

MARKETBEAT GERMANY

Industrial Q1 2020



1,240K

Take-Up, Sq.m

YoY
Chg



3-Mo.
Forecast



EUR 6.06

Prime Avg. Rent sq.m/m



3.90%

Prime Avg. NIY



Average over five major markets

ECONOMIC INDICATORS GERMANY Q1 2020

-1.5%

German GDP

YoY
Chg



3-Mo.
Forecast



93.0

Companies Index of
Current Situation



79.7

Companies Index of
business expectations



Source: Oxford Economics, ifo Institute

ECONOMY: Signs of Weakness

Sentiment among German companies, as measured monthly by the ifo Business Climate Index, stabilized in January and February at the level of the previous quarter, but slumped in March when not only the negative effects of the lockdown in China on the global supply chains became apparent but European countries having to also put lockdowns and shutdowns in place. The index fell to its lowest level since July 2009. Assessment of the current situation worsened and companies' expectations for the next six months have deteriorated to an unprecedented degree. Oxford Economics forecasts an annualised GDP growth rate for Q1 2020 of minus 1.5% and for Q2 2020 minus 9.5%. The average unemployment rate of 5.3% indicates that the shock has not yet reached the labour market, which has, not least, been supported by short-time working furlough state subsidies, which helps firms to retain their staff in troubled times as the state gives financial help.

DEMAND: Take-up below Strong 2018

Demand for warehouses and distribution space remained at a high level, mainly driven by demand from retailers and e-commerce-distribution, whereas requirements from manufacturing and 3PLs declined in mid-March when it became obvious that, among other segments, the car industry would be hit hard by the Covid-19 pandemic.

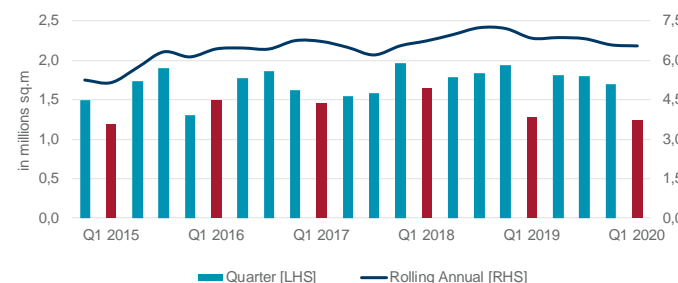
In Q1 new leasings and construction starts for owner occupation reached 1.24 million sq.m and thus almost the same level as the equivalent quarter in 2019 (1.28 million sq.m). Due to the need for modern space, a significant proportion of the newly-let space was in new completions or development projects. The majority of newly-let space is located outside of the five main German markets. Lower plot prices, higher availability of space and, not least, a trend to more regional logistics hubs are the reasons.

PRICING: Rents remain Stagnant

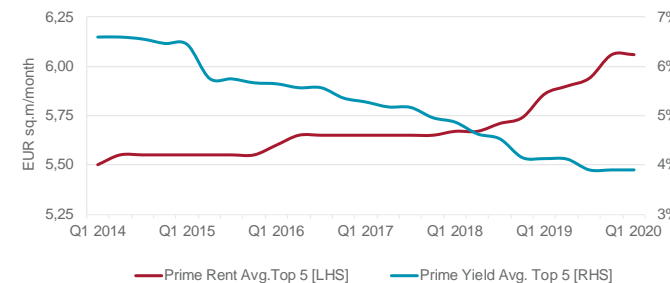
Whereas prime rents for large modern warehouses and distribution centres increased in Q4 2019, they remained static in Q1 2020. At a monthly rent per sq.m of EUR 7.20 Munich is the most expensive location in Germany.

Rents for secondary space in the five major markets range from EUR 3.80 in Berlin to EUR 6.00 in Munich.

TAKE-UP



PRIME RENTS AND PRIME YIELDS



MARKETBEAT GERMANY

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MARKET STATISTICS

SUBMARKET	CURRENT QTR TAKE-UP (SQ.M)	YTD TAKE-UP (SQ.M)	CHANGE YOY	PRIME RENT*	CHANGE YOY
Berlin	76,000	76,000	-30,9%	EUR 5.00	6.4%
Dusseldorf	50,000	50,000	170,3%	EUR 5.60	0.0%
Frankfurt Rhine-Main	74,000	74,000	-22,1%	EUR 6.30	1.6%
Hamburg	110,000	110,000	54,9%	EUR 6.20	6.9%
Munich	43,000	43,000	7,5%	EUR 7.20	2.9%
TOP 5 MARKETS	353,000	353,000	-6,2%	EUR 6.06	3.4%
Other Submarkets	887,000	887,000	-3,1%	EUR 4.74	2.6%
GERMANY TOTALS	1,240,000	1,240,000	-5.5%	EUR 5.29	3.0%

*Rental rates reflect Euro per sq.m per month, Germany top 5 and Germany totals reflects average of included markets

KEY LEASE TRANSACTIONS Q1 2020

PROPERTY / CITY	SUBMARKET	TENANT / LANDLORD	SQ.M	TYPE
Distribution Centre, Hammerbach/Limesheim	Frankfurt/ Rhine-Main Area	Wayfair / Dietz AG	42,000	New Lease
P3 Logistics Parc, Horb/Neckar		Daimler Benz / P3 Logistics Parc	32,500	New Lease
Panattoni Park Frankfurt Sud, Worrstadt	Frankfurt / Rhine-Main Area	Hellmann Worldwide Logistics / Panattoni Europe	18,100	Pre-lease
Werne	Ruhr Area	Euziel / Garbe Industrial RE	32,900	Pre-lease
Werne	Ruhr Area	Imperial Industrial Logistics / Garbe Industrial RE	22,500	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SQ.M	PRICE Range EURO
57.1% of 8 assets (part of a pan European portfolio)	National	Ares Management/ Investec Property Fund	258,300	100 - 250
Amazon Sortation Centre	Berlin-Schönefeld	May & Co JV Pflugfelder / Quantum obo Korean Fonds	35,000	50 - 100

KEY CONSTRUCTION COMPLETIONS Q1 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SQ.M	OWNER / DEVELOPER
Distribution Centre, Oelde	-	Amazon	130,000	Gazely
IVPL Warehouse, Fritzlar	Kassel-Erfurt	VW	42,000	Family Office / Hellmann Investment

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