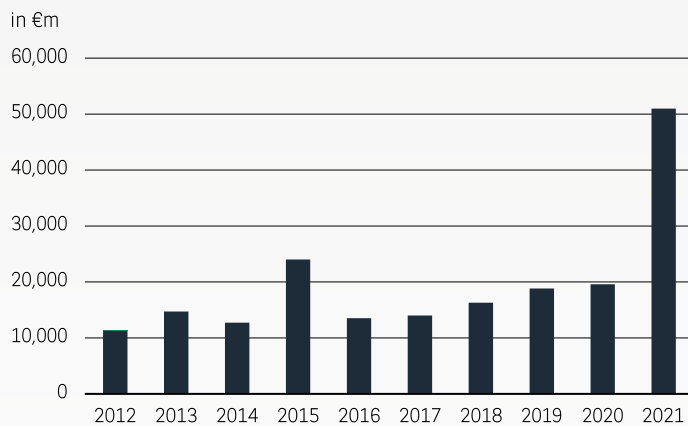




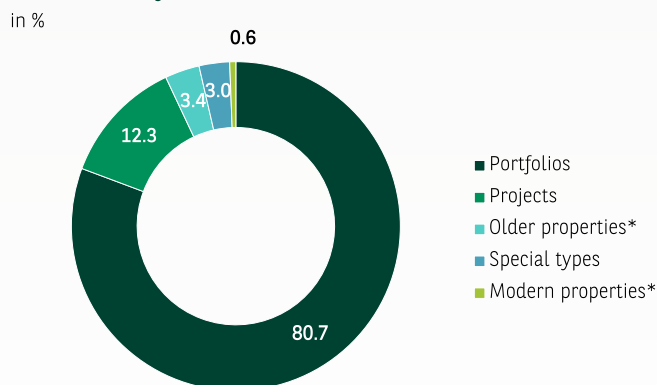
At a Glance **Q4 2021**

RESIDENTIAL INVESTMENT MARKET GERMANY

Residential investment volume

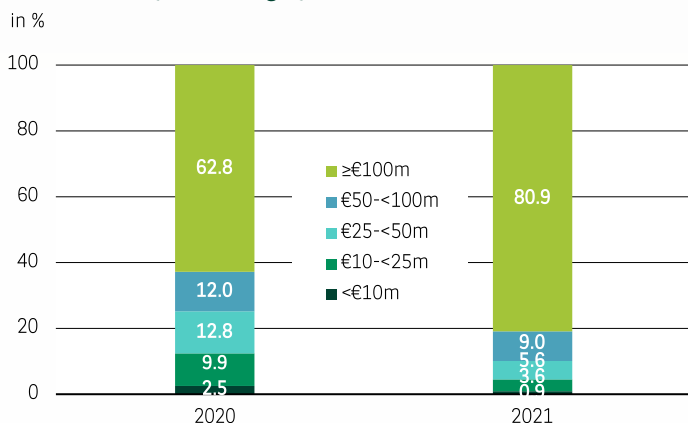


Investments by asset class 2021



* Block sales in one location

Investments by size category



RESIDENTIAL INVESTMENTS BREAK €50 BILLION MARK

After three already very good quarters for the German residential investment market, the last quarter of 2021 finally ensured a new record turnover. In the year as a whole, just under €51 billion was invested in larger residential properties (30 units or more) across Germany, more than half of this in the fourth quarter alone. By far the biggest deal and volume driver was Vonovia's takeover of Deutsche Wohnen, which was included in the results at over €22 billion. However, even without this exceptional deal, the last three months were extremely buoyant and would have secured the record result nonetheless. Other major deals, such as the Akelius acquisition by Heimstaden for around €5 billion, also contributed to the record sales. However, the fact that the new record is not only attributable to major mergers and acquisitions is shown by the fact that a new all-time high was also set in the segment up to €100 million. At around €9.76 billion, the previous record from 2017 was also exceeded in this market segment by 20%. Investor confidence in the German residential markets therefore remains high at all levels, a fact not altered by the renewed upturn in corona infections. The focus for investors is clearly on the positive, long-term prospects.

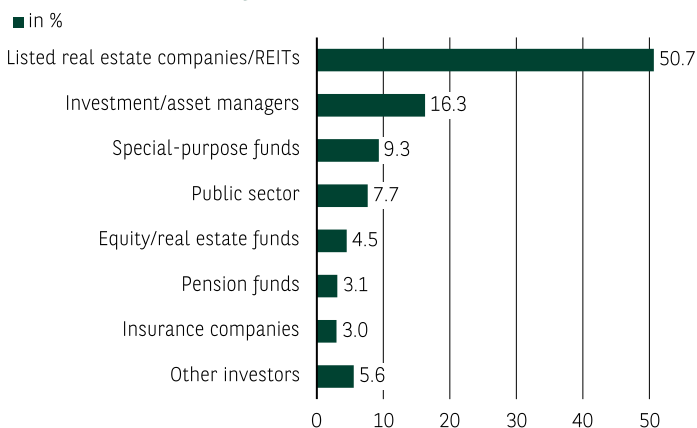
PROPERTY DEVELOPMENTS: THE COVETED GOOD

As expected, due to the takeover of Deutsche Wohnen and other major transactions, residential portfolios are by far the biggest contributor to the overall result, accounting for almost 81%. However, the focus of many investors, especially investment managers and their special-purpose funds, is primarily on project developments. With an investment volume of €6.28 billion, this market segment set an impressive new record, exceeding the previous year's result and the ten-year average twice. Unlike in the past, when the focus was almost exclusively on the major metropolitan areas, 53% of the volume was invested outside the A-cities in 2021. This market segment in particular is experiencing a major supply bottleneck, otherwise the volume would certainly have been even higher.

VERY HIGH INVESTMENT VOLUME IN ALL SIZE CATEGORIES

It is particularly pleasing to note that very high turnover was observed in all size classes. This reflects the broad demand base that exists in all market segments. The high volume of transactions is therefore not the result of individual special developments, but is based on a broad foundation.

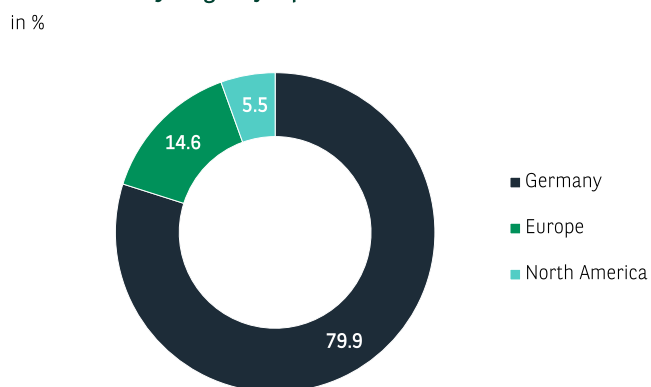
Investments by buyer group 2021



HIGH ABSOLUTE SALES VOLUME OF MANY BUYER GROUPS

Even though listed real estate companies/REITs clearly dominate the buyer groups with a share of sales of almost 51% due to the large deals, several investors have made very high investments in absolute terms. For example, both asset/investment managers with almost €8.3 billion and insurance companies with €1.5 billion each posted new record sales. But also special-purpose funds come to the second-highest volume ever registered (€4.75 billion) and pension funds deliver a top 3 result with almost €1.6 billion. This result once again underscores the very high level of interest shown across different buyer types in German residential real estate.

Investments by origin of capital 2021



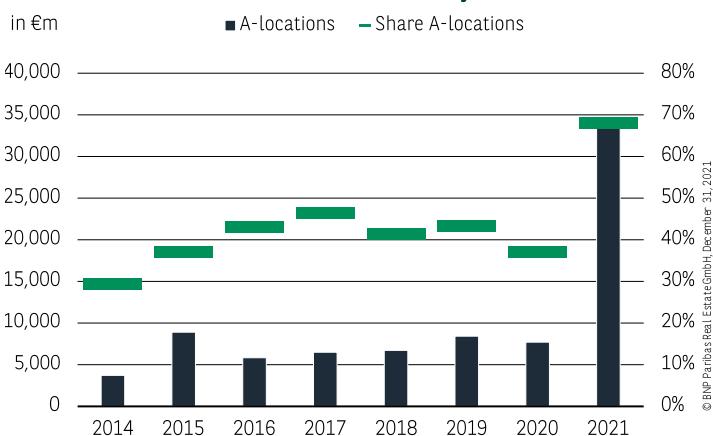
YIELDS FURTHER DOWN

The current supply-and-demand situation is also reflected in price developments. Particularly in the sought-after new-build segment, the supply shortage in many cities has caused yields to decrease further. In Germany's A-locations, they have fallen by 10 to 25 basis points over the course of 2021 and are now 2.60% or lower in all cities. Munich (2.35%) remains the most expensive, ahead of Stuttgart (2.40%) and Berlin (2.50%). The trend was even more dynamic in many B-cities, where yields decreased by between 25 and 30 basis points.

LARGE DEALS DRIVE RESULTS IN A-LOCATIONS

The transaction volume of some A-locations climbed to unprecedented heights as a result of the major takeovers and mergers. In total, they achieve a turnover of a good €34.7 billion, which corresponds to a share of 68% of the total volume. The clear leader is Berlin, where €26.4 billion was invested, including the takeovers of Deutsche Wohnen and Akelius. However, Hamburg (almost €2.7 billion) and Frankfurt (around €2.5 billion) also benefited disproportionately. Munich (just under €1.2 billion) and Leipzig (€1.4 billion) also accounted for more than a billion in investment volume. However, strong demand has also noticeably boosted sales in Düsseldorf (€780 million), Cologne (€791 million) and Stuttgart (€424 million).

Investment volume A-locations and share of total volume



OUTLOOK

The underlying conditions for residential investments remain very good, so sales are also expected to be high in 2022, even if the record set in 2021 is probably for eternity. Despite rents rising somewhat more slowly overall, there is still a large surplus of demand in the major metropolitan areas, from which modern new-build apartments in particular can benefit. Against this backdrop, the supply bottleneck is likely to persist, especially for property developments and forward deals. As demand is unlikely to diminish due to the attractive risk profile, further slight yield compression cannot be completely ruled out in the current year.

All rights reserved. At a Glance is protected in its entirety by copyright. No part of this publication may be reproduced, translated, transmitted, or stored in a retrieval system in any form or by any means, without the prior permission in writing of BNP Paribas Real Estate GmbH.

The statements, notifications and forecasts provided here correspond to our estimations at the time when this report was prepared and can change without notice. The data come from various sources which we consider reliable but whose validity, correctness or exactness we cannot guarantee. Explicitly, this report does not represent a recommendation of any kind, nor should it be regarded as forming a basis for making any decisions regarding investment or letting or renting property or premises. BNP Paribas Real Estate can accept no liability whatsoever for any information contained or statements made herein.

Imprint Publisher and Copyright: BNP Paribas Real Estate GmbH | Prepared by: BNP Paribas Real Estate Consult GmbH | Status: December 31, 2021

Further information BNP Paribas Real Estate GmbH | Christoph Meszelinsky, Head of Residential Investment | Phone +49 (0)211-52 00-00 | christoph.meszelinsky@bnpparibas.com
www.realestate.bnpparibas.de