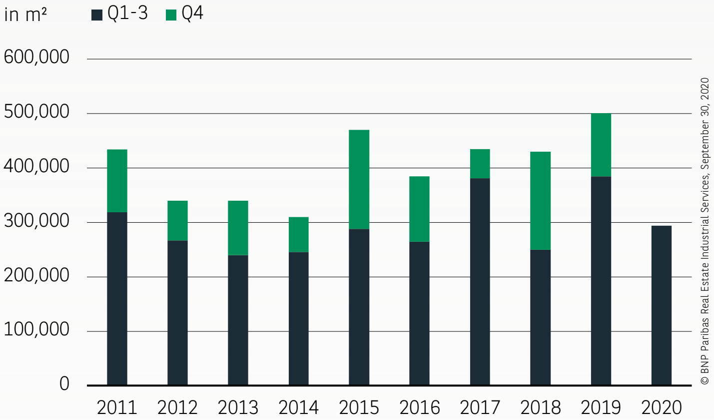
At a Glance **Q3 2020**

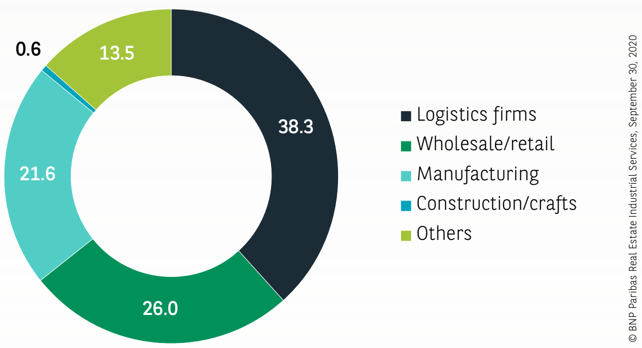
LOGISTICS MARKET BERLIN

Light industrial and logistics take-up



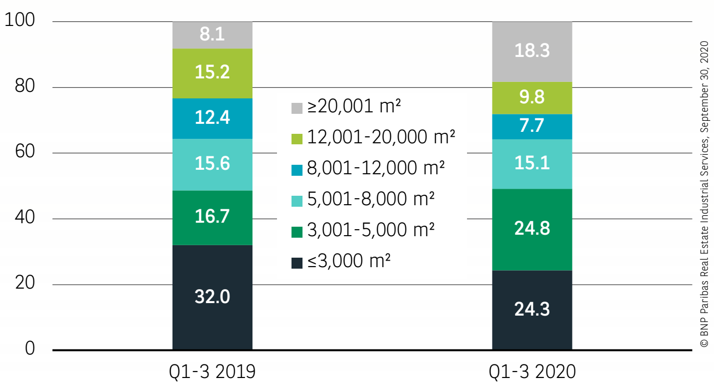
Take-up by sector Q1-3 2020

in %



Take-up by size category

in %



STRONG THIRD QUARTER

While a slight downturn in the Berlin market (including surrounding areas) for warehouse and logistics space was still discernible in the middle of the year, market activity gained considerable momentum again in the third quarter. In the past three months, a take-up of 163,000 m² was achieved, more than in any third quarter ever before. However, one major deal pushed the latest noticeably: ECE has found a long-term user for the new logistics centre in Königs Wusterhausen where Ceva Logistics signed a 54,000 m² contract. By the end of September some 294,000 m² was leased. Although this is 24 % below the outstanding result of the previous year (385,000 m²), it is still within the long-term range. Overall, the market proves very dynamic with the number of signed contracts now standing at 90 and thus clearly above average. However, smaller deals are now accounting for higher letting volumes than just a few years ago.

RETAIL COMPANIES WITHOUT MAJOR DEAL

Driven by the major deal of Ceva Logistics, logistics firms lead the take-up by sector with 38 %. At the end of the first half of the year, they still achieved a below-average result. E-commerce companies in particular continue to be among the largest demanders of space. However, the traditionally great importance of retail companies in Berlin is not yet reflected in take-up due to the lack of major deals in the year to date. With a share of 26 % or slightly more than 75,000 m², they have generated a result that is well below average by long-term comparison. Manufacturing companies achieved almost 64,000 m² (22%), their second best result in the last 10 years.

CONTRACTS UP TO 5.000 m² SET NEW RECORD

Despite the leasing of the more than 50,000 m² ECE logistics centre, the small-scale segments dominate the distribution of take-up by size category. Almost half of the total letting volume is accounted for by contracts with a maximum of 5,000 m², which represents a new record for the Berlin market. This trend is expected to continue in the coming quarters, not least due to the good availability of modern space in business parks in the surrounding area.

Major contracts Q1-3 2020

Quarter	Company	Location	Area (m²)
Q3	CEVA Logistics	Königs Wusterhausen	54,000
Q3	Gestamp	Großbeeren	15,000
Q1	Vivantes	Berlin	13,700
Q3	Automotive	Grünheide	12,000

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Key figures logistics market Berlin

	Q1-3 2019	Q1-3 2020	Trend remaining year
Prime rent	7.20 €/m²	7.20 €/m²	→
Average rent	5.50 €/m²	5.90 €/m²	→
Take-up	385,000 m²	294,000 m²	↘
- Share of owner-occupiers	5.9 %	10.9 %	↗
- Share of new buildings	47.2 %	59.3 %	→

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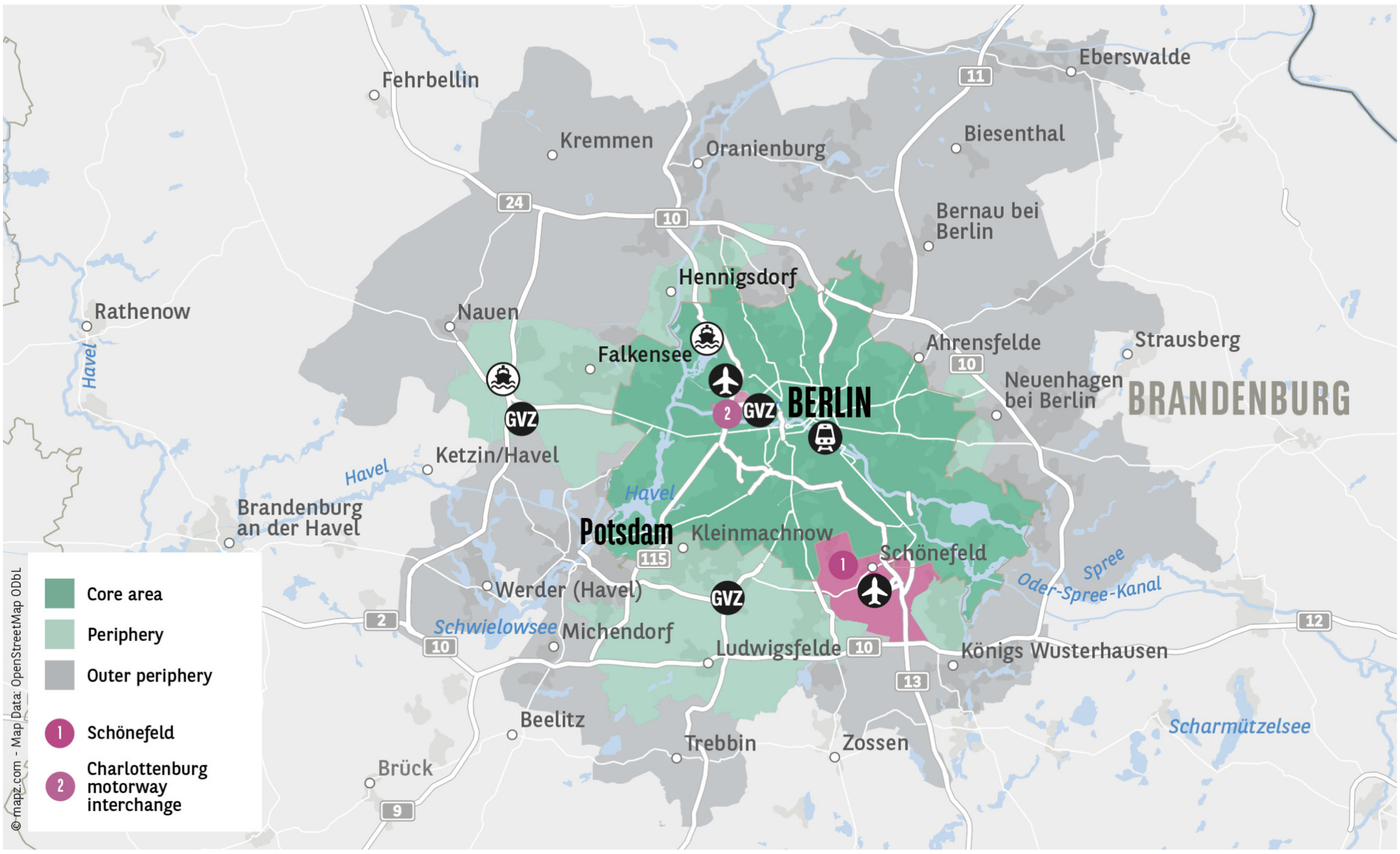
SPECULATIVE NEW BUILDINGS LARGELY LEASED

In recent years, there has been plenty of supply for large-scale requests, especially in southern periphery, but the market has now become noticeably tighter overall. Many of the speculatively buildings have now been pre-leased. At the same time, there are fewer and fewer plots of land with suitable building rights. The lead times are therefore likely to become significantly longer again in future. Not least due to the TESLA settlement in Grünheide which is currently at planning stage, a growing demand from suppliers and logistics firms can be observed. Rents for new buildings are still between 4.00 €/m² and 4.50 €/m² in the southern area, but are likely to move upwards in the medium term. Inner-city logistics space continues to be in demand, but is hardly available on the market. Due to the supply bottleneck, a prime rent of 7.20 €/m² is achieved near the city freeways, which is the highest level among the German large logistics agglomerations.

OUTLOOK

The market is expected to remain very active in the last quarter of 2020. However, market activity will be highest in the small-scale segments, so that the high dynamic will not necessarily be reflected in take-up. Should TESLA receive the final building permit for its Gigafactory before the end of the year, a result for the year as a whole that is well above the long-term average is nevertheless possible.



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