

PRESS RELEASE

Berlin’s industrial and logistics property market booming again, according to Realogis market report

- 85% increase in take-up as against same period of previous year
- Less demand for newly built space
- Region to south of Berlin takes lead in take-up
- Logistics/distribution replaces Retail/wholesale as leading take-up after six months for first time since 2016
- Units upwards of 5,000 m² most sought-after at 58%
- Prime rent hits YTD-high of EUR 7.50/m²

Berlin, 9. July 2021 – Both as against the previous year and compared to long-term statistics, Berlin’s rental market for logistics and industrial properties has had an extremely strong first six months this year. This is the conclusion reached by Realogis, the leading consultant for industrial and logistics properties and business parks in Germany, with 70 experts. The area brokered by all market participants in the greater Berlin area amounts to 288,400 m² after the first half of 2021. “This marks an impressive increase of 85% as against the prior-year figure of 155,600 m²,” explains Ben Dörks, Managing Director of Realogis Immobilien Berlin GmbH. “Demand was highly hesitant in the second quarter of 2020 owing to coronavirus, but we haven’t seen a repeat performance between April and June this year.”

■ Take-up of logistic property and industrial space in the greater Berlin area H1 2021



Copyright: Realogis

*Percentage change compared to the first half of the previous year

According to Realogis, H1 2021 is therefore almost a match for the record figure from H1 2017 (289,000 m²), the highest take-up on Berlin's logistics and industrial property market since Realogis' records begin.

The long-term average of the past five first half-years of 236,600 m² has also been handily surpassed by 22%. This will make up for the weak first half of the previous year, when take-up slumped by a significant 42% year-on-year (H1 2020 was down 42% on 2019's 266,900 m² at 155,600 m²). Take-up in the first six months of the current year is even 8% higher than the pre-COVID H1 2019 (266,900 m²).

New construction struggling

A comparison of recent first half-year shows that the relative significance of new construction is waning. While new buildings accounts for 60% (109,000 m²) of total take-up (183,000 m²) in 2018, this figure had fallen to just 34% in H1 2021 (98,900 m²).

By contrast, considerably more existing properties are currently being let: 66% – two out of every three square meters – of industrial and logistics space let between January and June 2021 was in existing buildings (189,500 m²).

"This development is due to the fact that centrally located space has become vacant and then been re-let immediately, even though new space was available," says Ben Dörks.

Here's some more numbers: In the first halves of 2019 and 2020, the breakdown of take-up between existing and new properties was still fairly balanced and consistent (H1 2019: 127,400 m²/48% new properties and 139,500 m²/52% existing properties; H1 2020: 75,700 m²/49% new properties and 79,900 m²/51% existing properties).

Take-up by city area in 2020

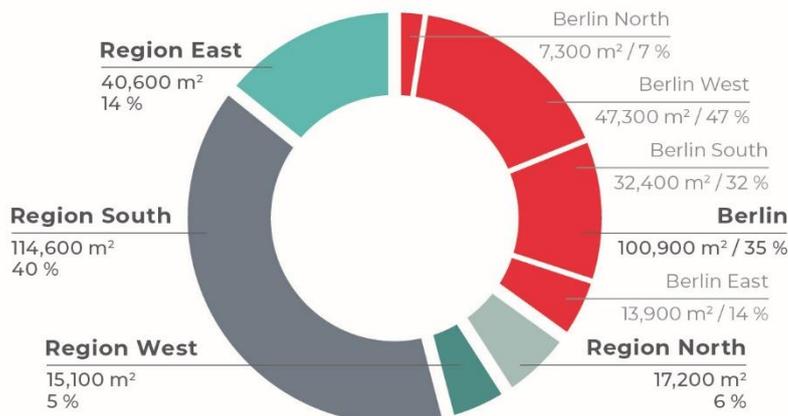
Take-up in Berlin's urban area (north, south, east and west) amounted to 100,900 m² in the first half of 2021 – 35% of total take-up including the surrounding area (288,400 m²). Out of all the regions, including the surrounding ones, it thus experienced the biggest year-on-year decline at 20.4 percentage points (2020: Berlin urban area accounts for 55.4%; 86,250 m²). "User demand for properties within the Berlin urban area was, is and will remain strong – there simply isn't enough product available," reports Ben Dörks.

Within Berlin, "Berlin West" is gaining in significance and ranks first with a share of 47%/47,300 m² (H1 2020: 35.3%/30,500 m²). "However, this is primarily as a result of the major deal for 13,200 m² with BMW, where it will build a new external warehouse for production in the west of the Berlin urban area," explains Ben Dörks.

Second place within Berlin goes to "Berlin South" at 32%/32,400 m² (H1 2020: 37.5%/20.8% of total take-up) followed by "Berlin East" at 14%/13,900 m² (H1 2020:

17.6%/15,200 m²) and "Berlin North" currently at 7%/7,300 m² (H1 2020: 9.5%/8,200 m²).

■ **Take-up of logistic property and industrial space by regions in the greater Berlin area H1 2021**



Copyright: Realogis

Looking at the Berlin metropolitan region as a whole, i.e. the Berlin urban area and the surrounding region, the "Berlin southern vicinity" region currently has the biggest take-up at 114,600 m²/approximately 40%. In absolute terms, take-up in the Berlin southern vicinity region is therefore almost three times as high as in the same period of the previous year (40,600 m²). In the previous year, "Berlin southern vicinity" placed second with a share of 26% (40,600 m²), hence, out of all regions, it has also had the strongest relative increase at 14 percentage points.

Second place in the first half of the year goes to the Berlin urban area as a whole, with 35% of total take-up (100,900 m²). "This territory has therefore added 14,000 m² year-on-year, which is no mean feat given the shortage of space available, especially as deals within the city were mostly small," says Ben Dörks. However, the previous year's number one region (H1 2020: 55.4%/86,250 m²) has now slipped by 20.4 percentage points, this biggest downgrade for any area.

In third place is "Eastern vicinity" (14%/40,600 m²); this is a remarkable bounce for this region as last year it had ranked last (share of less than 1%/900 m²). This region's take-up has thus increased by approximately 40,000 m²/13.5 percentage points year-on-year. Last-but-not-one is "Northern vicinity" with a share of 6%/17,200 m² (H1 2020: 12.9%/20,000 m²). Last place goes to "Western vicinity" at 5.2%/15,100 m² (H1 2020: 5%/7,800 m²).

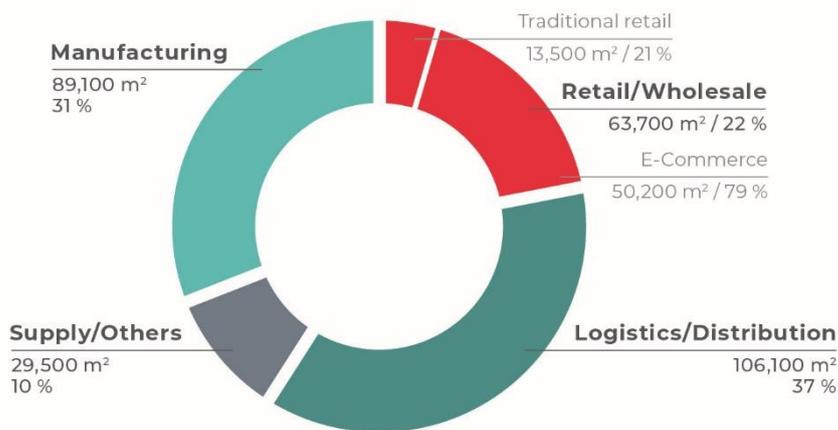
Take-up by sector H1 2021

For the first time since 2016, retail/wholesale is no longer the leading customer, having been ousted by logistics/distribution with a share of 37%/106,100 m².

logistics/distribution had ranked second in previous half-years at 22%/33,950 m² in H1 2020, 29%/76,300 m² in H1 2019 and 33%/61,000 m² in H1 2018.

In absolute terms, take-up by this user group has more than tripled year-on-year (up 213%) and had the highest climb of any sector at 15 percentage points in H1 2021.

■ Take-up of logistic property and industrial space by industry in the greater Berlin area H1 2021



Copyright: Realogis

The second-best customer in the first six months of the current year is manufacturing with a share of 31%/89,100 m², up by 13 percentage points (H1 2020: 18%/28,210 m²). "In particular, automotive suppliers, including for Tesla, such as Gestamp and BMW all contributed to the rise in take-up," says Ben Dörks. "But generally, the inquiries we're receiving are evenly split between the two top industries."

Retail/wholesale, which usually always comes first, only managed third this time round at 22%/63,700 m². "That makes for an unusually weak first six months of take-up in retail/wholesale," comments Ben Dörks. At 63,700 m², the sector has fallen short of its average take-up for the past five first half-years of 94,100 m² by 32%.

As compared to conventional commerce/retail, take-up among online retailers has surged and is back at its 2019 level: 79% (50,200 m²) of take-up by the commerce/retail sector has gone to e-commerce/online retail. Online retail has risen by 43 percentage points compared to the first half of the previous year (H1 2020: 36%/26,000 m²; its take-up has almost doubled in absolute terms).

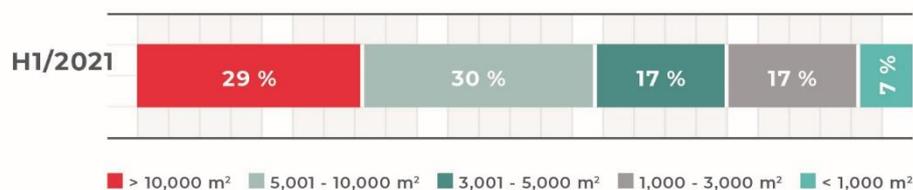
The miscellaneous category "Others" comes in last with a share of 10%/29,500 m² (H1 2020: 13%/20,800 m²).

Take-up by size category H1 2021

“We counted 80 new deals in total by all market participants from January to June 2021,” reports Ben Dörks. In absolute terms, this is an increase of ten or 14% as against H1 2020 (70 leases). The biggest share of space was accounted for by the category of areas between 5,001 m² and 10,000 m² at 30%/87,000 m².

This category had ranked just fourth in the previous year with a share of only 18%/28,300 m², but had the biggest increase of any size category in the first half of 2021 (up 12 percentage points). The category had 10 of the 80 deals in the first half of the year (13%) and thus the second-lowest figure.

Take-up of logistic property and industrial space by size in the greater Berlin area H1 2021



Copyright: Realogis

Second place for take-up goes to areas upwards of 10,000 m² at 28%/81,900 m² (up 7 percentage points year-on-year). “That’s unusual for the greater Berlin area,” says Ben Dörks. “Most inquiries on this market are for up to 5,000 m².”

In the previous year as well, this category came second for take-up at 22%/33,800 m². In terms of the number of deals, this size category accounted for just 6% (the lowest number at five); however, there were only two deals in this category in the first half of the previous year.

Third place is claimed by the 1,001 to 3,000 m² category with a share of 17%/50,400 m², down approximately three percentage points year-on-year (H1 2020: 20%/30,700 m²). This category also got the highest number of deals (28 out of 80 deals/35%; previous year: just 27% with 19 out of 70 deals). This is remarkable because there were far more deals for areas of less than 1,000 m² than for 1,001 to 3,000 m² in H1 2020.

The 3,001 to 5,000 m² size category comes in fourth at 17%/50,000 m², only slightly behind the current number three. This category is down by seven percentage points

year-on-year (coming from 24%/37,400 m² in H1 2020) and accounts for 12 of the 80 deals (15%, third).

Last place is reserved for the category of less than 1,000 m² at 7%/19,100 m². Down by ten percentage points, this category has fallen the furthest out of all contenders (coming from 16%/25,400 m² in H1 2020) and claimed the second-highest number of deals at 25 (31%).

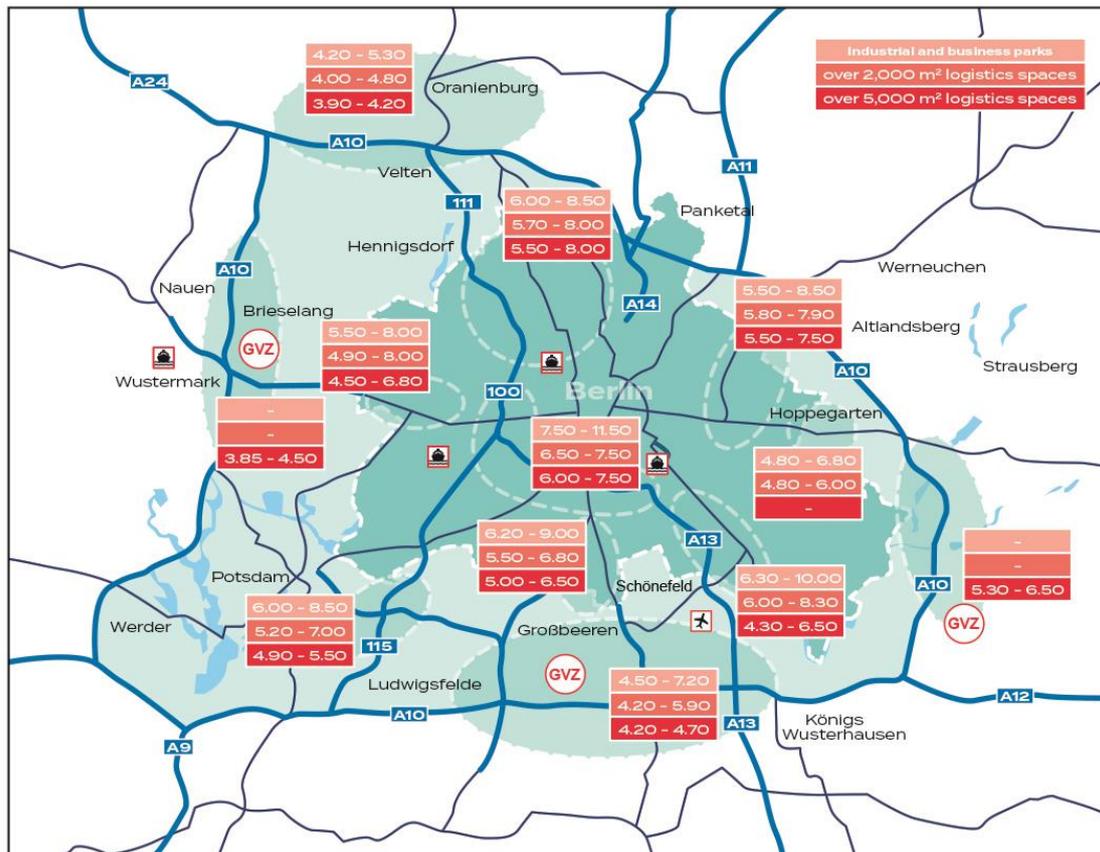
Rents (prime and average rents)

The trend in prime rents has been highly dynamic over the past five years, reaching a high for the year to date of EUR 7.50/m² in H1 2021 – 7.1% higher than the EUR 7.00/m² in the first half of the previous year. However, the strongest price surges were in H1 2018 (up 19.6% at EUR 6.10/m²) and H1 2019 (up 13.1% at EUR 6.90/m²). Prime rents are currently 15% above the average for the first six months of the past five years at EUR 6.52/m².

Developments in average rents have been similarly dynamic, rising by a moderate 1.7% in H1 2021 to EUR 5.90/m² and generally becoming more expensive over the past five years, with the exception of 2019 (stagnation). Here, too, the increase in the first half of 2018 was the highest at 22.2%, rising from EUR 4.50/m² in H1 2017 to EUR 5.50/m². The five-year average of currently EUR 5.44/m² has been surpassed by 8.5% in the period from January to June 2021.

Over the past half-year, prime rents have risen more rapidly than average rents (by 7.1% versus 1.7%), further widening the gap between the two (H1 2021: EUR 1.60/m²; H1 2020: EUR 1.20/m²).

■ Logistics Property Market Berlin: Rental Prices H1/2021 (€/m²)



Lessors with highest take-up:

Name of company	Take-up	Reason for letting	Sector
Gestamp	20,500 m²	New business	Production
SAS	17,500 m²	New business	Production
Kolonial	14,100 m²	Expansion	Logistics
BMW	13,200 m²	Expansion	Production
Amazon	12,600 m²	Expansion	e-commerce

Graphics: Graphics can be printed free of charge citing the source: "Realogis – www.realogis.de"

Media contact REALOGIS:

SH/Communication – Agentur für Public Relations
Silke Westermann
Presse
Fritz-Vomfelde-Straße 34, D-40547 Düsseldorf
Tel: +49/211/53 88 3-440
E-Mail: s.westermann@shcommunication.de

Corporate contact REALOGIS:

REALOGIS Holding GmbH
Silja Schuppler
Marketing
Rundfunkplatz 4, 80335 München
Tel: +49/89/51 55 69 17
E-Mail: s.schuppler@realogis.de
www.realogis.de

REALOGIS. No. 1 for industrial and logistics properties

The REALOGIS Group is Germany's leading player for the consulting and brokering of industrial, logistics and commercial properties.

Founded in 2005 as a pioneer for the asset class of logistics and industry, the owner-operated group has enjoyed healthy growth, is crisis-resistant and knows the German market like no other. Realogis is represented in the country's seven top logistics locations of Berlin, Düsseldorf, Frankfurt am Main, Hamburg, Leipzig, Munich and Stuttgart, while a dedicated organisational unit ensures transparency in around 15 additional regional logistics markets. 70 real estate professionals advise national and international companies from the fields of logistics, e-commerce, retail and industry as well as private and institutional investors. Quick, flexible, regional, customer-oriented and with a high volume of transactions.

Realogis' four core competencies are arranging highly creditworthy tenants for new and existing properties, assisting investors with property investments and project development, outstanding service for locating or selling sites, and the development and implementation of holistic property strategies.

In short, Realogis creates more room for its customers' success in every sense. Further information: <https://www.realogis.de/>