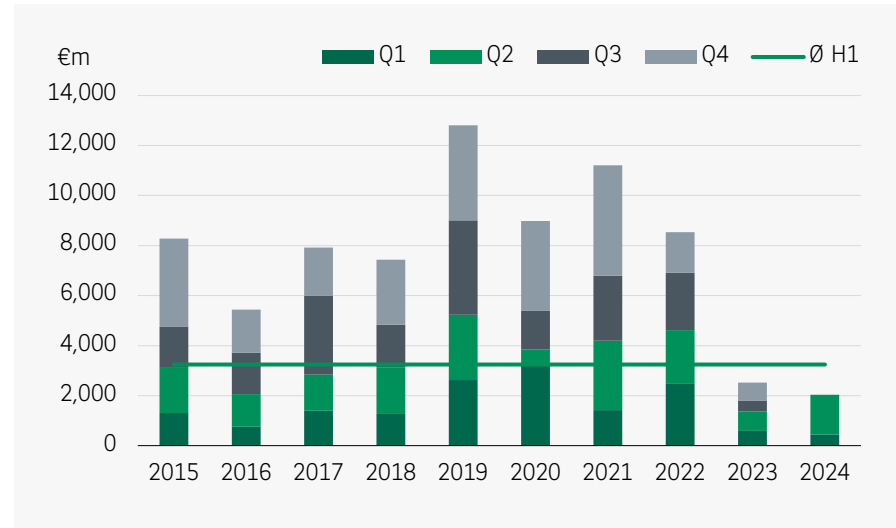


BERLIN

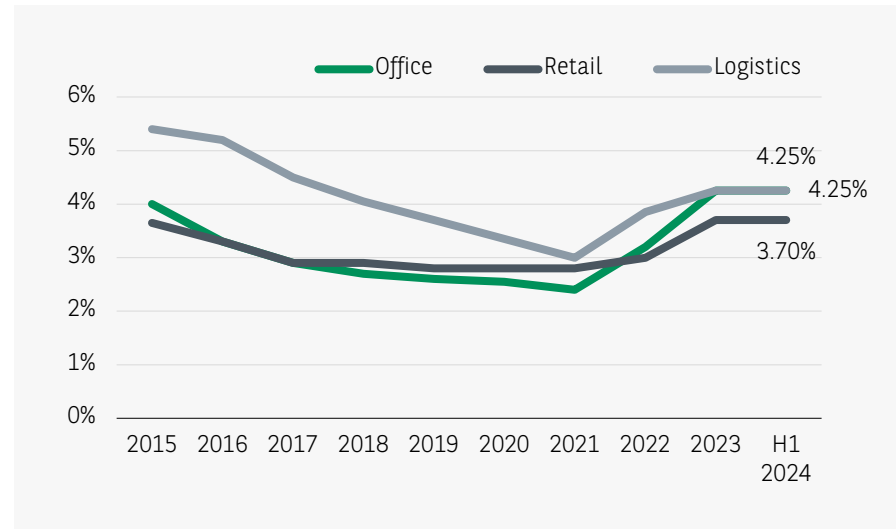
REPORT INVESTMENT MARKET

H1 2024

Development of investment volume



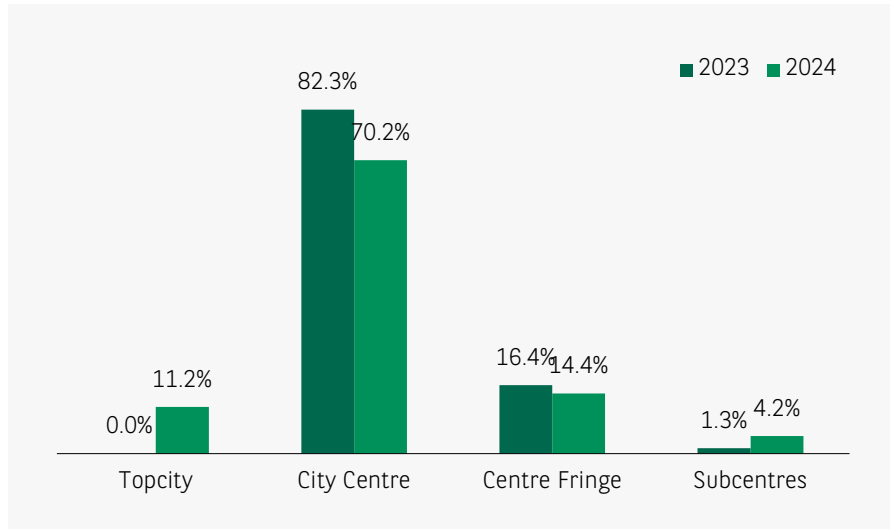
Net prime yields by type of property



MORE TRANSACTIONS AND HIGHER VOLUME: STILL NOT AT USUAL LEVEL BUT ABOVE PRIOR YEAR

- With its half-year results, the Berlin investment market is following the nationwide trend at the mid-point of the year: the long-term average with a transaction volume of around €2 billion has not yet been reached again in the first six months (-37%). However, the fact that the previous year's figure was exceeded by almost 48% indicates a positive signal for the improved market sentiment in the capital.
- Furthermore, Berlin was once again able to repeat its top ranking in the nationwide market comparison. Also by the end of H1, Berlin is the number one investment market in terms of volume transacted. However, it should be noted that the finalisation of the KaDeWe transaction was a special factor that pushed up turnover. Nevertheless, the fact that the capital city also recorded the highest number of transactions underscores its position in the city rankings.
- A further indication of the slight upward trend in the Berlin market area is that almost 60 % of registered transactions took place in the last three months.
- In the course of the price adjustment processes, which are now well advanced, combined with increasing confidence that financing costs will not rise any further, the stabilisation trends in net prime yields have become more firmly established in the first half of the year: As a result, premium commercial properties in prime locations (3.70%), prime office properties (4.25%) and top logistics assets (also 4.25%) each maintained their values as of the end of 2023.

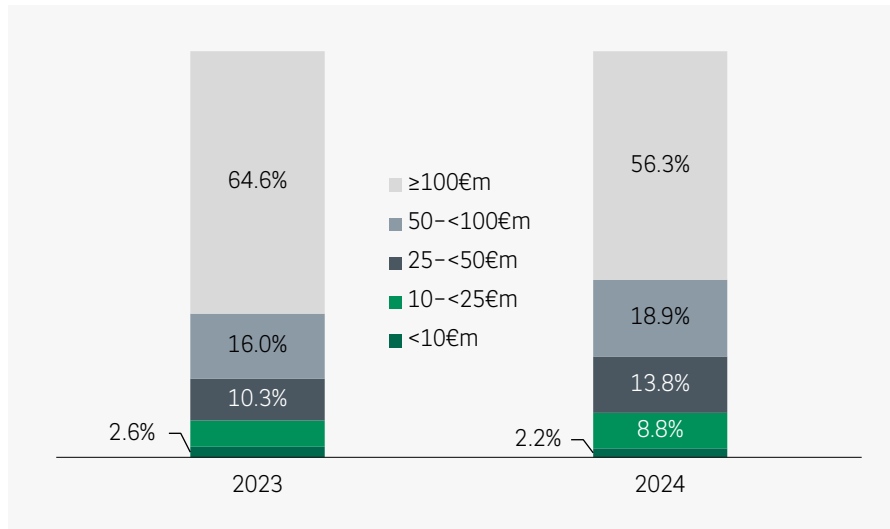
Investments by location H1



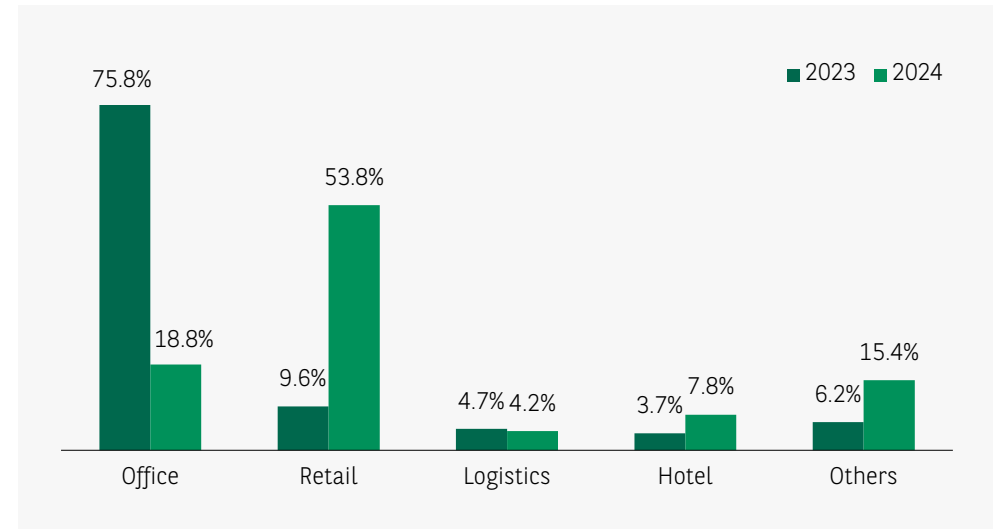
CITY LOCATIONS DOMINATE THE RANKING

- The influence of the finalised KaDeWe deal is clearly reflected in the location and asset class distribution of the investment volume: city centre locations in the submarket analysis and retail investments among the property types generated the majority of total turnover with almost 70% and just under 54% respectively.
- However, considering the number of deals rather than the volume, sales in the smaller and medium-sized segment up to €50 million account for almost 80% of investment activity and are the most accurate description of market activity in the year to date. Nonetheless, the occasional large deals show that transactions in the three-digit million range are also increasingly being observed again.
- Office properties remain underrepresented, with a low average deal volume of around €27 million and a market share of just under 19%.

Investments by € category H1



Investments by type of property H1





- The Berlin investment market experienced a good first half of the year in terms of the overall market situation, in which it once again took the lead among the top markets, was able to record a number of large transactions and no further price declines were observed in the premium segment.
- While market activity in the smaller and mid-price segments is encouraging overall, there is currently still a lack of large-volume transactions for a significant increase in total transaction volume, particularly in the office segment.
- Although the office letting market did not report an above-average increase in take-up, letting activity improved compared to the previous year giving grounds for optimism that investor confidence in the office segment is steadily returning.
- In addition, the largely completed valuation corrections and the stable prime yields over the course of the year indicate that the pricing phase is well advanced. In addition to the improved economic environment, inflation has also fallen significantly, which should give the central banks scope for further interest rate cuts. This also increases planning certainty for potential investors when making investment decisions.
- Against the backdrop of the general conditions outlined above, it is unlikely that the long-term average of total investment volume will be reached by the end of the year. However, in view of the slight upward trend and the transactions that are already in the preparation phase, the previous year's level is likely to be exceeded by the end of 2024.

Key facts investment market Berlin

INVESTMENT VOLUME	H1 2023	H1 2024	CHANGE
Total (€m)	1,379	2,034	+47.6%
Portfolio share	0.0%	10.2%	+10.2%pts
Share above €100 million	64.6%	56.3%	-8.3%pts
Office share	75.8%	18.8%	-57.0%pts
Share of city locations	82.3%	81.4%	-0.9%pts
Share of foreign investors	23.0%	65.8%	+42.8%pts

NET PRIME YIELDS	H1 2023	H1 2024	CHANGE
Office	3.75%	4.25%	+50bps
Retail	3.50%	3.70%	+20bps
Logistics	4.00%	4.25%	+25bps

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