

# STUTTGART REGION

Industrial & Logistics Property 2022

**E&G** REAL ESTATE



## Industrial & logistics with new drive

For years now, the logistics sector has experienced an unstoppable rise - from a hidden champion to a shining star of the real estate market. In 2021, these dynamics were further accelerated by a strong growth in online trade and an economic recovery in the Stuttgart Region. After a Covid-related slump in 2020, especially the mechanical engineering sector has been reporting full order books and growing exports again. At the same time, also the automotive industry is gaining new momentum.

### MARKET ENVIRONMENT



“NO WEALTH WITHOUT LOGISTICS.”

Markus Knab, Head of industrial & logistics

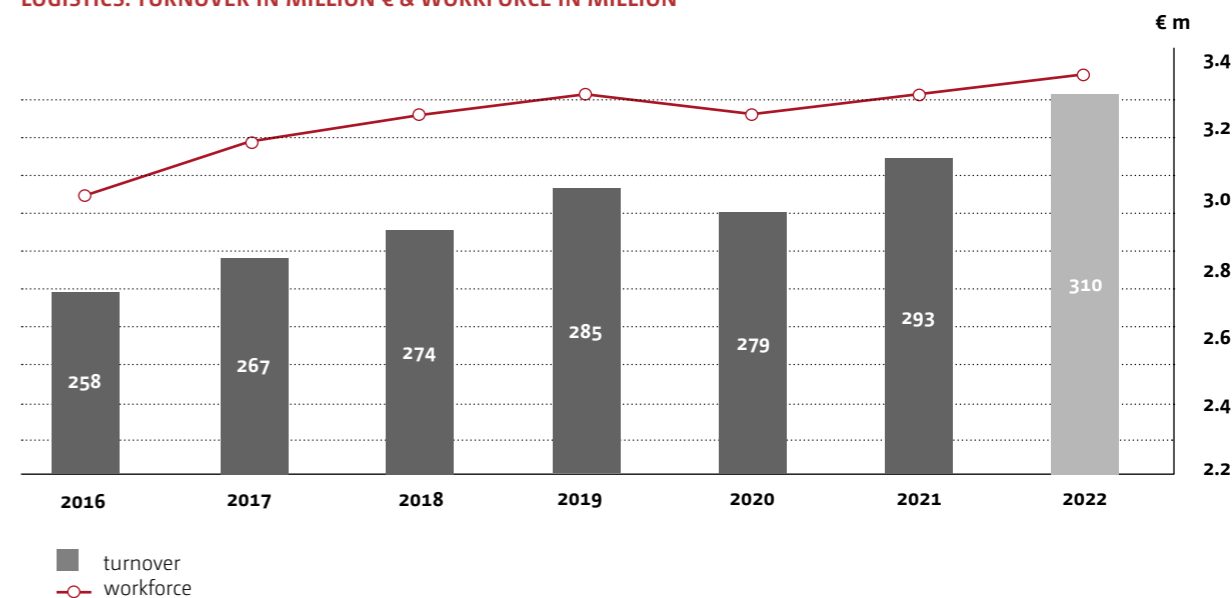
Not only in Germany, but all over the world, the logistics sector is an indispensable link in the global value chain. However, already tomorrow the delivery heroes of the pandemic could become a nuisance. Especially when it comes to the settlement of logistics companies on our own doorstep.

Despite persistently high demand for multi-functional halls, only limited letting and investment opportunities have been available on the market. The risk remains that the shortage of industrial and logistics space weakens the economic growth prospects in the Stuttgart Region.

### MARKET ENVIRONMENT 2021/2022

- Economic momentum meets vulnerable supply chains
- High demand meets limited supply
- More room for growth will preserve prosperity for all
- Structural change in the Stuttgart Region requires additional hall space

LOGISTICS: TURNOVER IN MILLION € & WORKFORCE IN MILLION



Source: Logistikweise/Fraunhofer SCS

## Letting Record volumes

The letting market for industrial & logistics property reflects the economic recovery in the Stuttgart Region. The year 2021 saw record turnovers in E-Commerce as well as in Manufacturing. In particular, Mechanical Engineering and Automotive have been drivers of these positive dynamics. As the order books are filling, also the demand for industrial & logistics space in the Stuttgart Region is growing.



“SPEED MAKES ALL THE DIFFERENCE.”

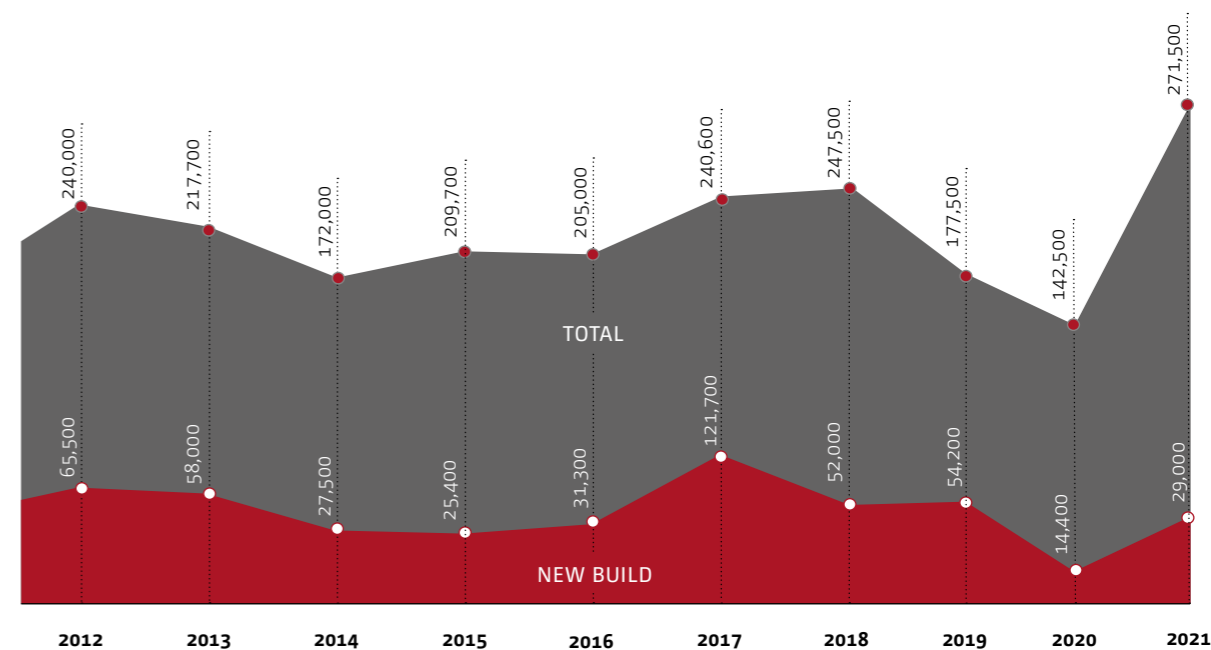
Alexander Fink, Consultant Industrial & Logistics

The high demand from industrial and logistics users is met by a steady decline in available hall space. In consequence, even dated facilities and units in B/C locations are being rented. With economic recovery gaining further momentum, supply bottlenecks are to be expected in the coming year. In such a tight market environment, it is essential to stay on top of the market and make strategic use of contacts to real estate agents.

### LETTING 2021/2022

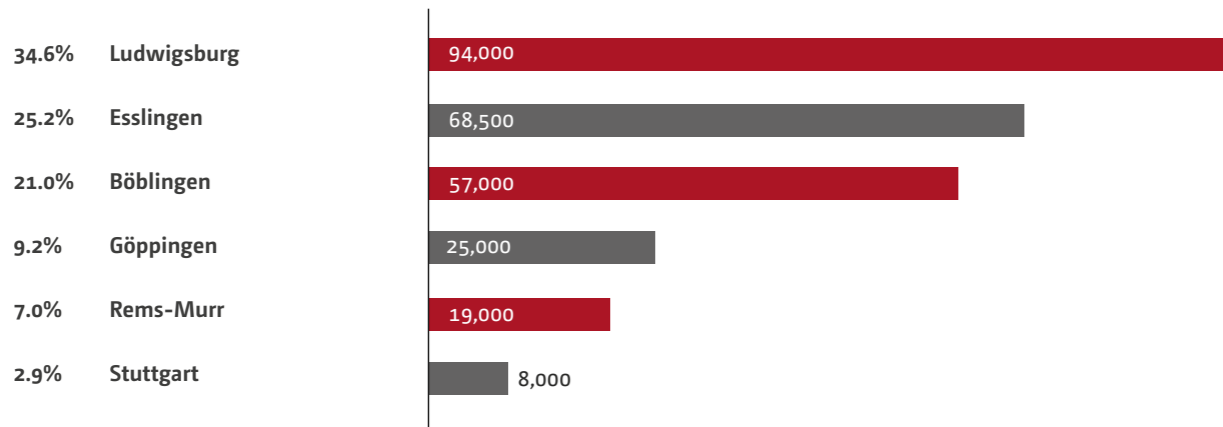
- Record space take-up in industrial and logistics of 271,500 m<sup>2</sup>
- Strongest increase in OEM/Automotive and Industrial/Manufacturing
- Logistics with greatest market share (75,000 m<sup>2</sup>)
- Trade/ E-Commerce repeat strong result (68,000 m<sup>2</sup>)
- High demand for flexible light-industrial halls
- Rising average rents for existing and new build

### SPACE TAKE-UP 2011 – 2021 IN M<sup>2</sup>

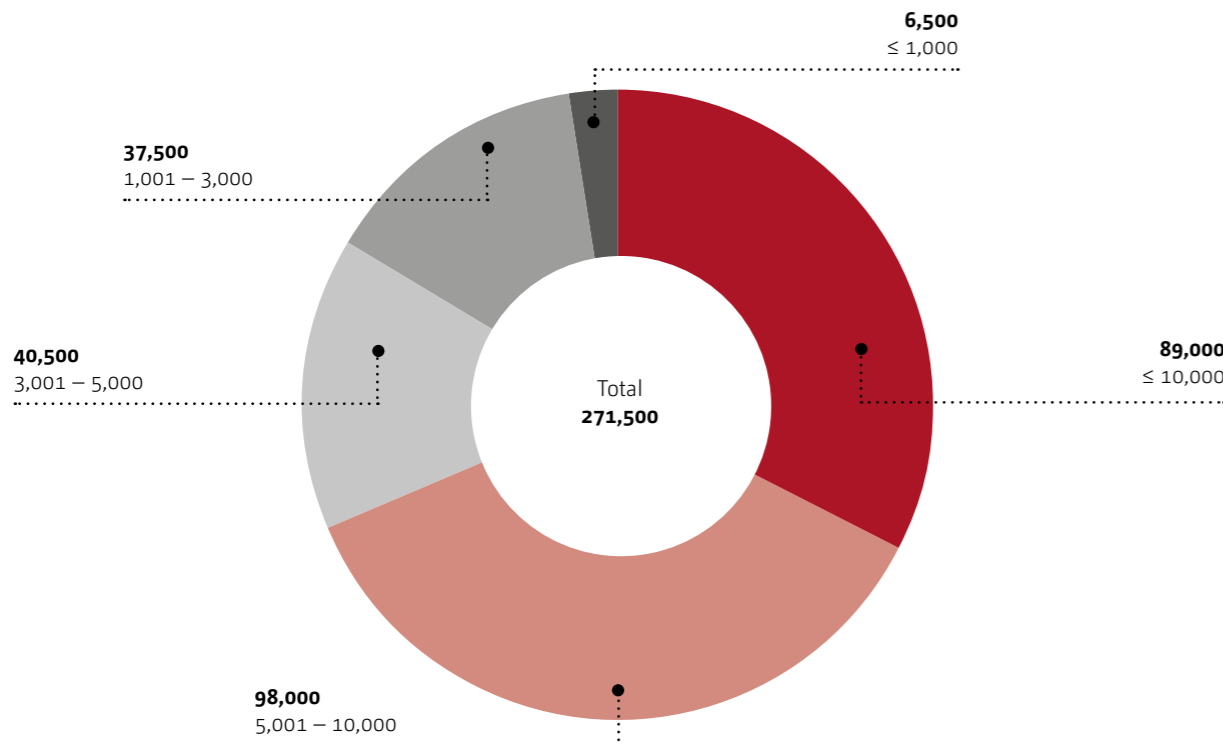


Source: Research E & G Real Estate GmbH ©, as of 31 Dec. 2021

SPACE TAKE-UP BY COUNTY IN M<sup>2</sup>



SPACE TAKE-UP BY FLOOR SPACE IN M<sup>2</sup>



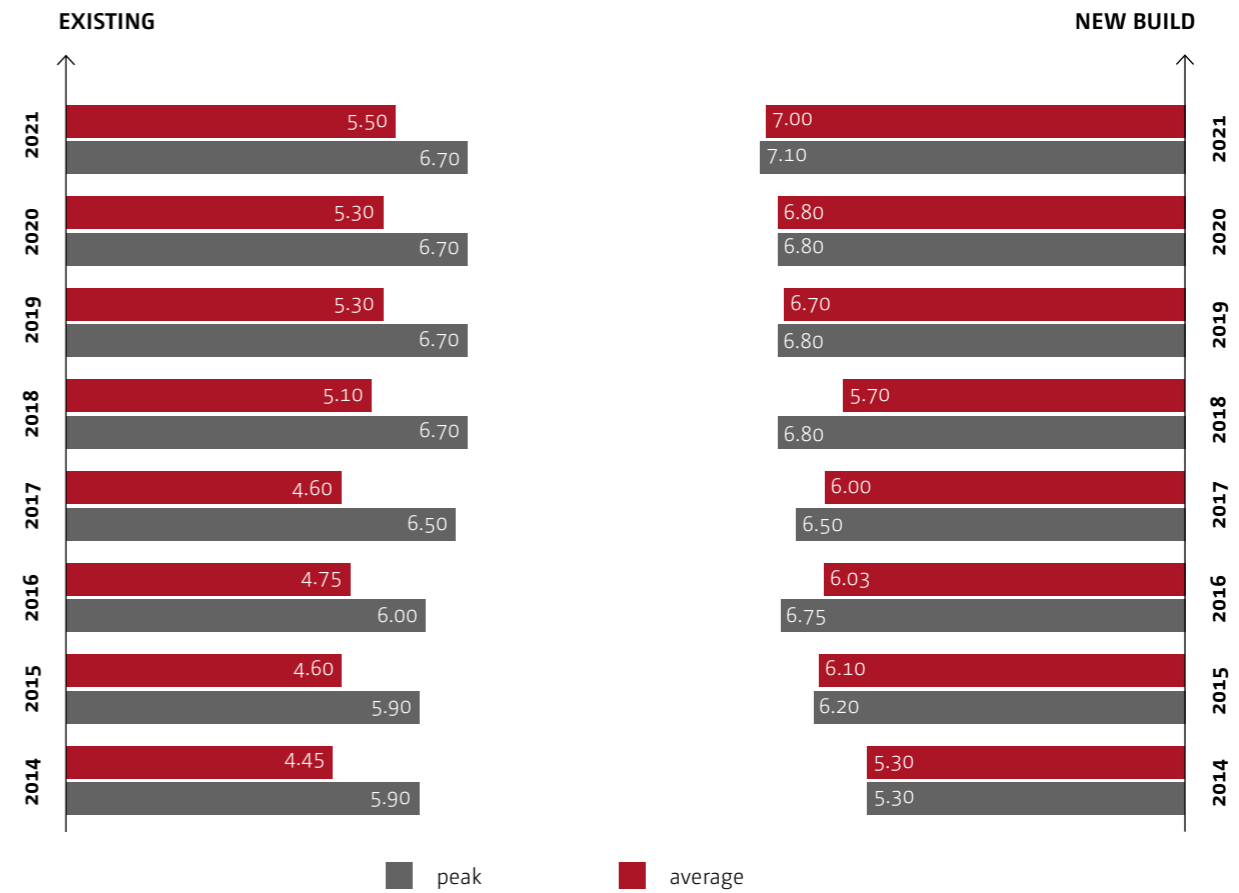
LETTING

RENT LEVELS BY COUNTY IN €/M<sup>2</sup>

County	Rental price existing	Average rent existing	Rental price new build	Average rent new build
Böblingen	4.00 – 6.50	5.30	–	–
Esslingen	3.90 – 6.70	6.00	6.90 – 7.10	7.00
Göppingen	3.50 – 5.00	5.30	–	–
Ludwigsburg	4.00 – 6.20	5.30	6.80	6.80
Rems-Murr	4.20 – 6.00	5.30	–	–
Stuttgart	4.50 – 6.00	5.30	–	–
<b>Total</b>	<b>3.50 – 6.70</b>	<b>5.50</b>	<b>6.80 – 7.10</b>	<b>7.00</b>

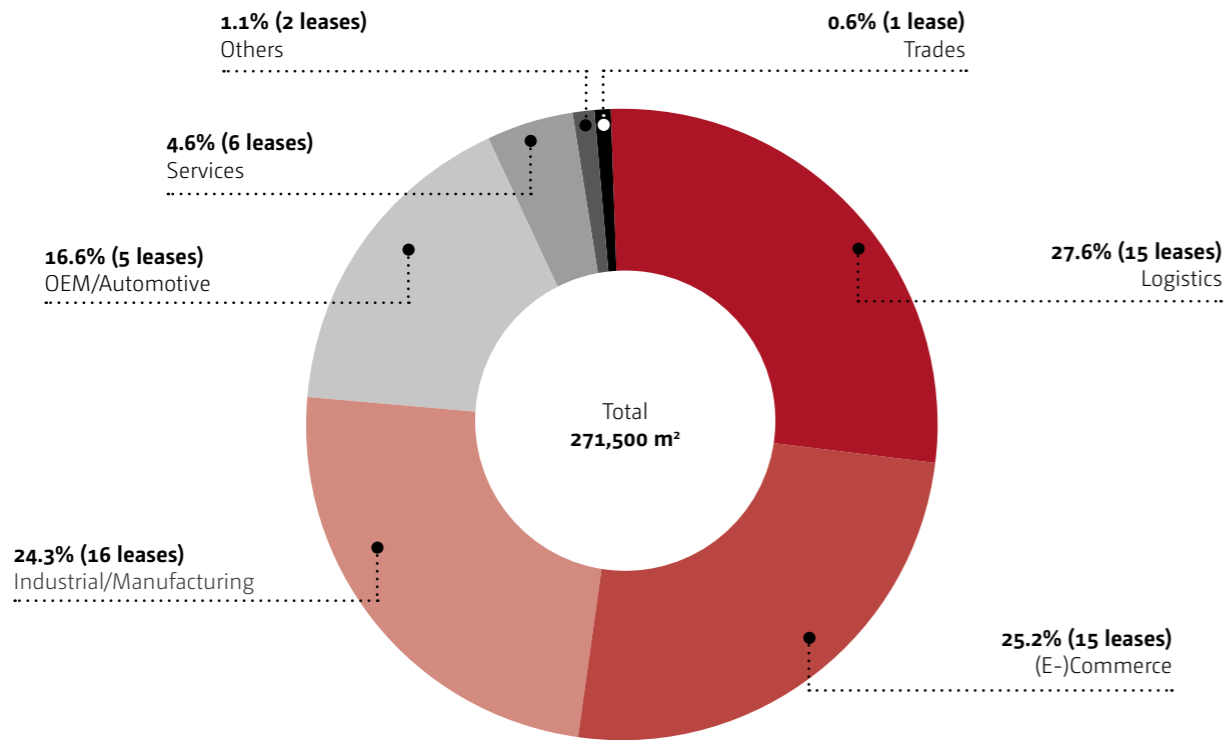
Monthly square metre net rents; mere hall space, without mezzanine/office/social space; exclusive of lease extensions/owner-occupiers/open area

PEAK & AVERAGE RENTS IN €/M<sup>2</sup>

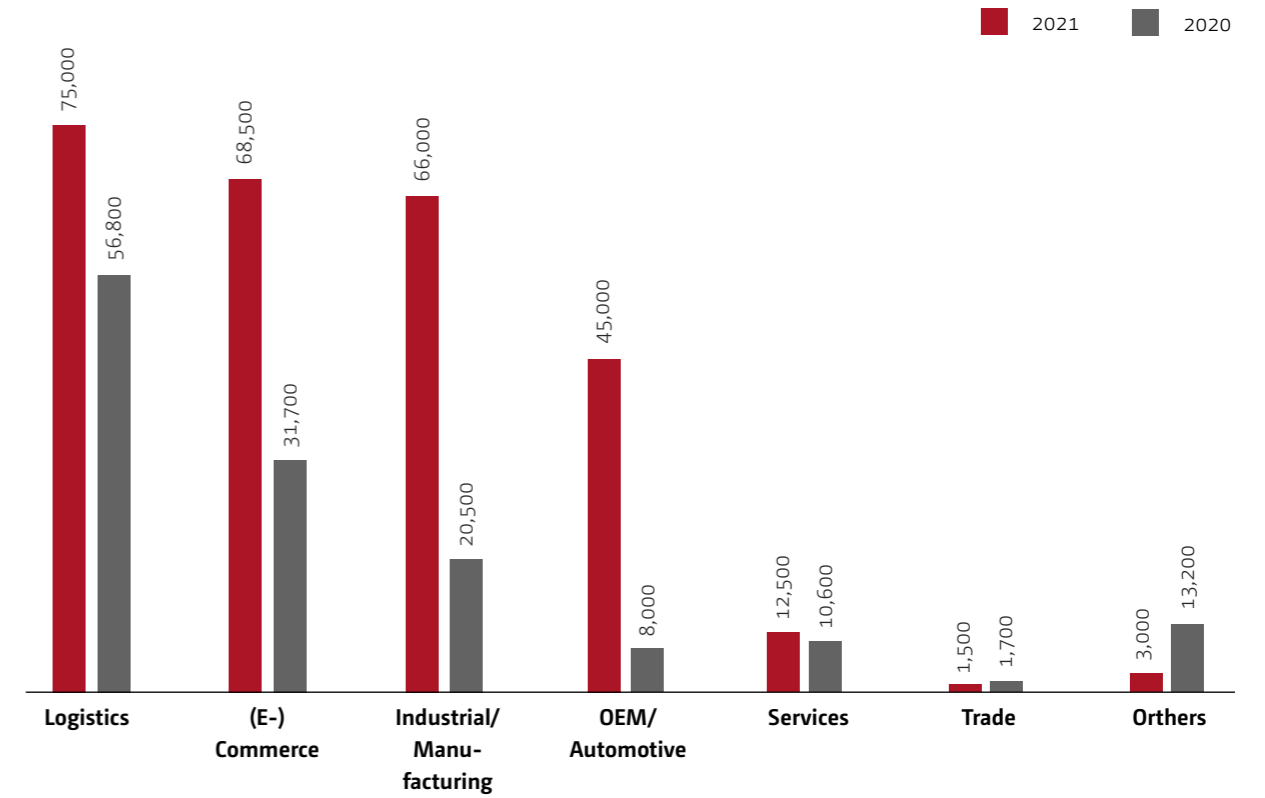


Source: Research E & G Real Estate GmbH ©, as of 31 Dec. 2021

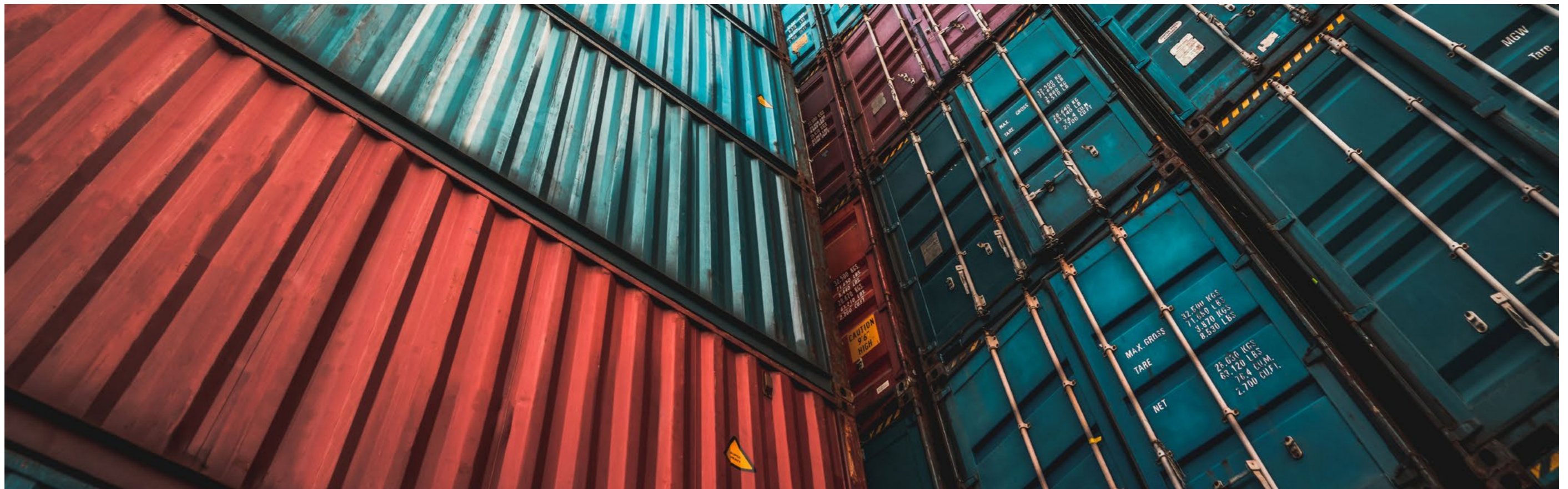
SECTORS: RENTAL SPACE & LEASES SIGNED



SECTORS: 2020/2021 IN M²



Source: Research E & G Real Estate GmbH ©, as of 31 Dec. 2021



## Investment All want logistics

As in previous years, industrial and logistics investments continue to be in very high demand. In times of economic transformation, modern facilities suitable for secondary and tertiary use are particularly sought after. However, respective light-industrial products remain scarce in the Stuttgart Region. And even for the booming e-commerce sector, only a few logistics properties have become available in 2021.

In such a tight market environment, the pressure is growing – both on investors and on yields.



“GOOD CONTACTS TO BROKERS PAY OFF.”

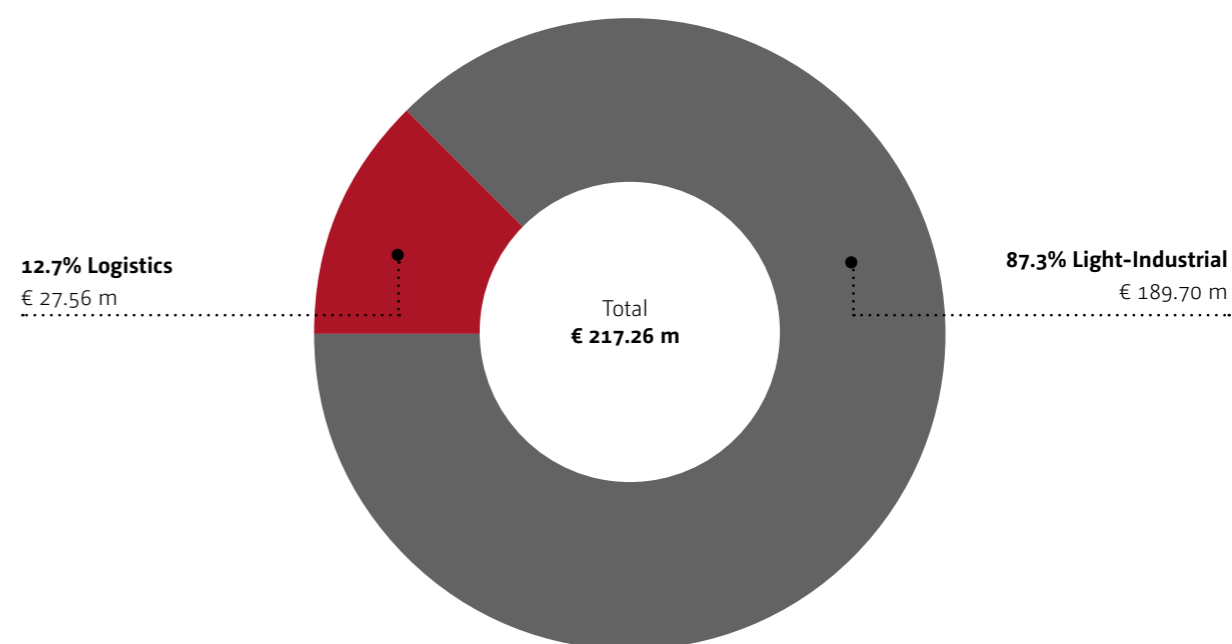
Alexander Deiss, Consultant Industrial & Logistics

For the year 2022, several new build projects are scheduled in the Stuttgart Region. It remains to be seen whether these will be sold by the respective developers or held in their portfolio. In the run for the few available investment products, local market knowledge and direct contacts to the respective decision-makers are a strategic advantage. In 2021, this was also reflected in a high brokerage rate of 75%.

### INVESTMENT 2021/2022

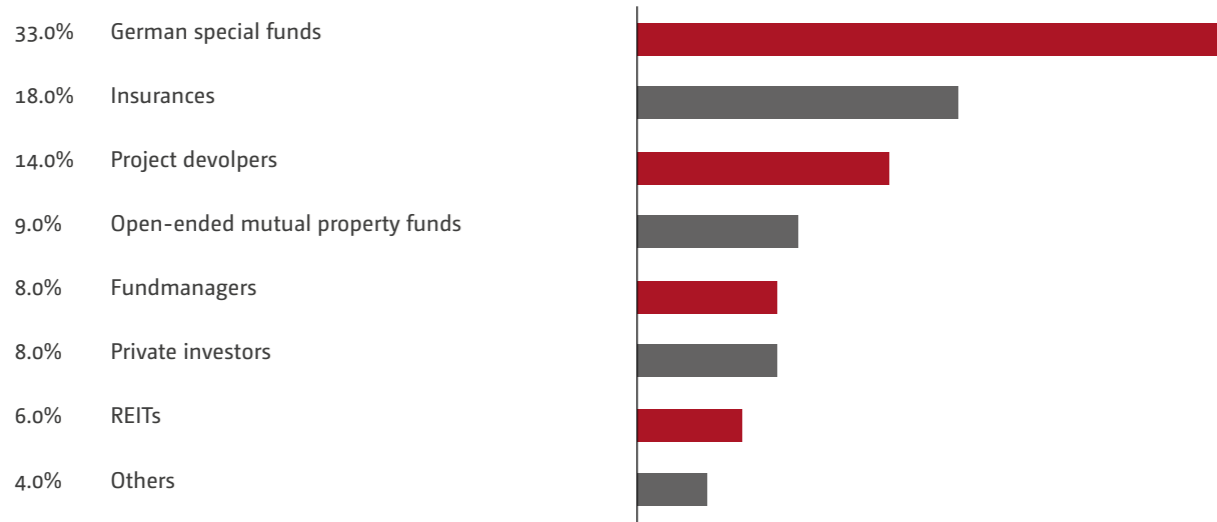
- High demand for industrial and logistics products
- Investor focus on logistics and light-industrial
- 12 transactions in 2021 with an overall volume above € 217 m
- Transaction volume increases by 30%
- Several large-volume deals (> € 30 m) for light industrial products and an industrial park
- Yield potentials of 3.2% – 3.5% for new build investments

### INVESTMENT VOLUME BY ASSET CLASS

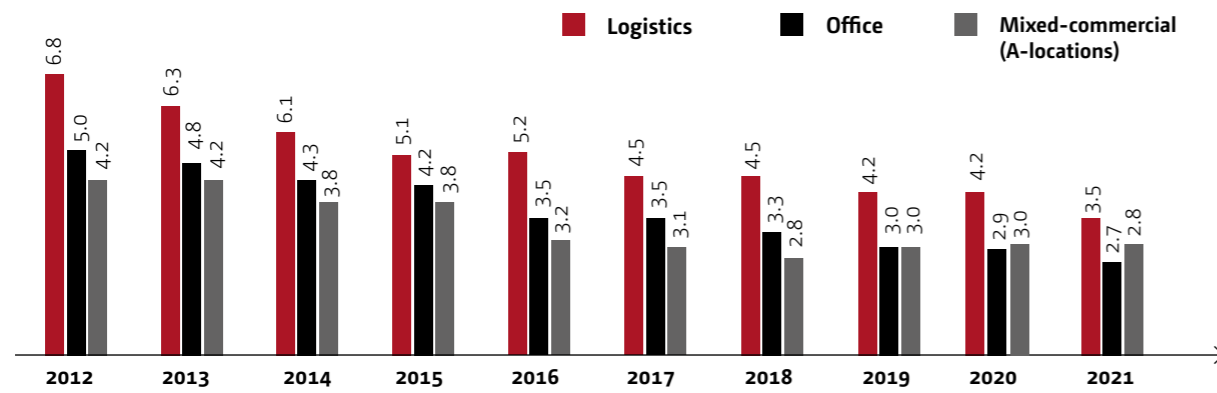


Source: Research E & G Real Estate GmbH ©, as of 31 Dec. 2021

INVESTMENT VOLUME BY BUYER GROUP



PRIME YIELDS FOR COMMERCIAL REAL ESTATE IN %



The Stuttgart Region  
Prime rents by county 2021



Source: Research E & G Real Estate GmbH ©, as of 31 Dec. 2021

# Market Data Germany 2022

## German Property Partners

### HAMBURG

- ① €6.50/m<sup>2</sup>
- ② €5.60/m<sup>2</sup>
- ③ 3.50%
- ④ €250 – 400/m<sup>2</sup>
- ⑤ €150 – 220/m<sup>2</sup>
- ⑥ €80 – 150/m<sup>2</sup>

### DÜSSELDORF

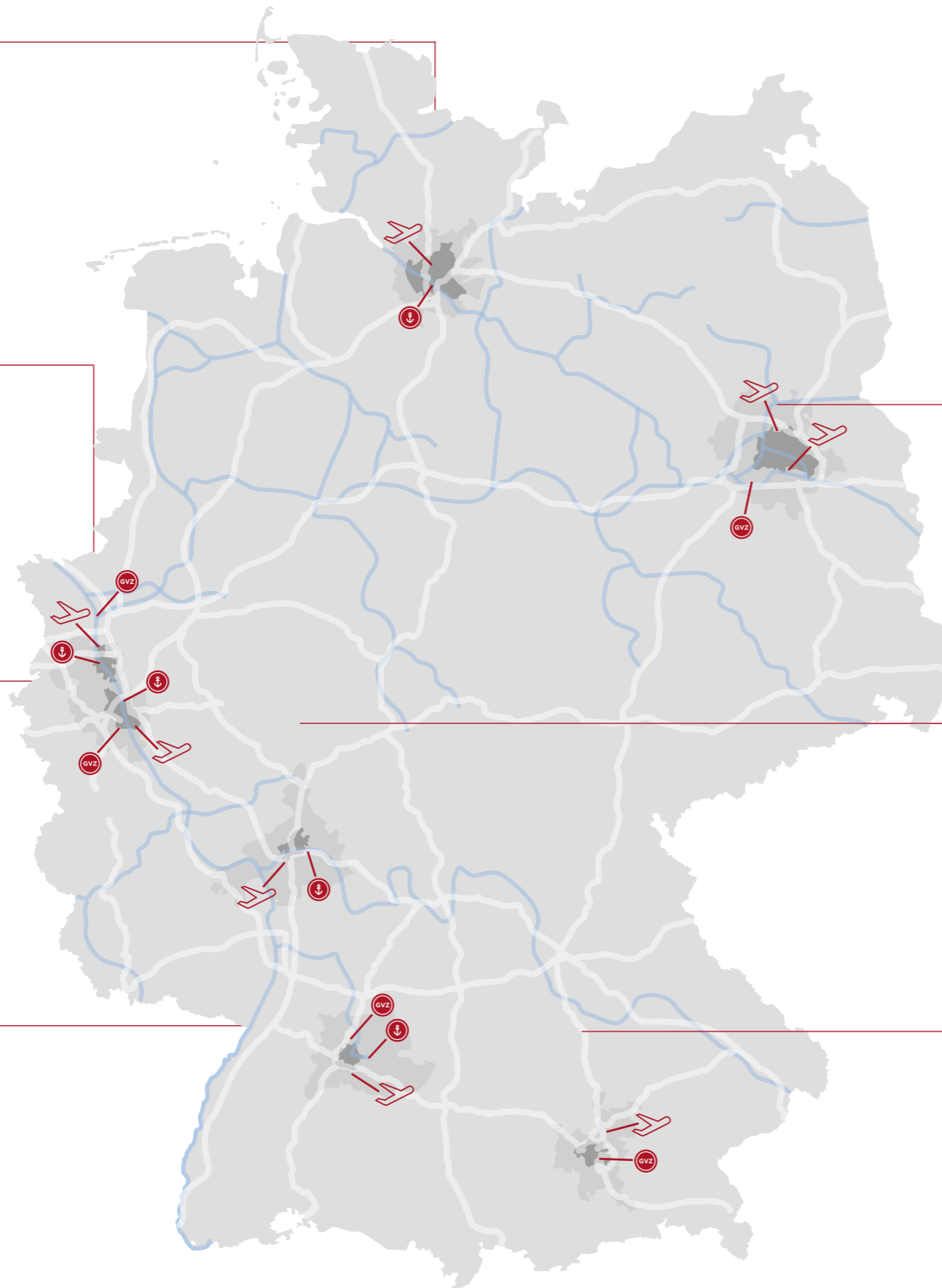
- ① €6.40/m<sup>2</sup>
- ② €5.60/m<sup>2</sup>
- ③ 3.50%
- ④ €310 – 360/m<sup>2</sup>
- ⑤ €220 – 270/m<sup>2</sup>
- ⑥ €120 – 150/m<sup>2</sup>

### COLOGNE

- ① €5.95/m<sup>2</sup>
- ② €5.25/m<sup>2</sup>
- ③ 3.40%
- ④ €180 – 380/m<sup>2</sup>
- ⑤ €150 – 300/m<sup>2</sup>
- ⑥ €90 – 130/m<sup>2</sup>

### STUTTART

- ① €6.90/m<sup>2</sup>
- ② €7.10/m<sup>2</sup>
- ③ 3.50%
- ④ €280 – 500/m<sup>2</sup>
- ⑤ €200 – 400/m<sup>2</sup>
- ⑥ €100 – 200/m<sup>2</sup>



#### Legend

- ① Prime rents logistics (city area)
- ② Prime rents logistics (surrounding region)
- ③ Net prime yield
- ④ Land prices (city area)
- ⑤ Land prices (surrounding area)
- ⑥ Land prices (greater area)
- Ⓜ Port
- Ⓜ Freight centre
- Motorway
- Federal waterway
- ✈ Airport

### BERLIN

- ① €7.50/m<sup>2</sup>
- ② €5.80/m<sup>2</sup>
- ③ 3.20%
- ④ €100 – 450/m<sup>2</sup>
- ⑤ €90 – 260/m<sup>2</sup>
- ⑥ €60 – 160/m<sup>2</sup>

### FRANKFURT

- ① €7.50/m<sup>2</sup>
- ② €6.50/m<sup>2</sup>
- ③ 3.20%
- ④ €280 – 490/m<sup>2</sup>
- ⑤ €180 – 310/m<sup>2</sup>
- ⑥ €80 – 260/m<sup>2</sup>

### MUNICH

- ① €8.20/m<sup>2</sup>
- ② €7.00/m<sup>2</sup>
- ③ 3.10%
- ④ €430 – 760/m<sup>2</sup>
- ⑤ €210 – 750/m<sup>2</sup>
- ⑥ €160 – 480/m<sup>2</sup>

## Grossmann & Berger

Hamburg & Berlin

Felix Krumreich  
Tel.: +49 40/350802-528  
Mail: f.krumreich@grossmann-berger.de

## ANTEON

Düsseldorf & Essen

Timm Georg Roche  
Tel.: +49 211/58589-80  
Mail: t.roche@anteon.de

## GREIF&CONTZEN

Cologne & Bonn

Frank Klähn  
Tel.: +49 221/937793-450  
Mail: frank.klaehn@greif-contzen.de

## blackolive

Frankfurt

Santino Stetter  
Tel.: +49 69 9074487-33  
Mail: santino.stetter@blackolive.de

## E&G REAL ESTATE

Stuttgart & Munich

Markus Knab  
Tel.: +49 711/20702-740  
Mail: makrus.knab@eug-re.de



## Your contact partners

We look forward to consulting you!

The industrial and logistics sector has its own characteristics. In this field, you should rely on specialists who know the requirements for buildings, infrastructure and property down to the last detail: E & G Real Estate. You will benefit from our expertise, our long-standing experience and our comprehensive services.

**Contact:**

**T** — +49 711/20702-700  
**F** — +49 711/20702-702

**Find out more:**

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**MARKUS KNAB**  
 Partner of E & G Real Estate  
 Head of Industrial & Logistics

**T** — +49 711/20702-740  
**M** — [Markus.Knab@eug-re.de](mailto:Markus.Knab@eug-re.de)



**ALEXANDER FINK**  
 Consultant Industrial & Logistics

**T** — +49 711/20702-742  
**M** — [Alexander.Fink@eug-re.de](mailto:Alexander.Fink@eug-re.de)



**ALEXANDER DEISS**  
 Consultant Industrial & Logistics

**T** — +49 711/20702-741  
**M** — [Alexander.Deiss@eug-re.de](mailto:Alexander.Deiss@eug-re.de)



**HANS-WERNER PETRAK**  
 Consultant Commercial Real Estate

**T** — +49 7031/7344-686  
**M** — [Hans-Werner.Petrak@eug-re.de](mailto:Hans-Werner.Petrak@eug-re.de)



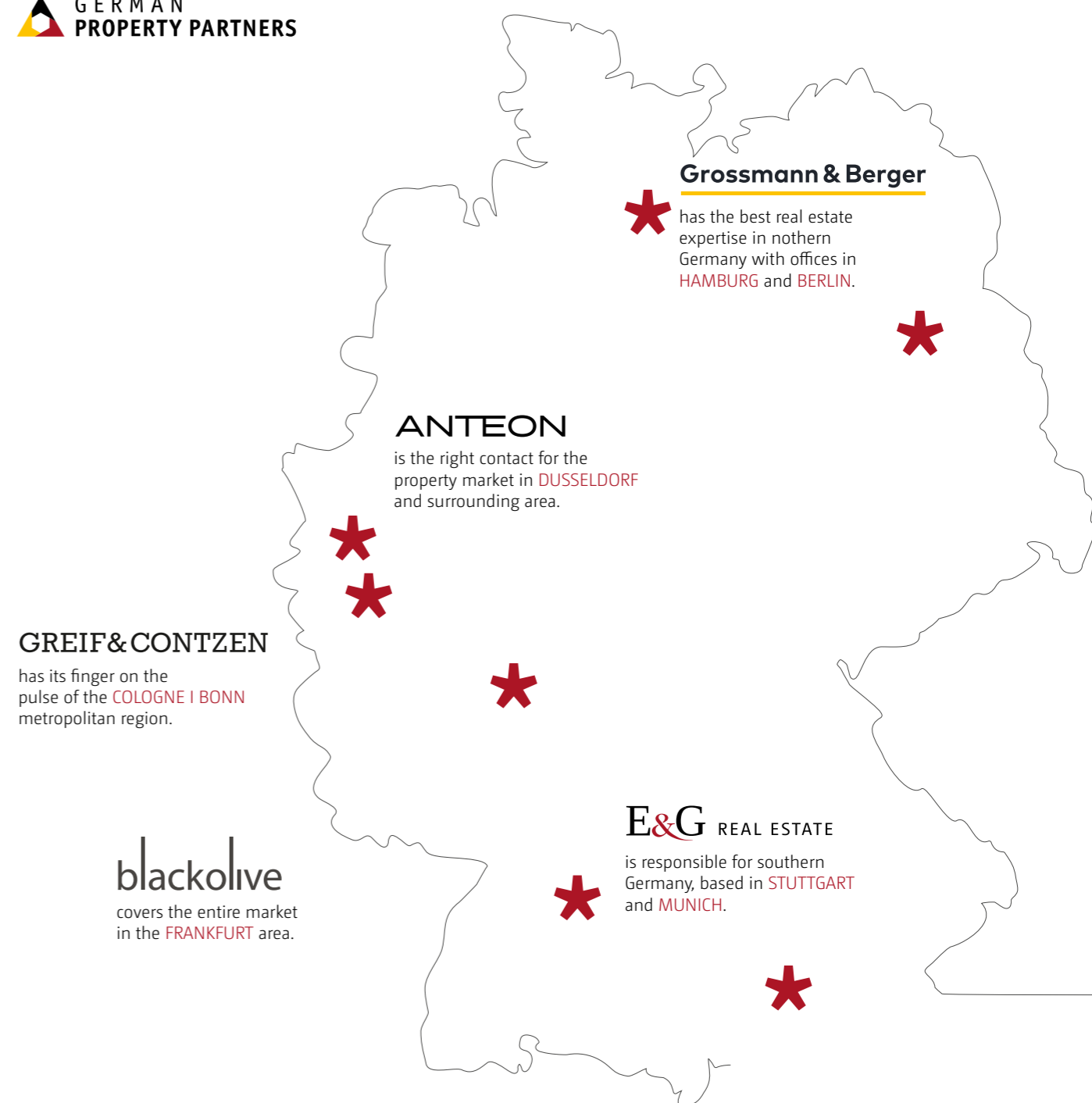
**ALINA REETZ**  
 Team Assistant

**T** — +49 711/20702-745  
**M** — [Alina.Reetz@eug-re.de](mailto:Alina.Reetz@eug-re.de)

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E & G Real Estate GmbH  
Börsenplatz 1, 70174 Stuttgart

**T** — +49 711/20702-700  
**F** — +49 711/20702-702

**E** — [info@eug-re.de](mailto:info@eug-re.de)  
**W** — [www.eug-realestate.de](http://www.eug-realestate.de)

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Court of Justice: Stuttgart, HRB 733293, Managing Partners: Björn Holzwarth, Lars Seidel, Alexander Zigan

