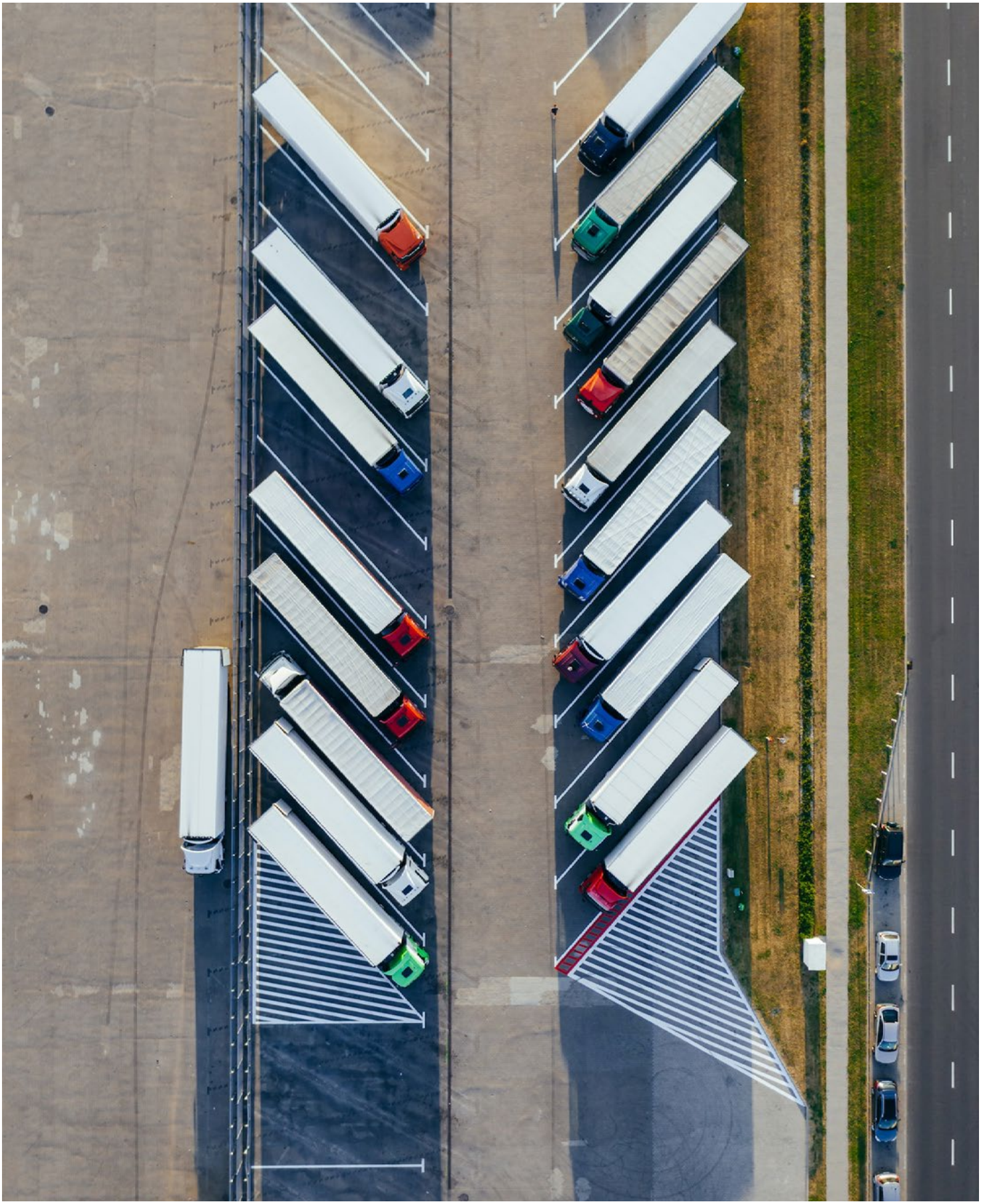
Italian Logistics - Q4 2022

SPOTLIGHT
Savills Research

Italian Logistics Spotlight

savills



Highlights

- Investment volume hits a new record high in 2022
- Prime net yields started decompressing in the second part of the year
- Prime rents increased in all the key markets and will continue to grow
- 2022 records best ever result in terms of leased spaces
- Secondary and emerging locations are getting ground
- Strong pipeline of new developments but those of speculative nature could slow down

2022 Main Indicators

Trend YoY

INVESTMENT VOLUME
€ **2,900** M
▲ **+4%** YoY

TAKE-UP
2,900,000 sqm
▲ **+14%** YoY

PRIME NET YIELD
GRADE A LOGISTICS
4.75 %
▲ **+75** bps YoY

PRIME RENTS GRADE A
LOGISTICS MILAN & ROME
61 €/sqm/pa
▲ **+7%** YoY



Logistics Investment Market

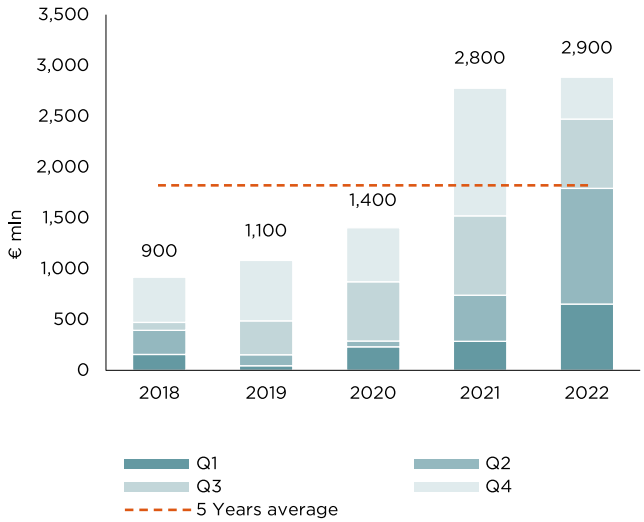
The logistics sector has become a top priority over the last years, in fact a new record high has been reached in 2022, with volumes closing at € 2.9 bln. The sector was the second most sought-after following office sector in the Italian landscape, attracting 24% of volumes and representing a well-established asset class in investors' strategies. Even if the last quarter slowed down, total investments in 2022 are significantly up on the last 5 years average (+59%) and slightly up on the previous year (+4%).

Moreover, the sector was the most dynamic, recording 68 operations, 13 of which are portfolios.

Looking at geographical areas, the north of the country continues to be the first destination: here more than 75% of volumes were transacted. From the beginning of the year, Verona and Milan represented the top destinations, where more than half of volumes (without considering assets in mixed portfolios) have been transacted across the acquisition of 35 assets. Despite this, some transactions were also recorded in the South, more precisely in the provinces of Napoli and Bari.

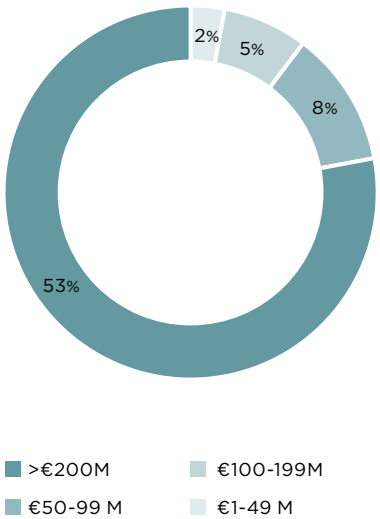
In line with the historical trend, the market continues to be dominated by foreign capitals, which represented 97% of total yearly volumes. Investors are mainly ascribable to institutional players of global origin.

Investment volume by quarter



“The interest for logistics assets will persist in the next months but will shift towards core plus and value add products.”

2022 Investment volume by deal size
(over the total number of deals)



The investments from the beginning of the year refer to standard warehouses, cross dock solutions, light industrial and lands. Standard logistics represents the most common typology, counting for around 70% of total volumes.

Small operations (below € 20 mln) characterized the market over the last 12 months, with 35 deals recorded. Nevertheless, 7 large deals (> € 100 mln) were closed, three of which are portfolios. The largest transaction of the year was represented by a pan-European portfolio comprising 32 Italian assets sold for more than € 300 mln.

After reaching the lowest level in the first part of 2022, prime net yields started to decompress in the second semester, following rising financing costs. In the last quarter of 2022, prime net yields in Milan reached 4.75% (+75 bps on Q4 2021), coming back at 2020 levels. Another upsurge could occur in the next months.

Great attention to capital value has to be paid during underwriting processes.

Logistics Letting Market

2022 was also a sparkling year for the letting market: around 2.9 mln smq have been taken up, representing the higher result ever recorded. The absorption is obviously higher both on the previous year (+14%) and on the last 5 years average (+27%).

The market was highly dynamic, reporting 160 letting transactions, 41 of which closed in the last quarter.

The demand was driven once again by 3PLs operators, which accounted for more than half of total yearly take-up. Among the sectors, retailer and couriers stand out, while e-commerce players slightly slow down.

Most of operations are mainly sized below 30,000 sqm, however, 29 big deals (> 30,000 sqm) were recorded year to date. The largest transaction of the year was related to a retailer operator securing around 90,000 sqm in the south area of Milan.

The north of Italy continues to represent the most appealing area. The Pavia-Piacenza and Milan clusters were the most requested, counting together for 38% of yearly take-up. Also Rome recorded a good level of absorption, reaching approximately 280,000 sqm. 25% of the take-up has been selected in the emerging clusters; among them, Bergamo-Brescia, Tortona and Parma-Reggio Emilia clusters stood out

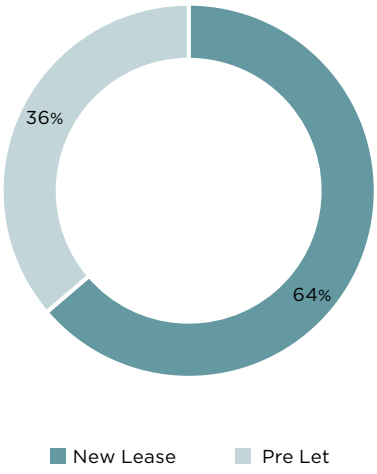
The high demand for logistics spaces has been sustained by a great development activity. Also for the next year many projects are expected to be completed with more than 2 million sqm estimated to be placed in the market. The northern regions are the most requested, with Lombardia, Emilia Romagna and Piemonte in the forefront.

Due to rising costs, the speculative developments could slow down. Vacancy should consequently decrease further during the course of the year.

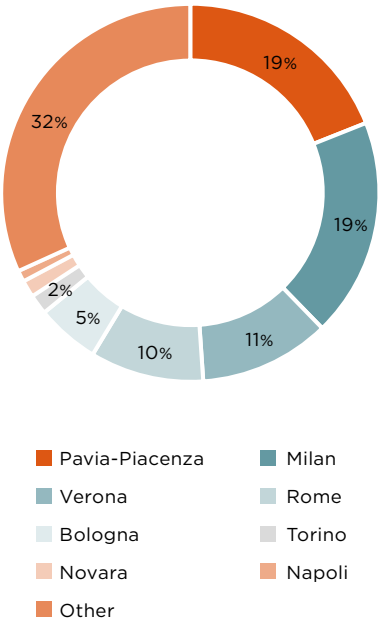
Prime rents increased through the year in all the key geographies: Milan and Rome reached the top level of the last 10 years (61 €/sqm/y). Moreover, another upsurge could occur in 2023 thanks to strong demand for grade A logistics spaces.

> “Despite the strong demand, speculative developments are expected to slow down in the coming months due to rising costs, contributing to a further decline in vacancy rate.”

2022 Take-up by type



2022 Take-up by cluster



Logistics indicators, Q4 2022

	Prime rents (€/sqm/pa)	Prime net yields
Milan	61	4.75%
Rome	61	4.85%
Bologna	59	4.85%
Verona	52	5.10%
Pavia-Piacenza	51	4.85%
Novara	48	5.10%
Torino	46	5.40%

Logistics key facts



Strong 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

Savills Team

Please contact us for further information

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

Gianni Flammini
Chairman Italy
+39 348 7717661
gflammini@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 Zanlorenzi
Head of Research
+39 340 7701607
elena.zanlorenzi@savills.it

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

Savills plc: Savills plc is a global real estate services provider listed on the London Stock Exchange. We have an international network of more than 700 offices and associates throughout the Americas, the UK, continental Europe, Asia Pacific, Africa and the Middle East, offering a broad range of specialist advisory, management and transactional services to clients all over the world. This report is for general informative purposes only. It may not be published, reproduced or quoted in part or in whole, nor may it be used as a basis for any contract, prospectus, agreement or other document without prior consent. While every effort has been made to ensure its accuracy, Savills accepts no liability whatsoever for any direct or consequential loss arising from its use. The content is strictly copyright and reproduction of the whole or part of it in any form is prohibited without written permission from Savills Research.h.