

News release

Industry news: Realogis-RLI Group on the impact of coronavirus on the property market for industrial, warehouse and logistics space

- Importance of logistics as a systemically important industry
- Expansion of warehouse capacity throughout Germany, especially for home delivery by food and fast-moving consumer goods retailers
- Rearrangement of supply chains: higher volume of new construction due to refocusing on Germany
- Appeal for swift approvals for new construction projects
- Rents will rise due to increased demand while full occupancy has already been reached

Munich, 18 March 2020 – The global coronavirus pandemic is having a multifaceted impact on the systemically important logistics industry and on the German industrial, warehouse and logistics property market. The Realogis-RLI Group – Germany’s leading industrial and logistics property group with over 80 experts – will inform its customers about the latest developments on a monthly basis from now on.

“We are currently seeing high demand for rental space for home delivery services in all of our branches. Due to a jump in home deliveries ordered online, providers of these services want to significantly expand their available warehouse capacity,” says **Umut Ertan, founder and partner of the Realogis-RLI Group**.

“We are also seeing exponential growth in enquiries from food retailers and wholesalers that intend to set up new distribution and shipping hubs, and therefore want to purchase property at short notice,” Ertan continues.

At the same time, says the Realogis-RLI Group, traders of industrial and consumer goods also have a growing need for storage, especially for fast-moving consumer goods (FMCG).

Outlook for the next few months

The Realogis-RLI Group expects demand for ultramodern logistics properties but also for simple or older warehouse space, e.g. for last-mile delivery, to increase palpably in the coming months. This is the case for both city-centre locations and the suburbs of metropolitan areas.

In the time of coronavirus, global supply chains are also being put to the test. The Realogis-RLI Group assumes that the logistics sector will refocus on Germany’s globally unique

transport and infrastructure network, which is regularly awarded first place in independent studies.

“As a result, new production sites will arise in Germany in the next twelve months, some of which still need to be built,” comments Umut Ertan. He sees an immediate need for warehouse and logistics space for replacement and production parts in order to supply industry from within Germany and thus to safeguard Europe’s largest and most important market by far.

“We are appealing to local governments and authorities to speed up their approval processes in order to enable project developers and investors to implement their logistics property projects quickly,” notes Ertan.

In light of the growing demand for warehouse space and vacancy rates of between 1% and 3% at the most in the top regions of Munich, Stuttgart, Cologne, Düsseldorf, Frankfurt, Hamburg City and Berlin City – even before the coronavirus crisis – the Realogis-RLI Group expects rents for warehouse and logistics spaces to increase while prices for top warehouse and logistics spaces at least stay where they are.

Past experience and effects on other asset classes

Times of major economic upheaval, such as in 2008/2009 and now the coronavirus crisis, have shown that, in times of crisis, brick-and-mortar retail – except food and consumer goods – and the office market decline sharply. As a result, rents drop and lettings are postponed or called off. These are hard times for shopping malls and large retail spaces, i.e. specialist stores, which are usually located outside or on the outskirts of the city. “On the other hand, retailers that have already moved their brick-and-mortar business onto the internet benefit in times like these if the majority of the business is conducted from warehouse and logistics properties via online orders,” reports Ertan.

About the Realogis-RLI Group

With a overall market share of over 10%, Realogis-RLI is the leading group in Germany for leases and asset management of industrial, warehouse and logistics property. The highly profitable debt-free group has grown organically. At six locations across Germany it now employs 80 specialists in the areas of Leasing, Sales, Corporate Solutions, Consultancy & Conception and Asset Management of funds relating to warehouse and logistics property. In the last financial year, leases for over 700,000 sqm of warehouse and logistics space were concluded. Currently assets of over EUR 1 billion in warehouse and logistics properties are being managed.

For more information, please visit: www.realogis.de, <https://www.rli-investors.com>.

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