

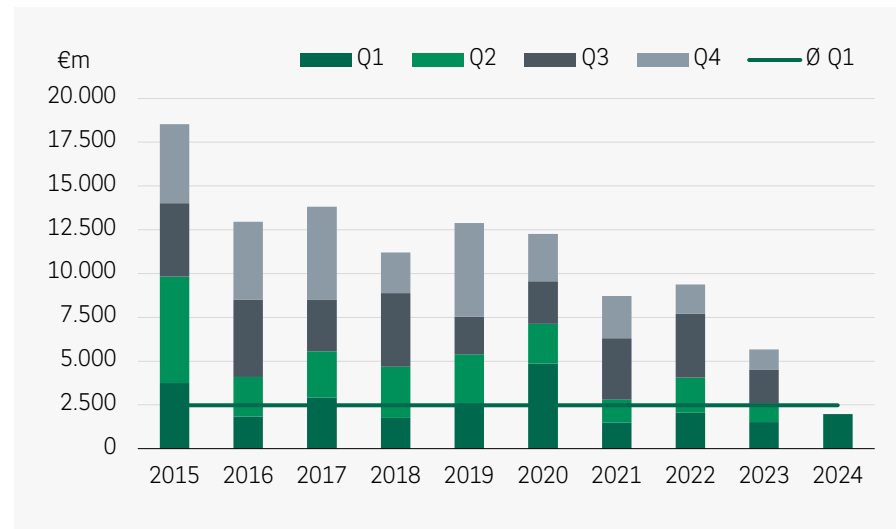
GERMANY

# REPORT

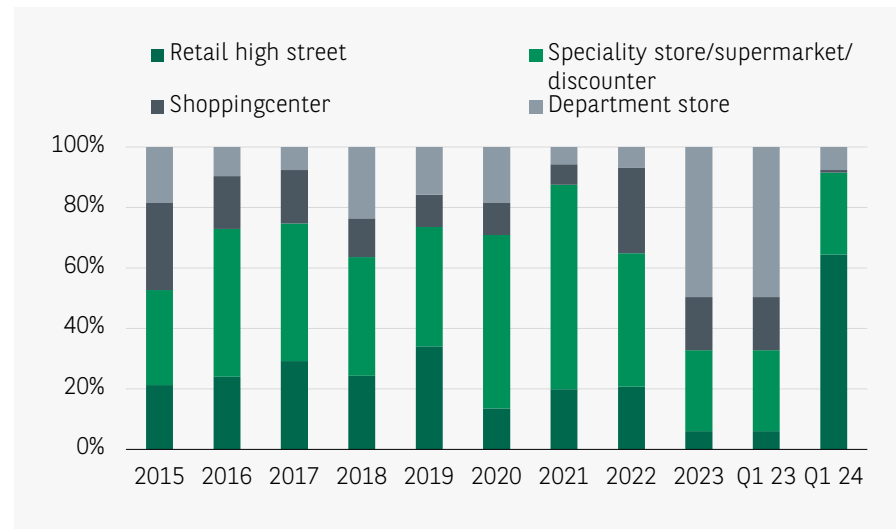
# RETAIL INVESTMENT MARKET

Q1 2024

## Development of retail investment volume



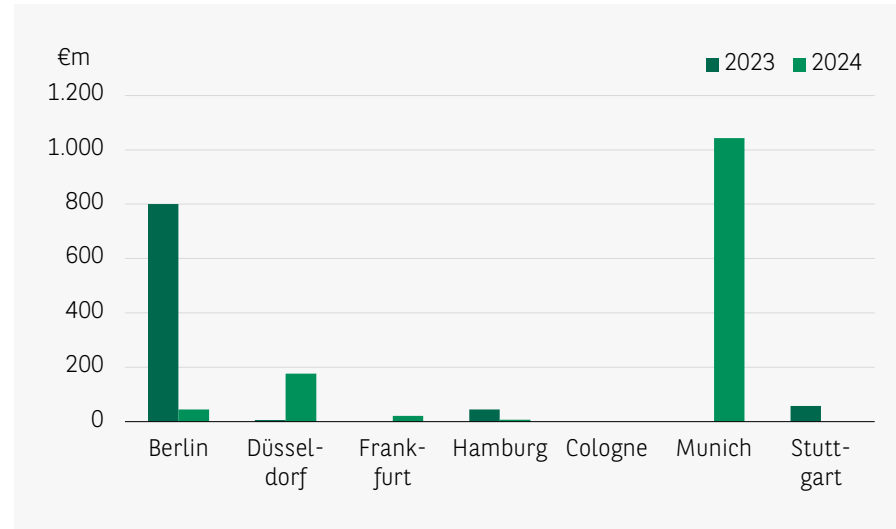
## Retail investments by type of property Q1



## RETAIL INVESTMENTS GET OFF TO THE BEST START IN AN ASSET CLASS COMPARISON

- Confidence in the improving market conditions, particularly with regard to the now well-advanced pricing processes, have ensured a comparatively good start to the year on the retail investment market.
- As a result, retail investments almost reached the €2 billion mark in the first three months of the current year with a total volume of a good €1.97 billion, which has only been clearly surpassed once in the last five years (Q1 2020: around €4.9 billion). Since the acquisitions of Real and TLG decisively boosted the results from the first quarter of 2020, the current result appears significantly stronger.
- Another positive factor is the current positioning of the retail investment market compared to other asset classes, with the retail segment clearly ahead of the other two top property types of logistics (25%) and office investments (16%) achieving almost 36% in the interim balance sheet.
- Commercial properties stand out in terms of the distribution of turnover across property types (64%). Deals such as Fünf Höfe and Maximilianstrasse 12-14 in Munich show that large-scale transactions are once again possible in isolated cases. The second key driver was once again numerous food investments and portfolios (27%).
- Despite the general upward trend, however, it should be noted that the long-term average was missed by 20%. This is an indication that the investment market is still in a difficult market phase.

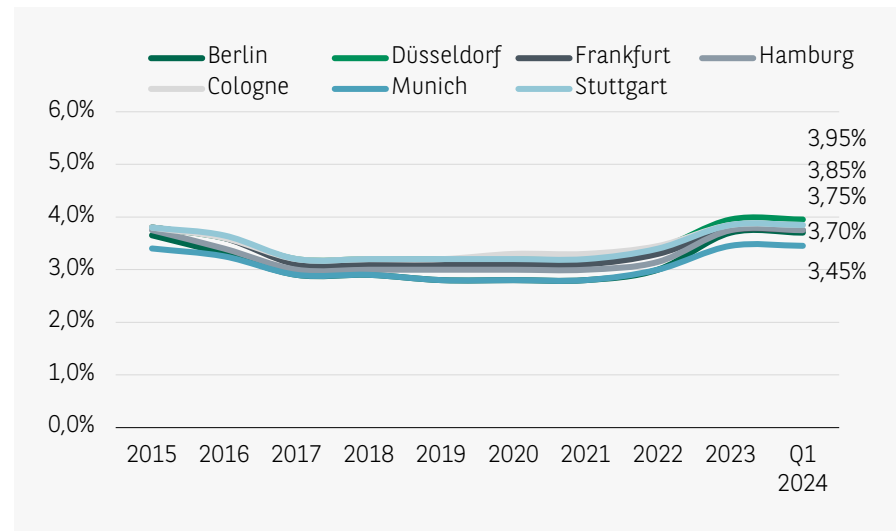
## Retail investments in A-locations Q1



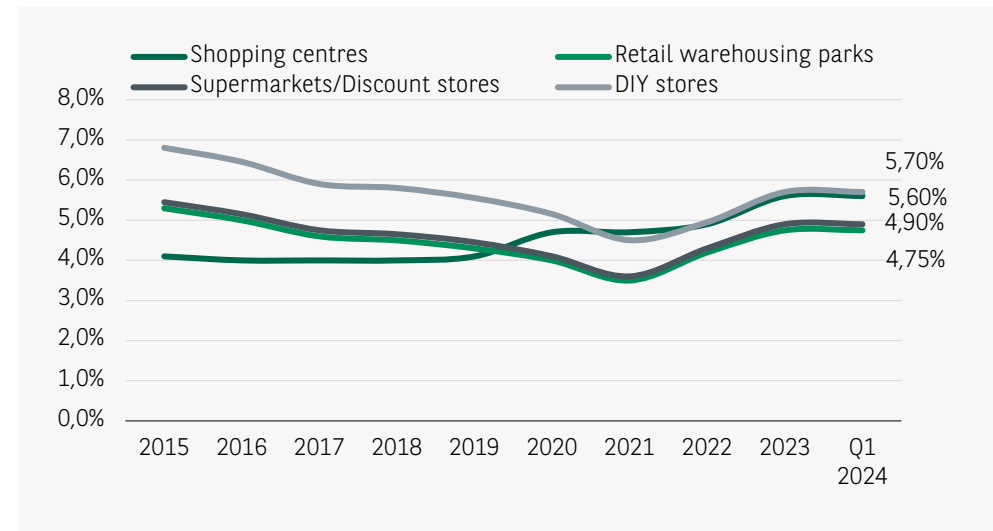
## A-CITIES: €1.3BN AND WITHOUT YIELD LEAPS IN Q1

- In the major markets, the retail investment volume realized continues to be very closely linked to individual major transactions in the three-digit million range. Accordingly, only Munich (around €1 billion) and Düsseldorf (a good €176 million) were able to generate significant volumes through the aforementioned Fünf Höfe, Maximilianstrasse 12-14 and Düsseldorf KII deals. Apart from these turnover drivers, smaller commercial property and department stores' deals as well as food transactions are repeatedly recorded in the A cities, which only have a minor impact on overall turnover. In total, the A-locations accounted for around €1.3 billion (65% pro rata) in the first quarter.
- There were no further adjustments to the net prime yields in the first quarter. As a result, the seven locations in a range between 3.45% and 3.95%. Meanwhile, retail parks are quoted at 4.75%, individual food retailers at 4.90%, shopping centres at 5.60% and DIY stores at 5.70%.

## Retail high street net prime yields in A-locations



## Retail net prime yields by type of property



\*excl. portfolios

## OUTLOOK

- The retail investment market experienced a good first quarter in which the market took the lead among the asset classes, individual major transactions were recorded and no further price declines in the premium segment were observed for the time being.
- It is a pleasing sign that high-street investments are making a decisive contribution to the positive market development.
- In the coming quarters, it can be assumed in particular that the portfolio segment, which at the beginning of the year was primarily characterized by the smaller segments, is likely to gain momentum significantly. Package sales focusing on the food sector will remain the focus of demand. As a result, it can be assumed that investment activities in the specialist retail sector, which has accounted for around half of market activity on average over the past ten years (Q1 2024: 27%), will gain significant market share over the remainder of the year.
- Meanwhile, the development of prime yields shows that the price adjustment processes are now much less dynamic. From today's perspective, no further substantial increases in yields are expected for the remaining year.
- Against the backdrop of the general conditions outlined above, there is a chance that the retail investment volume will continue to approach the long-term average by the middle of the year.

### Key facts retail investment market Germany

INVESTMENT VOLUME	Q1 2023	Q1 2024	CHANGE
Total (€m)	1,530	1,974	+29.0%
Portfolio share	25.7%	14.0%	-11.7%pts
Share above €100 million	62.6%	61.8%	-0.8%pts
Share of A-cities	59.5%	65.4%	+6.0%pts
Share of foreign investors	51.9%	22.5%	-29.4%pts

NET PRIME YIELDS	Q1 2023	Q1 2024	CHANGE
Berlin	3.30%	3.70%	+40bps
Düsseldorf	3.70%	3.95%	+25bps
Frankfurt	3.55%	3.75%	+20bps
Hamburg	3.45%	3.75%	+30bps
Cologne	3.55%	3.85%	+30bps
Munich	3.25%	3.45%	+20bps
Stuttgart	3.60%	3.85%	+25bps

## CONTACT

### BNP Paribas Real Estate GmbH

Christoph Scharf  
Head of Retail Services  
Managing Director

Kranzler Eck | Kurfürstendamm 22 | 10719 Berlin  
Phone: +49 (0)30-884 65-0  
E-Mail: christoph.scharf@bnpparibas.com

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