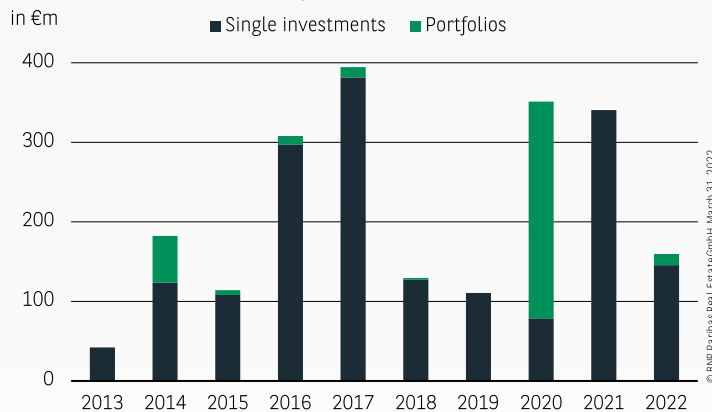




At a Glance **Q1 2022**

# INVESTMENT MARKET LEIPZIG

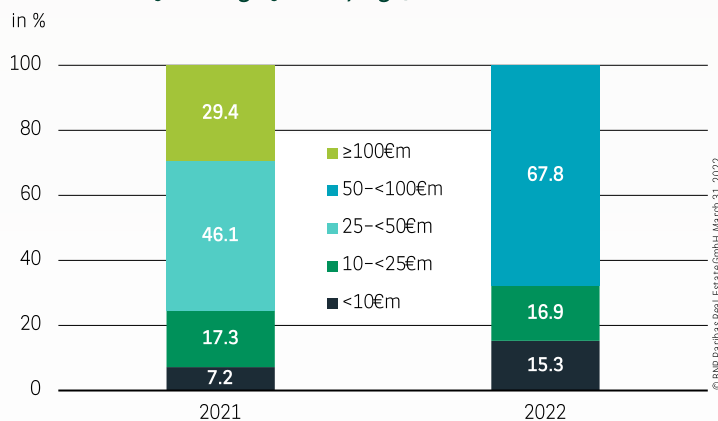
**Investment volume in Leipzig**



## OVERALL SOLID START TO THE YEAR

With a transaction volume of €160 million, the Leipzig investment market had a solid start to the new year overall. So far, exceptional large-volume transactions have not yet been successfully concluded, which explains why the very good results of the opening quarters of 2020 and 2021 have not been matched. Although the current volume is 21% below the 10-year average, the long-term analysis shows very volatile results at the start of the year, which is typical for smaller markets. It is also clear that Leipzig has finally left its very low starting level of 2012 and has consistently recorded sales in excess of €100 million since 2014. The market has benefited only marginally from portfolio transactions in the current year, with individual transactions accounting for around 91%.

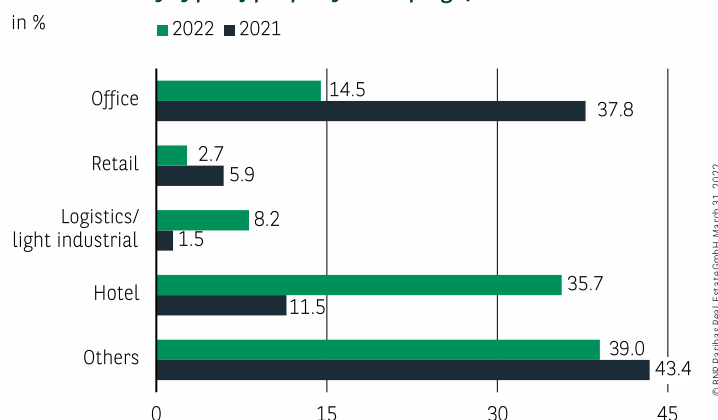
**Investments by € category in Leipzig Q1**



## INVESTORS ALSO PRESENT WITH LARGE DEALS

Although no deal with a volume of more than €100 million can be registered as of the beginning of 2022, investors are certainly also showing a presence in large deals. The market share of deals between €50 million and €100 million amounts to around 68%. Transactions between €25 million and €50 million had not yet been successfully concluded by the end of March, and in the €10 million to €25 million size category the market has not yet been able to regain the momentum of the two previous years. The market share is below average at 17%. By contrast, the result for small-volume deals remained at the previous year's level of around €24 million.

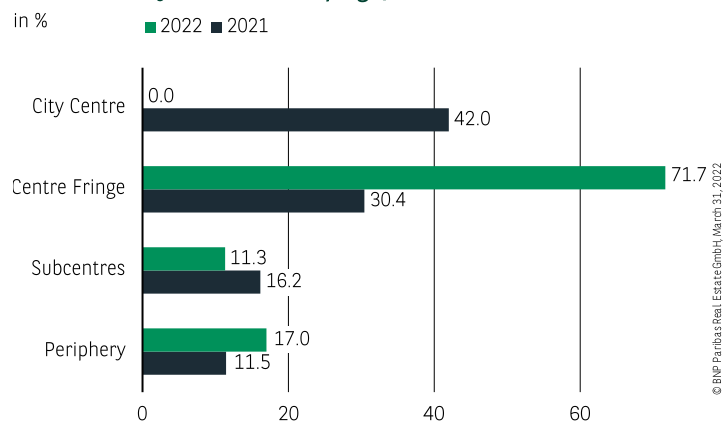
**Investments by type of property in Leipzig Q1**



## HIGH DEMAND IN DEVELOPMENT PROPERTY

The collective category Others remains at the top of the ranking with a high market share of 39%. The main reason for this is the large number of development properties that changed hands in the first quarter. The fact that project developers are investing extensively in Leipzig's city periphery and secondary locations underscores the very good development and growth opportunities in this market. Hotel investments account for a significantly above-average market share of almost 36%. This volume is driven by the transaction of the "me and all" hotel project development on the Krystallpalast-Areal. The transaction volume for office investments is currently still noticeably lower than in previous years, and the market share is only at 14.5%. In the case of logistics properties, which are in high demand, the prevailing lack of product has prevented a higher result (currently a good 8%).

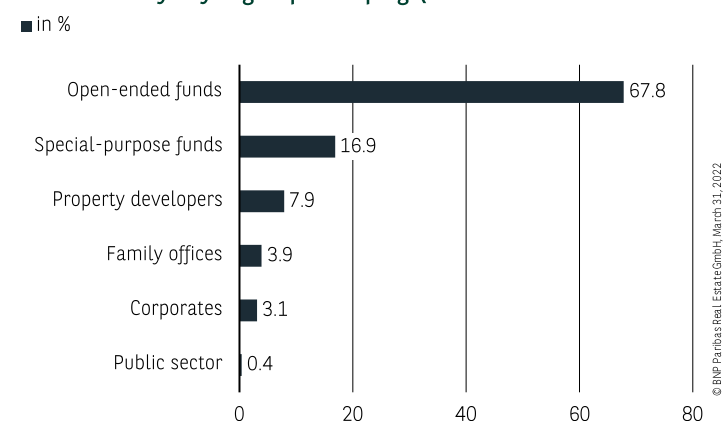
## Investments by location in Leipzig Q1



## CENTRE FRINGE IS MAIN INVESTMENT LOCATION

With almost 72% of the investment volume, the Centre Fringe is clearly in the lead in the first quarter. The largest transactions of the current year are also registered for this location, which underlines the high attractiveness of Leipzig's central submarkets. The fact that there are still no deals to report for the City Centre should not be a source of irritation at the start of the year. Investor demand in this core market remains high, with only the lack of product currently standing in the way of a positive development in sales. In the course of the year, success stories can certainly be expected from the City Centre submarket as well. On the other hand, various deals in the small and mid-sized segment have already been concluded in the Periphery, so that a market share of 17% can be reported here. Leipzig's secondary locations are performing slightly below average at just over 11%.

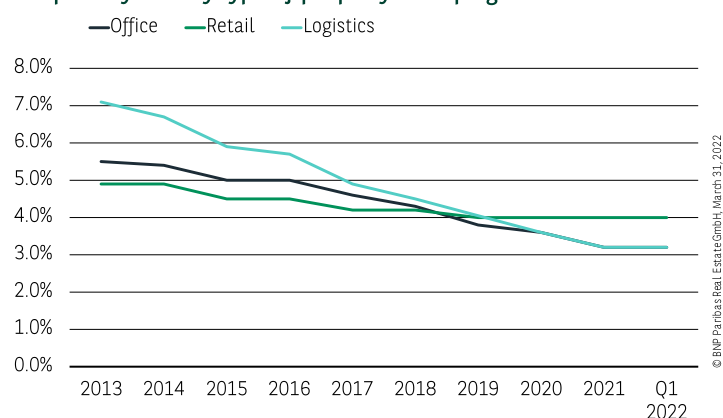
## Investments by buyer group in Leipzig Q1 2022



## INVESTMENTS MAINLY BY FUNDS

Two major transactions are responsible for the very high market share of open-ended funds of almost 68%. Through two smaller deals the special funds achieved around 17%. Thus, the two funds classes together account for almost 85% and claim almost the entire transaction volume of the Leipzig investment market in the first quarter. Two deals are also responsible for the market share of project developers of almost 8%. Family offices, corporates and the public sector are only represented with small deals and together account for a market share of just over 7%. This means that they still play a subordinate role.

## Net prime yields by type of property in Leipzig



## YIELDS REMAIN AT A STABLE LEVEL

At the end of March, Leipzig's net prime yields across all segments remained at a low level, unchanged from the turn of the year. The prime yield in the office segment thus remains at 3.20%. A prime yield of 3.20% is also recorded for logistics properties. For commercial properties, it is 4.00%.

## OUTLOOK

The start to the new year on the Leipzig investment market has certainly been moderate overall. However, the result of the first quarter of the year is rarely more than a snapshot. Leipzig's strong and healthy user markets as well as the generally high level of investor interest point to accelerated market momentum in the coming months. An annual result, which could well be above the long-term average, is likely. For the time being, a continuation of the trend of recent months is apparent for prime yields. Accordingly, they are likely to remain at their current low level in the months to come.

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