast Growth of Contract Logistics Spending, 2026-2029 CAGR



Source: Transport Intelligence, March 2026

2. APAC logistics real estate market overview

Definition of Grade A facilities

Grade A (modern / prime) warehouse and logistics facilities are high-quality facilities characterised by, among other things, large floor plates, high ceilings, wide column spacing, modern loading docks, as well as enhanced safety systems and other value-added features. These buildings comprise premises designed or adapted for use as godowns, ancillary offices, distribution centres, third-party logistics and all other industrial warehousing. The major users of these warehouses are mainly third-party logistics operators, e-commerce platforms, wholesalers, retailers or manufacturers. Definitions and methodologies may differ across markets.

Demand and supply trends

Regional net absorption rose 32.8% quarter-on-quarter (q-o-q) in 4Q25, primarily driven by an improvement in take-up in Greater China which had experienced soft leasing demand throughout the year amid tariff-related macroeconomic uncertainty, occupier caution, and a demand-supply imbalance. On an annual basis, net absorption remained fairly stable, increasing marginally by 0.8% y-o-y to 15.5 million sqm.

Leasing demand is expected to be sustained in most markets outside of Greater China in the near term, supported by 3PLs, e-commerce retailers, and manufacturers. While rental performance is expected to remain subdued in view of macroeconomic uncertainties, the easing in completions to more reasonable levels in the medium term is expected to support a stronger market recovery.

Supply has continued to decline from the peak in 2023, and totalled 19.0 million sqm in 2025, representing an 18.3% y-o-y decline. While total completions are anticipated to increase to 20.3 million sqm in 2026, further project delays in multiple markets are expected as developers increasingly prioritise pre-leases, which may lead to a change in 2026's pipeline. Further supply moderation is expected in the medium term, notably in markets like Tokyo and Seoul which saw a huge surge in institutional-grade stock over the last five years.

Overall, a sizeable supply pipeline remains in Australia, particularly in Sydney and Melbourne. However some projects may not materialise as developers are increasingly postponing project commencements in favour of securing pre-leases. This trend is expected to persist amid uncertainty around potentially higher development costs on the back of RBA's rate hike in February 2026.

Despite the overall subdued leasing market, conditions are projected to see some improvement in certain Greater China cities. For example, while Shanghai's leasing market remains under pressure, new supply is forecast to ease in the medium term, with leasing demand for lower tier assets expected to recover earlier on the back of government policy support and economic recovery, aiding a gradual decline in vacancy.

India saw sustained leasing demand across 2025, with Delhi witnessing a record high net absorption of 9.8 million sq. ft., of which over 70% was for Grade A space. Delhi - National Highway 8 (NH8) led the submarkets in terms of demand, driven by the established physical ecosystem including infrastructure projects such as the Western Dedicated Freight Corridor and Delhi-Mumbai Industrial Corridor. 3PL and e-commerce players continue to lead majority of leasing activity, followed by fast-moving consumer goods (FMCGs), retailers, and auto ancillaries.

Stable leasing demand is expected in Japan, supported by e-commerce growth and relocation demand driven by flight-to-quality. Amid high vacancy levels and rising construction costs, developers are increasingly cautious with development plans, and completion levels are therefore expected to fall.

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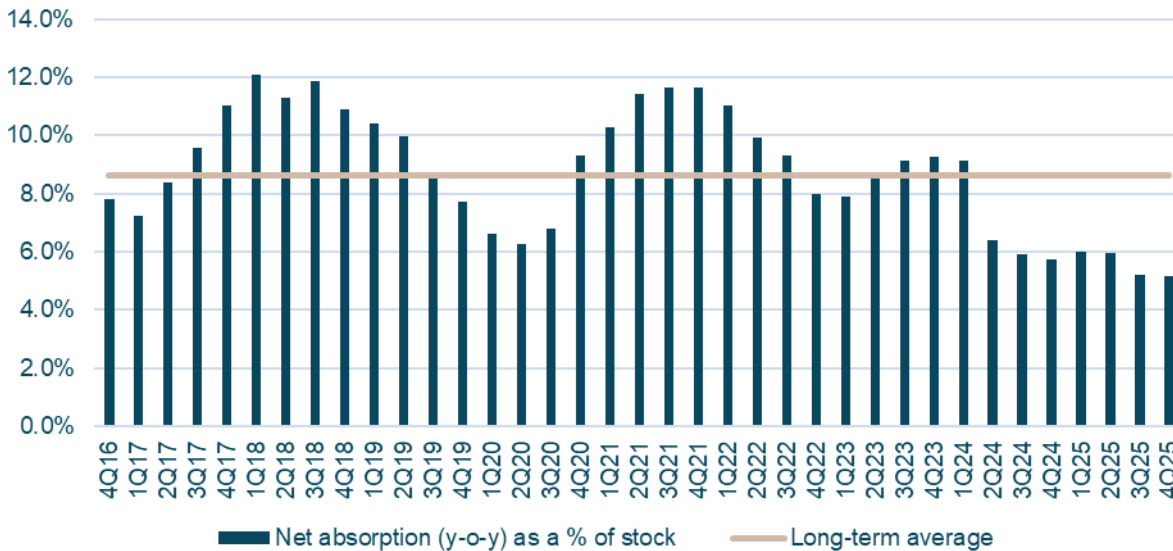
Following a lull in market activity due to US tariffs, market demand strengthened in Malaysia as tenants gained confidence following clarity from tariff announcements in August 2025, which spurred renewed activity. In Kuala Lumpur, companies from logistics, automotive, medical, and E&E sectors drove market activity and led the flight to quality trend by relocating from older buildings to newer facilities across key industrial corridors.

Demand for prime logistics spaces held firm in Singapore in 4Q25. There were some requirements from manufacturers, logistics service providers and e-commerce firms seeking strategic relocation or expansion space. This is expected to be sustained moving forward, as stable economic and manufacturing sector growth should lend support to leasing demand.

For the first time in four years, annual net absorption exceeded new supply in South Korea in 2025, totalling 1.7 million sqm, signalling a shift towards a balanced market. In Seoul, the South submarket recorded net absorption of approximately 0.39 million sqm in the quarter, marking the highest level in two years since 4Q23. This was contributed by occupiers from various sectors, including 3PL, e-commerce, manufacturing and food and beverage (F&B).

Vietnam's ready-built warehouse (RBW) market demonstrated resilience throughout 2025 despite prevailing global challenges, particularly those related to US tariffs. In the South, net absorption reached over 97,600 sqm in 4Q25, pushing 2025's total to more than 70% above 2024 levels. Domestic market-focused tenants, especially the 3PL group, remains the key demand drivers during the quarter. Meanwhile, in the North, manufacturing activity continues to drive demand, especially from electronics and material manufacturing companies dominated by Chinese and Vietnamese firms. 4Q25 delivered strong results with net absorption reaching approximately 125,000 sqm, bringing full-year 2025 net absorption to 236,000 sqm, marking a 13% y-o-y increase.

Figure 4: Asia-Pacific Net Absorption as a % of Stock



Source: JLL, 4Q25

Note: Based on JLL REIS coverage (GFA) across 35 markets; methodology may differ between markets due to different market norms.

Rental trends

Rents were broadly stable across most markets outside of Greater China towards the end of 2025. Overall rental growth should remain moderate in the next 2-3 years, reflective of the subdued economic conditions and cautiousness amongst occupiers.

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Average net face rents rose in most Australian markets in 2025, but the growth in effective rents was partially offset by rental incentives and discounts in a competitive leasing environment. Continued rental growth is expected, albeit at a slower pace of around 2% to 3% from 2026 to 2028 due to overall market rebalancing as well as a significant supply pipeline especially in Sydney and Melbourne.

Rents in Greater China have exhibited a sustained downward trajectory, driven by disruptions including US tariffs and subdued retail sales growth. While they are poised to stabilise in the medium term as the market rebalances, this outlook remains vulnerable to further external headwinds. In addition, landlords managing new properties with high vacancy might continue competitive pricing strategies to attract and retain tenants. In Hong Kong SAR, continued rental declines are likely in the medium term, with substantial new supply scheduled in 2028 potentially leading to larger declines in the following year.

Demand for high-quality spaces has continued to increase in India, thereby pushing Grade A rents higher. Rents are expected to maintain an upward trajectory moving forward, with Grade A properties projected to see an annual increase of around 5% in the short term.

In Japan, strong demand and rising construction costs have led to higher rents for new supply properties as well as existing facilities in core locations. Rents are anticipated to remain bifurcated, with rents in prime locations expected to see further growth. Overall, Grade A rents are expected to sustain their growth in the near future.

In Malaysia, rents in Kuala Lumpur were largely flat q-o-q in 4Q25 and down 0.1% y-o-y. Larger deals led to negotiated discounts, while older assets lost appeal, requiring rent cuts to stay competitive. This reflects changing preferences in industrial real estate and challenges for ageing properties. Looking ahead, rental growth is expected to remain subdued given a substantial supply pipeline in 2026, which could intensify competition among landlords. With lesser completions anticipated in 2027 and 2028, rental growth should strengthen comparatively during this period.

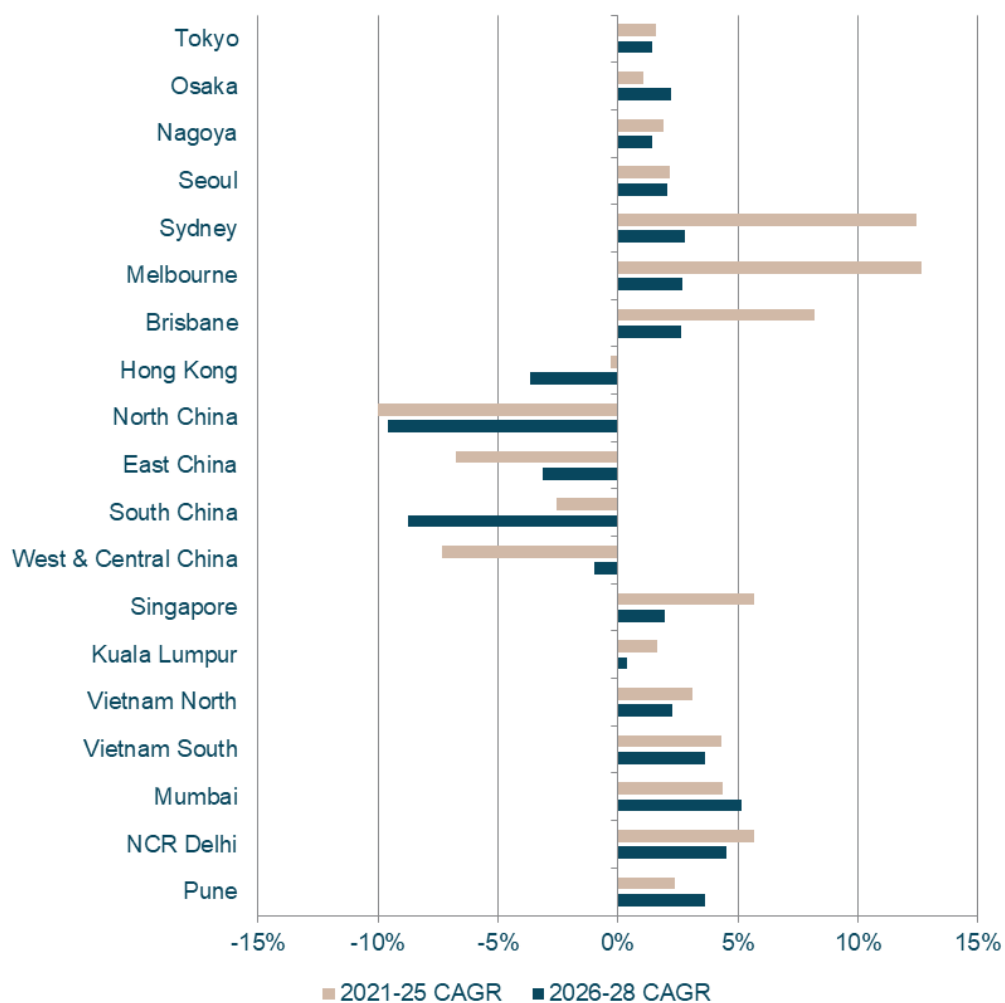
New supply is expected to decline in Singapore, with majority of the upcoming developments already accounted for by owner-occupiers. This, coupled with sustained leasing demand, is expected to lend support to rental growth in the short term.

Falling completions and high construction costs should continue to lend support to rental growth in South Korea. Larger rent increases in prime locations are anticipated, especially those close to major junctions or those catering to last-mile delivery services.

In Vietnam, average asking rents saw marginal increases in recent quarters in both the Northern and Southern regions, mainly driven by new projects. However, net effective rents remained competitive as landlords offered incentives to attract tenants. Rents are expected to maintain an upward trajectory, but growth should be modest given that high vacancy rate is expected to remain with large-scale projects in the pipeline.

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Figure 5: Asia-Pacific Logistics Rents (GFA basis)



Source: JLL, 4Q25

Notes:

1) Refers to prime net effective rents, except prime net face rents for Sydney, Melbourne & Brisbane, and prime gross rents for Vietnam;

2) Changes in local currency terms;

3) North China comprises Beijing, Tianjin and Langfang; East China (Jiaxing, Changshu, Kunshan, Shanghai, Suzhou, Wuxi, and Nanjing); South China (Guangzhou, Dongguan); West & Central China (Chengdu, Chongqing, Xi'an, Wuhan).

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Capital market trends

Despite a backdrop of macroeconomic uncertainty, investor interest in the logistics real estate sector has remained resilient. Capital continues to favour growth-oriented sectors and investors are attracted by the positive long-term fundamentals and positive structural shifts of the I&L sector. 3PLs and e-commerce players have demonstrated sustained demand for logistics spaces across the region.

While tariff disruptions have slowed decision making, APAC industrial transaction volumes totalled USD 27.3 bn in 2025, picking up towards the year-end with a 3% y-o-y increase in 4Q25. On a full-year basis, transaction volumes fell 18.3% y-o-y in 2025. Yields compressed in major markets like Seoul and Sydney, but expanded in Greater China amid heightened economic headwinds, and in Melbourne due to uncertainty surrounding cost of debt and sovereign risk. Yields rose slightly in Tokyo alongside rising interest rates, but both domestic and foreign investors remain bullish on Tokyo's logistics sector.

Volumes were subdued in 4Q25 in Australia, the lowest quarterly total since 4Q23. Yields tightened across Sydney markets, although logistics transactions were confined to smaller deals. With RBA implementing interest rate hikes, transaction activity might see a slowdown due to possible delays in investment decisions amid heightened uncertainty and caution. In addition, as buyers adopt a wait-and-see approach, repricing might be needed. That said, while near-term activity is likely to remain subdued pending repricing, medium-term fundamentals remain strong, with underlying investor demand expected to support market activity.

Investment activity remained subdued in Greater China, as macroeconomic headwinds and geopolitical tensions limited deal flow. Investors grew more selective amid ongoing supply pressures and rental declines, exercising greater caution when assessing logistics opportunities. Looking ahead, market uncertainty and geopolitical tensions may continue to keep many offshore groups on the sidelines.

Foreign investment in India has continued to ramp up with increased market liquidity. In terms of outlook, more supply is expected to come onstream vis-à-vis demand growth, with build-to-suit transactions growing in popularity. As occupier preferences shift towards good quality spaces with higher specifications, activity from institutional investors is anticipated to rise further.

Although rising interest rates render yield compression in Tokyo unlikely in the short term, sustained rental growth is anticipated driven by continued demand from 3PLs and e-commerce firms. Investment opportunities, especially for large modern facilities, are limited despite continued investor interest. This is due to the small pool of such assets, as Tokyo's logistics market only experienced a surge in modern supply within the last few years. Yields are likely to hold stable, while capital values should rise alongside rising rents.

In Malaysia, capital values increased marginally while yields compressed by 3 basis points in 4Q25, reflecting sustained investor confidence and flight-to-quality trends. Local institutional investors continue to search for high quality logistics opportunities. Capital values are expected to grow steadily driven by limited prime logistics supply amid strong demand, with yields continuing to compress as high quality assets have lower risk.

Stable rent and healthy investor demand underpinned another quarter of steady capital values and yields in Singapore in 4Q25. Positive rent growth prospects, a lower-than-previously envisaged interest rate environment and sustained investor demand, especially for quality spaces, could see capital value growth outpacing rental growth by end-2026, thereby tightening yields.

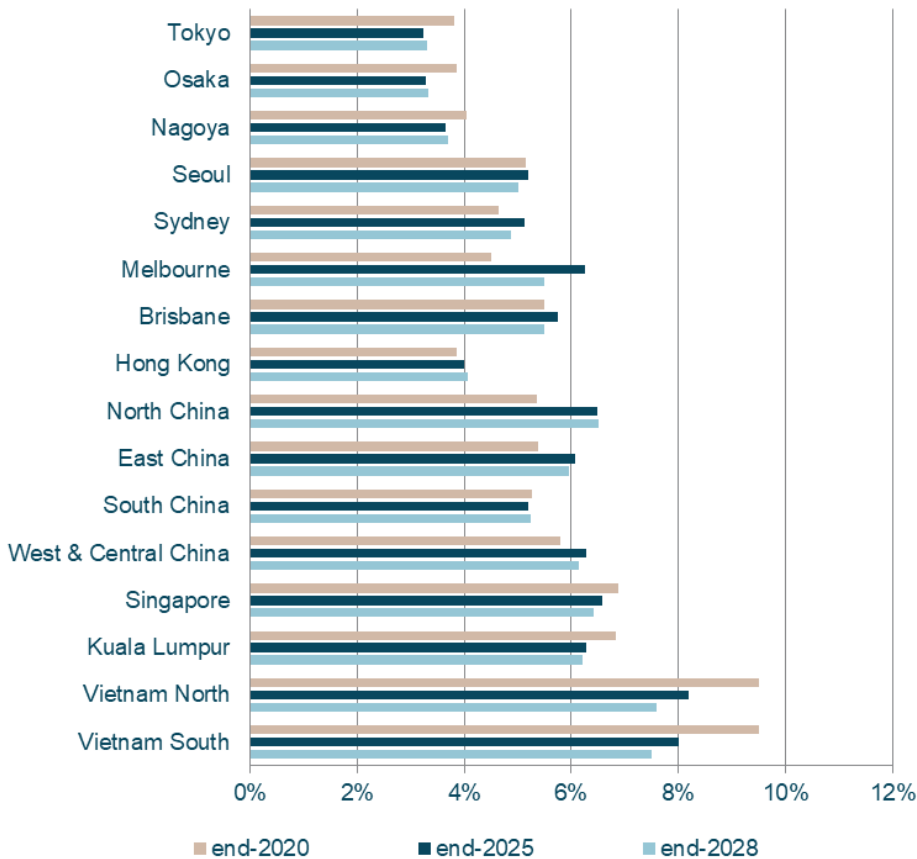
Foreign capital targeting industrial assets due to supply imbalance has created attractive entry points for investors in South Korea. 4Q25 logged Seoul's highest quarterly transaction volumes since 1Q22.

Global and Regional Overview

Domestic institutional capital is expected to deploy into core and large value assets in 2026 as liquidity conditions strengthen.

Capital values in Vietnam are forecast to maintain an upward trajectory, rising around 3.5% y-o-y, supported by improving market sentiment towards the end of 2026. This trend is expected to underpin gradual rent growth and modest yield compression. Large developers including Mapletree and Frasers continue to build more RBW space, recognising the positive fundamentals of the sector.

Figure 6: Asia-Pacific Logistics Market Yields



Source: JLL, 4Q25

Notes:

- 1) Yields refer to market yields (current market effective rental divided by market capital value).
- 2) Market yields are net yields, except for Kuala Lumpur and Vietnam which are reported as gross yield.
- 3) All market yields are for logistics warehouses only, except for the Australian I&L sector.
- 4) North China comprises Beijing, Tianjin and Langfang; East China (Jiaxing, Changshu, Kunshan, Shanghai, Suzhou, Wuxi, and Nanjing); South China (Guangzhou, Dongguan); West & Central China (Chengdu, Chongqing, Xi'an, Wuhan).
- 5) JLL does not track India logistics yields.

Section B: Country Overview

1. Overview of Australia’s Logistics Market

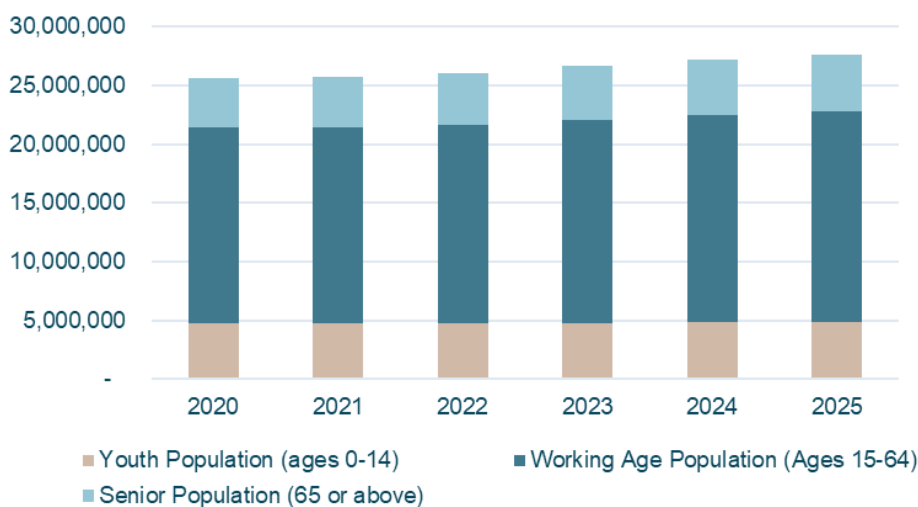
Macroeconomic overview

Country overview

Australia’s population continues to grow, with total resident population estimated at 27.6 million people at 30 June 2025. However, despite Australia’s large landmass (7.7 million square kilometre (sq km)), approximately 95% of Australia’s population lives within 100 km of Australia’s coast. A steady immigration intake has supported population growth (1.5% y-o-y to June 2025). However, like most mature economies in the Asia-Pacific region, the population is ageing. Working age population (aged 15–64) decreased from 17.7 million in 2024 to 17.0 million in 2025.

Australia's middle class comprises the middle three quintiles of household income, representing 60% of the population or approximately 5-6 million households.⁹ Middle-income earners typically earn between AUD 86,500 and AUD 135,000 annually. While this proportion has remained relatively stable, it faces mounting cost-of-living pressures.

Figure 7: Australia – Population by Age Cohort



Source: Australian Bureau of Statistics, June 2025 (latest data available)

Economic overview

Economic growth recorded an uplift of 0.8% in the December 2025 quarter. On an annual basis, economic growth rose 2.6% (up from the 1.2% annualised reading recorded in the December 2024 quarter). While annual GDP growth continues to outpace comparative mature economies in the Asia-Pacific region like Japan, Korea and Singapore, GDP per capita is decreasing, reflective of elevated immigration levels recorded in the immediate post-COVID era. While persistent inflationary pressures has resulted in multiple increases in the Reserve Bank of Australia official cash rate which is placing downwards pressure on short-term domestic economic growth, Australia’s longer-term outlook remains positive, underpinned by a

⁹ Australian Bureau of Statistics Australian National Accounts: Distribution of Household Income, Consumption and Wealth, 2021-22.

resilient labour market, positive real wage growth, and still-robust population gains which will support a modest recovery in household consumption and business investment.

The outlook for interest rates has been decisively reshaped by a recent resurgence in inflation. The annual Consumer Price Index (CPI) rose to 3.8% in the 12 months to December 2025. Further upwards pressure on inflation has come in the form of low productivity domestically, and global fuel shortages as a result of the conflict in Iran. In response to these renewed price pressures, the RBA raised the cash rate for the third time this year by 25 bps to 4.35% at its May meeting, following similar hikes in February and March. Looking ahead, the economic path is intricate. The RBA faces a complex balancing act: curbing persistent inflation without derailing economic growth, particularly as the labour market begins to ease.

According to the Australian Bureau of Statistics (ABS), Australia's unemployment rate stood at 4.3% as at March 2026 and in tandem with levels recorded over the last 18 months. The participation rate – a gauge for those in the market for jobs – remained at 66.8% over the latest reporting period (March 2026).

The latest ABS data indicates Australia's population growth was up 1.6% over the 12 months to September 2025, with growth primarily driven by net overseas migration (311,000). Net overseas migration has been driven by arrivals of temporary migrants, particularly students, while departure numbers remain low. Western Australia grew at the fastest rate nationally, with growth up 2.2% in the year to September 2025, followed by Victoria and Queensland, both at 1.7%.

While persistent inflation has created a more complex near-term outlook, Australia's fundamental economic drivers remain intact. The anticipated monetary policy easing cycle was short-lived, giving way to a renewed tightening phase. Nevertheless, the economy remains supported by robust population growth and a gradual recovery in domestic demand. The Australian economy is demonstrating resilience, with economic growth anticipated to trend at 2.1% in 2026.

Government planning and policies/structural changes to logistics market

There are several key policies implemented by the government that are intended to improve efficiency and productivity for the Australian I&L sector.

The **Australian National Freight and Supply Chain Strategy** is a 20-year plan aimed to provide a long-term framework for freight planning and investment across all transport modes. Road freight grew by over 75% between 2000-01 and 2015-16 with consumer goods being the dominant goods stored and produced in Australia. The key focus of the strategy is on future planning, emphasising action areas of urban freight, regional and remote freight, international gateways (ports and airports), corridor protection and strategic planning, technology and data, and regulation and compliance. It must be noted that in May 2026, the Australian Federal Government cut funding for the AUD 45.0 billion inland rail project which was a planned rail infrastructure project from Victoria to Queensland which was expected to support industrial demand over the long-term horizon.

Infrastructure Investment Program is a Federal Government of Australia initiative aimed at improving the country's infrastructure across various sectors including roads, rail, airports, and community infrastructure including Sydney's second airport, the Western Sydney International Airport, which is on schedule to complete in October 2026. As part of the 2024-25 Budget, the Australian Government has committed AUD 16.5 billion for new and existing projects including road infrastructure upgrades in Western Sydney (AUD 1.9 billion), an additional AUD 3.3 billion towards Melbourne's North East Link Road infrastructure project and Brisbane's A1 Bruce Highway South Corridor project (AUD 5.6 billion).

The **Future Made in Australia** agenda, launched in 2024, is a policy framework introduced by the Australian Federal Government to support the growth of domestic manufacturing capabilities and reduce

dependence on overseas supply chains. The agenda aims to strengthen Australia's industrial base by focusing on sectors where the country has natural advantages, particularly in resources, renewable energy, and advanced manufacturing.

Logistics market overview (Grade A only)

Key logistics hubs

Sydney, Melbourne, Brisbane

Logistics real estate market landscape

Australia's I&L market tracked by JLL totals approximately 80.3 million sqm and spans the major capital city metropolitan areas of each state, excluding Tasmania, Northern Territory and the Australian Capital Territory (ACT).

Demand drivers for logistics properties

3PL industry

Australia's 3PL companies form the largest I&L occupier group in Australia, supported by Australia's growing population trajectory. Similar to 2024 figures, over a third (34.3%) of total gross take-up nationally in 2025 was attributed to the transport, postal & warehousing business sector (869,700 sqm). This occupier sector has consistently been the largest driver of Australian industrial demand in the last decade (2016-2025), accounting for 33.4% (10.4 million sqm) of total gross take-up.

Retail Trade

Retailer demand for industrial space is recovering after a low period in 2024. For 2025, gross take-up from retailers totalled 466,400 sqm, representing 18.4% of total annual gross take-up. Australian household spending has improved, growing 5.6% y-o-y in December 2025. However, it must be noted that spending on services (6.6% y-o-y) is outpacing spending on goods (2.8% y-o-y). This occupier sector has accounted for the second largest proportion of gross take-up in Australia for the last decade (2016-2025), representing 21.1% (6.6 million sqm) of total.

Manufacturing Sector

Australia has broadly transitioned away from a heavy-industry manufacturing market to a consumer-driven goods distribution and storage market. The country's geographic proximity to the major Asian manufacturing centres has resulted in previously domestically manufactured goods now being produced overseas and imported to Australia. There has been little reshoring activity in the manufacturing sector with heightened labour and material import costs restricting sovereign capabilities and competitiveness.

Despite this, the manufacturing sector still represented 17.3% of total occupier gross take-up in 2025 (438,300 sqm). However, it must be noted that it is unlikely that most of this leased space is used for actual manufacturing of goods. It is more likely that manufacturers have leased warehouse space for inventory and distribution of goods.

Growth of e-commerce and 3PLs/express growth

Australian online spending is recovering. As of September 2025, retail spending online reached 14.9% of total monthly retail trade, nearing the historical high of 15.1% reached in 2022 at the peak of the COVID-19 pandemic. Over the 12 months to September 2025, Australians spent AUD 62.2 billion dollars online.

Warehouse demand from pure online retailers and omni-channel retailers held steady in 2025. Occupiers like Kmart (104,509 sqm), JD.com (12,218 sqm) and Temple & Webster (32,380 sqm) secured new accommodation as part of their expansionary moves, while many large global and domestic retailers like Amazon, Bunnings, Coles, Woolworths, Officeworks and Metcash already secured new space in 2024.

Structural trends on logistics & logistics property market

a) A shift away from speculative development

Over the past three years, developer appetite for speculative development increased, supported by robust occupier demand. This trend peaked in 2025 when total supply delivered over the 12 months reached practical completion with only 53.6% of space pre-committed. However, over the past 12 months, occupier demand has slowed, impacted by a more sluggish retail trade and export environment. This has resulted in developers moving further down the risk curve and seeking the assured income of pre-lease commitments before moving to the construction phase on projects. With many speculative projects already underway as a result of stronger confidence 12 months ago, the pre-commitment rate of all supply under construction in 2026 is marginally higher than 2025 (61.6%). Looking forward to 2027, the pre-commitment rate of projects under construction has increased to 97.7% – a trend that is expected to continue over the medium term. Over the medium-term, the preferential shift back towards pre-lease commitments will likely slow delivery of warehouse space to the Australian market and moderate rental growth.

b) Data centres

While considered a separate asset class and not a sub-sector of the I&L landscape, data centres impact the sector in many ways. As artificial intelligence and cloud computing grows, the processing power required to drive this innovation is increasing. Data centre developers are increasingly looking to secure land for development to support this growth – typically within traditional industrial precincts. Data centre operators are willing to pay more for land, which is expected to be the catalyst for an increase in land values in areas with supportive energy and water infrastructure in place.

c) Multi-storey warehousing appetite slowing

While more commonplace in land constrained markets like Singapore, Korea and Japan, multi-storey warehousing is still in its fledgling stage in Australia. In 2024, a handful of developers looked to multi-storey development in Australia as an opportunity. By the end of 2024, JLL was tracking 20 projects nationally that were categorised as multi-storey warehouses, totalling 1.3 million sqm.

However, over the past 12 months, only two multi-storey warehouse developments have completed and only an additional five moved into construction phase. Of the five under construction, totalling 336,000 sqm, three are speculative with leasing demand for upper-floor warehouse space above the ground floor proving more challenging in an environment of rising industrial vacancy.

Currently, 541,100 sqm of multi-storey warehouse space has approved plans or submitted documents. However, it is expected that pre-lease commitments will be required to move these projects into construction phase.

Logistics property overview (Grade A only)

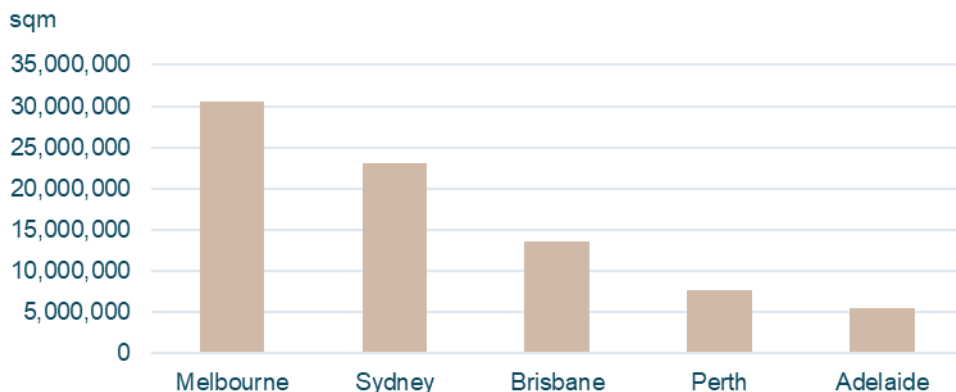
Estimated logistics real estate per capita

Australia's I&L market of approximately 80.3 million sqm roughly equates to 2.9 sqm of warehousing space per person. In line with proportional population patterns, 83.7% of total warehouse space is located along

the eastern seaboard markets of Sydney, Melbourne and Brisbane (combined 67.2 million sqm). The comparatively smaller industrial markets of Perth and Adelaide account for the balance.

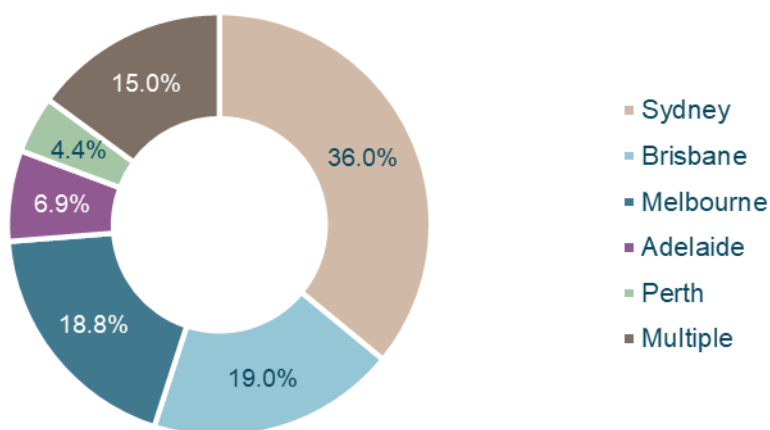
Market Size

Figure 8: Australia – Total Stock by Market, 2025



Source: JLL, 4Q25 (Adelaide and Perth are estimates)

Figure 9: Australia – Proportional Total Industrial Stock by Area by Market, 2025



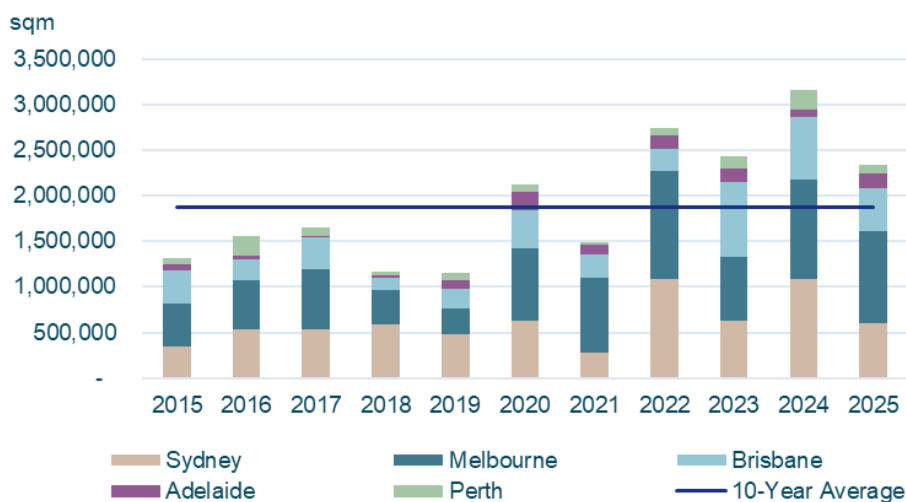
Source: JLL, 4Q25 (Adelaide and Perth are estimates)

A combination of slowing demand, increased speculative development, and occupier consolidation resulted in a rise in national vacancy, increasing from 3.7% in 4Q24 to 5.0% in 4Q25. This pattern was mirrored along the eastern seaboard markets with the vacancy rate in Sydney increasing from 4.2% in 4Q24 to 5.9% in 4Q25. The vacancy rate in Melbourne increased from 3.3% to 5.3% over the past 12 months. The vacancy rate in Brisbane increased from 3.9% to 5.2% over the same period.

Supply and characteristics of warehouses

Industrial supply completions for 2025 decreased to 2.34 million sqm after a record setting supply year in 2024 (3.1 million sqm). The 2025 figure was still 24.5% above the long-term 10-year annual average of 1.87 million sqm. Almost 90.0% of all new supply was delivered to the eastern seaboard markets, with 1.0 million sqm of supply completed in Melbourne (43.2%), 595,800 sqm delivered in Sydney (25.5%), and 471,300 sqm of new warehouse space completed in Brisbane (20.1%).

Figure 10: Australia – Annual Supply by Market, 2015-2025



Source: JLL, 4Q25

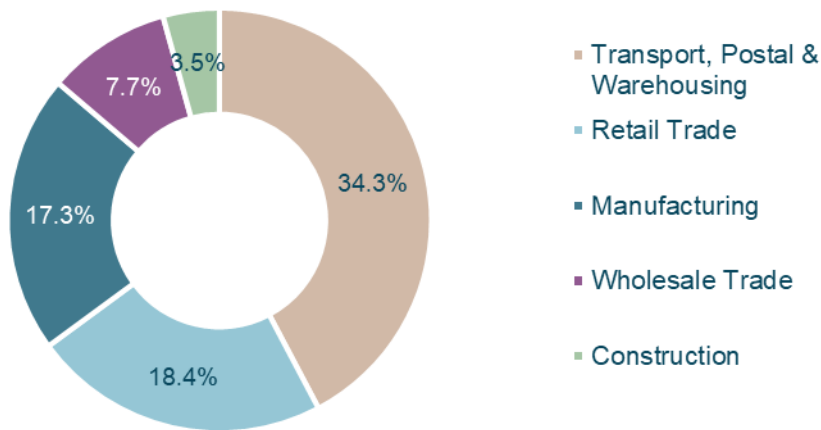
Warehouse sizes have increased in Australia. The average warehouse size nationally has increased 15.3% over the last 10 years, moving from an average of 14,200 sqm in 2016 to 16,400 sqm in 2025. The growth in average warehouse size has been driven by a surge in large-scale developments. In fact, between 2021 and 2025, there were 65 warehouse completions exceeding 35,000 sqm, matching the total number of such large projects delivered in the entire preceding decade (2011–2020).

Requirements and trends (including impact from e-commerce growth)

On the occupier demand side, national gross take-up in 2025 (3.26 million sqm) was broadly in line with 2024 levels (3.37 million sqm), but slightly down compared to the robust levels of occupier demand recorded over 2021-2023 (3.84 million sqm average). However, occupier demand was weighted towards the second half of the year. Average quarterly gross take-up in 2H25 (1.03 million sqm) was 20.6% higher than the first six months of the year (851,200 sqm). 2025 annual gross take-up was also broadly in-line with the long-term 10-year annual gross take-up average of 3.12 million sqm (which included the elevated demand period between 2021–2023) and well above the pre-COVID-19 long-term average of 2.34 million sqm recorded over 2010–2019.

On a business level, the Australian I&L sector has been dominated by three occupier sectors – the transport, postal & warehousing sector, the retail trade sector, and the manufacturing sector. Over the past 10 years from 2016-2025, these three sectors have accounted for 77.9% of all occupier gross take-up nationally, totalling 23.6 million sqm. This occupier trend was mirrored in 2025 with the transport, postal & warehousing sector accounting for 34.3% of the national total (869,700 sqm). Activity from the retail trade sector accounted for 18.4% (466,400 sqm) while activity from manufacturers accounted for 17.3% (438,300 sqm).

Figure 11: Australia – Proportional Gross Take-Up by Business Sector, 2025



Source: JLL, 4Q25

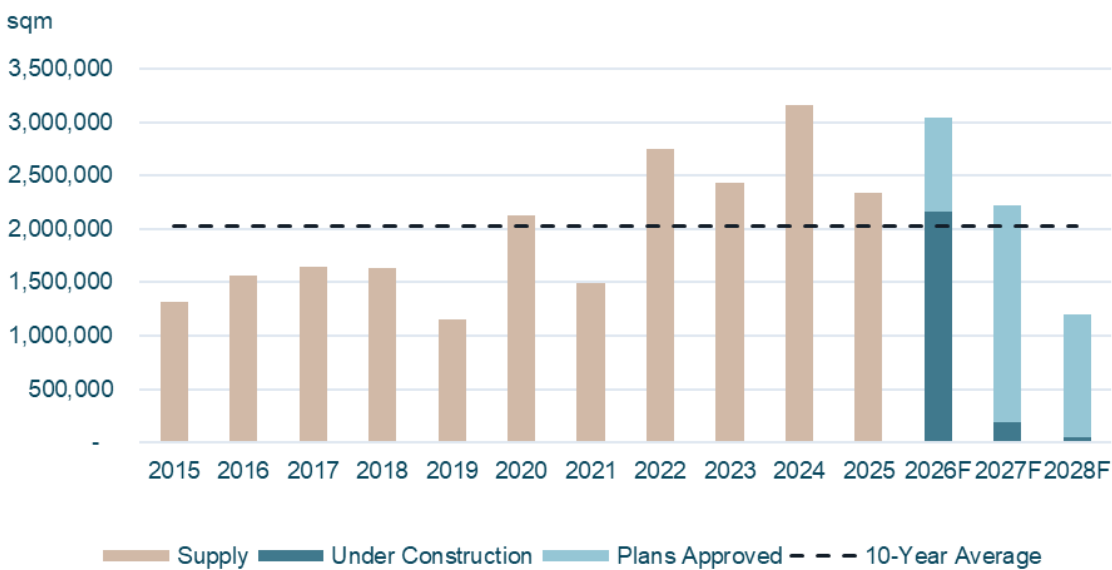
Performance and outlook

Annual Completion Outlook

There is currently 2.5 million sqm of upcoming supply under construction, with 1.6 million sqm of this pre-committed (65.6%) and 846,599 sqm of speculative supply under construction nationally. 2.1 million sqm is forecast to be delivered in 2026, with the remainder to be delivered over the course of 2027–2029 comprising large-scale, purpose-built facilities in Eastern seaboard markets.

Looking ahead, there is a further 4.5 million sqm of stock with plans approved, with 890,130 sqm forecast to be delivered in 2026, bringing expected annual supply figure for 2026 to 3.0 million sqm, 23.3% above the 5-year medium term average of 2.4 million sqm as the market navigates oversupply.

Figure 12: Australia – National Industrial Supply Pipeline, 2015-2028F



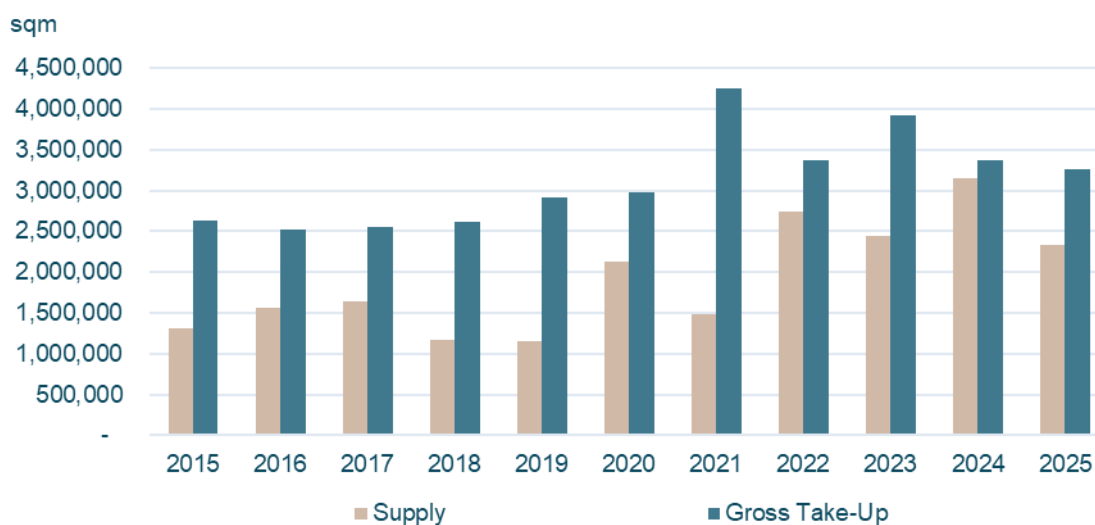
Source: JLL, 4Q25

Demand vs Supply

Occupier demand has historically been larger than the delivery of warehouse space in the Australian industrial market. Over the last 10 years, demand (measured in the form of occupier gross take-up) has outpaced supply by 60.4%, with the decade of gross take-up from 2016-2025 reaching 31.8 million sqm, compared to just 19.8 million sqm of supply delivered over the same period.

While the demand-supply environment was generally balanced in 2024, demand again outpaced supply in 2025 as occupiers absorbed speculative supply delivered to market in 2023 and 2024 as well as expanded into larger facilities, often consolidating multiple facilities into single larger warehouses.

Figure 13: Australia – Industrial Supply & Demand, 2020-2025



Source: JLL, 4Q25

Major logistics facility providers and players

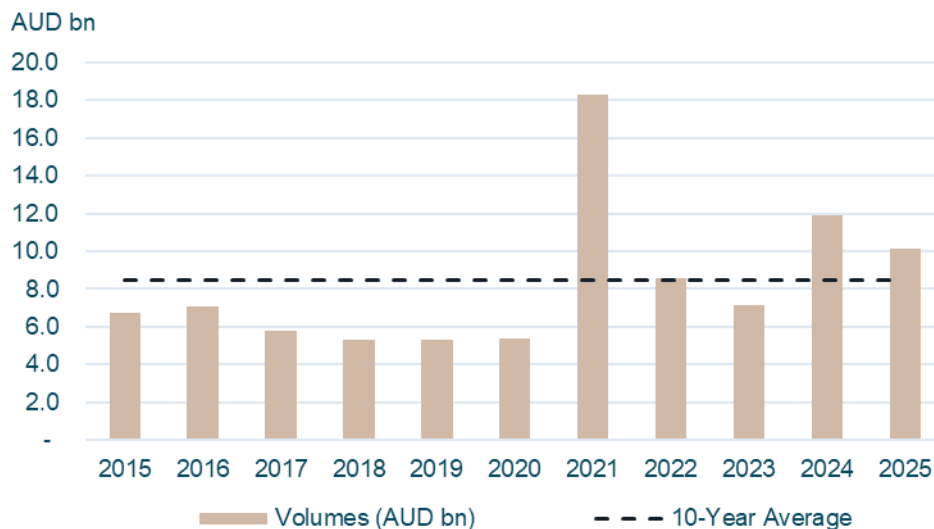
Below is the list of the top 50 largest industrial owners (by asset value) in Australia (as at 1Q26, sourced from RC Analytics).

Goodman Group, Charter Hall Group, ESR Group, GIC, Dexus, Blackstone, Stockland, GPT, Brickworks, Frasers Property, Barings, Centuria Industrial REIT, Mirvac Group, Fife Capital, IFM Investors, La Caisse, NSW Government, Brookfield AM, Dexus Industria REIT, M&G Real Estate, AustralianSuper, Charter Hall Long WALE REIT, Growthpoint (AUS), Centuria Capital Ltd, CapitalLand Ascendas REIT, ESR-LOGOS REIT, AXA Group, UniSuper, Lendlease, Mapletree Logistics Trust, Aware Super, Gateway Capital, Morgan Stanley, PGIM Real Estate, Cbus Super, Australian Retirement Trust, BlackRock, Pellicano Group, Centennial Property Group, KIC, KWAP, Salta Properties, Manulife Financial, RF CorVal, PGGM (NL), REST Super, Hale Capital Partners, Wentworth Capital, QuadReal, Aldi

Investors and investment trends, and major selected transactions. if any

Investment activity remained very positive in 2025, reaching AUD 10.1 billion. While this was 15.2% below 2024 transaction volumes (AUD 11.9 billion), it remained 34.4% above the long-term, 10-year average of AUD 7.5 billion.

Figure 14: Australia – Industrial Transaction Volumes, 2015-2025

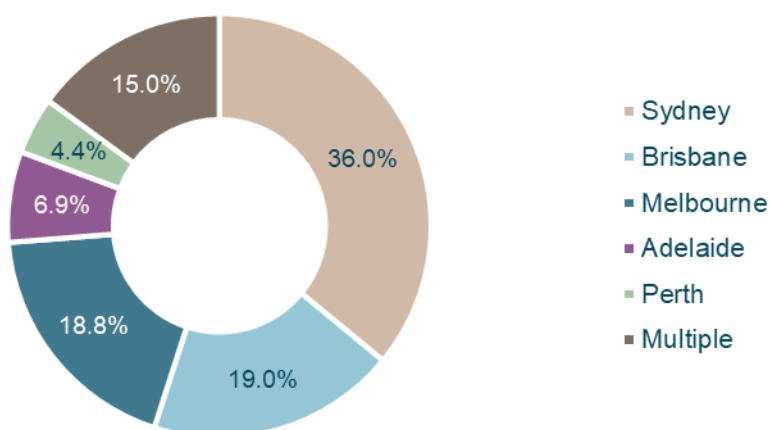


Source: JLL, 4Q25

Land acquisitions remained positive, accounting for 19.0% of the annual total (AUD 1.9 billion). However, the proportion of land sales decreased y-o-y following on from the investor rush on development land in 2024 which accounted for 27.5% of annual volumes (AUD 3.2 billion).

The largest proportion of 2025 annual industrial sales was recorded in the Sydney market, accounting for 36.0% (AUD 3.6 billion). Brisbane accounted for the second largest share of the annual total at 19.0% (AUD 1.9 billion). Historically, Melbourne has been the second largest destination for capital. However, detrimental foreign ownership surcharge taxation implemented by the current State Government has dampened investor capital inflows. In 2025, a total of AUD 1.9 million of industrial assets transaction in Melbourne, accounting for 18.9% of the annual total.

Figure 15: Australia – Industrial Transaction Volumes by Market, 2025



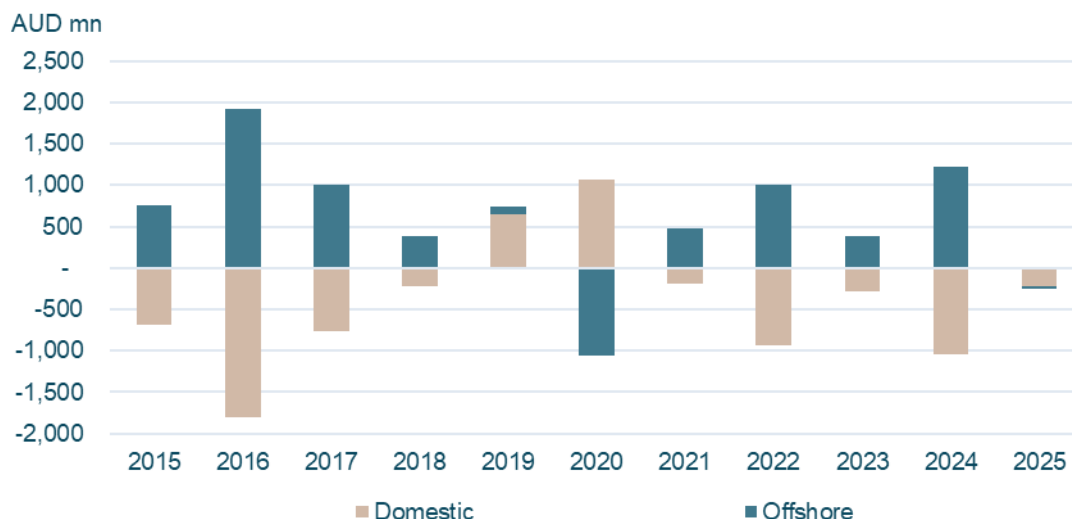
Source: JLL, 4Q25

The largest transaction over the last 12 months was the AUD 575.0 million land acquisition of a 194-hectare parcel of land adjacent to the new Western Sydney International Airport at 235 Martins Road, Badgerys Creek. Building materials manufacturer CSR sold the site to Australian listed fund Goodman Group in August 2025. The largest sale of realised assets was the seed investment from Canadian fund QuadReal

Property Group into a joint venture with GPT Group to form the GPT QuadReal Logistics Trust 2. QuadReal invested AUD 458.9 million into an eight-asset platform, acquiring an 80% ownership share.

Capital inflows into the Australian industrial sector were the largest recorded since 2021, reaching AUD 1.9 billion over the 12 months to 4Q25. The most active investment region was from North America with investment activity from investors from the US and Canada totalling AUD 1.5 billion.

Figure 16: Australia – Net Industrial Transaction Volumes by Investor Geography, 2015-2025

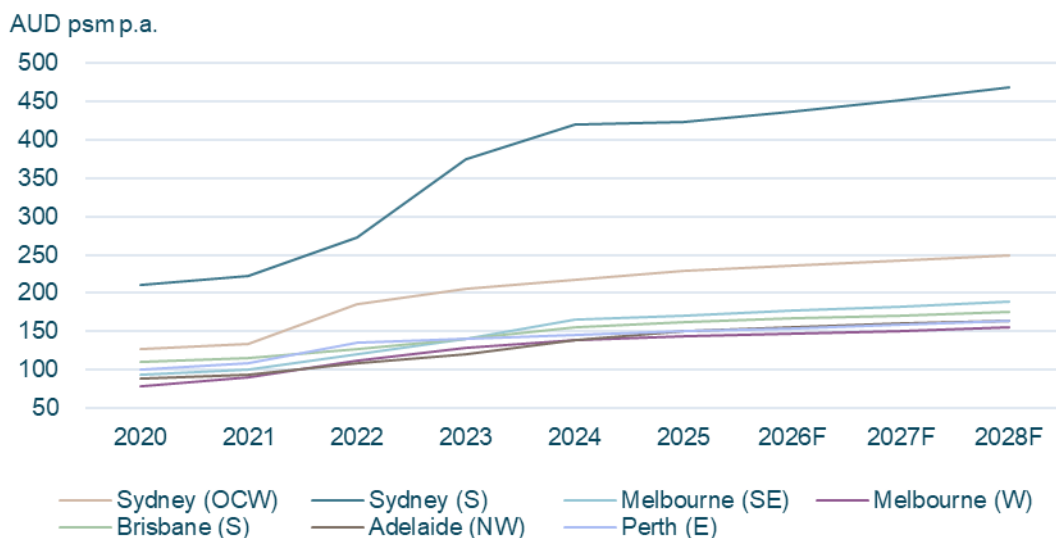


Source: JLL, 4Q25

Historical and forecast data for key logistics market indicators

Rents

Figure 17: Australia – National Industrial Average Prime Net Face Rents, 2020-2028F



Source: JLL, 4Q25

For 2025, Sydney’s market average prime rental rate has increased 2.8% to AUD 275 per sqm per annum (typical lease term 3-5 years). This growth has eased, aligning more closely with the pre-COVID (2010–2019) 10-year market average of 2.3% per year, following several years of strong gains. We expect average prime net face rental growth to continue on a similar trajectory as we move into 2026. Annual growth rates in the South Sydney and Outer Central West markets are forecast to reach 3.0% and 2.5% to

the end of 2026, respectively. Over the medium term through to 2028, average prime net face rental growth is forecast to average 3.8% per annum in South Sydney and 3.0% per annum in Outer Central West.

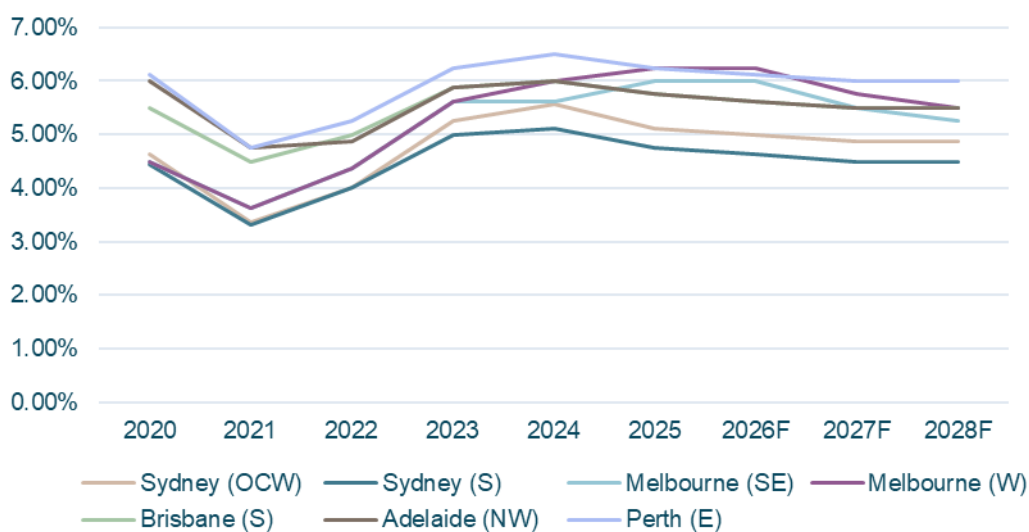
For 2025, Melbourne’s market average prime rental rate increased 3.9% to AUD 161 per sqm per annum (typical lease term 3-5 years). Comparably, the pre-COVID-19 (2010–2019), 10-year market average growth rate is 1.1% y-o-y. We expect rental growth to remain positive over the short-term. Average net face rental growth in the West is expected to increase by 2.5% y-o-y through to the end of 2026. Average prime net face rental growth is likely to be marginally stronger in Melbourne’s South East over the same time period, reaching 3.5%. Over the medium term through to 2028, prime net face rental growth in is forecast to average 3.1% and 2.9% per annum in the South East and West respectively.

Over the past 12 months, Brisbane’s market average prime rental rate increased 4.3% to AUD 185 per sqm per annum (typical lease term 3-5 years). Comparably, the pre-COVID-19 (2010-2019), 10-year market average growth rate was 0.0% y-o-y. Average prime rental growth is expected to moderate over the short-term in the Brisbane Southern precinct, reaching 2.5% y-o-y over the 2026 calendar year. Over the medium term through to 2028, prime net face rental growth in the Brisbane Southern precinct is forecast to average 2.8% per annum.

Average incentives reached 17.5% by the end of 2025 and have been incrementally increasing since reaching a cyclical low of 7.1% in 2022. While JLL does not forecast industrial incentives, it is expected in the current environment of moderating occupier demand that property owners will continue to use incentives as a lever in lease negotiation.

Market Yield

Figure 18: Australia – National Industrial Average Prime Midpoint Yields, 2020-2028F



Source: JLL, 4Q25

The next yield compression cycle in the Australian industrial sector commenced in mid-2025, with yields tightening in all markets apart from Melbourne. As at 4Q25, the weighted prime national midpoint yield tightened by 2 basis points to 5.67%. JLL was forecasting a further 10 basis points of decompression by the end of 2026, reaching 5.57%. However, recent global volatility and increased cost of debt as a result of cash rate hikes have resulted in a revision of forecasts and it is now expected that average prime yields across Australia will hold firm over the next 12 months. The yield compression cycle is expected to continue over the medium term, reaching a new cyclical low of 5.51% by 2028.

Capital values have trended upwards over the last two years as rental growth persisted and yields stabilised. Over the 12 months to 4Q25, the national I&L capital value index (CVI) increased 8.5% y-o-y. However, capital value growth is expected to decelerate over 2026 as yields plateau and rental growth moderates, before improving to 7.0% y-o-y in 2027.

2. Overview of China's Logistics Market

Macroeconomic overview

Country overview

China stands as the world's second most populous nation, with a population of approximately 1.4 billion people.¹⁰ Over the past few decades, the nation has undergone profound economic and social transformation, pivoting toward a growth model increasingly anchored in consumption, services, and technological innovation. Urbanisation has accelerated steadily during this period, reaching an urbanisation rate of over 67.0% in 2025, fuelled by sustained industrialisation and economic growth.

Infrastructure development, particularly in high-speed rail networks and modern highway systems, continues to enhance nationwide connectivity and logistics efficiency. These advancements have been instrumental in supporting the expansion of sectors such as e-commerce, manufacturing and logistics.

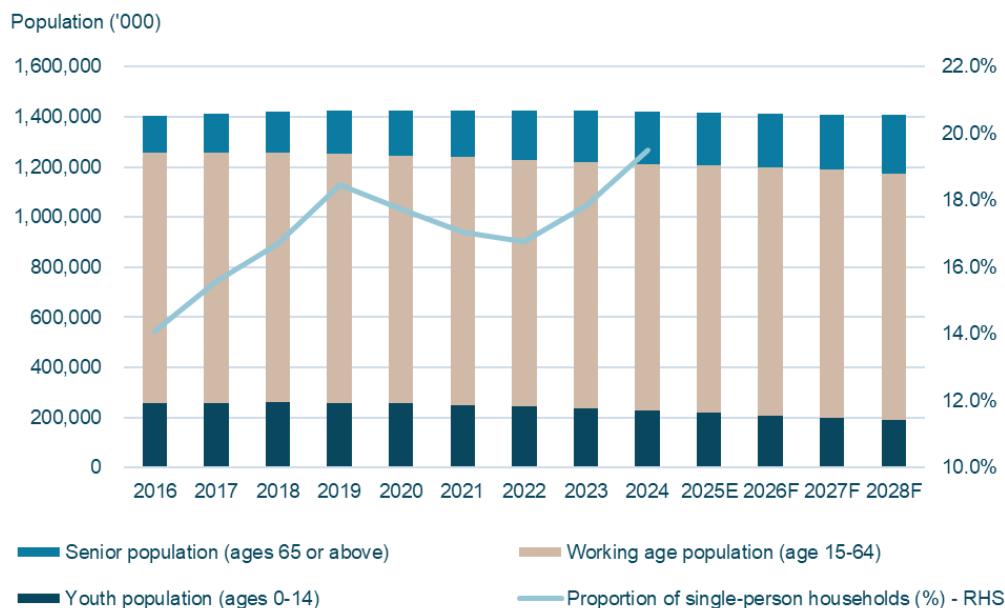
A large and productive labour force underpins China's diverse economic activities, with the working-age population (aged 15–64) accounting for nearly 70.0% of the total population. Nevertheless, the country also confronts the challenge of rapid population ageing, which carries significant long-term implications for labour supply and consumer behaviour. As projected, the working-age cohort will continue shrinking over the next decade, as the share of people aged 60 and above is expected to exceed 30.0% by around 2035. This demographic transition intensifies the urgency to boost labour productivity and reinforce social safety nets.

Meanwhile, the expansion of China's middle class represents a cornerstone of the nation's economic evolution. Currently comprising more than 400 million people, the group is anticipated to grow further in the coming years. Facing economic uncertainties and property market corrections, this burgeoning middle class is increasing their precautionary saving, and spending more selectively, prioritizing quality, reliability, and value, boosting demand for higher-quality goods and services. This shift reinforces the need for efficient and sophisticated logistics infrastructure and services, especially for warehousing solutions consistently providing agile and high-capacity warehousing and with distribution networks across urban and suburban areas.

¹⁰ China National Bureau of Statistics, 2026. All demographic data on this page is from the China National Bureau of Statistics, unless otherwise stated.

APAC logistics market – China

Figure 19: China – Demographic Profile



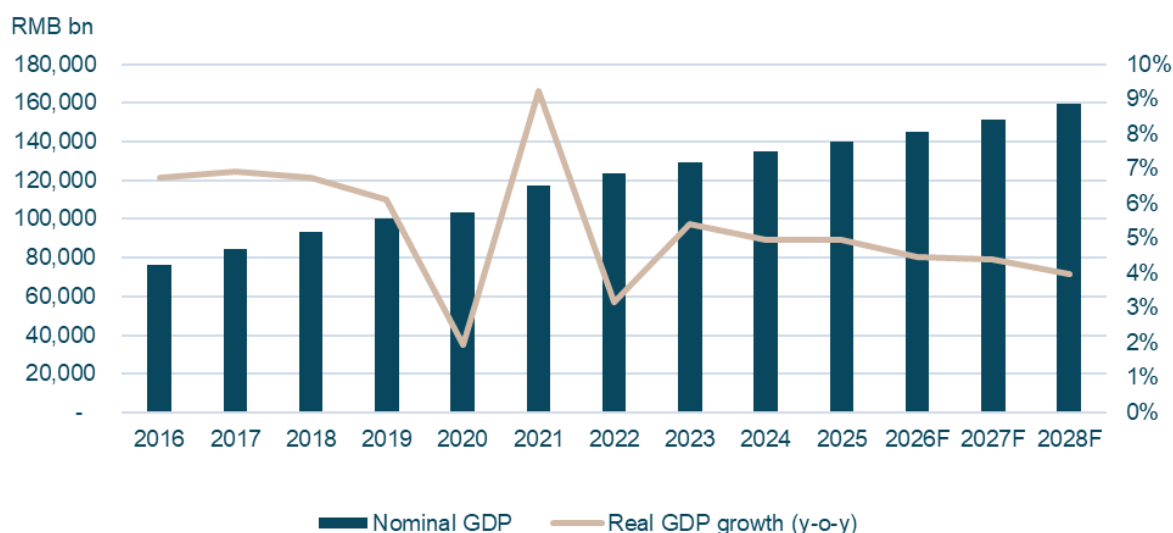
Source: Oxford Economics, China National Bureau of Statistics, 2026

Note: Single-person households data only available until 2024.

Economic overview

China's economy showed resilience in 2025, as GDP reached RMB 140.2 trillion in 2025 and grew by 5.0% y-o-y in real terms, meeting the government's "around 5%" growth target. For the first time, the economy surpassed the RMB 140 trillion threshold. For 2026, China has set a GDP growth target of 4.5% to 5%. As forecast by OE, China's GDP growth will gradually pick up from 2027 onward.

Figure 20: China – GDP Growth



Source: China National Bureau of Statistics, 2026, Oxford Economics forecast as of December 2025

Despite the ongoing correction in the property market, China is actively upgrading its industries, channelling investment into manufacturing including advanced manufacturing, and high-tech sectors. In 2025, investment in high-tech manufacturing saw notable expansion, with the value added of high-tech manufacturing growing by 9.4% y-o-y and representing 17.1% of total industrial value added. Meanwhile,

APAC logistics market – China

policymakers are working to boost domestic spending, with initiatives such as consumer subsidies and trade-in programmes, supported by accommodative monetary policy to enhance liquidity.

In 2025, total retail sales of consumer goods grew modestly by 3.7% y-o-y. The digital marketplace remains a key driver, with online purchases making up 26.1% of the total retail sales of consumer goods.

Figure 21: China – Retail Sales Growth



Source: China National Bureau of Statistics, 2026, Oxford Economics, forecast as of December 2025

Despite facing headwinds, China's exports grew by 6.1% y-o-y in 2025. High-tech products were a key driver of this expansion, with its export volumes rising 13.2% y-o-y. On the other hand, import growth slowed to 0.5% y-o-y in 2025. This was attributed to several factors such as falling commodity prices, as well as reduced Chinese imports of chips and other electronic components from overseas suppliers which was partly constrained by foreign tech export controls. As China's economy continues to recover, steady production growth and expanding consumer demand will help stabilise import. However, as persisting global uncertainties may weigh on China's exports to some extent, with potential spillover effects on the logistics market.

Government planning and policies/structural changes to logistics market

Government planning and policies remain pivotal in shaping China's logistics landscape. In 2025, boosting consumption and promoting industrial upgrading remained top on the national agenda. China's 15th Five-Year Plan (2026–2030) reinforced the shift towards high-quality development and technological self-reliance. Key examples of this strategic direction include the expanded consumer goods trade-in program, which has broadened to include emerging categories such as AI glasses and smart home products. In addition, the "Two Sessions" policy meetings in March 2026 announced RMB 250 billion in ultra-long special treasury bonds to be allocated to the trade-in programmes. Targeted investment incentives and subsidies are also being deployed to channel capital into high-tech sectors such as AI integration, advanced semiconductors, and humanoid robotics.

These sustained policy supports are expected to stimulate retail sales, benefit consumption-related sectors, promote industrial transformation, and boost growth in related manufacturing industries; thereby driving warehousing demand in major metropolitan areas and key regional distribution hubs and signalling a structural tailwind for the logistics real estate market.

In 2025, policymakers actively stimulated housing demand through mortgage rate adjustments, tax incentives, and other measures to navigate market challenges. At the 2026 “Two Sessions” meetings, with the “property delivery” crisis declared resolved, the policy focus pivoted. The government will now shift from “preventing decline” to “stabilising” the market while promoting higher quality development. This stabilisation of the housing market is poised to boost confidence in the commercial real estate sector.

The Chinese government also continues to bolster economic growth through active fiscal and monetary policies. The People's Bank of China will maintain a “moderately loose” monetary stance for 2026, with a series of measures designed to lower borrowing costs and funnel more capital into the private sector and high-tech industries. The reduction of the one-year re-lending rate from 1.5% to 1.25% in January 2026 signalled room for further interest rate and reserve requirement ratio (RRR) cuts. The “Two Sessions” policy meetings also confirmed sustained high fiscal spending. This includes a budget deficit of around 4% of GDP, and RMB 4.4 trillion in special local government bonds, which are aimed at supporting consumption, equipment upgrades, and agriculture.

Meanwhile, targeted initiatives have been introduced to support the logistics sector, including special logistics infrastructure funds, preferential loans and targeted interest subsidies for smart logistics, transportation upgrades, and supply chain digitalisation. Financial institutions were also encouraged to extend supports to small and medium-sized enterprises (“SMEs”) to alleviate funding constraints and enhance their growth potential.

Local governments in cities such as Shenzhen and Shanghai have also taken the lead in promoting cross-border e-commerce. For example, they streamline customs procedures, offer Artificial Intelligence (“AI”) customs clearance, enhance digital trade platforms, and expand free trade zones to facilitate e-commerce logistics and accelerate e-commerce flows.

Infrastructure developments (including highways/expressways and ring roads Initiatives)

Integrated maritime-rail connectivity continues to drive demand for logistics facilities near major transportation hubs and urban centres. Key ports such as Shanghai, Ningbo-Zhoushan, and Shenzhen—ranked among the world's busiest ports—serve as vital gateways for international trade, driving demand for port-centric logistics parks. Meanwhile, the expansion of rail networks, particularly under the “Belt and Road” initiative, connects inland cities to global markets. Complementing this, China has significantly upgraded and expanded its airport infrastructure, adding new airports and enhancing capacity to manage rising passenger and cargo volumes, further strengthening time-sensitive or cross-border freight capabilities.

The North China region continues to expand its expressway network and advance transportation integration, particularly within the Beijing-Tianjin-Hebei (Jing-Jin-Ji) economic cluster. In 2025, key projects including the main structure of the Jingxiong Expressway Phase II reached completion. The region is also enhancing multi-modal integration to further strengthen regional network interconnectivity.

The South China region places strong emphasis on connectivity within the Greater Bay Area (GBA). Infrastructure projects such as the Hong Kong-Zhuhai-Macao Bridge (HZMB) and the under-construction Hong Kong–Shenzhen Western Rail Link are enhancing economic and social linkages, accelerating regional integration, and positioning the GBA as one of the world's most integrated mega-city regions.

The Yangtze River Delta (YRD) in East China has significantly expanded its expressway network, reaching approximately 19,000 kilometres by 2025, enhancing connectivity among major urban centres and deepening regional economic integration. Complementing this, the YRD is advancing multimodal transport integration, seamlessly connecting expressways with ports, railways, and airports to form a robust and

comprehensive transport system. As of 2025, the system includes railways exceeding 15,400 kilometres, efficiently promoting movement of goods and passengers. As both expressways and railways extend further within and beyond the YRD, integrated regional development is expected to strengthen.

Both West and Central China are accelerating expressway upgrades and new route construction to enhance regional connectivity. For example, the total mileage of expressways in Sichuan has exceeded 10,000 kilometres with approximately 900 kilometres completed in 2025. New expressways are connecting major cities, industrial zones, and even previously isolated areas, significantly reducing travel times and promoting economic integration.

In 2026, infrastructure development will continue at a steady pace, with the Ministry of Transport focusing on lowering logistics costs, network expansion, and AI-transportation integration. This aligns with the fundamental priorities of China's 15th Five-Year Plan (2026–2030) and the national agenda set during the 2026 "Two Sessions" meetings, to boost domestic consumer demand and advance scientific and technological innovation as the cornerstone for fostering "new-quality productive forces".

Logistics market overview (Grade A only)

Key logistics hubs

Over the past decade, the evolution of China's logistics real estate sector has predominantly followed an urban cluster model, with development anchored in four primary metropolitan regions: the Yangtze River Delta (YRD), Pearl River Delta (PRD), Jing-Jin-Ji (JJJ), and Chengdu-Chongqing (Chengyu). These clusters continue to be the driving force behind national economy. Concurrently, regional nodes such as Xi'an and Wuhan have emerged as critical logistics hubs in Northwest and Central China respectively, underpinned by their strategic connectivity and resilient local consumption demand.

With the deepening of intra-cluster integration, peripheral cities near core logistics hubs are maturing into pivotal regional nodes. Leveraging strategic geographic positioning, policy incentives, and industrial foundations, these cities are capitalising on upgraded intercity transportation networks to capture spillover demand from central hubs like Shanghai, Beijing, Guangzhou, and Shenzhen. Through optimising local supply chains and cross-city collaboration, these emerging nodes are enhancing regional distribution efficiency, establishing themselves as essential components of integrated regional development.

As of end-2025, the total amount of non-bonded Grade A warehouse stock in Shanghai's peripheral markets—namely Kunshan, Changshu, Taicang, and Jiaxing—has exceeded Shanghai's total stock. In a similar pattern, Dongguan and Foshan, which serve as critical logistics hubs in the PDR proximate to Guangzhou and Shenzhen, each surpassed the combined total Grade A stock of these two cities.

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East China



South China



North China



West & Central China



Note: for demonstration only, not including all the cities within the region

Source: JLL

Logistics real estate market landscape

China's logistics real estate market is experiencing rapid growth and transformation, driven primarily by the country's expanding middle class and rising consumer spending. This has led to a sharp increase in demand for modern distribution and warehousing facilities. The rise of key city clusters in different regions is expected to fuel logistics requirements as they attract the attention of developers and investors.

In East China, the YRD region stands out as the largest city cluster in China, leading in GDP and population. Despite resilient demand, the influx of new supply has negatively affected rents, particularly in submarkets with substantial new completions. The resilient demand is underpinned by the consumer market and other emerging industries, such as high-end manufacturing.

In South China, the GBA area is China's most dynamic city cluster, where cross-border e-commerce platforms have emerged as significant demand drivers. Amidst substantial new supply, vacancy rates in several GBA cities have stayed relatively low due to the strong demand from these platforms. Nevertheless, future supply growth coupled with uncertainties in cross-border e-commerce may adversely impact vacancy rates and rents in the region.

In North China, spillover demand from Beijing continues to benefit surrounding satellite cities and driving the overall development of logistics market in Tianjin. Previously, limited space in Beijing led some tenants to expand in Tianjin, where a large number of new, cost-effective projects have been completed. However, future new supply in the region will be shifting to Beijing's Pinggu submarket which could intensify

competition and affect these satellite cities. Shenyang is the main hub for parts of Northeast China, but a slow economy has led to soft demand.

In West & Central China, Chengdu and Chongqing are experiencing strong growth. Overall net absorption in these two markets remain resilient and tenant profile becomes increasingly diversified. Overall vacancy continued to trend down after the peak supply between 2019-2021. Limited new supply and resilient demand in Xi'an market have also helped vacancy remain moderate in recent years. However, in Central China, Wuhan is experiencing large number of continuous new supply which led to elevated vacancy rates despite resilient leasing demand. Rents continue to decline as landlords prioritise filling vacant space over pursuing rental growth.

These key regions are projected to be major drivers of logistics market growth in China, with investors and developers focusing on high-quality, technologically advanced warehousing facilities to meet the evolving needs of the market.

Demand drivers for logistics properties

Four main sectors drive logistics demand in China: 3PLs, traditional retailers, e-commerce as well as manufacturing.

3PL sector is the largest demand driver for modern warehouses in China, with leasing activity stemming from freight forwarders and a mix of domestic and international express and parcel delivery companies. These firms are attracted to strategic locations with good infrastructure, which enable efficient distribution and supply chain operations. Retailers and manufacturers increasingly outsource their logistics functions to maintain cost-effectiveness, such as relying on 3PL operators to secure and manage logistics space on their behalf. This trend further boosts demand from 3PLs for warehouses.

Retailers and e-commerce companies are important demand drivers for logistics space. Apart from well-known retailers who lease warehouse space as storage or regional distribution centre, demand from affordable retailers is growing. For example, in lower tier cities, snack retailers have seen fast growth, leasing considerable amount of space to fulfil the business expansion.

E-commerce has seen significant growth as more consumers choose to shop online. China continues to be the world's largest e-commerce market, though the growth rate of online sales has slowed compared to earlier peaks. In 2024, China's online retail sales amounted to RMB 16.0 trillion,¹¹ representing an 8.6% y-o-y increase. Further, demand from cross-border e-commerce players has surged over the past two years.

As a global manufacturing hub, China relies on efficient logistics infrastructure to facilitate the storage, handling, and transportation of goods. Demand from manufacturers drives the expansion of warehouse facilities, particularly in critical manufacturing regions and transportation hubs, thereby bolstering supply chain efficiency and fostering economic development.

Meanwhile, China's economy remained resilient in 2025: GDP grew 5.0% y-o-y, retail sales rose 3.7%, and exports increased 6.1%. Nevertheless, slower fixed-asset investment and producer price deflation have weighed on logistics demand. External headwinds — including rising tariffs and protectionism — remain. In cross-border e-commerce, warehouse demand has moderated after two years of rapid expansion, reflecting tighter US trade policies, notably the phase-out of the 'de minimis' exemption for low-value Chinese shipments.

¹¹ Source: National Bureau of Statistics of China, 2026

Structural trends on logistics & logistics property market

(a) Policy-driven consumption growth

In 2025, China adopted a "more proactive" fiscal policy and introduced measures including a trade-in subsidy programme for consumer goods, effectively stimulating domestic consumption. Total retail sales of consumer goods reached RMB 50.1 trillion¹² for the year, up 3.7% y-o-y, while online retail sales grew at a faster pace of 8.6%. This steady growth in domestic demand provided robust support for warehousing demand, driven by express delivery and urban distribution services.

(b) Rapid growth of express deliveries

As e-commerce becomes more widespread, the demand for fast and reliable last-mile delivery has surged. In 2025, China's express delivery volume reached 199 billion parcels.¹³ The market remains highly competitive, with carriers deploying innovative services to meet this demand and spurring the widespread adoption of automation, digitalisation, and AI. Sustained e-commerce growth and ongoing technological advancement are expected to drive further expansion in China's express delivery sector.

(c) Increasing automation drives warehouse transformation

Logistics warehousing projects in China are evolving from conventional warehouses toward smart, integrated facilities that connect seamlessly with the broader supply chain to optimise space utilisation and operational efficiency. E-commerce leaders such as JD and Alibaba Group are investing heavily in next-generation smart warehouses to strengthen their competitive position, particularly in reducing delivery lead times.

¹² Source: National Bureau of Statistics of China, 2026

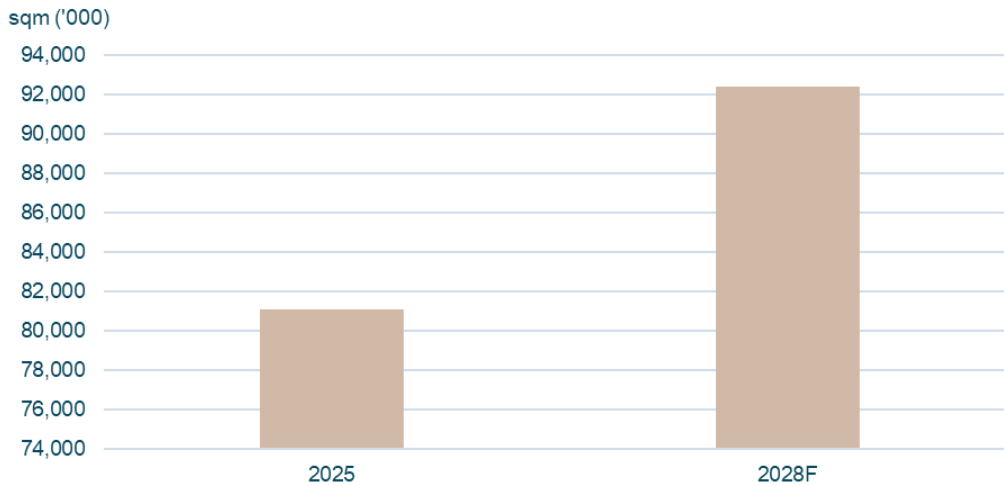
¹³ Source: China State Post Bureau, January 2025.

Logistics property overview (Grade A only)

Estimated logistics real estate per capita

Market Size

Figure 22: China – Logistics Market: Current and Expected (end-2028) Market Size

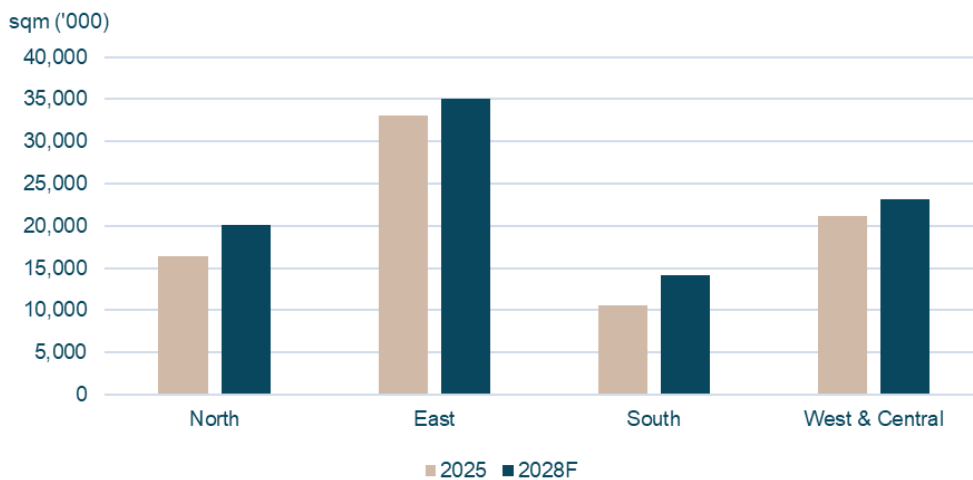


Source: JLL, 4Q25

In 4Q25, overall stock of China’s Grade A warehouses reached 81.1 million sqm, reflecting circa 0.39 sqm per capita.¹⁴ Prime stock has grown substantially by approximately 40% in the past three years. Among the four primary regions in China, the majority of the prime warehouse stock was located in East China, accounting for approximately 40% of the nation’s total inventory.

By 2028, China’s total stock of Grade A warehouses is projected to exceed 92.4 million sqm. East China is slated to remain the largest regional contributor, with inventory surpassing 35.0 million sqm – accounting for 37.9% of the national total, a modest decline from its 2025 share. Meanwhile, North China and South China are forecast to experience notable growth over the 2025 to 2028 period, with their respective Grade A warehouse stocks expanding by approximately 23% and 35%.

Figure 23: China – Prime Stock by Key Markets

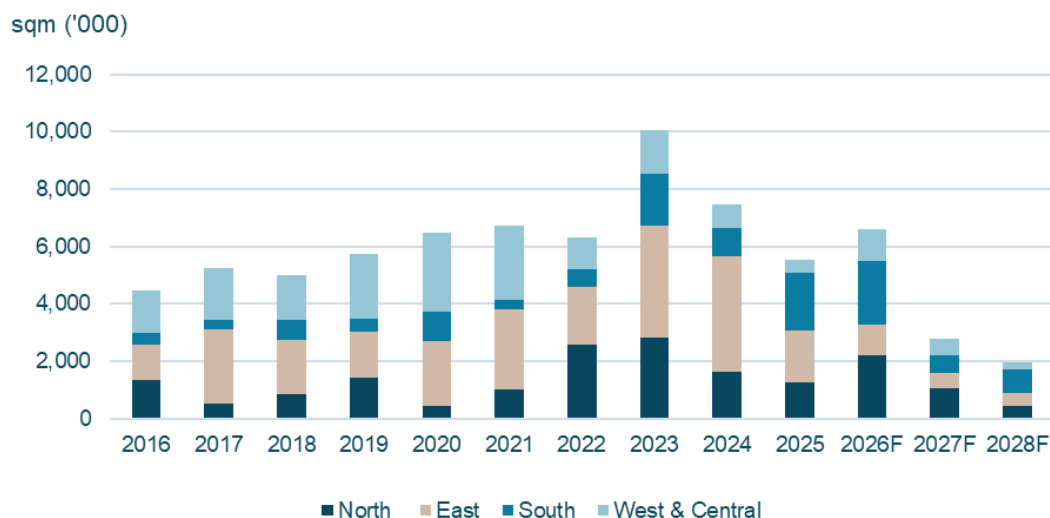


Source: JLL, 4Q25

¹⁴ This is an estimation based on total stock and population data on markets covered in this report.

Supply and characteristics of warehouses

Figure 24: China – Prime Supply by Completion Year and Region



Source: JLL, 4Q25

In 2025, new supply for China’s warehouse totalled 5.5 million sqm across 15 cities, down from the level in 2024. New supply remains regionally concentrated, underscoring pronounced market divergence. In East China, Shanghai delivered over 1.0 million sqm of new Grade A warehouse space throughout the year. In the North, Beijing added more than 600,000 sqm. In South China, Guangzhou and Dongguan together accounted for over 2 million sqm of new supply – more than double the volume recorded in 2024. On the other hand, West and Central China collectively introduced 440,000 sqm of new supply for the full year, marking a significant decline from previous peak levels.

Nationwide, logistics real estate supply is expected to increase from the 2025 level over the short-term, though regional divergence will become increasingly pronounced. Specifically, South China has entered an active supply delivery phase. In contrast, East China and West China face relatively manageable supply-side pressures. During the medium-to-long term, annual new supply will edge down and fall back to a more moderate level of around 2.4 million sqm new supply per annum in 2027 and 2028.

Requirements and trends (including impact from e-commerce growth)

China’s vast consumer market and rising household incomes underpin long-term demand for logistics real estate. The 15th Five-Year Plan (2026–2030) underscores a strategic pivot toward consumption. Key initiatives include an expanded consumer goods trade-in program – now covering AI glasses and smart home products. These sustained policy supports are expected to stimulate retail sales and benefit consumption-related sectors.

The logistics real estate sector with its shift toward green, low-carbon operations, with developers increasingly adopting energy-efficient materials, optimizing building designs, and improving overall energy performance – often in pursuit of formal green building certifications.

Some warehousing projects are gradually shifting toward smart operations and deeper industrial chain integration to enhance logistics efficiency. However, adoption remains measured, as operators prioritise cost containment in the current market environment. The effectiveness of intelligent logistics such as automated guided vehicles (AGVs), depends on reliable infrastructure; for example, precise floor levelling is essential for AGV navigation, operational cost reduction, and extended equipment lifespan.

Amid the new industrialisation strategy, many local governments have tightened logistics land supply and strengthened regulations for warehouses on industrial land. Certain authorities require that a portion of the land be leased to manufacturers prior to traditional logistics providers, thereby guaranteeing that land usage conforms to regional economic strategies and promotes the integration of industrial chains. Consequently, logistics facilities will serve not only as conventional storage units but also facilitate deeper integration with manufacturing processes, which can contribute to supply chain optimisation and industrial collaboration.

Performance and outlook

Annual Completion

The China logistics market has experienced substantial supply waves, with over 23.8 million sqm of modern warehouse space delivered between 2022 and 2024. During this period, most major logistics hubs recorded record annual supply. In 2025, annual prime logistics warehouse completions totalled 5.5 million sqm - declining from the record 10.1 million sqm delivered in 2023 and aligning more closely with the 10-year historical average.

While supply saw moderation from the previous peak, vacancy rates remained heightened in most of the markets across the country due to the previous supply waves. Most landlords continued to prioritise occupancy over rents, adhering to a 'price-for-occupancy' strategy. In 2025, all markets recorded year-over-year rent declines. In East, South and North China, rents recorded over 15% decline y-o-y on the back of the intensified competition in the region.

Looking ahead, market supply dynamics across China are expected to undergo a notable shift in 2026, with regional disparities persisting among major logistics hubs. While certain markets will continue to face pressure from elevated supply waves, others are anticipated to transition from peak delivery phases toward more normalised and sustainable supply cycles.

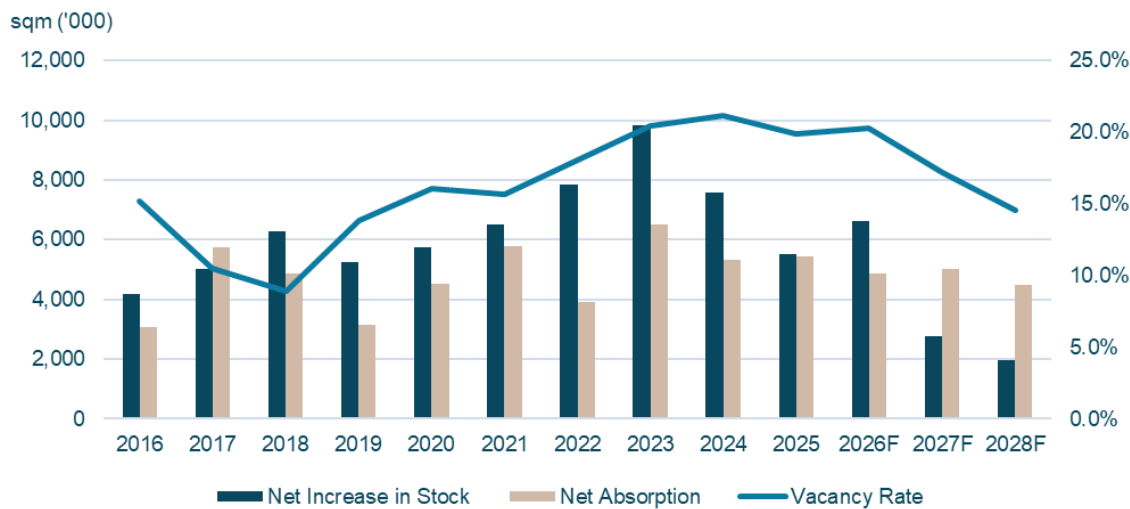
North and South China are expected to remain under significant supply pressure in the near term, with ongoing delivery waves continuing to weigh on market fundamentals. In South China, Guangzhou and Dongguan are projected to collectively deliver over 2.2 million sqm in 2026, following more than 2.0 million sqm of new supply in 2025. Meanwhile, North China will see a sustained wave of new supply in Beijing, where over 1.5 million sqm of new logistics space is scheduled for completion in 2026 – expanding the North China market's total stock by more than 10%.

In East China, incoming supply is expected to decline substantially. With Shanghai having passed its major supply wave, total annual completions for the region are projected to fall to approximately 1.1 million sqm in 2026, representing just 26% of the 2024 peak.

In West and Central China, new supply will remain moderate relative to prior highs. Chengdu is anticipated to maintain a short-term pipeline broadly in line with 2025 levels, while Chongqing and Wuhan are set to see renewed completions following a relatively quiet year. Meanwhile, Xi'an's supply pipeline will remain muted, with only limited deliveries expected in 2026.

Demand vs Supply

Figure 25: China – Distribution Warehouse/Logistics Total Completions, Net Absorption and Vacancy Rate



Source: JLL, 4Q25

In 2025, total net absorption reached approximately 5.45 million sqm, closely aligning with the volume of new completions (5.5 million sqm) delivered in the year. The improved balance between demand and supply contributed to a decline in the vacancy rate, which settled at 19.9% by the end of 2025 compared to 21.1% in 2024.

Throughout 2025, demand in China’s logistics and warehouse market remained stable, exhibiting a modest recovery trajectory. Marginal improvements in the domestic macroeconomic environment, coupled with sustained government policies aimed at stimulating consumption, contributed to some improvements in overall consumer activity. This, in turn, supported a steady recovery in warehousing demand from domestic e-commerce platforms and 3PL providers.

Amid widespread corporate emphasis on cost control and ongoing pressure across the leasing market, large tenants continued to optimize their warehouse networks. These strategies included consolidating multi-city warehousing and distribution resources and adopting centralised deployment models to reduce integrated fulfilment costs and enhance operational efficiency.

Regional demand sources across China’s logistics and warehouse market displayed clear divergence in 2025. In East China, overall demand remained stable, as most enterprises continued to prioritise cost reduction and operational efficiency. The region’s mature and well-integrated manufacturing base further bolstered demand, attracting significant warehousing requirements from manufacturing-related businesses. In South China, although global strategic realignments led some cross-border e-commerce platforms to adopt a more cautious approach to warehouse expansion, domestic e-commerce players, instant retail operators, and 3PL providers continued to provide strong underlying support for market demand. In North China, tenant activity was primarily driven by cost-motivated relocations, with limited new expansion momentum observed across the region. Meanwhile, West China maintained robust demand, supported by sustained growth in sectors such as retail, baijiu (Chinese liquor), and express/courier logistics, which collectively fuelled incremental warehousing requirements in the area.

Major logistics facility providers and players

The Chinese logistics real estate market is characterised by a diverse and evolving participant base. Foreign institutional developers, leveraging substantial capital resources and extensive operational

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expertise, were among the earliest entrants into the market. Through large-scale, strategically located investments and efficient asset management practices, they rapidly established dominant positions. Prominent early movers include global players such as GLP, Prologis, Mapletree, and Goodman, etc.

Subsequently, traditional real estate developers and foreign institutional investors entered the market, seeking to capitalize on the sector's growth potential. Notable entrants during this phase include Vanke, GIC, LaSalle Investment Management, etc.

In more recent years, domestic participants have emerged as increasingly influential forces in the logistics real estate landscape. This cohort includes specialized local logistics real estate developers, e-commerce conglomerates, and financial institutions such as insurance companies. These entities have become significant and active contributors to market development and competition. Key domestic players now include ESR, Ping'an, JD, and Cainiao.

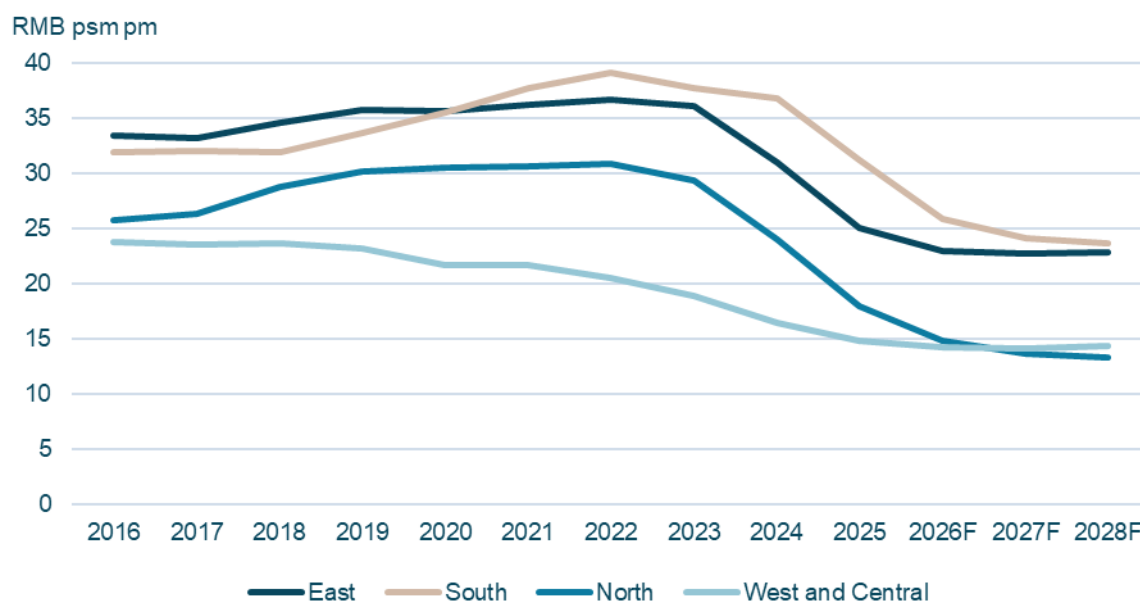
Investors and investment trends, and major selected transactions

In the investment market, insurance companies, local developers, e-commerce giants, and Chinese REITs (C-REITs) have recently emerged as the predominant buyer cohort. Amid current rental performance, both domestic and international investors have generally adopted more conservative investment strategies, reflected in revised assumptions regarding capitalisation rates and rental growth prospects for logistics assets across various cities. Nevertheless, prime-grade warehouse facilities, particularly those situated in strategically advantageous locations, continue to attract investor interest for long-term capital deployment.

Historical and forecast data for key logistics market indicators

Figure 26: China – Distribution Warehouse/Logistics Effective Rent

Rents



Source: JLL, 4Q25

In East China, although the broader supply wave showed signs of easing in 2025, Shanghai alone delivered over 1.0 million sqm of new logistics space – marking the third consecutive year of annual completions exceeding this threshold. This sustained influx of new supply has kept landlord competition elevated across the region. As a result, average rents in East China declined by nearly 20% y-o-y in 2025. Looking ahead, the pace of rental decline is expected to moderate in the near term, supported by a

projected substantial reduction in new supply starting from 2026 and the region's resilient economic fundamentals. Over the medium term, as supply and demand dynamics move toward greater equilibrium, rents are anticipated to bottom out in certain East China markets.

In North China, persistent supply-side pressure in recent years has significantly intensified market competition. The delivery of major logistics projects in Pinggu, Beijing, during 2025 further exacerbated this trend, driving landlords to compete more aggressively for a limited pool of tenants. In parallel, landlords in Langfang and Tianjin have continued to implement aggressive leasing strategies to attract and retain occupiers. Consequently, average rents in the North China region declined by more than 20% in 2025. Looking ahead, the downward trajectory in rental levels is expected to persist, underpinned by a substantial pipeline of new logistics space scheduled for delivery in Pinggu and Beijing over the near term. However, the rate of decline is expected to moderate as the supply pipelines in Tianjin and Langfang already passed their previous peaks.

In South China, significant supply deliveries in Guangzhou and Dongguan have exerted considerable downward pressure on local market conditions. Together, these two markets witnessed over 2.2 million sqm of new logistics space in 2025 - more than double the volume delivered in 2024. While demand from traditional occupiers, such as 3PL and domestic e-commerce firms, has partially offset the decline in requirements from cross-border e-commerce operators, the overall tenant-favourable market environment has strengthened lessees' bargaining power. In response to intensifying competition, landlords have increasingly adopted flexible leasing strategies. Rents in South China markets as a result, decreased by more than 15% over 2025. Looking ahead, with a sustained near-term supply wave expected across South China, rental levels are anticipated to continue their current downward trajectory.

In China's West and Central regions, rental rates have been on a downward trend since 2019, primarily due to an earlier wave of supply additions. Key markets, including Chengdu, Chongqing, and Wuhan, have experienced notable rental adjustments, as landlords implemented rate reductions to absorb available space and improve occupancy levels. More recently, a moderation in new supply, combined with robust leasing activity supported by the ongoing recovery in consumer demand, has fostered a more balanced supply-demand dynamic. As a result, vacancy rates in Chengdu, Chongqing and Xi'an have declined to below 10%. Although rents continued to ease in 2025, the pace of decline was the most modest among China's four major logistics clusters. Looking ahead, the rate of rental depreciation is expected to further decelerate in 2026, with stabilization anticipated over the medium term as market fundamentals gradually strengthen.

Market Yield

Amid market headwinds over recent years, investors are adopting a more cautious approach to acquisitions, prioritising not only prime locations but also the sustainability of net operating income (NOI). As rental performance continues to soften, investors are increasingly demanding higher yield thresholds to compensate for elevated market volatility and downside risk.

Looking ahead, logistics yields are expected to diverge across markets based on supply dynamics. In markets where market pressures are moderating, yields are likely to stabilise in the near term. Conversely, markets facing ongoing or elevated supply waves are anticipated to experience further yield compression.

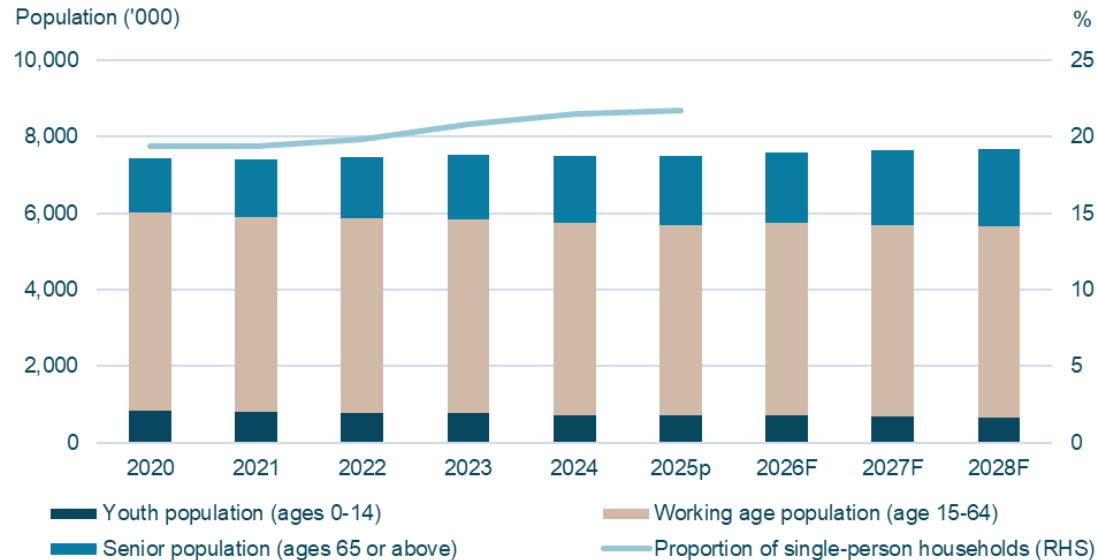
Over the medium term, warehouse assets, particularly those in well-located, structurally resilient logistics hubs, are expected to sustain strong performance. This resilience is especially pronounced for facilities offering superior accessibility, modern Grade A specifications, and consistently high occupancy levels, which collectively enhance income stability and investor sentiment.

3. Overview of Hong Kong SAR’s Logistics Market

Macroeconomic overview

Country overview

Figure 27: Hong Kong SAR – Demographic Profile



Notes:
 Proportion of single-person households forecast for 2026-28 is not available.
 P denotes provision figures
 Source: Census and Statistics Department, 2025

Hong Kong SAR, home to an estimated 7.5 million residents as of end-2025, is one of the world’s most densely populated cities and a global financial and business hub. Its free-market economy is characterised by a low tax regime, a robust legal framework and a high degree of transparency. As a major global trade and logistics hub, the city serves as a preferred gateway to mainland China. Hong Kong SAR is also deepening its integration into the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), which boasted a population exceeding 87 million in 2024 and is expected to achieve a GDP of over USD 2.2 trillion in 2025.¹⁵

Hong Kong SAR’s demographic landscape is marked by a low birth rate and an increasingly aging population, posing significant long-term socioeconomic challenges. Residents aged 60-64 represent the largest age cohort, accounting for 8.3% of the overall population by end-2025. Labour market conditions also showed signs of strain, with the unemployment rate increasing from 3.1% at end-2024 to 3.8% at end-2025 – the highest level recorded in the post-Covid period.

Despite these pressures, Hong Kong SAR remains one of the most affluent cities in the Asia Pacific region, with real GDP per capita reaching around USD 54,300 in 2025,¹⁶ This places it just behind Singapore and Australia.¹⁷ The middle class, defined as households with monthly household income between HKD25,000 to HKD 80,000, accounted for 43.0% of the population or approximately 1.2 million households.¹⁸ This

¹⁵ Estimates by the Hong Kong SAR Government, 2024
¹⁶ Estimates by JLL with reference to Hong Kong SAR Government, 2025
¹⁷ Estimates by the Hong Kong SAR Government, 2025
¹⁸ 4Q25 General Household Survey, the Hong Kong SAR Government; estimates by JLL.

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segment plays a pivotal role in sustaining domestic consumption and supporting the city's overall economic resilience.

Economic overview

Business sentiment in Hong Kong SAR strengthened, underpinned by sustained momentum in initial public offering (IPO) activities and continued resilience in the equity market. As a key benchmark for funding costs, HIBOR trended down following the resumption of the interest-rate-cut cycle resumed in September 2025, indicating an easing liquidity environment.

Despite these improvements, Hong Kong SAR continues to confront substantial macroeconomic and structural challenges. Heightened geopolitical tensions have weighed on investor confidence, while the commercial property investment market that has yet to demonstrate a meaningful recovery. Real GDP grew by 3.5% in 2025,¹⁹ accelerating from 2.6% in 2024. The economic expansion was broad-based and driven by strong exports as well as a gradual recovery in local consumption and investment demand. Economic growth in 2026 is forecast to range between 2.5% and 3.5% y-o-y,²⁰ supported by an anticipated increase in service exports, stabilising consumption demand and resilient trade performance.

Retail sales increased slightly by 1.0% in value in 2025, showing early signs of stabilisation. This was driven by an accelerating increase in inbound tourists, which partly offset the money local residents spent while traveling abroad. Consumer spending was also bolstered by positive wealth effects from a rising stock market, surging gold prices and the successful shift toward experiential retail by local retailers. In line with this retail trend, private consumption rebounded by 1.7% y-o-y in 2025. This rebound was underpinned by increased spending on services from both local residents and tourists from a low base in 2024, alongside rising residential rents, which accounted for a significant share of private consumption.

Exports grew by 15.4% in 2025 on the back of re-exports, which accounted for 98.7% of total export value. Growth in re-exports was driven by robust global demand for AI-enabled electronic products manufactured in China, alongside strengthening economic and trade linkages between China and emerging markets.

Since the imposition of tariffs in March 2025, US–China trade tensions have gradually eased. In May 2025, the US reduced tariff rates on Chinese goods from 125% to 10% for a 90-day period, which was subsequently extended for one year in November 2025. In the same month, Fentanyl-related tariffs were lowered from 20% to 10%, further reducing duties on transshipped goods from mainland China and Hong Kong. Supported by strong front-loading activities and robust AI-related demand, export performance in Hong Kong remained resilient, highlighting the limited adverse impact from the evolving tariff measures over the past year.

CPI inflation rate has been easing in Hong Kong SAR. It moderated from 1.7% in 2024 to 1.4% in 2025, and is estimated to increase by 1.8% in 2026. According to the Government's economic assumptions, underlying CPI is expected to increase by 2.0% per annum from 2027 to 2030.

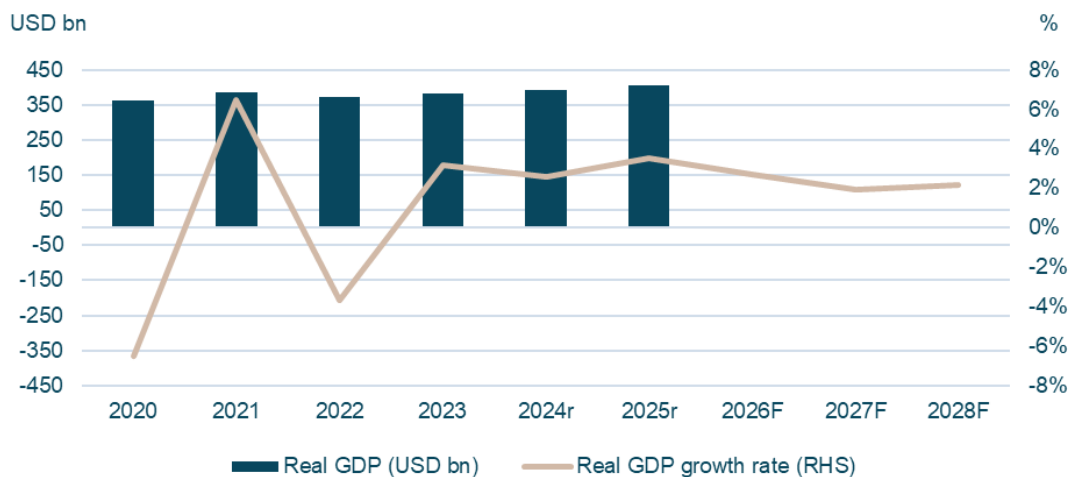
Looking ahead, the city's deepening connection with mainland China and the Government's initiatives aimed at bolstering the local economy are likely to serve as growth impetus over the medium-term. Major infrastructural projects in progress, such as the Northern Metropolis, are slated to provide new public investment and much needed land supply, laying the groundwork for future development.

¹⁹ Census and Statistics Department, 2025

²⁰ Estimates by the Hong Kong SAR Government, 2026-27 Budget

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Figure 28: Hong Kong SAR – Real GDP Growth



Source: Census and Statistic Department, Oxford Economics, 2025

Government planning and policies/structural changes to logistics market

In response to regional competition, the Hong Kong SAR Government unveiled a series of initiatives pertaining to the logistics sector in the Action Plan on Modern Logistics Development published in 2023 and the FY2026/27 Budget Speech. Major updates include:

- Promoting Hong Kong SAR's multimodal logistics capabilities to attract more non-local logistics operators. The Airport Authority Hong Kong (AAHK), in collaboration with Dongguan Port Group, has established the Hong Kong International Airport Logistics Park in Dongguan. This facility is connected to the Airside Intermodal Air Cargo Handling Facility within the restricted area of Hong Kong International Airport via dedicated cargo vessels. This arrangement allows logistics firms to complete customs procedures in advance at the logistics park before direct transfer to the airport for onward air transport. Since the launch of the pilot scheme, the facility has handled 10,000 tonnes of cargo in May 2023. With Phase 1 construction commencing in November 2025, annual capacity is expected to expand to 1 million tonnes upon completion. According to the FY2026/27 Budget Speech, the facility has already attracted 27 airlines and 140 logistics companies. The intermodal pier under Phase 1 has been completed, with the remaining works scheduled for completion in 2026, paving the way for commissioning in the first half of 2027.
- The Government has committed to increase logistics land supply to maintain affordable rental levels for logistics tenants. Approximately 19 hectares of land in the Kwai Tsing area in New Territories, along with five proposed logistics clusters in the Northern Metropolis, have been earmarked for development. In February 2025, site TYTL 202 in Kwai Tsing, was successfully tendered to Mapletree Investments with the project set to deliver around 227,836 sqm of GFA. Meanwhile, 32 hectares of land in Hung Shui Kiu/Ha Tsuen (HSK/HT), one of the designated logistics clusters in the Northern Metropolis has been reserved for the creation of a high-end professional services and modern logistics hub. The Government plans to invite Expressions of Interest (EOI) for the first site in HSK/HT from the industry participants in 2026, marking a key step toward strengthening Hong Kong's logistics competitiveness.
- Hong Kong SAR's logistics strategy extends beyond traditional cargo. The proposed Art Hub and Art & Valuables Storage in Skytopia in Chek Lap Kok, coupled with the Government's initiatives to establish Hong Kong SAR as a gold trading centre, are set to drive demand for high-value goods

APAC logistics market – Hong Kong SAR

logistics via air. In October 2024, the HKIA confirmed plans to expand its gold vault capacity. Subsequently, in January 2025, the London Metal Exchange announced the inclusion of Hong Kong SAR in its global warehousing network as an approved delivery point. While metal storage facilities have primarily been located in tinshed areas, demand for prime warehouse space is rising. In December 2025, a new warehouse at the ATL Logistics Centre in Kwai Chung, operated by Henry Bath Singapore Pte Ltd., was approved for metal storage. This marks an early indication of rising metal-storage warehouse demand for prime warehouse space.

In January 2026, the Transport and Logistics Bureau (TLB) also announced multiple measures to promote modern logistics development in Hong Kong SAR. They include:

- Rolling out the Port Community System (PCS), a HKD 200.0 million smart logistics system, to provide one-stop, real-time cargo tracking, linking up air, sea, and land transportation. The system also facilitates the cargo import and export declaration to maximise clearing efficiency. To date, 2,500 companies have registered on the platform.
- Announcing ESG measures, including ESG Resource Centre, Subsidies for professional training on smart and green logistics, and ESG data collection and disclosure tools. These measures aim to help the industry gradually adopt and achieve ESG compliance, enhancing competitiveness in the international logistics industry, compulsory EU-supply chain disclosure requirements and forthcoming ESG regulations in Mainland China covering all companies including SMEs.

Through the implementation of these strategic policies, the Government aims to enhance competitiveness of the local logistics industry and reinforce Hong Kong SAR's status as a regional logistics hub.

Infrastructure developments

Infrastructure in Hong Kong SAR is well-developed.

Hong Kong International Airport (HKIA) is a major aviation hub and the world's busiest cargo airport, ranking first for the 15th time since 2010 with 5.07 million tonnes handled in 2025.

The city's strong infrastructure continues to support the rapid development of the air-freight industry. HKIA has invested heavily in bolstering its cargo handling capacity, most notably through the launch of the Three Runway System in late 2024. Meanwhile, the development of HKIA Logistics Park in Dongguan and Airside Intermodal Air Cargo Handling Facility will enable the smooth transportation of export goods from mainland China to the HKIA, facilitating efficient transshipment to destinations worldwide.

Complementing these initiatives, Hong Kong SAR benefits from an extensive cross-boundary land transport network connecting to mainland China. A major portion of this connectivity is facilitated by the Hong Kong-Zhuhai-Macao Bridge, which has reduced travel times between Hong Kong SAR, Macao and Zhuhai from three hours to just 40 minutes. This enhanced accessibility has significantly strengthened the growth of road transport and reinforced Hong Kong's role as a regional logistics hub.

Looking ahead, the planned highway corridors within the Northern Metropolis will create an integrated road network linking the five proposed logistics hub,²¹ supporting the area's transformation into a modern logistics and innovation cluster. These new corridors will be complemented by several major citywide transport projects that together enhance Hong Kong SAR's overall mobility backbone.

²¹ Namely, Hung Shui Kiu/Ha Tsuen NDA, San Tin/Lok Ma Chau Development Node, Fanling North NDA, New Territories North New Town/Man Kam To and the proposed reclamation at Lung Kwu Tan.

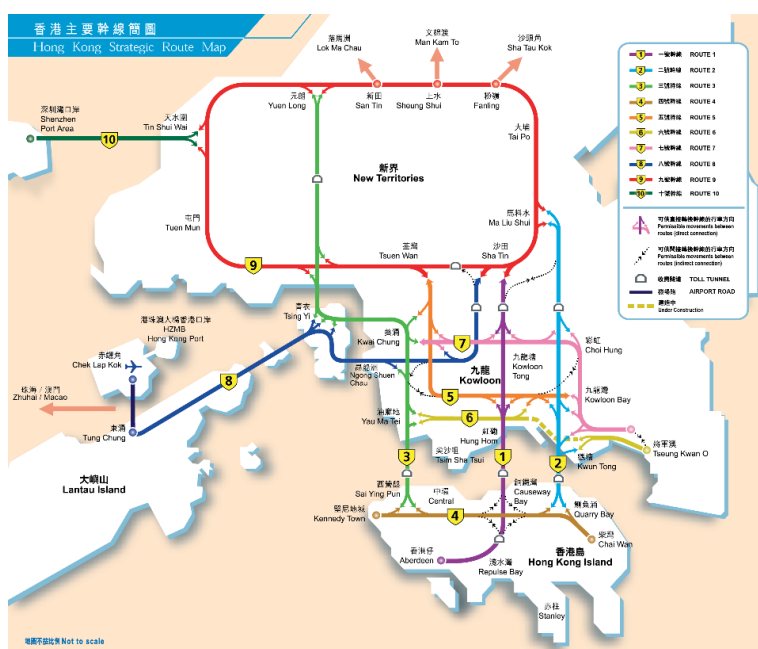
APAC logistics market – Hong Kong SAR

- Route 6, scheduled for full opening in 2026, will sharply reduce travel time between Tseung Kwan O and Yau Ma Tei, significantly easing east-west congestion across Kowloon.
- Route 11 – linking Yuen Long and North Lantau – is progressing toward commissioning around 2033. The Tsing Lung Bridge will form a major component of the route’s strategic connection between the Northwest New Territories and Lantau.
- The Tsing Yi-Lantau Link is targeted for completion by 2033, adding both capacity and resilience to critical routes serving Lantau, home to the airport and major logistics facilities in Tsing Yi.

Together, these highways will not only knit together the Northern Metropolis logistics hubs but also strengthen region-wide goods movement by improving reliability, providing new routing choices, and ensuring smoother access to major logistics gateways across Hong Kong SAR.

Figure 29: Hong Kong SAR – Transportation Infrastructure

Existing Major Trunk Routes



Source: Transport Department, Hong Kong SAR Government, 2026

APAC logistics market – Hong Kong SAR

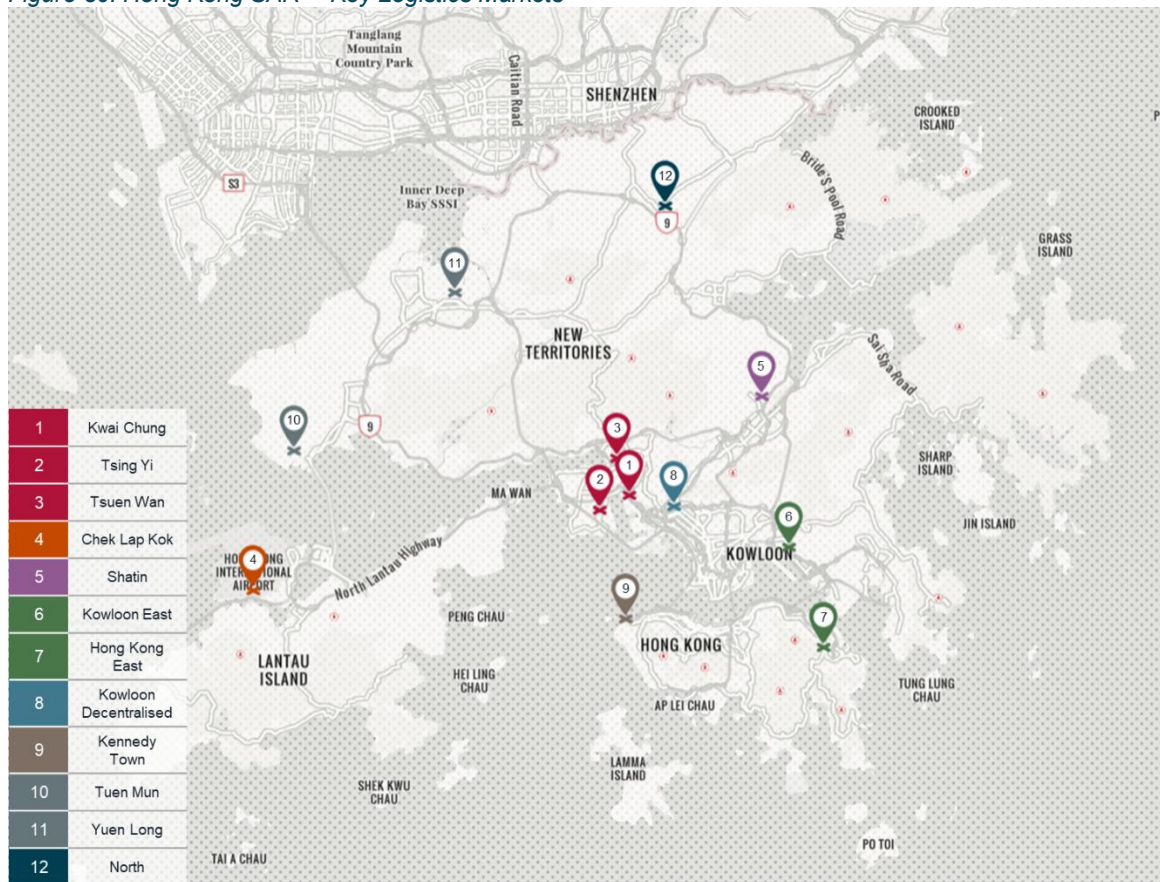
Future Major Road Network



Source: Hong Kong SAR Major Transport Infrastructure Development Blueprint, 2024

Logistics market overview for Hong Kong SAR (Grade A warehouses only) Key logistics hubs

Figure 30: Hong Kong SAR – Key Logistics Markets



Source: JLL, MapIT, 2025

Logistics real estate market landscape

The majority of Hong Kong SAR prime warehouses can be found in five major clusters: 1) Kwai Tsing and Tsuen Wan, 2) Island, 3) Shatin, 4) Kowloon East and Hong Kong East, and 5) North. While additional warehouse facilities exist in decentralised areas such as Kennedy Town, Tuen Mun, and Yuen Long, these locations exhibit a lower density of warehousing infrastructure compared to the aforementioned major nodes.

The five major logistics clusters exhibit distinct tenant profiles, shaped by operational preferences. Sea and air cargo operators, along with local distributors, predominantly occupy storage facilities in Kwai Tsing and Tsuen Wan, capitalising on the proximity to Kwai Chung Container Port. The warehouses in Island, benefiting from adjacency to the Hong Kong International Airport, attracts a higher concentration of air cargo operators, logistics express services, and import/export businesses.

Shatin's prime warehouses typically accommodate exporters and local distributors. Kowloon East and Hong Kong East have been the preferred locations for retailer-operated distribution centres, catering to businesses seeking urban accessibility.

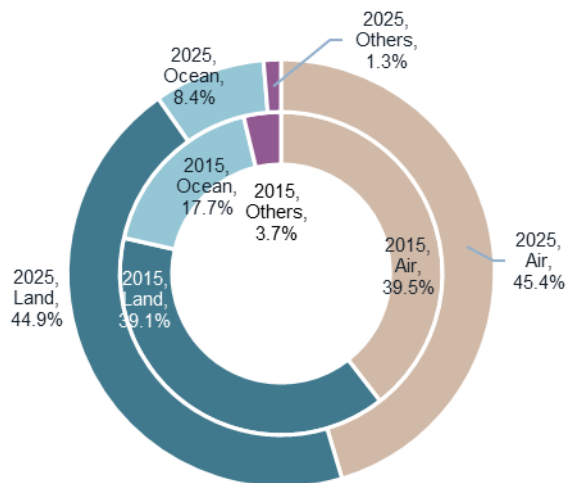
The Northern cluster primarily serves end-users engaged in re-export activities with mainland China. This preference is largely attributed to the cluster's advantageous position near border crossing points, facilitating efficient cross-border logistics operations.

Demand drivers for logistics properties

Import/export is a main contributor to Hong Kong SAR's GDP. Leveraging its proximity to mainland China, Hong Kong SAR has long been regarded as the gateway connecting mainland China and overseas markets, particularly as a re-export hub for the world's largest manufacturer.

Throughout 2025, air and land transport have continued to be the dominant contributors to total trade value, accounting for 45.4% and 44.9% respectively. Meanwhile, the share of ocean freight has experienced a substantial decline, contracting from 17.7% to 8.4% over the last decade.

Figure 31: Hong Kong SAR – Total Trade Value by Modes of Transport, 2025



Source: Census and Statistics Department, 2025

Air Freight

The Hong Kong SAR Government projects that HKIA's transshipment volume will reach 10 million tonnes of freight by 2035, doubling from the 5.1 million tonnes recorded in 2025. As air cargo volumes surge, demand for efficient, strategically located warehousing and distribution centres is anticipated to grow correspondingly.

Land Transportation

Land transportation, a crucial pillar of Hong Kong SAR's trade performance, is anticipated to be a sustainable driver for local storage space demand. The flow of goods vehicles through boundary control points has shown a y-o-y increase, albeit moderating from 15.2% in 2024 to 6.0% in 2025, reflecting slower growth in cross-border logistics activities.

Sea Freight

The sea freight market in Hong Kong SAR is currently grappling with structural challenges, resulting in a contraction of ocean freight's share in total trade value from 17.7% in 2015 to 8.4% in 2025. The container throughput at Hong Kong Port has experienced ongoing decline, as container throughput was down 5.4% in 2025.

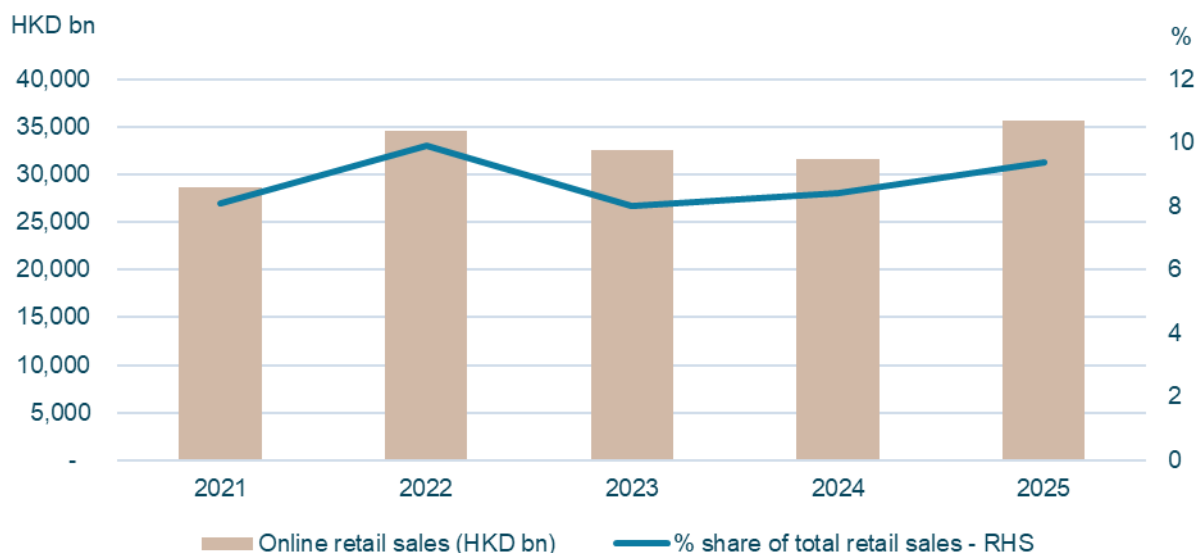
Growth of e-commerce and 3PLs

The city-wide lockdowns during the pandemic accelerated e-commerce adoption from 2021 onwards, and online retailing has since remained structurally stronger. Growth in the e-commerce market is expected to continue in the post-COVID period as consumers prioritise affordability amid job uncertainty and lasting shifts in shopping behaviour.

However, despite online retail sales rising by 12.8% in 2025—far outpacing the 1.0% growth of retail sales. However, this surge did not translate into material warehouse leasing activity by local e-commerce operators. New leases in 2025 were limited and largely driven by 3PL providers rather than online retailers. This suggests that the growing demand for e-commerce-related storage has been met primarily through 3PLs, rather than direct footprint expansion by e-commerce platforms themselves.

At the same time, the structural shift from offline to online retail has placed pressure on certain traditional retailers, prompting selective downsizing of logistics footprints. For example, H&M terminated its 9,290 sqm warehouse lease at ATL Logistics Centre in Kwai Chung in October 2025.

Figure 32: Hong Kong SAR – Online Retail Sales (HKD bn)



Source: Census and Statistics Department, 2025

Structural trends on logistics & logistics property market

(a) Supply chain diversification

The global supply chain is currently undergoing a significant transformation, with manufacturers increasingly diversifying and extending their manufacturing bases. A 2025 survey by the Hong Kong Trade Development Council (HKTDC) showed that the majority of GBA manufacturers view mainland China as the preferred supply chain location, with Southeast Asian markets emerging as the second most favoured destination. Findings from another study by HKTDC indicated that mainland enterprises are taking proactive steps to diversify and strengthen its supply chain by leveraging Hong Kong SAR as their Supply Chain Management Centre. As such, Hong Kong SAR will likely expand from its role in the GBA supply chains network, evolving into a facilitator of regional trade across mainland China and neighbouring countries.

(b) Increasing logistics industry automation will continue to prompt high specification warehouse developments

A prime example of modern warehouse innovation is the Goodman Westlink in Tuen Mun, completed in 2022, which integrated advanced building specifications to accommodate cutting-edge automation technologies, such as Autonomous Mobile Robots (“AMRs”) and Goods-to-Person systems. Similarly, the Cainiao Smart Gateway in Chek Lap Kok, completed in 2023, again featured various automated systems and equipment.²² Looking ahead, the Hong Kong SAR warehouse market should see its first fully automated warehouse Comboxx in Yuen Long, developed by Kerry Logistics and Peak Capital (with the original target completion in 2027).

However, as of February 2026, construction has been placed on hold while new buyers are sought. The project is expected to resume with a purpose-built design for the eventual purchaser.

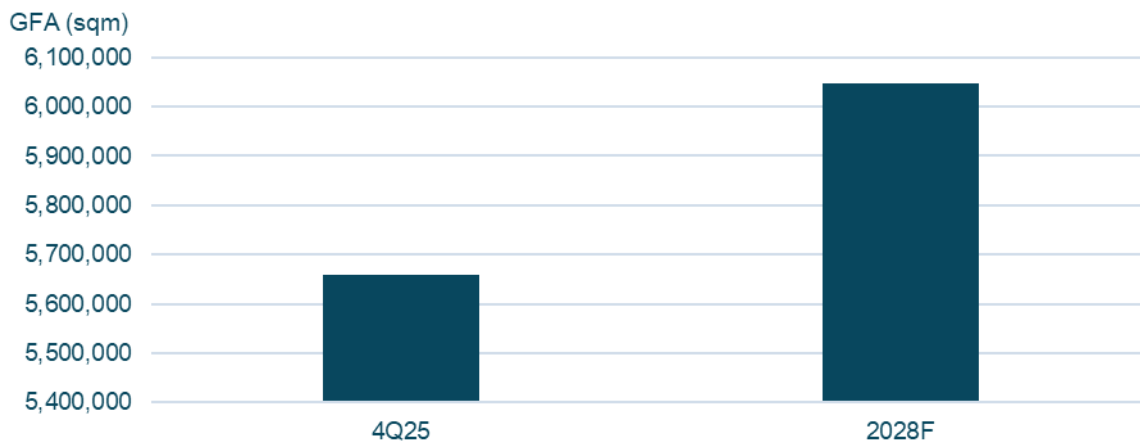
²² The Hang Seng University of Hong Kong: <https://gscm.hsu.edu.hk/en/visit-to-cainiao-smart-gateway/>

Logistics property overview for Hong Kong SAR (Grade A warehouses only)

Estimated logistics real estate per capita

Market Size

Figure 33: Hong Kong SAR – Logistics Market: Current and Expected (end-2028) Market Size (GFA sqm)



Source: JLL, 4Q25

As of 4Q25, Hong Kong SAR's prime warehouse inventory totalled 5.7 million sqm, roughly equivalent to 0.8 sqm of warehousing space per person. The distribution of this stock is predominantly concentrated in Kwai Tsing, which accounts for 44.3%. Chek Lap Kok, home to HKIA, represents 23.2% of the total, followed by Shatin at 9.2%, New Territories North (including Yuen Long and Tuen Mun) at 6.5%, and Tsuen Wan at 5.7%.

By end-2028, total prime warehouse stock is forecast to increase by 6.9% to about 6.0 million sqm. This expansion is primarily attributed to the completion of three significant projects in Kwai Chung and Chek Lap Kok.

Supply and characteristics of warehouses

Among warehouse space providers, Goodman has emerged as the market leader with a 20.8% market share. China Resources secured the second position with a 7.8% stake. Other significant players include Kerry Logistics, Hutchison, Mapletree and The Wharf Holdings. The prime warehouse space owned by major developers with logistics service operations was estimated at 17.8% or about 1.0 million sqm of total stock.

Looking ahead to 2026-2028, the warehouse market is set to expand by 387,963 sqm. The majority of the new supply over the next three years is expected to be concentrated within the five principal logistics clusters.

The following outlines the warehouse pipeline for the next three years:

1. The Kwai Chung Storage & Logistics Centre (165,344 sqm), slated for completion in 2028, is a collaborative effort between ESR and Chinachem.
2. Mapletree's TYTL 202 Logistics Centre in Tsing Yi (227,836 sqm), slated for completion in 2028. For this project, Mapletree acquired the land for HKD 3.7 billion
3. 7 Catering Road West in Chek Lap Kok (50,349 sqm), slated for completion in 2028, is a collaborative effort between Hong Kong Airport Authority and UPS. This facility will be fully

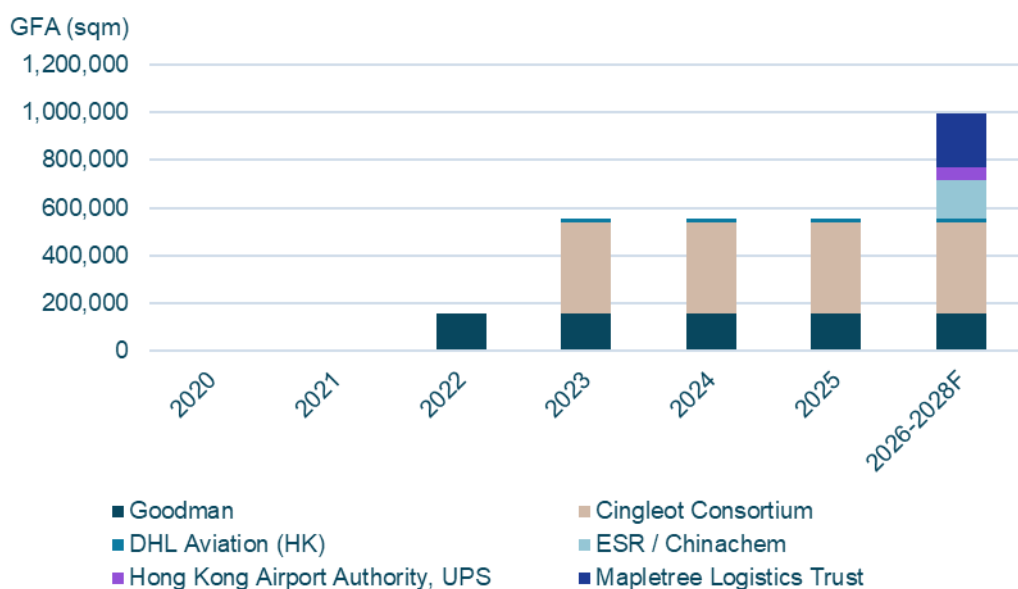
APAC logistics market – Hong Kong SAR

automated with sustainable features to handle all imports, exports, and transshipments to and from Europe, US, and other parts of Asia.

Alongside Comboxx in Yuen Long, the Air Mail Centre redevelopment in Chek Lap Kok (46,000 sqm) by HongKong Post, originally slated for completion in 2027, has been withdrawn from the supply pipeline, owing to the current weak storage demand. Similarly, the Kerry HungKai Warehouse (55,556 sqm) will be removed from the current stock following the issuance of a demolition permit in 4Q25.

Meanwhile, Sun Hung Kai Properties (SHKP) has extended its lease term for the Airport Freight Forwarding Centre (AFFC), spanning over 139,355 sqm with HKIA for 15 years. SHKP will invest at least HKD 400 million to refurbish the building and introduce enhancement initiatives such as smart, green and flexible layout features, aiming to enhance cargo throughput capacity by 30%. The upgrade project is already underway, with phased completion scheduled to begin in early 2026.

Figure 34: Hong Kong SAR – Prime Warehouses Supply by Completion Year and Developer/Key Player (GFA, sqm)

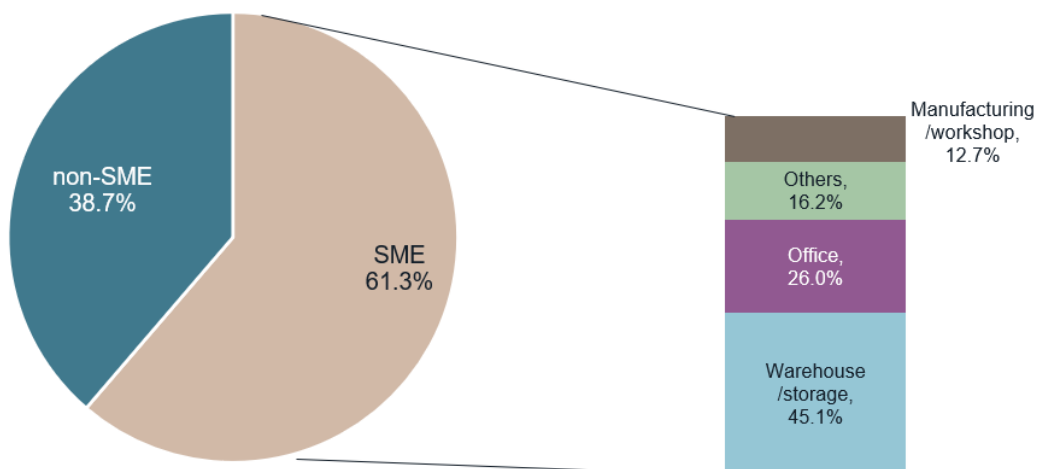


Source: JLL, market news, Building Digest, 2025

Notes: JLL's data is sourced through publicly available information, building digest and other primary research methods. Data may not be consistent with data maintained by the companies due to differences in recording methodology.

Requirements and trends

Figure 35: Hong Kong SAR – Industrial Buildings Floorspace Distribution in 2020



Source: Planning Department, 2020

According to a 2020 Planning Department study, more than half of the occupiers in industrial buildings were SMEs, with most utilising units primarily for warehouse/storage purposes.

For these tenants, easily divisible units are advantageous, as most SMEs require the flexibility to adjust their space based on recent business performance. Conversely, warehouses with extremely large floor plates that cannot be effectively subdivided without compromising goods transport pathways are less likely to attract SME tenants.

Beyond flexibility, location is a crucial criterion for tenants. Kwai Tsing, situated near the Kwai Chung Container Port and centrally positioned within the city, has long been a highly preferred location for 3PL operators managing multi-modal transportation networks. Recent commitments underscore this trend.

For instance, SinoTrans committed to some space at the China Merchants Logistics Centre in Tsing Yi while Omni Logistics recently committed to some space in Goodman Interlink also in Tsing Yi. However, there are notable commitments outside Kwai Tsing as well—Kerry Logistics leased the whole building at 10 San Hi Tsuen Street in Yuen Long mainly due to its close proximity to the border.

In contrast, e-commerce operators prioritise different locational attributes. Their operations rely heavily on frequent air freight movements and seamless cross-border transportation to and from mainland China. Consequently, areas such as Chek Lap Kok and the northern districts have become increasingly attractive, offering immediate access to the airport and key border control points. A recent example is SF Supply Chain's lease at the Cainiao Smart Gateway in Chek Lap Kok.

Performance and outlook

Annual Completion

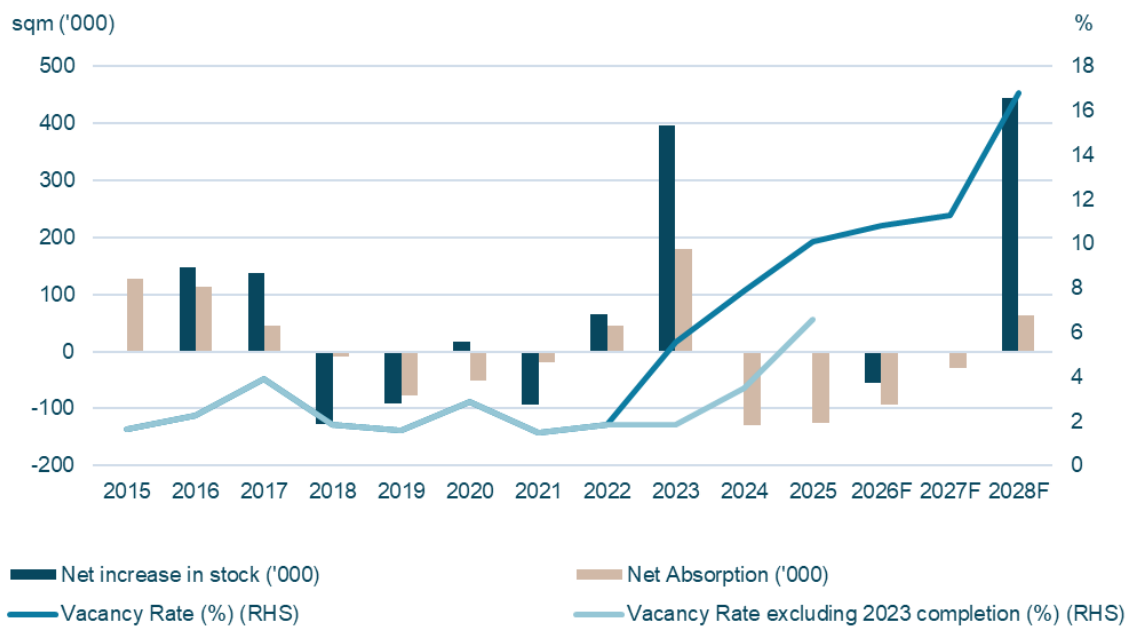
Between 2021 and 2025, the prime warehouse market in Hong Kong SAR experienced significant growth, with a total addition of 519,886 sqm. This expansion was primarily driven by one expansion project and two new completions in 2022-23. The two major completions during this period were:

1. **Goodman Westlink:** Located in Tuen Mun, this greenfield development boasts a GFA of approximately 138,983 sqm. The project was developed on an industrial site acquired through a Government tender in 2018.
2. **Cainiao Smart Gateway:** This substantial facility in Chek Lap Kok, also a greenfield development, features a GFA of 380,903 sqm. The site was sold by the Airport Authority Hong Kong in 2018.

In 2023, DHL's Central Asia Hub in Chek Lap Kok underwent a significant expansion, increasing its size by approximately 50.0% to reach 49,517 sqm. This expansion boosted the facility's air freight handling capacity by nearly 70.0% and the city's logistics capabilities at the same time.

Demand

Figure 36: Hong Kong SAR – Distribution Warehouse/Logistics Total Completions, Net Absorption and Vacancy Rate (GFA, Annual)



Source: JLL, 4Q25

The Hong Kong SAR prime warehouse market has undergone substantial changes in recent years, driven by policy initiatives and evolving market dynamics. A significant shift occurred in 2023 with the completion of Cainiao Smart Gateway, which introduced specifications that diverge from traditional Hong Kong SAR prime warehouses. Designed to cater more to global e-commerce operators than local SME tenants, the project marked a structural change in the market profile. However this development also contributed to a notable increase in the overall vacancy rate, reflecting the mismatch between new supply and demand.

Simultaneously, the trend of redeveloping or converting prime warehouses to other property assets decelerated as interest rates peaked in 2023. This slowdown potentially mitigated the reduction of available stock and lifted the cap on vacancy rates, resulting in a sharp increase in the vacancy rate that same year.

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Between 2024 and 2025, warehouse demand softened amid weak domestic consumption, prompting major retailers to rationalise space and increasingly outsource logistics to 3PLs. US-China trade tensions further distorted demand through front-loading and heightened uncertainty, reinforcing a cautious, wait-and-see stance on expansion. At the same time, structural shifts including shorter dwell times for re-export goods and intensifying competition from regional trade hubs reduced storage intensity, resulting in persistent negative net absorption and rising vacancy.

As of end-2025, prime warehouse vacancy rate reached 10.1%. Excluding Cainiao Smart Gateway, this figure would have stood at 6.6%. Looking ahead, despite increased commitments from major 3PL operators like Kerry Logistics and Omni Logistics, net absorption from this sector is expected to remain limited. Overall, 3PL providers are still anticipated to lead leasing activity—not because of strong expansion, but because they remain the most active tenant group, driven by their broad involvement in both trade-related and local distribution activities.

Amid heightened trade uncertainties, tenants are anticipated to continue acting more conservatively, including delaying decision-making, consolidating their footprints, or choosing renewals with minimal expansion. Consequently, vacancy rates are expected to continue climbing and may reach 10.8% in 2026 and remain elevated through 2027 to 2028, with a supply surge in 2028 likely to add further pressure to the market.

Negative net absorption slightly decreased from around 130,000 sqm in 2024 to 125,000 sqm in 2025. According to the 4Q25 forecast, the negative net absorption is expected to further edge down to 93,000 sqm and 28,000 sqm in 2026 and 2027 respectively, given the more stabilised trade and further retail recovery. Net absorption will become positive and amount to 63,000 sqm in 2028, driven by the take up of the new completions.

Investors and investment trends, and major selected transactions

In 2025, the prime warehouse investment market saw the return of several long-term investors, targeting premises with high occupancy or locations near the border. Although redevelopment demand emerged amid the recovery in residential market, such cases remain limited. Notable transactions include the enbloc transaction of Big Orange in Shatin by Huge Wise Corporation Ltd at a consideration of HKD 500.0 million. The new owner is understood to be holding the asset for investment income in the near term. Billion Development invested HKD 476.0 million in the enbloc May Kong Godown in Tsuen Wan, with market sources suggesting potential redevelopment plans. Meanwhile, a mainland Chinese investment company acquired the enbloc G2000 Warehouse Building in Fanling for HKD 380.0 million, subsequently leasing it to a logistics operator that had previously occupied a tin shed in Lau Fau Shan.

Figure 37: Hong Kong SAR – Notable Prime Warehouse Transactions (2025)

| Period | Unit | Building | Address | District | Price (HKD mn) | Unit Price (HKD psm) | Seller | Buyer |
|--------|-------------------|------------------------------|----------------|------------|----------------|----------------------|--------------------------|----------------------------|
| 1Q25 | All units on 15/F | Kerry TC Warehouse 1 Block A | Kin Chuen St 3 | Kwai Chung | \$91.0 | \$35,003 | Wah Shing Properties Ltd | Willy More Development Ltd |

APAC logistics market – Hong Kong SAR

| Period | Unit | Building | Address | District | Price (HKD mn) | Unit Price (HKD psm) | Seller | Buyer |
|--------|---------------------|--------------------------|------------------------------------|-----------|----------------|----------------------|---------------------------------|---|
| 3Q25 | Unit E-G, Floor 13A | Gemstar Tower | Man Lok St 23 | Hung Hom | \$54.2 | \$49,702 | Mekim Ltd | Ming Properties (Hong Kong) Ltd |
| 3Q25 | - | May Kong Godown | Castle Peak Road Tsuen Wan 364-372 | Tsuen Wan | \$476.0 | \$27,936 | Mayar Silk Mills (Hongkong) Ltd | Wealth Fortune Enterprise Ltd (Billion Development) |
| 4Q25 | - | G2000 Warehouse Building | On Lok Mun St 5 | Fanling | \$380.0 | \$33,095 | Michael Tien | Borwenby Estates Ltd |
| 4Q25 | - | Big Orange | Shing Wan Rd 2-8 | Shatin | \$500.0 | \$31,473 | Hansun Invs Ltd (Fu Lam Group) | Huge Wise Corporation Ltd |

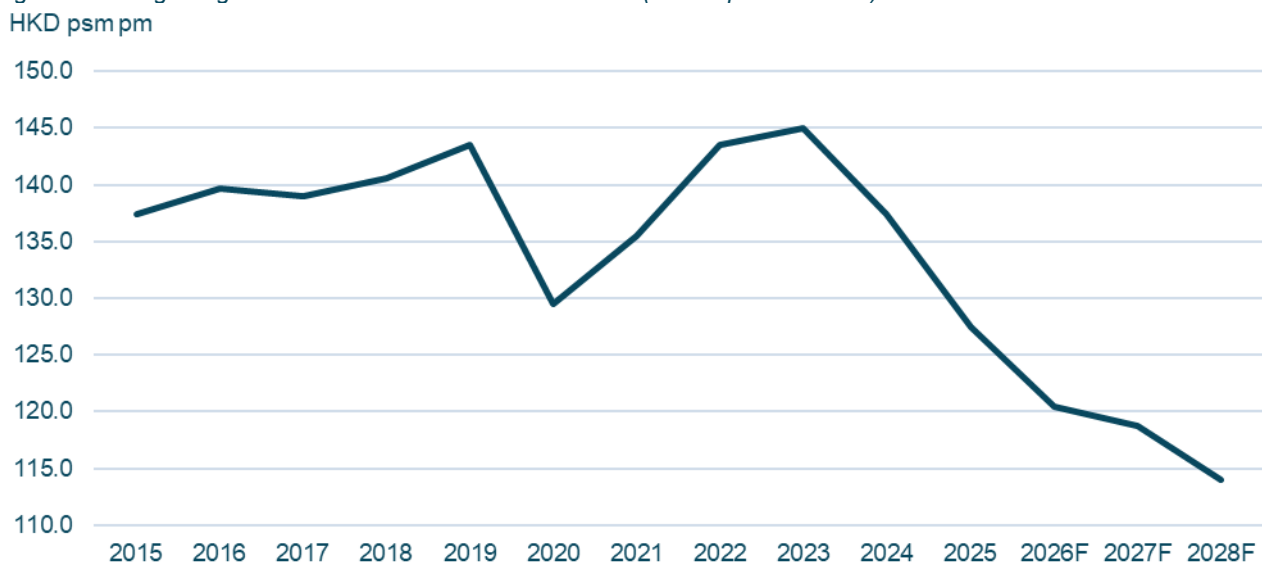
Source: JLL, 4Q25

In addition to the above warehouse-focused transactions, the market also recorded a noteworthy case with direct relevance to the sector. Wise Elite Group Ltd, jointly owned by Brookfield and UniChina Group, acquired the enbloc flatted factory at 4–6 Tsing Tim Street in Tsing Yi for HKD 663.0 million. Although the property is not a traditional warehouse asset, the purchaser intends to convert it into a cold storage facility. This transaction is particularly significant as it occurred during a period of weakness in the cold storage segment marked by a lack of active buyers.

Historical and forecast data for key logistics market indicators

Rents

Figure 38: Hong Kong SAR – Warehouse Net Effective Rent (HKD/sqm/Per month)



Source: JLL, 4Q25

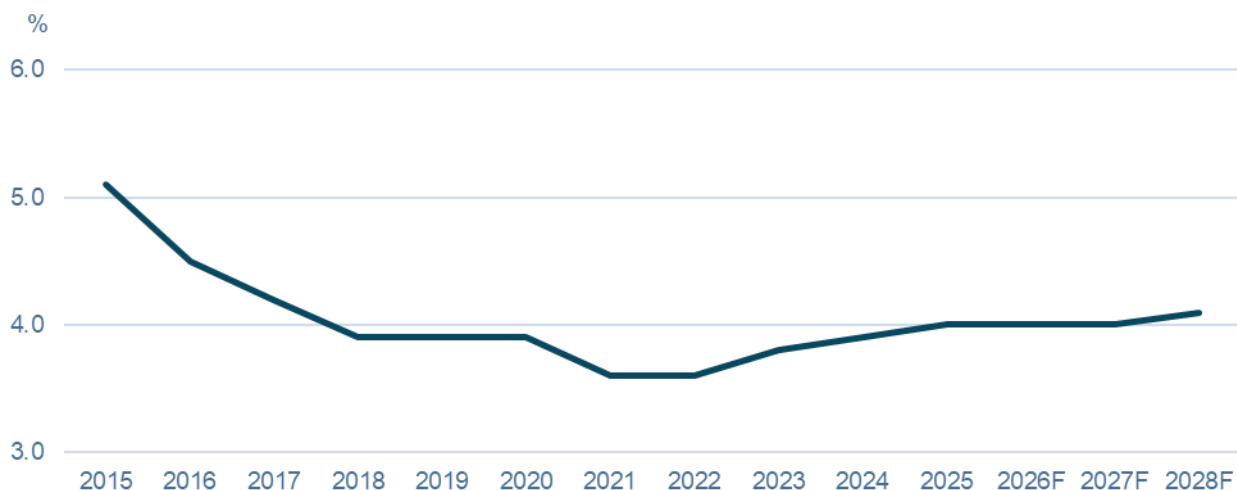
APAC logistics market – Hong Kong SAR

In 2025, rents declined to HKD 127.5 per sqm per month partly due to weakened market demand and increasing vacancy pressure. Looking ahead, rents are expected to face downward pressure by dropping another 5% to 10% in 2026, as retailers continue to downsize and outsource logistics and warehousing functions to 3PL providers for greater efficiency. In addition, goods will continue to be routed away from Hong Kong SAR for value-added processing due to higher labour costs and warehouse rents compared to the nearby regions in GBA, resulting in shorter dwell times locally.

As outsourcing and downsizing are expected to level off in 2027–2028 amid stabilising global trade and a recovering retail market, the market outlook remains cautious. A new wave of supply scheduled to come onstream in 2028 may exacerbate oversupply pressure. Consequently, rents are expected to decline further by 0-5% per year in 2027 and 2028.

Market Yield

Figure 39: Hong Kong SAR – Distribution Warehouse/Logistics Market Yield (%)



Source: JLL, 4Q25

Similar to the rental trend, capital values of prime warehouses have trended downward since 2022. Over the same period, overall market yields expanded modestly, rising from 3.6% in 2022 to 4.0% by 2025, despite a slight improvement in transaction activity in 4Q25. Capital values are expected to fall through 2026 as elevated vacancies keep downward pressure on rents, with marginal yield expansion potentially extending into 2027–2028 amid structural headwinds and rising supply.

4. Overview of India's Logistics Market

Macroeconomic overview

Country overview

India is positioned for substantial economic growth, driven by three principal factors: rising income levels, a young workforce, and rapid urbanisation.

The urban landscape in India is undergoing a significant transformation, with several cities emerging as some of the world's largest metropolitan areas. Notably, Delhi, Mumbai, Kolkata, Bengaluru, Chennai and Hyderabad rank within the top 30 most populous cities globally.²³ As of 2025, urban residents accounted for 35.7% of India's population, a figure projected to rise to 40.2% by 2040.²⁴ Although this is notable progress, it is still below the global average of 57.8% recorded in 2025,²⁵ highlighting considerable further urbanisation potential. The ongoing urbanisation trend is closely linked to increasing income levels across the country. The growth of urban populations, combined with rising disposable incomes, is resulting in greater purchasing power among various demographic groups. Together, these shifts are expected to drive notable growth in domestic consumption.

India's demographic profile offers a distinct advantage compared to other major economies. With a median age of 28.8 years in 2025,²⁶ the country benefits from a youthful population characterised by evolving consumption habits and a high propensity to adopt new trends. Currently, 68.4% of the population falls within the working-age bracket (15-64 years),²⁷ providing a significant competitive edge for labour-intensive industries.

The middle class in India, estimated at approximately 432 million people in 2020-21,²⁸ is experiencing rapid expansion, supported by improved access to healthcare and education as well as overall economic advancement. By 2030-31, this income group is projected to reach 715 million, representing 40% of the total population.²⁹ Rising disposable incomes have transformed consumer spending habits. While spending on essential items continues to rise, there has been a significant uptick in discretionary, non-essential purchases.

Economic overview

India has established itself as the world's fastest-growing economy, recording real GDP growth of 7.6% in 2025,³⁰ driven by robust domestic consumption, strategic infrastructure investments, and a thriving digital economy. In terms of nominal GDP, India ranked as the fourth-largest economy globally, reaching USD 3.9 trillion in 2025.³¹ This exceptional economic performance is primarily attributed to a robust manufacturing sector and a sizeable domestic consumer base, both of which have been integral to the country's growth trajectory. Looking ahead, the International Monetary Fund (IMF) projects India's GDP growth at 6.5% in 2026, with an estimated nominal value of USD 4.2 trillion.³²

²³ <https://worldpopulationreview.com/cities>

²⁴ UN Data Portal Population Division

²⁵ UN Data Portal Population Division

²⁶ UN Data Portal Population Division

²⁷ UN Data Portal Population Division

²⁸ IBEF

²⁹ People Research on India's Consumer Economy

³⁰ IMF

³¹ IMF

³² IMF

India's standing in the global economic landscape has strengthened considerably, making it an increasingly preferred destination for international investment. During FY25, foreign direct investment (FDI) inflows totalled USD 81.0 billion, positioning India eighth globally in terms of FDI volume.³³ The manufacturing sector accounted for 23% of total FDI in FY25, up significantly from 15% in FY21,³⁴ underscoring the sector's expanding attractiveness.

India's manufacturing sector is experiencing a notable transformation, shifting from traditional labour-intensive activities toward a modern, technology-driven ecosystem. Manufacturing Gross Value Add has grown at a CAGR of 7.1%, rising from USD 308.0 billion in FY18 to USD 497.9 billion in FY25.³⁵ This advancement has been bolstered by strategic government initiatives, including the Make in India and Production Linked Incentive (PLI) schemes.

The industrial sector has entered a phase of accelerated expansion, highlighted by strong performance indicators such as the Purchasing Managers' Index (PMI) and manufacturing capacity utilisation, both of which are at historically high levels. The manufacturing PMI has remained above 55.0 for 18 consecutive months, peaking at 58.4 in June 2025.³⁶ Capacity utilisation in manufacturing reached 74.1% in 1Q26 and has consistently exceeded 70% since FY21, according to the Reserve Bank of India RBI's Quarterly Order Books, Inventories and Capacity Utilisation Survey (OBICUS). These metrics indicate robust demand, efficient resource utilisation, revived investment activity, and a need for additional private sector involvement.

Moreover, India continues to be a consumption-driven economy, with Private Final Consumption Expenditure (PFCE) accounting for 71.6% of GDP in 2024.³⁷ This high share of consumption relative to GDP provides resilience against global economic volatility. Consumption grew at 9.4% y-o-y in 2024, outpacing the GDP growth rate of 6.5% for the same period.³⁸

Government planning and policies/structural changes to logistics market

The Indian government has implemented significant structural changes and policies to enhance the efficiency and competitiveness of the country's logistics market:

Implementation of Goods & Service Tax (GST): The introduction of the Goods and Services Tax (GST) in 2017 marked a transformative reform for India's logistics industry. GST established a unified national tax system, improving transparency, tax compliance, and overall logistics efficiency. GST collections have shown robust growth, consistently surpassing USD 20.0 billion for several months in FY25, according to the Ministry of Finance. The roll-out of e-way bills and a harmonised tax structure has notably benefited the sector, reducing interstate transit times by 25-30%, as reported in the Logistics Ease Across Different States (LEADS) 2023 report. In September 2025, GST 2.0 was implemented, featuring reduced rates on essential goods and services to stimulate consumption and facilitate compliance. Lower rates on key raw materials such as cement, auto components, and handicrafts are expected to decrease production costs, thereby enhancing manufacturing competitiveness. Simplified rates are designed to encourage greater compliance, thereby expanding the tax base and improving revenue. Adjustments to inverted duty structures support increased domestic value addition and exports.

³³ DPIIT, PIB India

³⁴ DPIIT, PIB India

³⁵ NITI Aayog

³⁶ Ministry of statistics and programme implementation

³⁷ World Bank, IBEF

³⁸ World Bank, IBEF

National Logistics Policy: The National Logistics Policy provides a comprehensive institutional framework aimed at addressing the challenges within India’s logistics sector. Its key focus areas include:

- **Process Optimisation:** Streamlining and standardising logistics processes to reduce complexity and enhance operational efficiency.
- **Digital Systems:** Promoting the integration of digital technologies to improve transparency, traceability, and overall efficiency.
- **Regulatory Framework:** Establishing a supportive regulatory environment for sector growth and development.
- **Human Resources:** Fostering talent through targeted training and development programs for logistics professionals.

The policy sets explicit targets to reduce logistics costs, which remain higher than in many developed economies. Lowering these costs is intended to boost India’s global competitiveness and improve its Logistics Performance Index (LPI) ranking.

Grant of Infrastructure Status to Logistics Sector: In 2017, the Indian government granted infrastructure status to the logistics sector, marking a significant milestone in its development. This designation, which covers cold chain and warehousing facilities, substantially improves access to long-term, low-cost financing from banks and financial institutions. By facilitating easier access to credit and potentially streamlining regulatory processes, infrastructure status supports the creation of integrated logistics parks and the adoption of advanced technologies across the sector.

Infrastructure developments (including highways/expressways and ring roads initiatives)

The Indian government has evolved its infrastructure development strategy from a short-term, need-based approach to a comprehensive, long-term framework designed to address the requirements of a modernising nation. Significant enhancements in infrastructure over the past decade have played a pivotal role in India’s overall development, underscored by the country’s improvement in the Logistics Performance Index (LPI), rising 16 positions from 54th in 2014 to 38th in 2023.³⁹

PM Gati Shakti - National Master Plan: Launched in October 2021, PM Gati Shakti is fundamentally reshaping integrated planning for multimodal infrastructure connectivity, driving India’s socio-economic advancement. Under this initiative, ministries and states collaboratively upload current and future project data onto a dynamic digital platform utilising geographic information system (GIS) technology. This process breaks down organisational silos and facilitates coordinated, efficient infrastructure implementation.

National Infrastructure Pipeline: The National Infrastructure Pipeline (NIP) commenced with 6,835 projects and has steadily expanded to include over 9,288 projects,⁴⁰ with a total investment outlay of USD 1.4 trillion between 2020 and 2025.⁴¹ The NIP aims to develop affordable and world-class assets across sectors such as energy, roads, railways, and ports. This pipeline is a key driver in the government’s vision to reduce logistics costs and establish India as an economic powerhouse.

Dedicated Freight Corridors (DFCs): Dedicated Freight Corridors represent a significant leap forward for the logistics sector. These corridors are expected to increase the railway’s modal share of freight from

³⁹ World Bank LPI Ranking

⁴⁰ PIB

⁴¹ PIB

APAC logistics market – India

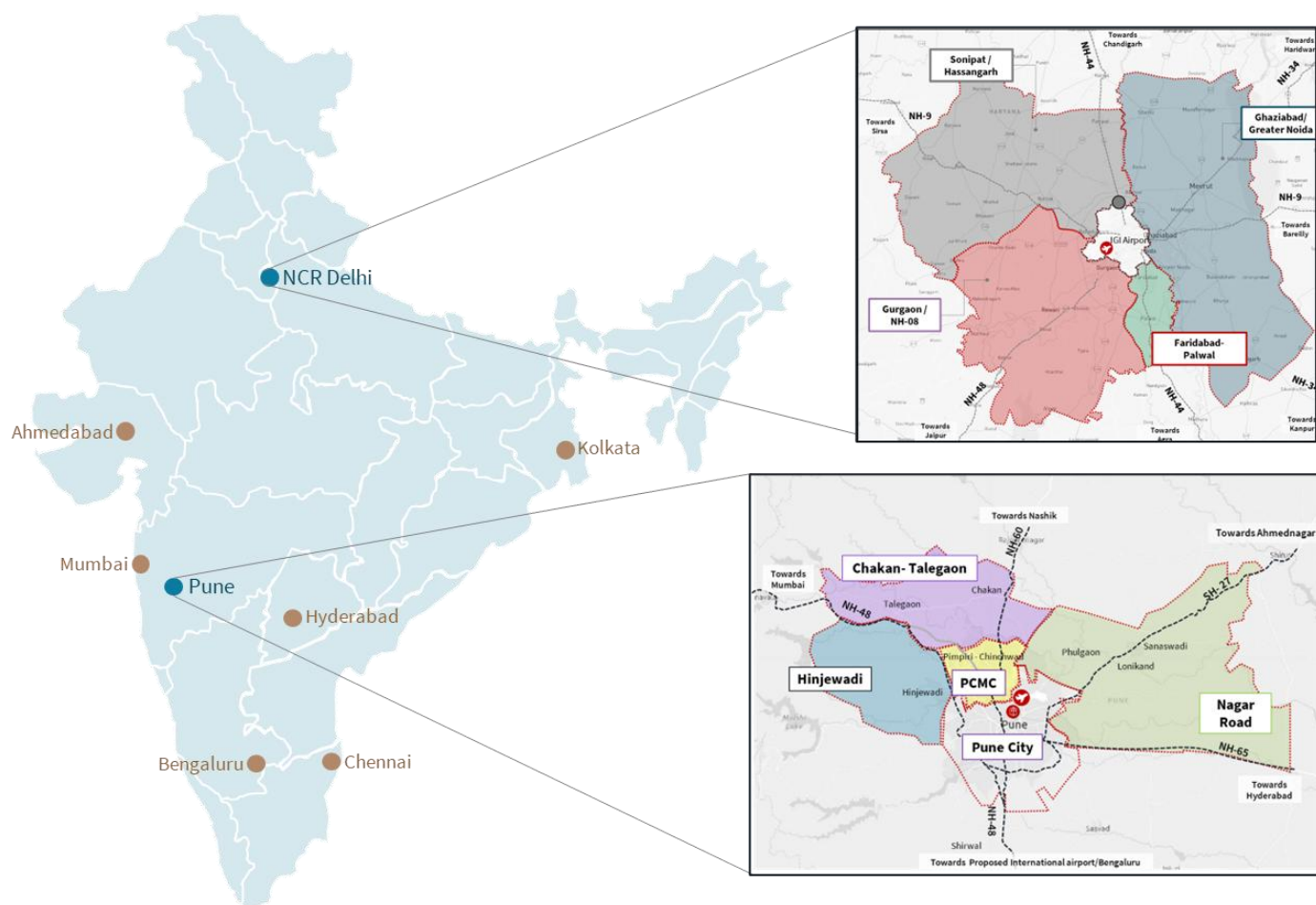
approximately 27% to 45%,⁴² fundamentally enhancing efficiency and capacity. Two major corridors, the Western and Eastern DFCs, totalling 3,360 km, are slated for full commissioning at a cost of USD 11 billion.⁴³ Additionally, three commodity-specific rail economic corridors were announced in 2024, with further expansions anticipated. Notable features of these corridors include increased speeds, greater load-carrying capability, and double-stacking for freight containers.

Multi-Modal Logistics Parks (MMLPs): A total of 35 MMLPs are planned, with a capital allocation of USD 6 billion,⁴⁴ to accommodate 50% of the nation's freight movement.⁴⁵ These parks aim to rationalise logistics costs by integrating transport services, optimising asset utilisation, and reducing carbon emissions. The government has sanctioned 15 locations across the country for setting-up of MMLPs under the Bharatmala Program Phase I.⁴⁶ MMLPs are envisioned as advanced freight facilities, typically spanning 100 acres or more, with access to multiple transportation modes, mechanised warehouses, and specialised storage solutions such as cold storage, bulk cargo terminals, and intermodal transfer containers.

Logistics market overview (Grade A only)

Key logistics hubs

Figure 40: India – Key Logistics Markets



Source: JLL, MapIT

⁴² PIB

⁴³ National Infrastructure Pipeline: Report of the Task Force, Department of Economic Affairs, Ministry of Finance, Government of India

⁴⁴ PIB

⁴⁵ Nimbus Post

⁴⁶ PIB

Logistics real estate market landscape

National Capital Region (NCR) Delhi is a planning area encompassing the capital city and extending into several adjacent districts across Haryana, Uttar Pradesh, and Rajasthan. The warehousing market of NCR Delhi, being the largest market in India contributes c.22% of the country's stock. This region is characterised by concentrated industrial activity, primarily distributed along two significant corridors: the NH-48 Highway and the Ghaziabad–Noida sub-markets.

The NH-48 Highway has been instrumental in the development of major industrial clusters such as Gurugram, Manesar, Bhiwadi, Bawal, Neemrana, and Ghiloth. This corridor serves as a critical link between the northern hinterland and the Jawaharlal Nehru Port in Navi Mumbai, facilitating efficient logistics and trade operations.

The Ghaziabad–Noida corridor has evolved into a prominent industrial and economic hub, owing to its strategic location at the convergence of the Western and Eastern Dedicated Freight Corridors (DFCs). It is recognised as one of India's leading electronics manufacturing centres and has attracted significant foreign direct investment.

Pune offers a distinctive economic landscape, marked by a balanced integration of Information Technology (IT) and manufacturing sectors. Pune is a major hub for automobile manufacturing, with numerous domestic and international automotive firms operating within its boundaries. It is also a key centre for the production of durable consumer goods, contributing to its diversified industrial portfolio. The warehousing market of Pune contributes 15% of India's warehousing stock.

Beyond manufacturing, Pune has established itself as a notable IT destination, drawing both Indian and multinational technology companies. The city hosts a range of prominent industries across various sectors, further strengthening its diverse and resilient economic profile.

Demand drivers for logistics properties

High Urban Density and Expanding Consumer Base: India's rapid urbanisation is transforming Tier 1 cities into key hubs for warehousing and logistics. United Nations' projections indicate that by 2050, India will add 416 million urban residents, accounting for 35% of global urban population growth alongside China and Nigeria. This unprecedented urban expansion is resulting in a substantial and concentrated consumer base, thereby intensifying the demand for efficient logistics and warehousing solutions within and around major urban centres.

Decentralisation of Warehousing Networks: To ensure resilience in supply chains, companies are moving away from centralised distribution models to more decentralised networks. This means setting up multiple smaller warehouses closer to consumption centres, rather than relying on a few large, centralised facilities. In India, this is leading to the development of warehousing clusters in tier-2 and tier-3 cities. This is especially prominent for the last mile delivery network.

Growth of Quick Commerce Driving Urban Logistics: The proliferation of quick commerce, especially since 2020, has significantly accelerated the development of urban logistics. The demand for same-day and ultra-fast deliveries (as quick as 10-20 minutes), high last-mile delivery costs, and increased online purchasing have fostered the need for innovative urban logistics infrastructure. This trend has prompted the repurposing of various urban assets, such as indoor parking areas, back-of-store storage, function halls, theatres, and underutilised malls or offices into sorting centres, dark stores, and cloud kitchens. While the

market anticipates more organised urban logistics facilities in the future, high land costs continue to pose a considerable challenge.

Government Initiatives Supporting Manufacturing: Government-led programs aimed at enhancing domestic manufacturing have become pivotal drivers for logistics property demand. Initiatives such as Make in India, Digital India, and the National Logistics Policy have cultivated favourable conditions for manufacturing across the country. In addition, Production-Linked Incentive (PLI) and Design-Linked Incentive (DLI) schemes provide additional incentives for establishing manufacturing facilities in India. These policies are intended to increase manufacturing output while generating robust demand for advanced logistics and warehousing infrastructure to support the expanding industrial sector.

3PL leads Sector Expansion as Manufacturing gains Momentum and E-Commerce Resurges

Specialised manufacturing operations, e-commerce, 3PL, and retail companies are increasingly seeking to expand their facilities that can accommodate their evolving supply chain needs.

3PL has been the fastest growing segment, contributing more than 30% of absorption since CY19, highest among all the sectors. 3PL providers are gaining prominence as businesses outsource logistics operations for efficiency, with providers offering industry-specific solutions in automotive, pharmaceuticals, and e-commerce sectors.

Different sectors such as e-commerce, engineering, electronics & white goods are increasingly leveraging 3PL services, and many large & medium manufacturers outsource parts of their inventory management to optimise costs. E-commerce companies, after remaining largely inactive in leasing for two years (2023-2024) following their COVID-19 expansion (2020-2022), have started increasing their warehousing footprint in 2025. The demand from e-commerce companies is expected to rise in the short to medium term due to their plans for expansion to newer markets, growth of quick commerce platforms, and the saturation of their pre-occupied spaces.

Manufacturing and logistics industries are inextricably linked, with producers relying on robust and efficient supply chains to receive raw materials and ship finished products to customers. Government initiatives under 'Make in India' have resulted in the growth of the manufacturing sector which is evident from significant increase in absorption of space by manufacturing players over past few years. Sectors such as auto & ancillaries, engineering, electronics & white goods, among others have leased ready-built as well as build-to-suit spaces over the years.

Structural trends of logistics and logistics property market

The warehousing industry in India has experienced a substantial evolution, progressing from basic storage facilities to advanced, integrated logistics systems. This transformation, driven by multiple factors, has significantly influenced both the demand and characteristics of warehousing spaces nationwide.

Historically, the sector was highly fragmented, with small storage units offering limited automation and mechanisation. Today, warehouses serve as critical components of the Indian logistics industry, a shift propelled by the expansion of organised e-commerce, the growth of 3PL companies, retail expansion, and increased participation from global investors and developers. Consequently, there has been a discernible movement towards more organised and sophisticated warehousing infrastructure.

This shift has resulted in a notable increase in the average footprint of Grade A warehouses, which has effectively doubled in size. Concurrently, vertical expansion has been significant, with the average warehouse height rising from 9 metres in 2017 to 12 metres in 2025, based on JLL assumptions. This

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three-dimensional growth has led to a tripling of average warehouse volume, enabling more efficient space utilisation and the adoption of advanced storage solutions.

The rise of omnichannel retailing has further reshaped the warehousing landscape. Modern consumers now expect flexible fulfilment options, such as buy-online-pick-up-in-store or ship-from-store services. This evolution has transformed traditional retail outlets into fulfilment centres, requiring the optimisation of in-store inventory and the development of adaptable fulfilment models to meet both customer expectations and profitability objectives.

There is an increasing emphasis on distribution network optimisation, resulting in greater operational efficiency and a demand for organised, standardised warehouse spaces. This has encouraged businesses to outsource logistics operations to 3PL providers, who offer specialised expertise and economies of scale.

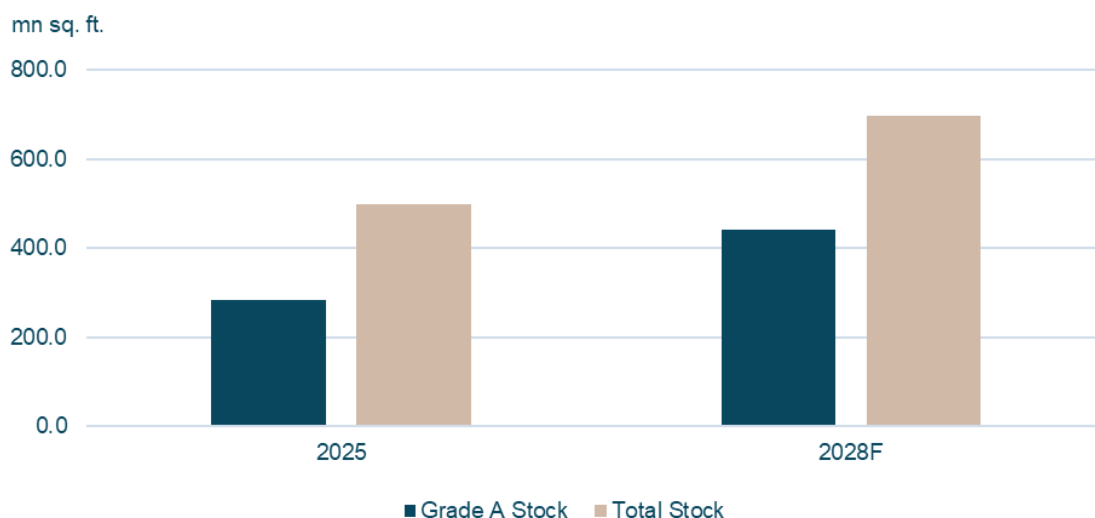
Despite these advancements, there remains considerable potential for rental growth. The average rent for warehousing space in India is approximately 50% lower than in other MITI-V countries (Malaysia, Indonesia, Thailand, India, and Vietnam). This gap highlights prospects for future rent increases as the sophistication and quality of India’s warehousing sector continue to advance.

Logistics property overview (Grade A only)

Estimated logistics real estate per capita

Market Size

Figure 41: India – Logistics Market: Current and Expected (end-2028) Market Size (Million sq. ft.)



Source: JLL, 2025

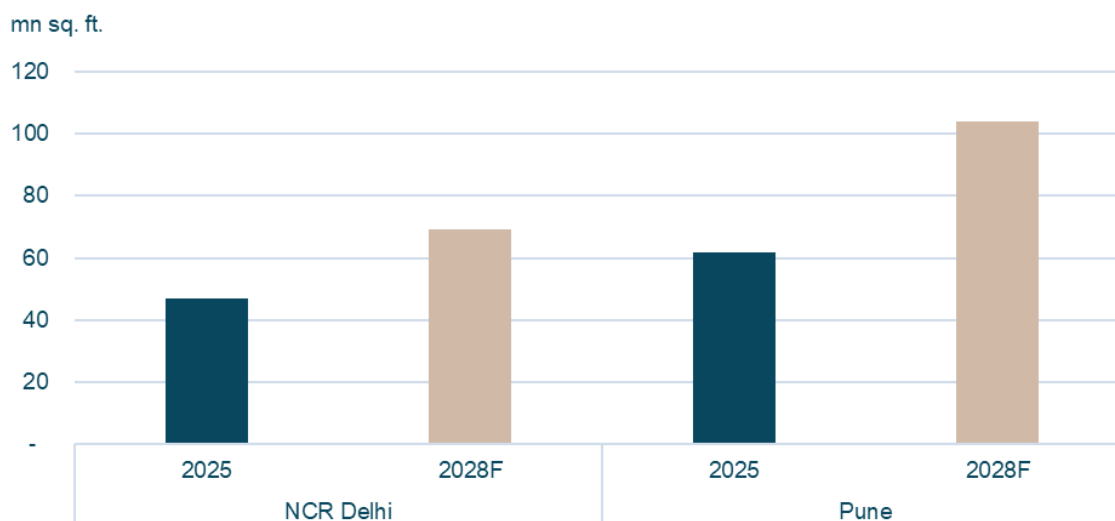
The top eight cities across the country experienced a 13.6% year-over-year expansion in Grade A and B warehousing inventory during 2025, reaching 498.1 million sq. ft. Grade A facilities represent 57.0% of this stock, underscoring the market’s shift towards high-quality warehousing solutions. This trend is largely driven by organised developers prioritising Grade A warehouses for their superior features. These advanced facilities provide 50% greater floor-load capacity, 40% higher operational efficiency, improved material handling spaces, and enhanced safety and security compared to lower-grade alternatives.

The warehousing stock in top 8 cities in India is expected to cross 698 million sq. ft. with new supply of ~157 million sq. ft. This is majorly driven by the rising traction from institutional developers and investors in the Indian industrial and logistics market. Interestingly, per capita warehousing stock is anticipated to

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increase from 3.4 sq. ft. in 2025 to 4.7 sq. ft. in 2028, reflecting the sector's robust growth trajectory and improving infrastructure penetration.

Figure 42: India Grade A Stock by Key Markets (Million sq. ft.)



Source: JLL, 2025

Supply and characteristics of warehouses

The year 2025 witnessed 59.6 million sq. ft. of new supply, with 76.7% contributed by Grade A supply. Grade A warehouses are primarily being developed by institutional investors as well as key regional developers who possess the capital and expertise to implement global standards and premium construction technologies. These players are now focusing on integrated I&L complexes, offering end-to-end supply chain solutions tailored to modern businesses that demand flexible storage, operational efficiency, and premium specifications.

NCR Delhi, being the largest and established warehousing market in the country, has a total stock of 110.2 million sq. ft. in 2025, contributing 22.6% of India's overall stock. NCR Delhi has been Grade B dominant warehousing market historically as it is one of the oldest warehousing markets. However, the share of Grade A stock consistently increased over the years from 29.0% in 2018 to 42.6% in 2025. The Grade A stock has witnessed 12.1% y-o-y growth in 2025.

Pune has emerged as a vital I&L hub in India, strategically positioned near major industrial corridors and serving as a gateway to Western India. By 2025, the city's warehousing stock reached 76.9 million sq. ft., with a remarkable 80.5% classified as Grade A, underscoring the dominance of high-grade facilities in the market. The city's warehousing market uniquely benefits from a balanced demand driven by both manufacturing and end-user consumption sectors. Pune's strong manufacturing base, particularly in automotive and engineering industries, coupled with its growing urban consumer market, fuels demand from diverse sectors including e-commerce, retail, and FMCG.

Performance and outlook

Annual Completion

India's warehousing sector is poised for substantial growth, with projections indicating a CAGR of 11.6% over the next four years. This robust expansion is expected to elevate the total warehousing stock to 698

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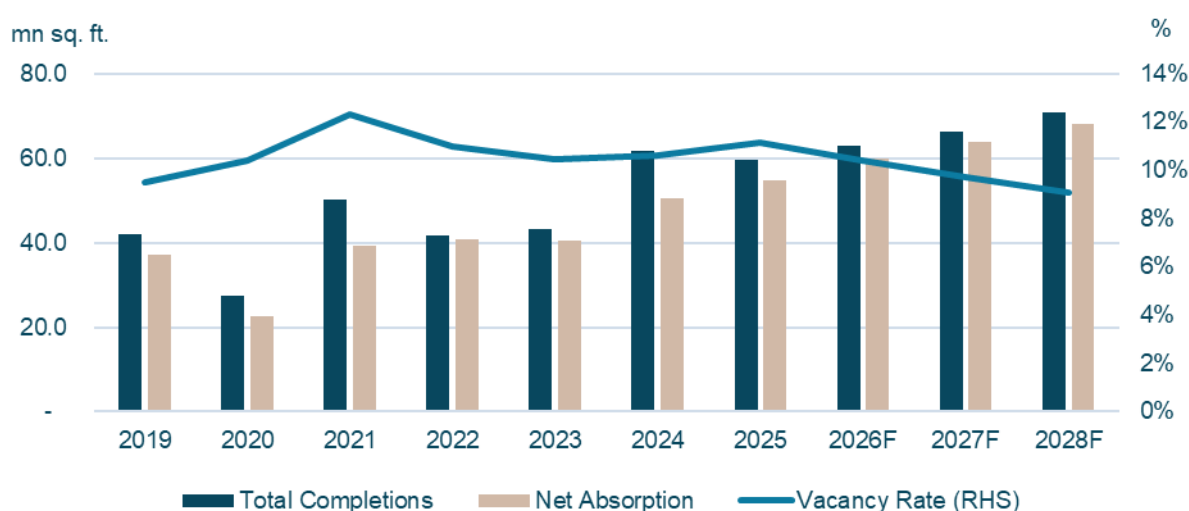
million sq. ft. by 2028. In 2025, the market witnessed the addition of 59.7 million sq. ft. of new supply, and forecasts suggest an additional ~157 million sq. ft. will be introduced by 2028. The anticipated supply is primarily expected to originate from institutional developers and investors, including prominent entities such as IndoSpace, ESR, Horizon Industrial Park (Blackstone), Ascendas Firstspace, LÖ-GOI, and Welspun One, as well as regional developers such as Global Group, K-Square Global Logistics. and KSH Infra. Notably, there is an increasing preference for high-quality Grade A facilities, driven by growing interest from institutional developers. Consequently, Grade A stock is forecasted to experience a remarkable CAGR of 15.8% between 2025 and 2028. This accelerated growth is expected to result in Grade A facilities constituting approximately 63.0% of the total warehousing stock by 2028.

NCR Delhi is projected to experience significant growth in its warehousing sector over the next three years. The total warehouse stock in the region is forecasted to expand at a CAGR of 11.9% by 2028, reflecting the area's increasing importance as a logistics hub. In the coming three-year period, NCR Delhi is anticipated to witness the addition of approximately 32.7 million sq. ft. of new warehousing space. Notably, 67.5% of this new supply is expected to be Grade A with Grade A stock crossing 69 million sq. ft. by 2028, representing a substantial CAGR of 13.7%.

Pune's warehousing sector is set for remarkable expansion, with projections indicating a CAGR of 18.9% by 2028. The city is expected to add 44.8 million sq. ft. of new warehousing space over the next three years, with an impressive 94.3% of this new supply anticipated to be Grade A facilities. This continued dominance of high-quality warehousing is driven by increasing investments from both institutional and regional developers. Pune's growth is further bolstered by major infrastructure initiatives such as the Bengaluru-Mumbai Industrial Corridor, Pune-Vijayawada Economic Corridor, and Pune-Aurangabad Economic Corridor. These projects are poised to catalyse new industrial developments by enhancing freight movement and logistics efficiency.

Demand vs Supply

Figure 43: India – Distribution Warehouse/Logistics Total Completions, Net Absorption and Vacancy Rate (Million sq. ft., Annual)



Source: JLL, 2025

The warehousing sector in India has demonstrated substantial resilience and accelerated growth following the COVID-19 downturn in 2020-21. By 2025, net absorption doubled from 2020 levels, reaching 54.8 million sq. ft. Grade A facilities accounted for approximately 78.0% of this absorption in 2025, reflecting occupiers' strong preference for high-quality warehousing solutions.

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Looking ahead, the sector is poised for further expansion, supported by favourable government policies, forthcoming infrastructure initiatives, the growth of the 3PL and e-commerce industries, and a shift in consumer preferences toward online shopping. Annual warehouse space demand is projected to reach 68.2 million sq. ft. by 2028, with Grade A facilities expected to account for about 80% of this total. This upward trend is driven by the increasing requirements of 3PL, e-commerce, and light manufacturing sectors for larger, more sophisticated facilities, frequently utilising the build-to-suit model.

With the rising demand for warehousing in the market, the vacancies are expected to reduce in the upcoming years. The overall vacancy in the market is expected to reduce from 11.1% in 2025 to 9.1% in 2028. Interestingly, Grade A vacancy is anticipated to reduce from 7.6% in 2025 and stabilise around 6.5% by 2028, while Grade B vacancy rates are projected to fall from 15.7% in 2025 to 13.6% by 2028.

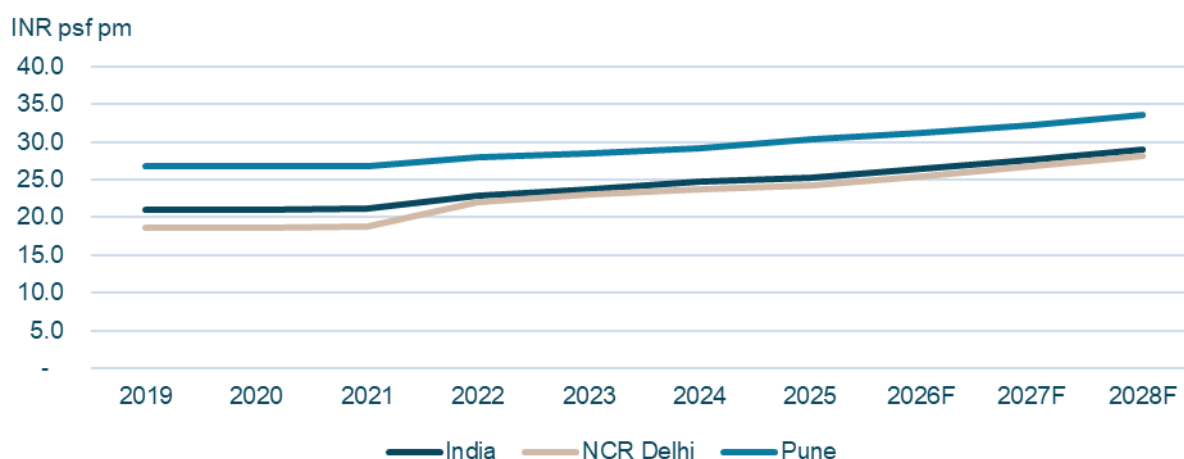
The warehousing market in NCR Delhi is expected to benefit from an expansion in Engineering, Auto & Ancillaries, and Electronics industries, leveraging the region's established manufacturing ecosystem with major OEMs and large companies. The growing trend of manufacturing firms outsourcing logistics to 3PL providers is driving considerable demand. Additionally, sectors such as E-Commerce, FMCG, and Retail are fuelling demand, capitalising on Delhi's substantial consumer base and extensive catchment in Northern India.

Pune benefits from a strong manufacturing ecosystem, hosting major automotive original equipment manufacturers (OEMs), engineering firms, and well-developed industrial infrastructure, including Maharashtra Industrial Development Corporation (MIDC) industrial parks and extensive transportation connectivity. The city is also witnessing a continued trend of manufacturing companies outsourcing logistics operations to 3PL providers, which is contributing to increased demand in the sector. Additionally, Pune is experiencing rising demand from the e-commerce and retail sectors, driven by its expanding urban population and corresponding growth in both essential and discretionary consumer goods sales.

Historical and forecast data for key logistics market indicators

Rents

Figure 44: India – Distribution Warehouse/Logistics Gross Rent (INR per sq. ft. per month)



Source: JLL, 2025

Warehouse rents across major Indian cities exhibited positive growth in 2025, reflecting robust demand and rising quality standards within the sector. Grade A rents averaged INR 25.3 per sq. ft. per month as of end 2025, and strong demand for logistics services is expected to sustain rent increases across most cities in the coming years.

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In NCR Delhi, the average rent for Grade A warehousing was INR 24.2 per sq. ft. per month as of end 2025. The market is witnessing a growing presence of institutionally funded Grade A projects, accompanied by an increasing demand for such high-quality spaces. This trend has resulted in Grade A rents achieving a CAGR of approximately 6% over the five-year period from 2021 to 2025. The region's excellent connectivity with major urban centres such as Mumbai, Ahmedabad, and Jaipur, as well as access to key ports (including Jawaharlal Nehru Port and Kandla-Mundra via the Delhi-Mumbai Industrial Corridor), is anticipated to further drive manufacturing and logistics activities. Demand for premium warehouse spaces from both manufacturing and consumption-led sectors is expected to support continued rental growth. Grade A properties developed by established players or backed by institutional investment are projected to experience annual rent increases of 5.0-6.0% in the next three years, supported by strong tenant portfolios and a limited supply of high-specification spaces.

Pune witnessed higher than average Grade A rents at INR 30.3 per sq. ft. per month as of end 2025, reflecting its status as a key industrial and manufacturing hub. The city benefits from large Maharashtra Industrial Development Corporation (MIDC) Industrial Parks with major automobile OEMs and engineering manufacturing companies. Pune's position as an engineering manufacturing and R&D centre attracts significant demand from sectors such as Auto & Ancillaries, Engineering, and Electronics & White Goods. Grade A projects in Pune, particularly those developed by established players or backed by institutional funds, are expected to see rent growth of 4.0-5.0% annually for the next three years, driven by strong tenant demand and the need for specialised facilities.

5. Overview of Japan’s Logistics Market

Macroeconomic overview

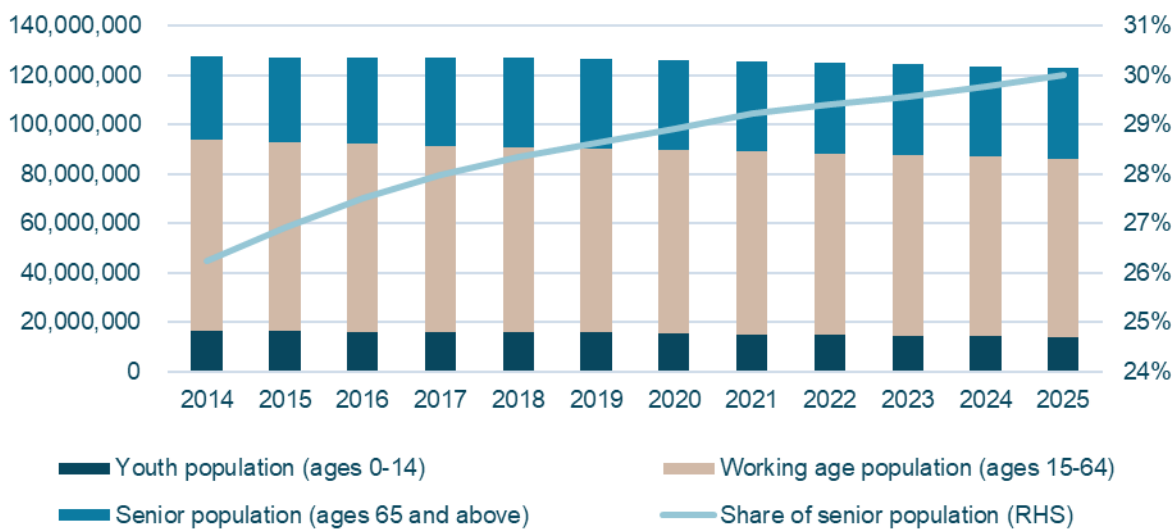
Country overview

Japan's total population stood at 123.1 million as of 2025, reflecting a 0.5% decline y-o-y and marking the 16th consecutive year of contraction.⁴⁷ Tokyo remains the only prefecture experiencing population growth as a result of internal migration.

The labour force continues to shrink while the elderly population expands. In 2025, the proportion of the population aged 15-64 fell to a record low of 58.8% in 2025., whereas those aged 65 and above reached a record high of 30.0%.⁴⁸

Despite this demographic shift, the number of middle-class households in Japan has remained largely stable over the past decade, totalling 50.0 million in 2025 and is projected to rise slightly to 50.7 million by 2030.⁴⁹ However, Japan’s substantial middle-class base is unlikely to fully offset the impact of an ageing population, which is expected to constrain overall consumption growth.

Figure 45: Japan – Demographic Profile



Source: Oxford Economics, March 2026

Economic overview

Japan’s economy remains on a path of moderate recovery, supported by resilient domestic demand and steady wage growth. Real GDP growth reached 1.2% in 2025, driven by robust private consumption and solid corporate capital investment. Private consumption continues to improve, underpinned by rising household incomes and stronger wage increases secured during the 2025 spring wage negotiations, which extended to smaller firms as well. Corporate profits have generally held firm despite higher costs and slowing external demand. Business sentiment remains positive, with many companies pursuing growth-oriented capital investment, particularly in automation, digital transformation, and green

⁴⁷ Oxford Economics, March 2026.

⁴⁸ Oxford Economics, March 2026.

⁴⁹ Middle-class households are defined by JLL as those households with an annual income of USD 20,000 or above in 2015 PPP terms. Data source, Oxford Economics, March 2026

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technologies. However, reflecting the anticipated impact of Middle East tensions on the global economy, real GDP growth is forecast to decelerate to 0.3% in 2026.⁵⁰ Exports and industrial production show only modest gains amid a sluggish global economy and softer demand from key trading partners.

The labour market remains tight, with the unemployment rate at 2.5% in 2025 and projected to edge up only slightly to 2.6% in 2026,⁵¹ as companies remain proactive in securing talent amid a shrinking labour force.

Figure 46: Japan – Consumer Price Index



Source: Oxford Economics, March 2026

On the price front, Japan's Consumer Price Index (CPI) inflation increased from 2.7% in 2024 to 3.2% in 2025, marking the highest inflation level in three decades. This surge was driven by a weaker yen that pushed up import prices and rising costs of food items. CPI inflation is projected to moderate to 2.6% in 2026, with further easing expected to just below 2% from 2028 onward.⁵² In response to persistent inflationary pressures, the Bank of Japan (BOJ) raised its policy interest rate by 0.25 percentage points to 0.75% in December 2025. The ongoing virtuous cycle between wages and prices underpins the rationale for further gradual monetary tightening. According to OE, the BOJ is projected to raise its policy rate to 1.25% in 2026 and 1.50% in 2027 (Figure 47).

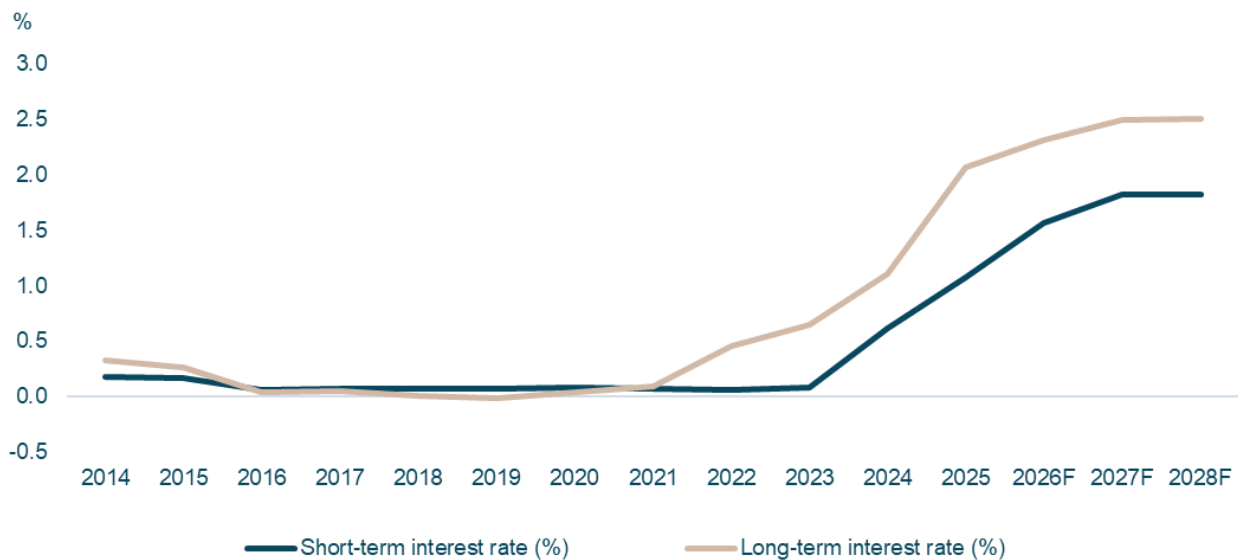
⁵⁰ Oxford Economics, May 2026.

⁵¹ Oxford Economics, May 2026.

⁵² Oxford Economics, May 2026.

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Figure 47: Japan – Interest Rate Trends



Source: Oxford Economics, March 2026

Reforms in the logistics industry due to rising logistics operational costs

The main constraint for Japan's logistics industry in the medium term is limited transportation, particularly due to the shortage of truck drivers and exacerbated by the nation's ageing workforce. To address this, the government is promoting improvements in truck drivers' working conditions, reforming revisions of commercial practices, and enhancing logistics efficiency.

Improvement of Truck Drivers' Working Conditions: Since April 2024, regulations on truck drivers' working hours have been implemented, limiting both annual working hours and daily consecutive shifts. While these measures aim to improve labour conditions, they have also led to an increase in transportation costs.

Revision of Commercial Practices: The government is encouraging a review of commercial practices between shippers and logistics providers, targeting inefficient practices such as long waiting times for truck drivers and forced ancillary work not included in contracts.

Logistics Efficiency Enhancement: Governments and many logistics companies are working to improve logistics efficiency through expanded use of pallets, automation and labour-saving measures, alongside the introduction of double connecting trucks.

While still in the planning stage, policies are being considered to support the reconstruction of ageing logistics facilities. Proposed measures include relaxing floor area ratios and offering subsidies for integrated redevelopment projects involving multiple logistics facilities.

Infrastructure developments (including highways/expressways and ring roads initiatives)

Inter-Region

Shin-Tomei Expressway, connecting Greater Tokyo and Greater Nagoya, is currently under construction. It was planned as an alternative route to the existing Tomei Expressway. Most sections of the highway have been completed, with full completion expected after 2028. Upon completion, it is expected to ease congestion and shorten transportation times between Tokyo and Nagoya, positively impacting logistics operations.

Greater Tokyo

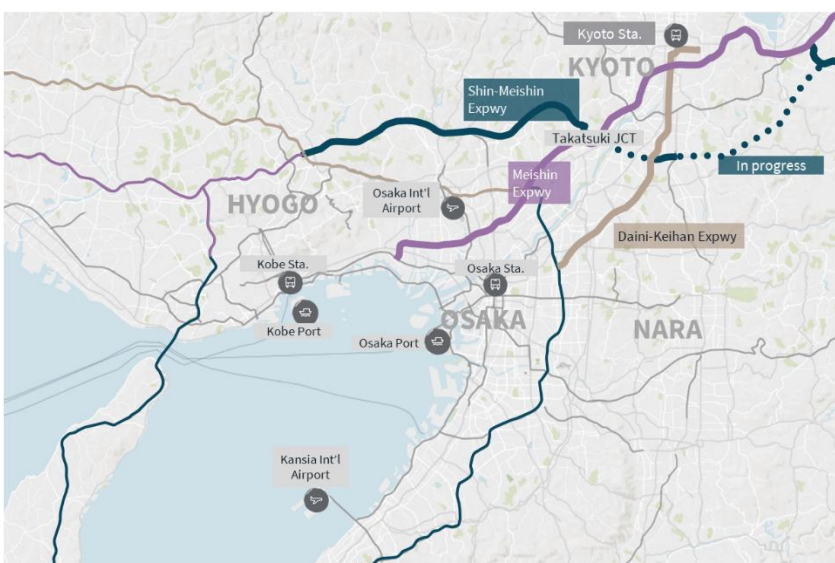
Gaikan Expressway: It is an 85-kilometer-long expressway that connects the city centre in a ring that's around 15 kilometres. The section connecting the Kan-Etsu Expressway, Chuo Expressway, and Tomei Expressway remains under construction, with no confirmed completion date. Once completed, it will improve access to western Tokyo prefecture and eastern Kanagawa Prefecture.

Ken-O Expressway: A ring road located about 40-60 km from central Tokyo, with most sections already open. Sections on the eastern side of Chiba and the southern side of Yokohama are still under construction. Once completed, access to the Kanagawa Bay Area will improve.



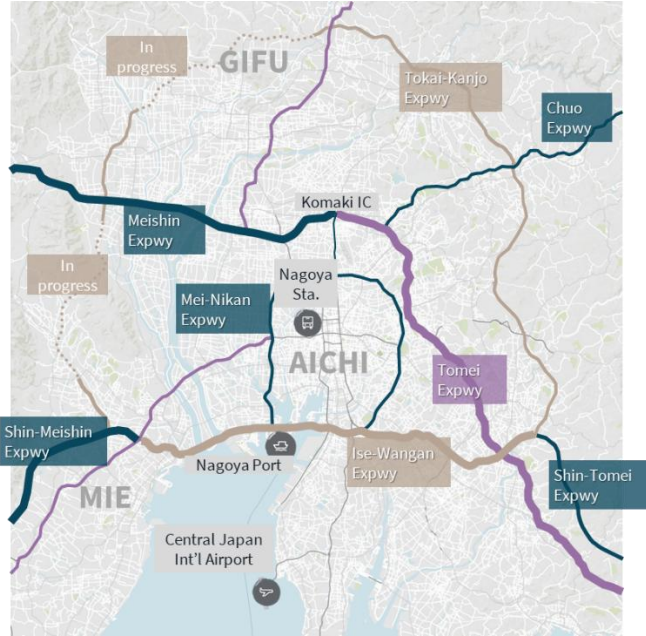
Greater Osaka

Shin-Meishin Expressway: The section east of Takatsuki Junction is under construction. Upon completion, it will significantly improve access to Greater Nagoya and Greater Tokyo. Along the completed Shin-Meishin Expressway, many large-scale logistics facilities have been developed near the highway interchanges.



Greater Nagoya

Tokai-Kanjo Expressway: A ring road connecting Aichi, Gifu, and Mie prefectures. Once fully completed, in 2026 or 2027, it will strengthen the ring road network of Greater Nagoya, allowing individual logistics facilities to cover a wider area.



Logistics market overview for Japan (Grade A only)

Key logistics hubs

Figure 48: Japan – Key Logistics Markets



Population Concentration Area: This refers to an area within the boundaries of cities, towns, and villages where basic unit districts with a population density of 4,000 or more people per 1 square kilometre are adjacent to each other, and the combined population of these adjacent areas is 5,000 or more people at the time of the census.

Source: Japan Census 2020

Logistics real estate market landscape

Prior to the introduction of modern logistics facilities in the early 2000s, traditional warehouses were the only option for storage and distribution in Japan. They were mostly owner-occupied, with limited opportunities for leasing.

Nowadays, tenants are increasingly attracted to modern logistics facilities, which offer several advantages over conventional warehouses: (i) flexible sizing for multi-tenant use, allowing tenants to lease space tailored to their needs, (ii) high specifications that accommodate multi-purpose use, (iii) High seismic performance, ensuring business continuity, and (iv) inclusion of amenities and good working environment, creating more attractive working conditions for employees.

The primary occupiers of modern logistics facilities are third-party logistics (3PL) companies and e-commerce operators. 3PL companies are drawn to the flexible sizing and high specifications that enable them to handle diverse cargo types efficiently. E-commerce companies, meanwhile, prioritize business continuity planning capabilities and superior working environments that support their operational demands.

Beyond these inherent facility advantages, the evolution of warehouse operations is driving additional demand for modern facilities. Companies are increasingly adopting efficient operational strategies to

address rising labour costs, including automation and labour-saving equipment. With the expansion and competition of e-commerce and 3PL markets, investment in material handling equipment has grown correspondingly. However, outdated logistics facilities struggle to fully utilize this advanced equipment due to critical limitations: insufficient electrical power capacity, inadequate ceiling height, and limited floor load capacity. This operational gap reinforces the growing demand for modern logistics facilities specifically designed to accommodate advanced material handling technology.

Greater Tokyo, Greater Osaka and Greater Nagoya together account for approximately 56.7% of Japan's entire population.⁵³ This concentration extends beyond demographics to consumption, manufacturing and trade in those regions.⁵⁴ Therefore, these three regions handle large volumes of cargo, making them critically important for logistics and resulting in a high concentration of logistics real estate.

Greater Tokyo

The Greater Tokyo region, comprising Tokyo, Chiba, Saitama, Kanagawa, and Ibaraki prefectures, has a population of 40 million people⁵⁵ and serves as the economic centre of Japan. It is home to important transportation hubs such as Tokyo Port, the largest container terminal in Japan, and Narita International Airport and Haneda Airport. The road network in Greater Tokyo is characterised by three circular roads, namely Gaikan Expressway, Route 16, and Ken-O Expressway, as well as six radial roads including Higashi Kanto Expressway, Joban Expressway, Tohoku Expressway, Kanetsu Expressway, Chuo Expressway, and Tomei Expressway.

Until the completion of Gaikan Expressway and Ken-O Expressway in the 2000s, logistics facilities were concentrated in the waterfront areas near central Tokyo, Haneda Airport, Tokyo Port, and Yokohama Port and in along Route 16 in inland area. However, the expansion of these expressways has greatly improved road connectivity in inland areas, leading to the development of numerous logistics facilities beyond the waterfront. In recent years, the logistics market areas have been expanding throughout the entire Greater Tokyo region, including the northern side of Ken-O Expressway in Ibaraki Prefecture, the area between Chuo Expressway and Kanetsu Expressway, and the southern part of Yokohama Port.

Greater Osaka

The Greater Osaka region, which comprises Osaka, Kyoto, Hyogo, and Shiga prefectures, is Japan's second-largest metropolitan area with a population of 19 million people.⁵⁶ Connectivity through highways and trunk roads within the region and access to eastern and western Japan is highly valued. Kansai International Airport and the container ports in the Kobe and Osaka Bay areas also play a crucial role in supporting logistics

Logistics facilities have historically been concentrated around Kobe Port and Osaka Port, with the development of large-scale logistics facilities primarily located in the Osaka Bay Area during the 2000s. In the Osaka inland area, the development of logistics facilities began around 2010, driven by improved transportation convenience following the completion of the Daini-Keihan Expressway and ongoing development of the Shin-Meishin Expressway. The availability of development sites due to factory closures also contributed to this development. Since 2014, logistics development in inland areas has accelerated, with many large-scale projects currently underway.

⁵³ Statistics Bureau of Japan, as of October 2024.

⁵⁴ Statistics Bureau of Japan.

⁵⁵ Statistics Bureau of Japan, as of October 2024.

⁵⁶ Statistics Bureau of Japan, as of October 2024.

Greater Nagoya

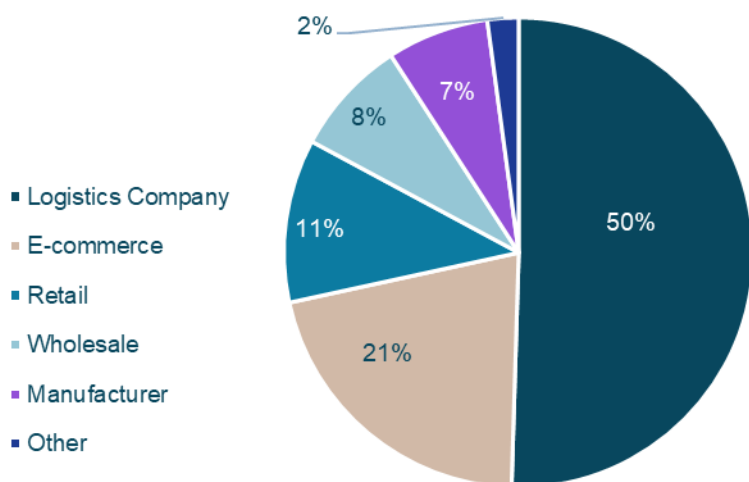
The Greater Nagoya region has a population of approximately 11 million people⁵⁷ and is located in the central part of Japan. It serves as a key hub for both passenger and freight movement. It is known for its manufacturing industry, particularly the automotive industry centred around Toyota Motor Corporation. It accounts for approximately 20.5%⁵⁸ of the national manufacturing shipment value. The region also boasts diverse economic strengths, including Nagoya Port, which leads the nation in trade balance. As a result, Greater Nagoya ranks as Japan’s third-largest economic region, following Greater Tokyo and Greater Osaka.

The completion and full opening of the Mei-Nikan Expressway in 2021 improved access between central Nagoya, Nagoya Port and the Ise Bay Area. The ongoing development of the Tokai-Kanjo Expressway and the full opening of the Tokai-Hokuriku Expressway have also improved access to the Hokuriku region. Looking ahead, the development of the Tokai-Kanjo Expressway and the Shin-Meishin Expressway in the Kansai region is expected to further strengthen Nagoya's role as a major logistics hub for long-distance transportation.

Demand drivers for logistics properties

The chart below highlights the tenant profile of modern logistics facilities. The main tenants of modern logistics facilities include logistics companies, e-commerce companies, retailers, and wholesale companies. Therefore, with the expansion of domestic consumption, active international trade, and steady growth of the manufacturing industry, demand for modern logistics facilities is expected to continue rising.

Figure 49: Japan – Tenant Profiles in Modern Logistics Facilities



Source: JLL, March 2026

In recent years, changes in consumption trends and corporations' repositioning towards their core businesses have reshaped the dynamics of the logistics industry, leading to its expansion. Many retailers have outsourced their logistics to third parties to focus on their primary businesses and driving growth for 3PL providers. In particular, e-commerce retailers have been key contributors to this trend.

Furthermore, as economic activity expands, retail sales have been on the rise, and are projected to expand by 3.4% in 2026. The increase in sales of e-commerce and drug stores has been a major demand driver.

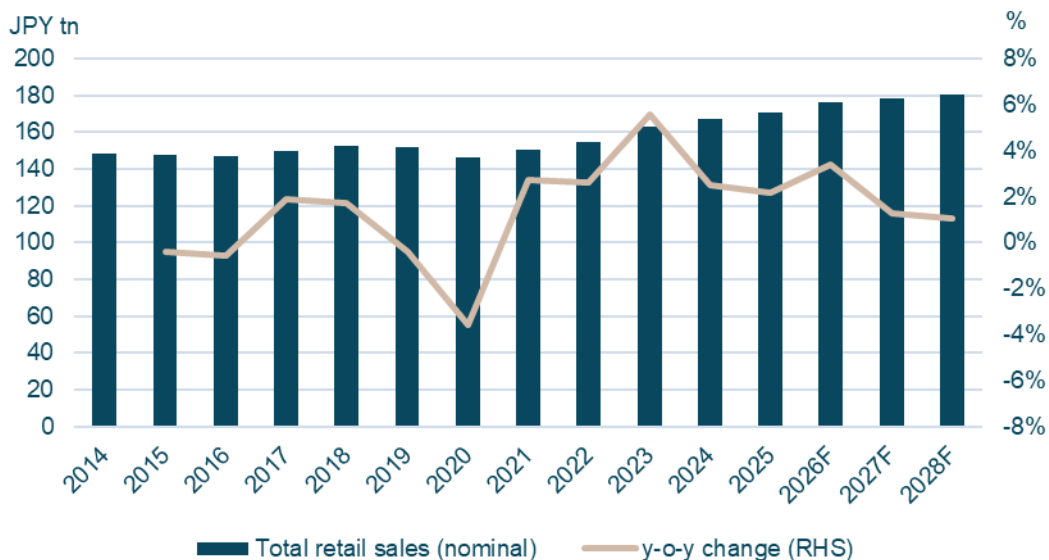
⁵⁷ Statistics Bureau of Japan, as of October 2024.

⁵⁸ Japan's Ministry of Economy, Trade and Industry, Current Survey of Economic Structure 2024.

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These businesses, along with convenience stores, heavily rely on various logistics carriers, including in-house operations, 3PL companies, and wholesale companies, generating increased demand for modern logistics facilities.

Figure 50: Japan – Total Retail Sales (nominal, JPY trillion)



Source: Oxford Economics, March 2026

E-commerce

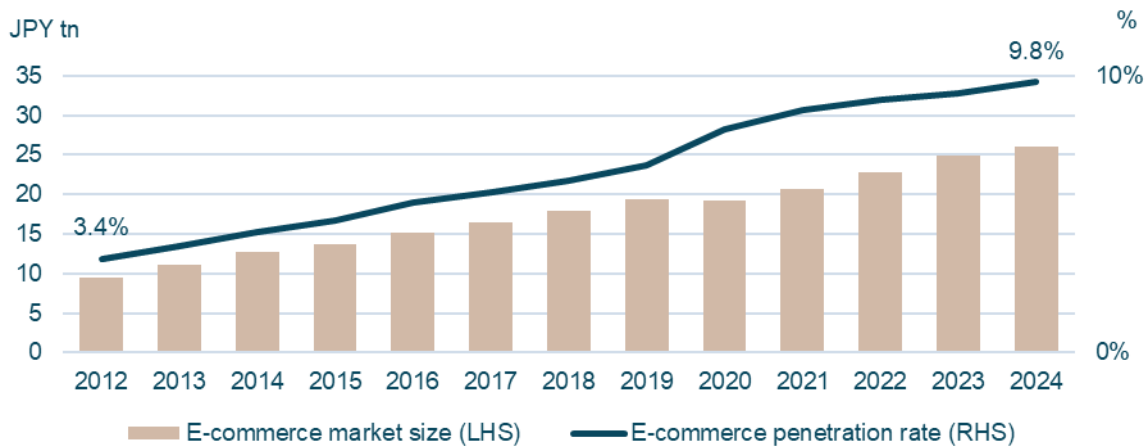
The logistics real estate market has experienced increased demand due to the expansion of e-commerce and this trend is expected to continue. In 2024, e-commerce sales in Japan reached JPY 26 trillion, accounting for around 9.8% of total retail sales.

E-commerce companies generally require large-scale logistics facilities to fulfil online orders nationwide, making them a primary target for developers. To attract these tenants, an increasing number of logistics facilities are being designed with truck ramps on each floor to facilitate direct vehicle access and more efficient operations.

For example, Amazon holds a dominant share of e-commerce sales in Japan and leases numerous modern logistics facilities nationwide. Its leased space continues to expand steadily. While other e-commerce companies currently occupy fewer locations, their demand for logistics real estate has increased significantly.

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Figure 51: Japan – B2C E-commerce Market



Source: Ministry of Economy, Trade and Industry

3PL

As retailers and manufacturers are under pressure to reduce costs and focus on their core business, the outsourcing of logistical operations to 3PL companies has been growing.

Demand for 3PL services is also leading to better quality facilities and adoption of new technologies. 3PL facilities typically feature higher building specifications, such as heavier floor loads and taller ceiling heights, making them suitable for various inventory types.

Structural trends on logistics & logistics property market

Rising operational costs

Structural changes in Japan's retail industry, driven by convenience stores, drugstores, and e-commerce, have significantly increased delivery volumes and elevated labour costs. The growth of e-commerce in particular has intensified demand for truck drivers, creating workforce shortages and driving up freight rates. These pressures are compounded by Japan's ageing workforce and the shift toward more frequent delivery schedules to meet consumer expectations.

Additionally, new labour regulations that took effect in 2024, including caps on overtime hours and mandatory break periods, have further constrained the supply of truck transport services. While these regulatory measures improve working conditions, they have added operational pressures to an already strained logistics sector.

As driver labour costs are expected to continue rising in the future, logistics companies are reviewing facility locations and adopting more efficient strategies such as consolidating operations and relocating to sites better suited for high-frequency deliveries. To enhance efficiency and improve driver working conditions, firms are also investing in technologies including automation and reservation systems to that help reduce long waiting times.

Strategic location selection has become increasingly important, with tenants favouring logistics facilities near large population centres or in proximity to train stations to ensure adequate workforce access.

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Simultaneously, companies are adopting automated systems that require logistics facilities with expansive floor space and robust power infrastructure—features typically unavailable in older distribution centres. This technological shift is driving demand for modern, purpose-built facilities.

Currently, many manufacturing companies are facing the challenge of managing logistics costs. The future logistics real estate market will be shaped by how these firms refine their cost management and logistics strategies. As companies that have traditionally relied on 3PL providers evaluate alternative facility options, tenant mobility in the market is likely to increase, creating both opportunities and uncertainties for property owners.

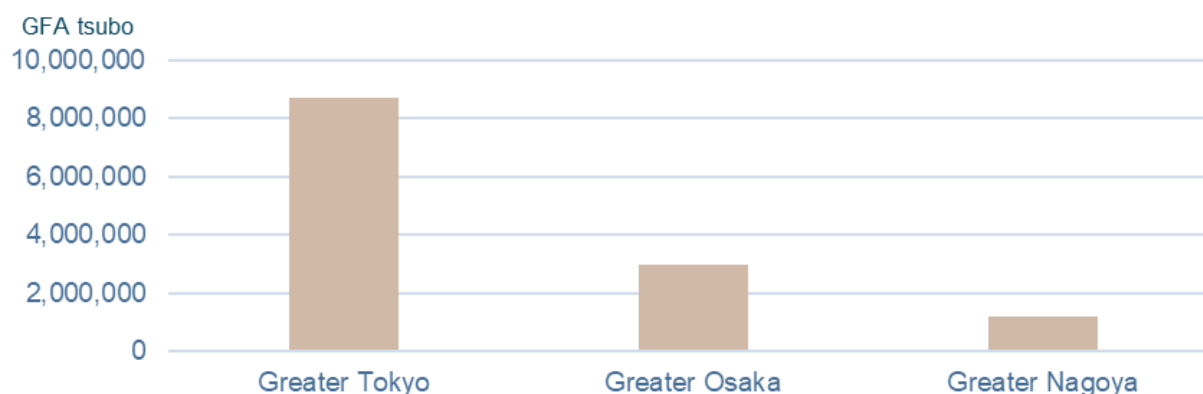
Logistics property overview for Japan (Grade A only)

Estimated logistics real estate per capita

| Definition of Grade A Logistics Facilities in Japan | |
|---|--|
| Floor Area | 50,000 sqm or larger (Greater Tokyo and Greater Osaka) 30,000 sqm or larger (Greater Nagoya and others) |
| Completion | Year 2000 or later |
| Property Type | Logistics Facilities for lease |

Source: JLL

Figure 52: Japan – 2025 Logistics Real Estate Stock per Capita



| | Grade A - Greater Tokyo | Grade A - Greater Osaka | Grade A - Greater Nagoya |
|----------------------|-------------------------|-------------------------|--------------------------|
| Stock per capita | 0.22 tsubo | 0.15 tsubo | 0.11 tsubo |
| Population(thousand) | 39,792 | 19,301 | 11,087 |
| Stock (tsubo) | 8,713,502 | 2,977,277 | 1,180,945 |

Source: JLL, 4Q25

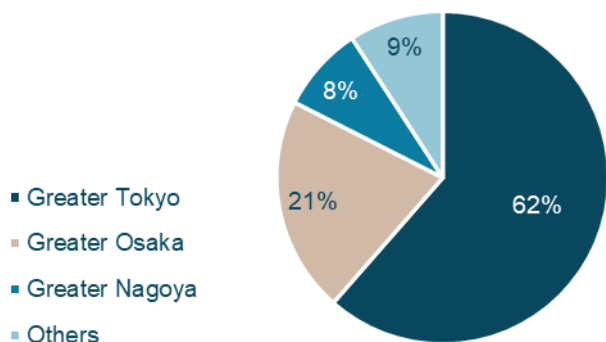
Market Size

Modern logistics facilities are primarily located in major urban regions, with 62% in Greater Tokyo, 21% in Greater Osaka and 8% in Greater Nagoya.

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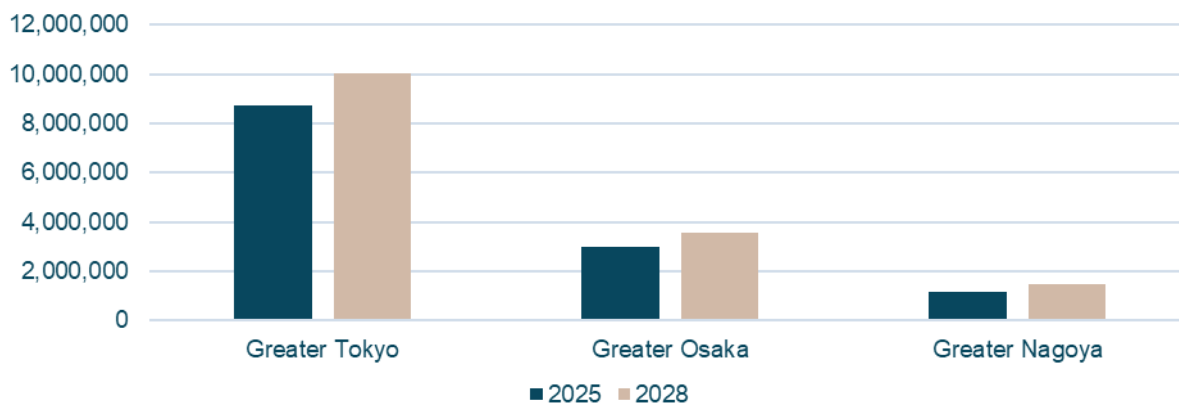
Greater Tokyo has the highest stock of modern logistics facilities at 0.22 tsubo per person. However, this figure represents only 70% of the level in Greater Osaka and 48% of that in Greater Nagoya, indicating room for growth in the Tokyo market.

Figure 53: Japan – Share of Modern Logistics Facilities by Region



Source: JLL, March 2026

Figure 54: Japan – Modern Logistics Market: Current and Expected (end-2028) Market Size (GFA tsubo)



Source: JLL, March 2026

Greater Osaka and Greater Nagoya are expected to see stronger market expansion in the future, with Greater Tokyo projected to grow by 15% by the end of 2028, Osaka by 19% and Nagoya by 24%.

At the start of the 2000s, most logistics developers were foreign-affiliated. Since then, domestic developers – alongside trading companies and life insurance companies – have increasingly entered the industry to develop modern logistics facilities. Viewed as a sector expected to deliver stable profits, the industry continues to attract new entrants, both domestic and foreign, including a growing number of logistics facility developers.

Supply and characteristics of warehouses

Greater Tokyo

Annual new supply of logistics facilities in Greater Tokyo rose steadily from 2018 to 2023. The COVID-19 pandemic prompted many developers and investors to expand their investments in logistics facilities,

thereby increasing new supply. Supply has also expanded beyond traditional boundaries to encompass the entire Greater Tokyo, with much of the new development concentrated in inland areas.

However, since 2024, new supply has begun to decline due to a lack of development land, persistently high vacancy rates, and rising construction costs. These factors have led more developers to take a more cautious approach in their development plans.

Greater Osaka

Until 2017, modern logistics facilities in Greater Osaka were primarily located in the Bay Area. However, the construction of new expressways, improved labour availability, and the development of logistics facilities in inland areas with favourable access to city centre and eastern Japan have significantly expanded the supply area. This expansion now encompasses a wide area, including Shiga and Nara Prefectures, mirroring the diversification seen in the Tokyo metropolitan area. Several facilities delivered in inland Hyogo Prefecture in 2025 achieved high occupancy upon completion.

Additionally, several development projects are underway south of Kyoto Prefecture, which will benefit from the full opening of the Shin-Meishin Expressway.

Greater Nagoya

The Greater Nagoya area has a relatively small market for advanced logistics facilities and remains sensitive to new supply. Since 2023, additional developments have led to a high vacancy rate. Infrastructure improvements, including the opening of the Isewan Expressway and the Shin-Meishin Expressway since 2000, have significantly improved overall accessibility to central Nagoya. As a result, the development of logistics facilities, which was previously centred on the inland Komaki area, has expanded westward into the Ichinomiya area toward the bay area.

Requirements and trends (including impact from e-commerce growth)

E-commerce and convenience store logistics require frequent deliveries, driving demand for facilities with a higher number of truck berths. Consequently, logistics facilities with ramps that allow direct truck access to upper floors are preferred over those using lift access upper-floor storage. E-commerce logistics involves tasks such as picking and packaging, requiring air conditioning, rest areas, and convenience stores for workers. Office spaces within these facilities also need to meet specifications comparable to those found in urban business areas.

Moreover, logistics facilities with large floor plates are sought after as they allow for the consolidation of multiple bases and ease of operations. Facilities with abundant electrical capacity to support automated equipment are also in high demand.

Performance and outlook

Greater Tokyo

In 2025, the net increase of modern logistics facilities in 2025 totalled approximately 700,000 tsubo, an increase from 2024 but nearly 30% lower compared to 2023. Net absorption also rose to approximately 600,000 tsubo, though it remained below 2023 levels. The vacancy rate declined to 8.8% as new supply eased, reversing its previous upward trend.

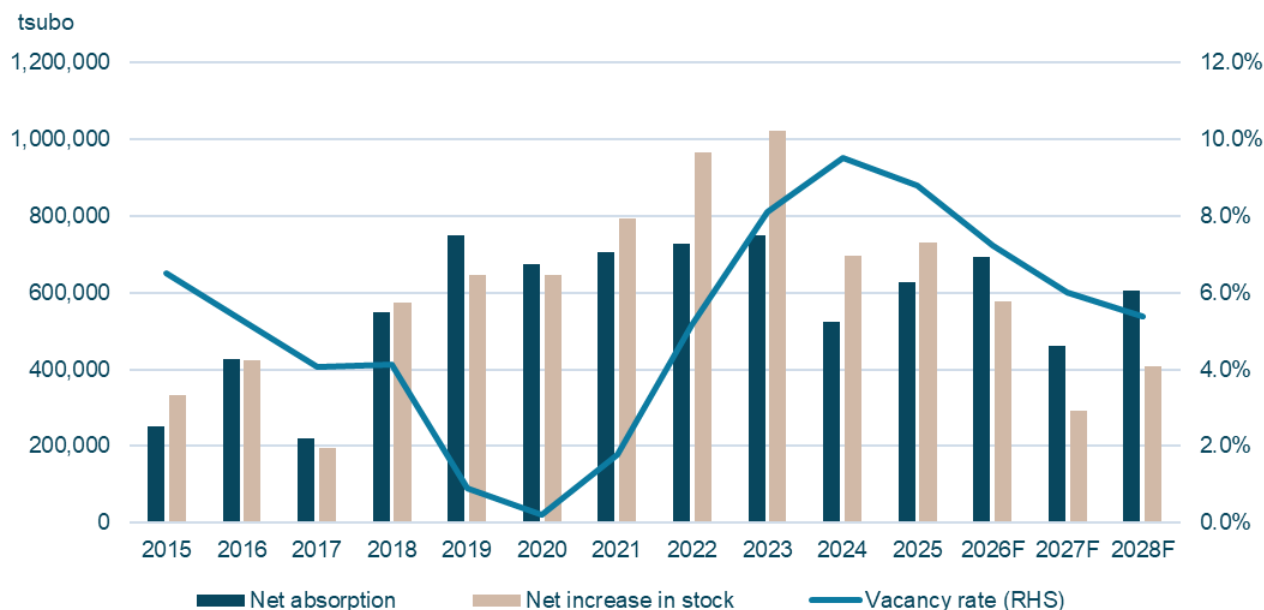
Tenant demand in the Greater Tokyo Area remains solid, driven primarily by e-commerce companies and 3PL providers. However, rising transportation costs have created varied demand patterns across locations. Demand has weakened in peripheral areas such as those along the Ken-O Expressway, where distance

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from urban centres increases transportation costs. Conversely, demand is increasing for properties in areas closer to consumption centres, such as the Chiba Bay Area and Tokyo Bay Area, where transportation costs can be minimised.

New developments in the Ken-O Expressway area may require up to two to three years to achieve full occupancy, significantly extending lease-up periods. With supply expected to decrease in 2026–2027, the vacancy rate is projected to decline. Although supply is expected to increase in 2028, particularly in the Bay Area, it should remain below historical levels, suggesting that the vacancy rate is expected trend downward.

Figure 55: Greater Tokyo – Logistics Net Absorption, Net Increase in Stock and Vacancy Rate (GFA tsubo)



Source: JLL, 4Q25

Greater Osaka

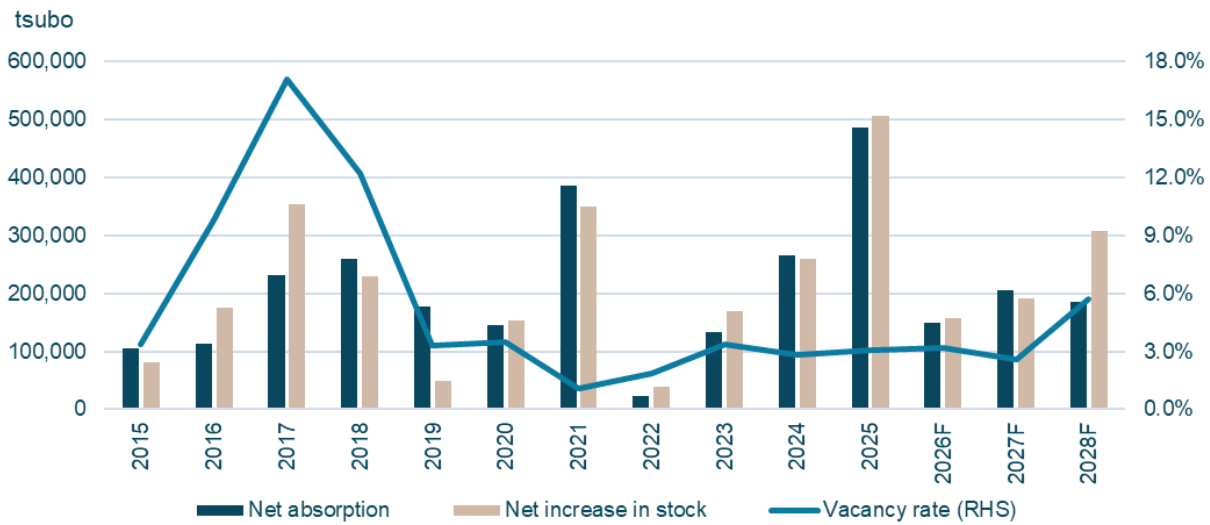
In 2025, the net increase of modern logistics facilities in Greater Osaka reached a record high of approximately 506,000 tsubo. New developments were distributed across both inland and bay areas, including large facilities in inland Hyogo Prefecture and bay-area facilities such as GLP ALFALINK Amagasaki.

Net absorption in 2025 also reached a record high of approximately 485,000 tsubo. This was mainly due to demand for newly completed properties. Despite this substantial supply increase, strong tenant demand kept the vacancy rate at 3.0% as at end-2025, representing only a modest rise from the previous year. Robust demand from e-commerce operators, retailers, and logistics companies ensured high occupancy rates across all new properties completed in 2025.

Looking ahead, the supply-demand balance is expected to remain tight from 2026 to 2027 due to reduced new supply. In 2028, however, several large logistics facilities are scheduled for completion in southern Kyoto Prefecture, which may lead to higher vacancy rates. Nevertheless, tenant demand is expected to remain strong, supported by ongoing infrastructure development including the expansion of the Shin-Meishin Expressway.

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Figure 56: Greater Osaka – Logistics Net Absorption, Net Increase in Stock and Vacancy Rate (GFA tsubo)



Source: JLL, 4Q25

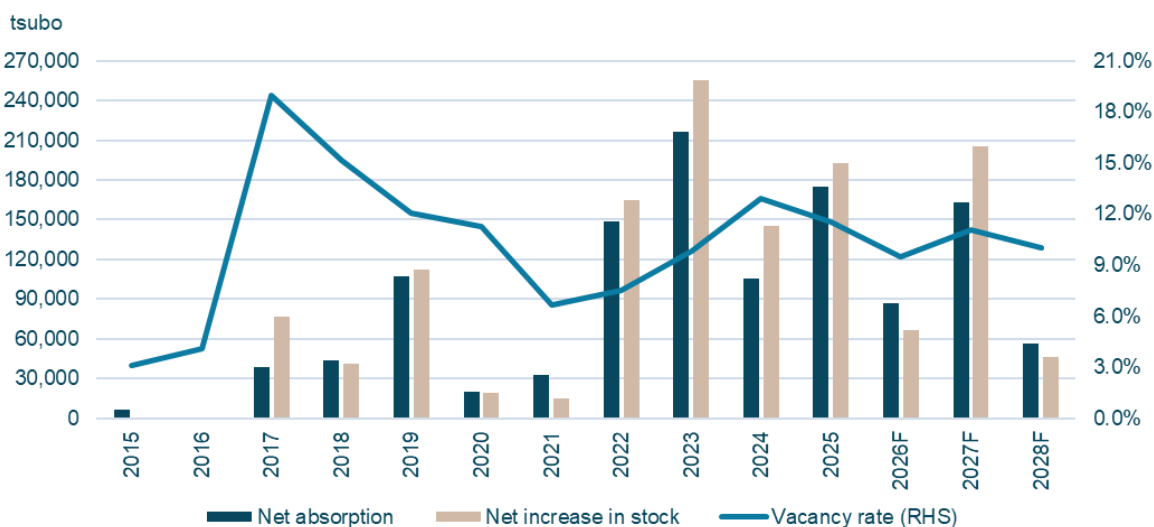
Greater Nagoya

In 2025, the net increase of modern logistics facilities in Greater Nagoya totalled approximately 192,000 tsubo, marking the second-highest annual supply on record. Large facilities were delivered in prime locations including Komaki and Obu area. By year-end, the vacancy rate remained high at 11.5%.

The net absorption in 2025 reached approximately 174,000 tsubo, likewise the second-highest volume on record, driven by demand for newly completed projects. While supply is expected to decline in 2026, a significant increase of 205,000 tsubo is projected for 2027, with vacancy rate anticipated to remain high at around 10%.

Greater Nagoya continues to exhibit strong demand for automotive-related logistics facilities. Although automobile manufacturers have traditionally relied heavily on their own warehouse networks, the future trajectory of the logistics real estate market will be significantly influenced by how these manufacturers reassess and restructure logistics operations.

Figure 57: Greater Nagoya – Logistics Net Absorption, Net Increase in Stock and Vacancy Rate (GFA tsubo)

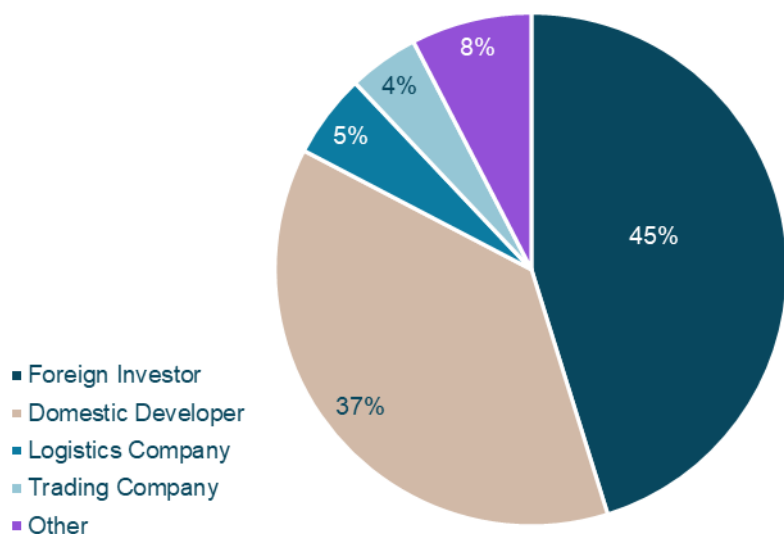


Source: JLL, 4Q25

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Major logistics facility providers and players

Figure 58: Japan – Share of Modern Logistics Developers by Type



Source: JLL, 4Q25

Historically, owner-occupied logistics facilities were common and the leasing market was underdeveloped, and the majority of logistics facility developments were led by foreign investors. However, since 2015, Japanese developers have become increasingly active. Notably, Daiwa House Industry has emerged as the leading developer of logistics facilities over the past decade. Many Japanese developers have Japanese REITs (J-REITs) or private REITs within their groups to retain ownership the properties they have developed.

Figure 59: Japan – Major Modern Logistics Developers

| Foreign Investor | | |
|--|---|--|
| Prologis / J-REIT Goodman CBRE IM | GLP / J-REIT Mapletree Cushman & Wakefield AM | LaSalle / J-REIT ESR (Redwood Group) Goldman Sachs |
| Japanese Developer | | |
| Mitsui Fudosan / J-REIT Tokyu Land / Private REIT Nippon Steel Kowa / Private REIT | Mitsubishi Estate / J-REIT Tokyo Tatemono Chuo-Nittochi | Nomura RE / J-REIT Daiwa House Industry / J-REIT Hulic |
| Trading Company | | |
| Mitsubishi Corp / J-REIT, Private REIT Itochu Corp | Mitsui & Co. / J-REIT, Private REIT Marubeni / J-REIT | Sumitomo Corp / J-REIT, Private REIT |
| Logistics Company | | |
| SG Realty / Private REIT | Senko / Private REIT | SBS Holdings |
| Others | | |
| Nippon Life (Insurance Company) Dai-ichi Life (Insurance Company) ORIX (Leasing Company) / J-REIT Daiwa Securities (Securities firm) / Private REIT CRE (Logistics Real Estate Company) / J-REIT | | |

Source: JLL, March 2026

Investors and investment trends, and major selected transactions

In Japan's logistics investment market, developers have traditionally sold their assets to long-term holding funds such as J-REITs within their groups, resulting in few third-party transactions. Recently, however, third-party transactions have increased due to rising vacancy rates and higher interest rates, making it challenging for J-REITs to acquire additional properties.

Investors in logistics facilities have expanded to include life insurance companies, railway company subsidiaries, and electric power company subsidiaries. Life insurance companies have acquired logistics facilities as part of their strategy to diversify into alternative assets. Concurrently, railway companies and electric power company subsidiaries are increasing their real estate investments, including logistics facilities, in response to challenges in their core businesses due to population decline.

Foreign investors are also becoming more prominent in this sector. Notable players such as Blackstone, GIC, and PAG are expanding their investments in logistics facilities.

Figure 60: Japan – Major Logistics Facilities Transactions

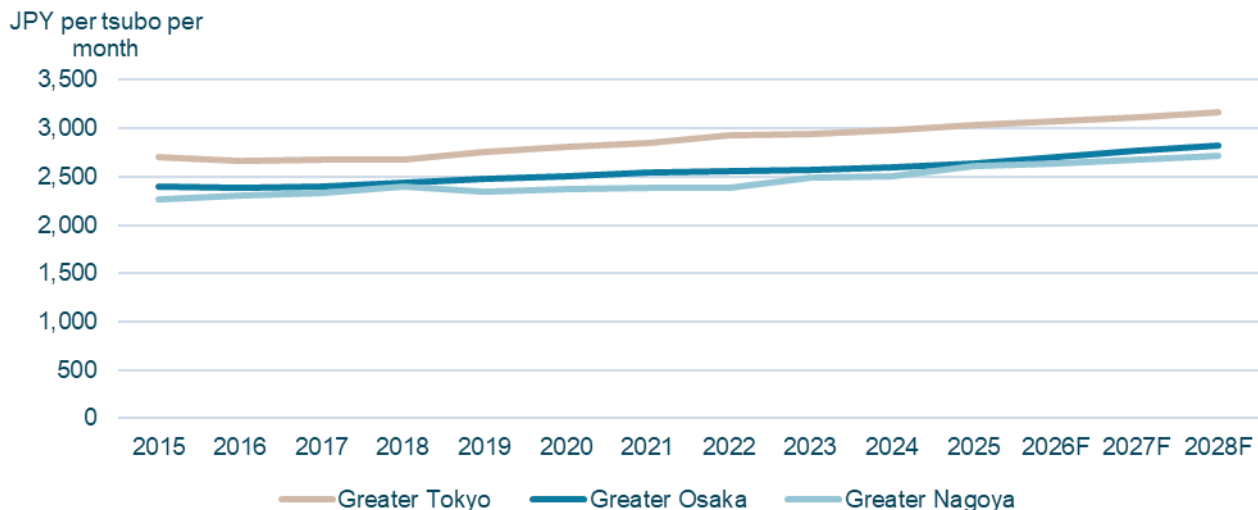
| Property/Portfolio Name | Location | Vendor | Buyer | Closing Date | Price (including estimate price) (JPY million) |
|--|-----------------------------|-------------------------------|---|--------------|--|
| ESR Amagasaki Distribution Centre (50% interest) | Hyogo | ESR | Dai-ichi Life Insurance and others | May-2025 | 70,000 |
| Hirakata Logistics Centre | Osaka | Morgan Stanley | Japan Post Insurance | Jun-2025 | 8,264 |
| GLP J-REIT Portfolio June 2025 | Saitama, Saitama, Fukushima | GLP J-REIT | Fortress Investment Group | Jun-2025 | 23,498 |
| Mitsui Fudosan Portfolio July 2025 | Chiba, Gunma | Mitsui Fudosan Logistics REIT | Warburg Pincus | Jul-2025 | 35,350 |
| ESR Fujidera Distribution Centre | Osaka | ESR | Mitsubishi HC Capital Realty and others | Sep-2025 | 60,000 |
| GLP Kashiwa 2 | Chiba | GLP J-REIT | Keppel | Oct-2025 | 10,905 |
| Tokyo C-NEX | Tokyo | Nippon Express | Blackstone Group | Dec-2025 | 100,000 |

Source: JLL, March 2026

Historical and forecast data for key logistics market indicators

Rents

Figure 61: Japan – Logistics Facilities Net Effective Rent (by GFA)



Source: JLL, 4Q25

Rising construction costs have led to higher rents for newly completed properties compared to previous market rents. As these properties entered the market, rents across all areas were higher in 2025 than in 2024.

In Greater Tokyo, rents are expected to rise in 2026 at 1.3% y-o-y driven by continued strong demand and escalating construction costs. However, in inland areas along the Ken-O Expressway, rent increases will be more moderate due to persistently high vacancy rates.

Similarly, in Greater Osaka and Greater Nagoya, rents for new logistics facilities are expected to continue rising due to expanding demand and higher construction costs. Rents in Greater Osaka are projected to increase by 2.3% in 2026, while Greater Nagoya is expected to see a 1.1% rise. Rents for existing properties are also anticipated to increase as new developments set higher market benchmarks.

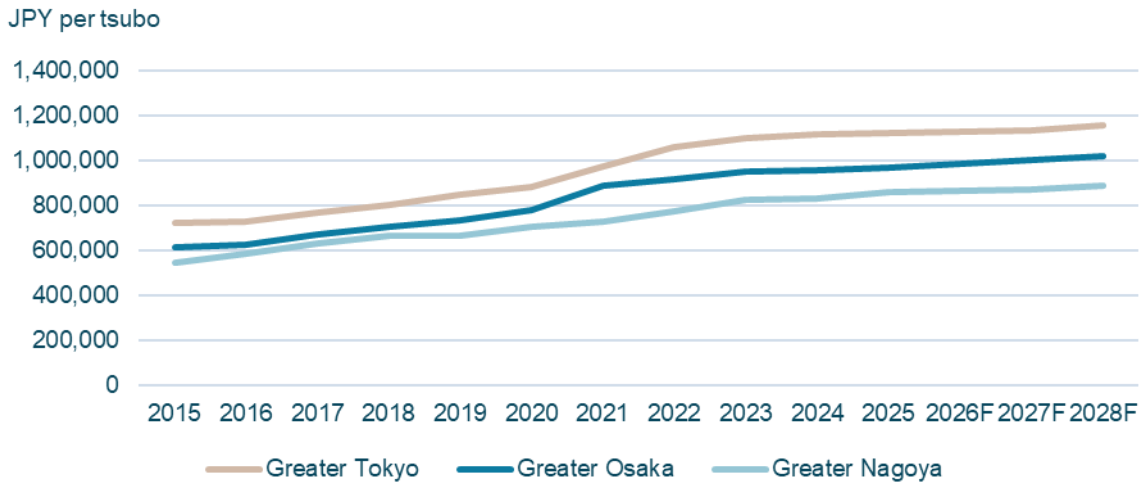
Capital Value/Market Yield

The logistics sector continues to attract strong interest from both domestic and international investors. Despite rising policy and long-term interest rates, investment yields have increased only marginally due to growing expectations of rental growth. Yields for logistics facilities in Greater Tokyo and Greater Osaka areas are expected to remain in the low 3% range.

Investors remain particularly focused on investment opportunities within Greater Tokyo. However, due to land shortages and rising construction costs, prime investment opportunities have become increasingly limited. As a result, investor attention is gradually expanding to the Osaka and Nagoya markets. This sustained investor demand is supporting the maintenance of compressed yields for logistics facilities across all major regions. Given these yield compression trends and rental growth prospects, real estate prices are expected to continue their upward trajectory.

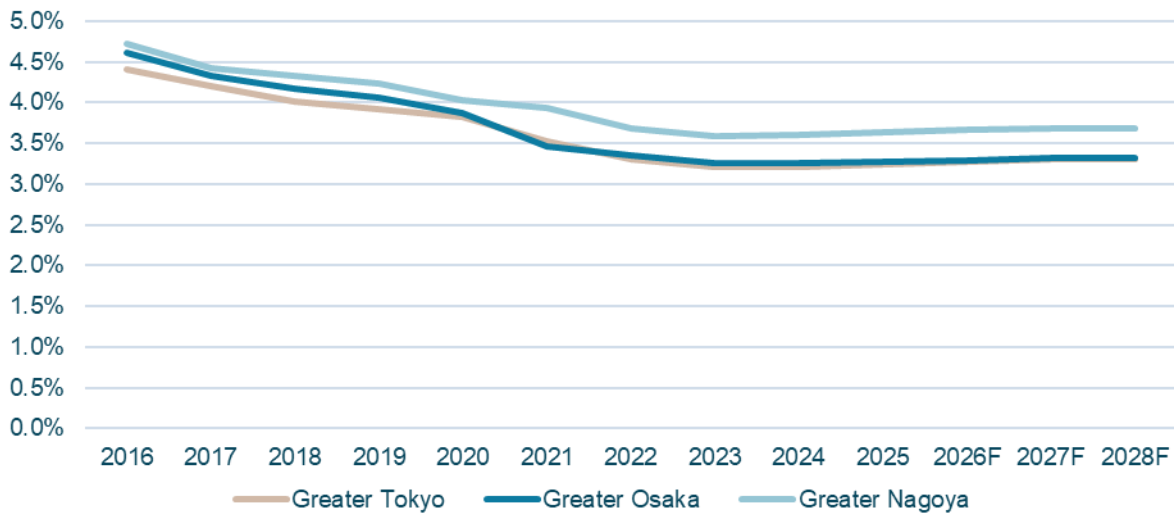
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Figure 62: Japan – Capital Values for Logistics Facilities (GFA)



Source: JLL, 4Q25

Figure 63: Japan – Market Yields for Logistics Facilities (GFA)



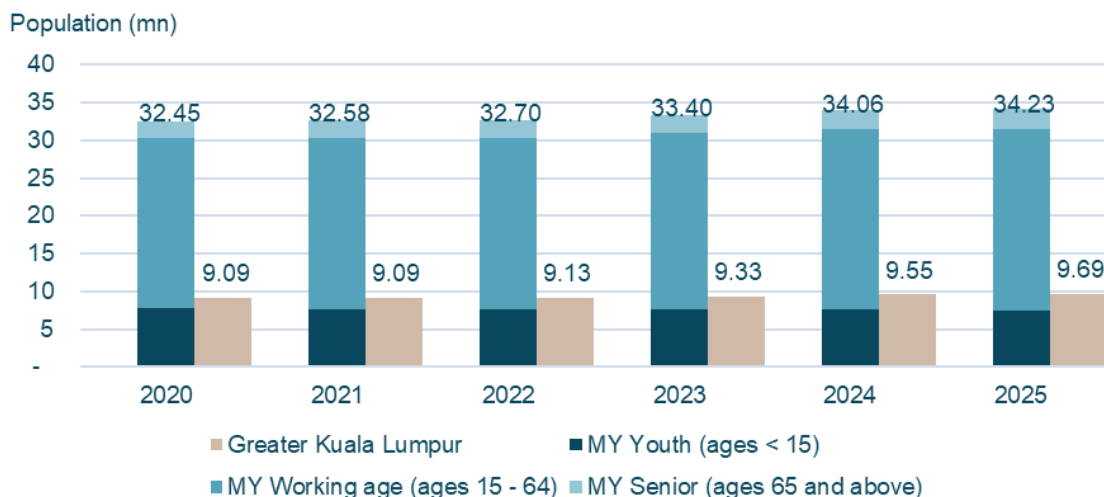
Source: JLL, 4Q25

6. Overview of Malaysia Logistics Market

Macroeconomic overview

Country overview

Figure 64: Malaysia – Key Demographic Indicators



| Population Estimates (2025) | | Malaysia |
|-----------------------------------|--|----------|
| Total Population Estimates (mil.) | | 34.23 |
| Changes (y-o-y) | | 0.5% |
| Median Age | | 31.3 |
| Population by Age Group | | |
| 0 – 14 years old | | 21.6% |
| 15 – 64 years old | | 70.3% |
| > 64 years old | | 8.0% |
| Labour Force (4Q25) | | |
| Labour workforce (mil.) | | 17.62 |
| Changes (y-o-y) | | 3.3% |
| Unemployment rate | | 2.9% |
| Changes in percentage point | | -0.1% |

Source: Department of Statistics Malaysia (DOSM), JLL, 2026

Malaysia's population expanded modestly in 2025, increasing 0.5% y-o-y to 34.23 million. Notably, Greater Kuala Lumpur recorded a larger growth of 1.5% y-o-y at 9.69 million, underscoring the capital region's continued ability to attract residents and working-age talent.

The demographic profile reflects an increasingly mature population. The median age increased to 31.3 years old in 2025 (from 30.9 years old in 2024), reflecting a growing senior cohort (8.0%, +0.4 percentage points) alongside a smaller share of younger population (22.2%, -0.6 percentage points). This shift supports a steady and needs-based consumption, while reinforcing demand for efficient urban and peri-urban distribution networks, particularly within Greater Kuala Lumpur.

From 2022 to 2024,⁵⁹ Malaysia's average household income grew 8% to MYR 9,155, while the stable middle-class segment expanded to 38.1% of all households (2022: 37.6%). Despite a moderating population growth rate of 1.3% per annum towards 2030, this segment continues to drive consumption of

⁵⁹ Latest household income is as of 2024.

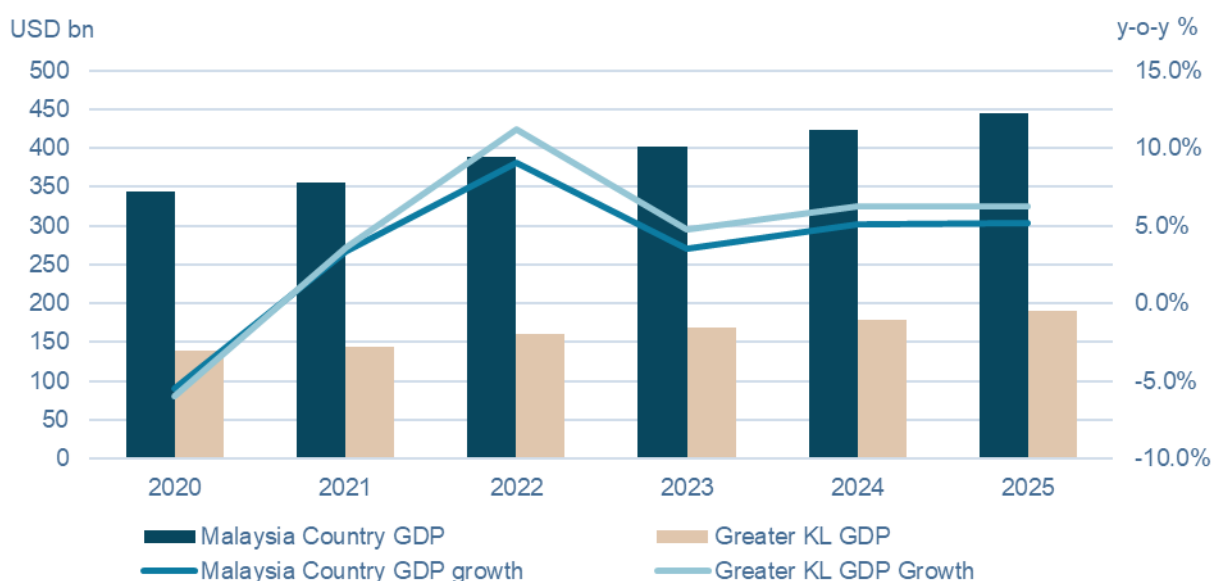
APAC logistics market – Malaysia

essentials, supporting retail and e-commerce activity, thereby driving consistent demand for logistics and warehousing space.

Supported by resilient economic conditions, the labour market remained healthy through 2025. The working-age share was broadly stable at 70.4% (+0.2 percentage points), while employment strengthened with a Labour Force Participation Rate (LFPR) of 70.9% and unemployment rate of 2.9% (down 0.2 percentage points from December 2024). Increased employment and higher workforce participation typically boost consumer spending power, bolstering household consumption, and driving logistics demand across the Greater Kuala Lumpur catchment.

Economic overview

Figure 65: Malaysia – Real GDP Growth



Abbreviation: GKL – Greater Kuala Lumpur, GDP - Gross Domestic Product

Source: Central Bank of Malaysia (BNM), Oxford Economics, 2025

Malaysia's economy expanded 5.2% y-o-y in 2025, exceeding official forecasts and marking its strongest performance since 2022, driven by strong global electrical and electronics (“E&E”) demand, higher travel receipts and firmer information and communication technology (ICT) services exports. Manufacturing growth improved to 4.5% (2024: 4.2%), while exports accelerated (4Q25: 11%, 3Q25: 6.8%) on the back of E&E and commodities.

Headline inflation stayed contained (1.3% in 4Q25) as global cost pressures eased. 2025 reforms (Sales and Services Tax (SST) expansion and petrol subsidy rationalisation) are expected to have only a modest inflation impact. Core inflation rose to 2.3% (+0.3 percentage points q-o-q) and is expected to remain broadly stable in 2026.

Monetary policy remained supportive and the Ringgit strengthened over 10% against the US Dollar in 2025, improving Malaysia’s appeal for industrial and logistics capital. Investment rose 11% y-o-y in 2025, driven by services and manufacturing. Manufacturing investments grew 9% y-o-y, concentrated in high-value segments including E&E (22%) and Chemical and Chemical Products (19%), with job creation up 29.1% in higher-skilled roles. Geographically, Greater Kuala Lumpur and Johor accounted for 35% and 26% of total investments respectively, with Johor recording a sharp 130% surge supported by the Johor-Singapore

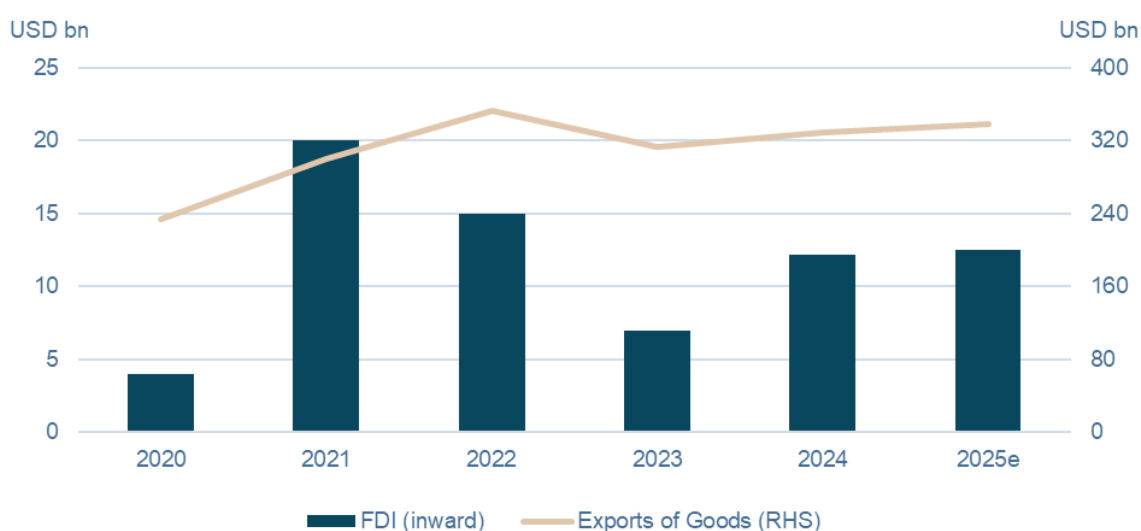
APAC logistics market – Malaysia

Special Economic Zone (JS-SEZ). Foreign investment increased by 21% y-o-y, led by inflows from Singapore, China, and the United States.

Greater Kuala Lumpur (Federal Territory of Kuala Lumpur and Selangor) led all states with 6.2% to 6.3% GDP growth in 2024,⁶⁰ outpacing national rates. Selangor drove manufacturing, contributing 32.9% of national manufacturing output with 5.1% y-o-y growth.

Looking ahead, 2026 GDP growth is expected at 4.0% to 5.0%, supported by resilient domestic consumption, continued investment execution, export upside primarily E&E goods and increased tourism activities following the launch of Visit Malaysia Year 2026. Malaysia will continue its enduring appeal as an attractive investment destination, supported by multi-year public and private sector projects and national masterplan initiatives, including RMK13 (13th Malaysia Plan 2026 -2030).⁶¹

Figure 66: Malaysia – Foreign Direct Investment



Source: Central Bank of Malaysia ("BNM"), Oxford Economics, 2025

Government planning and policies/structural changes to industrial market

Several new policies were introduced in 2025 and early 2026 to enhance industrial competitiveness and reduce operational costs for businesses in the I&L sectors.

- Service Tax Relief for Industrial Users:** The Malaysian government announced a reduction in the service tax rate on rental and leasing services for industrial use from 8% to 6%, effective January 1, 2026. This adjustment directly lowers operational costs for logistics and warehouse operators, improving cost competitiveness and supporting business expansion plans.
- Enhanced MSME Support:** The threshold for Micro, Small, and Medium Enterprises (MSMEs) to be exempt from paying service tax on rental and leasing services was increased from RM1 million to RM1.5 million in annual sales. This expansion provides additional relief for smaller logistics operators and warehouse tenants, encouraging entrepreneurship and business growth in the sector.
- Extended Construction Incentives:** The 6% service tax exemption on construction contracts signed before July 1, 2025, has been extended until June 30, 2027, supporting continued development of new

⁶⁰ Latest state-level GDP growth is as of 2024.

⁶¹ 13th Malaysia Plan (2026–2030) is the five-year development blueprint

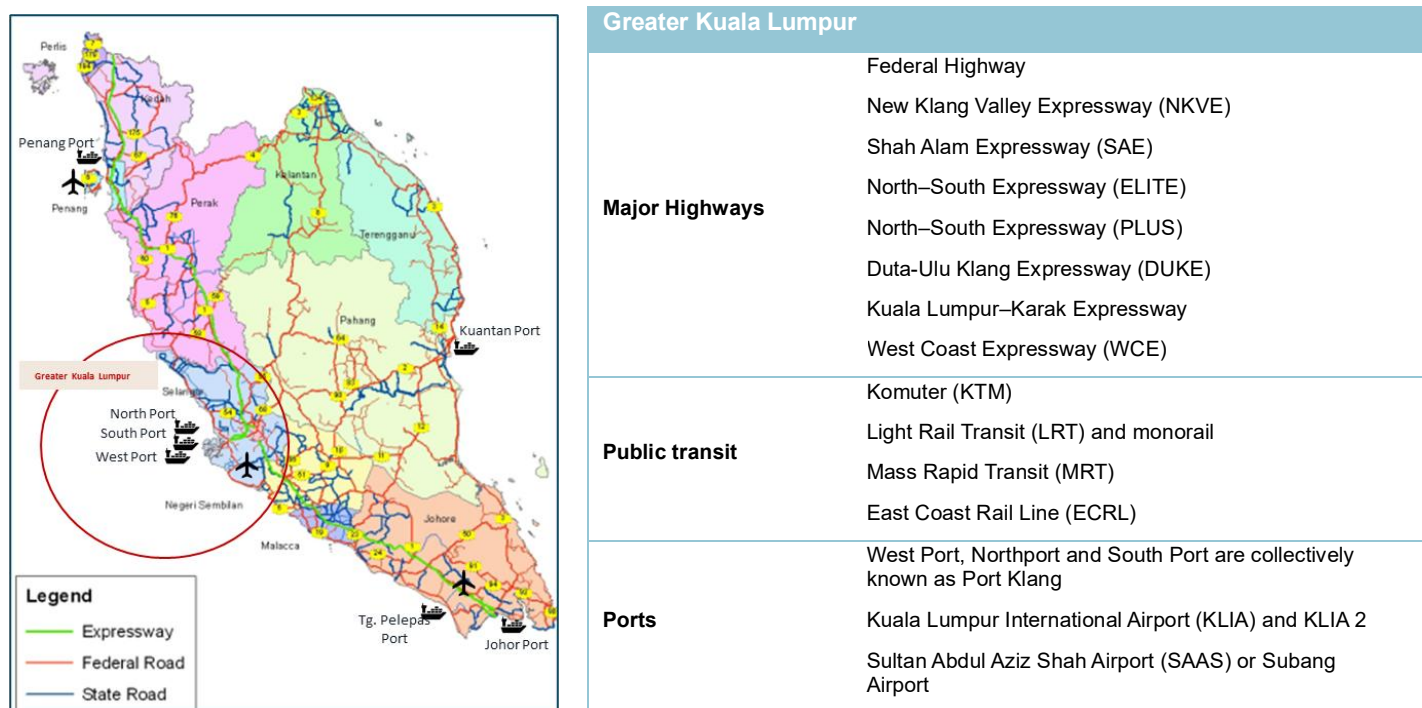
APAC logistics market – Malaysia

I&L facilities. This extension provides developers with additional time to complete projects under favourable tax conditions.

- d. **Digital Infrastructure Push:** New initiatives in 2025 focused on establishing Malaysia as a regional data centre hub, with supportive policies for logistics facilities serving cloud computing and digital infrastructure requirements, aligning with the country's emergence as a key player in the Asia-Pacific digital economy.
- e. **Smart Logistics Complex (SLC) incentive:** Introduced under Budget 2025, this incentive promotes the adoption of Industry 4.0 technologies including Internet of Things (IoT) and Artificial Intelligence (AI) in high-tech logistics facilities to enhance operational efficiency and reduce costs. This program provides tax exemptions (60% Investment Tax Allowance with 70% statutory income offset) and workforce development programs to support investors in constructing smart logistics facilities.

Infrastructure developments

Figure 67: Malaysia – Infrastructure networks



Source: JLL, Ministry of Transport Malaysia, 2025

Infrastructure upgrades in Greater Kuala Lumpur are increasingly geared toward improving port-industrial-intercity connectivity, supporting efficient trucking cycles, wider labour catchments and more viable rail freight options.

- **East Coast Rail Line (ECRL):** 91.7% complete as of December 2025, with Phase 1 (Kota Bahru – Gombak) targeted for 2027 operations and Phase 2 (Gombak – Port Klang) for 2028. Stations such as Puncak Alam and Kapar strengthen the access to Klang, Bukit Raja and Shah Alam industrial belt and could enable east–west cargo diversion (industrial cargo in particular), improving hinterland reach to Port Klang.
- **West Coast Expressway (WCE):** Targeted for completion in March 2027, 8 out of 11 sections including Bandar Bukit Raja (Utara) and Selatan are already in operation. Key interchanges around **Bandar Bukit Raja** and **Banting/SKVE–Sepang** improve west-coast trucking efficiency

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and offer alternative routing that can reduce congestion risk and improve reliability for distribution runs.

- **LRT 3 (Shah Alam Line):** Expected to launch in June 2026, this LRT extension spans 37.8km and features 25 stations from Bandar Utama to Johan Setia, Klang. Key stations along residential nodes will expand the workforce catchment into Shah Alam – Klang industrial corridor, supporting workforce resilience for manufacturing and logistics growth.
- **Interstate rail connectivity**
 - The Johor Bahru-Singapore RTS Link remains on track to begin passenger service in late 2026 or early 2027. It is expected to enhance cross-border business mobility and talent access within the Johor-Singapore manufacturing and logistics ecosystem.
 - The Gemas-Johor Bahru Electrified Double-Track Rail (Gemas-JB EDTP) was completed on 11 December 2025, extending electrified rail from Kluang to Johor Bahru. This creates a complete Electric Train Service (ETS) from Thailand border in the north (Padang Besar) through Kuala Lumpur to Singapore border in the south (Johor Bahru), improving regional north-south connectivity and reducing travel time between major economic hubs.
 - Construction of the Penang LRT Mutiara Line commenced as scheduled in early 2026, with completion targeted for December 2031. This new public transportation infrastructure will improve workforce mobility and support the growth of Penang's E&E, information and communication technology (ICT) and semiconductor industries.

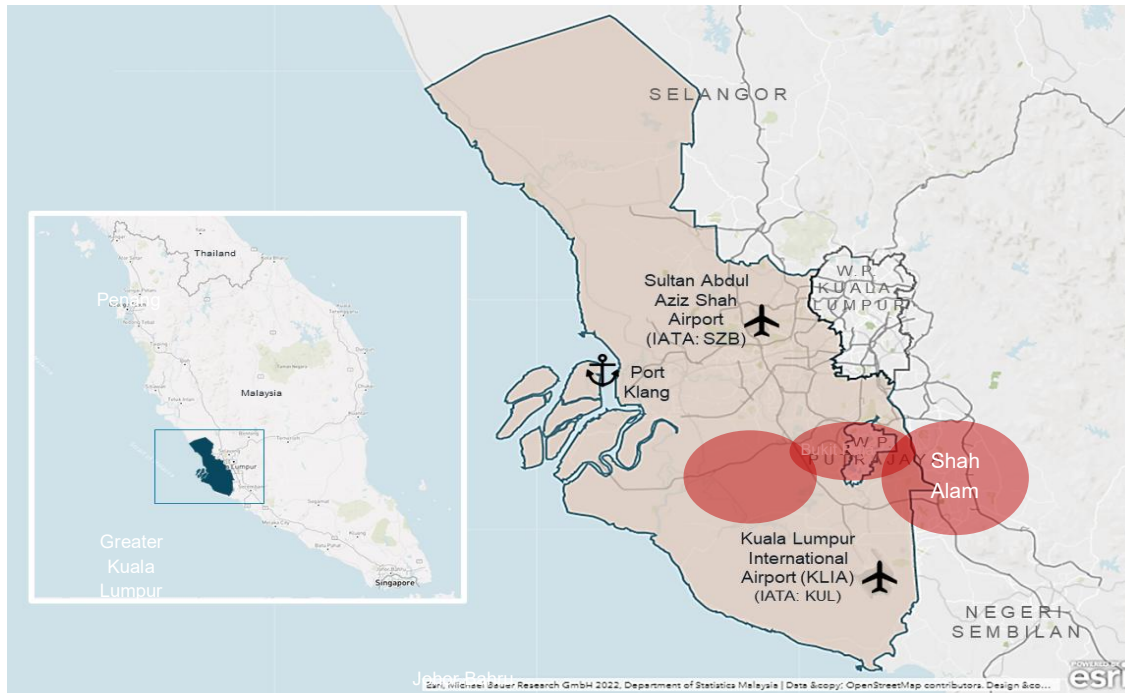
Malaysia's trade gateways expanded steadily in 2025, with total container volume rising 3.9% y-o-y to 11.33 million TEUs. The growth was led by Johor's Port of Tanjung Pelepas (PTP) which surpassed 14 million TEUs (+14% y-o-y), while Port Klang - including Northport and Westport - grew 3.3% y-o-y on firmer external demand.

Air cargo volumes also strengthened, rising 4.8% y-o-y, supported by e-commerce and shipment front-loading. Kuala Lumpur International Airport remained Malaysia's premier air-freight hub, handling around 78% of national air cargo and connecting 116 global destinations via 64 airlines, reinforcing Greater Kuala Lumpur's role as the country's key distribution and logistics gateway.

Logistics market overview for Malaysia (Grade A only)

Key logistics hubs

Figure 68: Malaysia – Key Logistics Markets



Source: JLL, MapIT, 2025

Logistics real estate market landscape

Greater Kuala Lumpur's prime logistics stock is concentrated in three established clusters, namely Shah Alam, Bukit Raja and Klang. In addition, Kota Elmina has emerged as a spillover location of Bukit Raja as land supply tightens in core areas. Each cluster serves a distinct logistics role.

Shah Alam is a mature hub close to key urban consumer bases, making it ideal for high-velocity distribution and last-mile logistics. Strong connectivity and sustained occupier demand continue to support its premium positioning, although limited greenfield land has driven up costs and reinforced its selective nature. Despite constraints, developments like Mapletree's 464,500 sqm facility highlight continued investor confidence in its appeal as key Klang Valley logistics market.

Supported by improved connectivity (WCE and future ECRL), Bukit Raja has gradually emerged as the next-generation cluster, serving Shah Alam's demand spillover and Port Klang's undersupplied market for quality warehouses. New developments such as E-Metrohub are attracting occupiers seeking scalable, modern space, with a diversified tenant base including cold chain, automotive, and pharmaceuticals.

Klang remains the long-established port-centric hub. While historically dominated by conventional stock, it is undergoing a quality-driven transformation, with modern logistics facilities in Pulau Indah drawing occupiers that prioritise proximity to Port Klang.

Benefiting from greenfield land availability and extensive road connectivity, Kota Elmina has emerged as a newer alternative in the Shah Alam fringe area. Land is available at competitive prices, underpinned by a robust masterplan and adequate power capacity and water resources that support data centre hyperscale development and automation-led facilities, positioning the area for modern logistics requirements.

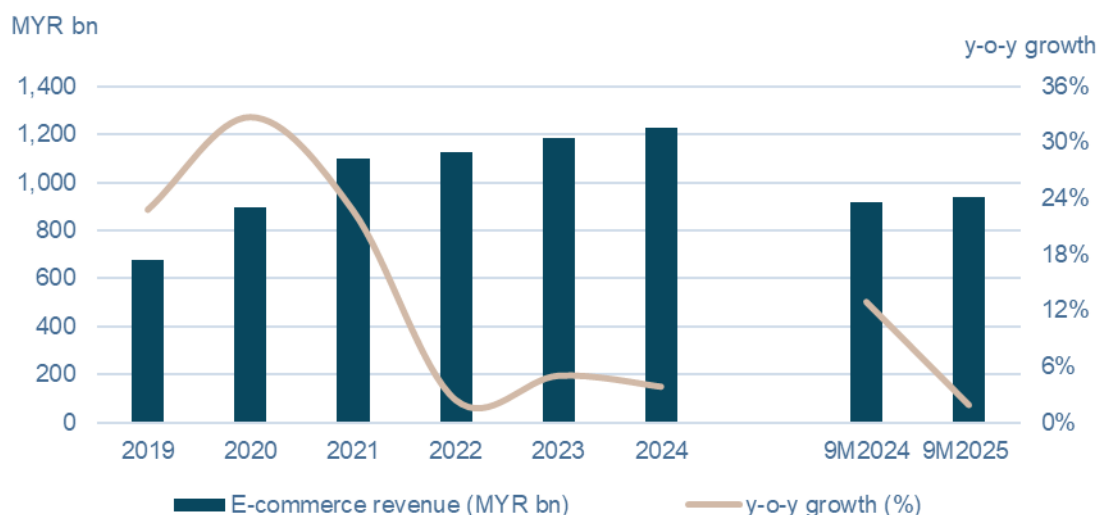
Demand drivers for logistics properties

The main demand drivers for logistics activities are growing international trade activities, the emergence of e-commerce and increasing requirements for modern facilities.

- **"China + N" Manufacturing Shift:** Foreign manufacturing investment in Malaysia rose 13% y-o-y in 2025, with 77% coming from foreign investors. This is driving demand for Grade A, MNC-standard logistics space. Strong inflows from Singapore and China - each accounting for 28% of total FI, and up 134% and 104% y-o-y respectively - reinforce Malaysia's role as an alternative base for E&E, semiconductors and manufacturing amid global supply chain diversification from China.
- **Demand Broadening Beyond E-commerce/3PL:** Occupier mix has diversified since 2020, led by strong space growth from manufacturing (+108%), E&E (+33%) alongside continued expansion from e-commerce and 3PL players (+7.2%). This is accelerating a "flight to quality" toward high clear ceiling (9 meters and above), high floor loadings, column-less layouts and multiple docking bays.
- **Policy Tailwinds:** Incentives under initiatives such as NIMP 2020 and SLC framework support investment in high-value sectors and technology advanced warehouse, while the service tax cut for industrial leasing (from 8% to 6%) improves occupancy economics.
- **Automation and Cold Chain Growth:** Evolving cold chain needs and rising automation are driving a shift to more efficient and specialised logistics solutions. Cold chain capacity is growing, with a 93,000 sqm pipeline on top of a 3 million sqm inventory, reflecting steady growth in temperature-controlled storage. By contrast, the market for Automated Storage and Retrieval System (ASRS) warehouses is proving to be a limited niche rather than a broad market solution. While there is 186,000 sqm of ASRS space under development, leasing uptake for multi-let facilities has been slow due to their standardised specifications which are unsuitable for broader tenant needs.

Growth of e-commerce and 3PLs/express growth

Figure 69: Malaysia – E-commerce Income



Note: Latest available data is for the first nine months of 2025 (9M 2025)

Source: JLL, DOSM, 2025

Malaysia's e-commerce revenue reached MYR938 billion in the first nine months of 2025, a moderate 2% y-o-y growth from MYR920 billion in 9M 2024. Since 2019, the sector has maintained strong momentum with a 13% CAGR from MYR675 billion, driven by continued digital adoption and market maturation.

The sustained e-commerce growth drives increased demand for high-specification logistics facilities, particularly in Greater Kuala Lumpur where warehouse requirements continue expanding. E-commerce and logistics players maintain strong interest in strategic locations, with continued focus on areas like Shah Alam and Bukit Raja that offer connectivity advantages and scalable modern facilities capable of supporting automated systems and efficient distribution networks.

This growth momentum reinforces the sector's role as a key demand driver for warehouse space, particularly facilities equipped with advanced specifications to handle diverse product categories including fashion, electronics, groceries, and consumer goods that dominate online purchasing patterns.

Structural trends on logistics & logistics property market

Structural shift on the supply chain and occupiers' requirements in the Greater Kuala Lumpur logistics sector.

(a) Flight to Quality and Automation

Occupiers are upgrading into Grade A facilities to improve operational efficiency and reduce labour intensity, reinforcing demand for high-specification, automation-ready designs. Leasing activity in Bukit Raja continues to deepen, supported by major 3PLs and a diversified tenant base spanning E&E, automotive and FMCG, highlighting broad-based demand rather than a single sector concentration. ASRS-ready facilities are gaining traction e.g. ALP has developed Omega Bukit Raja, a multi-tenanted ASRS facility while CapitaLand Malaysia Trust (CLMT)'s acquisition of Synergy Logistics Hub Elmina Business Park reflects robust institutional demand for premium-grade assets with long-term lease security.

(b) Shift Toward Speculative, Multi-Tenanted Supply

Developers and investors are bringing forward large-scale, multi-let pipelines (approximately 1.4 million sqm by 2028), led by E-Metrohub 4 Bukit Raja, Shah Alam International Logistics Hub and Mapletree facility in Shah Alam. This may expand tenant choice and accelerate market tiering though near-term vacancy and rent competition may rise as new stock completes.

(c) Decentralisation for Scale

High rents in land-constrained Shah Alam are pushing large, cost-sensitive occupiers to newer, more scalable and cost-effective hubs. JLL has observed major 3PL and e-commerce players, including Shopee, J&T Express, and Pos Laju, establishing regional hubs in emerging locations like Bukit Raja and Bandar Rimbayu to leverage greater expansion capacity and more competitive cost structures.

(d) Tax and Compliance Reshaping Costs

The reduction of service tax on industrial rentals from 8% to 6% for small to medium occupiers (below 9,290 sq m) improves affordability and is expected to support take-up of multi-let spaces. Simultaneously, the implementation of a 6% service tax on logistics services is likely to encourage greater regulatory compliance and accelerate industry formalisation among small to medium-sized operators.

(e) ESG as a Leaseability Filter

Green-certified logistics facilities are gaining momentum as developers and occupiers align with national environmental targets (45% carbon-intensity reduction by 2030, 70% renewable energy

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share, and net-zero GHG emissions by 2050). This accelerates occupier demand for energy-efficient, compliant operations. Planning approvals and capital markets are reinforcing this shift, where green-certified industrial parks and warehouses are increasingly favoured for strong occupiers' acceptance and improved financing access. Recent GreenRE certifications at ALP Omega Bukit Raja, Metrohub 1 and Hap Seng Business Park underscore the shift from ESG being optional to becoming an essential criterion for prime logistics assets.

Logistics property overview for Malaysia (Grade A only)

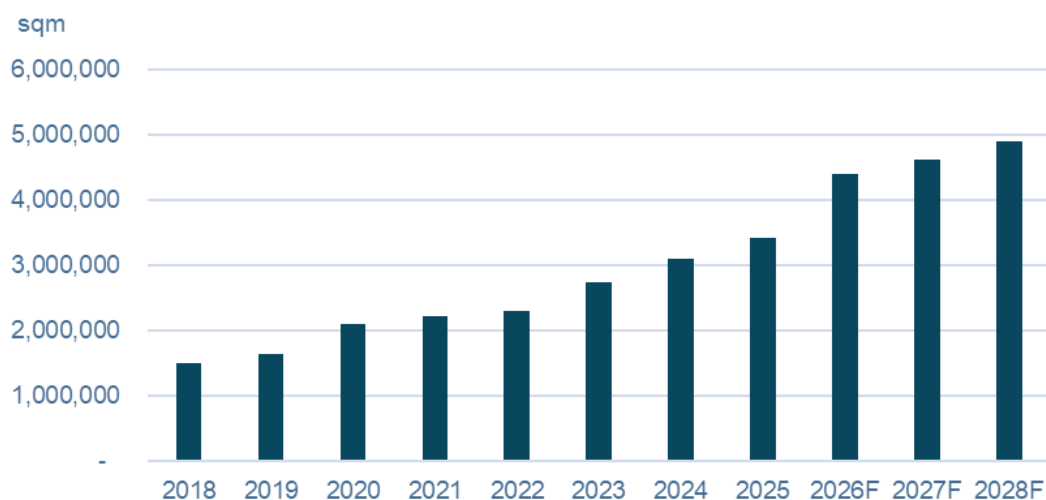
Estimated logistics real estate per capita

In 2025, Greater Kuala Lumpur’s prime warehouse stock reached 3.4 million sqm (+10% y-o-y), equivalent to roughly 0.35 sqm per capita. This indicates a significant market expansion that remains in the early stages of institutional-grade adoption.

Supply expansion has been structurally strong, with prime warehouse stock growing at 12.4% CAGR from 2018 to 2025. This momentum is set to continue with the development pipeline at projected 12.7% annual growth over 2026 to 2028, adding an estimated 1.5 million sqm of new prime stock by 2028. This indicates a significant reshaping of competitive dynamics across logistics clusters.

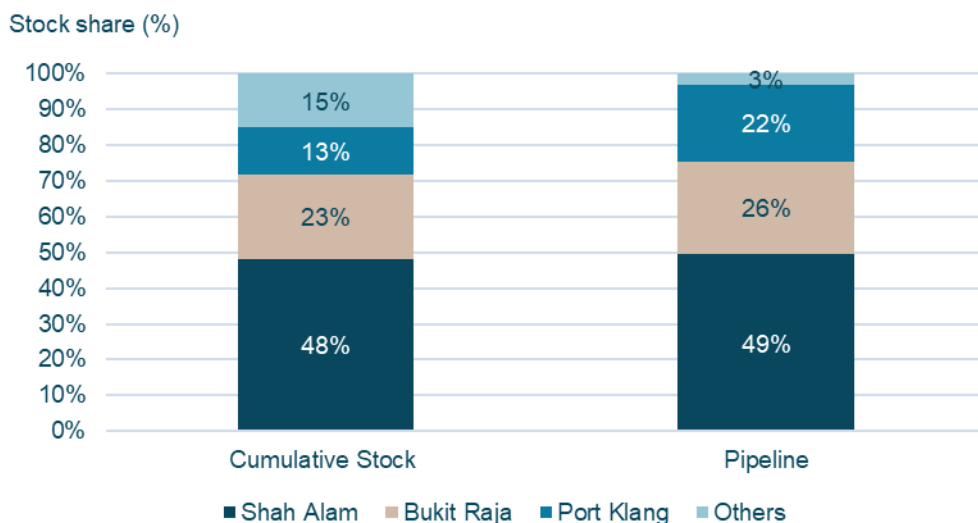
Market Size

Figure 70: Greater Kuala Lumpur – Logistics Market: Total Stock (2018-2028F)



Source: JLL, 4Q25

Figure 71: Greater Kuala Lumpur – Total Stock by Submarket



Notes: Cumulative stock = 3.42 million sqm, Pipeline = 1.47 million sqm
 Other includes Sepang, Kapar, Kota Elmina, Puchong, Puncak Alam, Subang Jaya and Telok Panglima Garang
 Source: JLL, 4Q25

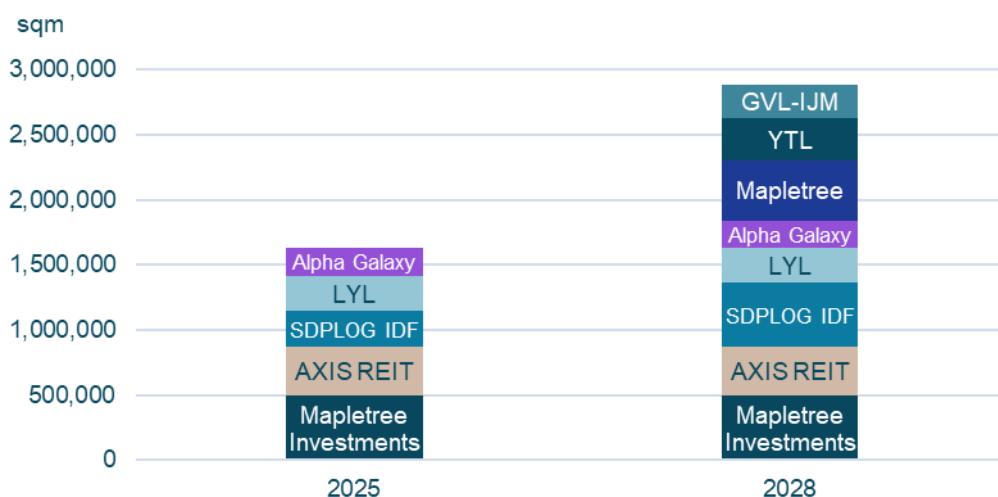
Supply and characteristics of warehouses

Greater Kuala Lumpur added 310,000 sqm of new supply in 2025 across four completions, led by Shah Alam (two facilities totalling 294,000 sqm) with smaller additions in Kota Elmina (14,900 sqm) and Pulau Indah (33,400 sqm). These new facilities were close to 98% occupied on completion, reflecting high lease penetration and leaving only 6,700 sqm immediately available.

Supply is set to accelerate in 2026, with 987,000 sqm expected to complete, anchored by Mapletree’s 464,000 sqm, Shah Alam International Logistics Hub (260,130 sqm) and E-Metrohub 4 (130,000 sqm). A further 482,300 sqm is projected for 2027-2028 which should increase supply significantly. This substantial pipeline is slated to expand Shah Alam to 2.4 million sqm (+44%) and Bukit Raja to 1.2 million sqm (+48%).

This step-up in completion will likely lift vacancy and moderate rental growth in the near term. However, the pipeline is largely Grade A and multi-tenanted. Demand is expected to be resilient, supported by occupiers’ continued flight to quality. As a result, Grade A assets in prime locations are expected to lease up progressively and remain the focus for both occupiers and institutional investors, while older facilities may face greater competitive pressure.

Figure 72: Greater Kuala Lumpur – Key Logistics Real Estate Players



Abbreviation: SDPLOG IDF - SDPLOG Industrial Development Fund
 Note: Key real estate players refer to developers and owners.

Source: JLL, 4Q25

Institutional landlords, particularly REITs, remain key players in the Greater Kuala Lumpur logistics market, with approximately 868,400 sqm of owned stock. However, the market is becoming more diversified with the entry of private developers and joint-venture platforms such as YTL and Global Vision Logistics -IJM Joint Venture. Key players, including the Sime Darby Property–Logos Joint Venture, MLT and YTL, are expanding their pipelines and are expected to drive a significant share of new supply by 2028. This growth is shifting the market from being REIT-dominated to having a more balanced ownership, improving market depth and liquidity.

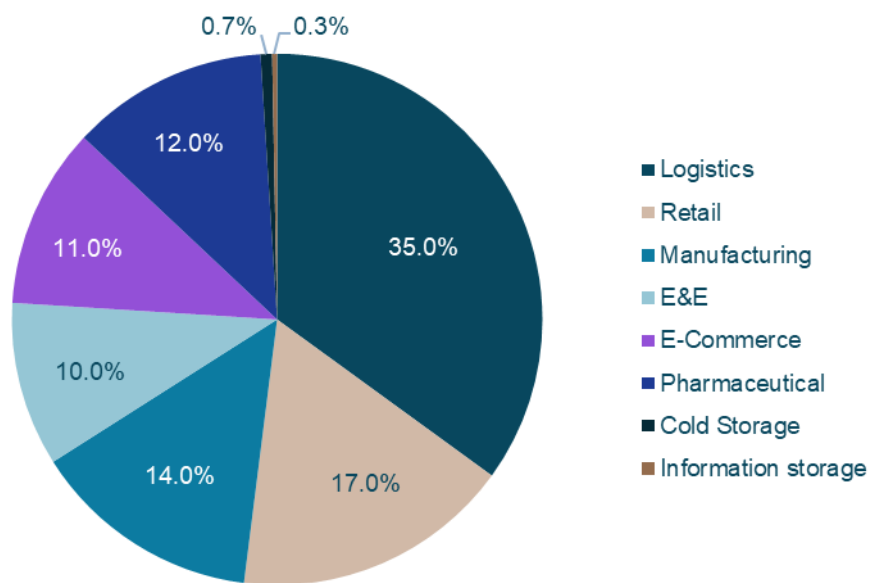
Requirements and trends

3PLs and e-commerce companies drive primary demand, with additional requirements from retail businesses for regional distribution centres and wholesale storage. Beyond the thriving E&E sector, automotive, pharmaceutical and electrical appliances distributors show surging storage demand.

Occupiers increasingly prefer graded warehouses over older facilities with outdated specifications and inefficient layouts. Tenants seek high-capacity, prime warehouses in coveted locations, particularly those accommodating ASRS. Developers respond by building graded facilities with heavy floor loads, advanced sprinkler systems and high ceiling clearances (10+ meters) to support current operations and future automation technologies.

Malaysia’s industrial sector is expected to continue expanding, even if 2026 growth moderates amid global trade uncertainty. Strength in E&E, supported by AI adoption and Malaysia’s rise as a data centre and green-energy hub, is lifting demand for semiconductors and related manufacturing. This will accelerate the need for specialised logistics space for component storage. Together with supportive policies, infrastructure upgrades and Malaysia’s position as a reliable supply-chain partner, these factors underpin resilient logistics demand in key export-led sectors.

Figure 73: Greater Kuala Lumpur – Prime Ready-built Warehouse (RBW) Occupier Profile, 2025

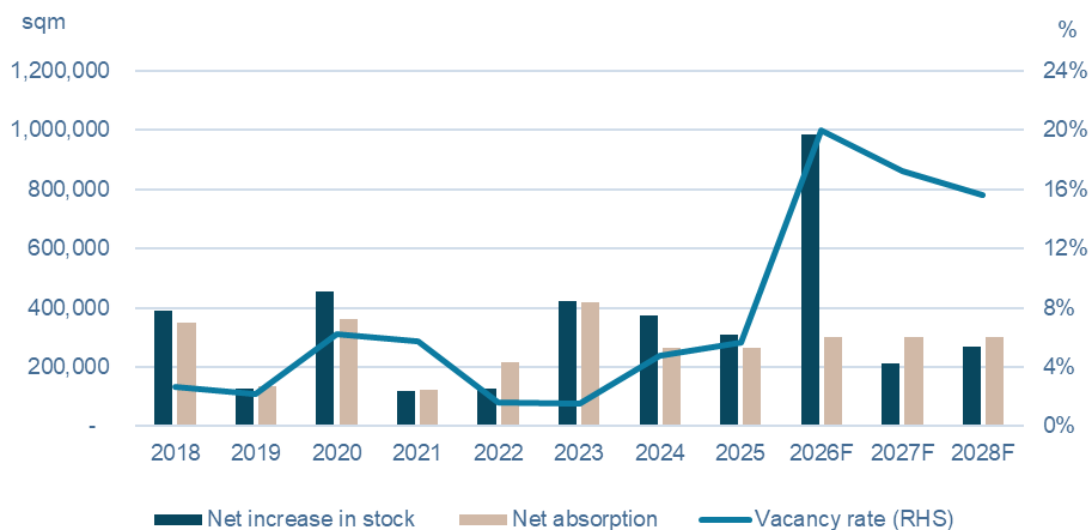


Source: JLL, 4Q25

Performance and outlook

Demand vs Supply

Figure 74: Greater Kuala Lumpur – Distribution Warehouse/Logistics Total Completions, Net Absorption and Vacancy Rate (NLA)



Source: JLL, 4Q25

New supply of 311,000 sqm in 2025 pushed vacancy up to 5.7% from 4.7 in 2024. Leasing activity, which slowed marginally in 1H25 due to uncertainty surrounding new US tariffs, strengthened in the second half, with overall annual net absorption reaching 263,000 sqm as occupiers resumed expansion amid easing uncertainties. Market fundamentals remain healthy, with average annual absorption of 290,000 sqm between 2022 and 2025, supported by manufacturing growth and stable retail demand. Vacancy rate remained within a 2%–6% range over the past seven years.

Looking ahead, a strong pipeline of approximately 1.0 million sqm in 2026 is expected to temporarily elevate vacancy to around 20% as the market absorbs new completions. However, demand is projected to remain resilient at 300,000 sqm annually through 2028, driven by logistics and key sectors such as E&E, automotive and medical, alongside emerging demand from the data centre ecosystem. Vacancy is therefore expected to gradually improve to 16% by 2028.

Leasing trends are also shifting towards larger occupiers, prompting developers to deliver bigger, higher-specification facilities. Overall, demand for modern assets are expected to remain resilient, while older stock may face higher vacancy and tenant retention risks.

Major logistics facility providers and players

Greater Kuala Lumpur’s logistics market is increasingly segmented by cost and function. Shah Alam commands premium rents and anchors high-velocity, customer-facing distribution, notably e-commerce, FMCG and retail users. These occupiers prioritise last-mile performance and proximity to dense consumer catchments to justify higher occupancy costs. In contrast, Bukit Raja, Puncak Alam and Kota Elmina provide more competitive rents and larger land parcels, making them preferred for large-format, cost-sensitive operations that prioritise scalability and strong highway connectivity for nationwide distribution.

Competition is intensifying in the multi-tenant segment, led by Metrohub and Mapletree’s incoming completions. As a result, market segmentation is becoming more pronounced, where differentiating assets

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by specification, location, and price point to better match tenants varied operating requirements and occupancy cost thresholds.

Institutional investors are focusing on high-spec, well-located assets that enable tenant upgrades, supporting stronger retention and rental stability. This sustained demand underscores a maturing market and confidence in stable, quality-led returns.

Investors and investment trends, and major selected transactions

Investment activity in 2025 remained selective, constrained by the limited availability of prime assets as owners held back their best properties for further value enhancement. The market trend of “flight to quality” also accelerated portfolio repositioning. For example, AXIS REIT is expanding selectively by acquiring industrial and manufacturing assets that provide stable income and redevelopment potential, and Sime Darby Property has strengthened its logistics portfolio by taking full ownership from its previous joint venture with a Japanese consortium.

Figure 75: Malaysia – Selected Major Transactions in 2025

| Nos. | Location | Building | Vendor | Purchaser | Land Size (acres) | GFA (sqm) | Total Consideration (MYR million) | Unit Rate (MYR psf/GFA) |
|-------------------|--|----------------------------------|----------------------------------|-----------------------------------|-------------------|-------------|-----------------------------------|-------------------------|
| Shah Alam | | | | | | | | |
| 1 | Kawasan Miel Klang | Zentraline | Mapletree Logistics Trust | N/A | N/A | NLA: 14,493 | 43 | 2,967 |
| 2 | Section 33, Shah Alam | Linfox | Mapletree Logistics Trust | N/A | N/A | NLA: 17,930 | 72 | 4,016 |
| Bukit Raja | | | | | | | | |
| 3 | Bandar Bukit Raja Industrial Gateway | 2 properties: BBR Gateway I & II | Sime Darby Property | MBK (JPN) JV Mitsubishi Estate | 39 | 65,032 | 232* | 3,567 |
| Klang | | | | | | | | |
| 4 | Jalan Perigi Nanas 7-2 Klang, Selangor | Kilang Logam | Ta Win Holdings Berhad | Metal Recovery Industries Sdn Bhd | N/A | 10,375 | 44.5 | 4,289 |
| 5 | Jalan Canang Emas 9 Klang, Selangor | AXIS REITS | TS Worldwide Warehousing Sdn Bhd | Axis REIT | 10.19 | 24,091 | 80 | 3,321 |
| 6 | Lot 2 Lebuhraya Sultan Mohamad 1 | AXIS REITS | Barry Callebaut | Axis REIT | 9 | 22,356 | 50 | 2,237 |
| Others | | | | | | | | |
| 7 | 4, Jalan 19/1, Seksyen 19, 40150 Petaling Jaya, Selangor | The Annex | AXIS REITS | Basic Eight Sdn Bhd | N/A | 4,227 | 24.2 | 5,725 |

Abbreviations: LA – Land area, NLA – net lettable area, GFA – Gross floor area, N/A – Not available

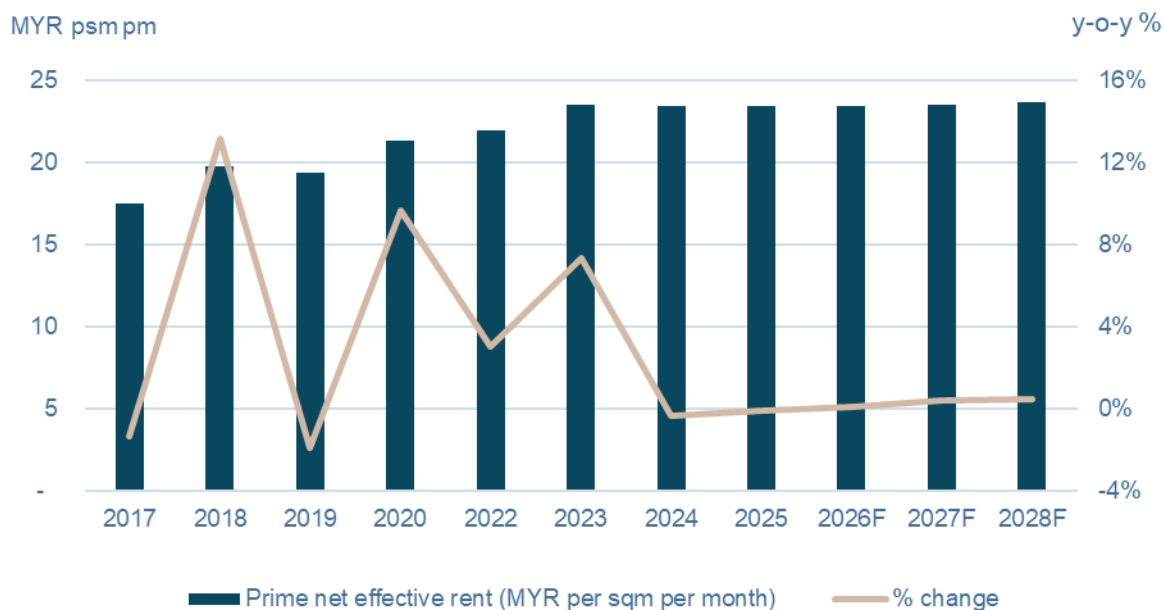
Note:* 50% stake acquisition of two assets from a previous 50:50 joint venture with a Japanese consortium.

Source: JPPH, JLL, 4Q25

Historical and forecast data for key logistics market indicators

Rents

Figure 76: Greater Kuala Lumpur – Distribution Warehouse/Logistics Gross Rent (NLA)



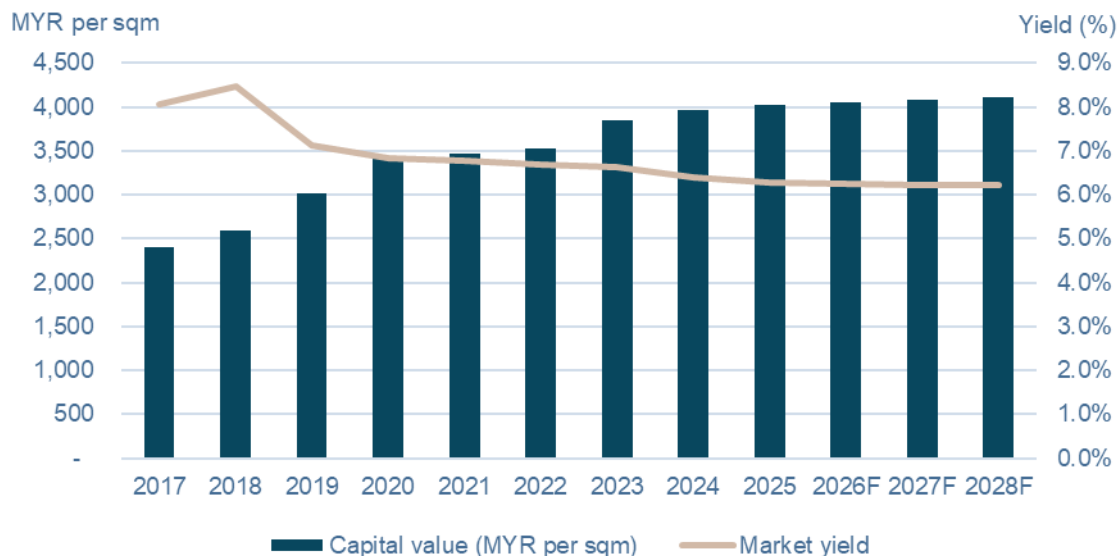
Source: JLL, 4Q25

Rental rates remained relatively stable in 2025 at approximately MYR 23 per sqm per month, as leasing momentum continued to shift towards newer, higher-grade logistics facilities offering modern specifications and improved efficiency. With a sizeable pipeline and intensifying competition, landlords have prioritised occupancy and tenant retention over rental growth, keeping pricing competitive. This has been most evident in older stock, where owners have leaned on longer rent-free periods, stronger service offerings and more flexible lease terms to defend occupancy. Overall, the market is competing more on packages and tenant experience than on base rent increases.

Rental growth is expected to remain modest in the near term, as significant new completions expand tenant options and strengthen occupiers’ bargaining power. Growth is projected to stay subdued at 0.1% in 2026, before gradually improving to 0.4% in 2027 and 0.5% in 2028 as new supply is progressively absorbed and market conditions stabilise. At the same time, submarkets are becoming increasingly specialised. Shah Alam is expected to maintain prime rental positioning, driven by demand from consumer-led and high-velocity operations, while Bukit Raja and other emerging locations are gaining traction among large-scale occupiers seeking a balance between port proximity and cost efficiency.

Market Yield

Figure 77: Greater Kuala Lumpur – Distribution Warehouse/Logistics Market Yield (NLA)



Source: JLL, 4Q25

Malaysia's industrial investment market remains robust, supported by resilient pricing and a clear pivot towards institutional-grade quality warehouse. Capital values in 2025 rose a modest 1.4% y-o-y, indicating stability and disciplined repricing rather than volatility amid a mixed macro backdrop.

The transaction capitalisation rate of 6.3% continues to offer competitive income for logistics investors. Particularly Grade A yields compressed by 12 basis points y-o-y, reflecting strong market appeal and investors' preference for modern, well-coveted assets with durable tenant demand. This combination of stable values and yield compression points to a maturing market, where investors are increasingly underwriting quality assets and lease durability over higher-risk return chasing, which then favouring institutional and REIT investors with proven occupiers and institutional grade assets.

Looking ahead, while upcoming supply may create short-term pressure on rents and vacancy, the medium-term outlook remains positive. A broader occupier base and ongoing "flight to quality" should support steady absorption and a more tiered, efficient logistics real estate market that can accommodate diverse tenant requirements across core and emerging Greater Kuala Lumpur logistics clusters.

7. Overview of Singapore’s Logistics/Warehouse Market

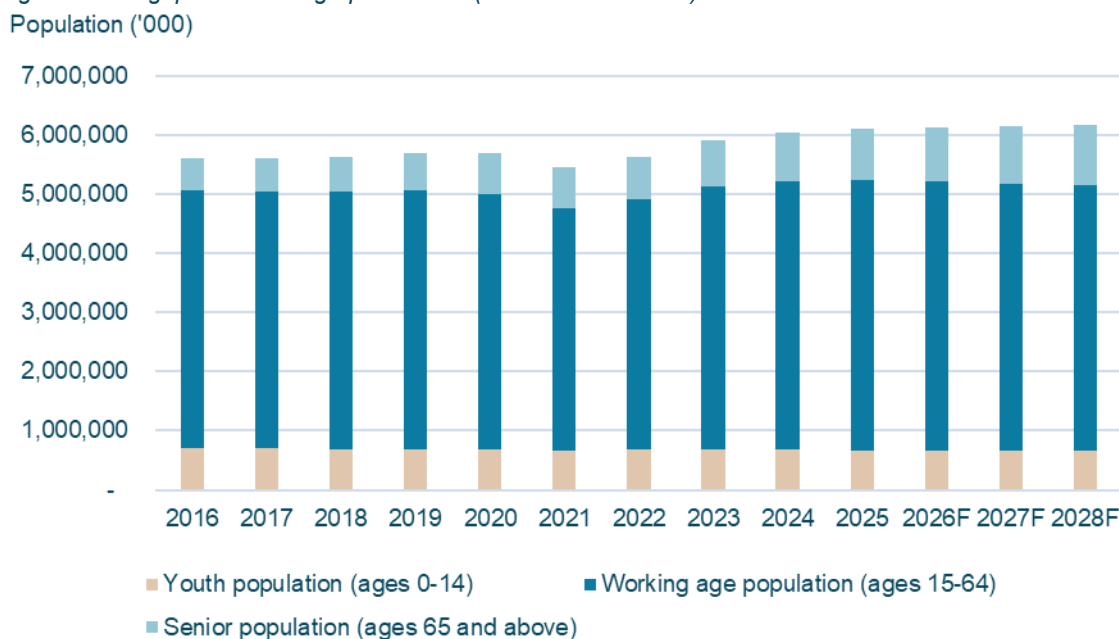
Macroeconomic overview

Country overview

Singapore has a total population of 6.1 million as of mid-2025. This comprises 4.2 million Singapore residents (citizens and permanent residents) and 1.9 million non-residents. Based on data from the Department of Statistics, approximately 76% of resident households in 2025 are considered middle class, with around 53% staying in four-room or larger public housing and 23% living in private homes.

Singapore’s population and workforce are ageing. The proportion of people aged 65 and over increased from 9.6% in 2016 to 14.2% in 2025, with OE projecting a further increase to 16.6% by 2028. This trend, along with low birth rates, highlights the need to increase labour productivity through employee upskilling and technology adoption. Key sectors, including logistics, will need to evolve in response to these changes.

Figure 78: Singapore – Demographic Profile (Mid-Year Estimates)



Source: Singapore Department of Statistics (Singstat), Oxford Economics, March 2026

Economic overview

Singapore’s economy is export-focused, primarily driven by its manufacturing and services producing industries. The manufacturing sector comprises six primary industrial clusters, namely electronics, chemicals, precision engineering, biomedical manufacturing, transport engineering and general manufacturing. Sub-sectors under the services producing industries include finance & insurance, transportation & storage, food & beverage (F&B) services, information & communication as well as wholesale & retail trades.

Over the ten-year period from end-2015 to end-2025, Singapore’s economy grew at a CAGR of 3.4%. Despite global headwinds, including an evolving US tariff situation and the Middle East conflict, the Singapore economy stayed resilient in 2025, expanding by 5.0% y-o-y. GDP growth was just slightly slower than 2024’s 5.3% y-o-y expansion, and has surpassed the official “around 4.0%” growth projection in

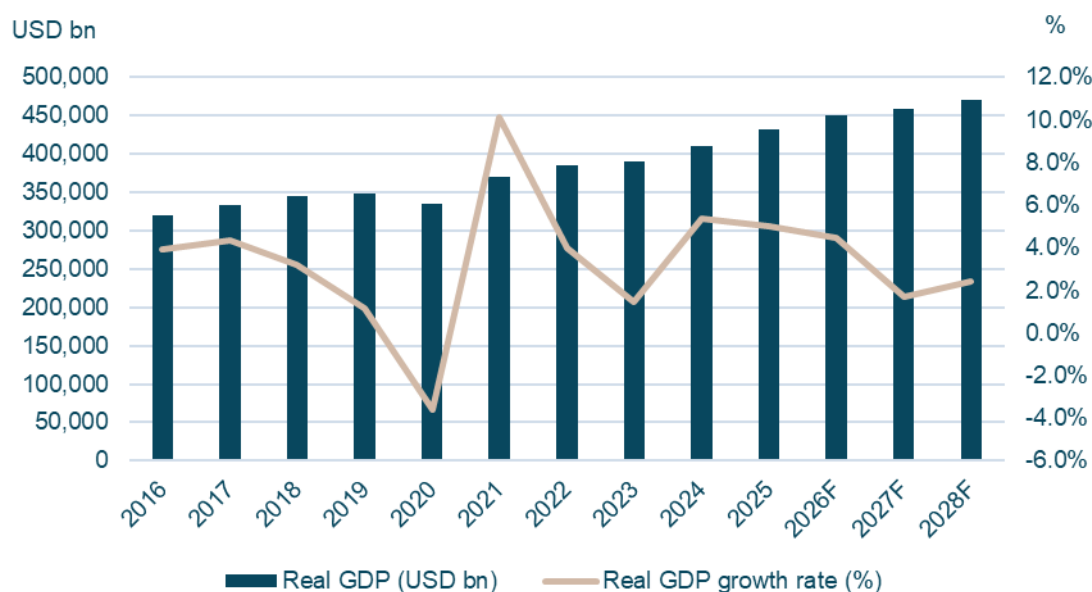
APAC logistics market – Singapore

November 2025. The manufacturing sector was the main growth driver, with output growth accelerating from 3.8% y-o-y in 2024, to 8.7% y-o-y in 2025. In particular, the electronics cluster benefitted from the strong AI-related demand for semiconductors, servers and server-related products. In contrast, output expansions (y-o-y basis) for both the construction and services producing industries decelerated from 5.4% and 5.8% in 2024, to 5.2% and 4.3% in 2025, respectively.

The Ministry of Trade and Industry (MTI) is expecting the moderation in GDP growth to extend into 2026, predicting a 2.0-4.0% y-o-y growth rate (as of 10 February 2026). The AI investment boom is expected to be sustained in 2026 and underpin the growth of the electronics cluster, with positive spillover effects on the precision engineering cluster and the machinery, equipment and supplies segment of the wholesale trade sector. Strong order books in the aerospace and marine & offshore engineering segments should continue to drive growth in the transport engineering cluster. However, MTI is expected to review its 2026 growth forecast in May 2026 in view of heightened global downside risks arising from renewed tariff uncertainties and the Middle East conflict.

Meanwhile, Singapore's CPI-All Items (headline) inflation eased for the third consecutive year to 0.9% in 2025. The Monetary Authority of Singapore (MAS) is predicting higher inflation of around 1.5-2.5% in 2026 (as of 14 April 2026). MAS has also tightened its monetary policy setting in April 2026 due to the higher price risks arising from the Middle East conflict, raising the rate of appreciation of the Singapore dollar nominal effective exchange rate (S\$NEER) band slightly, after maintaining the prevailing rate of appreciation of the S\$NEER band in its January 2026 review.

Figure 79: Singapore – Real GDP Growth



Source: Oxford Economics, March 2026

Government planning and key policies affecting the industrial property market

Guided by the Master Plan (MP) and economic goals, the Singapore government ensures a stable supply of industrial land to meet the real estate needs of various industry clusters. This supply is predominantly managed by the JTC Corporation (JTC), which oversees more than 80% of all industrial land. JTC also provides a wide range of ready-built facilities to cater to the needs of diverse industries.

Industrial land use and zoning

Singapore's industrial land parcels are broadly zoned for Business 1 (B1), Business 2 (B2) and Business Park (BP) uses. The Urban Redevelopment Authority (URA) requires at least 60% of the total building GFA to be set aside for predominant industrial uses, and a maximum 40% for ancillary uses (e.g. childcare centre and industrial canteen). For developments on BP-zoned land, at least 85% of the total GFA shall be retained for BP uses, of which minimally 60% is to be set aside for predominant use and a maximum 40% for approved ancillary uses. A maximum 15% of the overall proposed GFA may be allowed for "white" uses.

B1 developments are meant for clean/light industrial activities, B2 developments accommodate heavier/pollutive general and specialised industrial activities, while BP developments cater to technologically more advanced and knowledge-intensive industries such as research & development (R&D). The National Environment Agency (NEA) mandates a 50m nuisance buffer from a B1 zone to the surrounding area. Industrial activities that require a nuisance buffer greater than 50m to the surrounding area may not be in a B1 zone.

Warehouses are classified as a "general industrial use" under MP 2025. As this category includes activities that generally require a greater nuisance buffer, warehouses are a permissible use in B2 zones. However, approvals for a new warehouse on B1-zoned land may be granted on a case-by-case basis, subject to compliance with the stricter B1 nuisance buffer requirements. Existing warehouse developments that were previously approved on B1-zoned land are not affected by these regulations.

Industrial land sale and allocation

JTC manages the sale of industrial land through the biannual Industrial Government Land Sales (IGLS) Programme. Since the second half of 2012, the government has halved the land tenures of IGLS sites targeted at developers from 60 years to 30 years and introduced smaller industrial land parcels with shorter tenures (around 20 years) aimed at end-users/industrialists. The intention was to allow the government more flexibility around future land recycling needs, and to provide industrialists with more affordable land and space options. In March 2025, MTI announced that all new and ongoing IGLS sites will be launched with or amended to reflect an additional three-year lease tenure, inclusive of IGLS sites announced in the first half of 2025.

Periodically, JTC releases plots through a Concept-and-Price tender mechanism, which evaluates both the project concept and the submitted bid price for tender award. JTC also offers a wide array of fully prepared and serviced land, often within specialised parks (e.g., wafer fabrication, logistics) to meet the diverse needs of companies. These sites are supplied with basic infrastructure such as power, electricity and roads to help companies start construction and operations quickly. Industrialists can either apply to the JTC directly for a facility or site allocation or engage a third-party facility provider like a developer or REIT under the "Third-Party Build and Lease" (Third-Party B&L) or "Sale and Leaseback" (S&LB) schemes. Successful applicants are to adhere to JTC's land lease assignment and subletting policies during the entire land lease period.

Key JTC policies

Since 1 January 2013, third-party facility providers must pay an upfront land premium for JTC's leased sites with the option of paying land rental available to only buyers who are industrialists. Property funds like REITs are required to pay an upfront land premium for the balance lease term when acquiring industrial properties on JTC-leased sites.

In March 2025, JTC announced enhancements to the industrial land lease framework to provide companies with longer lease tenures and greater flexibility in lease renewals. With immediate effect, companies with new 20- or 30-year land leases on greenfield industrial sites were offered a three-year lease extension, with payable land rent or premium, covering the building and development period.

Eligible firms under JTC's new Flexible Lease Extension Initiative will have the option to extend their 20-year land leases by another 10 years through two five-year period of lease extension. To provide businesses with greater certainty, JTC brought forward the lease renewal application period before lease expiry from six years to 10 years. To promote value creation and productivity, JTC expanded its definition of plant and machinery (P&M) investments – a key criterion for lease renewal – to include auditable investments in innovation, R&D, digital transformation, and Intellectual Property creation.

Infrastructure developments (including highways/expressways and ring roads Initiatives)

To strengthen Singapore's maritime and air cargo hub status, the government is developing Tuas Mega Port, expanding the air cargo hub in Changi and undertaking works to improve Singapore's road network and rail connectivity. These projects will improve accessibility to major industrial estates and facilitate talent attraction and retention. An expanded and well-connected rail network could encourage more commuters to use public transport, thereby improving road traffic and in turn, transportation times for logistics service providers serving the various industrial areas.

Major infrastructure enhancement works in the West

The **Tuas Mega Port** development will strengthen Singapore's maritime hub status and generate new opportunities for logistics players in the West Planning Region. When fully completed in the 2040s, Tuas Mega Port will be the world's largest fully automated terminal with total capacity of 65 million twenty-foot equivalent units (TEUs), exceeding the current combined capacity of 50 million TEUs of the container port terminals at Tanjong Pagar, Keppel, Brani, and Pasir Panjang.

Figure 80: Plans for Tuas Mega Port



Source: The Straits Times (24 April 2017), JLL

The planned **reclamation of the Northern Tuas Basin** (announced in December 2023) will yield around 172 hectares (ha) of land for industrial use and improve road connections to Tuas South and the Tuas Mega Port. JTC awarded the reclamation project to Penta-Ocean Construction Co., Ltd in July 2025. Work is expected to complete by July 2030. This is part of ongoing plans to rejuvenate older parts of Jurong and Tuas Industrial Estates which were developed in the 1960s and 1970s.

To support the future industrial developments and port consolidation in Tuas, the Land Transport Authority (“LTA”) commenced **road improvement works** in the Tuas South and Pioneer areas in 2025. These enhancement works, which would be progressively completed by 2030, include the construction of Tuas Road Viaduct 2 (an extension of the existing Tuas Viaduct), and the widening of four major road stretches at Tuas South Avenue 3, Tuas South Boulevard, Pioneer Road and Tuas South Avenue 5.

Figure 81: Northern Tuas Basin Reclamation Area



Source: The Straits Times (25 December 2023)

Major infrastructure enhancement works in the East

Work on the Changi Terminal 5 broke ground in May 2025, a major milestone for the 1,080-ha **Changi East development project**. According to the Changi Airport Group, the expansion of Changi Airport’s cargo facilities will increase current cargo handling capabilities from 3.0 million tonnes per annum, to 5.4 million tonnes per annum. Singapore’s future air cargo hub will also be more connected and efficient with the utilisation of data and technology focusing on automation. The Changi East development project also includes the Changi East Industrial Zone which would support the growth of the air cargo industry and related logistics activities, and a mixed-use Changi East Urban District. The latter is envisioned to offer a vibrant “live-work-play” environment to draw businesses and talent to the area.

The government has also announced plans to progressively develop a **second Airport Logistics Park of Singapore (ALPS2)** – a Free Trade Zone – from the 2030s. The future ALPS2 will allow logistics service providers to handle time-sensitive goods for redistribution. It will also allow more logistics companies to set up operations, including regional distribution centres and freight forwarding activities, further boosting Changi’s regional air cargo hub status.

Meanwhile, **transport infrastructure enhancements** including the Loyang Viaduct, new cycling paths and upcoming Cross Island Line stations will improve connectivity, reduce travel times, and drive Changi's development and growth.

Other major road and rail infrastructure improvement works

Work on the 21.5 km **North-South Corridor (NSC)**, a multi-modal transportation corridor with an expressway and dedicated bus and cycling lanes starting in Admiralty Road West and ending in East Coast Parkway (ECP) near Republic Boulevard, commenced in 2018. Designed to strengthen connectivity between Singapore's northern region and the city centre, the NSC will alleviate congestion along the north-south transportation axis while supporting new developments along the corridor. LTA is targeting to open the viaduct portion from Admiralty Road West to Lentor Avenue in 2027, and the road tunnel from Lentor Avenue to ECP in 2029.

Meanwhile, upcoming **enhancements to the Mass Rapid Transit (MRT) network** include Stage 5 of the Thomson-East Coast Line (2026), extensions of the existing Circle Line (2026) and Downtown Line (2026-2035), as well as two new MRT lines, namely, the Jurong Region Line (2028-2029) and the Cross Island Line (2030-2032).

Additionally, the 4-km **Johor Bahru-Singapore Rapid Transit System (RTS) Link** will connect Bukit Chagar station in Johor Bahru, Malaysia and Woodlands North MRT station in Singapore, with a journey time of approximately five to six minutes. Expected to be operational by the end of 2026 or early 2027, this could attract more Malaysians to work in Singapore (including in the logistics industry).

Logistics market overview for Singapore (Islandwide)

Logistics real estate market landscape

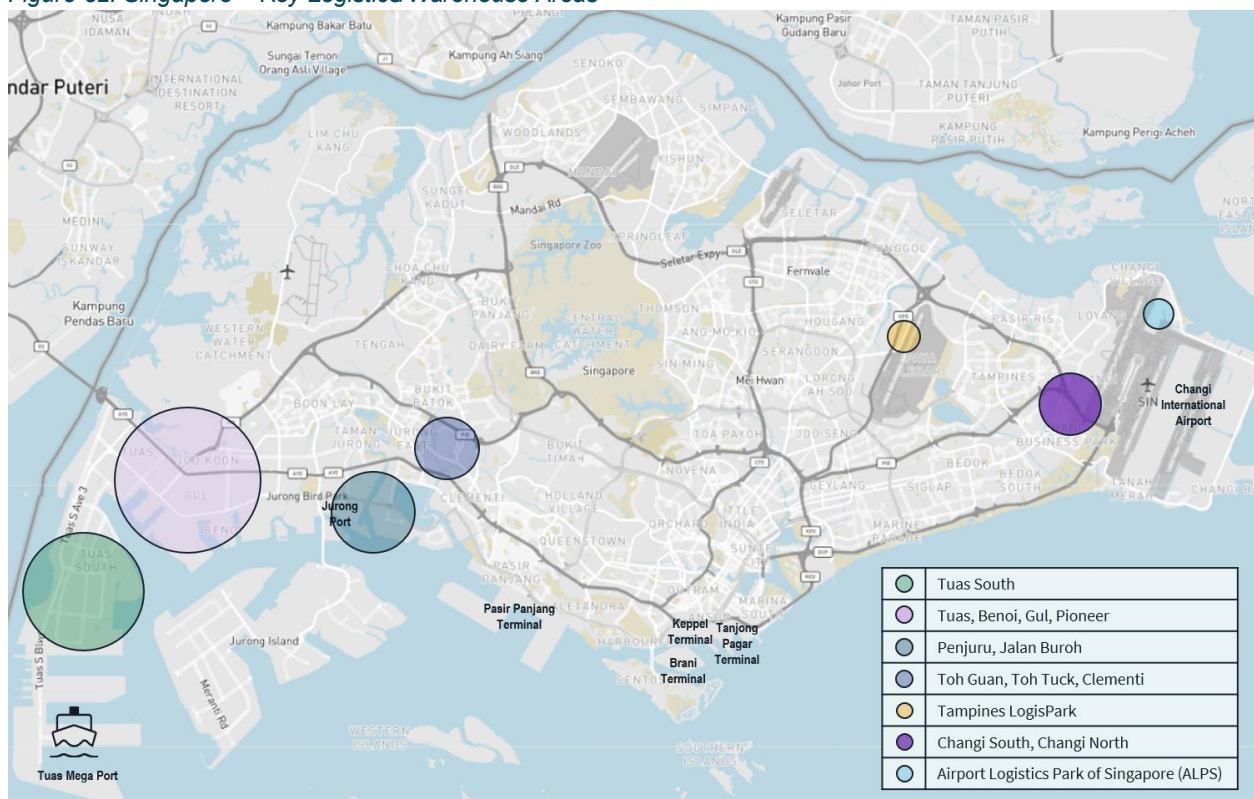
Singapore has two major clusters of logistics/warehouse space.

The West Planning Region, which has the largest concentration of industrial land, holds the majority 66.5% of the islandwide logistics/warehouse stock as of 4Q25. This includes three logistics parks established by JTC, namely, Toh Tuck LogisPark, Toh Guan LogisPark and Clementi West LogisPark. Logistics/warehouse space in the planning region caters to the needs of companies in the locality, which are mostly involved in heavier industrial activities such as chemicals, oil and gas, shipping, and pharmaceuticals, as well as logistics service providers (e.g. 3PLs) servicing these industries. As companies who utilise shipping routes prefer locations nearer to the seaport, the planned consolidation of the container port terminals at Tanjong Pagar, Keppel, Brani, and Pasir Panjang at the upcoming Tuas Mega Port triggered a wave of logistics/warehouse development activity in the West.

The second largest cluster is in the East Planning Region, which accounts for 15.2% of the islandwide logistics/warehouse stock as of 4Q25. This includes several logistics parks by JTC such as the Changi International LogisPark (North), Changi International LogisPark (South), ALPS and the Tampines LogisPark, with plans for ALPS2 from the 2030s. Companies utilising air routes (e.g. time critical goods, air freight) will prefer locations nearer the airport in the East, with logistics/warehouse space in the planning region catering to the storage and distribution needs of manufacturers/end-users and logistics service providers in the locality.

The rest of the logistics/warehouse stock are distributed across the Central (10.2%), North (5.0%) and North-East (3.1%) Planning Regions.

Figure 82: Singapore – Key Logistics/Warehouse Areas



Source: JLL, 4Q25

Major logistics facility providers and players

As of 4Q25, 95.3% of the islandwide warehouse stock is held by the private sector with the balance 4.7% held by the public sector (i.e. JTC). Key players in the private market include:

- **REITs** such as Mapletree Logistics Trust (MLT), CapitaLand Ascendas REIT (CLAR), AIMS APAC REIT, ESR-REIT and Alpha Integrated REIT (formerly known as Sabana Industrial REIT). Frasers Logistics and Commercial Trust (FLCT) made its maiden warehouse acquisition in 2024.
- **Major private developers and investors** such as ESR, Soilbuild Group Holdings, Boustead, CapitaLand Development Limited, Hillhouse Capital, EZA Hill, PGIM Real Estate and Brookfield Asset Management capitalised on opportunities.
- **Logistics service providers** – many have invested in their own purpose-built facilities since 2000 to upgrade and future proof their facilities, and to tap on future growth opportunities in the logistics industry. Some have incorporated an ASRS into their new facilities. They include DHL, Toll Group, CWT, Maersk (acquired LF Logistics in 2022), YCH Group, DSV (acquired DB Schenker in 2025), Bollore Logistics, Chasen Logistics, Commonwealth Kokubu Logistics and Tiong Nam Logistics.
- **Other end-users/industrialists** (e.g. NTUC Fairprice Co-operative Ltd, Sheng Siong and Nova Furnishing Holdings Pte. Ltd.) have also been actively upgrading or developing brand new purpose-built facilities to improve their warehouse operational efficiencies and to tap on future business growth opportunities (e.g. e-grocery).

Demand drivers (including structural trends) for logistics properties

Singapore is a thriving global logistics hub, handling a record 44.7 million TEUs in container throughput in 2025, up from 41.1 million TEUs in 2024.⁶² The city-state was named the world's leading container port in DNV-Menon's inaugural Leading Container Ports of the World report released in November 2025.

In 2025, total air cargo tonnage handled by Changi International Airport increased by 4.5% y-o-y to about 2.1 million tonnes. The Changi Airport Group attributed the growth seen across all cargo flows (i.e. exports, imports and transshipments) to the front-loading of activities in the first three quarters of 2025, and strong global semiconductor demand on the back of AI, electric vehicles and cleantech growth.⁶³

Looking ahead, government directives alongside the evolving needs of the manufacturing sector, supply chain reconfiguration and diversification trends, as well as the business growth plans of logistics service providers should continue to underpin the demand for logistics/warehouse space in Singapore.

Evolving needs of the manufacturing sector

Manufacturing remains a vital growth driver for Singapore's economy, with increasing emphasis in high value-added activities such as R&D, biomedical sciences, healthcare and advanced manufacturing.

Major logistics service providers continue to tap into opportunities arising from the rise in logistics/storage needs from these growth industries. For example, in April 2025, DHL opened a new 8,200 sqm Pharma Hub at 8 Jurong Pier which features specialised temperature zones for ambient (15°C to 25°C) and cold room (2°C to 8°C) storage. In June 2025, UPS Healthcare officially opened its new advanced logistics

⁶² Source: Maritime and Port Authority of Singapore

⁶³ Source: Changi Airport Group, "Changi Airport handled record traffic of close to 70 million passengers in 2025", 22 Jan 2026

APAC logistics market – Singapore

facility (spanning over 11,500 sqm) at 36 Tuas Road, doubling its healthcare footprint in the region. The warehouse is equipped with advanced automation, a built-in conveyor system, and temperature-controlled zones, including coolers and a -20°C walk-in freezer designed to handle sensitive healthcare products with care and reliability. It also offers specialised services, such as cold-chain packaging, labelling, and regulatory compliance support, ensuring a seamless supply chain for essential medicines and medical devices. In July 2025, DSV launched its new RedLion2 facility in Tampines LogisPark, which will focus on supporting key industries such as semiconductor and healthcare.

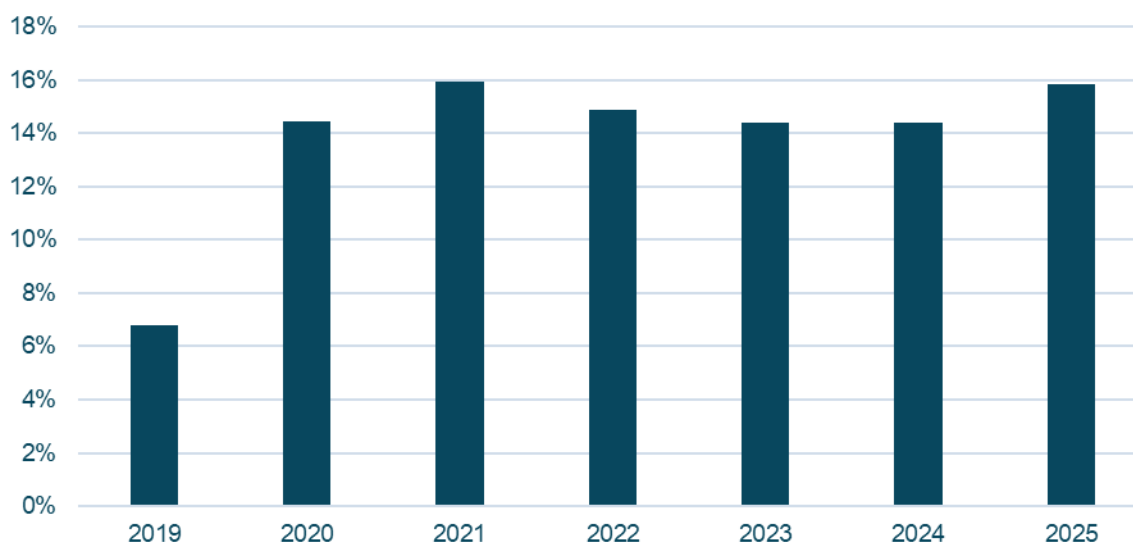
COVID-19 also highlighted the need for Singapore to enhance food security, translating into demand for cold storage/logistics space. For example, Commonwealth Kokubu Logistics' new cold chain food logistics facility at 8 Jalan Besut (expected to be fully completed in 2026) can store up to 80 million kilograms of food.

E-commerce growth

COVID-19 accelerated the growth of Singapore's e-commerce sector (especially in online shopping and food delivery) with Singstat data (from 2019) showing the average proportion of online retail sales (excluding motor vehicles) rose to a peak of 15.9% in 2021. This generated more demand for logistics/warehouse space. For example, RedMart (an online grocery platform), Shopee Express and J&T Express took up more logistics/warehouse space in 2020. Several players specialising in last-mile delivery (e.g. Ninja Van and J&T Express) also expanded their operations in 2021.

New logistics/warehouse space requirements stabilised by the end of 2022, as e-commerce growth rates moderated with the normalisation of daily activities and consumers' return to physical stores. While the average proportion of online retail sales eased to 14-15% in the 2022-2024 period, it remained significantly above 2019's average of 6.8%. This rose to 15.8% in 2025, indicating that e-commerce has become permanently embedded in Singapore's retail ecosystem, sustaining demand for logistics/warehouse space.

Figure 83: Singapore – Proportion of Online Retail Sales (excluding motor vehicles; annual averages)



Source: Singstat, JLL, 4Q25

Other structural trends

The drive towards digitalisation and innovation, including the adoption of advanced technologies and supply chain processes, has boosted demand for higher specification (e.g. higher floor-loading capacity, higher electrical loading, and fibre optic infrastructure) logistics/warehouse premises in Singapore.

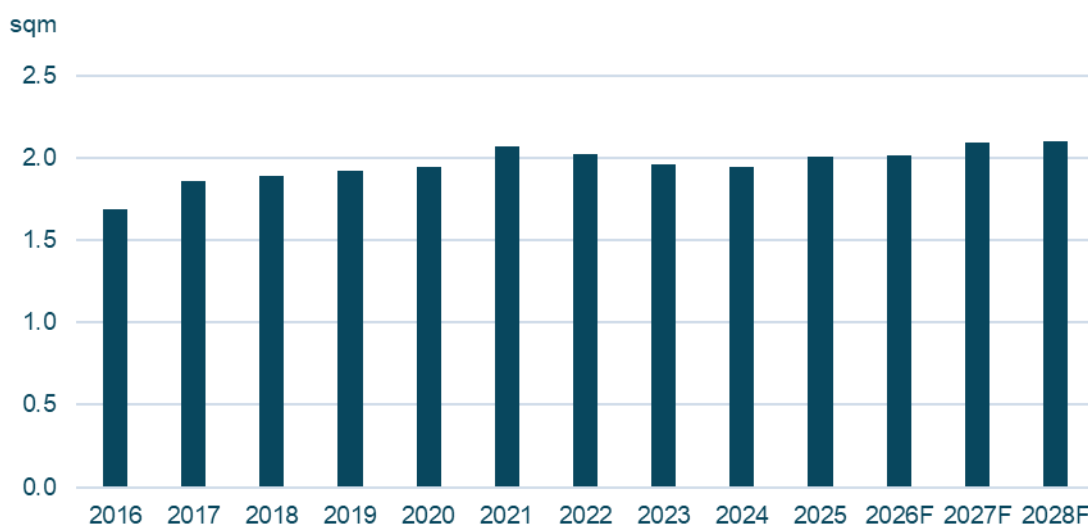
Singapore’s logistics/warehouse segment has also benefitted from supply chain reconfiguration and diversification trends. For instance, sparked by the global chip shortage during COVID-19 as well as heightened geopolitical and global supply chain disruption risks, Singapore saw an influx of semiconductor investments since 2021. Arising from this, major logistics service providers invested in new facilities (e.g. DSV’s RedLion2) to cater to the rise in storage and logistics service needs of the semiconductor industry.

Logistics property overview for Singapore (Islandwide)

Estimated logistics real estate per capita

The estimated islandwide logistics/warehouse space per capita stood at 2.0 sqm in 2025. This is expected to rise marginally to 2.1 sqm by 2027 and remain constant in 2028. Prime logistics/warehouse space per capita is much lower, estimated at 0.63 sqm as of 2025, and envisaged to increase slightly to 0.66 sqm by 2028. The low penetration rate of prime grade stock, especially for a major global trade and logistics hub like Singapore, indicates the potential to expand Singapore’s prime logistics/warehouse stock further to meet future economic needs.

Figure 84: Singapore – Islandwide Logistics/Warehouse Stock Per Capita (sqm)



Note: Estimated based on mid-year population estimates on NLA basis

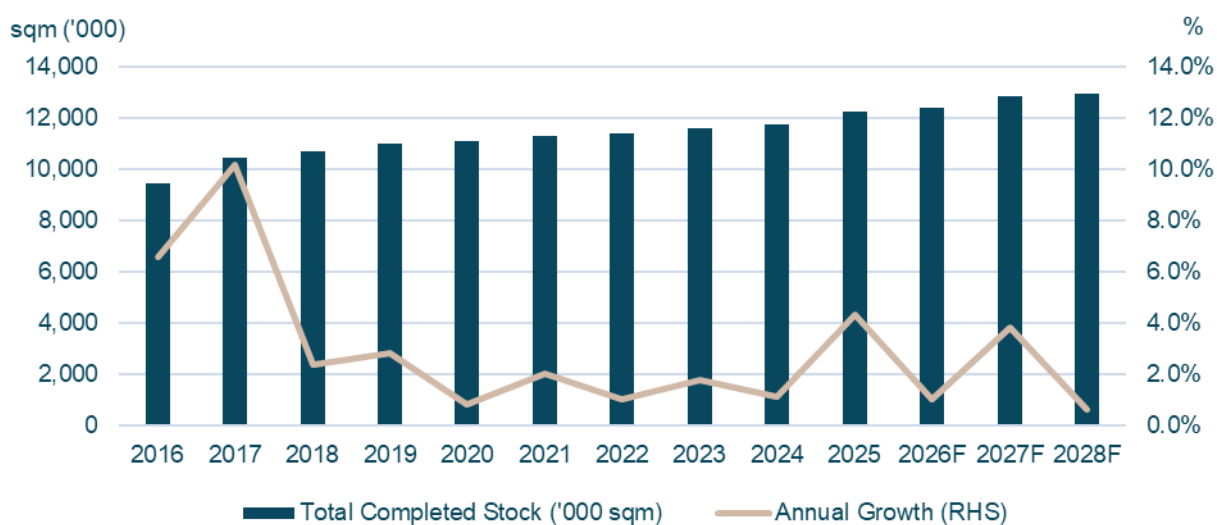
Source: JTC, Singstat, Oxford Economics, JLL

Market Size

As of 4Q25, Singapore has around 12.2 million sqm of completed logistics/warehouse space, of which an estimated c.31% are prime warehouse space.⁶⁴ From end-2015 to end-2025, the islandwide completed stock grew at a CAGR of 3.3%.

Assuming all projects in the supply pipeline materialises with no major stock withdrawals, the completed logistics/warehouse stock is projected to increase to around 12.9 million sqm by end-2028. This includes approximately 31-32% of prime logistics space.

Figure 85: Singapore – Islandwide Logistics/Warehouse Stock



Source: JTC, JLL, 4Q25

Supply and characteristics of warehouses

Most of Singapore’s logistics facilities provide standard ambient storage spaces suitable for general cargo and non-temperature sensitive goods. A growing segment includes air-conditioned-ready facilities (with infrastructure capacity – pre-installed electrical and mechanical systems) and fully air-conditioned warehouse spaces. There are also specialised/niche facilities offering cold storage premises (chiller, freezer, and ultra-low temperature storage) and dangerous goods/chemicals storage.

Alongside the growth of the logistics industry and more complex storage and distribution requirements from manufacturers (e.g. temperature-controlled facilities for pharmaceutical products), Singapore’s logistics/warehouse facilities evolved from the basic warehouse intended mainly for storage purposes, to larger complexes fitted with cargo-lifts and eventually more sophisticated ramp-up logistics/warehouse facilities with higher building specifications capable of accommodating automation/Industry 4.0 initiatives. Some complexes also feature an ASRS.

Since the 2000s, major logistics players have invested in customised facilities with higher building specifications and green sustainability features. Landlords such as MLT and CLAR have also embarked on asset enhancement plans to refresh their ageing logistics/warehouse stock, increasing the supply of quality space options for end-users and logistics service providers looking to lease premises, especially in western Singapore or near the Tuas Mega Port.

⁶⁴ These are facilities that meets JLL’s criteria including building age (<20 years), ramp-up access for 40-footer, as well as clear height and floor loading capacity requirements.

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Looking ahead, more stakeholders may incorporate ASRS and temperature-controlled spaces into their new facilities to tap on the logistics sector’s future growth potential (arising from increased sea and air cargo handling capabilities at the Tuas Mega Port and expanded Changi Airport), as well as increasing requirements for temperature-controlled storage. This will boost the demand and supply of higher specification logistics/warehouse premises.

Performance and outlook

Annual Net Additions and Potential Supply

A wave of new logistics/warehouse completions pushed total net additions to an eight-year high of c.507,000 sqm in 2025, exceeding the 10-year annual average net new supply of around 336,000 sqm. However, there is limited oversupply concerns as the bulk of the new supply in 2025 was from purpose-built developments intended for owner occupation including projects by 3PLs such as DSV, Tiong Nam Logistics, Chasen Logistics and Nippon Express. Moreover, the three new multi-tenanted facilities for lease completed in 2025, comprising Boustead’s new air-conditioned warehouse at 36 Tuas Road, Mapletree Joo Koon Logistics Hub (redevelopment of 5A Joo Koon Circle) and CLAR’s redeveloped facility at 5 Toh Guan Road East, were more than 50% leased as of end-2025.

Looking ahead, an estimated 718,000 sqm (net floor area) of new logistics/warehouse space is expected to be completed from 2026 to 2028. This is based on known projects published by JTC and JLL’s research as of end-2025. Oversupply risk should remain low as the majority (c.84%) of the total upcoming supply are expected to be single-user premises for owner-occupation, with the balance (c.16%) from multiple-user premises meant for lease.

Net additions are projected to fall y-o-y in 2026, alongside fewer new completions (c.137,000 sqm), and rise in 2027 when new supply surged to 486,000 sqm. All and c.95% of the new supply in 2026 and 2027, respectively, are expected to be from single-user facilities. However, all the upcoming supply in 2028 (c.94,000 sqm) are expected to be from multiple-user facilities. Overall, this would translate to an average net addition of c.229,000 sqm per year from 2026 to 2028, which is lower than the average of c.280,000 sqm in the preceding three years from 2023 to 2025.

Figure 86: Singapore – Major logistics/warehouse developments (2026 to 2028)*

| Estimated Completion Year | Development Name | Address | Estimated NFA (sqm) | Developer |
|---------------------------|--|------------------------------|---------------------|---|
| 2026 | Warehouse development (Phase 2) | 8 Jalan Besut | 9,460 | Commonwealth Kajima Development (Logistics) Pte. Ltd. |
| 2026 | Warehouse development | Woodlands Industrial Park E7 | 15,310 | Zap Piling Pte Ltd |
| 2026 | Additions/alterations to existing industrial development | 1 Banyan Place | 30,060 | Katoen Natie Singapore (Jurong) Pte Ltd |
| 2026 | Additions/alterations to existing warehouse | 2 Changi South Avenue 2 | 7,140 | Yusen Logistics (Singapore) Pte Ltd |
| 2026 | Warehouse development | Tampines North Drive 5 | 20,090 | Gain City Best Electric Pte Ltd |
| 2026 | Cogent Jurong Island Logistics Hub (New extension) | 15 Tembusu Crescent | 50,000 | Cogent Jurong Island Pte Ltd |

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| | | | | |
|------|--|--------------------------|---------|---|
| 2027 | PSA Supply Chain Hub @ Tuas | Tuas South Avenue 5 | 188,800 | PSA Corporation Limited |
| 2027 | Single-user industrial development (warehouse component) | 34 Jurong Port Road | 7,430 | The Prima Ltd |
| 2027 | Redevelopment of KWE Warehouse | 20 Changi South Avenue 2 | 22,960 | Kinetsu World Express (S) Pte Ltd |
| 2027 | Sunview Logistics & Container Hub | Sunview Road | 114,610 | Allied Sunview Pte Ltd |
| 2027 | Warehouse development | 19 Bukit Batok Street 22 | 8,910 | Progressive Builders Pte Ltd |
| 2027 | Warehouse development | Loyang Way | 20,140 | Singapore Aero Engine Services Pte Ltd |
| 2027 | Additions/alterations to existing industrial development | 121 Neythal Road | 9,570 | Lian Seng Hin Trading Co. Pte. Ltd. |
| 2027 | Warehouse development | Pioneer Turn | 44,380 | Pioneer Turn Logistics Pte Ltd |
| 2027 | Eng Kong's Mega Depot | 30 Tuas South Avenue 10 | 58,220 | Eng Kong Logistics Hub Pte Ltd |
| 2028 | Redevelopment of Logis Hub @ Clementi | 2 Clementi Loop | 47,060 | CapitaLand Ascendas REIT Management Limited |
| 2028 | Redevelopment of 2 Fishery Port Road | 2 Fishery Port Road | 47,360 | ESR-REIT |

*Estimated NFA of at least 7,000 sqm

Source: JTC, JLL, 4Q25

Demand vs Supply

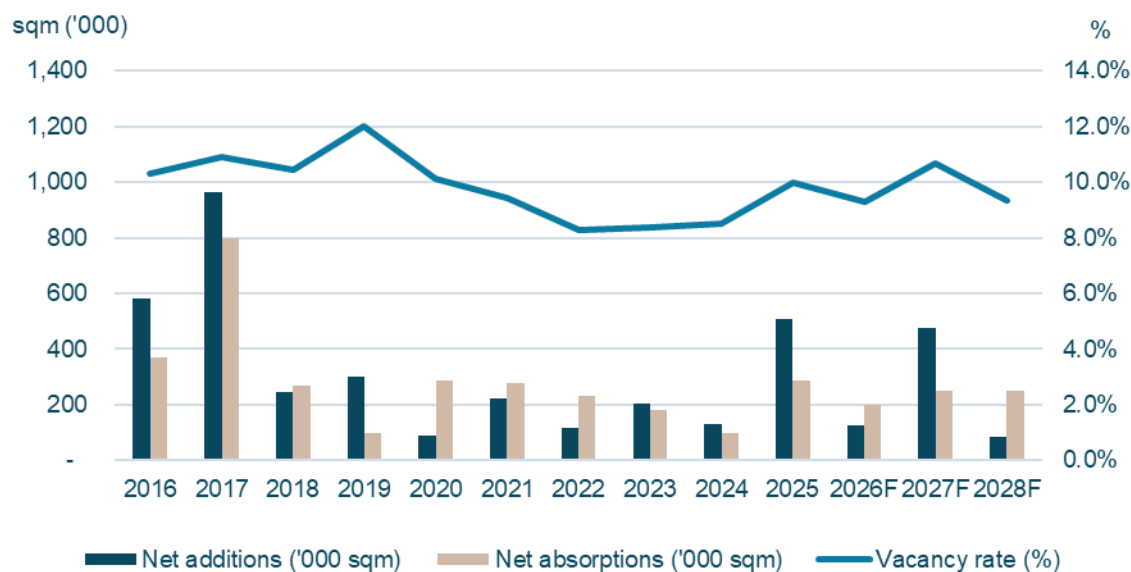
Global uncertainties including the imposition of the US tariffs in April 2025 weighed on new space requirements in the first half of 2025. Although there were more enquires in the second half of 2025, from 3PLs and end-users seeking both ambient and temperature-controlled space (for food and wine storage), occupiers remained largely cost conscious, keeping new demand measured.

Notwithstanding, net absorption remained expansionary in 2025 and rose y-o-y. Several 3PLs unveiled new facility openings in 2025. For example, DP World opened its maiden facility (c.13,000 sqm) at Mapletree Benoi Logistics Hub, DHL opened a new 8,200-sqm Pharma Hub at 8 Jurong Pier and UPS Healthcare officially opened its new advanced logistics facility (over 11,500 sqm) at 36 Tuas Road. 3PLs such as DSV and Nippon Express also launched their newly completed purpose-built facilities during the year. However, as net absorption lagged net space additions, the islandwide vacancy rate rose from 8.5% in 2024 to 10.0% in 2025.

Net absorption is expected to stay expansionary from 2026 to 2028 as the projected economic and manufacturing sector growth into 2028 could generate new storage requirements and underpin demand for logistics/warehouse space. As the projected average annual net absorption at c.233,000 sqm surpassed the average net addition of c.229,000 sqm in 2026-2028, a tighter vacancy rate of 9.3% is envisaged by end-2028.

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Figure 87: Singapore – Islandwide Logistics/Warehouse Net Addition, Net Absorption & Vacancy Rates (NLA)



Note: Estimates based on NLA basis

Source: JTC, JLL, 4Q25

Investors and investment trends, and major selected transactions

The logistics/warehouse segment has seen strong interest from investors including investment funds and REITs in the past five years. This was underpinned by the sector's resilience during the COVID-19 pandemic, future demand and rental growth prospects, as well as Singapore's safe investment status.

In 2025, capital recycling and portfolio rebalancing activity by REITs as well as foreign capital demand fuelled several industrial portfolio transactions, which included logistics/warehouse assets, during the final quarter. This led to a surge in sales of logistics/warehouse assets in 4Q25, after staying subdued in the first three quarters of the year.

Specifically, in October 2025, CLAR bought 2PS1, a ramp-up logistics/warehouse facility at 2 Pioneer Sector 1 with 21 years left on the land lease, from Vita Partners (SGD 175.95 million). This is part of a portfolio of three industrial assets divested by Vita Partners.

Separately in December 2025, Brookfield Asset Management added another eight industrial properties to its Singapore portfolio. All eight properties were acquired from ESR-REIT, including two logistics/warehouse facilities at 46A Tanjong Penjuru (SGD 113.5 million) and 24 Jurong Port Road (SGD 68.0 million). In the same month, CLAR sold a portfolio of four assets to Partners Group, EZA Hill and JD Property, which included three logistics/warehouse facilities with an aggregated value of SGD 276 million at 9 Changi South Street 3, 10 Toh Guan Road and 19 & 21 Pandan Road (Senkee Logistics Hub).

Looking ahead, investors are expected to remain keen on good quality logistics/warehouse assets due to their positive yield spreads over borrowing costs and rental growth prospects.

APAC logistics market – Singapore

Figure 88: Major* logistics/warehouse deals in Singapore (2021 to 2025)

| Year | Building Name / Address | Price (SGD million) | Approx. GFA (sqm) | Price (SGD per sq. ft.) | Seller | Buyer | Land Tenure |
|------|--|---------------------|-------------------|-------------------------|---|---|------------------------------|
| 2021 | Global Trade Logistics Centre (46A Tanjong Penjuru) | \$112.0 | 48,652 | \$2,302 | Montview Investments | ESR-REIT | 30+14 Yrs From 01/05/2006 |
| 2022 | 1 Buroh Lane (100.0% interest in A3 SG ETA PTE.LTD.) | \$191.9 | 59,971 | \$3,200 | A3 Lux Alpha S.a.r.l (PGIM Real Estate) | CapitaLand Ascendas REIT | 30 Yrs From 21/02/2013 |
| 2022 | Enterprise Logistics Centre (2 Tuas View Place) | \$120.6 | N.A. | N.A. | Far East Organization | A Singapore unit of Hong Kong-based Intex Development Company | 60 Yrs From 20/11/1995 |
| 2023 | <u>ESR-LOGOS REIT's portfolio of five warehouses</u> | | | | | | |
| | • 3 Pioneer Sector 3 | \$95.0 | 66,566 | \$1,427 | ESR-LOGOS REIT | Hillhouse Capital & JD Property | 30+30 Yrs From 16/12/1990 |
| | • 4 & 6 Clementi Loop | \$37.6 | 27,956 | \$1,346 | ESR-LOGOS REIT | Hillhouse Capital & JD Property | 30+30 Yrs From 01/10/1993 |
| | • 6 Chin Bee Avenue | \$93.0 | 30,116 | \$3,088 | ESR-LOGOS REIT | Hillhouse Capital & JD Property | 27.73+30 Yrs From 22/01/1986 |
| | • 21 Changi North Way | \$30.1 | 18,301 | \$1,646 | ESR-LOGOS REIT | Hillhouse Capital & JD Property | 30 Yrs From 01/06/2010 |
| | • 30 Toh Guan Road | \$57.8 | 30,844 | \$1,873 | ESR-LOGOS REIT | Hillhouse Capital & JD Property | 30+30 Yrs From 16/08/1995 |
| 2023 | 9 Pioneer View | \$58.5 | N.A. | N.A. | N.A. | N.A. | 30 Yrs From 01/06/2016 |
| 2024 | Kian Ann Building (7 Changi South Lane) | \$63.0 | N.A. | N.A. | N.A. | N.A. | 30+30 Yrs From 16/05/1997 |
| 2024 | 2 Tuas South Link 1 | \$140.3 | 65,350 | \$2,146 | Diamond Land Pte. Ltd. (ESR) | Frasers Logistics & Commercial Trust (FLCT) | 30 Yrs From 03/08/2016 |
| 2024 | 71 Tuas South Avenue 1 | \$58.0 | N.A. | N.A. | N.A. | N.A. | 30+30 Yrs From 01/06/1997 |

APAC logistics market – Singapore

| Year | Building Name / Address | Price (SGD million) | Approx. GFA (sqm) | Price (SGD per sq. ft.) | Seller | Buyer | Land Tenure |
|------|---|---------------------|-------------------|-------------------------|---------------------------------|--|---------------------------------|
| 2025 | 2PS1# (2 Pioneer Sector 1) | \$176.0 | N.A. | N.A. | Supreme REIT (Vita Partners) | CapitaLand Ascendas REIT | 30 Yrs From 01/10/2016 |
| 2025 | 46A Tanjong Penjuru## | \$113.5 | 48,652 | \$2,333 | ESR-REIT | Brookfield Asset Management | 30+14 Yrs From 01/05/2006 |
| | 24 Jurong Port Road### | \$68.0 | 75,904 | \$2,247 | ESR-REIT | Brookfield Asset Management | 12 Yrs From 01/03/2025 |
| 2025 | 9 Changi South Street 3#### | \$51.5 | 28,648 | \$1,798 | CapitaLand Ascendas REIT | Partners Group, EZA Hill & JD Property | 30 Yrs From 01/05/2025 |
| | The Furniture Mall#### (10 Toh Guan Road) | \$84.5 | 52,147 | \$1,620 | CapitaLand Ascendas REIT | Partners Group, EZA Hill & JD Property | 30 Yrs From 16/10/2025 |
| | Senkee Logistics Hub#### (19 & 21 Pandan Avenue) | \$140.0 | 87,842 | \$1,594 | CapitaLand Ascendas REIT | Partners Group, EZA Hill & JD Property | 30+15 Yrs from 01/02/2004 |

*Sales price of SGD 50 million and above **N.A. denotes "Not Available"

#Part of a portfolio of three industrial assets divested by Vita Partners.

##Part of a portfolio of eight industrial assets divested by ESR-REIT.

####Part of a portfolio of four industrial assets divested by CLAR.

Source: REALIS, JLL, 4Q25

Historical and forecast data for key logistics market indicators

Rents

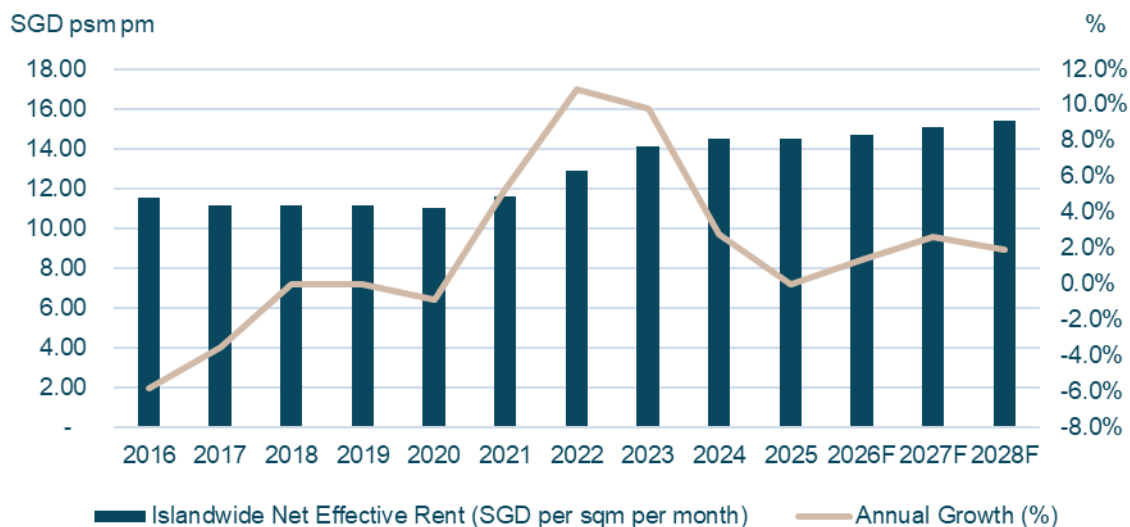
The islandwide logistics/warehouse net effective rent rose at a CAGR of 1.7% from end-2015 to end-2025. Notwithstanding the higher vacancy, rents stayed resilient in 2025 and held steady at SGD 14.52 per sqm per month, underpinned by the relatively limited stock of quality space for lease and landlords' flexibility during lease negotiations.

Rental growth could resume an uptrend in 2026, albeit modestly, as occupiers are likely to remain cost conscious amid the ongoing global economic and geopolitical headwinds. Still-high operating costs and potential lease expiries from logistics service providers consolidating their operations at new purpose-built facilities, could also limit the rental growth upside.

Barring unforeseen external shocks, rents could stay on a growth trajectory in 2027 and 2028, underpinned by the projected domestic economic and manufacturing output growth, and relatively tight vacancy.

APAC logistics market – Singapore

Figure 89: Singapore – Islandwide Monthly Net Effective Logistics/Warehouse Rent (NLA)



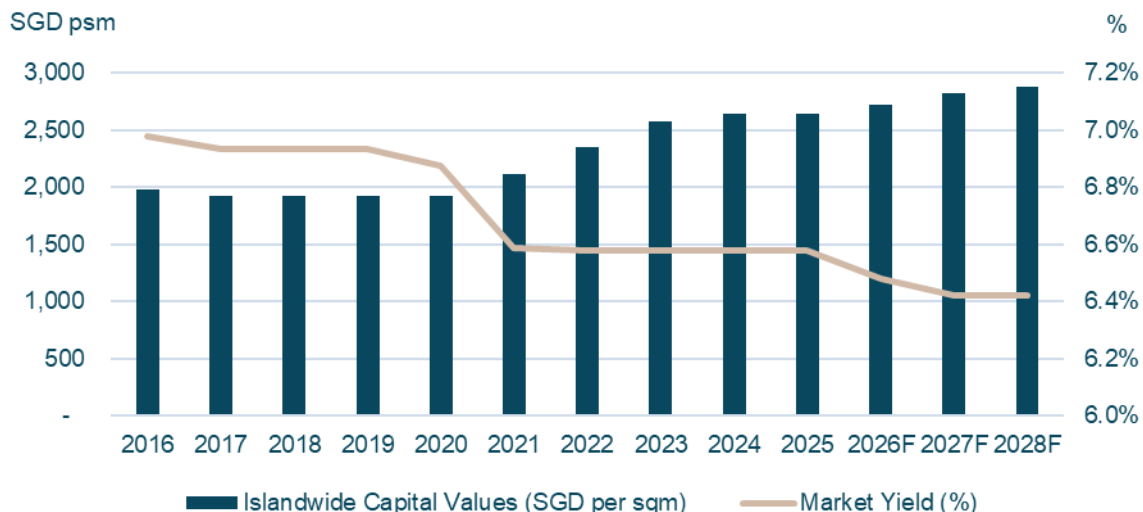
Source: JLL, 4Q25

Market Yield

The islandwide average capital value for logistics/warehouse premises grew at a CAGR of 2.4% from end-2015 to end-2025. Against a backdrop of healthy investor demand and underpinned by steady rents, capital values and yields moved sideways in 2025.

Given the abundance of capital chasing industrial properties, including good quality logistics/warehouse assets, and foreseen low-interest rate setting, capital value growth could outpace rental growth by end-2026, tightening yields. Yield compression could extend into 2027, albeit more moderately. Yields could hold steady by 2028 on expected higher interest rates, with capital value growth tracking rental growth.

Figure 90: Singapore – Islandwide Logistics/Warehouse Capital Values & Market Yields (NLA)



*60-year leasehold basis

Source: JLL, 4Q25

8. Overview of Greater Seoul’s Logistics Market

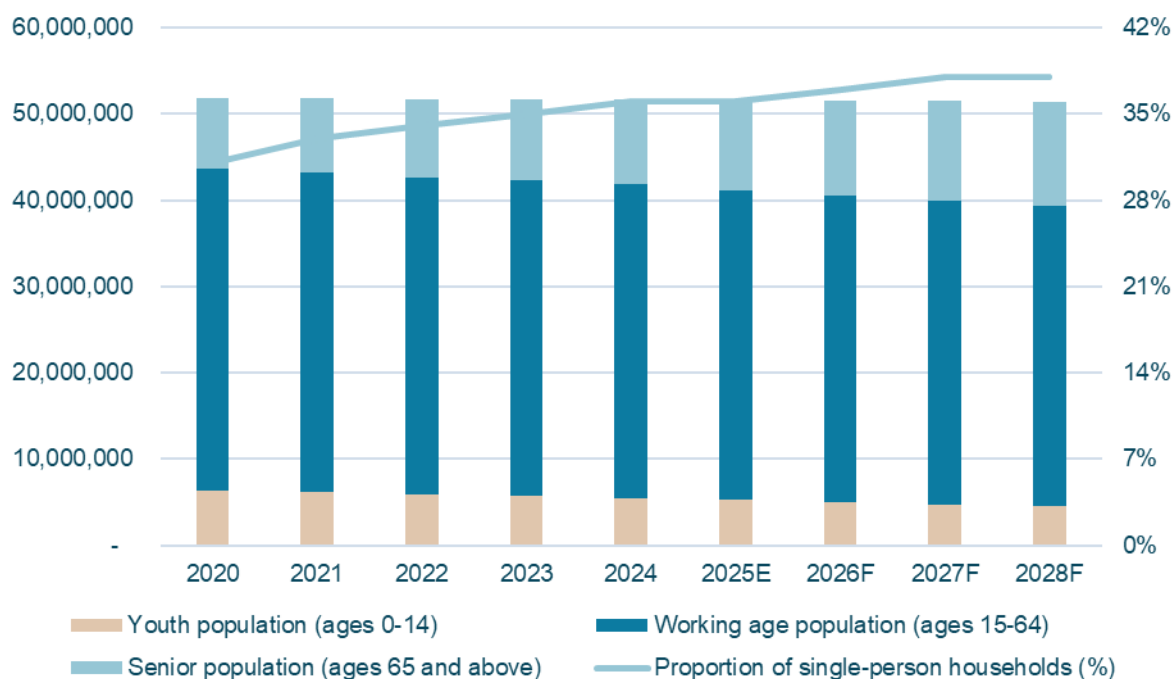
Macroeconomic overview

Country overview

In 2025, South Korea's population peaked at 51.7 million and began a gradual decline. In the meantime, the senior population (aged 65 and over) reached 10.5 million or 20.3% of the total population in the same year. This growing number of seniors, coupled with low birth rates, is accelerating the aging of the nation.

These demographic shifts, along with social trends like later marriages and an increase in unmarried individuals, are fuelling a steady rise in single-person households. Single-person households made up 36.4% of total households in 2025 and is forecasted to exceed 40% by 2037. This trend is expected to reshape consumption patterns and lifestyles across the country.

Figure 91: South Korea – Demographic Profile

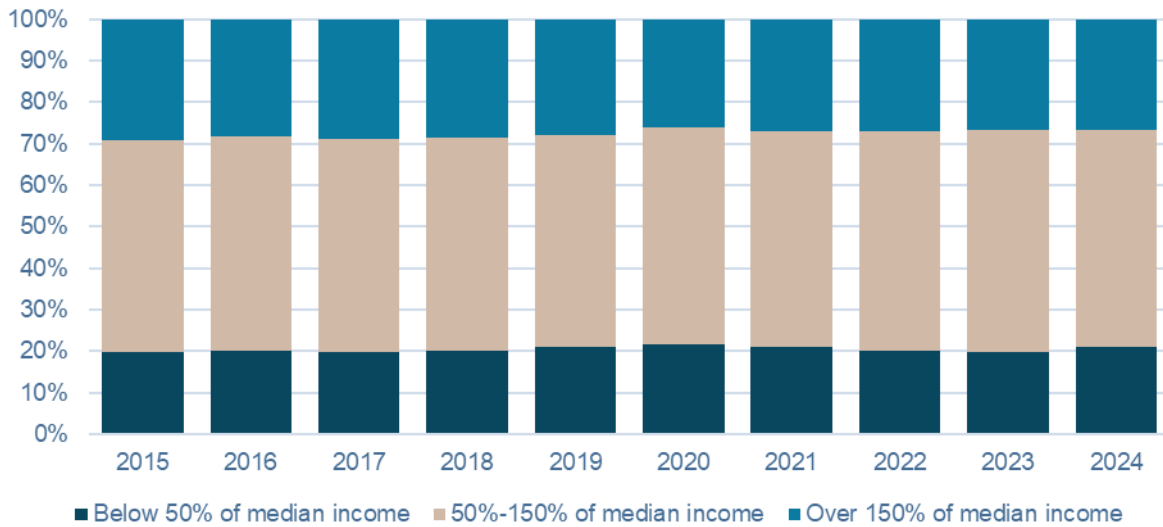


Source: KOSIS, March 2026

The proportion of the middle-class population with income levels between 50% and 150% of the median income was logged at 52.3% as of 2024. While this proportion has consistently maintained levels in the early 50% range without significant fluctuations, the absolute number of the middle-class population is projected to decline going forward, due to anticipated declines in both the overall population and the working age population.

APAC logistics market – Greater Seoul

Figure 92: South Korea – Middle Class Population Breakdown



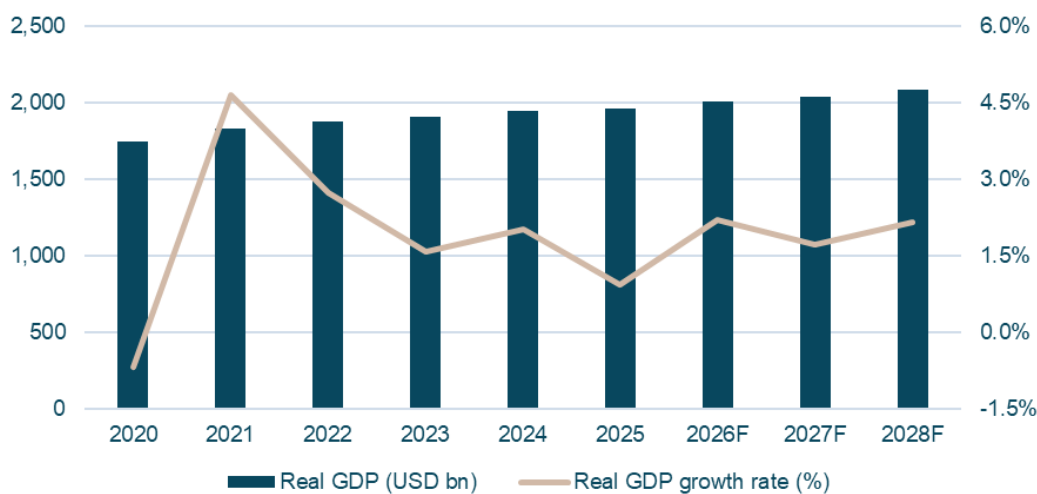
Source: KOSIS, March 2026

Economic overview

As of 2025, South Korea's real GDP was USD 1,960 billion. Real GDP per capita was approximately USD 37,500. Real GDP growth for 2025 was 1.0%, indicating a significant slowdown amid weak construction and equipment investment along with downturn of domestic consumption. Nevertheless, the Bank of Korea raised its 2026 GDP growth forecast by 0.2 percentage points to 2.0% as of February 2026, driven by strong semiconductor sector performance and recovery of domestic demand since 2H25.

South Korea's exports achieved a record high in 2025, with annual shipment exceeding USD 700 billion. Semiconductor exports thrived amid surging AI data centre demand and rising memory prices. Despite reduced automotive exports to the US due to tariff pressures, strong performance in the European market offset these losses. A weak Korean Won also enhanced the price competitiveness of the nation's products throughout the year. Yet, concerns remain as the US maintains its stringent protectionist trade approach, with ongoing tariff threats creating persistent uncertainty about export performance.

Figure 93: South Korea – Real GDP Growth

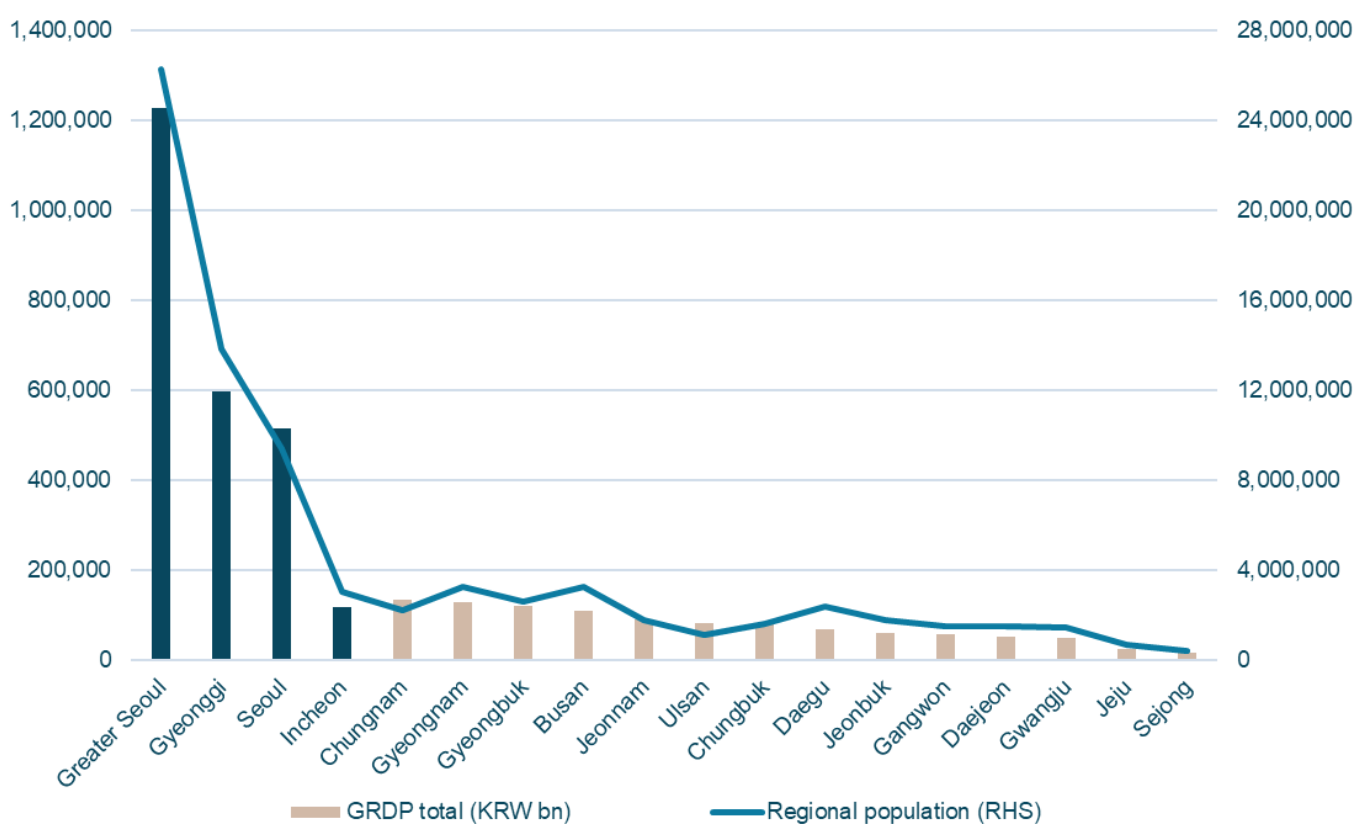


Source: Oxford Economics, March 2026

The employment market conditions remained challenging in 2025. The number of employed people (aged 15 and above) reached approximately 28.8 million, an increase of 193,000 persons compared to the previous year. While the overall unemployment rate remained flat y-o-y at 2.8%, unemployment rate for young people (aged 15-29) rose 0.2% y-o-y to 6.1%, indicating a tighter job market for younger workers.

South Korea’s regional economy is largely centralised around the Greater Seoul, which includes Seoul, Gyeonggi and Incheon. Approximately 53.6% of the country’s GDP and 50.8% of the registered population was concentrated in the Greater Seoul area as of 2024. Despite the government’s efforts of implementing various policies for balanced regional growth, centralisation in Greater Seoul is likely to persist as various employment opportunities and infrastructure continue to remain concentrated in the area.

Figure 94: South Korea – Gross Regional Domestic Product (GRDP) and Population



Source: KOSIS as of 2024; Greater Seoul includes Gyeonggi, Seoul and Incheon

Government planning and policies/structural changes to logistics market

As the e-commerce market is increasingly dominated by a few players, the government is proposing various legislative measures to address this concern.

Reform of the Distribution Industry Development Act: Under the current law, hypermarkets and large supermarkets are prohibited from operating between midnight and 10:00 AM and must close two days each month. These rules, originally meant to protect smaller traditional markets, prevent these large retailers from offering early morning delivery for online orders.

The proposed reform would exempt e-commerce activities, such as orders placed through a company's website or app, from these operating hour restrictions. This would allow hypermarkets to introduce their

own early morning delivery services, enabling them to compete more effectively with dominant online platforms.

Restrictions on logistics development in Gyeonggi Province: Gyeonggi Province first issued development guidelines for logistics centres to its 31 municipalities. Subsequently, in October 2025, the Gyeonggi Province Assembly passed a new ordinance that, while slightly less stringent than the initial guidelines, still imposes considerable restrictions.

Key criteria of the new ordinance include:

- A minimum separation of 400 meters from the property line of quiet zones including residential areas.
- Direct connection to a road that is at least 12 meters wide.

These new requirements will make it extremely difficult to secure suitable land for new logistics projects within Gyeonggi Province. The rule requiring a direct connection to a 12-meter-wide road, in particular, is expected to drive up land acquisition costs and extend construction timelines. Consequently, the future supply of new logistics centres in the province will be significantly constrained. This will likely stabilise the market and increase the value and competitiveness of existing facilities.

Infrastructure developments (including highways/expressways and ring roads initiatives)

A well-developed road infrastructure connects ports, airports and key distribution facilities to the densely populated Greater Seoul. South Korea has a notably high reliance of road transport in domestic freight volume, which accounts for approximately 92% of total volume.⁶⁵ The country's main transportation backbone is the Gyeongbu Expressway connecting Seoul and Busan. This main artery, supported by a complex web of highways and ring roads, facilitates freight movement around Greater Seoul.

Greater Seoul is encircled by two major highways: the Capital Region 1st and 2nd Ring Expressways. The 2nd Ring Expressway, which forms a wider outer loop around the region, is nearing completion. Although two sections are still under construction, the finished portions are already open to traffic. Once fully operational, this expressway will significantly improve transportation throughout the Greater Seoul area.

⁶⁵ Source: KOSIS, as of 2022.

demand with China and Southeast Asia becomes more buoyant, logistics activities in the region continue to expand, especially in Incheon coastal region.

The South is connected by the Gyeongbu Expressway, which is a key route in the traditional logistics network that runs from Seoul to Busan. As the region includes Pyeongtaek Port, which handles large quantities of Chinese products, it drives demand from cross-border e-commerce players, establishing the precinct as a global logistics centre. The port also drives demand from nearby manufacturing clusters, including semiconductors, industrial plant and automotive production.

The South-east serves as South Korea's traditional logistics hub, connected by key expressways such as Gyeongbu, Jungbu, and Yeongdong Expressways. Backed by these transportation advantages, many 3PL players use this region as their strategic distribution base to reduce transportation costs and offer rapid delivery services. E-commerce tenant activity remains strong as demand for fulfilment centres has gained momentum alongside the e-commerce boom. Being largely greenfield development, logistics facilities in the South-east often utilise the topography of the land and use natural slopes to access different floors, thereby increasing operational efficiency.

The Central is close to Seoul, with high population density making it difficult to supply new developments. Due to the scarcity of developable land, the region has been the sole sub-market to maintain tight vacancy rates and minimal rent variation and is expected to see a limited supply pipeline going forward.

The North demonstrates rental variation across different cities depending on their distance from Seoul, with Goyang and Namyangju showing higher rents due to their positions as last-mile distribution centres. Recent developments in more remote areas such as Pocheon and Gapyeong have created downward pressure on rents, adjusting rent levels throughout the region. As the region faces greenbelt restrictions, new development projects are constrained.

Demand drivers for logistics properties

E-commerce and 3PL

The largest demand drivers in South Korea's logistics market are e-commerce and 3PL players. The e-commerce market is now maturing after experiencing explosive growth during the pandemic, as online shopping has integrated into daily life. Although online shopping transactions in South Korea continue to show positive growth, y-o-y growth has moderated to single digits since 2024. Nevertheless, shrinking household size, which resulted in a higher number of delivery services, continues to boost the e-commerce industry.

The domestic e-commerce market is dominated by a few major players such as Coupang, Naver, 11Street, and LotteOn. Coupang is the clear market leader with estimated gross merchandise volume in 2024 surpassing KRW 55 trillion, accounting for approximately 22.7% of domestic online retail sales volume in 2023.⁶⁶ The company has also diversified into luxury goods through Rocket Luxury, a dedicated platform for high-end brands that offers premium packaging services to their subscribers, expanding beyond general merchandise.

Competitors are also actively strengthening their market positions. Kurly, the pioneer of dawn e-grocery delivery, has launched Beauty Kurly to enter the high-end online beauty market. The company has also expanded into luxury goods through a partnership with the high-end products platform 'Reebonz'. In addition, the company has established Kurly N Mart, an external storefront on Naver's platform. Through

⁶⁶ Source: KOSIS, Wiseapp Retail.

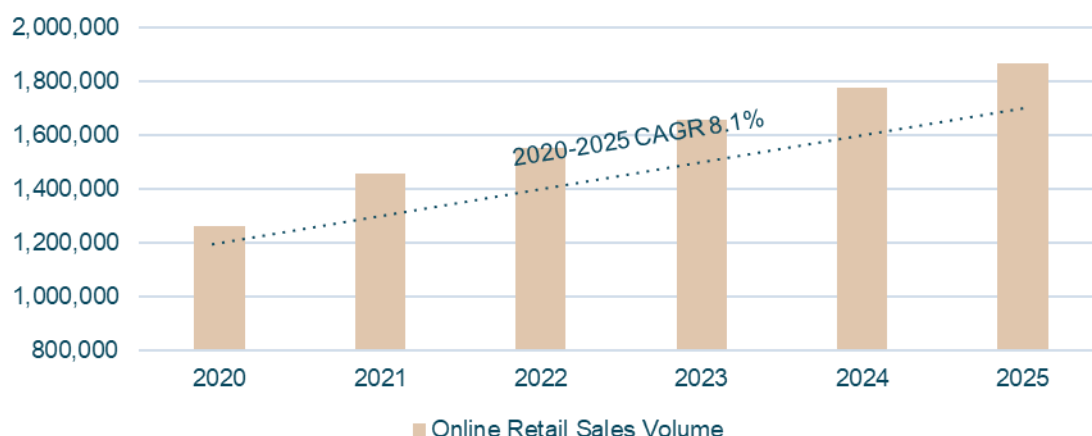
APAC logistics market – Greater Seoul

these strategic partnerships, Kurly's logistics affiliate, Kurly Nextmile, has joined Naver's fulfilment alliance to enhance dawn delivery capabilities. Kurly is expected to revisit its plan for an initial public offering (IPO) after achieving its first quarterly net profit in 3Q25.⁶⁷

As e-commerce companies enhance their competitiveness, 3PL providers are also gaining market influence while they prioritise seamless logistics services. With fast delivery upon order being crucial for e-commerce success, fulfilment service providers offering more comprehensive logistics solutions are also experiencing rapid growth, alongside traditional 3PL players.

Growth of e-commerce and 3PLs growth

Figure 97: South Korea – Annual Online Retail Sales Volume (unit: KRW 100 million)



Source: KOSIS, 1Q26

South Korea's e-commerce market, after experiencing accelerated growth during COVID-19, is now transitioning into maturity. During the rapid expansion phase, e-commerce players aggressively competed for market share. However, they have shifted focus towards maintaining stability while strengthening their positions through strategic partnerships and acquisitions. For instance, Shinsegae's subsidiary, G Market, established a joint venture with AliExpress in 2025.

As customer expectations have evolved beyond simply fast delivery, major e-commerce players have launched their own fulfilment services. Coupang operates Rocket Growth, which provides comprehensive services from inventory storage to customer service management. Naver runs the Naver Fulfilment Alliance, partnering with established 3PL companies such as CJ Logistics and Fassto.

This shift has significantly boosted logistics demand. By 2024, annual parcel deliveries per person reached approximately 116 times, more than double the pre-pandemic figure of 54 times in 2019. Delivery volumes maintained double-digit y-o-y growth since 2022.⁶⁸ Responding to this surge, major 3PL players including CJ Logistics, Lotte Global Logis and LX Pantos are expanding their operations.

The continued investment by e-commerce companies in providing fulfilment services, combined with growing demand for large-scale logistics centres near Seoul to handle diverse small orders frequently, ensures sustained demand for 3PL services and logistics facilities.

⁶⁷ Source: company information on Kurly.

⁶⁸ Source: National Logistics Information Centre.

Structural trends on logistics market

Distribution/Retail

Amid subdued domestic consumption indicators, offline retailers with ultra-low-price strategies have achieved robust market growth.

Daiso, a budget lifestyle retailer, serves as a notable example. This company demonstrates remarkable resilience with annual sales reaching nearly KRW 4.0 trillion in 2024 despite maintaining all their product prices under KRW 5,000.⁶⁹ To support its expanding offline and online operations, Daiso has accelerated logistics centre development, constructing large-scale regional hub centres at strategic nationwide locations. Similarly, E-Mart is strengthening price competitiveness through 'Wow Shop', offering daily necessities below set price points.

The industry's focus on rapid delivery services is driving demand for technologically advanced logistics centres. Distribution companies seek facilities with automated systems, sophisticated inventory management, and enhanced operational efficiency to meet accelerated delivery expectations.

Given the retail sector's need for comprehensive product ranges, nationwide networks, and large-scale sourcing capabilities, demand for supporting logistics facilities is expected to continue growing.

Fashion

Stagnant domestic demand is also reshaping the fashion industry. As consumer demand shifts toward SPA (Specialty retailer of Private label Apparel) brands and fashion shopping platforms offering reasonable prices with coupon benefits amid high inflation, corresponding logistics transformation demands are emerging.

With intensifying e-commerce delivery competition, fashion shopping platforms such as Aibly and Zigzag are expanding rapid delivery services. To enhance competitiveness, these companies are investing in logistics infrastructure, including comprehensive fulfilment services and automation technologies.

Musinsa exemplifies this trend through its logistics subsidiary, Musinsa Logistics, which is collaborating with France-based warehouse automation solution company, Exotec, at its dedicated logistics centre under construction in Yeosu.

Manufacturing

The expansion of global AI data centre demand has led to a notable growth in the semiconductor sector. This has increased activity not only in air logistics for exports but also in domestic specialised logistics companies that store and transport semiconductor equipment and components. As major domestic integrated device manufacturers such as Samsung Electronics and SK Hynix have increased their semiconductor production capacity utilisation, demand for maintenance parts and equipment has naturally grown as well.

Since semiconductors are sensitive to external conditions such as temperature and vibration, air transport is preferred over sea transport, driving anticipated demand for logistics centres located near major airports such as Incheon. Hence, growth is expected to extend beyond traditional South submarkets that historically concentrated semiconductor manufacturing.

⁶⁹ Source: company information on Daiso.

F&B

With the rise of online platforms, various F&B companies such as CJ Foodville, Otoki, and Hyundai Green Food are operating logistics hubs to rapidly distribute fresh food products. While demand is typically handled from food supply centres such as fresh distribution centres and cold storage facilities in regions like Yongin where cold-chain logistics infrastructure is concentrated, the limited cold storage demand and typically smaller space requirements result in higher vacancy rates in cold storage facilities.

Logistics property overview (Grade A only)

Estimated logistics real estate per capita

Figure 98: South Korea – Logistics Stock per Capita, 2025

| | Grade A - Greater Seoul | All Grades - Greater Seoul | All Grades - Nationwide |
|---------------------------|-------------------------|----------------------------|-------------------------|
| Stock per capita (pyeong) | 0.26 | 0.42 | 0.32 |
| Population | 26,346,945 | 26,346,945 | 51,684,564 |
| Stock (pyeong) | 6,915,209 | 11,161,354 | 16,320,722 |

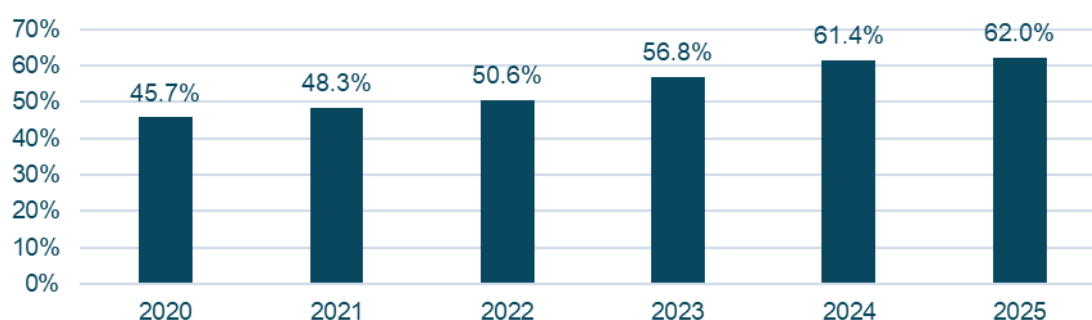
Source: JLL, KOSIS, 4Q25

Despite record supply levels between 2023 and 2024, the amount of available space per person remains modest. Stock of all grades per capita in Greater Seoul was merely 0.10 pyeong higher than the nationwide average. Moreover, Grade A supply—modern logistics centres suitable for all-purpose operations—recorded only 0.26 pyeong per capita, despite more than three-quarters of Greater Seoul's new supply meeting Grade A specifications.

This tight supply-demand balance has led to falling vacancy rates and robust investor confidence. The market benefits from strong fundamentals, including a still-growing e-commerce sector and stable stock per capita ratios. Furthermore, despite overall population decline, the increasing prevalence of single-person and two-person households continues to underpin market demand.

Market Size

Figure 99: Greater Seoul – Proportion of Grade A Stock



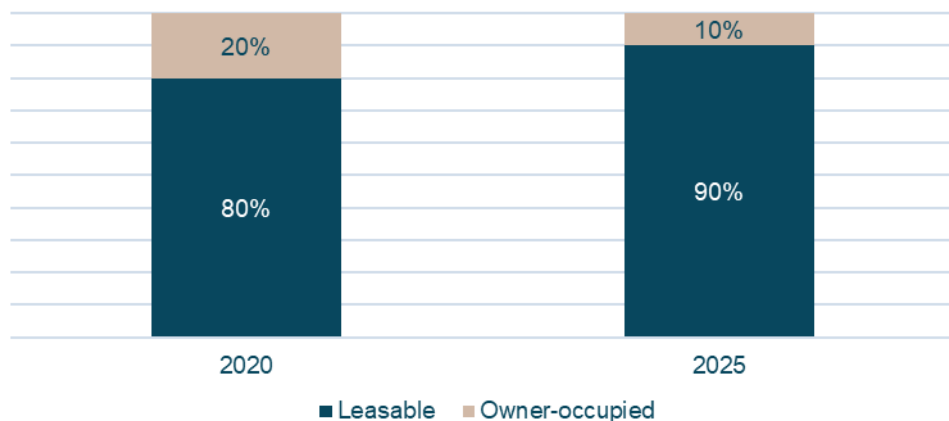
Source: JLL, 4Q25

About ten years ago, when high-profile logistics centres were scarce, there were no evident discrepancies between prime and non-prime logistics facilities in terms of leasing demand. However, amid the sharp growth of the e-commerce market, tenants began flocking to state-of-the-art logistics centres for more efficient operations.

The continuous introduction of new completions in recent years has prompted tenants to become increasingly selective when choosing assets to lease. Facilities with sufficient floor plates, adequate

docking areas and convenient ramp accessibility have become highly favoured. To meet increasingly sophisticated tenant demands, new developments have evolved to focus primarily on modern, prime-grade logistics centres. Whilst Grade A stock accounted for 45.7% of total supply in 2020, this figure surged to 62.0% by the end of 2025, demonstrating a robust flight-to-quality trend.

Figure 100: Greater Seoul – Proportion of Leasable and Owner-occupied Stock (Grade A)



Source: JLL, 4Q25

Meanwhile, the proportion of owner-occupied stock continued its downward trend. Compared to 20% in 2020, owner-occupied stock accounted for only 10% in 2025. This shift was driven by market conditions that increasingly favoured leasing over ownership. With abundant supply available, occupiers have found it more financially prudent to lease facilities rather than bear the heightened development costs and potential risks of overestimating space needs when developing their own properties. For instance, some centres struggling with persistent vacancies offered generous tenant incentives that sometimes even eroded development margins, thus prompting tenants to opt to lease instead.

Leasing also provides operational advantages, including flexibility to adjust lease terms and space requirements as needed. Additionally, occupiers avoid the capital risk and responsibility of property ownership, as landlords bear the costs of property maintenance, insurance and any potential damage from natural disasters or accidents. In response to this preference for leasing, many new developments shifted to build-to-spec projects, rather than build-to-suit developments tailored to specific occupiers, allowing developers to serve a broader range of potential tenants.

Supply and characteristics of warehouses

Figure 101: Greater Seoul – Proportion of Supply Volume by Precincts (Leasable Grade A stock)

| | Central | North | South | South-east | West |
|---|---------|---------|-----------|------------|-----------|
| Total Supply as of 2019 Q4 | 25.1% | 5.0% | 9.8% | 41.9% | 18.2% |
| Net Increase from 2020 to 2025 (pyeong) | 150,973 | 132,428 | 1,196,165 | 1,457,341 | 1,574,010 |
| Total Supply as of 4Q25 | 9.5% | 3.5% | 21.8% | 35.0% | 30.1% |
| Under Construction (pyeong) | - | 153,857 | 221,743 | 154,756 | 71,351 |

Source: JLL, 4Q25

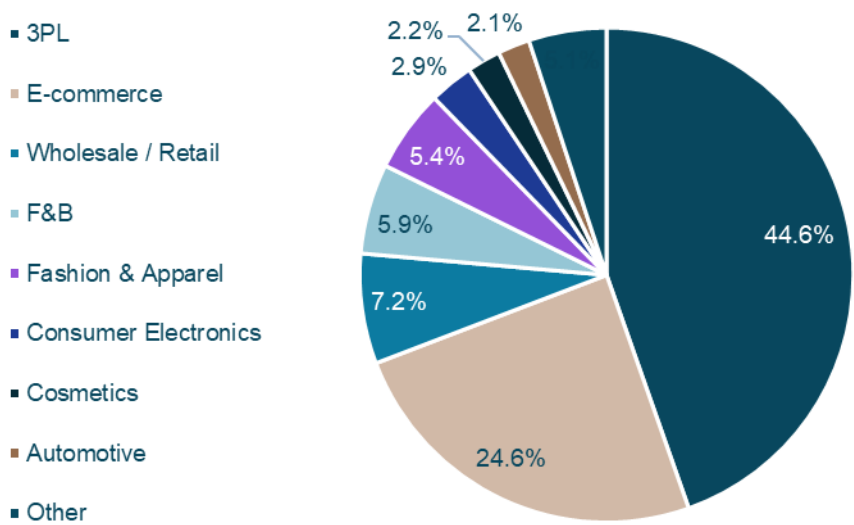
Served by the Gyeongbu Expressway—the backbone of South Korea's road transportation—the South-east served as the traditional logistics hub, accounting for 41.9% of total stock as of 4Q19. From 2020 onwards, however, there was a notable shift in logistics construction patterns. Whilst construction activity continued at pace in the South-east, the West and South also experienced significant growth, introducing 1.6 million pyeong and 1.2 million pyeong of fresh supply from 2020 to 2025, respectively. Construction in the West was largely brownfield development on industrial sites, particularly in Incheon, whilst projects flourished across all cities in the South. The South's growth was further boosted by Pyeongtaek Port, one of the major ports serving trade routes to China and Southeast Asia. Consequently, Grade A logistics centres are now concentrated in three sub-markets—South-east, West and South—collectively accounting for roughly 87% of total stock.

Total GFA of logistics projects under construction amounts to 601,707 pyeong, with additional centres anticipated in all areas except the Central. Whilst all other sub-markets saw heavy influxes of new stock, the Central maintained stable occupancy due to its high population density and lack of available space for new developments. The West, which saw the heaviest influx of new supply in recent years, is likely to see limited new completions going forward. This follows the West's vacancy rate peaking at 30% in 4Q24, raising oversupply concerns that have discouraged further development activity.

Looking ahead, supply additions will slow as the development environment becomes increasingly sluggish. New construction permit approvals plunged from 83 in 2023 to 33 in 2024, with only 14 new approvals granted in 2025. Furthermore, securing prime development sites has become increasingly challenging. For instance, Gyeonggi Province passed legislation in September 2025 mandating that logistics centres must be at least 400 metres from residential facilities, making it even more difficult to build centres in prime locations.

Requirements and trends (including impact from e-commerce growth)

Figure 102: Greater Seoul – Tenant Profile



Source: JLL estimates, 4Q25

There have been no notable changes to the tenant mix in the past few years. The usual suspects—3PL and e-commerce occupiers—continued to dominate leasing activity, accounting for 44.6% and 24.6%, respectively. Domestic e-commerce companies began penetrating untapped markets by expanding their product portfolios to include beauty and luxury items. Additionally, forming joint ventures with other e-commerce platforms and logistics providers has encouraged further expansion demand.

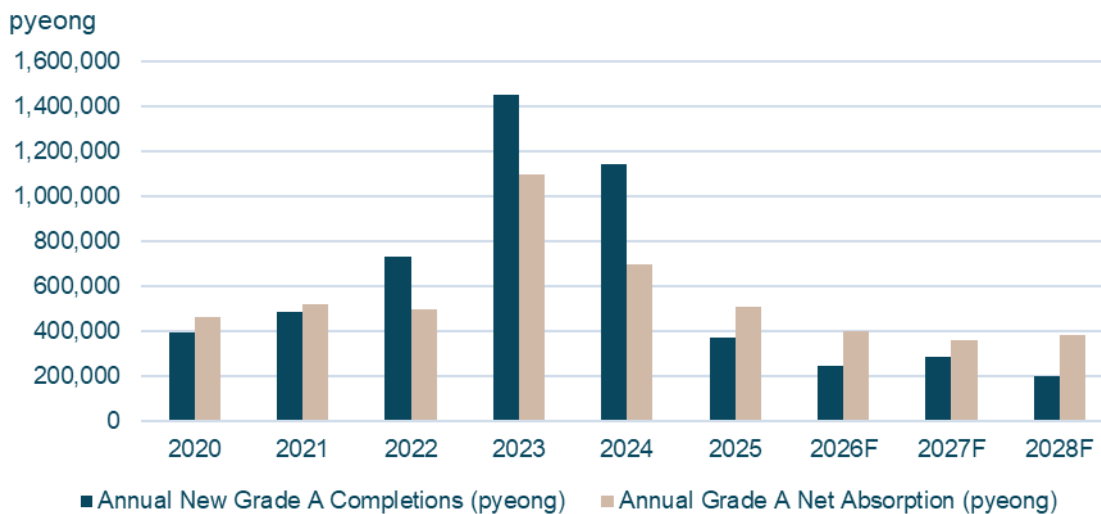
The wholesale and retail segment followed, representing 7.2% of the total market. Daiso—a budget-friendly retailer recently garnering strong popularity—now comprises around 10% of the wholesale and retail segment. Notably, convenience store operators such as E-mart 24, BGF and GS Retail have become more active in leasing logistics space compared to traditional hypermarket giants such as E-mart, Lotte Mart and Homeplus.

Occupiers handling consumer electronics represented 2.9% of demand in 2025. More than half of consumer electronics-related tenants were located in the South, benefitting from proximity to manufacturing facilities such as Samsung Electronics and SK Hynix. Buoyant semiconductor demand amid the AI boom served as the key driver for this concentration. The automotive sector comprised 2.1% of activity. Though modest in scale, there have been increased enquiries from automotive industries for comprehensive logistics operations, including storage of components, tyres and other automotive products, further boosted by robust electric vehicle demand.

Performance and outlook

Annual Completion

Figure 103: Greater Seoul – Annual New Grade A Completions and Net Absorption (pyeong)



Source: JLL, 4Q25

Note: Excluding owner-occupied stock.

Between 2022 and 2024, the market experienced a construction boom where new supply significantly outpaced tenant demand, causing vacancy rates to climb. This trend has reversed since 2025, with net absorption now exceeding new supply by a strong 37%.

It is important to note that the recent dip in net absorption figures is not a sign of weakening tenant demand. Instead, it is a direct result of the reduction in new construction, as most leasing activity is related to the completion of new centres.

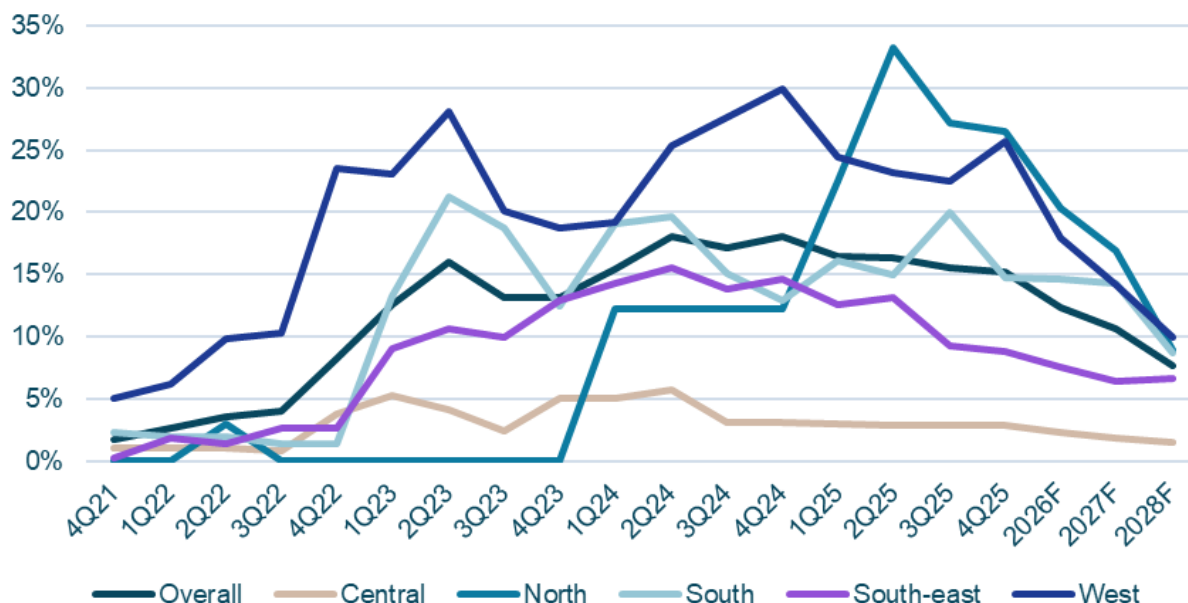
It is reasonable to conclude that both new supply and vacancy rates have passed their peak, with the market now correcting through slower completions and declining vacancy. Vacancy rates are expected to decrease by around 2-3% per annum as supply moderates. Fresh stock levels will hover around 200,000-300,000 pyeong annually, considerably less than 2025's figure of 370,675 pyeong. While there may be public or private-led large-scale projects that could shift the market to some extent, another supply peak like that observed in 2023-2024 is unlikely.

Several factors constrain future development. Heightened construction costs and land prices rarely justify new projects financially during the underwriting process. Additionally, securing bridge loans and project financing has become challenging unless developments are primarily dry storage with pre-leased tenants in place, pressuring developers to abandon construction permits. Finding suitable land in prime locations adds another layer of difficulty. Both tenants and investors prefer larger logistics centres with sufficient floor plates—ideally GFA 4,000-5,000 pyeong floor areas and total GFA exceeding 20,000-30,000 pyeong. Given increasingly stringent restrictions, finding suitable land plots for such large-scale projects has become particularly challenging.

Currently, 39 Grade A logistics properties are registered as under construction. However, 13 facilities have shown no progress in the last two years, having either not commenced groundbreaking or been on hold for more than two years. This suggests new additions may come online even slower than expected.

Demand vs Supply

Figure 104: Greater Seoul – Grade A Blended Vacancy Rates



Source: JLL, 4Q25

Since 2022, the overall vacancy rate in Greater Seoul has continued to surge despite positive net absorption, amid substantial new supply influx. This vacancy rate peaked at about 18.0% at the end of 2024, then began declining each quarter in 2025, reaching 15.2% in 4Q25 – a 32bps quarterly decrease. Concurrently, quarterly net absorption totalled 123,104 pyeong in 4Q25, while annual new construction and net absorption volumes recorded 370,675 pyeong and 507,435 pyeong respectively. Marking a significant turning point, net take-up exceeded new supply volume in 2025 for the first time in four years, reflecting sustained leasing momentum amid substantially reduced supply injection. Looking ahead, this trend is expected to continue. Given the limited new supply pipeline, net absorption is expected to surpass new completions for several years. Recent project commencements are largely contingent on securing pre-leases, as project financing is often unavailable otherwise. This ensures that only projects with confirmed tenants or those in highly superior locations are breaking ground, which will facilitate a steady decline in the annual vacancy rate.

APAC logistics market – Greater Seoul

Figure 105: Greater Seoul – Grade A Dry and Cold Vacancy Rates Breakdown



Source: JLL, 4Q25

A closer look at storage vacancy rates reveals a sharp contrast between dry and cold facilities. As of 4Q25, dry centres recorded an 11.3% vacancy rate compared to 30.7% for cold centres. Furthermore, declining vacancy rates were evident only for dry storage, whilst cold storage continues to experience elevated levels. This disparity indicates that recent vacancy rate improvements have been predominantly concentrated in dry spaces, rather than cold spaces. That is, dry centres accommodate storage for a broad range of products including manufactured goods, apparel and home appliances, generating continuous demand across diverse sectors, whilst demand for cold centres is primarily limited to fresh food products, presenting inherent constraints.

Major logistics facility providers and players

As of 4Q25, financial investors owned approximately 77% of completed Grade A logistics centres in Greater Seoul. The remaining 23% were held by non-financial owners, such as developers and corporate entities.

The major players include but are not limited to institutional investors such as National Pension Service ("NPS"), Government of Singapore Investment Corporation ("GIC"), and private equity firms, namely Blackstone and KKR, alongside global real estate developers such as Mapletree, Kendall Square and Hines.

Foreign investor acquisition activity was particularly pronounced in 2025, with overseas capital accounting for approximately 72% of total transaction volume. This represents a substantial increase from the preceding three-year period, during which foreign capital comprised merely 35% of market activity.

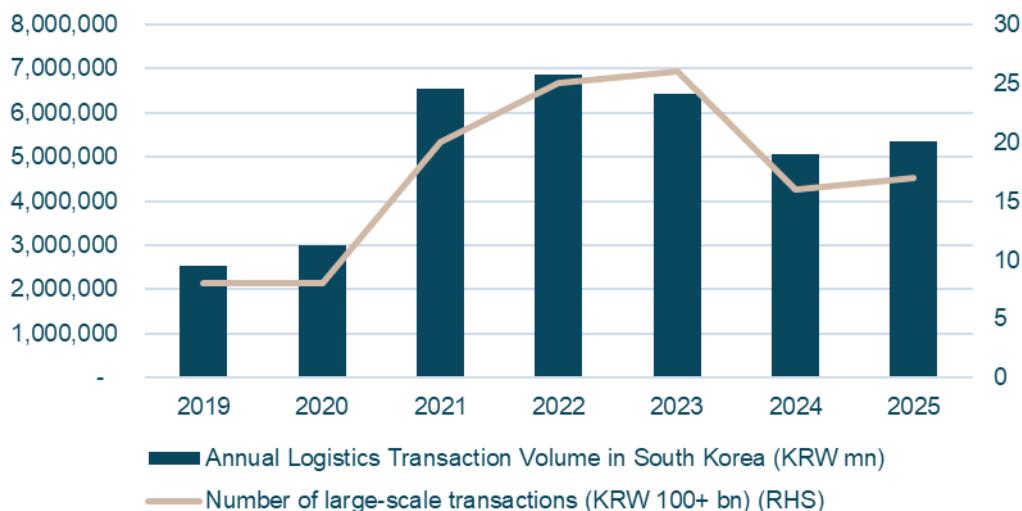
While foreign investors are expected to continue driving market momentum, domestic capital—having largely avoided logistics investments for an extended period as their priority was the office market, which was deemed a more stable asset class amid mounting concerns about oversupply in the industrial sector—has begun re-entering the sector. This trend was evidenced by Korea Fire Insurance Association and Private School Teachers' Pension participation as investors in the Logisvalley Ansan transaction completed in 4Q25, whilst NPS's involvement in the Arenas Yeongjong acquisition that closed in 1Q26 further

APAC logistics market – Greater Seoul

underscored this revival. Although still dominated by foreign capital, institutional investors have begun cautiously deploying capital into the logistics sector, which is expected to further strengthen investment activity in 2026.

Investors and investment trends, and major selected transactions

Figure 106: South Korea – Annual Logistics Transaction Volume (KRW million)



Source: JLL, 4Q25

Logistics transaction volumes, which consistently exceeded KRW 6 trillion from 2021 to 2023, declined in 2024 due to large bid-ask spreads, domestic capital liquidity constraints and oversupply concerns, before began recovering in 2025. Notably, 4Q25 transaction volume reached approximately KRW 2.1 trillion, marking the first time in 11 quarters since 1Q23 that quarterly activity surpassed KRW 2 trillion—a robust performance following an extended downturn.

Figure 107: South Korea – Major Logistics Transactions in 2025

| Subject Property | GFA (pyeong) | Total Price (KRW) | Vendor | Purchaser | Stabilised Cap rate | Remarks |
|------------------------------------|--------------|-------------------|------------------------------------|---------------------------------|---------------------|----------------------------|
| Cheongna Logistics Centre | 130,152 | 1,030,000,000,000 | Brookfield | Kreate Asset Management (KKR) | 5.4% | |
| Logisvalley Ansan | 72,281 | 512,300,000,000 | CBRE IM | Wide Creek AMC (M&G, TP, KFOCU) | 5.3% | |
| GreenWave Sihwa Logistics Centre | 71,277 | 475,000,000,000 | Sihwa Road | JB AMC (GIC) | 4.9% | Forward sale |
| Hwaseong Jegi-ri Logistics Centre | 32,631 | 270,000,000,000 | JR Investment Management (Invesco) | Kreate Asset Management (KKR) | 5.8% | |
| S&K Logistics Centre | 44,842 | 245,036,639,040 | S&K Logistics | Coupa Logistics (Brookfield) | | NPL Type of Sale |
| Dream Logistics Centre | 40,326 | 230,000,000,000 | Dream Remicon | Koramco REITs & Trust (GIC) | 5.8% | |
| Megawise Cheongna Logistics Centre | 43,213 | 225,000,000,000 | Bomi Construction | LX Pantos | | End-user, NPL Type of Sale |

APAC logistics market – Greater Seoul

| | | | | | | |
|-------------------------------------|--------|-----------------|---|---|------|------------------|
| Yeoju Jeombong Logistics Centre | 36,949 | 220,000,000,000 | AMPLUS Asset Development | NH Investment & Securities | 5.6% | |
| QUBE Industrial Gimpo Gochon Centre | 23,691 | 216,700,000,000 | QUBE Industrial (Warburg Pincus) | QUBE Asset Management (Blackstone) | 5.6% | |
| Logispoint Yeoju | 39,641 | 190,000,000,000 | Mastern Investment Management (Posco E&C) | Koramco Asset Management (Starwood Capital Group) | 5.9% | NPL Type of Sale |
| Gyeongsan Coupang Logistics Centre | 29,849 | 155,800,000,000 | Value Corporation | IGIS Asset Management | 6.2% | NPL Type of Sale |
| SSG.COM NEO 003 | 15,922 | 152,800,000,000 | SSG.com | CJ Logistics | | End-user |

Source: JLL, 4Q25

This recovery signalled increased market liquidity. While 2024 was characterised predominantly by value-add and non-performing loan opportunities, 2025 witnessed a shift towards core and value-add investments. The transformation was particularly evident in 4Q25, where large-scale core investments such as Cheongna Logistics Centre and Logisvalley Ansan dominated transaction activity, with similar investment patterns anticipated to continue into 2026.

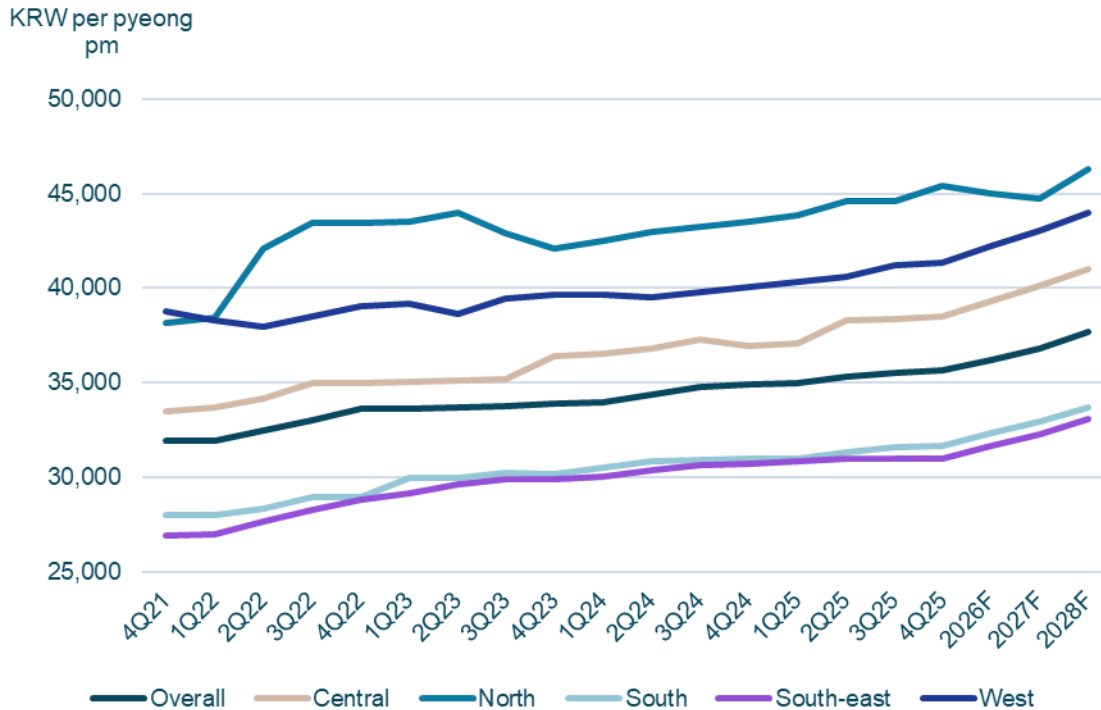
Market activity is expected to remain robust, supported by both continued foreign investment and the gradual return of domestic capital to the sector. With numerous logistics centres currently on the market, transaction volumes are projected to be sustained through 2026. Although many buyers still await distressed sale opportunities, the gap between seller and buyer expectations suggests that only certain types of assets will proceed to transaction closure.

Polarisation is expected to continue around large-scale core logistics assets, favouring centres with superior locations and high dry storage ratios. Meanwhile, problematic mixed-use logistics centres, including cold storage facilities, are slowly being absorbed by the market through public auctions and other disposal channels, a trend expected to persist into 2026.

Historical and forecast data for key logistics market indicators

Rents

Figure 108: Greater Seoul – Grade A Net Rent (GFA, KRW per pyeong per month)



Source: JLL, 4Q25, dry storage

With rents rising across all sub-markets, overall net rent in the Seoul Capital Area reached KRW 35,600 per pyeong per month in 4Q25, up 0.3% q-o-q and 2.2% y-o-y.

Rental market polarisation is set to intensify in the coming year. Historically, dry storage rents have grown 2-3% annually, broadly in line with inflation. Landlords traditionally adopted conservative rent adjustment strategies to maintain tenant relationships, while continuous new supply created a tenant-favoured market where tenants had strong bargaining power and abundant choice.

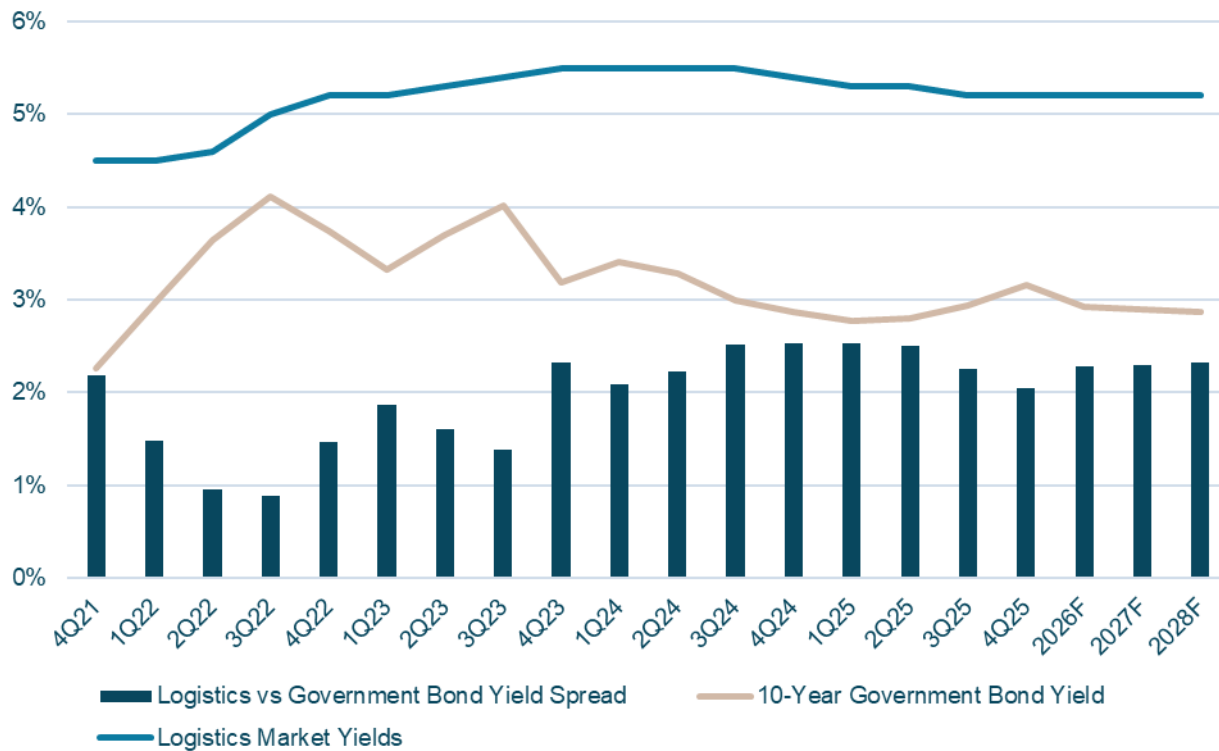
Market dynamics are shifting as supply constraints and sustained demand create a more balanced environment. This has emboldened landlords to raise rents more aggressively. Properties with locational advantages, large floor plates, modern features, and limited nearby competition are positioned for substantial rent increases. Several last-mile facilities experienced rent increases exceeding KRW 5,000 per pyeong this year, demonstrating this emerging trend.

Despite higher costs, tenants recognise that prime locations can offset transportation expenses and supply chain inefficiencies whilst providing better labour market access. Conversely, assets with prolonged vacancies face downward rental pressure and may offer below-market incentives, creating larger rental gaps between properties.

Mid to high single-digit rent growth is expected over the next three years for existing prime properties. These future rent growth figures appear modest, as some upcoming supply is likely to be in inferior locations compared to existing centres, dragging down weighted average rents.

Market Yields

Figure 109: Greater Seoul – Grade A Market Yields



Source: JLL, 4Q25

Grade A logistics market cap rates recorded 5.2% in 4Q25, down about 20 bps y-o-y. After the Bank of Korea cut the base rate in 1H25, senior loan rates for core assets declined to the high-4% to mid-5% range, driving the y-o-y cap rate compression. However, contrary to early 2025 expectations, the rate-cutting cycle has effectively ended, and some lending rates have increased, causing cap rate compression to stall and remain subdued.

With the Bank of Korea expected to maintain a cautious approach to rate decisions in 2026 amid residential property price instability and elevated exchange rates, logistics centre cap rates are projected to compress modestly over the next three years. Cap rates are forecast to decline by approximately 10 bps by the end of 2026, followed by an additional 10 bps compression in 2027. The factors driving this slight cap rate compression, despite monetary policy turning hawkish, are upbeat investor appetite and the market becoming more balanced.

9. Overview of Vietnam’s Logistics Market

Macroeconomic overview

Country overview

Vietnam’s population reached 102.3 million in 2025, ranking third in Southeast Asia and sixteenth globally. With nearly 68% in working age (15-64 years), Vietnam remains in its “golden population” phase. The National Statistics Office of Vietnam (NSO) noted that while the population continues to grow, the growth rate has begun to decelerate. According to state agency projections, this golden population period is forecast to end in 2036, transitioning into an ageing phase characterised by a rapid increase in the elderly population.

The middle-income⁷⁰ population has surged by 5-7% annually over the past decade. This upward trend is projected to continue rising, reaching 82.8 million people by 2030. The number of middle-income households has nearly doubled—from 10.0 million in 2015 to 18.8 million in 2025—and is expected to approach 25 million by 2030. The robust growth in the middle-income class presents substantial opportunities for businesses and will drive higher consumption across multiple sectors.

Figure 110: Vietnam – Demographic Profile



Source: NSO, Oxford Economics, March 2026

The country’s provincial merger⁷¹ took effect on July 25, 2025, consolidating 63 provinces and cities into 34 provincial-level units. This restructuring aims to streamline administrative processes, reduce bureaucratic delays, and establish integrated economic growth poles. The consolidation is expected to accelerate infrastructure projects, enhance regional connectivity, expand land banks for development, and strengthen FDI attraction through larger and more competitive economic territories. However, the transition period demands substantial time for administrative machinery to stabilise operations, particularly amid ongoing legal reforms that necessitate simultaneous adaptation to new regulatory frameworks and merged institutional structures. Merging administrative boundaries does not instantly create unified markets, as provinces may continue to exhibit distinct socio-economic traits and varying stages of real estate

⁷⁰ Middle-class households are defined by JLL as those households with an annual income of USD 20,000 or above in 2015 PPP terms.

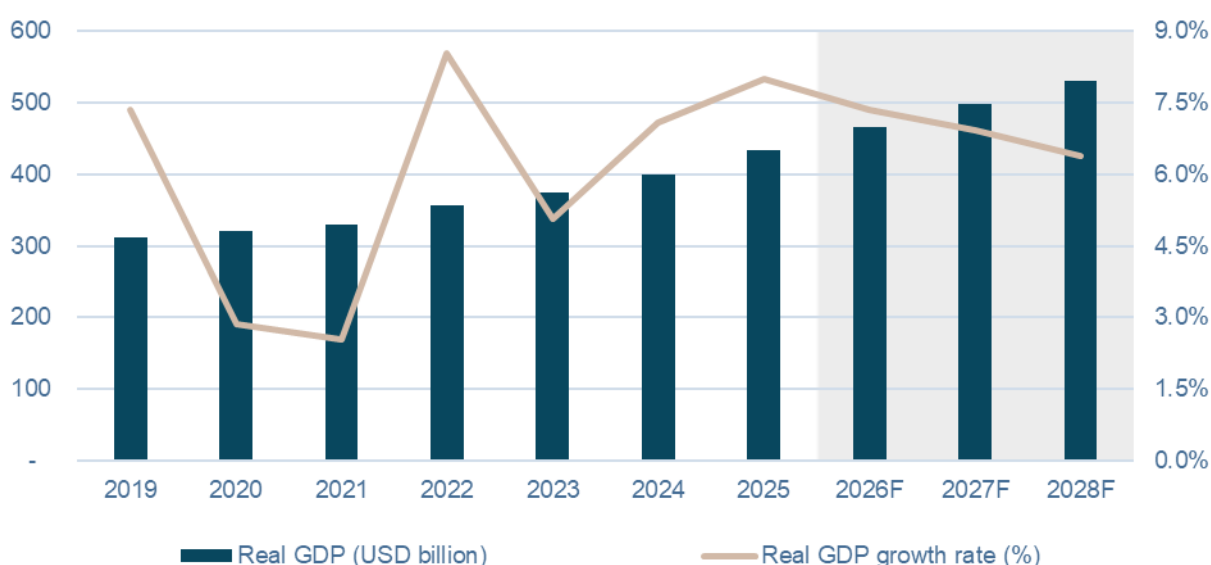
⁷¹ Following Resolution No. 202/2025/QH15 on the reorganisation of provincial-level administrative units, issued by the National Assembly.

development. Unless otherwise stated, all locality names in this report follow the pre-reform administrative structure for consistency in historical comparisons.

Economic overview

Vietnam’s economy achieved remarkable growth in 2025, with GDP reaching 8.0% and total real GDP reaching nearly USD 434 billion, despite complex global geopolitical challenges and natural disasters. This impressive GDP performance was fuelled by a strong rebound in the industrial and construction sectors, which expanded by 9.0%—the highest rate since 2019. Additionally, the services sector also recorded notable growth of 8.6%, contributing 51.1% to GDP, driven by a tourism surge. Meanwhile, the agriculture sector remained resilient, growing 3.8% despite adverse weather conditions. Vietnam is expected to sustain strong economic performance, with OE forecasting an average annual GDP growth rate of 6.9% over the next three years through 2028.

Figure 111: Vietnam – Real GDP Growth



Source: NSO, Oxford Economics, March 2026

Vietnam’s total import-export reached a record-breaking USD 930.1 billion in 2025, generating a trade surplus of USD 20.0 billion. Exports totalled USD 475.0 billion, up 17.0% y-o-y, with 36 product categories each surpassing USD 1 billion in value and collectively accounting for 94.0% of total exports. Imports amounted to USD 455.0 billion, a 19.4% increase from the previous year. Regarding trade partners, the US remained Vietnam’s largest export market (USD 153.2 billion), while China continued to be the primary source of imports (USD 186.0 billion). This performance underscored the rebound in global trade, Vietnam’s domestic macroeconomic stability, and its strengthening role within regional and global supply chains.

The national labour force aged 15 and above reached 53.8 million people in 2025, an increase of 589,500 from 2024. Employment totalled 52.4 million people, rising by 578,300, a 1.1% gain from the previous year. The 2025 labour market exhibited notable bright spots, including growth in labour force size, employment, and worker incomes, low unemployment, and structural transformation towards industrialisation and modernisation. However, significant limitations remained, such as a high informal labour rate of 63.1% of total employed workers, while sustainable employment, labour quality, and youth unemployment continue to pose challenges requiring solutions ahead.

Infrastructure developments and government planning

The Northern region continues to solidify its position as an area with a well-integrated transportation system. The North-South expressway is now fully connected, seamlessly linking adjacent areas to the capital, Hanoi, and facilitating easy access to Hai Phong seaport as well as Noi Bai and Cat Bi airports. Coupled with the completion of Noi Bai Airport's Terminal 2 expansion and the commencement of the strategic Lao Cai – Hanoi – Hai Phong railway project in late 2025, the region has become even more attractive for RBW development. Moving forward, the area will accelerate the completion of the remaining sections of Ring Road 3 and implement the Ring Road 4 project, which is currently in a peak construction phase and targeted for completion in 2028.

Meanwhile, the Southern region has undergone a spectacular transformation following the pivotal year of 2025, especially in the context of Ho Chi Minh City's expanded urban space. Although its infrastructure previously struggled to keep pace with development, 2025 saw several significant milestones, including the commissioning of Terminal 3 at Tan Son Nhat Airport and Metro Line 1 (Ben Thanh - Suoi Tien). Entering 2026, key projects are set to significantly improve the infrastructure system, including Long Thanh International Airport (phase 1 expected to begin operations in mid-2026) and Ring Road 3 (expected to be fully operational by mid-2026 or early 2027). Inter-regional expressways such as Ben Luc - Long Thanh and Bien Hoa - Vung Tau are also slated for completion in 2026, completing the transportation network and effectively connecting industrial hubs, urban centres, and the deep-water seaport system.

Looking at the bigger picture, the nation's transportation infrastructure landscape has seen remarkable changes:

Roadways: Vietnam surpassed its goal of 3,000 km of expressways by the end of 2025, with the North-South expressway now fully connected from Lang Son to Ca Mau. The next goal is to expand the network to 5,000 km by 2030, creating a solid foundation for the national logistics system.

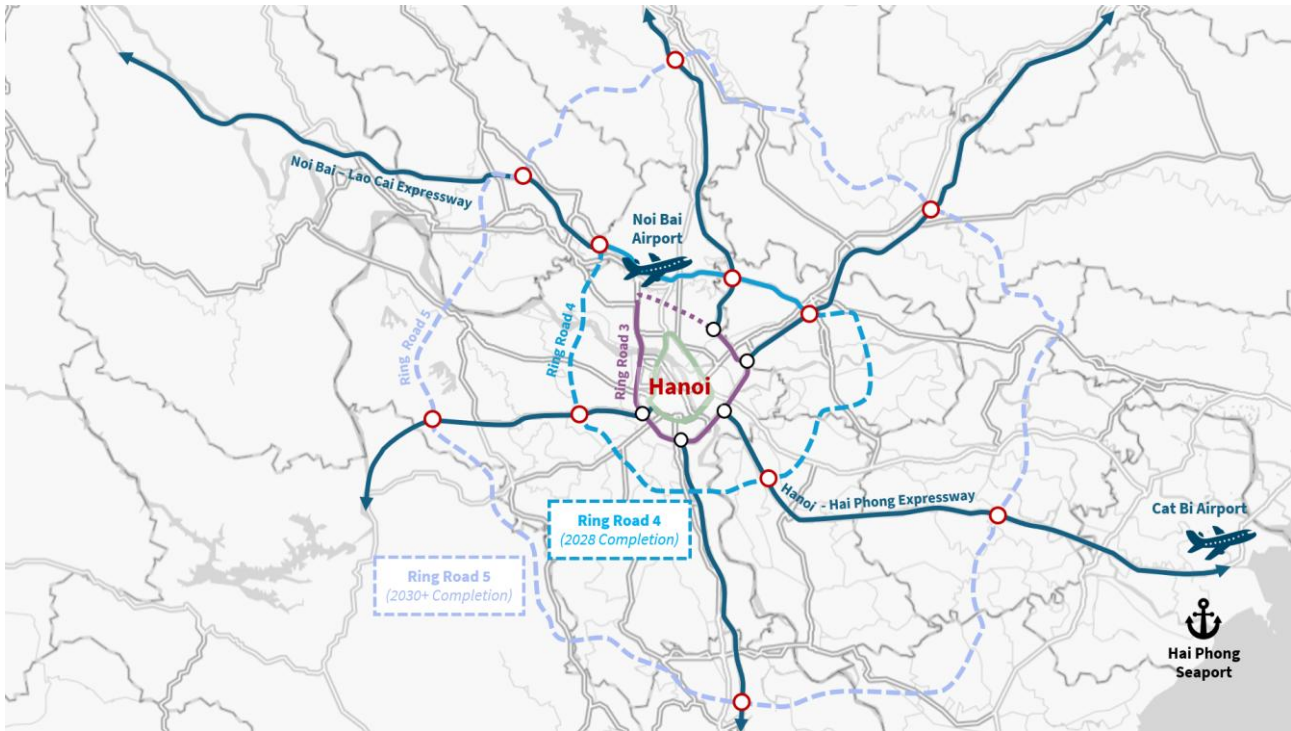
Railways: The investment policy for the North-South high-speed railway project continues to be discussed to clarify its implementation plan. Simultaneously, urban railway projects in Hanoi (Lines 2 and 5) and Ho Chi Minh City (Line 2, Ben Thanh - Can Gio line) have commenced, promising to transform public transportation in major cities.

Seaports: The master plan for seaport development is being strongly implemented. In the North, container terminals 5 and 6 at Lach Huyen port (Hai Phong) have begun operations. In the South, the Cai Mep - Thi Vai port cluster continues to be dredged and upgraded to accommodate large vessels.

Airports: Alongside the three key international airports in Hanoi, Ho Chi Minh City, and Da Nang, the development of Long Thanh International Airport is progressing on schedule. Following its first technical flight in late 2025, the project is expected to become operational in mid-2026, helping to alleviate pressure on Tan Son Nhat Airport and compete with major regional aviation hubs.

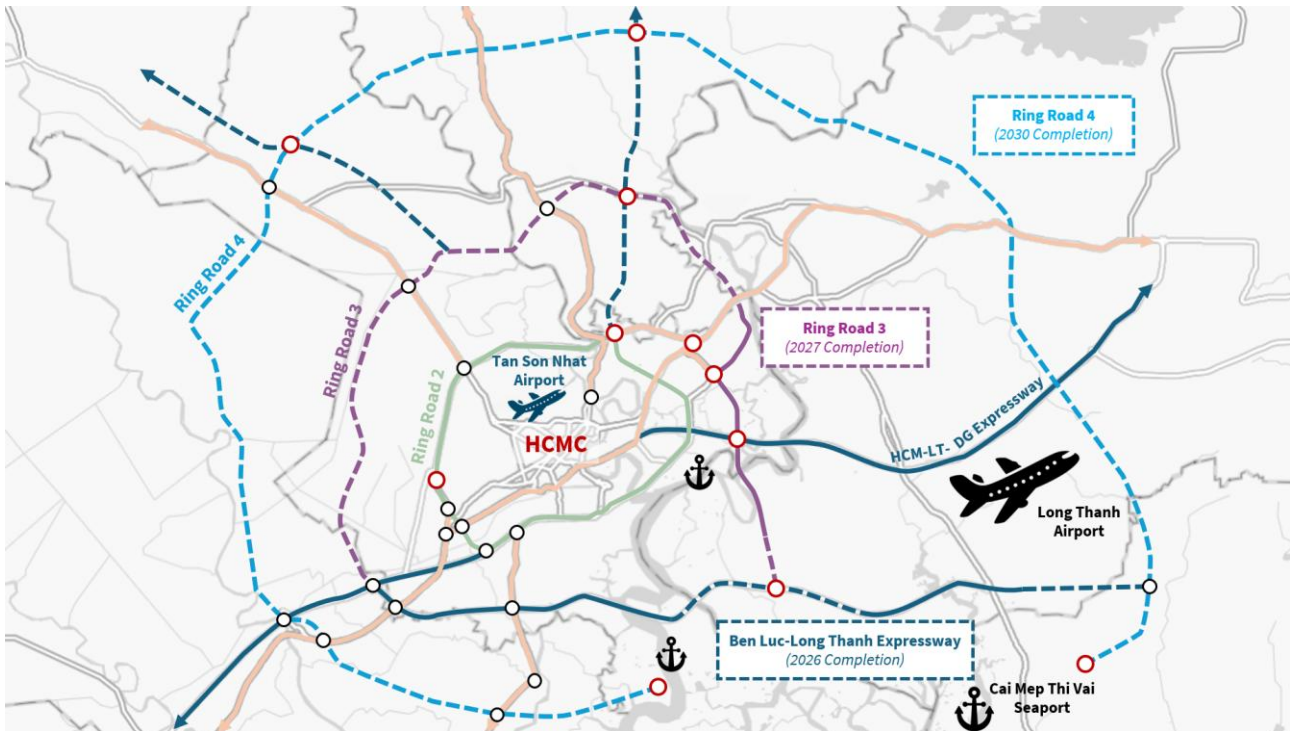
APAC logistics market – Vietnam

Figure 112: Northern Vietnam – Major Ring Roads & Expressways



Source: JLL, 4Q25

Figure 113: Southern Vietnam – Major Ring Roads & Expressways

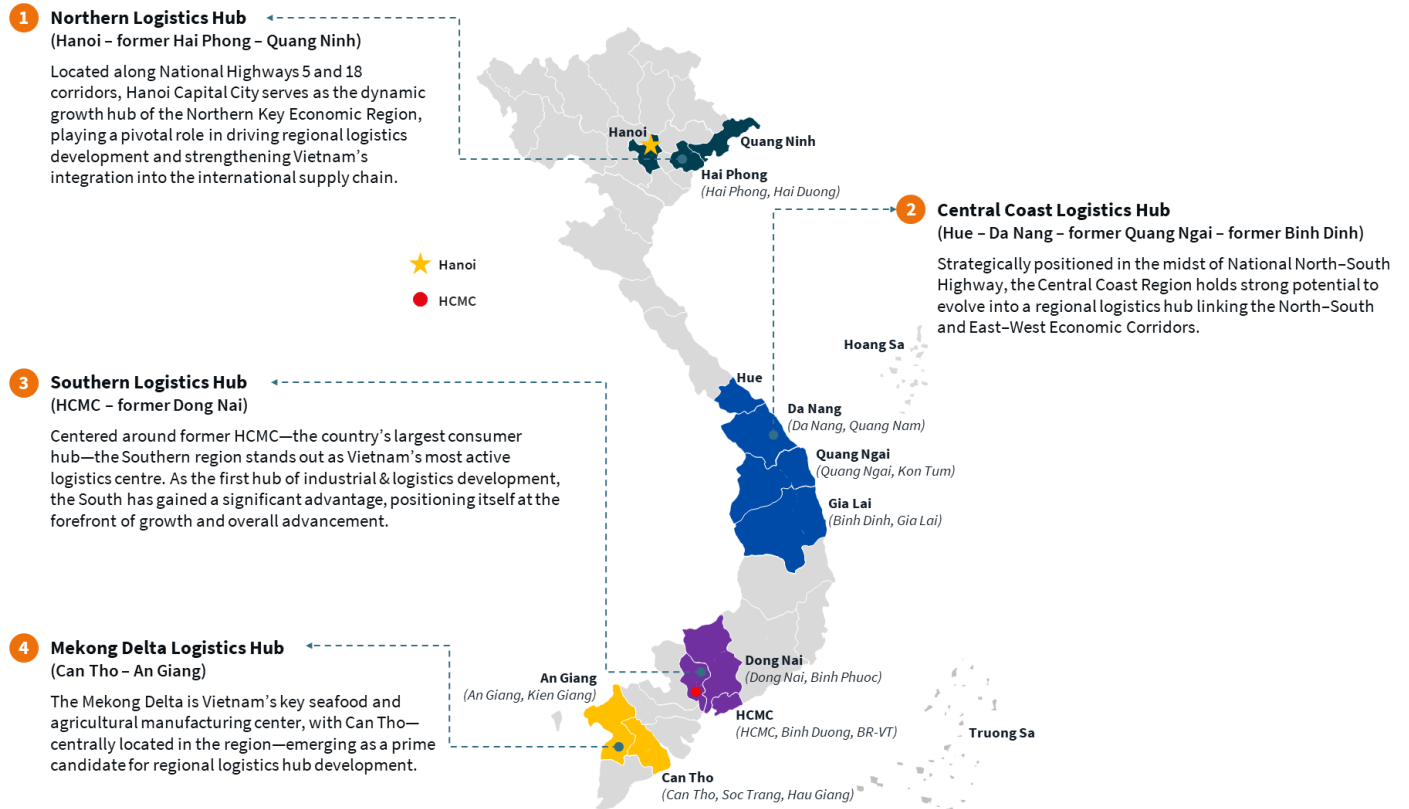


Source: JLL, 4Q25

Logistics market overview (Grade A only)

Key logistics hubs

Figure 114: Vietnam – Key Logistics Hubs



Source: JLL, 4Q25

Logistics real estate market landscape

Vietnam’s logistics market landscape is divided into three key regions: Northern, Central, and Southern. Each zone exhibits distinct characteristics in terms of development pace and industry drivers. While the Northern and Southern regions have experienced significant growth, the Central region’s economic advancement, urbanisation, and FDI inflows remain comparatively modest. Consequently, the logistics sector in this area has yet to attract substantial interest from major occupiers and investors. To date, investors in logistics real estate continue to focus on opportunities within Vietnam’s two primary economic hubs—the North and the South.

Northern Key Economic Zone is strategically positioned as a ‘China plus one’ manufacturing hub, it has developed significantly in the recent 5–10 years and become increasingly sophisticated. The North is now attracting a larger share of more capital-intensive new industrial developments from neighbouring countries.

Hanoi and its surrounding localities, including former Bac Ninh, Hung Yen, Hai Duong, and Hai Phong (hereinafter “North Vietnam”), are key markets in this area.



APAC logistics market – Vietnam



Current prime supply (NLA, sqm)
2,042,854

Future prime supply (NLA, sqm)⁷²
873,223

Asking rent (sqm/month)
USD 3.2 – 6.0

Occupancy rate
~65.3%

Southern Key Economic Zone is centred around former Ho Chi Minh City (“HCMC”), the region stands out as the most active economic zone across Vietnam. As the first hub of I&L development, the South has gained significant advantages, positioning itself at the forefront of growth and overall advancement.

Key markets in the South are former HCMC and its surrounding localities, including former Binh Duong, Dong Nai, Long An, and Ba Ria–Vung Tau (“BR-VT”) (hereinafter “South Vietnam”).



Current prime supply (NLA sqm)
2,409,735

Future prime supply (NLA sqm)³
755,444

Asking rent (sqm/month)
USD 3.0 – 6.8

Occupancy rate
~80.4%

Source: JLL, MapIT, 4Q25

Demand drivers for logistics properties

All freight transport modes recorded continued growth in 2025, with overall freight transport increasing 14.1% and freight turnover rising 13.1%, reflecting balanced expansion in both volume and distance. Maritime transportation achieved 12% growth in cargo volume despite ongoing global challenges, signalling a sustainable recovery in trade and supply chains rather than temporary expansion. Container demand is expected to keep increasing, particularly for exports in electronics, garments, and agricultural products. Meanwhile, road transport remained dominant with 2,275.4 million tons of goods, representing 14.7% growth. The year 2025 also marked a significant breakthrough in road and aviation infrastructure development, supported by numerous key projects receiving investment. Alongside technology adoption including IoT, AI, and automation, this has further stimulated demand for modern logistics services. Looking ahead, positive import and export activities—underpinned by an extensive FTA (Free Trade Agreement) network, increased domestic manufacturing, and rising consumption—are expected to continue fuelling strong logistics demand.

Manufacturing: Industrial production rose 8.8% y-o-y in 2025, marking the highest growth rate since 2019. Of that, the manufacturing and processing industry led the expansion with a 9.97% increase, also reaching its peak performance during the 2019-25 period. Registered FDI totalled USD 38.4 billion, while FDI disbursement was estimated at USD 27.6 billion—up 9% y-o-y and setting a record high for the 2021-2025 period. Within the newly registered capital, the manufacturing and processing industry remained the primary “magnet” for investment. The expansion of industrial production and the shift of global supply

⁷² Future supply includes under-construction and proposed projects with clear development timelines within the 2026-28 period, as recorded by the best publicly available information and market insights obtained by JLL at the time of reporting only. This figure is subject to change upon the latest development plans.

chains towards Vietnam are boosting logistics demand for both raw materials and finished goods, consequently increasing manufacturers' needs for warehouse facilities.

Retail Sales and E-commerce: In 2025, total retail sales of goods and consumer services reached an estimated USD 270.7 billion, representing a 9.2% raise from 2024. This steady growth will continue to drive demand for warehouse space for storage and distribution from traditional retailers. Vietnam ranked among the world's top 10 fastest-growing e-commerce markets, with the sector valued at approximately USD 31 billion in 2025—more than double the 2020 figure. E-commerce ecosystems have evolved beyond traditional buy-sell platforms to drive growth through expanding self-operated logistics networks (e.g., SPX Express, Lazada Logistics), integrating AI, and embracing the “shoppertainment” trend to attract users. While Shopee maintains its dominant position, its market share has declined due to TikTok Shop's remarkable growth. The thriving expansion of Vietnam's retail sales and e-commerce industry is driving increased demand for warehouse facilities and logistics infrastructure to accommodate the sector's rapid development.

3PLs: Rising manufacturing FDI has increased demand for logistics and warehousing services, strengthening the presence of manufacturing tenants within logistics facilities and driving growth for 3PL providers as manufacturers increasingly outsource operations. Supported by national strategies promoting green logistics and digital transformation, plus mounting pressure from global green standards like CBAM (Carbon Border Adjustment Mechanism) and CSDDD (Corporate Sustainability Due Diligence Directive), 3PLs are positioned to maintain their significant market share thanks to its crucial role in the supply chain. Those 3PLs meeting these requirements will help manufacturing and export businesses enhance international competitiveness. Beyond traditional advantages in expertise, scale, and comprehensive cost-effective solutions, adopting green technologies—including infrastructure transformation, environmentally friendly transportation, and AI for reducing fuel consumption and delivery times—will be vital for improving 3PL operational efficiency and resilience.

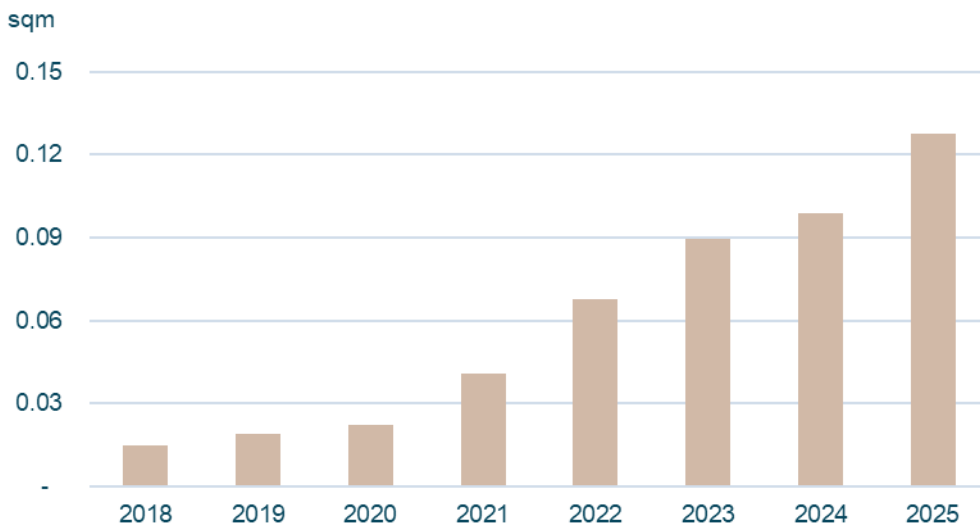
Logistics property overview (Grade A only)

Estimated logistics real estate per capita

Vietnam's logistics market has advanced to a more mature stage over the 2018-25 period, evidenced by a significant increase in prime RBW space per capita. In 2018, the country recorded approximately 0.01 sqm of prime logistics space per person; by the end of 2025, this figure had grown 8.6-fold to more than 0.1 sqm per capita.

APAC logistics market – Vietnam

Figure 115: Vietnam – Estimated Prime Warehouse Space per Capita (sqm per person)



Source: JLL, NSO, 4Q25

Despite this rapid progression, Vietnam's RBW sector remains in its emerging stage in comparison with more established markets such as Singapore, Malaysia, and Thailand. This indicates substantial room for further development, supported by growing manufacturing, domestic consumption, and cross-border trade activities.

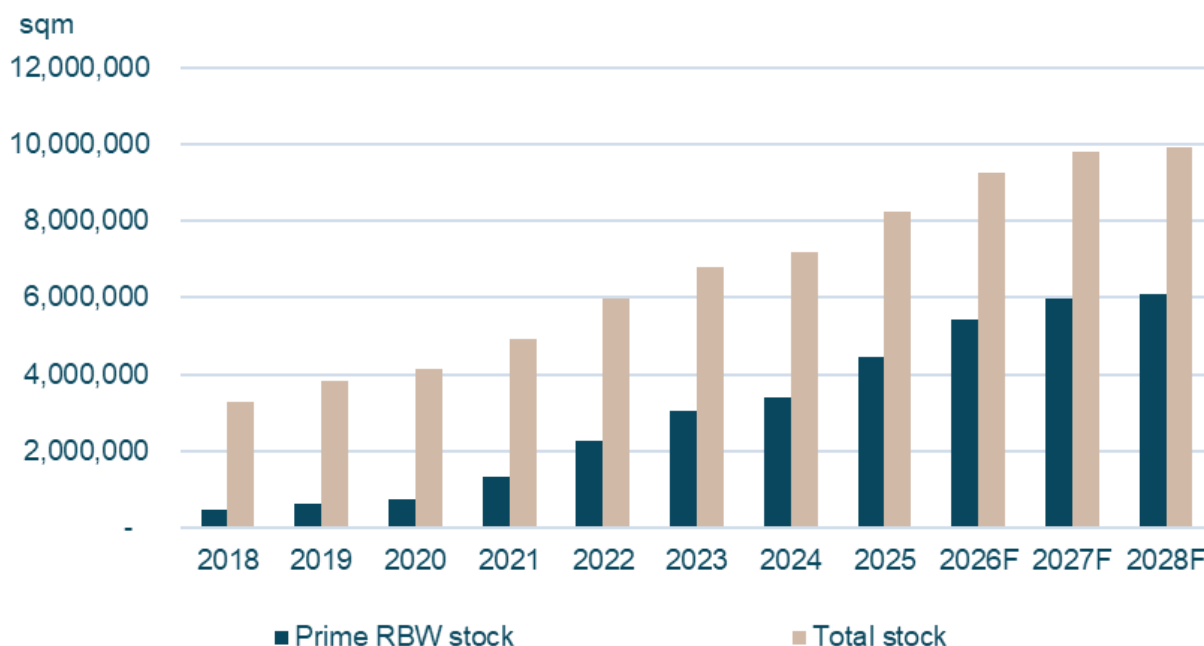
Market Size

Vietnam's logistics property market started to witness pronounced expansion between 2022 and 2023, catalysed by increasing involvement of institutional developers and rising occupier demand. This growth momentum persisted through the end of 2025, bringing total cumulative warehouse space to approximately 8.2 million sqm, reflecting a 14.7% y-o-y increase.

Market maturity is further indicated in the penetration rate of RBW prime stock, which climbed from 14.3% in 2018 to 54.0% by end-2025. Institutional investors have been instrumental in this transformation, introducing higher-quality developments and setting new benchmarks for market standards.

APAC logistics market – Vietnam

Figure 116: Vietnam – RBW Market Size by Year (NLA, sqm)⁷³



Source: JLL, 4Q25

Over the next three years, nearly 1.7 million sqm of additional supply is anticipated, pushing total warehouse stock to around 9.9 million sqm by the end of 2028, representing a 1.2 -fold increase from current levels. Of which, the prime warehouse segment is projected to account for about 61.1% of total market supply.

Supply and characteristics of warehouses

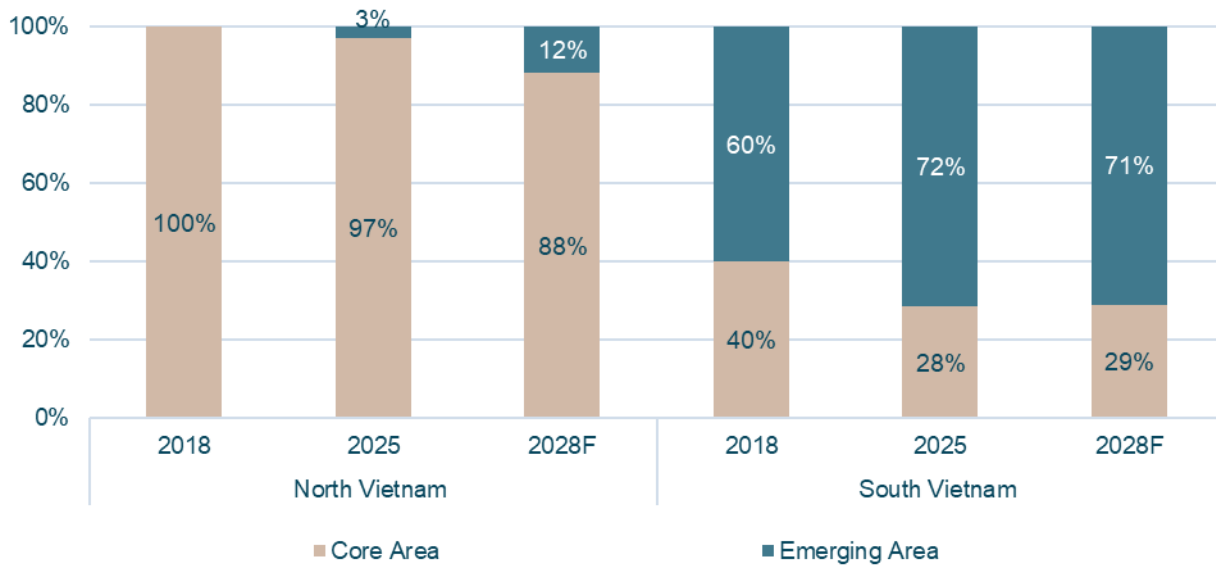
As the country's first I&L hub, South Vietnam spearheaded the initial wave of RBW developments, catering to both domestic consumption and manufacturing activities. This early-mover advantage has cemented its position through a well-established supply chain, prompting many developers to strategically prioritise this region for their initial market entry. As a result, prime RBW supply in the South stood at nearly 1.2 times that of its Northern counterpart.

In recent years, however, North Vietnam has attracted growing attention from institutional investors, with a substantial pipeline of new projects. The region's more synchronised infrastructure system and larger available land bank have allowed a wider area to be classified as prime, facilitating investment even in more remote locations and supporting the development of large-scale projects. By contrast, the South's still-developing transportation network may result in limited expansion opportunities for market players.

⁷³ Total market stock includes both Traditional and Modern RBW projects within key markets in North Vietnam & South Vietnam. Future supply till 2028F includes under-construction and proposed projects with clear development timelines, as recorded by the best publicly available information and market insights obtained by JLL at the time of reporting only. This figure is subject to change upon the latest development plans.

APAC logistics market – Vietnam

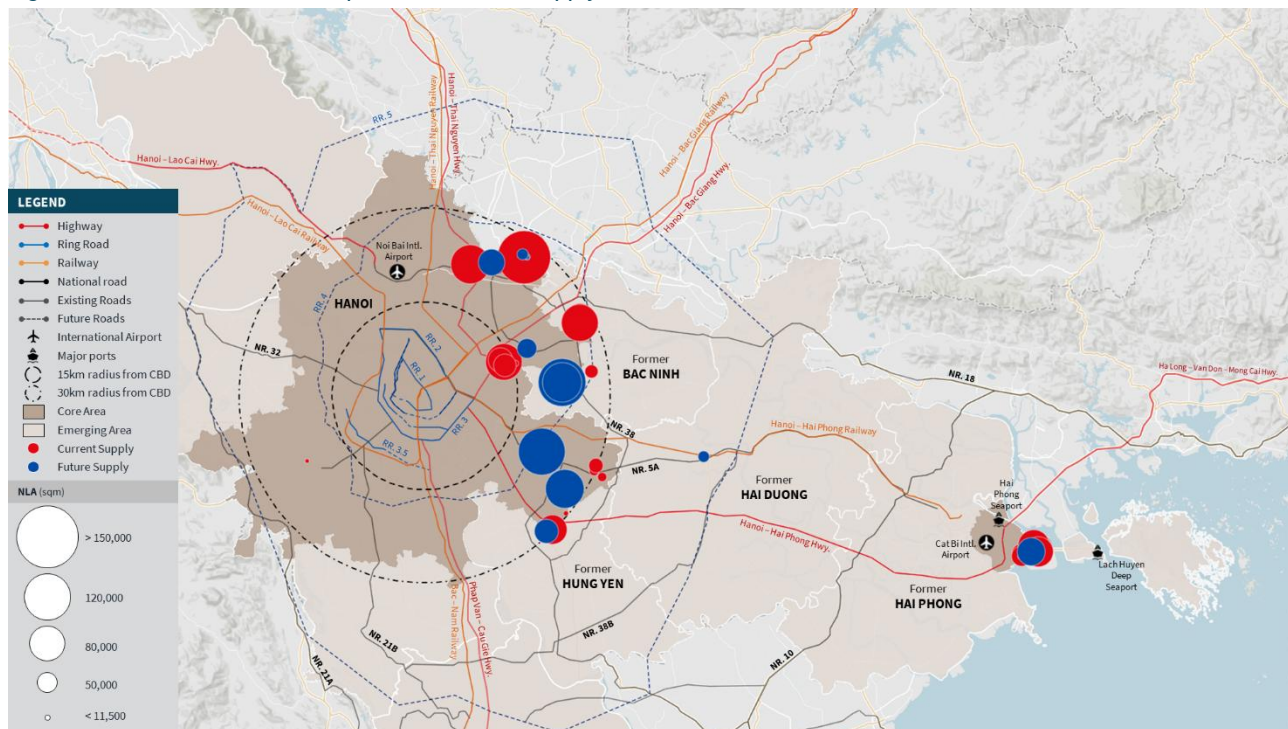
Figure 117: Vietnam – Proportion of Prime RBW Stock by Key Regions (NLA, sqm)



Source: JLL, 4Q25

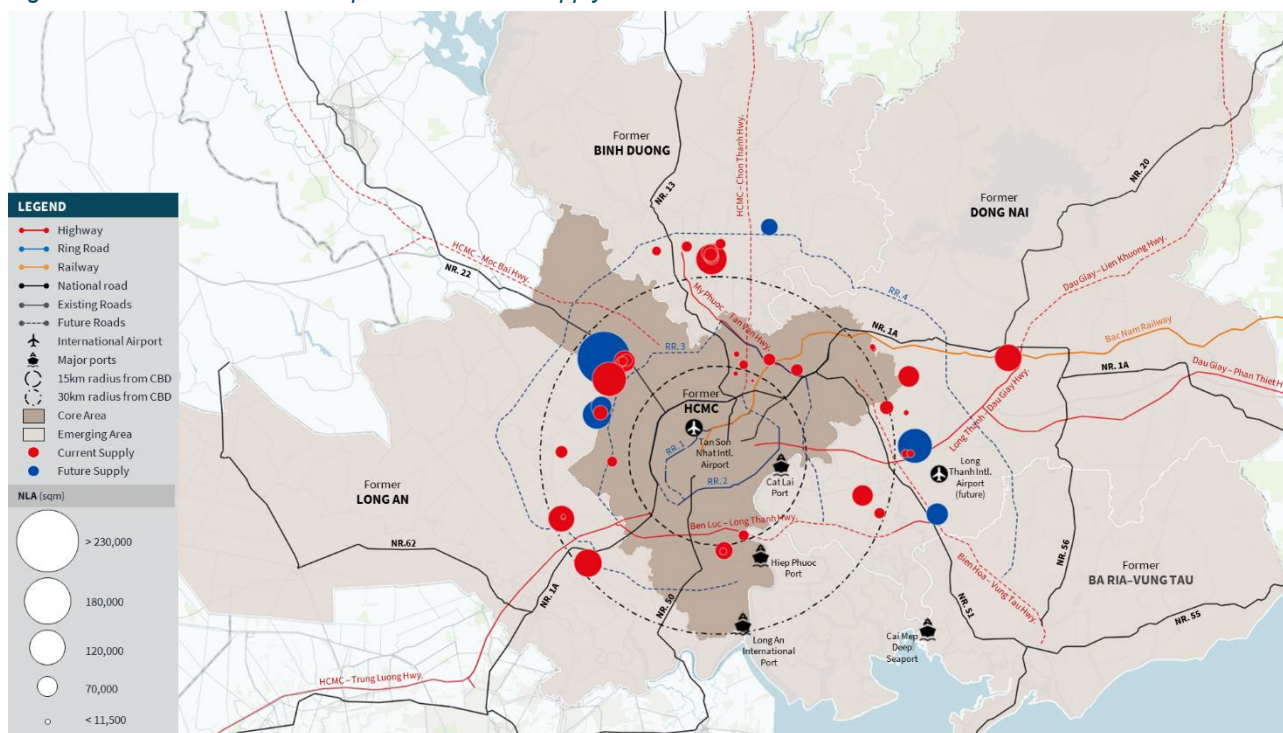
Note: Future supply till 2028F includes under-construction and proposed projects with clear development timelines, as recorded by the best publicly available information and market insights obtained by JLL at the time of reporting only. This figure is subject to change upon the latest development plans.

Figure 118: North Vietnam – Map of Prime RBW Supply



APAC logistics market – Vietnam

Figure 119: South Vietnam – Map of Prime RBW Supply



Source: JLL, MapIT, 4Q25

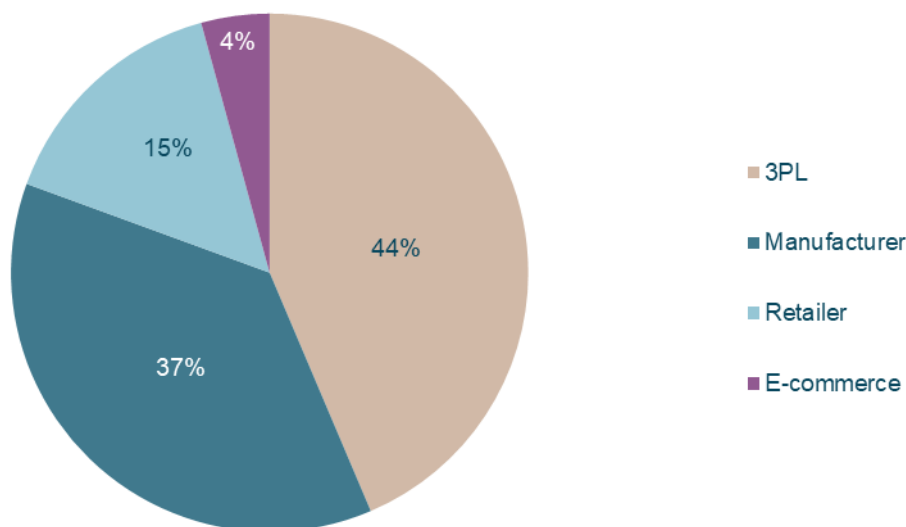
Note: Future supply till 2028F includes under-construction and proposed projects with clear development timelines, as recorded by the best publicly available information and market insights obtained by JLL at the time of reporting only. This figure is subject to change upon the latest development plans.

Looking ahead, core areas are expected to remain highly sought after by occupiers, given their ability to effectively serve both domestic and international markets. Yet, as land banks in these locations dwindle and land prices escalate, new developments—particularly those by latecomers—have been forced towards less prime locations. The proportion of emerging stock is projected to increase in both North and South Vietnam, accompanied by the formation of promising logistics hubs in the near term.

Requirements and trends

The Vietnam logistics market is generally in the emerging stage with growing demand for outsourcing services. As a result, 3PLs form one of the largest groups in the tenant classification, with their tenant profiles also including e-commerce companies, retailers, and manufacturers. As an export-driven economy, Vietnam's manufacturing sector is also a primary driver of warehouse demand. E-commerce and retailers, despite currently occupying moderate proportions, are set to grow strongly. This projection is supported by Vietnam's position as one of Southeast Asia's fastest-growing e-commerce markets, coupled with the government's ongoing efforts to stimulate domestic consumption.

Figure 120: Vietnam – Prime RBW Tenant Profiles Figure⁷⁴



Source: JLL, 4Q25

Modern Warehouse

The introduction of high-quality facilities, spearheaded by institutional developers, has significantly elevated market standards. While existing Modern developments feature upgraded specifications to meet the increasingly sophisticated demands of high-profile tenants, there remains room for further enhancement.

Figure 121: Vietnam – RBW Grade Specifications Comparison

| No. Specifications ⁷⁵ | Traditional Warehouse | Modern Warehouse | Tenant Pain Points |
|----------------------------------|--|---|---|
| 1 Structure | Masonry-concrete structure and reinforced concrete structure are often used; Mezzanine office within warehouse portion. | Steel portal frame with metal cladding; Integrated 2-storey office. | <ul style="list-style-type: none"> Fire protection system standards have been constantly revised and updated, requiring rental premises to comply with the latest regulations; Inefficient layouts limit the use of modern equipment, slow down operations, and increase overall storage costs; Inconvenient loading and unloading processes and poor layouts cause congestion in cargo areas; |
| 2 Clear Height | Approximately 5-6 meters. | At least 9-12 meters or higher for single-storey buildings. | |
| 3 Loading Docks | Floor level loading/roller shutter doors; If any, one dock for each 3,000-3,500 sqm. | Various designs: 1) 10m open bay/door + dock levellers & ramp access; 2) Dedicated dock door and levellers + ramp access. At least 1 dock leveller for each 1,200-1,500 sqm. | |
| 4 Platform Height | Floor level loading. | 1.3m | |
| 5 Floor Loading | Typically, 1.5-2 tons/sqm; Landlords do not calculate floor-loading data, which could result in floor depression. | At least 3 tons/sqm. | |
| 6 Fire Protection System | Basic fire protection: fire alarm, fire hose, fire extinguisher (without sprinkler); If any, conventional sprinkler system, compliant with TCVN standards. | ESFR sprinkler system in accordance with NFPA standards, compliant with TCVN standards; Some facilities may have fire compartments to enclose areas of a building with fire-resistant barriers. | |
| 7 Roof Lighting | No light available from the roof. | Natural roof lights with 5-10% coverage rate. | |

⁷⁴ Tenant profile analysis is a best estimate based on a non-exhaustive list of major RBW tenant types within key markets in North Vietnam and South Vietnam, on the best available information basis. Proportions are estimated based on the number of occupiers.

⁷⁵ Warehouses are classified according to JLL's in-house criteria. Grade analysis (i.e., Modern and Traditional) applies to general warehouses only. In Vietnam, existing warehouse supply does not yet fully meet all Modern warehouse criteria. Therefore, warehouses that satisfy the majority of these criteria—specifically items 1, 2, 3, 4, 5, 6, and 12—are classified as Modern.

| | | | | |
|----|--------------------------------|---|---|---|
| 8 | Ventilation System | No modern ventilation system is available except for windows. | Available inside the building to control air quality. | ▪ Limited options for ESG-compliant facilities at reasonable rents, which is increasingly critical for multinational tenants. |
| 9 | Other Facilities | Limited. | Security guard post. Storm water collection (normal downpipes or potentially symphonic drainage). | |
| 10 | Truck/Container Width | 15-25m. | Single block usage: 27.5-30m; Shared usage: 52-54m. | |
| 11 | Sustainability Features | Not a focus. If any, typically limited to rooftop solar panels. | A key focus, not only rooftop solar panels but also property upgrades to achieve green certs (e.g., LEED Certified/Silver, etc.). | |
| 12 | Value-added Services | Simple services, e.g., hire of material handling equipment, labour/trucking services. | Majority are offering dry-lease options only, in line with tenant demand. | |

Source: JLL, Expert Interviews

Multi-storey Facilities

The shift towards multi-storey developments is gaining momentum as a result of rising investment costs, especially in land acquisition. Particularly, majority of existing RBW projects in strategic areas are two-storey, with ramp design being preferred over those using cargo lifts due to better operational efficiency.

Sustainability

Vietnam's commitment at the Conference of the Parties (COP26) to achieve net-zero carbon emissions by 2050 is set to reshape the future landscape of I&L real estate developments. Stricter requirements from foreign investors and multinational corporations are making green initiatives and sustainable development crucial. Consequently, investors are prompted to develop sustainable projects to capture high-end profile tenants.

BTS Development

The rapid growth in e-commerce and retail sectors has heightened logistics facility standards, demanding optimised operational performance. BTS development emerges as an effective solution, offering customised spaces while minimizing CAPEX. Despite challenges of high construction costs and expertise requirements, BTS product types offer compelling benefits for landlords, including long-term leases, stronger tenant relationships, and enhanced market reputation.

Ready-built Hybrid (RBH)

RBH has recently emerged in the Vietnam logistics market as an innovative strategy in response to global economic challenges. These facilities provide dual-function spaces that can accommodate both manufacturing and warehousing operations. RBH enables landlords to offer flexible leasing options and diversify their tenant mix, thereby improving asset performance and sustaining resilience amidst evolving market conditions.

Performance and outlook

Annual Completion

After a period of slower expansion in 2024, the market experienced a remarkable surge in 2025, delivering over 1 million new leasable spaces, a figure 1.8 times higher than the average recorded during 2020-2024. What stood out most was the North's commanding performance, capturing 77% of total new supply through the completion of large-scale developments from leading players such as BW Industrial (BWID), LOGOI, and Sembcorp. This shift underscores the North's growing magnetism thanks to leveraging its strategic

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advantages in location, synchronized infrastructure, and available land banks. Meanwhile, the South witnessed more measured growth, with the largest project being BWID Thuan Dao, which handed over nearly 120,000 sqm of NLA in Long An province. New investment continued flowing into the market, exemplified by Mitsubishi Estate Asia (MEA)'s entry with the Logicross Hai Phong and Logicross Nam Thuan projects, alongside Daiwa House-WHA's partnership with DPL Vietnam Minh Quang development.

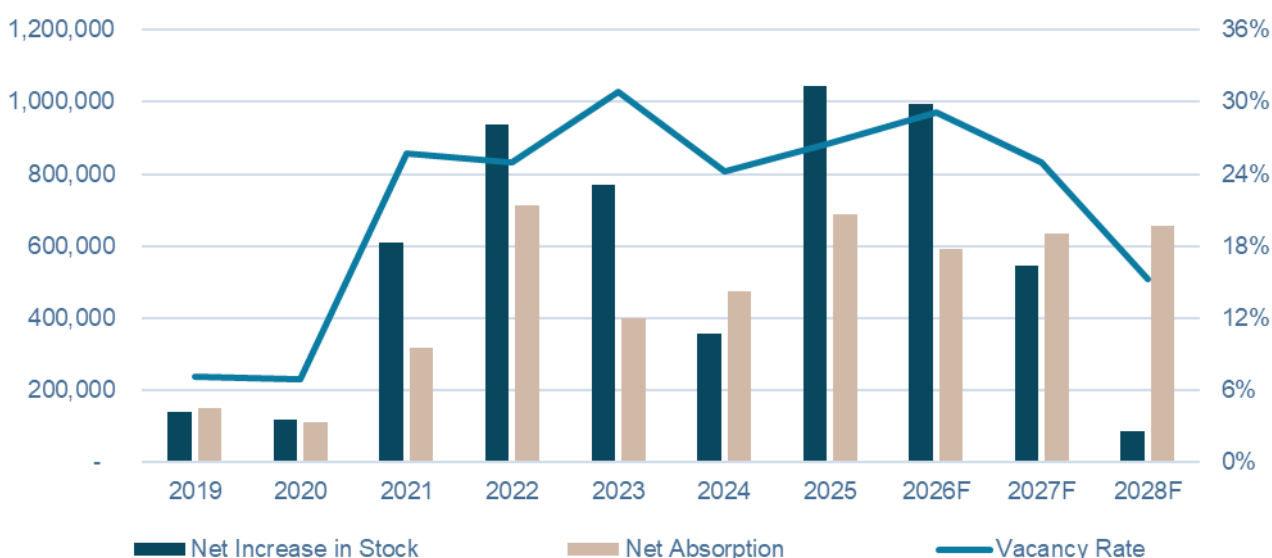
On the development front, multi-storey and ready-built hybrid continued to be the preferred choice, as they allow developers to maximise land efficiency while catering to tenants' diverse operational needs for both warehousing and manufacturing activities. Further, with the sustainability wave gaining real momentum, institutional investors are increasingly embracing green-certified properties, particularly those bearing LEED certification. This evolution aims to meet rising global environmental standards, coupled with Vietnam's commitment to achieve net-zero carbon emissions by 2050.

Looking forward, the market is poised to continue its strong expansion trajectory in the coming years. The 2026 pipeline is forecasted to deliver approximately 996,000 sqm NLA of new warehouse space. The North is set to remain a bright spot attracting investment with a rapid expansion of 683,000 sqm of NLA from major developers such as Mapletree, SLP, and BWID. This region is preparing for major transformation through mega planned infrastructure investments designed to accelerate industrial development and establish the area as a leading logistics hub. Meanwhile, the South will sustain its expansion with an anticipated 313,000 sqm of new leasable area and mark Sembcorp's market entry through a hybrid development by end-2026.

This steady growth is set to persist across both regions over the medium term. By 2028, Vietnam's total prime RBW stock is anticipated to reach around 6.1 million sqm—representing a 1.4-fold increase compared to the current scale and reflecting the market's continued maturation and growing sophistication.

Demand vs Supply

Figure 122: Vietnam – Distribution Warehouse/Logistics Net Increase in Stock, Net Absorption and Vacancy Rate (NLA sqm, Annual)



Source: JLL, 4Q25

Although initial concerns over US reciprocal tariffs created cautious market sentiment and temporarily slowed absorption in 2Q25, the market steadily stabilised and regained momentum throughout the second half of 2025 thanks to positive signals from bilateral negotiations. Despite ongoing global challenges, total net absorption achieved significant improvement in 2025, reaching approximately 690,000 sqm of new

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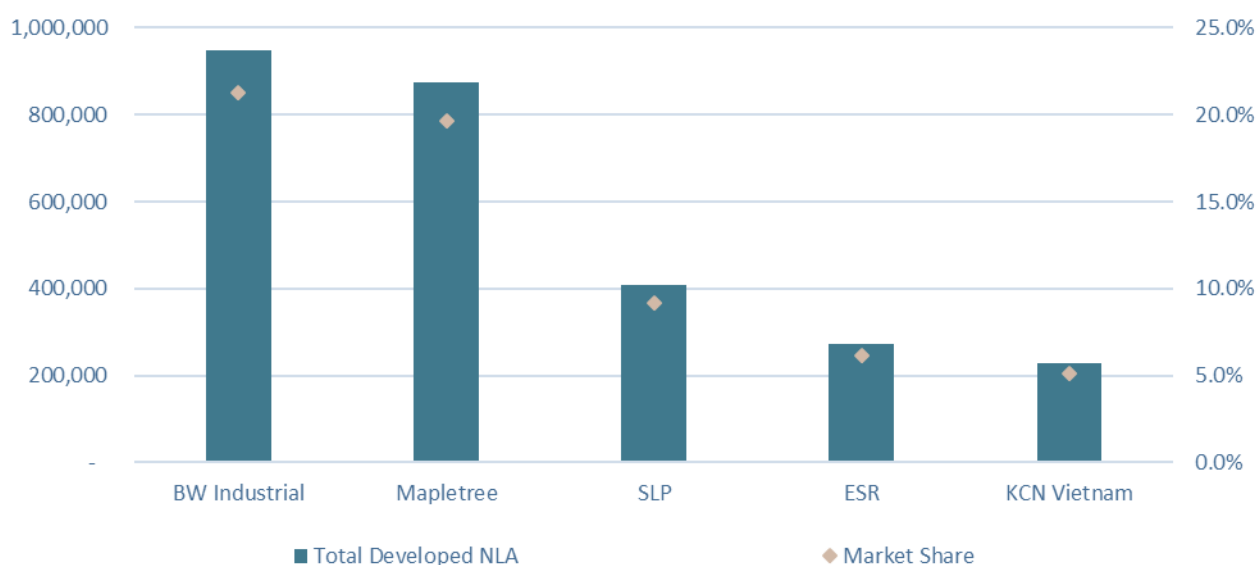
leased space—a robust 45% y-o-y increase. The Southern region exhibited strong resilience with 453,000 sqm absorbed, marking a notable 70% jump from 2024 levels. This surge was fuelled by domestic market improvement and increased activity from cross-border logistics operators and manufacturing momentum. Within this, 3PLs offering distribution and fulfilment services dominated leasing transactions in the region. Meanwhile, the Northern market maintained stable market sentiment with 13% y-o-y net absorption growth. Leasing activity concentrated primarily in Bac Ninh, Hung Yen, and Hai Phong provinces, where manufacturing tenants—particularly Chinese and Taiwanese electronics companies—continued driving market demand.

While net absorption grew significantly, the substantial influx of new supply created market pressure that elevated national vacancy rates from 24.2% in 2024 to 26.5% by end-2025. Leasing activity became increasingly competitive and is likely to continue to face near-term challenges as lingering economic and geopolitical uncertainties may temporarily weigh on demand, prompting tenants to maintain moderate operational scales to navigate unexpected changes. In the near term, the vacancy rate is forecasted to peak at 29.1% in 4Q26. Subsequently, the logistics market is projected to experience a more pronounced recovery from late 2026 onwards, subject to broader economic stabilization both domestically and globally, with vacancy rate expected to decline to 15.3% by end of 2028.

Major logistics facility providers and players

Over the past years, Vietnam's RBW market has undergone a dynamic evolution, transitioning from operator dominance to real estate developers holding sway. This trend enabled the market to efficiently scale up as operators focused more on core business whereas developers can continuously develop new asset types to offer. Institutional investors have accelerated this transformation by introducing ready-built facilities with universal standards. Among them, BW Industrial and Mapletree stood out as pioneers in this sector, leveraging their early-mover advantage to secure the largest market shares and were in close competition with nearly equal market shares of approximately 20%. These market leaders have demonstrated strong ambition through ongoing portfolio expansion nationwide, expecting to maintain their leading positions over the next three years.

Figure 123: Vietnam – Key Developers' Market Share by Total Developed Area (Cumulative NLA, sqm)⁷⁶



⁷⁶ Total developed area of major market players includes only prime RBW projects within key markets in North Vietnam and South Vietnam. BW Industrial's stock comprises only projects developed independently and excludes those undertaken in cooperation with other partners.

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Source: JLL, 2025

SLP followed closely in third place, commanding nearly 410,000 sqm of NLA by the end of 2025. ESR, following its acquisition of LOGOS' remaining interest held by the LOGOS founders in late 2024, has been propelled into the top market players, ranking fourth and accounting for 6.2% of total prime RBW stock. KCN Vietnam, a prominent local institutional investor, has swiftly ascended to fifth place since its 2023 market entry, contributing over 227,000 sqm of modern warehouse space across the country.

Investors and investment trends, and major selected transactions. if any

The market maintains strong momentum through active investment and merger and acquisition (M&A) transactions. Notably, Sembcorp Development (Singapore) acquired a 10,000 sqm existing warehouse in Dinh Vu Industrial Park (Hai Phong), exemplifying the prevailing “acquire & expand” strategy, allowing investors to establish market presence quickly while maximising operational efficiency. In addition, Kawanishi Warehouse and MOL Logistics officially became strategic shareholders of Toan Phat Warehousing JSC, alongside the founding shareholder Toan Phat Irradiation Co Ltd. This alliance aims to develop the Mekong Logistics Hub—the first integrated cold chain logistics centre in Vietnam. Besides M&A deals, capital raising activities are also being intensified by businesses to increase resources for developing new projects. Major players like Core5, BW Industrial, and Sembcorp are rapidly expanding their market share, especially in the context of increasingly scarce clean land.

The industrial real estate M&A landscape is set to remain dynamic over the next 12-24 months, following a selective and sustainability-driven approach linked to ESG standards and long-term value. This trend is driven by fundamental drivers: sustained FDI inflows driving demand for industrial land, ready-built factories and supporting logistics facilities; strong national infrastructure investment; foreign investors' growing preference for brownfield or “acquire & expand” investments; and institutional capital from REITs, infrastructure funds, and logistics trusts increasingly targeting ESG-compliant assets—particularly green ready-built facilities, cold storage, or projects ready to be converted into data centres.

Figure 124: Vietnam – Major Logistics Transactions, 2020-2025

| Year | Property Name | Location | Seller | Buyer | Transaction Price (USD) | Land Area (sqm) | Total Size (sqm) |
|------|---|--|-----------------------|---------------------------|-------------------------|-----------------|------------------|
| 2020 | Mapletree Logistics Park Bac Ninh Phase 3 | VSIP Bac Ninh, Tu Son, Bac Ninh province | Mapletree Investments | Mapletree Logistics Trust | USD 21.9 million | 83,418 | 47,732 |
| 2022 | Mapletree Logistics Park Bac Ninh Phase 4 | VSIP Bac Ninh, Tu Son, Bac Ninh province | Mapletree Investments | Mapletree Logistics Trust | USD 31.5 million | 113,083 | 56,754 |
| 2022 | Mapletree Logistics Park Bac Ninh Phase 5 | VSIP Bac Ninh, Tu Son, Bac Ninh province | Mapletree Investments | Mapletree Logistics Trust | USD 38.6 million | 158,273 | 76,197 |
| 2022 | Mapletree Logistics Park Binh Duong Phase 5 | VSIP II, Thu Dau Mot, Binh Duong province | Mapletree Investments | Mapletree Logistics Trust | USD 25.8 million | 113,036 | 61,754 |
| 2023 | BW Industrial Nam Dinh Vu | Nam Dinh Vu IP, Hai An, Hai Phong province | N/A | BW Industrial | USD 9.7 million | 72,001 | 71,998 |
| 2023 | BW Industrial Yen Phong | Yen Phong Expansion IP, Bac Ninh province | N/A | BW Industrial | USD 18.3 million | N/A | 99,998 |

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| | | | | | | | |
|------|---|--|---------------------------------------|------------------------------------|------------------|-----------|---------|
| 2023 | Land in Northern Vietnam | Yen Phong IP, Bac Ninh province | Minh Quang Industrial Development JSC | Boustead Singapore & Khai Toan JSC | USD 21.7 million | 136,455 | 136,447 |
| 2023 | Stake divestment (49.0%) | An Phat 1 IP, Nam Sach, Hai Duong province | ACTIS | An Phat Holdings | N/A | 1,800,025 | 129,997 |
| 2024 | Mapletree Logistics Park Hung Yen Phase 1 | Yen My IP, Hung Yen province | Mapletree Investments | Mapletree Logistics Trust | USD 24.8 million | 96,962 | 60,186 |
| 2024 | Mapletree Logistics Park Binh Duong Phase 3 | VSIP II, Thu Dau Mot, Binh Duong province | Mapletree Investments | Mapletree Logistics Trust | USD 24.6 million | 113,029 | 61,712 |
| 2024 | Interest Acquisition* | N/A | LOGOS Property | ESR Group | N/A | N/A | N/A |
| 2024 | KTG Bac Ninh | Yen Phong, Bac Ninh province | Boustead Singapore | Khai Toan JSC | N/A | N/A | N/A |
| 2025 | DB Schenker Warehouse | Song Than 1 IP, Binh Duong province | DB Schenker (Deutsche Bahn) | DB Schenker (DSV) | N/A | N/A | 15,000 |

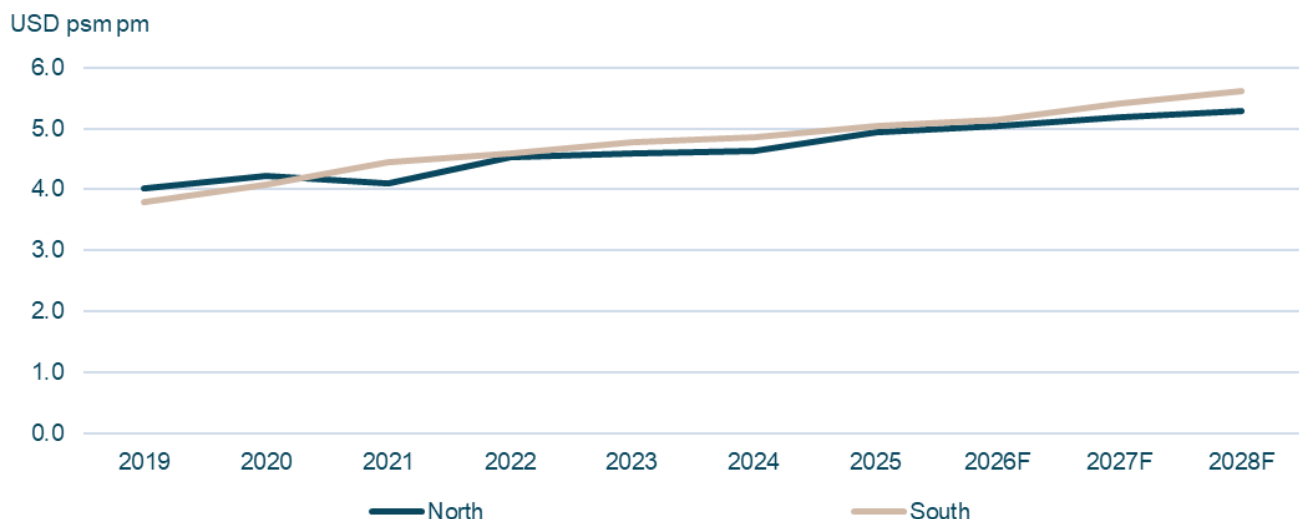
Source: JLL, RCA, 4Q25

Note: *ESR Group had signed agreements to acquire the remaining 13.6% interest in LOGOS held by the LOGOS founders. The information was officially announced on the ESR Group website on July 26, 2024.

Historical and forecast data for key logistics market indicators

Rents

Figure 125: Vietnam – Distribution Warehouse/Logistics Gross Rent (NLA, Annual)



Source: JLL, 4Q25

In the North, the average asking rent climbed to USD 4.9 per sqm per month by end-2025, reflecting an annual appreciation of 6.6%. This rental increase stemmed primarily from rents at newly delivered projects, while rents for existing properties remained relatively stable. The market outlook anticipates heightened leasing competition in the coming period; therefore, tenant diversification has become a crucial strategy for sustaining rental performance, with particular emphasis on attracting small and medium-sized enterprises. The continued completion of premium new developments commanding higher rental rates is expected to

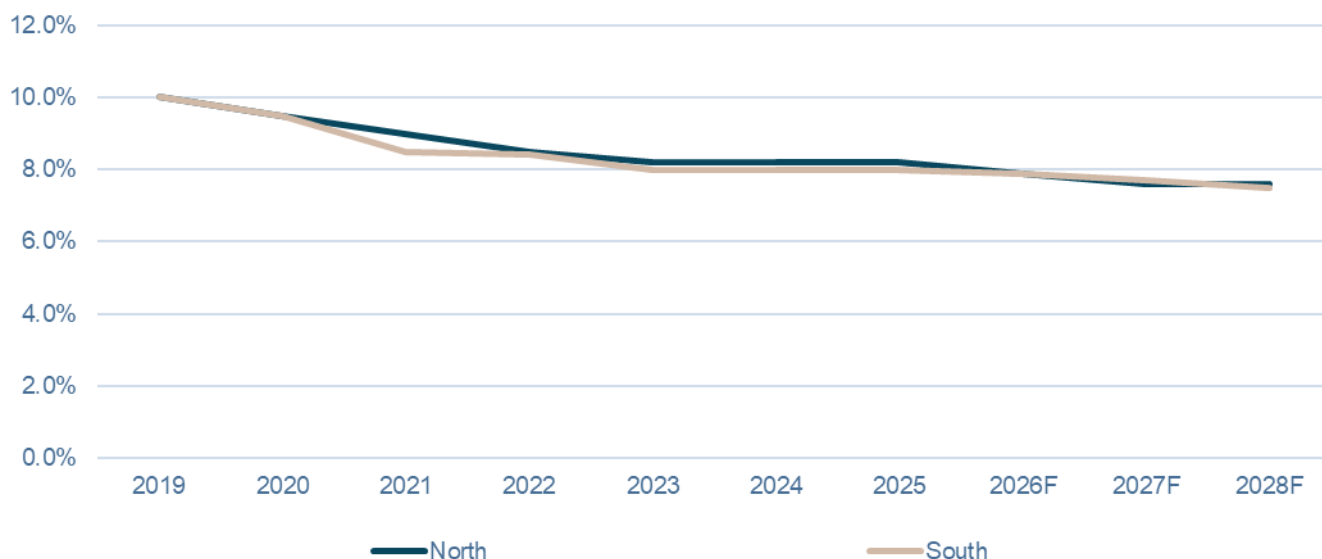
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support overall market rent growth of approximately 2.2% annually, with average rents projected to reach USD 5.0 per sqm per month by end-2026 and USD 5.3 by the close of 2028.

The Southern RBW market's average asking rent rose modestly to USD 5.0 per sqm per month—up 2.7% y-o-y. This uptick, however, was primarily supported by premium asking rates commanded by enhanced-performance projects, while net effective rents remained competitive as landlords continued offering substantial incentives to attract tenants such as direct discounts or rent-free periods of 2–3 months per year for a 3-year lease term. As a result, the logistics warehouse market has witnessed relatively favourable bargaining conditions for tenants, especially in remote areas striving to attract demand. Average market rent is projected to reach USD 5.2 per sqm per month by the end of 2026, marking a modest 2.2% increase over 4Q25. In the medium-term, asking rents are expected to re-accelerate by end-2027 and achieve USD 5.6 per sqm per month by late 2028.

Market Yield

Figure 126: Vietnam – Distribution Warehouse/Logistics Market Yield (NLA, Annual)



Source: JLL, 4Q25

Capital values, derived from gross asking rents, maintained steady upward momentum primarily attributed to higher rental rates commanded by newly completed premium developments. Meanwhile, market yield held a sideways trajectory at around 8.0%- 8.2%, reflecting ongoing uncertainties within the global trade environment.

Looking ahead, capital values are expected to continue their gradual upward progression, underpinned by the introduction of high-quality new developments to the market. Positive long-term prospects are expected, underpinned by advancing market maturity, anticipated recovery in the global economy, continuous infrastructure improvements across the region, and Vietnam's strengthening position within global supply chains. Market yields, on the other hand, are forecast to compress to 7.6% in the North and 7.5% in the South by end-2028 as investor confidence rebuilds and competition for high-quality logistics assets intensifies in response to improving market fundamentals.

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