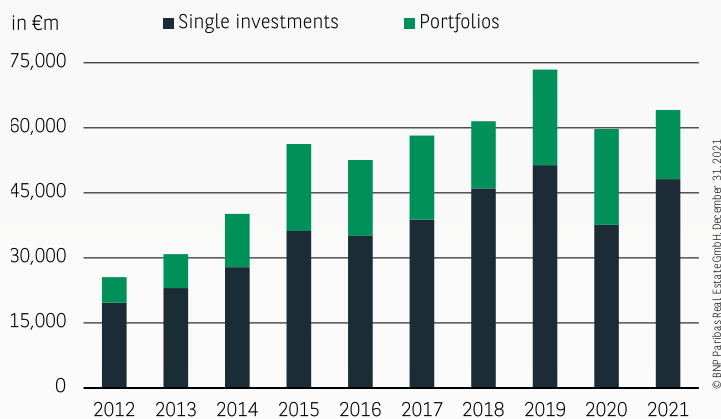




At a Glance **Q4 2021**

INVESTMENT MARKET GERMANY

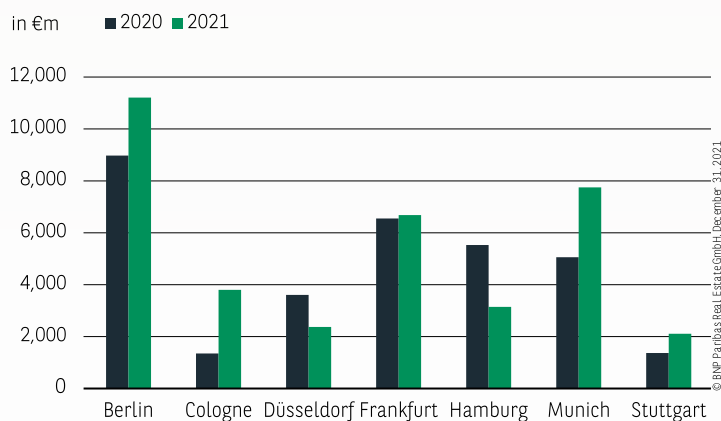
Investment volume in Germany



➤ SECOND-BEST RESULT THANKS TO YEAR-END RALLY

The momentum seen in previous quarters picked up once again significantly at the end of the year. With a transaction volume of around €24.7 billion, the second-best final quarter of all time was recorded. At €64.1 billion, the result for the year as a whole was also exceptionally good, ranking second in the all-time best list. This top result is particularly remarkable when one considers that there were a whole series of disruptive factors. These include the supply bottlenecks for primary products, the sharp rise in inflation and, not least, the recovery in the number of corona cases. In particular, the positive development of various business sectors, above all in the logistics sector, where new sales records were set, but also the office markets, which saw a rise in take-up by around a quarter, have given investors cause for optimism. And they see this as confirmation of their positive basic attitude.

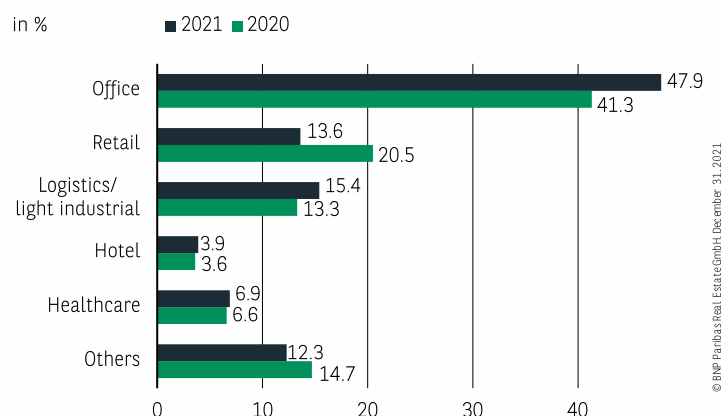
Investment volume in the A-locations



➤ A-LOCATIONS ALSO SHOW STRONG GROWTH IN TAKE-UP

In the A locations (Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Munich, Stuttgart), a sales volume of a good 37.1 billion was registered. The prior-year figure was exceeded by 14%. The high proportion of single deals is remarkable, amounting to a market share of 88%. Berlin leads the way with €11.2 billion (+25%) invested, the second-best result ever. The situation is comparable in Munich, where a good €7.7 billion (+53%) also represents the second-best figure. Frankfurt follows in third place with just under €6.7 billion, which is roughly the same as the previous year. Cologne recorded the strongest growth and a new record with +182% to €3.8 billion. Stuttgart increased by a good 54% to €2.1 billion, where two major transactions ensured a brilliant final spurt. By contrast, there were substantial declines in Hamburg at €3.1 billion (-43%) and Düsseldorf at just under €2.4 billion (-34%).

Investments by type of property in Germany

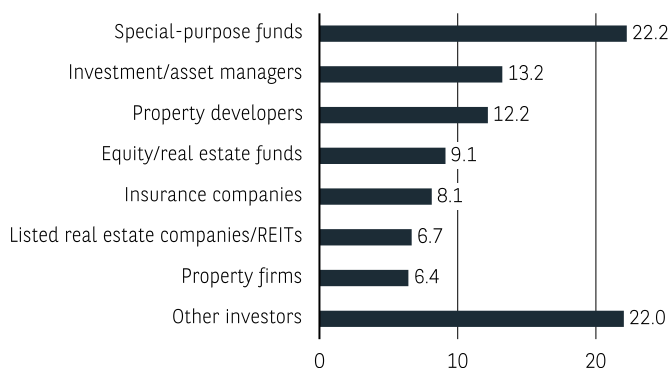


➤ LOGISTICS WITH NEW RECORD

As expected, offices remain the top performer. With a result of a good €30.7 billion, around 48% of transaction volume is attributable to this asset class. Logistics properties follow in second place with 15%. With a volume of just under €9.9 billion, they increased by around a quarter and set a new all-time high. The winner's podium is completed by retail properties, which account for 14% (€8.7 billion) but suffered considerable losses. Despite an upturn in demand in the final quarter, hotels contributed only €2.5 billion, but were able to increase their prior-year result by over 15%. Healthcare real estate is still on course for success with a good €4.4 billion and growth of almost 12%, setting a new record.

Investments by buyer group 2021

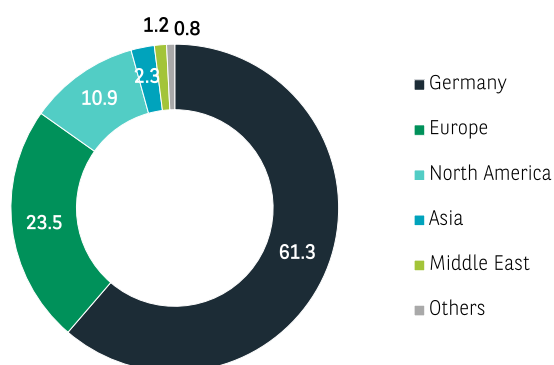
■ in %



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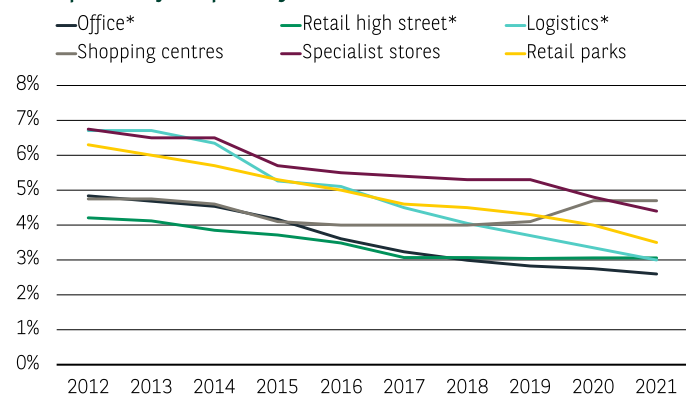
Investments by origin of capital 2021

in %



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Development of net prime yields



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* Ø A-locations

➤ SHARE OF FOREIGN BUYERS AT PREVIOUS YEAR'S LEVEL

Foreign buyers invested around €24.8 billion. At just under 39%, their share is roughly the same as a year earlier. As usual, their share is significantly higher in the portfolio segment, currently almost 61%. Above all, the relaxation of contact and (international) travel restrictions in the second half of the year contributed to the fact that foreign buyers were again able to participate more in transactions and due diligence processes and deals were easier to conclude than during the lockdown phases.

➤ YIELD COMPRESSION IN OFFICE AND LOGISTICS CONTINUES

An indication of the high level of investor interest is the further decline in yields in the most sought after asset classes and locations. A limited supply of premium properties meeting high demand led to a further rise in prices in selected cases. For offices, net prime yields fell by 5 to 20 basis points in some cities in the fourth quarter. This applies to Cologne (2.60%), Frankfurt (2.65%), Düsseldorf and Stuttgart (both 2.75%), among others. In the three most expensive locations, Berlin (2.40%), Munich (2.50%) and Hamburg (2.55%), however, they remained stable. The decline in yields also continued in the logistics segment. At 3.00%, net prime yields are 20 basis points lower than in Q3. The price trend was even more pronounced for retail parks, where yields fell by 40 basis points to 3.50%. The trend is similar for retail parks, where they have slipped to 4.40%.

➤ OUTLOOK

From today's perspective, there is much to suggest that the outlook remains positive. Investors' willingness to invest remains high and, at the same time, a number of larger transactions have been moved into the new year, so that a lively first quarter can be expected. The very good development of the rental markets is one of the supporting conditions that should continue to give momentum to the markets in 2022. If economic growth picks up fully after the transition from the pandemic to the endemic phase and supply bottlenecks are overcome leading to noticeable catch-up effects, the positive trend is likely to accelerate appreciably once again. At the same time, new developments must be taken into account. These include in particular the growing importance of ESG issues. Therefore, it cannot be ruled out that there could be shifts, i.e. that traditional portfolio holders decide to sell older portfolios. Another question that is still open is how inflation will develop. But even if interest rates were to rise slightly, financing conditions would still be very favorable from a historical perspective, meaning that real estate investments would remain extremely attractive from a risk-return perspective.

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