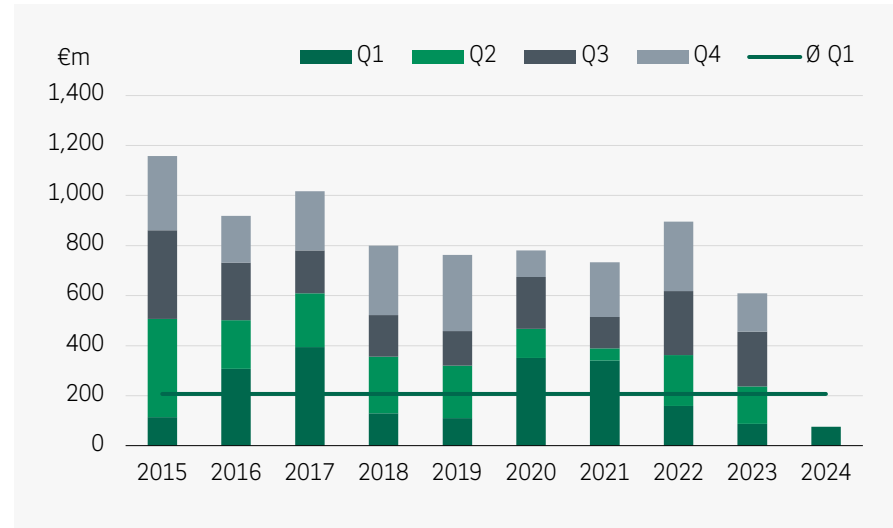


LEIPZIG

REPORT INVESTMENT MARKET

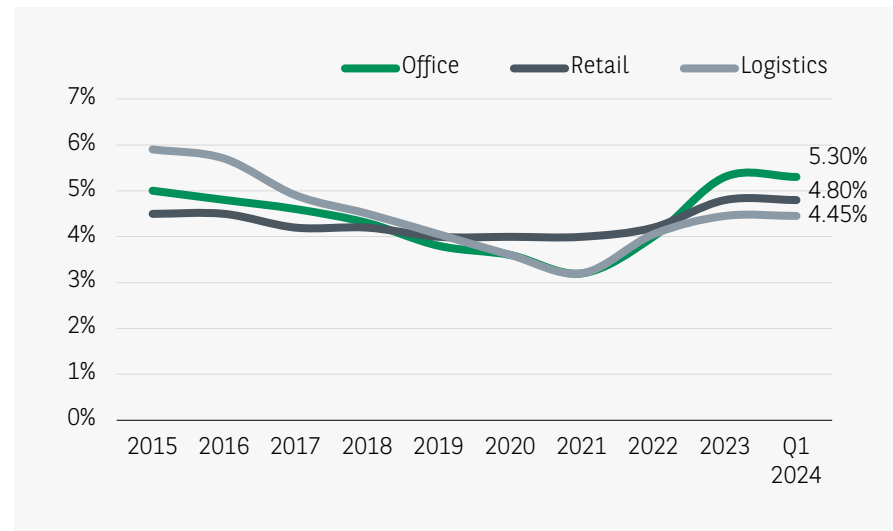
Q1 2024

Development of investment volume



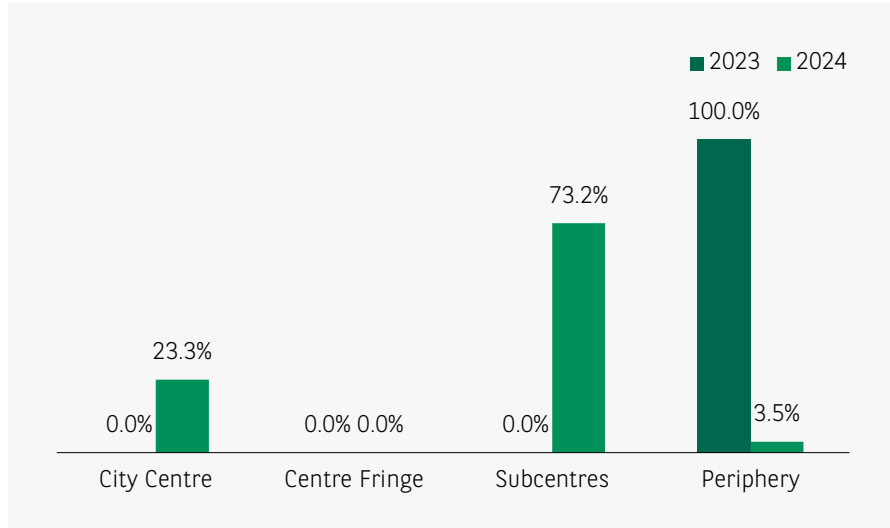
INVESTMENT VOLUME SLIGHTLY BELOW PREVIOUS YEAR'S QUARTER

Net prime yields by type of property

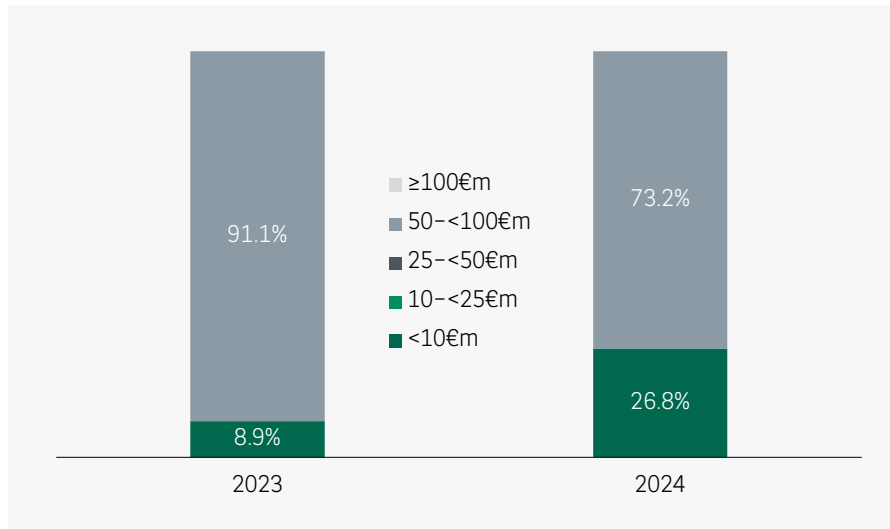


- An investment volume of around €76 million was registered on the Leipzig market in the first three months of 2024. The challenging market environment across Germany was also reflected in Leipzig's result, which was around 63% below the long-term average, but only 12% below the previous year's quarterly result. As expected, the start to the year in Leipzig, as on the top investment markets, was therefore subdued. The difficult financing environment, the fact that the pricing phase has not yet been fully completed and the geopolitical and macroeconomic uncertainties continue to make investors cautious.
- However, Leipzig has the highest transaction volume of the B-cities analysed, which underlines the continued high level of investor interest in the location and confidence in Leipzig's occupier markets.
- The weak result compared to previous years is due in particular to the low transaction volumes in the office segment (€6 million, -91% compared to the 10-year average) and in the retail segment (€12 million, -77% compared to the 10-year average).
- Compared to the fourth quarter of 2023, the prime yields remain unchanged in each case, which indicates stabilisation and an advanced consolidation phase.

Investments by location Q1



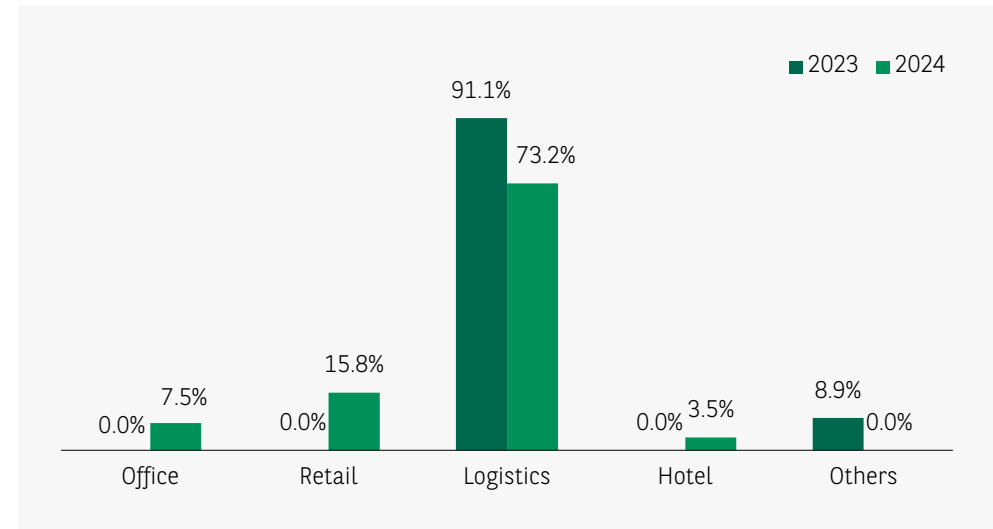
Investments by € category Q1



LOGISTICS WITH ABOVE-AVERAGE TURNOVER

- Almost three quarters (73%) of Leipzig's investment volume is attributable to logistics properties. Although turnover in this segment cannot match the very strong prior-year quarterly result, it is significantly above the ten-year average (€26 million). Retail has the second highest market share at 16%. The office, hotel and 'others' segments have seen low levels of investment to date and therefore have single-digit market shares.
- With a market share of 73%, only the subcentres presented a comparatively solid performance, which is attributable to a major nationwide portfolio deal in the logistics segment. Apart from this larger deal, only transactions in the small-volume segment up to €10 million have been recorded to date.

Investments by type of property Q1



OUTLOOK

- Leipzig's investment market still lacked the necessary momentum in the first quarter of 2024. However, the decline compared to the long-term average (-63%) is still moderate, especially in comparison to some top investment markets. However, the challenging market environment is also leaving its mark on Leipzig's investment market. This is particularly evident in the low investment volume in the office property segment and the generally significantly lower number of deals (Leipzig: -55% compared to the 10-year average).
- Contrary to the trend on the top investment markets, both the portfolio share and the market share of the large-volume segment over €50 million (73% each) are extremely strong. Together with the above-average investment volume in the subcentres, this speaks in favour of the continued broad-based investor interest in Leipzig.
- Against the backdrop of a weak economic environment, a significant increase in investment volume, particularly in the large-volume office segment, is not expected for the remainder of the year. However, the valuation corrections that have largely already taken place and the stabilisation of prime yields compared to the fourth quarter point to an advanced pricing phase in Leipzig as well. The increasing price acceptance that is already becoming apparent, existing investor interest, the prospect of falling interest rates from the second half of the year and the prospect of the economic engine picking up again all point to a slow but noticeable recovery in Leipzig's investment market over the remainder of 2024.

Key facts investment market Leipzig

INVESTMENT VOLUME	Q1 2023	Q1 2024	CHANGE
Total (€m)	87	76	-12.3%
Portfolio share	0.0%	73.2%	+73.2%pts
Share above €100 million	91.1%	73.2%	-17.9%pts
Office share	0.0%	7.5%	+7.5%pts
Share of city locations	0.0%	23.3%	+23.3%pts
Share of foreign investors	5.8%	73.2%	+67.4%pts

NET PRIME YIELDS	Q1 2023	Q1 2024	CHANGE
Office	4.50%	5.30%	+80bps
Retail	4.55%	4.80%	+25bps
Logistics	4.15%	4.45%	+30bps

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