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Warehouse Infrastructure in Eurasia: Opportunity of the Decade

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The warehousing, storage, and sorting sector in the Eurasian region is undergoing a phase of transformation and active growth. Amid changes in the geography of world trade and the rapid development of e-commerce, the approach to logistics is changing. Increased trade with countries in the Asia-Pacific region and the Middle East is driving demand for logistics infrastructure in Central Asia, the South Caucasus, and the Russian regions of the Urals, Siberia, and the Far East. At the same time, industrialization is accelerating in the region, containerization of freight flows is expanding, and demands for the quality of logistics services and technical equipment of warehouses are growing. All this is creating unprecedented demand for modern warehouses. By 2040, the demand for warehouse infrastructure in the region could increase from the current 58 million m² to a potential 101–123 million m². This report reveals promising areas for investment in warehouse infrastructure in the Eurasia, with details on warehouse types and their potential locations. The report provides practical recommendations, including the creation of an industry warehouse association and regional closed-end mutual investment funds, as well as other initiatives that will contribute to the development of infrastructure.

Keywords: Eurasian region, warehouses, logistics, storage, trade, transport, e-commerce, investments.

JEL: C10, E17, L81, L91, R33, R42.

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SUMMARY

Diagnostics

Warehouse logistics is becoming strategically important for the economies of countries in the Eurasia¹. Warehouses provide storage, sorting, and distribution of goods from production sites to consumers, ensuring the smooth functioning of supply chains. **Eight out of ten countries in the region are landlocked and located far from seaports,** which historically has led to higher transportation costs and longer delivery times. A developed network of internal logistics hubs, **dry ports,** distribution centres, and **container terminals at transport hubs** can improve the efficiency of land logistics, reduce transit costs for exports and imports, and promote sustainable socio-economic development and the region's integration into global trade.

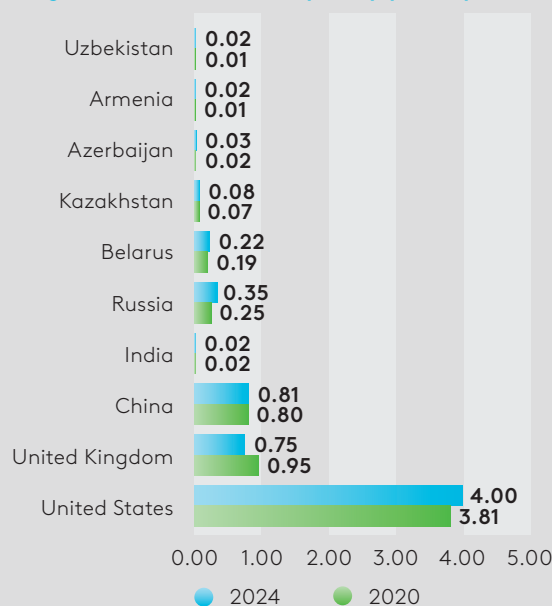
In addition to remoteness from the sea, **global changes in the geography and structure of international trade** make the development of warehouse infrastructure in the Eurasian region particularly important. The reorientation of trade flows is strengthening the transit role of the Eurasia in the Asia-Europe-Middle East triangle. High-quality logistics contributes to the capacity of transport links in the countries of the region with additional cargo flows, allowing them to benefit from increased trade with China, Southeast Asia, and the Persian Gulf countries. The growth of e-commerce, the increasing complexity of supply chains, and digitalization are all new challenges, each of which raises the bar for warehouse infrastructure quality, but at the same time provides opportunities for countries in the region to develop small and medium-sized businesses, open up relevant service sectors, and utilize their transit potential.

An analysis of the current state of warehouse logistics in the Eurasia shows that despite growing demand and active construction, the development of high-quality warehouse infrastructure still faces serious constraints. **The availability of warehouse space remains low** by global standards, and demand in virtually all segments (retail, pharmaceuticals, agrologistics, marketplaces, freight transport, etc.) remains unmet. In Q1 2025, the total warehouse stock in Central Asia, the South Caucasus, and Belarus is estimated at only 5.5 million m². At the same time, Russia alone (*the largest market in the region*) has **52.9 million m² of warehouses** (or 91% of the total). Per capita availability in Russia is around **0.35 m²**, which is several times lower than in developed countries (*USA — 4 m², UK — 0.75 m²*).

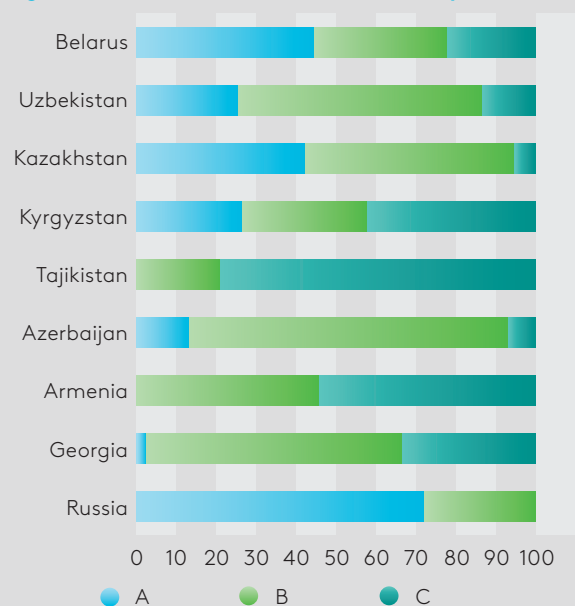
¹ Eurasia or Eurasian region shall be understood to mean the following countries: Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, Turkmenistan, and Uzbekistan.

The shortage of modern warehouse capacity is structural in nature. A significant portion of goods is stored in outdated or unsuitable premises, and logistics operations are often difficult, which reduces the efficiency of both domestic and foreign trade. In 2022–2025, **the supply of high-quality warehouses** declined even further, with all existing facilities almost fully occupied. The vacancy rate approached zero in many countries: there was virtually no vacant space in Tajikistan and Belarus (*around 0%*), while low vacancy rates were recorded in Uzbekistan (*around 2%*) and Kazakhstan (*3–4%*). This indicates that the supply of **new warehouse space was absorbed by the market almost as soon as it came on stream**, with unused space remaining minimal. As a result, **rental rates** rose across the board, starting in 2022: for example, in Russia, the average rate reached \$12–13 per m² per month, in Georgia — around \$10–11, and in Kazakhstan — around \$10. However, in the third quarter of 2025, against the backdrop of record new capacity coming online in the Russian and Kazakh markets, there were signs of market saturation. Vacancy rates began to rise and rental rates began to fall.

↓ **Figure A. Warehouse capacity per capita, m²**



↓ **Figure B. Distribution of warehouses by class, %**



Sources: calculations by EDB and CMWP experts.

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The **quality of services and technological capabilities of warehouse facilities** is another weak point. In most countries of the Eurasian region, Class B and C warehouses (*old hangars, converted workshops, small warehouses with minimal automation*) continue to dominate. The share of high-class facilities (A and B+) outside major cities is extremely small. **There is a shortage of modern Class A warehouses**, especially in Central Asia and the Caucasus. As a result, businesses are forced to operate in inconvenient storage conditions, the introduction of new technologies (*automation, WMS systems*) is hampered, and logistics costs are rising. The fragmentation of infrastructure is also noticeable: warehouse capacity is unevenly distributed, concentrated in capitals and major cities, while

high-quality infrastructure is often lacking in the regions. Other bottlenecks — overloaded border terminals, a shortage of temporary storage warehouses at the borders, and a mismatch between railway and warehouse infrastructure — lead to delays in the movement of goods and a decline in service quality.

Financial and institutional constraints further hamper the sector's development. There are not enough private developers and investors in the region willing to build warehouses, and projects are only implemented with the support of the state or international financial institutions. The high cost of debt financing and the lack of long-term investment make it difficult to implement large logistics projects. In addition, there is no coordinated regional strategy for the development of warehouse infrastructure: the countries of the Eurasian region are still acting in isolation, without uniform standards and coordinated plans, which exacerbates fragmentation. **The digitalization of logistics is in its infancy** — there is no unified platform for data exchange, and countries in the region use different technologies, which makes it difficult to track shipments along the entire route across borders. Taken together, these factors — lack of space, low vacancy rates, rising prices, technological backwardness and institutional barriers — represent the main challenges for the development of the region's warehouse sector.

Development factors

The warehouse infrastructure of the Eurasian region is undergoing **a phase of rapid change** under the influence of new trends in trade and logistics. After 2022, **the region began a systemic transformation associated with changes in the geography of world trade**. The total trade volume of the Eurasian region countries is showing significant growth, reaching 1,278 million tonnes in 2023 in terms of weight, and is expected to increase to 1,420–1,809 million tonnes by 2040, depending on the scenario. This substantial increase, driven mainly by exports (*more than 75% of the volume*), is accompanied by a profound structural transformation. A key aspect of this transformation is **the shift to a non-commodity-based trade model**. Excluding basic commodities (*oil, gas, coal, ores*), trade volume will grow from 388 million tonnes in 2023 to 514–700 million tonnes by 2040, with intra-regional trade doubling.

Changes in the geography of trade are contributing to the growth of transit via land routes through Central Asia and the South Caucasus. With the shift of some cargo from sea routes to land routes, demand for logistics infrastructure within the continent is growing rapidly. New **multimodal terminals, distribution centres, and temporary storage areas** are needed along these corridors to handle the increasing volumes of transit cargo. The reorientation of trade flows to the east and south is creating **new growth points for demand**

for warehouses: inland dry ports, border logistics hubs, and large distribution warehouses at the intersections of international highways.

The rapid growth of e-commerce is the second powerful driver of change in the logistics industry. In the region's major economies, primarily Russia, Kazakhstan, and Uzbekistan, online trade volumes have increased significantly in recent years. It is predicted that e-commerce will account for 20–25% of retail in the region by 2040. These warehouses are often located near consumption centres at the end points of transport corridors or at junctions with internal logistics routes. **E-commerce is setting new standards for delivery speed**, which is impossible without effective logistics solutions. Companies are actively investing in **fulfilment centres** (*specialized warehouses for processing online orders*) and expanding their fleets of **last-mile warehouses** in large cities to ensure fast delivery to customers.

At the same time, there is a trend towards reducing retailers' own warehouse space in favour of outsourcing: demand for **3PL providers'** services is growing, especially in the segments of online commerce and sales of fast-moving consumer goods (FMCG). This stimulates the development of professional logistics companies that build multifunctional complexes to serve several customers at once. In response to e-commerce demand, warehouses **are rapidly becoming automated**, with the introduction of warehouse management systems (WMS), sorting conveyors, and robotics for order picking. New formats are emerging, such as **micro-warehouses within city limits** (*mini-distribution and storage centres built into residential neighbourhoods*), designed to reduce the "last mile" delivery time.

Government strategies and regional initiatives also influence the sector. Many countries in the region have recognized the role of logistics and have set infrastructure development goals in their national and regional programmes. **The state actively supports the creation of logistics clusters** by investing in industrial and logistics parks, subsidizing the construction of modern warehouses, and improving regulation. As a result, **new logistics ecosystems** have begun to form in a number of countries, where transport, warehouses, IT platforms, and distribution services are developing simultaneously. At the same time, within the framework of the Eurasian Economic Union and other regional associations, work is underway **to simplify transit**, with the introduction of e-TIR electronic waybills, systems for the mutual recognition of authorised economic operators and a "single window" at borders, which contributes to the efficiency of logistics operations in cross-border trade.

ESG factors are becoming an integral part of the investment agenda in the warehouse sector in the Eurasian region, but their implementation faces a number of external barriers. Investors and tenants from global supply chains are

increasingly imposing additional requirements for environmental performance, certification (*BREEAM*, *LEED*, *EDGE*), working conditions, and management transparency. This increases the value of “green” warehouses, while obsolete facilities lose their competitiveness. Initiatives to adopt and develop regional standards and create incentives for developers will reduce the gap in the development of the warehouse sector with developed markets and create additional **external demand focused on sustainable logistics**.

Taken together, all these shifts — **the new architecture of trade, the explosive growth of e-commerce, government support for infrastructure, and the green agenda** — have led to the warehouse sector in the Eurasian region entering a phase of accelerated development. The region, which previously lagged behind in logistics, is now forming **a new logistics map**. Central Asia and the South Caucasus are increasingly integrating into global supply chains, becoming a transit bridge between Asia, Europe, and the Middle East. This means a steady influx of investment and technology into the warehouse industry. **A construction boom** is already underway: according to the EDB, more than **20 million m² of new warehouse space** is planned for the region in 2025–2026 alone, of which about 1.6 million m² will be in Central Asia. The intensification of trade and the redistribution of trade flows are creating a historic window of opportunity for the modernization of Eurasia’s warehouse infrastructure.

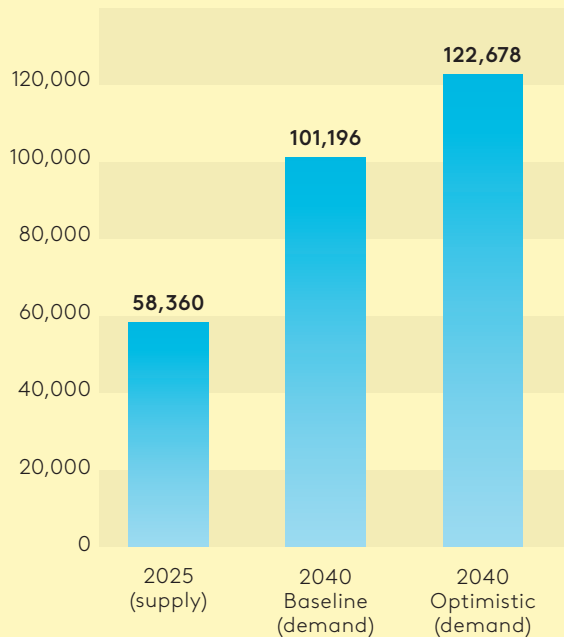
Moreover, in logistics, **demand is not simply “served” by supply — it is largely shaped by it**: developed warehouses, transport, and terminal infrastructure are not a consequence but a trigger of economic activity, inducing endogenous demand and redirecting trade flows. Therefore, identical needs in different regions do not lead to identical capacity additions: the market logic of development, land availability, transport hub density, institutional barriers, and market player activity determine where and to what extent demand will emerge. Thus, it is necessary to move from reactive assessments of current and forecast flows to models that take into account the two-way relationship between supply and demand, in which infrastructure not only allows existing demand to be met, but also generates new demand. This is a fundamental condition for sound investment and spatial planning.

Forecasts

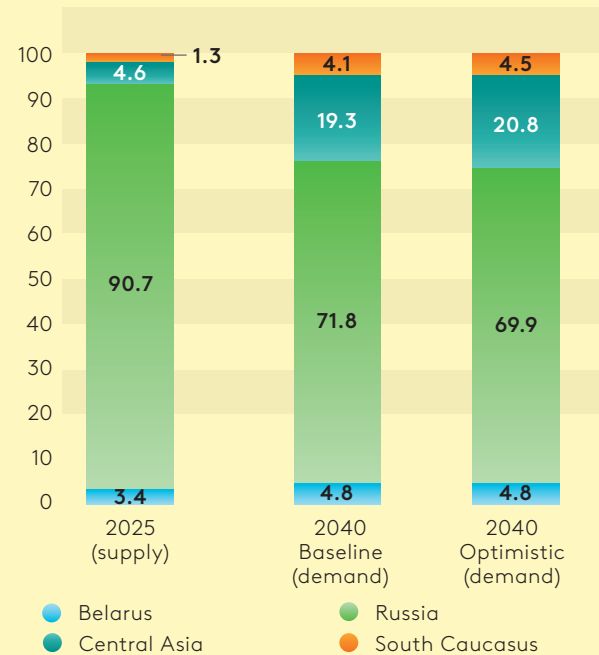
Long-term forecasts indicate significant growth in demand for warehouses in the Eurasian region. According to scenario modelling, **the region’s total warehouse stock could almost double by 2040**. In the baseline scenario, demand for warehouse space increases from approximately 58 million m² in Q1 2025 to **101 million m² by 2040**, representing a 74% increase. In an optimistic

scenario, with faster growth in trade and transit, demand could reach around **123 million m²**. This corresponds to an average annual growth rate of around **4–5%** over a decade and a half, which is significantly higher than the expected growth rates of the region's economies. This potential dynamic reflects the effect of structural shifts and the catch-up development of logistics.

↓ **Figure C. Forecast demand for warehouse infrastructure in the Eurasian region, thousand m²**



↓ **Figure D. Forecast of warehouse stock structure from the demand side, %**



Sources: calculations by EDB and CMWP experts.

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Growth will be uneven. **Russia will still have the largest absolute area of warehouse space**, but its share will decline as infrastructure expands rapidly in other countries in the region. The Russian market is already close to saturation in large agglomerations; by 2024, it will have experienced a period of frenzied demand and record warehouse space commissioning. The baseline forecast for Russia assumes a slowdown in growth rates: an increase of about 37% is expected by 2040 (to 73 million m² compared to 53 million m² in Q1 2025). In other words, after the surge in 2021–2023, demand will stabilise and grow moderately, mainly due to the modernization of existing warehouse infrastructure and its development in regions outside Moscow and St. Petersburg.

The countries of Central Asia and the South Caucasus will become leaders in warehouse infrastructure growth rates, compensating for the current gap. Kazakhstan, Uzbekistan, and other economies in the region are expected to increase their warehouse stock significantly by 2040. Under the baseline scenario, in line with growing demand, the warehouse stock of all five countries in the Central Asian region could potentially increase from 2.7 million m² in 2025 to 19.6 million m² in 2040, i.e. more than sevenfold. In an optimistic scenario, the figure rises to 25.5 million m².

However, even if the projected demand is fully met by 2040, the availability of modern warehouse space in the Eurasian region will average 0.38–0.46 m² per capita. Although this is twice the current level (0.23 m²), **the sector's investment potential will remain** in the longer term, as international experience shows.

Forecasts for the development of demand for warehouse infrastructure in the Eurasian region are accompanied by a number of **risks that could cause actual figures to deviate from expectations**. Geopolitical uncertainty, slowing economic growth, trade protectionism, and institutional constraints could limit construction volumes and slow down the commissioning of new facilities. It is also important to understand that the market is cyclical: periods of expansion are inevitably followed by phases of correction, when some projects are put on hold and speculative construction is reduced. Fluctuations in key indicators — rental rates and vacancy rates — are indicators of the transition between phases of the cycle and signals for developers and investors. Build-to-suit projects remain the most stable in such conditions, as the presence of long-term anchor tenants reduces sensitivity to short-term market fluctuations. In rapidly developing economies, it is typical that after a downturn phase, a new shortage of high-quality space forms fairly quickly — within 18 to 24 months — triggering another cycle of construction and growth.

In addition, technological barriers and labour shortages in a number of countries are holding back the introduction of modern logistics solutions, which could lead to underutilization of new capacity. Climate and environmental factors, including natural disasters, increased operational requirements, and green standards in foreign markets, also pose significant threats.

Recommendations

Coordinated measures taken by government agencies, developers, and financial institutions will help realize the identified growth potential of the warehouse sector. The main goal is to create an effective institutional environment that ensures the investment attractiveness of logistics infrastructure and simplifies trade and border crossing procedures.

1. A priority area is **harmonization of regulations and technical standards**. It is advisable to develop and implement common classification and operational requirements for warehouses in the Eurasian region, including classification by class (A-B-C), standards for engineering systems, temperature regimes, and sanitary and veterinary control procedures.
2. **The digitalization of the logistics ecosystem** is a strategic priority. The key task is to create a single digital framework that integrates national warehouse

management systems (WMS), cargo tracking, and electronic document management. To ensure compatibility, it is important to standardize technical regulations, electronic forms of waybills, certificates, and accompanying documents. At the same time, the introduction of smart warehouse technologies, analytical platforms, and artificial intelligence elements can be encouraged. State support for pilot projects for the digital re-equipment of warehouses, primarily in the agricultural and pharmaceutical segments, will accelerate the technological modernization of the industry.

3. Measures to **accelerate the expansion of warehouse capacity**, especially outside major cities, are of particular importance. The focus can be placed on the proactive construction of distribution centres and fulfilment complexes geared toward the growing e-commerce and online retail segments. In agricultural logistics, the priority may be to form a network of refrigeration and processing centres, and in pharmaceutical logistics, to create distribution hubs that meet international industry standards.
4. An important condition for realizing this potential is the development of **multimodal logistics hubs** at the intersection of rail, road, and water transport. The creation of integrated terminals with dry port functions (*temporary storage warehouses, container yards, customs posts*) will increase the throughput capacity of international corridors. It is advisable to develop similar facilities at key points — on the border between Kazakhstan and China, in the Fergana Valley, near the ports of the Caspian Sea, and in other hubs.
5. **The development of warehouse infrastructure** can be financed through public-private partnership instruments and the attraction of long-term investments. For example, the allocation of priority areas for development and their connection to utilities, tax incentives, interest rate subsidies on loans, and state guarantees. An effective mechanism could be the introduction of pre-lease models and *build-to-suit* schemes, which reduce developers' risks and increase the predictability of cash flows. To attract private capital, it is advisable to develop collective investment instruments — regional closed-end real estate investment funds (similar to REITs) and infrastructure bonds.
6. Another promising direction is **the creation of a coordination mechanism** in the form of an industry council or association bringing together developers, banks, investment funds, equipment suppliers, and government regulators.
7. It is important to pay special attention to **the development of human resources**. Educational programmes can be developed in collaboration with businesses, and small countries in the region can attract international grants and technical assistance.

8. **The introduction of environmental standards** for the construction and modernization of warehouse complexes. Designing new facilities in accordance with green energy efficiency standards (LEED, BREEAM), using renewable energy sources, energy-efficient lighting systems, and automated climate control is also important for the industry.

Taken together, these measures will enable the Eurasian region to eliminate bottlenecks in warehouse infrastructure and create conditions for its long-term growth. The implementation of these practical recommendations will ensure the formation of a modern Eurasian Transport Network capable of connecting the region's economic centres and supporting the growth of trade flows in the new geo-economic realities.