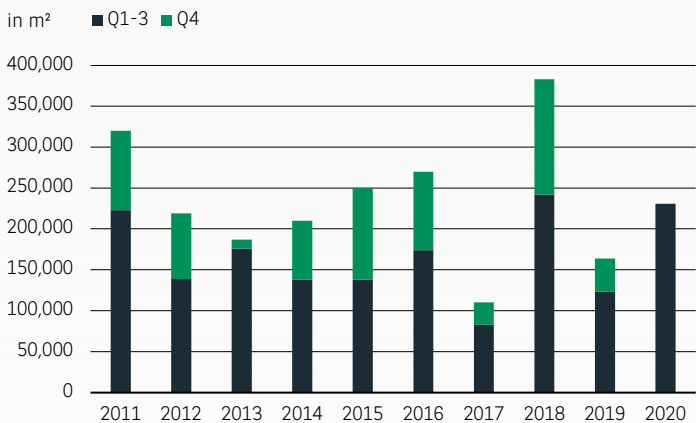


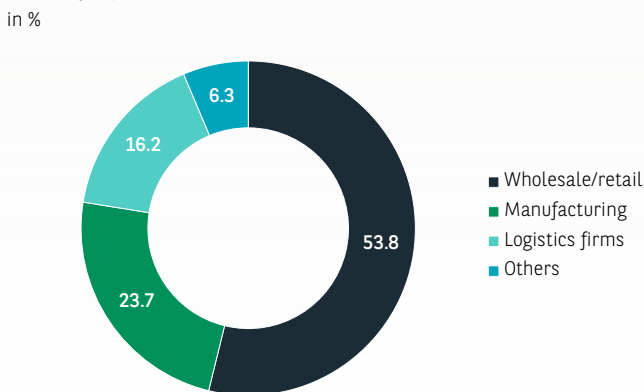
## At a Glance Q3 2020

# LOGISTICS MARKET LEIPZIG

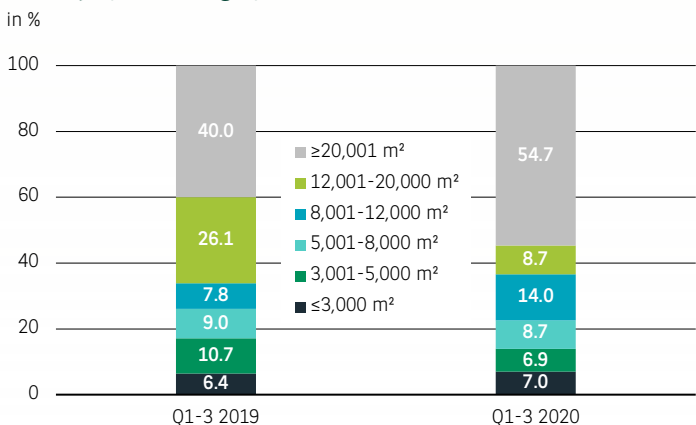
### Light industrial and logistics take-up



### Take-up by sector Q1-3 2020



### Take-up by size category



### ► STRONG RESULT EVEN IN UNCERTAIN TIMES

At the end of the third quarter the Leipzig logistics market recorded a take-up of 231,000 m<sup>2</sup>. This result is around 39 % above the long-term average and exceeds the previous year's take-up by an impressive 88 %. Responsible for this above-average result is especially the strong second quarter, in which 183,000 m<sup>2</sup> of logistics space alone was let. Although the effects of the Corona pandemic and the associated weaker demand for space from individual sectors are also being felt in the logistics market of the Saxony metropolis, companies in the pharmaceutical industry and e-commerce in particular are still very active in these uncertain times. Due to the lack of logistics space providing the modern quality which many users are asking for these days, especially in the size segment over 10,000 m<sup>2</sup>, not all requests can be met at present. It is this lack of modern supply at short notice which drives pre-lettings. A large part of the take-up has been realised in new building projects (76 %).

### ► RETAIL COMPANIES NEW MARKET DRIVERS

The aforementioned development is well described by take-up by sector analysis. Retail companies gained in importance during the Corona pandemic and, with a share of just under 54 %, are impressively at the top of the distribution ranking. They have also achieved by far the highest volume in the last ten years. The retail sector benefited in particular from two major e-commerce deals in Großkugel (82,000 m<sup>2</sup>) and Halle (27,500 m<sup>2</sup>), both brokered through BNPPRE, and an Amazon contract in Schkeuditz (20,000 m<sup>2</sup>). Manufacturing companies also made significant contributions to total take-up, accounting for almost 24 %, with the Dräxlmaier Group's project lease of over 25,000 m<sup>2</sup> in Leipzig's urban area representing the most significant deal in this sector.

### ► FOCUS ON LARGE LOGISTICS HALLS

As in the record year 2018, this year's result is based on a number of major deals. In total, the size segment from 20,000 m<sup>2</sup> upwards is responsible for almost 55 % of take-up. It is also pleasing to see that the size categories below 8,000 m<sup>2</sup> has achieved above-average results in absolute terms. This reflects the generally broadly diversified demand across many size segments in the Leipzig logistics market.

Major contracts Q1-3 2020

Quarter	Company	Location	Area (m <sup>2</sup> )
Q2	E-commerce company	Großkugel	82,000
Q2	E-commerce company	Halle	27,500
Q2	Dräxlmaier Group	Leipzig	25,000
Q2	Amazon	Schkeuditz	20,000
Q2	Deutsche Post/DHL	Großkugel	10,300

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RENTS MODERATELY RISING

The fact that rental prices for logistics space in the Leipzig market area are rising is no surprise given the currently limited supply and the continuing increase in demand. Prime rents have risen by 5 cents and were quoted at 4.55 €/m<sup>2</sup> at the end of the third quarter. It is currently being achieved in inner-city areas with good access to the motorway or in properties with highly specialised equipment. The average rent also increased by 10 cents compared to the previous year and is currently at 3.80 €/m<sup>2</sup>. In contrast, rents for older assets which are in the advanced cycle of their economic life are in some cases under downward pressure.

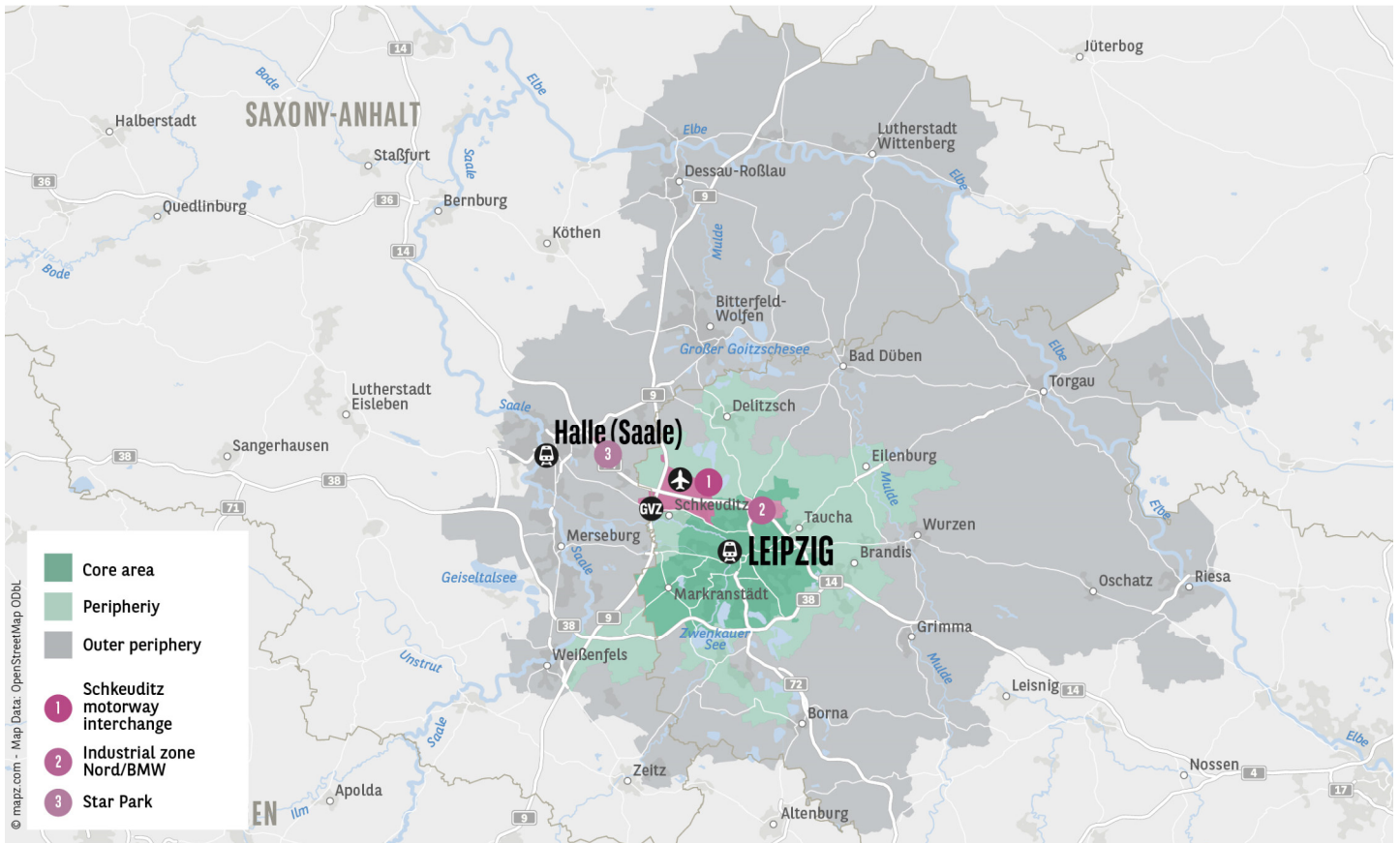
Key figures logistics market Leipzig

	Q1-3 2019	Q1-3 2020	Trend remaining year
Prime rent	4.50 €/m <sup>2</sup>	4.55 €/m <sup>2</sup>	↗
Average rent	3.70 €/m <sup>2</sup>	3.80 €/m <sup>2</sup>	↗
Take-up	123,000 m <sup>2</sup>	231,000 m <sup>2</sup>	↗
- Share of owner-occupiers	44.6 %	15.4 %	→
- Share of new buildings	82.5 %	75.9 %	↗

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OUTLOOK

Despite the Corona pandemic and the resulting economic uncertainty, the Leipzig logistics market recorded a good result at the end of the third quarter, which is particularly due to the dynamic expansion strategy of e-commerce companies. However, due to the resumption of infection activity, the usually very strong automotive sector is expected to remain subdued in its leasing activity, resulting in a more average take-up for the fourth quarter. Nevertheless, against the background of the current tense supply/demand ratio, a further slight increase in rents in the last quarter of the year is the most likely scenario from today's perspective.



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Further Information BNP Paribas Real Estate GmbH | Branch office Leipzig | Phone +49 (0)341-711 88-0 | [www.realestate.bnpparibas.de](http://www.realestate.bnpparibas.de)