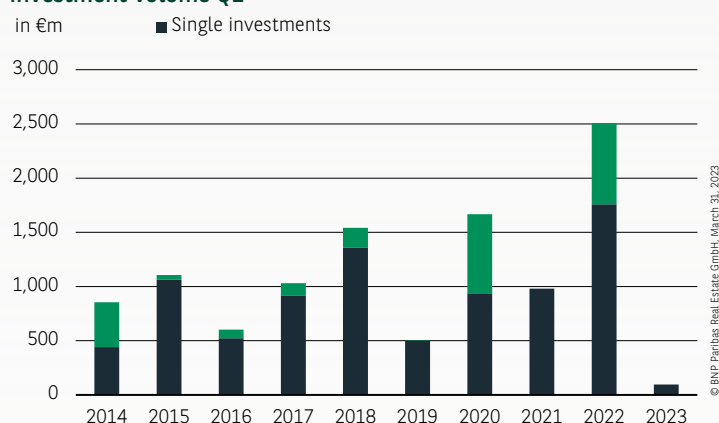




At a Glance **Q1 2023**

INVESTMENT MARKET FRANKFURT

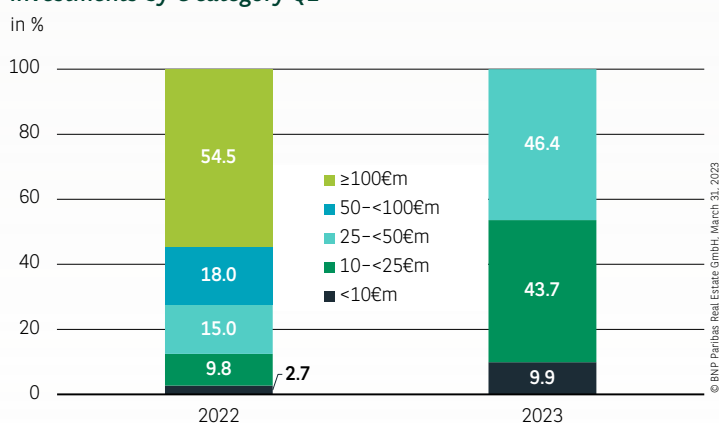
Investment volume Q1



➤ ALMOST NO INVESTMENT VOLUME

Due to its structure, the Frankfurt investment market was expected to struggle with the shift in financing conditions and the resulting uncertainties and challenges. However, it is somewhat astonishing that transaction activity almost came to a complete halt in the first quarter. The traditionally strong focus on office properties on the one hand, and on large-volume core properties on the other, caused many large transactions that were already on the market last year to be halted for the time being after the sharp interest rate hikes. This effect was significantly stronger in the Main metropolis than in any other city, causing a sudden and considerable reduction in available assets. At the same time, the occupier markets started the year slightly weaker due to the still fragile economic situation. In addition, the further elaboration of ESG related aspects is causing some uncertainty among investors. At the same time, large-volume core deals in particular are affected significantly by the still ongoing pricing phase. As a result, investment volume in the first quarter was only € 96 million, marking the lowest figure ever recorded based entirely on a few single deals. Proportionately included portfolio transactions were not recorded. Among the major German locations, only Cologne recorded an even lower volume.

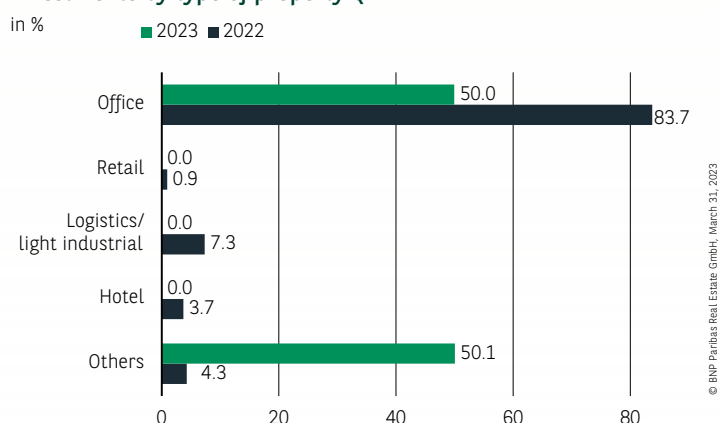
Investments by € category Q1



➤ NO DEALS ABOVE € 50 MILLION

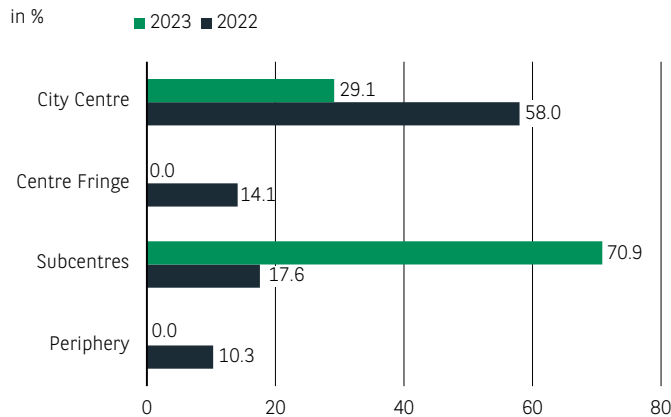
The weak start of the market is also underlined by the fact that in the first three months no transaction above the €50 million mark has been recorded. The very restrained market activity took place almost entirely in the two size classes between €25 and 50 million (share: a good 46%) and from €10 to 25 million (share: just under 44%). In addition, smaller properties with an investment volume of up to €10 million contributed another 10%.

Investments by type of property Q1



➤ OFFICE PROPERTIES WITH A SHARE OF 50%

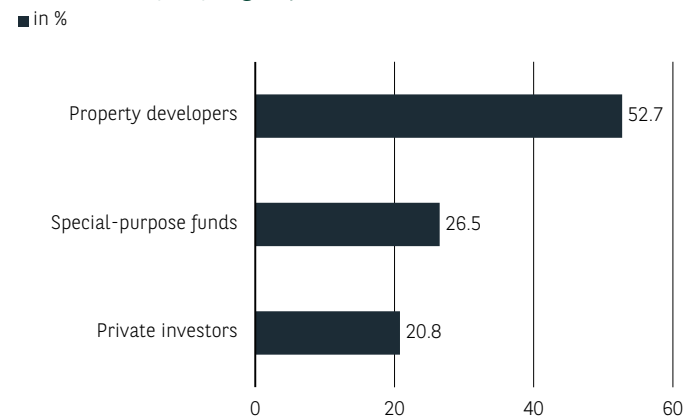
Of the very low transaction volume, 50% is accounted for by office properties, which usually is the strongest asset class in Frankfurt. The average of the last few years is about 70%. In addition, the remaining 50% of the transaction volume was placed in the category "other", which in this case mainly includes development sites. The other property types, including retail, logistics and hotel, did not register any significant transactions in the first three months of the year.

Investments by location Q1**TRANSACTIONS ONLY IN THE CITY CENTRE AND SUBCENTRES**

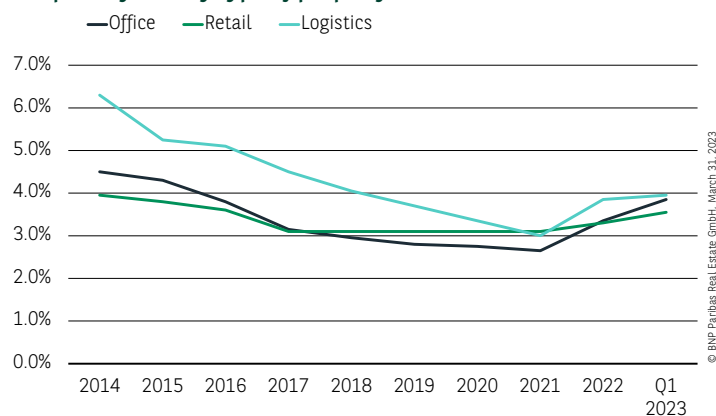
Considering the very modest transaction volume, it is not surprising that there was only little activity across the locations. Almost 71% of the investment volume is generated in the Subcentres, which usually contribute only a quarter of the result. The remaining 29% of the result was achieved in the city centre, consisting entirely of office investments. In contrast, neither the Centre Fringe nor the periphery have recorded any significant transactions to date.

THREE GROUPS OF BUYERS WITH DOUBLE-DIGIT SHARES

The picture so far regarding the types of investors is relatively narrow and not very conclusive. Overall, only three buyer groups were involved in market activity in the first quarter. By far the most investments were placed by property developers, who contributed around 53%. Although there is only a small investment volume behind this result, it underlines that the first quarter is only a snapshot and that developers continue to be convinced of Frankfurt as a location overall. Special-purpose funds also account for a share of 26.5% and private investors for another 21%.

Investments by buyer group Q1 2023**PRIME YIELDS CONTINUE EXPANDING**

As the Frankfurt investment market is significantly affected by the financial markets and since the price finding phase, especially in the core segment, has not yet been fully completed, an increase in yields in the first quarter does not surprise. As a result of the interest rate hikes by the major central banks, the net prime yields for office buildings have once again increased significantly by 50 basis points to the current level of 3.85%. For highstreet properties they have increased by 25 basis points to 3.55%, and logistics properties quote at 3.95%.

Net prime yields by type of property**OUTLOOK**

While investment volumes probably will not remain at the current level for the rest of the year, the price adjustment process is expected to be ongoing. In order to ensure a lasting revival of the market and thus also an increase in transaction volumes, an end to the interest rate hikes by the central banks is a necessary premise. It is hard to predict when this process will be completed, although many factors suggest that this could happen in the course of the second half of the year. However, the investment volume in 2023 will be considerably below the long-term average.

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