BEST OPENING QUARTER OF THE PAST DECADE

Following on from a very good 2016, the Berlin logistics premises market also got off to a great start in 2017: take-up in the first quarter was the highest in the last 10 years. At 135,000 m², it not only passed the 130,000-m² mark for the first time but also exceeded the prior-year figure by a handsome 55 %. Market activity in the opening quarter was very buoyant overall, as evidenced for instance by the number of registered deals – the survey covered nearly 30. Another phenomenon is the growing significance of new-build as against existing premises, reflecting the more stringent requirements that users now make on logistics facilities. In the first three months, this produced a new-build volume around twice as high in absolute terms as that seen in the prior-year period and accounting for more than two-thirds of all take-up. So it is hardly surprising that the proportion of modern premises (80 %) and the owner-occupier proportion (31 %) are at a comparatively high level.

RETAILERS MORE ACTIVE THAN EVER BEFORE

It is nothing new for retailers to dominate the business-sector distribution of take-up in Berlin; what is new, though, is that in the opening quarter they did so with a share of more than 71 %, generated by turnover of 95,000 m². This was fuelled not only by a considerable number of new leases, but also by the two biggest deals, concluded by dm and ASOS. The British online trader ASOS, which is having premises of 43,000 m² built for it in Grossbeeren, provides a good example of the great significance of e-commerce companies as major players in the logistics market. Second place in the ranking was taken by manufacturers, with 18 %, while logistics firms are still somewhat under-represented, with only just over 7 %.

BALANCE BETWEEN DEALS BELOW AND ABOVE 20,000 m²

Whereas in the corresponding period of last year, the size-class distribution was confined entirely to the categories below 20,000 m², this year the biggest bracket has up to now accounted for over half of all take-up. In contrast, the second-biggest class, 12,000-20,000 m², has so far not posted any leases. Also worthy of note is the fact that the smallest bracket, of premises up to 3,000 m², accounted for more than 18 % of the total and two-thirds of all registered deals. In the mid-range, leases of between 8,000 m² and 12,000 m² generated nearly 15 %, and the 5,000-8,000 m² class almost 8 %. The remaining slice, of just over 9 %, comprised lettings in the category from 3,000 m² to 5,000 m².
**SUPPLY DEVELOPS IN DIFFERENT WAYS**

Available logistics units in the inner-city parts of Berlin are few and far between, something that has not changed at all so far this year. For users, this often leaves just two alternatives: to prolong their existing lease contract and forgo the idea of relocation/expansion, or else to opt for premises in outlying areas offering good transport connections. The situation in the southern periphery is somewhat different; there, speculative logistics premises are being constructed on a sizeable scale. Examples are the Verdion Airpark in the direct vicinity of the new airport, or the Lilo-Park in the Grossbeeren Freight Village. During 2016, the prime rent in Berlin firmed up, and so stands at the same level as a year ago, 4.90 €/m². On the other hand, the high proportion of modern space in the total take-up has triggered a rise in the average rent, taking it to 4.10 €/m².

**OUTLOOK**

The future continues to look promising for the Berlin logistics market. The main sources of demand are headed by the steadily expanding sector of e-commerce. Another factor is that speculatively built premises due to be completed in the coming quarters will bring modern units onto the market. Against this background, both the prime and average rent could well move higher. Overall, there is a good chance that the half-year point will be able to post another peak balance-sheet.

**Key figures of logistics market Berlin**

<table>
<thead>
<tr>
<th>Trend</th>
<th>Q1 2016</th>
<th>Q1 2017</th>
<th>Trend remaining year</th>
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<tbody>
<tr>
<td>Prime rent</td>
<td>4.90 €/m²</td>
<td>4.90 €/m²</td>
<td></td>
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<tr>
<td>Average rent</td>
<td>3.90 €/m²</td>
<td>4.10 €/m²</td>
<td></td>
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<tr>
<td>Take-up</td>
<td>87,000 m²</td>
<td>135,000 m²</td>
<td></td>
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<tr>
<td>- Thereof owner-occupier</td>
<td>11.0 %</td>
<td>30.7 %</td>
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<tr>
<td>- Thereof new building</td>
<td>50.7 %</td>
<td>66.9 %</td>
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**Logistics region Berlin**

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Further Information: BNP Paribas Real Estate GmbH | Branch office Berlin | Phone +49 (0)30-484 65-0 | www.realestate.bnpparibas.de

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