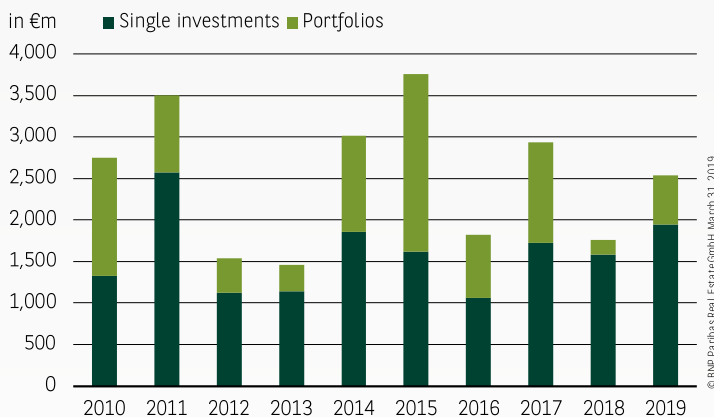




At a Glance **Q1 2019**

# RETAIL INVESTMENT MARKET GERMANY

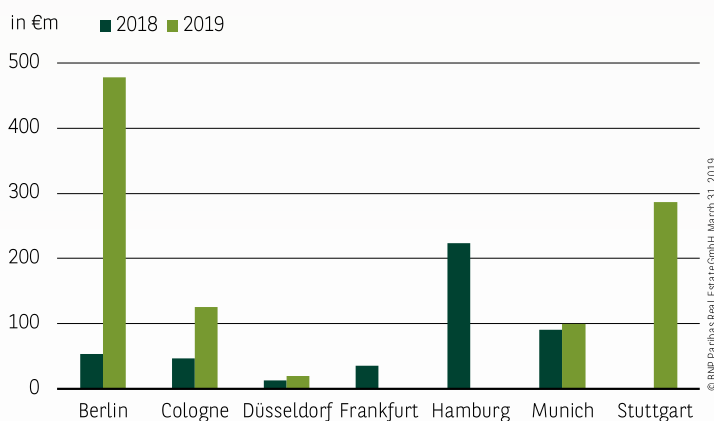
## Retail investments in Germany Q1



## ➤ RETAIL INVESTMENTS: PROMISING START TO 2019

Despite the more difficult conditions against the background of e-commerce, the retail investment market is off to a good start in the first three months of the year: with a transaction volume of 2.54 billion €, it is not only possible to achieve a result in the range of the ten-year average, but also topping the previous year's total by an impressive 44 %. It is all the more pleasing that individual sales have recorded the best start to the year since 2011 and, at a good 1.94 billion €, generate more than three-quarters of the total volume, which can be seen as an indication of an overall brisk market. The portfolio segment was also able to increase to almost 600 million €, although this represents a rather low value in a long-term comparison (-35 %). Against the backdrop of increased total with a comparable number of deals, the average purchase price per transaction increased from 18 million € in 2018 to 27 million €.

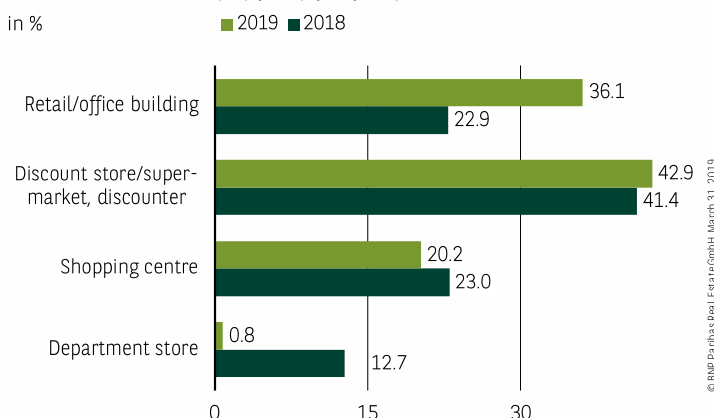
## Retail investments in the A-locations Q1



## ➤ 1 BILLION € IN THE TOP MARKETS, BUT NOT ALL INVOLVED

With slightly more than 1 billion €, the A-cities achieved a remarkable result, but a glance at the individual locations reveals a differentiated picture: While Berlin, fuelled by the sale of the Zoom with the anchor tenant Primark, achieved a total of 478 million € and thus alone contributed 47 % to the volume, so far no significant retail investments have been registered in Frankfurt and Hamburg. Positive results were also achieved in Stuttgart (287 million €), where the Königsbaupassagen shopping centre changed hands, as well as Cologne (125 million €), Munich (99 million €) and Düsseldorf (19 million €). Overall, it can be said that investors appreciate the security and stability of established markets for high-street properties and shopping centres and are increasingly focusing on these, while the specialist market segment also offers attractive investment alternatives in large, medium-sized and small cities.

## Retail investments by type of property Q1

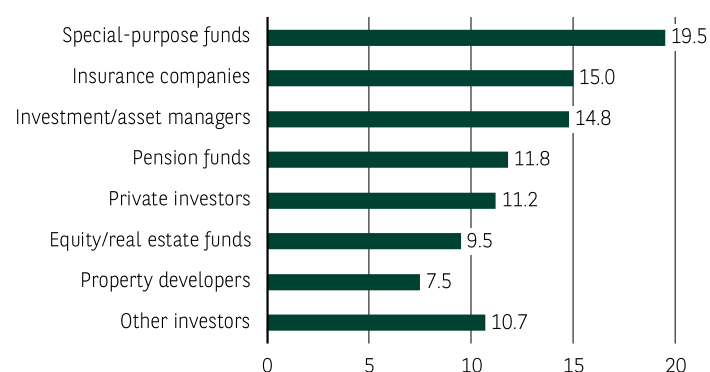


## ➤ THREE OUT OF FOUR ASSET CLASSES WITH PLUS

When it comes to the distribution of the transaction volume among the property types there is still no way around discount stores and supermarkets, which with over 1 billion € and a share of just under 43 % achieve a pleasing result. The biggest leap, however, was made by high-street retail/office properties, where 917 million € (+128 %) and a good 36 % of the total represent the best start to the year since 2007. In shopping centres such as the Königsbaupassagen in Stuttgart or the Eastside Mall in Berlin, in which RFR acquired the remaining shares from FREO, a total of 513 million € (a good 23 %) was invested.

## Retail investments by buyer group Q1 2019

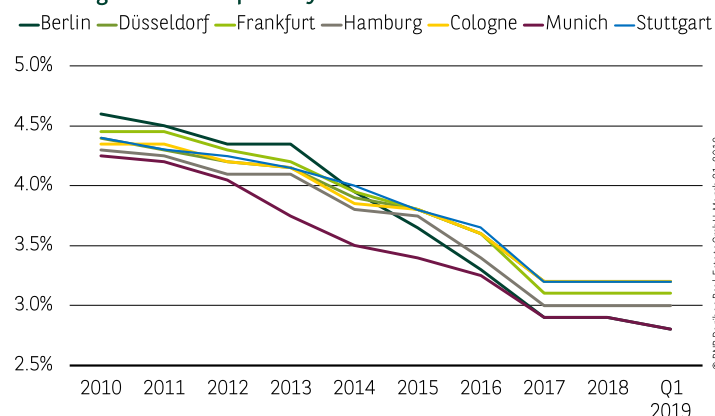
in %



## BROAD DISTRIBUTION AMONG BUYER GROUPS

In the first quarter, investors with very different investor profiles were active in the retail investment market and ensured that five buyer groups with shares of over 10 % participated in the market. Once again, the traditionally strong special-purpose funds, which have appeared primarily in the specialist market segment outside the largest metropolises in the form of individual and package sales, are at the top, accounting for almost one-fifth of the volume. Insurance companies and investment managers follow closely behind with around 15 % each. Pension funds (12 %), which are not least responsible for the purchase of Zoom Berlin, as well as private investors (11 %) also contributed significantly. In addition, property developers are represented with almost 8 % in the ranking of the most active investors, to which the purchase of the Galerie Luise office and retail complex in Hanover's city centre contributed, among other things. With regard to the origin of the volume, every third euro is accounted for by foreign buyers.

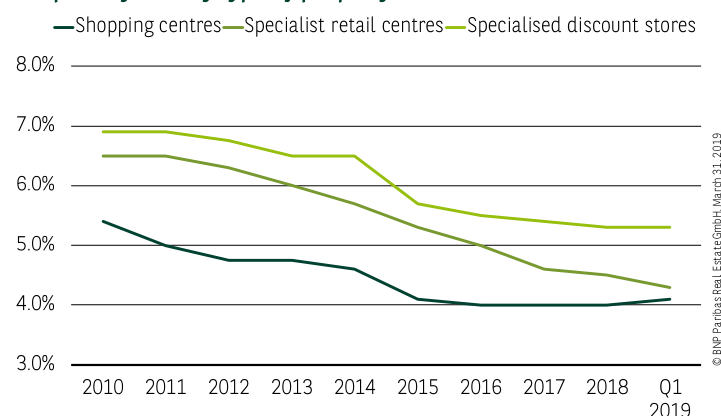
## Retail high street net prime yields in the A-locations



## DISCOUNT STORES DOWN, SHOPPING CENTRE RISING

While prime yields for retail/office properties at most A-locations have stagnated since 2017 after years of decline, yield compression in the two most expensive markets of Berlin and Munich has not yet been fully completed: At 2.80 % each, high-street buildings in the top locations of the Bavarian metropolis and the capital have become even more expensive, thus widening the gap to Hamburg (3.00 %). Frankfurt remains on the heels of the Hanseatic city (3.10 %) and maintains its position ahead of Düsseldorf, Cologne and Stuttgart (all 3.20 %).

## Net prime yields by type of property



## PERSPECTIVES

After 2018 was strongly marked by the merger of Karstadt and Kaufhof, the retail investment market is sending a positive signal with a satisfactory start to the year based in particular on a very good individual deal volume. It is noteworthy that not only the prospering specialist market segment, but also high-street investments were able to contribute their share to this. For the rest of the year, the development of the occupier markets as well as the general data relevant to the retail trade and, of course, the availability of product will remain decisive criteria.

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: 31.03.2019

**Further Information** BNP Paribas Real Estate GmbH | Christoph Scharf, Head of Retail Services | Phone +49 (0)30-884 65-0 | christoph.scharf@bnpparibas.com | [www.realestate.bnpparibas.de](http://www.realestate.bnpparibas.de)