

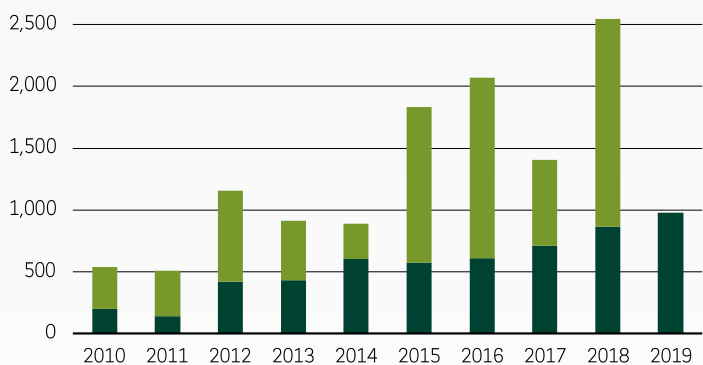


At a Glance **Q2 2019**

# INVESTMENT MARKET STUTTGART

## Investment volume in Stuttgart

in €m ■ H1 ■ H2

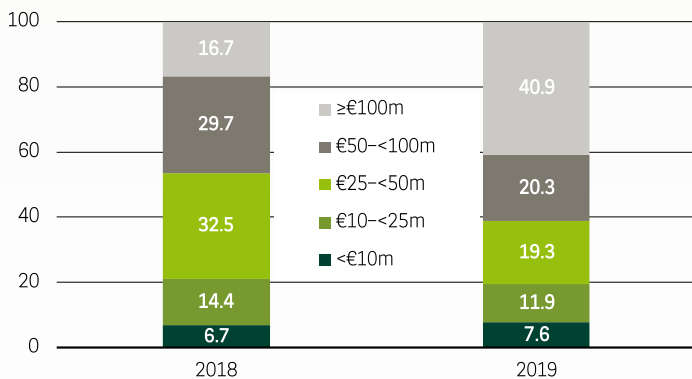


## NEW HALF-YEAR RECORD

With an investment volume of €977 million, the Stuttgart investment market achieved the best result ever registered in the middle of the year. The record from the previous year was again exceeded by a whopping 13% and the ten-year average by just under 77%. At around 10%, the share of portfolio transactions is rather low in the first half of the year, with the result that investments in individual properties are increasingly presenting themselves as growth drivers. The investment volume realized through individual deals (almost €882 million) would have already set a new half-year record on the Stuttgart investment market. Interestingly enough, the number of properties sold, at 30, is at a high level, but lower than in 2018. Accordingly, the average property volume also reached a record level, at around €33 million, which clearly underscores investors' willingness to buy.

## Investments by € category in Stuttgart H1

in %

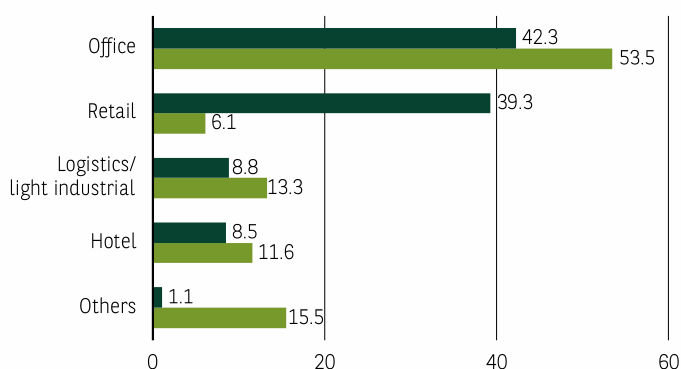


## LARGE DEALS DOMINATE

In the first half of the year, the Stuttgart investment market was particularly dominated by large-volume transactions. Almost two-thirds of total volume are generated in size classes of €50 million or more. Two deals in the three-digit million range are jointly responsible for this, which is very unusual for Stuttgart. The result is dominated above all by the outstanding sale of the Königsbaupassagen for approx. €280 million. In addition to major deals, the size category of up to €10 million was also able to increase compared with the previous year: the volume rose from €58 million to just under €74 million, which corresponds to a share of around 8%.

## Investments by type of property in Stuttgart H1

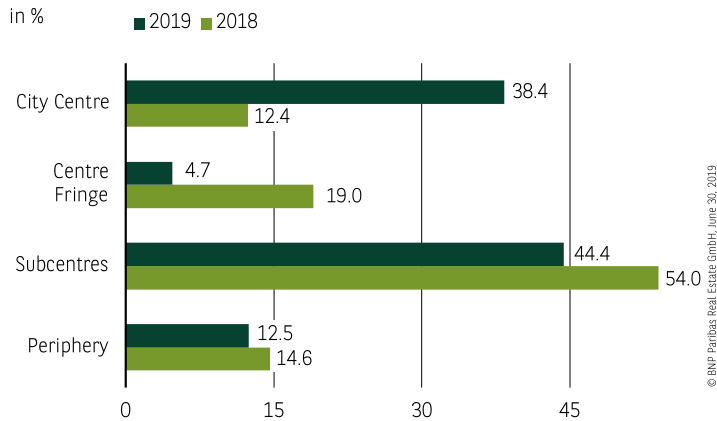
in % ■ 2019 ■ 2018



## RETAIL WITH STRONG GROWTH

With a share of a good 42% the traditionally strong office investments are also in first place in the asset class ranking in mid-2019, but they have lost in importance compared to the previous year. The exceptional transaction of the Königsbaupassagen, on the other hand, has resulted in impressive growth in the retail segment, which currently accounts for a share of a good 39%. Logistics properties rank third with just under 9%, closely followed by hotels. The Other category, which includes development properties, plays virtually no role with a good 1% in the first half of the year.

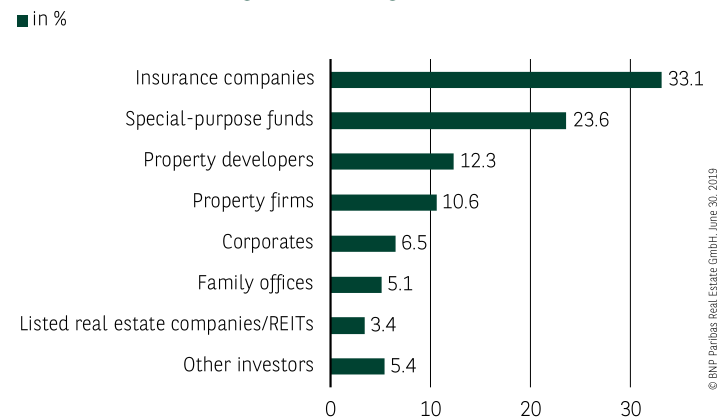
## Investments by location in Stuttgart H1



## THE CITY CENTRE IS CATCHING UP

The dominance of large deals also leads to a shift in the balance of power in the distribution of investments across the market area. The sale of Königsbaupassagen, for example, catapulted the City Centre compared with the previous year from last place to second place (a good 38%). However, the majority of the contracts can still be located by a clear margin in the Subcentres, so that these can defend the top of the ranking despite a decline in volume of about 7% (share over 44%). The Periphery is currently in third place, with stable figures in absolute terms compared with the previous year, but a slight decline in percentage terms. The most pronounced decline can be observed in the Centre Fringe, where three sales brought the figure to just under 5%. This is a clear indication of the increasingly scarce supply in the central locations of Stuttgart.

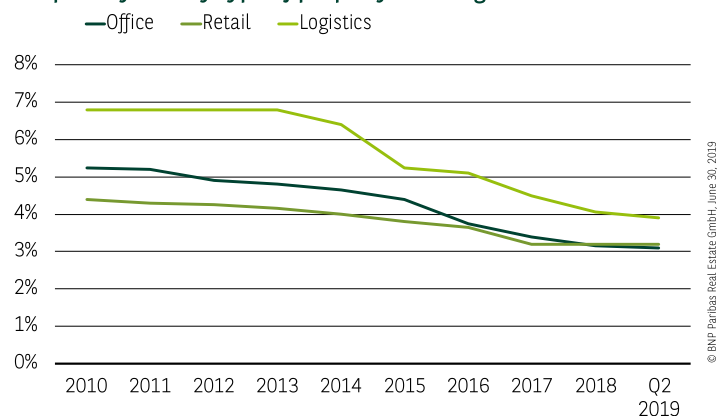
## Investments by buyer group in Stuttgart H1 2019



## INSURANCE COMPANIES AT THE TOP FOR THE FIRST TIME

The Stuttgart investment market was also popular with foreign investors in the first half of 2019. They account for a good 47% of the total, which is only topped by Frankfurt and Berlin in a comparison of A-locations. In terms of the volume, insurance companies are the most active buyer group for the first time. Once again, the transaction with Königsbaupassagen is largely responsible for the turnover share of a good 33%. Special-purpose funds rank second (just under 24%). The podium is completed by property developers (a good 12%), who compete head-to-head with property firms (around 11%). The highly diversified buyer spectrum is completed by corporates (6.5%), family offices (approx. 5%) and listed real estate companies/REITs (a good 3%).

## Net prime yields by type of property in Stuttgart



## LOGISTICS YIELDS DECLINE NOTICEABLY

In the first half of the year, only the net prime yields on logistics properties have declined noticeably. At the beginning of the year, they were still at 4.05%, but have since fallen by 15 basis points to 3.90%. While yields for office real estate declined slightly by 5 basis points to 3.10%, retail real estate in prime high street locations (3.20%) continued to move sideways.

## PERSPECTIVES

The Stuttgart investment market is on record for the second year in a row due to the high level of investor interest from Germany and abroad. From today's point of view, there are many indications that the high transaction activity will continue until the end of the year - not least because two major deals for a total of more than €300 million are in preparation and are expected to be concluded in the third quarter. Nevertheless, the overall tightening supply situation could limit investment volume somewhat in the second half of the year.

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**Further Information** BNP Paribas Real Estate GmbH | Branch office Stuttgart | Phone +49 (0)711-21 47 80-50 | [www.realestate.bnpparibas.de](http://www.realestate.bnpparibas.de)