

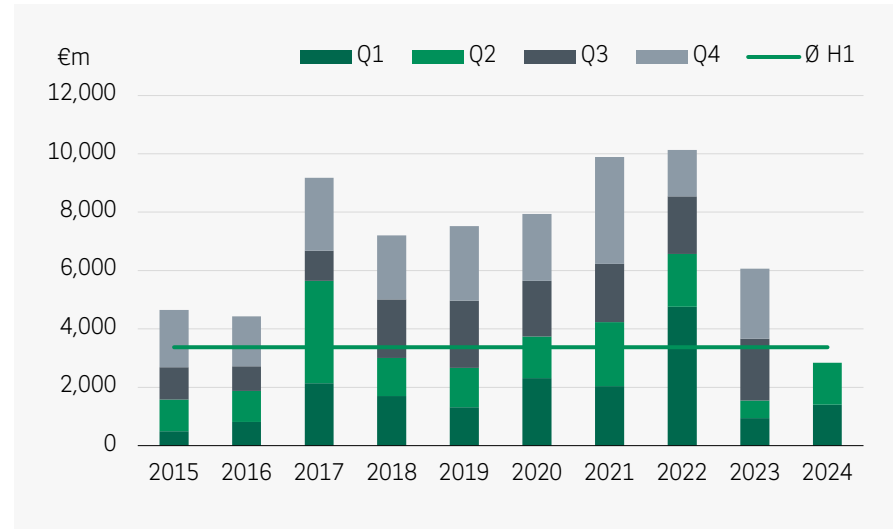
GERMANY

REPORT

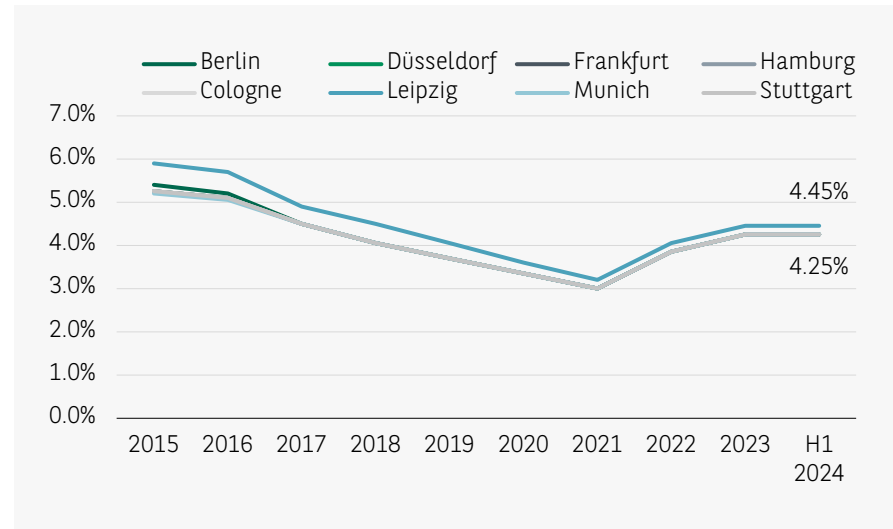
LOGISTICS INVESTMENT MARKET

H1 2024

Development of logistics investment volume



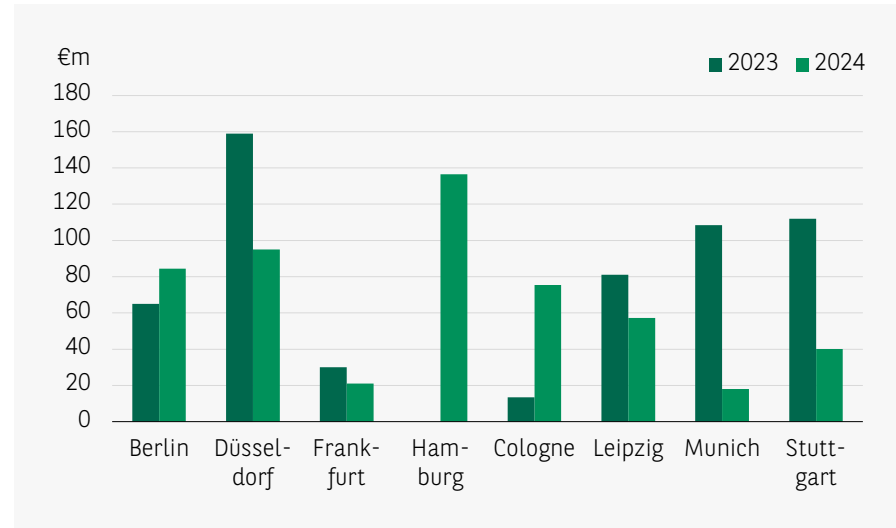
Logistics net prime yields in A-locations



RECOVERY ON THE LOGISTICS INVESTMENT MARKET

- The logistics investment market has continued to recover in the second quarter of the year. In consequence, a transaction volume of around €2.8 billion was registered for H1 2024 and the previous year's result was exceeded by almost 84%. Although the current half year result is still below the long-term average, the delta has shrunk to just -16%. The logistics investment market is therefore much more resilient than the other major asset classes, where the deviation from the long-term average still ranges from -26% (retail) to -75% (office). In the ranking of investment volume by asset class, the investment volume of the logistics segment is currently in second place, behind retail (€3.7 billion) and well ahead of the office segment (€2.2 billion).
- While the market share of portfolios declined gradually over the past two years, with only a few large transactions being recorded, this trend appears to have reversed. At €1.25 billion, portfolio transactions now account for around 44% of the market share at the end of the first half of the year. The largest transaction of the year to date also contributed to this: the acquisition of 12 properties by P3 Logistics Parks for more than €300 million.
- Meanwhile, prime yields have stabilized since the beginning of the year. The net prime yields in Germany's A logistics locations remain unchanged at 4.25%. A sideways movement has also been recorded in Leipzig. As before, 4.45% can be set there.

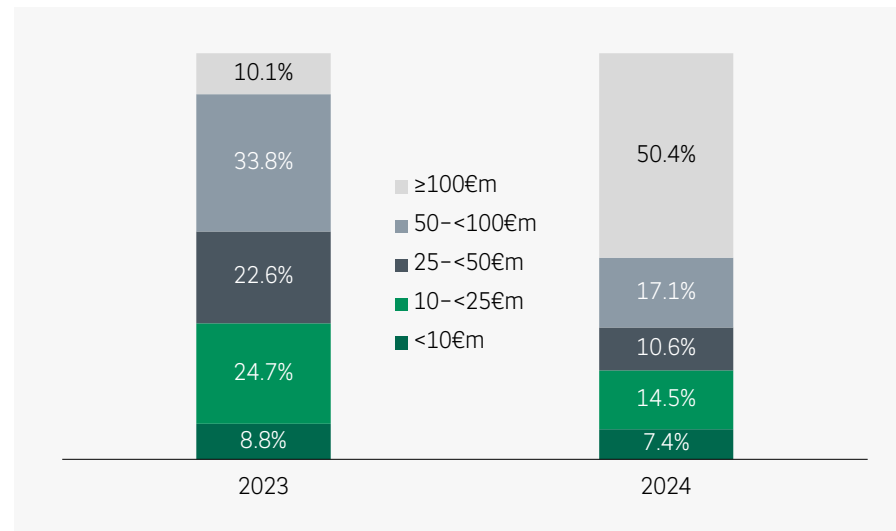
Logistics investments in A-locations H1



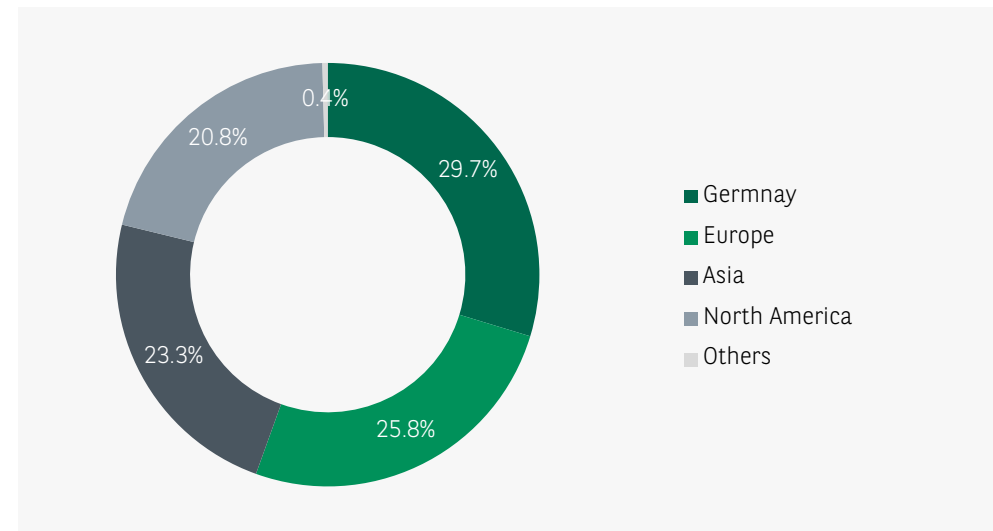
HIGH VOLUME OUTSIDE THE TOP-CITIES

- The top markets accounted for a comparatively small share of investment activity in the first half of the year. While they usually account for more than a quarter of the volume, they currently only represent around 19% or €528 million.
- The distribution of the volume by size class clearly reflects the fact that the logistics investment market has moved from crisis mode to the recovery phase. With the return of higher certainty in respect to financing costs, large-scale transactions are feasible again, which is impressively demonstrated by the 50% volume share of deals in the segment above the €100 million mark.
- Another important signal is the considerable proportion of these major transactions attributable to international capital. Investors from Asia and North America in particular are currently on the lookout for opportunities.

Logistics investments by € category H1



Logistics investments by origin of capital H1



- The noticeable recovery in the logistics investment markets has accelerated up to the middle of 2024 and should continue to gain momentum in the coming months. Although long-term financing costs have still been significantly higher than expected at the beginning of the year due to the unchanged inverse interest rate structure, the ECB's much-anticipated first interest rate cut, which has now been implemented, is nevertheless likely to have a psychological effect overall. It is now clear to all parties involved that values are currently bottoming out, at least in the prime segment. This is likely to be the initial signal for buyers looking for opportunities, as was already evident in the first half of the year from the increased presence of investors from South East Asia and the USA.
- Meanwhile, further economic development could represent a source of uncertainty. The rental markets have currently lost some of their momentum. Nevertheless, the key data for the German logistics market is still very positive from a lessor's perspective. For example, the very low vacancy rates across the board will not pose a structural problem in the near future, even if take-up of space is significantly reduced.
- Against this backdrop, it can be assumed that logistics investments will remain high on the list of investors' favorites in the coming months. From today's perspective, it is unlikely that the investment volume will exceed the long-term average of €7.1 billion by the end of the year. However, approaching the €7 billion mark is within the realms of possibility.

Key facts logistics investment market Germany

INVESTMENT VOLUME	H1 2023	H1 2024	CHANGE
Total (€m)	1,547	2,839	83.5%
Portfolio share	5.2%	44.2%	+39.0%pts
Share above €100 million	10.1%	50.4%	+40.3%pts
Share of major markets	36.8%	18.6%	-18.2%pts
Share of foreign investors	38.8%	70.3%	+31.4%pts

NET PRIME YIELDS	H1 2023	H1 2024	CHANGE
Berlin	4.00%	4.25%	+25bps
Düsseldorf	4.00%	4.25%	+25bps
Frankfurt	4.00%	4.25%	+25bps
Hamburg	4.00%	4.25%	+25bps
Cologne	4.00%	4.25%	+25bps
Leipzig	4.20%	4.45%	+25bps
Munich	4.00%	4.25%	+25bps
Stuttgart	4.00%	4.25%	+25bps

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