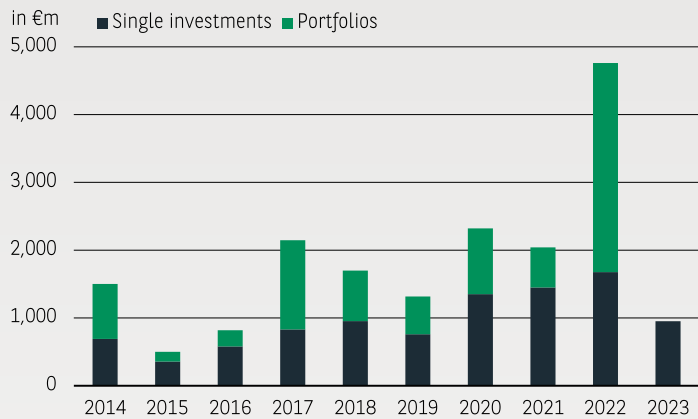




At a Glance **Q1 2023**

LOGISTICS INVESTMENT MARKET GERMANY

Logistics investments in Germany Q1

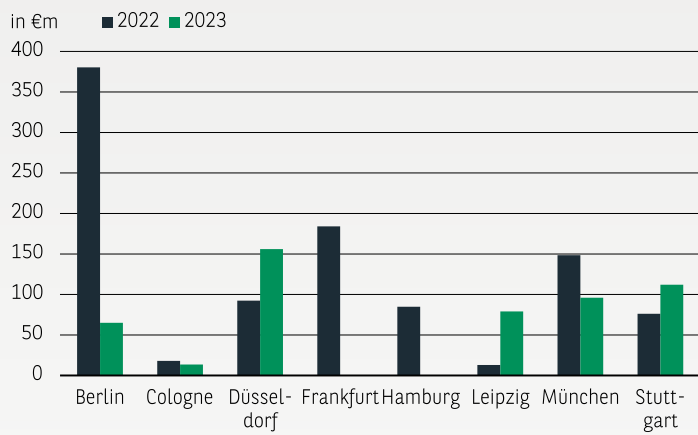


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➤ SUBDUED START TO THE YEAR

The rapid change on the world's financial markets along with the present uncertainties about the further development of the occupier markets dampened considerably the activity on the commercial real estate investment market at the beginning of the year. Even the logistics sector, which proved to be comparatively resilient in the past, has not been spared from this development. At around €951 million, the logistics investment market had its weakest start to the year since 2016 (€818 million), falling short of the record result from the previous year by around 80% and the long-term average by 47%. Remarkably, however, the current result is based entirely on single deals whose volume is roughly in line with their long-term average. Single deals alone have almost reached the €1 billion mark, showing that buyers and sellers continue to match even in the current stage. However, both sides are currently sounding the market considerably more than in previous years, resulting in more selective transactions.

Logistics investments in important markets Q1

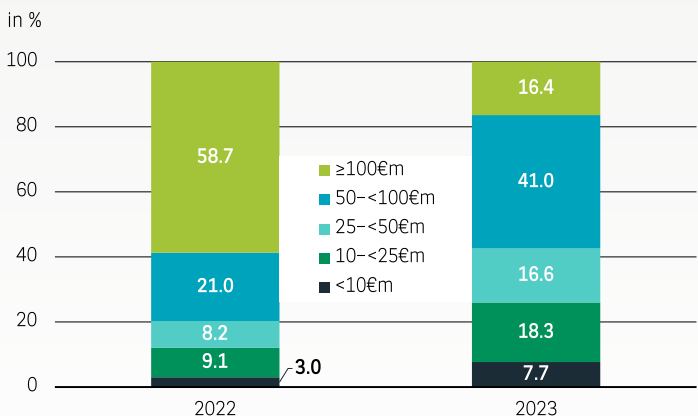


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➤ SHARE OF TOP MARKETS EXCEPTIONALLY HIGH

In the first three months of the year, €521 million was invested in logistics properties in the important markets. Their share is currently around 55%, which clearly exceeds the average of the last five years (28%) and indicates that the core/core-plus segment continues to be the focus of investors. The significant increase in logistics rents in the top markets during the second half of 2022, regardless of all the economic uncertainties, combined with very low vacancy rates, may have played a decisive role in this regard. However, an in-depth look at the different cities reveals a mixed picture. While Frankfurt and Hamburg have not yet registered any transactions, Düsseldorf (€156 million), Stuttgart (€112 million) and Leipzig (€79 million) achieved very good results in a long-term comparison. Munich (€96 million), Berlin (€65 million) and Cologne (€14 million), on the other hand, reported lower results than usual.

Logistics investments by € category Q1

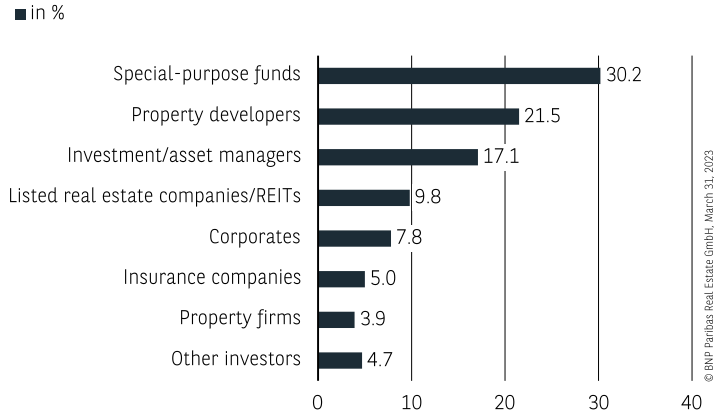


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➤ ONLY ONE DEAL IN THE TRIPLE-DIGIT MILLION SEGMENT

The lack of large portfolio transactions is reflected in the distribution by size categories. Only one transaction in the three-digit million range was recorded so far this year, namely the "Areal Böhler" business park. With a contribution to total volume of €390 million, the largest share is currently generated by deals in the size category of € 50 to 100 million.

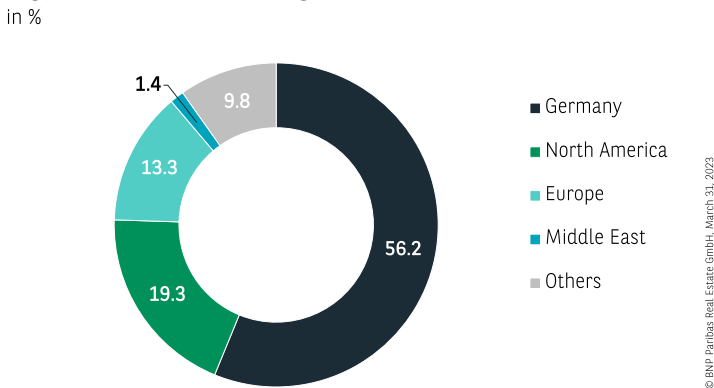
Logistics investments by buyer group Q1 2023



SPECIAL-PURPOSE FUNDS ON TOP AS USUAL

As in previous years, the distribution of the investment volume among the buyer groups is led by Special-purpose funds, which contribute around 30% to the result. In absolute terms, however, the currently registered €286 million equals a drop of 28% compared to the long-term average. Property developers, which account for 21.5%, rank in second place. The very good result of this group, which stands out even in a long-term comparison, is primarily due to the biggest deal of the year so far, the "Areal Böhler" business park, which was acquired for more than €150 million. Investment/asset managers also contribute a double-digit share with over 17%.

Logistics investments by origin of capital Q1 2023



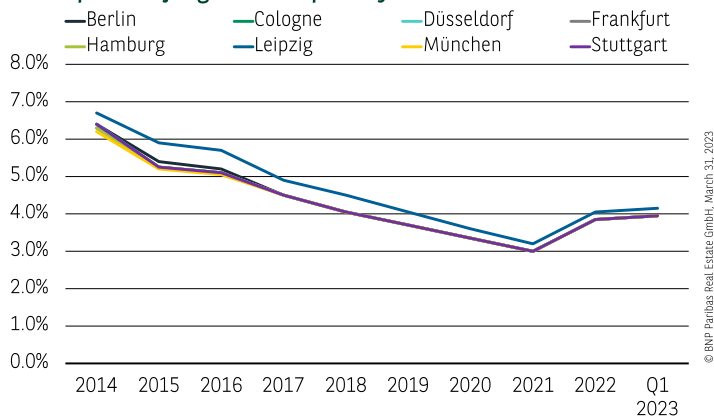
DOMESTIC INVESTORS CONTRIBUTING MORE THAN 50%

The distribution of investment volume by origin of capital currently reflects to a certain degree the lack of portfolio transactions. In recent years, foreign investors have often participated in the market through large portfolio acquisitions and, consequently, have contributed a majority of the investment volume. In the current market environment, where single investments dominate, domestic investors led the field with a share of 56%. The most active foreign buyer group in the first quarter has been US and European investors. However, at €184 million (-58%) and €127 million (-65%) respectively, both groups fall well below their respective long-term averages.

SLIGHT YIELD EXPANSION

As central banks continued hiking interest rates in the first quarter of 2023, higher costs of financing remain the predominant factor in the logistics investment market. Accordingly, net prime yields increased slightly by a further 10 basis points since the beginning of the year. The A-cities therefore stand at 3.95%, while Leipzig is at 4.15%.

Development of logistics net prime yields



OUTLOOK

As further interest rate hikes by the central banks can't be ruled out for the coming months, transaction activity on the logistics investment market is expected to remain significantly constrained in the second quarter. A lasting end to the price finding phase and concomitant increasing market momentum should only be foreseeable once market players have been assured that interest rates may have peaked. From today's perspective, this seems likely to happen in the course of the second half of the year. However, a year-end transaction volume far below the long-term average (€6.8 billion) is the most likely scenario as of today.

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