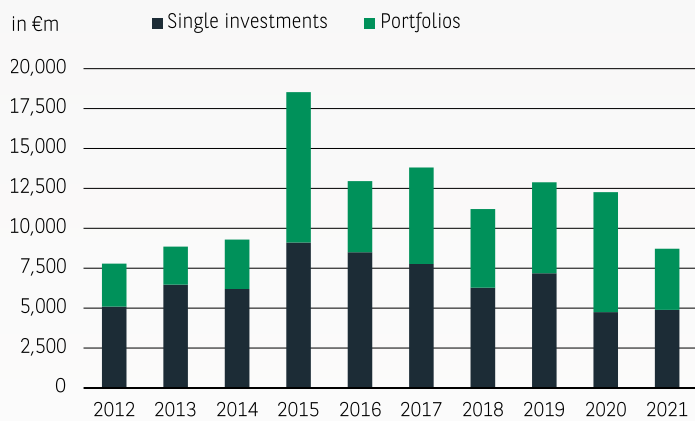




At a Glance **Q4 2021**

RETAIL INVESTMENT MARKET GERMANY

Retail investments in Germany

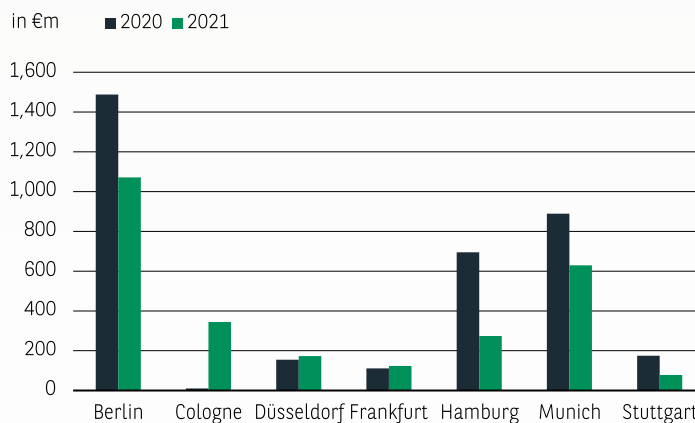


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GOOD SECOND HALF OF THE YEAR GIVES HOPE FOR 2022

At first glance, the overall performance of the retail investment market, with a total transaction volume of €8.7 billion and declines of 29% and 25% respectively year-on-year and over the long term, does not indicate dynamic market development. However, if one looks behind the figures, the result in the second half of the year in particular can be seen as a positive signal for the coming 12 months: with sales of over €5.9 billion, the last two quarters of the year not only accounted for 68% of the overall result, but also a higher volume than in the previous year (+16%). It is also encouraging that the individual deal volume of just under €4.9 billion is at the same level as in 2020 as a whole. Conversely, the lower investment volume is therefore attributable to the portfolio segment (€3.8 billion), which in the previous year was driven up decisively above all by mergers and acquisitions. In contrast, specialist store portfolios were particularly dominant in 2021, contributing a substantial 96% to the portfolio volume.

Retail investments in the A-locations

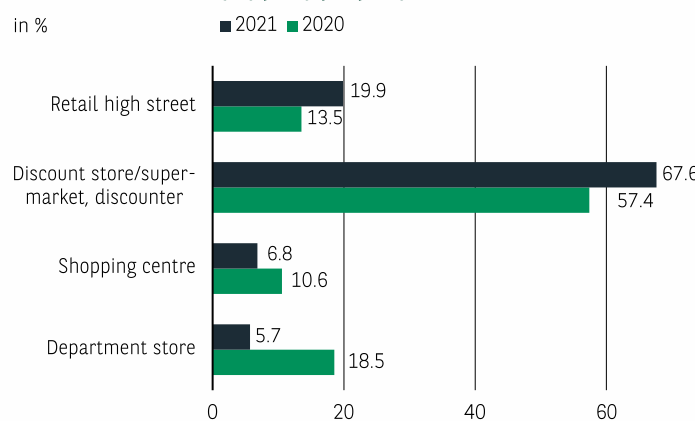


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EFFECTS OF THE CORONA CRISIS FELT IN A-CITIES

The small number of large-volume individual sales, which mostly make up the difference between high and low volumes in the top markets, are reflected in the results for A-locations: at €2.7 billion, transaction volumes in the main retail metropolises fell by 24%, the lowest level in the last five years. Looking at the individual cities, it is once again Berlin (€1.1 billion) and Munich (€630 million) that form the leading duo. Cologne (€344 million), Hamburg (€274 million), Düsseldorf (€173 million), Frankfurt (€124 million) and Stuttgart (€78 million) follow at a considerable distance. Overall, the major importance of highstreet properties in the top cities can be seen, accounting for more than 52% of the individual deal volume.

Retail investments by type of property



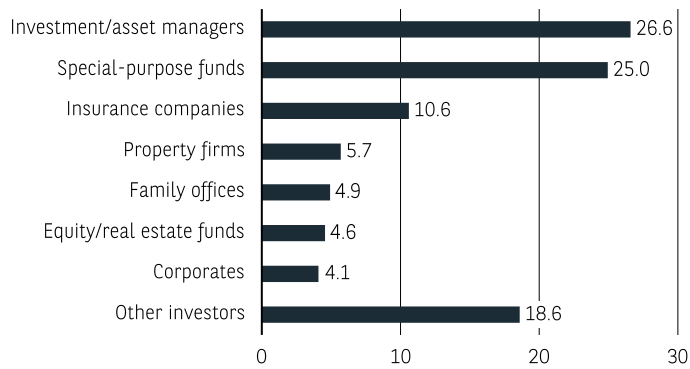
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FOCUS ON SPECIALIST STORES INTENSIFIES

The high attractiveness of the specialist store segment, particularly with regard to food-anchored investments, has crystallized even further in 2021: While this division accounted for 39% of sales in 2019, it already represented a good 57% in 2020 and a proud 68% of results in the past 12 months. The fact that the volume fell from a good €7 billion to around €5.9 billion can be explained by the corporate acquisitions of TLG and REAL in the previous year. Highstreet properties also account for a large share (20%). Shopping centers and department stores account for a further 11% and 6% respectively.

Retail investments by buyer group 2021

in %

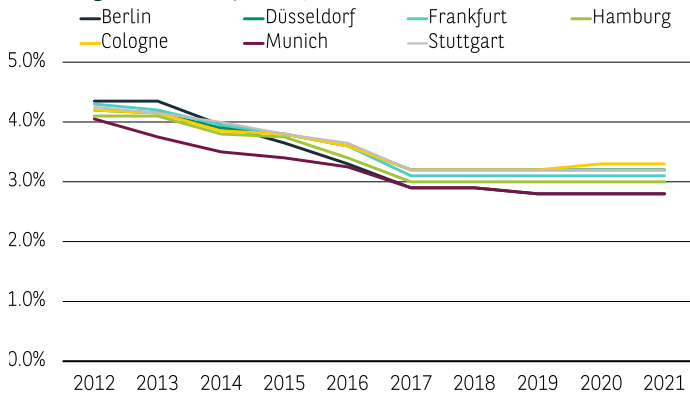


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INVESTMENT/ASSET MANAGERS LEAD THE FIELD

Against the backdrop of the market developments outlined above, it is hardly surprising that the ranking of buyers was also determined by those who were extensively active in the specialist store and portfolio segment. These primarily include investment/asset managers (just under 27%) and special-purpose funds (a good 25%), which together account for more than half of the transaction volume. Insurance companies (almost 11%) are also above the 10% mark, with one of the largest transactions of the year, the Touchdown portfolio, which includes twelve retail parks and was sold for around €400 million. This is followed by real estate companies, family offices, equity/real estate funds and corporates, each with a share of between 4% and 6%. The share of sales accounted for by international investors is just over 23%, once again below the figure for the overall commercial real estate market (almost 39%).

Retail high street net prime yields in the A-locations

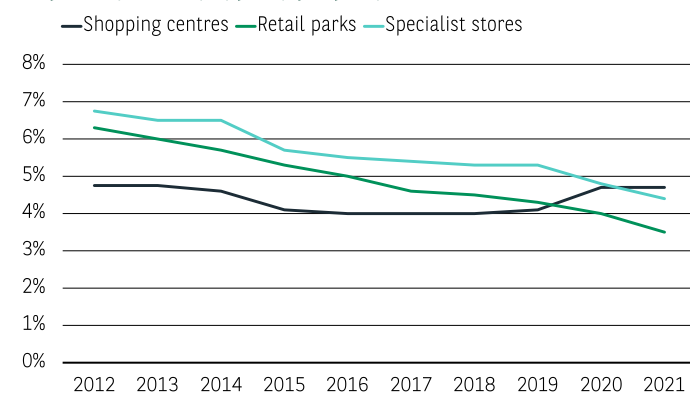


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SPECIALIST STORES SIGNIFICANTLY MORE EXPENSIVE

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 over the past 12 months. Against this backdrop, core properties in the absolute top locations of Berlin and Munich continue to rank equally at the top (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, however, the high attractiveness of the specialist store segment is evident in the yield compression over the course of the year: In the case of well-functioning retail parks with good transport links (3.50%) and individual retail parks (4.40%), prime yields have fallen continuously and by 50 and 40 basis points respectively compared with the end of 2020. As a result, both property types are now significantly more expensive at peak than shopping centers, which are trading at 4.70%.

Net prime yields by type of property



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OUTLOOK

Even if the total investment volume at the end of the year does not speak for the retail investment market, it is worthwhile to look at the individual drivers of the result. These include, firstly, the significant pick-up in market activity in the second half of the year, which could provide a boost for the start of 2022. On the other hand, it is becoming increasingly apparent that, even against the backdrop of uncertainties surrounding the further development of the Corona crisis, the retail sector can increasingly count on the specialist store and food segment, which at the same time strengthens the portfolio division and acts as a constant sales driver for the overall market. This is also reflected in the continuing yield compression for specialist stores and increases the investor base of potential buyer groups. In the high-street sector, the numerous store transactions should be mentioned which, while not decisively driving up transaction volumes,

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