PROPERTY REPORT
Logistics Market Germany
2013
Contents

Overview of the German logistics markets ................................................................. 4
Logistics investment ................................................................................................. 6
Berlin ....................................................................................................................... 8
Cologne .................................................................................................................. 10
Düsseldorf ............................................................................................................. 12
Frankfurt ............................................................................................................... 14
Hamburg ............................................................................................................... 16
Leipzig ................................................................................................................... 18
Munich .................................................................................................................. 20

Imprint

Publisher and copyright: BNP Paribas Real Estate GmbH
Prepared by: BNP Paribas Real Estate Consult GmbH
Translation: Clive Winter, Siegburg

Realisation: KD1 Designagentur, Cologne
Title picture: Gazeley Germany GmbH
Status: January 2013

All rights reserved. This Property Report is protected in its entirety by copyright. No part of this publication may be reproduced, translated, transmitted, or stored in a retrieval system in any form or by any means, without the prior permission in writing of BNP Paribas Real Estate GmbH.
Executive Summary

Logistics take-up again very good

As expected, the German market for logistics premises was unable to quite match the record result of the year before, but it nevertheless again turned in an extremely good performance. Nationwide, take-up totalled around 5.09 million m², which was just 13 % lower than the exceptional prior-year figure.

Space turnover tops 5 million m² again

▸ The 5 million square metre threshold has been exceeded for the second time in a row, producing the second-best turnover ever registered. Further evidence of the buoyancy of the market in 2012 is that the ten-year average was bettered by all of 41 %.

▸ The decline in space turnover affected nearly all regions, with lower figures recorded both in the main population centres and also in the other logistics clusters around the country. Only the Ruhr region was able to buck the trend by achieving year-on-year growth of 15 %, with a total of 337,000 m².

▸ Another gratifying fact is that demand was spread relatively uniformly across the different size classes. The biggest contribution to aggregate turnover was made by leases of up to 8,000 m²; these accounted for just over 25 % of the total. Two classes each achieved shares of slightly under 22 %: large deals upwards of 35,000 m² and mid-range lettings of between 12,000 m² and 20,000 m².

Logistics firms take first place

▸ Where the distribution of take-up between the various business sectors is concerned, there were no marked year-on-year changes. With a share of slightly under 39 %, logistics firms again finished well out in the lead.

▸ All the same, online traders in particular continue to represent one of the most important sources of demand.

Prime rents unchanged

▸ Whereas in 2011, top rents had risen almost everywhere, in 2012 they largely remained stable.

▸ With a prime rent of 6.20 €/m² for absolutely premium premises, Frankfurt and Munich once again head the ranking by a clear margin.
Overview of the German logistics markets

TAKE-UP AGAIN VERY GOOD
As expected, the German market for logistics and warehouse space was unable to quite match the record result of the year before, but it nevertheless again turned in an extremely good performance, breaking through the 5 million square metre threshold for the second time in a row. Nationwide, take-up totalled around 5.09 million m², which was just 13 % lower than the exceptional prior-year figure but still the second-best turnover ever registered. Further evidence of the buoyancy of the market in 2012 is that the ten-year average was bettered by all of 41 %. The decline in space turnover affected nearly all regions, with lower figures recorded both in the main population centres and also in the other logistics clusters around the country. Only the Ruhr region was able to buck the trend by achieving year-on-year growth of 15 %, with a total of 337,000 m².

BROAD SPREAD ACROSS ALL SIZE CLASSES
Another gratifying fact is that demand was spread relatively uniformly across the different size classes. The biggest contribution to aggregate turnover was made by leases of up to 8,000 m²; these accounted for just over 25 % of the total. Two classes each achieved shares of slightly under 22 %: large deals upwards of 35,000 m² and mid-range lettings of between 12,000 m² and 20,000 m². But the second-largest size category, 20,000-35,000 m², also generated almost 19 % of all turnover. So generally speaking there was stable demand in all market segments, with only the number of mega-deals ending lower than in 2011.

LOGISTICS FIRMS TAKE FIRST PLACE
Where the distribution of take-up between the various business sectors is concerned, there were no marked year-on-year changes. With a share of slightly under 39 %, logistics firms again finished well out in the lead. Just as in 2011, wholesale/retail took second place, with just over 30 %. However, that was slightly down on its prior-year contribution of 37 %, mainly because of the lack of the strikingly large leases that had been concluded then. All the same, online traders in particular continue to represent one of the most important sources of demand. Manufacturing companies stepped up their contribution to the total by generating around one quarter of all take-up.

TAKE-UP LOWER ALMOST EVERYWHERE
Take-up of logistics and warehouse space in the main German population centres (Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Leipzig, Munich) totalled around 2.2 million m². That was around 22 % less than in 2011 but on a par with the result posted in 2010 and more than 11 % higher.
than the long-term average. In terms of performance, the list of locations was headed by Hamburg with 565,000 m² (-24 %) in front of Frankfurt with 432,000 m² (-13 %). Totals that compare well with the multi-year average were also achieved by Berlin with 340,000 m² (-22 %), Munich with 312,000 m² (-6 %) and Düsseldorf with 234,000 m² (-16 %). The same also applies to Leipzig, even though its result, 219,000 m², was 32 % lower than in the record year of 2011. Only Cologne registered a steeper decline, of 50 %, to give it turnover of 118,000 m². Outside these key locations, take-up totalled 2.9 million m², representing a year-on-year fall of just over 4 % – in other words, the downturn in the rest of the country was far less sharp than in the big cities. The Ruhr region was the only market able to increase its turnover compared with 2011, with a total of 337,000 m² (+15 %).

PRIME RENTS UNCHANGED
Whereas in 2011, top rents had risen almost everywhere, in 2012 they largely remained stable. With a prime rent of 6.20 €/m² for absolutely premium premises, Munich and Frankfurt once again head the ranking by a clear margin. Then come Hamburg (5.60 €/m²), Düsseldorf (5.10 €/m²), Cologne (4.80 €/m²) and Berlin (4.70 €/m²). At the bottom of the list of important logistics clusters, with rents of 4.25 €/m² and 4.20 €/m² respectively, come Greater Leipzig and the Ruhr region, but to a certain extent this very fact can be regarded as a locational advantage.

OUTLOOK
Even though the forecasts for the German economy in 2013 suggest that growth is likely to be somewhat reticent, there is a good chance that take-up in the logistics and warehouse premises market will once again be very strong. One reason for this assessment is that many indicators point to growth picking up again from as early as the middle of the year. Another factor is that several overriding trends in this market are set to continue and should contribute to buoyant demand. These include in particular the increasing significance of online trading and also outsourcing by industrial companies, something from which contract logistics firms especially benefit. So there is at least a possibility that the 5 million m² mark could be exceeded once again. After a year of stabilisation, rents appear to offer scope for a modest rise, but it remains to be seen whether this can in fact be realised.

### Take-up of light industrial and logistics space

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>Change 2011-2012 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Berlin</td>
<td>434,000</td>
<td>340,000</td>
<td>-21.7 %</td>
</tr>
<tr>
<td>Cologne</td>
<td>237,000</td>
<td>118,000</td>
<td>-50.2 %</td>
</tr>
<tr>
<td>Düsseldorf</td>
<td>278,000</td>
<td>234,000</td>
<td>-15.8 %</td>
</tr>
<tr>
<td>Frankfurt</td>
<td>498,000</td>
<td>432,000</td>
<td>-13.3 %</td>
</tr>
<tr>
<td>Hamburg</td>
<td>741,000</td>
<td>585,000</td>
<td>-24.2 %</td>
</tr>
<tr>
<td>Leipzig</td>
<td>310,000</td>
<td>213,000</td>
<td>-31.8 %</td>
</tr>
<tr>
<td>Munich</td>
<td>312,000</td>
<td>312,000</td>
<td>-0.0 %</td>
</tr>
<tr>
<td><strong>Total in selected locations</strong></td>
<td><strong>2,844,000</strong></td>
<td><strong>2,220,000</strong></td>
<td><strong>-21.9 %</strong></td>
</tr>
<tr>
<td><strong>Rest of Germany</strong></td>
<td><strong>2,998,000</strong></td>
<td><strong>2,867,000</strong></td>
<td><strong>-4.4 %</strong></td>
</tr>
<tr>
<td>Proportion Ruhr region</td>
<td><strong>98,000</strong></td>
<td><strong>58,000</strong></td>
<td><strong>-40.0 %</strong></td>
</tr>
<tr>
<td>Proportion other locations</td>
<td><strong>2,746,000</strong></td>
<td><strong>2,509,000</strong></td>
<td><strong>-8.5 %</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,842,000</strong></td>
<td><strong>5,087,000</strong></td>
<td><strong>-12.9 %</strong></td>
</tr>
</tbody>
</table>

* Deals > 5,000 m² © BNP Paribas Real Estate Industrial Services, December 31, 2012

### Top rents in important logistics markets

#### in €/m²

<table>
<thead>
<tr>
<th></th>
<th>0</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Berlin</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cologne</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Düsseldorf</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Frankfurt</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Hamburg</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Leipzig</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Munich</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Ruhr region</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

© BNP Paribas Real Estate Industrial Services, December 31, 2012

### Major contracts

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Location</th>
<th>Company</th>
<th>Area (m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4</td>
<td>Leipzig</td>
<td>DB Schenker Logistics</td>
<td>82,000</td>
</tr>
<tr>
<td>Q3</td>
<td>Moenchengladbach</td>
<td>Zalando</td>
<td>70,000</td>
</tr>
<tr>
<td>Q4</td>
<td>Neu-Isenburg</td>
<td>REWE</td>
<td>63,000</td>
</tr>
<tr>
<td>Q1</td>
<td>Rebra</td>
<td>Krug Logistik GmbH</td>
<td>50,000</td>
</tr>
<tr>
<td>Q2</td>
<td>Forchheim</td>
<td>Simon Hegge Gesellschaft für Logistik und Service</td>
<td>50,000</td>
</tr>
<tr>
<td>Q3</td>
<td>Hannover</td>
<td>Neutra</td>
<td>50,000</td>
</tr>
<tr>
<td>Q2</td>
<td>Erfurt</td>
<td>Zalando</td>
<td>48,000</td>
</tr>
<tr>
<td>Q3</td>
<td>Bönen</td>
<td>Lidl GmbH &amp; Co. KG</td>
<td>45,000</td>
</tr>
</tbody>
</table>

© BNP Paribas Real Estate Industrial Services, December 31, 2012
Logistics investment

SHARP INCREASE IN INVESTMENT TURNOVER
Investment in logistics properties in 2012 totalled just over 1.75 bn €, corresponding to a rise of 50 % compared with the previous year and representing the best transaction volume registered in the past four years. The result means that the growing interest in this asset class on the part of many investors was reflected more strongly by actual transactions than had been the case in previous years. For considerable numbers of market players, logistics properties now form part of a favoured strategy, since these make a high-yield addition to existing portfolios. Another relevant factor is that in the recent past the logistics sector has developed very dynamically and offers good prospects because it is benefiting to an exceptional extent from globalisation and also from such trends as e-commerce. The largest slice of investment turnover (76 %) was generated by single deals, which accounted for close to 1.33 bn €, a year-on-year increase of 31 %. Investment in portfolios almost tripled, to 426 m € (24 % of the total). Large deals are now back in evidence again, as exemplified by the Prologis sale of eight properties for 137 m € to a fund managed by Tristan Capital Partners.

MEDIUM-SIZED DEALS PREDOMINATE
Mid-range transactions of between 25 and 50 m € achieved the biggest share of aggregate turnover, with 38 %. Investment in this size class, at over 670 m €, was more than three times higher than the year before. Deals of between 10 and 25 m € accounted for about 24 % of the total. On the other hand, apart from the portfolio sale referred to above, there were no transactions in the category upwards of 100 m €. A notable contribution to overall investment – 18 % – was made by smaller deals of under 10 m €; their share of the total number of transactions actually came to 60 %.

SPECIAL-PURPOSE FUNDS REMAIN MOST ACTIVE INVESTORS
Just like the year before, special-purpose funds headed the ranking of investor groupings, but at 28 %, their share of the total was well down on the dominant 55 % they had achieved in 2011. Corporates defended their prior-year second place by generating 18 % of total investment, fuelled by numerous purchases of properties required for expansion measures. Next in the ranking were equity/real estate funds (14 %) and open-ended funds (10 %). This distribution means that demand is now much more broadly based, which is a positive omen for the future. Foreign investors contributed 38 % to the investment total.

Development of logistics investments

<table>
<thead>
<tr>
<th>Year</th>
<th>Single deals in million €</th>
<th>Portfolio deals in million €</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>1,386</td>
<td>1,557</td>
</tr>
<tr>
<td>2007</td>
<td>1,334</td>
<td>1,557</td>
</tr>
<tr>
<td>2008</td>
<td>1,343</td>
<td>1,557</td>
</tr>
<tr>
<td>2009</td>
<td>1,343</td>
<td>1,557</td>
</tr>
<tr>
<td>2010</td>
<td>1,527</td>
<td>1,306</td>
</tr>
<tr>
<td>2011</td>
<td>1,327</td>
<td>1,805</td>
</tr>
<tr>
<td>2012</td>
<td>1,505</td>
<td>1,016</td>
</tr>
</tbody>
</table>

Logistics investments according to size categories 2011 and 2012

<table>
<thead>
<tr>
<th>Size Category</th>
<th>2011 in million €</th>
<th>Total 1,166 million €</th>
<th>2012 in million €</th>
<th>Total 1,753 million €</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 10 m €</td>
<td>406</td>
<td>394</td>
<td>413</td>
<td>215</td>
</tr>
<tr>
<td>10 – &lt; 25 m €</td>
<td>394</td>
<td>394</td>
<td>672</td>
<td>268</td>
</tr>
<tr>
<td>25 – &lt; 50 m €</td>
<td>423</td>
<td>423</td>
<td>215</td>
<td>215</td>
</tr>
<tr>
<td>50 – &lt; 100 m €</td>
<td>268</td>
<td>268</td>
<td>207</td>
<td>207</td>
</tr>
<tr>
<td>≥ 100 m €</td>
<td>108</td>
<td>121</td>
<td>99</td>
<td>199</td>
</tr>
</tbody>
</table>
MAJOR LOCATIONS DEVELOP SOMewhat MORE RETICENTLY

Although turnover in the major German locations (Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Leipzig, Munich) rose to 545 m €, the relative increase – at 9 % – was more modest than in the market as a whole. By far the biggest slice of investment was generated by Hamburg (153 m €). In second place came Munich with 125 m €, followed by Berlin (83 m €) and Cologne (73 m €). In Leipzig, the transaction volume, at 55 m €, was more than three times higher than the year before and actually put this city just marginally ahead of Frankfurt (54 m €). In Düsseldorf, on the other hand, hardly any investment activity in the field of logistics properties was registered.

PRIME YIELDS UNCHANGED

In spite of the very good investment turnover and the strong demand, prime yields remained stable in 2012. But given the fact that by long-term standards they are already at a relatively low level, this is not surprising. With a net prime yield of 6.50 %, Frankfurt remains the most expensive location in Germany. Then come Hamburg and Munich, each with 6.60 %, ahead of Düsseldorf and Cologne, each with 6.80 %. Prices in Berlin are somewhat lower, to give the city a net prime yield of 6.85 %. The tail-ender is Leipzig (7.10 %). The average prime yield across all seven locations is 6.75 %.

OUTLOOK

Since commercial property investment markets in general are expected to turn in another very good performance in 2013, the logistics market should continue to be among the beneficiaries. This estimation is backed by the positive development and ongoing professionalisation of the logistics sector, which has perceptibly increased the interest shown in this market particularly by institutional investors, and also by the fact that the spectrum of potential investors has become broader. It must also be borne in mind that there has been a slight rise in the readiness to deploy capital outside the core segment. One consequence of this is that the supply of suitable investment products – which has sometimes been too limited in recent years – should expand somewhat. Against this background, there even appears to be scope for the transaction volume to climb somewhat further in 2013. But whether the aggregate volume can get closer to the 2 billion euro threshold remains to be seen. Where yields are concerned, stabilisation at the present level seems, from today’s angle, to be the likeliest scenario.
EXCEPTIONALLY GOOD TAKE-UP
With take-up totalling 340,000 m², the Berlin logistics market achieved one of the best results of the last 10 years. Only the figures for 2010 and 2011 were higher. So, although the result is around 22% down on the record turnover reported in the prior year, it is still more than one quarter higher than the long-term average (267,000 m²). What is more, in 2012 only one deal in the segment upwards of 20,000 m² was registered, whereas the year before, this category had accounted for a significantly greater share of take-up, with close to 150,000 m². The 2012 result is thus largely based on very buoyant demand in the size brackets up to 20,000 m², where turnover exceeded that achieved in the comparable prior-year period.

BRISK MARKET – ESPECIALLY IN SEGMENT UP TO 20,000 m²
Whereas in 2011, around a third of all take-up was generated by deals for premises of 20,000 m² or more, last year this size category contributed only 7% to turnover. The Rossmann contract for 22,000 m² in Wustermark remained the only lease of that magnitude in 2012. Deals in the 8,000 to 12,000 m² category were also few and far between (5% of take-up). However, most of the other segments generated vigorous demand. The second-largest category (12,000 to 20,000 m²) led the field, accounting for around 32% of take-up. Demand was also good in the categories under 8,000 m², which together produced 56% of total turnover.

LOGISTICS FIRMS AGAIN AHEAD OF WHOLESALE/RETAIL
After a major lease by online trader Zalando pushed wholesale/retail to the top of the take-up table in 2011, first place in 2012 went back to logistics firms. With major deals – e.g. for 20,000 m² and 13,200 m² concluded by docdata fulfilment gmbh, a full-service provider for the e-commerce sector – logistics firms accounted for more than half (55%) of total take-up and led the field by a clear margin. They were also out in front (39%) in terms of the number of concluded contracts. Demand from wholesale/retail enterprises was still high though, at around 22%, putting them ahead of manufacturers, which accounted for 16% of take-up. The shares of the other sectors were in the low single-digit range.
HARDLY ANY MODERN PREMISES READILY AVAILABLE
In the last 12 months, the overall supply of premises has showed a moderate increase as a result of business relocations, but the modern premises on which demand is mainly focused continue to be scarce. At present, requests for large-scale modern premises can rarely be satisfied. This is particularly true in central locations and the western and southern environs of Berlin. Nevertheless, there is no sign of an upturn in construction activity, one reason being that potential occupants and project developers often cannot agree on the length of leases. But in some areas, supply has increased. In Spandau, for instance, more space has been created on the 95,000 m² former BSH site. However, demand in this location is fairly low.

RENTAL PRICES STABILISING
The top rent in the Berlin market area is 4.70 €/m², which is the same as in the prior year. It is achieved for modern premises, e.g. in the Grossbeeren freight village, at Schönefeld Airport or along the Berlin urban motorway. But rents are not stable everywhere: in areas with an increased supply of premises, such as Spandau or the northern and eastern environs of the city, rents are under a certain degree of pressure. Because a number of sizeable leases were concluded in 2011 at very low prices per square metre, the average price of analysable rental agreements signed in 2012 was somewhat higher: nearly half of all space let was in the 3 to 4 €/m² bracket, whereas in 2011 only a quarter of take-up was in that range. The lowest price segment, under 3 €/m², lost a considerable amount of ground, dropping 26 percentage points to just 17 % of take-up. The top price segment, over 4 €/m², commanded nearly 37 % of the market, which was similar to its share the year before (33%).

OUTLOOK
The Berlin logistics market delivered another outstanding result in 2012, and in the light of continuing uncertainty over the economic future this should be seen as a particularly positive outcome. However, current forecasts point to only moderate economic growth especially in the first half of 2013, and this will presumably lead to a modest weakening of demand for logistics premises. Furthermore, because lots of enquiries have already been handled in recent months, take-up in 2013 is likely at best to be on a par with that achieved in 2012. The top rent is expected to remain stable.
Cologne

TAKE-UP SIGNIFICANTLY LOWER THAN IN THE PRIOR YEAR
In 2012, warehouse and logistics take-up in the Cologne market (including environs) totalled 118,000 m². This fell short of the outstanding results registered in the recent past. The sharp downturn in comparison to 2011 (-50 %) was partly due to more moderate demand overall in the wake of major placements in recent years, but was also significantly shaped by an insufficient supply of large-unit complexes. Generally speaking, demand is strongest for core area premises with convenient access to the orbital motorway. But when large premises are required, tenants are often forced to look at locations outside the Cologne market area. As a result, no deals were noted in 2012 for premises upwards of 20,000 m². The lease for nearly 18,000 m² signed by Objektflor Art und Design in the first quarter of the year remained the biggest deal of the year.

NO MAJOR LEASES OVER 20,000 m²
The distribution of take-up over the various size categories shows very vigorous demand in the segment up to 5,000 m². More than half of all turnover was registered in the two smallest space categories, with leases for under 3,000 m² accounting for by far the largest share (nearly 40%). Premises between 8,000 and 12,000 m² also made a substantial contribution, maintaining the share of over 26 % recorded in the prior year. Leases between 12,000 and 20,000 m² made up nearly 17 % of take-up. The 5,000 to 8,000 m² category proved very weak, however, accounting for less than 5 % after commanding a share of more than 10 % in 2011.

MANUFACTURERS TAKE THE LEAD
The 2012 table of take-up by business sector is headed by manufacturing companies, which were responsible for approximately half of all turnover. The lease for around 18,000 m² concluded by floor covering manufacturer Objektflor Art und Design made a considerable contribution in this respect. Logistics firms, which led the field by a clear margin the year before, were relegated to second place with around 18 %. Wholesale/retail companies also accounted for much less turnover, with a share of under 7 %; this followed a strong prior-year performance boosted partly by the major Rossmann contract for around 30,000 m². About 18 % of take-up falls into the miscellaneous category, which includes halls used for training purposes or by firms in the events sector.

Because of the shortage of space, premises with modern specifications are losing their lead in the table of take-up according to standard of property. At just over 21 %, they trailed well behind medium-standard premises (nearly 46 %). Basic-standard premises accounted for one third of take-up.
SUPPLY CONTINUES TO FALL
Despite the weaker scale of take-up, the supply of adequate logistics premises has further decreased. There are now hardly any modern complexes available from around 2,500 m² upwards. On the one hand, this leads to compromises, with tenants accepting older properties with lower specification standards; on the other, it benefits peripheral districts offering suitable alternatives. Large sites for project developments are also rare in the market area, so potential tenants with high space requirements are increasingly compelled to opt for other locations. Also, because very little speculative construction is going on, new-build facilities are not enlarging the stock of existing premises to any appreciable extent.

TOP RENT CONSTANT OVER THE COURSE OF THE YEAR
The top rent, achieved in the north of Cologne on the left bank of the Rhine, is 4.80 €/m². It thus remains unchanged since 2011. Owing to the overhang in demand, rents in most parts of the market area at least remained stable but higher rents than in the prior year were noted for premises of an adequate standard in both core and peripheral areas. This is confirmed by a look at the breakdown of analysable take-up according to rental price classes: rents over 4 €/m² accounted for around two-thirds of turnover, which is a surge of nearly 24 percentage points compared with 2011. The medium price category between 3 and 4 €/m² again generated around 30% of take-up, while rents below 3 €/m² made up only a very small percentage (just over 4%).

OUTLOOK
The Cologne warehouse and logistics market produced comparatively weak take-up in 2012, largely as a result of a shortage of supply. Nevertheless, in 2013, turnover is expected to rally significantly, possibly reaching a figure in the region of the long-term average, particularly if a number of major leases are concluded. However, it remains to be seen how the economic environment impacts on demand, especially the merely moderate economic prospects anticipated for the first half of the year. Furthermore, the growing shortage of premises could continue to have a limiting effect on take-up. Very few large modern properties with the potential to provide adequate supply in this segment are expected to come onto the market in the near future. For the time being, no change in the top rent appears likely.

Take-up according to property quality in Cologne in %

<table>
<thead>
<tr>
<th>Quality</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Modern standard</td>
<td>33.2</td>
</tr>
<tr>
<td>Average standard</td>
<td>45.7</td>
</tr>
<tr>
<td>Basic standard</td>
<td>21.1</td>
</tr>
</tbody>
</table>

Major contracts in Cologne

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Location</th>
<th>Company</th>
<th>Area (m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>Cologne</td>
<td>Objekt für Art und Design</td>
<td>17,900</td>
</tr>
<tr>
<td>Q4</td>
<td>Cologne</td>
<td>Hendricks Internationale Spedition</td>
<td>11,000</td>
</tr>
<tr>
<td>Q2</td>
<td>Cologne</td>
<td>Manufacturer</td>
<td>8,800</td>
</tr>
<tr>
<td>Q4</td>
<td>Cologne</td>
<td>Edl Logistik</td>
<td>5,200</td>
</tr>
<tr>
<td>Q2</td>
<td>Hürth</td>
<td>Huettemann Logistik</td>
<td>5,000</td>
</tr>
<tr>
<td>Q3</td>
<td>Cologne</td>
<td>Edl Logistik</td>
<td>5,000</td>
</tr>
</tbody>
</table>

Take-up according to rent size categories in Cologne in %

<table>
<thead>
<tr>
<th>Rent Size Category</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>≥4.01 €/m²</td>
<td>28.1</td>
<td>29.5</td>
</tr>
<tr>
<td>3.01–4.00 €/m²</td>
<td>42.4</td>
<td>44.4</td>
</tr>
<tr>
<td>≤3.00 €/m²</td>
<td>29.5</td>
<td>29.5</td>
</tr>
<tr>
<td>&lt; 3.00 €/m²</td>
<td>11</td>
<td>11</td>
</tr>
</tbody>
</table>
Düsseldorf

SECOND-BEST TAKE-UP EVER REGISTERED

With take-up of 234,000 m² in 2012, the Düsseldorf logistics market (including environs) once again posted an outstanding result. Although – just as in the other big logistics centres – turnover was down on the prior-year figure, the decline, at 16%, was comparatively small. The 2012 total not only exceeded the long-term average (184,000 m²) by the clear margin of 27%, it was also the second-best result ever, bettered only by the record performance of the year before. One key reason for the excellent take-up was the largest deal of the year, concluded on the periphery of the market area: a lease for 60,000 m² in Mönchengladbach signed by online trader Zalando. The result might in fact have been even higher if there had been a greater supply of modern and especially of larger-scale premises available. The shortage created a bottleneck, and so market activity was largely confined to the size categories up to 5,000 m². These accounted for nine out of every ten deals. On the demand side, the sector wholesale/retail moved up into the top slot in terms of both the number of new leases and also overall take-up.

LARGE PREMISES IN DEMAND BUT IN SCARCE SUPPLY

Once again, take-up was spread broadly across the different size classes. Around half of the total (48%) was generated by the smaller brackets up to 5,000 m². While the larger categories made some significant contributions to total turnover, they played only a subordinate role where the number of new contracts was concerned. Generally speaking, the shortage of supply already affects premises upwards of 3,000 m². Nevertheless, thanks to the 60,000 m² Zalando lease, the size class over 20,000 m² accounted for a share of 26% and thus headed the ranking. The next-smaller category (8,000-12,000 m²) contributed just over 14% to the total.

RETAILERS IN FIRST PLACE

The Zalando deal is also reflected in the distribution of take-up according to business sectors. Whereas in 2011 logistics firms had headed the ranking by a clear margin, in 2012 they slipped back into second place, with a share of 31%, representing the biggest year-on-year slide (-23 percentage points). Retailers finished well out in front, with 45% of the total. Manufacturers accounted for 16%, more or less the same as the year before. Demand once again centred on premises offering modern specifications and these generated about 45% of take-up.

The shares obtained by premises with medium or just basic standards of fit-out were slightly higher than in 2011:
medium-standard complexes contributed around 41% to the result (+7 percentage points), basic premises about 14% (+3 percentage points). This can be seen as evidence that the shortage of supply, especially in the field of existing complexes, is making business firms increasingly ready to compromise regarding quality.

SUPPLY DECREASES FURTHER
The buoyant demand has led to a further reduction in supply. Where availability is concerned, the situation is much the same right across the market area. In particular enquiries for modern premises or larger-scale units can be met only by a built-to-suit solution. The few speculative project developments that have been hesitantly initiated despite the buoyant market are far from being able to offset the overhang in demand.

TOP RENT STABLE
The top rent in the Düsseldorf market area has maintained its high level. Well-equipped facilities in the most favoured locations, such as the vicinity of the airport, command top rents of around 5.10 €/m². The spread of the analysable lease contracts across the different rental price classes also reveals no significant shifts. Over 56% of total take-up was in the price class up to 4 €/m² (prior year: 55%). The 4 to 4.50 €/m² bracket accounted for only a very small proportion of just 3%, while the share achieved by leases of over 4.50 €/m² – at 40% – was somewhat higher than the year before. In view of the growing shortage of space, fewer and fewer incentives are now being granted.

OUTLOOK FOR 2013
The very strong level of take-up already evident in 2011 in the form of a new record continued unabated in 2012. In view of the restricted availability of space, many firms have up to now been unable to obtain the premises they are looking for, so the demand overhang looks set to continue in 2013, despite the merely modest economic forecasts. But whether or not this will produce a result on a par with last year’s depends among other things on the scale of supply; this remains the limiting factor. In the field of nominal rental prices, stabilisation at the present level is the likeliest scenario, with effective rents continuing to climb in line with the ongoing reduction of incentives.
Frankfurt

SECOND-BEST TAKE-UP IN LAST TEN YEARS
In 2012, the Frankfurt logistics and warehouse premises market continued its successful course. With total take-up of 432,000 m², it achieved the second-best result of the last ten years and passed the 400,000 m² threshold for the second year in a row. Just how good this performance was by long-term standards is shown by the fact that it exceeded the ten-year average by all of 42 %. Nevertheless, as was only to be expected, the result fell 13 % short of the record set up the year before. Frankfurt also did well in a nationwide comparison, taking second place among all the major logistics locations behind Hamburg. The strong performance was fuelled by a whole series of large deals but also by a high proportion of owner-occupier transactions; their volume – at close to 190,000 m² – was actually above that posted in 2011. All this provides impressive confirmation of Frankfurt’s upward trend in recent years.

LARGE DEALS PREDOMINATE
One key contribution to the high take-up was made by substantial deals upwards of 20,000 m²; these accounted for more than 49 % of the total. If this is combined with the nearly 20 % generated by the 12,000-20,000 m² size category, it becomes evident that large deals made up close to 70 % of the aggregate result. Gratifyingly, small deals of up to 3,000 m² also achieved a not inconsiderable share, with nearly 12 % of the total. On the other hand, mid-range transactions of between 3,000 m² and 12,000 m² made up only a small proportion, with a take-up contribution that was lower than in many other locations.

BUSINESS-SECTOR SPREAD VIRTUALLY UNCHANGED
The spread of take-up across the different business sectors reveals no major shifts. In first place, just like the year before, came logistics firms, with around 40 % of the total. But the wholesale/retail sector has picked up quite considerably and finished only just behind, with close to 39 %. This reflects the growing impact of e-commerce activities on demand for logistics and warehouse space, a phenomenon also apparent elsewhere. In third place, a long way behind, came industrial companies, with a share of just over 17 %.

The emphasis on modern logistics premises continues unabated: high-quality space accounted for two-thirds of all take-up. Older complexes with just ordinary fit-out played only a subordinate role: at just under 8 % their share was only about half the prior-year figure.
**SUPPLY REMAINS LIMITED**

The supply of space remains limited, with the result that it is not always possible to meet demand, especially not for premises required at short notice. This applies in particular when potential tenants are seeking large-scale modern units. So the Frankfurt market is in much the same situation as many other locations. One reason for this is that still only very few complexes are being built on a speculative basis. For occupiers this means that they frequently have to accept older premises or else – if that is out of the question for them – have to opt for a custom-designed facility. However, that presupposes a certain minimum size and also a correspondingly long-running lease contract – and especially in the case of contract logistics firms that is often not a feasible proposition.

**TOP RENT STAYS STEADY**

Top rents in the Frankfurt market area remained stable right through to the end of 2012 at 6.20 €/m². This figure means that – together with Hamburg – Frankfurt still has the highest rental prices in Germany in the logistics segment. However, the top rent is achieved only within a narrowly confined area in the vicinity of Frankfurt International Airport. Unlike top rents, effectively achieved average rents rose somewhat in the second half of 2012, since property owners are reducing the scale of the incentives they offer. In view of the still restricted supply, there is a good chance that this trend will continue in 2013.

**OUTLOOK FOR 2013**

With the second-best take-up it has ever registered, the Frankfurt logistics market produced a result considerably better than might have been expected given the more sluggish level of economic activity in the second half of 2012. Since the economy this year is likely to brighten fairly quickly in the second half, following a dip in the first half, 2013 can be expected to exhibit a good result overall. One limiting factor could be the insufficient supply of modern premises; after all, made-to-measure project developments are often not a realistic alternative, especially in the small-unit and mid-range size category. These size brackets, though, generally form an important source of demand. Against this background, it is uncertain whether take-up will again exceed the 400,000 m² mark. Where rental prices are concerned, the trend towards reducing the scale of incentives looks set to continue.
Hamburg

THIRD-BEST RESULT
In 2012, the Hamburg logistics and warehouse premises market (including environs) generated take-up of 565,000 m². Although this – as was to be expected – was well down on the record result achieved the year before (-24 %), it bettered the ten-year average by more than a quarter. Totals in most of the other important locations in Germany were also lower than the substantial figures posted in 2011. Nationwide, Hamburg remained the leader by a considerable margin. Its result was fuelled strongly by several deals upwards of 20,000 m². These included a lease for premises of 33,000 m² in Altenwerder concluded by DSV Solutions in the biggest deal of the year, and the contract for close to 30,000 m² in Norderstedt signed by Wellensteyn International.

LARGE DEALS MAKE STRONG CONTRIBUTION
In contrast to the prior year, the distribution of take-up according to size classes was headed by large deals, which stepped up their share of the total quite considerably: to just over 29 % after slightly less than 7 % in 2011. But there was also lively activity last year in the small-unit segment of premises up to 3,000 m². As well as around two-thirds of all registered contracts, this category also accounted for a substantial proportion of take-up, with around 23 %. The two next-bigger size brackets, between 3,000 and 8,000 m², together contributed nearly 32 %. The smallest share of the total, about 7 %, was posted by the 8,000-12,000 m² segment; the year before it had easily led the field with over 26 %.

LOGISTICS FIRMS GENERATE STRONG DEMAND
The business-sector distribution of take-up exhibited hardly any changes compared with previous years. Logistics firms took an unchallenged first place in the table with almost 50 % of the total, fuelled both by a high number of contracts and also sizeable deals. Next came wholesale/retail with just over 26 %, a year-on-year increase of more than 7 percentage points. In third place came manufacturing companies with around 10 %.

Demand focused clearly on premises offering modern specifications and this category accounted for almost 48 % of turnover. Medium-quality facilities generated around 31 %. At 22 %, the share obtained by complexes of just ordinary standard was quite high, resulting mainly from numerous leases concluded in the small-unit size category.
PERIPHERY BENEFITS FROM LOW SUPPLY ELSEWHERE

The buoyant demand observed in recent years has led to a further reduction in the supply of logistics space. Since hardly any premises built on a speculative basis are coming onto the market, demand has to be met chiefly from the stock of existing facilities. But especially in such heavily favoured locations as Billbrook, Allermöhe and the harbour area, the available supply is usually unable to meet demand. There is a growing shortage of functional and modern premises upwards of around 5,000 m². But because there are also hardly any sizeable sites for project developments in central areas, firms seeking large-unit premises are increasingly obliged to opt for the periphery. One result is that new complexes are being constructed in peripheral areas and outlying locations; another consequence is that more and more older facilities in central areas are either being torn down to make way for newly built facilities or else are being revitalised.

TOP RENT REMAINS STEADY

The top rent revealed no change in the course of last year, firming up at the level of 5.60 €/m² it had achieved in the first quarter of 2011. This is the figure obtained for newly built modern premises in Altenwerder, Hausbruch or the harbour area. The distribution of the analysable take-up between the different rental price categories was somewhat more uniform than the year before and overall exhibits a slightly higher rental price level. Deals involving rents of above 4.50 €/m² accounted for half of the total volume, with the segment upwards of 5 €/m² making the biggest contribution, nearly 36 %. This development was fuelled for instance by large-scale leases concluded in Altenwerder, where the growing shortage of space has led to slightly higher rents.

BRIGHT OUTLOOK ALSO ANTICIPATED FOR 2013

With the third-biggest take-up ever registered, the Hamburg logistics premises market turned in a very good performance in 2012, something that was not necessarily to be expected in view of the more sluggish development of the economy in the second half. Since the economic climate is likely to become somewhat brighter later this year, another good result can be anticipated. Demand for logistics and warehouse space will in all probability remain buoyant, particularly in the small and mid-range size categories. Whether turnover will once again pass the 500,000 m² mark will depend, among other things, on the volume of sizeable deals. In view of the ongoing scarcity of available premises – with no early improvement in sight – the possibility of a modest rise in the top rent cannot be excluded.
Leipzig

**TAKE-UP AGAIN PASSES 200,000 m² MARK**

In 2012, the Leipzig market for logistics and warehouse premises produced another very good result, with take-up of 219,000 m². This was only the second time that the 200,000 m² threshold has been exceeded. However, as was to be expected, turnover failed to match the exceptional result of the year before (320,000 m²). The decline, of close to 32%, was more or less on a par with that observed in the other major locations. Just how good take-up in 2012 was by long-term standards is nevertheless indicated by the fact that it was all of 47% higher than the average of the last seven years. The lower turnover was due on the one hand to somewhat more restrained activity on the part of business firms, caused chiefly by uncertainty over the development of the economy, and on the other hand, to the shortage of modern logistics space in the favoured parts of the market. In some cases, this has forced would-be tenants requiring large premises to look elsewhere. This has benefited Erfurt and Dresden, for instance, where the combined take-up totalled over 340,000 m².

**LARGE DEALS PREDOMINATE**

The very good turnover was fuelled chiefly by major deals upwards of 20,000 m². These accounted for more than 81% of the total. Particularly worthy of mention in this connection is the expansion of DB Schenker in the Logistics Park Leipzig, which involves 82,000 m². But the leases concluded by MOMOX (29,000 m²) in the same area and Rigtenernk (26,000 m²) at Hermsdorfer Junction are also notable. The other size classes generated far fewer new contracts than the year before. Since there are hardly any modern premises available in the most sought-after locations, more or less the only way of meeting new enquiries is by means of project developments along motorways 9 and 14.

**LOGISTICS FIRMS WELL OUT IN LEAD**

Where the business-sector spread of demand is concerned, the market in 2012 was definitely dominated by logistics firms, which accounted for a share of over 84%. Such firms benefit particularly from Leipzig’s convenient geographical position, with very good connections with the motorway network and Leipzig/Halle Airport. As in 2011, second place in the ranking was taken by wholesale/retail with just over 15% of take-up; this was, though, 16 percentage points down on the prior-year figure.

A high proportion of take-up comes in the form of project developments, so it is hardly surprising that premises offering modern specifications dominated market activity by a large margin, accounting for more than 73% of the ag-
aggregate result. All the same, medium-quality premises still contributed nearly 19% to the total. The amount of space let in just basic or unrefurbished facilities was negligible.

**SUPPLY CONTINUES TO SHRINK**

In the course of 2012, the supply of space continued to fall. In particular, there are now hardly any modern logistics or warehouse premises available on the market. This raises problems especially for tenants seeking medium-sized units, because for them built-to-suit solutions are generally not a feasible option and they therefore have to accept multi-tenant properties. But this is a market segment where there is very little on offer, particularly in the areas with good transport links, such as along motorways 9 and 14. One key reason for this shortage is that in Leipzig, project developments are usually only realised if there is an adequate preletting rate. This is why there is hardly any speculative construction capable of increasing the volume of modern premises available for prompt occupation. From the market angle, this is an unsatisfactory situation.

**TOP RENT STABLE**

In respect of the top rent, no changes were observed in 2012. It remains at 4.25 €/m² and is thus more or less on a par with the top rent in the Ruhr region, for instance. By far the biggest proportion of all the analysable lease contracts exhibited rents of between 3 and 4 €/m². This rental price class accounted for around two-thirds of all take-up. The absolutely top segment of 4 €/m² achieved a share of just over 19%. Deals with rents of below 3 €/m² generated around 15% of the total. This rental price class usually involves older premises or those offering just basic fit-out.

**OUTLOOK FOR 2013**

The take-up figures registered in the past few years provide impressive evidence of Leipzig’s growing significance as a logistics centre. In view of this – and despite the duller economic climate forecast for the first half of 2013 – this year as a whole is likely to produce strong and stable demand. But the extent to which this will be reflected by actual take-up depends heavily on the way in which supply develops and here all the signs currently point to a further reduction, particularly in the field of modern premises in the preferred locations. So it remains to be seen whether the 200,000 m² mark can be passed once again in 2013. Rents can basically be expected to stay stable, but there is at least a chance that the competition for the few available modern premises could make them rise slightly.
Munich

TAKE-UP EXCEEDS 300,000 m² ONCE AGAIN

In 2012, the Munich market for logistics and warehouse premises posted another very good result. At 312,000 m², take-up passed the 300,000 m² threshold for the third time in succession. This indicates that the Munich market has definitely established itself in a new league. The ten-year average was bettered by 25%. Although take-up was slightly down on the record prior-year figure, the decline – at 6% – was considerably less marked than in most of the other major German centres. The very good performance was due in part to the stable and positive development of many of the industrial companies so important for Munich but also to the steadily growing demand from the e-commerce sector, particularly from the fashion segment. Since the supply situation remains tight, tenants are in some cases obliged to accept compromises regarding the choice of location, and this results in buoyant demand in all areas of this market.

DEMAND IN ALL MARKET SEGMENTS

Just like the year before, the strong take-up was fuelled above all by smaller deals, with premises of up to 3,000 m² accounting for more than 29% of the total. The second most important size category was that between 12,000 and 20,000 m², which contributed over 24% to the result. In contrast, large leases involving premises upwards of 20,000 m² represented only about 7% of aggregate turnover. The 3,000-5,000 m² and 5,000-8,000 m² brackets each made up around 16% of take-up. This means that overall, demand is spread widely, which from the angle of the market is a gratifying fact.

RETAILERS MOVE UP INTO TOP SLOT

Where the business-sector distribution of demand is concerned, there was a change at the top of the table in Munich in 2012. With a share of over 32%, the sector wholesale/retail headed the list for the first time. This chiefly reflects the marked increase in demand from online traders. Industrial companies, which normally lead the field in Munich, were relegated to second place, but finished only just behind, with 29.5% of the total. In contrast to many other locations, logistics firms managed to achieve only third place, with a share of just over 23%. All the other sectors played only a subordinate role.

In view of the restricted supply of newly built logistics complexes, would-be tenants are increasingly forced to make concessions regarding the quality of the premises they move into. One consequence of this is that 41.5% of all take-up comprises units offering only basic specifications, although users would in fact prefer space of a higher qual-
ity. Accordingly, premises exhibiting a modern fit-out finished only in second place, with a share of 36.5%. Medium-quality properties generated just under 22% of all turnover.

**NO RELIEF ON THE SUPPLY FRONT**

2012 brought no fundamental changes in the supply situation in Munich, which has been very tense for a considerable time. In fact, the healthy demand led to a further reduction in available space. This applies in particular to sizeable modern units with an area of 3,000 m² and above. Against this background, the demand overhang already apparent in the northern and eastern environs of Munich has now spread to the western periphery as well. There, too, firms seeking modern well-equipped storage premises are facing increasing difficulties. Project developments – which anyway are very limited in volume – are largely let before completion; all the relevant space is likely to have been taken up by the middle of this year at the latest. So there are no signs of any appreciable expansion of supply capable of easing the strain. For many firms, this means having to put up with longer waiting periods or to accept locations which are not ideal for their purposes.

**TOP RENT STILL STEADY**

Munich remains the most expensive logistics centre in Germany, with a top rent of 6.20 €/m². This is the figure that can be obtained for high-grade newly built premises in the city’s northern environs. In view of the outlined supply situation and the lack of space in the high-quality segment of the market, the second half of 2012 saw a sharp fall in the readiness of owners to offer incentives. This has produced upward pressure on top rental prices, suggesting that a modern rise in nominal rents is on the cards in the course of this year.

**OUTLOOK FOR 2013**

Demand for warehouse and logistics units in the Munich market can be expected to remain strong overall in 2013. Despite the more sluggish economic output forecast for the first half, the dip in growth should not produce any marked decline in take-up. Backing this assessment is the very broad spectrum of the different sources of demand; this helps to ensure buoyant activity especially in the small-unit segment of the market. Another factor is that during the past three years, take-up in the Munich market has firmed up at a higher level. So – given some large deals – there is a good chance that the 300,000 m² barrier can be cracked once again. Although several complexes are due for completion, the supply of space will probably still not be sufficient to meet all requests for sizeable premises. This raises the possibility of a modest climb in rental price levels.