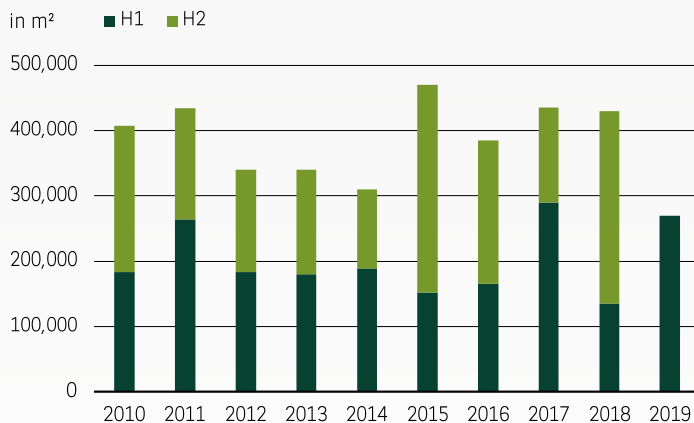




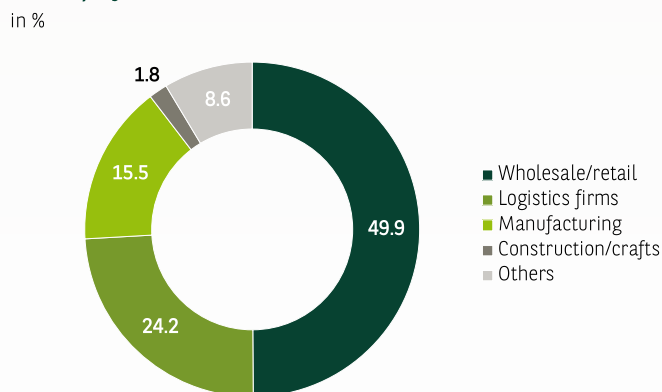
At a Glance **Q2 2019**

LOGISTICS MARKET BERLIN

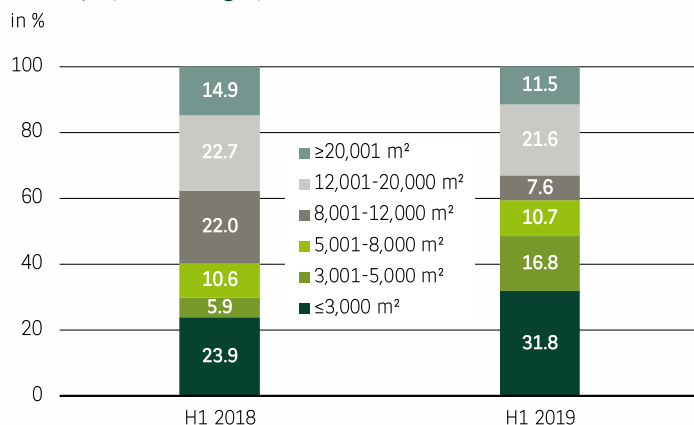
Light industrial and logistics take-up in Berlin



Take-up by sector in Berlin H1 2019



Take-up by size category in Berlin



➤ VERY GOOD MID-TERM RESULT

The mid-term take-up of the Berlin market for logistics (including the surrounding area) is impressive: The good start into the year was followed by an equally dynamic second quarter, with an outcome totalling around 270,000 m² at the middle of the year. Following the record set in the first half of 2017, this is the best result ever achieved and is also around 34% above the 10-year average. Take-up is also extraordinarily strong in a nationwide comparison. No other major logistics location provided more space for new users. Only Frankfurt, with around 259,000 m², achieves an almost comparable level. The very high number of contracts included in the result should also be highlighted. More than 80 deals, almost two thirds in the smallest segment of less than 3,000 m², testify the very broad-based demand. But there are some major deals to report as well. These include a 31,000 m² contract with an e-commerce company in Kiebusch, Kühne & Nagel concluded an agreement for 20,000 m² in Oberkrämer and Kfzteile24 in Ludwigsfelde (13,300 m²). Although the share of owner-occupier is traditionally low, it is even for the Berlin market unusually low at just 4% in the middle of this year.

➤ ABOUT HALF IS ACCOUNTED BY THE TRADING SECTOR

Traditionally, wholesale/retail companies are one of the most important pillars of demand for logistics take-up. In the first half of 2019, they again have a substantial share of the result with just under 50%. But logistics firms also contribute a good 24%, almost a quarter of the total. In comparison to the previous year, companies from the manufacturing sector also showed a much stronger presence on the demand side with 16%. All other industry groups account for a share of a good 10%.

➤ SMALL SEGMENT WITH THE HIGHEST SHARE OF OUTCOME

At the end of the first half of the year, the distribution of take-up among the various size categories was rather uncommon, with the smallest segment clearly taking the lead in terms of result share (32%). This also reflects the broad demand situation, which arises from new trends, e.g. city logistics or the mobility sector, which are frequently calling for smaller spaces close to the city centre. Only at a great distance units between 12,000-20,000 m² follow with a share of 22%. In addition, the second smallest segment between 3,000-5,000 m² is strongly represented with 17%.

Major contracts in Berlin H1 2019

| Quarter | Company | Location | Area (m²) |
|---------|--------------------|-------------|-----------|
| Q1 | E-Commerce company | Kiebusch | 31,000 |
| Q2 | Kühne + Nagel | Oberkrämer | 20,000 |
| Q2 | Kfzteile 24 | Ludwigfelde | 13,300 |
| Q2 | Automotive company | Kremmen | 13,000 |
| Q2 | KW-Commerce | Großbeeren | 12,100 |

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Key figures logistics market Berlin

| | H1 2018 | H1 2019 | Trend remaining year |
|----------------------------|------------|------------|----------------------|
| Prime rent | 5.90 €/m² | 7.20 €/m² | ➔ |
| Average rent | 4.90 €/m² | 5.50 €/m² | ➔ |
| Take-up | 135,000 m² | 270,000 m² | ➔ |
| - Share of owner-occupiers | 0.0 % | 4.4 % | ➔ |
| - Share of new buildings | 19.9 % | 52.5 % | ➔ |

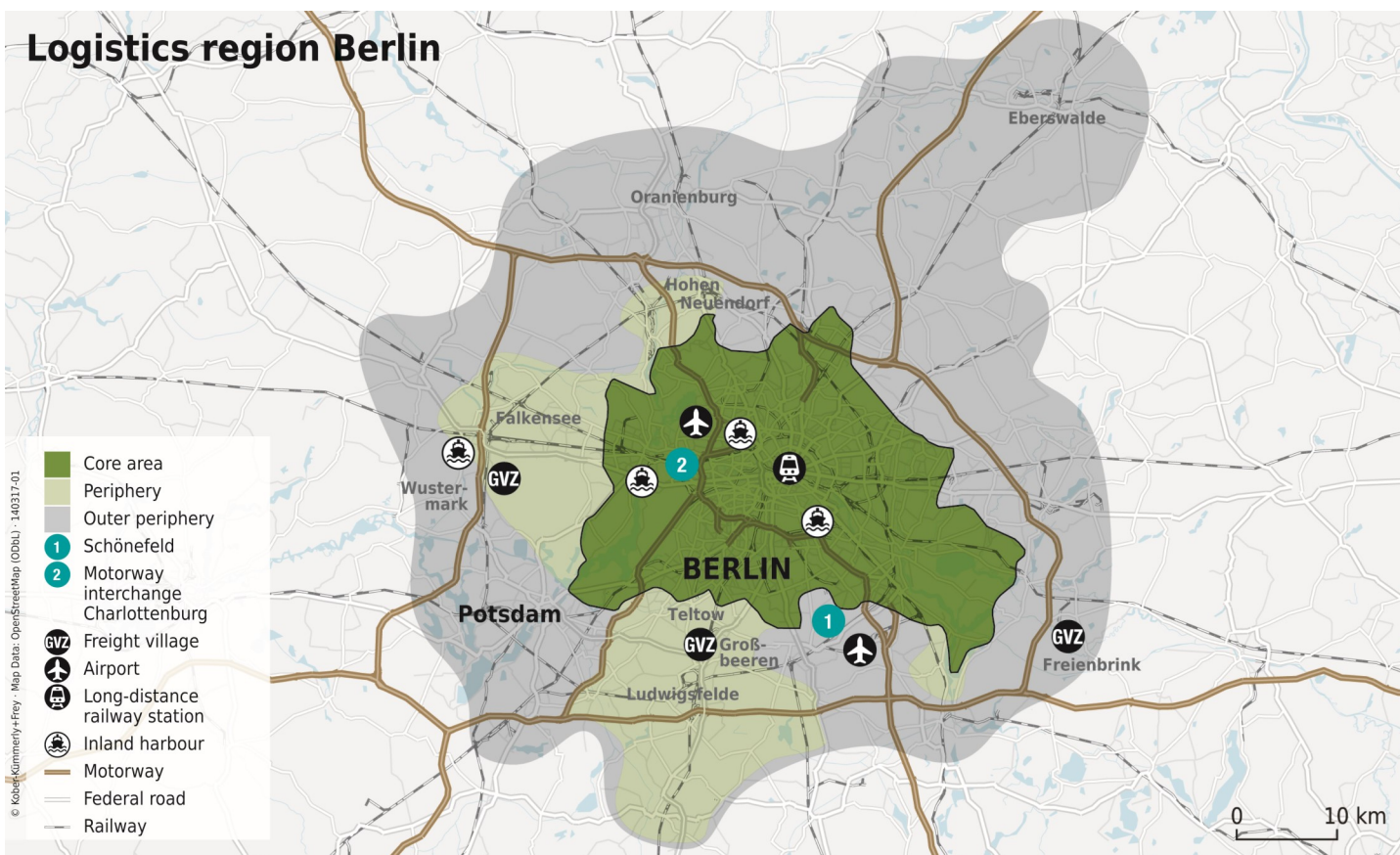
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➤ TWO-PART SUPPLY SITUATION

The supply situation in the Berlin market area can be described as divided. Due to larger project developments, especially in the southern Berlin surrounding area, there is an overall sufficient offer available for large-space requests from about 5,000 m². However, it is difficult for smaller tenants to find what they are looking for there. In contrast, the Berlin urban district lacks medium-sized offers for companies who are increasingly dependent on being close to the city centre. Creating such units is difficult due to the competitive situation between several uses (office, residential, logistics). The rise in property and construction costs is reflected in increasing rents for the few completed projects. This is also demonstrated by top rents, which in central locations have risen by 22% to 7.20 €/m² within one year. The average rent also rose to 5.50 €/m² (+12%).

➤ OUTLOOK

Everything points to a continuing high demand in the second half of the year, so that the existing supply is likely to be further reduced. Against this backdrop, there is a realistic chance that the 400,000 m² threshold will be exceeded for the third year in a row. However, it remains to be seen whether and to what extent structural differences between demand and supply could possibly slow down take-up somewhat.



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