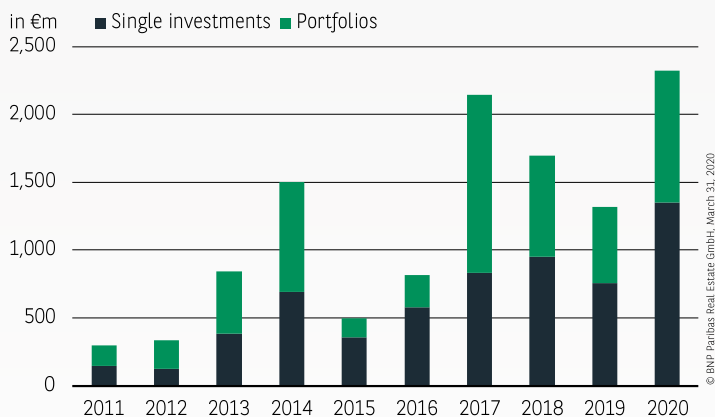




At a Glance **Q1 2020**

LOGISTICS INVESTMENT MARKET GERMANY

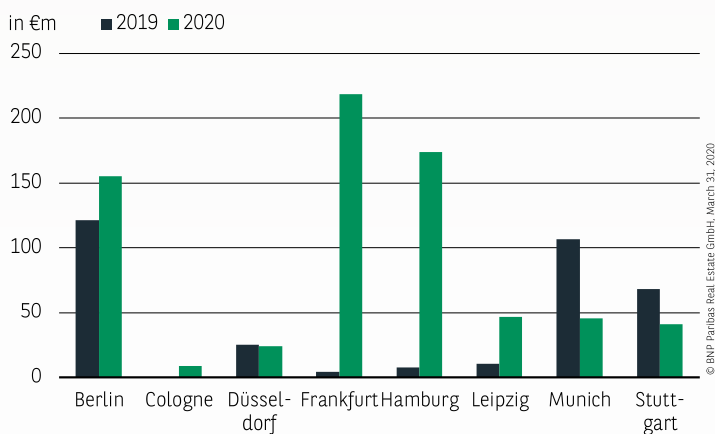
Logistics investments in Germany Q1



➤ BEST START OF THE YEAR EVER

The market for logistics investments started the year 2020 with an extraordinary result: The transaction volume of 2.32 billion € not only exceeded the previous year's result by an impressive 76%, but also broke the existing record of 2017 (2.15 billion €), so that a new record is set. Two major portfolio transactions, whose German shares alone account for more than 750 million €, also played a significant role in this. On the one hand, Union Investment took over Garbe's logistics portfolio and on the other hand, Ares is selling its share in a pan-European logistics portfolio to its co-investment partner Investec Property Fund. However, in contrast to 2017, it is not only portfolio deals that are primarily responsible for the strong result, but also single transactions, which at 58% account for considerably more than half of the outcome. This fact in particular provides clear evidence that the current corona crisis has not yet had a significant impact on transaction volume on the logistics investment market in the first quarter. As most contracts are negotiated over longer periods of time, noticeable effects are only expected from the second quarter onwards.

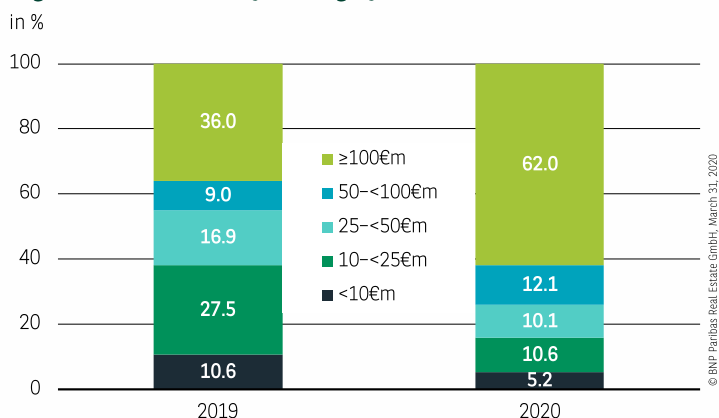
Logistics investments in important markets Q1



➤ FRANKFURT AND HAMBURG WITH NEW RECORDS

A view to the major logistic investment locations reveals clearly mixed developments for the first quarter. For example, Frankfurt got off to its best start to the year with 218.5 million €, largely due to the acquisition of part of the Neckermann site by the Turkish Sinpaş group to Interxion. Hamburg also reported a new record (174 million €), with the purchase of Garbe for its logistics special fund being particularly noticeable here. While Berlin (155 million €; +28%) and Leipzig (47 million €; +344%) also had a strong start to the year, the lack of supply is particularly apparent at the other locations. Munich (45.5 million €; -57%) and Stuttgart (41 million €; -39%), for example, suffered significant declines compared to the previous year.

Logistics investments by € category Q1

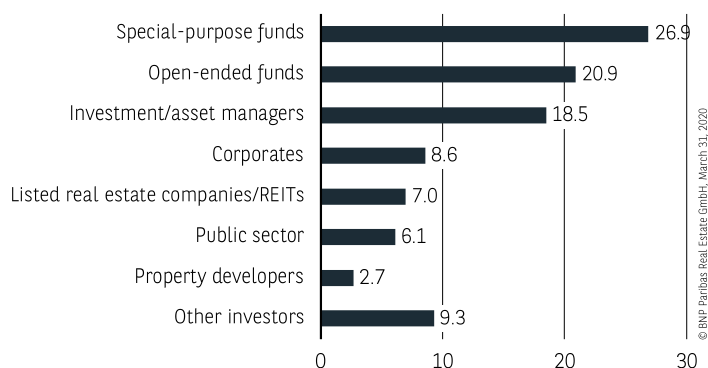


➤ MAJOR DEALS DOMINATE

Although the demand base in the logistics investment market is probably broader than ever before and market activity especially in the area of single deals is dynamic, it can be seen that the major part of the investment volume is currently accounted for by large-volume deals. This is due to the fact that, in addition to large portfolio deals, four single transactions with a volume of more than 100 million € were reported.

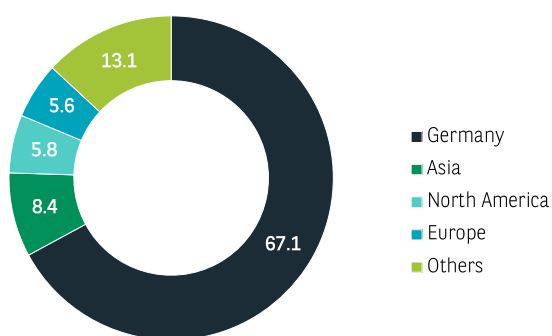
Logistics investments by buyer group Q1 2020

■ in %

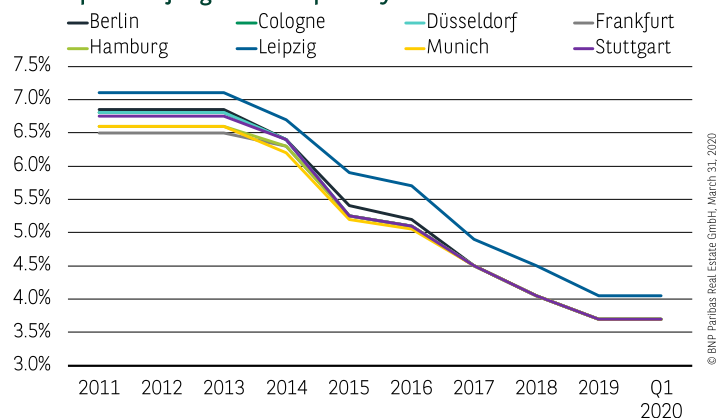


Logistics investments by origin of capital Q1 2020

in %



Development of logistics net prime yields



FUND PURCHASE STRONGLY

As logistics investments have become increasingly popular over the past few years, it is not surprising that a large number of different types of investors were active in the first quarter. Funds in particular continue to be extremely active, as many investors do not participate in the market directly, but via them. Special funds are at the top of the ranking with a 27% share of transaction volume, followed by open-ended funds (21%). Investment managers are in third place (18.5%). Corporates (9%), listed real estate companies/REITs (7%), the public sector (6%) and project developers (3%) follow at a considerable gap.

GERMAN INVESTORS AS ACTIVE AS NEVER BEFORE

The current distribution of logistics investments by origin of capital provides an unusual snapshot. In contrast to the other asset classes, foreign investors usually contribute significant shares to sales in the logistics sector. However, in the first quarter this has been reversed. With an impressive 67%, domestic investors dominate the market tremendously, which is especially remarkable against the background of record transaction volume. In all previous years, the 1.56 billion € currently attributable to German investors was achieved at the earliest during the third quarter. Correspondingly small shares are attributable to the other groups. Buyers from Asia present themselves as the most active foreign investor group (8%). North American (6%) and European investors (6%) follow.

NO CHANGE IN YIELDS AT THE BEGINNING OF THE YEAR

At the beginning of the year, slight increases in prices were still apparent. However, the transaction volume concluded in the first quarter, most of which were already at an advanced stage of negotiations at the beginning of the year, generated yields comparable to those at the end of 2019. As no significant properties have been sold since the measures taken to contain the corona crisis, which would indicate a changed yield level, no adjustments have yet been observed. The top net yield for logistics properties in the first quarter is therefore 3.70% in the German A-locations.

OUTLOOK

Even though the logistics investment market got off very well at the beginning of the year, it can be expected that the effects of the corona crisis will also be apparent on the investment markets as the year progresses. It is not possible to reliably estimate the volume of investments to be expected this year due to the continuing uncertainty about the further course of the crisis. However, the probability that transaction volume will be significantly lower than in 2019 is very high. The future development of yields also remains to be seen.

All rights reserved. At a Glance is protected in its entirety by copyright. No part of this publication may be reproduced, translated, transmitted, or stored in a retrieval system in any form or by any means, without the prior permission in writing of BNP Paribas Real Estate GmbH.

The statements, notifications and forecasts provided here correspond to our estimations at the time when this report was prepared and can change without notice. The data come from various sources which we consider reliable but whose validity, correctness or exactness we cannot guarantee. Explicitly, this report does not represent a recommendation of any kind, nor should it be regarded as forming a basis for making any decisions regarding investment or letting or renting property or premises. BNP Paribas Real Estate can accept no liability whatsoever for any information contained or statements made herein.

Imprint Publisher and copyright: BNP Paribas Real Estate GmbH | Prepared by: BNP Paribas Real Estate Consult GmbH | Status: 31.03.2020

Further Information BNP Paribas Real Estate GmbH | Christopher Raabe, Head of Industrial Services & Investment | Phone +49 (0)40-348 48-0 | christopher.raabe@bnpparibas.com | www.realestate.bnpparibas.de