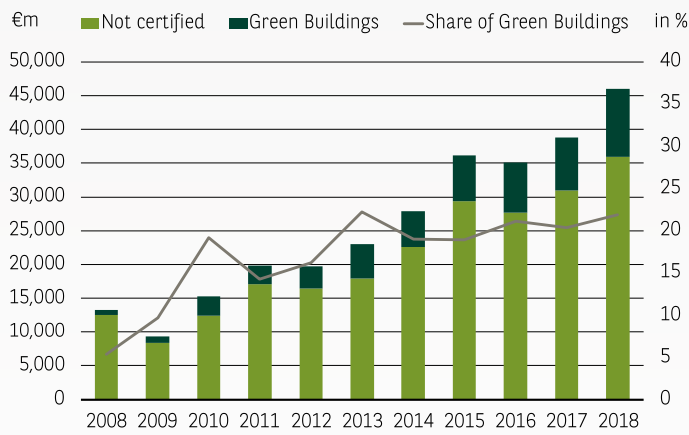




Market Focus 2019

INVESTMENT MARKET GREEN BUILDINGS

Investment volume and share of Green Buildings (single deals)



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➤ **GREEN BUILDINGS SET A NEW RECORD**

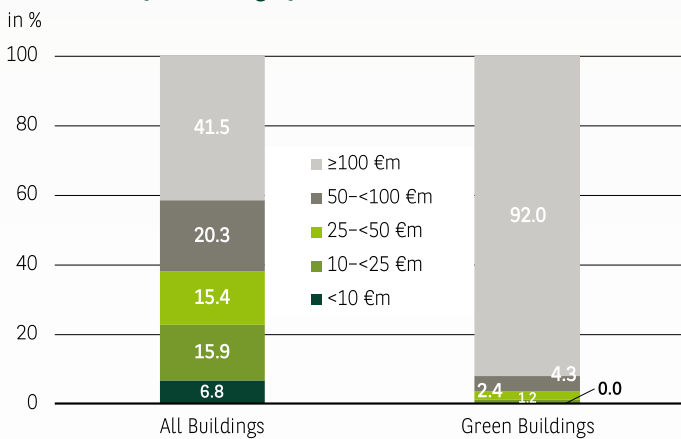
In 2018, the transaction volume with certified green buildings in single deals amounted to around €10.1 billion, which meant that the €10 billion mark was exceeded for the first time. The already very good result of the previous year was topped once again by 29 % with this record turnover. The upward trend observed since 2011 thus continues unabated. This applies not only in absolute but also in relative terms. Certified properties also set a new record in 2018, accounting for almost 22 % of commercial investment volume. These figures must of course take into account the fact that the Green Buildings market segment has also benefited from the exceptionally good overall investment turnover.

➤ **LARGE OFFICE BUILDINGS DOMINANT AT A-LOCATIONS**

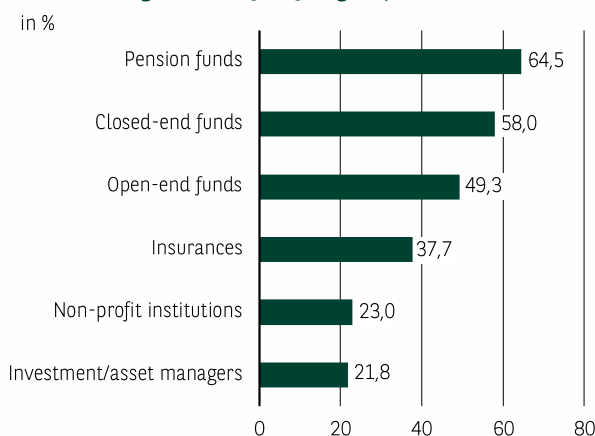
In addition to absolute volume, three trends should be highlighted: On the one hand, office buildings remain by far the most important asset class, accounting for 94 % of sales. On the other hand, the trend towards large-volume and often prominent properties has intensified once again, so that 92 % of the transaction volume in the green building segment is now generated by sales in the three-digit million range. Against this background, it is not surprising that the German A-locations contribute around 94 % of the total turnover with certified buildings. The lion's share was accounted for by Frankfurt (52 %), ahead of Munich (12 %), Hamburg and Berlin (10 % each) as well as Düsseldorf, Cologne and Stuttgart (together 10 %). Well-known examples are the forward deal Aqua as part of the FOUR project development in Frankfurt (DGNB), the Metro Campus in Düsseldorf (BREEAM) or the Springer Quarter in Hamburg (LEED).

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Investments by size category



Green Buildings' share by buyer group

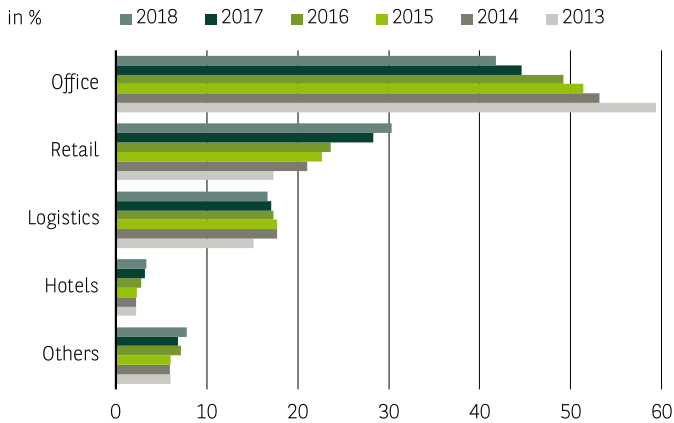


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➤ **CORE INVESTORS PARTICULARLY ACTIVE**

In 2018, core investors with a strong equity base contributed yet again large shares to the green building investments. Pension funds have the highest proportion of certified buildings in their own investments (65 %). Investors for whom sustainability and long-term stability in the risk-return profile are important also include open-end funds (49 %), insurance (38 %) and non-profit institutions and foundations (23 %), which also invest a large proportion of their assets in green buildings. In terms of absolute volume invested in certified properties, three buyer groups lead the ranking: Pension funds (28 %), special funds (15 %) and insurance companies (12 %) together account for more than half of turnover.

Certified buildings by type of property

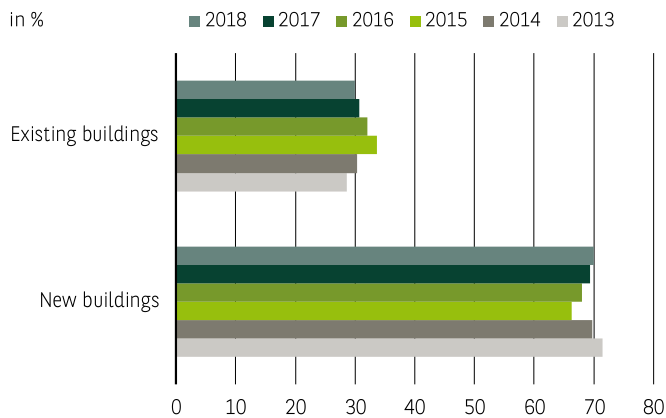


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ABOUT 1,800 CERTIFIED PROPERTIES

Between 2013 (approx. 550 buildings) and December 2018 (approx. 1,800), the number of certified Green Buildings has more than tripled in Germany. On average, about 250 certified properties were added each year. With over 750 certificates, offices contribute yet again the largest share of this market segment in 2018. However, the trend of a declining relative share already observed in the previous year has continued. Their contribution is currently only 40 %. Second place with approx. 30 % is occupied by retail properties, which received around 100 new certificates in 2018. Discounters, supermarkets and specialist stores account for a considerable proportion of this. Among others, REWE, LIDL and toom are now certifying many of their new buildings.

Certified buildings by existing and new buildings

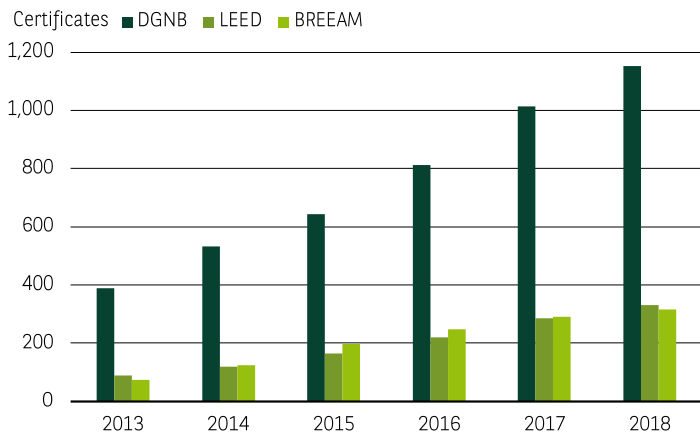


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CERTIFICATION OF NEW BUILDINGS PREVAIL

The trend reversal in the relationship between new construction and existing certification has continued: Until 2015, the number of certified existing buildings initially grew faster than certificates in new construction. Since then, however, the relative share of new construction certificates has increased again. The hurdles for an economic redevelopment under sustainability aspects are still high. The keyword is the so-called investor-user dilemma: In many cases, the energy costs saved in the course of refurbishment, from which the user benefits, are not or only partially to be passed on to the rent, so that the investment often does not pay off for the owner.

Market shares of certification systems 2018



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DGNB IN UPSWING, LEED NOW AHEAD OF BREEAM

As a consequence of the developments described above, shifts can also be observed in the market shares of the various sustainability labels. While the share of BREEAM and LEED initially increased compared to the top dog DGNB, the DGNB has been growing again since 2017. In the new construction segment, DGNB now has a market share of more than 80 %; overall (with existing properties) it is around 64 %. With regard to the two smaller labels, LEED has again overtaken BREEAM, which was particularly strong in terms of inventory certification.

OUTLOOK

The steady upward trend of recent years underscores the fact that green buildings are now a fixed and established part of the market. This is particularly true in the segment of large-volume new construction properties, which are frequently acquired by institutional core investors. Especially for this target group, certified sustainable buildings are now almost a must, whereby the image aspect towards customers and investors plays a role that should not be underestimated. For existing buildings, on the other hand, an economically successful certification continues to be a challenge. DGNB certification, which is just like LEED mainly used in the new construction segment, is likely to benefit in the future, whereas BREEAM is concentrating more on existing properties.

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