



Catella: European logistics property market again on the rise, driven by e-commerce and same-day delivery

- Catella completes analysis of 113 logistics clusters across Europe
- Prime properties currently yielding European average of 6.1%
- UK leads with highest transaction volume in first half of 2018

Catella Research has completed a comprehensive analysis of the European logistics market, evaluating it by typical ratios such as yield and rental level and spanning a total of 113 logistics clusters across 20 countries. The study finds that the global economic recovery has been strengthening the European logistics market. Consumer purchasing driven by technology and e-commerce has been rapidly pushing up the demand for modern logistics facilities located directly within key metropolitan areas. With total logistics-sector transactions of EUR 3.6 billion completed in the first half of 2018, the UK ranks first in a European comparison, followed by Germany at roughly EUR 3 billion. The average European prime yield is 6.1%.

The analysis is based on a scoring model created by Catella, using NUTS statistical regions to break the data down to the local level. A total of 113 clusters in 20 European countries were identified for their "logistics strength", drawing upon various factors including socio-economic trends, the local real estate market, and infrastructure.

"The sustained momentum on the demand side, in both B2B and B2C commerce, will continue to drive structural growth in the European logistics market over the coming years," says Dr. Thomas Beyerle, Head of Group Research at Catella, nothing in particular how technology- and e-commerce-driven consumption is boosting demand for modern logistics properties. "With an average yield of 6.1% on prime logistics properties in the 113 identified European clusters, this asset class offers above-average returns."

The logistics sector covers the entire range of the real estate lease cycle, from temporary needs to ultra-long-term, high-intensity usage. "In addition, Europe's key transport corridors often extend across several countries," adds Beyerle. "So the question of the right logistics location is not easy to answer. This is further complicated by all of the current discussion about the 'last mile' in distribution networks."

The key findings of the study:

- With a total of 25 logistics regions identified, Germany has by far the highest density of identified clusters within Europe. The UK comes second with a total of 8 clusters, closely followed by France (7), Spain (6), the Netherlands (6), and Poland (6).
- With an average prime rent of 3.51 €/m², Poland offers the cheapest logistics space. The least expensive location is Katowice, where prime facilities rent for 3.10 €/m². In terms of investor

Frankfurt, 1 October 2018

yields on prime logistics properties, however, Poland's clusters rank in the top third within Europe, yielding an average of 7.08%.

- At a country level, the highest rents for logistics space in Europe are paid by commercial users in Switzerland, where the average rent for a prime logistics facility is 10.71 €/m², significantly above the average rent of 7.68 €/m² in the UK.
- Investment in logistics properties is particularly attractive in the Finnish city of Oulu, where net yields on prime properties average 9.25%, the highest of any cluster in Europe.
- At the local level, however, the most expensive logistics location anywhere in Europe remains the "Greater London" cluster centred around London's Heathrow Airport. In this market, rents can be as high as 15.75 €/m², with net investor yields on prime logistics facilities of 4%.
- Within the Netherlands, logistics properties are trading at an average of 5.1%. The "Noord-Brabant" cluster, encompassing the key cities of Tilburg and Eindhoven, was identified as the country's most expensive, with net yields on prime properties in both of these cities running at 4.75%.

The complete analysis can be found at catella.com/research.

For further information please contact:

Dr Thomas Beyerle

Head of Group Research

+49 69 3101 9302 20

thomas.beyerle@catella.de