TOP RESULT IN THE LOGISTICS INVESTMENT MARKET
Following the record turnover in the first quarter of 2017, the logistics investment market has again produced an excellent result. In total around 1.70 bn € was invested in logistics properties in the first three months of 2018, which is the best figure after the all-time high set in the previous year. However, this year a new record can only be reported for single sales which, with over 950 m €, total more than ever before and contribute well over half of the result (56 %). Accordingly, the volume only reduced in the portfolio segment, which is not surprising, though, bearing in mind the fact that there were a few major packages in the same period of the previous year. The sale of the Hansteen portfolio to a consortium comprising Blackstone and M7 alone contributed just under 1 bn € to the previous year’s quarterly figure. By far the biggest deal in the current quarter is the sale of the German Alpha Industrial portfolio to Frasers Property for over half a billion euros.

MIXED DEVELOPMENT IN TOP LOCATIONS
Logistics investments developed very differently in the major investment locations. This is not unusual, though: Fluctuations are often seen due to the supply situation, higher volumes would be possible in all locations if it were down to demand alone. The top locations total just under 750 m €, which is higher than the previous year’s figure (+14 %), whereby Berlin holds the lead thanks to a major deal with 219 m € (+149 %). Munich again generates a high turnover with 175 m €, although this equates to a reduction of 20 % compared to the top figure achieved in the previous year. Hamburg has also beaten the 100 m € mark (146 m €). They are followed by Düsseldorf (94 m €), Frankfurt (68 m €) and Stuttgart (30 m €). In Cologne (11 m €) and Leipzig (4 m €) no major logistics investments have been registered to date.

MAJOR DEALS GENERATE BIGGEST SHARE OF TURNOVER
Although deals above 100 m € again make the biggest contribution to volume (44 %), they are less dominant than in the previous year. A significant amount of turnover was also generated in the second-smallest category between 10 and 25 m € (21 %), followed by deals between 50 and 100 m € (15 %) and between 25 and 50 m € (12 %). Sales below 10 m € complete the distribution with 8 %.
LISTED REAL ESTATE COMPANIES/REITS WITH ONE THIRD

With the acquisition of Alpha Industrial assets by Frasers Property, listed real estate companies/REITs are the clear number one among buyer groups in the first quarter. They account for around one third of the result. However, logistics assets are sought after by a wide range of investor types, as shown by the remaining distribution: Places two to four are taken by investment/asset managers (15%) which act on behalf of a number of investors, and special-purpose funds and equity/real estate funds (with 13% each). Pension funds and corporates have also made extensive investments (both 8%). Property developers have also secured a large piece of the cake with 6%.

FOREIGN BUYERS PARTICULARLY ACTIVE

Compared to the commercial property market as a whole, foreign investors are particularly active in the logistics segment. In the first three months of the current year they again account for well over half of the volume (64%), headed by Asian buyers (30%) due to the purchase by Frasers. North American investors have also made extensive purchases and contribute just over a quarter of the result. Buyers from the rest of Europe on the other hand are currently under-represented with slightly less than 7%. Investors from the Middle East account for a further 2%. In particular the portfolio segment is traditionally dominated by foreign buyers, here their share is currently over 90%.

PRIME YIELDS STABLE AFTER PLUMMET

After more and more investors discovered logistics properties as an asset class with comparatively attractive returns, prime yields have experienced considerable yield compression. Since the end of 2013 they have fallen on average by around 220 basis points across all locations. In the first quarter of 2018 the yields stabilised at the level reached. Accordingly, the net prime yields in Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Munich and Stuttgart remain in each case 4.50%. Only Leipzig has a more favourable net prime yield with 4.90%.

OUTLOOK

The logistics investment market is ready for another extraordinarily good year. The previous year’s result of more than 9 bn €, which was boosted by several transactions from pan-European logistics platforms, is unlikely to be repeated, though. However, as things stand, there is much to suggest that the 5 bn € mark can be beaten.