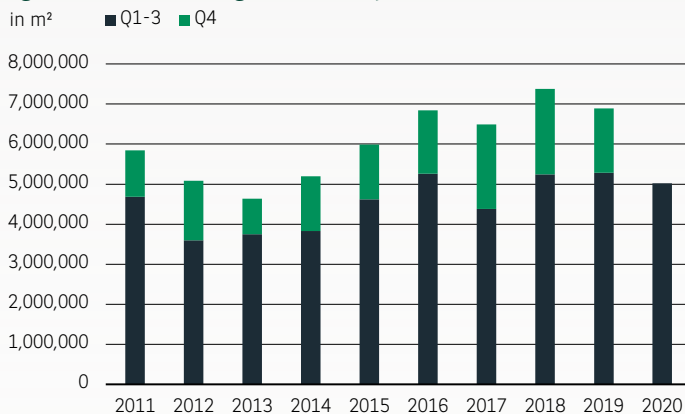




At a Glance **Q3 2020**

LOGISTICS MARKET GERMANY

Light industrial and logistics take-up



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➤ BEST Q3 OF THE LAST 10 YEARS

After a weak second quarter marked by the lockdown, the markets picked up again from July to September. If only the third quarter is considered, the best result of the last ten years was registered with just under 2.29 million m². Hence the take-up in the current year so far amounts to 5.02 million m². The record set in the previous year was thus only missed by 5 %. Just how well the markets performed overall against the backdrop of a difficult environment is shown by the fact that the ten-year average was exceeded by around 10 %. Considering these figures, it can be stated that the logistics sector is coping much better with the effects of the Corona pandemic than other sectors of the economy. Although negative consequences are certainly noticeable, especially for export-oriented companies or the automotive industry, these are offset by positive trends, especially in e-commerce or pharmaceutical companies.

Light industrial and logistics take-up by region

	Q1-3 2019 (m ²)	Q1-3 2020 (m ²)	Change (%)
Important logistics markets			
Berlin	385,000	294,000	-23.6%
Cologne	88,000	102,000	15.9%
Düsseldorf	108,000	94,000	-13.0%
Frankfurt	364,000	333,000	-8.5%
Hamburg	241,000	340,000	41.1%
Leipzig	123,000	231,000	87.8%
Munich	391,000	166,000	-57.5%
Stuttgart	148,000	101,000	-31.8%
Subtotal	1,848,000	1,661,000	-10.1%
Other locations*			
Ruhr region	382,000	468,000	22.5%
Other logistics regions (see map)	1,243,000	1,086,000	-12.6%
Rest of Germany	1,814,000	1,801,000	-0.7%
Subtotal	3,439,000	3,355,000	-2.4%
Total Germany	5,287,000	5,016,000	-5.1%

* Deals ≥5,000 m²

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➤ VERY DIFFERENT PICTURE IN METROPOLITAN AREAS

In the major agglomerations, a take-up of 1.66 million m² was achieved, and thus 10 % less than in the previous year. The differing development in take-up between the markets has two reasons. On the one hand, available space is still very limited at some locations and on the other hand, the impact of the consequences of the Corona pandemic is varying considerably. A rise in take-up was recorded for the logistics markets of Hamburg (340,000 m²; +41 %), which also ranked at the top of all locations, Cologne (102,000 m²; +16 %) and especially Leipzig (231,000 m²; +88 %). Meanwhile, a sometimes strong decrease in take-up was reported for Munich (166,000 m²; -58 %), although it should be noted that an exceptional record was achieved here in 2019, Stuttgart (101,000 m²; -32 %), Berlin (294,000 m²; -24 %), Düsseldorf (94,000 m²; -13 %) and Frankfurt (333,000 m²; -8.5 %).

➤ HARDLY ANY DROP IN TAKE-UP OUTSIDE THE METROPOLITAN AREAS

The market has also picked up noticeably in locations outside of the major metropolitan areas. After a still weak first-half result, they are now just over 2 % below the previous year's figure at almost 3.36 million m². The Ruhr region played a major part in this positive development, where 468,000 m² not only represents an increase of 22.5 % but also the second-best result ever. In the 12 logistics markets, which BNPPRE regularly analyses in addition to the metropolitan areas, 1.09 million m² were recorded. Even though the previous year's result was thus missed by almost 13 %, a clear market revival was also observed in these locations. in the third quarter.

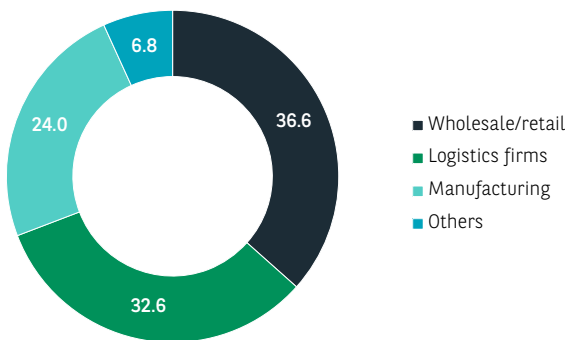
Key figures logistics market Germany

	Q1-3 2019	Q1-3 2020	Trend remaining year
Take-up	5,287,000 m ²	5,016,000 m ²	➔
- Share of owner-occupiers	40.2%	36.2%	➔
- Share of new buildings	67.0%	73.4%	➔

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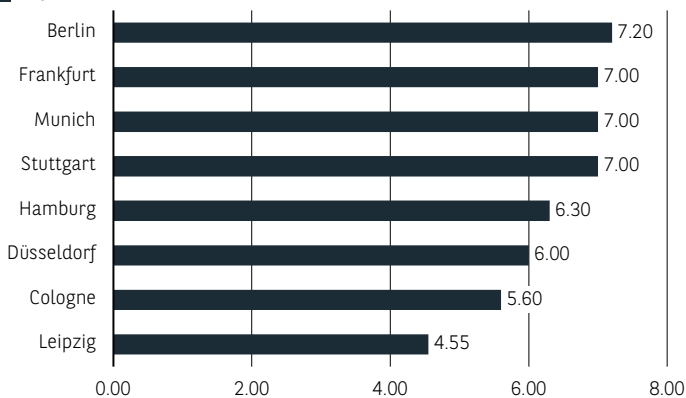
Take-up by sector Q1-3 2020

in %



Top rents in important logistics markets Q1-3 2020

■ in €/m²



Major contracts Q1-3 2020

Quarter	Company	Location	Area (m ²)
Q3	Tegut	Hünfeld	92,000
Q1	Böttcher	Zöllnitz	90,000
Q3	REWE	Henstedt-Ulzburg	86,500
Q2	E-commerce company	Großkugel	82,000
Q3	TEDI	Kamen	78,000

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➔ SHARE OF NEW CONSTRUCTION CLEARLY ABOVE AVERAGE

Due to the continuing strong demand, which in some market segments has even increased, there is still no sign of an easing in supply at most logistics locations. There are persistent significant bottlenecks, particularly in the sought-after major logistics hubs, especially in the segment of large-area and short-term available existing space. This situation is also reflected in the rising share of new construction in total take-up. In the first three quarters of the current year this figure was over 73 %, well above the long-term average of around 67 %. By contrast, the owner-occupier share of the overall result fell slightly and stood at a just over 36 % at the end of September.

➔ RETAIL COMPANIES AHEAD AS EXPECTED

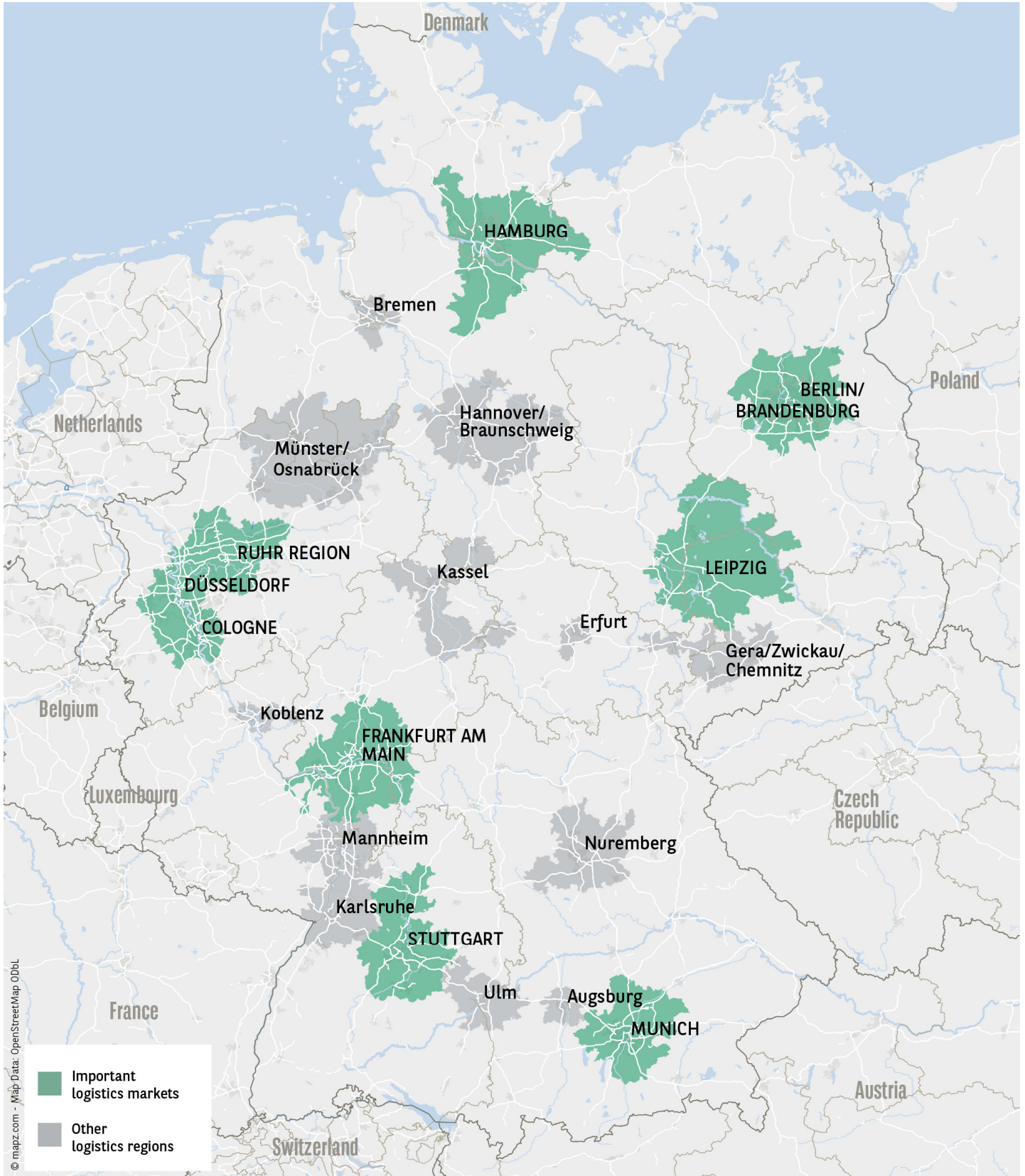
The distribution of take-up across the individual sector groups shows that parts of the retail sector, most of all online and food retailing, are actually benefitting from the crisis. At just under 37 %, wholesale/retail took the lead, surpassing not only the previous year's figure by over 8 percentage points but also the record set in 2016. Retail companies are likely to remain one of the main drivers of demand in the coming quarters. In second place come logistics firms, which contribute almost a third and have also increased noticeably in importance. Against the background of declining exports, this is pleasing and also somewhat surprising. The fact that certain industrial sectors are particularly affected by the impact of the pandemic, and in particular the lockdown, is underlined by the below-average share of manufacturing companies (24 %). At around 1.2 million m², they have achieved the worst result in the last six years.

➔ RENTS TEND TO RISE DESPITE CORONA CRISIS

Despite the lockdown, rents remain unimpressed; this was already visible in the second quarter and this trend was confirmed recently. Much the contrary, the high demand in line with a tight supply even caused prime rents in Frankfurt (7.00 €/m²; +3 %) and Leipzig (4.55 €/m²; +1 %) to rise in Q3. In relation to the last twelve months, top rents have also risen noticeably in Düsseldorf (6.00 €/m²; +11 %), Cologne (5.60 €/m²; +4 %) and the Ruhr region (4.90 €/m²; +4 %). However, they are still stable in Berlin (7.20 €/m²), Hamburg (6.30 €/m²), Munich (7.00 €/m²) and Stuttgart (7.00 €/m²).

➔ OUTLOOK

The logistics markets have recovered surprisingly quickly from the shock of the lockdown and are now in very good shape again. Since the recovery of the economy as a whole is progressing, all the indications are that a very good result can also be expected in the final quarter. Against this background, take-up for the year as a whole is likely to be well over 6 million m² and well above the ten-year average. Since there are no signs of a real easing of the tight supply situation on the horizon with demand expected to remain high, the most likely scenario is that rents will tend to rise over the next few quarters.



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