

# MARKETBEAT GERMANY

## Logistics & Industrial Q3 2023



**4,300,000m<sup>2</sup>**  
Take-up (cum.)

YoY  
Change

12-Month  
Forecast

**€8.12\***

Prime Avg. Rent, €/m<sup>2</sup>/month

**4.30%\***

Prime Avg. Yield

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

### ECONOMIC INDICATORS

**-0.68%**

GDP Growth Germany  
(Q3 2023 vs. Q3 2022)

**88.7**

Business Climate  
Sentiment: Current  
Situation (Sep 2023)

**82.9**

Business Climate  
Sentiment: Expectations  
(Sep 2023)

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

### GERMAN ECONOMY GOING THROUGH A WEAK PHASE

The German economy is in a persistent weak phase. The ECB pursued the goal of getting the high inflation rate under control via the frequent key interest rate hikes of the past months. However, this has had the side effect of dampening demand. Many companies in the industrial and construction sectors are complaining about ever fewer new orders. At the end of the 3rd quarter, however, there are signs of a degree of stabilisation in the economy. This is also shown by the ifo Institute's September 2023 business survey: although companies are still pessimistic about their business situation, their business expectations are less marked by worries about the future – at 82.9 points they are around 6.2 points higher than last year. All hopes are directed towards next year, when a general economic recovery is expected to begin: Interest rate hikes and inflation are expected to ease, and increased real wages are expected to boost consumer sentiment again.

### TAKE-UP GAINING MOMENTUM OVER THE COURSE OF THE YEAR

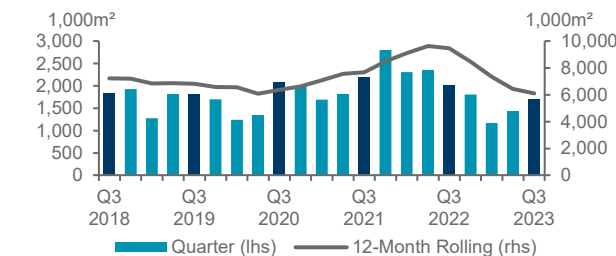
The continuing economic challenges are also having an effect on the logistics and industrial space market – take-up in the first nine months of 2023 has therefore failed to match the figures of the booming previous years, but has still delivered a solid result: New lettings and owner-occupier deals totalled 4.3 million m<sup>2</sup> of logistics, warehouse and industrial space in Q1-3. Take-up increased with each successive quarter (Q1: 1.17 million m<sup>2</sup> and Q2: 1.43 million m<sup>2</sup>) to around 1.7 million m<sup>2</sup> in Q3. The result is thus 36% below the exceptionally strong figure of a year previously and only 12% below the Q1-3 10-year-average. The year-on-year decline also stems from a burgeoning shortage of space on the market. In the top-5 markets, take-up of 1,08 million m<sup>2</sup> of logistics, warehouse and industrial space was registered (- 45% compared to Q1-3 2022).

The investment transaction volume for logistics and industrial properties amounted to around €3.59 billion in the first nine months (- 55% compared to Q1-3 2022), of which, at €1.89 billion, more than half of the volume is attributable to Q3 alone.

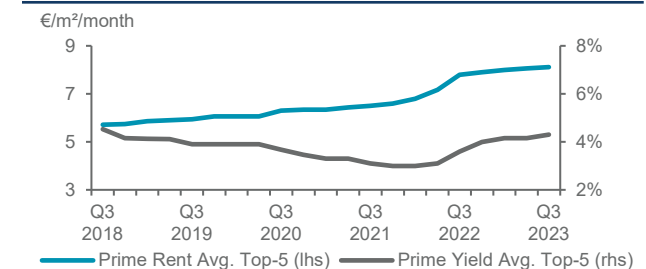
### SLIGHT INCREASE IN PRIME RENTS AND RISING PRIME YIELDS

The average logistics prime rent rose by 3% in Germany as a whole and by 4% in the top-5 markets over the last 12 months. The excess demand for prime space encountering a lack of suitable availability as well as high construction costs are the drivers here. In Q3 2023, Berlin achieved a monthly prime rent of €7.20/m<sup>2</sup> and Munich €9.75/m<sup>2</sup>. The prime yield rose by 70 basis points in the top-5 markets over the course of 12 months; compared to the previous quarter, it increased by 15 basis points and stands at 4.30% at the end of Q3.

### TAKE-UP



### RENTS & YIELDS LOGISTICS



### MARKET STATISTICS

Markets	Prime Rent (€/m <sup>2</sup> /month) *	Change YoY	Outlook YE 2023	Prime Yield*	Change YoY	Outlook YE 2023
Berlin	7.20	3%	Stable	4.30%	70 bp	Up
Düsseldorf	7.75	3%	Stable	4.30%	70 bp	Up
Frankfurt	7.95	3%	Stable	4.30%	70 bp	Up
Hamburg	7.95	3%	Stable	4.30%	70 bp	Up
Munich	9.75	8%	Up	4.30%	70 bp	Up
Top-5 Markets	8.12	4%	Stable	4.30%	70 bp	Up
Outside Top-5**	6.13	3%	Stable	4.60%	68 bp	Up
Germany**	6.47	3%	Stable	4.55%	68 bp	Up

\*Rents/yields for top-5 markets, outside top-5 and Germany reflect average of the respective prime values of the included markets / clusters

\*\*Germany = 24 Logistics-Industrial-clusters, Outside Top-5 = 20 clusters

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### SELECTED LEASE TRANSACTIONS Q3 2023

Property	Cluster	Tenant	m <sup>2</sup>	Type
Global Parts Center Daimler Truck, Halberstadt	Outside	Daimler Truck	270,000	Owner-occupier, completion Q3 2026
Logistics and production property, Rheda-Wiedenbrück	Outside	Beckhoff Automation	75,300	Pre-let, completion Q3 2025
Logistics centre, Stadtroda	Erfurt	Kontinent Spedition	35,500	Pre-let, completion Q1 2024

### SELECTED SALES TRANSACTIONS Q3 2023

Property	Cluster	Seller / Buyer	m <sup>2</sup>	Price (€ million)
Portfolio – 5 Logistics parks: Oberkrämer, Laatzen, Magdeburg, Göttingen, Gießen	nationwide	VGP/ Deka Immobilien	792,000	~ 560
Portfolio – 6 Development projects: Neuenburg, Rastatt, Kandel, Lichtenau, Hof, Wiesau	nationwide	DFI Real Estate/ Hansainvest	150,000	~ 270
Portfolio – 5 Logistics centres: Hückelhoven, Waldlaubersheim, Hamm, Linsengericht, Schwäbisch Gmünd	nationwide	Blackstone/ Clarion Partners	251,800	~ 264

### SELECTED CONSTRUCTION COMPLETIONS Q3 2023

Property	Cluster	Major Tenants	m <sup>2</sup>	Owner / Developer
Logistics centre Duisburg Nord I, Wesel	Duisburg/Lower Rhine	Rhenus	86,000	Swiss Life AM (former Beos Logistics)
Prologis Logistics park, Dortmund	Eastern Ruhr Area	Pfenning Logistics	80,000	Prologis
Logistics centre, Neuruppin	Outside	Fressnapf	47,200	Panattoni

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