TOP 7 INDUSTRIAL AND LOGISTICS PROPERTY MARKETS

**Higher purchase prices despite a slower letting market**

* **Rents increase by up to 5.45 %**
* **Price growth varies by region**
* **Severe shortage of development sites**

**17 December 2020,** **Hamburg.** During the course of this exceptional coronavirus year 2020 a varying picture of demand for industrial and logistics properties in Germany’s top 7 property markets emerged, partly due to their differing economic structures. Key price parameters rose or stagnated, but none fell. In some cases premium rents and land prices remained unchanged year on year, in others they increased appreciably. *“Almost every city reports a further decline in prime yields, further evidence for investors’ growing interest in logistics properties,”* remarks **Oliver Schön**, spokesman for German Property Partners (GPP). Members of GPP - Anteon Immobilien, E & G Real Estate, GREIF & CONTZEN Immobilien and Grossmann & Berger - have compiled a Rents Map in order to provide an overview of current premium rent rates, prime yields and land prices in Germany’s top 7 locations.

**LETTING MARKET: STABLE OR RISING RENTS**

The economic slump caused by the coronavirus pandemic has, overall, slowed the market for rented industrial and logistics properties. Whereas in several of the top 7 cities premium rents rose in 2019 to more than 5 % above the prior year’s figure, only Cologne (+ 5.45 %) and Düsseldorf (+ 5.26 %) passed this mark in 2020. *“Business has been brisker on the rental market for industrial and logistics properties in and around Düsseldorf over the past few months,”* says **Timm Georg Roche,** head of the industrial and logistics team at Anteon Immobilien. In other cities letting has been markedly sluggish, and premium rents have remained stable or increased only slightly. A limited supply of properties in Hamburg and the absence of rental agreements in the top price bracket resulted in rent stagnation. Premium rents remained at the prior year’s level in Stuttgart, partly due to an ongoing process of transformation.

**PRIME YIELD SINKS IN RESPONSE TO INVESTOR DEMAND**

As an asset class, logistics and industrial real estate has been less affected by the coronavirus pandemic than other sectors of the commercial property market. This segment offers investors good long-term prospects in view of the growth of e-commerce and the increasing importance of logistics firms in transporting supplies to the general public. As a result, more investors are buying and are prepared to pay higher prices. Accordingly, in 2020 prime yields fell in all the top 7 cities except Stuttgart. *“Due to a lack of core properties coming onto the market, it was not possible to re-calculate the prime yield. We expect more real estate of this kind on the market in 2021 and believe the current prime yield will thus soften appreciably,”* says **Markus Knab**, head of the industrial and logistics real estate sector at E & G Real Estate.

**PRICE OF BUILDING LAND RISING LESS STEEPLY**

Mirroring the slower rise in premium rents for industrial and logistics properties in 2020, the cost of development sites slowed in many cities too. Due to the dearth of supply, some cities reported barely any sales of building land for industrial and logistics developments and therefore registered no change in land prices. Berlin and Cologne were the exceptions here. *“Within the city limits of Cologne the normal market range of building land prices grew to between 175 and 300 euros per square metre in 2020,”* reports **Frank Klähn**, head of the industrial and logistics real estate sector at GREIF & CONTZEN Immobilien. In many cities the huge demand for commercial building land is now more easily satisfied in the surrounding metropolitan area. Land prices rose very noticeably in the greater metropolitan areas of Düsseldorf and Hamburg. *“As in the past, development sites in Hamburg and its immediate environs are in short supply. Investors are increasingly opting to buy in the outer regions,”* explains **Felix Krumreich**, consultant for industrial, warehouse and logistics properties at Grossmann & Berger.

**ABOUT GERMAN PROPERTY PARTNERS**

German Property Partners is a national network of property service providers; they are all leaders in their local markets. Membership now consists of Grossmann & Berger, Anteon Immobilien, GREIF & CONTZEN Immobilien, blackolive and E & G Real Estate . The network is remarkable for the members’ intimate knowledge of local markets, the experience of the partner firms’ long-standing property consultants and the personal dedication of the owners and directors. In Germany’s top 7 cities - Hamburg, Berlin, Düsseldorf, Cologne | Bonn, Frankfurt, Stuttgart and Munich - network partners have their own offices offering services in the field of property investment, commercial letting, corporate real estate management (CREM), property valuation and research. Rounding off the range of skills are banking, finance and administration services. Currently, more than 430 property specialists work for the network. Nationwide, German Property Partners brokered lets in **2019** involving 452,800 m² of commercial property, and managed investment transactions totalling €2.14bn.