BNP PARIBAS REAL ESTATE

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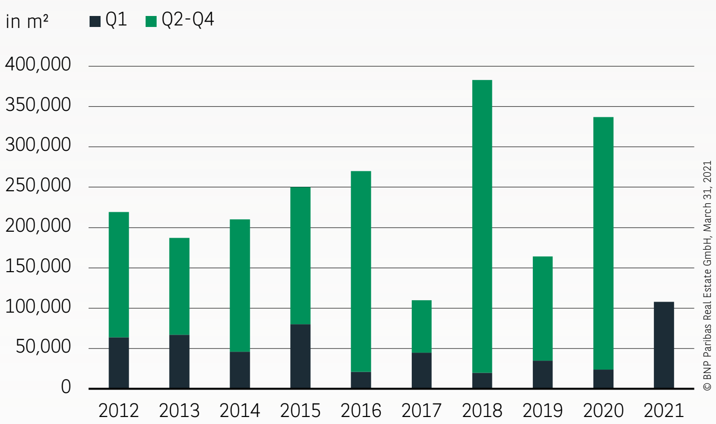
RESEARCH

At a Glance Q1 2021

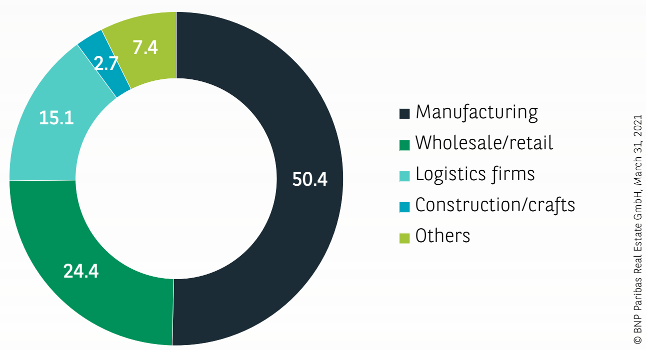
LOGISTICS MARKET LEIPZIG

Light industrial and logistics take-up



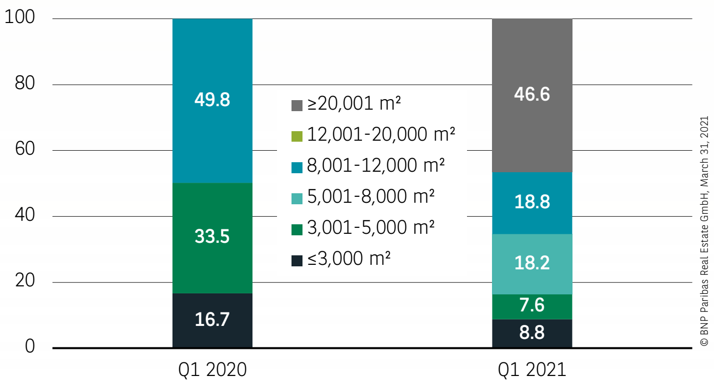
Take-up by sector

in %



Take-up by size category

in %



PLEASING RESULT IN THE FIRST THREE MONTHS

The Leipzig market for storage and logistics space made a very good start to the year. With a take-up of 108,000 m², a result was achieved that is more than four times as high as the previous year's volume. In addition, the long-term average was exceeded by a strong 112 %. A nationwide comparison also shows how exceptionally well the logistics market in the Saxon metropolis performed: more space was taken up than in Munich (68,000 m²), Düsseldorf (50,000 m²) and Stuttgart (45,000 m²). With the positive result for 2020 as a whole and the strong start to 2021, the Leipzig logistics market is proving to be extremely robust in the face of the Corona pandemic and the associated difficult economic conditions. It is also noteworthy that almost 69 % of the take-up was achieved in new buildings. On the one hand, this illustrates the high demand for space with a modern quality of fit-out and, on the other, the continuing shortage of supply in adequate existing space.

MANUFACTURING COMPANIES IN THE LEAD

While the trade/e-commerce companies determined market activity in the previous year and were considered the corona beneficiaries, the manufacturing companies (50 %) dominated events in the first three months of this year. In absolute terms, the result represents a new record for this industry. The high volume is based in particular on the largest deal of the year to date: Beiersdorf is starting the first construction phase of its owner-occupier development in Leipzig with around 50,000 m² of logistics space. Also the wholesale/retail companies (24 %) continue to have a strong presence on the market and achieve a record result in absolute terms as well. The online retailer Amazon was particularly expansive. Logistics firms have started with below-average take-up, but were able to register the second-largest contract (10,100 m² in Landsberg).

MAJOR DEAL DOMINATES THE QUARTERLY RESULT

The aforementioned large owner-occupier deal is also reflected in the distribution of take-up by size category. With a contribution of 47 %, the segment above 20,000 m² has dominated market activity to date. The segment between 8,000 m² and 12,000 m is equally strong, with two deals and a volume of more than 20,000 m² setting a new record at the start of the year. The fact that the smaller categories below 5,000 m² have also achieved an above-average result shows the diverse demand across all segments.

Major contracts

Company	Location	Area(m²)
Beiersdorf	Leipzig	50,000
Logistics firm	Landsberg	10,100
Amazon	Schkeuditz	10,000
Public sector	Markkleeberg	8,000

Key figures logistics market

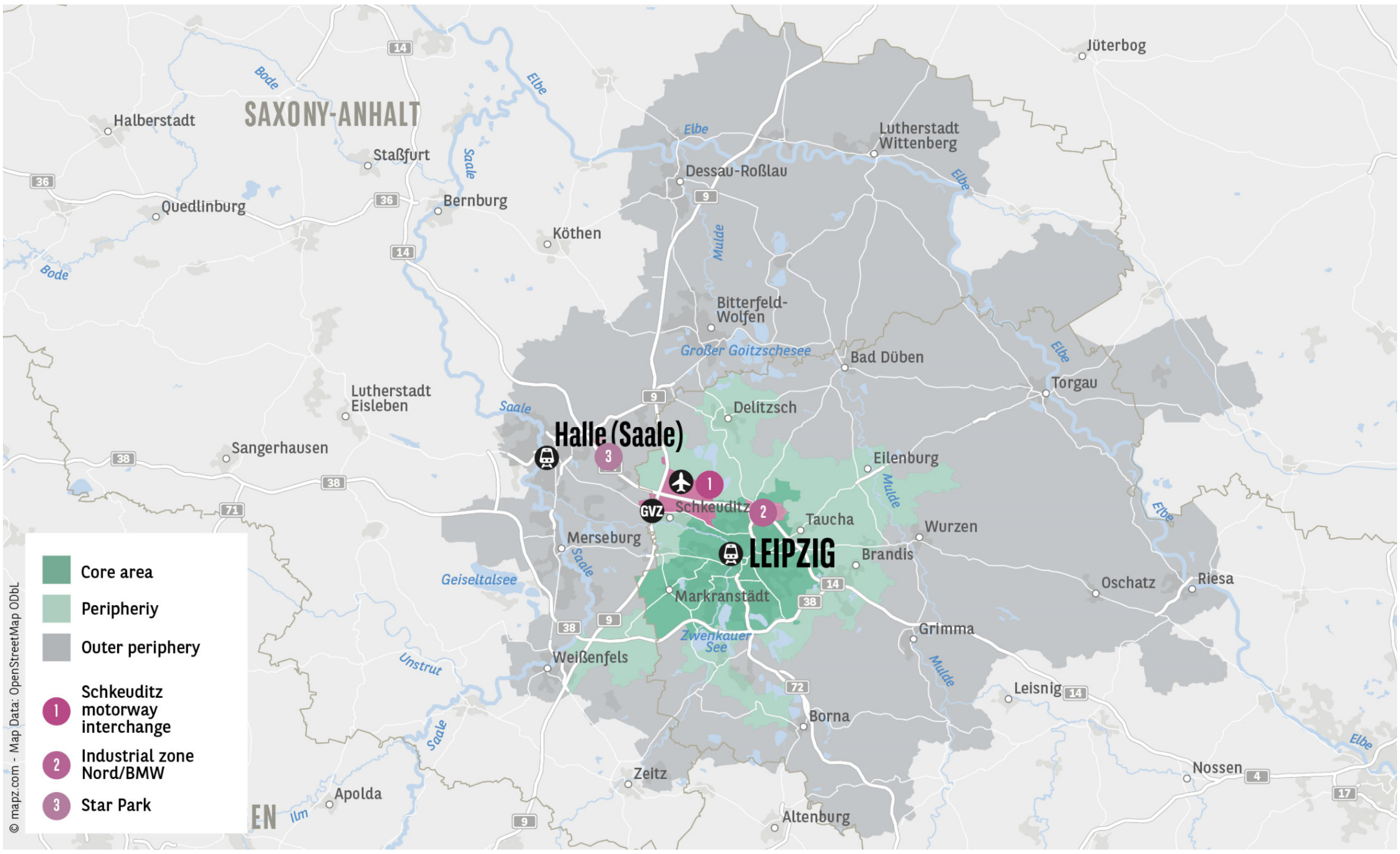
	Q1 2020	Q1 2021	Trend remaining year
Prime rent	4.50 €/m²	4.60 €/m²	↗
Average rent	3.75 €/m²	3.85 €/m²	↗
Take-up	24,000 m²	108,000 m²	→
- Share of owner-occupiers	72.1 %	49.0 %	→
- Share of new buildings	0.0 %	68.7 %	→

RENTS WITH UPWARD TREND

Due to the dynamic demand and the still limited supply, rents have risen in the last 12 months. The prime rent, which is achieved in city centre locations as well as in highly frequented areas close to the motorway, has increased by 10 cents since the same quarter last year and is currently quoted at 4.60 €/m². The average rent of 3.85 €/m², which has also risen by 10 cents, shows that there has also been a noticeable price increase for existing space.

OUTLOOK

Due to the successful start to the year and the continuing dynamic demand, the further development of the Leipzig logistics market can be viewed optimistically. In addition, due to the vaccination campaign gaining speed and the associated normalisation of social life, certain catch-up effects from individual sectors do not seem unlikely in the second half of the year at the latest. Overall, from today's perspective, an above-average year-end result can be considered the most likely scenario. Against the background of the current brisk demand, a further increase in rental levels is also to be expected in the course of the year.



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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