



## **Analyst Conference Call**

# **Logistics – A New Hope?**

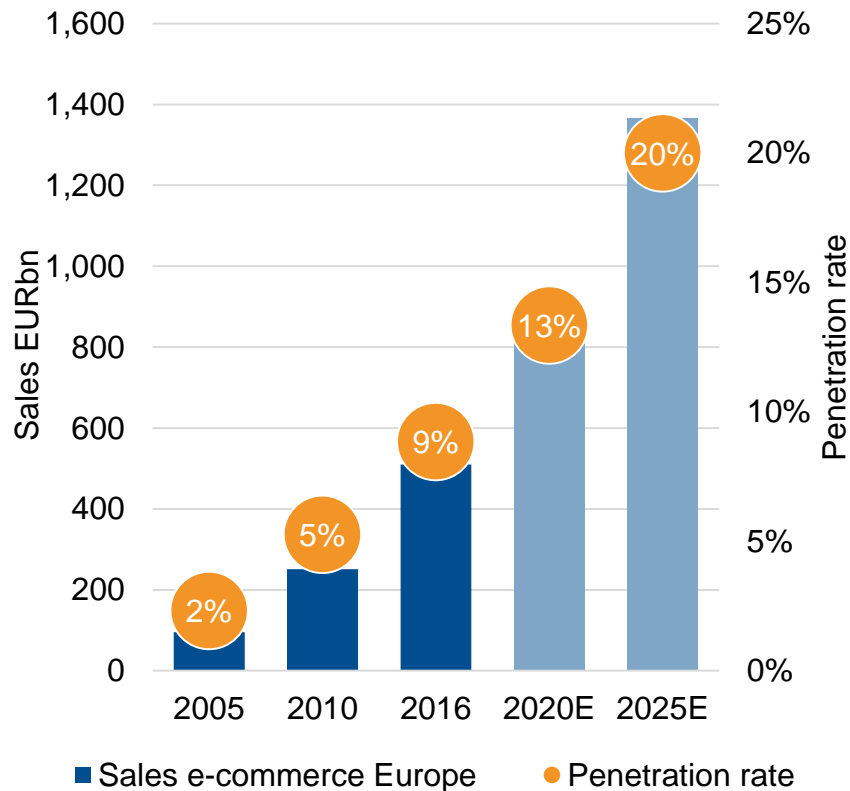
**E-commerce Impacts Real Estate**

Philipp Wass  
22 March 2017

## E-commerce impacts real estate

E-commerce: further room for growth

### Forecast: development of sales



- Relatively low penetration rate of 9%
- Demographic trend to a more-connected population
- Mentalities have changed to 'IWWIWWIWI'<sup>1</sup>

## E-commerce impacts real estate

Transforming European Retail industry: two possibilities left

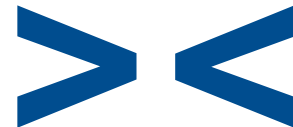
### Refocus



Business risk profile (-)  
Financial risk profile (+)

## Two Options

### Compete



Business risk profile (+)  
Financial risk profile (-)

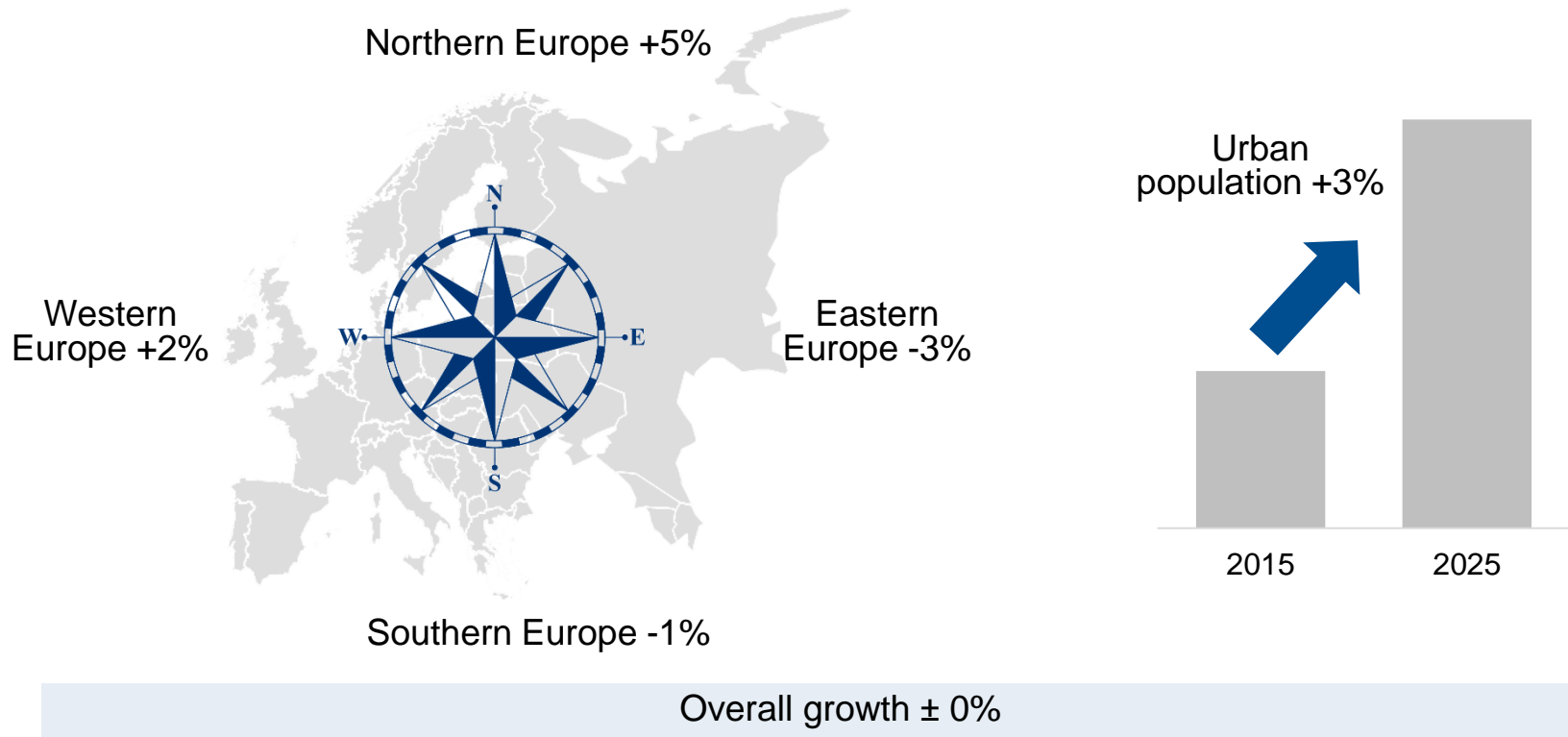
# **E-commerce impacts real estate**

Demand drivers for retail space

## E-commerce impacts real estate

Demographics with neutral effects on retail space

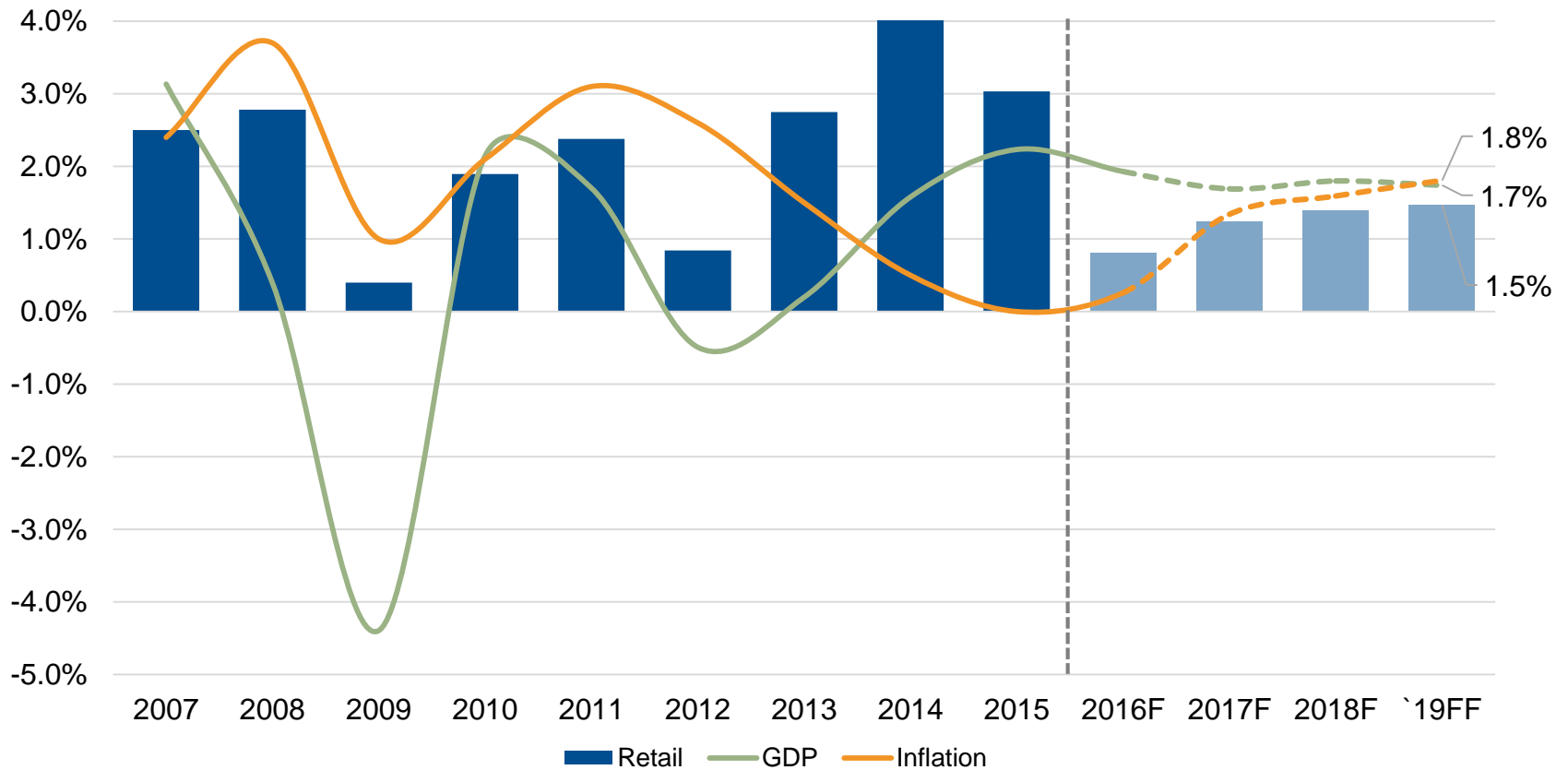
### Europe population forecast 2015 - 2025



## E-commerce impacts real estate

Marginal support from economic environment

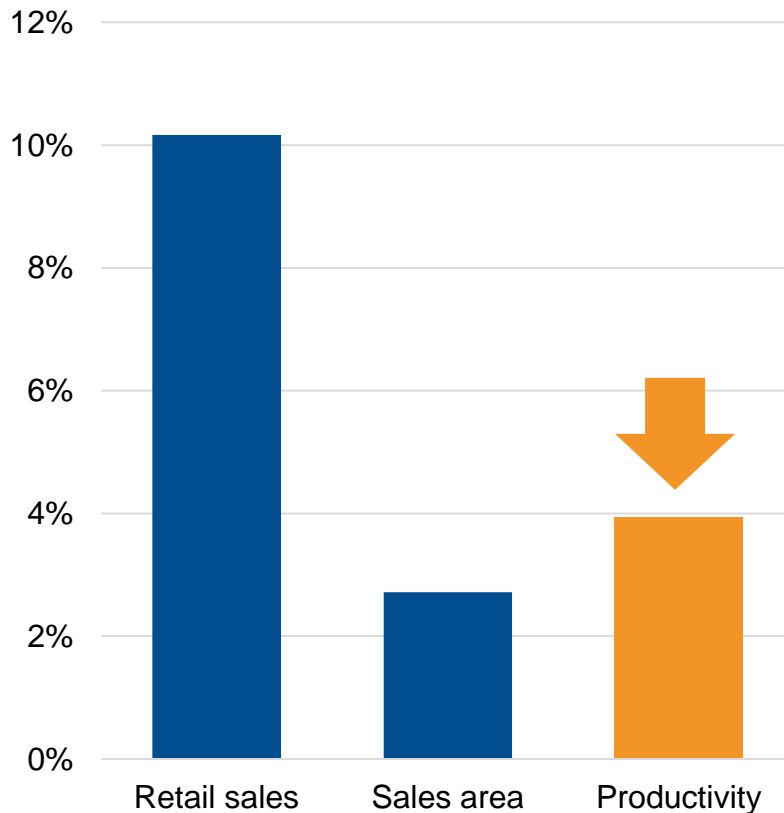
Annual growth rates (European Union incl. UK)



## E-commerce impacts real estate

Does muted growth of sales area productivity support demand?

### Growth between 2012 and 2015

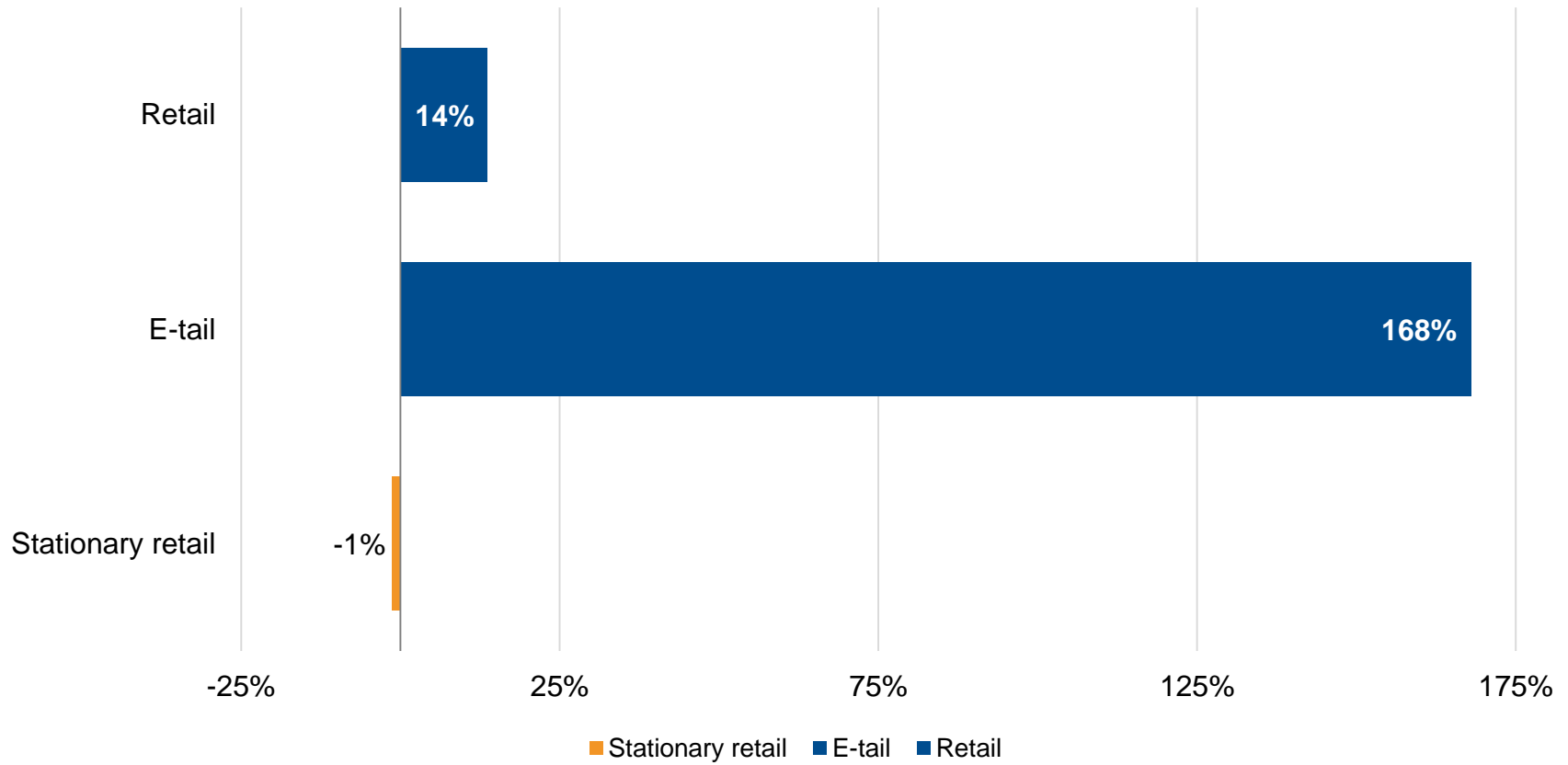


- + Support provided by meagre growth of sales area in the past
- + Delay in adjustments of retail space in use, due to long-term contracts
- Sales generated without the need for physical locations (e-commerce)

## E-commerce impacts real estate

Strong growth of e-commerce a key driver of expected retail growth

### Growth of European retail and sub-industries, 2016-2025





## E-commerce impacts real estate

Weaker demand for retail space as e-commerce dominates retail growth

**Decreasing demand for retail space**



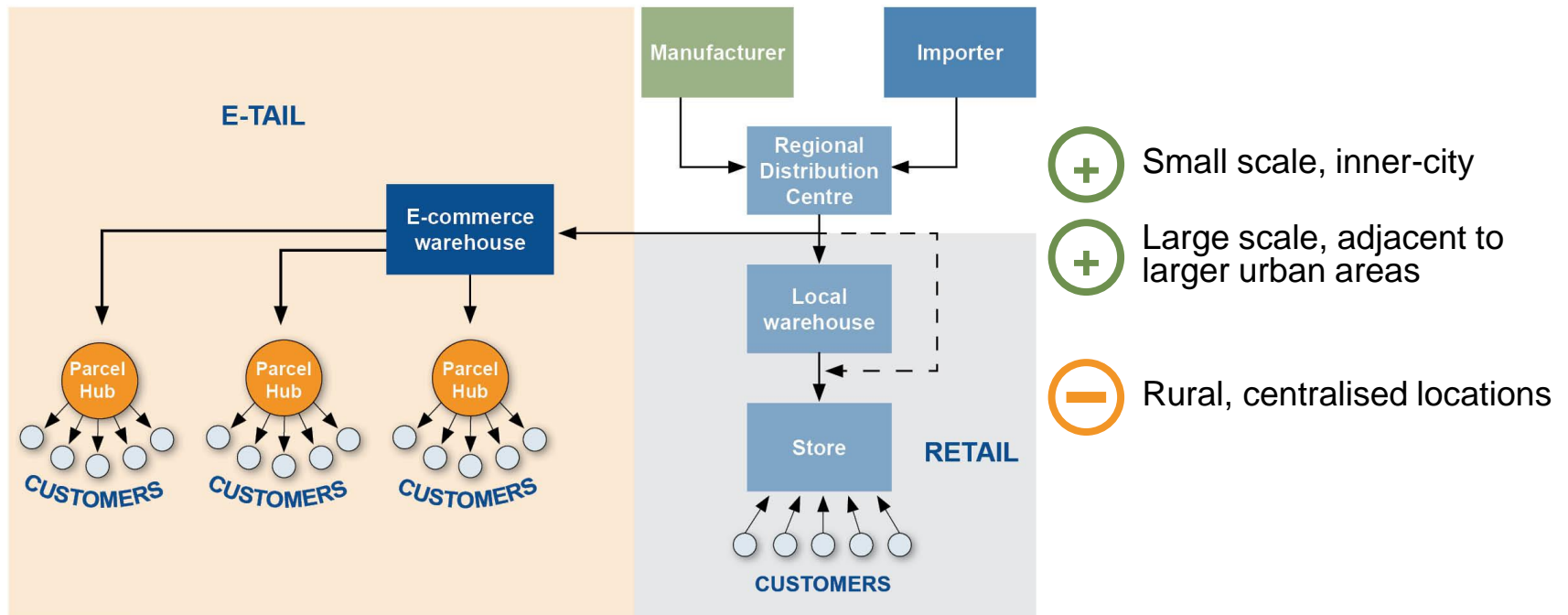
**E-commerce impacts real estate**

Bright future for logistics?

## E-commerce impacts real estate

Relocation within and adjacent to larger urban areas

### Focus on „last mile“



## E-commerce impacts real estate

E-commerce requires three times the logistics space of traditional retailers

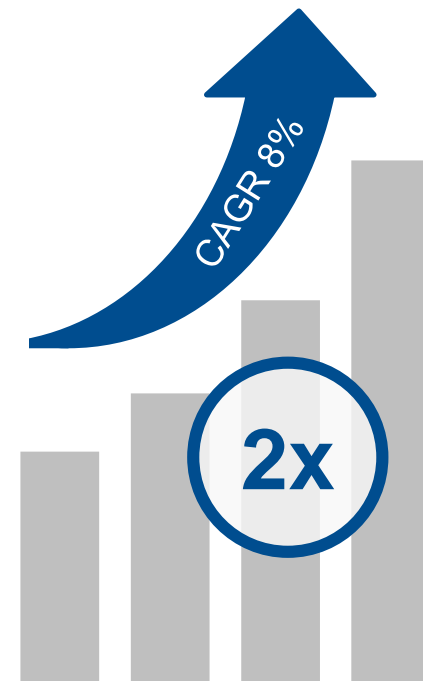
**3x**

Logistics space  
consumption  
from e-commerce

- (+) Inventory turnover
- (+) Product range
- (+) Outbound shipping space
- (+) Reverse logistics



Increase of demand for  
logistics space through  
2025



# **E-commerce impacts real estate**

## Outlook

## E-commerce impacts real estate

Logistics - Kicking out the real estate intermediary

Amazon Plans To Build A \$1.5 Billion Air Cargo Hub (Forbes 01.02.2017)

UPS Accelerates Transformation Of Its Smart Logistics Network (Corporate News 21.02.2017)

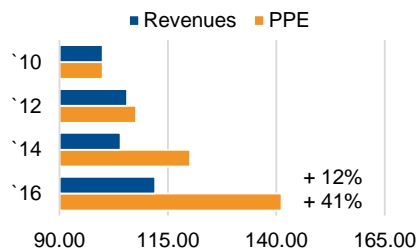
Zalando enlarges international logistics network (FAZ 18.08.2016)

ECE and Hermes Germany launch the fourth of nine logistics centres in a row (REP 23.02.2017)

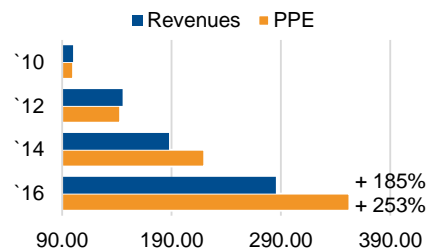
XPO Logistics Supports 'Fast Fashion' Start-up Missguided's Rapid Growth with New Logistics Hub (Corporate News 26.09.2016)

Zalando to build fulfillment center in Lahr (Corporate Website 17.09.2015)

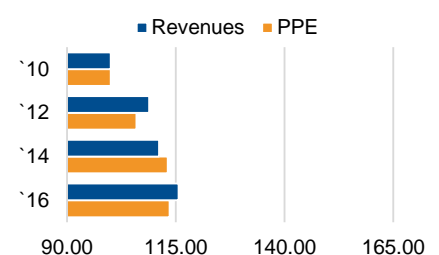
### Logistics



### E-tail



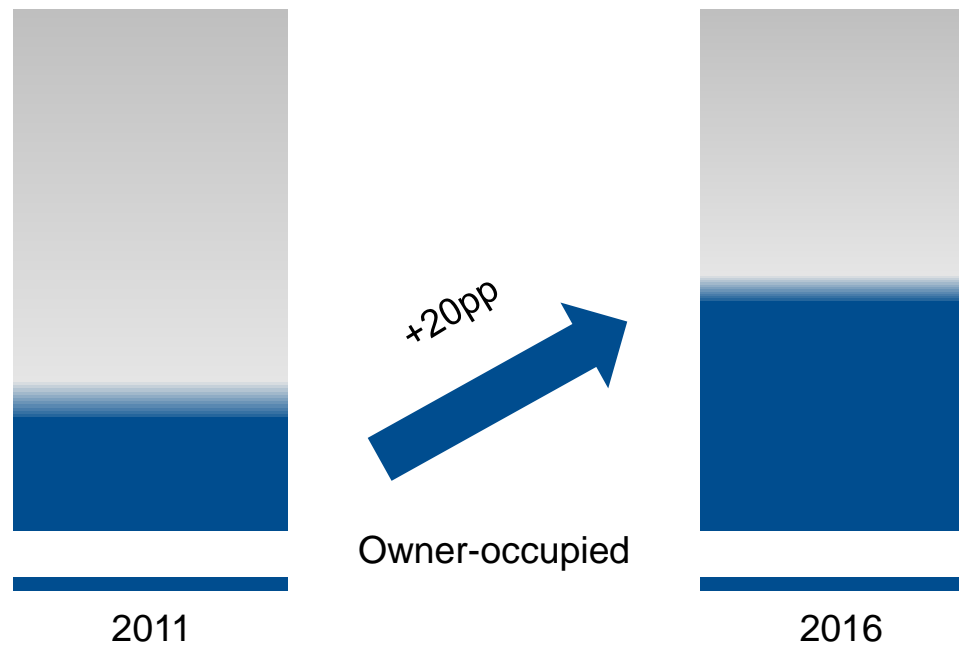
### Retail



## E-commerce impacts real estate

Logistics - Kicking out the real estate intermediary

### Increasing share of owner-occupied logistics developments



## E-commerce impacts real estate

## Logistics - higher risk



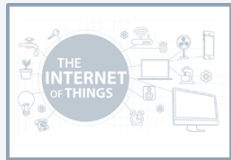
## TRIAL AND ERROR



IERS

International  
Financial Reporting Standard

## Inner-City



## More diverse assets



sets

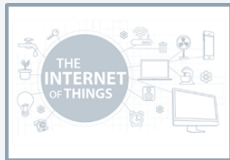


IERS

## Shorter lease contracts



## Inner-City



IERS



Inner-City



IERS

International  
Financial Reporting Standards



A photograph of a large, modern warehouse interior with a high, vaulted ceiling and a complex network of white structural beams. The floor is polished and reflects the overhead lights. In the background, there are some industrial structures and equipment.

# ***A New Hope***

**... but investors must to do their homework**

# Questions?

Please use the “chat” window on the right hand side



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