

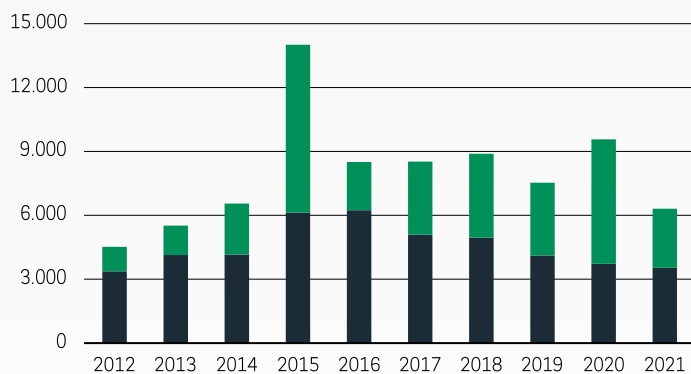


At a Glance **Q3 2021**

RETAIL INVESTMENT MARKET GERMANY

Retail investments in Germany Q1-3

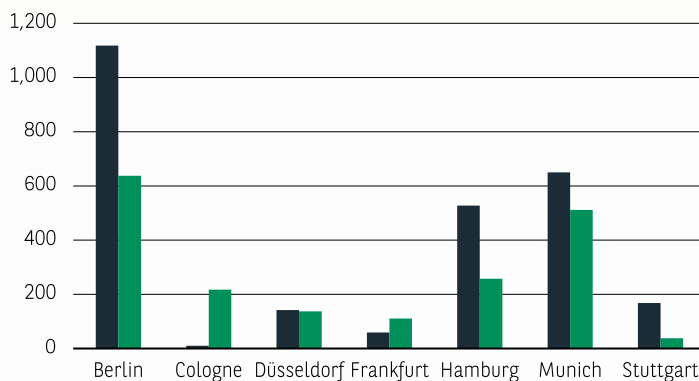
in €m ■ Single investments ■ Portfolios



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Retail investments in the A-locations Q1-3

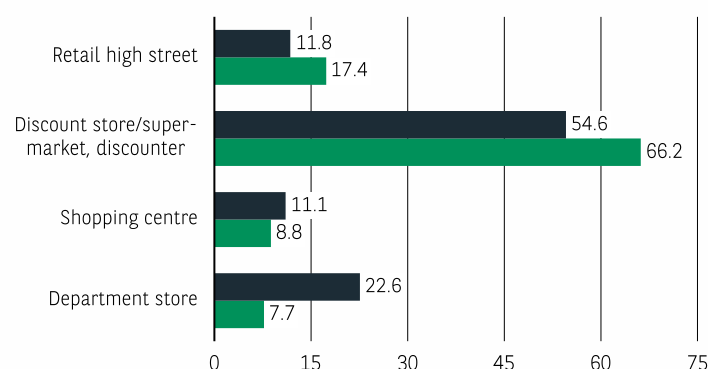
in €m ■ 2020 ■ 2021



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Retail investments by type of property Q1-3

in % ■ 2020 ■ 2021



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➤ LOW TRANSACTION VOLUME, BUT GOOD RESULT

With a transaction volume of around €6.3 billion in the first three quarters, the retail investment market achieved a weaker overall result and missed both the result from the comparable period of the previous year (-34%) and the long-term average (-21%) by a considerable margin. However, looking only at the third quarter, the picture is different: with a transaction volume of €3.5 billion, the retail investment market posted its best quarterly result since the outbreak of the Corona pandemic. The result in the third quarter was once again fuelled by investments in the specialist and food segment. With a portfolio of former REAL stores as well as the Touchdown and Power Bowl portfolios, several portfolio sales contributed to a high transaction volume in the months between July and September. In total, however, portfolios (€2.8 billion) just like single investments (€3.5 billion) fell short of their ten-year averages by 22% and 20% respectively.

➤ A-CITIES: ALMOST €2 BILLION, TURNOVER SHARE AT 30%

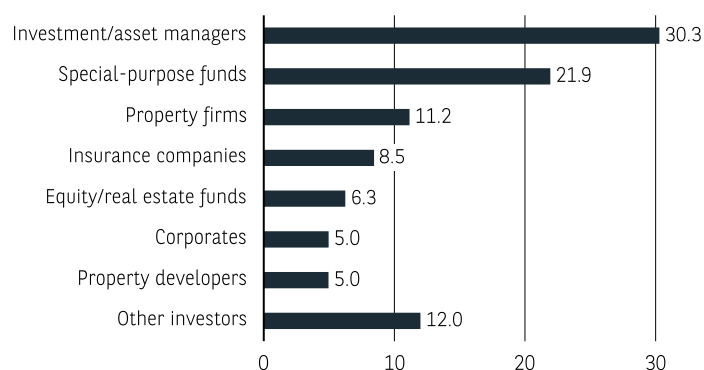
The few large-volume single deals in the A-cities, which mostly make up the difference between high and low volumes in the top markets, are reflected in the results of the largest retail metropolises: the investment volume of the A-cities (€1.9 billion) fell by 29%, while their share, which stands at 30%, changed only marginally against the background of the significantly lower overall result. Traditionally, as well as currently, Berlin is at the top (€638 million), where investments in very different types of property were registered. Over half a billion euros was also invested in Munich (€511 million), which means that the Bavarian capital, in contrast to the German capital, has an above-average record. Hamburg follows well behind (€258 million), ahead of Cologne (€217 million), Düsseldorf (€137 million), Frankfurt (€111 million) and Stuttgart (€38 million). Overall, the importance of highstreet properties in the top cities can be noted, which account for a good 61% of the single deals.

➤ UPSWING IN Q3 LINKED TO RETAIL WAREHOUSING MARKETS

Retail warehousing and food anchored properties play a very important role. They alone drove the portfolio segment in the third quarter, generating 74% of transaction volume in the last three months. In the entire period under review, the investment volume generated in this retail segment was just below €4.2 billion, which implies a market share of a good 66% in the running year so far. Highstreet properties (17%) were also in demand. Shopping centres (9%) and department stores (8%), on the other hand, fell below the 10 % mark.

Retail investments by buyer group Q1-3 2021

in %

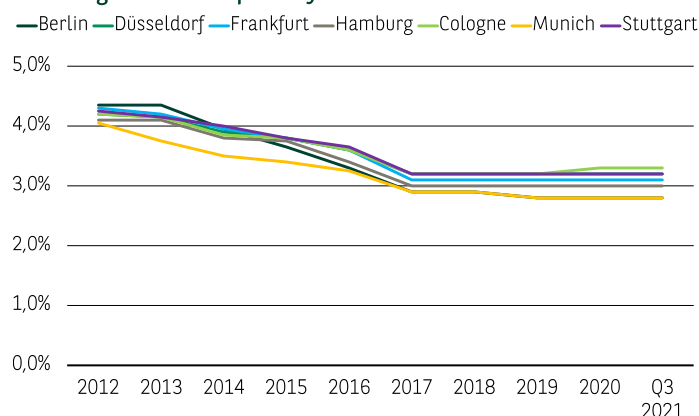


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TWO STRONG BUYER GROUPS

Around half of the transaction volume on the retail investment market is divided between two investor groups after the first three quarters. With a good 30%, investment/asset managers are at the top of the ranking, relegating special-purpose funds, which are traditionally strong in the retail sector, to second place with almost 22%. In this context, it is hardly surprising that both investor groups are primarily focusing on the retail warehousing segment and are particularly active in the portfolio segment. While special-purpose funds account for considerably more deals, investment/asset managers make larger investments more frequently, which is reflected in the significantly higher average deal volume of this buyer group. Property firms rank third with a good 11%, followed by insurance companies (just under 9%), equity/real estate funds (a good 6%) as well as corporates and property developers (5% each). The share of turnover accounted for by international investors is a good 24% and thus again below the value for the entire commercial real estate market (almost 38%).

Retail high street net prime yields in the A-locations

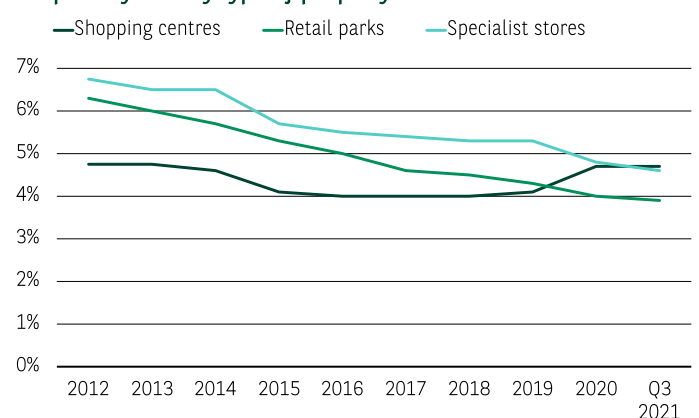


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RETAIL WAREHOUSES MORE EXPENSIVE

In terms of the various A-locations, a sideways movement in prime yields can still be observed in the sales concluded in the high-street segment in the first nine months. Against this backdrop, core properties in the absolute top locations of Berlin and Munich continue to rank equally (2.80% each), ahead of Hamburg (3.00%), Frankfurt (3.10%), Düsseldorf (3.20%), Stuttgart (3.20%) and Cologne (3.30%). Differentiated by property type, on the other hand, the high attractiveness of the retail warehousing segment is evident in the yield compression over the past 12 months: In the case of well-functioning retail parks with good transport links (3.90%) and individual retail warehouses (4.60%), prime yields have fallen continuously by 20 and 40 basis points respectively compared with the third quarter of 2020. This means that both property types are now more expensive at peak than shopping centres, which are trading at 4.70%.

Net prime yields by type of property



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OUTLOOK

Even if the total investment volume after the first three quarters does not speak for the retail investment market, it is worth looking at the individual drivers of the result. These include the good transaction activity in the third quarter, which could provide impetus for the year-end rally. In addition, the retail sector can always count on the retail warehousing and food segment, which on the one hand stimulates the portfolio division and on the other hand acts as a constant sales driver for the overall market. In the case of high-street investments, the numerous highstreet property transactions should also be mentioned, which, although they are predominantly in the smaller size classes and are thus not decisively reflected in the result, nevertheless contribute to the revival, improve the market sentiment and increase the attention for retail investments.

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