RESEARCH

Real Estate for a changing world

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Very reasonable start to the year

With a take-up of 133,000 m², the Frankfurt market for logistics and warehouse space has again made a strong start to the year and beat the previous year’s result by 23% and the ten-year average by 16%. It also held onto its lead position among the major German logistics locations. A good result was recorded in both the small and large-scale segments, underlining the fact that demand remains strong in all submarkets. Frankfurt is benefiting from the positive development of the economy and continues its recent growth in importance as a logistics location. The biggest deal to date was registered in Rodgau, where toom Baumarkt has leased around 30,000 m². A logistics firm has secured 15,000 m² in Biblis and the online retailer Gorilla Sports has signed a deal for 15,000 m² in Groß-Gerau.

Logistics firms reclaim top spot

With almost 41% of take-up, logistics firms, which are traditionally strong in the Frankfurt market region, have reclaimed top spot among all sectors from retail companies, which made the much better start in the previous year. Retail companies were again one of the most important demand groups in the first three months of this year, though, and are close behind in second place with 39%. As expected, the leading trio is completed by manufacturing companies with 11%. Manufacturing has long played a much smaller role in the Frankfurt market region than in other locations.

Demand in all market segments

The broad distribution across the different size categories is also a sign of the market’s stability and strong demand base. Deals up to 3,000 m² make the biggest contribution to the result with around one quarter of take-up. The two biggest categories between 12,000 and 20,000 m² and above 20,000 m² follow close behind, each accounting for just under 23%. Deals between 3,000 and 5,000 m² also make double figures with almost 14%. Only the middle categories between 5,000 and 12,000 m² lag some distance behind.
RENTS MAINLY STABLE

Rents have been stable in the first quarter. The top rent remains 6.30 €/m², while the average rent, which had risen slightly during the last year, is currently in the region of 4.90 €/m². The new-build share of take-up is just under 39 % and has therefore risen significantly compared to the previous year. Due to the completion of a few speculative projects, it is pleasing that a slight increase in supply has been seen in this market segment. The share of owner-occupiers is very low with 11 % and continues the trend seen throughout the previous year, for which not least the difficult land situation is partly responsible.

OUTLOOK

It is expected that demand will remain busy in the coming quarters and this should also be reflected in strong take-up figures. However, it is unlikely that the record set in the previous year can be achieved again. Currently a result between 400,000 and 500,000 m², and therefore around the average for the last ten years, is the most likely scenario. The overall supply should increase slightly due to a few completions. Nevertheless, the shortage particularly in the more central locations will remain. Against this background, a slight increase in rents cannot be ruled out.