



Real Estate investors look to prime logistics assets, which are the focus of the segment's recovery

The logistics and industrial market is experiencing a gap marked by the quality of the properties, with those that have sustainability criteria and a strategic location being the ones that receive the most attention from capital

The District, which will be held in Barcelona from 25 to 27 September, will bring together executives from Eurofund Logistics Capital Partners, Prologis or Zalando, among others, who will explain the readjustment of the sector after the pandemic

Barcelona, August 20, 2024 - European real estate is undergoing a significant readjustment process due to the post-pandemic effects, geopolitical conflicts and rising interest rates. These factors have had a profound impact on one of the sectors that was most dynamic during the Covid-19 crisis: logistics. After two exceptional years in 2021 and 2022, driven by the unexpected boom in e-commerce, this asset class is currently undergoing a readjustment process in response to the current situation.

According to industry data, demand for logistics space fell by 35% in the main EU markets last year. However, JLL reports that investment activity in the industrial and distribution sector increased by 14% year-on-year in the first quarter of 2024. This boost reflects the strength of the asset due to the relocation of industry in Europe to secure the supply chain, the outsourcing of services but remaining within the eurozone and the drive carried out by the manufacturing, production of sustainable solutions - such as car batteries - and food sectors.

Against this backdrop, [The District](#), the summit designed specifically for real estate capital, which will take place from **25 to 27 September in Barcelona**, will serve as a meeting point to discuss investment options in the logistics sector and explore opportunities to maximise its development at a time of gradual recovery. An example of this path of recovery is the trend forecast by analysts, who indicate that rents for properties used for distribution will grow annually by 2.2% over the next five years, with particular strength in southern Europe, Germany and the United Kingdom.

Market divided: prime vs. older assets

The strength of logistics assets is uneven across the Old Continent. Older properties face greater difficulties in the market due to their energy inefficiency and lack of compliance with ESG criteria, so these assets require renovations to remain competitive in the current landscape. In contrast, prime logistics assets, those that comply with sustainable certificates and are in strategic enclaves, are forecast to experience an increase in rents of approximately 4% in 2024, especially in Italy, Germany and Spain, according to CBRE.

Therefore, a gap is being created between quality assets and outdated ones, with the former attracting investment, and an acceleration in rental yields, due to the shortage of supply of prime properties, the high cost of new construction and its low financing. **Cristian Oller**, Vice President and Country Manager for Spain at Prologis will explore at The District 2024 the



possibilities that are emerging for the most opportunistic investors in the field of logistics and industrial rentals for the second half of 2024, when vacancy rates will begin to balance out.

In turn, and along the same lines, the discussion will address how 'discount retailers', retailers that focus their strategy on discounted products and tend to sell through online support, are stimulating the logistics asset. These players are among those that are generating a sustained interest in surfaces dedicated to distribution and storage, so they play a prominent role in the current demand ecosystem on a global scale. To analyse how retail brands focused on offers are influencing the market, the European meeting will bring together leaders such as **Rebeca Schlutz**, Senior Expert Logistics Real Estate at Zalando, or **Flor Fernández**, Land Planning Manager at Eurofund Logistics Capital Partners. All of them will reveal the expansion plans and strategies adopted by logistics platforms, large retailers and retail companies to optimize supply chains.

A new approach to the future of logistics

Another of the issues that The District will address is the paradigm shift from 'just in time' to 'just in case', which seeks to avoid stock shortages and increase the capacity to respond to unexpected situations. Thus, the transformation of the concept reflects the importance of avoiding supply problems, which can be solved by locating the production of supplies or by having suppliers in European countries, a fact that impacts the comprehensive optimization of the value chain process. **Jens Orbeg**, Director and Capital Deployment at Prologis will investigate this issue and will also focus on the innovation that has arisen in urban logistics and last mile with a view to adapting to the demands of today's consumers.

About The District (September 25-27, Barcelona): is the largest European event dedicated to Real Estate from an investment perspective. The summit has a Hospitality area and a content program in The District World Summit 2024, the global reference congress on capital structures in the real estate industry, which has 5 auditoriums. It is the main meeting forum where the different Real Estate agents who are looking for opportunities and new real estate projects that drive urban transformation meet with the aim of designing the future of the sector in Europe. The District is an event organized by NEBEXT - Next Business Exhibitions.