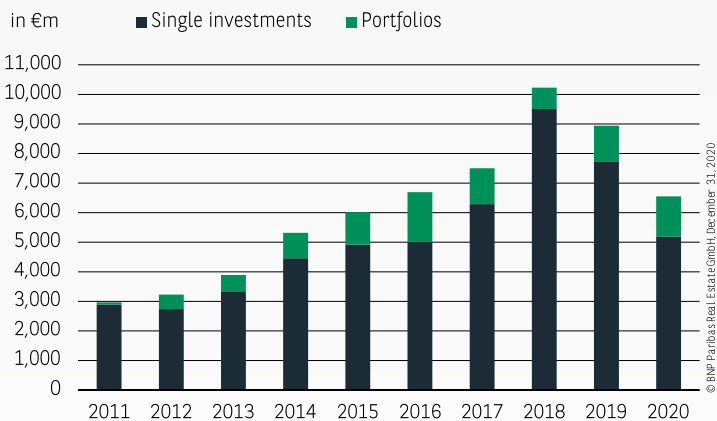




At a Glance **Q4 2020**

# INVESTMENT MARKET FRANKFURT

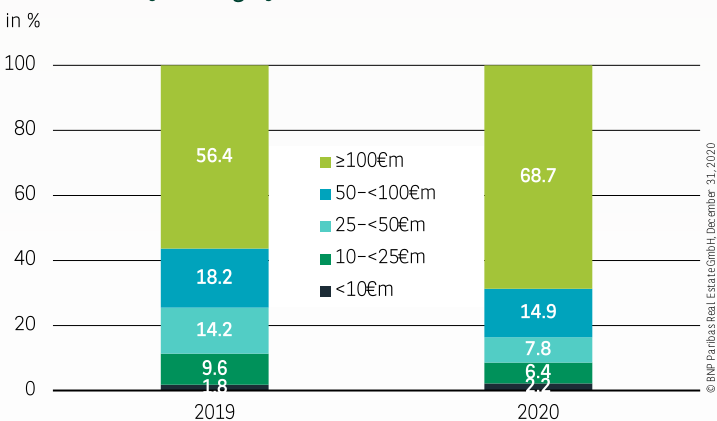
## Investment volume



## ➤ SECOND PLACE BEHIND BERLIN

In 2020, a transaction volume of around €6.55 billion was recorded on the Frankfurt commercial investment market, 27% short of the previous year's very good result. The ten-year average shows that this is nevertheless a good result, especially against the background of the Corona pandemic. The average was exceeded by almost 7%. In a nationwide comparison, Frankfurt has thus held impressively firm and secured second place in the German top-cities ranking, beaten only by Berlin. While single deal volume declined by a third to just under €5.2 billion, portfolio sales (€1.35 billion) increased by over 10%. This development was driven in particular by the TLG acquisition by Aroundtown and the sale of the Godewind shares to Covivio. A total of 16 purchases in the triple-digit million range were counted, of which 10 alone related to office properties. This demonstrates the confidence of investors in the long-term positive development of the office market. The most important transactions include the sales of Silberturm, Commerzbank Trading Center and Deka administration building in Niederrad, which were brokered by BNP Paribas Real Estate.

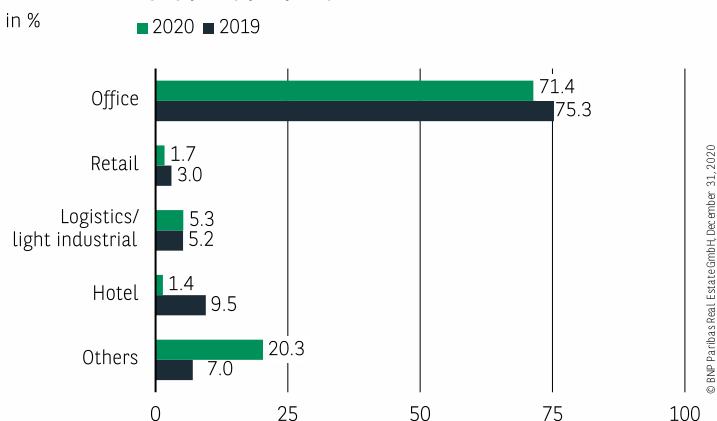
## Investments by € category



## ➤ BY FAR THE MOST LARGE SCALE DEALS

The good result was also driven by the high number of large scale deals in the triple-digit million range. With a share of almost 69%, the result is not only exceptional by Frankfurt standards, but also by far the highest of all A-locations. The banking metropolis thus remains "the place to be" from an investor's point of view, especially for large transactions. Sales of between €50 million and €100 million came in second, contributing a further 15% to total transaction volume.

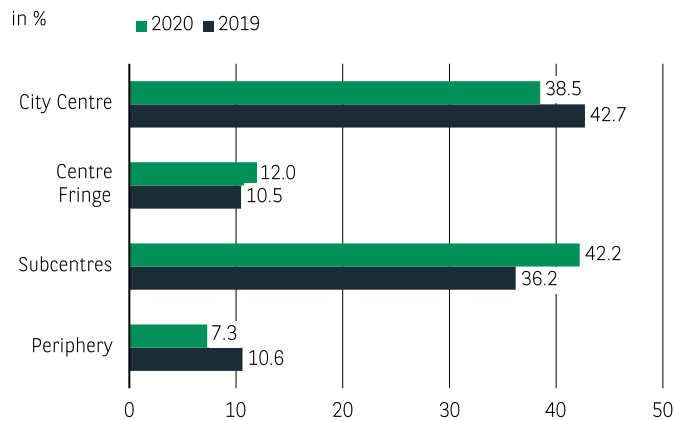
## Investments by type of property



## ➤ OFFICE IN THE FOCUS OF INVESTORS

Despite the discussion about growing home office shares that arose in the wake of the Corona pandemic, investors trust their market experience and continue to focus on office properties. With a market share of 71%, they are not only in first place, but also in line with the long-term average. A higher figure was only recorded in Düsseldorf. Logistics properties account for a further 5% of the volume. The disproportionately high share of the other category, at a good 20%, is noteworthy. Around half of this is attributable to development sites, which also reflects a high level of confidence in Frankfurt as business location. Moreover, this category also includes mixed-use properties.

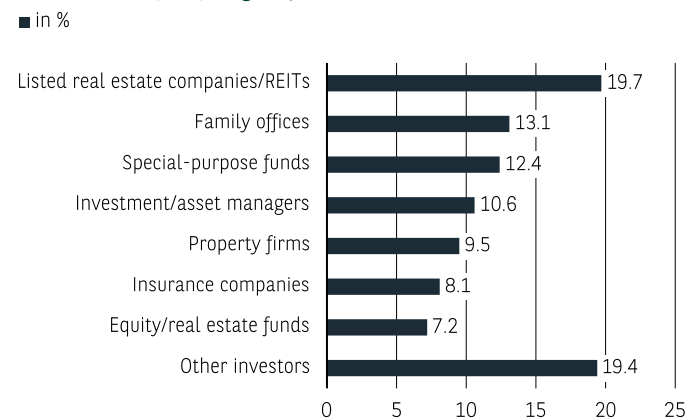
## Investments by location



## SUBCENTRES WITH HIGHEST INVESTMENT SHARE

The distribution of the investment volume across the market area shows a somewhat unusual picture. In 2020, the city centre, which usually accounts for the largest share, only achieved 38.5% and had to concede the top position to the Subcentres. Here, a sales share of 42% was recorded, which is significantly higher than the long-term average of around a quarter. The high proportion of package sales triggered this latest development. Many of the properties transacted in portfolio deals were located outside the city centre, most of all in the Subcentres. However, the sale of a number of logistics properties also made a significant contribution to this result.

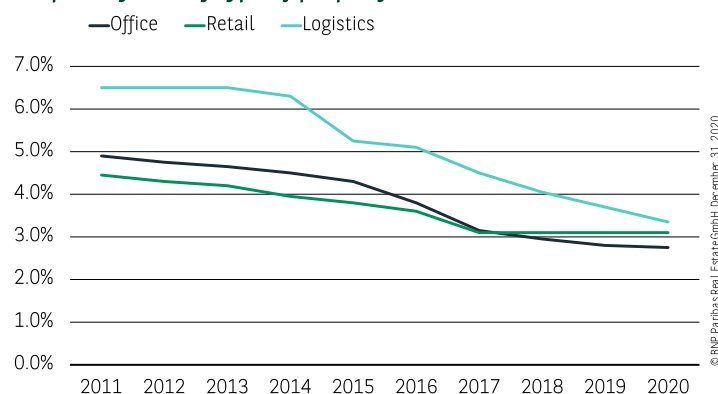
## Investments by buyer group 2020



## A WIDE RANGE OF INVESTORS INVOLVED

The broad range of investors indicates that the Frankfurt market is of interest to a variety of target groups and offers attractive opportunities. In total, four buyer groups account for double-digit shares of sales. At the top of the ranking are listed real estate companies/REITs, which contribute almost 20%. This rather unusual result is primarily due to portfolio transactions. In second place are family offices with a good 13%, which have invested in both office properties and development sites. The leading trio is completed by special-purpose funds with around 12%. With just under 10%, investment managers are also in the top group.

## Net prime yields by type of property



## YIELDS FOR CORE PROPERTIES FALL AGAIN

As a result of unabated strong demand, net prime yields decreased again year-on-year by 5 basis points to 2.75%, even during the Corona pandemic. And in the final quarter, they remained stable despite the second lockdown. This puts Frankfurt in 4th place in a nationwide comparison. A sideways movement was observed for highstreet buildings, whose net yields continued to peak at 3.10%. In contrast, the strong yield compression for logistics properties has continued as previously. Since the end of 2019, they have fallen by a further 35 basis points to 3.35% at current.

## OUTLOOK

Transaction volumes show that Frankfurt remains at the top of the shopping list for a wide variety of investors. Against the backdrop of the vaccination campaigns that have been launched and in the lee of a recovery in tenant demand over the course of the year, this will not change in 2021. Moreover, the economic environment is brightening up, with corresponding growth prospects. From today's perspective, an investment volume at least on a par with the average of the last 10 years seems realistic. In addition, there are many indications that there is still room for a further slight decline in yields in some market segments.

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