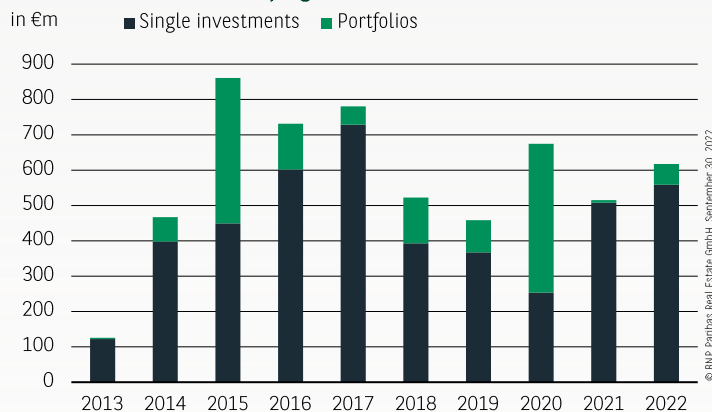




At a Glance **Q3 2022**

INVESTMENT MARKET LEIPZIG

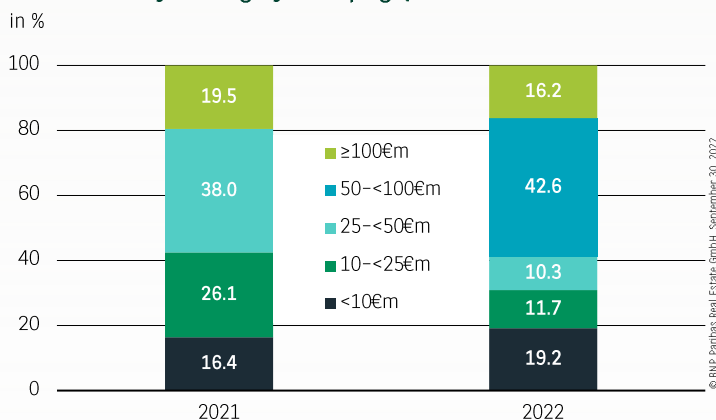
Investment volume in Leipzig



STRONG THIRD QUARTER

In the first nine months of the year, a transaction volume of €617 million was generated on the Leipzig investment market. Therefore, the previous year's result was exceeded by 20% as well as the long-term average by around 7%. It is remarkable that investment volume has increased from quarter to quarter in the current year, despite increasing financing costs and a worsening macroeconomic outlook. The first quarter generated a volume of just under €160 million, followed by around €202 million in the second quarter, and almost €256 million in the most recent third quarter. This places Leipzig in an exceptional position among nationwide top locations and once again shows its high appeal as a stable business location with an excellent potential of growth. As in the previous year, single investments account for the lion's share of the total volume, with currently over 90%.

Investments by € category in Leipzig Q1-3



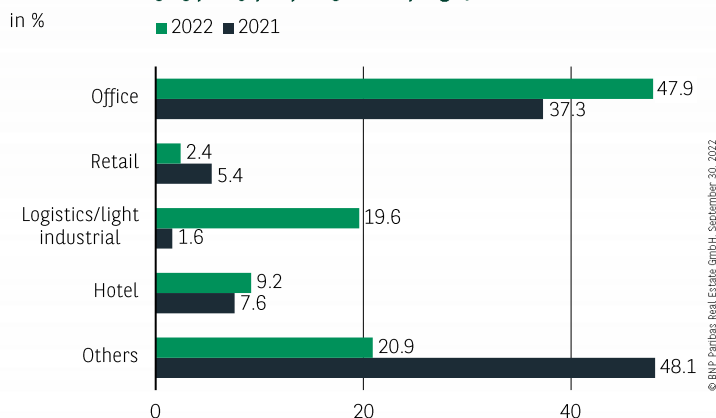
UPPER TWO SIZE CATEGORIES WITH TOP FIGURES

As in most other B-cities, investment volume in Leipzig is typically driven by smaller and medium-sized transactions of up to €50 million. By the end of the third quarter, however, transactions in the range of €50 million to €100 million dominated market activity. With a volume of around €263 million, the second-highest figure of recent years was achieved in this size category. The fact that transactions of this size were concluded in most of the several asset classes (hotel, mixed-use, logistics and office) is an excellent indication of a strong and well-positioned market.

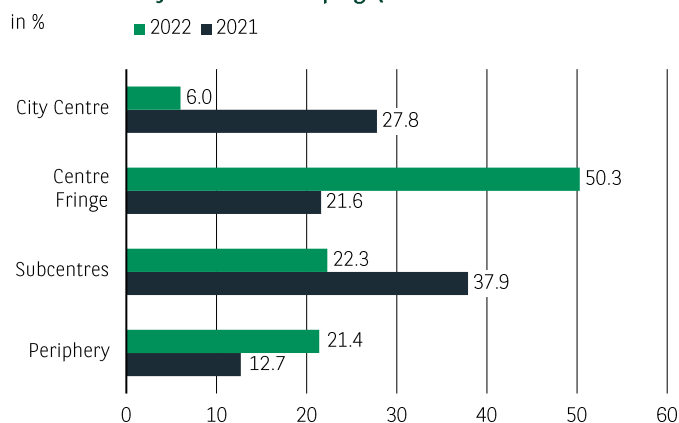
OFFICE PROPERTIES WELL ABOVE THE AVERAGE

Although the start to the year has been fairly moderate, office properties contributed a volume of €191 million in the third quarter alone to the overall year-to-date result. A total of around €296 million has been placed in office properties to date, which sets a new top mark after 2020 (€329 million). This brings their market share to just under 48% while all size categories registered strong transaction activities. With almost 21% or €129 million, the collective category Others came in second place. Especially the various development sites that changed hands in Q3 as part of a portfolio transaction between the Free State of Saxony and the City of Leipzig are responsible for this. Carried by the dynamic transaction activities in the second quarter, logistics properties generated a volume of €121 million year-to-date. The record of €125 million from 2019 was narrowly missed.

Investments by type of property in Leipzig Q1-3



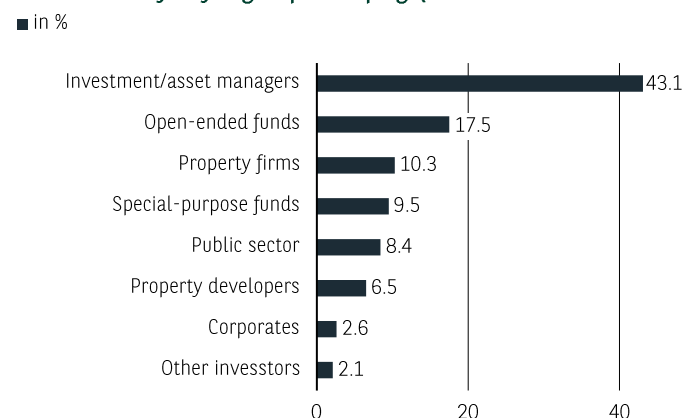
Investments by location in Leipzig Q1-3



CENTRE FRINGE BY FAR THE MOST SOUGHT-AFTER LOCATION

During the first three quarters of the year in no other location market activities have been as substantial as in the Centre Fringe. With a market share of 50% and an investment volume of €310 million, this represents the second-best result after 2016 (€334 million), mainly driven by transactions above the €50 million mark. This includes, among others, the exchange of various plots between the State of Saxony and the City of Leipzig, which essentially laid the foundation for a rapid development of the Leuschnerplatz. The attractiveness of the entire market area and related high demand outside the city centre is also mirrored in the high market shares of the Subcentre and Periphery of a good 22% and 21% respectively. Alongside the highly demanded logistics properties in Leipzig, investors here also focused on office properties and development sites.

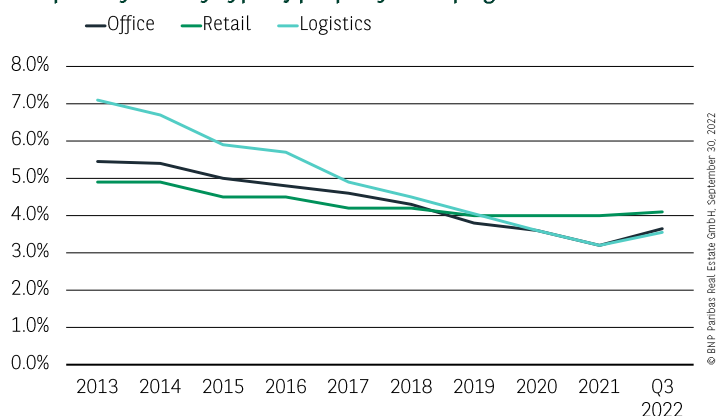
Investments by buyer group in Leipzig Q1-3 2022



INVESTMENT/ASSET MANAGER TOP VOLUME DRIVER

Investment/Asset Managers account for the majority of the investment volume with a share of around 43%. Two large transactions from the second quarter and one large deal signed in the third quarter contributed in particular to this figures. Open-ended funds also reported a well above-average record result of €108 million. Property firms were involved in numerous small and mid-sized transactions. This brings them to a double-digit share of 10%. With approximately €52 million, the public sector also invested an above-average amount to date. This is mainly due to the exchange of eight plots/a portfolio transaction between the Free State of Saxony and the City of Leipzig.

Net prime yields by type of property in Leipzig



CONTINUING YIELD EXPANSION

The new interest rate environment had an increasingly impact on the development of yields. In comparison with the second quarter, the net prime yield for logistics properties rose by 25 basis points to 3.55% and for office properties by 30 basis points to 3.65%. For the first time in many years prime yields for highstreet properties rose by 10 basis points quarter-on-quarter to 4.10%.

OUTLOOK

For the most part, the investment market in Leipzig remained largely unaffected by the changing interest rate environment and the increasingly uncertain macroeconomic outlook. It seems that investors and vendors are able to agree more quickly on a new price level that works for both sides. However, further price corrections can be expected. Carried by well-performing occupier markets that offer both reliability and stability of value, Leipzig's investment market is heading for another strong full-year result. As in the other German real estate powerhouses, a further expansion of prime yields is the most likely scenario.

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