

*COLD CHAIN STORAGE IS SET TO BECOME A NEW  
GROWTH POINT*



# Shanghai Logistics Warehouse Market Report

Q4 2020

knightfrank.com.cn



## OVERVIEW AND OUTLOOK

According to the Shanghai Municipal Statistics Bureau, GDP in Shanghai increased by 1.7% YoY to RMB3,870.058 billion in 2020, with the growth rate increasing 2 percentage points compared to the first three quarters. The gross industrial output value of large-scale industrial enterprises in Shanghai increased by 1.9% YoY to RMB3,483.097 billion in 2020.

In 2020, Shanghai's manufacturing investment increased by 20.6% YoY, with a double-digit growth throughout the year. With the rapid development in strategic emerging industries, its gross industrial output value in Shanghai increased by 8.9% YoY to RMB1,393.066 billion, 1.0 percentage

point higher than that in the first three quarters of 2020.

In 2020, the realised foreign direct investment ('the realised FDI') achieved US\$20.233 billion, an increase of 6.2% YoY, rising by 0.1 percentage point compared with the first three quarters of 2020. The realised FDI of tertiary industry increased by 10.6% and its value accounted for 94.5% of the total in Shanghai.

Affected by the COVID-19 pandemic, the completion of new projects has been delayed. It is expected that a total of approximately 2 million sqm of logistics warehouse space will

be completed in 2021. In addition, accelerated by the rapid development of fresh food e-commerce platforms during the post epidemic era, those e-commerce and express delivery giants including JD.com, SF Express and Suning have expanded their business in the cold chain logistics sector, leading to a significant increase in the demand for cold storage space. Despite the huge amount of new completions to be launched in 2021, the overall vacancy rate of Shanghai logistics warehouse market, driven by the strong demand, will remain stable while the logistics warehouse rent is expected to increase steadily.

Figure 1: Shanghai logistics warehouse market indicators<sup>[1]</sup>



QoQ change: **▲ 56.2%**

Outlook (Q1 2021): **▲**



QoQ change: **↔**

Outlook (Q1 2021): **▲**



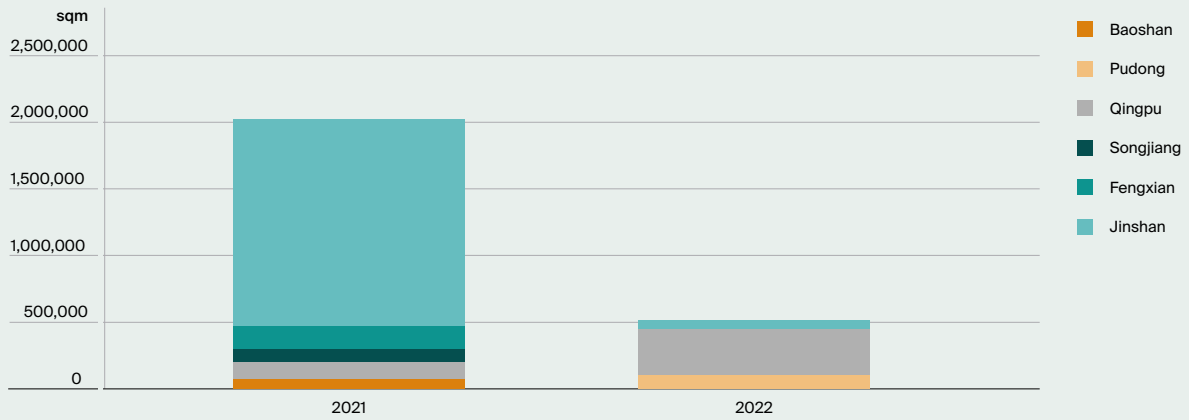
QoQ change: **▲ 1.0pps**

Outlook (Q1 2021): **↔**

Source: Knight Frank Research

[1] Rent refers to tax-included contract rent, including bonded and non-bonded warehouses

**Figure 2: Future supply of logistics warehouse in Shanghai**



Source: Knight Frank Research

## LOGISTICS PROPERTIES

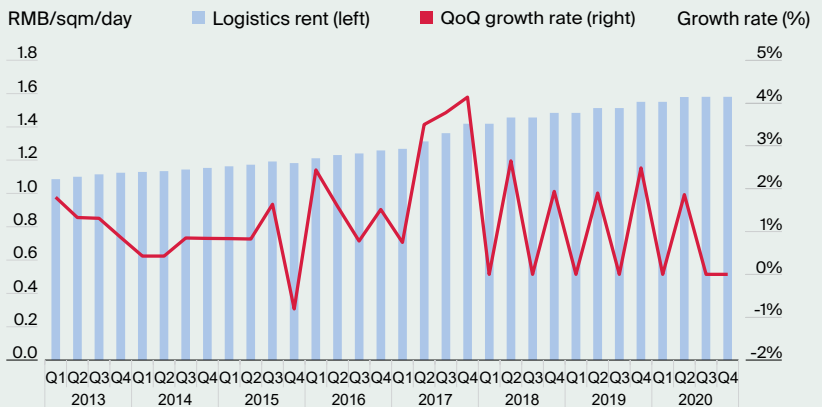
In December 2020, the China's Logistics Industry Sentiment Index, released by the China Logistics and Purchasing Federation, reached 56.9%, down 0.6 percentage point from the previous month. Though China's Warehouse Storage Index reached 51.5%, down 5.4 percentage points from the previous month, the index remained over 50% and has increased for consecutive ten months. In general, the logistics sector has performed well with a good prospect.

In Q4, the average rent in Shanghai's logistics warehouse market remained stable at RMB1.58 per sqm per day. Both rents in bonded warehouses and non-bonded warehouses reached RMB1.4 and RMB1.64 per sqm per day respectively.

In Q4, the total stock of Shanghai's logistics warehouse market rose to 8.05 million sqm, 53% of which are concentrated in Pudong, ranking the first among all the districts while the one of bonded warehouses remained stable at 2.15 million sqm.

On the supply side, a total of two new projects were completed in Shanghai,

**Figure 3: Average rent and QoQ growth rate of logistics warehouse properties in Shanghai**



Source: Knight Frank Research

bringing approximately 133,000 sqm of new supply to the market. Cainiao Shanghai Logistics Park was completed with a total gross floor area (GFA) of 128,480 sqm, including a double-storey elevator warehouse.

During the peak season of e-commerce logistics business at the end of 2020,

the storage demand from e-commerce retailers has recovered and become active, in particular, the demand for standard warehouses has increased gradually. In Q4, an e-commerce company leased 16,000 sqm of warehouse space in VX Shanghai Qingpu Xianghuaqiao Logistics Park.

## SALES AND INVESTMENT

In recent years, China's cold chain logistics market scale has expanded year by year. The outbreak of the COVID-19 in 2020 has further driven up the online fresh products sales volume while the introduction of favorable policies pushed the growth spurt of China's cold chain logistics market. More and more large companies began to invest in the sector.

On 28 October, China Master Logistics announced that it planned to set up a subsidiary, Shanghai Zhileng Supply Chain Company Limited with Qingdao

New Ocean in Shanghai to build a cold chain centre. After their first cold chain centre in Tianjin, Shanghai cold chain centre is another major project invested by China Master Logistics with a planned investment amount of RMB465 million.

On 21 December, Xiamen Xiangyu Group announced that its subsidiary, Shanghai Xiangyu to increase its investment to upgrade a land plot into a cold chain logistics park. Located in Baoshan Luojinggang Supporting Industrial Park, the project has a land area of 76,705 sqm

and a total GFA of 82,000 sqm.

With the impact of the epidemic, the logistics warehousing sector showed strong resilience while high-quality logistics properties in first-tier and surrounding satellite cities continued to attract investors. In Q4, LaSalle purchased the high-standard modern logistics warehousing facilities in core areas surrounding Shanghai and Beijing with a total GFA of approximately 140,000 sqm.

## LAND MARKET

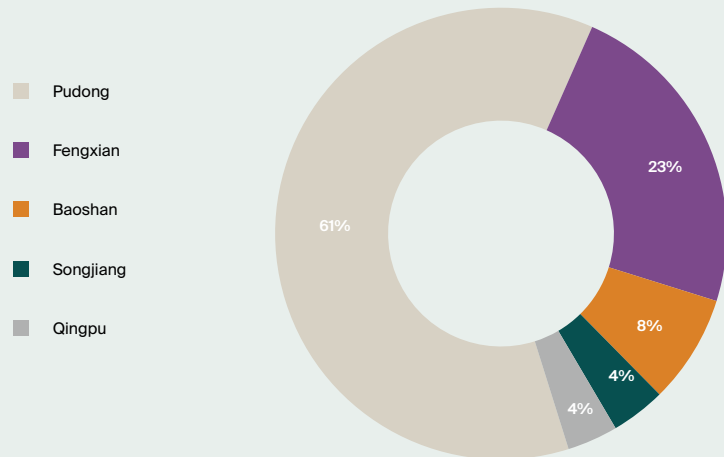
In Q4, Shanghai's primary industrial land market sold a total of 14 industrial sites, with a total land area of approximately 0.86 million sqm. The districts with the highest volume of transactions were Pudong and Fengxian, with an area of 0.53 million sqm and 0.2 million sqm respectively, accounting for 61% and 23% of the total transaction areas in Shanghai.

In Q4, United D acquired the only warehousing land plot located in Yangshan Special Comprehensive Bonded Zone with a total land area of 62,761.3 sqm and a total GFA of 263,597.5 sqm.

In terms of the number of transactions, Pudong District ranked first with eight plots traded, accounting for 57% of the total in Shanghai. Amongst, five of all transacted lands in Pudong are located in Lingang New Area with a land area of 0.43 million sqm. Advanced Micro-Fabrication acquired an industrial land plot in Lingang New Area for RMB120 million for their Advanced Micro-Fabrication industrial base.

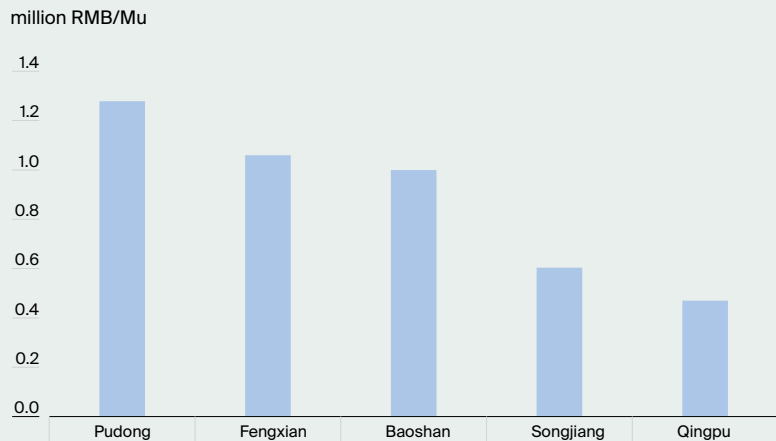
In terms of sales price, Pudong District recorded the highest average industrial land price in Q4, reaching RMB1.28 million per mu. Fengxian District secured the second place with a unit price of RMB1.06 million per mu. Qingpu's land price was relatively low, recording RMB470,000 per mu.

**Figure 4: Transacted area of primary industrial land by district, Q4 2020**



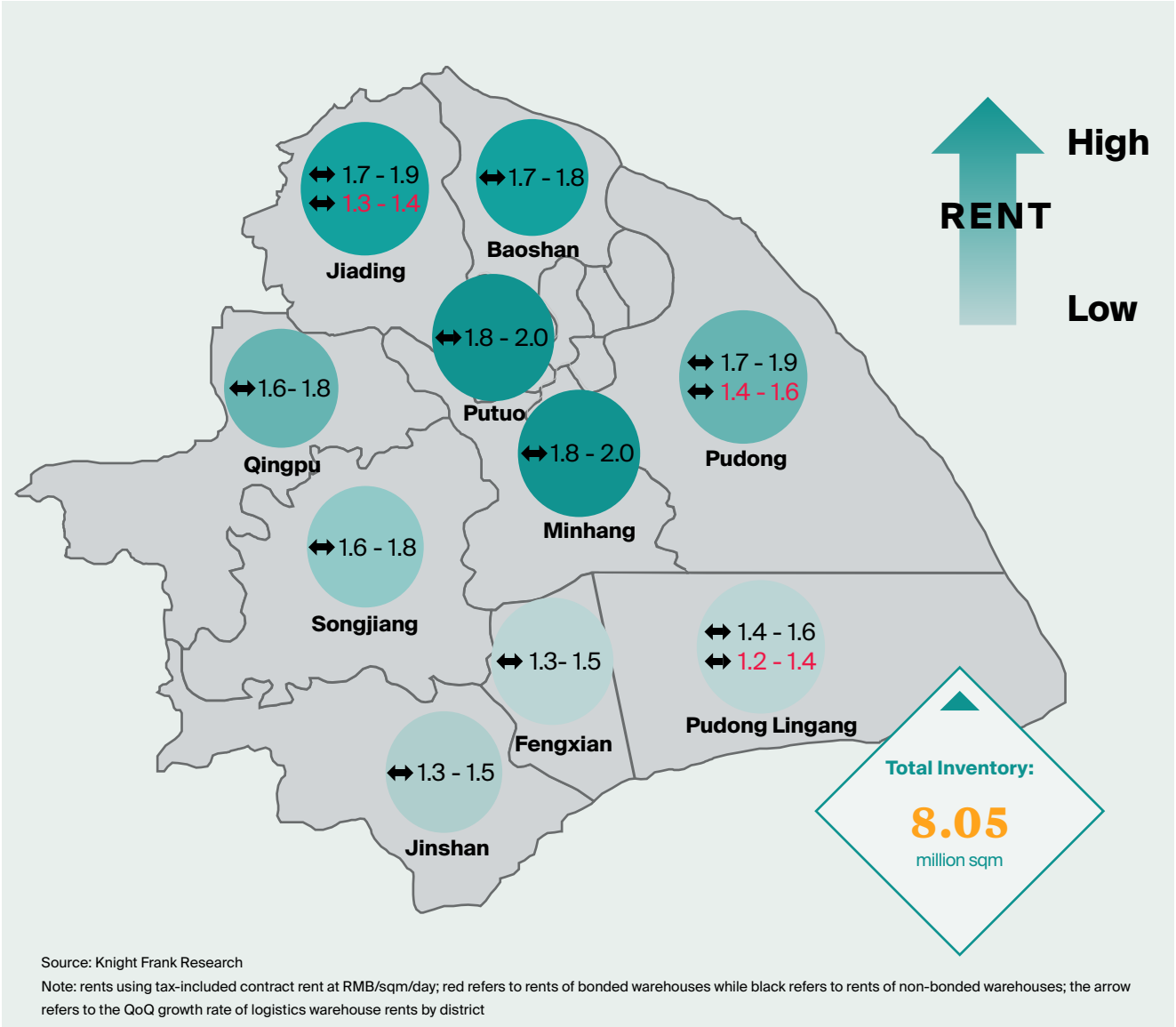
Source: Shanghai Planning and Land Resource Bureau, Knight Frank Research

**Figure 5: Primary industrial land price by district, Q4 2020**



Source: Shanghai Planning and Land Resource Bureau, Knight Frank Research

# SHANGHAI'S LOGISTICS WAREHOUSE RENTS BY DISTRICT



Source: Knight Frank Research

Note: rents using tax-included contract rent at RMB/sqm/day; red refers to rents of bonded warehouses while black refers to rents of non-bonded warehouses; the arrow refers to the QoQ growth rate of logistics warehouse rents by district



**We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.**

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