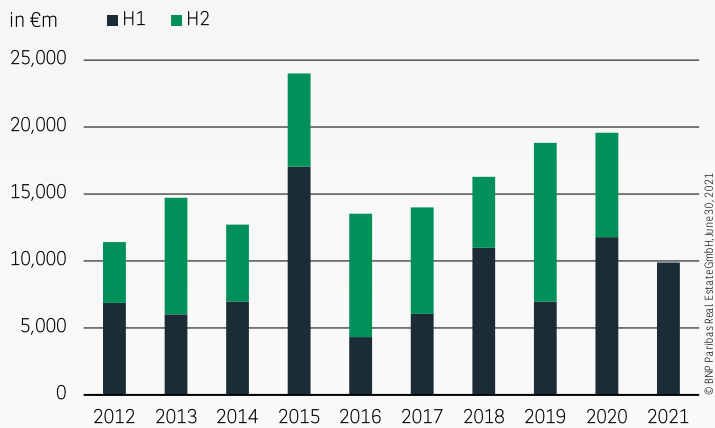




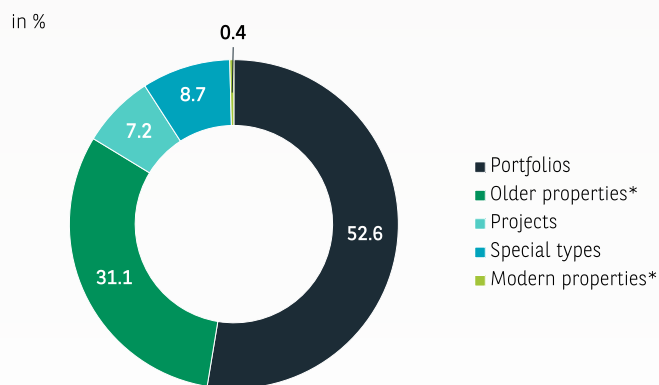
At a Glance **Q2 2021**

RESIDENTIAL INVESTMENT MARKET GERMANY

Investment volume residential portfolios

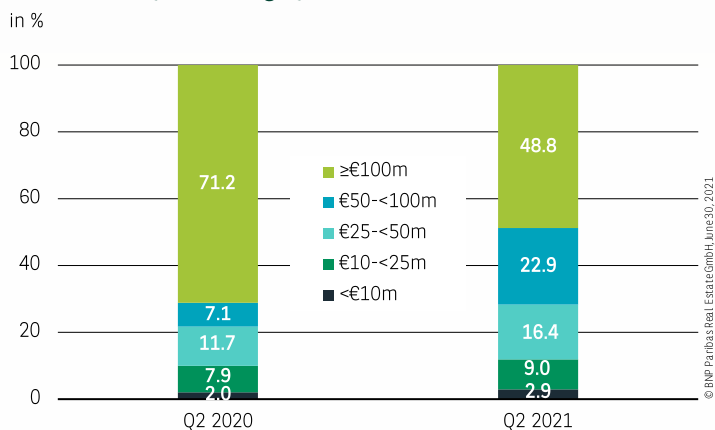


Investments by asset class Q2 2021



* Block sales in one location

Investments by size category



TRANSACTION VOLUME ABOVE LONG-TERM AVERAGE

Despite the pandemic environment, the German residential investment markets are developing positively. Investor interest remains high. In the first six months of the year, just under €9.9 billion was invested in larger residential portfolios (30 units or more) throughout Germany. Although this is 16% lower than in the same period of the previous year, the decrease is of little significance due to the acquisition of Adler Real Estate by Ado Properties in the same period 2020. As no comparable mega-deal has been registered so far this year, the ten-year average is more appropriate as a benchmark. This was exceeded by almost 14%. How strong the recent result was shows the thorough analysis of the second quarter. At almost €3.5 billion, this was the best Q2 transaction volume in the last six years. A total of 17 sales in the triple-digit million range have been registered so far. An indication of the continued lively market activity is also the number of deals recorded, which is again in the range of 200 transactions. The only limiting factor at the moment is the insufficient supply. A multiple of the invested capital is waiting on the sidelines to be invested in German residential real estate as well.

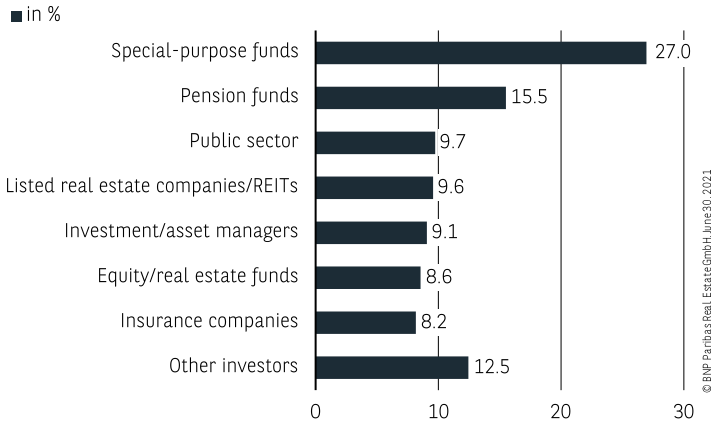
NEW RECORD FOR PROPERTY DEVELOPMENTS

Although portfolios again account for the lion's share of transaction volume, at just under 53% this is noticeably lower than in most previous years. By contrast, project acquisitions set a new record. In total, they contributed over €3.07 billion to earnings, exceeding their previous record from 2018 by almost 40%. In terms of total investment volume, they are thus responsible for a good 31%; a level that has only been reached once before (2017). Investors are therefore banking on a continued positive development of the housing markets with corresponding potential for value appreciation. Special types of housing, which include student residences and assisted living, account for €858 million (just short of 9%).

DEMAND IN ALL MARKET SEGMENTS

At around 49%, almost half of the result is attributable to large deals in the triple-digit million range. However, the proportion is significantly under-proportional and around 11 percentage points lower than the ten-year average. In the same period last year, for example, it was a good 71%. By contrast, all other size categories increased their share of sales. Deals between €50 million and €100 million (23%) came second, with sales of €25 million to €50 million (a good 16%) in third place on the podium.

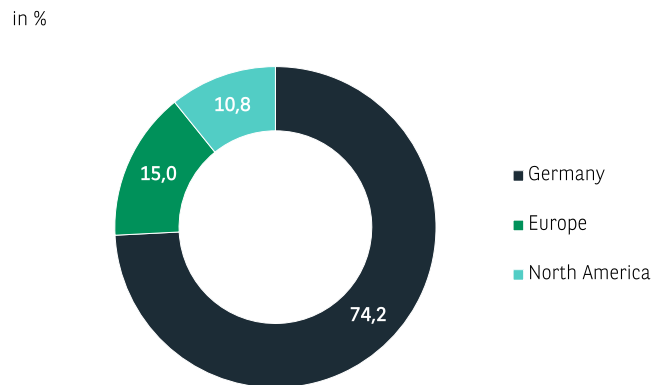
Investments by buyer group Q2 2021



➤ BROAD RANGE OF INVESTORS

Unlike in some previous years, when listed real estate companies were lonely at the top due to takeovers, a large number of different investors are currently involved in the market. Special-purpose funds lead the way with a 27% share of sales, followed by pension funds with 15.5%. However, the public sector, mainly through its housing companies, as well as listed real estate companies and investment managers also contribute transaction volumes of between 9% and 10%. The balance of the investor spectrum underlines the confidence in German housing stocks with stable and secure cash flows. The proportion of foreign buyers is comparatively high at just over 24%.

Investments by origin of capital Q2 2021



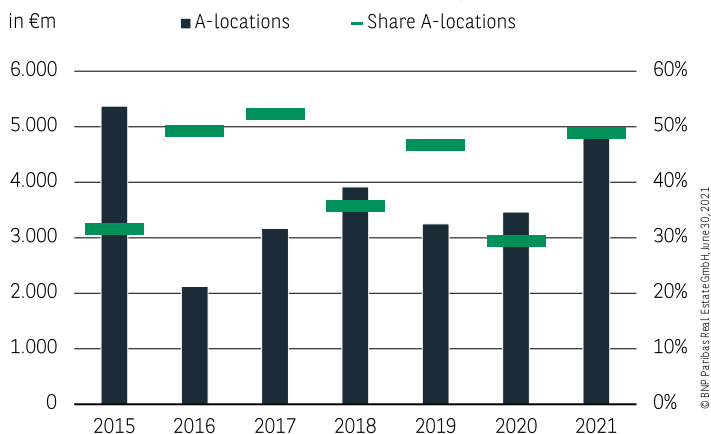
➤ PRICES CONTINUE TO RISE

Due to the insufficient supply and the resulting competition for attractive investment products, pressure on prices persists. This applies to both existing and newly built properties. In Germany's A-locations, net prime yields in the new-build segment are now 2.75% or lower. As expected, Munich is the most expensive location, with a prime yield of 2.55%. But in Berlin, too, it is now 2.65%.

➤ A-LOCATIONS IN DEMAND AS EVER

While the share of A-locations in the nationwide transaction volume fell significantly last year, it has risen again in 2021 to around 49%, thus again reaching a top level. A total of €4.83 billion was invested in the seven major metropolitan areas, the best result since 2015. Berlin once more accounted for the highest volume with €1.44 billion, followed by Munich (€954 million), Frankfurt with €753 million and Hamburg, where €678 million was recorded. However, Düsseldorf, Cologne and Stuttgart also registered larger transaction volumes in the first half of the year, ranging between €270 million and €380 million.

Investment volume A-locations and share of total volume Q2



➤ OUTLOOK

Strong demand with correspondingly high transaction volumes is also expected for the second half of the year. For this reason, further declining yields cannot be ruled out in selected cases. It should also be noted that the takeover of Deutsche Wohnen AG by Vonovia has now been approved by the German Federal Cartel Office, meaning that the transaction is likely to be completed in the second half of the year. This implies that, driven by this major acquisition, a new, one-off record level of sales is on the horizon. Including the aforementioned deal, a full-year result between €45 billion and €50 billion appears quite realistic. Together with the commercial investment volume, there is thus a certain chance that the magic mark of €100 billion could be exceeded in the German investment market for the first time ever in 2021.

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