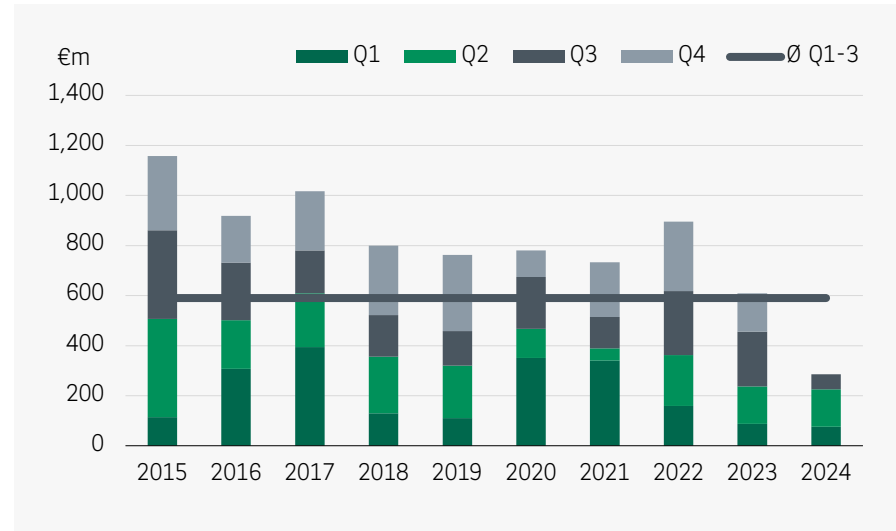


LEIPZIG

REPORT INVESTMENT MARKET

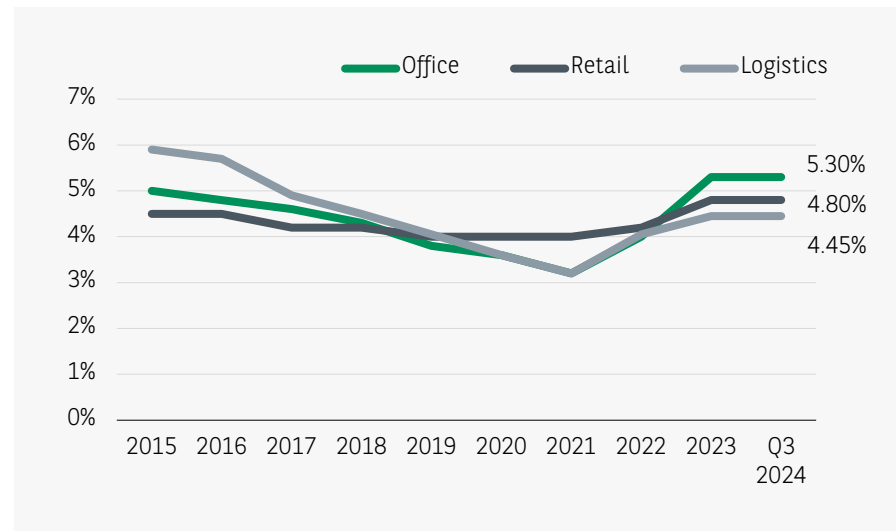
Q1-3 2024

Development of investment volume



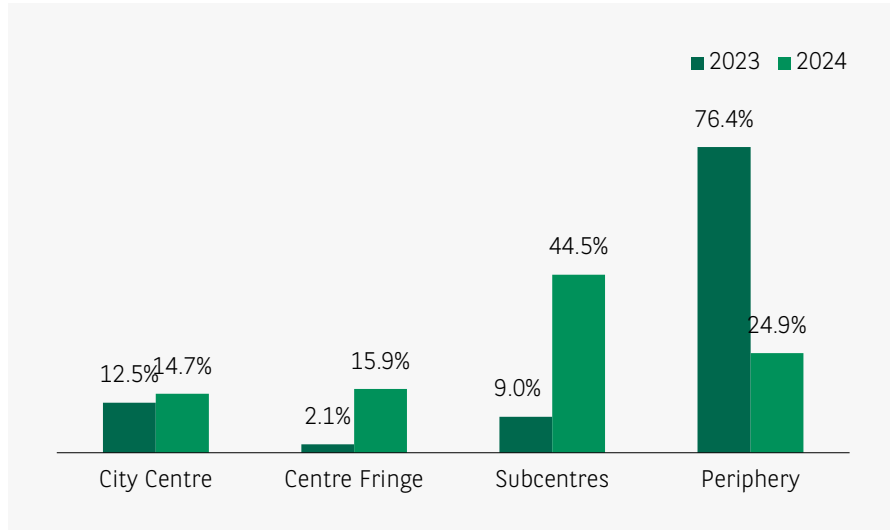
**VOLUME WELL BELOW AVERAGE
BUT SENTIMENT IS IMPROVING**

Net prime yields by type of property



- By the end of the third quarter of 2024, around €285 million have been invested in the Leipzig commercial property market. The result is around 38% below the previous year's figure and only around half the 10-year average. The third quarter in particular was very subdued with transactions totalling just under €60 million. The majority of the volume is attributable to the sale of the Allee Centre by EQT to Arrow Global, which is one of the largest transactions registered so far this year. In the segment above the €100 million mark, however, no transactions have yet been recorded.
- The below-average performance is due to the continued significant reluctance of institutional investors. Private investors, corporates and the public sector currently account for more than half of the volume on the Leipzig market. The long-term average is only 18%. Even if the figures speak a different language so far, there has nevertheless been an improvement in market sentiment since the middle of the year, including on the part of institutional investors. In addition to the ECB's interest rate cuts, the occupier markets in Leipzig in particular are also sending out positive signals. For example, despite economic headwinds in the office letting market, a very solid take-up of space has been recorded in the current year.
- Accordingly, there are many indications that pricing phase has come to an end, at least in the prime segment. Since the beginning of the year, net prime yields have stabilised. While office properties are currently unchanged at 5.30%, prime high street properties are currently trading at 4.80%. Meanwhile, logistics properties are still quoted at 4.45%.

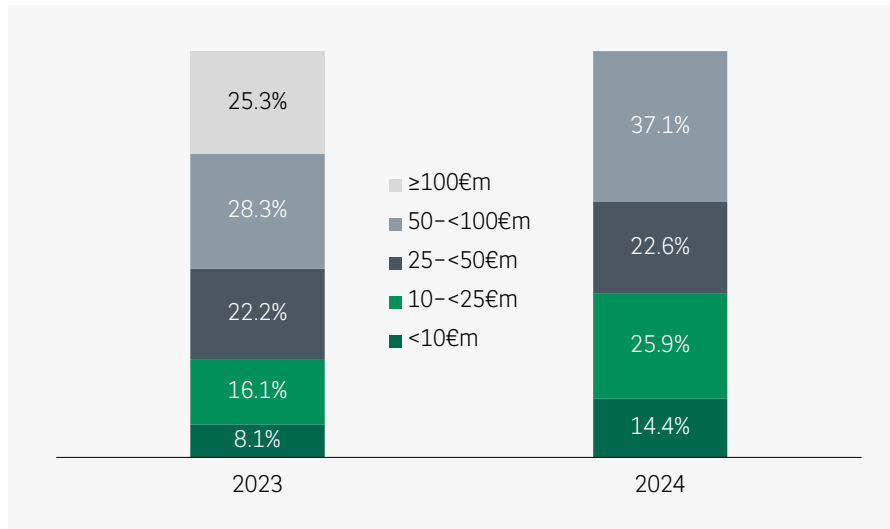
Investments by location Q1-3



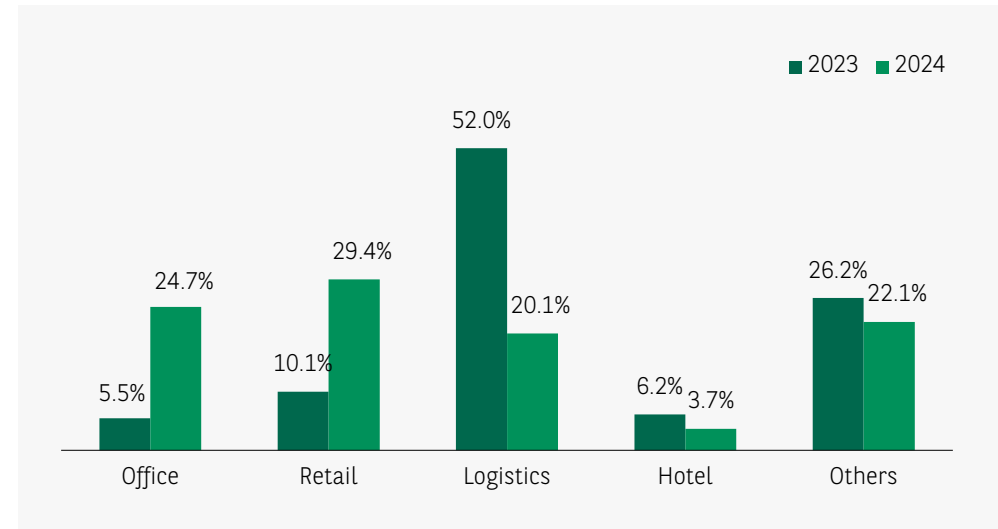
ONLY SMALL-VOLUME OFFICE TRANSACTIONS SO FAR

- The distribution of the investment volume across the market area is clearly led by the Subcentres, which contribute 44.5% to the result. A further 25% of the volume is attributable to the Periphery. Accordingly, the City Centre and Centre Fringe currently only make a small contribution to turnover. Driven by office transactions, their combined share is usually almost 50% of the total volume.
- This clearly reflects the fact that office investments are struggling in the current market phase. Although a whole series of transactions from this segment were recorded on the Leipzig market in the first three quarters, they were all in small to medium-sized categories, meaning that they only totalled around €70 million. Although this represents a significant increase compared to the previous year, the result falls short of the long-term average by almost 60%.

Investments by € category Q1-3



Investments by type of property Q1-3



OUTLOOK

- The momentum on the Leipzig investment market is currently still far below that of the pre-crisis years. However, Leipzig is not an exception, but is on a par with the A-locations in terms of the decline in investment volumes compared to the long-term average.
- With the turnaround in interest rates that has now been initiated and the resulting overall improvement in market conditions, it can be assumed that investment activity will also pick up in Leipzig. Even if the expected further interest rate steps will not have an immediate impact at the long end of the interest curve, they will nevertheless provide a better basis for calculations. This should also attract institutional investors in search of opportunities. In past crises, it was often international capital that was most likely to return. The decisive factors for market entry were the foreseeable bottoming out of purchase prices and positive market prospects on the occupier markets.
- The Leipzig market already fulfils both factors again. Yields have stabilised at their peak. Despite economic uncertainties, the mood on the occupier markets is already more positive than just a few months ago. A success story is emerging for Leipzig particularly on the office letting market. There are many indications that above-average take-up will be recorded by the end of the year. At 4.5%, the vacancy rate in Leipzig is currently well below that of all A-locations. Accordingly, rents are likely to continue to rise for the foreseeable future.
- Against this backdrop, market momentum, including in the office segment, is likely to pick up significantly in the coming months. However, the recovery is not expected to become apparent in the figures until 2025, meaning that the volume at the end of the current year is still likely to be well below average at around €400 to 500 million.

Key facts investment market Leipzig

INVESTMENT VOLUME	Q1-3 2023	Q1-3 2024	CHANGE
Total (€m)	456	285	-37.5%
Portfolio share	25.3%	23.0%	-2.4%pts
Share above €100 million	53.6%	37.1%	-16.5%pts
Office share	5.5%	24.7%	+19.2%pts
Share of city locations	12.5%	14.7%	+2.2%pts
Share of foreign investors	38.3%	38.2%	-0.1%pts

NET PRIME YIELDS	Q3 2023	Q3 2024	CHANGE
Office	5.05%	5.30%	+25bps
Retail	4.80%	4.80%	+0bps
Logistics	4.30%	4.45%	+15bps

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