REVIEW OFFICE INVESTMENT MARKET

GERMANY H1 2026

RESEARCH & INSIGHTS

BNP PARIBAS REAL ESTATE

Real Estate for a changing world

- INVESTMENT VOLUME UP BY AROUND ONE-FIFTH YOY
- OFFICE REMAINS THE LEADING COMMERCIAL ASSET CLASS

KEY FIGURES

3,171 △ +18.6% y/y
Investment volume (€m)

5.5 △ +5.5%pts y/y
Portfolio share (in %)

29.4 △ +23.0% y/y
Ø Deal size (in €m)

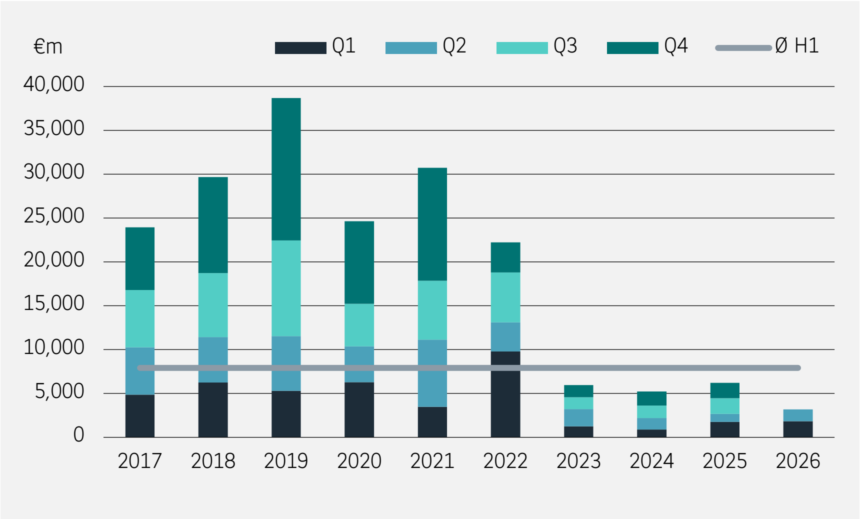
MARKET OVERVIEW

The German office investment market recorded a transaction volume of €3.2bn in the first half of 2026, maintaining its position as the leading commercial asset class. While the long-term average of €7.9bn remains some way off, the market has continued the gradual recovery that began following its cyclical trough in 2024. As a result, transaction volume currently stands 19% above the level recorded in the corresponding period of the previous year.

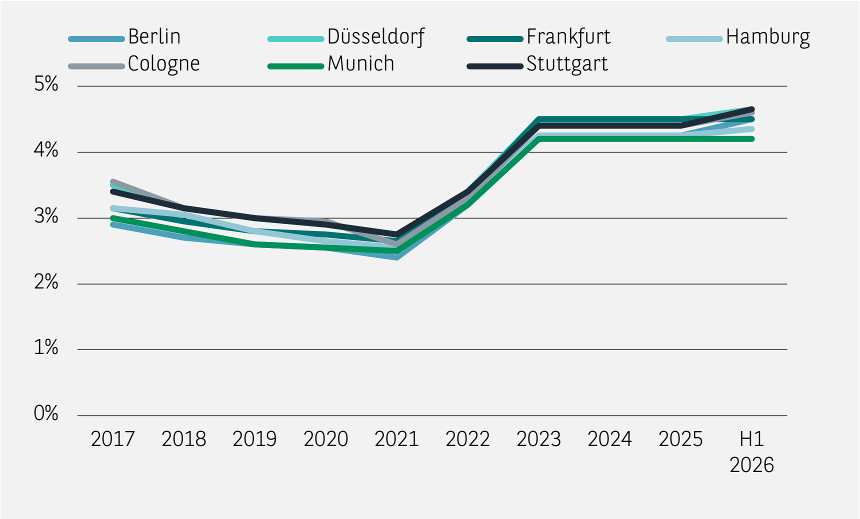
However, market momentum has moderated somewhat in recent months. The Iran war and rising energy prices have shifted interest rate expectations and increased uncertainty, causing transaction processes to take longer once again. At around €1.3bn, investment volume in the second quarter was therefore somewhat lower than in the preceding quarters. Even so, more than 50 transactions were completed during Q2. The market has demonstrated that deals are still getting done, particularly where vendors have shown a clear willingness to adjust expectations to the changed market environment.

Against this backdrop, net prime yields are facing modest upward pressure. Higher financing and opportunity costs have resulted in selective yield adjustments of between 10 and 20 basis points across several markets. While Munich (4.20%) and Frankfurt (4.50%) held steady quarter-on-quarter, yields moved out in Hamburg (4.35%; +10bps), Berlin (4.50%; +15bps), Düsseldorf (4.65%; +15bps), Stuttgart (4.65%; +15bps) and Cologne (4.60%; +20bps).

Development of office investment volume



Office net prime yields in A-locations



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

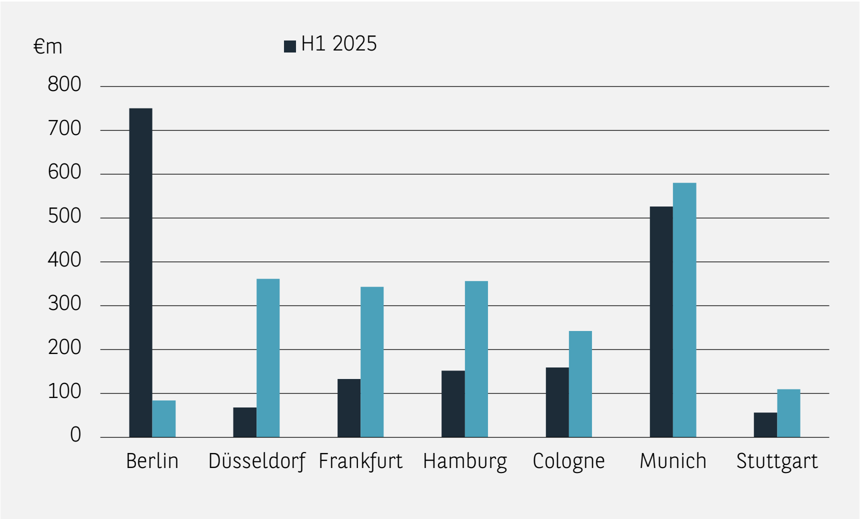
- MUNICH CLEARLY LEADS THE LOCATION RANKING
- LARGE-VOLUME TRANSACTIONS SIGNIFICANTLY ABOVE LAST YEAR'S LEVEL

INVESTMENT MARKET STRUCTURE

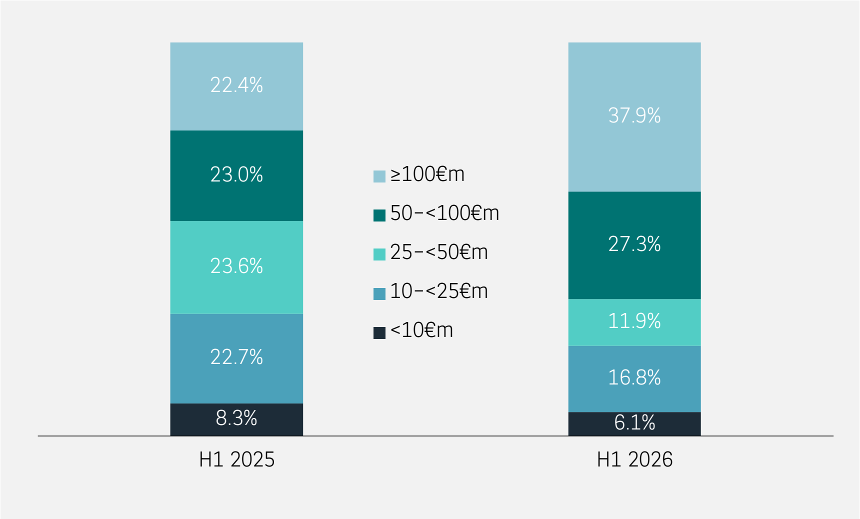
The A-cities accounted for €2.1bn (+13% compared with H1 2025), representing almost two thirds of total office investment volume and therefore remaining Germany's key office investment hotspots. Munich is currently the strongest market by a clear margin, with around €580m. Two office transactions in the triple-digit million range were registered in the Bavarian capital in Q2: the disposals of Prinzregentenplatz 7–9 and the Lindberg-Haus. Düsseldorf (€361m), Hamburg (€356m) and Frankfurt (€343m) followed closely behind. Berlin recorded the lowest investment volume among the A-cities, with only €84m currently on the books.

A breakdown of investment volume by size category shows that, unlike in previous years, there has also been more movement overall in the large-volume segment. Around €1.2bn, or 38% of total volume, was generated by transactions in the triple-digit million range. In the previous year, this figure had been exactly half as high. However, this should not be equated with a return of larger portfolio transactions. Market activity continues to take place almost exclusively in the single-asset segment, with portfolios accounting for just over 5% of total volume and therefore remaining at a very low level. Accordingly, the largest transaction registered so far this year — the sale of the NRW tax authority building in Kaarst in the first quarter — was also a single-asset transaction.

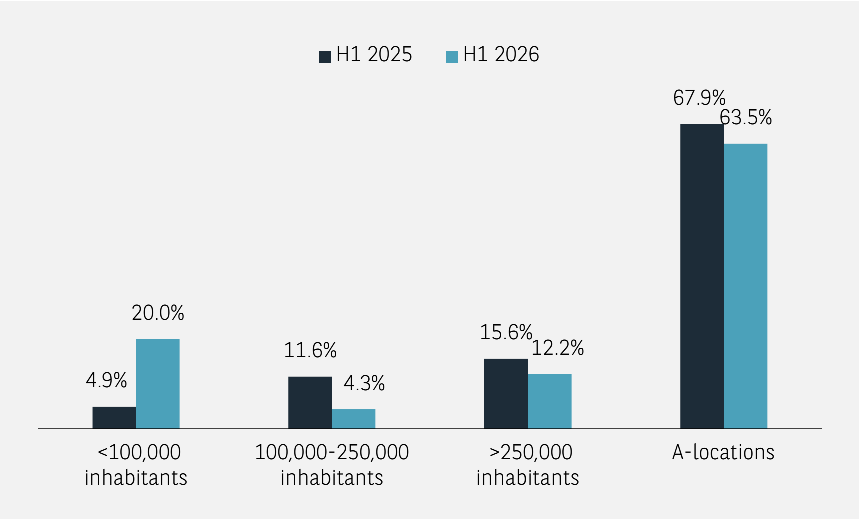
Office investments in A-locations



Office investments by € category



Office investments by city size*



*excl. portfolios

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

H1 2026 OFFICE INVESTMENT MARKET GERMANY

- MACRO UNCERTAINTY PERSISTS
- STABLE TRANSACTION MOMENTUM EXPECTED IN H2

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

For the second half of the year, the market recovery is still expected to continue at a moderate pace, albeit under different conditions than at the beginning of the year. The escalation in the Middle East has reduced the planning certainty that had previously built up and has once again shifted market participants' focus more strongly on interest rates, financing costs and risk premiums. While initial signs of geopolitical easing have emerged in the meantime and the latest inflation data have taken some pressure off the ECB to quickly follow June's policy rate hike with another one, the overall situation remains fragile.

The prospect of a prolonged period of higher capital costs therefore leaves little room for declining yields for the time being. For office investments, this shifts the value driver: looking ahead, the focus is likely to be less on yield compression and more on rental growth as well as stable, long-term secured income. As current occupier market figures show that prime assets in established locations are outperforming in terms of rental growth, they are likely to remain firmly in investors' focus. At the same time, more opportunistic transactions will also remain possible, provided that pricing reflects the changed financing conditions.

Several assets are currently in the pipeline for both investment segments, meaning that stable transaction momentum can be expected over the remainder of the year. As a result, transaction volume is likely to exceed the €6bn mark again by year-end.

Investment market data

	H1 2025	H1 2026	CHANGE
Total (€m)	**2,674**	**3,171**	**+18.6%**
Portfolio share	0.0%	5.5%	+5.5%pts
Share above €100 million	22.4%	37.9%	+15.5%pts
Share of A-cities	69.0%	65.5%	-3.5%pts
Share of foreign investors	21.4%	18.7%	-2.7%pts

NET PRIME YIELDS	H1 2025	H1 2026	CHANGE
Berlin	4.25%	4.50%	+25bps
Düsseldorf	4.50%	4.65%	+15bps
Frankfurt	4.50%	4.50%	+0bps
Hamburg	4.25%	4.35%	+10bps
Cologne	4.40%	4.60%	+20bps
Munich	4.20%	4.20%	+0bps
Stuttgart	4.40%	4.65%	+25bps

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

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