

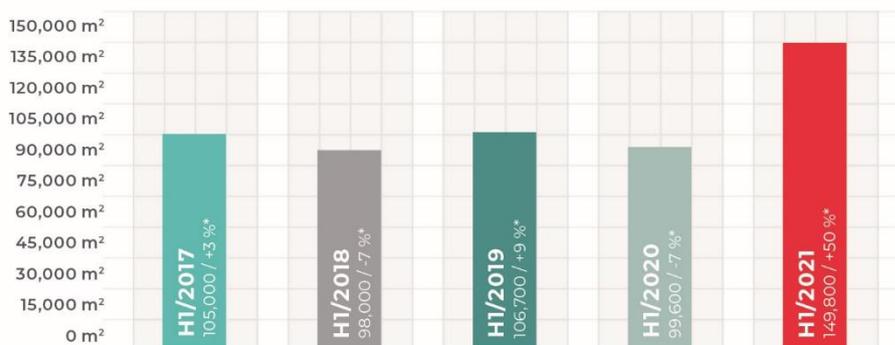
PRESS RELEASE

Munich logistics and industrial property rental market shakes off coronavirus pandemic and achieves strongest half-year result to date

- Up 50% year-on-year and 34% above five-year average
- Smaller units in high demand
- 68% of all new lettings in existing properties, 22% in new builds and 10% in brownfields
- Munich North in first place, West and East gain 10 percentage points in terms of their share of take-up
- (Online) retail hot on the heels of the biggest renter, logistics/distribution
- Large spaces of 5,000 m² or more account for one third
- Prime rent remains at all-time high of EUR 8.50/m²
- Forecast: take-up in 2021 will top the previous year's

Munich, 28 July 2021 – The logistics and industrial property rental market in the Munich metropolitan region has achieved its strongest ever half-year result since the property consulting company Realogis started keeping records. “With take-up of 149,800 m², the previous year’s result was beaten by a significant 50%. Take-up was also a strong 34% above the long-term average for the first half of the year in the past five years, which comes to 111,820 m²,” reports **Florian Stork, Managing Director of Realogis Immobilien München GmbH**.

■ **Take-up of logistic property and industrial space in the greater Munich area HI 2021**



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

According to the market report by Realogis, which analyses deals by all market participants, the first halves of the past five years almost achieved or slightly exceeded

the 100,000 mark, with slight ups and downs (H1 2017: 105,000 m², up 3%, after 102,000 m²; H1 2018: 98,000 m², down 6.7%; H1 2019: 106,700 m², up 9% and H1 2020: 99,600 m², down 7%). "Take-up of 150,000 m² in the first six months and the current jump in take-up is something that we have never seen before since our records began," says **Nicolas Werner, Head of Leasing at Realogis Immobilien München GmbH**.

"For the second half of the year we anticipate take-up of more than 100,000 m², meaning that the market will end the year with take-up of over 250,000 m² and thus slightly above the previous year's level," says Florian Stork.

69 deals by all market participants registered and analysed

The leading property consulting company for industrial and logistics properties and business parks in Germany, with 70 experts, recorded a total of 69 deals for logistics and industrial properties. Analysis showed that the top five leases contributed a total of 44,300 m² (only 29%) and smaller units were in particularly high demand.

55 of the 69 deals signed from January to June 2021 relate to properties of less than 3,000 m². The average lease term for all these deals comes to five years.

Nonetheless, the six major deals – i.e. deals for 5,000 m² or more – contributed the most to take-up in the first half of 2021, accounting for almost one third at 51,700 m². These include the lease brokered by Realogis for KP Family/Babyartikel.de, which is to move into a roughly 12,500 m² unit in a new build in Reichertshofen (Munich North), and the lease concluded by Rudolph Logistik for approximately 12,000 m² in a new build in Langenbruck (Munich North).

Existing properties account for 68%

"The good performance was mainly due to lettings in existing properties, which came to 101,600 m² or 68%. In absolute terms, they increased by 45% year-on-year," says Nicolas Werner. These also include the two top deals by KLG Klotz Grassinger (6,500 m²) and Beckmann Coulter GmbH (5,300 m²). In the same period of the previous year, only 69,900 m² was let in existing properties.

Lettings in new builds remained at a roughly comparable level year-on-year at 33,700 m² (22%) after 29,700 m² (30%). New-build lettings thus increased slightly in absolute terms (up 13.5%). This category also includes the leases signed before the start of construction by KP Family/Babyartikel.de in Reichertshofen (12,500 m²) and by Rudolph Logistik in Langebruck (12,000 m²), which are the two biggest of the top five deals.

"Brownfields and revitalisation, such as the site at Oberpfaffenhofen Airport, accounted for around 10% of newly let space at 14,500 m²," says Florian Stork. "This category was included and analysed in our semi-annual analysis of the Munich metropolitan region for the first time."

Munich North still in the lead

As in the same period of the previous year, the North was the leading region in H1 2021 with 65,900 m² or 44%, which also includes the KP-Family/Babyartikel.de and Rudolph Logistik deals. Coming from a level of 63,300 m² (64%), the North region saw an increase of around 4% in absolute terms but lost the most ground out of all regions in terms of its relative share (down 20 percentage points).

In second place was the West region with 32,200 m² or 21%, representing an increase of 10 percentage points. In the same period of the previous year, it had still been in third place (with 10,850 m² or 11%). Take-up in this region more than tripled in absolute terms. In the period from January to June 2021, two of the top deals were registered in the west of the Munich metropolitan region: ASM Logistics took up around 8,000 m² in a new built-to-suit property in Gauting and KLG Klotz Grassinger signed for a 6,500 m² existing property (with a newly constructed annex) in Maisach. By way of comparison, none of the top deals in the same period of the previous year were in the West.

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



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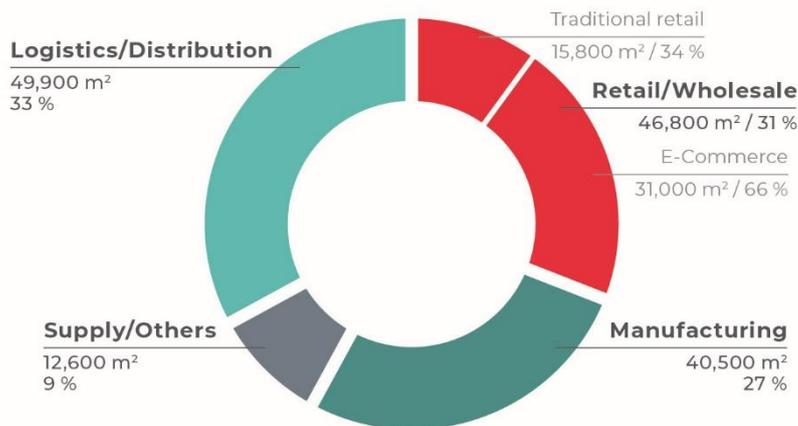
Alongside the West, the East region saw the biggest increase in its share out of all regions at 10 percentage points. It came in third with a share of 18% or 26,000 m² after 8% or 7,500 m². The East region moved up one place year-on-year (from last place). However, it did not record any top lettings in H1 2021, either.

Currently in last place in the South region with 25,700 m² or 17%. In the previous year, it was still in second place with 17,900 m² (or 18%). It almost maintained its relative share year-on-year (down 1 percentage point) and secured one of the top deals with the Beckman Coulter GmbH lease for 5,300 m² in an existing property in Baierbrunn.

Logistics/distribution holds on to first place among sectors

Comparing the sectors by take-up, logistics/distribution is in first place again with 49,900 m² or 33%. It managed to hold on to the top spot even though its share decreased by 11 percentage points, the biggest drop out of all segments (H1 2020: 44% or 44,100 m²).

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



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This sector accounts for 24 of the 69 deals and thus around 35%. It also includes two of the top five deals with a total of approximately 20,000 m² or around 40% (Rudolph Logistik and ASM Logistik).

Currently in second place is retail with take-up of 46,800 m² or 31% (H1 2020: only 16,300 m² or 16%). In H1 2018 and H1 2019, retail was still in first place (H1 2018: 40,270 m² or 41%; H1 2019: 40,400 m² or 38%).

Around 66% (31,000 m²) of take-up in the retail sector is attributable to online retail companies and only 34% to "offline" retail (15,800 m²). "This is a significant difference from the previous year, when only 3,800 m² or 23% of retail take-up was attributable to e-commerce and 12,500 m² or 77% to brick-and-mortar retail," says Nicolas Werner.

In total, 19 of all deals in H1 2021 are attributable to the overarching category of retail (27%), of which 13 related to conventional retailers (68%) and 6 to e-commerce retailers (32%). The biggest deal here in the past six months is the KP Family lease for 12,500 m².

In third place is manufacturing with a total of 40,500 m² (27%). After reaching second place in H1 2020 with 34,600 m² or 35%, the sector lost 8 percentage points. This sector account for 17 deals (25%), two of which are among the top deals (KLG Klotz Grassinger and Beckman Coulter GmbH).

The miscellaneous category "Other" (9 deals or 13%) brings up the rear with 9% or

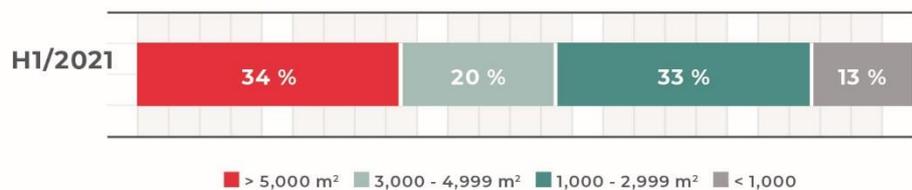
12,600 m², after being in last place in H1 2020, too, with 4,600 m² or 5%.

Large spaces of 5,000 m² or more account for one third with six deals

As in the same period of the previous year, large spaces of 5,000 m² or more account for the lion's share (34%) of take-up with 51,700 m² (H1 2020: first place with 40% or 40,200 m²).

Only 6 of the total 69 deals came about in this size category (9%). All of the top five deals are attributable to this segment.

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



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Just behind it in second place are spaces between 1,000 m² and 2,999 m² with a share of 33% or 49,100 m² (H1 2020: also in second place with 27,650 m² or 28%). The segment thus increased by 5 percentage points. The second-highest number of deals – 27 out of 69 (or 39%) – also relate to this category.

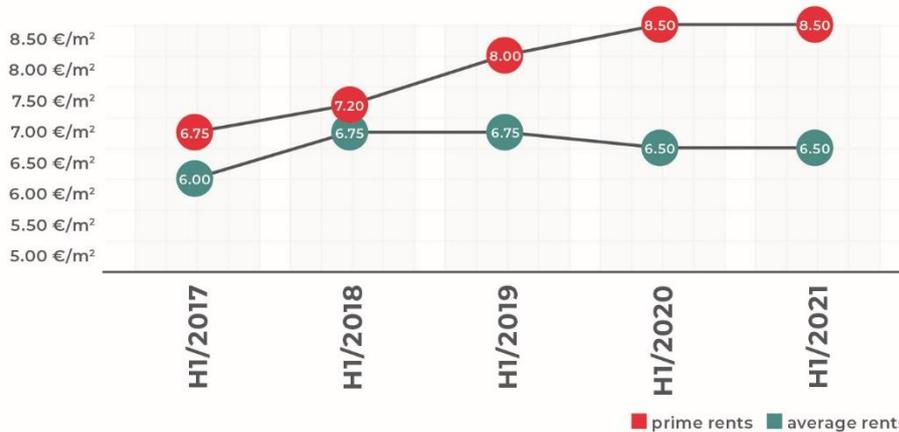
In third place are medium-sized spaces of between 3,000 and 4,999 m² with 20% or 29,400 m². They also came third in the same period of the previous year with 24% or 23,460 m², meaning that their share has now decreased by 4 percentage points. This category accounted for 8 of the 69 deals (12%).

The smallest spaces of less than 1,000 m² bring up the rear with a share of 13% or 19,600 m² after 8% or 8,200 m². They were in last place in the previous years, too, but significantly increased their absolute take-up – currently more than twice as high as in the previous year – and their relative share of take-up (up 5 percentage points). With 28 out of 69 (40%), they account for the largest number of deals.

Prime and average rents take a break

Prime rent remained at its high to date from the previous year of EUR 8.50/m², but exceeded the five-year average (EUR 7.79/m²) by 9.1%. Looking at the first halves of the past five years, it increased in three out of five comparative periods: stagnation at EUR 6.75/m² in H1 2017, growth of 6.7% to EUR 7.20/m² in H1 2018; significant, double-digit growth of 11.1% to EUR 8.00/m² in H1 2019 and thus the highest increase in the analysis; and an increase of 6.3% to EUR 8.50/m² in H1 2020.

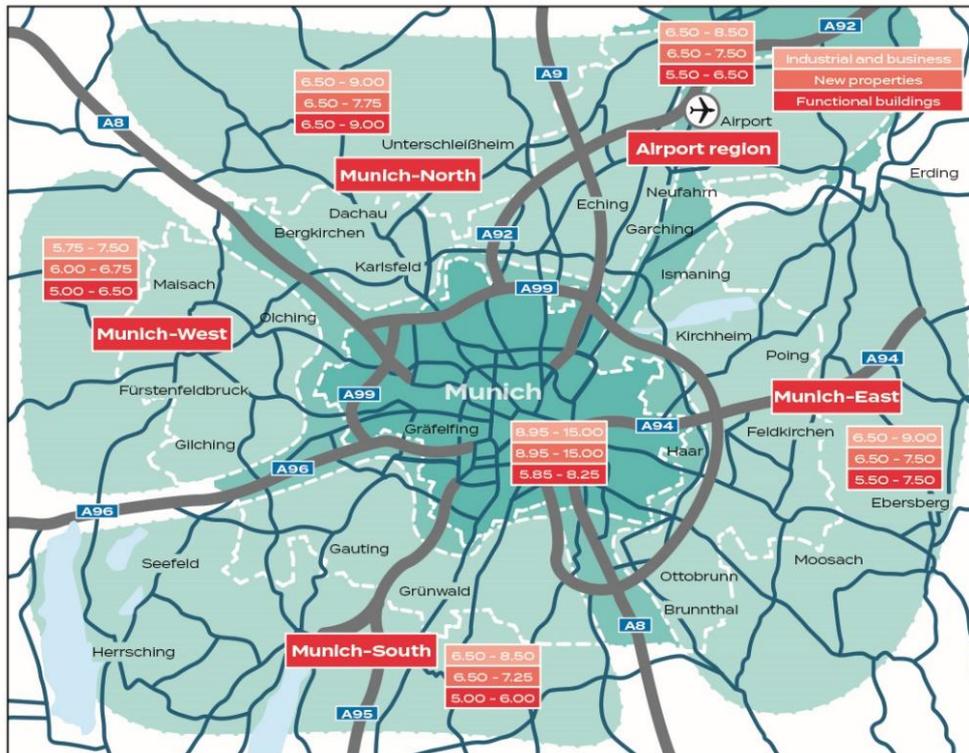
■ Prime and average rents of logistics property and industrial space in the greater Munich area H1 2021



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The average rent also remained at the previous year’s level of EUR 6.50/m². In H1 2018 and H1 2019, the average rent had come to EUR 6.75/m², before falling 3.7% to EUR 6.50/m² in H1 2020. The current figure is at the level of the five-year average, which is also EUR 6.50/m².

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



Lessors with the highest take-up

Company	Region	Take-up	Type	Sector
KP Family/ Babyartikel.de	Reichertshofen (North)	Approx. 12,500 m ²	New build	E-commerce
Rudolph Logistik	Langenbruck (North)	Approx. 12,000 m ²	New build	Logistics/ distribution
ASM Logistics	Gauting (West)	Approx. 8,000 m ²	New build BTS	Technology
KLK Klotz Grassinger	Maisach (West)	Approx. 6,500 m ²	Existing property/new build (annex)	Manufacturing (pharmaceuticals)
Beckman Coulter GmbH	Baierbrunn (South)	Approx. 5,300 m ²	Existing property	Manufacturing

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