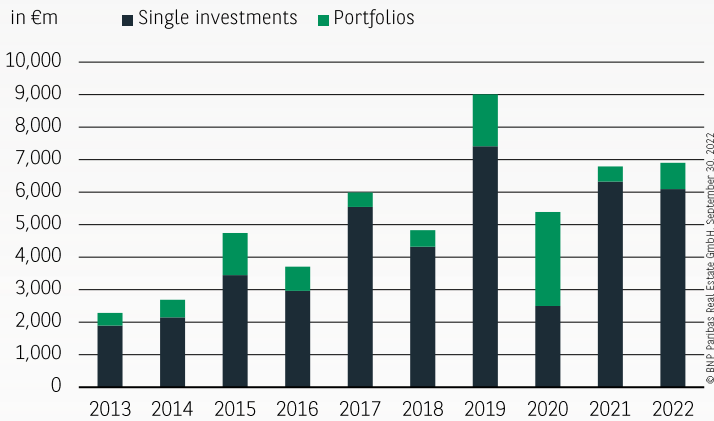




At a Glance **Q3 2022**

INVESTMENT MARKET BERLIN

Investment volume Q1-3



BERLIN INVESTMENT MARKET REMAINS ON TRACK

Berlin's investment market remains on track despite higher cost of financing and other economic disturbances. With a transaction volume of €6.9 billion in the first three quarters, the second-best result ever was achieved; the volume was only higher in 2019. At the same time, the already very good prior-year result was exceeded by 2%. It is especially remarkable that in all three quarters of 2022, despite a completely different financial and economic environment, investment volumes surpassed the €2 billion mark. At just under €2.3 billion, the transaction volume in the third quarter was about 8% higher than in Q2. This is an impressive proof of investors' belief in the capital city's positive long-term outlook. This is underlined by the relatively low share of portfolio transactions, at 12%. Therefore, it is not surprising that Berlin has once again ranked at the top of the most important German investment locations by a significant margin. Among the most prestigious transactions are Norges' 50% participation in the Sony Center and ABG's sale of VoltAir, also to Norges.

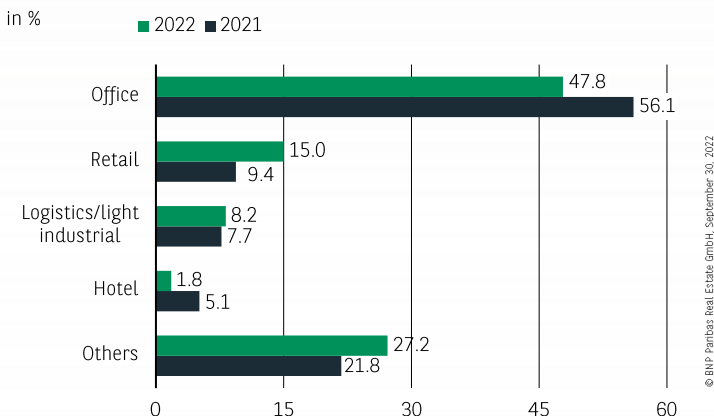
Investments by € category Q1-3



LARGE DEALS AT PREVIOUS YEAR'S LEVEL

The very good result for the first nine months was only possible due to several large deals that were signed despite the difficult environment. With a share of 60%, three-digit million transactions contributed significantly to the current volume. The share remains roughly at the level of the last five years. A total of 17 transactions in this size category were recorded to date. Deals between €50 million and €100 million follow closely behind with 18%, as well as properties between €25 million and €50 million, which account for 14.5%. Investments in the smaller categories up to €25 million performed at a similar level to the previous year, at around 8%.

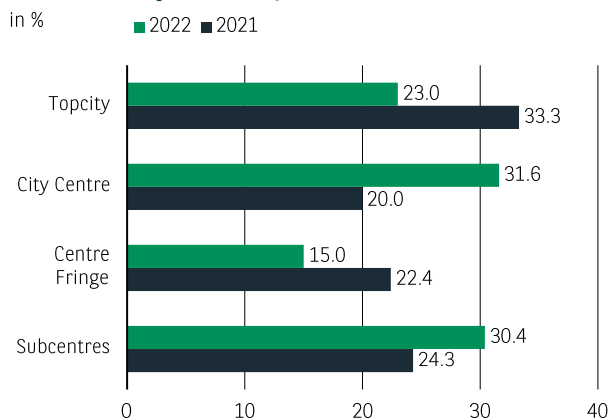
Investments by type of property Q1-3



DEVELOPMENT SITES IN HIGH DEMAND

The distribution of volumes among the types of properties provides some interesting aspects. As expected, most investments were placed in office properties, which contributed 48% of total volume. However, this is somewhat below average. Retail properties follow with 15%, whereby the majority is attributable to high-street properties, as well as logistics properties with a good 8%. The high share of Other properties (27%) is particularly remarkable. Around half of this is attributable to development sites. However, large mixed-use properties also generate significant shares.

Investments by location Q1-3

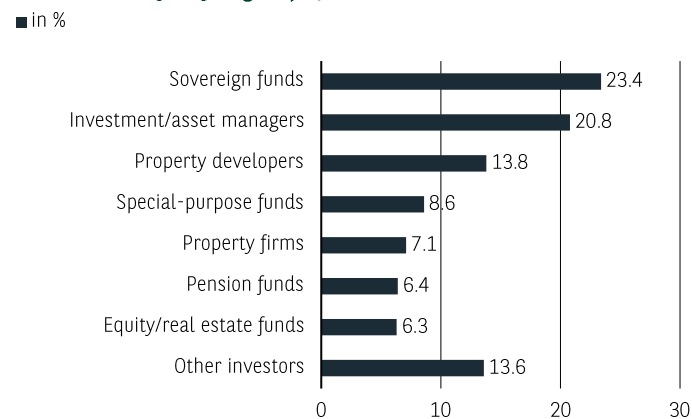


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➤ TYPICALLY BROAD DISTRIBUTION ACROSS LOCATIONS

Compared to other locations, Berlin's market is characterized by a broad distribution of investments across all locations. This has again been confirmed so far this year. City centre and Subcentre are almost tied at the top with just under 32% and a good 30% respectively. However, Topcity also accounts for a high share, at 23%. This share would definitely be even higher given a larger supply. A similar picture can be seen in the Centre Fringe, which contributes 15%. This distribution, however, reflects the prevailing belief among investors that the capital city offers great potential and that even peripheral and/or suburban locations are likely to perform above average in the future.

Investments by buyer group Q1-3 2022



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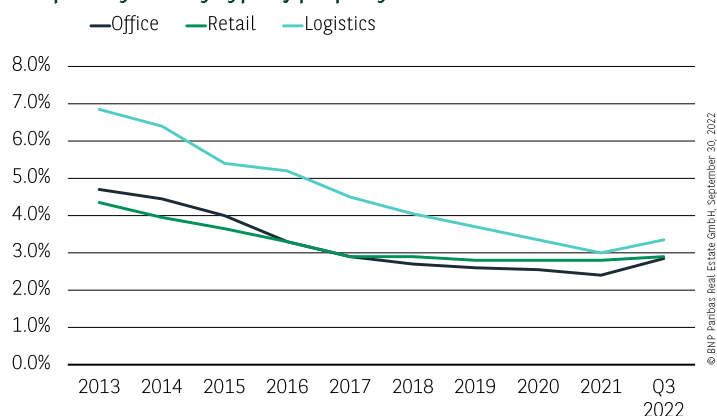
➤ THREE INVESTOR GROUPS WITH DOUBLE-DIGIT SHARES

Three investor groups account for around two-thirds of the result. Sovereign funds took the lead with a share of just over 23%, with Norges accounting for most due to the two major transactions. Investment managers follow in second place by a small distance, contributing almost 21%. Property developers complete the podium, with 14% underlining their impressive confidence in the capital's positive medium- and long-term outlook.

➤ CONTINUING YIELD EXPANSION

The significant increase in financing costs resulted as expected in higher yields, which continued to expand in the third quarter. Currently, the net prime yield for office properties is 2.85%. This means that Berlin has lost its top position, now held by Munich (2.80%). The prime yield for logistics properties has also increased by 25 basis points, and is now quoting at 3.35%. Prime yields for highstreet properties also increased slightly to 2.90%.

Net prime yields by type of property



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➤ OUTLOOK

Despite the very good and, above all, stable demand, rising financing costs and an economic slowdown are likely to have an impact on the further development of the investment market in Berlin. Against this background, the year-end rally in the capital should be more subdued than traditionally the case. The rising trend in yields is also likely to continue in the final quarter as further interest rate hikes are expected. Nevertheless, it is undisputed that in the future Berlin will remain one of the most promising European cities for investors due to its high upside potential.

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