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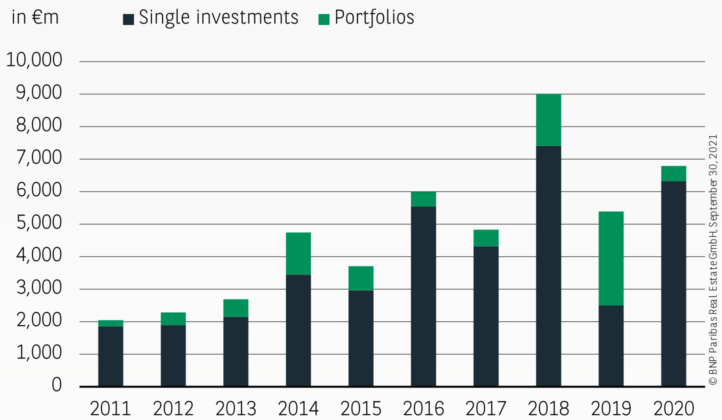
RESEARCH

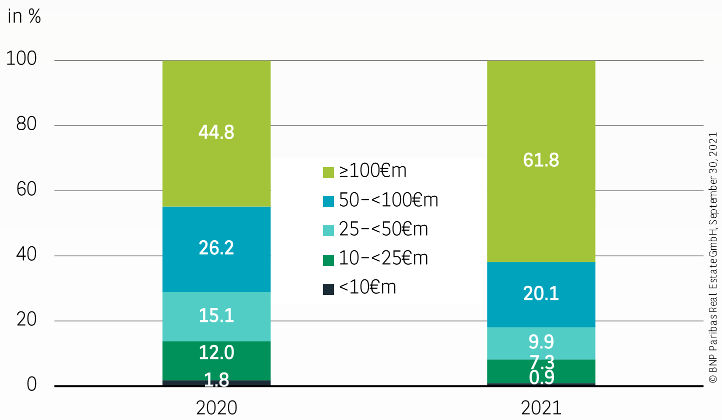
At a Glance Q3 2021

INVESTMENT MARKET BERLIN

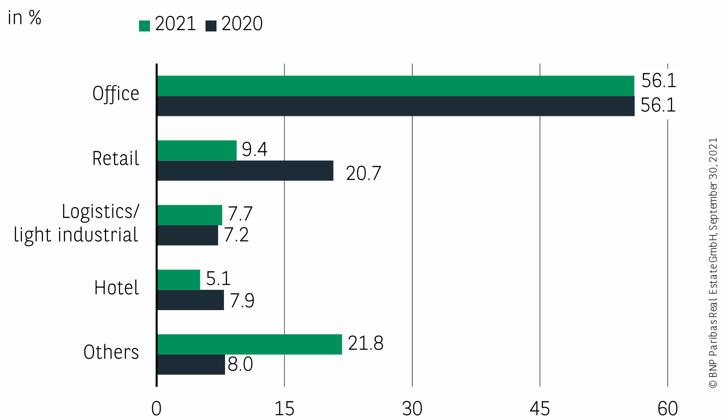
Investment volume Q1-3



Investments by € category Q1-3



Investments by type of property Q1-3



BERLIN UNDISPUTED NO. 1 IN GERMANY

With an investment volume of almost €6.8 billion, Berlin has once again impressively placed itself at the top of the list of German investment locations. Frankfurt (€5.1 billion) and Munich (€4.5 billion) follow at a considerable distance. The commercial investment market in the capital was very stable at a high level during the summer months and can report the second highest Q3 value in history after 2019. The current result stands out positively in both a short-term and long-term comparison. On the one hand, the previous year's result was exceeded by an impressive 26% despite the very far-reaching and protracted lockdown measures in the current year. On the other hand, the 10-year average was surpassed by 43%, with single deals achieving a new high with a market share of 93%. In absolute terms, the result of single deals currently stands at just over €6.3 billion, directly behind the figure of €7.4 billion from the record year of 2019.

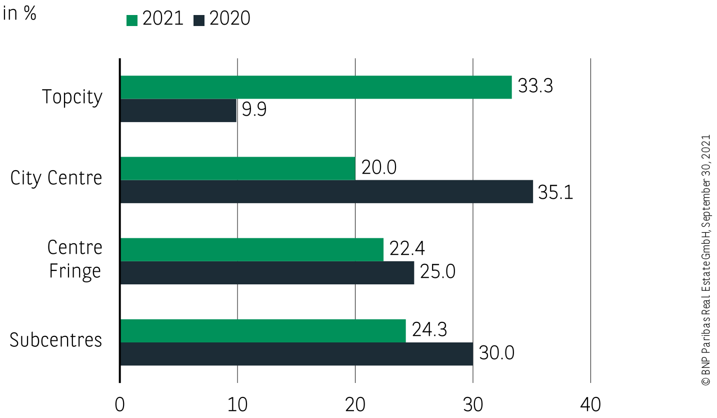
HIGH MARKET DYNAMIC IN LARGE-VOLUME SINGLE DEALS

The Berlin market is particularly dynamic in the triple-digit volume segment. With an investment volume of almost €4.2 billion, the previous year's result in this size category was topped by 74% and the second-highest value in history was achieved (2019: just over €5.7 billion). Investment activity in the size segment between €50 and 100 million remained stable at a high level (-3% compared to the previous year) with almost €1.4 billion of capital placed. Transaction activity in the size category below €50 million was weaker in both relative and absolute terms than in the previous year. The market share here has fallen from 29% to currently 18%, and the total volume placed of around €1.2 billion also falls short of the average of the past five years by around 11%.

OFFICES AT THE TOP WITH A PRECISION LANDING

As in the same period last year, office properties have a market share of 56.1%. The current value of €3.8 billion (Q1-Q3 2019: €3.0 billion) underlines the unbroken confidence of investors in the Berlin office market. They expect demand for office space to remain high in the future. Retail properties follow in second place with around €640 million or a good 9% market share. The previous year's result was missed by 43%, which is primarily due to a lack of product in the discounter, specialist and supermarket segments. There is also a lack of supply in the logistics segment, which does not exceed a volume of around €520 million. The collective category Others also includes the coveted Berlin development properties and achieves a record value of €1.5 billion.

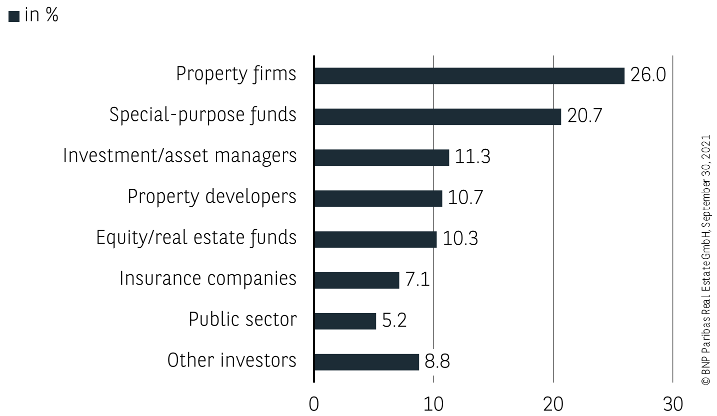
Investments by location Q1-3



PREMIUM LOCATIONS WITH TOP VALUE

With a brilliant €2.3 billion, the Topcity not only clearly exceeded the result from the same period of the previous year of around €530 million, but also achieved its best result to date. In addition to the Fürst project development, three other transactions above the €200 million mark were the main turnover drivers. With a market share of 33%, the Topcity has thus been able to return into pole position for the first time in many years. Second place goes to the Subcentres, which, at a good €1.6 billion, are at the same high level as the previous year. They continue to be a significant indicator of the importance of Berlin as an investment location in itself - regardless of the location. The Centre Fringe was able to increase compared to the previous year. Lively transaction activity in all size classes has contributed to an increase in turnover of a good 13% compared to the previous year and a current result of €1.5 billion.

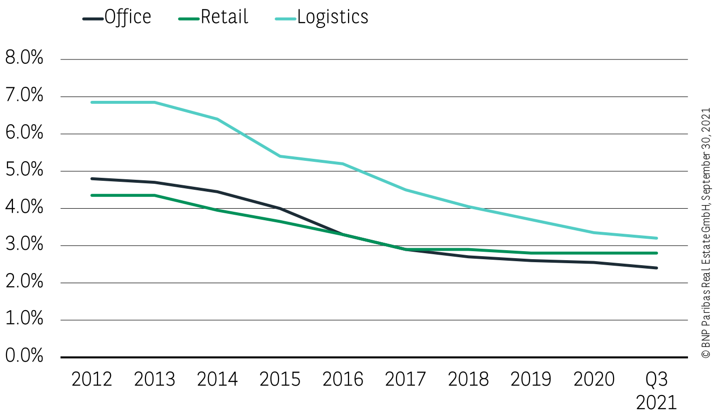
Investments by buyer group Q1-3 2021



PROPERTY FIRMS WITH EXCEPTIONAL RESULTS

Property firms have invested almost €1.8 billion in the Berlin market this year. Above all, the ZAR portfolio comprising various development sites and projects as well as other deals with medium investment volumes have contributed to this new record. Special-purpose funds placed around €1.4 billion so far. Their second-highest result in history can be traced back to a large number of transactions in the mid-sized segment, whereby the focus was clearly on office properties. The investment volume of property developers is remarkable with almost €730 million. This sets a new record.

Net prime yields by type of property



FURTHER YIELD COMPRESSION IN OFFICE AND LOGISTICS

The continuing high demand pressure with relatively limited product has led to further yield compression in the Berlin market area. The prime yield for office properties fell by 10 basis points in the third quarter to now 2.40%. It is thus the lowest nationwide. For premium logistics properties, the yield is at 3.20% (minus 15 basis points). For highstreet properties, the prime yield remains at 2.80%.

OUTLOOK

The Berlin investment market is heading for a strong year end and is on course for the €10 billion mark. The result should thus once again be above average and keep Berlin at the top of the German investment markets. The excess demand with a relative lack of product is likely to remain market-dominating in the fourth quarter, so that the pressure on yields in the market area will not ease. On the contrary, further moderate yield declines cannot be ruled out.

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