

Prologis Research Examines European Industrial Property Market Investment Opportunities

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AMSTERDAM, Nov. 1, 2012 [/PRNewswire/](#) -- Prologis, Inc. (NYSE: PLD), the leading global owner, operator and developer of industrial real estate, today published an in-depth research report into the performance of the industrial property sector in Europe.

The paper titled "Opportunities in the European Industrial Property Market" highlights the impact of cyclical factors such as the current deficit in Class-A space and supply-demand dynamics, as well as major structural trends such as the ongoing supply chain reconfiguration and the rise of e-commerce.

Key findings:

- European industrial real estate values declined 21.9 percent from the pre-crisis peak in 2007, and have subsequently only recovered by 1.3 percent on average. Current values are attractive relative to replacement costs and the pattern of value recovery in the U.S. following the global financial crisis.
- Logistics real estate delivered 7.6 percent in direct return over the last 10 years, some 200 and 240 basis points higher than the direct return component of office and retail respectively.
- Despite weak GDP growth in the EU—just 1.5 percent per annum over the last 10 years—trade and supply reconfiguration are expected to drive strong demand for distribution space in Europe.
- The U.S. market has more than four times the Class-A distribution stock relative to Europe, where Class-A logistics assets account for only 14 percent of industrial stock. The European logistics property market is therefore relatively underdeveloped.
- E-commerce is increasing, requiring retailers to re-evaluate their distribution channels to support demand and expected growth. Every additional €1 billion of online sales resulted in an average additional warehouse demand of approximately 72,000 square meters in the UK, Germany and France over the last five years.

Ali Nassiri, vice president, acquisitions and research, Prologis Europe said: "Over the long term, the industrial property sector has proven to be a solid and defensive asset class, with an attractive risk-return profile to institutional investors. Industrial space is a key contributor to productivity enhancement, cost reduction, and overall supply chain strategy. The ongoing drive for greater operational and cost efficiency will benefit industrial real estate, fueling the sector through its recovery in the near term and into the future."

The full report can be downloaded at www.prologis.com/docs/whyindustrialeurope.pdf

About Prologis

Prologis, Inc., is the leading owner, operator and developer of industrial real estate, focused on global and regional markets across the Americas, Europe and Asia. As of September 30, 2012, Prologis owned or had investments in, on a consolidated basis or through unconsolidated joint ventures, properties and development projects expected to total approximately 565 million square feet (52.5 million square meters) in 21 countries. The company leases modern distribution facilities to more than 4,500 customers, including manufacturers, retailers, transportation companies, third-party logistics providers and other enterprises.

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