



At a Glance **Q2 2020**

INVESTMENT MARKET LEIPZIG

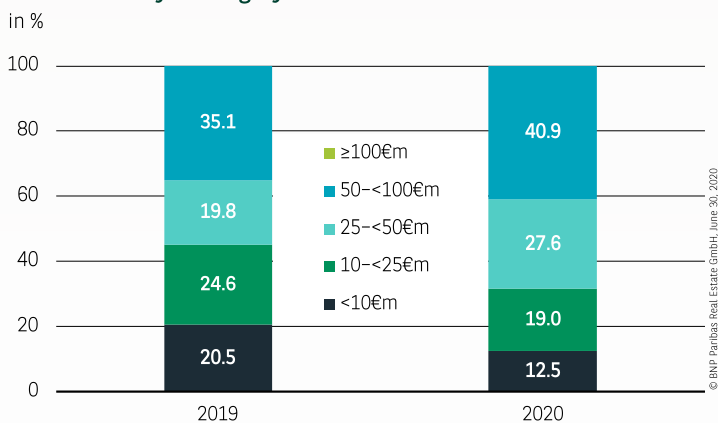
Investment volume



GOOD HALF-YEAR THANKS TO STRONG FIRST QUARTER

A transaction volume of €467 million was achieved on the Leipzig investment market in the first half of 2020, which represents an increase of around 46% over the same period of the previous year. The long-term average was exceeded by almost 27%. However, it should be noted that the bulk of the €351 million volume was generated in the first three months of the year and that the effects of the Corona pandemic and the temporary lockdown had a significant impact on the market in the second quarter. Sales and purchase transactions set on "on hold", unfeasible inspections and a more difficult financing environment ultimately ensured that only €116 million was invested in the Saxon metropolis in the past three months, the weakest result of the last six years. Nevertheless, a significant increase in market activity can also be observed in Leipzig, as many investors are currently feeling positive and are assuming a V-shaped recovery of the economy.

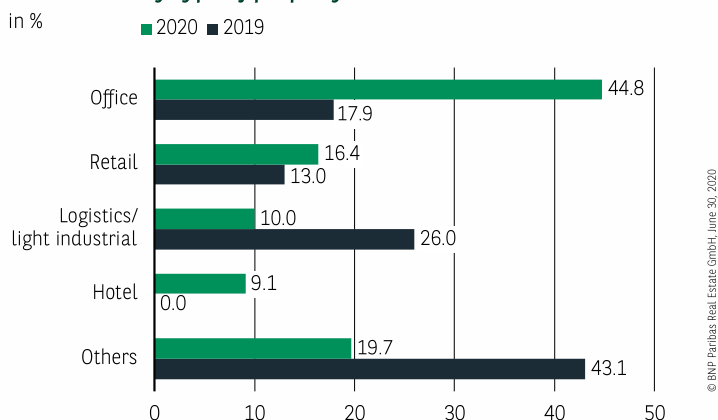
Investments by € category H1



PORTFOLIO SALES STRENGTHEN LARGE-VOLUME CATEGORY

The breakdown of transaction volume by size category is marked by a fundamental shift towards the larger segments above €25 million compared with the same period of the previous year. Thereby, the city benefited considerably from the numerous portfolio sales. The seven largest deals were all attributable to portfolio transactions and company takeovers. These are fully included in the top two segments of the breakdown and together account for around 68.5% of the total volume. However, even the two categories below €25 million are higher in absolute terms than twelve months ago, at €127 million.

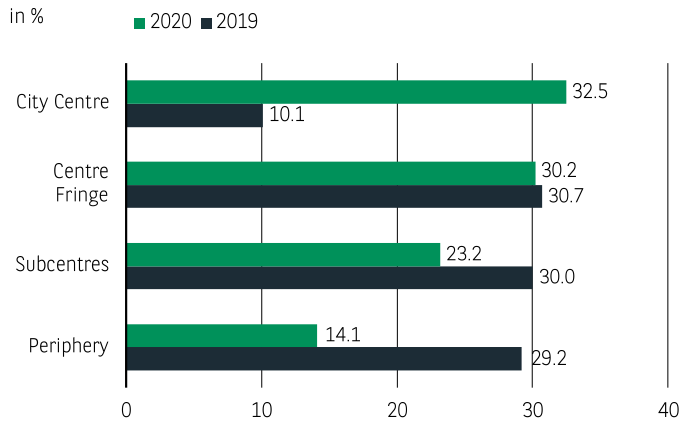
Investments by type of property H1



OFFICE, SWEET OFFICE: THE MOST IMPORTANT ASSET CLASS

For the first time since 2013, office properties represent the most important asset class in Leipzig at the end of the first half of the year, accounting for around 45%. What is normal in prime locations often proved to be a challenge in this Saxon city due to the lack of supply. But it also underlines the attractiveness of the location that a particularly large number of investors are interested in a "buy and hold" strategy. The high proportion of development properties that are hidden in the category Other (20%) is also pleasing, as they testify to the future potential of the city and the development opportunities to be realised there.

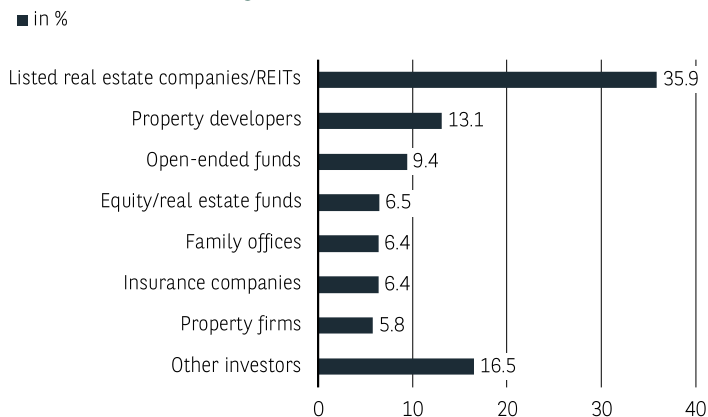
Investments by location H1



CITY IS TRUMP CARD: BUT INVESTORS HAVE A BROAD FOCUS

In Leipzig, which has a much smaller market than the mega cities of Berlin, Hamburg or Munich, the distribution of investment turnover among the individual locations is primarily determined by the availability of investment product. In the first half of the year, this proved to be almost ideal. Nearly one third of the transaction volume is accounted for by the particularly sought-after City Centre, where properties from the TLG takeover by Aroundtown are located, as well as the Kaufhof shares from the SIGMA Prime Selection portfolio. Nearly a further third (30%) of the transaction volume was attributable to the Centre Fringe and almost a quarter to Subcentres (23%). The field is completed by the Periphery with a double-digit share of 14%. This broad distribution shows that, given the prevailing supply shortage, investors are seizing every attractive investment opportunity and not limiting their focus to inner city locations alone.

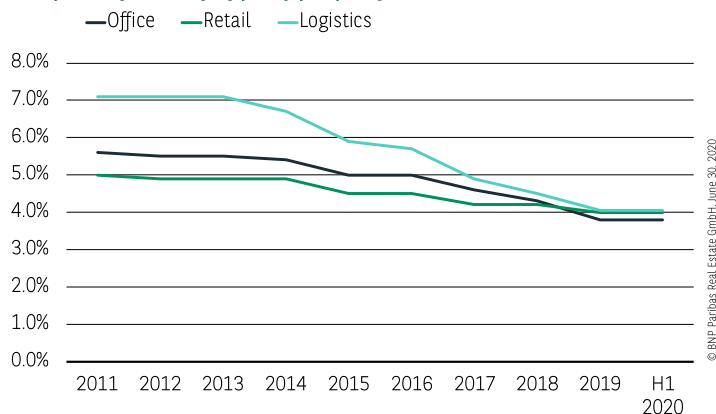
Investments by buyer group H1



LARGE TAKEOVER PUTS LISTED RE COMPANIES IN FRONT

After the first six months of the year, listed real estate companies/REITs, which account for a share of almost 36%, have taken the lead by a clear margin. The main reason for this result is mainly due to the coming together of TLG and Aroundtown, in which Aroundtown acquired over 75% of TLG shares. In addition, only property developers still managed to achieve a double-digit result (13%). They benefited from the sale of 17 development projects of Consus Real Estate AG to Gröner Group, of which two projects are also located in Leipzig.

Net prime yields by type of property



TOP YIELDS DEFY CORONA

Leipzig's increasing applicability and maturity as an investment location also have a positive effect on price stability, so that despite Corona, there hasn't been any observable downward adjustment. In the core segment in particular, excess demand remains so significant that net prime yields remain at end of 2019 levels. Thus, office properties continue to trade at a peak of 3.8%, 4.0% for inner-city commercial buildings and 4.05% for logistics properties.

OUTLOOK

After a strong start to the year, the Leipzig investment market was also noticeably affected by the effects of the Corona crisis. It probably won't be possible to shake these off completely in the next six months. However, restarted transactions, as well as the fundamental willingness of investors to buy, give rise to hopes that market activity will pick up significantly again if there is corresponding supply. Prices should remain stable, especially in the core segment.

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