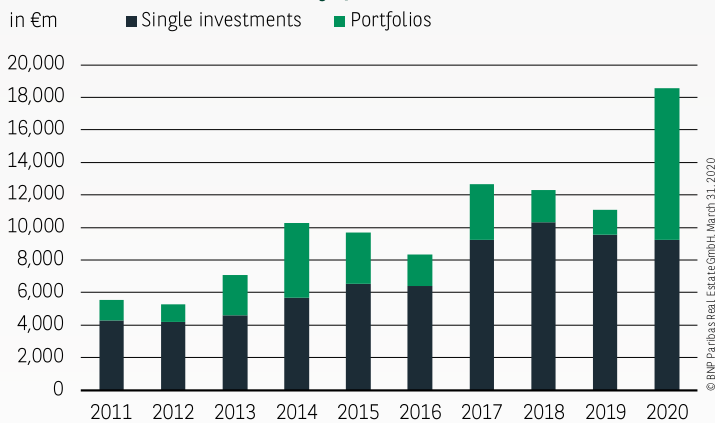




At a Glance **Q1 2020**

INVESTMENT MARKET GERMANY

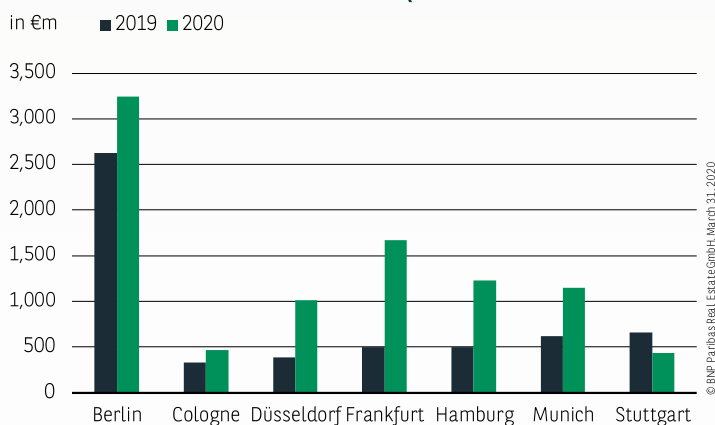
Investment volume in Germany Q1



INVESTMENT MARKETS CONTINUE TREND IN Q1

In the first quarter, the investment markets continued their upward trend of recent years and achieved a new record result. A total of almost €18.6 billion was invested in commercial real estate throughout Germany. This was by far the best result for the first quarter and exceeded the previous year's turnover by around two thirds. The increase is exclusively attributable to the strong growth in the portfolio segment. At a good €9.3 billion, the volume has increased approximately sixfold. In addition to the acquisition of TLG, a whole series of further package sales also contributed to this development. In contrast, a slight decline of slightly more than 3% to a good €9.2 billion was observed in individual sales. However, the result is still at a similar level as in the three previous years. The expected effects of the corona crisis are therefore not yet reflected in the first quarter figures.

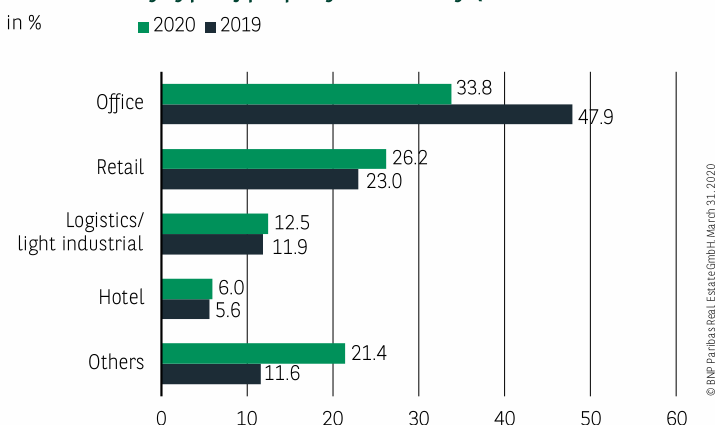
Investment volume in the A-locations Q1



NEW RECORDS AT A LOCATIONS

In line with the good overall turnover, the A locations (Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Munich, Stuttgart) also set a new record at just under €9.2 billion, exceeding the previous all-time high from 2018 (€ 8.4 billion). Berlin has taken the lead by a wide margin with a transaction volume of a good €3.2 billion (+24%). Frankfurt follows in second place with just under €1.67 billion. The other ranks are quite close together. The leading trio is completed by Hamburg with almost €1.23 billion. For the Hanseatic City, too, this means an increase of about 145 %. At a round €1.15bn (+86%), Munich occupies 4th place, just ahead of Düsseldorf with a good €1bn (+160%). Cologne was also able to increase by 41% to €464 million. Only Stuttgart suffered a drop in sales by a good third to €434 million.

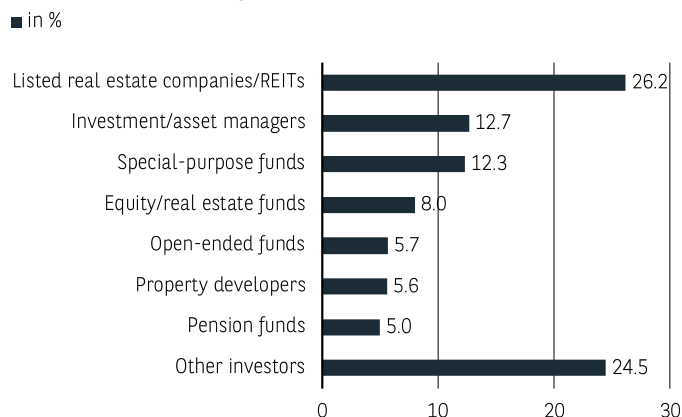
Investments by type of property in Germany Q1



OFFICE INVESTMENTS TOTAL A GOOD THIRD

In terms of total volume, office properties have defended their top position, even if their dominance is not as pronounced as in previous years. At just under €6.3 billion, they account for a good third of turnover. In second place are retail investments, which contribute more than a quarter of the result with almost €4.9 billion, driven primarily by portfolio sales. Logistics properties held their share more or less steady at 12.5% and total revenues of a good €2.3 billion. Hotels occupy fourth place, contributing a good €1.1 billion or 6%. A similar share is accounted for by healthcare properties, which generated almost 6 % of earnings at around €1.05 billion.

Investments by buyer group Q1 2020



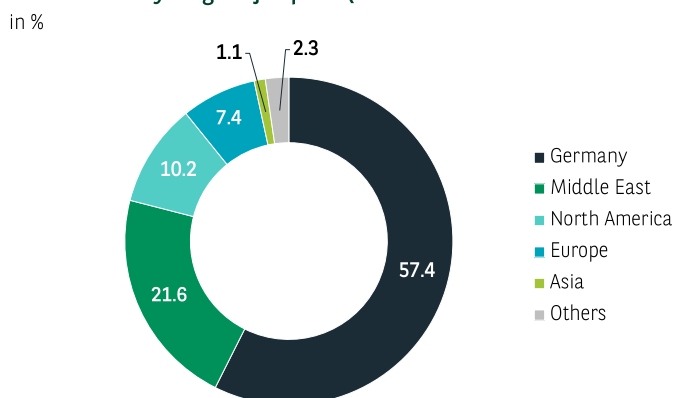
SHARE OF FOREIGN INVESTORS SLIGHTLY HIGHER

Due to the high proportion of portfolio deals, the share of foreign investors is just under 43%. As these investors are traditionally particularly strong in this area, the share of foreign investors is higher than in the last two years. Against this background, the distribution in terms of origin has also shifted considerably. European investors, the strongest group of in recent years, only account for a share of a good 7%, whereas North American buyers were able to maintain their previous year's share of a good 10%. The top position in the first quarter is occupied by investors from the Middle East, who contribute almost 22% to the overall result.

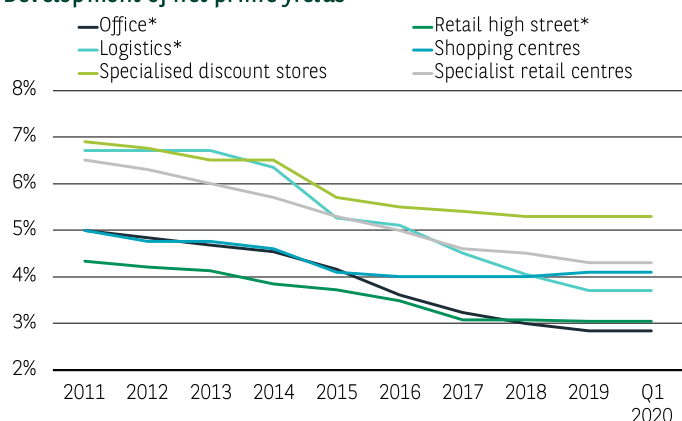
YIELDS STILL UNCHANGED

The sales concluded to date, many of which were already at an advanced stage of negotiation at the end of last year, have generated returns comparable to those at the end of 2019. At 2.60%, the prime net yield for office buildings is thus still the lowest in Berlin and Munich. Frankfurt and Hamburg follow in third place with 2.80% each. Outside of the four top locations, i.e. in Cologne, Düsseldorf and Stuttgart, yields remain unchanged at 3.00%. Highstreet properties are valued at 2.80% in Berlin and Munich, 3.00% in Hamburg and 3.10% in Frankfurt. In Düsseldorf, Cologne and Stuttgart, 3.20% each are reported. Specialist retail centers are still quoted at 4.30%, shopping centers at 4.10% and specialised discount stores at 5.30%.

Investments by origin of capital Q1 2020



Development of net prime yields



OUTLOOK

The question as to how the investment markets will continue to develop is currently not only a major concern to all market participants, but is also difficult to answer. From today's point of view, a lower transaction volume for the year as a whole than in the previous year is the most likely scenario, even if a concrete forecast cannot be reliably made at present. This is supported by the fact that even if the current measures are eased, it will take some time for the market to normalise. If the restrictions continue for a longer period of time, the marked slowdown in investment activity could continue into the third quarter. By contrast, a fundamentally changed or even sceptical attitude of investors towards real estate cannot be discerned from the current discussions and talks with many market participants. Whether and to what extent price levels will have to be adjusted, cannot yet be answered conclusively either. A distinction must also be made here. For example, there is a certain probability that competition for properties with long-term leases from tenants with strong credit ratings will actually increase and that prices will at least maintain their level. This applies especially to public-sector tenants, which provide comparable security to that of government bonds while offering significantly better yields.

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: 31.03.2020

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