

REVIEW INVESTMENT MARKET

GERMANY Q4 2025



RESEARCH & INSIGHTS



**BNP PARIBAS
REAL ESTATE**

Real Estate for a changing world



Q4 2025

INVESTMENT MARKET
GERMANY

- STABLE INVESTMENT MARKET IN A CHALLENGING ENVIRONMENT
- COMMERCIAL INVESTMENTS: ALMOST €25.1 BILLION

KEY FIGURES

25,062	▽ -3.3% y/y
Investment volume (€m)	
19.9	▽ -3.8% pts y/y
Portfolio share (in %)	
22.5	▽ -2.2% y/y
Ø Deal size (in €m)	

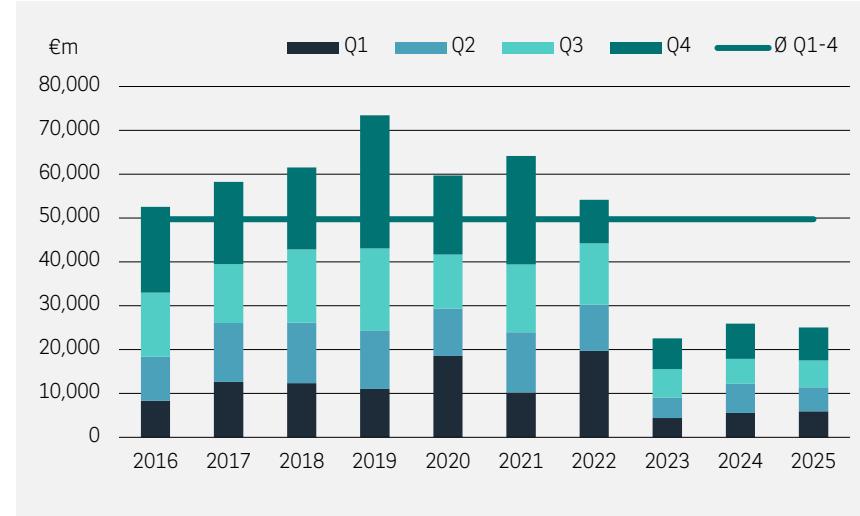
MARKET OVERVIEW

The commercial investment market confirmed the previous year's result with an investment volume of €25.1 billion. In a challenging market environment, in which geopolitical uncertainties and far-reaching trade policy conflicts in particular had an additional negative impact on the currently structurally weak German economy, the year-on-year difference was small at minus 3%. After a strong start to the year, with the Berlin Upper West as the largest single transaction of the year and with a high level of investor activity in the initiation of deals, the market momentum lost some of its pace in the summer months, only to accelerate moderately again towards the end of the year.

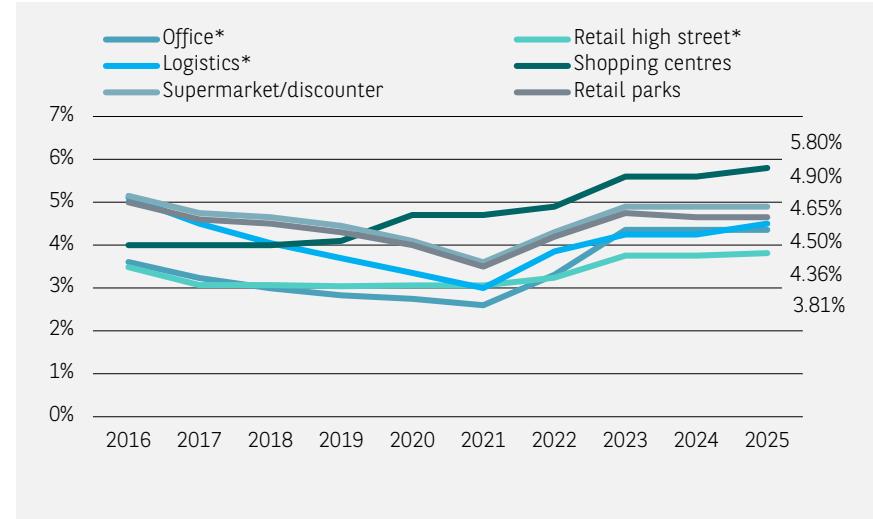
Prime yields remained largely stable or increased slightly in the logistics and retail sectors. Prime yields in the logistics segment rose by further 10 basis points to 4.50% in the final quarter. For high street properties, an average increase of 5 basis points to 3.81% was recorded in the A-cities. In addition, a slight increase can also be reported for shopping centers (+20 basis points), which are now yielding 5.80% at their peak. For retail parks and supermarkets/discounters, on the other hand, 4.65% and 4.90% respectively can be applied unchanged. All other asset classes are stable. As a result, the net prime yields for offices on average in A-locations remain at 4.36%.



Development of investment volume



Net prime yields by type of property



* Ø A-locations (Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Munich, Stuttgart)



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INDIVIDUAL TRANSACTIONS WITH AROUND 80% MARKET SHARE

SLIGHT INCREASE IN YIELDS IN THE LOGISTICS AND RETAIL SECTOR IN SOME CASES

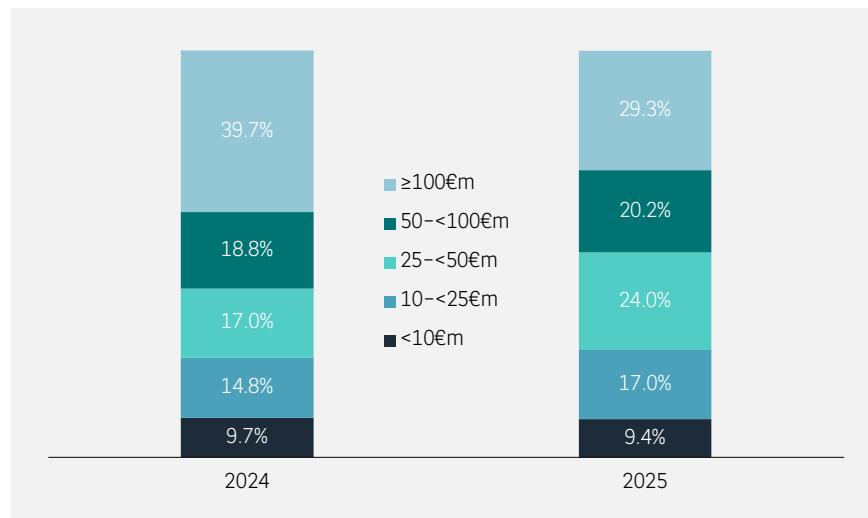
INVESTMENT MARKET STRUCTURE

For the first time since 2011, retail properties are again at the top of the asset class distribution with a transaction volume of just over €6.5 billion. Office properties are in second place with an investment volume of around €6.2 billion (share: 25%). Nevertheless, they have achieved a remarkable year-on-year increase of 20%. Just behind in third place is the logistics asset class with just under €6.2 billion, in which more than €4.1 billion of the result is attributable to individual transactions alone. Hotel transactions are in fourth place. With a registered volume of just over €1.8 billion (share: 7%), they were able to exceed their previous year's result by around 29%.

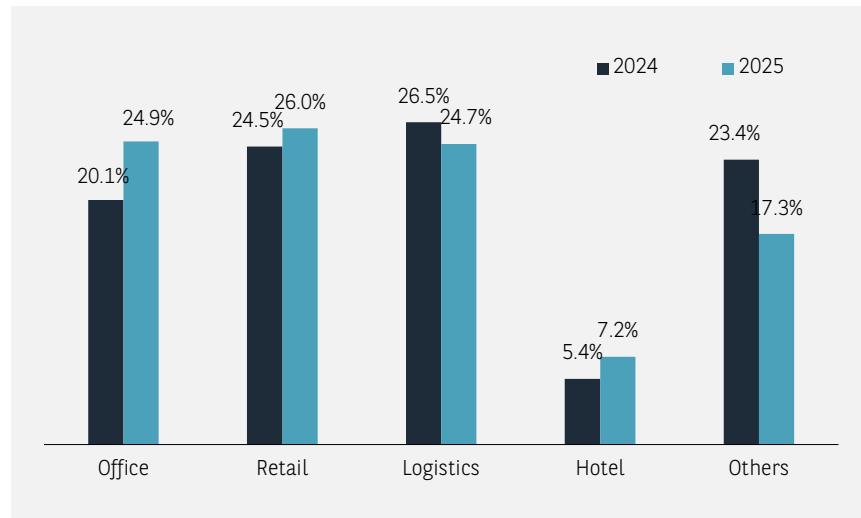
Berlin is once again clearly at the top of the list of A-locations, with a good €3.2 billion across all asset classes (-8.5%). The largest transaction of the year in the capital was the sale of the Upper West. Munich is in second place with €2.6 billion (-5%). Among the largest transactions here are the divestments of Oberpollinger and Corbinian, both in the fourth quarter. Hamburg ranks 3rd with almost €1.9 billion (-17%).

In 2025, the commercial investment market was clearly driven by individual transactions, which account for around 80% of the volume. At just under €20.1 billion, the previous year's result was slightly exceeded (+1.5%). This was mainly due to lively market activity in the mid-size segment between €25 million and €100 million. This is clear evidence that market activity is growing again across the board, but that this is not necessarily reflected in the volume, as the frequency of large transactions is currently still moderate.

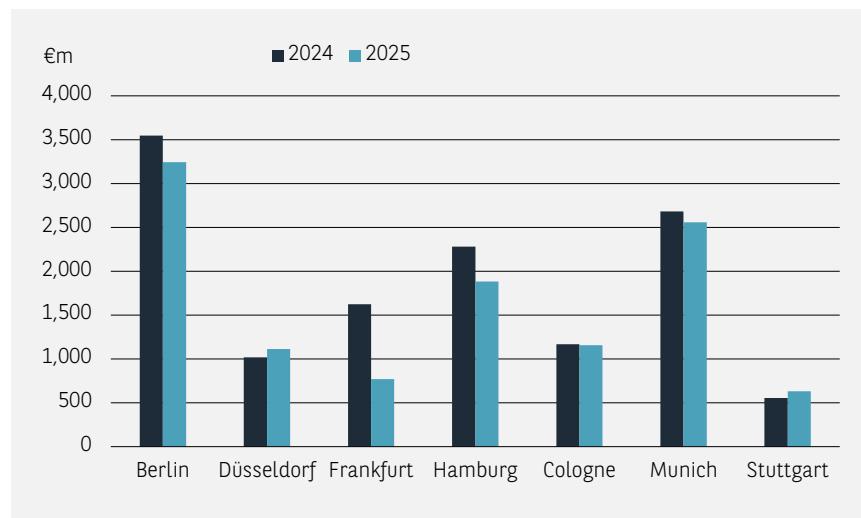
Investments by € category



Investments by type of property



Investments by location





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INVESTMENT MARKET
GERMANY

- MODERATE ECONOMIC UPTURN HAS A SUPPORTIVE EFFECT
- 2026: ~€40 BILLION AS A REALISTIC TARGET CORRIDOR

ECONOMIC INDICATORS

+0.1

GDP Forecast 2025
(in %)

2.7

10ys bond yield
Q4 2025 (in %)

87.6

ifo business climate index
(12 2025)

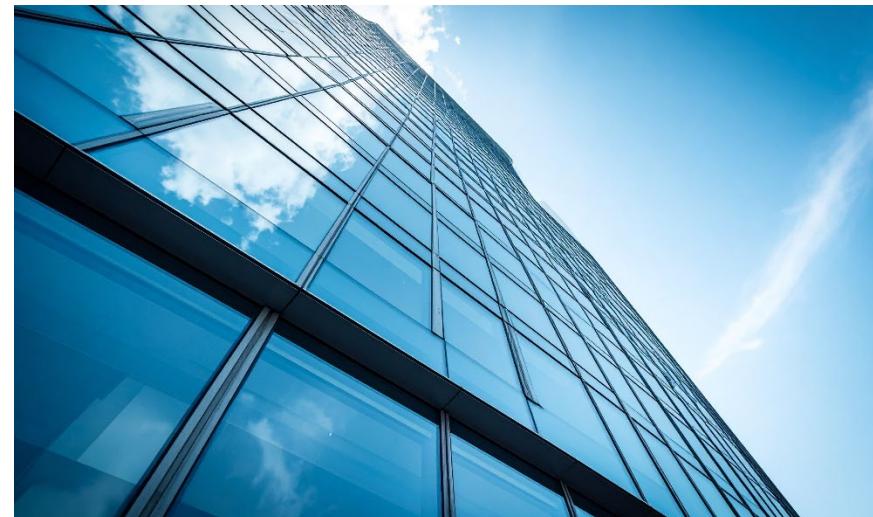
Source: ifo economic forecast, Deutsche Bundesbank, ifo Institut

OUTLOOK

The geopolitical and economic developments shaping the investment market will continue to determine the market for long stretches in 2026 and will ensure an environment that remains challenging. At the turn of the year 2025/2026, however, there are increasing signs that point to a successive positive economic development. From autumn 2026 at the latest, the federal government's special infrastructure fund is likely to provide a decisive tailwind from the economic side.

In addition to a more dynamic real economy, investment markets are likely to benefit from the emerging developments in the financial markets. The inflation rate in the euro area has levelled off around the ECB's 2% target level and should continue to consolidate without external shocks. A prolonged period of monetary policy stability is likely, which should provide more predictability and accelerated pricing in investment transaction processes. A gradual increase in investment activity is also supported by the filling pipeline of marketable, attractive products as a consequence of portfolio adjustments, active asset management and refinancing opportunities. The comparatively robust occupier markets are also likely to provide positive support.

From today's perspective, an investment volume of around €40 billion by the end of 2026 represents a realistic target area.



Investment market data

	2024	2025	CHANGE
Total (€m)	25,904	25,062	-3.3%
Portfolio share	23.7%	19.9%	-3.8%pts
Share above €100 million	39.7%	29.3%	-10.4%pts
Office share	20.1%	24.9%	+4.8%pts
Share of A-locations	49.7%	45.3%	-4.4%pts
Share of foreign investors	42.5%	44.0%	+1.5%pts

NET PRIME YIELDS*	2024	2025	CHANGE
Office	4.36%	4.36%	+0bps
Retail	3.76%	3.81%	+6bps
Logistics	4.25%	4.50%	+25bps



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