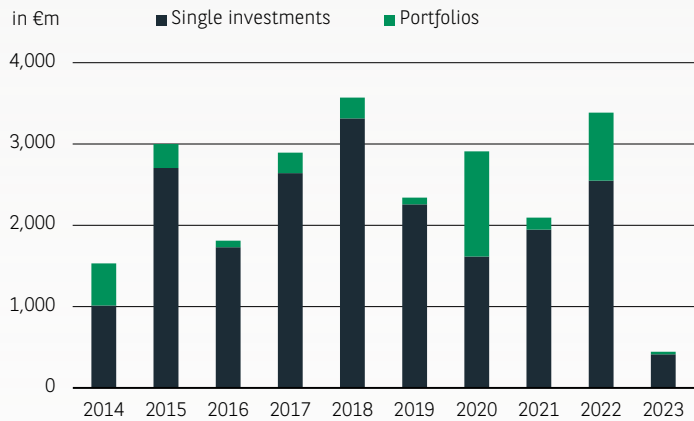




At a Glance **Q2 2023**

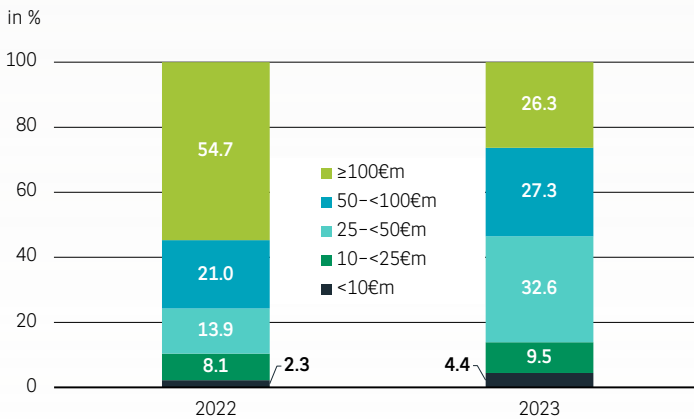
INVESTMENT MARKET FRANKFURT

Investment volume H1



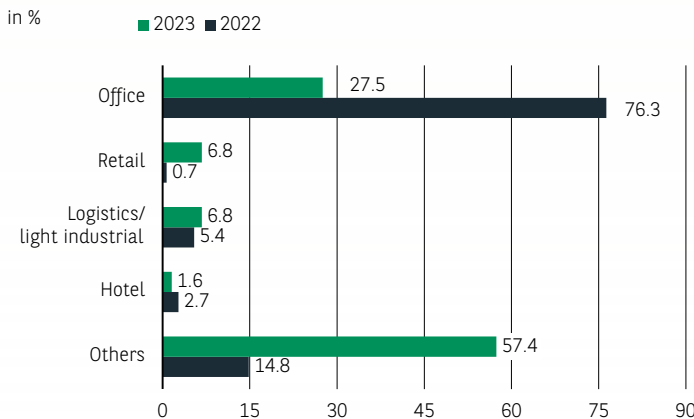
© BNP Paribas Real Estate GmbH, June 30, 2023

Investments by € category H1



© BNP Paribas Real Estate GmbH, June 30, 2023

Investments by type of property H1



© BNP Paribas Real Estate GmbH, June 30, 2023

➤ WAIT-AND-SEE ATTITUDE ON THE INVESTMENT MARKET

The result on the Frankfurt investment market is also sobering at the halfway point of the year. After a very weak start to the year with €96 million in the first quarter of 2023, an interim result of €444 million can now be reported, but the result is around 81% below the 10-year average and thus at the level of 2010. The fact that the very strong quarter of the previous year was missed by almost 87% is hardly surprising in view of the continuing challenging interest rate and economic environment. The Frankfurt investment market is also feeling the effects of the fact that the pricing phase is not over after more than a year. The gap in price expectations between sellers and buyers has still not closed in early summer 2023. Added to this is the lack of strong and positive signals from the office letting market, which at the halfway point of the year has not yet been able to report any contracts beyond 10,000 sqm and is thus still absent as a support for market revival for the time being. This combination of factors is primarily responsible for the currently still low market momentum.

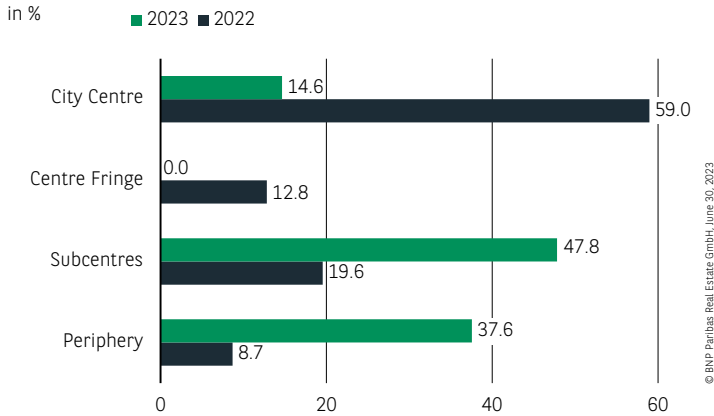
➤ STRONGEST TRANSACTION ACTIVITY UNDER €50 MILLION

In the first half of the year, investment transactions with a volume of more than €100 million contributed a good 26% to the registered turnover, but only the sale of the Haus des Lebenslangen Lernens HLL in Dreieich was responsible for this. Investments in the range of €50 to 100 million contributed another 27%. The highest transaction dynamics are registered in the segment below €50 million, especially in the size category of €25 to 50 million. Although the volume here is also significantly below average, the number of deals is comparatively large. The pricing process is much faster than in the large-volume segment.

➤ STILL HARDLY ANY MOVEMENT AT OFFICE

Transaction activity in Frankfurt's traditional top class, office, continues to limp along. Although its market share is around 27.5%, losses of more than 90% have been registered both compared to the previous year and to the long-term average. Especially in this asset class, investors are concerned with questions of financing and future usage patterns. However, the fact that project developers and investors are aware of Frankfurt's intrinsic value and opportunities is underlined by the dynamic development properties. They are the main drivers of the high turnover in the "other" collective category. Retail and logistics each have a market share of 6.8%.

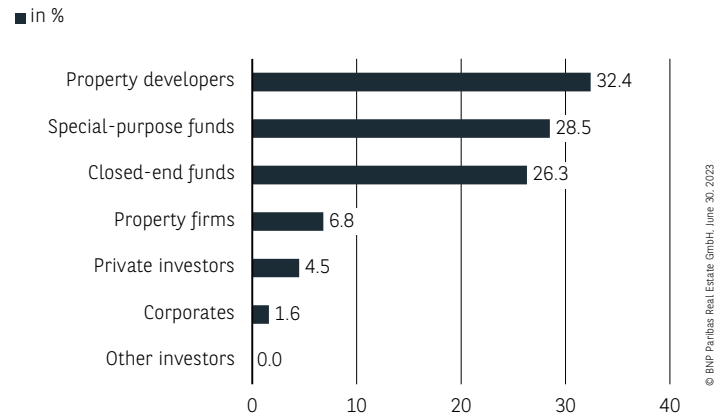
Investments by location H1



ANCILLARY AND PERIPHERAL INVESTMENT FOCUS

The continuing spread in asking prices between sellers and buyers and the lack of product in many of Frankfurt's central locations are responsible for the low transaction volume in the city centre and the city fringe. Fewer than five deals were registered in these locations in the first half of the year and the total investment volume at mid-year was only in the double-digit millions. Secondary locations account for 48% of the market, but here too investment activity remains at a very low level. Although the long-term average of just under €700 million is three times as high as the current result, the fact that there was also more movement in the office segment in these locations in the second quarter is positive. The market share of just under 38 % is due to the purchase of the Haus des Lebenslagen Lernens in Dreieich for around € 117 million.

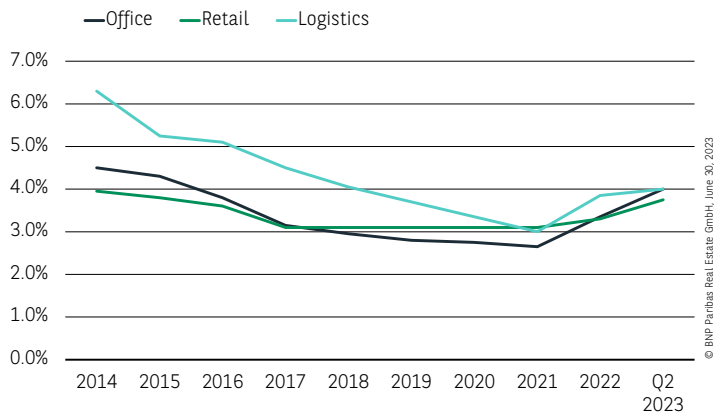
Investments by buyer group H1 2023



PROJECT DEVELOPERS WITH THE GREATEST COMMITMENT

At mid-year, project developers are leading the investor field with a market share of 32%. To date, they have invested primarily in development properties, but also in office properties for which they are aiming for revitalization. Special funds are in second place with 28.5%. However, their investment volume falls a good 50% short of the 10-year average. Their investment spectrum includes office as well as logistics and care properties. Closed-end funds contributed another 26% to the latest investment result. However, only the above-mentioned transaction in Dreieich is behind this result. All other buyer groups have market shares of less than 10%.

Net prime yields by type of property



YIELDS CONTINUE TO RISE

The rise in yields continued in the second quarter. The net prime yield in the office segment currently stands at 4.00%, which corresponds to an increase of 15 basis points compared to Q1. Commercial property yields rose by 20 basis points to 3.75%. A moderate increase of 5 basis points compared to the previous quarter was recorded for logistics properties to 4.00%.

OUTLOOK

The price formation phase has not yet been completed on the Frankfurt investment market either, although there are increasing signs that the momentum in the convergence process is picking up speed. If the phase of interest rate increases by the central banks comes to an end in the second half of the year, price formation should come to an end towards the end of the year. Transaction activity should then pick up speed quickly. On the positive side, the Frankfurt office letting market is already reporting good figures compared to the rest of Germany and major deals are in the pipeline. This should give investors additional security.

All rights reserved. At a Glance is protected in its entirety by copyright. No part of this publication may be reproduced, translated, transmitted, or stored in a retrieval system in any form or by any means, without the prior permission in writing of BNP Paribas Real Estate GmbH.

The statements, notifications and forecasts provided here correspond to our estimations at the time when this report was prepared and can change without notice. The data come from various sources which we consider reliable but whose validity, correctness or exactness we cannot guarantee. Explicitly, this report does not represent a recommendation of any kind, nor should it be regarded as forming a basis for making any decisions regarding investment or letting or renting property or premises. BNP Paribas Real Estate can accept no liability whatsoever for any information contained or statements made herein.

Imprint Publisher and copyright: BNP Paribas Real Estate GmbH | Prepared by: BNP Paribas Real Estate Consult GmbH | Status: 30.06.2023

Further Information BNP Paribas Real Estate GmbH | Branch office Frankfurt | Phone +49 (0)69-298 99-0 | www.realestate.bnpparibas.de