Outstanding First-Half Result

After starting the year somewhat reticently, the Munich logistics and warehouse premises market really picked up speed in the second quarter to generate the best half-year take-up of the past 5 years with a total of 129,000 m². That represented a year-on-year increase of nearly 22% and exceeded the ten-year average by close to 6%. The buoyant market activity was shaped both by ongoing strong demand and by a temporary expansion in the availability of existing large-unit, modern premises in favoured parts of the surrounding region. This permitted the conclusion of several large deals, such as the lease signed by logistics service-provider Rhenus Home Delivery for premises of 40,000 m² in Neufahrn near Freising, one of the biggest lettings of recent years. Substantial contracts were also concluded by Maytec Aluminium Systemtechnik in Olching (14,000 m²) and DB Schenker in Neufahrn (8,000 m²).

New Business-Sector Leader

Whereas logistics firms had not put in much of an appearance in the prior-year period, the major deal referred to above enabled them to regain the lead in the business-sector ranking with a share of almost 44%. Then, fuelled by slight growth in take-up, came manufacturers, with just under 36%. In third place came the prior leader, the retail sector, whose activity was confined to the small and mid-range size segment. This meant that it had to be content with a share of slightly over 16%, corresponding to a marked year-on-year fall of 26 percentage points. The collective category of all the other types of business enterprises accounted for only about 5% of aggregate take-up.

Balanced Demand

The good and broad basis of demand is reflected by the way take-up is spread across the different size classes. With one exception, all of these contributed to turnover, with each generating a double-digit percentage share of the total. Together, the two large-volume size categories accounted for more than half of aggregate turnover: the class upwards of 20,000 m² produced 31% and the 12,000-20,000 m² bracket 22%. Deals between 3,000 and 5,000 m² accounted for more than 20%. Then came the small-unit segment of premises up to 3,000 m², with around 15%. The smallest proportion was posted by the 5,000-8,000 m² class, with 12%.
SUPPLY IN CENTRAL LOCATIONS SCARCE

The tight situation in the Munich real estate market is intensifying, with the central areas getting closer to full occupancy. Against this background, warehouse and logistics premises increasingly have to make way for other forms of utilisation, such as residential or office, and that pushes this sector out into the environs. This makes things difficult especially for e-commerce firms, which in the face of greater pressure on delivery times are more and more eager to move into locations closer to the main municipal areas. To relieve this situation, new logistics concepts such as multi-storey warehouse premises are attracting interest. The disparity between supply and demand has prompted a rise in rental price levels: the prime rent and the average rent have both climbed slightly, producing current figures of 6.85 €/m² and 5.85 €/m² respectively.

OUTLOOK

The Munich logistics premises market can look back on an excellent first half. Some large-unit contracts were concluded – and others are due for signing soon. Another factor is that the economic framework remains favourable. This strengthens demand and suggests that the result for 2017 as a whole will be on a par with that registered last year (297,000 m²). This will probably make available space in outlying locations even scarcer and lead to a further increase in rents.