



# ASIA PACIFIC LOGISTICS AND INDUSTRIAL

2022 UPDATE

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Changing Trajectories  
as Investment Cools  
and Rents Soar



# 2022 VOLATILITY CONTINUES BUT LONG-TERM DRIVERS REMAIN FOR ASIA PACIFIC

## OUTLOOK

On balance the outlook for the region's industrial market looks favorable. Long-term growth drivers include ongoing population growth and a rising middle class which will drive increased demand for goods manufactured in the region. In line with this, online retail sales are forecast to grow by USD 1 trillion between 2020-2025.

Together, these will likely see the redesign and optimization of supply chains to be more focused on intra-regional trade and so drive demand for both manufacturing and logistics space. As a region, Asia Pacific arguably remains underserved by built industrial land.



# INFLATION



**Inflation** has risen quickly this year and is **likely to rise further over the coming months**



Although exerting upward pressure, **inflationary forces are not uniform across the region**



**Inflation** in Asia Pacific remains **more benign** than in other regions

# GLOBAL GROWTH



In APAC, the revision is  
**only 70bps – from 4.6%  
to 3.9%**

**Global GDP growth in 2022** has been revised **downwards by around USD 1.6 trillion**. The outlook for APAC in 2023 is currently little changed at **4.3%**, just **-30bps** from the view at the **start of the year**.



**North American real GDP growth** forecasts have been revised **down from 3.6% to 2.0% (-160bps)**



**European real GDP growth** forecasts have been revised **down from 3.9% to 1.7% (-230bps)**



# EXPORT GROWTH

Ongoing demand for goods manufactured in the region will support ongoing demand for industrial and logistics space.



Growth in exports remains a key indicator of regional economic health



In 2022 so far, real growth in the export of good and services has been steady at around 4% y-o-y.



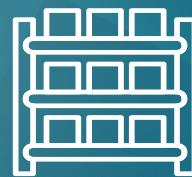
This looks set to continue over the near-to medium-term

# SUPPLY CHAIN DISRUPTION



Many **manufacturers** are choosing **to hold greater inventory to protect themselves from supply chain bottlenecks**

**Greater inventory holdings to hedge against supply chain disruption** is driving demand for industrial space.



This is translating into **strong demand for industrial space** across the region



# VACANCY AND MARKET CONDITIONS

In more mature markets where supply is more limited, **vacancy rates have declined and in places are now extremely tight.**



**Logistics** space in **Shenzhen, Hangzhou and Suzhou**, for example, **all exhibit vacancy rates of approximately 5%**



**Warehouse** space in **Hong Kong** is approximately **1% vacant**



# VACANCY AND MARKET CONDITIONS



Over 55% (19) of Asia Pacific markets analyzed considered landlord-favorable and **only 5% (2)** favoring the tenant, with the remaining 40% (11) (mainly in India) considered neutral.



Tokyo is still seeing **vacancy rates of less than 2%** for large-scale logistics space



Developers are **unable to keep up with demand** in some markets, for example Delhi



## CONTACT



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