



FRANKFURT

REPORT INVESTMENT MARKET

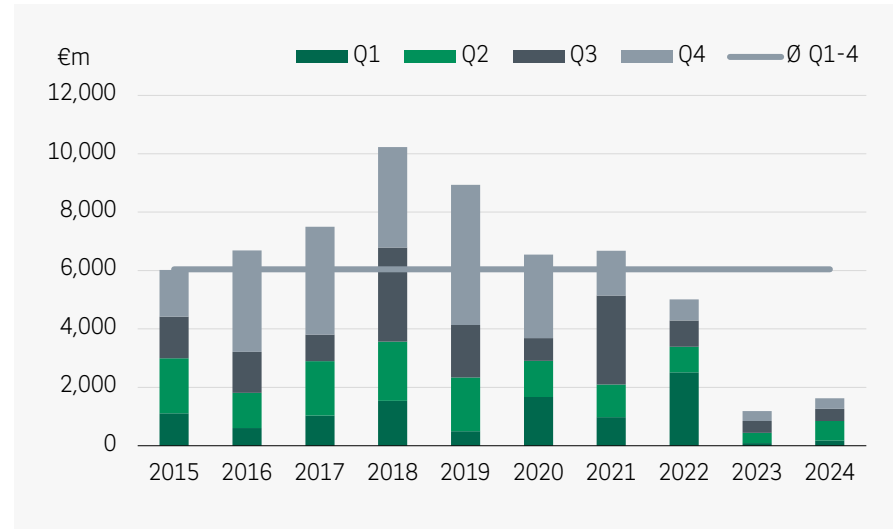
2024



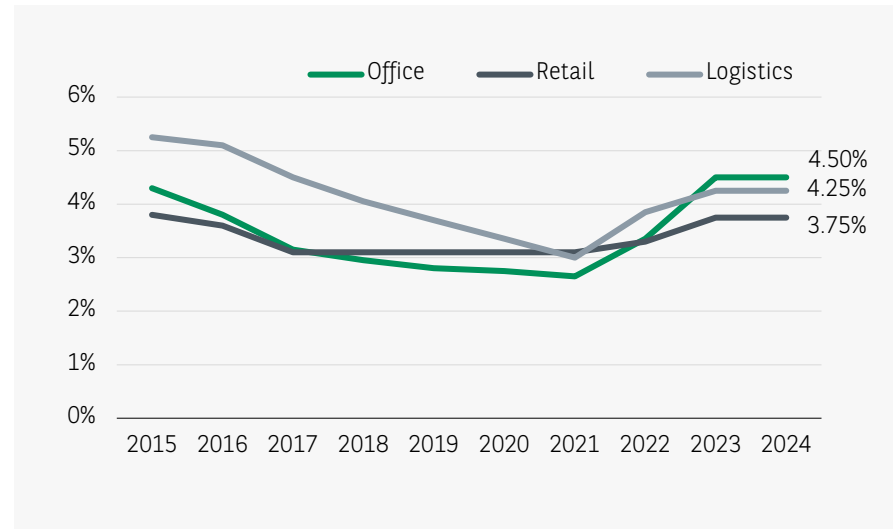
BNP PARIBAS
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REAL ESTATE for a changing world

Development of investment volume



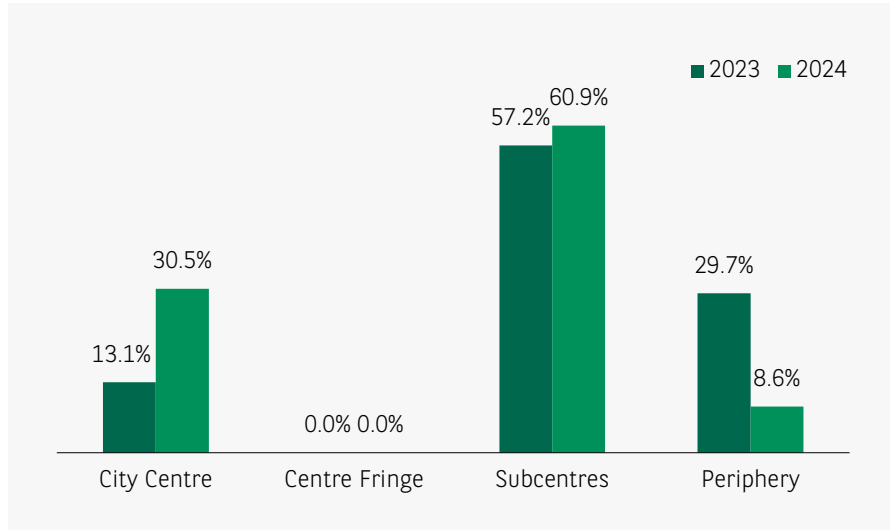
Net prime yields by type of property



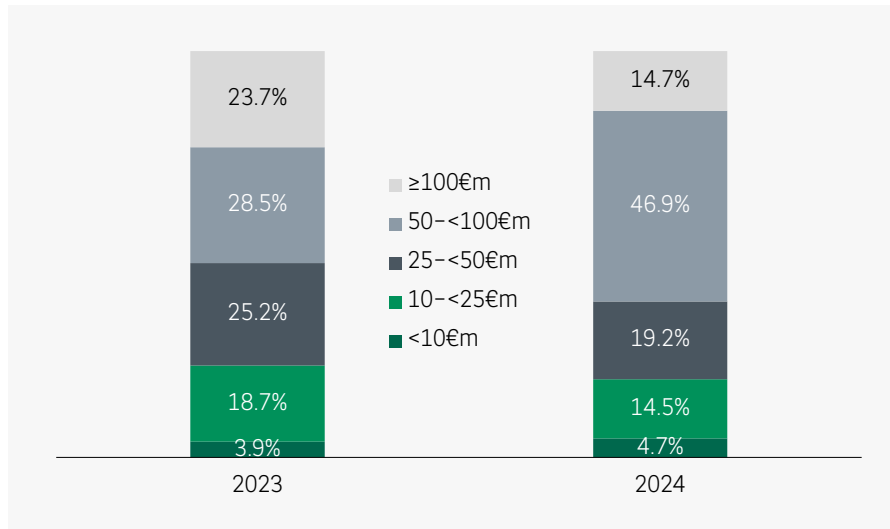
INCREASE IN VOLUME AND HIGHEST OFFICE INVESTMENT VOLUME AMONG THE TOP MARKETS

- Against the backdrop of continuously improving conditions, the Frankfurt investment market can report a satisfactory overall balance at the end of the year. Even if, as expected, the long-term average (a good €6 billion) could not be reached again with a current transaction volume of just over €1.6 billion (-73%), the significant increase in turnover compared to 2023 (+36%) can be seen as an initial indication of returning investor confidence in a sustainable stabilization of the market environment.
- Another factor that is likely to have a positive impact on market sentiment in the Main metropolis is the highest office investment volume compared to other locations (around €1.0 billion). None of the other top locations achieved one billion euros from office transactions alone, which is all the more pleasing given the extraordinarily high importance of the office sector for the Frankfurt market. In this context, an office transaction with a signal effect in the three-digit million euro range crossed the finish line at the end of the year. In terms of the overall commercial transaction volume, Frankfurt ranks fourth behind the investment locations of Berlin (a good €3.5 billion), Munich (just under €2.7 billion) and Hamburg (almost €2.3 billion).
- In view of the price adjustment processes currently being finalized and the increasing planning certainty of investors with regard to financing costs, net prime yields have stabilized: Premium high street properties in prime locations (3.75%), top logistics assets (4.25%) and prime office properties (4.50%) will thus each maintain their values at the end of 2023.

Investments by location



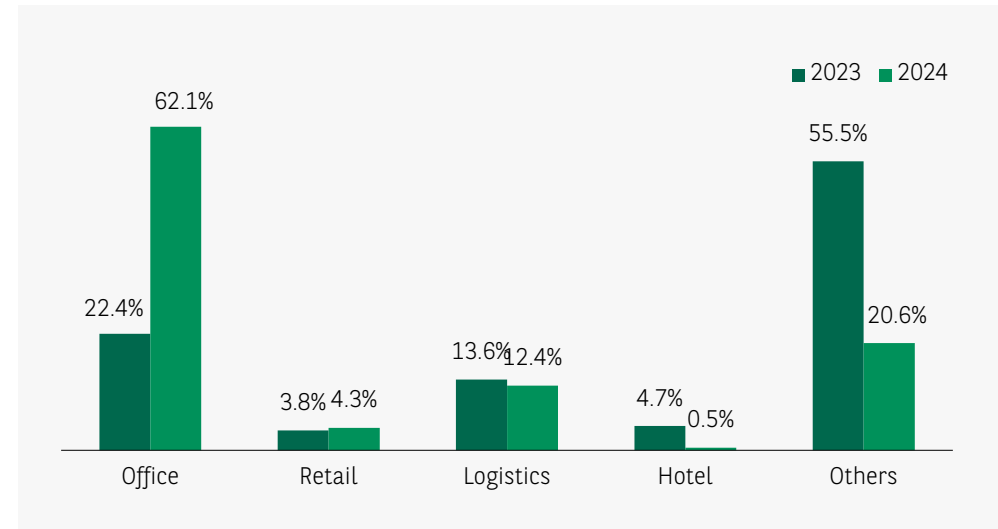
Investments by € category



FOCUS ON OFFICE SECTOR AND SUBCENTRE LOCATIONS

- As already described, initial signs point to a noticeable market recovery in office investments: With a good 62% share, they once again held the dominant market position in 2024, which they had to relinquish temporarily last year due to the challenging conditions (2023: around 22% proportionately). Almost a third of the office volume was generated in the final quarter, which underlines the positive trend.
- In terms of the distribution of take-up across the different locations, the City Centre and Subcentres stand out in particular, accounting for just under 31% and almost 61% of market activity respectively. In the Subcentres, the large number of transactions (54 % of all sales) comes to bear, while in the City Centre occasional larger deals, among other things, are significant. The two former Signa assets at Opernplatz 2 and Hauptwache 1 should also be mentioned here. These two construction projects also contributed to the fact that the share of deals in the over €50 million segment rose to 62%.

Investments by type of property



OUTLOOK

- The Frankfurt investment market has benefited from the continuous improvement in market sentiment over the past 12 months and can start the new year with cautious optimism.
- Overall, above-average interim results are not yet expected again for the first half of 2025, partly due to the significant drop in prices across the board. Nevertheless, from today's perspective, it can be assumed that the upward trend is likely to continue slowly but surely.
- The main drivers for this forecast are both the initial indications of a resurgent office investment sector and the noticeable increase in transaction volumes in the €50 million and above size categories. Both of these segments are almost indispensable for high turnover on the Frankfurt investment market. In the office sector, the increased office space take-up and the associated positive future prospects on the occupier market are also providing additional confidence in this asset class.
- In addition, it is currently very likely that the ECB will cut interest rates further in the coming months, which will also improve financing conditions in the long term. This in turn should increase the likelihood of major transactions. Accordingly, it can also be assumed for the development of net prime yields that the lower interest rate levels will lead to an initial slight compression over the course of the year with increasing investment activity in most asset classes.

Key facts investment market Frankfurt

INVESTMENT VOLUME	2023	2024	CHANGE
Total (€m)	1,192	1,622	+36.1%
Portfolio share	10.1%	9.5%	-0.6%pts
Share above €100 million	23.7%	14.7%	-9.0%pts
Office share	22.4%	62.1%	+39.7%pts
Share of city locations	13.1%	30.5%	+17.4%pts
Share of foreign investors	46.3%	21.1%	-25.2%pts

NET PRIME YIELDS	2023	2024	CHANGE
Office	4.50%	4.50%	0bps
Retail	3.75%	3.75%	0bps
Logistics	4.25%	4.25%	0bps

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