

## DENMARK

# Industrial Market Snapshot

Second Quarter | 2017



## MARKET INDICATORS

### Market Outlook

Prime Rents:	No short term change in rents expected.	▶
Prime Yields:	Yields is expected to decline in the short term.	▲
Supply:	Low vacancy rates and limited new supply are anticipated to persist in the short-term.	▲
Demand:	A steady appetite from investors is expected to continue.	▼

### Prime Industrial Rents – June 2017

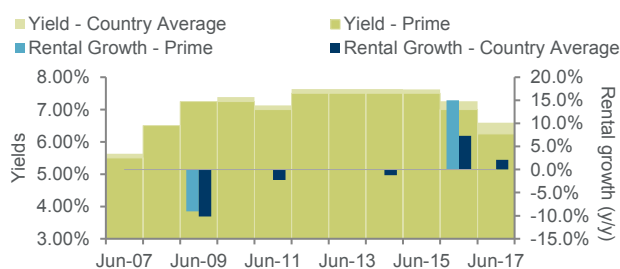
LOGISTICS LOCATION	DKR	€	US\$	GROWTH %	
	SQ.M YR	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Copenhagen	575	77.3	8.01	0.0	2.8
Aarhus	425	57.1	5.92	6.3	1.2
Odense	325	43.7	4.53	0.0	-1.5

### Prime Industrial Yields – June 2017

LOGISTICS LOCATION (FIGURES ARE NET, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Copenhagen	6.25	6.50	7.00	7.50	5.50
Aarhus	6.75	7.00	7.50	7.75	5.75
Odense	7.25	7.50	7.50	7.75	5.75

With respect to the yield data provided, in light of the changing nature of the market and the costs implicit in any transaction, such as financing, these are very much a guide only to indicate the approximate trend and direction of prime initial yield levels and should not be used as a comparable for any particular property or transaction without regard to the specifics of the property.

### Recent performance



## Overview

For a long period – since the financial crisis – the market for industrial, warehousing and logistics properties has been characterized by low activity and a stable yield development. However, during the last two years, the market has begun to develop positively with rising rents and declining yields for prime warehouse/logistics facilities. Investor demand for prime properties, which are characterized by being modern logistics properties with tenants on long lease contracts, is currently strong, while secondary warehouse properties on the other hand are less appealing to investors.

## Occupier focus

The vacancy rate in the Greater Copenhagen area has declined to 2.2% in the second quarter of 2017, which is considered low.

The main focus for occupiers are still Greater Copenhagen, such as locations in Taastrup, Ishøj Køge and Greve. Another prime area of Denmark is the Triangle area in Jutland around Vejle, Kolding and Fredericia.

## Investment focus

During the second quarter of 2017 we have seen the highest quarterly investment activity since the financial crisis with transaction volumes amounting to DKK 5.4 bn. The segment is almost completely dominated by foreign investors. The growing demand from foreign investors for prime logistic/storage properties have compressed the prime yield to a level of 6.25% in Copenhagen. We expect further yield compression in the short term,

## Outlook

The Municipality of Ringsted intends to develop 1.2 million sq m over the next 15 to 20 years and is expected to be met with great demand from occupiers and investors.

We expect the current positive trajectory within the segment to continue as appetite for prime grade investment products should remain strong and we expect yields to decline to around 6.00%.

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