



Agenzia nazionale per l'attrazione
degli investimenti e lo sviluppo d'impresa SpA

Logistics



Invitalia is the Italian national agency for inward investments and economic development. Its mission is to promote the country competitiveness – in particular in the Southern Regions – and support growth in strategic sectors.

Its main objectives are:

- Supporting inward investments*
- Boosting innovation and growth*
- Improving the economic opportunities in the country.*

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Why investing in Italian logistic sector

In the last 20 years, the opening of new markets, TLC technologies and transport development have significantly reduced geographical distances and increased trade exchanges.

In addition, supply chains are always more complex because of the localization of new worldwide production centres in the emerging countries.

Consequently, logistics has evolved from a mere activity of goods handling management to a strategic operation on which companies can leverage to be competitive.

Geographical position

Italy has a favourable geographical position in the centre of the Mediterranean Sea, a strategic location for investments in logistics sector. It is able to intercept trade flows from/to Asia, the Balkans and countries of the Mediterranean coast. This position has a growing importance in view of the new expansion of European Union and the creation of a Euro Mediterranean free trade zone that will lead to the birth of the world's largest transshipment area.

Attractive market

Logistics is one of the most profitable Italian business and it has very high prospects of growth. After the international crisis, a slight recover started in 2010 and signals from transports, transactions and the real estate market demonstrate that this positive period is still continuing. At the moment, logistics represents 7% of National GDP.

In 2010 investments in Italian logistic sector increased of 75% in comparison to 2009. The average returns amounted to around 7,5%, in line with European levels. Market attractiveness is confirmed by the presence of many multinational and/or big companies in Italy; these include DHL Group (Deutsche Post), TNT Group (TNT Post NV), Kuehne + Nagel, Schenker, UPS, Geodis, Fiege Group, Eurokai, Cosco, Evergreen e PSA (Port of Singapore Authority).

As for the real estate market, according to numerous specialized real estate agencies, in 2011 the revenues of logistics structures is expected to be around 4 bln € of revenues. Some of Italian strengths in this field are the high efficiency levels of structures (class A); the possibility to offer "built to suit" solutions; the flexibility of contracts.

Excellent infrastructural equipment

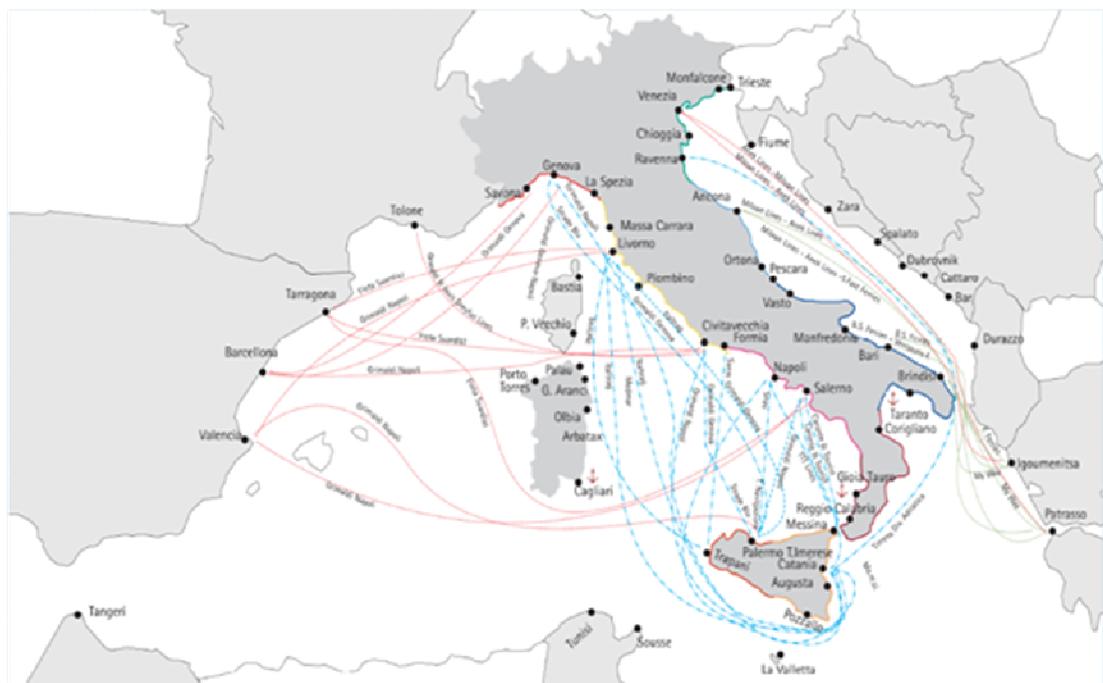
National logistics equipment is based on a set of infrastructures and logistics hubs that, since the second part of the last century, have allowed Italy to develop constantly its socio-economic framework: more than 6.500 km of present highways, with a huge plan of expansion already approved; around 21.500 km of national roads; 24.216 km of rail network (1.370 km High Speed); 3 HUB ports (Cagliari, Gioia Tauro and Taranto) and 21 first level commercial ports; 2 intercontinental HUB airports (Rome and Milan); 25 freight villages.

Geographical location

The natural location of Italy represents a great advantage as it allows connections towards Asia and the Middle East, Africa and Europe. In fact, Italy is located at the heart of these three key markets, with around 800 mln consumers. For this reason, Italian infrastructures have been equipped to receive and work on every kind of good and to answer to different needs, according to the destination market.

Western and Northern European markets, for example, are connected mainly through a capillary network of highways and railways to the main commercial centres and freight villages of Northern Italy, such as Verona, Milan, Venice, Turin and Genoa. Italian government is particularly committed in improving road and rail transport systems, enlarging present motorways, building new streets and tracks, especially those passing through Alpine tunnel (EX: Brenner, Gottardo, Frejus).

Traffic flows inside the Mediterranean area and towards the Balkans are facilitated by the presence of relevant commercial ports and Hubs like Gioia Tauro, Taranto, Cagliari, Genoa, Naples, Livorno, Venice, Bari and Augusta and thanks to logistics centres located in Central and Southern Italy. To better answer to transport and commercial needs, Italy took part in the project “Motorways of the sea” in the Mediterranean system, to develop intermodal transport through



Source: Rete Autostrade del Mare

short-distance shipping.

Furthermore, port and airport infrastructures allow commercial connections with the Middle East and Asia, reducing the number of navigation days and facilitating connections with Northern European markets, representing a well equipped passage point for ships directed to farer destinations such as America.

Moreover, the desire of the EU to improve channels and exchanges all around Europe involved the whole territory of Italy into TEN-T (Trans-European Network for Transport).

In fact, 5 of the 30 prior traffic axes involve our country directly:

- the corridor Lisbon-Kiev, crossing Northern Italy;
- the corridor Berlin-Palermo, crossing all Italian territory from the Brenner to Sicily;
- the Two seas corridor Genoa-Rotterdam; connecting one of Italian main ports to the maritime system of Northern Europe;
- the corridor Bari-Varna; facilitating traffic towards the Balkans and Eastern Europe;
- The Motorways of the sea of western and eastern Mediterranean system, already cited.

The Trans-European Corridors



Real estate logistics market

Logistics represents nowadays 7% of Italian GDP and data from 2009-2010 show the increasing improvement of Italian performances. According to some technical studies (Real Estate agencies, Confetra-Italian confederation of transports and logistics), last year there were several signs of recovery, in particular:

- the elimination of numerous “bottle necks”, to improve the efficiency of transport system. Compared to 2009, in 2010 cargo air transport increased by 18%, sea transport by 9% and road transport by 2%;
- a more qualified offer of services and infrastructures, due also to a new concept of collaboration and integration developed among logistics operators;
- new investments promoted both by public authorities and private partners in the infrastructural sector.

As for logistic real estate market, 2010 represented the beginning of a slight recovery of the sector, still continuing in 2011. According to real estate experts, there are 3 main factors that influence the market and Italy is working on them:

- the flexibility of contracts and the rapidity of negotiations. Thanks to some adjustments and the rapid interaction between the demand and the supply, in Italy it is possible to generate “built to suit” solutions and to end negotiations in around 3 months;
- the quality of buildings. In the last ten years our country has worked on restoring old structures and building new ones. The present stock of logistics structures covers around 46.600 mln sq.m., 570.000 of which have been built in 2010 (+5% than in 2009), and almost all of them are of class A¹. The total stock of Class A buildings in Italy is around 12,4 mln, 80% of which are located in Northern Italy;

¹ Real estate classes:

- Class A: high quality of buildings, strategic location and easy accessibility to main active markets;
- Class B: high quality structures but not strategically located, in areas with low connections to main infrastructures OR buildings of medium quality but located in an attractive position;
- Class C: old buildings that needs to be restored to answer to the actual needs of modern logistic and located far from strategic infrastructures and markets.

- the location. This aspect is directly linked to the previous one and influences the choice of investors according to their commercial needs. To answer them, Italian government has planned numerous interventions to improve transport system, developing intermodal distribution, and increase the number and the quality of infrastructures and services. Moreover, the presence of European TEN-T axes will encourage better connections with destination markets. For this reason, many Italian operators have already re-located their activities.

Logistics real estate revenues in 2011 are expected to be around 4 bln €, 4% more than 2010. This market is showing to have excellent returns, with an average value of 7,5% (*Source: Borsino Immobiliare della logistica and Jones Lang LaSalle*). For this reason, Italy is gaining a primary role in Europe, in line with international markets. In fact, logistics sector attracted last year around 350 mln €. 40% of investors were Italian public institution, 34% were represented by foreign institutional funds and 22% by private operators. However, the value of private investments in the real estate amounted to a range of 10-20 mln €, so the numbers are expected to increase during this and the following years. (*Source: Jones Lang LaSalle*).

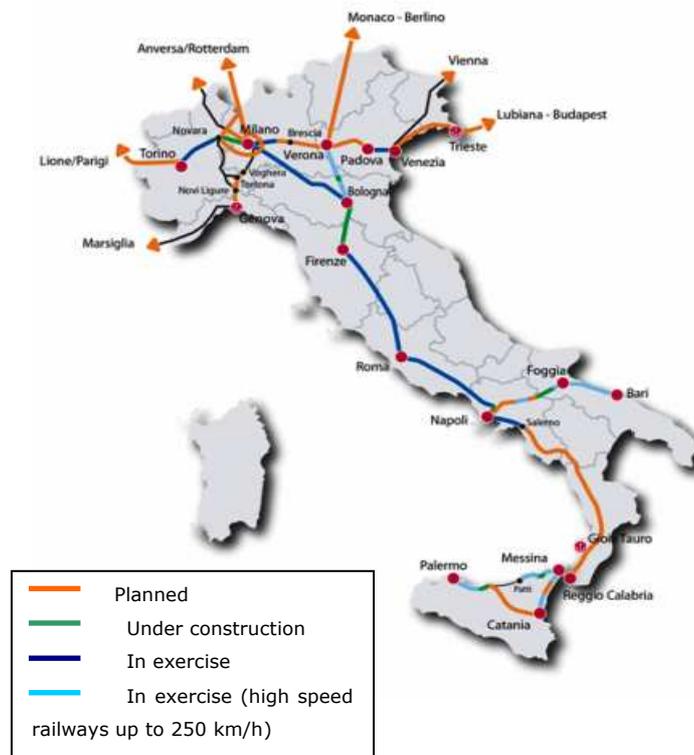
Infrastructural equipment

The infrastructural networks

The Italian road network, apart from municipal streets, is made of around 185.000 km. More than 6.500 km of them are highways, around 21.500 km are national roads and 147.000 km are regional and provincial roads (Source: ANAS, Autostrade per l'Italia, 1°Rapporto sullo stato delle infrastrutture in Italia – Uniontrasporti).

The Italian rail network is developed throughout the whole country and it represents a dense system of links between small and big centres. Working railway lines amount to 16.703 km and the total length of tracks is 24.216 km. The High Speed rail network represents the strength of the Italian infrastructural offer with about 1.370 km of working lines (Source: RFI – Italian Rail Network).

The High Speed rail network



Source: RFI

Terminal container

In the last few years the function of Italian ports has changed: they have been involved in transshipment networks and have become nodes of distribution for transoceanic traffic that increasingly reaches Europe through the Mediterranean Sea.

As a consequence of the growing role of the Mediterranean Sea in trade exchanges, Italian ports have become crossroads of global flows: in 2010 about 9.750.000 of TEU passed through Italian ports.

Top 10 of Italian ports for freight transport 2010	
Port	Tons
Genoa	50.702.340
Trieste (2009)	47.718.331
Taranto	34.848.844
Cagliari (2009)	34.726.322
Augusta	30.979.000
Livorno	30.298.751
Gioia Tauro (2009)	30.132.452
Venice	26.367.910
Messina – Milazzo	23.068.436
Naples	21.923.376

Top 10 of Italian ports for container transport 2010	
Port	TEUs
Gioia Tauro	2.851.261
Genoa	1.758.858
La Spezia	1.285.155
Livorno	628.489
Taranto	581.936
Cagliari	576.092
Naples	532.432
Venice	393.913
Trieste	281.629
Salerno	234.809

Source: Assoport

Italian port system includes:

- 3 hub ports, Gioia Tauro, Taranto and Cagliari, which attract the most important shipping companies of the world; they offer services from/to Far East, USA, Persian Gulf, North, Central and South America
- 21 trade ports with International line services, motorways of the sea and infra-Mediterranean short sea shipping.

Italian port system



Source: Assoport

A complete intermodal network

The Italian intermodal network is one of the most important in Europe for the quality and quantity of its facilities with 25 freight villages strategically located along the main traffic lines that cross Italy with branches to all Europe and other Mediterranean countries.

Italy has been one of the first European countries to built an intermodal logistics system with investments of more than 500 million € in the period 1990-2006 funded by the central Government, local Administrations and private operators.

A study conducted by a German agency in 2010 showed the high efficiency of these structures, as 7 of them are classified in the Top 20 of European logistic infrastructures, with Verona ranking first.

Inside Italian freight villages there are more than 1.000 transport and logistics companies, 18.000 direct workers and other 20.600 people who work in activities linked to logistics sector.

Thanks to the services they offer, freight villages are real territorial development poles. As logistics interchange centres and value added services suppliers, they play the role of hub for complex transport cycles in transport networks always more complex and articulated. Moreover, multimodal combined transport is the most efficient and effective instrument to reduce the increasing transport demand impacts and to rebalance transport modes for the benefit of those less intrusive such as “all-road” transport.

Italian Freight Villages

Ranking	
1.	 <u>Interporto Verona</u>
2.	 <u>GVZ Bremen</u>
3.	 <u>GVZ Nürnberg</u>
4.	 <u>Interporto Bologna</u>
5.	 <u>Madrid CTC - Coslada</u>
6.	 <u>Interporto Torino</u>
7.	 <u>Interporto Nola Campana</u>
8.	 <u>Interporto Parma</u>
9.	 ZAL - Barcelona
10.	 <u>GVZ Berlin Süd</u>
11.	 <u>Interporto Padova</u>
12.	 Plaza Logistica Zaragoza
13.	 Cargo Center Graz
14.	 <u>GVZ Leipzig</u>
15.	 Delta 3 Lille
16.	 <u>BILK Logistics</u>
17.	 <u>Interporto Novara</u>
18.	 <u>DRIFT Daventry</u>
19.	 Wakefield
	 Eurocentre Toulouse

Source: www.informare.it

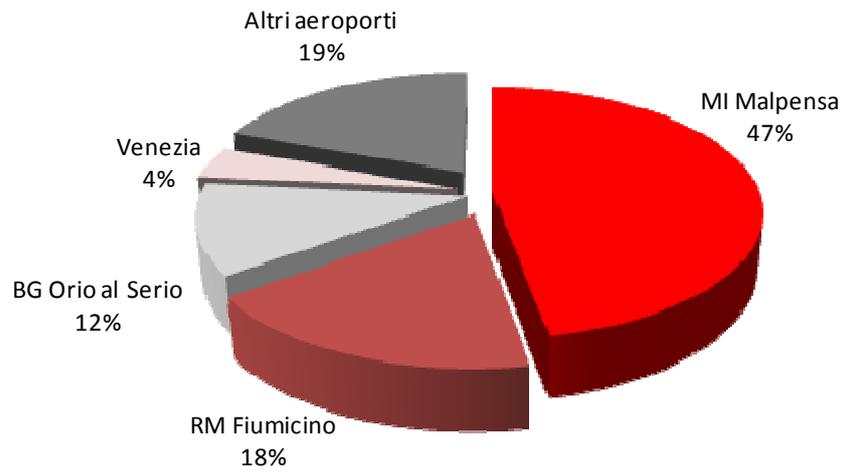


Source: UIR

Main airports

Italian airport system includes 41 main airports with the qualification of community international airports enabled to the traffic with other countries. The expansion of low-cost airlines helped the development of regional airports, used as Hub and where they channel large volumes of traffic. With regard to cargo sector, the most relevant airports are 4: Milan Malpensa and Rome Fiumicino (with cargo city for goods handling and management), Bergamo Orio al Serio and Venice.

Goods handled in Italian Airports 2010 (values in tons)



Source: Assaeroporti

Incentives

Ecobonus

Ecobonus is a national incentive system which provides an economic reimbursement for transport operators that use combined road-sea transport instead of “all-road” transport.

This system, joined to lower costs in terms of diesel, tools and trucks maintenance, allows hauliers to save on costs.

Beneficiaries

The 31 January 2007 Transport Ministry Act has identified 28 sea routes, of which 8 international, that could enjoy Ecobonus.

Ecobonus beneficiaries are contractors trucking companies, also associated with each other or with marine operators, which work in Italy, making at least 80 annual trips along the same route.

The reimbursement can't exceed a maximum cap of 30% of every connection fee.

In 2008 Transport Ministry has allocated a total financing of 231 million € distributed in 3 years.

To those who request it

To obtain funds, the operator has to fill a specific form available at the following address <http://ram.blutech.info/content/view/329/1> and submit it to the Ministry of Transport within January 31st of the year following the one for which he has requested Ecobonus. Company must commit itself to maintain the same number of trips (and the same quantity of goods) using combined road-sea transport for the three-year period following the year in which it has requested incentive.

Ferrobonus

Ferrobonus represents a National financial aid to increase the use of rail and intermodal transport, as it is stated by art.3 of the Government decree n. 750 (14th of October 2010).

The total amount of funds fixed for this incentive are 25,7 mln € and the bonus that will be delivered is of about 2 €/train km.

Beneficiaries

The bonus can be used by all companies using rail transport that:

- a) From the 15th of October 2010 to the 14th of October 2011, ordered intermodal and/or transshipment transport, with completely full trains, maintaining a total volume of traffic (train/km done on national tracks) not under 80% of the volume generated during the period 1st of July 2009 – 30th of June 2010. They also have to promise that they will maintain the same volume of traffic for the following 12 months;
- b) Did not ordered intermodal and/or transshipment transport with completely full trains in 2009 but have ordered them for the period 15th of October 2010 – 14th of October 2011. The possibility to obtain funds, in this case, is submitted to the use of at least 48 couples of full trains in the cited period and the will to maintain the same volume of traffic for the following 12 months.

The access to Ferrobonus is allowed to all companies based in Italy or in other countries of the EU and, in condition of reciprocity, also to those based in Switzerland.

Opportunities

Opportunities in logistics sector refers to 4 types of investment:

- terminal container management in hub or feeder ports through port authorities grant;
- creation of warehouses in freight villages and intermodal centres;
- creation of European distribution centres in value added logistic areas located just behind ports;
- logistic real estate.

Success stories

In the last 10 years 462 companies operating in logistics, subsidiaries of 280 foreign groups, have invested in Italy. Investments in the real estate market increased in 2010 of 75% in comparison to 2009, reaching the amount of 350 mln €.

Thanks to this massive business presence, Italy is able to offer a wide range of integrated logistics services, with high levels of expertise and within an international logistics network.

It is mainly in the port sector that Italy has been the subject of a real race to the investment.

Here are some examples of operations conducted by important global players:

- the German Eurogate, through the subsidiary Eurokai, has concentrated its presence in Italy and, through Contship Italy, has the control of Gioia Tauro Medcenter Container Terminal, La Spezia Container Terminal, Livorno Terminal Darsena Toscana, Ravenna Terminal Container and Salerno Terminal Container
- Evergreen (Taiwan, China) has entered Italian market in 1998 acquiring the majority shares of Lloyd Triestino, an historical Italian shipping company with which, 4 years later, has taken the control of the pier VII of Trieste Port. The Chinese company, furthermore, has cofinanced the realization of Taranto Terminal Container, inaugurated in September 2001

- in 1998 Port of Singapore Authority has taken the control of Sinport which manages Voltri Terminal Container of Genoa and Marghera Terminal Container of Venice
- Cosco, a Chinese shipping company, has come into Italy in 2002 taking the control of Naples Terminal Container. In 2008 it has chosen this port as centre of its activities in the Mediterranean Sea and towards the North Europe
- in 2008 Hutchison Port Holdings (Hong Kong, China) has acquired an important shareholding of Taranto Terminal Container
- in 2008 again, the Danish Maersk has invested 130 million € in Savona Vado logistic platform.

