

Occupier Perspective Global Occupancy Costs - Logistics 2013



Logistics hubs to offer cost saving opportunities

17 July 2013

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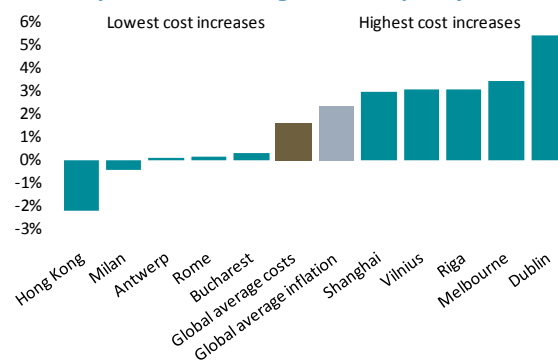
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- In this third edition of our Global Occupancy Costs - Logistics report, we present the current costs of occupying prime logistics space across 64 markets worldwide, representing a near doubling of our coverage. Besides a global ranking of current costs, we provide our future outlook for 54 markets across Asia Pacific, Europe and the US.
- Last year, prime logistics occupancy costs increased by an average of 3.0% in USD terms globally, just above inflation at 2.7%. But, there were some big regional differences. At 1.5%, US occupiers benefitted from the lowest cost increase. In contrast, Asia Pacific recorded the strongest growth at nearly 6%. Finally, strong local currencies in Europe led to growth of 3% in USD terms. As a consequence, growth in local currencies was muted at 0.5%.
- The global top five least expensive markets are dominated by the Chinese Tier II cities of Wuhan, Shenyang and Chengdu, with Atlanta and Marseille completing the top five. Costs in all these markets are below USD 70 per sq m per annum. Meanwhile, London Heathrow remains the most expensive market globally - at USD 313 per sq m per annum, followed by Hong Kong, Zurich, Singapore and Oslo.
- Despite above inflation growth in 2012, our five-year outlook for logistics occupancy costs is more benign at an average annual growth of 1.6%, well below projected inflation. Although the economic recovery will reinforce occupier demand, added supply is expected to limit rental growth. Dublin (a small market in global terms) is one of the exceptions where supply of prime space is projected to remain constant and increased demand is expected to trigger the highest cost growth globally. In contrast, Hong Kong is projected to see the biggest cost decline in the next five years, with occupiers continuing their migration to more affordable premises in mainland China (Figure 1).

Figure 1

Forecast pa increase in logistics occupancy costs, end 2012-2017 (USD)



Source: DTZ Research

Global Occupancy Costs - Logistics

Introduction

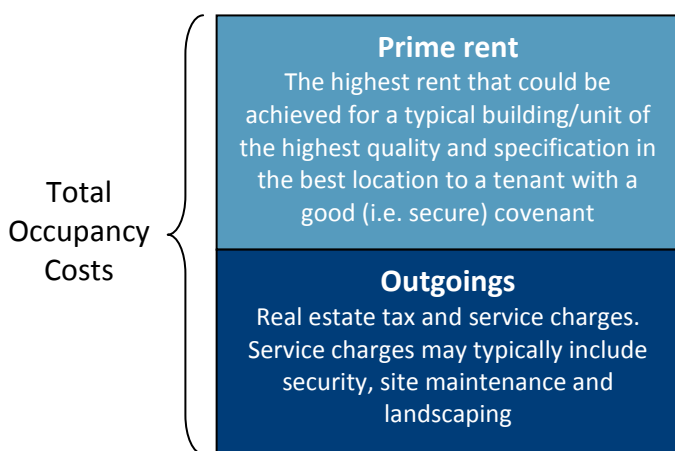
This third edition of our occupancy costs report on logistics space presents logistics occupancy costs per sq m per annum across 64 markets in 29 countries worldwide. This year's edition covers the US for the first time, giving the report a global focus.

Using data from our network of local offices around the world, this survey looks at the main components of total occupancy costs across the globe (Figure 2). We define total occupancy cost as the total cost of leasing prime usable space on a gross internal basis.

This report is divided into three main sections. Section 1 provides a global ranking where we compare the costs of occupying logistics space in all 64 markets around the world. The markets are ranked according to costs, with the least expensive market presented first. In the second section, we provide an economic outlook of relevance to occupiers in the logistics sector. Finally, section 3 examines the three different regions (Asia Pacific, Europe and the US) in greater depth. We include five-year forecasts for 54 of the 64 markets.

Figure 2

Main components of logistics occupancy costs



Source: DTZ Research

Global Occupancy Costs - Logistics

Section 1 - Global ranking

Asia Pacific records the strongest growth in costs in 2012

Although persistent economic challenges and subdued industrial production continued to weigh down on occupier activity, there were signs of revival and increased tenant demand in numerous markets worldwide. But, one of the biggest challenges for tenants in all three regions was the limited choice of quality logistics space.

Overall, the strongest demand was observed in Asia Pacific, reflected by the 6% annual growth in costs (in USD terms). This was nearly double the average global growth in costs of 3.0% (Figure 3). North America offered occupiers the greatest cost saving opportunities in USD terms, with costs growing by a modest rate of 1.5%. In Europe, costs grew by nearly 3% in USD terms. It should be noted that the European performance was weaker in local currencies as costs grew by an average of 0.5%. The regional commentary section on Europe (page 7) gives a more comprehensive view.

Asia Pacific home to some of world's least and most expensive logistics markets in the survey

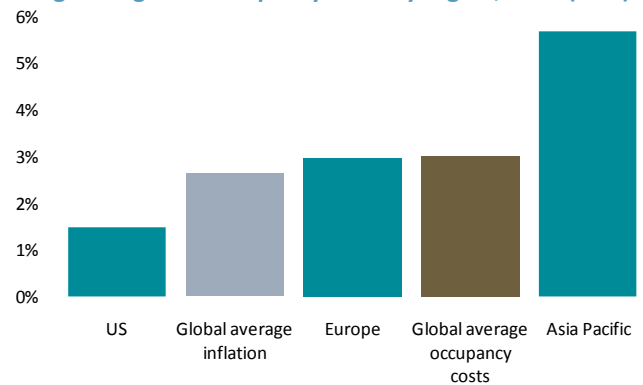
China is currently home to the world's three least expensive logistics markets. Wuhan tops the list at 47 USD/sq m pa, followed by Shenyang (58 USD/sq m pa) and Chengdu (63 USD/sq m pa). Other markets in Asia Pacific operate as large logistics hubs with significant trading linkages and naturally offer less cost saving opportunities for occupiers. These include Hong Kong and Singapore which are amongst the 5 most expensive markets globally (Figure 4). London Heathrow remains the least affordable market globally - with occupancy costs reaching 313 USD/sq m pa as at the end of 2012. In Europe, secondary cities including Marseille and Antwerp offer more affordable logistics space. Amongst the US markets, Atlanta and Dallas currently offer the least expensive logistics space (Figure 6 on page 4).

Costs in Hong Kong and Milan expected to decline over the next five years

Going forward, global logistics occupancy costs are projected to increase by a modest rate of 1.6% to the end of 2017, below the global inflation rate. This is driven by increased future space supply across markets, which will limit potential rental growth. Again, there are significant differences between markets. Whilst occupiers in Hong Kong and Milan are expected to benefit from falling costs, we anticipate rising costs in Dublin (5.4%) and Melbourne (3.4%) (Figure 5 and Map 1). The growth is supported by a combination of growing demand and continued low levels of supply. Appendix 2 provides a detailed overview of our forecasts and the change in rank between 2012 and 2017.

Figure 3

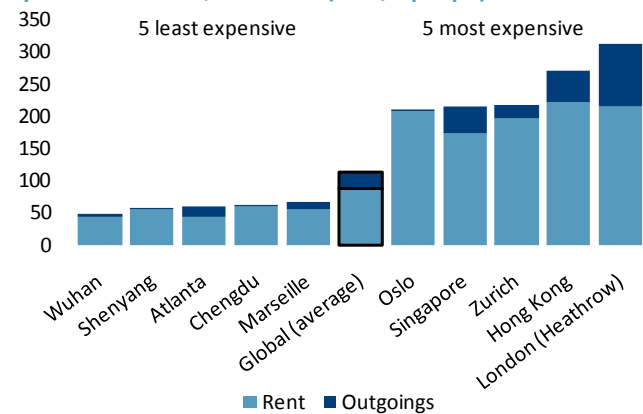
Change in logistics occupancy costs by region, 2012 (USD)



Source: DTZ Research

Figure 4

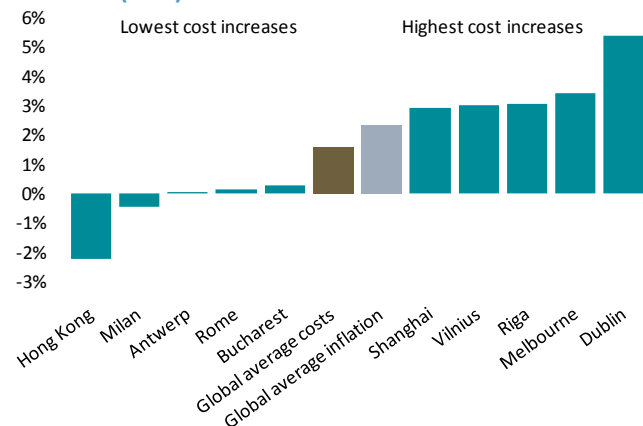
Logistics occupancy costs - global five least and most expensive markets, end 2012 (USD/sq m pa)



Source: DTZ Research

Figure 5

Forecast pa increase in logistics occupancy costs, end 2012-2017 (USD)

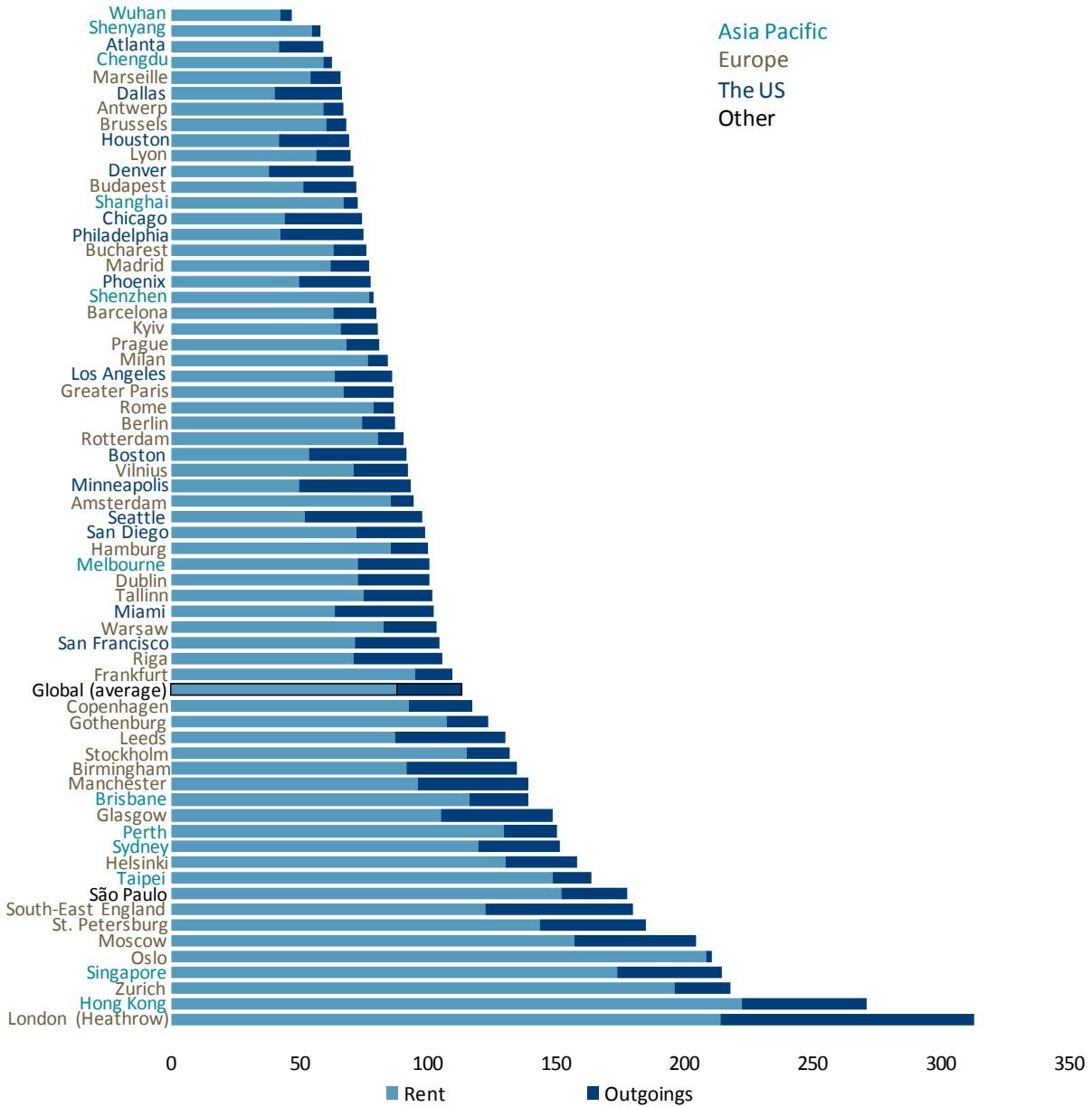


Source: DTZ Research

Global Occupancy Costs - Logistics

Figure 6

Logistics occupancy costs, end 2012 (USD per sq m per annum)



Source: DTZ Research

Global Occupancy Costs - Logistics

Section 2 - Economic outlook

Muted growth in Europe

Global economic growth continues to be dampened by the ongoing uncertainty surrounding the European sovereign debt crisis. In our interconnected global economy, as European governments implement austerity measures and banks are deleveraging, European imports from Asia and the Americas are expected to remain subdued. European consumers will remain cautious on spending in the short term. In the medium term, Asian growth is expected to return to better levels, with China leading the way and Japan continuing to lag. Europe is also expected to return to growth in the medium term. However, the average hides a wide range of national growth paths, as shown by Poland and Greece. The US is on a steady recovery path and will see future growth, albeit at a moderate rate (Figure 7).

Low growth in the European transportation sector

The growth of the transportation and storage sector, a key driver of the logistics market, was relatively well-sustained in the US and Asia Pacific in 2012. However in Europe, the sector continued to struggle. GVA levels in the UK posted a decline of 2% and Germany saw subdued growth of only 0.3% (Figure 8). Nonetheless, growth is anticipated to pick up in the medium term, supported by strengthening global demand and a rise in exports. Singapore's positioning as a logistics hub with good connectivity to major trading and manufacturing bases will support continued growth in the transport and communications sector. Various supply-chain companies are setting up warehousing and logistics facilities in Singapore to serve the South East Asian region.

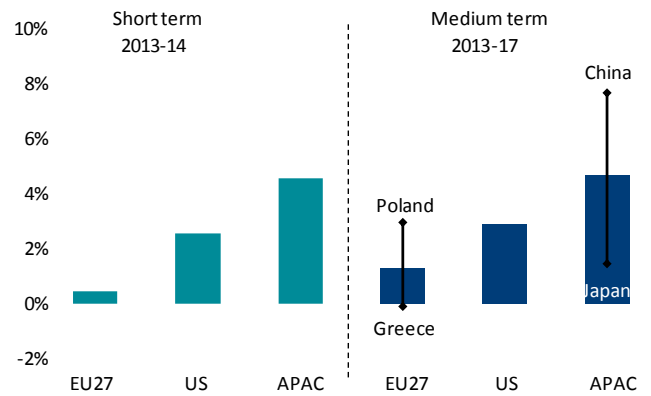
Muted growth in costs across all regions

Compared to the expectations for GDP growth, the regional differences in occupancy costs growth are much less palpable (Figure 9). Occupiers in Europe will benefit from overall subdued cost growth in the short term as well as the medium term. However, there are marked differences between individual markets. Dublin's growth path will continue beyond 2014, albeit at a more moderate pace. Milan is expected to see the biggest decline in costs in the short term as well as medium term. Costs are expected to fall by nearly 5% per annum over the short term.

Occupiers in the US will witness growth of 2% in both time periods. The biggest global fall in costs in the medium term is expected in Hong Kong, where rental levels will continue to decline as a result of occupiers' migration to mainland China. Growth in the US is distributed relatively evenly between the markets. The forecasts in the sections to follow will focus on the medium-term outlook, as these are of most relevance to logistics occupiers.

Figure 7

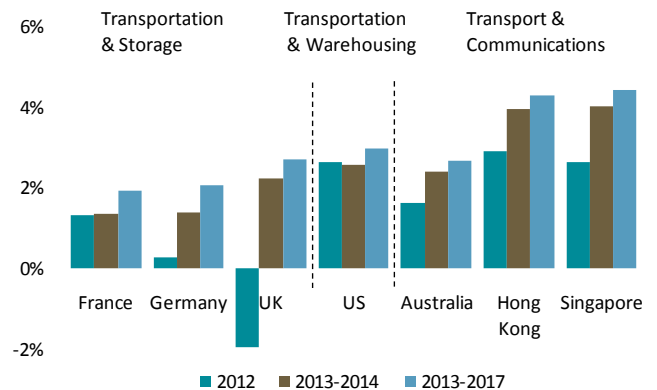
Average GDP growth by region



Source: Oxford Economics

Figure 8

Average annual growth in Transport and Storage/Warehousing/Communications GVA*

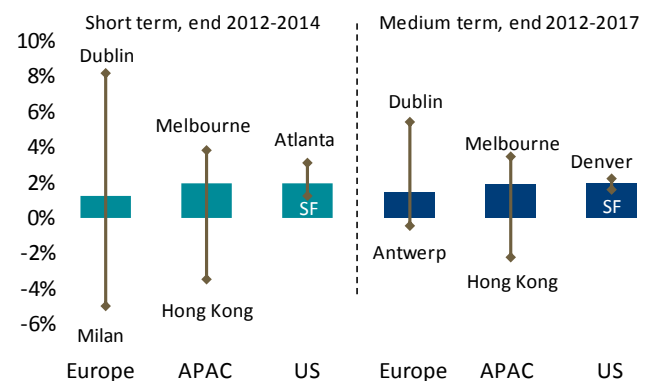


*GVA: The total value of output of goods and services produced less the intermediate consumption (goods and services used up in the production process in order to produce the output)

Source: Oxford Economics

Figure 9

Average increase in logistics occupancy costs by region and time horizon



Source: DTZ Research

Global Occupancy Costs - Logistics

Section 3 - Regional Commentary

Asia Pacific

Costs increase on the back of solid domestic demand

Although weakened global trade and export demand from the US and Europe continue to weigh down on logistics markets in Asia Pacific, resilient domestic demand contributed to solid activity in the logistics sector. In fact, Shenzhen was the only market in Asia Pacific to allow occupiers cost savings, as costs fell by a modest rate of 1% (Figure 10). The bonded warehouse market in Shenzhen is oversupplied and demand remains relatively weak as the fragile external economy continues to have a negative impact on import and export. However, the typical warehouse saw strong demand from the fast-growing e-commerce industry, which continues to dominate leasing demand in China.

Occupancy costs in the regional logistics hub of Singapore increased by nearly 10%, as demand outpaced supply. Hong Kong also saw costs grow on the back of increases in real estate tax and prime rents¹. The significant rental growth was mainly attributed to tight supply. Industrial space is increasingly being leased for alternative use, particularly office space. This has significantly reduced the availability of industrial space, in turn driving up rents.

Chinese markets offer least expensive logistics space

The ranking of markets in terms of occupancy costs is presented in Figure 11. Average costs in Asia Pacific are 126 USD/sq m pa. Occupiers in the Chinese markets Wuhan, Shenyang, Chengdu, Shanghai and Shenzhen benefit from the lowest occupancy costs in Asia Pacific, at levels below 80 USD/sq m pa. At the other end of the scale, Hong Kong and Singapore remain the most expensive markets, at 271 and 215 USD/sq m pa respectively (Figure 11).

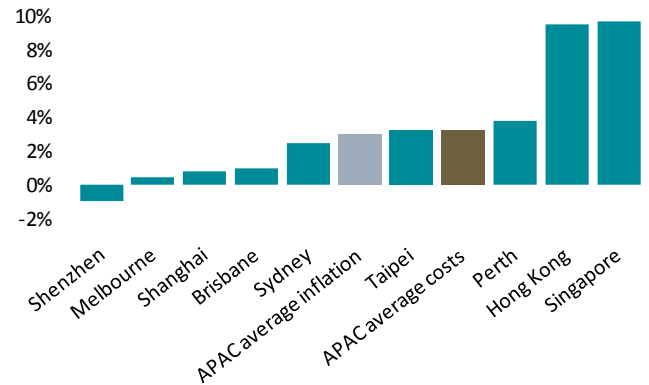
Hong Kong expected to see costs decrease

Logistics occupancy costs in the region are projected to grow at an average annual rate of 1.8% over the five-year forecast period. Only occupiers in Hong Kong are projected to see costs decline - by an annual rate of 2.2% to 2017. Rents will be under pressure as tight supply and weak trade is likely to increase occupiers' cost-consciousness and cause migration to more affordable industrial premises in China. As a consequence, Singapore is expected to overtake Hong Kong as the most expensive market in Asia Pacific in 2017. Melbourne will see costs grow by 3.4%, on the back of consistent tenant demand and limited quality stock. Costs in Shanghai are anticipated to grow at an annual rate of 3.0%, as rents will continue to increase due to consistent demand for high-end logistics facilities (Figure 12).

¹Hong Kong and Taipei rents refer to industrial space as opposed to logistics. Rents in Singapore are the median rental rates of multiple-user warehouse.

Figure 10

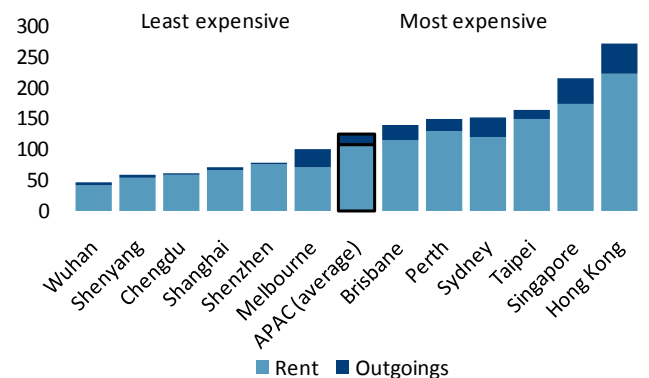
Change in logistics occupancy costs, 2012 (local currency)



Source: DTZ Research

Figure 11

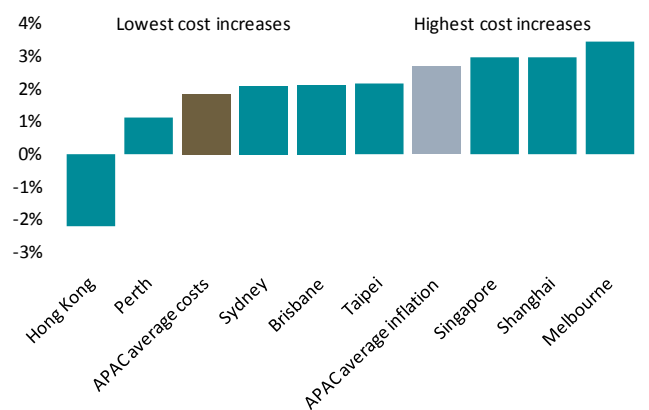
Logistics occupancy costs in Asia Pacific, end 2012 (USD per sq m per annum)



Source: DTZ Research

Figure 12

Forecast pa increase in logistics occupancy costs, end 2012-2017 (USD)



Source: DTZ Research

Global Occupancy Costs - Logistics

Europe

Occupier caution and limited space across Europe in 2012

Amid the subdued Eurozone economic backdrop and continued occupier caution, average European logistics costs remained stable during 2012, recording a growth of only 0.5% (in local currency terms). The lack of quality supply in several European markets prevented downward pressure on prime rents. However, total cost savings were realised in the more economically challenged southern European markets, with Rome witnessing the biggest fall (7%) on the back of rental decreases. Occupancy costs in Budapest fell by 5.2% during 2012, reflecting tenants' strong position in lease negotiations. Berlin was the only German market to witness decreases in costs during the year. This was mainly due to availability of land and increasing competition from Eastern Europe. At the other end of the scale, St Petersburg, Tallinn and Moscow recorded the strongest growth, at 8.2%, 7.5% and 4.6% respectively, supported by solid rental growth on the back of growing tenant demand, as well as increases in service charges (Figure 13).

Dublin the highest growth market between now and 2017

Occupancy costs in Europe are expected to grow by an average annual rate of 1.4% over the five-year forecast period, below the projected inflation rate. Dublin will be the highest growth market between now and 2017, reaching costs of 100 EUR/sq m pa compared to the current 77 EUR/sq m pa. This growth will be supported by a steady recovery in the economy and continuous strong demand for limited high-quality space. The Baltic markets of Riga and Vilnius will also see growth (3.1% pa), on the back of rising outgoings and increasing demand from logistics operators. Meanwhile, there will be cost saving opportunities for occupiers in Milan, as poor economic prospects and weak demand will have dampening effect on rents (Figure 14).

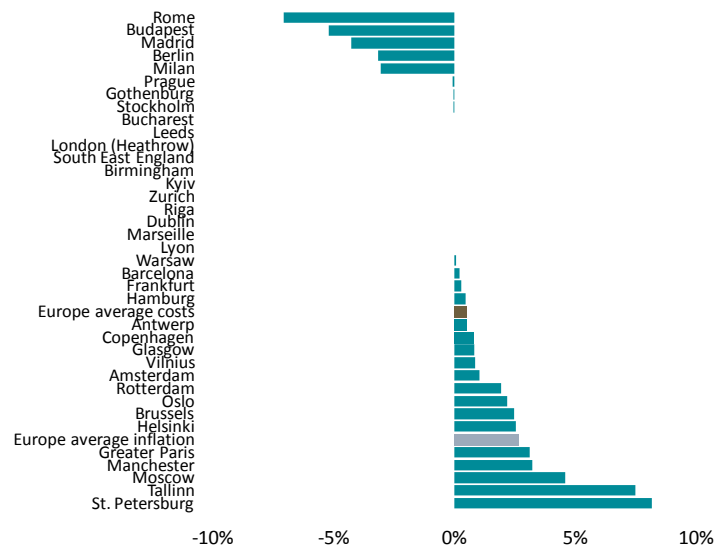
Antwerp to become least expensive market in 2017

For the third year running, occupiers in Marseille, Antwerp, Brussels, Lyon and Budapest have benefitted from the lowest occupancy costs in Europe. These markets will remain the five most affordable markets across the region in 2017. However, as the projected cost growth rate in Antwerp will be subdued going forward, it will replace Marseille as the least expensive market by 2017 (Figure 15).

The logistics hub of London Heathrow remains by far the most expensive location for occupiers. It is followed by Oslo and the rest of South East England. It is worth noting, however, that occupiers can often benefit from lower costs in the most expensive markets through lease incentives, which are not taken into account in this study.

Figure 13

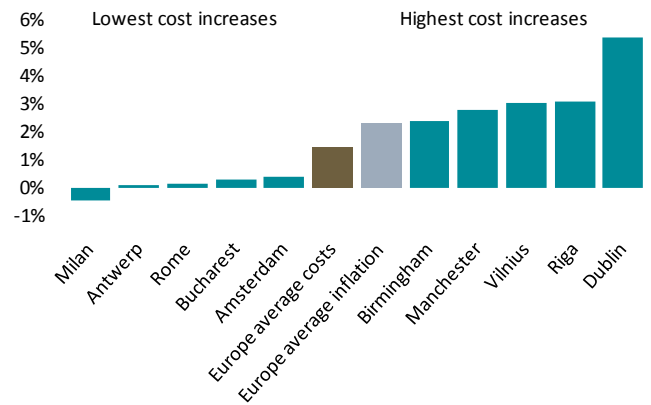
Change in logistics occupancy costs, 2012 (local currency)



Source: DTZ Research

Figure 14

Forecast pa increase in logistics occupancy costs, end 2012-2017 (EUR)

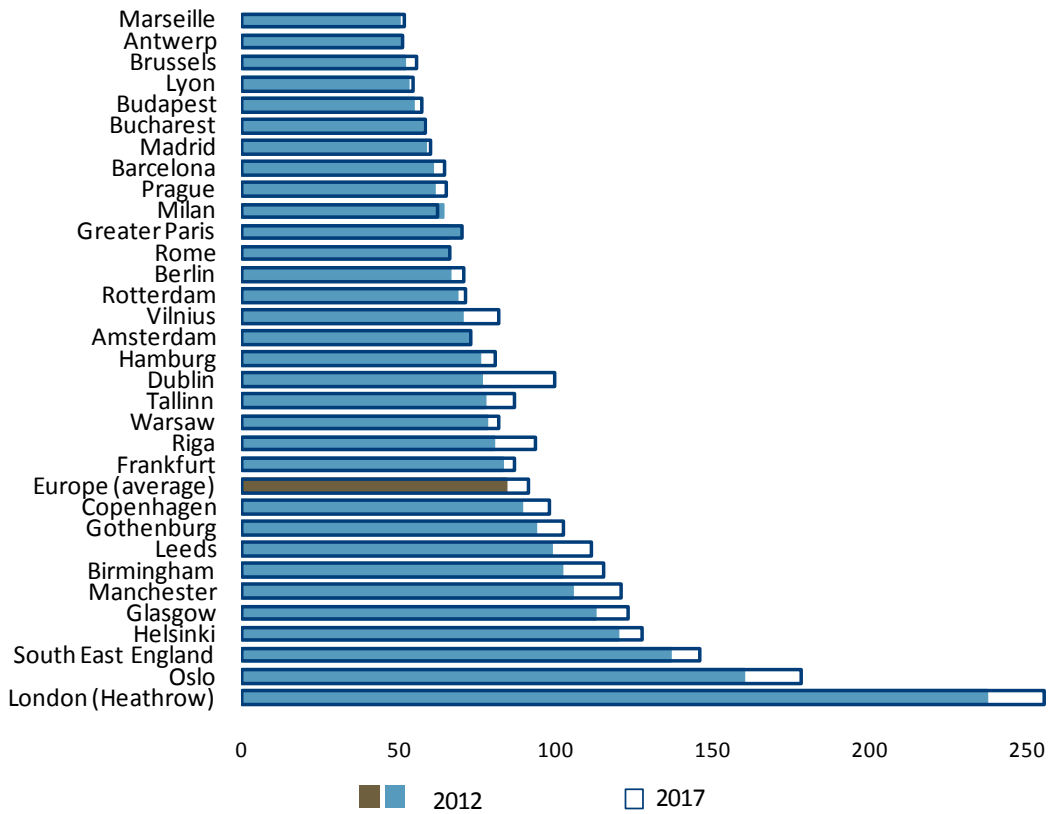


Source: DTZ Research

Global Occupancy Costs - Logistics

Figure 15

Logistics occupancy costs, end 2012 and 2017 - Europe (EUR/sq m pa), ranked by least expensive in 2012



Source: DTZ Research

Global Occupancy Costs - Logistics

United States

US logistics markets gained strength during 2012

It is fair to say that 2012 saw US logistics leasing activity pick up, with vacancy declines noted across all major markets. As such, occupancy costs increased in all US cities during the year, albeit at a modest regional average rate of 1.5% (Figure 16). It should be noted that the average regional growth in costs was well below the inflation average of 2.0%.

The biggest cost increases took place in the transport hubs of Houston (2.2%), Chicago (2.0%) and Atlanta (1.9%). Houston was the only market to see costs grow at a rate above the regional inflation average. There was strong demand for industrial space throughout the year, supported by the growth of Houston's port and the city's robust energy sector. Chicago and Atlanta continue to undergo a steady recovery, reflected by solid leasing activity and moderate upward pressure on rents. The mature logistics hub of Los Angeles saw costs increase at a muted rate of 1.3%, as prime logistics space remains inadequate. At the other end of the scale, Seattle witnessed the lowest cost increases during the year, at 0.8%, followed by Philadelphia and Miami, both recording a 1.1% increase during 2012 (Figure 16).

Miami, Chicago and Houston to see the strongest growth in costs

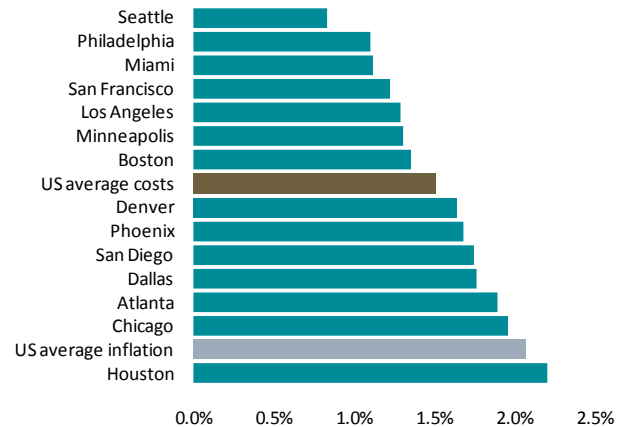
Going forward, we forecast occupancy costs in the US to grow by 1.9% over the five-year forecast period, as demand continues to outpace supply in a majority of the markets (Figure 17). However, tenants in Boston will benefit from the lowest regional annual cost growth of 1.6%, as abundant supply will continue to give them the upper hand in lease negotiations. San Diego and Philadelphia are set to see the second lowest regional cost growth rate of 1.6%. The highest cost increases are expected in Miami, Chicago and Houston, where we forecast average annual growth rates of 2.2%. In Miami, this will be attributed to strong tenant demand, supported by continued business expansion and proximity to the expanding Panama Canal.

Atlanta maintains its position as least expensive city

At 59 USD/sq m pa, Atlanta currently offers occupiers the most affordable prime logistics space in the US, followed by Dallas and Houston (Figure 18). These will remain the most affordable locations in 2017, reaching 66 USD/sq m pa in Atlanta, 73 USD/sq m pa in Dallas and 77 USD/sq m pa in Houston. At the other end of the scale, San Francisco and Miami will maintain their positions as the most expensive US logistics locations in 2017. Meanwhile, Seattle will overtake San Diego as the third most expensive US market.

Figure 16

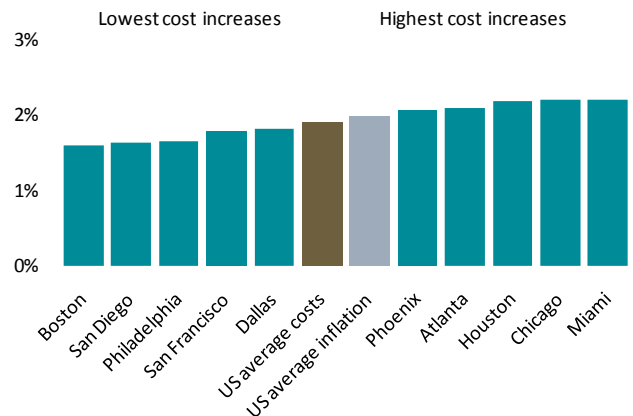
Change in logistics occupancy costs, 2012 (local currency)



Source: DTZ Research, REIS

Figure 17

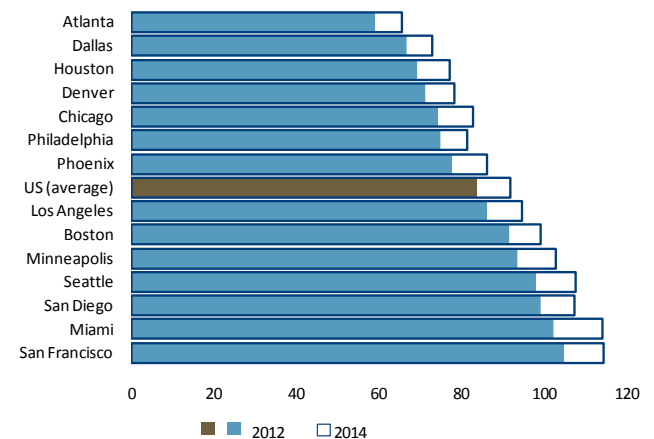
Forecast pa increase in logistics occupancy costs, end 2012-2017 (USD)



Source: DTZ Research

Figure 18

Logistics occupancy costs, end 2012 and 2017 – US (USD/sq m pa), ranked by most affordable in 2012

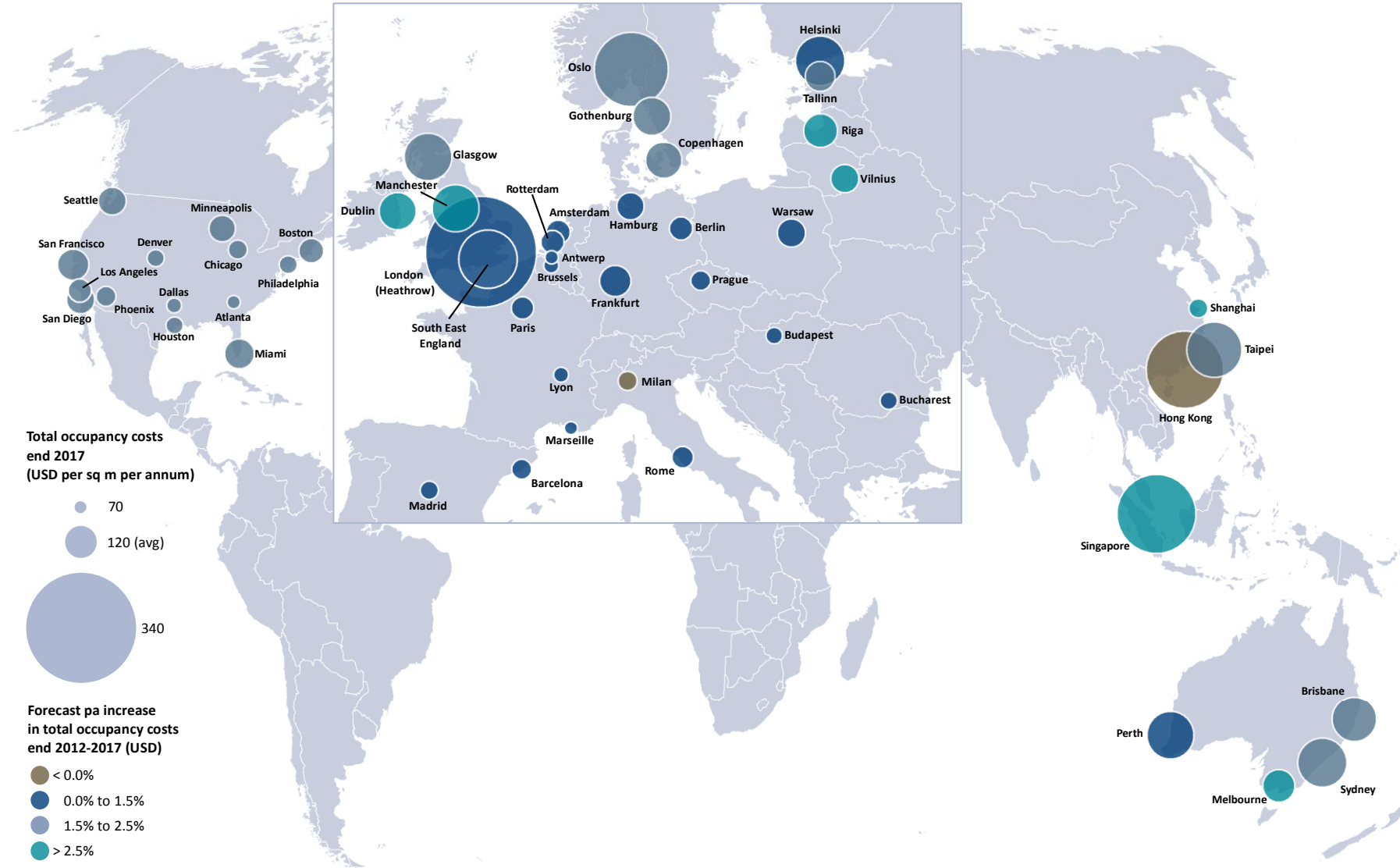


Source: DTZ Research, REIS

Global Occupancy Costs - Logistics

Map 1

Logistics occupancy costs in 2017 and forecast growth per annum, 2012-2017 (USD)



Source: DTZ Research, ESRI

Global Occupancy Costs - Logistics

Appendix 1

Table 1

Ranking of markets by total occupancy costs per sq m per annum (USD and local currency)

Rank 2012	Rank 2011	Region	Country/Territory	Market	Total occupancy cost per sq m pa		YOY change	Total occupancy cost per sq m pa			YOY change
					(USD)			(Locally quoted)			
					2012	2011		Unit	2012	2011	
1	1	North America	United States	Atlanta	59	58	1.9%	USD	59	58	1.9%
2	2	Europe	France	Marseille	66	65	1.8%	EUR	50	50	0.0%
3	4	North America	United States	Dallas	67	66	1.8%	USD	67	66	1.8%
4	5	Europe	Belgium	Antwerp	67	66	2.3%	EUR	51	51	0.5%
5	3	Europe	Belgium	Brussels	68	65	4.3%	EUR	52	51	2.5%
6	6	North America	United States	Houston	69	68	2.2%	USD	69	68	2.2%
7	7	Europe	France	Lyon	70	69	1.8%	EUR	53	53	0.0%
8	8	North America	United States	Denver	71	70	1.6%	USD	71	70	1.6%
9	12	Europe	Hungary	Budapest	72	75	-3.5%	EUR	55	58	-5.2%
10	9	Asia Pacific	China	Shanghai	73	71	1.9%	RMB	453	449	0.8%
11	10	North America	United States	Chicago	74	73	2.0%	USD	74	73	2.0%
12	11	North America	United States	Philadelphia	75	74	1.1%	USD	75	74	1.1%
13	12	Europe	Romania	Bucharest	76	75	1.8%	EUR	58	58	0.0%
14	17	Europe	Spain	Madrid	78	80	-2.5%	EUR	59	61	-4.3%
15	14	North America	United States	Phoenix	78	77	1.7%	USD	78	77	1.7%
16	16	Asia Pacific	China	Shenzhen	79	79	0.1%	RMB	492	497	-1.0%
17	15	Europe	Spain	Barcelona	80	79	2.0%	EUR	61	61	0.2%
18	19	Europe	Ukraine	Kyiv	80	80	0.0%	USD	80	80	0.0%
19	18	Europe	Czech Republic	Prague	81	80	1.7%	EUR	62	62	-0.1%
20	22	Europe	Italy	Milan	84	86	-1.3%	EUR	64	66	-3.0%
21	21	North America	United States	Los Angeles	86	85	1.3%	USD	86	85	1.3%
22	20	Europe	France	Greater Paris	87	83	5.0%	EUR	66	64	3.1%
23	27	Europe	Italy	Rome	87	92	-5.4%	EUR	66	71	-7.0%
24	24	Europe	Germany	Berlin	87	89	-1.4%	EUR	66	68	-3.2%
25	23	Europe	Netherlands	Rotterdam	91	88	3.8%	EUR	69	68	2.0%
26	26	North America	United States	Boston	92	91	1.4%	USD	92	91	1.4%
27	25	Europe	Lithuania	Vilnius	93	90	2.7%	EUR	70	70	0.9%
28	29	North America	United States	Minneapolis	94	93	1.3%	USD	94	93	1.3%
29	28	Europe	Netherlands	Amsterdam	95	92	2.8%	EUR	72	71	1.0%
30	31	North America	United States	Seattle	98	97	0.8%	USD	98	97	0.8%
31	32	North America	United States	San Diego	99	97	1.8%	USD	99	97	1.8%
32	33	Europe	Germany	Hamburg	100	98	2.3%	EUR	76	76	0.5%
33	34	Asia Pacific	Australia	Melbourne	101	99	2.3%	AUD	97	97	0.5%
34	35	Europe	Ireland	Dublin	101	99	1.8%	EUR	77	77	0.0%
35	30	Europe	Estonia	Tallinn	102	93	9.4%	EUR	77	72	7.5%
36	36	North America	United States	Miami	102	101	1.1%	USD	102	101	1.1%
37	37	Europe	Poland	Warsaw	103	102	1.9%	EUR	78	78	0.1%
38	38	North America	United States	San Francisco	105	104	1.2%	USD	105	104	1.2%
39	39	Europe	Latvia	Riga	106	104	1.8%	EUR	80	80	0.0%
40	40	Europe	Germany	Frankfurt	110	107	2.1%	EUR	83	83	0.3%
41	41	Europe	Denmark	Copenhagen	118	115	2.1%	DKK	665	660	0.8%
42	42	Europe	Sweden	Gothenburg	124	117	5.7%	SEK	805	805	0.0%
43	43	Europe	United Kingdom	Leeds	131	125	4.6%	GBP	80	80	0.0%
44	44	Europe	Sweden	Stockholm	132	125	5.7%	SEK	860	860	0.0%
45	45	Europe	United Kingdom	Birmingham	135	129	4.6%	GBP	83	83	0.0%
46	45	Europe	United Kingdom	Manchester	139	129	8.0%	GBP	86	83	3.2%
47	47	Asia Pacific	Australia	Brisbane	139	135	2.9%	AUD	134	133	1.0%
48	48	Europe	United Kingdom	Glasgow	149	141	5.4%	GBP	91	91	0.8%
49	49	Asia Pacific	Australia	Perth	151	143	5.7%	AUD	145	140	3.8%
50	50	Asia Pacific	Australia	Sydney	152	145	4.3%	AUD	146	143	2.5%
51	51	Europe	Finland	Helsinki	158	152	4.4%	EUR	120	117	2.6%
52	52	Asia Pacific	Taiwan	Taipei	164	152	7.8%	TWD	4,765	4,612	3.3%
53	56	South America	Brazil	São Paulo	178	185	-3.9%	BRL	365	346	5.7%
54	54	Europe	United Kingdom	South East England	180	172	4.6%	GBP	111	111	0.0%
55	53	Europe	Russia	St. Petersburg	185	171	8.2%	USD	185	171	8.2%
56	58	Europe	Russia	Moscow	205	196	4.6%	USD	205	196	4.6%
57	57	Europe	Norway	Oslo	211	193	9.7%	NOK	1,175	1,150	2.2%
58	55	Asia Pacific	Singapore	Singapore	215	184	16.5%	SGD	262	239	9.7%
59	59	Europe	Switzerland	Zurich	218	213	2.6%	CHF	200	200	0.0%
60	60	Asia Pacific	Hong Kong SAR	Hong Kong	271	247	9.8%	HKD	2,102	1,919	9.6%
61	61	Europe	United Kingdom	London (Heathrow)	313	299	4.6%	GBP	193	193	0.0%

NB. Chengdu, Shenyang and Wuhan have been excluded from the table due to unavailability of 2011 data - these markets were added to the coverage in 2012

Source: DTZ Research, REIS

Global Occupancy Costs - Logistics

Appendix 2

Table 2

Forecast total occupancy costs per sq m per annum and change in costs rank (USD)

Actual and forecast total occupancy costs per sq m per annum (USD)							
Country/Territory	Market	2012 Occupancy Costs	Costs Rank 2012	2017 Occupancy Costs	Costs Rank 2017	Change in rank	Average annual growth end 2012-17
Australia	Brisbane	139	44	155	43	▲	2.1%
Australia	Melbourne	101	31	119	36	▼	3.4%
Australia	Perth	151	46	159	44	▲	1.1%
Australia	Sydney	152	47	168	47	-	2.1%
Belgium	Antwerp	67	4	68	2	▲	0.1%
Belgium	Brussels	68	5	73	6	▼	1.4%
China	Shanghai	73	10	84	15	▼	3.0%
Czech Republic	Prague	81	17	86	17	-	1.1%
Denmark	Copenhagen	118	39	129	38	▲	1.9%
Estonia	Tallinn	102	33	114	32	▲	2.3%
Finland	Helsinki	158	48	168	48	-	1.3%
France	Lyon	70	7	72	4	▲	0.5%
France	Greater Paris	87	20	92	20	-	1.2%
France	Marseille	66	2	68	3	▼	0.6%
Germany	Berlin	87	22	93	21	▲	1.3%
Germany	Frankfurt	110	38	115	35	▲	0.9%
Germany	Hamburg	100	30	106	27	▲	1.2%
Hong Kong SAR	Hong Kong	271	53	242	52	▲	-2.2%
Hungary	Budapest	72	9	75	7	▲	0.9%
Ireland	Dublin	101	32	131	39	▼	5.4%
Italy	Milan	84	18	83	13	▲	-0.5%
Italy	Rome	87	21	88	19	▲	0.1%
Latvia	Riga	106	37	123	37	-	3.1%
Lithuania	Vilnius	93	25	108	29	▼	3.1%
Netherlands	Amsterdam	95	27	97	24	▲	0.4%
Netherlands	Rotterdam	91	23	94	22	▲	0.7%
Norway	Oslo	211	51	235	51	-	2.2%
Poland	Warsaw	103	35	108	30	▲	0.8%
Romania	Bucharest	76	13	77	8	▲	0.3%
Singapore	Singapore	215	52	248	53	▼	3.0%
Spain	Barcelona	80	16	85	16	-	1.3%
Spain	Madrid	78	14	79	11	▲	0.5%
Sweden	Gothenburg	124	40	135	40	-	1.8%
Taiwan	Taipei	164	49	183	49	-	2.2%
United Kingdom	Birmingham	135	42	152	42	-	2.4%
United Kingdom	Glasgow	149	45	162	46	▼	1.8%
United Kingdom	Leeds	131	41	147	41	-	2.4%
United Kingdom	London (Heathrow)	313	54	337	54	-	1.5%
United Kingdom	Manchester	139	43	160	45	▼	2.8%
United Kingdom	South East England	180	50	193	50	-	1.3%
United States	Atlanta	59	1	66	1	-	2.1%
United States	Boston	92	24	99	25	▼	1.6%
United States	Chicago	74	11	83	14	▼	2.2%
United States	Dallas	67	3	73	5	▼	1.8%
United States	Denver	71	8	78	10	▼	1.9%
United States	Houston	69	6	77	9	▼	2.2%
United States	Los Angeles	86	19	95	23	▼	1.9%
United States	Miami	102	34	114	33	▲	2.2%
United States	Minneapolis	94	26	103	26	-	1.9%
United States	Philadelphia	75	12	81	12	-	1.6%
United States	Phoenix	78	15	86	18	▼	2.1%
United States	San Diego	99	29	108	28	▲	1.6%
United States	San Francisco	105	36	115	34	▲	1.8%
United States	Seattle	98	28	108	31	▼	1.9%

NB: Our forecasts do not cover all 64 markets.

Source: DTZ Research, REIS

Global Occupancy Costs - Logistics

Definitions

- **Total occupancy cost**

Total occupancy cost is defined as the total cost of leasing prime usable space on a gross internal basis.

Total costs include rents, property taxes and service charges (including VAT).

The definition of service charge varies depending on the market. Service charges may typically include security, site maintenance and landscaping, and can also vary depending on the type and size of the estate.

Total occupancy costs exclude leasing incentives, such as rent-free periods.

- **Logistics building**

A logistics building is a large-scale industrial premise in which (a range of) logistics activities are performed, such as storage and transshipment. The logistics building is located in a prime industrial area with good transport links. The building normally consists of approximately 5-10% office, a minimum gross internal floor area of 5,000 sq m and an eaves height in excess of 10 metres.

- **Prime rent**

Prime rent is the highest rent that could be achieved for a typical building/unit of the highest quality and specification in the best location to a tenant with a good (i.e. secure) covenant.

The prime rent is a *net* rent, excluding service charge and tax. It is based on a standard lease, excluding exceptional deals for that particular market.

- **Gross Internal Area (GIA)**

Gross Internal Area refers to the total floor area within the building measured to the internal face of the external walls. It includes areas such as internal walls, partitions, columns, toilets, changing rooms, lift rooms, boiler rooms and open-sided covered areas.

Global Occupancy Costs - Logistics

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Updates on occupational markets from an occupier perspective, with commentary, analysis, charts and data.

Global Occupancy Costs Offices
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Obligations of Occupation Asia Pacific
Obligations of Occupation EMEA
Office Occupier Review Asia Pacific
Office Occupier Review Europe
Motorways of the Sea - January 2013
The TMT Sector - October 2012
The European Insurance Sector - June 2012

Property Times

Regular updates on occupational markets from a landlord perspective, with commentary, charts, data and forecasts.

Coverage includes Asia Pacific, Bangkok, Beijing, Berlin, Brisbane, Bristol, Brussels, Budapest, Central London, Chengdu, Chongqing, Dalian, Edinburgh, Europe, Frankfurt, Glasgow, Guangzhou, Hangzhou, Ho Chi Minh City, Hong Kong, India, Jakarta, Japan, Kuala Lumpur, Luxembourg, Madrid, Manchester, Melbourne, Milan, Nanjing, Newcastle, Paris, Poland, Prague, Qingdao, Rome, Seoul, Shanghai, Shenyang, Shenzhen, Singapore, Stockholm, Sydney, Taipei, Tianjin, Ukraine, Warsaw, Wuhan, Xian.

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