

First comprehensive analysis of the German market for logistics properties

bulwiengesa publishes new study “Logistics and Real Estate 2015”

- **19 million m² of new logistics space in the period 2010 – 2015**
- **7.7 billion euros investment in five years: proportion of international investors almost tripled**
- **Average financing requirement of 9.8 million euros per property; with some assets requiring over 100 million euros**
- **Definition of 28 logistics regions and assessment of the respective market attractiveness**

Berlin, 28th October 2015: Analysis company bulwiengesa presents the first independent study in Germany, providing a comprehensive examination of the logistics real estate market from various perspectives.

With this study, bulwiengesa makes a vital contribution to the further professionalisation of the asset class, which has become firmly established on the German property investment market with a current share of around 7% of all investments.

Investigation of the largest market in Europe

The analysis of the German market is also significant for the whole of Europe, as around 25% of turnover in the European logistics sector is registered in Germany. In 2014, 2.9 million logistics employees generated 235 billion euros with a total European volume of 940 billion euros. Consequently, the economic significance of the logistics property market is high in order to service the needs of the industry.

“It is about time there is a study of the property market that independently examines the diverse asset class of logistics properties,” says Ralf-Peter Koschny, Chairman of bulwiengesa AG. “The distinguishing feature of our study lies in the fact that we have brought together expert insights from four different subject areas and thus the report provides a complete and comprehensive overview of the logistics properties market.”

Long-term view 2010 – 2015

Further strengths of the study are its long-term consideration of the period from 2010 to 2015 and its broad database of 1,205 new buildings as well as 574 recorded transactions. These provide a clear identification of trends and standards on the German market. The experts, who have facilitated insights into the entire logistics market through publicly available data include: property group Goodman, general contractor Bremer, the property consultants from Savills, and Berlin Hyp AG – a commercial property financier.

In the period from 2010 to 2014, 15.3 million m² of logistics space was constructed, the investment volume for project developments and existing buildings amounts to 7.7 billion euros according to calculations by the experts. The trend is also positive for the future, as the logistics sector is continuing to grow. For example, where 2.8 billion CEP consignments were sent in 2014, the figure should be around 3.8 billion in 2019.

Project development

Specialist project developers completed around four out of ten square metres of logistics space in the period from 2010 to 2014. Therefore they form the largest overall group in the developer ranking and are promoting the trend towards rental solutions. However, analysis of the data shows that certain sectors continue to build primarily for themselves. These include trade logistics specialists, who together make up a quarter of all new build space. Placing second, third and fourth in the overall ranking, three retail groups are among the top five largest project developers: Schwarz Group, Edeka Group and REWE Group, respectively. The first industrial company, Volkswagen group, follows in 5th place. The ranking list is led by property group Goodman.

Construction trends

The latest construction trends for logistics properties give an impression of the strong market changes in recent years. As such, clear hall height is now generally 12 m and the usual floor load capacity has reached 6 t/m². The study additionally calculates that 80% of the total costs of a logistics property arise from its management; the actual construction accounts for only 20%. On this basis, the analysis highlights options for sustainable design of these facilities.

Overall, it can be observed that the property types in the asset class have undergone strong diversification. The study identifies six different types, from the small, last-mile facilities of approximately 5,000 m² to e-commerce centres of over 100,000 m².

Investment

In the period from 2010 to 2014, market players invested over 7.7 billion euros in German logistics properties. Among other things, the investment ranking proves that the proportion of international investors has risen sharply: from 27% in 2010 to 68% in 2014. In the first three places of the ranking are the two international investors Logikor and Segro followed by Union Investment. On closer inspection, around 32% of the investments in 2014 came from Germany, 29% from other European countries and 25% from North America. Other trends, such as increasing concentration on portfolio transactions, are also continuing in 2015.

Financing

Logistics properties in Germany have an average financing requirement of 9.8 million euros per property. The total financing requirement for facilities in the period from 2010 to 2015 is estimated by property experts to be 11.6 billion euros, with mortgage banks and federal state banks being the principal stakeholders. Their share of investment financing lies at 37% and 30% respectively; and with 33%, the state banks lie just ahead of the mortgage banks at 28% for project development financing. In an overview, the study also provides insights into the respective capital requirement for the 28 German logistics regions.

Property market evaluation of the German market

The real estate experts from bulwiengesa have defined 28 logistics regions for the German market and are thus expanding the established spectrum. In a final ranking, the study assesses the market attractiveness of the logistics regions in 2015 for investors, developers and users, based on a scale of one to five, with one representing an above-average rating across various sub-categories. The first three places are taken by Hamburg with market attractiveness of 2.17, Berlin (2.21), and Halle/Leipzig (2.25). Overall, the study confirms the diversity of interesting logistics regions in Germany. The first five places all lie within a range from 2.17 to 2.29. The first region with a rating of three or above can be found only in 14th place.

The study, “Logistics and Real Estate 2015 – Many Angles. One Study.” is available free of charge and begins an annual series. Interested parties will find the download at the following link: <http://www.bulwiengesa.de/en/europe/articles/logistics-and-real-estate-germany-0>

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About the study “Logistics and properties”:

“Logistics and Real Estate 2015” is the first independent study in Germany to comprehensively examine the asset class of logistics properties from various perspectives. Analysis company bulwiengesa investigates the market movements in the period from 2010 to 2015 and evaluates them across the four central subject areas of project development, construction trends, investment and financing.

For the first time, the study provides an overview of the principal stakeholders on the diverse German market and offers the industry and interested public a guideline for orientation. Furthermore, it offers an evaluation of the various logistics regions in Germany from an economic perspective.



Commercial property financier Berlin Hyp, general contractor BREMER, property group Goodman, and property consultancy Savills supported bulwiengesa as partners in the design of the study and provided valuable market insights in their respective segments.

About bulwiengesa:

In continental Europe, bulwiengesa is one of the largest independent analysis companies in the property sector. For over 30 years, bulwiengesa has been supporting its partners and customers on questions about the property market, location and market analysis, including with established data services, strategic advice and bespoke reports. Users of the data from bulwiengesa include the German federal bank for the ECB, BIS and OECD. The RIWIS online information system provides meaningful individual data, time series, projections and transaction data. bulwiengesa holds shares in bulwiengesa appraisal GmbH and Zivilarena GmbH.