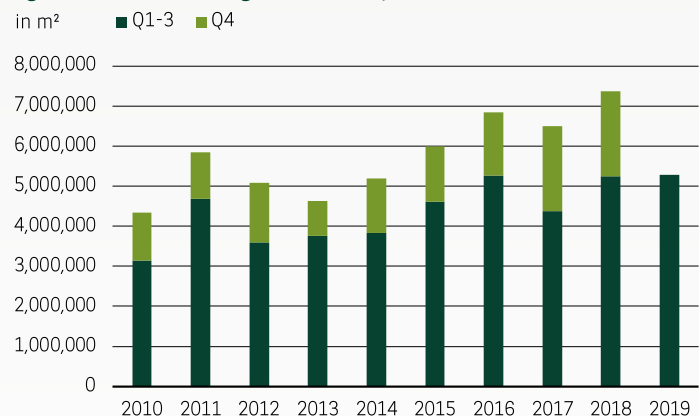




At a Glance **Q3 2019**

LOGISTICS MARKET GERMANY

Light industrial and logistics take-up



TAKE-UP SLIGHTLY ABOVE PREVIOUS YEAR'S LEVEL

The logistics and warehouse markets remain on the road to success. With a take-up of almost 5.29 million m², the also extraordinary result of the previous year was surpassed by 1%. The former record of 2016 was minimally topped and the ten-year average exceeded by 21%. The somewhat weaker economic environment, particularly in the industrial sector, has so far not been reflected in the logistics markets. Important trends affecting demand, such as the sustained growth of e-commerce or investments in the transition to e-mobility, have a long-term impact and will continue regardless of economic dents. Demand for logistics properties therefore remains at a high level. A general reversal of this trend is not yet in sight.

Light industrial and logistics take-up by region

	Q1-3 2018 (m²)	Q1-3 2019 (m²)	Change (%)
Important logistics markets			
Berlin	250,000	385,000	54.0%
Cologne	196,000	88,000	-55.1%
Düsseldorf	184,000	108,000	-41.3%
Frankfurt	487,000	364,000	-25.3%
Hamburg	375,000	241,000	-35.7%
Leipzig	242,000	123,000	-49.2%
Munich	137,000	391,000	185.4%
Stuttgart	138,000	148,000	7.2%
Subtotal	2,009,000	1,848,000	-8.0%
Other locations*			
Ruhr region	270,000	382,000	41.5%
Other logistics regions (see map)	1,279,000	1,243,000	-2.8%
Rest of Germany	1,686,000	1,814,000	7.6%
Subtotal	3,235,000	3,439,000	6.3%
Total Germany	5,244,000	5,287,000	0.8%

* Deals ≥5,000m²

AGGLOMERATIONS STILL SUFFER FROM LACK OF SPACE

The major markets (Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Leipzig, Munich, Stuttgart) missed the previous year's result at 1.85 million m² by 8%. The majority of cities continue to suffer from insufficient supply, especially in the large segment. By contrast, Berlin has grown to 385,000 m² (+54 %), thanks to a still larger supply in its surroundings than in other agglomerations, and Stuttgart to 148,000 m² (+7%). Munich's take-up increased to 391,000 m² (+185%), where one of the largest deals ever registered, a lease of 230,000 m² by KraussMaffei, is having a disproportionately high impact. Noticeable declines were recorded in Frankfurt (364,000 m²; -25%), Hamburg (241,000 m²; -36%), Düsseldorf (108,000 m²; -41%), Cologne (88,000 m²; -55%) and Leipzig (123,000 m²; -49%).

LOCATIONS OUTSIDE THE HUBS ARE GAINING GROUND

Outside these markets, take-up increased by a good 6% to 3.44 million m². This result also reflects the tense supply situation at the major locations. As a consequence, companies are increasingly forced to switch to other regions, which in turn benefit from these spillover effects. An extraordinary result was achieved in the Ruhr region, where take-up rose by 41.5% to 382,000 m², which is the second best figure in recent years. In the 12 logistics hubs, which BNPPRE regularly analyses in addition to the agglomerations, 1.24 million m² and thus almost 3% less than in the previous year were registered. In these markets, too, space availability often reaches its limits, albeit not as clearly as in the metropolises. In contrast, take-up in the remaining parts of Germany increased by almost 8%.

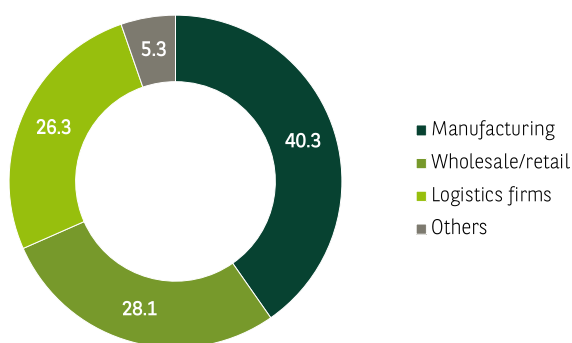
Key figures logistics market Germany

	Q1-3 2018	Q1-3 2019	Trend remaining year
Take-up	5,244,000 m ²	5,287,000 m ²	➔
- Share of owner-occupiers	41.0%	40.2%	➔
- Share of new buildings	67.2%	67.0%	➔

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Take-up by sector Q1-3 2019

in %



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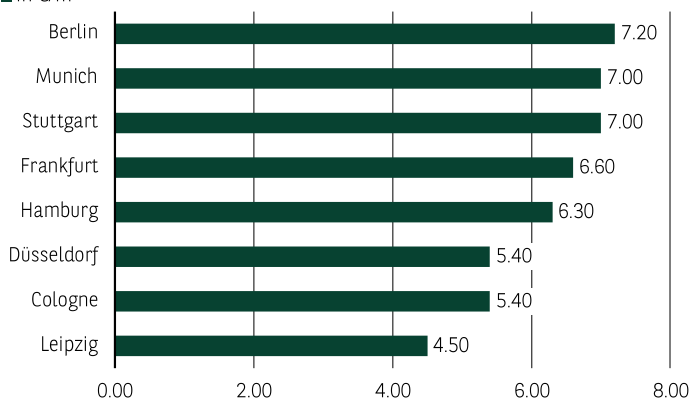
TAKE-UP STRUCTURE ALMOST UNCHANGED

Regarding the structure of take-up, no major changes are discernible, which is not surprising given the fundamentally stable supply/demand ratio. Around two thirds of the result - as much as in the previous year - is attributable to new buildings. There are barely any modern existing properties available and older stock often no longer meets tenants' requirements. As a result, many companies have no choice but to build their own properties or have them built by project developers, which increasingly happens outside the major logistics hubs. This is also partly the reason why the proportion of owner-occupiers is again at a high level of 40%.

MANUFACTURING COMPANIES IN THE LEAD

With a share of a good 40%, manufacturing companies have taken the lead. Against the backdrop of the current relatively moderate development in the industrial sector, this seems somewhat surprising. On the one hand, however, there are some big deals, e.g. from KraussMaffei, and on the other hand, manufacturers also have to invest in weaker years in order to further develop new technologies and not miss the boat. In second place are trading companies with a good 28%. Logistics service providers, which account for a good 26% of sales, are underrepresented. It is not yet possible at this stage to make a conclusive assessment as to whether some of the leases in this sector may have been postponed somewhat in order to await further economic developments.

Top rents in important logistics markets Q3 2019

■ in €/m²

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RENTS CONTINUE TO RISE

The continuing strong demand and competition for the few available spaces are reflected in the development of rents. Over the past twelve months, prime rents at the major locations have risen by around 5 % to an average of almost € 6.20/m². The strongest increase can be seen in Berlin, where prime rents in central top locations currently stand at 7.20 €/m² (+11%). However, noticeable increases have also been observed in Hamburg (6.30 €/m²; +9%), Cologne (5.40 €/m²; +6%) and Frankfurt (6.60 €/m²; +5%). Only in Munich and Düsseldorf prime rents remained stable.

OUTLOOK

The logistics markets have so far been relatively unaffected by the slowdown in economic growth. Whether this will also be the case in the medium term remains to be seen. At least for the final quarter, however, there are signs of strong demand and high take-up - not least because some large contracts are about to be signed. Against this backdrop, a result of well over 6.5 million m² can be expected for the total year. There are even good chances of surpassing the 7 million m² mark for the second time in a row. In principle, there will be no change in the basic supply/demand structures, with the result that further slight increases in rent levels at some locations cannot be ruled out.

Major contracts Q1-3 2019

Quarter	Company	Location	Area (m ²)
Q3	KraussMaffei	Vaterstetten	230,000
Q2	BMW	Dingolfing	100,000
Q3	Edeka	Oberhausen	90,000
Q1	Car manufacturer	Kösching	87,000
Q1	Puma	Geiselwind	63,500

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