VERY SLOW START IN LOGISTICS MARKET

After its strong whole-year performance in 2015, the Düsseldorf logistics and warehouse premises market started 2016 very reticently. At just 16,000 m², take-up in the first quarter was less than half of the already fairly weak prior-year result. There were various reasons for this. Firstly, a considerable number of leases were concluded in the final weeks of 2015. The opening months of this year have also failed to produce any new contracts upwards of 8,000 m². Then there is the ongoing shortage of sizeable ready-to-occupy modern logistics units. That is why it is increasingly difficult or even impossible to meet requests for space, or users are obliged to opt for other locations. Underlining that is the fact that the biggest contract registered up to now – concluded by a retail company – was for premises of just around 5,400 m² in Dormagen.

RETAILERS STAY IN FIRST PLACE

In the first quarter of 2016 – just as in the corresponding period last year – retailers headed the business-sector ranking, with a share of more than 45 %, thus impressively confirming the leading status they acquired in 2015. In second place came manufacturing companies, which are also strongly represented nationwide. They were able to step up their share, to around 29 %. A notable factor has been the very small contribution made up to now by logistics firms, which have been responsible only for just under 6 % of all take-up. This, though, must be seen as just an interim picture – after all, this sector’s long-term average contribution is a handsome 44 %. Together, all the other sectors – including construction – accounted for about one fifth of aggregate turnover.

ONLY LEASES BELOW 8,000 m² SO FAR

Market activity in the first three months of the year was confined entirely to small and medium-sized leases, involving premises of under 8,000 m². In that segment, though, demand was distinctly lively. The biggest share of take-up was generated by the 3,000-5,000 m² bracket, with 42.5 % of the total and also a higher absolute turnover than in the prior-year period. The 5,000-8,000 m² class was responsible for more than one third of aggregate take-up, while small leases of up to 3,000 m² also accounted for a notable 23 %.
SLIGHT RISE IN AVERAGE RENTS

In contrast to the prime rent, which has remained stable at 5.40 €/m², the average rent in this market area has risen by 20 cents year-on-year to 4.70 €/m² at present. That reflects the growing competition for the limited number of available premises offering modern quality specifications. A further sign of this is that owners are continuing to cut back on incentives, in a trend that was already apparent last year. In the months ahead, a further modest increase in the average rent is a definite possibility, whereas the prime rent is likely to remain at its present level.

OUTLOOK

In spite of the very quiet start to the year, take-up looks set to increase appreciably in the coming quarters, since demand is certainly fundamentally present. Retail companies in particular remain on the lookout for logistics units, with online trading (e-commerce) continuing to be especially expansion-oriented. However, the restricted supply of space, which is being rounded out by just a few speculative project developments, will act as a brake on turnover in the field of existing premises. Against this background it seems likely that the currently relatively low new-build proportion will climb during the course of the year as the result of built-to-suit ventures.