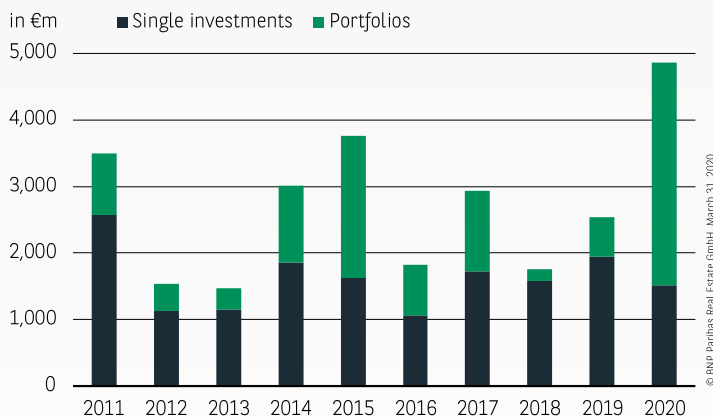




At a Glance **Q1 2020**

# RETAIL INVESTMENT MARKET GERMANY

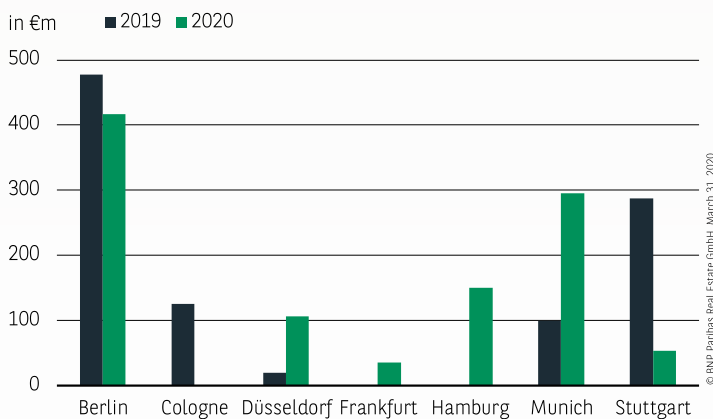
## Retail investments in Germany Q1



## PORTFOLIOS BOOST RETAIL INVESTMENT VOLUME

The Corona pandemic, which has dominated the headlines since mid-March, in particular due to the shutdown of retail stores, the discourse on the suspension of rental payments and confirmed and imminent bankruptcies, was not yet reflected in the results of the retail investment market in the first quarter. Quite the contrary: at €4.86 billion, the first three months of the year actually produced an excellent result, almost 92 % above the previous year's figure and 79 % above the long-term average. However, such a high turnover was only made possible by an enormously strong portfolio segment, which generated € 3.36 billion and thus 69 % of the total volume. In this context, the take over of the retail park and specialist store expert TLG Immobilien AG by Aroundtown, is notable. Even if single deals with around €1.5 billion remain slightly below the average of the past ten years, around 100 registered transactions in this segment nevertheless indicate lively market activity at the beginning of the year.

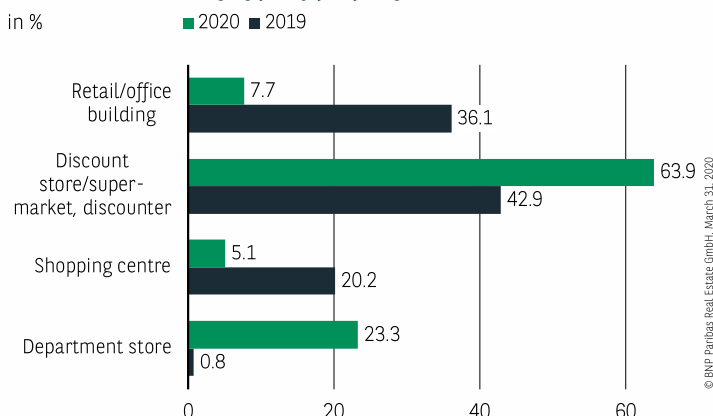
## Retail investments in the A-locations Q1



## AGAIN OVER € 1 BILLION IN THE TOP MARKETS

As in the same period of the previous year, just over one billion euros was invested in retail properties in A-cities at the beginning of 2020. At 22 %, however, their share of the total volume is significantly lower, which was 40 % in the first quarter of 2019. In a city comparison, the hierarchies of the individual top markets have not shifted since the end of 2019, at least not in the leading positions. Berlin, for example, is once again in the lead with €417 million, ahead of Munich (€295 million), mainly due to the Berlin retail properties in the TLG portfolio. Hamburg (€149 million) and Düsseldorf (€106 million) also reached a result of over €100 million, while Stuttgart, Frankfurt and Cologne are well below this mark.

## Retail investments by type of property Q1

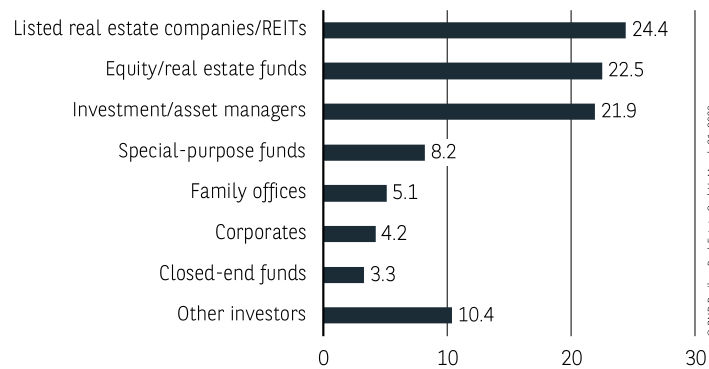


## SPECIALIST & DEPARTMENT STORES AFFECTING THE MARKET

With around €3.1 billion (64 % of the total), the specialist store segment not only set a new record, but achieved numerous single and portfolio sales and a very good result also without the TLG portfolio. In addition, the excellent overall result is mainly driven by department store transactions (share of 23 %), including the participations in Galeria Karstadt Kaufhof properties. In total, the two types of properties mentioned above account for an impressive 87 %, so that both retail/office buildings and shopping centres have low shares of just under 8 % and a good 5 % respectively.

## Retail investments by buyer group Q1 2019

in %

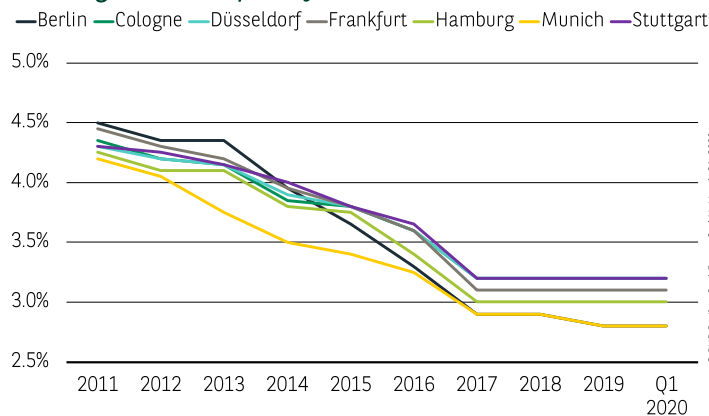


© BNP Paribas Real Estate GmbH, March 31, 2020

## INTERNATIONAL BUYERS WITH A GOOD 50 % OF SALES

In the first three months of 2020, the retail investment market was clearly dominated by a top trio, which together accounted for almost 69 % of the transaction volume. Thus, listed real estate companies (a good 24 %), equity/real estate funds (just under 23 %) and investment/asset managers (almost 22 %) each accounted for over one fifth of turnover. All three investor groups benefit from the lively portfolio segment and the company participations and investments described above. In fourth place are special funds (around 8 %), which, like family offices (about 5 %), were able to acquire many, but smaller properties overall. All other investor groups, which include corporates (around 4 %) and closed-end funds (a good 3 %), hold less than 5 %. In addition, the performance of international investors is also remarkable: At €2.47 billion, or a good half of the total volume, they account for a considerable share in a long-term comparison as well as over all asset classes.

## Retail high street net prime yields in the A-locations



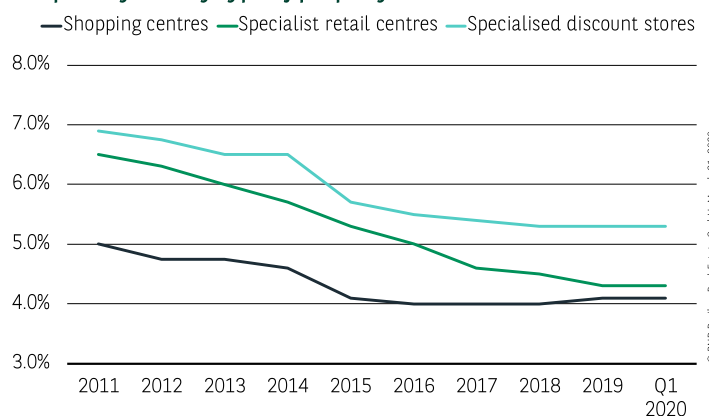
© BNP Paribas Real Estate GmbH, March 31, 2020

## YIELDS UNCHANGED IN THE FIRST QUARTER

Overall, the sales registered in the first quarter, many of which were already at an advanced stage of transaction at the beginning of the year, generated prime yields comparable to those at the end of 2019. Since no properties have been sold underlining a change in yields since the measures to contain the corona crisis, no adjustments have been made so far. Against this background, Berlin and Munich are still on a par (2.80 % each) ahead of Hamburg (3.00 %), Frankfurt (3.10 %), Düsseldorf, Cologne and Stuttgart (3.20 % each).

The same also applies to the various types of property: here, shopping centres are still listed at 4.10 %, specialist retail centres at 4.30 % and specialised discount stores at 5.30%.

## Net prime yields by type of property



© BNP Paribas Real Estate GmbH, March 31, 2020

## PERSPECTIVES

Even though the retail investment market got off to a very good start of the year, the effects of the Corona crisis are expected to be felt significantly as the year progresses. In the retail sector in particular, the extent of the economic consequences remains to be seen due to the enormous impact on the business segment. The transaction volume to be expected this year and the development of prime yields cannot be estimated seriously due to the continuing uncertainty about the further course of the crisis.

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 | Christoph Scharf, Head of Retail Services | Phone +49 (0)30-884 65-0 | christoph.scharf@bnpparibas.com | [www.realestate.bnpparibas.de](http://www.realestate.bnpparibas.de)