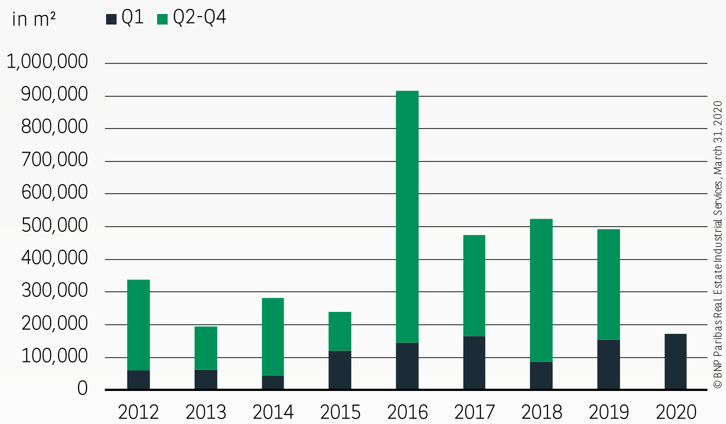
At a Glance **Q1 2020**

LOGISTICS MARKET RUHR REGION

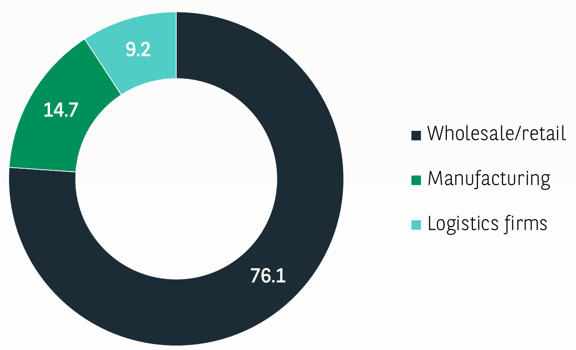
Light industrial and logistics take-up*



* Deals ≥5,000 m²

Take-up by sector Q1 2020*

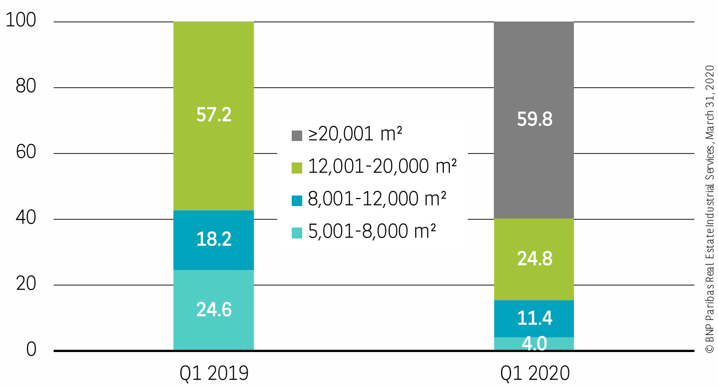
in %



* Deals ≥5,000 m²

Take-up by size category

in %



VERY GOOD START TO THE YEAR

Despite the impact of the corona pandemic, which is affecting the logistics sector to a very different extent depending on the segment, the Ruhr Region can look back on an excellent first quarter. With a total take-up of 171,000 m², the logistics market in Germany's largest conurbation achieved a record start to the year, almost 53 % above the long-term average. The Ruhr Region thus also outperformed the other top markets, of which only Hamburg, with 103,000 m², also exceeds the 100,000 m² mark. Traditionally high is once again the share of new construction, which accounts for a good 68% or 116,000 m² of the total result. One of the biggest deals in this respect was the lease concluded by Euziel International (33,000 m²) in a project development on the former IKEA logistics site in Werne.

TRADING COMPANIES WITH A STRONG PERFORMANCE

Looking at the breakdown of take-up by sector, it is clear that the excellent overall result could only be achieved by an exceptionally strong retail sector as the decisive demand group. Accordingly, retail companies accounted for a good 76 % of the volume in the first quarter and were responsible for around half of the registered deals, including the four largest lettings. Industrial companies follow at some distance, with a share of just under 15%. In this context, the relocation of the American company Wabtec Corporation is particularly noteworthy, which will move from Witten to a new construction project of a good 14,000 m², located on the site of the former Opel plant in Bochum. In contrast, logistics service providers are clearly underrepresented, accounting for 9% of lettings to date.

60% ABOVE AND 40% BELOW 20,000 M²

Market activity in the first three months was characterised above all by a very high average volume per deal (around 17,000 m²). Several major deals with more than 20,000 m² contributed to the fact that this segment accounted for almost 60% of the take-up. There was a lot of activity in the category between 12,000 and 20,000 m² (25%) with the deals of Deichmann (Mülheim a. d. R.), Wabtec Corporation (Bochum) and Picnic (Herne), while the two classes under 12,000 m² together contributed just under 15%.

Major contracts Q1 2020

Company	Location	Area(m²)
E-commerce company	Witten	35,000
Wholesale/retail company	Duisburg	34,000
Euziel International	Werne	32,900
Deichmann	Mülheim	14,900

Key figures logistics market Ruhr region*

	Q1 2019	Q1 2020	Trend remaining year
Prime rent	4.70 €/m²	4.90 €/m²	→
Average rent	3.90 €/m²	4.10 €/m²	→
Take-up	153,000 m²	171,000 m²	→
- Share of owner-occupiers	8.2 %	0.0 %	↗
- Share of new buildings	29.5 %	68.1 %	→

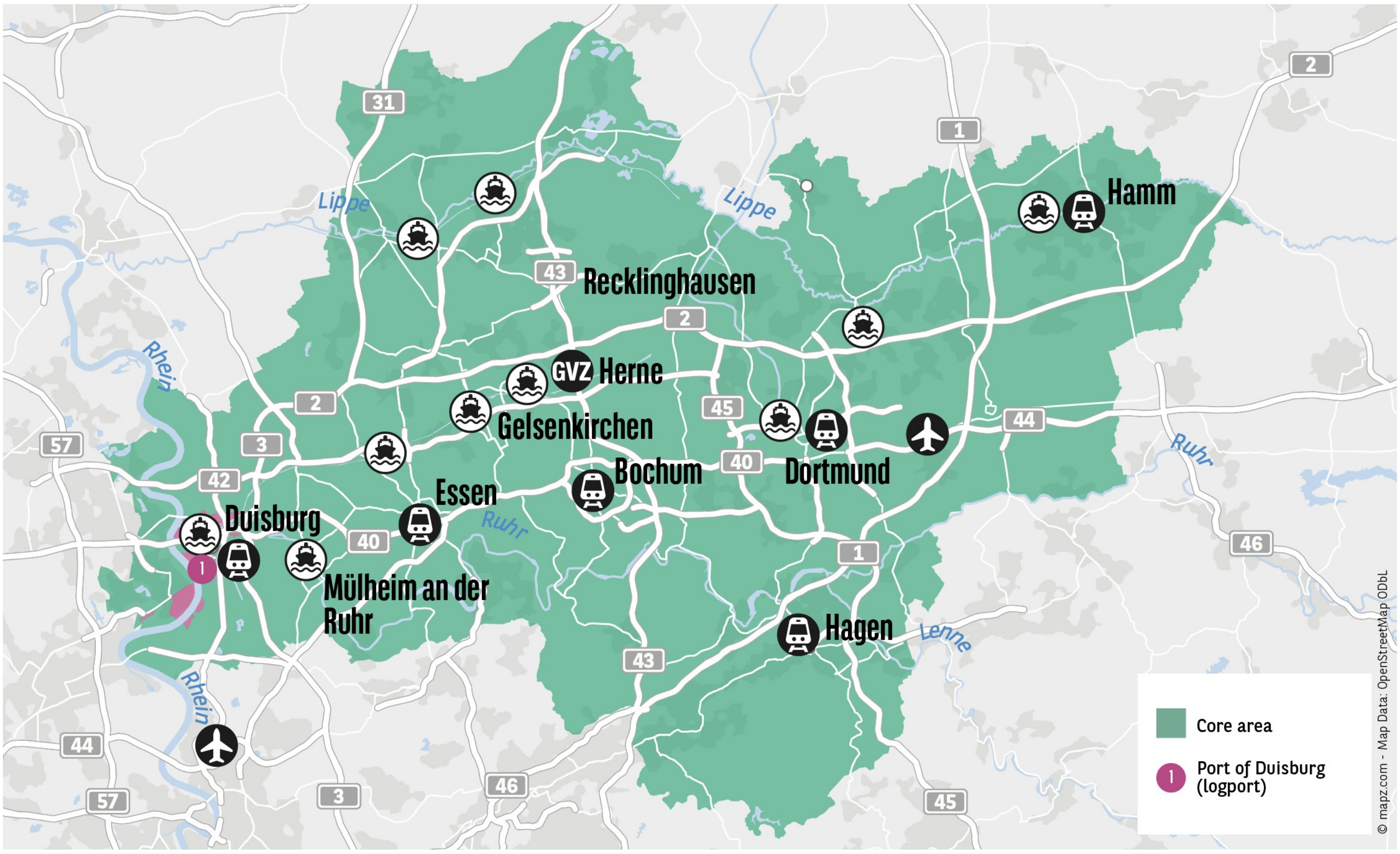
* Deals ≥5,000m²

NEW CONSTRUCTION HOTSPOT IN THE EAST

As the supply of construction sites particularly in the western to central Ruhr region remains limited, the share of new buildings in this area could also decline in the future. Increased land prices and construction costs are already having an impact on the rentas in these sub-sites of the polycentric logistics region, with the result that the prime rent has risen by 4% year-on-year to 4.90 €/m². By contrast, in the eastern Ruhr region, speculative construction is conducted on a large scale, such as in Kamen, where around 70,000 m² are still waiting for their future users in the P3 Park.

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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