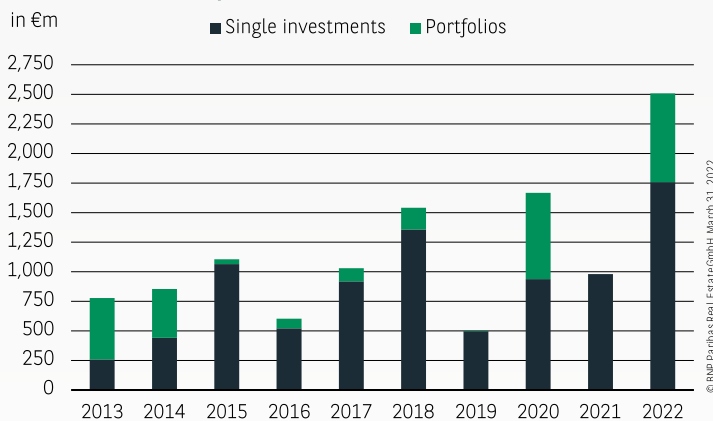




At a Glance **Q1 2022**

# INVESTMENT MARKET FRANKFURT

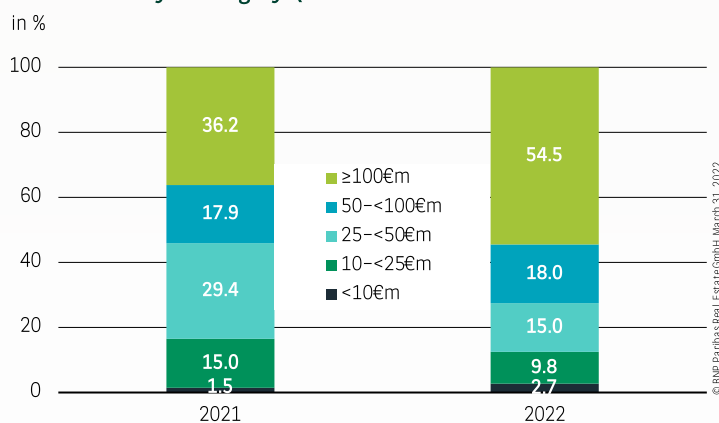
## Investment volume Q1



## RECORD RESULT AT THE START OF THE YEAR

The investment market in Frankfurt got off to a brilliant start to the year. The investment volume totals around €2.5 billion, setting a new record. The solid result of the previous year was exceeded by over 150% and the current result is also well above the 10-year average of just under €1.2 billion. Mainly single investments are the reason for this dynamic start. They contributed almost €1.8 billion to the total volume, which is the highest figure in the past decade and represents an increase of around 79% compared with the corresponding period of the previous year. The largest single investment to date is the transaction of the Marienurm, which DWS acquired on behalf of a pension fund for a total of more than €800 million. The Frankfurt market has also significantly participated in the portfolio transactions that have taken place until now and can report a record volume of €750 million in this segment as well.

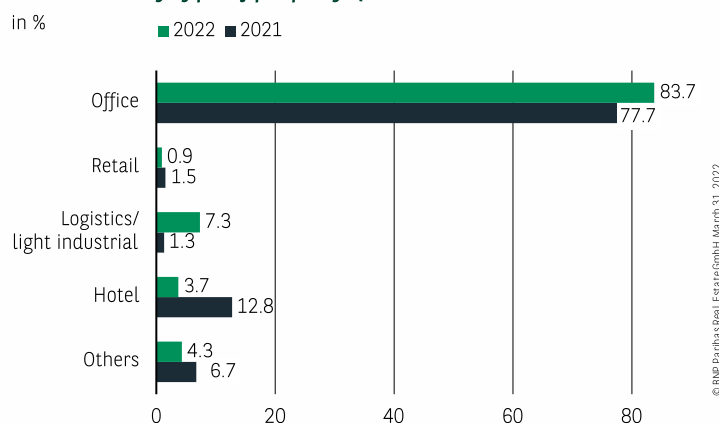
## Investments by € category Q1



## LARGE DEALS BREAK THE €1 BILLION THRESHOLD

Especially in the large-sized segment above €100 million the Frankfurt market is very dynamic. This segment contributed around €1.4 billion to the latest result, which is by far the highest figure in recent years. Although transactions in the €50 million to €100 million size segment still account for a market share of 18%, the analysis of absolute figures highlights the significant increase in market momentum here as well, with an rise of around 158% to a current volume of around €450 million. Despite the market share decreased to 15%, the investment volume for transactions between €25 million and €50 million improved noticeably. With a plus of 30.5% compared to the corresponding quarter of the previous year, they now achieve a result of just under €380 million, registering the second-highest figure of the past decade.

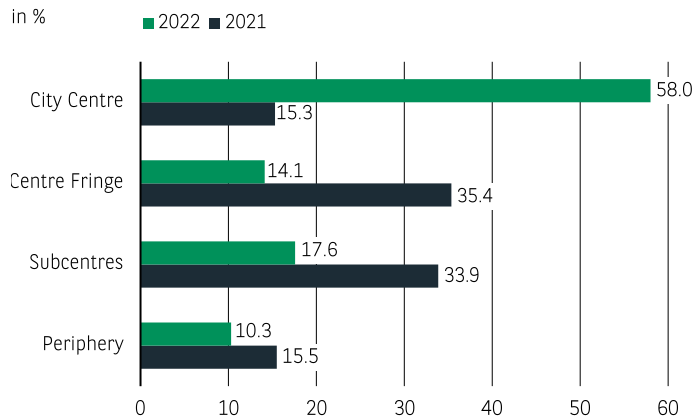
## Investments by type of property Q1



## OFFICE INVESTMENTS DRIVING THE MARKET

Investors' trust in the office market of the German banking and finance metropolis continues unabated. About €2.1 billion has been placed in this asset class so far. Apart from the properties that changed ownership in the course of the alstria takeover or the Marienurm transaction, a large number of investments in the mid-sized segment stand out. Logistics properties have accounted for just over 7% and a volume of around €184 million to date, which is the third-highest figure recorded historically. Hotel investments contributed almost 4% with more than €90 million, outperforming the 10-year average by around 20%.

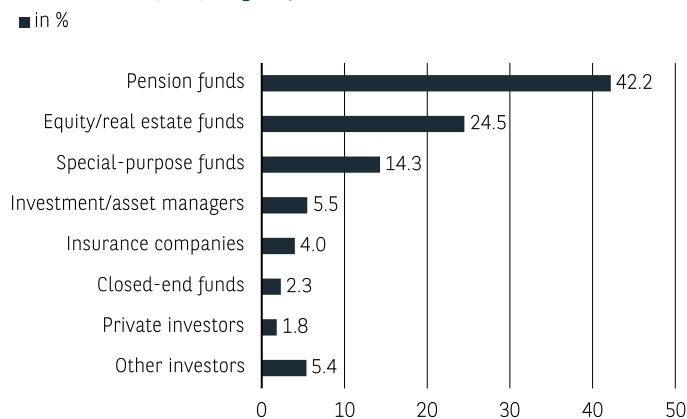
## Investments by location Q1



## FRANKFURT CITY RESUMES LEADERSHIP

Almost €1.5 billion has been invested in Frankfurt's city center at the start of the year. This is by far the highest figure in the past ten years. Along with the Marienurm, other prominent properties have changed ownership as well, including the Marienbogen. The latest figures underline that investors continue to appreciate Frankfurt's prime locations and that new supply is being absorbed quickly by the market. In the subcentres, the investment volume increased by 33% year-on-year with a volume of around €440 million which represents a top result. The wide range of buyers among the investors underlines the long-term opportunities offered by these locations. Although the Centre Fringe can only contribute around 14% to the market volume, the amount of around €354 million is even slightly above the previous year's level.

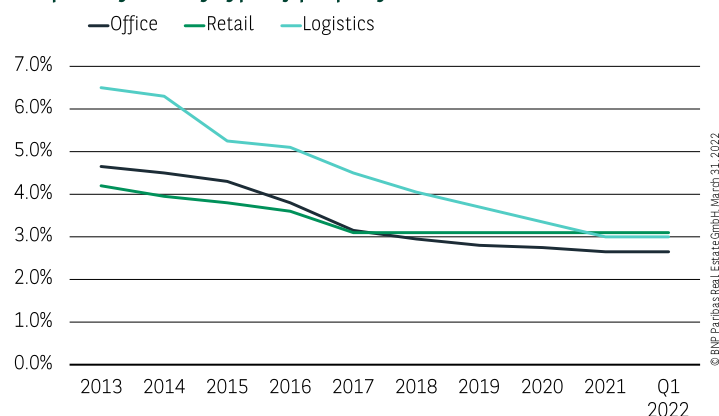
## Investments by buyer group Q1 2022



## PENSION FUNDS AT THE TOP

At the beginning of the year, pension funds were the strongest buyer group with a volume of around €1 billion. A large part of the result is due to the acquisition of the Marienurm. Other transactions by pension funds have been in the mid-sized office properties. Equity/Real Estate Funds' above-average performance, with a share of 24.5% and a volume of more than €600 million, is primarily a consequence of the alstria acquisition. Special-purpose funds are currently the third-strongest group of buyers, achieving their third-highest result in history with roughly €360 million. Alongside the acquisition of various office properties, they were particularly active in the light industrial segment.

## Net prime yields by type of property



## YIELDS MOVING SIDEWAYS

While net prime yields dropped again at the end of 2021 in both the office and logistics segments, they remain stable across all asset classes at the beginning of 2022. This implies that the office prime yield remains at 2.65%, while prime yields in the logistics sector are at 3.00%. Highstreet properties in Frankfurt's top locations quote 3.10%, remaining stable.

## OUTLOOK

Despite the current geopolitical and economic uncertainties, complicating a forecast for the Frankfurt investment market, everything points to a continuing high and stable demand. The past few months underline the great confidence that investors have in the German banking metropolis, particularly in the long term, which is supported by the high take-up in the office market. Therefore, the investment volume in 2022 is likely to exceed the long-term average significantly. The most likely scenario for prime yields is a sideways movement in the short term.

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