GOOD 1ST HALF DESPITE FALL IN TURNOVER

With nationwide take-up of 2.18 million m² in the 1st half, the German market for logistics and light industrial premises turned in a very respectable performance. Although, as was to be expected, turnover was well down on the record prior-year result (-35 %), it was still the second-best figure in the past five years. It is clear, though, that 2012 is returning to the levels posted in normal years with good results, such as 2008 and 2010. And after all, an annual repeat of last year’s concentration of major deals cannot be expected. Turnover in the major German locations (Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Leipzig, Munich) totalled 916,000 m² and was thus 37 % below the comparable prior-year level. Outside these locations, the registered take-up was just under 1.27 million m², representing a decline of almost 34 %. The fall was particularly marked in the Ruhr District, where turnover, at 123,000 m², was 47 % lower than in the 1st half of 2011.

TURNOVER DOWN IN ALL MARKET AREAS

Almost all the key locations suffered a relatively marked year-on-year downturn compared with last year’s record figures. Only Munich, with take-up of 133,000 m², was able to more or less equal its prior-year total. In contrast, there were falls of between 40 % and 50 % in Frankfurt (-49 %), Cologne (-47 %), Hamburg (-45 %) and Düsseldorf (-44 %). At minus 31 %, the decline in Berlin was somewhat milder. The most stable logistics market apart from Munich was Leipzig, where the drop in turnover compared with the 1st half of 2011 was just under one quarter.

DEALS OVER 12,000 m² LEAD THE FIELD

Although – unlike last year – there have been hardly any mega-deals, sizeable new leases upwards of 12,000 m² still accounted for around 72 % of all take-up nationwide, with the largest category, of over 20,000 m², generating slightly more than 39 % of this. In the selected big-city markets, the ranking was also headed by substantial deals upwards of 12,000 m², with nearly 49 % of the total overall. In these key locations, lettings of under 5,000 m² are also registered, and together they contributed all of 35 % to the result.
RELATIVELY UNIFORM BUSINESS-SECTOR DISTRIBUTION

Turnover up to now has again been spread relatively evenly across the three main groups of business sectors, which must be seen as a positive sign of a generally stable and broad basis of demand. In first place, as before, came logistics firms with just under 36% of take-up. They were followed in second place by industrial and manufacturing companies, with nearly 29% of the total. This is an indication that the good overall economic development and especially the sustained robustness of export business is reflected by demand for additional space. A major contribution in this respect comes from the automotive industry. Just behind in third place came wholesale/retail firms, with a turnover share of just over 27%. The factors influencing the ongoing strong demand by retailers are the generally positive sentiment among consumers, which is still at a fairly high level despite the uncertainties linked to the currency crisis, and the continuing processes of rationalisation and consolidation in this sector. So overall, the prerequisites for sustained lively demand for logistics and warehouse premises during the rest of this year remain good.

PRIME RENTS UNCHANGED

The 2nd quarter of 2012 again brought no change in prime rents, which thus remain at the level reached in the course of 2011. As before, the most expensive locations are Frankfurt and Munich, each with a top rent of 6.20 €/m². Then come Hamburg with 5.60 €/m², Düsseldorf with 5.10 €/m², Cologne with 4.80 €/m², and Berlin with 4.70 €/m². Considerably lower prime rents are registered in the Leipzig market area, with 4.25 €/m², and in the Ruhr District, with 4.20 €/m². In contrast, in several locations, the average rents achieved in the 1st half revealed slight increases, since demand is increasingly focused on high-grade, modern premises and a good many leases with relatively high rents were concluded. At the same time, it is apparent that owners are reducing the scale of incentives quite appreciably. So against the background of the still tense relationship between supply and demand, the possibility of a slight climb in rents in the further course of this year cannot be excluded.

GOOD 2ND HALF EXPECTED

The 2nd half also looks set to exhibit a level of demand that can be considered stable and good on a long-term comparison. So there are many signs that 2012 as a whole can be expected to produce take-up higher than the multi-year average but which will fall far short of the record result of 2011. Turnover can, quite possibly, reach the 4 million m² threshold; if it exceeds this, that would be the third-best annual result ever achieved.