

Allianz Real Estate

Communications

Media release

Allianz Real Estate sees its global logistics portfolio increase 32% to EUR 11.6bn in 2021

- The firm's global logistics portfolio has increased by a third in 2021 to EUR 11.6 billion in assets under management
- Intensification of decarbonization efforts across all assets in the path towards a low-carbon economy
- Continued focus in 2022 due to strong market fundamentals: expansion of e-commerce and consumer demand for faster deliveries as well as supply chain re-configuration

Munich | Paris | London | New York | Singapore | 7 March 2022

Allianz Real Estate, one of the world's largest real estate investment managers, has seen its global logistics portfolio grow to EUR 11.6 billion in assets under management as at the end of 2021, up 32% year-on-year. The firm's logistics exposure comprises EUR 8.6 billion in equity investment, an increase of 39% year-on-year, and EUR 3 billion in financing, up 15%. Regionally, the firm's portfolio split is EUR 5.8 billion in Europe, EUR 3.3 billion in the U.S. and EUR 2.5 billion in Asia Pacific.

Kari Pitkin, Head of Business Development Europe at Allianz Real Estate said: "We established our global logistics portfolio early, and now have a leading market position in the sector. Our dedicated logistics team has continued to build on this in 2021, leveraging their strong relationships with prime partners in Europe and beyond to capitalize on the significant shift in distribution and the evolution of the retail industry.

"Our approach to the sector has fully aligned with our global ESG strategy and the wider theme of sustainability. We have continued to select assets and partners with strong ESG profiles, building a logistics portfolio which meets the very highest standards."

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Bridging the sustainability gap

In April 2021, Allianz Real Estate announced one of the most significant ESG programs in the real estate industry, with an aim to reduce the carbon footprint of its global portfolio by 25% by 2025 and net zero by 2050.

The firm therefore intensified its decarbonization efforts over 2021, engaging with tenants to obtain energy consumption data and working closely with developers to ensure all assets contribute to the transition towards a low-carbon economy. Initiatives include the incorporation of energy efficient improvements such as solar panels and the provision of e-truck charging infrastructure.

In March, for instance, the firm acquired a EUR 72 million newly built, last-mile logistics facility single-tenanted by Amazon in the south of Vienna. The first part of an active asset management program focused on sustainability is the installation of photovoltaic panels as a means to increase the amount of energy derived from renewable sources.

High-profile transactions in 2021

During the year, Allianz Real Estate completed several high-profile transactions. In 2021, the firm grew its Italian logistics portfolio to more than EUR 500 million across 16 facilities, underscoring the region as a core growth market. Highlights included the acquisition of two logistics assets currently tenanted to a prime Italian tenant in Northern Italy.

In September, EUR 280 million in debt funding was provided to BentallGreenOak to support the development of a build-to-core portfolio of eight prime logistics assets in the UK – with the financing meeting the criteria to be classed as a green loan.

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In December, Allianz and logistics specialist VGP agreed to form a new 50/50 joint venture, the fourth such venture between the two since 2016. It will develop a portfolio of 90 prime logistics assets in around 25 strategic locations in Germany, the Czech Republic, Hungary and Slovakia over a five-year period, with around 70% to be built in Germany.

Most recently, the firm announced the completion of a EUR 290 million develop-to-core logistics vehicle focused on Grade A speculative assets in the UK in partnership with sector specialist AEW. The forward acquisition of Frontier Park, a 760,000 sq ft logistics facility, marked the fourth acquisition for the venture since the partnership was announced in 2019.

Looking ahead

Allianz Real Estate expects to further expand its logistics portfolio in 2022, ramping up its activity in Europe, the U.S. and in the fast-growing Asia-Pacific region, all of which are benefitting from strong tailwinds engendered by its significant adoption of e-commerce.

Karen Horstmann, Head of Acquisitions United States at Allianz Real Estate added: “Our focus is on the development of state-of-the-art facilities through both equity partnerships with leading operators and debt financing, honing in on prime, sustainable assets located strategically in and around urban areas – not only in Europe which has seen a plethora of activity over 2021, but in the U.S. as well, which currently serves as the world’s most-developed logistics market. Tenants leased more than one billion sq ft of U.S. space in 2021 alone, almost half of which is net absorption – the highest level in at least three decades, despite net asking rents also being at an all-time high. With compelling fundamentals reshaping the commercial sector, we look forward to further expanding our portfolio in the region and beyond as we head into 2022.”

The acceleration of e-commerce, a structural trend that gained momentum as a result of the pandemic, is expected to remain for the long-term.

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Danny Phuan, Head of Acquisitions Asia-Pacific at Allianz Real Estate concluded: “The logistics sector has come out of the Covid-19 recession stronger than ever. The pandemic has given momentum to e-commerce adoption, with global e-commerce sales rising to EUR 2.1 trillion as at the end of 2020 – marking a 140% increase in just five years¹. Outperforming all other sectors over a five-year period, the sector is expected to remain resilient in 2022 due to robust, persistent trends, including increased consumer delivery demand as well as supply chain re-configuration.”

“With dense cities having scarce available land, an innovative approach to logistics will be required as we navigate 2022 and beyond. If the demand for last-mile facilities and land values remains high enough, we think multi-story warehousing may become more popular, as will mixed-use buildings with logistics included². We are well positioned to lead the sector in the development of these new assets.”

[Click here](#) to read *Long-term demand drivers behind logistics real estate*, our latest report on the sector authored by Allianz Real Estate’s Research team, led by Dr. Megan Walters.

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¹ Source: Allianz Real Estate, *Logistics Demand Drivers*, 2022

² Source: Allianz Real Estate, *Logistics Demand Drivers*, 2022

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About Allianz Real Estate and PIMCO

Allianz Real Estate is a PIMCO Company, comprising Allianz Real Estate GmbH and Allianz Real Estate of America and their subsidiaries and affiliates. It is one of the world's largest real estate investment managers, developing and executing tailored portfolio and investment strategies globally on behalf of a range of global liability driven investors, creating long-term value for clients through direct as well as indirect investments and real estate financing. The operational management of investments and assets is performed out of 17 offices in key gateway cities across 4 regions (West Europe, North & Central Europe, USA and Asia Pacific). For more information, please visit: www.allianz-realestate.com. PIMCO is one of the world's premier fixed income investment managers. With its launch in 1971 in Newport Beach, California, PIMCO introduced investors to a total return approach to fixed income investing. In the nearly 50 years since, the firm continued to bring innovation and expertise to our partnership with clients seeking the best investment solutions. PIMCO has offices around the world and 3,000+ professionals committed to delivering superior investment returns, solutions and service to its clients. PIMCO is owned by Allianz SE, a leading global diversified financial services provider.

Source: Allianz Real Estate, data as at 31st December 2021.

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