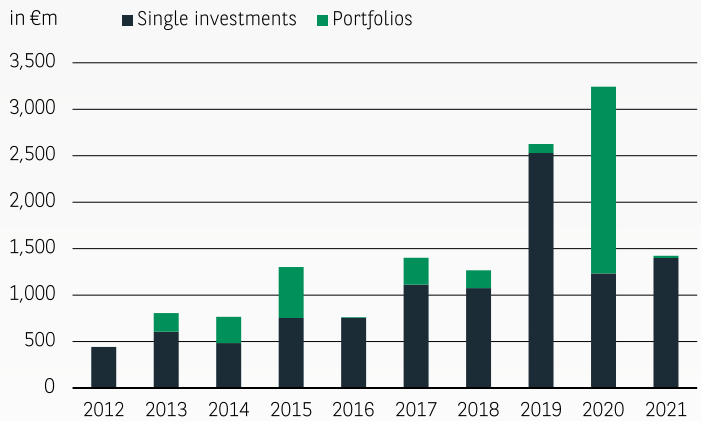




At a Glance **Q1 2021**

# INVESTMENT MARKET BERLIN

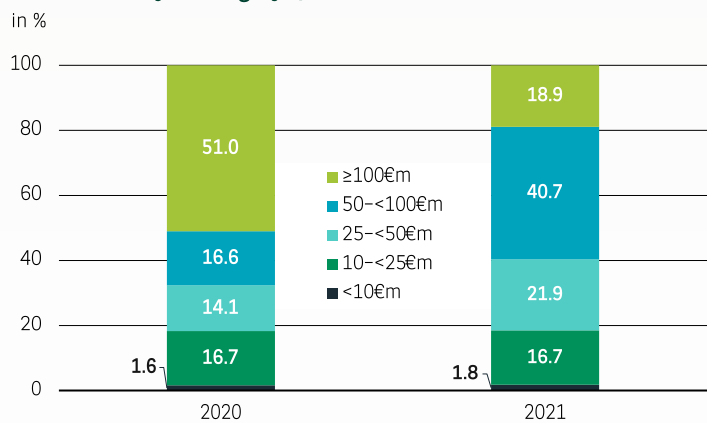
### Investment volume Q1



### ➤ STRONG START TO THE YEAR FOR INDIVIDUAL TRANSACTIONS

The Berlin investment market had indeed a remarkable start to the year. With a total volume of €1.4 billion, the third-best opening quarter in history was achieved despite the continuing massive restrictions in the wake of the Corona pandemic. Also, the ten-year average was slightly exceeded. This comparatively good result was driven in particular by individual transactions, which accounted for almost the entire transaction volume for the quarter. The current volume corresponds to an increase of 13% compared to Q1 2020 and the 10-year average was also exceeded by almost 35%. It is the lack of portfolio sales that explains the overall 56% year-on-year decline. Only €24 million was recently invested in Berlin on a portfolio basis. Although this is by far the lowest figure since 2016, it is in line with the significant drop in investment volume in the portfolio sector nationwide. Berlin's continued attractiveness as an investment location is reflected in its undisputed top position among A-locations ahead of Frankfurt (€980 million) and Munich (€704 million).

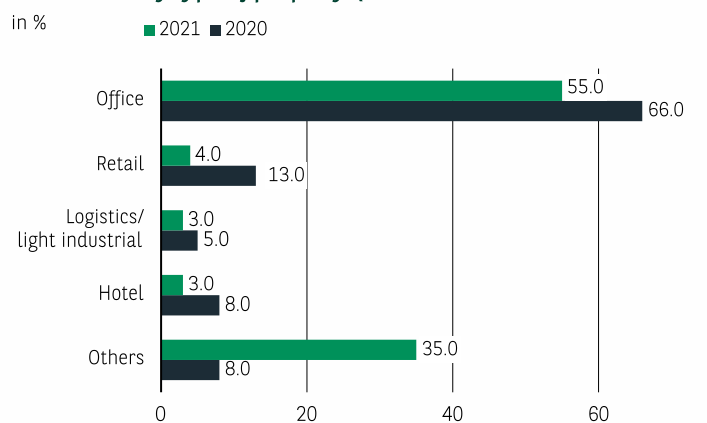
### Investments by € category Q1



### ➤ LARGE SINGLE DEALS DOMINATE THE MARKET

Although only two transactions above €100 million have been concluded to date, large-volume deals beyond the €50 million mark continue to dominate market activity. They account for almost 60% of the investment volume invested to date. In the size segment between €50 million and €100 million alone, €579 million was invested. This corresponds to an increase in sales of 8% compared with the previous year. In contrast, there was a decline of 84% in deals over €100 million. Last year's result was driven in particular by the TLG acquisition and the large-volume individual properties included here. The current above-average volume in the size category between €25 million and €50 million, at over €300 million, is encouraging.

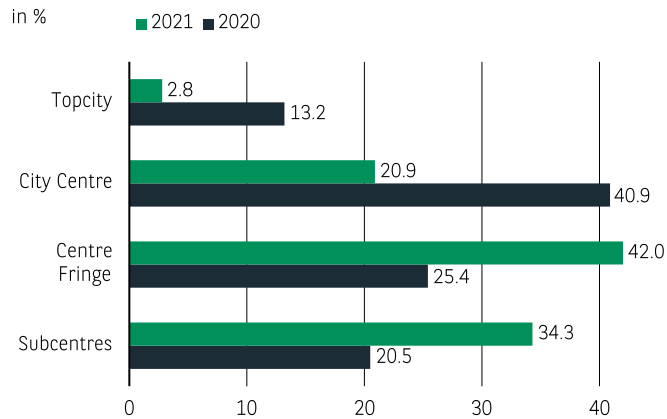
### Investments by type of property Q1



### ➤ OFFICE INVESTMENTS FAR OUT IN FRONT

With an investment volume of almost €790 million (55%), office properties are clearly the leading asset class. The transaction volume is thus in line with the long-term average and underlines the continued high attractiveness for investors. The situation is different in retail, with only €55 million in transaction volume and a clearly below-average result. The high investment volume (€491 million) in the "Other" collective category is primarily attributable to development properties. This reflects the great confidence of investors and property developers in Berlin as a business location.

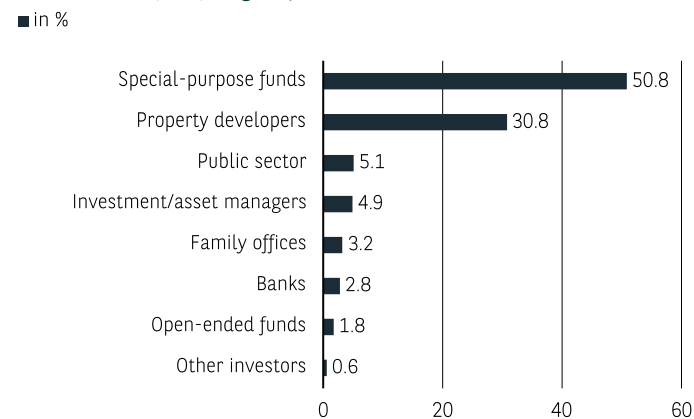
**Investments by location Q1**



➤ **DECENTRALIZED LOCATIONS REMAIN HIGHLY ATTRACTIVE**

In the first quarter of 2021, the trend of high investment volumes in decentralized locations, which has been observed for some time now, continued. Berlin as business and residential location is and remains attractive, and product shortages continue to dominate market activity, particularly in core locations. Once again, the Centre Fringe is clearly in the lead with a market share of 42%. Office properties were the dominant asset class here. In contrast, the very good and above-average result in the Subcentres was primarily driven by development properties. With an investment volume of just under €490 million, the Subcentres once again took second place, ahead of the City (just under €300 million).

**Investments by buyer group Q1 2021**



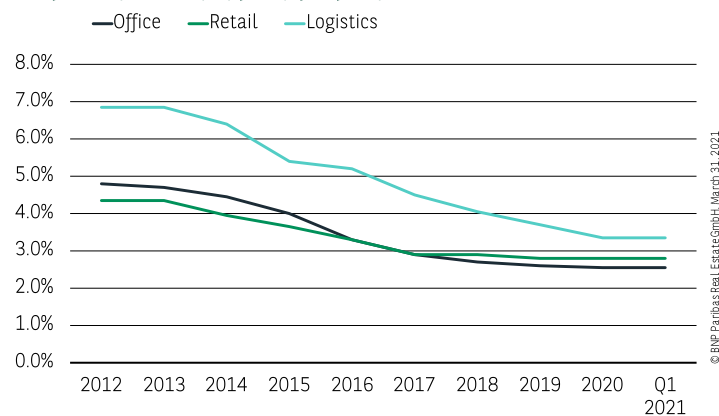
➤ **SPECIAL-PURPOSE FUNDS WITH MORE THAN 50% OF VOLUME**

Special-purpose funds invested almost €724 million in the first quarter of 2021, thus not only achieving their best year-to-date start result, but also a market share of almost 51%. They were primarily active in the medium- and large-volume office segment. The two largest investment transactions in the first quarter are attributable to this group of buyers. Property developers have also been more active than on average in the current market phase, achieving a spectacular result with an investment volume of around €440 million. All other buyer groups contributed only a maximum of 5% to transaction volumes.

➤ **YIELDS CONSTANT AT THE BEGINNING OF THE YEAR**

Yield levels are stable at the beginning of the year. For all asset classes - office, highstreet property and logistics - a sideways movement in net prime yields is registered. They stand at 2.55% for office properties, 2.80% for highstreet properties and 3.35% for logistics properties.

**Net prime yields by type of property**



➤ **OUTLOOK**

The high level of transactions in individual investments at the beginning of the year underscores the continued strong interest of investors in Berlin as a location. Until now, there has simply been a lack of corporate takeovers and portfolio transactions, which had a particularly positive impact on last year's results. The main reasons for this were an insufficient supply of large-volume investments and, in some cases, prolonged due diligence phases due to the difficult environment. As a result of the accelerating vaccination campaign, the expected easing of contact restrictions and economic catch-up effects, the Berlin investment market is expected to continue its dynamic development. A further compression in net prime yields is surely possible.

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