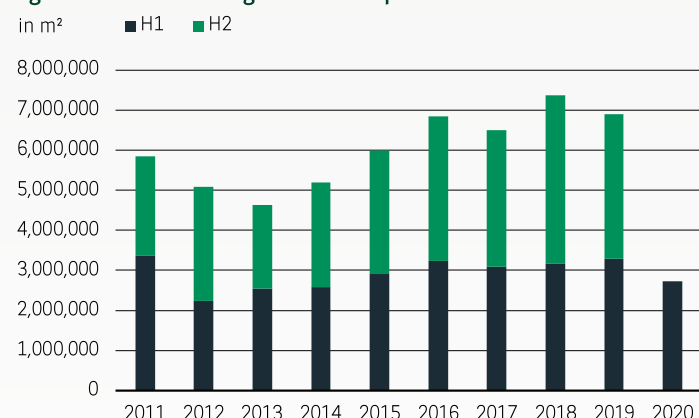




At a Glance **Q2 2020**

LOGISTICS MARKET GERMANY

Light industrial and logistics take-up



➤ MARKET IN Q2 NOTICEABLY RESTRAINED

After a very lively start to the year on the German logistics and warehouse space markets, market activity was, as expected, much more subdued in the second quarter due to the corona crisis. It is therefore hardly surprising that the currently registered nationwide take-up of 2.73 million m² marks the weakest half-year result since 2014 and is a good 17% below the record result of the previous year. However, a glance at the long-term comparison reveals that this is less a slump in the market as a whole than a dent in the take-up figures. Thus the result is just about 6% below the 10-year average. This can be attributed to the fact that although export-oriented industries in particular have felt the full force of the crisis, these losses are largely compensated for by the general trends in the logistics industry, such as the growing importance of e-commerce.

Light industrial and logistics take-up by region

	H1 2019 (m²)	H1 2020 (m²)	Change (%)
Important logistics markets			
Berlin	270,000	131,000	-51.5%
Cologne	57,000	49,000	-14.0%
Düsseldorf	76,000	70,000	-7.9%
Frankfurt	259,000	231,000	-10.8%
Hamburg	145,000	141,000	-2.8%
Leipzig	116,000	207,000	+78.4%
Munich	95,000	106,000	+11.6%
Stuttgart	72,000	65,000	-9.7%
Subtotal	1,090,000	1,000,000	-8.3%
Other locations*			
Ruhr region	262,000	290,000	+10.7%
Other logistics regions (see map)	648,000	425,000	-34.4%
Rest of Germany	1,297,000	1,013,000	-21.9%
Subtotal	2,207,000	1,728,000	-21.7%
Total Germany	3,297,000	2,728,000	-17.3%

* Deals ≥5,000m²

➤ MIXED PICTURE IN THE LARGE CONURBATIONS

In the major markets, 1 million m² of logistics space was taken up, a good 8% less than in the previous year. Since the economic uncertainties are particularly noticeable in specific sectors, there are naturally also considerable differences between the conurbations. While Berlin (131,000 m²; -51.5%), Düsseldorf (70,000 m²; -8%), Frankfurt (231,000 m²; -11%), Cologne (49,000 m²; -14%) and Stuttgart (65,000 m²; -10%) recorded declines, Munich (106,000 m²; +12%) and especially Leipzig (207,000 m²; +78%) even managed to make significant gains. The Hamburg market remained virtually stable compared with the previous year (141,000 m²; -2.8%), although the second quarter was the weakest since the financial market crisis in 2008.

➤ RUHR REGION WITH STRONG RESULT

The trend of rising take-up outside the major agglomerations observed in recent years came to an abrupt end in the course of the second quarter. With a total of 1.73 million m², the previous year's figure was undershot by more than a fifth. Only the Ruhr region is an exception. Driven in particular by deals concluded by trading companies, the second best half-year result ever was achieved there. With a minus of 34 %, the slump was particularly noticeable in the 12 logistics hubs, which BNPPRE regularly analyses in addition to the conurbations.

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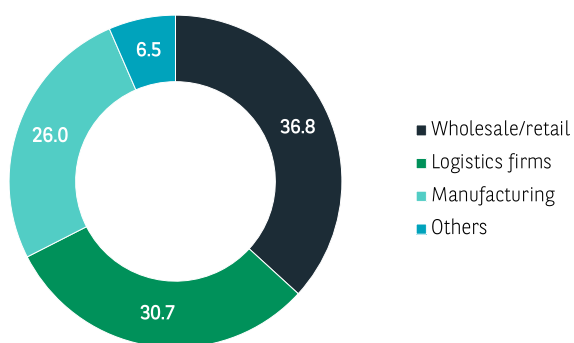
Key figures logistics market Germany

	H1 2019	H1 2020	Trend remaining year
Take-up	3,297,000 m ²	2,728,000 m ²	↗
- Share of owner-occupiers	45.2%	37.5%	→
- Share of new buildings	70.2%	72.4%	→

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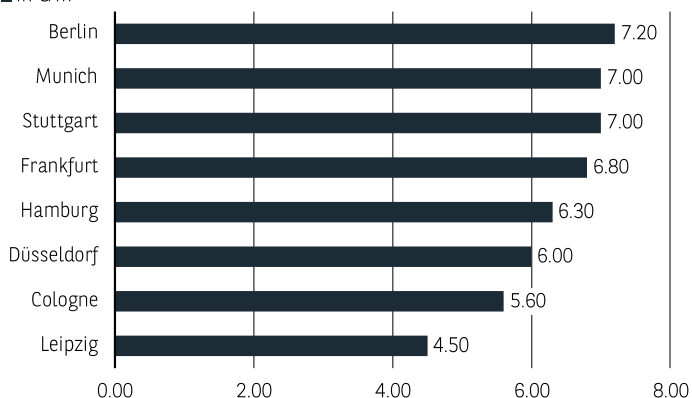
Take-up by sector Q2 2020

in %



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Top rents in important logistics markets Q2 2020

■ in €/m²

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Major contracts Q2 2020

Quarter	Company	Location	Area (m ²)
Q1	Böttcher	Zöllnitz	90,000
Q2	E-commerce company	Großkugel	74,000
Q2	Retail company	Bremen	60,000
Q2	DSV	Duisburg	54,000
Q2	LIDL	Erlensee	50,000

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NEW BUILDINGS DOMINATE TAKE-UP FIGURE

Despite the somewhat flattened demand in the second quarter, there has been no change in the fact that large existing properties of adequate standard are in short supply in almost all markets. More and more users are therefore dependent on built-to-suit solutions that are either rented or taken into ownership. In addition, speculative project developments have been gradually gaining in importance for several years, particularly in the vicinity of major logistics agglomerations. At 72%, the current rate of new construction is therefore only a wafer-thin percentage point below its best value from 2016. The owner-occupier ratio, which correlates closely with the new construction share, is also again at a high level at 37.5%.

MANUFACTURING COMPANIES WITH RESTRAINED DEMAND

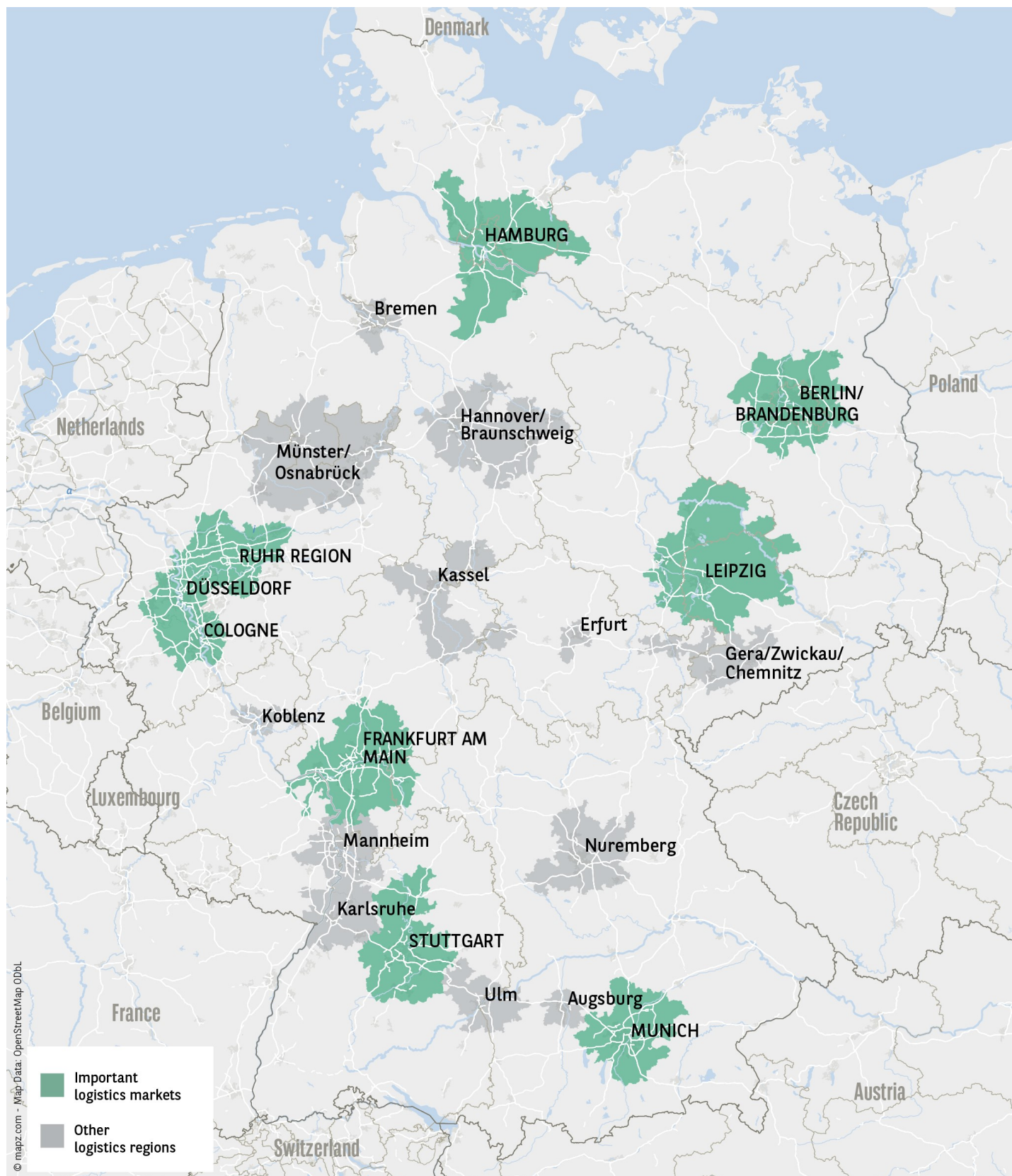
The current breakdown of take-up by sector clearly shows how differently the Covid-induced economic downturn has affected individual industries. Thus, driven by e-commerce and generally by suppliers of goods needed in the short-term, the retail companies are at the top of the ranking with 37%. The take-up of 1 million m² in this segment is on a par with that of the pre-Corona era and is even above long-term average. The logistics firms also achieved a respectable result with a share of 31%. In contrast, at the height of the economic lockdown, the machines in many production companies came to a halt, so that many expansion plans from the sector were put on hold for the time being. With only 26%, they therefore also achieve a significantly below-average result. The verdict is even more drastic if one considers only the second quarter, where they contributed just 240,000 m².

RENTS SHOW NO SIGN OF A CRISIS

Despite the noticeably more subdued demand in the second quarter, no downward trend in rents has yet been observed. On the contrary: due to the excess demand over the years, the stock in almost all major locations has been mostly leased out, so that companies in search of new locations have to resort increasingly to new buildings. As a result, the prime rents in Frankfurt (6.80 €/m²; +3%), Düsseldorf (6.00 €/m²; +4%) and Cologne (5.60 €/m²; +4%) have even increased. In the other locations it remained stable, with Berlin still being the most expensive at 7.20 €/m². In Munich and Stuttgart, the rents are at 7.00 €/m², in Hamburg at 6.30 €/m² and in Leipzig at 4.50 €/m².

OUTLOOK

The Corona crisis also led to noticeable distortions in the logistics markets, although some existing development trends, such as the triumphant advance of e-commerce, were even accelerated. However, the general sentiment is now much more positive again, and assuming a V-shaped recovery of the economy, a rapid normalization of market activity is likely. From today's point of view, a year-end result in the range of the long-term average of about 6 million m² seems possible.



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