

Italian Logistics Spotlight



Logistics return to be the main sector in investors' strategies

Highlights

The logistics sector was the most sought after by investors in the quarter

Prime net yields continued to decompress in the first three months of 2023

Prime rents increased in all the key markets and will continue to grow

Regional and emerging locations are getting ground

Strong pipeline of new developments but those of speculative nature could slow down

Q1 2023 KPIs



INVESTMENT VOLUMES
290 mln €
-56% YoY



NUMBER OF DEALS
17
+1% YoY



TAKE-UP
630,000 sqm
-13% YoY



PRIME NET YIELD GRADE A LOGISTICS
5.00%
+110 bps YoY



PRIME RENTS GRADE A LOGISTICS MILAN & ROME
63€/sqm/y
+9% YoY



DEVELOPMENT UNDER CONSTRUCTION
+1,500,000 sqm
39 projects



Logistics Investment Market

The logistics sector returned to be a top priority in 2023, being the first asset class in terms of investment volumes with a total of € 290 mln. Although volumes are down compared to Q1 2022, they remain in line with the average of Q1 of the last 5 years.

This asset class was also the most dynamic, collecting 17 deals, including 3 sales & lease back. The quarterly transactions were characterized by small size: none exceeded € 50 mln; the largest deal of the quarter was only € 39 mln.

The north continues to be the first destination, where more than 85% of volumes were recorded; Milan and Verona in particular represented once again the most appealing locations, attracting more than half of volumes.

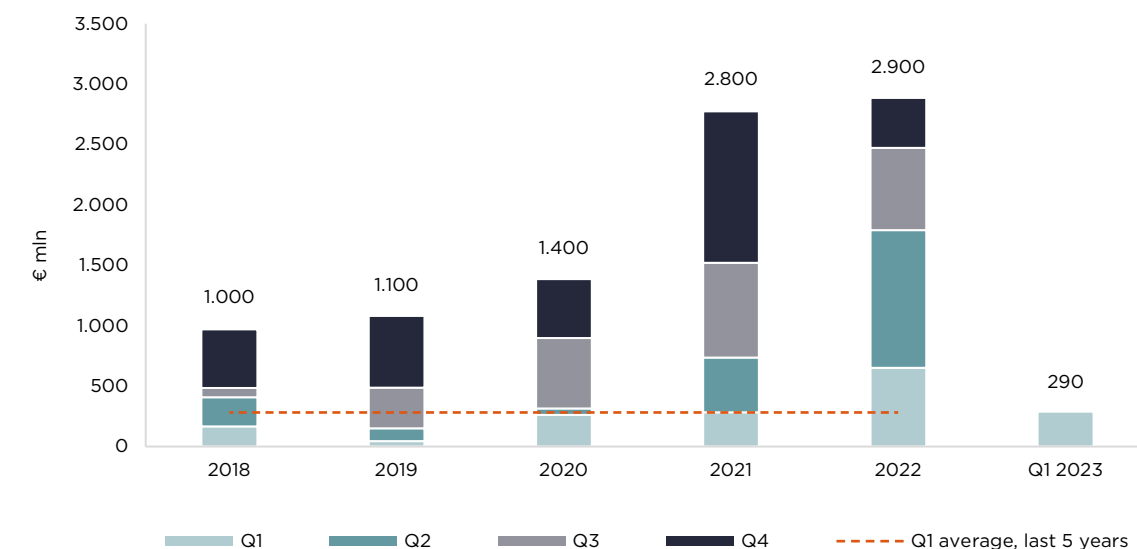
We also witnessed several land acquisitions, not included in the above values, which testify the high interest for this product.

In line with the historical trend, the market continues to attract foreign capitals, but to a lesser extent; for the first time in the last 10 years, the share of domestic capital exceeded 30%. National investors were involved in 6 transactions, including one portfolio.

Prime net yields started to decompress in the second semester of 2022 following the rising costs of financing and economic uncertainty. The upward movement also persisted in the first quarter of 2023; all key geographies recorded a decompression of more than 100 basis points compared to the previous year. Milan and Rome have returned to the levels of three and a half years ago at 5.00%.

Our Country remains attractive in terms of pricing compared to the major European markets, confirming the logistics sector at the centre of investors' strategies

Investment volume by quarter



Logistics Letting Market

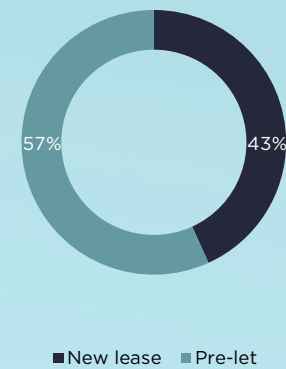
On the leasing side, the first quarter of 2023 reached around 630,000 sqm, a figure lower compared to record Q1 2022 but still high (+38% up on Q1 average of the last 5 years). In the last three months, the market recorded 33 operations, most of which were of small dimension (< 10,000 sqm); despite this, average deal size was approximately 19,000 sqm, a figure 17% higher on the previous year.

The largest transaction of the quarter was related to a retailer operator securing around 70,000 sqm in Novara cluster. The north continues to represent indeed the most appealing area also for the letting market, with Pavia-Piacenza and Milan clusters in the forefront, counting together for 30% of quarterly take-up. Also Rome recorded a good level of absorption, reaching approximately 78,000 sqm across 7 transactions.

The demand was driven once again by 3PLs operators, accounting for more than half of quarterly absorption. Among the sectors, retailer and couriers stand out, while e-commerce players slightly slow down.

The high demand for logistics spaces has been sustained by a great development activity: by the end of the year approximately 1.5 million sqm are expected to be placed in the market across 39 projects. Despite this, the vacancy rate, which is below 5% for grade A and B assets, is not expected to increase any further thanks to a demand that is not expected to slow down. Prime rents, which peak at € 63/sqm/y in Milan and Rome, may rise more sustained by low vacancy rate and high demand for grade A spaces.

Q1 2023 Take-up by type of transaction



Logistics key facts



High performance and resilient characteristics



Capital value is a key factor for investments



Vacancy rate is near to a record low



Lack of top located industrial land

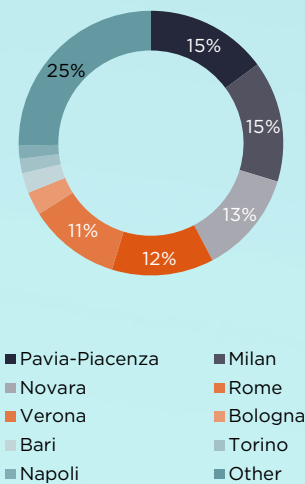


ESG is becoming a key parameter



Prime rents are raising up

Q1 2023 Take-up by cluster



Savills Team

Please contact us for further information

Angus Potterton

CEO Italy
+39 348 8089136
angus.potterton@savills.it

Carlo Walder

Director,
Head of Industrial & Logistics
+39 349 9777787
carlo.walder@savills.it

Gianluca Fiore

Associate Director,
Industrial & Logistics
+39 342 3664398
gianluca.fiore@savills.it

Elena Zanolrenzi

Head of Research
+39 340 7701607
elena.zanolrenzi@savills.it

Manuela Nitti

Research Associate
+39 340 4773859
manuela.nitti@savills.it

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