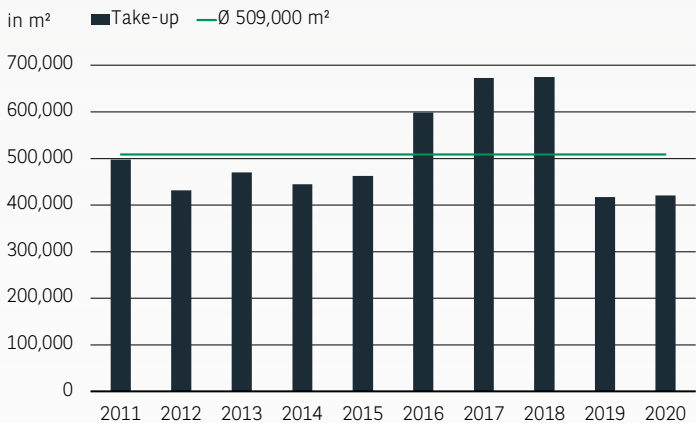




At a Glance **Q4 2020**

# LOGISTICS MARKET FRANKFURT

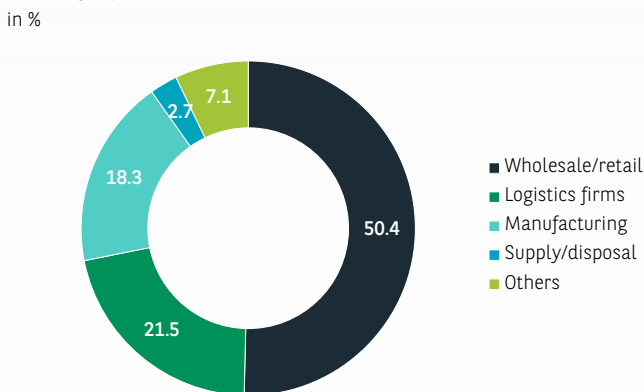
### Light industrial and logistics take-up



### ▶ TAKE-UP AT PREVIOUS YEAR'S LEVEL

A take-up of 421,000 m<sup>2</sup> was registered on the Frankfurt logistics and storage market in 2020. The result is roughly on a par with the previous year (+1%). In a nationwide comparison, only Hamburg and Berlin recorded higher take-up. After a noticeable drop in demand in the course of the first lockdown, interest among occupiers picked up again significantly over the course of the year. This is also indicated by the take-up in the fourth quarter, which at 88,000 m<sup>2</sup> was around two-thirds higher than in the same period of 2019. In particular, large-scale requirements and demand for special properties, e.g. cold storage or water hazard classified halls, have recovered quickly and are back at pre-Corona levels. In addition to the traditionally popular locations near airports and cities, the north-south axis "Rhine-Main/Rhine-Neckar area" as far as Kaiserslautern is increasingly coming into focus. The most important deals include an owner-occupier deal by Lidl for 50,000 m<sup>2</sup> in Erlensee and two lettings by Amazon in Mörfelden (27,000 m<sup>2</sup>) and Bingen-Grolsheim (15,000 m<sup>2</sup>).

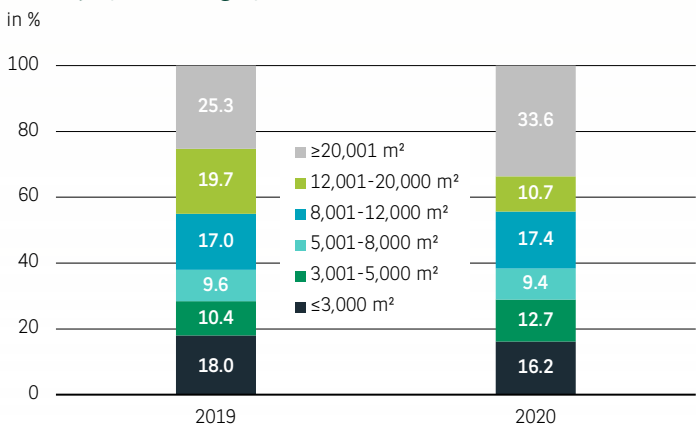
### Take-up by sector



### ▶ WHOLESALE/RETAIL COMPANIES CONQUER THE LEADERSHIP

In the Frankfurt market, too, wholesale/retail companies are contributing disproportionately to the continuing high demand. Both companies from the e-commerce sector and the food industry can be seen as winners of the Corona pandemic and are also likely to require extensive additional space in the medium term. Against this backdrop, it is not surprising that they accounted for around half of the total take-up and thus took the lead for the first time. They are followed in second place by the usually dominant logistics firms, which with a take-up share of 21.5% only achieved about half of the long-term average. The leading trio is completed by industrial companies, which account for 18% and are thus at the usual level.

### Take-up by size category



### ▶ STRUCTURE OF THE DEALS HARDLY CHANGED

The fact that demand has now fully recovered from the brief shock as a result of the first lockdown is also shown by the size structure of the deals, which is well comparable to 2019. With around one third, the large leases over 20,000 sqm, which are traditionally important in Frankfurt, were able to secure their top position in 2020. However, smaller lettings of up to 5,000 m<sup>2</sup> also continue to play an important role and once again contributed 29% to total take-up. Thus the rise in market activity in the second half was recorded across all size segments.

## Major contracts

Quarter	Company	Location	Area (m <sup>2</sup> )
Q2	Lidl	Erlensee	50,000
Q1	E-commerce company	Hammersbach	37,500
Q4	Amazon	Mörfelden	27,000
Q4	ID Logistics	Ginsheim-Gustavsburg	16,000
Q3	Amazon	Bingen-Grolsheim	15,000

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## Key figures of logistics market Frankfurt

	2019	2020	Trend 2021
Prime rent	6.60 €/m <sup>2</sup>	7.00 €/m <sup>2</sup>	↗
Average rent	5.10 €/m <sup>2</sup>	5.30 €/m <sup>2</sup>	↗
Take-up	417,000 m <sup>2</sup>	421,000 m <sup>2</sup>	→
- Share of owner-occupiers	33.8 %	26.2 %	↘
- Share of new buildings	57.0 %	53.4 %	↗

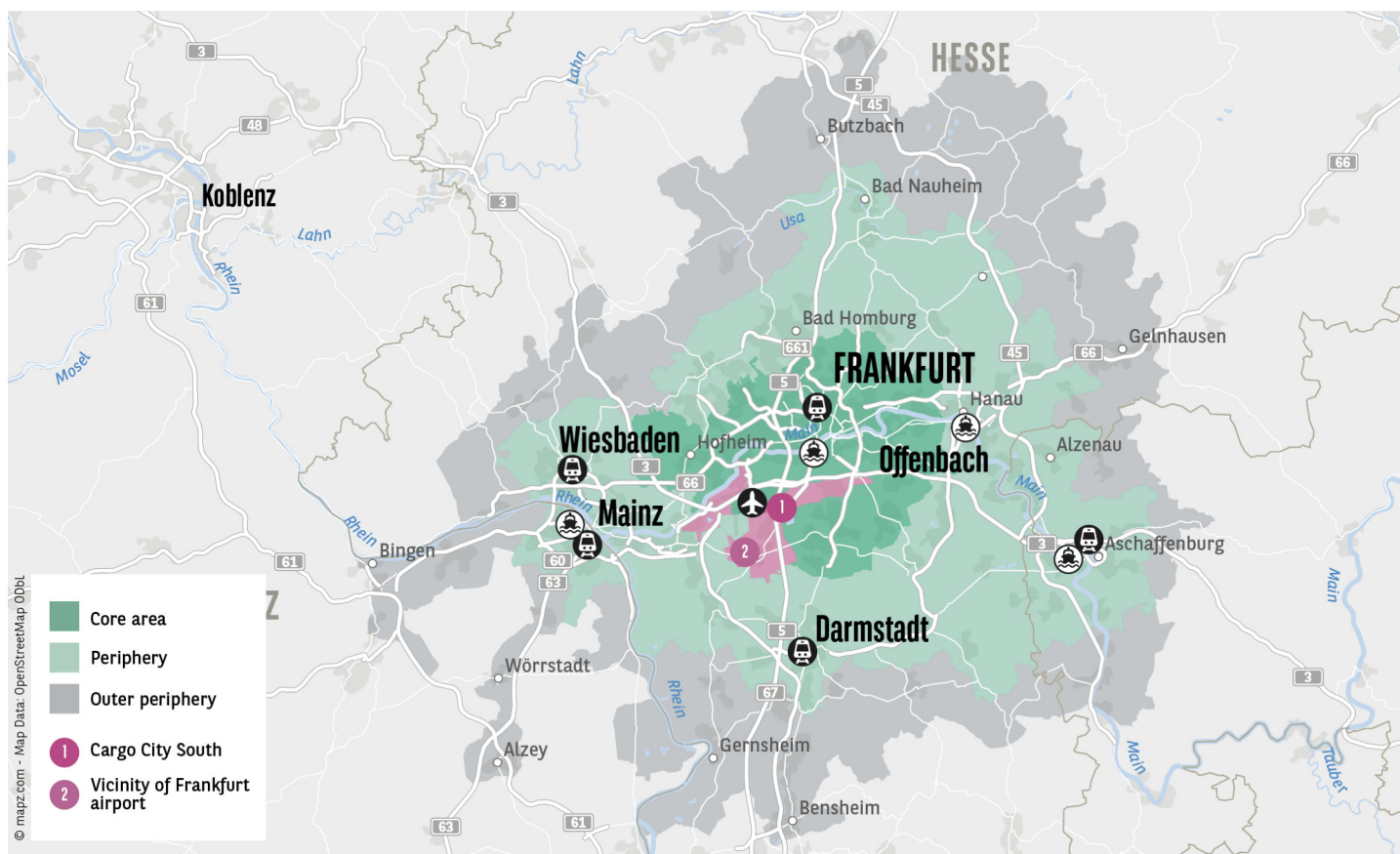
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## RENTS HAVE INCREASED SIGNIFICANTLY

Rental prices continued to move upwards in 2020 despite the Corona crisis. The prime rent rose by an impressive 6 % to 7.00 €/m<sup>2</sup>, which puts Frankfurt in second place in the national ranking together with Munich and Stuttgart. The average rent rose by 4 % to 5.30 €/m<sup>2</sup>. Even though the supply of space might increase somewhat in the coming quarters due to a number of new project developments, the limited availability of vacant space, particularly in the modern market segment, suggests that rents will continue to rise in the current year.

## OUTLOOK

The signs for the Frankfurt logistics and storage market are also positive for 2021. In addition to the already strong sales in e-commerce and growing space requirements in connection with last-mile logistics, many logistics firms have already adapted to the changed framework conditions. In conjunction with an overall economic upturn expected over the course of the year, it can therefore be assumed that take-up will be at least comparable to 2019, if not higher. A result in the range of the long-term average of around 500,000 m<sup>2</sup>, or only slightly below, represents the most likely scenario from today's perspective.



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