

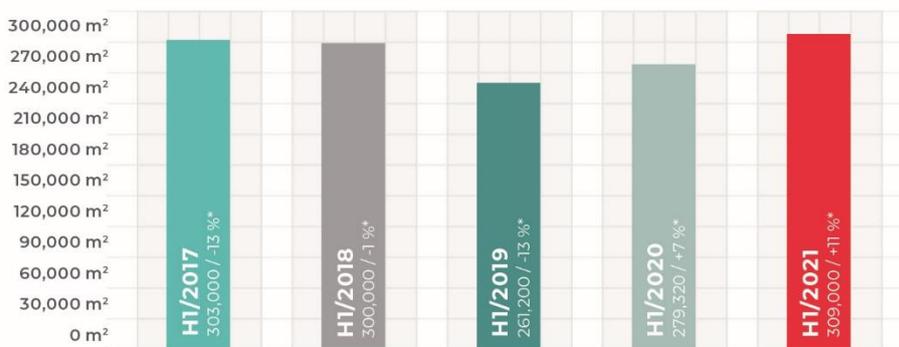
PRESS RELEASE

H1 2021: The Frankfurt logistics property market tops the 300,000 mark for the first time in three years

- Falling trend of previous years interrupted: take-up increases by 11% to 309,000 m²
- Five-year average exceeded by +6.4%
- Take-up dominated by new buildings: two-thirds of m² occupied for the first time
- Rhine-Main South region takes lead again
- Logistics/distribution sector wins again with +39 percentage points, manufacturing trails in last place
- Retail sees most leases signed
- Market activity dominated by units in excess of 5,000 m²
- Average rents draw slightly closer to prime rents
- Forecast: take-up in 2021 is likely to roughly match the previous year's level of over 490,000 m²

Frankfurt, 14 July 2021 – For the first time in three years, the take-up on the Frankfurt industrial and logistics property market in the first half of the year has exceeded the 300,000 mark. By the end of June 2021, a total of 309,000 m² had been taken up by all market participants as tenants or owner-occupiers. This is the conclusion reached by Realogis, the leading consultant for industrial and logistics properties and business parks in Germany, with 70 experts.

■ Take-up of logistics property and industrial space in the greater Frankfurt area H1 2021



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

“This year, the falling trend of the comparative periods was finally interrupted. For the most part, confidence is back. Happily, companies are making decisions for the future

again," comments **Adriano Borgia, managing director of Realogis Immobilien Frankfurt GmbH.**

"The good half-year result was primarily thanks to a strong second quarter with take-up of 218,000 m²," adds **Julian Petri, managing director of Realogis Immobilien Frankfurt GmbH.**

"Demand is currently very good, as decision-makers have become less cautious. Unfortunately, however, the forecast annual take-up of over 490,000 m² could be hampered by the scarcity of existing and new-build properties. Because of the growing demand, it would actually be possible for the annual figure to increase, if the space were available on the market," Adriano Borgia continues.

The current figure exceeds the previous year by 11% (H1 2020: 279,320 m²) and is also the second-highest growth since H1 2016, when it amounted to 40% (from 248,000 m² from H1 2015).

At the same time, the latest figure joins the premier league of half-years from the last six years: only the record-breaking first half of H1 2016 was stronger at 348,000 m², around 13% above this year's figure.

The current half-year figure is also 6.4% higher than the five-year average of 290,500 m².

Take-up dominated by new buildings

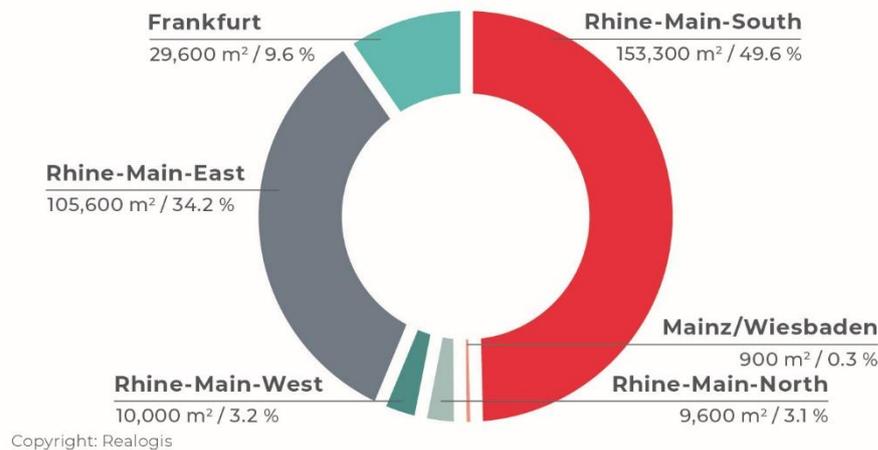
In the first six months of the year, 200,000 m² and thus 65% of all leases concluded related to newly built properties. "This means that two out of three square metres were taken up in new buildings," reports Julian Petri. Around one-third was in existing properties (109,000 m² or 35%).

Rhine-Main South accounts for 50% of all contracts signed

Half of the square metres newly let in the first six months of 2021 were in the Rhine-Main South region. With take-up of 153,300 m² or 50%, this region is in the lead again and also grew by 14 percentage points year on year (H1 2020: 100,240 m² or 36%). "This was partly due to the two major deals in this region with CHI for 18,000 m² in a new property and with Toom for 10,000 m² in an existing property," explains Julian Petri.

With the exception of the first half of the previous year (H1 2020: 100,240 m² or 36%, second place), the region has constantly beaten all the others in recent years. However, its current potential is still behind the take-up of H1 2018 (219,720 m² or 73%) and H1 2019 (160,800 m² or 62%).

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



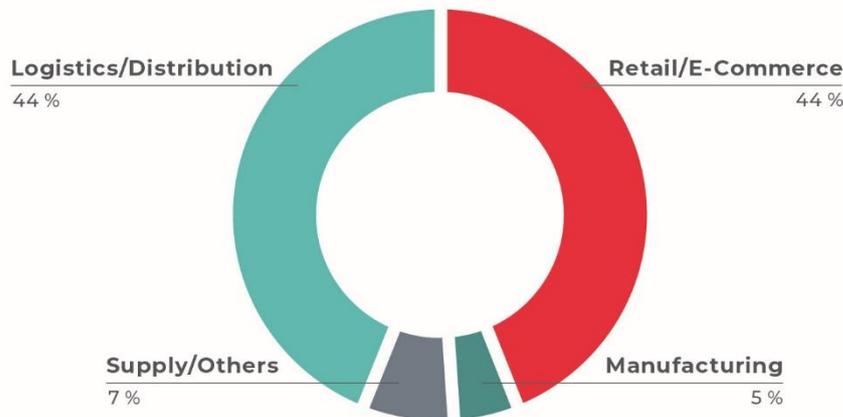
The Rhine-Main East region currently has take-up of 105,600 m² or 34 %. Its share in take-up is therefore down 16 percentage points, the biggest loss of all regions (H1 2020: 139,750 m² or 50%). This is despite the fact that the two biggest deals seen in the first six months took place in this region (Hager Group with 40,000 m² and a logistics company likewise with 40,000 m²). It is followed by the city of Frankfurt with take-up of 29,600 m² or 10%. Frankfurt was in fifth place in the previous year and saw the second-best growth of all regions with 7 percentage points from a share of 3% or 8,580 m² in H1 2020. This growth was due among other things to Infraser Logistics' major deal for 16,500 m². In fourth place is the Rhine-Main West region with take-up of 10,000 m² or 3%, followed by Rhine-Main North (3% or 9,600 m²) and Mainz/Wiesbaden (0.3% or 900 m²).

Logistics/Distribution sector wins out

The Logistics/distribution sector grew by an impressive 39 percentage points year on year to a share of 44% or 136,800 m² in H1 2021, taking its place on the winner's podium. In the same period of the previous year, its share was only 5% or 14,000 m², so take-up has increased nearly ninefold. This was thanks to the fact that three of the five registered major deals occurred in this sector (a logistics company with 40,000 m², CHI with 18,000 m² and Infraser Logistics with 16,500 m²)

While retail/E-Commerce took the lead in H1 2020, it is currently in second place with a share of 44% or 135,800 m². The sector is down 14 percentage points, the second-biggest drop after the manufacturing sector. In the same period of the previous year, this sector saw two major deals with LIDL (50,000 m² in Rhine-Main East) and Wayfair (37,000 m² likewise in Rhine-Main East). This year, there was only one major deal in the retail/E-Commerce category, namely with Hager Group for 40,000 m².

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



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Third place is taken by the miscellaneous category "Other" with a share of 7% or 21,400 m² (previously also in third place with a share of 9% or 24,560 m², in H1 2020 even ahead of logistics/distribution).

Last year's second-place sector, manufacturing, is now in a surprising fourth place. It dropped 24 percentage points, the most of any sector, and in H1 2021 has a share of only 5% or 15,000 m² (H1 2020: 29% or 79,860 m²).

Retail registers most deals

Of the total of 64 deals registered in the first half of the year, a majority of 24 (or 38%) was attributable to the retail sector, followed by logistics/distribution with 20 (31%). The third-most deals were registered in the miscellaneous category "Other" with 14 (22%). The fewest deals were seen in the manufacturing sector with six contracts signed (9%).

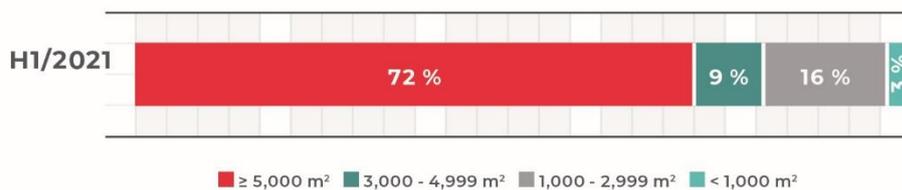
Large spaces the object of nearly two-thirds of all contracts signed

"As in the previous year, properties larger than 5,000 m² dominated again in the first half of this year," reports Julian Petri. 72% or 224,000 m² of total take-up in the first six months of the year was attributable to this category. In terms of share, this size category is therefore in a similar position as in the same period of the previous year (H1 2020: 199,640 m² or 71%).

Smaller spaces between 1,000 and 2,999 m² took second place with a share of 16% or 48,000 m², growing by 3 percentage points year on year from third place with 35,000 m² or 13% in H1 2020. In third place are larger spaces between 3,000 and 4,999 m² with a share of 9% or 27,400 m² (H1 2020: 13% or 35,350 m²), followed by the smallest spaces of less than 1,000 m² with a share of 3% or 9,600 m² (H1 2020: likewise 3% or 9,200 m²).

“The relative importance of the size categories has therefore hardly moved year on year,” says Julian Petri. Spaces of between 1,000 and 2,999 m² saw the highest growth, with +3 percentage points. Spaces of between 3,000 and 4,999 m² underwent the greatest decline, with -4 percentage points.

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

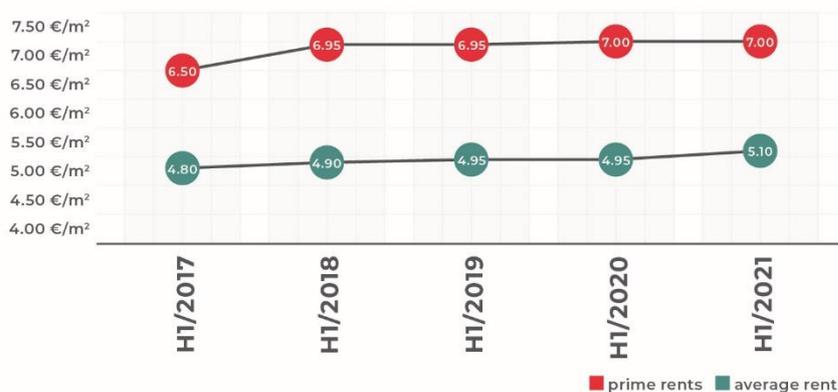


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■ **Prime rent stagnates – average rent rises slightly**

The prime rent has stayed at its provisional high of EUR 7.00/m² from H1 2020. This is the second stagnation, after H1 2019, of the last five years. Over the past five years, it increased by 3% from EUR 6.50/m² to EUR 6.50/m² in H1 2017, by 7% to EUR 6.95/m² (largest increase of the recent half-year periods) in H1 2018 and by a minimal 5 cents, or 1%, to EUR 7.00/m² in H1 2020. It currently exceeds the five-year average of EUR 6.88/m² by just 1.7%.

■ **Prime and average rents of logistics property and industrial space in the greater Frankfurt area H1 2021**



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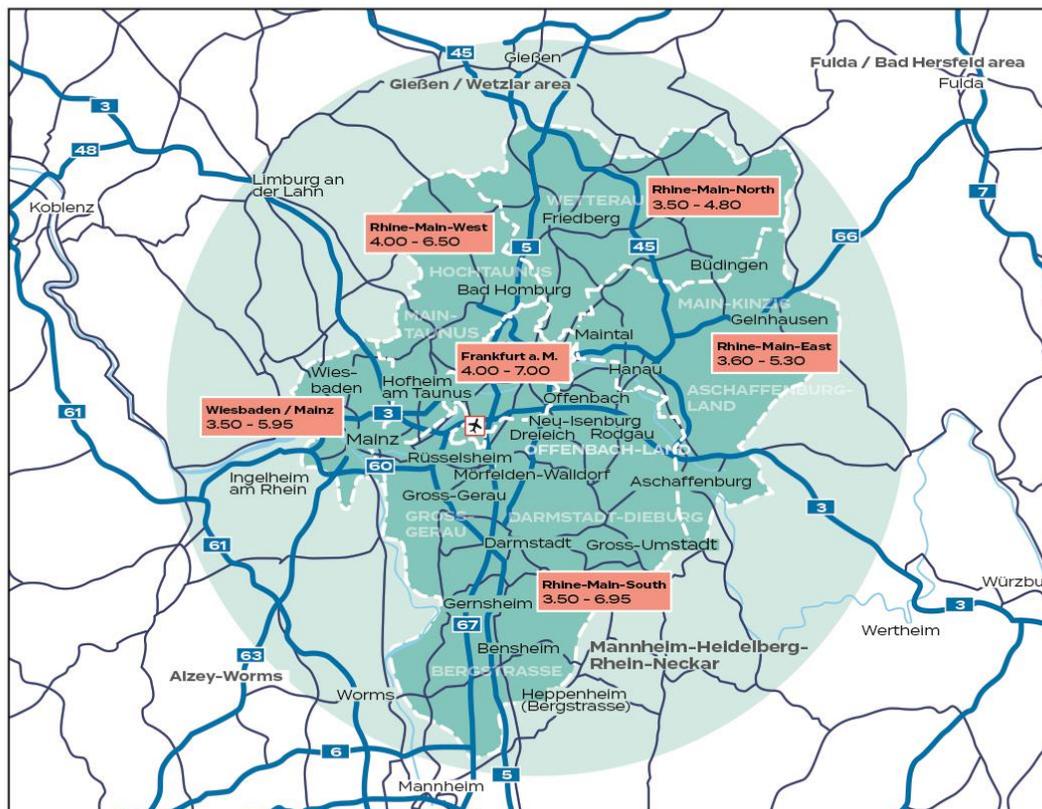
In contrast to the prime rent, average rent in H1 2021 grew by 3% to the highest figure for a half-year so far of EUR 5.10/m² (+3%), exceeding the five-year average of EUR 4.94/m² by 3.2%.

The average rent has also increased in three of the last five comparative periods (H1 2018: +2% to EUR 4.90/m², H1 2019: +1% to EUR 4.95/m² and H1 2021: +3% to EUR 5.10/m²).

Since H1 2018, the gap between average and prime rent has been around EUR 2/m². Due to the increase in average rent and the stagnation of the prime rent in H1 2021, this gap has narrowed by around 7% to EUR 1.90/m².

“Average rents are therefore drawing slightly closer to prime rents, the general price level is increasingly slightly, and top prices are unchanging,” says Julian Petri. “This might be of particular benefit to existing properties in good locations. We are familiar with this in other regions of Germany,” adds Adriano Borgia.

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



Outlook for 2021

Various new buildings are currently being planned in the Rhine-Main area. "However, this is not enough to satisfy the demand for urgent enquiries. Therefore, the excess demand will persist for the time being," says Adriano Borgia. According to the industry expert, the enquiries are still coming mainly from retail and logistics.

Meanwhile, companies are also daring to look at different locations. Due to the shortage of space, properties with good transport connections in peripheral locations at the edges of the core markets are now also doing well.

The logistics industry is Germany's third-largest economic sector after the automotive industry and retail. It still ranks higher than mechanical engineering and the electrical industry, for example. "With more than three million employees, its workforce is nearly three times larger. We frequently see that modern production sites, which are largely automated, do not create the jobs that communities are hoping for. The widely held opinion that the logistics sector does not generally bring jobs is therefore often a misconception. For this reason, communities should give the growing sector a chance with appropriate concepts," says Adriano Borgia.

Lessors with the highest take-up in H1 2021

Name of company	Market	Region	Take-up	Type	Sector
Hager Group	Rhine- Main	Hammersbach East	40,000 m ²	New build	Retail/E-Commerce
Logistics company	Rhine- Main	Aschaffenburg East region	40,000 m ²	New build	Logistics/Distribution
CHI	Rhine- Main	Kelsterbach South	18,000 m ²	New build	Logistics/Distribution
Infraserv Logistics	Frankfurt	Frankfurt	16,500 m ²	New build	Logistics/Distribution
Toom	Rhine- Main	Dietzenbach South	10,000 m ²	Existing property	Retail/E-Commerce

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