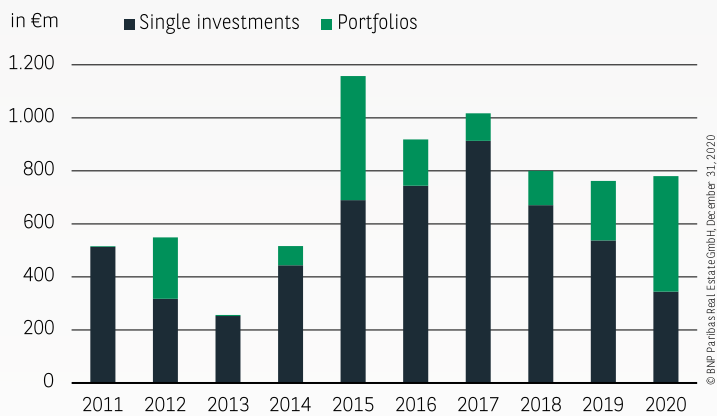




At a Glance **Q4 2020**

INVESTMENT MARKET LEIPZIG

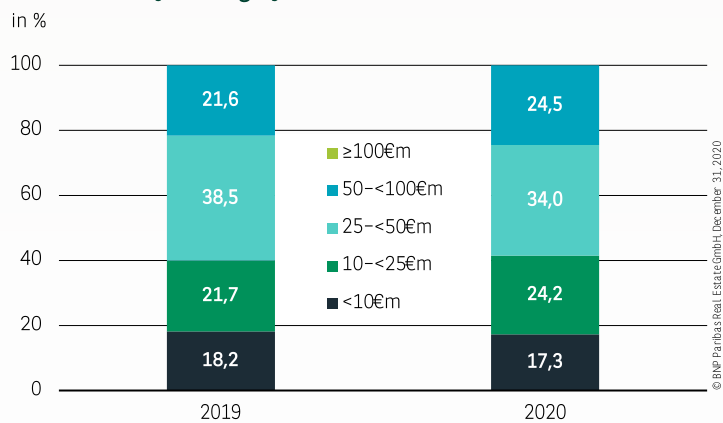
Investment volume



▶ ATTRACTIVE INVESTMENT MARKET EVEN DURING CORONA

The Leipzig investment market showed an extremely stable performance during the Corona pandemic and the related uncertainty. In 2020 as a whole, an investment volume of 780 million € was reported, which even represents a slight increase of around 2.4% compared to the previous year. In a long-term comparison, the result also exceeds the 10-year average by around 7%. However, it should be noted that 56% of the overall investment volume is attributable to portfolio transactions, which are included on a pro rata basis. Not least the sale of TLG to Aaroundtown had a noticeable impact on the Leipzig result. The single transaction segment decreased somewhat compared to the strong years 2014-2019 due to the Corona crisis. As in the second quarter, the fall lockdown also left its mark on the transaction market in Q4: With a volume of 106 million €, the Saxon metropolis recorded a rather weaker result in the traditionally strong final quarter.

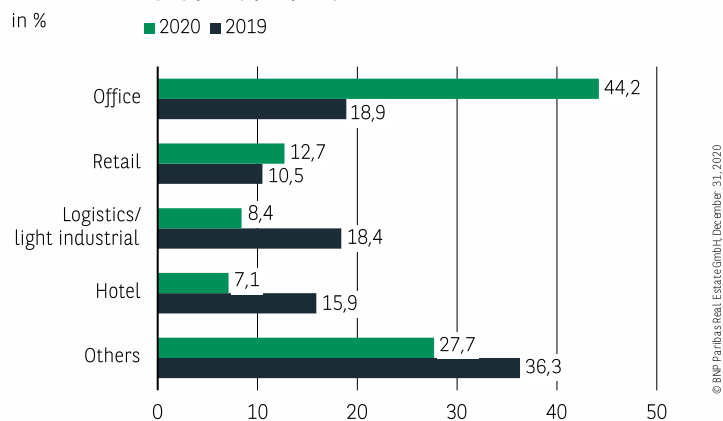
Investments by € category



▶ BROAD DEMAND IN ALL SIZE CATEGORIES

The high investment volume is distributed quite evenly among the different size segments. In 2020, the importance of transactions between 25 million € and 100 million € was again strengthened with a share of 58.5%, which is clear evidence of the significantly increased interest of institutional investors, who are predominantly looking for large-volume investments. At 41.5%, the traditionally important investments of up to 25 million € made a below-average contribution

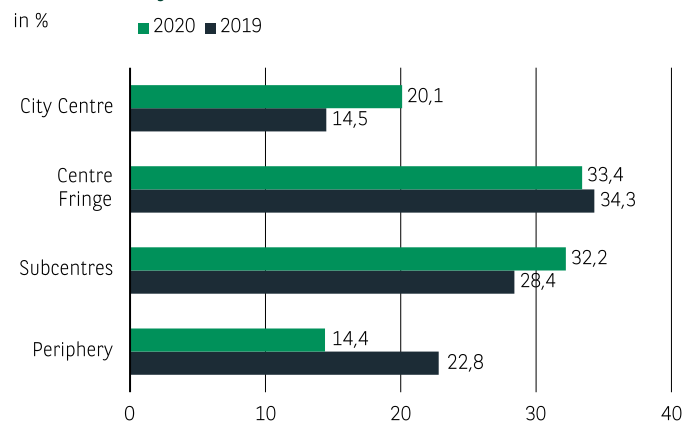
Investments by type of property



▶ LEIPZIG OFFICE ASSETS IN GREAT DEMAND

The dynamic development on the Leipzig office market, with rents continuing to rise even in times of crisis, has boosted the investment volume in this asset class. At a good 44%, office properties account by far for the largest share of the transaction volume. This is also the strongest percentage contribution from offices in a long-term analysis. The second-largest share was generated by the "other" category (28%), with a significant portion attributable to development sites. Retail buildings, which were noticeably more important just a few years ago and also include downtown commercial properties, make a similar contribution as last year, at around 13%.

Investments by location

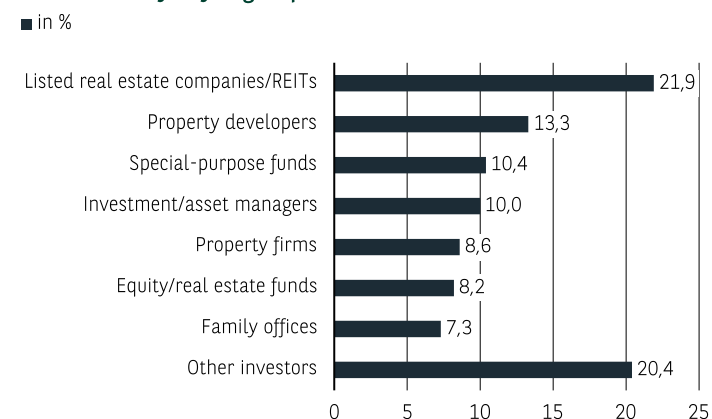


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CITY FRINGE AND SUBCENTRES WITH HIGH SHARES

As in the previous year, the majority of Leipzig's investment volume was placed in the Centre Fringe (33%) and in the Subcentres (32%). This underscores the high level of investor confidence in the macro-location of Leipzig. A slightly higher share compared to last year was achieved by the City Centre locations (20%). However, the downward trend in the City Centre, which has been observed for several years now, is not caused by lower demand, but by the limited supply of investment opportunities. The remaining 14% of the transaction volume was recorded in the Periphery.

Investments by buyer group 2020



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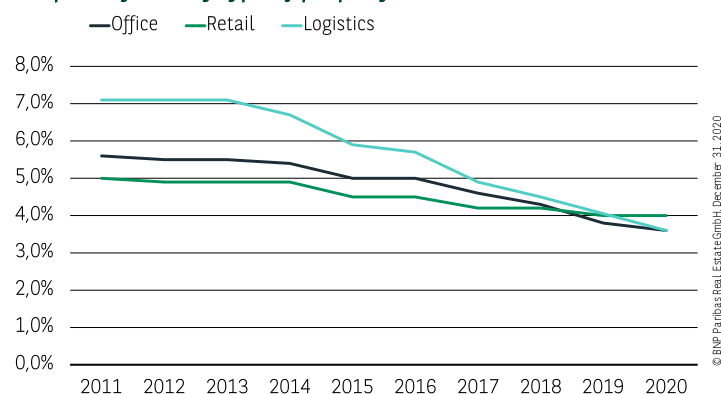
LISTED REAL ESTATE AGS IN FIRST PLACE DUE TO TLG DEAL

The aforementioned acquisition of TLG by Aaroundtown also shapes the analysis of transaction volume by buyer group. Based on this deal, listed real estate AGs/REITs lead the ranking with a share of 22%. Next in line are property developers (13%), who have once again secured numerous sites in 2020 in order to realize new projects across all asset classes in the years to come. In addition, special-purpose funds (10%) and investment/asset managers (10%) can report double-digit results. Equity/real estate funds invested somewhat less than in the two previous years, at around 8%.

LOGISTICS YIELDS DECLINED SIGNIFICANTLY

Despite the Corona crisis, demand for core real estate remained high during the course of the year. Due to the shortage of supply in this segment, yield compression continued in the boom city of Leipzig. This development is particularly evident in the logistics asset class: Within the last 12 months, the net prime yield has declined by 45 basis points and was at 3.60% by the end of the year. Thus, for the first time, it is on a par with the net prime yield of office properties. Compared with the previous year, the yield for office properties has fallen by a further 20 basis points and currently stands at 3.60%, while the yield for highstreet commercial properties remained stable at 4.00%.

Net prime yields by type of property



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OUTLOOK

The Corona pandemic will continue to shape developments on the German real estate investment markets in the new year. Nevertheless, against the general background of the low interest rates in the eurozone and the general lack of investment alternatives, a high level of demand can also be assumed in 2021. When everyday life will slowly return to normal as a result of the rise in vaccinations, Leipzig should also benefit from the development. The Leipzig commercial real estate market is likely to continue remain in focus of an increasingly broad range of investors due to the dynamic development of recent years.

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