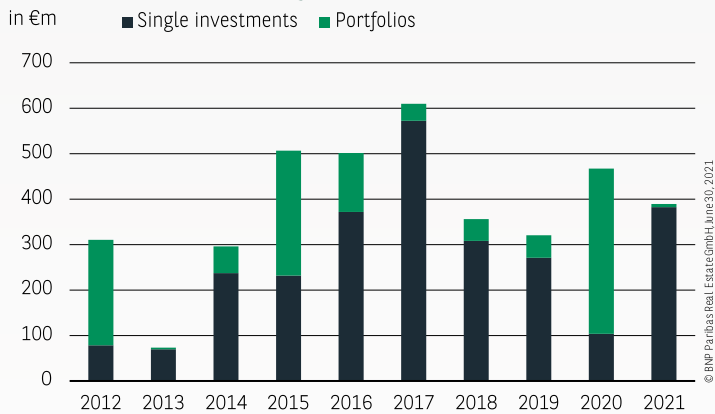




At a Glance **Q2 2021**

# INVESTMENT MARKET LEIPZIG

Investment volume in Leipzig Q2

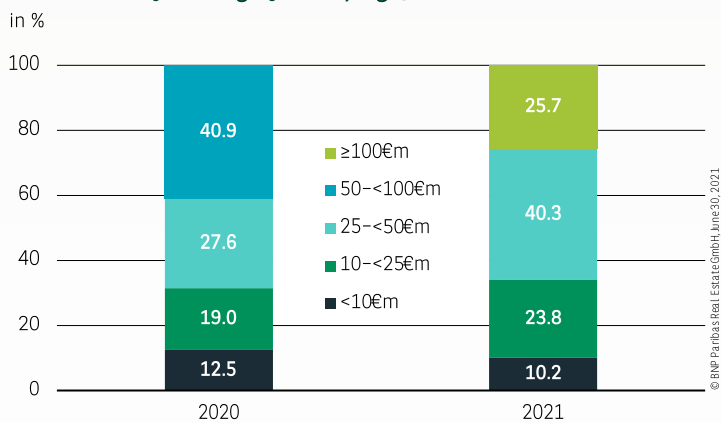


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➤ **SINGLE DEALS DOMINATE THE INVESTMENT MARKET**

A transaction volume of €390 million was achieved on the Leipzig investment market in the first half of 2021, representing a decline of a good 16% compared with the same period last year. Nevertheless, the long-term average was exceeded by just under 2%. The overall brisk investment activity was almost exclusively attributable to individual sales. At €382 million, they not only almost quadrupled their prior-year result, but also achieved the second-best result of the last ten years despite the Corona environment. The main reason for this remarkable increase in sales was also a major deal in the triple-digit million range. In the portfolio segment, on the other hand, only two smaller deals involving Leipzig assets were registered, meaning that only around €7 million, or just under 6% of the 10-year average, is attributable to this market segment.

Investments by € category in Leipzig Q2

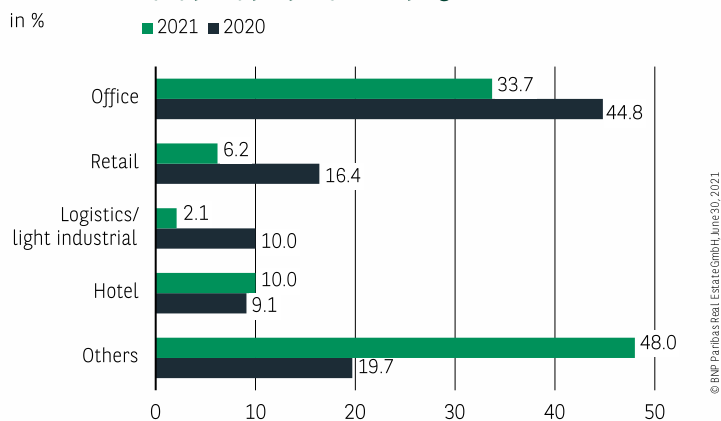


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➤ **MID-SIZED PROPERTIES WITH HIGHEST SHARE**

Compared with the same period last year, the distribution of transaction volume by size class is characterized by a fundamental shift towards the mid-sized segment of €25 to €50 million. At around 40%, almost half of the transaction volume is accounted for by properties between €25 million and €50 million. In contrast, no significant transactions were recorded in the first half of the year in the size category between €50 million and €100 million, which was the strongest in the previous year. The share of investments between €10 and €25 million is almost 5 percentage points higher than in 2020. Around a quarter of the volume is contributed by deals in the triple-digit million range, which were not recorded at all in the same period last year.

Investments by type of property in Leipzig Q2

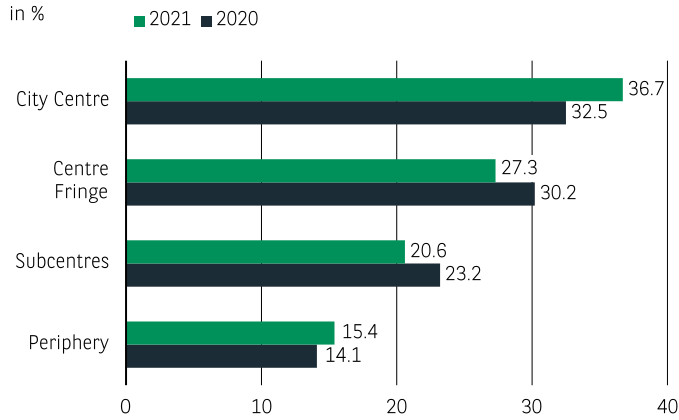


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➤ **FOCUS ON OFFICES AND DEVELOPMENT PLOTS**

As in the previous year, Leipzig saw the highest level of investment in office properties in the first half of 2021, at just under 34%. However, the very high contribution of 28% from development plots, which are allocated to the „Other“ collective category, is particularly noteworthy. The plots were purchased for new construction and revitalization projects in various asset classes and also include some sites for office properties. This reflects the positive development of the Leipzig office market in recent years. Due to a shortage of supply combined with rising rents, Leipzig is becoming an increasingly interesting location for property developers. Hotels account for another 10% of total investment volume and retail properties for a good 6%. Despite strong investor demand, the contribution from the logistics segment is only a modest 2%, although this is only due to a lack in supply.

**Investments by location in Leipzig Q2**

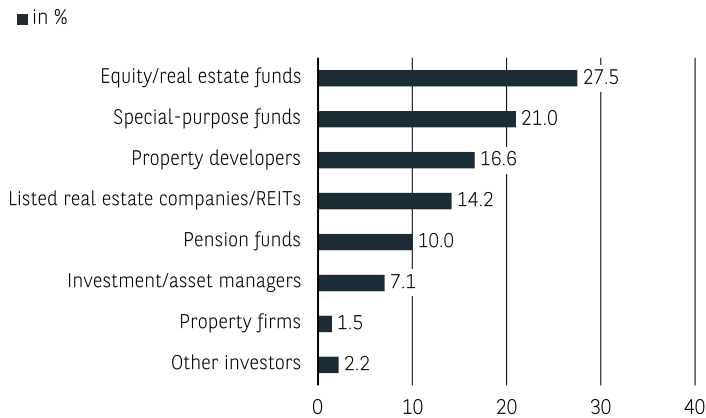


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**CITY WITH THE HIGHEST TRANSACTION VOLUME**

While the City Centre submarket has generated lower turnover shares than the Centre Fringe and Subcentres in recent years, for which insufficient supply was primarily responsible, the CBD has now taken the lead among office market locations in the first half of 2021. With almost 37%, more than a third of the transaction volume in H1 can be attributed to this location. However, this is primarily due to one major deal. There has been no change in the fundamental situation of very limited supply in the central locations. In contrast, the Centre Fringe (approx. 27%) and the Subcentres (approx. 21%) have lost market share, each losing around three percentage points compared with the same period last year. The periphery, which has already been increasingly in focus since 2017, was able to make slight gains again after a decline in investment shares in 2020 and contributed a good 15% to total investment volume in the first half of the year, putting it roughly in line with the average of the last ten years.

**Investments by buyer group in Leipzig Q2 2021**



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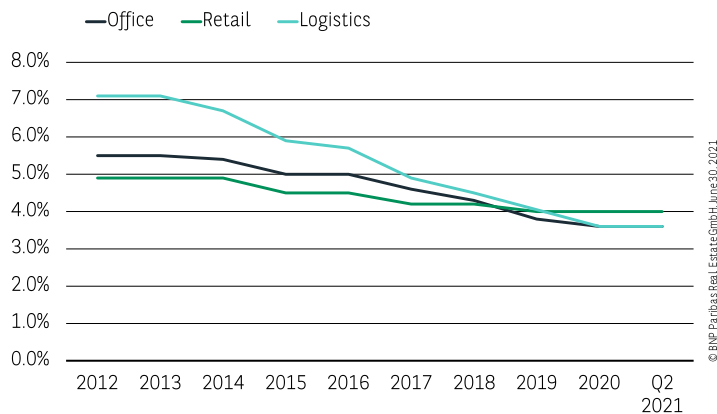
**BROAD SPECTRUM OF INVESTORS**

The most strongly represented group of buyers are the equity/real estate funds, which account for more than a quarter of investments at just under 28%. Special-purpose funds follow a short distance behind in second place with 21%. In total, five buyer groups account for more than 10% of total investment volume, thus ensuring broad diversification on the buyer side.

**PRIME YIELDS STABLE TO FALLING**

The fact that Leipzig has now developed into a highly sought-after investment location is also shown by the development of prime yields, which have remained stable or have even fallen despite the corona environment. For office properties in prime locations, they decreased by a further 20 basis points since the start of the pandemic to the current level of 3.6%. The decline has been even more pronounced for logistics properties, which have dropped by an impressive 45 basis points over the same period to their current level of 3.6%. By contrast, they are stable at 4.0% for inner-city highstreet properties.

**Net prime yields by type of property in Leipzig**



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**OUTLOOK**

Despite the significant increase in transaction volumes for single deals, the Leipzig investment market was not quite able to match the previous year's results. However, the comparatively moderate decline resulted only to a certain extent from a corona-induced clouding of sentiment, but primarily from insufficient supply. Against the background of the broad demand base and the significantly improved overall economic outlook, the market is therefore expected to remain very lively in the second half of the year, with correspondingly high transaction volumes.

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