

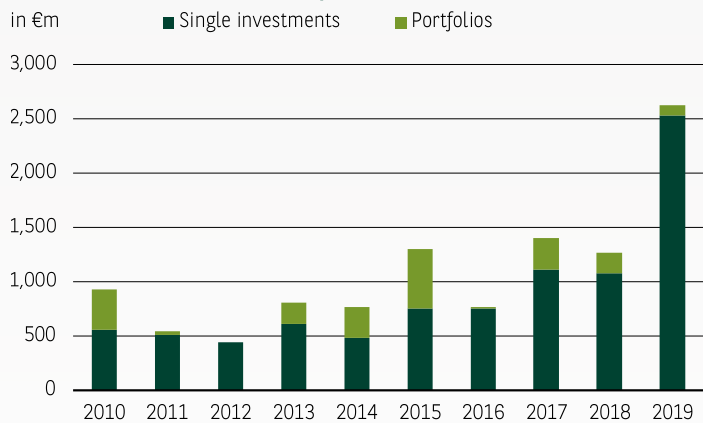


RESEARCH

At a Glance **Q1 2019**

INVESTMENT MARKET BERLIN

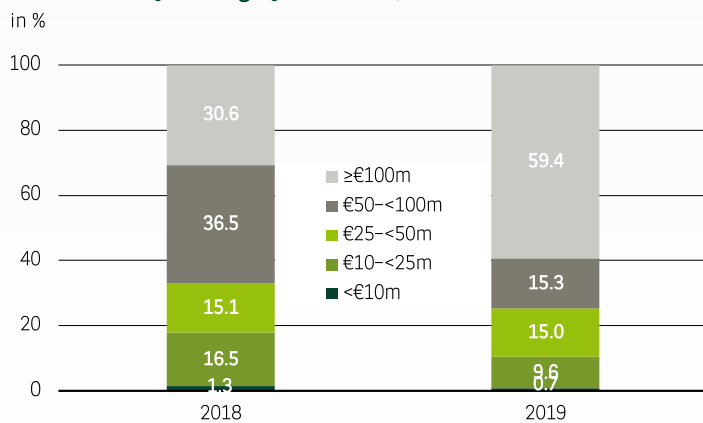
Investment volume in Berlin Q1



THE CAPITAL IS UNSTOPPABLE

With a transaction volume of 2.63 billion €, not only was the previous year's already very good result more than doubled, but a new record was also set. The capital continues to be at the top of the shopping list with both German and international investors. As soon as there is a sufficient supply of attractive properties on the market, this will be absorbed. It is therefore not surprising that Berlin has by far taken the lead among all major German investment locations. Above all, it is remarkable that this top result is almost exclusively attributable to individual deals, which are responsible for 96 % of turnover. Portfolio transactions included on a pro rata basis do not even amount to 100 million € and have hardly played a role to date. In the first quarter already seven transactions in the three-digit million range were reported, more than in any other city. The most important deals include the sale of the Oberbaumcity, the Pressehaus on Alexanderplatz as well as the Spreeturm and Zoom transactions both brokered by BNP Paribas Real Estate. The sale of the Zoom in particular underlines that top retail properties with the right concept and in the right location continue to meet with great investor interest.

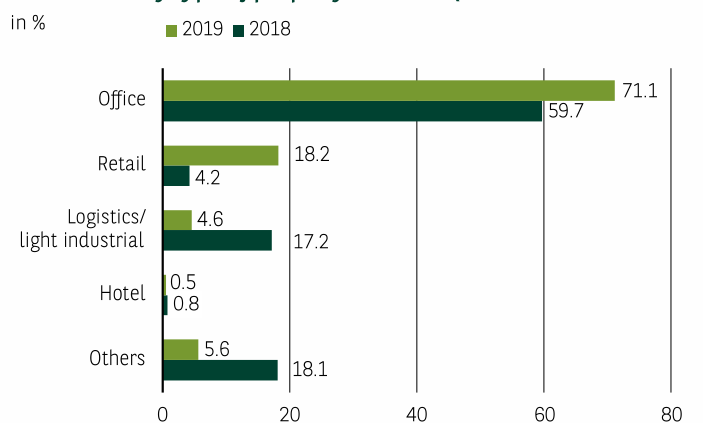
Investments by € category in Berlin Q1



LARGE DEALS WITH A DISPROPORTIONATELY HIGH SHARE

Due to the high number of large sales, the size class over 100 million € accounts for a for Berlin unusually high share of over 59 % and is thus an important driver for the new record turnover. But also in most other classes the transaction volume could be increased noticeably in absolute terms, which underlines the overall very lively market development. For example, over 10 % of the result is generated by smaller deals of up to 25 million €.

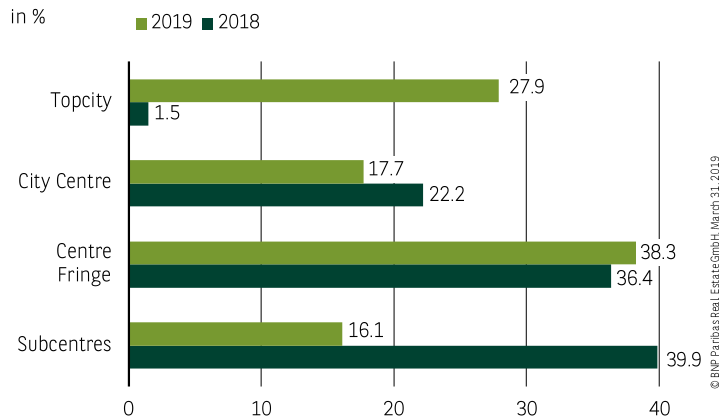
Investments by type of property in Berlin Q1



OFFICE SHARE AT THE HIGHEST LEVEL TO DATE

Most of the volume was invested in office properties, which account for a good 71 % of total turnover, which represents an absolute record for Berlin. Shares of this magnitude are generally only achieved by Frankfurt and partly by Munich. But here, too, it can be seen that investors are very willing to buy if they have the right offer. Second place is taken by retail properties, which contribute a good 18 %, which also reflects the sale of the Zoom. Logistics properties account for a share of just under 5 %. In contrast to previous years, hardly any significant hotel deals have been recorded to date, as there was no corresponding product on the market.

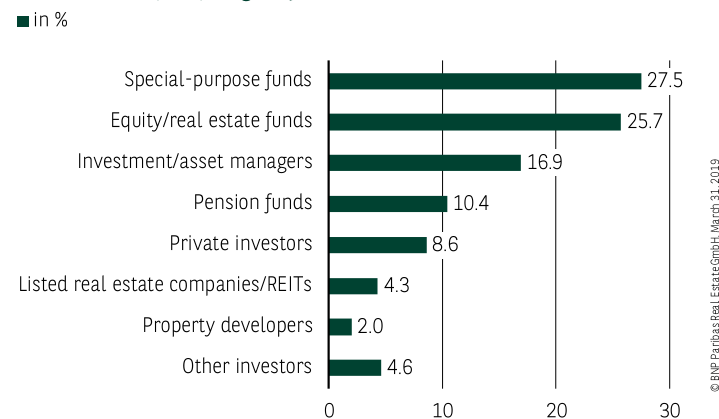
Investments by location in Berlin Q1



➤ CENTRAL LOCATIONS IN THE FOCUS OF INVESTORS

After the Subcentres accounted for the highest share of sales last year, the central locations again prevailed in the first three months of the current year, not least due to a larger offering. At 38 %, the Centre Fringe is at the top of the list. But extensive investments were also made in Topcity (28 %) and the City Centre (18 %). This means that around 84 % of the total investment volume is attributable to the classic office market zones preferred by occupiers. The Subcentres, on the other hand, are back at their usual level of 16 %.

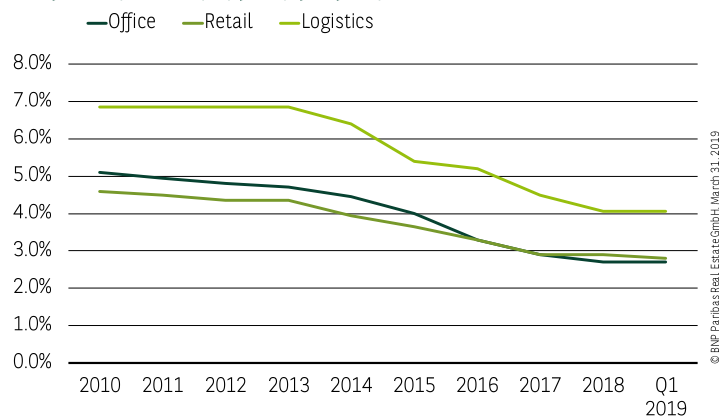
Investments by buyer group in Berlin Q1 2019



➤ FUNDS MOST ACTIVE

Basically, all investor groups show great interest in Berlin and want to participate in the capital's positive future prospects. However, many of these investors do not act directly, but invest through funds in which they participate. Against this background, it is not surprising that different fund constructions represent the most important buyer groups. In first place are special-purpose funds with a 27.5 % share of turnover, just ahead of equity/real estate funds, which contribute 26 %. In addition, investment managers, whose share amounts to 17 %, made it onto the podium. With the exception of pension funds (a good 10 %), all other investor types are already in the single-digit range, with the relatively high proportion of private investors (9 %) being particularly noteworthy. The participation of foreign investors is almost 44 %, slightly below the long-term average.

Net prime yields by type of property in Berlin



➤ YIELDS PREDOMINANTLY STABLE

Following the significant yield compression of recent years, prime yields in most asset classes were stable at the beginning of the year. Only in the high-street segment was there a further decline of 10 basis points to 2.80 %. In contrast, the net prime yield for office buildings remains unchanged at 2.70 %, making Berlin still the most expensive German location. As in the other important logistics agglomerations, 4.05 % is still to be expected for premium logistics properties.

➤ PERSPECTIVES

The good start to the year points to a very high transaction volume for the year as a whole. This is also supported by the fact that a high number of large properties are currently being marketed. The level of investment volume for the year as a whole depends above all on the supply in the coming quarters. From today's perspective, however, there is every reason to believe that the result will be noticeably above the five-year average and that the 7 billion € mark will be exceeded once again.

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