SECOND-BEST RESULT AFTER 2015

A transaction volume of just under 781 m € represents an outstanding result for the Leipzig investment market which is not only up by almost 7 % on last year’s figure, but also surpasses the multi-year average by a good 45 %. This continuing positive trend for Leipzig takes the trade fair city to its second-best result after 2015. A notable aspect is that around 93 % of the invested money related to individual deals. Sales worthy of mention in this respect include the nova eventis shopping centre in Günthersdorf and the Karstadt building in Leipzig Inner City. The large number of transactions also attests to the highly dynamic level of market activity, with over 50 sales regularly being reported in the first three quarters of each year since 2015. At the same time, the average volume per deal is extremely stable, in the range between 13 and 15 m €. Leipzig continues to be a key focus of investor interest, offering an interesting alternative to the prime locations.

MAJOR DEALS CLAIM LARGEST SHARE

In the breakdown of the investment volume according to size categories, the influence of the two above-stated major deals becomes apparent, making the category over 100 m € the largest contributor, with a share of a good 39 %. The segment between 25 and 50 m € has risen by a good 16 percentage points to take second place on 24 %. This is followed by transactions between 10 and 25 m €, which claim a share of almost 21 %. Small-volume deals under 10 m € have contributed markedly less than last year. Despite a drop of almost 7 percentage points, they still represent a good 16 % share.

RETAIL PROPERTIES ACCOUNT FOR ALMOST HALF

Retail properties, which include inner-city business premises, generally lead the Leipzig investment market. As such, it is no surprise that this asset class attracted the highest level of investment once again in the first three quarters of the year. It is, however, worthy of note that this class accounts for almost half (49 %) of the total volume. Office properties follow up in second place with a share of more than one fifth (22 %). Hotels rank third, as in the previous year. Their share of a good 13 % is markedly down on the corresponding figure for the 3rd quarter of 2016, however (-9 percentage points). The Others category, consisting primarily of development sites, contributes around 9 %. Logistics properties are responsible for generating a good 7 % of the total transaction volume.
Investments according to location in Leipzig Q1-3

<table>
<thead>
<tr>
<th>Location</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Centre</td>
<td>16.1</td>
<td>27.7</td>
</tr>
<tr>
<td>Centre Fringe</td>
<td>18.5</td>
<td></td>
</tr>
<tr>
<td>Subcentres</td>
<td>18.0</td>
<td>29.2</td>
</tr>
<tr>
<td>Periphery</td>
<td>9.1</td>
<td>35.8</td>
</tr>
</tbody>
</table>

PERIPHERY HEADS RANKINGS THANKS TO NOVA EVENTIS

The breakdown of the investment volume according to individual locations reveals a shift in comparison to last year: The share attributable to the periphery has increased almost four-fold, and this category now contributes the largest share, at just under 36%. The City Centre benefits in particular from the sale of the Karstadt building, coming in second on around 28%. The third-placed Centre Fringe has shed 27 percentage points and now has a share of 19%. A similar trend applies to subcentres. These have lost more than 11 percentage points, but nevertheless still contribute 18% to the overall result.

EQUITY/REAL ESTATE FUNDS PREDOMINANT

The category of equity/real estate funds occupies a particularly dominant position in the rankings according to buyer groups, on 41%. The major deal concerning the sale of the nova eventis shopping centre to Ares Management and the Baupost Group is again a key contributory factor here. Investors from the area of family offices and limited real estate companies/REITs are neck-and-neck in second place, but well behind the leader, with around 13% each. Property developers remain in single percentage figures, with a good 5%, as do special-purpose funds, investment/asset managers and the public sector, each with a share in the order of 4%. Foreign investors, originating for the most part from North America and Europe, are responsible for just under half of the total volume.

YIELDS CONTINUE TO FALL

The strong competition among investors and the attendant imbalance between supply and demand have led to a further fall in net prime yields. The yields for office properties have dropped by 20 basis points over the past 12 months, to 4.80%. A similar trend applies to business premises, whose yields have declined by 30 basis points and currently stand at 4.20%. The downward trend is most pronounced for logistics properties, however, whose yields are 50 basis points down on the corresponding period last year, at 5.20%.

OUTLOOK

The very good result for the first three quarters has already paved the way for an outstanding year-end result. The mood on the investment markets is also good, and investor interest in secondary locations has continued to grow. In the light of this situation, there is a realistic prospect of the 1 billion euro mark being topped. This will hinge on an adequate supply of properties, however. It remains to be seen to what extent the net prime yields will continue to drop in the face of the good demand and short supply.