



Snapshot

INDUSTRIAL MARKET | H2 2022

GENEVA | SWITZERLAND



Overview

- Industrial real estate as a whole remained fairly stable in H2 2022, with a transactions volume of CHF 226 million. The delivery of Les Cabinotiers and LEM projects in ZIMEYSA supplement the total stock, which stands at 4'160'000 sqm at year-end. Despite this addition, the availability rate of 2.0% remains unchanged from H1 to H2 2022, given the strong demand from key activities of Geneva's industry.
- In the logistics market, the dynamism observed during the pandemic, both in the rental and investment markets, has weakened. After an exceptional year in 2021, 2022 shows that the logistics market has retrieved its "pre-pandemic" level. On the other hand, property developers have been reluctant to undertake development or transformation in a market that faces the following challenges:
 - the rent caps in a low value-added sector,
 - the increase in the construction price index and costs related to environmental expectations,
 - the lack of available land in prime locations,
 - the economic uncertainty, symbolised by the tightening of monetary policy and inflationary pressure.

Key indicators

226 M

Transactions volume (CHF)*

4.2 M

Stock (sqm)

2.0 %

Availability rate

4.8 %

Prime gross yield

Letting

Total stock	~ 4'160'000 sqm
Stock growth (over 10 years)	+ 10.4 %
Availability rate	~ 2.0 %
Prime rent - Light industrial	290 CHF/sqm p.a.
Prime rent - Logistics	220 CHF/sqm p.a.
Pipeline	~ 280'000 sqm by 2026

Investment

Transactions volume (2021)	CHF 463'971'000
Transactions volume (2022)*	CHF 346'370'300
Transactions volume (H2 2022)*	CHF 226'356'800
Number of transactions (2022)*	37
Annual change in transactions volume*	- 25.3 %
Prime gross yield	4.8 %



Letting

- Post-pandemic, Geneva **logistics real estate market** has experienced a sharp slowdown in demand. It should be remembered that Geneva is not a leading logistics platform at national level, given its location.

On the supply side, there is a shortage of quality space with a loading bay. Despite a large supply of "dormant" storage space, the lack of investment in construction is slightly driving the availability rate down.

- **Light industrial** spaces, on the other hand, preserved their attractiveness. The demand for light industrial facilities secures its position, especially in ZIPLO and for workshops.

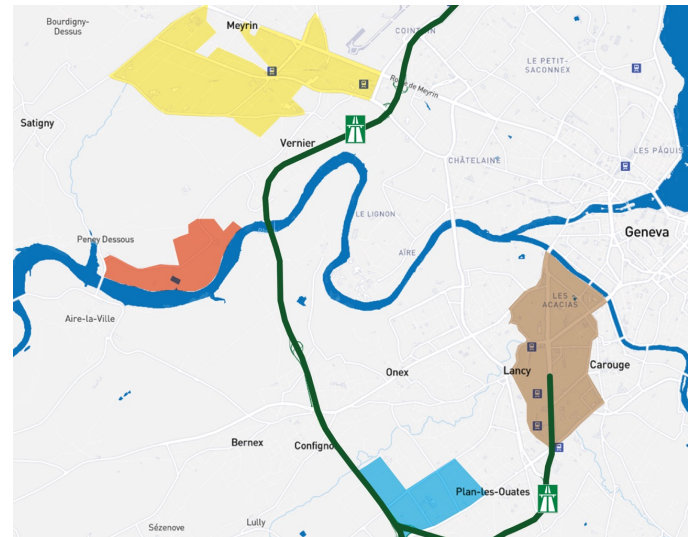
Although two industrial real estate projects were delivered in 2022 in ZIMEYSA (Les Cabinotiers and LEM), the availability rate remains stable. In addition, the projects planned for 2023 are almost fully let or under negotiation (Spark, Small City and Quartet).

Subsectors indicators

	Market rent (CHF/sqm)			Availability rate
	Offices	Logistics	Light industrial	
● ZIMEYSA	from 200 to 250	from 150 to 195	from 180 to 250	~ 3.00%
● ZIPLO	from 270 to 320	from 190 to 220	from 230 to 290	~ 8.00%
● ZIBAY	from 180 to 220	from 150 to 180	from 200 to 220	~ 4.00%
● PAV (ZI)	from 280 to 340	from 150 to 200	from 220 to 250	~ 2.50%

Market trends

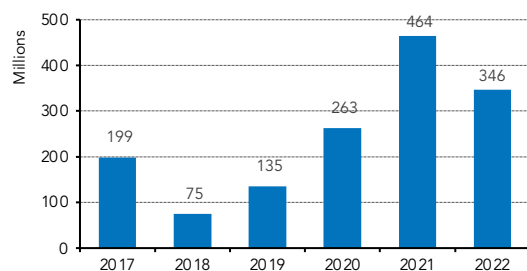
Offer	Log. →	No space was delivered in the past year. EK11 (ZIMEYSA) is the only ongoing project entirely dedicated to logistics.
	Ind. →	The largest projects are now fully leased.
Demand	Log. →	In the post-Covid period, the decline in demand is reversing last months' upward trend.
	Ind. →	Overall, the industrial market is on the rise, despite a decline in demand for office space in industrial areas.
Level rents	Log. →	The level of rents for logistics space remains constant.
	Ind. →	An upward trend is observed in the light industrial segment. The level of rents for offices in industrial zones went slightly down in ZIMEYSA and ZIBAY.



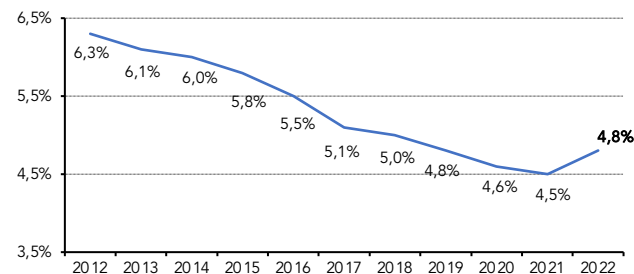
Investment

- With a transactions volume of CHF 346 million* over the past year, the industrial real estate investment market remains more or less steady. A high number of transactions were recorded in the PPE segment (22 out of 37). The purchase of Building B at Espace Tourbillon (CHF 155 million) and the purchase of the surface rights at route de la Galaise 18 by CIEPP (CHF 29.5 million) are among the most important transactions of the year.
- The drop in investment in 2022 (-25.3%) is partly due to the slowdown in the logistics market. Indeed, logistics and storage property transactions represent less than 10% of the total volume in 2022, whereas they accounted for more than a quarter in 2021. However, it should be noted that the trend established in 2021 remains exceptional considering that 4 sales made up more than 90% of the transaction volume. Sales in 2022 were smaller in scale.
- In 2022, the prime gross yield (4.8%) takes the opposite direction to the trend observed since 2012. Inflationary pressure and the increase in the BNS policy rate (1.0%) impact returns.

Transactions volume (CHF million)*



Prime gross yield



Top 5 largest transactions (2022)*

Address	Subsector	Area (sqm)	Purchase price (CHF)	CHF/sqm
1 Espace Tourbillon - Building B	ZIPLO	20'000	155'000'000	7'750
2 Route de la Galaise 18	ZIPLO	7'343	29'500'000	4'017
3 Chemin de la Marbrerie 3-5	ZIPA	7'074	23'720'000	3'353
4 Chemin de la Marbrerie 3-5	ZIPA	5'065	22'880'000	4'518
5 Youth Route 5D	ZIPA	3'780	17'000'000	4'497





Contact us

SPGI Geneva SA
Rue Ferdinand-Hodler 23
1207 Geneva
Tel +41 (0)22 707 46 00
geneva@spgi.ch | geneva.spgi.ch

Disclaimer :

The statements and interpretations expressed in this publication have been produced by SPGI Geneva SA. No information disclosed in this report constitutes professional advice. Each individual or institution must independently verify the accuracy of the data if he or she intends to make personal or professional use of it. SPGI Geneva SA and its employees shall not be held collectively or individually liable for any damage resulting from the use of or reliance on this report. No part of this report may be reproduced or transmitted in any form or by any means without the prior permission of SPGI Geneva SA. SPGI Geneva SA reserves the right to take criminal or civil action for any unauthorised use, distribution or infringement of this intellectual property.

2023 SPGI Geneva SA. All rights reserved.