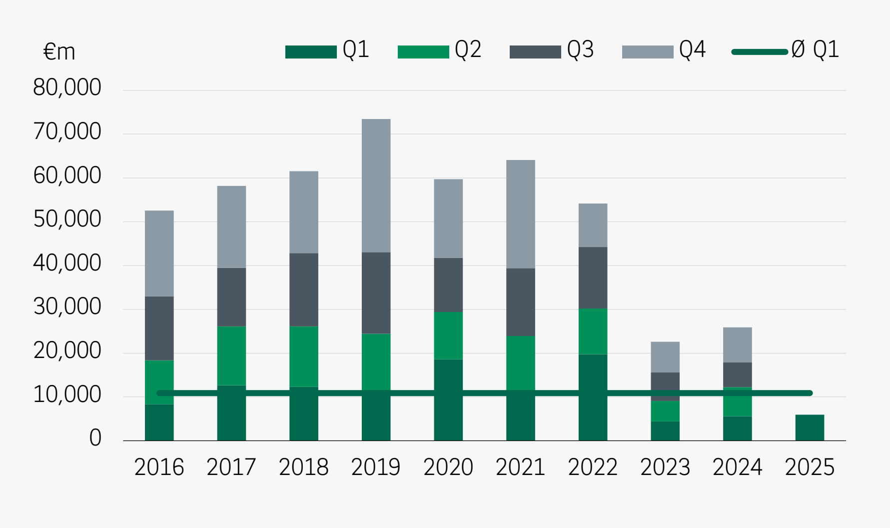
GERMANY

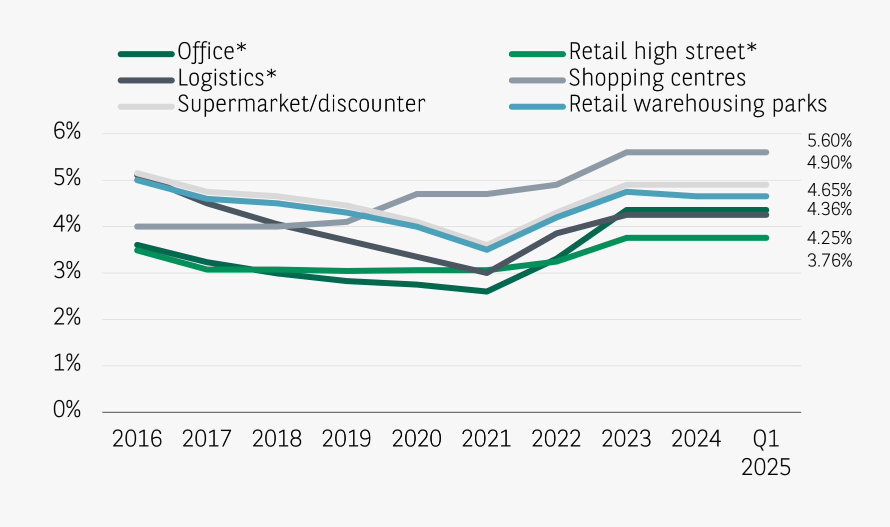
# REPORT INVESTMENT MARKET

Q1 2025

## Development of investment volume




## Net prime yields by type of property



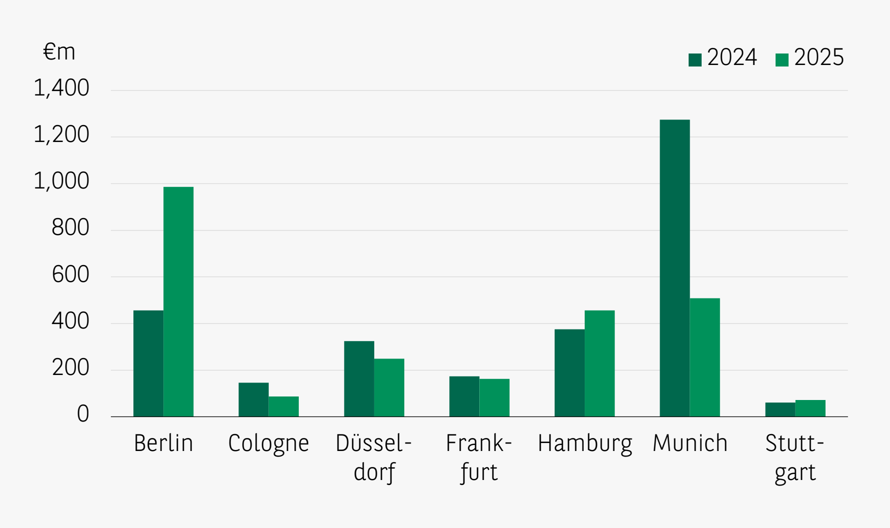

## THE RECOVERY OF THE INVESTMENT MARKETS CONTINUED IN Q1

– The transaction volume for commercial property totalled a good €5.9 billion in the first three months of the year, up around 7% on the same period of the previous year. Although the increase in turnover is considerably lower than in the residential sector, it nevertheless underlines the slight upward trend that has been observed for some time. This continued positive development is quite remarkable, as current market developments are being influenced by a wide variety of factors.

– Looking at commercial investments, office properties regained their traditional leading position, which they had lost to logistics properties in the last two years, in the first quarter of 2025. With a transaction volume of just under €1.75 billion, they doubled their previous year's result and contributed the most to commercial investment turnover at almost 30%, significantly influenced by the sale of the Upper West in Berlin with well over €400 million. At just under €1.3 billion each, logistics properties and retail properties contributed a good fifth of investment turnover.

– As expected, prime yields remain constant. For office properties, they average 4.36% in the A-locations. Logistics properties are set at 4.25%. Retail high street properties also remain stable and currently achieve an average of 3.76%. Retail parks (4.65%), discounters/supermarkets (4.90%) and shopping centres (5.60%) are also yielding constant returns.

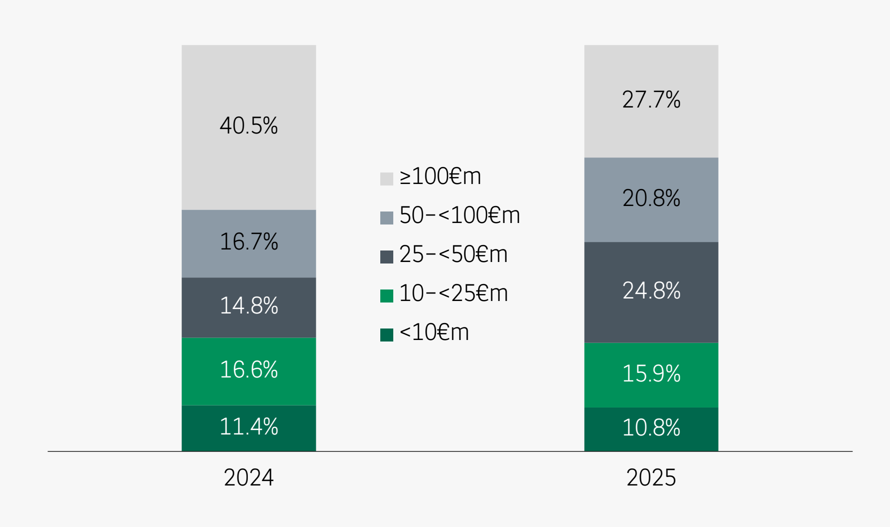
### Investments in A-locations Q1



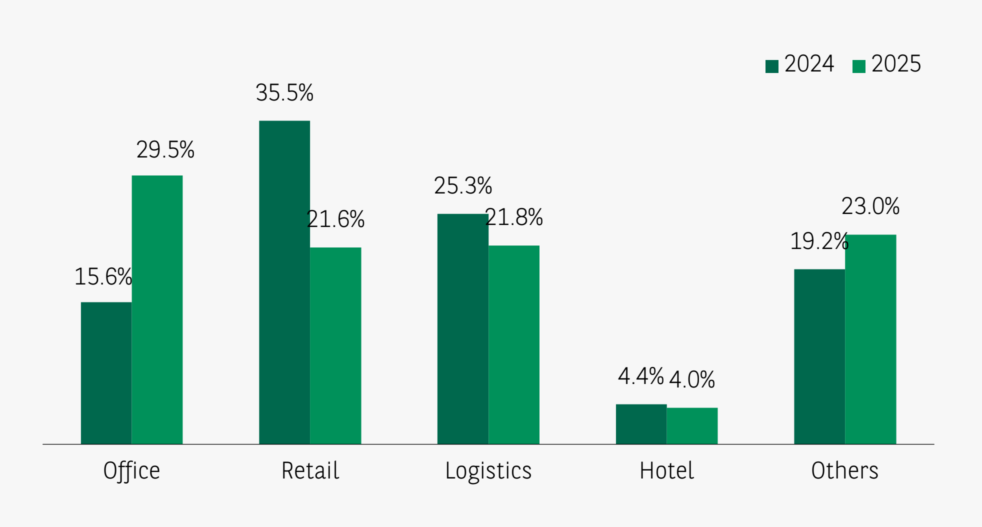

## A-LOCATIONS ROUGHLY AT PREVIOUS YEAR'S LEVEL

- The transaction volume in the German A-locations (Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Munich, Stuttgart) totalled around €2.52 billion in the first three months and was therefore lower (-10%) than in the same period of the previous year. Although market activity in the major cities has generally become somewhat livelier, there are still relatively few major transactions. So far, only three sales in the three-digit million range have been realised.
- Berlin is far and away in first place with a result of €986 million, which corresponds to an increase of 115%. The sale of the Upper West to the Schoeller Group family office made a significant contribution to this result. Munich is in second place with €508 million. Unlike in the capital, however, the result here is around 60% below the previous year's figure. Only one major deal in the lower three-digit million range was recorded in the Bavarian capital.

### Investments by € category Q1




### Investments by type of property Q1



# OUTLOOK

- The further development of the investment markets will have to contend with an extremely heterogeneous environment over the remainder of the year. On the one hand, the US administration’s tariff manoeuvres could have devastating impact on further economic recovery. On the other hand, the special funds that have been agreed for Germany in particular, in conjunction with the greater financial leeway for defence spending, are available as an instrument for additional growth stimuli, meaning that slightly higher GDP growth can be expected in the coming years than previously forecast. Due to extensive secondary effects, this would also stimulate the occupier markets, which should further improve the general conditions for real estate investments.
- In our view, the most likely scenario is an accelerated recovery of the German economy, from which the occupier markets will benefit. As demand for space picks up, investments will become increasingly attractive. In addition, many investors are likely to turn more strongly towards the safe asset class of real estate. As a result, the transaction volume should continue to rise moderately over the course of the year. We stand by the forecast made at the end of last year that a result of over €40 billion for investments in commercial and residential property does not appear unrealistic. The situation is different in terms of yield development. Due to the changed framework conditions, a stable development over the rest of the year is the most likely scenario from today's perspective.

## Key facts investment market Germany

| INVESTMENT VOLUME | Q1 2024 | Q1 2025 | CHANGE |
|---|---|---|---|
| Total (€m) | **5,568** | **5,919** | **+6.3%** |
| Portfolio share | 20.6% | 23.0% | +2.4%pts |
| Share above €100 million | 40.5% | 27.7% | -12.8%pts |
| Office share | 15.6% | 29.5% | +13.9%pts |
| Share of A-cities | 50.5% | 42.6% | -8.0%pts |
| Share of foreign investors | 35.0% | 35.9% | +0.9%pts |

| NET PRIME YIELDS* | Q1 2024 | Q1 2025 | CHANGE |
|---|---|---|---|
| Office | 4.36% | 4.36% | +0bps |
| Retail | 3.76% | 3.76% | +0bps |
| Logistics | 4.25% | 4.25% | +0bps |

* Ø A-locations (Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Munich, Stuttgart)

## CONTACT


### BNP Paribas Real Estate GmbH

Goetheplatz 4| 60311 Frankfurt

Phone: +49 (0)69-298 99-0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