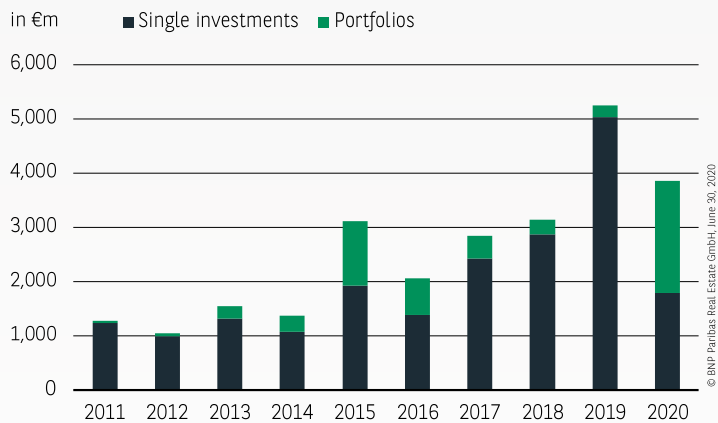




At a Glance **Q2 2020**

INVESTMENT MARKET BERLIN

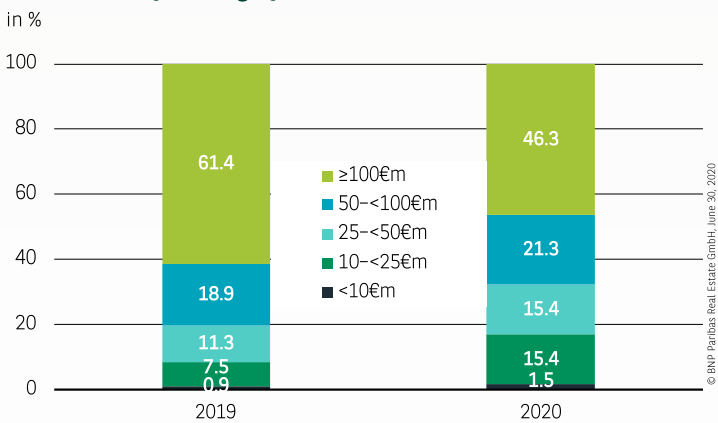
Investment volume H1



➤ GOOD FIRST HALF-YEAR THANKS TO STRONG FIRST QUARTER

Sales were very good in the first half of the year at just under €3.85 billion, which represents the second-best result ever recorded. This was due to the record set in the first quarter, disproportionately influenced by large portfolio sales, such as the takeover of TLG by Aroundtown. The analysis, however, takes into account that the second quarter alone was very weak. Clearly reflected in the investment turnover are the uncertainties about the further development of the markets and the extensive restrictions implemented during the lockdown, for example the impossibility of carrying out visits or more restrictive financing conditions. At only €589 million, it represents the weakest second quarter of the last ten years. This is mainly due to the lockdown putting some large-volume deals on hold for the time being in order to await developments. Many of these deals are now back in motion and should be concluded in the second half of the year. Nevertheless, in a nationwide comparison, Berlin has again taken the lead among all locations.

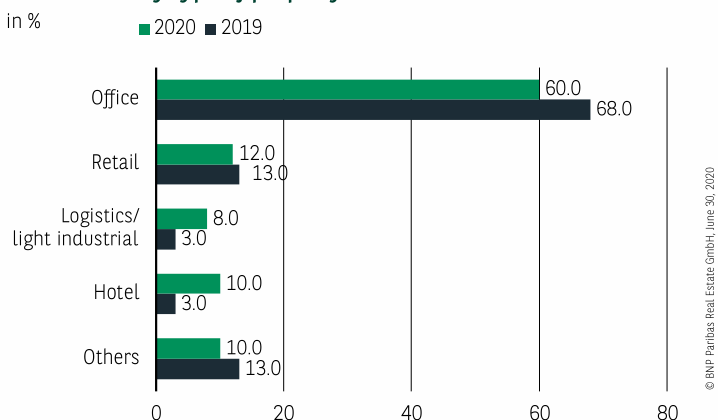
Investments by € category H1



➤ FEWER LARGE DEALS

That uncertainties caused by the pandemic and the lockdown have primarily led to a delay in large transactions is also evident in the share of sales, at 46 %, and noticeably lower than in the previous year (62 %). In contrast, the smaller market segments up to €50 million, where due diligence processes are generally less complex and which were therefore less affected by the restrictions, recorded not only higher relative shares but also higher investment turnover in absolute terms. This impressively underlines the continued strong interest of investors in the Berlin market.

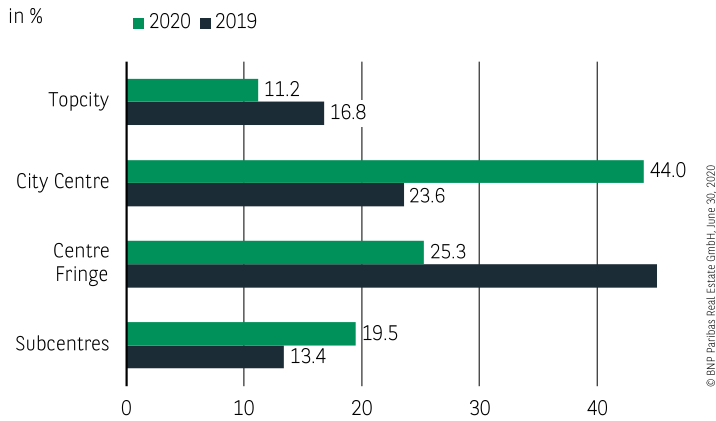
Investments by type of property H1



➤ SLIGHTLY DECLINING SHARE OF OFFICE INVESTMENTS

Although office properties have lost some of their share compared with the previous year, at 60% they are still by far the most important asset class and are still well above their long-term average. Retail investments take second place, accounting for 12%, of which the largest share is down to block sales. The situation is similar for hotels, which account for 10% of revenue. Here, too, well over half of this figure results from portfolio transactions. Logistics properties account for 8% and more than double their share.

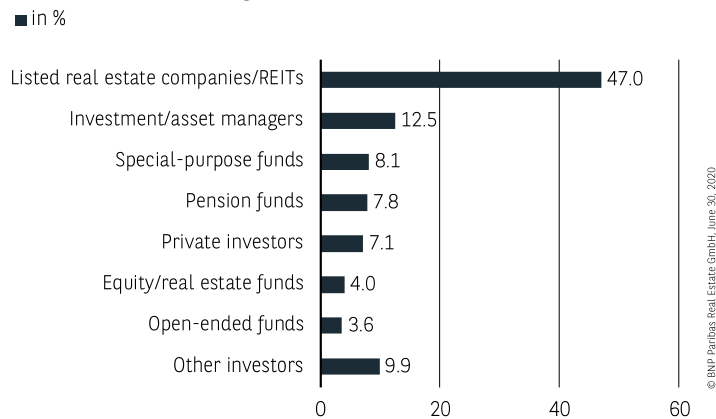
Investments by location H1



➤ SUPPLY DETERMINES REGIONAL DISTRIBUTION OF SALES

The distribution of investment turnover over the city area is usually determined by the availability of investment product. This is all the more true in a city that is as popular with investors as Berlin. This correlation was evident in the first half of 2020 as in previous years. In the current year, city locations are again in the lead with a 44% share of sales, followed by the city periphery, contributing a good quarter. By contrast, locations in the Top city, in principle subject to strong demand, only account for a good 11% and thus even a smaller share than the secondary locations (19.5%).

Investments by buyer group in H1



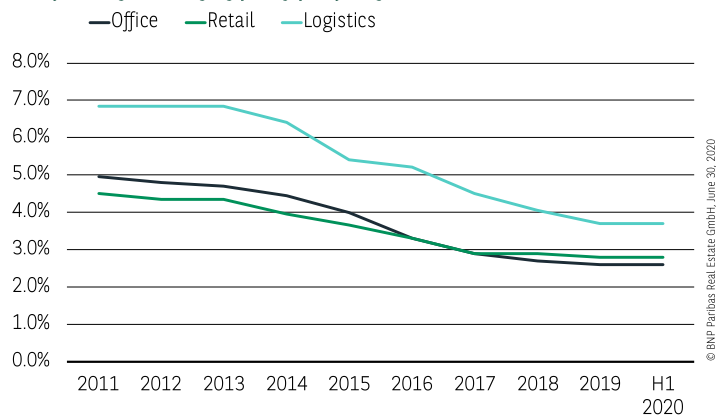
➤ FUNDAMENTALLY BROAD DEMAND

If the takeover of TLG by Aroundtown is excluded, 47% of turnover is accounted for by Listed real estate companies/REITs, indicating a relatively broad spread across investor groups. With a total of almost 21%, investment managers, where the vehicle behind the acquisition cannot be clearly identified, and special funds represent the second most important buyer group. But also core-oriented investors, e.g. pension funds at just under 8% and private investors with 7%, were again very active in the capital. All other investors accounted for another 17.5% of transaction volume. As a result of the above-mentioned deal, the share of foreign investors is also well above average, currently 69%.

➤ YIELDS UNCHANGED

There has not yet been any significant adjustment process observed with regard to price developments, except when generally associated with more expensive financing. Prices in the core segment in particular, have so far been stable due to high demand. Net prime yield for offices is therefore unchanged at 2.60%. For inner-city commercial buildings in prime locations, 2.80% is still to be expected and logistics properties are at 3.70%.

Net prime yields by type of property



➤ PERSPECTIVES

It can be seen that although the situation has deteriorated noticeably as a result of the Corona crisis, markets are far from stagnant or completely collapsing. If one also takes into account that the market sentiment has brightened in recent weeks and that a number of large transactions that were put on hold are now underway and on the home stretch, there are many indications that a measurable market revival will be noticeable in the third quarter. In terms of purchase prices, the most likely scenario from today's perspective is that of an ongoing stable situation, particularly in the core segment.

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