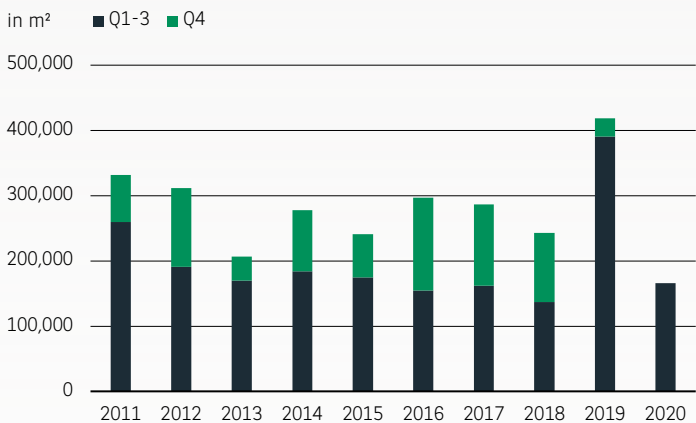


At a Glance Q3 2020

LOGISTICS MARKET MUNICH

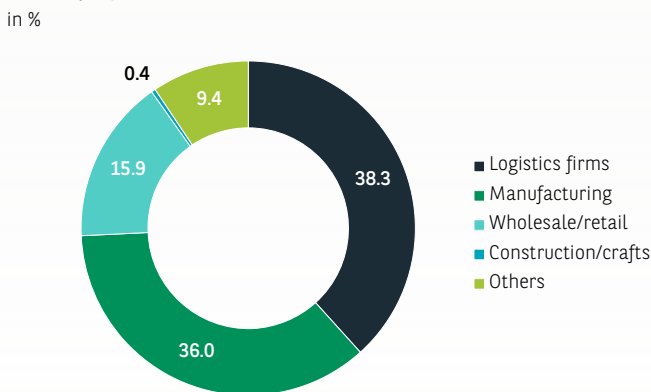
Light industrial and logistics take-up



➤ LACK OF LARGE DEALS LEADS TO WEAK TAKE-UP

Rental activity on the Munich warehouse and logistics market is slowly levelling off at pre-Corona level. All in all, take-up has been very stable in recent months, with 58,000 m² let in the second quarter and 60,000 m² in the third quarter. By the end of September, 166,000 m² had been taken up during the year (including owner-occupiers). The record take-up from the previous year (391,000 m²) was thus clearly missed. However, the current result is rather weak, even by long-term comparison. The ten-year average fell short by almost 17 %. The main reason for this is the lack of large deals. To date, no contracts beyond the 20,000 m² mark have been registered. Supply shortages remain the most important market parameter. It is a particular obstacle to short-term rental decisions. As a result, the Munich logistics market could not, like so many other German locations, benefit from the ad hoc increase in demand from retail and manufacturing companies during the lockdown period.

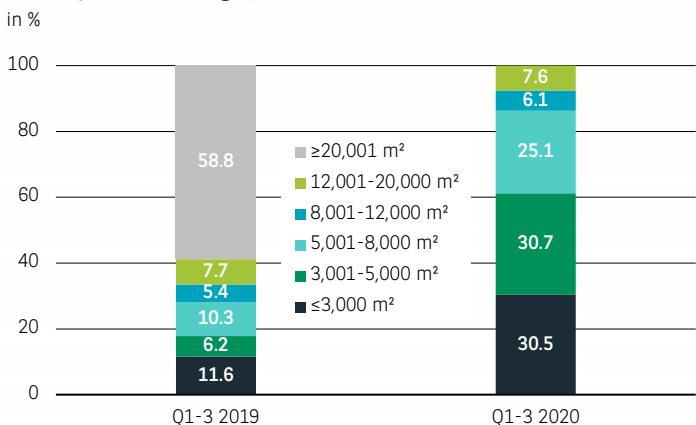
Take-up by sector Q1-3 2020



➤ LOGISTICS FIRMS AND MANUFACTURING ALMOST ON A PAR

Logistics firms and manufacturing companies are the drivers of take-up in the current year. Their market shares are almost equal with just over 38 % and 36 % respectively. Logistics services firms contributed around 64,000 m² to the take-up, including two major deals for 12,500 m² and 8,000 m² respectively. Both deals were concluded in the north of Munich. Companies in the manufacturing sector accounted for around 60,000 m², of which three deals comprised a lettable area of more than 5,000 m² each. The market share of retail companies currently amounts to 16 % or around 26,000 m². Once again, this is a below-average result compared to the rest of Germany, which was mainly driven by fairly small-scale rentals.

Take-up by size category



➤ THE ACTION IS IN THE SMALL SEGMENT

Approximately 61 % of the take-up is generated by deals with rental space under 5,000 m². This is an unusually high figure for German logistics markets. However, this picture is hardly surprising for the Munich market, where rental space available at short notice as well as development plots are still a very rare commodity. Only two deals with more than 8,000 m² have been registered so far. In the 5,000-8,000 m² category there were six deals with a total of around 42,000 m² or 25 % market share.

Major contracts Q1-3 2020

Quarter	Company	Location	Area (m ²)
Q2	Logistics firm	Oberding	12,500
Q2	DHL	Freising	8,000
Q3	Durstexpress	München	7,600
Q1	BMW	Garching	6,700

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► PROPORTION OF NEW CONSTRUCTION FAR BELOW AVERAGE

Only just over 9 % of take-up has so far been generated in new buildings. This clearly below-average figure (Ø total years 2015-2019: 44 %) is still due to the prevailing lack of corresponding space. The demand for modern logistics space is certainly there, but does not meet an adequate supply, especially in the Munich city area. The very low owner-occupier share is almost typical for the market due to the now traditional lack of development sites and is currently at 6.3 %. Both prime and average rents remain stable at 7.00 €/m² and 6.10 €/m² respectively.

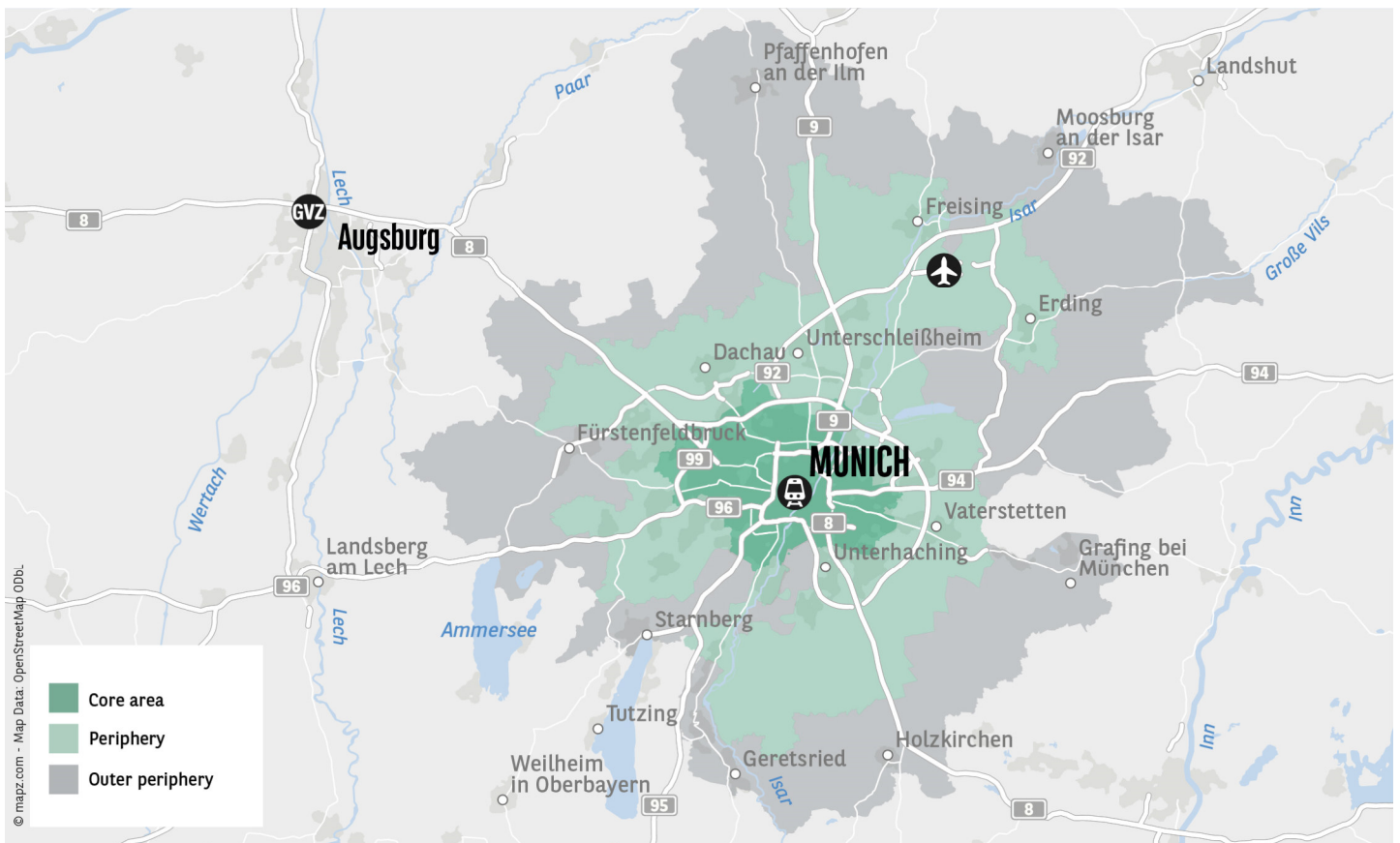
Key figures logistics market Munich

	Q1-3 2019	Q1-3 2020	Trend remaining year
Prime rent	7.00 €/m ²	7.00 €/m ²	↗
Average rent	6.10 €/m ²	6.10 €/m ²	↗
Take-up	391,000 m ²	166,000 m ²	↗
- Share of owner-occupiers	11.4 %	6.3 %	↘
- Share of new buildings	74.3 %	9.3 %	↗

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► OUTLOOK

For the remainder of the year, there are signs of an increase in take-up, as there is a real chance that some contracts in the large-area segment will be successfully concluded in the final quarter. Nevertheless, the result for the year as a whole is likely to be below average, remaining under the 300,000 m² mark. The excess demand continues to put upward pressure on rents. An increase in top rents, which are currently being achieved in the northern Munich area near the airport, and in average rents is quite likely.



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