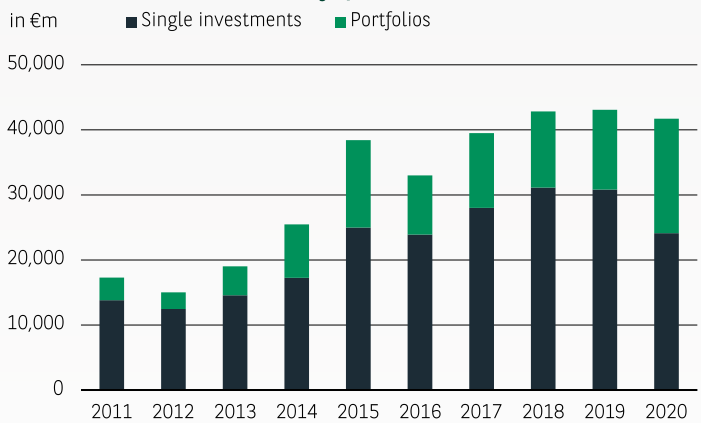




At a Glance **Q3 2020**

INVESTMENT MARKET GERMANY

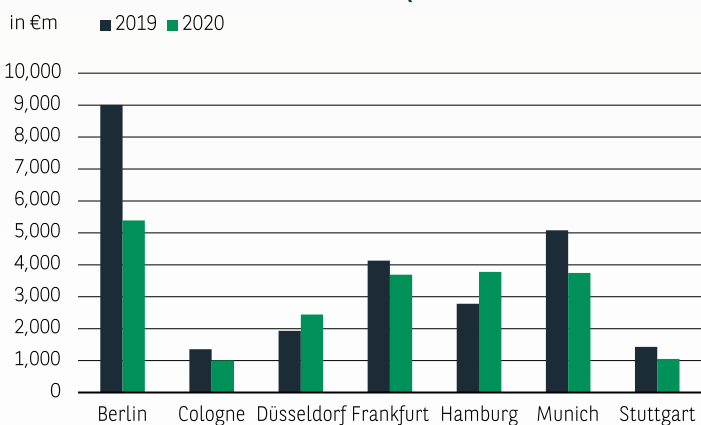
Investment volume in Germany Q1-3



SALES VOLUME AT PAR WITH PREVIOUS YEAR'S LEVEL

After a record first half year, which benefited above all from the very strong first quarter with a number of large portfolio sales, the German investment market showed its crisis resilience for the time being in the third quarter. With a transaction volume of € 12.3 billion the results of the previous years were missed, but the ten-year average was exceeded by 7%. The total turnover at the end of September was € 41.7 billion (-3%). Considering the economic environment, which is still marked by the effects of the corona pandemic, it is obvious that investors have great confidence in the German real estate markets. In view of the economic recovery that can already be observed, the massive government support measures and the stabilizing effect of short-time work, they assume that Germany will recover comparatively quickly and that the overall positive trends of recent years will persist.

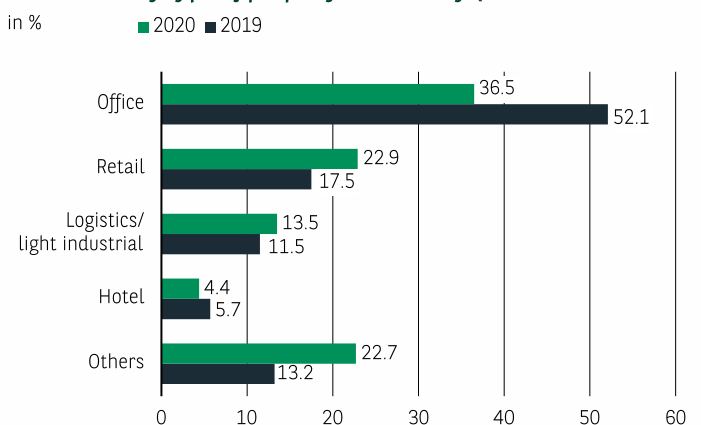
Investment volume in the A-locations Q1-3



A-LOCATIONS WITH DECLINING SALES

In the prime locations (Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Munich, Stuttgart), sales amounted to € 21.1 billion, 18% less than in the previous year. In addition to the absolute change, structural peculiarities can also be observed. While individual deals fell by 30% to € 13.9 billion, portfolio sales rose by 23% to almost € 7.2 billion. Berlin remains the leader with € 5.39 billion (-40%) while three cities follow in almost equal numbers: Hamburg won the race with € 3.78 billion (+36%) and a wafer-thin lead over Munich with € 3.75 billion (-26%). Frankfurt followed with € 3.69 billion (-11%). Düsseldorf was also able to increase its investment volume by 27% to € 2.45 billion. Stuttgart (€ 1.05 billion) and Cologne (€ 1 billion) each recorded a good quarter less.

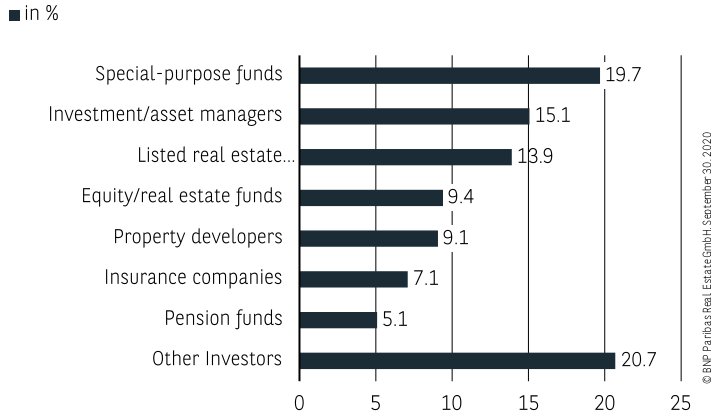
Investments by type of property in Germany Q1-3



OFFICES ONCE AGAIN THE CLEAR NUMBER ONE

The front-runners again are offices, which contribute a good € 15.2 billion, or just under 37%. In second place are retail properties with € 9.6 billion (23%), of which more than € 5.8 billion is attributable to package sales. Logistics properties also made it among the top three with a good € 5.6 billion (13.5 %). This is proof that logistics is expected to continue its positive development. The situation is similar in the healthcare market segment. Here, the second-best result of all times was achieved at just under € 2.6 billion (a good 6%). The situation is different for hotels, which came in at a good € 1.8 billion and thus achieved the weakest result in the last seven years.

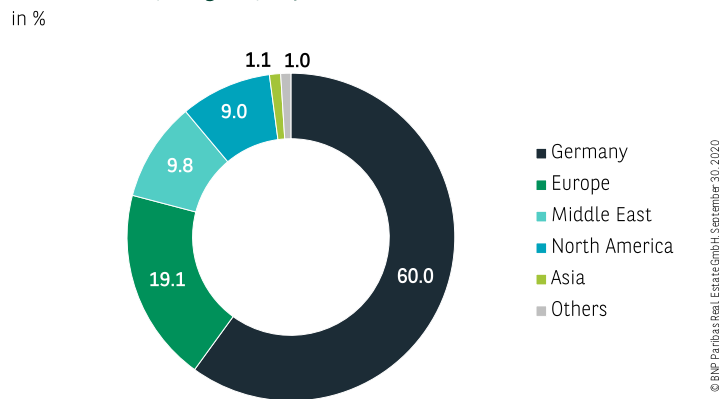
Investments by buyer group Q1-3 2020



➤ SHARE OF FOREIGN BUYERS SLIGHTLY HIGHER

Due to the high portfolio share, the participation of foreign investors is around 40% and thus somewhat higher than in the previous year, as these investors are traditionally particularly strong here. Looking only at portfolios, foreign buyers even contribute 62% to the result, whereas they are responsible for only 24% of single deals. European investors are clearly in the lead with a share of 19%. Next in line are buyers from the Middle East (10%) and North American investors with 9%.

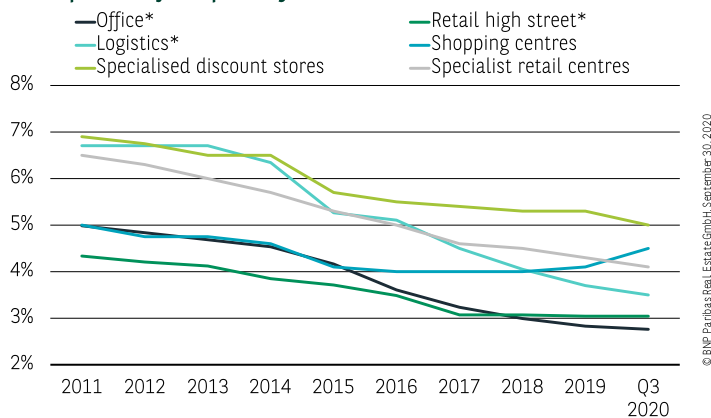
Investments by origin of capital Q1-3 2020



➤ PRIME YIELDS CONTINUE TO FALL IN SOME CASES

As a result of the strong demand for core properties, yields for office properties fell again slightly by 5 to 10 basis points despite the difficult economic environment. While this is a clear signal from investors in favor of Germany as a business location, it also reflects how much capital is looking for investments with an attractive risk/return profile. Berlin and Munich have the lowest net prime yields, at 2.55 % each. Frankfurt and Hamburg follow in third place with 2.75 %. Düsseldorf and Stuttgart quote 2.90 % and Cologne 2.95 %. Significant cuts in top yields have also been seen in the logistics sector, where they have fallen by 20 basis points to 3.50 % as a result of increased investor interest. The same applies to specialist retail centers (4.10 %) and individual specialist stores (5.00 %), whereas they have risen to 4.50% for shopping centers. They remain unchanged in the case of high-street commercial buildings, where the average figure is 3.04 %.

Development of net prime yields



➤ YIELDS LARGELY STABLE

Despite the clearly noticeable effects of the corona pandemic and in particular the lockdown in spring, the German investment markets have proved to be resilient. One of the main reasons for this is that investors are making a clear distinction between the current business development, which is marked by a sharp decline in letting volume and the investment markets, where long-term trends are the main focus. Nevertheless, uncertainties remain regarding the further development of the number of infections in the autumn and winter months, even though there is a clear political intention to avoid a second lockdown at all costs. All in all, however, an above-average result in a long-term comparison is on the horizon. We expect an annual result which will be noticeably above the ten-year average. A transaction volume of over €50 billion is certainly within reach. Since a whole series of large individual and portfolio transactions are still in the sales process, even an overall investment volume beyond the €55 billion threshold is still possible.

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