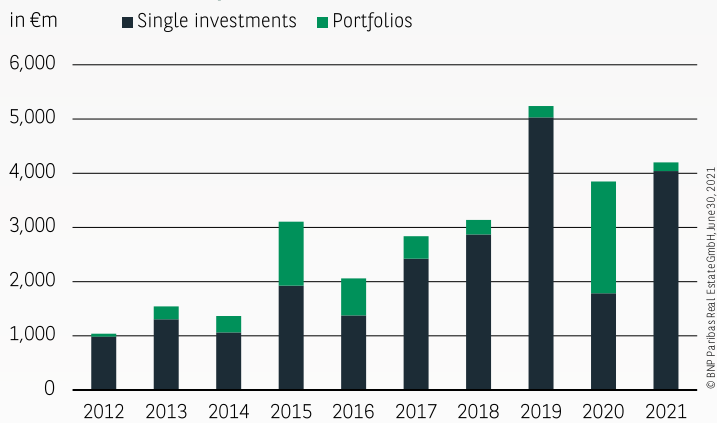




At a Glance **Q2 2021**

INVESTMENT MARKET BERLIN

Investment volume Q2

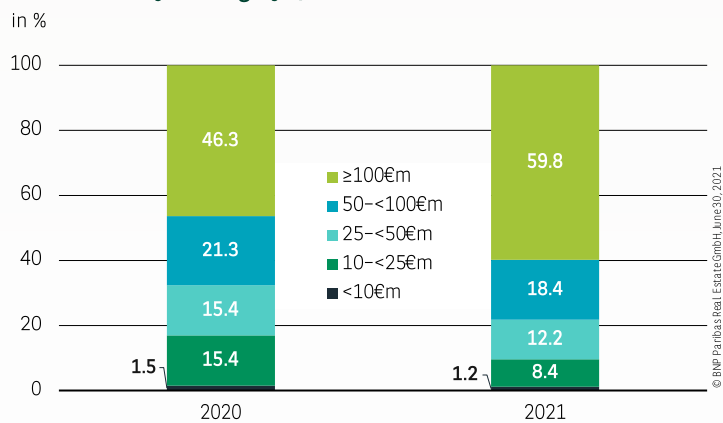


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➤ SECOND-BEST HALF-YEAR RESULT IN HISTORY

After a brief respite at the start of the year, Berlin's investment market is back in full swing. In the first half of 2021, around €4.2 billion was invested in commercial real estate. This exceeded the previous year's strong result by a good 9% and was the second-best half-year result in history. The second quarter was particularly buoyant. With its impressive half-year result, Berlin once again leads the ranking of German investment locations ahead of Munich (just under €3.4 billion) and Frankfurt (around €2.1 billion). With a market share of 96%, individual transactions in Berlin were by far the most important market driver. Portfolio transactions, which in the same period of the previous year accounted for a market share of over 50% due to corporate acquisitions such as that of TLG, currently play a subordinate role.

Investments by € category Q2

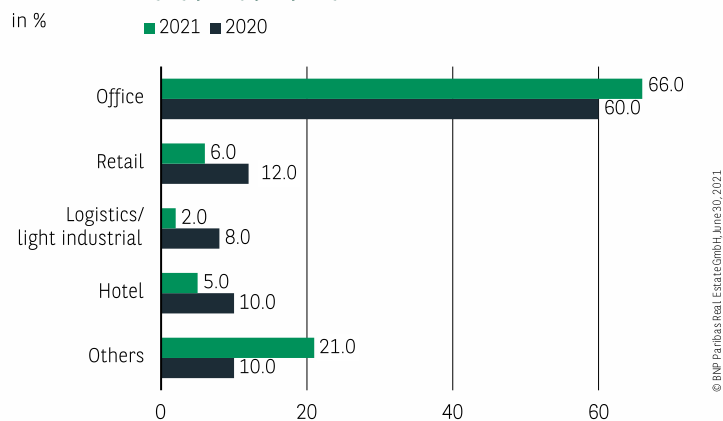


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➤ SINGLE TRANSACTIONS OVER €100 MILLION DOMINANT

The first half of 2021 was clearly dominated by large-volume individual transactions. Significantly more than €2 billion was spent on contracts with a respective sales volume in excess of €100 million. In the long term, this is one of the strongest quarterly results ever in this size category. Contracts with a volume of between €25 million and €50 million accounted for a good 18% of the market share and thus for transaction volume of around €500 million. This means that a strong result can also be registered for this segment in a long-term comparison. The market for small-volume transactions is clearly below average, with a result well below €100 million.

Investments by type of property Q2

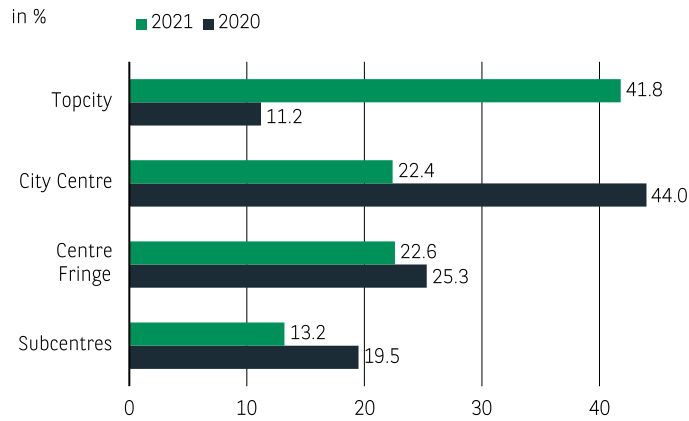


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➤ OFFICES BY FAR THE MOST IMPORTANT ASSET CLASS

With a market share of 66%, offices remain by far the most important asset class. The good result of the previous year was exceeded by a further 20%, and at almost €2.8 billion, the second highest half-year result can be reported. The market shares of the other property types reflect the general trend in the market. The far below-average figure of just 2% for logistics properties reflects the current product shortage in the market, as demand for logistics properties in the capital region remains high. The strong market share of around 21% in the "Other" collective group, which also includes development plots, shows that more and more investors are active outside the established asset classes in order to participate in the great future potential of Berlin as a location. Due to the ongoing uncertainties in the market, activity in both the retail and hotel segments is still relatively subdued.

Investments by location Q2

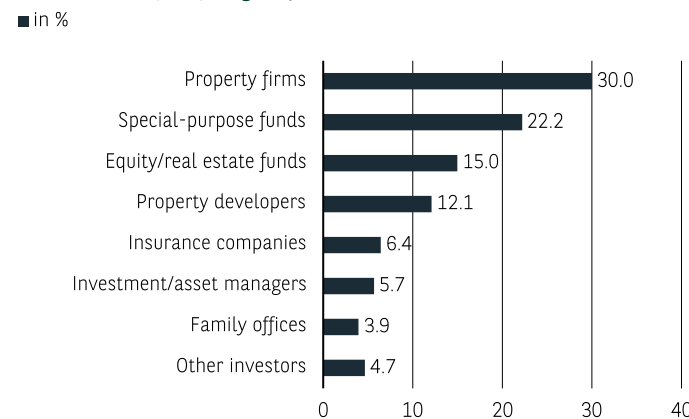


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TOPCITY BACK AT THE TOP

With an investment volume of around €1.7 billion, the Topcity submarket returned to the top of the list of investment locations for the first time in many years. City West in particular once again proved its attractiveness with numerous major transactions. Investors appreciate the stability and, above all, the further development potential of this location. Existing product is quickly absorbed by the market. City periphery locations were very stable in the first half of the year, with a good €900 million flowing into them, as in the previous year. The City Centre submarket has a similar volume, also with a good 22% market share. By contrast, transaction volumes in the Subcentres were down on the previous year, mainly due to the relatively low level of investment activity in the logistics sector.

Investments by buyer group Q2 2021

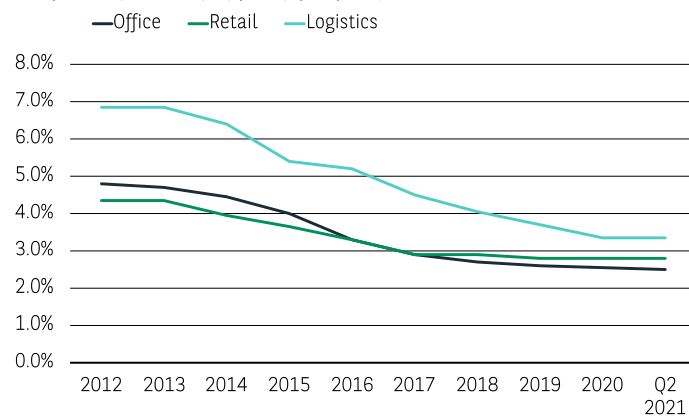


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BROAD SPECTRUM OF INVESTORS

The current distribution of investment volume by buyer group underscores the very broad spectrum of investors overall. Real estate companies generated around 30% of the investment volume, followed by special-purpose funds, which are particularly prominent for their high level of involvement in the mid-sized segment and placed a good €900 million on the market. In addition to transactions in the mid-size segment, equity/real estate funds have carried out a large number of transactions in excess of €100 million, giving them a market share of 15%. With an investment volume of around €500 million, property developers achieved record results in the first half of the year. This also applies to insurance companies, whose results are once again higher than the strong half-year results of 2019. Family offices also reported a significantly above-average result.

Net prime yields by type of property



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PRIME OFFICE YIELDS FURTHER DOWN

The prime yield for Berlin office properties fell by 5 basis points in the second quarter of 2021 to its current level of 2.50%. This means that it is the lowest in Germany. In contrast, prime yields for highstreet property (2.80%) and logistics property (3.35%) in the German capital have been stable over the past twelve months.

OUTLOOK

The Berlin investment market is heading for a strong second half of the year. Investor interest remains high and, in addition to the traditionally high market activity in the core and core-plus segments, growing involvement is also clearly evident in the value-add segment. In view of the persistently high demand, moderate yield compression in individual top segments cannot be ruled out.

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