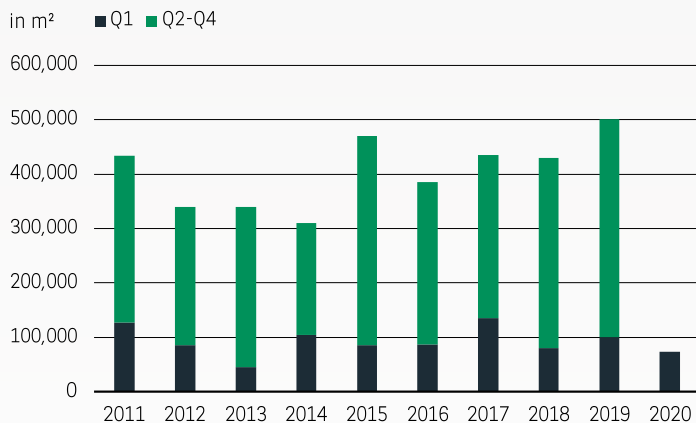




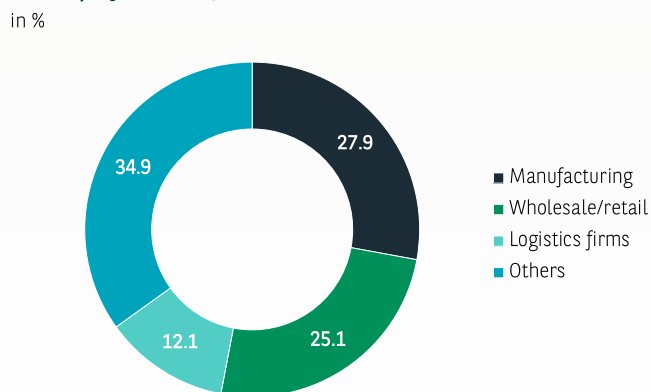
At a Glance **Q1 2020**

LOGISTICS MARKET BERLIN

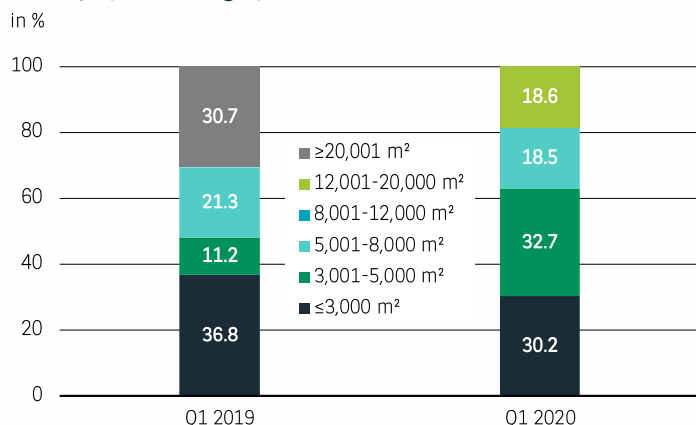
Light industrial and logistics take-up



Take-up by sector Q1 2020



Take-up by size category



LOW TAKE-UP AND HIGH MARKET DYNAMICS

The Berlin market for warehouse and logistics space (including the surrounding area) started the year with a solid result (-20%), which is nevertheless below the long-term average. However, the fact that the 74,000 m² of space is currently based on more than 25 contracts illustrates the continuing high market dynamics. Against this background, the decline in take-up is therefore more likely to be caused by the lack of major deals in the year so far and cannot yet be directly linked to the current corona crisis, as might be assumed. Since the majority of the contracts concluded are negotiated with a considerable period of preparation, the economic effects of the social lockdown cannot yet be measured in terms of take-up. Although this is not expected to be the case until the second quarter, it is not possible at this point to foresee how any short-term increases in demand by, for example retail companies will compensate for a possible wait-and-see attitude by other market participants.

UNUSUAL SECTOR DISTRIBUTION

In the first three months of the year, a rather unusual distribution of take-up among the various industry groups became apparent for Berlin. Surprisingly, the category other sectors is at the top of the ranking (35%). On the one hand, this is largely due to the fact that the deal concluded by the municipal hospital operator Vivantes for 13,700 m² is the largest deal of the year to date in this group. On the other hand, various providers from the mobility sharing sector continue to expand and require corresponding space. Industrial companies follow in second place with around 28%. In contrast, the traditionally dominant retail companies in Berlin have so far remained restrained and contribute a quarter to the result.

MAJORITY OF TAKE-UP IN THE SMALL SEGMENT

It is not unusual that in Berlin significant shares of the take-up are generated in the small-scale segment. However, in the first quarter of 2020 leases of up to 5,000 m² accounted for a full 63%, which is a record. Although the lack of large contracts is a major factor in the relative increase of importance of the small segment, the current result of more than 46,000 m² is still impressive in absolute figures and thus remains at the strong level of the previous year. This is clear evidence of the unbroken high market dynamics.

Major contracts Q1 2020

Company	Location	Area(m²)
Vivantes	Berlin	13,700
Jonas & Redmann	Berlin	7,700
Emsland-Stärke	Ludwigsfelde	6,000

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Key figures logistics market Berlin

	Q1 2019	Q1 2020	Trend remaining year
Prime rent	7.20 €/m²	7.20 €/m²	→
Average rent	5.50 €/m²	5.90 €/m²	→
Take-up	101,000 m²	74,000 m²	↘
- Share of owner-occupiers	8.9 %	36.4 %	→
- Share of new buildings	49.4 %	48.0 %	↗

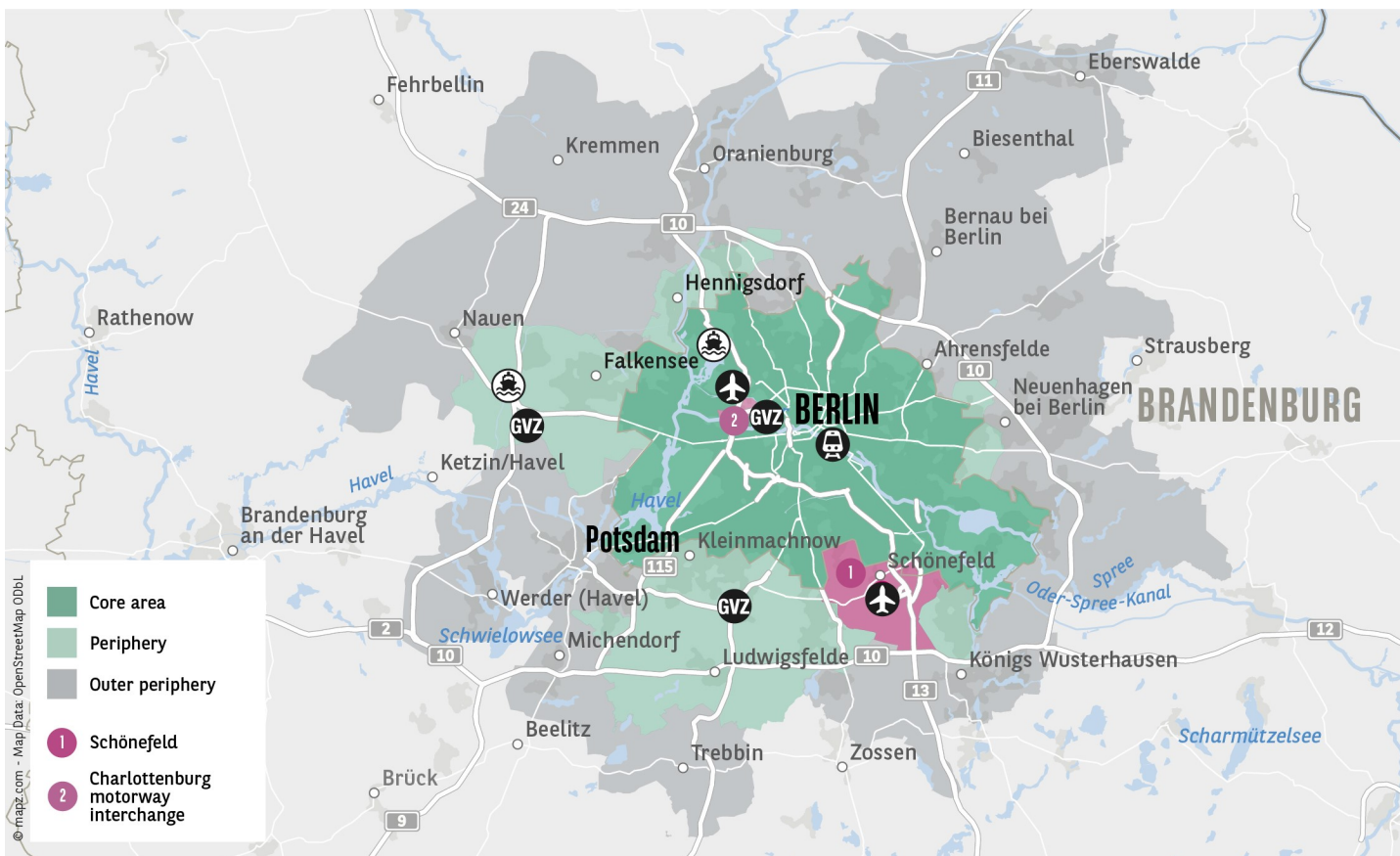
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NEW BUILDINGS IN THE VICINITY REDUCE DEMAND PRESSURE

While there is a demand surplus in the entire city area, which is why 7.20 €/m² are still being charged here at the peak for modern space as in the previous year, the situation in the surrounding area is the opposite. Due to a whole series of speculative new developments there is no noticeable demand surplus, especially in the south of Berlin. As a result, the price competition in the supply is more intense than in the rest of the market area and modern space is available from just 3.90 €/m². The average rent has risen slightly in the market as a whole compared to 2019 and stands at 5.90 €/m² (+7%).

OUTLOOK

The extent to which the corona crisis will ultimately affect the development of the logistics market cannot be reliably quantified at the moment. While on the one hand it is to be expected that lease requests as well as investments by production companies will be postponed in some cases, many logistics and trading companies are currently adapting in record time to the changing conditions caused by the crisis and are looking for opportunities to restructure their supply chains at short notice. Therefore, it cannot be ruled out that some companies are willing to pay higher prices for contracts with short periods. However, this is unlikely to be a sustained trend, so it is more likely that rents will remain generally stable.



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