SECOND-BEST RESULT EVER

With a transaction volume of over 1.87 bn €, the logistics investment market posted its second-best result ever, surpassed only by that registered in the first six months of 2014. This year’s total topped the already very good prior-year figure by over 18 % and exceeded the ten-year average by more than 55 %. So the increasing significance of logistics properties as an asset class that has been evident for over three years now is being sustained and even seems to be gaining in momentum. And whereas at first, the relevant few investors largely comprised market players who had acquired experience in this field in other – mainly Anglo-Saxon – countries, interest in logistics complexes is now very broadly based. What is pleasing to note is that the turnover growth was fuelled especially by single deals (+34 %), rather than by just a limited number of large package sales.

TOP LOCATIONS BENEFIT EVEN MORE

In the top locations, turnover increased to an even greater extent, rising year-on-year by nearly 46 % to 504 m €. That is the third-best result of the past 15 years. However, developments varied considerably between the locations, mainly because of the scale of available assets. Top place was taken by Munich, with 144 m € – equivalent to a fourfold increase. In second and third places came Hamburg, with 111 m € (+83 %), and Berlin, with 99 m € (-24 %). Another city to register growth was Frankfurt, with 56 m € (+31 %). In contrast, three centres suffered year-on-year falls: Düsseldorf, with 50 m € (-24 %), Cologne, with around 13 m € (-52 %), and Leipzig, with 30 m € (-12 %).

STRONG DEMAND IN SMALL AND MID-RANGE SEGMENT

Even though the biggest proportion of turnover (around 30 %, thanks to three portfolios) was generated by the category of major deals upwards of 100 m €, demand was especially lively in the small and middle size classes of up 50 m €, and these accounted for some 60 % of the transaction volume. Particular notable was the share of nearly 14 % secured by the smallest size bracket, of up to 10 m €. The second-largest category, 50-100 m €, added a further 10 % to the result. Overall, this distribution underlines the broad basis of demand, with great interest exhibited by a range of different types of investors.
THREE INVESTOR GROUPINGS ESPECIALLY ACTIVE

Together, three particularly active buyer groupings accounted for more than half of all turnover (51 %). Some way ahead in first place came listed real estate companies/REITs (23.5 %). They were followed by equity/real estate funds and special-purpose funds, each with about 14 %. Other sizeable contributions were made by property developers (9 %), corporates (nearly 9 %), and investment managers and insurances, each with between 6 and 7 %. Also noteworthy is the fact that the remaining investor types, brought together in the collective category of “Others”, contributed a substantial 18 % to turnover. This also highlights the extensive spectrum of demand.

FOREIGN INVESTORS DOMINATE PORTFOLIOS

With a turnover share of around 57 %, German investors deployed somewhat more capital than market participants from abroad. But the 43 % share achieved by the latter was still considerably higher than the average in the commercial real estate investment field in the first half. In the portfolio segment, they were in fact more active (share: 68 %) than domestic players. But where single deals were concerned, they accounted only for 26 % of the total. North American buyers were responsible for the biggest inflow, generating nearly 29 % of turnover, mainly through the purchase of packages. European investors contributed 13.5 %. The other regions have so far played only a subordinate role.

PRIME YIELDS STABLE FOR TIME BEING

Following the very marked yield compression seen last year, logistics yields have this year so far simply stabilised at their end-of-2015 level. So across the major locations, the prime yield still averages out at 5.36 %. Munich remains the most expensive centre, with 5.20 %. Then, bunched more closely together than in the other asset classes, come four market areas (Cologne, Düsseldorf, Frankfurt, Hamburg), each with 5.25 %. The figure for Berlin is 5.40 %. With a top yield of 5.90 %, Leipzig is still the most favourably priced logistics centre.

OUTLOOK

The strong demand for logistics assets is undiminished. In particular foreign investors continue to exhibit great activity, especially in the portfolio segment. Another factor is that increasingly, pan-European packages are also putting in an appearance. Against this background, all the signs from today’s angle indicate that the second half will also bring a high transaction volume that is well above the long-term average. Basically, there is a very good chance that the 4 bn € threshold can be passed for the third time in succession. One possibility that cannot be excluded, though, is that the restricted supply of modern, large-unit assets could hold turnover back somewhat.