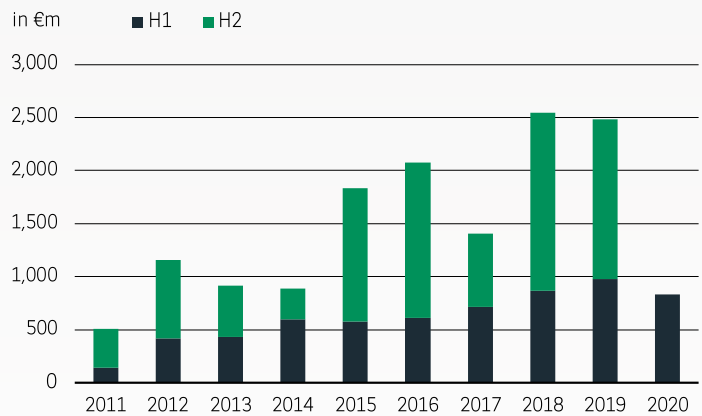




At a Glance **Q2 2020**

INVESTMENT MARKET STUTTGART

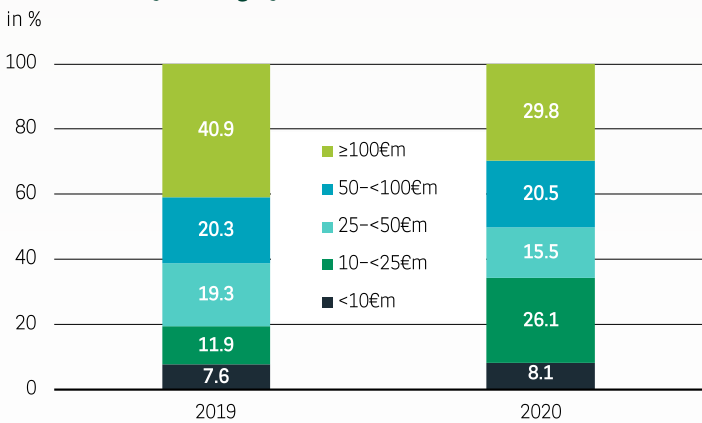
Investment volume



RELATIVELY STABLE SALES IN THE SECOND QUARTER

With a total transaction volume of €833 million, the Stuttgart market once again recorded a very good result for the first six months, only 15% below the record figure set in the same period of the previous year. This was made even further clear by the fact that the ten-year average was exceeded by 35%. €635 million of total turnover was generated in the city area and around €197 million in the surrounding area. It is particularly noteworthy that Stuttgart, unlike most other cities, achieved a strong result in the second quarter and the direct impact of lockdown measures were hardly noticeable. The third-best result in the last ten years, at just under €400 million, was achieved between April and June. It should also be noted that only €52 million from portfolio sales were included in the result. This figure is also significantly lower than in the other major cities. The sale of the first office building of the Wissenscampus in Weilimdorf, currently under construction and acquired by HanseMerkur Versicherung, is the most prominent completion.

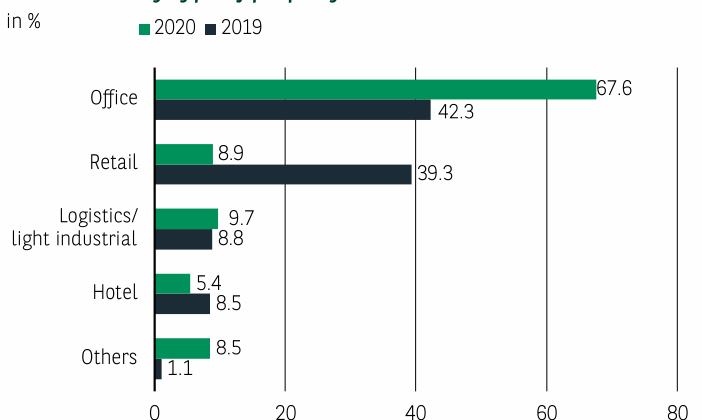
Investments by € category H1



BROAD DIVERSIFICATION ACROSS MARKET SEGMENTS

Traditionally, large-volume deals in Stuttgart contribute less to investment volume than in many other prime cities. This has also been affirmed in the first half of 2020, with the result that a broad spread across the individual size classes can again be observed. Although large deals over €100 million have taken the lead with 30%, only slightly less turnover (26%) is attributable to properties between €10 and 25 million. In third place were deals of €50 to 100 million, which contribute a further 20.5%. Overall, this distribution indicates a very stable demand base.

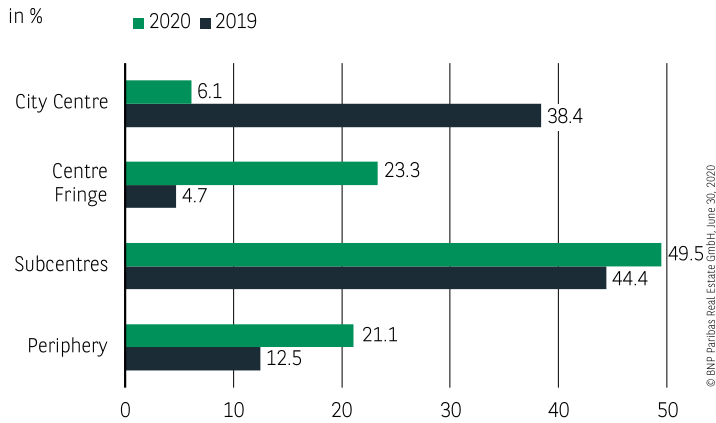
Investments by type of property H1



OFFICE PROPERTIES AGAIN THE UNDISPUTED NUMBER 1

In contrast to the same period of the previous year, when office properties were underrepresented, they have now regained their position at the top of all asset classes, with a sales share of around two-thirds and are thus once again at their long-term level. Logistics properties also make a respectable contribution of just under 10%. By contrast, the retail share is well below the usual average, at just 9%. Hotel transactions, which were recorded solely in the first quarter, have so far accounted for a good 5%.

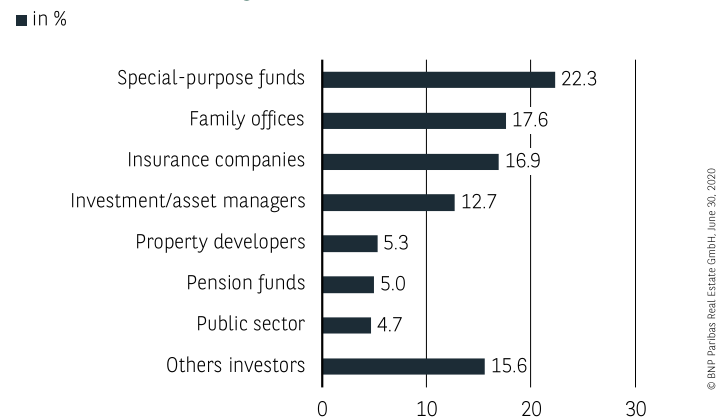
Investments by location H1



CITY CENTRE UNDERREPRESENTED DUE TO LACK OF PRODUCT

The distribution of sales over the city area impressively illustrates the shortage of supply in the City Centre of Stuttgart, registering just over 6% of the transaction volume. In contrast, Subcentres, which have been the focus of attention for several years now, have consolidated their strong position and have taken the lead with a turnover share of around 50%. Almost on a par are the Centre Fringe zones with a good 23% and peripheral locations in the surrounding area, accounting for over 21%. Overall, the Stuttgart investment market is thus much more broadly diversified across different qualities of location than most other large locations.

Investments by buyer group H1



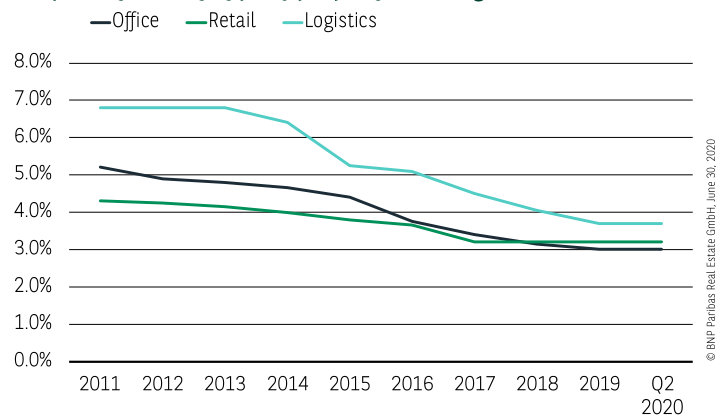
FOUR INVESTOR GROUPS WITH DOUBLE-DIGIT SHARES

Almost 70% of the total turnover is accounted for by four investor groups, each of which contributes double-digit shares. Special-purpose funds have taken the lead with a share of a good 22%, followed by family offices, which account for almost 18%. Only the Cologne investment market has a similarly high share of this group of buyers. However, insurance companies that complete the leading trio are only just beaten, with a share of around 17%. Investment/asset managers, for whom the vehicle behind them cannot be clearly identified, complete the investors with double-digit sales shares and are responsible for just under 13% of sales.

STABLE RETURNS

No significant price adjustment can be seen in the investment cases so far, even though more expensive financing is generally taken into account. Particularly for core properties, prices remain stable against a background of strong demand. Net prime yield for offices is therefore unchanged at 3.00%. For inner-city commercial buildings in prime locations, the rate remains at 3.20%, and logistics properties at 3.70%.

Net prime yields by type of property in Stuttgart



OUTLOOK

The Stuttgart investment market has benefited from the fact that small and medium-sized sales traditionally play a major role and few large deals with extensive due diligence processes had to be postponed. If one also takes into account the fact that sentiment has improved noticeably in recent weeks, it can be assumed that the second half of the year will also see vigorous demand with correspondingly high investment volume. In terms of purchase prices, a continued stable situation, especially in the core segment, represents the most likely scenario from today's standpoint.

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: 30.06.2020

Further Information BNP Paribas Real Estate GmbH | Branch office Stuttgart | Phone +49 (0)711-21 47 80-50 | www.realestate.bnpparibas.de