LOGISTICS MARKET GERMANY

4,469,000 m²

TAKE-UP

-32 %

Q3 2023 vs. Q3 2022

-12 %

IN COMPARISON TO 10-YEAR AVERAGE

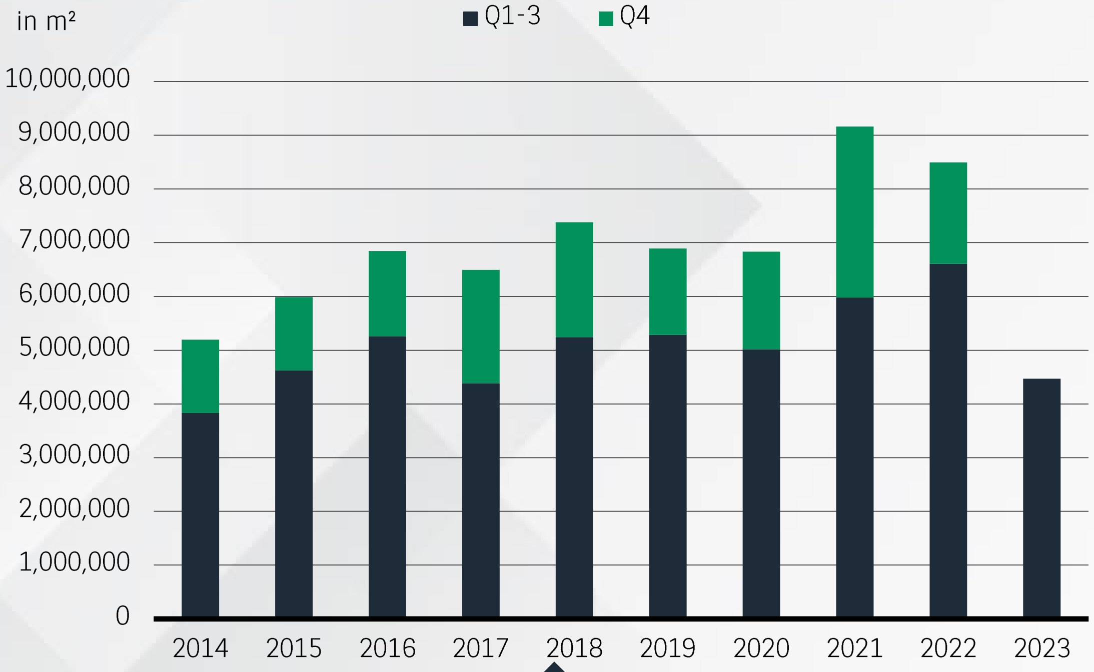
AT A GLANCE
Q3 2023

BNP PARIBAS REAL ESTATE

Real Estate for a changing world

TAKE-UP DOES NOT FULLY REFLECT LIVELY MARKET ACTIVITY

LIGHT INDUSTRIAL AND LOGISTICS TAKE-UP IN GERMANY



66.5 %
SHARE OF NEW BUILDINGS

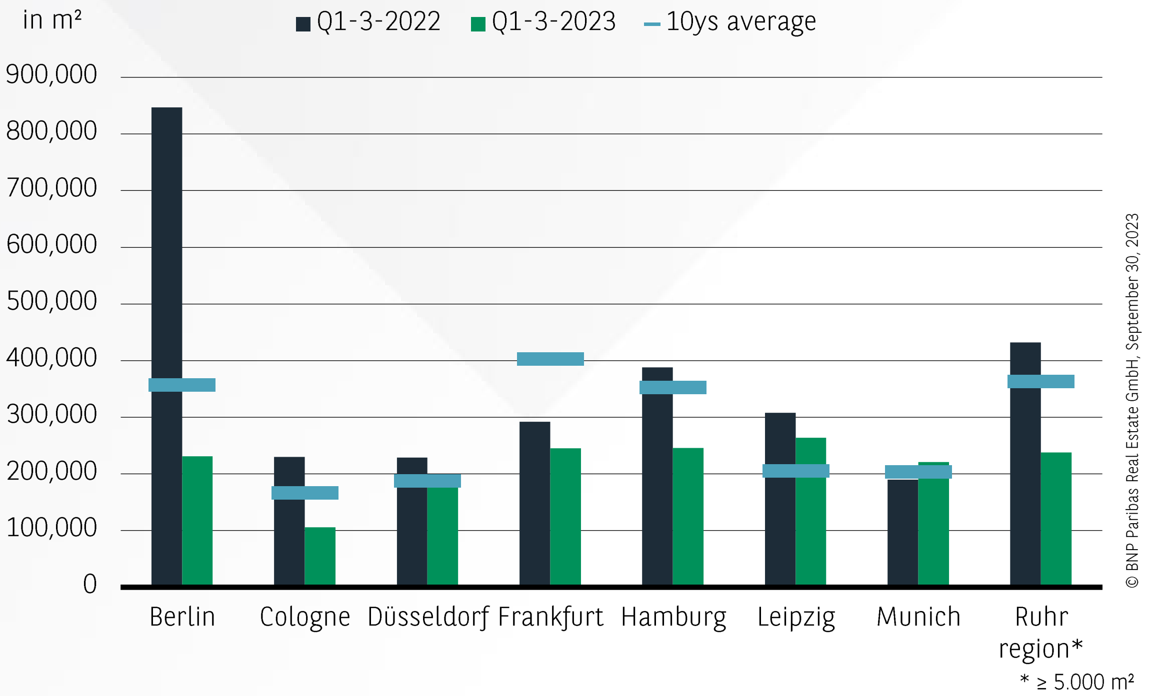
34.0 %
SHARE OF OWNER-OCCUPIERS

- In the current year, the nationwide logistics market was confronted by the challenge of having to build on the two record results achieved in the same periods of the previous years. Although it was unable to do so, with warehouse and logistics take-up totaling around 4.5 million m² after the first three quarters (-32 % compared with Q1-3 2022), the demand situation can still be considered somewhat subdued due to the economic and geopolitical uncertainty factors, but still good overall (only -12 % compared with the ten-year average).
- The most important determinants that have had a limiting effect on the overall result for take-up include, first and foremost, the challenging conditions for project developments, the further shortage of available space in and outside the major logistics regions, and the increasing importance of lease extensions in existing properties.
- A differentiated picture emerges above all regarding the demand impulses of the various occupier groups: Companies from the automotive sector are currently generating strong letting momentum, with Daimler Truck in Halberstadt (260,000 m²), Volkswagen in Salzgitter (210,000 m²), a further car manufacturer in Bitterfeld-Wolfen (86,000 m²) and BMW in Pilsting (73,000 m²) accounting for the four largest deals of the current year. Driven by this, with a take-up of around 2 million m² the industrial and production sector was able to equal its already very high previous year`s result, which was achieved, among other things, by the Tesla Gigafactory. At 44 %, it even recorded the highest share ever in a long-term comparison.

TAKE-UP IN TOP MARKETS LOWER DUE TO SUPPLY-SIDE FACTORS

- However, logistics firms also performed strongly, contributing 28 %, which is lower than 12 months ago, but at the same time representing the most important demand group in the top markets with over 40 %. The high importance for companies of successively improving their own supply chains, especially in large metropolitan regions, and adding logistics centers close to city centers, is a factor here. Whereas in previous years, as a result of the steadily increasing importance of the e-commerce sector, retail companies were primarily among the most important take-up drivers, they are currently only at 19 %.
- The eight most important logistics markets (Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Leipzig, and Munich), accounting for take-up of around 1.49 million m², are almost 40 % below the figure for the first three quarters of 2022. Moderate overall momentum in the project development sector and the efforts of many occupiers to extend their leases are the main reasons why it is often not possible to meet the demand for larger properties, either in new builds or in existing properties.
- It is also striking that with Leipzig (264,000 m²), Hamburg (246,000 m²), Frankfurt (245,000 m²), Berlin (231,000 m²), Munich (221,000 m²) and the Ruhr region (238,000 m²), no less than six top logistics regions posted comparable results within a relatively small take-up range. This can be seen as an indication that the most important logistics hubs are facing comparable general conditions with tight letting markets and severe space bottlenecks in each case.

LIGHT INDUSTRIAL AND LOGISTICS TAKE-UP BY REGION IN GERMANY

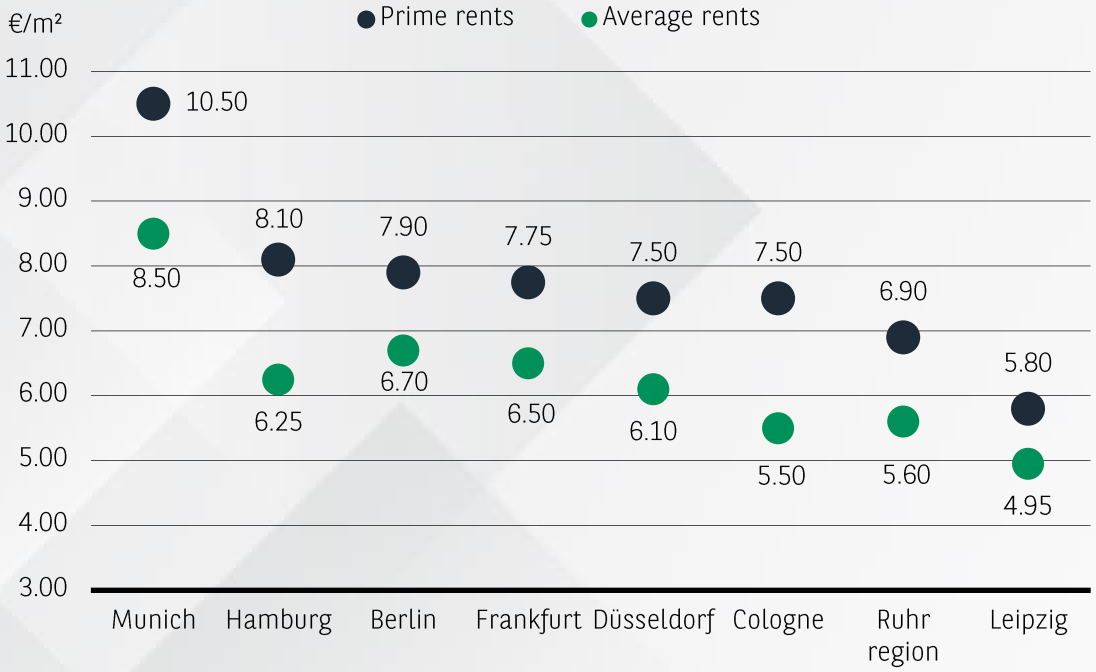


TAKE-UP BY SECTOR

44.0 % MANU-FACTURING	27.6 % LOGISTICS FIRMS	18.6 % WHOLESALE/RETAIL	9.8 % OTHERS

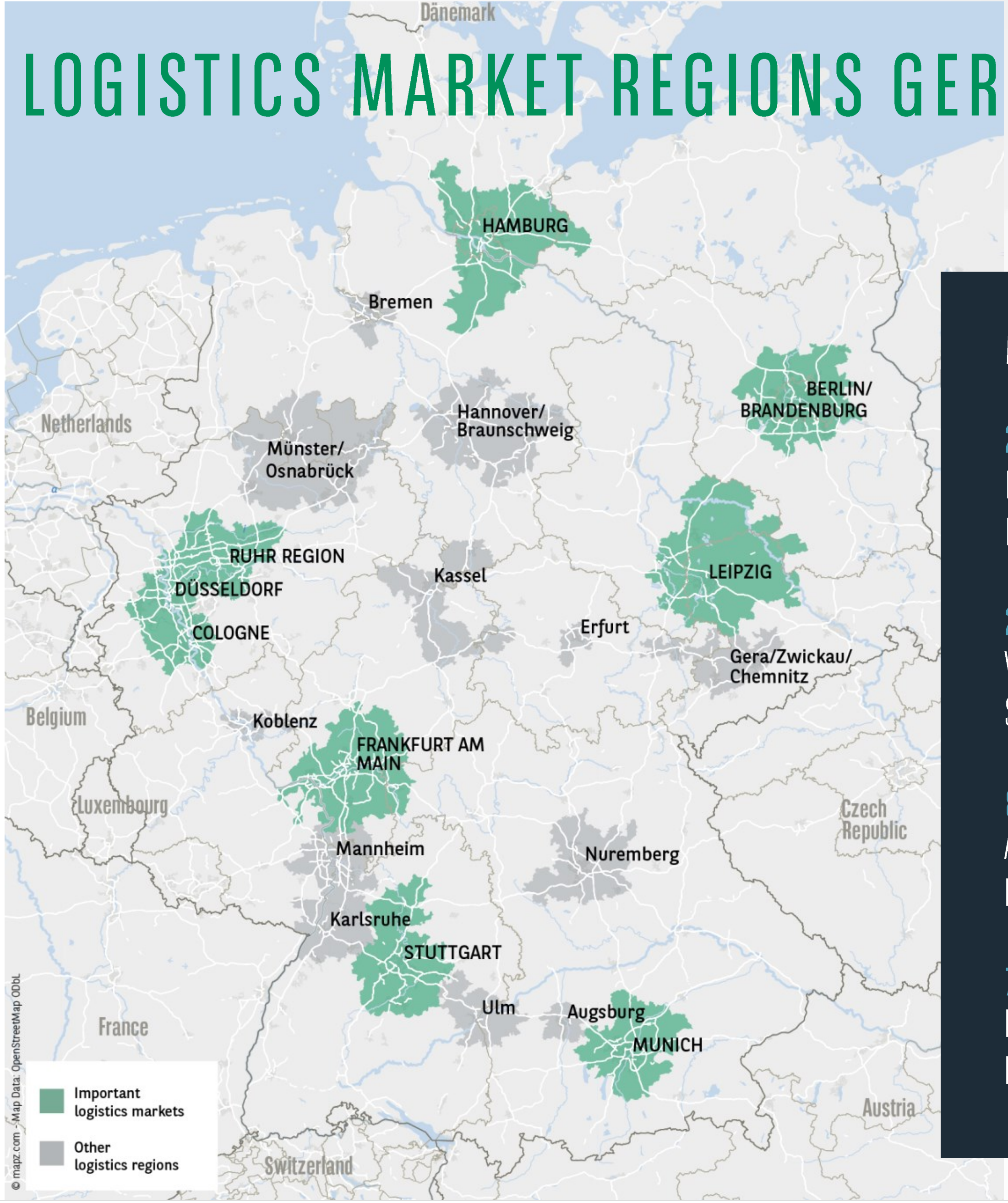
TAKE-UP DEPENDING ON ECONOMIC OUTLOOK AND SUPPLY

TOP AND AVERAGE RENTS IN IMPORTANT LOGISTICS MARKETS



- Against this backdrop, it is hardly surprising that the upward trend in rents has continued over the course of the year. On average, both prime and average rents have risen by a further 12 % over the past 12 months. Munich remains the most expensive location (10.50 €/m²), however Hamburg is now also above the 8 €/m² mark (8.10 €/m²). This is followed by Berlin (7.90 €/m²), Frankfurt (7.75 €/m²), Düsseldorf and Cologne (both 7.50 €/m²). The Ruhr region (6.90 €/m²) and Leipzig (5.80 €/m²) have also seen significant increases.
- The nationwide logistics market is unlikely to achieve a result in the range of the two excellent previous year's results at the end of the year either. Nonetheless, market activity to date has shown that the demand base can be assessed as very diverse. With an improved economic outlook, it can also be assumed that the take-up generated by trading companies in market activity is likely to pick up again.
- In addition, the lettings market has also turned in favour of the small inner-city spaces and the well-connected medium-sized logistics centres at many larger locations in the current year due to supply factors. Although these provide a high level of dynamism, they do not have a decisive effect on take-up like the large big-box lettings.
- During the tightening of the supply/demand relationship outlined above, rents are also coming under further upward pressure. However, this trend is no longer expected to be as dynamic as in recent years.

LOGISTICS MARKET REGIONS GERMANY



MAJOR CONTRACTS

260,000 m²
Daimler Truck
Halberstadt

210,000 m²
Volkswagen
Salzgitter

86,000 m²
Automotive
Bitterfeld-Wolfen

73,000 m²
BMW
Pilsting

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