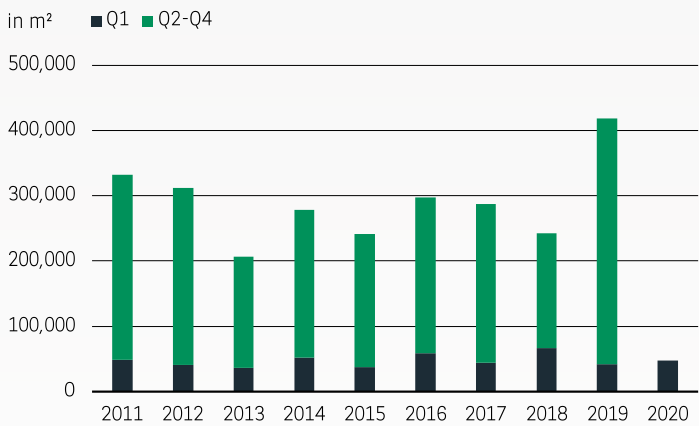


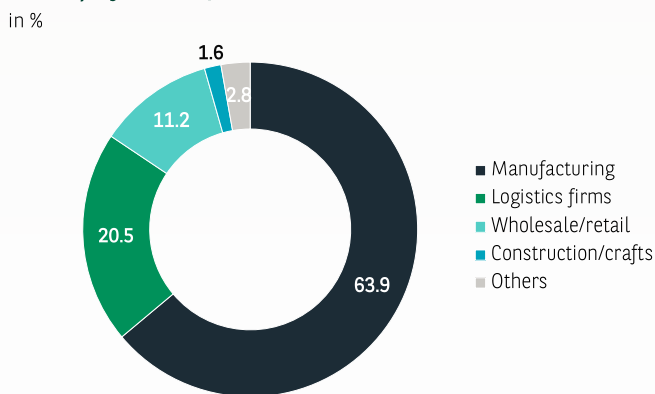
At a Glance Q1 2020

LOGISTICS MARKET MUNICH

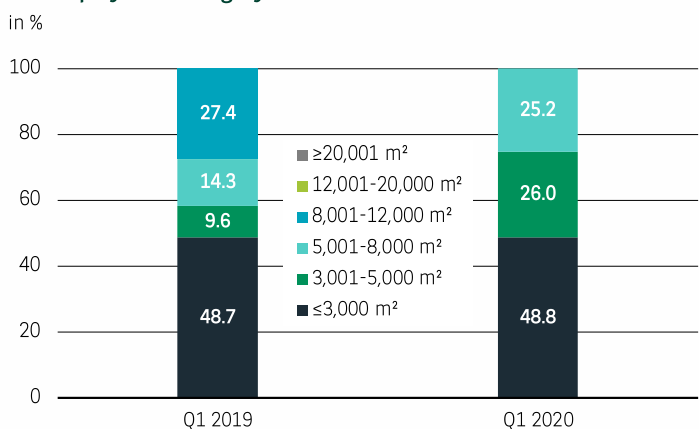
Light industrial and logistics take-up



Take-up by sector Q1 2020



Take-up by size category



➤ AVERAGE RESULT IN THE LONG TERM

The Munich market for logistics and warehouse space has started the new year with a solid result. At 48,000 m², the comparable figure of the previous year was exceeded by a good 14%, which means that the result is around the level of the long-term average (+1%). With more than 20 registered contracts, the market was extremely dynamic, which is clear evidence that the social and economic lockdown in the wake of the corona crisis, which has been in place since mid-March, has not yet had any noticeable impact on the first-quarter results. As the majority of the concluded contracts are negotiated with a considerable preparation period, it can therefore be assumed that this will not be the case until the middle of the year. The extent to which individual key figures, such as take-up, will actually reflect the overall economic downturn will also depend on how any temporary increases in demand from certain sectors compensate for a likely waiting attitude by other market participants.

➤ PRODUCTION COMPANIES PARTICULARLY ACTIVE

The traditionally strongly represented production companies in the Munich logistics market were again able to take the lead in the industry ranking of the first quarter 2020. They account for almost two thirds of take-up, not least because of the biggest deal of the year to date, the lease of 6,700 m² by an automobile manufacturer in Garching. The logistics companies have also made a strong appearance to date and can point to a number of leases, the largest of which was by Marlog in Allershausen (4,500 m²). After retail companies have also increasingly attracted attention in recent years with significant take-up, mainly in connection with the development of the e-commerce infrastructure, the sector has so far been rather restrained with a share of 11%.

➤ NOT A SINGLE LARGE CONTRACT TO DATE

The analysis of take-up by size category currently shows a very unusual picture. Despite the solid result, not a single transaction in the size segments over 8,000 m² was registered. Small deals of up to 5,000 m² account for almost 36,000 m² of the total volume, which is a new record for the first three months of a year. However, the opposite is also true: never before has there been so little space taken up in the categories above, which impressively reflects the acute supply shortage in these segments.

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Major contracts Q1 2020

Company	Location	Area(m ²)
Car manufacturer	Garching	6,700
Marlog Logistik	Allershausen	4,500

Key figures logistics market Munich

	Q1 2019	Q1 2020	Trend remaining year
Prime rent	7.00 €/m ²	7.00 €/m ²	↗
Average rent	6.10 €/m ²	6.10 €/m ²	↗
Take-up	42,000 m ²	48,000 m ²	↗
- Share of owner-occupiers	3.8 %	0.0 %	→
- Share of new buildings	6.2 %	0.0 %	→

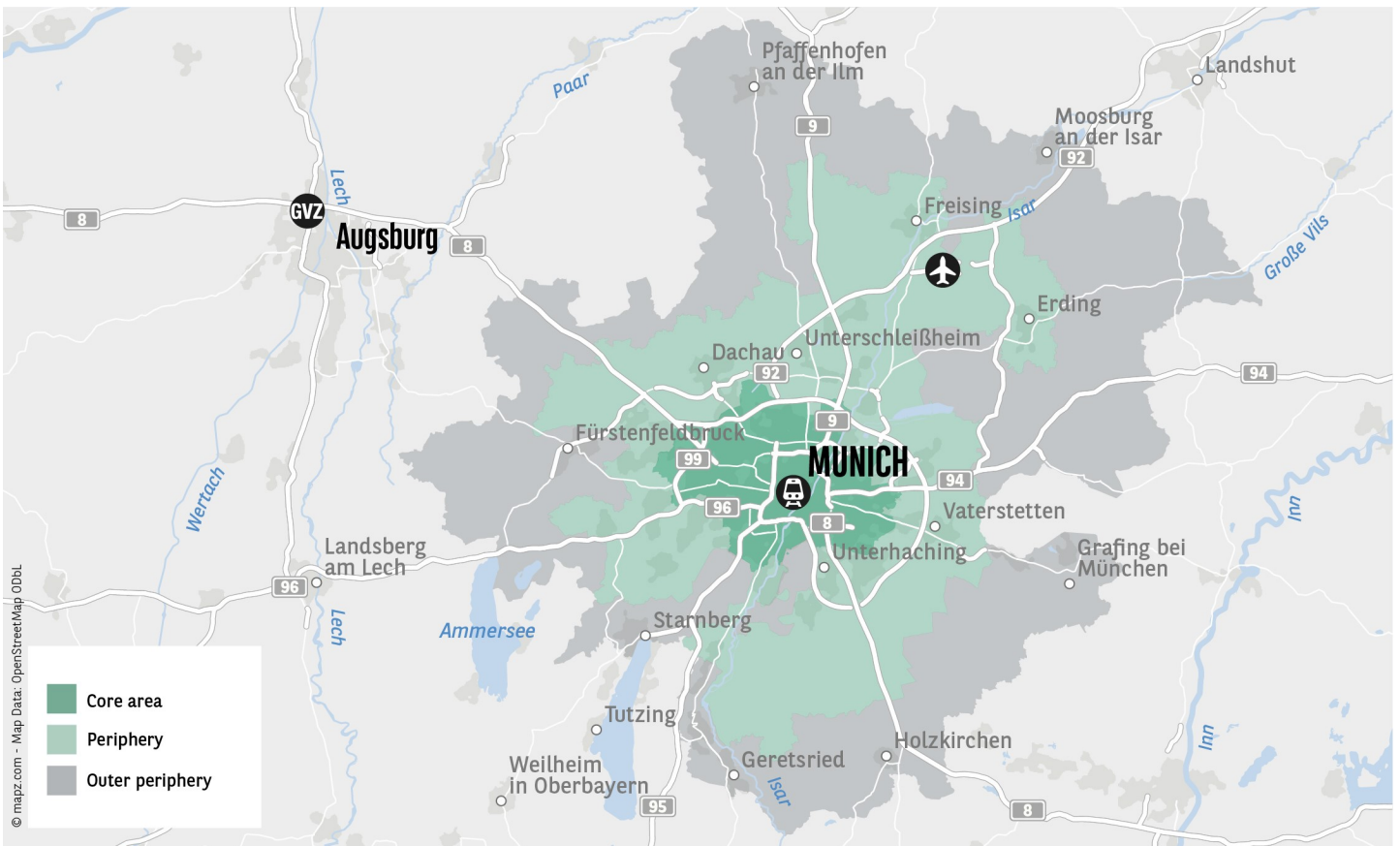
RENTS ARE STABLE

Since no large deals have been registered to date and these are usually directly related to new developments due to the supply bottleneck, it is not surprising that both new construction and owner-occupancy rates are still at zero percent. Meanwhile, rents have remained unchanged compared to last year, averaging 6.10 €/m². The maximum rent of 7.00 €/m² is still achieved in the north of Munich due to the excellent transport connections.

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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Further Information BNP Paribas Real Estate GmbH | Branch office Munich | Phone +49 (0)89-55 23 00-0 | www.real-estate.bnpparibas.de