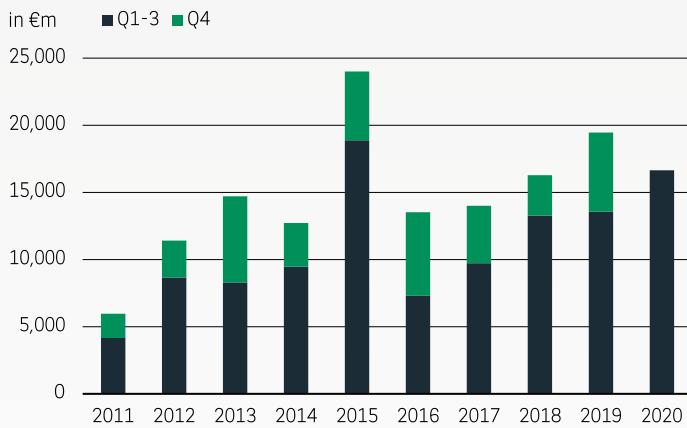




At a Glance **Q3 2020**

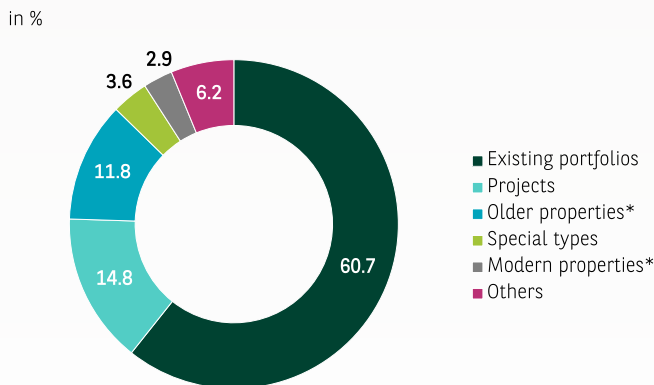
RESIDENTIAL INVESTMENT MARKET GERMANY

Investment volume residential portfolios



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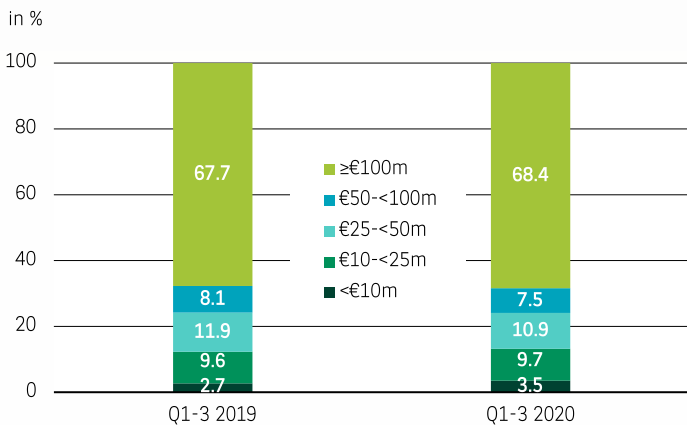
Investments by asset class Q1-3 2020



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* Block sales in one location

Investments by size category



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RESIDENTIAL INVESTMENT MARKET REMAINS ROBUST

What was already widely announced at the beginning of the Corona pandemic was largely confirmed by the end of the third quarter: Compared to other asset classes, the residential investment market has proven to be extremely crisis resistant. With an investment volume in larger residential portfolios (30 residential units and more) of a good € 16.6 billion, the market grew by almost 23% compared with the same period in the previous year and even achieved the second-best result ever recorded. Although the strong overall performance was boosted by the acquisition of Adler Real Estate by Ado Properties in the first quarter, which accounts for just over a third of total investment volume, the high importance of major deals is not a special feature of the current year. Even the record result from 2015, for example, was only made possible by the Gagfah deal. If the investment volume is broken down into the individual quarters, it becomes clear that with a good € 3.3 billion in Q2 and € 4 billion in Q3, the figures are clearly above average in a long-term comparison.

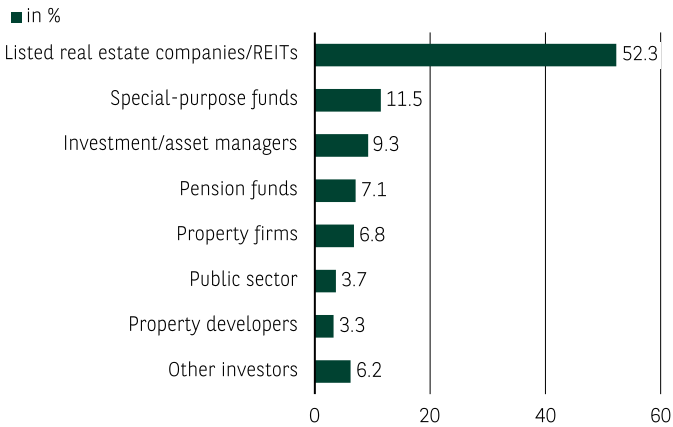
PORTFOLIOS COMPRISING EXISTING ASSETS AT RECORD HIGH

Due to the Adler acquisition, it is not surprising that portfolios comprising existing buildings dominate the distribution of market share by asset class with almost 61%. In second place follow project developments. Due to a lack of supply they only account for 15% investment volume which is slightly less than in previous years. At 12%, portfolios with older properties (block sales at a single location) also generate a slightly below average result compared with the same period last year. However, if their percentage value is translated into absolute figures, this corresponds still to a volume of almost €2 billion.

BRISK MARKET ACTIVITY IN THE SMALL SEGMENTS

Large deals above the € 100 million mark dominate the investment volume with a share of more than two thirds. Although the above mentioned Adler acquisition is a major contributor to this, with more than 20 deals concluded, there is in general lively market activity in this segment. However, increased activity is also evident in the smaller segments, which underlines the overall crisis resistance of the residential investment markets. A good € 2.2 billion is accounted for by transactions up to a maximum of € 25 million; a volume that is usually reached in this segment only at the end of the year, if at all.

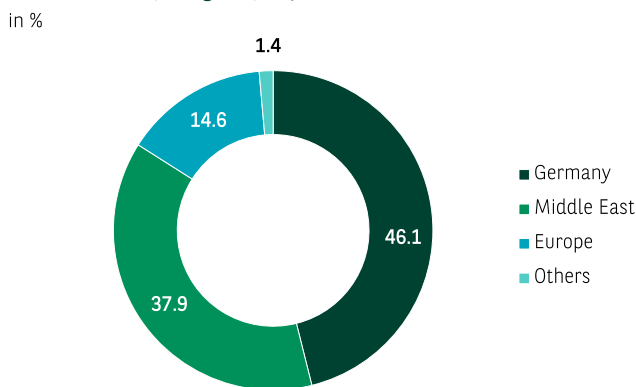
Investments by buyer group Q1-3 2020



➤ REAL ESTATE COMPANIES DOMINANT

As usual, listed real estate companies are the most important group of buyers at the end of the third quarter of 2020. Driven by the Adler acquisition, they achieve their second-best result ever with a good € 8.7 billion. A look at the other buyer groups reveals that a whole range of different types of investors are focusing on robust residential investments. This situation is unlikely to change any time soon, even in the light of the economic uncertainties in the lee of the Corona crisis. At a good 11%, special-purpose funds are in second place, closely followed by investment / asset managers (9%). Other noticeable shares are held by pension funds (7%), real estate companies (7%), the public sector (4%) and project developers (3%).

Investments by origin of capital Q1-3 2020



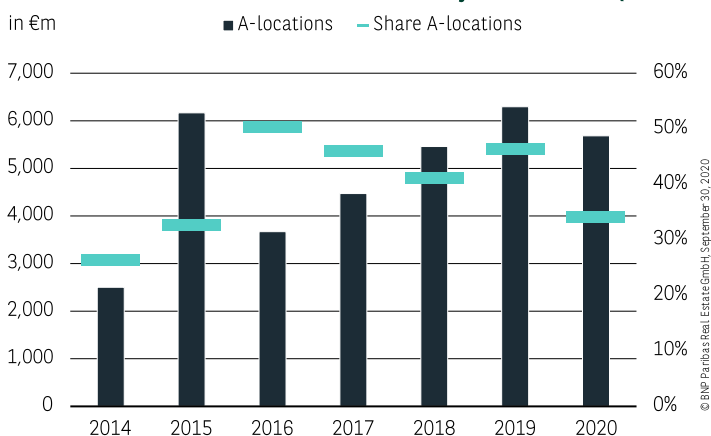
➤ FOREIGN CAPITAL WITH MORE THAN HALF OF THE VOLUME

The residential investment market in Germany has been firmly in the hands of domestic investors in recent years. As a result of the above mentioned takeover in combination with the high level of activity from other European countries (a good €2.4 billion), the share of foreign investors has passed the 50% threshold for the first time since 2008.

➤ A-CITIES ONLY WITH RELATIVE LOSSES

Due to the overall high level of investment turnover, the share of A-locations is slightly lower than in previous years at around 34%. In absolute terms, however, the currently registered € 5.7 billion is a remarkable result, which is a good 16% above the long-term average. Not least as a result of the latest shopping spree by the Swedish housing group Heimstaden Bostad, which have purchased apartments in Berlin for €830 million, the capital (€2.6 billion) once again takes the lead by a wide margin in the ranking of the most important residential investment markets. Frankfurt (€971 million), Hamburg (€912 million), Munich (€469 million) and Düsseldorf (€463 million) are also achieving strong results, while Cologne (€197 million) and Stuttgart (€27 million) are showing a marked decline.

Investment volume A-locations and share of total volume Q1-3



➤ PERSPECTIVES

From today's perspective, the positive trend in residential investments shall continue for the rest of the year. This is due to the fact that there is a lower risk of rental losses, especially compared with commercial real estate, and thus more stable cash flows to be expected. Even isolated regulatory restrictions on the part of the legislator do not change the fundamentally positive assessment of investors. The same applies to the expected impact of the Corona crisis. Housing will remain in demand, especially where it is already in short supply. The fundamental market mechanisms are therefore still intact and it is likely that the €20 billion mark will be exceeded by the end of the year.

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