

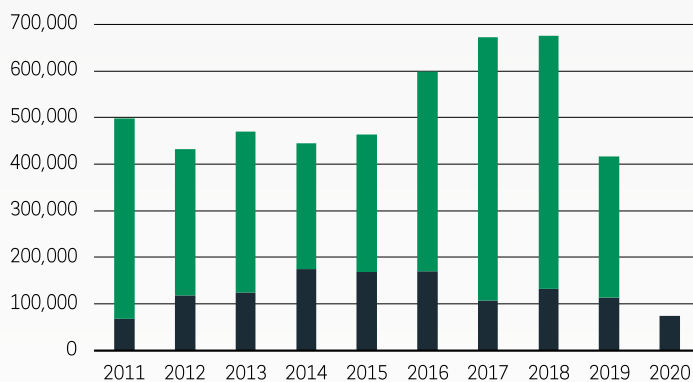


At a Glance **Q1 2020**

LOGISTICS MARKET FRANKFURT

Light industrial and logistics take-up

in m² ■ Q1 ■ Q2-Q4



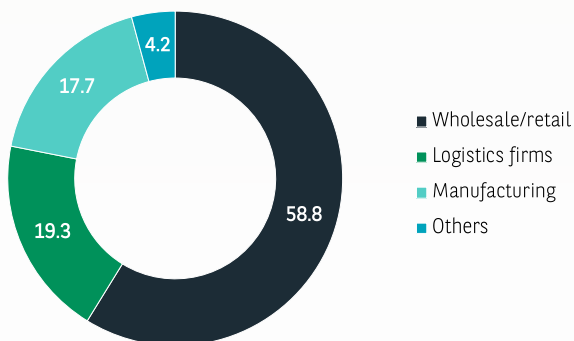
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WEAK START TO THE YEAR

The Frankfurt logistics and warehouse space market made a rather weak start to the new year. With a take-up of only 74,000 m² the previous year's result was missed by a good third. It is only for the second time in the last ten years, after 2011 (68,000 m²), that less than 100,000 m² of space was registered in the first three months of the year. Thus the long-term average was even undercut by 41%. However, there is no single causal reason for this decline. On the one hand, the generally weaker economic growth in 2019 and early 2020 certainly plays a certain role, as it was already reflected in the take-up towards the end of last year. On the other hand, a discrepancy between demand and supply could be observed especially in the first quarter. There was a strong demand for special properties, such as cold storage facilities or WGK-compatible facilities that are hardly available on the market at short notice. Whether the weaker result also reflects to some extent the initial effects of the corona crisis cannot be conclusively answered. Around half of the result is attributable to the leasing of an e-commerce company in Hammersbach.

Take-up by sector Q1 2020

in %



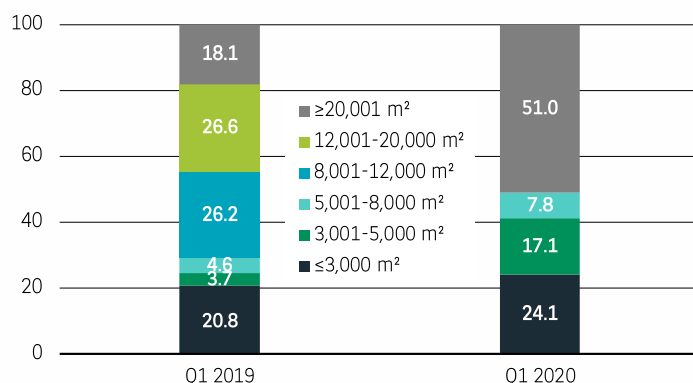
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LOGISTICS SERVICE PROVIDER BELOW AVERAGE

Also noticeable is the low share of logistics service providers at only 19%, which are traditionally strong in the Frankfurt market. In this industry group in particular, some requests for special units could not be realized at short notice. One of the most important deals here was a lease for around 5,600 m² in Hanau. Not least because of the major deal in Hammersbach, trading companies took the lead with a 59% share of outcome, once again impressively underlining their growing importance. On the other hand, production companies are on the long-term average, contributing around 18% to the result.

Take-up by size category

in %



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ONLY ONE LARGE CONTRACT

With the exception of the e-commerce letting, no major deal over 8,000 m² was recorded in the first quarter. Even though such contracts are always somewhat spread out and therefore have a strong impact on the individual quarterly results, this situation is unusual and contributes greatly to the weak start to the year. Against this backdrop it is not surprising that smaller lettings of up to 3,000 m² account for almost a quarter of total take-up. Contracts for between 3,000 and 5,000 m² also account for a good 17% and thus a relative share that is almost twice as high as the average.

Major contracts Q1 2020

Company	Location	Area(m²)
E-commerce company	Hammersbach	37,500
Logistics firm	Hanau	5,600
United Brands	Hanau	4,600
Menicon	Offenbach	3,500

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Key figures of logistics market Frankfurt

	Q1 2019	Q1 2020	Trend remaining year
Prime rent	6.35 €/m²	6.60 €/m²	➔
Average rent	4.95 €/m²	5.10 €/m²	➔
Take-up	114,000 m²	74,000 m²	↗
- Share of owner-occupiers	43.6 %	5.1 %	➔
- Share of new buildings	76.1 %	67.5 %	➔

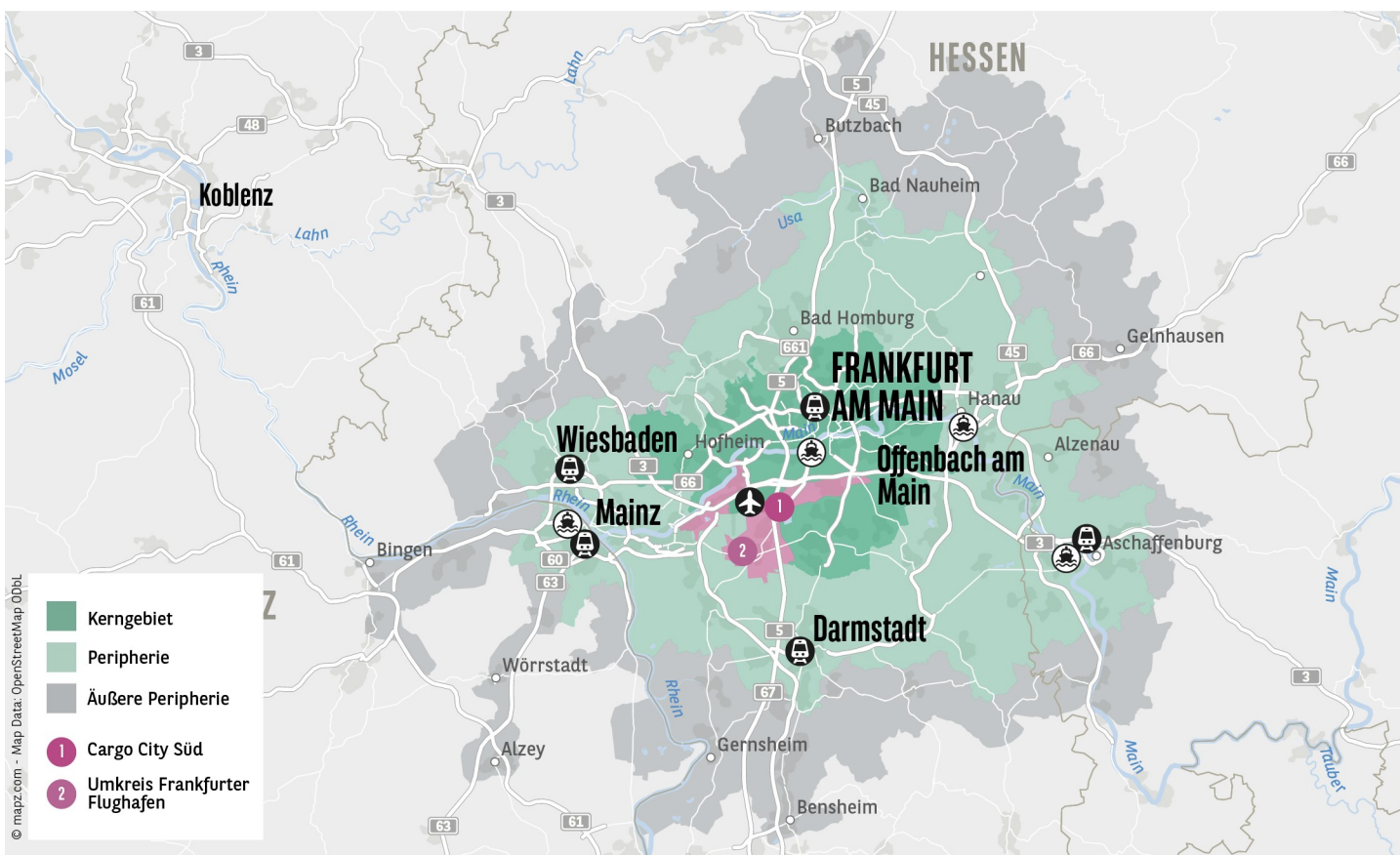
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➤ HARDLY ANY TAKE-UP BY OWNER-OCCUPIERS

A further reason for the low take-up to date is the very low share of owner-occupiers. So far they have only contributed 5% to the result. However, on the long-term average, their share is well over one third. It is possible that this may reflect a somewhat wait-and-see attitude on the part of many companies which are waiting to see how the economy develops before implementing planned investments due to the more moderate economic development in recent quarters. Rents have not changed in the last three quarters, so that the top rent is still 6.60 €/m². The average rent is also unchanged at 5.10 €/m².

➤ OUTLOOK

The extent to which the corona crisis will ultimately affect the development of the logistics market cannot be reliably quantified at this stage. While on the one hand it is to be expected that lease requests as well as investments will be postponed by some companies, many logistics and trading companies are currently reacting in record time to the changing conditions caused by the crisis and are looking for additional space. The further development of both take-up and rents therefore remains to be seen. However, it seems undisputed, at least from today's perspective, that there is a high probability that the logistics markets will be less affected by negative impacts than other asset classes.



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Further Information BNP Paribas Real Estate GmbH | Branch office Frankfurt | Phone +49 (0)69 298 99-0 | www.real-estate.bnpparibas.de