LOGISTICS MARKET GERMANY

OPENING QUARTER REACHES 1.5 M m² FOR FIRST TIME
Nationwide take-up in logistics and warehouse premises markets in the first quarter totalled 1.5 million m², thus bettering by 2 % the record set just last year and exceeding the long-term average by nearly one third. So the success story of recent years has continued into 2017. Whereas last year’s exceptional result was fuelled above all by a surge in turnover outside the major centres, this year these centres themselves registered an appreciable increase. The trend towards a growing owner-occupier proportion of take-up has also been sustained and helped to boost turnover. Currently this accounts for one half of the result.

MARKED GROWTH IN MAJOR LOCATIONS
In the seven main logistics markets which BNP Paribas Real Estate regularly observes (Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Leipzig, Munich), aggregate take-up rose by over 20 % year-on-year to 623,000 m² – the second-highest total ever after 2011. Apart from Frankfurt (108,000 m²; -36.5 %) and Munich (44,000 m²; -25 %), all the hubs registered increases. Hamburg once again took the top slot, with 165,000 m² (+27 %). In second place came Berlin, with the strong total of 135,000 m² (+55 %). For both locations, the take-up figures represented all-time highs. The same applies to Cologne, with 64,000 m² (+83 %). The biggest climbs were posted by Düsseldorf, with 62,000 m² (+288 %) and Leipzig, with 45,000 m² (+114 %).

SLIGHT FALL IN TAKE-UP OUTSIDE MAIN CENTRES
In contrast to the major agglomerations, turnover in the rest of the country posted a slight decline, of 8 %. But at 879,000 m², the combined result was still the second-best ever, thus fundamentally confirming the upward trend of the past few years. As was to be expected, developments varied between regions. While the Ruhr region set a new record, with 165,000 m² (+27 %), other important logistics regions, like Münster/Osnabrück (63,000 m²; -26 %) or Hannover/Braunschweig (31,000 m²; -54 %), registered sometimes appreciable year-on-year declines – but since some of these had achieved notably high turnover figures in the first quarter of 2016, this was not really surprising.
NEW-BUILD PROPORTION AROUND HALF
In the first three months of this year, newly built premises accounted for just around half (49%) of all take-up. This was somewhat lower than the average of recent years (just over 60%). Despite this just relatively modest result, there are good reasons to expect the new-build proportion to rise in the course of the year. The owner-occupier slice, on the other hand, has expanded by nearly five percentage points compared with last year to around half of all turnover.

DEMAND REFLECTS BRIGHT ECONOMY
Germany’s positive economic development is reflected by the structure of demand for logistics premises. In the first quarter, manufacturing companies headed the business-sector ranking by a wide margin, generating 39.5% of total take-up. In second place, around eleven percentage points down, came logistics service-providers with a share of just over 28%. Completing the leading trio were retailers, which accounted for around one quarter of all turnover. This was considerably less than in the prior-year period, but after all represents just a snapshot three months into the year, and in view of the sustained scale of demand is anyway very likely to rise appreciably during the year. All the other sectors have so far played only a subordinate role.

PRIME RENTS PREDOMINANTLY STABLE
Prime rents in the key logistics centres have largely stayed steady year-on-year. Only two markets exhibited an increase of about 1%. One of these was Munich, still the most expensive location with 6.80 €/m², while the other was Leipzig, where the prime rent now stands at 4.45 €/m². None of the remaining hubs registered any changes in their top rental prices. So Frankfurt is still the next most expensive city, with 5.70 €/m². There is also a five in front of the decimal point in the Rhineland metropolises of Düsseldorf (5.40 €/m²) and Cologne (5 €/m²).

OUTLOOK
The excellent start to the year and the bright economic forecasts, which have just been corrected upwards slightly by some institutes, indicate that the year as a whole will generate another exceptionally strong turnover. There is also the fact that virtually all the key sources of demand are set to generate growth stimuli. This applies especially to the highly dynamic e-commerce sectors and to industry. Against this background, it seems distinctly realistic to expect the 6-million-m² take-up mark to be passed for the second time in a row. But whether a new record is feasible remains to be seen.