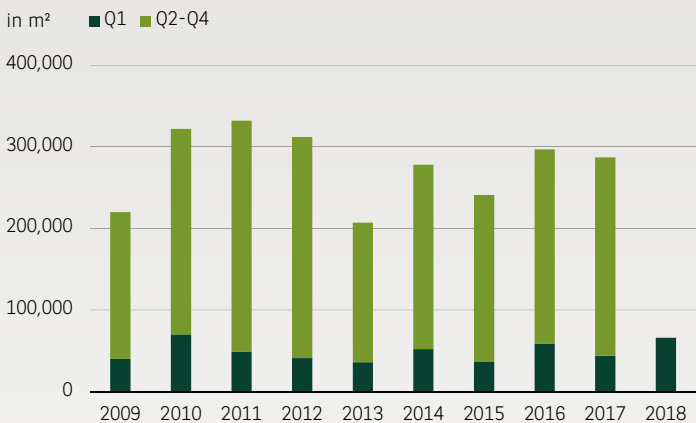




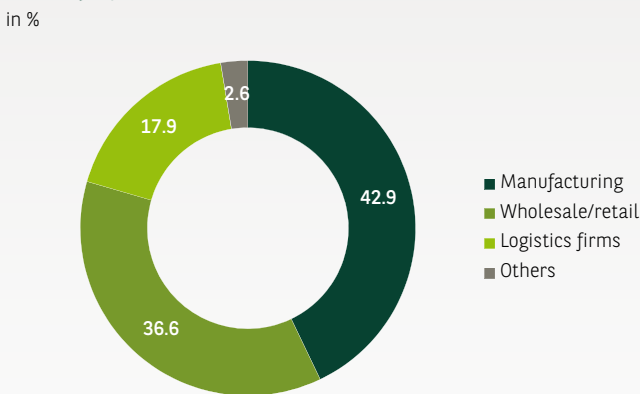
At a Glance **Q1 2018**

LOGISTICS MARKET MUNICH

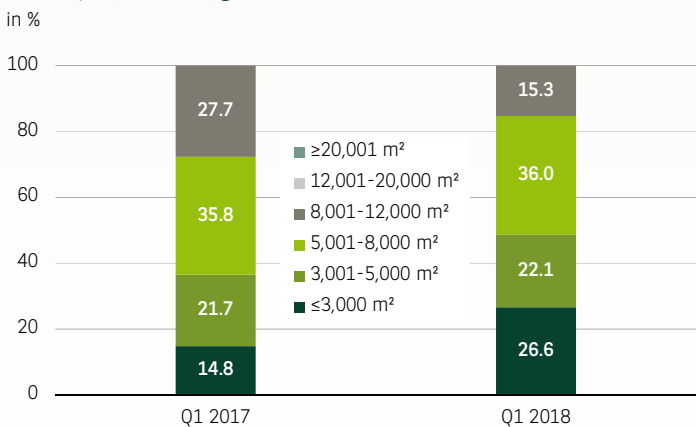
Take-up of light industrial and logistics space in Munich



Take-up by sector in Munich Q1 2018



Take-up by size category in Munich



➤ SECOND-BEST RESULT IN THE LAST TEN YEARS

The Munich market for logistics and warehouse space has made a strong start to the new year. The take-up of 66,000 m² not only beat the previous year's figure by 50 %, but was also the second-best result in the last ten years. The long-term average was also topped by one third. What is particularly noticeable is that this result was achieved without any major deals above 10,000 m², of which not one was recorded in the entire market region in the first three months. This is evidence that demand is very lively in the other size categories, which is underlined by a very high number of deals. Overall, though, take-up continues to be limited by the short supply, in particular in the large-scale segment.

➤ MANUFACTURING COMPANIES AGAIN IN FIRST PLACE

Even though it is a familiar sight, it is always surprising to see how important manufacturing companies are to the Munich logistics market. With just under 43 % of take-up, they have again impressively secured first place. This is particularly remarkable, because this industry group has not recorded any major deals to date. Second place is taken, as in the same period of the previous year, by retail companies, which contribute almost 37 % to the result and in doing so underline their growing importance. The top three is completed by logistics firms, which account for around 18 % and are therefore slightly below their long-term average. The very short supply of large-scale existing space available in the short term represents a problem particularly for this target group.

➤ STRONG DEMAND IN THE SMALL AND MID-RANGE SEGMENT

The long-term average share of major deals above 12,000 m² is around 30 %, but none were registered in the first three months of the year. By contrast, market activity in the small and medium-sized segment was very lively, underlining the on-the-whole strong and broad-based demand. Deals up to 3,000 m² (27 %) and from 3,000 to 5,000 m² (22 %) account for almost half of the result. The category between 5,000 and 8,000 m² makes the biggest contribution with 36 %, while bigger deals from 8,000 to 12,000 m² only account for just over 15 % of take-up.

Major contracts in Munich Q1 2018

Company	Location	Area (m ²)
BMW	Oberschleißheim	6,700
designfunktion	Oberschleißheim	5,200
Dr. Schnell	Feldkirchen	5,000

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➤ SUPPLY SITUATION UNLIKELY TO EASE

The Munich market for logistics and warehouse space has long been characterised by a noticeable shortage of supply. It is unlikely that the situation will ease in the medium term not least due to the high land prices. This is also indicated by the low take-up share of owner-occupiers (10 %) and new-build space (2.5 %). Many occupiers have to come to terms with existing or refurbished space, which is highly sought after, as a few properties in Neufahrn and Oberschleißheim have proved. Increases in the top rent, which has been 6.85 €/m² for almost a year, and the average rent (6 €/m²) are likely in the next few quarters in light of falling supply and strong demand.

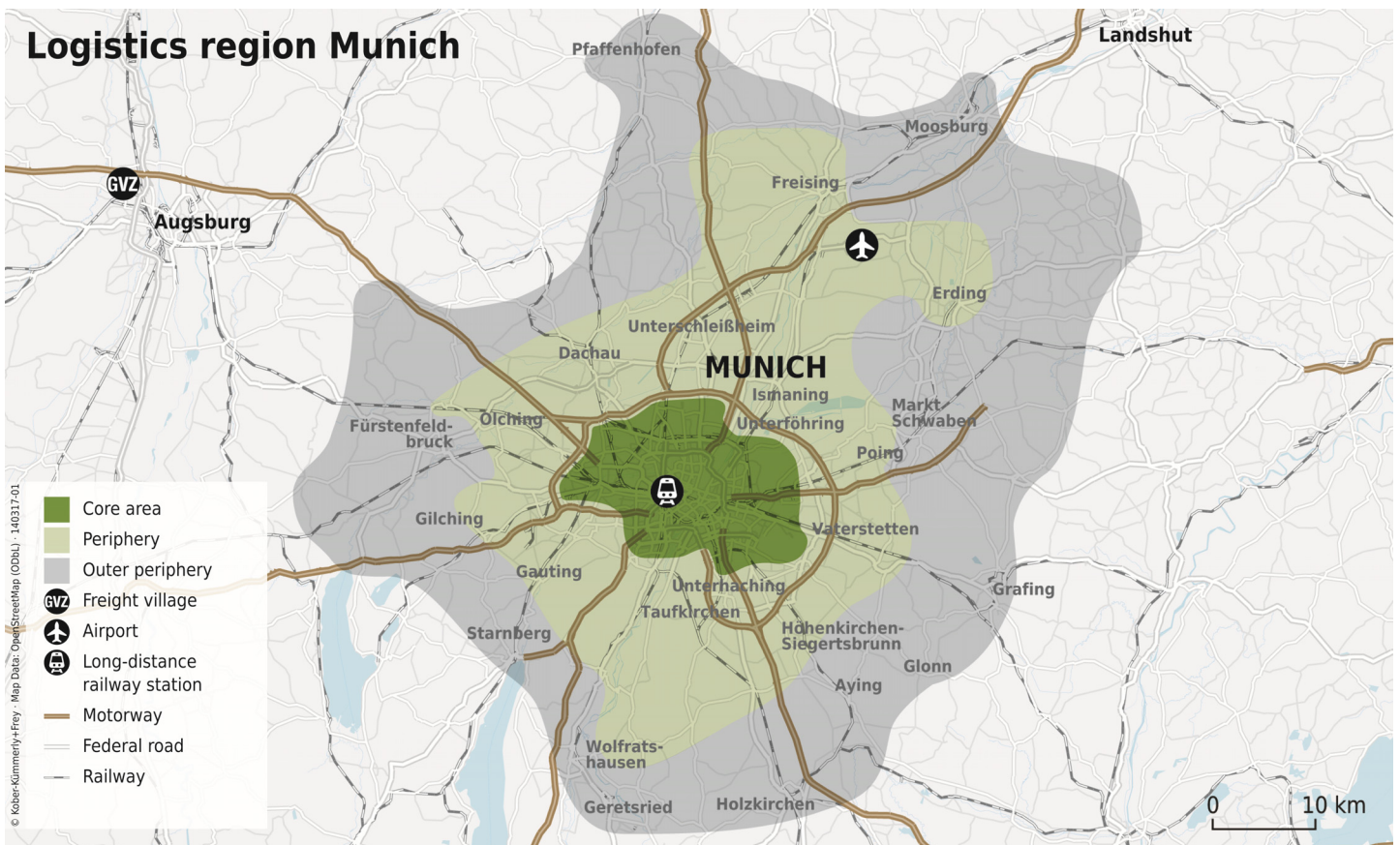
Key figures of logistics market Munich

	Q1 2017	Q1 2018	Trend remaining year
Prime rent	6.80 €/m ²	6.85 €/m ²	↗
Average rent	5.85 €/m ²	6.00 €/m ²	↗
Take-up	44,000 m ²	66,000 m ²	↘
- Thereof owner-occupier	28.4 %	9.9 %	➔
- Thereof new building	62.4 %	2.5 %	➔

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➤ OUTLOOK

Against the background of the good economic environment and stable demand structures in Munich, it is expected that the market will be busy in the remainder of the year. However, the result will be limited by the continuing inadequate supply of space in both preferred locations in the surrounding regions and in the Municipal Area. Nevertheless, as things currently stand, all the signs suggest that a take-up at least around the five-year average is realistic. This will particularly be the case if a few major deals are concluded.



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