

2023/2024

Industrial & Logistics

Leasing and investment market at a glance

New perspectives. Focus on potential.



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The economy is stagnating at the turn of the year, discussions about high energy prices and possible deindustrialisation continue, and attacks on merchant ships in the Red Sea are once again leading to delays in deliveries. All in all, the number of global trouble spots is increasing once again. In addition, interest rates and financing costs are higher than they have been for many years.

Nevertheless, we are optimistic about the new year. Inflation, which has been very high recently, has fallen noticeably. Central banks have therefore ended the cycle of interest rate hikes. Financing costs will become more predictable again in 2024 and volatility will decrease. A large part of the forecasts assumes the first interest rate cuts from June 2024.

As a result, we expect to see more activity on the investment markets again. This is likely to be particularly true for the Industrial & Logistics sector, which continues to be the focus of attention, and which for the first time represented the strongest type of use in the commercial investment market in 2023, with a market share of around 28%.

The German industrial and logistics real estate market generated a total transaction volume of around €6.7bn. Compared to the previous year, the annual result was missed by 28%. In a long-term comparison, the transaction volume was on a par with the ten-year average (€6.3bn). From the third quarter onwards, transaction activity picked up noticeably, driven by portfolio sales. As a result, around 70% of the total transaction volume was generated in the second half of the year. The gross prime yield for core logistics properties was 4.70% at the end of the year.

The rental market saw a similar development. In the second half of the year, we saw a significant upturn in demand. At the end of the year, the German Top 8 stores generated take-up of around 2.2 m sq m. This represents a decrease of 33% compared to the previous year. The five-year average was missed by around 29%. In the second half of the year in particular, an increase in the number of deals in the large-volume segment was observed, which boosted take-up. It is noteworthy that around a quarter of these deals were pre-lettings. This shows that the demand is still there.

Rents continued to rise in all regions, and the €8 mark has now been broken at four of the Top 8 locations. Compared to the previous year, the Top 8 logistics regions continued to record strong rental growth of 9% for prime rents and 12% for average rents. We expect low vacancy rates, a still manageable supply and an overall decline in the number of new construction projects to continue the upward pressure on rents.

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Logistics in Germany



In addition to weakening the economy, the coronavirus crisis and the war in Ukraine have also exacerbated long-standing structural deficits in Germany as a business location. Competitiveness has lost significantly within a year. Despite the recent foreign lighthouse investments in key technologies such as electromobility (Tesla) or semiconductor production (Intel, TSMC), there are increasing reports of German companies (e.g. BioNTech, BASF, BMW) relocating and expanding their locations to and abroad, where there are more favourable conditions for research and production. Competitive energy costs, nationwide availability of skilled workers, faster approval procedures and low tax burden are key reasons why more and more medium-sized companies, which generally have a higher degree of location persistence than international corporations, are considering (partial) relocations. Industrial and manufacturing companies in particular are finding it difficult to cope with rising energy costs and high personal costs. This will particularly affect the owner-occupier market for industrial and logistics real estate, which has been showing a negative trend since 2019.

In response to the deteriorating general conditions, numerous legislative projects and tax breaks were launched in the course of 2023, which should provide initial impetus to the real estate and construction industry from 2024 onwards. For example, the Approval Acceleration

Act will directly promote the construction industry by lowering bureaucratic hurdles for infrastructure measures. The expansion of renewable energies, which is desired by climate policy and is economically necessary, is also providing new regional growth impulses. Already in the course of 2023, an increase in rents from the renewable energy sector was registered in Central Germany. Further support measures can have a positive effect on rental activity.

Germany is one of the most attractive logistics markets in the world due to its central location in the middle of Europe and the world, its highly efficient logistics structure, high standards in terms of technology and the high quality of real estate. Logistics is a key factor in the competitiveness and innovative strength of the German economy and is the largest economic sector in Germany after the automotive industry and retail. For 2023, Germany achieved logistics sales of around €33bn. This corresponds to growth of 3.4%, which is a solid result against the backdrop of the difficult economic situation in 2023. From 2024, the new toll regulation will have a greater financial impact on the cost structure of logistics service providers. It is not yet possible to estimate the extent to which this will ultimately affect consumers and have an impact on demand for logistics services. What is clear, however, is that investments in the future are being postponed and more attention is being paid to costs.

Logistics Indicators Germany



| Definition | Prime headline rents for logistics and distribution space: | Average rents for logistics and distribution space: | Land price: |
|------------|---|---|--|
| | > 3,000 sq m Class-A properties (> 10 m under beam height, 2-3 docking gates/1,000 sq m, sprinkler system, share of office space < 10%) in a prime location | > 3,000 sq m with multifunctional usage (> 7 m under beam height, 1-2 docking gates/1,000 sq m, limited share of office space) in a traffic-favourable location | Undeveloped commercial/industrial areas, (> 20,000 sq m, mainly flat and rectangular, no/limited usage restrictions) |

Status: January 2024

Market Data Overview

Location Information

| | Germany | Berlin | Düsseldorf | Frankfurt | Hamburg | Cologne | Leipzig | Munich | Stuttgart |
|---|---------|--------|------------|-----------|---------|---------|---------|--------|-----------|
| Population in 1,000 | 84,359 | 3,755 | 629 | 773 | 1,892 | 1,085 | 616 | 1,512 | 633 |
| Employees Paying Social Security Contributions in 1,000 | 34,709 | 1,680 | 454 | 628 | 1062 | 613 | 291 | 960 | 442 |
| Unemployment Rate in % | 5.7 | 9.2 | 7.2 | 5.9 | 7.6 | 8.6 | 7.0 | 4.5 | 5.3 |
| Per Capita Disposable Income in € | 26,870 | 25,144 | 31,639 | 29,770 | 29,122 | 28,133 | 23,651 | 35,803 | 30,230 |

Sources: Federal Statistical Office, Federal Employment Agency, MB-Research

Industrial & Logistics Leasing

| | Total Top 8 | Berlin-Brandenburg | Düsseldorf | Frankfurt/Rhine-Main | Hamburg | Cologne | Leipzig | Munich | Stuttgart |
|-------------------------------------|-------------|--------------------|------------|----------------------|---------|---------|---------|---------|-----------|
| Take-up 2023 in sq m | 2,149,100 | 362,000 | 235,100 | 435,400 | 306,400 | 177,400 | 274,200 | 150,900 | 207,700 |
| Change year-on-year in % | -33 | -52 | -4 | +9 | -41 | -42 | -37 | -26 | -38 |
| Leasing performance in 2023 in sq m | 1,934,900 | 350,300 | 210,100 | 416,000 | 237,900 | 168,600 | 237,400 | 150,900 | 163,700 |
| Change year-on-year in % | | -51 | +12 | +4 | -35 | -44 | -38 | -13 | -51 |
| Forecast Take-up for 2023 | → | ↑ | → | ↓ | ↑ | → | → | → | ↓ |
| Number of Deals | 513 | 103 | 50 | 98 | 81 | 37 | 32 | 60 | 52 |
| Average Area Size in sq m | 4,189 | 3,515 | 4,702 | 4,443 | 3,783 | 4,795 | 8,569 | 2,515 | 3,994 |
| Strongest Branch | | | | | | | | | |
| Prime Rent in €/sq m/month | | 7.90 | 7.90 | 8.00 | 8.00 | 7.70 | 5.80 | 9.30 | 8.30 |
| Forecast for 2024 | | ↑ | ↑ | ↑ | ↑ | → | → | ↑ | → |
| Average Rent in €/sq m/month | | 7.00 | 6.50 | 6.40 | 6.40 | 6.00 | 5.30 | 8.40 | 7.00 |
| Forecast 2024 | | ↑ | ↑ | ↑ | ↑ | → | ↑ | ↑ | ↑ |

Trading Companies Production & Manufacturing Logistics Service Providers up stable down

Industrial & Logistics Investment - Top 8*

| | Total Top 8 | Berlin | Düsseldorf | Frankfurt | Hamburg | Cologne | Leipzig | Munich | Stuttgart |
|--------------------------------|-------------|--------|------------|-----------|---------|---------|---------|--------|-----------|
| Transaction Volume 2023 in m € | 1,687 | 123 | 210 | 525 | 154 | 117 | 209 | 257 | 92 |
| Change year-on-year in % | -28 | -76 | +87 | -35 | -48 | -59 | -36 | +67 | -58 |

* Refers to the defined logistics market areas

Industrial & Logistics Investment - Germany

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|---|
| Transaction Volume in m € | 6,566 | 7,478 | 9,205 | 9,300 | 6,736 |
| Change year-on-year in % | -4 | +14 | +23 | +1 | -28 |
| Industrial Properties Share in % | 28 | 23 | 20 | 28 | 22 |
| Logistics Properties Share in % | 72 | 77 | 80 | 72 | 78 |
| Share in the Commercial Real Estate Market in % | 9 | 13 | 15 | 18 | 28 |
| Share by International Investors in % | 60 | 43 | 48 | 52 | 47 |
| Portfolio Transactions in % | 40 | 35 | 32 | 40 | 35 |
| Largest Buyer Group in % | Asset / Fund managers | Asset / Fund managers | Asset / Fund managers | Asset / Fund managers | Open-ended real estate funds/ Special funds |
| | 40 | 42 | 31 | 40 | 31 |
| Largest Buyer Group in % | Asset /Fund managers | Property developers | Property developers | Asset /Fund managers | Property developers |
| | 26 | 34 | 29 | 20 | 28 |
| Prime Yield Logistics in the top Logistics Region Average in % | 4.20 | 3.70 | 3.25 | 4.30 | 4.70 |



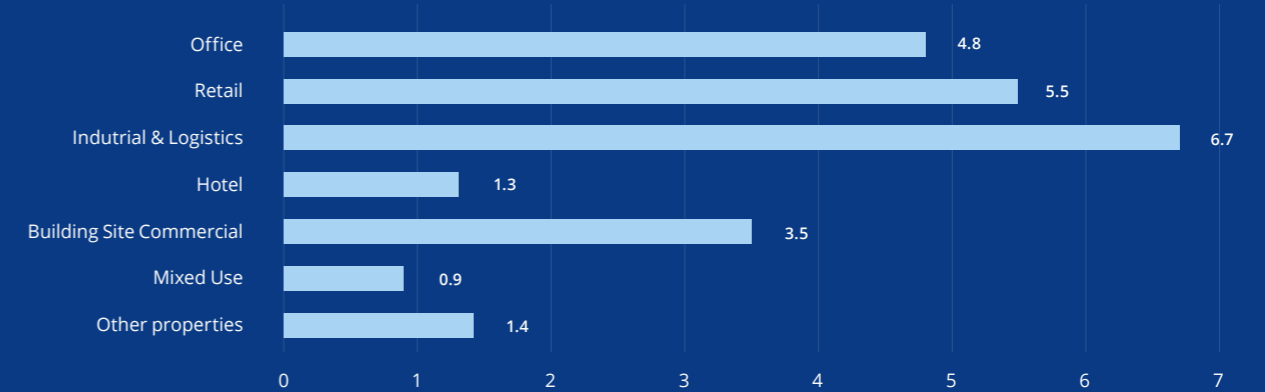
Investment Market



LZM Hainichen, Fuchs

Transaction Volume by Property Type in Germany

in bn €



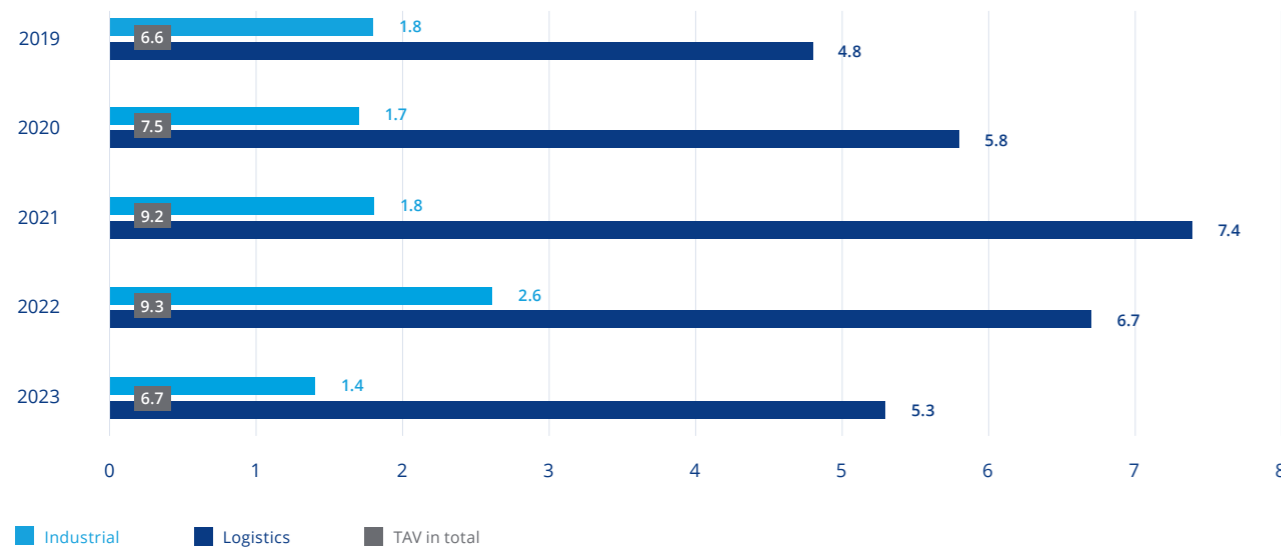
Transaction

Despite the difficult market environment, the German industrial and logistics real estate market ended 2023 with a solid transaction volume of around €6.7bn. Compared to the previous year, the annual result was missed by 28%. In a long-term comparison, the transaction volume in 2023 was at the level of the ten-year average (€6.3bn). In the first half of the year, transaction activity was significantly influenced by interest rate developments and financing costs. The end of the interest rate rally was not heralded

until autumn 2023. With a market share of around 28%, logistics was the strongest type of use within the commercial real estate sector. This is a clear statement that the market for industrial and logistics real estate is particularly robust compared to the other types of use. The above-average positive development of rental prices, which will not lose momentum for the time being, is the main reason for many investors to invest in logistics assets.

Transaction Volume (TAV) Industrial & Logistics

in bn €



Transaction Volume by Size Category

Share in %



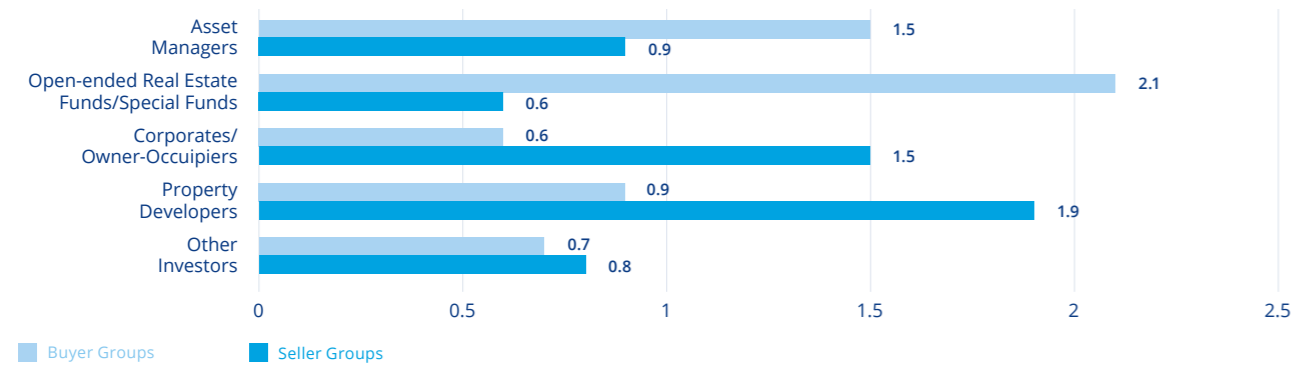
Supply and demand

Portfolio transactions were the main driver of transactions in the Q3 and Q4. Overall, they accounted for around 35% of the transaction volume, which is in line with 2020 levels. The record value from the previous year (40%) was narrowly missed. Overall, a solid result was achieved with just under 25 portfolio sales. The largest portfolio transactions took place in Q3. At around €560m, the most market-defining deal was Deka's participation in eight VGP project developments. This was followed by the initial portfolio consisting of six properties, which the joint venture of DFI Real Estate and HANSAINVEST Real Assets purchased for around €270m. In Q4, two portfolio sales of more than €100m took place, including

the purchase of several properties in Hamburg's Billbrook district, which the Kaldox Group made for a low three-digit million amount. One of the most expensive single-asset core transactions was the sale of the Lidl property in Hainichen, which Invesco Asset Management sold for just over €80m. Colliers successfully advised on the transaction. In terms of total transaction activity, national buyers were the most active group, accounting for around 53% of the transaction volume. This is in line with the figure from 2021 (52%). In the previous year, the share of domestic buyers was around 48%. Most of the foreign capital comes from European countries.

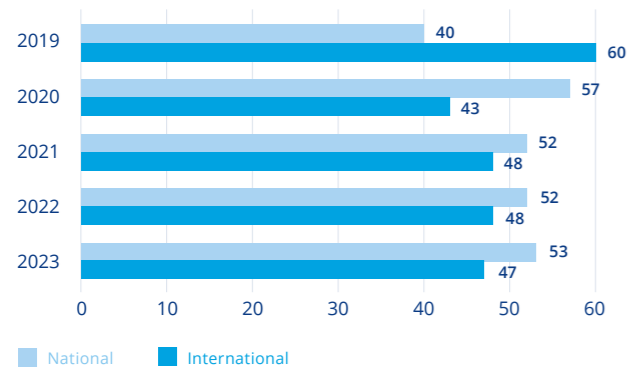
Transaction Volume: Buyer vs. Seller

in bn €



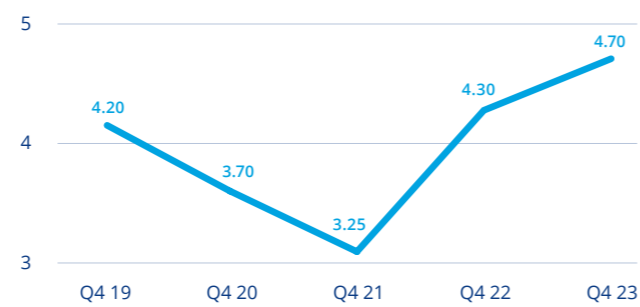
Share of International Investors

in %



Prime Yield Logistics in the Top Logistics Regions

Average in %



Yields

At the end of the year, a gross prime yield of 4.70% was registered for core logistics properties with an area of more than 3,000 sq m. Compared to the previous year, the yield thus increased by a total of 50 basis points. At the end of Q4, the gross prime yield for light industrial properties stood at 5.70%. While the first half of the year was marked by uncertainties and the low number of

transactions made it difficult to determine returns in line with the market, general market conditions were noticeably more favourable in the second half of the year thanks to the stabilisation of the interest rate environment and financing conditions, resulting in a large number of core and core-plus transactions.

Outlook

We are realistic about 2024 and expect the positive trend to continue. The dynamic development of rental prices will continue to make logistics assets very attractive for investors in the future. In addition, the lower SWAP rates will provide more stabilization. Further portfolios are in the marketing phase and are expected to be signed in the first half of the year. In addition, we see potential to re-occupy transactions that were put on hold due to changing market conditions in 2022.



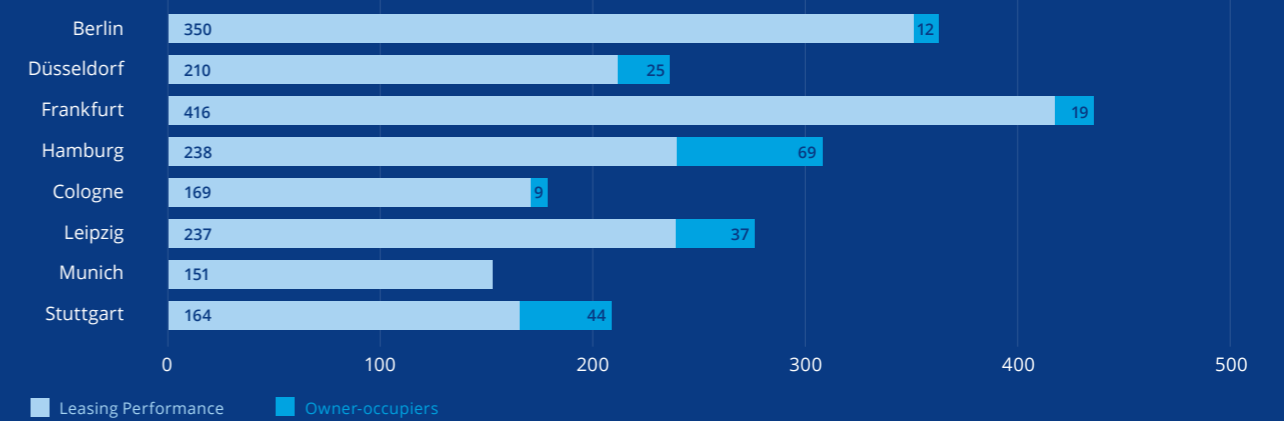
Leasing Market



Logistics Centre Alsdorf, Cromwell Property Group

Take-Up

in 1,000 sq m



Take-up

The German industrial and logistics real estate market generated roughly 6 m sq m in take-up, including a production property encompassing around 9,000 sq m in Alsdorf (see picture), which was marketed by Colliers. Germany's Top 8 industrial and logistics real estate markets posted around 2.2 m sq m in take-up at the end of 2023. This represents a decrease of 33% compared to the previous year. The five-year average was missed by around 29%. The highest take-up of space was recorded in the Frankfurt logistics region with 435,400 sq m. With an increase of 9% compared to the previous year, Frank-

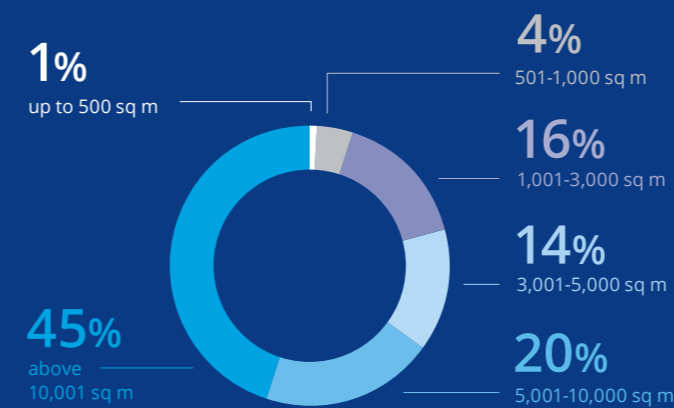
furt is the only Top 8 location that was able to record positive growth. This is mainly due to a number of sublettings in the region in the first half of the year, which accounted for around 13% of total take-up. After Frankfurt, Berlin recorded the second-highest take-up with around 362,000 sq m (-52%), followed by Hamburg with 306,400 sq m (-41%). This is followed by Leipzig with 274,200 sq m (-37%), Düsseldorf with 235,100 sq m (-4%) and Stuttgart with 207,700 sq m (-38%). Bringing up the rear were Cologne with 177,400 sq m (-42%) and Munich with 150,900 sq m (-26%).

Fast Facts – Top 8

| | 2023 | 2022 | Change |
|---------------------|----------------|----------------|--------|
| Take-up | 2,149,100 sq m | 3,544,500 sq m | -39% |
| Leasing Performance | 1,934,900 sq m | 2,860,400 sq m | -32% |
| Owner Occupiers | 10% | 10% | 0 bp |
| Number of Deals | 513 | 594 | -14% |
| Average Area Size | 4,189 sq m | 5,758 sq m | -27% |

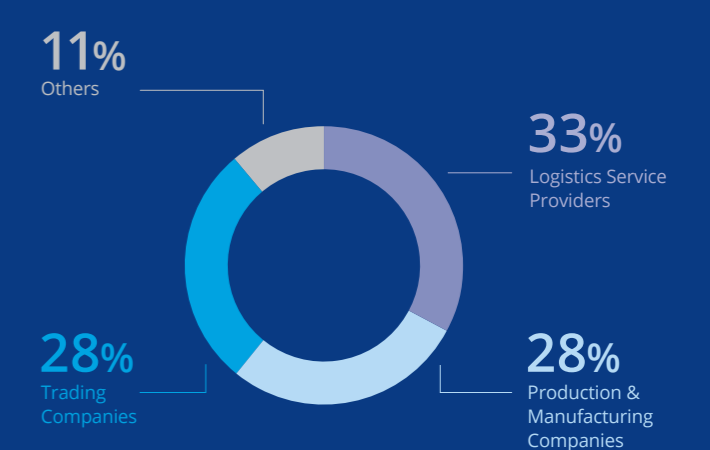
Take-Up by Size Category

Share in %



Take-up by Branch

Share in %



Supply and demand

In 2023, the focus of users was primarily on the small-scale size category of up to 3,000 sq m. This segment accounted for around two-thirds of all deals, but it was only responsible for 21% of take-up. In the fourth quarter, a number of large-volume deals were again registered, so that a total of 9% of the deals were made over 10,000 sq m, of which two-thirds were even over 20,000 sq m.

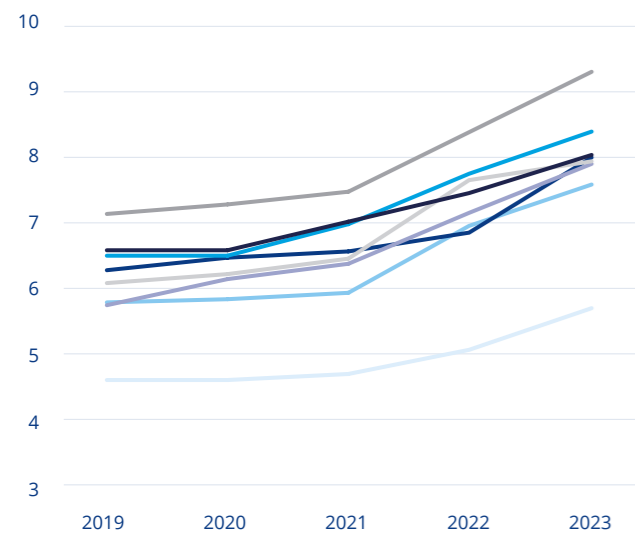
The largest letting in 2023, both within the Top 8 locations and in relation to the entire market, took place in the Leipzig logistics region, where a company from the automotive sector leased an 80,000 sq m logistics building. The largest leasing deal of the fourth quarter was also the third largest of 2023 and took place in the logistics region of Cologne. In the Frechen submarket, a trading company

rented an existing building of around 34,300 sq m. It is also noteworthy that the largest owner-occupier deal took place in the logistics region of Stuttgart, which had recorded the lowest owner-occupier rate in the past due to the prevailing shortage of space. There, Breuninger is expanding its existing building by 40,000 sq m.

In the past, trading companies were the strongest user group, but in 2023 they were replaced by logistics service providers with a share of 33% of total take-up. This is closely followed by companies from the production & manufacturing sector with 28%. At the end of the year, trading companies accounted for around 28% of total take-up.

Development of Prime Rents

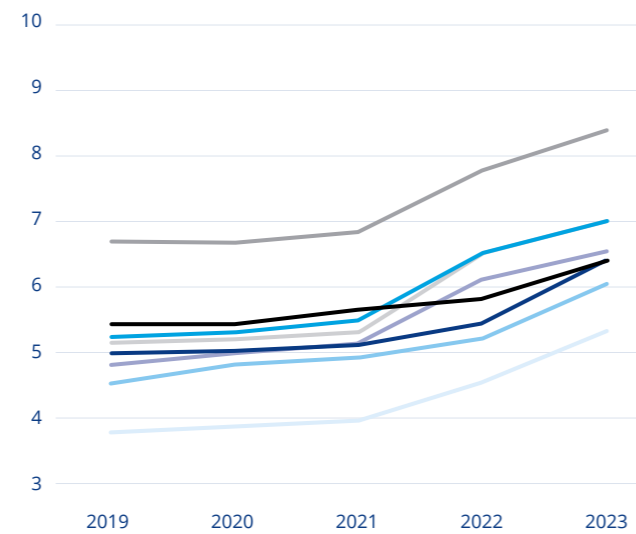
in €/sq m/month



— Frankfurt — Berlin — Düsseldorf — Cologne
— Munich — Hamburg — Stuttgart — Leipzig

Development of Average Rents

in €/sq m/month



— Frankfurt — Berlin — Düsseldorf — Cologne
— Munich — Hamburg — Stuttgart — Leipzig

Rents

Compared to the previous year, the Top 8 logistics regions recorded an average rental growth of 9% for prime rents and 12% for average rents. This shows that existing rents in particular continue to be under upward pressure due to the prevailing shortage of space in the Top 8 regions. Munich continues to have the highest prime rent at €9.30 per sq m (+9%), followed by Stuttgart at €8.30 per sq m (+6%). With Frankfurt and Hamburg, two more locations have reached the €7 mark for prime rent. At 16%,

Hamburg even has the highest rental growth within the Top 8 regions. Frankfurt recorded rent growth of 7% compared to the previous year. At €7.90 per sq m, prime rents in Berlin and Düsseldorf are only slightly below the €7 mark and recorded growth of 3% and 10% respectively. At the end of the year, Cologne achieved a prime rent of €7.70 per sq m (+10%). Leipzig continues to bring up the rear with €5.80 per sq m (+14%).

Outlook

We expect low vacancy rates, a still manageable supply and an overall decline in the number of new construction projects to continue to support the upward pressure on rents. However, we expect rental growth to slow in the second half of the year. In addition, we see that more and more users are moving to the surrounding areas due to the shortage of space, which is leading to new rental growth potential in peripheral locations. We are positive about the new year and expect the market recovery to continue.



Regions

- 18 Berlin-Brandenburg
- 21 Düsseldorf
- 24 Frankfurt/Rhine-Main
- 27 Hamburg
- 30 Cologne
- 33 Leipzig
- 36 Munich
- 39 Stuttgart

Berlin-Brandenburg

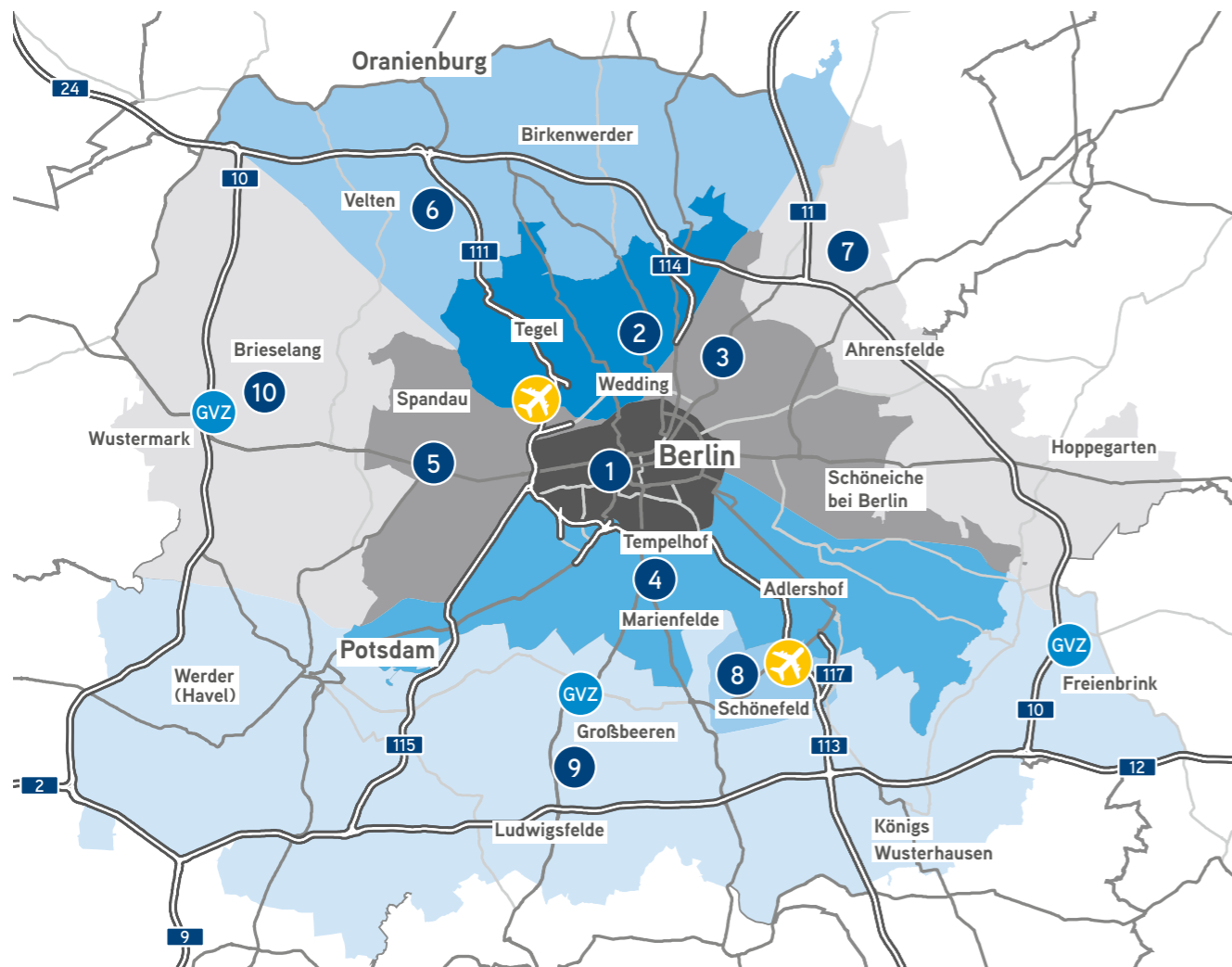
Fast Facts

| | 2023 | 2022** | Change |
|---------------------|--------------|--------------|--------|
| Take-up | 362,000 sq m | 758,900 sq m | -51% |
| Leasing Performance | 350,300 sq m | 713,900 sq m | -51% |
| Number of Deals | 103 | 129 | -20% |
| Prime Rent* | 7.90 €/sq m | 7.70 €/sq m | +3% |
| Average Rent | 7.00 €/sq m | 6.50 €/sq m | +8% |

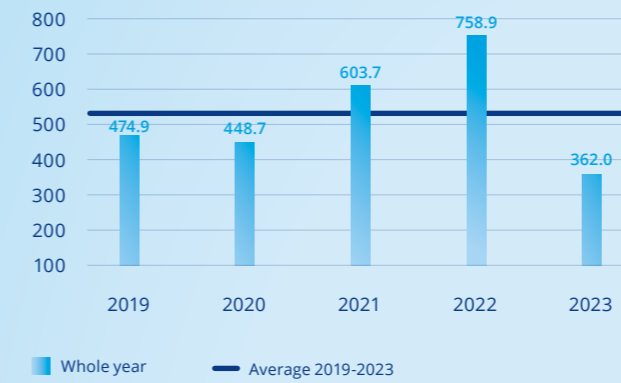
* achievable top rent in new buildings
 ** without special degree tesla (327,000 sq m)

Take-up according to Location

| Submarket | Take-up in sq m | Share |
|--------------------|-----------------|-------------|
| 1 Center | 9,500 | 3% |
| 2 City North | 34,600 | 10% |
| 3 City East | 22,300 | 6% |
| 4 City South | 76,300 | 21% |
| 5 City West | 19,500 | 5% |
| 6 Periphery North | 14,200 | 4% |
| 7 Periphery East | 4,200 | 1% |
| 8 Airport Area BER | 3,300 | 1% |
| 9 Periphery South | 146,300 | 40% |
| 10 Periphery West | 31,800 | 9% |
| Total | 362,200 | 100% |



Take-up in 1,000 sq m



Take-up by Size Categories

| Size in sq m | Take-up in sq m | Share |
|--------------|-----------------|-------------|
| up to 500 | 500 | 0% |
| 501-1,000 | 25,200 | 7% |
| 1,001-3,000 | 92,100 | 26% |
| 3,001-5,000 | 32,600 | 9% |
| 5,001-10,000 | 79,700 | 22% |
| above 10,001 | 131,900 | 36% |
| Total | 362,200 | 100% |

Take-up

At the end of the fourth quarter of 2023, Berlin's industrial and logistics real estate market generated take-up of around 362,000 sq m, a decline of 52% compared to the previous year (758,900 sq m, excluding Tesla). The above-average year-on-year comparison is milder compared to a longer comparison. The five-year average was only missed by around 33%. Despite the below-average result, more than 100 deals were generated again. As a result, Berlin's industrial and logistics real estate market continues to be one of the most active logistics markets. In

contrast to declining take-up, we are seeing a revival in the market. In the second half of the year, almost 70% of total take-up was generated. While in the first half of the year we only saw one letting deal in the space segment over 10,000 sq m, four large-volume deals took place in the second half of the year. Three of them were even in the size category over 20,000 sq m. Welog (35,000 sq m) and LGI (30,500 sq m) rented GLP's "Magna Park Berlin-Brandenburg" (see picture) and provided the highlights of the year.



Magna Park Berlin-Werder (Havel), GLP



Supply and Demand

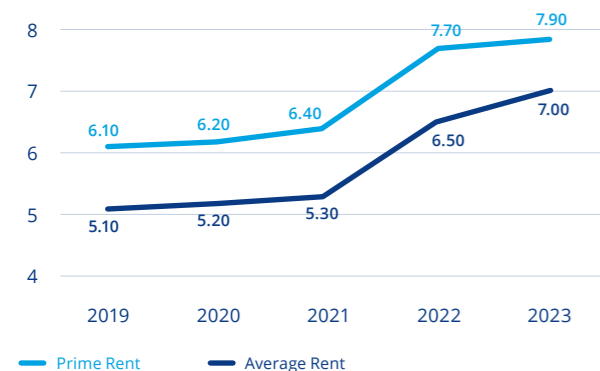
As usual in the past, the fourth quarter was the most successful of 2023 and is responsible for around 36% of total take-up. This was mainly due to three large-volume leases signed in the Berlin area. In total, these accounted for more than 50,000 sq m of space and around 42% of take-up in the fourth quarter. However, the focus of the users was on the small-scale space segment of up to 3,000 sq m. Around 79% of all deals in 2023 took place in this area and were responsible for 33% of take-up.

Overall, 45% of take-up was generated in the urban area, with most deals taking place in the submarket city south (40%). Almost 63% of all transactions took place in existing building.

With 49% of take-up, logistics service providers were the dominant user group, ahead of trading companies (29%) and the manufacturing industry (13%).

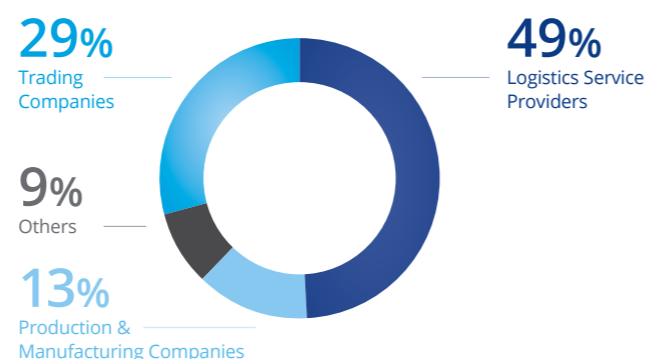
Prime and Average Rents

in €/sq m/month



Take-up by Branch

Share in %



Rents

In 2024, Berlin's industrial and logistics market will be characterized by a larger supply, including sublet space, and an expected more revitalised demand situation. Although existing and new-build rents did not rise as strongly as in previous quarters, prime rents are likely to continue to rise in the future, as the cost calculations of the project developers do not allow for any other scenario. The prime rent in the fourth quarter was €7.90 per sq m (+3%) and the average rent was €7.00 per sq m (+8%), exceeding the €7 mark for the first time. The prime rent in the surrounding area also recorded double-digit growth of 14% in a twelve-month comparison and stood at €6.50 per sq m. Prime rents in the city area also rose to €8.20 per sq m (+5%).

Outlook

For 2024, we expect a further increase in take-up. Projects that were not completed in 2023 can go on the market this year. In addition, there is still sublet space that can revitalise market activity. Demand remains stable and the pressure on rents, especially existing rents, will continue to increase in the coming months due to the lack of supply in urban locations.

Düsseldorf

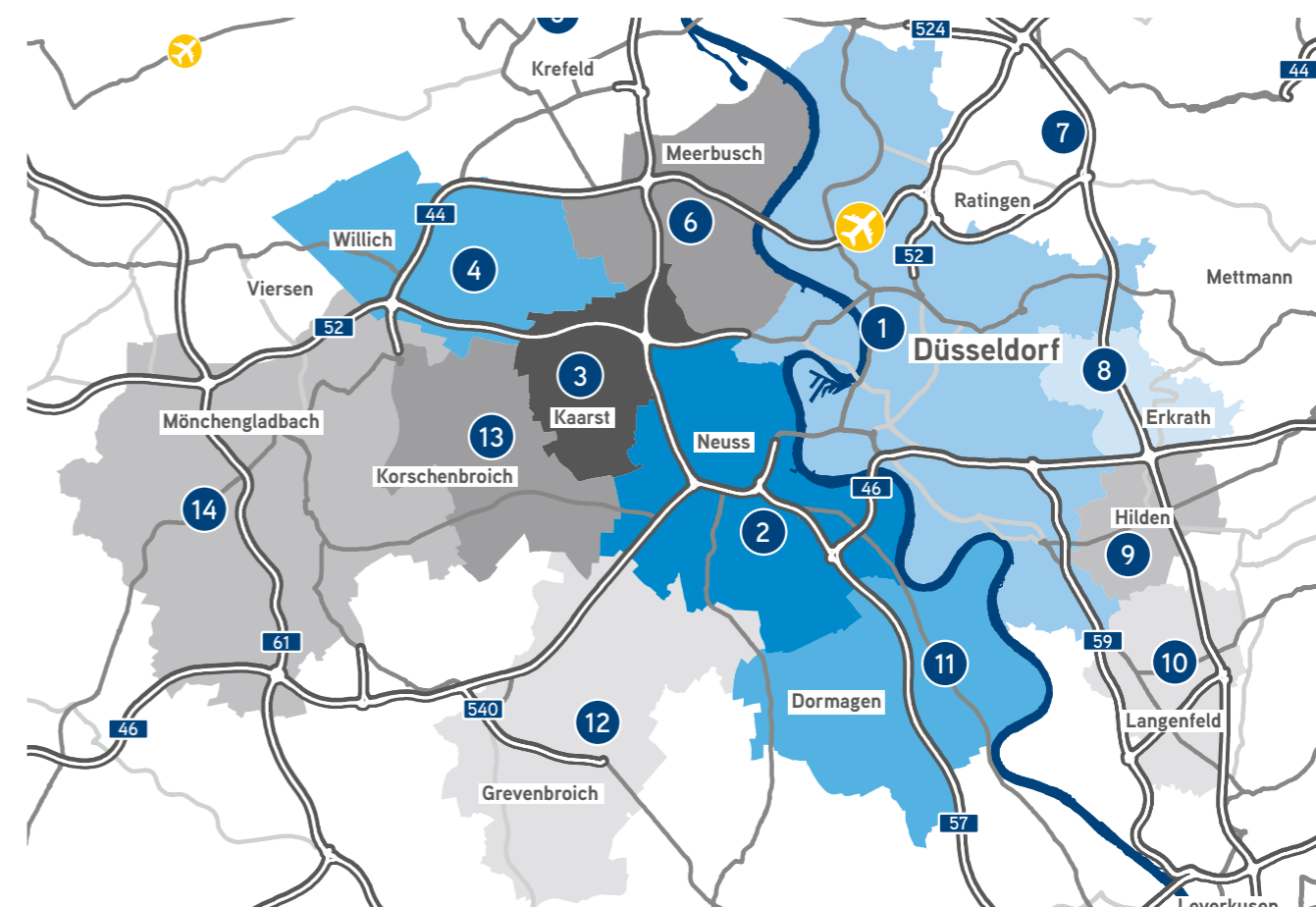
Fast Facts

| | 2023 | 2022 | Change |
|---------------------|--------------|--------------|--------|
| Take-up | 235,100 sq m | 244,100 sq m | - 4% |
| Leasing Performance | 210,100 sq m | 188,400 sq m | +12% |
| Number of Deals | 50 | 33 | +52% |
| Prime Rent* | 7.90 €/sq m | 7.20 €/sq m | +10% |
| Average Rent | 6.50 €/sq m | 6.00 €/sq m | +8% |

* achievable top rent in new buildings

Take-up according to Location

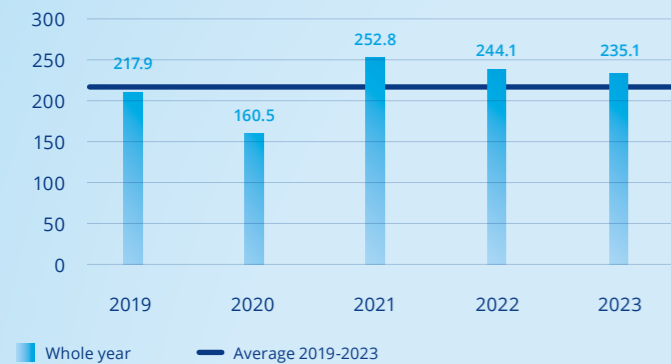
| Submarket | Take-up in sq m | Share |
|--------------------|-----------------|-------------|
| 1 Düsseldorf | 25,700 | 11% |
| 2 Neuss | 8,100 | 3% |
| 3 Kaarst | 12,100 | 5% |
| 4 Willich | 17,300 | 7% |
| 5 Krefeld | 15,900 | 7% |
| 6 Meerbusch | 12,100 | 5% |
| 7 Ratingen | 30,100 | 13% |
| 8 Erkrath | 0 | 0% |
| 9 Hilden | 27,000 | 12% |
| 10 Langenfeld | 24,800 | 11% |
| 11 Dormagen | 36,300 | 15% |
| 12 Grevenbroich | 2,100 | 1% |
| 13 Korschenbroich | 0 | 0% |
| 14 Mönchengladbach | 23,600 | 10% |
| Total | 235,100 | 100% |





Take-up

in 1,000 sq m



Take-up by Size Categories

| Size in sq m | Take-up in sq m | Share |
|--------------|-----------------|-------------|
| up to 500 | 4,400 | 2% |
| 501-1,000 | 3,300 | 2% |
| 1,001-3,000 | 33,800 | 14% |
| 3,001-5,000 | 33,300 | 14% |
| 5,001-10,000 | 18,600 | 8% |
| above 10,001 | 141,700 | 60% |
| Total | 235,100 | 100% |

Take-up

Düsseldorf's industrial and logistics real estate market achieved take-up of around 235,100 sq m in 2023 and recorded a decline of only 4% compared to the previous year. While rental turnover in the region has increased by 12% in the last 12 months, the share of owner-occupiers in take-up of space was below average at 11% compared

to the previous year (23%). The largest owner-occupier settlement took place in Willich, where Meyer Logistics moved into a 15,000 sq m logistics building. The largest leasing agreement took place in Dormagen, where a logistics service provider leased a new building area of around 32,300 sq m.

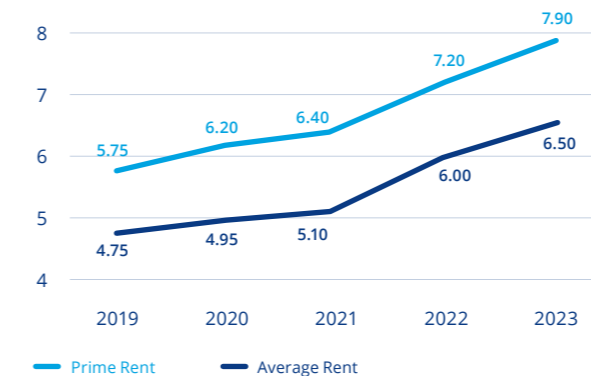
Supply and demand

Compared to the previous year, the issue of the shortage of space is still present on the market, but the economic situation has resulted in an increasing number of vacancies, which ensure free space. Nevertheless, the distribution of the building type shows that the majority of rents continue to be made from existing buildings. Around 60% of all lettings took place in existing properties. Only 7 leases were registered in project developments under construction. In the large-volume segment over 10,000 sq m, only 16% of the deals were concluded. In total, this area accounted for around 60% of the total take-up (141,700 sq m). Overall, despite the low supply, the market recorded brisk demand for logistics space.

Short planning horizons complicate the rental market. For example, a well-known manufacturer of heating technology reports that it can currently only forecast its requirements well until May 2024. In 2023, it was mainly logistics service providers that generated the most take-up of space in the difficult economic times, at 61%. The second largest user group were trading companies with a share of 19%. Bringing up the rear were production & manufacturing companies with around 11%. In general, it could be observed that due to the economic and political uncertainties, shorter lease terms were increasingly requested.

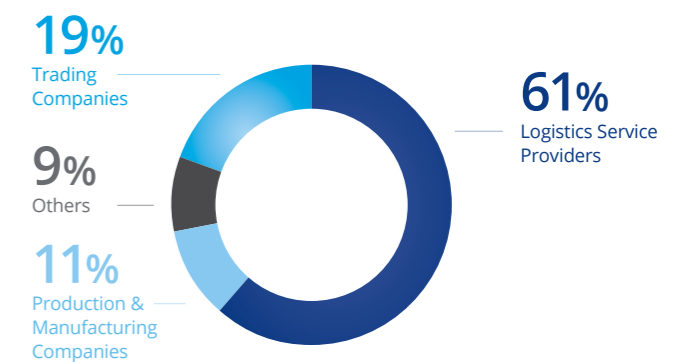
Prime and Average Rents

in €/sq m/month



Take-up by Branch

Share in %



Rents

The moderate supply shortage led to rising rents in 2023. The low level of new construction activity, due to the shortage of land, also increased the pressure on existing rents. As a result, both prime and average rents saw growth. The prime rent for Düsseldorf in 2023 was €7.90 per sq m, an increase of 10% compared to the previous year. The average rent increased by 8% and currently stands at €6.50 per sq m.

Outlook

For 2024, we expect take-up to remain stable, as supply will increase as a result of planned new developments in the region. Currently, there is potential new construction space in the Düsseldorf area in the order of more than 30,000 sq m plus commercial park developments. These will provide relief on the market in the short term and will be able to meet stable demand. In addition, further subletting could also provide relief in 2024. Due to economic uncertainties and the resulting changes in expansion plans, some speculatively rented space is returned to the market at short notice. Both prime and average rents will continue to rise in 2024 and show moderate growth. In principle, however, weaker price momentum can be expected.



Frankfurt/Rhine-Main

Fast Facts

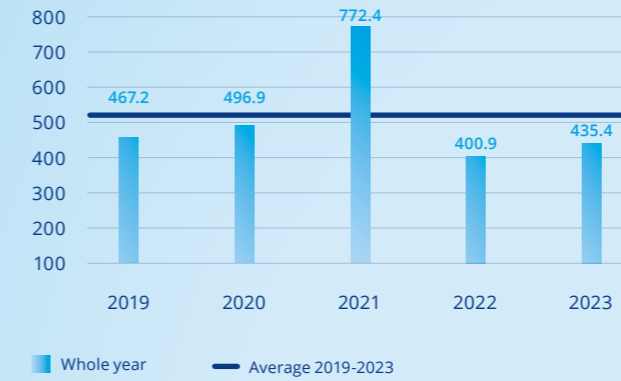
| | 2023 | 2022 | Change |
|---------------------|--------------|--------------|--------|
| Take-up | 435,400 sq m | 400,900 sq m | +9% |
| Leasing Performance | 416,000 sq m | 400,900 sq m | +4% |
| Number of Deals | 98 | 84 | +17% |
| Prime Rent* | 8.00 €/sq m | 7.50 €/sq m | +7% |
| Average Rent | 6.40 €/sq m | 5.80 €/sq m | +10% |

* achievable top rent in new buildings

Take-up according to Location

| Submarket | Take-up in sq m | Share |
|-------------------------|-----------------|-------------|
| 1 Frankfurt am Main | 7,500 | 2% |
| 2 Offenbach | 84,700 | 19% |
| 3 Darmstadt | 39,600 | 9% |
| 4 Groß-Gerau | 112,500 | 26% |
| 5 Mainz + Wiesbaden | 6,700 | 2% |
| 6 Main-Taunus-District | 16,200 | 4% |
| 7 Hochtaunus-District | 24,800 | 6% |
| 8 Gießen | 700 | 0% |
| 9 Wetterau-District | 7,500 | 2% |
| 10 Main-Kinzig-District | 101,100 | 22% |
| 11 Aschaffenburg | 34,100 | 8% |
| Total | 435,400 | 100% |

Take-up in 1,000 sq m



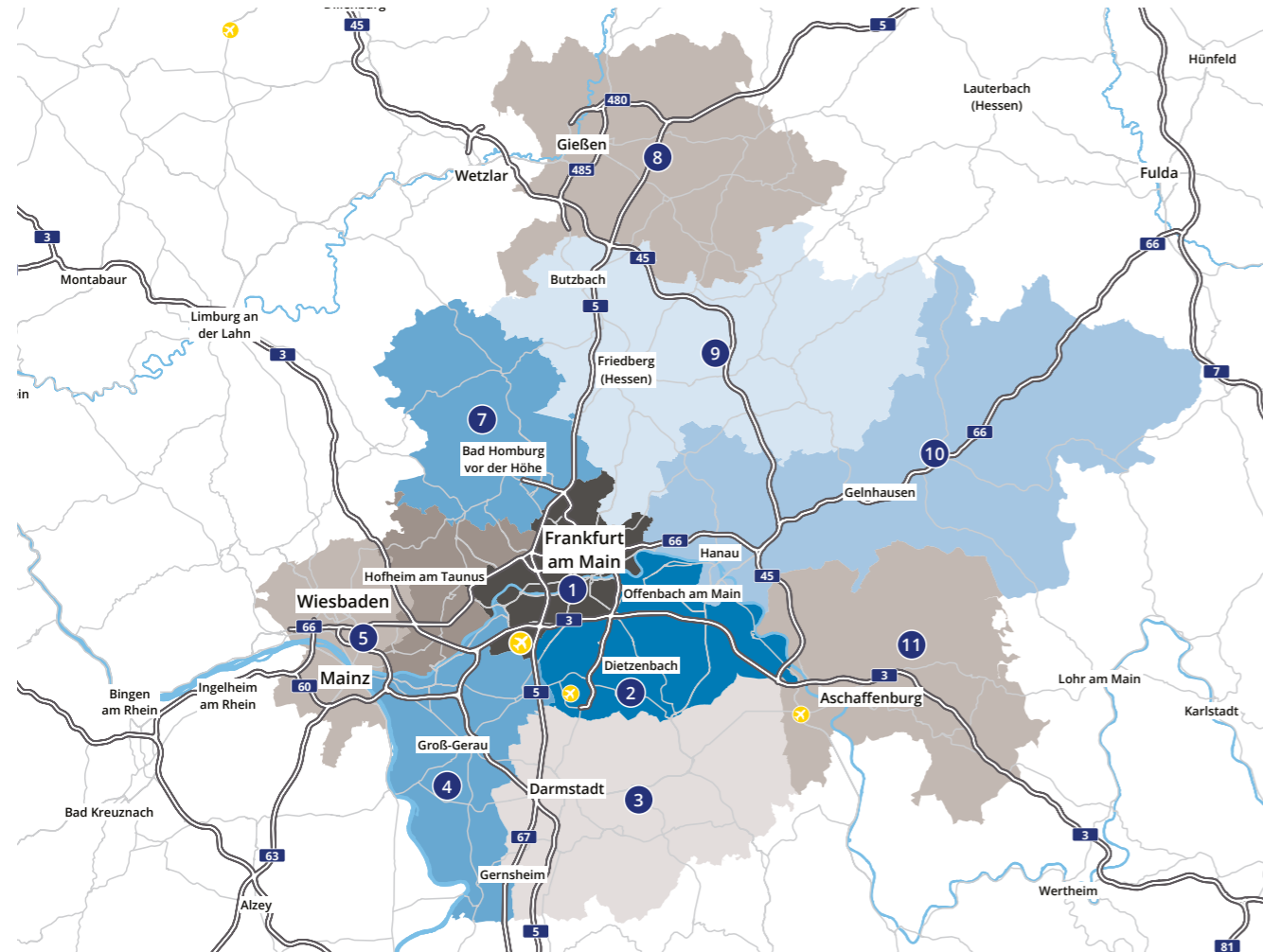
Take-up by Size Categories

| Size in sq m | Take-up in sq m | Share |
|--------------|-----------------|-------------|
| up to 500 | 2,600 | 1% |
| 501-1,000 | 13,300 | 3% |
| 1,001-3,000 | 65,200 | 15% |
| 3,001-5,000 | 66,400 | 15% |
| 5,001-10,000 | 98,100 | 22% |
| above 10,001 | 189,800 | 44% |
| Total | 435,400 | 100% |

Take-up

Frankfurt's industrial and logistics real estate market generated take-up of around 435,400 sq m in 2023. Compared to the previous year, this corresponds to an increase of 9%. This makes Frankfurt the only Top 8 location to record an increase in take-up. This was mainly due to a number of sublettings in the second half of the year, which accounted for around 13% of total take-up. Excluding sublet space, earnings would have been 6% lower than in the previous year. Compared to recent years, however, take-up was 22% below the five-year average.

Q3 and Q4 accounted for around 74% of total take-up. The three largest leasing deals also took place during this period. The largest deal was a lease in Kleinostheim, where a production company subleased around 23,000 sq m of space in a new building. The second and third largest leasings took place in the submarket Groß-Gerau. There, Dealers Tire Europe and Mercedes Benz leased around 22,700 sq m respectively 21,000 sq m in existing buildings. In addition, a total of around 25,000 sq m in Holzpark Hanau (see picture) was successfully let by Colliers.



Holzpark Hanau, INBRIGHT



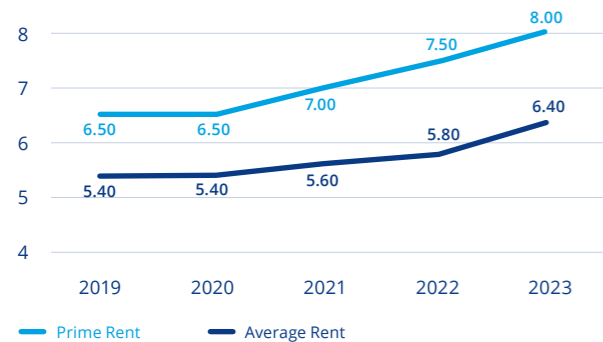
Supply and demand

In 2023, the focus of users was primarily on the small-scale segment up to 3,000 sq m. More than half of the deals took place in this range and accounted for 19% of total take-up. Only 11% of all deals were in the 10,000 sq m or more range, but were responsible for 44% of take-up, thus strengthening the overall result. However, the fact that hardly any deals were concluded in the large-volume segment is also due to the fact that there is hardly any space available in the big box sector in the region and that hardly any new space can be developed due to the lack of land. Only 23% of all deals took place in new developments (new building, under construction and project developments).

The distribution of take-up by user group was quite balanced in 2023. Trading companies and companies from the production and manufacturing industry accounted for around 31% of take-up, while logistics service providers accounted for around 28%. We currently see that the e-commerce sector is still reluctant and must first refill its existing properties before renting new space. To this end, companies from the energy sector are increasingly requesting space for the storage of batteries, photovoltaics, etc. In addition, there are currently some pharmaceutical tenders on the market, and we expect increased activity in this sector in 2024.

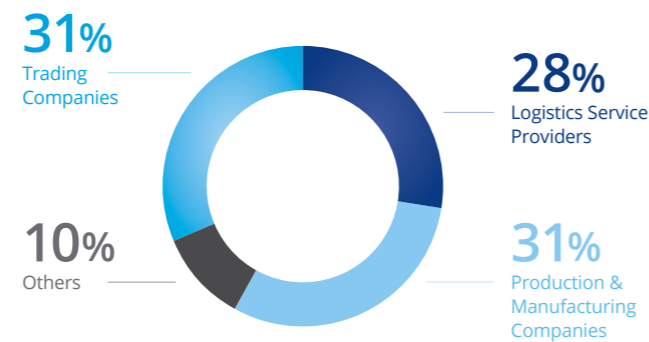
Prime and Average Rents

in €/sq m/month



Take-up by Branch

Share in %



Rents

Due to the shortage of space and land in the logistics region of Frankfurt and the associated lack of supply as well as high interest rates, rents continued to rise in 2023. At the end of the year, prime rents grew by 7% and reached the €8 mark for the first time. The average rent has even risen by 10% year-on-year to €6.40 per sq m. This shows that due to the lack of supply and a lack of new construction projects, the pressure on existing rents in particular continues to increase.

Outlook

Since 2018, the Frankfurt region has been characterised by declining take-up. For 2024, we expect this trend to continue. This is mainly due to the lack of land and declining new construction activity in the region. Many commercial

plots are being cancelled for logistics and instead used for data centres, which means that the market lacks further new building space. New construction activity for 2024 is at an all-time low. In total, only about 50,000 sq m will be completed in the entire logistics region in 2024. As a result, users who will certainly need space in 2024, contrary to the trend of 2023, will have to deal with B locations that are located outside the core region (e.g. in the regions of Bad Hersfeld, Würzburg, Mannheim or Koblenz). Due to the economic uncertainties and the decline in consumer behavior in 2023, we expect that some sublease space will continue to come onto the market in Q1 2024, thus providing supply. We also predict that due to the high level of competition in the region, both prime and average rents will continue to rise in the future, but rental growth will slow down.

Hamburg

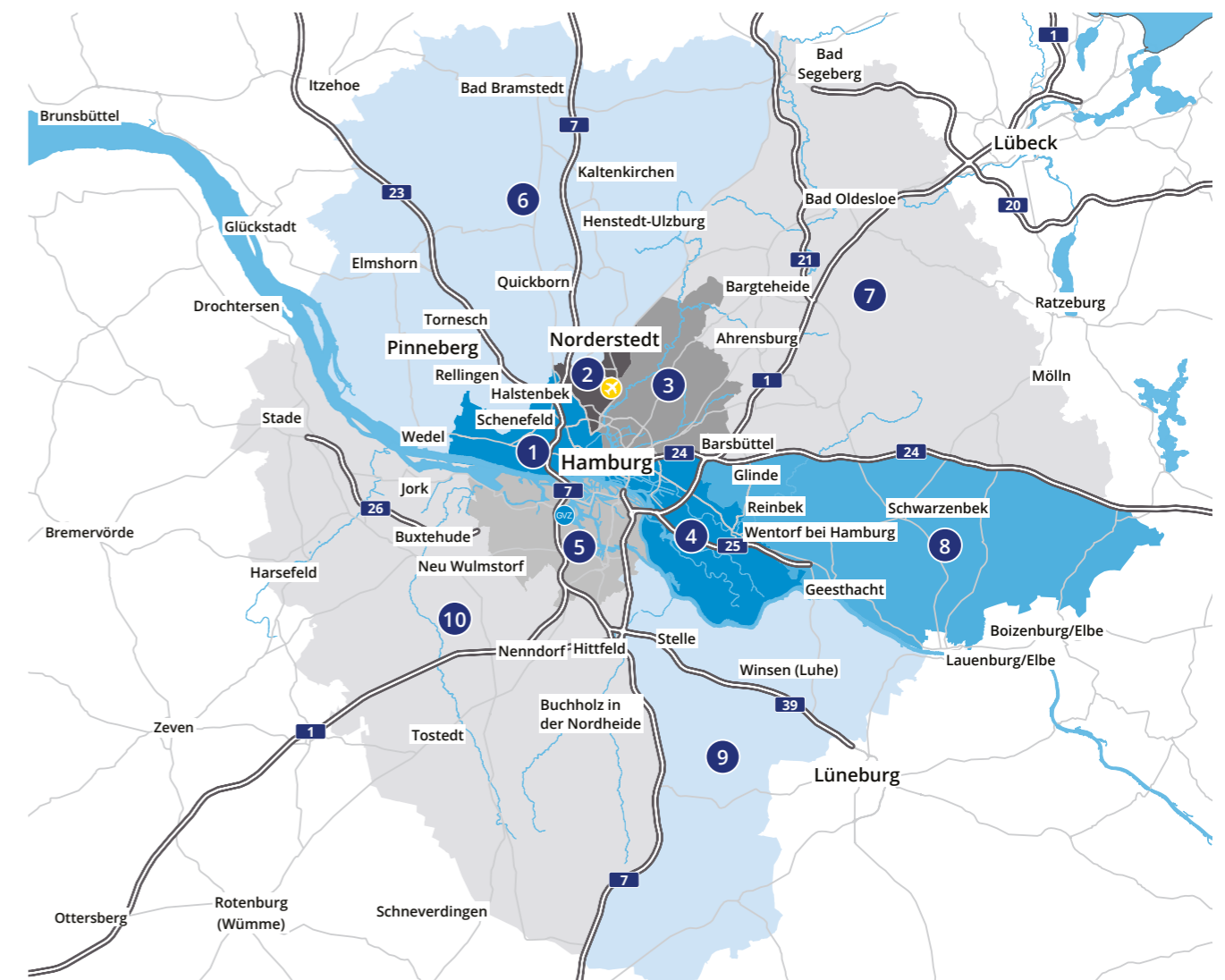
Fast Facts

| | 2023 | 2022 | Change |
|---------------------|--------------|--------------|--------|
| Take-up | 306,400 sq m | 518,300 sq m | -41% |
| Leasing Performance | 237,900 sq m | 364,800 sq m | -35% |
| Number of Deals | 81 | 71 | +14% |
| Prime Rent* | 8.00 €/sq m | 6.90 €/sq m | +16% |
| Average Rent | 6.40 €/sq m | 5.40 €/sq m | +19% |

* achievable top rent in new buildings

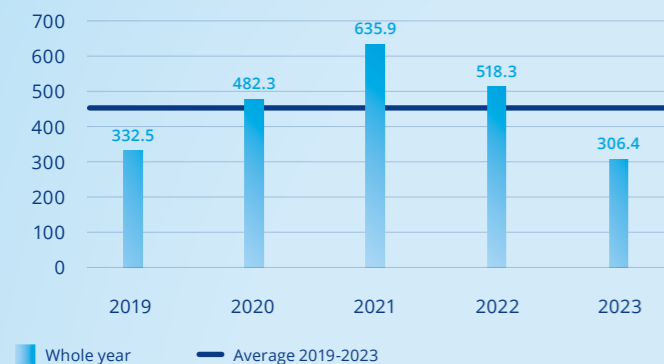
Take-up according to Location

| Submarket | Take-up in sq m | Share |
|-------------------------|-----------------|-------------|
| 1 City West | 4,800 | 2% |
| 2 City North-West | 2,600 | 1% |
| 3 City North-East | 31,900 | 10% |
| 4 City East | 65,300 | 21% |
| 5 City South | 44,000 | 14% |
| 6 Periphery North-West | 56,500 | 18% |
| 7 Periphery North-East | 35,800 | 12% |
| 8 Periphery East | 22,000 | 8% |
| 9 Periphery South-East | 19,200 | 6% |
| 10 Periphery South-West | 24,300 | 8% |
| Total | 306,400 | 100% |



Take-up

in 1,000 sq m



Take-up by Size Categories

| Size in sq m | Take-up in sq m | Share |
|--------------|-----------------|-------------|
| up to 500 | 1,000 | 0% |
| 501-1,000 | 10,100 | 4% |
| 1,001-3,000 | 55,900 | 18% |
| 3,001-5,000 | 46,700 | 15% |
| 5,001-10,000 | 90,400 | 30% |
| above 10,001 | 102,300 | 33% |
| Total | 306,400 | 100% |

Take-up

Hamburg's industrial and logistics real estate market achieved a total take-up of 306,400 sq m at the end of 2023. This represents a decrease of 41% compared to the previous year. The five-year average was also missed (-38%). Despite the decline in take-up, a total of 14% more deals were registered. This indicates that the main reason for the declining momentum in the rental market was the lack of space or land. At 247,800 sq m, leasing performance also declined year-on-year (-35%). Traditionally, the share of owner-occupiers in the Hamburg

logistics region is very high. For this reason, the lack of land hit owner-occupiers particularly hard, with their share of take-up falling from 30% to 21% (around 68,500 sq m). The largest owner-occupier settlement took place in the submarket Hamburg City East, where a logistics service provider specialising in cold storage moved into a logistics building of around 15,000 sq m. The largest letting took place in Neu Wulmstorf, where the logistics service provider TST GmbH rented a new building of around 19,500 sq m.

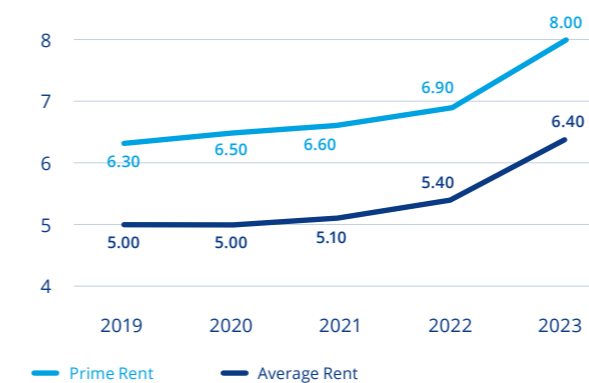
Supply and demand

In addition to the existing problem of low supply, users initially took a wait-and-see attitude in 2023 due to the economic conditions. Instead, market participants concentrated on areas in the 1,000 to 3,000 sq m size category. Around 41% of all deals took place in this segment, but accounted for only 18% of total take-up. Spaces over 10,000 sq m accounted for around 9% of all deals and accounted for 33% of take-up. Almost half of these deals took place in the surrounding area. Interested parties who are looking for large areas in the logistics region will increasingly have to move to the surrounding area, as large areas are no longer being developed due to the lack of land in the Hamburg area. In 2023, only one pro-

ject development of 10,000 sq m in the Hamburg region was leased. In addition, due to the shortage of space and declining new construction activity, more than half of all deals were concluded in existing buildings (58%). In 2023, the share of logistics service providers was once again in first place at around 36%. Production & manufacturing companies followed in second place with 23%. The period of high interest rates and the lack of equilibrium in the market made it difficult for users to make informed decisions about the required space capacity, thus inhibiting the rental market. Tenants and owner-occupiers with existing premises acted rather hesitantly and stayed in their existing buildings instead of expanding.

Prime and Average Rents

in €/sq m/month



Take-up by Branch

Share in %



Rents

Overall, the Hamburg logistics region recorded a low but stable supply of space in 2023, which has led to strong rental growth over the past 12 months. As a result, the prime rent has risen by 16% year-on-year to €8.00 per sq m. The low number of new developments in the region also put further pressure on existing rents, with the average rent rising by 19% to €6.40 per sq m.

Outlook

Despite the decreasing supply, due to the prevailing shortage of land and the very weakening new construction developments, we expect take-up to increase above the level of 2023 for 2024. Many of the users were hesitant in their rental behavior in 2023. Demand for industrial and logistics space will also remain stable but at a high level in 2024, increasing competitive pressure on the market. The city of Hamburg has released 27,000 sq m of land for development, which will provide additional space in the coming year. Nevertheless, the pressure on rents will continue to increase due to excess demand and limited supply, so that both prime and average rents will continue to rise in the future.



Cologne

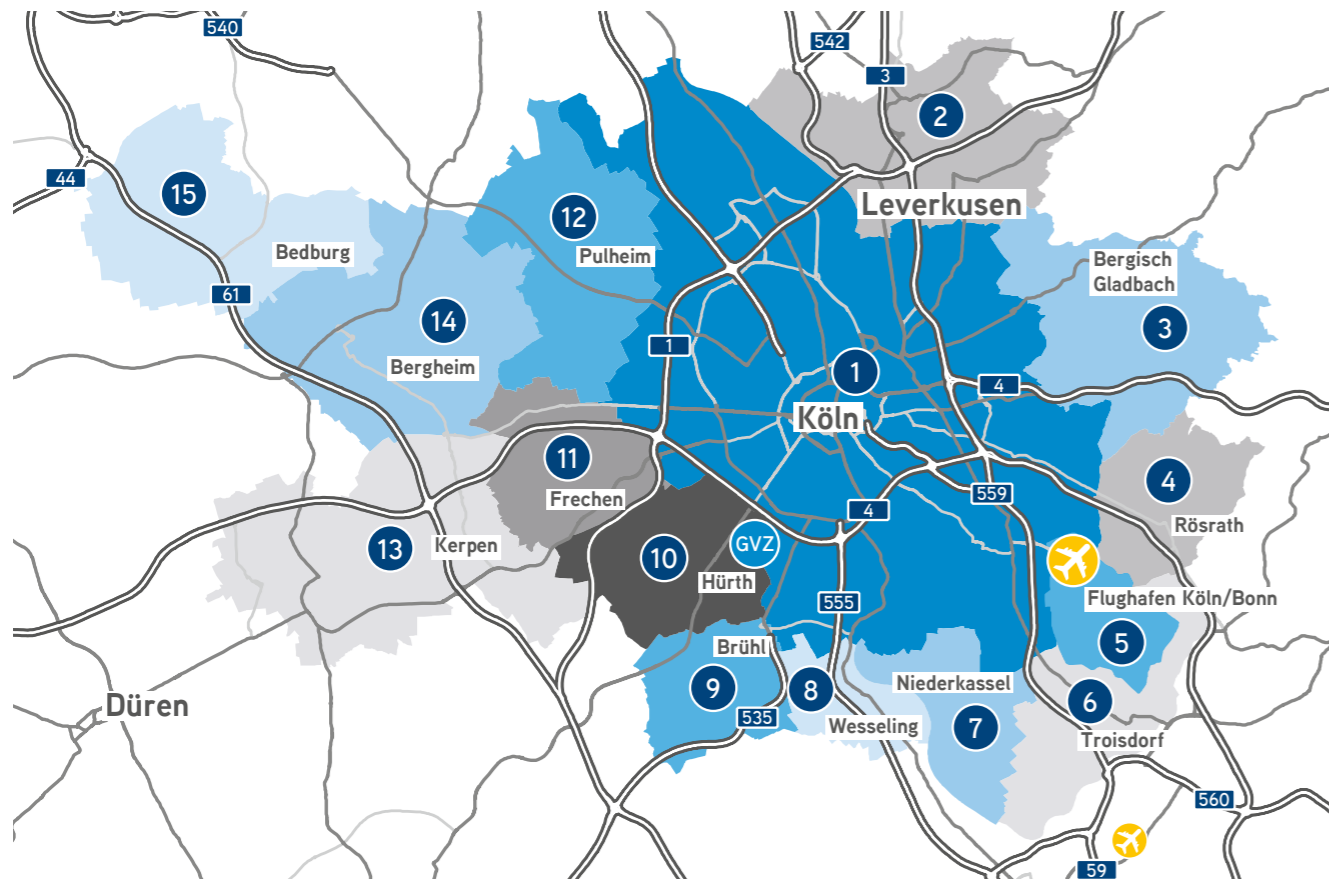
Fast Facts

| | 2023 | 2022 | Change |
|---------------------|--------------|--------------|--------|
| Take-up | 177,400 sq m | 305,100 sq m | -42% |
| Leasing Performance | 168,600 sq m | 299,300 sq m | -44% |
| Number of Deals | 37 | 74 | -50% |
| Prime Rent* | 7.70 €/sq m | 7.00 €/sq m | +10% |
| Average Rent | 6.00 €/sq m | 5.20 €/sq m | +15% |

* achievable top rent in new buildings

Take-up according to Location

| Submarket | Take-up in sq m | Share |
|-----------------------------|-----------------|-------------|
| 1 Cologne | 87,300 | 49% |
| 2 Leverkusen | 7,700 | 4% |
| 3 Bergisch Gladbach | 4,200 | 2% |
| 4 Rösrath | 0 | 0% |
| 5 Airport Area Cologne/Bonn | 0 | 0% |
| 6 Troisdorf | 0 | 0% |
| 7 Niederkassel | 0 | 0% |
| 8 Wesseling | 3,400 | 2% |
| 9 Brühl | 0 | 0% |
| 10 Hürth | 0 | 0% |
| 11 Frechen | 46,500 | 26% |
| 12 Pulheim | 2,500 | 1% |
| 13 Kerpen | 1,200 | 1% |
| 14 Bergheim | 23,300 | 14% |
| 15 Bedburg | 1,300 | 1% |
| Total | 177,400 | 100% |



Take-up

in 1,000 sq m



Take-up

Cologne's industrial and logistics real estate market closed 2023 with take-up of around 177,400 sq m, its weakest result since 2017. Compared to the previous year, take-up fell by around 42%. The five-year average was missed by around 35%. At 168,600 sq m, leasing performance was also below the previous year's result (-44%). The lack of land was particularly evident in the low rate of owner-occupiers. Even though the share of 5% increased slightly compared to the previous year (+3 percentage points), only one owner-occupier deal took place in the Bergheim submarket in 2023.

Take-up by Size Categories

| Size in sq m | Take-up in sq m | Share |
|--------------|-----------------|-------------|
| up to 500 | 1,400 | 1% |
| 501-1,000 | 3,700 | 2% |
| 1,001-3,000 | 20,400 | 12% |
| 3,001-5,000 | 48,200 | 26% |
| 5,001-10,000 | 40,700 | 23% |
| above 10,001 | 63,000 | 36% |
| Total | 177,400 | 100% |

The largest letting in the logistics region was registered in Frechen, where a logistics building of around 34,300 sq m was leased to a trading company. The largest deal in the new building was completed in Bergheim, where a user moved into a logistics building of around 12,000 sq m.





Supply and demand

Due to the prevailing shortage of land and space in Cologne's industrial and logistics real estate market, around 81% of all deals in 2023 took place in portfolios. The general economic and political unrest caused by the Ukraine war and increased inflation have led to uncertainty among users. Expansions were put on hold, so that trading companies and logistics service providers from the e-commerce sector in particular returned space to the market in the form of sublet space due to the reluctance of consumers to buy. Sublet space accounted for around 23% of take-up in the region.

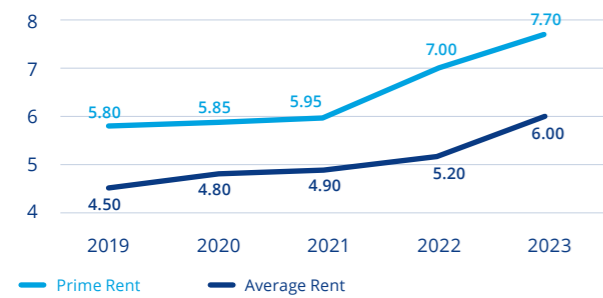
Overall, demand was mainly in the small- to medium size category. Around 78% of all deals were made in the range of up to 5,000 sq m and were responsible for around 41% of the total take-up. On the other hand, there were hardly any large-volume deals. Only three

lettings took place in the area of more than 10,000 sq m. Two of them were existing buildings. This is illustrated by the scarce new construction pipeline in the region. At 87,300 sq m, the Cologne submarket recorded the largest take-up of space and accounted for 49% of the total take-up in the logistics region.

While demand on Cologne's industrial and logistics real estate market was dominated by logistics service providers in 2022, trading companies formed the largest demand group in 2023, accounting for 50% of total take-up (or 38% of all deals), despite weakening demand. This was mainly due to the 34,300 sq m lease of a trading company in Frechen. Logistics service providers accounted for around 22% of total take-up, followed by companies from the production & manufacturing industry with a share of 14%.

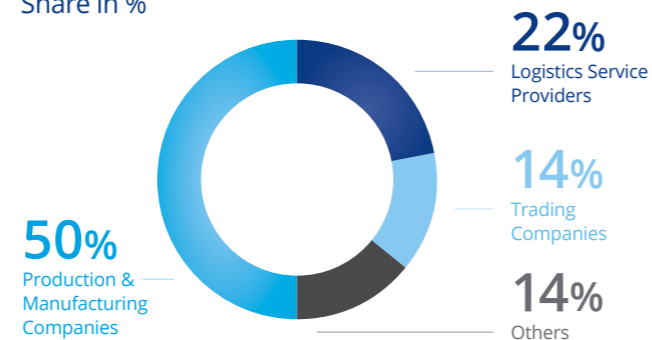
Prime and Average Rents

in €/sq m/month



Take-up by Branch

Share in %



Rents

Rents recorded record growth rates in 2023. The prime rent rose by 10% compared to the previous year and, at €7.70 per sq m, is only slightly below that for Düsseldorf (€7.90 per sq m). In addition, the pressure on existing rents continued to increase due to the lack of new construction projects, resulting in record growth in average rents of 15% to €6.00 per sq m.

Outlook

For 2024, we expect take-up to remain stable or increase slightly. While we continue to see stable demand, the supply situation will ease slightly due to some new construction developments. We currently assume that more than 90,000 sq m of new construction space for logistics will enter the Cologne industrial and logistics real estate market in 2024. For rents, however, this does not mean a recovery. Financing costs remain high, as do construction costs, which will continue to lead to rising prime rents in 2024. The pressure on existing rents will also cause the average rent to rise further due to the limited supply and competition for available space on the market. However, we expect rental growth to slow somewhat.

Leipzig

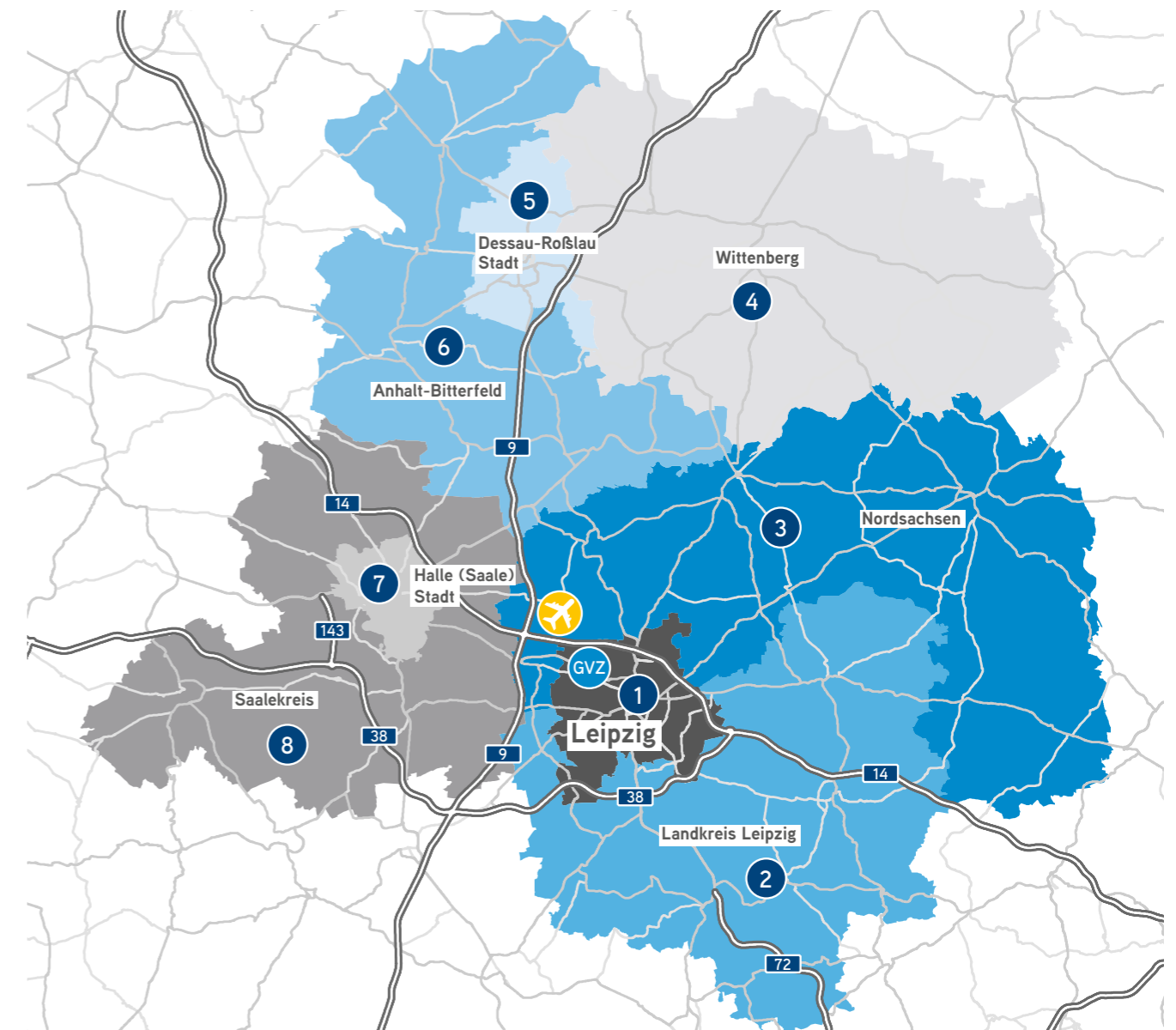
Fast Facts

| | 2023 | 2022 | Change |
|---------------------|--------------|--------------|--------|
| Take-up | 274,200 sq m | 438,200 sq m | - 37% |
| Leasing Performance | 237,400 sq m | 383,100 sq m | - 38% |
| Number of Deals | 32 | 50 | - 36% |
| Prime Rent* | 5.80 €/sq m | 5.10 €/sq m | + 14% |
| Average Rent | 5.30 €/sq m | 4.50 €/sq m | + 18% |

* achievable top rent in new buildings

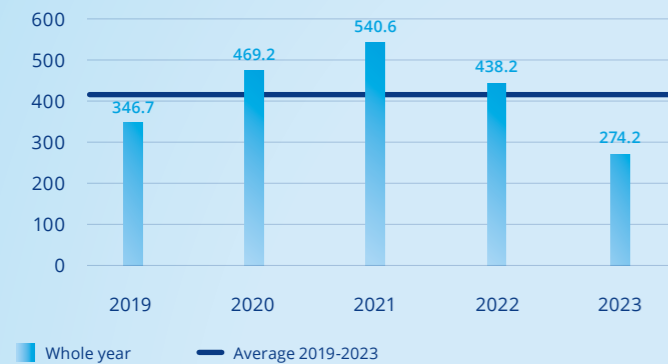
Take-up according to Location

| Submarket | Take-up in sq m | Share |
|---------------------|-----------------|-------------|
| 1 Leipzig | 61,100 | 22% |
| 2 District Leipzig | 13,800 | 5% |
| 3 Nordsachsen | 0 | 0% |
| 4 Wittenberg | 6,300 | 2% |
| 5 Dessau-Roßlau | 0 | 0% |
| 6 Anhalt-Bitterfeld | 90,600 | 33% |
| 7 Halle (Saale) | 25,000 | 10% |
| 8 Saalekreis | 77,400 | 28% |
| Total | 274,200 | 100% |



Take-up

in 1,000 sq m



Take-up by Size Categories

| Size in sq m | Take-up in sq m | Share |
|--------------|-----------------|-------------|
| up to 500 | 300 | 0% |
| 501-1,000 | 6,100 | 2% |
| 1,001-3,000 | 19,100 | 7% |
| 3,001-5,000 | 8,100 | 4% |
| 5,001-10,000 | 55,800 | 20% |
| above 10,001 | 184,800 | 67% |
| Total | 274,200 | 100% |

Take-up

The Leipzig logistics region recorded a decline in take-up in 2023 due to lower demand. A total of around 274,200 sq m of space was implemented. This represents a decrease of more than a third (-37%) compared to the previous year. The five-year average was missed by around 36%. Owner-occupiers were strong again, with their share remaining stable at 13%. Compared to the other Top 8 regions, Leipzig has lower land prices (€100-150 per sq m), so that competition between owner-occupiers and project developers is less pronounced. Nevertheless, in a long-term comparison, we have noticed a decline in owner-occupier activity, which in the past was partly responsible for around 40% of take-up. For example, the largest owner-occupier expansion in 2023 took

place in the area segment under 10,000 sq m. The logistics and fulfilment service provider LKG Leipziger Kommissions- und Großbuchhandels-gesellschaft mbH built a new building of around 8,600 sq m.

Among the most market-defining deals were the leases of a company from the automotive sector in Bitterfeld-Wolfen (82,000 sq m), which was also the largest lease within the Top 8 regions, as well as Dachser SE with a new building of almost 18,000 sq m in Landsberg. After a relatively quiet first half of the year, there was an increase in large-scale leases of more than 10,000 sq m from the third quarter onwards. This indicates a slight upturn in demand.

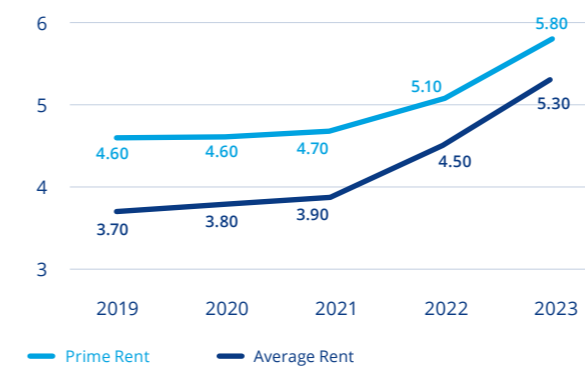
Supply and demand

The Leipzig logistics region has traditionally been dominated by users from the e-commerce and automotive sectors. This is also confirmed by the largest rental deals in the region. Due to the slowdown in demand from retail companies, the majority of take-up was accounted for by companies in the production and manufacturing sector (49%). Logistics service providers ranked second with around 32%. The two largest deals and the only two deals over 20,000 sq m were for manufacturing companies

(companies from the automotive sector and the lease of Samvardhana Moterson Group with around 21,000 sq m in Leipzig). Logistics service providers were responsible for four out of ten leases of more than 10,000 sq m. It is noteworthy that the small share of take-up was in properties that were still under construction at the time of completion (18%). This indicates that the lack of land continues to be a market-shaping issue for Leipzig.

Prime and Average Rents

in €/sq m/month



Take-up by Branch

Share in %



Rents

Rising construction costs and property requirements mean that project developers in particular have to reckon with higher rental rates. Over the past 12 months, the Leipzig logistics region has recorded double-digit percentage growth in rents. The prime rent is currently €5.80 per sq m (+14%) and is approaching the €6 mark, which has already been exceeded in some cases when leases are signed. In particular, the very short-term demand for storage space and rentals in the small-scale segment led to a significant increase in existing rents, with the result that the average rent currently stands at €5.30 per sq m (+18%).

Outlook

Two trends will shape the coming year in the Leipzig logistics region. On the one hand, the decisions of politicians on the subject of renewable energy and its promotion will influence rental behaviour. Already in 2022, we were able to register a concentration of leases from the renewable energy sector in Central Germany. These rentals may decrease or increase depending on policy decisions. The ongoing transformation in the automotive sector will also have a particular impact on the demand for space for regional contract logistics companies. Important for the positive development of the Leipzig market in 2024 is the leasing of the currently completed and still available space. Currently, approx. 110,000 sq m are available for short-term rental. The combination of these vacancies with the development pipeline in 2024 leads us to the realization that take-up this year will be at a similar level as in 2023.



Logistics Centre Bitterfeld-Wolfen, Garbe

Munich

Fast Facts

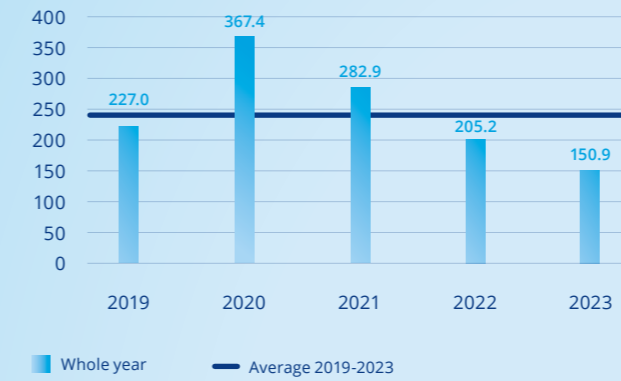
| | 2023 | 2022 | Change |
|---------------------|--------------|--------------|--------|
| Take-up | 150,900 sq m | 205,200 sq m | -26% |
| Leasing Performance | 150,900 sq m | 173,100 sq m | -13% |
| Number of Deals | 60 | 93 | -35% |
| Prime Rent* | 9.30 €/sq m | 8.50 €/sq m | +9% |
| Average Rent | 8.40 €/sq m | 7.80 €/sq m | +8% |

* achievable top rent in new buildings

Take-up according to Location

| Submarket | Take-up in sq m | Share |
|-------------------------|-----------------|-------------|
| 1 Centre | 0 | 0% |
| 2 Centre North-West | 0 | 0% |
| 3 Centre North-East | 0 | 0% |
| 4 Centre South-East | 0 | 0% |
| 5 Centre South-West | 1,600 | 1% |
| 6 City North-West | 40,800 | 27% |
| 7 City North-East | 3,300 | 2% |
| 8 City South-East | 1,500 | 1% |
| 9 City South-West | 6,300 | 4% |
| 10 Periphery South-West | 9,300 | 6% |
| 11 Periphery North-West | 45,100 | 30% |
| 12 Periphery North-East | 40,800 | 27% |
| 13 Periphery South-East | 2,200 | 2% |
| Total | 150,900 | 100% |

Take-up in 1,000 sq m



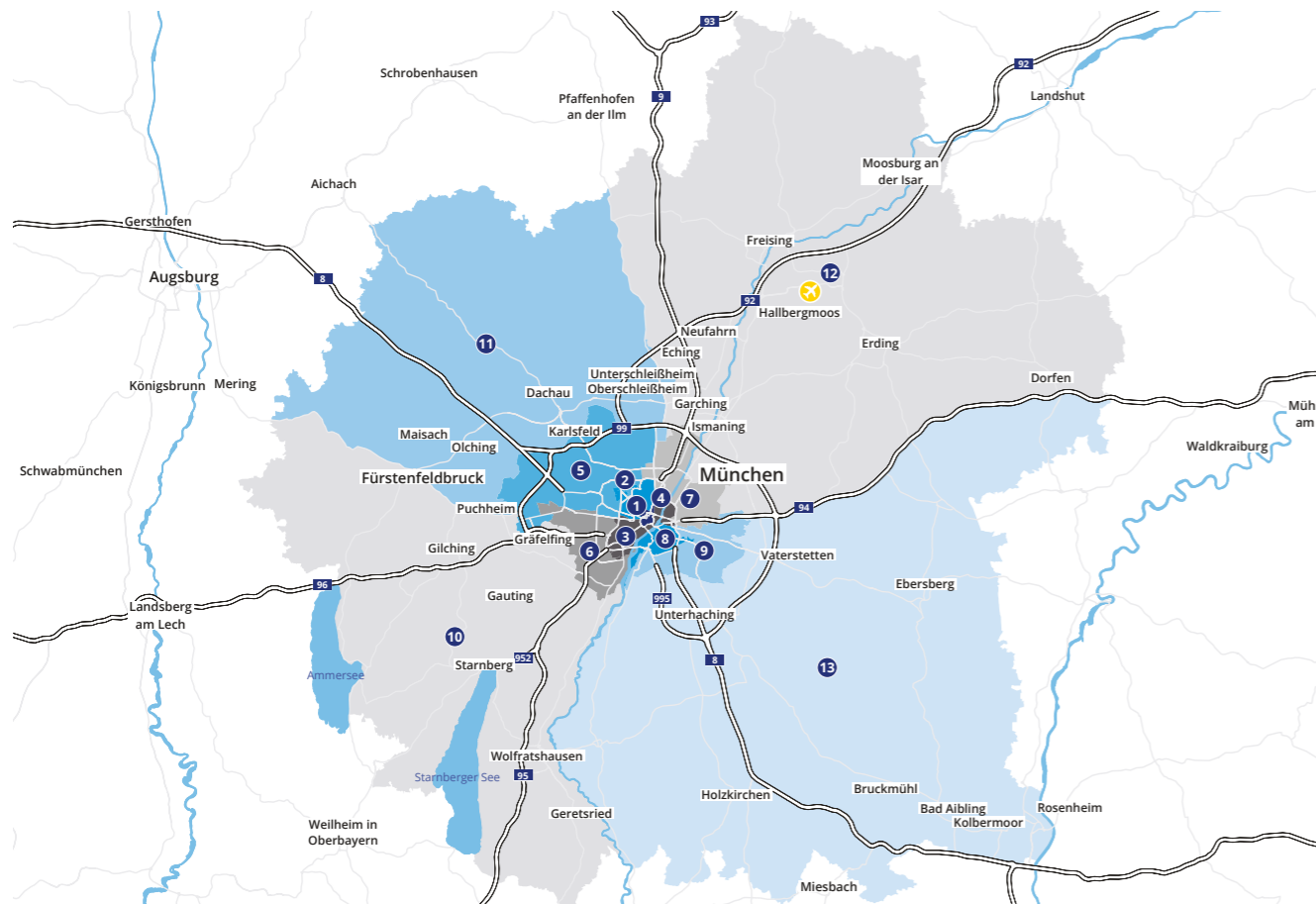
Take-up by Size Categories

| Size in sq m | Take-up in sq m | Share |
|--------------|-----------------|-------------|
| up to 500 | 6,100 | 4% |
| 501-1,000 | 7,300 | 5% |
| 1,001-3,000 | 33,700 | 22% |
| 3,001-5,000 | 49,900 | 33% |
| 5,001-10,000 | 22,400 | 15% |
| above 10,001 | 31,500 | 21% |
| Total | 150,900 | 100% |

Take-up

Munich's industrial and logistics real estate market generated a total take-up of around 150,900 sq m at the end of the fourth quarter of 2023, with a year-on-year decline in take-up of 26%. It should be noted that take-up was generated exclusively through lettings and that there were no market-defining owner-occupier settlements. The largest lease in Munich in the second quarter

took place in the City North-West submarket, where Siemens Mobility is expanding with a production hall of around 30,000 sq m. A further 10,000 sq m of production space can be traced back to the lease by Yaskawa in a new building in Allershausen. The robotics manufacturer continues to grow at its existing location.





Demand and supply

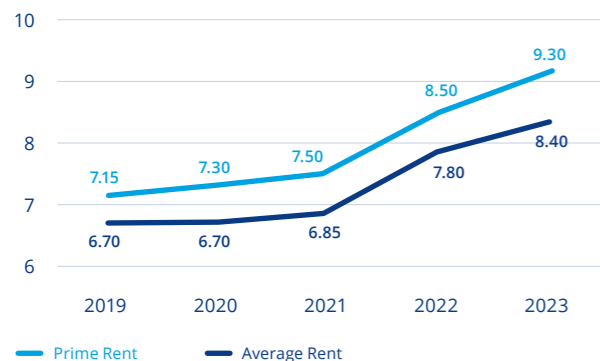
The situation on the Munich real estate market remains extremely tense. The availability of space in the segment over 10,000 sq m is very weak. Only two deals were registered in this area segment in 2023. The largest user group in 2023 was the Production & Manufacturing division, which accounted for around 62% of total take-up. This is mainly due to the large lease of Siemens Mobility. Trading companies only accounted for a share of 14%, far behind companies from the Logistics Service Providers. Users who can't be assigned to any of these industries accounted for 22%. The majority of the deals took place in the small size segment. In terms of the number of deals, lettings of less than 3,000 sq m accounted for around

73% (44 deals) of the total result. A total of 31 deals in the size range of 1,000 sq m to 5,000 sq m generated take-up of around 84,000 sq m. This high demand for space in the small and medium-sized segment is typical of the Munich market. As in all major metropolises, the strong sales drivers are evident in the surrounding area.

As is characteristic of Munich, the northern surrounding municipalities were the most important drivers of take-up. The North-West and North-East sub-markets stood out in particular. These two sub-markets alone accounted for 57% of the total result.

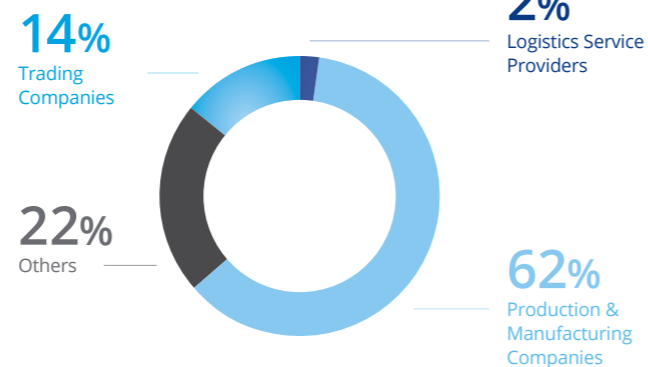
Prime and Average Rents

in €/sq m/month



Take-up by Branch

Share in %



Rents

Due to the existing shortage of space and the very low vacancy rate of 1%, the pressure on existing rents has continued to increase. The average rent increased by 8% year-on-year to €8.40 per sq m. A declining pipeline of new construction means that prime rents are currently at €9.30 per sq m, around 9% above the previous year's level.

Outlook

For years, Munich's industrial and logistics real estate market has been characterised by a shortage of space and a very low vacancy rate. This will continue in 2024. Due to some of the spaces that will come onto the market, we expect take-up to be at a similar level to 2023. In terms of demand, we see that users will continue to demand small-scale space in the business park segment in 2024. Overall, however, the pressure on rents will continue to increase, so we continue to expect a positive rental price development.

Stuttgart

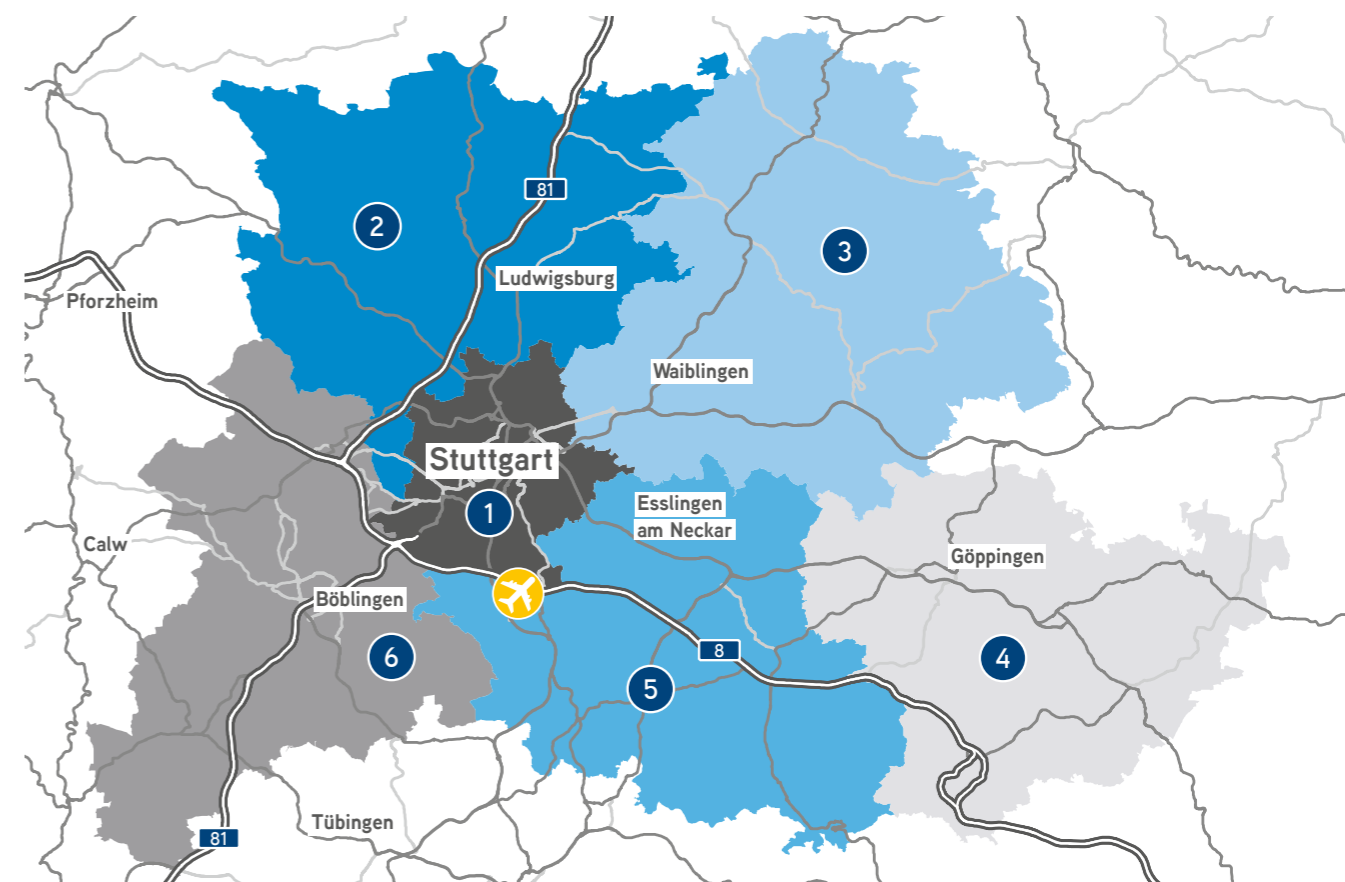
Fast Facts

| | 2023 | 2022 | Change |
|---------------------|--------------|--------------|--------|
| Take-up | 207,700 sq m | 336,900 sq m | -38% |
| Leasing Performance | 163,700 sq m | 336,900 sq m | -51% |
| Number of Deals | 52 | 60 | -13% |
| Prime Rent* | 8.30 €/sq m | 7.80 €/sq m | +6% |
| Average Rent | 7.00 €/sq m | 6.50 €/sq m | +8% |

* achievable top rent in new buildings

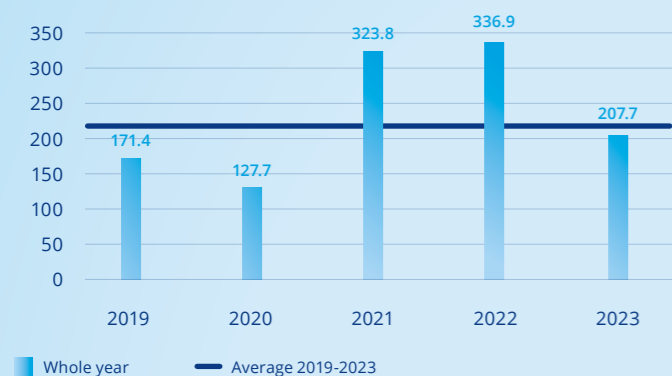
Take-up according to Location

| Submarket | Take-up in sq m | Share |
|----------------------|-----------------|-------------|
| 1 Stuttgart | 8,200 | 4% |
| 2 Ludwigsburg | 85,100 | 41% |
| 3 Rems-Murr-District | 13,400 | 6% |
| 4 Göppingen | 18,700 | 9% |
| 5 Esslingen | 36,300 | 18% |
| 6 Böblingen | 46,000 | 22% |
| Total | 207,700 | 100% |



Take-up

in 1,000 sq m



Take-up according to Size Category

| Size in sq m | Take-up in sq m | Share |
|--------------|-----------------|-------------|
| up to 500 | 4,100 | 2% |
| 501-1,000 | 10,800 | 5% |
| 1,001-3,000 | 26,400 | 13% |
| 3,001-5,000 | 23,100 | 11% |
| 5,001-10,000 | 32,000 | 15% |
| above 10,001 | 111,300 | 54% |
| Total | 207,700 | 100% |

Take-up

Stuttgart's industrial and logistics real estate market closed 2023 with take-up of around 207,700 sq m. Compared to the previous year, take-up fell by around 38%. The five-year average was only missed by around 18%. At 163,700 sq m, leasing performance was also below the previous year's result (-51%).

Owner-occupiers accounted for around one-fifth of total take-up. The largest and only owner-occupier deal as well as the largest deal of the third quarter was made by department store operator Breuninger, which is expanding its existing building by 40,000 sq m. The largest lease agreement was signed in the Esslingen submarket, where elevator manufacturer TK Elevator will move into a 24,700 sq m building from the 1st half of 2025.

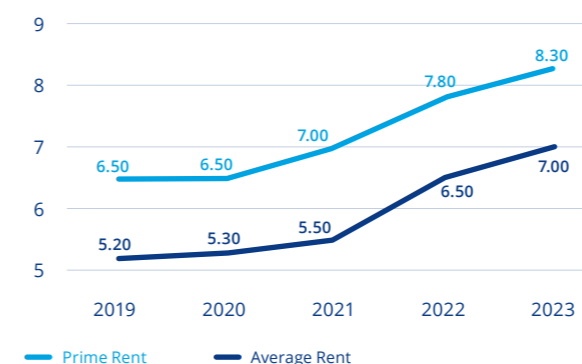
Supply and demand

Traditionally, demand on Stuttgart's industrial and logistics real estate market comes from the production & manufacturing industry, especially the automotive sector. However, due to a melange of challenges, this will no longer be the main customer in 2023, which is mainly due to low sales figures, cost pressure and the switch to e-mobility in economically difficult times. Overall, industry accounted for 35% of take-up. However, the largest user group was trading companies with a share of 41%, which is mainly due to the expansion of Breuninger. Even though the overall economic situation is recessionary, it is not getting any easier to rent new space. This is also

reflected in the fact that most of the leases were from existing buildings. More than half of the take-up took place in the portfolio (52%), and in terms of the number of leases, as much as 82% (43 out of 52 deals). On the one hand, this is due to the fact that vacancy rates are still very low. On the other hand, the new construction pipeline continues to decline, as there are fewer project developments, partly due to a lack of land. All in all, there is still a high demand for adequate space that satisfies the needs of users, but it cannot be met by the market. Areas that are currently being released are absorbed directly.

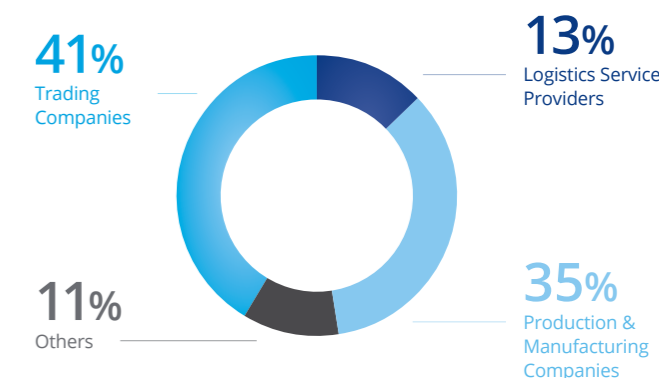
Prime and Average Rents

in €/sq m/month



Take-up by Branch

Share in %



Rents

Rents recorded growth rates in 2023 that are higher than the inflation rate of 3.7% (Dec. 2023). The prime rent rose by 6% compared to the previous year and at €8.30 per sq m is above the €8 mark for the first time. In addition, the pressure on existing rents continued to increase due to the lack of new construction projects, so that the growth in average rents of 8% to €7.00 per sq m was even higher than for the prime rent.

Outlook

For 2024, we expect a decline in take-up. The reasons for this are that expansion plans have been postponed across all industries. In addition, it can be assumed that the automotive sector will continue to have to wait for an upturn. On the other hand, the focus in this area in particular is on the storage of batteries for e-mobility and can become a demand for space here. We have already received various inquiries for Rastatt and Karlsruhe. In addition, there is hardly any space available on the Stuttgart market and vacancy rates remain very low, which is leading to a decline in take-up.

Prime rents are likely to remain stable due to a lack of new developments. The average rent is expected to continue to rise due to limited supply and competition for available space.



Company Site Ludwigsburg

Glossary

Take-up of space

Take-up of space is the sum of all space either newly let or built by an owner-occupier within the period under consideration. The salient date is that on which the lease agreement is signed, or the ground-breaking ceremony was held. Lease renewal of an existing lease is not counted in the take-up of space. Subleases, on the other hand, are. Exclusively logistics and industrial space serves as the basis of calculation; pro-rata office and ancillary space are not considered.

Leasing Performance

Leasing performance reflects take-up excluding owner-occupied space. Exclusively logistics and industrial space serves as the basis of calculation; pro-rata office and ancillary space are not taken into account.

Prime Rent

Prime rent refers to latest generation logistics space exceeding 3,000 sq m (min. height 10 m bottom edge, 2-3 docking gates/1,000 sq m, sprinkler system, office share up to 10%).

Average Rent

Average rent refers to multi-functional logistics space exceeding 3,000 sq m (height > 7 m bottom edge, 1-2 docking gates/1,000 sq m, low office share).

Prime Yields

Gross prime yield refers to Class-A properties (latest generation logistics properties, max. age of building 10 years, > 5,000 sq m, height > 10 m bottom edge with docking gates, long lease terms) in Germany's top logistics regions.

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