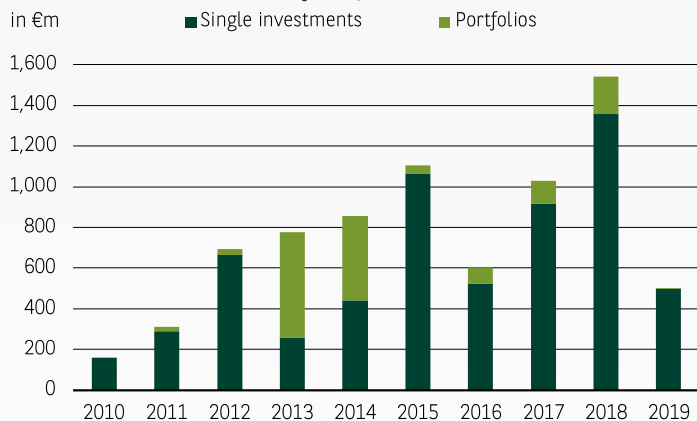




At a Glance **Q1 2019**

INVESTMENT MARKET FRANKFURT

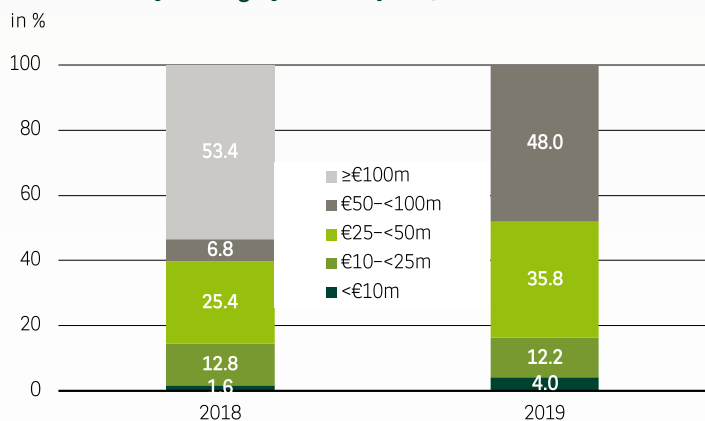
Investment volume in Frankfurt Q1



PRODUCT SHORTAGE SLOWS MARKET IN THE FIRST QUARTER

In the first quarter, the Frankfurt investment market pays tribute to the record year 2018 and, above all, the year-end rally. Due to the fact that many large transactions were concluded shortly before the end of the year, there was virtually no overhang for the first quarter. Against this background, the investment turnover of 502 million € is modest by Frankfurt standards and represents the weakest first quarter of the last eight years. Compared to the record level set in the previous year, the volume declined by a good 67 %. The ten-year average is also clearly missed. The main reason for this is the fact that no major deal has yet been concluded in the three-digit million range, i.e. the market segment in which Frankfurt usually sets the tone nationwide. By way of comparison, these sales alone generated a volume of over 800 million € in the prior-year period, more than in the first quarter of 2019 as a whole. So it is not surprising that Frankfurt currently ranks only fourth behind Berlin, Stuttgart and Munich in a nationwide comparison.

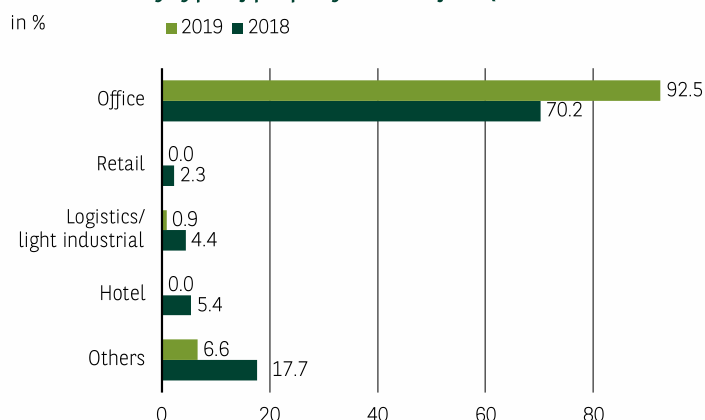
Investments by € category in Frankfurt Q1



MEDIUM DEALS SO FAR DOMINATING

While on a long-term average around half of Frankfurt's investment volume is accounted for by properties in excess of 100 million €, this size category is unoccupied in the first quarter. The highest share is therefore recorded in the segment between 50 and 100 million €, which currently contributes 48 % to the result and in which more than twice as much was invested in absolute terms. Transactions between 25 million € and 50 million € contribute nearly 36 %, which means that their relative importance has noticeably increased. The two smallest classes up to 10 million € (4 %) and between 10 and 25 million € (12 %) are roughly at the average level of recent years.

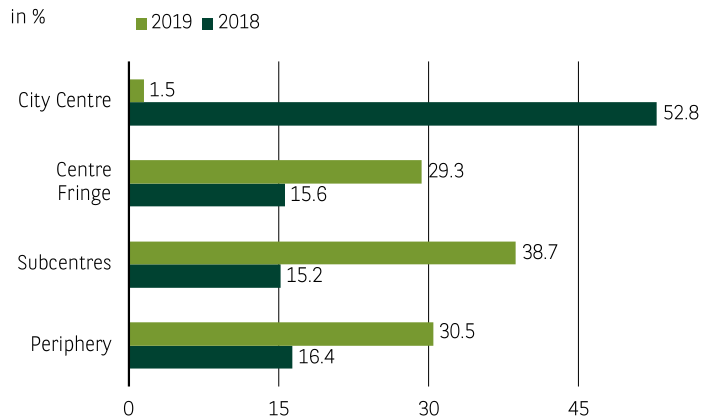
Investments by type of property in Frankfurt Q1



ALMOST ONLY OFFICE INVESTMENTS

Another special feature of the first quarter was that market activity was concentrated almost exclusively on office properties. They accounted for 92.5 % of the transaction volume. In the other important asset classes of retail, hotel and logistics, however, no significant sales have yet been recorded. The just under 7 % allocated to the "Other" collection group comprises mixed-use real estate and, in some cases, development land. This distribution also underlines that the first quarter can ultimately only be interpreted as a snapshot.

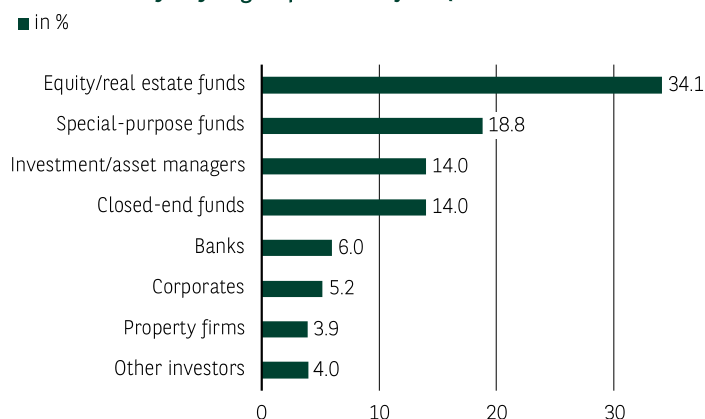
Investments by location in Frankfurt Q1



CITY CENTRE IS STILL WAITING FOR DEALS

Since the traditionally strong and important market for large deals in Frankfurt is predominantly in the City Centre, it is not surprising that the central locations have hardly recorded any investment turnover so far this year. In the last five years, on the other hand, their share of the result has averaged well over 50 %. The transaction volume is therefore distributed among the other locations, all of which participated extensively in the events. First place is taken by the Subcentres, which account for just under 39 % of sales. Nearly on the same level follows the Periphery with 30.5 % as well as the Centre Fringe with a good 29 %.

Investments by buyer group in Frankfurt Q1 2019



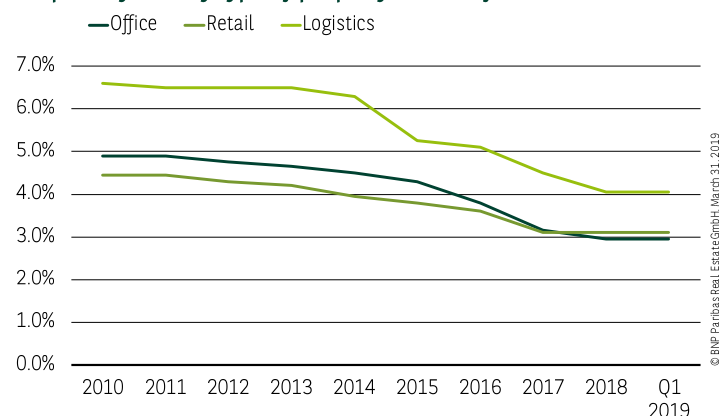
FUNDS ACCOUNT FOR MORE THAN 50 % OF THE TOTAL

Due to its good prospects and traditionally high liquidity, Frankfurt is basically on the shopping list of almost all investor groups. However, many of these investors do not act directly, but invest via different fund structures. Against this background, it is not surprising that funds represent the most important buyer groups and contribute well over half to the result. In first place are equity/real estate funds with a turnover share of a good 34 %, followed by special-purpose funds, which account for just under 19 %. Third place is shared equally by investment managers and closed-end funds, each with a share of 14 %. Foreign investors contribute 58 %, more than in any other city.

YIELDS STABLE AT THE BEGINNING OF THE YEAR

After the strong yield compression of recent years, which continued into 2018, prime yields remained stable in the first quarter. For office properties, the net prime yield therefore remains unchanged at 2.95 %, making Frankfurt the third most expensive location after Berlin and Munich. For inner-city retail/office buildings in prime locations, a rate of 3.10 % is still to be applied, but in exceptional cases this may be undercut. The same applies to logistics properties, where prime yields (as in other large logistics agglomerations) are 4.05 %.

Net prime yields by type of property in Frankfurt



PERSPECTIVES

Although the start to the year was very modest, the market is expected to pick up significantly in the coming quarters, with higher transaction volumes. This is supported, among other things, by several large deals in the high three-digit million range that are currently being marketed, but also by a trend towards an increase in supply due to stronger construction activity combined with good pre-letting rates. Nevertheless, a record result comparable to last year's is not to be expected. From today's perspective, a transaction volume in the region of 6 to 8 billion € is expected for 2019.

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