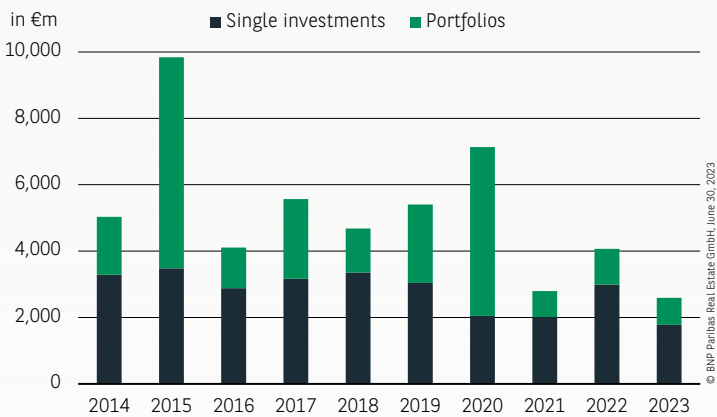




At a Glance **Q2 2023**

RETAIL INVESTMENT MARKET GERMANY

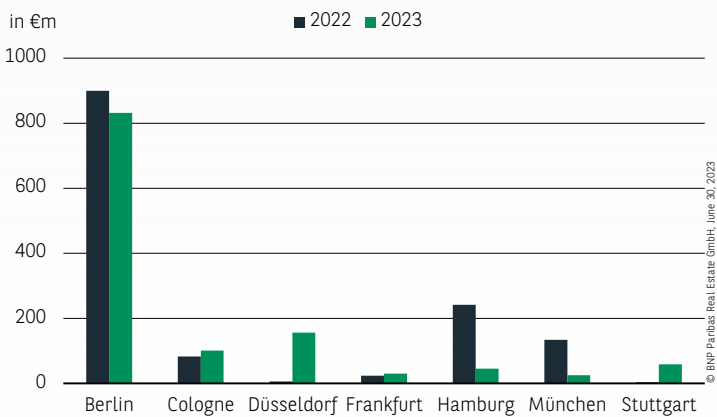
Retail investments in Germany H1



RESULT DOES NOT YET REFLECT MARKET ACTIVITY

At mid-year, no substantial turnaround could be observed so far in the retail investment market compared to the first quarter: With a total transaction volume of just under € 2.6 billion, retail investments continue to lag behind both the previous year's result (-36 %) and the long-term average (-49 %). Nevertheless, retail properties are once again performing well compared to other asset classes and rank only slightly behind office investments (€3.2 billion) and even ahead of logistics transactions (€1.5 billion). In a comparison between the different asset classes, it is particularly remarkable that retail assets are currently the only ones with significant market activity in the portfolio segment. Although portfolio sales did not generate a high volume at around € 814 million by mid-year, investments in shopping centres and Galeria properties as well as smaller food retail portfolios consistently contribute to market activities. This segment should play an important role in the second half of the year by driving investment activities in the retail sector. Due to financial conditions, single deals (€ 1.8 billion) have so far fallen short of large-volume transactions in particular.

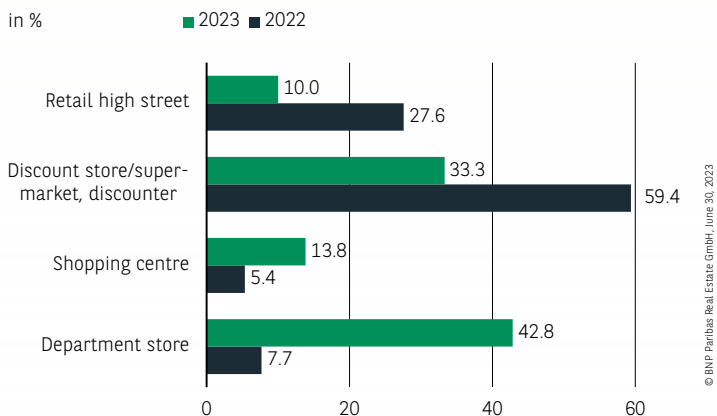
Retail investments in the A-locations H1



BERLIN BOOSTS INVESTMENT VOLUME IN THE A-CITIES

The lack of large deals in the triple-digit million range is reflected in the investment volume of the A locations. Although the top markets achieved a similar result to the previous year (€ 1.4 billion) with a volume of € 1.25 billion, this is largely due to the KaDeWe transaction in Berlin, which alone accounts for the majority of the volume in the A-cities. Apart from this deal, only a few smaller transactions were registered in the major locations at the start of the year. Nevertheless, the overall mid-term results can only be seen as a snapshot, which are directly influenced by superordinate factors.

Retail investments by type of property H1

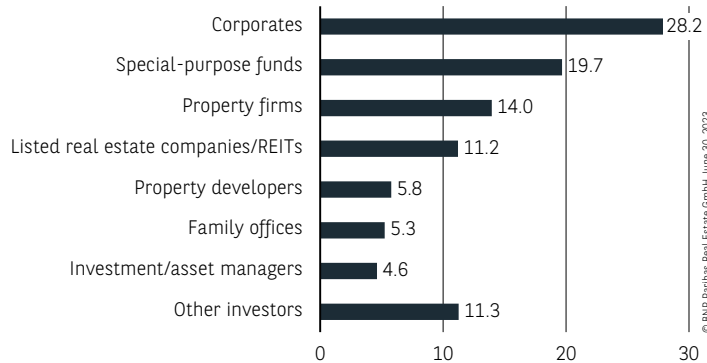


DEPARTMENT STORES AND SUPERMARKETS DOMINATING

Two types of property had a decisive impact on the retail investment market in the first half of the year: On the one hand, supermarkets/discount stores investments, once again account for a good 33%. On the other hand, investors try to take benefit from the high momentum in the department stores' segment, pushing this sector to the top of the ranking with just under 43%. Shopping centres (14 %) and high-street properties (10 %), on the other hand, have so far had only a minor impact.

Retail investments by buyer group H1 2023

in %

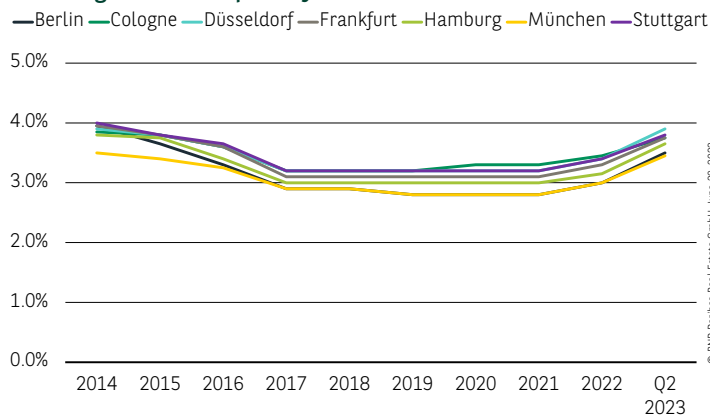


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➤ CORPORATES AT THE TOP DUE TO THE KADEWE-DEAL

The distribution of the investment volume among the buyer groups shows a rather unusual picture so far, especially at the top of the ranking. Corporates account for the KaDeWe deal and, with a total of a good 28 %, have highest contribution so far. In the retail warehousing segment, on the other hand, special-purpose funds are once again the most important investors. They account for almost 20 % of the total volume. Property firms, which contribute a further 14 %, mainly through their investment in several Galeria properties, and listed real estate companies/REITs, which account for a good 11 %, also exceed the 10 % mark. Foreign buyers are on a par with German investors at just under 50 % and thus achieve an above-average result compared to the overall commercial real estate investments (42 %). However, this result only represents a temporary situation that does not reflect a clear market trend, and therefore only shows the influence of a few large deals.

Retail high street net prime yields in the A-locations

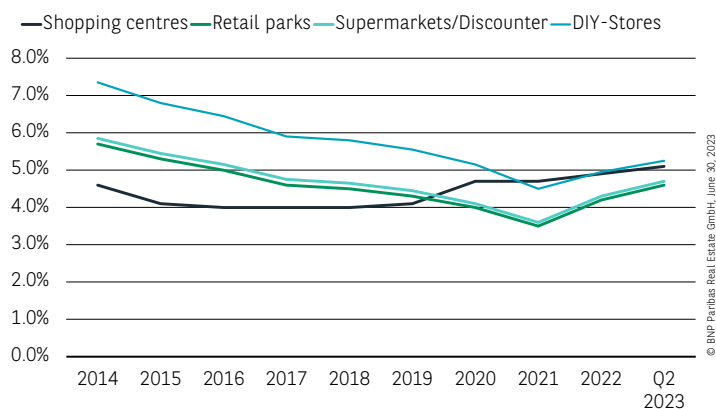


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➤ YIELD EXPANSION ACROSS ALL PROPERTY TYPES AND CITIES

During 2022, retail high-street properties managed to maintain their prime yields slightly longer than office or logistics properties, as they had already undergone a sideways movement for several years. Starting the second half of the year, however, even in the premium high-street segment it was barely possible to maintain those high prices. During the first months of the year, the top markets experienced a further expansion. Munich (3.45 %) is currently ranked ahead of Berlin (3.50 %) by a thin margin within the A-location. Hamburg (3.65 %) remains in third place, while Frankfurt and Cologne (both 3.75 %) are tied for third place, relegating Stuttgart (3.80 %) and Düsseldorf (3.90 %) to the back of the field. Other types of property have also seen further price adjustments since the beginning of the year: Retail parks (4.60 %) and supermarkets/discounters (4.70 %) both increased by 20 basis points, while DIY stores (5.25 %) and shopping centres (5.10 %) each climbed by a further 10 basis points in the second quarter.

Net prime yields by type of property



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➤ OUTLOOK

The overriding determining factors continued to have a significant influence on investment activities across all asset classes in the second quarter. Nevertheless, it should be mentioned that the retail investment market is currently more dynamic than the investment figures would suggest. The retail market benefits from its diversified structure, the crisis-resistant food anchored sector and the dynamic portfolio segment, which has a stronger presence compared to other asset classes. Considering several large scale products that are currently in the pipeline, the retail investment market is expected to perform very well in the second half of the year.

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