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BUSINESS PARK SPECIAL

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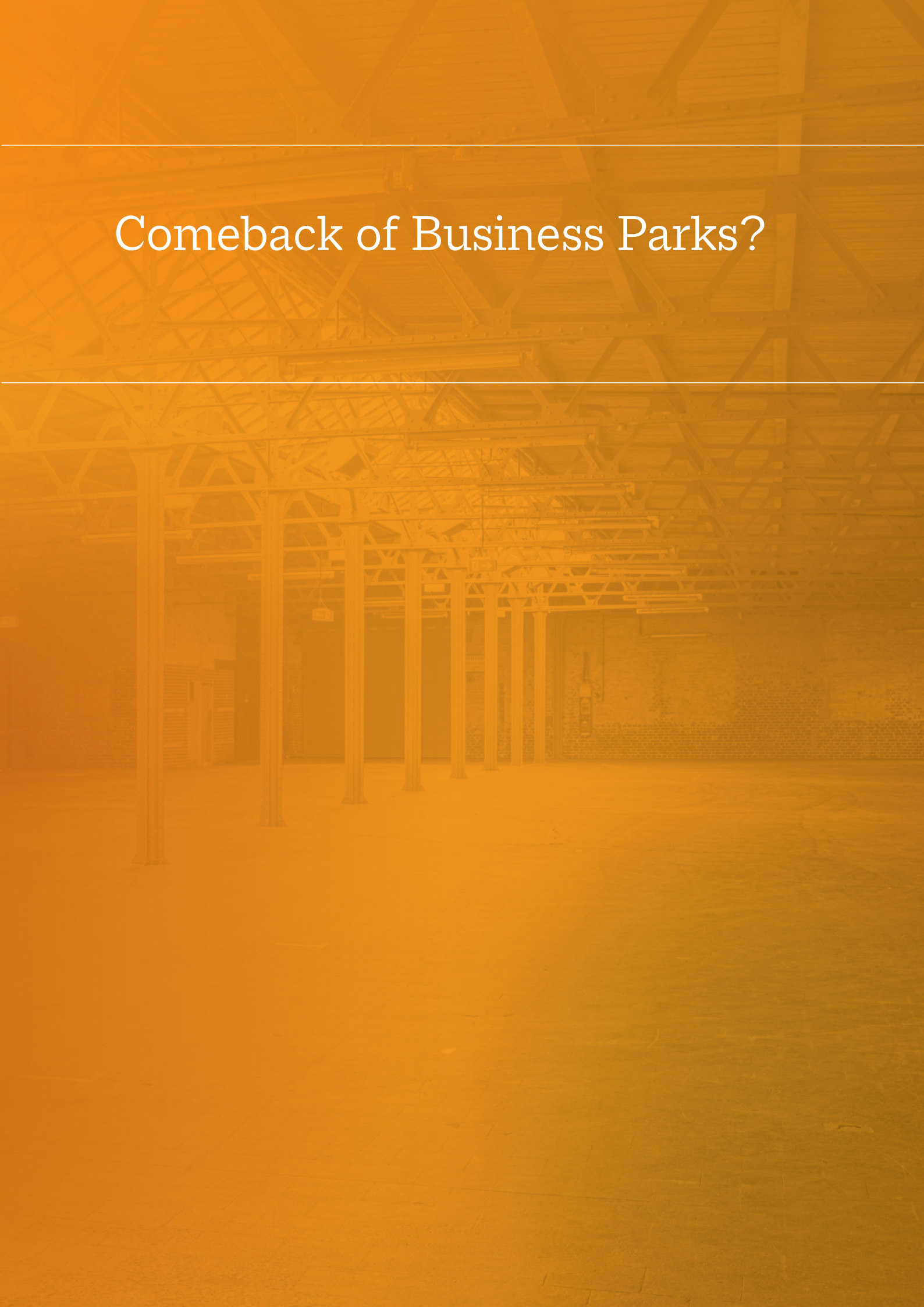


BUSINESS PARK SPECIAL

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Comeback of Business Parks?





Lilienthalcenter Hannover (Source: BEOS)

The most recent market reports by Initiative Unternehmensimmobilien have clearly shown: Out of the four property categories¹, business parks are the one most popular among investors. At nearly 1.2 billion euros in transaction revenue, they accounted for almost 40 % of the investment total in 2019. While investors did not return to this property type until the past few years, their occupiers have long been convinced of their benefits. The brisk surge in building activity reflects the fact: While barely 90,000 sqm of floor area were completed in 2015, the volume had grown to 210,000 sqm just five years later—and there is plenty more in the property developers' pipeline.

Business parks are so much more than just warehouses with annexed office tracts in industrial zones. They combine warehouses, manufacturing and office accommodation as well as service areas and flex space units, thus offering a wide variety of use types and resident businesses. Due to their heterogeneity and their concept design as multi-tenant properties, the vacancy risk is lower for many business parks than it is for single-use properties, because the structural diversity creates more options to respond to emerging micro- and macro-economic trends.

»It's the small-scale tenants that are often good for the most fascinating stories. In quite a few cases, the renting companies are involved in highly innovative spheres of activity.«

Jan-Dietrich Hempel, GARBE Industrial Real Estate

At the same time, business parks are more flexible in regard to plot layouts, size, lease terms and floor space characteristics. As a rule, this flexibility will also include options for incumbent tenants to expand their business on site, and business parks boast a high level of loyalty to location as a result.

Another quality characteristic is represented by the achievable synergy effects and the user friendliness. In addition to the direct and financially measurable effects of a shared infrastructure, there are options to collaborate with other incumbent tenants and to create synergy effects through complementary and mutually reinforcing types of use or products. Cooperation of this sort is frequently supported by a personal site management on the ground, which assumes an interface role for the occupiers of the business park in addition to providing its regular service deliverables.

»Business parks offer great vertical integration and various operative functions, such as manufacturing, storage, repairs, research and administration.«

Steffen Rümmler, Siemens Real Estate

¹ The four categories defined for the German multi-use and multi-let commercial real estate called »Unternehmensimmobilien« in the market reports that have been published annually since 2013 are these: conversion properties, business parks, warehouse properties and light manufacturing properties.

From an operational point of view, this means: For many companies, business parks gather the essential links of the value chain in a single location. From the operator's point of view, the flexibility and heterogeneity admittedly require a greater management effort than single-use properties. But the lower vacancy risk represents a key characteristic that should, of course, be weighed against the elevated management effort.

The Origins of Business Parks

The evolution of business parks in Germany can be roughly divided into three distinct phases.

Long established in the Anglo-Saxon countries, the business park concept was introduced to the German market by British property developers in the mid-1970s and gradually took hold in subsequent years. Early business parks were almost exclusively set up on greenfield land close to motorways.

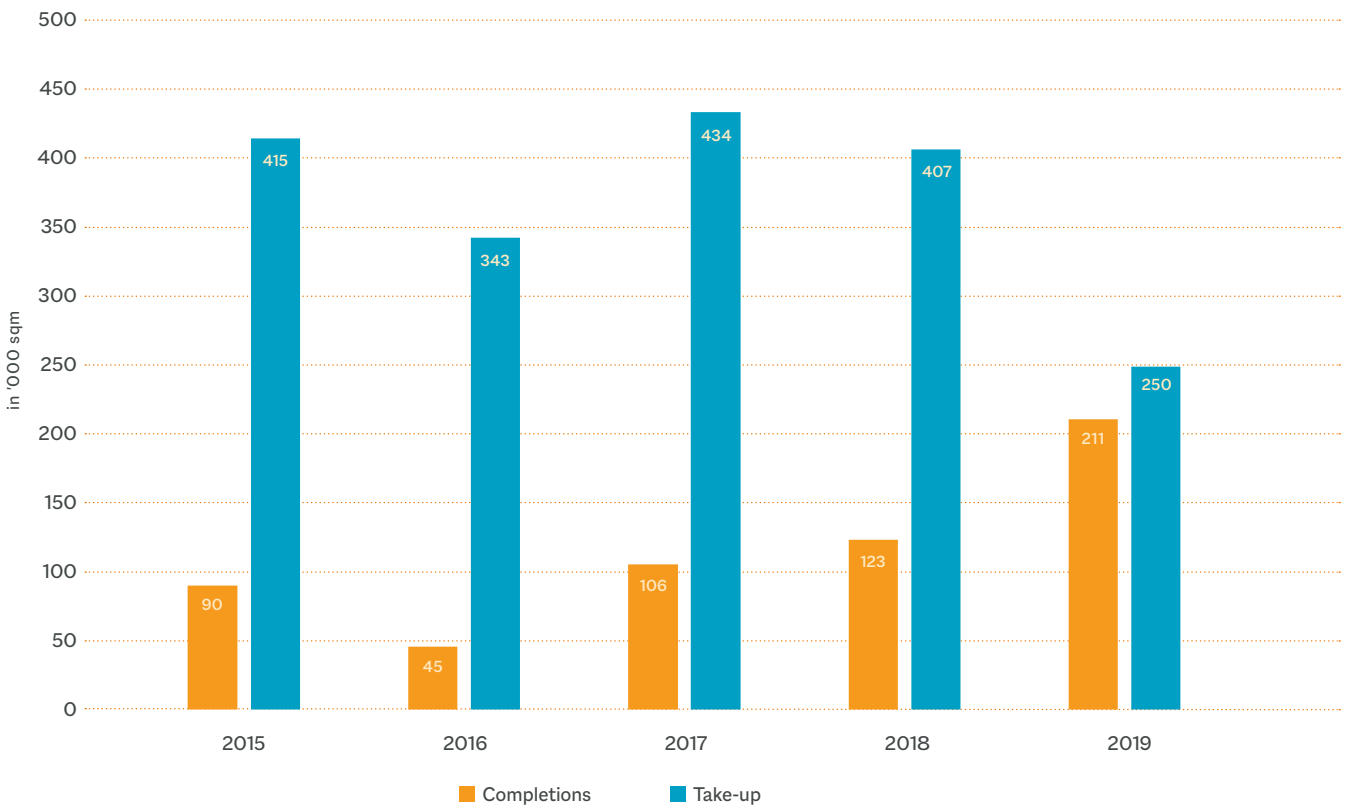
The New Economy with its countless companies that triggered a veritable hype (and not just on the stock market) in the early stage of the IT boom,

caused the number of business parks—with a steadily growing office share—to shoot up. This trend started to reveal itself during the early 1990s, by which time business parks had long ceased to be limited to greenfield sites and where gradually closing in on urban centres. When eventually the Dotcom bubble popped, investors were not the only ones to lose large sums of money. Many companies failed to survive the crisis, and vacancies in business parks soared.

Growing Number of Business Park Completions

With the onset of the 2010s, business parks bounced back, gradually regaining their significance. One of the reasons driving their renaissance was the flexibility of the various types of accommodation—with office units accounting only for a minor fraction. This increase in significance has culminated in a very dynamic development of business parks, especially in the recent past, and juxtaposing completions with take-up will illustrate the fact.

Completions and take-up of business parks in Germany



The rediscovery of the business park asset class has been felt in recent years on the demand side and has simultaneously been reflected in a supply expansion. Most of the annual take-up totals for business parks during the past five years topped the mark of 400,000 sqm and approximated an annual mean of 370,000 sqm over the entire period. Keen demand triggered a veritable boom in development activities, specifically during the past few years. In the recent history of the business parks, the year 2019 set a new high-water mark with a new-build construction volume of around 210,000 sqm of usable area. Compared to the year-end total of 2016, the completions volume has almost quintupled: more evidence yet that this asset class has put the past behind it.

What about Today? E-Commerce and Dovetailed Work Streams

What makes business parks so very popular today? The answer is simple and ties in with several macro-economic trends.

On the one hand, more and more companies from the classic business-to-consumer (B2C) sector decide to rent here. The rapid growth of e-commerce,

driven by a few big players (most notably Amazon) and their strategies, are forcing companies active in these sectors to move closer to their clients so as to be able to compete with the ever-shorter delivery times of the industry giants. As a result, the (intermediate) warehouse function has become highly important lately.

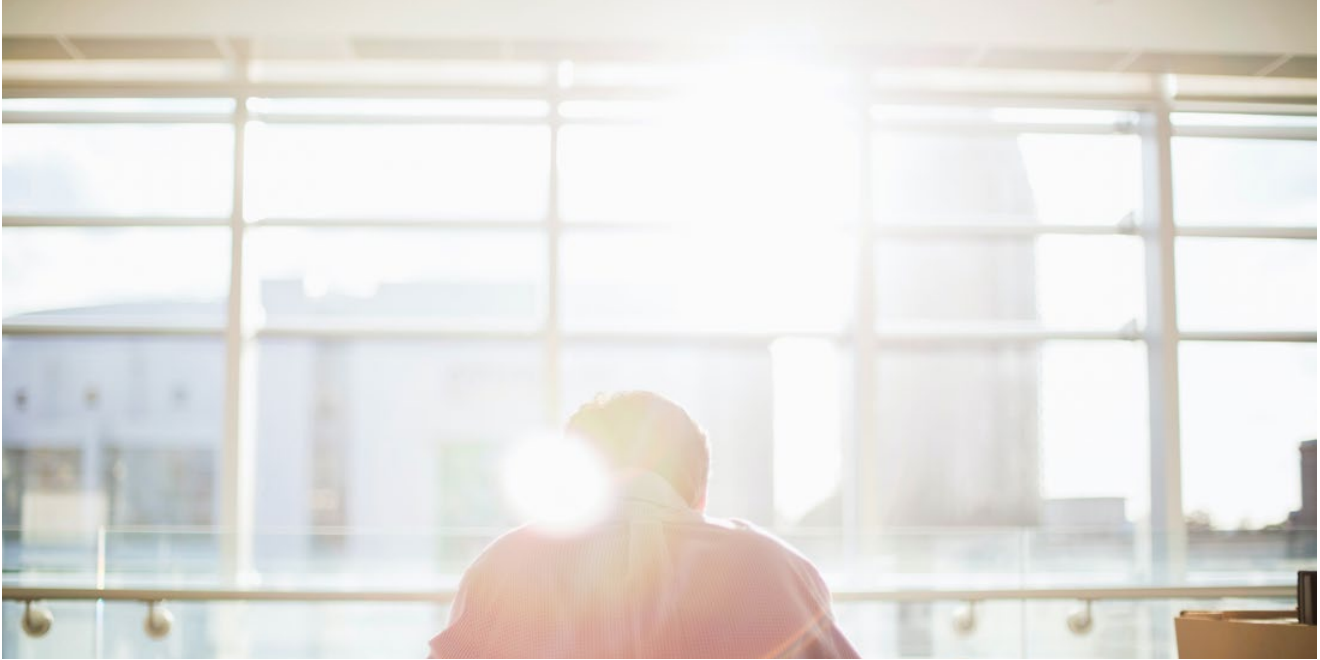
Another important factor involves the changing conditions in manufacturing. The standards of Industry 4.0 include a close dovetailing of production, logistics, office and services to maintain work streams and to uphold the required quality standards. Unlike many other asset types, business parks offer ways to satisfy these requirements.

For the near future, e-commerce sales are predicted to keep expanding their share of the market. The digitisation and mechanisation of the manufacturing processes will intensify. Against this background, it is reasonable to expect demand for business parks to remain permanently high. It is not least the job of cities and municipalities in general to step up their efforts to provide a corresponding supply of land lest they fall behind in the competition for innovative companies and operations.



The Business Park and its Occupiers





There is no single uniform target group. Business parks are principally suitable for any company with an industrial-commercial background.

Target Groups Vary from One Location to the Next

That being said, a closer look at the various regions or at the actual business parks reveals occasional dominance of certain sectors. They are often defined by locally dominant industries (for instance, the automotive industry). Here, companies associated with a certain industry will often seek the proximity of each other in order to enter into collaborations and to exploit synergy effects. From an overall perspective covering all business parks in Germany, however, no specific industry emerged as dominant across all locations.

»Target groups vary from one location to the next. Certain patterns repeat themselves. But the polycentric structure of Germany and the heterogeneous distribution of the country's population and economic strength ensure that each location has its own characteristics.«

Tobias Kassner, GARBE Industrial Real Estate

Sonja Petersen of Deutsche Industrie REIT-AG, takes a similar view, adding:

»But apart from any industry affiliation, a certain business type stands out whose needs are very well accommodated by business parks. This is primarily the case with smallish and medium-sized enterprises.«

Sonja Petersen, Deutsche Industrie REIT-AG

For these, the shared infrastructure and amenities as well as the estate-wide management translate into a locational advantage. They are rarely big enough to have these processes performed inhouse. One could add that for many occupiers of this group, ownership is either unaffordable or simply impractical because they need to retain their ability to respond to changed parameters (growth, increased need for storage capacity, etc.) on short notice. The degree of flexibility that business parks offer to companies with a frequent need for adjustments is of the essence for this group of occupiers.

Specialisation vs. Sector Diversification

As already mentioned, the industry structure within a given business park is often to some extent defined by the local economy. However, the relevance of this observation declines in proportion to the remoteness of a given location. Business parks in very peripheral locations tend to be much more heterogeneous in their sector diversification than those in metro areas. Refining the degree of specialisation for the pinpoint engagement of future occupiers can be of advantage in the competition with other business parks.

»Focusing on certain subjects encourages the emergence of unique selling propositions and can boost your market appeal.«

Steffen Rümmler, Siemens Real Estate

Then again, sharpening your focus will also limit your tenancy selection. It will also increase your susceptibility to crises. Opting for heterogeneous occupancy structures instead will deliver a much higher risk diversification in this context.

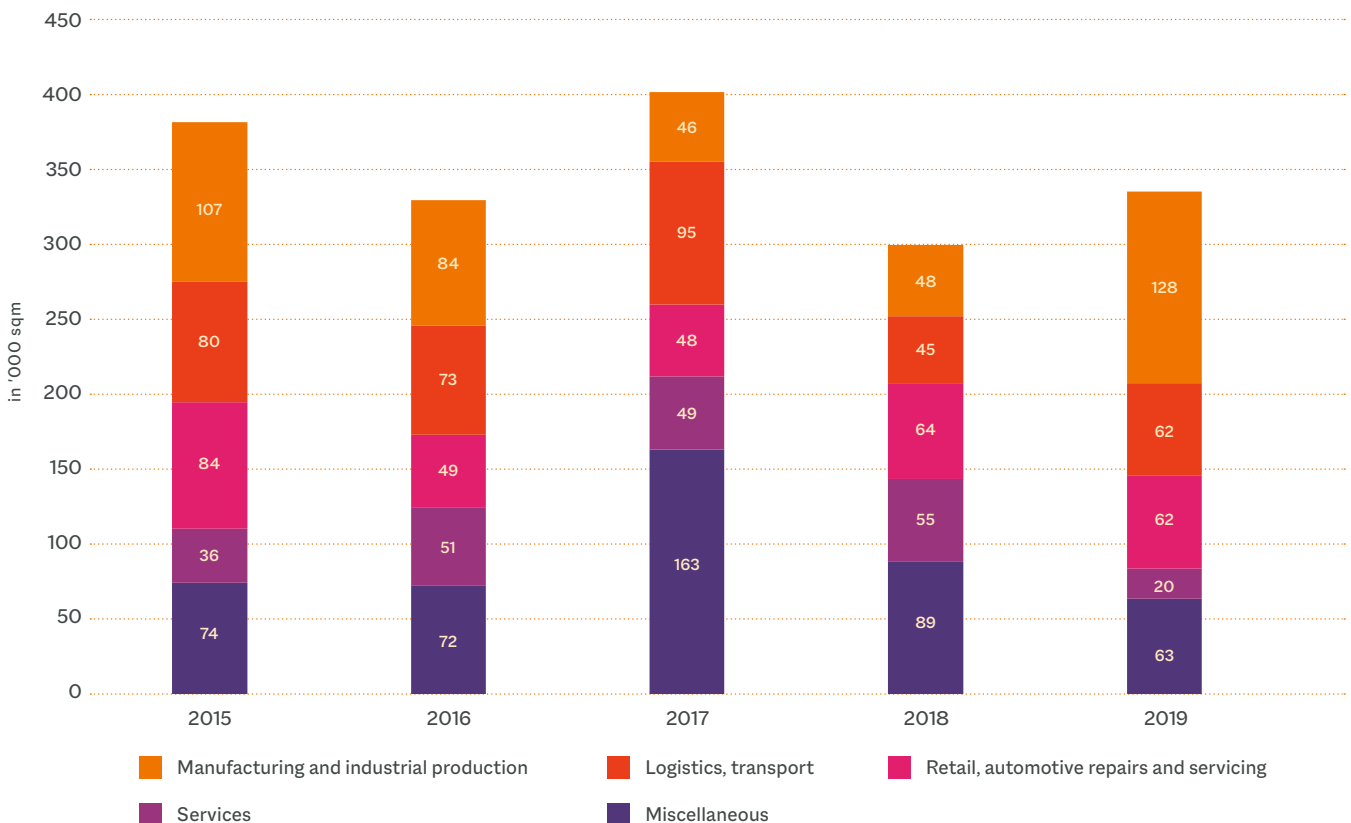
So, should you specialise or rather not? This outlined aspects alone show that it is impossible to propose universally applicable »dos and don'ts« in this case. Rather, it depends on the location whether a given business park would encourage or evolve a mono-structural or highly heterogeneous sector diversification.

Main Type of Occupier? More than One in Four is »Miscellaneous«

Among the key characteristics of business parks is their widely diversified spectrum of occupiers. The flexible combination of warehouse and office accommodation, as well as their peri-urban locations, strongly appeal to occupiers from the logistics and transport sectors or to companies in the manufacturing industry, especially light industrial players.

These core groups accounted for nearly 44 % of the take-up during the period under review. Since Germany's conurbations lack an adequate supply in office accommodation, even occupiers from the service sectors are attracted to business parks, accounting for a relatively small share of the letting action with around 12 % of the total take-up.

Take-up by economic sectors in German business parks



Occupiers representing the sectors retail, automotive repairs and services also play a subordinate role, but do have their footprint in business parks. The diversity of business park occupiers is particularly conspicuous in the »Miscellaneous« category. The label covers a variety of creative media professionals and digital nomads, among other types. Collectively, these claim a take-up share of roughly 26 %, which means that they are more than just the odd ones out within their commercial-industrial environment.

Transition to Industry 4.0— Technological Progress and New Manufacturing Conditions

Moreover, shifts in manufacturing conditions also play an enormous role.

»Once 3D printing creates the option across industries to produce goods directly on location and on demand, it will eliminate the need for intermediate warehouses and production lines. It will also necessitate a closer dovetailing of light industrial and urban logistics facilities. On top of that, it is of the essence to be as close to the end customer as possible and to have an efficient delivery channel to get the finished products to their destination quickly.«

Dr. Joachim Wieland, Aurelis Real Estate

As suggested above, business parks are very well suited for Industry 4.0 processes. Business parks are well on their way to become—or have already become—the nuclei of Industry 4.0. The high share of so-called flex spaces permits changes in use type or use adjustments that let businesses respond quickly to changing manufacturing conditions (e.g. the obsolescence of intermediate ware-houses). Many locations have great inner-city transportation access and offer short distances in the B2B and B2C contexts. In many places, specialisation in certain industries creates an innovative and creativity-enhancing environment.



Sigma Technopark Augsburg by night (Source: Corestate)



Developers and Investors of Business Parks



Siemens Technopark Nürnberg (Source: Siemens Real Estate)

Although the first business parks in Germany were developed as early as the mid-1970s, they long remained below investors' radar as an asset class in their own right. Many investors overlooked both the product as such and the value-added if offered due to a lack of transparency.

A widespread stereotype used to be that business parks represent a niche product subject to a high risk because of the often short lease terms. Add to this that business parks require a greater management effort than classic office and single-use properties, e.g. because of their greater technological complexity. This fact alone used to scare off many investors. At the same time, a number of business park developments failed to meet the actual needs of their intended occupiers.

»From an investor's point of view, the image of business parks was less than perfect for the longest time. A lot of the business parks developed around the turn of the millennium were of inferior quality and hard to relet. But this has changed over the past years—not just because of their yield spread to classic types of commercial real estate, but also because of their modern, flexible layout concepts, which create plenty of alternative use potential.«

Martin Czaja, BEOS

How do Business Parks Gain Appeal as an Investment Commodity?

Investors today have increasingly realised that the aforementioned stereotypes are either false or obsolete. As a rule, modern business parks represent light industrial sites with no serious contaminants. The need to manage a business park has long ceased to be seen as a burden, but is more often considered an opportunity to actively redevelop a given site and to keep it fit for the future.

»Until a few years ago, business parks were seen as obsolete. The notion was inspired by obsolete sites, planned without attention to market needs, that had hurt the image of business parks and obscured their benefits. Moreover, many market operators preferred proprietary investments. A flurry of factors has lately caused the market environment and the approach taken by market operators to shift. At the same time, technological progress has radically changed the manufacturing options—e.g. in smaller units and in densely settled urban areas. It is here that business parks unfold their full potential with their unique qualities.«

Jan-Dietrich Hempel, GARBE Industrial Real Estate

As a result of their wide-ranging tenant mix and bandwidth of lease terms, business parks boast a higher risk diversification than many classic asset classes. The current market environment has also caused their capital appreciation potential and yield opportunities to outpace classic office, retail or residential real estate, and noticeably so. Not least, the efforts of the Initiative Unternehmensimmobilien to boost this asset class have significantly improved its market transparency.

Who are the Main Investors?

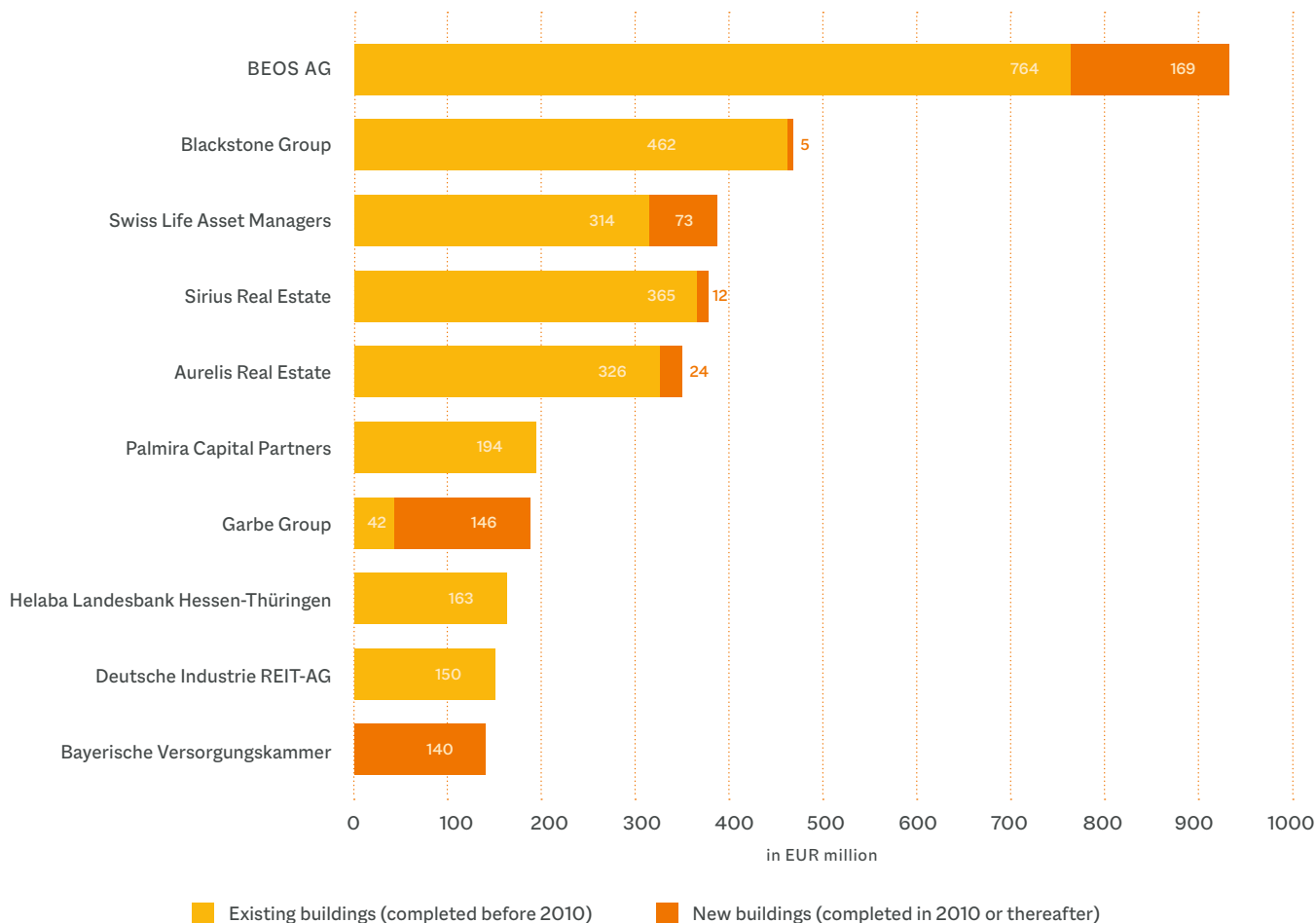
Because of the aspects detailed above, business parks have now been added to the agenda of the most diverse types of investors.

Well ahead of the field, BEOS AG claims the top spot among investors in this asset class. Out of the company's total transaction volume of c. 930 million

»Important for sustainable, longterm investment is to have an experienced management team that has mastered the complexity of business parks. The granularity of the tenant base and of the properties, which is one of the praised aspects of this asset class, qualifies as an advantage only if a proper management is in place. Over the past five years, Palmira invested approximately 200 million euros in business parks. The interaction between the internal asset management team and the internal property management team was one of the decisive factors for the success.«

Benedict Stichel, Palmira Capital Partners

The 10 leading business park investors since 2010



euros, new-build business parks account for a share of around 18 %. BEOS AG is therefore far ahead of the runner up, which is Blackstone Group. The transaction volume of this US investor, which added up to c. 470 million euros, consisted to 99 % of existing properties. The fact that the business parks bought by Deutsche Industrie REIT-AG consisted exclusively of assets completed prior to 2010 is explained by that company's acquisition strategy. By contrast, the business park investments of Garbe Group (c. 188 million euros) and of the BVK Bavarian Pension Fund (nearly 140 million euros) are dominated by modern business parks with percentage shares of 78 % and 100 % respectively.

No Self-Starter: Challenges for Developers and Property Asset Holders/Managers

Even though business parks are in demand now and have moved more into the investors' focus as a separate asset class, the success of a business park development is hardly a foregone conclusion. An intense tenant management and an active community management are indispensable to make the advantages of business parks unfold their full potential.

»This includes, inter alia, supporting the occupiers proactively in their setup and further development by offering highly flexible options. The heterogeneity of use types and of the building stock as a result of it necessitates a detailed management know-how in all areas, meaning from offices, to manufacturing plants all the way to warehouse properties.«

Sonja Petersen, Deutsche Industrie REIT-AG

In fact, the optimal management of a business park requires more than just know-how in each asset class. In order to tie a tenant permanently to a given location, you also need to have a basic understanding of your tenant's products and business model.

»Landlords should seek to maintain a continuous exchange with the occupiers. It is decisive that they understand the business model and process flows of their tenants—no matter how complex these may be. Once they do, it will allow them to discuss requests for floor space adjustments that require capital expenditures to retrofit or adapt fitout features at eye level with their tenants.«

Dr. Joachim Wieland, Aurelis Real Estate

Gaining the support of the respective city or town for a project is of key significance for the development of business parks. As early as the procurement of development rights, it should be remembered to make the use options as adaptable as possible so as to permit a flexible response to changing market conditions and tenant requirements. Even in the planning and development process, a business park should have a clear orientation and a recognisable profile. Doing so will make it so much easier to engage tenant leads and to whet interest in the business park in general.

What makes flexible and heterogeneous lease terms in business parks so special as well as the risk diversification it implies were already discussed above. The figure below illustrates the development of lease terms over the past five years.

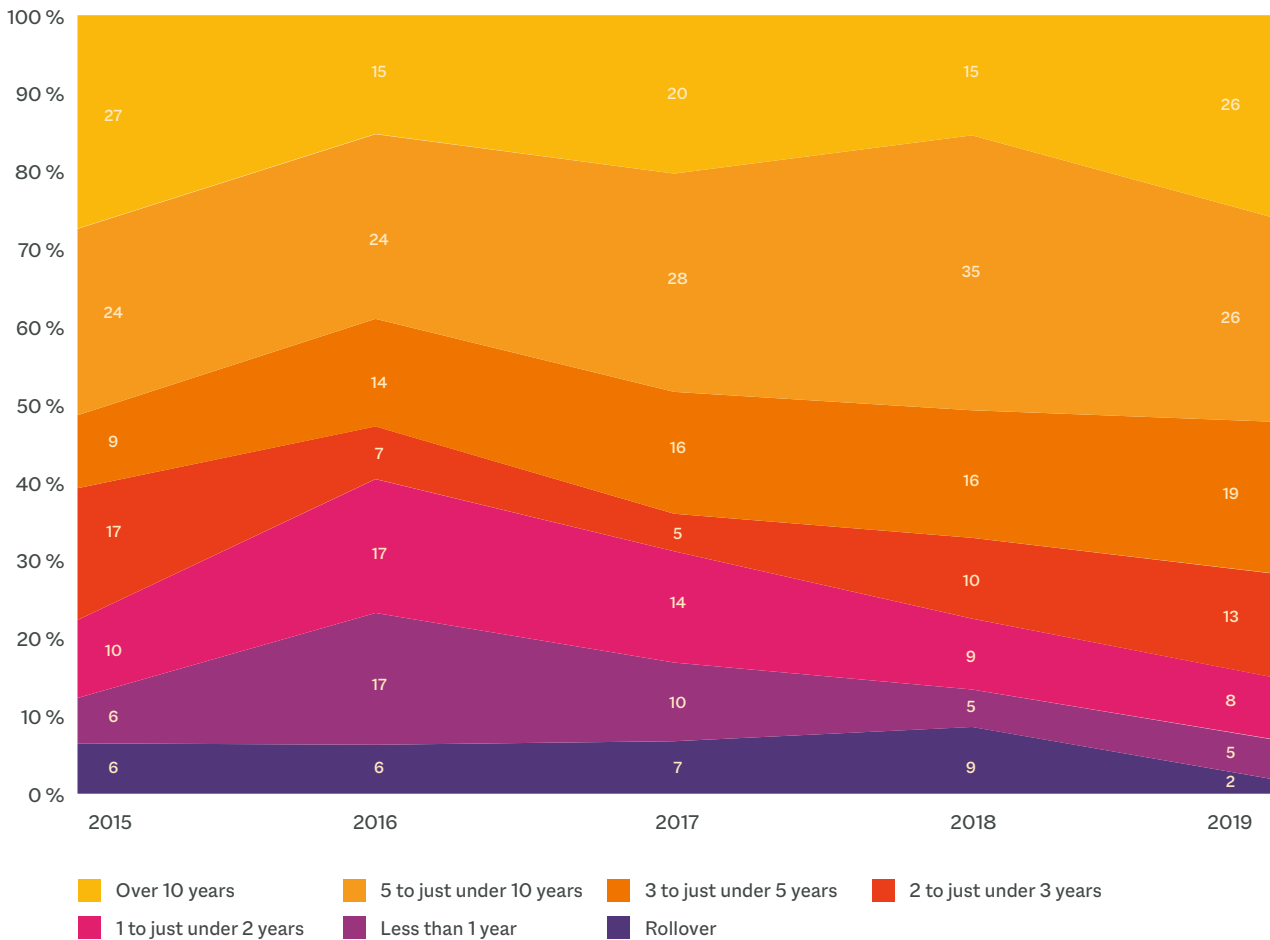
The desire for flexibly structuring lease terms is a very plausible reason to explain the demand for accommodation in business parks. A look at lease terms negotiated over the past years shows that the lease terms typically requested cover a wide bandwidth. The length of tenancy most frequently chosen over the past years was between five and ten years. Over the entire observation period, nearly 48 % of the rented floor area was let for terms of this length or longer. In the more recent past, the category of »two years to just under three years« registered substantial gains. It accounted for around 13 % of the tenant-occupied floor area in 2019. Certain years stand out with a spike in demand for very short lease terms. In the overall take-up since 2015, lease terms of less than one year and rollover leases claimed a share of around 15 %.

So, the figures suggest that companies like to tie themselves to their locations as long as they can, and that they try to keep their lease structures as flexible as possible in these times of floor space shortages.

»Implementing the specific requirements of tenant leads calls for sensitivity to ensure that the interests of all stakeholders are synchronised eventually, and that value-added is generated in a sustainable manner. The more attractive and multifunctional the premises are, the stronger a landlord’s position—it will ultimately translate into longer lease terms and better conditions for our investors.«

Heiko Genath, Palmira Capital Partners

Business park lease terms over time



Interim Conclusion

The requirements for business parks outlined so far, and thus the challenges these pose for property developers can be summarised as follows. The aspects most in demand are these:

- Good transport links
- Great infrastructure services
- Provision of amenities and infrastructure beyond the occupied premises
- Owner's flexibility to adjust the floor area to changing needs and business models—and accommodate requests for an expanded or reduced footprint
- Flexible lease conditions
- Options for collaborations and synergy effects among the resident tenants
- Local one-stop business park management
- Risk diversification through lease terms of varying length
- Meaningful profile: Each business park should have a distinct profile. Building a brand and making a branding effort are aspects hugely important to give face and focus to the business park.
- Having a state-of-the-art technical infrastructure is generally important: fibre optics connectivity/broadband internet, strong mobile phone signal, uninterrupted power supply with high aggregate capacity deployed, extensive communications cabling infrastructure
- It should be easy to partition units and to offer enlargement options in order to encourage growth on location

Soft Location Factors

A tenant survey done by developer Aurelis shows that only a few out of a wide range of amenities actually matter to tenants. However, nearly half of all tenant respondents signalled their willingness to pay an extra 0.50 euros/sqm on top of their rent to occupy a »green building,« i.e. an environmentally friendly one².

Another key factor is the quality of stay inside the business park. In the competition for talent, a feelgood ambience can become the decisive factor. Even the image plays a major role here. More recent business park projects have often been developed at brownfield sites rather than greenfield ones (not least because of their proximity to the inner city as a site selection criterion). The advantage that comes with this approach is the existence of some infrastructure features which will not have to be installed anew. That said, such sites tend to come with a history with which they may continue to be associated. If a property developer succeeds in reconnecting to these thematically and/or structurally, and to redevelop them, it can trigger rather positive effects in public awareness that promote the site.

² See <https://www.aurelis-real-estate.de/blog/loesungen-fuer-mieter/nachhaltigkeit-und-nasigoreng>

What will the Future Bring?

Of course, the current situation makes it harder than it is anyway to provide an outlook with any degree of certainty. But it is safe to say that the property development pipeline of the major players is brimming with projects.

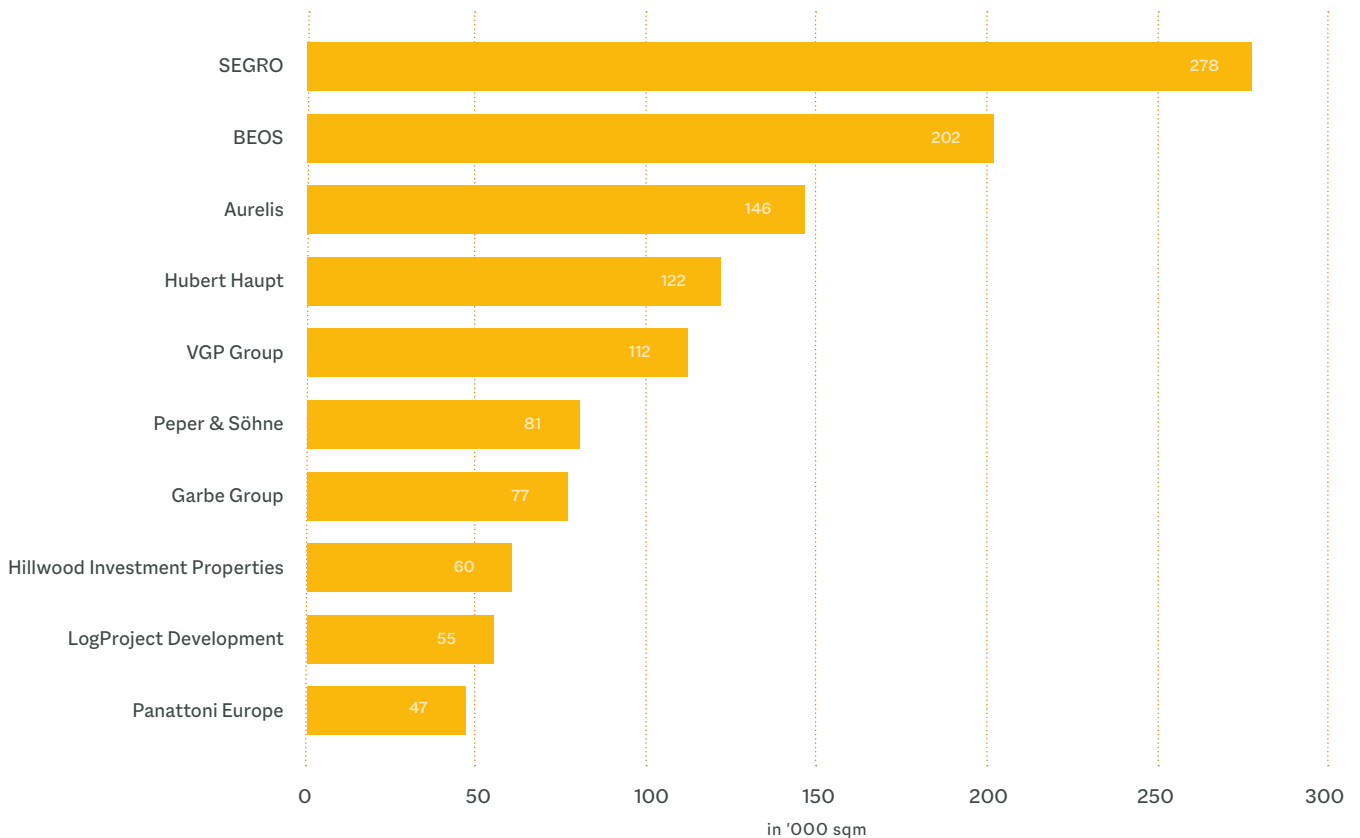
Creating a successful business park is the task of the property developer. As a result of the persistently high demand for business parks, interregional scalable business park concepts are increasingly moving centre stage. As it is, certain players already figure prominently in the developer scene that account for a major share of the new-build schemes. The top three ranks among developers are therefore claimed by SEGRO, BEOS and Aurelis, meaning companies that have been the market leaders in business park development for some time and who, among the three of them, account for more than 625,000 sqm of new-build accommodation. Scalable concepts such as »Unternehmerpark« by Aurelis make it reasonable to expect completion figures to remain high going forward.

For the same reason, Panattoni Europe is a likely candidate for a higher ranking in the years ahead because of its »City Dock« concept. Other developers that have been rather active in recent years and who plan to keep it that way going forward include Garbe Group with around 77,000 sqm of developed floor space or Hubert Haupt with its »nu Park« in Dachau.

Outlook: More Logistics, Conversions, Revitalisations

Notwithstanding the current level of uncertainty, one development scenario appears extremely likely: Demand for urban logistics and light manufacturing sites will remain strong. This means inversely that the conversion of brownfield sites and compounds plays an increasingly important role. After all, manufacturing processes are changing. As more and more industrial sites are abandoned, their vacated premises become available. Well aware of the potential, market players now focus on these development opportunities.

Top 10 business park developers by new construction volume, incl. pipeline for 2015 and years thereafter





Siemens Technopark Ruhstorf (Source: Siemens Real Estate)

»It matters a great deal to BEOS to redevelop vintage structures not just for their land development potential and thereby to create modern, diverse workplaces for enterprises of every sort. It is just as important to BEOS to pick up on the historic character of such properties and to make it ready for the future. The objective is to invest sites with an identity and to turn properties into brands that will motivate resident employees and others beyond the property boundaries to identify with the site. Moreover, our project managers maintain a continuous exchange with our tenants, and are at liberty to act like entrepreneurs when making decisions during the redevelopment of the sites.«

Martin Czaja, BEOS

Siemens Real Estate, too, has singled out the development and revitalisation of brownfield sites as one of their core activities in the near future. The same goes for Aurelis: Due to their history and their portfolios of properties, many of which used to be owned by Deutsche Bahn, the company has a wealth of experience in revitalisation business.

One thing is safe to say: Only if developers succeed in implementing a need-driven fit-out that satisfies present standards, and in providing sufficient flexibility to meet future challenges, will the dynamic recent growth of this asset class continue.

»The asset manager or property manager, as the case may be, acts as a holistic problem solver. To do so, he should always stay on top of emerging trends. This concerns the industries in which the own tenants are active as much as for macrolevel developments. What do modern companies need today, and what tomorrow? How can the ways in which rental units are structured and equipped support efficient work flows? The properties must be planned in a way that makes them robust enough to tolerable adjustments. This will ensure they have alternative use potential, and will thus prevent vacancies«

Dr. Joachim Wieland, Aurelis Real Estate

Business Parks Presenting Themselves

What are the characteristics of modern business parks?

In the section below, six members of Initiative
Unternehmensimmobilien present selected—
and radically different—projects.

Aurelis

UnternehmerPark Duisburg Heerstraße— a Campus for Many Industries



UnternehmerPark Duisburg Heerstraße (Source: Aurelis)

Corporate requirements are not what they used to be. In response to this experience with its tenants, Aurelis developed a business park with flexible units, campus character and service options, labelling this format »Aurelis UnternehmerPark.« Business parks of this Aurelis UnternehmerPark type can be set up anywhere in Germany, and are particularly suitable for medium-sized enterprises that need a flexible combination of warehouse and office units. It is constructed in accordance with the specifications of the German Energy Saving Ordinance (EnEV) and based on standardised building specifications. This degree of standardisation abbreviates the planning time, makes planning application procedures less complicated, and shortens construction periods to between eight and twelve months. Naturally, the specifications are adapted to each location and the peculiarities of each plot shape, planning permit and transport situation.

The Aurelis UnternehmerPark scheme is particularly well suited for companies from the sectors of producing or manufacturing industry, light industry, research and development or—depending on the location—warehouse and small logistics operations. The general fit-out package includes, for instance, sophisticated routing systems and exterior LED lighting. Other fit-out features can be selected as arranged and custom requirements of the tenants can be integrated.

The special range of amenities available in Duisburg include so-called smart benches on the grounds outside that are equipped with USB charging stations and operate on solar energy. You may use these to charge your mobile devices. At the same time, complimentary WiFi is available to the tenant's employees and visitors alike. The site on Heerstraße is expected to attract primarily companies active in the storage and shipping logistics business. Conceivable occupiers also include light manufacturing or small industrial outfits, removal companies or wholesalers. Since the UnternehmerPark Am Wasserturm site is so close to the inner city, Aurelis considers it potentially eligible for e-commerce companies and service providers.

The plans envision development sites on a scale of around 2,500 to 20,000 square metres. This project is supposed to help ease the strain caused by the shortage of space specifically in the business park segment.

UNTERNEHMERPARK DUISBURG HEERSTRASSE

Site area: about 19,000 sqm

Warehouse area: about 6,000 sqm

Office space: about 1,200 sqm

Year completed: Q1/2021

Warehouse height: 6.50 m truss height

Overhead sectional doors with dock levellers

Floor-load capacity: 5 t/qm

BEOS

NOVA Neufahrn—Tradition Merging with Modernity



NOVA Neufahrn (Source: BEOS AG, © Jens Küsters)

In addition to asset management, the development and revitalisation of assets of the Unternehmensimmobilien type counts among the core competencies of BEOS. For instance, the company converts obsolete single-tenant properties into modern, multi-use business parks. The objective is to develop real estate products that meet the growing demand for flexible periurban floor space solutions for companies representing the most diverse industries.

BEOS chose the same approach for the former production site of cosmetics maker Avon Products Inc. Constructed in 1968 and once the flagship project of the town of Neufahrn near Freising, the facility was facing obsolescence. In addition to classic office, logistics and light manufacturing units, the new design sought to create trade shop areas in order to bring in more valuable use types as well. Three decisive criteria motivated BEOS to move ahead with this project: For one thing, there is generally a very strong demand for modern and customizable commercial premises in the greater Munich area. Secondly, the location close to the airport and the optimal transportation access would ensure short distances for the occupiers' vehicular customer traffic. A third reason was the desire to exploit the potential for infill development at this site.

In 2019, BEOS concluded the project with the construction of the »NOVA 11« office cube as final construction stage. In the time since, more than 80 % of the park's floor area have been let. For BEOS, the success reconfirmed the probity of the approach of combining revitalisation know-how with new-build competence. While the revitalisation of the manufacturing warehouse delivered cost savings of around 30 % compared to demolition and new-build construction, the flexible modular construction of the new buildings ensures their flexible longterm lettability—not least in the time after the first rent cycles or in the event of a structural change across industries.

NOVA NEUFAHRN BUSINESS PARK

Site area: 115,000 sqm

Total useful area: c. 72,000 sqm, thereof 36,000 sqm revitalised space, 36,000 sqm new-build space

Storage/warehouse units: 51,000 sqm

Office accommodation: 10,800 sqm

Flex space units: 10,200 sqm

Year completed: 2014–2019

Target group(s): mid-market light industry: manufacturing companies as well as service providers from the areas automotive/mechanical engineering, IT, chemicals/pharmaceuticals, trade fair construction, small trade businesses and companies from various sectors that benefit from the proximity of Munich airport.

Deutsche Industrie REIT AG

Single-Largest Site in the Portfolio



Business Park Schortens (Source: Deutsche Industrie REIT AG)

Technologie Centrum Nordwest has successfully established itself as one of the leading business parks in the Wilhelmshaven region. The park offers affordable rent rates and proximity to Germany's only deep-water port—JadeWeserPort—and to the A29 motorway. Many of the resident tenants have tied themselves to this location on long lease terms, and appreciate, aside from the low rent level, the spectrum of small-scale to large-scale letting concepts. In addition, the tenants are taken care of by an established on-site management team.

As a result of the comprehensive investment measures, the rental income was increased while vacancies were rolled back. Considering the much more costly rental units available at JadeWeserPort proper, there is actually further rental upside potential. In response to this attractive baseline situation, DIR acquired additional consolidation areas over time because it believes in the bright prospects of this location.

TECHNOLOGIE CENTRUM NORDWEST SCHORTENS

Site area: 179,000 sqm

Total useful area: 99,500 sqm

Year completed: 1993

Capital expenditures, while eliminating vacancies and vindicating rent hikes, also gave incumbent tenants opportunities to expand their footprints.

GARBE Industrial Real Estate GmbH

Garbe Industrial Quarter (iQ), Langenhagen— Modern, Flexible and Resource-Conserving



Business Park Langenhagen (Source: GARBE Industrial Real Estate GmbH)

For Garbe Industrial Real Estate GmbH, business parks represent one of the focal points of their business activities, in addition to logistics real estate. Urban production in a small-scale segment, innovative start-ups as well as the broad midsegment of Germany's corporate landscape are all covered by real estate of this type. They are often endowed with a strong equity capitalization and great innovative strength. Garbe Industrial Quarters (Garbe iQ's) integrate sites that are embedded in the urban context. On top of that, their defining features include a rich diversity of floor plans and flexible use options. The distinctive diversity of sectors and the small-scale structures in the business parks reliably reduce the risk of rent losses and thereby stabilise cash flows. Development of future Garbe iQ's is expected to follow the same pattern. It concentrates on the recycling of established but currently under-used business locations.

In the case of the business park in Langenhagen, a plot occupied with a vintage property was acquired inside the trading estate of Langenhagen. The objective is to upgrade the property in value by razing and rebuilding the structure in order to provide attractive rental units for businesses. Incoming occupiers will find customised, holistic and innovative floor space solutions waiting for them. The building fabric will be energy-optimised or directly built in accordance with sustainable parameters. It is a great way to breathe new life into existing business locations and to sustainably boost the local economic structure. Both the economic use of the area and the environmental footprint are massively improved compared to the status quo.

GARBE INDUSTRIAL QUARTER (IQ), LANGENHAGEN

Total useful area: about 18,000 sqm on up to eight rental units

Warehouse area: about 16,000 sqm

Office space: about 2,000 sqm

Year completed: 2021

Warehouse height: 8.00 m truss height

Dock levellers: 1 / 1,000 sqm of warehouse space

Groundlevel overhead sectional doors: 1 / 2,000 sqm of warehouse space

Floor load capacity: 5 t/sqm

Car parking spots: about 135

HGV parking spots: available

Target group(s): manufacturing industry, warehousing and logistics sector, retail and wholesale trade

Palmira Capital Partners

Geopark II + III—Business Parks with Attractive Benefits



Business Park Geopark II (Source: Palmira Capital Partners)

Geopark II + III represent a business park planned on the drawing board. When structuring the buildings, the main focus was on the flexibility of use for each unit. Compared to business parks with a conversion background, Geopark II + III represents an excellent example for sustainable real estate development because of its high occupancy rate and the long dwell time characterising the tenant base.

An interesting sector diversification, associated with different use types and requirements for the building volumes reflects the appeal of this business park. Many longterm tenants were able to benefit from the flexibility in unit planning and experienced positive growth in the time since they moved in. Large corporates as well as midmarket companies feel at home in this business park. You will find forwardlooking companies from the automotive sector here at Geopark as well as a physical therapy centre. The range of tenant amenities is topped off with a restaurant.

The park's macro-environment in the suburbs of Stuttgart with its attractive setting both for business and for residential purposes have brought the town of Holzgerlingen increasingly to the attention of corporate decision makers. The trend is visibly reflected in the longterm commitments that more and more of the incumbent tenants embrace. It is reasonable to assume that the trend will persist, and that vacancies will remain the exception.

When asked about the specific advantages of Geopark II + III in Holzgerlingen, Michael Stobinski (Executive Manager, CCO, QEST GmbH, based at Geopark II in Holzgerlingen with 120 employees), had this to say: »*What we appreciate most about Geopark II is the area planning flexibility that is available here. Rather than having to invest in proprietary real estate, we get to take advantage of this flexibility. It allowed us start growing right away. A footprint of barely 1,000 sqm in 2007 has now expanded into nearly 5,000 sqm of office, light industrial and lab space.*«

QEST Quantenelektronische Systeme GmbH is a company that develops and manufactures highend satellite antenna systems for the civilian aviation sector. With their unique know-how and their innovative products, QEST is considered the technological market leader for aeronautical antenna systems in the inflight entertainment and connectivity industry.

BUSINESS PARK GEOPARK II + III

Total useful area: about 21,500 sqm

Warehouse area: about 10,600 sqm

Office space: about 6,700 sqm

Other areas: about 4,200 sqm

Year completed: 2005

Office share: around 60 %

Warehouse height: 8.00 m truss height

Groundlevel overhead sectional doors:
1 bay / 2,000 sqm of warehouse space

Floor load capacity: 5 t/sqm

Car parking spots: about 300

HGV parking spots: 14

Target group(s): manufacturing industry,
warehousing and logistics sector, retail and
wholesale trade

Siemens Real Estate

Four Technology Parks, One Basic Concept, Four Styles



Siemens Technopark Nürnberg (Source: Siemens Real Estate)

Due to the ongoing structural change, the development of business locations into technology parks has become one of the strategic core areas of Siemens Real Estate (SRE). All of the Siemens technology parks are based on a uniform concept, with Siemens acting as anchor tenant, but each site custom-structured to match the local baseline situation.

SRE has managed the Siemens real estate portfolio for over twenty years, covering the entire property life cycle. As a result, SRE brings comprehensive experience in site development to the job, whether it involves revitalisations of brownfield sites or new-build greenfield developments. The idea underlying Siemens technology parks is the transformation and development of grown locations into Siemens Technopark schemes, although each of them has its very own baseline situation that is matched with a bespoke solution.

Tenants receive an offer of rental units whose interior structure they may freely design, shared infrastructure, and extra service options they can choose at their discretion. All of these technology parks come with convenient access to road and rail networks, have an excellent technical infrastructure, and benefit from many on-site amenities. Site managers are on the ground at each of the Siemens technology parks to take care of tenant issues and to actively pursue the further development of the parks. Using a pinpoint selection of tenants and an active community management, SRE moreover promotes collaboration options and synergies at the technology parks.

SIEMENS TECHNOPARK NÜRNBERG

Site area: 244,000 sqm

Total useful area: 183,000 sqm

Light manufacturing area: 77,000 sqm

Warehouse/log. space: 44,000 sqm

Office accommodation: 62,000 sqm,
in parts production-related

Year completed: 1890-2015,
project kicked off in 2019

Target group(s): Differentiated mix of
established large and mid-sized technology
firms, research facilities, service providers
and start-up companies.



Siemens Technopark Erlangen (Source: Siemens Real Estate)

SIEMENS TECHNOPARK ERLANGEN

Site area: 63,000 sqm

Total useful area: 23,000 sqm

Warehouse space: 4,000 sqm

Office accommodation: 19,000 sqm,
in parts production-related

Year completed: 1980–2015,
project kicked off in 2018

Target group(s): The Siemens Technopark Erlangen scheme is to be set up as one of the leading technology and innovation hubs, for instance in the field of electric mobility

SIEMENS TECHNOPARK RUHSTORF

Site area: 91,000 sqm

Total useful area: 60,000 sqm

Light manufacturing area: 50,000 sqm

Warehouse/log. space: 3,000 sqm

Office accommodation: 7,000 sqm

Year completed: 1920–2012,
project kicked off in 2018

Target group(s): The Siemens Technopark Ruhstorf scheme is to be set up as an innovation incubator focusing on energy and forward-looking technologies. The objective is a mix of regional and interregional technology firms, start-up companies and service providers

SIEMENS TECHNOPARK TÜBINGEN

Site area: 71,000 sqm

Total useful area: 32,000 sqm

Light manufacturing area: 26,000 sqm

Warehouse/log. space: 2,000 sqm

Office accommodation: 4,000 sqm, in
parts production-related

Year completed: 1965–1977, project kicked
off in 2019

Target group(s): The Siemens Technopark Tübingen scheme is to be set up as a digitisation and automation hub. The objective is a mix of regional and interregional technology firms, research facilities, startup companies and service providers

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