

2023 Logistics Rent Index: Solid Global Rent Growth and New Leading Locations

Prologis Europe



Introduced in 2015, the Prologis Logistics Rent Index examines trends in net effective market rental growth¹ in key logistics real estate markets in North America, Europe, Asia and Latin America. Our proprietary methodology focuses on taking rents, net of concessions, for logistics facilities.

This index combines the company's local insights on market pricing dynamics with data from our global portfolio. Rental rates at the regional and global levels are weighted averages based on estimates of market revenue.

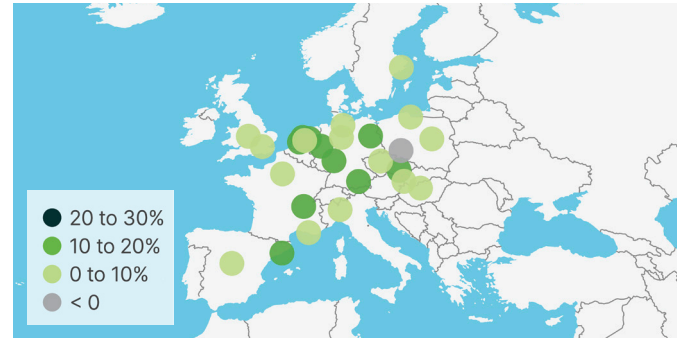
Global logistics real estate rent growth totalled 6% in 2023, underscoring the resilience of logistics real estate fundamentals. Nearly all markets globally recorded positive real rent growth, amid positive demand, low vacancy, and the need to evolve supply chains in response to changing consumer expectations, operational challenges and persistent disruption.

Global Takeaways

- **Latin America led the world as Mexico rents surged 19%**, driven by ultra-low vacancy, rapidly rising replacement costs, and the emergence of nearshoring, a new secular driver.
- **The majority of markets posted positive real rent growth.** Only a small handful of markets, either those that cooled from record levels of rent growth in 2021/2022 or had excess supply, pulled down global and regional averages in 2023.
- **Replacement costs increased in most regions during 2023**, driven by higher costs for labour and materials, as well as higher interest rates. Replacement costs put upward pressure on rents and drove new construction starts down by more than two-thirds from peak levels globally.

Data Pertinent to Europe 2023

- 2023 rent growth within Europe was 7%.
- Logistics vacancy in Europe at the end of 2023 was 4%, showing a y/y change of +150 bps².
- Munich (Germany) and South Netherlands (the Netherlands) featured in our top Global Rent Growth Markets³.
- Within Europe, the top ten growth markets are⁴:
 - Munich
 - South Netherlands
 - Lyon
 - Frankfurt-Rhein Neckar
 - Rhine-Ruhr
 - Berlin
 - Amsterdam
 - Rotterdam
 - Barcelona
 - Bratislava
- Performance diverged by location, with markets failing into four groups:
 - Supply-constrained markets** with healthy growth that benefit from structural trends (e.g., Germany and the Netherlands).
 - Markets with traditionally modest growth** that continued to grow at a defensive pace (e.g., France). Frankfurt-Rhein Neckar.
 - High-cost markets** where rents stabilised at high levels (e.g., London and Prague).
 - Select markets where elevated deliveries drove **an increase in concessions** (e.g., Poland).



Eva van der Pluijm-Kok Vice President, Research & Strategy, Europe adds:

“Looking ahead, Europe is likely to see a lower peak in the vacancy rate during the upcoming mini-cycle because new construction starts fell earlier than in the U.S. and other global markets. Improvement in the demand backdrop could cause rent growth to reaccelerate quickly as scarcity returns to many markets on both the Continent and in the UK.”

Net Effective Market Rate in Europe

€/Square Metre/Year



Logistics Space Vacancy

Region	Q4 2023	Change Y/Y
U.S.	5.6%	+230 bps
Europe	4.0%	+150 bps

Source: U.S.: CBRE, C&W, JLL, Colliers, CBRE-EA, Prologis Research. EU: CBRE, C&W, JLL, Colliers, Fraunhofer, Gerald Eve Prologis Research.

2 Source: U.S.: CBRE, C&W, JLL, Colliers, CBRE-EA, Prologis Research. EU: CBRE, C&W, JLL, Colliers, Fraunhofer, Gerald Eve Prologis Research

3 Source: Prologis Research

4 Source: IMF, Prologis Research, CBRE, Gerald Eve, Fraunhofer & JLL.

About Prologis

Prologis, Inc. is the global leader in logistics real estate with a focus on high-barrier, high-growth markets. As of December 31, 2023, the company owned or had investments in, on a wholly-owned basis or through co-investment ventures, properties and development projects expected to total approximately 1.2 billion square feet (114 million square metres) in 19 countries. Prologis leases modern logistics facilities to a diverse base of approximately 6,700 customers principally across two major categories: business-to-business and retail/online fulfillment.

About Prologis Research

Prologis' Research department studies fundamental and investment trends and Prologis' customers' needs to assist in identifying opportunities and avoiding risk across four continents. The team contributes to investment decisions and long-term strategic initiatives, in addition to publishing white papers and other research reports. Prologis publishes research on the market dynamics impacting Prologis' customers' businesses, including global supply chain issues and developments in the logistics and real estate industries. Prologis' dedicated research team works collaboratively with all company departments to help guide Prologis' market entry, expansion, acquisition and development strategies.

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**Further questions
and interview
requests?**

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