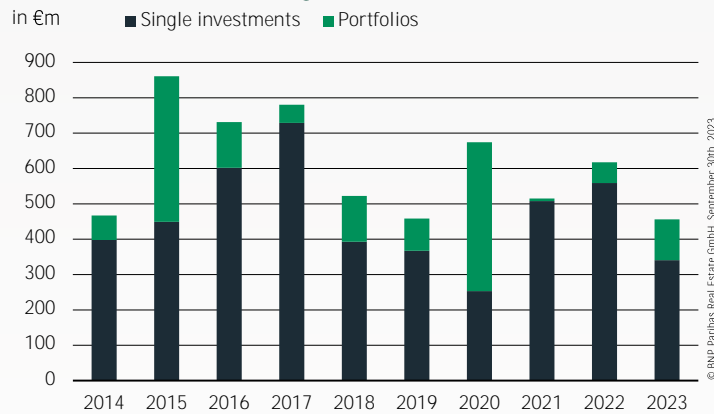




At a Glance **Q3 2023**

# INVESTMENT MARKET LEIPZIG

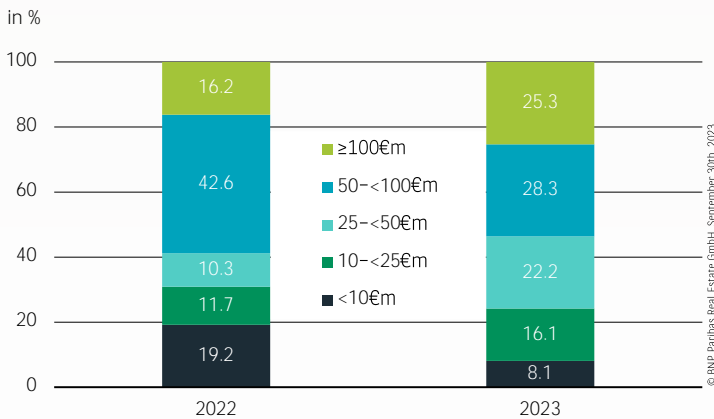
**Investment volume in Leipzig**



**LEIPZIG INVESTMENT MARKET REMARKABLY ROBUST**

After the first three quarters of 2023, the investment volume for commercial real estate in Leipzig amounts to €456 million. Although this means the investment volume is around 26% below the previous year's figure and around 25% below the long-term average, this is a very solid result in a national comparison. At around € 116 million, the volume of portfolio deals has almost doubled compared to the previous year. Portfolio deals also account for a slightly above-average share of total turnover with a quarter (Ø 10 years: 23%). This was due to the sale of a logistics property from a larger portfolio by Baytree Logistics Properties (AXA) to P3 Logistic Parks (Singaporean sovereign wealth fund). It is therefore not surprising that foreign investors account for a fairly high share of 38%.

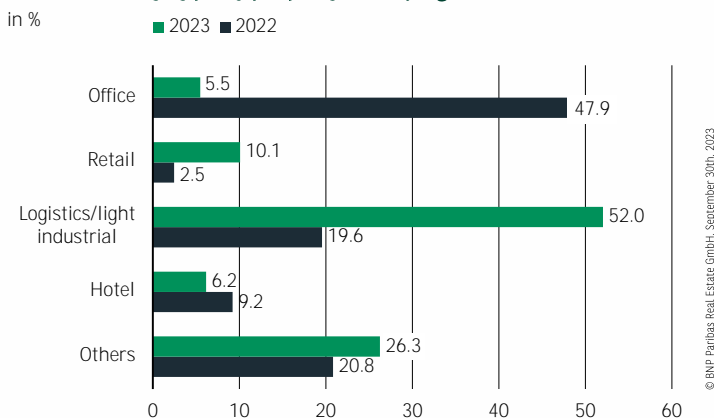
**Investments by € category in Leipzig Q1-Q3**



**LARGE-VOLUME SEGMENT COMPARATIVELY STRONG**

The segment of large deals over €100 million has a comparatively high share of a quarter of the total investment volume (Ø 10 years: 12%). However, the volume is only attributable to the large deal already mentioned. Medium-sized deals between €50 million and €100 million have an investment volume of €129 million or an above-average market share of 28% (Ø 10 years: 22%). The share of 22% of the segment between € 25 and 50 million is in the range of the long-term average. In the range between € 10 and 25 million, little was invested at € 73 million, similar to the previous year. Small deals of up to €10 million accounted for the smallest share (8%). Only €37 million was transacted in this segment.

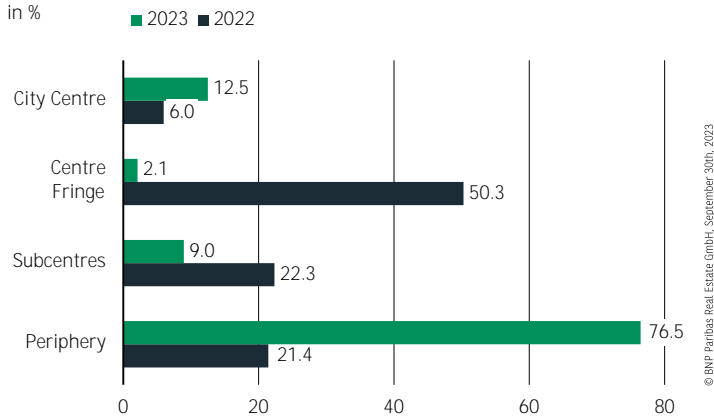
**Investments by type of property in Leipzig Q1-Q3**



**LOGISTICS REMAIN STRONGEST ASSET CLASS**

Logistics properties account for more than half (€ 237 million) of the total investment volume. On average over many years, the logistics asset class has a market share of only 14%. The sale of the "Coreport Leipzig II" in Schkeuditz and the aforementioned deal from P3 Logistic Parks made significant contributions to this. The collective category "Other", which also includes the purchases of the sought-after Leipzig development properties, achieved a result of €120 million in absolute terms, which is similar to the previous year's figure and represents an above-average share of 26%. At €46 million (10%), retail can at least top the previous year's result. On the other hand, office properties have an unusually low market share of just under 6% (Ø 10 years: 29%).

**Investments by location in Leipzig Q1-Q3**



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**PERIPHERY: THREE QUARTERS OF TURNOVER**

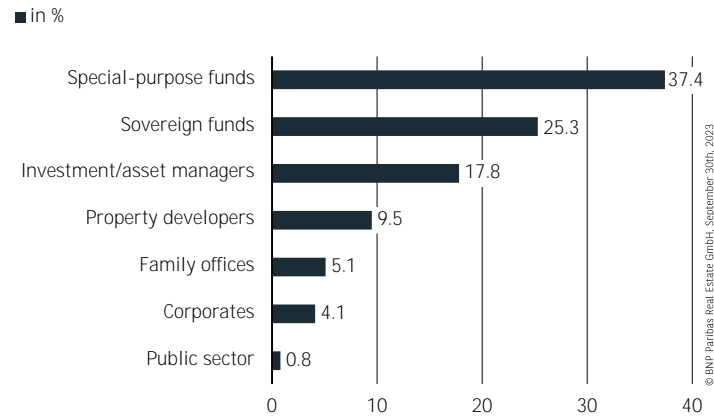
Almost Around 77% of the investment volume was placed in the Leipzig periphery. At €349 million, the highest volume to date was recorded here. This refer for the Leipzig investment market and also for the fact that investors check opportunities in less central locations. The subcentre locations have a market share of around 9%, which is significantly below the long-term average (Ø 10 years: 25%). In contrast, only €57 million was invested in the city centre and only €10 million in the centre fringe. Consequently the city centre with 13 % (Ø 10 years: 23%) and especially the centre fringe with 2 % (Ø 10 years: 27%) have clearly below-average market shares.

**SPECIAL AND SOVEREIGN WEALTH FUNDS DOMINANT**

Special-purpose funds are by far in the top position, due to some larger transactions. With a market share of 37% and an investment volume of €171 million (Ø 10 years: €76 million), new record values were registered for this buyer group in Leipzig. Sovereign funds follow in second place with a share of 25% (Ø 10 years: 3%), which is due to the major deal by P3 Logistic Parks. They are followed by investment/asset managers, who are clearly below the previous year's high figure, but with 18% have a market share above the average (10 years: 14%). Project developers still have a share in the double-digit percentage range (10%) in third place with € 43 million.

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**Investments by buyer group in Leipzig Q1-Q3 2023**

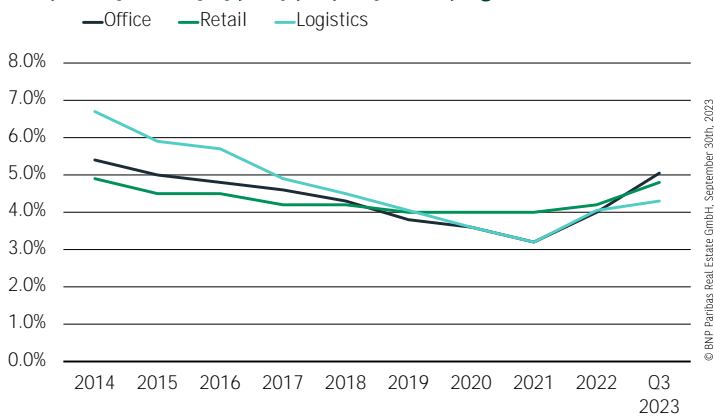


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**SLIGHT DECOMPRESSION OF NET PRIME YIELDS**

At 5 basis points, the yield increase for Leipzig commercial properties was the smallest among Leipzig's asset classes compared with the second quarter. The net prime yield currently stands at 4.80%. The net prime yields for office and logistics properties each rose by 10 basis points to 5.05% and 4.30%, respectively.

**Net prime yields by type of property in Leipzig**



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**OUTLOOK**

The increase in the cost of debt financing is also reflected in a further rise in prime yields. At 5 basis points, the yield increase for Leipzigs commercial properties was the lowest among the Leipzig asset classes compared to the second quarter. The net prime yield is currently 4.80 %. The net prime yields for office and logistics properties Against the background of the generally low momentum on the German investment markets, Leipzig can boast a solid result after the first nine months. The conclusion of some larger transactions suggests that the Leipzig investment market is already in a later phase of the consolidation cycle. Together with the already emerging trough in the Leipzig investment market and signals pointing to an end in the cycle of interest rate hikes, yields in Leipzig are likely to increase only slightly in 2024 and market momentum in the Leipzig investment market will pick up.

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