REVIEW INVESTMENT MARKET

BERLIN H1 2026

RESEARCH & INSIGHTS

BNP PARIBAS REAL ESTATE

Real Estate for a changing world

- MARKET ACTIVITY REMAINS SUBDUED AT MID-YEAR
- PORTFOLIO DEALS ACCOUNT FOR A HIGH SHARE OF VOLUME

KEY FIGURES

633 Investment volume (€m)	▽ -51.9% y/y
32.3 Portfolio share (in %)	△ +28.4%pts y/y
17.6 Ø Deal size (in €m)	▽ -51.9% y/y

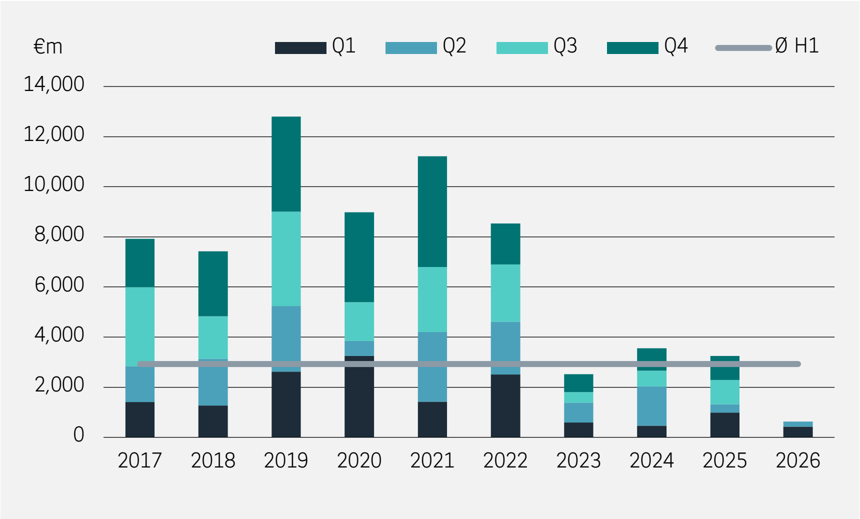
MARKET OVERVIEW

After the first six months of 2026, Berlin's investment market recorded only a subdued half-year result. With an investment volume of around €633m, the market was almost 52% below the level recorded in the same period last year. While the capital can usually rely on large-scale deals, which often rank among the most significant transactions nationwide, activity in the single-asset segment has so far been limited exclusively to the smaller size categories of up to €50m. This is also reflected in the average deal size, which currently stands at a low €18m, compared with €45m on average over the past five years.

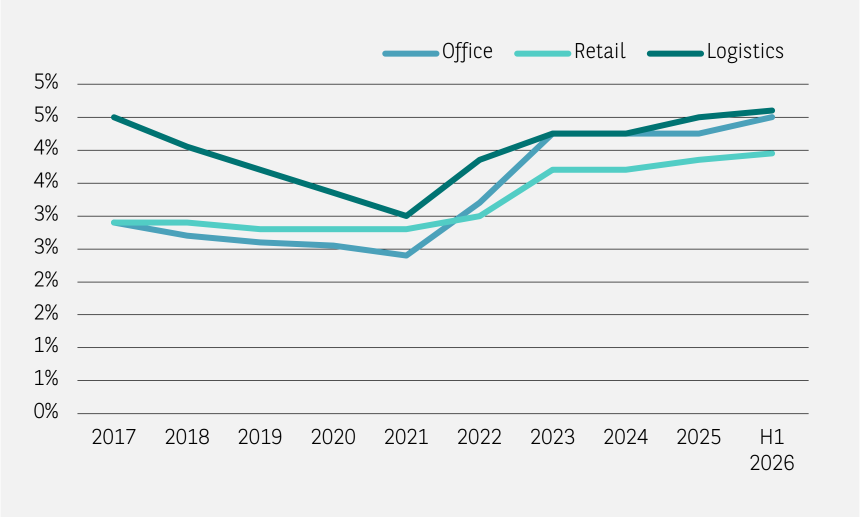
The weaker mid-year result should be viewed in context, however, as other major locations are facing similar challenges in an uncertain market environment. At present, only Munich, with €1.24bn, has clearly pulled ahead and exceeded the €1bn mark. In a small-ticket driven market, Berlin at least remains the leading location in terms of deal count. The key volume drivers were the Berlin assets included in two portfolio transactions: the nationwide Power Foods portfolio, comprising food stores and retail parks, and a healthcare portfolio sale. Together, these pushed the portfolio share to a high 32%.

Not least due to higher financing costs compared with the beginning of the year, slight upward pressure on net prime yields is currently evident. Accordingly, prime office yields moved out by 15 basis points to 4.50%, premium logistics assets increased by 10 basis points to 4.60%, while high-street assets had already risen to 3.95% in Q1.

Development of investment volume



Net prime yields by type of property



Source: BNP Paribas Real Estate GmbH, June 30, 2026

INVESTMENT MARKET STRUCTURE

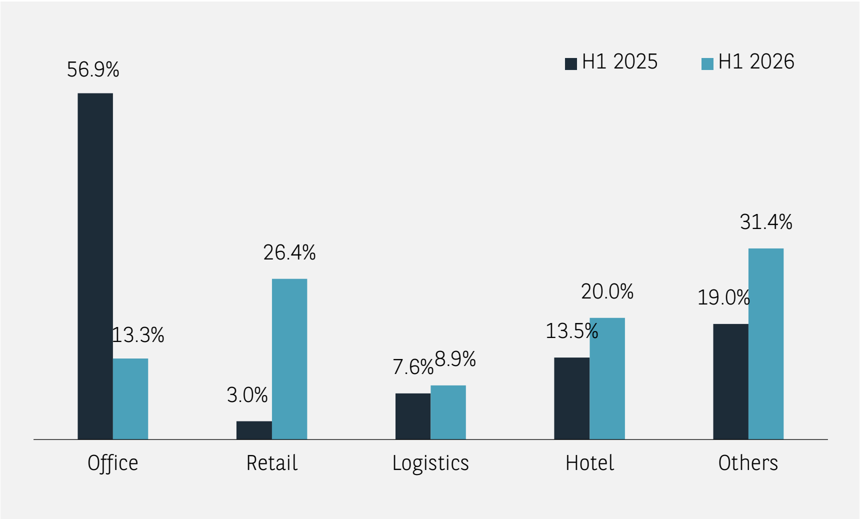
Against the backdrop of the still relatively low transaction volume, it is hardly surprising that most property types and submarkets across Berlin's market area recorded declines in volume. Not least due to the Berlin assets included in the previously mentioned Power Foods portfolio, retail investments generated the highest contribution to volume in the first half of the year, at just over 26%. In addition to this deal, activity was mainly driven by smaller retail park, high-street and department store investments in Centre-fringe locations. This also included the sale of the vacant former C&A department store in Berlin-Tegel to Edeka.

With a share of around 50%, Centre-fringe locations accounted for the largest contribution to total volume across all property types. By contrast, the volumes recorded in the Topcity, at just over 3%, and the City, at almost 38%, reflect the absence of large-scale transactions. Nevertheless, more than 15 sales across a wide range of asset classes within the S-Bahn ring are a clear sign of market momentum in Berlin's most sought-after submarkets.

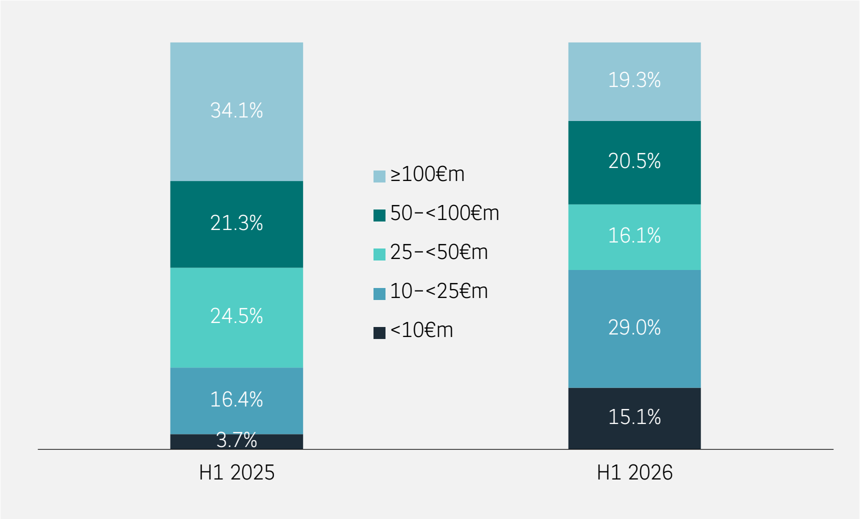
Overall, the small-ticket nature of current market activity is reflected in an unusually differentiated structure for Berlin across property types, size categories and locations. This is also evident in the high share of other investments, at just over 31%, including healthcare assets and land plots. At the same time, the important office sector remains clearly underrepresented at mid-year, with a share of just over 13%. However, supported by noticeable tailwinds from Berlin's currently very dynamic office occupier market, the segment should enter the third quarter with renewed momentum.

- SMALL-TICKET ACTIVITY RESHAPES THE VOLUME STRUCTURE
- CITY-FRINGE LOCATIONS TAKE THE LEAD AT MID-YEAR

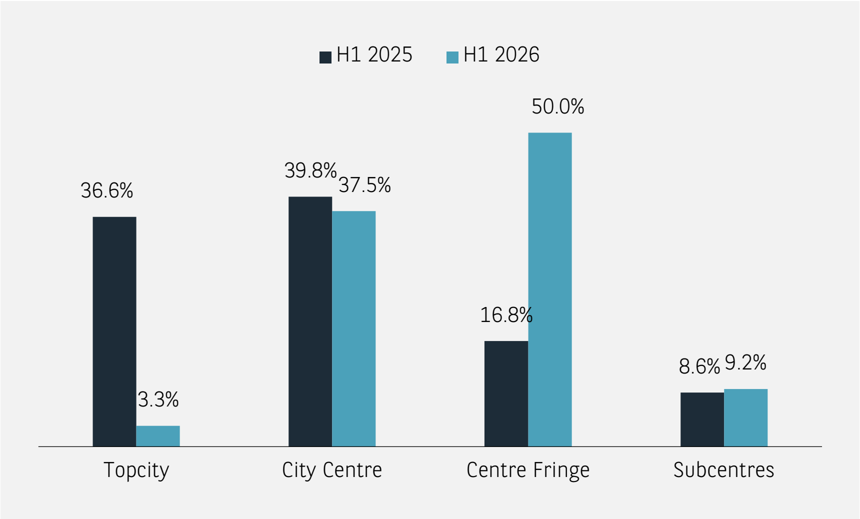
Investments by type of property



Investments by € category



Investments by location



Source: BNP Paribas Real Estate GmbH, June 30, 2026

- CAPITAL SET FOR HIGHER TRANSACTION VOLUME
- OCCUPIER MARKETS PROVIDE POSITIVE SIGNALS

ECONOMIC INDICATORS

+0.8
GDP Forecast 2026
(in %)

3.01 △ +15bps q/q
10ys bond yield
Ø Q2 2026 (in %)

85.6 △ +0.6pts m/m
ifo business climate index
(6/2026)

Source: ifo ecomic forecast, Deutsche Bundesbank, ifo Institut

OUTLOOK

Berlin's investment market has not yet returned to the form seen over the past decade. For the time being, the capital is not occupying a top position in the A-location volume ranking and, after the first six months of 2026, remains without any nationwide top transactions. However, this does not mean that market activity in the capital has come to a standstill. In the current year, investment activity has increasingly taken place in the smaller size segments.

Looking ahead to the third quarter, no noticeable improvement is yet emerging based on key influencing factors such as the geopolitical environment, financial market conditions and the economic backdrop. However, Berlin has often demonstrated in the past that it can generate substantial investment volumes even without the tailwind of a positive market environment. As a result, volume is expected to increase significantly in the second half of the year, provided sufficient product comes to market. The currently above-average office take-up is also encouraging and should further strengthen confidence in the office investment segment.

In terms of prime yields, selective adjustments remain possible over the coming quarters, particularly if risk assessments and financing costs remain volatile. From today's perspective, however, a broad-based increase across asset classes does not appear likely.

Investment market data

	H1 2025	H1 2026	CHANGE
Total (€m)	**1,317**	**633**	**-51.9%**
Portfolio share	3.9%	32.3%	+28.4%pts
Share above €100 million	34.1%	19.3%	-14.8%pts
Office share	56.9%	13.3%	-43.6%pts
Share of city locations	76.4%	40.8%	-35.6%pts
Share of foreign investors	23.5%	47.7%	+24.1%pts

NET PRIME YIELDS	H1 2025	H1 2026	CHANGE
Office	4.25%	4.50%	+25bps
Retail	3.70%	3.95%	+25bps
Logistics	4.25%	4.60%	+35bps

Source: BNP Paribas Real Estate GmbH, June 30, 2026

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