

South East Asia Warehouse Automation Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The Southeast Asia warehouse automation market is expected to register a CAGR of approximately 15.5% throughout the forecast period. Over the projected period, the market in Southeast Asia will be driven by rising production complexity, technological advancement, and the rapid rise of the e-commerce industry. Furthermore, the emergence of several startup firms with strong technological capabilities and financial backups supports the studied market's growth.

Key Highlights

As investments in automation are prevalent across all industrial markets, warehouse operators are increasingly adopting automation technologies to boost operational efficiency and productivity and minimize handling time. With a range of investment and value-creation opportunities, the studied market is expected to witness steady growth in the next few years.

The increased volume of e-commerce will drive the industry ahead. Warehouse automation is increasingly establishing the trump card for companies pursuing a competitive edge, especially in the competitive e-grocery market, as traders struggle to keep up with the expanding number of transactions and related last-mile shipping needs. According to the International Trade Administration (ITA), the e-commerce market in Singapore is expected to reach USD 10 billion by 2026.

Furthermore, Thailand's usage of autonomous guide vehicles in industries and warehouses, especially healthcare, is expected to increase by 60% per annum to over 700,000 units by 2022, according to the International Federation of Robotics, and is expected to increase in the coming years. During the forecast period, the growth of the studied market should be helped by the fact that robotic technology is being used more and more in different industries.

However, obstacles such as a shortage of experienced workers, high investment, and technical problems associated with warehouse robotics are expected to restrain the Southeast Asia warehouse automation market over the forecast period.

The COVID-19 outbreak hastened the shift to e-commerce, resulting in a shift in customer behavior. A variety of payment options has also contributed to the online purchase. Following the pandemic, the most significant and rising developments have included

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micro-fulfillment centers, e-grocery expansion, dark stores, and automated cold storage. Increasing investments by players in these sectors are expected to propel market expansion in the post-covid period. Tee Yih Jia Food Manufacturing Pte Ltd and SSI Schafer, for example, announced in February 2022 the opening of Singapore's largest automation rack-clad high bay warehouse, storing capacity at Tee Yih Jia's newest USD 450 million production plant in Senoko.

South East Asia Warehouse Automation Market Trends

Manufacturing Sector to Hold a Significant Market Share

The manufacturing industry has been gaining momentum in several southeast Asian countries, including Indonesia, Malaysia, Thailand, Vietnam, etc. Electronics, textiles and apparel, automotive, and food and beverage are among the major industries flourishing across the region. For example, the Office of Industrial Economics (Thailand) said that electrical appliances made up a big part of the country's total industrial production. Products like fan coil units for air conditioners (1,103.74 thousand units) and air conditioner condensers (1,031.56 thousand units) were among the most important electrical products made in the country. The Ministry of Trade and Industry (Singapore) says that in 2021, the manufacturing sector in Singapore added 13.2% to GDP growth. As the manufacturing industry needs warehouses for things like storing raw materials, storing finished goods, managing inventory, and distributing goods, these trends are driving the demand for warehouses and advanced warehouse management solutions like automation.

South East Asia's storage business is experiencing a significant transition to meet up with the region's expanding industrial sector and enormous logistics industry, attracting new players into the market. For instance, in October 2021, DHL opened the Asia Pacific Innovation Center in Singapore as a display for new exhibits displaying a cutting-edge, automated, and integrated e-commerce system. Geek+ established a collaboration with DHL to demonstrate several of the company's most notable ideas at the Asia Pacific Innovation Center. Geek+ and DHL will showcase warehouse robot intelligence in the future.

AGVs are widely used in the manufacturing industry because of their various advantages, including lower labor costs, less product damage, higher productivity, and the ability to expand to accommodate automated operations. Increasing technology advancement for AGVs is expected to increase adoption in several industries. For instance, in September 2022, Durapower Holdings Pte. Ltd. revealed that its lithium-ion batteries would operate up to 60% of PSA Singapore's AGV fleets at its Tuas Port. According to the business, this number does not represent new fleets purchased as a component of the expanding port infrastructure.

Also, the growing awareness of the market and the vendors' willingness to expand outside of the region are driving investments in advanced solutions like warehouse automation. This is expected to create a good market situation for the growth of the studied market in Southeast Asia over the next few years.

Singapore is Expected to Hold a Significant Market Share

Singapore, according to the International Trade Organization, is considered a significant market in Southeast Asia. More than 3 million people shop online in the city-state. Singapore has a 98% internet penetration rate, a 93% smartphone adoption rate, and a 58% proportion of citizens who make online transactions. Thus, the high growth of these variables across the country is expected to create opportunities for market growth, especially in the e-commerce segment.

According to the International Trade Administration, the value of the e-commerce market in Singapore is expected to reach USD 10 billion by 2026. The increasing demand for one-day delivery across the e-commerce sector is expected to propel the adoption of robotics in warehouses. For instance, In November 2021, Lazada, one of Singapore's biggest e-commerce platforms,

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established a strategic agreement with Grab to offer same-day delivery solutions to online consumers. Over 50 Lazada merchants had access to same-day shipping as of November 2021.

Furthermore, the growth of industries such as manufacturing, logistics, automotive, etc., are also driving the demand for warehouses in the country, creating opportunities for the growth of the studied market. For instance, According to Singapore Economic Development Board (EDB), in the 4th quarter of 2022, the general manufacturing and transport engineering sectors were forecasted to grow by 11% and 14%, respectively.

Such trends are attracting new players in the country. For instance, in April 2022, AutoStore, a prominent warehouse automation provider, announced the launch of a new office in Singapore. The site will act as AutoStore's Asia-Pacific regional headquarters as the firm positions itself to service local partnerships and clients while adjusting to satisfy the region's demand for Automated Storage and Retrieval Systems.

South East Asia Warehouse Automation Market Competitor Analysis

The Southeast Asia warehouse automation market is fragmented, with the presence of numerous regional and global players such as ALS Logistic Solutions, Dematic, DF Automation & Robotics Sdn. Bhd., Daifuku Co., Ltd., and Swisslog Holding AG, among others. These players continuously engage in strategic developments such as product launches, collaborations, partnerships, and mergers to gain market share and expand their business footprint.

In September 2022, Mitsubishi Logisnext Asia Pacific Pte. Ltd. and xSQUARE, a Singapore-based smart warehousing services firm, formed a collaboration to develop automated guided vehicles and expand the distribution of xSQUARE's warehousing systems. The additional AGVs will be constructed on Logisnext forklifts, and xSQUARE's warehousing technology will be distributed across Asia, Oceania, and South Africa via MLAP's distribution network.

In May 2022, Lineage Logistics, a provider of temperature-controlled industrial REITs and logistics solutions, acquired Mandai Link Logistics, signaling the company's entrance into the Singapore market. According to the company, Lineage's long-term business objective has been to expand its reach in Asia through Singapore, a significant trade hub.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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