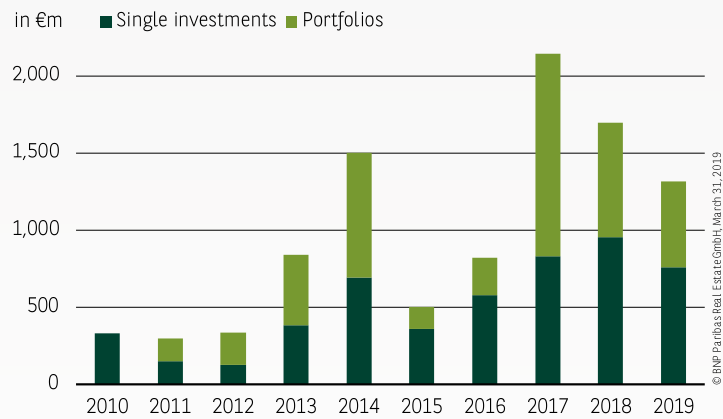




At a Glance **Q1 2019**

# LOGISTICS INVESTMENT MARKET GERMANY

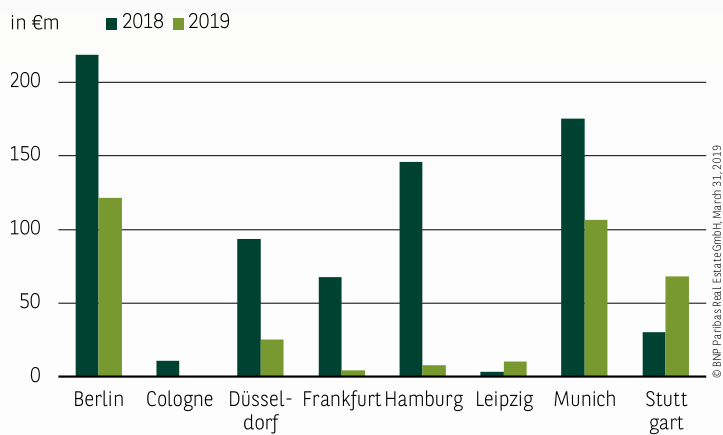
## Logistics investments in Germany



## ➤ AGAIN STRONG FIRST QUARTER

The upward trend observed in the logistics investment market for several years continued in the first quarter of 2019. With a transaction volume of 1.32 billion €, the previous year's result was missed by a good 22 %, but it still represents the fourth best result ever recorded. At the same time, for the third year in a row, the billion mark was exceeded in the first three months. Almost 58 % of turnover was generated with individual properties, which contributed 759 million € to the result and thus exceeded the ten-year average by 47 %. But portfolios were also again extensively involved. At 557 million €, they are also a good 20 % above their long-term average. The largest package sale to date is the purchase of German cold stores by Tristan and Barings, accompanied by BNP Paribas Real Estate, for over 250 million €. In view of the great interest shown by both national and international investors, the volume would have been even higher if there had been a greater supply of attractive properties on the market.

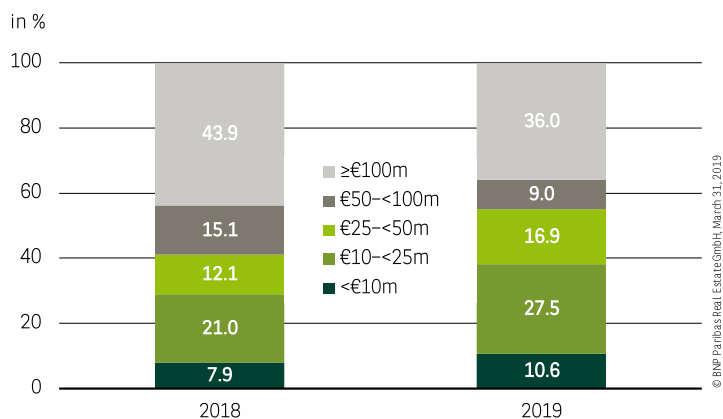
## Logistics investments in important markets Q1



## ➤ LARGE LOGISTICS HUBS WITH SIGNIFICANT DECLINES

The overall limited supply is primarily evident in the large logistics agglomerations, almost all of which have to cope with noticeable declines in turnover, although many buyers are desperately looking for investment opportunities in these top locations. In the eight most important regions, transactions of 344 million € were recorded, only half as high as in the same period of the previous year. As the only location with a noticeable increase, Stuttgart stands out, where the result more than doubled to 68 million €. The investment volume is highest in Berlin (121 million €; -44 %), followed by Munich (107 million €; -39 %) and Düsseldorf (25 million €; -73 %). In the other agglomerations, no significant deals have yet been registered, such as in Cologne, or only very small volumes have been recorded, such as in Frankfurt, Hamburg and Leipzig.

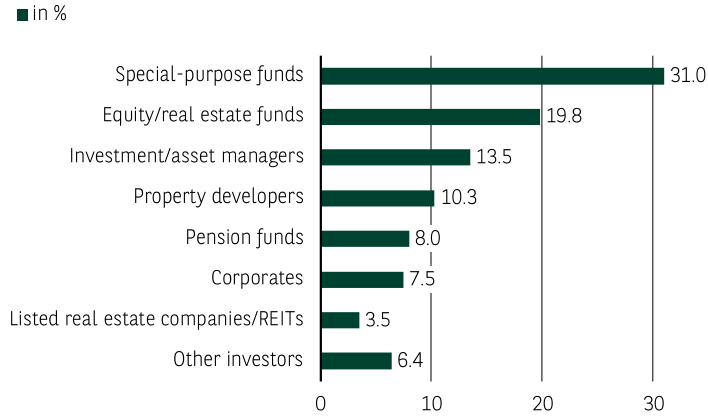
## Logistics investments by € category Q1



## ➤ DEMAND IN ALL SIZES

The broad demand base, which includes significantly more buyer groups than a few years ago, is also reflected in the fact that all size classes accounted for a large share of the result. While larger transactions over 50 million € suffered losses of around 40 % to 593 million € due to the low supply, smaller and medium-sized deals up to 50 million € not only grew relatively, but also in absolute terms. At 724 million €, they are around 4 % higher than the comparable figure for the previous year.

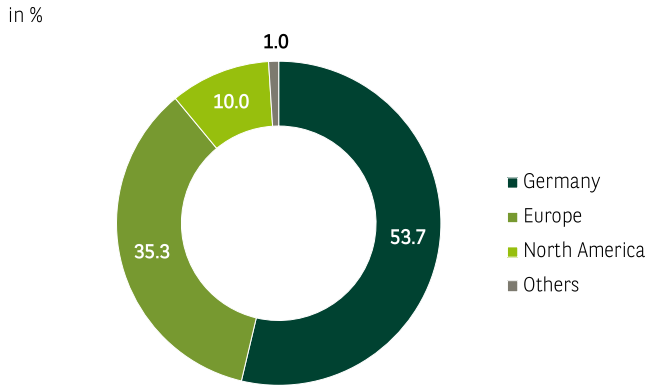
**Logistics investments by buyer group Q1 2019**



**➤ MORE THAN HALF ATTRIBUTABLE TO FUND CONSTRUCTIONS**

Since logistics real estate has established itself in recent years as an independent and attractive investment asset class with very good prospects for the future, not least due to the uninterrupted growth of e-commerce, it is not surprising that many different types of investors are now active in this segment. However, many of the investors do not act directly, but through funds in which they participate and which are therefore among the most important buyer groups. Special-purpose funds took the lead with a 31 % share of turnover, followed by equity/real estate funds with 20 %. Investment managers (13.5 %), property developers (a good 10 %) and pension funds (8 %) also made extensive investments.

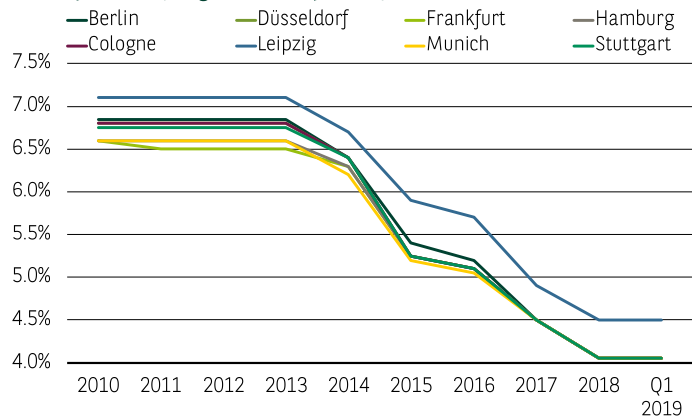
**Logistics investments by origin of capital Q1 2019**



**➤ GERMAN BUYERS INCREASINGLY INVOLVED**

The changed investment landscape in logistics real estate is also reflected in the distribution between national and international buyers. Although foreign investors, who are traditionally particularly strong in the logistics segment, still account for 46 % of the total, which is significantly higher than in most other asset classes, they are no longer responsible for more than half of the turnover as in the long-term average. German investors, for whom logistics properties were not an alternative until a few years ago, are also becoming increasingly involved. Of the international investors, European buyers were the most active with 35 %, followed by North American investors who contributed 10 %. All other regions have so far played no role.

**Development of logistics net prime yields**



**➤ PRIME YIELDS STABLE AFTER SINKING FLIGHT**

The increased importance of logistics properties has been reflected in a strong yield compression in recent years. In the first quarter, however, they temporarily stabilised at the level reached at the end of 2018. Accordingly, net prime yields in Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Munich and Stuttgart are still at 4.05 % each. Only the Leipzig location is somewhat cheaper with 4.50 %.

**➤ PERSPECTIVES**

The outlook for the logistics investment markets remains favourable. Both investor interest and important framework conditions, such as financing conditions, are right. Only the restricted offer could have a limiting effect on the transaction volume, so that a result as in the last two years is rather unlikely. For the year as a whole, an investment volume in the range of 5 to 6 billion € should be the most likely scenario from today's perspective.

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