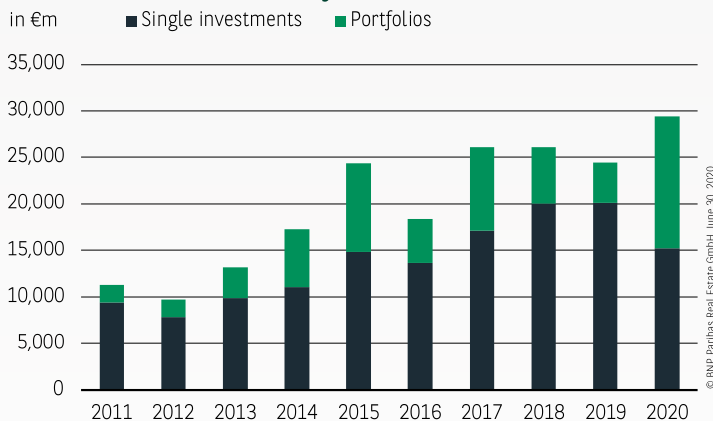




At a Glance **Q2 2020**

# INVESTMENT MARKET GERMANY

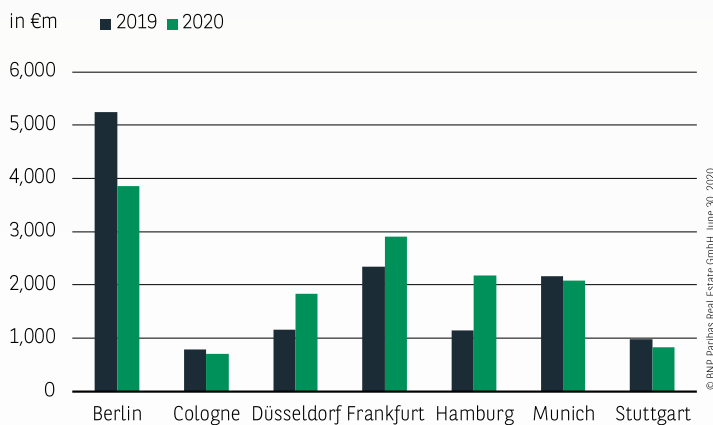
## Investment volume in Germany H1



### NEW RECORD SALES THANKS TO STRONG FIRST QUARTER

Record turnover of more than €18.5 billion was set in the first quarter, strongly boosted by portfolio sales and acquisitions (such as TLG by Aroundtown). A new record of around €29.4 billion was also achieved in the first half of the year, a significant increase on the previous year's figure. If one only considers the second quarter, which was severely affected by the Corona pandemic and the interim lockdown, it shows a drop of 19%. This clearly reflects the extensive nature of restrictions during the lockdown, such as the virtual impossibility of visits or more difficult financing conditions. However, it is also clear that there is no question of investment markets coming to a standstill. Many investors continue to believe in German real estate and that once the pandemic has been overcome or can be controlled with drugs and vaccines, positive trends will continue.

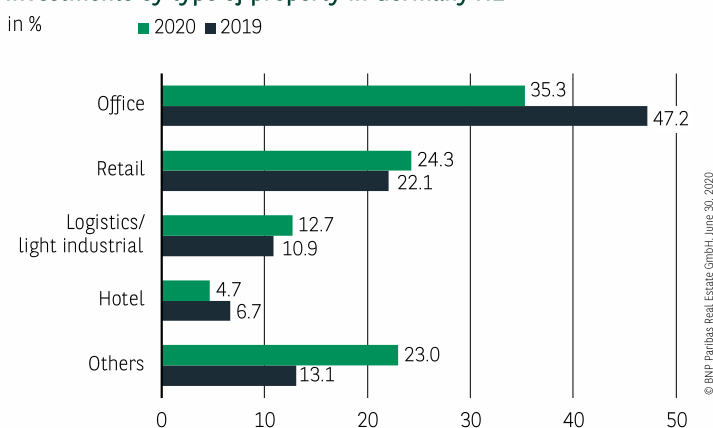
## Investment volume in the A-locations H1



### NEW RECORD SALES THANKS TO STRONG FIRST QUARTER

In the prime German locations (Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Munich, Stuttgart) the volume comes to just under €14.4 billion. Compared with the previous year, this represents an increase of a good 4%. A total of 38% is attributable to included portfolio sales. By contrast, the figure for the first half of 2019 was only just over 8%. Taking only individual properties into consideration, the metropolitan areas come to just under €9 billion, which corresponds to a decline of 29%. At €3.85 billion (-27%), most investments were made in Berlin, followed by Frankfurt with a good €2.9 billion (+24%) and Hamburg with almost €2.2 billion (+92%). Munich recorded only a slight downturn (-4%) with just under €2.1bn, whereas Düsseldorf was able to increase its investment by 58% to €1.8bn. Cologne (€702 million, -10%) and Stuttgart (€ 833 million, -15 %) also show only moderate declines in sales.

## Investments by type of property in Germany H1

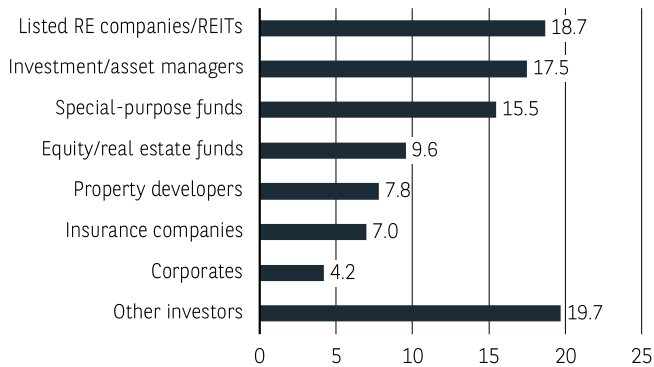


### NEW RECORD SALES THANKS TO STRONG FIRST QUARTER

Office properties held on to their leading position with 35% and just under €10.4 billion. The slightly lower share results, among other things, from large volume properties often being placed on hold during the lockdown, as a detailed examination of investments was not possible due to contact restrictions. Second place was taken by the retail sector with €7.1 billion (24 %). Logistics properties, representing around 13% (€3.7 billion), have increased their investment. As expected, hotel transactions are lower than in the previous year at just under €1.4 billion (5 %). Healthcare properties are of a comparable level at €1.6 billion (5.5 %).

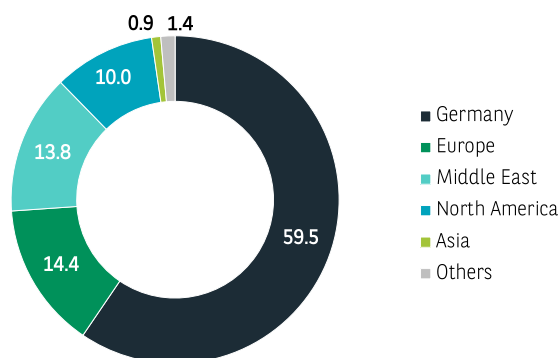
## Investments by buyer group H1 2020

■ in %

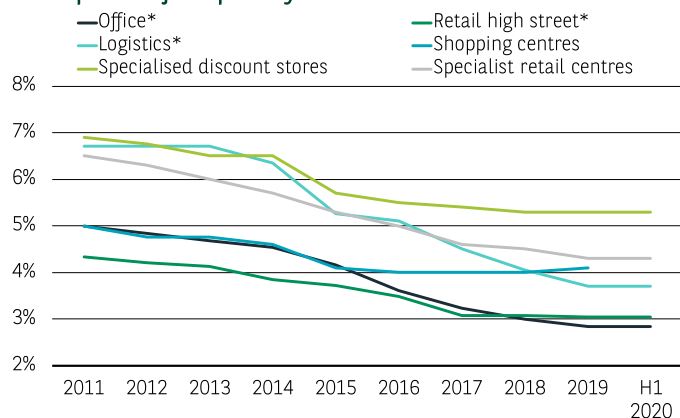


## Investments by origin of capital H1 2020

in %



## Development of net prime yields



## ➤ SHARE OF FOREIGN INVESTORS SLIGHTLY INCREASED

Due to the high share of portfolios, the proportion of foreign investors is just under 41%, which is higher than in the last two years, since these investors are traditionally well represented in this area. European investors have again come close to the top with a share of 14%. Buyers from the Middle East have invested only marginally less (just under 14%). North American investors ranked third with 10% and managed to increase their share slightly year-on-year.

## ➤ YIELDS LARGELY STABLE

In the core segment, there are hardly any observable price adjustments due to continuing high level of investor interest, and even if there are, they are usually only associated with more expensive financing. Overall, however, net prime yields remain unchanged in the major cities. At 2.60%, they are still lowest in Berlin and Munich. Frankfurt and Hamburg follow in third place with 2.80%. Outside the four prime locations, i.e. in Cologne, Düsseldorf and Stuttgart, the figure remains unchanged at 3.00%. No changes have been observed for high street properties either. In Berlin and Munich they are 2.80%, in Hamburg 3.00%, in Frankfurt 3.10% and in Düsseldorf, Cologne and Stuttgart 3.20% each. Prime yields for logistics properties have also remained stable, and listed at 3.70% in the major hubs.

## ➤ YIELDS LARGELY STABLE

Investment turnover and purchase price development in the second quarter show that, as expected, a considerable Corona effect can be observed in the investment markets. Nevertheless, it also shows that there are considerable differences between the individual asset classes. At the same time, it is becoming increasingly clear that Germany is once again seen as a safe haven by buyers. All in all, it can be said that although the situation has deteriorated noticeably as a result of the Corona crisis, markets are still far from stagnation or complete collapse. If one also takes into account that the mood has noticeably brightened in recent weeks and that a number of large transactions previously put on hold are now back in full swing and nearing the finishing line, there are many indications that a measurable market revival will be felt as early as the third quarter. Since residual risks, such as a second wave of infection, have not yet been completely eliminated, it remains difficult to make a forecast for the year as a whole. However, there are many indications that investment turnover in excess of €50 billion is possible, which could exceed the ten-year average. As far as price developments are concerned, the most likely scenario is a stable situation in the core segment and a continuing search process in the value-added segment.

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