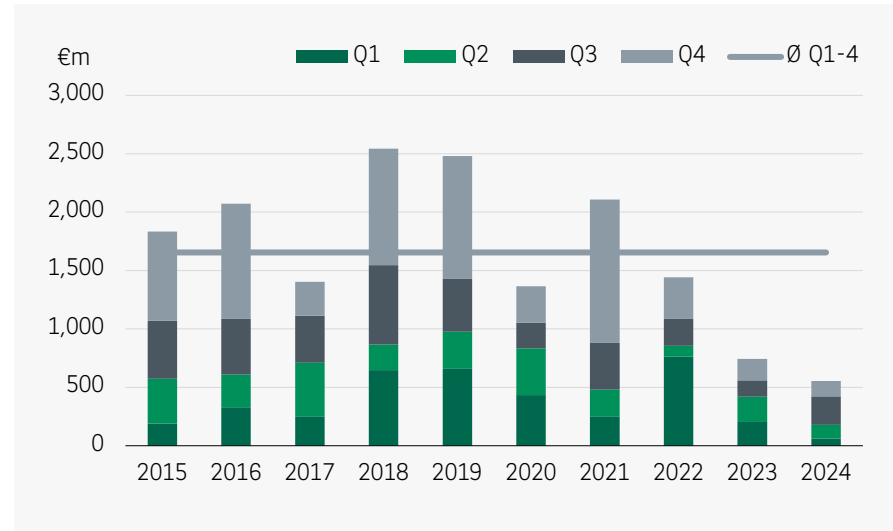


STUTT GART

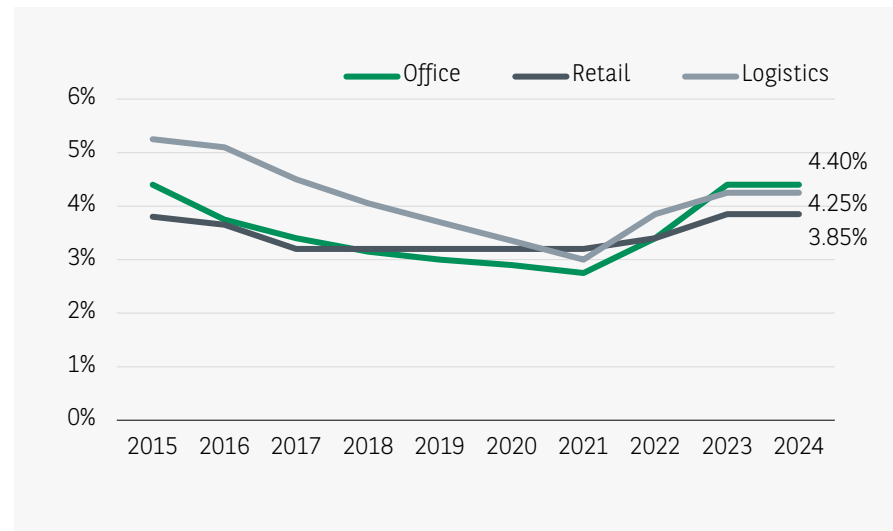
REPORT INVESTMENT MARKET

2024

Development of investment volume



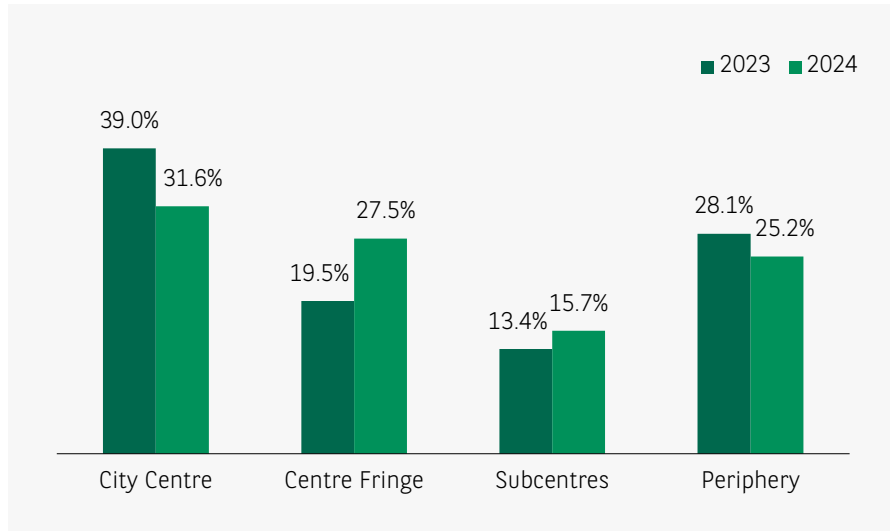
Net prime yields by type of property



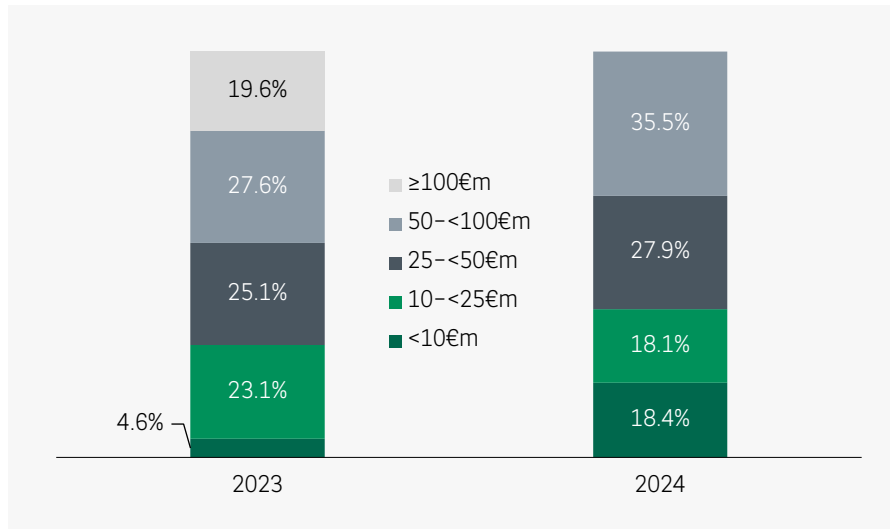
COMPARABLE NUMBER OF DEALS, WHILE MAJOR TURNOVER DRIVERS COMPLETELY ABSENT IN 2024

- Overall, the Stuttgart investment market sent the first positive signals in 2024, but without initiating a decisive trend reversal. Although turnover fell by a good quarter to around €555 million, the number of sales included in the result remained constant.
- In order to achieve a better result, the Swabian metropolis lacked the sales-driving deals in the high double-digit or even triple-digit million euro segment, which remained completely unfilled in the past year. In view of the fact that larger-volume transactions were increasingly finalised again in the other top markets towards the end of the year, Stuttgart can also be expected to see an increase in larger investments again if adequate offers are made.
- The first signs of a slight upward trend on the Stuttgart investment market can be seen in the fact that 68% of the total volume and 68% of the deals were completed in the second half of the year.
- In view of the price adjustment processes currently being finalised and investors' increasing planning certainty with regard to financing costs, net prime yields have stabilised: premium high street properties in prime locations (3.85%), top logistics assets (4.25%) and prime office properties (4.40%) have thus maintained their values from the end of 2023.

Investments by location



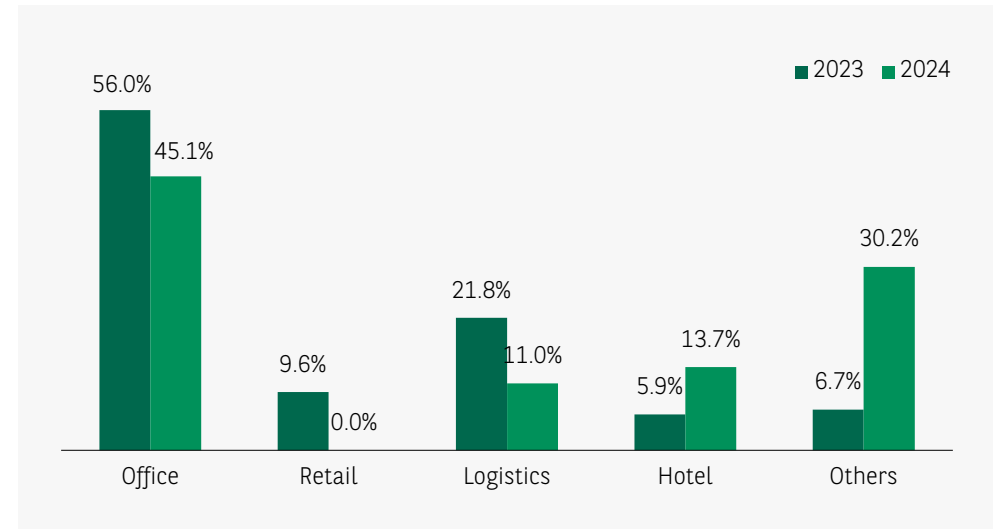
Investments by € category



CENTRAL LOCATIONS AND OFFICES DOMINATE THE MARKET

- In terms of the distribution of take-up across the various sub-locations in the Stuttgart market area, the locations in the City Centre (just under 32%) and the Centre Fringe (almost 28%) took the lead in 2024. The locations in the centre of Stuttgart benefited from the two largest deals of the year: the sale of Königsstrasse 35 and another large office and retail building. As a result of these two investments, the segment of sales between €50 million and €100 million also generated the highest market share (just under 36%). The 5-star Le Méridien Hotel, which changed hands in the second half of the year for an amount in the mid-million euro segment, is a notable transaction in the Centre Fringe.
- In the asset class ranking, offices are currently and traditionally in the lead (a good 45%). The aforementioned office and retail properties with a focus on the office segment have also contributed significantly to this. Hotel and logistics properties account for just under 14% and 11% respectively, while there were no large-scale retail investments in 2024.

Investments by type of property



OUTLOOK

- Even if the total turnover on the Stuttgart investment market has not yet been able to reflect this, the state capital of Baden-Württemberg is on the right track to regaining its former strength.
- Against this backdrop, it is hoped that the slight increase in investment momentum in the second half of the year and the resulting improvement in market sentiment will lead to a noticeable increase in investors' willingness to conclude deals in the large-volume segment.
- The first deals with a signal effect have already been finalised, particularly in the office and hotel segment. Even if these transactions have not driven up turnover significantly, they are representative of the slow but steady recovery in investment activity in the office and hotel sectors across Germany.
- Furthermore, it is currently very likely that the ECB will make further interest rate cuts in the coming months, which will also improve financing conditions in the long term. This in turn should create favourable conditions for 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.
- All in all, the long-term average investment volume is likely to remain difficult to achieve in 2025 against the backdrop of a market dynamic that is only slowly gaining momentum. Apart from this, however, gradually increasing investment turnover is once again the most likely scenario.

Key facts investment market Stuttgart

INVESTMENT VOLUME	2023	2024	CHANGE
Total (€m)	744	555	-25.4%
Portfolio share	0.0%	1.2%	+1.2%pts
Share above €100 million	19.6%	0.0%	-19.6%pts
Office share	56.0%	45.1%	-10.9%pts
Share of city locations	39.0%	31.6%	-7.4%pts
Share of foreign investors	19.0%	15.3%	-3.7%pts

NET PRIME YIELDS	2023	2024	CHANGE
Office	4.40%	4.40%	0bps
Retail	3.85%	3.85%	0bps
Logistics	4.25%	4.25%	0bps

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