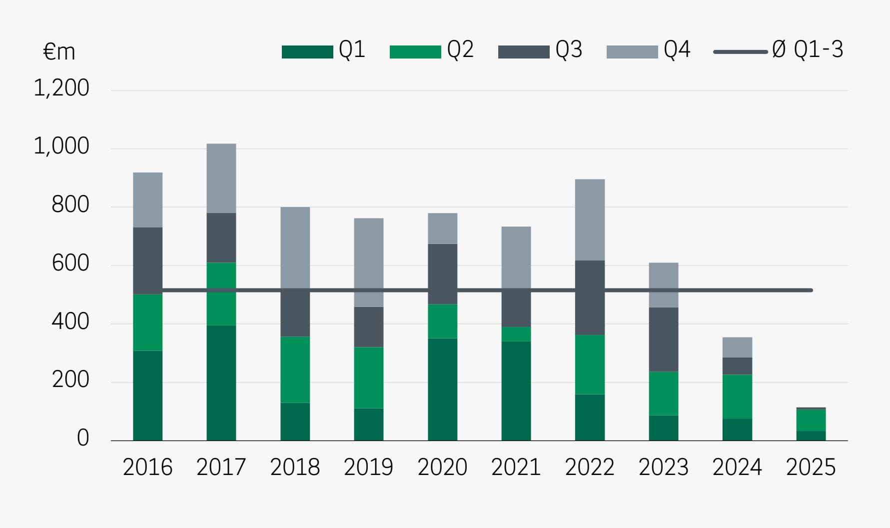
LEIPZIG

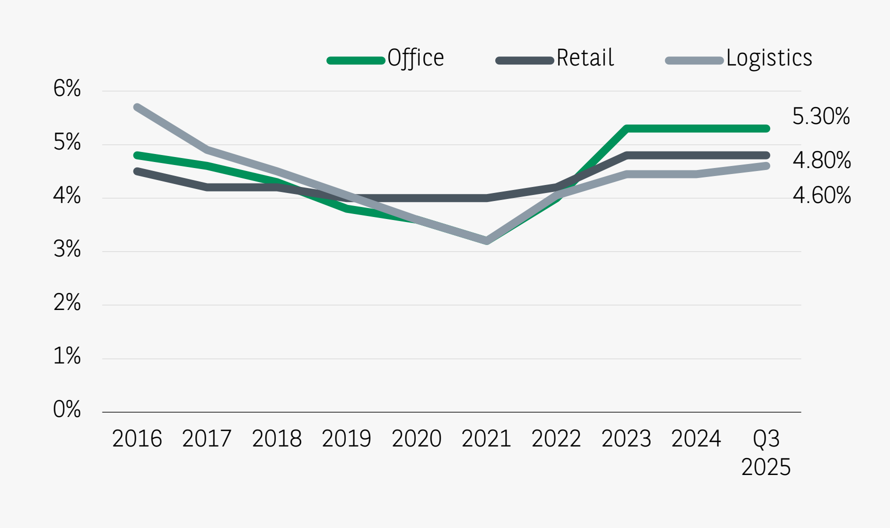
REPORT INVESTMENT MARKET

Q1-3 2025

Development of investment volume



Net prime yields by type of property



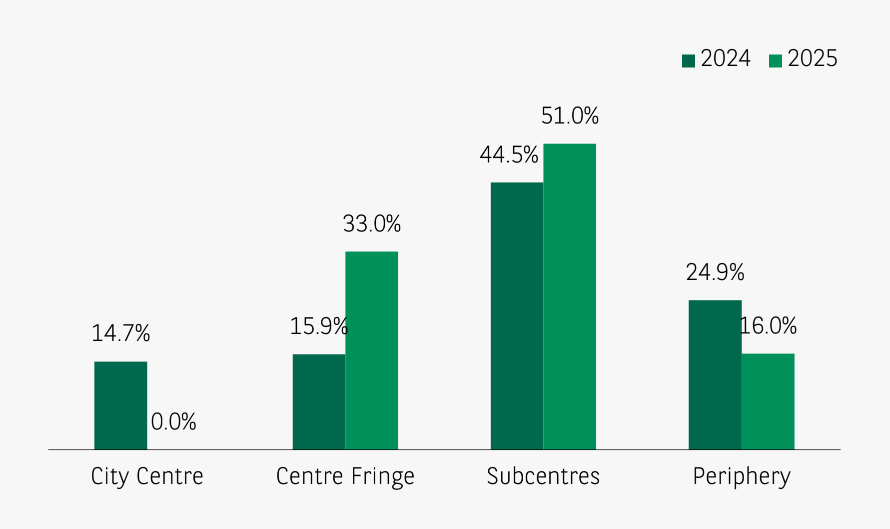
VERY SUBDUED TRANSACTION ACTIVITY – HARDLY ANY TRANSACTIONS IN Q3

– By the end of the third quarter, the Leipzig investment market recorded an investment volume of €115 million. This was the lowest figure in recent years, representing a 60% decrease on the previous year and a 78% decrease on the ten-year average. The consolidation phase of the Leipzig investment market is therefore continuing unabated. The subdued market dynamics observed in the first half of 2025 also accurately describe transaction activity in the third quarter, although a further slowdown compared to the previous two quarters was evident.

– Market momentum is currently very low in terms of both investment volume and registered number of transactions. Only a few small deals have been reported. However, there are some positive signs, such as the sale of development sites which underlines confidence in the Leipzig market's prospects. Additionally, the retail property segment is comparatively robust, with an investment volume in the mid-double-digit millions. By contrast, no hotel deals have been registered to date. The important logistics and office segments have not yet contributed significantly to the total volume either.

– The prime yield for office properties remained unchanged at 5.30%, and for retail high street buildings at 4.80%. Meanwhile, yields for logistics properties rose – as in other German top logistics markets – by 15 basis points to 4.60%.

Investments by location Q1-3

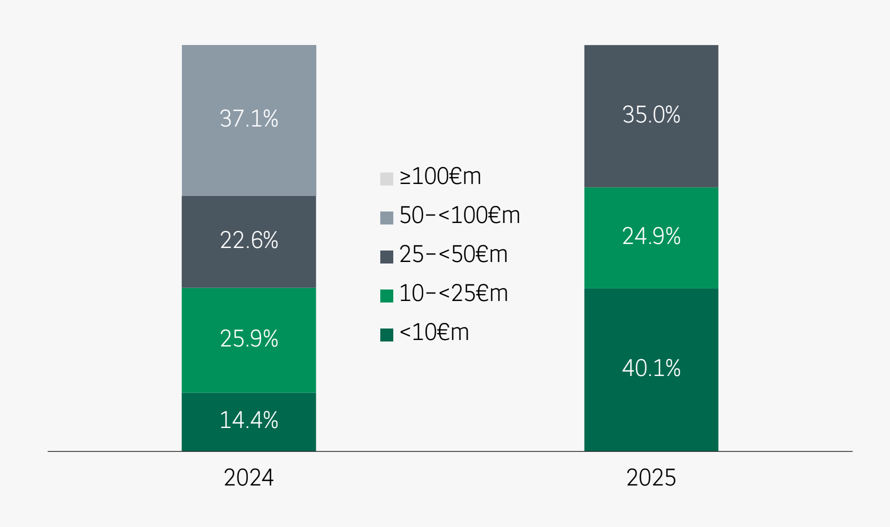


RETAIL INVESTMENT COMPARATIVELY ROBUST

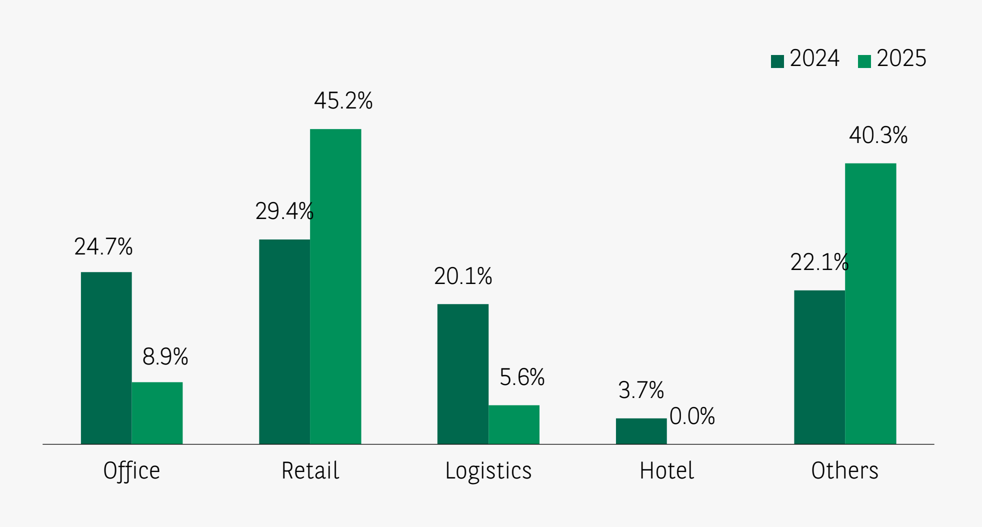
- Currently, only 33% of the investment volume is attributable to central locations generated completely in deals signed for Centre Fringe assets. Over the long term, the City Centre and the Centre Fringe together account for 43% of the market. Currently, more than half of the investment volume (51%) flows into the Subcentres. However, this distribution is not particularly significant overall due to the small number of deals concluded.

- The distribution of investment volume by sector is also rather unusual: the office and logistics asset classes only account for a small market share. Only the collective category 'Others', which includes development sites, and retail assets showed resilience in comparison. The sale of two retail parks, with respective transaction volumes in the mid-double-digit and upper single-digit millions, made a significant contribution to the retail investment volume.

Investments by € category Q1-3



Investments by type of property Q1-3



OUTLOOK

- It remains difficult to assess the development of the Leipzig investment market, as it depends on numerous interrelated factors. Although negative influences have dominated so far this year, the low investment volume is likely to be just a temporary situation, given the slowly improving investment environment. This suggests that transaction frequency should increase in the coming months.
- Both positive and negative factors are currently determining the mood of investors and market participants. The ongoing uncertainty surrounding US trade policy poses a significant risk to the global economy, with its effects being difficult to predict and leading to restraint in investment. In addition, geopolitical crises are exacerbating general uncertainty and having a negative impact on the economic climate. On a positive note, the federal government has launched extensive special budgets to create targeted investment incentives and promote economic growth. From today's perspective, it can be assumed that the economic stimulus effects of these measures will outweigh the negative trends. In the coming months, this should lead to a gradual recovery of the Leipzig occupier markets and, in the longer term, provide new impetus for the Leipzig investment market.
- In light of current developments, increased momentum is expected in the final quarter. However, achieving a year-end result in line with the long-term average of around €800 million is likely to be difficult.

Key facts investment market Leipzig

INVESTMENT VOLUME	Q1-3 2024	Q1-3 2025	CHANGE
Total (€m)	**285**	**115**	**-59.8%**
Portfolio share	23.0%	3.7%	-19.3%pts
Share above €100 million	37.1%	0.0%	-37.1%pts
Office share	24.7%	8.9%	-15.8%pts
Share of city locations	14.7%	0.0%	-14.7%pts
Share of foreign investors	38.2%	5.6%	-32.7%pts

NET PRIME YIELDS	Q3 2024	Q3 2025	CHANGE
Office	5.30%	5.30%	+0bps
Retail	4.80%	4.80%	+0bps
Logistics	4.45%	4.60%	+15bps

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