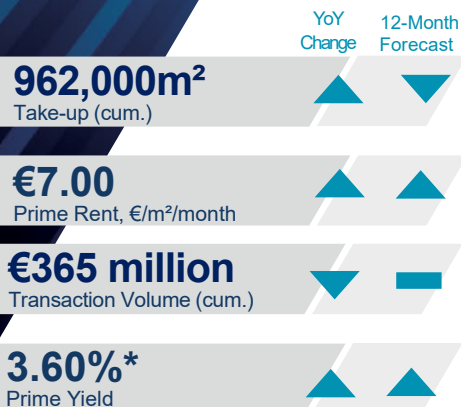


MARKETBEAT BERLIN

Industrial Q3 2022



*Prime Yield = Net Initial Yield

ECONOMIC OVERVIEW

Berlin's economy is currently feeling the effects of the war in Ukraine, with its associated supply chain problems and significant increases in energy prices, inflation and financing costs. These factors are fuelling uncertainty and acting as a brake on economic development. According to leading economic research institutes, the German economy as a whole is moving into recession. The logistics, transport and manufacturing sectors in particular, have already experienced months of cost pressure from rapidly rising pre-product, raw materials and energy prices and disrupted supply chains. Berlin's e-commerce retailers have been experiencing falling demand for several months, which can be attributed to consumers' declining purchasing power. The overall economic development is reflected in the representative IHK Berlin business survey: the business climate index incorporating both current situation and expectations was at 86 points in autumn, 32 points lower than in early summer. And the number of people employed in the transport and storage sector in Berlin also fell slightly, by 2,100 compared to a year previously, to around 84,700.

TAKE-UP: NEW RECORD THANKS TO NUMEROUS LARGE LETTINGS

Although market participants find themselves in a difficult economic environment, there have thus far been few signs of a negative impact on Berlin's logistics and industrial property market: The take-up of around 962,000m² is not only 147% higher than the figure for the equivalent period last year, but is also the highest result for any first nine months of the last 12 years.

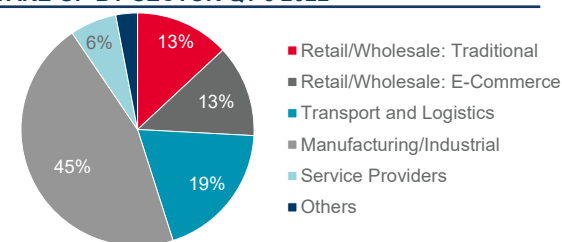
This high take-up was boosted due by owner-occupier Tesla, which located its 327,000m² Gigafactory in Grünheide and entered the statistics in the first quarter when the building permit was finally granted. This special factor massively hiked take-up in the manufacturing/industrial sector and in the Periphery East submarket.

Even excluding the Tesla deal, logistics, warehouse and industrial space take-up is at a record level of 635,000m² comprising 176,000m² in the first quarter, 290,000m² in the second - much stronger - quarter and 169,000m² in the third quarter. Nine major lettings of 20,000m² or more made a significant contribution to this - including 39,700m² and 27,700m² let to Lidl in Werder and Potsdam respectively, and lettings to Picnic in Ludwigsfelde (34,500m²) and in Falkensee (21,900m²). In addition 29,100m² in Rangsdorf was pre-let to Mounting Systems and 35,200 m² was let to Schnellecke Logistics. The largest single contributor to take-up in Q3, was the deal for 32,500m² by logistics service provider VAH Jager in Oberkrämer. Additionally, take-up was also boosted by the start of construction by owner-occupier Chefs Culinar. The manufacturing/industrial segment made the largest contribution to take-up, at some 45% (Tesla alone contributed 34%), followed by retail companies at 26%. Within the retail sector, companies from traditional retail and the e-commerce sector, which is particularly strongly represented in the Berlin market area, each accounted for 13%. Occupiers from the transport and logistics sector contributed around 19% to take-up in the first nine months.

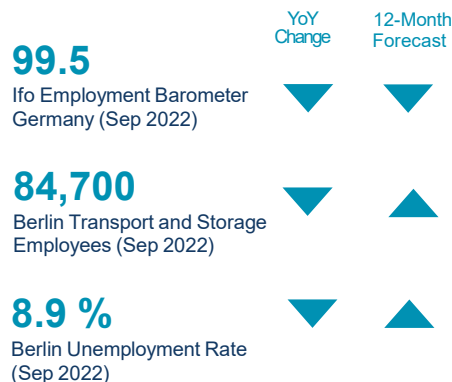
INDUSTRIAL TAKE-UP



TAKE-UP BY SECTOR Q1-3 2022



LABOUR MARKET



Sources: ifo institute (Index: 2015=100), Moody's Analytics, Federal Employment Agency



FURTHER INCREASE IN RENTS

Rents for logistics space are rising steadily in Berlin. In the logistics and industrial property market in the German capital, high demand for space is meeting a shortage of supply. In addition, developers are exposed to rising land and construction costs, so that a prime rent of €7.00/m²/month was achieved in the 3rd quarter. This price is 8% higher than in the previous quarter and represents an increase of €1.30 or 23% on the same period last year.

TAKE-UP BY SIZE CLASS AND SUBMARKET

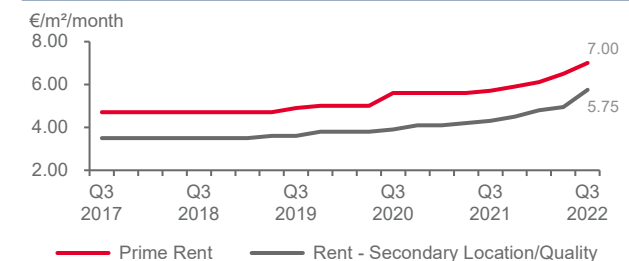
In the first nine months of 2022, almost two-thirds of the total take-up was generated by ten deals of 20,000m² or more - two of these transactions were with occupiers from the manufacturing/industrial sector, four from the retail sector, three from the transport/logistics sector and one from the service provider sector. The space segment 10,000m² to under 20,000m² contributed 13% of take-up, with almost 50% of this from tenants from the retail sector. This is closely followed by the size category 5,000m² to under 10,000m² with 11% of take-up.

Broken down by submarket, 23% of take-up was generated in the Berlin City area and 77% in the surrounding area. Most of the take-up took place in Periphery East, with 346,400m²; Periphery South, with 255,300m², accounting for 27% and Periphery West at 11%. The submarkets of Berlin South and Berlin East, contributed 40% and 25% respectively of the take-up within the city boundary.

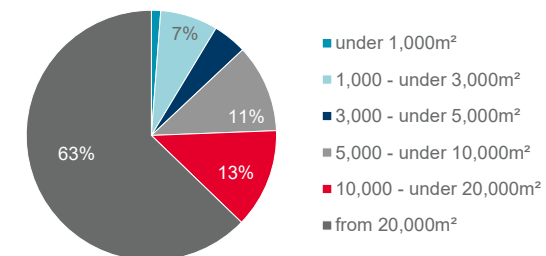
SELECTED TRANSACTIONS 2022

Quarter	Property	City	User	m ²	Type
Q1	Production facility	Grünheide	Tesla	327,000	Owner-occupation
Q2	Magna Park	Werder	Lidl	39,700	New Lease
Q2	Panattoni Park Berlin Süd	Rangsdorf	Schnellecke Logistics	35,200	New Lease
Q2	VGP Park Berlin	Ludwigsfelde	Picnic	34,500	New Lease
Q3	Logistics centre	Oberkrämer	VAH Jager	32,500	Pre-lease (under construction)
Q3	Panattoni Park Berlin Süd	Rangsdorf	Mounting Systems	29,100	Pre-lease (under construction)
Q1	Panattoni Park Berlin Süd	Rangsdorf	Hive Logistics	21,700	New Lease

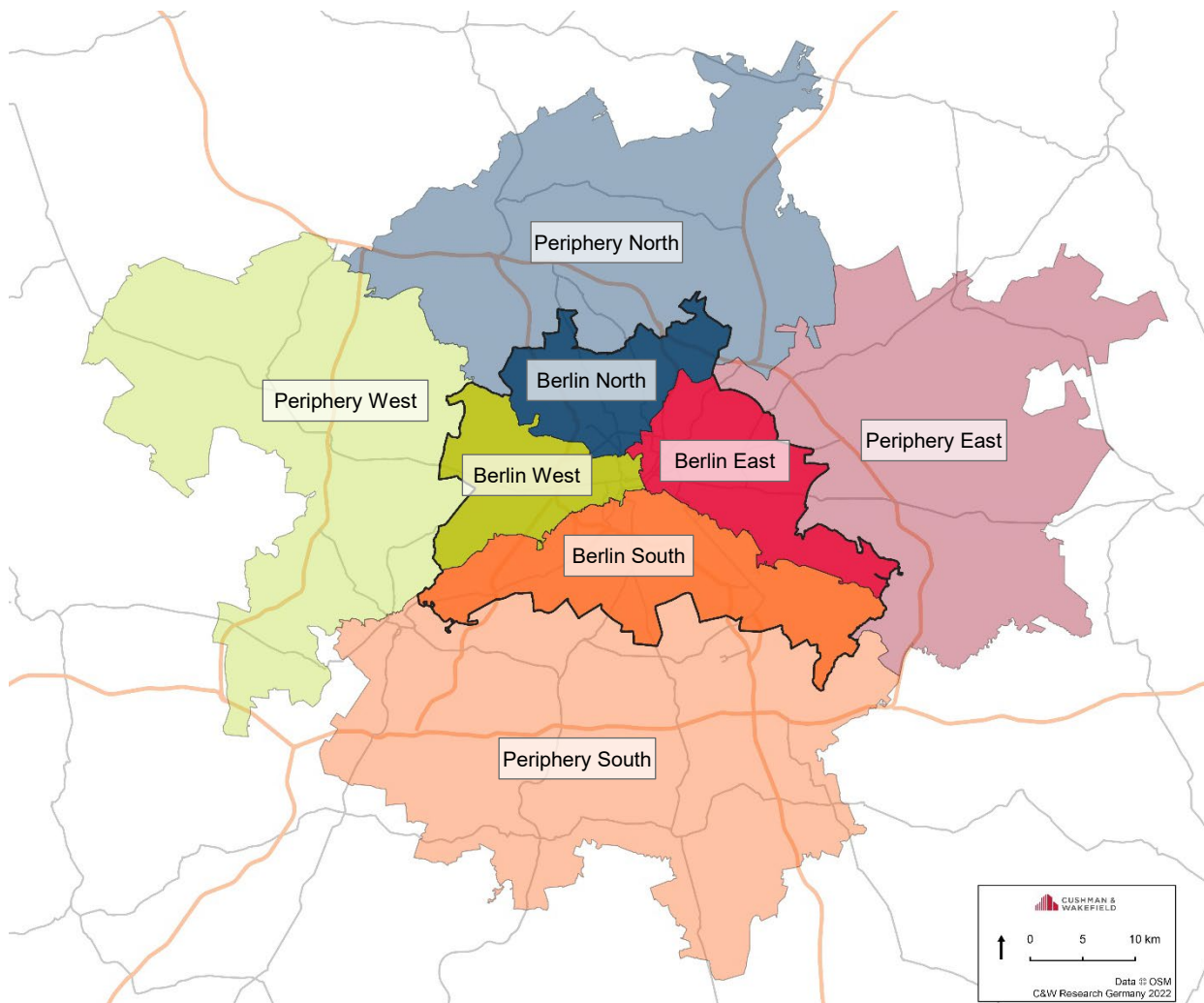
INDUSTRIAL RENTS



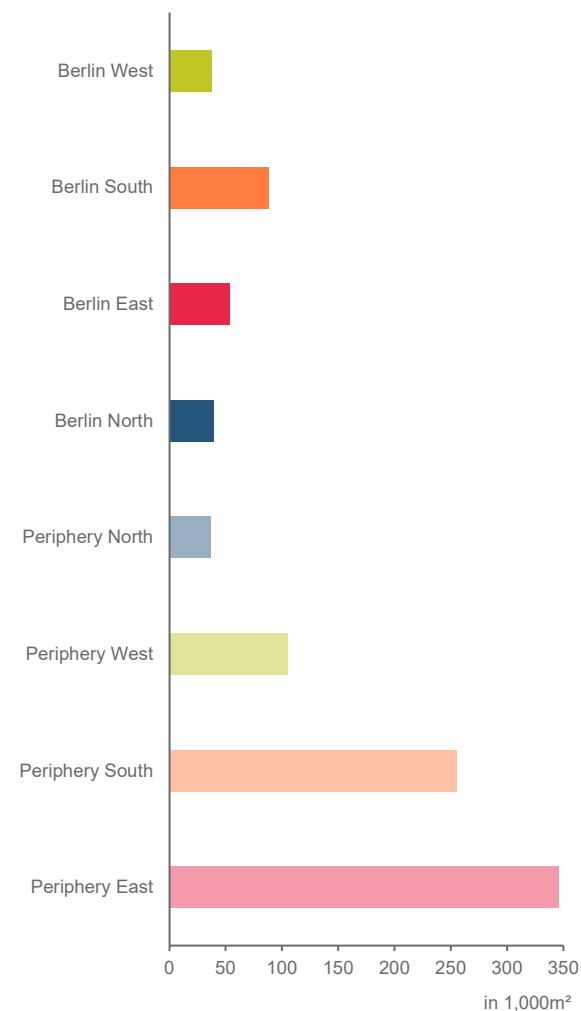
TAKE-UP BY SIZE Q1-3 2022



SUBMARKET OVERVIEW



TAKE-UP BY SUBMARKETS Q1-3 2022



INVESTMENT MARKET: DOWNTURN IN TRANSACTION VOLUME AND SHARP RISE IN YIELDS

Berlin's logistics and industrial real estate investment transaction volume amounted to €365 million in the first nine months of 2022. Of this, €210 million was attributable to the first quarter, €150 million to the second quarter and only €5 million to the third quarter. This figure is 27% lower than for the same period last year, but it is still the second-highest amount for a first-three-quarters period since reporting began in 2008. Despite the looming economic downturn due to difficult macroeconomic and geopolitical conditions, logistics and industrial investments contributed around 6% to the total commercial real estate transaction volume in Berlin's market area (€5.92 billion) in the first nine months of 2022.

The prime yield for logistics properties was 3.60% at the end of the third quarter. Compared to a year earlier, this represents an increase of 50 basis points; the value had initially risen by 10 basis points in Q2 and jumped by a further 50 basis points in Q3 after a long, continuous compression until Q1 2022. The reason for the increase is the significant rise in borrowing costs and volatility in the interest rates triggering uncertainty in the market.

KEY FIGURES

€365 million

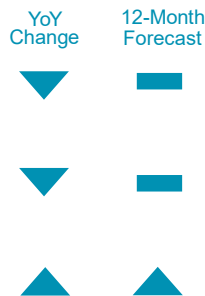
Logistics & Industrial
Transaction Volume (cum.)

6%

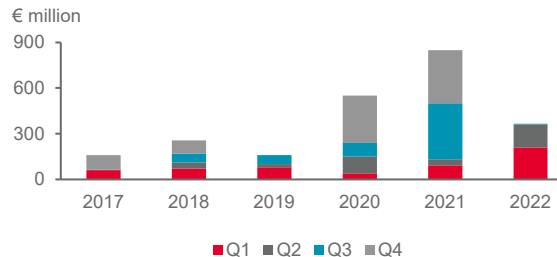
Share of Logistics & Industrial
Investments of Total Volume

3.60%

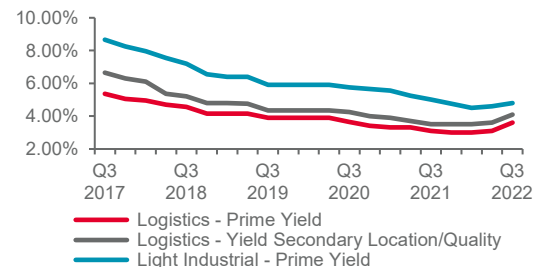
Logistics Prime Yield, net



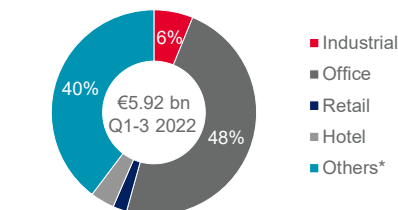
INDUSTRIAL & LOGISTICS TRANSACTION VOLUME



YIELDS BY PROPERTY TYPE



TOTAL COMMERCIAL TRANSACTION VOLUME



* Mixed-use Properties, Development Plots, Nursing Homes, etc.

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