FRANKFURT WITH NEW RECORD TURNOVER

With turnover of 469,000 m², the Frankfurt logistics and warehouse premises market has broken all prior records. The total not only exceeded last year’s already excellent result by some 13%, it also surpassed the long-term average by a handsome 44% and beat the previous nine-month high, achieved in 2011, by close to 4%. This performance was fuelled by an abundance of deals – compared with the corresponding period last year, the number of registered contracts has risen significantly, by over one tenth, thus highlighting the broad basis of demand. By far the biggest deal was that concluded by the firm of Action in Biblis (83,000 m²). The second-biggest, for premises of 23,000 m² on Bingen on the Rhine, taken out by freight carrier Hensel, was already a lot smaller. At around 35%, the owner-occupier proportion of turnover precisely matched the prior-year level. The new-build proportion expanded by 5 percentage points to nearly two-thirds of the aggregate volume; by long-term standards, that is a relatively high figure that is evidently due to the restricted availability of existing space.

LOGISTICS FIRMS JUST AHEAD OF RETAILERS

Just like last year, the biggest proportion of take-up has been generated by the traditionally strong sector of logistics firms. In the course of the year, they stepped up their share of demand quite appreciably, and occupy the top slot with around 35% of the total. Not far behind, though, come retailers, which take second place with about 32% of turnover. Firms in the manufacturing sector have been responsible for just over 17% of all take-up, a considerably lower slice than they obtained with their extremely strong prior-year performance (-13 percentage points). Construction/crafts, which generally need only somewhat smaller premises, accounted for just under 3%. Together, all the other sectors contributed around 13% to the result.

VERY STRONG DEMAND IN ALL SIZE CLASSES

The distribution of demand across the different size classes is relatively balanced, with just over half of all take-up produced by the large-unit categories upwards of 12,000 m². Turnover in the size brackets below 8,000 m² has fallen slightly, but this was due less to any decline in interest than to shortages in supply caused by the very limited scale of building activity in this segment of the market.
UPWARD PRESSURE OF DEMAND MAINTAINED

In virtually the whole of the Frankfurt market area, demand continues to exceed supply by a considerable margin. So almost the only way of meeting requests for space is by means of project developments and, especially, built-to-suit solutions. As before, there are hardly any premises at all available at short notice. This applies in particular to the southern Rhine-Main locations and the area towards the Rhine-Neckar economic region. The strong scale of demand is reflected by the level of rental prices. With a top rent of 6.30 €/m², the Frankfurt logistics market is one of the most expensive in Germany after Munich. This rent is obtained in the areas between Mönchhof and Raunheim, which offer favourable transport links. At 4.80 €/m², the average rent is also comparatively high.

OUTLOOK

Against the background of existing enquiries and the generally positive economic climate, the final quarter of the year looks set to exhibit buoyant activity. The only factor that could hold back the scale of turnover somewhat is the supply bottleneck. From today's angle, though, there are many reasons to expect the whole-year record set in 2011 to be broken, and the 500,000 m² threshold to be passed for the first time ever. The top rent should probably firm up at its present high level, while it seems likely that the average rent will rise modestly.