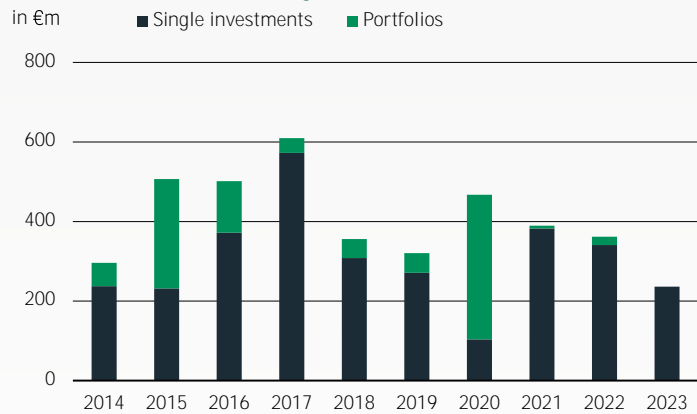




At a Glance **Q2 2023**

INVESTMENT MARKET LEIPZIG

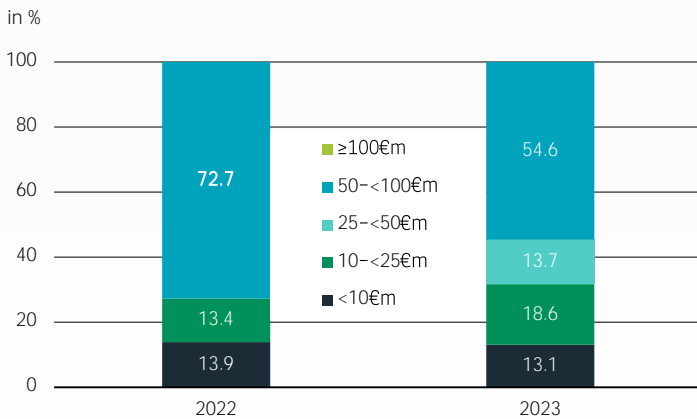
Investment volume in Leipzig



LEIPZIG INVESTMENT MARKET REMARKABLY ROBUST

By mid-2023, the investment volume for commercial real estate in the Leipzig market area amounts to € 236 million. This corresponds to a decline of almost 35% compared to the previous year's period and a drop of almost 42% in a long-term comparison. Despite this downward trend, Leipzig's investment market is remarkably robust compared to the rest of Germany. Investment volume across Germany fell by 68% compared to the previous year, which also applies to the A-locations (69%). Single transactions account for 100% of the current result in Leipzig. Portfolio deals have not yet been included in the result to date. As usual, the Leipzig investment market is dominated by German investors, who again account for 92% of the market activity in the current year. Their transaction volume has only fallen by 18.5% compared to 2022 and is even slightly above the 10-year average. The main reason for the reduced investment momentum is the hesitation of foreign investors, which can be seen all over Germany.

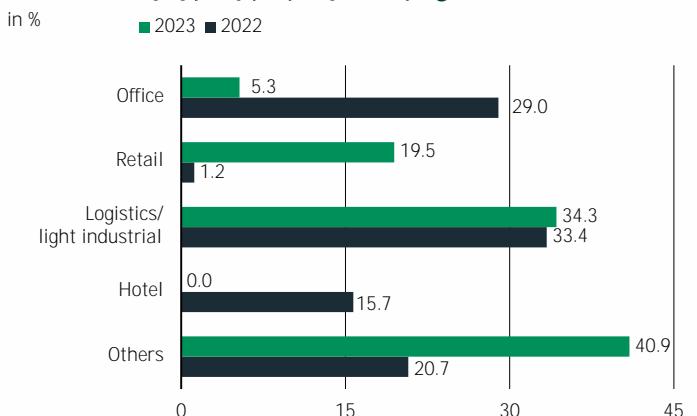
Investments by € category in Leipzig H1



STILL NO DEAL ABOVE €100 MILLION

As in the other German real estate strongholds, transactions in the triple-digit million range remain rare in the current market environment. This was also the case in Leipzig in the first half of the year. On the other hand, there were two transactions above the €50 million mark. The registered volume in this category is only about 25% below the long-term average. The transaction of a community centre accounts for the 14% share of the € 25 to 50 million category. The good performance in the € 10 to 25 million segment, also compared to the previous year (-9.5%), is attributable to various transactions, like the acquisition of a development site by BMW.

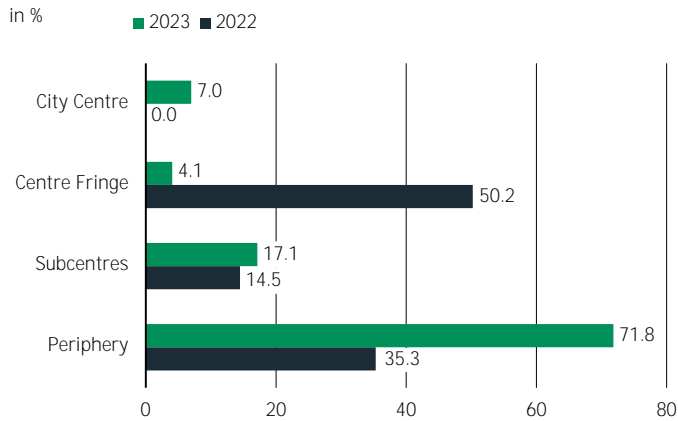
Investments by type of property in Leipzig H1



LOGISTICS REMAIN STRONGEST ASSET CLASS

This high market share (a good 34%) of the logistics assets is primarily due to the transaction of Mytheresa's property in Schkeuditz, which was already registered in the first quarter. The high retail share of 19.5% is mainly attributable to the above-mentioned community centre. The Other category is currently predominant in the market and includes acquisitions of the highly demanded development sites in Leipzig. The high potential which investors perceive in the Leipzig market is reflected here by the fact that these plots are mainly in the Subcentres and the Periphery.

Investments by location in Leipzig H1

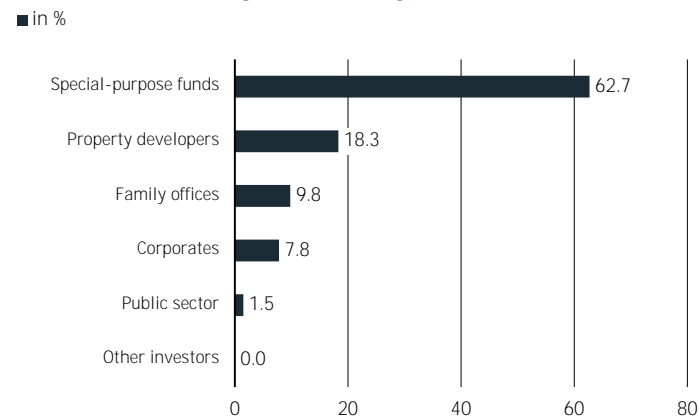


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PERIPHERY CURRENTLY THE MAIN FOCUS OF INVESTMENT

Almost 72% of the transaction volume registered to date has been invested in Leipzig's periphery, including the BMW site, the logistics property used by Mytheresa, as well as various development sites and nursing homes. It is a very good sign for the Leipzig market that investors believe there is great potential and value in peripheral locations as well. The advanced and in some cases already completed price-finding phase certainly plays a decisive role here. The subcentres achieve a market share of around 17%. Investment volumes in the City Centre and Centre Fringe fall clearly short of the long-term average. This trend is driven on the one hand by the noticeable lack of supply and on the other hand by the continued price gap between buyers and sellers.

Investments by buyer group in Leipzig H1 2023



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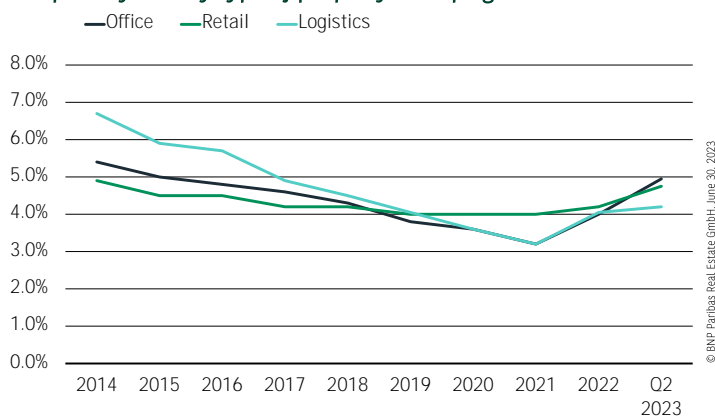
SPECIAL-PURPOSE FUNDS AT TOP DUE TO BIG DEALS

Special-purpose funds rank clearly in first place due to some large deals and achieve a market share of around 63%. At almost € 150 million, the absolute volume invested is 150% higher than the long-term average. As previously mentioned, the logistics property occupied by Mytheresa was a decisive factor here. But also a senior housing project at Lake Zwenkau weighs heavily. In second place come property developers with € 43 million and a share of more than 18%. This impressively underlines the positive expectations that this group of investors attributes to the city of Leipzig. Family offices rank third with around 10% (€ 23 million) and are therefore slightly higher represented than in the previous year.

FURTHER YIELD EXPANSION

The still difficult financial conditions continue to have an impact on investors' yield expectations during the second quarter. The net prime yield for Leipzig office properties increased by 45 basis points within the past three months to now 4.95%. Retail high-street properties currently stand at 4.75% (+20 bp). Logistics properties, on the other hand, only rose by 5 basis points and currently stand at 4.20%.

Net prime yields by type of property in Leipzig



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OUTLOOK

Given the drastic decline in investment activity all over Germany, the Leipzig real estate market managed to still record a comparatively solid first half of the year. The price finding process seems to be considerably advanced here, so that a few noteworthy transactions are already being concluded, which elsewhere seem to be unthinkable at the moment. It is therefore likely that the low point will soon be reached both in terms of investment volume and the still expected yield expansion.

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