

REGION NORTHERN HESSE

FACT SHEET: LOGISTICS

NORTHERN HESSE – CENTRAL AND CLOSE BY

Northern Hesse is in the middle of Europe and it is the geographic centre of the Federal Republic of Germany measured in terms of its accessibility. Thanks to its optimum infrastructure, you can reach destinations in the south, north, in the west or in the east in almost the same time. The best cut-off time for Germany is one reason for companies in the mobility industry to settle in northern Hesse and it is also a benefit for anyone who wants to position him- or herself on the world market.

This region not only has a perfect link to the motorway. It is also in the middle of the north-to-south high speed route of the Deutsche Bahn. This infrastructure is completed by the regional Kassel-Airport, newly opened up in 2013. Its central position ensures major logistic efficiency and engenders synergy effects by focusing the energies from production, trade and the Kassel University. That spells out ideal conditions for settling various businesses ranging from fresh goods to general services.

Industry leaders like Schenker Stinnes Logistics, Hermes Logistik Gruppe and DHL Freight GmbH all operate their largest transshipment centres in northern Hesse. Warehouses such as Rewe, Edeka or Dänische Bettenlager supply their branches from here. In the logistics sector, margins are low; as such, efficiency is of the utmost importance: logistics service providers were quick to organise themselves into networks in order to avoid empty trips. As a result, there are a number of so-called hubs in northern Hesse, where piece goods are loaded in order to save time and money. Those responsible have used strategic approaches and intelligent space storage

policies to achieve dynamic development and to turn northern Hesse into a location that is demonstrating strong growth for all types of logistics services. Logistics companies from various disciplines are situated in the region and have become successful here.

High-tech mail-order companies like Amazon Eu S.a.r.l. and Libri GmbH have been able to achieve formidable growth rates here. Original Parts Center (OTC) from Volkswagen AG in Baunatal has developed into the largest replacement parts centre in the world with over 450,000 components in a one million square metre large storage area.

One real convincer for companies is the great-value, large distribution warehouses, which have been planned and built in line with an innovative traffic management concept, which takes the quickest possible access to the motorway and rail network into account.

Quick uptimes and local expertise ensure that interested companies can move their premises to northern Hesse as early as tomorrow.



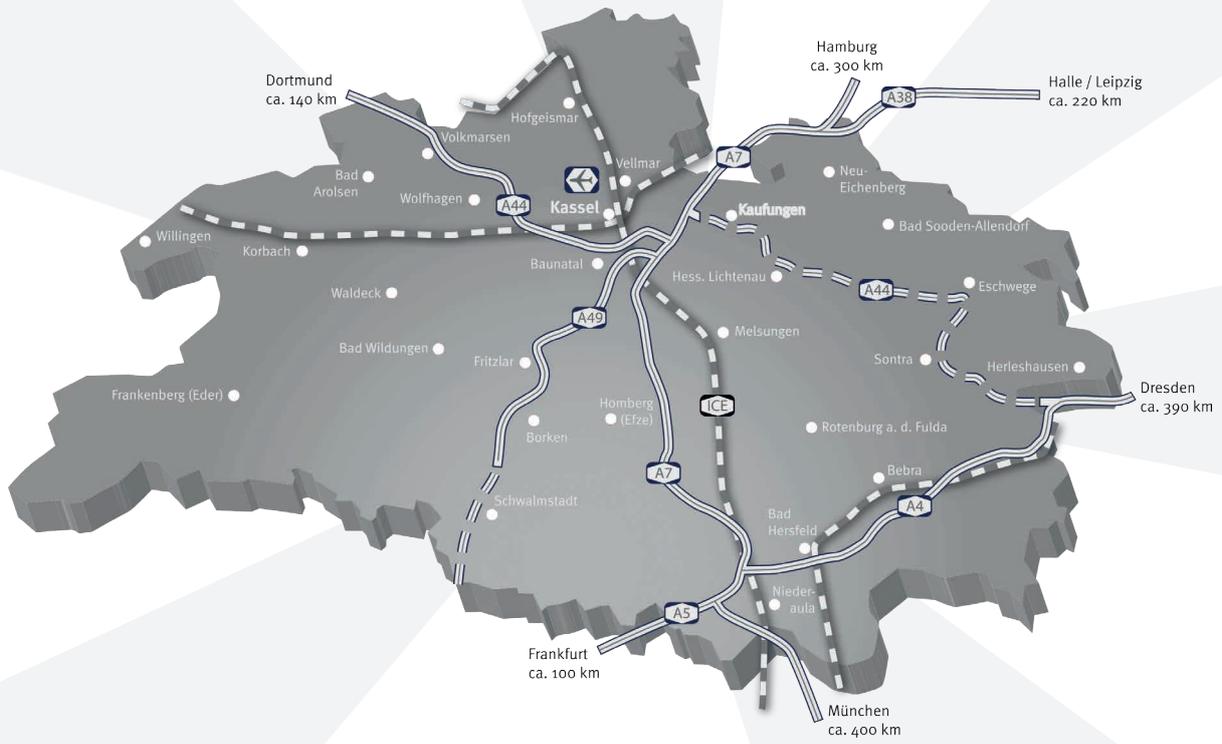
Amazon Bad Hersfeld



Libri Logistikzentrum Bad Hersfeld



Bombardier Transportation AG Werk Kassel



Kassel Airport



FACTS TRANSPORT INDUSTRY

Around a quarter of all employees subject to social insurance contributions work in the transport industry. Over 4,600 companies, 70,000 employees and a turnover of around 12 billion EUR: these are the figures that demonstrate the success of this industry.

Since 2002, over 80 investments totaling almost 3.0 billion EUR have been made in the logistics sector, which have, in turn, created around 7,500 extra jobs.

EXCERPTS FROM LOGISTICS PROPERTIES REPORTS



- Northern Hesse region offers an inventory of about 3 million square meters of logistic area which makes it a logistics region of excellence in Germany. Further logistic objects are currently being projected.
- Rising demand especially among automobile-related companies, courier - and express providers and local large-scale enterprises.
- Average rents for logistic objects amount to 3,00 EUR/sq m, top rents to 4,50 EUR/sq m



Source: "logistics properties report 2014" Jones Lang LaSalle GmbH

The 2015 study "Logistics and properties", estimates the purchasing price for a newly constructed logistics site in the Kassel/Bad Hersfeld area at around 330 EUR/sq m.

The study also forecasts a rise in purchasing price multipliers by means of core properties. While the top multiplier amassed an amount of 14.5 back in 2010, it had risen to 15.2 times a year's rent by the end of 2015.

The evolution of top rentals and top multipliers over time can be depicted as follows:



Source: Development prime rents and prime multiplier logistics, RIWIS 2016 and own estimates by JB Gewerbeimmobilien e. K. (JBG)



ESSENTIAL REQUIREMENTS FOR LOGISTICS PROPERTIES

- One-story hall, flatly inclined roof
- Hall size at least 10000 sq., hall height 10-12m, distance between pillars 12-24m
- High number of ramps and one gate at ground level per section
- Two-sided delivery for transshipment storages
- Patch bay / yard area with a minimum depth of 35m
- Divisibility for various users
- Sprinkler system and gas heating
- Complete fencing of the area
- Sufficient parking area (passenger cars, trucks, trailers)
- Office proportion 5-10%, 40-60% of land area under roof
- Potential expandability and flexible use for high degree of adaptability

Source: "logistics properties report 2014" Jones Lang LaSalle GmbH

The international brokerage house CB Richard Ellis estimates in a current study from the year 2016 that prime logistics properties in the top 5 German locations (Hamburg, Munich, Frankfurt/Main, Düsseldorf und Berlin) will obtain about 19 times a year's rent. JBG regards a price amendment by 2 or 3 year's rental amounts as approximate. Consequently, future newly built and long-term rented properties will obtain 16 to 17 times a year's rent.

Jones Lang Lassalle estimated in its "logistics properties report 2014" a logistics space with total letting performance turnover of about 550,600 square meters (sizes > 5,000 sq./unit) in the years 2010 to 2014 in the market area of Kassel/Bad Hersfeld. This corresponds to an average of about 137,650 square meters of rental performance per annum of the 550,600 square meters, of this approximately 146,700 square meters is occupied (27%) and on Rentals approximately 403,900 square meters (73%).

An interesting fact is that of the 550,600 square meters a significant rental performance of 465,400 square meters have been implemented in newly constructed assets. Only 85,200 sq m are attributable to existing premises. Thus the ratio is 85% to 15%. The nationwide ratio in Germany is 66% to 34% based on the total turnover.

It can be assumed that modern logistics sites in northern Hesse will show high degrees of rentals, while objects built before 1986 will show a high degree of vacancy due to their area setup and technical standards. The Kassel chamber of industry and commerce states a lack of large-scale logistic area in the Kassel region.

SELECTION OF NEW BUILDED LOGISTICS PROPERTIES SINCE 2014

- Continental AG / Core Development GmbH, Korbach, 47,000 sq. area, invest approx. 25 Million EUR, 2014 - 2015
- IDI Gazeley, Unit 7, GVZ Kassel, approx. 23,400 sq. rental area, invest unknown, 2014 -2015
- Pelletways / Goldbeck, approx. 7,200 sq. logistics hall and 30,000 sq. open air space, invest approx. 10 Million EUR, 2015 -2016
- Rossmann, approx. 26,000 sq. logistics hall, invest unknown, 2016 -2017

SELECTION OF TRANSACTIONS SINCE 2011

- GVZ Kassel, Rudolf-Diesel-Straße 14, circa 47,000 sq. rentable area, seller: Gazeley, buyer: Deka Immobilien, purchase price approx. 40 Million EUR, 2011
- GVZ Kassel, George Stephenson Straße 13, approx. 30,400 sq. rental area, seller: Raiffeisen Capital Management, buyer: CBRE Global Investors, purchasing price reportedly around 20 Million EUR, 2014
- Werk Mittelfeld/Rothenditmolde, approx. 168.000 sq. effective area, seller: REEF, buyer: Grand City, 2014

Source: JB Gewerbeimmobilien e. K. (JBG)



We are there for you!
Comprehensive service for investors

Regionalmanagement NordHessen GmbH
Ständeplatz 13
34117 Kassel
Tel. +49 (0)561 9706 200
Fax +49 (0)561 9706 222
invest@regionnordhessen.de
www.regionnordhessen.de