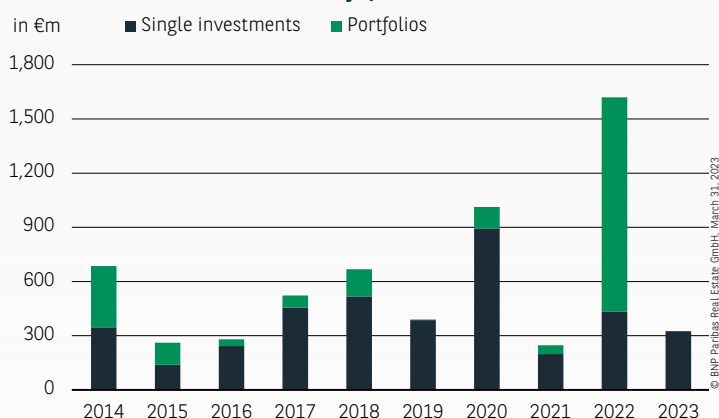




At a Glance **Q1 2023**

INVESTMENT MARKET DÜSSELDORF

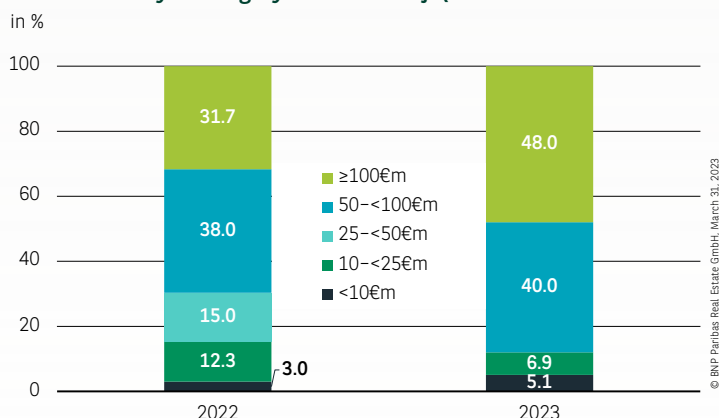
Investment volume in Düsseldorf Q1



➤ SUBDUED START TO THE YEAR

The combination of quick changes on the global financial markets along with uncertainties about the further development of the occupier markets have noticeably slowed down the momentum on the commercial investment markets at the beginning of 2023. Consequently, the investment market in Düsseldorf registered a subdued result after the first quarter of the year with a volume of €325 million. The record result from the previous year was therefore missed by 80% and the long-term average by 46%. This puts Düsseldorf in third place in the ranking of A-cities, behind Berlin and Munich. Remarkably, no portfolio deal has yet been recorded. When taking only single deals into account, the long-term average was undercut by around 17%. By far the largest transaction registered in the market area so far this year is the acquisition of the "Areal Böhler" by Jamestown for more than €150 million.

Investments by € category in Düsseldorf Q1



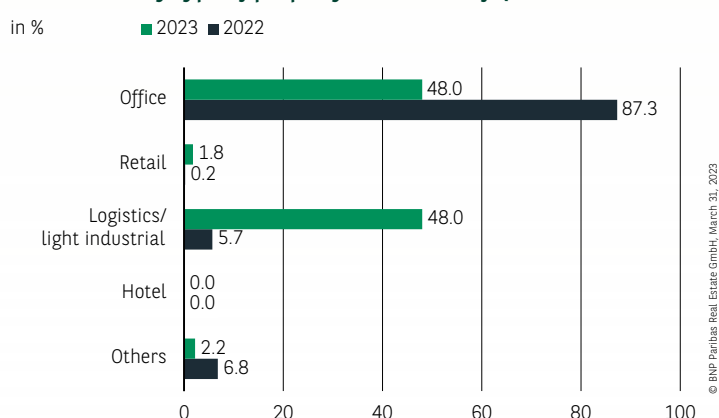
➤ LARGE DEALS DOMINATING

The large-volume transaction of the Böhler areal is reflected in the current distribution by size category. At 48%, large transactions worth ≥€100 million currently account for a significantly higher share than usual. Deals in the €50 to 100 million range also have an above-average share, contributing around 40% to the result. This segment is currently the only one that also exceeds the long-term average in absolute terms, at about €130 million. Especially small-volume transactions hardly registered any activity in the first three months of the year.

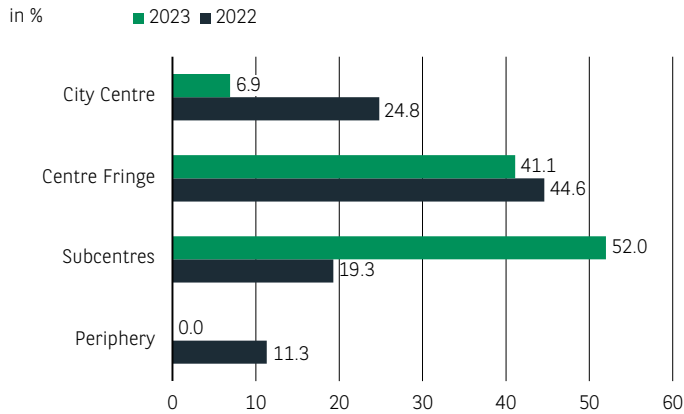
➤ OFFICE INVESTMENTS BELOW AVERAGE

Transaction activity in the first three months of the year almost entirely involved two types of property. Office and logistics properties each contribute 48% to overall volume. Logistics properties therefore achieved their best ever start to the year, even in absolute terms, whereby the "Areal Böhler" business park was once again the main reason for this. By contrast, office assets, which usually dominate in Düsseldorf by a wide margin, fell about 64% short of their long-term average. So far, retail and hotel properties have hardly accounted for any significant volume.

Investments by type of property in Düsseldorf Q1



Investments by location in Düsseldorf Q1



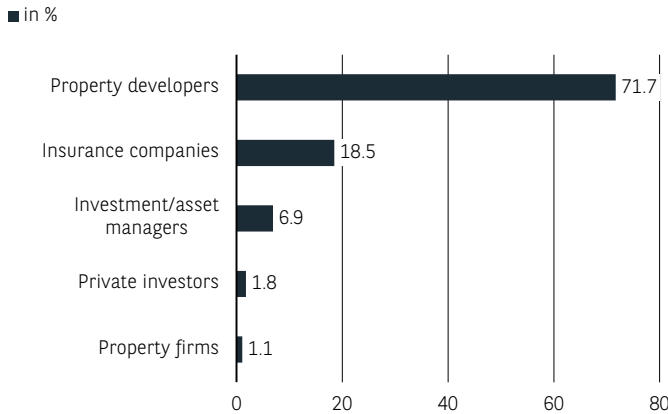
SUBCENTRES IN FOCUS

The spatial investment focus on the Düsseldorf investment market in the first quarter was on the Subcentres, which account for approximately 52% of the total volume. The Centre Fringe and the City Centre usually lead the ranking. Their current share of 41% and 7%, which puts them in second and third place respectively, reflects the relatively low share of office investments at the moment. Meanwhile, no significant transactions have yet been registered in the periphery.

PROPERTY DEVELOPER AT THE TOP BY FAR

Another very unusual picture for Düsseldorf can be seen in the distribution of the investment volume by buyer group. With a share of almost 72% of turnover, property developers are at the top of the ranking for the first time by a wide margin, proving that they are convinced of Düsseldorf's very good long-term prospects regardless of the current challenging market environment. Insurance companies also contributed a double-digit share (18.5%). Investment/asset managers (7%), private investors (2%) and property firms (1%) also contributed.

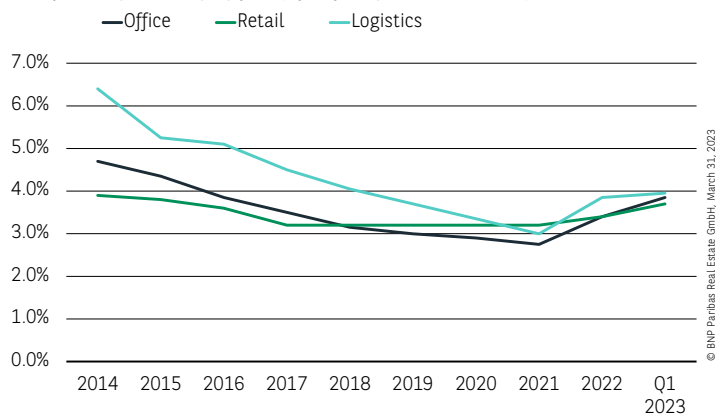
Investments by buyer group in Düsseldorf Q1 2023



FURTHER YIELD EXPANSION IN Q1

As the major central banks continued hiking interest rates in the first quarter of 2023, the increased cost of financing remains the major factor in the investment markets. As a result, prices in Düsseldorf continued to drop and yields increased. The net prime yield for office properties recently stands at 3.85%, which corresponds to an increase of 45 basis points since the start of the year. While inner-city highstreet properties also recorded a significant increase of 30 basis points to 3.70%, the expansion in the logistics segment was somewhat more moderate (+10 bp; 3.95%).

Net prime yields by type of property in Düsseldorf



OUTLOOK

Further interest rate hikes by the central banks cannot be ruled out in the coming months, which will probably continue to restrict transaction activity on the Düsseldorf market in the second quarter. A significant revival can only be expected once an end to interest rate hikes becomes clearly predictable for market players. At the moment, this is expected to happen in the course of the second half of the year leading again to a noticeable increase in investment volumes. Nevertheless, the transaction volume will probably be well below the long-term average for the full year. A further slight increase in net prime yields in the next few months is the most likely scenario.

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