YET ANOTHER NEW RECORD: OVER 2 BN € FOR FIRST TIME

The successful course pursued by investment in logistics properties has been in evidence for quite some time now – and in the first three months of 2017 it not only continued but in fact gained in momentum. The nationwide transaction volume of close to 2.15 bn € represented a spectacular new record for any opening quarter. The result exceeded the prior-year total by a handsome 162 % and bettered the ten-year average by all of 185 %. This extraordinary performance was fuelled substantially by an exceptionally large portfolio sale by Hansteen to a Blackstone/M7 consortium, which by itself generated nearly 1 bn €. In view of this, it is hardly surprising that package deals accounted for 61 % of aggregate investment and naturally set a new turnover record. It is therefore even more gratifying to note that single deals also achieved a new all-time high, with 831 m €. This underlines the breadth of demand for logistics assets.

TURNOVER IN TOP LOCATIONS ALSO HIGHER

The key German markets participated extensively in the nationwide boom. With a combined total of over 647 m €, they lifted their prior-year investment volume by 143 %. The highest turnover was registered by the Munich market, which actually tripled its 2016 result to 219 m €. In Frankfurt, which had hardly featured any activity at all in the corresponding period last year, the three-month transaction volume came to 178 m €. Other cities registering appreciable increases were Berlin, with 88 m € (+41 %), and Düsseldorf, with 84 m € (+170 %). The only sizeable decline was that posted by the Hamburg market area, with 50 m € (-33 %). In Leipzig (21 m €), the volume was much the same as the year before.

MAJOR DEALS ACCOUNT FOR BIGGEST SHARE OF TURNOVER

Fuelled by the portfolio sale cited above, the category of transactions in the triple-digit million euro range easily headed the size-class ranking, with a share of over 51 %. Second place was taken by sales of between 25 and 50 m €; this bracket not only strongly expanded its absolute volume but also lifted its relative share slightly year-on-year, to almost 24 %. Completing the top trio was the 50-100 m € bracket, with just over 13 %. Smaller properties of up to 25 m € contributed 11.5 % to the total. So investment in the opening quarter was once again lively in all market segments.
EQUITY/REAL ESTATE FUNDS CLEAR-CUT NO. 1
In the first three months of 2017, market activity was shaped predominantly by two buyers’ groupings. As a result of the major portfolio deal, equity/real estate funds finished well out in front with almost 47 % of all turnover. Way behind in second place, with just over 27 %, came investment managers. The only other category to reach double figures were special-purpose funds, with slightly more than 12 %. Other sizeable contributions were made by insurances (5 %) and corporates (4 %). All the remaining groupings have so far accounted only for minor shares in relative terms – but where the absolute volume is concerned, some have deployed high double-digit millions.

FOREIGN BUYERS GENERATE TWO-THIRDS OF TOTAL
A remarkably high proportion of the total was generated by foreign investors: they were responsible for two-thirds of all turnover. In the portfolio segment, where they are traditionally particularly strong, they accounted for all of 90 %. The single-deal segment, on the other hand, was headed quite clearly by German players, with a share of 71 %. Among the foreign market participants, there was a distinct focus: Anglo-Saxon firms – fuelled above all by the Hansteen portfolio transaction – really dominated activity, accounting for around 62 % of all the capital deployed, corresponding to a volume of nearly 1.32 bn €. All the other international buyers have so far played only a subordinate role.

FURTHER FALL IN PRIME YIELDS
The ongoing strength of demand and the associated competition for attractive premium properties have prompted a further considerable decline in yields in the past twelve months. In the first quarter of 2017, initial yields in most of the key markets slipped below the 5 % threshold for the first time. Net yields in Cologne, Düsseldorf, Frankfurt, Hamburg and Munich now stand at around 4.90 %. In Berlin, the prime yield is somewhat higher, at 4.95 %. The yield in Leipzig, still the most favourably priced of the major locations, has eased to 5.50 %.

OUTLOOK
Although such a large package sale as that posted in the first quarter is naturally not repeated that often, all the signs point to another very good year in the field of logistics investment. Backing this assessment are the general economic conditions and the scale of demand. So there is a very good chance that turnover in 2017 can once again pass the 4-bn-€ mark. But whether it will perhaps prove possible to set a new record for the year as a whole remains to be seen.