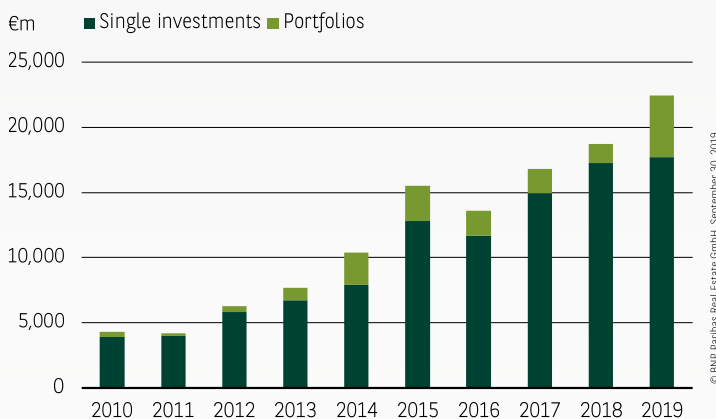




At a Glance **Q3 2019**

OFFICE INVESTMENT MARKET GERMANY

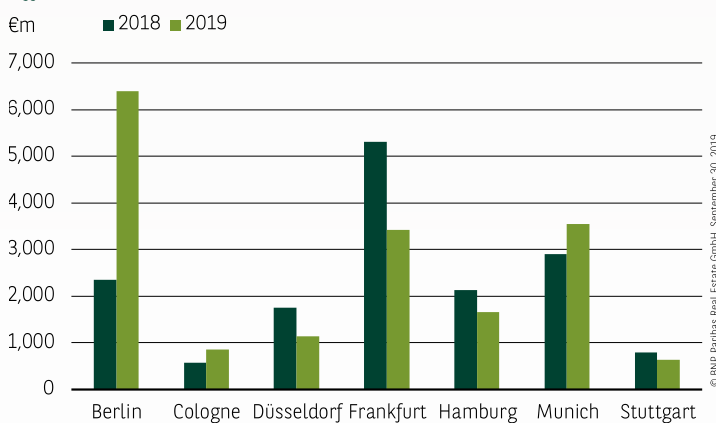
Office investments in Germany Q1-3



➤ SECOND-BEST TURNOVER OF ALL TIMES

Office properties continue to be highly popular with investors. At a good €22.4 billion, the second best transaction volume ever recorded was achieved. Only in 2007 was the turnover even better due to the very high portfolio share. The importance of office properties for the German market is also demonstrated by the fact that they account for around 52% of the commercial investment volume. This is only the second time that more than half of the result is attributable to one asset class. A new record is set by individual deals, which contribute a good €17.7 billion to the overall result. A total of 41 transactions in the three-digit million range has already been registered in the first three quarters, making a significant contribution as a result. However, package sales also showed an extraordinary volume of €4.7 billion. The sale of the Millennium portfolio, which mainly comprises office properties and represents the largest deal of all time, is also partly responsible for this. Other important transactions include the sale of a stake in the Siemens Campus in Munich-Neuperlach, the Pressehaus and the Carrée Seestraße in Berlin, all of which were accompanied by BNP Paribas Real Estate, as well as the Welle in Frankfurt and the East Side Tower in Berlin.

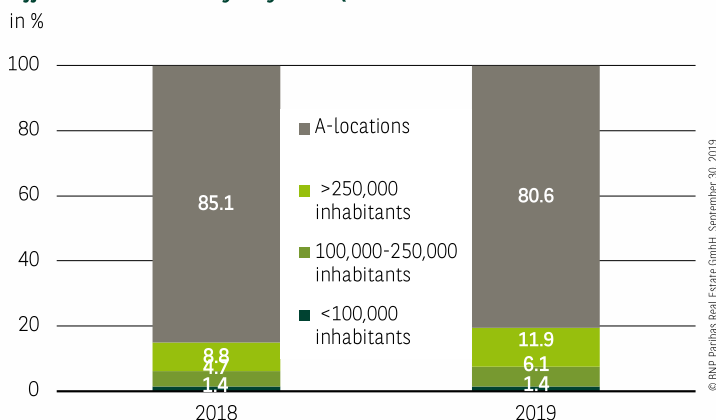
Office investments in the A-locations Q1-3



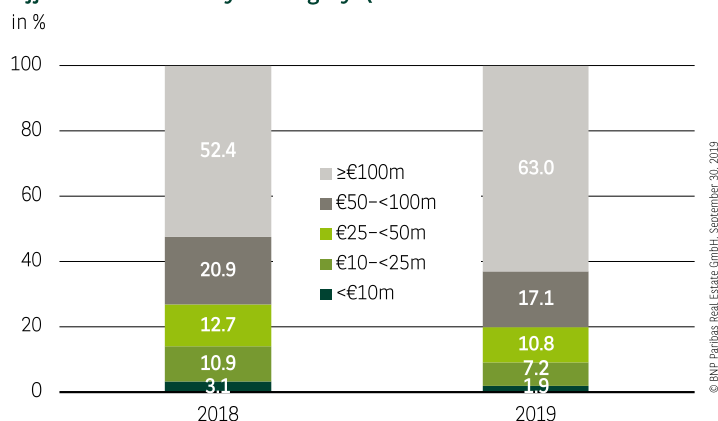
➤ A-LOCATIONS WITH NEW BEST-OF-BREED

By far the largest share of all office investments is accounted for by the German A-locations (Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Munich, Stuttgart), which are setting a new all-time high of almost €17.7 billion. However, different developments can be observed within the individual cities. The absolute outperformer is Berlin, where €6.4 billion was recorded. The capital is thus setting new standards and was able to increase the previous year's result by more than 170%. There was also growth in Munich, where just under €3.6 billion was generated (+22%), and Cologne with €856 million (+49%). For both cities, these are exceptionally good results, even in a long-term comparison. The situation is different in the other A-locations, where there were some significant declines in the investment volume compared with the previous year. The decisive reason for this is the lack of supply, especially of large-volume office properties. Frankfurt ranks third nationwide with a good €3.4 billion (-36%), followed by Hamburg with just under €1.7 billion (-22%). A good €1.1 billion (-35%) was recorded in Düsseldorf and €639 million (-18%) in Stuttgart. Outside the A-cities, the volume with individual deals also increased noticeably. At a good €3.4 billion, the previous year's figure was increased by 34%. This is not least due to a few large-volume sales in the three-digit million range, e.g. in Erlangen or Wiesbaden.

Office investments by city size Q1-3



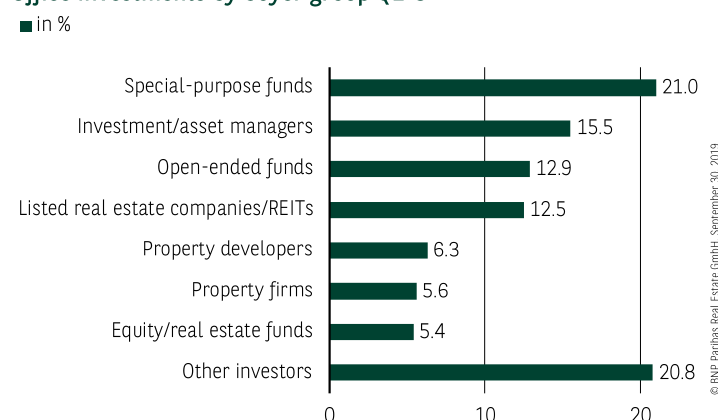
Office investments by € category Q1-3



▶ LARGE DEALS ARE TURNOVER DRIVERS

Such an outstanding result cannot be achieved without a high number of large-volume transactions. This is also impressively reflected in the size distribution of the result. With a 63% share of the investment volume, the participation of the triple-digit million deals is greater than ever before in the last ten years. Due to the high proportion of large transactions, the contribution of the other size classes has decreased accordingly, although the basic structure has hardly changed at all. Second place was taken by transactions between €50 and 100 million with a good 17%, followed by sales of €25 to 50 million, which contributed almost 11%. However, smaller deals up to €25 million also account for around 9% of the total.

Office investments by buyer group Q1-3



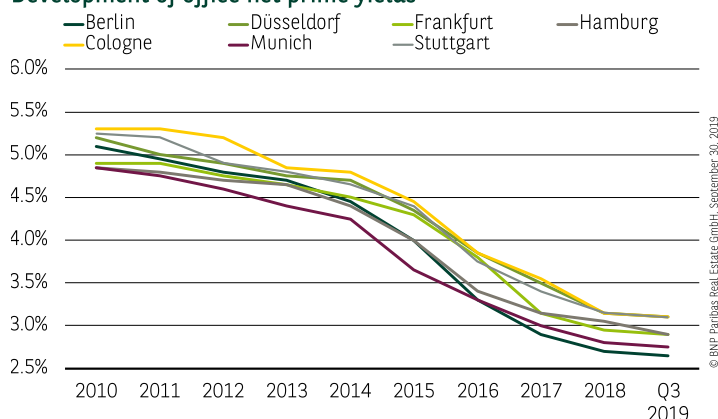
▶ FOUR BUYER GROUPS WITH DOUBLE-DIGIT SHARES

A total of four buyer groups achieved double-digit shares of the total. Special-purpose funds took the lead with 21%, which puts them ahead of investment managers (15.5%). Open-ended funds account for just under 13% of the total, and the management quartet is completed by listed real estate companies/REITs, which contribute only marginally less with 12.5%. Together, these four investor groups generated around 62% of investment turnover in office real estate. Other major contributors are property developers with a good 6% as well as property firms and equity/real estate funds with 5 to 6% each.

▶ TOP YIELDS CONTINUE TO DECLINE

Since the beginning of the year, net prime yields in all German metropolises have once again fallen slightly by an average of six basis points, so that they now average 2.93% for the A-locations. The most expensive location remains Berlin, where 2.65% is now listed, followed by Munich with 2.75%. Frankfurt and Hamburg also fell below the 3% mark with net initial yields of 2.90% each. Cologne, Düsseldorf and Stuttgart also recorded a further decline of five basis points each to 3.10%.

Development of office net prime yields



▶ PERSPECTIVES

A high investment volume is also expected for the final quarter. This is due on the one hand to a series of large-volume individual and portfolio deals that are about to be signed and on the other hand to an overall unchanged high level of demand. Against this backdrop, an above-average result is again to be expected, although it cannot be entirely ruled out that the €30 billion threshold may even be exceeded. In view of the fierce competition among investors and the very favourable financing conditions at the same time, some slight declines in prime yields are also foreseeable.

All rights reserved. At a Glance is protected in its entirety by copyright. No part of this publication may be reproduced, translated, transmitted, or stored in a retrieval system in any form or by any means, without the prior permission in writing of BNP Paribas Real Estate GmbH.

The statements, notifications and forecasts provided here correspond to our estimations at the time when this report was prepared and can change without notice. The data come from various sources which we consider reliable but whose validity, correctness or exactness we cannot guarantee. Explicitly, this report does not represent a recommendation of any kind, nor should it be regarded as forming a basis for making any decisions regarding investment or letting or renting property or premises. BNP Paribas Real Estate can accept no liability whatsoever for any information contained or statements made herein.

Imprint Publisher and copyright: BNP Paribas Real Estate GmbH | Prepared by: BNP Paribas Real Estate Consult GmbH | Status: 30.09.2019

Further Information BNP Paribas Real Estate GmbH | Sven Stricker, Co-Head Investment | Phone +49 (0)30-884 65-0 | sven.stricker@bnpparibas.com | www.realestate.bnpparibas.de