

Real Estate View Newsletter - July

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IN A NUTSHELL

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 - DWS Real Estate Research team's comprehensive analysis of the German logistics market that extends beyond the traditional top-tier regions, resulting in a scoring of 91 cities nationwide.
 - Southern and western regions in Germany score well, with areas such as Rhein-Ruhr, Rhein-Neckar, Rhein-Main and Southern German corridors in Bavaria and Baden-Württemberg.
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Infrastructure & Defense Boost German Logistics – A look beyond Top 8 Markets

Logistics remain one of DWS Real Estate research Team's preferred sectors in Europe, with Germany standing out as a key outperformer. The countries well-established yet rapidly expanding defense logistics ecosystem—bolstered by fiscal and infrastructure investments—is expected to contribute significantly to GDP growth and stimulate logistics demand from both occupiers and investors. German logistics investments recorded a volume of €2.8 bn in H1 2025 with only around **20%** attributable to the **top 8 markets**.¹

This means that the lion's share of logistics investment activity takes place outside the top markets. Elevated vacancy rates in Berlin and Bremen, along with significant regional differences in projected development pipelines, makes us like some regions more than others. Additionally, we continue to monitor trade-focused locations in Northern Germany—such as Hamburg and Bremerhaven—closely, given the ongoing uncertainties surrounding tariffs and global trade dynamics.

In response, DWS Real Estate Research team conducted a comprehensive analysis of the German logistics market that extends beyond the traditional top-tier regions, resulting in a scoring of **91 cities** nationwide.² Our model incorporates standard supply and demand metrics, logistics fundamentals, and qualitative insights, complemented by a macro scoring framework. The macro scoring is based on four key pillars: Market, Economy, Infrastructure, and Demographics. The "Market" dimension

¹ BNP, Logistics investment market Germany, Q2 2025

² DWS, RIWIS, July 2025

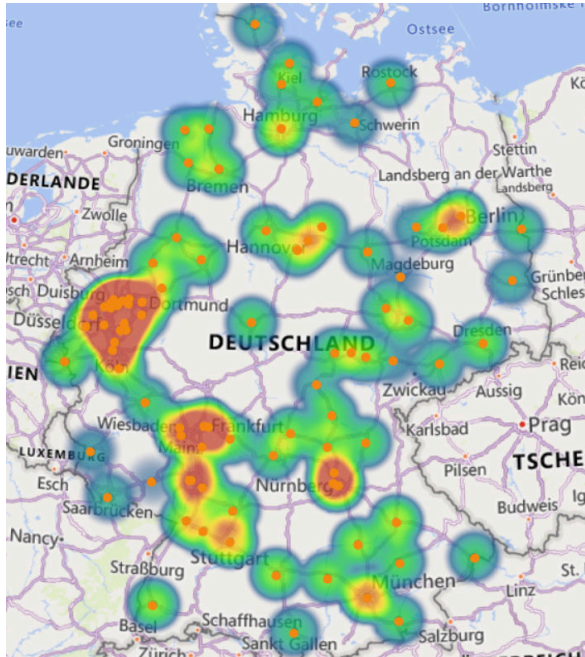
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includes diverse indicators such as travel time to the nearest motorway, number of freight terminals and ports, local business tax rates, and newly completed warehouse space.

Outcome



Southern and western regions in Germany scored well, with areas such as Rhein-Ruhr, Rhein-Neckar, Rhein-Main and Southern German corridors in Bavaria and Baden-Württemberg.

Rhine-Ruhr stands out due to its excellent rail, road, and port infrastructure, as well as its concentration of defense manufacturers. Cities like Duisburg (6th), Essen (9th), and Leverkusen (14th) performed well despite weaker economic indicators, supported by strong demand fundamentals and access to one of Europe's largest metropolitan regions with **14 million inhabitants**.

Rhine-Main region, strategically located near Frankfurt Airport, remained a key logistics hub. Cities such as Mainz (10th), Wiesbaden (15th), and Darmstadt (16th) benefited from strong economic fundamentals, a limited development pipeline, and solid logistics infrastructure.

Rhine-Neckar and Stuttgart Metropolitan Region had vacancy rates close to zero, and available building land was extremely

limited. The region benefited from strong market fundamentals and is one of Germany's key logistics corridors. It provided access to globally recognized hidden champions from the German Mittelstand. However, the then-challenged automotive sector slightly dampens the overall score.

Karlsruhe (17th) and Mannheim (20th) stood out in the Rhine-Neckar region with well-balanced fundamentals and strong macro performance. Heilbronn (22nd) also performed strongly, benefiting from its proximity to Stuttgart (2nd), which commanded the second-highest logistics rents in Germany after Munich.

Munich (1st) led the ranking as a major economic hub and home to Airbus Defence and Space, supported by a dense ecosystem of suppliers and logistics providers.

The **Franconia region**, including Aschaffenburg and Erlangen, delivered a surprisingly strong performance—driven by limited new supply and solid macroeconomic fundamentals. The **Swabia and Danube region**, with Ulm (15th) and Augsburg (29th), also performed well, placing in the upper third of the ranking.

Concentration of Defense Manufacturers – colors blue, green, yellow and red depicts the scoring value from lowest to highest. Orange dots represent cities.

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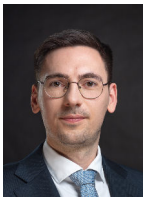
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