



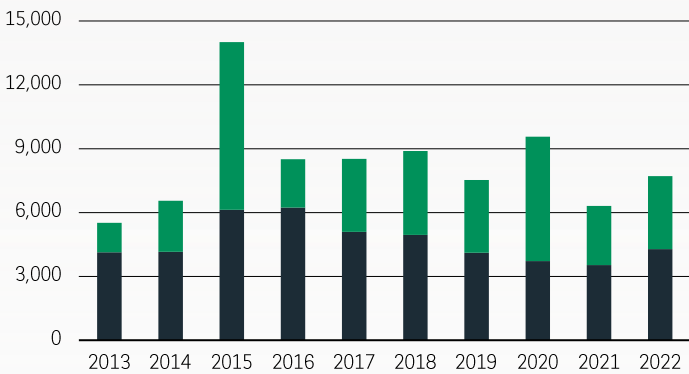
RESEARCH

At a Glance **Q3 2022**

RETAIL INVESTMENT MARKET GERMANY

Retail investments in Germany Q1-3

in €m ■ Single investments ■ Portfolios



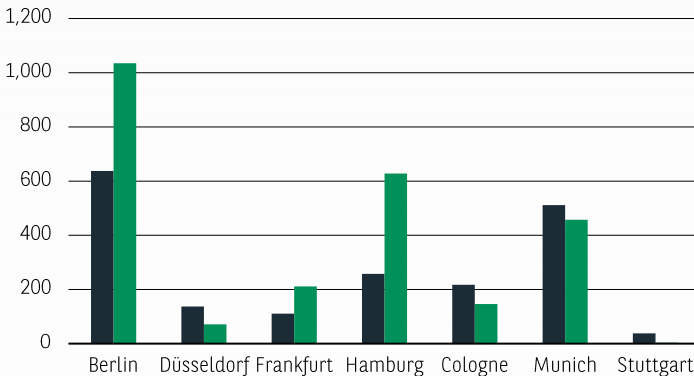
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➤ YEAR ON YEAR IMPROVEMENT, BUT STILL BELOW AVERAGE

With an investment volume of €7.7 billion, after the first three quarters the retail investment market ranks 22% above the previous year's figure and around 7% below the long-term average despite a challenging market environment. The result for the last three months in particular, with a volume of over €3.6 billion (47% of total volume), sounds very good at first glance. A look behind the figures reveals that slightly under half of the quarterly result was generated by the takeover of Deutsche EuroShop AG. On a more positive note, the analysis of single investments, with a volume of just under €4.3 billion in the current year, marks the best result since 2018, contributing the most transactions year to date. Particularly noticeable is the brisk market activity for smaller properties, whereby transactions of up to €50 million accounted for a good 52% of the total volume. It is therefore not surprising that the average volume of single deals reached a very low level of €18 million.

Retail investments in the A-locations Q1-3

in €m ■ 2021 ■ 2022



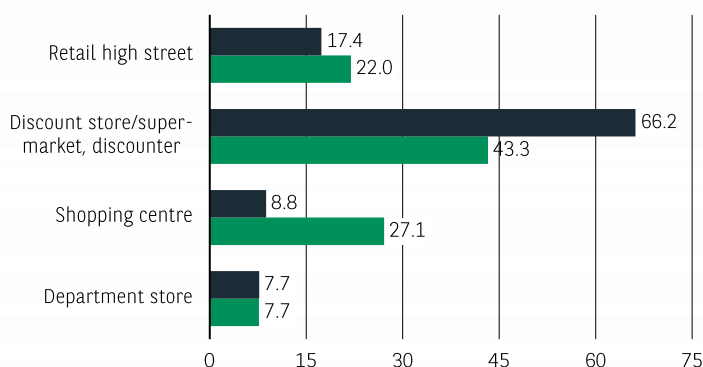
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➤ ABOUT ONE THIRD MORE VOLUME IN A-LOCATIONS

With a total of just under €2.6 billion, the A locations failed to achieve an above-average result (€2.8 billion), but managed to exceed their prior-year result by almost 34%. Berlin and Hamburg stood out particularly in this regard, leading the field with figures of roughly one billion euros and a good €628 million, respectively, representing above-average results. Munich (€457 million) also made a substantial contribution to the top markets. Among others, the retail warehouse park "daseinstein" changed hands there, being one of the tripple-digit transactions in the third quarter. Frankfurt (€211 million), Cologne (€146 million), Düsseldorf (€72 million) and Stuttgart (€4 million) rank below.

Retail investments by type of property Q1-3

in % ■ 2021 ■ 2022



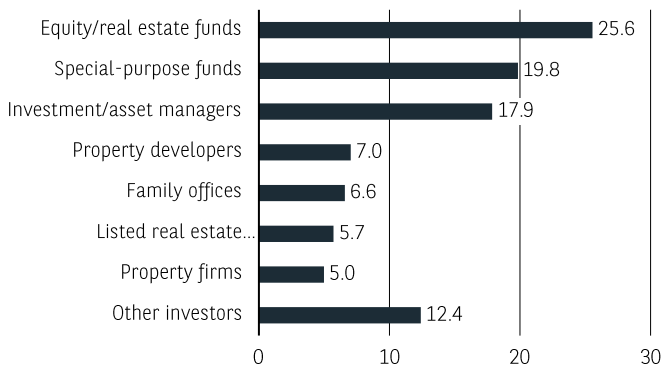
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➤ RETAIL WAREHOUSE LEADING, BUT NOT DOMINANT

After the retail investment market had been dominated by the retail warehousing segment in the recent past, the distribution of investment volume by type of property is now again showing a more balanced picture for the first time: Although the retail warehouse sector is leading the ranking with a good 43%, shopping centers (27%) are also making substantial contributions as a result of the EuroShop takeover and also high-street properties (22%), which are profiting from several large-volume deals both in the single investment and portfolio segment.

Retail investments by buyer group Q1-3 2022

in %

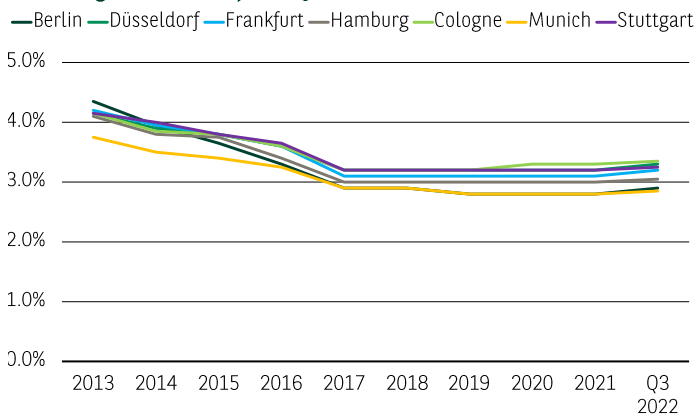


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➤ EQUITY/ REAL ESTATE FUNDS ON TOP DUE TO TAKEOVER

As a result of the EuroShop takeover in the third quarter, the ranking of buyer groups has changed since the middle of the year: For instance, after the first nine months, equity/real estate funds (just under 26%), which benefit from the takeover, are at the top of the investors' ranking. In the single-investment segment, special funds remain the top investor group and, along with some retail warehouse portfolios, generate almost 20% of the total volume. Investment/asset managers follow close behind (just under 18%), with large-volume highstreet properties emerging as the main focus of investment at the moment. Property developers also account for a larger share (around 7%), with the Klöpferhaus (formerly Galeria Kaufhof) in Hamburg's Mönckebergstrasse being the main contributor. Buyers beyond the above-mentioned investor groups collectively account for a further 30%, reflecting a relatively broad range of investors in the retail segment. Foreign investors account for 43% of market activity, roughly on a par with the overall commercial investment market (45%).

Retail high street net prime yields in the A-locations

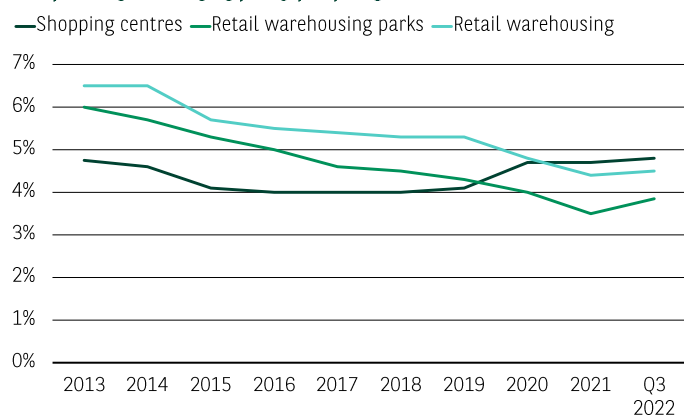


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➤ YIELD HIKES ACROSS ALL TYPES OF PROPERTIES AND CITIES

While prime yields for office and logistics properties already started to rise in the middle of the year, the upward trend in the retail segment emerged over the course of the third quarter. This is primarily due to the already stagnating yield development for premium retail properties in recent years in contrast to the continuous yield compression observed in the core office and logistics segments. In this context, shifts in the ranking of the seven A-locations took place regarding the high-street prime yields, which increased by between 5 and 10 basis points respectively: Munich (2.85%) is currently leading the field, ahead of Berlin (2.90%), Hamburg (3.05%), Frankfurt (3.20%), Stuttgart (3.25%), Düsseldorf (3.30%) and Cologne (3.35%). Among the other property types, retail warehousing parks increased by 35 basis points to 3.85%, single retail warehouses moved up by 10 basis points to 4.50%, and shopping centers also increased by 10 basis points to 4.80%.

Net prime yields by type of property



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➤ OUTLOOK

Against the background of geopolitical and financial market-driven uncertainties, the retail investment market achieved a remarkable result after the first nine months. The good result of single investments and the high amount of transactions registered overall can be considered as a positive sign. It remains to be seen whether the full-year result can match the long-term average, which will mainly depend on large-volume investments at the end of the year. Regarding prices, a further expansion of prime yields can be expected from today's perspective.

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