Realogis publishes market report on the letting of logistics properties and industrial sites in North Rhine-Westphalia for 2018

- 15% decline in letting performance at top logistics locations in NRW
- Third-best result of the last five years with a letting performance of 971,000 sqm
- Five-year average missed by 7%
- 42% decline in take-up in Düsseldorf

Düsseldorf, 20 February 2019 – According to the property consulting company Realogis, 15% less rental space for industry and logistics was taken up at the top logistics locations in NRW in 2018 than in the previous year, with a total letting volume of 971,000 sqm by all market participants. “As a result, the market fell short of the high five-year average of around 1 million sqm by 7%,” commented Bülent Alemdag, Managing Director of Realogis Immobilien Düsseldorf GmbH. In the five-year period under review, the letting volume that was achieved in the months from January to December 2018 represents the third-best result after the two previous record-breaking years (2016: 1,502,000 sqm and 2017: 1,144,000 sqm). The Düsseldorf logistics market contributed substantially to the second year of decline in a row in 2018.
Düsseldorf/Mönchengladbach/Lower Rhine market area
The market recovery starting in the third quarter was unable to make up for the muted first half of the year. As a result, the take-up in the Düsseldorf, Mönchengladbach and Lower Rhine market area in 2018 was just 255,000 sqm. Compared to the previous year, which was characterised by large-scale lettings towards the Ruhr, the market declined by 42% (2017: 439,000 sqm) and was thus 17% below the five-year average (approx. 310,000 sqm).

The strongest tenants included the retail and logistics sectors. The establishment of a new location by logistics service provider Seacon for e-commerce in Neuss is regarded as the largest deal, with 35,000 sqm. This is followed by Rhenus with 12,100 sqm in Willich, flaschenpost AG with 11,300 sqm in Düsseldorf, and the Dirks Group with 10,500 sqm in Kleve. Because of the shortage of plots of land, there was only one speculative newbuild development for logistics in the Düsseldorf market area (Holthausen). In addition, the market is characterised by a lack of potential for using space at existing properties.

Due to an ever increasing shortage of space, Realogis expects that the letting performance will continue to decline and will be between 175,000 sqm and 220,000 sqm by the end of the year. Increases in rents by 10%, depending on the quality and location, are to be expected, especially for smaller spaces – i.e. single properties and business parks. On the other hand, rents in the medium-size and large segments are expected to remain stable at EUR 5.20 per sqm for modern newbuild spaces directly in the suburbs of Düsseldorf that are suitable for third-party use. The average rent this year is EUR 4.80 per sqm (+5%); on the other hand, the prime rent remained unchanged and, like last year, was EUR 5.60 per sqm in Düsseldorf.
Cologne/Bonn/Aachen market area
The Cologne/Bonn/Aachen logistics market was characterised by several major deals in the 10,000+ sqm segment, which led to an increase of 6% compared to the previous year. With a take-up result of 251,000 sqm (2017: 237,000 sqm), the region held its ground but was still just under the five-year average (256,000 sqm).

Apart from a small number of modern offers, the logistics market in Cologne particularly lacks spaces in the medium-size segment between 5,000 and 10,000 sqm. Overall, there is little new construction activity going on, meaning that deals predominantly involved existing properties, especially in the transport and logistics sectors. Large-scale lettings last year include the leases in Frechen near Cologne (Offergeld, 35,000 sqm), in Kerpen (a beverages producer, 11,900 sqm) and in Bedburg (Grieshaber, 12,000 sqm).

For 2019, Realogis expects a decline in take-up in the region of 24% to 40% or in other words a letting performance of between 150,000 sqm and 190,000 sqm for all market participants. Realogis cited the lack of suitable spaces as the reason despite the high demand for logistics properties. As in the Düsseldorf market area, rents in the small and business park segments are continuing to increase.

Ruhr region
In 2018, the logistics market in the Ruhr region presented itself at a good level comparable to the previous year. The Ruhr region contributed the most to the NRW logistics market and was characterised by very good demand, especially from logistics service providers. With a letting volume of 465,000 sqm (2017: 468,000 sqm), it is just under the five-year average (484,000 sqm). Leases were signed predominantly for new construction developments because available existing space continues to be scarce.
Many deals were for the 15,000+ sqm segment, and included Geodis (40,000 sqm) in the Ruhr region/Oberhausen, Rewe (45,000 sqm) in Dortmund, Euziel (22,000 sqm) in Witten, Günter Püschmann (16,000 sqm) in Bochum and Songmics (14,000 sqm) in Mülheim. However, no big-box deals of 50,000 sqm and more took place.

Due to the shortage of land/space – especially in terms of existing properties – Realogis expects letting performance of approx. 330,000 to 400,000 sqm this year and thus a decline in this sub-market as well. One of the key reasons for this is the shortage of land, which is continuing to get worse in 2019 and will lead to price increases for sales of land.

While the prime rent in the Duisburg logport has increased by 4% to EUR 5.00 per sqm, the average rent will, like last year, be EUR 3.95 per sqm.
North-Rhine Westphalia market area
Realogis defines submarkets as the relevant available warehouse, logistics, industrial and production space in the regions Ruhr, Düsseldorf / Mönchengladbach / Lower Rhine and Cologne / Bonn / Aachen.

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Realogis is the leading German consulting company for letting and investments in industrial, logistics and commercial properties in Germany. Realogis provides nearly 60 experts looking after the real estate needs of national and international companies and private and institutional investors. The Realogis Group is operating its own branches at the key German logistics locations. Active throughout Germany since 2005, the first mover in the growth market of logistics real estate reported a turnover of EUR 13.24 million in 2018.

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