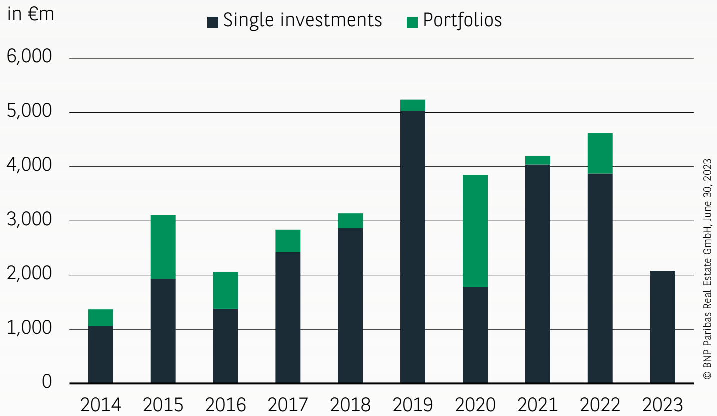
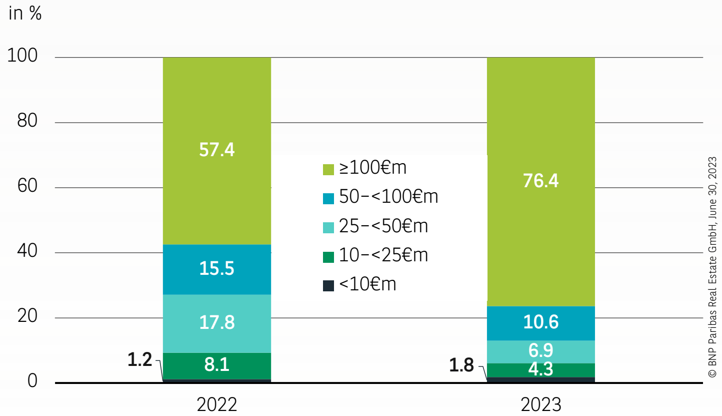
At a Glance Q2 2023

INVESTMENT MARKET BERLIN

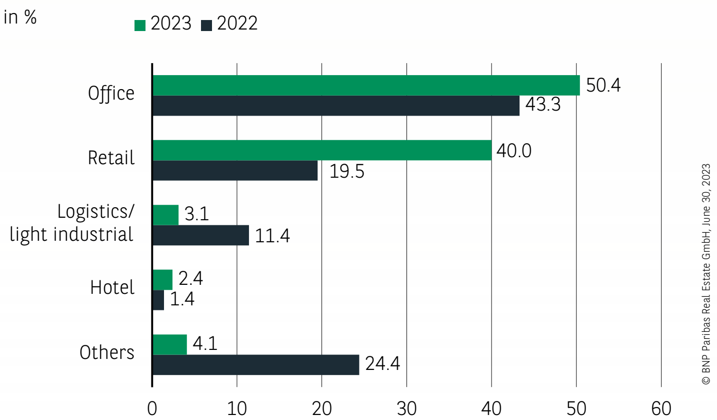
Investment volume H1



Investments by € category H1



Investments by type of property H1



CLEARLY AT THE TOP DESPITE STRONG DECLINE

Even though, as expected, the Berlin investment market was unable to match the previous year's result due to the ongoing price discovery phase at mid-year, the city still clearly outperforms the other top markets in the city ranking. The decline of about 55% in volume is relatively moderate in comparison to other A-cities (-68% on average). In addition, despite the challenging macroeconomic conditions, the German capital achieved a transaction volume of over €2 billion, a level that none of the other major investment markets can match (Munich ranked second with €719 million). The entire result is based on single transactions, which are only 21% below their average figure, although the number of deals is around 59% lower than in the previous year. The Berlin market has benefited so far this year from a number of large share deals, such as the KaDeWe and the two office projects Mynd and BEAM.

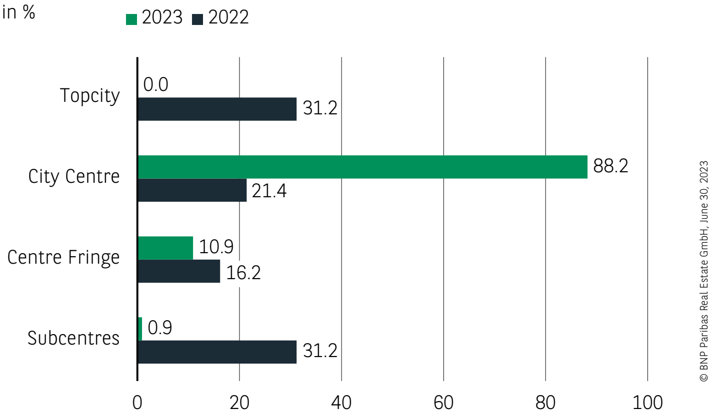
SHARE DEALS BOOSTING THE VOLUME

The above-mentioned share of large-scale investments is also reflected in the distribution of the investment volume by size categories. Accordingly, deals in the triple-digit million range are responsible for the bulk of the overall result, with a good 76 %. The fact that the market sentiment apart from the exceptional transactions is still in the adjustment phase can be seen in the categories up to € 100 million: While mid-range transactions between €25m and €100m generate just under 18% together and have fallen by a good 76%, smaller properties of up to €25m account for around 6% and therefore drop by almost 71%.

LARGE OFFICE AND RETAIL DEALS WITH BIG IMPACT

Berlin's crucial role in both the nationwide office and retail investment volume by the end of the first half of the year is clearly reflected in the distribution by asset classes. In the first six months, around 90% of the total result was invested in these two types of property, with office properties accounting for a good 50% and retail assets for around 40%. Alongside the aforementioned largescale transactions, both asset classes also registered a few smaller deals in city centre and centre fringe. Logistics and hotel investments, on the other hand, have only a minor influence on the investment volume, with just over 3 % and slightly more than 2 % respectively.

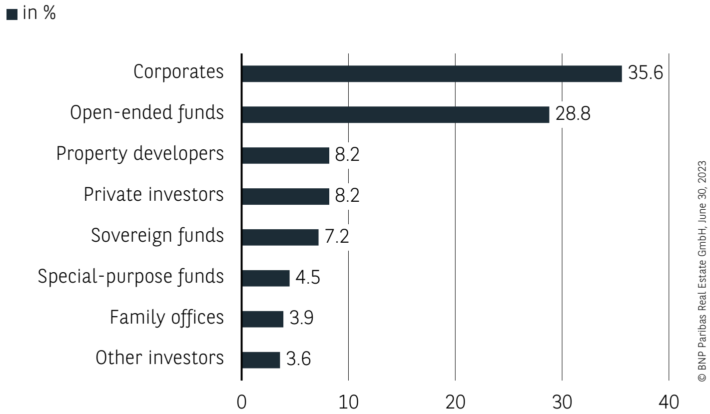
Investments by location H1



ALMOST 90 % IS GENERATED IN THE CITY CENTRE

Central locations with excellent long-term stability are in the focus of investors, in particular during difficult and uncertain times. This can be seen in the investment market of the German capital as well. During the first half of the year, a good 88% of the total volume was generated in Berlin's city centre locations, accounting for the entire volume in the triple-digit million range. The only other location that could also generate a significant contribution to the result is the Centre Fringe. With the former Britannia Center, a local shopping centre in Spandau with the anchor tenant Kaufland was one of the largest transactions in this location. In contrast, no significant transactions have been registered so far in the Topcity and the Subcentres. Especially in Topcity, the still ongoing price discovery phase particularly for core assets is reflected in this.

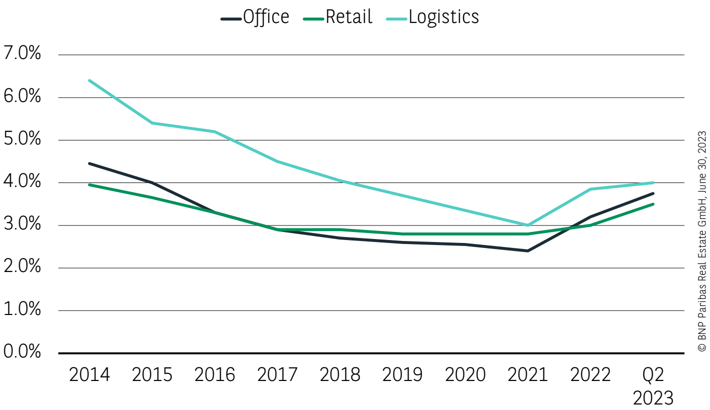
Investments by buyer group H1 2023



CORPORATES AND OPEN-ENDED FUNDS AT THE TOP

The distribution of the investment volume by buyer groups shows an unusual picture at the top of the ranking after the first half of the year: Corporates, which account for the KaDeWe deal, are responsible for the highest contribution to total turnover at just under 36 %. Behind the investment volumes of Signa's office project Mynd and Galeria Weltstadthaus (Alexanderplatz) is the open -ended fund HausInvest of Commerz Real, which brings the investor group to almost 29 %. Project developers and private investors, who each contribute a good 8 %, and sovereign wealth funds, which reach around 7 %, also exceed the 5 % mark. These large deals are also reflected in the foreign investment volume, which makes up almost 49% of total volume.

Net prime yields by type of property



YIELD EXPANSION STILL NOT FULLY COMPLETED

The fact that financing costs continue to determine market activity can be seen in further increase in yields. Consequently, net prime yield for offices increased by 35 basis points to 3.75 % in the second quarter. Highstreet properties have also increased and are currently quoted at 3.50 %, 20 basis points higher than three months ago. A slightly more moderate expansion was seen in the logistics segment, which rose by 5 basis points to 4.00%.

OUTLOOK

While Berlin's investment market performs very well in comparison to other locations, there is no getting away from the general economic conditions and the continuing restrained market sentiment. Overall, Berlin benefits from a comparatively large project pipeline, which repeatedly offers investment opportunities. The second half of the year is expected to see improvements regarding the market sentiment, although prices will be marked by further slight adjustments.

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