

MARKETBEAT DÜSSELDORF

Industrial Q3 2022



278,000m²

Take-up (cum.)

YoY
Change

12-Month-
Forecast

€7.50

Prime Rent, €/m²/month

€145 million

Transaction Volume (cum.)

3.60%*

Prime Yield

*Prime Yield = Net Initial Yield

LABOUR MARKET

99,5

Ifo Employment Barometer
Germany (Sep 2022)

YoY
Change

12-Month-
Forecast

33.300

Düsseldorf Transport and
Storage Employees
(Sep 2022)

6,8 %

Düsseldorf Unemployment
Rate (Sep 2022)

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

ECONOMIC OVERVIEW

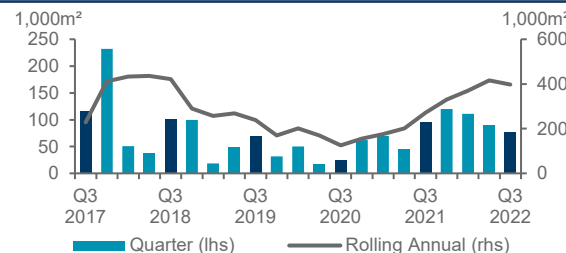
Düsseldorf's economy is currently being impacted by the war in Ukraine, with its associated supply chain problems and significant increases in energy prices, inflation and financing costs. These factors are fuelling uncertainty and acting as a brake on economic activity. According to leading economic research institutes, the German economy as a whole is moving into recession. The logistics and transport sector in particular as well as manufacturing have been affected for months by cost pressures due to rapidly rising input, raw material and energy prices and disrupted supply chains. This is reflected in the autumn business survey by the chamber of commerce, IHK-Düsseldorf/Mittlerer Niederrhein: the current situation indicator has fallen from 19 to 7 points (63%) compared to the level of spring 2022 and -71% compared to September last year. Fears of recession are also reflected in the expectations indicator of the autumn business survey -40 points - compared to -23 points in spring. Despite this, the labour market in Düsseldorf is proving to be robust, having developed positively over the past 12 months: the unemployment rate is around 6.8% (7.6% a year ago). The number of people employed in the transport and warehousing sector in Düsseldorf at the end of the 3rd quarter is around 33,300 and this is forecast by Moody's to increase slightly further.

LETTING MARKET: NEW BEST MARK FOR TAKE-UP OF SPACE

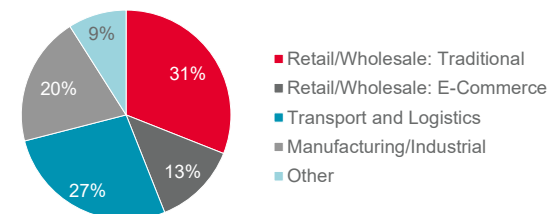
The Düsseldorf logistics and industrial property market recorded take-up of around 278,000 m² in the first nine months of 2022. This is not only 32% higher than for the same period last year, but is also a new record of the last 12 years. Around 111,000 m² of logistics, warehouse and industrial space was taken up in the first quarter, 90,000 m² in the second quarter and 77,000 m² in the third quarter. The start of construction of a 50,700 m² logistics centre, which Lidl is building as owner-occupier in Grevenbroich, made a major contribution to this. The second largest deal, 32,000 m², was concluded by Vaillant; the heating appliance manufacturer leased the space in a Beos development in Wülfrath. In the same logistics property, the online supermarket Picnic will also occupy almost 20,000 sqm². The logistics company TechnoCargo concluded a lease for 17,300 sqm² in Hilden.

As a result of the two major leases signed by Lidl and Picnic, the retail sector accounts for the largest share of take-up at 44%, of which 31% is accounted for by traditional retail companies and 13% by e-commerce firms. As the second-strongest occupier segment, transport and logistics companies contribute just over a quarter (27 %) to take-up. The manufacturing and industrial sector has a 20% share of take-up, partly due to Vaillant's lease; companies from other sectors follow with 9%.

INDUSTRIAL TAKE-UP



TAKE-UP BY SECTOR Q1-3 2022



FURTHER RISE IN RENTS

After remaining at €5.60/m²/month for an extended period (from Q1 2019 to Q3 2021), the prime rent for logistics space in the Düsseldorf market area has been rising steadily since Q4 2021, reaching €7.50/m²/month at the end of Q3. This value is 11 % higher than in the previous quarter and corresponds to an increase of €1.90 or 34 % compared to the same point last year.

TAKE-UP BY SIZE CATEGORY AND SUBMARKET

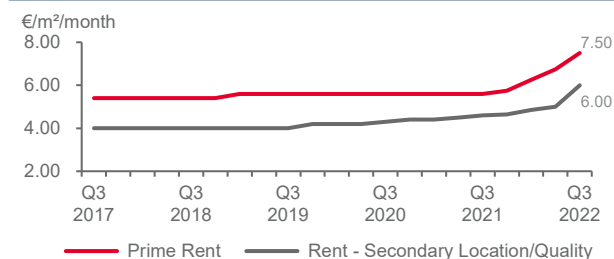
The positive development on the Düsseldorf logistics and industrial market is primarily due to a large number of deals in the 10,000 m² to under 20,000 m² size segment, contributing almost half (49 %) of the take-up. These included four deals each with users from the transport and logistics sector and from the retail sector. Further lettings in this size category were made to one user each from the manufacturing/industrial and other sectors. The Lidl owner-occupancy and the letting to Vaillant were the only deals over 20,000 m² and contributed 30% to take-up. Contracts in the 5,000 m² to under 10,000 m² segment account for around 8% of take-up.

By submarket, the highest take-up was registered in the district of Mettmann, at 125,200 m² and 45 % of the total. In the Rhein-Kreis Neuss submarket, around 71,500 m² of warehouse, logistics and industrial space was taken up. The submarkets of Krefeld and the city of Düsseldorf accounted for 14 % and 13 % of take-up respectively.

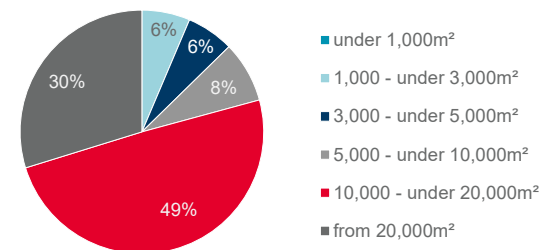
SELECTED TRANSACTIONS 2022

Quarter	Property	Location	Tenant	m ²	Type
Q2	Logistics center	Grevenbroich	Lidl	50,700	Owner-occupation
Q3	Logistics center	Wülfrath	Vaillant	32,000	Pre-lease
Q2	Logistics center	Wülfrath	Picnic	19,600	Pre-lease
Q1	Logistics center	Hilden	TechnoCargo Logistik	17,300	New Lease
Q3	Logistics center	Düsseldorf	Hardeck	12,700	New Lease
Q1	Logistics center	Krefeld	Galaxus Deutschland	12,300	Pre-lease

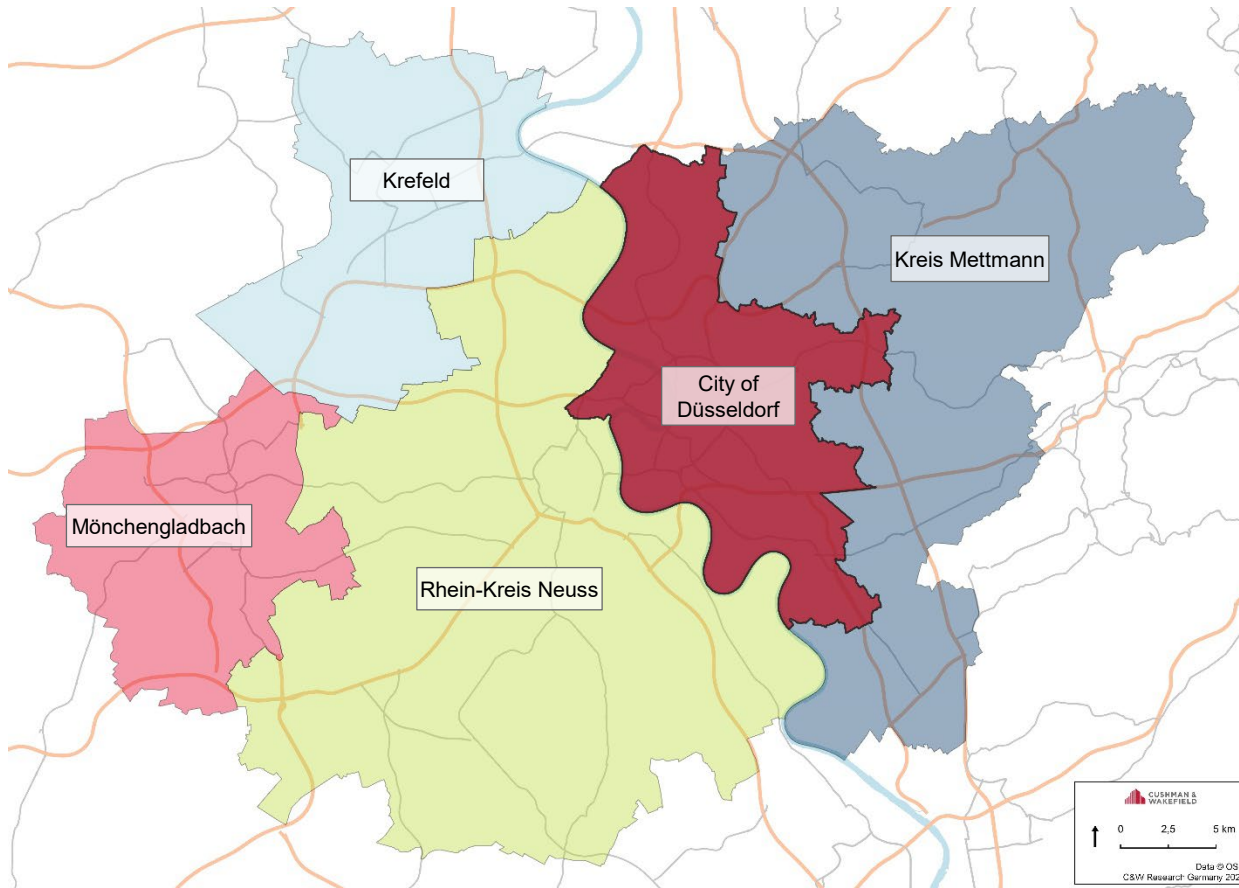
INDUSTRIAL RENTS



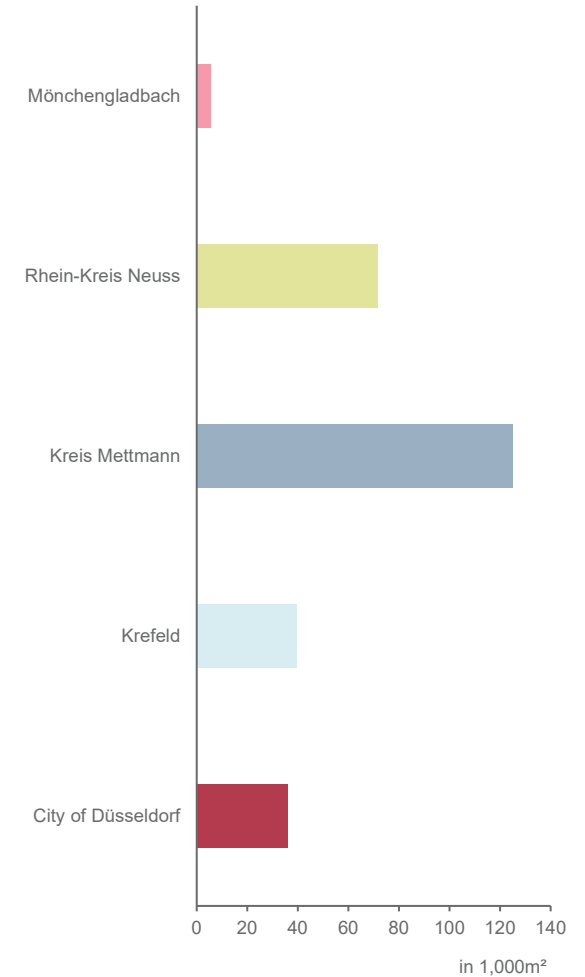
TAKE-UP BY SIZE Q1-3 2022



SUBMARKET OVERVIEW



TAKE-UP BY SUBMARKETS Q1-3 2022



INVESTMENT MARKET: HIGH TRANSACTION VOLUME AND SHARP RISE IN YIELDS

The investment transaction volume in the Düsseldorf market area for logistics and industrial properties amounted to €145 million in the first nine months of 2022, of which €120 million was attributable to the 1st quarter and €25 million to the 2nd quarter; no investments were made in this segment in the 3rd quarter. The result is 88% higher than for same period last year and is the second-best result after Q1-3 2018 (€165 million). Moreover, the volume achieved so far this year is already on par with the full-year average of the last five years and 50% above the Q1-3 five-year average. The logistics and industrial sector contributed around 5% of Düsseldorf's total commercial real estate transaction volume (€2.83 billion) in the first nine months of the year.

The prime yield for logistics properties was 3.60% at the end of the third quarter. Compared to 12 months previously, this represents an increase of 50 basis points; the value had initially jumped by 10 basis points in the 2nd quarter and by a further 50 basis points in the 3rd quarter after a long, continuous decline until the 1st quarter of 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

€145 million

Logistics & Industrial
Transaction Volume (cum.)

5%

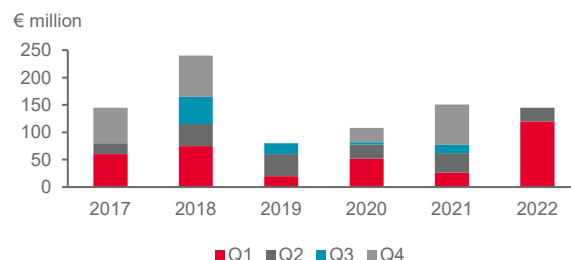
Share of Logistics & Industrial
Investments of Total Volume

3.60%

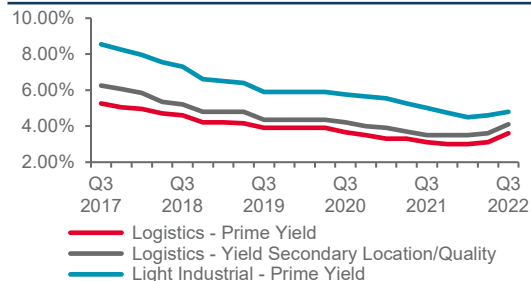
Logistics Prime Yield, net



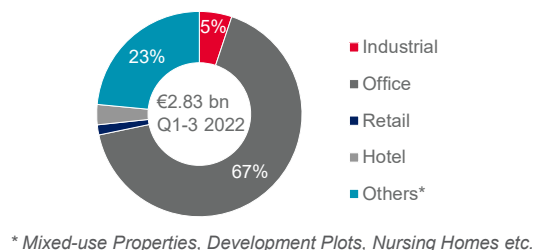
INDUSTRIAL & LOGISTICS TRANSACTION VOLUME



YIELDS BY PROPERTY TYPE



TOTAL COMMERCIAL TRANSACTION VOLUME



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

ARND STERNBERG

Head of Logistics & Industrial Agency Germany
+49 211 540 898 75 / arnd.sternberg@cushwake.com

STEVEN SIEBERT

Head of Logistics & Industrial Services Germany
Capital Markets Investment Sales
+49 69 50 60 73 431 / steven.siebert@cushwake.com

SYLKE REISENAUER

Research Analyst
+49 69 50 60 73 143 / sylke.reisenauer@cushwake.com

URSULA NEISSER

Head of Research Germany
+49 69 50 60 73 140 / ursula-beate.neisser@cushwake.com

HELGE ZAHRT, MRICS

Head of Research & Insight Germany
+49 40 300 88 11 50 / helge.zahrt@cushwake.com

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