

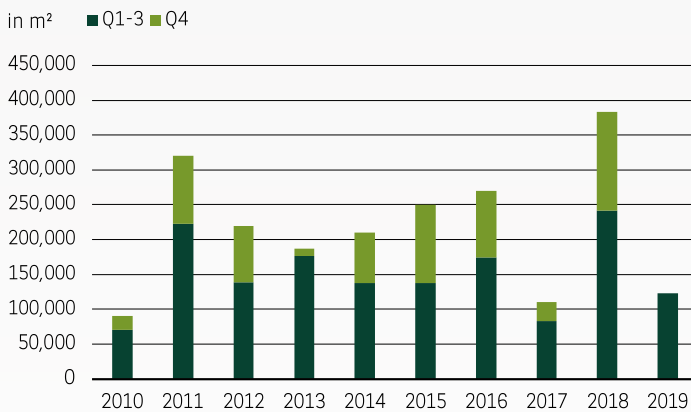


RESEARCH

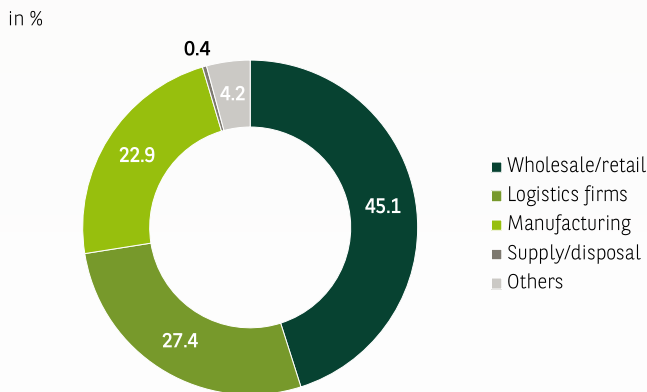
At a Glance **Q3 2019**

LOGISTICS MARKET LEIPZIG

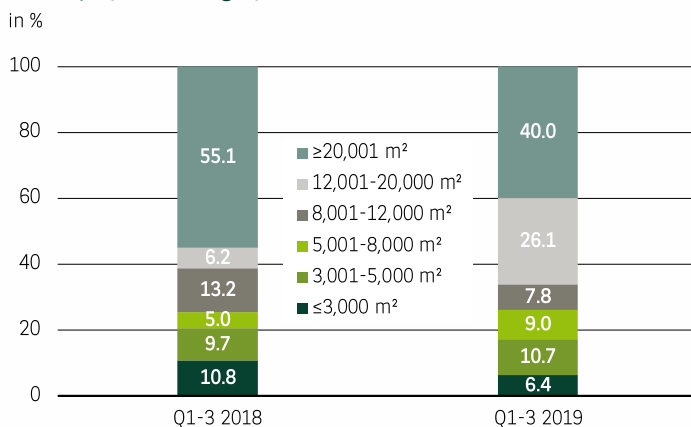
Light industrial and logistics take-up



Take-up by sector Q1-3 2019



Take-up by size category



LACK OF SUPPLY INHIBITS TAKE-UP

The Leipzig logistics market is experiencing a roller coaster ride in 2019. After a slow start to the year and a very dynamic second quarter, the market situation deteriorated noticeably again in the third quarter. As only a few contracts were concluded within the market area, the current total take-up is at 123,000 m², which is 18% less than the 10-year average. One of the main reasons why hardly any new space has been leased recently is the lack of available properties. Owner-occupiers therefore play an important role, accounting for almost 45% of take-up. The demand for larger modern spaces over 10,000 m², as well as for smaller ones up to 5,000 m², can hardly be met at short notice. As there is a lack of adequate existing buildings, demand is increasingly switching to newly constructed properties, with the result that their share is at a record level of over 85%.

TRADING COMPANIES DOMINATE THE MARKET

The breakdown of market activity by sector is clearly led by the trading companies. They are responsible for a good 45% of the take-up registered to date and benefit significantly from the 26,000 m² property being built by Rossmann as an owner-occupier in Brehna. Second place is taken by logistics service providers (a good 27%). Only a few transactions were reported in this sector, but with Dematic (18,000 m²) and Schäflein (14,000 m²) two larger contracts are registered. Logistics firms are thus positioned even ahead of industrial companies, which are regularly active in the Leipzig region, primarily due to the importance of the automobile sector. Therefore, it is mainly companies from the automotive cluster that are responsible for the 23% share of the manufacturing sector.

LARGE-SCALE CATEGORIES STRONG DESPITE TIGHT SUPPLY

Four contracts in the five-digit range, including two deals beyond the 20,000 m² mark, ensure that the large-volume segments account for around two thirds of take-up. With 40% and a total of around 49,000 m², the category above 20,000 m² recorded a very good result in a long-term comparison. The segment 12,000 - 20,000 m² is also very well positioned with 32,000 m² and a share of 26%. In view of the lack of available space, these results are all the more remarkable. In contrast, the situation is more tense in the medium and small-sized segment, which achieves below-average take-up figures and rather low shares.

Major contracts Q1-3 2019

Quarter	Company	Location	Area (m ²)
Q1	Rossmann	Brehna	26,000
Q2	Automotive cluster	Kabelsketal	23,000
Q1	Dematic	Leipzig	18,000
Q2	Schäfflein AG	Kabelsketal	14,000
Q2	Wholesale/retail company	Leipzig	9,500

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RENTS INCREASE SLIGHTLY

A high demand for logistics space can be observed throughout Germany, which is reflected in partly significant rent increases. Also in the Leipzig logistics region, prime rents have risen in the past 12 months, although the increase by 5 cents to now 4.50 €/m² is comparatively moderate. The prime rent is achieved in city locations and industrial parks for smaller areas of up to 2,500 m², where supply is very limited. Increasingly difficult is the situation for old properties that do not have a standard that is in line with current market requirements. Despite the tense market situation, it is difficult to find occupiers for those.

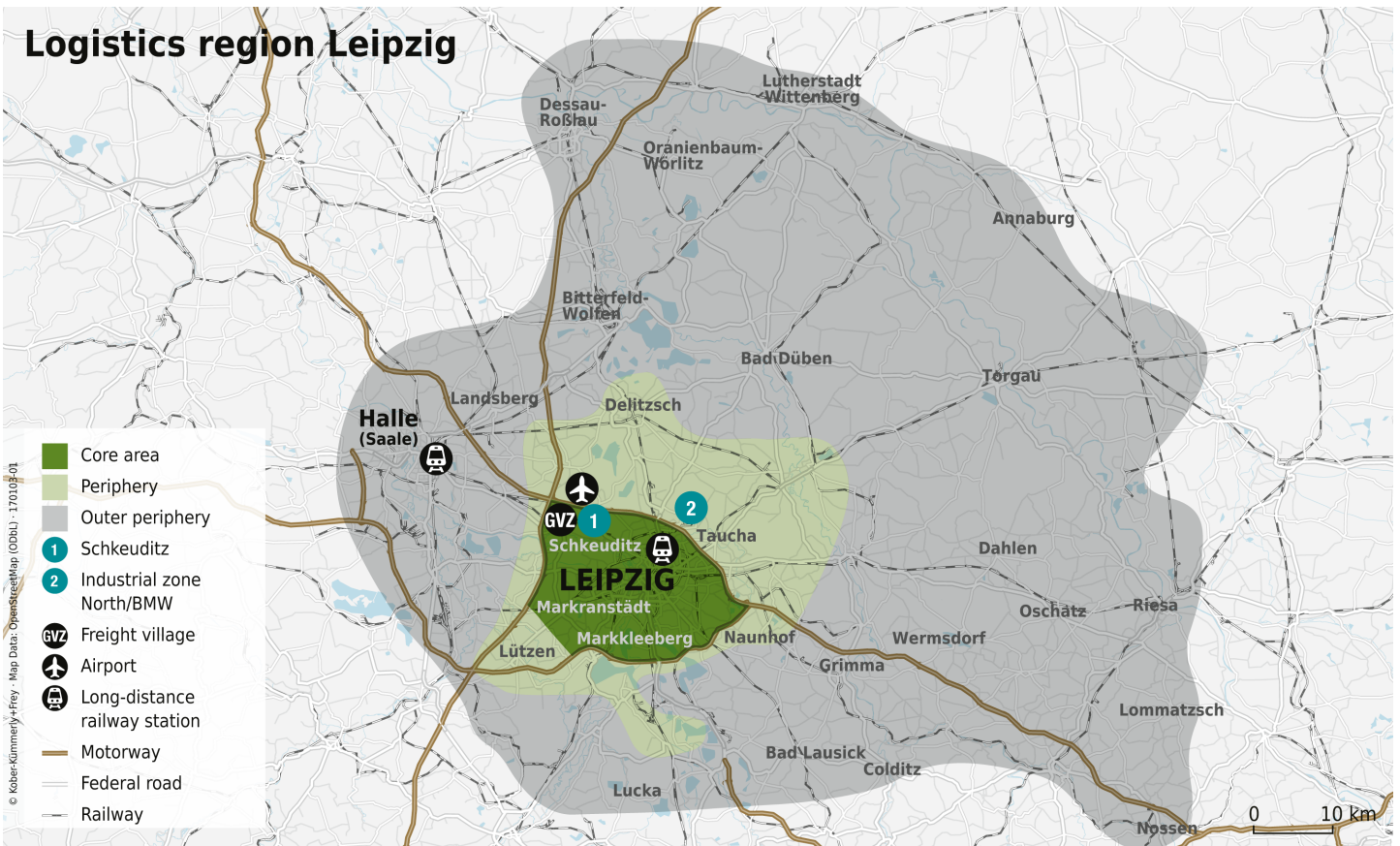
Key figures logistics market Leipzig

	Q1-3 2018	Q1-3 2019	Trend remaining year
Prime rent	4.45 €/m ²	4.50 €/m ²	➔
Average rent	3.65 €/m ²	3.70 €/m ²	➔
Take-up	242,000 m ²	123,000 m ²	➔
- Share of owner-occupiers	32.4 %	44.6 %	➔
- Share of new buildings	75.1 %	82.5 %	➔

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OUTLOOK

After only little take-up on the Leipzig logistics market could be observed in the third quarter, the outlook for the year as a whole can be regarded as rather subdued. To achieve a total result in the 200,000 m² range, a very dynamic final quarter is necessary. However, it has been proven several times in the past that this is possible. Some existing space is likely to come onto the market and thus ensure a slight increase in supply. In addition, urgently needed speculative new buildings are planned. Rents should stabilise at the current level by the end of the year.



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