

Frankfurt/RheinMain – Airport Location Neu-Isenburg



Summary of the Market and Location Analysis

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Neu-Isenburg – Macro Location

Location in the Rhine-Main-Area

- Counting over 35,500 inhabitants, the city of Neu-Isenburg belongs to the federal state of Hesse and is part of one of the strongest economic regions within Germany and Europe. Located in the administrative district of Offenbach, the city directly borders on the financial metropolis of Frankfurt in the south.

European Transport Junction

- Neu-Isenburg lies only within a few kilometres distance of Frankfurt Airport which represents the German and European hub for the international passenger and freight traffic. An ICE (high-speed train) stop is also located at the airport.
- Moreover the city has perfect transport connections: for the individual transport it is connected via three motorways (A3, A5 and A661) as well as four federal roads and there exist excellent public transport links (S-Bahn, regional train, cable car, bus).



Distance by car from...			Distance by public transports from ...	
Neu-Isenburg to...	km	minutes	Neu-Isenburg train station to...	minutes
City Centre Frankfurt	ca. 10	15	Banking District Frankfurt (S-Bahn)	15
Frankfurt Airport	ca. 10	10	Frankfurt Airport (Bus)	21
Motorway Junction A3/A5	ca. 5	8	Central Station Frankfurt (S-Bahn)	17
Motorway Junction A3/661	ca. 3	5	Darmstadt Central Station (S-Bahn)	20

Neu-Isenburg – Stadtquartier Süd: Creation of a New Quarter

From the Former Goods Yard to a New Urban Quarter

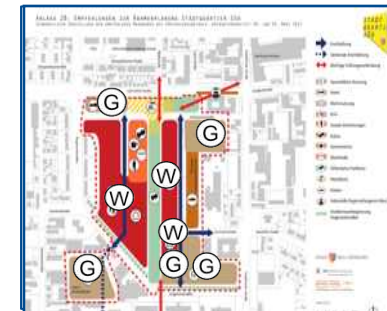
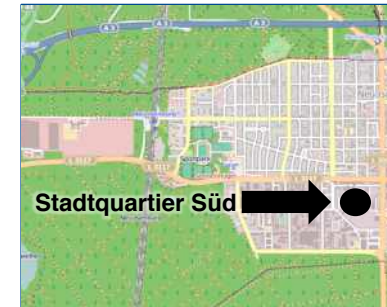
- The former freight yard offers the opportunity to develop a new urban quarter offering a combination of working and living space.
- The new district covers an area of about 12 ha. According to the latest planning, a gross floor area of around 140,000 sq m is set with a share of 50 % reserved for living, 40 % for commercial use and 10 % for a mixed use area.

Zoning

- The development area is supposed to be divided in different zones (R=Residential, C=Commercial) according to the surrounding environment and usage.
- The former Bundesmonopolverwaltung für Branntwein will be the public, social and cultural centre of the new quarter.

Improved Infrastructure

- The planned extension of the S-Bahn network will improve the connection via public transportation for the new district, as well as the city centre of Neu-Isenburg.
- Furthermore the Stadtquartier Süd will help to improve the currently very monostructural business park Gewerbegebiet Süd as far as infrastructure and a mix of functions (living, working, culture, leisure) is concerned.



Neu-Isenburg – Location for Business

Competitive Location

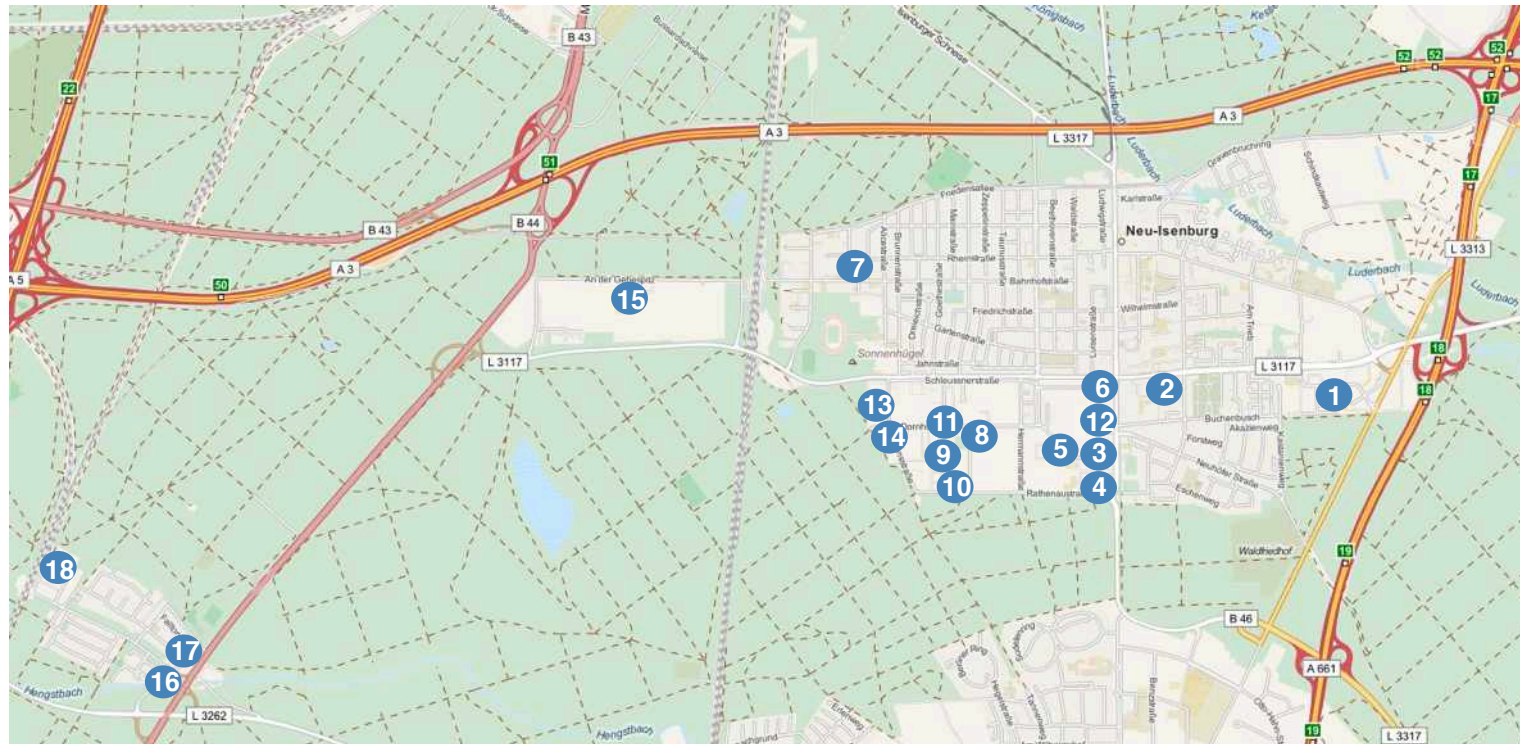
- The low local trade tax collection rate promotes the attractiveness of Neu-Isenburg and is an important location advantage at the same time: On January 1st 2012 the assessment rate was reduced from 350 to 320 percentage points. Herewith Neu-Isenburg lies clearly below the trade tax collection rate of Frankfurt (460 %) and its neighbouring municipalities except for the municipality of Eschborn and Kronberg.

Renowned Companies in Neu-Isenburg

- A wide branch mix is located in the city of Neu-Isenburg. Among others there are international companies from the following sectors: aviation industry (e. g. Lufthansa or Boeing), chemical sector (DuPont), financial services industry (e. g. Banque PSA, Targo/Valovis Bank) as well as the electronics and IT industry (e. g. Arrow, Netapp).
- Its attractiveness is underlined by well-known companies such as Lorenz Bahlsen, located in Neu-Isenburg for more than 50 years, or AirPlus and Pepsi which have been based here for more than 15 years. Both firms confirmed Neu-Isenburg as their location by recently concluding long-term rental contracts.
- Furthermore Neu-Isenburg attracts numerous companies from Frankfurt and its surroundings, as the following wanderings show: Wincor Nixdorf and Sudler & Hennessey came from Frankfurt to Neu-Isenburg, from Bad Homburg the German headquarter of DuPont or from Dreieich Compuware and most recently Arrow settled. De'Longhi from Seligenstadt and Harley Davidson also moved to Neu-Isenburg.



Neu-Isenburg – Selected Companies Based in Neu-Isenburg



- | | | | | | |
|---|---|---|----|----|----|
| 1 | 4 | 7 | 10 | 13 | 16 |
| 2 | 5 | 8 | 11 | 14 | 17 |
| 3 | 6 | 9 | 12 | 15 | 18 |

Neu-Isenburg – Comparative Evaluation of Location Characteristics

Municipality Category	Neu-Isenburg	Eschborn	Schwalbach	Kronberg	Bad Homburg	Kelsterbach	Offenbach	Dreieich
Image/Function	Alternative Airport Location	Additonal Location/ Backoffice Frankfurt	Location with Tradition	Alternative Location Frankfurt	Location with Tradition	Alternative Airport Location	Additonal Location/ Backoffice Frankfurt	Location with Tradition
Connectivity	5	4	4	4	5	4	5	4
International Interconnection	5	3	3	3	3	4	3	3
Cost Structure	5	5	4	4	3	3	2	3
Awareness	3	3	3	3	4	3	4	3
Tradition	3	2	4	3	5	3	3	4

(1=very less pronounced; 5=very well pronounced)

Neu-Isenburg Office Market – Stable Development

Stable Prime Rents

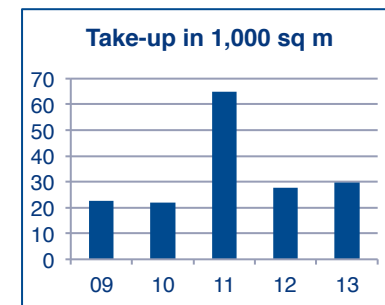
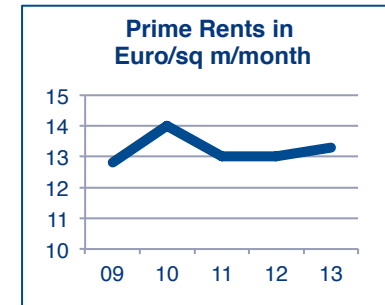
- Prime rents for new-build buildings stood at 13.30 Euro/sq m/month as of end of 2013, which is compared to the previous year an increase of 2.3%. Assuming a 10-year rental contract, incentives in project developments consist of a rent-free period of six month in general.

International & Regional Companies as Potential Demanders

- The volume of office space taken up in Neu-Isenburg is dominated by companies which are looking for the vicinity of Frankfurt airport on the one hand and which are attracted by the low-priced environment (low trade tax collection rate, low rents) on the other hand.

Stable Take-up Caused by a Strong New-Construction Activity

- The Neu-Isenburg office market was characterized by a stable take-up development during the last years whereas the year 2011 is representing a record year: approximately 65,000 sq m of office space was taken up.
- In 2013 the second highest take-up was registered, 30,300 sq m respectively. As in 2012 the percentage of lettings in new-build properties was again very low, which makes the take-up in 2013 a very good result and shows the stable and sustainable demand for office space in Neu-Isenburg.
- In general the office market in Neu-Isenburg is still influenced by a strong new-construction activity: About 14,500 sq m per year have been let in this segment on average in the last five years.



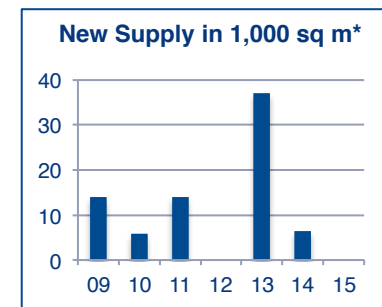
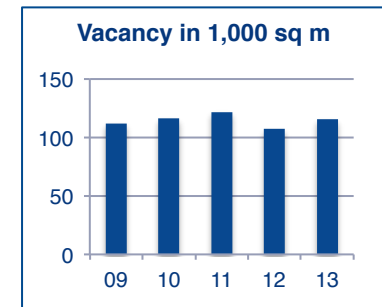
Neu-Isenburg Office Market – Shortage in Modern Space

High Level Vacancy but New-build Space is Rare

- The total office stock accounts for around 515,000 sq m. The volume of vacant office space amounts to approximately 115,300 sq m as of end of 2013.
- Hence the vacancy rate still stands at a very high level with around 22 %, equaling one quarter of the existing office stock in Neu-Isenburg is vacant. However, the vast majority of the vacant office space has difficulties in its (re-)letting chances due to construction year and quality.
- Consequently the share of vacant office space with simple standards accounts for 63 %, while 33,300 sq m (29 %) show a normal standard. Good quality office space is rare and sums up to only 9,200 sq m or 8 % respectively, of which only 2,200 sq m show new-build quality.

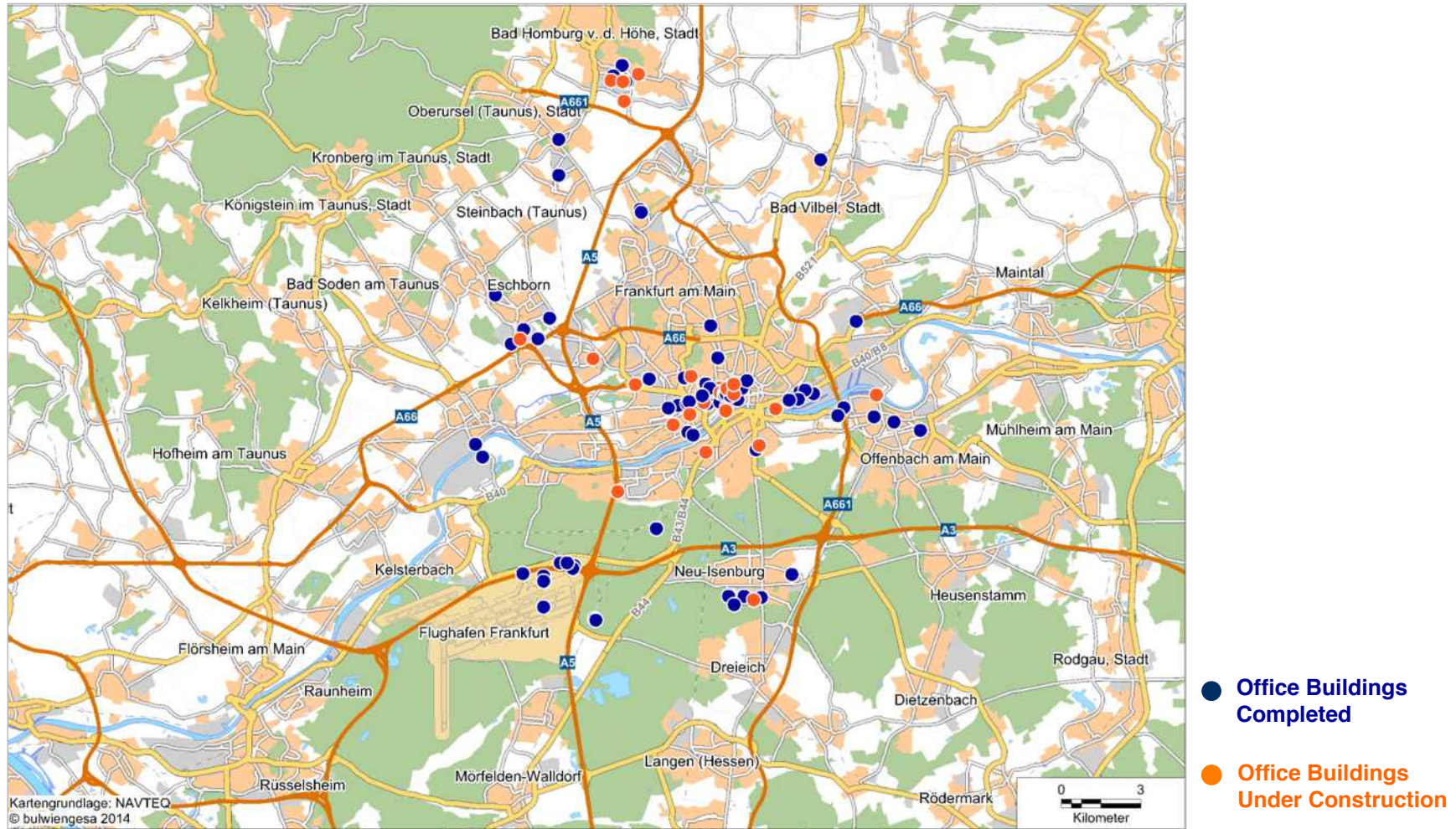
New-Construction Activity

- During the years 2004-2013 on average around 9,300 sq m office space p. a. were completed. Currently 6,500 sq m are under construction: the new headquarter for Pepsi, which is supposed to be completed in 2014.
- In 2013 37,000 sq m were completed. Arrow opened up its new European headquarter of 13,100 sq m and LufthansaAirPlus resettled within Neu-Isenburg by moving into its new headquarter of 23,900 sq m.
- Due to the lack of pre-lettings so far, completions for 2014/15 will be expected to range below the 10,000 sq m-threshold.



* 2014/15 estimated

Neu-Isenburg Office Market – Construction Activity in Frankfurt and its Surroundings*



*office sector: new-build buildings since 2009 including properties currently under construction

Neu-Isenburg – Investment Market

Germany – a Safe Haven for Investors

- The German real estate market ranks as a secure investment market in the international context, especially against the background of an uncertain economical and financial situation in Europe.

Shortage of Supply in the Core Segment continues

- Core-oriented investors still dominate the German investment market. They are looking for prime assets, which means buildings in top locations with long-term rental contracts – in core markets such as Frankfurt or Munich.
- Due to the shortage of supply within this segment and rising prices, investors begin to show a higher level of risk appetite. An increased interest in value-add investments in A-markets as well as in assets outside of prime locations can be observed.

Neu-Isenburg Offers Chances for Investment

- Considering the location advantages of Neu-Isenburg, it can be assumed that the city is going to strengthen its attractiveness making it an investment option for institutional investors on their search for alternative locations outside the A-cities.
- Moreover Neu-Isenburg will more than ever continue to profit from spill-over effects of Frankfurt Airport due to its favourable geographic location within the airport region and the vicinity to the city of Frankfurt.



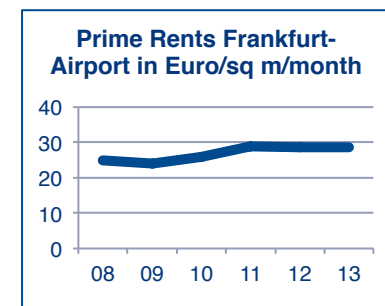
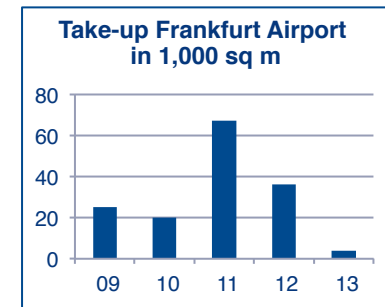
Frankfurt Airport – A Growing Region

Excellent Outlook for Frankfurt Airport

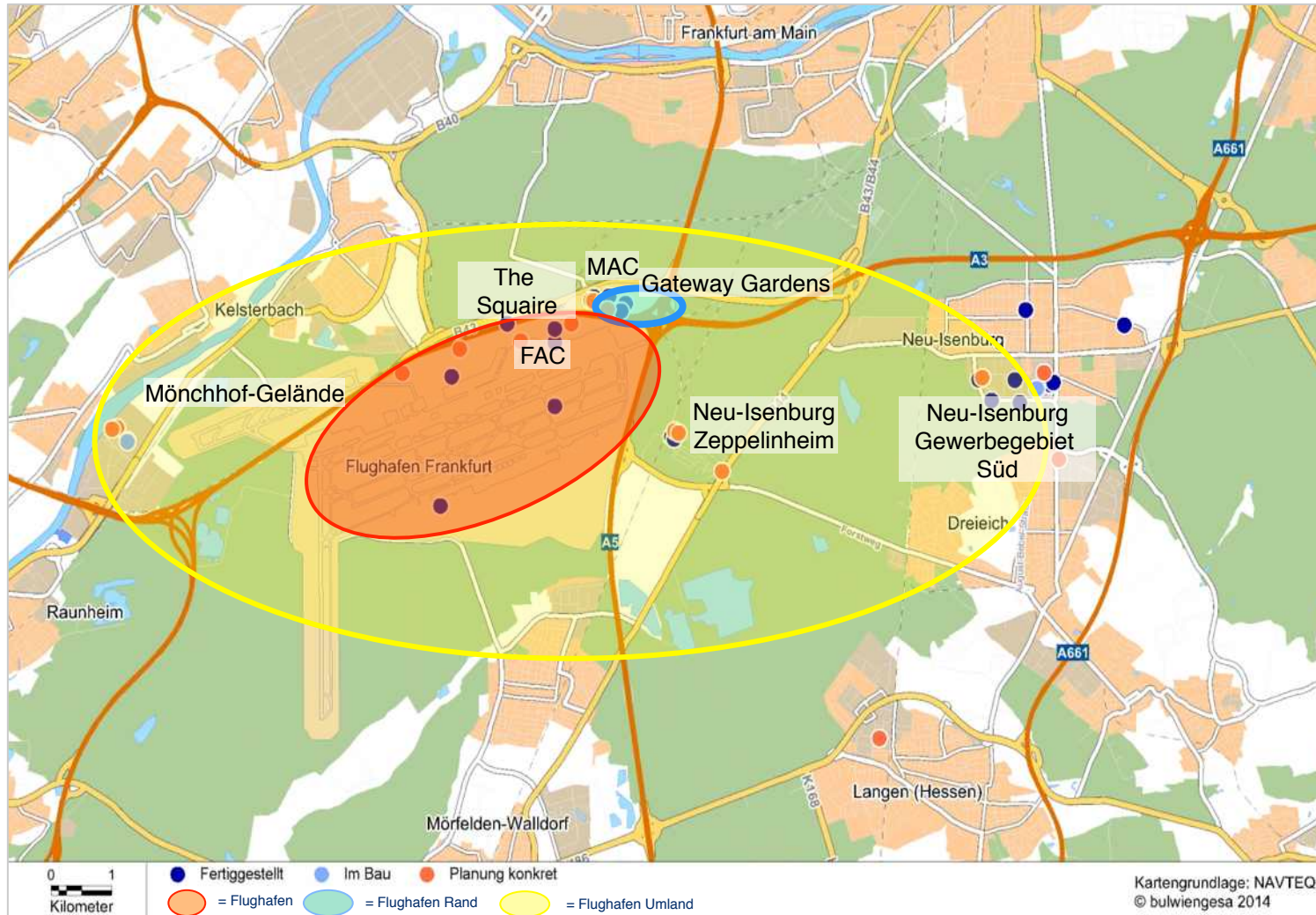
- Accompanied by a growing globalization and induced by the growth of the airport of Frankfurt, the airport more and more evolves into a independent city, a so called *airport city* which is completely able to cover the daily needs of its users (Retail, office, hotel / conference logistics).
- Similar to a regular city the neighbouring environment begins to evolve as well. The case of Gateway Gardens, a new commercial district currently under construction with the planned uses office, retail and hotel, can be taken as an example for this kind of development.

Neu-Isenburg – Part of the Frankfurt Airport Location

- Apart from the district Gateway Gardens which is directly neighbouring the airport, Neu-Isenburg will keep on profiting from the attraction of the airport as already observable in the past.
- Due to its proximity to the airport combined with competitive rental prices and low taxation rates, Neu-Isenburg stands for an interesting and attractive alternative location for users requiring the airport close by.
- Newly settled companies in Neu-Isenburg within the last two years such as Harley Davidson, De’Longhi, Arrow or Misco emphasize this.
- In view of the planned urban district Stadtquartier Süd and further projects in the business parks Gewerbegebiet Süd and Zeppelinheim there will be sufficient office space potential in Neu-Isenburg in the future as well.



Frankfurt Airport Region – Office Locations & Construction Activity



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