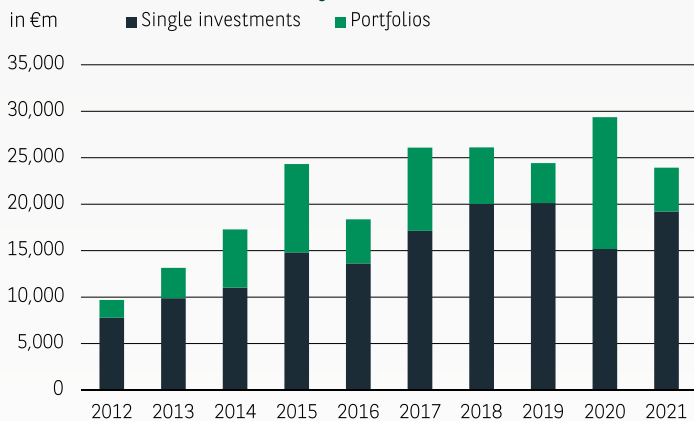




At a Glance **Q2 2021**

INVESTMENT MARKET GERMANY

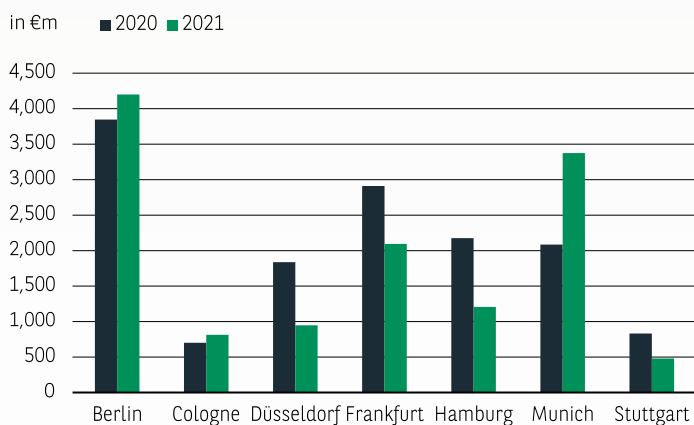
Investment volume in Germany H1



NEARLY €24 BN IN TRANSACTION VOLUME

The progress made in combating the pandemic, the lifting of the lockdowns and the noticeable rise in business confidence are also reflected in the investment markets. The improvement in the second quarter was not only repeated but also accelerated. With a transaction volume of €23.94 billion, the ten-year average was exceeded by 13% despite the pandemic. Although the exceptional prior-year result was noticeably missed, it cannot be used as a benchmark due to major portfolio deals, e.g. the TLG acquisition and other M&A transactions. In a long-term comparison, however, the result is on a par with 2019 and 2018, and if only the second quarter is considered, it represents the third-best Q2 result of all time. Investors' sustained confidence in the German real estate asset markets thus remains very high and is supported by the significantly improving economic outlook.

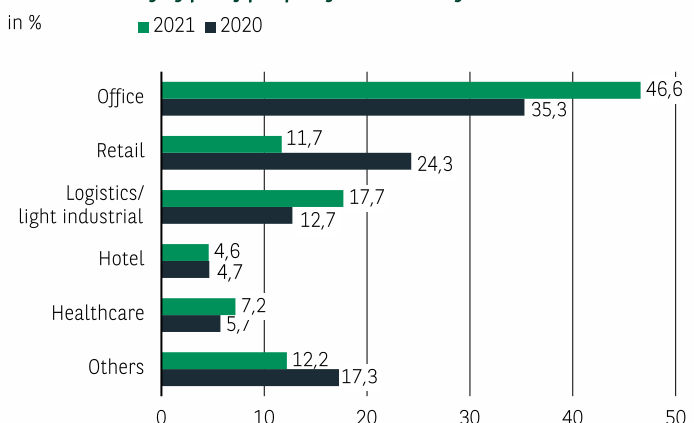
Investment volume in the A-locations H1



LIVELY MARKET ACTIVITY IN THE A-LOCATIONS

In the German A-locations (Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Munich, Stuttgart), a good €13.1 billion was invested. Compared with the previous year, this represents a slight decline of just under 9%. However, the completely different structure of transaction volumes must be taken into account here. Whereas portfolios accounted for around 38% of earnings last year, the current figure is only around 7%. Berlin has taken the lead with €4.2 billion (+9%); only in 2019 was a higher volume achieved. Second place goes to Munich with a good €3.37 billion (+62%), to which several major deals contributed. The leading trio is completed by Frankfurt with just under €2.1 billion (-28%). Lower transaction volumes were also registered in Hamburg with €1.2 billion (-45%), Düsseldorf with €948 million (-48%) and Stuttgart with €480 million (-42%). Cologne, on the contrast, recorded growth of €814 million (+16%).

Investments by type of property in Germany H1

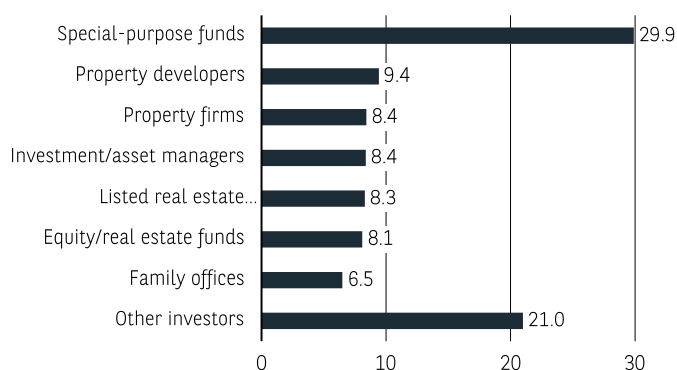


OFFICES CLEARLY IN THE LEAD

Offices once again lead the asset class rankings. Their share of almost 47% (€11.15 billion) represents one of the best results achieved. In second place are logistics properties, whose success story continues. With a share of 18%, they achieved €4.23 billion, the second-best figure ever. Retail properties, which benefited from several major portfolio transactions in the previous year, accounted for a below-average share of just under 12% (€2.8 billion). Healthcare properties contributed a good 7% (€1.73 billion) to the result, setting a new record for the half-year. Hotels maintained their share compared with the same period last year and continue to account for just under 5%.

Investments by buyer group H1 2021

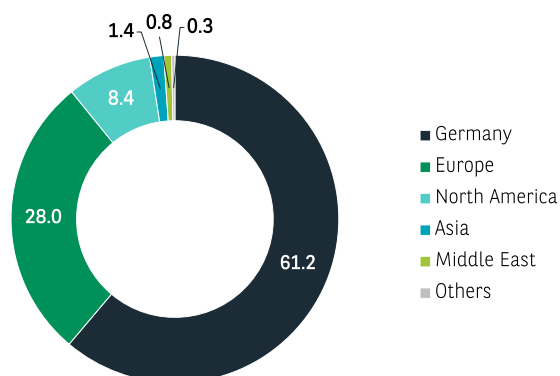
■ in %



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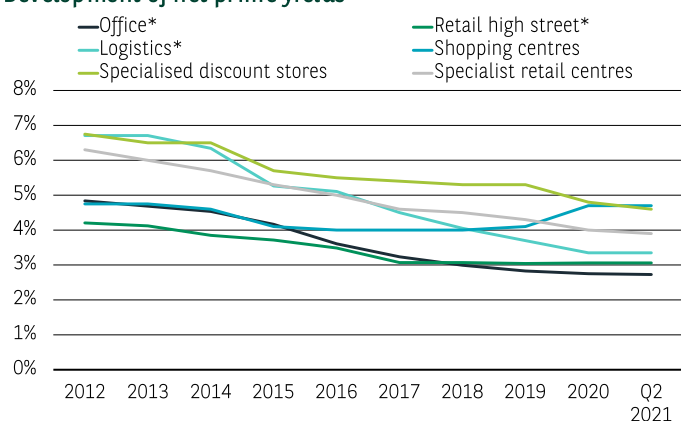
Investments by origin of capital H1 2021

in %



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Development of net prime yields



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* Ø A-locations

➤ SHARE OF FOREIGN BUYERS AT USUAL LEVEL

The proportion of international buyers is just under 39% and thus roughly at the same level as in recent years. In the portfolio segment, it is again above the 50% threshold at around 56%. At the beginning of the year in particular, contact and (international) travel restrictions still made it difficult to carry out necessary property inspections and due diligence processes. This situation is increasingly improving, which could give the investment markets a further slight boost.

➤ PRIME YIELDS FURTHER DOWN

The strong demand is also reflected in the development of yields. Premium properties with AAA tenants in particular are meeting with very strong interest, so that a slight yield compression can still be observed. As a result, yields have also fallen again in isolated cases. Top yields have decreased in Berlin to 2.50%, Hamburg to 2.60% and Cologne to 2.90%. In contrast, yields have remained unchanged so far this year in Munich at 2.55%, Frankfurt at 2.75%, as well as Düsseldorf and Stuttgart at 2.90% each. No changes can be observed for high-street properties. They are at 2.80% in Berlin and Munich, 3.00% in Hamburg, 3.10% in Frankfurt and 3.20% in Düsseldorf, Cologne and Stuttgart respectively. Prime yields for logistics properties have remained stable at a low level since the beginning of the year. They are currently quoted at 3.35% in the top locations.

➤ OUTLOOK

With the further progress of the vaccination campaign and a gradual normalization of economic activities, the positive underlying sentiment that already exists is likely to strengthen further. For the most important asset class, office real estate, the sentiment on the investor side is also positive for the reasons explained. This applies in any case to asset classes benefiting from long-term developments, e.g. logistics (rising e-commerce shares) or healthcare (demographic development), which is also underlined by the increasingly broad buyer groups entering these markets. But the outlook is also slowly brightening for user segments that have suffered particularly from the effects of the pandemic, such as large parts of the retail sector or the entire hotel industry. These market segments will probably benefit from the catch-up effects already emerging in consumption and in the private tourism sector. In summary, there is much to suggest that the momentum currently being observed on the investment markets will not only continue in the second half of the year, but will probably even pick up. There are therefore many indications that the transaction volume for the year as a whole will again be well in excess of €50 billion. A further slight yield compression cannot be ruled out in the further course of the year.

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