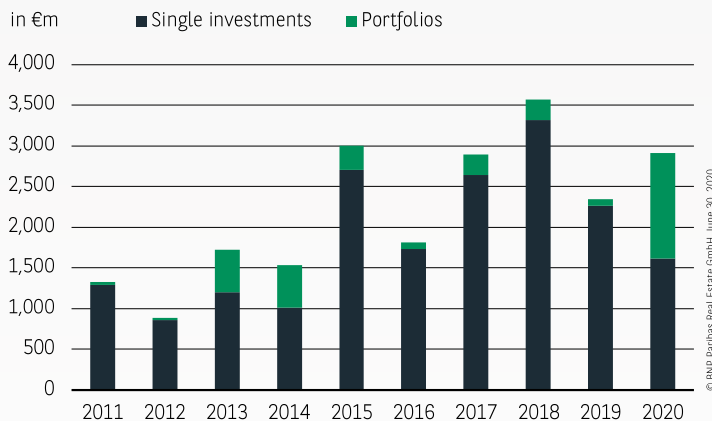




At a Glance **Q2 2020**

INVESTMENT MARKET FRANKFURT

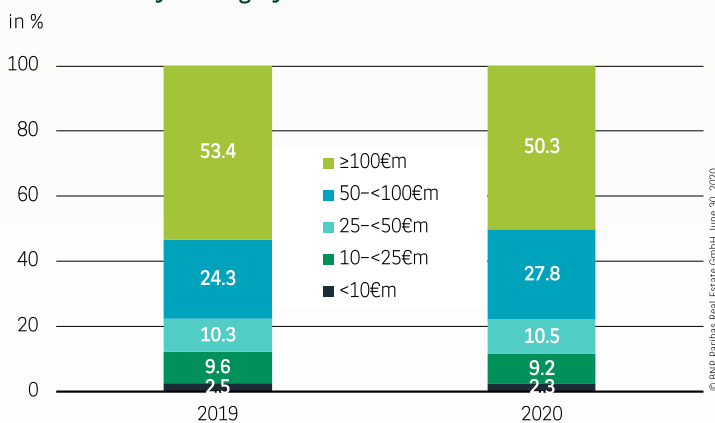
Investment volume H1



➤ GOOD FIRST HALF YEAR DESPITE CORONA CRISIS

With a transaction volume of a good €2.9 billion, Frankfurt achieved the second-best result in the last ten years in spite of the Corona crisis. This result puts the banking metropolis in second place in a nationwide comparison, only outperformed by the capital. It should be noted, however, that a disproportionately high portfolio share contributed significantly to this result. A total of almost €1.3 billion is attributable to portfolio sales, more than ever before. In particular, the TLG takeover by Aroundtown, and the sale of Godewind's shares to Covivio have had a major impact. In contrast, the turnover from individual sales is considerably lower and at €1.6 billion is around 28% below the previous year's result, missing the ten-year average by a good 13%. This is primarily due to the fact that some large-volume deals were suspended during the lockdown to await further developments. Many of these deals have now restarted and should be concluded in the second half of the year. Among the most important deals concluded in the first half of the year were the sales of Westend Carree and MaRo.

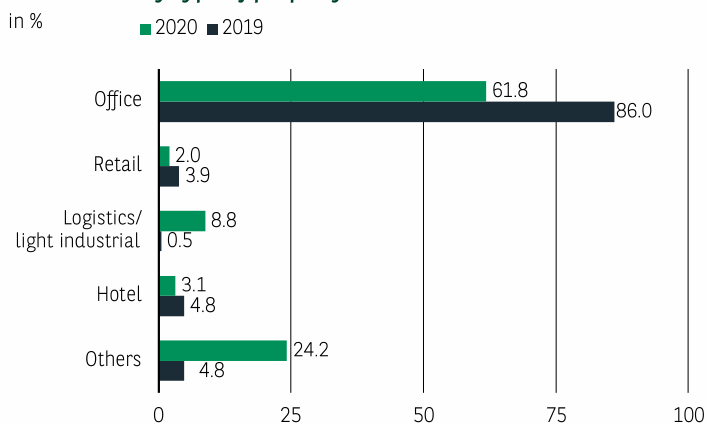
Investments by € category H1



➤ NO CHANGES IN THE SIZE STRUCTURE

Especially in the second quarter, the consequences of lockdown measures significantly reduced investment activity, not only affecting large deals with correspondingly extensive due diligence processes, but also smaller and medium-sized market segments. Accordingly, there were hardly any observable changes in the structure of sales. Around half of the result is attributable to deals in the three-digit range and a further almost 28% to sales between €50 and 100 million. Transactions up to €50 million account for around 22 % of sales.

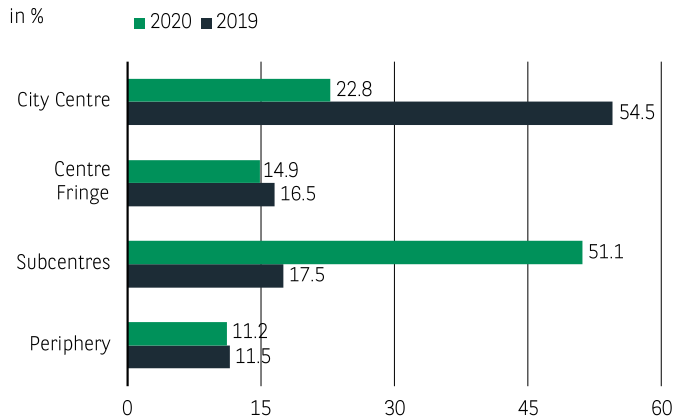
Investments by type of property H1



➤ HIGH PROPORTION OF DEVELOPMENT PROPERTIES

Since the transactions placed "on hold" include a wide range of large-volume office properties, their share of total revenues in the first half of the year is disproportionately low at 62% and remains around 10 percentage points below the long-term average. In clear second place is the collective category „Others“, a term encompassing mixed-use properties, and development properties, which alone account for over €300 million. Logistics properties also achieved an extremely strong result of almost 9%.

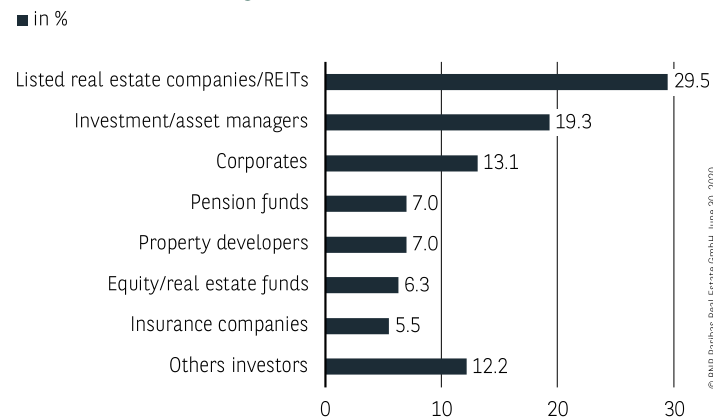
Investments by location H1



PORTFOLIOS PUSH SECONDARY LOCATIONS

Traditionally strong city locations in Frankfurt have to make do with second place in the first half of the year and, by their own standards, contribute only a modest 23% of transaction volume. As a rule, however, they are responsible for more than half of the turnover. They were beaten by subcentres, accounting for a good half of the result. This is an impressive reflection of the very high share of portfolios, as a large part of this revenue volume is generated from the included portfolio or block sales. A further 15% is attributable to the centre fringe, while the periphery locations are contributing a similarly high share as in the previous year at 11%.

Investments by buyer group H1



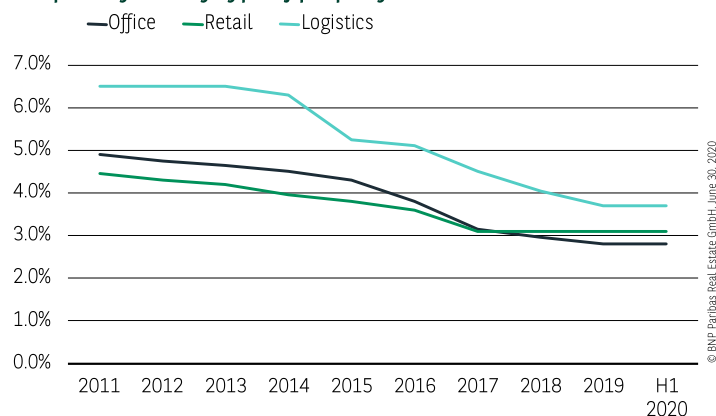
LISTED REAL ESTATE COMPANIES/REIT'S IN FIRST PLACE

The high share of sales resulting from takeovers means that Listed Real Estate companies/REITs are at the top of all investor groups with a sales share of almost 30%. As expected, investment managers follow in second place with a good 19%, their special funds or other vehicles allow for indirect participation by investors who usually remain obscure. The foremost trio is completed by corporates, accounting for 13% of sales. Pension funds and project developers (7% each), equity/real estate funds (a good 6%) and insurance companies (5.5%) also account for larger shares.

YIELDS UNCHANGED

Developments regarding prices have not revealed any significant observable adjustments to date, and if at all, they have generally only occurred in connection with more expensive financing. The core segment in particular has seen stable prices due to high demand. The net prime yield for offices is therefore unchanged at 2.8%. For inner-city commercial buildings in prime locations, 3.10% continues to be expected and 3.70% for logistics properties.

Net prime yields by type of property



OUTLOOK

Predictably, the second quarter saw a slowdown on the investment markets. Lockdown and contact restrictions, as well as rising financing costs, have particularly resulted in delays in large and complex deals. More recently, however, most sales processes have been resumed. In conjunction with a marked improvement in sentiment in past weeks, it has led to the assumption that many of them will be signed in the second half of the year. Against this backdrop, there are many indications that a tangible market upturn will already be felt again in the third quarter. In terms of purchase prices, the most likely scenario from today's perspective is a continuing stable situation, especially in the core segment.

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