

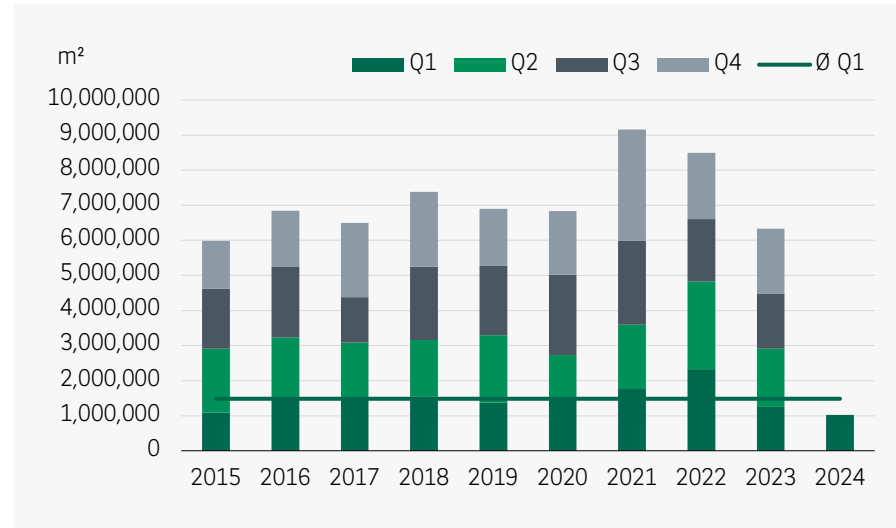


GERMANY

REPORT LOGISTICS MARKET

Q1 2024

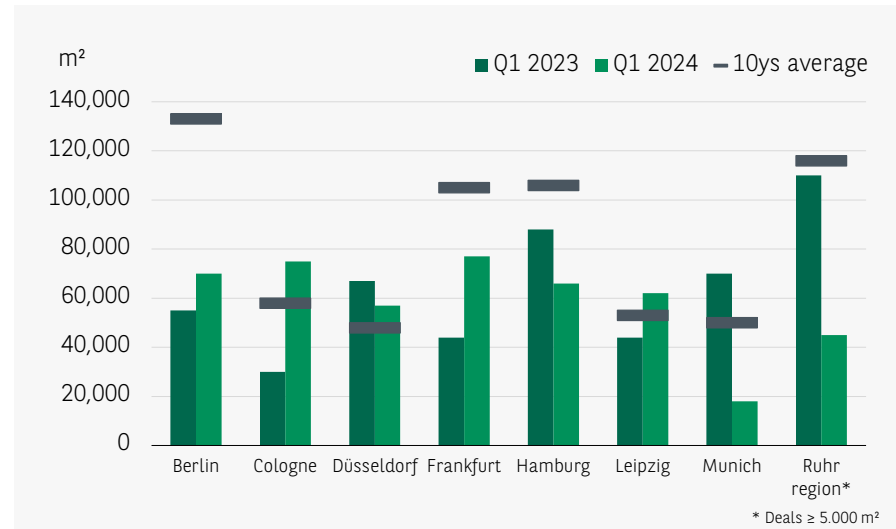
Development of light industrial and logistics take-up Germany



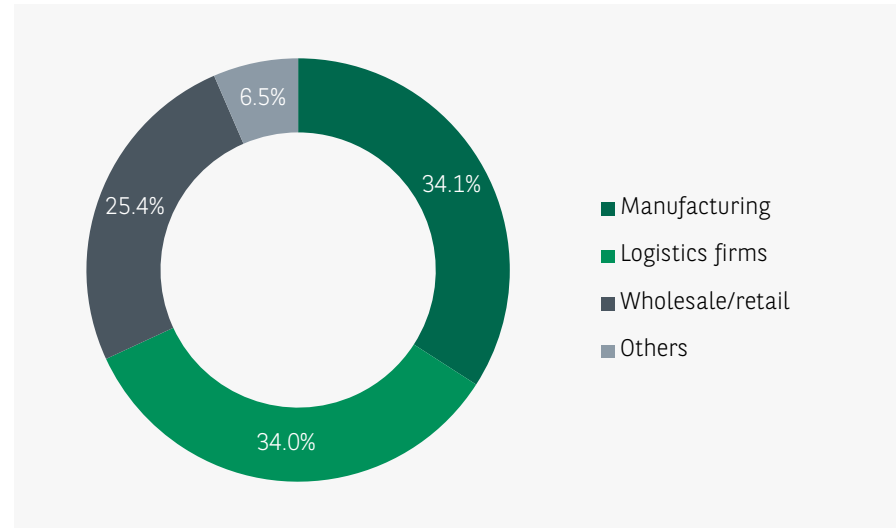
LOGISTICS MARKET STARTS THE YEAR WITH MODERATE TAKE-UP

- The German logistics markets were characterized by subdued market activity overall at the start of 2024. By the end of the first quarter, take-up totaled only 1.02 million m² (including owner-occupiers). Although this means that the 1 million-m²-mark was once again surpassed right at the start of the year, it is nonetheless the weakest start to the year since 2010. The result is 18% below the previous year's figure and around 31% below the ten-year average.
- The economic downturn, which has now persisted for several quarters, has thus also made itself visible for the first time in registered logistics take-up, albeit with a slight delay. In addition to the general economic conditions, the noticeable rise in rents, a high level of cost awareness on the part of occupiers, longer review processes when renting and the continuing low supply of adequate space in many conurbations also play a role in the lower fluctuation on the market. Accordingly, occupiers are currently increasingly tending to exercise their contractual options and extend expiring leases.
- In the major logistics regions (Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Leipzig and Munich), take-up totaled 425,000 m², which is 23% below the long-term average, but 7% above the previous year's result. A striking aspect of the generally somewhat quieter first quarter is the overall low number of large-scale lettings, which are still completely absent in the markets of Berlin, Frankfurt, Hamburg and Munich, consequently these markets achieved below average results.

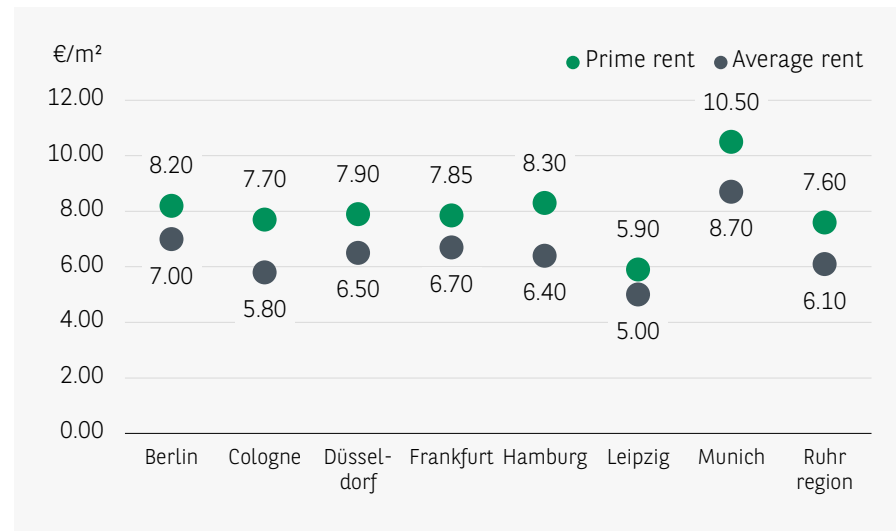
Take-up in important logistics markets



Take-up by sector



Prime and average rents in important logistics markets



ONLY SELECTIVE INCREASES IN PRIME RENTS

- Outside the top agglomerations, take-up amounted to 595,000 m², which was 30% below the previous year's result and around 36% lower than the long-term average. This reflects the fact that only a few large contracts were signed nationwide. The largest deal of the year to date is the letting of 68,000 m² of logistics space by the retail company Fressnapf in Nörvenich, North Rhine-Westphalia, brokered by BNP Paribas Real Estate. Other major contracts includes the discount retailer Action in Wallersdorf (55,000 m²) and MAN Truck & Bus in Salzgitter (52,700 m²).
- In terms of the distribution of nationwide take-up across the different sectors, the usual picture emerges: manufacturing companies and logistics firms each account for around 34%, ahead of the retail sector, which contributes a good quarter.
- While the average prime rent in the top locations rose by 9% to 8.05 €/m² in a twelve-month comparison, the upward trend slowed noticeably in the first quarter. Only Hamburg and Berlin recorded increases compared to the fourth quarter: Both markets increased by 20 cents each to 8.30 €/m² and 8.20 €/m² respectively.
- Munich remains by far the most expensive market (10.50 €/m²). While Düsseldorf (7.90 €/m²), Frankfurt (7.85 €/m²) and Cologne (7.70 €/m²) remain slightly below the €8-mark, the cheapest top location, Leipzig, is currently at 5.90 €/m².

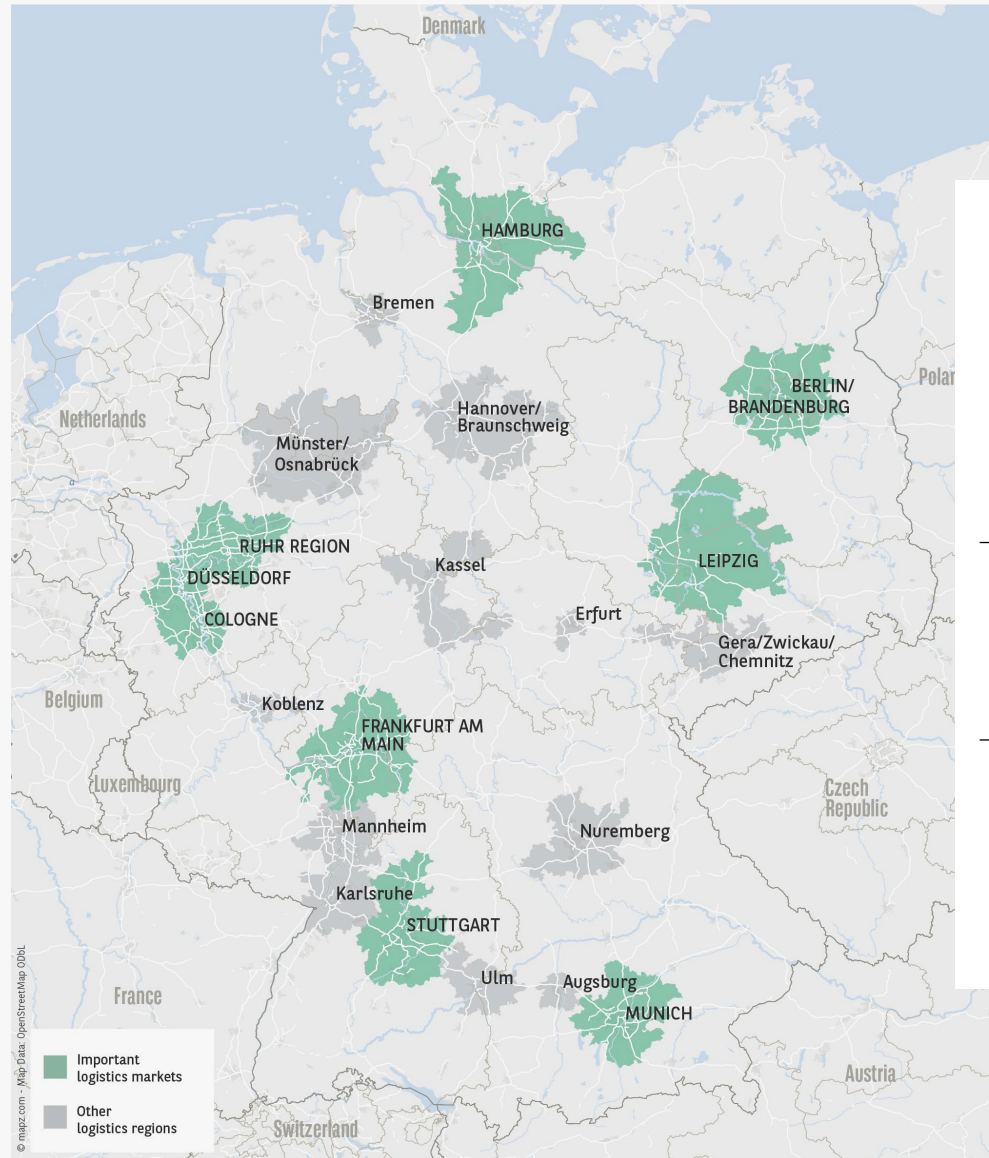
- The development of take-up during the rest of the year will be closely linked to how quickly the mood in the economy brightens. Most forecasts currently assume that the economic recovery in Germany will be hesitant, meaning that GDP is only expected to grow slightly by the end of the year. Accordingly, the economic situation is likely to remain tense until the middle of the year and then gradually improve.
- Positive impetus is also expected from a brightening of the consumer climate, which is likely to improve significantly in line with a possible ECB interest rate cut. Rising consumer spending will also accelerate demand for space from retail companies.
- Even if there are good arguments in favor of a short-term recovery on the logistics market, it remains to be seen how soon this will translate into rising take-up. The past has shown that economic fluctuations, both in one direction and the other, only become visible in the figures after a certain delay.
- However, the first three months are traditionally the weakest of the year in terms of take-up, meaning that a slight increase can already be expected for the second quarter. Nevertheless, it is unlikely that the result at the end of the year will be in line with the long-term average of around 7 million m². The target is more likely to be in the region of 5 million m².
- In terms of rents, prime rents are expected to remain largely stable for now. Average rents, on the other hand, are likely to increase slightly in many locations.

Key figures logistics market Germany

	Q1 2023	Q1 2024	CHANGE %
Important logistics markets			
Berlin	55,000	70,000	27.3%
Cologne	30,000	75,000	150.0%
Düsseldorf	67,000	57,000	-14.9%
Frankfurt	44,000	77,000	75.0%
Hamburg	88,000	66,000	-25.0%
Leipzig	44,000	62,000	40.9%
Munich	70,000	18,000	-74.3%
Subtotal	398,000	425,000	6.8%
Other locations*			
Ruhr region	110,000	45,000	-59.1%
Other logistics regions (see map)	230,000	224,000	-2.6%
Rest of Germany	512,000	326,000	-36.3%
Subtotal	852,000	595,000	-30.2%
Total Germany	1,250,000	1,020,000	-18.4%

* Deals ≥ 5.000 m²

LOGISTICS MARKET GERMANY



Major contracts

68,000 M²

Fressnapf
Nörvenich

55,000 M²

Action
Wallersdorf

52,700 M²

MAN Truck & Bus
Salzgitter

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