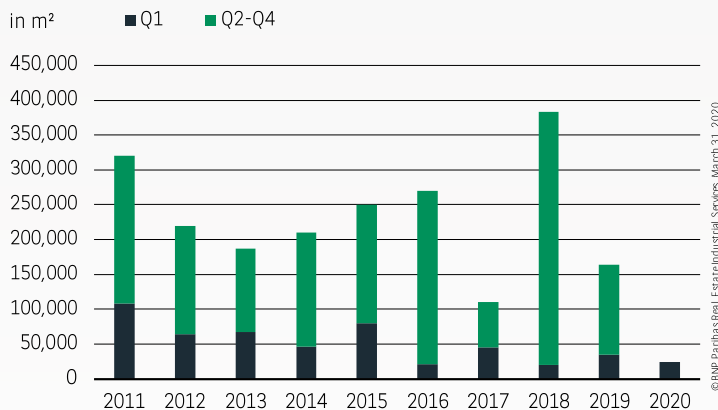




At a Glance **Q1 2020**

LOGISTICS MARKET LEIPZIG

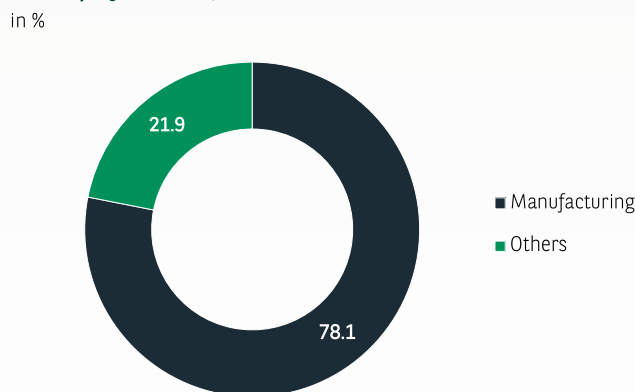
Light industrial and logistics take-up



LOW TAKE-UP IN FIRST QUARTER

The Leipzig logistics market experienced a very restrained first quarter. The currently registered take-up of 24,000 m² corresponds to the third weakest start to the year in the last ten years and is almost 53% below the long-term average. Even the already weak result of the previous year was undercut by a good 31%. The main reason for this result is the lack of major contracts to date, which is causing frequent noticeable fluctuations in take-up on the Leipzig market. A significant connection with the consequences of the social and economic lockdown in the wake of the Corona crisis, which has been in place since mid-March, cannot be drawn. The majority of the contracts concluded are already being negotiated with a lead time of several months, so that noticeable effects are not expected until the second quarter at the earliest. At this stage, however, it cannot yet be foreseen how any short-term increases in demand, for example from trading companies or from the healthcare sector, will compensate for a possible wait-and-see attitude of other market participants.

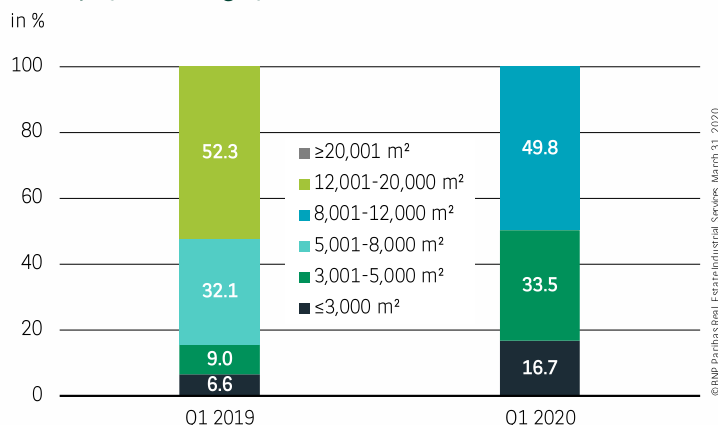
Take-up by sector Q1 2020



MANUFACTURING COMPANIES SET A NEW RECORD

The split of take-up by sector provides a very unusual picture for the first quarter of 2020. Thus, apart from companies that can be assigned to the category "Others", only manufacturing companies have made an appearance so far. While it is therefore unnecessary to look at the relative shares, it is worth looking at the absolute figures. With a take-up of a good 18,700 m² the manufacturing companies have had their strongest start to the year to date. It is very likely that the logistics and retail companies, which are normally strongly represented, will also gain momentum as the year progresses. At Leipzig/Halle Airport, for example, which is internationally important for air freight traffic, construction of a major project by an e-commerce company is about to start.

Take-up by size category



NO MAJOR DEALS SO FAR

The split of take-up according to size classes impressively illustrates that the restrained start to the year is primarily due to the lack of major deals. Accordingly, the share of small-scale take-up is disproportionately high compared with the long-term average. If one draws the comparison on the basis of absolute figures, it becomes clear that the 24,000 m² registered to date only in relation to the size classes up to 12,000 m² even represent an above-average result.

Major contracts Q1 2020

Company	Location	Area(m²)
Stadtbau AG	Leipzig	4,600
Manufacturing company	Kabelsketal	3,500
Manufacturing company	Landsberg	2,500

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Key figures logistics market Leipzig

	Q1 2019	Q1 2020	Trend remaining year
Prime rent	4.50 €/m²	4.50 €/m²	➔
Average rent	3.70 €/m²	3.75 €/m²	↗
Take-up	35,000 m²	24,000 m²	↗
- Share of owner-occupiers	17.3 %	72.1 %	↘
- Share of new buildings	35.4 %	0.0 %	↗

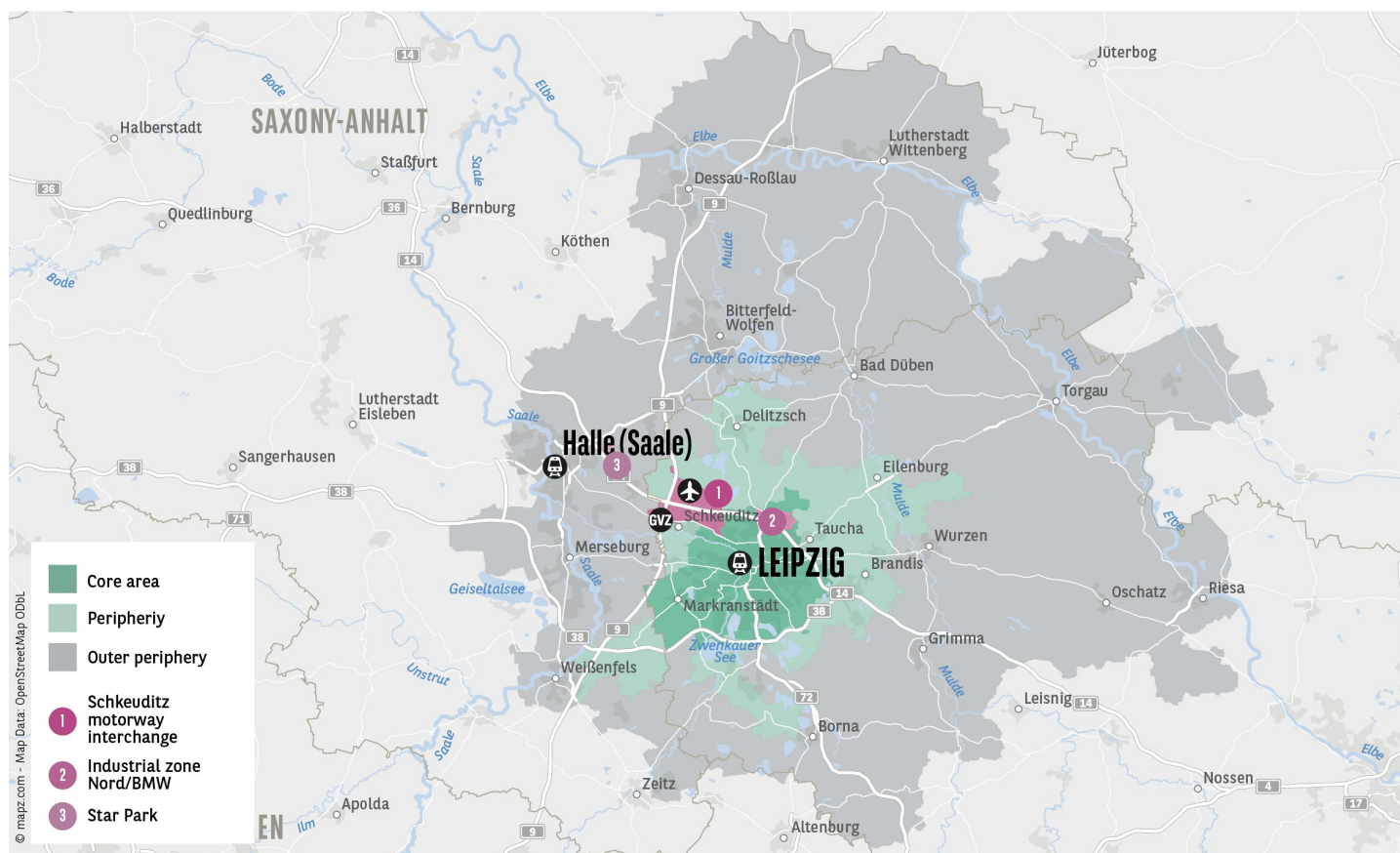
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RENTS ARE ALMOST STABLE

The prime rent is stable in comparison with the previous year and is still quoted at 4.50 €/m². It is achieved in city locations and business parks and is mainly paid for modern standard spaces of up to 2,500 m², for which the overall supply is very limited. The average rent is also virtually unchanged. It increased by just 5 cents to 3.75 €/m². The situation is becoming increasingly difficult for older premises that do not have a standard in line with the market. Despite the tense market situation, it is difficult to find tenants for them.

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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