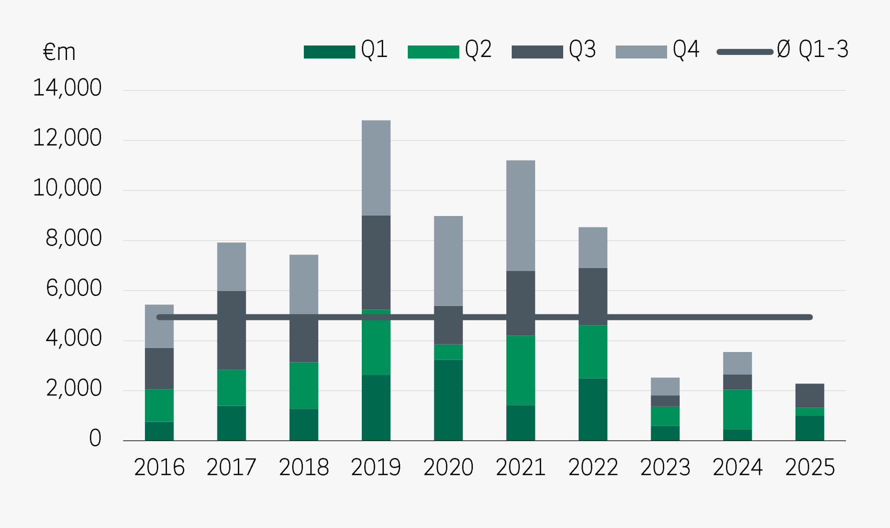
BERLIN

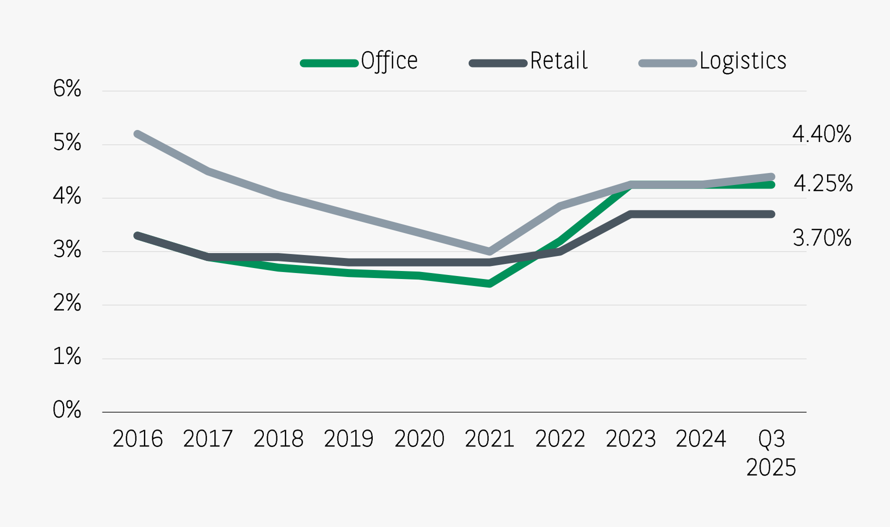
REPORT INVESTMENT MARKET

Q1-3 2025

Development of investment volume



Net prime yields by type of property



MODERATE MARKET RECOVERY COMPARED TO THE PREVIOUS QUARTER

- In the first nine months of 2025, the Berlin investment market recorded an investment volume of just under €2.3 billion. This was slightly lower than the result for the same period last year (-14%). It also missed the ten-year average (€4.9 billion) by 54%, which is roughly in line with the average decline across all prime locations. Nevertheless, the German capital clearly maintained its top position among the investment markets with the highest investment volume. Munich (€1.4 billion) and Hamburg (€1.3 billion) followed at a considerable distance. On a positive note, momentum picked up noticeably after a quieter second quarter. Consequently, a transaction volume of almost €1 billion was recorded in the third quarter.
- As there are hardly any major portfolio transactions taking place nationwide at present, the Berlin market is also characterised predominantly by individual deals. The largest transaction of the year was the sale of Upper West for over €400 million. Hayfin's acquisition of Gropius Passagen was the largest transaction in the third quarter. Meanwhile, the growing momentum in the market segment of up to €50 million is a positive sign. At around €920 million, this represents an increase of around 25% compared to the previous year.
- Net prime yields remained largely stable at the end of the third quarter. The only exception was logistics properties, which saw a slight increase of 15 basis points to 4.40%. The yields for top offices in prime locations and high street buildings in city centre locations thus remained unchanged at 4.25% and 3.70%, respectively.

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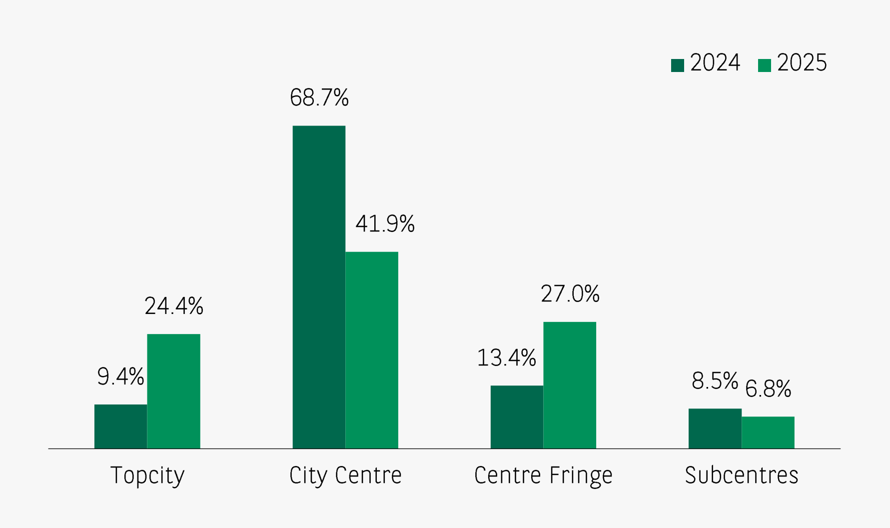
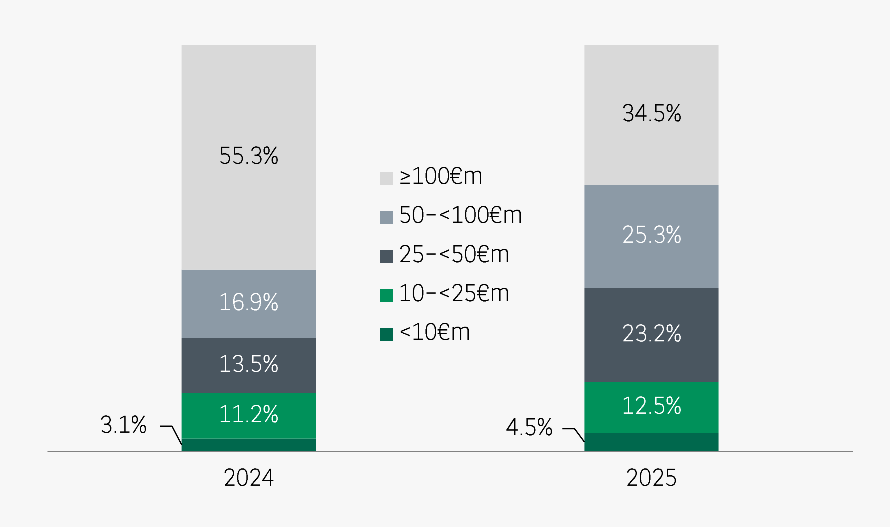
Investments by location Q1-3



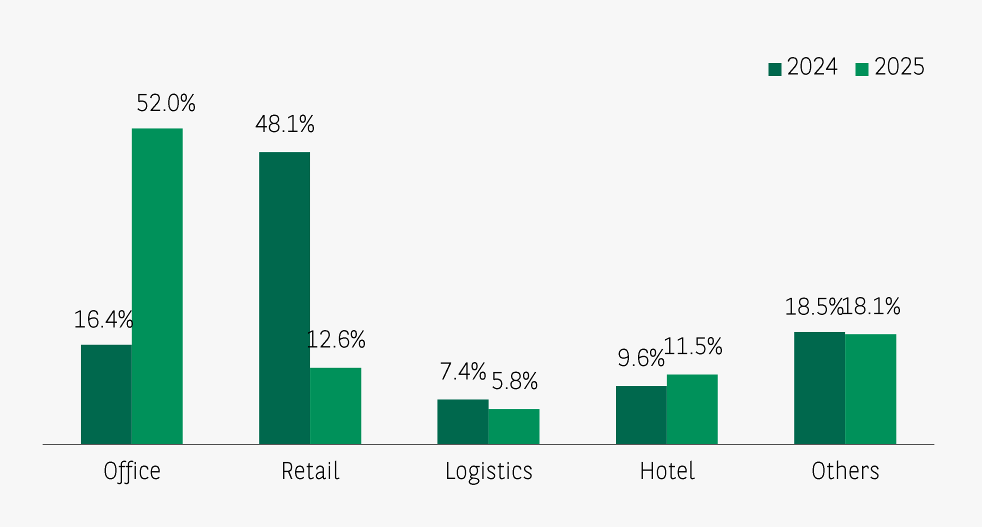
OFFICE WITH 52% MARKET SHARE

- Although the number of large-volume office transactions remains well below the usual level for the capital, the office segment nevertheless contributes a significant proportion of transaction volume, at 52%. In absolute terms, office properties accounted for almost €1.2 billion, with the Upper West contributing significantly to this figure. Hotels are a positive highlight, accounting for a market share of almost 12%. At around €260 million, this is the best result since 2021. This reflects the federal capital's high attractiveness and the rising number of overnight stays.
- When analysing the distribution of investments by location, it is striking that around two-thirds of the investment volume is concentrated in the City Centre and the Topcity. However, the Topcity's high market share (24%) is heavily influenced by the Upper West deal.

Investments by € category Q1-3



Investments by type of property Q1-3



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OUTLOOK

- Following a slowdown in momentum on the Berlin investment market in the second quarter, a moderate acceleration in investment activity was observed again in the third quarter. Like the other top markets, the Berlin market is being affected by the weakening economy and the volatile geopolitical climate. Nevertheless, Berlin maintained its position as the clear leader among the top markets, achieving a transaction volume of €2.3 billion.
- Both positive and negative factors are currently having a significant impact on investor and occupier sentiment. Uncertain US trade policy poses a risk to the global and German economies, and its effects are difficult to predict, slowing down investment. In addition, geopolitical crises are exacerbating uncertainty and dampening economic sentiment. However, at the same time, the German government has launched extensive special budgets to stimulate investment and boost the economy. From the current perspective, it can be assumed that the economic stimulus measures of the special fund will clearly outweigh the negative trends. This should gradually boost Berlin's occupier markets in the coming months and, consequently, drive the city's investment market.
- In anticipation of an economy that is slowly picking up, with increasing demand in occupier markets, the recovery of the Berlin investment market is likely to gain breadth and momentum slowly. Taking the current conditions into account, a year-end result in the range of €3.0 to €3.5 billion appears to be a realistic target, similar to the previous year.

Key facts investment market Berlin

INVESTMENT VOLUME	Q1-3 2024	Q1-3 2025	CHANGE
Total (€m)	**2,656**	**2,286**	**-13.9%**
Portfolio share	12.1%	3.8%	-8.3%pts
Share above €100 million	55.3%	34.5%	-20.8%pts
Office share	16.4%	52.0%	+35.6%pts
Share of city locations	78.1%	66.3%	-11.8%pts
Share of foreign investors	58.2%	45.7%	-12.5%pts

NET PRIME YIELDS	Q3 2024	Q3 2025	CHANGE
Office	4.25%	4.25%	+0bps
Retail	3.70%	3.70%	+0bps
Logistics	4.25%	4.40%	+15bps

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