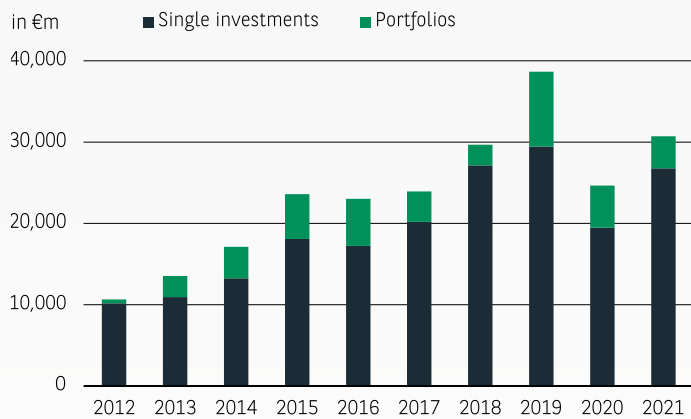




At a Glance **Q4 2021**

OFFICE INVESTMENT MARKET GERMANY

Office investments in Germany

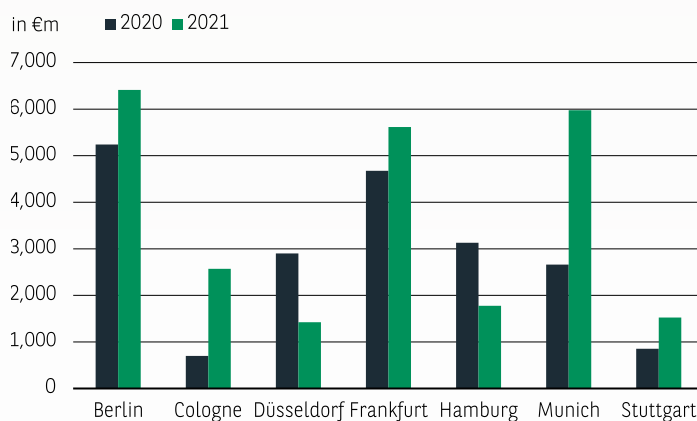


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OFFICE INVESTMENTS BREAK THE 30 BILLION MARK

Despite the ongoing corona pandemic and the associated uncertainties regarding overall economic development, German office properties continue to be the focus of national and international investors. At the end of the year, a transaction volume of around €30.7 billion was recorded, the second-best figure ever registered. In addition, the result is a good 30% above the ten-year average. In a comparison of the different property categories, offices remain the most popular asset class with a share of just under 48%. The high proportion of large-volume single deals is particularly noteworthy. A total of 61 sales in the triple-digit million range were recorded. Of these, several are also beyond the €500 million threshold, such as the purchases of Uptown, Highlight Towers and Elementum in Munich or Skyper in Frankfurt brokered by BNPPRE. The good performance on the office leasing markets has once again reinforced the high level of investor confidence that the office will remain the focal point for employees in the future - despite the Corona pandemic and the associated higher home office usage.

Office investments in the A-locations

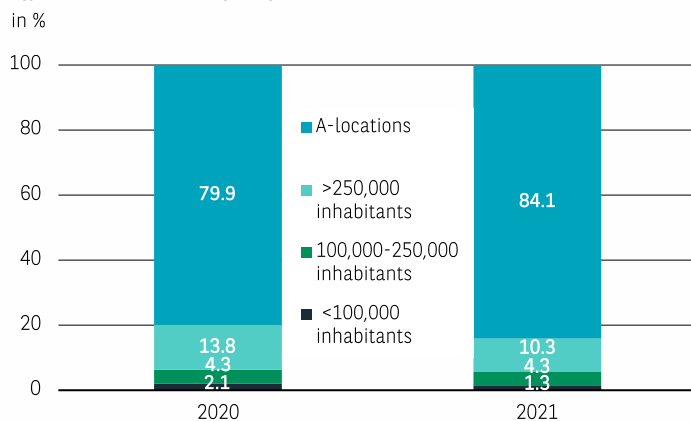


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BERLIN AND MUNICH WITH STRONG YEAR-END RALLY

With Frankfurt still showing the highest office transaction volume until the end of the third quarter, Berlin and Munich are now in first and second place after an impressive year-end rally. With a year-end result of around €6.41 billion in Berlin and around €5.98 billion in Munich, both cities can boast the second-best annual result ever recorded. Compared with the previous year, Frankfurt (€5.62 billion; +20%), Cologne (€2.57 billion; +267%) and Stuttgart (€1.52 billion; +78%) also showed significant growth. By contrast, Düsseldorf (€1.42 billion; -51%) and Hamburg (€1.78 billion; -43%) were not quite able to match the previous year's results.

Office investments by city size

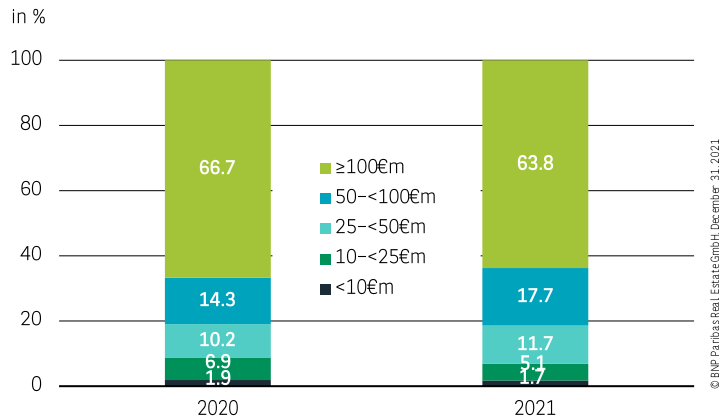


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INVESTORS FOCUS ON A-LOCATIONS

The analysis of individual office transactions by city category reveals a clear focus on the part of investors: Around 84% of the volume in 2021 was attributable to A-locations. The major German metropolises are also viewed internationally as safe havens and represent popular investment locations, particularly in times of macroeconomic uncertainty. At around 10%, cities with more than 250,000 inhabitants play only a minor role, but this is due not only to investors' higher risk assessment but also to the insufficient supply of investment opportunities.

Office investments by € category



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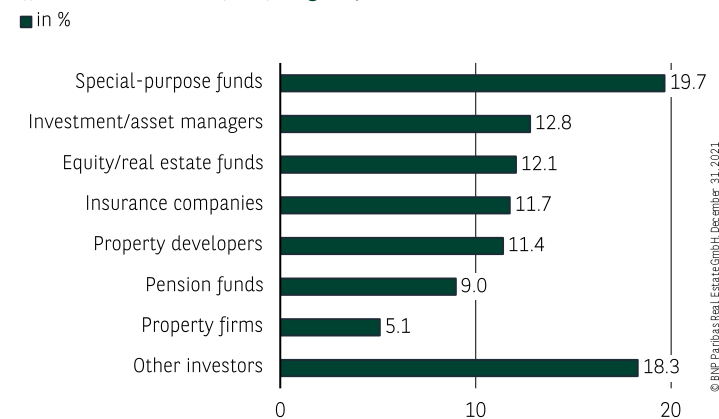
➤ BIG TICKETS DOMINATE THE MARKET

As in the previous year, big-ticket transactions with a volume of over €100 million dominate the market. In the course of the year, around 70 deals were registered in this size segment throughout Germany, which in total contributed almost 64% to the result. A large number of contracts were signed in this segment, particularly in the final quarter. The largest office transaction of 2021 is the forward deal for Frankfurt's T1, which was supported by BNPPRE in its buy-side mandate, with a sales price of around €1.4 billion. Compared with the previous year, the €50 million to €100 million size category (18%) and the €10 million to €25 million segment (12%) also saw growth, not only proportionately but also in terms of absolute capital invested.

➤ SPECIAL-PURPOSE FUNDS IN THE LEAD

The fact that no less than five investor groups made a double-digit contribution to the overall investment volume illustrates the high level of interest shown by various market players in German office properties. As in the previous year, special-purpose funds secured the largest share of the total volume with just under 20%, followed by investment managers with 13%. In third and fourth place are equity/real estate funds and insurance companies, each with around 12%. However, property developers also played an equally active role in the market, contributing a good 11%.

Office investments by buyer group 2021

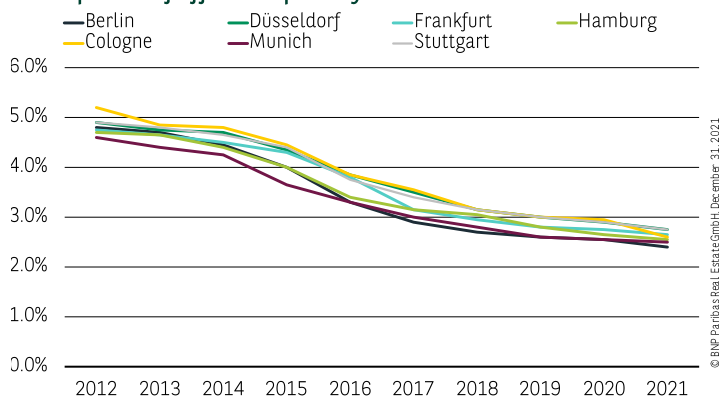


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➤ PRIME YIELDS DOWN AT ALL LOCATIONS

In the course of 2021, a further compression of net prime yields for office properties was observed in all A locations. This is not surprising given the continued high demand and lack of core product. The lowest net prime yields are still in Berlin (2.40%), Munich (2.50%) and Hamburg (2.55%). A further reduction since the end of September could be observed in Cologne (2.60%; -20 basis points), Frankfurt (2.65%; -5 basis points) and in Düsseldorf as well as Stuttgart (both 2.75%; -10 basis points).

Development of office net prime yields



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➤ OUTLOOK

Against the backdrop of dynamic activity on the investment market in 2021 despite the Corona pandemic, the new year can be viewed with optimism. Even with higher inflation in the longer term and possibly slightly rising interest rates, financing conditions would still be very favorable from a historical perspective, meaning that real estate investments would remain extremely attractive from a risk-reward perspective. From today's perspective, it is therefore not unlikely that transaction volumes will remain above average by long-term comparison in 2022. This could lead to a further slight decline in yields in individual cases.

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