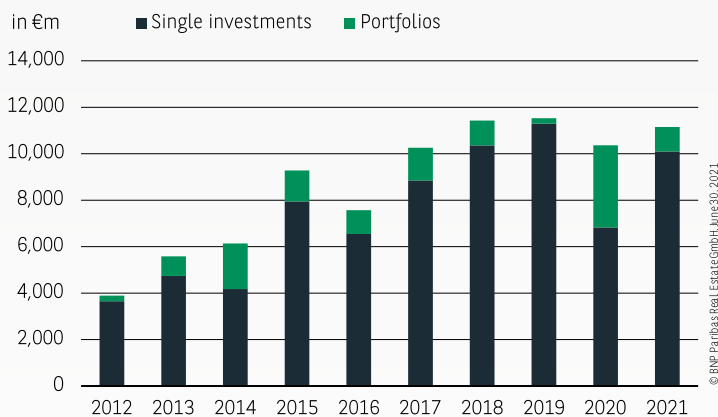




At a Glance **Q2 2021**

OFFICE INVESTMENT MARKET GERMANY

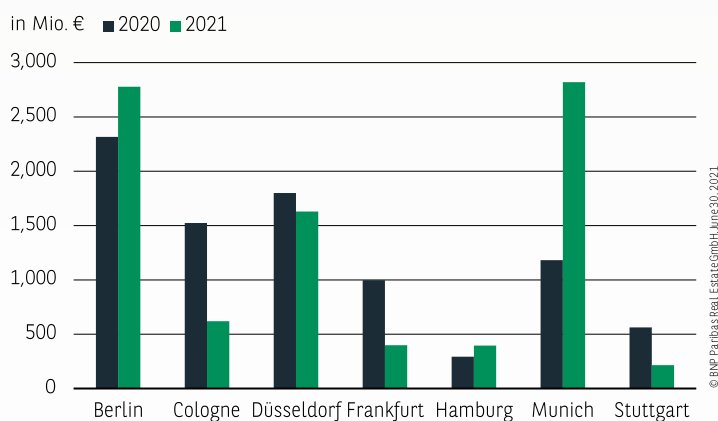
Office investments in Germany Q2



OFFICE INVESTMENTS WITH STRONG RESULT

Despite the third lockdown, which lasted for large parts of the second quarter, the German office investment market recorded a very good result. With a transaction volume of around €11.2 billion in the first half of 2021, not only was the result from the previous year exceeded by around 8%, but also the long-term average by a strong 28%. The vaccination campaign, which gathered momentum in the course of the second quarter, and the associated prospect of a return to offices in the near future is also reflected in the office investment market. This is apparent from the comparison between the first and second quarters: In Q2, more than twice as much was invested in office properties as in the first three months of the year. In contrast to the previous year, the very good half-year result is largely based on single transactions (91%). In a comparison of asset classes, offices once again occupy first place by a clear margin with a share of almost 47% of the commercial investment volume, which impressively illustrates the high status of office properties among investors.

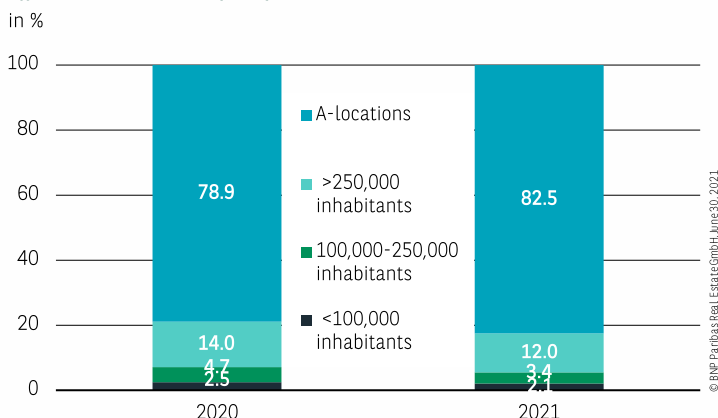
Office investments in the A-locations Q2



MUNICH TAKES THE LEAD

After Berlin recorded the highest share of office transaction volume in the first three months of the year, the Bavarian capital has now taken pole position with around €2.82 billion. The Munich result, which is around 139% higher than the previous year's result, benefited in particular from the sale of MediaWorks Munich, Highlight Towers and Uptown Munich, i.e. three major transactions with a volume well in excess of €500 million. Berlin was also able to increase its volume by around 20% year-on-year to around €2.78 billion in the first half of 2021, whereas Frankfurt fell just short of the previous year's result at just over €1.6 billion (-9%). Market activity has so far been rather subdued in Düsseldorf (€620 million), Hamburg (€399 million), Cologne (€396 million) and Stuttgart (€216 million).

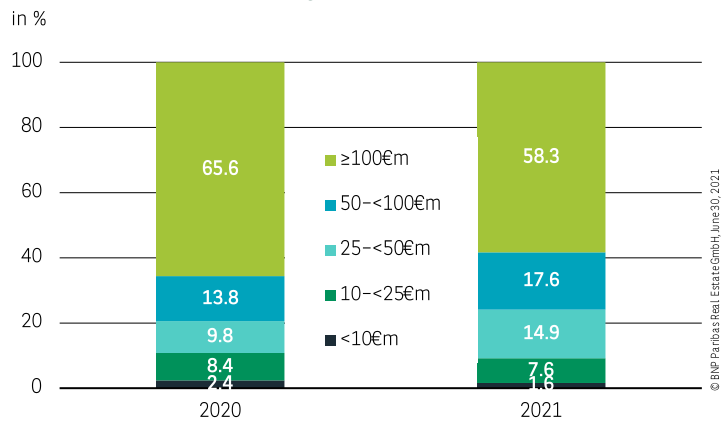
Office investments by city size Q2



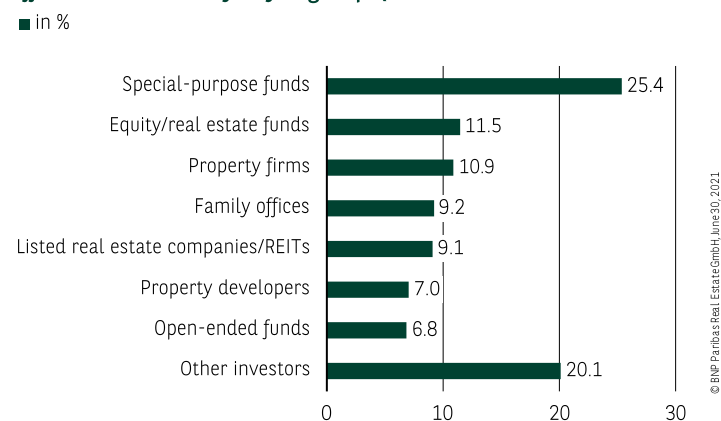
A-LOCATIONS AGAIN THE FOCUS OF INVESTORS

The analysis by city size, excluding portfolio sales, once again highlights the strong appeal of A-locations for investors. At 82.5%, they account for the lion's share of the office transaction volume. With a result of around €1.2 billion, the B locations were able to increase their previous year's result by around 27%. This once again underlines the confidence of buyers in these markets, which are seen as having very good development prospects, particularly following the Corona crisis.

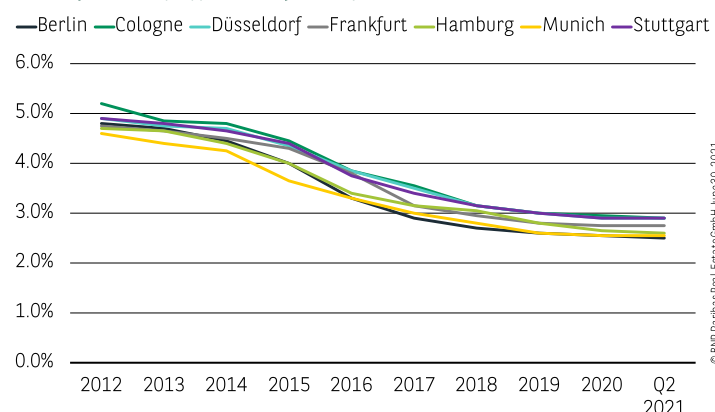
Office investments by € category Q2



Office investments by buyer group Q2



Development of office net prime yields



MAJOR TRANSACTIONS DOMINATE THE SECOND QUARTER

While the first three months of the year saw a broad diversification of market activity across all size segments, the second quarter was dominated by major investments in excess of €100 million. In the three months from April alone, 16 deals were recorded in this size segment. In contrast to the previous year, it was not large-volume portfolio purchases that were responsible for this high contribution, but predominantly individual transactions. However, the smaller segment of up to €50 million also saw lively market activity. A total of just under €2.7 billion was invested here.

SPECIAL-PURPOSE FUNDS LEAD THE WAY

Special-purpose funds were particularly active in the first half of 2021. This group of buyers has secured office properties with a value of around €2.8 billion and, with a good 25% contribution to investment volume is clearly at the top of the ranking. Apart from the special-purpose funds, the transaction volume is broadly distributed among different investor types: Equity/real estate funds (11.5%) and real estate companies (11%), which each benefited from major transactions, also made double-digit contributions to earnings. They are followed by family offices and listed real estate companies/REITs, each with around 9%. Compared with the previous year, when the TLG takeover still dominated the result, the share of listed real estate companies/REITs is significantly lower.

PRIME YIELDS IN BERLIN AND COLOGNE DOWN SLIGHTLY

Since the beginning of the year, net prime yields for office properties in Berlin (2.50%), Hamburg (2.6%) and Cologne (2.90%) have each decreased by a further 5 basis points, while price levels in the other locations have remained stable. As a result, Berlin has the lowest net prime yield in a nationwide comparison at the end of the first half of 2021, followed by Munich (2.55%), Hamburg and Frankfurt (2.75%). In Cologne, Düsseldorf and Stuttgart, a yield of 2.90% is registered.

OUTLOOK

In summary, despite the renewed lockdown, there was a significant increase in activity on the investment market for office properties over large parts of the second quarter. This development is based not only on the still favorable fiscal policy conditions and the steady economic recovery, but also on the outlook of a return to offices in the near future. Against this background, high demand for office properties can also be expected in the second half of the year. Although it remains difficult to issue a forecast for the year as a whole, a result at around pre-crisis level does not seem unlikely from today's perspective.

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