At a Glance Q3 2017
LOGISTICS MARKET GERMANY

HIGH TAKE-UP OF SPACE ONCE AGAIN
The German logistics markets have been in good shape so far this year, although the interim result falls almost 17% short of the record take-up reported for the corresponding period last year. 4.38 million m² nevertheless represents a very good result which is almost 14% above the ten-year average. This also underscores the fact that demand remains very buoyant as a whole. The decline in take-up is attributable to two main factors. Firstly, the unusually high number of very large deals which came about last year cannot be repeated every year. And secondly, take-up has been constrained in part by an inadequate supply of sites and the fact that sites in more central locations are frequently too expensive.

CONURBATIONS ALMOST ON A PAR WITH LAST YEAR
Take-up in the most important logistics markets (Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Leipzig, Munich) totals 1.83 million m², which is almost on a par with last year’s performance. Substantial differences were to be observed between the different market territories, however: Frankfurt leads the rankings once again with 462,000 m², which roughly corresponds to last year’s figure. An increase of almost 44% which was driven by a number of major leases has propelled Berlin into second place with 381,000 m². Hamburg dropped down into third place, with a take-up of 321,000 m² (-23%). Hamburg is afflicted particularly severely by an inadequate supply of sites. Düsseldorf and Munich remain roughly on a par with last year, at 228,000 m² (-2%) and 162,000 m² (+5%) respectively. Cologne shows a significant rise in take-up, at 192,000 m² (+32%). The largest drop applies in Leipzig, with 83,000 m² (-52%), where there have been no major deals to date.

TAKE-UP AVERAGE OUTSIDE OF MAJOR LOCATIONS
A noticeable decline in take-up was to be observed in locations outside of the key logistics hubs. At 2.55 million m², these locations are down by around a quarter on last year’s figure. This result is nevertheless roughly on a par with the average for the past five years. A markedly smaller number of very large-volume deals has had a particularly telling impact here. A case in point is the Ruhr area, with 341,000 m² (-54%), where a number of mega deals were closed last year. Other regions with notable take-up volumes include Kassel/Bad Hersfeld (140,000 m²), Mannheim (128,000 m²), Münster/Osnabrück (127,000 m²) and Hannover/Braunschweig, with 120,000 m².
**LARGE SHARE FOR LETTING MARKET**

Letting contributes by far the largest share to overall take-up, at over 62%. In contrast, owner occupiers account for the lowest share of the past five years, at 38%. This is attributable on the one hand to the fact that a disproportionately large number of large central warehouses have been built for wholesale/retail and manufacturing companies in recent years, which naturally results in fluctuations between the individual years. On the other hand, this low share also indicates how companies are increasingly reticent to tie themselves to a specific location over the long term, as supplier relationships and contractual constellations are subject to an ever faster pace of change. A further consequence of this situation is that the share of newly built space has fallen somewhat in comparison to recent years and currently stands at only 57%.

**LOGISTICS FIRMS LEAD THE FIELD ONCE AGAIN**

While wholesale/retail and manufacturing companies were responsible for an above-average share of total take-up in the last two years, logistics firms now lead the rankings once again. At 38.5% they are roughly on a par with their multi-year average. Manufacturing companies follow up in second place, contributing a good 30% share, which is around five percentage points above their multi-year average. This performance is accountable not least of all to the positive general economic setting, from which industrial companies benefit particularly strongly. Wholesale/retail companies, which ranked first last year, drop to third place with a share of around 24%. As e-commerce companies, which require more central locations for the so-called last mile, are increasingly competing with other types of use for the few available sites, it is no longer possible to satisfy the demand from all quarters here.

**PRIME RENTS ON STABLE TO GENTLY UPWARD TREND**

Rents have remained stable in most locations since the beginning of the year. Slight rises in the prime rent are to be observed in Munich (+1.5%) and Berlin (+2%), however. In the German capital in particular, the marked increase in take-up has prompted a noticeable rise in rents. Munich remains the most expensive location, with a prime rent of 6.85 €/m², followed by Frankfurt on 6.30 €/m². Hamburg takes third place with 5.70 €/m², ahead of Düsseldorf on 5.40 €/m². The 5.00 €/m² mark has been attained for the first time in Berlin, pulling the capital level with Cologne. Leipzig remains the least expensive option (4.45 €/m²).

**OUTLOOK**

The essentially strong demand will continue in the final quarter, underpinned not least of all by the highly positive prospects for the economy as a whole. In addition, a number of large deals are imminent and likely to be concluded by the end of the year. In the light of this situation, we expect an above-average annual result once again, which in all likelihood will top the 6 million m² mark for a second time. As things stand, however, it is unlikely that the record set last year will be equalled again or even surpassed.