

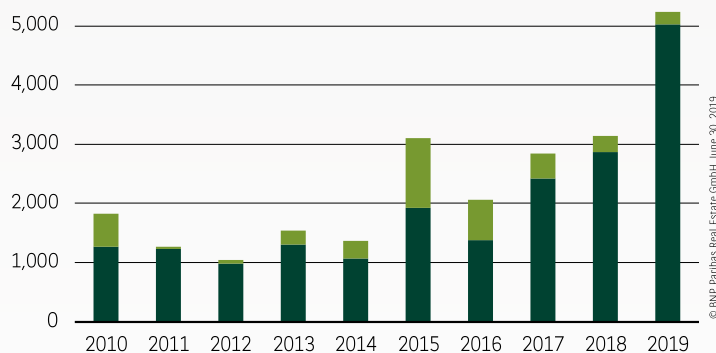


At a Glance **Q2 2019**

INVESTMENT MARKET BERLIN

Investment volume in Berlin H1

in €m ■ Single investments ■ Portfolios

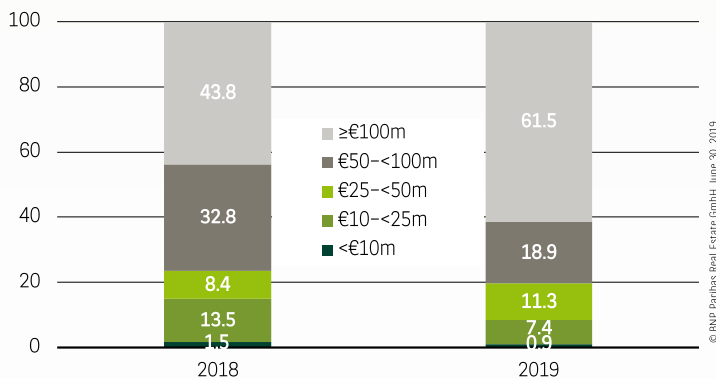


THE SUCCESS STORY CONTINUES

The Berlin investment market remains on course for success and continues to be highly popular with investors. At €5.24 billion, the volume surpasses the record of the previous year by a proud 67% and sets a new record. Never before has a comparable turnover been registered in a German city in the first six months. Of the €24.4 billion invested nationwide, roughly every fifth euro was invested in Berlin real estate. In comparison to the major investment locations, the capital thus secures first place far ahead of Frankfurt and Munich, where less than half as much was invested with €2.34 and €2.16 billion respectively. The result was boosted by 16 transactions in the three-digit million range, including the properties Pressehaus am Alex, Zoom and Carré Seestraße brokered by BNP Paribas Real Estate. The contribution of properties from portfolios is also extraordinary, but unusually low: it amounts to just 4%. The outstanding result is therefore based almost exclusively on individual sales.

Investments by € category in Berlin H1

in %

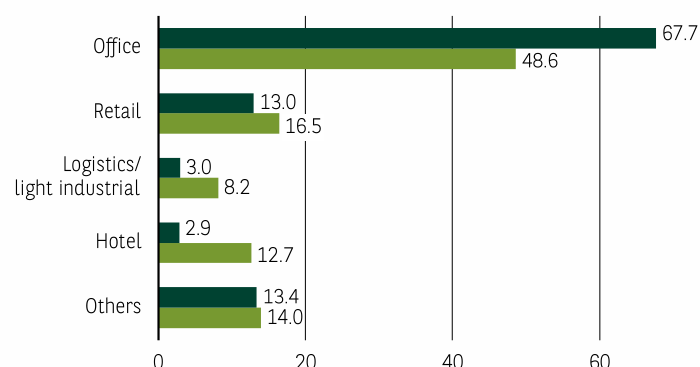


MORE LARGE DEALS

The extraordinary concentration of large deals is also reflected in the distribution of investments by size class. In the largest category, over €100 million, the volume more than doubled, so that it now accounts for just under 62% of the total. Properties between €25 and 50 million, which currently contribute a good 11%, also more than doubled. In the segment of €50-100 million, on the other hand, even slightly less volume was recorded, so that this size class now only reaches 19% of the total.

Investments by type of property in Berlin H1

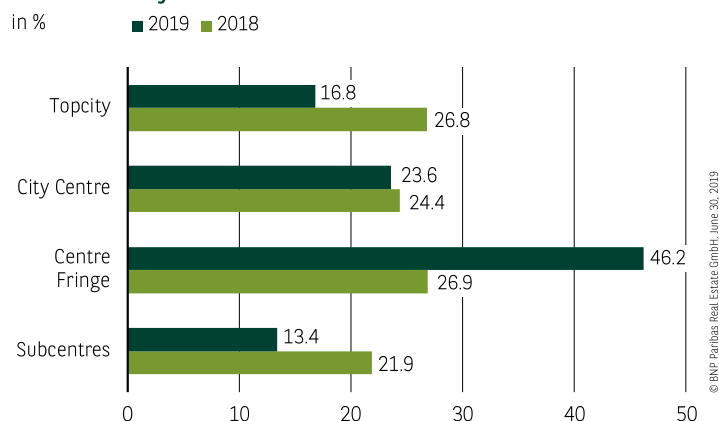
in % ■ 2019 ■ 2018



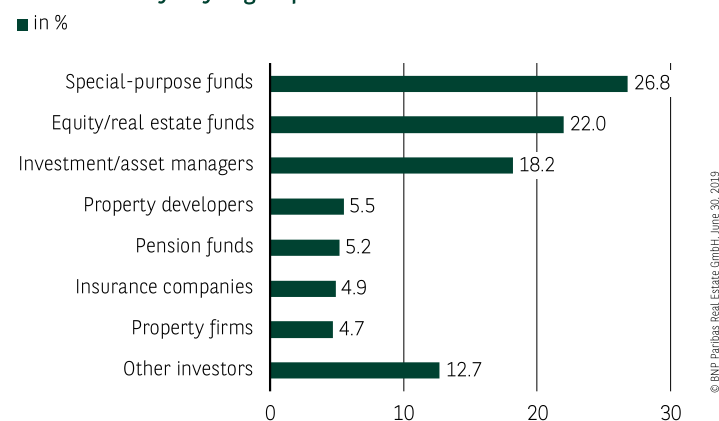
HIGH PROPORTION OF OFFICE INVESTMENTS

Around €3.55 billion - approx. two thirds of the total volume - is accounted for by offices, which is an unusually high figure for the Berlin market. The main driver of this development is the extraordinarily good performance of the office letting market, which not only makes this asset class extremely interesting for investors, but also provides new, attractive investment opportunities. Retail real estate also performed better than average at just under €680 million, due in part to the Zoom, but at 13%, its share is slightly lower than in the previous year. While logistics and hotel investments each account for only 3% of the total, the Other category again makes a substantial contribution with 13%. This mainly includes the sale of development sites.

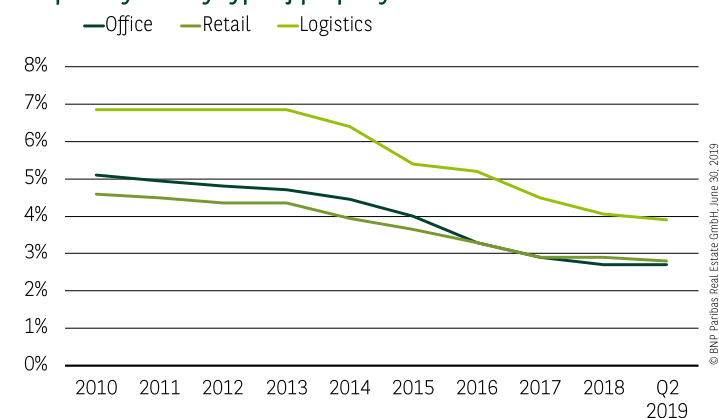
Investments by location in Berlin H1



Investments by buyer group in Berlin H1 2019



Net prime yields by type of property in Berlin



OFFER DETERMINES THE DISTRIBUTION ACROSS THE MARKET

Like the rental market, the investment market is broadly dispersed across the entire market area. While in other cities the central locations often provide the bulk of the investment total, this focus cannot be observed in Berlin. At the end of the first half of the year, the Centre Fringe is in the lead with a good 46%, which is not surprising, as 8 of the 16 sales over €100 million are in these locations. Against the background that Berlin also offers interesting investment opportunities outside of the CBD due to the large number of well-functioning city districts and office sub-markets, investments in the capital are made where the offer is located.

THREE GROUPS OF BUYERS PARTICULARLY STRONG

Berlin also has an extremely broad buyer base. In the first half of the year, special-purpose funds (27%), equity/real estate funds (22%) and investment/asset managers (18%) are the leading trio. In fact, however, there is still a broad spectrum of different investors hiding behind these groups. Shares between 5.5% and 4.7% are also contributed by property developers, pension funds, insurance companies and property firms. As in previous years, the participation of foreign investors is again above average in a nationwide comparison: this group accounts for around 48% in Berlin and only a good 38% nationwide. A large part, around €1.43 billion, originates from North America, a further €1.03 billion from other European countries.

LOGISTICS YIELDS CONTINUE TO FALL

The yield compression of recent years has slowed in recent quarters. Already since the end of 2018, the net prime yield for office properties is stable at 2.70%. For retail properties in the best high street locations, on the other hand, it fell again slightly, by 10 basis points, to 2.80% in the first quarter. Only in the case of net prime yields for logistics properties there was a significant year-on-year compression of 50 basis points to 3.90%.

PERSPECTIVES

The capital is in the starting blocks for an excellent second half of the year. The interim result clearly confirms that the supply side was the biggest obstacle to the investment volume in the previous year. After in 2018 the Berlin investment market gave way to Frankfurt, currently everything looks like a new turnover record for Berlin. In fact, it cannot be ruled out that the €10 billion mark, which was torn by the banking metropolis for the first time last year, may be exceeded in the capital city again this year.

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