

Adaptive Spaces

Making It & Moving It: What's New in Automotive Manufacturing & Logistics Real Estate

REPORT

ASIA PACIFIC

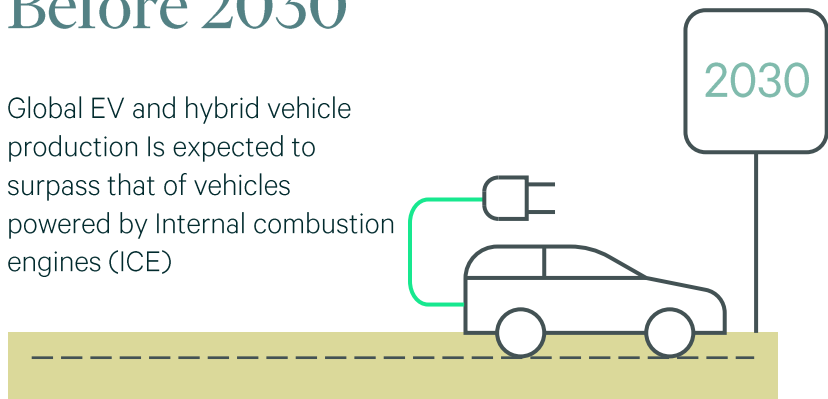
CBRE RESEARCH
JULY 2026



Legacy automotive assets under pressure amid EV transition

Before 2030

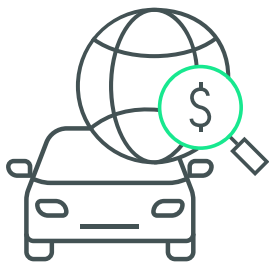
Global EV and hybrid vehicle production is expected to surpass that of vehicles powered by Internal combustion engines (ICE)



Source: Bloomberg, July 2026.

US\$95 billion

of ICE-linked assets in Asia Pacific will require restructuring or divestment within the next five years



Source: Bloomberg, company announcements, CBRE Research, July 2026.

Implications for occupiers and landlords

Original equipment manufacturers (OEM) and automotive component suppliers (OES) are recalibrating real estate strategies in response to the transition to EVs



The Asia Pacific automotive real estate landscape is shifting

- Potential for asset restructuring and disposals
- Potential for OEM/OES expansion



Introduction

The Asia Pacific automotive industry is in the midst of a fundamental structural transformation. Global Electric Vehicle (EV) production is accelerating rapidly and is expected to surpass Internal Combustion Engine (ICE) vehicle manufacturing as the dominant production segment within the next five years.

CBRE's analysis of 15 major listed automotive groups with a strong Asia Pacific presence shows that approximately US\$354 billion of their fixed assets – including property, plant and equipment – are tied to ICE production. Around one-quarter of these ICE-linked assets are in Asia Pacific, representing around US\$95 billion in value. With global EV output expected to surpass ICE production in the coming years, a significant portion of this asset base risks becoming stranded unless it can be repurposed or divested.

This shift is compelling automotive companies to undertake a comprehensive reassessment of their manufacturing footprint, supply chain networks, and real estate requirements across the region.

Against this backdrop, this report examines the automotive sector's manufacturing and logistics real estate strategy through two lenses:



Making it

Lighter & leaner
manufacturing plants



Moving it

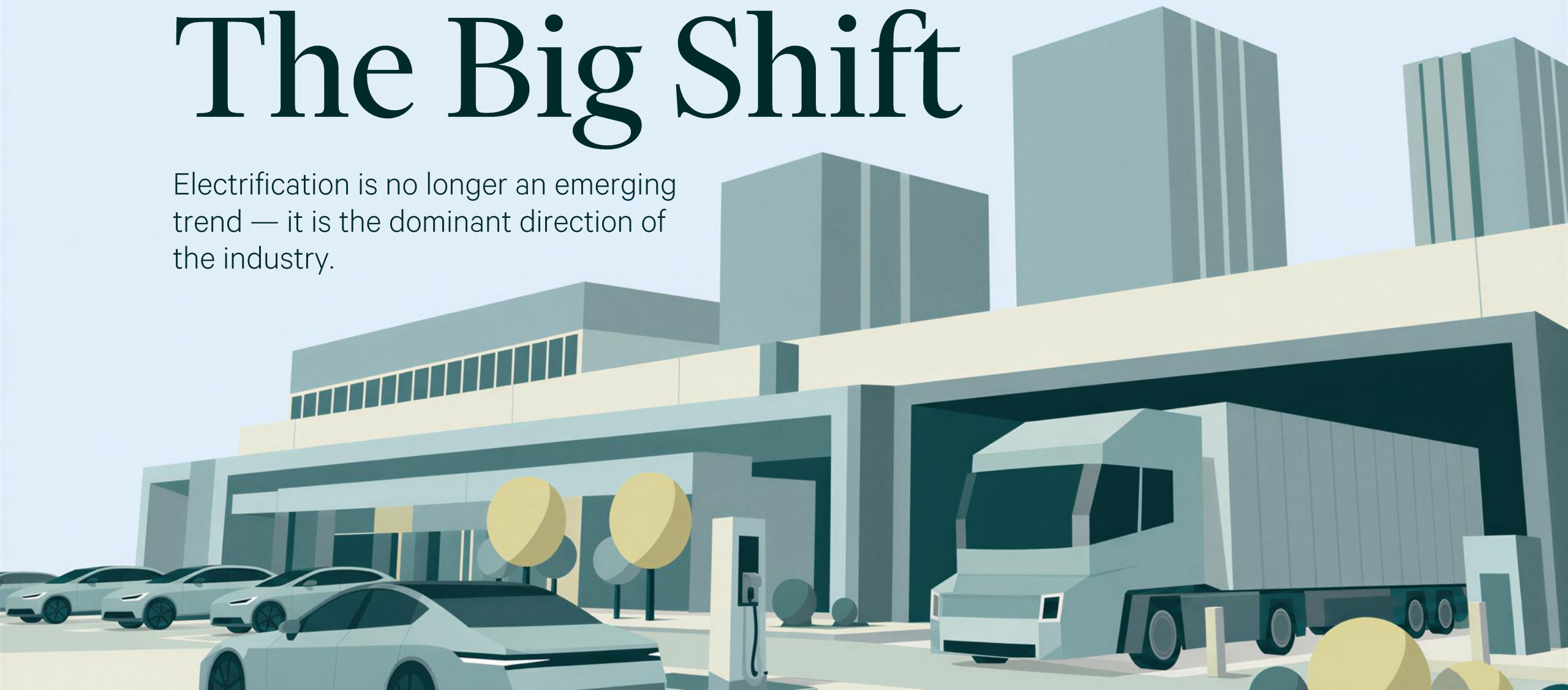
New geographies,
new requirements



01

The Big Shift

Electrification is no longer an emerging trend — it is the dominant direction of the industry.



01 The Big Shift

Asia Pacific leads the global electrification race

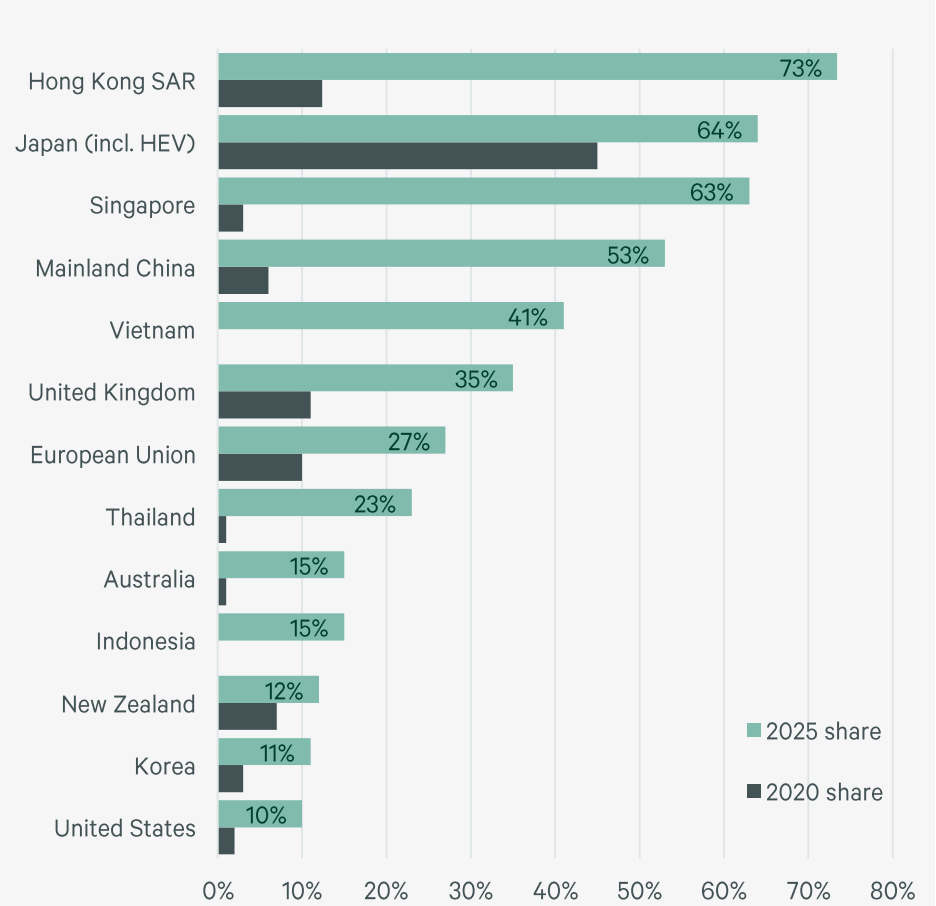


Electrification is transforming the global automotive industry. Between 2020 and 2025, global electric car sales surged from 3 million units to more than 20 million units per annum, registering a five-year CAGR of 48%. ICE vehicle sales fell from 65 million to 64 million over the same period, marking a slight decline of 2%.

The pace of change in Asia Pacific has been especially prominent. International Energy Agency data show mainland China is the world's largest EV market by volume, with more than 13 million EVs sold in 2025, accounting for about 53% of all new vehicle sales in this market. Sales of hybrid electric vehicles in Japan accounted for around 64% of total new vehicle sales. However, it is important to note that most hybrid vehicles are still recharged by fuel. When considering only battery electric vehicles (BEVs) and plug-in hybrid electric vehicles (PHEVs), the share of new vehicle sales falls to about 3%.

The speed of adoption across Southeast Asia has been equally striking, with EVs now accounting for 41% and 23% of all new vehicle sales in Vietnam and Thailand, respectively. Both markets recorded little to no EV penetration just five years ago. Markets earlier in the adoption curve such as Indonesia (15%), Australia (15%), and Korea (11%), crossed the 10% of total sales threshold for the first time in 2025.

Figure 1: Share of EV Sales (%) in Selected Markets, 2020 vs 2025



Source: International Energy Agency, Hong Kong Transport Department, Japan Automobile Dealers Association, CBRE Research, July 2026.
Note: EV sales include battery electric vehicles (BEVs) and plug-in hybrid electric vehicles (PHEVs) only, except for Japan. Japan's EV share includes both PHEV and hybrid electric vehicle (HEV) sales. For Hong Kong, EV share refers to the proportion of first-time registered EVs as a percentage of total first-time private car registrations.

01 The Big Shift

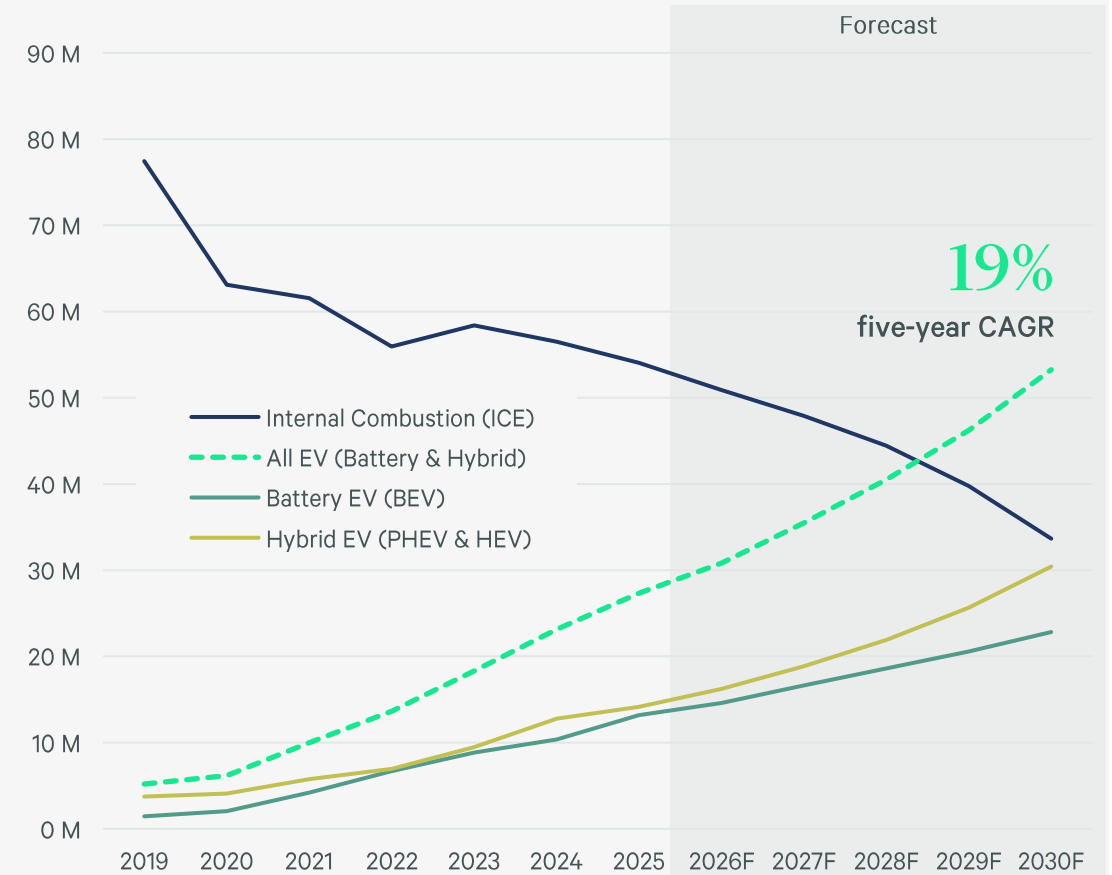
Global EV production is forecasted to overtake ICE before 2030



Strong government incentives including purchase subsidies, tax exemptions, and import duty relief have driven rapid EV adoption across the region. Beyond policy, lower running costs and volatile fuel prices have made EVs a more compelling option for consumers and fleet operators. Rising oil price volatility and geopolitical uncertainty stemming from the Middle East conflict have brought oil import dependency into sharp focus, particularly in Southeast Asia, where reliance on imported oil is high. Policy responses include Vietnam announcing plans to extend EV tax incentives through 2030 as part of its broader energy security strategy. Electrification is thus no longer an emerging trend; it is the overriding direction of the industry.

Manufacturers in the region are responding to this structural shift by reviewing their production footprint, scaling back ICE capacity, accelerating EV investment, and repositioning their manufacturing bases to align with where demand is heading. At the global level, combined EV production is on track to overtake ICE production before 2030 and has already done so in Mainland China.

Figure 2: Global Auto Production by Type (2019-2030F)



Source: Bloomberg, July 2026.

*PHEV refers to plugged-in hybrid EV and HEV refers to Hybrid EV.

01 The Big Shift

US\$95 billion of production assets are under pressure as EV transition accelerates

The transition from ICE vehicles to EVs presents a structural challenge of considerable scale for the automotive industry. As one of the most asset-intensive manufacturing sectors, automotive Original Equipment Manufacturers (OEMs) typically have 10–40% of their total capital invested in fixed assets, including property, plants and equipment. CBRE's analysis of 15 major listed automotive groups with a strong Asia Pacific presence shows that approximately US\$354 billion of these assets are tied to ICE production. As global EV output is expected to surpass ICE production in the coming years, a significant portion of this asset base risks becoming stranded unless it can be repurposed or divested. Around one-quarter of these ICE-linked assets are in Asia Pacific, representing an estimated US\$95 billion in value.

The implications of this analysis are far-reaching. OEMs must fund substantial investment in new EV production capacity while simultaneously managing a large legacy ICE asset base. This dual capital burden is weighing on profitability and accelerating portfolio rationalisation across the sector. As manufacturers reassess whether to repurpose, dispose of, or redevelop existing facilities, a significant pipeline of restructuring activity is expected to emerge, with material implications for the Asia Pacific industrial real estate market in the years ahead.

Figure 3: Production Asset Estimates from 15 Major Automakers

TOTAL PROPERTY, PLANT & EQUIPMENT

Global fixed assets owned by 15 selected automotive groups

US\$650 billion

TIED TO ICE PRODUCTION

using ICE vs EV / Hybrid sales volume split as proxy ratio

US\$354 billion

ICE-LINKED REAL ESTATE AND OTHER ASSETS IN ASIA PACIFIC

using each group's share of non-current assets

US\$95 billion



Source: Bloomberg, company announcements, CBRE Research, July 2026.

02

Making It

Strategy 1 — Lighter and Leaner manufacturing plants



02 Making It

Automakers increasingly prefer to stay asset-light

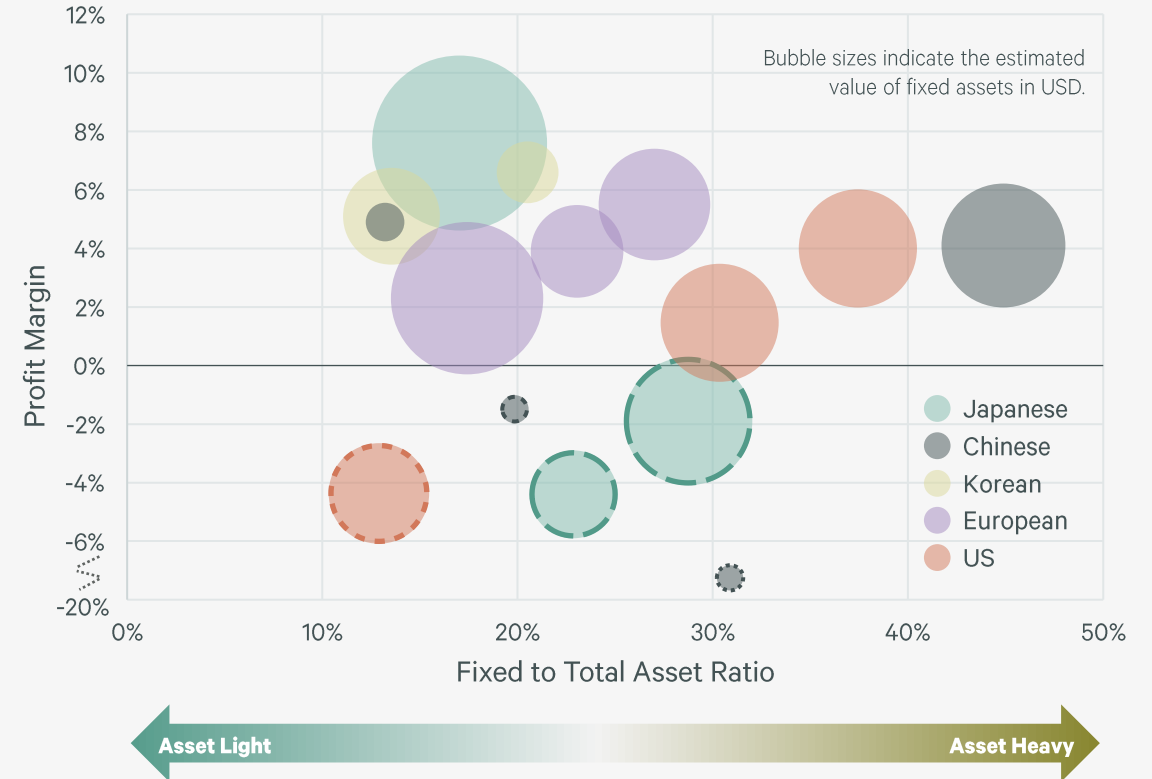
OEM profit margins remain under sustained pressure, with most groups operating within a narrow 2–6% range. With fixed assets accounting for up to 45% of total assets for some groups, the case for rationalisation is strong. This is prompting two responses: disposing of underperforming or strategically redundant assets, and a broader shift toward asset-light operating models.

Divestment potential varies by asset type and usage, with highly specialised complete vehicle plants often being built-to-suit and therefore difficult to reposition without substantial adaptation. For example, GAC Fiat Chrysler's Changsha plant, a legacy ICE factory, was transacted through a debtor-controlled sale in November 2025 for around RMB 602 million (US\$85 million) to Apple supplier Lens Technology, well below its initial RMB1.9 billion initial asking price. While this price partly reflects ongoing property downturn and oversupply in mainland China, it illustrates the deeper discount applied to ICE-linked manufacturing assets.

“Asset heavy automakers with tight profit margins should look to recycle capital through sale-and-leasebacks and disposals.”

Ada Choi
Head of Research
Asia Pacific
CBRE

Figure 4: Automotive Group Profit Margins and Fixed Asset Ratio, 2025



Source: Bloomberg, May 2026.

Note: The fixed-to-total asset ratios only reflect the ratio for automotive businesses and are not indicative of the ratios at the consolidated group level.

Bubble sizes indicate the estimated value of fixed assets in USD.

02 Making It

Recycling capital through sale-and-leasebacks and disposals

Sale-and-leaseback activity in the Asia Pacific automotive sector is gaining traction, particularly among businesses undergoing restructuring. Recent examples include Nissan's sale-and-leaseback of its Yokohama global headquarters for US\$623 million in November 2025, which saw the firm secure a 20-year lease to maintain operational continuity. Hyundai Motor recently completed the securitisation of 11 selected properties across Korea through a collaboration with Koramco Asset Trust. Koramco established a private REIT to acquire the properties, which have a total asset value of US\$400 million. Hyundai Motor will lease back the assets under a long-term master lease, allowing the company to maintain its sales and service network while recycling capital into growth areas.

The automotive sector is displaying stronger leasing demand, particularly for cost-driven consolidation and relocation. This trend is more prominent in markets with high availability, such as mainland China, Vietnam and Malaysia. Landlords in these markets are also more willing to offer incentives or contribute to occupier fit-out costs. In tightly supplied mature markets such as Singapore and Australia, occupiers are more inclined to stay put as they prioritise locational convenience and operational efficiency over cost savings.



“Real estate is one of the key levers auto occupiers can pull to turn capital trapped in legacy assets into tomorrow's EV investment capacity.”

Michael Bowens

Managing Director
Head of Industrial & Logistics Leasing,
Asia Pacific
CBRE

02 Making It

Case studies: Asia Pacific sale-and-leasebacks and disposals



Disposal of an Automotive Part Manufacturing Plant in Mainland China

YEAR	2025
LOCATION	Tier III City, Mainland China
PROPERTY TYPE	Manufacturing plant
AREA	49,972 sq. m.
PURPOSE	Dispose of underutilised asset to unlock capital for investment

- A global automotive supplier reviewed its mainland China manufacturing footprint and identified an underutilised plant in a tier III city linked to declining ICE-related demand.
- The asset disposal enabled the client to streamline its asset base and unlock capital for redeployment into higher-priority business areas.



Sale-and-Leaseback of a Distribution Centre in Australia

YEAR	2024
LOCATION	North Melbourne, Australia
PROPERTY TYPE	Distribution warehouse
AREA	56,819 sq. m.
PURPOSE	Divest of an underutilised asset to streamline operations

- A leading automotive manufacturer sold its parts distribution centre in Northern Melbourne to a local property developer.
- The seller retained a short-term leaseback of one warehouse for its product development and service engineering division while relocating primary distribution operations to a new facility.
- The planned redevelopment into industrial and logistics hub underscores the value repositioning potential of a prime land site.



Disposal of Industrial Land in Japan

YEAR	2025
LOCATION	Western Tokyo Metropolis
PROPERTY TYPE	Manufacturing plant
AREA	155,000 sq. m.
PURPOSE	Optimise resource utilisation and improve asset efficiency

- A subsidiary of a Japanese automotive conglomerate sold a land portion located in Western Tokyo Metropolis to a premier local developer in Q1 2025, booking an estimated gain of around US\$224 million.
- This transaction formed part of a broader financial and operational restructuring initiated in 2023, with the company gradually divesting real estate assets to raise cashflow and enhance asset efficiency.

03

Moving It

Strategy 2 — New geographies and new requirements

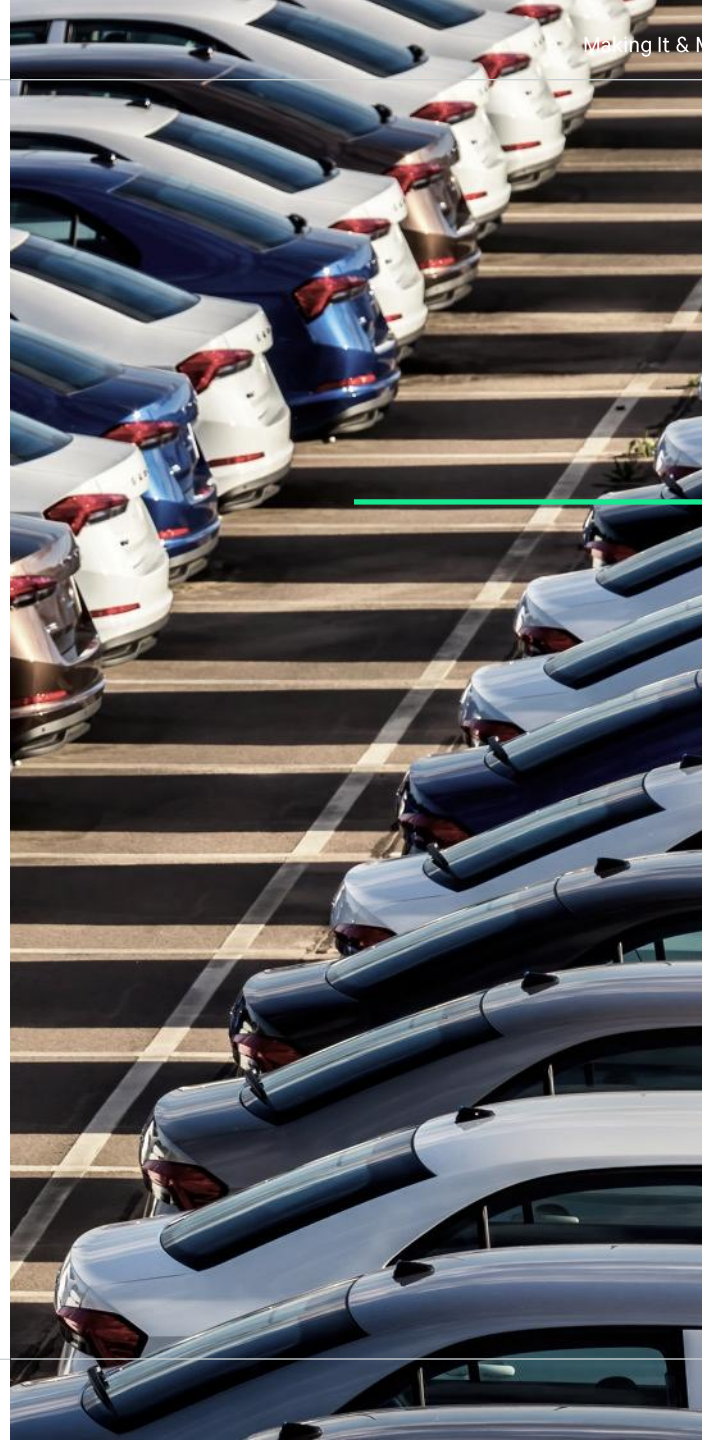


03 Moving It

Automakers partner with 3PLs to accelerate new market entry and localise distribution

Electrification is both transforming how vehicles are made as well as changing how they are moved, stored, and distributed. As OEMs and automotive component suppliers (OESs) reassess their operating models and asset portfolios, two key trends are emerging: the restructuring of distribution networks and the geographic diversification of production through nearshoring and friendshoring strategies.

While maintaining large in-house logistics operations becoming increasingly expensive, more OEM and OES automotive operators are outsourcing to Third-Party Logistics (3PLs) providers to facilitate warehousing and transport distribution, while retaining strategic control over their core operations. This hybrid model ensures companies stay asset-light, avoid heavy infrastructure costs and preserve the flexibility they need to adapt as supply chains continue to shift.



“The EV transition is driving automotive manufacturers to expand into Southeast Asia to localise production and strengthen supply chain networks.”

Sidharth Dhawan
Head of Alternatives Leasing,
Asia Pacific
CBRE

03 Moving It

Nearshoring in Southeast Asia

OEMs and OESs are expanding into fast-growing consumer markets and lower-cost production bases to localise output, strengthen supply chain resilience, and reduce exposure to tariff risk. Southeast Asia is the primary beneficiary of this shift, with individual markets developing a distinct role.

Thailand

remains Southeast Asia's most established manufacturing base on the back of its strong labour force, supplier networks, and decades of government support that have attracted major Japanese and Korean OEMs to the country. The Eastern Economic Corridor, particularly in Rayong and Chonburi, is now drawing a new wave of Chinese EV investment as localising production here unlocks ASEAN free-trade access and potentially more favourable tariff terms into Europe and the U.S..

Indonesia

is developing as both a vehicle manufacturing cluster and the region's battery supply chain hub, underpinned by its nickel reserves. Several battery cell plants have been set up in Karawang, with a broader EV manufacturing ecosystem developing cross this area along with nearby Subang.

Beyond Southeast Asia, India is emerging as a regional EV hub, supported by strong government incentive schemes and a large, fast-growing domestic market. Industrial clusters across the country are seeing more land acquisition activity as automakers look to establish and expand their production footprint. With a new and increasingly integrated EV ecosystem now taking shape across Asia Pacific, owners of industrial and logistics real estate near ports and key transportation nodes are ideally placed to capture this growing demand. Landlords possessing regional platforms will be well-positioned to support automotive occupiers as they expand across multiple markets.

Vietnam

is rapidly scaling up its EV manufacturing capacity, driven by robust domestic demand. Production is concentrated in the northern part of the country in Haiphong, Quang Ninh, and Hung Yen due to the proximity to mainland Chinese supply chains. VinFast's production hubs are attracting Chinese OES operators to set up factories and workshops nearby, and these occupiers strongly prefer ready-built facilities for speed, flexibility, and scalability.

Singapore and Malaysia

are consolidating as regional logistics and distribution centres, providing aftersales support, parts distribution, and value-added services to the broader ASEAN market.

Where are the *hotspots*?



Source: CBRE Research, July 2026.

03 Moving It

Case studies: Asia Pacific nearshoring and warehousing



Nearshoring of Automotive Component Manufacturing Facility in Vietnam

YEAR	2026
LOCATION	Economic Zone, Hai Phong City, Vietnam
PROPERTY TYPE	Industrial / manufacturing facility
AREA	33,800 sq. ft.
PURPOSE	Expansion and new market entry

- A mainland China-based automotive components manufacturer established its first overseas production facility in Vietnam to support growing EV production demand and expansion of OEMs.
- OESs typically favour asset-light strategies when entering new markets, often leasing ready-built manufacturing facilities rather than pursuing development or built-to-suit solutions.



Land Acquisition and a Built-to-Suit Automotive Component Manufacturing Facility in India

YEAR	2025
LOCATION	Pune, India
PROPERTY TYPE	Industrial Land
AREA	40 acres
PURPOSE	Relocate to expand production and move closer to automotive cluster

- A leading global power solution supplier sought to expand its manufacturing capacity in India by relocating from a land-constrained facility to a larger site within an established automotive cluster in Pune.
- The new location places the company alongside nearby major OEMs, supporting closer supply chain integration and a stronger manufacturing footprint.



Pre-leasing of New Build-to-Suit Facility for Vehicle Storage in Perth, Australia

YEAR	2025
LOCATION	Perth, Australia
PROPERTY TYPE	Bonded warehouse and associated office for vehicle storage
AREA	15 hectares
PURPOSE	Expansion to support storage and distribution of imported vehicles

- A leading automotive logistics company sought a new facility to expand operations for storage capacity. Requirements included a car storage yard, warehouses, supporting offices, and dedicated battery storage.
- The built-to-suit development, totaling approximately 15 hectares, delivered on all specifications and was strategically located for deployment to local sales distribution channels.

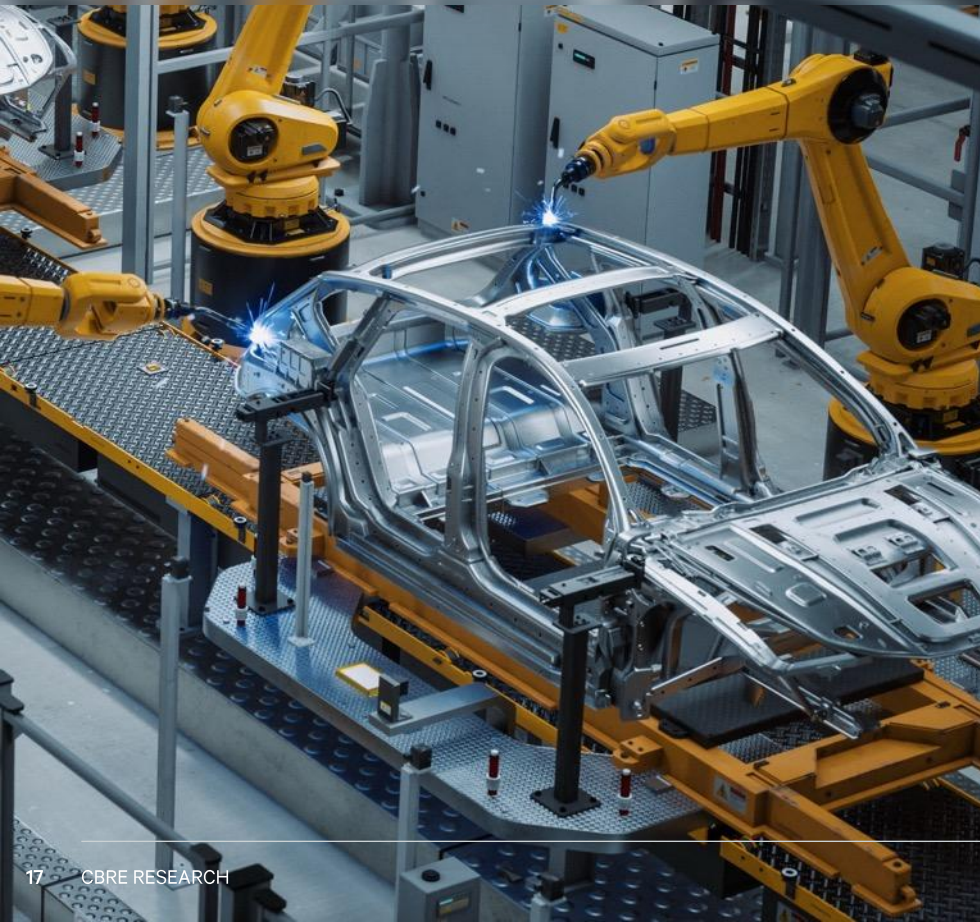
04

Conclusion & Recommendations



04 Conclusion & Recommendations

For Automotive Manufacturer (OEM) Occupiers



The trends outlined in this report have far-reaching consequences for OEMs and OESs, together with landlords of and investors in manufacturing and logistics real estate. CBRE's recommendations are as follows:



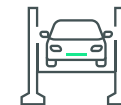
Review real estate portfolios to identify non-core or underutilised assets for **capital recycling such as sale-and-leasebacks and disposals.**



Align real estate strategy with **electrification requirements** for EV production or transition such as battery storage, safety systems and power supply.



Diversify production and distribution networks through **nearshoring or offshoring**, particularly in Southeast Asia and India



Prioritise manufacturing and warehouse sites within **established or emerging automotive clusters** to enhance supply chain efficiency

04 Conclusion & Recommendations

For Automotive Part (OES) Occupiers



Align real estate strategies by **securing suitable sites at an early stage of contract bidding** to improve execution certainty, manage costs, and enhance competitiveness.



Adopt a **semi-turnkey approach** by retaining control over fit-out in key production areas for operations, while having landlords to manage core building infrastructure



Leverage relocation or consolidation opportunities to optimise occupancy costs, while prioritise sites with automation and ESG needs.

04 Conclusion & Recommendations

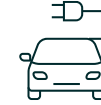
For Landlords & Investors



Target assets with value-add potential including conversion to higher-value alternative uses such as modern warehouses and data centres, particularly in mature, land-constrained markets.



Focus on leveraging automotive clusters by developing near automotive OEMs hubs to capture potential tenant demand.



Target future-proof facilities that can better support increasing automation and higher power requirements for the EV transition.

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