

REVIEW INVESTMENT MARKET

GERMANY Q3 2026

RESEARCH & INSIGHTS



**BNP PARIBAS
REAL ESTATE**

Real Estate for a changing world



Q3 2026

INVESTMENT MARKET GERMANY

- **SUBDUED TRANSACTION ACTIVITY
IN THIRD QUARTER**
- **PRIME NET YIELDS INCREASE
ACROSS ALL ASSET CLASSES**

KEY FIGURES

17,145

Investment volume (€m)

▽ -2.1% y/y

23.0

Portfolio share (in %)

▽ -0.5%pts y/y

20.0

Ø Deal size (in €m)

▽ -7.3% y/y

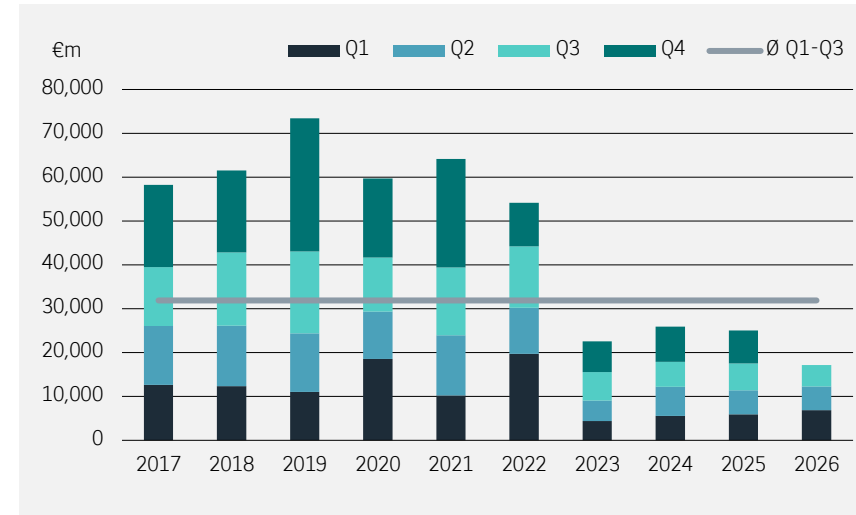
MARKET OVERVIEW

The underlying conditions for the German investment market remained challenging in the third quarter. Geopolitical uncertainty and rising financing costs continued to shape the market environment. As a result, investors spent the past three months recalibrating business plans and reassessing risk-return profiles and investment opportunities, which in some cases slowed acquisition processes. Accordingly, investment volume declined again quarter-on-quarter, with only around €4.9bn transacted in Q3, down 21% year-on-year. Despite a strong start to the year, total investment volume reached €17.1bn at the end of the third quarter, falling just under 2% short of the previous year's result.

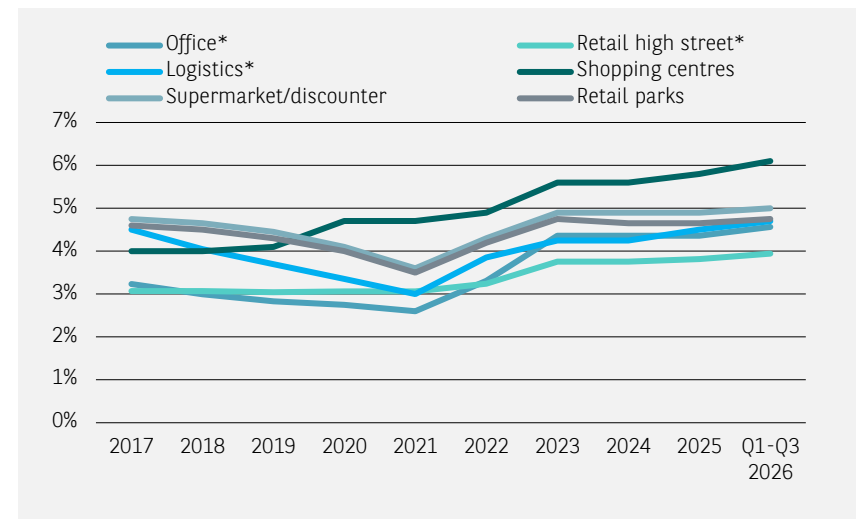
The significant increase in financing costs is also reflected in yield movements. In the third quarter, net prime yields rose moderately across most asset classes, generally by between 10 and 20 basis points. For offices, the average net prime yield across the major markets increased to 4.56% (+7 bps), while logistics yields rose to 4.70% (+10 bps). Prime yields currently stand at 6.10% (+10 bps) for shopping centres, 5.00% (+10 bps) for supermarkets/discounters and 4.75% (+10 bps) for food-anchored retail parks. For high-street retail properties, the average net prime yield across the major markets stands at 3.94%, around 9 basis points higher than at mid-year.



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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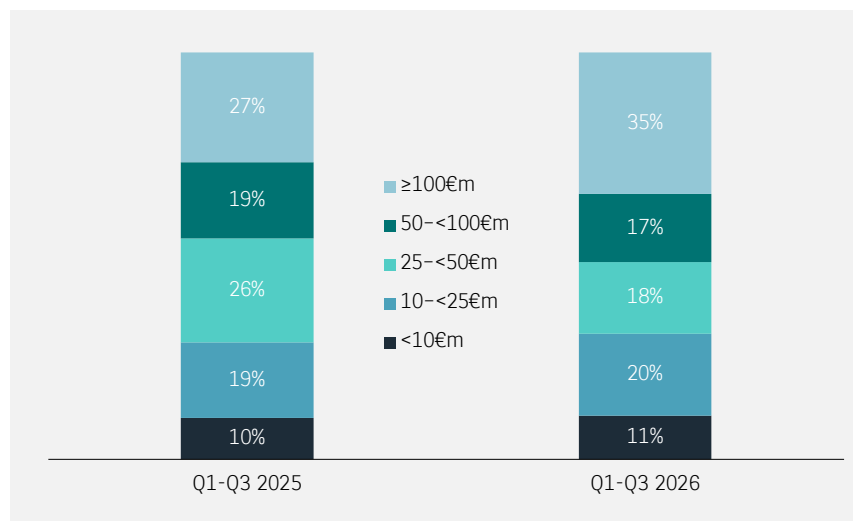
- OFFICE REMAINS THE LEADING COMMERCIAL ASSET CLASS
- MUNICH RECORDS THE HIGHEST TRANSACTION VOLUME AMONG THE MAJOR MARKETS

INVESTMENT MARKET STRUCTURE

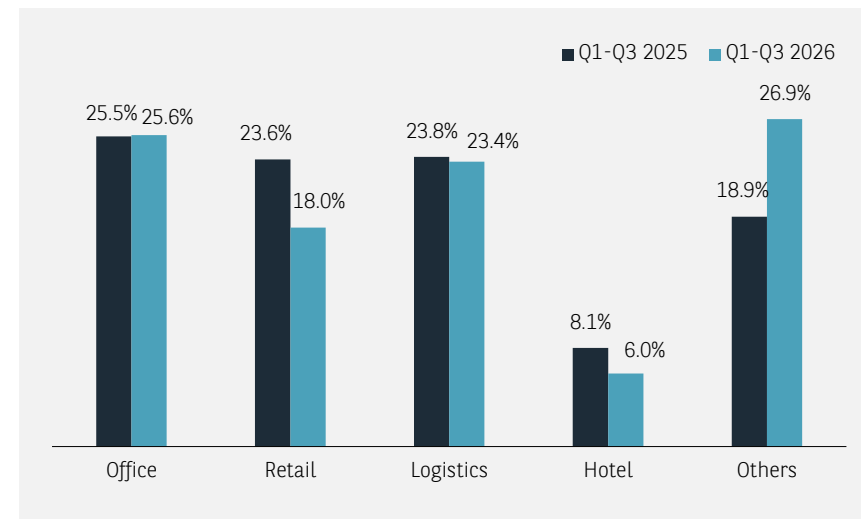
Office properties continue to lead the commercial asset classes, with a transaction volume of just under €4.4bn and a market share of around 26%. This is only around 2% below the previous year's result. In line with the overall market, the office segment lost some momentum in the third quarter, recording an investment volume of €1.2bn across around 50 transactions. Logistics investments rank second at around €4.0bn, accounting for 23% of the total. Retail investments (€3.1bn; 18%) and healthcare properties (€1.9bn; 11%) also achieved double-digit market shares. In the current market environment, single deals continue to account for the bulk of commercial investment activity, contributing around €13.2bn or 77% of the total. Portfolios remain less significant in the overall market, with an investment volume of €3.9bn, but continue to play an important role in the healthcare and logistics sectors.

After the first nine months, transaction volume across the seven major markets stands at just under €6.7bn, down 11% year-on-year. Munich leads the ranking with around €1.7bn, representing a strong increase of 18% compared with the same period last year. Office properties account for almost half of Munich's total volume. Supported by significantly stronger transaction activity in the office segment, Duesseldorf (€963m) and Frankfurt (€839m) also recorded substantial increases of 26% and 52%, respectively. By contrast, transaction volumes declined in Hamburg (€1.2bn; -7%), Berlin (€1.0bn; -56%), Stuttgart (€295m; -23%) and Cologne (€661m; -10%).

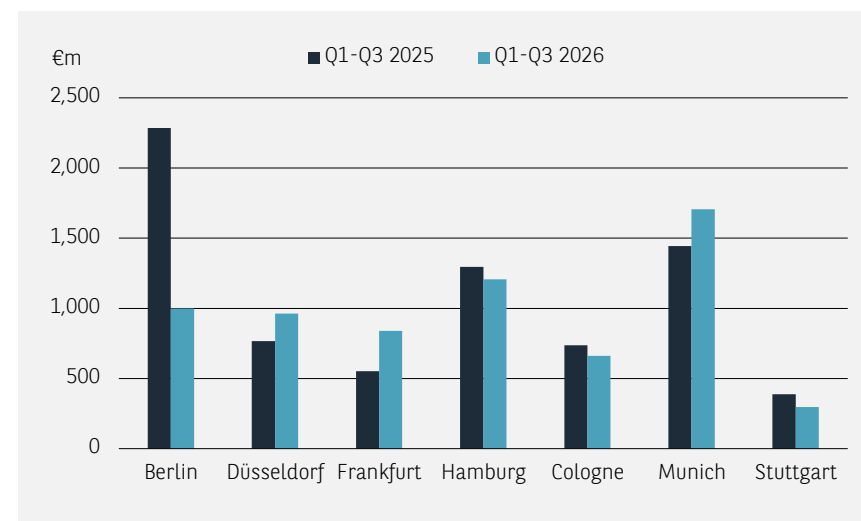
Investments by € category



Investments by type of property



Investments by location





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- IMPROVED ECONOMIC OUTLOOK
- TRANSACTION ACTIVITY EXPECTED TO PICK UP SLIGHTLY IN Q4

ECONOMIC INDICATORS

+1.4

GDP Forecast 2026
(in %)

3.25

10ys bond yield
Ø Q3 2026 (in %)

△ +24bps q/q

89.9

ifo business climate index
(9/2026)

△ +1.1pts m/m

Source: ifo economic forecast, Deutsche Bundesbank, ifo Institut

OUTLOOK

The German investment market is expected to regain momentum in the fourth quarter. Despite ongoing geopolitical uncertainties, key market indicators are increasingly pointing towards moderate growth and greater predictability. These include an improved economic outlook, robust occupier markets and the central banks' firm commitment to tackling inflation. Germany's leading economic research institutes have raised their 2026 growth forecast from 0.6% to 1.3%. Exports and industrial production have performed better than expected, while additional stimulus is coming from increased public spending on infrastructure and defense. Leasing markets also remain robust and should benefit from the moderate economic recovery.

The extent to which transaction activity picks up will, however, depend on how quickly the price discovery process progresses. Rising financing costs continue to weigh on the market, but at the same time are increasing the pressure on buyers and sellers to agree on terms that are viable in today's market environment. With no significant improvement in financing conditions expected in the short term, the willingness to complete transactions based on current market conditions is likely to increase, particularly where sales decisions are already pending. Where purchase prices adequately reflect income prospects and asset-specific investment requirements, transaction activity should gain momentum. Further selective yield adjustments remain possible. Overall, a stronger final quarter is expected, although a pronounced year-end rally appears unlikely.



Investment market data

	Q1-Q3 2025	Q1-Q3 2026	CHANGE
Total (€m)	17,505	17,145	-2.1%
Portfolio share	23.5%	23.0%	-0.5%pts
Share above €100 million	27.0%	34.8%	+7.8%pts
Office share	25.5%	25.6%	+0.1%pts
Share of A-locations	42.6%	38.9%	-3.7%pts
Share of foreign investors	44.3%	48.9%	+4.6%pts

NET PRIME YIELDS*	Q1-Q3 2025	Q1-Q3 2026	CHANGE
Office	4.36%	4.56%	+21bps
Retail	3.76%	3.94%	+19bps
Logistics	4.40%	4.70%	+30bps

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



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