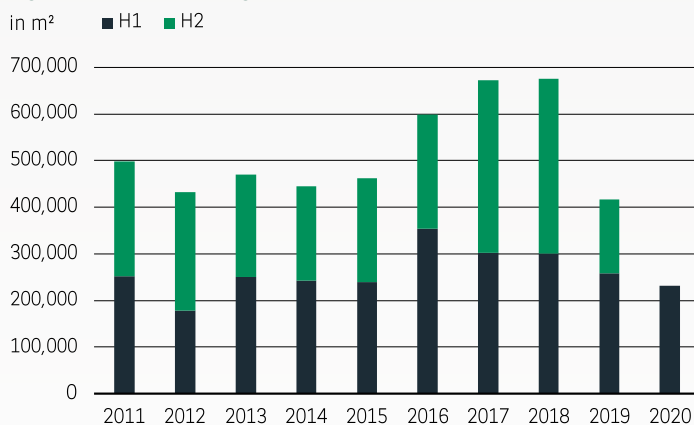




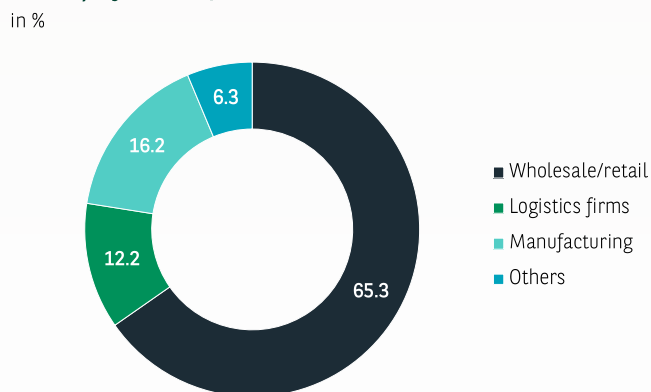
At a Glance **Q2 2020**

# LOGISTICS MARKET FRANKFURT

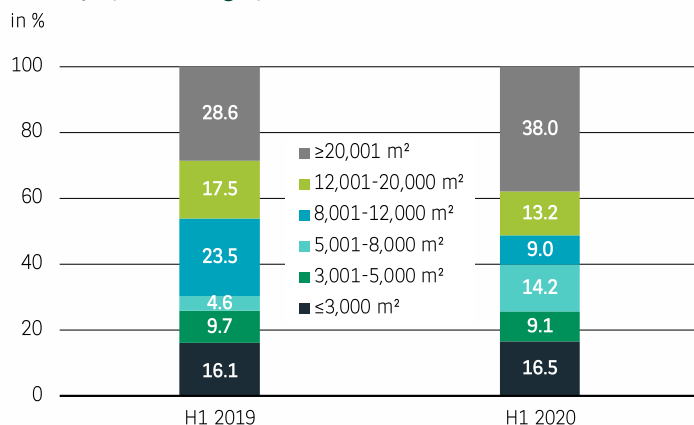
## Light industrial and logistics take-up



## Take-up by sector Q2 2020



## Take-up by size category



## ➤ CATCH-UP EFFECTS IN THE SECOND QUARTER

After the Frankfurt logistics and warehouse space market had an extremely weak start into the new year and achieved a take-up of only 74,000 m² in the first quarter, the situation at mid-year has become much better. Thanks to a strong result in the second quarter (157,000 m²), the take-up after six months is 231,000 m², only 11% less than last year. This shows that the declining demand in some export-oriented industries due to the Corona crisis was largely compensated by the increasing business of the e-commerce, food and pharmaceutical sectors. The fundamental demand trends remain relatively stable despite the Corona crisis. Apart from the particularly good infrastructural locations near the airport and the city center, there is still strong demand in the entire territory of the north-south axis "Rhine-Main/Rhine-Neckar area" as far as Kaiserslautern. This results from the possibility to serve both metropolitan regions at the same time. In some cases, there are considerations to move to peripheral sites, such as southern or central Rhineland-Palatinate.

## ➤ TRADING COMPANIES DRIVE THE MARKET

At the end of the first half of the year, the Frankfurt logistics market is clearly dominated by the trading companies, which are responsible for almost two thirds of take-up. The largest contract of the year goes to the discount giant Lidl, whose 50,000 m² of logistics space is being built in Erlensee. Amazon is also continuing its expansion and rents 16,500 m² of space in Friedrichsdorf. Another e-commerce provider even signs for 37,500 m² in Hammersbach. Logistics service providers, on the other hand, are achieving an unusually low market share of 12%, with the 11,400 m² deal concluded by RMD Logistics in Mainaschaff being the most prominent deal in this category. Industrial and production companies achieve an outcome contribution of a good 16%, a result in the range of the long-term average.

## ➤ LARGE DEALS DOMINATE

The major contracts described above also show up clearly in the distribution of take-up by size category: deals of 20,000 m² and more account for a full 38% of take-up. At the same time, however, the two smallest size segments under 5,000 m² also make a noteworthy contribution to the result of a good 25%. This shows that the Frankfurt logistics market has a solid foundation of smaller users and is not only based on large deals.

## Major contracts Q2 2020

Quarter	Company	Location	Area (m²)
Q2	LIDL	Erlensee	50,000
Q1	E-Commerce-Company	Hammersbach	37,500
Q2	Amazon	Friedrichsdorf	16,500
Q2	Alnatura	Pfungstadt	14,000
Q2	RMD Logistics	Mainaschaff	11,400

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## Key figures of logistics market Frankfurt

	H1 2019	H1 2020	Trend remaining year
Prime rent	6.50 €/m²	6.80 €/m²	➔
Average rent	4.95 €/m²	5.20 €/m²	➔
Take-up	259,000 m²	231,000 m²	➔
- Share of owner-occupiers	42.4 %	30.9 %	➔
- Share of new buildings	49.1 %	72.0 %	➔

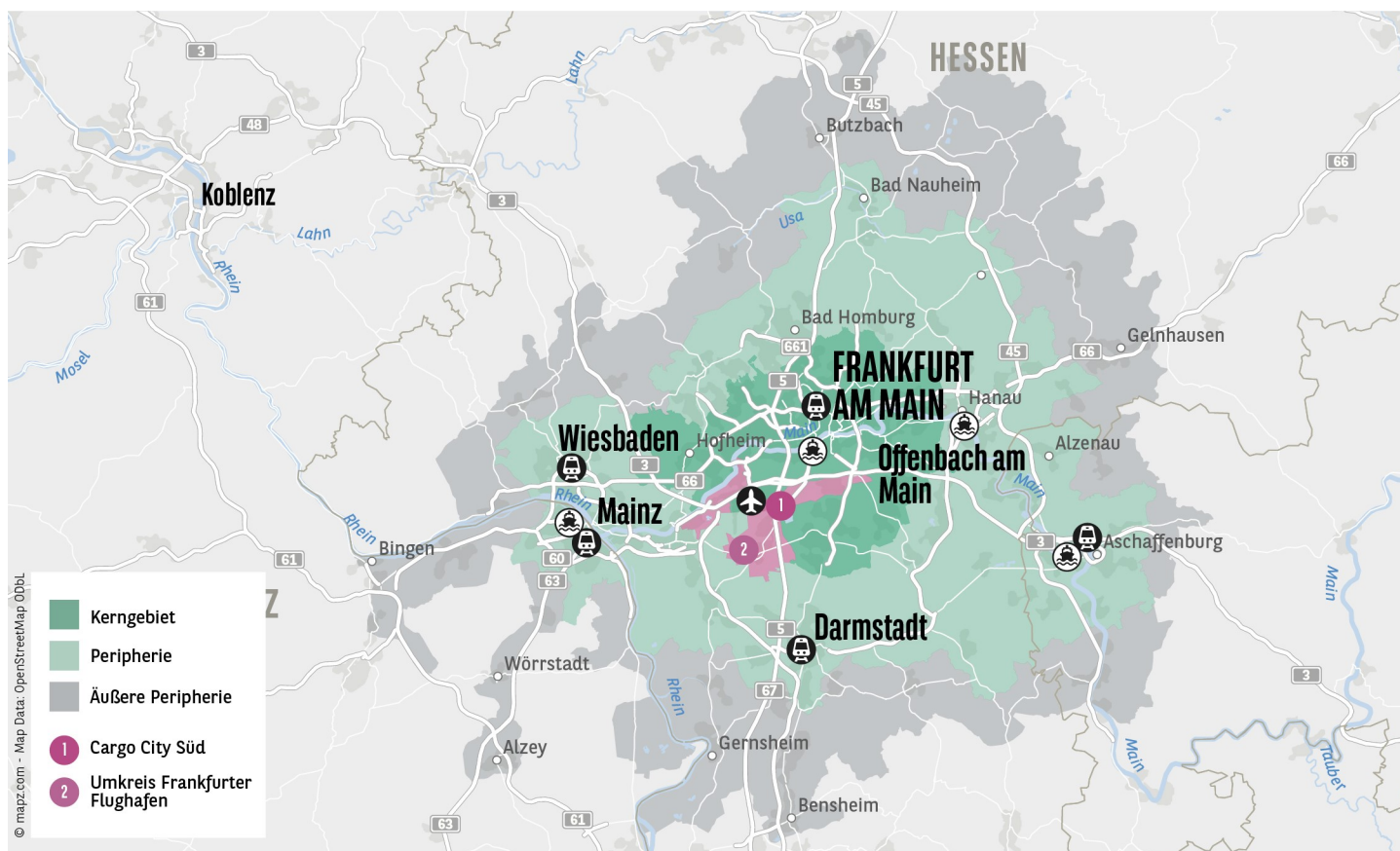
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## RENTAL PRICE INCREASE DESPITE CORONA CRISIS

Although the logistics region Frankfurt also suffered from the Corona crisis, the basic demand-supply ratio has not changed. Apart from the location-related factors, the technical demand profile plays an increasingly important role. For example, there has been an rising demand for special properties such as cold storage facilities or warehouses suitable for WGK. In terms of rents, an upward trend has been noticeable in the last three months. Due to a further shortage of development land and rising construction costs, the top rent is climbing from 6.60 to 6.80 €/m² and the average rent is also slightly up at 5.20 €/m² (Q1: 5.10 €/m²).

## OUTLOOK

After a short-term demand shock in the wake of the global Corona epidemic, the Frankfurt logistics market got back on track surprisingly quickly thanks to a broadly diversified demand structure. Despite the continuing economic risks, a further recovery of the market in the second half of the year is certainly possible, as some attractive space will be available at short notice in the Frankfurt area as a result of existing space becoming vacant and project developments that are almost completed. Given the relevant demand, the additional supply offers potential for increasing take-up.



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