

PRESS RELEASE

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

Cannes, March 12 2019 – Leading players in the European logistics market united on Tuesday to launch EuroLogix, an exclusive industry networking event at MIPIM, as a research report from Real Capital Analytics showed that European warehouse investment volumes hit an all-time high of €28 billion in 2018 for single-asset and portfolio deals.

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, on the back of the e-commerce and logistics wave.

Tom Leahy, Senior Director 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. 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. 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, said: *“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% above their pre-crisis peak.

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. 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 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 pan-European 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.”*

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% of their total acquisitions – a new record.

The ongoing move to online retailing, as well as occupiers greater need for supply chain optimization, has driven the emergence of extra-large, big-box, warehouse formats. These are typically in excess of 50,000 sqm 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 sqm and close to urban areas, used to fulfill ‘last-mile’ and ‘next-day’ type delivery requirements.

Nick Preston, Fund Manager, Tritax EuroBox, said: *“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.”

ENDS

EURO LOGIX

EUROPE'S PREMIERE NETWORKING
EVENT FOR THE LOGISTICS WORLD

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NOTES TO EDITORS:

EuroLogix – www.eurologix2019.com

The European logistics industry is transforming into the sector of choice for investors. With consumer spending growing at its fastest-ever rate, e-commerce powering change, intense competition driving demand and supply chains evolving, EuroLogix will connect you with the who's who of the European logistics community to ignite conversation and spark ideas!

RCA - www.rcanalytics.com

Real Capital Analytics, Inc. (RCA) is the authority on the deals, the players and the trends that drive the commercial real estate investment markets worldwide. An industry pioneer since 2000, RCA has earned a reputation of having the most timely and reliable transaction data and providing valuable intelligence on market pricing, capital flows and investment trends. RCA is privately held and headquartered in New York City with offices in San Jose, London and Singapore.

DTRE – www.dtre.eu

Founded in 2010, DTRE is a market-leading property advisory business. Creating value for funds, investors, developers, property companies and occupiers in the UK and Europe, giving end-to-end advice and research.

DTRE are currently No1 in the Property Data Industrial investment league, having transacted £2.5 billion in 2018. With a team of 30 staff including 12 investment and 12 leasing agents.

Tritax Eurobox - www.tritax.co.uk/tritax-eurobox

Tritax EuroBox plc is the sister company of Tritax Big Box. While Tritax Big Box focuses on the UK market, Tritax EuroBox is dedicated to continental European logistics assets. Our objective is to build a well-diversified portfolio of European logistics assets in order to deliver shareholders with an attractive capital return and secure income. Following our IPO in July 2018, we have successfully deployed £558.4 million into eight large, prime logistics assets, situated in Belgium, Germany, Italy, Poland and Spain.

DTRE



PROLOGIS


OXENWOOD
REAL ESTATE



TRITAX EUROBOX

EURO LOGIX

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Prologis - www.prologis.com

Prologis is the global leader in logistics real estate. We own, manage and develop high-quality properties in the world's most vibrant centres of commerce. With unrivalled industry insights, Prologis helps you stay ahead of what's next. This defining characteristic has made us the employer of choice for forward-thinking employees, the preferred landlord for future-focused businesses and the top pick for the most strategic investors.

Oxenwood Real Estate - www.oxenwood.com

Oxenwood Real Estate was established by its co-founders, Jeremy Bishop and Stewart Little as a real estate investment management firm in May 2014. The Group invests both directly and in joint ventures with domestic and international institutions in the UK and European real estate markets. The company is a multi-sector opportunistic investor but is currently focusing on the logistics sector. Its strategy is to deliver strong and growing income returns to investors, with capital upside derived from medium-term asset management and development opportunities. Jeremy and Stewart began working together 13 years ago. Andrew Walker is Chairman.

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European Warehouse Focus

MIPIM2019

Visit RCA at Stand P-1.F36 to learn more. rcanalytics.com

14%

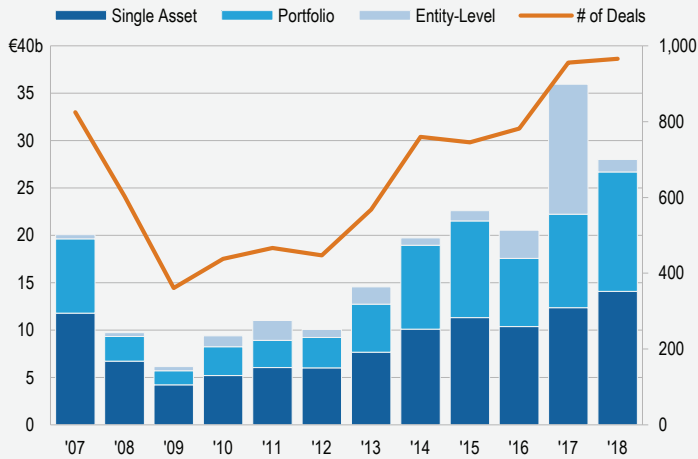
Average annual growth in warehouse investment since 2013

€28b

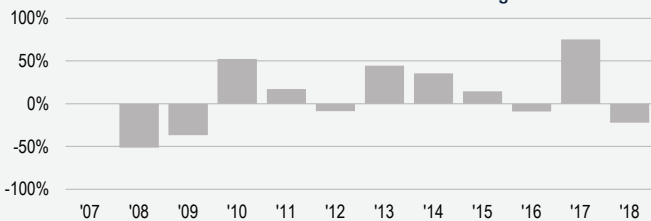
Warehouse investment volume in 2018

Investor interest in European warehouse property is at record levels. A record number of deals completed in 2018 and investment volumes are way above the previous peak a decade ago.

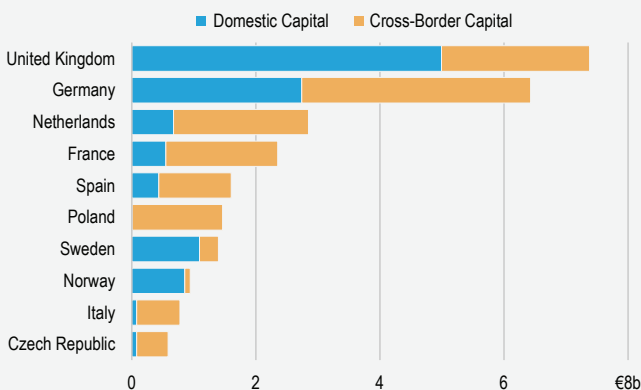
Investment in European Warehouses



Volume Year-Over-Year Change



Europe's Top Ten Warehouse Markets in 2018



Investment into warehouses in Europe has increased by an average of 14% annually since 2013 and more than €28b was spent in 2018, which was a record year for the number of deals and for the volume of single asset and portfolio deals.

The rate of growth outstrips the overall market average of 9% and shows how warehouse investment has become one of, if not the, asset of choice for many investors.

This appetite for warehouse assets is reflected in the flow of funds into managers and the performance of the listed owners, and the movement in pricing. A price indicator produced by Real Capital Analytics shows U.K. warehouse prices are more than 20% above their pre-crisis peak.

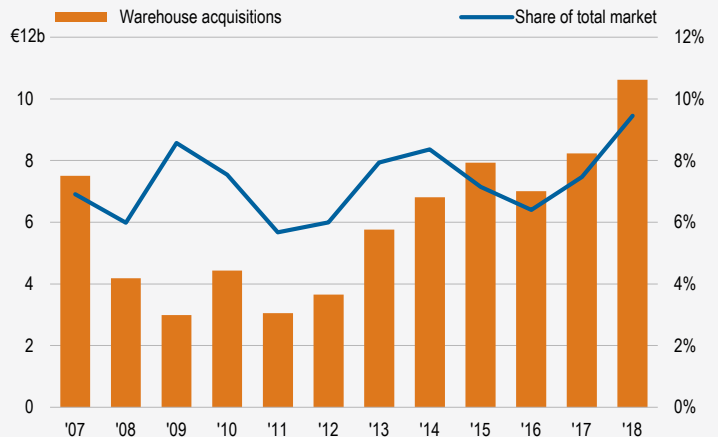
The U.K. remains the largest European market for warehouse investment, as it has been for the last 10 years. However, the desire put capital to work in the sector, driven by cyclical and structural trends in the occupier markets, has spurred investors to spread their geographical focus markedly.

Last year was a record year for warehouse investment in the Netherlands, Spain, Poland and Norway, and close to a record in Germany. Investment into the top 10 markets has grown by an average of 21% per annum in the last five years, outpacing the wider market.

The drive to gain scale quickly in a growing market is the reason behind the elevated amount of portfolio and entity/platform deals recorded. The standout transaction is clearly CIC's acquisition of Logicor in 2017, but other deals include the GLP acquisition of Gazeley and Frasers Property's purchase of Geneva. Portfolio and entity-level deals are likely to remain a main route to market while the sector remains in vogue.

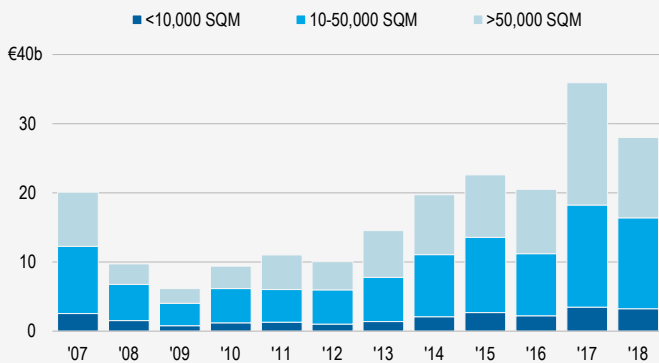
Warehouses Gain Larger Share of European Institutional Acquisitions

European-headquartered institutions have consistently acquired more and oriented their portfolios towards the warehouse market in the last three years, a sign of the growing importance of the sector. Data for 2018 shows that their acquisitions of warehouse properties came close to 10% of their total acquisitions – a new record. These players have also been major net acquirers of warehouses since 2016. In total, they have bought €26b and sold €16b of property. The biggest buyer over this time has been Deka, followed by Axa and Aberdeen Standard.

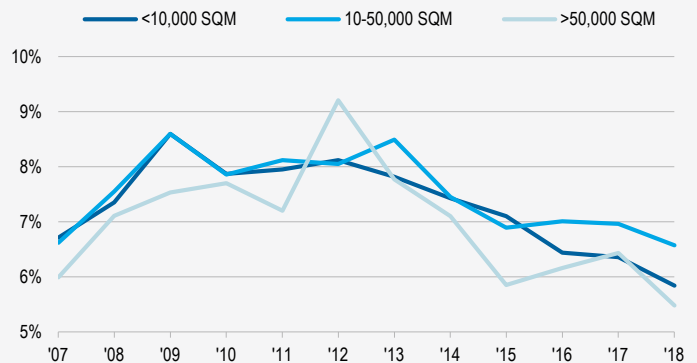


Does Warehouse Size Matter?

Warehouse Investment Volumes by Unit Size



Warehouse Yields by Unit Size



A consequence of the ongoing move to online shopping and the greater need for parcel delivery units is the emergence of the mid-box as distinct asset class. These are usually less than 10,000 square meters, close to urban areas, and used to fulfill last mile and next-day type delivery requirements. Average yields for this type of asset have dropped below 6% and are at their lowest ever level. With the shift towards online retailing still very much in its infancy in many European countries it is likely investor demand will continue to grow in line with these trends.

The flip side of this trend is demand at the other end of the spectrum for the extra-large, big-box units. These are more than 50,000 square meters and let to the likes of Amazon, major retailers and grocers for regional, national and international distribution centres. At 5.5%, average yields for these assets are even lower than for the smaller units and more of these properties traded in 2018 than ever before.

About Real Capital Analytics Real Capital Analytics (RCA) is the authority on the deals, the players and the trends that drive the commercial real estate investment markets. RCA delivers timely and reliable global data with unique insight into market participants, pricing and capital flows. RCA has offices in New York, San Jose, London and Singapore. For more information, visit: rcanalytics.com

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