

LOGISTICS MARKET FRANKFURT

AT A GLANCE
Q4 2023

440,000 m²
TAKE-UP

+27 %
2023 vs. 2022

-18 %
IN COMPARISON TO
10-YEAR AVERAGE

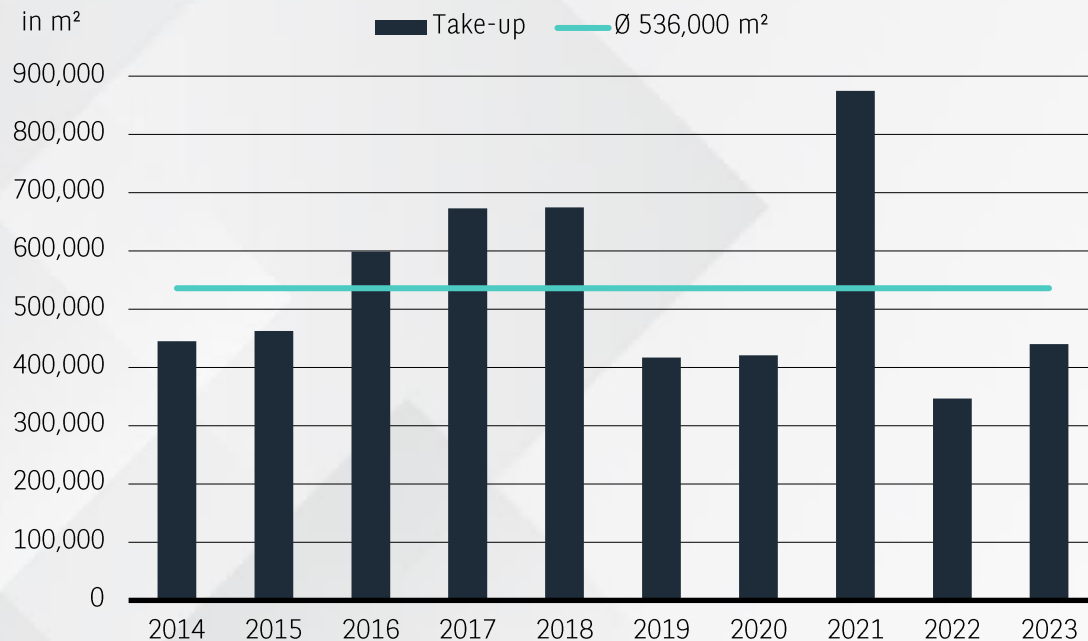


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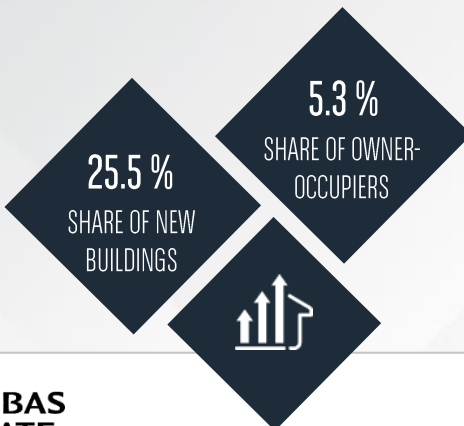
Real Estate for a changing world

LOGISTICS MARKET ON TRACK DUE TO STRONG SECOND HALF-YEAR

LIGHT INDUSTRIAL AND LOGISTICS TAKE-UP IN FRANKFURT



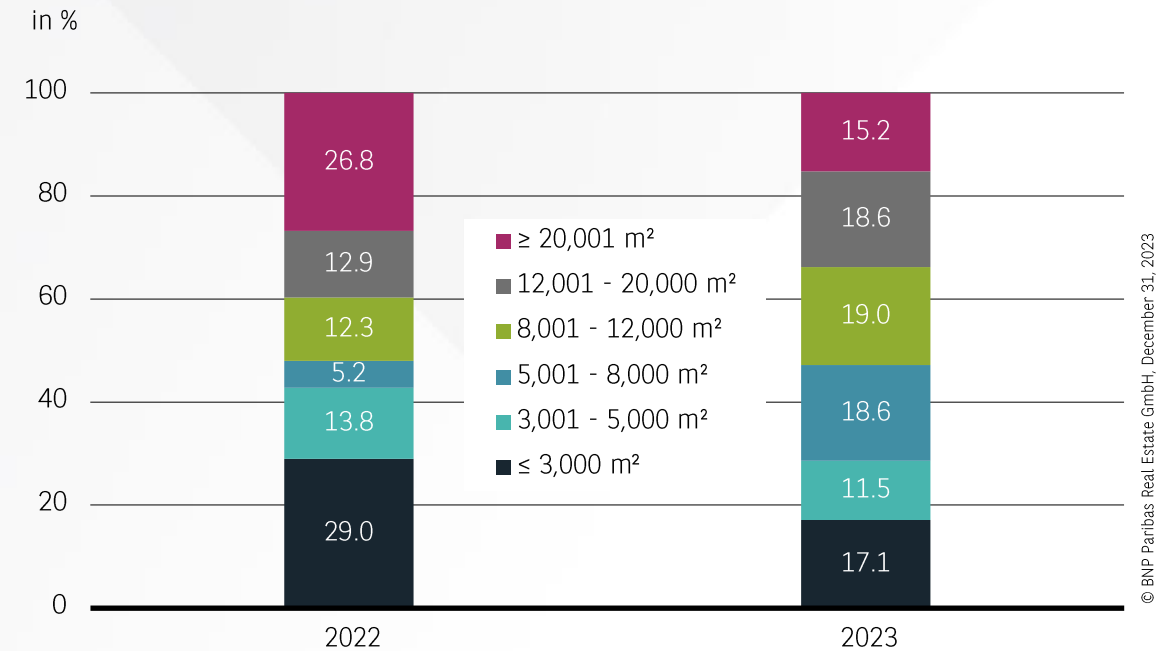
- The Frankfurt logistics market gained significant momentum in the second half of 2023. Following an already dynamic third quarter, take-up increased further to 195,000 m² in the final quarter. This was the strongest quarter of the year in terms of take-up and contributed significantly to the annual result of 440,000 m². Although the long-term average was missed by 18 %, the result for 2023 was around 27 % higher than the previous year.
- The weak economic development has certainly affected the development of demand and take-up on the Frankfurt logistics market, but the excess demand and the pronounced shortage of supply continue to have a much greater impact. On the one hand, there is frequently a lack of attractive and, above all, adequate alternative space for upcoming rental decisions; on the other hand, many tenants are opting to extend their lease rather than sign new ones in view of the continued sharp rise in rent levels.
- In response to the continuing shortage of supply, the prime rent has increased by almost 8 % to 7.85 €/m², while the average rent has risen by 15.5 % to 6.70 €/m².



MANUFACTURING BY FAR THE STRONGEST SECTOR

- The Frankfurt logistics market has a broad base. Four size categories account for shares of 17 % to 19 %. Compared to the previous year, momentum has accelerated in the 5,001 to 8,000 m² segment, which achieved a result above the long-term average (+19.5 %) after a weak 2022. The 8,001 to 12,000 m² (+96 %) and 12,001 to 20,000 m² (+83 %) size categories also recorded growth.
- A positive development in the second half of the year was the increased signing activity for space over 20,000 m². All four registered contracts occurred in the second half of the year, three of them in Q4. Nevertheless, this result is clearly below average (-61 %). The decline in contracts above 20,000 m² appears to be partly due to reduced demand from the e-commerce sector. After several very expansive years, a consolidation appears to be emerging here.
- Manufacturing was by far the strongest sector (40 % market share). It accounted for three of the four deals over 20,000 m² and its result of 176,000 m² was 53 % above average. In contrast, take-up by logistics firms declined for the second year in a row and remained around 51 % below average. Wholesale/retail companies recorded an upturn again in 2023 (+22 %), although they also missed the 10-year average by a noticeable -45 %.

TAKE-UP BY SIZE CATEGORY



TAKE-UP BY SECTOR



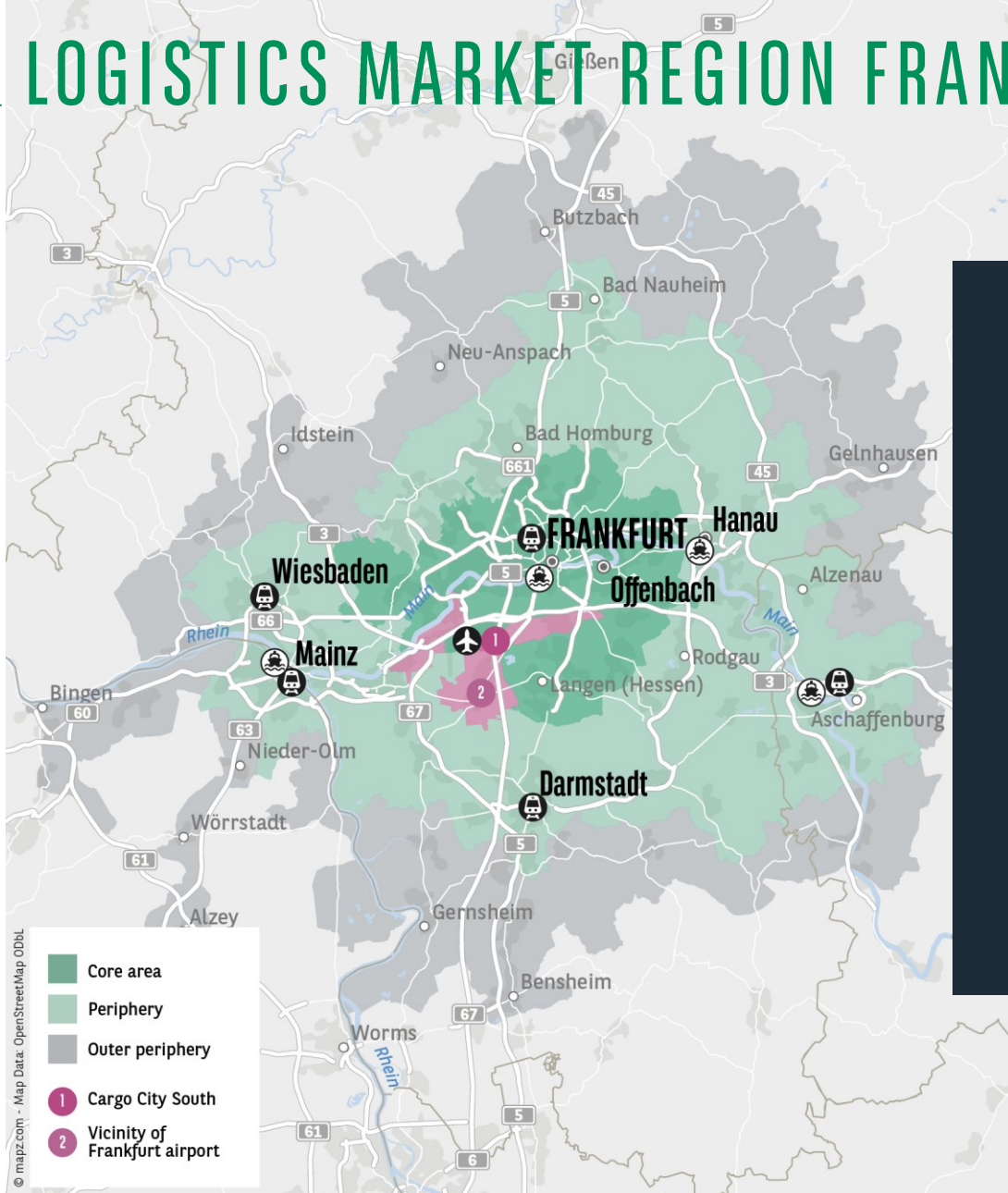
KEY FIGURES

| Rents | 2022 | 2023 | %-Difference |
|--|------------------------|------------------------|------------------------|
| Prime rent (in €/m ²) | 7.30 | 7.85 | 7.5% |
| Average rent (in €/m ²) | 5.80 | 6.70 | 15.5% |
| Take-up and sectors | 2022 | 2023 | Long-term average |
| Total take-up | 347,000 m ² | 440,000 m ² | 536,000 m ² |
| Logistics firms | 54.4% | 25.1% | 41.4% |
| Wholesale/retail | 19.7% | 18.9% | 28.1% |
| Manufacturing | 10.4% | 40.0% | 21.3% |
| Others | 15.5% | 16.0% | 9.2% |
| Size categories | 2022 | 2023 | Long-term average |
| Share of deals > 20,000 m ² | 26.8% | 15.2% | 30.6% |
| Share of deals ≤ 20,000 m ² | 73.2% | 84.8% | 69.4% |
| Owner-occupiers/new building share | 2022 | 2023 | Long-term average |
| Share of owner-occupiers | 6.3% | 5.3% | 20.9% |
| Share of new buildings | 33.2% | 25.5% | 47.9% |

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- Despite the challenging conditions, the Frankfurt logistics market experienced a satisfactory year overall with positive signs again and in particular rising take-up in the final months of 2023.
- The great stability of the market provides confidence, as there are currently few signs of a short-term change in market conditions. The economy is not expected to develop noticeably more momentum until later in 2024 and there are no signs of any easing on the supply side either.
- However, demand for logistics space in the economically above-average Frankfurt region is expected to remain solid and take-up is likely to exceed that of 2023 and return to the long-term average. Nevertheless, supply bottlenecks and lease extensions will continue to have a subduing effect on take-up growth.
- Speculative developments continue infrequently, due to a shortage of land, rising construction costs and increased regulatory requirements, which means that hardly any relief can be expected here.
- The excess demand is set to lead to further increases in prime and average rents in the Frankfurt market area.

LOGISTICS MARKET REGION FRANKFURT



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- Core area
- Periphery
- Outer periphery
- 1 Cargo City South
- 2 Vicinity of Frankfurt airport

MAJOR CONTRACTS

- 23,000 m²**
Manufacturing
Kleinostheim
- 22,700 m²**
Dealer Tire Europe
Gernsheim
- 21,000 m²**
Mercedes Benz
Trebur

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