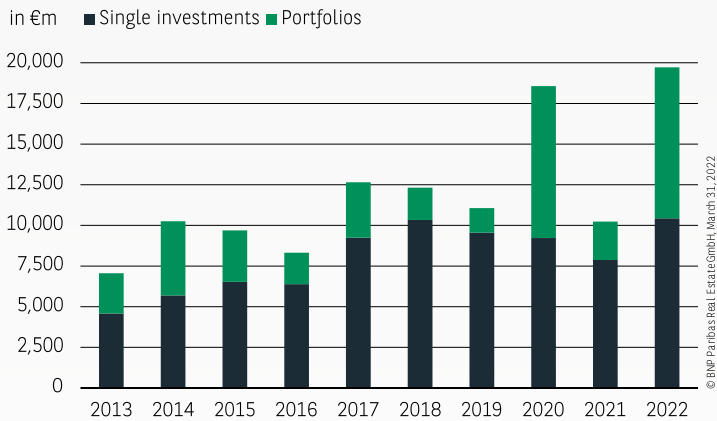




At a Glance **Q1 2022**

# INVESTMENT MARKET GERMANY

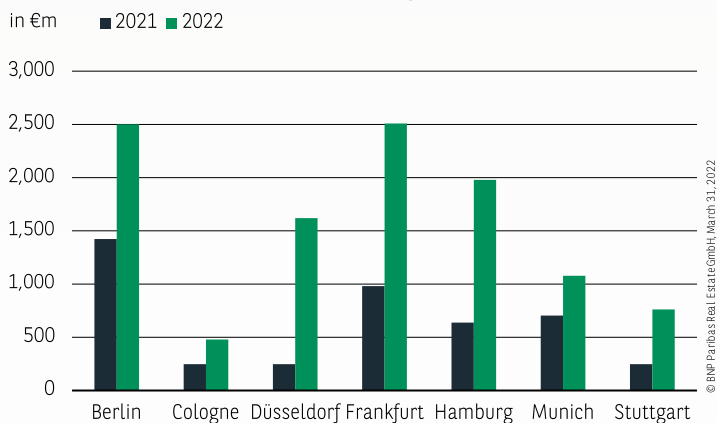
**Investment volume in Germany Q1**



**NEW RECORD: € 20 BILLION THRESHOLD JUST MISSED**

The investment markets got off to a good start to the year, continuing seamlessly from the extraordinary final quarter of the previous year. At just over €19.7 billion, investment volume not only almost doubled the previous year's figure, but also set a new record for the first quarter. A significant contribution to the result was made from the alstria acquisition by Brookfield, which accounted for approximately €4.5 billion. Even without the alstria transaction, the markets have performed remarkably well. A contributing reason for investors' confidence was the fact that the impact of the Corona pandemic has been noticeably reduced. However, the war in Ukraine and the resulting inflation have dampened growth perspectives - at least for this year. Uncertainty regarding the economic outlook and further geopolitical developments are not yet reflected, at least not in the results of the first quarter.

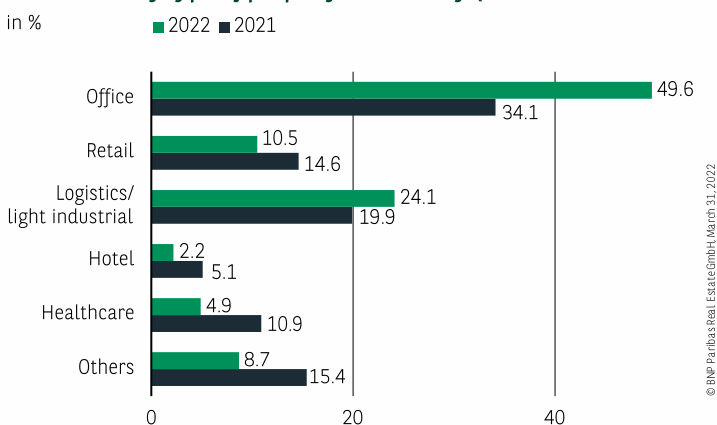
**Investment volume in the A-locations Q1**



**A-LOCATIONS EXCEED € 10 BILLION FOR THE FIRST TIME**

The markets in the A-locations were particularly strong, accounting for around 55% of investment volume with just over €10.9 billion. For the first time, the €10 billion threshold was surpassed in the first quarter, setting a new record. Frankfurt and Berlin were almost tied at the top of the list with just over €2.5 billion each. For the German capital, this corresponds to an increase of 76%. In the banking metropolis, volumes even increased by more than 150%, resulting in a new all-time high here as well. Hamburg came just short of the €2 billion threshold, registering €1.98 billion. Well over a billion was recorded in Düsseldorf with over €1.6 billion. Munich achieved a good result of almost €1.1 billion (+53%), despite a low portfolio share. In Stuttgart, the result tripled, with approximately €760 million registered.

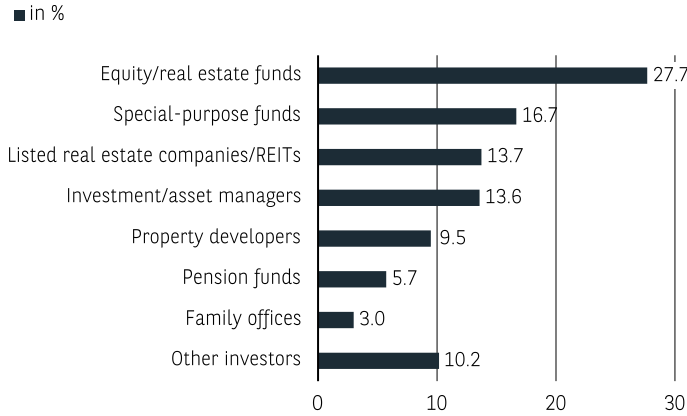
**Investments by type of property in Germany Q1**



**OFFICES ACCOUNT FOR HALF OF THE VOLUME**

As in previous years, the top performers were office properties, which accounted for almost half of the result. With a total of just under €9.8 billion, they not only set a new record but almost tripled the previous year's figure. Logistics properties are in second place at €4.8 billion and still continue to soar. At 24%, they contribute almost a quarter of the result, more than ever before. In third place are retail properties, which account for almost €2.1 billion and a share of 10.5%. Hotels have been hardest hit by the aftermath of the Corona pandemic, generating only €440 million.

**Investments by buyer group Q1 2022**



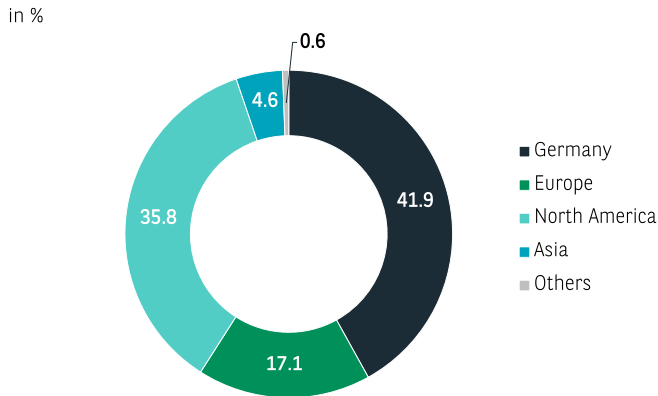
**DISPROPORTIONATELY HIGH SHARE OF FOREIGN BUYERS**

Foreign buyers invested around €11.45 billion in commercial real estate, more than ever before in a first quarter. Therefore, their share is also correspondingly high at 58%. The primary reason for this is their traditionally high share in the portfolio segment, which at 82% is even higher than usual. Besides the remarkable strong result in office properties, logistics properties were the main focus of foreign investors. North American investors have clearly taken the lead, with a share of just under 36%, placing them well ahead of European buyers, who contributed 17%.

**STABLE YIELDS IN THE FIRST QUARTER**

After a slight individual decrease of selected yields in the final quarter of the previous year, yields remained stable across all asset classes and locations in the first three months of 2022. For office properties, Berlin remains the most expensive city with a net prime yield of 2.40%, followed by Munich at 2.50% and Hamburg at 2.55%. Cologne continues at 2.60% and Frankfurt at 2.65%. Düsseldorf and Stuttgart also remained unchanged at 2.75% each. For logistics properties, the net prime yields are still at 3.00%, while for retail parks it is 3.50% and for stand alone retail warehousing assets 4.40%.

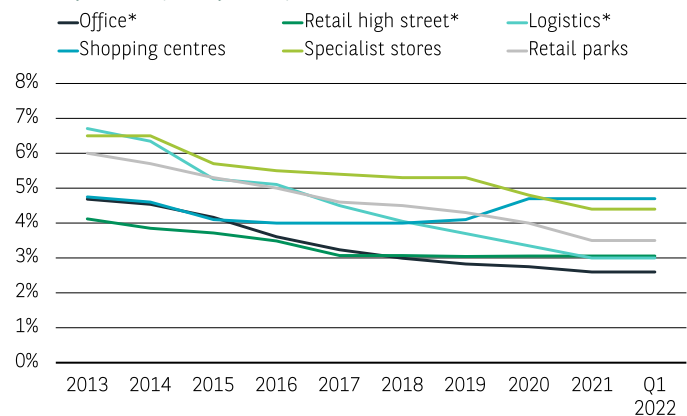
**Investments by origin of capital Q1 2022**



**OUTLOOK**

The very good start to the year underlines that the German real estate markets continue to be in the focus of investors and that they expect a further positive development and certain recovery effects in the long term. Nevertheless, the short-term outlook has become more challenging than it has been for a long time. There are a variety of potential disturbing factors whose impact on the markets is difficult to predict. There is no doubt that the war in Ukraine and the ongoing sanctions will slow down economic growth compared to the outlook made at the end of 2021, which is also clearly reflected in the adjusted forecasts of major economic institutes. The resulting inflation will also likely be reflected in lower purchasing power. However, the very good and above-average office take-up in the first quarter shows that there remains potential in the user markets due to the slower economic development over the last two years as a result of the Corona pandemic. Therefore, from today's perspective, the user respectively leasing markets are likely to be a stabilizing factor for investors' demand. Given these circumstances, demand for real estate is expected to stay on a high level, although it is difficult to make a forecast for this year. In terms of yields, a sideways movement is the most probable scenario in the short term. In the medium term, the further development remains uncertain due to development of interest rates and inflation, especially considering future energy costs.

**Development of net prime yields**



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**Further Information** BNP Paribas Real Estate GmbH | Sven Stricker, Co-Head Investment | Phone +49 (0)30-884 65-0 | sven.stricker@bnpparibas.com | [www.realestate.bnpparibas.de](http://www.realestate.bnpparibas.de)