

# MARKETBEAT GERMANY

Industrial Q2 2020



**1,336,000**  
Take-Up, Sq.m

YoY Chg 12-Mo, Forecast

**EUR 6.06**  
Prime Avg. Rent, sq.m/m

YoY Chg 12-Mo, Forecast

**3.90%**  
Prime Avg. Yield (NIY)

YoY Chg 12-Mo, Forecast

Average of prime over five major markets

## ECONOMIC INDICATORS Q2 2020

**-10.9%**  
GDP Growth

YoY Chg 12-Mo, Forecast

**81.3**  
Companies Index of  
Current Situation

YoY Chg 12-Mo, Forecast

**91.4**  
Companies Index of  
Business Expectations

YoY Chg 12-Mo, Forecast

Source: Oxford Economics, ifo institute

## ECONOMY: First Signs of Recovery after Shutdown

According to Oxford Economics' estimates, Germany faced a fall in GDP of almost 11% in the second quarter due to the measures imposed by the government to combat the spread of Covid-19. Unemployment increased by more than 500,000 persons in only three months, to 2.85 million by end of June. The number of employees on the government's furlough scheme reached 6.83 million persons in April 2020. However, growth rates for both unemployment and short-time working decreased in May and June, indicating that the worst of the crisis has been overcome. In addition, industrial output rose 7.8% in May compared to April and sentiment among German companies, as measured by the ifo Business Climate Index, brightened in May and particularly in June, with the strongest increase ever recorded. While many manufacturers still assess their current situation as poor, not least due to continuing problems in supply chains, never before have future expectations in this sector risen so strongly as in June.

## DEMAND: Take-up Stronger than one Quarter before

Take-up of logistics space in Q2 appeared resilient to the difficult economic situation. In total, new leases and construction starts for owner occupation reached 1.336 million sq.m making Q2 almost 8% stronger than the first quarter of the year (1.240 million sq.m). However, compared to the quarterly average of the last five years, at 1.662 million sq.m, the result is weak and the half-year result of 2.576 million sq.m is 16% below the figure for H1 2019. Lower take-up figures in the first half were particularly apparent in the manufacturing sector whereas take-up by retailers including ecommerce and 3PLs acting for retailers was less adversely affected.

Take-up was spread throughout the country, not only due to the fact that large plots for modern spaces close to the major economic hubs are rare but also because regional distribution centres in all parts of the country are important for B2C retailing. Occupiers prefer modern new-build space and therefore it is not surprising that 75% of take-up refers to new space, either projected, under construction or quite recently completed.

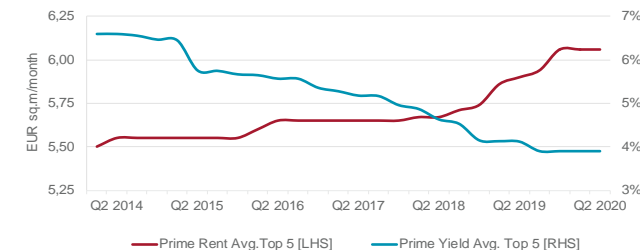
## PRICING: Rents Remain Stagnant

Prime rents for large modern warehouses and distribution centres in the major five markets maintained the level reached in Q4 2019 and have actually risen in most markets compared to a year ago. At a monthly rent per sq.m of EUR 7.20 Munich remains the most expensive location in Germany.

## INDUSTRIAL TAKE-UP



## INDUSTRIAL RENTS & YIELDS



### MARKET STATISTICS

SUBMARKET	CURRENT QTR TAKE-UP (SQ,M)	YTD TAKE-UP (SQ,M)	CHANGE YOY	PRIME RENT	CHANGE YOY	OUTLOOK YE	PRIME YIELD	CHANGE YOY	OUTLOOK YE
Berlin	61 000	137,000	-48.7%	5.00	6.4%	up	3.90%	-6.0%	down
Dusseldorf	18 000	68,000	0.0%	5.60	0.0%	stable	3.90%	-6.0%	down
Frankfurt Rhine-Main	166 000	240,000	9.1%	6.30	1.6%	up	3.90%	-4.9%	down
Hamburg	55 000	165,000	14.6%	6.20	3.3%	up	3.90%	-4.9%	down
Munich	52 000	95,000	41.8%	7.20	2.9%	up	3.90%	-4.9%	down
TOP-5 MARKETS	352,000	705,000	-8.0%	6.06	2.7%	up	3.90%	-5.3%	down
Other Submarkets	984 000	1,871,000	-19.5%	4.74	2.6%	stable	4.09%	-7.0%	down
GERMANY TOTALS	1,336,000	2,576,000	-16.6%	5.29	2.7%	up	4.01%	-6.3%	down

\*Rental rates reflect Euro per sq,m per month, Germany top-5 and Germany totals reflects average of prime of included markets

### KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	SQ.M	TYPE
Distribution Centre Duisburg Logport VI	Ruhr Area	DSV	56,000	Construction start for owner-occupation
Distribution Centre Erlensee	Frankfurt Rhine-Main	Lidl	50,000	Construction start for owner-occupation
Distribution Centre Kaiserslautern	Periphery	ID Logistics	40,000	Pre-let
Distribution Centre Friedrichsdorf	Frankfurt Rhine-Main	Amazon	17,800	Pre-let

\*Renewals not included in leasing statistics

### KEY SALES TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SQ.M	PRICE RANGE €Mn
Industrial and Logistics Park Ettlingen	Periphery	Beos / Angelo Gordon JV Aamundo Immobilien	120,000	80 - 120
Distribution Centre Obernburg (SALB)	Periphery	Mainsite Logistik Nord / LIP Invest	75,000	80 - 120
4 Distribution Centres in Brandenburg	Berlin	Goodman / PGIM	100,000	80 - 120

### KEY CONSTRUCTION COMPLETIONS Q2 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SQ.M	OWNER/DEVELOPER
Distribution Centre Bremer Kreuz	Bremen	Damco Germany (Maersk)	33,000	LIP Invest / Bauwo
Distribution Centre Worms	Rhine-Neckar	TST	52,000	Union Investment RE / TST
Automotive Distribution Centre Flechtorf	Periphery	Bertrandt AG	31,700	Union Investment RE / Garbe Industrial RE

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