



At a Glance **Q1 2020**

INVESTMENT MARKET LEIPZIG

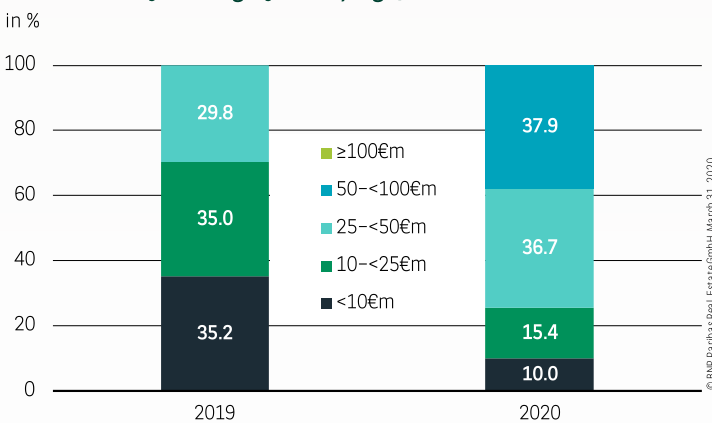
Investment volume in Leipzig



IMPRESSIVE START INTO THE YEAR

The Leipzig investment market started the new year with a brilliant performance and, with a transaction volume of 351 € million, recorded the second-best result ever. Not only the previous year's figure was significantly surpassed, but also the long-term average by an impressive 110%. This volume shows that despite the slightly negative trend of the last few years, which was, however, mainly based on the lack of investment opportunities, the Saxony metropolis is highly valued by investors and demand is proving to be very strong if there is a sufficient supply of adequate investment. This extraordinary result was possible thanks to a high volume of portfolio deals included on a pro rata basis, which are responsible for around 78% of the transaction volume. It is also worth mentioning that a considerable share of the portfolio volume can be attributed to company takeovers, such as the TLG. In summary, it can be said that the very good quarterly result does not yet reflect the effects of the corona crisis. How the Leipzig investment market will react to the external effect of the pandemic cannot be conclusively assessed at this stage.

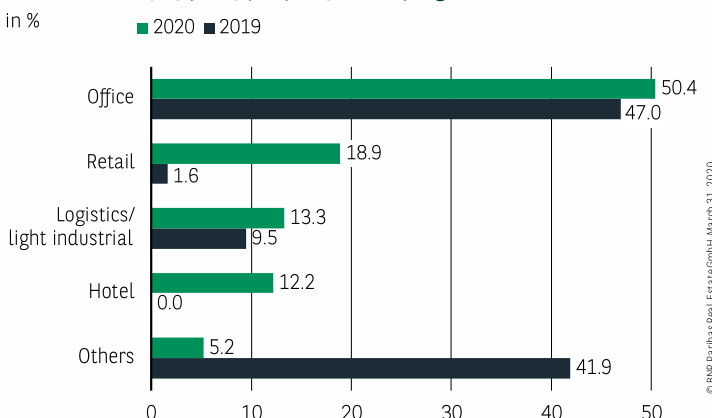
Investments by € category in Leipzig Q1



MAJOR DEALS DETERMINE MARKET DEVELOPMENTS

The high percentage of portfolio deals is also reflected in the distribution of the transaction volume by size category. In contrast to the previous year, deals with a volume of more than 50 million € (38%) had a considerable impact on the quarterly result. A similarly high contribution (around 37%) is made by investments of 25 to 50 million €. This distribution also affects the average transaction volume per deal, which is almost at the record level of 2017 with around 18 million €. The segment below 25 million € has a total share of about 25%, which is below average in a long-term comparison.

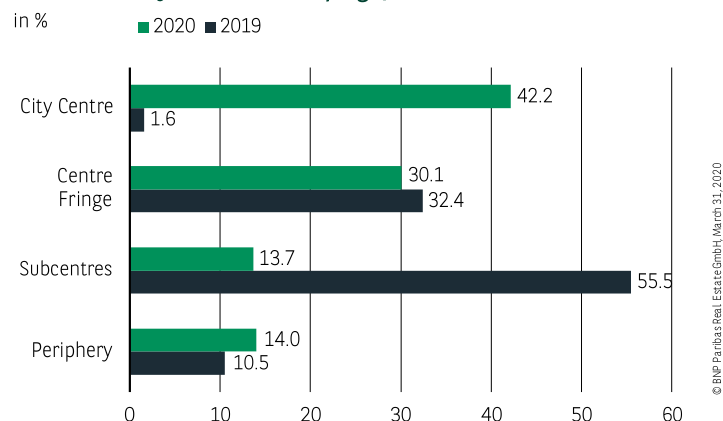
Investments by type of property in Leipzig Q1



OFFICE INVESTMENTS STILL VERY ATTRACTIVE

While last year's result was almost completely split between two asset classes, this quarter shows a somewhat more diversified outcome. Nonetheless, investors have not remained unaware of the successful development of the Leipzig office market, with the result that in the first three months of the year office properties were again particularly in the focus of investors. The asset class accounts for just over half of investment volume and was thus able to once again exceed the high share of earnings of the previous year. Equally noteworthy is the large share of retail (19%) and logistics properties (13%) compared with the previous year.

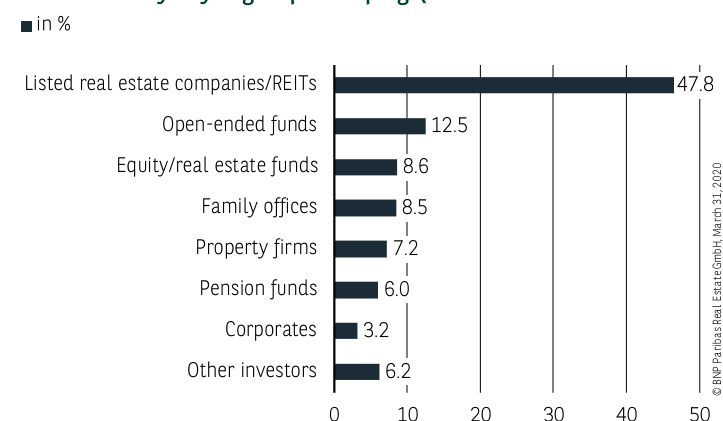
Investments by location in Leipzig Q1



CITY IN THE FOCUS OF INTEREST

In the past two years, the lack of supply in the City Centre has led investors to focus their investment activity more on the Centre Fringe and Subcentres. However, in this quarter the City dominates the market and leads the distribution with a good 42%. This once again impressively demonstrates that there is a high demand for investment properties in this market area. In contrast, the share of the Subcentres has decreased significantly compared to the previous year. This is not surprising, however, since last year a record result was achieved in this part of the City and thus many investment processes were completed at the end of the last quarter.

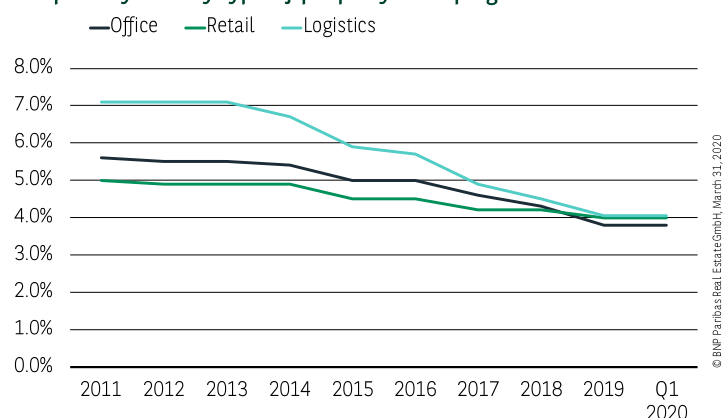
Investments by buyer group in Leipzig Q1 2020



LISTED REAL ESTATE FIRMS / REITS SHAPE THE RESULT

The majority of transaction volume was accounted for by Listed real estate firms / REITs, which recorded the highest value ever reported at just under 48%. In absolute terms, this result also represents the highest volume of investment by a group of investors in the first quarter of the last ten years. Of course, the company takeover of TLG plays a major role here as well. The remaining outcome is broadly distributed among different types of investors, which expresses the diversified interest of different purchasers.

Net prime yields by type of property in Leipzig



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 3.80% in the first quarter. For inner-city retail properties in prime locations, the rate keeps stable at 4.00% and logistics properties are quoted at 4.05%.

OUTLOOK

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

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