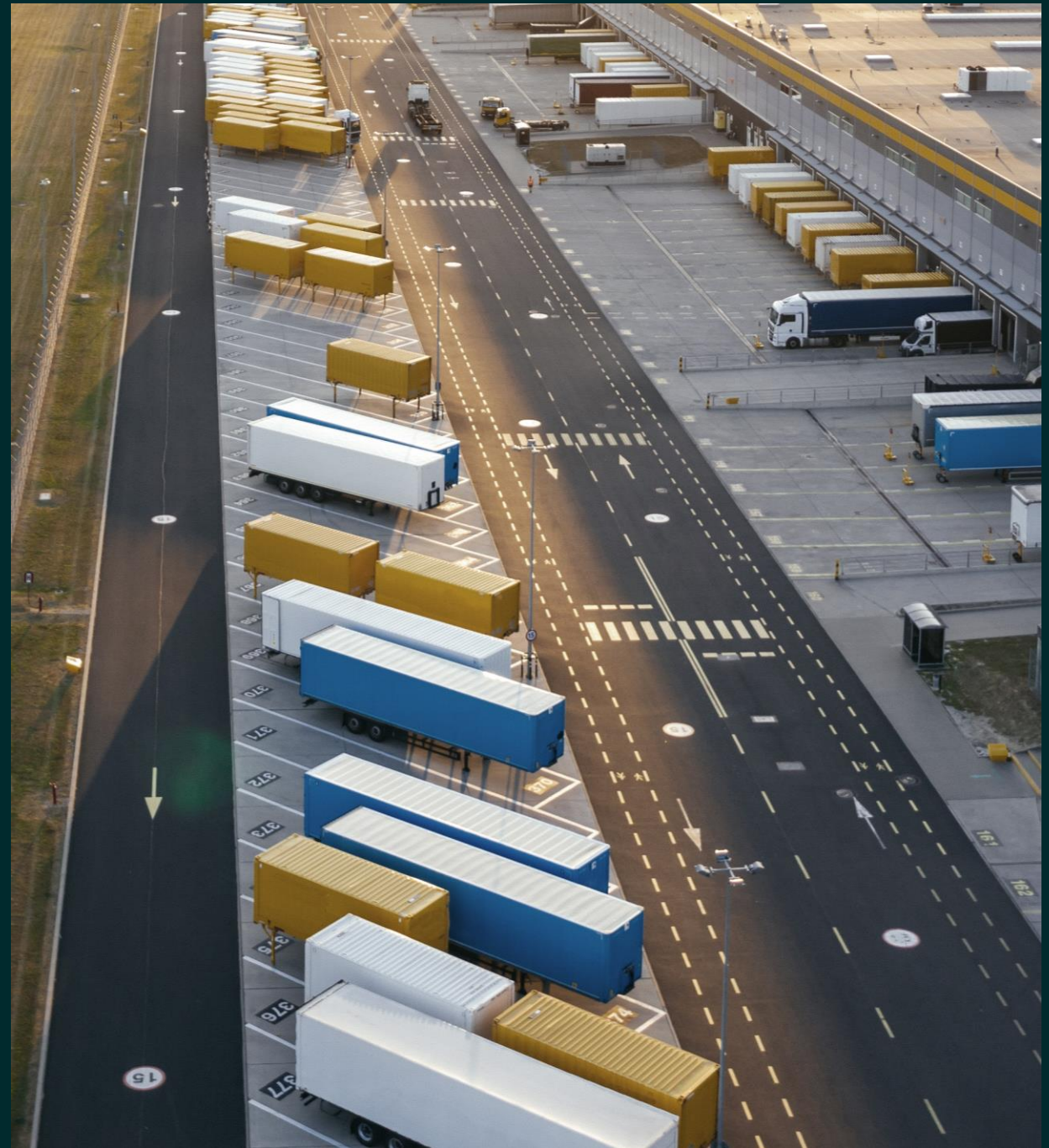


Creating Resilience

European Logistics Occupier Survey 2022

REPORT

CBRE RESEARCH
JUNE 2022

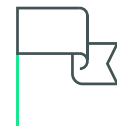


Key highlights



100

Largest Pan-European occupiers from all sectors



Expansion plans



Location and building preferences

60-75

Million sq m estimated logistics footprint



Challenges



ESG considerations

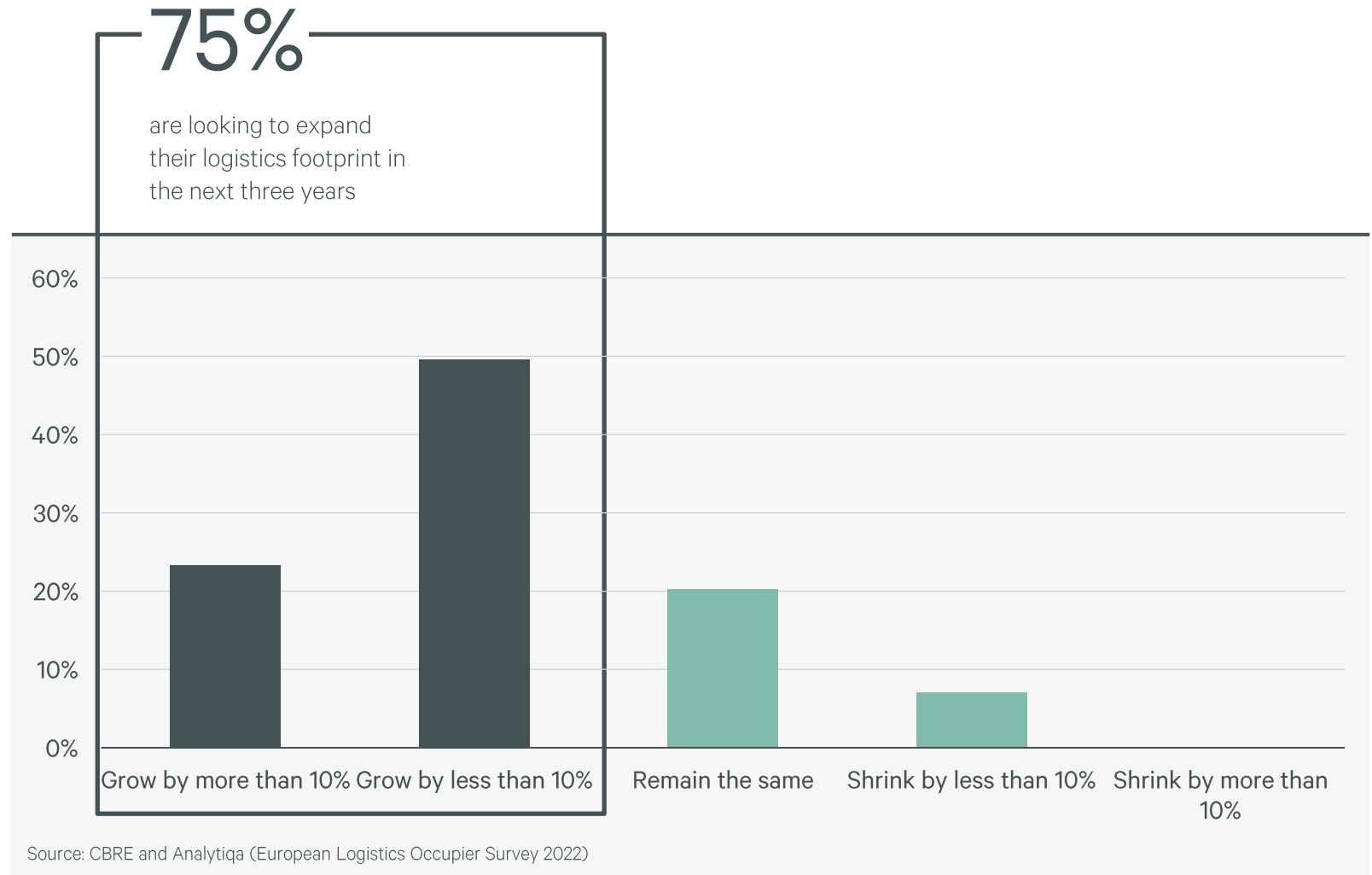
01

Expansion plans

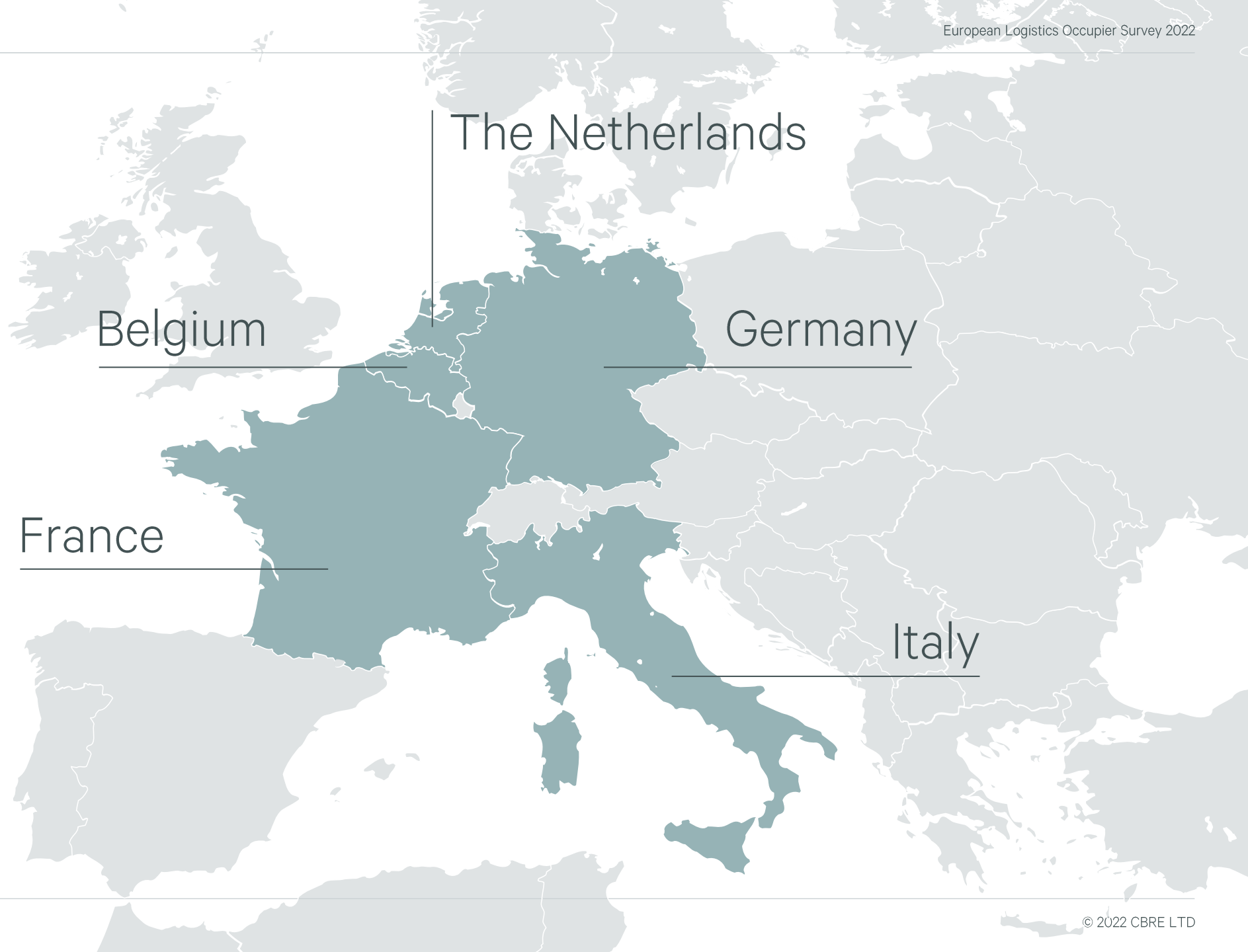


Expansion plans

Are occupiers planning to expand their logistics footprint?



Priority markets



The Netherlands

Belgium

Germany

France

Italy

Expansion plans

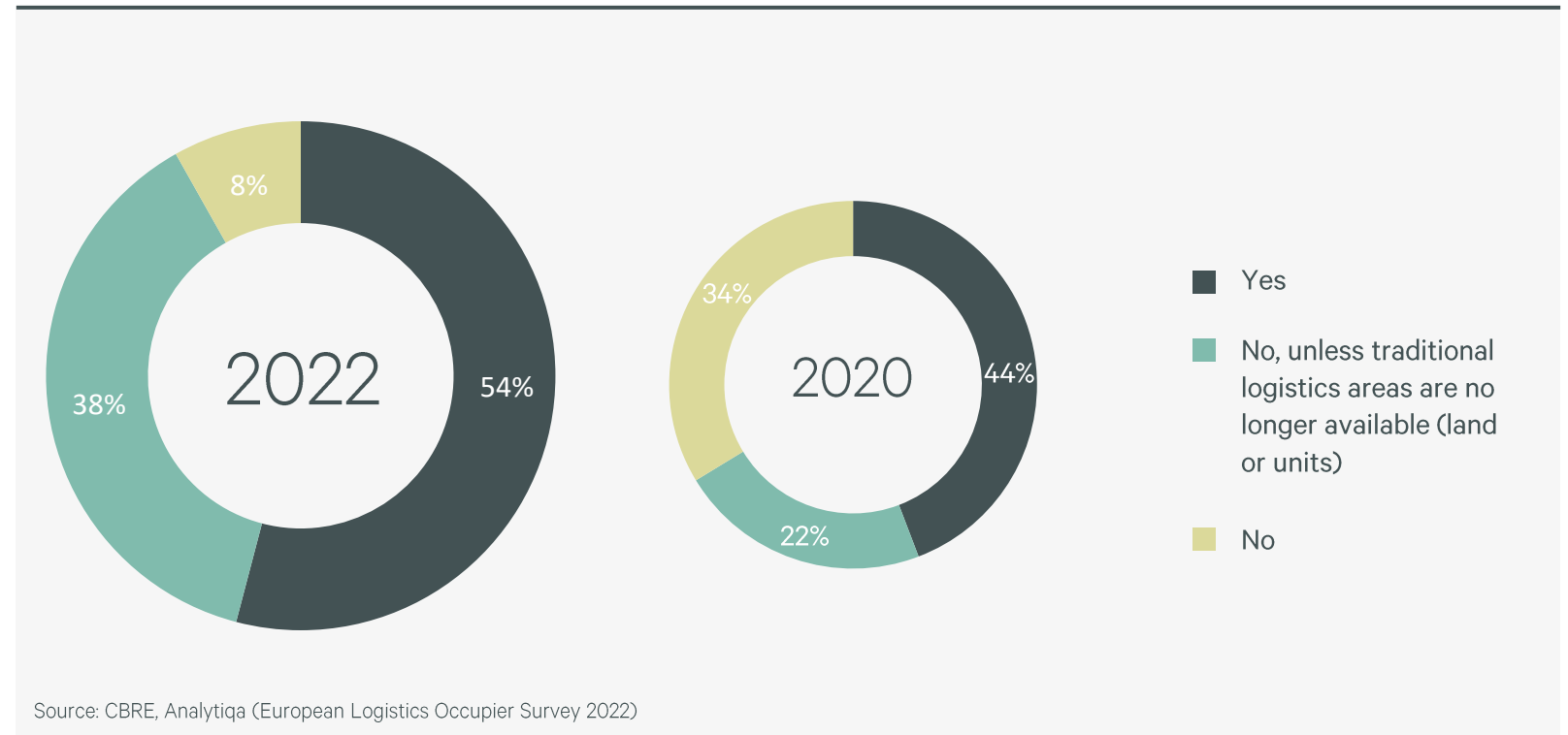
Are occupiers exploring expansion outside the traditional logistics hubs?

Alternative

Companies are increasingly exploring secondary and emerging locations

Supply & labour

Low vacancy and labour constraints are the main drivers for exploring alternative locations.



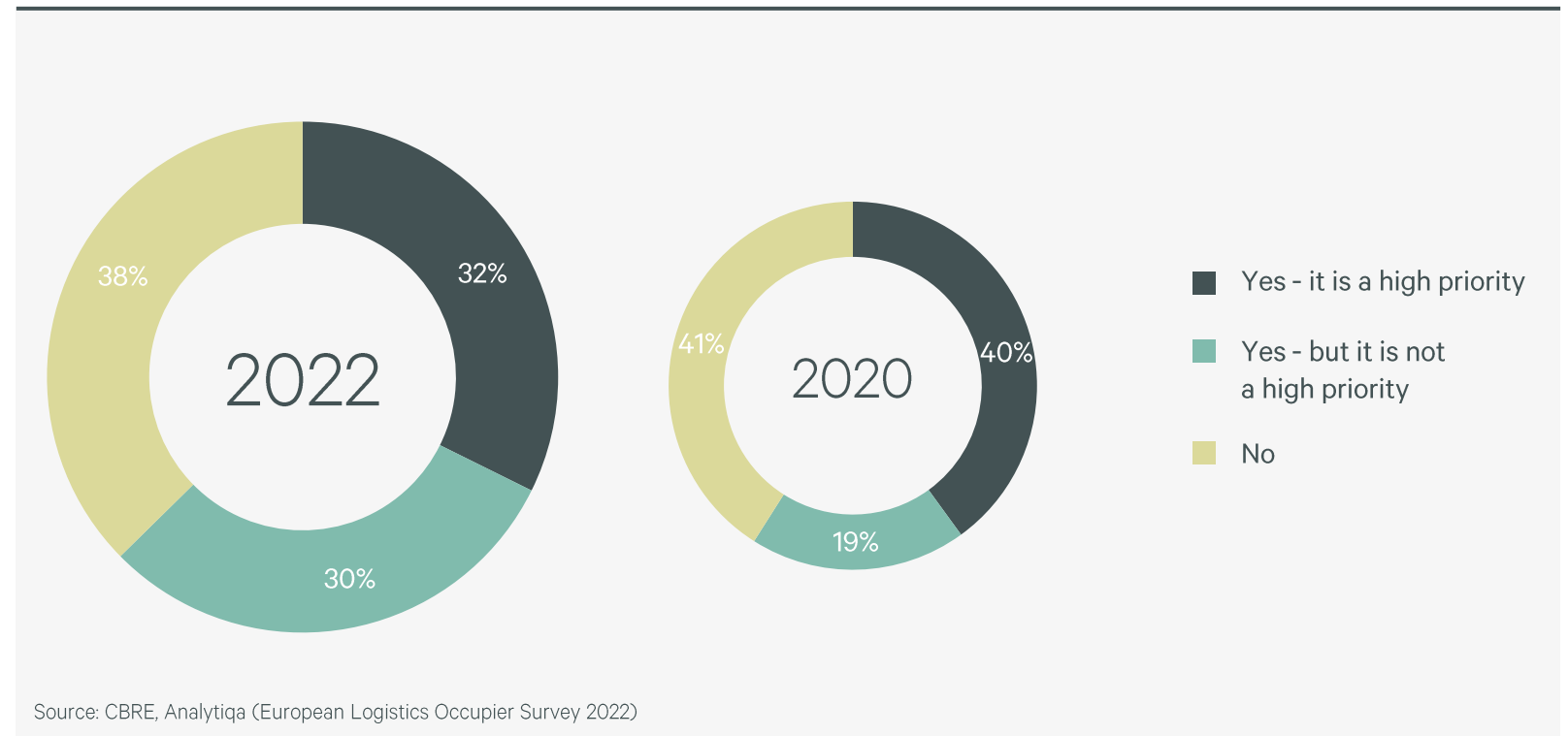
Expansion plans

Are occupiers planning to expand in urban locations?



Urban complexities

Lack of sites, increasing rents, traffic congestion and restrictions on operations are making occupiers rethink their city logistics priorities

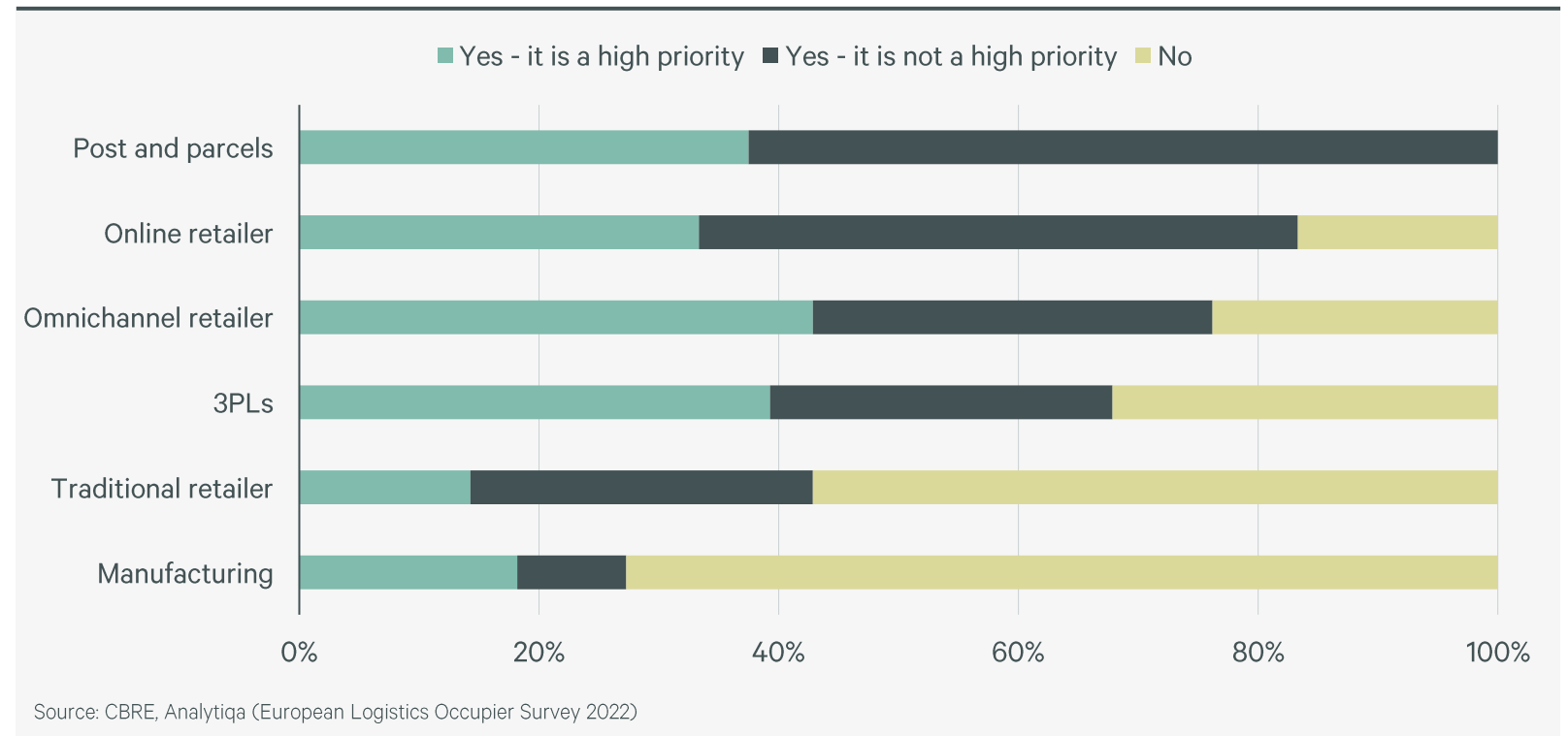


Expansion plans

Are occupiers planning to expand in urban locations?

Consumer logistics

City expansion is a higher priority for occupiers seeing rising expectations of delivery service level



02

Occupier challenges



Challenges

What are the greatest **business challenges** for logistics occupiers?



Top 3 concerns

Rank 2022 (Rank 2020)

1 (1)

**Cost escalation
(energy and labour)**

2 (2)

**Labour skills
and shortages**

3 (10)

**Environmental
concerns**

The two major challenges remained unchanged: cost escalation (including energy and labour) and labour availability. Environmental concerns have intensified and are now in the top 3, this comes as new regulations have been introduced, as well as a shift in the mindset of logistics occupiers.

**Other relevant
increasing concerns:**



**Real estate
availability and cost**



**Supply chain
disruption**

**No longer considered a
major business threat:**



COVID

Challenges

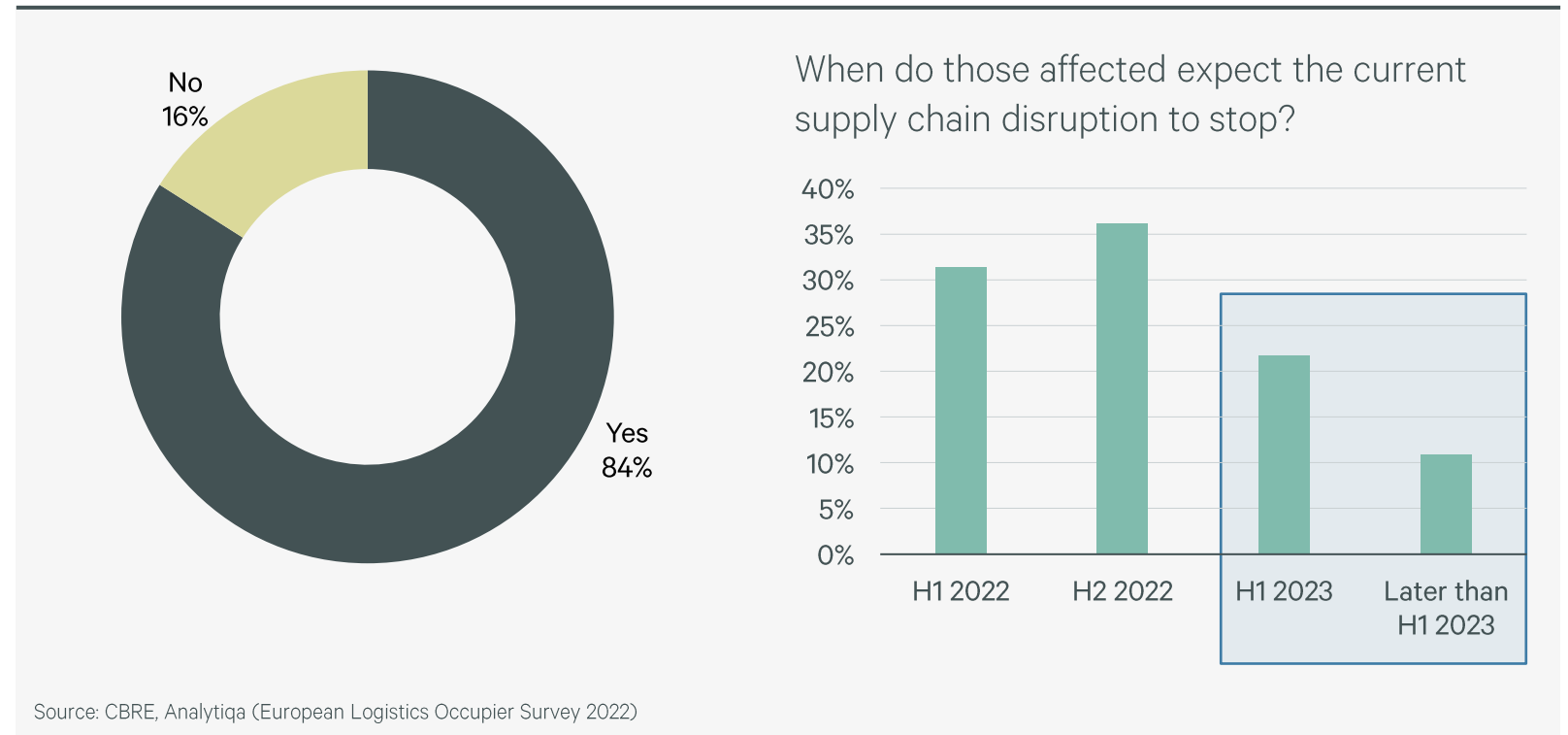
Were occupiers affected by supply chain disruptions?

84%

of occupiers were affected by supply chain disruptions

32%

of them do not see an end before 2023



Challenges

What are the greatest real estate specific challenges for logistics occupiers?

Rent

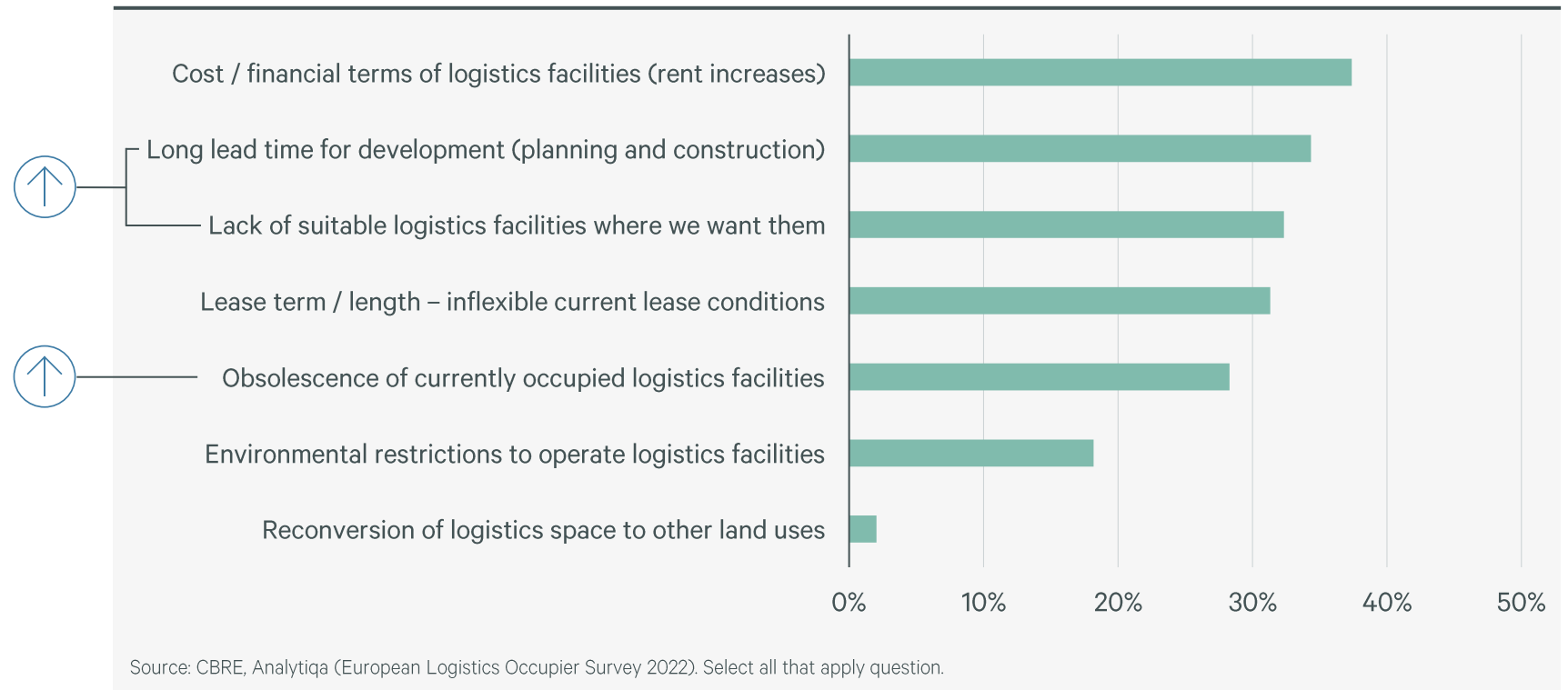
Rent increases remain the major real estate concern

Supply

Supply issues are becoming a major challenge for occupiers

Obsolescence

Bricks and mortar retailers and manufacturers are relatively more concerned about ageing facilities

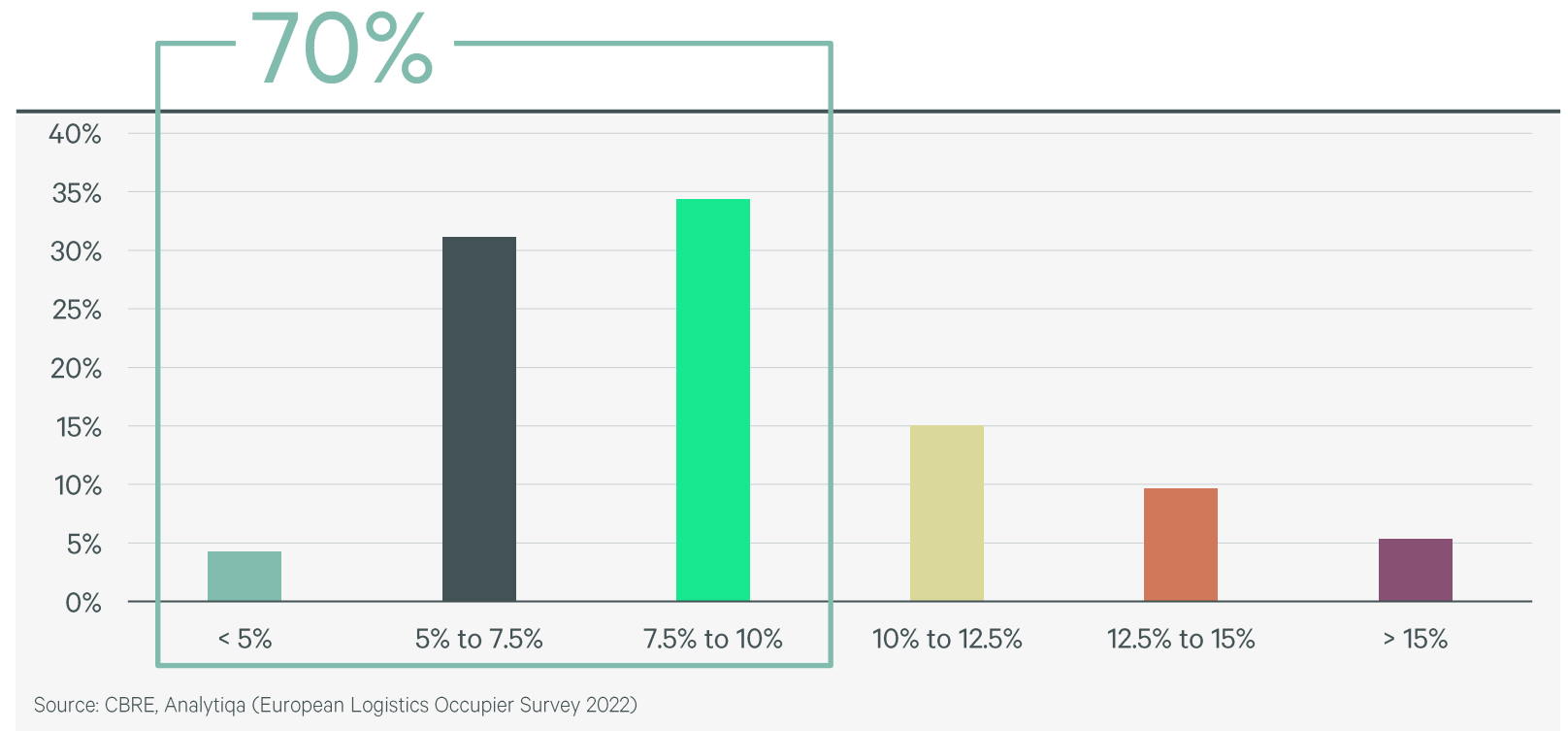


Challenges

Logistics buildings costs (rent and service charge) as % of total operating costs

<10% of total operating costs

Logistics rents and service charges represent <10% of total operating costs for **70%** of occupiers. Increases in labour and transportation costs have a more drastic impact on occupiers than rent increases. However, occupiers have seen significant increases in rents and are monitoring their logistics rental costs more than ever.

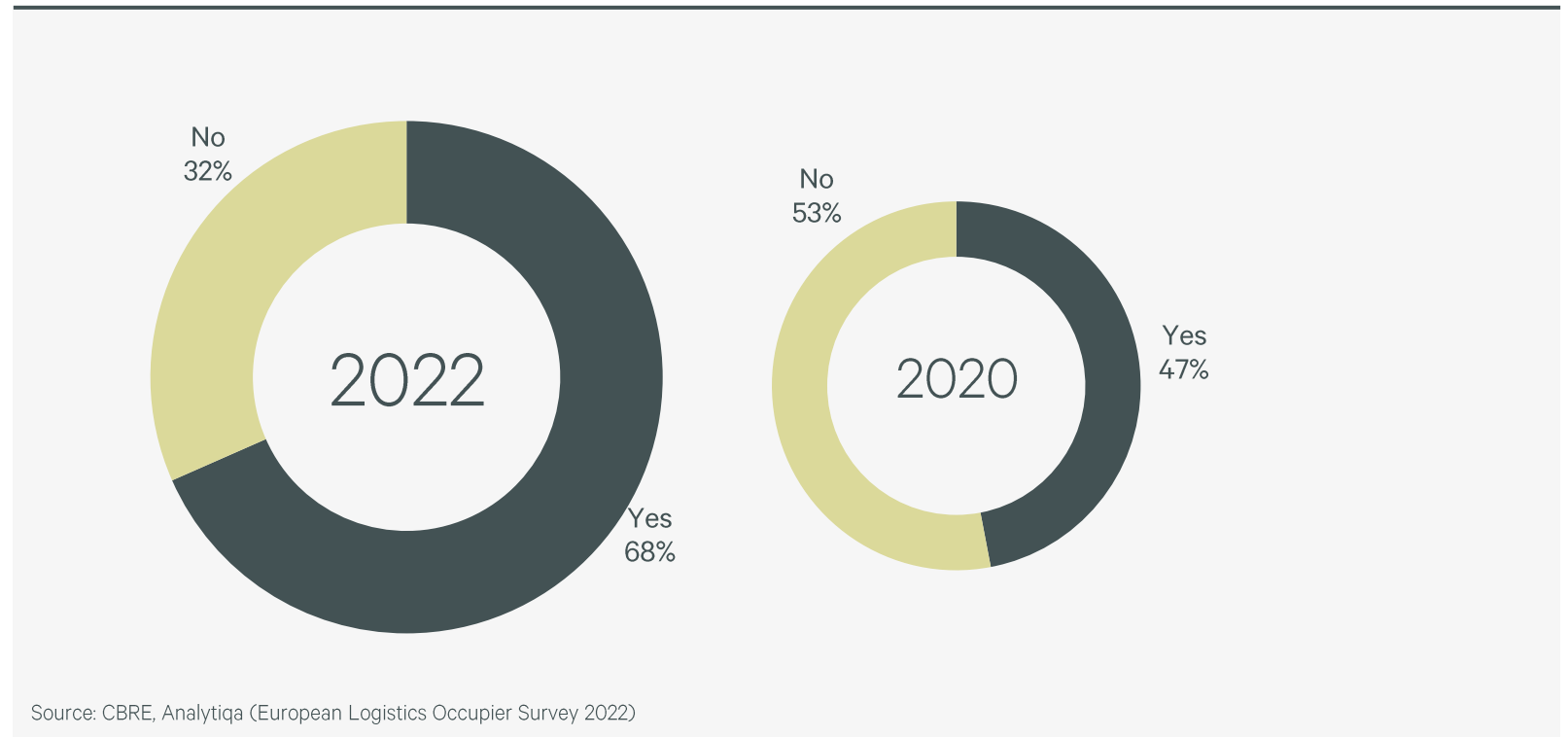


Challenges

Have occupiers changed their real estate acquisition strategies due to restricted supply?

Adapt to find space

Occupiers are modifying their acquisition strategies due to lack of supply, a step change compared with 2020



Acquisition Strategies



43%

Securing sites in advance of requirements



33%

Partnering with developers and investors

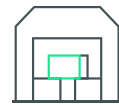


16%

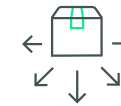
Reassessing and maximising the use of existing space

Long term impact of COVID

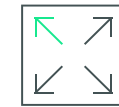
Occupiers are more focused on their long-term strategy compared with 2020



Highlighted the need for flexible storage solutions



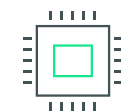
Prompted a reconfiguration of supply chains



Increased the need for additional long-term space



Accelerated expansion plans



Increased the need for data storage space



03

Location and building preferences



Location and building preferences

Critical factors for location selection



Top 5 most decisive factors for general location

Rank 2022 (Rank 2020)

1 (5)	2 (4)	3 (7)	4 (10)	5 (6)
Real estate availability	Labour availability and skillsets	Quality of business infrastructure	Environmental quality	Real estate cost
Availability of space is now the number one factor	Labour availability remains decisive, and occupiers are eager to pay for the right skills		Environmental quality is now critically important	

Occupiers are now more willing to compromise on factors that were crucial in 2020



Labour costs



Proximity to motorways and ports



Distance to commercially relevant locations

Location and building preferences

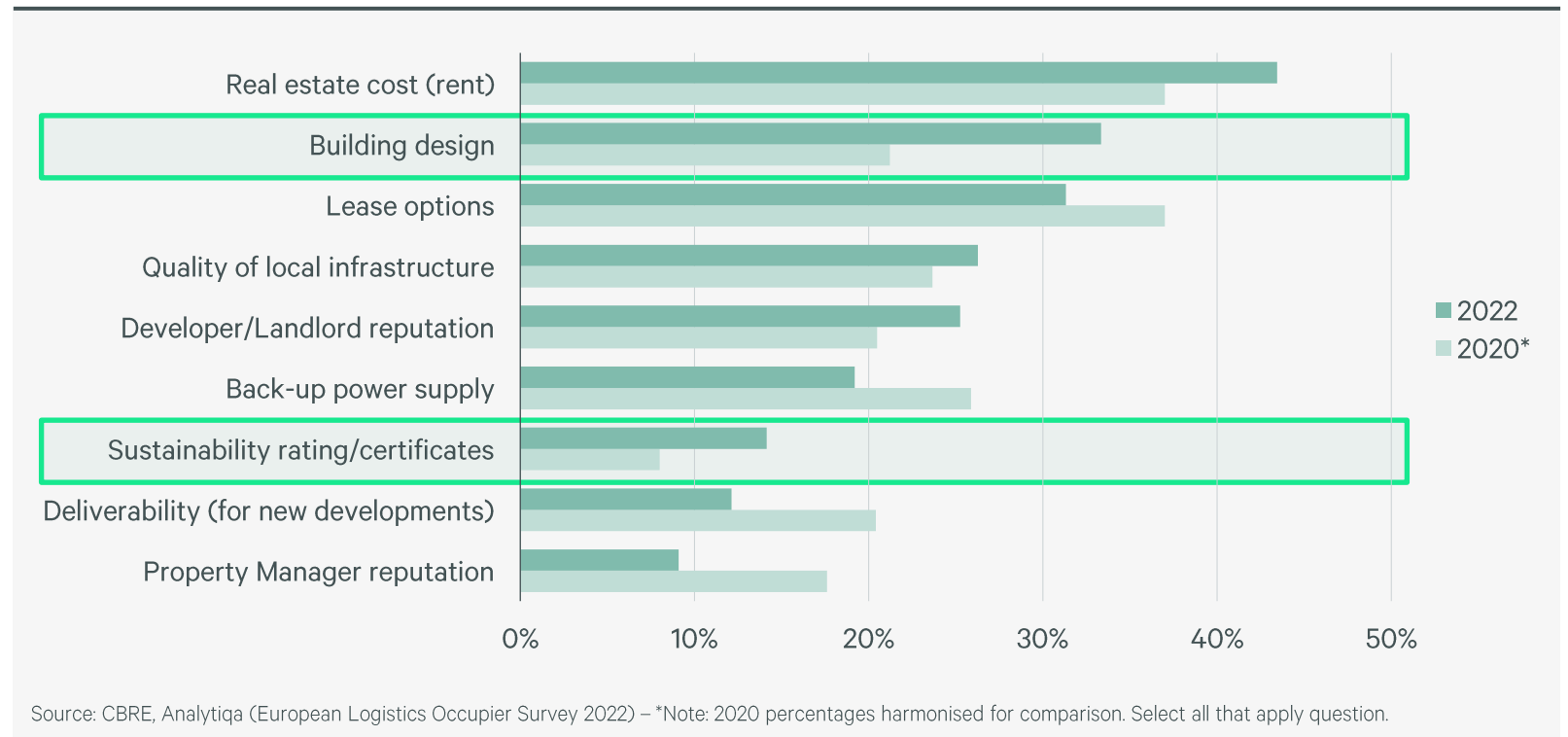
Critical factors for building selection

Design

is becoming a critical element due to automation – something we anticipated in 2020

Sustainability

rating importance has doubled compared to two years ago



Increasingly important building features according to occupiers



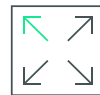
Capacity to implement automated technology



Number of loading bays/doors



Eaves height



Capacity for building expansion



Car parking, access to public transport and bike storage



Location and building preferences

Which of the following technologies will have a major impact on logistics supply chains in the next three years?

Robotics

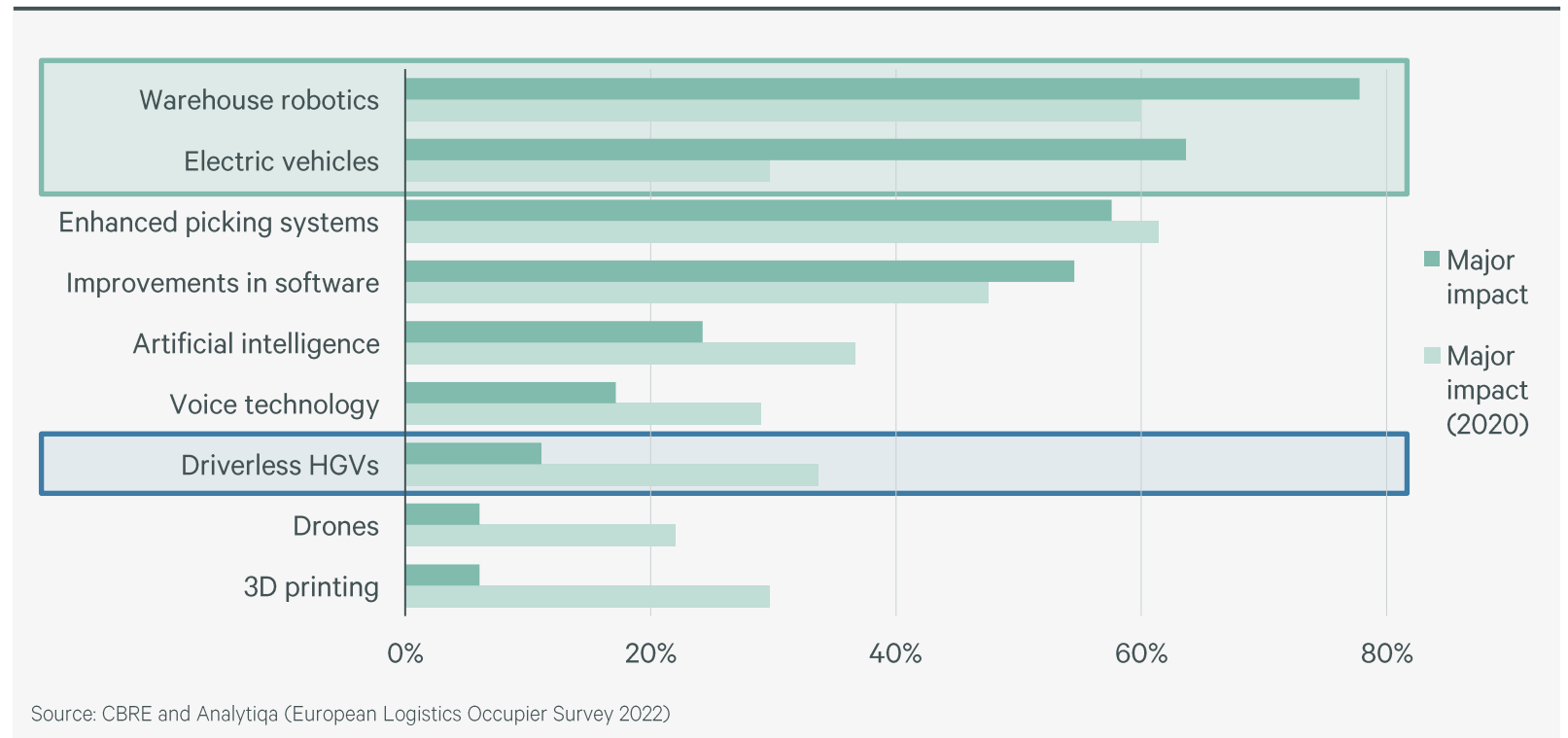
at the top of the list again

Electric vehicles

are now seen as major disruptors compared with 2020

Driverless vehicles

and drones are still at the bottom of the list



04

ESG considerations

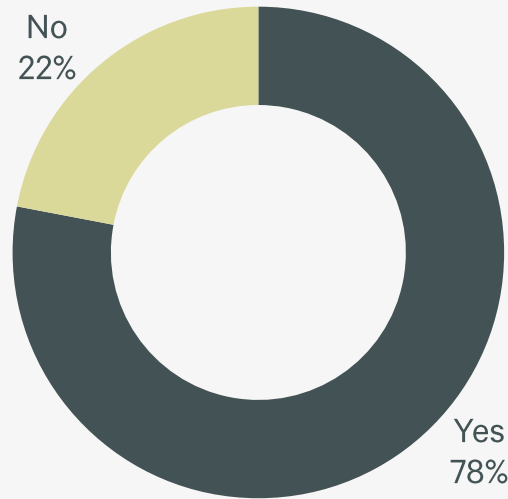


ESG in logistics

Does your company have a net zero carbon target?

78%

of respondents have a net zero carbon target



Source: CBRE and Analytiqa (European Logistics Occupier Survey 2022)

17%

have a dedicated budget for it

Main ways occupiers are planning to meet their net zero carbon targets via their logistics property footprint



Alternative energies on site



Capturing rainwater



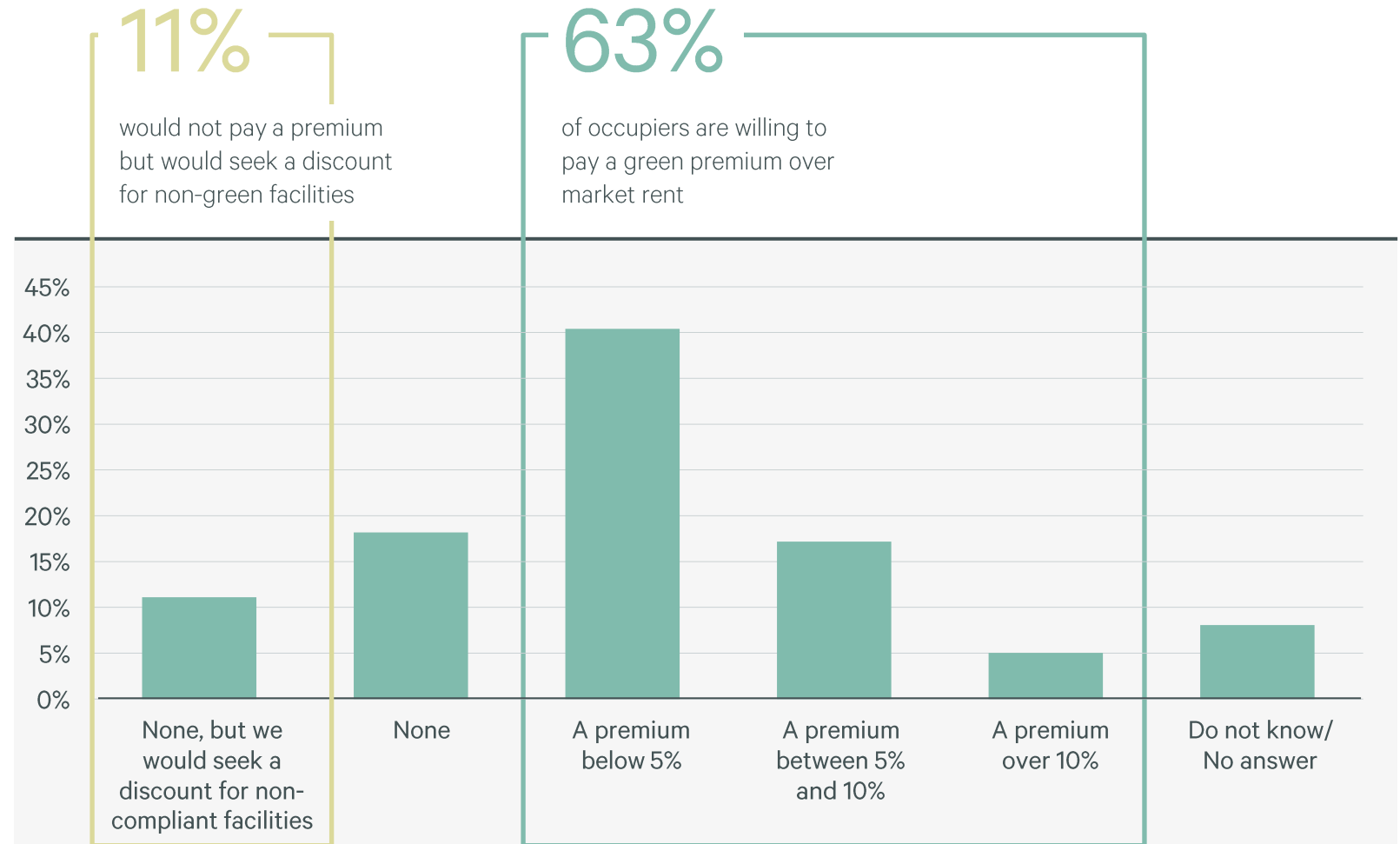
Electric charging points for electric delivery fleet



LED lighting

ESG in logistics

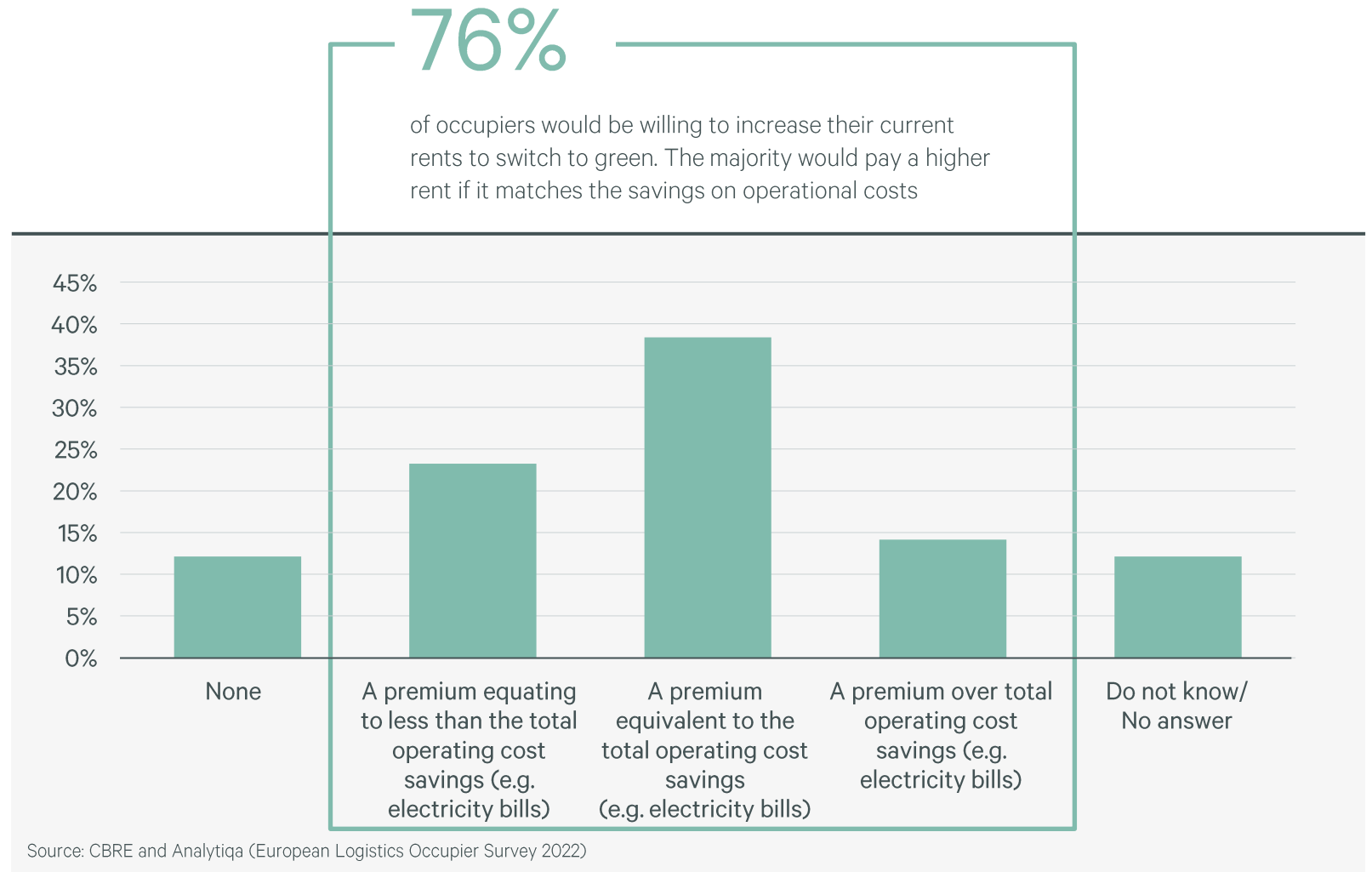
For new warehouses, what rental premium over regular market rent would your company be willing to pay for a green certificated facility?



Source: CBRE and Analytiqa (European Logistics Occupier Survey 2022)

ESG in logistics

What rent premium are occupiers willing to pay on their current facilities to switch to green sources of energy?



Report summary

01

Occupiers are still in expansionary mode

02

Even more are willing to explore alternative locations

03

Lack of sites and rising rents are making them rethink urban logistics strategies

04

Cost escalation is a challenge, as are real estate availability and supply chain disruptions

05

More occupiers are willing to compromise on location to find available units

06

Building design is increasingly important to allow for automation

07

Environmental concerns are now a much higher priority

08

Occupiers are willing to pay a green premium, especially when saving on operational costs

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