PRIOR-YEAR RESULT REPEATED

With take-up of 138,000 m², the result for the first nine months in the Leipzig market area was identical to that posted in 2014. Similarly, the number of registered deals was very much on a par with the prior-year figure. One definite change, though, has been the owner-occupier proportion of turnover: whereas last year owner-occupier deals were responsible for well over half of total take-up, this year they have so far accounted for a very small fraction, of less than one percent. There has also been a decline in the new-build proportion; it has fallen to just over 24%. Where major contracts are concerned, two very sizeable leases have been concluded by logistics firms: arvato Bertelsmann (44,000 m²) and Hellmann Worldwide Logistics (21,500 m²). As a result of these, the biggest share of turnover in geographical terms was generated by the outer periphery, with nearly 68% of the total.

LOGISTICS FIRMS DOMINATE THE MARKET

Firms providing logistics services form the mainstays of the Leipzig warehouse market, and up to now they are well out in the lead in the business-sector ranking, with almost 69% of all turnover. This strong result mainly comprised the two major deals referred to above. In second place come manufacturing companies with just under 13%, fuelled to a sizeable extent by a lease concluded by Porsche in the core area. That relegates retailers (just over 8%) to third place. So together, these three sources of demand account for almost 90% of take-up. The collective category of other sectors has been responsible for a further 9%.

LARGE LEASES AGAIN CHIEF SEGMENT

The distribution of turnover across the size classes can be considered a sign of the importance for the Leipzig market of isolated large deals upwards of 20,000 m², which is the biggest size category. It accounts for around half of all take-up, or just under 48% to be exact. In the segment of smaller premises up to 5,000 m², market activity has been considerably livelier this year than it was last year. Together, the two smallest classes contribute almost one third to the total. This is due especially to the 3,000-5,000 m² bracket, whose share has risen to well over 15%. In contrast, take-up in the mid-range segment between 5,000 and 8,000 m² has fallen to just over 5%. Leases for complexes in the 8,000-12,000 m² class add just under 15% to the total, much the same as last year.
**LIMITED SUPPLY**

Overall, there has been a further reduction in the available supply of space, especially where units of up to 5,000 m² are concerned. Above all in the particularly favoured more central precincts, there is a bottleneck in the availability of modern distribution and warehouse premises, and this obliges logistics firms and parcel services to accept compromises regarding their locational preferences and move out into peripheral areas offering good transport connections. Nevertheless, the prime rent has remained unchanged. It still stands at 4.35 €/m² and is obtained, as before, in the vicinity of the airport, in the Leipzig freight village, and around the BMW works. The average rent, however, has been affected by the low supply in the face of steady demand; year-on-year it has climbed by nearly 3 % to 3.65 €/m².

**OUTLOOK**

It is gratifying to note that – thanks to the completion of projects like the freight village logistics centre in the third quarter – a slight expansion of the available supply is in sight. But this will apply primarily to the availability of premises upwards of 10,000 m², while ready-to-rent units of up to 5,000 m² will remain very scarce. Demand in the fourth quarter looks set to stay steady and in view of that, it seems realistic to expect the take-up volume for the year as a whole to be above the ten-year average (160,000 m²). Where the rental price level is concerned, no changes look likely for the time being.