

	YoY Chg	12-Mo, Forecast
6,637,000 Take-up, sq.m	▲	▲
EUR 6.34* Prime Avg. Rent, sq.m/m	▲	▲
3.46%* Prime Avg. Yield (NIY)	▼	▼

*Average of prime over five major markets

ECONOMIC INDICATORS 2020

	YoY Chg	12-Mo, Forecast
-5.0% GDP Growth 2020	▼	▲
91.3 Business Climate Sentiment: Current Situation (Dec 20)	▼	▲
93.0 Business Climate Sentiment: Expectations (Dec 20)	■	▲

Source: National Statistical Office, ifo institute, Index: 2015=100

ECONOMY: Negative GDP growth rate

The effects of the Covid-19 pandemic were the dominating factor in the German economy in 2020 and caused a decrease in the annual GDP for the first time since the GFC. However, at minus 5% y-o-y, the slump was not as deep as in 2009 (minus 5.7%), not least due to the third quarter when a 8.5% q-o-q increase was registered.

While the majority of sectors were hit by the crisis e-commerce was the winner due to two lockdowns (Q2 and Q4) with closures of most shops and restaurants and many people staying at home in order to avoid physical contacts. According to initial estimates, sales in online trading increased by almost 21% reaching €72bn.

DEMAND: Strong Take-up and Investment volume

In 2020, demand for warehouse and logistics space benefited strongly from the growth in e-commerce and the activities of retailers expanding and adjusting their distribution nets accordingly. Logistic companies ranked second, while demand from manufacturing firms was weaker compared to previous years due to the challenging economic environment. Overall, new lets and owner-occupations amounted to 6.6 million sqm, a plus in take-up of 1% y-o-y, with the second half of the year generating more than 60% of the total result.

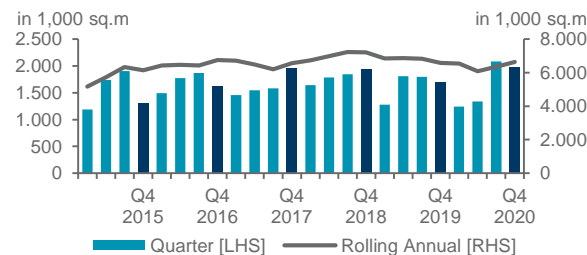
Occupiers still tend to prefer new developments as spaces in existing stock often cannot fulfil the required size and building specifications. Developers compete for building land and due to high land prices in the major core markets, often secure land in wider hinterland areas or invest in brownfields.

Investors' appetite for warehouses and logistics space remained strong over the course of the year. In total, they purchased assets for more than €7bn which is the second highest result ever.

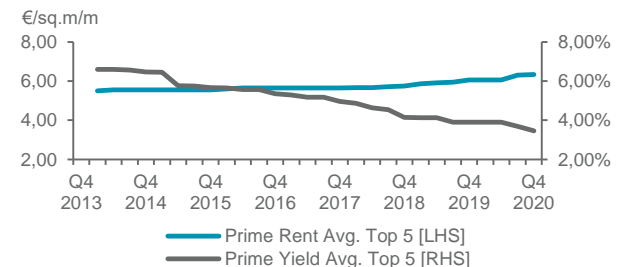
PRICING: Rents up – Yields down

While prime rents for large modern assets increased by almost 3% in the Munich area in the last three months, rents maintained their Q3-level in the other four major German markets. Compared to 12 months earlier, only in Dusseldorf did rents fail to increase. Berlin grew most strongly (12%), followed by Munich (6.9%), Frankfurt (3.2%) and Hamburg (1.6%). Prime yields compressed by 10 bps (5 bps in Dusseldorf) in Q4, the y-o-y compression was 50 bps (Dusseldorf 42 bps), reflecting the strong competition for logistics assets by investors and their faith in this asset class.

INDUSTRIAL TAKE-UP



INDUSTRIAL RENTS & YIELDS



MARKET STATISTICS

MARKETS	PRIME RENT	CHANGE YOY	OUTLOOK YE 2021	PRIME YIELD	CHANGE YOY	OUTLOOK YE 2021
Berlin	5.60	12.0%	Up	3.40%	-6.4%	Down
Dusseldorf	5.60	0.0%	Stable	3.50%	-6.4%	Down
Frankfurt Rhine-Main	6.50	3.2%	Up	3.50%	-6.4%	Down
Hamburg	6.30	1.6%	Up	3.50%	-5.1%	Down
Munich	7.70	6.9%	Up	3.40%	-6.4%	Down
TOP-5 MARKETS	6.34	4.6%	Up	3.46%	-11.3%	Down
Other Markets	4.86	2.7%	Up	3.80%	-7.1%	Down
GERMANY TOTALS	5.48	3.8%	Up	3.66%	-8.7%	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 Q4 2020

PROPERTY	MARKET	TENANT	M ²	TYPE
Logicor property in Bönen - abolishment of stock and new development	Ruhr Area	Poco	35,000	Pre-let, completion 2022
VGP-Park Laatzen	Hanover	Connox	50,000	Pre-let, completion Q4 2021
Segro Logistics Park Oberhausen	Dusseldorf	ITG	30,000	New let
Hines-DistributionPark Hamm-Uentrop	Ruhr Area	Arvato Supply Chain Solution	38,000	Pre-let, completion 2022

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2020

PROPERTY	MARKET	SELLER / BUYER	M ²	PRICE €MN
Roots portfolio (IVG Garbe Logistik Fonds)	Various	Patrizia / AEW	281,000	~ 500
6 distribution centers (SALB)	Various	Kühne+Nagel / Carlyle	66,000	~ 135
Logistik-Center Berlin-Süd, Königs Wusterhausen	Berlin	ECE / Axa IM	56,000	~ 100

KEY CONSTRUCTION COMPLETIONS Q4 2020

PROPERTY	MARKET	MAJOR TENANT	M ²	OWNER/DEVELOPER
Interpark, Kösching	Bavaria	Audi / VW	115,000	VIB Vermögen
Distribution Center Mecklinghoven, Datteln	Ruhr Area	Euziel	27,800	Prologis
Dachser-Warehouse, Hof	Bavaria	Dachser	21,600	Hansainvest / Verdion JV List Gruppe

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