

	YoY Chg	12-Mo, Forecast
1,860 Investments, EURm	▲	▲
EUR 6.30 Prime Avg. Rent, sq.m/m	▲	▲
3.66% Prime Avg. Yield (NIY)	▼	▼

Average of prime over five major markets

ECONOMIC INDICATORS Q3 2020

	YoY Chg	12-Mo, Forecast
-4.3% GDP Growth	▼	▲
89.2 Companies Index of Current Situation	▼	▲
97.7 Companies Index of Business Expectations	▲	▲

Source: Oxford Economics, ifo institute

ECONOMY: Rebound in Q3

Sentiment among German companies, as measured by the ifo Business Climate Index, improved steadily in Q3 with firms assessing their current business situation and their business expectations for the next six months better than the previous quarter. At the same time, the ifo Employment Barometer is indicating that the number of firms planning to hire new employees almost matches the number of firms who plan to dismiss employees. Unemployment at the end of September was at the same level as at the end of June (2.85 million persons). The number of employees newly registered on the government's furlough scheme decreased from 8 million in April to 164,000 in August. According to Oxford Economics' estimates, German Q3 GDP grew by 8% q-o-q after a 9.7% contraction in Q2 with consumer demand being the main driver of recovery. Since May, monthly retail sales regularly have outstripped the figures of the respective months last year with online sales showing the strongest growth. HDE, Handelsverband Deutschland, is forecasting online sales will reach €68 bn in 2020, which is an increase of 15% y-o-y.

DEMAND: Strong Appetite of Occupiers and Investors

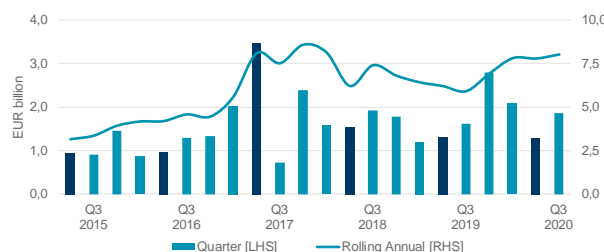
Demand for warehouse and logistics space maintained a high level, driven not least by the growth of e-commerce and the activities of retailers adjusting their distribution nets accordingly. Large-space demand is focused on new developments as spaces in existing stock often cannot fulfil the required size and building specifics. Pre-lets and building activity for owner-occupation remain important with developers more frequently commencing building activity speculatively. Competition for building land is high and therefore the major markets are extending ever more widely into their respective hinterlands. At the same time occupiers are searching for spaces within or close to town boundaries in order to speed last mile delivery.

Investors' appetite for warehouses and logistics space has thus far remained strong over the course of the year. In total, they purchased assets for more than €5 bn which is more than in the same period last year. The largest transaction in Q3 comprised eight distribution centres occupied by Amazon (2) or due for occupation by Amazon when completed (6).

PRICING: Rents up – Yields down

Prime rents for large modern assets increased in four of the major five markets. At 12% q-o-q, the growth rate was strongest in Berlin followed by Munich where prime rents increased by 4%. Prime yields compressed by 10 bps to 30 bps q-o-q. Berlin, Dusseldorf, Frankfurt and Munich are currently the most expensive markets at 3.65%.

INDUSTRIAL INVESTMENT VOLUME



INDUSTRIAL RENTS & YIELDS



MARKET STATISTICS

SUBMARKET	PRIME RENT	CHANGE YOY	OUTLOOK YE	PRIME YIELD	CHANGE YOY	OUTLOOK YE
Berlin	5.60	14.3%	Stable	3.65%	-6.4%	Down
Dusseldorf	5.60	0.0%	Stable	3.65%	-6.4%	Down
Frankfurt Rhine-Main	6.50	4.8%	Stabke	3.65%	-6.4%	Down
Hamburg	6.30	5.0%	Up	3.70%	-5.1%	Down
Munich	7.50	7.1%	Stable	3.65%	-6.4%	Down
TOP-5 MARKETS	6.30	6.1%	Stable	3.66%	-6.2%	Down
Other Submarkets	4.74	2.6%	Up	3.94%	-3.7%	Down
GERMANY TOTALS	5.39	4.3%	Up	3.83%	-4.5%	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 Q3 2020

PROPERTY	SUBMARKET	TENANT	SQ.M	TYPE
Segro Logistics Park Leipzig Airport, Kabelsketal	Leipzig	Relaxdays (on-line retailer)	86,000	Pre-let, completion 2021
P3 Logistics Parks Kamen	Ruhr Area	Tedi (food discounter)	84,000	Pre-let, completion Q4 2020
Logistik Center Berlin-Süd, Königs Wusterhausen	Berlin	Ceva Logistics	56,000	Pre-let, completion Q4 2020
GLP Distribution Center Heidenheim	Swabia	On-line retailer	62,000	Pre-let, completion 2021/2022

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SQ.M	PRICE RANGE €/M
Rocket Portfolio - 8 Amazon distribution centres (thereof 6 developments)	various	Garbe / Union Investment RE	218,100	250 - 500
Fiege distribution centre, Offenburg	Upper-Rhine Area	Fiege / LIP Investment	42,000	30 - 70
2 Distribution centres, Sarstedt	Hanover	Bertram Projekt Management / Barings	58,000	30 - 70

KEY CONSTRUCTION COMPLETIONS Q3 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SQ.M	OWNER/DEVELOPER
A5 Quartier, Kronau	Rhine-Neckar Area	Penny (food discounter)	50,000	Penny
Prologis Distribution centre, Datteln	Ruhr Area	Euziel International (on-line retailer)	27,800	Prologis / Prologis
GLP Distribution centre, Dortmund-West	Ruhr Area	Recht Logistik (transport)	24,000	GLP / GLP

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