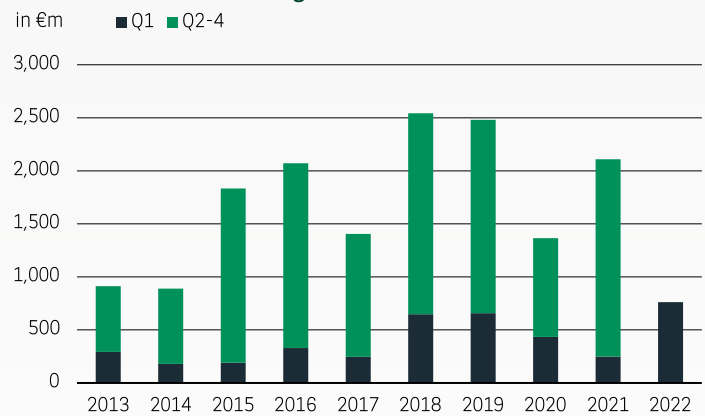




At a Glance Q1 2022

INVESTMENT MARKET STUTTGART

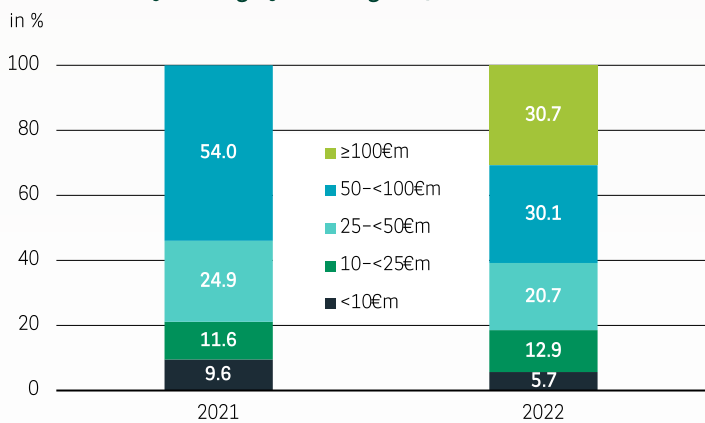
Investment volume in Stuttgart



NEW VOLUME RECORD DUE TO SPECIAL EFFECT

The Stuttgart investment market can look back on an excellent start to the year. With a transaction volume of €761 million, the outcome more than tripled to its weak result from the prior year. The fact that the long-term average was also topped by almost 91% is a further indication of the very high volume in the first three months of 2022. However, this result would not have been possible without the Stuttgart office properties of the alstria buy-out by Brookfield, which accounted for almost 58% of the total volume. Accordingly, it is unsurprising that portfolio deals generated a very high volume totaling €530 million (70% on pro rata basis). Apart from package sales, on the other hand, it was not possible to achieve an above-average balance, but compared with the same period of the previous year there was a slight increase in both the number of individual deals and the corresponding investment volume (€231 million). Among the largest transactions in this context was the sale of the Atlanta Business Center office tower complex in Stuttgart-Möhringen.

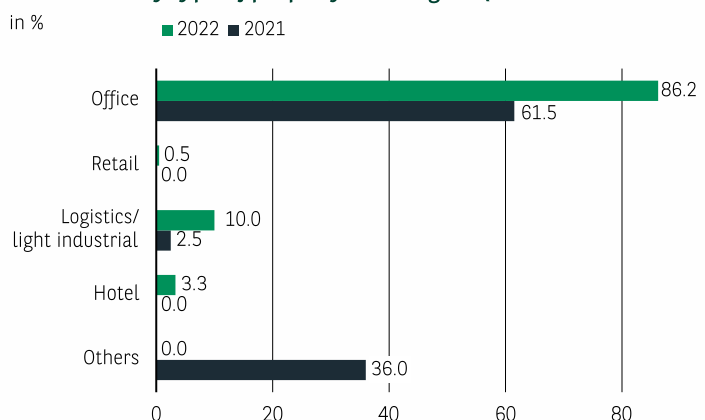
Investments by € category in Stuttgart Q1



THE TWO LARGEST CATEGORIES FORM THE MAIN PILLAR

In the ranking of size categories, the largest category in the three-digit million segment (just under 31%) is almost astride with transactions between €50 and €100 million (around 30%). In addition to the properties from the alstria buyout, detached single deals also contributed to this result. In terms of the number of transactions, the market is dominated by the segments below €50 million, which account for two thirds of all investments. The most decisive transaction driver in this context is the class between €25 and €50 million, which contributes just over one fifth of the volume. The category between €10 and €25 million generated another 13%, while smaller properties up to €10 million accounted for almost 6%.

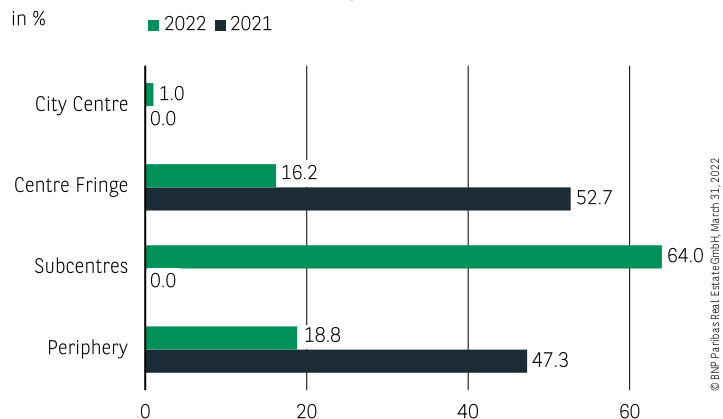
Investments by type of property in Stuttgart Q1



PORTFOLIO DEALS PUSH OFFICE INVESTMENTS TO THE TOP

As already indicated, the office investment volume in Stuttgart benefited decisively from the alstria takeover. Driven by this deal, the investment volume in this asset class was pushed to €657 million, which corresponds to a market share of around 86%. It is encouraging to note that office properties would have achieved a better result in the first quarter than in the previous year even without the portfolios included on a pro rata basis. The only assets that have also contributed noticeably to the latest total are logistics properties (around 10%). Hotels account for almost 3% and retail investments for just below 1%

Investments by location in Stuttgart Q1

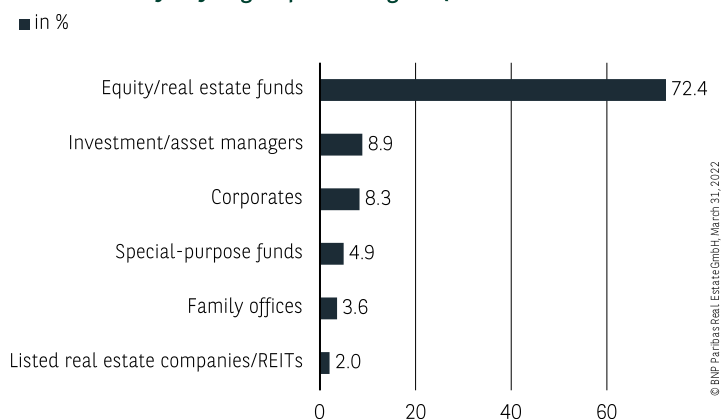


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INVESTMENTS FOCUS ON SUBCENTRES SO FAR

The distribution of take-up across the Stuttgart market area is an indication of the attractiveness of decentralized office locations coupled with a lack of investment alternatives in the central locations of Stuttgart. Accordingly, Subcentre locations dominate, accounting for around 64% of the total volume and thus are clearly occupying the top position in the ranking of location categories. In the first quarter, the focus was also on peripheral locations, which accounted for almost 19% of market activity. In addition to smaller office transactions, the sales here included also individual logistics and retail warehousing assets. The Centre Fringe is also more extensively involved, with a volume comparable to the start of 2021 and accounting for a good 16% of the result. In contrast, as already outlined, the City Centre has been underrepresented so far, although the current situation should to be seen as a snapshot and can be attributed to a lack of supply.

Investments by buyer group in Stuttgart Q1 2022



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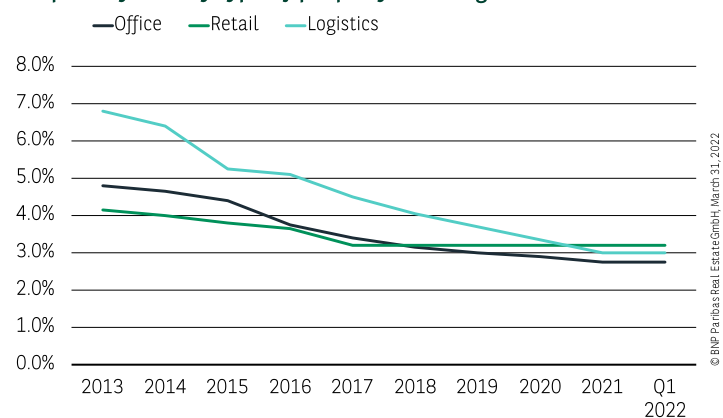
EQUITY/REAL ESTATE FUNDS AHEAD OF THE RANKING

It is hardly surprising that the alstria takeover also plays a significant role in the buyer ranking. As a result, equity/real estate funds take pole position by a wide margin in the distribution of transactions among the various investor types. A total of €551 million and a good 72% of transactions are attributable to this investor group. Furthermore, the acquisition is also reflected in the proportion of foreign investors, which is very high with almost 82%. Other buyer groups accounting for more than 5% of the total include investment/asset managers and corporates, each contributing between 8% and 9%.

SIDEWAYS MOVEMENT IN YIELDS

While yields in the logistics and office sectors slipped last year, they have been stable so far in the first quarter of 2022. For offices, the net prime yield is unchanged at 2.75%, for commercial properties at 3.20%, and for logistics properties it continues to be quoted at 3.00%.

Net prime yields by type of property in Stuttgart



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OUTLOOK

The Stuttgart investment market can look back on a very good quarterly performance at the start of the year, although the major impact of the alstria takeover should be noted here once again. In the further course of the year, it can be assumed that investment opportunities will also increasingly arise in the central locations, which have so far failed to materialize in the first quarter. Against this backdrop, the conditions are in place for a good mid-year performance overall. In terms of yields, a sideways movement is the most likely scenario for the second quarter.

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