The Munich logistics and warehouse premises market got off to just a modest start in 2017. Registered take-up in the first three months totalled only 44,000 m², which was about one quarter down on the comparable prior-year figure and also fell 15 % short of the ten-year average. Nevertheless, it was the third-best result of the past six years. Overall, it would be wrong to talk of any fall in demand. Instead, the main reason for the moderate turnover is that there have so far not been any really large deals – the biggest up to now was the letting of around 12,000 m² to Maytec Aluminium-Systemtechnik in Olching. Other sizeable contracts included a letting to DB Schenker (8,000 m² in Neufahrn) and an owner-occupier deal by outdoor equipment supplier Bergzeit (7,500 m² in Holzkirchen).

First place in the business-sector ranking of take-up was very hotly contested, but was then taken by manufacturers, traditionally a very active category in the Munich market. With slightly over 38 %, they finished marginally ahead of retailers, which generated just under 38 %. It is notable that these sources of demand, which in the past have often been responsible for very large deals, lead the field despite the so-far somewhat small-unit structure of turnover. This underlines the fact that fundamentally demand is distinctly lively. In third place came logistics firms with 23.5 % of the total, more or less on a par with their long-term average.

Although there were no major deals in the category upwards of 12,000 m² in the opening quarter, activity in all the other market segments was relatively lively. The biggest share of take-up was registered by the 5,001-8,000 m² size bracket, with 36 %. Then came the 8,001-12,000 m² class (28 %), and that of premises between 3,000 and 5,000 m² (22 %). Small logistics units of up to 3,000 m² accounted for just 15 %, a much lower proportion than in the corresponding period last year. One reason for this is that particularly within the municipal boundaries, hardly any sites for new logistics facilities are available, because competition with residential and office forms of occupancy has intensified sharply.
SLIGHT RISE IN RENTAL PRICE LEVELS

In spite of the relatively reticent start to the year, rental price levels have risen modestly: in the opening quarter, climbs of around 1% in each case were registered by prime (6.80 €/m²) and average rents (5.85 €/m²). This consolidates Munich’s position as Germany’s most expensive logistics market. The chief reason for the development is the ongoing shortage of existing stocks of space, especially in the large-premises segment. That often leaves just a choice between new-build projects or built-to-suit solutions. In the first three months, this was highlighted by a marked increase in the new-build proportion of take-up, to over 62%, and the increased significance of owner-occupier deals, which contributed more than 28% to aggregate turnover.

OUTLOOK

Against the background of the favourable general economic climate and Munich’s dynamic development as a business centre, demand for logistics and warehouse premises is set to be good overall during the rest of the year. However, turnover could be held back by the scarcity of supply and the fact that land prices here are high by nationwide standards. At the same time, there are many signs that the owner-occupier proportion will continue to increase. For the year as a whole, it seems realistic to expect a take-up volume in line with the average of the past five years, something which – in view of the current market situation – should be considered a definite success.