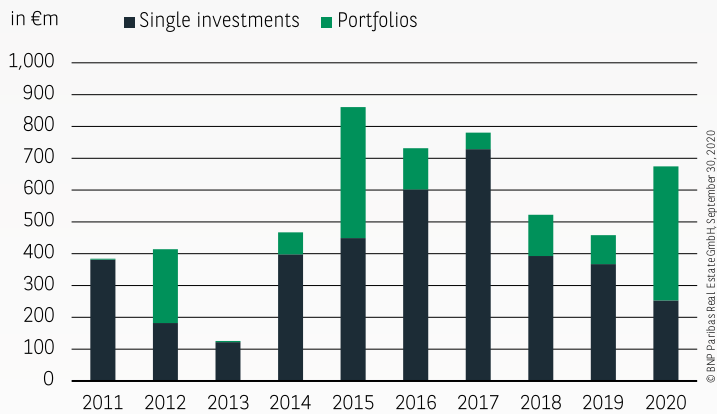




At a Glance Q3 2020

INVESTMENT MARKET LEIPZIG

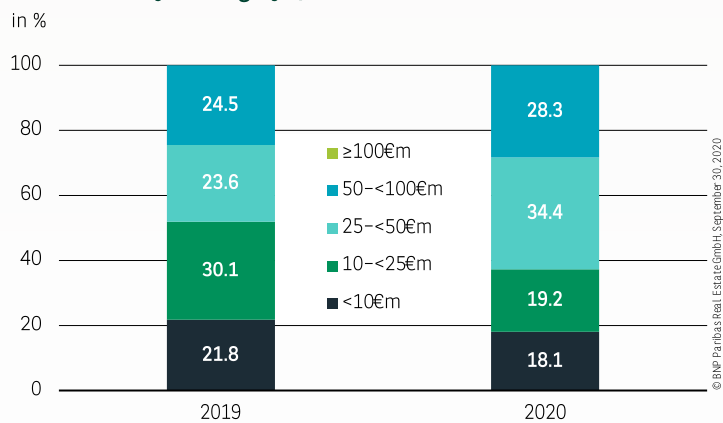
Investment volume Q1-3



POPULAR LOCATION EVEN IN CORONA CRISIS

In the first three quarters of 2020, a transaction volume of €674 million was recorded in the Leipzig market area. This represents an increase of 47 % compared to the previous year, and the ten-year average was exceeded by around a quarter. In contrast to many large investment locations in Germany, Leipzig was thus also able to grow during the Corona pandemic, which is as a clear statement by investors in favor of the location. However, when analyzing this overall positive result, it must be taken into account that Leipzig benefited disproportionately from portfolio transactions, especially in the first quarter. For instance, the sale of TLG to Aaroundtown is noticeably reflected in the Leipzig result. By the end of the third quarter, just under 62 % (€ 421 million) of total investment volume were attributable to properties sold as part of package sales. After the lockdown fully hit the investment market in the second quarter, a significant market revival could already be observed from July to September. With a turnover of € 207 million, the third best Q3 in the past decade was recorded.

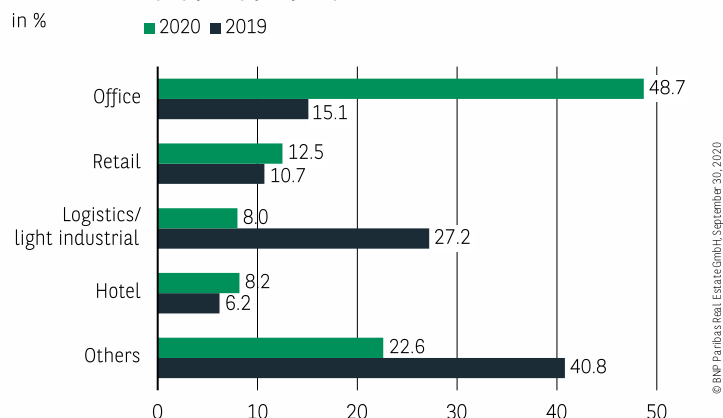
Investments by € category Q1-3



ALL MARKET SEGMENTS IN DEMAND

All size classes were able to contribute to the high transaction volume, although larger size segments between € 25 and € 100 million clearly have benefited disproportionately. Overall, they are responsible for almost 63% of the investment turnover to date, thus continuing their trend of increasing importance in recent years. This is proof that Leipzig has come into the focus of professional investors seeking large volume investments. As a consequence, transactions of up to € 25 million, which are traditionally important for Leipzig, only accounted for a below average share of 37% compared to the long-term average.

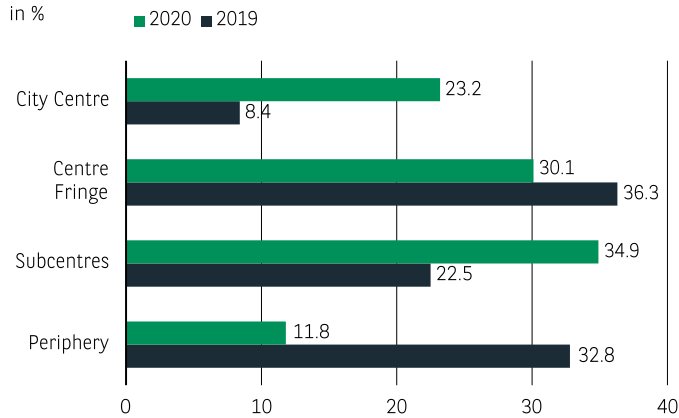
Investments by type of property Q1-3



FOCUS ON OFFICES AND DEVELOPMENT PROPERTIES

In the past, the Leipzig market was frequently dominated by retail investments, which also included inner-city commercial buildings, but office properties now account for just under half (49 %) of turnover. The recent rise in project developments has led to a noticeable increase of supply in this segment and most of all institutional investors show great interest in this product. This is an extremely positive development for the Leipzig market. As a logical consequence, development properties, which are included in the general category "Other", represent the second most important asset class with 17 % market share. A further 12.5 % is accounted for by retail properties.

Investments by location Q1-3

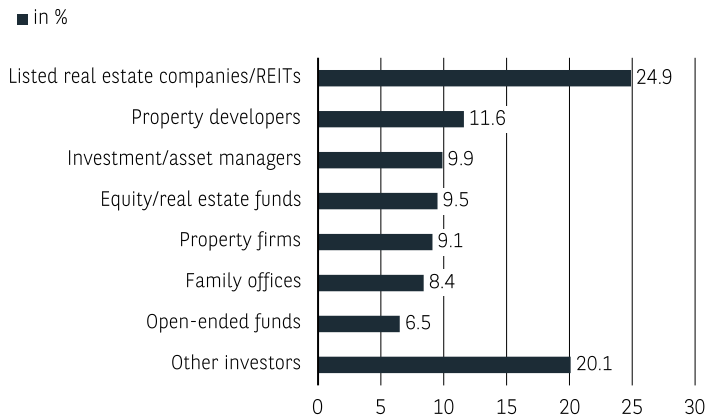


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SUBCENTRES AND CITY FRINGE WITH HIGH MARKET SHARE

A trend that has been observed for some years now has continued into the current year with the share of City Centre locations of total investment volume declining. Only 23% were generated here. The overall limited geographical size of the central locations and the low supply in development land has prevented higher transaction activity. Investors wishing to invest in Leipzig are therefore increasingly forced to switch to other submarkets. The fact that they are prepared to do so on the basis of their fundamental confidence in the macro location was again confirmed in the first three quarters of 2020. The Subcentres submarket leads the ranking in terms of investment volume with 35%, followed by the City Fringe, which contributed another 30%. The remaining 12 % were generated in Leipzig's Periphery.

Investments by buyer group Q1-3



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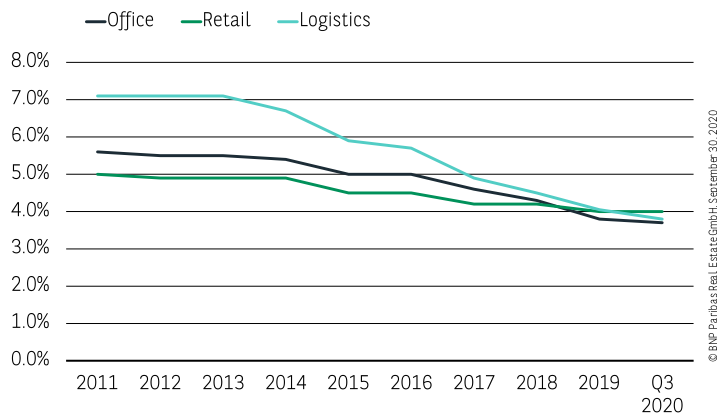
TLG DEAL PUSHES LISTED RE COMPANIES TO THE TOP

The takeover of TLG by Aroundtown is not only reflected in the total turnover, but also dominates the ranking of active investors. As a result, about a quarter of the transaction volume is accounted for by listed real estate companies/REITs, which thus take the lead. In second place are property developers who continue to diligently purchase plots of land in order to realize new projects in the coming years. In addition, a number of other investor groups contribute significantly to the result including investment managers (just under 10%), equity/real estate funds (9.5%), real estate companies (a good 9%) and family offices with a good 8%.

PRICES IN THE CORE SEGMENT CONTINUE TO RISE

As in the other major German locations, demand for core real estate continues to be high while supply remains insufficient. As a consequence, yield compression has also continued in Leipzig. The net prime yield for office properties has fallen by a further 5 basis points to 3.70 %. The decline was even more pronounced for logistics properties that are particularly sought after. At 3.80 %, the prime yield is an impressive 25 basis points below the value at the turn of the year. By contrast, inner-city commercial retail properties have shown stable development, remaining at 4.00 %

Net prime yields by type of property



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OUTLOOK

In the course of the economic recovery, which can already be felt, investor interest should remain at a high level, so that lively market activity can also be expected for the final quarter. However, the current resurgence in the number of infections, which could also lead to growing uncertainty on the part of investors, should be seen as a risk. Nevertheless, from today's perspective, there are many indications that investment sales of around € 900 million could be achieved for the year as a whole, which is well above the long-term average.

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