



Italian Logistics - Q1 2024


SPOTLIGHT
Savills Research

Italian Logistics Spotlight



Logistics remains dynamic in the first quarter of 2024

Highlights

Logistics remains attractive in the eyes of investors, being the leading sector in terms of number of transactions

Prime net yields stabilized in the last quarter

Take-up confirmed its dynamicity also in the first quarter of 2024

Prime rents continued to increase in all the key markets

Secondary and emerging locations are increasingly sought after

Solid pipeline of new developments, mainly of speculative nature if located in attractive clusters

Q1 2024 KPIs



INVESTMENT VOLUMES
330 mln €
+17% YoY



NUMBER OF DEALS
11
-6 YoY



TAKE-UP
550,000 sqm
-9% YoY
+5 vs last 5 Yrs Avg



PRIME NET YIELD GRADE A LOGISTICS
5.50%
+50 bps YoY
Stable QoQ



PRIME RENTS GRADE A LOGISTICS
MILAN & ROME
68 €/sqm/y
+8% YoY



DEVELOPMENT UNDER
CONSTRUCTION BY 2025
+2,000,000 sqm



Logistics Investment Market

In the first quarter of 2024, logistics continues to be attractive: it was the most dynamic sector in the Italian scenario in terms of number of deals (11). It represented the third largest asset class by investment volume, with a share of around 17% of total volume, following office and mixed-use sectors.

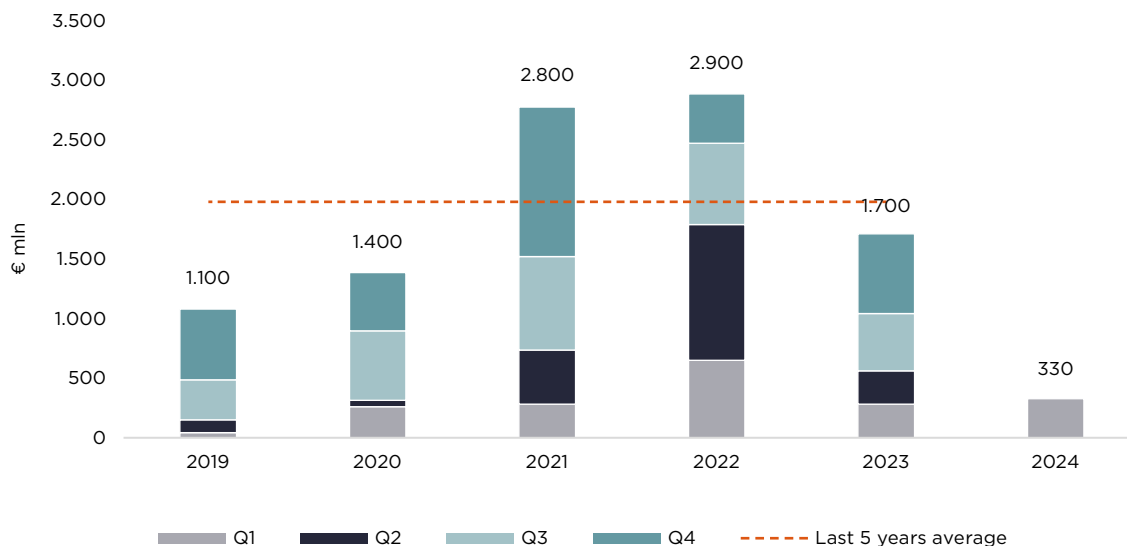
Logistics quarterly volumes stand at € 330 mln, a figure higher than both Q1 2023 (+17%) and the last five years Q1 average (+8%). Activity in the three months was characterized by a strong industrial component: two sale & lease back industrial portfolios drove volumes, together accounting for 68% of the total.

As far as standard logistics assets are concerned, five transactions were recorded, three of which located in the Milan cluster which continues to be one of the main targets. The market was dominated once again by international capitals, accounting for 90% of volumes; domestic players were instead involved in 4 small deals.

After months of rises, prime net yields remained stable in all the geographies in Q1 2024, standing at 5.50% in Milan, Rome, Bologna and Piacenza. A more favourable market is expected in the coming quarters, with buyers' and sellers' expectations aligning and contributing to a possible compression of yields by the end of the year.

66 Logistics continues to stand out. New opportunities are opening on the investment side, such as industrial assets and value-added operations. Buyers' and sellers' expectations are aligning and contributing to possible yield compression by the end of the year, while prime rents are rising steadily in a dynamic letting market.

Investment volume by quarter



Logistics Letting Market

Demand for logistics space remained solid in the first quarter of 2024: a total of approx. 550,000 sqm were taken up, a figure down (-9%) compared to the high level of Q1 2023 but 5% higher than the Q1 average of the last five years. The vivacity of the market is confirmed by the high number of deals recorded, amounting to 27, mainly medium-sized (10,000-30,000 sqm). Two large deals over 50,000 sqm contributed however to push up the take-up. The quarter was notable for the high number of owner occupier transactions, covering 32% of quarterly absorption.

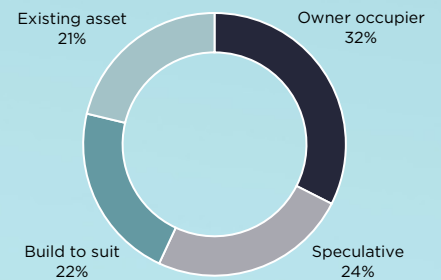
The North of the Country is still the liveliest destination, where 77% of the absorption has been recorded: Emilia Romagna and Lombardy were the most active regions, but a good activity has been also registered in the cluster of Rome.

The attractiveness of emerging clusters continues and was highlighted in the quarter by the Veneto East-Friuli and Parma-Reggio Emilia macro-areas. 3PLs represented again the main operators, covering more than half of the quarterly activity.

Retailers, e-commerce and grocery operators have been the most active in the quarter.

Over the next two years, more than 2 million square metres will be developed, mainly related to speculative projects. Despite this, vacancy rate is still low and is contributing to push up rents: Milan reached in Q1 2024 the record high of 68 €/sqm/y (+8% YoY) and increases were recorded in almost all major geographies. This trend is expected to continue throughout the year, keeping the market dynamic.

Q1 2024 Take-up by transaction profile



Logistics key facts



High performance and resilient characteristics



Capital value is a key factor for investments



Growing attention for industrial assets supported by long leases and strong covenants



Non-primary clusters are becoming more mature

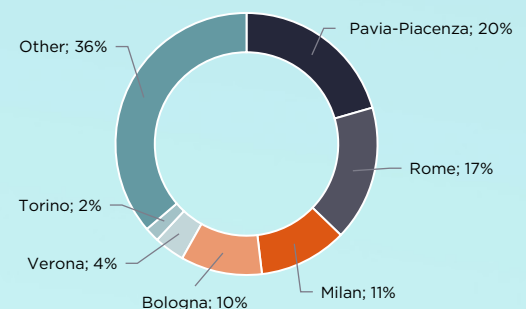


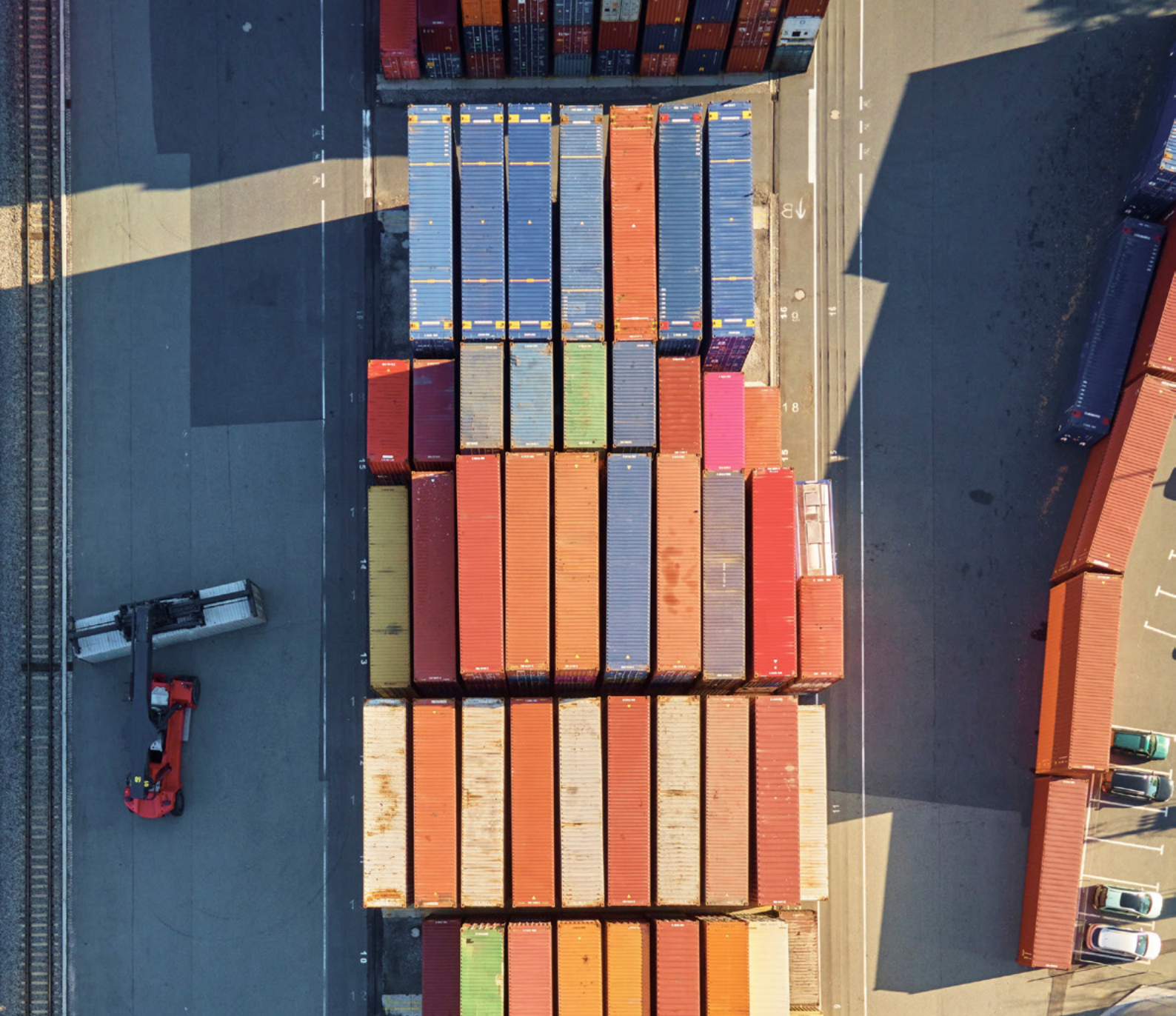
Opportunities to buy ESG non-compliant assets will increase



Prime rents are rising up

Q1 2024 Take-up by cluster (on total sqm)





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