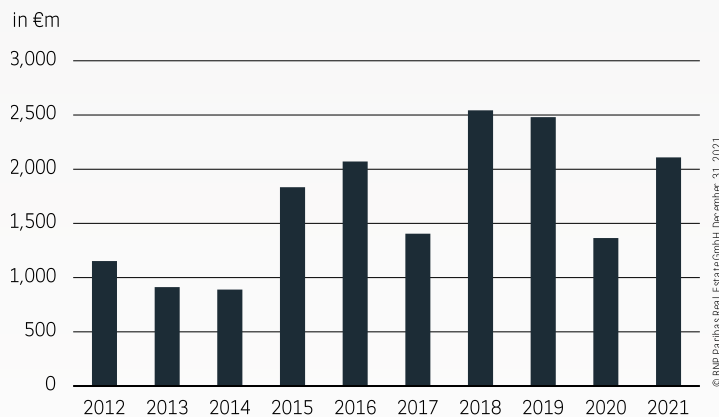




At a Glance **Q4 2021**

# INVESTMENT MARKET STUTTGART

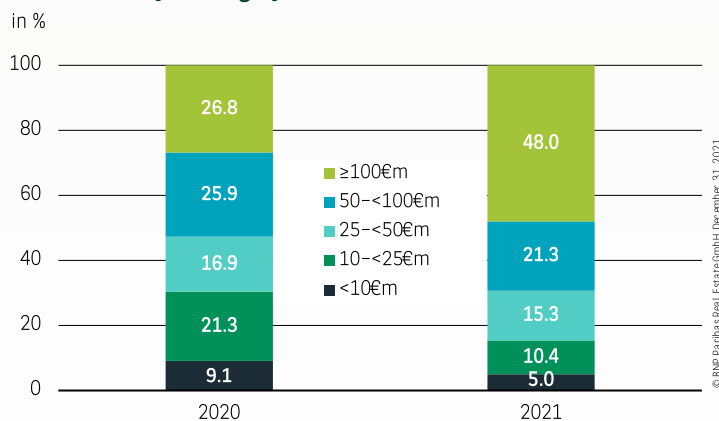
## Investment volume



## STRONG YEAR-END SPURT

With a commercial transaction volume of €2.1 billion, the Stuttgart investment market closed 2021 with the third-best result ever recorded. The long-term average was exceeded by more than a quarter and the restrained previous year even by around 55%. However, until three months before the end of the year, it looked like a rather mixed result. Only a brilliant final quarter, in which a new quarterly record of around €1.2 billion was set, ensured the overall good annual result. Among other things, two major transactions, each with a volume of well over €300 million, were the turnover drivers. Accordingly, the average property volume of €42 million is also at a very high level, while the number of transactions with 50 registered deals is clearly below average.

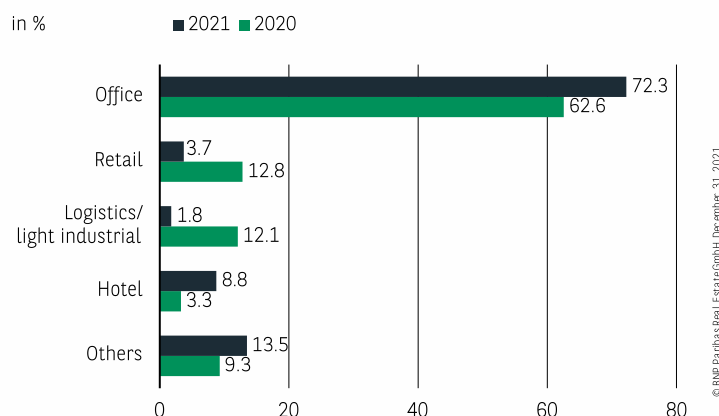
## Investments by € category



## LARGE DEALS BREAK THE BILLION MARK FOR THE FIRST TIME

The year-end rally, which was characterised by large transactions, is also reflected in the distribution of the investment volume according to size classes. With a share of 48%, deals worth €100 million or more clearly dominate the transaction scene. This means that the segment even breaks the €1 billion mark for the first time and trumps the long-term average by 57%. The €50 to €100 million segment was also relatively dynamic, with seven transactions. The €450 million registered here correspond to a 21% share of the result. In the segments below €50 million, meanwhile, a significantly more restrained transaction activity can be seen compared to previous years. With a volume of €647 million, the long-term average was undercut by around 22%.

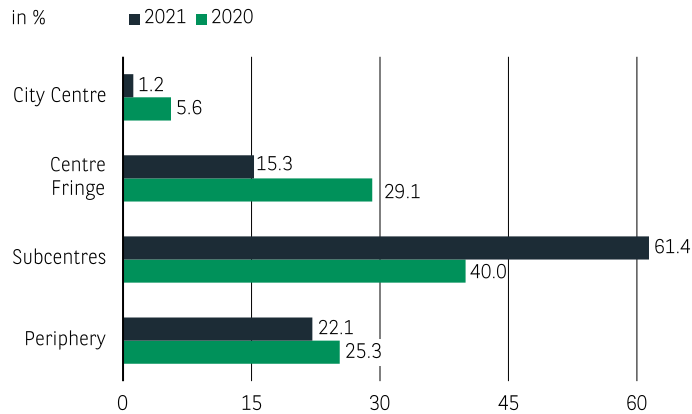
## Investments by type of property



## INVESTORS CONTINUE TO FOCUS ON OFFICE PROPERTIES

As usual for the Stuttgart investment market, office properties were again most in demand among investors in 2021. However, the fact that more than 70% of the total is attributable to this asset class is also record-breaking for the Swabian metropolis. Never before have more than the currently registered €1.52 billion been invested in Stuttgart office properties. Hotel transactions also achieved a very strong result. The acquisition of the hotel tower under construction on Mailänder Platz by Union Investment for almost €140 million is one of the reasons why this asset class is around 28% above its long-term average. Meanwhile, the volumes in the logistics and retail sectors are much more subdued. Both segments are more than 70% below the long-term comparative value.

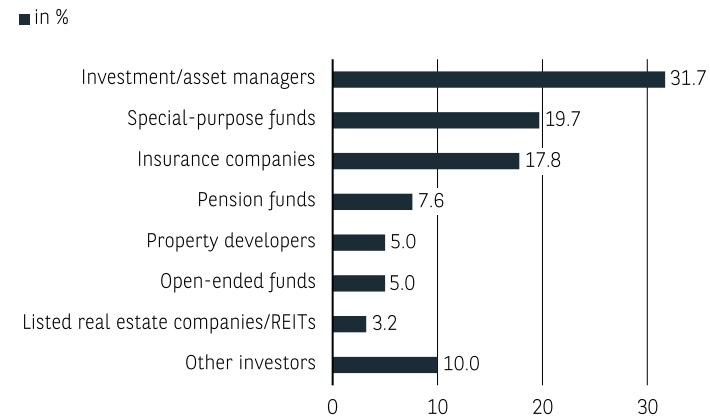
## Investments by location



## HARDLY ANY SUPPLY IN THE CITY

The lack of supply on Stuttgart's investment market has been particularly noticeable in the central locations for years. Accordingly, the current distribution of the investment volume across the market area does not reflect the actual demand. The City Centre, for example, has a share of only one per cent, which is lower than ever before. The Centre Fringe is also clearly below average. The €322 million registered here fall short of the long-term average by around 33%. Things look much better in the Subcentres, which clearly dominate the distribution of turnover with 61%. At €1.3 billion, a new record value can even be reported here by a wide margin. With a turnover share of 22% or a volume of €466 million, the Periphery is also currently the focus of many investors.

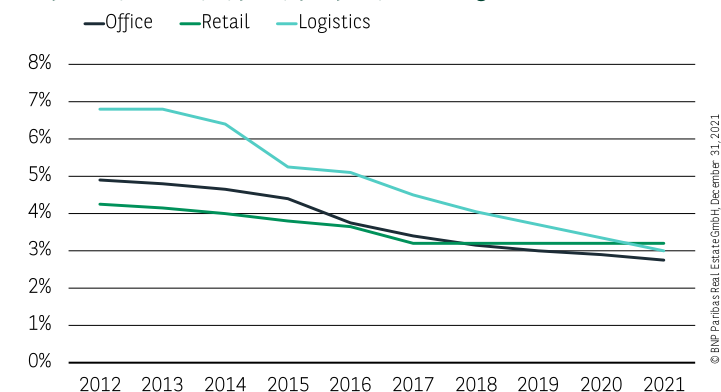
## Investments by buyer group 2021



## INVESTMENT/ASSET MANAGER CLEARLY IN FRONT

The distribution of the transaction volume according to buyer groups is led by investment/asset managers in 2021. With €668 million, they generate their best result to date and thus contribute around 32% to the total. As usual, special-purpose funds (20%) are also keen buyers, but at €416 million they are around 5% below their long-term average. Insurance companies follow in third place with a share of 18%, which also sets a new record in Stuttgart. Other noteworthy contributions come from pension funds (8%), property developers (5%), open-ended funds (5%), and listed real estate companies/REITs (3%).

## Net prime yields by type of property in Stuttgart



## OFFICE AND LOGISTICS YIELDS CONTINUE TO DECLINE

As in the other top German locations, the overall high investor demand is also reflected in a significantly higher price level. Thus, the net prime yield for first-class office properties decreased by 15 basis points over the course of the year and now stands at 2.75%. The yield compression was even more noticeable for the booming logistics assets. Here the decline is as much as 35 basis points, so that a peak of 3.00% is now to be expected. The value for high street buildings remained stable at 3.20%.

## OUTLOOK

After market activity was still very subdued at the beginning of 2021, a gradual catch-up movement has set in over the course of the year. Since market activity picked up considerably in the last quarter in particular, from today's perspective there is much to suggest that this momentum can also be taken into the new year. How much this will be reflected in the transaction volume will again be a question of the available supply. Against this background, a further slight yield compression cannot be ruled out.

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