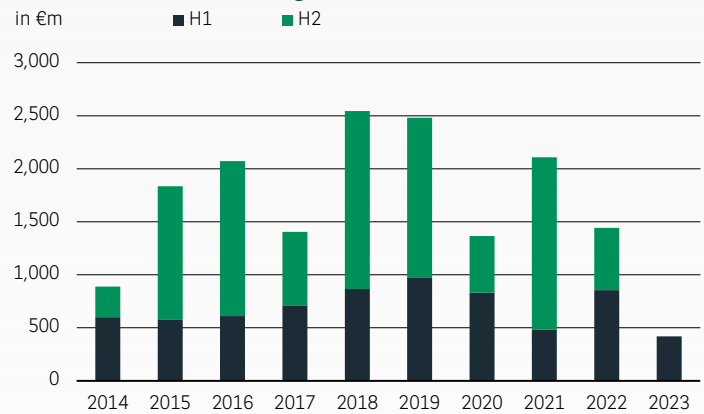




At a Glance **Q2 2023**

INVESTMENT MARKET STUTTGART

Investment volume in Stuttgart

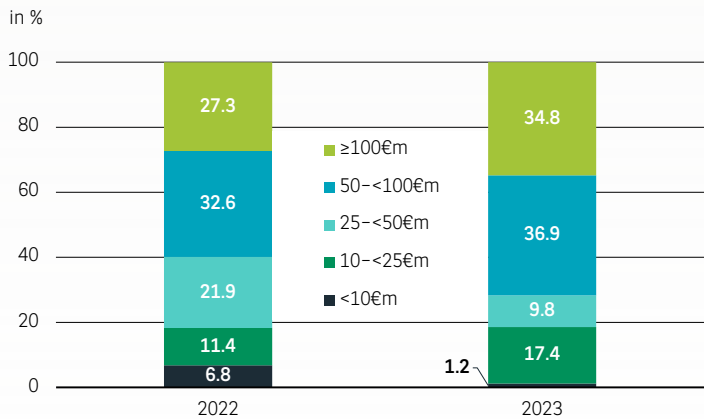


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MARKET IN MOTION, ONLY MODERATE TRANSACTION VOLUME

In the first half of the year, market activity on the commercial investment market was decisively influenced by the challenging financing environment and the overall economic situation, both nationwide and in the individual top markets. Against this background, it is not surprising that the volume of transactions on the Stuttgart investment market in the first half of the year was relatively low compared with the previous year and also in a long-term comparison. A total of around €420 million was invested in the capital of Baden-Württemberg, giving Stuttgart an interim result comparable to the A-cities of Hamburg (€464 million), Düsseldorf (€461 million) and Frankfurt (€444 million), which all achieved volumes of between €400 and €500 million. This also underlines the location-independence of the difficult investment market environment. With a low number of transactions, the average volume per deal (€42 million) was comparatively high, to which the disposal of the Calwer Passage in the second quarter was a major contributor.

Investments by € category in Stuttgart H1

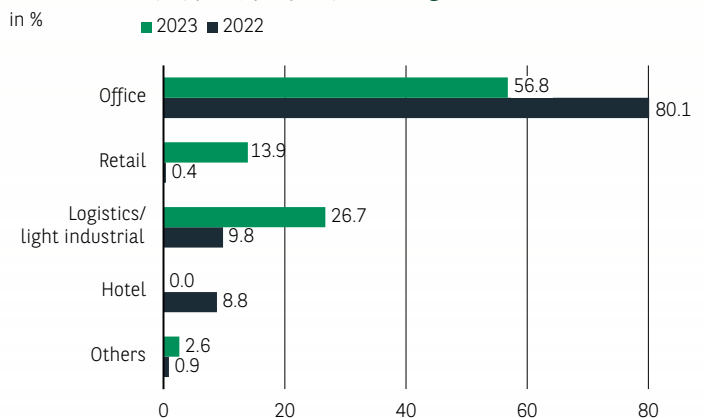


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SINGLE DEALS ABOVE € 50 MILLION HAVE A DECISIVE IMPACT

Due to the fact that comparatively few investments have been registered so far this year, individual deals have a major influence on the size class distribution. In this context, the Calwer Passage, which is responsible for a share of just under 35% in the triple-digit million range, as well as the Bauknecht Business Park and the Galeria property in Eberhardstrasse are particularly significant in the transactions between €50 million to €100 million (a share of almost 37%). Smaller and medium-sized properties up to €50 million collectively account for a further good 28%.

Investments by type of property in Stuttgart H1

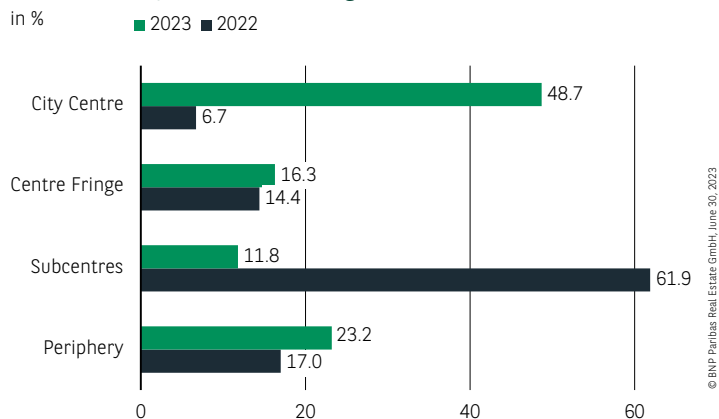


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CALWER PASSAGE IS ONE OF THE TOP OFFICE DEALS

The aforementioned major transactions are also reflected in the ranking of property types. Accordingly, office investments by Calwer Passage, which generates the majority of its rental income with office use, account for just under 57%. In this context, the Stuttgart investment market also accounted for one of the largest office transactions in Germany in the current year. Overall, however, transaction volume in the traditionally strongest asset class is below average. In addition, logistics properties make a decisive contribution to the overall result with just under 27%. Furthermore, retail investments account for almost 14%, while hotel disposals have not yet been recorded in the middle of the year.

Investments by location in Stuttgart H1

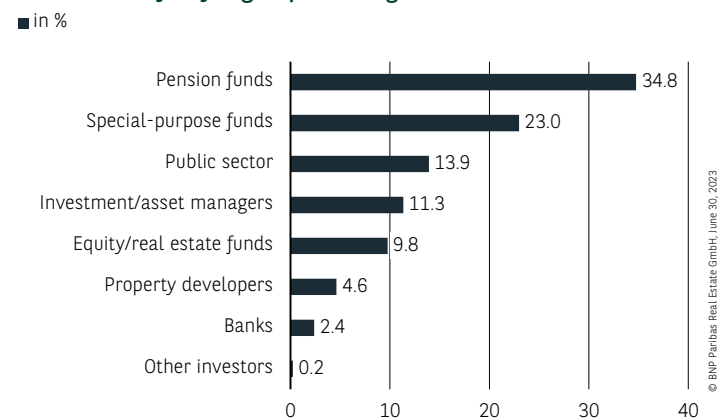


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CITY AND PHERIPHERY WITH HIGHEST CONTRIBUTIONS

Particularly in uncertain times, central locations with sustained good location quality are the focus of investors. This is also evident on the Stuttgart investment market: almost 49% of sales were made in City Center locations at mid-year, with the Calwer Passage and the Galeria property playing a major role in this as a result of the pre-emptive right exercised by the city of Stuttgart. In addition, these two major deals enabled Stuttgart's City Center to achieve an above-average result in the mid-year results. The generally subdued market activity in the office investment segment is mainly reflected on the Centre Fringe (a good 16%) and in Subcentre locations (almost 12%). Although most deals were registered in these submarkets, the low average volume per deal did not translate into high volumes. In the Periphery, the Bau-chknecht Business Park is responsible for the result, which currently accounts for a good 23%.

Investments by buyer group in Stuttgart H1 2023

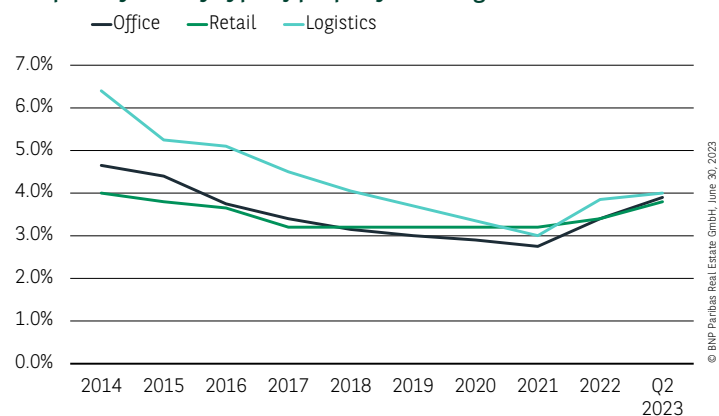


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TWO BUYERS ABOVE THE 20% MARK

The sale of Calwer Passage, in the form of Versicherungskammer Bayern, put this investor group at the top of the investor rankings with just under 35%. Quantum also added the Bauknecht Business Park in Fellbach to its light industrial portfolio, pushing the share of sales accounted by special funds to a good 23%. Double-digit contributions were also generated by the public sector in the course of the Galeria transaction (almost 14%), investment/asset managers (a good 11%) and equity/real estate funds (just under 10%). All other buyers account for less than 5% and thus have only a minor impact on the result.

Net prime yields by type of property in Stuttgart



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UPWARD TREND IN YIELDS CONTINUES

The fact that financing costs continue to determine market activity is reflected in the further rise in yields. Accordingly, the net prime yield for offices rose by 30 basis points to 3.9% in the second quarter. Inner-city commercial properties are also on the rise and, at 3.80%, are currently 20 basis points higher than three months ago. A slightly lighter increase can be observed in the logistics segment, which rose by 5 basis points to 4.00%.

OUTLOOK

The subdued sentiment on the investment markets was also reflected in Stuttgart in the first half of the year. However, the capital of Baden-Württemberg was able to benefit from a few large-volume transactions. In this context, the Calwer Passage in particular provides an example of how even larger office investments can be concluded again at a price level that works for both parties. However, it remains to be seen where the price levels will ultimately settle.

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