

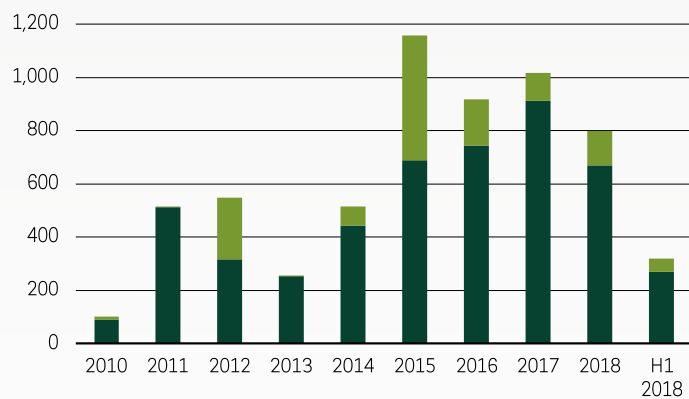


At a Glance **Q2 2019**

INVESTMENT MARKET LEIPZIG

Investment volume in Leipzig

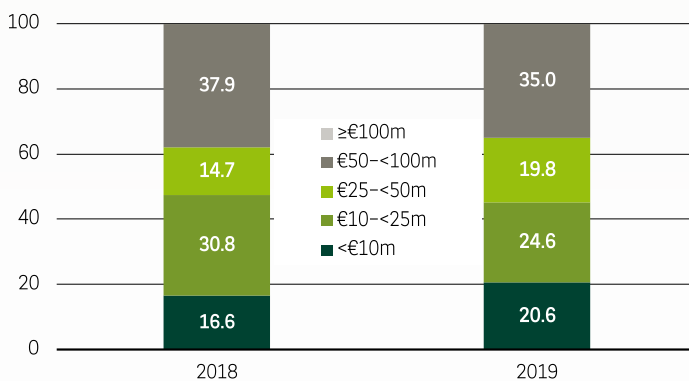
in €m ■ Single investments ■ Portfolios



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Investments by € category in Leipzig H1

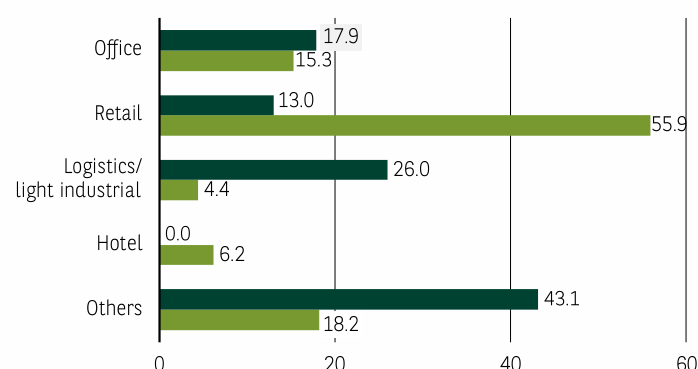
in %



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Investments by type of property in Leipzig H1

in % ■ 2019 ■ 2018



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MIXED BALANCE IN THE FIRST HALF OF THE YEAR

On the Leipzig investment market, a transaction volume of a good €320 million was achieved in the first half of 2019, corresponding to a decline of 10% compared with the same period last year. Compared to the 5-year average, investment turnover fell by almost 30%. However, the continuing lively interest of investors and the high price level suggest that the declining transaction volume is primarily due to the increasing bottleneck on the supply side. In particular, there is a lack of large-volume transactions in the core segment, which has so far stood in the way of a possible improvement in investment results. Should an adequate offer come onto the market in the further course of the year, it should also be possible to mobilise the buyer side quickly. This is also supported by the fact that investment turnover in the second quarter, at just under €210 million, is already significantly higher than the result for the first quarter (€111 million).

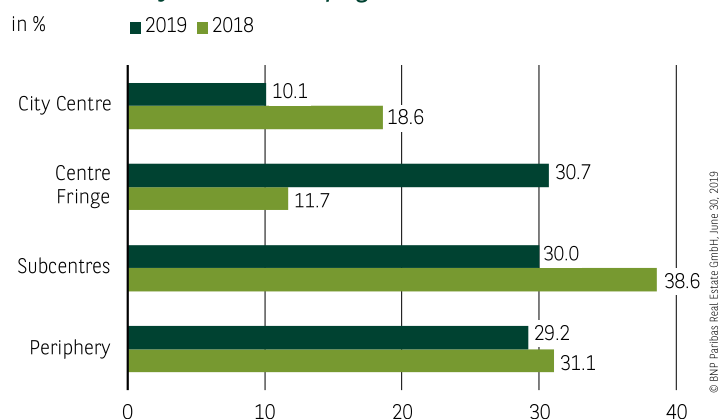
SMALLER SIZE CLASSES DOMINATE

The distribution of the investment volume also clearly reflects the aforementioned supply restrictions. In the absence of large-volume transactions in excess of €100 million, the distribution of the total among the other size classes is relatively balanced. Thanks to two sales of more than €50 million, the corresponding size segment between €50 and 100 million stands out somewhat and achieves a market share of 35%. Interestingly, developments were traded in each of the three largest transactions in the first half of the year, i.e. investors are increasingly willing to bear development risks in order to secure large-volume deals.

ALTERNATIVE ASSET CLASSES WITH HIGH MARKET SHARE

Compared to the same period of the previous year, the distribution of the volume by type of property has changed fundamentally. While in the first half of 2018 the asset class retail clearly dominated thanks to the sales of the Allee-Center and the Pösna-Park, the collection category Other now leads the field with a market share of a good 43%. This includes development sites, care properties, multi-storey car parks and mixed-use properties, which account for five of the ten largest deals in the first half of 2019. Logistics properties were also traded on a large scale (26%), while office and retail properties account for a clearly below-average share. This shows that investors are increasingly being forced to switch to alternative investment opportunities due to investment pressure and the lack of products in the established asset classes.

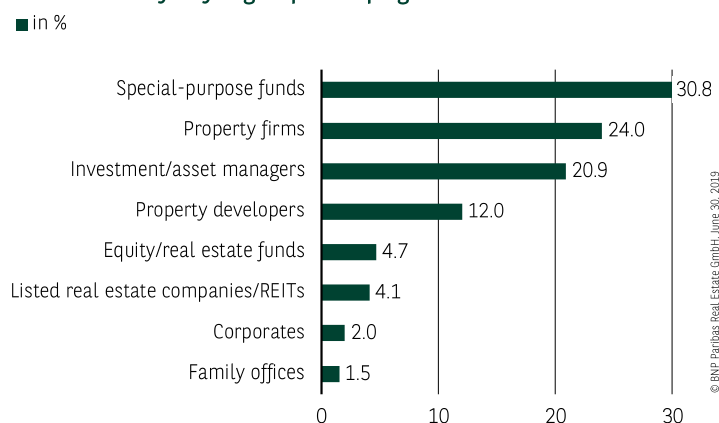
Investments by location in Leipzig H1



CENTRE FRINGE, SUBCENTRES AND PERIPHERY ALMOST LEVEL

The lack of availability of classic core properties is also reflected in the distribution of investment turnover by location. Since office and retail properties are located especially in the City Centre, but at the same time only little was invested in these asset classes in the first half of the year, it is not entirely surprising that as a consequence only 10 % of the transaction volume are attributable to the central locations of the Saxon metropolis. The remaining 90% of the transaction volume are distributed relatively evenly among the Centre Fringe, the Subcentres and the Periphery. This atypical distribution of turnover can therefore be seen as a further indication that investors are switching to alternative forms of investment or are increasingly willing to accept a weaker quality of location in order to achieve an adequate return.

Investments by buyer group in Leipzig H1 2019



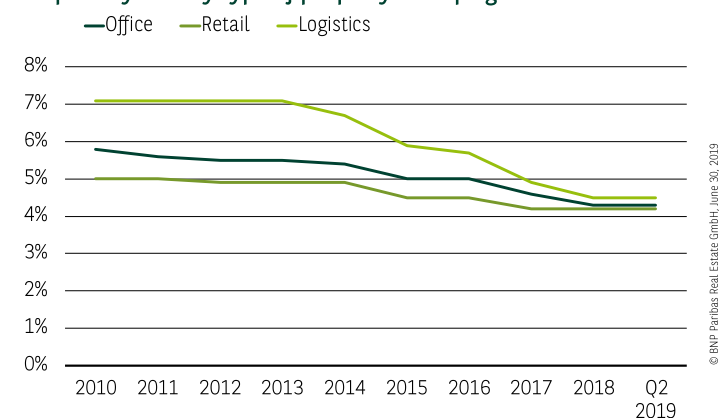
THREE GROUPS OF BUYERS DOMINATE THE MARKET

Special-purpose funds, property firms and investment/asset managers account for a good three-quarters of total volume in the first half of the year, indicating unusually high market concentration in the six months. In addition, only property developers (12%) achieved a double-digit share of the total. One example of the activities of special-purpose funds is Quantum's purchase of the new bus terminal and multi-storey car park at the main station for the "City Parking" fund. Among the property firms, the pro rata acquisition of Kaufhof on Neumarkt by the Signa Group as part of a portfolio deal caused quite a stir.

YIELD COMPRESSION COMES TO A HALT

While net prime yields for office and logistics properties fell by 30 and 40 basis points respectively in the course of 2018 and reached new record lows, the yield compression has not yet progressed in the current year. First-class office properties in central locations continue to generate net prime yield of 4.30%, while a yield of 4.50% is expected for logistics properties. For high street buildings, on the other hand, the net prime yield has been moving sideways since autumn 2017 and remains at 4.20%. Basically, it should be noted that the yield level in Leipzig is still significantly higher in all asset classes than in the top 7.

Net prime yields by type of property in Leipzig



PERSPECTIVES

As in the previous year, the Leipzig investment market is experiencing a rather restrained first half of the year, mainly due to restrictions on the supply side. Investors are increasingly being forced to switch to alternative forms of investment and decentralised locations in order to find suitable investment properties. Assuming an expansion of the supply side, market activity is expected to increase in the further course of the year against the backdrop of stable demand.

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Further Information BNP Paribas Real Estate GmbH | Branch office Leipzig | Phone +49 (0)341-711 88-0 | www.realestate.bnpparibas.de