

#074 WHAT ARE THE IMPACTS OF THE PANDEMIC ON THE WAREHOUSE MARKET?

Distribution

Industry

Logistics

Immovable

The logistics real estate market had an exceptional year in 2019 with a record level of transactions (one of the three best performances of the decade) and an unprecedented level of financial investment.

This market came to an abrupt halt in March 2020 and finally fell by 60% in the first quarter of 2020 compared to the first quarter of 2019.

In 2018, when GDP had plunged 3%, the market for logistics buildings had declined by 35%. Announcements of GDP at minus 8 or minus 10% will have a direct effect on the real estate market, at least in terms of the level of transactions and new construction.



WHAT ARE THE DIFFERENCES WITH PREVIOUS CRISES AND IN PARTICULAR THAT OF 2018?

Logistics assets are at the heart of the strategy of distribution companies, but also of financial investors. In 2008, most real estate investors had abandoned the warehouse market, this time all of them consider logistics assets to be the most resilient in the real estate market. They should therefore confirm their intention to support the logistics warehouse market.

Analysts believe that the crisis will accelerate the shift to e-commerce, lead to an increase in inventory to limit vulnerability, increase automation in warehouses. All these factors could support warehouse demand and limit the impact of the economic crisis.

WHAT ARE THE RISKS AND OPPORTUNITIES FOR SUPPLY CHAIN DEPARTMENTS?

The opportunities of this new situation are as follows:

- Finding new implementation solutions even for very short periods of time in all sectors
- Obtain attractive financial terms and renegotiate existing contracts

Nevertheless, there are risks

- Financing risk for operations outside core markets or for XXL assets
- Risk of an increase in rates and therefore in the final rent for new constructions



Laurent Sabatucci

Associate director EOL



| About ASLOG

ASLOG brings together more than 400 companies from all sectors, with 2,000 professionals working together to promote and build tomorrow's Supply Chain. ASLOG is a neutral and independent association that addresses Supply Chain issues.

As early as 1972, visionary men sensed that this function would be decisive for all companies. For almost fifty years, professionals in the sector have made ASLOG the reference partner.

ASLOG is the privileged interlocutor of institutions and public authorities on all questions relating to the sector.

| #supplychain4good

The **#SupplyChain4Good** community was created at the initiative of Michelin and ASLOG, as part of the Movin'On ecosystem, in favor of a more sustainable mobility of goods.

#SupplyChain4Good's ambition is to federate the actors who work for Supply Chains that are simultaneously good for the planet, the people and the business performance. The members of this community are «shippers» (industrial and commercial companies), «operators» (transporters, logisticians, shipping companies, ports...), «support functions» (academics, consultants, information systems, regulators, NGOs...).

They cover all economic sectors and all regions of the world. Their work takes place throughout the year and culminates in the annual Movin'On Summit, the world summit on sustainable mobility.