

LEIPZIG

REPORT INVESTMENT MARKET

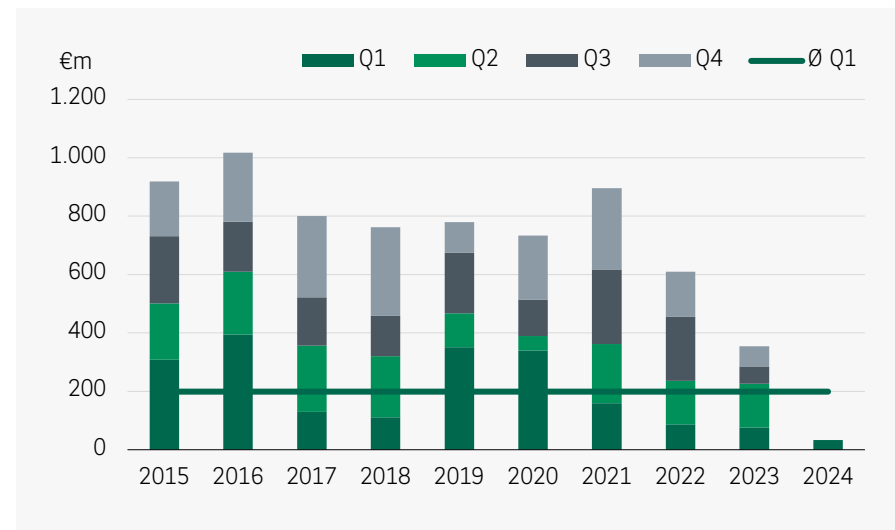
Q1 2025



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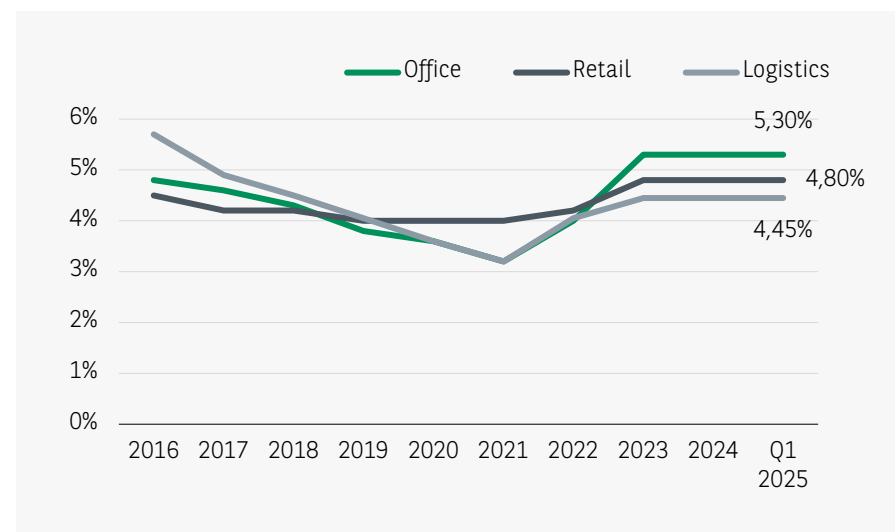
Development of investment volume



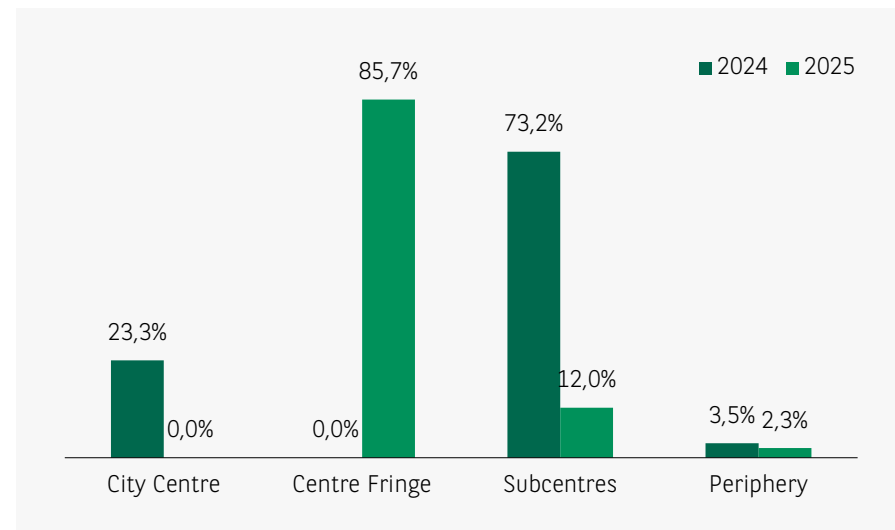
INVESTMENT MARKET: RECOVERY IS STILL PENDING

- Leipzig's investment market is still treading water at the start of 2025 instead of picking up momentum again as hoped. With a transaction volume of just €33 million in the first quarter, Leipzig achieved one of the weakest results since investment activity has been recorded, which is also reflected in the fact that the ten-year average was missed by 83%. Even the already modest figure for the previous year was undercut by more than half. It is not only the volume that is below average, but also the number of transactions, which is limited to just a handful of small and medium-sized deals.
- However, it is not only Leipzig that is confronted with the still very moderate market dynamics. Many cities, especially B-locations, still only have very low investment volumes. This is because buyer groups in B cities are often somewhat more locally orientated and are generally more cautious in a difficult economic environment, as well as the generally lower product range. However, even traditionally large investment locations, such as Stuttgart, only achieve marginally higher sales than Leipzig.
- Since no premium transactions have yet been recorded, prime yields have remained stable. As a result, prime yields for office properties remain unchanged at 5.30%, commercial properties are still at 4.80% and logistics properties are still quoted at 4.45%.

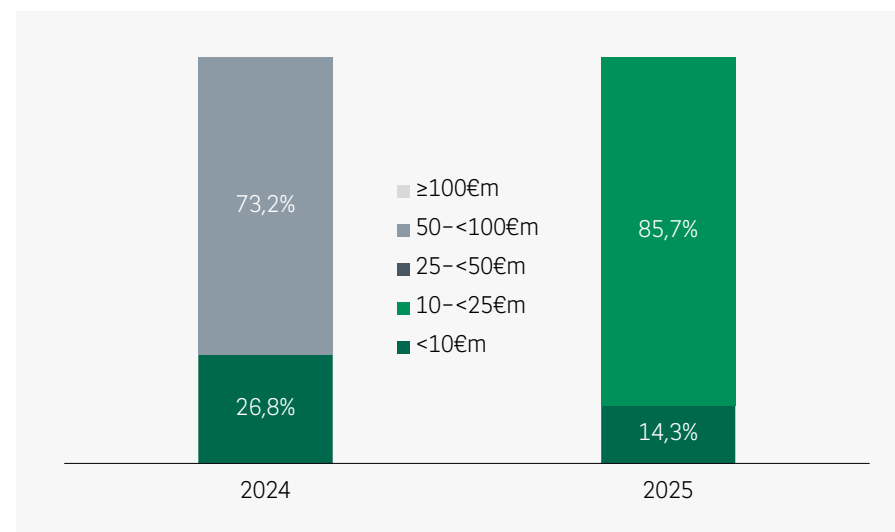
Net prime yields by type of property



Investments by location Q1



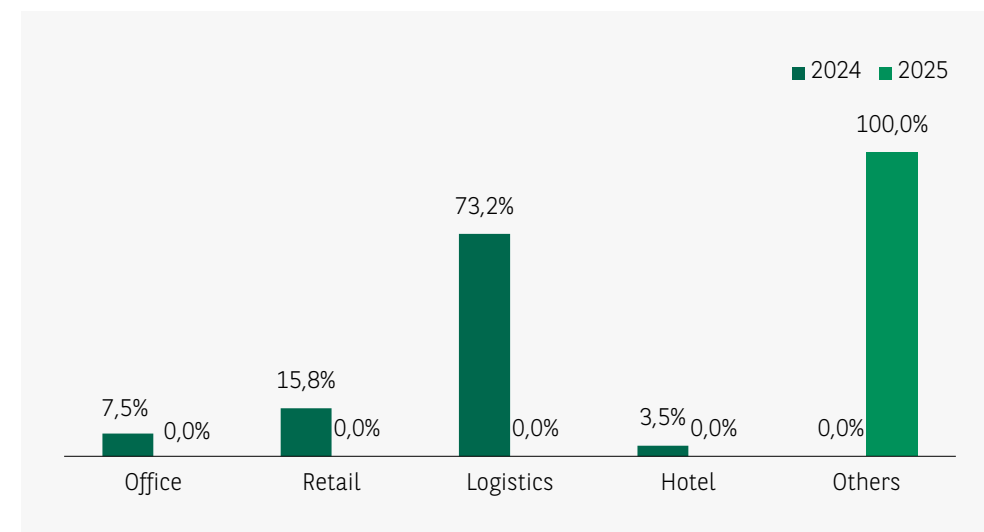
Investments by € category Q1



PROJECT DEVELOPERS BACK IN ACTION

- Despite the modest market momentum to date, the few deals recorded give hope that the market is likely to pick up noticeably in the medium term. The decisive factor is that the entire investment turnover is attributable to development sites. In other words, project developers believe in the location and are currently utilizing the opportunity to stock up on promising properties. The best example of this is the historic headquarters of Siemens AG in Schützenstrasse, which was acquired by the municipal Leipziger Wohnungs- und Baugesellschaft.
- In view of this structure, it is not surprising that market activity has so far taken place exclusively in the segment up to €25 million. At the same time, almost 86% of the transaction volume is attributable to the centre fringe and a further 12% to subcentre locations. The periphery also accounts for a good 2% of investment turnover, unlike the city centre.

Investments by type of property Q1



OUTLOOK

- The prospects for the Leipzig investment market can hardly be predicted with any validity and, as everywhere else, are overlaid and influenced by several different developments. On the one hand, these include location-related aspects such as the limited product range and a more regionally orientated investor structure. On the other hand, there are also global influencing factors whose further development is completely uncertain. First and foremost, these include the tariff debate initiated by the USA, which has the potential to lead to a full-blown trade war and harbors considerable risks for the global economy.
- On the other hand, there are also positive trends that should support a revitalization of the investment markets. These include the financial policy measures adopted with the special funds for infrastructure and defense. The resulting investments are likely to boost the German economy, meaning that GDP growth could be somewhat more positive than assumed in the latest forecasts, especially from 2026 onwards. The user markets, especially office space take-up, should also benefit from this, not least through secondary effects. As a result, there is a chance that the product range that is of interest to investors will expand again.
- However, it is hardly possible to make a precise forecast for full-year investment turnover given the current situation. From today's perspective, there is much to suggest that prime yields will remain stable in the coming quarters.

Key facts investment market Leipzig

INVESTMENT VOLUME	Q1 2024	Q1 2025	CHANGE
Total (€m)	76	33	-56.3%
Portfolio share	73.2%	0.0%	-73.2%pts
Share above €100 million	73.2%	0.0%	-73.2%pts
Office share	7.5%	0.0%	-7.5%pts
Share of city locations	23.3%	0.0%	-23.3%pts
Share of foreign investors	73.2%	0.0%	-73.2%pts

NET PRIME YIELDS	Q1 2024	Q1 2025	CHANGE
Office	5.30%	5.30%	+0bps
Retail	4.80%	4.80%	+0bps
Logistics	4.45%	4.45%	+0bps

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