Aquila Capital

LOGISTICS INVESTMENTS IN SPAIN, ITALY AND PORTUGAL – GROWTH OPPORTUNITIES IN BURGEONING MARKETS

LOGISTICS INVESTMENTS IN SPAIN, ITALY AND PORTUGAL – GROWTH OPPORTUNITIES IN BURGEONING MARKETS

Executive summary

- Italy and Spain are 4th and 5th largest logistics markets in Europe, with revenues from these markets exceeding EUR 91b and EUR 72b respectively in 2016. Their geographic locations and strong infrastructure networks enable them to supply larger Western European countries quickly.
- E-commerce is the main driver of logistics revenue in Italy and Spain, with growth levels seen to be 75% higher by 2022 than they were in 2016. This in turn will generate a demand for more than 2m m^2 of additional storage space in both countries by 2022.
- Northern European countries are suffering from market saturation after many years of booming logistics investment and growth. Southern European countries are still on an upward curve in logistics facilities development as the demand for online products and the level of consumer spending online continues to rise.
- Spain and Portugal are also home to strong automotive and clothing industries, while Italy boasts 19% of the 1000 fastest-growing European companies. It is also home to robust pharmaceutical and electrical industries.
- Madrid had one of the highest prime logistics yield of cities analysed in Q3 2017 in Western Europe with 5.85%. Yields on logistics locations in Portugal were above 6%, while investment in logistics properties in Italy in Q4 2017 were well above the 7-year average.

Author:

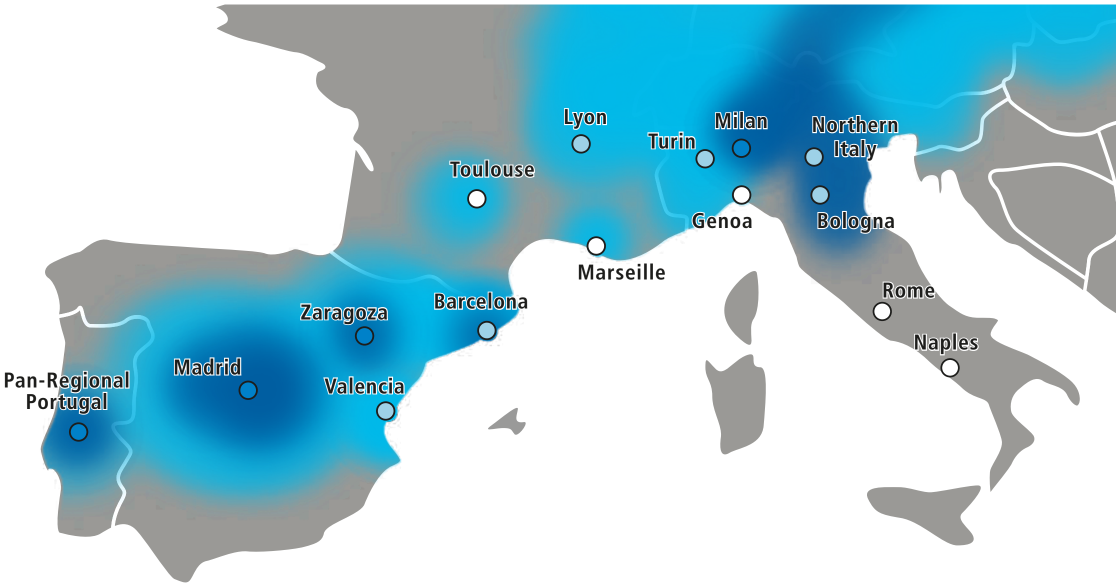
Jens Hoeper
Investment Manager Real Estate
jens.hoeper@aquila-capital.com

© 2018 AQUILA CAPITAL – FOR PROFESSIONAL INVESTORS ONLY

1. Introduction

After Germany, Great Britain and France, Italy and Spain are the 4th and 5th largest logistics markets in Europe. In 2016, Italy's logistics revenues topped EUR 91bn, and Spain surpassed EUR 72bn. Portugal, which is roughly a quarter the size of Spain by population, recorded logistics revenues exceeding EUR 10bn. These strong figures contrast with the slowdown being seen across Northern and Central Europe. As these markets approach saturation, Southern Europe, in particular Spain, Italy and Portugal are enjoying the levels of logistics investment growth seen in Germany and France around three to four years ago. Their geographic locations within Europe enable them to supply the larger countries of the continent relatively quickly, assisted further by their strong infrastructure networks.

'Hot Spots' for logistics hubs in Southern Europe



Source: https://www.prologis.com/logistics-industry-research/customer-growth-strategies-europes-most-desirable-logistics-locations

2. Logistics Drivers

The principle driver for logistics revenue growth is and remains e-commerce, with CBRE predicting growth levels in both Spain and Italy to be around 75% higher by 2022 than they were in 2016. The giant internet retailer Amazon, for example, has seven logistics centres in Spain, centred around Madrid and Barcelona, and will open an eighth in Toledo in Autumn 2018.[1] In Italy, the company has three distribution centres, a development centre, a customer service centre and eight storage sites.[2] By comparison, Amazon has 11 logistics centres in Germany and five in France. At Aquila Capital, we see these countries providing excellent opportunities for investing in logistics centres and projects.

3. E-commerce and B2B

The boom in e-commerce will generate huge demand for additional storage space. Italy is expected to need an additional 2.1m m^2 of storage space by 2022, and Spain around 2.7m. CBRE estimates that for every additional USD 1bn in e-commerce revenue, around 100,000m^2 of storage space is required. Barcelona, Madrid, Milan, Rome and Lisbon have become top sites for investment, and can boast prime yields that outstrip the classic logistics centres of Europe such as Frankfurt, Hamburg, Rotterdam, Marseille and Paris. Madrid presents the highest prime yield in 3Q 2017 in the EMEA region: 5.85% – ahead of the main sites in France (5%), Germany (4.5%) and the Netherlands (4.9%). This figure becomes even more significant when we see the vacancy level rates in Madrid. In 2011, they were around 15%. By the end of 2017, they had fallen to 4%, and storage space was at a 10-year high. Barcelona can boast similarly impressive figures.

[1] *https://www.amazon.es/p/feature/vvzxzh8yebe25ew*
[2] *https://www.amazon.it/p/feature/o544xvqcjpfa8vo*

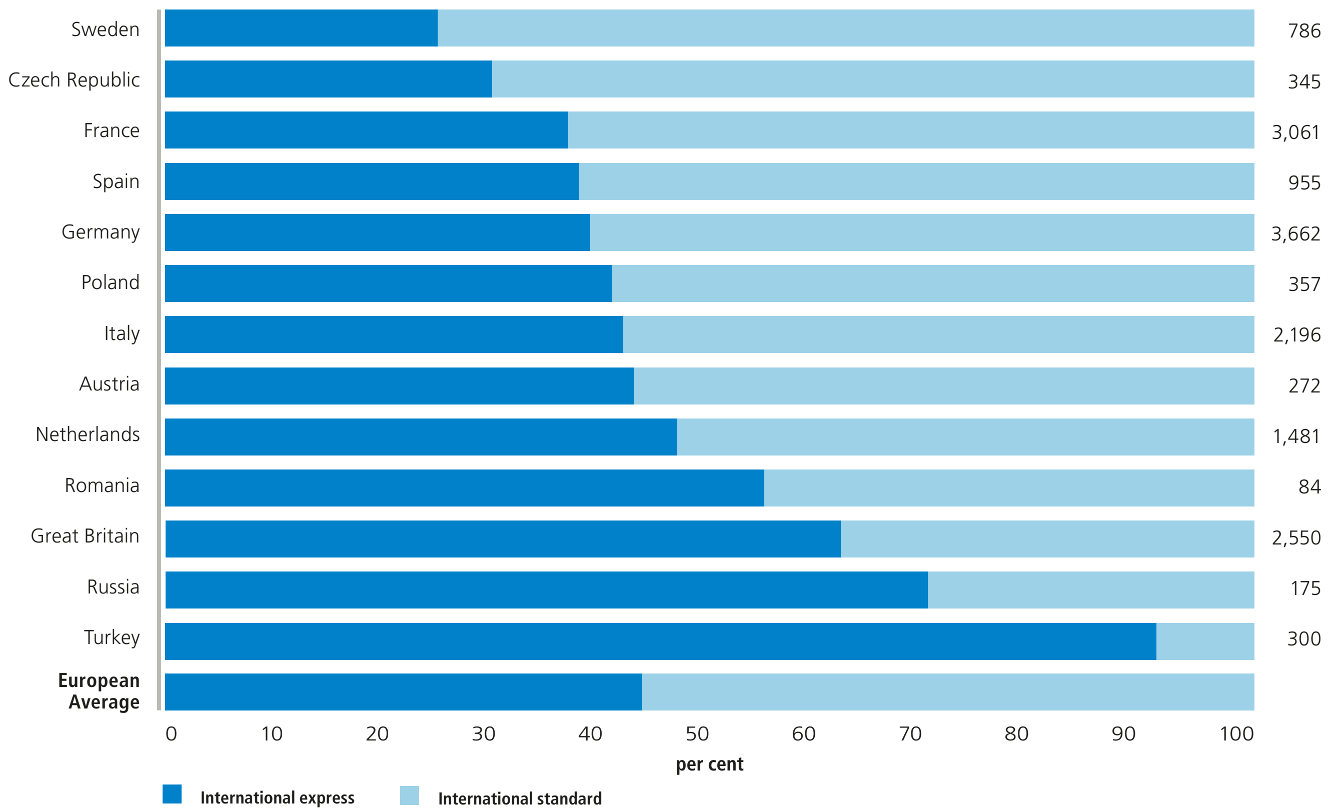
LOGISTICS INVESTMENTS IN SPAIN, ITALY AND PORTUGAL – GROWTH OPPORTUNITIES IN BURGEONING MARKETS

By contrast, countries which are only just beginning to experience this logistics boom, such as Spain, are still enjoying strong growth in the take up of large logistics warehouses. Spain and Italy's position within Europe, paired with their strong infrastructure and labour costs make them highly attractive locations for logistics investments. This is most evident from the take-up of warehouses with over 5,000 m^2 of floor space, which is typical for modern logistics facilities. Spain, for example, and in particular the areas surrounding Madrid, Barcelona and Valencia have seen take-up levels rise steadily since 2014, from below 1m m^2 per year to over 1.3m m^2 in 2017.

According to the Spanish Statistical Office, over 20% of companies with more than 10 employees made sales in 2016 through e-commerce, while 32% made purchases. B2B e-commerce annual business volume in Spain is estimated to be around USD 60bn. During 2017, the Spanish e-commerce sector grew significantly, both in the B2C and B2B areas. It has experienced double-digit growth even during the past economic downturn. For reference purposes, Spain is considered the 4th largest B2C market in the EU, behind UK, Germany and France. Internet penetration in Spain is estimated to be 79%.[3]

In Italy, B2B e-commerce is integral. According to the Milan Polytechnic, in 2017 the estimated total value of B2B e-commerce activities in Italy roughly amounted to USD 284bn, equivalent to 10% of all B2B transactions. Despite its rising trend, digitalisation rates among Italian firms are quite low, and the majority of small- and medium-sized companies are far from embracing a transformation process which would improve and cut the costs of B2B relations. In 2015, only 75,000 companies used B2B tools (EDI – Electronic Data Interchange, Extranet, and B2B Portals) in their relationships with clients and suppliers, although the number of digital interactions is steadily rising. In addition, the obligation of delivering electronic invoices to the Italian Public Administration (PA) has resulted in a slight push towards digitalisation for both private and state-owned companies.[4]

International courier, express and parcel market revenue (EUR Million, 2016)



https://www.atkearney.de/documents/856314/14626670/European+CEP+Market+%28secured%29.pdf/0d56ad0b-5b0a-debf-0258-a8b4d2622317

[3] *https://www.export.gov/article?id=Spain-ecommerce*
[4] *https://www.export.gov/article?id=Italy-eCommerce*

© 2018 AQUILA CAPITAL – FOR PROFESSIONAL INVESTORS ONLY

Top prime logistics yields by region and y-o-y change, Q3 2017 (Ranked by yields lowest to highest)

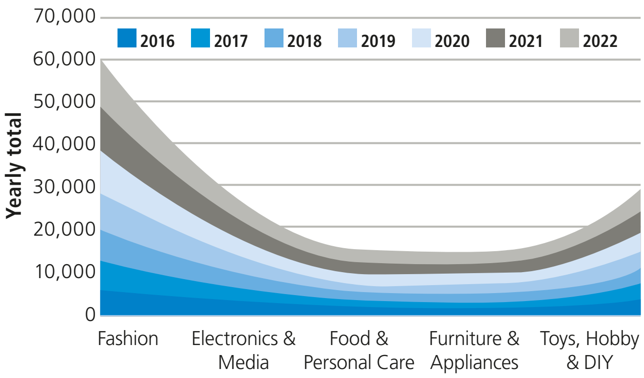
Rank	Market	Prime Yield (%)	Change (bps)	Country	Region
1	Hong Kong	3.75	–15	Hong Kong, China	APAC
2	Seattle	4.00	–50	United States	Americas
3	Tokyo	4.00	–10	Japan	APAC
4	London	4.00	–25	United Kingdom	EMEA
5	New Jersey	4.25	0	United States	Americas
6	Oakland	4.25	–50	United States	Americas
7	Inland Empire	4.25	0	United States	Americas
8	Los Angeles / Orange County	4.25	0	United States	Americas
9	Vancouver	4.25	–50	Canada	Americas
10	South Florida	4.50	–100	United States	Americas
11	Toronto	4.50	–75	Canada	Americas
12	German Hubs	4.50	–50	Germany	EMEA
13	Pennsylvania I-78/81 Corridor	4.75	–75	United States	Americas
14	Dutch Hubs	4.90	–50	Netherlands	EMEA
15	Atlanta	5.00	–25	United States	Americas
16	Midlands	5.00	–50	United Kingdom	EMEA
17	French Hubs	5.00	–75	France	EMEA
18	Auckland	5.50	–20	New Zealand	APAC
18	Stockholm	5.50	–25	Sweden	EMEA
20	Dublin	5.50	0	Ireland	EMEA
21	Shanghai	5.75	–55	China	APAC
22	Antwerp	5.75	–25	Belgium	EMEA
23	Prague	5.75	–50	Czech Republic	EMEA
24	Sydney	5.80	–60	Australia	APAC
25	Madrid	5.85	–40	Spain	EMEA
26	Beijing	6.00	–40	China	APAC
27	Melbourne	6.00	–30	Australia	APAC
28	Brisbane	6.40	–20	Australia	APAC
29	Seoul	6.60	–40	South Korea	APAC
30	Singapore	7.00	–30	Singapore	APAC

Madrid had the highest prime logistics yield of the cities analysed in Q3 2017 in Western Europe with 5.85%.
Source: CBRE Research, Q3 2017, https://www.realestate.bnpparibas.com/european-logistics-market-eu40-billion-investment-2017

4. Market environment

The economic environment in the three countries is also very favourable to investment. Spain's GDP grew by 3.1% in 2017 and is expected to reach 2.6% in 2018 and 2.3% in 2019.[5] Spanish output is outstripping the European average as the economy bounces back from the slump, which ended in 2013, and is expected to expand by nearly 3% this year with the unemployment rate forecast to drop to 15% by the end of 2018.[6] Whilst still the second highest rate in Europe after Greece, it has fallen dramatically from a peak of around 25% in the wake of the financial crisis. Italy's central bank sees the country's GDP growth rate at around 1.5% in 2018, then holding at around 1.2% in 2019 and 2020. Unemployment is considerably lower than in Spain at 11%, its lowest level in 10 years. Portugal's central bank sees this year's GDP growth at 2.3%, with 1.9% in 2019 and 1.7% in 2020. Nevertheless, unemployment is the lowest of the SIP countries at around 8%, which is the lowest it has been since 2004. Inflation in all three SIP countries is below the ECB's target of 2% at around 1%.

Projected e-commerce revenue in Spain (in USD millions)



Source: https://www.eshopworld.com/blog-articles/spain-ecommerce-insights-2018/

5. Spain & Portugal

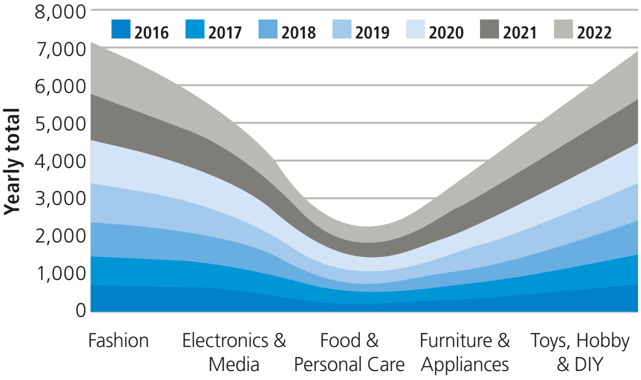
Perhaps the most encouraging information that can be gleaned from these figures is that Spain and Portugal have demonstrably left the burdens of the global financial crisis behind them and are seeing growth levels at or better than those recorded before 2008. Investment in new businesses rose by more than 80% last year, according to the Spanish venture capital and private equity association Ascri.[7] Spanish exports are still among the most robust in Europe. Quantitative easing combined with low bond yields and a volatile stock market continues to inject capital flows into the commercial real estate sector, as investors search for decent returns. Direct real estate investment surpassed EUR 8.7bn in 2016, below last year´s record EUR 9.4bn, but much higher than EUR 6.7bn in 2008 and EUR 7.3bn in 2007. For offices, prime capital values are still 18% below maximum levels reached in 2007. Logistics schemes remain an important element of real estate, investors continue to broaden investment strategies and logistics assets are in their radar due to their high returns. With a backdrop of consolidating occupier markets, profiles for logistics assets remain attractive. Spain's principal exports are vehicles, worth USD 57bn in 2017 (17.8% of total exports), machinery including computers, worth USD 24.4bn (7.6% of total exports) and mineral fuels including oil, worth USD 22.3bn in 2017 (7% of total exports).[8]

The Portuguese industrial property market has improved during 2017 and is expected to grow further in 2018, motivated by stronger logistics demand both in Greater Lisbon and Greater Porto. E-commerce and exports are the main drivers for the activity increase. Demand is concentrated closer to the city centre and, in the case of export companies, close to transport facilities such as Leixoes Harbour, in Greater Porto. Portugal's principal exports are vehicles worth USD 6.9bn (11.1% of total exports), electrical machinery and equipment worth USD 5.6bn (9% of total exports), and mineral fuels including oil, worth USD 4.5bn (7.3% of total exports) in 2017[9].

[5] https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-performance-country/spain/economic-forecast-spain_en
[6] Central Bank of Spain, Annual Forecast Report, January 2018
[7] http://www.ascri.org/wp-content/uploads/2018/03/Press-note-Estimation-VCPE-2017.pdf
[8] http://www.worldstopexports.com/spains-top-10-exports/
[9] http://www.worldstopexports.com/portugals-top-10-exports/

© 2018 AQUILA CAPITAL – FOR PROFESSIONAL INVESTORS ONLY

Projected e-commerce revenue in Portugal (in USD millions)



Source: https://www.eshopworld.com/blog-articles/portugal-ecommerce-insights-2018/

In the 2017 logistics market, the quality spaces are scarce in Lisbon and Porto, and the lack of supply will condition the take-up, which was lower than in 2016. The construction of new build-to-suit and probably some speculative developments, as well as e-commerce dedicated structures will start.

Prime industrial rents – March 2018

Logistics Locations	EUR	EUR	USD	Growth %	
	SQ.M MTH	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Lisbon	3.75	45.0	5.22	7.11	-1.3
Porto	3.50	42.0	4.88	0.0	-4.9

Prime industrial yields – March 2018

Logistics Locations	Current	Last	Last	10 years	
	Q	Q	Y	High	Low
Lisbon	6.25	6.25	6.50	9.75	6.25
Porto	6.75	6.75	7.00	10.25	6.75

Yields on logistics locations in Portugal are above 6%, exceeding the other major cities of Western Europe by a good margin.
Source http://www.cushmanwakefield.com/~/media/marketbeat/2018/05/portugal_ind_1q18.pdf)

6. Principal outputs: Spain

Spain is ranked 23rd overall in the world, but virtually on-par with Italy when it comes to quality and competence in logistics. Spain can boast one of Europe's strongest car production markets and is home to 13 factories. It is the 8th-largest automotive producer in the world, and the second-largest behind Germany in Europe. The main manufacturers established in the country are Daimler, Ford (its largest plant in Europe), General Motors, Nissan, PSA Peugeot Citroen, Renault, SEAT and Volkswagen. Vehicle production accounts for roughly 9% of the country's GDP, and about 9% of the total workforce.[10] The powerful Spanish spare parts industry is another key factor. 1,000 companies manufacturing automotive equipment and spare parts belonging to 720 business groups are present in the country, guaranteeing service and supply for manufacturing plants. The spare parts sector generates almost EUR 33bn annually, of which 60% correspond to exports. Annual investment in the sector is estimated at EUR 2bn, with extremely high investment in R+D, to which 2.8% of its revenues are dedicated. Spain is a privileged logistical platform for exports to markets in Europe, the United States, Latin America and the countries in the north of Africa and the Mediterranean basin. 5m vehicles are transported across Spanish territory each year. The country's modern logistical and distribution infrastructure is one of the main factors driving the competitiveness of the sector. The automotive sector produced a commercial surplus of EUR 17bn in 2017. Sales to countries in the European Union accounted for 60% of vehicle exports. The sector is increasing its sales to third markets, and particularly to the United States, Turkey, Morocco and Mexico as the destination for exports of both vehicles and spare parts. Clothing is also a key logistics element in Spain. Major labels such as Zara, Mango and Desigual originate from the Iberian Peninsula, and the country is making huge moves to revive its once vibrant textiles industry. The Spanish Manufacturing Company Federation (Fedecom) says around 15% of production which had moved abroad has now returned to Spain and Portugal[11]. While domestic production is still trying to find its feet, distribution of clothing produced elsewhere through Spain, particularly through Zaragoza and the neighbouring region with its excellent infrastructure connections to France and beyond, is flourishing.

[10] *http://www.investinspain.org/invest/en/sectors/automotive/overview/index.html*
[11] *https://fashionunited.uk/v1/fashion/made-in-spain-developing-slowly-but-surely/2014021113087*

7. Principal outputs: Portugal

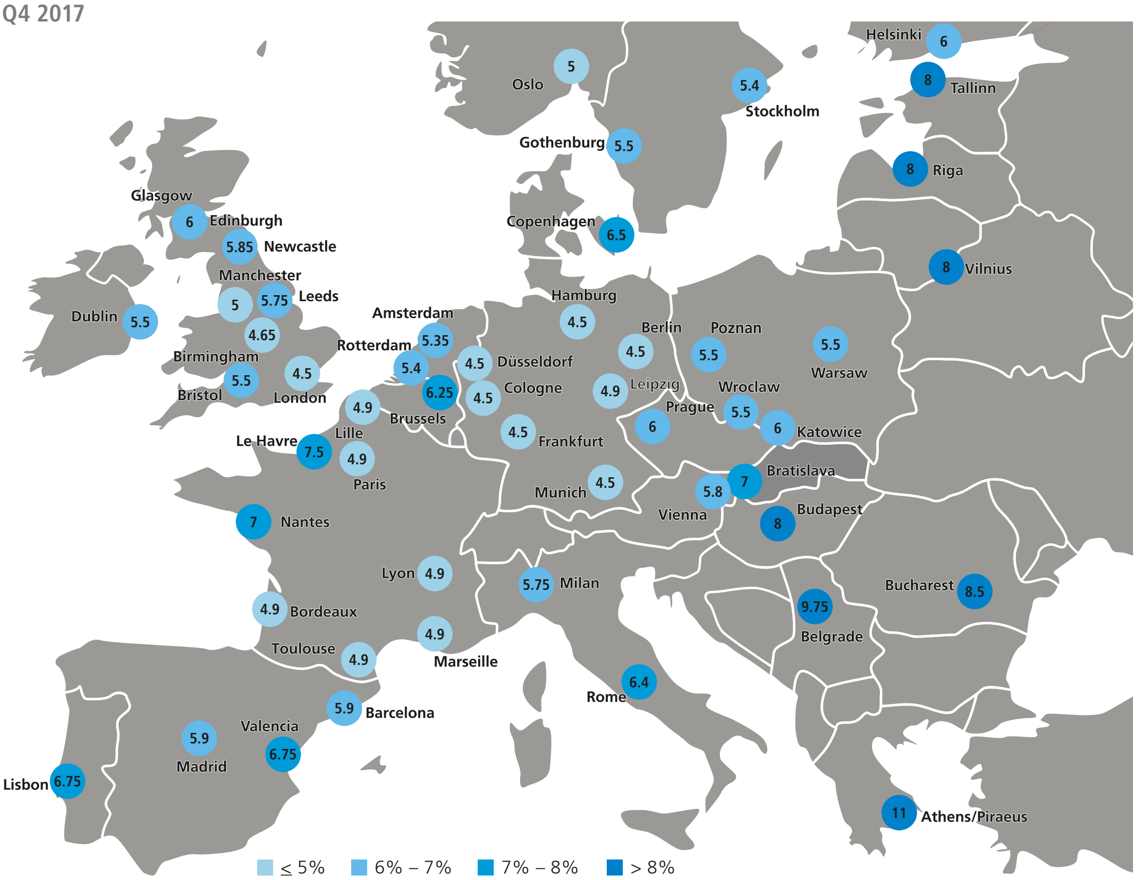
Portugal also enjoys a buoyant vehicle parts production sector, exporting principally to Spain, France, the United Kingdom and Germany. Foreign cars and trucks are also assembled in Portugal, with annual production of nearly 200,000 units at plants such as Volkswagen's AutoEuropa factory and Groupe PSA. Both plants are located in or close to Lisbon, which together with Porto is the principal hub for logistics in the country.

Portugal has long benefitted from low relative labour costs, which has helped the country become an attractive outsourcing location, aided also by its membership of the European Union and having the Euro as its currency. According to Eurostat, labour costs in Portugal in 2017 were on average EUR 14.10/hour, well below the EU-19 average of EUR 30.30/hour.[12]

8. Italy

While the situation in Italy is not quite as rosy, it is on an upward trend. Its GDP is virtually identical to that of Spain although Italy has close to 15m more inhabitants. 22 Italian companies are included in the STOXX 600 Europe Index, which tracks the performance of the continent's 600 largest companies by market cap. The industrial sector proved in 2017 not only to be resilient, but also strategic for the Italian growth. There are many factors contributing to this recovery, but mainly the positive trend of international trade, the positive effects of expansionary monetary policy (QE), and the recovery in efficiency and productivity of Italian companies. In the last seven years the manufacturing industry has been able to increase the added value per employee by 22.1%, for example. According to a study published in the Financial Times, "The 1,000 fastest-growing European companies, 2017", 18.9% of these companies, which are the driving force of the continent's economy, are Italian (those which have grown the fastest after the crisis).[13] Such data would place Italy in third place, right behind Germany and the UK, but far ahead of France (13.9%) and Spain (10.2%). Italy's principal exports are machinery including computers, worth USD 99.6bn (19.7% of total exports), vehicles worth USD 43.7bn (8.6% of total exports) and electrical machinery and equipment worth USD 30.1bn (6% of total exports) in 2017.

Net prime yields in Q4 2017



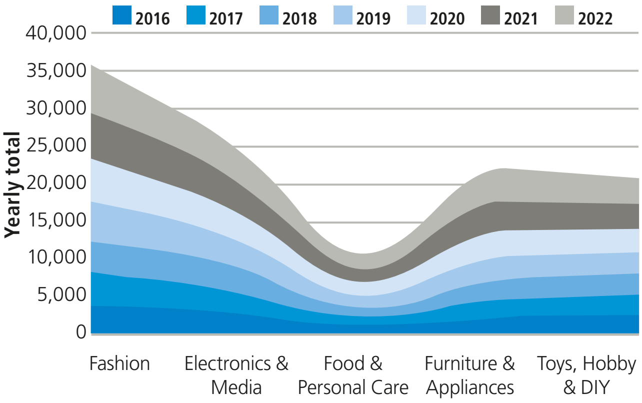
Source: European Logistics Market, Property Report Q4 2017 (https://www.realestate.bnpparibas.com/property-report-european-logistics-market-q4-2017)

[12] *http://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Hourly_labour_costs_in_euro_CORR.png*
[13] *https://ig.ft.com/ft-1000/*

© 2018 AQUILA CAPITAL – FOR PROFESSIONAL INVESTORS ONLY

The disorder that has blighted the political scene in Italy since the general election on 4 March 2018 appear now to be resolved. After three months of negotiation, a coalition was finally formed on 1st June between the M5S and the Lega, whose leaders both became Deputy Prime Ministers in a government led by the M5S-linked independent Giuseppe Conte as Prime Minister.

Projected e-commerce revenue in Italy (in USD millions)



Source: https://www.eshopworld.com/blog-articles/italy-ecommerce-insights-2018/

CBRE Italy[14] conducted its usual survey on investment intentions in Italy in December 2017 and found that 64% of the respondent sample reported they believed in a strengthening of recovery throughout 2018, regardless of political elections. In fact, 70% of them replied negatively to the question "Do you think political elections will be a deterrent for your real estate strategy in Italy?", thus confirming that investors do not believe any uncertainty or risk will arise from the vote. In fact, fears surrounding political instability were less important in 2018 than in 2017 (8% versus 15%).

What is the biggest obstacle to acquiring assets in Italy?

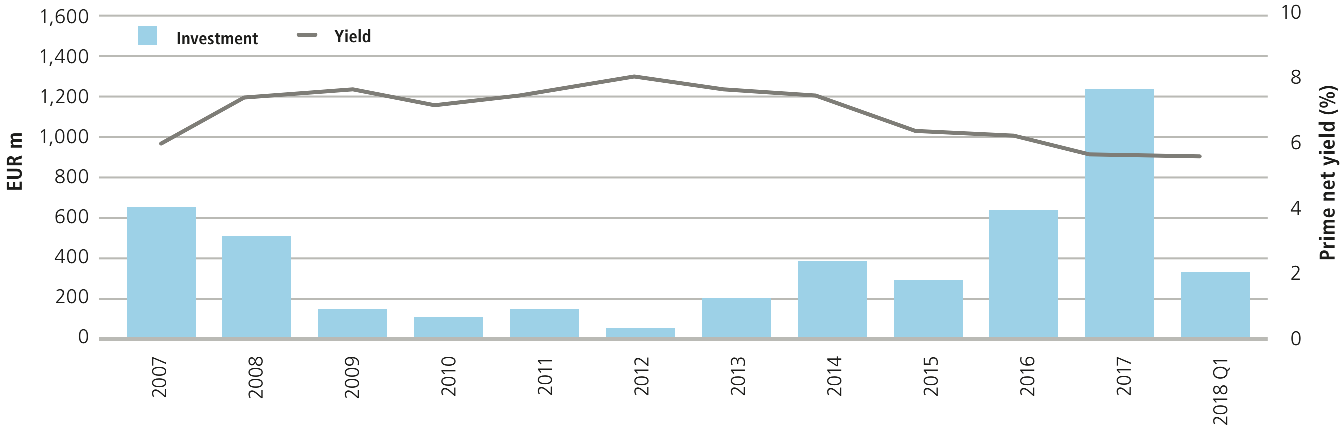
	2017	2018
Political instability	15%	8%
Availability of assets	22%	25%
Asset pricing	10%	16%
Availability and/or cost of debt	5%	5%
Competition from other investors	10%	12%
Low market transparency	15%	3%
Lack of investment partners	4%	1%
Tax	6%	11%
Legal framework	11%	7%

http://cbre.vo.llnwd.net/grgservices/secure/2018%20Outlook%20Italiano_ENG_DEF_light.pdf?e=1527240492&h=78bc0d8b9bc620f0f84133dcc33e0b61

The 10-year long-term government bond yield is still at an all-time low in Italy, despite slight rises due to a growing volatility, and the spread with real estate yields is currently varying from 80 bps for high street prime, to 130 bps for office prime and to 355 bps for logistics prime.[15] The investment market has overcome the one-billion-Euro-barrier, and the take-up has just exceeded 2m m², higher than the 1.4m m² of 2016. Yields keep contracting, just like rents seem to be still rising both in prime and secondary locations, and this trend is expected to continue in 2018. This growth is benefitting mainly from e-commerce development, which was the driver for about 25% of total take-ups in 2017. Development activities have improved in 2017, with about 900,000 m² completed, almost all built to suit. The news of this year, compared to the previous one, was the cautious return of speculative developments. This trend will carry on in 2018, with total development activities expected to exceed 1m m². This confirms the positive momentum for this sector and its increasingly central role in the wider property market, especially as a real estate investment. The share of investors preferring logistics is on the rise: 20% in 2018, in line with offices, rising from 8% in 2016 to 14% in 2017. The investment volume in 2017 reached the record of EUR 1.2bn, more than 80% growth compared to 2016. And in 2018 the volume is expected to grow even more. The investors' share identifying logistics as a favourite target to invest in in Italy in 2018, has levelled off at 20%, a high rise compared to 8% in 2016 and to 14% in 2017. 2018 will confirm logistics' pivotal role both in property investments and in the wider scenario of operators, whether they be third-party-logistics, couriers, retailers or e-tailers.

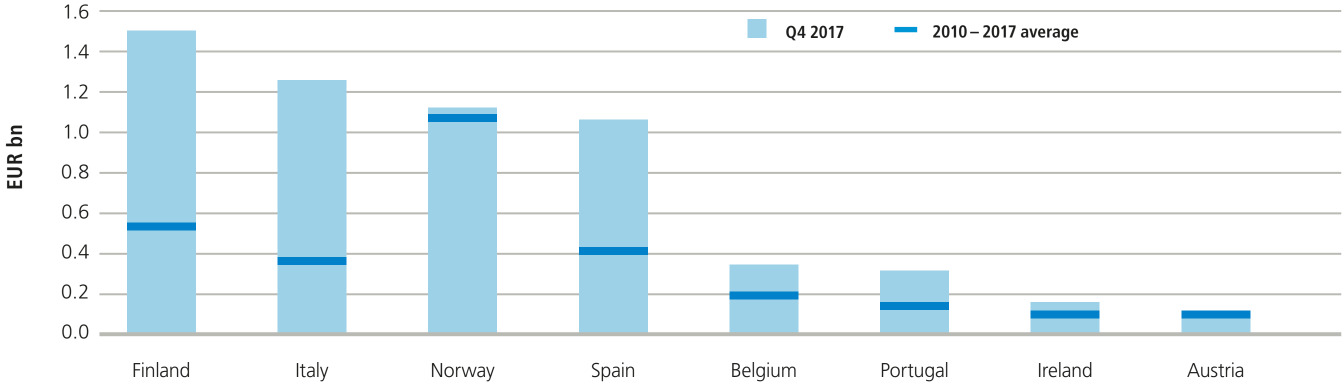
[14] Investment intentions in Italy, December 2017, CBRE Italy)
[15] Real-estate market, Italy, 2018, CBRE

Investments and prime net yield in logistics properties in Italy



Source: CBRE Research, Q1 2018 (http://cbre.vo.llnwd.net/grgservices/secure/Italia_Logistica_Marketview_2018_Q1_Italiano_Gbr6.pdf?e=1527237685&h=263f6a4302044edb0c0f150f3c0573f1)

Investment in logistics properties, Q4 2017 vs 7-year average



Source: BNP Paribas Real Estate Research, February 2018 (https://www.realestate.bnpparibas.com/property-report-european-logistics-market-q4-2017)

© 2018 AQUILA CAPITAL – FOR PROFESSIONAL INVESTORS ONLY

Northern and Central Europe have undergone a boom in logistics investment over the past years. Driven primarily by the strong demand for online retail products, countries such as Germany and the United Kingdom have seen logistics properties take-up expand in the early part of this decade but are now tailing off as the market approaches saturation.

This expansion of the SIP countries is also thanks in no small part to the growth of e-commerce and online delivery services in these countries. The number of online shoppers in Italy has been increasing year-on-year and is projected to reach 3.3m by 2022.[16] The World Bank places Italy 21st overall in the world for global logistics.[17] Its infrastructure is rated as 19th in the world, and 21st for quality and competence, placing it ahead of Norway, for example. The demand for modern, suitable logistics facilities in Italy remains high as the existing stock of available locations were insufficient to meet the needs of today's global logistics companies, in particular Amazon, but also major fashion producers such as H&M and Zara. This in turn has driven a boom in construction of suitable sites, most notably in the north of the country, especially around Milan, which can boast excellent road and rail connections and is well-placed for short lead times to neighbouring countries. Demand is expected to exceed supply for some time to come, which in turn translates into attractive yields on existing and newly constructed sites as the highly competitive market players vie for the best options.

9. Principal outputs: Italy

Italy boasts a thriving pharmaceuticals sector, and it was the first production sector there to return to pre-financial crisis levels, in 2016. Revenues in the sector are valued at around EUR 30bn p.a., placing it second overall in Europe, behind only Germany.[18] All the major pharmaceutical corporations are present there, including Sanofi, Merck KGaA, Bayer and Boehringer Ingelheim. It is the largest exporter of pharmaceutical products in the world, delivering around 70% of domestically manufactured drugs abroad. Sanofi, Bayer and Boehringer Ingelheim are based in and around Milan, the production hub of Merck KGaA is near Rome.

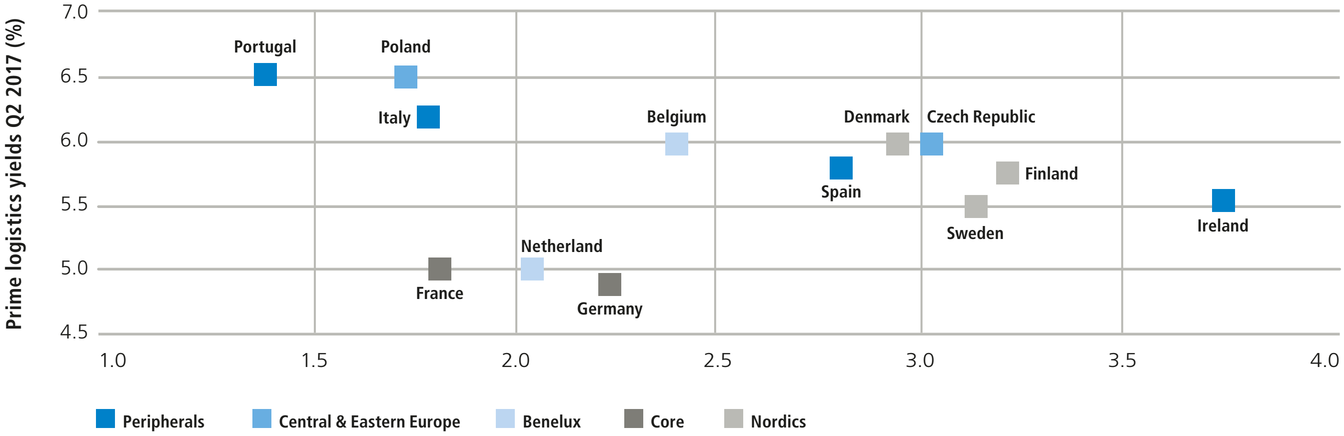
Machinery and plastics are also a mainstay of the Italian economy.[19] Trade body Amaplast, which represents 170 manufacturers of plastics and rubber processing machinery, says production grew 10% year-on-year to EUR 4.67bn in 2017, with machinery exports at EUR 3.3bn for the year, up 12% compared to 2016. The top 10 destinations for Italian machinery were Germany, the US, France, Poland, Spain, Mexico, China, Czech Republic, the UK and Romania. Exports to the United States in particular grew over 20% from 2016 to 2017 despite the uncertainty regarding President Trump's intentions to impose import duties on such products. Amaplast stated that US production in this sector simply cannot meet demand from local manufacturers and that duties would only be counterproductive.

[16] *https://www.eshopworld.com/blog-articles/italy-ecommerce-insights-2018/*
[17] *https://wb-lpi-media.s3.amazonaws.com/LPI_Report_2016.pdf*
[18] *https://www.prometeia.it/en/atlas/industria-pharmaceutical-sector-italy-big-pharma*
[19] *http://www.plasticsnewseurope.com/article/20180321/PNE/180329978/italian-machinery-sector-registers-record-year*

10. Outlook

The surge in logistics investment being seen in Southern European countries is a logical consequence of the saturation being observed in Northern and Central European countries. This combined with the rising interest in online retail in these countries has made them particularly attractive. The necessary investment in new facilities and the improvement of existing stock to cope with today's needs, particularly in Italy, are well underway, and the demand from the market will ensure that progress is swift and efficient. This demand is reflected too in the rental yields that the major logistics hubs of Italy and the Iberian Peninsula can deliver.

Rental growth vs prime logistics yields

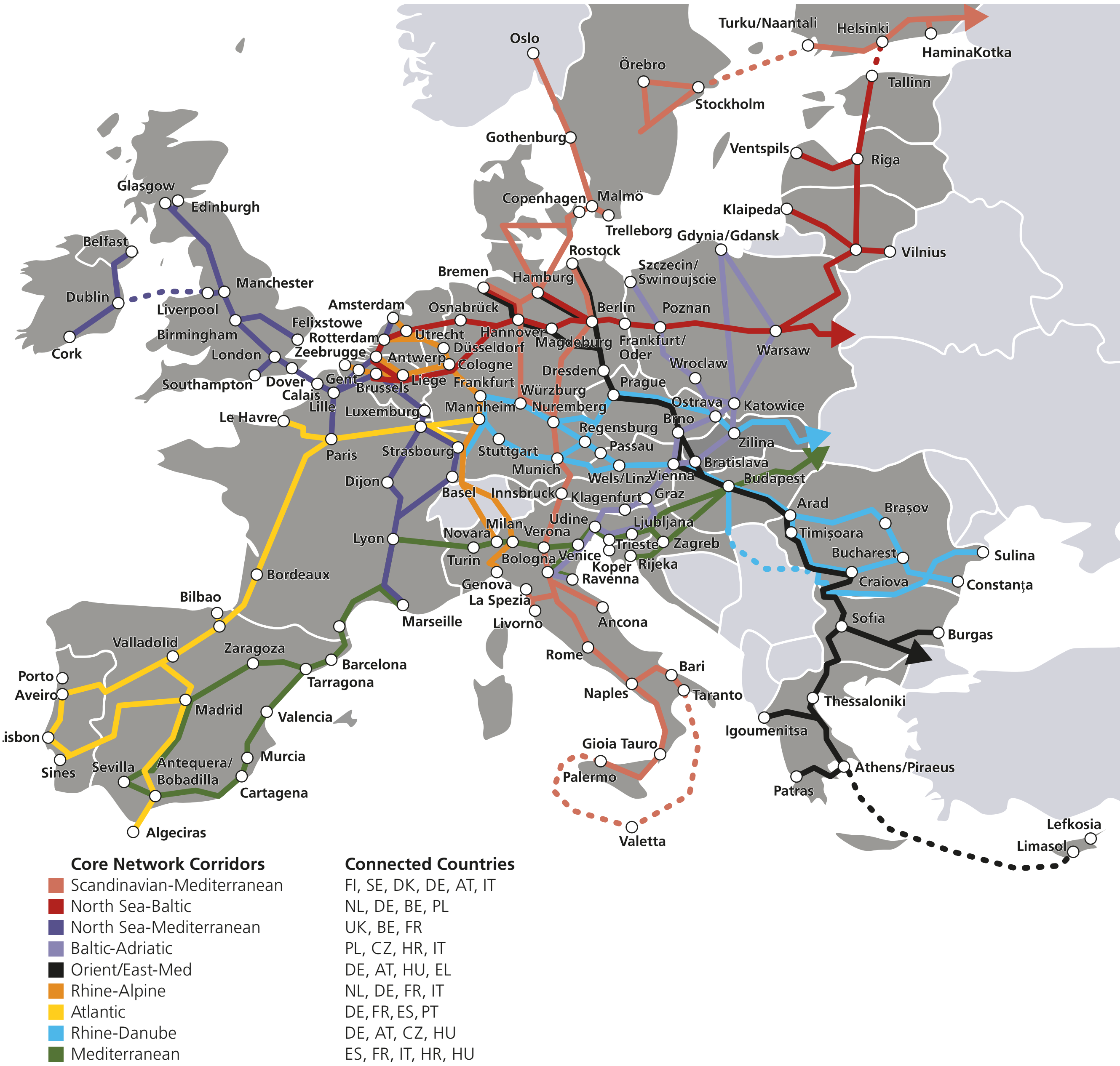


Source: https://www.mandg.co.uk/-/media/Literature/UK/Institutional/Magnify-European-Logisitics-Sept17.pdf

Spain, Italy and Portugal's favourable geographical locations and political influence within the European Union also ensure that their logistical hubs are well served by both road and rail. Their importance is reflected in the European Union's TEN-T infrastructure programme.

© 2018 AQUILA CAPITAL – FOR PROFESSIONAL INVESTORS ONLY

TEN-T Core network: European Commission's plan for an integrated infrastructure throughout Europe, connecting the primary production and logistical hubs of the continent.



Source: European Commission (https://www.mandg.co.uk/-/media/Literature/UK/Institutional/Magnify-European-Logisitics-Sept17.pdf)

While the northern European countries will remain the powerhouses of logistics in Europe for the foreseeable future, the emergence and opportunities that Southern European nations represent should not be underestimated, in particular given the increasing interest in online retail and the demands from consumers for short delivery periods.

LOGISTICS INVESTMENTS IN SPAIN, ITALY AND PORTUGAL – GROWTH OPPORTUNITIES IN BURGEONING MARKETS

Watch our video – click below

For more information please contact:

Aquila Group
Valentinskamp 70
20355 Hamburg
Germany
Tel.: +49 (0)40 87 50 50-199
E-mail: info@aquila-capital.com
Web: www.aquila-capital.com

Follow us on

Hamburg · Frankfurt · London · Luxembourg · Madrid · Oslo · Zurich · Invercargill · Singapore · Tokyo

Important Notice: Please note that all information have been collected and examined carefully and to the best of our knowledge; however, the information is provided without any guarantee. All information is believed to be reliable but we are not able to warrant its completeness or accuracy. This document does not constitute an offer or solicitation for the purchase or sale of any financial instrument, is launched for informational purposes only and is not intended to provide and should not be relied on for accounting, legal or tax advice, or investment recommendations. Investors are alerted that future performance can vary greatly from past results. The value of investments and income from them may rise as well as fall. You may not get back the amount initially invested. All investments involve risks including the risk of a possible loss of principal. Emerging markets may be subject to increased risks, including less developed custody and settlement practices, higher volatility and lower liquidity than non-emerging market securities. Some information quoted was obtained from external sources we consider to be reliable. No responsibility can be accepted for errors of fact obtained from third parties, and this data may change with market conditions. This does not exclude any duty or liability that Aquila Capital has to its customers under any regulatory system. Investment regions, sectors and strategies illustrated in the document are for illustrative purposes only and should not be viewed as a recommendation to buy or sell. The terms Aquila and Aquila Capital comprise companies for alternative and real asset investments as well as sales, fund management and service companies of the Aquila Group. The respective responsible legal entities of the Aquila Group that offer products or services are named in the corresponding agreements, sales documents or other product information.

A publication of Aquila Capital Investmentgesellschaft mbH. As of July 2018. Author: Jens Hoeper