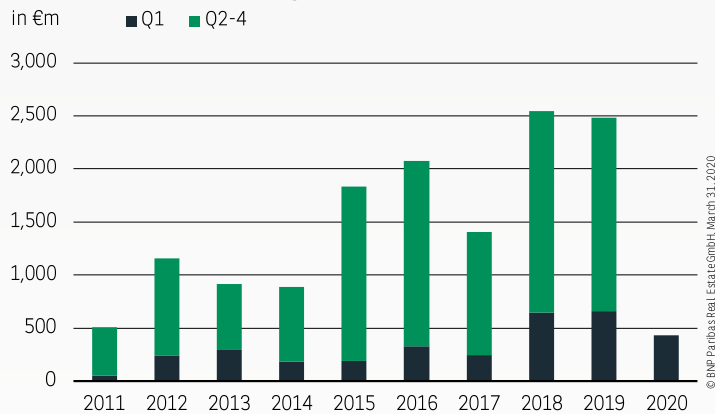




At a Glance **Q1 2020**

INVESTMENT MARKET STUTTGART

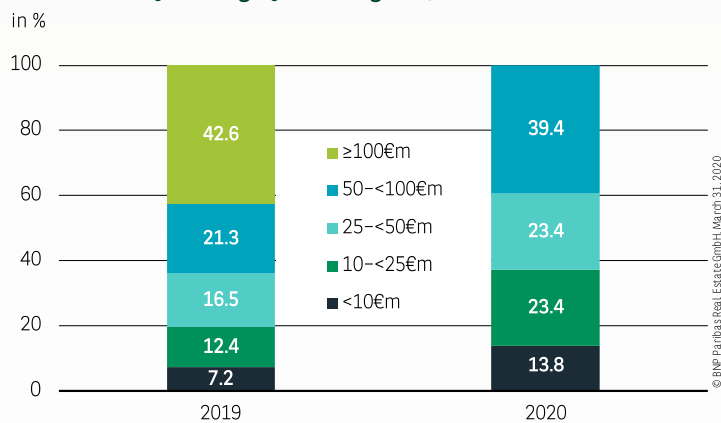
Investment volume in Stuttgart



NOT AS GOOD AS 2018 AND 2019, BUT ABOVE AVERAGE

Despite the uncertainties caused by the corona pandemic and the expected economic recession, the Stuttgart investment market can look back on a good interim result after the first three months. With a total investment volume of €434 million, the Swabian metropolis is unable to match the excellent results of the previous two years, but is still 33% above the long-term average. How lively the market activity was in the first quarter is further underlined by the fact that the number of registered transactions at the beginning of the year reached a record high of around 25 deals. While turnover in many A-locations was pushed by a comparatively high proportion of portfolio transactions (39% in total), the result of the Stuttgart market is generated almost exclusively from individual sales (93% proportionately). The average volume per deal is also low in comparison with the largest investment markets, which stands at only €18 million at the beginning of the year.

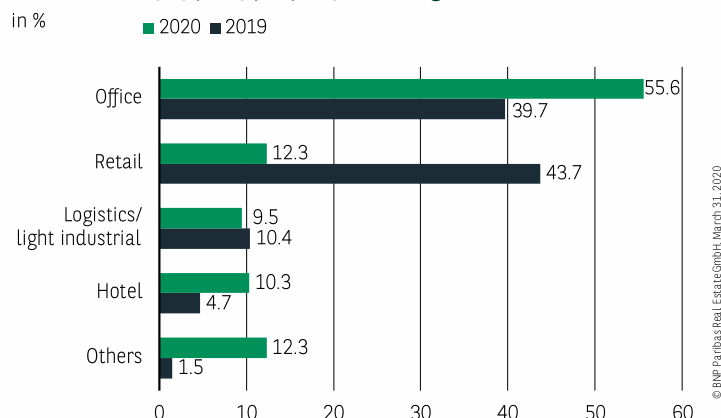
Investments by € category in Stuttgart Q1



HIGH TURNOVER UP TO 100 MILLION, BIG DEALS MISSING YET

While the volume in the first quarter of 2019 was boosted in particular by the sale of the Königsbaupassagen, which accounted for almost 43% of the turnover, the segment of sales in the three-digit million range has so far remained unoccupied in the current year. It is therefore all the more pleasing that the size categories below €100 million achieved without exception an above-average result. The most decisive contribution was made by deals between €50 and 100 million, which account for a good 39%. Transactions between €25 and 50 million and the category between €10 and 25 million each make up around 23%. In addition, more than half of the registered sales and a share of almost 14% of the turnover are attributable to the smallest category of properties under €10 million.

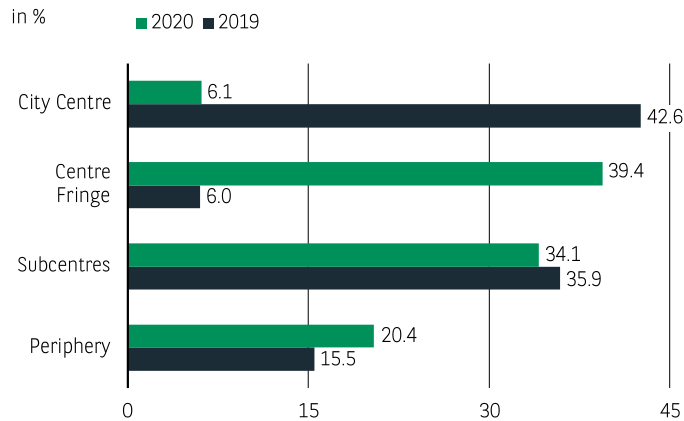
Investments by type of property in Stuttgart Q1



OFFICE PUSHES ITSELF BACK TO THE TOP

With a total of € 241 million (56% share), offices achieved a comparable absolute value to the same period of the previous year and thus regained their supremacy. In the first quarter of 2019, they lost this position to the retail due to the sale of the Königsbaupassagen. In the retail segment, by contrast, neither many nor larger properties changed hands at the beginning of the year. As a result, their share of sales after the first three months amounts to only just over 12%. Hotels and logistics properties account for a further 10%, while the collective category Others contributes a good 12%, primarily due to a large number of development sites.

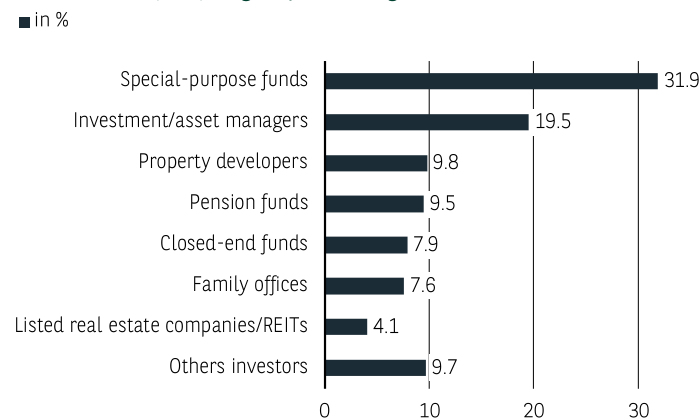
Investments by location in Stuttgart Q1



CENTRE FRINGE TAKES UP THE POLE POSITION

The distribution of the investment volume across location categories is an indication that office properties close to the City Centre are very attractive for investors. The sale of the "Stuttgarter Tor" office complex, for example, contributed to the fact that the Centre Fringe accounts for the highest share of turnover at 39%. Development plots and projects in the Subcentres emerged as a further investment factor in the first quarter (a good 34%). A serviced apartment project with 172 units in Zuffenhausen is worth mentioning in this context. Peripheral locations also account for a good fifth of earnings. The "Haus der Mode" in Sindelfingen, which will be used by Daimler as the main tenant in the future, is one of the most significant investments in this area. The City Centre fell short of expectations due to supply-side factors (6%).

Investments by buyer group in Stuttgart Q1 2020



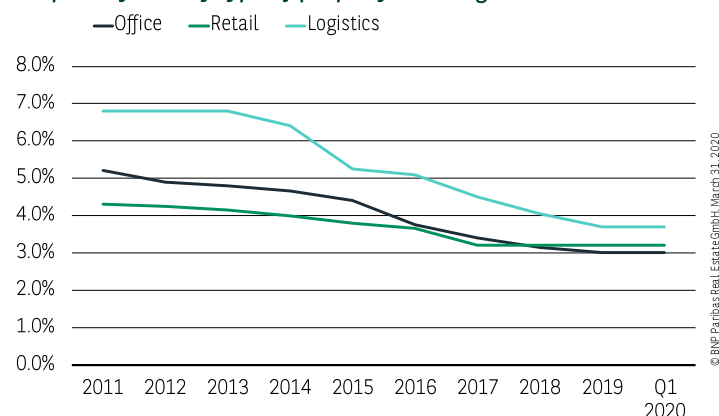
SPECIAL-PURPOSE FUNDS AHEAD OF INVESTMENT MANAGERS

With the special-purpose funds (just under 32%) and the investment/asset managers (almost 20%), a leading duo was formed at the beginning of the year which together is responsible for more than half of the total volume. In addition, property developers are actively involved in the investment process. They have been able to secure suitable sites for their partly large-scale projects in the Subcentres and account for almost 10% of the volume. A further nearly 10% is achieved by pension funds, while all other investors, including closed-end funds and family offices (8% each), are in the single-digit percentage range. International buyers remain under-represented in the long-term comparison with 19%.

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%. 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 Stuttgart



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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