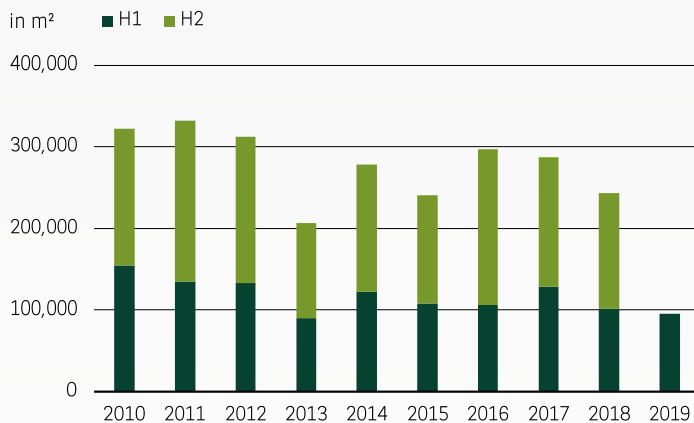




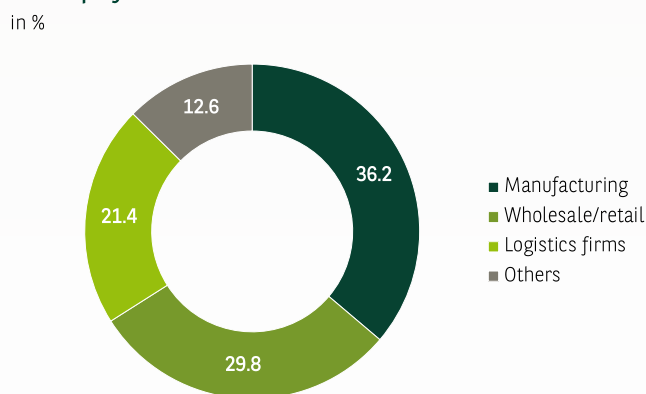
At a Glance **Q2 2019**

LOGISTICS MARKET MUNICH

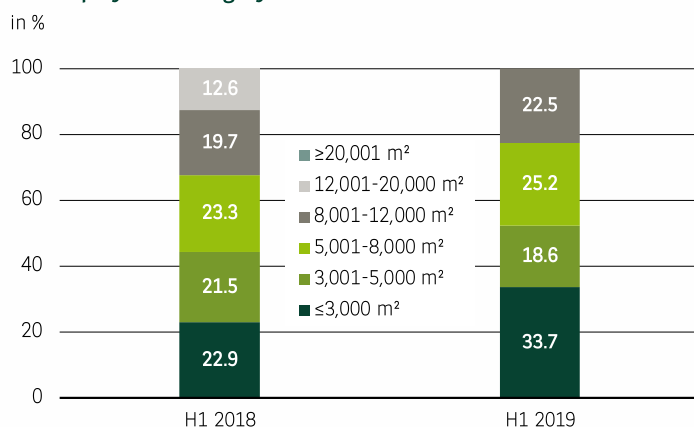
Light industrial and logistics take-up in Munich



Take-up by sector in Munich H1 2019



Take-up by size category in Munich



▶ TAKE-UP SLIGHTLY BELOW PREVIOUS YEAR'S LEVEL

The Munich logistics and warehouse market achieved a take-up of 95,000 m² in the first half of the year. The result is thus just under 7 % below the previous year's figure. The ten-year average is missed by a good 19%. The trend towards comparatively low take-up figures that has been observed for some time now is thus continuing. The main reason for this is the insufficient supply in the large-scale market segment. This bottleneck situation is also reflected in the fact that in the first six months of the year, no deal was registered in the size category above 12,000 m². The fact that demand nevertheless remains at a high level is illustrated by the dynamic market activity in the smaller segments. Looking only at contracts in the classes up to 12,000 m², this was actually the second-best result in the last ten years. The most important deals included letting contracts with the online retailer BSTN Store in Baierbrunn (6,000 m²), the Cartonplast Group in Schweitzkirchen (4,900 m²) and Eurolub in Eching (4,100 m²).

▶ MANUFACTURING COMPANIES IN FIRST PLACE

Whereas the retail sector had clearly dominated the market in the first quarter, production companies were now able to significantly increase their result and, with a take-up share of a good 36 %, have now taken the lead. They have thus once again confirmed their traditionally great significance for the Munich market. At about 30%, wholesale/retail companies ranked second, ahead of logistics service providers, who contributed a good 21% to the result. At just under 13 %, the share of other sectors is also relatively high, which shows the overall broad demand base. The fact that new trends are constantly generating additional market impulses, which result in respective space demands, is shown, for example, by the fact that there is currently very strong demand from e-scooter operators

▶ PARTICULARLY STRONG DEMAND IN THE SMALLER SEGMENTS

Market activity was primarily concentrated in the small and medium-sized segments. By contrast, the two upper size categories of 12,000 m² and more have not yet registered any take-up in the current year. The segments between 3,000 and 12,000 m² were able to more or less maintain their take-up shares compared to the previous year. Small contracts up to 3,000 m², on the other hand, have increased by around 11 percentage points and are responsible for one third of the result. In terms of absolute figures, the best result of the last five years was even achieved here. This clearly reflects the high demand of different users for small spaces, especially in urban areas.

Major contracts in Munich H1 2019

Quarter	Company	Location	Area (m²)
Q1	BSTN Store	Baierbrunn	6,000
Q2	Cartonplast Group	Schweitenkirchen	4,900
Q2	Eurolub	Eching	4,600
Q2	Wholesale/retail company	Aschheim	4,100
Q1	Mobility Concept	Garching	3,000

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Key figures logistics market Munich

	H1 2018	H1 2019	Trend remaining year
Prime rent	6.85 €/m²	7.00 €/m²	↗
Average rent	6.00 €/m²	6.10 €/m²	→
Take-up	102,000 m²	95,000 m²	→
- Share of owner-occupiers	6.4 %	23.0 %	↗
- Share of new buildings	18.0 %	34.6 %	→

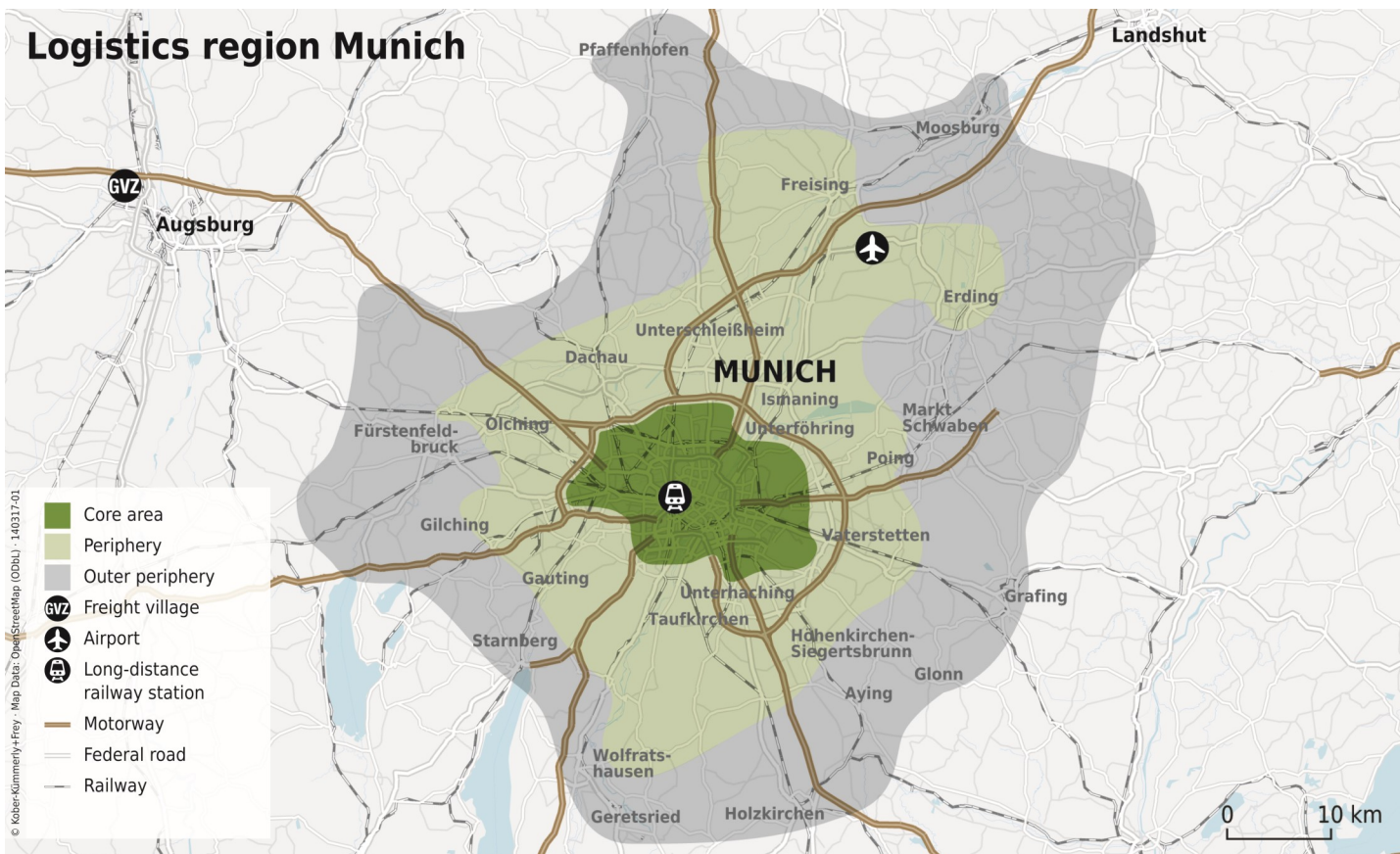
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SUPPLY CONTINUES TO DECLINE

In the second quarter of the current year, supply continued to decline slightly, as almost no new construction space available for the letting market was developed. Especially in the western and southern periphery, spaces over 2,000 m² are hardly available. Larger users usually have to build their own assets or switch to built-to-suit solutions. Against this backdrop, both the share of owner-occupiers (23%) and new buildings (35%) rose noticeably. The prime rent remains unchanged at 7 €/m² and the average rent is also stable at 6.10 €/m². However, the pressure on rents continues, so that slight increases are likely in the coming quarters.

OUTLOOK

A comparative market development can be expected for the rest of the year. There will be no fundamental change in the shortage of larger spaces, even if a few speculative project developments are in the pipeline. Take-up in this segment will remain very limited, not least because users with respective needs are increasingly forced to switch to other regions. In the small-scale segment, however, lively demand and very good take-up are expected even in a long-term perspective.



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Further Information BNP Paribas Real Estate GmbH | Branch office Munich | Phone +49 (0)89-55 23 00-0 | www.realestate.bnpparibas.de