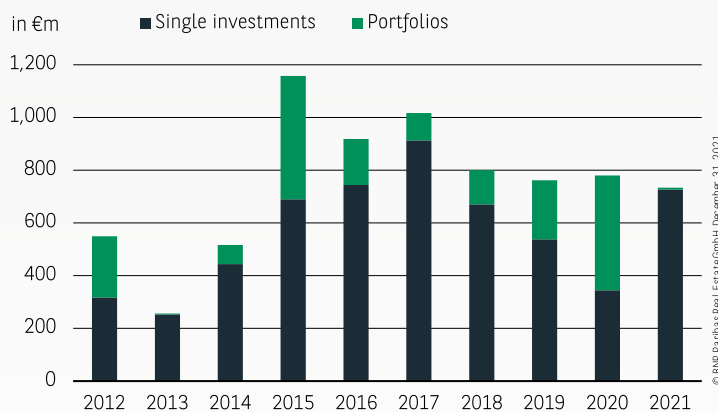




At a Glance **Q4 2021**

INVESTMENT MARKET LEIPZIG

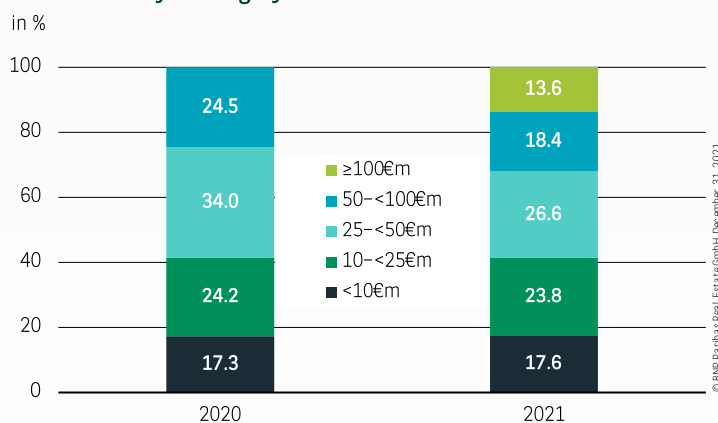
Investment volume



ANOTHER GOOD RESULT AT THE LEVEL OF PREVIOUS YEARS

With a commercial investment volume of €734 million, the Leipzig investment market achieved a very good result, which is both at the previous year's level and in line with the long-term average. Thus, the trade fair city presents itself as a crisis-proof market in the second Corona year as well. It is particularly noteworthy that almost the entire result is based exclusively on individual deals. The volume of single deals was more than twice as high as in the previous year; only in 2016 and 2017 was an even higher value registered. The largest deals include the sale of the Forum am Brühl, which BNPPRE advised on as a buy-side mandate, and the Netzwerk office project brokered by BNPPRE. In terms of the number of deals, 2021 is also on a par with recent years, with just over 50. Accordingly, the average volume per deal of €14 million hardly differs from the figures for previous years.

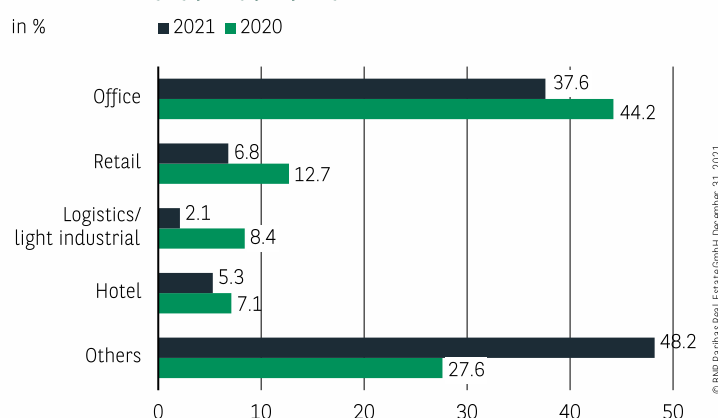
Investments by € category



BROAD-BASED MARKET

The distribution of the investment volume by size class is extraordinarily homogeneous for 2021: no segment accounts for more than 27% of the result, none for less than just under 14%. Particularly pleasing is the good volume in the mid-sized categories between €25 and 50 million and between €10 and 25 million, which generate almost 27% and 24% of the total, respectively. Almost on a par are the smallest size category up to €10 million and the second largest between €50 and 100 million, each with around 18%. After the three-digit million segment was unoccupied for several years, it can contribute 14% to the result this year.

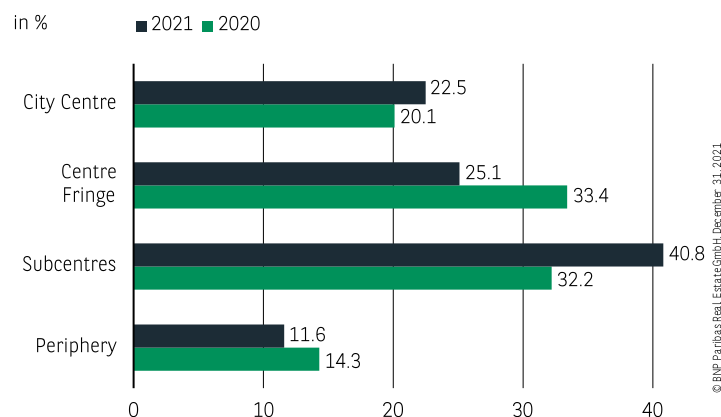
Investments by type of property



HIGH SHARE OF OFFICE - DEVELOPMENT SITES ALSO POPULAR

Office properties continue to be in high demand, accounting for a volume share of almost 38%. Even though this is a rather low figure compared to the A-locations which are dominated by office investments, it is one of the highest ever achieved in the Leipzig market. As is so often the case, the collective category Others is once again strongly occupied (48%). Not quite half of this is accounted for by development properties, but healthcare properties are also included here and contribute over 9% to the Leipzig result. Retail properties, on the other hand, have suffered a loss of significance with currently only 7%, and less was invested in hotels than in previous years (5%).

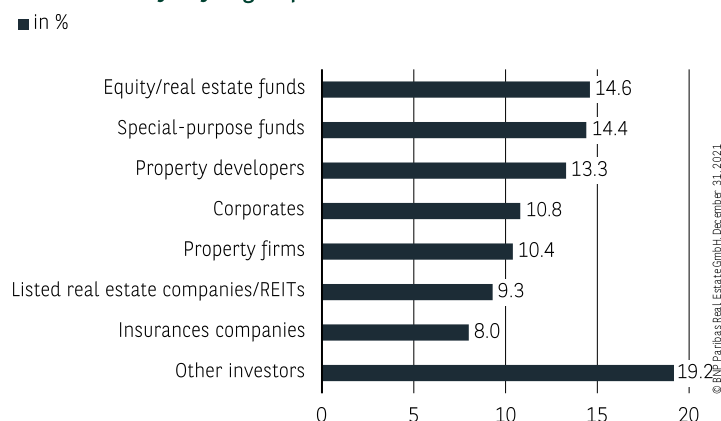
Investments by location



ONCE AGAIN BROAD DISTRIBUTION ACROSS THE MARKET AREA

As in the previous year, the investment volume is spread across the entire market area, which underlines the broad investor interest. Not only in terms of volume, but also in terms of number, the most investments were made in the Subcentres, which account for almost 41% of the result. City Fringe locations follow in second place with about one fourth. The City Centre defended its share from the previous year with just under 23%, but only had a few larger deals to thank for this position. The peripheral locations also make a double-digit contribution with 12%.

Investments by buyer group 2021



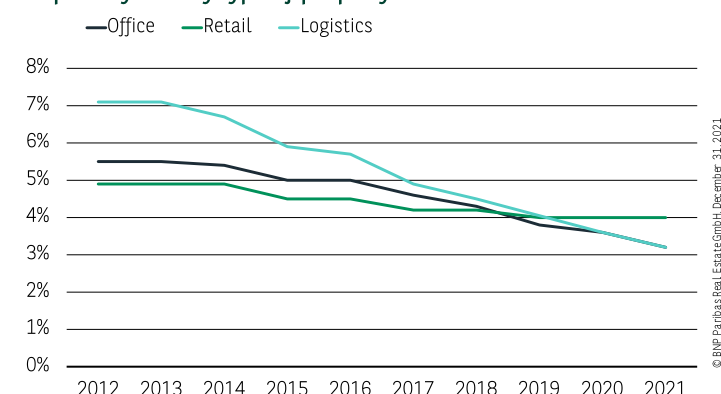
FIVE BUYER GROUPS WITH DOUBLE-DIGIT SHARES

On the buyer side, too, no dominance of individual investor types has crystallised: no fewer than five groups hold double-digit shares of the investment volume. Equity/real estate funds have taken the lead with almost 15% and only a nose ahead of special-purpose funds, which account for a contribution of a good 14%. Property developers have secured third place, which is not surprising given the large number of development site sales. Shares above the 10% mark are also held by corporates (11%) and property firms (a good 10%). A good fifth of the volume is attributable to foreign investors. This is a comparatively low figure, both in view of the national share (39%) and for the Leipzig market itself.

OFFICE AND LOGISTICS YIELDS ON THE DECLINE

The persistently high investor interest in core properties is clearly reflected in yields: In both the office and logistics segments, net prime yields have fallen by an impressive 40 basis points over the course of the year to new lows. Top office properties in the best locations are now yielding up to 3.20%, and logistics properties are now also trading at 3.20%. Higher yields, on the other hand, are being generated by crisis-ridden high street properties. Here, the net prime yield has been stable at 4.00% since 2019.

Net prime yields by type of property



OUTLOOK

For the second year in a row, Leipzig's investment market has been relatively unimpressed by the Corona pandemic and its social and economic effects. Strong occupier markets in the office and logistics segments, combined with the low interest rate environment and a lack of investment alternatives, are likely to keep demand for property investments in the Leipzig market high in the coming year. Against this backdrop, another very good transaction volume can be expected for 2022 - assuming the corresponding availability of core products.

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