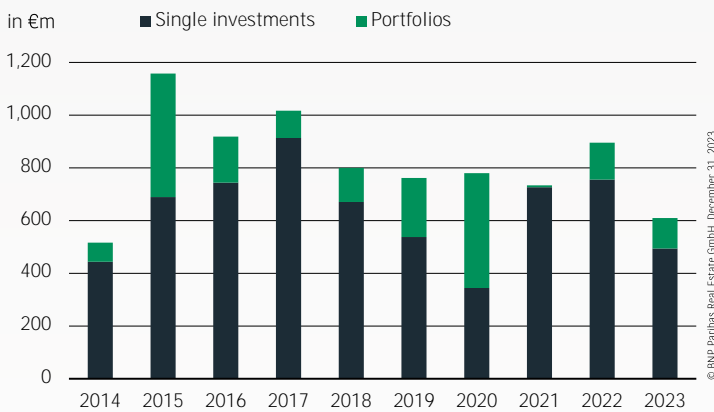




At a Glance **Q4 2023**

INVESTMENT MARKET LEIPZIG

Investment volume

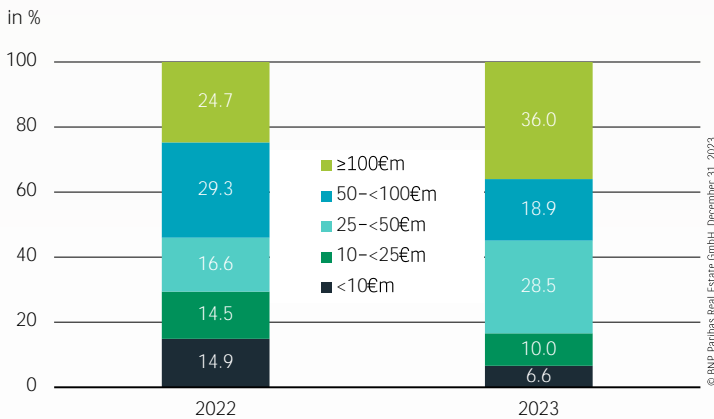


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LEIPZIG INVESTMENT MARKET COMPARATIVELY STABLE

The development of the German commercial property investment market in 2023 was dominated by rising interest rates and the resulting increase in financing costs. The absence of economic growth also had a dampening effect. Despite these negative influences, Leipzig's market performed above average in a nationwide comparison, with a realized investment volume of €610 million. Although commercial investment turnover in Germany decreased significantly, Leipzig experienced a smaller decline of just under 32% compared to the previous year and around 26% compared to the 10-year average. In 2023, single transactions accounted for 81% of the market share in Leipzig, while portfolio deals made up the remaining 19%. The sale of a distribution centre in Leipzig as part of a package sale was the most significant transaction.

Investments by € category

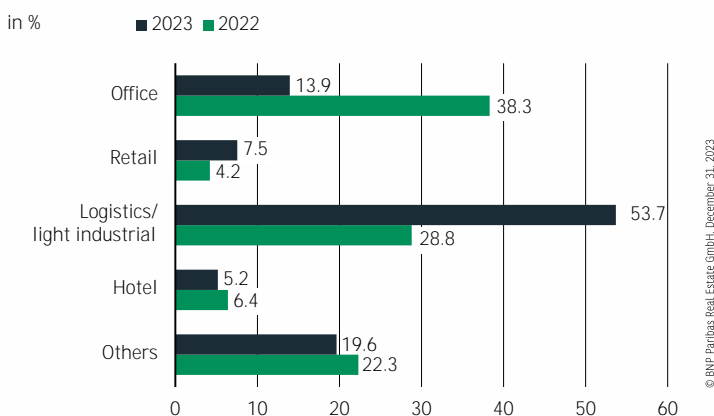


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MID-SIZED SEGMENT CAN EVEN GROW

Leipzig's investment market has a favourable position in terms of investment volume distribution by size category. The market share for transactions over €100 million has increased to 36%, which is higher than the previous year and the national average. Furthermore, transaction momentum in the mid-size segment between €25 million and €50 million has significantly increased. The investment volume has risen by almost 17% to €175 million. The small space segment had significantly less activity, with transactions under €25 million accounting for only 17% of the market share. This represents a decrease in investment volume to just over €100 million.

Investments by type of property

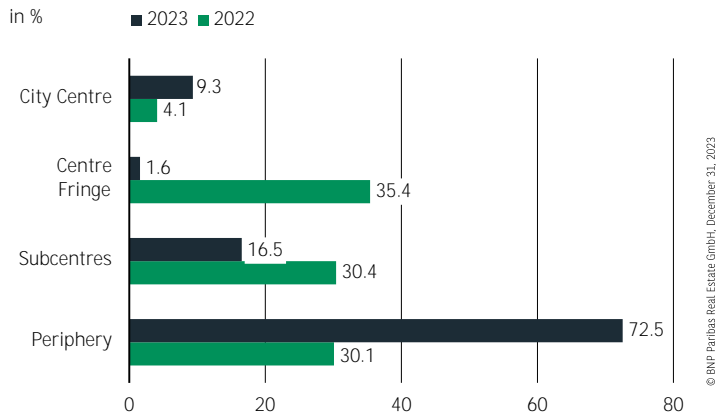


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LOGISTICS BY FAR THE STRONGEST ASSET CLASS

The logistics asset class is the top performer, with a new record investment volume of around €330 million, representing a 27% increase on the previous year. This growth was also driven by large-volume transactions. Investments in the 'Other' property type are consistent with this trend, accounting for just over 20% of the market share. In Leipzig, development properties are mainly responsible for this outcome, indicating the high level of confidence project developers have in the property market of the Saxon metropolis. Only around €85 million was invested in office properties, accounting for a market share of just under 14%. The investment volume remains at the same level as in 2011/2012.

Investments by location

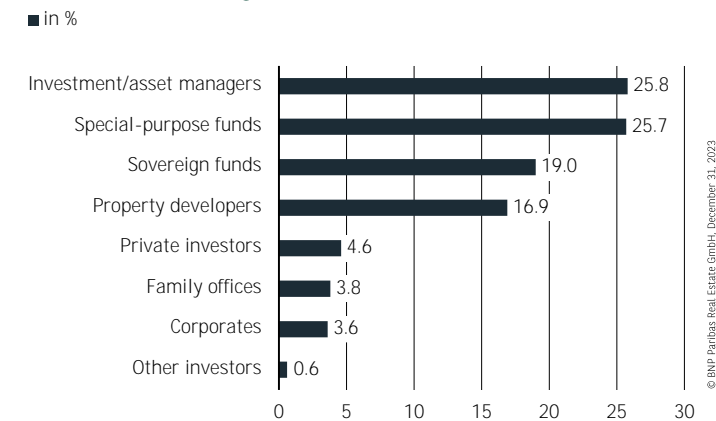


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PERIPHERY IN THE LEAD WITH TOP RESULT

In 2023, almost €450 million was invested in Leipzig's periphery, marking the highest volume ever recorded in this location and a 64% increase from the previous year. The transactions primarily involved distribution centres and development properties. Subcentres accounted for a market share of 16.5%. This relatively high figure demonstrates the value and growth potential that project developers attribute to Leipzig's decentralised areas. Although the city centre has exceeded the very weak result of the previous year (now accounting for around 9% of market share), market activity on the centre fringe has almost ceased temporarily, with less than 2% of investment volume being placed in these attractive locations.

Investments by buyer group 2023



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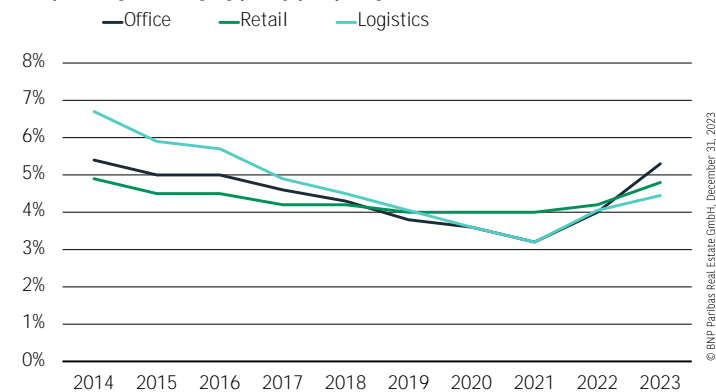
MOST ACTIVE BUYER GROUPS IN TIGHT RACE

Investment and asset managers, as well as special-purpose funds, each hold a market share of just under 26%, making them the clear leaders. While investments in logistics properties were responsible for the second-highest volume ever recorded by investment/asset managers, special funds invested in healthcare, sheltered housing and day care centres. Special-purpose funds achieved their third-highest result in the history of the Leipzig market. Sovereign funds hold a 19% market share due to a proportionate portfolio deal, while project developers have a market share of around 17% and were actively involved in several transactions in the market area.

YIELDS HAVE RISEN FURTHER

In the last quarter of 2023, the central banks' interest rate cycle was not yet fully completed. As expected, this caused a slight increase in net prime yields. The prime net yield for offices rose by 25 basis points to 5.30%, while the strong logistics segment increased by 15 basis points to 4.45%. The prime yield for inner cities commercial properties remained unchanged at 4.80%

Net prime yields by type of property



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OUTLOOK

The general environment will also remain challenging for Leipzig's investment market for the time being, as the central banks have yet to make a final decision on the further development of interest rates and economic momentum is not expected to accelerate significantly until later in 2024. However, the Leipzig market has very good location factors and robust occupier markets overall, which speak in favour of a comparatively rapid upturn in investment market activity. As soon as the further development of the interest rate cycle is finally foreseeable and the price adjustment processes have been completed, investment momentum should pick up again across the board.

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Further Information BNP Paribas Real Estate GmbH | Branch office Leipzig | Phone +49 (0)341-711 88-0 | www.realestate.bnpparibas.de