PRESS RELEASE

Realogis publishes market report on the letting of logistics properties and industrial sites in Germany for 2018

- 2018: More than 40% of all space was taken up at the 9 most important logistics hot spots
- Forecast for 2019: A very high number of qualified enquiries registered outside the top locations due to full occupancy

Munich, 7 March 2019 – In 2018 the German logistics sector profited again from good conditions such as positive economic growth of +1.5%*, the decline of the unemployment rate and high purchasing power of end consumers. A constant driver of innovation and growth in Germany it is regarded as the largest economic sector after the automotive industry and retail. For example, in 2018, not only did Germany take first place for the third time in a row as the best logistics location out of 160 countries in the World Bank “Logistics Performance Index” (LPI) ranking.

The strong development of the industrial and logistics sectors also had a lasting impact on the letting market, which, with 7 million sqm of take-up of warehouse and logistics properties, recorded an 8.5% jump in sales compared to the previous year.

In addition, especially the Berlin and Frankfurt markets responded to the high excess demand by the economy with new construction developments. However, outside of the top locations the letting performance in markets such as Leipzig remained very high.

As in the previous year, the logistics sector accounted for the highest take-up with approx. 38%, followed by industry with approx. 31% (an increase of 5 percentage points compared to the previous year) and retail (approx. 25%), which is experiencing strong momentum in e-commerce.

“While Germany, with a population of 82.7 million and high purchasing power, now has over 20 important logistics regions, the take-up just at the nine most important logistics locations was 3 million sqm and thus represents around 43% of the total take-up,” comments Christian Beran, Managing Director of the Realogis Group.

For example, the logistics markets of Frankfurt (+5%), Cologne (+6%), Berlin (+7%) and Hamburg (+9 %) recorded continuous growth. However, Stuttgart (-17%) and, in particular, Düsseldorf (-42%) experienced a sharp decline, due to a considerable shortage of available space. The logistics markets of Munich (-0.2%) and the Ruhr region (-1%) remained at virtually the same level as the previous year. The overall take-up in the nine logistics hot spots remained at a high level compared to the previous year. It declined by 4% (2017: approx. 3.2 million sqm of take-up) simply because it was not possible to fulfil all requests.
Growth of prime rents in 2018
As before, the highest prime rent, of EUR 7.25 per sqm, which rose once again year-on-year by +1%, was registered in the Munich logistics market. On the other hand, first place in terms of rent price growth, with a plus of 24%, went to the Berlin logistics property market, where logistics providers, manufacturers and retail companies now pay EUR 6.80 per sqm within the city boundaries. As a result, it outpaced all other logistics markets and, for the first time, placed second, right behind Munich.

Modest increases were observed in Stuttgart (+5%), Hamburg (+4%) and the Ruhr region (+4%). At EUR 6.50 per sqm, the Frankfurt logistics property market remains at the stable high level of the previous year; no significant changes are expected in 2019. The same applies to Düsseldorf with EUR 5.60 per sqm and Cologne with EUR 5.10 per sqm.

Outlook for 2019
As a result of the high demand, Realogis expects that all participants in the warehouse
and logistics property market in Germany will see another strong year in 2019. “The focus is on users and on how they position themselves with their company strategy against the backdrop of growing digitalisation, automation and the changing behaviour of end consumers,” reports Oliver Raigel, Managing Director of the Realogis Group. “They are expected to respond flexibly to the robust state of the markets and adjust accordingly. As a result, requests concerning the surroundings of the properties in question may broaden, e.g. in high-demand locations such as Munich and Hamburg. This is already indicated by a very high number of qualified enquiries at the start of the year in the regions outside the fully let micro markets of the top locations.”

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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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