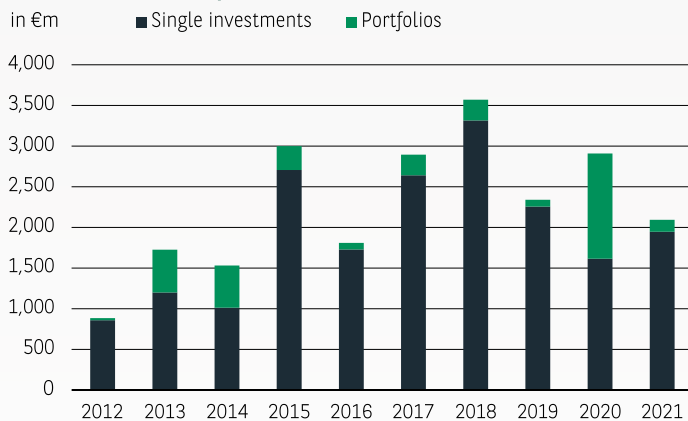




At a Glance **Q2 2021**

INVESTMENT MARKET FRANKFURT

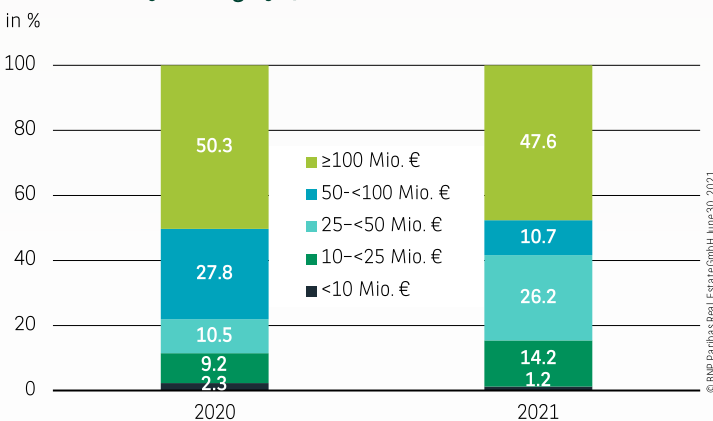
Investment volume Q2



➤ €2 BILLION THRESHOLD ALREADY EXCEEDED IN H1 2021

The Frankfurt investment market has achieved a good half-year result and, with a transaction volume of almost €2.1 billion, has already exceeded the €2 billion threshold in the first six months. Although this means that transaction volume is 28% lower than in the same period of the previous year, this cannot be used as a meaningful benchmark due to the disproportionately large portfolio deals, e.g. the TLG takeover and other M&A transactions from which Frankfurt had benefited strongly. In the first half of 2020, the share of portfolios investments was 45%, whereas it is currently only 7%. The situation is completely different if we look only at individual sales. Here, the previous year's figure of just under €1.95 billion was surpassed by 20.5% and the long-term average was also slightly exceeded. When assessing the result, it should also be borne in mind that Frankfurt, as Germany's most international location, was more severely affected by the travel restrictions than other cities, as due diligence processes were made considerably more difficult for foreign buyers. In a nationwide comparison, the banking metropolis ranks third behind Berlin and Munich in terms of the transaction volume achieved.

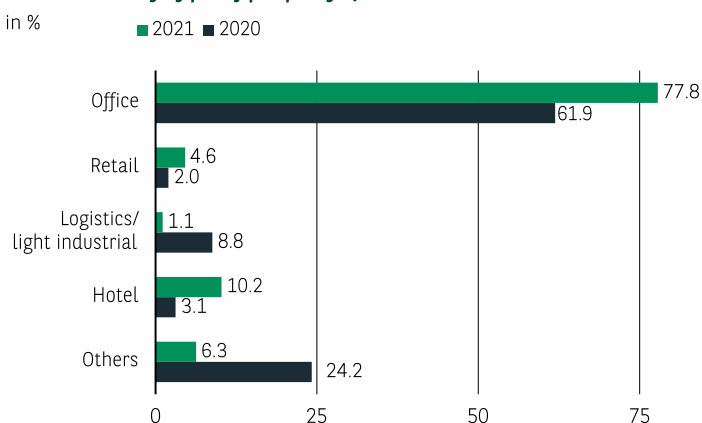
Investments by € category Q2



➤ SMALL AND MEDIUM-SIZED SALES WITH TURNOVER GROWTH

At just under 48%, the proportion of large-volume properties in the triple-digit million range is roughly in line with the long-term average and only slightly down on the previous year. Overall, however, over €1 billion less was invested in larger properties from €50 million upwards, as very large transactions are still lacking. On the other hand, it is pleasing to note that smaller sales of up to €50 million not only increased their relative share, but also in absolute terms (+37%). This underlines the broad demand base and buyer structure, which reflects very different market segments.

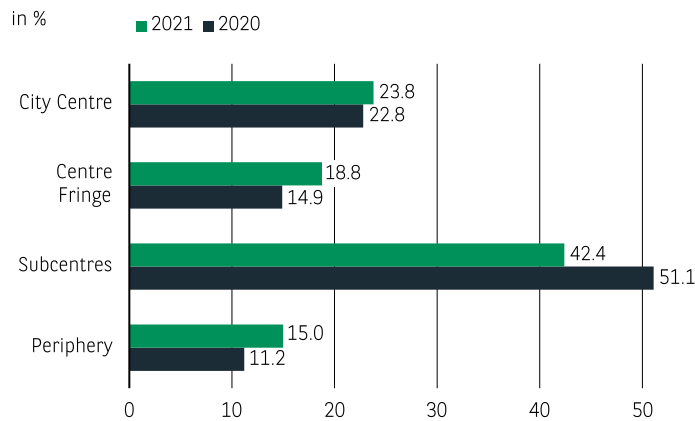
Investments by type of property Q2



➤ FRANKFURT STILL STRONGHOLD FOR OFFICE INVESTMENTS

In the first six months of the current year, Frankfurt again impressively demonstrated its position as the German stronghold for office investors. Office investments accounted for almost 78% of total investment volume, which is even slightly higher than the already high average figure. Hotels follow in second place with a good 10% share of sales, to which the sale of Villa Kennedy in the first quarter contributed in particular. Third place is occupied by retail properties, which generated just under 5% of transaction volume.

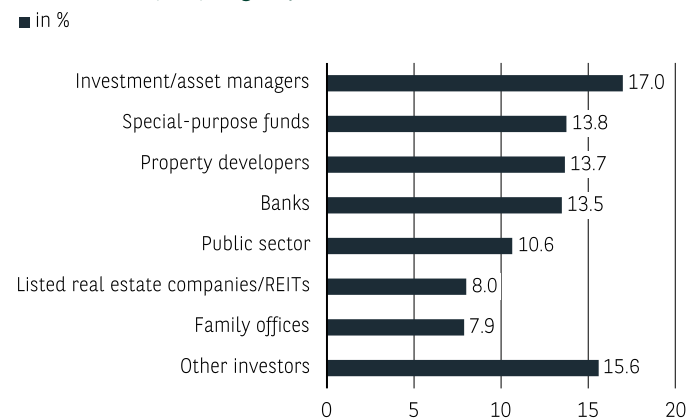
Investments by location Q2



COMPARABLE DISTRIBUTION BY LOCATION AS IN H1 2020

The distribution of the transaction volume across the different locations shows a comparable picture to the same period last year and is determined not least by the product supply. Subcentres are once again in first place, accounting for a good 42% of investment volume. In addition to a whole series of smaller and medium-sized sales, a number of larger deals also contributed to this. The City locations contributed just under 24% to the result, and the Centre Fringe almost 19%. There was a slight increase in peripheral locations, which generated some 15% of the result.

Investments by buyer group Q2 2021



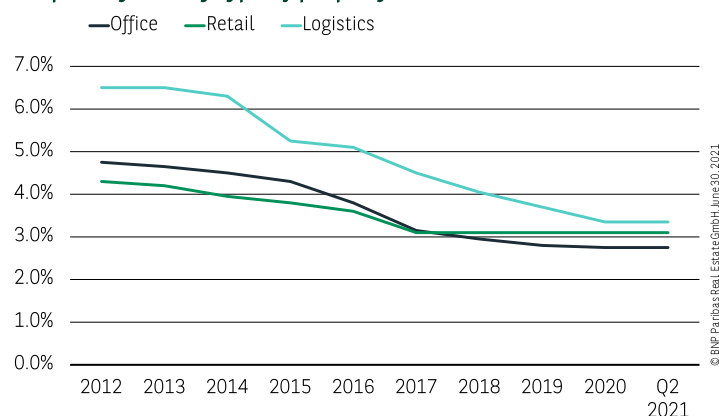
FIVE BUYER GROUPS WITH DOUBLE-DIGIT SHARES

In contrast to the same period last year, when listed real estate companies / REITs were clearly at the top of the buyer groups due to their high portfolio shares, this half year's result shows a broadly diversified investor landscape. Five investor types alone account for double-digit shares of volume. Investment managers are in the lead with a share of 17%, closely followed by special-purpose funds and property developers, each contributing just under 14%. Banks are almost on a par in fourth place with 13.5%, ahead of the public sector, which accounts for approximately 11%. However, listed real estate companies/REITs and family offices also make notable contributions to sales, each with around 8%.

YIELDS STABLE

Frankfurt's position at the top of investors' shopping lists despite the difficult corona environment is reflected in the fact that prime yields remain stable despite the lockdowns. For offices, the net prime yield held firm at 2.75%, and for highstreet property in the absolute premium locations, 3.10% continues to be quoted. The situation is the same for logistics properties at 3.35%, where a brief respite can currently be observed after the strong yield compression of previous years.

Net prime yields by type of property



OUTLOOK

For the second half of the year, too, market parameters point to strong demand and lively investment markets with correspondingly high transaction volumes. On the one hand, this is due to the continued strong interest of national and international investors in Frankfurt as a location. On the other hand, there are also some very large sales currently being negotiated, which will significantly increase the volume. This is supported by the ongoing vaccination campaign and the brightening mood in the economy, which contribute significantly to an overall positive sentiment. It remains to be seen whether the strong demand will once again be reflected in a moderate yield compression, but from today's perspective this cannot be ruled out.

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