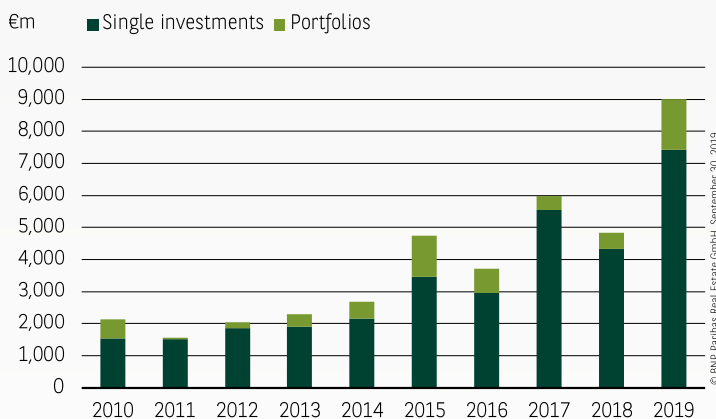




At a Glance **Q3 2019**

INVESTMENT MARKET BERLIN

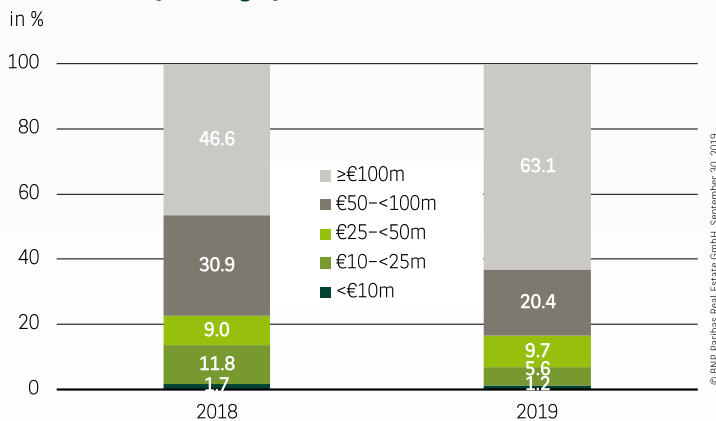
Investment volume in Berlin Q1-3



➤ A LEAGUE OF ITS OWN

With a commercial investment volume of €9 billion in the first nine months - an average of €1 billion a month - the capital is catapulting itself into a new league. Never before has a German city achieved such a good result in the same period. Of the nationwide transaction volume (€43.1 billion), around one in five euros went to Berlin real estate. Among the A-locations, Berlin is also the only one to show a significant increase compared to the previous year (+86%). Munich and Frankfurt are a long way behind, with results of €5.1 billion (+4%) and €4.1 billion (-39%) respectively. The capital city benefits in particular from the many deals in the three-digit million range, which add up to an impressive 25, including the Pressehaus am Alex brokered by BNP Paribas Real Estate, Zoom and the Carré Seestraße. At just under 18%, the contribution of portfolio properties included in the calculation is higher than in the previous year, but is below the average of the A-locations. Individual deals, on the other hand, amount to €7.4 billion and also reach a new record value.

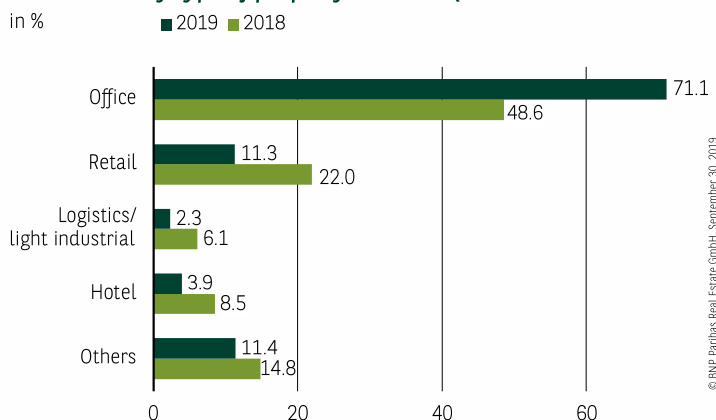
Investments by € category in Berlin Q1-3



➤ EVEN MORE MAJOR DEALS

The high number of large deals is also reflected in the distribution of transactions by size class. Although more investments were made in almost all categories in absolute terms, almost all segments lost proportionately due to the enormous growth in large deals. At 63%, the category over €100 million currently accounts for the majority of the volume, with the volume more than doubling. The next smaller segment between €50 and 100 million makes a smaller contribution than in the previous year (20%) despite an increase in volume of 23% to €1.8 billion. All other size classes generate less than 10% each.

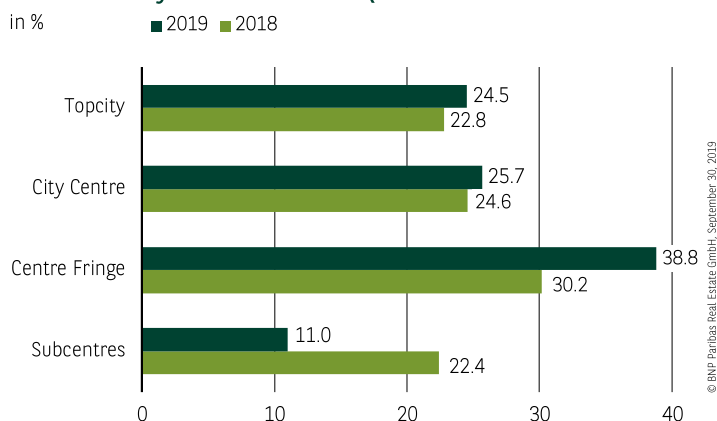
Investments by type of property in Berlin Q1-3



➤ OFFICE INVESTMENTS DRIVE VOLUME

Against the backdrop of the buzzing office markets, where almost every quarter existing records are broken and new best-marks set, the extraordinarily high proportion of office investments is not surprising - at 71% it is currently greater than ever before. Major deals in particular have fuelled this share: of the ten largest sales, eight are for office properties. In terms of the number of transactions, they are also in the lead, but not quite as clearly with just under half. With the exception of the group Others, which primarily comes to 11% thanks to some development sites, all other asset classes have clearly lost shares.

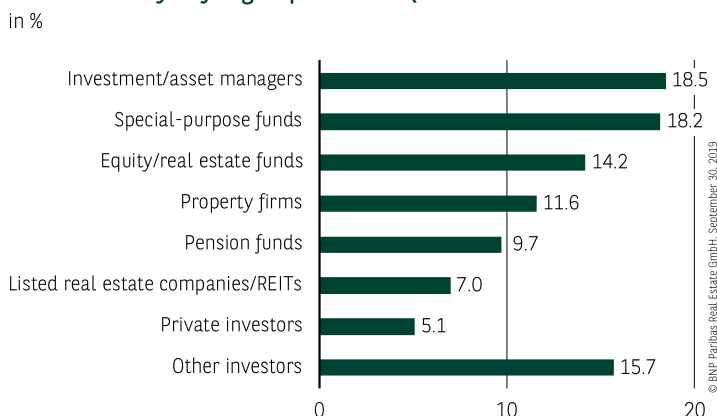
Investments by location in Berlin Q1-3



▶ DECENTRAL LOCATIONS ALSO IN DEMAND

The distribution of the investments across the market area again confirms the broad demand. In line with the rental market, this is not limited to central locations. In fact, the Centre Fringe is currently clearly in the lead with just under 39%, ahead of the City Centre and the Topcity, both of which contribute a quarter each. Only with regard to office investments, where in many other large cities only little is invested outside the CBD, the distribution is very similar. In Berlin, more than three-quarters of the volume is invested in locations outside the Topcity and even around half in decentralised locations in the Centre Fringe and Subcentres.

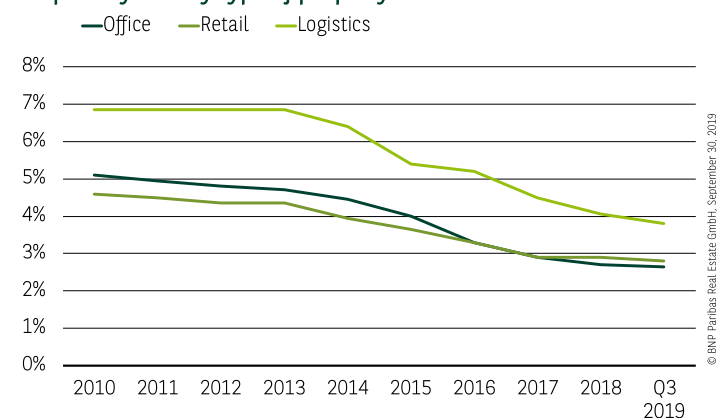
Investments by buyer group in Berlin Q1-3 2019



▶ BERLIN - POPULAR WITH EVERYONE

The spectrum of buyers is traditionally broad. Investment managers (18.5%) and special-purpose funds (18%) are close together in the top two places, ahead of equity/real estate funds (14%), property firms (12%) and pension funds (10%). In addition, listed real estate companies/REITs (7%) and private investors (5%) achieve shares above the 5% mark. At around 16%, the share of all types of buyers not yet mentioned here is also high. The proportion of foreigners is also above average, at least in a nationwide comparison and with a view to the other A-locations. Almost 48% of the capital flowed into the Berlin market from abroad. The average of the A-locations is about 10 percentage points and nationwide even 12 percentage points lower. At around 20%, investors from North America are the most active after German buyers, but European investors (18%) and buyers from the Middle East (10%) were also very active.

Net prime yields by type of property in Berlin



▶ FURTHER DECLINE IN YIELDS

Given the pressure on demand, it is not surprising that the net prime yield for office properties has fallen by a further 5 basis points to 2.65% in the third quarter. This development is benefited by the persistently high expectations for the future rental development. Berlin thus continues to be the most expensive German office location ahead of Munich (2.75%). Even the net prime yield for logistics real estate has dropped again by 10 basis points to 3.80%. In contrast, the prime yield for retail properties in the highstreets has been stable at 2.80% since the first quarter.

▶ PERSPECTIVES

The Berlin market is in the starting blocks for a lively final quarter. The €10 billion mark broken for the first time in Frankfurt last year should not be a major obstacle. How high the new record will be depends primarily on the available supply, which still does not meet demand despite the outstanding results.

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Further Information BNP Paribas Real Estate GmbH | Branch office Berlin | Phone +49 (0)30-884 65-0 | www.realestate.bnpparibas.de