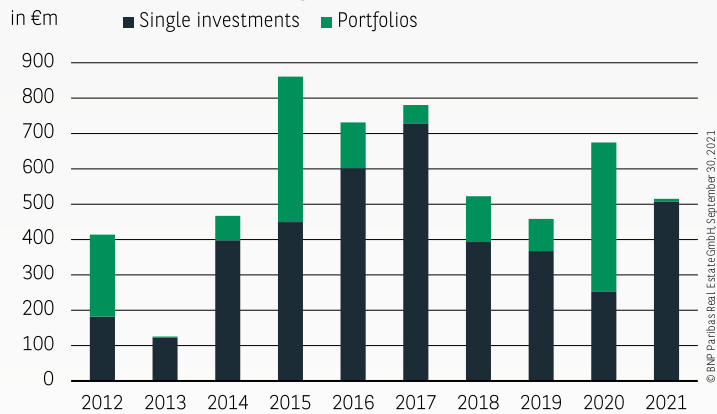




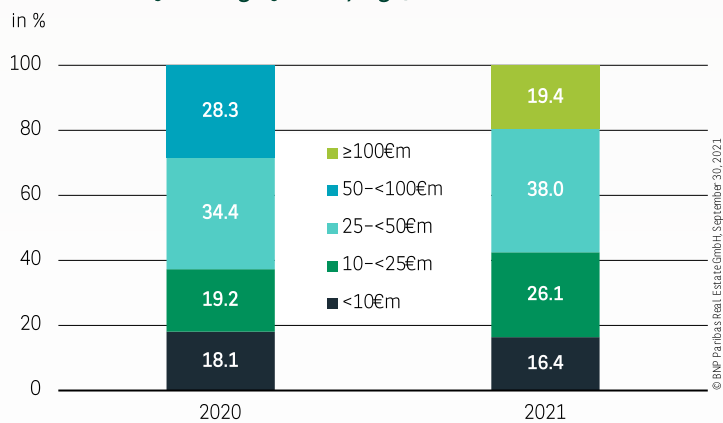
At a Glance **Q3 2021**

# INVESTMENT MARKET LEIPZIG

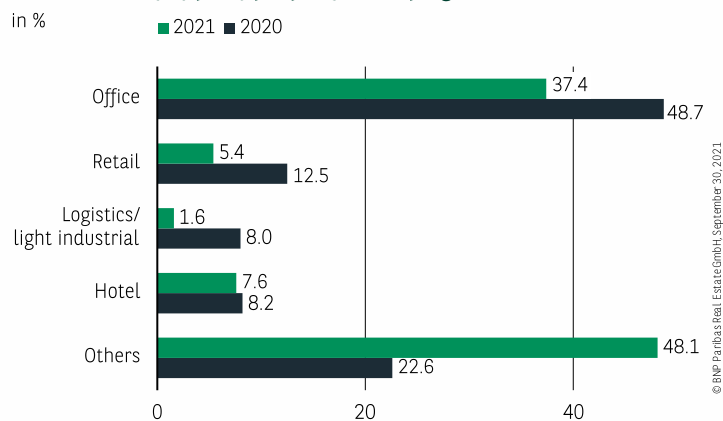
**Investment volume in Leipzig Q1-3**



**Investments by € category in Leipzig Q1-3**



**Investments by type of property in Leipzig Q1-3**



**➤ ANOTHER VERY CONVINCING RESULT**

With A transaction volume of €515 million, Leipzig again achieved a very good result. Although the previous year's figure was missed by 24%, the portfolio segment was solely responsible for this. After some large package sales had pushed the result in the previous year period to a €421 million all-time high, portfolios come so far in the current year only to negligible €7 million investment volume. So far, the focus has clearly been on individual properties, in which €508 million has already been invested. This is not only the third-best transaction volume in the last ten years, but also double the previous year's result. Leipzig is thus proving once again that it has established itself as a permanent fixture on investors' shopping lists and is one of Germany's most important investment locations alongside the major A-cities. From a buyer's perspective, in addition to the very stable market conditions, the potential for value appreciation resulting from the current relatively dynamic rise in rents, e.g. in the office segment, is particularly interesting.

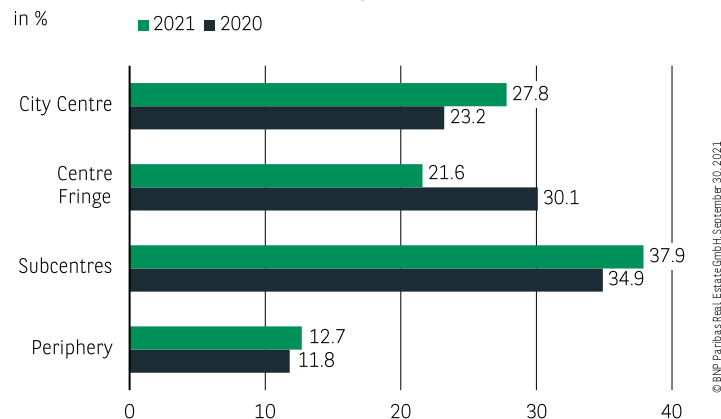
**➤ LARGE DEAL CONTRIBUTES TO GOOD TRANSACTION VOLUME**

As a rule, transaction volumes in Leipzig, as in most other B-cities, are achieved with smaller and medium-sized sales. Larger deals in the three-digit million range are an exception. However, one sale in the triple-digit million range has already been recorded in the current year, contributing a good 19% to total investment volume. Nevertheless, the size class between €25 and €50 million remains the most important target segment for investors and takes the lead with 38%. It is followed in second place by transactions of €10 million to €25 million, which account for a good 26% share. However, small properties under €10 million are still responsible for a good 16% of the result.

**➤ OFFICE PROPERTIES WITH ABOVE-AVERAGE SHARE**

Most of the investments were made in office properties, which at just over 37% accounted for a slightly higher share of sales than the long-term average. This is partly due to the very stable development of take-up, even during the Corona pandemic, and partly to the somewhat larger supply resulting from the increase in construction activity. Both investors and property developers are convinced of Leipzig's sustained positive development. The latter confirm this assessment through extensive purchases of development plots, which contribute around a quarter to the result and are to be found in the "Other" collective group. By contrast, the remaining asset classes have so far played a rather subordinate role.

### Investments by location in Leipzig Q1-3

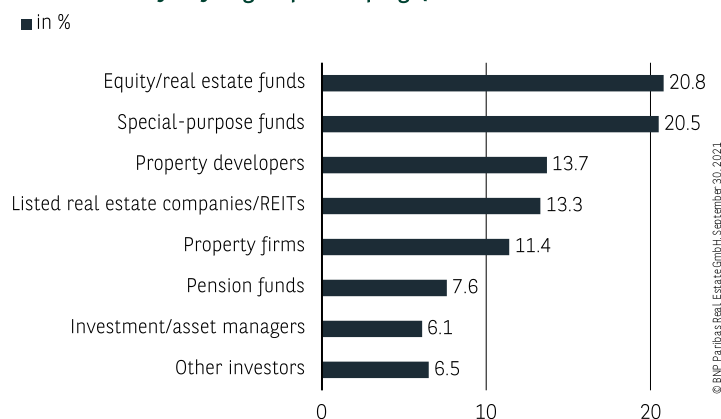


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### ➤ BROAD DIVERSIFICATION ACROSS ALL SUBMARKETS

The broad and comparatively homogeneous distribution of transaction volumes across all submarkets is striking and can hardly be observed in this form in any other city. With a turnover share of 38%, the Subcentres have secured first place in the ranking. The other podium positions are occupied by the City Centre, with just under 28%, and the Centre Fringe locations, which contribute a further 22%. However, almost 13% of the total volume is also attributable to the Periphery, where mainly development sites and logistics properties were purchased. It is therefore clear that investments in Leipzig are determined not least by the available supply.

### Investments by buyer group in Leipzig Q1-3 2021

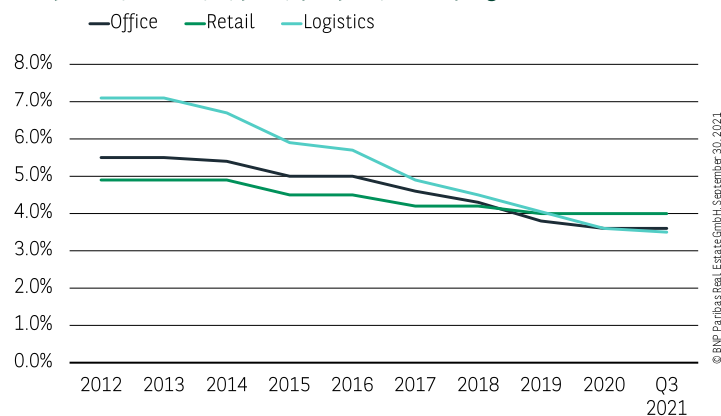


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### ➤ 5 BUYER GROUPS WITH DOUBLE-DIGIT MARKET SHARES

The broad range of active buyer groups also underscores Leipzig's high attractiveness from an investor's perspective. No fewer than five investor types account for double-digit turnover shares. Equity/real estate funds (20.8%) and special-purpose funds (20.5%) are almost tied at the top of the table. They are followed by property developers (just under 14%), listed real estate companies/REITs (a good 13%) and real estate companies (over 11%). But also long-term oriented core investors, such as pension funds (just under 8%), have invested extensively. The proportion of foreign buyers, which is just under 30%, is somewhat below average, both nationally and over the long term.

### Net prime yields by type of property in Leipzig



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### ➤ YIELDS PREDOMINANTLY STABLE

After falling for years, prime yields in Leipzig have now stabilized for the most part, which can be interpreted as a success in view of the pandemic environment. For office properties, the net prime initial yield of 3.60% has held firm. For inner-city highstreet properties in prime locations, too, the figure remains unchanged at 4.00%. One exception is the booming logistics sector, which has actually benefited in part from the corona pandemic. Here, prime yields fell by a further 10 basis points in the third quarter to the current level of 3.50%.

### ➤ OUTLOOK

Due to the persistently very high investor demand, not least thanks to the unchanged attractive financing environment, market activity is also likely to remain lively in Leipzig, with the result that a high transaction volume is again expected for the final quarter. Against this backdrop, from today's perspective there is a realistic chance that the €700 million threshold will again be exceeded for the third time in succession in 2021 and a result in line with the average of the last ten years will be achieved. In terms of office yields, stabilization at the level achieved is the most likely scenario, whereas further yield compression cannot be ruled out in the logistics segment.

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