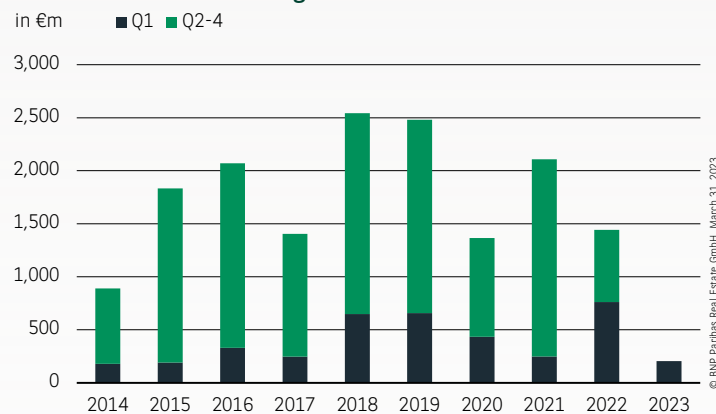


At a Glance **Q1 2023**

INVESTMENT MARKET STUTTGART

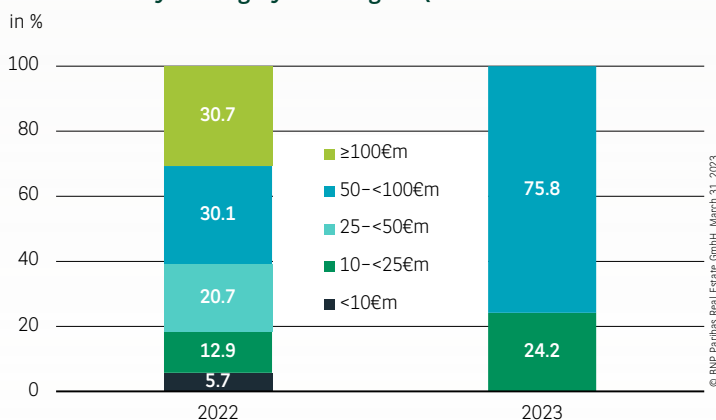
Investment volume in Stuttgart



➤ MODERATE START TO THE YEAR DUE TO EXTERNAL FACTORS

Market activity on the commercial investment market in the first quarter was decisively influenced by the challenging financial environment and the overall economic situation, both nationwide and in the individual top markets. Against this background, it is not surprising that the transaction volume on the Stuttgart investment market in the first three months was relatively low in comparison to the previous year as well as in a long-term comparison. A total of just under €205 million was invested in the capital of Baden-Württemberg, which still secures Stuttgart a mid-table position in a comparison of A-cities and underlines the location independence of the difficult investment market environment. In 2021, a comparably moderate result (€248 million) was achieved in the first quarter during the Corona crisis, but a good overall result was reported at the end of the year. This shows that the situation can change in the course of the year - although the general conditions must enable this. The continuing price-finding phase is reflected not only in the investment volume but also in the low number of deals. Here, too, the Stuttgart market is no exception.

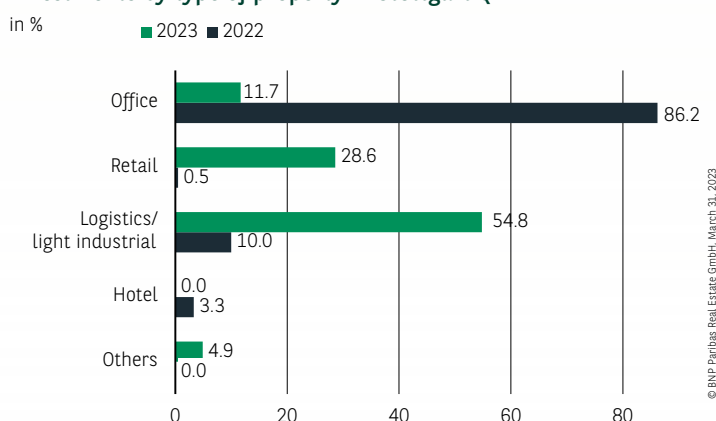
Investments by € category in Stuttgart Q1



➤ FEW DEALS, SECOND-LARGEST CATEGORY DOMINATES

Due to the fact that only a few transactions have been registered so far this year, only two of the total of five size categories can post significant volumes after the first three months. Nearly 76% of the transaction volume is distributed among investments between €50 and 100 million and a good 24% between €10 and 25 million.

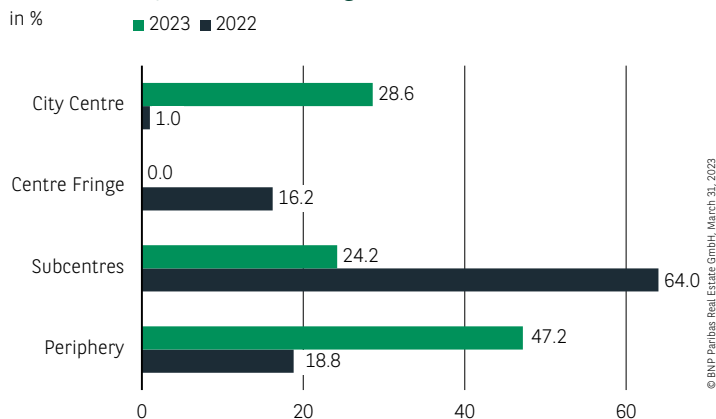
Investments by type of property in Stuttgart Q1



➤ UNUSUAL DISTRIBUTION BY TYPE OF PROPERTY

Of the few investment deals included in the evaluation, logistics and retail properties have been the most decisive factor so far. The sale of the Bauknecht Business Park in Fellbach, one of the largest logistics deals in Germany in the last three months, contributed significantly to a share of almost 55% of this segment. Among the retail investments (almost 29%), the sale of the Galleria property in the Eberhardtstraße in Stuttgart's city centre has to be mentioned, where the city has preempted the building in order to redevelop the area in the future. By contrast, office investments have been significantly underrepresented so far, contributing just under 12% to the total volume at the end of the first quarter.

Investments by location in Stuttgart Q1

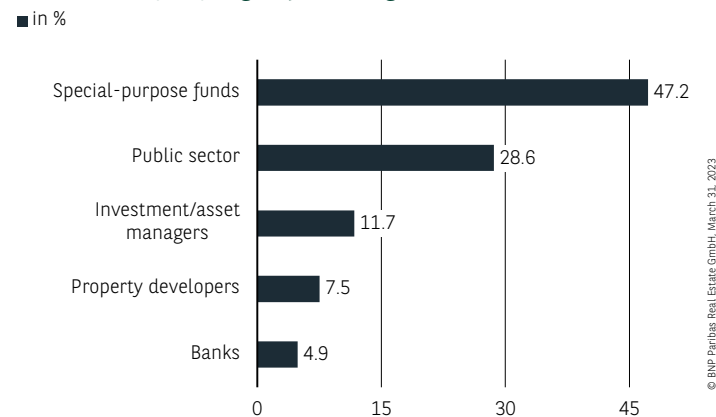


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PERIPHERY LEADING THE FIELD

In line with the distribution of the investment volume by property types and the two large investments in the logistics and retail segment, the periphery and the city centre were the locations with the highest volume in the Stuttgart market area in the first quarter. At the beginning of the year, a good 47% of the result is attributable to the periphery and just under 29% to the city centre. The lack of larger office investments is particularly noticeable in the centre fringe and subcentres: While no noteworthy transaction activity has been registered on the centre fringe so far, a further good 24% was generated in the subcentres. The importance of these two locations for Stuttgart's investment market is underlined by the fact that in the last five years an average of almost 70% of transaction volume was located here.

Investments by buyer group in Stuttgart Q1 2023

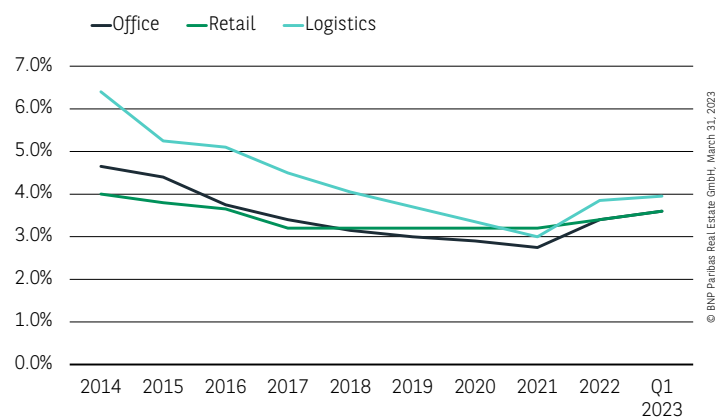


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LARGE DEALS BY SPECIAL FUNDS AND THE PUBLIC SECTOR

The few registered deals in the first quarter are attributable to very different investors, so that the distribution of the investment volume among the buyer groups has so far been based on single transactions. Special funds, which account for a good 47% of the volume, and the public sector (just under 29%), which was responsible for the purchase of the Galeria property in Stuttgart's city centre, were primarily involved in market activity. In the last three months, investment/asset managers have also invested in Stuttgart, which are represented by a further almost 12%, as well as project developers and banks with shares of just under 8% and around 5% respectively. Regarding the origin of buyers, investment activities have so far been dominated by domestic investors.

Net prime yields by type of property in Stuttgart



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YIELDS CONTINUE TO INCREASE IN THE FIRST QUARTER

The still tight financing environment is also reflected in the development of yields. Due to the interest rate hikes by the major central banks in the first quarter, prices have continued to fall and yields expanded slightly. For office properties, the current net prime yield is 3.60%, which corresponds to an increase of 20 base points compared to year-end 2022. The same applies to premium high-street properties (also 3.60%), which remain on a par with office investments. Core logistics properties currently quote at 3.95% (+10 bps).

OUTLOOK

The restrained transaction activity on the investment markets has not exceeded Stuttgart. The main reason for this is the lack of larger office transactions, which usually have a high market share in the capital of Baden-Württemberg. However, a more positive market sentiment can also be expected for Stuttgart, given an improvement of the overall conditions.

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