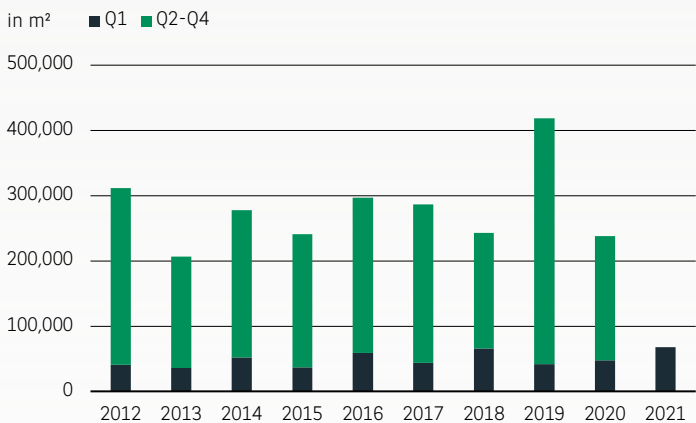


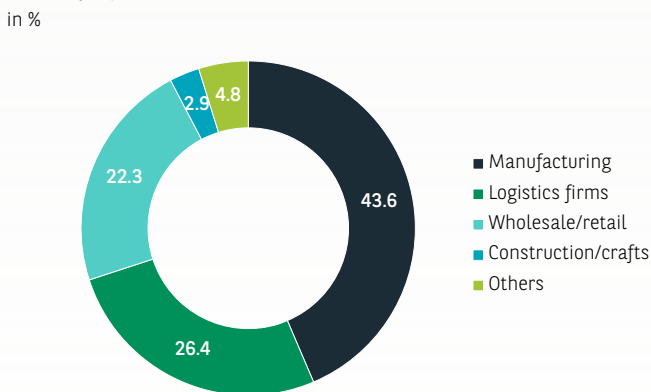
## At a Glance Q1 2021

# LOGISTICS MARKET MUNICH

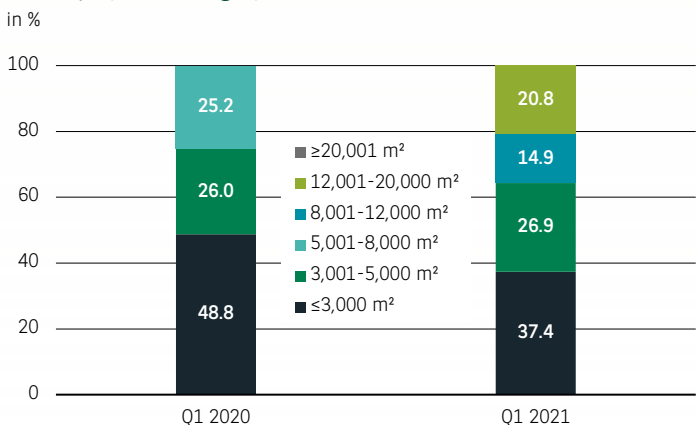
### Light industrial and logistics take-up



### Take-up by sector



### Take-up by size category



### ➤ STRONG START TO THE YEAR

The Munich storage and logistics market got off to a brilliant start to the year and, with take-up of 68,000 m<sup>2</sup>, not only exceeded the previous year's result by 42 %, but also achieved the best result of the last ten years. The long-term average was also outperformed by almost 40 %. Fortunately, the positive development resulted from a broad demand from all sectors. Even the automotive industry, which has been considerably affected both structurally and by the pandemic, is again sending increasingly positive signals. It is therefore unsurprising that project developers are more and more prepared to take the risk of developing new projects in the further periphery, as land prices and availability hardly allow this in more central locations. Nevertheless, in a nationwide comparison this result places Munich, as in the past, among the logistics regions with comparatively low take-up. One of the largest deals was the lease signed by the mechanical engineering company ASM Assembly Systems in Weßling for around 10,000 m<sup>2</sup>.

### ➤ MANUFACTURING COMPANIES TAKE THE LEAD

As was already the case in 2020, the traditionally important manufacturing companies for the Munich market had a good start to the year contributing almost 44 % to total take-up and thus securing the top position on the industry ranking. Demand from logistics firms also remains at a high level, so that their share of a quarter is roughly in line with the long-term average. The situation is similar for trading companies, even if they are slightly below their usual value at around 22 %. However, this is not due to lower demand, but rather to insufficient supply, especially in the urban area or in the immediate surroundings, from where wholesale/retail firms have to organise their last-mile logistics.

### ➤ HIGH TAKE-UP WITHOUT LARGE DEALS

The good start to the year is also underpinned by the fact that the high take-up came about without a single large letting over 20,000 m<sup>2</sup>. However, in the next two largest size categories (between 8,000 and 20,000 m<sup>2</sup>) a disproportionately high share of take-up was registered. Overall, this market segment contributed almost 36 % to the result. Even more remarkable is the contribution of smaller deals up to 5,000 m<sup>2</sup>. These contracts accounted for almost two-thirds of the take-up. Even for Munich, where this category traditionally has a higher share than in all other large locations, this is an exceptionally high value.

Major contracts

Company	Location	Area(m <sup>2</sup> )
ASM Assembly Systems	Weßling	10,000

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Key figures logistics market

	Q1 2020	Q1 2021	Trend remaining year
Prime rent	7.00 €/m <sup>2</sup>	7.20 €/m <sup>2</sup>	↗
Average rent	6.10 €/m <sup>2</sup>	6.20 €/m <sup>2</sup>	↗
Take-up	48,000 m <sup>2</sup>	68,000 m <sup>2</sup>	→
- Share of owner-occupiers	0.0 %	0.0 %	↗
- Share of new buildings	0.0 %	8.2 %	↗

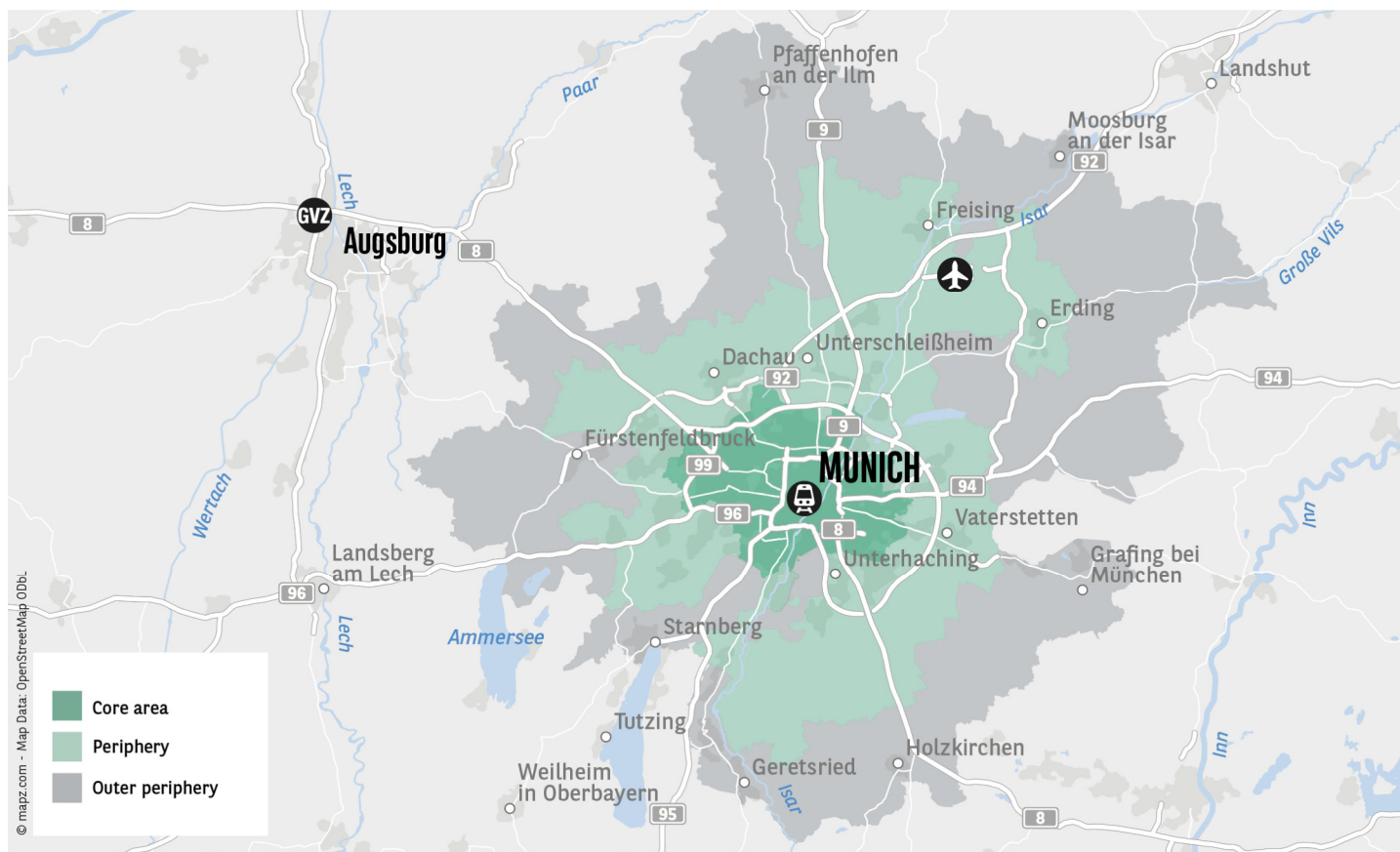
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RENTS HAVE INCREASED

Against the backdrop of high demand in combination with a supply that continues to be too low, especially in the central locations, it is not surprising that rental price levels have risen slightly. This development has persisted for some time now. As a result, the prime rent has increased by around 3 % to now 7.20 €/m<sup>2</sup>, and the average rent has risen by just under 2 % to currently 6.20 €/m<sup>2</sup>. Munich thus remains the most expensive German location. As in previous years, the share of take-up generated in new buildings is below-average and lately just at 8 %. However, this share is very likely to increase significantly in the course of the year.

OUTLOOK

The confidence and mood in many companies will presumably continue to improve with the end of the lockdown and a gradual reduction in restrictions, so that the already healthy level of demand should increase again slightly. However, as in the past, the supply shortage could be a limiting factor. Against this background, there is much to suggest that rents will continue to rise slightly. From today's perspective, a take-up significantly above the previous year's result seems likely. However, it remains to be seen whether even the 300,000 m<sup>2</sup> threshold could come within reach.



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