

Logistics in the COVID era

December 2020

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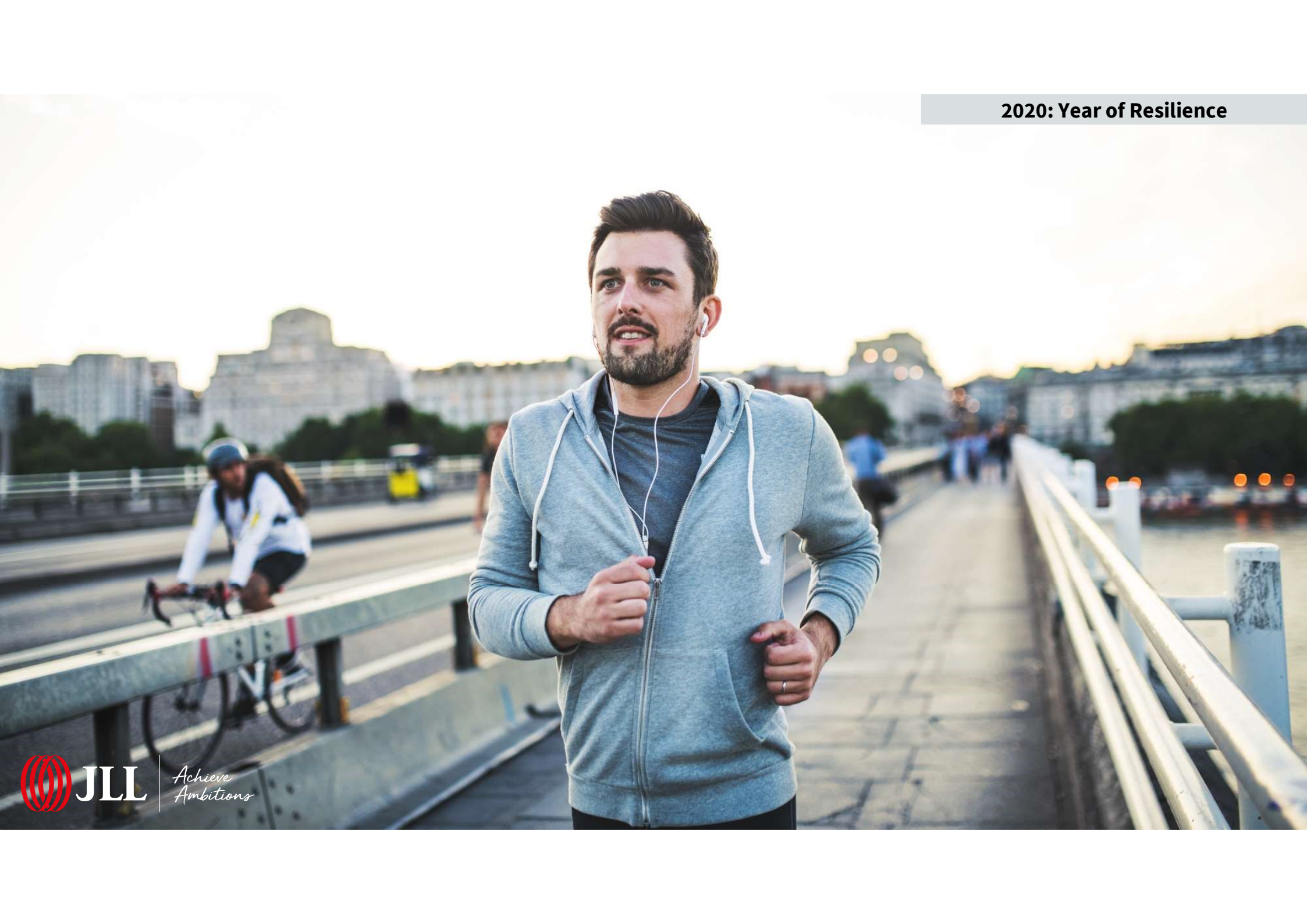


Agenda



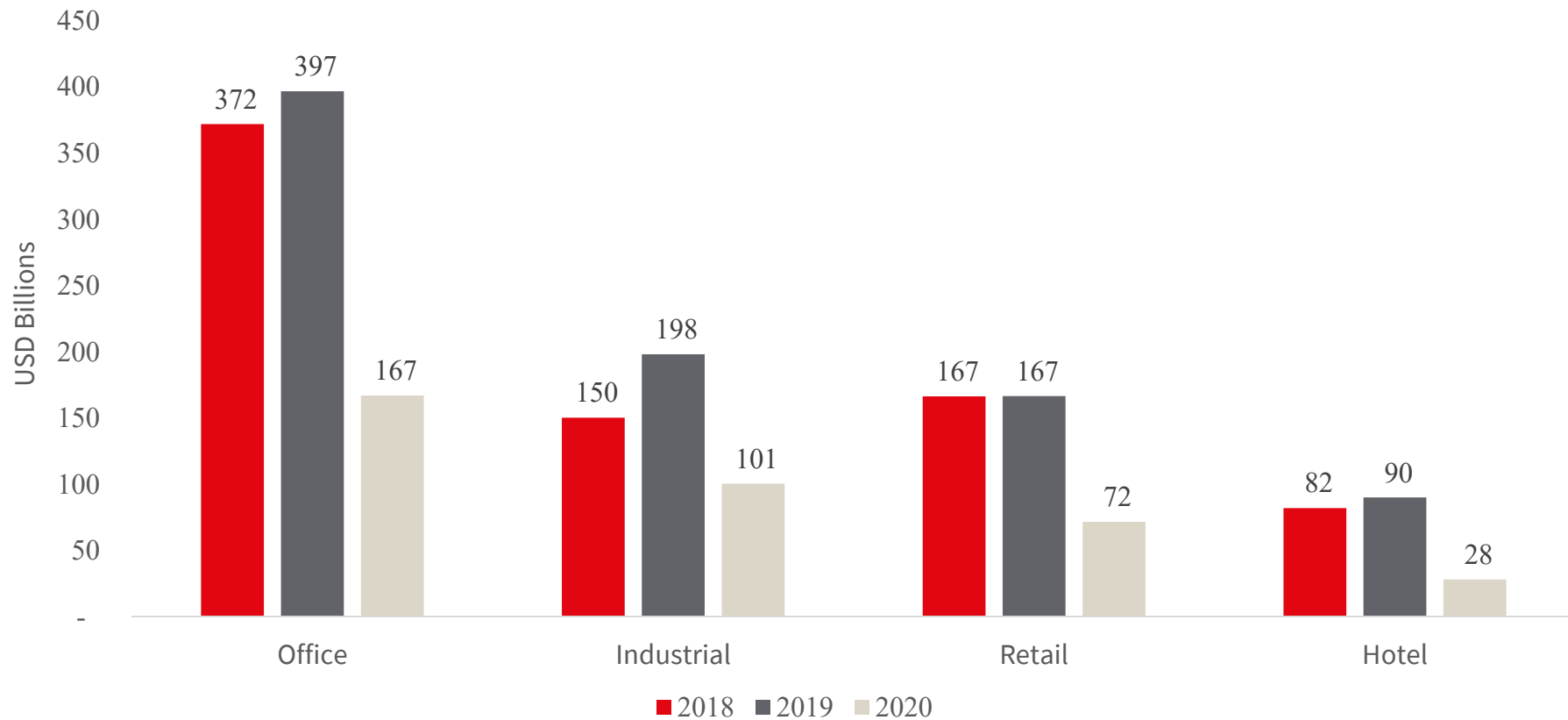
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- A vertical list of six agenda items, each preceded by a white circle with a red outline. The circles are connected by a thin red line that starts at the top and ends at the bottom, with a small red line segment at the very top. The text for each item is contained within a red rectangular bar.
- 2020: The year of logistics resilience in Asia Pacific
 - The impact of sophistication
 - The investment case for logistics
 - Covid-19 Implications
 - New Zealand industrial market performance
 - Heralding an era of sustainability

2020: Year of Resilience



Industrial volumes holding up relatively well

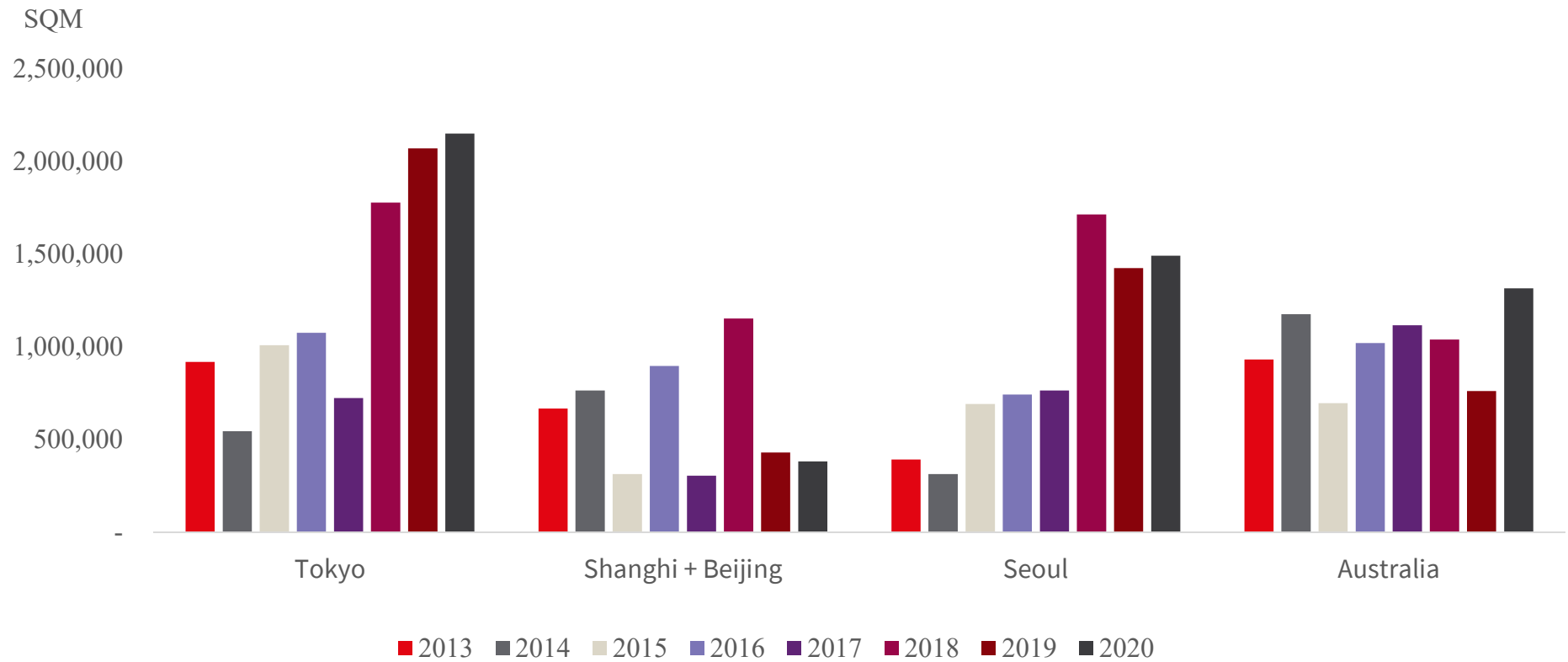
Global transaction volumes by sector



Source: RCA, JLL, 3Q20

Rapidly expanding investable universe

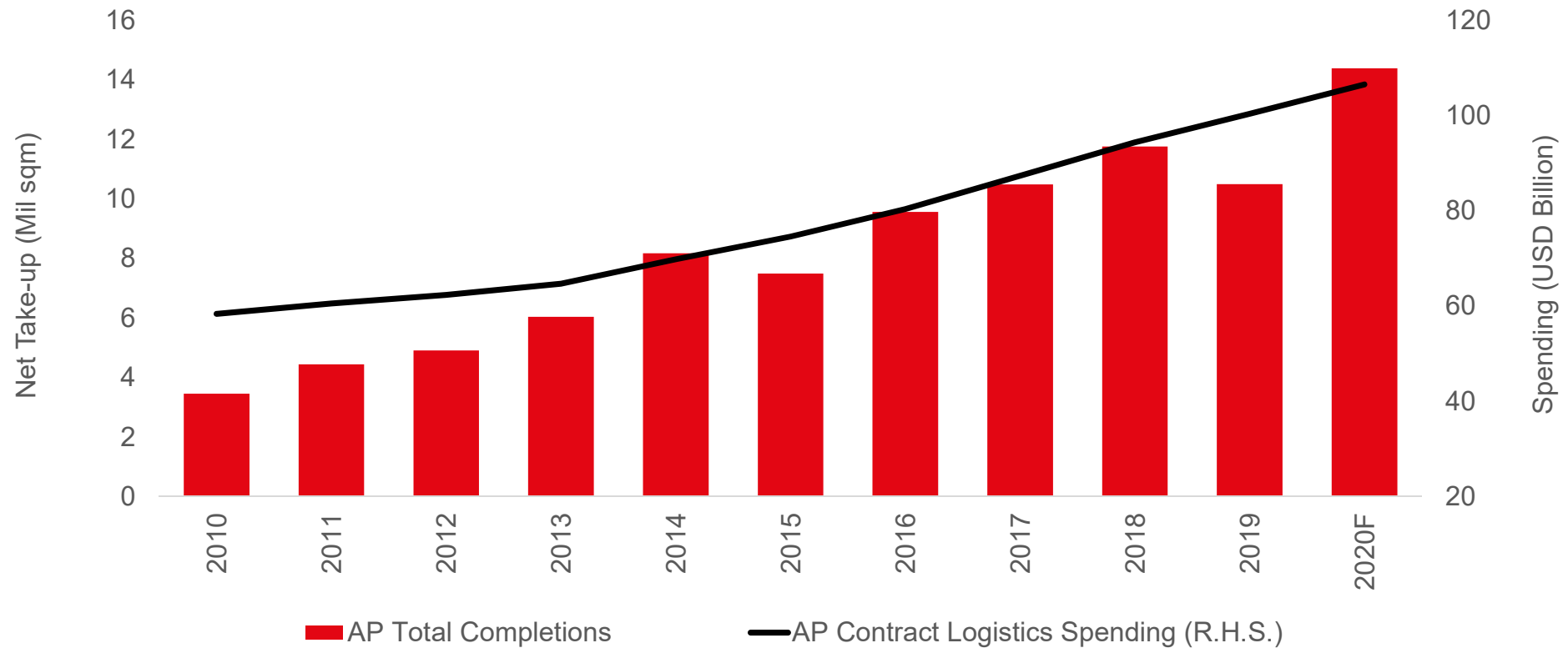
Annual completions by market



Source: JLL, 3Q20

Positive correlation between stock growth and logistics spending

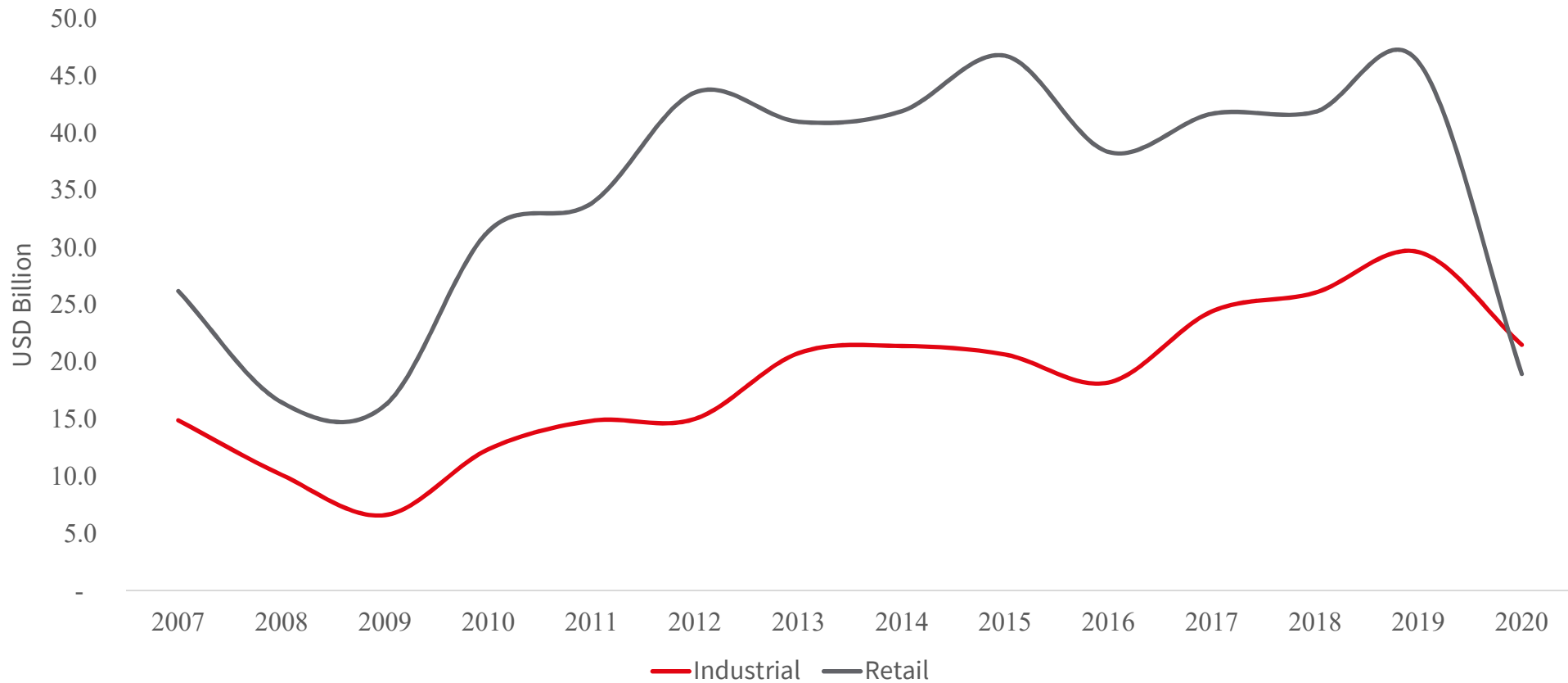
Asia Pacific logistics real estate and logistics spending, historical and forecast growth rates



Source: JLL (3Q20), Transport Intelligence, 2020

Industrial surpasses retail volumes in 2020

Asia Pacific deal volume – industrial vs retail

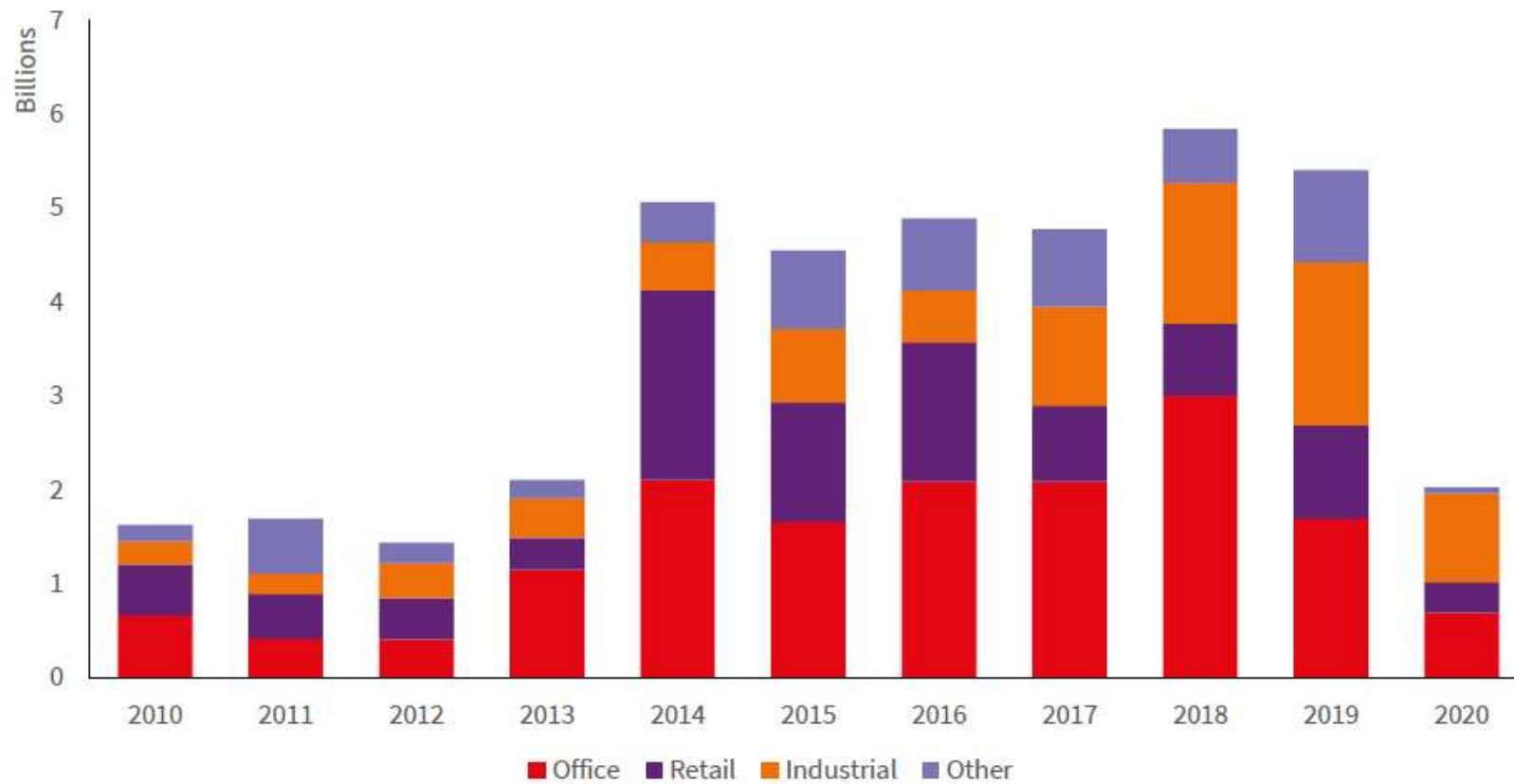


Source: RCA, JLL, 3Q20

Transaction Trends – New Zealand



New Zealand Annual Sale Transaction By Sector



Sophistication

Increased sophistication

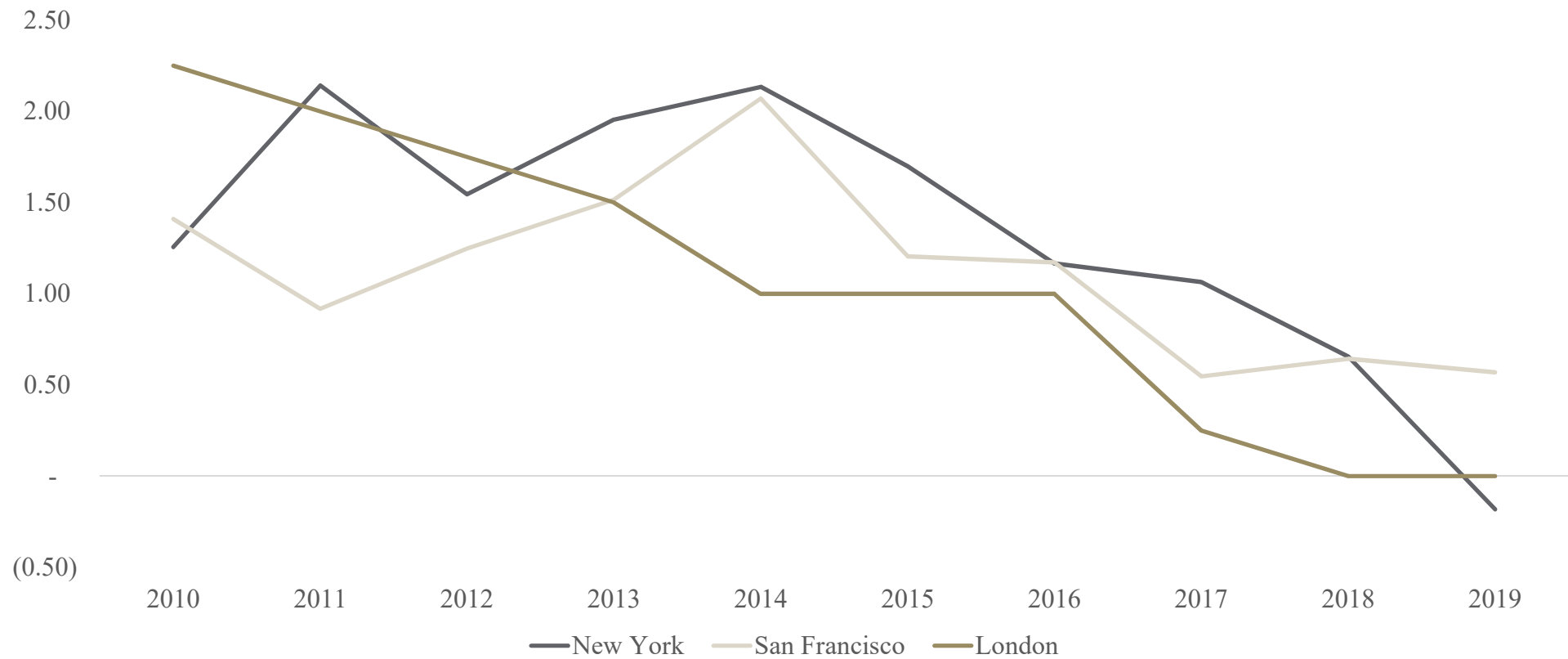


- Rapid Institutionalisation
- Pursuit for Platform deals
- Value upside
- Primary vs Secondary assets



Yield spreads continue to narrow

Spread between office and industrial yields



Source :JLL, 3Q20



Why logistics?

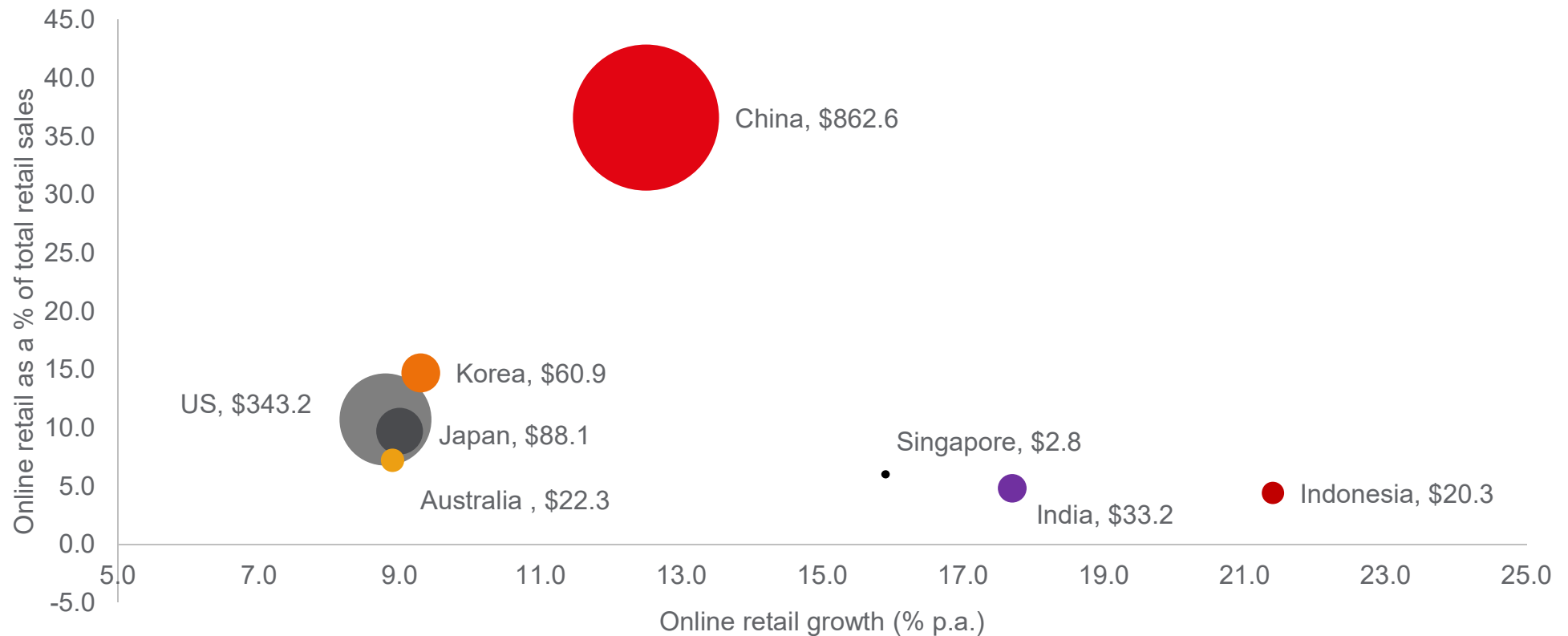


- Rapid urbanization and middle class
- Rise of 3PL companies
- Structural shifts
 - Last mile logistics
 - Multi-storey logistics
 - Integration of automation & technology
- Growth in e-commerce



E-commerce – the underlying driver

E-commerce growth and penetration rates



Source: Source: JLL, Transport Intelligence, 2020

Note: Bubble size indicates online retail sales, total (USD \$ billion); E-commerce penetration rates can differ widely, depending on source methodology.

COVID-19 Implications



COVID-19 Implications

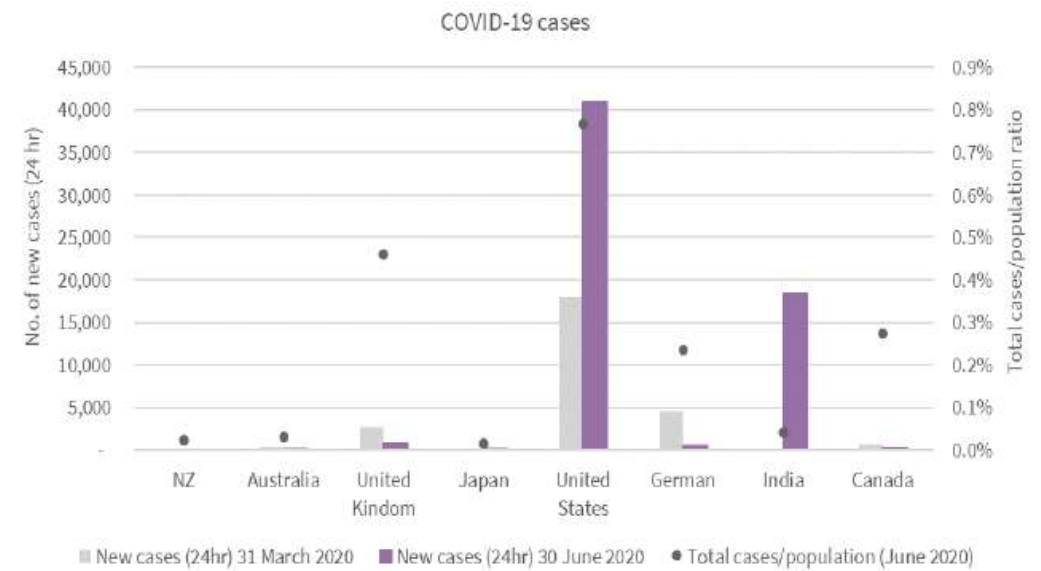
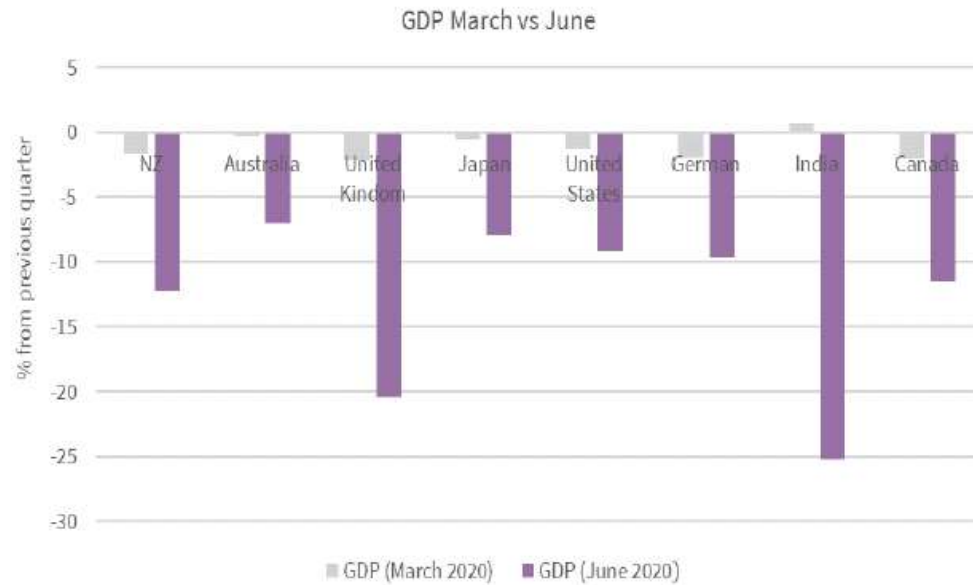


- Occupier demand on hold
- Spike in short term demand from essential services
- Construction progress but takes longer
- Disruption to global supply chains
- Longer term perspective
 - Supply chain risk management
 - Strong fundamentals

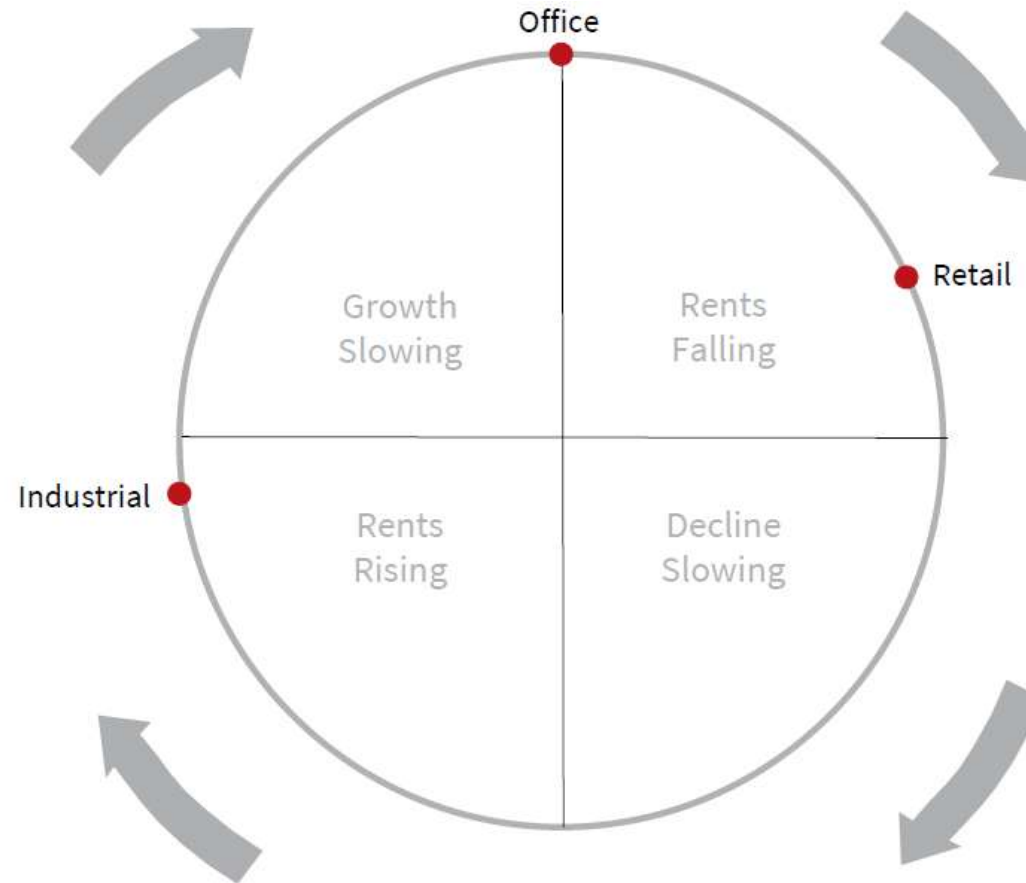


New Zealand Market

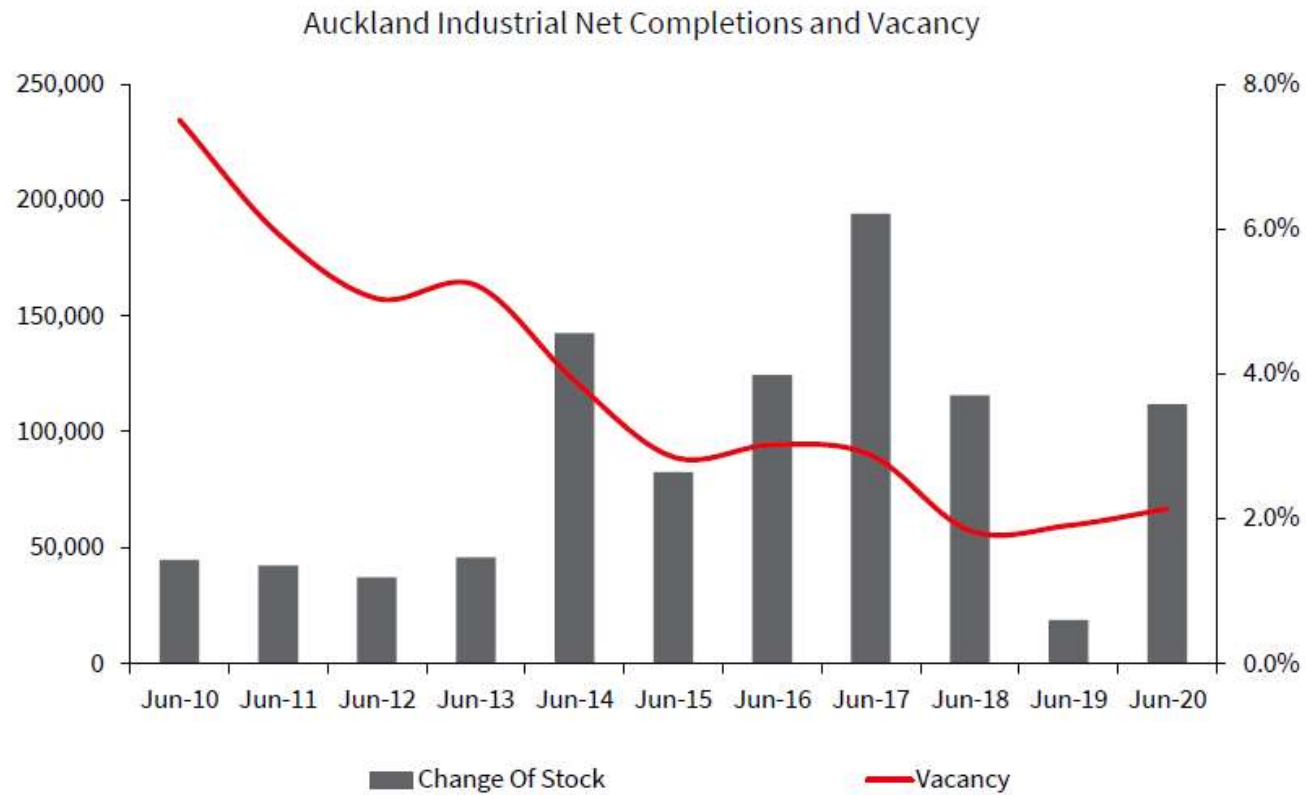
NZ vs Global GDP 2Q20



NZ Property Clock (3Q20)



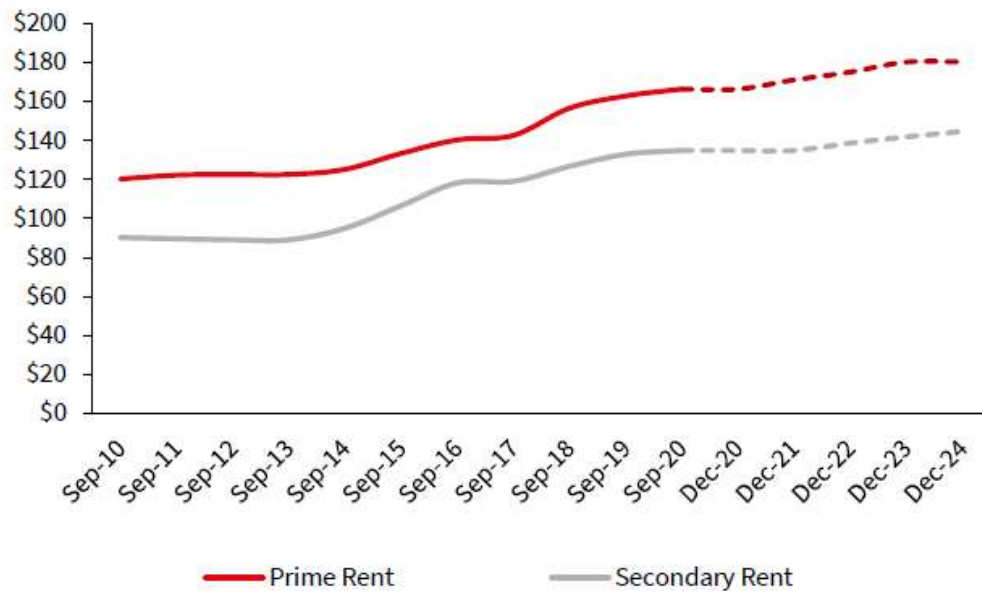
Auckland Industrial Vacancy



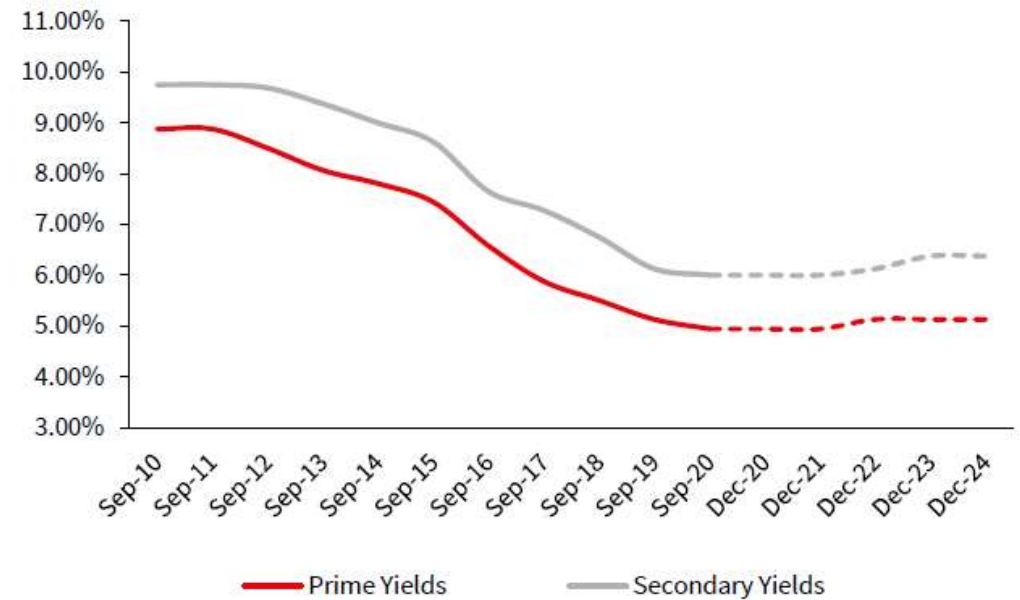
Auckland Industrial Rents and Yields



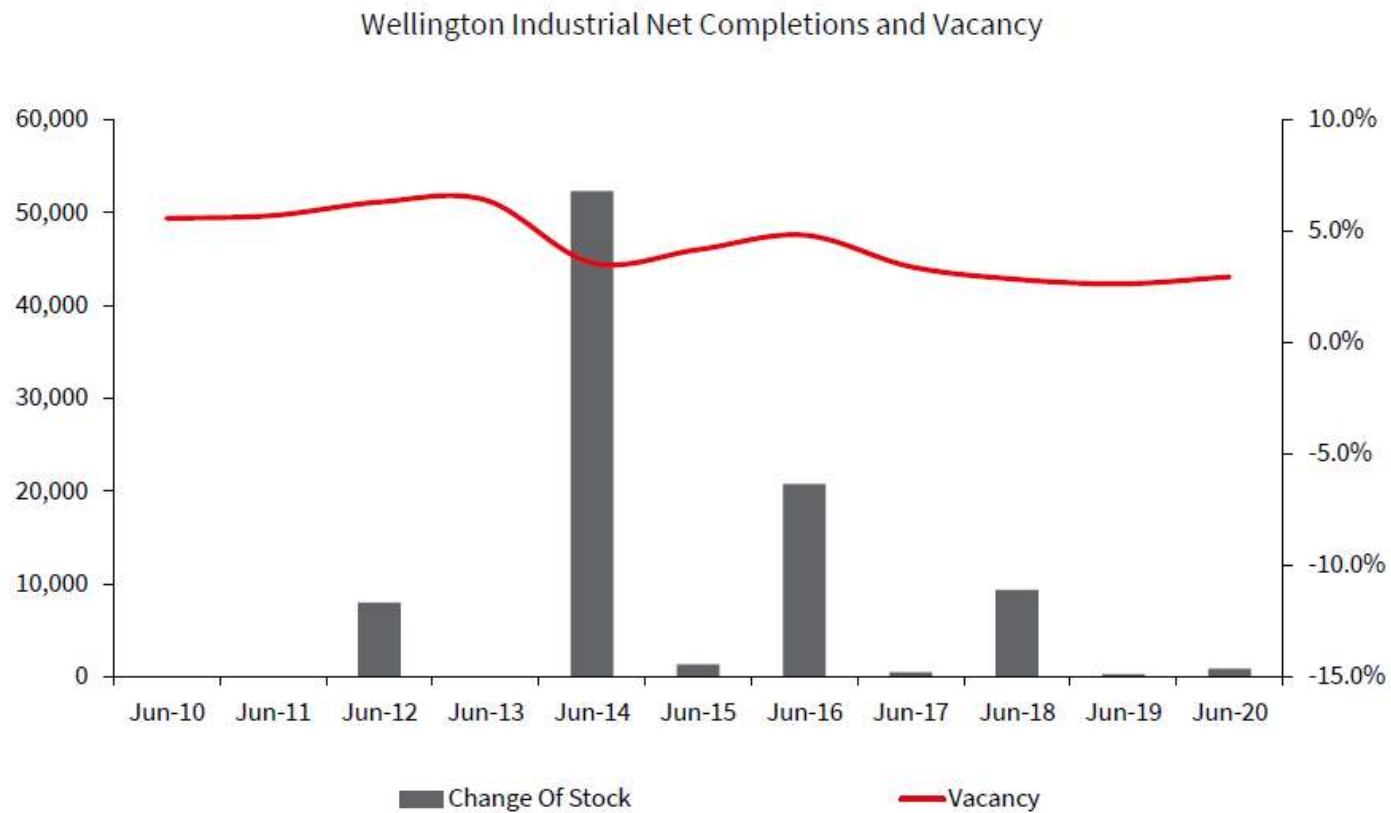
Auckland Industrial Prime and Secondary Rents



Auckland Industrial Prime and Secondary Yields



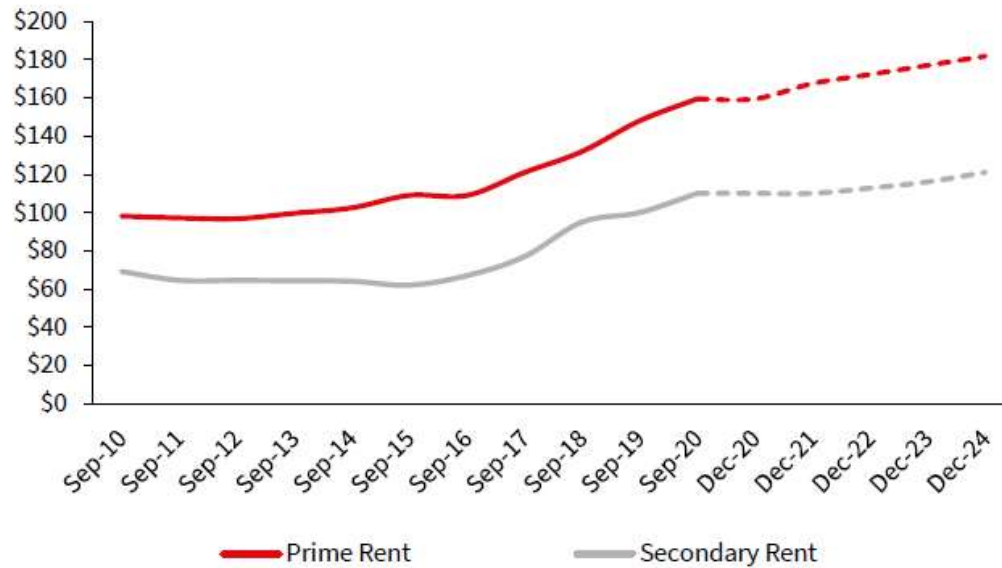
Wellington Industrial Vacancy



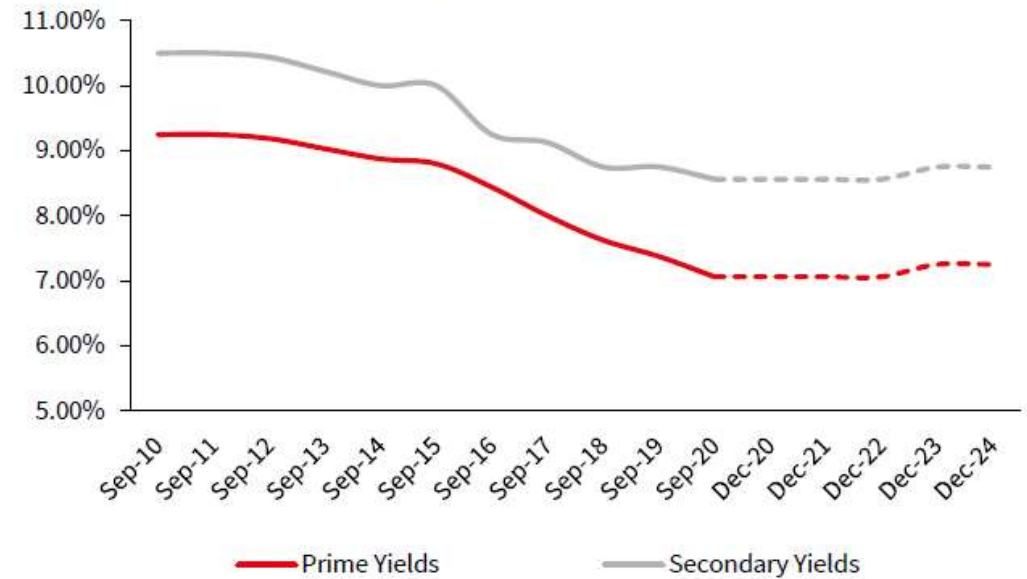
Wellington Industrial Rents and Yields



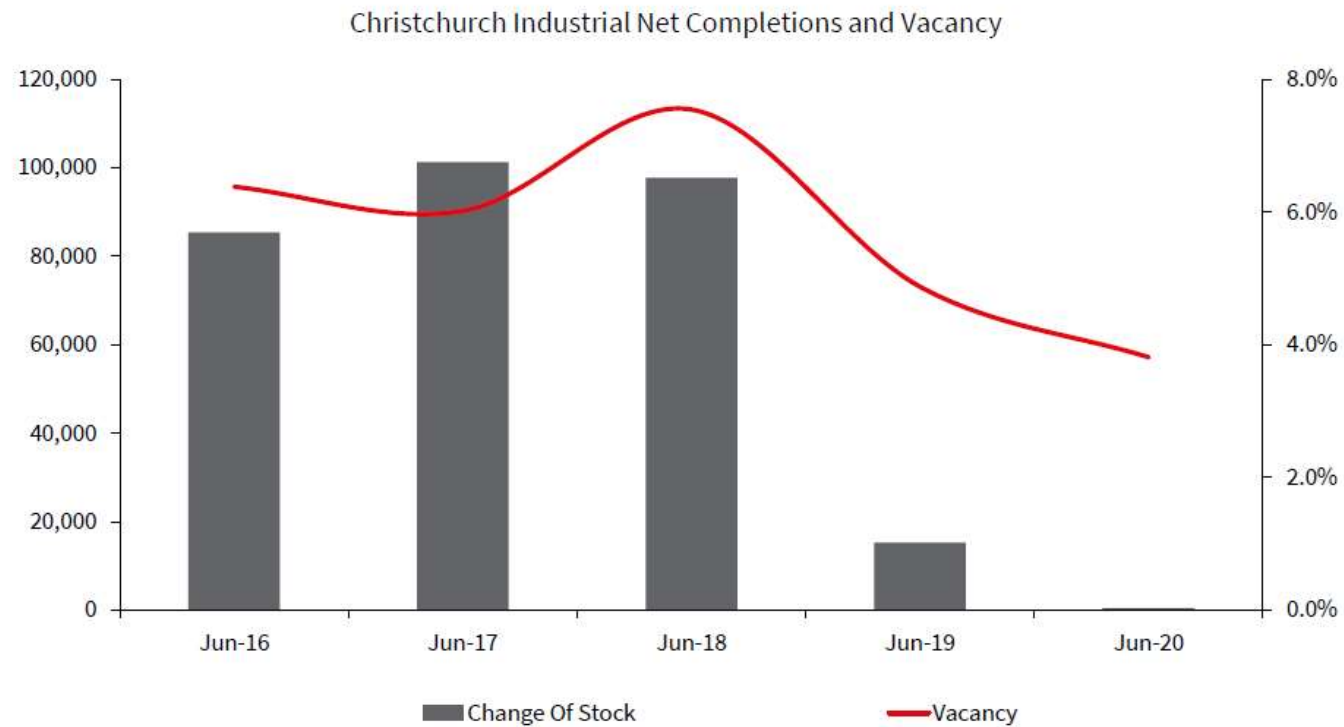
Wellington Industrial Average Gross Rents



Wellington Industrial Yields



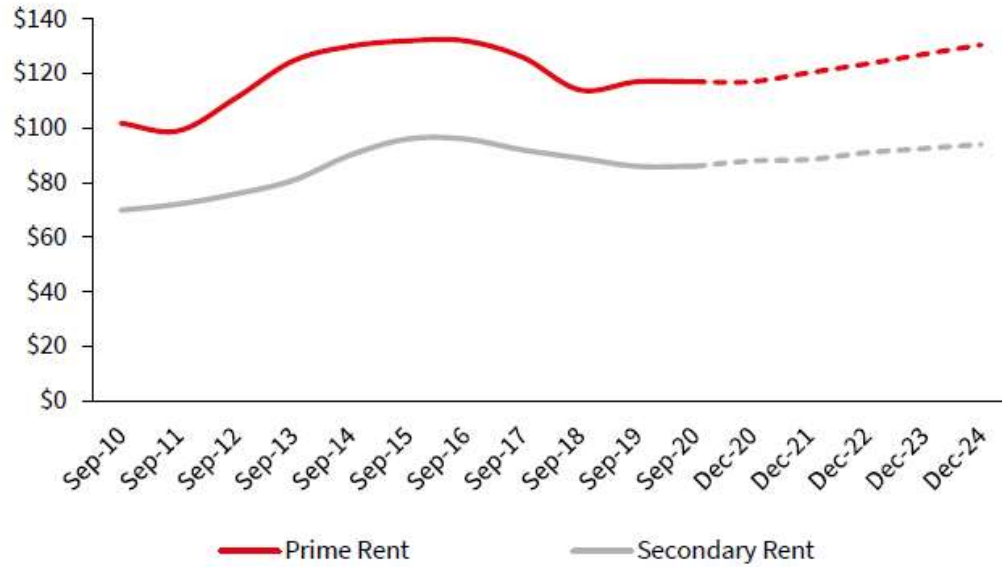
Christchurch Industrial Vacancy



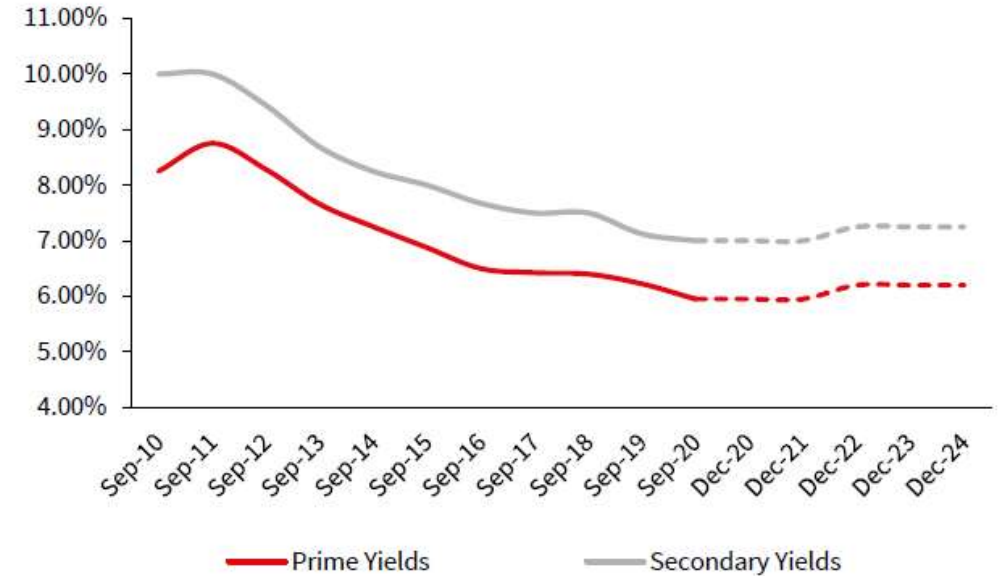
Christchurch Industrial Rents and Yields



Christchurch Industrial Average Net Rents



Christchurch Industrial Yields



Sustainability



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