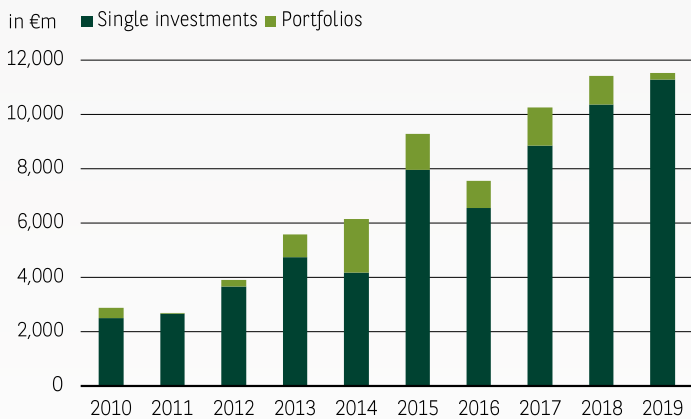




At a Glance **Q2 2019**

OFFICE INVESTMENT MARKET GERMANY

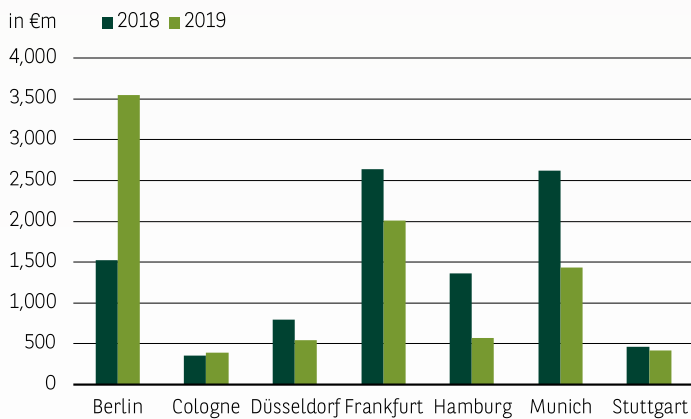
Office investments in Germany H1



➤ BEST RESULT OF THE LAST TEN YEARS

Office properties are once again by far the most popular asset class. With a transaction volume of €11.53 billion, the best result of the last ten years was recorded. In addition to the attractive financing environment, this is attributable to the strong occupier markets, which achieved a new all-time high in the first half of the year, as well as noticeably rising rents. It is therefore not surprising that offices account for almost half of the commercial investment volume (over 47%). Market activity was again clearly dominated by individual deals, which even set a new record with just under €11.3 billion. The most important driver of this dynamic development were large-volume transactions. In the first six months, already 25 sales in the three-digit million range were registered, accounting for a good half of total volume. Portfolio transactions, on the other hand, suffered a slump of almost 80%, reaching only €233 million, the weakest result of the last eight years. Among the most important deals are the sale of shares in the Siemens Campus in Munich-Neuperlach, the Pressehaus and the Carrée Seestraße in Berlin, all brokered by BNP Paribas Real Estate, as well as the Welle in Frankfurt.

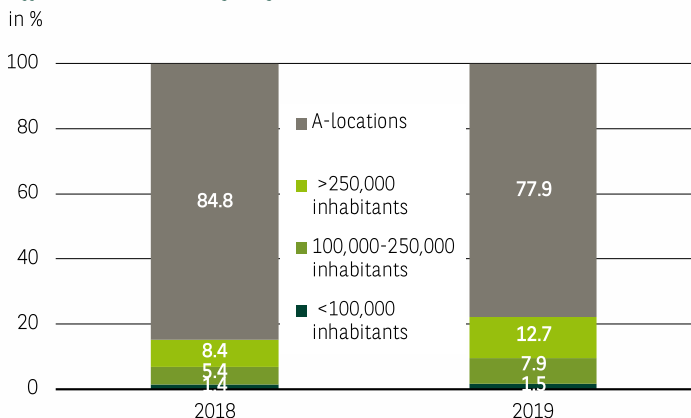
Office investments in the A-locations H1



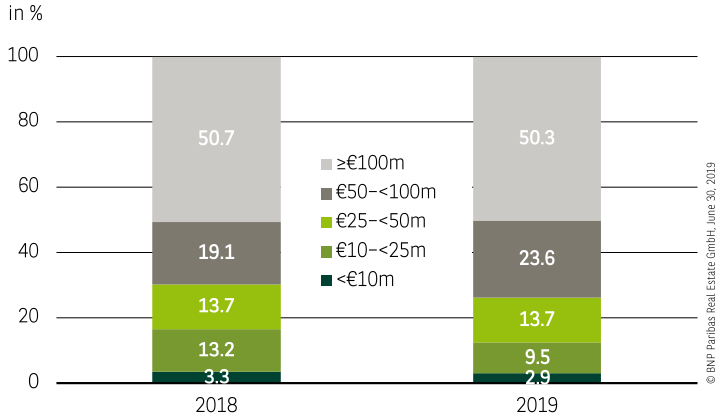
➤ A-LOCATIONS WITH SLIGHT DECLINE

In the German A-locations (Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Munich, Stuttgart) a volume of a good €8.9 billion was recorded. As expected, this is 9% less than the exceptional previous year's figure, but still the second-best result in the last ten years. Contrary to the general trend, Berlin set a new record with just under €3.55 billion and increased the previous year's figure by around 130%. Due to the very positive prospects for the future, the capital remains at the top of the shopping list of both national and international investors. A better result was also observed in Cologne with €385 million (+10%). The other major metropolises suffered losses mainly due to insufficient supply. This applies both to Frankfurt with €2.01 billion and Düsseldorf with €544 million as well as to Stuttgart with €414 million. Despite continued strong demand, the largest declines were registered in Hamburg at €572 million (-58%) and Munich at €1.43 billion (-45%). Outside the A-cities, on the other hand, the investment volume with individual deals increased noticeably. At just under €2.5 billion, the volume is 58% up on the previous year. This is not least due to some large-volume sales in the three-digit million range, e.g. in Erlangen or Wiesbaden.

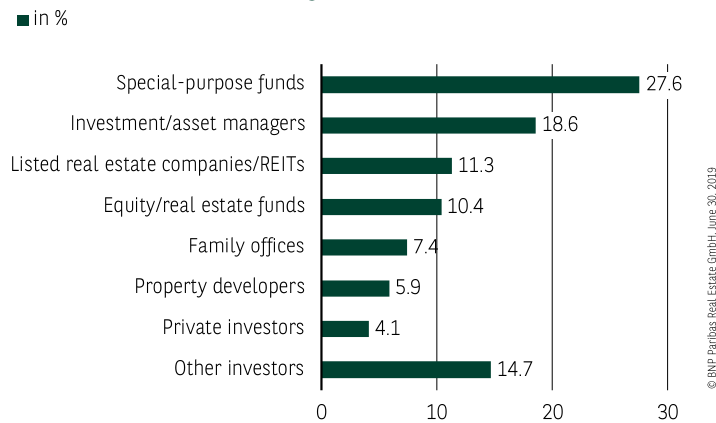
Office investments by city size H1



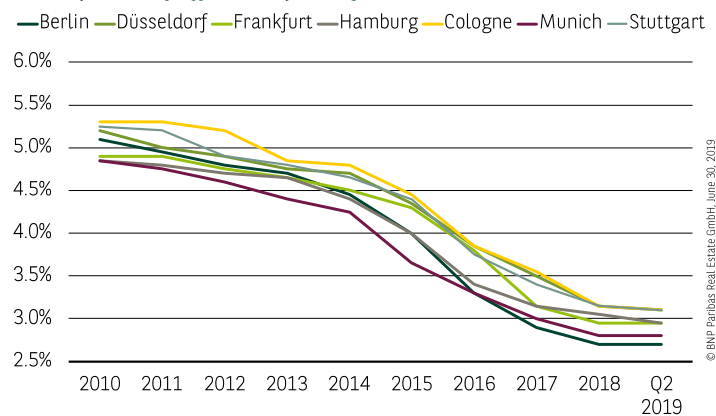
Office investments by € category H1



Office investments by buyer group H1



Development of office net prime yields



SIZE STRUCTURE ALMOST UNCHANGED

The size structure of the transaction volume is virtually unchanged compared to the previous year: Sales in the triple-digit million range again contributed around half to the overall result and, at just under €5.8 billion, also reached an almost identical absolute value. In addition, the class between €50 and 100 million accounts for just under a quarter of the total, and is the only class that has been able to grow significantly in absolute terms (+25%). On the other hand, small and medium-sized deals up to €50 million, which also contribute a good quarter and have thus fallen by about 4 percentage points, have lost some of their importance. Overall, however, this distribution confirms the great investor interest in all market segments.

THE TOP TRIO OF BUYERS HAS MAINTAINED ITS POSITION

The investor groups that were already leading in the previous year secured first place again in the first six months of 2019. The top performers are once again special-purpose funds with a share of just under 28%, followed by investment managers with almost 19%. The management trio is rounded off by listed real estate companies/REITs, which contribute a good 11% to the volume. Equity/real estate funds also make a double-digit contribution with over 10%. All other investor types are already in the single-digit range. Family offices (a good 7%), property developers (just under 6%) and private investors (around 4%) were also able to generate larger shares.

PRIME YIELDS PREDOMINANTLY STABLE

After net prime yields had fallen once again in the first three months of the year outside the four top locations, they were largely stable in the second quarter. Only in Hamburg did it fall by a further 10 basis points, so that at 2.95% the Hanseatic City is now listed at the same level as Frankfurt. Berlin remains the most expensive location with a net initial yield of 2.70%, followed by Munich with 2.80%. In Düsseldorf, Cologne and Stuttgart, the figure for the second quarter remained unchanged at 3.10%, after a slight decline at the beginning of the year.

PERSPECTIVES

For the year as a whole high investment activity is expected, too. This is supported not only by the strong interest of investors, but also by the supply side, as a whole series of both large-volume individual properties and portfolios are on the market. As a result, the portfolio share should also increase noticeably. From today's perspective, there is every indication that the €20 billion threshold will once again be clearly exceeded. It remains to be seen whether even €25 billion is possible. Due to the fierce competition for premium properties, falling prime yields cannot be ruled out in isolated cases.

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