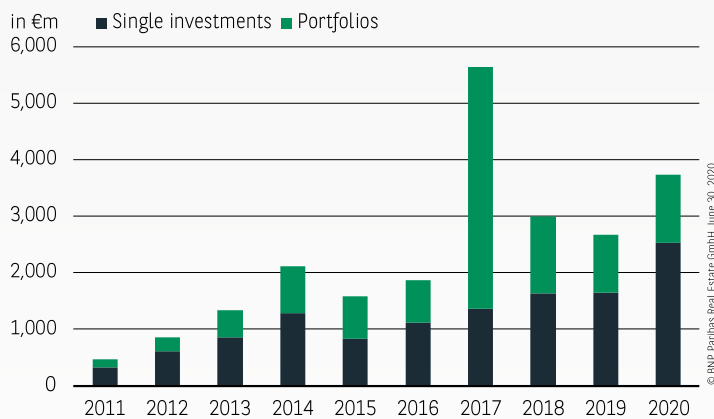




At a Glance **Q2 2020**

# LOGISTICS INVESTMENT MARKET GERMANY

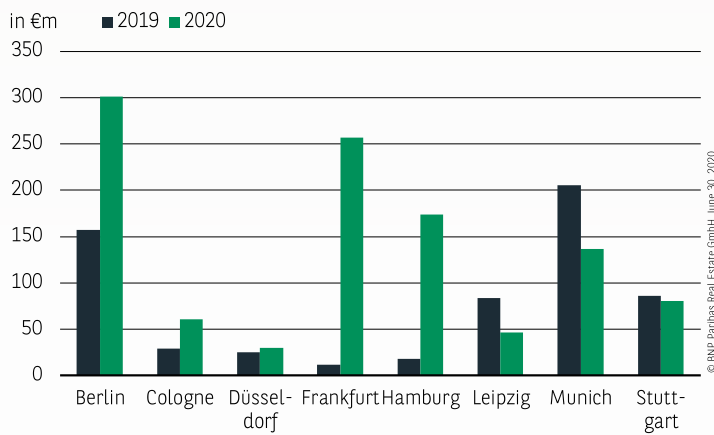
## Logistics investments in Germany H1



## LOGISTICS INVESTMENTS DEFY THE CRISIS

The market for logistics investments was still relatively unaffected by the Corona crisis in the first half of the year. With a transaction volume of €3.74 billion, the long-term average was topped by an impressive 61%, so that the bottom line is the second-best half-year result ever. Although the record start to the year in Q1 contributed significantly to above-average performance, the second quarter in itself, at €1.42 billion, is anything but an indication of a market on the back burner. The current quarterly result is significantly lower than the average of the past ten quarters, but at the same time is in keeping with the tradition of the market regularly flattening out somewhat in the middle of the year. If one takes only Q2 results as a basis for comparison, then this is the second best result of all time. Meanwhile, the very high share of individual transactions, at just under 68%, is striking. Among other things, no fewer than seven transactions above the €100 million mark catapult the sales volume to a hefty €2.53 billion, thus setting a new record.

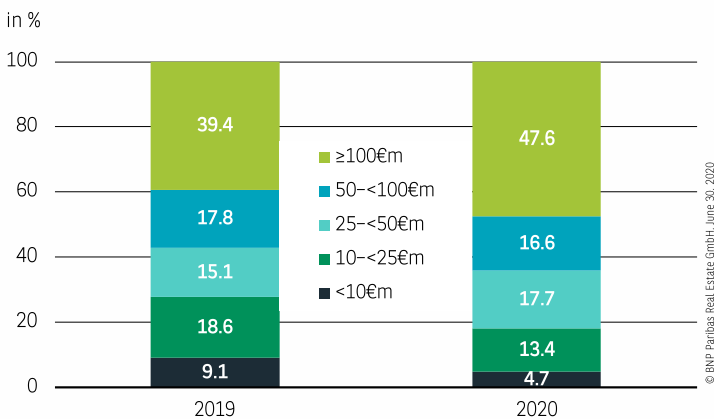
## Logistics investments in important markets H1



## FRANKFURT WITH RECORD HALF-YEAR

The major investment locations offer a mixed picture at the half-year point. Frankfurt, for example, had its best half-year to date with a total of €257 million, largely due to the purchase of part of the Neckermann site by Interxion. Berlin (€301 million) and Hamburg (€174 million) are also showing strong growth. However, the latter's result is based entirely on first-quarter revenues, so that despite an outstanding start to the year, a new record was missed by mid-year. Meanwhile, Munich recorded a significant year-on-year decline in turnover (€ 136 million; -34%), although the downturn reads more dramatically than it actually is, as the result is roughly in line with the long-term average. The situation in Leipzig is similar. At €47 million, sales were a good 44% lower than in the previous year, but the result is nevertheless almost a third above the long-term average.

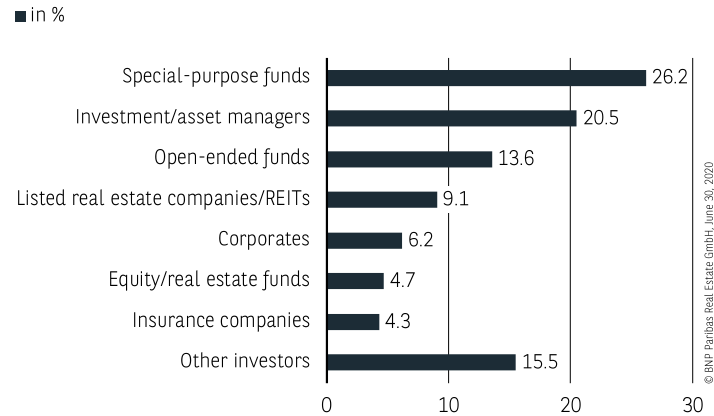
## Logistics investments by € category H1



## LARGE DEALS DOMINATE

The distribution of sales by size category clearly shows that large deals dominated the first half of the year. Both proportionately and in absolute terms the segment above €100 million is at the second-highest level ever registered. A significant proportion of this is due to an unusual accumulation of individual transactions in the three-digit million range, the like of which has never been seen before at the half-year stage.

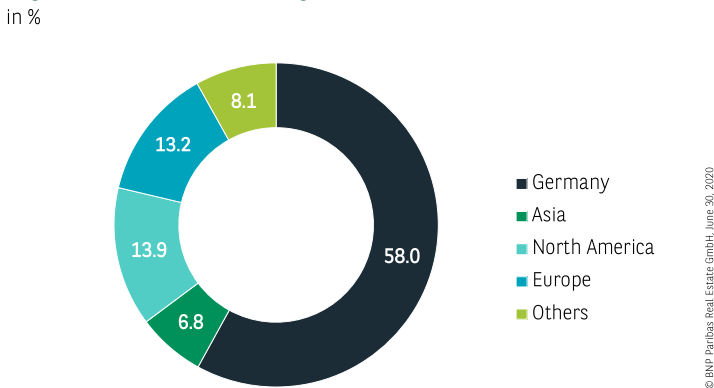
**Logistics investments by buyer group H1 2020**



**LOGISTICS GROWS IN ATTRACTIVENESS**

As there have only been isolated tenant defaults to date, logistics investments have proved extremely robust compared with other asset classes in the wake of the Corona pandemic. Despite the general crisis environment, they have even become more attractive for a large number of investor types. It is therefore not surprising that the spectrum of buyers remained extremely diversified at the end of the second quarter. Special-purpose funds were the most active in the first half of the year (26%), followed by investment managers (20.5%) and open-ended funds (14%) by a considerable margin. Other significant shares were held by listed real estate companies/REITs (9 %), Corporations (6%), equity/real estate funds (5%) and insurance companies (4 %). The fact that 15.5% of investment turnover is attributable to the collective category „other investors“ is further proof that the range of buyers has broadened considerably compared with previous years.

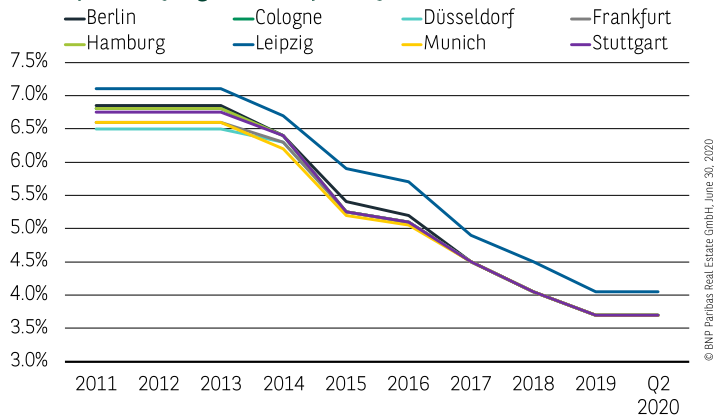
**Logistics investments by origin of capital H1 2020**



**GERMAN INVESTORS SET A RECORD**

The market for logistics investments has been shaped by foreign investors more than any other asset class in recent years, yet the balance of power has now been reversed. With revenues of €2.2 billion or 58 % of the total, German investors have pumped in more capital than in any other first half of the year. By way of comparison: the long-term average is just €1 billion. The most active foreign group is North American buyers (14%), closely followed by Europeans (13%). Asian investors, who so often appeared in past purchases of large pan-European portfolios, have been relatively inactive (7%).

**Development of logistics net prime yields**



**YIELDS REMAIN STABLE**

After slight price rises were discernible at the beginning of the year, no significant adjustment processes have been observed since the beginning of the Corona crisis. Accordingly, net prime yields for logistics properties in major locations remain stable at 3.70% and 4.05% in Leipzig.

**OUTLOOK**

During the Corona crisis, logistics investments scored among investors looking for stability, which is why demand remains high. Nevertheless, the possibility cannot be ruled out that, after a while, a minor downturn in sales will make itself felt. At the peak of the lockdown, some transactions were suspended, only now gradually moving towards the finish line. It remains to be seen whether the €7 billion mark will be broken for a fourth time in a row by the end of the year, which does not seem unlikely at present.

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