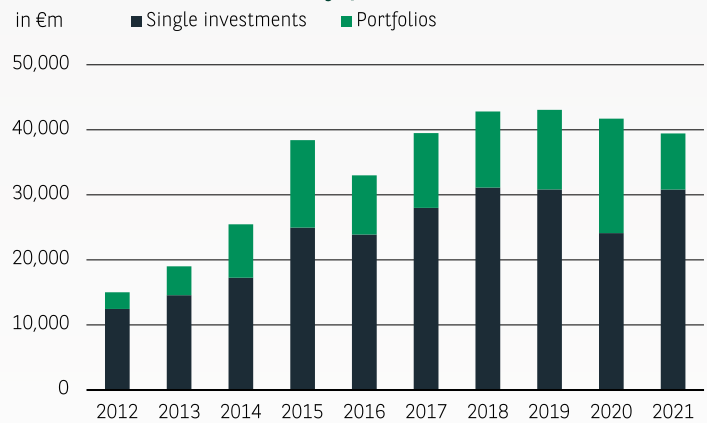




At a Glance **Q3 2021**

INVESTMENT MARKET GERMANY

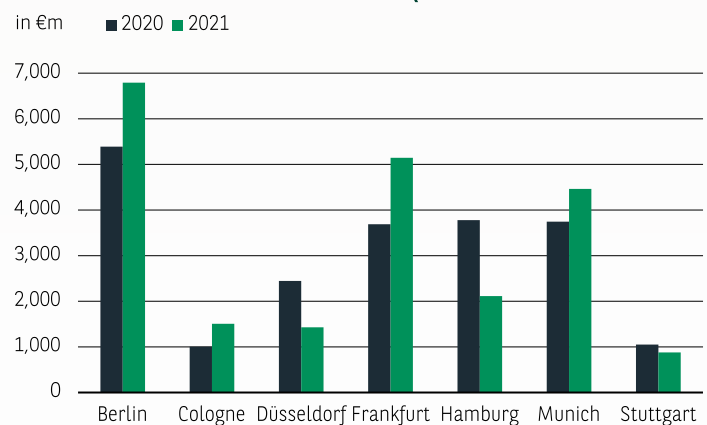
Investment volume in Germany Q1-3



➤ VOLUME ALMOST AT PREVIOUS YEAR'S LEVEL

The dynamics on the investment markets have continued to increase noticeably in the third quarter. In the slipstream of the ongoing fight against the pandemic and a German economy that remains on course for recovery, the investment volume has risen to €39.4 billion in the first three quarters. The current result is thus almost 17% above the ten-year average. Individual transactions continue to be the driving force on the German investment markets. With an investment volume of €30.8 billion, they are at the record level of 2019. Compared to the previous year, an increase of almost 28% can be reported. At 22%, the share of portfolio transactions remains below the long-term average. By the end of September, a good €8.6 billion had been placed within the scope of portfolio sales.

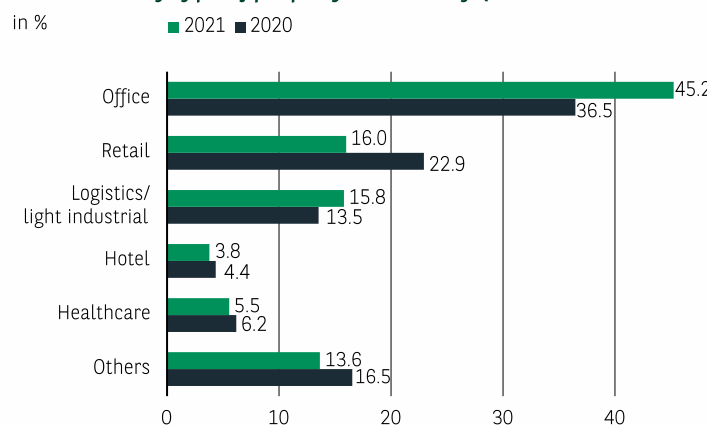
Investment volume in the A-locations Q1-3



➤ A-LOCATIONS WITH LARGE SINGLE DEALS VERY DYNAMIC

For Germany's A-locations (Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Munich, Stuttgart), an investment volume of a good €22.3 billion was registered (+6% compared to the previous year). The lion's share, a good 92%, was accounted for by individual transactions. The large number of major transactions with a volume of more than €100 million each is remarkable. To date, more than 40 transactions of this size have been registered in the A-locations, more than 20 of them in Q3. Berlin again ranks first with €6.8 billion (+26%) ahead of Frankfurt with a good €5.1 billion (+39.5%). Munich registered just under €4.5 billion (+19%). Hamburg, with €2.1 billion, missed the record result of the previous year by 44%. Cologne, on the other hand, reported an increase of 50% to an above-average volume of €1.5 billion. The result in Düsseldorf was below average at €1.4 billion (-41.5%) and Stuttgart at €800 million (-16%).

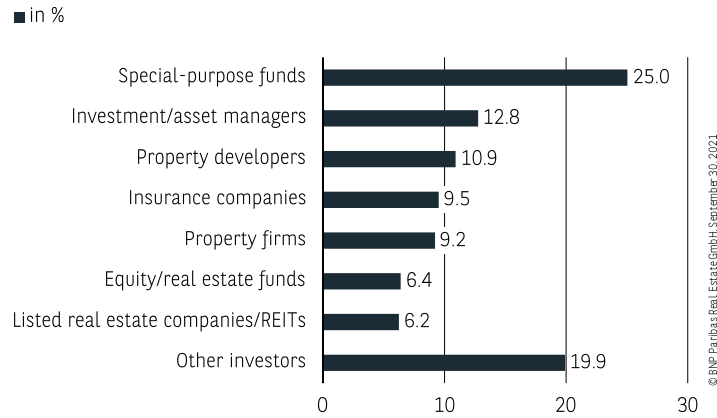
Investments by type of property in Germany Q1-3



➤ OFFICE IN FIRST PLACE - LOGISTICS WITH TOP RESULT

Office properties continue to be the undisputed number 1 among the asset classes. The investment volume of a good €17.8 billion is the fourth best result ever recorded. The large number of transactions (more than 280 in total) reflects the confidence of investors in this segment and shows that they attach a sustainable key position to office properties as a place to work in the long term. The transaction volume in the logistics segment is €6.2 billion, around 10% above the very good result of the previous year. Investment activity in the retail sector has recently picked up considerably. The transaction volume amounts to a good €6.2 billion. Discounters, retail warehousing assets and supermarkets have a share of almost 66% and underline the great interest in food-anchored retail properties.

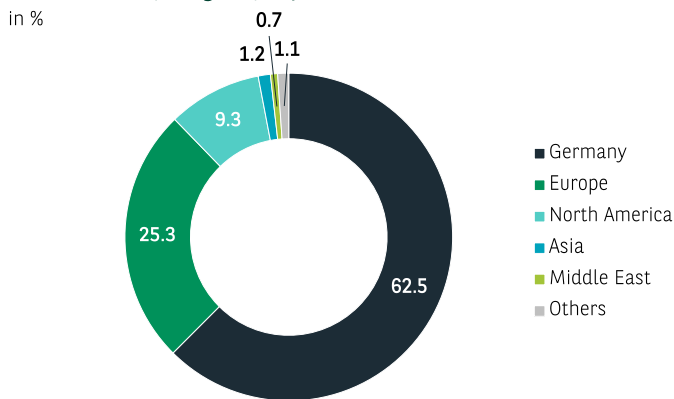
Investments by buyer group Q1-3 2021



FOREIGN INVESTORS STRONG IN PORTFOLIOS

Foreign buyers invested around €15 billion in German commercial real estate by the end of September. Their market share of 37.5% is in line with the long-term average. Their share in the portfolio segment is much higher, currently almost 60%. A total of almost €5 billion was successfully placed here, with investment activity accelerating significantly over the course of the year. The capital which foreign investors placed into portfolio packages has increased from quarter to quarter, with recently almost €1.8 billion in the third quarter. It seems to be prove true that the increasingly removed contact and (international) travel restrictions not only facilitate cross-border investment again, but also boost it as due diligence processes are now possible on site again.

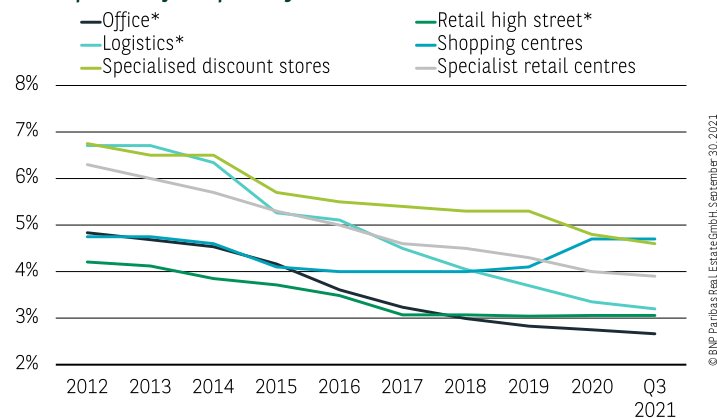
Investments by origin of capital Q1-3 2021



FURTHER YIELD COMPRESSION IN OFFICE AND LOGISTICS

The high level of investor interest, particularly in German core properties, is clearly reflected in the development of yields. Demand in the premium segment remains high and the relative shortage on the supply side is accordingly leading to a continuation of yield compression in selected locations. In the office asset class, a decline of 10 basis points was registered in the third quarter for Berlin to 2.40% and for Cologne to 2.80%. A decline of 5 basis points can be reported for the office investment markets of Düsseldorf (2.85%), Frankfurt (2.70%), Hamburg (2.55%), Munich (2.50%) and Stuttgart (2.85%). The strong investor interest in the logistics segment has led to a yield compression for premium product by 15 basis points to currently 3.20%. In contrast, the prime yields for shopping centres (4.70%), retail parks (3.90%) and retail warehousing assets (4.60%) are unchanged.

Development of net prime yields



OUTLOOK

The dynamic development of the summer months is expected to last throughout the end of the year and should even pick up additional momentum. The general conditions continue to favour investments in the German investment market, and as long as the central banks do not implement extensive interest rate hikes in the short to medium term, investor interest will remain high. Various transactions are currently in the market, both in the portfolio segment and in large-volume single deals, and they are likely to be successfully concluded in the next three months. Accordingly, we expect the annual volume in the commercial segment to be well above €50 billion. Should the merger of Vonovia and Deutsche Wohnen come about and be completed before 2022, a record volume of over €100 billion would be reported for the German market for residential and commercial real estate in total.

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