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## CBRE releases Japan Logistics Occupier Survey 2020 Labor Costs Most Pressing Issue in Logistics Strategy COVID-19 to Impact Long-Term Demand Growth

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CBRE today released its 2020 occupier survey on the use of logistics facilities.

### Survey Overview:

From March 4-19, 2020, CBRE conducted an online survey with companies in Japan that utilize logistics facilities (logistics operators and consignor firms). CBRE received 336 valid responses: 242 from logistics operators and 94 from consignor firms.

### Key Findings:

- ✓ Regarding plans to establish a new warehouse or to relocate, among the firms responding that they had a plan, 67% of respondents said they would “increase the floor area” while 52% said they would “increase the number of sites”. Overall, this indicates that tenants are still eager to expand.
- ✓ Regarding the reasons for establishing a new warehouse or relocating, the three most popular answers were “operational efficiency”, “increased volume of goods”, and “obsolescence/usability”. Companies appear to be prioritizing the efficiency and safety of distribution centers, and they are willing to pay a fair price to meet these needs.
- ✓ Regarding the allocation and outlook for costs, although cost structures in the logistics industry vary between sectors and types of business, on average, the highest proportion of costs were for transportation/delivery (34%) and labor (29%). In addition, the vast majority of respondents said that both transportation/delivery costs and labor costs would rise over the next three years. These two costs are likely to put pressure on future earnings.
- ✓ Regarding the impact of technological advances on warehouse operations over the next three years, 80% of respondents answered that image processing, Automated Guided Vehicles (AGVs), and Internet of Things (IoT) (including RFID tags) were all expected to have a major impact. Furthermore, 78% of respondents said that the use of these technologies would cause the number of warehouse staff to decrease. This suggests that companies expect technology to reduce staff numbers, and therefore lower labor costs.
- ✓ In terms of medium- to long-term changes and impact of COVID-19, the most frequent response was “additional inventory” (30%). In the wake of the supply chain disruptions caused by the

“corona shock,” companies are preparing for unforeseen circumstances in the future. It is clear that many companies think it is inevitable to increase inventory. In addition, the second most common response was “accelerate automation of warehouse work” (17%). There are still many logistics sites where an increase in distribution volume leads to a rise in labor costs. Companies are hoping that automation will improve margins.

For further details, please refer to the Japan Logistics Occupier Survey 2020 published by CBRE.  
<https://www.cbre.co.jp/en/research-reports/industrial-reports>

### **CBRE Japan Celebrates Its 50<sup>th</sup> Anniversary**

CBRE Japan marked its 50<sup>th</sup> anniversary on February 21, 2020.

We value and thank all those who have supported us over the last five decades.

We will continuously aim to deliver advantage for our clients and make a positive impact on society.

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