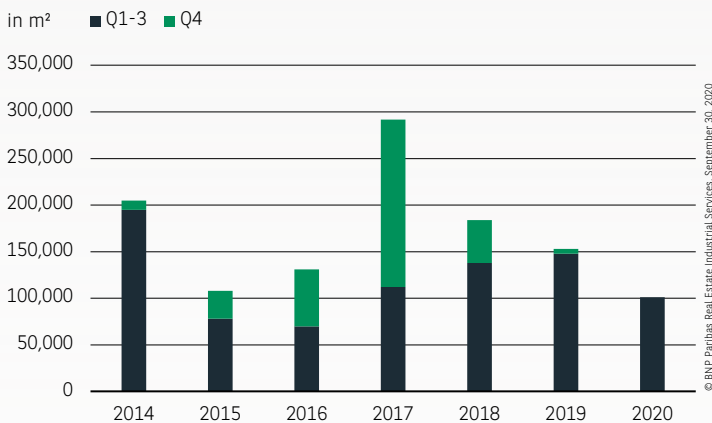


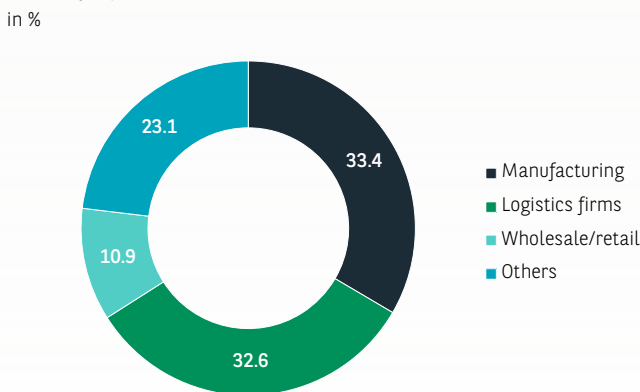
At a Glance Q3 2020

LOGISTICS MARKET STUTTGART

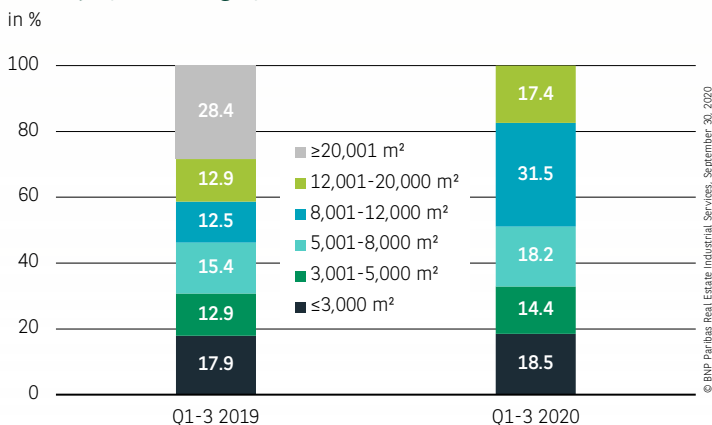
Light industrial and logistics take-up



Take-up by sector Q1-3 2020



Take-up by size category



UPWARD TREND IN THE THIRD QUARTER

While the half-year result clearly mirrored a below-average take-up due to the massive effects of the lockdown, a slight upward trend was observed in the third quarter. From July to September a total of 36,000 m² of warehouse and logistics space was taken up in the market area, which is comparable e.g. with the third quarters of 2017 and 2018. This brought the total take-up in the first three quarters of 2020 to around 101,000 m² (-32 %), the lowest figure in the last four years. However, if taken into account that no large contract over 20,000 m² has been registered yet, the result is put into perspective. If one considers only the size categories up to 20,000 m², the current take-up is roughly at the same level as last year. In a nationwide comparison, Stuttgart is thus in a similar range to Düsseldorf and Cologne. The largest deals include a 17,500 m² lease from the public sector in Korntal-Münchingen and a 10,600 m² lease from the logistics firm Elflein in Böblingen.

MANUFACTURING AND LOGISTICS FIRMS HEAD-TO-HEAD

When it comes to the distribution of take-up among the individual sector groups, manufacturing companies and logistics firms jointly lead the field with a share of around one third each. Amongst the manufacturing companies, a deal done by the DRÄXLMAIER Group over 6,200 m² in Sachsenheim stands out. The result of the logistics firms was driven by the aforementioned Elflein contract as well as an owner-occupier deal of Wüst forwarding agency with 10,500 m² in Heilbronn. Retail companies ranked third, contributing 11 % to the result. The relatively high share of the general group Others is most of all backed by the public sector lease mentioned above.

ACTIVITY IN THE SMALL AND MEDIUM SEGMENT

Due to the lack of large deals over 20,000 m², small and medium-sized contracts have dominated the market so far. The very balanced distribution across all size categories is particularly striking, which indicates a fundamentally broad demand base. Although the class between 8,000 and 12,000 m² is clearly in the lead with a 31.5 % share of take-up, all other size segments have contributed between 14 and just above 18 % of total take-up. This also applies to small contracts of up to 3,000 m².

Major contracts Q1-3 2020

Quarter	Company	Location	Area (m ²)
Q1	Public sector	Korntal-Münchingen	17,500
Q3	Elflein	Böblingen	10,600
Q1	Wüst	Heilbronn	10,500
Q2	DRÄXLMAIER Group	Sachsenheim	6,200
Q1	Kemmler Baustoffe	Reutlingen	6,000

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Key figures logistics market Stuttgart

	Q1-3 2019	Q1-3 2020	Trend remaining year
Prime rent	7.00 €/m ²	7.00 €/m ²	➔
Average rent	5.40 €/m ²	5.40 €/m ²	➔
Take-up	148,000 m ²	101,000 m ²	➡
- Share of owner-occupiers	16.8 %	39.3 %	➔
- Share of new buildings	42.4 %	44.4 %	➔

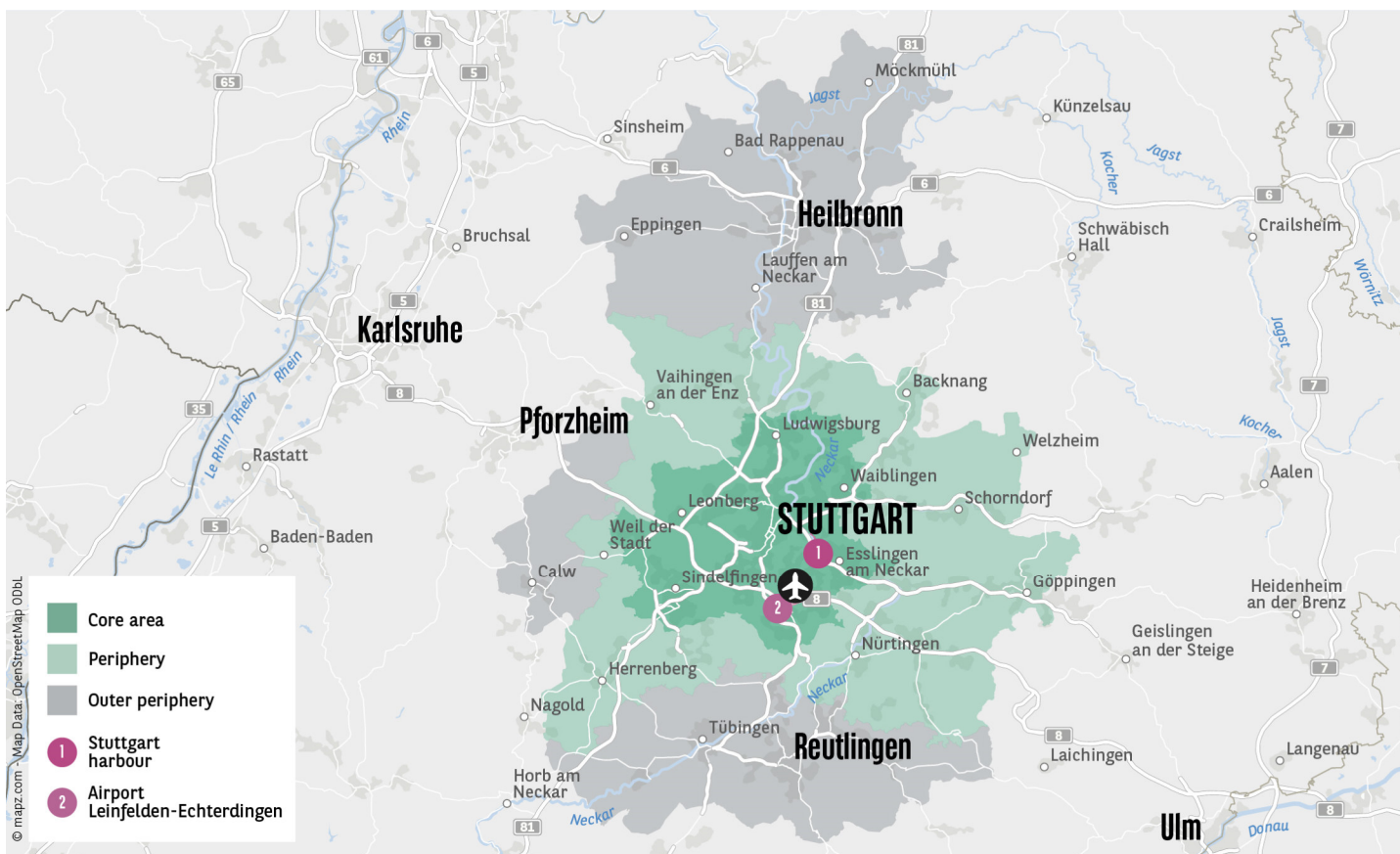
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OWNER-OCCUPIER SHARE INCREASED

The basic problem of the Stuttgart logistics market, namely scarcely available plots of land on which project developers can provide new space, continues to exist. This is also a reason why the owner-occupier share has risen to 39 % in the current year. Companies often have no choice but to have space built for themselves. As a result, the share of new construction remains high at 44 %. Rents are currently stabilising at the level we have seen in the past months, so that the prime rent is unchanged at 7.00 €/m². The average rent is still at 5.40 €/m².

OUTLOOK

The slight upward trend in the third quarter suggests that market sentiment has improved noticeably and a major step towards normality has been taken. It remains to be seen whether this trend will continue in the final quarter against the background of the current development of the infection situation. It is undisputed, however, that the adjustment processes in the automotive industry, which is particularly important for Stuttgart, will continue to have an impact on the market. Accordingly, it is uncertain whether the previous year's take-up can be achieved again in 2020. Nevertheless, the very tight supply situation suggests that further slight increases in rents are likely in the coming quarters.



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