

REVIEW INVESTMENT MARKET

BERLIN Q1 2026

RESEARCH & INSIGHTS



**BNP PARIBAS
REAL ESTATE**

Real Estate for a changing world



- RANK 2 AMONG TOP 7 CITIES
- IMPROVED INVESTOR SENTIMENT NOT REFLECTED IN INVESTMENT VOLUME

KEY FIGURES

420 ▽ -57.4% y/y
Investment volume (€m)

47.9 △ +47.9%pts y/y
Portfolio share (in %)

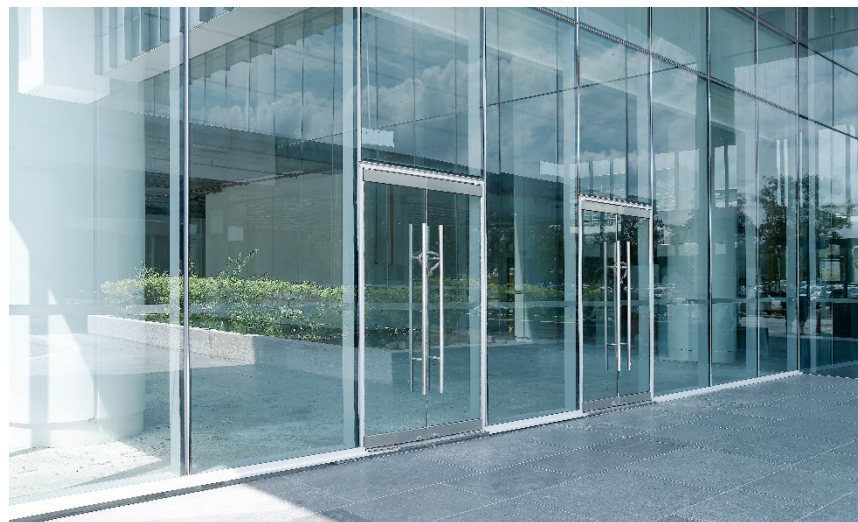
24.7 ▽ -42.4% y/y
Ø Deal size (in €m)

MARKET OVERVIEW

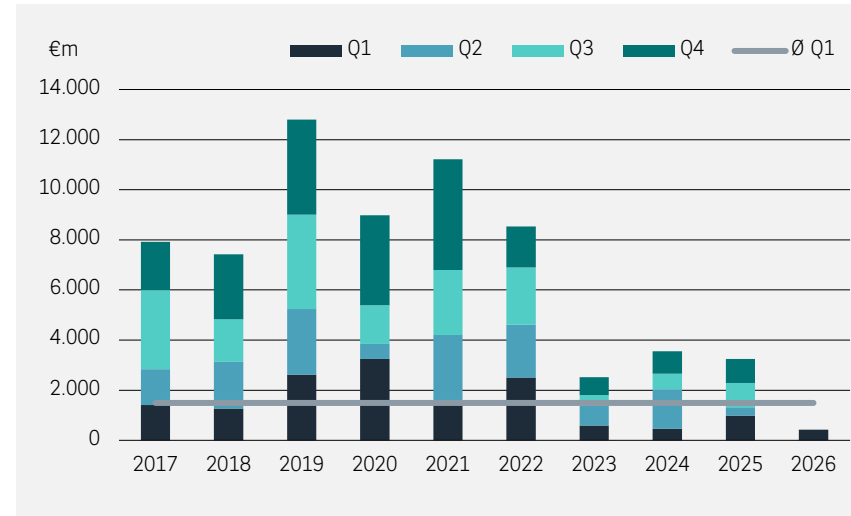
In the first three months of 2026, around €420 million was invested on the Berlin market for commercial real estate. The transaction volume was 57% below the previous year's figure, with Q1 2025 being marked by the large-volume Upper West transaction for more than €400 million. In the top 7 city ranking, Berlin currently ranks second behind Munich.

In an environment that continues to be challenging, which is largely characterised by a weak economy and a volatile geopolitical environment, the results at the start of the year do not fully reflect the significant increase in investor interest and the momentum in the market. The Berlin investment market has a well-filled and marketable deal pipeline in all asset classes. National and international investors are very interested in attractive investment opportunities. They act with great care and discipline during the due diligence phase. If changed financing conditions require an adjustment, there may be delays in the purchase process.

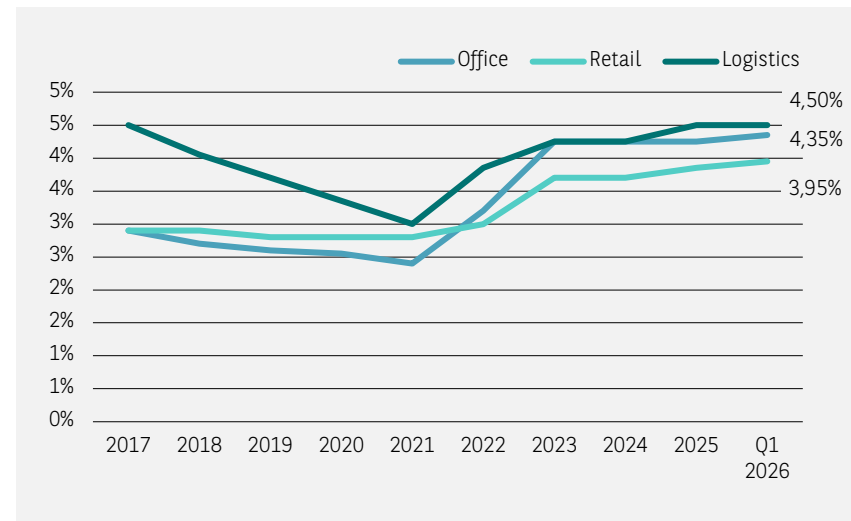
In a twelve-month comparison, a slight movement in net prime yields can be observed in all asset classes. Yields for office properties rose by 10 basis points to 4.35%. For retail buildings in high street locations and for logistics properties, it rose by 25 basis points each to currently 3.95% and 4.50% respectively.



Development of investment volume



Net prime yields by type of property





INVESTMENT MARKET STRUCTURE

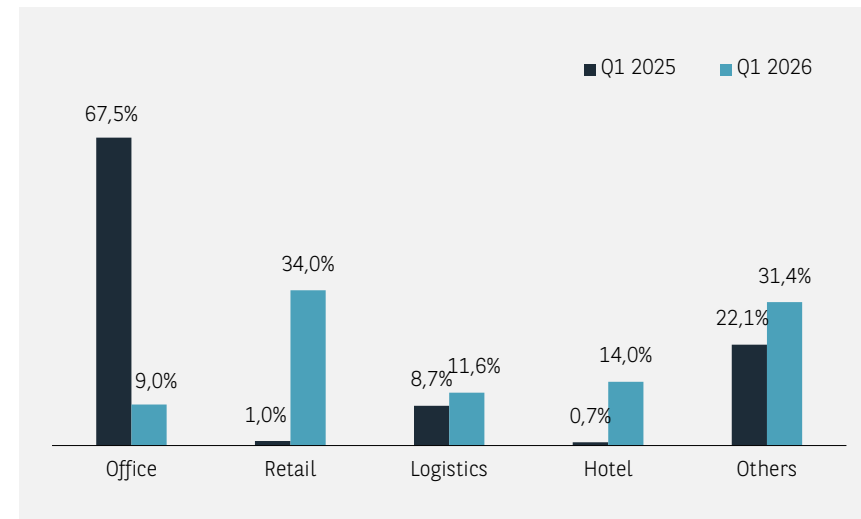
At the beginning of the year, the distribution of transaction volume by asset class is of limited relevance, and there are significant shifts in the further course of the year. The first quarter of 2026 was dominated by investments in retail properties (34% market share) with a focus on local supply. Around another third of the volume is accounted for by the collective category of others, which also includes development properties. At only 9.0%, the office asset class is still significantly underrepresented. Against the backdrop of the ongoing acquisition processes in this asset class, a significantly higher office market share is expected at the end of the year.

In the first quarter, the investment volume was largely dominated by smaller transactions with a volume of up to €25 million each, with a market share of a high 36%. With a volume of just over €150 million, the market here is on a par with the previous year. A further 16% contributed deals between €25 million and €50 million, which underlines the small-scale nature of what is happening. Deals above the €50 million mark were the exception at the start of the year.

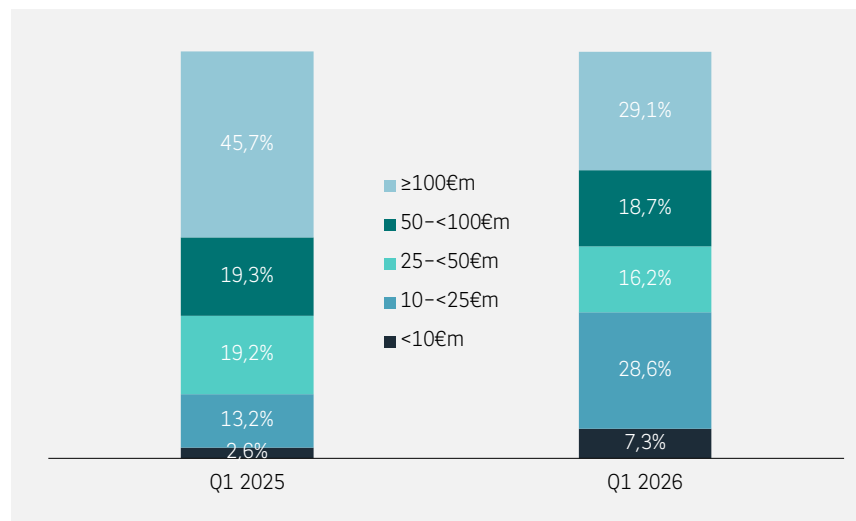
The deals registered in the retail segment as well as investments in development properties were primarily located in the Centre Fringe and Subcentres, so that the market share of these locations amounts to a high 54% and 16% respectively.

- OFFICE SEGMENT WEAK
- MARKET MORE FRAGMENTED THAN USUAL

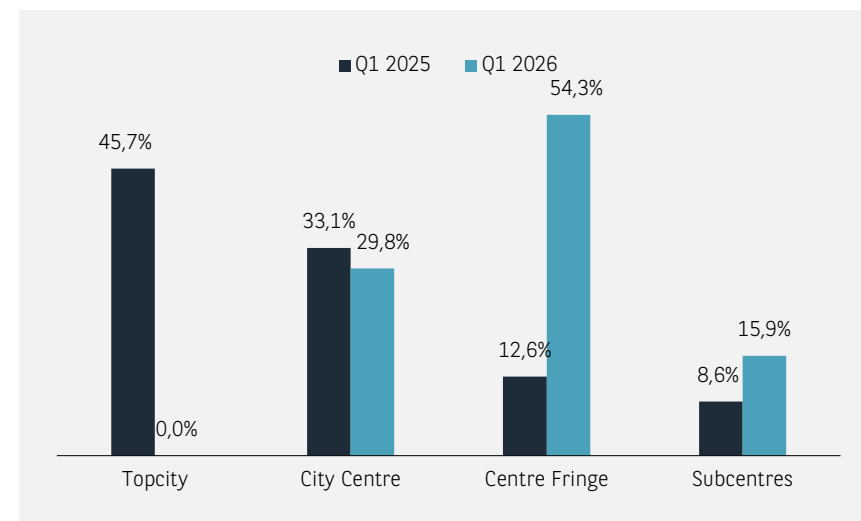
Investments by type of property



Investments by € category



Investments by location





- **SUBDUED START TO THE YEAR SHOULD NOT BE OVERESTIMATED**
- **RECOVERY EXPECTED IN THE FURTHER COURSE OF THE YEAR**

ECONOMIC INDICATORS

+0.6

GDP Forecast 2026
(in %)

2.86

10ys bond yield
Q1 2026 (in %)

86.4

ifo business climate index
(3/2026)

△ +15bps q/q

▽ -2.0pts m/m

Source: ifo economic forecast, Deutsche Bundesbank, ifo Institut

OUTLOOK

Despite the subdued start to the year, the prospects for the Berlin commercial investment market are generally positive. The comparatively low transaction volume to date is not a sign of structural weakness, but is rather due to the extended acquisition processes, especially in the large-volume segment, in an environment characterized by geopolitical uncertainties.

For the remainder of the year, several factors suggest a significant market recovery. A well-filled deal pipeline, overhang transactions from the previous year and looming portfolio adjustments are likely to contribute to higher transaction activity. Certainly, under the impression of the armed conflicts in the Middle East with their possible implications for energy supply, inflation, interest rates and thus financing, a slowed pace in the transaction processes cannot be ruled out for the time being, but as soon as there is more predictability on the investor side, the market recovery should continue.

Irrespective of this, the occupier markets in Berlin are robust overall, with the potential for rent increases in many asset classes picking up significantly. In combination with the German capital's unchanged convincing growth prospects, this should give a further boost to investment market momentum.



Investment market data

	Q1 2025	Q1 2026	CHANGE
Total (€m)	986	420	-57.4%
Portfolio share	0.0%	47.9%	+47.9%pts
Share above €100 million	45.7%	29.1%	-16.6%pts
Office share	67.5%	9.0%	-58.5%pts
Share of city locations	78.8%	29.8%	-49.0%pts
Share of foreign investors	11.7%	55.1%	+43.3%pts

NET PRIME YIELDS	Q1 2025	Q1 2026	CHANGE
Office	4.25%	4.35%	+10bps
Retail	3.70%	3.95%	+25bps
Logistics	4.25%	4.50%	+25bps



Q1 2026

INVESTMENT MARKET
BERLIN

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