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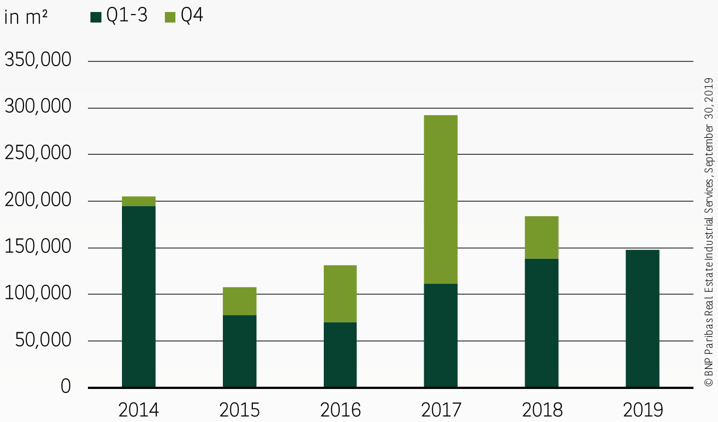
RESEARCH

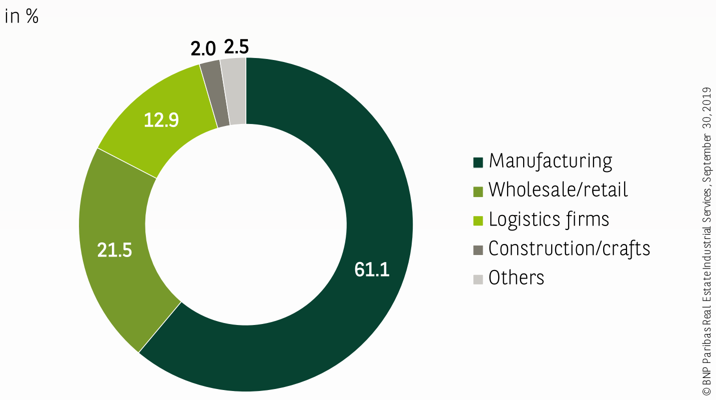
At a Glance Q3 2019

LOGISTICS MARKET STUTTGART

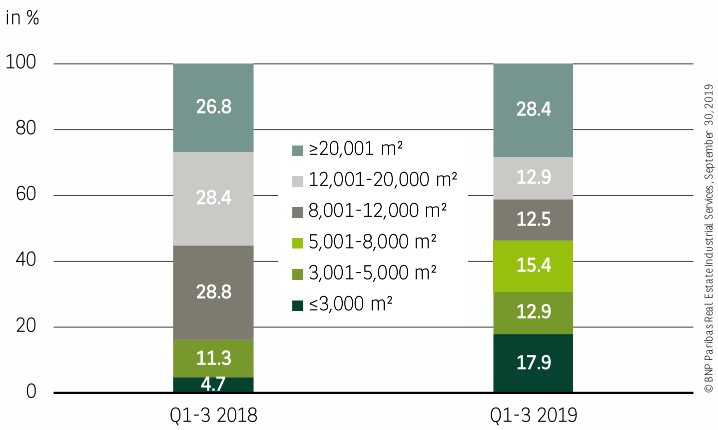
Light industrial and logistics take-up



Take-up by sector Q1-3 2019



Take-up by size category



FURTHER INCREASE IN TAKE-UP

The Stuttgart market for logistics and warehouse space has been able to increase take-up for the third time in a row in the first three quarters. With a total of 148,000 m² the 150,000 m² mark is missed by a hair's breadth. It is evident that the enormous economic strength of the region is reflected in a high demand for logistics space, with the automotive industry to be mentioned first. Especially the transition to electromobility, which generates additional space demand, has an impact here. Therefore, Daimler accounts for by far the largest deal, occupying 42,000 m² of production space in Waiblingen. Compared to the previous year, the shortage of space has become even more acute. Approximately 42% of take-up is attributable to new buildings, only half as much as in the third quarter of 2018. Especially at established logistics locations such as Stuttgart, Böblingen, Sindelfingen or Esslingen, there are hardly any larger new constructed properties available, not least because local authorities are relatively reluctant to designate additional land for logistics purposes.

MANUFACTURING COMPANIES IN CLEAR LEAD

The breakdown of take-up by sector once again proves that the economic strength of Stuttgart is primarily based on the industrial sector. With a share of a good 61%, manufacturing companies - above all the automotive industry - account for the majority of space take-up. Trading companies follow by a clear margin, finishing second with almost 22 %. Particularly worth mentioning in this sector is the outdoor specialist Bergfreunde, which is expanding its logistics centre in Rottenburg by a total of 9,900 m². The logistics firms complete the podium with a share of around 13%. The construction and crafts sector accounts for only 2% of the market activity.

BALANCED DISTRIBUTION OF TAKE-UP BY SIZE CATEGORY

At the end of the third quarter, distribution of take-up across the individual size classes was exceptionally homogeneous. With the exception of large contracts above 20,000 m², which account for a good 28% of take-up, all size categories generate shares of between 10% and 20%. These figures indicate that, despite the high importance of the automotive industry, demand is not dependent on individual market segments and that even smaller contracts are important drivers of take-up.

Major contracts Q1-3 2019

Quarter	Company	Location	Area (m²)
Q2	Daimler	Waiblingen	42,000
Q1	Car manufacturer	Böblingen	19,000
Q2	Bergfreunde	Rottenburg	9,900
Q1	Medi1one medical	Fellbach	8,000
Q3	Guadagno Transport & Logistik	Reutlingen	7,000

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Key figures logistics market Stuttgart

	Q1-3 2018	Q1-3 2019	Trend remaining year
Prime rent	6.70 €/m²	7.00 €/m²	↗
Average rent	5.30 €/m²	5.40 €/m²	↗
Take-up	138,000 m²	148,000 m²	↘
- Share of owner-occupiers	42.5 %	16.8 %	→
- Share of new buildings	83.3 %	42.4 %	→

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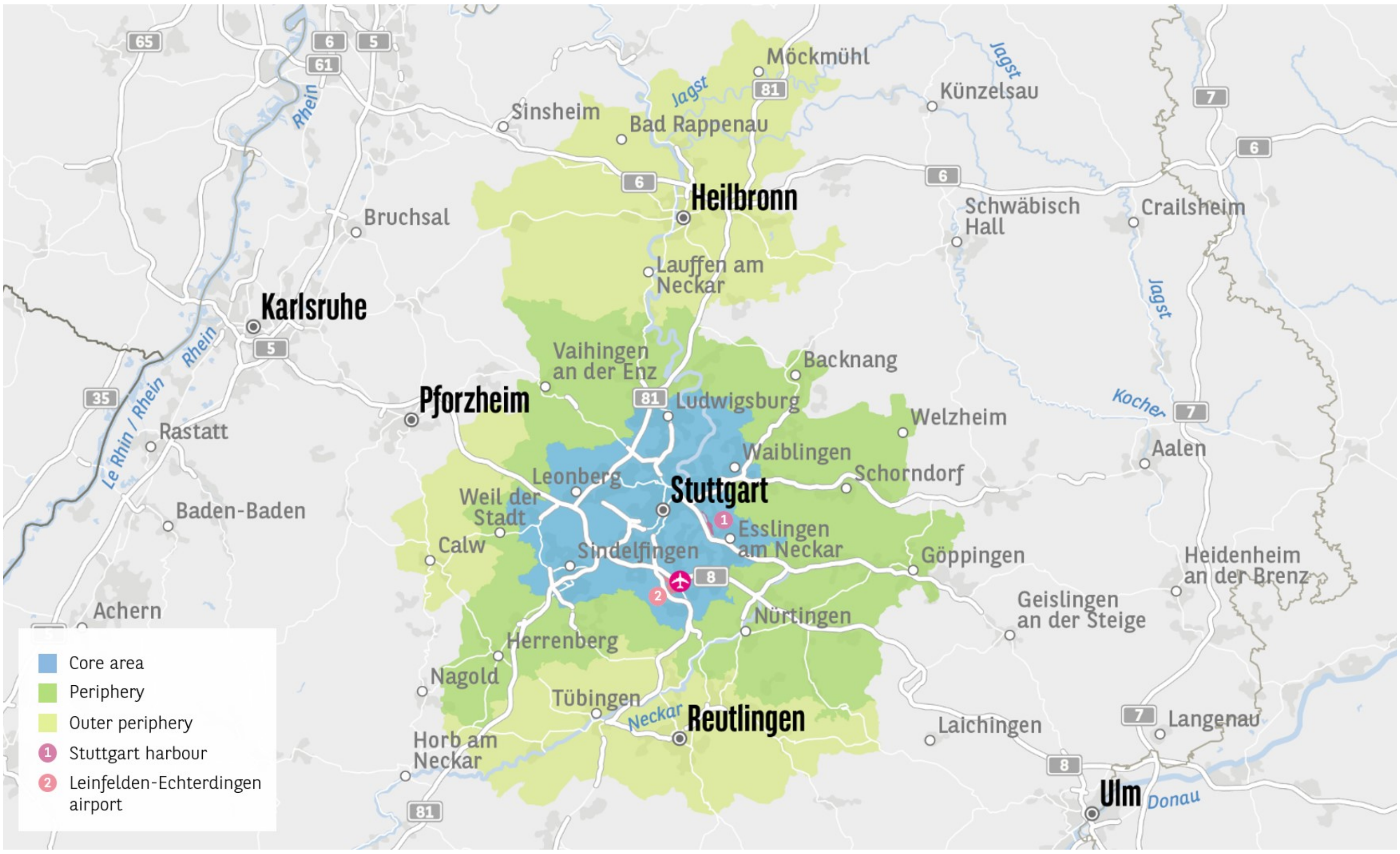
LACK OF SUPPLY LEADS TO INCREASING RENTS

The lack of supply remains the dominant topic in the Stuttgart logistics region. The demand for logistics development sites can still hardly be met, so that occupiers are increasingly switching to peripheral areas. Large deals in locations such as Horb or Epfendorf prove that greater distances to the core area are becoming more and more accepted. Obviously, this development is also reflected in the development of rents. Thus prime rents rose by a whopping 4.5% to 7 €/m² compared to previous year. The average rent increased by 2% to 5.40 m², which can be seen as proof of the high demand across the board.

OUTLOOK

Logistics and production space is still in high demand in the Stuttgart market area. Current technological and social trends, for example in the fields of e-mobility or e-commerce, are likely to ensure high demand in the future as well. However, the supply side is still a bottleneck, as new properties can only be created to a limited extent due to topographical factors and political hurdles. As a consequence, a further increase in rental prices is to be expected. Space take-up should settle at around 175,000 m² for the year as a whole.



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