

Italian Logistics - 2023

  
**SPOTLIGHT**  
*Savills Research*

# Italian Logistics Spotlight



# “The sector confirms its primary role in the Italian scenario”

## Highlights

Logistics remains central to investors' strategies, being the first sector both in terms of investment volumes and number of deals

Prime net yields decompressed in the last quarter of 2023 but should stabilize next year

Take-up confirmed its strong dynamicity in 2023

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

Secondary and emerging locations are getting ground

Robust pipeline of new developments concentrated in the North



### 2023 KPIs

- 
**INVESTMENT VOLUMES**  
**1.7 bln €**  
**-40% YoY**
- 
**NUMBER OF DEALS**  
**64**  
**-4 YoY**
- 
**TAKE-UP**  
**2,800,000 sqm**  
**-3% YoY**  
**+13 vs last 5 Yrs Avg**
- 
**PRIME NET YIELD GRADE A LOGISTICS**  
**5.50%**  
**+75 bps YoY**  
**+30 bps QoQ**
- 
**PRIME RENTS GRADE A LOGISTICS MILAN & ROME**  
**66€/sqm/y**  
**+8% YoY**
- 
**DEVELOPMENT UNDER CONSTRUCTION**  
**+1,600,000 sqm**  
**45 projects**

# Logistics Investment Market

The sector is confirmed as a priority in the Italian scenario in 2023, ranking first in terms of investment volume. During this period, the sector raised around € 1.7 bln of investment volume, registering an expected slowdown compared to the previous year (-40%). Logistics was also the most dynamic sector, with 66 operations and more than one hundred assets transacted.

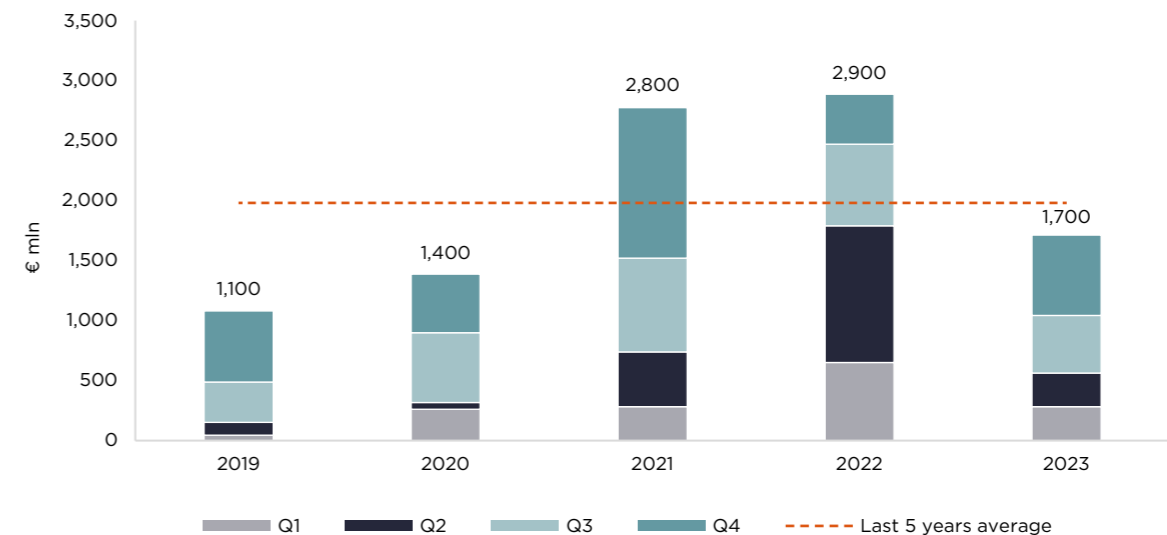
Reduced liquidity has led the market to be characterised by small operations: more than half of the annual transactions were below € 19 mln, while the average deal size decreased from € 35 mln in 2022 to € 26 mln in 2023.

Volumes were driven by two operations of more than € 150 mln each located in the northern regions, which remain the main target for investors. Here, more than 85% of the volumes were collected; Milan, Verona and Pavia-Piacenza represented the most appealing locations. The market was characterized once again by the high presence of international capital volumes (88%), on the other hand, domestic players concentrated on smaller operations and secondary locations.

Prime net yields decompressed in all key geographies during the year; Milan turned back to the level of six years earlier at 5.50% but values should stabilize in the coming months. Indeed, in 2024 we expect a more favourable market, with investors eager to target standard logistics assets, last mile, but also new products such as IOS (Industrial Outdoor Storage), of which the first transaction was registered in 2023.

“The high demand of space, together with low vacancy rate, will keep this sector at the centre of investors' strategies also in 2024, when we expect investment volumes to pick up due to more aligned price expectations between buyers and sellers.”

### Investment volume by quarter



# Logistics Letting Market

Take-up remained particularly high in 2023: around 2.8 million sqm were leased, a figure almost in line with the previous year's record and 13% higher than the average of the last five years. The market confirmed to be highly dynamic, recording 156 transactions, mainly characterized by medium size (10,000-30,000 sqm).

However, there was no shortage of large operations: three deals of over 60,000 sqm have been recorded in the year, one of them located in the South. Looking at the geographies, northern regions attracted 77% of total activity, with Milan, Verona and Pavia-Piacenza clusters in the forefront. Among emerging clusters, Tortona and Padova-Vicenza-Rovigo stood out in the last 12 months.

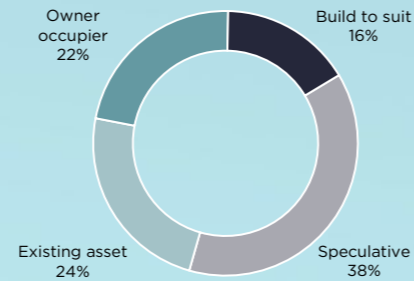
3PLs represented once again the main operators, covering around 55% of total yearly activity; retailers, groceries and

fashion operators have been the most active, while e-commerce players are slowing down.

The high take up levels have been favoured by a fervid development activity: more than 2 million sqm completions have been recorded in 2023 and more than 1.5 mln sqm are expected to be completed in 2024 and already under construction. Speculative projects represent the main typology and in fact mainly characterized yearly take up (38%).

The low availability of spaces sustained rental increase in all the geographies: in Milan and Rome the peak of the last 10 years of 66 €/sqm/y has been reached and another upsurge could occur in the next quarters. The high demand of space, together with the need of modern, efficient and sustainable stock will contribute to a dynamic market even in 2024.

2023 Take-up by transaction profile



## Logistics key facts



High performance and resilient characteristics



Capital value is a key factor for investments



Growing attention for IOS (Industrial Outdoor Storage)



Non-primary clusters are becoming more mature

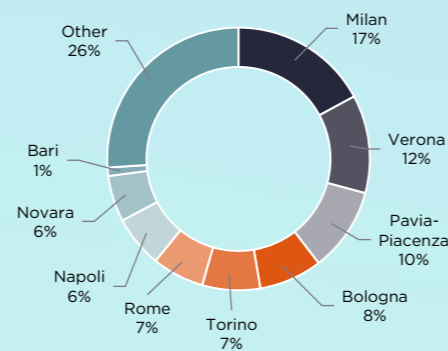


Opportunities on ESG non-compliant assets will increase



Prime rents are raising up

2023 Take-up by cluster



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