



STUTTGART

REPORT INVESTMENT MARKET

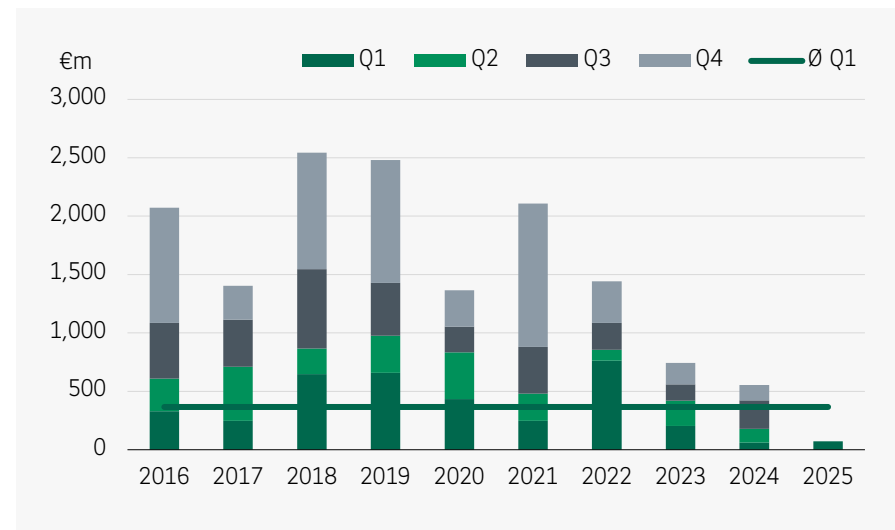
Q1 2025



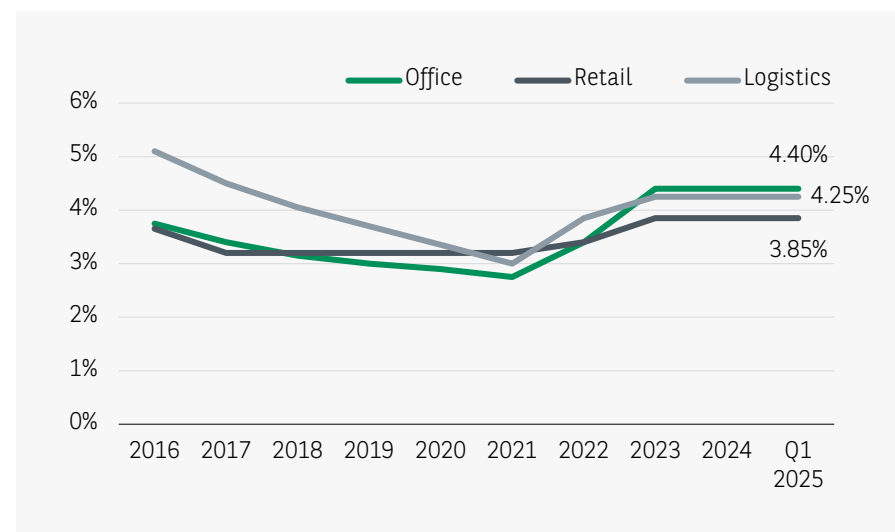
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Development of investment volume



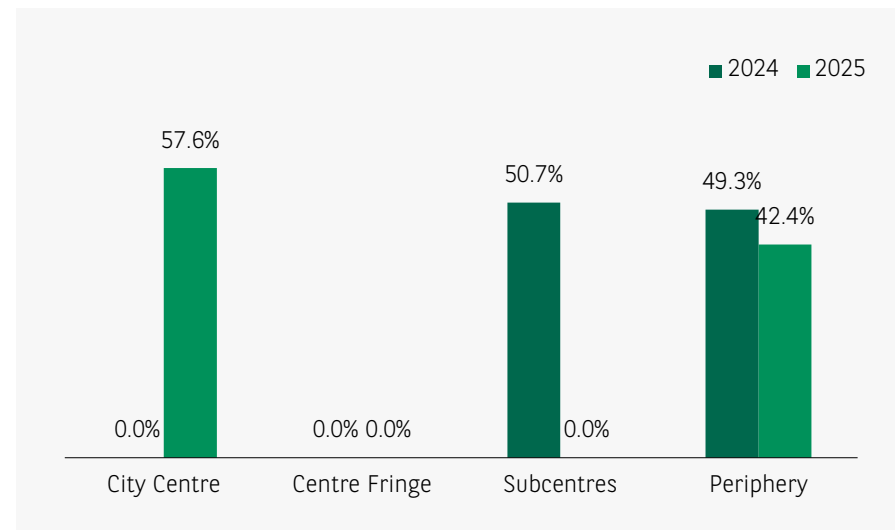
Net prime yields by type of property



WEAK START TO THE YEAR- BUT ABOVE PREVIOUS YEAR'S QUARTERLY RESULT

- Stuttgart's investment market is off to a similarly weak start to the new year 2025 as the other top markets, with commercial properties totalling €71 million changing hands in the first quarter of 2025. Accordingly, the market is operating at a significantly below-average level. Nevertheless, the result improved by 16% compared to the same quarter of the previous year.
- The overall improvement in market sentiment and the renewed interest and confidence of investors has not yet been reflected in a pick-up in investment volume. The weakening economic engine, uncertainty about the future political and economic course on both sides of the Atlantic and the fact that confidence in the occupier markets has not yet fully returned are causing many investors to remain cautious, particularly with regard to strategic, large-volume purchases. Larger deals involving office properties in particular have not yet been registered on the Stuttgart market to any significant extent. The largest transaction is the sale of the office and commercial building at Calwer Strasse 33-35/ Kronprinzenstrasse 28-30.
- As expected, prime yields remain unchanged compared to the fourth quarter of 2024. Prime office properties are currently expected to yield 4.40%, while logistics properties yield 4.25% and retail high street properties 3.85%.

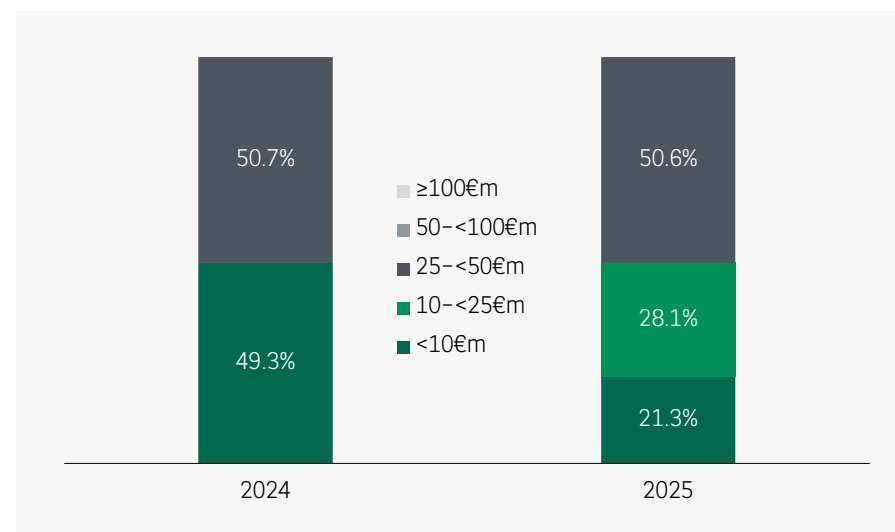
Investments by location Q1



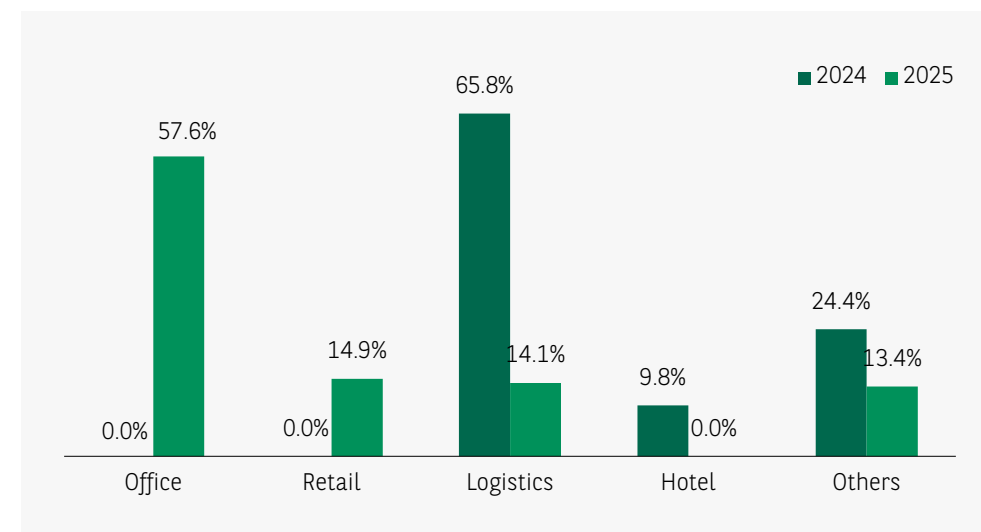
LOW NUMBER OF TRANSACTIONS

- Although the office segment has an above-average market share of just under 58% in relative terms (average 10-year average: 53%), in absolute terms only €41 million was recorded here, with two deals being responsible for this.
- No transactions have yet been registered in the Centre Fringe and Subcentres. The City Centre (58%) and the Periphery (42%) share the investment turnover between them. After the first three months, however, this view should rather be seen as a snapshot.
- A good half of the investment volume is accounted for by medium-sized deals between €25 million and €50 million. However, no transactions have yet been reported in the two segments of larger investments over €50 million.

Investments by € category Q1



Investments by type of property Q1



OUTLOOK

- The Stuttgart investment market got off to a weak start in the new year 2025. Investors are still reluctant to buy, particularly when it comes to large-volume transactions in the office segment. This is reflected in a market with a small-scale structure overall and a low number of transactions registered to date. Overall, however, the weakness in the Stuttgart investment market should not be overestimated and should be seen in the context of a revitalised investment market nationwide. Although sentiment among investors has improved noticeably in recent months, this is not yet reflected in a significant increase in commercial transactions.
- The economic recovery is currently on a shaky footing due to the tariff conflict with the USA and geopolitical risks. Nevertheless, the recently agreed infrastructure and defence package should give the German economy a noticeable boost in the medium to long term. The economy is expected to benefit from the first signs of confidence as early as the second half of 2025. Stuttgart's occupier markets should also benefit from this and demand for space should continue to rise. In combination with a financing level that stabilises at the current level, yields should remain stable.
- In anticipation of a continued and increasingly dynamic market recovery over the remainder of the year, investment turnover is currently expected to exceed last year's level by the end of the year. However, a result in line with the long-term average still appears difficult to achieve.

Key facts investment market Stuttgart

INVESTMENT VOLUME	Q1 2024	Q1 2025	CHANGE
Total (€m)	61	71	16.4%
Portfolio share	11.3%	0.0%	-11.3%pts
Share above €100 million	0.0%	0.0%	+0.0%pts
Office share	0.0%	57.6%	+57.6%pts
Share of city locations	0.0%	57.6%	+57.6%pts
Share of foreign investors	78.9%	68.2%	-10.7%pts

NET PRIME YIELDS	Q1 2024	Q1 2025	CHANGE
Office	4.40%	4.40%	+0bps
Retail	3.85%	3.85%	+0bps
Logistics	4.25%	4.25%	+0bps

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