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EUROPEAN DISTRIBUTION REPORT

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

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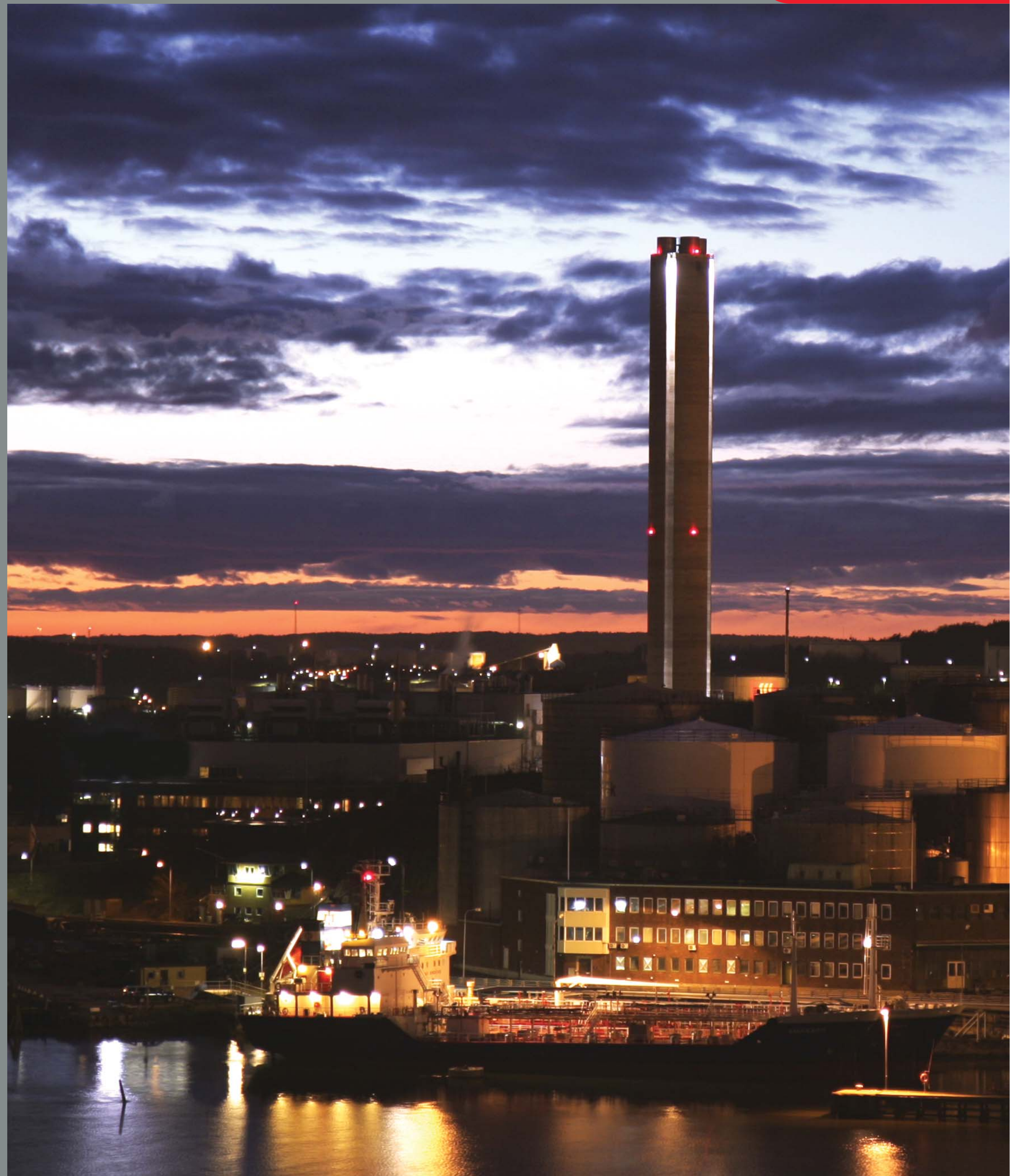
2008



TRENDS IN LOGISTICS AND DISTRIBUTION

INTRODUCTION

Globalisation is encouraging ever greater amounts of offshoring and outsourcing of business functions and as a result supply chain management strategies have become increasingly critical. Although the initial rush to create a cohesive supply-chain strategy is now largely over, the European distribution market has continued to expand and adapt in response to the varying and increasingly international needs of businesses. Market activity remains strong because of the ongoing search for greater efficiency and value for money. This report offers an overview of recent trends in the European logistics and distribution industries and the likely current and future impact on property markets. It concludes with an analysis of the results of C&W's Location Comparison Matrix, which ranks the major distribution locations across Europe against a range of key location criteria.

LOCATION AND INDUSTRY TRENDS

Access to markets, transit points and customers are the key factors in location decisions, while costs, congestion and competition continue to burden industry players. However, location trends vary geographically. In Western Europe the mature Benelux, French and German markets remain popular with occupiers seeking a pan-European centre. Cost savings and the expansion of the retail industry are driving growth in the buoyant distribution and logistics markets of Central and Eastern Europe (CEE).

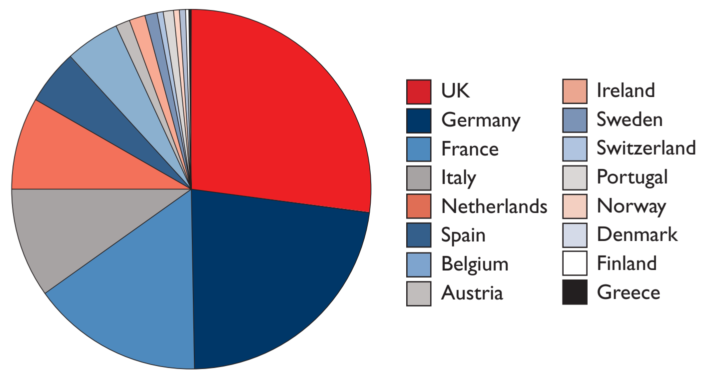
Increasingly wealthy consumer markets in Poland, the Czech Republic and Hungary are now much sought after logistics and distribution locations. Manufacturers are no longer simply seeking a cheaper cost base when locating to CEE; they are also looking to supply local markets. In the more recent EU member states, Romania and Bulgaria, wages and land prices are attracting those seeking to minimise costs.

Contract logistics continues to expand both in terms of available service lines and geographically. Although still much more developed in Western Europe, contract logistics is now also growing rapidly in CEE, particularly in locations where there is a more established consumer base, such as in Poland, the Czech Republic and Hungary. The industry is under constant pressure to provide a more flexible, cost-effective and efficient service. At the same time, contract lengths have also continued to shorten and are now awarded annually in some cases. As a result of cost pressures, mergers and acquisitions within the industry have produced fewer consolidated companies offering a complete service across all transport modes.

Alongside major retailers, logistics firms are key occupiers of larger distribution property and account for a sizable proportion of European demand. European distribution centres have grown both in size and complexity. Companies are increasingly embracing new technology in order to improve efficiency. There are now greater levels of automation and tracking of shipments in all areas of goods movement, from production to end-consumer. Increasingly sophisticated value added services are being undertaken, such as product postponement or kitting within distribution centres, in order to cut costs, streamline lead times and increase flexibility.

The aim of a logistics supply chain has always been to create the most flexible and cost-effective system for obtaining and delivering goods within a given time period. Each link in the chain can

EUROPEAN CONTRACT LOGISTICS
MARKET SIZE BY COUNTRY 2006



Source: Transport Intelligence, June 2008

change very quickly depending on a variety of factors. Over the past few years, the global economy has been relatively strong and consequently the drivers of change were usually positive developments; such as the opening up of new economies to global consumer markets. While cost sensitivity has always been a major consideration for the logistics industry, it is now ever more so.

ENVIRONMENTAL DEVELOPMENTS

Environmental developments are having far-reaching impacts across many areas of the industry. On the real estate side, there has been an increase in demand for 'green' buildings. Larger occupiers based in Western Europe are seeking buildings with features such as solar panels and water recycling systems. Environmental concerns are also impacting on the sourcing of products and components, particularly those that are transported a long way. Air transport has come under considerable attack from environmental groups for its large carbon footprint compared to other transport modes. The current concern over 'food miles' within the retail sector is a good example of the demand for produce that has not been shipped or air freighted from abroad.

Consequently, legislative change, driven in particular by EU directives, is starting to have an impact on distributors business practices and may increasingly do so in future. Examples include the Waste Electronic and Electrical Equipment Directive (WEEE), which attempts to reduce the amount of WEEE waste produced, and also the Energy Performance of Buildings Directive, which rates buildings in terms of energy efficiency. As road transport currently accounts for approximately 60% of total EU oil consumption, MEPs are looking to reduce oil usage and to create more sustainable transport networks. This will include programmes for the development of alternative energy sources and 'green' vehicles.

Local initiatives, such as low emission zones, road pricing and congestion charging are also being mentioned more frequently as a method of reducing traffic congestion in cities. However, London and Stockholm are the only locations where such measures have been implemented to date. Milan is currently trialling a pollution and congestion charge, costing vehicles between €3 and €4 to enter the city centre, with more polluting vehicles paying higher charges. In Germany a lorry charging scheme was introduced in 2005 forcing lorries to pay between €0.09 and €0.14 per kilometre, depending on the emission levels and axle number of the lorry.

DEMAND

Demand for distribution space has remained buoyant over the past two years across all markets in Europe. Global economic performance has been positive on the whole over this period, with the European economy seeing improved levels of growth. As a consequence, demand was consistently high. Interest was strongest for larger facilities, as requirements stemmed mainly from logistics/3PL firms and retailers. There has been an increasing focus on the highest quality space in locations with the best accessibility. Shorter lease terms have become an established feature of the market, particularly in Western Europe, where contract logistics is more established, but this trend is increasingly pan-European.

Belgium, the Netherlands, France and Germany remain the focus of demand for those seeking a pan-European distribution centre. However, CEE markets are rapidly gaining in maturity and wider logistical importance, as economic growth, retail and market expansion continue. Demand is being driven by the rise in domestic consumer consumption, but also by the importance of the manufacturing industry in CEE. However, despite ongoing infrastructure development, transport networks continue to be of poor quality compared to Western Europe.

Occupiers looking towards CEE have an increasingly broad choice of property. Slovakia and the Baltic States have seen increasing levels of interest, while Romania and Bulgaria are both still relatively immature and not as economically developed as the earlier entrants to the EU. Turkey and Russia are of increasing interest to occupiers, although, despite booming economic growth over the past few years, they are still emerging and relatively immature logistics markets.

The movement of occupiers to secondary regional cities, or further away from the prime locations, is a growing trend. In fact, there has been a continued move away from capital cities as the location of choice. Secondary cities have shown good growth, which has not just been confined to CEE, but also areas of Western Europe where prime locations are experiencing land shortages and transport congestion. Significant cost savings can also be made by locating away from capital cities where accessibility is poor. France, Germany, Spain, the Netherlands and the UK have all seen increasing interest in regional centres and outlying areas of key cities. This is also the case in Poland, the Czech Republic and Hungary, where optimising accessibility, labour availability and labour cost considerations are also deciding factors in choosing secondary locations.

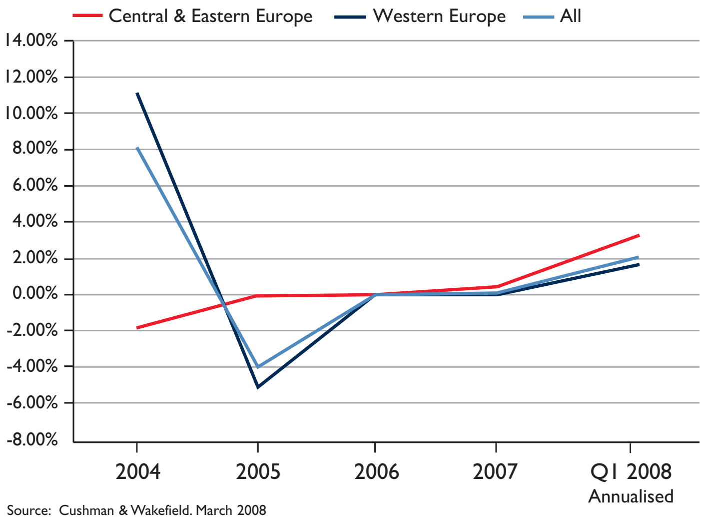
SUPPLY

The amount of available distribution space in Europe has increased over the past few years. With demand focused on the best quality stock, some markets have significant problems with secondary supply, such as the Netherlands and Scandinavian markets.

Although speculative development has increased in most locations, in line with the growing demand, the market is still dominated by pre-lets, at least in Western Europe. There are signs that speculative development activity is now falling due to the global tightening of credit. In most markets developers are now considerably more cautious and have put a number of schemes on hold and are waiting for pre-let agreements. In CEE this caution has been a little slower to appear, and as a result a number of speculative projects are still going ahead.

Completions are at a relatively low level at present, particularly in markets that have higher vacancy rates, such as in France and Italy. The potential pipeline in most countries is significant, as developers are holding large land stocks which will be developed when there is a need. The speed of development of logistics properties means that there is no need to risk building speculatively in many cases.

RENTAL GROWTH AS AT Q1 2008



Source: Cushman & Wakefield. March 2008

RENTS

Rental levels have been largely stable over the past two years, although there have been some areas that have seen significant rises, most notably Turkey but also throughout Poland rents have also shown positive levels of growth. Over the 2005 - 2008 period, the CEE region continued to outperform Western Europe in terms of rental growth. CEE rents have moved up by 0.9% per annum with Western Europe rents declining by 0.9% per annum over the same period. In some Western European city markets, notably Lisbon and Frankfurt, rental values declined over the past two years. There was also minimal rental growth, especially for grade A space, in key locations in the Netherlands and Belgium.

Pressure on land in key locations has seen increases in land-prices have a knock on effect on rental values. At the same time, building costs have been increasing in line with rising commodities prices. To counteract rising prices, many occupiers are becoming increasingly footloose, willing to locate to secondary cities in order to make cost savings while still obtaining high quality buildings.

MOST EXPENSIVE DISTRIBUTION RENTS BY SUBMARKET 2008 (€/SQ.M/YEAR)		
1	London (Heathrow)	165
2	Dublin	118
3	Barcelona	102
4	Stockholm	100
5	Schiphol	95
6	St Petersburg	94
7	Riga	90
8	Kyiv	88
9	Moscow	87
10	Madrid	87

Source: Cushman & Wakefield. March 2008

OUTLOOK

The outlook for the European logistics market is characterised by uncertainty. The positive growth seen in CEE that has largely been driving the market over the past two years may slow, as the effects of the credit crunch ripple across Europe, and overall growth is likely to ease as a consequence. Future rental movement will be dependent on an uncertain level of demand. Key markets are forecast to remain stable given the lower levels of take-up, the relatively low amount of land available for development and the associated premium land prices. Secondary markets, despite their current popularity, may decline in the future given the relatively footloose demand they tend to satisfy.

One result of the general economic slowdown is that occupiers will continue to look to cut costs, although the requirement for top quality space will not diminish. Operators will continue to look for less expensive locations, whilst ensuring that infrastructure levels are suitable for logistics operations. Recent difficulties in the financial markets, rapidly rising oil prices and increasing environmental awareness are already acting to dampen business sentiment and have the potential to squeeze profitability margins. A sustained reduction in consumption or drop in disposable income will have a discernable negative impact on the distribution sector. Operators are likely to continue with consolidation and acquisition activities as a result. Rising oil costs are likely to have an increasing impact on the modes of transport commonly utilised and also the distances over which goods are transported.

Infrastructure improvement, particularly in CEE, is crucial for the development of the sector. With the rising price of fuel, alternative forms of transport, such as inland waterway and rail, may increasingly be used as alternatives to road. The more established markets in CEE, will continue to mature but rental growth will ease over the short term. The Baltic States, Russia and Turkey continue to offer significant investment potential and could open up corridors of connectivity to both Asia and the Middle East. These locations are more open to more market risk, although the longer term rewards for entrants could be significant.

AGENTS VIEWPOINT

Steven Watt – Head of Pan European Logistics & Industrial

As we enter a very different and more challenging economic environment the emphasis will be focused even more on cost efficiencies and defining the right location for large distribution warehouses. A number of issues are being brought to bear which could challenge the established patterns of distribution hubs across the region.

With consumer demand slowing in Western Europe while maintaining apace in Central and Eastern Europe (CEE) there are questions being raised as to whether the traditional European Distribution Centre (EDC) heartland of Holland , Belgium and Northern France may come under threat. Supply chain pressures may force companies to close or downsize their Western European EDC's and re-locate to the Czech Republic, Poland or even further east.

Other major transport factors that will come into play are whether shipping routes from Asia will divert to Constanta in Romania and will the infrastructure in Romania be good enough in a few years to challenge the current ports of choice, Rotterdam, Antwerp and Hamburg and whether the new deep water container port under construction at Gdansk will have an impact on distribution channels to CEE?

The mantra for Real Estate decisions looking to the future should be "Strategic Location, location, location" and this means a much more holistic analysis on transport and labour cost sensitivity.

It will be fascinating to see how the Central and South-eastern European economies stand up to the current challenges and whether or not Poland's own "2012" focus (European Football Championship 2012, jointly hosted with Ukraine) will pull them through. Certainly the flow of labour back to Poland has already started and this can only help their cause.

The locations to watch in the near future are already being talked about- Turkey, based largely on a large consumer population and the growth of large retail businesses, and Romania, partly due to being a sizeable market and partly due to perceived strategic factors. In addition, Ukraine is also attracting more interest and along with Russia, whilst not for the faint hearted, is all about correctly pricing the risk and big prizes being on offer for the first entrants.

DISTRIBUTION COSTS ACROSS EUROPE

AUSTRIA			€/sq.m/year
Location	*Rent Q1 2008*	*Land Prices*	*Building Costs*
Vienna	60	215	1000
Salzburg	48	160	1000
Innsbruck	60	180	1000

BELGIUM			€/sq.m/year
Location	*Rent Q1 2008*	*Land Prices*	*Building Costs*
Brussels	50	190	300
Antwerp	42	105	300
Ghent	35	85	300
Liege	35	42	300
Limburg Province (Hasselt)	35	35	300
Hainaut Province (Charleroi)	35	30	300

BULGARIA			€/sq.m/year
Location	*Rent Q1 2008*	*Land Prices*	*Building Costs*
Sofia	72	300	80

CZECH REPUBLIC			€/sq.m/year
Location	*Rent Q1 2008*	*Land Prices*	*Building Costs*
Prague	48	45	322
Brno	50	44	322

DENMARK			€/sq.m/year
Location	*Rent Q1 2008*	*Land Prices*	*Building Costs*
Copenhagen	77	94	670
Aarhus	64	40	670
Odense	64	40	670

ESTONIA			€/sq.m/year
Location	*Rent Q1 2008*	*Land Prices*	*Building Costs*
Tallinn	84	125	800

FRANCE			€/sq.m/year
Location	*Rent Q1 2008*	*Land Prices*	*Building Costs*
Paris	52	50	500
Lille	41	18	500
Lyon	48	26	500
Marseille	44	22	500
Orléans	46	20	500

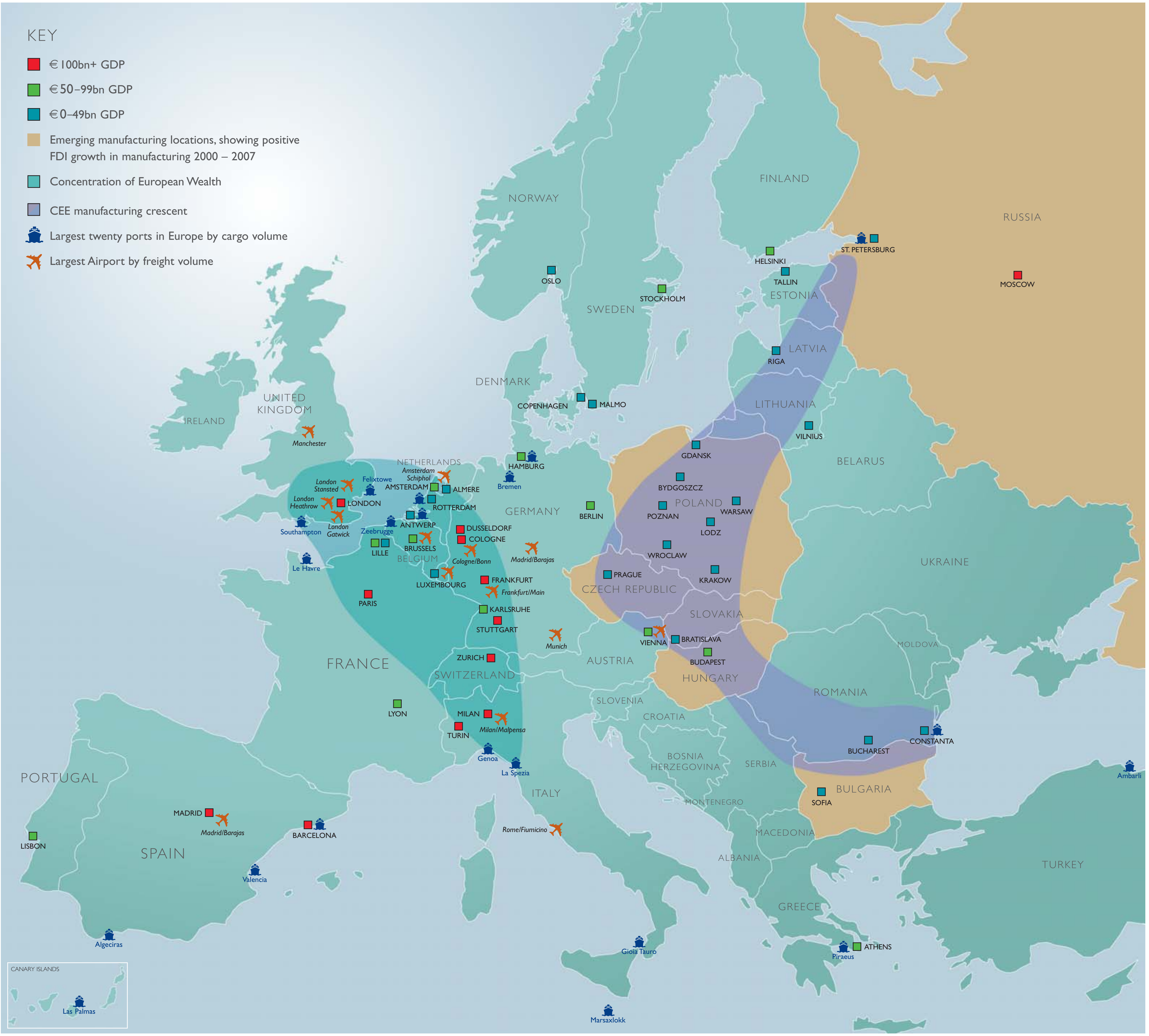
GERMANY			€/sq.m/year
Location	*Rent Q1 2008*	*Land Prices*	*Building Costs*
Berlin	60	100	550
Frankfurt Airport	78	350	550
Hamburg	72	150	550
Essen	57	90	550

HUNGARY			€/sq.m/year
Location	*Rent Q1 2008*	*Land Prices*	*Building Costs*
Budapest	54	70	400

IRELAND			€/sq.m/year
Location	*Rent Q1 2008*	*Land Prices*	*Building Costs*
Dublin	118	209	687

ITALY			€/sq.m/year
Location	*Rent Q1 2008*	*Land Prices*	*Building Costs*
Milan	60	160	350
Rome	64	n/a	380

LATVIA			€/sq.m/year
Location	*Rent Q1 2008*	*Land Prices*	*Building Costs*
Riga	90	50	550
Kekava	78	30	550



Source: Cushman & Wakefield, June 2008

LITHUANIA			€/sq.m/year
Location	*Rent Q1 2008*	*Land Prices*	*Building Costs*
Vilnius	77	188	725
Klaipeda	77	144	725

NETHERLANDS		€/sq.m/year	
Location	*Rent Q1 2008*	*Land Prices*	*Building Costs*
Amsterdam	70	275	450
Schiphol	95	n/a	450
Rotterdam	60	225	450
Venlo	55	140	450

POLAND			€/sq.m/year
Location	*Rent Q1 2008*	*Land Prices*	*Building Costs*
Warsaw	36	65	300
Katowice	36	51	300
Poznan	38	45	300
Lodz	36	43	300
Wroclaw	38	48	300

PORTUGAL			€/sq.m/year
Location	*Rent Q1 2008*	*Land Prices*	*Building Costs*
Lisbon	51	140	350

ROMANIA			€/sq.m/year
Location	*Rent Q1 2008*	*Land Prices*	*Building Costs*
Bucharest	48	50	400
Brasov	48	50	400
Timisoara	48	50	400

RUSSIA			€/sq.m/year
Location	*Rent Q1 2008*	*Land Prices*	*Building Costs*
Moscow	87	30	757
St Petersburg	94	n\a	680
Novosibirsk	84	n\a	680

SLOVAKIA			€/sq.m/year
Location	*Rent Q1 2008*	*Land Prices*	*Building Costs*
Bratislava	45	45	322

SPAIN			€/sq.m/year
Location	*Rent Q1 2008*	*Land Prices*	*Building Costs*
Barcelona	102	585	370
Madrid	87	900	360

SWEDEN			€/sq.m/year
Location	*Rent Q1 2008*	*Land Prices*	*Building Costs*
Stockholm	100	150	675
Malmo	80	70	675
Gothenburg	80	80	675
Jönköping	50	40	590

TURKEY			€/sq.m/year
Location	*Rent Q1 2008*	*Land Prices*	*Building Costs*
Istanbul (Hadimkoy)	72	102	200
Gebze	70	192	200
Samandra	80	162	200
Kurtkoy	72	162	200

UK			€/sq.m/year
Location	*Rent Q1 2008*	*Land Prices*	*Building Costs*
London (Heathrow)	165	683	702
Midlands	78	156	702
Glasgow/Lanarkshire	70	78	702

UKRAINE			€/sq.m/year
Location	*Rent Q1 2008*	*Land Prices*	*Building Costs*
Kyiv	88	209	330

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ROAD

Accounting for 73% of total inland freight movement within the EU-25 in 2006, road freight remains the principal mode of distribution. Nevertheless, the proportion of road transport has stabilised over the last few years. Severe concerns about congestion remain, especially in the Netherlands and in the South East region of the UK, although road transport remains the most cost effective method of transporting freight, particularly over shorter distances. However, the price of oil has risen by over 70% since 2006 and the introduction of the Working Time Directive is also negatively affecting road transport.

Road freight transportation continues to grow in CEE. Although expenditure by both domestic governments and the EU has seen infrastructure quality improve, road quality remains variable. Investment is largely focused around the development of the TransEuropean Networks (TENs), which are designed to create cohesive transport networks across the EU by 2013.

RAIL

Rail is the second most important form of internal transport within Europe. Compared to 2002, the modal split to rail has risen marginally from 16% to 17% in 2006. However, in CEE overall rail freight levels continued to decline. In Western Europe some markets, Germany in particular, have seen encouraging levels of development. Growing concerns regarding traffic congestion and pollution mean that rail is increasingly being seen by retailers as an alternative to road. The British retailer Tesco, for example, has started to use rail to distribute non-perishable goods throughout the UK.

A major development within the European rail freight industry was the move by the EU in 2006 to open international freight services to competition. Domestic services were subsequently liberalised in 2007. This move may see increasing consolidation within the sector as the larger freight operators expand their networks throughout Europe. In addition, the EU is keen to see further rail usage for long-distance freight facilitated through investment in infrastructure.

Following the inclusion of Romania and Bulgaria into the EU operators are now looking to countries such as the Ukraine and Russia and further afield towards both Asia and the Middle East. Rail developments within Russia include the scheduled improvement of the east-to-west Trans Siberian Railway (St.Petersburg to Vladivostok) and the-north-to-south route from Moscow to southern Iran, via southern Russia, Georgia and Azerbaijan.

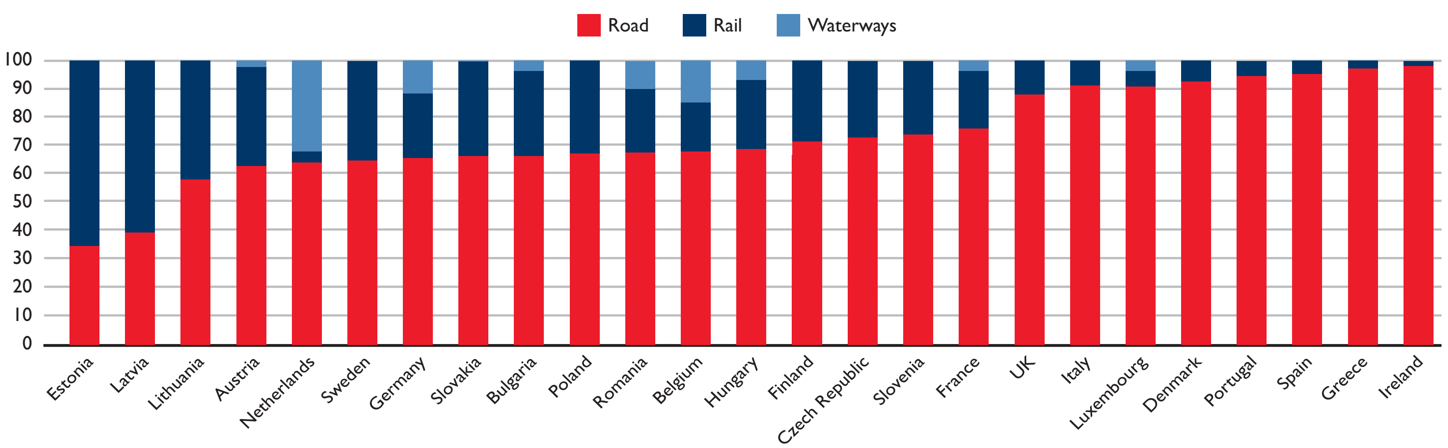
AIR

Air freight within Europe remains dominated by the three largest airports of Frankfurt, Amsterdam Schiphol and London Heathrow. These top three account for almost 60% of international freight handled by the largest 30 airports in the EU-25. In terms of intra-EU-25 air freight, the three busiest airports are Cologne, Brussels (Zaventem) and Frankfurt, which together account for 39% of all intra-EU-25 freight transport.

The modal split to air freight has remained largely unchanged since 2002, accounting for 5% of total inland transport. Although crucial for time-critical and perishable goods, the continuing rise in the price of oil will keep air transport the most expensive mode of freight transportation. However, the expansion of the EU and the logistical importance of markets such as Turkey and Russia mean that the use of air transport will certainly remain a important component, largely because of the greater distances involved.

The signing of the 'Single European Sky' initiative by all members of the EU in 2006, and the announcement of the 'EU-US Open Skies' agreement in March 2008, have opened up the market for logistics operators. The limit on transatlantic flights has now been lifted and, critically for European logistics, companies can now operate cargo flights from the US to a third country. These developments will enable larger European distribution operators to expand and compete with existing domestic operators in North America.

MODAL SPLIT OF FREIGHT TRANSPORT 2006



Source: Eurostat

BUSIEST AIRPORTS

	Country	Airport	Volume handled in 2005 (1,000t)	% change 2003-2005
1	Germany	Frankfurt/Main	1710.5	21.7
2	Netherlands	Amsterdam/Schiphol	1443.1	11.0
3	UK	London/Heathrow	1231.4	5.6
4	Luxembourg	Luxembourg	554.5	0.7
5	Belgium	Brussels/National	444	19.6
6	Italy	Milan/Malpensa	294.8	16.9
7	Germany	Cologne/Bonn	272.9	37.2
8	UK	London/Gatwick	217.5	6.4
9	Spain	Madrid/Barajas	180.8	22.2
10	UK	London/Stansted	162.9	26.7
11	Germany	Munich	152.6	55.2
12	UK	Manchester	139.1	19.7
13	Austria	Vienna/Schwechat	125.2	60.1
14	Germany	Frankfurt/Hahn	93.1	174.2
15	Italy	Rome/Fiumicino	70.5	-27.1

Source: Eurostat/Various. June 2008

PORTS

Growth in throughput in European ports has continued unabated over the last few years. In 2005 there were over 3 billion tonnes transited through European ports, with container freight accounting for around a third of all traffic. Of all the freight movements recorded in 2005, over a third took place through the ports of Rotterdam, Antwerp and Hamburg. Rotterdam, the largest port in Europe, has seen container throughput increase by 30% over the period 2004 to 2007. However, the most spectacular growth has been in the east of Europe. The ports of St Petersburg in Russia and Constanta in Romania saw throughput increased by 120% and 277% respectively over 2004-2007, as new trade routes from Asia have been established.

BUSIEST PORTS

	Country	Port	Cargo Volume 2007 (million metric tonnes)	% change 2004-2007
1	Netherlands	Rotterdam	10,791	30.14%
2	Germany	Hamburg	9,890	41.23%
3	Belgium	Antwerp	8,176	34.85%
4	Germany	Bremen	4,912	41.60%
5	Italy	Gioia Tauro	3,445	5.64%
6	Spain	Algeciras	3,414	16.24%
7	UK	Felixstowe	3,300	23.36%
8	Spain	Valencia	3,043	41.86%
9	France	Le Havre	2,638	22.70%
10	Spain	Barcelona	2,610	36.22%
11	Belgium	Zeebrugge	2,020	68.76%
12	Turkey	Ambarli	1,940	79.96%
13	UK	Southampton	1,900	31.85%
14	Malta	Marsaxlokk	1,900	30.05%
15	Italy	Genoa	1,855	13.87%
16	Russia	St.Petersburg	1,698	119.66%
17	Romania	Constanta	1,411	277.27%
18	Greece	Piraeus	1,369	-11.22%
19	Spain	Las Palmas	1,230	73.97%
20	Italy	La Spezia	1,187	14.13%

Source: Eurostat/Various. June 2008

In 2004 the EU gave funding permission for the development of four 'Motorways of the Sea' (Baltic Sea, Western Europe, South East Europe and South West Europe), to be completed by 2010. These have the primary aims of reducing road congestion through a modal shift to shipping and of increasing the use of long-distance freight flow via sea-based logistical routes.

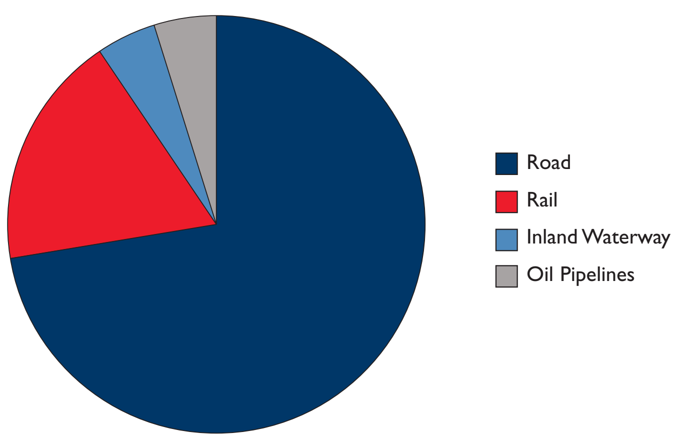
INLAND WATERWAYS

EU-25 inland waterways accounted for 6% of inland transport in 2006, a slight increase on the 2002 level of 5%. The Netherlands, where 32% of freight was moved by inland waterway in 2006, has the highest proportion inland waterway share. Belgium and Germany follow, with 15% and 13% shares respectively. Further east, Romania also has a significant (10%) proportion of freight transported by inland waterway.

The further development of the TransEuropean Network (TEN) of waterways, and the Inland Waterway Transport programme proposal in 2006, a scheme to promote the use of inland waterways as a less expensive and more environmentally friendly mode of transport, indicate that further growth in waterway transport is likely. Inland waterways are currently an under-utilised mode of transport in the majority of the EU countries.

FREIGHT TRANSPORT PERFORMANCE 2006

EU-27 Modal Split Inland Transport 2006tkm



Source: Eurostat.

MAJOR DISTRIBUTION LOCATIONS

The expansion of the European logistics market has continued in line with the growth of the EU. Countries from CEE have become established distribution hubs and are rapidly growing and maturing. Since Romania and Bulgaria joined the EU there has been an increased focus further eastwards, most recently on Russia and Turkey.

In order to gain an understanding of the key drivers behind any locational trends, and to highlight the relative strengths and weaknesses of the European markets, the C&W Location Comparison Matrix assembles and ranks a range of key cost-benefit factors. These have been considered in order to best represent the type of considerations important to occupiers when choosing a location. Using a simple weighting system, an overall ranking based on these measures is given in order to illustrate the relative size and importance of each country's logistics and property markets.

A change in this year's ranking has been the addition of a number of new countries. The last edition of the European Distribution Report had 15 countries, whereas in this edition we increased the number of countries covered and now have a total 25.

It is difficult to compare the two, given the two sample sizes differ significantly. However, there are certain patterns we can ascertain. Belgium has remained in first position as a result of low property and building costs. Although on the negative side, Belgium currently has high land prices and a continuing problem of road congestion.

The Netherlands is in second place, largely because of the efficient freight sectors. In third place is Hungary which is well places as a result of a plentiful land supply and a healthy supply of available properties.

Of the countries that are new to this years ranking, Slovakia is the highest placed in ninth position. Slovakia has low rents and land prices and also has a good level of available stock. Most of the other new countries that have been included in this year's model appear in the lower half of the ranking. However, a large majority of these could be classified as 'emerging' distribution locations, including Turkey, Ukraine and Bulgaria. These locations benefit from low labour costs and a healthy availability of land but are currently suffering from a poor level of infrastructure, with road quality being the worst affected.

However, countries such as Ireland and Sweden suffer because of their geographical location and appear towards the bottom of the ranking. This is also true to a certain extent for Russia, although the size of the market here should see Russia rise in the ranking over the longer term.

The table below shows the relative ranking of a selection of key factors from the full C&W Location Comparison Matrix.

OVERALL SCORE AND RANKING

Rank 2008		*Score 2008*
1	Belgium	8.45
2	Netherlands	9.54
3	Hungary	9.56
4	Czech Republic	9.57
5	Poland	9.76
6	France	10.25
7	Austria	10.81
8	Germany	10.82
9	Slovakia	10.85
10	Italy	11.37
11	UK	12.25
12	Denmark	12.31
13	Romania	12.49
14	Lithuania	12.56
15	Portugal	13.11
16	Latvia	13.24
17	Spain	13.44
18	Estonia	13.81
19	Turkey	13.91
20	Ukraine	14.44
21	Finland	14.93
22	Russia	15.27
23	Bulgaria	15.70
24	Ireland	16.41
25	Sweden	16.49

Source: Cushman & Wakefield/Various. June 2008

COMPARATIVE RANKING

	Rents	*Labour Costs*	*Road Congestion*	*Road Freight*
Austria	11	19	14	7
Belgium	6	21	18	12
Bulgaria	13	2	16	23
Czech Republic	4	13	15	5
Denmark	15	25	19	14
Estonia	18	8	5	10
Finland	1	24	20	1
France	8	17	17	16
Germany	16	23	25	13
Hungary	9	11	7	19
Ireland	24	16	13	11
Italy	12	15	3	15
Latvia	21	5	8	6
Lithuania	14	7	2	3
Netherlands	10	22	22	4
Poland	2	12	11	18
Portugal	7	10	23	9
Romania	4	6	21	21
Russia	19	3	4	25
Slovakia	3	9	10	17
Spain	23	14	12	2
Sweden	22	20	9	8
Turkey	17	4	6	22
Ukraine	20	1	1	24
UK	25	18	24	20

1= lowest rents 1= lowest costs
1= lowest road congestion 1= Largest freight market by capita

Source: Cushman & Wakefield/Various. June 2008

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- Reliable and comparable data and market intelligence
- Site specific, location analysis, ranking and targeting for occupation or investment
- Analysis of future development activity and existing supply/competition
- Market research and demand analysis by retail/industry sector
- Rental analysis, forecasts & investment and portfolio strategy

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