



At a Glance **Q1 2019**

LOGISTICS MARKET MUNICH

Light industrial and logistics take-up in Munich

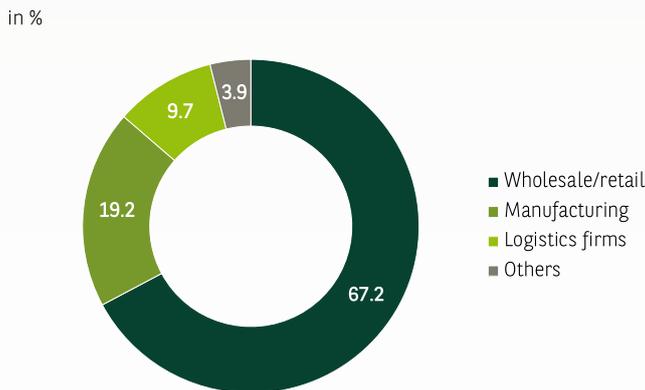


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➤ SUPPLY BOTTLENECK IS STILL A PROBLEM

The Munich logistics market continues to suffer from the lack of supply that has been evident for some time now. This is also the main reason for the very restrained start to the current year. In the first quarter, take-up in the Munich market area amounted to 42,000 m² and was thus around 36 % below the comparable figure for the previous year. The ten-year average was also missed by 16 %. However, this is not due to declining demand, but to the current lack of supply, especially in the large-scale market segment. This is underlined not least by the fact that in the first three months only one transaction of more than 10,000 m² was registered. Users of large areas in particular are currently more frequently forced to seek other locations outside the Munich market area.

Take-up by sector in Munich Q1 2019

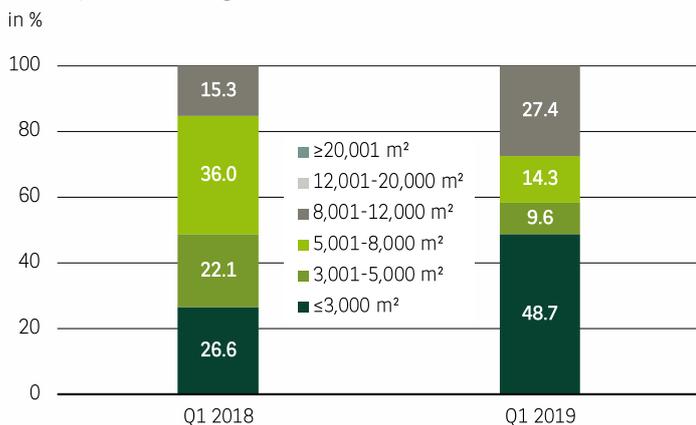


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➤ TRADING COMPANIES DOMINATE THE MARKET

The ongoing dynamic development of e-commerce can also be seen in the demand structure. In the current year, the Munich logistics market has so far been clearly dominated by trading companies, which account for around two thirds of take-up. In order to position themselves optimally in the growing market, it is a must for the companies to consider new locations in the immediate catchment areas of the major metropolises. Other demand groups, on the other hand, suffered a decline. This applies both to the traditionally strong manufacturing companies in Munich, which have so far contributed a good 19 %, and to logistics service providers, which with a share of nearly 10 % lag far behind their long-term average (26 %). Especially for this, often relatively price-sensitive, target group, the outlined supply bottleneck represents a major problem.

Take-up by size category in Munich



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➤ VERY FEW MAJOR DEALS

Due to the current supply situation, it is not surprising that so far only one contract exceeding 10,000 m² has been registered and the size classes from 12,000 m² do not yet show any take-up. Proof that this is the most important reason for the decline in take-up is the fact that the start of the year, only in terms of contracts up to 12,000 m², is even around 5 % above the long-term average. Demand in the small and medium-sized market segment, which was already the most important driver of take-up in the previous year, therefore remains good. This statement is impressively underlined by the share of almost 50 % that is accounted for by spaces of up to 3,000 m².

Major contracts in Munich Q1 2019

Company	Location	Area (m ²)
BSTN Store	Baierbrunn	6,000
Mobility Concept	Garching	3,000

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➤ BARELY ANY NEW BUILDINGS

A major reason for the insufficient supply is the lack of available land and, above all, rising prices, which make it difficult for both project developers and owner-occupiers to construct enough space. As a result, the share of new buildings in total take-up is only around 6 %, by far the lowest figure in Germany. The same applies to the share of owner-occupiers, which is less than 4 %. The supply/demand ratio, which has therefore been very tense for some time, is causing rents to rise. In the past twelve months, the prime rent has increased by around 2 % to 7 €/m² and also the average rent has risen to 6.10 €/m².

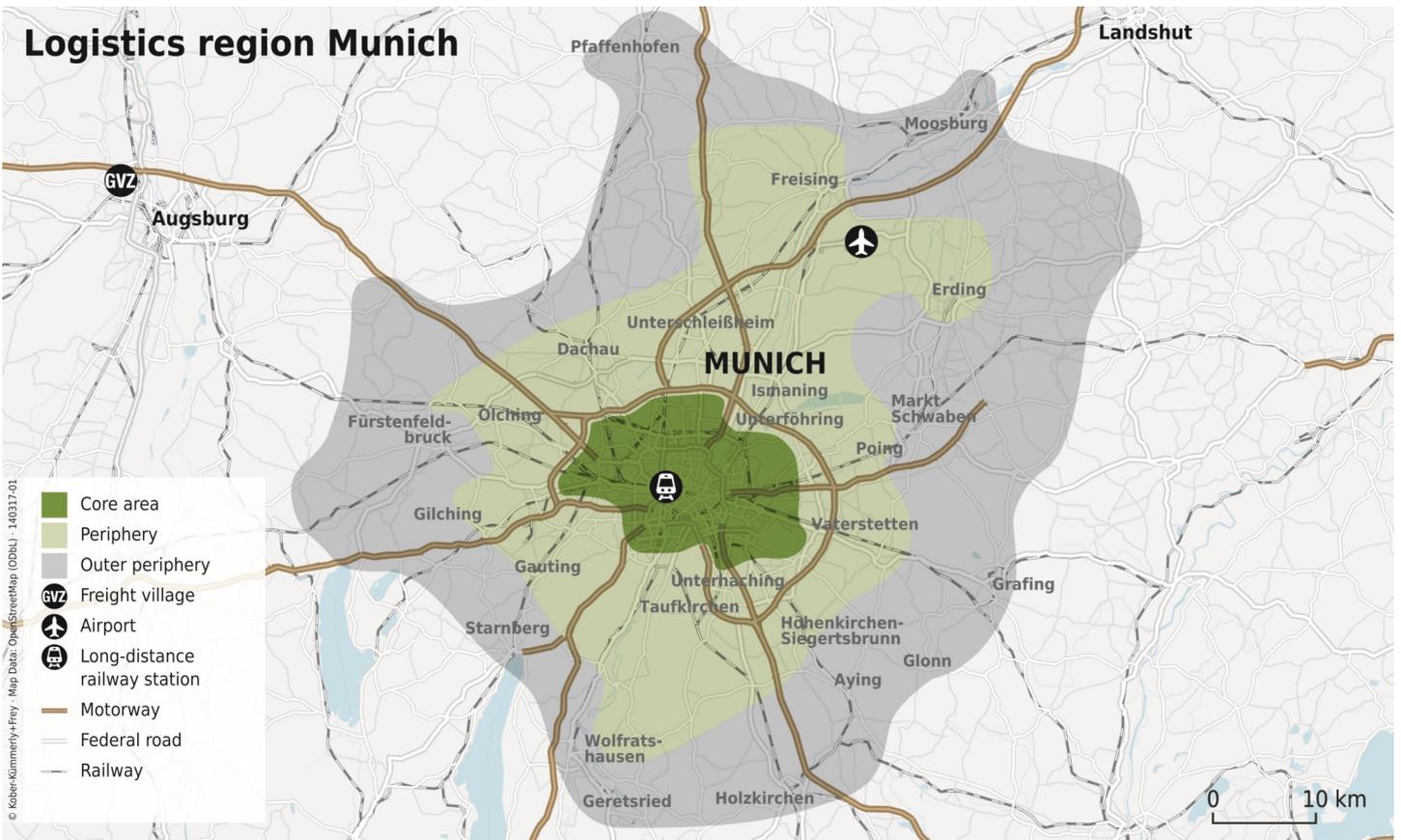
Key figures logistics market Munich

	Q1 2018	Q1 2019	Trend remaining year
Prime rent	6.85 €/m ²	7.00 €/m ²	↗
Average rent	6.00 €/m ²	6.10 €/m ²	↗
Take-up	66,000 m ²	42,000 m ²	➔
- Share of owner-occupiers	9.9 %	3.8 %	↗
- Share of new buildings	2.5 %	6.2 %	↘

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➤ PERSPECTIVES

The decisive question for the rest of the year will continue to be: To what extent can the overall stable demand really be fulfilled? There are no signs of any real relief in the supply situation and new construction projects, in particular speculatively constructed space for the rental market, are likely to remain the absolute exception. Against this background, a total annual take-up that would be roughly at the level of the five-year average would already be a success. As a consequence of the situation described above, there is a very high probability that both prime and average rents will continue to rise.



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