BNP PARIBAS REAL ESTATE

Real Estate for a changing world

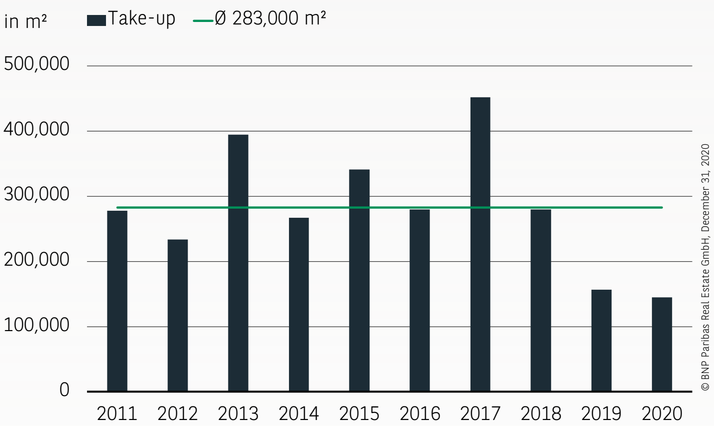
RESEARCH

At a Glance Q4 2020

LOGISTICS MARKET DÜSSELDORF

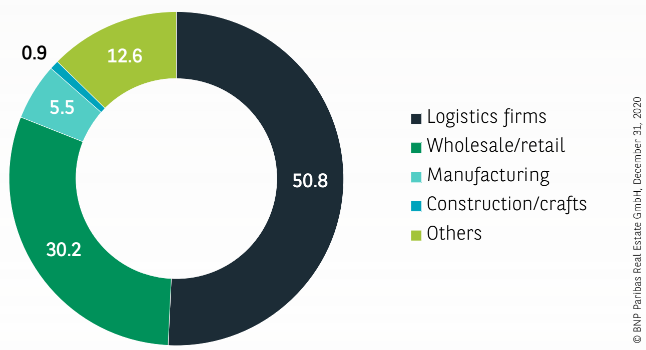
Light industrial and logistics take-up

in m²



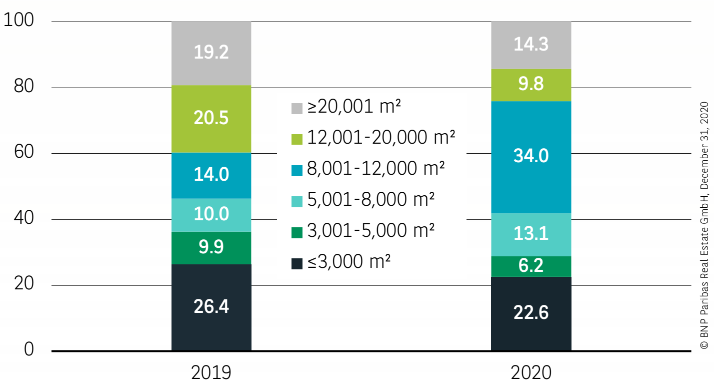
Take-up by sector

in %



Take-up by size category

in %



LOGISTICS MARKET WITH STRONG FOURTH QUARTER

The effects of the Corona crisis were clearly evident on the Düsseldorf logistics market over the course of the year. While the first quarter was still very pleasing with take-up of 52,000 m², the crisis-ridden second quarter saw a significant decline to just 18,000 m². In the third quarter there were signs of a tentative recovery with take-up of 24,000 m², while the final quarter, with 51,000 m², picked up where the strong start to the year left off. The fourth quarter alone accounted for 12 of the 36 deals concluded. In total, take-up amounted to 145,000 m², which is only 8 % below the previous year's result. However, as in 2019 take-up was again way below the long-term average. A major reason for the relatively weak performance is certainly that some potential tenants and owner-occupiers have temporarily put their expansion plans on hold due to the uncertain market prospects. In addition, the market is also being severely slowed down by the lack of space that has persisted for years.

LOGISTICS FIRMS STRONG AS USUAL

With a market share of around 50 %, logistics firms secured first place in the distribution of take-up by sector, to which Logiflex's owner-occupier deal in Mönchengladbach (10,000 m²) contributed among others. Wholesale/retail companies follow in second place with 30 %. Worth mentioning here is in particular the deal by online supermarket Picnic, which secured 14,100 m² of logistics space in Langenfeld. The online drinks supplier Flaschenpost is also continuing its expansion with the lease of 9,000 m² in Langenfeld. With a result of just under 6 %, the industrial and production companies rank well below their long-term average, which is 17 %.

MANY DEALS IN THE MID-RANGE SEGMENT

Whereas in the previous year around 40 % of take-up was accounted for by the two size classes above 12,000 m², in 2020 it was less than 25 %. The largest deal of the year was closed by a logistics firm in the Düsseldorf core area for 20,600 m². By contrast, the medium ticket sizes between 5,000 and 12,000 m² increased their share of take-up from 24 % to an impressive 47 %, with deals below 5,000 m² contributing just under 29 %. While there was a high level of market activity in the mid-range segment, large deals were the exception due to a lack of space.

Major contracts

Quarter	Company	Location	Area (m²)
Q4	Logistics firm	Düsseldorf	20,600
Q4	Picnic	Langenfeld	14,100
Q1	Flaschenpost	Langenfeld	10,500
Q2	Logiflex	Mönchengladbach	10,000
Q3	Wisag	Krefeld	10,000

Key figures logistics market Düsseldorf

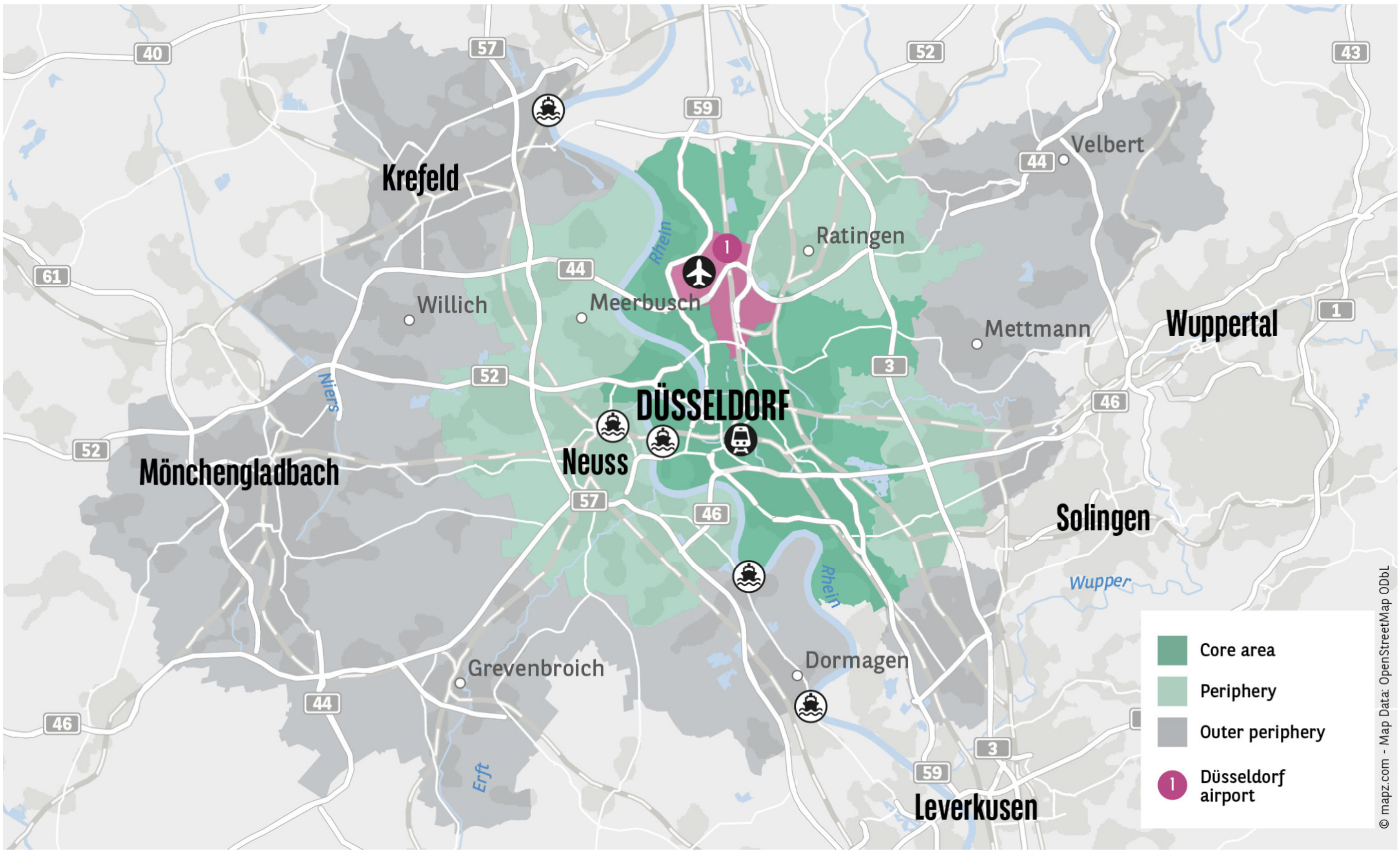
	2019	2020	Trend 2021
Prime rent	5.75 €/m²	6.10 €/m²	→
Average rent	5.00 €/m²	5.20 €/m²	→
Take-up	157,000 m²	145,000 m²	→
- Share of owner-occupiers	36.1 %	11.9 %	→
- Share of new buildings	59.9 %	66.0 %	→

RENT INCREASE CONTINUES

Despite the modest take-up, the upward trend in rents on the Düsseldorf logistics market continues, which is not least due to the drastic shortage of supply. In addition, almost two-thirds of take-up is accounted for by new-built space, which generate comparatively high rents due to its modern fittings. The prime rent increased by around 6 % compared to the previous year and is now quoted at 6.10 €/m². The average rent rose by 4 % to 5.20 €/m². The highest rents are being achieved above all for new-built space in the south of Düsseldorf, with the rising cost of land playing an increasing role in the pricing. In principle, rents are stable throughout the market area, with only older stock in peripheral locations coming under pressure in some cases.

OUTLOOK

The Düsseldorf logistics market ends the difficult year 2020 with a below-average result despite a strong final quarter. The fact that almost all new developments were quickly marketed indicates that the bottleneck is to be found on the supply side. A turnaround in take-up is possible in 2021, provided that sufficient space can be made available for logistics uses. In view of the expected recovery of the global economy demand is generally expected to increase.



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