2025

China Logistics Market Outlook Mid-Year Review

REPORT

CBRE CHINA RESEARCH

JULY 2025

Mid-year Review and Outlook

- Logistics demand surged in H1 2025, with net absorption of 5.1 million sq. m., a record high for a first half period. However, the rental decline accelerated.
- Domestic and external demand strengthened, supporting expansion by 3PLs and e-commerce. Leasing by advanced manufacturers grew by 50%.
- CBRE has revised down its rental forecast to a decline of 9.5% y-o-y. Two major regions will see a turning point, with rents in south China set to peak and the supply peak in east China expected to culminate.

FIGURE 1: 2025 Logistics Warehouse Mid-Year Outlook

	Forecast in January 2025	Forecast in July 2025		Values in H1 2025 (y-o-y change)
New supply (million sq. m.)	9.7	10.6	↑	4.1 (+14.2%)
Net absorption (million sq. m.)	6.9	8.5	↑	5.1 (+88.7%)
Vacancy (%)	21.7	21.0	↓	19.4[1] (-2.5%)
Rental growth (%)	-6.5	-9.5	↓	-6.5[2] (-13.5%)

Source: CBRE Research, July 2025

Note 1: H1 2025 actuals; Note 2: H1 2025 YTD

Logistics

	Forecast in January 2025	Mid-Year Review	
01	Warehouse demand will remain stable in 2025.	• National net absorption totalled 5.1 million sq. m. in H1 2025, representing growth of 89% y-o-y, a historical high. • Central and west China (up 334% y-o-y) and Shanghai city cluster (up 138% y-o-y) led growth in net absorption, while Foshan, Langfang and Wuhan outperformed in terms of total net absorption volume.	✓
02	Cross-border e-commerce will gradually normalise, but domestic demand should pick up.	• Driven by “old for new” government stimulus policies aimed at boosting domestic demand, sales of home appliances, furniture and electronic products rose by over 20% y-o-y from in the first six months. This boosted demand from 3PLs, which surpassed cross-border e-commerce platforms to become the largest single share of new leases in Q2 2025. Advanced manufacturers in the fields of automobiles, pharmaceuticals and electronics continued to expand, with new leasing volume from this category up 50% y-o-y. • Following the introduction of new U.S. tariffs in early April 2025, expansion by cross-border e-commerce slowed and some pre-leases were cancelled, reflecting increased caution.	✓
03	New supply will decline in Shanghai city clusters, while that in Guangzhou and Shenzhen city clusters will peak over the next three years.	• New supply in south China totaled 1.73 million sq. m. in H1 2025, 4x that of the same period last year and accounting for 42% of nationwide new supply. Foshan saw the addition of 1 million sq. m. of new stock in H1 2025. • East China reported the addition of 1.3 million sq. m., 10% drop compared to last year. The supply pipeline is thinning out, with no new stock added in Hangzhou, Ningbo, Kunshan, Nanjing and Taicang in the first six months.	✓
04	Amid high vacancy, landlords will continue to prioritise destocking. Rents will remain under downward pressure in 2025, except for South China.	• Landlords’ “price for volume” strategy ensured the nationwide rental decline widened to 6.5% in H1 2025. Most markets in east China saw the rental decline accelerate, while rents in Beijing, Tianjin and northern China also continued to decline. Bucking the trend, rents in Ningbo grew by 1.7% in H1, ranking first nationwide. • South China was affected by the upcoming supply peak as well as the deceleration of cross-border e-commerce demand, leading to rents topping out and pulling back during H1 2025.	✓

✓ Exceeded expectations ✓ In line with expectations ✓ Below expectations

Updates to 2025 Forecast

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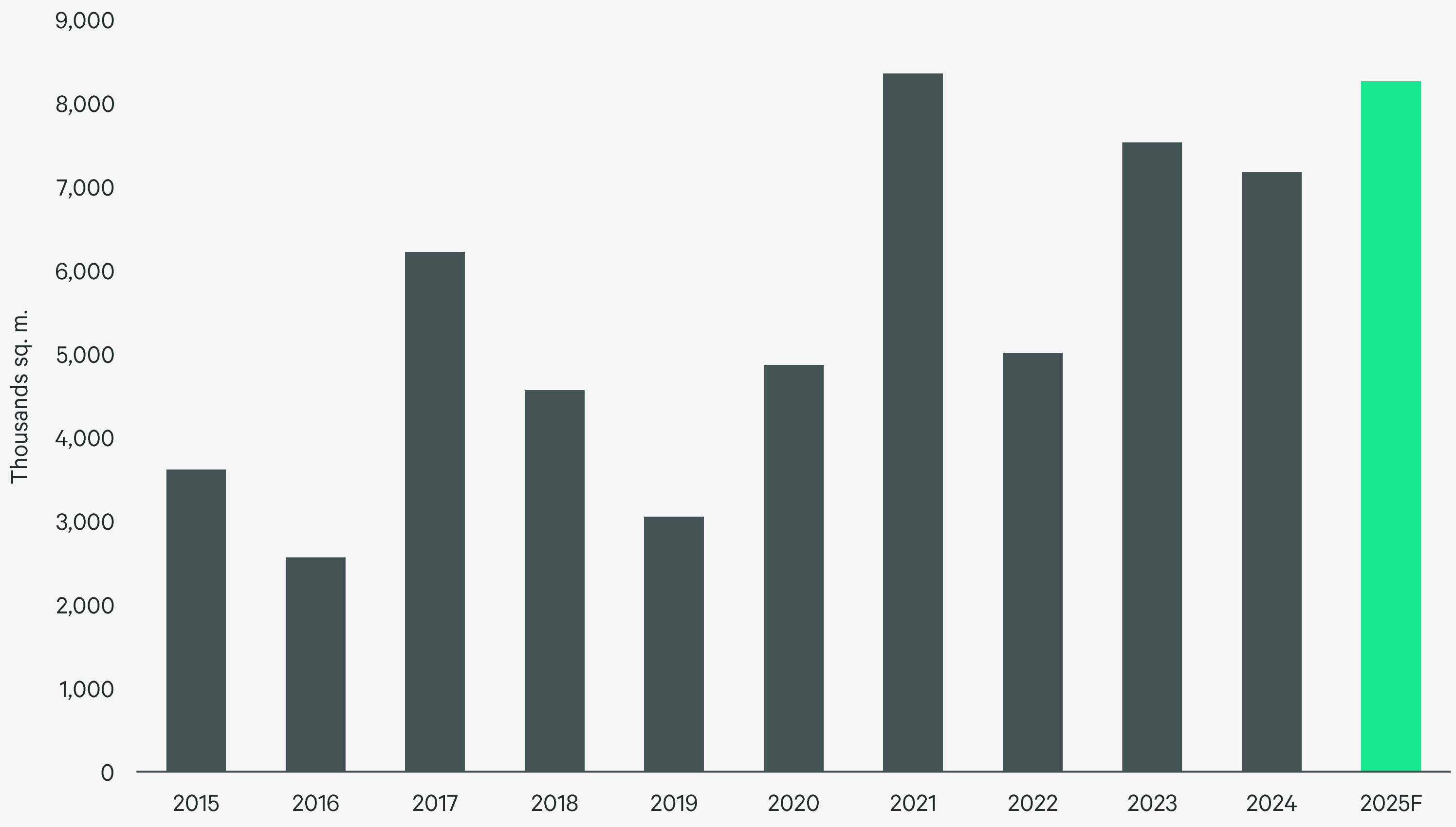
Supply and Demand

- Demand eclipsed CBRE's forecasts to reach 5.07 million sq. m. in H1 2025. This has led us to **raise our full-year net absorption forecast to around 8.5 million sq. m.**, up 20% from January's forecast and representing growth of 15.8% y-o-y.

- **Domestic demand will continue to offset the slowdown in external demand**. H2 2025 will see the provision of another RMB 138 billion in fiscal funds to stimulate consumption. Considering the diminishing impact of stimulus polices over the past six months, as well as ongoing uncertainty in the foreign trade environment that is inhibiting expansion by cross-border e-commerce platforms, CBRE expects overall demand to be weaker compared to H1 2025.

- **New supply is 9.2% higher than January's forecast and is projected to reach 10.6 million sq. m**. There will be 6.5 million sq. m. of new supply in H2 2025, of which nearly 3.0 million and 2.0 million sq. m. is in south China and north China, respectively. Supply will decline in east China, west China and central China.

FIGURE 2: National Logistics Demand Forecast



Source: CBRE Research, July 2025.

Updates to 2025 Forecast

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Rents

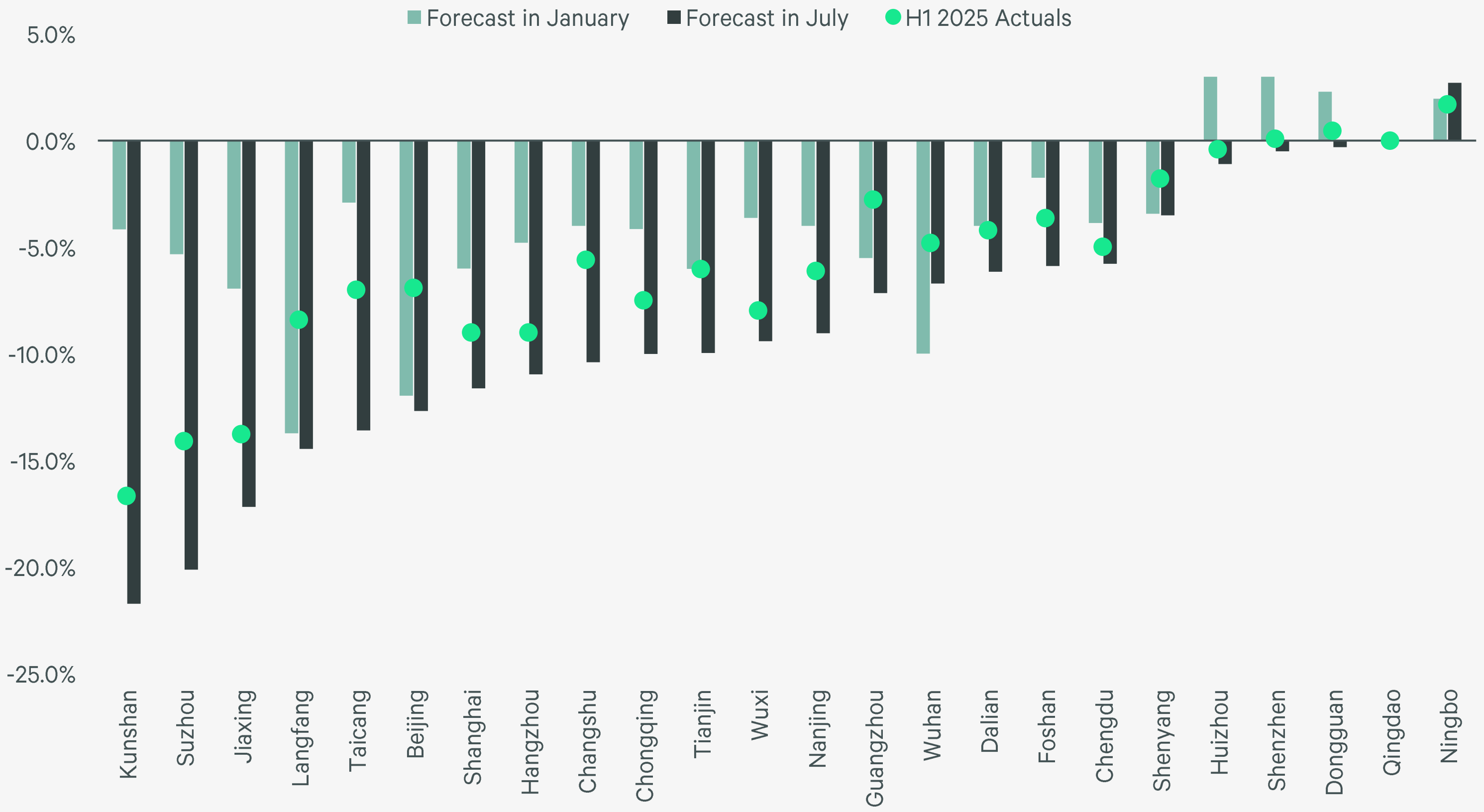
- **CBRE has adjusted its forecast to a full-year nationwide rental decline of -9.5%, compared to January's forecast of -6.5%.**

- The rental decline widened in H1 2025, especially in east China where landlords sought to attract new tenants. CBRE expects rents in east China to decline by over 10% for the full-year, with major markets set to witness large falls. However, with only 1.16 million sq. m. of new supply, below the average of 1.4 million sq. m. of new supply in the same period over the past five years, the rental decline is expected to lose momentum.

- **Rents in South China will peak and then gradually decline.** Around 3 million sq. m. of new supply will be added in Guangzhou and Foshan, respectively, in 2025 and 2026. Destocking pressure will rise significantly due to the slowdown in cross-border e-commerce. Rents are expected to fall by over 5% in 2025 in Guangzhou and Foshan. With vacancy in Shenzhen and Huizhou under 10%, the rental drop will be mild.

- **Chengdu and Chongqing continue to witness competition** from local self-built warehouses, vacant factory buildings and lower standard properties. Rents are expected to decline by 5-10% for the full-year, exceeded CBRE's January forecast.

FIGURE 3: National Logistics Face Rents Forecasts



Source: CBRE Research, July 2025.

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