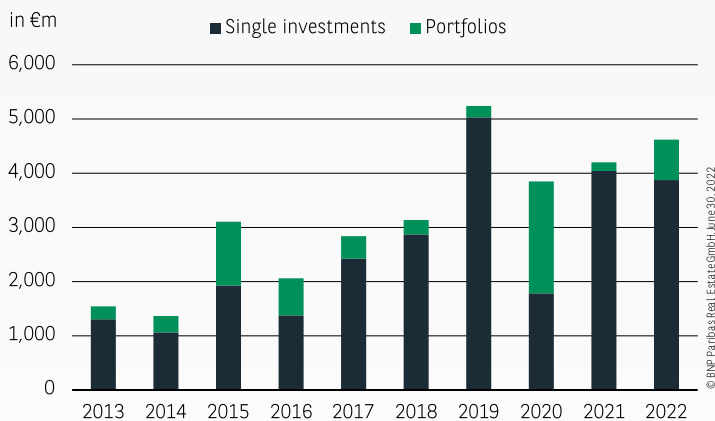




At a Glance **Q2 2022**

INVESTMENT MARKET BERLIN

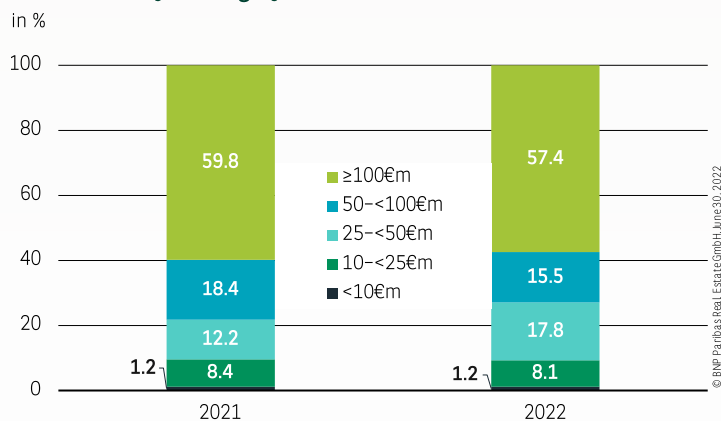
Investment volume H1



➤ SECOND-BEST HALF-YEAR RESULT EVER

After a dynamic start to the year, the second quarter did not lose pace. With a turnover of over €4.6 billion, the interim result of the Berlin commercial real estate investment market at the half-year point is excellent: The 10-year average was surpassed by a proud 45%; only in 2019 was an even higher volume recorded for the first half of the year. In the nationwide ranking of A-locations, the capital is thus clearly in the lead. It is only followed at a clear distance by the banking metropolis of Frankfurt, where just under €3.4 billion was registered. At 16%, the contribution of properties that changed hands within larger portfolios is at the low level typical for Berlin. In terms of both volume and the number of properties traded, almost half of this is accounted for by the second quarter. In contrast to the nationwide development, there was no decline in investment activity on the Berlin market in the second quarter.

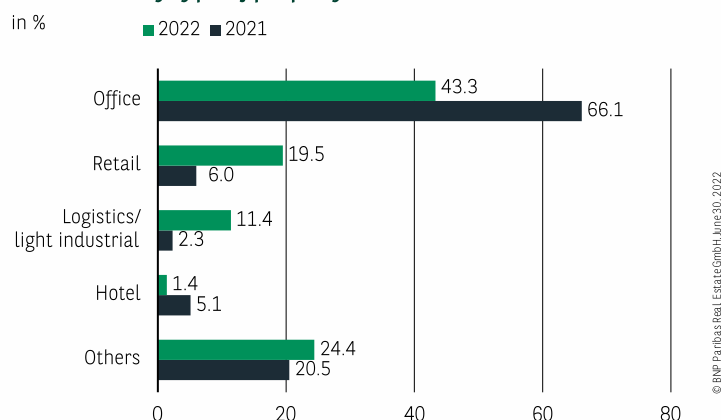
Investments by € category H1



➤ DISTRIBUTION BY SIZE CLASS AS IN THE PREVIOUS YEAR

The distribution of investments by size class is largely similar to that of the previous year. At 57%, slightly more than half of the volume was achieved with transactions in the three-digit million range. On the other hand, the next smallest category between €50 and 100 million is somewhat less dynamic, contributing almost 16% and thus about 3 percentage points less than in the previous year. On the other hand, the segment between €25 and 50 million has gained - in relative as well as absolute terms - and now accounts for 18% (+6 percentage points). At a good 9%, the share of properties below €25 million almost corresponds to the previous year's value.

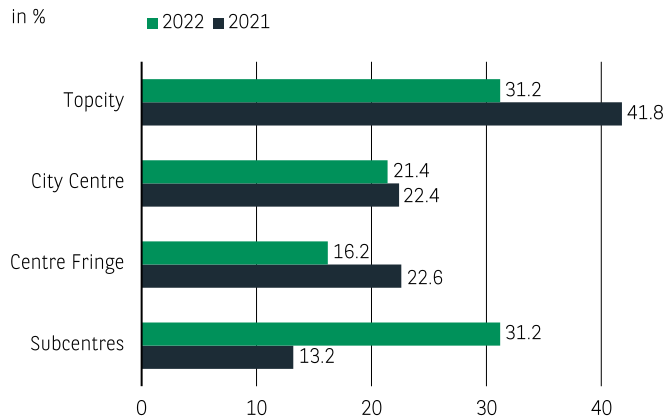
Investments by type of property H1



➤ BROAD DIVERSIFICATION ACROSS THE ASSET CLASSES

In contrast to the same period of the previous year, investments are distributed somewhat more broadly across the asset classes. Although offices continue to lead the way with over 43%, retail properties are also strongly represented with around one fifth of the result, which is not only due to the sale of Galeries Lafayette. Logistics assets remain high in demand: over half a billion euros were invested in this segment, which corresponds to a share of 11%. Hotels, which are represented with only about 1% market share and also bring in a rather weak result in absolute terms, have a much harder time. On the other hand, the very high volume of almost €670 million that flowed into development properties testifies to the still fundamentally high interest and confidence in the Berlin market.

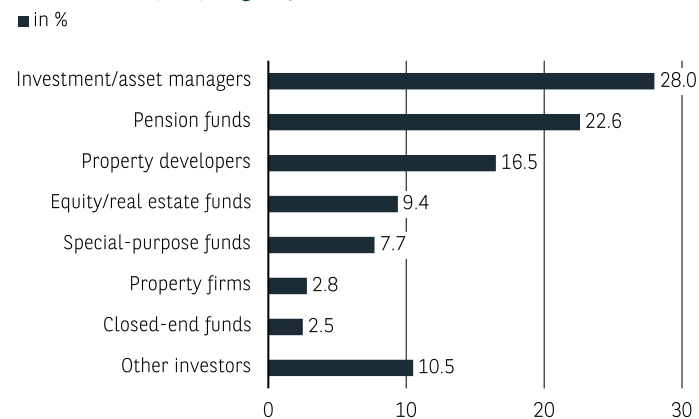
Investments by location H1



ALL LOCATIONS IN DEMAND - TOPCITY RELATIVELY STRONGLY

As usual, the investments cover the entire market area, which testifies to the broad acceptance of all locations. However, with a share of 31%, the Topcity locations are taking a very good position for the second year in a row. This is primarily due to the sale of several large-volume properties such as the proportionate sale of the Sony Center. The Subcentres made exactly the same contribution - but on the basis of significantly more transactions. In addition to logistics properties, development sites also generated turnover here. The share of City Centre locations remained at the previous year's level of 21%. It is interesting to compare the average volume per property with the Topcity: despite the proximity, it is not even a quarter of the value of the Topcity. The Centre Fringe also contributes another 16% to the volume.

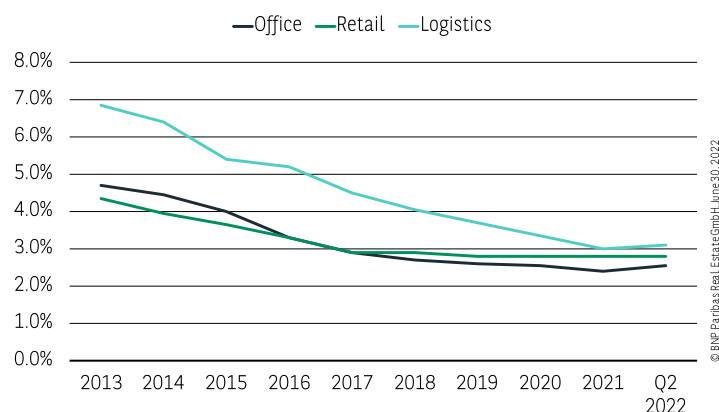
Investments by buyer group H1 2022



INVESTMENT MANAGER STRONG AS USUAL

There are no big surprises on the investor side. As traditional, investment/asset managers are strong with a share of 28%, followed by pension funds, which hold slightly less than 23% of the total. Property developers have become a strong demand group in the recent past and occupy third place with almost 17%. Equity/real estate funds (a good 9%) and special-purpose funds (just under 8%) also contribute more than 5%. The share of investors from abroad remains high at 60%, well above the national figure of 50%.

Net prime yields by type of property



YIELDS SLIGHTLY HIGHER IN SOME CASES

In view of the changed financing environment with higher interest rates, real estate yields have also risen again somewhat. This applies at least to the net prime yield for offices, which now stands at 2.55% (+15 basis points), as well as for logistics properties, which rose by 10 basis points to 3.10%. For retail high street properties in prime locations, which have not undergone yield compression in the recent past like the two aforementioned asset classes, for now prime yields of 2.80% are still being registered.

OUTLOOK

The Berlin investment market is shining at the half-year mark. Nevertheless, it cannot be denied that the changed framework conditions are unlikely to leave the Berlin market unscathed. Against the backdrop of the rental markets that continue to perform well, especially in the office segment, the capital in particular should be able to remain top of the class in a nationwide comparison and achieve an above-average result for the year.

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