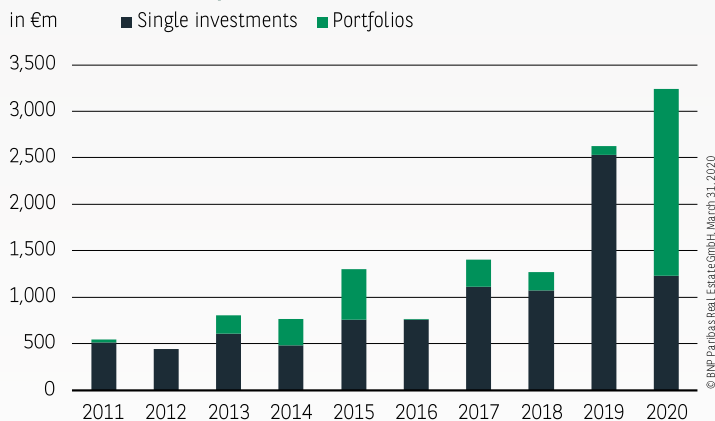




At a Glance **Q1 2020**

INVESTMENT MARKET BERLIN

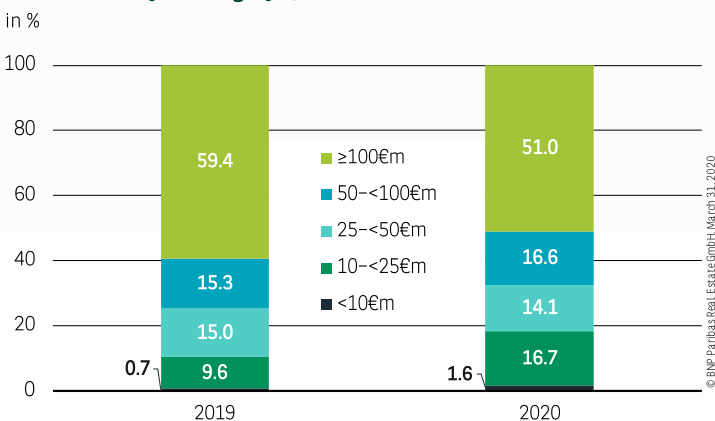
Investment volume Q1



NEW RECORD - MOST OF IT BASED ON PORTFOLIOS

In the first quarter of 2020, the Berlin investment market once again achieved a new record result of over €3.2 billion, which is another 24% higher than last year's best figure. A closer look at the underlying deals, however, reveals a crucial difference: While the previous year's result was based almost exclusively on individual transactions, there are now proportionately included portfolio transactions that have fueled the result. In total, a good €1.2 billion was generated via individual sales, the second-best result ever achieved. An impressive €2.0 billion, or 62% of the result, is attributed to package sales. And even these are not "traditional" portfolios, but mainly company takeovers, such as that of TLG, which is invested to a very significant extent in the capital, or share sales such as the Signa Prime Selection Portfolio deal. However, even without the portfolio contribution, the first quarter was very good and would have been on a par with the good years 2017 and 2018. Accordingly, the start of the year does not yet reflect the anticipated effects of the Corona pandemic.

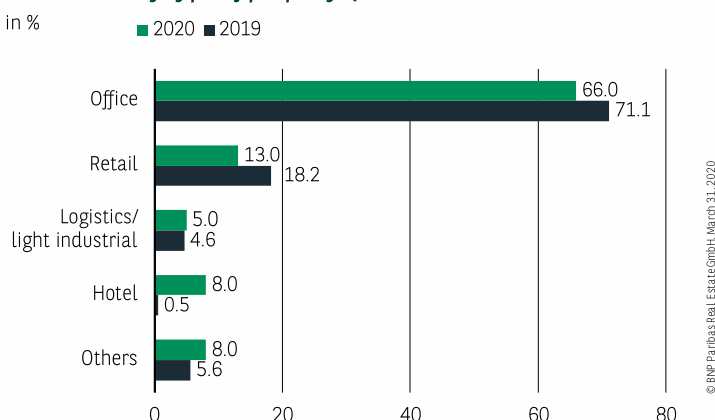
Investments by € category Q1



BIG DEALS AGAIN WITH MORE THAN HALF OF TURNOVER

As in the previous year, the majority of turnover is attributable to properties worth over €100 million. At the same time, however, all other categories also made further significant gains, at least in terms of absolute volume. In particular, transactions between €10 and 25 million were strong and, like sales between €50 and 100 million, accounted for a contribution of around 17%. The category of €25 to 50 million followed only slightly behind with 14%. As always, the smallest segment up to €10 million (just under 2%) makes naturally a more moderate contribution.

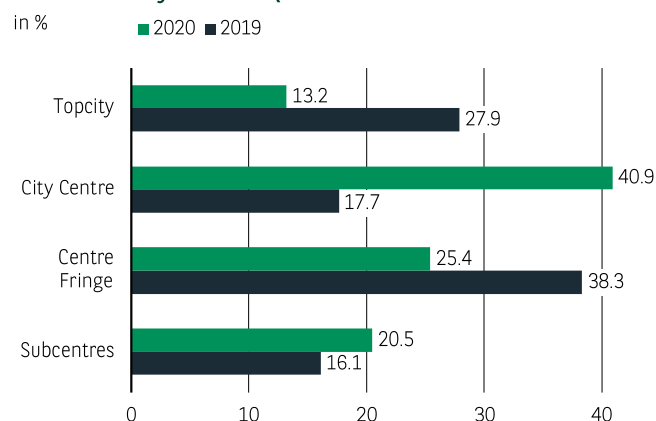
Investments by type of property Q1



OFFICES ACCOUNT FOR TWO THIRDS

The distribution of investment volume among asset classes is basically the same as in the same period last year. As before, office properties clearly lead the field with two thirds of turnover, while retail buildings follow in second place with around 13%. Relatively extensive investments were also made in hotels in the first three months (8%), supported by Berlin hotels from the TLG portfolio. As in the previous year, logistics properties accounted for another 5%. The collective category "Others" again accounts for a relatively high share of 8%. This category primarily covers development properties.

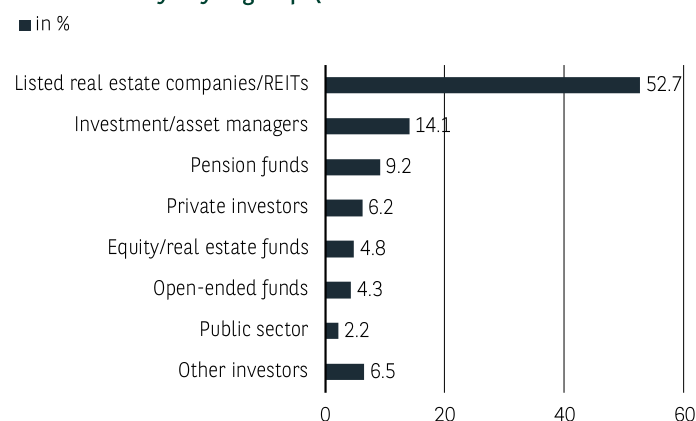
Investments by location Q1



DISTRIBUTION IN THE MARKET AREA FLUCTUATES STRONGLY

In general, a high degree of fluctuation can be observed in the distribution of investment turnover across the market area. In fact, in the recent past, the available supply has had considerably more influence on the distribution than any demand preferences. In the first quarter of 2020, City Centre locations are again in the lead with 41%, followed by the Centre Fringe, which accounts for a good quarter. By contrast, the locations in the Topcity, which are generally in strong demand, account for just over 13%, which is even less than the secondary locations (just under 21%).

Investments by buyer group Q1 2020



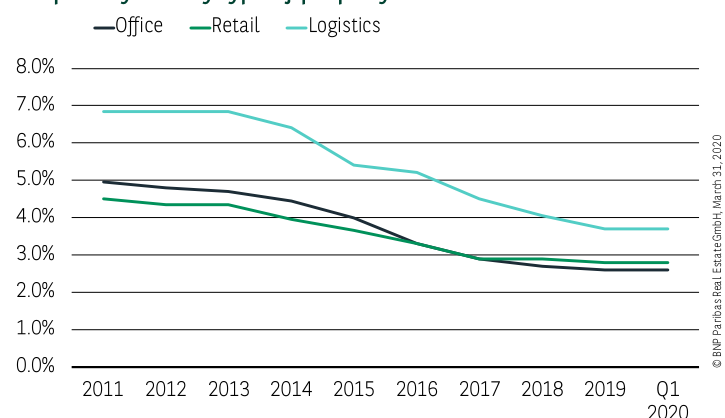
REAL ESTATE COMPANIES AHEAD THANKS TO AROUNDTOWN

With the help of the TLG acquisition by Aroundtown, listed real estate companies/REITs are currently clearly in the lead at 53%. The shares of the other investors are comparatively low at 14% (investment/asset managers), a good 9% (pension funds) and 6% (private investors). The takeover also has an impact on the proportion of foreign buyers: Although the capital city is known for its above-average contribution from abroad, at 73% it is currently extraordinarily high even by Berlin standards.

PRIME YIELDS UNCHANGED IN THE FIRST QUARTER

At the beginning of the year, slight price increases were still apparent. Ultimately, however, the sales concluded in the first quarter, many of which were already at an advanced stage of negotiations at the beginning of the year, generated yields comparable to those at the end of 2019. Since the introduction of the measures to contain the corona crisis, no significant properties have been sold that would reflect a changed yield level. Accordingly, no adjustments have been made so far. Against this background, the prime net yield for offices remained at 2.60% in the first quarter. For inner-city retail properties in prime locations, the rate keeps stable at 2.80% and logistics properties are quoted at 3.70%.

Net prime yields by type of property



PERSPECTIVES

Even though the investment markets got off to a very good start to the year, it can be assumed that the effects of the corona crisis will also be felt on the investment markets as the year progresses. At this point, the expected transaction volume for the year 2020 cannot be reliably estimated due to the still unchanged uncertainty about the further course of the crisis. However, the probability that results will be significantly lower than in 2019 is very high. The future development of yields also remains to be seen at present.

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