

# Major logistics markets display resilience in face of global trade turmoil



## Key Trends

- Leasing sentiment in **Singapore** remained positive in Q2 2025 despite some divergence in performance between markets in the east and west of the country. Sources of demand included 3PLs and logistics firms, led by a major local logistics operator securing a significant space for relocation.
- Overall market conditions in **Japan** remained stable, with regional cities performing well despite the large supply pipeline. In Greater Tokyo, performance was mixed, with high vacancy in the Ken-o-do area but tighter supply in the inner regions. The impact of U.S. tariffs has been minimal as demand is driven mainly by domestic consumption.
- In **Australia**, leasing activity so far in 2025 has been stable and slightly up compared to the previous year. Tenant incentives are increasing but at a slower pace. With new supply broadening occupier choice and leasing terms becoming increasingly attractive, now is the opportune time for occupiers to relocate.

“ Trade policy-related disruption in recent months has compelled industrial occupiers to analyse real estate plans more cautiously. Singapore, Japan and Australia are demonstrating resilience, supported by stable demand amidst new / normalising supply scenarios ”

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# Singapore

## Sentiment remains positive but conditions diverge across eastern and western markets

### STATE OF THE MARKET

- Overall leasing sentiment remained resilient in Q2 2025. In the east, rents continued to rise, supported by consistent inflation and limited new supply. In contrast, rents in the west remained under downward pressure amid a glut of supply, with a few major 3PLs handing back space after completing flagship sites.
- While cashflow-healthy landlords are maintaining rents at current levels, landlords of older properties facing vacancy risk are more willing to accept lower rents to improve occupancy.

### TRANSACTION ACTIVITY

- Sources of demand this quarter included 3PLs and logistics firms, led by a major local logistics operator securing a significant space for relocation.
- Meanwhile, demand from 3PLs specifically sourcing for pharma sites is relatively more muted compared to the previous year.
- Other activity this quarter included expansion by semiconductor-related firms.

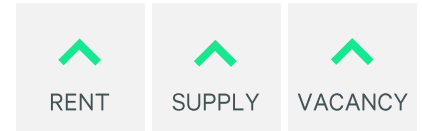
### EMERGING TRENDS

- Given 3PLs' reluctance to obtain approvals for CapEx upfront, certain landlords with relatively low occupancy are willing to rentalise fitout costs as part of their lease terms.
- Some business segments such as plastic bead production are increasing inventory levels due to supply chain disruption arising from ongoing trade uncertainty; a trend that is generating higher demand for logistics space.

### OUTLOOK

- Occupiers with lease expiries in the next 12 to 18 months should initiate negotiations early as the market is expected to become more landlord-favourable towards the end of this year.
- Landlords should offer innovative solutions such as rentalising tenant improvements and adopt a more proactive attitude towards engaging with tenants, especially during renewals.
- Owners of aged logistics properties should consider the introduction of energy upgrades and value-added services such as air conditioning installation and advanced temperature controls.

### SIX-MONTH OUTLOOK



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# Japan

## Solid regional demand and domestic consumption underpin firm leasing demand

### STATE OF THE MARKET

- Overall market conditions remain stable, with regional cities performing well despite the large supply pipeline.
- Performance in Greater Tokyo was mixed, with high vacancy in the Ken-o-do area but tighter supply in the inner regions. Supply pressure will ease by 2027, preventing further spikes in vacancy.
- The impact of U.S. tariffs has been minimal as demand is driven mainly by domestic consumption. However, most stakeholders remain in wait-and-see mode until the outlook becomes clearer.

### TRANSACTION ACTIVITY

- Greater Tokyo saw some resurgence in leasing by drugstores and cross-border e-commerce platforms this quarter.
- E-commerce players were active in securing large spaces in Q2 2025, particularly in Greater Osaka.
- Nagoya witnessed solid leasing activity, driven by the manufacturing sector and fuelled by automotive demand.

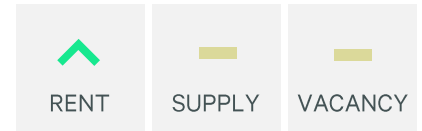
### EMERGING TRENDS

- While some occupiers remain keen on automation, progress is limited due to high costs and the need for manpower to operate systems, resulting in only partial automation in many facilities.
- Although some landlords are willing to absorb the cost of installing automation equipment under a pay-as-you-use model, this approach is not widely adopted due to occupiers' varying requirements.

### OUTLOOK

- Occupiers should move quickly to secure favourable lease terms in markets such as Greater Osaka, where vacancy will continue to decline as demand grows as the supply pipeline eases in the coming years.
- Cold storage attracts higher rents than dry storage. At present, there remains a gap between landlords' asking rents and what occupiers can afford, but this is expected to narrow as existing facilities continue to age, creating a new market. Landlords and investors should consider developing cold storage facilities in multi-tenanted buildings or convert existing spaces into new cold storage units.

### SIX-MONTH OUTLOOK



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# Australia

## Transaction activity remains stable as Sydney continues to outperform

### STATE OF THE MARKET

- Leasing activity so far in 2025 has been stable and slightly up compared to the previous year.
- Vacancy rates have risen slightly but at a slower pace than expected, with overall enquiry levels rising from 2024.
- Tenant incentives are increasing but at a slower pace as occupiers who had previously held out for attractive packages are now slowly committing to leases.

### TRANSACTION ACTIVITY

- While cross-border e-commerce players are eyeing expansion as they look to tap into strong population growth, only a few transactions have been completed as occupiers remain cautious amid global trade uncertainty.
- 3PLs remain relatively quiet, with some players consolidating as they have a surplus of space. While this has led to a sizable volume of space being returned to the market, these units are being snapped up by smaller new entrants.

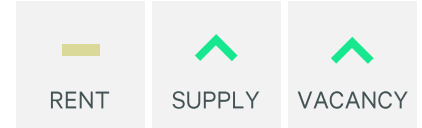
### EMERGING TRENDS

- Smaller occupiers requiring immediate space are prioritising cost consideration over additional equipment provisions or advanced specifications.
- Larger tenants, particularly those in the food industry, are planning for the longer term and considering features such as automation and enhanced design specifications.
- Some existing buildings are now cheaper to lease than new builds as occupiers target newer and higher-quality spaces.
- Logistics development costs have fallen slightly in recent quarters.

### OUTLOOK

- With new supply broadening occupier choice and leasing terms becoming increasingly attractive, now is the opportune time for occupiers to relocate.
- Due to high costs in Sydney, larger and more cost sensitive occupiers are advised to consider locations outside of New South Wales, particularly Melbourne and Brisbane.
- Landlords should be mindful of competing stock from other owners to avoid prolonged vacancies, with increasing supply set to slow down the speculative pipeline.

### SIX-MONTH OUTLOOK



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