

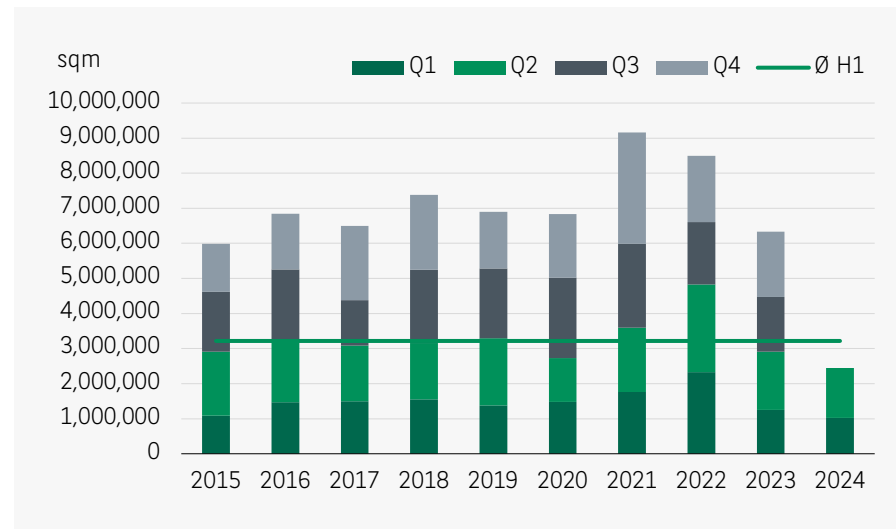


GERMANY

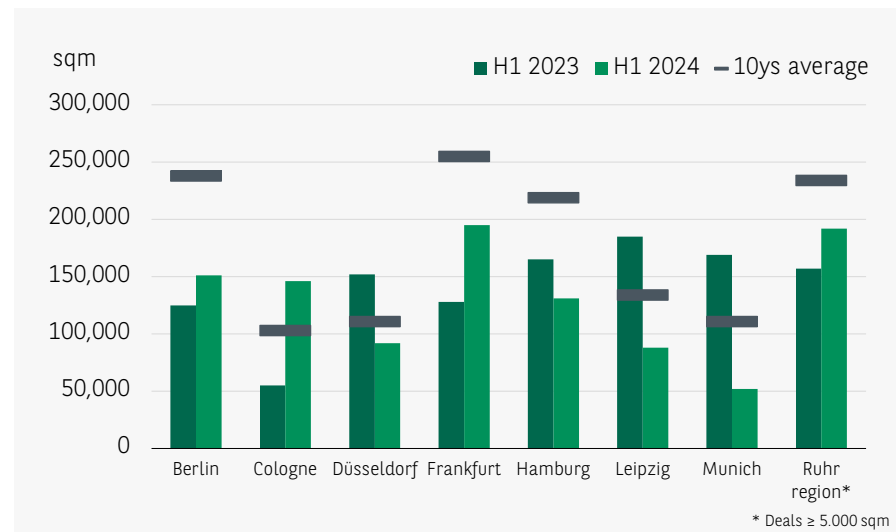
REPORT LOGISTICS MARKET

H1 2024

Development of light industrial and logistics take-up Germany



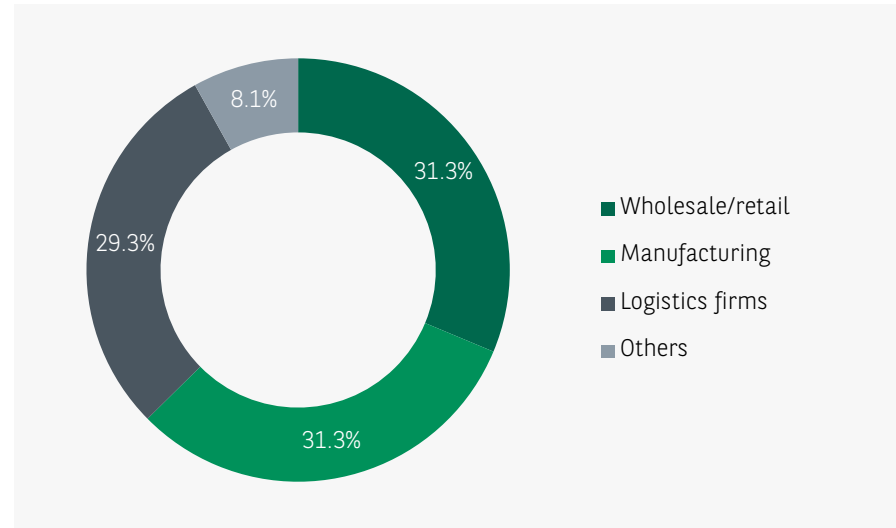
Take-up in important logistics markets



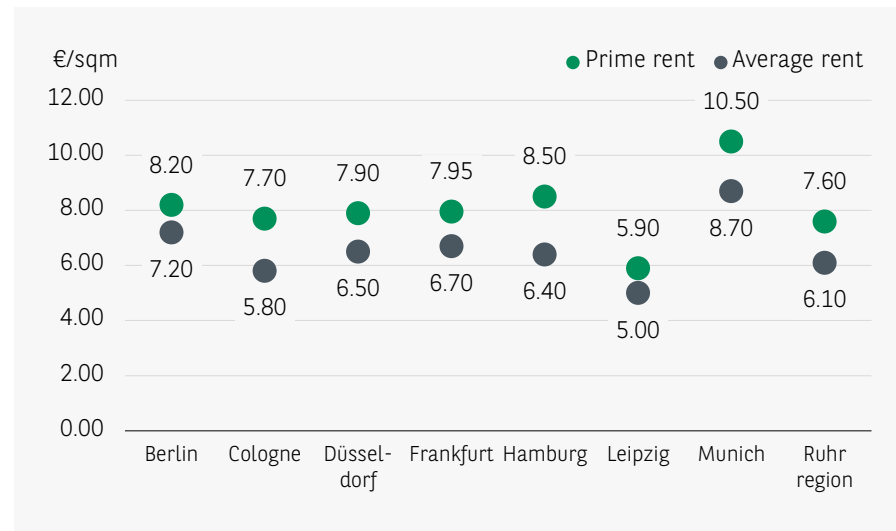
NOTICEABLE UPTURN IN Q2, BUT MARKET HAS NOT YET REGAINED ITS FORMER STRENGTH

- The German logistics market recorded a take-up of 2.44 million sqm (including owner-occupiers) in the first half of the year. After a subdued start to the year with a result of just 1.02 million sqm in q1, market activity increased both in the amount of space taken up and the number of contracts signed in the second quarter. Take-up accelerated to 1.42 million sqm, but nonetheless remained 16% below the previous year's figure and 24% below the ten-year average.
- The still rather weak economic development continues to have a slowing effect on demand. Companies are tending to postpone investment decisions and hold on to existing space if possible. This is because, on the one hand, rents have risen significantly and, on the other, the lack of available space at short notice remains a limiting factor in some markets. As a result, many companies are opting for lease extensions, which are not relevant for take-up. Nevertheless, the market in the second quarter is livelier than at the start of the year, particularly outside the major logistics hubs.
- The major logistics regions (Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Leipzig and Munich) recorded the lowest result of the past ten years with a total take-up of 854,000 sqm. Thus, the previous year's result was missed by 13% and the ten-year average by 27%. Cologne is the only market moving above average; all others are currently performing below average. The ranking is led by Frankfurt (195,000 sqm; +52% y-o-y) ahead of Berlin (151,000 sqm; +21%), Cologne (145,000 sqm; +164%) and Hamburg (131,000 sqm; -21%).

Take-up by sector



Prime and average rents in important logistics markets



PRIME RENTS REMAIN LARGELY STABLE

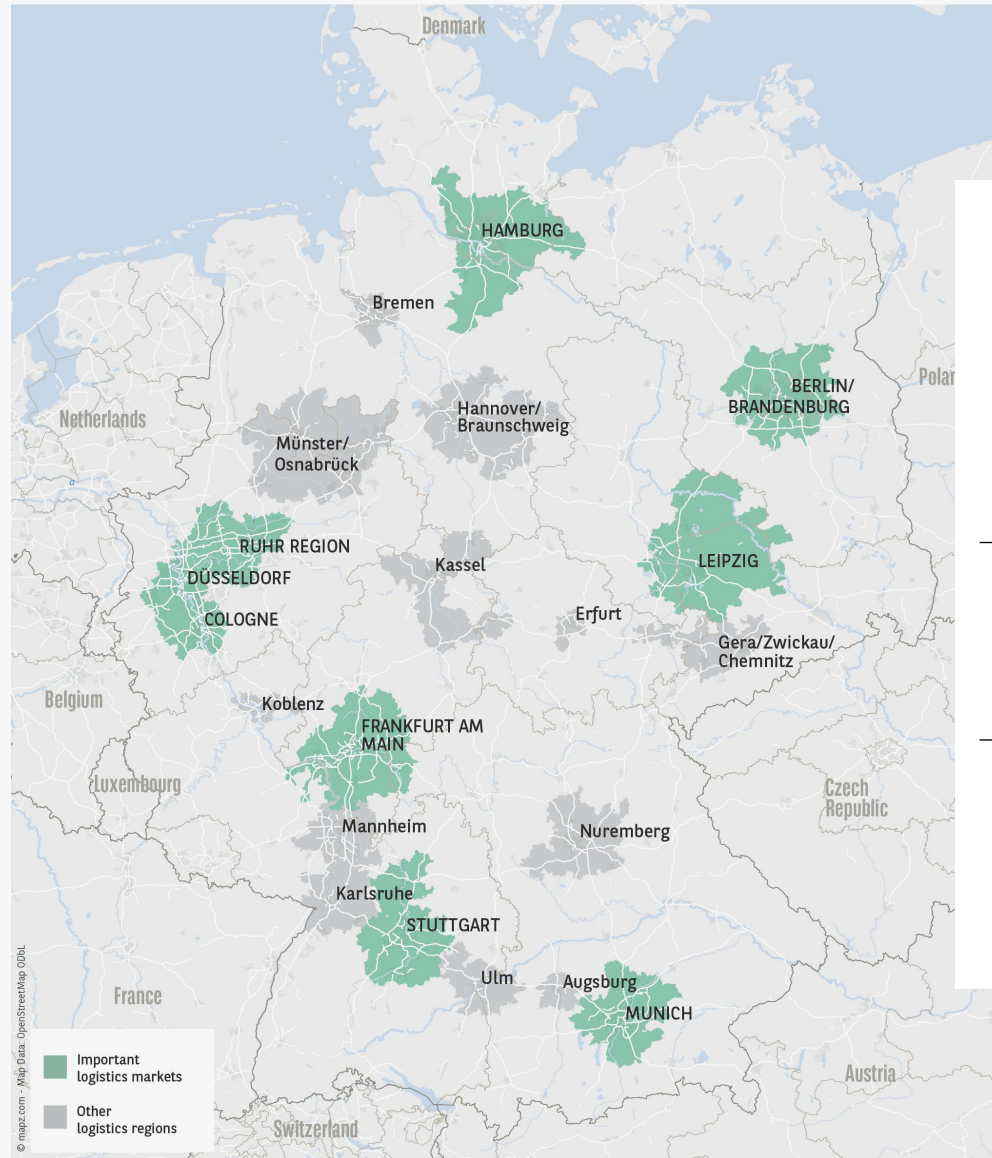
- Outside the top locations, take-up amounted to 1.59 million m² in H1 and was recorded 18% below the previous year's level and 22% below the long-term average. However, noteworthy is the significant rise in momentum compared to q1 when only some 595,000 sqm was taken up.
- In the distribution of take up by industry, retail companies and manufacturing are almost equal with a market share of approx. 31% each. Logistics firms are in third place with 29%, which is the largest gap compared to their ten-year average. In this price sensitive segment in particular, running leases are increasingly being extended to fulfil orders instead of renting new space. As the economy picks up, this demand group should also become more willing to conclude contracts again in the large-scale segment.
- The strong rental growth of recent years continued only selectively and at a slower pace in the first half of the year. Only in Frankfurt (+1%) and Hamburg (+2%) did prime rents rise slightly in the second quarter, while they stabilised at the level achieved in all other top agglomerations.
- In a twelve months comparison, however, the growth rates are between 3% and 11%. The prime rent is now just under €8.10 per sqm on average, which corresponds to an increase of 6.3% compared to mid-2023. Munich remains by far the most expensive location (€10.50 per sqm), followed by Hamburg (€8.50 per sqm) and Berlin (€8.20 per sqm). Frankfurt (€7.95 per sqm), Düsseldorf (€7.90 per sqm) and Cologne (€7.70 per sqm) are below the €8 per sqm mark, while the figure for Leipzig is €5.90 per sqm.

- The weak economic development continues to have a dampening effect on the occupier markets and the corresponding results. However, there is certainly more movement in the market than is reflected in the latest take-up figures. Logistics firms are filling existing capacity rather than renting additional space. In addition, the subletting trend is slowing and fewer occupiers have space to give up.
- The economy and economic sentiment will remain decisive for the further development of take-up. The leading economic institutes are forecasting only slight economic growth until the end of the year, meaning that the general conditions for the logistics market will hardly change for the time being.
- However, positive signals are coming from the ECB's recent cut in key interest rates and the associated fall in financing costs, lower energy prices and declining inflation, as well as a potential revival in private consumer spending due to rising real incomes. The global economy, which is slowly gaining momentum, should also provide an additional tailwind. The German export sector in particular should benefit from greater momentum on the international production, trade and consumer markets.
- Against this backdrop, take-up is likely to remain stable until the end of the year and the annual result is more likely to be between 5 and 6 million sqm than the long-term average of just under 7 million sqm. Rents are also expected to remain largely stable.

Key figures logistics market Germany

	H1 2023	H1 2024	CHANGE %
Important logistics markets			
Berlin	125,000	151,000	20.8%
Cologne	55,000	146,000	165.5%
Düsseldorf	152,000	92,000	-39.5%
Frankfurt	128,000	195,000	52.3%
Hamburg	165,000	131,000	-20.6%
Leipzig	185,000	88,000	-52.4%
Munich	169,000	52,000	-69.2%
Subtotal	979,000	855,000	-12.7%
Other locations (≥ 5,000 sqm)			
Ruhr region	157,000	192,000	22.3%
Other logistics regions (see map)	740,000	586,000	-20.8%
Rest of Germany	1,033,000	811,000	-21.5%
Subtotal	1,930,000	1,589,000	-17.7%
Total Germany	2,909,000	2,444,000	-16.0%
Share of owner-occupiers	31.0%	28.4%	-2.6pts
Share of new buildings	63.5%	60.3%	-3.2pts

LOGISTICS MARKET GERMANY



Major contracts

100,000 SQM

Mercedes-Benz Group
Bischweier

68,000 SQM

Fressnapf
Nörvenich

64,000 SQM

Lidl
Hückelhoven

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