

Frankfurt am Main, 10 March 2022

Catella Research: European Logistics Markets Dynamic in Changeable Times

The transport, traffic and logistics industry is systemically relevant and proves resilient even under complex health and geopolitical changes. The disruption and rerouting of transport flows leads, this was a lesson from the 1st Covid Year 2020, to a short-term increase in storage capacities. "Nearshore" rather than "last mile" functions are the focus here. However, the continuing investor interest in the asset class is currently contrasted by a changed geopolitical situation in Europe. This results in a changed risk assessment in the CEE/SEE countries. Catella expects a realignment of the logistics geography in the next six months. Hungary, Slovenia and Slovakia have been included in the analysis for the first time.

Prof. Dr. Thomas Beyerle, Head of Research at Catella Group, comments: "A fundamental adjustment of risk to the political-economic situation will put pressure on multipliers or yields. We are observing the first risk premiums from financiers for project developments in this segment. By autumn 2022, we predict, we will see a new yield landscape in parts of Europe."

Here is an overview of Europe's logistics markets as of Q1 2022, with a comparative overview of 112 regions in total:

- The current European prime rent averages €5.81/sqm, ranging from €3.75/sqm in Zaragoza to €16.40/sqm in London. Since our last market overview in October 2021, prime rents for logistics have risen by an average of almost 3% across all 112 markets surveyed.
- The increases were particularly significant in Eindhoven (+18%), Venlo (+17%), Brussels (+9%), Strasbourg (+10%), Bologna (+10%) and Prague (+8%).
- Due to the sustained investor interest in the logistics segment, yield compression can be observed across all markets. The European average yield is now 4.68% which is 30 basis point lower compared to the analysis 6 months ago.
- The lowest net initial yields, which speak for the most expensive logistics locations in Europe, can be found in the German A locations (3.00%-3.40%) as well as in Venlo (3.20%), Paris (3.20%) and London (3.00%). It seems to be only a matter of time before the prime yield in the top locations falls below the 3% mark.
- The current strong demand for logistics properties can also be seen in the transaction volume within the individual countries. For example, a logistics transaction volume of 9.6 billion euros was recorded in Germany and a volume of 19.7 billion euros in the United Kingdom, which represents a record value in both cases.
- In total, an investment volume of almost 60 billion euros was recorded across the markets surveyed, which also represents a new record transaction volume at the European level.

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You can download the complete study here:

<https://www.catella.com/de/deutschland/research>

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