After a strong second quarter, calm has returned to the market. Take-up in the market for logistics and storage space totalled 162,000 m² in the first nine months. While this represents a slight rise of 4.5% compared to the corresponding period last year, it nevertheless falls short of the ten-year average by a good 15%. This comparatively moderate result is attributable not to a lack of demand, however, but rather to the continuing limited supply. While high land prices often limit the construction of new space at locations in the surrounding area, in the municipal area intensifying competition with other types of use is to be observed for the few remaining sites. E-commerce companies seeking more central locations for the so-called last mile would be likely to occupy substantially more space if a corresponding supply were available. The biggest leases include 40,000 m² for Rhenus Home Delivery in Neufahrn, a let of 14,000 m² to Maytec Aluminium Systemtechnik in Olching and 9,300 m² taken up by the Dachser Group in Kirchheim.

Similarly to last year, logistics firms account for the largest share of total take-up by far. At over 47%, their contribution this year is particularly pronounced, however. Second place goes to manufacturing companies, whose share is also higher than last year, at a good 32%. This move up the rankings is primarily attributable to the relatively weak performance of wholesale/retail companies, which contributed over 30% to the result last year, while at present they are only accountable for a good 14%. This highlights the shortage of available space, which is particularly pronounced in the municipal area. Had an appropriate supply of space been available, wholesale/retail would undoubtedly have contributed more to the total take-up. All the other sectors, which also include construction, have amassed only 6% to date.

In contrast to last year, one major deal over 20,000 m² has already been reported, as a result of which this size category has the greatest share in total take-up, at around one quarter. The fact that the category up to 3,000 m² follows up in second place on a good 20% underscores the brisk market activity in the small-volume segment which has already been observable in the past few quarters. The categories from 3,001 to 5,000 m² and between 12,000 and 20,000 m² each contribute a share in the order of 18%. Demand is thus relatively broadly spread.
Continuing supply shortage

Although somewhat larger premises have been completed in isolated instances in Munich’s surroundings, the overall supply situation remains very tight, and is particularly constrained in the area surrounding Munich to the east and in the municipal area. In the light of this situation, it is no surprise that both the owner-occupier contribution (a good 12%) and the share of newly built space in the total take-up (just under 30%) are markedly lower than in many other German locations. This gives rise to an overall slight increase in rents. While the prime rent has remained unchanged at 6.85 €/m² since the middle of the year, it should only be a question of time before it reaches the 7 €/m² threshold, and this is likely to occur next year at the latest.

Outlook

The essential underlying conditions will remain unchanged in the coming quarters. Given the good general economic situation, demand may generally be expected to remain high and may even increase slightly. As a further decline in the supply of space is likely, it will not be possible to satisfy all requirements for premises, as a result of which take-up will be lower than would actually be expected in view of the prevailing demand. The year as a whole should nevertheless finish well above the 200,000 m² mark. In the light of this situation, there is every likelihood that both the average and prime rents will rise in the coming quarters.