



Media Coverage Report

MIPIM 2019

European Warehouse Investment Hits Record €28 Billion Peak as EuroLogix Launches at MIPIM



DTRE

Table of Contents

Business Immo	3
Property Funds World	4
Property EU	7
Euro Property	9

Business Immo
March 11, 2019

BUSINESS.eu
IMMO

MIPIM logistics networking EuroLogix pegged as key fixture



Four major real estate players have linked up to create a new logistics-sector networking event at MIPIM under the title EuroLogix.

The firms behind the launch are property consultancy DTRE, logistics giant Prologis, UK logistics company Tritax and investment manager Oxenwood Real Estate.

Stewart Little, Co-Founder of Oxenwood Real Estate, said: “*The EuroLogix event is well overdue and will no doubt become one of the key fixtures of the week where participants of the European logistics market can meet and exchange views.*”

DTRE Owner Keith Dowley said the logistics sector was becoming “*the sector of choice*” for investors.

“Consumer spending online is growing at its fastest ever rate, with e-commerce demand powering intense competition and the evolution of supply chains.

“Against this background, it was high time for the European industry to establish its own premier networking event at MIPIM — the world’s largest real estate trade fair,” Dowley said.

At the same time, research from data firm Real Capital Analytics was released showing that European warehouse investment volumes hit a record high of €28bn last year in terms of single-asset and portfolio deals.

According to RCA, logistical warehouse investments have grown by 14% a year on average since 2013 — a rate it said was far faster than the expansion in the overall real estate investment market. The event will take place for the first time Tuesday between 1pm and 6pm at the trade fair’s C Beach venue in Cannes, the organisers announced.

Property Funds World
March 11, 2019



European warehouse investment hits record EYR28bn peak as EuroLogix launches at MIPIM

Leading players in the European logistics market are to launch EuroLogix, an exclusive industry networking event at MIPIM, as a research report from Real Capital Analytics shows that European warehouse investment volumes hit an all-time high of EUR28 billion in 2018 for single-asset and portfolio deals.

Logistical warehouse investments have grown by an average of 14 per cent a year since 2013, easily outstripping the expansion in the overall real estate investment market, on the back of the e-commerce and logistics wave.

Tom Leahy, Senior Director EMEA at RCA, says: "Warehouse investment has become one of, if not the, asset of choice for many investors. Last year was a record year for investment in the Netherlands, Spain, Poland and Norway and close to a record in Germany."

"Investments into the top 10 European markets have grown by an average of 21 per cent per annum in the past five years, outpacing the wider market. If CIC's stand-out acquisition of Logisor in 2017 is excluded from the data, which is reflective of the drive to gain scale and elevated platform deals, then last year was a peak for European warehouse investments as a whole."

Keith Dowley, Owner of industrial real estate advisors DTRE, says: "The logistics industry is transforming as the sector of choice for investors. Consumer spending online is growing at its fastest ever rate, with e-commerce demand powering intense competition and the evolution of supply chains. Against this background, it was high time for the European industry to establish its own premier networking event at MIPIM - the world's largest real estate trade fair."

The appetite for this sector is reflected in the flow of funds into managers, the stock performance of listed owners and the movement in pricing, the Real Capital Analytics report noted. A price indicator produced by RCA shows that UK warehouse prices are more than 20 per cent above their pre-crisis peak.

Stewart Little, Co-Founder of Oxenwood Real Estate, says: "The EuroLogix event is

well overdue and will no doubt become one of the key fixtures of the week where participants of the European logistics market can meet and exchange views. The timing of the launch sits well with Oxenwood's own expansion into continental Europe as we react to the needs of our customers and the evolution of the sector."

The UK remains the largest European market for warehouse investment, as it has been for the last 10 years. However, the desire to put capital to work in the sector, driven by cyclical and structural trends in the occupier markets, has spurred investors to markedly spread their geographical focus.

Ben Bannatyne, president Prologis, Europe says: "The European logistics real estate market is accelerating, with the pace of change only expected to increase. Strong fundamentals, favourable market conditions and trends like urbanization and last mile logistics, are lifting markets and driving growth. On a pan-European basis for instance, net effective rents were up approximately 4.5 per cent in 2018, a good indicator of what's ahead and a clear sign of why warehouse investment is so attractive."

European-headquartered investment institutions have consistently acquired more logistics assets and oriented their portfolios towards the logistics sector in the last three years, a sign of the growing importance of the sector, RCA's Leahy said. Data for 2018 show their acquisitions of warehouse properties came close to 10 per cent of their total acquisitions – a new record.

The ongoing move to online retailing, as well as occupiers' greater need for supply chain optimisation, has driven the emergence of extra-large, big-box, warehouse formats. These are typically in excess of 50,000 sq m let to the likes of Amazon and major retailers and grocers for regional, national and international distribution

These warehouses are also increasingly being supported by smaller logistical assets, usually less than 10,000 sq m and close to urban areas, used to fulfil 'last-mile' and 'next-day' type delivery requirements.

Nick Preston, Fund Manager, Tritax EuroBox, says: "Tritax Big Box was the first REIT to provide pure play exposure to the UK Big Box market. Since our EuroBox IPO last year, we've been building a high-quality, well-located, portfolio of continental European logistics assets that are expected to deliver an attractive capital return and secure income to shareholders. This expansion has been underpinned by burgeoning rental growth, driven by strong occupational demand and the constrained supply of appropriate assets in key locations."

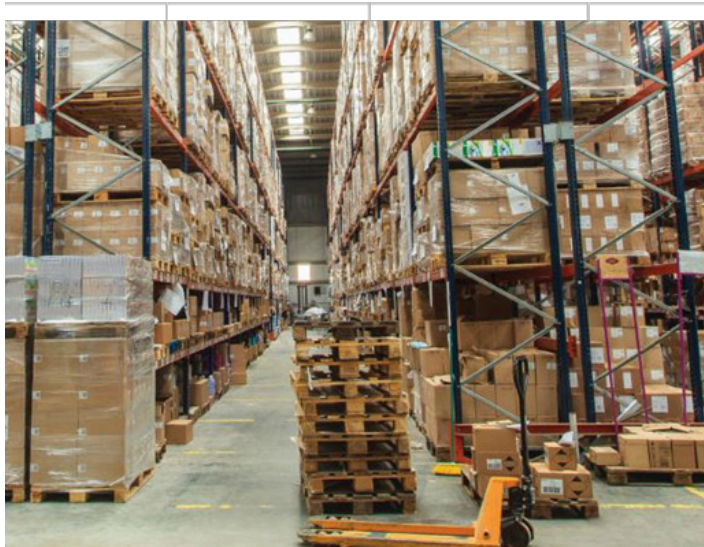
"European markets are generally expected to catch up with the UK's lead in e-

commerce as a proportion of total retail sales and this will power occupational demand for well-located and large-scale highly automated logistics facilities for the foreseeable future.”

Property EU
March 11, 2019



European warehouse investment hits record €28 bn in 2018



European warehouse investment volumes hit an all-time high of €28 bn in 2018 on the back of the e-commerce and logistics investment boom, new research from Real Capital Analytics (RCA) shows.

Logistical warehouse investments have grown by an average of 14% a year since 2013, easily outstripping the expansion in the overall real estate investment market.

According to RCA data, investments into the top 10 European markets have grown by an average of 21% per annum in the past five years, outpacing the wider market. Excluding CIC's €12.2 bn acquisition of Logisor in 2017, last year's volumes show a peak for European warehouse investments as a whole.

The RCA report coincides with the launch at Mipim on Tuesday of EuroLogix, an exclusive logistics industry networking event where leading players can meet and exchange views. Among those backing the event are Prologis, Tritax EuroBox, industrial real estate adviser DTRE and Oxenwood Real Estate.

Tom Leahy, senior director of EMEA at RCA, said: 'Warehouse investment has become one of, if not the, asset of choice for many investors. Last year was a record year for investment in the Netherlands, Spain, Poland and Norway and close to a record in Germany.'

The UK remains the largest European market for warehouse investment, a position it has held for the last 10 years. A price indicator produced by RCA shows that UK warehouse prices are more than 20% above their precrisis peak.

However, the desire to put capital to work in the sector, driven by cyclical and structural trends in the occupier markets, has spurred investors to markedly spread their geographical focus.

Ben Bannatyne, president of Prologis Europe said: 'The European logistics real estate market is accelerating, with the pace of change only expected to increase. Strong fundamentals, favourable market conditions and trends like urbanization and last mile logistics, are lifting markets and driving growth. On a panEuropean basis for instance, net effective rents were up approximately 4.5% in 2018, a good indicator of what's ahead and a clear sign of why warehouse investment is so attractive.'

Euro Property
March 29, 2019

EuroProperty
A PropertyEU weekly publication

Riding Europe's logistics wave

More and more firms are trying to strengthen their foothold in the logistics sector, says **Paul Strohm**



On the sidelines of Mipim earlier this month, UK-based Oxenwood Real Estate announced a £200 mln (€233 mln) capital increase to expand its existing £425 mln (€497 mln) logistics platform. The company is planning to take advantage of opportunities arising in the UK and European logistics markets, Oxenwood's co-founder Stewart Little, told *EuroProperty*.

'The raising of additional capital is well timed for the firm as we continue our investment programme in continental Europe and seek opportunistic returns in the UK,' said Little. 'We see expansion into the European markets as a natural extension of our skill set. Moreover, the sector itself is becoming a pan-European and global sector, both in terms of occupiers and supply chain as well as investors.'

Founded in 2014, Oxenwood is one of a growing number of private equity investors targeting the European logistics market in the slipstream of huge platform deals seen in Europe in recent years, engineered by the likes of institutional behemoths including China's CIC and Singapore-based sovereign wealth fund GIC.

BIG AMBITIONS

But Oxenwood has big ambitions too and earlier this year joined up with two other investors – London-listed Tritax EuroBox and Prologis Europe – as well as adviser DTRE, to launch EuroLogix, a new industry networking event that was held for the first time at Mipim.

The EuroLogix founders pitched their invite-only event as the pan-European counterpart of Shedmasters, which is traditionally held during Mipim in the hills above Cannes and which many in the industry consider to be primarily UK focused. 'The interest in logistics has really

taken off in the past five years, and the past couple of years in particular,' explained Ben Bannatyne, president of Prologis, Europe, during a press briefing at the inaugural edition of EuroLogix on the Boulevard de la Croisette. 'There really isn't a pan-European event where we can network, exchange ideas and learn from each other.'

The looming Brexit was by no means a driver, Bannatyne added. 'The sector is becoming truly pan-European and existing platforms are looking to grow. In fact, new players are coming in all the time and everyone has the ambition to expand.'

Asked whether the competition in Europe was now becoming too fierce, Bannatyne said: 'The number of competitors is still relatively small and there are a lot of opportunities. We also still want to grow and are going deeper into the markets where we are active. Compared to the US, there is also plenty of room here. Logistics is a great place to be. The market fundamentals are very good.'

One of the key reasons investment demand is so strong is that the level of income is increasing thanks to favourable supply-demand dynamics, added Nick Preston, fund manager at Tritax EuroBox, the pan-European shed specialist that was floated in London in the summer of 2018.

'Our whole strategy is dependent on income growth and rental growth going forward and that is based on the demand from occupiers and the scarcity of supply in the key markets that we invest in,' said Preston. 'We already started seeing this in

the first six months of our investment period. Rents are moving forward in our key markets and that is not something that the European logistics markets have seen in the past.'



Prologis is seeing the same trend, Bannatyne said: 'We have seen rental growth really coming through in the last 12 months in core markets in Europe and the trend has been accelerating in the first months of this year.'

HIGH GROWTH

The market is set to remain tight from an occupier perspective, he added. 'We are 97.5% leased across the whole of Europe and there is lack of supply. We've seen rental growth in the last two years in the UK, but now right across continental Europe we're seeing high single-digit, early double-digit rental growth in almost all of our core markets in western Europe.'

The US has had a very good market for the past five to six years and is not showing any signs of slowing, said Bannatyne. 'Europe is 12 to 24 months, or even 36 months, behind the US. So what we've seen in the US in the last five years has finally made its way over here.'

Prologis aims to grow in Europe mainly through development, Bannatyne said. 'The challenge today is around securing land and securing permits. Construction costs have increased significantly so it's not that easy to suddenly start building a pan-European logistics platform. A lot of people are really interested in development because that is where they can get the higher returns.'

'The sector is becoming truly pan-European and existing platforms are looking to grow. In fact, new players are coming in all the time.'

Ben Bannatyne, Prologis

