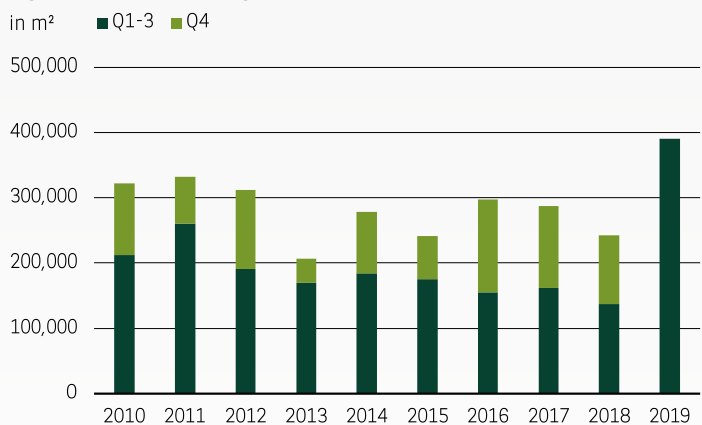




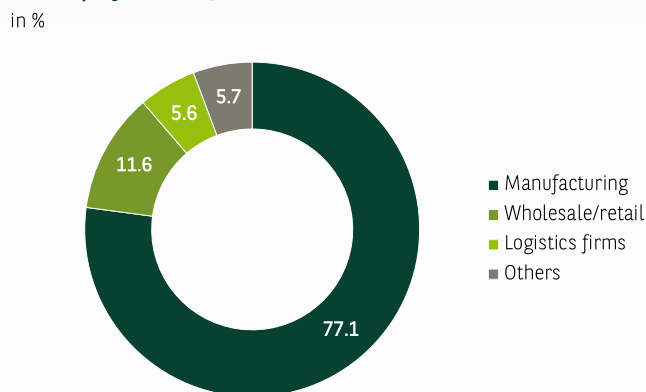
At a Glance **Q3 2019**

# LOGISTICS MARKET MUNICH

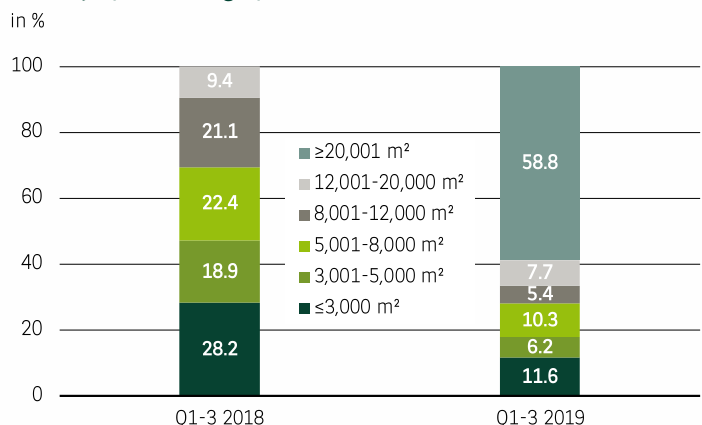
## Light industrial and logistics take-up



## Take-up by sector Q1-3 2019



## Take-up by size category



## MAJOR DEAL SETS A NEW TAKE-UP RECORD

With a take-up of 391,000 m², the Munich logistics and warehouse space market set a new record and almost tripled the comparable result of the previous year. Munich has thus taken the lead among all the major German logistics hubs. However, it should be noted that this extraordinary result is essentially the outcome of a single major deal: Almost 60% (230,000 m²) of the take-up is generated by a lease from KraussMaffei in Vaterstetten, whose new headquarters is being built there. Without this unique transaction, the remaining take-up would amount to 161,000 m², which would fall short of the ten-year average by around 11%. The basic problem of the market thus continues to persist: due to an insufficient supply of both modern existing space and development land, a number of major rental requests cannot currently be met. Among the most important contracts were also leases from US company Xylem (15,000 m²) in Weilheim, Messring (7,200 m²) in Weßling and online retailer BSTN Store in Baierbrunn (6,000 m²). In Odelzhausen, owner-occupier Noerpel Group contributes 9,800 m² to the result.

## INDUSTRY IS BY FAR THE MOST IMPORTANT SECTOR

Manufacturing companies traditionally represent one of the most important demand groups for the Munich logistics market. Overall their importance here is noticeably greater than at most other locations. However, KraussMaffei's lease agreement means that they now dominate the market with a share of 77%, which is unique even by Munich standards. Against this backdrop, the take-up shares of retailers (almost 12%) and logistics service providers (about 6%) are in consequence disproportionately low. Nevertheless, while in absolute terms the retail sector is on a long-term average with a good 45,000 m², logistics service providers are only just under 22,000 m², which is less than half the usual volume.

## BRISK DEMAND IN THE SMALLER SEGMENTS

An analysis of take-up by size category is in principle dispensable, as the large-scale deal lets the share of contracts from 20,000 m² upwards skyrocket to almost 59%. This distorts the proportion of the other size classes and the analysis is therefore not very conclusive. However, it is noteworthy that demand was particularly strong in the small-scale segment, so that contracts up to 3,000 m² accounted for a good 45,000 m² - more than in any other size category except the large scale-segment.

## Major contracts Q1-3 2019

Quarter	Company	Location	Area (m²)
Q3	KraussMaffei	Vaterstetten	230,000
Q3	Xylem	Weilheim i. OB	15,000
Q2	Noerpel-Gruppe	Odelzhausen	9,800
Q3	Messring	Weßling	7,200
Q1	BSTN Store	Baierbrunn	6,000

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## Key figures logistics market Munich

	Q1-3 2018	Q1-3 2019	Trend remaining year
Prime rent	7.00 €/m²	7.00 €/m²	➔
Average rent	6.10 €/m²	6.10 €/m²	↗
Take-up	137,000 m²	391,000 m²	➔
- Share of owner-occupiers	4.8 %	11.4 %	↗
- Share of new buildings	13.4 %	74.3 %	➔

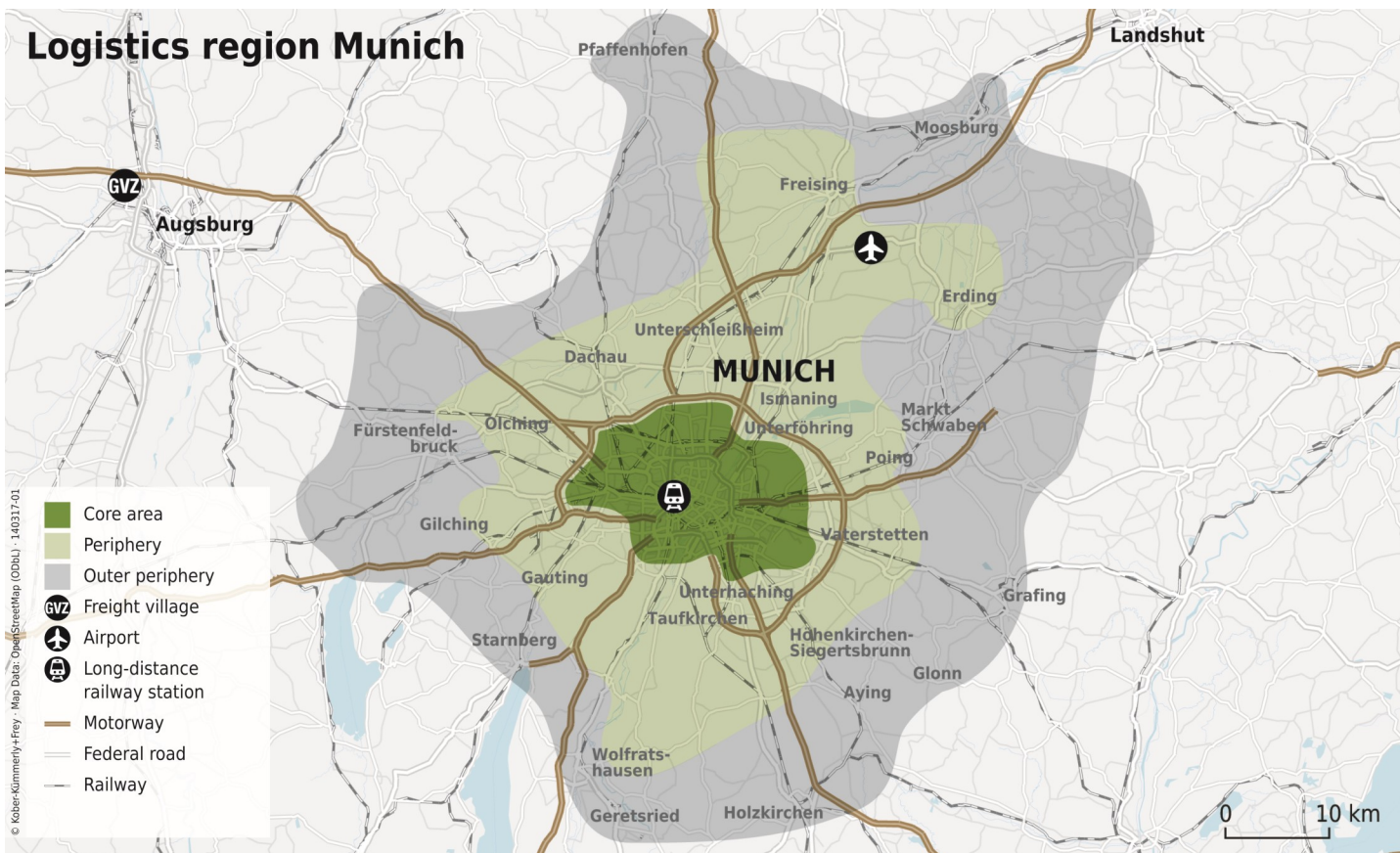
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## HIGH SHARE OF NEW BUILDINGS

Due to the project development for KraussMaffei, almost three quarters of take-up is accounted for by new buildings - a figure never before achieved in Munich. Without taking this special factor into account, the corresponding figure would be around 35% and thus at the usual level for Munich. At 11%, the proportion of owner-occupiers is as low as usual. This reflects the very limited supply of development sites, so that there are hardly any opportunities for users who are willing to build their own properties. Both the prime rent (7 €/m²) and the average rent (6.10 €/m²) were stable over the course of the year, also because they are already at the upper end of the range that is economically viable for occupiers.

## OUTLOOK

The final quarter is also expected to see brisk demand, especially in the small-scale segment, whereas some major requests on the market are unlikely to be realised due to the lack of supply. There will be little change in this bottleneck in the medium term. Nevertheless, the year will end for the first time with a take-up well above the 400,000 m² mark. At the same time, there are many indications that the average rent is likely to rise slightly.



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