A **FUTURE SPACE FOCUS** REPORT

LOGISTICS DEMAND FROM EAST TO WEST: THE NEXT PHASE OF CHINESE EXPANSION

Exploring how Chinese occupier demand is evolving beyond cross-border trade, why localisation is accelerating, and what it means for the UK logistics market, occupiers and availability.

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The UK logistics market has long attracted a mix of domestic and international occupiers. Chinese retailers are rapidly emerging as one of the UK's most significant new sources of international demand, accelerated by e-commerce growth, supply chain reconfiguration and the need to serve customers more quickly and reliably.[1]

These operators are moving beyond cross-border trade and establishing operational footprints within the UK. Alongside retailers, Chinese third-party logistics providers (3PLs) are also expanding to leverage growing consumer demand. The strength of this interest is already translating into real estate activity, with Chinese firms leasing almost 3 million sq ft of UK warehouse space in 2025.[2]

This growing occupier activity is taking place against a backdrop of continued strength in the UK logistics market. Leasing volumes increased by 21% year-on-year in 2025, with positive momentum carrying on into 2026.[3]

21%
Increase in leasing volumes (2025 vs 2024)

0.8%
Card spending up year-on-year

Chinese occupiers:
A growing source of UK logistics demand

At the same time, UK consumer spending has proved more resilient than many expected despite continued pressure from higher energy prices and broader inflationary impacts. In May 2026, UK card spending returned to growth, increasing 0.8% year-on-year.[4] In response, retailers and logistics operators continue to invest in supply chain and distribution assets that improve efficiency, support growth and strengthen customer experience.

To better understand the factors underpinning this growth in Chinese occupier activity, Tritax Big Box attended Cushman & Wakefield's Europe Unlocked conferences across Shanghai and Guangzhou in June 2026. Discussions with retailers, logistics operators and industry leaders provided insight into the drivers behind the next phase of Chinese expansion into the UK, and how the operational requirements of Chinese occupiers differ from those of domestic businesses.

One message emerged consistently:

Chinese operators are no longer simply testing the UK market. They are laying the foundations for long-term operations through investment in fulfilment networks and logistics real estate, creating an increasingly significant source of occupier demand that is already beginning to influence the UK's logistics landscape.

OUR FINDINGS POINT TO THREE DEFINING THEMES:

1 Chinese demand is here to stay: From market entry to market establishment

The UK remains one of the world's most mature and valuable e-commerce markets, worth an estimated £152 billion in 2025 and forecast to grow significantly by 2030.[5]

For international retailers establishing local presence and dedicated infrastructure, the UK's consumer base, with its strong e-commerce adoption and attractive long-term growth prospects, represents a standalone, top-tier opportunity.

Cushman & Wakefield's latest occupier data indicates that for Chinese occupiers seeking logistics space, the UK is one of the highest-priority destinations in Europe.[6] Importantly, expansion is being driven by growth ambitions, with 78% of Chinese occupiers citing access to new customers and deeper market penetration as their primary motivation for European operations.

This reflects a broader shift taking place within China. Intensifying competition, margin compression and increasing market saturation are encouraging businesses to pursue international growth strategies that extend beyond simple cross-border exports.

The evolution of fulfilment strategies is particularly significant. Historically, many Chinese retailers have relied on direct-to-consumer cross-border shipping models. However, as businesses scale, these models begin to show limitations, particularly around delivery speed, inventory availability, returns and customer experience.

As Chinese retailers seek to build long-term market share, their operating models are having to evolve to keep pace. While aggressive pricing remains integral to e-commerce strategies, operators are increasingly competing on delivery speed. The emergence of platforms into European markets capable of offering same-day delivery across extensive product ranges, such as JD.com's JoyBuy platform, demonstrates how localised warehousing is becoming a necessity for international retailers to gain traction with customers.

But for UK consumers, fast delivery alone is no longer a winning differentiator. Reliability, transparency, product availability and frictionless returns have become baseline expectations. Meeting those expectations increasingly requires not just local logistics space, but robust networks, domestic fulfilment and dedicated infrastructure.

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Policy Insight:

Removal of the de minimis customs exemption will accelerate fulfilment localisation, strengthening demand for UK logistics space.

To date, international retailers, particularly those based in China, have secured market share among UK consumers through their low-cost e-commerce offerings, enabled by the £135 de minimis threshold (which exempts low-value imports from customs duty). However, this framework is set to be phased out by October 2028, reflecting growing pressure to create a more level playing field for domestic retailers and address the rapid growth in cross-border e-commerce volumes.

The UK is not alone. Similar reforms are underway in both the United States and the European Union, signalling a broader shift in global trade policy.

For Chinese retailers, the implications are significant. As customs duty and administrative costs increase, the economics of direct-to-consumer parcel shipments will likely become unsustainable. Operators are already beginning to accelerate the transition towards consolidated imports and local warehousing.

Whilst the October 2028 timeline provides international occupiers with sufficient opportunity to plan strategically, this shift is expected to create additional demand for UK Grade A logistics facilities, particularly those capable of supporting inventory storage, fulfilment and last-mile distribution.

The removal of the threshold may challenge some low-value direct-import business models, but it is unlikely to deter serious operators. Rather than forcing a retreat from the UK market, de minimis reform raises the bar for participation, reinforcing the need for localisation, leading to deeper infrastructure investment and longer-term commitment.

2 The expansion of Chinese occupier demand extends beyond e-commerce

Retailers are currently the most visible driver of Chinese logistics take-up in the UK, but this is not simply an e-commerce story. Chinese occupier demand is broadening across multiple sectors, reflecting increasing global competitiveness and diversification within the Chinese economy.

One of the most notable trends is the expansion of Chinese 3PLs. These businesses are rapidly establishing UK networks and adapting operations to support regional warehousing and fulfilment. In many cases, they are not simply following retailers; they are building infrastructure in anticipation of future demand.

Importantly, what has been seen so far represents only the first phase of a growing, larger wave of demand. Conversations at *Europe Unlocked* revealed a broader pipeline of interest, emerging from adjacent sectors including health and beauty, life sciences and energy, with notable companies already evaluating UK expansion strategies over the next two to five years.

China's rapid emergence as a global biotech powerhouse, particularly in biologics, antibody-drug conjugates, and cell and gene therapies, is accelerating international commercialisation and clinical trial activity.[7] These products require highly specialised, GDP-compliant cold chain infrastructure with rapid access to airports and healthcare clusters.

If Chinese life sciences companies achieve their target of UK and European operations by the remainder of the decade, occupier requirements will diversify beyond conventional warehousing, creating demand not only for the large-scale, automated distribution centres that support e-commerce, but also for specialist logistics assets capable of handling regulated pharmaceutical supply chains and high-value, temperature-sensitive products.

The automotive sector presents another significant opportunity. Chinese brands increased their share of the UK electric vehicle market to 12.8% in 2025, continuing a trajectory of rapid growth. With more than 150 vehicle manufacturers operating in China, and the UK generally exhibiting lower levels of brand loyalty than neighbouring European markets, the UK represents a highly attractive target for future expansion. As these manufacturers establish UK operations, their requirements will diversify the types of logistics assets in demand from Chinese occupiers, ranging from large-scale regional distribution centres to specialist automotive logistics facilities supporting vehicle processing, parts distribution and nationwide dealer networks.

Policy reforms, shifting trade dynamics and growing international ambitions are all expected to reinforce this trend, as demand becomes both broader and more durable than many currently assume.

3 Securing the right space is only part of the solution

Entering a different logistics market

While demand and interest are mounting, Chinese occupiers are entering a logistics market that operates very differently from the one many are accustomed to.

Whereas UK retailers continue to favour bespoke or build-to-suit facilities tailored to their specific, long-term operational requirements[8], Chinese occupiers who have, or are currently looking to enter the UK market, are prioritising operational speed, seeking turnkey, high-specification facilities capable of supporting rapid market entry. This preference reflects both a commercial urgency and differing market expectations.

Chinese occupiers are often accustomed to higher vacancy rates, shorter development timelines and greater availability of operationally ready space. The UK market presents a different reality, characterised by tighter supply, longer planning processes, and more limited availability in core locations.

For UK occupiers, the consequences are evolving: the Chinese operators that successfully bridge the gap between expectations and UK market realities will become long-term competitors for the same well-located, high-specification logistics assets that are increasingly in constrained supply.

Local expertise becomes a competitive advantage

Successful market entry hinges on more than just securing logistics space. Our conversations in Shanghai and Guangzhou highlighted a strong appetite among Chinese occupiers to understand the realities of operating in the UK and build relationships with experienced local partners.

Cushman & Wakefield's accompanying occupier survey reinforces this, with respondents identifying market-entry advisory, local government guidance and introductions to trusted business networks among the most valuable forms of support when expanding into Europe.

This reflects the realities of entering a new market. Planning systems, leasing structures, labour markets and regulatory requirements differ significantly between the UK and China. As Chinese businesses move beyond cross-border trade towards permanent operations, demand for domestic regulatory, logistics and real estate expertise is growing alongside demand for physical space.

LABOUR

Labour represents a particularly important consideration. While labour availability ranked relatively low among initial location selection criteria for Chinese occupiers, it remains a critical long-term operational issue. As fulfilment operations scale and automation adoption increases, access to skilled labour and technical expertise become increasingly essential.

This challenge is not unique to international occupiers. Tritax Big Box's annual Future Space research found that 58% of UK retail occupiers expect demand for skilled labour and technicians to increase over the next three years, set against the backdrop of an ageing logistics workforce.[9]

SUSTAINABILITY

The same principle applies to sustainability. UK consumers, investors and occupiers increasingly expect businesses to demonstrate responsibility across supply chains, packaging and operations. Sustainability is no longer simply a compliance requirement; it has become a commercial consideration that influences brand perception, customer loyalty and long-term competitiveness.

Encouragingly, the vast majority of Chinese occupiers surveyed identified ESG and sustainability as important or very important when evaluating European operations, suggesting they recognise these expectations and are preparing to invest in the infrastructure and operational standards needed for long-term success.[10]

Taken together, these findings suggest that successful expansion into the UK will be built on partnership as much as property. Logistics space remains fundamental, but so too does local knowledge.

As Chinese occupiers move from market entry to market establishment, collaboration with experienced advisers, developers and operational partners will become increasingly important in delivering successful, long-term investment that benefits both occupiers and the wider UK logistics market.

KEY TAKEAWAYS:

Chinese occupiers are moving beyond market entry to long-term establishment, creating an increasingly important source of demand for UK logistics space. In the near term, this is creating an additional source of competition for well-located logistics space, particularly in locations capable of supporting rapid market entry.

What we have seen so far does not represent the peak of Chinese demand. While the first wave of operators has moved quickly and pragmatically, a broader pipeline of retailers, 3PLs and innovative companies is already preparing for UK expansion before the end of the decade.

Policy changes will accelerate localisation, not deter expansion. The 2028 removal of the de minimis threshold strengthens the commercial case for local fulfilment, inventory holding and long-term infrastructure investment within the UK.

The pace and scale of future expansion will depend on more than the availability of logistics space. Operators will need to adapt to a different regulatory framework, labour market and operating environment while building resilient supply chains capable of meeting UK consumer expectations. Those with the right support have the potential to become a major, sustained source of occupier demand across the UK logistics market.

The Chinese operators establishing a foothold today are not the last; they are the leaders in a broader shift that will influence occupier demand, logistics investment and real estate decision-making for years to come.

The question for UK occupiers, investors and developers is no longer whether Chinese demand will influence the market, but how quickly it will reshape competition for the UK's most strategically located logistics assets.

WANT TO FIND OUT MORE? GET IN TOUCH:

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About Future Space

Future Space is Tritax Big Box's flagship thought leadership and research programme, examining the structural trends shaping the UK logistics industry. Through proprietary research, occupier surveys and market intelligence, the programme explores how evolving supply chains, consumer behaviour, technology and global trade are influencing occupier requirements and real estate decision-making.

This Retail Report builds on insights from the Future Space programme, alongside additional market research and findings gathered through industry engagement, including Cushman & Wakefield's Europe Unlocked conferences in China.

Now in its ninth year, the latest Future Space survey was conducted in the final quarter of 2025 by supply chain market analysts Analytiqa on behalf of Tritax Big Box, owner of the UK's largest logistics investment and land development portfolio, and international real estate advisors Savills. The survey captured the views of almost 400 occupiers, institutional investors and developers on the trends shaping industrial and logistics space over the next 12–24 months and beyond.

Occupiers, including manufacturers, retailers and 3PLs, accounted for 47% of the 398 responses, with the remaining 53% comprising investors, developers and other key industry stakeholders.

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