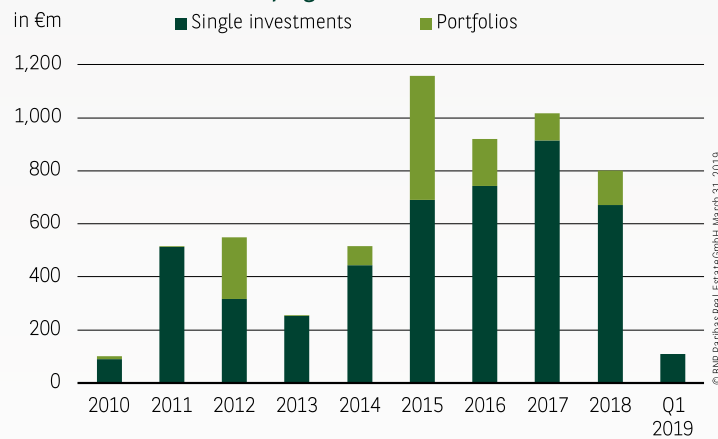




At a Glance **Q1 2019**

INVESTMENT MARKET LEIPZIG

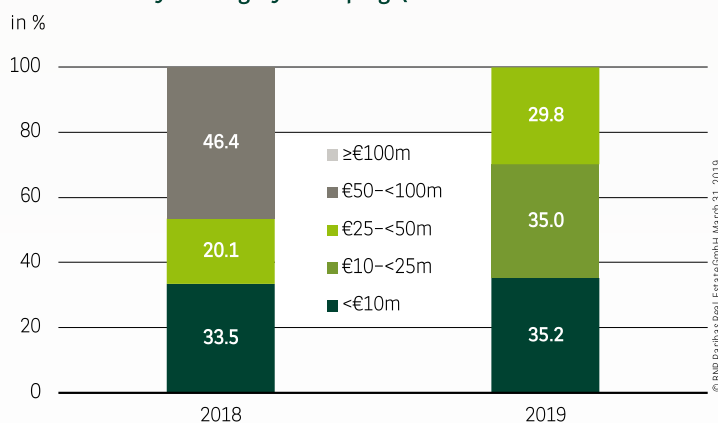
Investment volume in Leipzig



INVESTMENT VOLUME STILL RELATIVELY LOW

The Leipzig investment market generated a transaction volume of 111 million € in the first quarter of 2019. The Saxon metropolis is thus experiencing a weaker start to the year and is also confirming the previous year's trend, where a final result of 800 million € did not match the outstanding results of previous years. Although the investment pressure from investors remains high and Leipzig is one of the most attractive locations after the "Big Seven", the prevailing lack of products limits higher transaction activity. Large-volume sales in the core segment are particularly lacking at present. As no such major deals have yet been concluded, the current volume is around 48 % below the 5-year average. Nonetheless, it can be assumed that the market will pick up noticeably as the year progresses with a corresponding range of products, thus following the nationwide trend again.

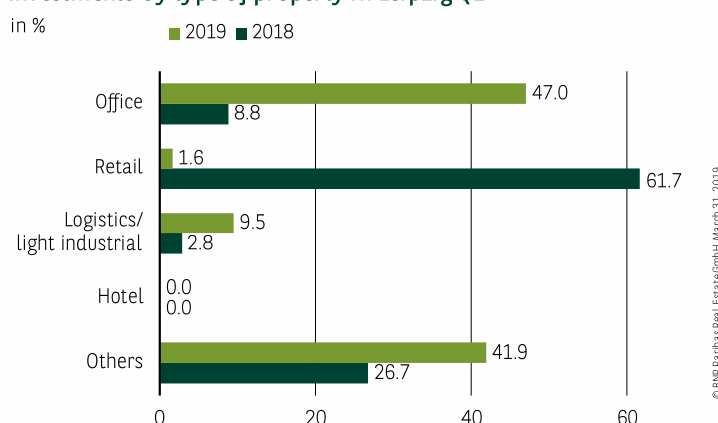
Investments by € category in Leipzig Q1



SMALLER DEALS DOMINATE SIZE DISTRIBUTION

As a result of the product shortage outlined above, the distribution of investments by size class shows a significant decline in the proportion of major deals: At the beginning of the year, the total investment volume was spread almost evenly across only three categories, with not a single transaction exceeding 50 million €. Another characteristic feature of market activity in the first quarter is that the most significant transaction in the first three months is a development site. Overall, the average volume of all registered sales was just 9 million €, a decrease of about 22 % compared to the same period last year.

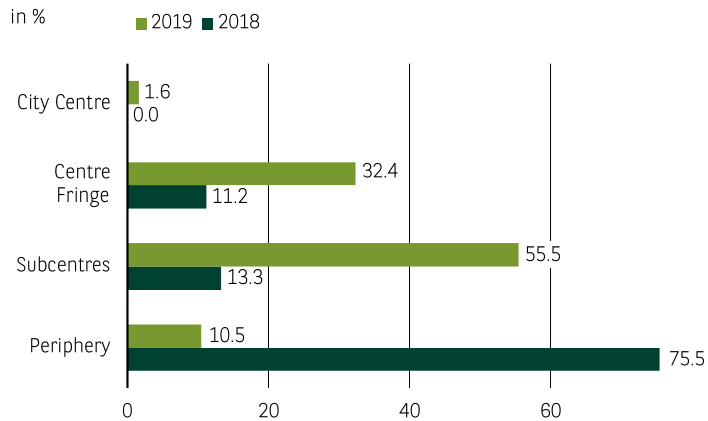
Investments by type of property in Leipzig Q1



LACK OF SUPPLY ALSO VISIBLE IN ASSET CLASSES

Compared to the previous year, the distribution by type of property has changed significantly. While in the first quarter of 2018 the retail asset class was leading due to the sale of the Pösna Park, this asset class is just under 2 % behind office properties (47 %) and logistics assets (9.5 %), both of which increased year-on-year. The tense supply situation is also reflected in the Others category, which comprises development sites, care properties, car parks and mixed-use properties. In the search for suitable investment opportunities, these are becoming increasingly important (around 42 %), since after the run of recent years there are currently hardly any properties available in the classic asset classes.

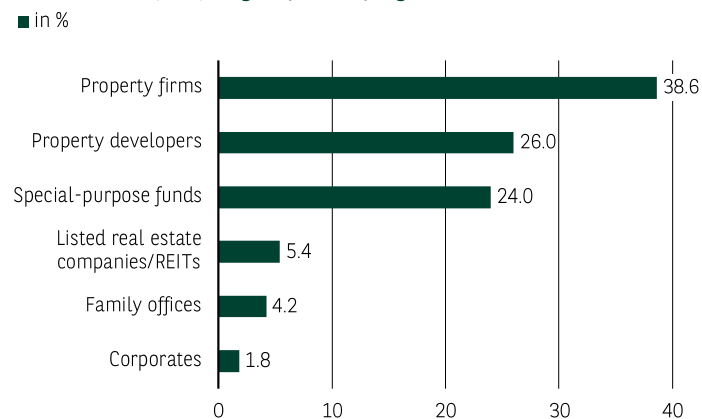
Investments by location in Leipzig Q1



SUBCENTRES AT THE TOP

The Subcentres lead the distribution of investments by location with just under 56 % and improved by more than 42 percentage points compared with the previous year. But the Centre Fringe was also in the investors' favour with about a third of the transaction volume realised. On the other hand, the Periphery experienced a significant slump, accounting for just under 11 % of the total. In Q1 2018, the sale of the Pösna Park had a disproportionately high impact on the market result. As in the previous year, almost no activity was observed in the City Centre. This atypical distribution is not unusual at the beginning of the year, but also illustrates that investors are not only considering the preferred inner-city locations, but are also expanding their investment focus to the overall market due to the positive development and the lack of supply.

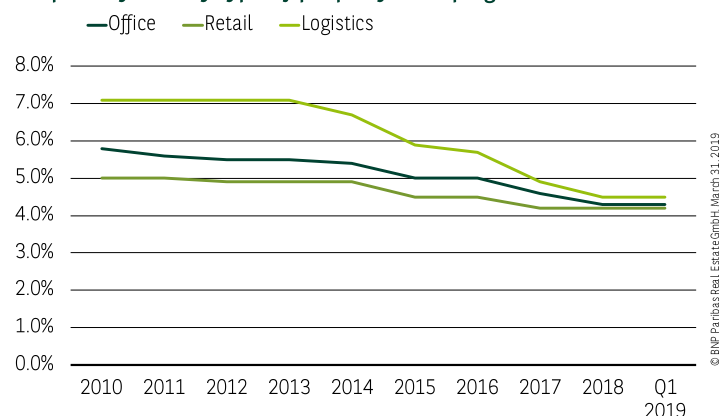
Investments by buyer group in Leipzig Q1 2019



THREE GROUPS OF BUYERS DOMINANT

The bulk of the turnover was accounted for by three groups of buyers, each with double-digit shares. Property firms, which were not even represented in the ranking in the same period of the previous year, took the lead with around 39 %. Property developers (26 %) and special-purpose funds (24 %), which were also very active nationwide, each invested more than 20 %. Listed real estate companies/REITs, family offices and corporates, which together account for slightly more than 11 %, are well behind. At 30 %, foreign investors were not yet particularly active in the trade fair city.

Net prime yields by type of property in Leipzig



YIELD COMPRESSION IS SLOWLY LOSING ITS DYNAMISM

Already in the course of 2018, the development of net prime yields showed a differentiated picture. While yields in the office and logistics asset classes continued to fall by 30 and 40 basis points respectively, reaching new record levels, high-street properties have been stagnating since 2017 at a record level of 4.20 %. At the beginning of 2019, however, all asset classes were stable, not least due to the restrained start to the market.

PERSPECTIVES

As in the previous year, the Leipzig investment market started the year comparatively quietly, mainly due to the supply side. The positive fundamental data of the Saxon metropolis continue to provide for a high radiance and excess demand, which, however, cannot be fully implemented due to the lack of product. Nevertheless, the city is of enormous importance to investors among the B-locations. A significantly more dynamic market development in the further course of the year can therefore be regarded as probable. Various large-volume sales processes are currently being prepared, which will give the market additional momentum.

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