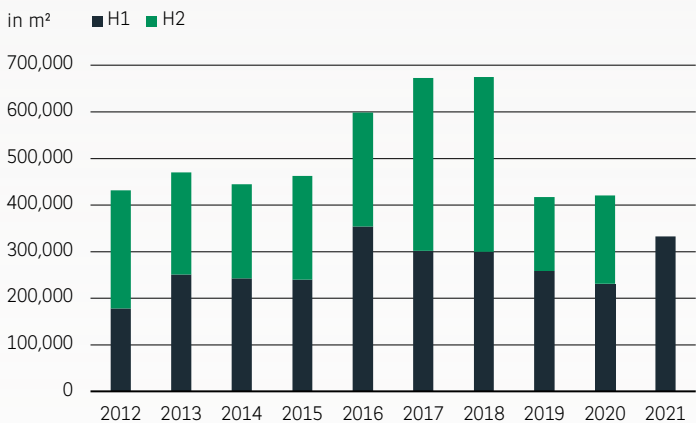


## At a Glance Q2 2021

# LOGISTICS MARKET FRANKFURT

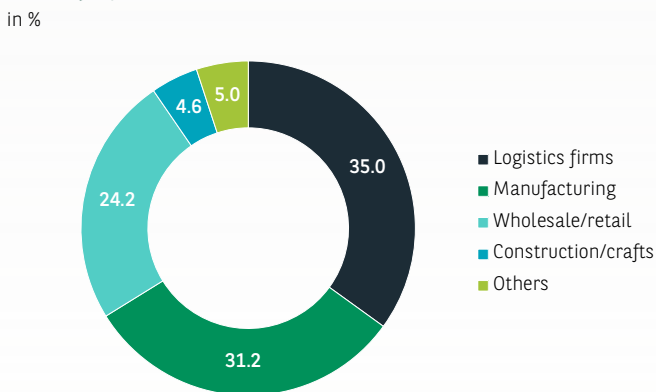
### Light industrial and logistics take-up



### ➤ SECOND BEST RESULT IN THE LAST TEN YEARS

Frankfurt's logistics and storage market took off in the first half of the year with a take-up of 333,000 m<sup>2</sup>. This is not only a 44 % increase on the somewhat moderate figure for the previous year, but also the second-best result for the first half of the last ten years. The long-term average also shows how good the result turned out: it was also exceeded by around a quarter. In a nation-wide comparison, Frankfurt and Hamburg are at the top of the list of important logistics regions. As expected, the main drivers of the strong demand are the retail sector due to the growing share of e-commerce, the positive development of the food trade and last-mile logistics, which continues to gain in importance. At the same time, however, manufacturing companies are also showing signs of expansion, not least in order to be prepared for the expected economic upturn. The largest deals include a 44,000 m<sup>2</sup> lease by the Hager Group in Hammersbach and a 40,000 m<sup>2</sup> lease by ID Logistics in Kleinostheim.

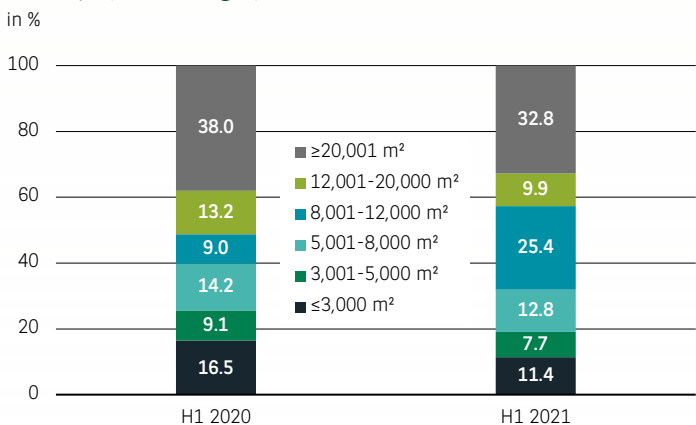
### Take-up by sector



### ➤ INDUSTRIAL COMPANIES ABOVE AVERAGE

After a weak opening quarter, the logistics firms, traditionally strongly represented in the Rhine-Main region, have once again taken the lead among the industry groups and generated some 35 % of total take-up. However, the disproportionately high contribution of manufacturing companies, at around 31 %, is particularly remarkable, exceeding their long-term average by 12 percentage points. In addition to traditional warehouses, they are currently also asking for properties for production-related activities. The leading trio is completed by trading companies, which account for around 24 %. Nonetheless, it is precisely in this market segment that the high demand cannot be fully met, as there is insufficient supply, especially for particularly sought-after space close to the city.

### Take-up by size category



### ➤ HIGH TAKE-UP IN ALL MARKET SEGMENTS

The broadly based demand is also underscored by the fact that, with the exception of the smallest spaces up to 3,000 m<sup>2</sup>, take-up has increased noticeably in all size classes in absolute terms. As usual, the highest proportion of the result is accounted for by deals above 20,000 m<sup>2</sup>, which contribute around one third and are thus in line with their long-term average. Remarkable is the uncommonly high share of medium-sized spaces between 8,000 and 12,000 m<sup>2</sup>, which is almost three times as high as usual.

**Major contracts**

Quarter	Company	Location	Area (m <sup>2</sup> )
Q1	Hager Group	Hammersbach	44,000
Q2	ID Logistics	Kleinostheim	40,000
Q2	CHI Cargo Handling	Kelsterbach	24,900
Q1	Amazon	Friedrichsdorf	16,500
Q2	Infraserv Logistik	Frankfurt	16,500

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**➤ SUPPLY SLIGHTLY DECREASED**

Due to very high pre-letting rates with an overall moderate number of project developments, the total supply in the market area has again decreased somewhat. Supply is limited, especially in Frankfurt's suburbs, as many existing spaces do not have the fit-out standards which are in demand. More and more occupiers are therefore faced with the decision to move to more peripheral locations, for example in the southern or central Rhineland-Palatinate. The prime rent remains unchanged at 7.00 €/m<sup>2</sup>. The trend is different for the average rent, where a slight increase to 5.35 €/m<sup>2</sup> was observed in the second quarter.

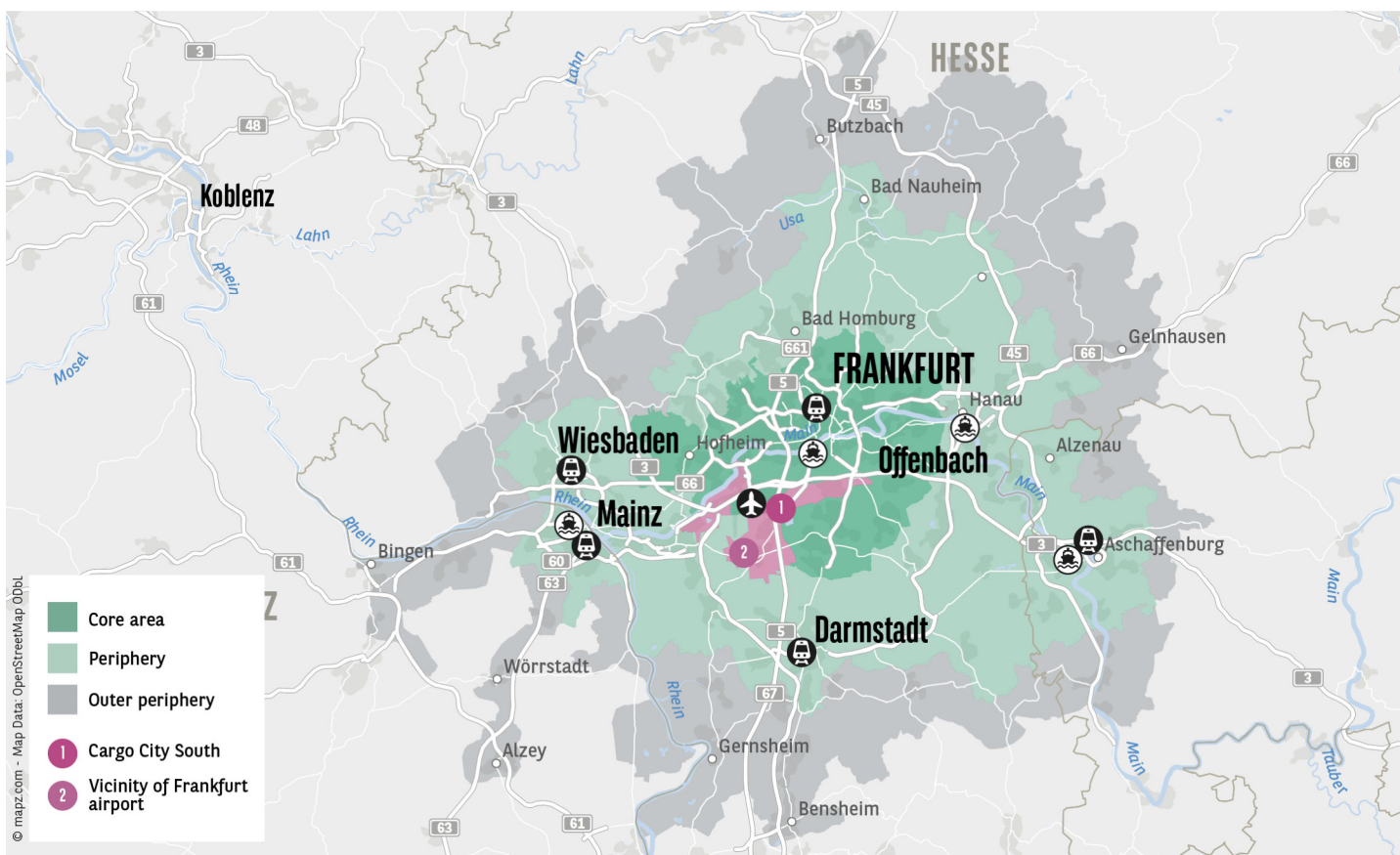
**Key figures logistics market**

	H1 2020	H1 2021	Trend remaining year
Prime rent	6.80 €/m <sup>2</sup>	7.00 €/m <sup>2</sup>	➔
Average rent	5.20 €/m <sup>2</sup>	5.35 €/m <sup>2</sup>	➔
Take-up	231,000 m <sup>2</sup>	333,000 m <sup>2</sup>	➔
- Share of owner-occupiers	30.9 %	12.0 %	➔
- Share of new buildings	72.0 %	64.0 %	➔

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**➤ OUTLOOK**

Against the backdrop of an economy that is expected to grow noticeably in the second half of the year as well as leasing requests on hand, demand is expected to remain brisk for the rest of the year. Both trading and manufacturing companies are planning to further expand their capacities. Take-up for the year as a whole is thus predicted to be well over 500,000 m<sup>2</sup>. However, it remains to be seen whether even the 600,000 m<sup>2</sup> threshold will come within reach again. Further increases in average rents cannot be ruled out due to the limited supply and, above all, further rises in construction costs. From today's perspective, however, the prime rent should remain stable until the end of the year.



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**Further Information** BNP Paribas Real Estate GmbH | Branch office Frankfurt | Phone +49 (0)69-298 99-0 | [www.realestate.bnpparibas.de](http://www.realestate.bnpparibas.de)