MARKETBEAT
DÜSSELDORF
Logistics & Industrial Q2 2023

	YoY Change	12-Month-Forecast
147,300m² Take-up (cum.)	▼	▼
€7.75 Prime Rent, €/m²/month	▲	▲
€170 m Transaction Volume (cum.)	▲	▼
4.15%* Prime Yield	▲	▲

**Prime Yield = Net Initial Yield*

LABOUR MARKET

	YoY Change	12-Month-Forecast
98.4 Ifo Employment Barometer Germany (Jun 2023)	▼	▬
69,490 Düsseldorf Employees in warehouse-using industries (Jun 2023)	▬	▬
6.9% Düsseldorf Unemployment Rate (Jun 2023)	▲	▬

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

ECONOMIC CONDITIONS REMAIN CHALLENGING

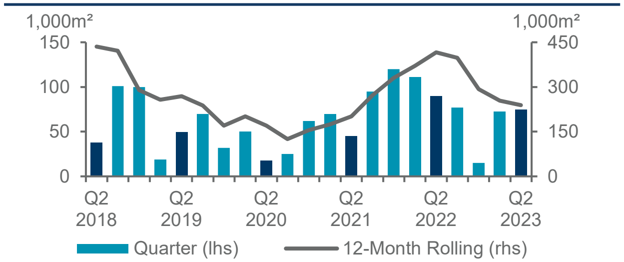
While a slight upturn was expected in spring, the mood in Düsseldorf has clouded over again in recent weeks. Although companies are benefiting from falling energy prices and restored supply chains, uncertainty due to the foreign and security political situation continues to increase. As a result, the majority of expectations for the coming months are subdued to poor. The industrial sector in particular is affected by falling orders and exports. Companies increasingly see the labour market, with rising labour costs and the prevailing shortage of skilled workers as further business risks. This is evident from the April 2023 business survey conducted by the Chamber of Industry and Commerce (IHK) Düsseldorf/Mittlerer Niederrhein. Nevertheless, there was only a slight increase in the unemployment rate compared with the same point last year (+0.3 percentage points) and, according to the IHK survey, employment prospects remain good.

LETTING MARKET: HIGH TAKE-UP THANKS TO BRISK LETTING MOMENTUM

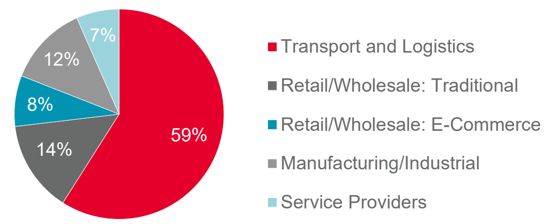
Despite these challenging economic conditions, the Düsseldorf market area is seeing brisk letting activity. The logistics and industrial real estate market recorded take-up of around 147,000m² in the first half of 2023. Both quarters exhibited similar levels of take-up: Q1 saw around 72,000m² and Q2 75,000m². Although the overall result is 27% below the record figure of last year, it exceeds the 5-year average for the first half of each year by 36%. The largest deal to date was a letting to GXO Logistics Services in Dormagen in Q2. The logistics company will move into a property completed in Q1 2023, which was sold by Dietz AG to the Tritax Group. Lettings from Q1 also made a large contribution to the mid-year result: in Meerbusch, around 11,800m² was let to a retail company; Engemann leased a further 11,000m² in Hilden – the forwarding company has expanded at the location in addition to a lease renewal for its existing space.

The transport and logistics sector proved to be the strongest occupier segment in terms of take-up in the first half, accounting for 59% of total take-up. The contribution of retail companies – both traditional and online retailers – amounts to 22%. Occupiers from the manufacturing/industrial sector contributed around 12% of take-up, with 18,300m². Service companies follow with 7%.

TAKE-UP



TAKE-UP BY SECTOR Q1-2 2023



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RENTS REACH STABLE LEVEL

The prime rent for logistics space settled at the Q1 level in Q2, thus remaining stable for the first time after uninterrupted increases in every consecutive quarter since Q2 2021. Irrespective of this, high demand for modern space continues to encounter a shortage of supply in the logistics and industrial real estate market. In addition, developers are facing increased construction costs, which continues to drive rental prices higher. The achievable prime rent at the end of Q2 was €7.75/m² per month, representing an increase of 15% or €1.00 compared to the same point the previous year.

TAKE-UP BY SIZE CATEGORY AND SUBMARKET

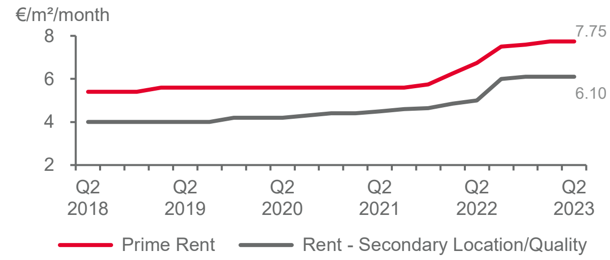
In Q1-2 2023, five deals were concluded in the Düsseldorf logistics and industrial market, accounting for around 43% of take-up in the large-space segment from 10,000m² to under 20,000m². These included two retail companies and three occupiers from the transport and logistics sector. The largest deal of 36,000m², accounted for 24% of take-up. The small-space segment below 3,000m² accounted for around 17% of the total. The two space segments 3,000m² to under 5,000m² and 5,000m² to under 10,000m² have almost equal shares of take-up, at 7% and 9% respectively, with deals involving three occupiers from the manufacturing/industrial sector and two occupiers from the transport and logistics sector.

Broken down by submarket, the highest take-up, at around 83,000m² and a share of 56%, was in the Rhine district of Neuss. The Mettmann district accounted for one-fifth of take-up, with around 29,700m² of warehouse, logistics and industrial space let. The Krefeld and the city of Düsseldorf submarkets accounted for 14% and 10% of take-up, respectively.

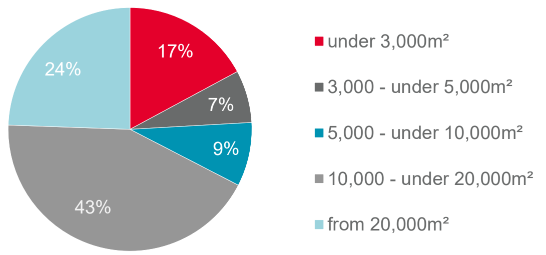
SELECTED TRANSACTIONS 2023

Quarter	Property	Location	Tenant	m²	Type
Q2	Logistics centre	Dormagen	GXO Logistics Services	36,000	New Lease
Q2	Logistics centre	Kaarst	Logistics service provider	14,000	New Lease
Q1	Logistics centre	Meerbusch	Retail company	11,800	New Lease
Q2	Logistics centre	Dormagen	Benuta	11,500	New Lease
Q1	Production facility	Dormagen	PTS Group	7,500	Owner-occupation

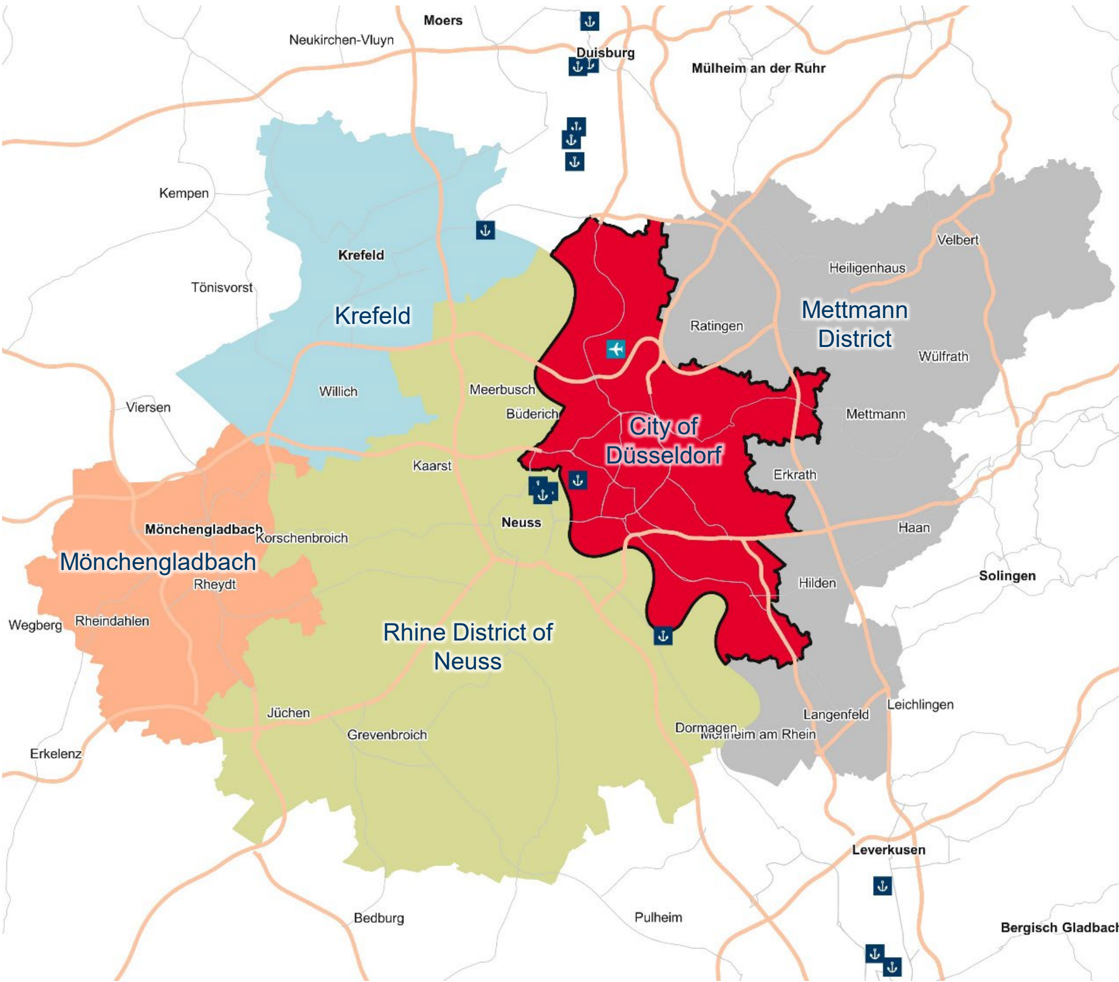
LOGISTICS RENTS



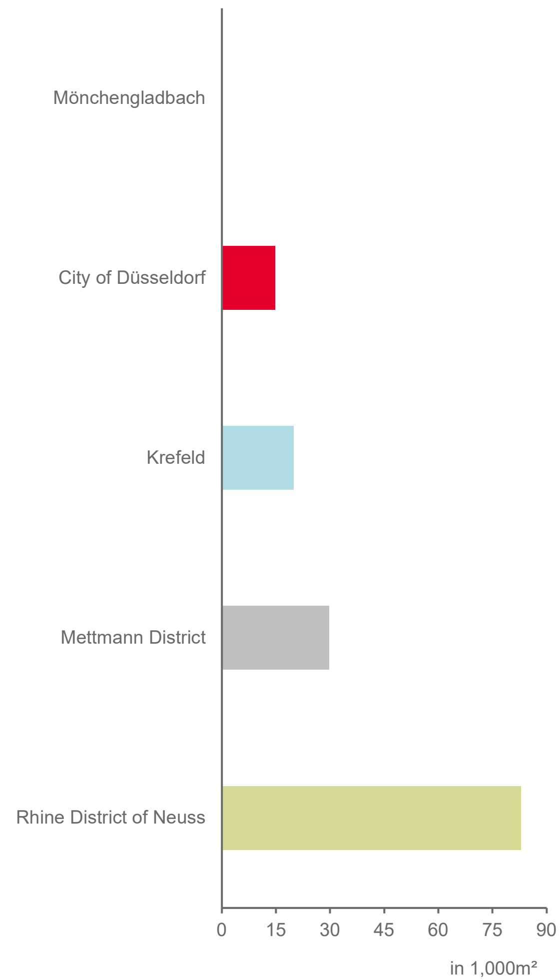
TAKE-UP BY SIZE Q1-2 2023



SUBMARKET OVERVIEW



TAKE-UP BY SUBMARKETS Q1-2 2023



MARKETBEAT

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Logistics & Industrial Q2 2023

INVESTMENT TRANSACTION VOLUME AT NEW RECORD LEVEL – STABLE YIELD LEVEL

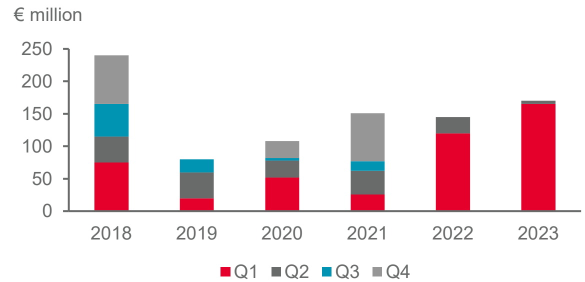
The investment transaction volume in the Düsseldorf market area for logistics and industrial properties amounted to €170 million in the first half of 2023. This result is 17% higher than the figure of a year earlier and represents a new absolute half-year record for the Düsseldorf logistics and industrial market area. The transaction volume is almost exclusively attributable to the sale of the "Areal Böhler" in Meerbusch in Q1, which was sold by the Voest-alpine Group for around €160 million. Logistics and industrial investments accounted for around 31% of the total commercial real estate transaction volume in the Düsseldorf market (€545 million) in Q1-2 2023. Such a high market share is also a novelty for the Düsseldorf investment market and stems from the sharp decline in market activity overall, particularly in office real estate transactions.

The prime yield for logistics properties at the end of Q2 2023 was 4.15%. Compared to the end of Q2 2022, this represents an increase of 105 basis points. In Q2 2023, it remained stable compared to the previous quarter. The reason for the sharp increase in previous quarters is the significant rise in borrowing costs and the volatile interest rate market.

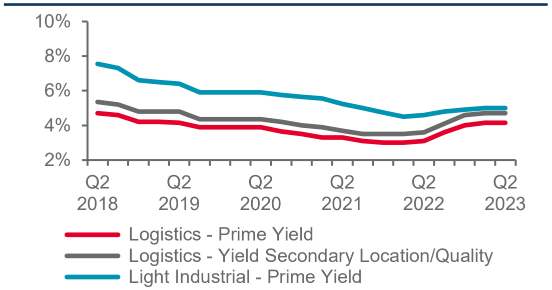
KEY FIGURES

	YoY Change	12-Month-Forecast
€170 m Logistics & Industrial Transaction Volume (cum.)	▲	▼
31% Share of Logistics & Industrial Investments of Total Volume	▲	▼
4.15% Logistics Prime Yield, net	▲	▲

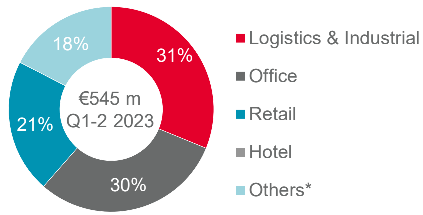
LOGISTICS & INDUSTRIAL TRANSACTION VOLUME



YIELDS BY PROPERTY TYPE



TOTAL COMMERCIAL TRANSACTION VOLUME



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

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