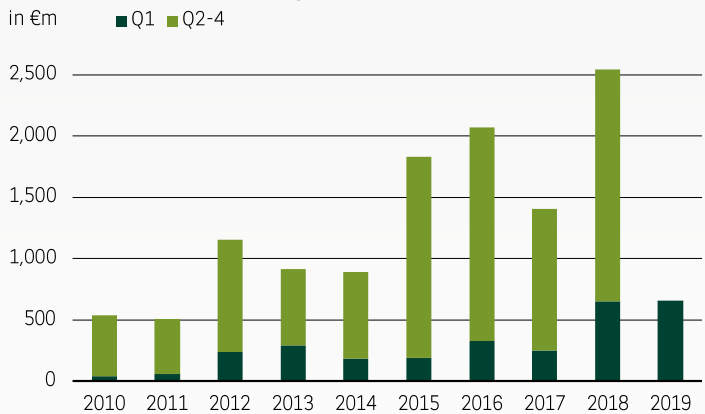




At a Glance **Q1 2019**

INVESTMENT MARKET STUTTGART

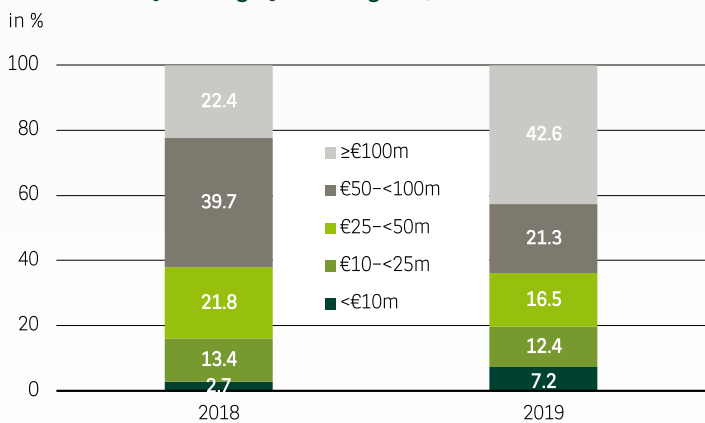
Investment volume in Stuttgart



NEW INVESTMENT RECORD

The Stuttgart investment market continues the brilliant development from 2018 and starts the year again with a record result. With a transaction volume of 658 million €, the already exceptionally good prior-year quarter was exceeded by around 1 % and the ten-year average by a whopping 129 %. The rather cautious start to the year in many other cities also meant that Baden-Württemberg's state capital was able to place itself for the first time in a comparison of German A-locations second only to Berlin. In particular, the continued dynamic development in individual transactions is a sales driver, with the result that all analysed sales in the first quarter are included in this category. In addition to the very brisk market activity recorded with 21 transactions, the good quarterly result is primarily directly related to the sale of the Königsbaupassagen for around 280 million €.

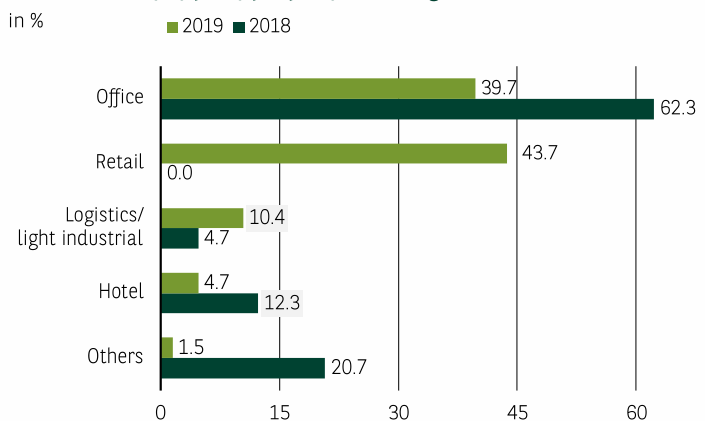
Investments by € category in Stuttgart Q1



LARGE DEALS CONTINUE TO GAIN SHARES

This large-volume transaction is reflected in an unusual distribution of investments by size class for Stuttgart. While the overall result has often been dominated by medium-sized transactions in recent years, in the first quarter around 43 % of the total volume was accounted for by contracts worth more than 100 million €. Although major deals worth more than 50 million € account for around 64 % of the volume, the smaller properties worth less than 10 million € are also showing an increase in importance. The result in this class increased from around 18 million € to 47 million €, which now corresponds to approx. 7 %.

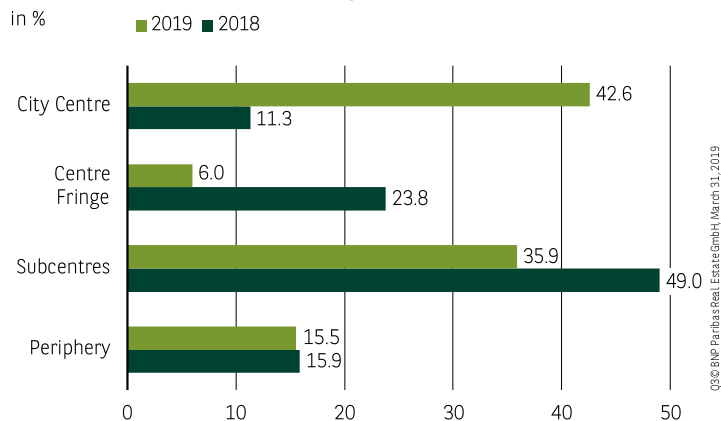
Investments by type of property in Stuttgart Q1



OFFICES IN SECOND PLACE ONLY

At the beginning of the year, office investments, which traditionally generate very high turnover, are only in second place in the asset class ranking. Due to a significant decline in turnover compared to the previous year (-35 %) and the large-volume sale of the Königsbaupassagen, which is part of the retail segment, office properties now account for only around 40 %. Retail properties on the other hand present themselves as the front-runners with a share of approx. 44 %, while they did not play a role at all in the same period of the previous year. In third place are logistics properties with around 10 %, whose turnover volume more than doubled compared to the previous year, followed by hotels (approx. 5 %), where a significant decline can be recorded.

Investments by location in Stuttgart Q1

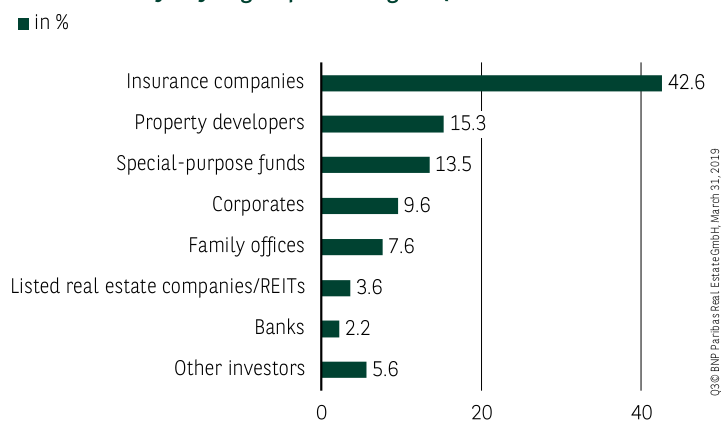


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CITY CENTRE NEW LEADER

The sale of the Königsbaupassagen also shifts the balance of power in the distribution of investments over the market area. Despite the continuing supply bottleneck there, approximately 43 % of the total volume was generated in the City Centre, which is equivalent to a jump from fourth place to the top of the ranking compared to the previous year. Although more than half of the transactions can be located in the usually very strong Subcentres, these lost significant turnover and are in second place with a share of around 36 %. In third place comes the Periphery (approx. 16 %), which is stable compared to the first quarter of 2018. The Centre Fringe is in last place with 6 %.

Investments by buyer group in Stuttgart Q1 2019



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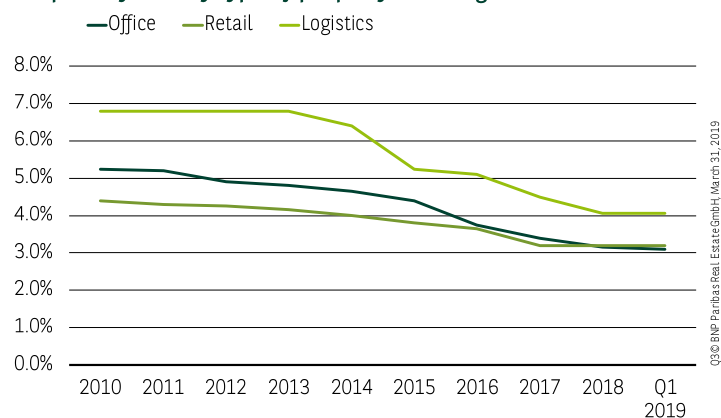
STUTTGART ALSO POPULAR ABROAD

In the first quarter of 2019, the Stuttgart investment market will remain interesting for a large number of different investor types. The share of foreign investors, at around 55 %, is at a very high level compared to the A-locations and is only topped by Frankfurt. As a result of the exceptional transaction already mentioned several times, insurance companies (approx. 43 %) are by far at the top of the buyer group distribution. In second place are property developers who are responsible for the purchase of the Albplatz Forum, among other things. In third place are corporates, such as Vector Consulting, who have acquired their previously leased office property from Alstria. Family offices (approx. 8 %), listed real estate companies/REITs (approx. 4 %) and banks (approx. 2 %) follow in the other places.

YIELDS PREDOMINANTLY STABLE

After the net prime yields had declined noticeably for the most part in the course of 2018, they stabilised at the start of 2019. Yields for logistics properties remained unchanged at 4.05 %, while offices fell only slightly by 5 basis points to 3.10 %. Retail properties in prime locations have been stable for some time and continue to achieve 3.20 %.

Net prime yields by type of property in Stuttgart



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PERSPECTIVES

The second record year in a row illustrates Stuttgart's rapid development into one of the most attractive investment locations in Germany. Due to the continuing good economic conditions and the broad interest of investors, especially from abroad, the market is expected to remain buoyant for the rest of the year. Whether the exceptional result can also be repeated at the level of the year as a whole will, however, largely depend on the large-volume investment offering.

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