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89% of occupiers expect to require the same or more warehouse space in the next three years, finds 2022 European Real Estate Logistics Census

- *France and Germany remain the top markets for expansion over the next three years*
- *Stock management, automation and reshoring rated the most important post-Covid priorities for occupiers*
- *Electric vehicles expected to be the most 'game changing' technological innovation to impact the supply chain in the next three years*

The 2022 European Real Estate Logistics Census, carried out in the summer of 2022 by supply chain market analysts Analytiqa on behalf of Tritax EuroBox plc, a leading investor in European logistics real estate, and international real estate advisor Savills, received over 450 responses from investors, developers, landowners, asset managers, consultants and agents across the pan-European market.

Nick Preston, Fund Manager at Tritax EuroBox plc, said: *“The results of our second European Real Estate Logistics Census underline that the long-term structural drivers that underpin the sector remain, with occupiers continuing to seek new space in the major European logistics hubs, led by France and Germany.*

Integrated sustainability features and power resilience were cited as key priorities for occupiers and the wider macro environment is likely to push ESG higher up the agenda, with the cost of electricity likely to fuel more conversations around sustainable, resilient supply chain solutions that reduce costs and deliver social value. Greater automation and robotics are also of increasing importance as occupiers plan for the future.”

Marcus de Minckwitz, Head of Industrial & Logistics, Savills EMEA, concludes: *“Logistics has proven to be one of the most resilient sectors throughout the pandemic and, despite significant headwinds impacting the global economy, it is encouraging to see that occupier demand remains unabated as supply chains continue to evolve. There is still a significant weight of capital targeting the sector and we are confident that any sign of a correction will see investors queuing up to take advantage.”*

Key highlights:

Resilient occupier demand for logistics space in spite of challenging backdrop

- Take-up of logistics space increased by 12% in H1 22, compared to the same period last year, reaching circa 20 million sqm, whilst vacancy rates declined further to 2.9% across Europe, pushing headline rents up by on average 8.2% YoY across Europe.

- Business conditions were more challenging over the last six months. Rising costs and availability of labour are the top two factors affecting occupiers this year (rising costs remains in 1st place, whilst labour availability was 5th in 2021).
- However, 89% of occupiers are anticipating requiring the same or more space in the next three years. Nearly 75% of those looking for new warehouse space over the next three years are considering mega boxes or mid-sized boxes (>10,000m²).
- France and Germany remain the priority markets for expansion over the next three years, with France rising from 44% in 2021 to 52% in 2022 and Germany from 43% in 2021 to 52% in 2022. The Netherlands remains a core logistics location, with a sharp rise in occupiers looking to expand there from 13% in 2021 to 40% in 2022, whilst Poland, Italy and Portugal also rank highly.

Location and ESG are key priorities; investor interest remains high

- Logistics investment during H1 22 totalled almost €30 billion, up approximately 9% year on year and 59% above the previous five-year H1 average. 29% of European investors remain under allocated in the logistics sector and, at the time of the survey, 40% planned to allocate more capital to logistics in the coming year.
- For investors, building location remains the most important investment criteria indicating that prime markets will continue to receive the most interest, while ESG continues to influence investment decisions. The conflict in Ukraine has pushed power supply up investors' agendas.
- For occupiers, cost, location, size and technical features were the biggest anticipated challenges in securing warehouse space over the next three years as they seek quality solutions to meet their individual needs. Whilst flexibility of lease length and affordability were cited as the most important requirements from their warehouse space.
- ESG remains a priority. In particular 26% cited green/sustainability features (including power) as important building features, whilst staff wellbeing was also key for over a quarter of occupiers.

Stock management, automation and reshoring rated the most important post-Covid priorities

- Lessons learnt from the Covid pandemic: 42% of occupiers said they anticipate reducing their reliance on foreign imported materials/goods and 40% said they would shorten/re-shore their supply chains to mitigate risk from disruptions.

- Over the next three years, occupiers will prioritise increasing the quantity of stock held (38%), diversifying their supplier base (31%), investing in building level automation (30%) and shortening (re/near-shoring) their supply chains (28%).

Evolving technology is facilitating the growth of electric vehicles, whilst warehouse robotics and autonomous vehicles are becoming a growing focus for the future

- Respondents expect electric vehicles to be the most ‘game changing’ technological innovation to impact the supply chain in the next three years, up significantly on the prior year. This was followed by more automation (warehouse and vehicle) and predictive analytics which are also ranked higher than the prior year.
- Warehouse robotics (45%), autonomous vehicles (44%) and drone delivery (33%) were seen as the most impactful technological innovations for occupiers over the medium term.

The 2022 European Real Estate Logistics Census report with more details of the findings can be found [here](#).

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Notes to Editors

About the 2022 European Real Estate Logistics Census

Commissioned by Tritax EuroBox and Savills, global supply chain consultancy Analytiqa undertook the second edition of the European Real Estate Logistics Census survey during the summer of 2022. 450 key players in the sector took part in the survey, comprising Investors (34%), Occupiers (25%), Developers (15%), Landowners (8%), Asset Managers (7%), Advisors and Consultants (6%) and Agents (5%). Occupiers were further split into Manufacturers (39%), Retailers (38%) and Logistics (23%).

The results of the second edition provide insights into the trends, challenges and opportunities in the logistics sector in the first half of 2022 and an outlook on the coming year(s), whilst also analysing shifts in business sentiment, conditions and outlook compared to last year’s results.

About Tritax EuroBox

Tritax EuroBox plc invests in and manages a well-diversified portfolio of well-located Continental European logistics real estate assets that are expected to deliver an attractive capital return and secure income to shareholders. These assets fulfil key roles in the logistics and distribution supply-chain focused on the most established logistics markets and on the major population centres across core Continental European countries.

The Company's Manager, Tritax Management LLP, has assembled a full-service European logistics asset management capability including specialist "on the ground" asset and property managers with strong market standings in the Continental European logistics sector.

Further information on Tritax EuroBox plc is available at www.tritaxeurobox.co.uk

About Savills

Savills is a global real estate services provider listed on the London Stock Exchange. Savills operates from over 600 owned and associate offices, employing more than 39,000 people in over 70 countries throughout the Americas, the UK, 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.