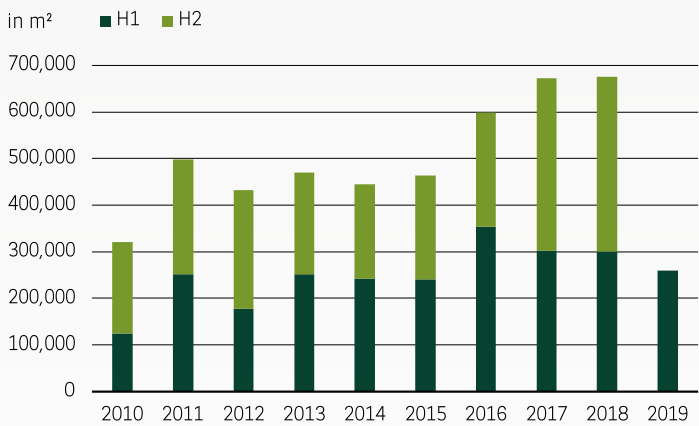




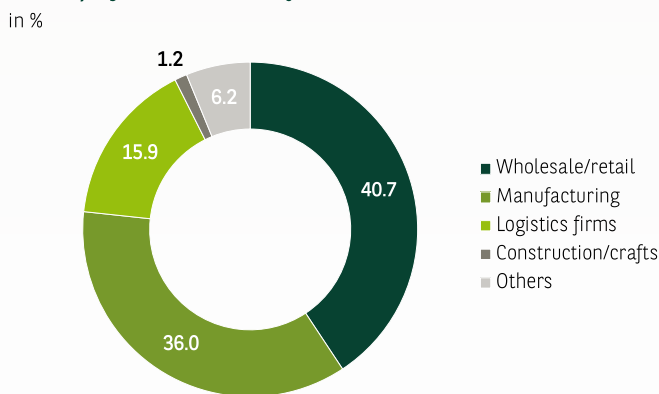
At a Glance **Q2 2019**

LOGISTICS MARKET FRANKFURT

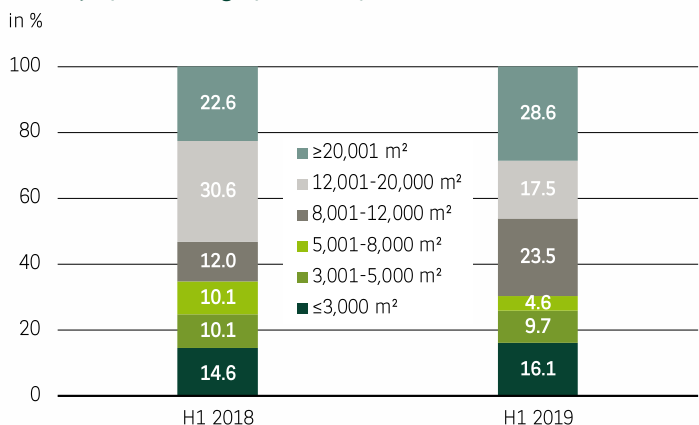
Light industrial and logistics take-up in Frankfurt



Take-up by sector in Frankfurt H1 2019



Take-up by size category in Frankfurt



SOLID RESULT DESPITE DECLINE IN TAKE-UP

After the first two quarters the Frankfurt logistics and warehouse space market recorded a take-up of 259,000 m² and thus achieved a very solid half-year overall result. Although the previous year's outcome was missed by 14% and the 300,000 m² threshold was not broken for the first time since 2015, the long-term average was slightly exceeded by 3%. Against the backdrop of the supply shortage in almost all market regions, this represents an even more pleasing achievement. In particular, unites between 5,000 and 10,000 m² close to the city are very much in demand but at the same time rare. In the core region, primarily small-scale contracts with an average size of around 2,850 m² are registered. An exception is the 18,000 m² that Eichler Kammerer occupies as an owner-occupier. Larger contracts are traditionally signed in the periphery and the outer periphery. This also includes the largest deal to date, which the owner-occupier IKEA has contributed with over 33,000 m² on the former Opel factory site in Rüsselsheim.

TRADING COMPANIES MOVE UP TO THE TOP

With three out of the four largest deals closed in the first half of the year, trading companies (just under 41%) clearly take the top position. This underlines their position as a very important player in the logistics market, which is mainly driven by the increasing relevance of e-commerce. In addition, manufacturing firms have been particularly active up to now, ranking second at 36%. With several major deals above the 10,000 m² mark, they have achieved the strongest half-year result of all time. On the other hand, logistics service providers have remained cautious so far and made a comparatively small contribution of less than 16%.

SHORTAGE OF MEDIUM-SIZE UNITES GETS VISIBLE

The distribution of take-up by size category shows a varied demand for the Frankfurt logistics market, but at the same time illustrates the supply bottleneck for medium-sized unites: the segment of 5,000-8,000 m² only achieves a share of less than 5% despite existing requests. The large space section beyond 20,000 m² is at a peak of almost 29% thanks to three deals. The 8,000 to 12,000 m² segment was able to almost double its share compared to the previous year and came in second with almost 24%. Contracts between 12,000 and 20,000 m² are the third strongest contributor (a good 18%), but they lose 13 percentage points compared to the previous year.

Major contracts in Frankfurt H1 2019

Quarter	Company	Location	Area (m ²)
Q2	IKEA	Rüsselsheim	33,000
Q1	Wholesale/retail company	Gernsheim	20,600
Q2	Food manufacturer	Bodenheim	20,300
Q1	Eichler-Kammerer	Dietzenbach	18,000
Q2	AKASOL	Darmstadt	15,000

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Key figures of logistics market Frankfurt

	H1 2018	H1 2019	Trend remaining year
Prime rent	6.30 €/m ²	6.50 €/m ²	↗
Average rent	4.90 €/m ²	4.95 €/m ²	→
Take-up	300,000 m ²	259,000 m ²	→
- Share of owner-occupiers	10.7 %	42.4 %	↗
- Share of new buildings	43.0 %	49.1 %	→

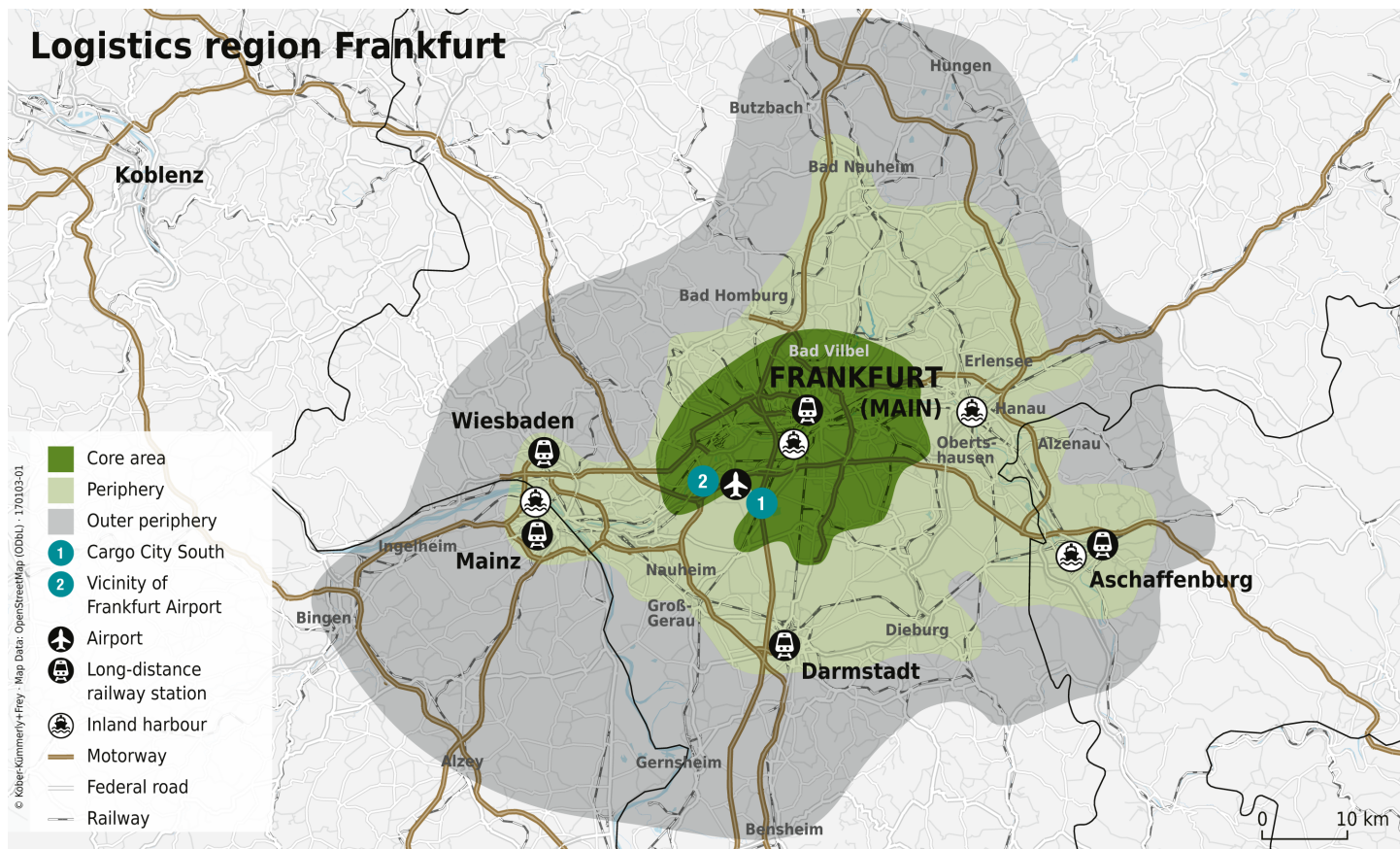
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NEW BUILDINGS & OWNER-OCCUPIERS WITH HIGH SHARE

The lettings in several completed and speculatively constructed project developments have contributed to the fact that the share of new construction has risen compared to the previous year. In addition, numerous owner-occupiers - mainly from the manufacturing sector - move into newly erected unites. Thus, almost every second square metre (49%) of take-up in 2019 was achieved in a new building. The share of owner-occupiers, which benefits particularly from the IKEA deal, rises to a whopping 42%. Overall, the market situation is characterised by a demand surplus as well as increased construction activity, whereby land and construction costs have continued to rise. This is also reflected in the top rents, which have climbed by 20 cents to 6.50 €/m² in the last 12 months. The average rent has also risen slightly and is now at 4.95 €/m².

OUTLOOK

Demand is expected to remain dynamic in the second half of the year. At the same time, a number of existing properties are likely to be brought onto the market which together with additional completed unites will enrich the supply side and could thus ease the market situation somewhat. However, the supply gap in sub-urban regions will remain and another rise in prime rents is possible. Overall, a result within the range of the long-term average of around 500,000 m² can be expected.



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