At a Glance Q3 2016

LOGISTICS MARKET GERMANY

LOGISTICS MARKETS SURGE: NEW TAKE-UP RECORD

The upward trend in the logistics markets in evidence for some time has been continuing. Nationwide take-up in the first three quarters of this year totalled 5.26 million m². This represented a new record and was the first time ever that the 5 million m² mark has been passed as early as the nine-month point. The result exceeded the already excellent prior-year figure by 14% and the long-term average by all of 38%. One factor fuelling this new high was the fact that the owner-occupier proportion of take-up has climbed to almost 50%, something that has helped to offset the shortage of modern ready-to-rent premises that still exists in many locations.

MAIN CENTRES AT PRIOR-YEAR LEVEL

In the key logistics market (Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Leipzig, Munich), take-up so far has amounted to just under 1.86 million m². That is on a par with the prior-year figure and is the second-best result of the past ten years. However, developments varied between the individual centres. The biggest take-up was that registered by Frankfurt, with 469,000 m². That corresponds to a year-on-year rise of 13% and is a new best-ever. It was fuelled substantially by a very large lease for premises of 83,000 m² in Biblis taken out by the firm of Action. Increases were also posted by Cologne, with 145,000 m² (+23%), and Leipzig, with 174,000 m² (+26%). The other major population centres reported turnovers which were slightly lower than the very good results reported the year before, by modest margins of between 8 and 11%. The clear-cut second place goes to Hamburg, with 415,000 m² (-11%). Totals of over 200,000 m² were generated in Berlin, with 265,000 m² (-8%), and Düsseldorf, with 233,000 m² (-9%). At 155,000 m², Munich’s result was just over 11% down on 2015.

NEW RECORD OUTSIDE BIG CITIES

Outside the major cities, markets registered an especially dynamic development, stepping up their combined prior-year result by 23% to slightly over 3.4 million m². That represents a new all-time high and is the first time ever that the 3 million m² point has been passed. In the Ruhr region, turnover has increased more than fourfold, to 737,000 m², with substantial contributions coming from the largest deal of the year, for 220,000 m² in Biblis taken out by Metro, and an owner-occupier transaction by Adam Opel AG in Bochum, with 95,000 m². Among the other regions to post year-on-year increases were Hannover/Braunschweig (242,000 m²), Karlsruhe (258,000 m²), Münster/Osnabrück (188,000 m²) and Bremen (92,000 m²).
NEW-BUILD PROPORTION REMAINS HIGH

Newly built premises represent a growing proportion of aggregate take-up; this trend, already apparent in the first half, has been sustained. The new-build category now accounts for around 75% of all turnover. There are two main reasons for this. One is that many locations exhibit a shortage of available rental premises, especially in the large-unit segment upwards of 5,000 m²; this increasingly makes users dependent on project developments in order to be able to expand. That also impacts on the owner-occupier proportion of turnover, which has risen to around one half. The second reason is that the demands made on the quality of premises are becoming more and more stringent, to an extent that many existing units are unable to satisfy adequately.

BROAD BASIS OF DEMAND

It is gratifying to note that the three most important business sectors have generated turnover-shares that are fairly close to one another. This highlights the fact that the growth in demand is very broadly based rather than shaped by special influences in individual fields. First place in the ranking is now occupied by retailers, which have contributed nearly 36% to the result. It has long been evident that the increasing role played by e-commerce boosts demand, and this trend continues. In second place come manufacturers, with a share of just under 32%, something that reflects the generally positive overall economic development. Completing the leading trio, as expected, are logistics firms, with around 27%. In absolute terms, they generated a very good result, but are now no longer the sole mainstay of demand that they sometimes used to be.

PRIME RENTS STEADY TO RISING

In the past twelve months, rises in prime rents were posted by just under half of the major locations. Berlin registered the biggest increase, of slightly over 4% to 4.90 €/m². In Munich, the top rent climbed by just over 2% to 6.75 €/m², while Leipzig reported a climb of around 1% to 4.40 €/m². In the other main cities, prime rents simply remained steady year-on-year. So Frankfurt is still the second most expensive German location, with 6.30 €/m². The other figures are just as before: Hamburg 5.70 €/m², Düsseldorf 5.40 €/m² and Cologne 5 €/m². In some markets, average rents have also moved slightly upwards.

OUTLOOK

The increase in the significance of logistics properties that has been evident in recent years has actually gained momentum and brought ongoing growth in demand. From today’s angle, all the signs suggest that the final quarter will not bring any change in this respect. Since the availability of modern existing premises remains restricted, many business companies will be obliged to opt for project developments in order to meet their needs for space. So the new-build proportion is set to stay high. For the year as a whole, a new turnover record is already on the horizon, with a result that should pass the 6 million m² threshold for the first time.
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