

REAL ESTATE MARKET REPORT Rhine-Neckar 2022

Office | Retail | Commercial | Investment
In focus: Development area for life sciences



www.standorte-rhein-neckar.de



Metropolregion
Rhein-Neckar

Peter Johann, Managing
Director of Metropolregion
Rhein-Neckar GmbH



Dear Readers

I would like to begin by congratulating the Real Estate Network Rhine-Neckar on its 10-year anniversary. This extremely active cluster makes a valuable contribution to our region's economic success. Once again, the very high transaction volumes in the commercial real estate sector highlight the appeal of Rhine-Neckar as a location for investors. As always, this year's report on the commercial real estate market for the Rhine-Neckar Metropolitan Region analyses the relevant sub-markets, providing decision-makers and investors with a solid foundation of real-world data.

The keynote article in this issue focuses on life sciences and health. The development of the Rhine-Neckar Health Region is steadily gathering pace as the region places a greater emphasis on this area. Together with experts from our municipalities, districts, civil society, business and science, we are developing initiatives to prevent and fight diseases as well as promote healthy lifestyles. These projects literally need space. Pages 34-36 provide details of current area developments in this segment.

We wish you a stimulating read!



Peter Johann



28 Market Segment: Retail

There was gloom but also hope in the city centre retail sector in 2021.

Title image

Within walking distance of Mannheim University Hospital, the new MMT Campus enables industry, hospital and research institutions to develop and market medical products more quickly, efficiently and consistently in line with clinical care requirements. The heart of the 10-hectare site is CUBEX ONE.





04 **Location Rhine-Neckar**
The Real Estate Network Rhine-Neckar has been marketing the region as a real estate location and networking its key players for 10 years.




14 **Market Segment: Office**
Office space is in demand: In Ludwigshafen, the energy supplier Pfalzwerke is moving into a new city centre company headquarters.

26 **Market Segment: Industrial & Commercial**
Demand from companies and logistics providers for commercial space is high in the Rhine-Neckar region.



Location Rhine-Neckar	4
Opening spaces for the future Networking as an innovation strategy	
At a glance	9
Investment Market	10
Office real estate attracts strong investor interest	
Market Segment: Office	14
Dynamic sales and stable peak rents	
Market Segment: Industrial & Commercial	26
Companies and logistics providers seek attractive sites	
Market segment: Retail	28
Stable purchasing power, strong customer loyalty, but lower sales	
In Focus	34
Development area for life sciences	
Legal notice	37

OPENING SPACES FOR THE FUTURE Networking as an innovation strategy



The Rhine-Neckar Metropolitan Region understands the power of working together. Close cooperation between the real estate industry and a dense network of companies, scientific institutions, administrative and political bodies ensures the success and sustainability of its 15 urban and rural districts.

The Real Estate Network Rhine-Neckar is a model alliance of strong partners that is celebrating its 10th anniversary in 2022. The network was founded to create transparency, utilise synergies and make Rhine-Neckar an even more attractive real estate location for investors and companies.

What began in 2004 as the idea of a few representatives of the commercial real estate scene has now become a network with over 90 companies. The network is organised by Metropolregion Rhein-Neckar GmbH and its partners include construction companies, property and project developers, real estate agents, property owners, municipal authorities, investors, banks, law firms, architects and urban planners. The focus continues to be on networking stakeholders and marketing Rhine-Neckar as a real estate location. Its portfolio includes not only specialist publications and intensive PR work, but above all networking events and joint stands at the

The Real Estate Network Rhine-Neckar connects stakeholders with specialist information, networking events and at the MIPIM and Expo Real trade fairs.

**REAL ESTATE
NETWORK
RHINE-NECKAR**

For more information, visit
www.m-r-n.com/immobiliennetzwerk

well-known commercial real estate trade fairs Expo Real and MIPIM. The network is alive and constantly evolving. For example, it launched a social media channel in the spring of 2022. This year's events are seeking to open spaces for innovations in the field of "CO₂-reduced construction".

Pathways to sustainable energy and urban mobility

CO₂-reduced construction, upgrading the energy efficiency of existing buildings and decarbonising the heating sector are key considerations for the success of the energy transition in Germany. For example, as part of the "Real Laboratory of the Energy Transition", research is being conducted and tested

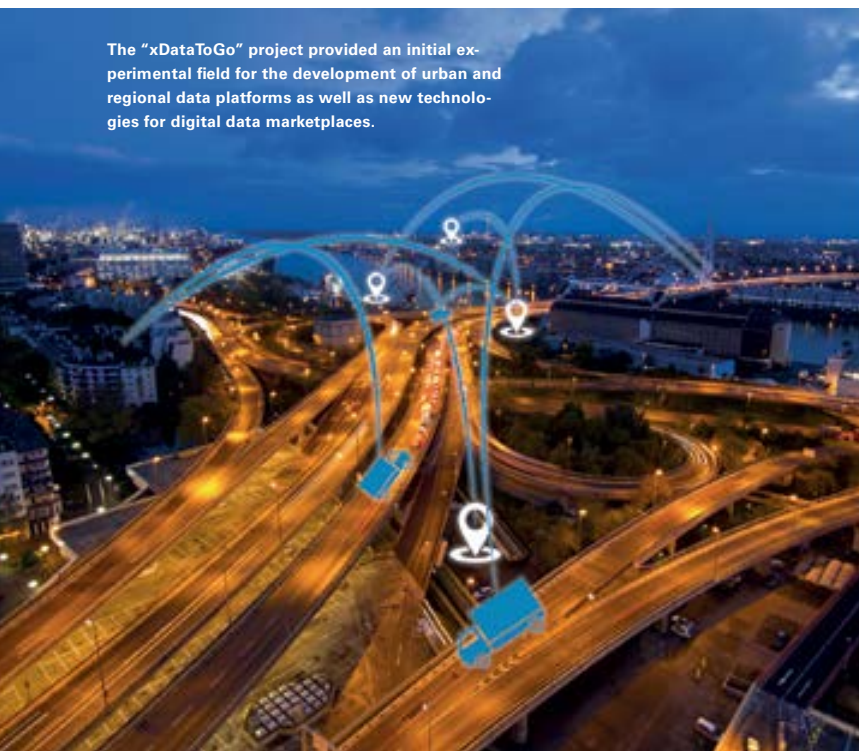
in practice in Mannheim to assess the contribution that large-scale heat pumps in district heating networks can make. Hydrogen is seen as a beacon of hope for the energy transition. As part of the National Hydrogen Strategy, the German Federal Ministry for Economic Affairs and Energy is therefore funding not only the "H2Rivers" model project led by the Rhine-Neckar Metropolitan Region, but also the major hydrogen projects of BASF in Ludwigshafen, Freudenberg Performance Materials in Weinheim and Daimler in Wörth as hydrogen IPCEI projects. The BASF project is aimed at the production and use of hydrogen in the chemical industry. Freudenberg is setting up an industrial production facility for components in mobile fuel cell applications, while Daimler Truck is focusing on the conversion of industrial production to fuel cell technology in the commercial vehicle sector.

Alongside the construction sector, CO₂ emissions from the transport industry are a particular burden on the environment. Mobility and accessibility are essential but pose major challenges for the three-state Rhine-Neckar region, especially in the conurbation between the major centres of Mannheim and Ludwigshafen. A mobility pact between the region and the states of Baden-Wuerttemberg, Hesse and Rhineland-Palatinate is seeking to deal with the challenges on a cross-border basis and find sustainable solutions that can be implemented effectively. The pact focuses on local public transport, commuter and freight transport, traffic management and general mobility tasks.

For example, in the area of bus/tram and heavy goods traffic, the joint project "xDataToGo", coordinated by Metropolregion Rhein-Neckar GmbH, has been working on the intelligent networking of information and data from various sources for years. The findings from the recently completed project are now being incorporated into the development of a cross-state data infrastructure

Hydrogen and fuel cell technologies are playing a key role in the transformation of energy systems.

The "xDataToGo" project provided an initial experimental field for the development of urban and regional data platforms as well as new technologies for digital data marketplaces.





Inspired by the vision of the "Smart City", the Rhine-Neckar Metropolitan Region is implementing intelligent solutions for various areas of urban development with the help of innovative technologies.

Data is the fuel driving the digital transformation of business, municipalities and regions.

for the region – and for use in further e-government or smart city applications. Another step in the direction of the "smart city" is being taken by "sMArt City Mannheim" – a joint venture between MVV and a number of Mannheim's municipal holdings. Its goal: the conversion of all municipally owned properties to renewable energy by 2027.

Digitisation generates huge streams of data which are processed in data centres. These consume a lot of energy. With the "Bytes 2 Heat" platform, the metropolitan region is aiming to develop intelligent solutions that will help to boost the energy efficiency of existing and new data centres and use the

waste heat generated there in the heating sector. The aim is to create a meeting place for data centre operators, landlords and businesses with space and process heating needs, utilities, municipalities and efficiency solution providers.

Targeting progress in research and digitisation

The Rhine-Neckar Metropolitan Region has a strong tradition of innovation. The latest Innovation Index shows index values of 81 points (1st place) for Baden-Wuerttemberg, 54.2 points (9th place) for Hesse and 46.2 points (14th place) for Rhineland-Palatinate. The index offers a comparison of the 27 EU countries. In the Rhine-Neckar region, a close network of industrial corporations, scientific institutions and SMEs offers a wide range of expertise for the development and implementation of innovations, such as harnessing artificial intelligence (AI). AI is used not only in image, speech and facial recognition, but also in the fields of Industry 4.0,

SMART ROOTS

sMArt City Mannheim GmbH is receiving federal funding for its "sMArt roots" model project, which aims to develop a smart city strategy.

robotics, healthcare and autonomous driving. The interactions between stakeholders are also reflected in the provision of sustainable buildings for science and research. For example, with the support of the Klaus Tschira Foundation (KTS), the University of Heidelberg is transforming the vacated building INF 294 into the heiCOMACS Visualisation Centre. Once the core renovation phase has been completed, the facility will provide approx. 2,200 m² of space for interdisciplinary collaboration and scientific cooperation. In parallel to this development, the general renovation of the approx. 2,500 m² INF 293 university computing centre into a state-of-the-art computing centre with environmental certification is underway.

The University of Mannheim also needs more space. In a first step, two buildings for teaching and research will be built along Bismarckstrasse by 2026. Construction of another building in the Bismarckstrasse/Friedrichspark area is planned from 2028. This building will allow the university to accommodate additional major projects funded by external partners and special research areas. It will also provide scope for developing new capabilities, particularly in research. After the demolition of the old ice hockey stadium, an upgrade to the Friedrichspark, a remnant of the former Schlosspark, is also planned.

Innovative approaches in digitisation also need spaces in which they can be developed and tested. The project "Cooperative eGovernment in Federal Structures", originally initiated as a pilot project, will therefore be extended until 2025. The goal of the states of Baden-Wuerttemberg, Hesse, Rhineland-Palatinate and the Rhine-Neckar Metropolitan Region is to jointly promote networking between administrative authorities and the development of cooperative eGovernment solutions. Its responsibilities range from the approval of construction plans and the digital provision of spatial data to the integration of foreign specialists and managers.

Areas for the expansion of science and research facilities make the region's science locations more competitive.

To enable citizens to access administrative services around the clock, seven days a week, the districts of Bensheim, Viernheim and Bergstrasse have stepped up as model municipalities to develop and test suitable concepts, online assistants, interfaces and digital processes.

The cities of Speyer and Frankenthal as well as the district of Rhein-Pfalz are also investing in cooperation. They have joined forces to create the model project Intermunicipal Cooperation (IKZ) Vorderpfalz. The project is being scientifically supervised by the German University of Administrative Sciences (DUV) and focuses on the development of digital mass procedures in administration.

MUNICIPAL CAMPUS

The education platform for municipal authorities is a model project that develops solutions to support the implementation of the Online Access Act (OZG) nationwide.



Two new buildings for the University of Mannheim will be built on the site of the old ice hockey stadium by 2026, and the construction of another building is scheduled to begin in 2028.

AT A GLANCE

Strategic growth areas:

- **Life Sciences & Health**
- **Hydrogen model region**
- **Digitisation & AI**
- **Chemical research**

Strong and highly dynamic business location

- **150,000** companies
- **950,000** employees subject to social security contributions
- **€ 89** billion gross value added
- **8** listed companies with a market capitalisation of **€204.3** billion, **3** of which are listed on the DAX

Population and area

- **2,4** million inhabitants
- **5,600** km²
- **15** urban and rural districts
- Interstate

Education and research

- **30** international recognised research institutions
- **22** universities
- Approx. **90,000** students
- **16** Nobel laureates

Infrastructure and accessibility

- **8** motorways
- **22** kilometres of fast cycle path from Mannheim to Heidelberg
- **240** long distance trains daily from Mannheim main railway station:
 - 0h30** to Frankfurt International Airport
 - 3h09** to Paris Gare de l'Est
 - 2h58** to Munich main railway station

Real estate market

- **4.1** million m² of office space
- **167,000** m² of office space turnover
- **€ 1.25** billion total transaction volume

Office real estate attracts strong investor interest



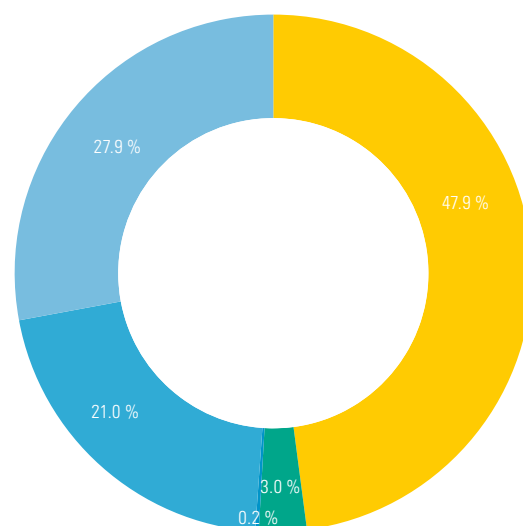
Transaction volumes in the Rhine-Neckar Metropolitan Region continued their stable trend in 2021, impressively confirming the high level of investor interest. Demand was primarily focused on the Office asset class, followed by Logistics and Living.

At EUR 1.25 billion, the transaction volume in 2021 was only just below the record level of the previous year. The result shows that investors value the Rhine-Neckar Metropolitan Region as a strong location due to its great economic power, steady population growth and well-developed infrastructure. High capital pressures,

low interest rates and a significant increase in inflation in 2021 further increased the attractiveness of real estate. The downside for investors is the lack of product availability, especially in the high-volume segment. EU taxonomy and ESG considerations are becoming increasingly important.



The Victoria Tower, Mannheim's tallest office building, provides a good view over the main railway station, the city centre and the Glückstein Quarter.



Investments in the Rhine-Neckar region

Type of property	Volume in € million	Proportion in percent
Office and commercial	600	47.9
Retail	37.2	3.0
Hotels	2.8	0.2
Warehouse, logistics	262.5	21.0
Other	349.5	27.9
Total	1,252	100.0

In cooperation with bulwiengesa, the survey identified 45 transactions for the Rhine-Neckar region. The volumes are partly based on estimates.

Office real estate makes a comeback

Office real estate emerged as the favourite asset class in 2021, attracting approx. EUR 600 million from investors – a 47.9 percent share of total transaction volumes. Companies are increasingly willing to hire, and in the competition for the best employees, attractive spaces in central locations are key. Employees at the Victoria Tower, which is the city's tallest office property and located directly at Mannheim's main train station, enjoy an excellent view. MEAG sold the property to a private investor consortium from the Rhine-Main region. In Mannheim's top shop-

ping location Planken, Warburg-HIH Invest Real Estate acquired a fully leased multi-tenant property from Real I.S.'s Hattrick portfolio. In Heidelberg, the Convecs office complex changed hands. Tristan Capital Partners sold the property on Speyerer Strasse to Patrizia.

The transformation of former production and administration sites into mixed-use neighbourhoods is playing an important role in boosting sustainability. For example, the project developer Cube Real Estate is planning to convert the site of the former Felina factory in Mannheim,

which it purchased from a group of private investors, into an urban quarter with residential and commercial spaces within the next four to five years. Currently, the existing buildings are in commercial use.

Logistics professionals appreciate the central location

As a result of the Covid-19 pandemic, production is returning to locations closer to Germany as a sales market and just-in-case is replacing just-in-time. Other strong drivers of demand for logistics real estate are the continuing growth in e-commerce and the increasing importance of last-mile logistics. The Rhine-Neckar Metropolitan Region is centrally located and has well-developed infrastructure with multi-modal connections to national and international freight networks. In 2021, these advantages remained attractive to investors and the logistics and warehousing asset class

Offices are increasingly becoming communication centres that create a sense of identity.

accounted for 21 percent of total investment with a transaction volume of around EUR 262.5 million. For example, LaSalle Investment Management acquired a logistics property in Ladenburg near Mannheim for the pan-European open-end real estate fund Encore+ from PGIM Real Estate and Panattoni. The property comprises a total of around 56,860 m² of rental space with a multifunctional design.

Selected transactions 2021

	Name of property	Town/City	Quarter	Name of seller	Name of buyer	Rentable space
Office and commercial	fmr Felina Areal (Lange Rötterstrasse 11-17)	Mannheim	Q4	p property GmbH	Cube Real Estate	24,999 m ²
	Convecs (Speyerer Straße)	Heidelberg	Q4	Tristan Capital Partners	Patrizia	24,000 m ²
	Victoria Tower (Am Victoria-Turm 2)	Mannheim	Q2	Meag	Private investor consortium from the Rhine-Main region	23,100 m ²
	Medical centres	Mannheim, Heidelberg	Q4	Swiss Live Asset Managers	Erhard & Stern	20,255 m ²
	Print Media Academy (Kurfürsten-Anlage 60)	Heidelberg	Q1	Heidelberger Druckmaschinen AG	Luxembourg investment company (funds)	10,900 m ²
Retail	Part of the Hattrick Portfolio (E2 16)	Mannheim	Q1	Real IS AG	Warburg-HIH Invest	3,650 m ²
	Business premises (Hauptstrasse 64)	Neustadt	Q1	n.a.	Immotime AG	2,200 m ²
Hotels	Hotel Kaiser (Talstrasse 44)	Schriesheim	Q4	Werner Liegenschaftsverwaltung GmbH & Co KG	Liliana Novak (private investor)	1,380 m ²
	Property hostel project (Speyerer Strasse)	Heidelberg	Q3	Kommunalprojekt ppp. ReedSmith	Heureka Real Estate	1,300 m ²
Warehouse, logistics	Robert Bosch central warehouse (Mittelrheinstrasse 1)	Worms	Q2	Aquila Capital, Samsung SRA	BentallGreenOak, Apeiron Capital	80,316 m ²
	Logistics property (Wallstadter Strasse 101)	Ladenburg	Q4	Panattoni Development, PGIM Real Estate	LaSalle Group	56,863 m ²
	Logistics property (Wiesenstrasse 83)	Viernheim	Q1	Harder & Partner	Aventos Management GmbH	30,999 m ²
Other (Living)	Kopernikushof C3.2 (Maria-Mitchell-Straße 6/ Kopernikusstrasse 7-19)	Heidelberg	Q3	Diringer&Scheidel Wohnbau GmbH	Commerz Real Investmentgesellschaft mbH	8,600 m ²
	Living quarter B1.1 (Europaplatz 10-17)	Heidelberg	Q2	Gustav Zech Stiftung	Warburg-HIH Invest	8,300 m ²
	Living quarter Square-Side (Hafenstrasse)	Speyer	Q3	Deutsche Wohnwerte GmbH&Co KG	Family Office der Familie Wagner	7,400 m ²

Source: bulwiengesa/in-house survey

Commerz Real used a forward funding structure for the purchase of the "Kopernikushof" residential complex under construction in Heidelberg. The approx. 100 apartments will be completed by 2023.



September 2020

In Worms, Rhineland-Palatinate, Aquila Capital's Bentall-GreenOak (BGO) purchased Bosch's 80,000 m² European central warehouse for the pan-European Europe Core Plus Logistics fund. The property offers potential for a 7,500 m² expansion.

Crisis resilience and limited supply push allocations in the logistics sector.

Strong demand in the Living segment

The Living asset class attracted strong demand with a transaction volume of EUR 286.5 million. For example, Commerz Real acquired the planned Kopernikushof residential complex in Heidelberg from developer Diringer & Scheidel Wohnbau for the open-end fund Hausinvest. The project is scheduled for completion by 2023. In Speyer, the Wagner family's family office purchased Square-Side,

the fourth residential quarter in the new "Am Fluss" district being developed by Deutsche Wohnwerte. Completion is scheduled for 2023. In Bensheim, Buwog is expanding its development pipeline with the purchase of a site on Nibelungenstrasse. It plans to build new apartments with a total living space of around 9,800 m². Investment manager Invesco Real Estate acquired the two residential properties Spinelli and Flairwood in Mannheim. The ensemble, which boasts high ESG standards, was sold by the project developer Quartiersmanufaktur. The two buildings will be largely constructed of wood and flank the promenade of the Federal Garden Show in 2023.

Investments in building land, which generated a transaction volume of EUR 63 million, include a site in Heidelberg acquired by Heureka Real Estate's project development company. This will be home to a hostel with 112 rooms. The asset classes Hotel and Retail with transaction volumes of EUR 2.8 million and EUR 37.2 million contributed only 0.2 percent and 3.0 percent to the total investment volume respectively.



Dynamic sales and stable peak rents

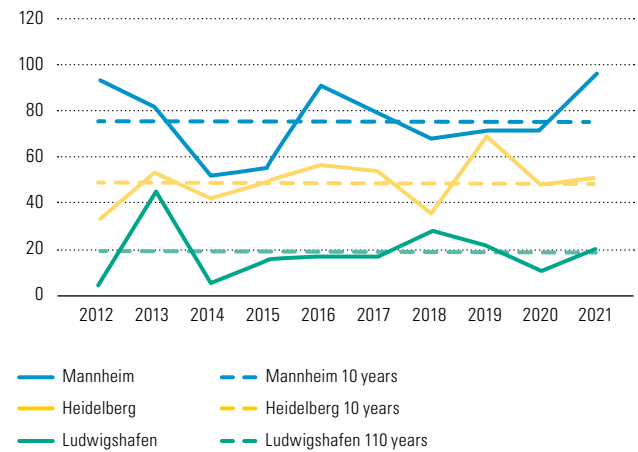
Office markets in the Rhine-Neckar Metropolitan Region trended positively in 2021 despite the continuing use of home offices and a subdued economy. Office space turnover increased, and many spaces were sold or fully leased before they were even completed.



The historic structure of the Campbell Barracks is part of the former "Großdeutschlandkaserne" and, like the H-Building, is a listed building. Adapting the property to modern demands is a challenge.

The economy in the Rhine-Neckar Metropolitan Region presented a stable picture in 2021. Despite supply chain disruptions and rising energy and raw material prices, industry continued to be a driving force in the regional economy. However, the service sector also signalled a noticeable upswing. Companies' investment plans were positive across all sectors and started returning towards pre-crisis levels. The Rhine-Neckar Metropolitan Region benefits from its balanced mix of industries and company sizes. It is also a hotspot for the German start-up scene. The new online tool "Innovation Radar" has boosted the visibility of economic development agencies and clusters, research and educational institutions as well as innovative companies in the 15 urban and rural districts of the metropolitan region. It opens up extensive network-

Office space turnover in 1,000 m²



Source: gif/in-house survey

ing opportunities and presents a variety of indicators for regional innovative strength.

The cities of Mannheim, Heidelberg and Ludwigshafen form the core markets in the Office segment. Together, they offered existing office space of around 4.13 million m² in 2021. Mannheim accounted for around 2.13 million m² of this total – the largest share. Office space turnover (the sum of all office space newly leased, sold to owner-occupiers or built by owner-occupiers for their own use) in the three cities grew by 29 percent to around 167,000 m² compared to the previous year. While the pandemic still severely dampened leasing activities in the first half of the year, this area gained considerable momentum in

The region is renowned as an economic powerhouse with dynamic future-oriented industries.

the second half. Completion volume, which was a record 123,000 m² in 2020, fell to 37,000 m². In addition to supply chain disruptions and pandemic-related restrictions,

the sharp rise in construction costs is also likely to have played a role here. For 2022, completed projects are forecast to total approx. 98,000 m², of which 60,000 m² will be pre-leased. Trends for vacancy rates and rents were stable in the three cities in 2021, albeit at different levels.

Strong leasing turnover in Heidelberg

Heidelberg, with a population of around 159,000, is one of the 46 “Superstar Hubs” in Europe. The city on the River Neckar has expanded dynamically over the past decade, continues to grow and has excellent prospects for the future. This is the conclusion of the McKinsey Global Institute's study “The future of work in Europe”, which compared nearly 1,100 regional labour markets on the continent. The study forecasts employment growth of up to 5 percent for Heidelberg by 2030. The proportion of work areas requiring highly qualified or specialist skills is

BioLabs Heidelberg offers an optimal environment for start-up companies from the life sciences.

increasing particularly quickly.

Heidelberg is also one of the top locations for science and research. More than 200 scientific institutions and research institutes are located in the city area. The number of employees with academic degrees has increased by 23.6 percent since 2013, according to a recent survey of the science landscape. The city's largest employer is the University of Heidelberg – which was awarded the title “University of Excellence” – together with the University Hospital. They and the many non-university research institutions attract international scientists to Heidelberg. Knowledge-intensive services recently accounted for almost 65 percent of the approx. 91,440 employees subject to social insurance contributions in the city on the Neckar.

Heidelberg's office market was also in good shape in 2021. Office space turnover rose from 48,000 to 51,000 m² – and was thus 4 percent above the ten-year average. While owner-occupants accounted for 25 percent of sales in 2020, they contributed just 3,000 m² in 2021. There were twelve leases with an area of more than 1,000 m². For

In Mannheim-Neustadt, Adler Immobilien Investment is developing four blocks of buildings that will provide flexible office spaces as well as conference and training areas.



example, the first tenants were able to move into the Saltem health centre in Bahnstadt – taking up around 9,500 m² of space – and into the H-building on the Campbell site. The latter combines the charm of the listed building, in which the entrances in the so-called War Room were once secured with safe doors and the walls and ceilings were made tap-proof, with the latest building standards. Heidelberg-based Kraus Immobilien is developing a total of 60,000 m² of commercial space on the Campbell site – including the H-Building – in refurbishment and new build projects.

High office space turnover in Mannheim

With a population of around 310,000, Mannheim is one of the most attractive places to work in Baden-Württemberg, with 132,600 commuters travelling to the city each day. Around 73 percent of the 189,000 employees subject to social insurance contributions work in the service sector. Founders and innovative start-ups also receive extensive support. Since July 2021, the MAFINEX Technology Center has been offering even more space for tech start-ups, especially in the very earliest phases, at its 1,850 m² “Tech Hub” – the third tip of the MAFINEX triangle.



The attractiveness of Mannheim as a business location is reflected in the positive trend in office space turnover, which increased by 35 percent to 96,000 m² between 2020 and 2021. In contrast to the previous year, owner-occupiers contributed strongly to demand for of-

Investments and site expansions confirm that Mannheim is in demand as a business location.

fice space, accounting for 33,000 m² of turnover. The largest lease in terms of space was signed by the technology company Siemens, which leased 75 percent of the total 14,700 m² of gross floor space in a project development by Adler Immobilien Investment. The company is expected to move into its new premises in the multi-tenant building at Hans-Thoma-Strasse 8-10 in spring 2024. The new Franklin district of Mannheim will be home to the

Overview of office market data

Office market data for Mannheim

Indikatoren	2021	2020	2019
Existing space	2.125 Mio m ²	2.130 Mio. m ²	2.068 Mio. m ²
Office space turnover	96,000 m ²	71,000 m ²	71,000 m ²
Vacancy rate	6.1 %	4.9 %	4.6 %
City centre. peak rent	18.90 €/m ²	18.90 €/m ²	18.50 €/m ²
City centre. average rent	15.90 €/m ²	17.60 €/m ²	14.00 €/m ²
City centre periphery. peak rent	15.00 €/m ²	14.50 €/m ²	16.50 €/m ²
City centre periphery. average rent	14.40 €/m ²	13.60 €/m ²	13.40 €/m ²
Periphery. peak rent	14.00 €/m ²	13.00 €/m ²	12.50 €/m ²
Periphery. average rent	12.40 €/m ²	10.50 €/m ²	11.50 €/m ²

Büromarktkennzahlen in Heidelberg

Indikatoren	2021	2020	2019
Existing space	1.077 Mio m ²	1.054 Mio. m ²	1.010 Mio. m ²
Office space turnover	51,000 m ²	48,000 m ²	69,000 m ²
Vacancy rate	4.6 %	5.5%	2.9%
City centre. peak rent	16.80 €/m ²	16.80 €/m ²	16.70 €/m ²
City centre. average rent	15.60 €/m ²	15.10 €/m ²	14.00 €/m ²
City centre periphery. peak rent	16.00 €/m ²	16.00 €/m ²	15.50 €/m ²
City centre periphery. average rent	14.80 €/m ²	14.60 €/m ²	14.60 €/m ²
Periphery. peak rent	12.80 €/m ²	13.00 €/m ²	13.00 €/m ²
Periphery. average rent	12.10 €/m ²	10.40 €/m ²	11.30 €/m ²

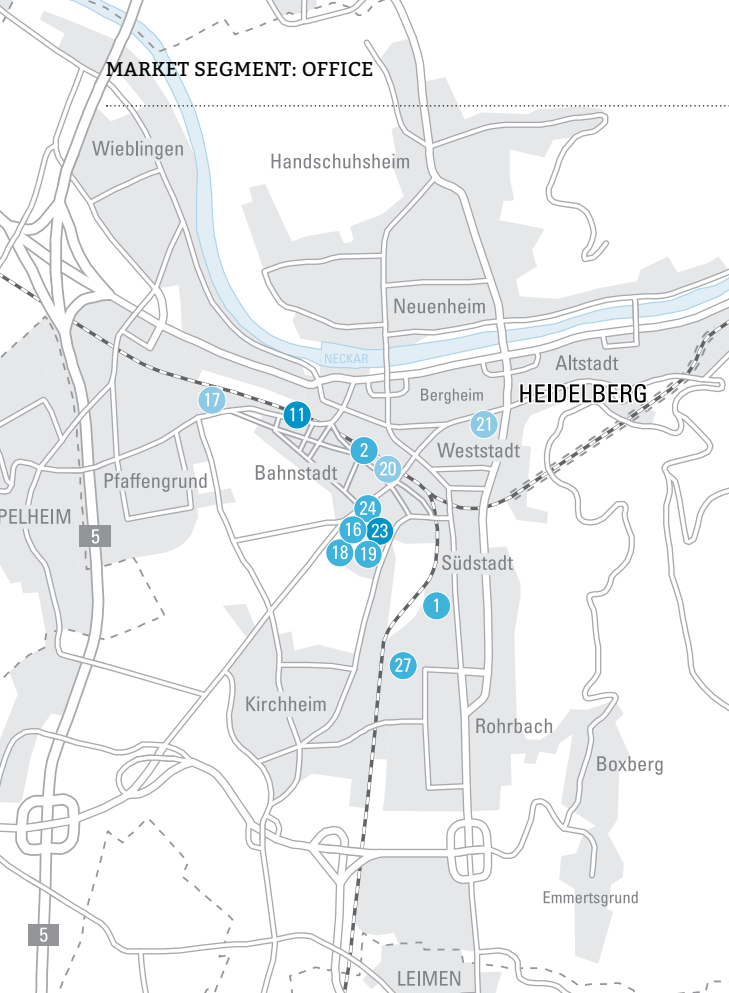
Office market data for Ludwigshafen

Indikatoren	2021	2020	2019
Existing space	0.928 Mio m ²	0.927 Mio. m ²	0.921 Mio. m ²
Office space turnover	20,000 m ²	10,000 m ²	21,000 m ²
Vacancy rate	3.5%	2.8%	1.2%
City centre. peak rent	13.00 €/m ²	12.80 €/m ²	14.20 €/m ²
City centre. average rent	12.10 €/m ²	11.80 €/m ²	12.50 €/m ²
City centre periphery. peak rent	- *	- *	- *
City centre periphery. average rent	- *	- *	- *
Periphery. peak rent	- *	- *	- *
Periphery. average rent	- *	- *	- *

* Cannot be determined due to a lack of transaction data. In Ludwigshafen, most transactions are completed in the city centre.

Source: gif/ in-house survey

MARKET SEGMENT: OFFICE



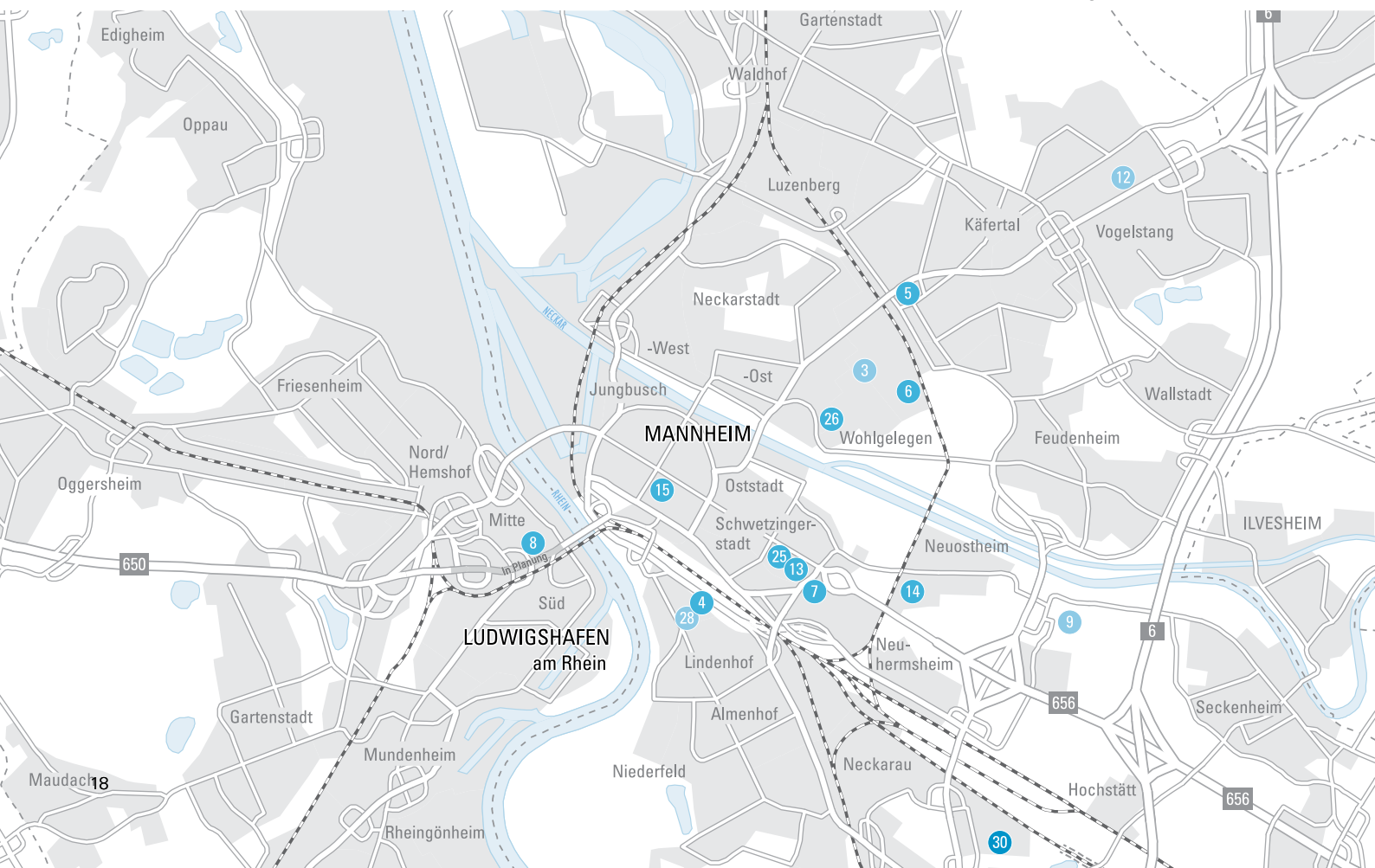
Many new office buildings are under construction in Heidelberg, Ludwigshafen and Mannheim. Their locations are shown on the two maps. Further information on the projects can be found in the table on page 21.

headquarters of Hitachi ABB Power Grids Germany from 2023. To this end, the technology company concluded a long-term lease agreement with 3iPro. In terms of sector origin, turnover was dominated by "Industry, trades & construction" with a share of 38 percent, "Information & communications" (20 percent) and "Retail, traffic & transport" (15 percent).

Only 13,000 m² of new space were completed – a significant decline on the previous year's figure of 73,000 m². Among the completions was the "Honeycamp" on the Taylor site, built in an all-wood construction to state-of-the-art energy standards. The LIV office building in the Glückstein Quarter and the BAM 18/18 office building in the Mallau industrial park, which was realised by the Adler Immobilien Investment Group, were also launched. Despite the lower volume of premises coming on stream, the vacancy rate rose by 1.2 percent to 6.1 percent. For the current year, 26,000 m² of new space are scheduled for completion, of which 9,000 m² have already been pre-leased.

Planned Under construction Completed

Source: VRRN Geobasisdaten: © GeoBasis-DE / BKG 2016 (data changed)



In Mannheim, developers are not only focusing on new buildings, but also on a wide range of revitalisation projects with a view to complying with ESG criteria. Since March 2021, the investor Activum SG Advisory has been extensively renovating the listed building in Gottlieb-Daimler-Strasse, formerly the headquarters of SV Sparkassen Versicherung, and repositioning it as KOROS. By 2023, this project will create more than 18,000 m² of space for modern office concepts with open areas, quiet zones, flex offices and accessible terraces. Heidelberg-based biotech company Affimed has already leased 5,500 m² before completion. The former Bilfinger Group headquarters at Carl-Reiß-Platz is also undergoing a redesign. Alstria Office Reit, the owner, is realising around 26,000 m² at the site. While the two office buildings will be repositioned as CARL RISE & AUGUSTA GRAND after core renovation, a third, de-constructed building will be rebuilt as residential and commercial premises. In 2021, the peak rent in Mannheim remained stable at EUR 18.90 per m², while the weighted average rent rose by 0.9 percent to EUR 14.30 per m².

Ludwigshafen doubles turnover

Ludwigshafen am Rhein in the state of Rhineland-Palatinate is traditionally an important centre of research and innovation for internationally active companies. Some 45.9 percent of the 104,650 employees subject to social insurance contributions work in manufacturing industries. The city's appeal as a place of work is demonstrated by the more than 70,770 employees subject to social insur-

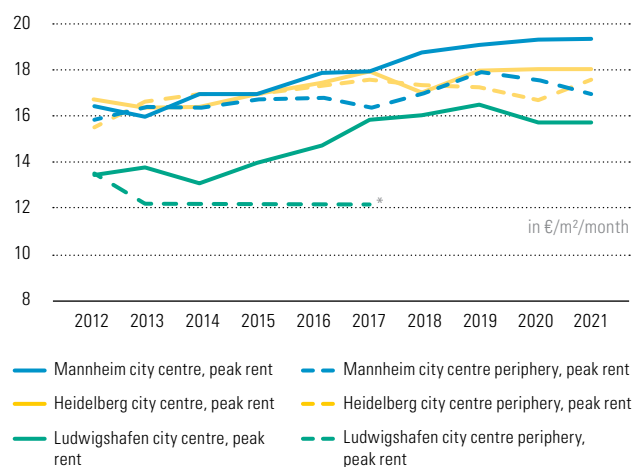
part in this market. Leases were signed, for example, by the municipal authority, which had to create alternative workspaces for its employees after moving out of the dilapidated Rathausurm offices. This building will be demolished in the next few years together with the Rathauscenter. For example, the city's IT Services and Building Management departments moved to the Lu-te-co 1 office building, while the Citizen Service, Registry Office, Post Office and Printing Centre moved to the former Kreissparkasse savings bank in Bismarckstrasse. IHK Pfalz (Palatinate Chamber of Commerce and Industry) concluded another lease for an intermediate property at Rheinallee 18+20. The latter plans to demolish and rebuild the IHK headquarters at Ludwigsplatz, combining its headquarters and Centre for Continuing Education.

In 2021, the volume of completions in Ludwigshafen fell from 6,000 to 1,000 m². Despite this, the vacancy rate rose moderately to 3.5 percent. This year, 13,000 m² of office space are due to be completed. These are the work of the Pro Concept Group, which is building an 18,500 m² office complex on Wredestrasse for the energy supplier Pfalzwerke. The ground floor of the building will include meeting and canteen areas. The peak rent in Ludwigshafen increased slightly by 0.2 percent to EUR 13.00 per m², while the weighted average rent rose by 0.3 percent to EUR 12.10 per m².

The city of Ludwigshafen is planning the digital “workplace of the future”.

ance contributions who commute into the city every day. Taking the slogan “today for tomorrow” as its inspiration, the city of 172,560 residents has repositioned itself and moved closer to the Rhine. With existing office space of just under 930,000 m², Ludwigshafen is the smallest office location of the three major centres. Office space turnover in Ludwigshafen doubled to 20,000 m² in 2021. As in the previous year, owner-occupier deals played no

Peak rents in the city centre and its periphery



* In Ludwigshafen, most of the deals fall in the city centre area. Due to an insufficient database, it is therefore not possible to determine the peak rent at the city centre periphery.

source: gif / In-house survey

LOGBOOK FOR INVESTORS AND COMPANIES

The Rhine-Neckar Metropolitan Region offers companies and investors from all sectors many locational advantages, especially its central position in Europe, an efficient, multi-modal infrastructure, and well-developed commercial sites for new settlements and expansion. Moreover, existing stock – such as the site of the former Felina factory in Mannheim (shown here) – is becoming more attractive to project developers and investors in terms of ESG criteria.





Key development projects in the Rhine-Neckar region

Overview of key office projects

No. in map	Town/City	Project name	Investor/Operator	Site area	Investment volume	Schedule
1	Heidelberg	Campbell Barracks	Immobilienentwickler BPD / Kraus Immobilien GmbH	40,000 m²	n.a.	Under construction, completion 2021/2022
2	Heidelberg	Europaplatz 6-9	Gustav Zech Stiftung	33,750 m²	€300 M*	Under construction, completion 2022
3	Mannheim	Headquarters Bauhaus	Bauhaus AG	25,000 m²	€60 M	Planned
4	Mannheim	LOKSITE (site 1)	DIRINGER & SCHEIDEL Wohn- und Gewerbebau GmbH	24,000 m²	>€100 M	Under construction, completion 2023
5	Mannheim	Kallstadter Strasse	ABB	20,000 m²	n.a.	Under construction, completion 2023
6	Mannheim	KONRADHAUS	Gröner Unternehmensgruppe	19,000 m²	n.a.	Under construction, completion 2022/2023
7	Mannheim	KOROS (Helmut-Striffler-Haus)	ACTIVUM	18,434 m²	n.a.	Under construction, completion 2023
8	Ludwigshafen	Pfalzwerke	Pro Concept Holding AG	13,000 m²	€55 M	Under construction, completion 2022
9	Mannheim	CONNECT*	Adler Immobilien Investment	12,500 m²	n.a.	Planned
10	Landau	Health Center	Stellwerk Süd GmbH & Co. KG	10,000 m²	€40 M	Under construction, completion 2022
11	Heidelberg	Health Center (E 2)	Erhard+Stern	9,500 m²	n.a.	Completed 2021
12	Mannheim	New building in the Columbus quarter	3iPro	8,500 m²	n.a.	Planned
13	Mannheim	CARL RISE	Alstria Hamburg	7,730 m²	n.a.	Under construction, completion 2023
14	Mannheim	Insite	DE.AS Projekt GmbH	7,200 m²	n.a.	Under construction, completion 2023
15	Mannheim	TRIO, formerly Peek & Cloppenburg	Horn Grundbesitz	6,200 m²	n.a.	Under construction, completion 2023
16	Heidelberg	hip - site G4 - building 111/114	SGHTP	6,200 m²	n.a.	Under construction, completion 2022/2023
17	Heidelberg	Rail yard	private Investoren	6,100 m²	n.a.	Planned
18	Heidelberg	hip - site G1.1 - building 115	Hoepfner iWERKx	6,000 m²	n.a.	Under construction, completion 2022
19	Heidelberg	hip - site G1.2 - building 112	e+ Kubator	5,600 m²	n.a.	Under construction, completion 2022
20	Heidelberg	Montpellier Karré	Erhard+Stern	5,000 m²	n.a.	Planned
21	Heidelberg	Goethe-Quartier (Kurfürsten-Anlage)	DIRINGER & SCHEIDEL Wohn- und Gewerbebau GmbH	5,000 m²	n.a.	Planned
22	Frankenthal	Administration municipal works Frankenthal	Stadtwerke Frankenthal GmbH	5,000 m²	>€10 M	Under construction, completion 2022
23	Heidelberg	hip - site G7 - building 106	Kolb + Partner	4,700 m²	€14 M*	Completed 2021
24	Heidelberg	hip - site B2	Stiftung	4,400 m²	n.a.	Under construction, completion 2022
25	Mannheim	AUGUSTA GRAND	Alstria Hamburg	3,800 m²	n.a.	Under construction, completion 2022
26	Mannheim	MMT L-Bank 2.BA	TPMA Group	3,500 m²	€40 M	Under construction, completion 2022
27	Heidelberg	SVAP	SSV Archi / ap88	3,200 m²	n.a.	Under construction, completion 2022
28	Mannheim	IZ Green Tech	city of Mannheim	3,000 m²	€14 M	Planned
29	Leimen	Service Centre Leimen	Bekim Krasniqi	2,500 m²	n.a.	Completed 2021
30	Mannheim	BAM 18/18	Adler Immobilien Investment	2,325 m²	n.a.	Completed 2021

Planned Under construction Completed

Areas stated in accordance with the MF/G definition
* Figures refer to the total planned investment volume.

Many new office buildings are under construction in Heidelberg, Ludwigshafen and Mannheim. Their locations are shown in the two maps on page 18.

Selected investments in production and logistics real estate


No. in map	Town/City	Type of location	Investor/Operator	Land area	Investment volume	Jobs	Schedule
1	Wiesloch	Production, Warehouse, logistics hall	VGP Industriebau GmbH	129,000 m²	n.a.	approx. 500	Under construction, completion 2022
2	Ladenburg	Production and logistics plant	Panattoni Germany Properties GmbH/neska Schifffahrts- und Speditionskontor GmbH	93,000 m²	on request	140	Completed 2021
3	Wiesloch	Production, Warehouse, logistics hall	VGP Industriebau GmbH	82,000 m²	n.a.	280	Planned
4	Dannstadt	Logistics centre	Panattoni Germany Properties GmbH/ IFCO Systems GmbH	41,500 m²	on request	40	Under construction, completion 2022
5	Obrigheim	Production and administration	Interroll Conveyor GmbH	16,000 m²	n.a.	n.a.	Completed 2021
6	Speyer	Logistics centre	Panattoni Germany Properties GmbH/Hornbach	31,125 m²	on request	n.a.	Completed 2021
7	Frankenthal	Distribution centre	Amazon Verteilzentrum Frankenthal	29,581 m²	n.a.	100	Completed 2021
8	Bensheim	Logistics centre	Panattoni Germany Properties GmbH, noch nicht vermietet	29,805 m²	on request	50	Under construction, completion 2023
9	GVV Hardheim-Walldürn	Production	Lyma GmbH	89,200 m²	1,8 Mio. €	12	Under construction, completion 2022
10	GVV Hardheim-Walldürn	Production	Metallbau Konrad GmbH	12,000 m²	5 Mio. €	120	Under construction, completion Q4/2022
11	Leimen	Car dealership	Autohaus Geisser GmbH	27,500 m²	n.a.	150	Under construction, completion Q4/2022
12	Frankenthal	Industrial park with showroom, production and office space	VarioPark GmbH	10,550 m²	10 Mio. €	n.a.	Under construction, completion Q3/2022
13	Landau	Company building with office, production and logistics	Weptech elektronik GmbH	23,768 m²	8 Mio. €	180-200	Under construction, completion 2022
14	Landau	Company headquarters with production hall	Schmitt Spezialmaschinenbau GmbH	6,965 m²	2,42 Mio. €	30	Under construction, completion 2022
15	Bensheim	Company headquarters with production	Sanner GmbH	30,000 m²	n.a.	220-230	Planned

Selected industrial parks in the Rhine-Neckar Metropolitan Region


No. in map	Municipality	Name of industrial park	Zoning law/ Type of area	Total area	Still available	Available lot sizes	Guideline value	Purchase price
1	Buchen	Interkommunaler Gewerbepark Odenwald - IGO	GE / GI	400,000 m²	90,000 m²	1,000-35,000 m²	42.50 €/m²	42.50-100 €/m²
2	Weinheim	Industriepark	GI / GE	800,000 m²	75,000 m²	5,000-28,000 m²	38 €/m²	170-200 €/m²
3	Worms	N 101 (Worms-Nord I)	GI / GE	250,000 m²	47,000 m²	auf Anfrage	41 €/m²	on request
4	GVV Hardheim-Walldürn	Verbands.Industrie.Park Walldürn - Abschnitt 1, 2 und 3a	GI	290,277 m²	41,648 m²	1,000-16,941 m²	170-200 €/m²	n.a.
5	Zweckverband GENO	TECH-N-O	GE / GI	160,000 m²	35,000 m²	ab 2,200 m²	n.a.	on request
6	Mannheim	Steinweg	Gex	110,000 m²	32,499 m²	1,271-7,509 m²	n.a.	143-145 €/m²
7	Worms-Rheindürkheim	Worms - Nord II	GI / GE	1,000,000 m²	30,000 m²	6,000-22,000 m²	on request	n.a.
8	Wiesloch	Metropolpark	GE	28,000 m²	28,000 m²	on request	145 €/m²	165-185 €/m²
9	Plankstadt	Alreal III	GE	72,092 m²	26,628 m²	2,501-26,628 m²	n.a.	n.a.
10	Weinheim	Gewerbegebiet Nord - Bergstraße/ Langmaasweg	GE	49,000 m²	24,742 m²	877-4,507 m²	n.a.	on request
11	Heppenheim	Gewerbegebiet Süd	GE	300,000 m²	22,000 m²	22,000 m²	105 €/m²	on request
12	Germersheim	Wörth-West	GE	20,700 m²	20,700 m²	20,700 m²	on request	n.a.
13	Bad Dürkheim	GE Bruch	GE	200,000 m²	20,000 m²	6,000-12,808 m²	n.a.	90-190 €/m²
14	Heidelberg	Rohrbach Süd	GE / GEe / GI	719,000 m²	19,500 m²	1,100-8,400 m²	12 €/m²	on request
15	Böhl-Iggelheim	Gewerbegebiet südl. der Bahnlinie und westl. der Iggelheimer Straße	GE / GI	15,300 m²	15,300 m²	on request	on request	n.a.
16	Heidelberg	Kirchheim im Bieth	GE	114,000 m²	13,962 m²	1,454-6,834 m²	n.a.	n.a.

Map key






Locations

- 
 Settlement area
☒ > 100,000 population
☐ 50,000 – 100,000 population
☒ 25,000 – 50,000 population
☐ 10,000 – 25,000 population

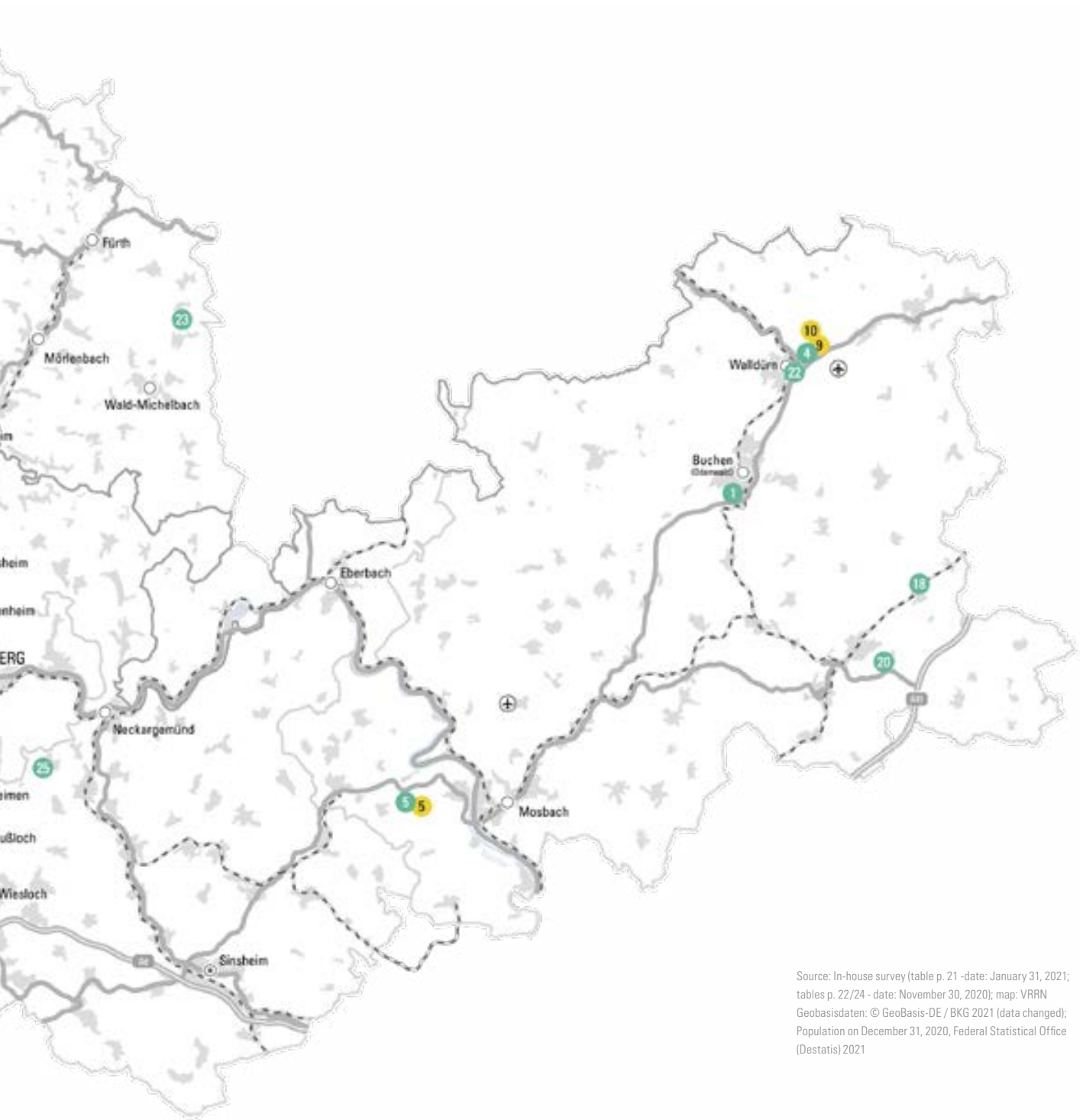
Boundaries & borders

-  National border
 State border
 District border

Transport routes

- | | |
|---|-------------------------------|
|  | National motorway with number |
|  | Main road |
|  | Railway |
|  | Airport |
|  | Port |





Source: In-house survey (table p. 21 -date: January 31, 2021;
tables p. 22/24 - date: November 30, 2020); map: VRRN
Geobasisdaten: © GeoBasis-DE / BKG 2021 (data changed);
Population on December 31, 2020, Federal Statistical Office
(Destatis) 2021

No. in map	Municipality	Name of industrial park	Zoning law/ Type of area	Total area	Still available	Available lot sizes	Guideline value	Purchase price
17	Walldorf	MetropolPark Wiesloch-Walldorf / Großer Stadtacker	GE	13,500 m²	13,500 m²	on request	n.a.	on request
18	Rosenberg	Nord-Ost II	GE / GI	82,270 m²	10,800 m²	on request	35 €/m²	41 €/m²
19	Heidelberg	Bahnstadt - Nördlich Eppelheimer Straße	B-plan in development	45,300 m²	10,000 m²	on request	n.a.	n.a.
20	Osterburken	Regionaler Industriepark Osterburken (RIO)	GI / GE	491,000 m²	10,000 m²	1,500-10,000 m²	on request	n.a.
21	Heidelberg	Heidelberg Innovation Park (hip)	GE	148,000 m²	10,000 m²	1,050-2,917 m²	n.a.	n.a.
22	Walldürn	Spangel	GE	38,023 m²	9,231 m²	4,500-9,231 m²	n.a.	ab 80 €/m²
23	Grasellenbach	Wahlen Süd	GE	17,000 m²	7,500 m²	1,000-5,000 m²	60 €/m²	80 €/m²
24	Neustadt	Solarpark Lilienthal	GE	100,000 m²	3,000 m²	3,000 m²	n.a.	n.a.
25	Gaiberg	Mäuerlesäcker/Fritzenäcker	GE	12,830 m²	2,029 m²	475-901 m²	10 €/m²	33 €/m²

Companies and logistics providers seek attractive sites

Demand for commercial space in the Rhine-Neckar Metropolitan Region is estimated to be around 1,500 hectares by 2035. Conversion and expansion of existing industrial estates and inter-municipal cooperation should help to meet this demand while conserving the region's resources.



The logistics industry is booming. International links between economic areas, production on demand and the constantly growing e-commerce require central locations with multi-modal links. The Rhine-Neckar Metropolitan Region scores highly here with its excellent access to road, rail, water and air transportation services. Mannheim's main railway station is the second largest distribution hub in Germany. In February 2022, the first services of the new rail freight link between Mannheim and its Chinese twin city Qingdao set off on their 12,300 km journey. The Mannheim/Ludwigshafen port centre is Europe's second-largest inland port and another vital hub for European freight traffic. The nearby Frankfurt Airport also offers the option of transporting time-sensitive goods as air freight.

Demand from companies and logistics providers for commercial space is therefore high in the Rhine-Neckar region. This year's Real Estate Market Report has selected and analysed 25 industrial parks from the region's annual municipal survey. The selected sites cover a total area of approx. 5.02 million m², of which 618,000 m² are still undeveloped and available at short notice. Purchase prices for fully accessible industrial land parcels in the urban heart of the region generally range from EUR 150 to EUR 170 per m². In suburban areas, the starting point for negotiations is between EUR 90 and 185 per m², with peaks of up to EUR 200. In the periphery, prices fall to an average of EUR 60 per m² – usually with very good transporta-

tion links. Investment activity in the areas of production and logistics, spread across the entire region, will total approx. EUR 240 million over the next few years. Many projects are sold before they are even completed.

For example, LIP Invest acquired a logistics centre in Dannstadt-Schauernheim, Rhineland-Palatinate, for one of its logistics funds as part of a forward funding deal from Panattoni. It is already fully leased to the IFCO Systems Group. Completion of the distribution centre is scheduled for the end of Q3 2022. The plot of land measuring approx. 41,500 m² is being used to create a logistics area covering 23,200 m². DGNB Gold certification is

Sustainability certificates also play a significant role in logistics real estate.

being sought for the new building. In Landau's D10 industrial park, the PHS Group and its approx. 150 employees are moving into a new company headquarters building. The new four-storey building with staggered floor(s) and a green roof is scheduled for completion in the summer of 2022.



The distribution site in Dannstadt-Schauernheim with a green roof and photovoltaic system has approval for 24-hour operation.

With the acquisition of an 83,000 m² brownfield site in Mannheim, Montea gained its first foothold in Germany through its cooperation partner IMPEC Group. The site is leased for 8.5 years. After the lease expires, it will be re-developed into a sustainable logistics centre. In Rhenaniastrasse in Mannheim-Neckarau, the Weinheim-based Atalanta Group purchased an industrial site with an area of approx. 50,000 m² in two tranches. The plan is to develop multi-functional commercial premises with a variety of uses and logistics areas.

In October 2021, the town of Weinheim opened a new industrial park between the B3 and the railway line. The Gewerbegebiet Nord park comprises 31 municipal plots with a total area of just under 50,000 m². Most of the 15 building plots awarded by the city in September 2021 went to SMEs from the city or surrounding region that need to expand.

Heidelberg and Leimen are working together to develop a joint commercial and industrial area. On 1 January 2021, the two municipal authorities founded a special-purpose association to sustainably upgrade developed and undeveloped areas in the locality in partnership with local businesses and property owners.

The “urban area”

To meet the demographic, climatic and social challenges of the present and future, cities need new structures for living together. Ensuring that user-oriented residential, working, education, shopping and leisure facilities are linked by short travelling distances, should make daily life easier for everyone and conserve resources. To promote the “city of short distances”, a new planning category was created in 2017 – the “urban area” (Section 6a BauNVO). This allows different functions to be located in close proximity to each other, provided they do not significantly interfere with residential life. In an “urban area”, higher and denser construction is allowed and the daytime noise limits are slightly higher than in a “mixed use area” at 63 dB. The maximum site occupancy index is 0.8 and the maximum floor space index is 3.0. The mix of different uses is specifically desired here and there is no requirement to maintain certain ratios as in the mixed-use area. Infrastructure or production areas that are no longer needed but located close to city centres offer good conditions for this type of development. The new type of area is being used in practice in the Rhine-Neckar Metropolitan Region, e. g. in Ludwigshafen. The Heinrich Pesch Siedlung (see image), the first “urban quarter” in the city, is being built on a site covering more than ten hectares. The planned project will create 580 apartments, cultural and social facilities as well as commercial units. All plots of land will be granted on a long-term lease basis. And the “urban area” model is also under discussion for the Speyer industrial yard.



Stable purchasing power, strong customer loyalty, but lower sales

The city centre retail sector in the Rhine-Neckar Metropolitan Region was characterised by both gloom and hope in 2021, the second year of the corona pandemic. Stable retail purchasing power contrasted with lower retail sales.



The ongoing consequences of the corona pandemic, with contact and access restrictions, also impacted the metropolitan region's city centre retail sector. Not only were consumers restrained, but the further shift of shopping habits to online retail depressed high street sales. Compared to the previous year, the share of retail-relevant purchasing power that was not spent in the region's high street retailers rose by up to four percentage points to 15 percent, according to the analysis by the Rhine-Neckar Chamber of Commerce and Industry. As in Germany as a whole, the only winners were bricks-and-mortar retailers that supply everyday consumer goods. While retail purchasing power rose again or remained stable in many municipalities, retail sales fell for a further year in succession. In Heidelberg and Mannheim, this led to falling peak rents in city centre locations. The competitiveness of the retail locations can also be seen in their high purchasing power retention rates, which also underline the strength of the region's medium-sized cen-

tres. Schwetzingen (156 percent), Walldorf (155 percent) and Mosbach (140 percent), in particular, achieve excellent results in this category in terms of retaining their own purchasing power and attracting purchasing power from outside the region.

Rethinking city centres

Even before the corona pandemic, a transformation process – which has accelerated since the spring of 2020 – had begun in Germany's city centres. This trend is also visible in the Rhine-Neckar Metropolitan Region. City centres are attractive, lively and successful when they offer a mix of uses, a variety of functions and a high quality of stay. Achieving this requires precisely tailored goals and strategies, as well as specific solutions that take lo-



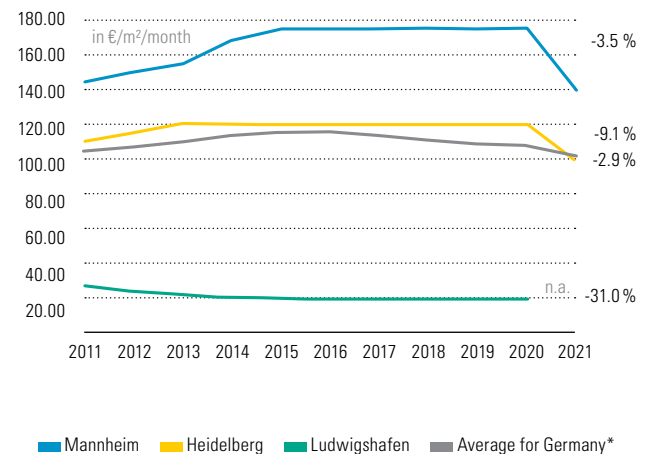
After conversion and refurbishment, Mannheim's ÖVA Passage, the listed arcade between Planken and Fressgasse, sparkles with new life.

cal conditions, opportunities and potential into account. The four Chambers of Commerce and Industry in the metropolitan region have drawn up a joint mission statement on the "Future of the City Centre", which identifies five fields of action that play a decisive role in the development of city centres. The demand that city centres be transformed from places of commerce to places of experience lies at the heart of their proposals. Retailers must offer attractive products, high quality service and ideas – but they also need more opportunities to try out new concepts and creative solutions.

Redesigning Heidelberg

With its idyllic location, wide range of shops, cafés and restaurants, university and numerous research institu-

Peak rents for retail property



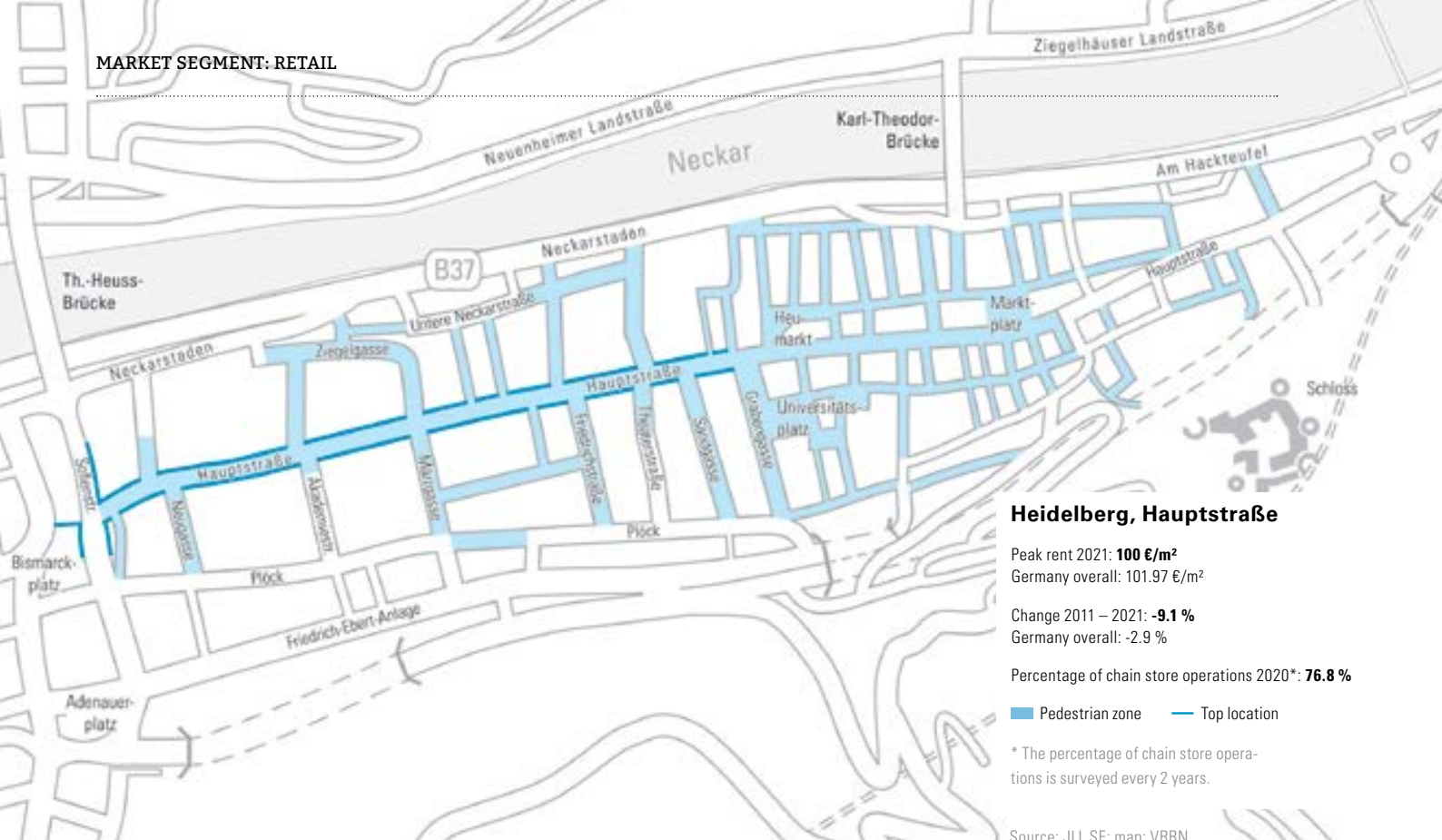
*In 2021, the evaluation of retail-relevant cities was changed from 185 to 66. The average values were adjusted accordingly.

Source: Presentation by MRN based on data supplied by JLL SE

tions, the city on the River Neckar, which has a population of around 159,000, attracts many visitors every year. From October to December 2019 and in March 2021, the city conducted a survey of all shops and grocery stores. This documented a total of 1,031 shops – two-thirds of them in the retail sector – with a total sales area of approx. 300,000 m². Their total annual turnover is over

Demand for retail space is already outstripping supply again in Heidelberg's city centre.

EUR 1 billion – of which one third is generated in the food sector. Since the survey was conducted, a growing number of companies have set up online stores: the percentage has doubled to twelve percent since 2019. Nine



out of ten businesses are also extremely easy to find on the Internet.

By upgrading its retail concept – the process will be completed in 2022 – the city is aiming to boost the diversity and small-scale nature of retail businesses in its old town. Special operating concepts, such as showrooms,

pop-up, outlets and concept stores, manufactories and design companies, are intended to provide additional appeal. The city's main shopping area is Hauptstrasse, the 1.4 km street between Bismarckplatz and Marktplatz, which is home to more than 250 stores, many of them chain stores run by well-known brands but also small, owner-operated businesses. In 2021, retail centrality

Heidelberg wants to set new accents and create incentives to make city centre retail more diverse and attractive and increase visitor footfall.



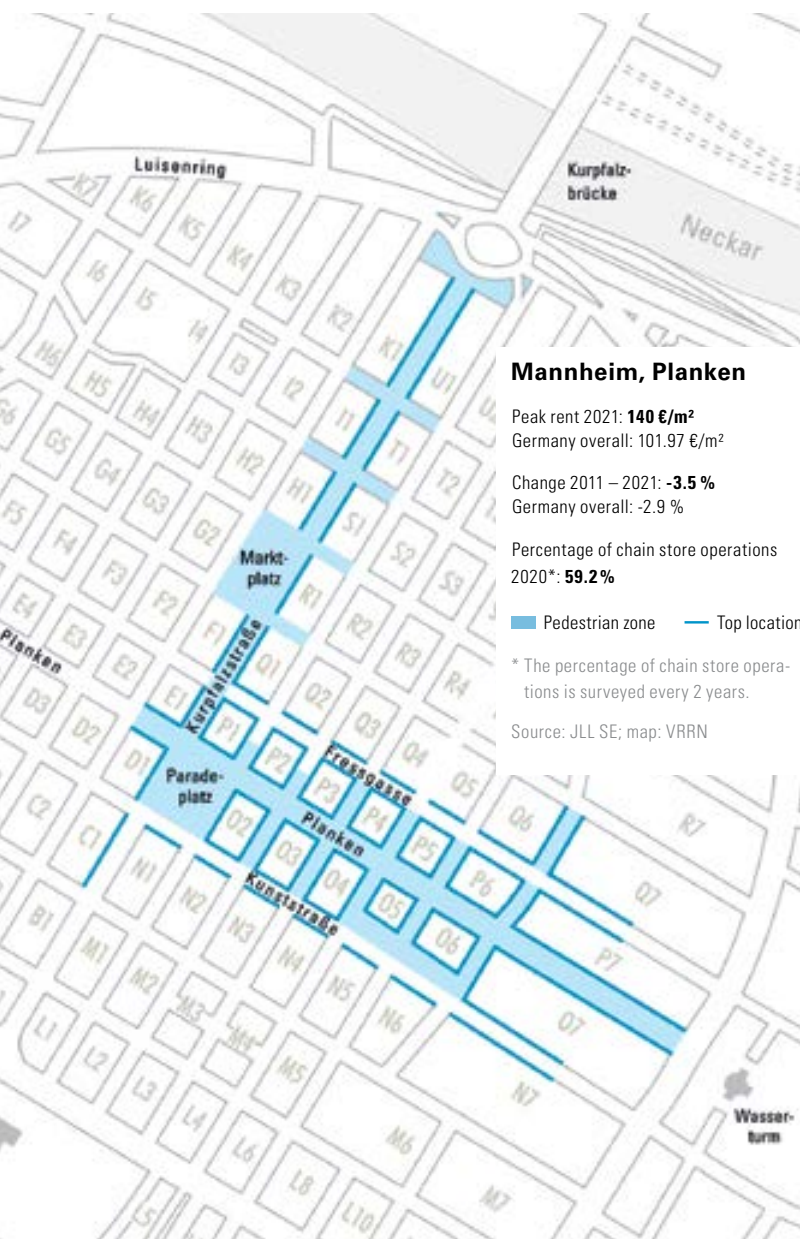
was above average with an index value of 123.2, while retail purchasing power was 92.1, and retail sales were 115.3. The peak rent fell from EUR 120 to EUR 100 per m² between 2020 and 2021 due to the corona pandemic.

In December 2021, a Mömax Trend furniture store opened in the Bahnstadt Quarter. At the beginning of 2022, an XXXLutz furniture store opened next to the “Bauhaus” DIY centre. New developments are also appearing at Kurfürsten-Anlage. On the former Bauhaus site on Kurfürsten-Anlage, the Mannheim-based Diringer & Scheidel Group is developing two buildings with retail, residential and office premises as well as a medical centre and restaurants under the name Goethe-Quartier. Two neighbouring sites formerly operated by Heidelberger Druckmaschinen and Stadtwerke Heidelberg respectively are also being redeveloped. These will feature rental

and owner-occupied apartments, as well as commercial and service premises, spaces for creative industries, and a daycare centre.

Mannheim focuses on transformation

With 309,720 residents, Mannheim is the second largest city in Baden-Wuerttemberg and offers an impressive array of shops and eateries. With retail sales of EUR 2.4 billion, it is responsible for over 35 percent of sales in the Rhine-Neckar Chamber of Commerce and Industry district. The purchasing power retention rate of 118 percent is equivalent to the top value in Germany for municipalities with more than 200,000 inhabitants (together with Lübeck and Kassel). The retail centrality index value is 144.2. The significantly above-average retail sales (139.1) more than compensate for the below-average retail purchasing power (96.5). This figure, which is well over 100 percent, demonstrates the appeal of Mannheim's retail sector. Indeed, the city centre is one of the leading locations in Germany in terms of sales. According to the Rhine-Neckar Chamber of Commerce and Industry, it ranked eleventh out of 8,171 postal code districts nationwide. Nevertheless, retailers here are also feeling the effects of the pandemic. In the previous year, retail sales recorded an even higher index value of 149.2.



Attractive recreational areas are also being created on the side streets of Mannheim's Planken shopping boulevard.

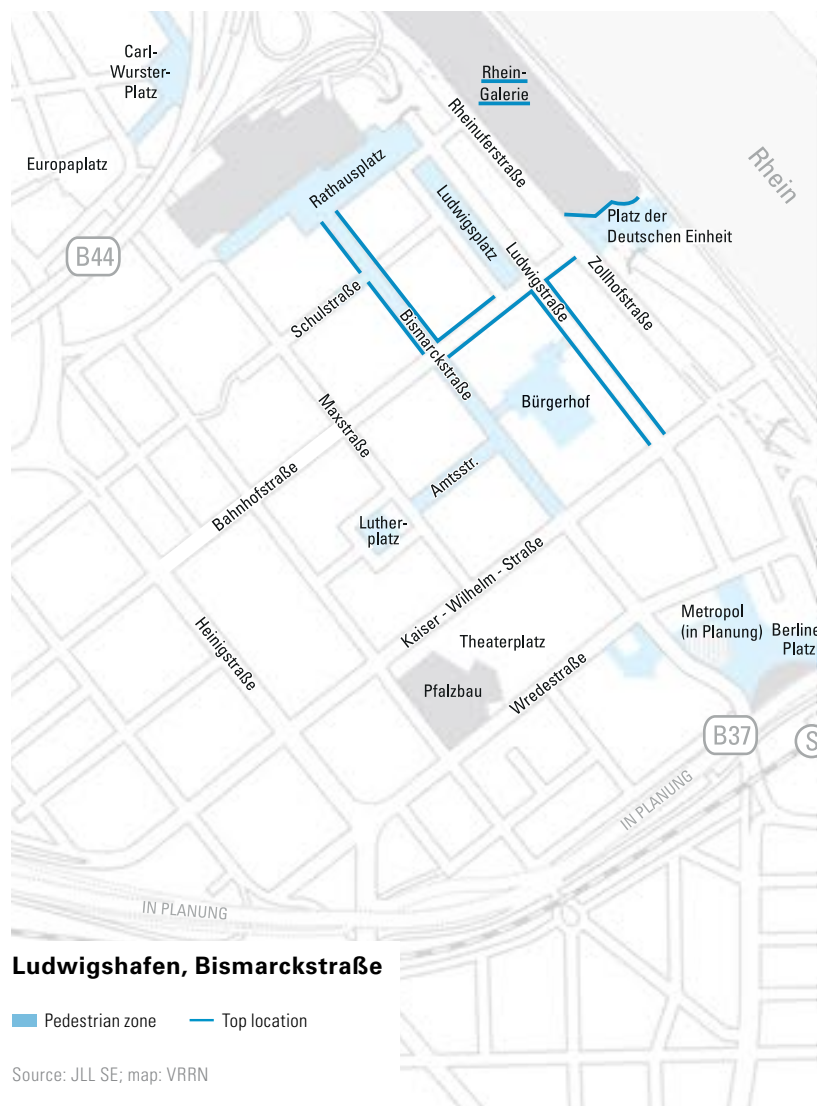
Department stores are being transformed. Three former department stores in central Mannheim are being converted into modern mixed-use properties. The ex-sales areas on the third and fourth floors of the C&A building at Paradeplatz have been occupied by a department of the City of Mannheim and a dental care centre since Q1 2022. In future, C&A will only be dedicating an area of just over 7,800 m² to the presentation of its fashion range. Peek & Cloppenburg is converting the “Weltstadthaus” on the Planken, with sales operations continuing, and repositioning it as “Trio”. Once completed, in 2023, retail

will only occupy the space from the basement to the first floor. The storeys above this will be dedicated to new office spaces. The former Kaufhof department store in Mannheim's N7 block is also being repurposed. The Diring & Scheidel Group is transforming the old building into a new residential and commercial property under the name "New 7". The two basement floors and ground floor will remain, while the other floors will be built in a timber hybrid construction. Retail space will be confined to the ground floor. The majority of the building will be residential with some spaces for offices and medical practices.

The undisputed top location in Mannheim is the Planken, which has been extensively renovated and upgraded in recent years. This boulevard is home to the large Engelhorn and Peek & Cloppenburg stores, international chain stores and owner-operated shops offering a wide range of products. The peak rent here is EUR 140 per m², EUR 35 less than in the previous year. Parallel to the Planken, Fressgasse is another customer magnet with the city quarter Q 6 Q 7 and its attractive shopping mall. In addition, Breite Strasse between Planken and Kurpfalzbrücke with its market square and the old town hall is a key part of the colourful city centre.

Retail concentration in Ludwigshafen

Ludwigshafen, traditionally characterised by industry and manufacturing, is a commercial centre on the Rhine that is in strong competition with the neighbouring city of Mannheim and other towns in the Rhine-Neckar region. As part of an urban redevelopment plan initiated in 2006, usage structures in the city centre are being changed to achieve a greater concentration of retail in the Ludwigsstrasse and Rhein-Galerie locations. Last year, for example, five stores affected by the closure of the Rathaus-Center on 31 December 2021 found new locations on Ludwigstrasse. Ludwigstrasse has long been a home to many traditional speciality stores offering shoes, clothing, furniture and home accessories. It is also at the heart of the model project Inner City Impulses, which focuses on the axis Berliner Platz – Ludwigstrasse – Ludwigsplatz and adjacent streets and squares.



The city is seeking to reduce existing retail spaces and strengthen additional uses in other locations. In Bismarckstrasse, the main shopping street for many years, as well as Wredestrasse, private sector-driven investments in the office, service and residential sectors – the current priorities – are now becoming more visible. One example of this is the TWL company headquarters and customer centre at Bismarckstrasse. This has replaced the former Kaufhof department store. In place of the former C&A building in Wredestrasse, the Pro Concept Group is realising a new corporate headquarters for the energy supplier Pfalzwerke for almost EUR 60 million. An 18,500 m² office ensemble with 16,000 m² of leasable space will be

As with TWL's corporate headquarters, Ludwigshafen is focusing on user-oriented facilities to revitalise its city centre locations.



Ludwigshafen is focusing on contemporary ways of living, working and shopping in the city.

completed by August 2022. In the coming years, the local authority plans to modernise the city centre and adjacent neighbourhoods as part of its urban redevelopment programme, opening them up still further to new and contemporary forms of living, housing, working and shopping in the city. Located directly by the river, the Rhein-Galerie shopping centre offers an extensive range of products spread over more than 30,000 m² of retail space with around 100 shops, cafés, restaurants and a food court. In contrast to its above-average retail centrality (114.4) and retail sales (105.4), the city's retail purchasing power index (92.1) was again lower than that of Heidelberg and Mannheim in 2021.

Retail indices in the key centres of the Rhine-Neckar Metropolitan Region

Municipality	Inhabitants	Purchasing power	Turnover	Centrality
Mannheim	309,721	96.5	139.1	144.2
Ludwigshafen	172,557	92.1	105.4	114.4
Heidelberg	158,741	93.6	115.3	123.2
Worms	83,459	95.0	125.1	131.6
Neustadt	53,306	107.1	123.6	115.4
Speyer	50,741	103.3	147.6	142.9
Frankenthal	48,750	92.6	85.7	92.5
Landau	46,685	97.6	135.5	138.8
Weinheim	45,335	113.0	137.5	121.7
Bensheim	40,791	111.7	111.3	99.6
Sinsheim	35,433	94.7	109.8	115.9
Viernheim	34,281	100.1	189.2	189.1
Lampertheim	32,660	103.4	89.1	86.2
Leimen	26,862	97.1	56.4	58.0
Wiesloch	26,605	104.6	93.7	89.6
Heppenheim	26,218	105.4	144.4	137.1
Mosbach	23,425	98.4	164.5	167.1
Hockenheim	21,539	101.2	172.9	170.7
Schwetzingen	21,577	110.2	234.5	212.8
Germersheim	20,643	82.1	102.5	124.8
Haßloch	20,195	102.4	99.1	96.7
Schifferstadt	20,432	105.8	62.9	59.5
Bad Dürkheim	18,553	109.4	106.5	97.3
Wörth	18,217	98.5	114.9	116.6
Buchen	17,773	95.5	129.9	136.1

Source: GfK Geomarketing (Indices: 2021), Federal Statistical Office (Population count as of 31.12.2020 based on the 2011 census)

Development area for life sciences

In the Rhine-Neckar Metropolitan Region, sustainable strategies are being developed for the global megatrend of healthy living – as well as for the areas of innovative work, digital economy and society, sustainable business and energy, and intelligent mobility.



MODEL REGION

The region is receiving EUR 40 million in funding from the State of Baden-Wuerttemberg for the Rhine-Neckar Innovation Campus and cutting-edge research in the life sciences.

Research, knowledge transfer and innovation secure prosperity and the ability to compete in global markets. The Rhine-Neckar Metropolitan Region, with its 2.4 million inhabitants, is famous for its powers of innovation with 22 universities, including Heidelberg University of Excellence, and around 30 internationally renowned research institutions maintaining an intensive transfer of knowledge with industry. The region is a pioneer in the development and implementation of technologies in areas as diverse as digitisation, climate protection and applications for alternative energies, such as hydrogen.

As important fields of the future, the life sciences, healthcare industry and medical technology sectors contribute to the region's high economic performance and international reputation. With the founding of the "Heidelberg Mannheim Health and Life Science Alliance", a network of science, business and city stakeholders in the Rhine-Neckar Metropolitan Region is aiming to make greater use of their potential for scientific excellence in health and the life sciences. The Heidelberg Mannheim Health and Life Science Alliance Innovation Campus, which has received EUR 40 million in funding from the State of



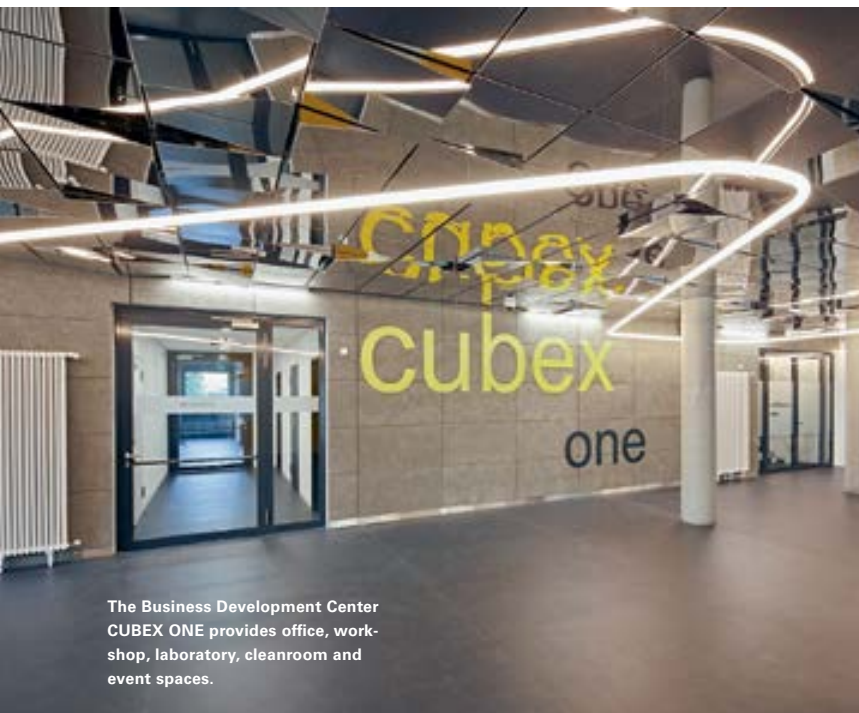
KNOWLEDGE CAMPUS

The Neuenheimer Feld master plan offers expansion opportunities for research, science and medicine, as the new building of the Max Planck Institute for Medical Research shows here.

Baden-Wuerttemberg, pools the potential and expertise of Heidelberg University, the German Cancer Research Center (DKFZ), the European Molecular Biology Laboratory (EMBL), the Max Planck Institute for Medical Research (MPI), the Central Institute of Mental Health (ZI), and Heidelberg and Mannheim University Hospitals in an innovation ecosystem. The network is integrated into a potent economic environment that is home to more than 950 influential companies operating in the fields of biotechnology, medical technology and medical developments. These range in size from major in-

The Health and Life Science Alliance is a beacon for the sector with its state-of-the-art research.

ternational corporations to SMEs and new players emerging from the region's lively and successful start-up scene. Cluster organisations, such as the BioRN association or the Mannheim Medical Technology Cluster,



The Business Development Center CUBEX ONE provides office, workshop, laboratory, cleanroom and event spaces.

NETWORK

The Rhine-Neckar Metropolitan Region is aiming to be home to the intelligently networked, patient-centred healthcare of tomorrow and is geared to equal opportunities. The concept for the newly founded Rhine-Neckar Health Region has been developed by a network led by Gesundheitsplattform Rhein-Neckar e.V. and MRN GmbH.

make a significant contribution to building networks between companies, start-ups, research institutions and clinics. The merger of the Heidelberg and Mannheim University Hospitals into one large clinic is also being examined, with the aim of developing this into one of the largest top medical centres in Germany.

Suitable premises are essential for efficient cooperation and knowledge transfer. Specialised commercial space developments and real estate projects are available specifically for this purpose in Mannheim and Heidelberg. In Heidelberg, buildings for commercial life science tenants have been constructed on the former conversion sites Bahnstadt and Heidelberg Innovation Park (hip). Available premises include the Sky-labs and Skyangle properties, the Business Development Center Heidelberg, Biolabs

Heidelberg and, in the future, buildings for a much broader mix of industries at the hip. At Neuenheimer Feld (INF), a campus for research, science and medicine in the western part of the Neuenheim district, high quality spatial development of the campus and urban district into an urban science area is planned as part of a master plan process. On Berliner Strasse, the German Cancer Research Center in the Helmholtz Association is currently planning the construction of a new building complex for innovative cancer research and basic biological research.

In Mannheim, the key components of business and science are being brought together conceptually and spatially at the Mannheim Medical Technology Campus (MMT Campus) by the city's economic development department. The campus, which is within walking distance of the grounds of the Mannheim University Medical Center, enables industry, hospital and research institutions to develop and market medical products quickly, efficiently and consistently in line with clinical care requirements. Various buildings developed by private and public investors for companies, start-ups and research institutions have already been built and leased, are under construction or in the planning phase. These include space for commercial tenants in the Medical Technology Start-up and Competence Center CUBEX41, in the Medical Technology Business Development Center CUBEX ONE, in three buildings of the L-Bank subsidiary TPMA, and in buildings in the "Alte Brauerei" area. If temporary space bottlenecks occur, tenants of the neighbouring buildings have access to flexibly rentable office and laboratory spaces, a conference centre and co-working space in CUBEX ONE.

The objective of the Rhine-Neckar Health Region is a cross-state Health In All Policy.

SPONSORS



Legal Information and Liability Disclaimer

Any publication, duplication and any sharing of this Report, even of parts thereof, shall be subject to the prior written consent of the Metropolregion Rhein-Neckar GmbH. The estimates and assessments provided in this Report shall be subject to the following reservations: We shall not assume any liability for losses, costs or other damages resulting from the utilisation of the information published herein. The information provided is based on sources we consider reliable. However, we are in no position to guarantee that this information is correct and complete. The assessments made are based on the status of information available at the time of our editorial deadline (31 January 2022). Actual developments may differ significantly from the forecasts and projections as well as expectations expressed in this Report. The Publishers shall not assume any responsibility for providing updates to the statements made. The information contained in this report is provided for the sole purpose of sharing generally informative material and is not intended as a substitute for professional consultations.

Legal notice

PUBLISHER

Metropolitan Region Rhein-Neckar GmbH, M 1, 4-5, 68161 Mannheim, Phone +49 (0)621 10708-0, gmbh@m-r-n.com, www.m-r-n.com

CARTOGRAPHY

Verband Region Rhein-Neckar, M 1, 4-5, 68161 Mannheim, Phone +49 (0)621 10708-0, info@vrrn.de, www.m-r-n.com/verband

LAYOUT AND TYPESETTING

Publik. Agentur für Kommunikation GmbH, Ludwigshafen, www.agentur-publik.de

PRINTING

ABT Print und Medien GmbH, Bruchsaler Straße 5, 69469 Weinheim

IMAGE CREDITS

Title image: NEXT MANNHEIM / Daniel Lukac; p. 2 top: MRN; p. 2: Daniel Lukac; p. 3 top: MRN; p. 3 left: Pro Concept, p. 3 right: Zweckverband Regionaler Industriepark Osterburken. Originator: Mr. Dressel, p. 4/6: MRN; p. 7: MVV; p. 8: Hähnig und Gemmeke Freie Architekten BDA; p. 10/11: JLL; p. 13: Fischer Architekten / D&S; p. 14: CRAUS GROUP, Originator: SSV Architekten; p. 16/17: ADLER Immobilien Investment Gruppe; p. 20/25: JLL; p. 27 top: Panattoni Germany Properties GmbH, p. 27 down: HPS; p. 28/29: blocher partners/ Joachim Grothus; p. 30: Heidelberg Marketing GmbH / Tobias Schwerdt; p. 33: Gabriele Bobka; p. 34/35: Visualisation: Behnisch Architekten / Masterplan: ASTOC ARCHITECTS AND PLANNERS, p. 36: NEXT MANNHEIM / Daniel Lukac

Available as a free PDF download, as well as print version at www.m-r-n.com/publikationen

