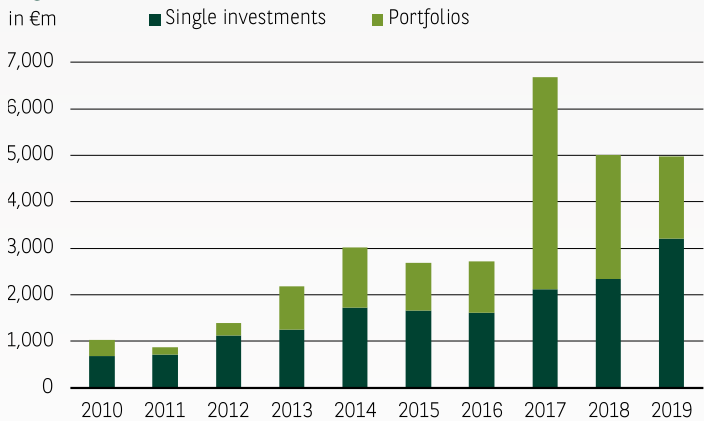




At a Glance **Q3 2019**

# LOGISTICS INVESTMENT MARKET GERMANY

## Logistics investments in Germany Q1-3

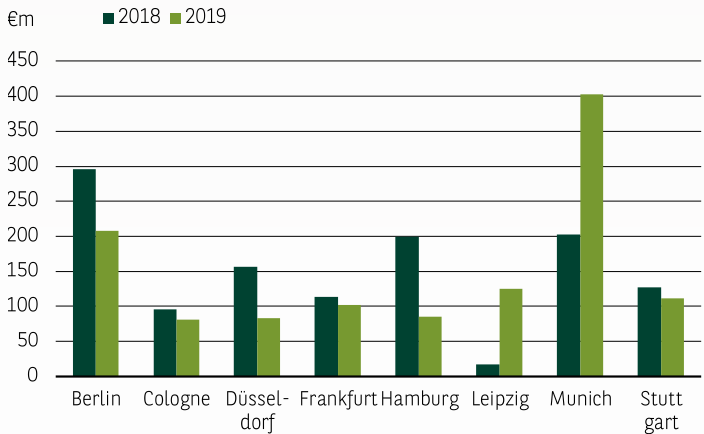


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### INDIVIDUAL TRANSACTIONS DOMINATE TURNOVER

After the first three quarters of the year, the investment market for logistics real estate records an extraordinary result. With a transaction volume of around €5 billion, the value from the previous year was almost exactly repeated (-1%), which means that it is the third-best volume of all time and the long-term average is exceeded by a whopping 63%. However, the real peculiarity of the current interim result is in the detail: with a turnover share of around 64%, it is mainly individual transactions that are responsible for the strong performance. The total of €3.2 billion generated in this segment alone would have been sufficient in itself to continue to achieve the third-best result ever recorded - an absolute record, of course. Even if the portfolio transaction volume appears somewhat pale, at just under €1.8 billion we can also speak of a strong result in this segment.

## Logistics investments in important markets Q1-3

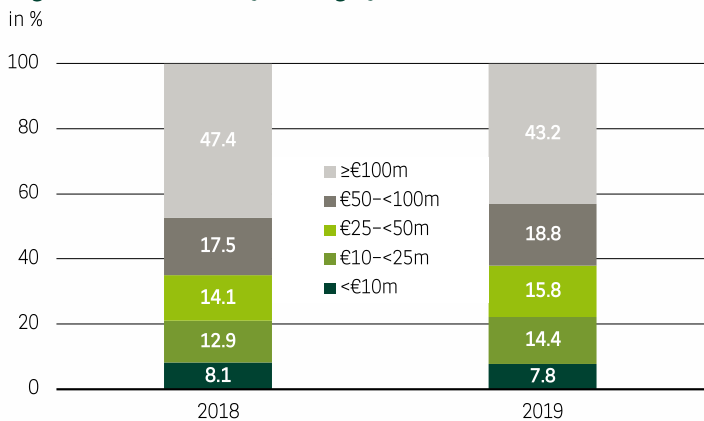


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### MUNICH AND LEIPZIG WITH NEW RECORDS

While the nationwide investment volume remained almost stable compared to the previous year, a look at the major hubs reveals a mixed picture. For example, turnover in Hamburg (€85 million) fell by 57%, in Düsseldorf (€83 million) by 47% and in Berlin by 30%. However, the result of the federal capital must be seen against the background of the strong result of the previous year, so that the currently registered €208 million even turn out to be the second best result of the past ten years at second glance. It already looks much clearer when looking at other locations. Leipzig, for example, has achieved a new record with investments of €125 million and is even in third place in the current city ranking. With a volume of €402 million, Munich meanwhile plays in a league of its own. The result is not only a new record for the Bavarian state capital, but no better result has been achieved in all other important markets in the past ten years.

## Logistics investments by € category Q1-3

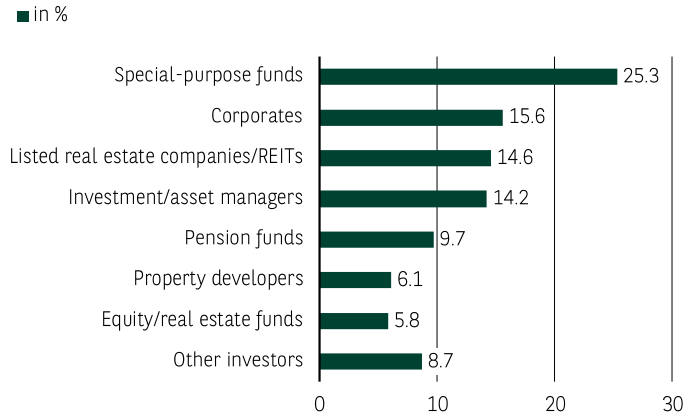


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### SIZE DISTRIBUTION INCREASINGLY HOMOGENEOUS

With a turnover share of a good 43%, the segment over €100 million is still at the top of the rankings, but the relatively homogeneous distribution of the other size classes testifies to the growing importance of individual deals. Transactions with a volume of up to €50 million currently account for 38% of the total, which corresponds to around €1.9 billion in absolute terms and thus a new record.

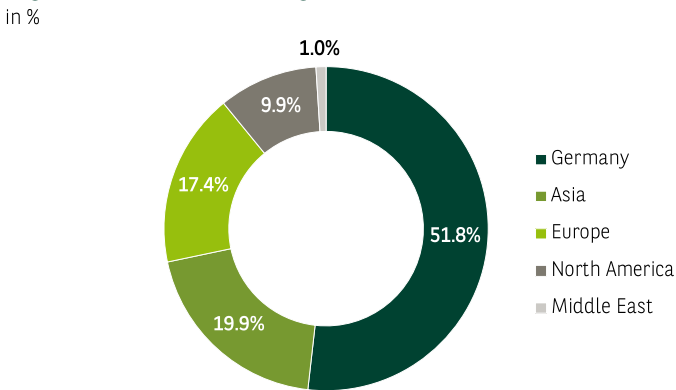
**Logistics investments by buyer group Q1-3 2019**



**➤ DIVERSIFIED RANGE OF BUYERS**

Looking at the relatively diversified distribution of the volume by buyer group, the great popularity of logistics investments among a wide variety of investor types becomes clear. With a good 25%, special-purpose funds are the undisputed leaders in the ranking by a wide margin. Behind them, however, things are much closer. In a neck-and-neck race, corporates rank second with almost 16% ahead of listed real estate companies/REITs (approx. 15%). Investment/asset managers follow closely behind, accounting for a good 14% of the total. Pension funds also achieved a remarkable result, but just missed a double-digit result (around 10%).

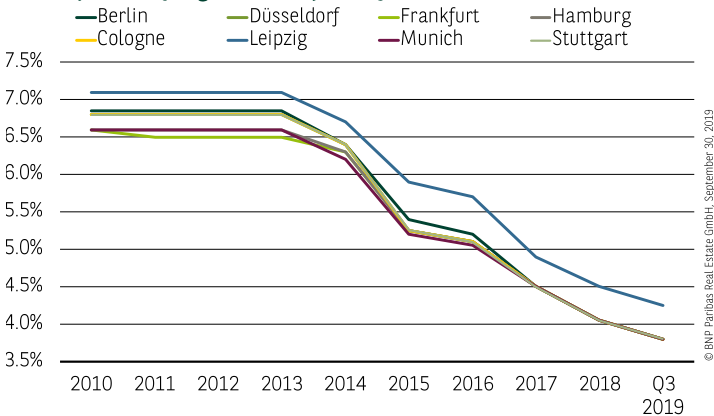
**Logistics investments by origin of capital Q1-3 2019**



**➤ GERMAN INVESTORS TAKE THE LEAD**

Compared to the other asset classes, the logistics investment market continues to be dominated disproportionately by foreign investors. Nonetheless, the majority of the capital, just under 52%, currently comes from Germany. Although this is not a novelty from a long-term perspective, it is remarkable given the high investment volume. The equally outstanding results of the two previous years were largely due to capital flows from abroad. This development must also be seen in connection with the changing relationship between portfolio and individual transactions. For example, non-European buyers in particular are relying primarily on large-volume packages, which, however, are becoming less and less available due to the brisk market activity of recent years. It is therefore not surprising that investors from Asia (20%), North America (10%) and the Middle East (1%) had to leave their mark on the turnover distribution, while investors from Germany and other European countries (17%) were able to significantly increase their share.

**Development of logistics net prime yields**



**➤ YIELDS CONTINUE TO DECLINE**

After net prime yields had fallen below the 4% threshold for the first time at 3.90% in the middle of the year, prices continued to rise, with the result that there has been no noticeable flattening of the compression so far. Yields have fallen by a further 10 basis points and currently stand at 3.80%.

**➤ PERSPECTIVES**

Due to the continuing popularity of logistics investments, it cannot be ruled out that yields will fall slightly again in the fourth quarter. The fact that the €7billion mark will again be broken at the end of the year is realistic from today's point of view. Nevertheless, it also depends on whether demand for portfolios will meet supply in addition to a sustained high number of individual transactions.

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