

MARKETBEAT DÜSSELDORF

Logistics & Industrial Q3 2023



177,600m²

Take-up (cum.)

YoY
Change

12-Month-
Forecast

€7.75

Prime Rent, €/m²/month

€170 m

Transaction Volume (cum.)

4.30%*

Prime Yield

*Prime Yield = Net Initial Yield

LABOUR MARKET

95.8

Ifo Employment Barometer
Germany (Sep 2023)

YoY
Change

12-Month-
Forecast

69,660

Düsseldorf Employees
in warehouse-using
industries (Sep 2023)

7.1%

Düsseldorf Unemployment
Rate (Sep 2023)

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

LABOUR MARKET DEFIES THE ECONOMIC DIFFICULTIES

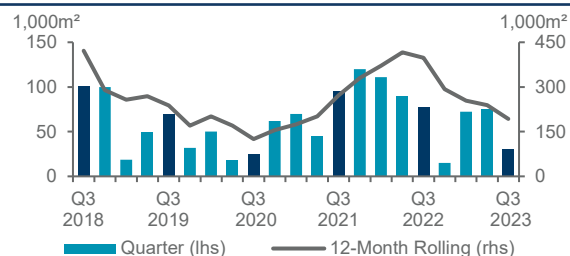
Düsseldorf's chamber of commerce, IHK Düsseldorf/ Mittlerer Niederrhein, describes the region's economic situation in its autumn 2023 economic report as paralysed. The September survey included in the report revealed that the companies who responded rated their current business situation as only slightly positive with the indicator at 3.3 points. And the majority of their business expectations – as has been the case since the start of the year – are subdued to poor (-11.8 points). The economic upturn is still being hampered by rising interest rates and inflation, which are putting the brakes on consumption and investment. The continuing high energy prices, increased labour costs and the shortage of skilled workers are also seen as business risks. Alongside all these challenges, there is one ray of hope: The labour market is proving to be resilient with a relatively stable unemployment rate of 7.1%.

LETTING MARKET: TAKE-UP AT AVERAGE LEVEL

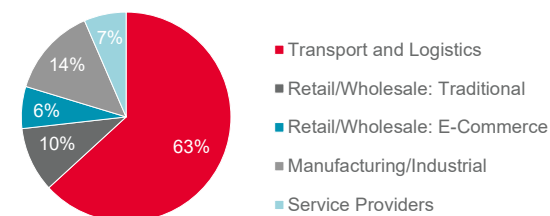
Despite the challenging economic conditions are also affecting Düsseldorf's logistics and industrial real estate market. In the first nine months of 2023 take-up of around 177,600m² was recorded. A strong first half of the year (Q1 and Q2 with over 70,000m² each) was followed by a relatively weak Q3, in which only 30,300m² were registered. Although the overall result is 36% below the previous year's record figure, it is still roughly (-2%) on a par with the 5-year average for Q1-3. The decline in the result is also due to an increasing shortage of available space in the market area. 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. In Q3, the start of construction of a facility of around 13,000m² for owner-occupier ITC Logistic in Mönchengladbach was included in the statistics. Lettings from Q1 also made a major contribution to the 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 nine months, accounting for 63% of total take-up. The contribution of retail companies – both traditional and online retailers – continues to decline and now amounts to 16%. Occupiers from the manufacturing/industrial sector contributed around 14% of take-up, at 24,500m².

TAKE-UP



TAKE-UP BY SECTOR Q1-3 2023



RENTS MAINTAIN STABLE LEVEL

The prime rent for logistics space in Q3 has maintained its Q1 and Q2 level, thus remaining static 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 an increasing shortage of supply in the logistics and industrial real estate market. In addition, developers are continuing to face high construction costs, which is continuing to drive rental prices higher. The achievable prime rent at the end of Q3 was €7.75/m² per month, representing an increase of 3% or €0.25 compared to the same point the previous year.

TAKE-UP BY SIZE CATEGORY AND SUBMARKET

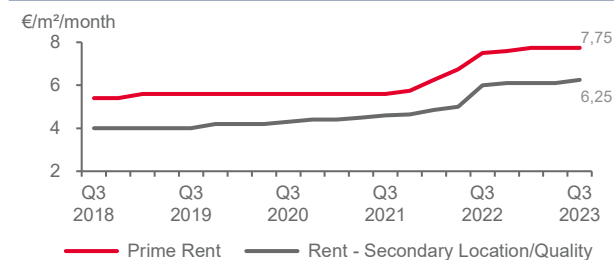
In Q1-3 2023, six deals were concluded in Düsseldorf's logistics and industrial market area, accounting for around 43% of take-up in the large-space segment from 10,000m² to under 20,000m². These included two retail companies and four occupiers from the transport and logistics sector. The largest deal, of GXO Logistics Services in Dormagen at 36,000m², alone accounted for 20% of take-up. The small-space segment below 3,000m² saw the largest number of transactions and contributed around 17% of take-up. The two space segments 3,000m² to under 5,000m² and 5,000m² to under 10,000m² accounted for 7% and 13% of take-up respectively, with deals involving four occupiers from the manufacturing/industrial sector and three occupiers from the transport and logistics sector.

Broken down by submarket, the highest take-up, at around 85,900m² and a share of 48%, was in the Rhine district of Neuss. The Mettmann district accounted for nearly one-fifth of take-up (18%), with around 31,200m² of warehouse, logistics and industrial space let. The Krefeld and the city of Düsseldorf submarkets accounted for 15% and 10% of take-up, respectively. The Mönchengladbach submarket followed at a slight distance, accounting for around 9% of take-up. The letting volume of 15,500m² was generated exclusively in Q3.

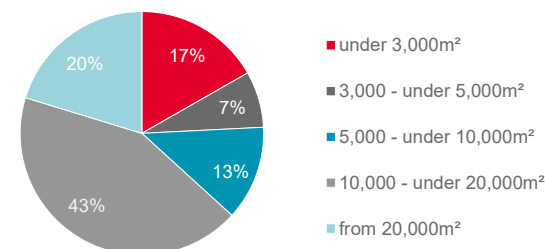
SELECTED TRANSACTIONS 2023

Quarter	Property	Location	Tenant	m ²	Type
Q2	Logistics centre	Dormagen	GXO Logistics Services	36,000	New Lease
Q2	Logistics centre	Kaarst	DB Schenker	14,000	New Lease
Q3	Logistics centre	Mönchengladbach	ITC Logistic	13,000	Owner-occupation
Q1	Logistics centre	Meerbusch	Retail company	11,800	New Lease
Q2	Logistics centre	Dormagen	Benuta	11,500	New Lease
Q3	Logistics centre	Krefeld	Wisag Logistics Solutions	9,800	Pre-let

LOGISTICS RENTS



TAKE-UP BY SIZE Q1-3 2023

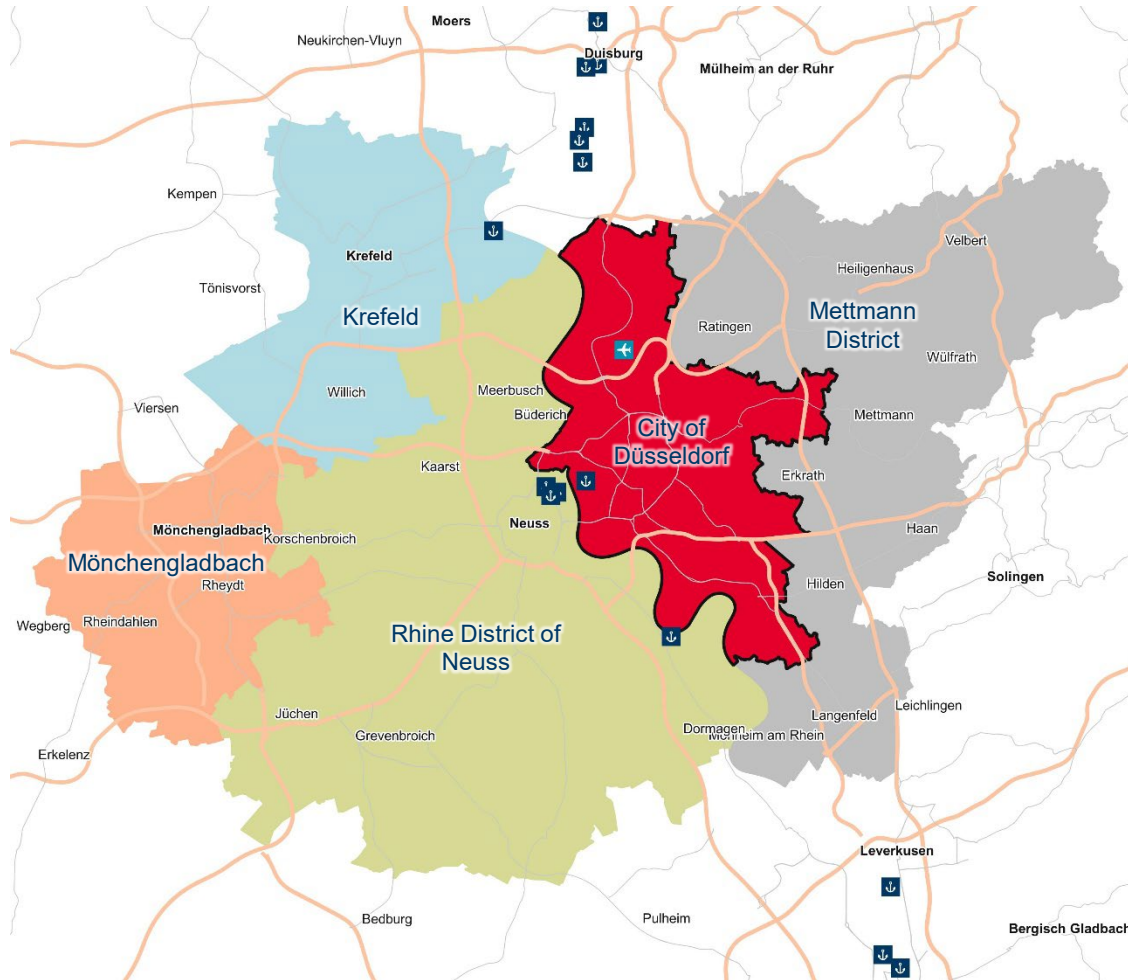


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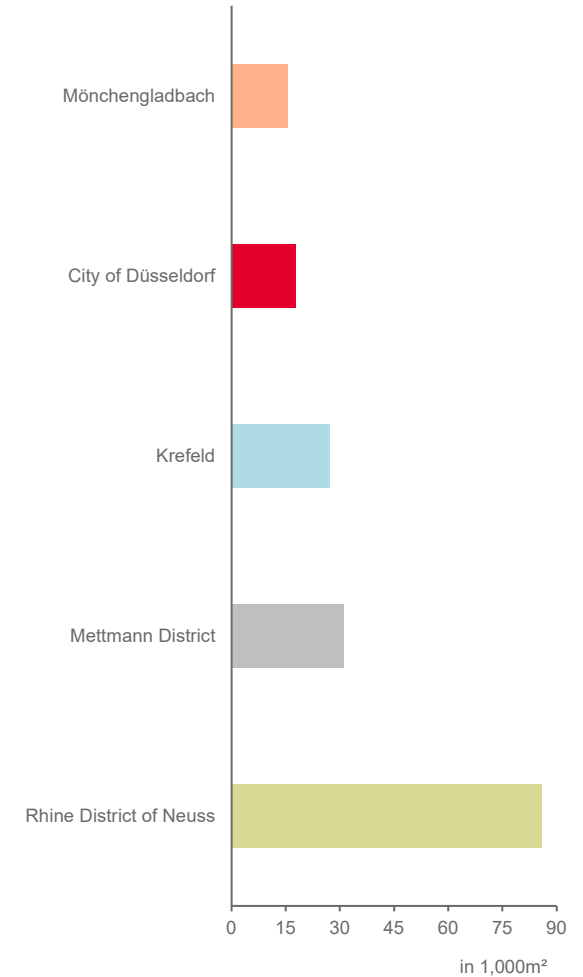
Logistics & Industrial Q3 2023



SUBMARKET OVERVIEW



TAKE-UP BY SUBMARKETS Q1-3 2023



INVESTMENT MARKET AT A STANDSTILL IN THE 3RD QUARTER – RISING PRIME YIELDS

The investment transaction volume in Düsseldorf's logistics and industrial market area amounted to €170 million in Q1-3 2023, of which €165 million was attributable to the 1st quarter and only €5 million to the 2nd quarter; no transactions took place in this sector in Q3. This result is 17% higher than the figure of a year earlier and exceeds the Q1-3 five-year average by 55 %. At the same time, this volume represents a record among all first nine-month periods since records began (2005). The transaction volume is almost exclusively attributable to the sale of the "Areal Böhler" in Meerbusch, which was sold in Q1 by Voestalpine Group for around €160 million. Logistics and industrial investments accounted for around 29% of the total commercial real estate transaction volume in the Düsseldorf market (€585 million) in Q1-3 2023. Such a high market share is also a novelty for the 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 Q3 2023 was 4.30%. Compared to the end of Q3 2022, this represents an increase of 70 basis points and compared to the previous quarter, an increase of 15 basis points. The reason for the sharp increase in previous quarters is the significant rise in borrowing costs and the volatile interest rate market.

KEY FIGURES

€170 m

Logistics & Industrial
Transaction Volume (cum.)

29%

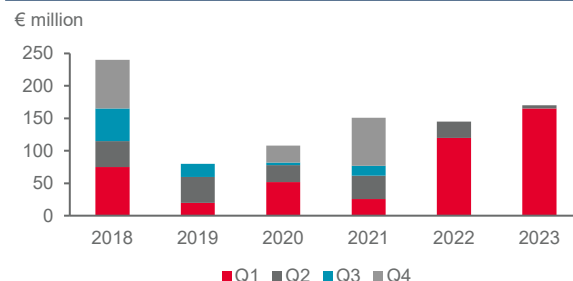
Share of Logistics & Industrial
Investments of Total Volume

4.30%

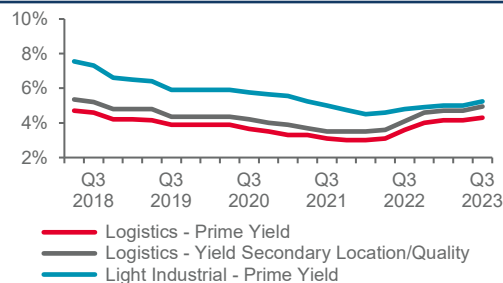
Logistics Prime Yield, net



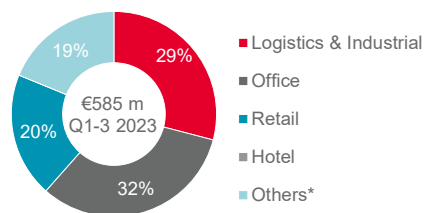
LOGISTICS & INDUSTRIAL TRANSACTION VOLUME



YIELDS BY PROPERTY TYPE



TOTAL COMMERCIAL TRANSACTION VOLUME



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

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