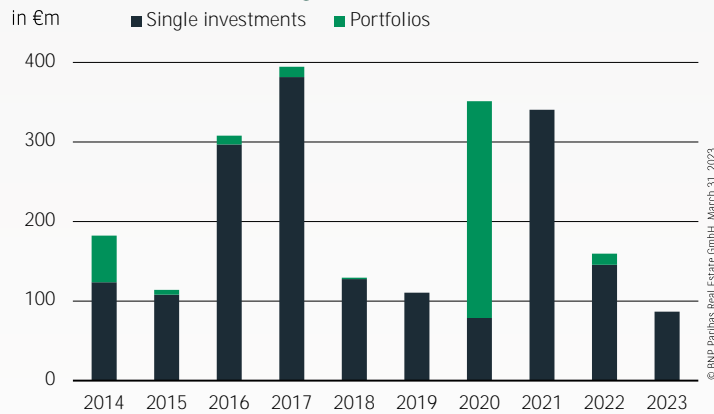




At a Glance **Q1 2023**

INVESTMENT MARKET LEIPZIG

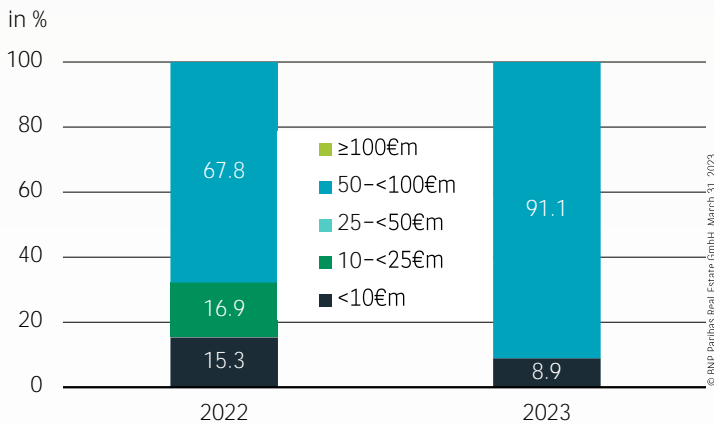
Investment volume in Leipzig Q1



➤ SLOW PACE AT THE BEGINNING OF THE YEAR

The changed and still difficult economic circumstances have also had an impact on Leipzig's investment market. In particular, the sharp rise of interest rates weighs heavily on the financial market so that investors tend to be more cautious and hesitant. As a result, a transaction volume of only €87 million was achieved in the first quarter of 2023. The Saxon metropolis recorded its weakest start to the year in the last ten years, missing both the previous year's result and the long-term average by a wide margin. On the one hand, the low investment volume is the result of the significantly dampened market momentum for single investments, as only three deals have been concluded so far, which is about 70 % less than in the previous year (Q1 2022: 10 deals). Large deals over €100 million have so far not been concluded. Furthermore, proportionally included portfolio deals are missing completely in this quarter. In the first quarter of 2022, that figure amounted to a good 9%, which corresponded to a volume of around €14 million.

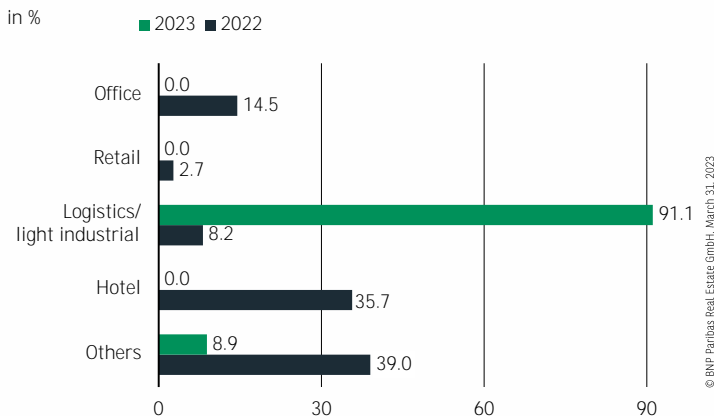
Investments by € category in Leipzig Q1



➤ ONE LARGE DEAL DETERMINES SIZE DISTRIBUTION

The significantly lower number of transactions compared to the previous year is especially reflected in the distribution of investments by size category: The total investment volume at the beginning of the year is almost completely attributable to the category between €50 and 100 million, representing a share of 91%. However, small properties up to €10 million were also sold and account for almost 9% of the result. Overall, the average volume of the registered transactions was around €29 million, which is a significant increase compared to the previous year.

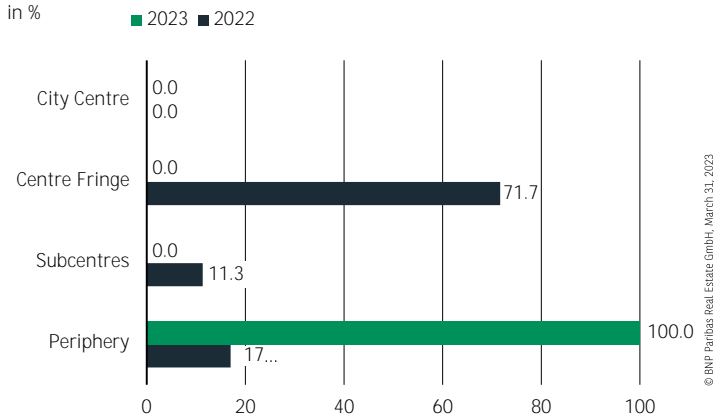
Investments by type of property in Leipzig Q1



➤ LOGISTICS SEGMENT AT THE TOP FOR THE FIRST TIME

After the logistics segment was pushed down to fourth place at the beginning of 2022, it currently leads the field and achieves an above-average result. It contributes a massive 91% of the total turnover. The collective category "other", which led the field in the previous year and consisted solely of development sites, is currently in second place, accounting for a share of just under 9%. The usually highly represented retail, hotel and office properties have not yet been able to register any noteworthy volume compared to the previous year.

Investments by location in Leipzig Q1



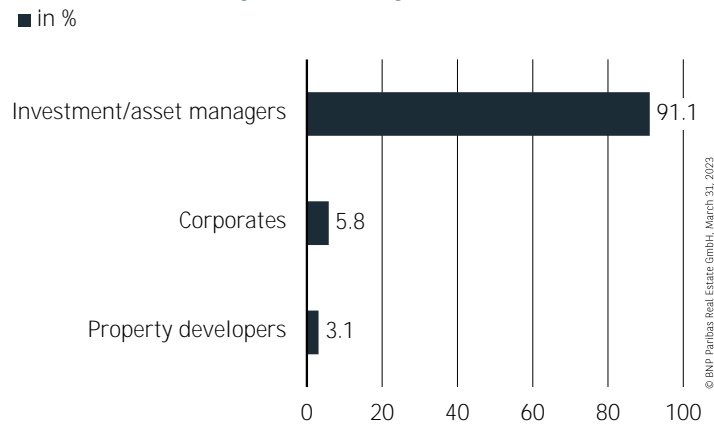
PERIPHERY STANDS OUT DUE TO LARGE TRANSACTION

The distribution of the investment volume by location shows a comparatively unusual picture as a result of the restrained market dynamics. The registered transactions were all concluded in Leipzig's periphery. This includes the largest successful deal to date: a transaction in the logistics segment. Due to the good traffic connection and the available supply, the periphery, especially in Leipzig, offers excellent opportunities for logistics properties which are currently in high demand. Not surprisingly, the development sites that have been sold are also located in the periphery. In the city centre, as already at the beginning of the previous year, no transactions were registered.

TRANSACTION VOLUME DRIVEN BY INVESTMENT MANAGERS

So far, only three buyer groups have made investments in the Leipzig market area. One major transaction is the determining factor for the above-average market share of investment/asset managers of around 91%. Corporates (just under 6%) rank behind, at around €5 million, on a par with the previous year. Furthermore, property developers (3%) contribute a good €3 million to the result.

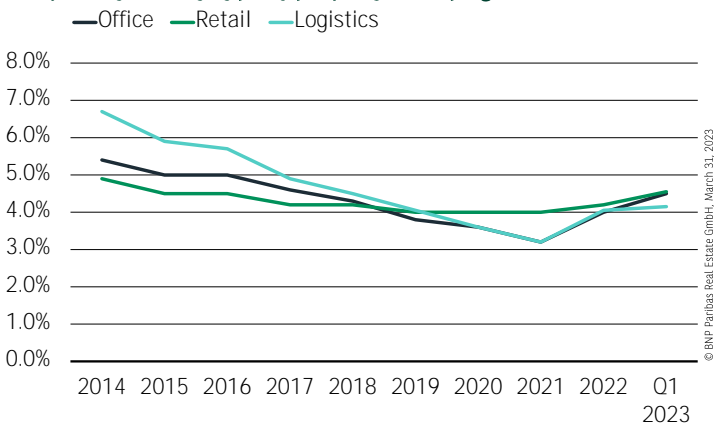
Investments by buyer group in Leipzig Q1 2023



YIELDS CONTINUE TO RISE IN Q1

The tight financing conditions are reflected in the yield development. Central bank interest rate hikes have caused a further drop of prices and led to a further yield expansion in the first quarter of 2023. For logistics properties, the net prime yield is currently 4.15%, which corresponds to an increase of 10 basis points. Office properties in Leipzig have seen an increase of 50 bps to 4.50%, while high-street properties recorded an expansion of 35 bps to 4.55%. A similar development can be observed for other German B-cities.

Net prime yields by type of property in Leipzig



OUTLOOK

The start to the new year on the Leipzig investment market has been rather moderate, which is in line with the nationwide trend. However, the result of the first quarter of the year is generally no more than a snapshot. As further interest rate hikes in the following quarter are the most realistic scenario at the moment, Leipzig's market is likely to remain affected by considerable uncertainties on both the sellers' and the buyers' side. Only once the price finding phase has been completed market activity and thus investment volume is likely to pick up again significantly. Until then, yields can be expected to expand again moderately.

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