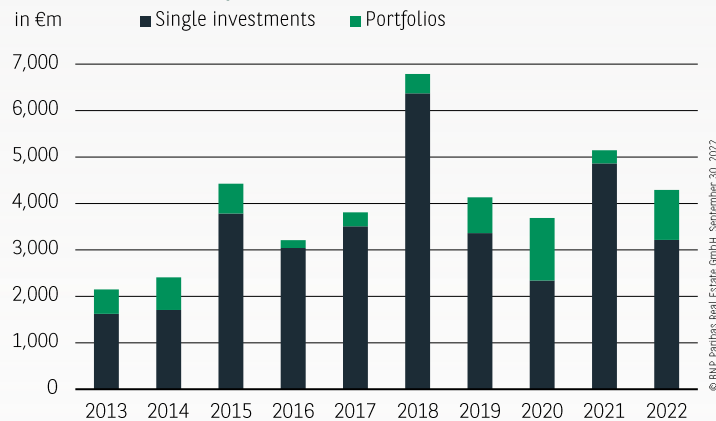




At a Glance **Q3 2022**

INVESTMENT MARKET FRANKFURT

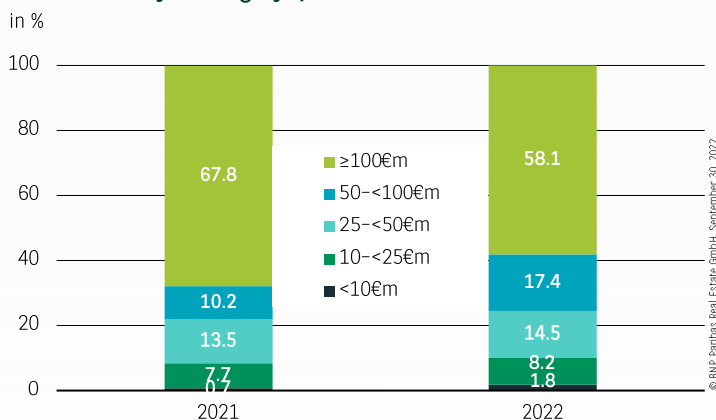
Investment volume Q1-3



STABILITY AFTER A BRILLIANT START TO THE YEAR

The commercial real estate investment volume in Frankfurt reached about €4.3 billion by the end of September. Although the very strong result from the previous year, which included the largest office transaction ever registered in the German market with the T1 in Project Four (€1.4 billion), is missed by almost 17%, it is still the third best result of the last 10 years. The long-term average was exceeded by around 7%, which is a remarkable achievement against the background of higher financing costs and an economic slowdown. After a brilliant start to the year in the first quarter with an investment volume of €2.5 billion, the market has remained firm. The second quarter figure of €880 million was followed by €905 million in the third quarter. Typically, single investments account for the majority of the investment volume. In the current year, their share so far has been slightly below average at around 75%. The alstria takeover by Brookfield in the first quarter is primarily responsible for the portfolio share of about 25%.

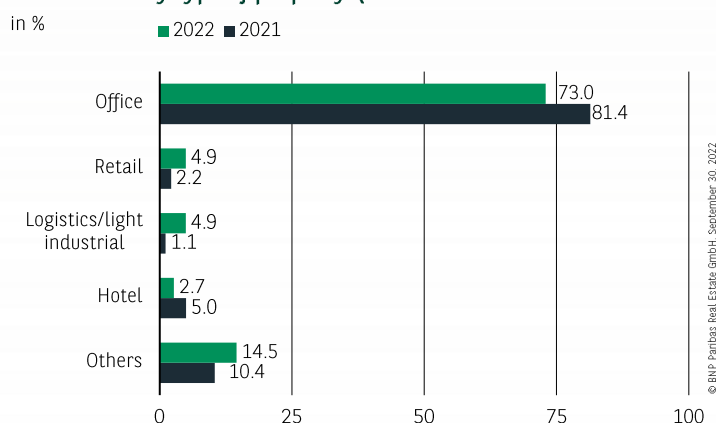
Investments by € category Q1-3



MID-SIZE CATEGORY GAINING MARKET SHARE

Large-scale deals with a transaction volume of more than €100 million each have contributed around €2.5 billion so far this year and therefore over-proportionally to the overall result. Their market share amounts to a good 58%, which is roughly in line with the average of recent years. Despite the significant increase in financing costs, deals of this size were also signed in the third quarter, including the Sky in Eschborn, sending a strong signal for the Frankfurt market and its long-term outlook as a business location. The size segment between €50 million and €100 million recently registered a relatively high degree of activity, accounting over 17% of the market. Around €747 million has been placed in this size category by the end of September.

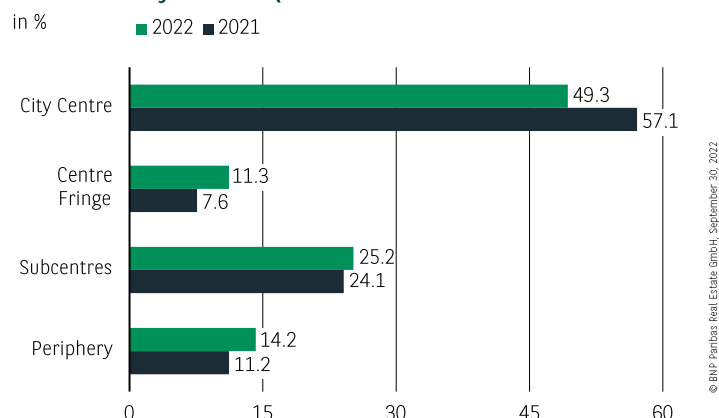
Investments by type of property Q1-3



RETAIL AND LOGISTICS ON THE RISE

Office investments continue to account for the majority of the investment market by a clear margin, with a share of 73%, although their contribution has fallen by around 8 percentage points compared with the prior-year period. Retail and logistics, on the other hand, have gained importance. The shares of both property types in each case have more than doubled up to 4.9%, coming from a low level.

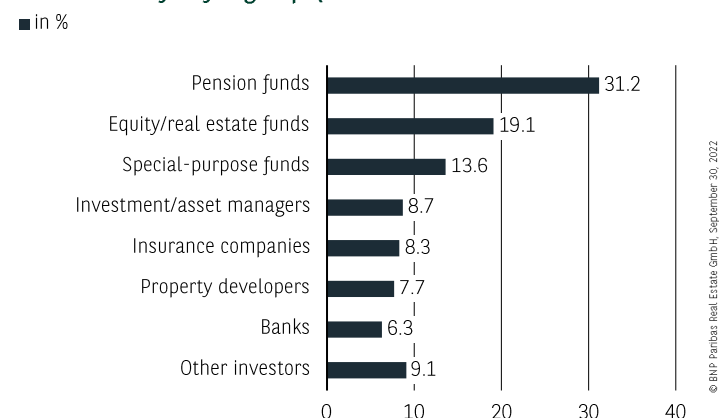
Investments by location Q1-3



CITY CENTER MOST SOUGHT-AFTER LOCATION

In the first 9 months of 2022, Frankfurt City Centre accounted for almost half (49%) of the investment volume. Compared to the previous year's period, the share is thus slightly lower and remains below the 10-year average (55%). The Centre Fringe made significant gains. Starting from a low level (8%), this figure increased to 11% year-on-year. The share of the periphery (14%) also rose by three percentage points. The €610 million registered here marks a new record for the periphery.

Investments by buyer group Q1-3 2022



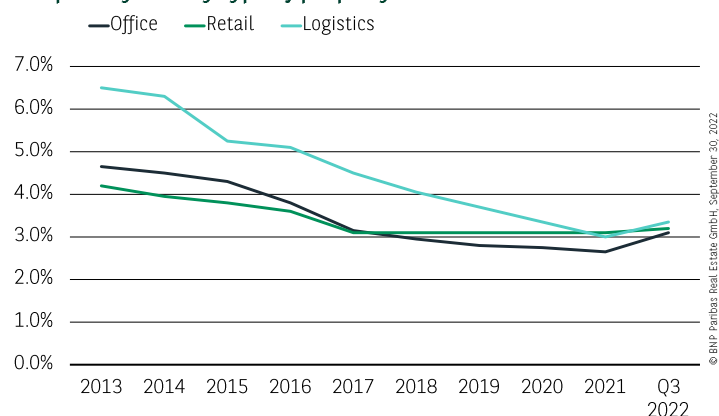
PENSION FUNDS THE MOST ACTIVE GROUP OF BUYERS

In the first three quarters, pension funds came out on top, accounting for 27% market share of the group of buyers. By contrast, the long-term average for pension funds is significantly lower at only 12%. This high figure is largely attributable to the purchase of the Marienurm with an investment volume of over €800 million. Equity/real estate funds also made an above-average contribution with 19%. The alstria takeover by Brookfield played a major role in this regard. At 8%, insurance companies generated a below-average contribution (10-year average: 12%).

PRIME YIELDS CONTINUE TO INCREASE

The significant change in financing conditions is reflected in the prime yields expansion since the end of the first quarter. As a result, the net prime yield in the office segment increased by 30 basis points to 3.1% and in the logistics segment by 25 basis points to 3.35% in comparison to Q2. Prime yields of CBD high-street properties have rebounded for the first time, expanding 10 basis points to 3.2% in the third quarter.

Net prime yields by type of property



OUTLOOK

Due to recent interest rate hikes and fundamental changes on capital markets, the real estate investment market currently finds itself in a stage of consolidation and price discovery. This process, in which buyer and seller both have to agree on a new price level, proceeds typically in a gradual manner. Against the background of further expected interest rate hikes in October and December, the rise in yields is likely to continue in the fourth quarter. Demand in the financial metropolis has been very solid during the first 9 months of this year. Nevertheless, rising costs of financing and economic slowdown are likely to have an impact on the Frankfurt investment market as well. Given this circumstances, it is rather unlikely to see a significant year-end rally.

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