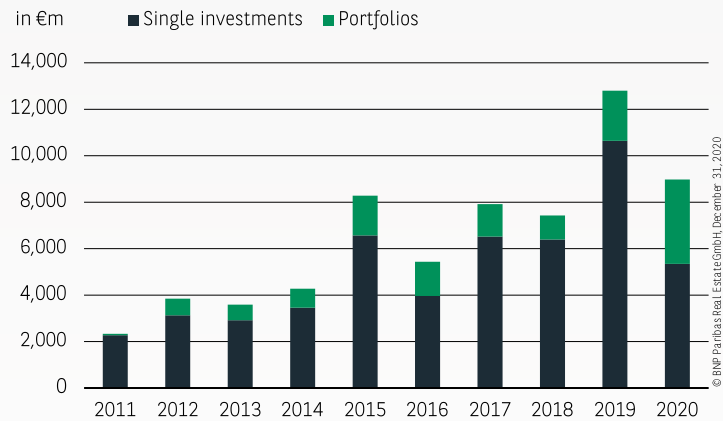




At a Glance **Q4 2020**

INVESTMENT MARKET BERLIN

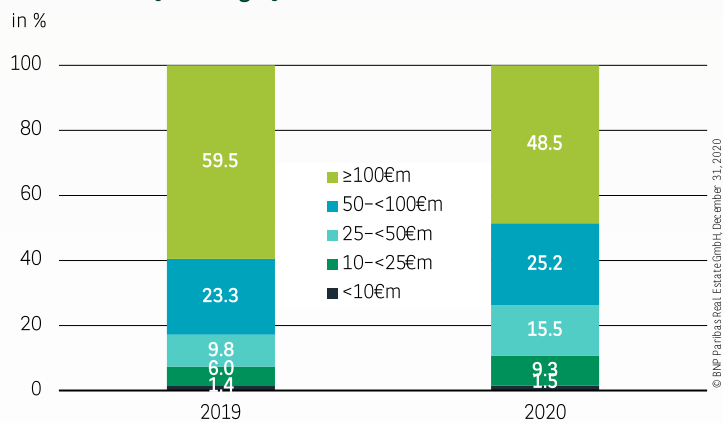
Investment volume



VERY STRONG YEAR-END SECURES TOP RESULT

The Berlin investment market has positioned itself at the top of the German markets in 2020, a year marked by the corona pandemic. The year 2020 came to an end with a brilliant final quarter in which around €3.6 billion was placed. A total of just under €9 billion was invested in commercial real estate. As expected, this was well short of the record result from the previous year by almost 30%, but at the same time it is still the second-highest investment volume ever registered in Berlin. The five-year average was exceeded by a good 5% and the ten-year average by an impressive 38%. This result clearly puts Berlin ahead of Frankfurt (€6.5 billion) and Hamburg (€5.5 billion). Although business conditions in Berlin have also weakened considerably in most segments since the outbreak of the Corona pandemic and have not yet fully regained their footing, investor confidence is unshakable. They believe in the prospects and, above all, the great potential of Berlin as a business location, which is increasingly becoming a successful international player.

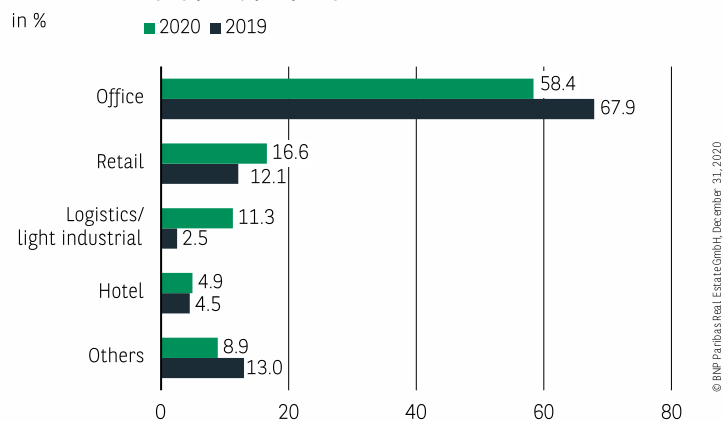
Investments by € category



PORTFOLIO DEALS MAKE THE DIFFERENCE

Investment activity was clearly driven by portfolio deals and M&A activities, led by the TLG takeover by Aaroundtown. While individual transactions accounted for around €5.3 billion, just over half as much as in the previous year, portfolio deals increased significantly. Here, an increase of 68% or a volume of around €3.6 billion can be reported. This is the second-highest result ever recorded after 2007. Deals worth more than €100 million still accounted for almost 50% of the investment volume, but in absolute and relative terms it was the size class between €25 million and €50 million that saw the most growth, with an increase of 11% and a market share of a good 15% (€1.4 billion).

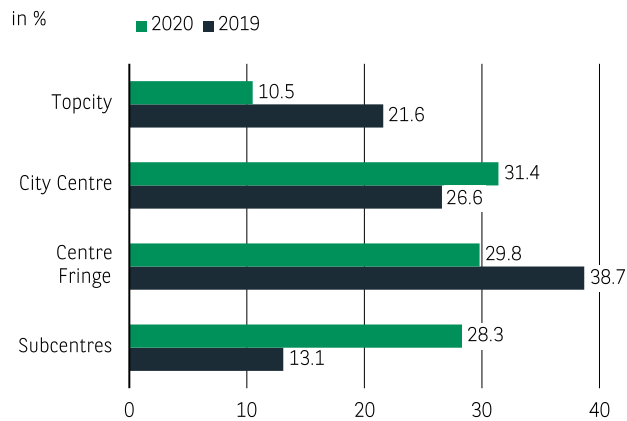
Investments by type of property



OFFICE DOMINATES, LOGISTICS THE CLEAR WINNER

Despite the discussion sparked in 2020 around remote working and possible effects on future leasing activity, office investments continue to dominate the investment market activity. Around €5.2 billion was invested in this segment, accounting for almost 60% of the total volume. The big winner in 2020 is definitely logistics, with an investment volume of over €1 billion (+214% compared with 2019) and thus a nationwide all-time high. Despite difficult conditions, almost €1.5 billion was once again invested in retail real estate, including the TLG takeover and various Karstadt investments.

Investments by location

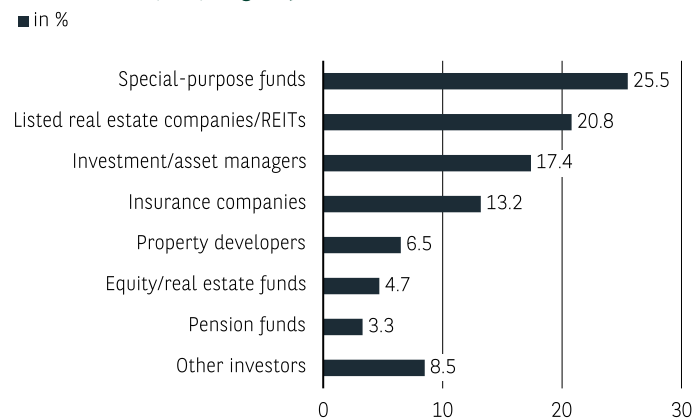


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LOCATION, LOCATION, LOCATION? BERLIN IS MORE THAN THAT

With almost equal market shares of around 30% each, Berlin's City, Centre Fringe and Subcentres were almost on a par in 2020. The figures impressively underscore that investors believe in the overall location and its prospects. The submarket plays a subordinate role also in view of the ongoing supply shortage. The clear winners are the Subcentres with an increase of 52% compared to 2019 or an investment volume of a good €2.5 billion. Never before has there been so much investment in Berlin's Subcentres. Investments in logistics, retail and development properties were particularly dominant here. Due to a lack of supply, declines in turnover were recorded above all on the Centre Fringe (-46% compared with 2019) and in Topcity (-66%). At €940 billion, the €1 billion mark was thus missed for the first time since 2011.

Investments by buyer group 2020

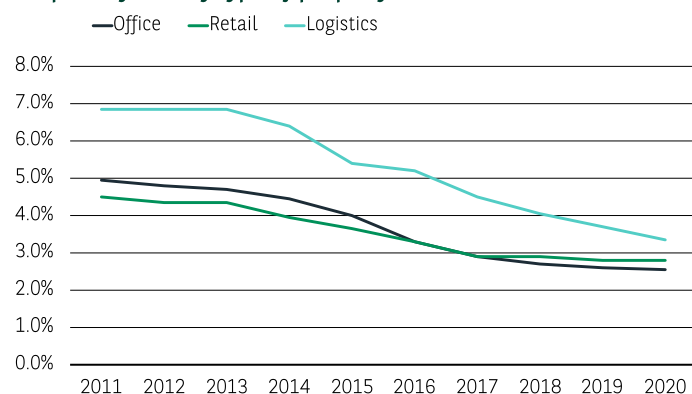


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SPECIAL-PURPOSE FUNDS MAINTAIN THEIR LEAD

With an investment volume of just under €2.3 billion, special-purpose funds once again maintained the top position, despite a 30% loss compared with the previous year. This buyer group was primarily active in large-volume office transactions. Listed real estate companies/REITs posted record results in 2020, investing almost €1.9 billion (+136%). The driver of the development was clearly the Arountown transaction. Insurance companies also entered new spheres with an investment volume of around €1.2 billion (+194%). To date, the volumes placed by insurance companies have remained consistently below the €500 million mark. Insurances were particularly active in the logistics segment (including Airpark Berlin, Logistikzentrum Berlin Süd, 50% JV VGP Logistikparks Wustermark). Foreign investors contributed a good 49% of total investment volume.

Net prime yields by type of property



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PRESSURE ON YIELDS CONTINUES

Yields in Berlin remain at a low level. Prime yields in the office segment have recently been stable, but have fallen by 5 basis points year-on-year to the current level of 2.55%. A sideways movement is reported for highstreet properties, where net yields continue to peak at 2.80%. The situation in the logistics segment, which is in high demand, is quite different. Here, yields have fallen by 35 basis points to the current level of 3.35%.

OUTLOOK

The German capital will remain at the top of investors' lists. Despite the Corona pandemic, the economic conditions are favourable and the growth prospects speak for themselves. The investment volume will also be above average in 2021. In some segments, there is still room for further yield compression.

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