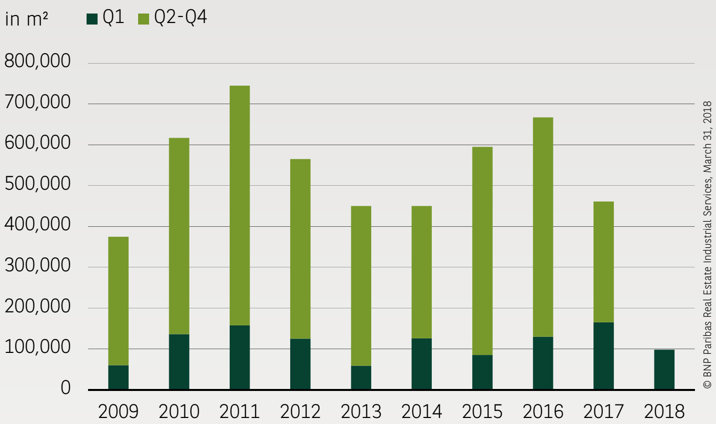
At a Glance Q1 2018

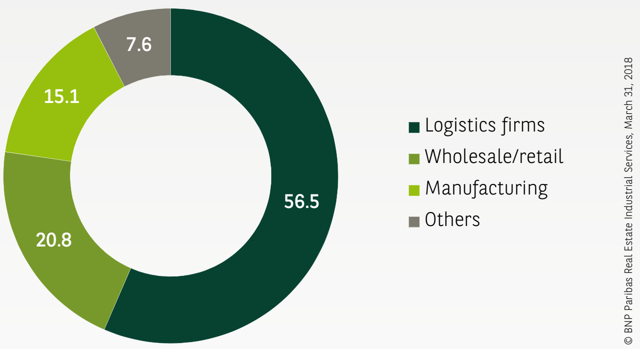
LOGISTICS MARKET HAMBURG

Take-up of light industrial and logistics space in Hamburg



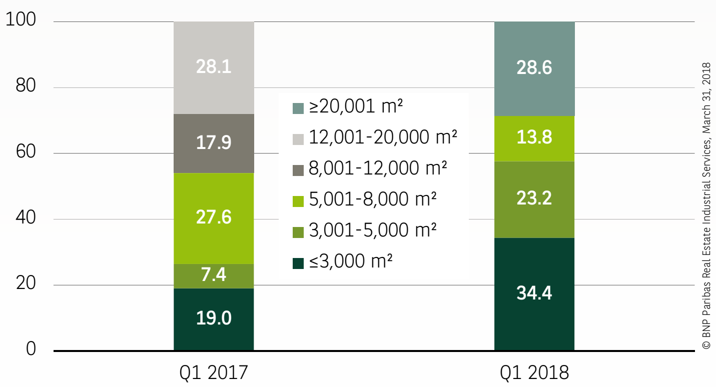
Take-up by sector in Hamburg Q1 2018

in %



Take-up by size category in Hamburg

in %



RESULT AFFECTED BY SHORT SUPPLY

In the Hamburg market for warehouse and logistics space, take-up was just short of the 100,000 m² mark in the first quarter of 2018 with 98,000 m². This was well below the record set in the previous year (-41 %) and also almost 14 % below the ten-year average. This development is due not so much to the level of demand, which has fallen only slightly compared to the previous year, but much more to the short supply of space in central locations. With this result, Hamburg takes second place in Germany behind Frankfurt. The biggest deal in the year to date was completed by the owner-occupier and logistics service provider IN tIME Express Logistik, which has chosen Buchholz in der Nordheide as the location for the construction of a new warehouse of around 28,000 m².

LOGISTICS FIRMS DOMINATE

In the analysis of take-up by sector, there is a clear winner: Logistics firms contribute with almost 57 % more than half to the result. Besides the aforementioned major deal, in this connection the contract concluded by Heinrich Dehn Internationale Spedition for 5,000 m² needs to be mentioned. Some distance behind in second place are retail companies, which include the deal by Amazon Logistics for 8,000 m², with a share of around 21 %. Manufacturing companies account for just over 15 %. These comprise for example the relocation of Harburg-Freudenberger Maschinenbau GmbH with a deal for 5,500 m². All other sectors, which are combined under others, total around 8 %.

DYNAMIC DEMAND IN THE SMALL-SCALE SEGMENT

In the first quarter of 2018 a similarly high number of small-scale deals up to 3,000 m² were registered as in the same period of the previous year, underlining the stable demand in this segment. Against this background, this category claims the biggest share with just over 34 %. Large-volume deals for over 20,000 m², of which none were registered in the first three months of the previous year, account for just under 29 %. However, to date there have been no deals between 12,000 and 20,000 m², which were partly responsible for the extraordinary result in the first quarter of 2017.

Major contracts in Hamburg Q1 2018

Company	Location	Area (m²)
IN tIME Express Logistik	Buchholz in der Nordheide	28,000
Amazon Logistics	Hamburg	8,000
Harburg-Freudenberger Maschinenbau	Hamburg	5,500
Heinrich Dehn Internationale Spedition	Hamburg	5,000

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Key figures of logistics market Hamburg

	Q1 2017	Q1 2018	Trend remaining year
Prime rent	5.70 €/m²	5.80 €/m²	→
Average rent	4.85 €/m²	4.85 €/m²	→
Take-up	165,000 m²	98,000 m²	↗
- Thereof owner-occupier	17.4 %	47.2 %	→
- Thereof new building	10.3 %	54.6 %	↘

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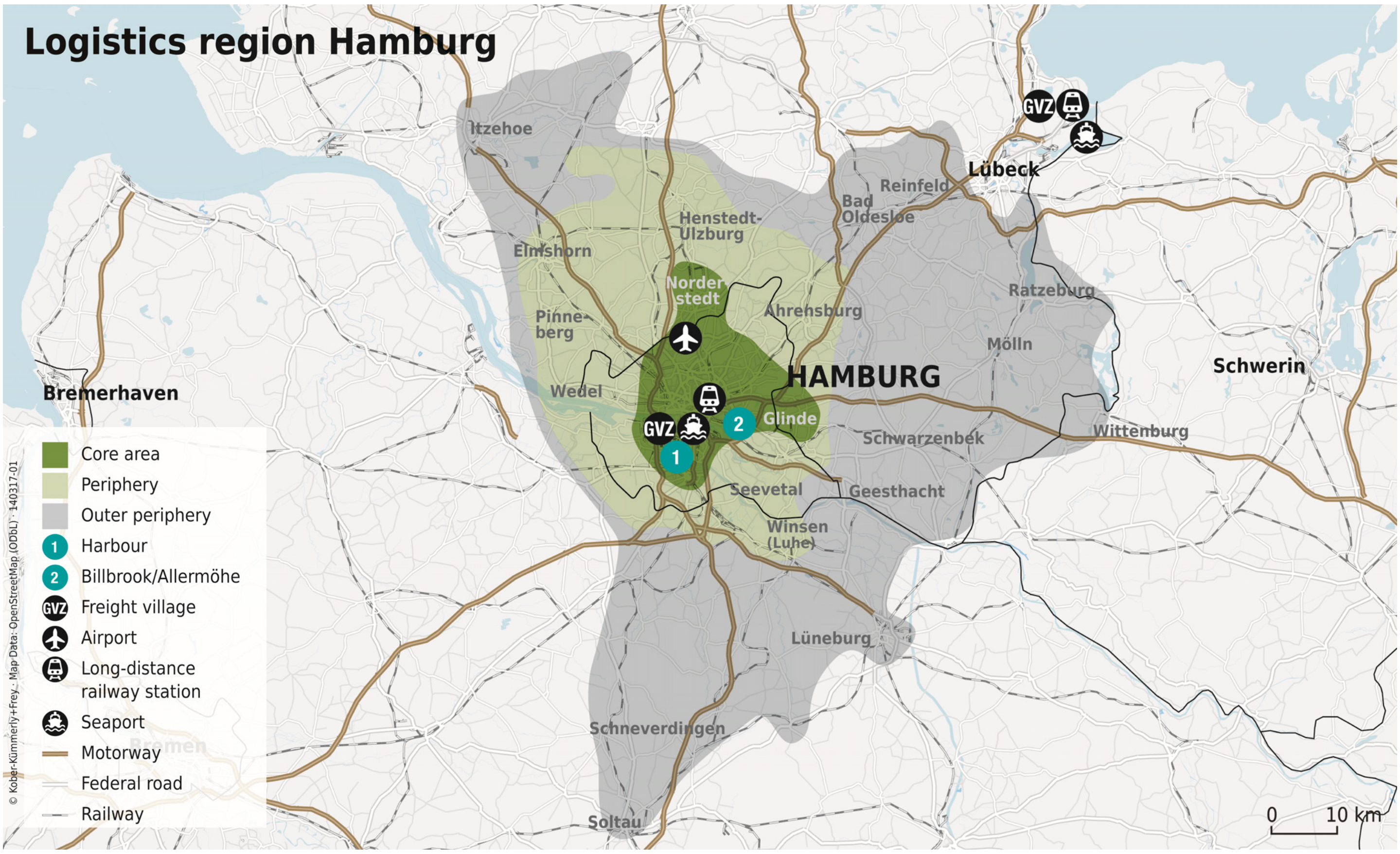
INCREASE IN TOP RENT

By the end of 2017 the top rent increased slightly by 2 % due to the strong demand and is currently 5.80 €/m². It is achieved for new-build properties with a good infrastructure in Altenwerder and in the harbour area. The picture is different for the average rent, which stabilised further during the course of the year and remains unchanged at 4.85 €/m². The market also has to contend with the limited supply of space in central locations, in particular in the segment between 2,000 and 5,000 m² and throughout the logistics region in the large-scale segment over 10,000 m². A large number of searches in the sought-after locations are currently fruitless. In addition, construction activity is now concentrating above all on owner-occupier properties, resulting in a lack of speculative new construction projects in the market and consequently new lettings are proving difficult to realise.

OUTLOOK

The Hamburg warehouse and logistics market may have made a somewhat slow start to the year, but we can look forward with optimism to the remainder of the year due to the current search situation. The market should react sooner or later to the short supply and for example replace old existing buildings with new-build projects. In addition, there should be infill developments in sought-after locations such as Billbrook as well as development of additional logistics sites in the surrounding regions.



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