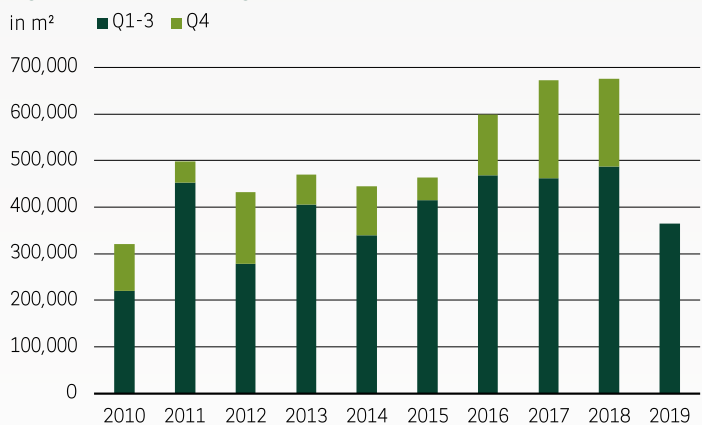




At a Glance **Q3 2019**

LOGISTICS MARKET FRANKFURT

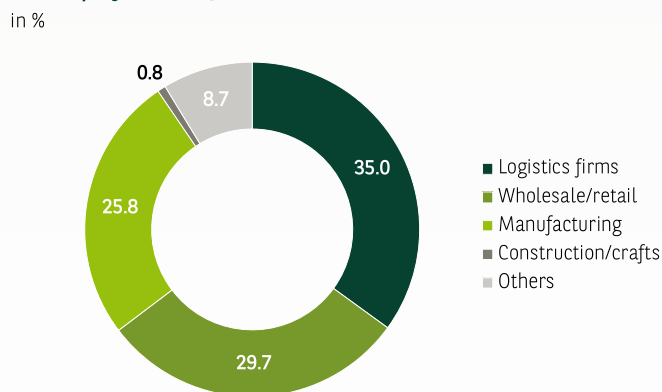
Light industrial and logistics take-up



MODERATE THIRD QUARTER

Take-up in the third quarter was moderate by Frankfurt standards, which is also reflected in the overall result after nine months. At 364,000 m², the Frankfurt logistics and warehouse space market reported a result that was around a quarter lower than in the previous year. In a nationwide comparison, this is still a good result, so that Frankfurt ranks third behind the booming capital Berlin and Munich. However, the ten-year average was missed by 6.5%. The main reason for the decline in take-up is an insufficient supply of space in locations with particularly strong demand. To what extent a slight economic downturn is already reflected in the decline cannot be conclusively answered at this point in time. The largest contracts include an owner-occupier deal (33,000 m²) by IKEA on the former Opel factory site in Rüsselsheim, a lease agreement with a logistics service provider of a good 31,000 m² in Rodenbach and two further leases of more than 20,000 m² each in Gernsheim and Bodenheim. In addition owner-occupier Eichler-Kammerer in Dietzenbach contributed 18,000 m² to the take-up.

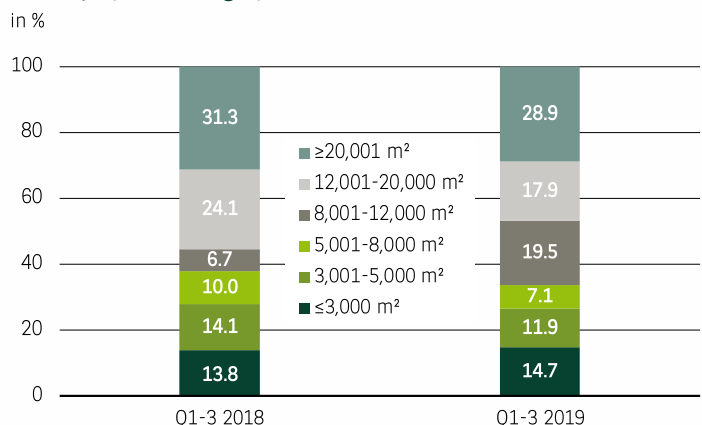
Take-up by sector Q1-3 2019



BALANCED DISTRIBUTION BY SECTOR

With a share of 35% the traditionally strong group of logistics service providers maintained its top position after the first three quarters of the current year. However, their current share is around 12 percentage points below the long-term average and represents one of the weaker results. At 30%, retailers ranked second, once again underlining their growing importance. The leading trio is completed by manufacturing companies, which reach almost 26% and thus noticeably exceed their long-term average.

Take-up by size category



HARDLY ANY CHANGES IN SIZE STRUCTURE

There are only few changes in the structure of take-up by size category. At 29%, the segment with more than 20,000 m² accounts for the largest share, which also includes several contracts concluded by internationally renowned companies. In the medium-sized category of 5,000 to 8,000 m², which accounts for only a good 7% of the result, the take-up is declining. This shows that there is too little supply of modern logistics space in this market segment in particular.

Major contracts Q1-3 2019

Quarter	Company	Location	Area (m²)
Q2	IKEA	Rüsselsheim	33,000
Q3	Logistics company	Rodenbach	31,400
Q1	Wholesale/retail company	Gernsheim	20,600
Q2	Food manufacturer	Bodenheim	20,300
Q1	Eichler-Kammerer	Dietzenbach	18,000

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Key figures of logistics market Frankfurt

	Q1-3 2018	Q1-3 2019	Trend remaining year
Prime rent	6.30 €/m²	6.60 €/m²	↗
Average rent	4.95 €/m²	5.10 €/m²	↗
Take-up	487,000 m²	364,000 m²	↘
- Share of owner-occupiers	11.9 %	30.3 %	↗
- Share of new buildings	48.4 %	56.7 %	→

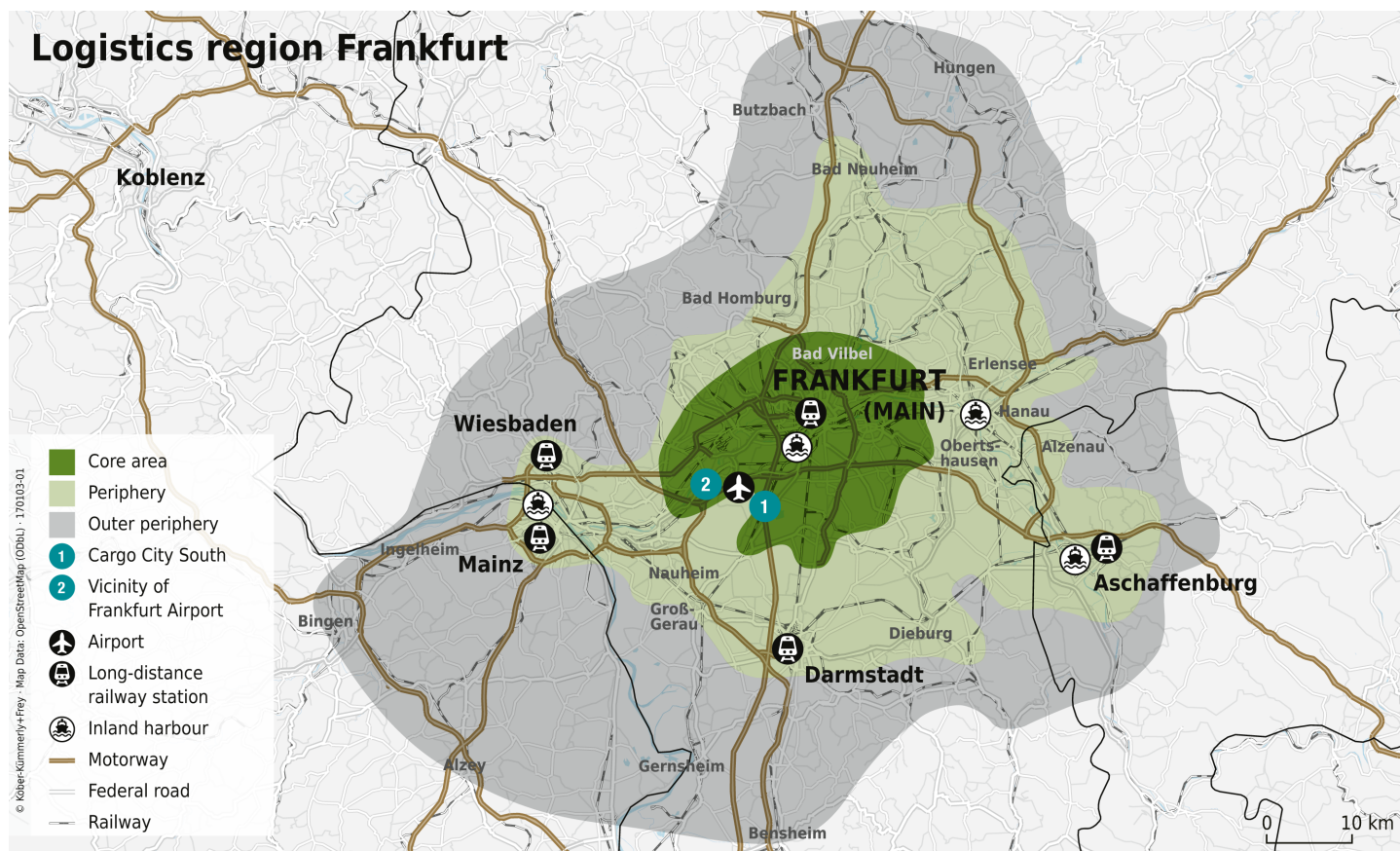
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➤ OWNER-OCCUPIER SHARE INCREASED SIGNIFICANTLY

In Frankfurt, the share of owner-occupiers has been extremely low in the last two years (especially in comparison with the rest of Germany). In the current year, however, they are again contributing 30% to the result and thus match their long term average. Not least, a number of larger deals, for example from IKEA in Rüsselsheim, contributed to this. As in most other large logistics agglomerations, the majority of take-up (57%) is attributable to new buildings, which is due to the insufficient supply of existing premises, especially in the large segment. The supply/demand ratio of recent years has led to a further increase in rent levels over the past twelve months. The prime rent rose by around 5% year-on-year to 6.60 €/m², while the average rent increased by 3% to 5.10 €/m².

➤ OUTLOOK

Overall, demand is expected to be vivid in the final quarter, which is also underpinned by the amount of current rental requests. However, it remains to be seen whether the 500,000 m² mark will once again be surpassed, due to the fact that the supply in the locations in high demand is still inadequate or does not meet user requirements. A further increase in rents cannot be ruled out, especially in the new construction segment, where both rising land prices and construction costs are having an impact.



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