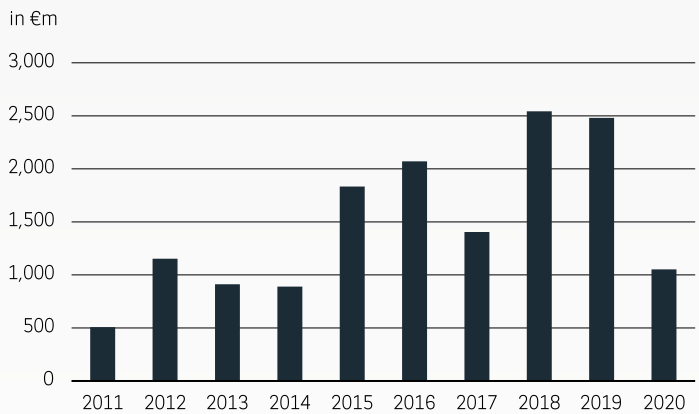




At a Glance **Q4 2020**

# INVESTMENT MARKET STUTTGART

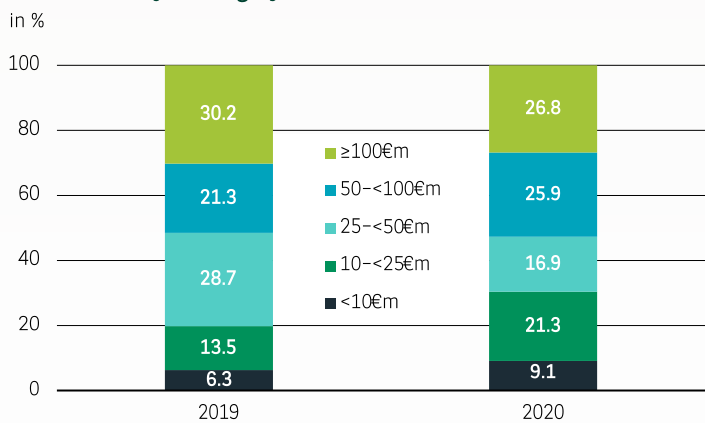
### Investment volume



### BELOW-AVERAGE RESULT IN THE YEAR OF CRISIS

The Stuttgart investment market reached a transaction volume of just under €1.4 billion in 2020 and thus has to accept a decline of a good 45% compared to the previous year. Compared to the 10-year average, there is also a slight deficit of 10%. While the result after three quarters was still average, the usual "year-end rally" did not occur, unlike in other top markets. Only € 313 million was invested in commercial real estate in the months between October and December. In the two very good previous years, the Q4 result was more than three times as high with around one billion euros in each case. In addition to the uncertainties in the wake of the Corona pandemic and the exceptionally quiet end of the year, a low volume of proportionally included portfolio deals (€ 152 million) and a low average turnover per sale (€ 23 million) can be cited as further reasons for the weak performance.

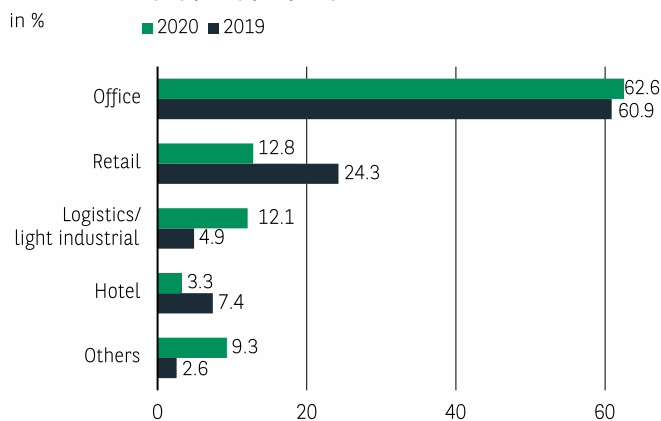
### Investments by € category



### BROAD DISTRIBUTION ACROSS THE SIZE CLASSES

Even though the investment volume is distributed relatively evenly across the different size categories, all categories have to cope with a decline in turnover. As in the previous year, large deals took the lead with almost 27%, to which the transactions of the two office properties W9 in the Wissencampus in Stuttgart-Weilimdorf and Look 21 in the city centre contributed decisively. These were followed by investments with a volume of between € 50 and 100 million, which accounted for almost 26%. In terms of the number of transactions, however, deals up to €50 million dominated the market with a share of 86% of the registered investments. With regard to the turnover, the three classes in the medium and small segment together account for a good 47%. Here, sales with 10 to 25 million (21%) are ahead of deals with 25 to 50 million € (17%) and smaller properties with less than 10 million € (9%).

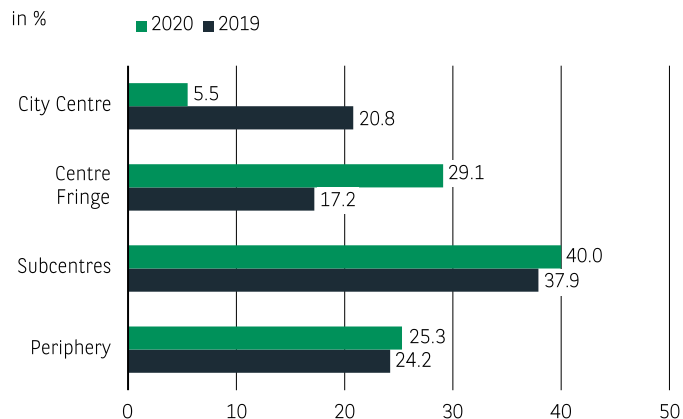
### Investments by type of property



### OFFICE INVESTMENTS CLEARLY DOMINATE THE MARKET

Although office properties cannot confirm the two excellent results of the previous year (-43%), they nevertheless remain by far the most important turnover driver on the Stuttgart market (almost 63%). The main reason for the decline is not the average volume, which at € 43 million is even higher than in the previous year due to individual larger investments, but the number of deals, which has halved overall. Retail (almost 13%), logistics (a good 12%) and hotel investments (around 9%) follow in the next places, with only logistics properties being able to expand their volume (+36%).

**Investments by location**

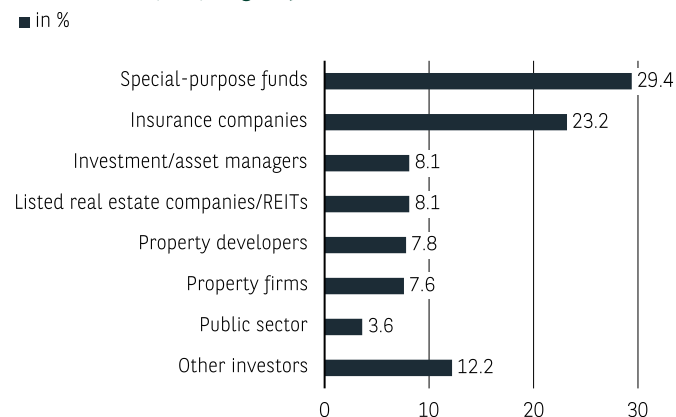


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➤ **SUBCENTRES WITH ALMOST 40 % MARKET SHARE**

In total, around €547 million was invested in Stuttgart's sub-centres. In addition to development sites, the focus of investment was on office properties, including the office projects Wissen-scampus and Gate 9. In the centre fringe, where almost € 398 million and a good 29 % of the result are located, another deal in the office segment, Look 21, is also boosting the result. Stuttgart's periphery accounts for a further 25 % market share. While the transactions cover all types of properties from light industrial to retail, the investment activity in these locations is clearly driven by deals with an investment volume of around €20 million. Turnover in Stuttgart's highly sought-after city centre is below average at just under 6%. The lack of supply is once again clearly evident here.

**Investments by buyer group 2020**

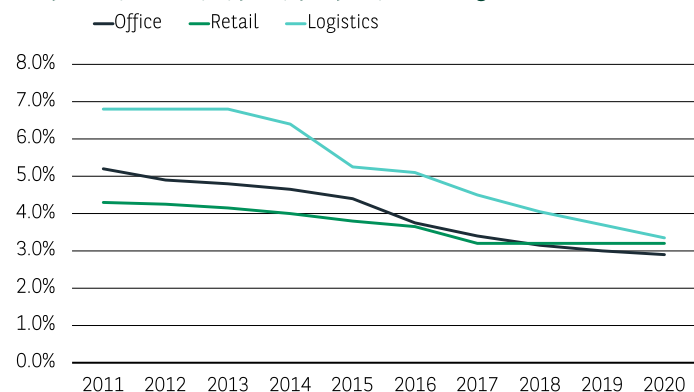


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➤ **SPECIAL FUNDS AND INSURANCES CLEARLY AHEAD**

With an investment volume of € 402 million, special funds generated a good 29 % of the total turnover in 2020 and once again took the top spot in the sector ranking. Together with insurance companies, which are responsible for a good 23 % of the volume, only two buyer groups account for a total of almost 52 % of the result. All other investors, which include investment/asset managers, listed real estate companies/REITs, property developers and property firms, only achieve single-digit turnover shares with around 8 % each. In 2020, the share of national buyers was also notable, at 78 % with a good billion euros. International investors were correspondingly underrepresented with only 22 %.

**Net prime yields by type of property in Stuttgart**



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➤ **YIELD COMPRESSION IN LOGISTICS AND OFFICE CONTINUES**

As in the other top markets, the yield compression in the office and logistics asset classes continued in Stuttgart in the course of 2020. The interplay of the still prevailing supply shortage and good investor demand has caused the net prime yield in the office segment to fall by 10 basis points to currently 2.90%. For the logistics segment, which can definitely be counted among the winners of the Corona pandemic, a decline of 35 basis points to 3.35% is reported. The prime yield of retail buildings is stable. It has been at 3.20 % since 2018 and is thus only slightly below the top value in the logistics segment.

➤ **PERSPECTIVES**

In summary, given the two excellent results in 2018 and 2019, the performance on the Stuttgart investment market is primarily due to the economic uncertainties in the wake of the Corona crisis. Insofar as the economic conditions brighten in the course of the year, the attractiveness of the Swabian metropolis for investors should also be reflected in the transaction volume again.

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**Further information** BNP Paribas Real Estate GmbH | Branch office Stuttgart | Phone +49 (0)711-21 47 80-50 | [www.realestate.bnpparibas.de](http://www.realestate.bnpparibas.de)