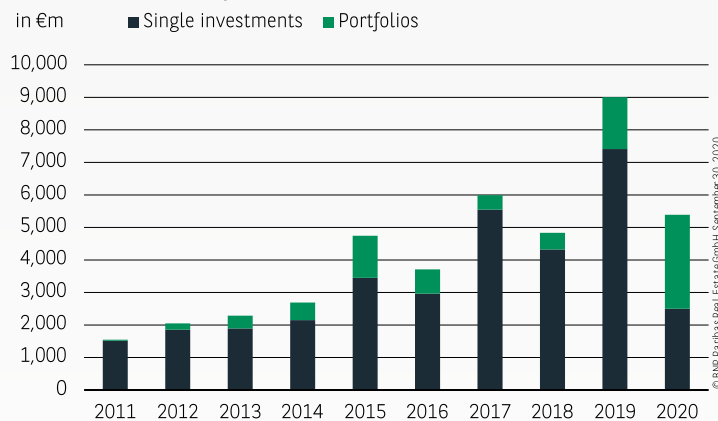




At a Glance **Q3 2020**

INVESTMENT MARKET BERLIN

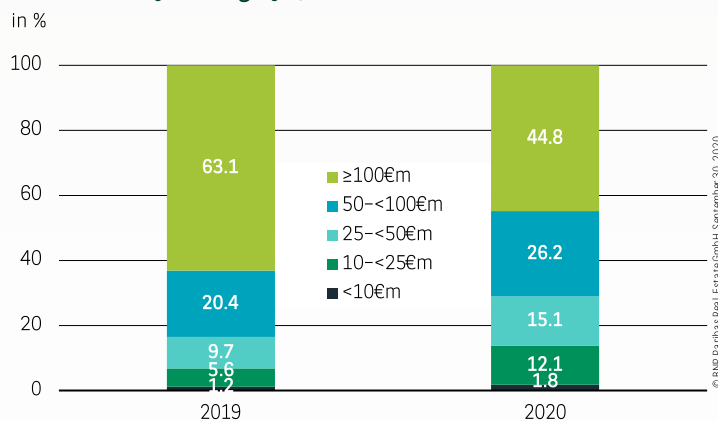
Investment volume Q1-3



THE BRAKES ARE RELEASED, THE DYNAMICS IS BACK

Investment activity on the Berlin market picked up considerably in the third quarter. The perceived standstill from the previous quarter has been overcome, and market participants are once again operating at accelerated speed. Transactions that were temporarily put on hold in the second quarter were often successfully concluded in the summer months. An investment volume of € 1.5 billion is recorded for the third quarter, representing an increase of 156% over the previous quarter. A total of around € 5.4 billion had been invested by the end of September 2020. The capital city thus leads the field of top German locations by a wide margin. It is obvious that the record result of the previous year was missed (-40 %), but in a long-term comparison, the current volume is quite respectable. It is the third highest Q3 result in the past 10 years while the ten-year average is exceeded by an impressive 28 %.

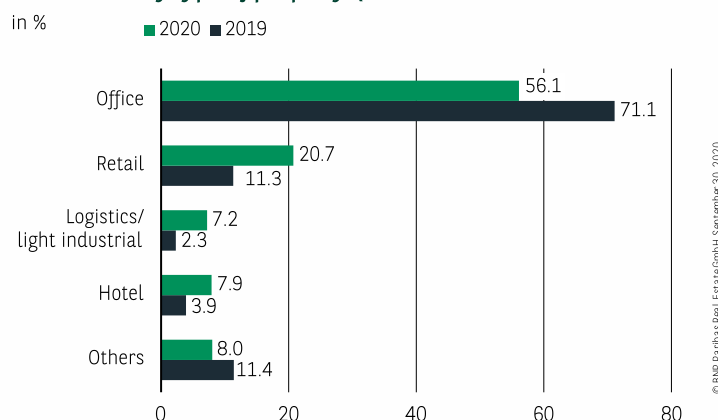
Investments by € category Q1-3



MORE MOTION IN INDIVIDUAL DEALS

The portfolio deals dating from the first quarter, especially the TLG acquisition by Aroundtown, are primarily responsible for the high market share of 45% of large transactions. However, the Berlin market also benefited from portfolio transactions in the third quarter. Approximately € 830 million was invested in form of package sales, accounting for 54% of total Q3 investments. This included the core office properties of the Medicus portfolio brokered by BNPPRE, which Union Investment Real Estate acquired from Hines. In terms of individual deals, investment activity has recently increased significantly. Both the number of transactions and the volume (+33 %) have grown compared to the previous quarter. The market in the segment below € 25 million is above average. To date, € 745 million has been generated here, representing an increase of 21 % compared to the strong previous year.

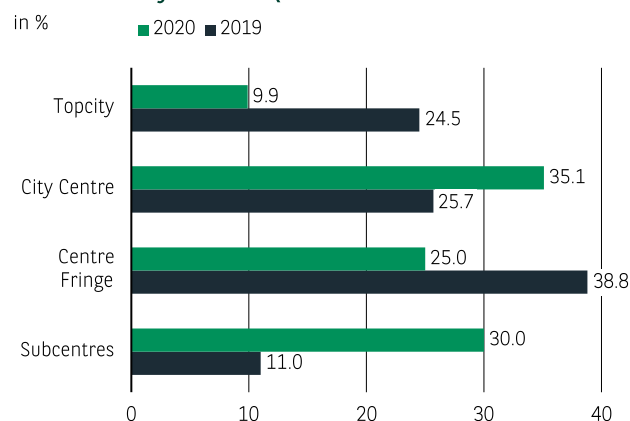
Investments by type of property Q1-3



OFFICE BY FAR THE MOST POPULAR ASSET CLASS

At € 3.0 billion, investments in office real estate clearly dominated the market in the first three quarters. The portfolio transactions from Q1 certainly played a significant role here, but € 665 million invested in the third quarter underline investors' confidence in this segment, which has recently been dominated by the work from home discussion. Despite a declining sales volume, Retail real estate follows in second place with € 1.2 billion. Logistics properties are among the winners with a market share of just under 8% and a volume of around € 390 million (+87% year-on-year).

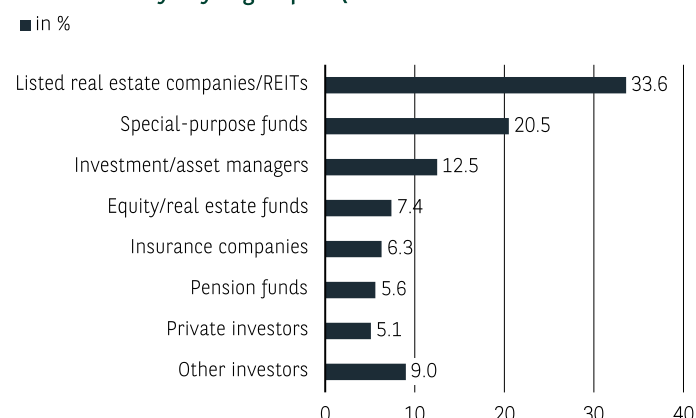
Investments by location Q1-3



CONVINCING PERFORMANCE OF THE OVERALL MARKET

It is primarily the Berlin growth story that convinces investors. In view of the continuing shortage of supply on the investment market, the different submarkets play a rather subordinate role in 2020. By the end of September, e.g. around €1.6 billion has been invested into the secondary locations, representing growth of 63% compared to 2019. The subcentres were thus the only locations to register gains. Important sales drivers here were retail investments in the course of the TLG/Aroundtown takeover. At € 1.9 billion, the investment volume in the City Centre submarket is only 18% below the previous year's level. Due to a lack of supply, only € 531 million were invested in Berlin's Topcity (-76% y-o-y).

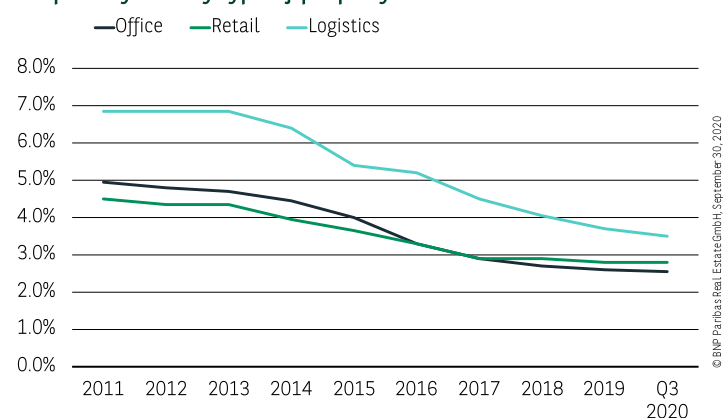
Investments by buyer group in Q1-3



LISTED RE COMPANIES/REITS UNDISPUTEDLY AT THE TOP

Due to the take-over of TLG by Aroundtown, listed real estate companies/REITs are unchallenged at the top with 1.8 billion € turnover (+9%). In second place come special-purpose funds, which have already invested over € 1.1 billion in the current year, including the office properties acquired by UIRE as part of the Medicus portfolio. While special-purpose funds only fell short of their previous year's volume by 33 %, the decline in the other buyer groups was at least 40 %. Here, significant shifts and catch-up effects are still to be expected at the end of the year. As a result of the Aroundtown transaction and the purchase of a further tranche of Signa Prime Selection Portfolio by Madison, the market share of foreign investors currently amounts to 59 %, which is well above the previous year's level of 48 %.

Net prime yields by type of property



YIELDS CONTINUE TO FALL

Despite the prevailing economic uncertainties and weakness in some industry sectors, yields continued their downward trend in the third quarter. The office prime yield fell by 5 basis points to 2.55 %, once again underlining investors' confidence in this asset class. The yield compression in the logistics sector was even stronger. This segment, which is clearly among the winners of the Corona pandemic, is at the top of the investors' list. The prime net yield fell by 20 basis points to 3.50 %. The prime yield for retail commercial properties remains stable at 2.80 %.

PERSPECTIVES

Investment activity is expected to pick up further in the final quarter and to be significantly more dynamic than in the recent past. Apart from the corona crisis, Berlin has excellent growth prospects backed by a strong German economy. The basis for a further upward trend on the investment market is thus in place.

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: 30.09.2020

Further Information BNP Paribas Real Estate GmbH | Branch office Berlin | Phone +49 (0)30-884 65-0 | www.realestate.bnpparibas.de