

REAL ESTATE MARKET REPORT Rhine-Neckar 2020

Office | Retail | Commercial | Investment
Focus: Commercial and industrial site potential

www.standorte-rhein-neckar.de



Dr. Christine Brockmann,
Managing Director of Metropol-
region Rhein-Neckar GmbH

Dear Readers

A central location in the heart of Europe and outstanding infrastructure ensure that the Rhine-Neckar Metropolitan Region is well-connected. It is home not only to global players, but also many SMEs and start-ups. Key sectors include biotechnology, IT, chemistry, automotive, mechanical engineering, and plant construction as well as cultural and creative industries. Citizens and companies alike appreciate its cultural diversity, excellent residential and shopping facilities, and high quality of life. This report on the commercial property market provides in-depth analysis of the relevant sub-markets in the region. It offers detailed insights into the office and retail markets as well as investigating existing commercial and industrial areas. Purely residential real estate is not included in the analysis. The scarcity of available sites and buildings on the German commercial real estate market is encouraging national and international investors to seek suitable locations outside the major cities. The Rhine-Neckar region is an extremely attractive destination for businesses, a fact reflected in its higher rate of real estate transactions. This report presents the region's investment market in partnership with bulwiengesa. Our focus this year is on the potential of commercial and industrial real estate in the region and the presentation of the results of the "Regional Study of Commercial Sites in Rhine-Neckar 2030". The study provides companies and investors with valuable information for new settlements and expansion.

We wish you a stimulating read!

Dr. Christine Brockmann



32 Market Segment: Retail
Thriving town centres with a lively retail sector are key for a high quality of life.

Title image

The "No.1" office and hotel building was built on the site of the former main fire station "Mitte" in Mannheim's Glückstein Quarter at a cost of approx. €70 million. In addition to a 15-storey tower, the ensemble incorporates a six-storey base structure. The project was designed by the Mannheim architects Schmucker & Partner and fully leased twelve months before completion. The consultancy firm EY will move into an office with 5,000 m² of gross floor area. The 4-star hotel with 150 rooms has been leased to GS Star for 25 years.





14

A strong alliance

The Rhine-Neckar Metropolitan Region unites 15 urban and rural districts – we present five of them.



16

Market Segment: Office

Companies value the Rhine-Neckar region's central location.




40

Focus

The "Regional Study of Commercial Sites in Rhine-Neckar 2030" highlights demand and potential supply.

Location Rhine-Neckar	4	A strong alliance: Introducing five urban and rural districts	
The Rhine-Neckar Metropolitan Region – progressive, committed and livable.		Speyer	15
Investment Market	10	District of Bad Dürkheim	30
Higher consumer spending and changing preferences		Heidelberg	31
Market Segment: Office	16	District of Rhine-Neckar	38
Major users boost office space turnover		Worms	39
Overview map	25	Glossary	44
Market Segment: Industrial & Commercial	28		
Active management of site demand			
Market Segment: Retail	32		
Sustainable concepts set the market tone			
Focus	40		
In search of commercial and industrial site potential			

An aerial photograph of the Rhine-Neckar region, showing a dense urban area with a river winding through it. The city is characterized by a mix of residential buildings, commercial structures, and green spaces. The river is a prominent feature, with several bridges crossing it. The background shows a hazy horizon under a clear sky.

Place for innovation

The Rhine-Neckar region – progressive, committed and livable

More than

160,000


companies employ a total of

948.000

staff and generate a gross added value of

€89

billion

An aerial photograph of the Rhine-Neckar Metropolitan Region, showing a dense urban landscape with a mix of residential buildings, green spaces, and industrial areas. The Rhine river is visible winding through the region. The sky is clear and blue.

The Rhine-Neckar Metropolitan Region is both innovative and dynamic with an excellent scientific landscape, vibrant cultural life, attractive residential and shopping areas, and stunning natural environment. Its 2.4 million inhabitants are proud of their strong tradition of civic commitment.

With a per capita GDP of around €39,000 and a gross value added of €89 billion, the region is one of Germany's leading economic centres. As an international hub, its 15 urban and rural districts offer companies fast access to people, markets and knowledge. They are home to listed companies, such as BASF, SAP, Roche, Heidelberger Druckmaschinen and HeidelbergCement with a combined market capitalisation of €231.4 billion. The unemployment rate has been falling for years in the Rhine-Neckar region; it now stands at just 4.3 percent.

Innovation Space for Technology

The Rhine-Neckar Metropolitan Region is one of the most innovative areas in Europe. It is the northern gateway to the Technology Axis South, which generates 32 percent of total industrial turnover and 43.3 percent of all German patents. In the Rhine-Neckar region itself, more than 2.3 percent of employees work in research and development – considerably more than the national average of 1.2 percent.

Two new science data centres in Mannheim and Heidelberg will soon enable scientists to work more closely with computer centre and library staff in order to improve the usability of research data. The Business and Economic Research Data Center (BERD-BW) in Mannheim will be a centre of expertise for data availability, data exchange and data analysis in the economic sciences. Heidelberg's "BioDATEN – Bioinformatics DATa Environment" centre focuses on research in the life sciences and will support bioinformatics workflows throughout the entire data life cycle.

Photo: Fulbert Hauck



Heidelberg's InnovationLab research centre coordinates the interdisciplinary, state-of-the-art research and development activities of the Forum Organic Electronics cluster.

30
internationally
recognised research
institutions

22
universities

Regional and local digitisation

Artificial intelligence (AI) is a key factor in digitisation. The AI4EU project aims to create a new platform for artificial intelligence that will support potential users of the tech-

The region's success is based on three key pillars: innovation, outstanding workforce and excellent infrastructure.

nology, help them to test AI solutions and integrate them into their processes, products and services. A total of 21 countries are participating in the project, which includes the Walldorf-based company SAP among its partners. A new test environment for 5G applications in medical technology at the University Hospital in Mannheim will offer assistance for SMEs. This is part of the project "Transfer Centre 5G for SMEs" which was set up by the Fraunhofer Institute's Project Group for Automation in Medicine and Biotechnology and funded by the Federal Ministry of Transport and Digital Infrastructure. "We create community²" is the motto of the digitisation strategy developed in partnership between the City of Mannheim and its citizens. It is embedded in the Mannheim 2030 mission statement and aims to promote

the further development of future Smart City activities. Mannheim and the District of Rhine-Neckar are also participating in the "Smart Cities" call for tenders issued by the Federal Ministry of the Interior. The goal is to create an open xRoad platform that networks decentralised registers, integrates further stakeholders and creates a uniform data standard. Regional planning and development also require a solid base of usable data. The newly conceived spatial observation system "Metropolitan Atlas Rhine-Neckar" – a free-to-use, web-based application – allows users to visualise information for more than 200 indicators in the form of diagrams and maps using official statistics or crowd-based data. The project plans to successively integrate further data sources into the Metropolitan Atlas Rhine-Neckar and create a comprehensive and cooperative data infrastructure.

Intelligent networks for education

In the age of globalisation and digitisation, few things are more important for a region's long-term prosperity than strong education and training. For this reason, the Rhine-Neckar Metropolitan Region is networking its various educational stakeholders under the label "EduAction". This will also create greater transparency with regard to the region's many private education companies. Twenty-two universities and around 30 internationally renowned research institutions successfully drive innovation by transferring research results into economic value-added processes. In 2019, the University of Heidelberg

was again awarded the title "University of Excellence". It is regularly one of the top German universities in international rankings. However, not only scientists, but also students praise the region's education infrastructure. For example, the study "Location Retention of Young Talent and Junior Staff" conducted by the Spiegel Institute Mannheim shows that students at the University of Mannheim are satisfied with their quality of life and education in the city: Mannheim is the preferred place to study for 68 percent of those surveyed. They also rate the region's infrastructure, shopping facilities, cultural and leisure activities as good to very good.

Energy systems of the future

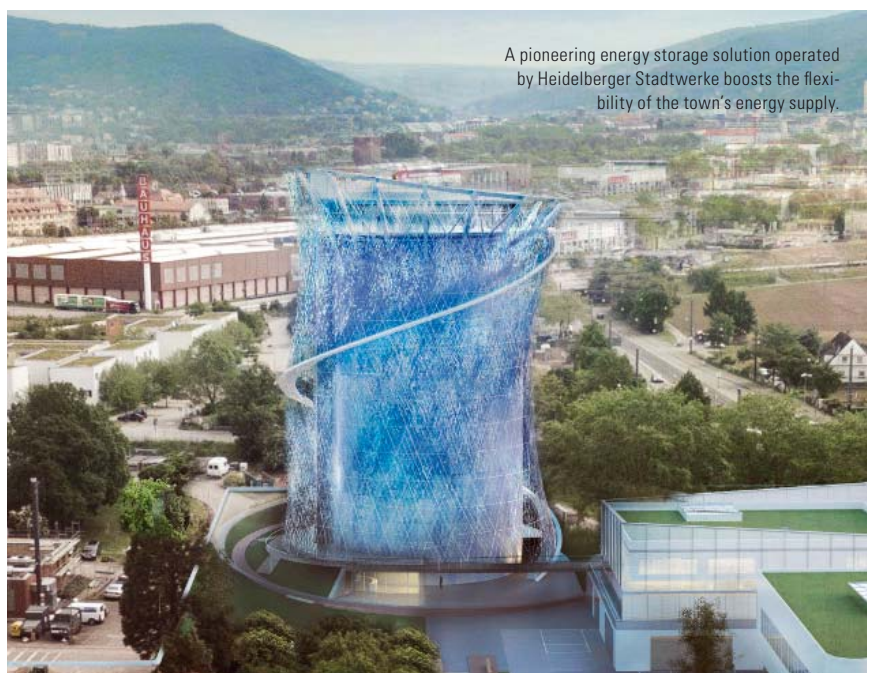
Hydrogen has the potential to significantly reduce damaging greenhouse gases and improve air quality – especially if it is generated from renewable resources. The Rhine-Neckar Metropolitan Region aims to become a model region for the innovative use of hydrogen. It is receiving €20 million in funding from the German federal government to implement its concept for the networked expansion of hydrogen use. One specific example of a sustainable energy supply solution is being implemented under the title "blue_village_franklin" at the Franklin

Europe will only be able to exploit the benefits of AI if the technology is easy for all companies to use.

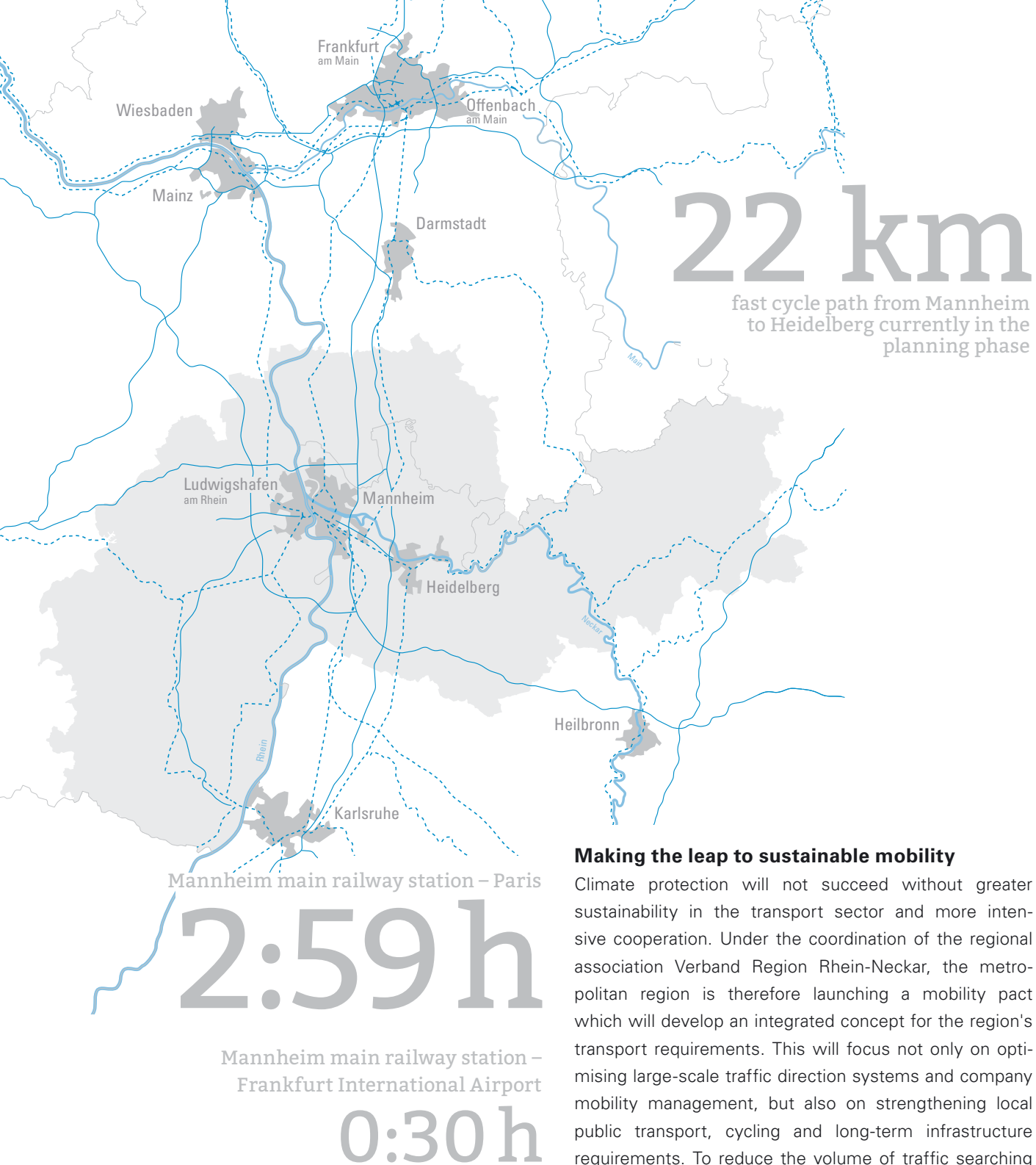
conversion site Mannheim. The concept is based on cellular energy systems and has been included in the nationwide initiative "Showcase Intelligent Energy – Digital Agenda for the Energy Turnaround" (SINTEG) run by the Federal Ministry of Economics and Energy as part of its novel "C/sells" energy concept. Together with innovative services, the project aims to create a pioneering energy community. The first hydrogen filling stations have been in operation in Heidelberg since the beginning of 2019. Heidelberg's municipal authority is planning to gradually convert its fleet of vehicles to meet zero-emission standards. The changeover will follow the schedule defined in the master plan "Sustainable Mobility for the City", developed by Heidelberg, Mannheim and Ludwigshafen.

2.3 %
of employees
in R&D

16.7 %
of employees
in high-tech industries



A pioneering energy storage solution operated by Heidelberger Stadtwerke boosts the flexibility of the town's energy supply.



Mobility services in residential areas are vital for promoting sustainable travel and climate protection.

Making the leap to sustainable mobility

Climate protection will not succeed without greater sustainability in the transport sector and more intensive cooperation. Under the coordination of the regional association Verband Region Rhein-Neckar, the metropolitan region is therefore launching a mobility pact which will develop an integrated concept for the region's transport requirements. This will focus not only on optimising large-scale traffic direction systems and company mobility management, but also on strengthening local public transport, cycling and long-term infrastructure requirements. To reduce the volume of traffic searching for parking spaces and improve air quality, the City of Mannheim is installing a modern, digital parking guidance system. It will use state-of-the-art collection and provision of data to detect and communicate parking capacities and occupancy rates virtually in real time. It will also include the locations and occupancy rates of charging stations for electric vehicles. In addition, sustainable mobility will require investment in autonomous vehicles. "Real Laboratory for Automated Bus Services in Urban and Rural Public Transport (RABus)" – a project set up by the Baden-Wuerttemberg Ministry of Transport and an interdisciplinary consortium of research institutes, user

groups and technology suppliers, including Rhein-Neckar-Verkehr GmbH, the region's public transport provider – aims to test the practical feasibility of the mobility solution.

Conversion as a strategy

As Germany transforms itself from an industrial to a knowledge-based society, its land use and real estate requirements are also changing. The Heidelberg Innovation Park (hip) is under construction on the site of the former Patton Barracks and is set to become an innovation hot spot for IT, digital media and bioinformatics. This crucible of ideas for the digital future will promote interdisciplinary exchange between users, provide space for companies at all stages of their development and create up to 6,000 jobs.

In Weinheim, following the relocation of the GRN care centre and rehabilitation clinic, a new residential apartment complex is currently in the planning phase. The historic chapel of the "Kreispflege" (district care centre) will be preserved, as will the Wilhelminian-style ward block and listed administration building. In Mannheim, a building at the former Taylor Barracks has been extensively renovated and converted into "das E" complex, which includes both offices and a hotel. The City of Mannheim acquired the 45-hectare site in 2013 and is converting it into a campus-style industrial park with a long belt of landscaped parkland at its heart.

International presence

In its "Vision 2025", Rhine-Neckar described its goal of being well-known and recognised as one of the most attractive and competitive regions in Europe. Key focuses of this regional development strategy include sustainable and needs-based mobility, cooperation and positioning in Europe, ensuring a healthy balance between settlement development and open spaces, promotion of regional innovation activities and an intelligently networked health region. Mannheim was the first German city to establish a structured partnership with UN-Habitat to promote sustainability goals. The city is also aligning its development strategy with the 17 "Sustainable Development Goals" (SDGs) of the United Nations. In addition, Worms and Speyer are working towards achieving "UNESCO World Heritage" status as important sites in Ashkenazi Judaism.

Bauhaus architecture in Mannheim

Last year, the Bauhaus celebrated its 100th birthday. The now world-famous name was coined by Walter Gropius, who founded the "Staatliches Bauhaus" in Weimar on April 1, 1919. This avant-garde school has had a major influence on art, design and architecture – and Mannheim is no exception. Bauhaus developed the idea of standardising building components and reducing costs through reduction and simplification of designs. When the school in Weimar closed at the end of 1924, Gropius searched for a new location and contacted the Mayor of Mannheim, Theodor Kutzer. However, Mannheim lacked the financial resources to set up a similar institution. Nevertheless, Bauhaus architecture did find its way into the city. The first example appeared in 1927 with the "Fröbel-Seminar" in the Lindenhof district, which was built according to plans of the municipal building construction office. Many elements of the Bauhaus can also be found in the New Mannheim National Theatre, which was designed by Bauhaus student Gerhard Weber and built between 1955 and 1957. Detailed information on the Bauhaus in Mannheim can be found in the brochure "Bauhaus Architecture" by Dr. Monika Ryll, published by the association Rhein-Neckar Industriekultur.

[www.rhein-neckar-industriekultur.de/
bauhaus-architektur](http://www.rhein-neckar-industriekultur.de/bauhaus-architektur)



The National Theatre is undergoing extensive renovation.



Investment Market Rhine-Neckar

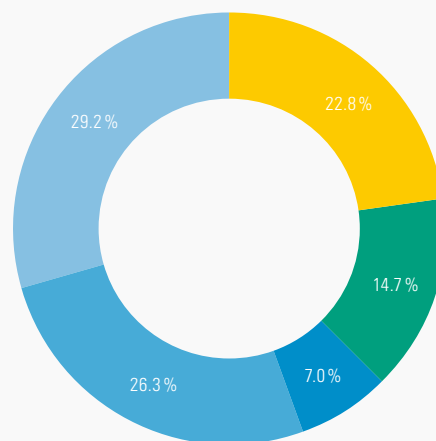
Higher consumer spending and changing preferences

In 2019, investment market transaction volumes grew significantly in the Rhine-Neckar Metropolitan Region. Investors were attracted to a broad range of asset classes with a focus on logistics and office properties.

The new Bahnstadt health centre at Eppelheimer Strasse 8 will have a total area of nearly 9,500 m² and be home to a wide range of medical practices and services. It is scheduled to open in 2021.



Investments in the Rhine-Neckar region



Type of property	Volume in € million	Proportion in percent
Office and commercial	223	22.8
Retail	144	14.7
Hotels	69	7.0
Warehouse, logistics	257	26.3
Other	286	29.2
Total	979	100.0

In cooperation with bulwiengesa, the survey identified 51 transactions for the Rhine-Neckar region. The volumes are partly based on estimates.

Persistently low interest rates have increasingly led many institutional investors to shift their focus to real estate. Shortages of suitable products and high prices in the Big 7 cities are making it increasingly difficult to identify high-yielding properties. Many investors are therefore turning to markets outside these major centres and looking at alternative investments, such as healthcare properties or student apartments. In the Rhine-Neckar Metropolitan Region, a total of €979 million was invested in commercial real estate, including the Living sector, in 2019. This was a substantial increase over the previous year (€670 million). At €103 million, Living even exceeded demand for alternative investments at €86 million. Land is scarce and the need for greater sustainability is making

properties in city centre locations more attractive. Investors are even prepared to purchase existing buildings, provided there are interesting possibilities for deconstruction, conversion or expansion. Building land accounted for €97 million or 10.5 percent of transaction volumes.

Boost for logistics

The dynamic growth of the e-commerce sector and central location of the Rhine-Neckar region boosted transaction volumes in the warehouse and logistics segment from €68 million to €257 million. With a 26.3 percent share of total investment volume, it even outpaced the office segment. Purchases included three 120,000 m² logistics properties in Offenbach an der Queich, a 49,000 m² logistics centre in

National and international investors value the sustainability and future growth potential of the Rhine-Neckar region.

Worms, a 22,000 m² logistics centre in Mannheim and a 18,000 m² logistics centre in Heppenheim. Major investors included funds, such as LaSalle Investment Management and Union Investment. Israel Chemicals Limited (ICL) sold its properties in Ludwigshafen's industrial park "Industriepark Süd" to the Triwo Group from Trier. The former turbine

works in Mannheim changed hands for around €28 million. Aurelis Real Estate took over the former BBC plant in Boveri-strasse and plans to convert the corporate property into a sustainable commercial district.

Office properties take second place

With transaction volumes of €223 million and a share of 22.8 percent, office real estate fell behind warehousing and logistics for the first time in the investor interest rankings. Although large purchases of more than €100 million are rare in the Rhine-Neckar Metropolitan Region, there was strong demand for such acquisitions among institutional investors in 2019. Nevertheless, international investors were also interested in this attractive market.

Selected transactions 2019

	Name of property	Town/City	Quarter	Name of seller	Name of buyer	Rentable space in m ²
Office and commercial	Heidelberg Technology Park, Baufeld T2 (Speyerer Strasse 4-6)	Heidelberg	Q2	Roland Ernst Grundstücks-Fonds 8 GmbH & Co. KG	Tristan Capital Partners	24,000
	SV-Versicherung building (Gottlieb-Daimler-Strasse 2)	Mannheim	Q1	SV-Sparkassenversicherung	Activum Advisory SG	16,450
	Post office building (Rathausplatz 21)	Ludwigshafen	Q4	HVB	Imfarr	13,500
	Walzmühle office building (Walzmühlstrasse 66/65A, Rheinuferstrasse 9, 9A, 9B)	Ludwigshafen	Q3	Activum SG	Dream Global REIT	10,600
	Vista Bensheim office building (Stubenwald-Allee 19)	Bensheim	Q2	Vollack baulInvest	S-Immobilienvermögen Pforzheim-Carl	5,000
Retail	Retail park centres from the KOBE portfolio	Mannheim und Ludwigshafen	Q2	DIWG Düsseldorf	FIM Unternehmensgruppe Bamberg	26,800
	Share of Kaufhof department store portfolio (Kurpfalzstrasse P 1)	Mannheim	Q4	Signa Prime Selection AG	Commerz Real	17,000
Hotels	Holiday Inn Express Mannheim City (Reichskanzler-Müller-Str./ Heinrich-von-Stephan-Str.)	Mannheim	Q1	SSN Group	Kapitalverwertungsgesellschaft	160 rooms
	Europa-Hotel (Ludwigsplatz 5-6)	Ludwigshafen	Q3	Bettina Ankele-Benke Diethelm Benke	Dr. Peters Group	131 rooms
Warehouse, logistics	Turbine Works Mannheim (Boveri-strasse 22)	Mannheim	Q1	GE-General Electric Power	Aurelis Real Estate	113,000
	Sites in Industriepark Sued, Ludwigshafen (Giulini-strasse 2)	Ludwigshafen	Q4	ICL	TRIWO Gruppe	100,000
	Logistics centre (Landzungenstrasse 17)	Mannheim	Q2	Bechtolsheim Real Estate Zamberk Real Estate Ventures	Kanzlei Heiermann Franke Knipp (HFK), Knight Frank	22,000
	Henry Schein Logistics Centre (Hunsrueckstrasse 2)	Heppenheim	Q3	Biskupek-Scheinert Investorengruppe	LaSalle E-Regi, LaSalle Investment Management (LIM)	18,000
Other	Bahnstadt Health Centre (Eppelheimer Strasse 8)	Heidelberg	Q4	Erhard & Stern	n.a.	9,500
	Student hall of residence (Birkenauer Strasse 49-51)	Mannheim	Q3	P+B Group	Catella Residential Investment Management	7,170

The "Walzmühle" on the banks of the Rhine was one of Europe's largest mills. Today, it is a popular one-stop shopping centre.



For example, Tristan Capital Partners and the Düsseldorf real estate company DW Real acquired a multifunctional office complex on the outskirts of Heidelberg's Bahnstadt district for €64 million. The Canadian company Reit Dream Global purchased the historic Walzmühle office building in Ludwigshafen for €16.6 million. HypoVereinsbank sold

Mixed use properties reduce the potential for conflicts and help investors to diversify.

the former post office building in Ludwigshafen to the Austrian Family Office Imfarr as part of the "Omega" office portfolio. The insurer SV-Versicherung, which is moving into the "Quartier Hoch 4" development, sold its building in Mannheim's Gottlieb-Daimler-Strasse to Activum Advisory SG.

Lower volumes in the retail segment

Transaction volumes in the retail segment, which have diminished in importance throughout Germany due to

ongoing structural changes, fell by €49 million to €144 million. Transactions in Mannheim included the Kaufhof department store at Kurpfalzstrasse P1. The store was acquired by Commerz Real as part of a 20 percent stake in a portfolio. The intention is to develop the property further in partnership with Signa Prime Selection. The FIM Group acquired ten retail properties as part of the KOBE portfolio, including retail parks in Mannheim and Ludwigshafen. The lower number of new hotels led to a drop in investment in hotel properties from €85 to €69 million.

Urban living is hot property

The "compact city of short distances" is in vogue and generating high demand for mixed use developments. This trend is reflected in the investment market. In Ludwigshafen's Rheinallee, the housing company Dawonia acquired a new construction project with 181 privately financed rental apartments and five commercial units that will be completed by spring 2021. Also in Ludwigshafen, Aberdeen Standards acquired the site of the former Halberg plant and is planning to develop it into the "Ludwigs Quarter" with an emphasis on housing.

An alliance of strong partners

The Rhine-Neckar Metropolitan Region comprises 15 urban and rural districts. They are typified by good accessibility, an open attitude to the needs of businesses, and a high quality of life. Introducing five urban and rural districts: embark on a journey of discovery!





No. of employees: 29,307
Purchasing power index: 105.5
Business tax rate: 415
Rent price range, Office: 5.60 bis 8.20 €/m²
Rent price range, Retail: n. a.

Speyer

The cathedral and university city offers an attractive mix – it is a very popular place to live and a dynamic business destination with a diverse range of shops, services and educational institutions.

Short distances, a healthy mixture of trade, commerce, industry and tourism combined with very good transport connections ensure that this attractive, mid-sized centre with about 50,000 inhabitants has a strong appeal in the region. Mayor Stefanie Seiler describes the opportunities and challenges of the location.

Companies today are engaged in global competition. It is essential for them to be well-connected to national and international markets. How does Speyer meet this need?

Surveys of companies conducted by, e.g. the Chamber of Industry and Commerce and the city's economic development authority, confirm that we offer good conditions for business and underline the positive trend

over recent years. Above all, they praise the city's excellent connections to major roads, long-distance and local rail networks and the local public transport system. The Deutsche Bahn rail freight link in the industrial park to the south of the city, inland port on the River Rhine, airfield and proximity to Frankfurt International Airport also guarantee good access to markets by rail, water and air.

In the 'war for talents', companies recognise the important role played by soft factors. How does Speyer perform in this area?

With the German University of Administrative Sciences, many educational institutions and our proximity to the Universities of Heidelberg and Mannheim, Speyer offers great education services. This well-trained human capital is a

valuable asset for our corporate sector, which is dominated by a large number of SMEs operating in a wide range of industries. The high quality of life, excellent healthcare, wide range of leisure activities and beautiful city centre help us to attract and retain the best brains.

Thriving conurbations attract people, so living space is often in short supply. What is the situation in Speyer?

Providing an adequate supply of living space is a challenge we face in Speyer as well. Spatial restrictions and the urban structure mean that unchecked expansion of housing is out of question. That's not the way we want to do things here anyway. We want to develop our city carefully, sustainably and to high quality standards. In terms of urban development, our aim in Speyer is to create more affordable living space and improve neighbourhood development by thinking creatively and increasing housing density within its boundaries in socially compatible ways. In May 2019, the city and various stakeholders in the real estate and construction industries signed the "Speyer Alliance for Affordable Living" based on a concept for the housing market.

What does this mean specifically?

We are investigating the creation of a new residential and commercial area in the north of Speyer. The plan for the "Pioneer Quarter Speyer" envisages opening up 40 hectares of commercial space and almost 13 hectares for the construction of 550 residential units. The starting point would be the site of the Kurpfalz Barracks, which has already been approved for conversion. Since the development of the proposed new quarter would also extend to Verbandsgemeinde Rheinauen (association of municipalities of Altrip, Neuhausen, Otterstadt and Waldsee) and the municipality of Otterstadt, the development of an inter-municipal construction area would be a feasible option.

www.speyer.de

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Market Segment: Office

Major users boost office space turnover

The Rhine-Neckar Metropolitan Region is an attractive location for companies. To attract the best brains, companies are looking for modern premises in central locations. In 2019, demand focused primarily on high-priced office premises in newly built quarters. In addition, rents rose due to a lack of supply.

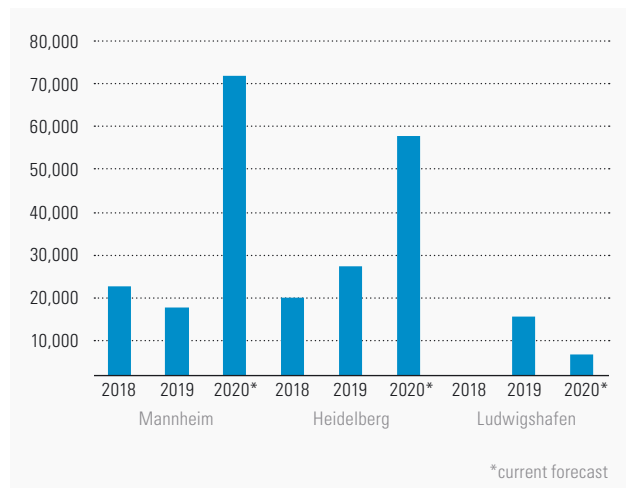
The new office building LOKSITE in Mannheim's Glückstein Quarter is both an urban and architectural landmark.



The 160,000 companies in the Rhine-Neckar Metropolitan Region have approx. 948,000 employees and generate a gross added value of €89 billion. The manufacturing sector accounts for a large share of the economy (41.4 percent) in Ludwigshafen am Rhein in Rhineland-Palatinate. In contrast, the service sector is much more important in Mannheim (72.4 percent) and Heidelberg (83.8 percent) in Baden-Wuerttemberg. These three locations form the core markets of the office segment. Together, they offered existing office space of around 4 million m² in 2019. Mannheim accounted for the largest share with 2.068 million m². In 2019, 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 totalled around 161,000 m² – 31,000 m² more than in the previous year. Turnover was dominated by demand for large and medium-sized premises. A total of 19 leases with a volume of around 33,130 m² were registered in the market segment between 1,000 and 5,000 m²; a further seven leases covering around 82,460 m² were registered in the segment above 5,000 m²; the largest lease concluded was for 28,400 m² of office space.

Supply did not keep pace with demand despite a further 62,000 m² of newly built office space coming onto the market – 20,000 m² more than in the previous year. As a result, peak rents increased in all three core markets.

Progress of completed projects (in m²)



However, the demand overhang is now also affecting existing properties and driving an increase in average rents. Due to the higher volume of completions, vacancy rates rose slightly in all three cities. But in Heidelberg and especially in Ludwigshafen, they were significantly below the fluctuation level of 3 percent. The active market vacancy rate fluctuated in the range from 1.2 to 4.6 percent. This supply bottleneck is expected to

Office users appreciate the flair of mixed use districts that combine working and living in the city.

ease in 2020 with 135,000 m² scheduled for completion during the year. The region urgently needs this expansion in the supply of modern office space. However, most of the additional space will be created in Mannheim and Heidelberg, while only 6,000 m² are due to come onstream in Ludwigshafen.

Heidelberg exceeds the one million mark

Heidelberg has just under 160,600 inhabitants and is a very young city with an average age of 40.4 years. Around 70 percent of the 91,400 employees subject to social insurance contributions work in the area of knowledge-intensive services. The city thus occupies first place in the Innovation Index produced by the State Statistical Office of Baden-Wuerttemberg, and second place in the areas of research intensity and business start-ups in high-tech industries. The University of Heidelberg, with the University Hospital, is the largest employer in the city. Research institutions such as the German Cancer Research Center (DKFZ), National Center for Tumor Diseases (NCT), European Molecular Biology Laboratory (EMBL), four Max Planck Institutes and the university attract international scientists to Heidelberg. But the city also scores highly in flourishing cultural and creative industries. In the European Union's "Cultural and Creative Cities Monitor 2019" comparison of cities, Heidelberg once again ranked

among the five most attractive small cities. In 2019, office space turnover within Heidelberg's urban area was around 69,000 m², almost twice as much as in the previous year. Owner-occupiers, which played a negligible role in 2018, accounted for 32,000 m² in 2019.

The IBA Heidelberg is promoting the development of pioneering solutions for complex, urban construction challenges.

A total of 28,000 m² were completed, meaning that existing office space exceeded 1 million m² for the first time. One of the projects completed was the "Business Development Center Heidelberg" in the Heidelberg Innovation Park. Tenants of the "SkyAngle" and the "MEILEN.STEIN" Quarter in the city's Bahnstadt district were also able to move into their new premises in 2019. In 2020, the construction of the new Group HQ of HeidelbergCement AG will be completed and provide space for around 800 to 1,000 employees.

The vacancy rate for the entire urban area was 2.9 percent in 2019 (2018: 2.8 percent). The lack of new office space led to a rise in peak rents generated by all locations in 2019. In the city centre, the peak rent rose sharply by €1.70 to €16.70 per m². The average city centre rent also increased by €0.30 to €14.00 per m². The peak rent in the city centre periphery held steady at the previous year's level of €15.50 per m², while the average rent increased by €0.60 to €14.60 per m². In the periphery, the peak rent rose by a moderate €0.50 to €13.00 per m², while the average rent increased by €0.30 to €11.30 per m². The scheduled completion of 58,000 m² of new office premises in 2020 seems unlikely to improve the market situation as 50,000 m² of these are for the owner-occupier HeidelbergCement.

Few vacancies in Ludwigshafen

In Ludwigshafen, manufacturing companies – above all the chemical company BASF – are major employers.

By the end of 2020, the new office building and adjoining logistics hall designed by SCOPE Architekten GmbH will unite Schweickert Elektrotechnik GmbH and Schweickert Netzwerktechnik GmbH under one roof at the companies' new site in Walldorf.



Every day, 70,550 people commute from the surrounding area to work in this city on the Rhine, which is home to 168,500 people. Ludwigshafen's GDP per employee is €112,656. The major developments of recent years, such as Rheinufer Süd on the south bank of the Rhine, the Zollhofhafen (customs harbour) district, and the technology mile are beginning to bear fruit. They provide attractive environments not only for international companies but also for innovative SMEs and start-ups. With existing office space of 921,000 m², Ludwigshafen is the smallest office location of the region's three major centres. In 2019, office space turnover fell from 27,000 m² to 21,000 m², of which 14,000 m² can be attributed to owner-occupiers. On the site of the Ludwigshafen University of Applied Sciences at the corner of Ernst-Boehe-Strasse and Ludwig-Reichling-Strasse, the new



Building C – an extension to the campus – will be finished by the end of 2022. Buildings A and B will be renovated once this has been completed. Employees of the medium-sized software company Fasihi GmbH, founded in Ludwigshafen in 1990, have already moved into their new company headquarters.

The vacancy rate of 1.2 percent shows that the market for office space has obviously completely dried up. Ludwigshafen urgently needs modern office space. However, only 16,000 m² were completed in 2019. Of this, 10,700 m² were accounted for by the trade and service centre that opened at Bismarckstrasse 63. The building's principal tenant, Technische Werke Ludwigshafen, will move in with its administration and a customer service centre. This led to a further

Overview of office market data

Office market data for Mannheim

Indicators	2020	2019	2018
Existing space	2.068 M m ²	2.068 M m ²	2.046 M m ²
Office space turnover	71,000 m ²	68,000 m ²	79,000 m ²
Vacancy rate	4.6 %	3.9 %	5.1 %
City centre. peak rent	€ 18.50/m ²	€ 18.00/m ²	€ 16.60/m ²
City centre. average rent	€ 14.00/m ²	€ 14.60/m ²	€ 13.60/m ²
City centre periphery. peak rent	€ 16.50/m ²	€ 15.00/m ²	€ 14.00/m ²
City centre periphery. average rent	€ 13.40/m ²	€ 12.90/m ²	€ 12.00/m ²
Periphery. peak rent	€ 12.50/m ²	€ 12.30/m ²	€ 10.80/m ²
Periphery. average rent	€ 11.50/m ²	€ 10.00/m ²	€ 8.50/m ²

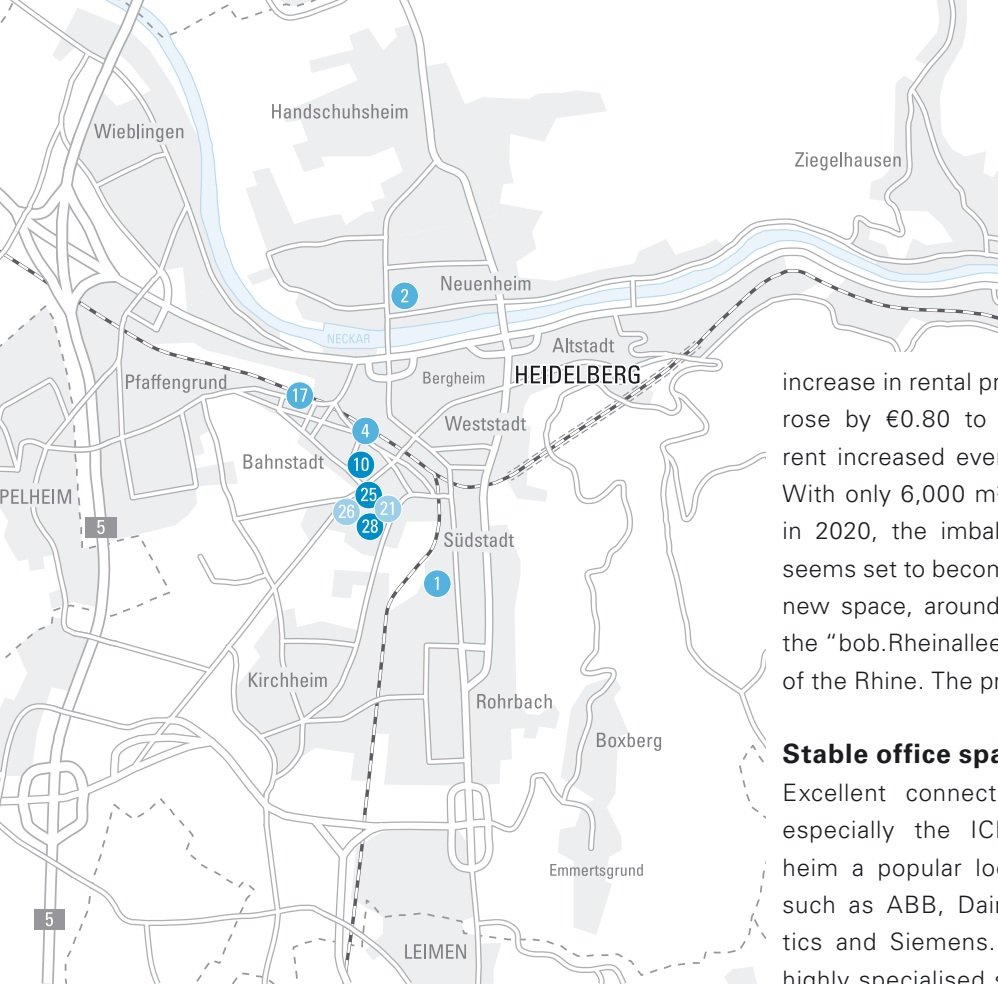
Office market data for Heidelberg

Indicators	2020	2019	2018
Existing space	1.01 M m ²	0.982 M m ²	0.962 M m ²
Office space turnover	69,000 m ²	35,000 m ²	54,000 m ²
Vacancy rate	2.9 %	2.8 %	3.1 %
City centre. peak rent	€16.70/m ²	€15.50/m ²	€16.50/m ²
City centre. average rent	€14.00/m ²	€13.70/m ²	€12.80/m ²
City centre periphery. peak rent	€15.50/m ²	€15.50/m ²	€16.00/m ²
City centre periphery. average rent	€14.60/m ²	€14.00/m ²	€12.80/m ²
Periphery. peak rent	€13.00/m ²	€12.50/m ²	€13.50/m ²
Periphery. average rent	€11.30/m ²	€11.00/m ²	€10.20/m ²

Office market data for Ludwigshafen

Indicators	2020	2019	2018
Existing space	0.921 M m ²	0.905 M m ²	0.905 M m ²
Office space turnover	21,000 m ²	27,000 m ²	16,000 m ²
Vacancy rate	1.2 %	0.8 %	0.9 %
City centre. peak rent	€14.20/m ²	€13.40/m ²	€13.00/m ²
City centre. average rent	€12.50/m ²	€11.40/m ²	€11.00/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.



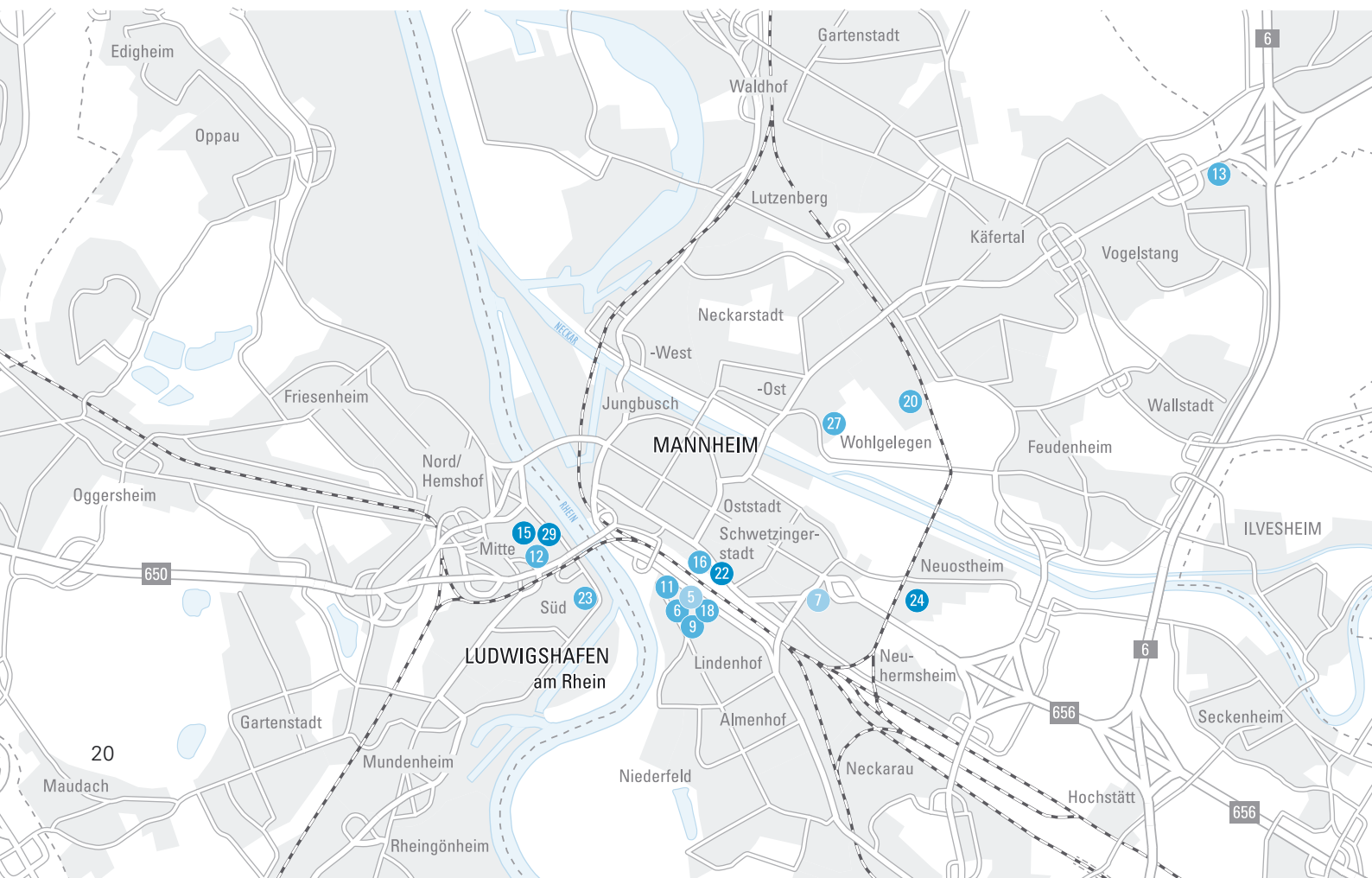
Many new office buildings are under construction in Heidelberg, Ludwigshafen and Mannheim. Their locations are shown on the two maps. Further information on the projects can be found in the table on page 23.

increase in rental prices. The peak rent in the city centre rose by €0.80 to €14.20 per m², while the average rent increased even faster by €1.10 to €12.50 per m². With only 6,000 m² of office space due for completion in 2020, the imbalance between supply and demand seems set to become still more extreme. The bulk of the new space, around 5,600 m², is under construction in the “bob.Rheinallee” development on the southern bank of the Rhine. The premises are already fully let.

Stable office space turnover in Mannheim

Excellent connections via all modes of transport, especially the ICE high-speed train, make Mannheim a popular location for international companies, such as ABB, Daimler, John Deere, Roche Diagnostics and Siemens. It is also an important centre for highly specialised software and IT companies, innovative biotechnology firms and service providers in the finance and insurance industries. In addition, the city of 308,000 inhabitants offers an attractive and dynamic

● Planned ● Under construction ● Completed



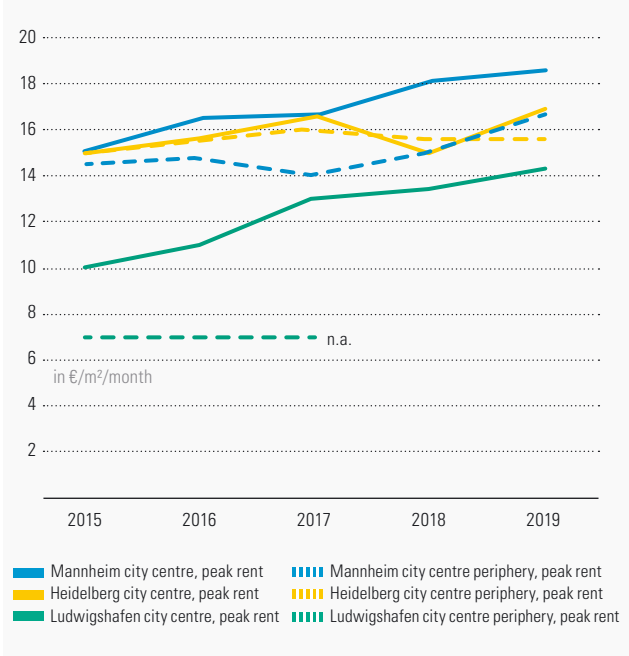
environment for start-ups and corporate networks. Of the 189,940 employees subject to social insurance contributions, 72.4 percent work in the service sector and 27.5 percent in manufacturing industries. Mannheim has the largest office market in the region with a total area of around 2.07 million m². In 2019, office space turnover was slightly higher than in the previous year at 71,000 m². Owner-occupiers contributed 14,000 m² of this total. The volume of newly built space fell for the second year in succession to just 18,000 m². The projects completed included the KEPLER QUARTER near Mannheim's main railway station and the Eastsite Patio. Nevertheless, the vacancy rate for city area as a whole rose slightly to 4.6 percent. The demand for modern premises still exceeds the supply.

Rent levels continued to rise due to the large proportion of high-priced rental agreements in new developments. In the city centre, the peak rent rose by €0.50 to €18.50 per m². In contrast, the average city centre rent fell by €0.60 to €14.00 per m². The peak rent in the city centre periphery rose by €1.50 to €16.50 per m², while the average rent increased by €0.50 to €13.40 per m². Even in the periphery, the peak rent climbed from

Mannheim has excellent transport links and is investing heavily in sustainable land development.

€12.30 to €12.50 per m², while the average rent rose from €10.00 to €11.50 per m². In Mannheim, too, users of large and medium-sized premises accounted for the vast majority of turnover in 2019. Twelve leases in the segment between 1,000 and 5,000 m² were responsible for 24,075 m² of office space turnover and were thus roughly on a par with the three major contracts in the segment above 5,000 m² that accounted for a total of 22,080 m².

Peak rents in the city centre and its periphery



The situation in the office market should ease somewhat in 2020 with an anticipated 71,000 m² of new premises coming onto the market. Projects due for completion include "Quartier Hoch 4", principally used by SV SparkassenVersicherung Lebensversicherung AG, and "No. 1" in the Glückstein Quarter which is already fully let. The revitalised complex "das E" on the site of the former Taylor Barracks in Mannheim's Vogelstang district is being given an attractive facelift. And, following its comprehensive revitalisation of the "Konradhaus" ensemble in the Neckarstadt-East/Wohlgelegen district, the CG Group will offer almost 20,000 m² for various commercial uses.

Transperancy for investors and tenants

Construction cranes are turning all over the Rhine-Neckar Metropolitan Region. This overview of the most important project developments and a selection of the commercial sites still available helps companies to find suitable properties.



Key development projects in the Rhine-Neckar region

Overview of key office projects

No. in Map	Town/City	Project name	Company (Investor/Operator)	Space	Investment volume	Schedule
1	Heidelberg	Campell Barracks	Kraus Immobilien	62,000	n.a.	Under construction, completion 2021
2	Heidelberg	Group HQ of HeidelbergCement	HeidelbergCement AG	50,000	€100 M	Under construction, completion 2020
3	Wiesloch / Walldorf	Metropolpark	Weidenhammer Gruppe Heidelberg	35,000	n.a.	Planned
4	Heidelberg	Europaplatz	Gustav Zech Stiftung	31,300	€250 M*	Under construction, completion 2022
5	Mannheim	LOKSITE (Baufeld 1)	DIRINGER & SCHEIDEL Wohn- und Gewerbebau GmbH	24,000	> €100 M	Planned
6	Mannheim	Technisches Rathaus	GBG / Stadt Mannheim	20,000	€93 M	Under construction, completion 2021
7	Mannheim	SV Versicherung	Activum Advisory SG	16,500	n.a.	Planned
8	Walldorf	Administration and logistics centre	Promega Deutschland / Terso	16,400	n.a.	Completed 2019
9	Mannheim	Quartier Hoch 4	SV Versicherung	16,000	€60 M	Under construction, completion 2020
10	Heidelberg	Sky Angle	Skylabs Deutschland	15,500	n.a.	Completed 2019
11	Mannheim	No.1	Consus	14,000	€70 M	Under construction, completion 2020
12	Ludwigshafen	Office building	Pro Concept Holding AG	13,000	€55 M	Under construction, completion 2021
13	Mannheim	Das E	Mannheim Taylor Hotel- und Büroentwicklungsgesellschaft	12,000	€44 M*	Under construction, completion 2020
14	Walldorf	European sales and marketing centre	John Deere GmbH & Co. KG	11,000	€30 M	Under construction, completion 2020
15	Ludwigshafen	HBL Handels-und Dienstleistungszentrum	Pro Concept Holding AG	10,700	n.a.	Completed 2019
16	Mannheim	Postquadrat	EYEMAXX Real Estate	10,000	€160 M	Under construction, completion 2020
17	Heidelberg	Health Centre	Erhard & Stern	10,000	n.a.	Under construction, completion 2021
18	Mannheim	LIV	DIRINGER & SCHEIDEL Wohn- und Gewerbebau GmbH	8,500	€85 M	Under construction, completion 2021
19	Walldorf	Corporate HQ, office and hall complex	Schweickert Netzwerktechnik GmbH	7,313	€25 M	Under construction, completion 2020
20	Mannheim	KONRADHAUS	CG Gruppe	6,400	n.a.	Under construction, completion 2020**
21	Heidelberg	Heidelberg Innovation Park (e+ Kubator)	e+ Kubator GmbH & Co. KG	5,600	n.a.	Planned
22	Mannheim	KEPLER QUARTER	DIRINGER & SCHEIDEL Wohn- und Gewerbebau GmbH	5,672	€140 M*	Completed 2019
23	Ludwigshafen	BOB	Bob efficiency design AG	5,600	n.a.	Under construction, completion 2020
24	Mannheim	Eastsite Patio	B.A.U. Bauträgersgesellschaft mbH	4,532	€19 M	Completed 2019
25	Heidelberg	Business Development Center	Technologieförderung Heidelberg GmbH	4,400	€17,3 M	Completed 2019
26	Heidelberg	Heidelberg Innovation Park (new build)	ERNW	3,800	n.a.	Planned
27	Mannheim	MMT L-Bank 2. BA	TPMA Group	3,500	n.a.	Under construction, completion 2020***
28	Heidelberg	Heidelberg Innovation Park (Building 103)	Kolb + Partner	2,750	€14 M*	Completed 2019****
29	Ludwigshafen	Office building	HP1 Immobilienverwaltungs GmbH	1,700	n.a.	Completed 2019
30	Neustadt	Office building and warehouse	8com	1,575	€5 M	Completed 2020

Planned Under construction Completed

Areas stated in accordance with the MF/G definition

* Figures refer to the total planned investment volume.

** In the KONRADHAUS, Buildings B and C with an area of 13,352 m² will be completed by the end of 2021.

*** By 2021, a third section of the MMT project with another 3,500 m² will be completed.

**** Kolb + Partner will complete a further 3,300 m² of office space in Building 106 of the "hip" by 2020.

Many new office buildings are under construction in Heidelberg, Ludwigshafen and Mannheim. Their locations are shown in the two maps on page 20.

Selected investments in production and logistics real estate






No. in map	Town/City	Type of location	Investor/Operator	Site area	Investment volume	Jobs	Schedule
1	Frankenthal	Warehouse & distribution centre	Frankenthal S.A. Manfred Stüdemann / BASF	40,000 m ²	€18 M	> 100	Completed 2019
2	Landau	Production	APL Automobilprüftechnik GmbH	19,394 m ²	€42 M*	n.a.	Under construction, completion 2020
3	Mannheim	Construction materials wholesaler	Luschka u. Wagenmann	19,234 m ²	€10 M	n.a.	Completion 2019
4	Neustadt	Production	Govinda	9,300 m ²	€3 M	45	Under construction, completion 2020
5	Walldürn	Commercial vehicle construction plant	LYMA GmbH	9,200 m ²	€3.3 M	31	Under construction, completion 2020
6	Walldürn	Start-up Center Odenwald	Goldschmitt Grundbesitz-u. Vermögen GmbH & Co.KG	8,900 m ²	€1.8 M	15	Completed 2019
7	Neustadt	Sales, service	Bartz und Klein	8,500 m ²	€2 M	30	Under construction, completion 2020
8	Landau	Production	Braun Maschinenbau GmbH	5,567 m ²	€2 M	n.a.	Under construction, completion 2020
9	Walldürn	Assembly hall & warehouse	Baummaschinen Böhler	5,500 m ²	n.a.	5	Completed 2019
10	RIO	Warehouse, logistics hall	Baali	5,000 m ²	n.a.	5	Completion 2020
11	RIO	Production	Preima	5,000 m ²	n.a.	3	Under construction, completion 2020
12	Waldbrunn-Strümpfelbrunn	Technology	Lenz & Balles GmbH	4,424 m ²	€650,000	27	Completed 2019
13	Waldbrunn-Strümpfelbrunn	Production	Gehrig & Tochter GmbH & Co.KG	3,468 m ²	€162,000	7	Under construction, completion 2020
14	Landau	Production	Kögel Filter GmbH – Contecma-Filtration	3,007 m ²	n.a.	20	Under construction, completion 2020
15	Waldbrunn-Oberdielbach	Sales, service, warehouse	Elektro-Wunder	2,600 m ²	€267,000	4	Under construction, completion 2020

Selected industrial parks in the Rhine-Neckar Metropolitan Region






No. in map	Town/City	Name of industrial park	Zoning law/ Type of area	Total area	Still available	Available lot sizes	Guideline land value	Purchase price
1	Dannstadt-Schauernheim	Gewerbegebiet Ost	GE	250,000 m ²	250,000 m ²	1,000-10,000 m ²	€80/m ² (2017)	Pending
2	Frankenthal (Palatinate)	Am Roemig	GI	400,000 m ²	200,000 m ²	35,000-200,000 m ²	n.a.	€160/m ²
3	Worms-Rheindürkheim	Worms - Nord II	GE/ GI	1,000,000 m ²	100,000 m ²	On request	€60-90/m ² (2018)	On request
4	Weinheim	Industriepark	GE/ GI	800,000 m ²	75,000 m ²	5,000-28,000 m ²	€80/m ² (2016)	On request
5	Ruelzheim	Nord IV	GI	75,000 m ²	75,000 m ²	2,000-33,000 m ²	€75/m ² (2016)	€90-100/m ²
6	Worms	N 101 (Worms-Nord I)	GE/ GI	250,000 m ²	66,000 m ²	On request	€75/m ² (2018)	On request
7	Zweckverband RIO	TECH-N-O	GE/ GI	160,000 m ²	60,000 m ²	1,600-6,200 m ²	n.a.	€41/m ²
8	Boehl-Iggelheim	Industrial park south of the railway line and west of Iggelsheimer Straße	GE/ GI/ MI	87,500 m ²	60,000 m ²	4,500-8,000 m ²	€10-75/m ² (2018)	On request
9	Osterburken	Regionaler Industriepark Osterburken (RIO)	GE/ GI	330,000 m ²	50,000 m ²	from 1,500 m ²	€25/m ² (2018)	€25/m ²
10	Weinheim	Nord	GE	89,000 m ²	49,589 m ²	877- 4,500 m ²	€165/m ² (2018)	On request
11	GVV Hardheim-Walldürn	Verbands.Industrie.Park Abschnitt II + IIIa	GI	173,487 m ²	41,648 m ²	3,200-16,941 m ²	€38/m ²	On request
12	Heidelberg	Heidelberg Innovation Park (hip)	GE	148,000 m ²	40,000 m ²	1,000-9,000 m ²	On request	On request
13	Mannheim	Steinweg	GEe	110,000 m ²	36,470 m ²	1,271-7,509 m ²	€170/m ² (2018)	€140-170/m ²
14	Bensheim	Stubenwald	GE	121,000 m ²	35,000 m ²	6,000-14,000 m ²	n.a.	On request
15	Roedersheim-Gronau	Oestlich der Assenheimer Straße	GE	33,000 m ²	33,000 m ²	1,000-10,000 m ²	€70/m ² (2017)	€96/m ²
16	Haßmersheim	Nord III	MI	36,402 m ²	29,375 m ²	4,268-7,027 m ²	n.a.	Pending
17	Bensheim	Riedwiese	GE	40,000 m ²	29,000 m ²	6,000-29,000 m ²	n.a.	On request
18	Haßloch	Nördlich des Bahndammes	GE	150,014 m ²	28,395 m ²	2,165-6,616 m ²	€85/m ² (2018)	€125-175/m ²
19	Neckargemuend	Ortho-Areal Gewerbebauplatz Sued + Nord	GE	27,700 m ²	27,700 m ²	n.a.	n.a.	€100/m ²
20	Heidelberg	Kirchheim im Bieth	GE	114,000 m ²	27,000 m ²	947-6,834 m ²	On request	On request
21	Landau	Gewerbepark "Am Messegelände"	GE	361,660 m ²	26,235 m ²	1,750-23,770 m ²	n.a.	€84-105/m ²

Map key




Locations

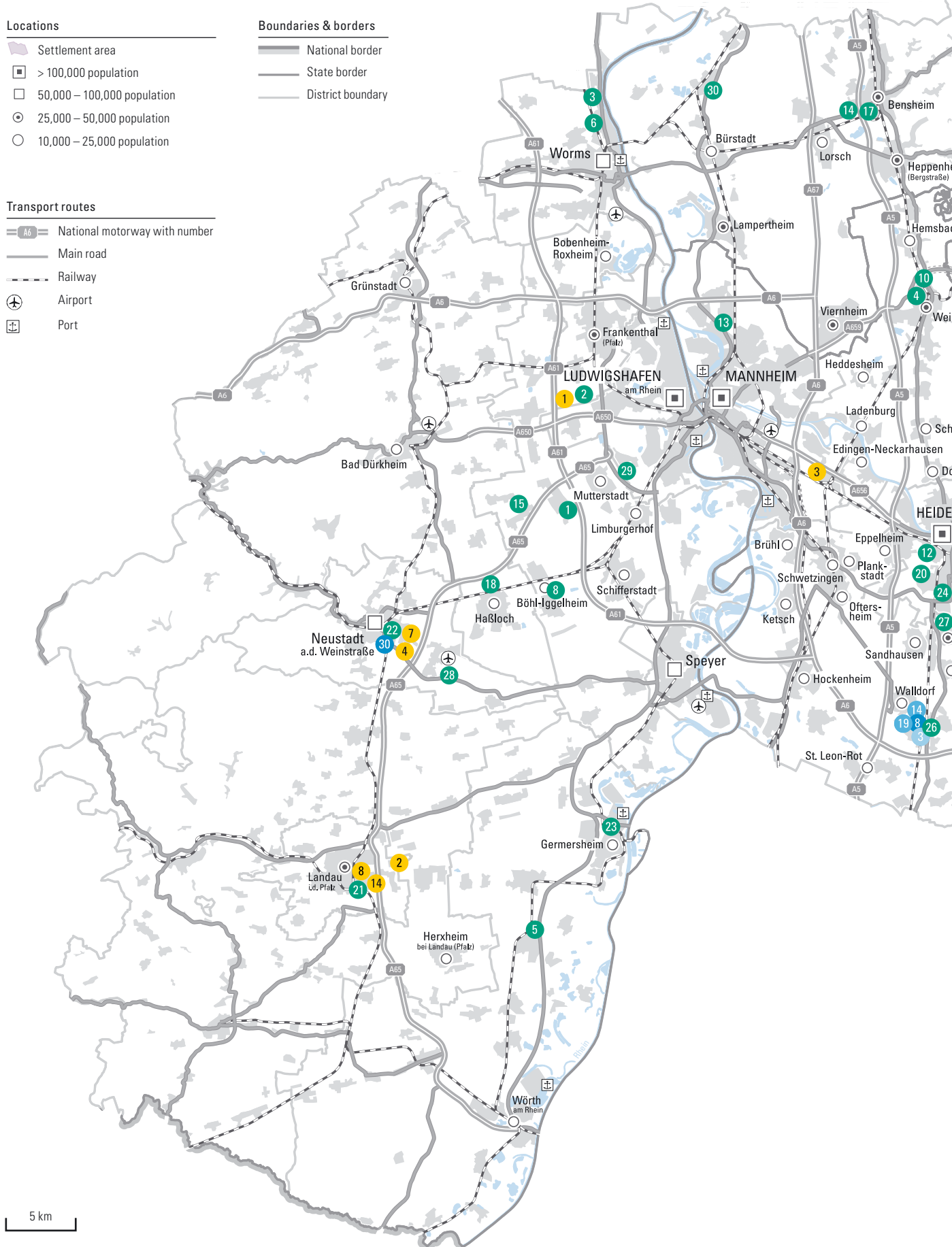
-  Settlement area
-  > 100,000 population
-  50,000 – 100,000 population
-  25,000 – 50,000 population
-  10,000 – 25,000 population

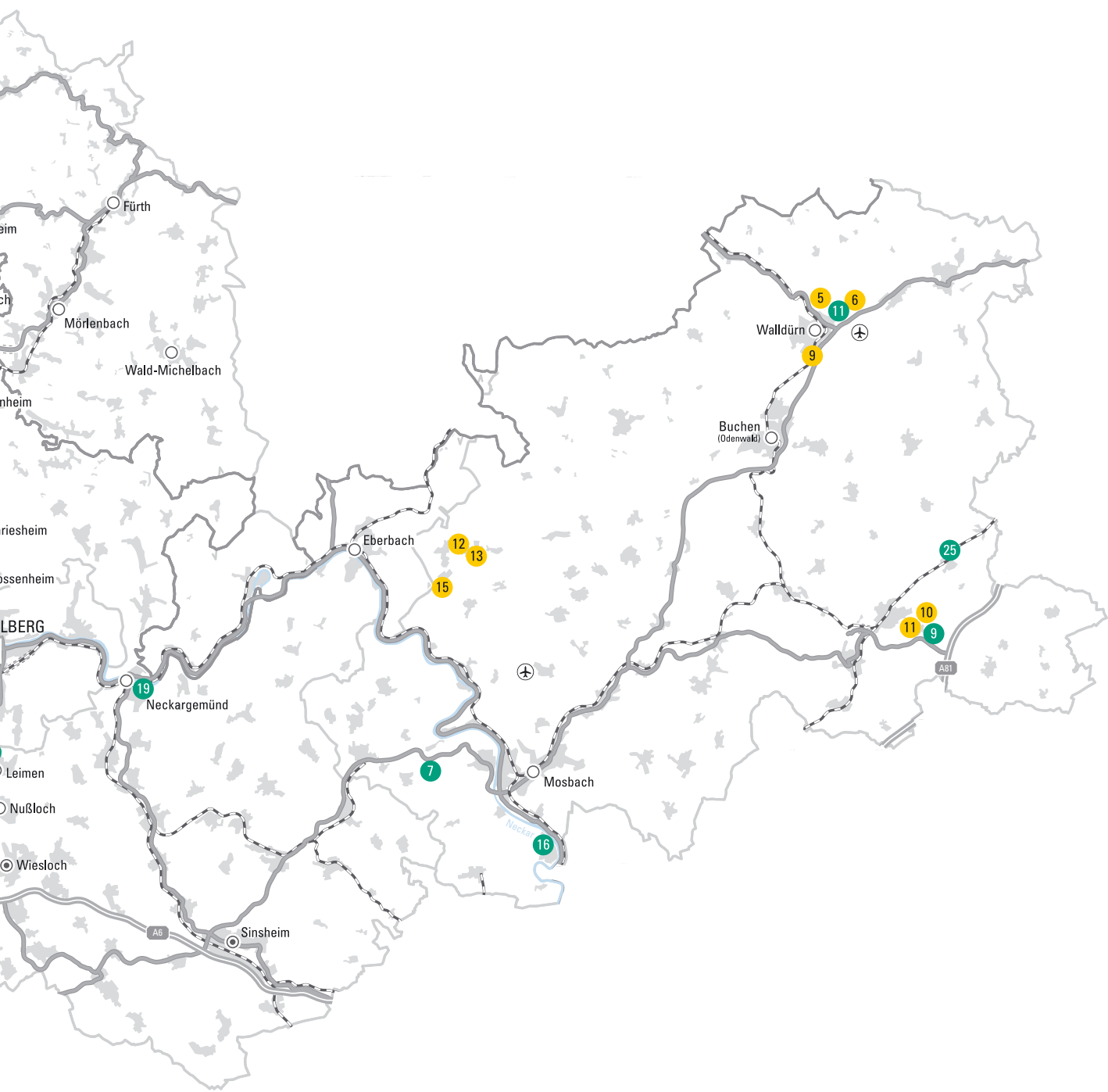
Transport routes

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

Boundaries & borders

-  National border
-  State border
-  District boundary





No. in Town/City map	Name of industrial park	Zoning law/ Type of area	Total area	Still available	Available lot sizes	Guideline land value	Purchase price
22	Neustadt	Europastraße	50,000 m ²	21,000 m ²	1,100-10,650 m ²	€90/m ²	On request
23	Germersheim	Woerth-West	200,000 m ²	20,700 m ²	20,700 m ²	€95/m ² (2016)	€150/m ²
24	Heidelberg	Rohrbach Süd	719,000 m ²	19,500 m ²	1,100-8,400 m ²	On request	On request
25	Rosenberg	Nord Ost + Nord Ost II	130,543 m ²	17,800 m ²	n.a.	€20/m ² (2016)	On request
26	Walldorf	MetropolPark Wiesloch-Walldorf	50,000 m ²	13,500 m ²	n.a.	On request	On request
27	Leimen	Hagen	13,500 m ²	11,000 m ²	1,000-5,000 m ²	n.a.	On request
28	Neustadt	Solarpark Lilienthal	100,000 m ²	6,000 m ²	2,500-3,500 m ²	€60/m ²	€75-80/m ²
29	Ludwigshafen	Am Unteren Grasweg	98,000 m ²	5,622 m ²	1,000-4,622 m ²	€110/m ²	n.a.
30	Biblis	Am Werrtor	5,596 m ²	5,596 m ²	n.a.	€80/m ²	€80/m ²



Active management of site demand

The Rhine-Neckar Metropolitan Region offers outstanding investment opportunities for companies due to its central location in Europe, efficient infrastructure and highly accessible industrial estates for new settlements and expansion.



Demand for commercial and industrial real estate remains consistently high in the Rhine-Neckar region. Purchase prices for fully accessible industrial land parcels in the urban heart of the region generally range from €80 to €200 per m² – although they can be as high as €240. In suburban areas, prices of between €80 and €175 per m² are the starting point for negotiations. In the periphery, these fall to an average of €50 per m² – usually with very good transportation links. Investment activity in the manufacturing and logistics sectors is lower than last year. Over the next few years, more than €80 million will be invested in more than 15 projects throughout the region. This report selected and analysed 30 industrial parks from the region's annual municipal survey. The selected parks cover a total area of approx. 6.11 million m², of which 24 percent (1.45 million m²) are still undeveloped and available at short notice.

New location with listed showroom

In May 2019, Luschka + Wagenmann – the supplier of timber and dry construction materials – moved into its new premises in Elsa-Brändstroem-Strasse on Mannheim's Friedrichsfeld-West industrial park. The 19,234 m² site is home to the company's new office building as well as a modern 5,000+ m² warehouse and an open-air hall with around 1,000 m² of space. It also features

part of a listed motorway service area built in 1939. In future, the company will use this renovated building as a modern showroom and sales area for interior construction products.

BASF remains loyal to Frankenthal

The "Am Römig" industrial park in Frankenthal is an attractive location for companies due to its location directly on the A61 and A650 motorways. The site has attracted several major projects over recent years including the corporate HQ of Kartoffel Kuhn in January 2016 and an

The Rhine-Neckar Metropolitan Region offers companies fast access to people, markets, and knowledge.

Amazon fulfilment centre in August 2018. In 2020, the Ludwigshafen-based chemical company BASF will move into its new storage and distribution centre for technical materials. The approx. 18,000 m² hall will be built and leased by the Luxembourg company Frankenthal S.A.



Luschka + Wagenmann, the construction materials specialist, has moved into new premises at a 19,234 m² site on the Friedrichsfeld-West industrial park.

owned by the project's developer Manfred Stüdemann. Previously, the warehouse was located on Zeppelinstrasse in the Frankenthal Gewerbepark Nord industrial park.

New building with expansion potential in Neustadt

Govinda – the natural food products company – and its 45 employees are moving from Neuhausen to Neustadt an der Weinstrasse. The company has secured a 10,000 m² site in the industrial park on Joseph-Monier-Strasse between the Cineplex cinema and the DHL distribution centre. Initially, the company will develop 2,500 m² of the location into a 9.50-metre-high complex incorporating offices, warehouses and production facilities. The remaining area is being reserved for future expansion.

Consolidation in Walldorf – from electricity to IT

On Kleinfeldweg in Walldorf, the electrical and IT service provider Schweickert is building a new company headquarters for around €25 million. This will accommodate all employees of the Schweickert Electrical Engineering and Network Technology divisions. The new company headquarters will not only offer state-of-the-art work spaces on three floors, but also function as a campus with an inner courtyard meeting place, attractive outdoor facilities and roof terrace.

Regional Study of Commercial Sites in Rhine-Neckar 2030

The unified plan for the Rhine-Neckar region, launched in 2014, manages the spatial development of the region until 2020. The association Verband Region Rhein-Neckar (VRRN) agreed a strategic continuation of some parts of the plan to extend its horizon beyond this date. As well as continuing some areas of the section "Residential areas", the association decided to conduct a review of commercial and industrial areas. This aimed to ensure that municipal authorities in the region can provide space for new settlements and expansion projects by existing companies. The VRRN was aware that no up-to-date information regarding demand structures and available commercial spaces existed for the metropolitan region as a whole. To remedy this situation, with the support of the Rhine-Neckar Chamber of Industry and Commerce and other relevant stakeholders, it produced the "Regional Study of Commercial Sites in Rhine-Neckar 2030". The study first compared demand estimates with potential site availability. It then drew up a balance sheet for these two factors and developed recommendations for the future planning of commercial areas. This also included the identification of areas suitable for searching for potential future commercial sites. These areas will be specified more precisely as part of continuing work on the unified development plan of the Rhine-Neckar region.



Interview with Christoph Trinemeier, Executive Director of the Regional Association on page 40

District of Bad Dürkheim

Attractive countryside, a high quality of life, excellent leisure facilities and well-developed infrastructure make Bad Dürkheim a great location for businesses.

The 48 municipalities of the district of Bad Dürkheim and its mid-sized centres of Bad Dürkheim, Grünstadt and Hassloch are home to more than 132,600 inhabitants. The district is notable for its structurally diverse economy, experienced industrial workforce and cosmopolitan outlook. Hans-Ulrich Ihlenfeld, District Administrator, discusses the future challenges facing this business location.

Digitisation is becoming increasingly important for people and companies, including those in rural areas. How would you describe the state of digital infrastructure in the district of Bad Dürkheim?
Digital infrastructure must be fit for both today and tomorrow – that is a basic prerequisite for networking the country and its people. Our district is currently laying 1,318 kilometres of new glass fibre and providing a total of 11,280 households, 330 companies

and about 60 schools with gigabit-capable connections in the areas under development. Areas currently without NGA (Next Generation Access) will be developed with gigabit-capable connections by 2021. In total, the broadband expansion project will cost around €50 million. Under the coordination of the district administration, all the municipal authorities in the district have joined forces to create a 'cluster'. The district is aiming to provide all commercial and industrial parks with gigabit-capable connections by 2023.

Let's talk about "settlement" – what is the economic structure in the district?
The region's economy is well-diversified and offers security for our district's future – independent of fluctuations in individual sectors. As well as the service sector, we are lucky to have a large number of SMEs



Hans-Ulrich Ihlenfeld
District Administrator

and tradespeople. The commercial and industrial focal points of the district are its mid-sized centres Bad Dürkheim, Hassloch and Grünstadt. These municipalities also have good reserves of areas with planning approval for commercial development, expansion and relocation. The district has almost full employment with an unemployment rate of just 3.4 percent.

Companies often consider "soft factors" when deciding where to locate. What advantages does your region offer in this area?

Flowering almond trees in spring and the autumn grape harvest typify the character of our district – figs and lemons thrive in our mild climate, too. In addition, we have approx. 300 km² of the Palatinate Forest - Northern Vosges Biosphere Reserve. The number of overnight stays by guests from all over the world is growing constantly and underlines the attractiveness of the region. Here, families can still realise their dream of owning their own home. We have good childcare facilities and a diverse range of schools that help parents to balance their career ambitions and family lives. For commuters with jobs in trade, industry, and research in the nearby regional centres of the Rhine-Neckar Metropolitan Region, the district is a residential location with a unique quality of life.

www.kreis-bad-duerkheim.de

Contact:

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No. of residents: 132,660
No. of employees: 31,984
No. of towns/cities/municipalities: 48

The logistics centre in Kirchheim an der Weinstrasse will serve as a regional distribution centre.



No. of employees: 91,385
Purchasing power index: 98.5
Business tax rate: 400
Rent price range, Office 11.30 to 16.70 €/m²
Rent price range, Retail: up to 120 €/m²

Heidelberg

The city on the River Neckar is one of Germany's digital pioneers. With a strong focus on knowledge-intensive services and high-tech industries, this business location offers outstanding future potential.

Heidelberg is one of the most important international scientific centres with its University of Excellence, University Hospital and internationally renowned institutions, such as the German Cancer Research Center (DKFZ), European Molecular Biology Laboratory (EMBL) and four Max Planck Institutes. The city's 160,600 inhabitants are extremely cosmopolitan. The Prognos Future Atlas 2019 confirms that Heidelberg has a bright future. With an average age of 40.4 years, this "swarm city" is one of the youngest in Germany. Under the motto "Knowledge City of Tomorrow", Heidelberg aims to become a model city of the future by 2022 – as part of an IBA International Building Exhibition.

Innovation infused with tradition

"Wherever you look in Heidelberg, you will see tradition and innovation going hand-in-hand. We want to preserve our existing strengths while simultaneously developing new ones. These include major projects, such as our new conference centre and large sports hall, as well as the development of our conversion areas. For example, the Heidelberg Innovation Park (hip) – a hotspot for companies

in the IT, bioinformatics, digital media and design sectors – is currently growing and offering interesting insights and opportunities for the working world of the future," says Mayor Prof. Dr. Eckart Würzner, outlining the city's plans.

Digital services designed locally

The digital city of Heidelberg is keen to exploit all the opportunities generated by innovative technologies. Digital-Agentur Heidelberg GmbH, founded in 2017 by the City of Heidelberg and Stadtwerke Heidelberg, is tasked with identifying and evaluating trends, supporting digital projects, entering into cooperation projects with digitisation stakeholders and advancing the concept of the smart city. Within the city administration and wider society, the Office for Digital and Data Processing is responsible for shaping the development of digital technologies. Both organisations are based in the "hip", as is digital hub kurpfalz@bw. This melting pot of ideas for the digital future will promote interdisciplinary exchange between users, provide space for companies at all stages of their development and create up to 6,000 jobs.

Innovative use of commercial space

Heidelberg is an extremely attractive business location and this is reflected in the shortage of commercial space. However, the withdrawal of the US Army has freed up some interesting sites for which the city is now seeking innovative uses. For example, the Patrick-Henry-Village conversion area is being transformed in the "Knowledge City of Tomorrow" – a model location for the use of digital technologies, innovative mobility concepts and climate-neutral energy supply with working and living spaces for 10,000 to 15,000 people.

www.heidelberg.de

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Sustainable concepts set the market tone

City centre retailers in the Rhine-Neckar Metropolitan Region profit from the above-average retail centrality of its locations. Many A-locations offer an attractive mix of tenants and are popular with national and international brands.

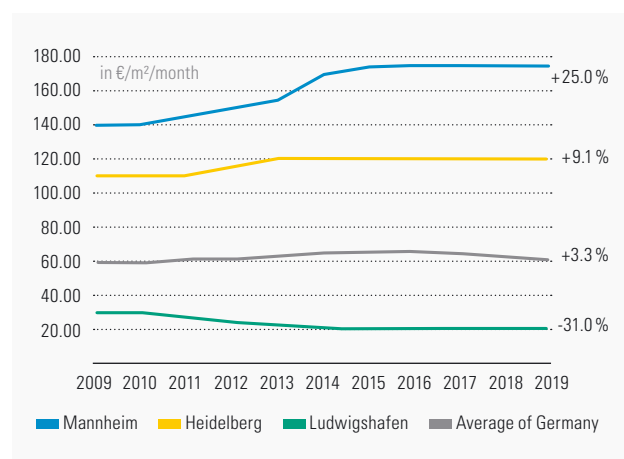
Thriving city centres with a lively retail sector significantly improve quality of life for the region's inhabitants. The Rhine-Neckar Metropolitan Region provides attractive facilities and concepts that are appreciated by tourists, users and investors alike. Pedestrians interviewed by the Institute for Retail Research (IFH, Cologne) for the study "Vital Inner Cities" attributed a high degree of attractiveness to Heidelberg, Mannheim and the cathedral city of Speyer. Landau, Frankenthal and Heidelberg have updated their retail concepts to take account of dynamic changes in retailing – both on the supply and demand side. Their aim is to ensure strong sales for bricks-and-mortar retailers going forward. The core cities of Mannheim (151.9), Heidelberg (117.6) and Ludwigshafen (107.9), as well as many of the region's mid-sized centres, are already enjoying good results with above-average retail sales. Although pressure on high street rents has increased throughout Germany, peak rents in the core markets of Heidelberg, Mannheim and Ludwigshafen have remained stable at their respective levels.

Sustainable local suppliers

Residents in the Rhine-Neckar region can now order groceries via an app and have them collected and delivered by their neighbours while simultaneously boost local retailers. The scheme has been implemented by the partner projects "CrowdMyRegion" and "Intelligent Marketplaces". "Emmas App" has created a social

network that allows people to pick up shopping for their friends and neighbours. In Mannheim's Q 6 Q 7 quarter, the YouTube star Saliha "Sally" Özcan, has opened a flagship store that will link her online presence with traditional retail premises. This is the first time a YouTube personality with her own brand has ventured into the high street retail trade. Her channel "Sally's World" was launched in 2012 and is dedicated to cooking and baking. It has more than 1.6 million subscribers. Residents in the Mörzheim district of Landau can shop locally once again thanks to the commitment of local people and the support of the model project "Community of the Future". The village shop "Dorftreff Linde" does more than supply local

Peak rents for retail property





Perfectly Planken – A great place to browse, shop and enjoy city life

people with daily essentials, it is also a meeting place that helps to strengthen the village community. The association has around 15 active volunteers.

Attractive cafés, intriguing shop designs, innovative store concepts – all these factors attract customers to town centres. In Frankenthal, the local supermarket “Edeka Stiegler” won an award in the competition “Interior Design and Trade”, organised by the Ministry of Economics and Finance and the Chamber of Architects of Rhineland-Palatinate. The “Feierabendhaus” is a listed building used by the owners both for traditional retailing and as a location for events and serving drinks. Architecturally, its historical references in the form of old frescos and the barrel ceiling, which is unusual for a supermarket, are particularly eye-catching.

Mixed-use with retail as a concept

Changes in demand for rental properties and lower demand from retailers for vertical rental space is increasing the attractiveness of mixed-use concepts. In 2021, for example, the construction of a new urban

quarter will start in Landau on the former Kaufhof site in Ostbahnstrasse. The project envisages a lively mixed-use district with an attractive blend of future-oriented shopping, living and working. In Heidelberg's Bahnstadt, the

The “compact city of short distances” has made mixed use real estate with retail premises fashionable again.

“Westarkaden” local supplies centre is the urban heart of the passive house district. With a total area of 11,700 m², the complex is home to cafés and shops, including a supermarket, food discounter, drugstore, pharmacy and hairdresser. The new city quarter also has a day-care centre, space for offices and medical practices, around 300 apartments and an underground garage. Once redevelopment of the former Dannheimer department store



Locals mix with visitors from all over the world in Heidelberg's city centre.

has been completed in summer 2020, the health insurer AOK Baden-Wuerttemberg and Postbank will move into the "Kubus am Adenauer" in Wiesloch alongside KiK, TEdi and other retailers.

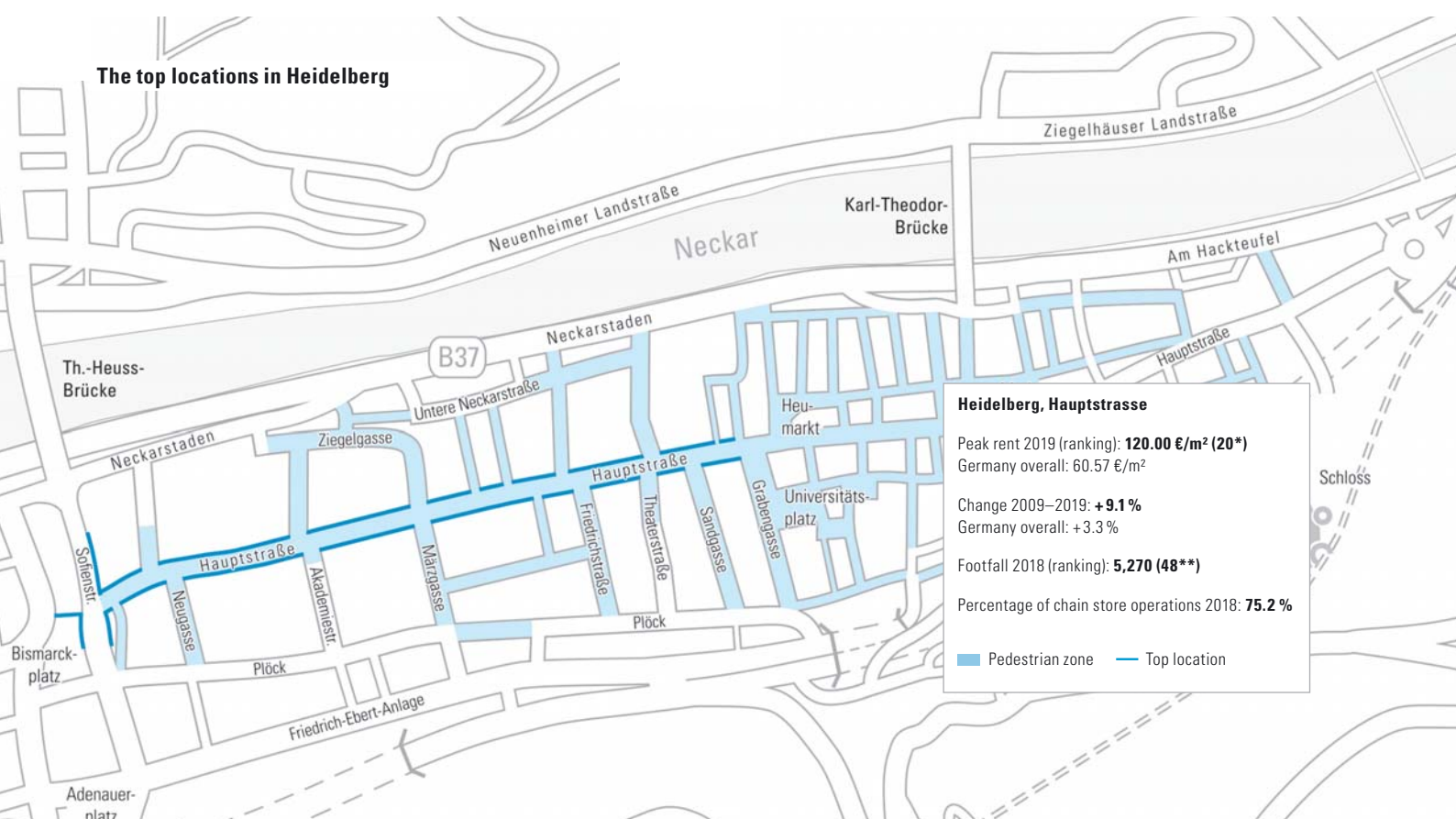
Heidelberg

Heidelberg's inner city is a jewel with its many small and owner-managed shops, historic ambience, high quality public spaces, attractive mix of shopping facilities and leisure activities. Pedestrians surveyed in the "Vital Inner Cities" study, produced by the Institute for Retail Research, awarded the city overall marks of "very good" or "good" in all categories. Those surveyed said that online retailing had only a marginal influence on

their shopping habits in the city centre: Only one in four respondents said they now shop more online and consequently visit the city centre to shop less frequently. Heidelberg has updated its retail concept in response to ongoing changes in retailing structures, the enhanced city landscape created by the Bahnstadt district and redevelopment of conversion areas.

With a centrality rating of 119.4, retail purchasing power of 98.5 and retail turnover of 117.6, Heidelberg, with its 160,600 inhabitants, provides stiff competition for other shopping destinations. The 1.4 km Hauptstrasse between Bismarckplatz and Marktplatz is the top location in the heart of the historic old town. In addition to

The top locations in Heidelberg



Attractive town centres have boosted the fortunes of high street retailers.

the many familiar chain stores with well-known brands, the plethora of small boutiques are particularly inviting places to browse. In the summer, cafés and restaurants with outdoor seating provide a touch of Mediterranean flair. Chain stores account for 75.2 percent of its shops. In 2019, the peak rent was around €120 per m² which places it 20th among the 183 shopping streets included in the study. Between 2009 and 2019, peak rents increased by 9.1 per cent although they have been stable since 2013. In the side streets off Hauptstrasse and Plöck – which runs parallel to the main street – customers can find family-run boutiques and established specialist stores. Sofienstrasse, between Bismarckplatz and Hauptstrasse, is home to many boutiques in the luxury goods segment.

A lively district with an attractive public square is planned as the key intersection between the Bahnstadt district and Heidelberg's main railway station. It is due to be completed 2022. The Gustav Zech Foundation will develop the ensemble around Bahnhofsplatz Süd with around 4,000 m² of retail and restaurant space. To the west of the DIY store in Bahnstadt district, the XXXLutz Group is planning to build a furniture store. These plans also envisage integrating a Mömax furniture store into the XXXLutz premises.

Mannheim

The City of Mannheim, which is built on a grid pattern, has a population of around 308,000 and is the largest retail destination in the Rhine-Neckar Metropolitan Region. According to the study "Vital Inner Cities", the city offers an impressive array of shops and eateries. For 85.3 percent of the pedestrians surveyed, a shopping trip remains the most important reason for visiting Mannheim's city centre. The survey also reveals that it is becoming increasingly important to combine bricks-and-mortar stores with online

The top locations in Mannheim

Mannheim, Planken

Peak rent 2019 (ranking): **175.00 €/m² (10*)**
Germany overall: 60.57 €/m²

Change 2009–2019: **25%**
Germany overall: +3.3%

Footfall 2018 (ranking): **5,225 (49**)**

Percentage of chain store operations 2018: **58.0%**

— Pedestrian zone — Top location

retail outlets. For example, many customers expect to be able to check the in-store availability of products from home or on their mobile devices. They then order them online and collect them from the shop. Many retailers in Mannheim are already offering this service with innovative multi-channel strategies.

The above-average centrality rating of 151.9 and the retail sales index of 151 clearly identify Mannheim as the economic and cultural capital of the Rhine-Neckar Metropolitan Region. The Planken shopping boulevard is its undisputed top location. Two years of renovation work to restore this prime site to its former glory was completed in April 2019. The peak rent has been stable here at €175 per m² for five years. Some 58 percent of its retailers are chain stores, including Mannheim's major stores such as Engelhorn, Peek & Cloppenburg, and Appelrath Cüpper. This figure underlines the attraction of the shopping boulevard to both international brands and owner-operated shops. Current construction projects include the revitalisation of the ÖVA-Passage in block P 7 and the

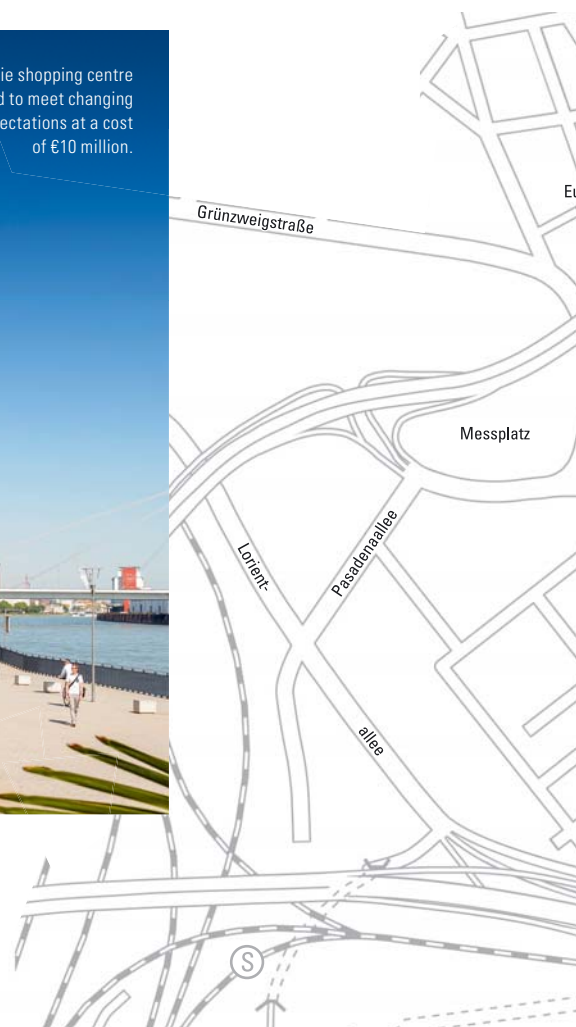
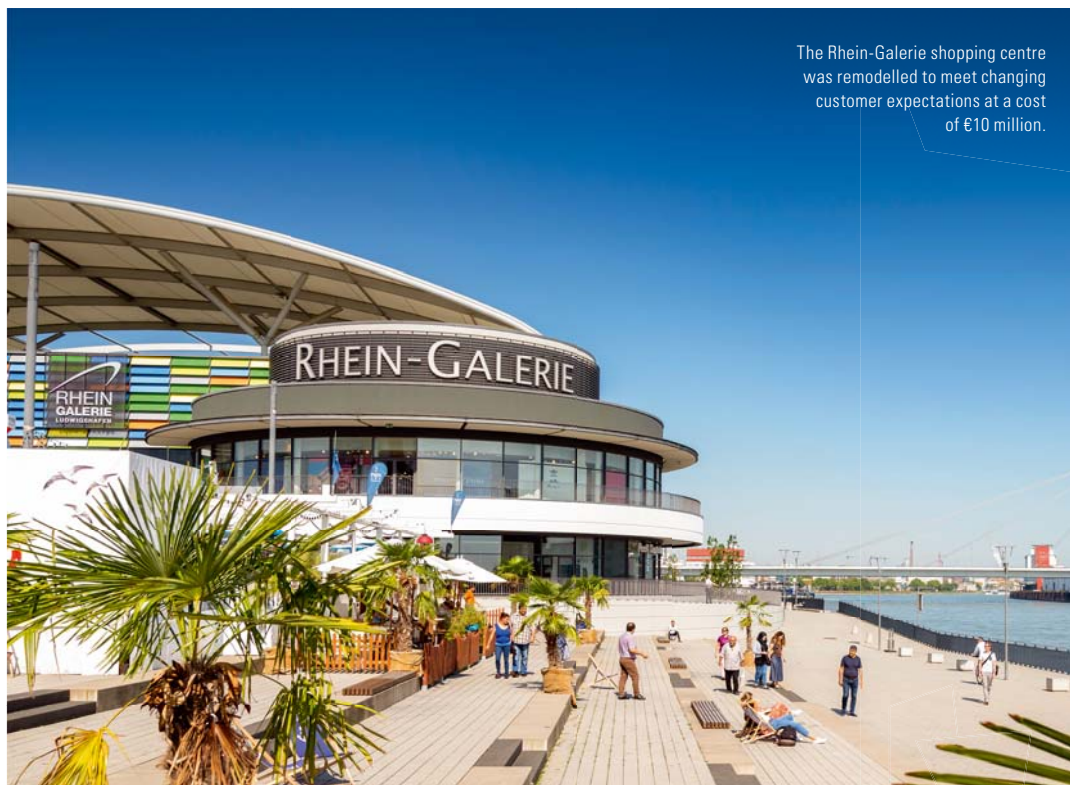
post office building in block O 2 – both of which are listed buildings. In the ÖVA-Passage, the two curved walkways and inner façades with their arched shop windows will be retained. O 2 will be converted into a hotel, operated by the Motel One hotel chain. It will also be home to shops, cafés and restaurants. Parallel to the Planken, Fressgasse is another customer magnet in the attractive city quarter Q 6 Q 7. It successfully combines a shopping mall, hotel and apartments with service, wellness and office spaces. In Breite Strasse, between Planken and the Kurpfalzbrücke bridge, footfall will be increased still further by the opening of Karree Mannheim in the former Mömax building in September 2019. The 12,000 m² complex offers ample scope for retail (Aldi, Rossmann and the jeweller Atasay), fitness, office spaces, co-working spaces, cafés and restaurants and the municipal cinema – Cinema Quadrat.

Ludwigshafen

In Ludwigshafen in Rhineland-Palatinate, with a population of 168,500, development of the city centre is in

Ludwigshafen is rediscovering itself as a city on the Rhine and adapting its retail structures to modern requirements.

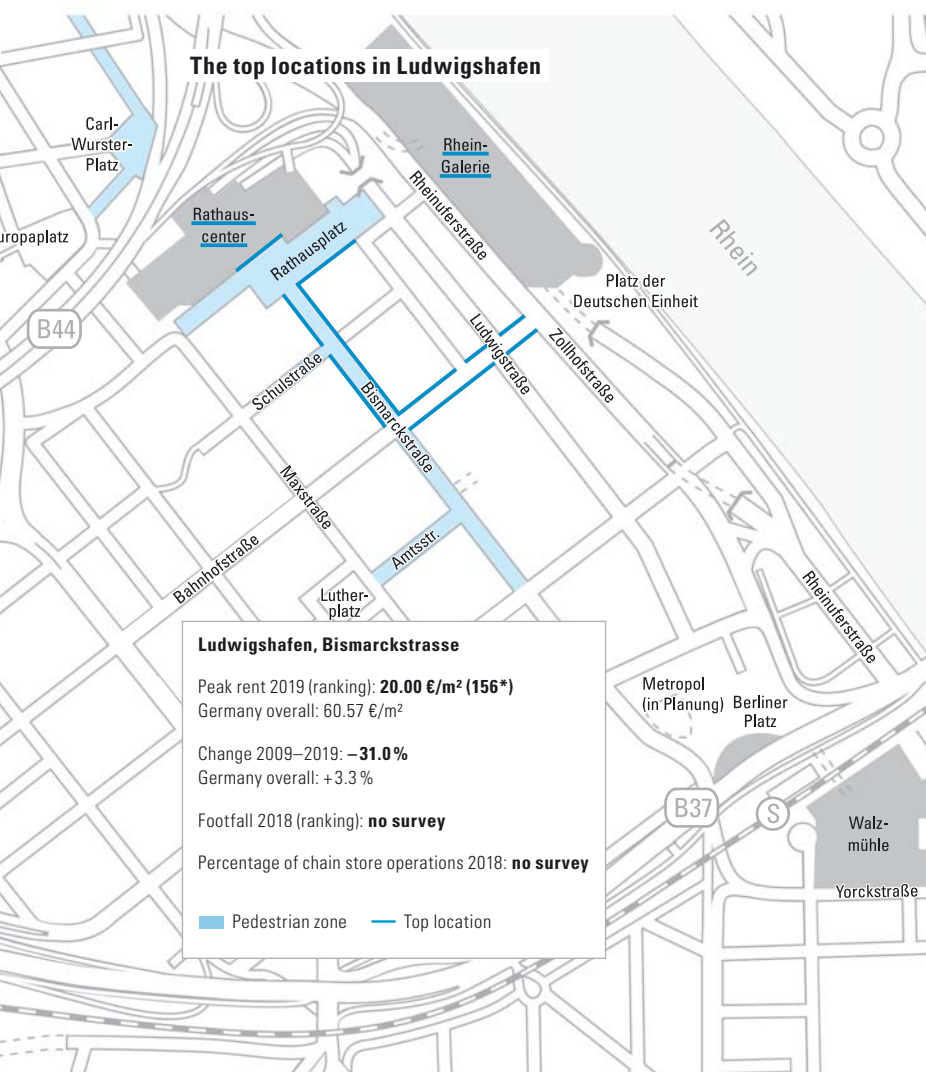
full swing. The conversion of the former Kaufhof department store into a retail and service centre and the redesign of the Bürgerhof area as a modern commercial and residential complex will further enhance the attractiveness of the city centre. At Berliner Platz, a new inner-city landmark will be under construction over the coming years. The Metropol – an ensemble of 7- and 19-storey buildings – will provide premises for a mix of retail, cafés and restaurants, services, offices, medical practices and a hotel. This should also increase the dynamism of the retail market. Despite its above-average retail centrality (116.8) and good retail sales (107.9), the



city's retail purchasing power (92.4) was again lower than that of Heidelberg and Mannheim in 2019. Partly within sight of the Rhine, Ludwigshafen's city centre has a total of over 200 specialist shops, restaurants and cafés. The main shopping street is Bismarckstrasse in the section between Rathausplatz and Bahnhofstrasse. The peak rent has been stable here since 2014 at €20.00 per m². In Ludwigstrasse, which runs parallel to the main shopping street, a large number of traditional specialist retailers offer a mix of shoe and clothing stores as well as furniture and home accessories. Located directly by the river, the Rhein-Galerie shopping centre offers a wide range of products and around 130 shops over more than 30,000 m² of retail space. In addition to national and international brands, local and regional shops also ensure a healthy mix of products and services. In front of the shopping centre, a large piazza (Platz der Deutschen Einheit) provides attractive access to the waterfront with extensive outdoor gastronomy in the summer months.

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

Municipality	Inhabitants	Purchasing power	Turnover	Centrality
Mannheim	307,997	99.4	151.0	151.9
Ludwigshafen	168,497	92.4	107.9	116.8
Heidelberg	160,601	98.5	117.6	119.4
Worms	83,081	97.3	126.2	129.6
Neustadt	53,353	107.3	116.6	108.7
Speyer	50,931	105.5	148.2	140.5
Frankenthal	48,417	95.7	84.3	88.1
Landau	46,292	100.5	143.8	143.1
Weinheim	45,114	117.7	142.8	121.3
Bensheim	40,326	112.8	105.0	93.1
Sinsheim	35,439	99.7	103.4	103.7
Viernheim	33,989	100.2	206.7	206.3
Lampertheim	32,609	104.7	87.2	83.3
Leimen	27,055	97.8	55.5	56.8
Wiesloch	26,779	106.9	93.1	87.1
Heppenheim	25,755	106.0	140.9	133.0
Mosbach	23,288	98.2	177.3	180.6
Hockenheim	21,739	103.0	165.0	160.2
Schwetzingen	21,546	111.9	245.1	219.0
Germersheim	20,691	80.9	103.0	127.3
Haßloch	20,433	100.3	88.1	87.8
Schifferstadt	20,073	103.4	61.9	59.8
Bad Dürkheim	18,469	111.0	100.1	90.2
Buchen	17,851	98.5	122.4	124.3



District of Rhine-Neckar

Economic power combined with quality of life and a high level of innovation potential make Rhine-Neckar district an attractive place to live and work. With fast internet and strong business networks, it is an ideal location for companies.

Processes of structural change triggered by globalisation, demographic shifts and digitisation are creating major challenges for companies and authorities in the 54 towns and municipalities of the Rhine-Neckar district. Stefan Dallinger, District Administrator, describes the opportunities and challenges facing the location.

Digitisation is one of the key factors determining the success of towns, cities and businesses in international competition. How is digitisation being implemented in the "smart county" Rhine-Neckar and how will it benefit companies and schools?

By expanding the district's fibre-optic cable network, Zweckverband High-Speed-Netz Rhine-Neckar – the association responsible for delivering high-speed network coverage

in the area – aims to provide super-fast Internet to its urban and rural customers by 2030. The backbone infrastructure, which is vital for the expansion of broadband throughout the district, has now reached all its towns and communities – and both companies and our schools will benefit. Practical application of state-of-the-art technologies in Learning Factory 4.0 will help to lay the foundations for the future careers of our young people and introduce them to the new challenges of Industry 4.0. Through the association Smart Production Network, and in close partnership with the City of Mannheim in 2016, we are also promoting knowledge transfer in the region. All these measures are driving forward the transformation to Industry 4.0 and its intelligently networked production systems. That's what we call "regional cooperation in action".



Stefan Dallinger
District Administrator of
the Rhine-Neckar district

Residential and commercial users are increasingly competing for sites. What is the Rhine-Neckar district's strategy for securing and developing user-oriented commercial sites?

This issue is a serious challenge for our district, too. So, we have decided to produce a development concept for commercial properties. This will be the foundation for providing our towns and municipalities with needs-based support relating to the development and marketing of commercial and industrial sites. We expect the concept to be completed in 2021.

Technological progress is changing economic structures and working methods. What concepts does your region offer for flexible workplace solutions?

Indeed, we are currently looking closely at the new worlds of work emerging in our present-day society. We firmly believe that we need to create services that make our companies even more attractive by offering flexible new workplace solutions while ensuring greater flexibility for individual employees. We are currently working on a concept that takes these factors into account and includes additional functionalities, such as a central meeting place or local shops, using an approach based on multifunctional workspaces.

www.rhein-neckar-kreis.de

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Attractive urban and natural environments offer a high quality of life in the Rhine-Neckar district.



No. of employees: 33,817
Purchasing power index: 97.3

Business tax rate: 420

Rent price range, Office: 6.00 to 13.00 €/m²
Rent price range, Retail: 9.00 to 60.00 €/m²

Worms

A central location, excellent infrastructure, the University of Applied Sciences Worms, a strong economy and good communication and transport networks – the “City of the Nibelung” has more than 85,000 inhabitants and offers ideal conditions for businesses.

Worms combines a rich history and cultural diversity with the attractive features of a shopping and tourist destination. Between 2008 and 2018, the number of overnight stays increased by 25 percent. Each year, more than 3.7 million day visitors generate €80.8 million of added value from tourism for the retail, hospitality and service sectors. Hotel investors also recognise the value of Worms as a location. The existing cultural and conference centre will soon be supplemented by a modern Ibis Styles Hotel with around 120 rooms, and a hotel with up to 130 rooms is also planned for the new “Gerbertviertel Quarter”.

Major development projects get underway

The “Gerbertviertel Quarter” is one of the largest urban development projects in Worms’ recent history. By the end of 2024, private investors will have invested €80 to €90 million in repurposing the approx. 16,000 m² site not far from the imperial cathedral and pedestrian

zone. The project will take place in several phases and, in addition to the hotel, create 160 to 200 freehold apartments and a senior citizens’ residential and care facility with a usable area of 7,000 m².

The former Rheinmöve site will also be given a completely new direction. Once the planning procedure has been completed and the existing commercial units relocated within Worms, it will be transformed into new quarter with around 475 apartments. And many more projects are in the planning phase. The revitalisation of several existing properties, such as the former “Hochstift” hospital and the development of the “Andreas-quartier”, are already in the pipeline.

Co-working space in the heart of Worms

Co-working spaces are becoming increasingly popular as companies demand ever greater flexibility and people recognise the importance of working together. “co/buero Worms” – the first co-working space in

Worms – will have an area of nearly 150 m² and occupy an attractive, central location close to the Luther Monument. In strategic partnership with the University of Applied Sciences Worms, the aim is to network start-up entrepreneurs and artists in the city through a mix of cultural and creative industries as well as IT companies. Worms is also considering the development of another business incubator focusing on the “digital economy” in order to enhance its range of facilities relevant to start-ups.

www.worms.de/de/wirtschaft

Contact:

Wirtschaftsförderungsgesellschaft für die Stadt

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Focus

In search of commercial and industrial site potential

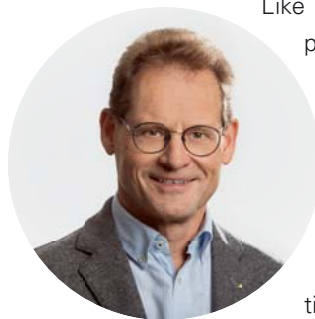
Aurelis Real Estate is transforming the former turbine factory in Mannheim's Boveri-Strasse into a sustainable commercial district.





The Rhine-Neckar Metropolitan Region has strong and dynamic industrial and service sectors. Demand for commercial and industrial sites has been growing for years in almost all its municipalities. The “Regional Study of Commercial Sites in Rhine-Neckar”, produced by the regional association Verband Region Rhein-Neckar, has investigated the requirements and potential for commercial and industrial sites. This will serve as the basis for updating its unified plan for the Rhine-Neckar region. Christoph Trinemeier, Executive Director of Verband Region Rhein-Neckar, discusses the results.

Mr Trinemeier, the unified plan for the Rhine-Neckar region was approved in 2014. What prompted the association to prepare an amendment to the section of the regional plan relating to commercial and industrial sites?



Like many places, the Rhine-Neckar Metropolitan Region experienced an economic upswing in almost all sectors of its economy between 2008 and 2017 – with the “chemicals, pharmaceuticals, biotechnology”, “medical technology” and “organic electronics” clusters among the biggest winners. The continuing automation of work processes, changing work environments and social structures, as well as new forms of mobility, are influencing companies’ location choices. On the one hand, the Rhine-Neckar region is experiencing a shortage of sites in urban locations and this is reflected in high prices for land and real estate. On the other hand, some of its more rural areas offer quite an extensive range of sites – although these need to be analysed to assess their marketability and future-oriented location factors. We anticipate that demand for high-quality commercial sites in good locations will continue to increase in future.

There are many different types of locations. How strong is the demand in concrete terms?

It’s never easy to make accurate forecasts about economic growth – especially with profound technological changes

Turbine Works Mannheim

Brown, Boveri & Cie. (BBC) once manufactured turbines, generators, motors and locomotives at its plant on Boveristrasse in Mannheim. Today, the “Turbine Works Mannheim” comprises a total of 26 individual buildings constructed between 1900 and 2009. The real estate developer Aurelis Real Estate is planning to convert this industrial property, comprising approx. 175,300 m² of land and 113,000 m² of building space, into a sustainable commercial quarter and preserve it for the future. Although a 350-metre section of the B38/Rollbühlstrasse – one of the most important gateways to Mannheim – runs directly adjacent to the site, the property was completely sealed off from the surrounding urban area and there were only a few access points. In May 2018, Mannheim City Council decided to intervene in the planning process in order to control the further development of the derelict site and secure land for public purposes for the Mannheim National Theatre. Since then, the city and Aurelis have agreed a contract under public law that will ensure close cooperation during the development of the site. The first new tenant is Bauhaus Services Center Deutschland, which will move into 5,900 m² of office space in the Ampère and Boveri buildings.



Production hall in Mannheim's turbine works

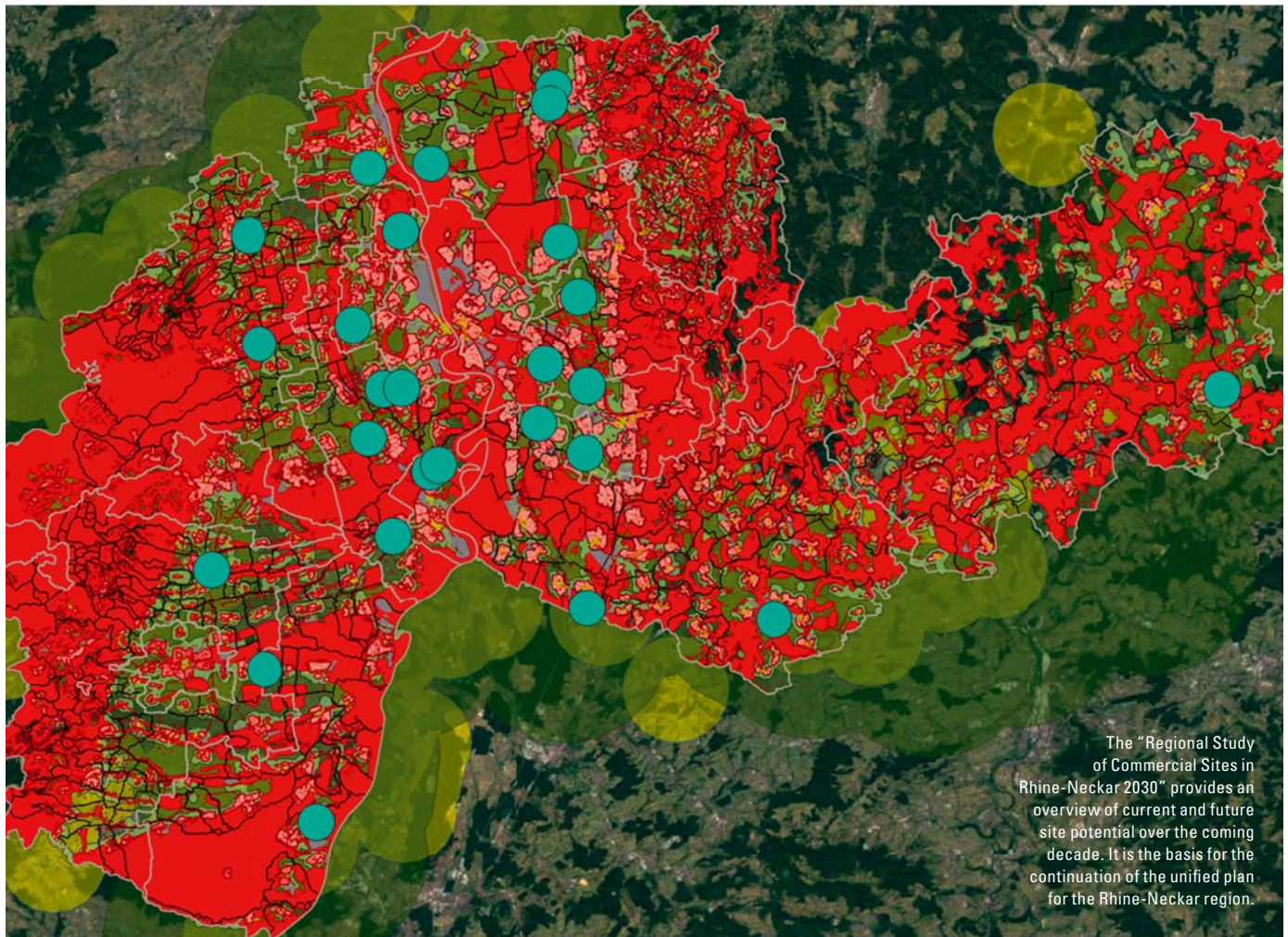
underway, such as digitisation, Industry 4.0 and electromobility – so it's also difficult to estimate future demand for commercial space. That's why we have consulted with experts to agree on a methodology that combines recent developments with foreseeable trends. The study differentiates between emission-intensive industries, logistics locations, traditional industries, small businesses and trades as well as knowledge-intensive businesses and services. The land requirement corridor calculated in the study differs very widely for the various cities and districts in the metropolitan region. The estimates range from more than 150 hectares in the regional centres and rural districts with strong economies to 50 hectares in the largest independent cities. Overall, the study estimates that the region will require around 1,500 hectares of commercial and industrial space by approx. 2035.

Considering the political demands to reduce settlement areas and the growing competition between user groups, is there going to be enough land available?

To calculate the current and future land potential we used up-to-date surveys of existing sites and buildings based on the “Raum Plus Monitor” database. We estimate that, for various reasons, it will actually only be possible to develop 50 percent of the existing potential of 2,000 hectares that have been secured by urban land use planning. Some owners are unwilling to sell, some are demanding exorbitant prices and other potential sites are needed as reserve, compensation or development areas. A comparison of the demand corridors with the potential sites available shows that although there is still a considerable amount of potential commercial space available in the metropolitan region, this will probably not be sufficient for dynamic economic development. According to the study, a total of around 500 hectares of additional commercial and industrial sites will be required by 2035.

It is not always easy to designate new areas for commercial and industrial development. How is your association dealing with this problem?

Initially, we identified around 30 “search areas” (see diagram) in the Rhine-Neckar region, which are suitable for further commercial land development and of



regionally significant scale. A closer look reveals that only a few of these search areas are actually new locations without structural connections. Mostly they are linked to prioritised industrial areas already identified in the unified plan for the region. In other words, the current study largely confirms the planning concepts used for determining priority industrial areas in the unified plan for the Rhine-Neckar region. Using industrial site profiles, we examined the locations more closely to determine whether and what type of further development might be possible or advisable. The study also identified a number of additional search areas which, from an expert's point of view, could also be considered as regionally significant industrial sectors.

What conclusions does the association draw from the study?

As far as land development is concerned at the regional planning level, the special requirements of companies and businesses must be reconciled with spatial planning

requirements for the whole region – as well as with sectoral planning for various different areas. The best prospects for commercial developments are offered by the expansion of existing centres, the redevelopment of large-scale conversion areas and the designation of some new, but preferably intermunicipal, locations. However, in the interests of saving space and conserving resources during commercial developments, our focus should continue to be on using the extensive space still available at existing sites and buildings efficiently. In addition to intensified development of brownfield sites through redensification, conversion and consolidation, the study recommends regional monitoring of commercial space as a supporting tool. This is something the association would like to develop systematically over the coming years in close cooperation with the municipalities in the metropolitan region.

Market Segment: Office

City centre	Best office location in the respective area of the city.
City centre periphery	Locations directly adjacent to (office) city centre.
Periphery	All office locations not categorised as “city centre” and “city centre periphery”.
Peak rent	Top price segment (approx. 3 percent of office space turnover, not incl. owner-occupiers) for all new leases agreed in the respective area (city centre, city centre periphery, periphery) in 2018 (in accordance with the latest edition of “Leitfaden zur Bueromarktberichterstattung” (Guidelines for Office Market Reporting) published by gif Gesellschaft fuer Immobilienwirtschaftliche Forschung e.V. in July 2015). All the rental prices stated are nominal rents for marketable office spaces, i.e. rents according to lease agreement (excluding taxes, incentives and utilities).
Average rent	Average rent for all new leases agreed in the respective area (city centre, city centre periphery, periphery) in 2018 (in accordance with the latest edition of “Leitfaden zur Bueromarktberichterstattung” (Guidelines for Office Market Reporting) published by gif Gesellschaft fuer Immobilienwirtschaftliche Forschung e.V. in July 2015). All the rental prices stated are nominal rents for marketable office spaces, i.e. rents according to lease agreement (excluding taxes, incentives and utilities).
Existing space	Total area of all completed office spaces (in use or vacant) throughout the town/city on 31 December 2018 plus office areas under construction which will be ready for move-in within the next three months (in accordance with the latest edition of “Leitfaden zur Bueromarktberichterstattung” (Guidelines for Office Market Reporting) published by gif Gesellschaft fuer Immobilienwirtschaftliche Forschung e.V. in July 2015).
Office space turnover	Total of all office spaces throughout the town/city which have been leased to new users, sold to owner-occupiers or built by owner-occupiers in 2018. The transaction is recorded using the date of the (lease) agreement (in accordance with the latest edition of “Leitfaden zur Bueromarktberichterstattung” (Guidelines for Office Market Reporting) published by gif Gesellschaft fuer Immobilienwirtschaftliche Forschung e.V. in July 2015).
Vacancy rate	The proportion of all existing office spaces throughout the town/city which were available for rent, sub-letting or sale on 31 December 2018 and ready for move-in within three months.

Basis of calculation for office spaces	All quantitative statements in relation to office spaces (existing space, turnover etc.) are generally made in accordance with the space definition contained in the latest edition of the guideline MF/G “Rentable floor space for commercial spaces” published by gif Gesellschaft fuer Immobilienwirtschaftliche Forschung e.V. (current version from June 2017). In this report, where only information on gross floor area (BGF) was available, this has been converted using the industry standard factor of 0.85.
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Market Segment: Retail

Top location	The part of the city centre that enjoys the highest footfall and the greatest density of large stores that attract shoppers and chain stores with supra-regional operations.
Peak rent	Rent paid per m ² in EUR for a newly leased space based on a 100 m ² ground floor sales area in a top location with a 6 metre display front (definition: JLL SE).
Percentage of chain store operations	Percentage of national chain store operations as a proportion of total local retail trade.
Footfall	Number of pedestrians passing by per hour based on a specific counting location in the pedestrian zone on a uniform survey time and date used throughout Germany: last survey conducted on Saturday April 14, 2018, 13:00 to 16:00 (in accordance with JLL SE).
Purchasing power index	Index per resident, based on the national German average (index = 100). Example: an index of 110 means that the residents in this town have a purchasing power that is 10 percent higher than the national German average (definition: GfK).
Sales index	Index per resident, based on the national German average (index = 100). Example: an index of 110 means that retail sales in this town are 10 percent higher per head of the population than the national German (definition: GfK).
Centrality rating	Index, based on the national German average (index = 100). Example: an index of 110 means that this town offers 10 percent more purchasing power loyalty and centrality in retail than the national German average (definition: GfK).

The centrality rating is a measure of the scope and strength of the retail sector in terms of its attractiveness to non-local consumers. The retail centrality rating is based on the ratio between the purchasing power loyalty that exists within the city and the inflow of purchasing power from outside. A centrality rating of greater than 100 indicates that inflows of purchasing power from the surrounding area exceed outflows of purchasing power from the area of the city itself (definition: JLL SE).

Market Segment: Industrial & Commercial

Guideline land value Average land value for an area that has similar value conditions and can be used for similar purposes. The guideline value provides the value per m² of land for a fictitious land parcel, with location features typical of the respective area.

Type of area Type of structural land use according to the Federal Land Utilization Ordinance (BauNVO). Abbreviations:
GE = Business park, GEe = Restricted-use business park,
GI = Industrial park, Gle = Restricted-use industrial park.

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