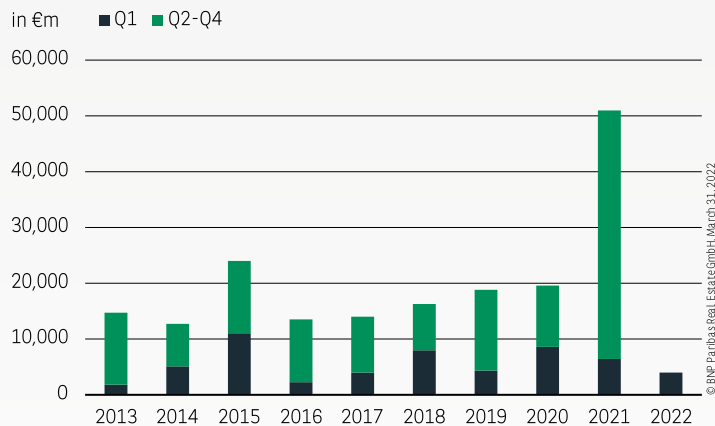




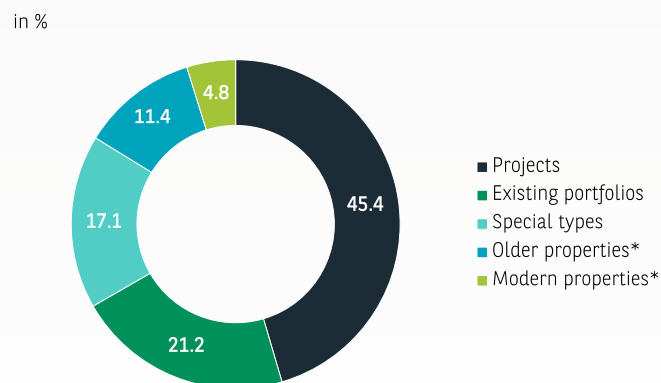
At a Glance **Q1 2022**

RESIDENTIAL INVESTMENT MARKET GERMANY

Investment volume residential portfolios

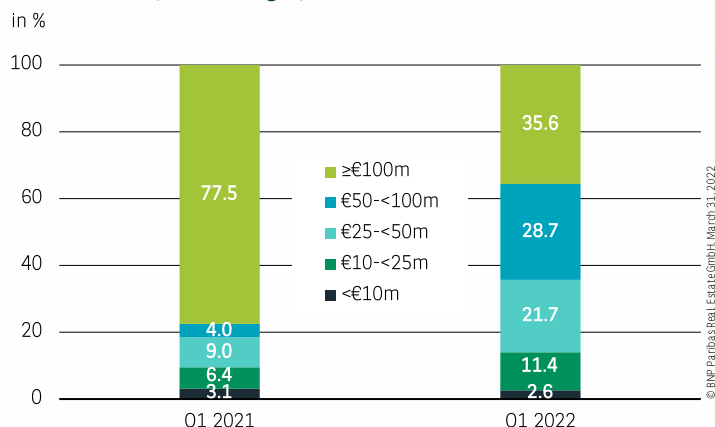


Investments by asset class Q1 2022



* Block sales in one location

Investments by size category



➤ SUBDUED START INTO THE YEAR AFTER A RECORD YEAR

After the extraordinary record year of 2021, the residential investment market took a small breathing spell and started the new year in a more subdued manner. In the first three months of the current year, German residential portfolios of 30 units or more accounted for an investment volume of €4 billion. Compared with the previous year's period, this represents a decline of almost 38%, also missing the ten-year average by 28%. However, this result, which appears moderate at a first glance, is not due to a lack of demand, but to the fact that no large deals above the €200 million mark have been completed yet. By contrast, the market segment between EUR 10 and 100 million generated a combined total of €2.47 billion, representing the second-best result of the last ten years and exceeding the average volume by roughly 50%. This result highlights how lively the markets have been, apart from mega transactions that have been seen in recent years. This conclusion is also supported by the fact that more than 90 transactions involving a total of almost 19,000 residential units have already been registered.

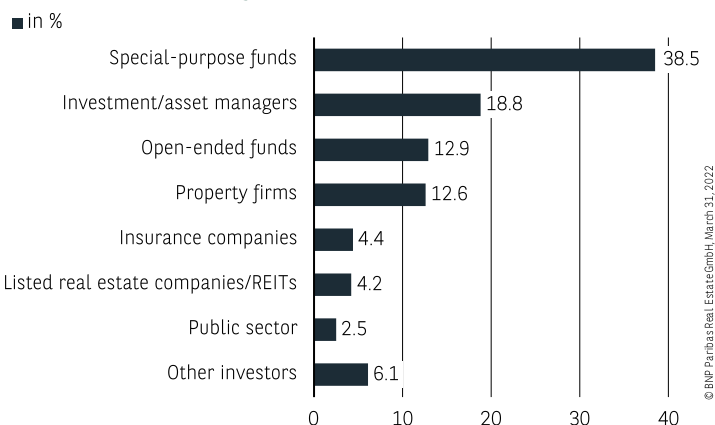
➤ PROJECTS WITH A NEW RECORD

Whereas in recent years existing portfolios have regularly led the asset class rankings due to major M&A activities, their share in the current year is only a little over 21%, which puts them in second place. In the first quarter, project developments and forward deals took the lead, not only achieving by far the highest share of 45%, but also setting a new record in absolute terms. With an investment volume of just under €1.82 billion, they exceeded the previous year's record by 16%. Only a little over one-third of the volume is attributable to the A-locations.

➤ HIGH VOLUME IN MIDSIZE CATEGORY

While almost 78% of the previous year's result was attributable to triple-digit million transactions, its share in the current year is only at 36%. On the other hand, investments between €25 million and €100 million increased their share considerably. In Q1 2022, they contributed a solid half to the transaction volume, compared with just under 13% in the same period last year. This result indicates an overall dynamic market situation and a continuously high demand from various groups of buyers.

Investments by buyer group Q1 2022



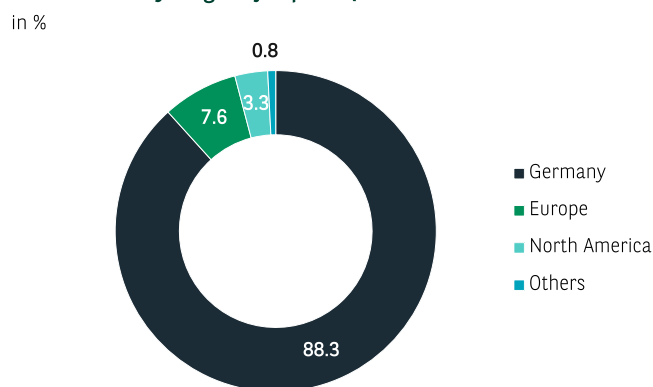
SPECIAL-PURPOSE FUNDS BY FAR BIGGEST GROUP OF BUYERS

Special-purpose funds invested by far the most, contributing almost 39 %. This reveals how more and more investment managers are adding residential funds to their product portfolio, even though they have not been active in this asset class until now. This statement is impressively confirmed by the fact that, in addition to special-purpose funds, almost 19% are attributable to investment managers where the underlying investment construct is not clearly disclosed. Open-ended funds and property firms also contributed double-digit shares with just under 13% each.

YIELDS HAVE DROPPED AGAIN

Investors' preference for new projects is clearly surpassing supply in this segment, which is underlined by the further decrease of yields. In the German A-locations, they have continued to decrease over the past twelve months and are now at 2.60% or lower across all cities. Munich (2.35%) remains the most expensive, ahead of Stuttgart (2.40%) and Berlin (2.45%). The trend was even more dynamic in many B-cities, where yields dropped between 25 and 30 basis points.

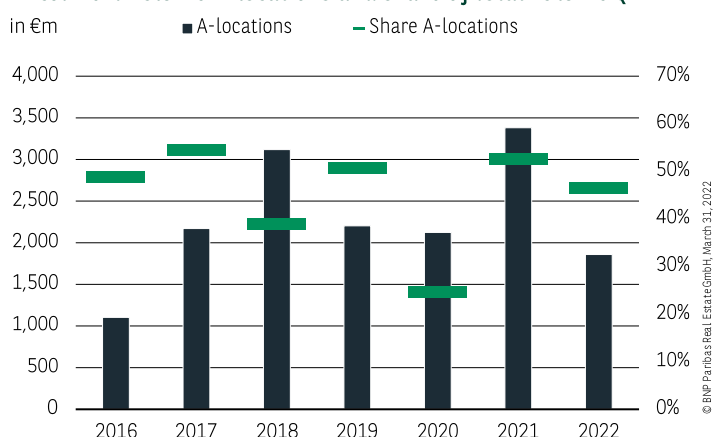
Investments by origin of capital Q1 2022



SHARE OF A-LOCATIONS ON LONG-TERM AVERAGE

While German A-locations, due to the acquisitions of Deutsche Wohnen and Akelius, accounted for more than two-thirds in 2021 their share in the first quarter is again at a usual long-term level. In total, almost €1.86 billion have been invested here, which represents 46.5% of the transaction volume. Hamburg benefited the most with roughly €715 million, putting Berlin in second place for the first time in a while (€496 million). Frankfurt comes in third place with €413 million. However, Cologne also registered a result in the triple-digit millions with roughly €110 million.

Investment volume A-locations and share of total volume Q1



OUTLOOK

Although the result may appear moderate at first glance, a detailed analysis shows the unbroken momentum on the residential investment markets. In addition, a multitude of large transactions are already being prepared or negotiated, so that another strong result can be expected at the end of the year. In particular, new projects continue to be at the top of investors' agendas. In the mid-term, many locations in the outskirts of the major cities might benefit from the fact that there is still a shortage of supply in this market segment especially in the preferred cities. Given this situation, many factors indicate a further increase in prices, especially outside the A-locations, where this trend has already been observed for quite a while.

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Imprint Publisher and Copyright: BNP Paribas Real Estate GmbH | Prepared by: BNP Paribas Real Estate Consult GmbH | Status: March 31, 2022

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