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European Distribution Report 2006

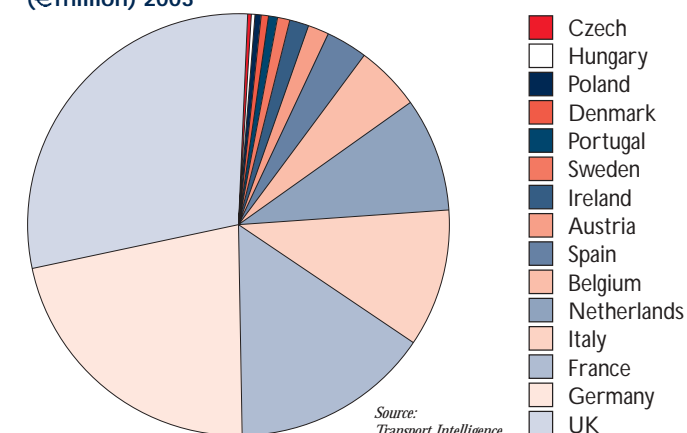


The European distribution market has grown in sophistication over the past two years, with logistics becoming increasingly central to companies business strategy. Overall industry growth has slowed, but trends are polarised geographically. In Western Europe the rate of growth has eased somewhat, reaching a more sustainable level after the initial sector-wide structural changes seen over the past five years. In contrast, the market in Central and Eastern Europe continues to expand markedly. A number of factors are influencing decision making in the logistics sector at present, with new business trends, technology and legislation all contributing to continued growth and change.

The increasingly globalised nature of manufacturing, procurement and distribution is one of the key ongoing trends to influence supply chain planning. Difficulties in the global economy and ongoing sector specific downturns have led to retailers in particular scrutinising every aspect of their supply chains in order to increase competitiveness. The main focus of demand remains centred on ports, airports and motorway intersections, but in terms of location decisions, access to labour is increasingly rivalling transport infrastructure and shipment destination as one of the key factors. This is particularly the case in the more developed Western European markets. Moreover, planning authorities in many Western European locations are increasingly loathe to grant permission for distribution centres, particularly larger units, based on the impression that this function increases traffic and does not create many jobs.

Within the European region, CEE has seen the most buoyant growth levels. Here manufacturing growth continues apace, in contrast to the generally slow Western European picture. The 10 new EU member states, although not fully able to compete with Asian countries in terms of cost, are benefiting from the trend for “nearshoring”, due to the geographical and cultural proximity for European based companies, greater security and fewer natural disasters. This has also contributed to an influx of logistics related investment, taking advantage of the large labour market and comparatively low wages. In addition, these distribution centres service the sizable shopping population in the region. The only constraints on development have been the poor quality of the transport infrastructure and the relative immaturity of the industrial property markets.

European Contract Logistics Market Size by Country
(€million) 2003



Outsourcing remains a growth industry, as the concept of third party logistics (3PLs) has continued to expand across Europe. Although 3PLs continue to account for only a limited section of the distribution market, this sector continues to show amongst the highest growth levels. However, this market remains uneven in its maturity across Europe. Whilst countries such as the UK, Germany and France have well developed 3PL markets, in countries like Italy and Spain, the market is less mature. It is in these markets where the most rapid growth is taking place.

Outsourcing companies have also been major drivers of consolidation within the logistics and transport sector. Mergers and acquisitions activity has been buoyant both within the logistics industry and potential outsourcer sectors such as retail over the past few years. This has narrowed the field in terms of the volume and variety of contracts on the market. In addition, there are now fewer, larger companies offering more complete solution packages. As a natural progression from 3PL services, another new type of solutions provider, dubbed fourth party logistics (4PLs), has emerged. These companies offer supply chain co-ordination and management, but unlike a 3PL, by an entity that does not supply or operate an underlying logistical services. Growth within the 4PL industry has been primarily in Western Europe, in combination with the increasing cost cutting and streamlining of functions.

There has been a continued move towards European/regional Distribution Centres (DC's), particularly for the new Central European markets, although national distribution centres are still the norm generally across Europe. However, rising fuel costs, worsening congestion and new EU regulations such as the working time directive and the directive on Waste Electronic and Electrical Equipment could prompt a reversal of the existing centralisation trends. These factors all lead to smaller operational ranges of DC's, as well as the need for DC's to both forward and collect returned goods (reverse logistics). In addition, any restriction of goods being imported from certain countries, e.g. China, could also force companies to realign their supply chains, importing to and from different locations relatively quickly.

New technology, such as RFID (Radio Frequency Identification) or IT software linked across an entire supply chain, is driving innovation within the industry. Whilst many distributors remain wary, focusing on relatively negative examples such as automated warehousing, interest is beginning to pick up and a few pioneer companies are using these technologies with success. Improving technology could drive locational as well as operational change. By making supply chains more efficient and goods easier to track, centralised co-ordination rather than a physical centralisation in one European distribution centre is possible. The result is a quicker turn around for product delivery and wider access to global markets, both in terms of procurement and brand expansion. Coupled with negative push factors, such as increased legislation or labour scarcity, this could drive more companies into having various smaller DC's rather than a “hub and spoke” style regional arrangement as is the market norm at present.

Demand

The distribution market was predicted to slow down somewhat from 2003 onwards as the rapid consolidation and rationalisation within the industry naturally reached its peak. The ongoing difficulties in the global economy drove cost considerations to the fore, which had a limiting impact on property market activity, forcing a relative moderation in demand during this period. Nonetheless, the industrial sector as a whole continued to perform well in comparison to other property groups, and distribution remains the driving force behind the industrial property market across Europe. Occupier interest is now picking up across Europe in line with global economic performance.

Market trends in Western Europe and Central Europe remain divergent. The market in Western Europe is just starting to recover after a period of economic difficulty, and demand is improving in line with business sentiment. Movement of occupiers has been largely related to relocation into modern space during the past few years, and cost effectiveness remains a key factor in location decisions, but tentative expansion plans are now being dusted off.

The lettings market within the Western European region is increasingly focused on larger space, with the average size of deals moving up in most key distribution locations. This is driven by a variety of occupiers, most notably retailers and 3PLs. In turn, these types of occupiers are driving down the typical lease terms in most countries, as they seek greater flexibility. Although market maturity is becoming more uniform across Europe, there is still a significant proportion of owner occupied stock. In many markets, such as Ireland and the UK, owner occupation is a growing trend, thanks to continued low interest rates. Generally, however this is moving back and most large modern logistics platforms are leased, where as smaller or older stock is often owner occupied.

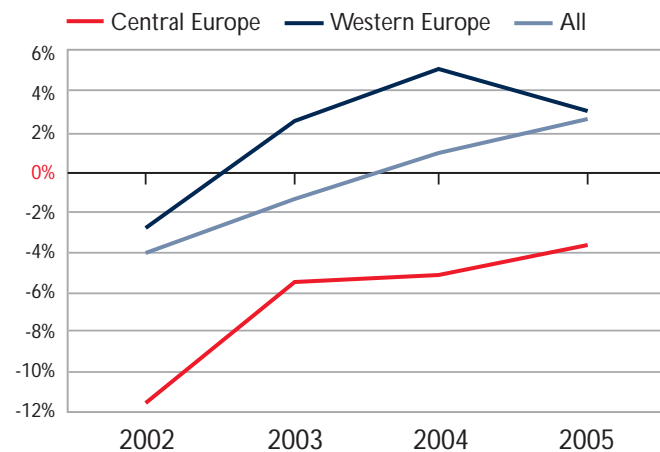
In Central Europe demand has been increasingly rapidly over the past few years and since accession to the EU has remained extremely high. The region attracts distribution occupiers because of both its cost effectiveness in comparison to Western European locations and also because of the large consumer markets and expanding retail provision. Although the demand is mainly focused on the capital cities, this is moving out rapidly to secondary cities and transport hubs, due to the lack of suitable space.

Supply

Broadly speaking, modern supply is relatively constrained across Europe, however, there are again divergent trends in Central Europe and Western Europe.

Over the past few years, the subdued global economy has caused occupiers in Western Europe to focus on cost cutting and value for money. As in the office market, many occupiers took the opportunity to upgrade into more modern, cost effective space whilst rents were static and relatively low, and incentive packages were favourable. This has led to some discrepancy between the amount of space available, and the amount of modern, lettable space available. This trend can be found across continental

Rental Growth



Source: C&W

Europe, but the Netherlands is a particularly good example, where total industrial vacancy approaches 20%, but modern distribution units are relatively scarce. Vacancy has now stabilised and is trending down in a number of markets as absorption rates improve. Development activity is increasing across Europe as business sentiment picks up. In Western Europe schemes are almost all pre-let however, with only a very few speculative developments now beginning to emerge.

In Central Europe modern supply is very tight, with industrial vacancy rates at <1% in many markets. This has pushed occupiers away from the capital cities towards other major settlements and transport hubs where land availability and accessibility are often better from a strategic, regional viewpoint. Availability is now trending upwards, led by these new distribution locations. This is entirely due to an increase in the development pipeline, in particular of speculative schemes, which should bring some much needed choice and flexibility to the market over the next two to three years. Nonetheless, pre-leasing a new development remains practically the only way for an occupier to enter the market.

Rents

Rental values have been largely static across the region for the past few years. During this period, prime distribution rents across the whole of Europe have moved up by around 1.9% per annum. Despite the differing market drivers in Western and Eastern Europe, both regions have experienced subdued rental performance.

In Western Europe, average asking rents have seen little movement over the past few years. On an annual basis, average rental growth in Western Europe has seen a very slight uplift, but this hides some more notable performances in individual markets. For example, in Amsterdam prime asking rents have risen by around 7% in the last year, due to the relative scarcity of good quality distribution space. Another market seeing rising values is Moscow, where market growth, although slowing down, continues on the back of economic expansion. Nonetheless, asking rents have been heavily supported by incentives in practically all markets, including those experiencing rental growth.

In contrast to the prevailing trends in Western Europe, rents in Central Europe have seen some downwards falls over the past few years. The occupational market is doing well and some individual markets, particularly secondary cities, where supply is lower have seen static or rising rental values. Nonetheless, asking rents in all main markets have fallen, due mainly to increasingly development pipelines and price competition - both between neighbouring markets and with Western European locations. Rents are now considered to have bottomed out in many markets, but growth prospects remain limited by what tenants are prepared to pay to locate in what is seen as a low cost strategic location.

1	London (Heathrow)	200
2	Moscow	118
3	Dublin	118
4	Stockholm	96
5	Midlands	94
6	Schiphol Airport	90
7	Glasgow/Lanarkshire	86
8	Frankfurt Airport	84
9	Barcelona	84
10	Madrid	78

Investment

The flood of investment into distribution property bears witness to the continued popularity and importance of the property sector relative to other asset classes. Since 2003, inflows of investment monies have continued despite contraction in the occupational market and a slight relative downturn in the industry. Investors will consider almost any market or location provided units are let for a significant period to a good tenant and the recent improvement in the occupier market is further encouraging activity.

Interest in the industrial investment market in Central Europe soared after EU accession. There remains extremely strong interest in the market but institutional grade product is very scarce, acting as a brake on activity. Investors have been extremely quick to pick up on the movement of occupiers away from the capital cities and have created more opportunities by investing in what were

previously second tier locations. Nonetheless, it remains relatively difficult to invest in these markets due to the lack of opportunities.

As a result of the massive increase in investment activity over the past few years, yields have hardened across all European locations. Over the past three years the most dramatic reductions have been in Central Europe, with more moderate, but still significant downwards movement in Western Europe. The most notable examples of compression have been in France, Poland and Denmark. In contrast, Germany has seen industrial yields rise as the market has become less attractive during the past three years.

	2001	2002	2003	2004	2005
Central Europe	12.75%	12.34%	11.72%	10.49%	9.42%
Western Europe	8.37%	8.45%	8.31%	7.85%	7.38%
All	9.22%	9.21%	8.99%	8.44%	7.86%

Source: C&W

Outlook

The European distribution market will continue to expand over the next few years, as supply chain management becomes ever more sophisticated. Trends in the occupier market should become increasingly positive in line with the global economy in Western Europe, whilst the market in Central Europe should continue to benefit from accession. In fact, this will push out further in the medium term, with the Baltics, Turkey and other potential accession countries benefiting from the continued eastwards expansion. Accessibility will remain a key driver of demand, with the ongoing diffusion of requirements to smaller markets with good transport links and a greater availability of land and property. Cost issues will also remain paramount in the short term, with rents likely to remain static over the next year in most markets as companies continue to consider less established locations.

In spite of the expected improvements in the occupier market, investment activity will continue to drive the market for the time being. Any pick up in the occupier market will further encourage investor activity. Yields are expected to move down further, particularly in Central Europe and regional cities in Western Europe, but values in all markets should remain under pressure.

Agent's Viewpoint

Nigel Rowe Head of European Industrial & Logistics, Cushman & Wakefield

It seems that the 'east - west' divide is well and alive. The established but economically slow Western European markets are concentrating on cost cutting to achieve efficiencies in the face of tight availability of warehouse and distribution buildings and land, while the new and emerging markets of the East are full of opportunity, cheaper prices and rapidly growing consumer and manufacturing markets that need to be supplied. And while true and clearly shown by the eastern 'bend' in the distribution banana, is this the full story? I do not think so. The word 'distribution' seems to be disappearing with the arrival of the now prolific expression 'logistics' and herein lies the present and future of the market. Cost cutting is the key but it is no longer the building that is the greatest cost, but the transportation (time and cost), labour (wages, availability and hidden social costs), communication (software and systems) and process management of the goods themselves. This has led to all companies seeing the logistics and network analysis of their business at an increasingly higher level than just the real estate department! The seemingly easy solution to move the distribution warehouse east to get cheaper more flexible leases at lower labour rates is then undone by the speed and access to market needs of many occupiers. While the need for the big box 'shed' is still growing and the attractions of the Eastern markets are hard to resist we are seeing the regional and local network of carefully planned buildings either crucial in their support of the big box to ensure the efficiency of the supply chain or even replacing the big box altogether. Location, location, location is still as important as ever in the distribution sector but with costs in the logistics process now encompassing so much more than just the price and flexibility of the real estate, we are seeing decision makers at the highest corporate levels taking direct interest and looking at all opportunities in all countries.

AUSTRIA			
Location	Rent Dec 05	Land Prices	Building Costs
Vienna	48	225	1150
Salzburg	45.6	200	1150
Innsbruck	48	200	1150

BELGIUM			
Location	Rent Dec 05	Land Prices	Building Costs
Brussels	47	173	297.5
Antwerp	43	100	297.5
Ghent	35	80	297.5
Liege	35	40	297.5
Limburg Province (Hasselt)	32	25	297.
Hainaut Province (Charleroi)	30	25	297.5

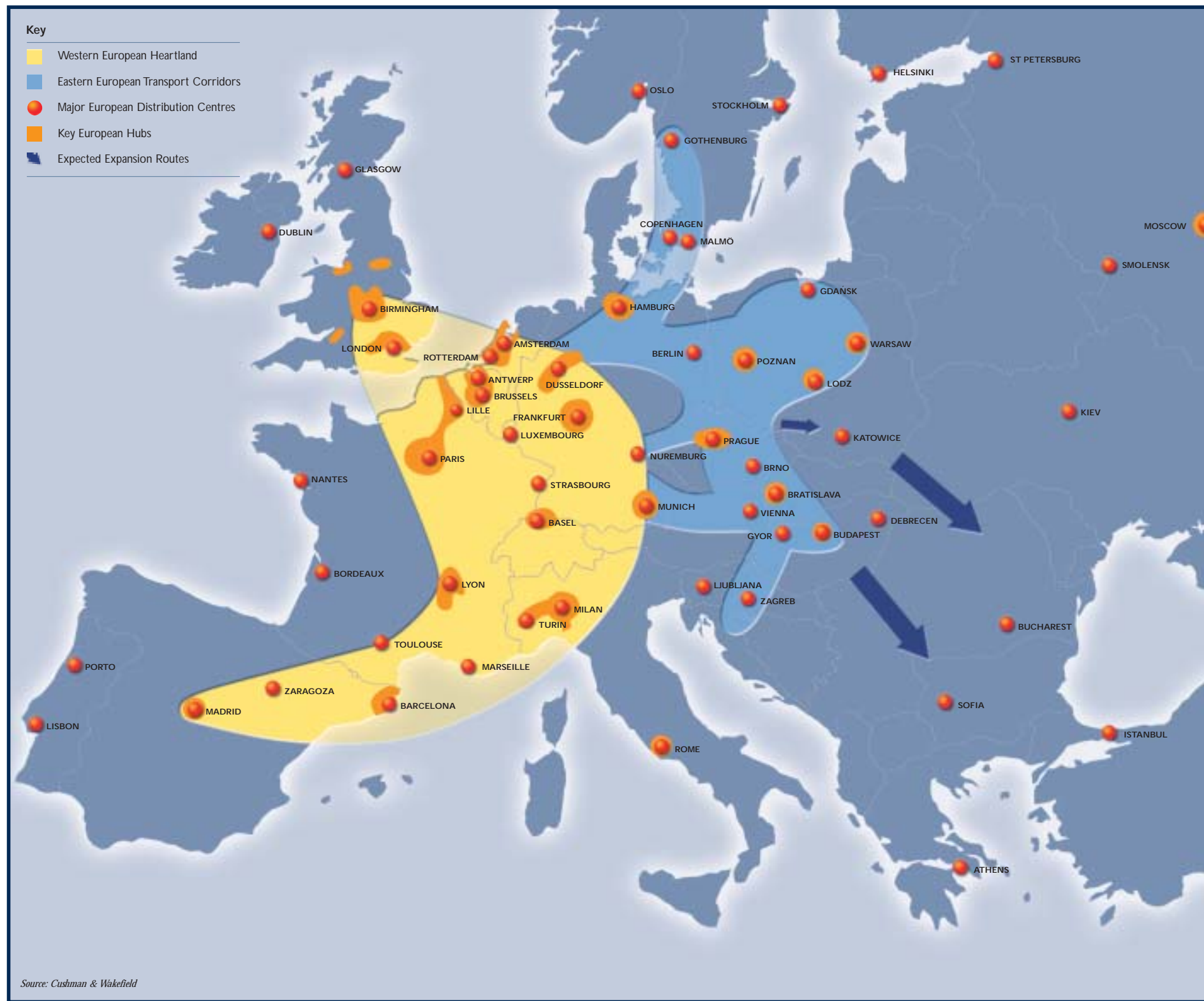
CZECH REPUBLIC			
Location	Rent Dec 05	Land Prices	Building Costs
Prague	48	33	321.5
Brno	48	32	321.5

FRANCE			
Location	Rent Dec 05	Land Prices	Building Costs
Paris	55	85	250
Lille	47	25	250
Lyon	48	35	250
Marseille	46	35	250
Nancy	47	14	250
Metz	50	18	250

GERMANY			
Location	Rent Dec 05	Land Prices	Building Costs
Berlin	60	140	500
Frankfurt Airport	84	490	500
Hamburg	72	150	500
Essen	57	150	500

HUNGARY			
Location	Rent Dec 05	Land Prices	Building Costs
Budapest	57	50	400

IRELAND			
Location	Rent Dec 05	Land Prices	Building Costs
Dublin	118	209	800



For rents assume a 10,000 sq m unit, 10m eaves height, 35-40% site coverage, built to shell & core. For land assume prime location with basic infrastructure in place. All conversions rounded to nearest 0.5.

ITALY			
Location	Rent Dec 05	Land Prices	Building Costs
Milan	59	150	340
Rome	62	110	340

NETHERLANDS			
Location	Rent Dec 05	Land Prices	Building Costs
Amsterdam	70	250	413
Rotterdam	60	200	413
Schiphol	90	N/A	413

POLAND			
Location	Rent Dec 05	Land Prices	Building Costs
Warsaw	45	30	414

PORTUGAL			
Location	Rent Dec 05	Land Prices	Building Costs
Lisbon	54	125	250

RUSSIA			
Location	Rent Dec 05	Land Prices	Building Costs
Moscow	118	66	700

SPAIN			
Location	Rent Dec 05	Land Prices	Building Costs
Barcelona	84	600	360
Madrid	78	400	360

SWEDEN			
Location	Rent Dec 05	Land Prices	Building Costs
Stockholm	96	109	651
Malmo	65	44	651
Gothenburg	65	44	651

UK			
Location	Rent Dec 05	Land Prices	Building Costs
London (Heathrow)	200	618	520
Midlands	94	126	520
Glasgow/Lanarkshire	86	54	520

Road

Road transport remains the dominant form of transport within Europe accounting for just under 80% of total inland freight movement in the EU 15 and 76% taking into account the new member states. The proportion of goods transported by road has steadily increased since the 1970's due to its greater flexibility and cost effectiveness. In the EU 25 as a whole, total modal growth was approximately 4% (in tonne km terms) between 1997 and 2002. The highest growth during this period has been in the new member states, particularly Lithuania, Poland, Latvia and Czech Republic, whilst the UK and Estonia showed amongst the largest falls.



Initial data for 2003 suggests that the long established growth in road transport may now be faltering. However, cabotage (freight moved by foreign hauliers) has seen an increase, reflecting the increase in cross border operations and regional or European distribution centres.

The dominance of road transport is a considered a cause for concern in policy making circles, as problems with congestion worsen. The EU's long term response strategy is to actively discourage road freight through its Marco Polo and Marco Polo II programmes. Nonetheless, there remains doubt within the industry that a cost effective, flexible solution to road transport can be found within the next few years.

Country	Goods Transported 2003(million tonne km)	Growth 1995-2003 %	Modal Split to Road 2002
Germany	290,749	22%	67.8%
France	174,087	-2%	78.8%
Spain	192,595	90%	94.3%
UK	167,143	4%	89.8%
Italy	174,087	7%	89.5%

Source: Eurostat

Rail

Rail transport remains the second most important mode of internal freight transport. However, rail freight transport has declined steadily over the past 35 years, both proportionally and in tonne-km terms. This mode of transport accounted for less than a fifth of the total EU-25 internal freight movement in 2003. On a national level however, many countries have seen a significant uplift in this type of transport movement since 1990, for example, the Netherlands and Portugal. Germany transports the greatest amount of freight by rail, followed by Poland and France.

The EU is attempting to encourage more rail freight movement as an alternative to road transport. A number of rail projects designed to improve the rail services and linkages on both a national basis and, more importantly for freight hauliers, across

borders are underway. These include engineering changes, such as harmonising speed limits and gauges, as well as policies such as those behind the Marco Polo programmes and the ongoing liberalisation of the sector.

However, rail continues to be regarded as an expensive and inflexible mode of freight transport by most operators. Transporting goods by rail is slower and more subject to delay, mainly due to the greater importance placed on the more profitable passenger side of the business by the rail operating companies.



Country	Goods Transported 2003(million tonne km)	Growth 1995-2003 %	Modal Split to Rail 2002
Germany	78,464	16%	14.5%
Poland	47,406	n/a	32.5%
France	46,835	1%	14.0%
Italy	20,299	-6%	9.1%
Sweden	20,141	6%	37.4%

Source: Eurostat

Air

Air freight in the top ten EU airports accounted for over 70% of the EU-25 total in 2003, at over 8 million tonnes, and grew by 5% year on year. Frankfurt remains the busiest airport in terms of cargo, followed by Amsterdam Schiphol, with Paris CDG slipping down to fourth position below London Heathrow.

Air freight remains the most expensive type of freight movement, and for this reason is generally only used for international and, in the case of the majority of the top 10 airports listed below, mainly extra-EU cargo movement. Despite this, the speed of air transport makes it perfect for time critical goods shipment and so the air freight industry continues to expand year on year.

Crucially for such a time sensitive industry, delays due to congestion and national air traffic control systems have created a threat to the continued growth of the industry. In 2004 a package of legislation was adopted by the EU to implement the "Single



European Sky" initiative. This is a move to modernise and centralise air traffic management within the European airspace, combining legislative and infrastructure harmonisation. However, some within the industry have doubts about the level of commitment at national level and the ease of harmonisation with other countries, in particular the US. Another possible factor for limiting growth is the recommendation that air traffic originating from the EU should be included in the emissions trading scheme, although this too is causing some friction with the US.

Airport	Volume of Freight ('000t) 2003	Growth 2002-2003 %	Share in EU-25 2003 total
Frankfurt Main	1,643	0.9%	14.5%
Amsterdam Schiphol	1,353	9.2%	11.9%
London Heathrow	1,300	5.3%	11.4%
Paris Charles de Gaulle	1,194	-2.0%	10.5%
Bruxelles National	607	21.4%	5.3%

Source: Eurostat



Ports

Sea transport of cargo into and from the EU-25 continues to increase, reaching over 3.2 billion tonnes in 2002. This is a rise of almost 6% since 1997, although almost all the major container ports have seen much more significant rises in through traffic. Hamburg, Antwerp, Valencia and Le Havre in particular have experienced the most impressive growth, whilst only Felixstowe has seen any decline in total throughput.

Sea transport remains one of the most effective and economical ways of transporting heavy goods over long distances, but short sea shipping has seen major growth over the past few years, and now makes up 63% of the entire volume of goods transported by sea within the EU-15. The UK accounts for largest amount of this form of cargo movement, although it was also the only country to experience an annual fall in total volume in the year to 2003. In terms of sea regions, the Mediterranean accounts for the largest share of short sea shipping, followed by the North Sea and the Baltic Sea.

The EU, as part of its initiative to move more freight transport off the roads, is suggesting water based transport as a serious alternative. To this end, new Trans-European Network (TEN) projects based around shipping lanes, called "Motorway's of the

Sea" have been proposed. The aim is to encourage concentration of freight flows along four main shipping corridors, based around the Baltic Sea, Western Europe, South Eastern Europe and South Western Europe, by standardising regulations and providing services, infrastructure and intermodal linkages as necessary. These initiatives are still at the planning stages, but have been received relatively enthusiastically by the industry.

Europe's major container ports	Cargo volume 2004 (million metric tonnes)	Change 2001-2004%
Rotterdam	8,281	36%
Hamburg	7,003	49%
Antwerp	6,064	44%
Bremen	3,469	19%
Gioia Tauro	3,261	31%

Source: Port of Rotterdam

Inland Waterways

Transport of goods by inland waterway accounted for around 5% of all EU-25 inland transport tonnage (excluding pipelines) in 2002, at around 788 million tonnes. This represents a slight decline year on year, although over the past decade there has been significant industry growth. Not all countries have navigable inland waterways, with 69% of the EU-25 total modal freight movement taking place in the Netherlands and Germany alone. Belgium and France have a significant, albeit lesser, share in the total.



Cargo movement by internal waterway is being actively encouraged by the EU as an alternative to road. There are already projects underway as part of the TEN programme, but further schemes are likely to appear as a result of the forthcoming communication on the promotion of Inland Waterway Transport, due out in early 2006.

Country	Total Cargo 2002	Growth 1995-2002 %	Modal Split to Inland Waterway 2002 %
Germany	64,166	0%	12.8%
Netherlands	40,804	15%	44.2%
Belgium	8,072	41%	14.3%
France	8,269	25%	2.3%
Austria	2,848	39%	4.9%

Source: Eurostat

EU-25 Modal Split Inland Transport 2002 tkm		
Road	1,554	72%
Rail	354	16%
Inland Waterways	129	6%
Oil Pipelines	120	6%
Total	2,157	100%

Source: Eurostat

The European logistics market has matured and expanded over the past few years. The locational focus of activity has shifted and adapted to the problems of limited space and the increasing need for cost competitiveness. In addition the European consumer market has been growing. The bulk of this is due to the accession of the ten new EU countries in 2004, where consumer spending is expanding as relative wealth improves, but there have also been improvements in the Western European consumer markets.

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 chosen in order to best represent the type of considerations important to occupiers when locating. 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.

The comparative positioning of many of the distribution locations in the C&W comparative ranking has changed significantly. However, Belgium retains first position, due to its low rents and good accessibility. Nonetheless, Belgium also suffers from a lack of land in prime areas and a congested road system. France remains in second place, offering lower building costs and land prices, and scoring well in terms of property, and market size. The Netherlands has moved up to third place, benefiting from a relative improvement in cost competitiveness.

Overall Score and Ranking 2001-2005

	Rank		Total 2005	
	2001	2003	Score	Rank
Austria	8	7	8.2	9
Belgium	1	1	5.4	1
Czech Republic	5	5	7.5	4
France	4	2	6.7	2
Germany	3	3	8.0	6
Hungary	10	8	8.1	7
Ireland	13	15	11.5	11
Italy	6	9	8.1	8
Netherlands	2	4	7.1	3
Poland	7	6	7.9	5
Portugal	11	11	11.6	12
Russia	12	13	12.4	13
Spain	15	12	12.9	15
Sweden	14	14	12.7	14
UK	10	10	9.0	10

Source: C&W/Various

Germany has fallen, from third place to sixth. This is partly because it has been displaced by the relative improvement in the Central European locations, and the Netherlands, but also due to high property and labour costs. Nonetheless, Germany still scores well in terms of accessibility and the size of the distribution market. Going forward, the shift eastwards in the focus of Europe is expected to benefit Germany and the fact that several east:west trade routes run through Germany should also be a positive in the medium term.

The Central European locations have, without exception, improved in the ranking. This is due to the significant improvements seen in terms of the maturity of the property markets, the importance of the consumer markets and the very low costs relative to other European destinations. Despite the poorer quality transport infrastructure, freight movement across the region is increasing, which has had a very positive impact on the success of these markets. The Czech Republic has performed best, moving up to fourth from fifth position in 2003. This market scored particularly well for accessibility and costs, although labour costs are the highest of the Central European three. Poland's ranking has also improved, now in fifth place. The size of the market, the extremely low costs - in particular wages, and the strategic location have all boosted Poland's position from sixth in 2003. However, this country scores poorly in infrastructure terms, with the quality and density of roads in particular remaining a problem.

Spain, in fifteenth place, has performed weakly. Factors such as the high property costs, shortage of land and property and relatively small consumer market do work against this location. Nonetheless, the drop in the rankings is largely due to the up-movement of Ireland. In fact, Spain still scores well in terms of the actual size of the logistics market, boosted by the importance of the Mediterranean sea ports, and the relatively low labour costs by Western European standards. Similarly, Portugal has moved down slightly to twelfth position, also displaced by Ireland. However, the positioning of Portugal above Spain is largely due to the very low costs associated with this location, as it actually has far fewer benefits in terms of strategic location than Spain. Ireland has moved up from last place to eleventh position largely as a result in the rise in the domestic consumer economy and the relatively good availability of property. On a pan European scale however, Ireland remains a relatively peripheral location in terms of accessibility.

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

Comparative Ranking for Key Factors

	Property Costs	Labour Costs	Access	Road Congestion	Freight	Supply of Property & Land
Austria	7	15	5	4	13	1
Belgium	3	9	1	11	7	11
Czech Rep	2	4	2	9	14	11
France	5	10	6	10	3	2
Germany	12	12	4	15	2	14
Hungary	4	3	8	2	15	6
Ireland	13	8	11	3	9	2
Italy	8	7	10	8	6	9
Netherlands	11	11	3	13	4	11
Poland	1	2	7	6	9	6
Portugal	6	5	13	12	12	2
Russia	8	1	14	1	8	6
Spain	13	6	12	7	4	15
Sweden	10	14	15	5	9	5
UK	15	13	9	14	1	9

Source: C&W/Various

This table is for illustrative purposes only, showing a selection of key criteria and is not necessarily representative of the full matrix results.

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