

Italian Logistics - H1 2023

SPOTLIGHT
Savills Research

Italian Logistics Spotlight

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A robust demand for space supports the sector

Highlights

- Although investment volumes declined in the first semester of the year, the logistics sector is still appealing, with several deals in pipeline
- Prime net yields remained stable in the second quarter of 2023
- Take-up of the semester is consistent, the appeal is positive and figures in line with the record level of H1 2022
- Regional and emerging locations are getting ground
- Prime rents increased in all the key markets and will continue to grow



H1 2023 KPIs

INVESTMENT VOLUMES
570 mln €
-68% YoY

NUMBER OF DEALS
29
-7% YoY

TAKE-UP
1,500,000 sqm
+1% YoY

PRIME NET YIELD GRADE A LOGISTICS
5%
+110 bps YoY

PRIME RENTS GRADE A LOGISTICS MILAN & ROME
65€/sqm/y
+10% YoY

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

Logistics Investment Market

The sector remains central to investors' strategies also in the first semester of 2023, being the second in terms of volumes and the most dynamic in the Italian scenario. The deals amounted to 29 and were characterized by small size: two-thirds were below €20 mln and none exceeded €100 mln.

Volumes slowed down reaching €570 mln, a figure down comparing both to the same period of the previous year (-68%) and to the H1 last 5 years average (-16%).

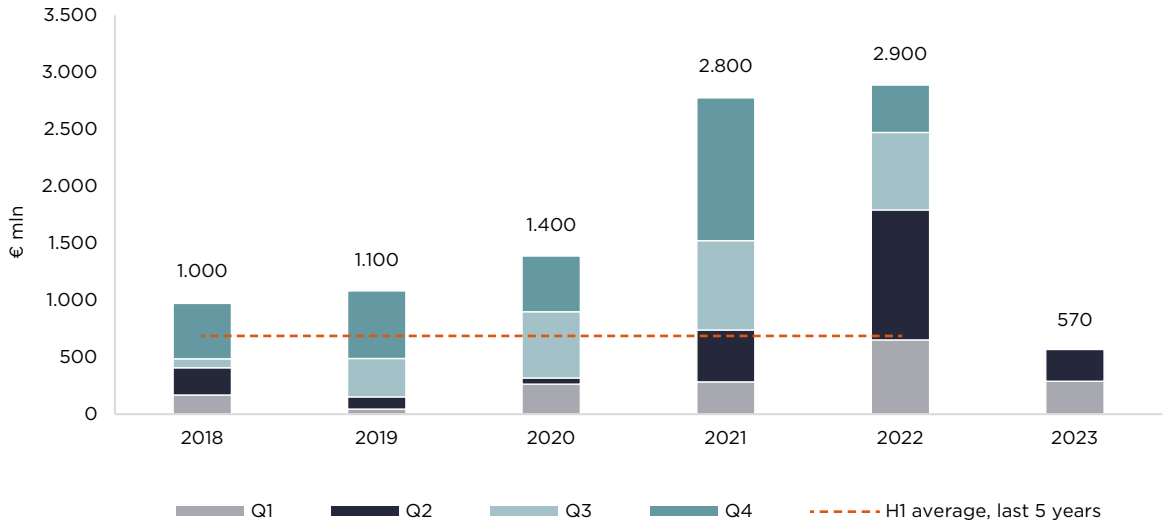
The north continues to be the preferred destination. Milan and Bergamo-Brescia in particular represented the most appealing locations: the first recorded the highest number of deals (9), while the second was the location of the largest transaction.

In line with the historical trend, the market is dominated by foreign capitals (80%), but to a lesser extent than the past. National investors were involved in 8 transactions, including one portfolio.

After reaching their bottom value in the begin of 2022, prime net yields started to decompress over the last 12 months in all key geographies, with decompressions of more than 100 basis points. Milan and Rome back to the levels of four years ago at 5.00%.

> Interest in the sector persists, and this is reflected in the number of investment deals and in a new record high take-up. The limited availability of space is encouraging new developments and supporting higher rents in the future.

Investment volume by quarter



Logistics Letting Market

The leasing market reached brilliant results in the semester with around 1.5 million sqm leased, a figure in line with the record level of H1 2022 and 41% higher than the H1 average of the last 5 years. The number of operations was also high (83), with mainly medium-sized transactions (10,000-30,000 sqm).

3PL operators dominate the demand of spaces in the semester, securing more than half of the demand. Other relevant players' sectors are: retailers, groceries and couriers operators, while e-commerce presence is slowing down. Pre-let solutions are the first choices, characterizing 60% of the absorption from the begin of the year.

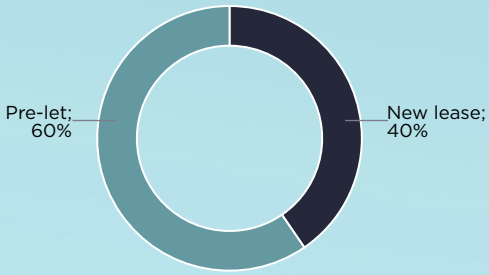
Looking at the geographies, the north remains the most sought after area, where 78% of absorption has been recorded.

Primary locations are the most wanted, but emerging clusters are becoming more appealing, especially Padova-Vicenza-Rovigo, Tortona in the last six months and Bari in south of Italy.

To meet the high demand of logistics spaces, many development projects are in pipeline. An estimated 1.9 million square metres are expected to be placed on the market by the end of 2024 related to 48 projects. Approximately half of developments under construction are already leased.

In this scenario, prime rents hit a new record high in Q2 2023 reaching € 65/sqm/y and may rise further, sustained by the robust demand of grade A assets and low vacancy rate.

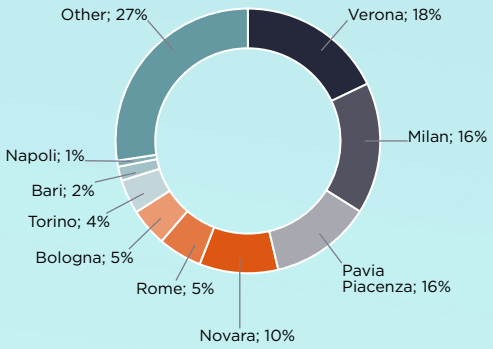
H1 2023 Take-up by type of transaction



Logistics key facts

- **High performance and resilient characteristics**
- **Capital value is a key factor for investments**
- **Vacancy rate is near to a record low**
- **Increasing attention to brownfield opportunities**
- **ESG is becoming a key parameter**
- **Prime rents are raising up**

H1 2023 Take-up by cluster







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