



Colliers

Accelerating success.

Italy

Logistics Market Overview

Q1 2022

Q-Commerce Edition

Investments

Key data

Italy

655m

Investments
in Q1 2022

3,282m

Cumulative Investments
Q2 2021 – Q1 2022

3.9%

Prime Yield

+85%

Q1 22 vs. Q1 21

37%

Portfolio Deals

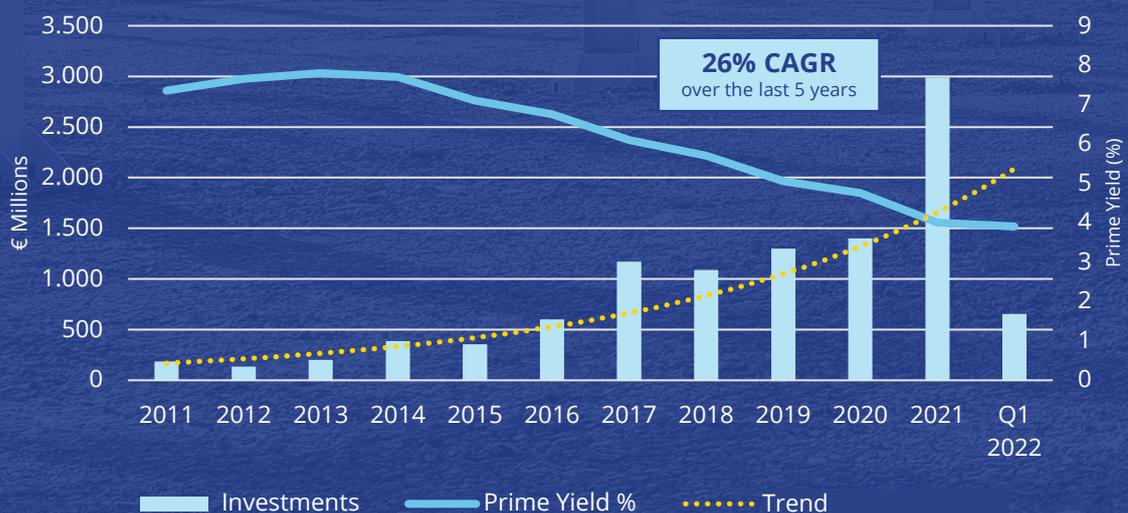
85bps

Yield Compression
Q1 22 vs. Q1 21

Investment Trends

- Significant **growing appetite** from national and international investors in the logistic asset class.
- **Secondary markets** and **Last-mile** assets are attracting increasing interests showing a significant yield compression.
- Recorded **€655m of Investment in Q1 2022**, totaling an impressive **€3.3bn on a yearly basis** (186% increase YoY).
- **Portfolios transactions** accounted for a little 37% of the total amount invested, compared to an average of 70% in the last three years.
- The **Italian prime yield** is settling at its **lowest level** reaching an average of 3.90% NIY. Since some transactions were closed below this level we expect a further slight **yield compression** in the coming quarters.
- We highlight a **rising interest** for **speculative investments** and land acquisition by institutional investors and land developers even in secondary locations (included the South of Italy).

Logistics Investments in Italy



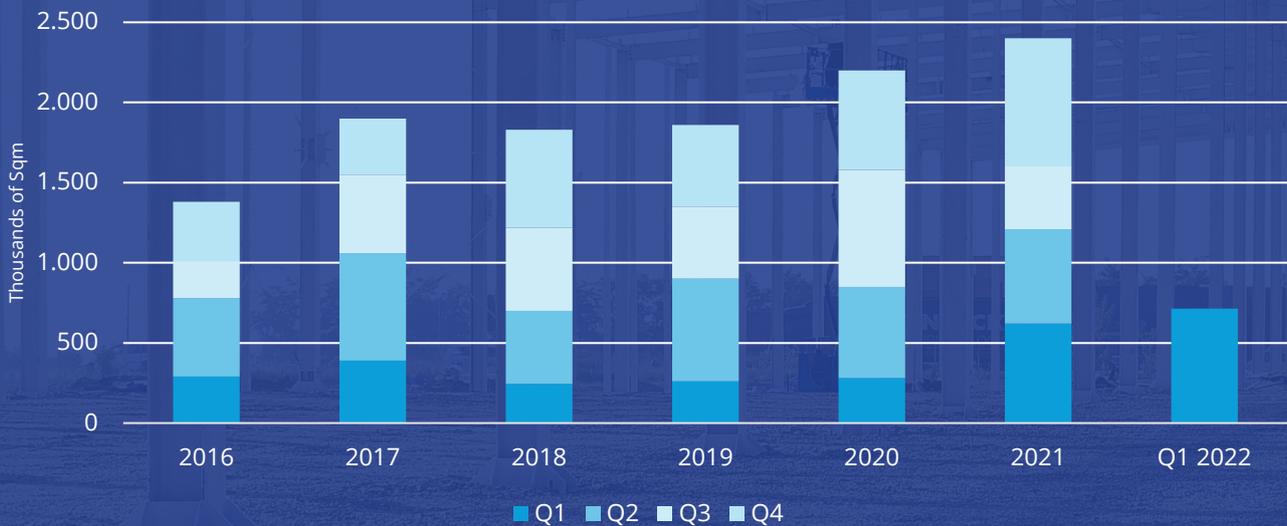
Take up & Key Statistics

Italy

Take-up Trends

- We appreciated a **record breaking** take-up throughout for the first quarter of 2022.
- **Q1 2022** showed a sharp increase in the tenants demand (approx. 713K sqm) which was **15% higher** than the one in Q1 2021.
- This positive trend highlights **a rising** interest from logistic operators (especially **3PL**) and a sharp growth of **e-commerce** and its inherent companies expansion plans.
- **Final clients** are seeking even more for newly built (**Grade A**) and **ESG compliant** warehouses.
- The **vast majority** of the take up recorded involves e-commerce and **3PL Players** (apprx. 66% of the total take up).
- More than half of the total absorption refers to new grade A assets (apprx. 62%) and **last-mile** assets (apprx. 12%) signaling a rising but **steady appeal** for these kind of transactions.

Take-up Evolution



713,000sqm

Take-up Q1 2022

15%

Take-up Growth over Q1 2022

60%

3PL Absorption

58€/sqm/y

Prime Rent Milan/Rome

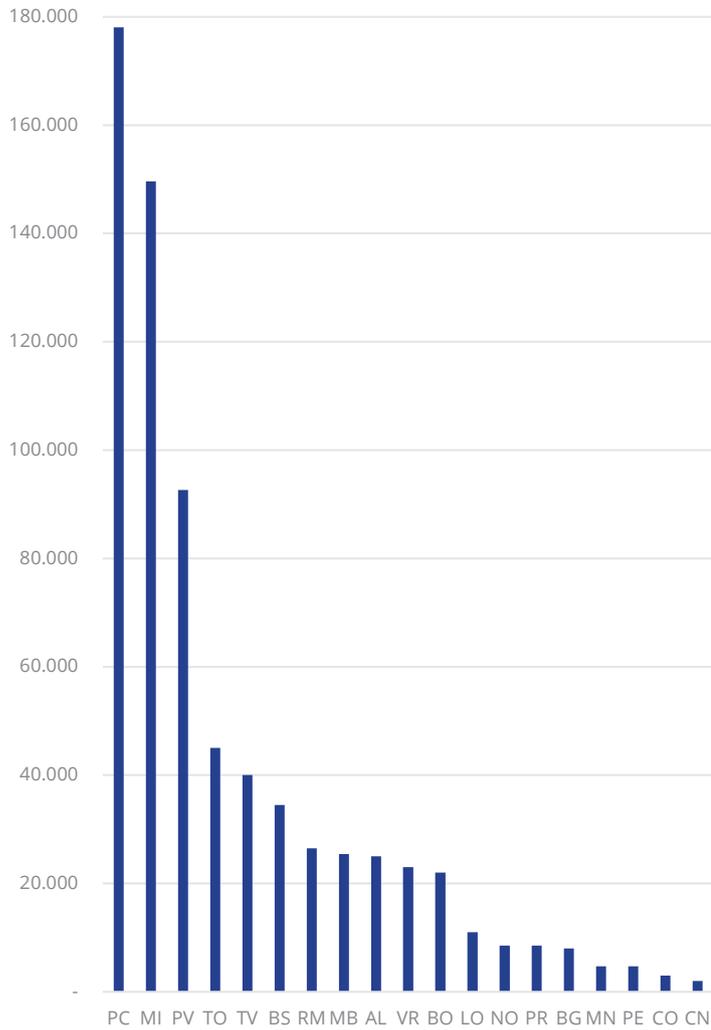
+90€/sqm/y

Prime Rent Last Mile

62%

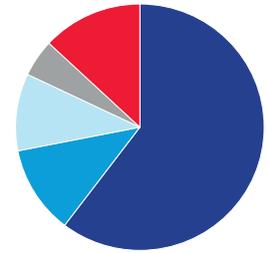
Proportion of new grade A asset leased

Q1 2022 Take-up by Provinces (GLA-sqm)

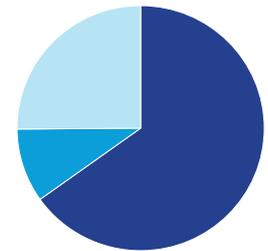


Take-up Characteristics Considering Type of Tenants, Assets and Lease Agreements

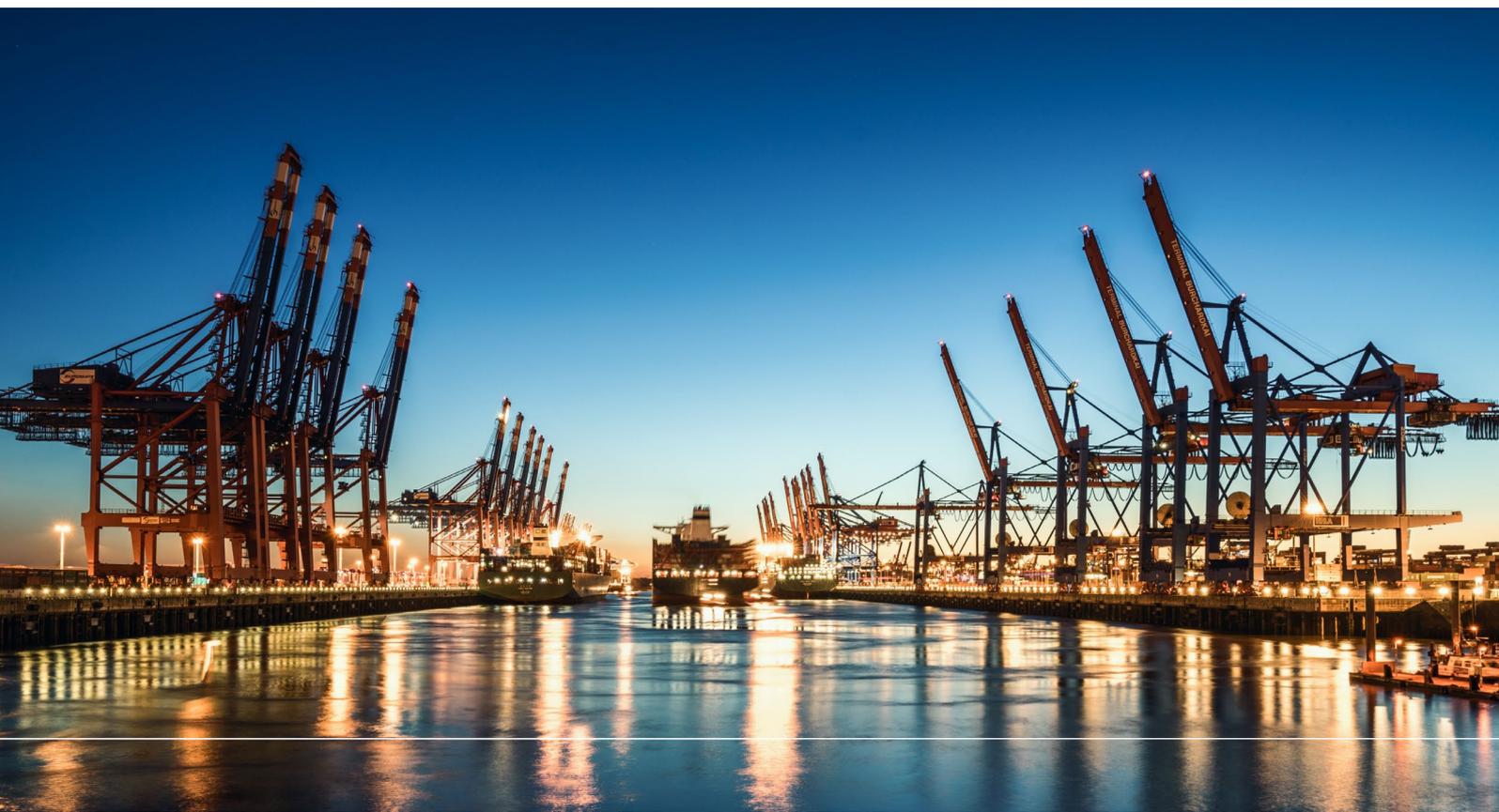
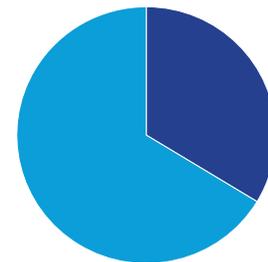
- 3PL
- Courier
- E-Commerce
- Manufacturing
- Retailer



- New lease
- Owner occupier
- Pre-Let

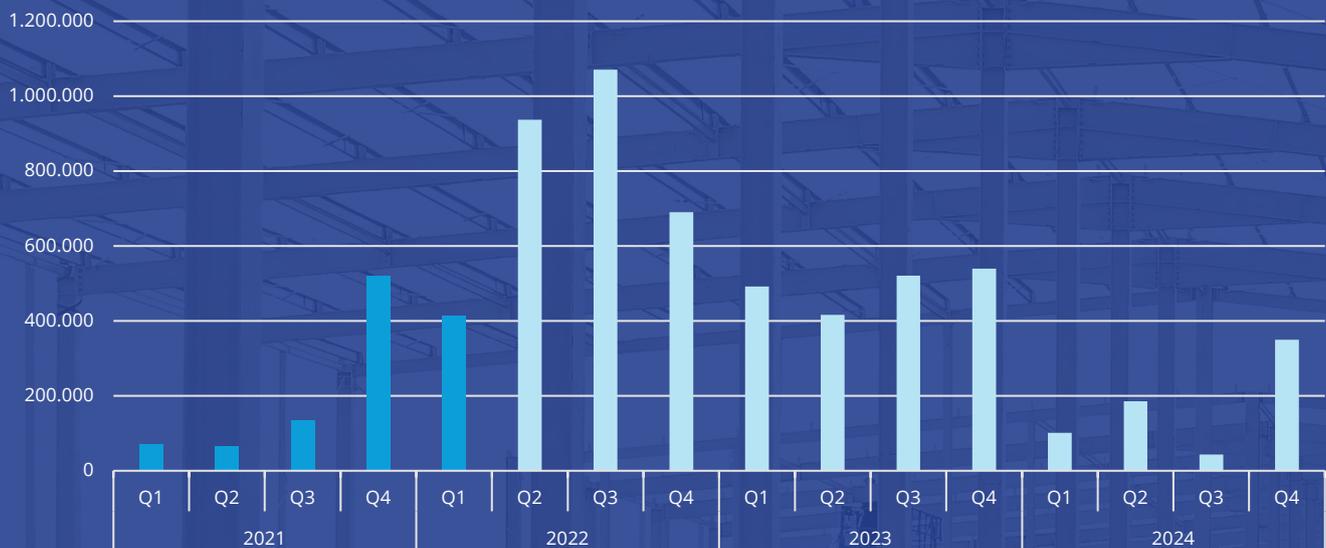


- Park
- Stand-Alone



Vacancy & Pipeline Italy

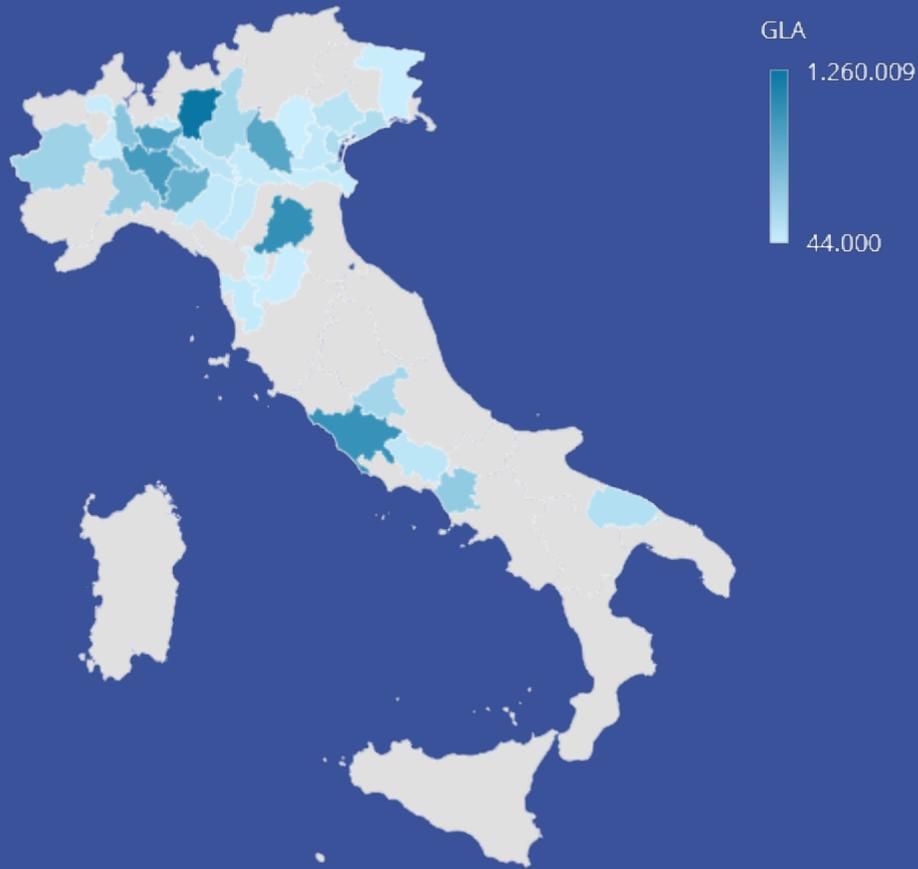
Planned Speculative Developments and Vacancy in the coming years (potential GLA-sqm)



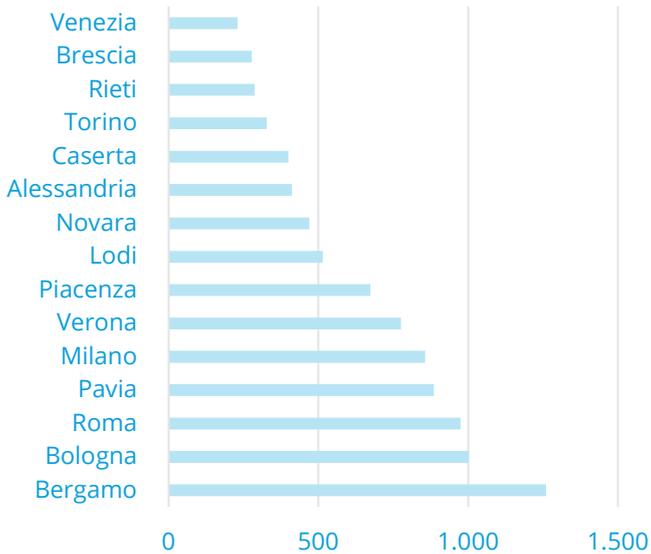
Fast Facts on potential development

- The absorption rate of new developments is showing quite impressive results with the vast majority of the projects being leased before the construction end date.
- The vacancy rate remain stable below 3% all over Italy considering few sub-markets where the vacancy rate is close to zero.
- Despite the significant growth in the construction costs, we are recording a strong pipeline of speculative investments.
- South of Italy and emerging sub-markets such as Genova, Trieste/Udine and the Adriatic Coast are attracting even more capital.
- The 2022 will see potentially a cumulative 3 mln sqm of new grade A assets coming to the Italian logistic market.
- Costs of construction and rising concern on the cost of capital are pushing the asking rent to new highs following the same path saw in the EMEA market over the last period.
- Locations in the proximity of the Italian main ports and airports, especially if connected with the railways, are becoming even more demanded by investors.

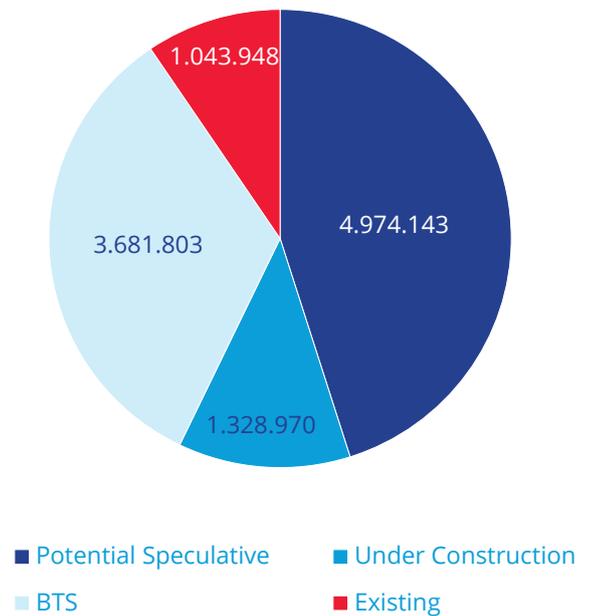
Available GLA entering the Italian Logistic Market in the next 2 to 3 years.
Pipeline concentration divided by Provinces



New sqm coming to the market in the next few months - Main Provinces
(GLA - Thousands Sqm)



Italian Vacancy & Pipeline divided by Type



Q-Commerce

The New Challenge in Logistics

The pandemic has undoubtedly accelerated the digitalisation of purchasing processes and the shift in consumers' expectations with regard to distribution services, bringing the e-commerce trend to levels that could not be foreseen at the beginning, unless over a period of five or ten years. Today, new players, led by Getir, Gorillas and recent newcomer Macai, are challenging the sector with quick commerce, promising what once would have been considered madness, i.e., to be "faster than you" and deliver in ten minutes.

Everything has changed, again.

To ensure this rapid pace, Q-commerce is introducing new approaches, including a different logistics chain and the adoption of green policies with a focus on e-mobility. The warehouse-van-delivery mechanism has been abandoned in favour of the opening of 'dark stores', locations spread throughout the city and closed to the public from which delivery personnel can pick up goods directly, along with the use of electric scooters and bicycles to reduce the impact on city traffic.

From a real-estate perspective, this business model is becoming increasingly widespread in the world's main cities, resulting in a change in how spaces are viewed. Points of sale are quickly becoming logistics hubs, bringing two new challenges: being widespread throughout the local area and being able to stock a selection of products that not only satisfies the needs of the area's users, but that can also be stored in a limited space.

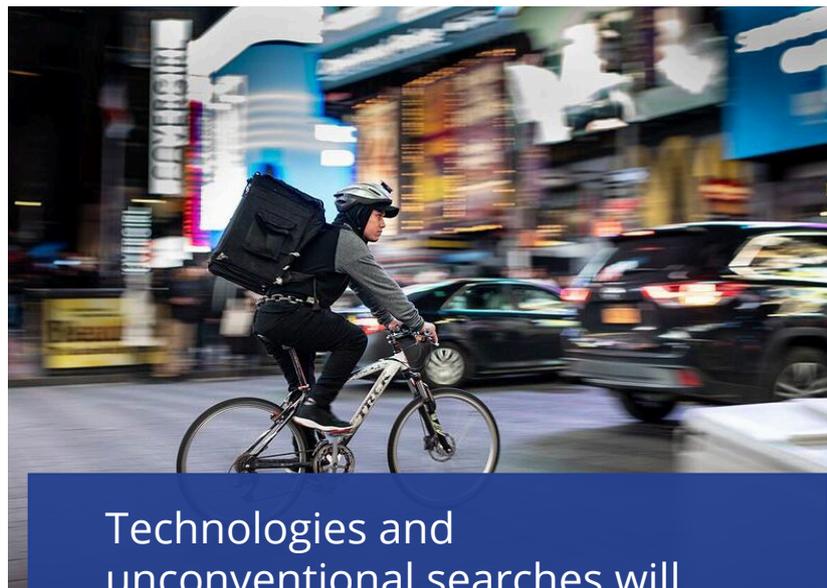
Closer and faster

In such a complex scenario, players are necessarily relying on new technologies: complex algorithms consider various variables such as population density, average income, customers' age, customer type, potential demand, etc., and match them to the products offered, which number around 1,000 units per store. These hubs are restocked daily from standard logistics warehouses in outlying areas.

Thanks to the enormous funds received by the main quick commerce players and the resulting growth plans, we expect that these platforms will see increasingly massive use, with a consequent significant impact on logistics and related spaces as well.

A new real estate opportunity

As the real-estate goal for the various platforms in Italy, for the first 24 months from launch we have identified around 60 assets of 150-250 square metres, each capable of being serviced by around 20 delivery personnel. In the subsequent phases, we expect that players will focus on increasing the number and sizes of their assets, for which new warehouses will be opened and managed. We believe that these massive, unconventional searches may have a positive impact on the market, as this demand will meet the supply of undervalued spaces — with a view to repositioning and redeveloping them —, such as retail units in secondary locations, low-efficiency offices or basements with easy access points.



Technologies and unconventional searches will have a positive impact on the market

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