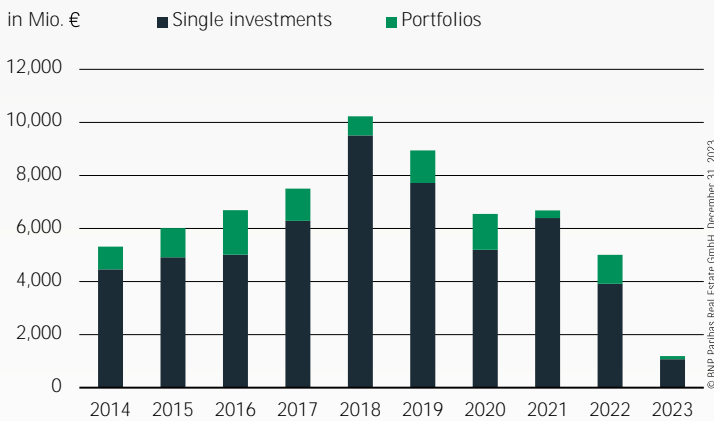




At a Glance **Q4 2023**

INVESTMENT MARKET FRANKFURT

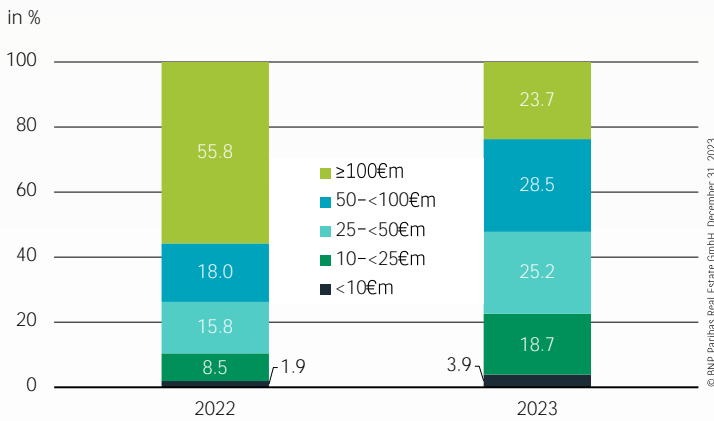
Investment volume



INVESTMENT VOLUME REMAINS LOW IN Q4

The investment volume in Frankfurt amounted to just under €1.2 billion, one of the weakest results of the year. Similar to other major German locations, it missed the previous year's result by around 76%. The financial metropolis recorded the highest decline among all A-locations. Investment activity remained subdued throughout the year and only €348 million was invested in the last three months. The expected year-end rally did not occur. As a result of the challenging environment, the Frankfurt market was particularly affected, with the office segment experiencing the strongest price correction due to changes in the interest rate environment. However, large-volume core transactions for office buildings have traditionally been the most important aspect of the Frankfurt market. There were no transactions of this kind recorded in 2023, indicating that Frankfurt's most significant market segment has almost entirely disappeared. Overall, the number of registered transactions, including some withdrawn by sellers, was very low.

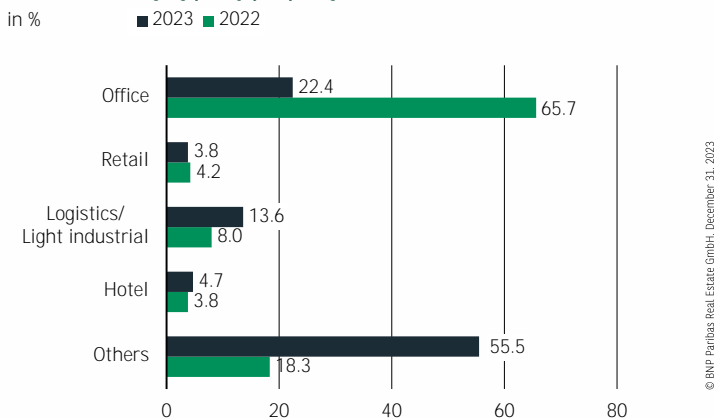
Investments by € category



90% DECLINE IN LARGE VOLUME DEALS

The distribution of investments across the size categories emphasises the extent to which the extended pricing phase has influenced market activity. The volume of major deals in the three-digit million range, which in the past were generally able to generate several billion euros in investment volume, declined by around 90% to just € 283 million. The share of total investment volume, which is 53% in a long-term comparison, fell to just under 24%. Overall, this indicates a fairly balanced participation of the size categories by Frankfurt standards. All categories with an investment volume of €10 million or more accounted for shares of between 19% and 29%.

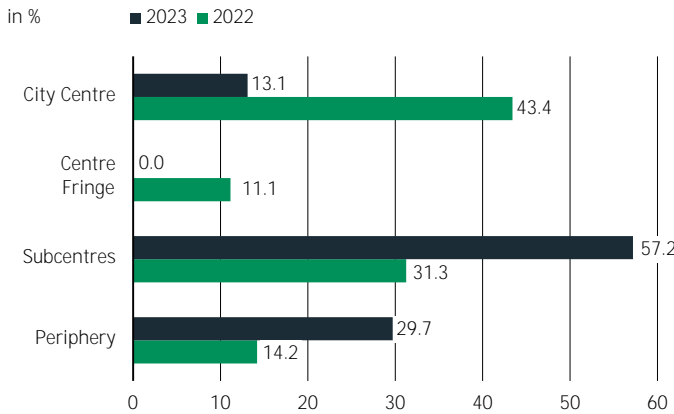
Investments by type of property



DEVELOPMENT PROPERTIES WITH THE HIGHEST SHARE

The outlined situation is reflected in the asset classes' distribution of the volume. Office buildings, which dominate the long-term average at around 70%, accounted for only 22 % in 2023. In absolute terms, transaction volumes were almost 92% lower than in the previous year. Market participants consider the weak result to be only a temporary phenomenon that is almost exclusively due to the sharp rise in interest rates, as evidenced by the fact that development properties accounted for around a third of transactions. Consequently, they account for the majority of the leading category, others.

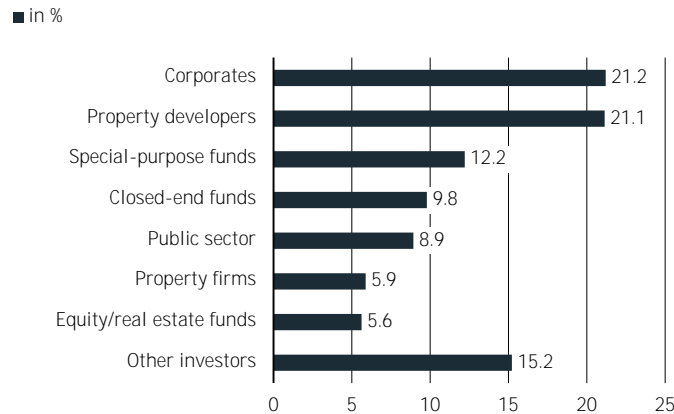
Investments by location



FOCUS ON SUBCENTRES AND PERIPHERY

The distribution of the volume also impressively reflects the investment environment. Due to the lack of major deals, the city centre locations only account for a combined share of 13%. On a long-term average, city centre and centre fringe locations account for around 60%. In contrast, subcentres and peripheral locations have gained noticeably in relative terms. Collectively, they account for 87% of the result. As a result, these locations are around 45 basis points above their long-term average. This is primarily due to the relatively high number of development properties, which contributed significantly to total volume.

Investments by buyer group 2023



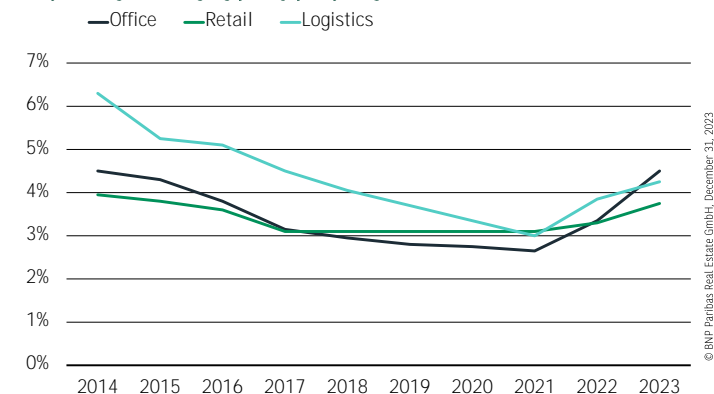
BUYER STRUCTURE CORRESPONDS TO THE ASSET CLASSES

In view of the transactions concluded, it is hardly surprising that the investor structure is different to that seen in the past. Among the active buyer groups, project developers and corporates are equally in the lead, each accounting for around 21% of transactions. This also reflects the high proportion of development properties in the result. In addition to project developers who want to participate in the expected market upturn in the coming years, several corporates, e.g. operators of data centres or hotels, have also secured plots of land to implement new projects. Following in third, fourth and fifth place are special-purpose funds with 12%, closed-end funds with just under 10% and the public sector with almost 9%.

AS EXPECTED: YIELDS SLIGHTLY HIGHER

As the central banks' interest rate cycle was not yet fully completed in the fourth quarter, net prime yields increased again slightly as expected. As a result, net prime yields for offices rose by a further 25 basis points to 4.50%. Logistics yields have also risen by a further 15 basis points to 4.25%. In contrast, prime yields for inner city commercial properties remained stable at 3.75%.

Net prime yields by type of property



OUTLOOK

The Frankfurt investment market is expected to face a challenging long-term environment in 2024. The economy is projected to recover more slowly than anticipated in mid-2023. On a positive note, interest rates seem to have peaked, although it may take some time before the market regains full liquidity, especially in the high-priced core office segment. However, due to the trend of increasing rents, investors may find attractive opportunities during the second half of the year. This should lead to a gradual recovery of the markets, and a noticeable increase in transaction volumes is expected in 2024.

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