TOP 7 INDUSTRIAL AND LOGISTICS PROPERTY MARKETS

PRESS RELEASE

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**Increased demand for space attracting investors**

* **Premium rents stable or rising**
* **Prime yields continue their downward slide**
* **Price of building land rises again in some regions**

**05 August 2021,** **Hamburg.** In recent months there has been increasing demand for industrial and logistics properties in Germany’s top 7 cities on the part of both users and investors. *“Especially firms active in e-commerce need greater amounts of space. Added impetus on the market for industrial and logistics properties is due to online traders and the expansion plans of Asian logistics providers,”* says **Oliver Schön**, spokesperson for German Property Partners (GPP). He adds that, “*Investors have noted great demand for this kind of space, which thus remains a highly attractive asset class.”* The GPP member companies, Anteon Immobilien, blackolive, E & G Real Estate, GREIF & CONTZEN Immobilien and Grossmann & Berger, have compiled an overview of past and current premium rents, prime yields and building land prices in Germany’s top 7 cities.

**PREMIUM RENT IN BERLIN CLOSES THE GAP WITH MUNICH PRICES**

In the 1st half of 2021 all top 7 regions continued to be marked by an exceptionally small supply of space in industrial and logistics properties. New build developments remain the exception and very little space is empty in any of the cities. This is especially true of the logistics regions of Cologne, Düsseldorf and Frankfurt. In Stuttgart and its environs the available amount of storage and logistics space is still contracting. Accordingly, the premium rents in the central areas of the top 7 cities barely altered in the 1st half of 2021. In five cities the premium rent was the same as it had averaged in 2020. Within Frankfurt and Berlin city limits the premium rent was slightly higher than the overall figure for 2020. In the German capital the market has been so brisk in recent years that the premium rent is now only 80 cents short of the Munich’s top rates of €8.00/m²/month. Premium rents in the areas surrounding the top 7 cities were stable on the whole, with the exception of Hamburg's environs where the premium rent rose 4 % in the first six months of 2021 compared with the level at the end of 2020.

**STRONG INVESTOR DEMAND DEPRESSES PRIME YIELDS**

There was a particularly strong surge in investments in industrial and logistics real estate located inside Hamburg city limits. In the 1st half of 2021 sales transactions in this segment of the market generated a volume of some €250m (Q2/2020: €6.3m). Investor demand for this type of asset caused prime yields to sink in nearly every top 7 city. Compared with the end of 2020, the prime yields in five logistics regions are currently 0.2 percentage points lower. Only in Munich did the prime yield remain unchanged. **Schön** remarks that, *“We are expecting to see the prime yields on logistics properties in Germany’s top 7 cities contract further during the months ahead.”* The price of commercial building land remained stable in most of the top 7 cities, with significant 1st half-year increases noted only in Berlin city and locations in and around Frankfurt and the Rhine-Main region.

**OUTLOOK: STRONG DEMAND AND RISING RENTS**

In view of the unabated brisk demand for industrial and logistics properties on the part of both tenants and investors, German Property Partners expects the market to continue its current growth in the months ahead. Yields are set to contract further but rents should remain stable and, in many cases, increase due to the shortage of space.

You may download the [Fact Sheet on the top 7 industrial and logistics real estate markets](https://www.germanpropertypartners.de/de/research/marktberichte/), i.e. Hamburg, Berlin, Düsseldorf, Cologne, Frankfurt, Stuttgart and Munich, from our website. Please note, that it is available in German only.

**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 **2020** involving 462,800 m² of commercial property, and managed investment transactions totalling €2.45bn.