STUTTGART

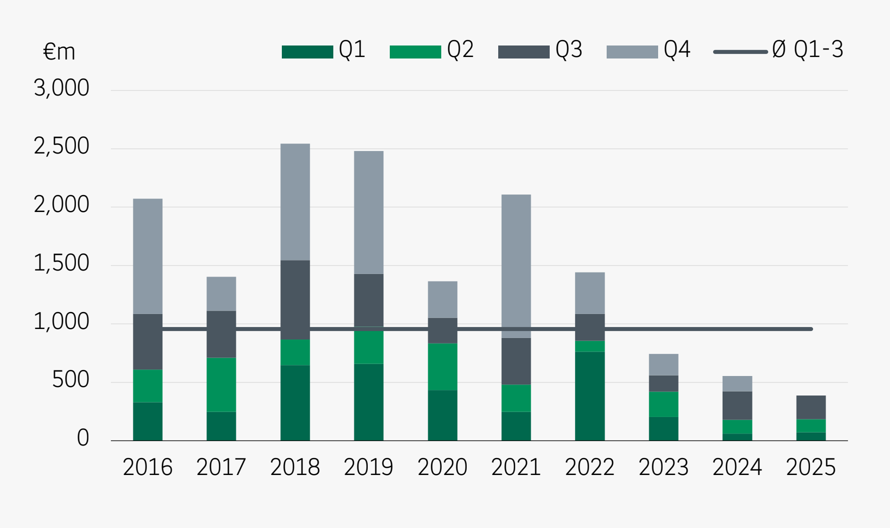
REPORT INVESTMENT MARKET

Q1-3 2025

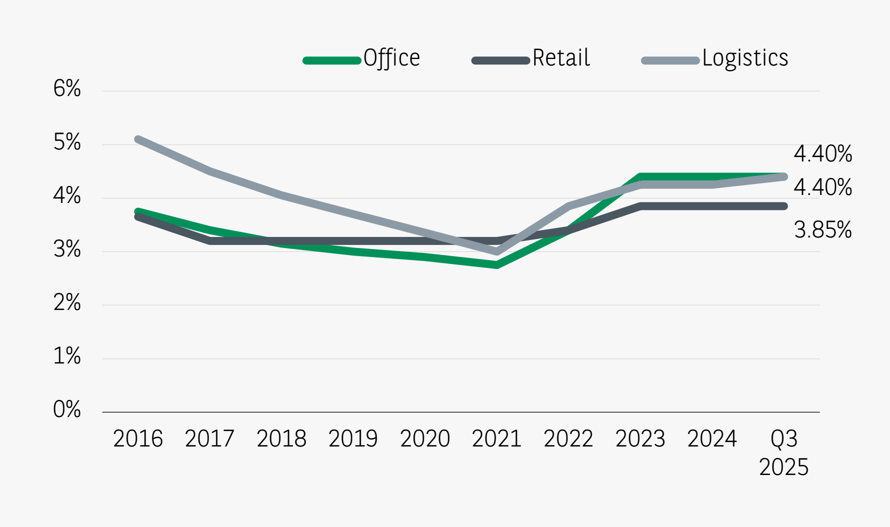
BNP PARIBAS REAL ESTATE

REAL ESTATE for a changing world

Development of investment volume



Net prime yields by type of property



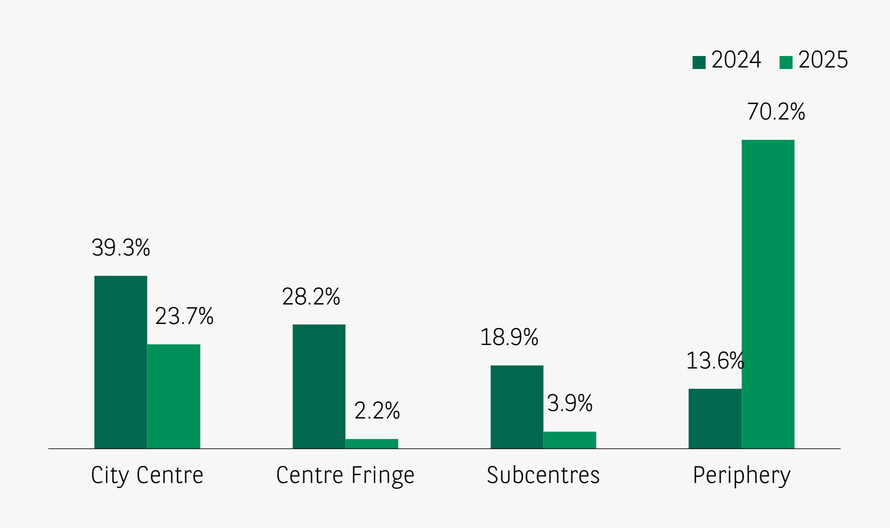
TRANSACTION VOLUME IN THE THIRD QUARTER AT ITS HIGHEST LEVEL FOR THE YEAR

- With a transaction volume of around €387 million, the Stuttgart investment market recorded a rather subdued interim result at the end of the third quarter. This represents a decline of around 9% compared with the same period last year and was also significantly below the long-term average (-60%), as expected. Investment activity has been dampened by the continuing sluggish economy and the resulting uncertainty and wait-and-see attitude of users. Nevertheless, a gradual increase in transaction volume has been observed since the beginning of the year. The third quarter reached around €203 million — the highest figure of the year to date — indicating a subtle improvement in market sentiment.

- While most registered deals at the beginning of the year were in the region of €10 million, there has recently been an uptick in the number of transactions within the €25–50 million mid-range segment. Consequently, the average deal size has doubled to €20 million. However, for transaction volumes to return to the levels seen in the years before the interest rate turnaround, deals in the triple-digit million range are essential. So far this year, no deals of this size have been recorded.

- Meanwhile, there has been very little change in net prime yields. Prime yields for office properties and premium highstreet retail buildings in top locations have remained unchanged at 4.40% and 3.85% respectively. However, the logistics segment has seen a moderate rise in prime yields of 15 basis points, reaching 4.40%.

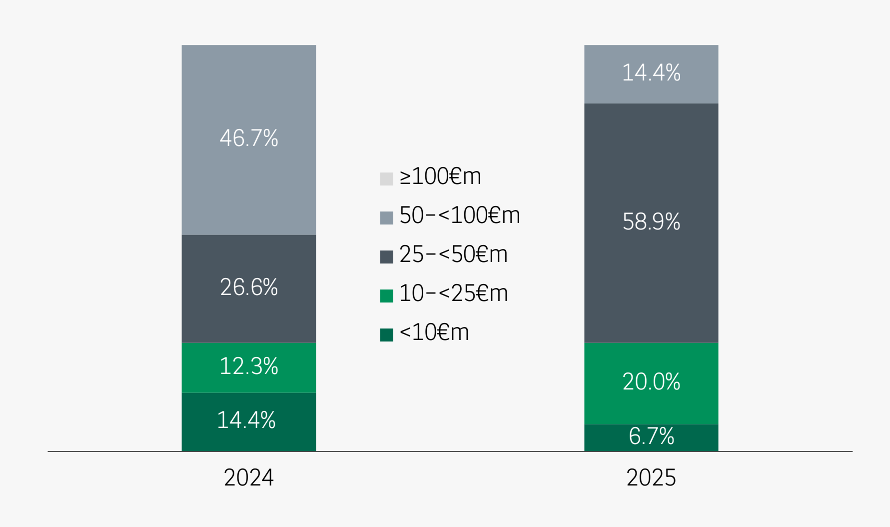
Investments by location Q1-3



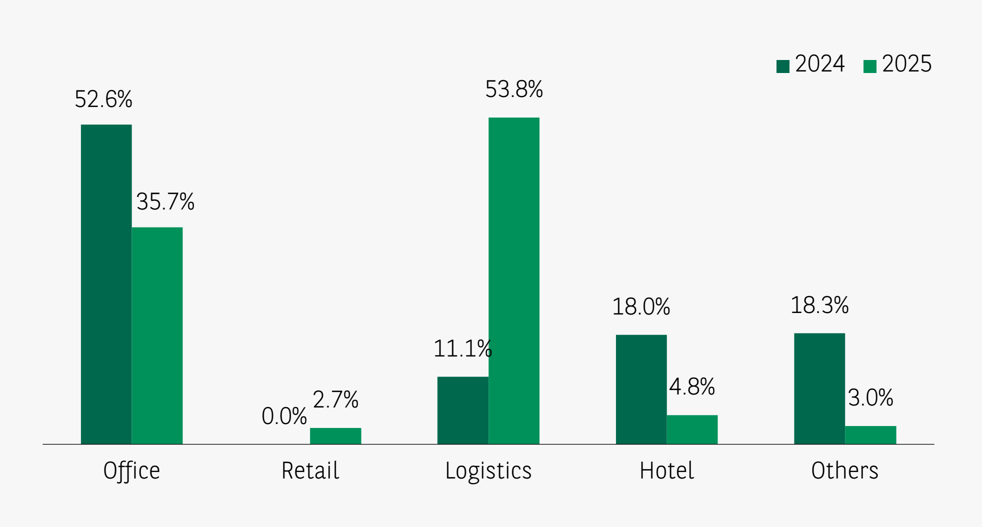
LOGISTICS TRANSACTIONS DOMINATE THE SCENE

- Logistics investments accounted for around 54% of the total volume this year, making them by far the strongest asset class. Several transactions in the range of €40 to €60 million were recorded in the immediate vicinity of Stuttgart, resulting in an absolute figure of €208 million, which is well above the long-term average of around €100 million. Consequently, the share of volume attributable to peripheral locations is correspondingly high at 70% driven mainly by these logistics investments.
- By contrast, city centres and the surrounding areas have accounted for around a quarter of the total volume so far. In both relative and absolute terms, this is one of the lowest figures ever recorded. The majority of the current volume is attributable to office transactions, the bulk of which is in turn accounted for by the sale of the Konnection and Century office and commercial buildings in the city centre.

Investments by € category Q1-3



Investments by type of property Q1-3



OUTLOOK

- The interim results at the end of the third quarter clearly show the ongoing restraint transaction activity on the Stuttgart investment market. However, the gradual increase in transaction volume throughout the year suggests that the market has bottomed out and is about to slowly leave the trough.
- It is difficult to estimate how quickly this process will take place and with what momentum as local trends continue to be overshadowed by overarching issues. A complex mix of macroeconomic and global political developments has the potential to alter the conditions for investment decisions within a short period of time.
- Accordingly, short-term forecasts can currently only be provided in the form of scenarios. In our view, the most likely scenario is a slight economic recovery setting in during the fourth quarter of 2025, which would provide greater planning security for users. This should also boost investor sentiment further, leading to more investment transactions being concluded. Additionally, ongoing purchase processes suggest that the price expectations of sellers and buyers have continued to converge. Therefore, a year-end result of around €600 million, slightly above that of the previous year, seems likely.
- In terms of net prime yields, the most likely scenario is sideways movement until the end of the year.

Key facts investment market Stuttgart

INVESTMENT VOLUME	Q1-3 2024	Q1-3 2025	CHANGE
Total (€m)	**423**	**387**	**-8.5%**
Portfolio share	1.6%	19.2%	+17.6%pts
Share above €100 million	0.0%	0.0%	+0.0%pts
Office share	52.6%	35.7%	-16.9%pts
Share of city locations	39.3%	23.7%	-15.6%pts
Share of foreign investors	13.0%	52.7%	+39.7%pts

NET PRIME YIELDS	Q3 2024	Q3 2025	CHANGE
Office	4.40%	4.40%	+0bps
Retail	3.85%	3.85%	+0bps
Logistics	4.25%	4.40%	+15bps

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