

MARKETBEAT GERMANY

Industrial Q2 2022



4,650,000m²
Take-up (cum.)

YoY
Change

12-Month
Forecast

€7.17*
Prime Avg. Rent, €/m²/month

3.10%*
Prime Avg. Yield

*Average of prime over five major markets
Prime Yield = Net Initial Yield

ECONOMIC INDICATORS

1.8%
GDP Growth
(Q2 2022 vs. Q2 2021)

99.3
Business Climate
Sentiment: Current
Situation (Jun 2022)

85.8
Business Climate
Sentiment: Expectations
(Jun 2022)

Source: Moody's Analytics, ifo institute, Index:
2015=100

ECONOMIC SENTIMENT DROPS SHARPLY – FEAR OF RECESSION

The economy in Germany had begun to recover from the successive waves of the Covid-19 pandemic, but the outbreak of the Ukraine war has increasingly clouded the mood. This is also underpinned by the ifo Business Climate Index, with companies' assessment of their current situation at 99.3 points in June 2022 with business expectations for the coming months falling by 13.5 points. The impact of the Russian invasion slowed economic performance or halted economic growth, with the manufacturing sector affected particularly badly. Disruptions in supply chains, increased energy prices and construction costs as well as interest rate increases are also affecting the logistics sector. Congestion and delays in container shipping, resulting in supply bottlenecks for raw materials and primary products, coupled with a high inflation rate and the threat of gas shortages in the coming winter, have given rise to fears of recession. Moody's Analytics expects for the total year 2022 a GDP growth of only 1.6%.

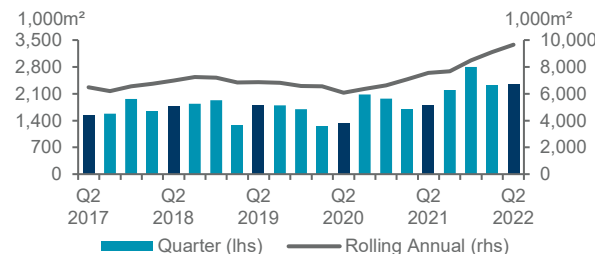
TAKE-UP SETS NEW RECORD

Despite this difficult economic environment, no negative influences have yet been felt on the rental market for warehouse and logistics space. Demand in this sector is being fuelled primarily by the rapid and steady growth of e-commerce as well as industrial restructuring and supply chain reorganisations, which are associated with an increase in inventory storage. New leases and owner-occupiers added up to 4.65 million m² of warehouse and logistics space in the first half of the year. Compared to the same period last year, this is an increase of 33% and at the same time marks a new half-year record. The investment transaction volume for logistics and industrial properties amounted to € 5.86 billion in the first half year, including €2 billion in the second quarter. The half-year result is 68% higher than the figure of twelve months previously and also set a new record.

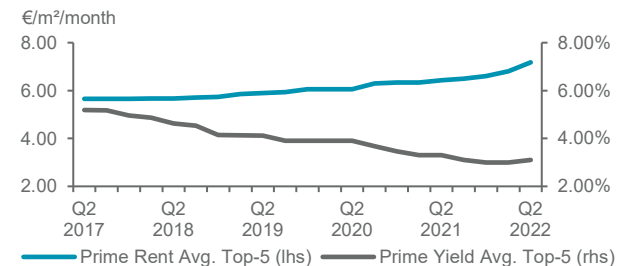
INCREASE IN PRIME RENTS AND PRIME YIELDS

The average level of prime rents in Germany rose by 13.6% in the last 12 months and by 11.5% in the top-5 markets. In the second quarter of 2022, this included €6.50/m²/month in Berlin and €8.50/m²/month in Munich - the most expensive logistics location. The prime yield - after a long, continuous compression - rose by 10 basis points in the second quarter compared to the previous year's figure and was 3.10% in the top-5 markets at the end of the first half of the year. The reason for this is the increase in borrowing costs.

INDUSTRIAL TAKE-UP



INDUSTRIAL RENTS & YIELDS



MARKET STATISTICS

Markets	Prime Rent*	Change YoY	Outlook YE 2022	Prime Yield	Change YoY	Outlook YE 2022
Berlin	6.50	16.1%	Up	3.10%	-20 bps	Up
Düsseldorf	6.75	20.5%	Up	3.10%	-20 bps	Up
Frankfurt	7.15	5.9%	Up	3.10%	-20 bps	Up
Hamburg	6.95	6.9%	Up	3.10%	-20 bps	Up
Munich	8.50	10.4%	Up	3.10%	-20 bps	Up
Top-5 Markets	7.17	11.5%	Up	3.10%	-20 bps	Up
Other Markets	5.64	15.6%	Up	3.36%	-24 bps	Up
Germany	6.28	13.6%	Up	3.25%	-23 bps	Up

*Rental rates reflect Euro per m² per month, Germany top-5 and Germany totals reflects average of prime of included markets

SELECTED LEASE TRANSACTIONS Q2 2022

Property	Market	Tenant	m ²	Type
Logistics center, Erfurt	Erfurt	Amazon	230,500	Pre-let, completion Q3 2023
Logistics center Stuttgart-Heilbronn, Möckmühl	Periphery	DSV Solutions	62,500	Pre-let, completion Q2 2023
Logistics center, Völklingen	Saarland	Hellmann Worldwide Logistics	62,300	Pre-let, completion Q3 2022
Logistics center, Mülheim-Kärlich	Koblenz	Wacker Neuson	57,800	Pre-let, completion Q4 2023

SELECTED SALES TRANSACTIONS Q2 2022

Property	Market	Seller / Buyer	m ²	Price (€ million)
2 Amazon Distribution center, Wenden, Salzgitter	Periphery, Hannover	IIPROP / Brookfield	20,000	~ 110
Logistics center s.Oliver, Dettelbach	Würzburg	Panattoni / AEW	78,000	confidential

SELECTED CONSTRUCTION COMPLETIONS Q2 2022

Property	Market	Major Tenants	m ²	Owner / Developer
Central logistics center Rewe Nord, Henstedt-Ulzburg	Hamburg	Rewe	100,700	Rewe
Panattoni Park Hamburg Nord, Nützen	Hamburg	Riess-Ambiente	69,700	Panattoni
MLP Logistics Park, Unna	Ruhr Area	L-Shop-Team	57,000	MLP Group

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