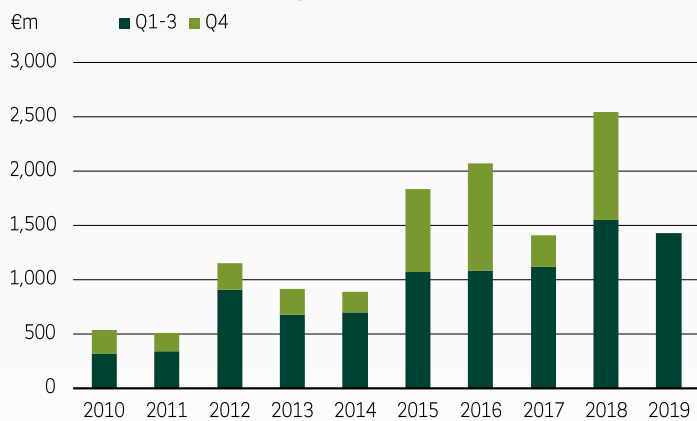




At a Glance **Q3 2019**

INVESTMENT MARKET STUTTGART

Investment volume in Stuttgart

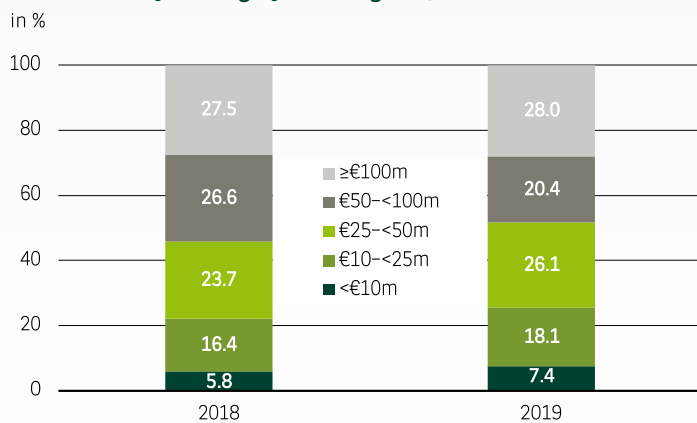


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➤ SECOND-BEST RESULT - ONLY 2018 SLIGHTLY BETTER

After setting a new record of €1.55 billion in the same period of the previous year, the Stuttgart investment market missed this benchmark by only 8% after nine months with a total of €1.43 billion. The fact that demand remains at a high level is also shown by the number of registered deals, which, just as 12 months ago, stood at around 50 transactions. Finally, the small but subtle difference between the first three quarters of 2018 and 2019 is primarily due to a slightly lower average volume per sale, which fell marginally from €30 million to €28 million. This observation applies both to individual deals with €1.18 billion and 83% of the result, and to the segment of portfolio sales included on a pro rata basis with €245 million and a contribution of 17%. The sale of the Königsbaupassagen is the largest transaction in both the Stuttgart market and in the shopping centre market as a whole. This is pleasing, as the marketing processes for shopping centres have become more difficult in the meantime.

Investments by € category in Stuttgart Q1-3

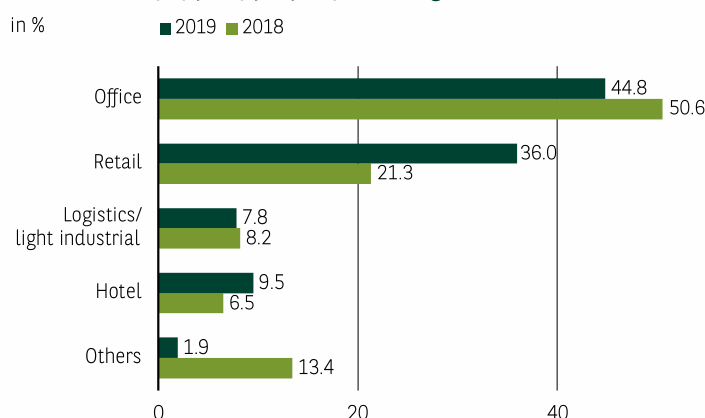


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➤ AROUND HALF OF THE TOTAL ABOVE AND BELOW €50 MILLION

The slightly lower average purchase price per deal is also reflected in the slight redistribution of the volume within the size classes: The volume in the €50 million to €100 million category fell by 29%, and thus most significantly, while the smallest segment of deals under €10 million increased by 20%. However, the fact that four of the five size classes each account for more than 18% of the overall result is a clear sign of the stable distribution of demand in the Stuttgart market, from which both smaller properties and properties in the three-digit million range (28% each) benefit.

Investments by type of property in Stuttgart Q1-3

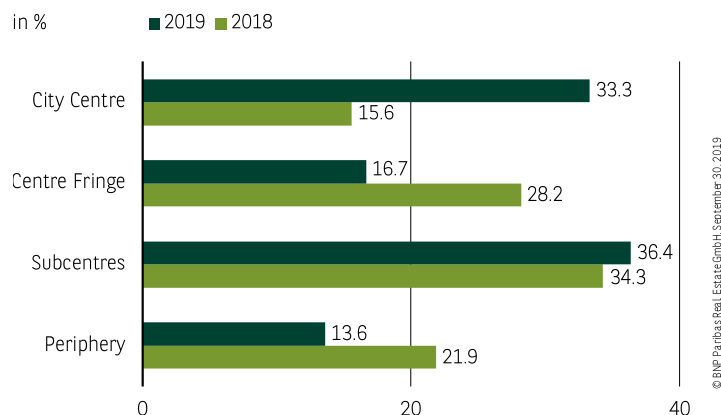


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➤ OFFICE AND RETAIL INVESTMENTS AHEAD

In the first nine months of the current year, the investment market was clearly dominated by office (45%) and retail transactions (36%), which together account for just under 81% and thus the bulk of total turnover. While the result of retail properties was mainly fuelled by the sale of the Königsbaupassagen, in the office segment in addition to the Leo Business Campus, which is currently under construction, numerous properties between €20 and €50 million were acquired. Nearly one in ten euros was invested in hotels, which thus outweigh logistics properties (almost 8%).

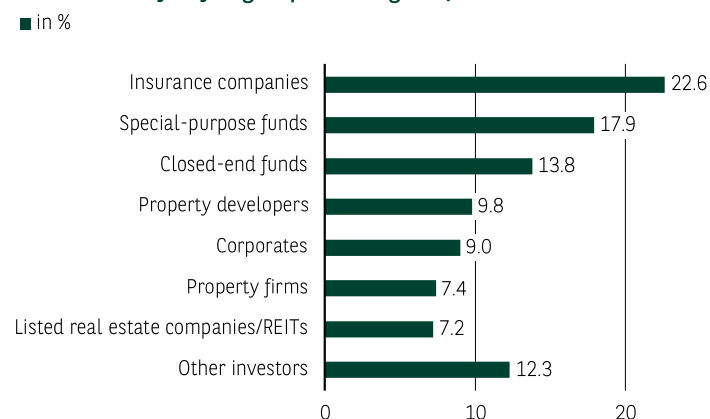
Investments by location in Stuttgart Q1-3



THE SUBCENTRES CONTINUE TO LEAD THE FIELD

As was already the case twelve months ago, the Subcentres are at the top of the volume distribution at the end of the third quarter. In total, a good 36% of turnover is localised here, to which primarily office sales, but not least hotel investments in both the portfolio and development segments contribute. With a good 33%, the City Centre is just behind the Subcentres, but benefits primarily from the sale of the Königsbaupassagen, without which this above-average balance would not have been possible. In addition to the sale of the shopping centre, the Signa takeover of the remaining Galeria-Karstadt-Kaufhof shares and the associated properties in Stuttgart's City Centre also plays an important role. The Centre Fringe, which benefited from the 2018 transaction of Uhland Carré, cannot match its previous year's result with almost 17%. The same applies to the peripheral locations, which account for just under 14%.

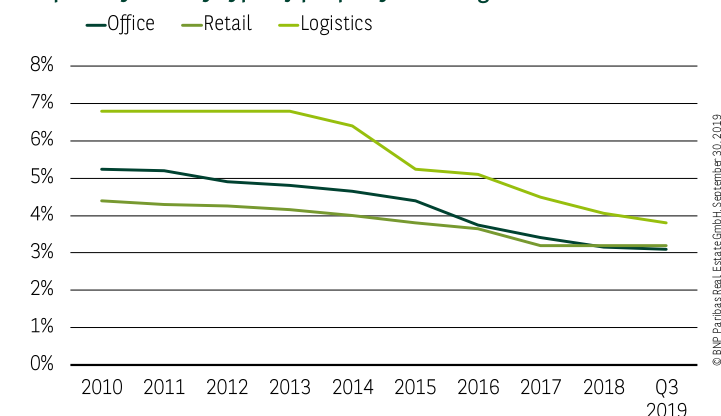
Investments by buyer group in Stuttgart Q1-3 2019



INSURANCE COMPANIES MOST ACTIVE BUYERS

The sale of the Königsbaupassagen is also a decisive factor in the evaluation of the buyer groups, as this deal plays a decisive role in the share of the insurance companies of just under 23%. In contrast, the investment volume of special-purpose funds is fed from many different sources. They primarily invested in secondary locations, rely on different asset classes and achieve a share of almost 18%. In addition, closed-end funds also made an appearance contributing just under 14% and rank third. It is also pleasing to note that property developers (almost 10%) believe that the Stuttgart market will continue to develop positively and have secured several plots and properties with development potential. Foreign investors account for 36% of the result, which corresponds exactly to the national average.

Net prime yields by type of property in Stuttgart



LOGISTICS YIELDS DECLINE NOTICEABLY

In the course of the year, only the net prime yields for logistics properties have declined noticeably. While they were still at 4.05% at the beginning of the year, they have currently fallen by 25 basis points to 3.80%. Yields for office properties declined only slightly by 5 basis points to 3.10%, while retail properties in prime high street locations (3.20%) continued to move sideways.

PERSPECTIVES

The Stuttgart investment market is in very good shape after nine months. The second-best result ever, a high number of deals and a broad distribution across the size classes are only a few aspects that confirm this. Even if it is still a long way to reach the more than €2.5 billion of the previous year, a result of €2 billion seems realistic.

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