CBRE

European industrial investment slowed in Q4, but 2022 volumes still reached €57.7bn

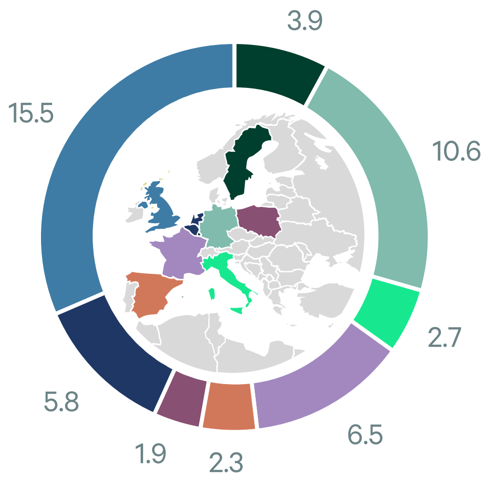
2022 European industrial investment fell 8% from 2021 but Continental Europe was just 2% lower

European industrial and logistics reported an 8% fall in investment during 2022 compared with 2021, reaching a total of €57.7bn. However, the annual growth was skewed by an exceptionally strong result in Q1 of €17.5bn. Continental Europe as a whole was just 2% lower in 2022 at €42.3bn. The UK, the largest market, was the main country to be weaker, with a 20% fall. During Q4 2022, investment was 59% lower YoY at €9.4bn and fell 38% QoQ. Single asset deals continued to dominate, with 58% of the total, while distribution and storage centres gained market share relative to other industrial and production orientated assets.

Q4 2022 saw a weaker performance from all markets, with the exception of Austria and especially Portugal, which had another strong quarter. Of the largest markets, Germany fell 44%, France 60% and the UK 69%, but all against exceptional quarters in Q4 2021. However, Sweden was only 17% lower at over €1bn and the Iberia region fell just 10%. Core CEE was also down 67%, mainly due to weaker volumes in Poland. Pricing clearly became more of a concern for investors during the second half of the year, but the sector continued to be supported by the occupational fundamentals.

Of the total €58bn of capital flows into European I&L in the last 12 months, 64% were from within Europe. Domestic volumes were 3% higher at €24.8bn and remained the largest source of capital over the last year. However, there was a 17% fall in cross-border investment and a 10% decline in North American flows. Despite the lifting of travel restrictions post pandemic, Asian investor flows only rose 4% in the last year.

YTD I&L investment by market (€bn)



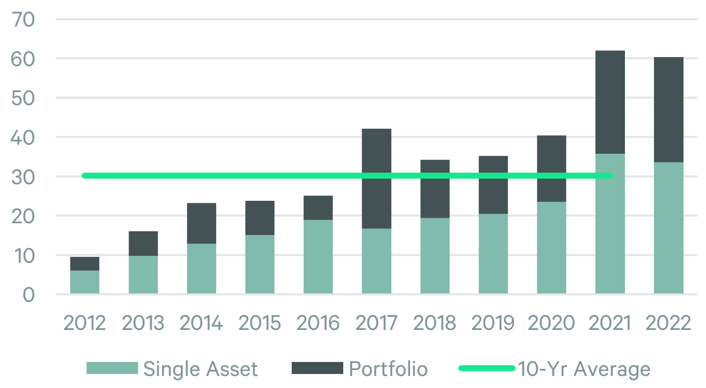
Germany	€10.6bn	+5%
France	€6.5bn	-3%
UK	€15.5bn	-28%
Benelux	€5.8bn	-1%

Source: CBRE Research

Belgium, Portugal, Spain and Sweden saw the steepest rises in volume, with the largest falls in Poland and the UK

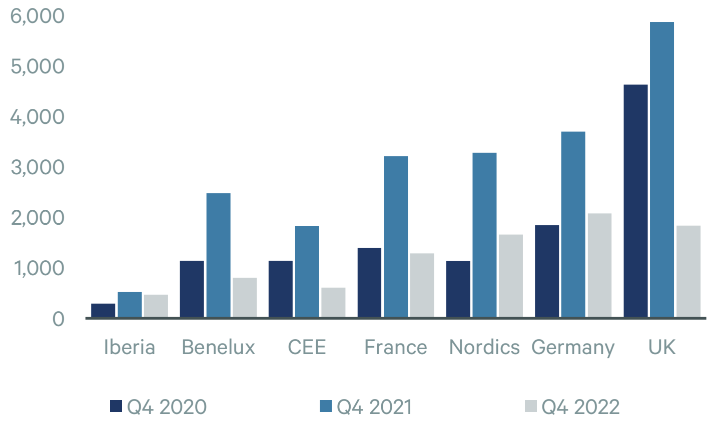
European I&L investment volumes (€bn)

Source: CBRE Research



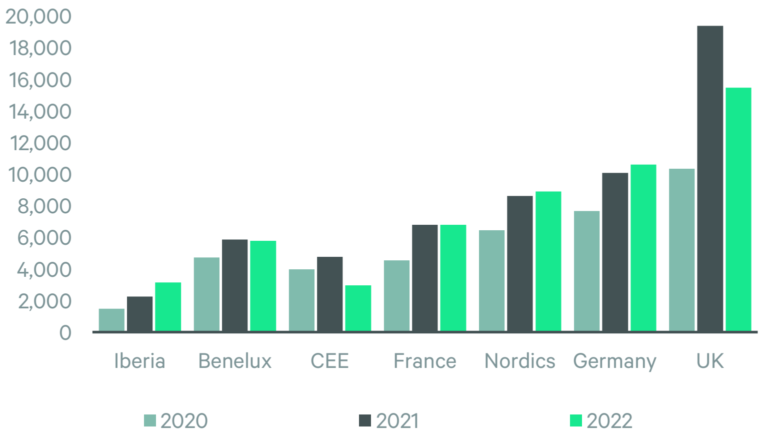
Quarterly I&L investment volumes by country/region (€m)

Source: CBRE Research



YTD I&L investment volumes by country/region (€m)

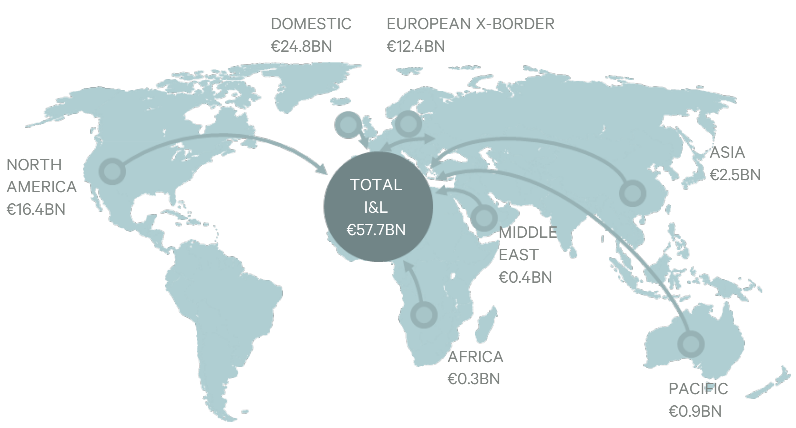
Source: CBRE Research



Capital values fell in Q4 2022 as the market slowed and yields expanded further

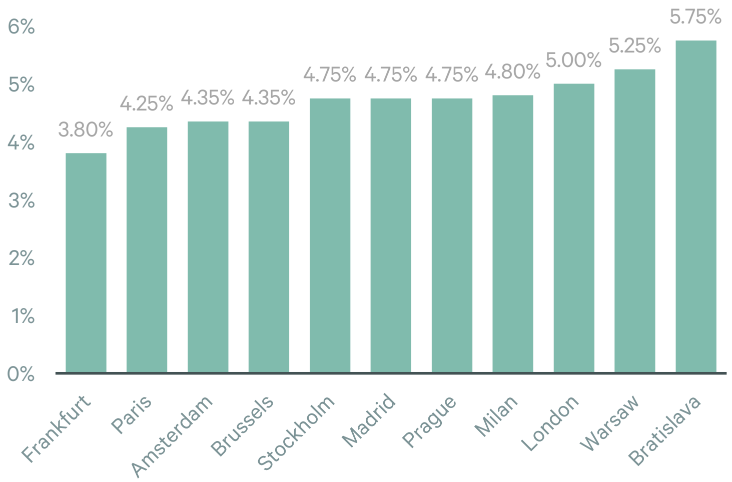
Capital flows into European I&L 12 months to Dec 2022

Source: CBRE Research



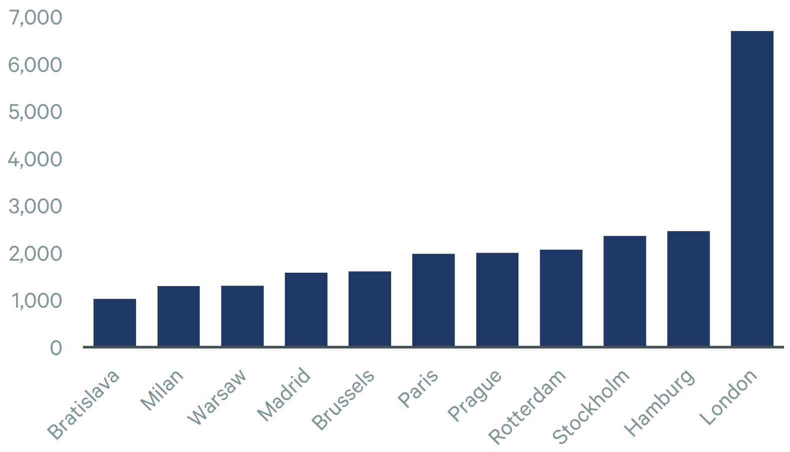
Prime logistics yields Q4 2022

Source: CBRE Research



Prime logistics capital values Q4 2022 (€/sqm)

Source: CBRE Research



Contacts

Mark Cartlich
Head of European Industrial & Logistics Strategy
mark.cartlich@cbre.com

Jack Cox
Head of European Industrial & Logistics Capital Markets
jack.d.cox@cbre.com

Simon Blake
Chairman, UK and Continental Europe Industrial & Logistics
simon.blake@cbre.com

Francois-Regis de Causans
Executive Director, European Industrial & Logistics Capital Markets
fr.decausans@cbre.com

Tom Kinsley
Executive Director, European Industrial & Logistics
tom.kinsley@cbre.com

Tom Mills
Director, European Capital Markets
tom.mills@cbre.com

Arty Smith
Associate Director, European Industrial & Logistics Capital Markets
arty.smith@cbre.com

Paul Ireland
Director, UK and European Capital Markets
paul.m.ireland@cbre.com

Pino Lopez-Herrera
Senior Analyst, UK and European Industrial & Logistics Capital Markets
pino.lopezherrera@cbre.com

Luke Steyn
Senior Surveyor, European Industrial & Logistics Capital Markets
luke.steyn@cbre.com

CBRE