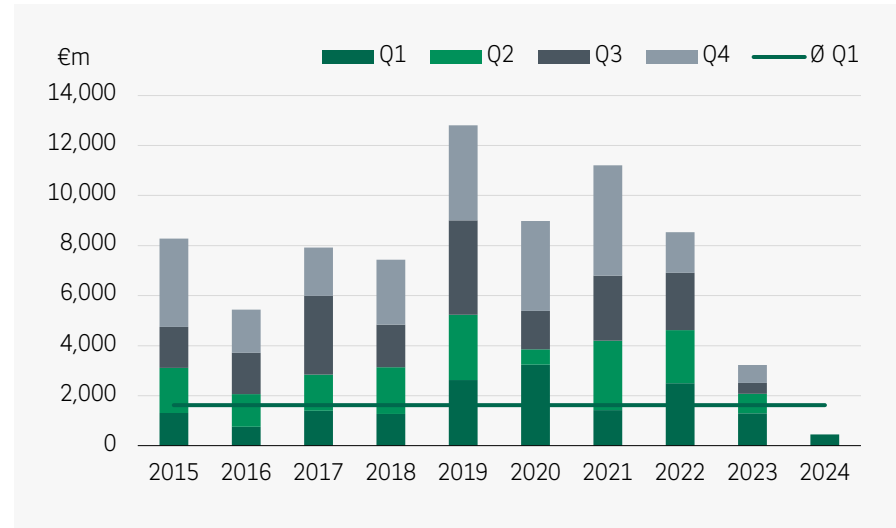


BERLIN

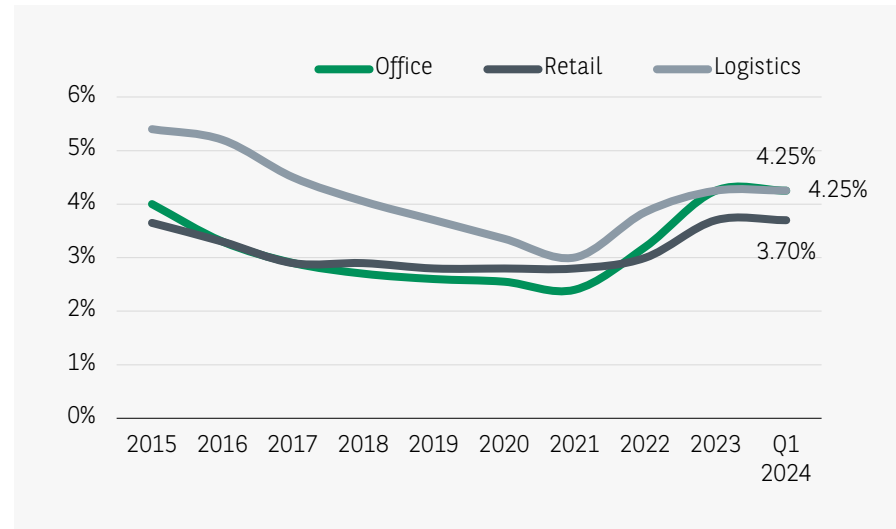
REPORT INVESTMENT MARKET

Q1 2024

Development of investment volume



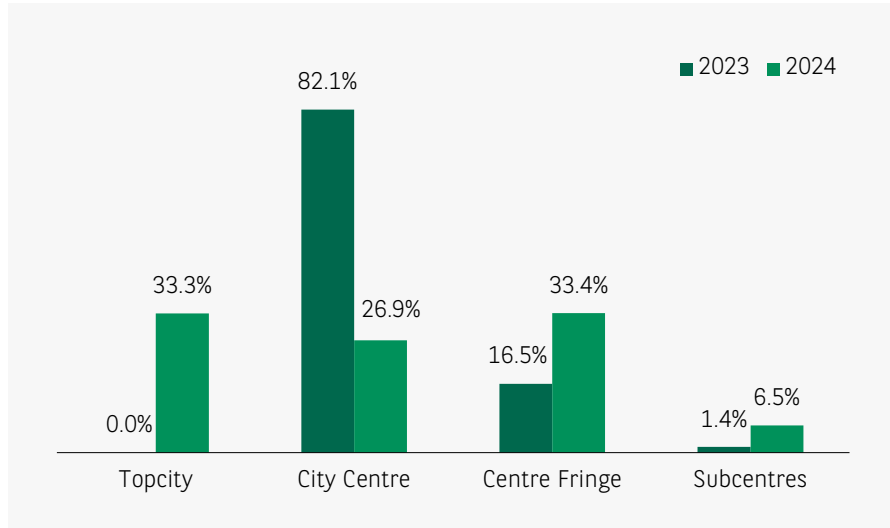
Net prime yields by type of property



BERLIN RANKS SECOND NATIONWIDE

- The persistently challenging market environment is also noticeable on the Berlin investment market in the first quarter of 2024. As on the other German investment markets, the consolidation phase appears to be ongoing. With a transaction volume of around €457 million, the result was around 65% lower than in the prior-year period as well as around 72% below the long-term average (Ø 10 years: €1.6 billion).
- In a nationwide comparison, the German capital was displaced by the very strong Munich investment market (€1.28 billion) from first place (2019-2023) to second place but was able to maintain its position ahead of the Hamburg investment market (€376 million).
- The weak result in Berlin compared to previous years is primarily due to the low transaction volume in the office segment (€85 million, -90% compared to the average for 10 years) and the low volume in the retail segment, which was very strong in the previous year (€45 million, -72% compared to the same quarter of the previous year).
- Compared to Q4 2023, the prime yields remain unchanged in each case, which indicates stabilization and an advanced consolidation phase.

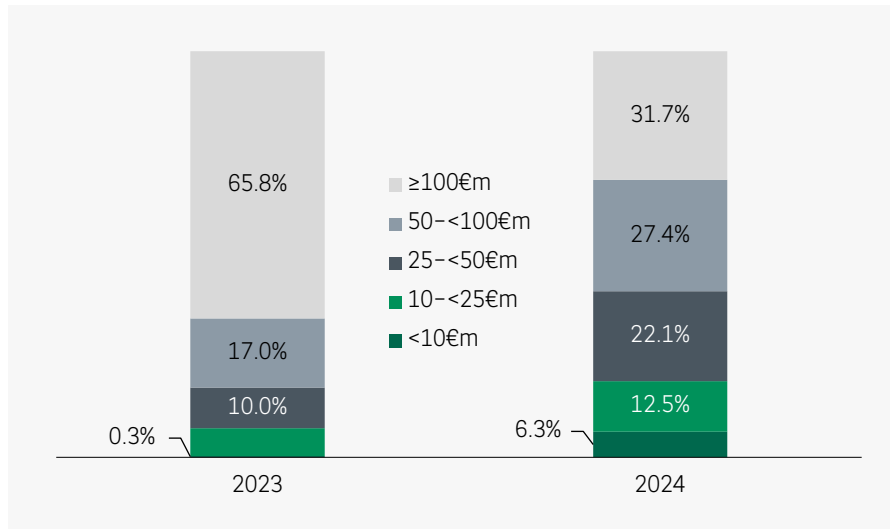
Investments by location Q1



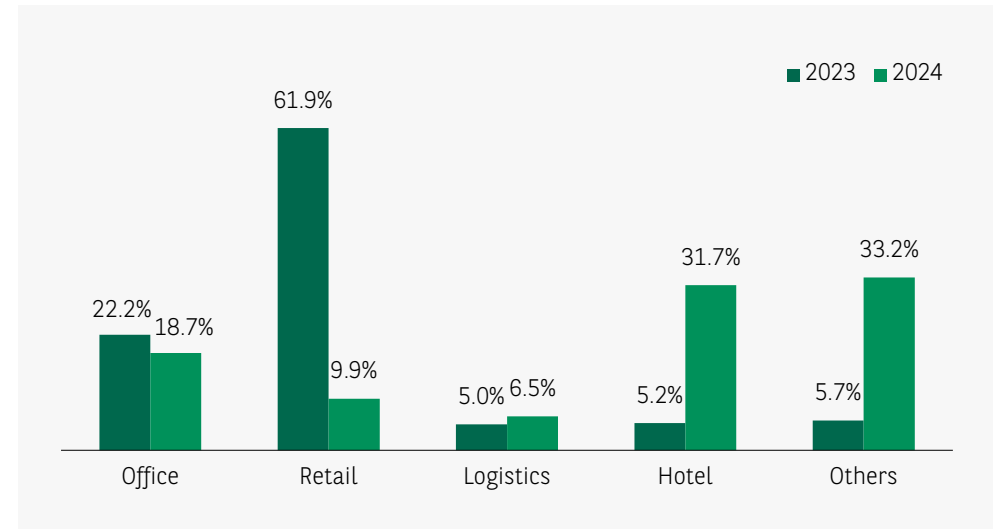
HOTEL SEGMENT SIGNIFICANTLY STRONG

- In terms of the distribution of investment volume across property types, the hotel segment stands out particularly positively. At €145 million, this segment recorded by far the highest transaction volume in Berlin nationwide. The market share of 32% of the total investment volume in Berlin is extremely high (average 10 years: 8%). However, this high value is largely due to the sale of the luxury hotel "Hotel de Rome" in Berlin-Mitte.
- The investment volume in the first three months of 2024 is distributed relatively homogeneously across the Topcity, City Centre and Centre Fringe. In terms of distribution by location, the Topcity in particular is comparatively strong. Although at €152 million the investment volume was also significantly below the long-term average, the Topcity achieved the highest market share (33%) since 2013, which is also due to the large-volume hotel deal.

Investments by € category Q1



Investments by type of property Q1



OUTLOOK

- In the first three months of 2024, the Berlin investment market missed the necessary momentum from previous years for a successful start to the year. Although the German capital has the second-highest investment volume in Germany, the decline compared to the long-term average (-72%) is particularly pronounced compared to the other A-cities. The challenging market environment is currently evident in the logistics and retail investment segments and particularly in the office investment segment. As in the other top investment markets, the low number of transactions and the low average deal volume are symptomatic of the current consolidation phase.
- The latest economic forecasts predict only minimal GDP growth for 2024. Demand on the occupier markets is therefore likely to remain subdued in the current year. The office markets in particular are likely to continue to be affected by this, which means that a significant increase in transactions, particularly in the large-volume segment, is not expected in the short term. However, the largely completed valuation corrections and the constant prime yields compared to the fourth quarter indicate that the pricing phase is well advanced. In addition to the weak economic environment, inflation has fallen significantly in recent months, which is expected to give the central banks scope for the first interest rate cuts from the second half of the year. The associated greater planning certainty, more favorable financing costs, increased price acceptance and the prospect of a reviving economic engine point to a gradual recovery of the Berlin investment market over the remainder of 2024.

Key facts investment market Berlin

INVESTMENT VOLUME	Q1 2023	Q1 2024	CHANGE
Total (€m)	1,293	457	-64.7%
Portfolio share	0.0%	12.0%	+12.0pts
Share above €100 million	65.7%	31.7%	-34.0pts
Office share	22.2%	18.7%	-3.6pts
Share of city locations	82.1%	60.2%	-21.9pts
Share of foreign investors	76.1%	50.3%	-25.9pts

NET PRIME YIELDS	Q1 2023	Q1 2024	CHANGE
Office	3.40%	4.25%	+85bps
Retail	3.30%	3.70%	+40bps
Logistics	3.95%	4.25%	+30bps

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