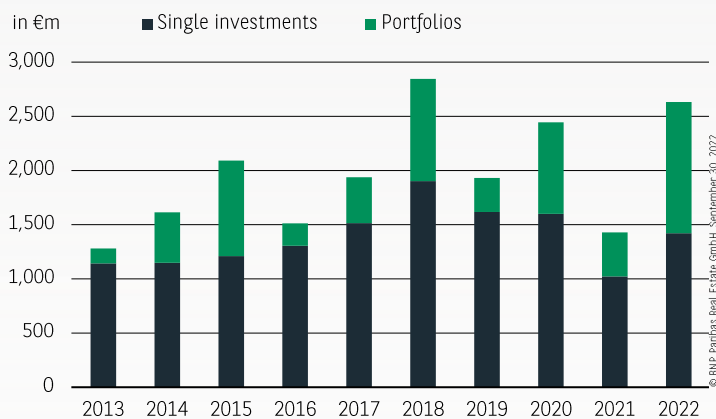




At a Glance **Q3 2022**

# INVESTMENT MARKET DÜSSELDORF

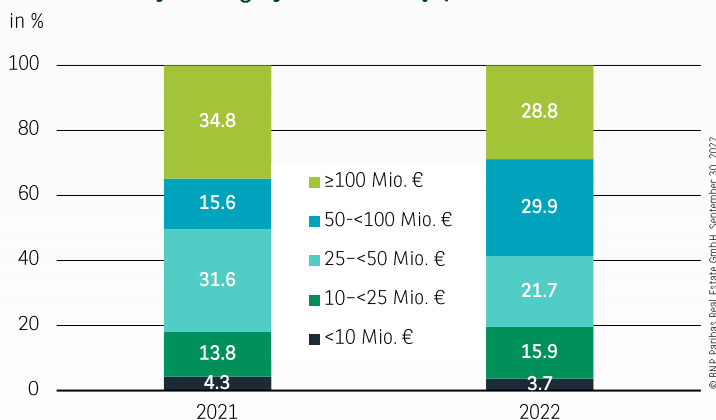
## Investment volume in Düsseldorf Q1-3



## ➤ STRONG START TO THE YEAR WITH LASTING IMPACT

Düsseldorf's investment market recorded a comparatively strong performance by the end of the third quarter of 2022. With a commercial investment volume of € 2.63 billion, this is the second-best result in the last 10 years. However, the good performance was driven not least to the high volume of portfolio transactions included proportionally in the figures. More than EUR 1.2 billion is attributable to portfolios, which sets a new record. The alstria takeover by Brookfield in the first quarter is primarily responsible for this. Correspondingly, the excellent start to the year (Q1: €1.6 billion) contributed significantly to the overall result. After a noticeably wait-and-see attitude among many investors in the second quarter in particular, the past three months have seen a return to somewhat livelier market activities. At €735 million, the quarterly average for the past 5 years has been missed by 18%, however the volume was entirely generated by single investments. The relatively high number of over 20 registered deals underscores that, despite the changed conditions, Düsseldorf is still on investors' shopping lists.

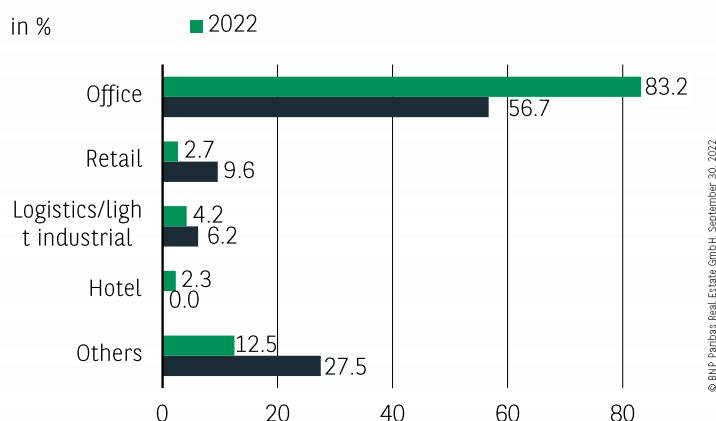
## Investments by € category in Düsseldorf Q1-3



## ➤ HIGH ACTIVITY IN ALL SIZE CATEGORIES

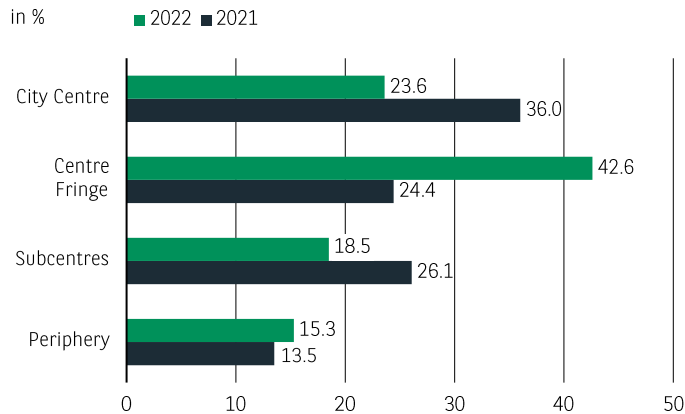
The distribution of volumes across the various size categories was relatively balanced by the end of the third quarter, although it also clearly reflects the high proportion of portfolios. Around 59%, or €1.54 billion, of this figure is attributable to deals in the segment above €50 million, exceeding the long-term average by around 40%. Nevertheless, even in the size categories below the €50 million mark, more than €1 billion was registered, reflecting a comparatively robust demand despite the difficult market environment.

## Investments by type of property in Düsseldorf Q1-3



## ➤ OFFICE INVESTMENTS WITH NEW RECORD HIGH

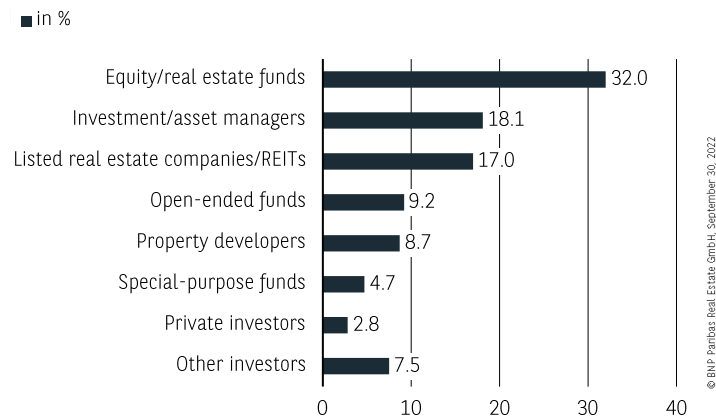
With a share of 78%, office properties are by far the most important property type in terms of volume. The €2.06 billion registered here corresponds to a new record high. Although the strong performance is mainly attributable to the alstria takeover, there were also numerous single investments. By far the largest acquisition was the Eclipse office tower by Union Investment for significantly over €200 million.

**Investments by location in Düsseldorf Q1-3****TYPICAL DISTRIBUTION BY LOCATION**

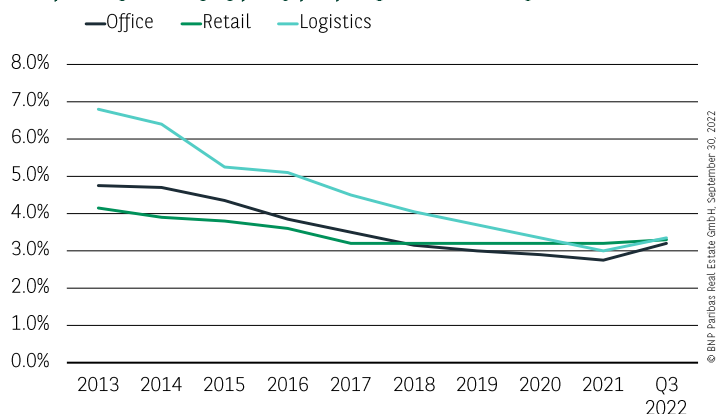
The distribution of volumes by location currently shows a usual pattern for Düsseldorf. The Centre Fringe, with a share of just under 43%, is well ahead of the City Centre, which accounts for 24%. In absolute terms, both inner-city locations achieve their second-best results ever recorded. Here, once again, the alstria takeover has been a major volume driver. However, the Subcentre (€487 million; +68%) and the Periphery (€402 million; +42%) also registered volumes well above their long-term averages.

**EQUITY/REAL ESTATE FUNDS ON TOP**

The distribution of volumes among groups of buyers is currently dominated by the large proportion of portfolios. Not surprisingly, equity/real estate funds dominate the distribution due to the alstria takeover, accounting for 32%. Investment/asset managers rank second, with 18%. In the past three months, they have been significantly more active than in the second quarter. By contrast, the scope of action for listed real estate companies/REITs has become significantly more limited due to the changed circumstances. Although they still account for 17% to date, this is almost entirely due to the good start to the year.

**Investments by buyer group in Düsseldorf Q1-3 2022****FURTHER YIELD EXPANSIONS DUE TO INTEREST RATE HIKES**

The further interest rate hikes also led to significantly higher costs of financing for new acquisitions. As expected, yields have continued to expand over the past three months as already seen in the previous quarter. Most noticeably, this has been observed in the office segment, where a further increase of 30 basis points in the net prime yield to now 3.20% has been recorded. Logistics properties currently stand at 3.35%, which corresponds to an increase of 25 basis points. For the first time, there has been a slight increase in net prime yields for highstreet properties to 3.30% (+10 bp), after a sideways movement in recent quarters.

**Net prime yields by type of property in Düsseldorf****OUTLOOK**

Although many investors have become more cautious to date, this is not yet reflected in the investment volume, primarily due to the high proportion of portfolio investments. However, with financing costs continuing to rise and a slowdown in economic activities, the year-end rally will probably be significantly more subdued than usual. Consequently, the annual result for 2022 is likely to lose some ground in a long-term comparison. Given the already announced interest rate hikes, yields are expected to rise further in the coming months.

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**Further Information** BNP Paribas Real Estate GmbH | Branch office Düsseldorf | Phone +49 (0)211-52 00-00 | [www.realestate.bnpparibas.de](http://www.realestate.bnpparibas.de)