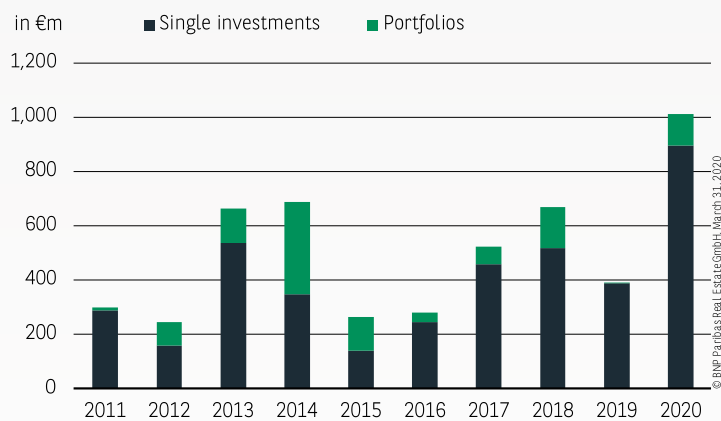




At a Glance **Q1 2020**

INVESTMENT MARKET DÜSSELDORF

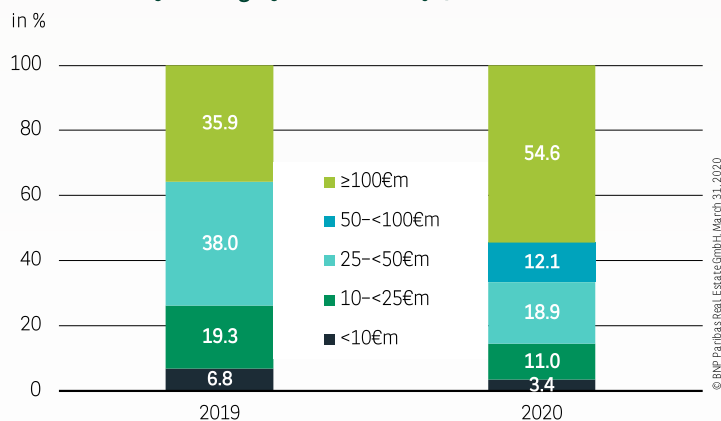
Investment volume in Düsseldorf Q1



➤ BEST START OF THE YEAR EVER

The investment market in Düsseldorf got off to a brilliant start in 2020 and has set a new record with a transaction volume of around €1.01 billion. For the first time, the billion euro threshold was already exceeded in the first three months. The previous year's result was thus topped by a proud 160% and the ten-year average was also doubled. This is attributable to a lively market activity in all segments and a high number of registered transactions. Of total turnover, €894 million is attributed to individual deals, which more than doubled compared to the previous year's figure. In contrast to some other cities, the participation of portfolio deals was relatively moderate at €118 million (12%). The largest deals included the acquisition of the two buildings "F99" and "F101" in the Airport City, which LEG Immobilien AG acquired from Strabag Real Estate. The effects of the corona crisis expected to be felt over the course of the year are not yet reflected in the first quarter.

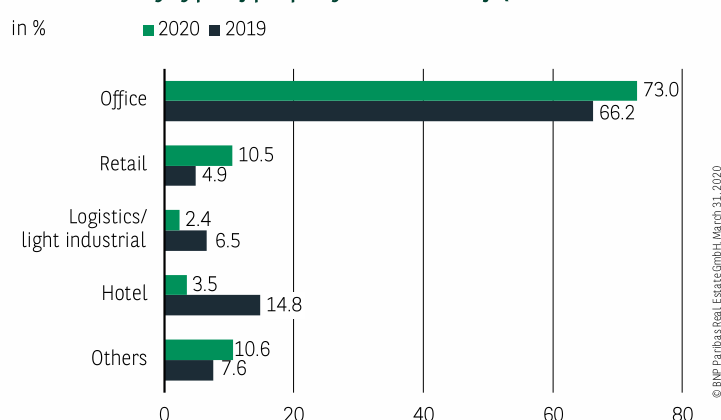
Investments by € category in Düsseldorf Q1



➤ HIGH PROPORTION OF LARGE TRANSACTIONS

One of the reasons for the good start is the high proportion of large sales in the triple-digit million range (around 55%) already in the first quarter. The average figure for this size class in the first three months of the year is less than half. However, extensive volumes were also generated in the other size categories. In second place are properties with a volume between €25 and 50 million, which contribute around 19% of total turnover. But also in all other market segments, investments were significantly higher in absolute terms than in the same period of the previous year.

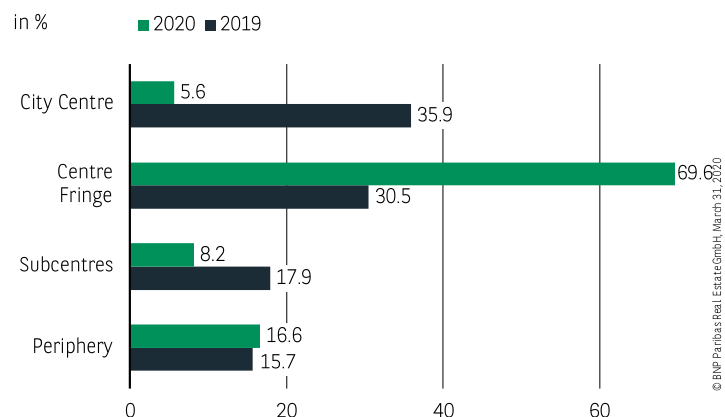
Investments by type of property in Düsseldorf Q1



➤ OFFICE BUILDINGS PARTICULARLY IN DEMAND

Office properties impressively defended their traditional top position in the Düsseldorf market in the first quarter. With a 73% share of turnover, they are even above their long-term average of just under two thirds. The very good development of take-up combined with limited supply, especially in modern space in central locations, makes this market segment particularly interesting for investors. Retail properties follow in second place, with a below-average share of 10.5 %, but with one of the best results in absolute terms at over €100 million. Hotels and logistics properties occupy the remaining places with 3.5% and a solid 2%.

Investments by location in Düsseldorf Q1



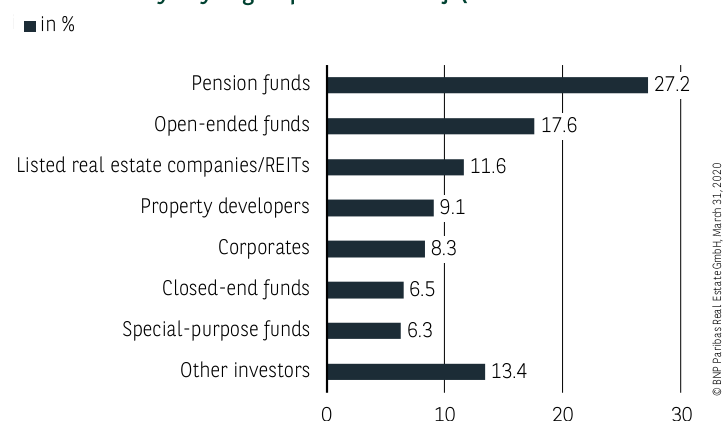
CENTRE FRINGE PROFITS DISPROPORTIONALLY

Düsseldorf's traditionally strong Centre Fringe locations were able to increase their share of turnover once again and now account for an exceptionally high 70%. All large-volume transactions in the triple-digit million range were also recorded here in the first quarter. Peripheral locations also accounted for just under 17% of results. By contrast, the City, which on average accounts for around a third of the transaction volume, has so far contributed just under 6%. The main reason for this is the scarcity of high-quality properties on offer.

INVESTORS WITH STRONG EQUITY BASE MOST ACTIVE

The distribution of turnover among the buyer groups is largely determined by large deals. The first three places are therefore taken by investors with a strong equity base who have secured only a few, but large-volume properties. Pension funds have taken the lead, contributing around 27% to the result. Second place is occupied by open-ended funds, which account for almost 18% of sales, and the leading trio is completed by listed real estate companies/REITs, which account for almost 12%. Although project developers only achieve a good 9%, they made significantly more purchases.

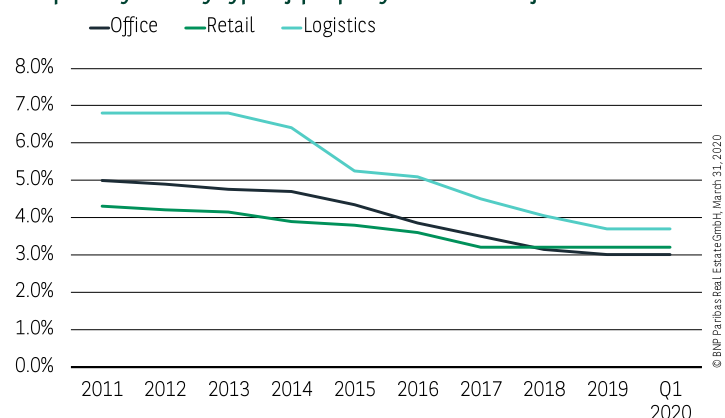
Investments by buyer group in Düsseldorf Q1 2020



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 3.00% in the first quarter. For inner-city retail properties in prime locations, the rate keeps stable at 3.20% and logistics properties are quoted at 3.70%.

Net prime yields by type of property in Düsseldorf



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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