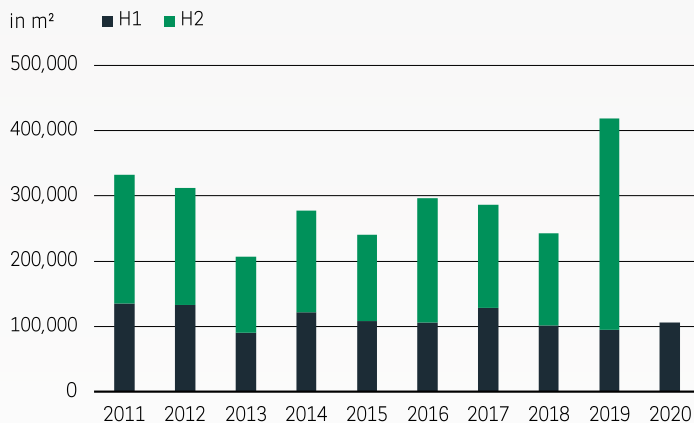




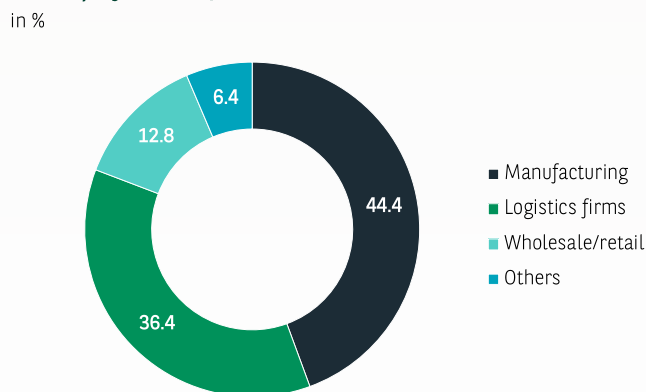
At a Glance **Q2 2020**

# LOGISTICS MARKET MUNICH

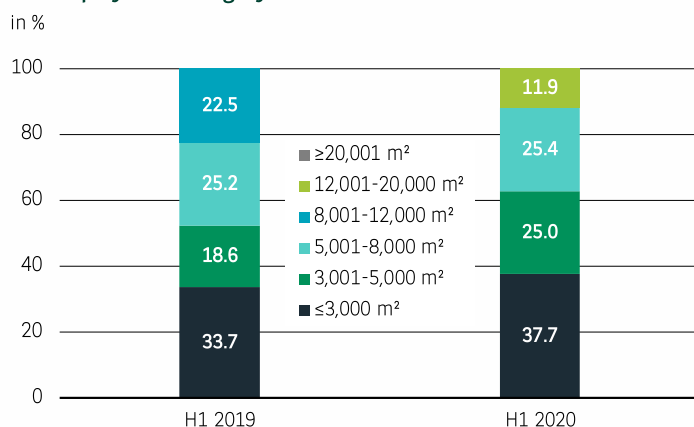
## Light industrial and logistics take-up



## Take-up by sector Q2 2020



## Take-up by size category



## DESPITE CORONA: SOLID MARKET PERFORMANCE

Although the Corona pandemic and the temporary social and economic lockdown have not left the Munich market for logistics and storage space unaffected, the half-year result is still surprisingly solid with 106,000 m². The previous year's figure was exceeded by almost 12% and the long-term average was missed by just 6%. A closer look even shows that the second quarter, with 58,000 m², was more lively than the first three months of the year, when the Corona crisis had not yet had any noticeable impact on the market. Nevertheless, a large part of the take-up is based on contracts that were already in the process of negotiation with significant preparation times and thus at an advanced stage. By contrast, the number of registered new requests for contracts fell significantly from March onwards, as growing uncertainty forced many companies to switch to crisis management, which is why expansion decisions were often postponed and put on hold. However, as the crisis has been managed more successfully, a noticeable increase in demand has been observed in recent weeks.

## MADE IN BAVARIA: PRODUCTION COMPANIES DOMINATE

The Munich Metropolitan Region is one of the most prosperous economic regions in Europe, where many companies from the automotive and mechanical engineering, electrical engineering and IT sector are based. This is traditionally also noticeable in the distribution of the take-up of space by sector. Industrial and manufacturing companies accounted for the majority of the half-yearly results, with around 44%. Logistics service providers also achieved an above-average result in a long-term comparison with 38,600 m². This sector benefited not least from the 12,600 m² contract concluded by a logistics service provider that stores tyres in Schwaig on behalf of an automobile manufacturer. On the other hand, retail companies were unusually restrained, suffering a sharp decline in business due to the lockdown, particularly in the non-cyclical consumer goods sector.

## SMALLER DEALS ARE MOST IMPORTANT

Despite the solid result, in the first six months only one contract above 12,000 m² was registered: the contract in Schwaig. However, the broad base for the half-year result are smaller contracts of up to 3,000 m², which account for a share of around 38%. In terms of registered contracts, they even account for 72.5%. But, the existing lack of supply in the large-space segment continues to be noticeable.

## Major contracts Q2 2020

Quarter	Company	Location	Area (m²)
Q2	Logistics firm	Oberding	12,500
Q2	DHL	Freising	8,000
Q1	BMW	Garching	6,700
Q2	Manufacturing company	Eching	4,700
Q2	ITG	Zolling	4,500

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## Key figures logistics market Munich

	H1 2019	H1 2020	Trend remaining year
Prime rent	7.00 €/m²	7.00 €/m²	↗
Average rent	6.10 €/m²	6.10 €/m²	↗
Take-up	95,000 m²	106,000 m²	↗
- Share of owner-occupiers	23.0 %	7.6 %	→
- Share of new buildings	34.6 %	15.1 %	→

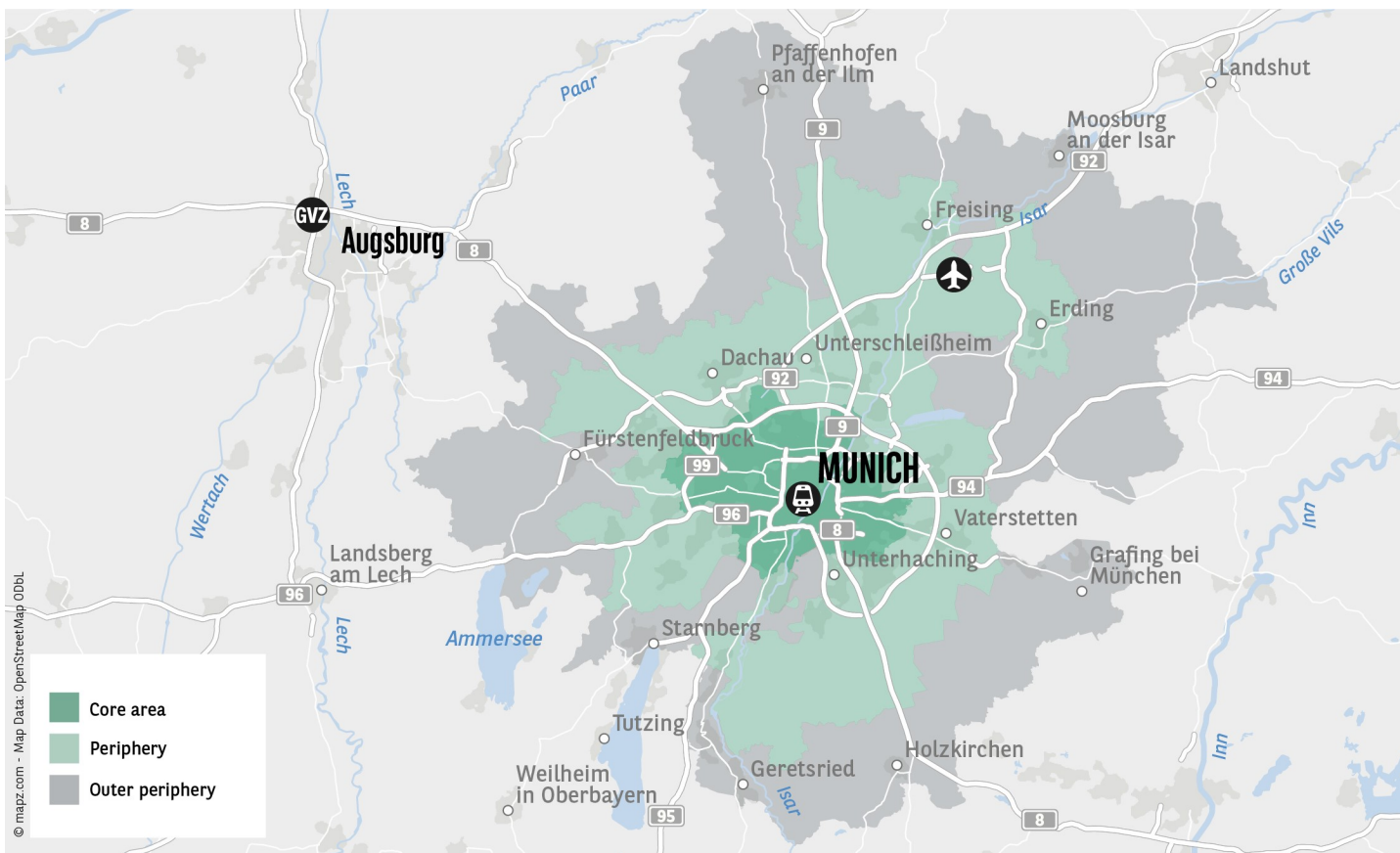
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## RENTS UNCHANGED FOR ALMOST TWO YEARS

As a result of the Corona shock, the supply of logistics space showed a slight upward trend in the second quarter. Nonetheless, the restrictive allocation of space, particularly in the core region, continues to lead to an acute shortage of supply. Nearly all market activity took place in the periphery. These contrary developments have led to rents remaining stable. Therefore, the top rent is still at 7.00 €/m² for the eighth consecutive quarter and the average rent is at 6.10 €/m².

## OUTLOOK

Some postponed leasing decisions will gain significant momentum again in the further course of the year - assuming that there is no second wave of infection and further lockdown. As a result the logistics market should continue to pick up in the second half of the year. At the same time, insolvencies could lead to a greater expansion of the supply side. However, this should only provide the market with additional momentum, as the shortage of space that has prevailed for years should lead to rapid absorption on the demand side. Given the simultaneous steady rise in land prices, even an increase in average rents does not appear unrealistic. Numerous landlords could use the situation to adjust their rents in existing space that becomes vacant.



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