

## PRESS RELEASE

### STUDY LOGISTICS AND REAL ESTATE 2022

Focus on logistics in Germany and Europe - Acute Challenges and Opportunities

## Logistics real estate: On a record course during the crisis

- **New record for logistics area-built expected for 2022, at 5.8 million sqm**
- **Prime rents in Germany increased by up to 8.6%**
- **Rise in yields also noticeable in top regions**
- **Current figures are a snapshot, increasing risks discernible in some cases**

Hamburg/Munich, 12 October 2022 | The high level of construction activity in the market for logistics properties continues. With around 5.8 million sqm and an increase of 9.4% compared to the record previous year (5.3 million sqm), a new record for newly completed logistics space is expected for the current year. Top rents in the largest German logistics locations have risen by 3.8% to 8.6% to 6.50 to 8.20 euros/sqm. Current developments on the investment and financing market have led to a halt in the yield compression of logistics properties. And not only that: in the most important logistics regions, a slight increase in yields of 20 to 30 basis points has already become apparent.

These are the key findings of the new study "Logistics and Real Estate 2022", which bulwiengesa has published for the eighth time in a row in partnership with Berlin Hyp AG, BREMER AG, GARBE Industrial Real Estate GmbH (GARBE) and Savills Immobilien-Beratungs GmbH (Savills). Data from over 2,900 existing, under construction and planned logistics properties were evaluated for the study.

Daniel Sopka, consultant in the Industrial and Logistics Real Estate division at bulwiengesa: "The figures should not hide the fact that this is a snapshot. The market environment is uncertain and characterised by caution. Financing and construction costs are rising dynamically, the shortage of skilled workers remains acute, higher energy costs are placing an immense burden on companies in industry and logistics, and geopolitical distortions are weakening the economy. The risk of short to medium-term price corrections is increasing."

### **New construction**

After the pandemic-related break in 2020, when the volume of completed logistics space slumped from over 4.8 to just over 3.7 million sqm, more new space than ever before came onto the German market in 2021 with 5.3 million sqm. The current project pipeline is full, so that another record figure of 5.8 million sqm is expected in 2022, despite the current uncertainties in project development.

The three most active logistics space project developers in 2022/2023 are Panattoni (over 1.8 million sqm), followed by GARBE (over 1 million sqm) and Dietz AG (around 0.88 million

sqm). It is noticeable that the Goodman Group, which had been extremely active in previous years, has recently been relatively restrained in new construction, as has the Amazon Group, which has not completed any new space in 2022.

When looking at completions in the period from 2017 to 2022, Greater Berlin (2 million sqm) remains the frontrunner among the major German logistics locations. The Rhine-Ruhr region holds second place with 1.7 million sqm. The Hannover/Braunschweig region (approx. 1.5 million sqm) managed to leap past the Rhine-Main/Frankfurt region into third place thanks to major developments such as Panattoni Park Niedersachsen and VGP Park Laatzen. The Halle/Leipzig region improved its ranking by two notches to sixth place and now has a development volume of almost 1.3 million sqm.

### **Investment market**

In the investment market for German logistics, corporate and industrial real estate, the investment volume reached a new all-time high of €11.6bn in 2021. Investments in logistics properties accounted for the largest share with around €7 billion or 60%; in the first half of 2022 this figure was €2.7 billion. However, increased financing costs and growing economic uncertainties caused a slight restraint on the transaction market as early as the second quarter of 2022. In the top logistics regions, this was reflected in the rise in prime yields by around 20 to 30 basis points. This primarily affects the absolute core segment, where the previous purchase prices at annual rent factors of over 30 can no longer be financed with the current conditions.

In this year's ranking, GARBE remains the front-runner among the most active logistics investors with almost €2.9 billion, followed at some distance by Frasers Property in second place with €1.7 billion, and then the recently much more active LIP Invest with just over €1.5 billion (observation period from 2017 - 2022). With a share of around 60%, the majority of investors in the German logistics real estate market are from Germany. In terms of the five-year period, Berlin was able to displace the logistics region Rhine-Main/Frankfurt from first place among the most popular investment destinations. 2.5 billion euros were invested there in the last five years, especially in 2021. For 2022, the transaction volume in Berlin is so far low due to fewer offers. The Rhine-Main/Frankfurt region is now in second place with around 2.2 billion euros. Dortmund follows in third place with just under €2.2 billion. Investors were most active in the Rhine-Main/Frankfurt, Rhine-Neckar and Düsseldorf regions most recently in the first half of 2022.

### **Top themes: crisis resilience and sustainability**

In addition to the current market situation, the reaction of the logistics real estate market to supply chains disrupted by the covid pandemic and the Ukraine war is also a topic of the study "Logistics and Real Estate 2022". Companies are currently increasing their crisis resilience by diversifying their supply chains and creating a fallback position by renting additional space reserves. Offshoring, which is more crisis-prone during rising political conflict, is increasingly being replaced by re-shoring and near-shoring. "Markets with low wage and energy costs compared to Europe or rather unregulated labour markets are suitable for this," says Tobias Kassner, Head of Research at GARBE. "These advantages were originally sought

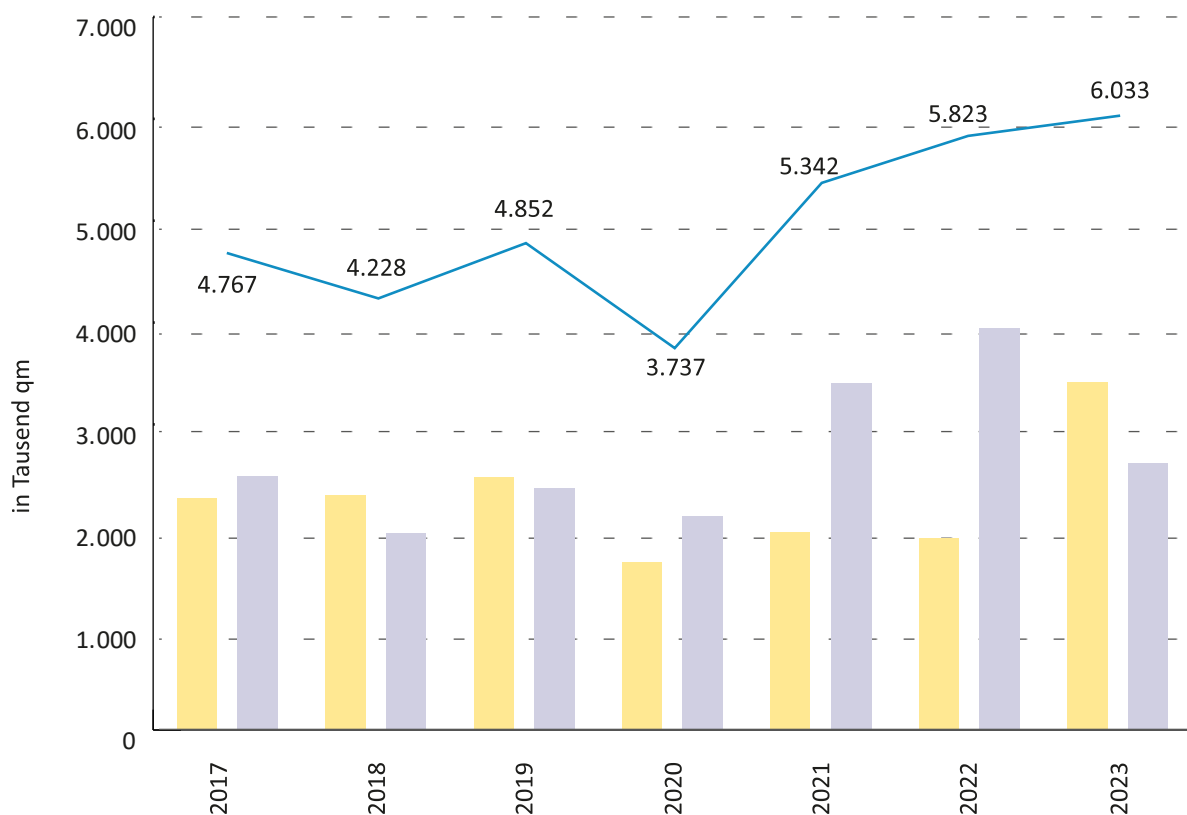
in Asia. Southern and Eastern Europe, but also Turkey or the north of Africa can benefit from a re-organisation of logistics."

"If there is an increase in nearshoring, the markets that benefit most could see above-average rental growth. Provided their vacancy rates and development pipelines remain low," adds Bertrand Ehm, Director Industrial Investments at Savills.

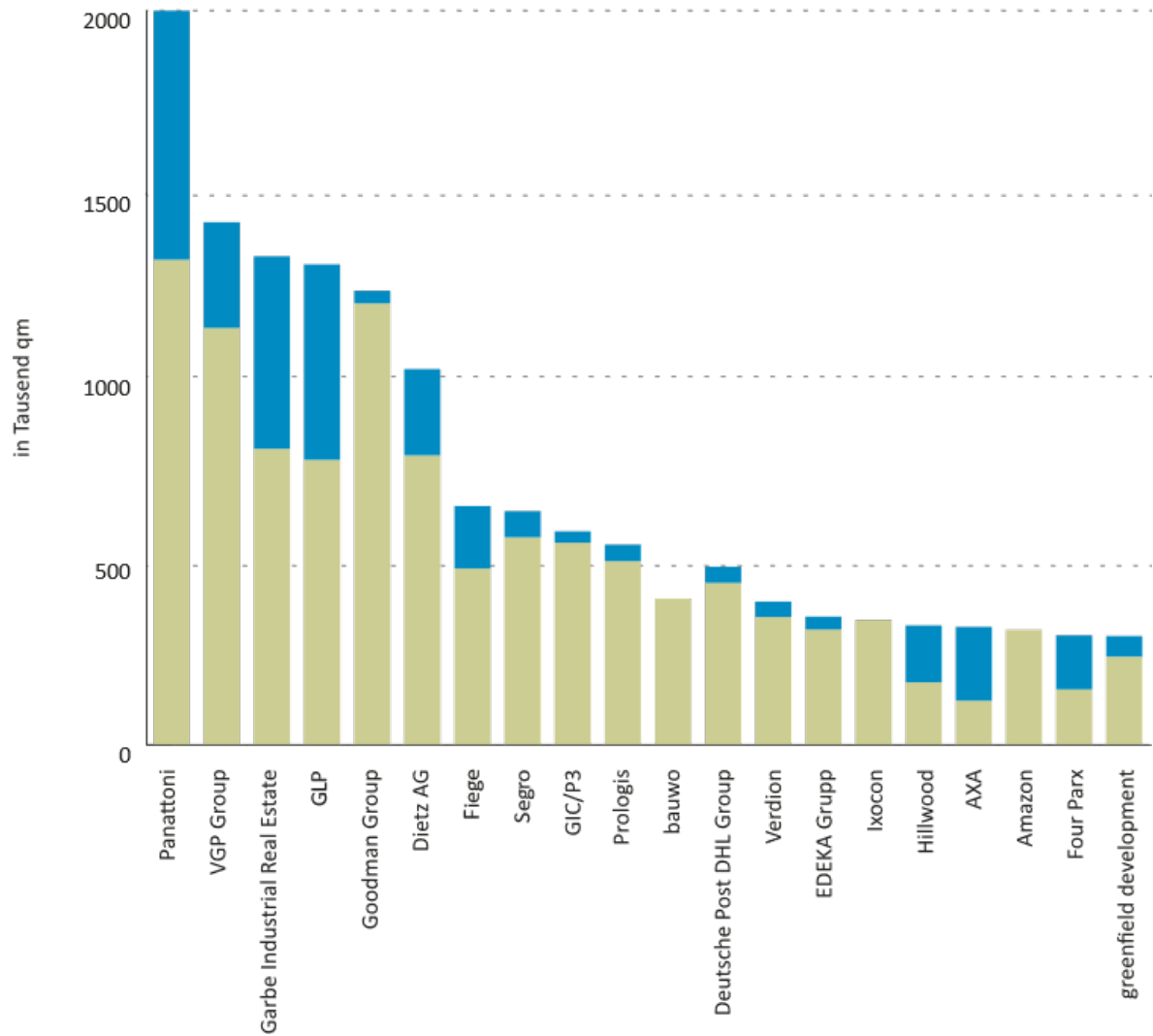
In addition to higher crisis resilience, sustainability remains a defining theme in the logistics property market. "New technical solutions, for example in energy supply, are often much more expensive than standard construction. However, exploding energy prices and unwanted supply dependencies put the cost argument into perspective," says Michael Dufhues, CEO of BREMER AG.

Maria Teresa Dreö-Tempsch, market director at Berliner Hyp, points to the declining marketability of properties that fail to meet the ever-increasing sustainability requirements. "CO2 emissions can be accurately predicted beforehand. Here it will be important to analyse the relevant properties in detail and, if necessary, initiate retrofitting programmes." In the study, Berlin Hyp describes innovations and strategies with which the sustainability of the real estate portfolio can be improved through more sustainable financing options.

#### Fertiggestellte Logistikfläche im Zeitverlauf



Top-20 Entwickler von Logistikflächen, 2017 - 2022\*



Study partner:

**Berlin Hyp**

**BRENER**

**GARBE.**  
Industrial Real Estate

**savills**

## **About the "Logistics and Real Estate" Study**

"Logistics and Real Estate" is an independent study series by the Competence Centre for Logistics and Real Estate and the analyst company bulwiengesa, which comprehensively examines the asset class of logistics real estate from various perspectives and has already established itself as the leading study series for logistics real estate in Germany.

The study provides an overview of the most important players in the diverse German market and offers an orientation guide for the professional audience as well as the interested public. The commercial real estate financier Berlin Hyp AG, the general contractor BREMER AG, the real estate group GARBE Industrial Real Estate GmbH and Savills Immobilien Beratungs-GmbH supported bulwiengesa as partners in the conception of the study and provided valuable market insights in their respective segments.

**The study and information material are available online:** <https://logistics-and-real-estate.com/> or <https://bulwiengesa.de/en/publikationen>

## **About bulwiengesa**

bulwiengesa is one of the largest independent analyst companies in the real estate sector in continental Europe. For almost 40 years, bulwiengesa has been supporting its partners and clients in issues relating to the real estate industry, among other things by providing location and market analyses, in-depth data services, strategic consulting and tailor-made expert opinions. bulwiengesa's data is used by the Deutsche Bundesbank for the ECB and BIS, among others.

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