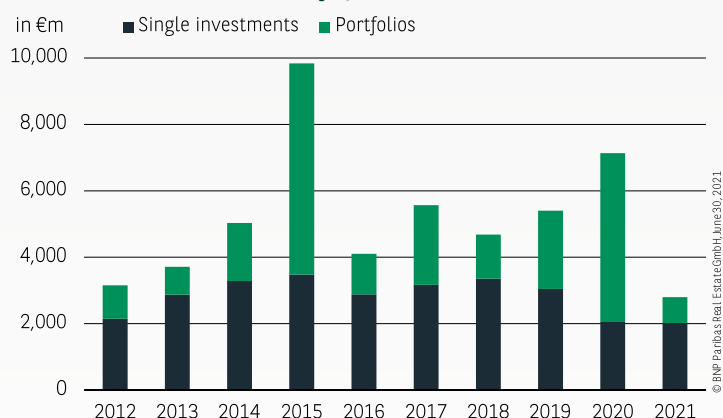




At a Glance **Q2 2021**

# RETAIL INVESTMENT MARKET GERMANY

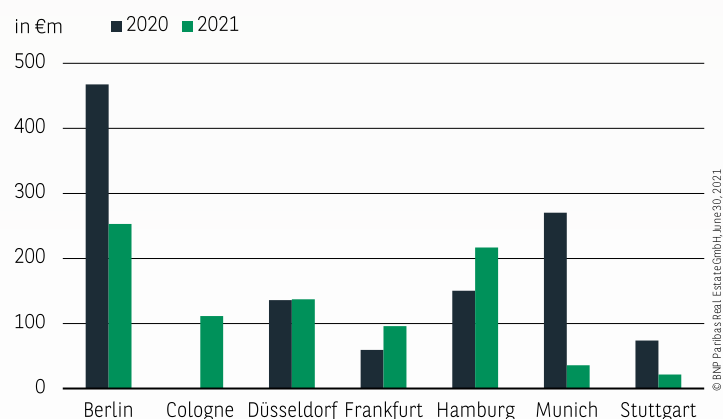
## Retail investments in Germany Q2



## ➤ SUBDUED MARKET ACTIVITY IN THE FIRST HALF OF THE YEAR

Even though shopping facilities were able to reopen in June, the number of corona infections is now at a low level and the progress of the vaccination campaign is clearly noticeable, these improved conditions were not yet reflected in the results for the retail investment market at mid-year. Consequently, with an investment volume of just under €2.8 billion at the end of the second quarter, the interim result was almost 61% lower than in the same period of the previous year. One reason for this is not so much the number of deals recorded, which fell by just under 12%, but rather the average volume per sale, which at just over €18 million is significantly lower than the figure of €42 million recorded in 2020. In addition, large-volume portfolio deals as well as takeovers and investments, which, as in the previous year, are usually decisive for a high transaction volume on the retail investment market, were largely absent in the first half of 2021. Accordingly, package sales generated a historically low transaction volume of just €781 million, while single deals remained below the long-term average but almost confirmed their prior-year result.

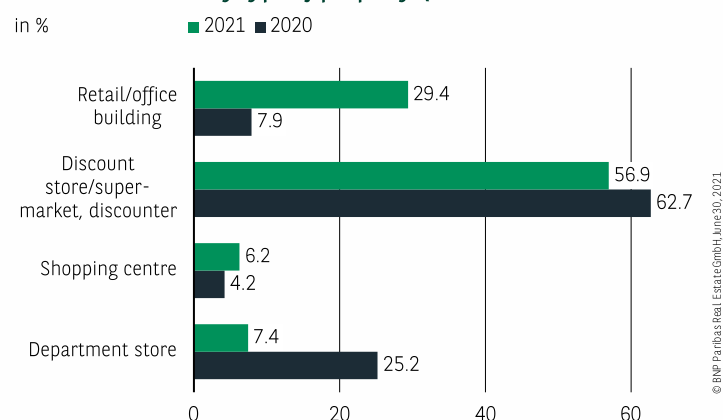
## Retail investments in the A-locations Q2



## ➤ A-CITIES: TRANSACTION VOLUME DOWN BY A QUARTER

The aforementioned lack of large-volume individual sales, which usually make the difference between high and low volumes in the top markets, is reflected in the result for the A-locations: With slightly more than €872 million, the transaction volume in the most important retail metropolises fell by almost a quarter compared with the previous year. In the city rankings, Berlin (€253 million) once again came out on top, ahead of Hamburg (€217 million), Düsseldorf (€137 million) and Cologne (€112 million), each with contributions of over €100 million. By contrast, Frankfurt (€96 million), Munich (€36 million) and Stuttgart (€22 million) have so far remained below this mark, with only a few smaller retail properties changing hands.

## Retail investments by type of property Q2

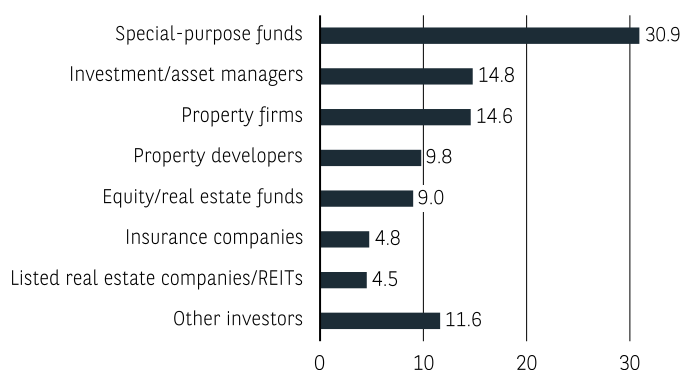


## ➤ SPECIALIST STORES CONTINUE TO LEAD THE WAY

As in previous years, the specialist store respectively retail warehousing segment is again responsible for the most significant contributions to transaction volumes. With an investment volume just under €1.6 billion and a share of almost 57%, it has once again confirmed its leading position, but has missed the ten-year average by around 26%. Highstreet properties accounted for a good 29% of sales, with a particular focus on smaller properties up to €25 million. Department stores generated a good 7% and shopping centers almost 6%.

## Retail investments by buyer group Q2 2021

in %

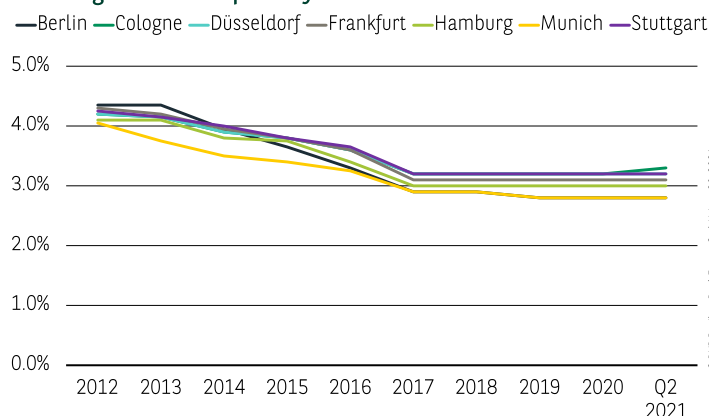


© BNP Paribas Real Estate GmbH, June 30, 2021

## SPECIAL-PURPOSE FUNDS IN THE LEAD AMONG BUYERS

The distribution of investment volume among the various buyer groups was clearly dominated by special-purpose funds in the first half of the year, which accounted for almost 31% of the overall result. With a transaction volume of a good € 865 million, they only just missed their result from the previous year. The investment focus in this context was particularly on specialist retail properties, with the further increased importance of the food sector in the wake of the Corona pandemic also evident in the portfolio segment in particular. Investment/asset managers followed at a considerable distance, accounting for just under 15%, as did real estate companies. Larger volumes were also invested by property developers (almost 10%), equity/real estate funds (around 9%), insurance companies and listed real estate companies/REITs (almost 5% each). The share of international buyers (just under 28%) is slightly below average compared with the overall commercial real estate market.

## Retail high street net prime yields in the A-locations

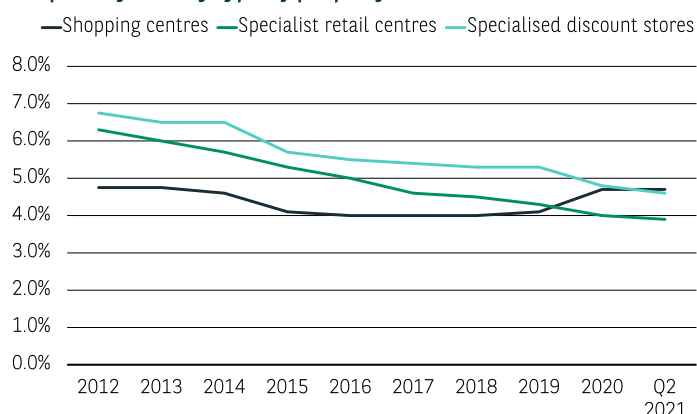


© BNP Paribas Real Estate GmbH, June 30, 2021

## YIELDS: A-CITIES STABLE, SPECIALIST MARKETS DECLINING

In terms of the various A-locations, the few sales of core properties in the high-street segment completed in the first half of the year generated yields largely comparable to those at the end of 2020. Against this backdrop, the top yields for highstreet properties in the absolute prime locations continue to be the same in Berlin and Munich (2.80% each), ahead of Hamburg (3.00%), Frankfurt (3.10%), Düsseldorf (3.20%), Stuttgart (3.20%) and Cologne (3.30%). When differentiated by property type, contrasting trends emerge: In the case of well-functioning retail parks with good transport links (3.90%) and individual retail parks (4.60%), prime yields fell by 10 and 20 basis points respectively over the course of the year. As a result, retail parks are currently more expensive than shopping centers, which are trading at 4.70%.

## Net prime yields by type of property



© BNP Paribas Real Estate GmbH, June 30, 2021

## OUTLOOK

Overall, the retail investment market can look back on a rather weaker first half of the year which, unlike the previous year, did not benefit from acquisitions, investments and larger portfolio deals. However, many smaller transactions, including highstreet properties, give rise to hopes that larger investments could be reported again in the second half of the year if conditions improve significantly - provided that supply is sufficient. Lively market activity in the specialist store respectively retail warehousing segment and, above all, food segment, the revival of the high-street retail landscape and the continuing high level of investment pressure among investors are just the most important factors here that should speak for a significantly better second half of the year.

All rights reserved. At a Glance is protected in its entirety by copyright. No part of this publication may be reproduced, translated, transmitted, or stored in a retrieval system in any form or by any means, without the prior permission in writing of BNP Paribas Real Estate GmbH.

The statements, notifications and forecasts provided here correspond to our estimations at the time when this report was prepared and can change without notice. The data come from various sources which we consider reliable but whose validity, correctness or exactness we cannot guarantee. Explicitly, this report does not represent a recommendation of any kind, nor should it be regarded as forming a basis for making any decisions regarding investment or letting or renting property or premises. BNP Paribas Real Estate can accept no liability whatsoever for any information contained or statements made herein.

**Imprint** Publisher and copyright: BNP Paribas Real Estate GmbH | Prepared by: BNP Paribas Real Estate Consult GmbH | Status: 30.06.2021

**Further Information** BNP Paribas Real Estate GmbH | Christoph Scharf, Head of Retail Services | Phone +49 (0)30-884 65-0 | christoph.scharf@bnpparibas.com | [www.realestate.bnpparibas.de](http://www.realestate.bnpparibas.de)