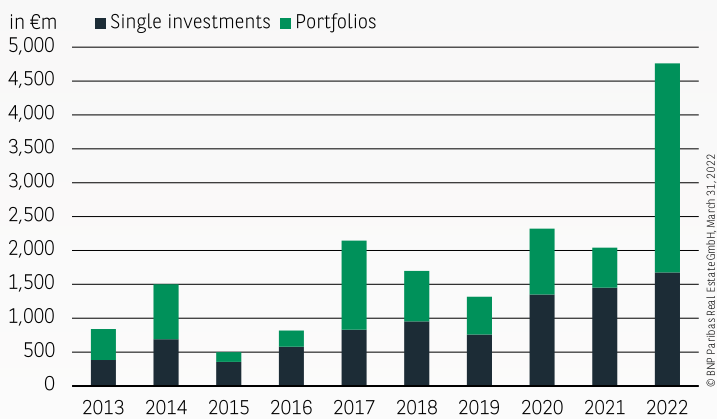




At a Glance **Q1 2022**

# LOGISTICS INVESTMENT MARKET GERMANY

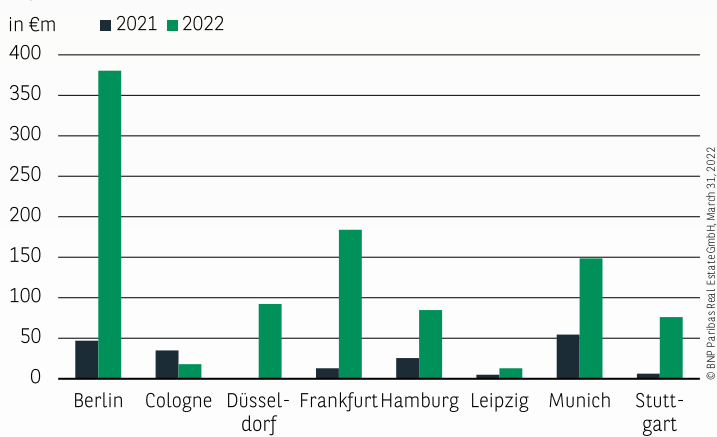
Logistics investments in Germany Q1



**BEST START OF THE YEAR EVER**

In the first three months of the current year, the logistics investment market seamlessly followed up on its record 2021 results, setting an impressive new all-time high. The currently registered €4.8 billion is not only about 133% above the already strong result from the previous year's quarter, it also exceeds the 10-year average by a staggering 165%. At €1.7 billion, single investments set a new start of the year record for the third year in a row. This is representative for the continuously growth of investors' interest in this asset class, which is considered to be crisis-resistant. However, portfolio transactions, which generated around two thirds of the investment volume, also contributed significantly to the outstanding overall result. At almost €3.1 billion, they already exceed the previous record result from 2020 by more than €700 million. This was primarily made possible not at least by two transactions exceeding the €500 million mark: The closing of the Deutsche Industrie Reit acquisition by CTP and DIC Asset's majority takeover of VIB Vermögen, both contributing significantly to the overall result. With almost 90 transactions, there were also noticeably more deals than usual, clearly demonstrating how the current market is more dynamic than ever before.

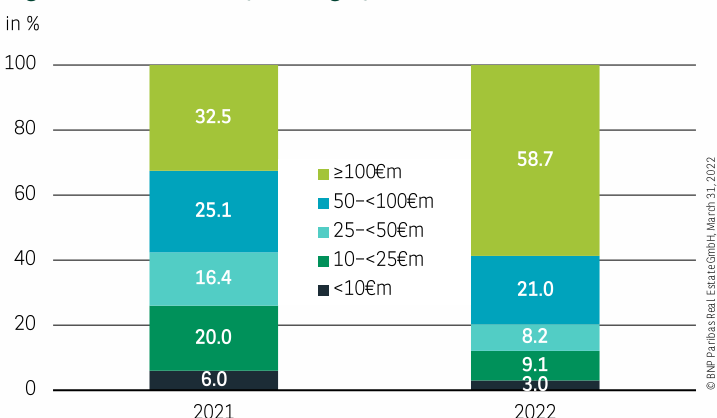
Logistics investments in important markets Q1



**BERLIN WELL AHEAD AT THE TOP**

The major investment locations generated almost €1 billion in the first quarter of 2022, which is another new record. With €380 million, Berlin is by far the biggest contributor to the investment volume, followed by Frankfurt with €184 million. This represents the second-best result ever recorded for both markets. Munich was also very dynamic, with a volume of €149 million, exceeding the long-term average by roughly 65%, as well as Hamburg with a volume of €85 million (+14% compared with the 10-year average). While Stuttgart also achieved a relatively strong result of €76 million, Cologne (€18 million) and Leipzig (€13 million) started the year rather modestly.

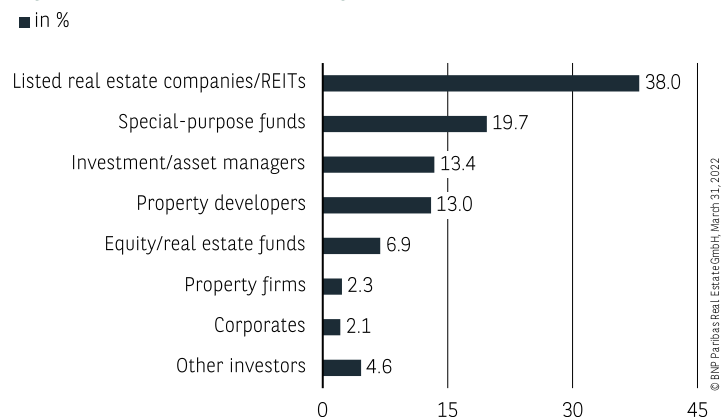
Logistics investments by € category Q1



**NOT ONLY BIG DEALS ARE DRIVING THE INVESTMENT VOLUME**

The distribution of investments by size category reflects the very high portfolio share. Transactions above €100 million account for a share of 59%. However, a look at the absolute figures shows that the record result is not only based on the large-sized segment. For instance, the long-term average is exceeded by at least 30% in all size categories with no exceptions.

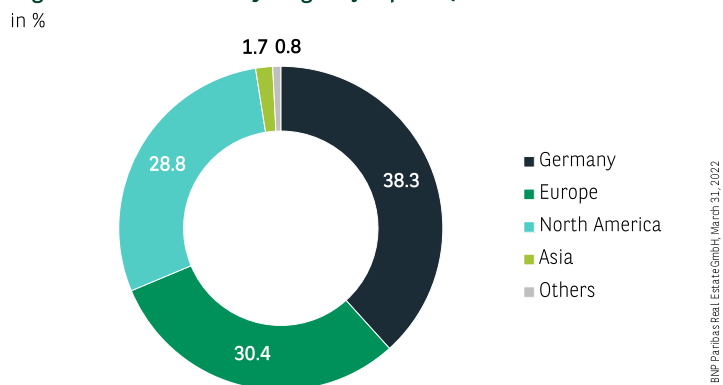
**Logistics investments by buyer group Q1 2022**



**LISTED REAL ESTATE COMPANIES/REITS WELL AHEAD**

Not least due to the large-size acquisitions of DIR and VIB, listed real estate companies/REITs unsurprisingly lead the distribution of volume by buyer group with a high share of 38%. Many institutional investors continue to invest in logistics assets through fund structures, as shown by the strong performance of Special-purpose funds, which accounted for almost 20% of the volume. Accordingly, logistics properties also continue to be in high demand among investment managers, generating a significant share of 13%. Property developers also contribute 13%. Other notable contributors are Equity/Real Estate Funds (approx. 7%), and Corporates (a good 2%). The remaining buyer groups combined amount a total of 5%.

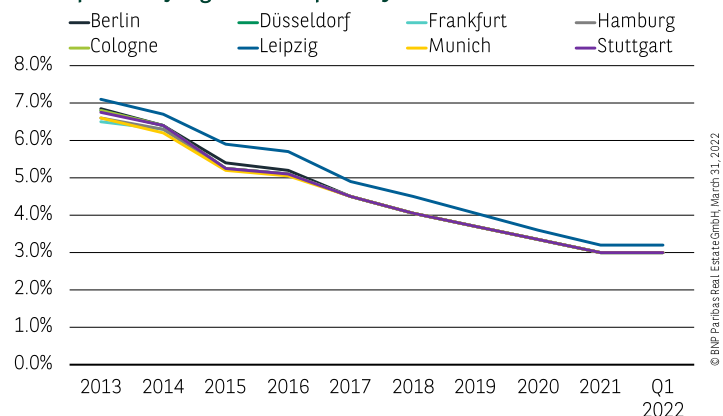
**Logistics investments by origin of capital Q1 2022**



**GERMAN BUYERS VERY ACTIVE**

While German buyers have been dominating the market to a larger extent in the last few years, a significantly higher dynamic from foreign buyers has been observed recently again. The share of foreign investors, at 62%, is the highest since 2018. The largest share was generated by European investors, who broke the €1 billion mark for the first time in the first three months of the year. North American investors rank just behind with a share of 29%. Meanwhile, Asian buyers (just under 2%) remain cautious. Even though German investors, at 38%, lost 10 bps year-on-year in relative terms, they accounted for over €1.8 billion in absolute terms, representing a new record.

**Development of logistics net prime yields**



**YIELDS AT END-OF-YEAR LEVEL**

The massive increase in demand for logistics properties has led to a steady drop of net initial yields in recent years. In 2021 alone, a decline of 35 bps to 3.00% could be registered in A-locations. However, yields have stabilized at this level since the end of the year. At 3.20%, Leipzig is still slightly above the other big investment locations.

**OUTLOOK**

Although geopolitical and economic uncertainties are likely to persist in the coming months, demand for logistics properties is expected to stay at a high level for the rest of the year. Already, after only three months, almost half of the way to a new annual record in transaction volume has been achieved. From today's perspective, it is not unlikely that the market for logistics investments is about to have an exceptional year. Nevertheless, a sideways movement in prime yields is probably the most realistic scenario in the short term.

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