Real Estate
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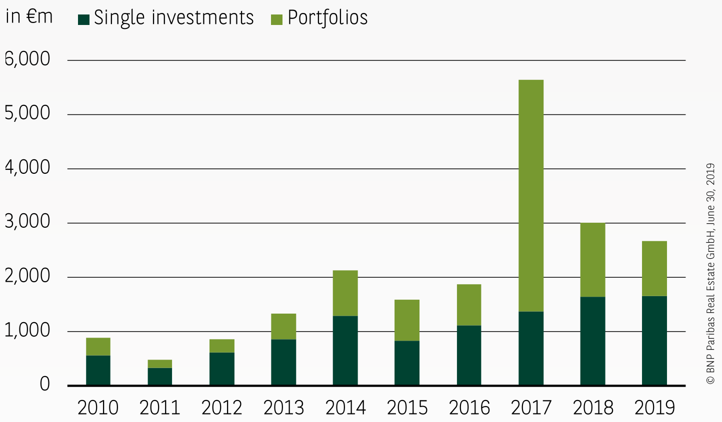
RESEARCH

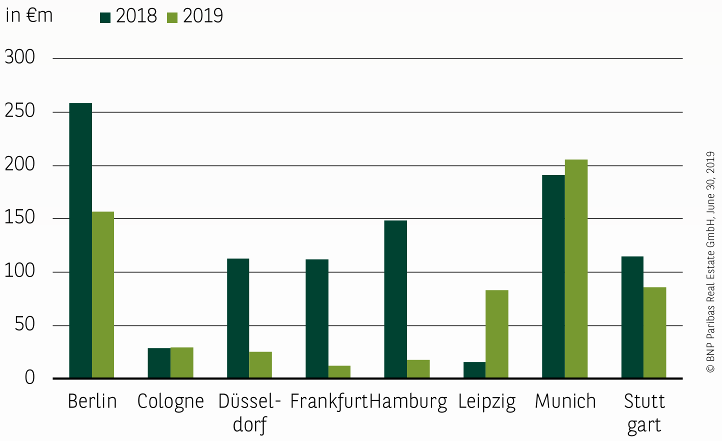
At a Glance Q2 2019

LOGISTICS INVESTMENT MARKET GERMANY

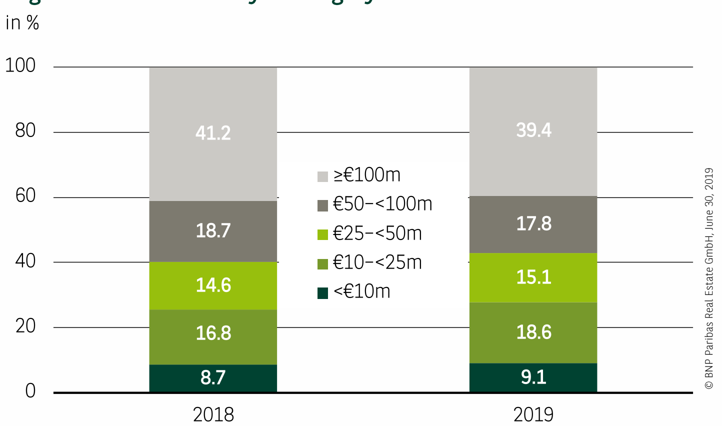
Logistics investments in Germany H1



Logistics investments in important markets H1



Logistics investments by € category H1



SINGLE DEALS WITH NEW RECORD

The run on logistics real estate by investors that has been going on for several years continued in the first half of 2019. Although the previous year's result is missed by around 11%, the transaction volume of €2.67 billion marks the third-best half-year figure ever recorded. Accordingly, the long-term average is also exceeded by about 30%. Against the background of the good overall result the relatively high proportion of individual transactions (approx. 62%) is particularly noteworthy. At around €1.65 billion, a new record in this segment is set, albeit very close (2018: €1.64 billion), while the volume from portfolio transactions is about a quarter lower than in the previous year. Although at first glance the decline seems to be drastic, it is the third best result ever recorded, as is the case for total turnover.

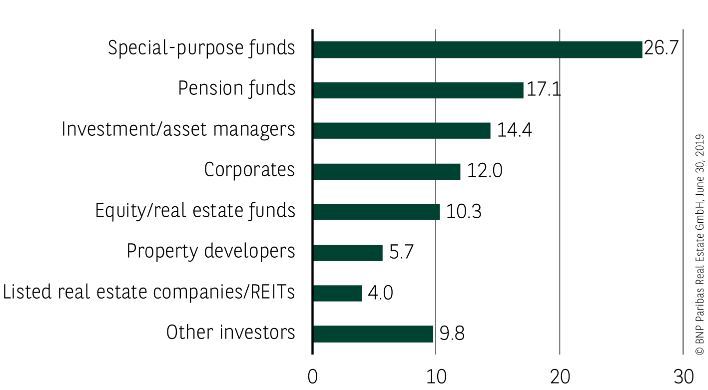
LESS VOLUME IN THE ESTABLISHED HUBS

After the large German hubs have been the primary target of investors for several years, a considerable shortage of supply is now becoming noticeable. Investments in Frankfurt (€12 million) fell by a good 89%, in Hamburg (€18 million) by approx. 88% and in Düsseldorf (€25 million) by just under 78%. Berlin, too, had to leave its mark (39%), which is also attributable to the extremely strong result of the previous year. At around €157 million, this is still the second-best result of the past ten years, which is equivalent to second place in the current city comparison. Meanwhile, Munich (€205 million) leads the half-year ranking. The Bavarian state capital was the only A-location to record noticeable growth of almost 8%. With a turnover of €86 million Stuttgart completes the podium. Leipzig is currently experiencing a particularly positive development (€83 million). Investors continue to focus on the up-and-coming logistics region, with the result that a new half-year record result was achieved, which exceeds the previous year's turnover by a good five times.

GROWTH IN THE SMALL SEGMENTS

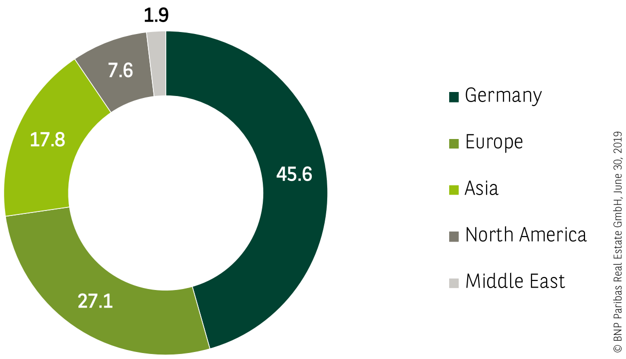
As in the previous year investments are distributed relatively homogeneously across the size classes, since only a few investments in the three-digit million range were made in the first half of the year. However, the consistently good results in the segments up to €25 million underline the growing importance of individual transactions, which often tend to be classified in the small-volume segment.

Logistics investments by buyer group H1 2019

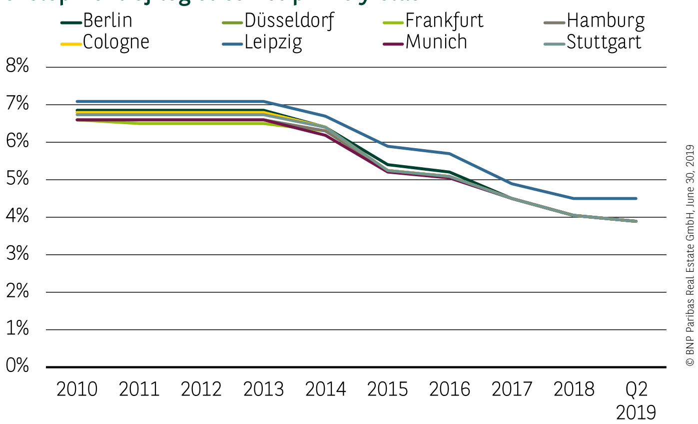


Logistics investments by origin of capital H1 2019

in %



Development of logistics net prime yields



DIVERSIFIED RANGE OF BUYERS

The current distribution of turnover among buyer groups is clear evidence that logistics properties have discarded their once dusty image and have long since ceased to be a niche product. In the first half of 2019, five buyer groups achieve a double-digit percentage share of the investment volume. The ranking is headed by a clear margin by special-purpose funds, which account for almost 27% of the total. They are followed by pension funds with a good 17% which have won the neck-and-neck race, with investment/asset managers (approx. 14%). In addition, corporates (12%) and equity/real estate funds (a good 10%) also achieve impressive results.

FOREIGN INVESTORS STILL IN THE LEAD

Compared to the other asset classes, foreign investors are still disproportionately well represented in the logistics investment market with a share of 54%. Nevertheless, German buyers are gaining in importance compared to previous years and the composition of foreign buyers is also subject to change. While Asian investors were the strongest force last year, they are now only in second place with a share of just under 18% and have been replaced by Europeans (a good 27%). North American buyers and investors from the Middle East are also losing ground, reaching just under 8% and 2% respectively. This is partly due to the changed structure of the investment offering. Due to the brisk market activity of recent years and the resulting tightening of the supply in the large-volume portfolio segment, primarily smaller individual properties are being offered. In the past, however, in particular non-European buyers have relied primarily on large-volume parcels.

YIELDS SLIDE BELOW 4% MARK FOR THE FIRST TIME

The growing popularity of logistics investments is also reflected in the development of net prime yields over the course of the year. At the beginning of the year the yields in the A-locations were still 4.05%, but in the meantime they have fallen by 15 basis points to 3.90% and are thus now below the 4.00% mark for the first time.

PERSPECTIVES

Market activity is expected to remain high for the rest of the year. However, since the average transaction volume is likely to decline further as a result of the increased importance of the individual deals, from today's point of view it will not be possible to seamlessly tie in with the previous two years in terms of investment volume.

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