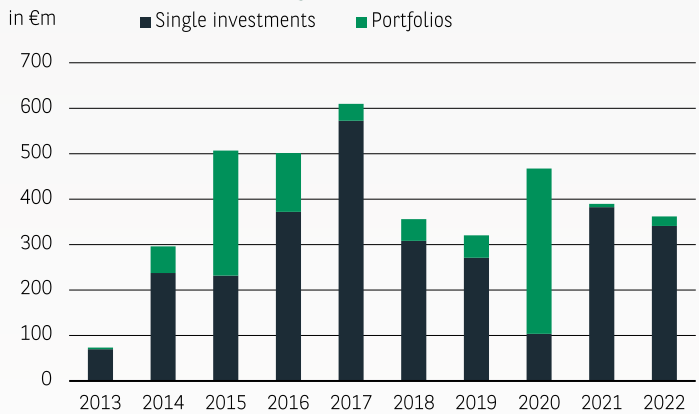




At a Glance **Q2 2022**

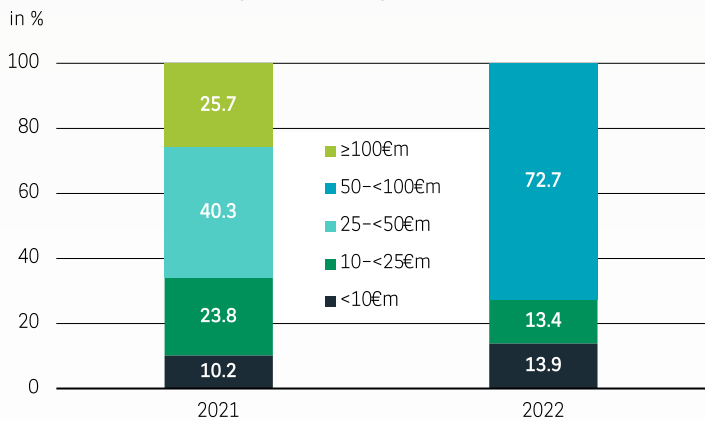
# INVESTMENT MARKET LEIPZIG

**Investment volume in Leipzig**



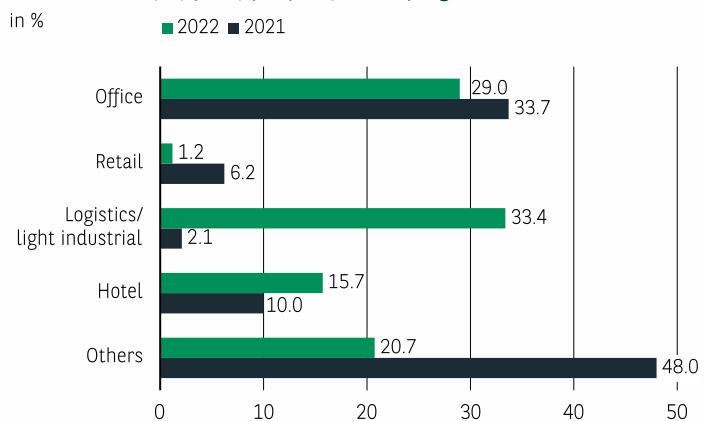
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**Investments by € category in Leipzig H1**



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**Investments by type of property in Leipzig H1**



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**➤ PREDOMINANTLY INDIVIDUAL DEALS**

In the first half of 2022, a transaction volume of €362 million was registered on the Leipzig investment market. This means that the Leipzig market has had a very solid start to the year overall. However, both the previous year's result and the long-term average were missed by almost 7%. The main drivers were individual deals, which at €341 million accounted for about 94% of the total volume. With this result, at least single sales exceed the long-term average by about 18%. It is remarkable that several larger transactions with a volume of more than €50 million were responsible for three quarters of the very good result for individual transactions by the middle of the year. Some of these big deals were also concluded in the past three months, which is why the second quarter, with a good €200 million, was also somewhat stronger than the solid start to the year (approx. €160 million). It remains to be seen, however, to what extent the dynamics can be transported into the third quarter in the course of the changed interest rate environment, especially in the core segment.

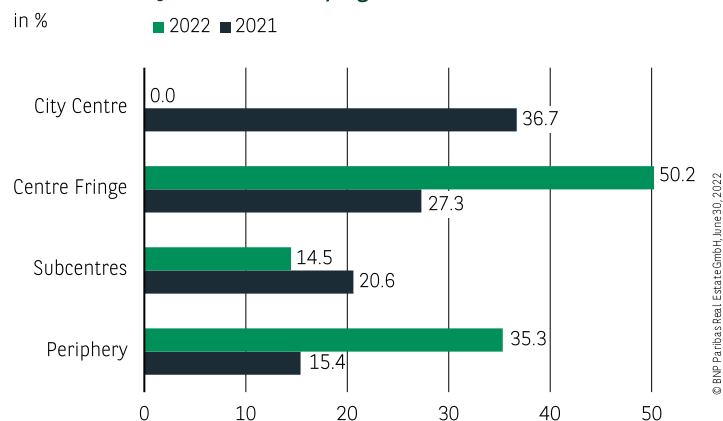
**➤ TOP VOLUME BETWEEN €50 AND 100 MILLION**

The half-year result on the Leipzig investment market is clearly dominated by contracts with an investment volume of between €50 and 100 million each. Together they amount to a volume of around €263 million, which marks a new record for the Leipzig market. Contrary to the typical pattern for Leipzig, no deals in the size category between €25 and 50 million have been concluded this year. The same applies to the top segment of large deals beyond €100 million. However, these are very rare in Leipzig per se. In the smaller size categories, investment activity is still below average in the running year.

**➤ LOGISTICS WITH RECORD VOLUME**

With an investment volume of around €121 million on the books, the Leipzig logistics market is starting into the second half of the year. The Saxon metropolis thus has recorded by far the most successful first half-year in this segment. A major deal and several small-volume deals contributed to this top result. Although the transaction volume of office properties was 20% weaker than in the previous year, the Leipzig market was very strong here for the third year in a row with a total of €105 million. The relatively high market share of almost 16% and the above-average result in the hotel segment should be emphasized. This is solely due to the sale of the "me and all" hotel as part of the Krystallpalast-Areal project development.

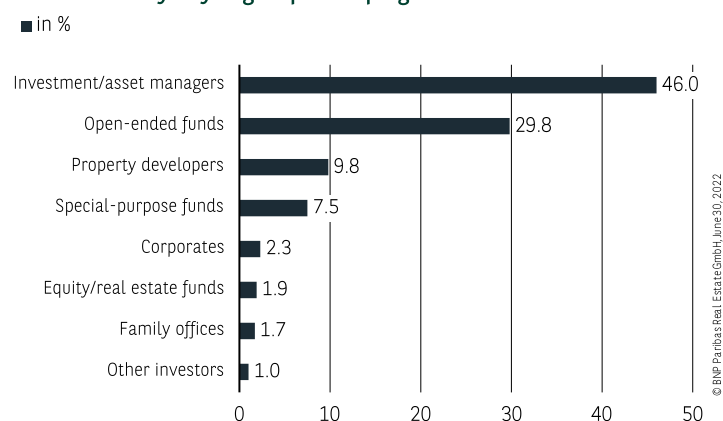
### Investments by location in Leipzig H1



### INVESTMENT ACTIVITY MAINLY IN THE CENTRE FRINGE

As in previous years, a large part of the investment activity is concentrated on the Centre Fringe. With a volume of around €180 million, the second-highest result in history was recorded here after 2016. The market share is over 50%. A new top value of just under €130 million was also registered for the Periphery, which is primarily due to the sale of the Relaxdays logistics centre. With a volume of around €50 million (15% share), the market dynamics in the Subcentres are below average. For Leipzig's City Centre, too, no successful contracts have yet been signed. The lack of product is the decisive factor here. The fact that investors have confidence in the Leipzig market, its occupier markets and prospects is impressively underlined by the very good investment figures of recent years.

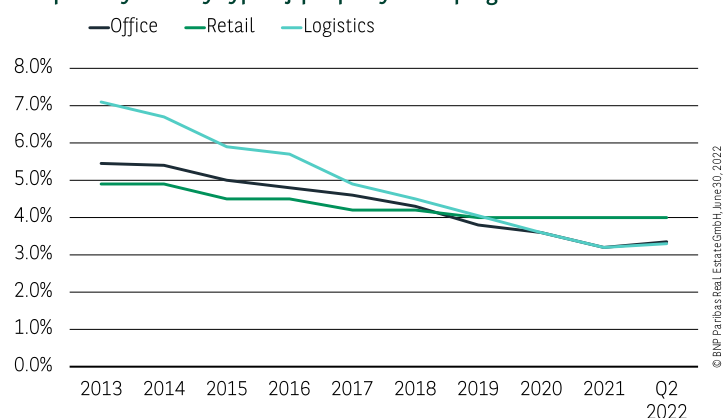
### Investments by buyer group in Leipzig H1 2022



### ASSET MANAGERS ARE MOST ACTIVE

Two large transactions from the second quarter raised the market share of investment/asset managers to 46%, making them the most active investor group at mid-year. Due to a high investment volume in the first quarter, open-ended funds are the second largest investor with almost 30%. The funds classes (open-ended funds and special-purpose funds) together account for a good 37%. With four deals in the second quarter, property developers generate a share of about 10% of the result and thus also belong to the investors with a double-digit contribution to market activity.

### Net prime yields by type of property in Leipzig



### OFFICE AND LOGISTICS YIELDS UP

The clearly changing financing environment is also increasingly visible in the development of yields. Thus, the net prime yield in Leipzig in the asset classes office and logistics rose in the second quarter in line with the other major German real estate markets. In the office segment, the prime yield has risen by 15 basis points to now 3.35%. For logistics properties, it now stands at 3.30% (+10 bps). For retail high street properties, it remains unchanged at 4.00% for the time being.

### OUTLOOK

The Leipzig investment market can look back on a solid first half-year. For the most part, the lack of supply has shaped the market dynamics. Due to the new reality in the financial markets and the changing interest rate environment, the investment markets are now gradually entering a pricing phase in which sellers and buyers have to agree on a new level that works for both sides. This phase is likely to take some time and lead to reduced transaction activity in the next couple of weeks. However, this is not likely to apply to Leipzig to the same extent as to the other real estate hot spots. The occupier markets in the trade fair city are in very good shape, so deal activity is unlikely to be interrupted noticeably.

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