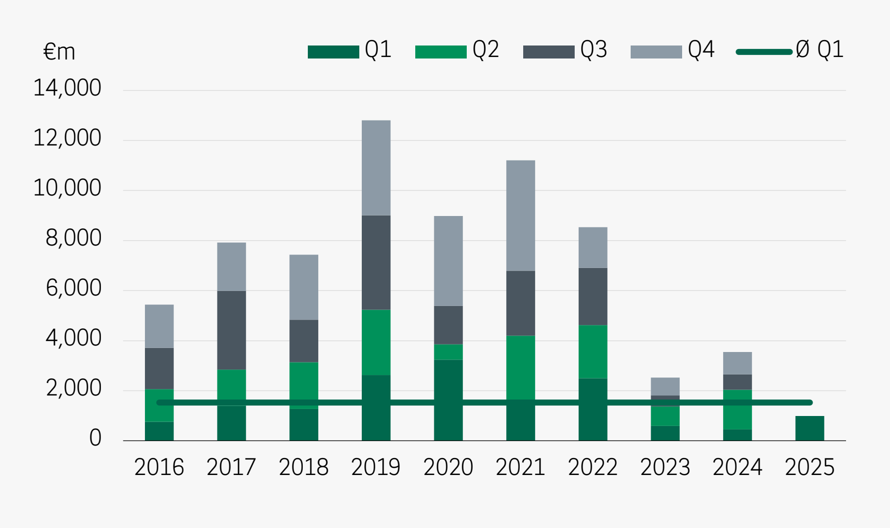
BERLIN

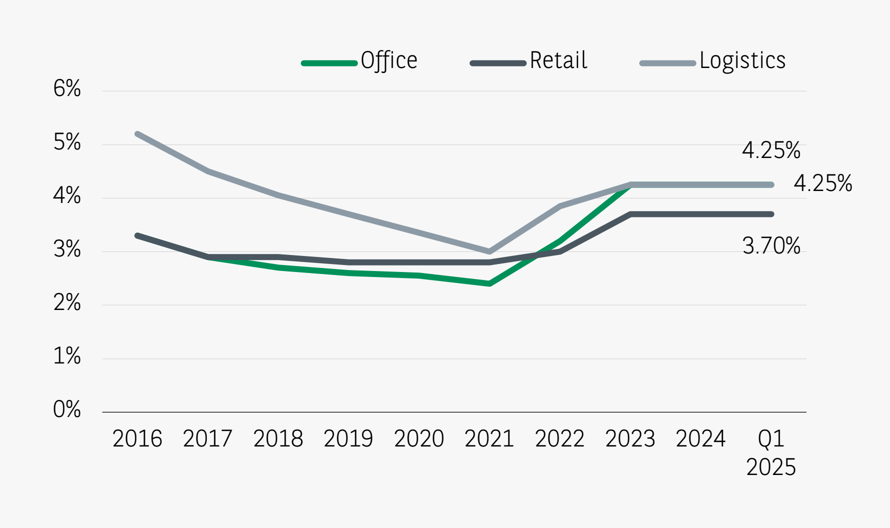
REPORT INVESTMENT MARKET

Q1 2025

Development of investment volume



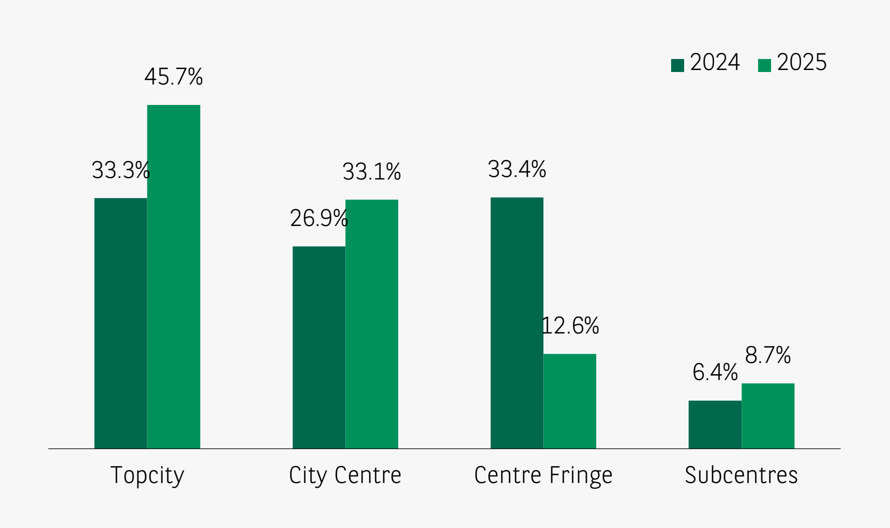
Net prime yields by type of property



GOOD START TO THE YEAR: ALMOST ONE BILLION INVESTMENT VOLUME IN Q1

- The start to the year in Berlin was significantly better than in the two previous years. With a transaction volume of €986 million, the volume increased by 116% compared to the same period of the previous year. The sale of the Upper West to the Schoeller Group family office for well over €400 million made by far the largest contribution. However, even without this benchmark deal, the Berlin investment market would have recorded a noticeable increase in turnover. The major deal outlined above is the only deal in the three-digit million euro range. The positive development is therefore not least the result of a more lively market dynamic in the small-scale and above all medium-sized segment. This is also supported by the fact that the number of recorded transactions has increased by more than a third.
- In the nationwide ranking, the German capital has thus regained the top position it lost to Munich in the first quarter of 2024. The Bavarian capital is currently only in second place with an investment volume of €508 million.
- Contrary to the expectations of almost all market participants at the end of last year, the situation for the further development of yields has changed noticeably. This is due to the rise in financing costs in recent weeks, higher yields on German government bonds and the central banks' key interest rate decisions, which are currently difficult to predict. Against this backdrop, net prime yields remained stable in the first quarter and are unchanged at 4.25% for office and logistics properties and 3.70% for premium high street properties in prime retail locations.

Investments by location Q1

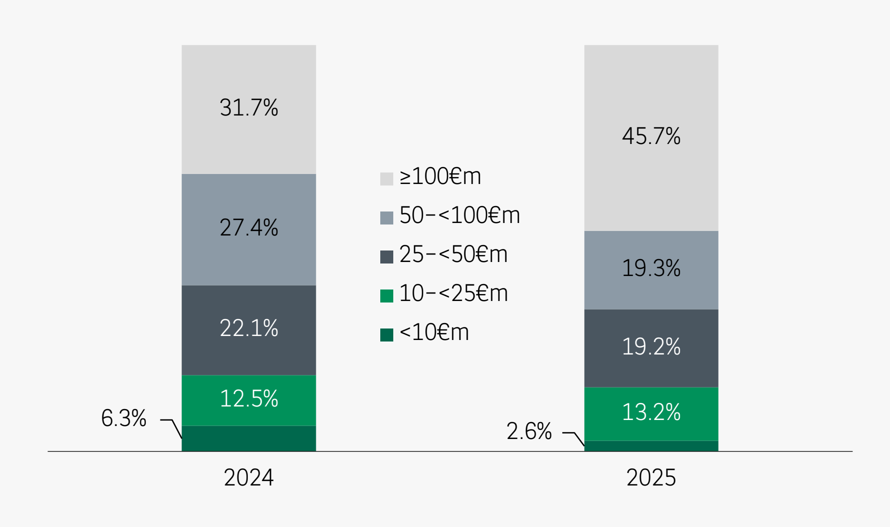


OFFICES WITH HIGH SHARE

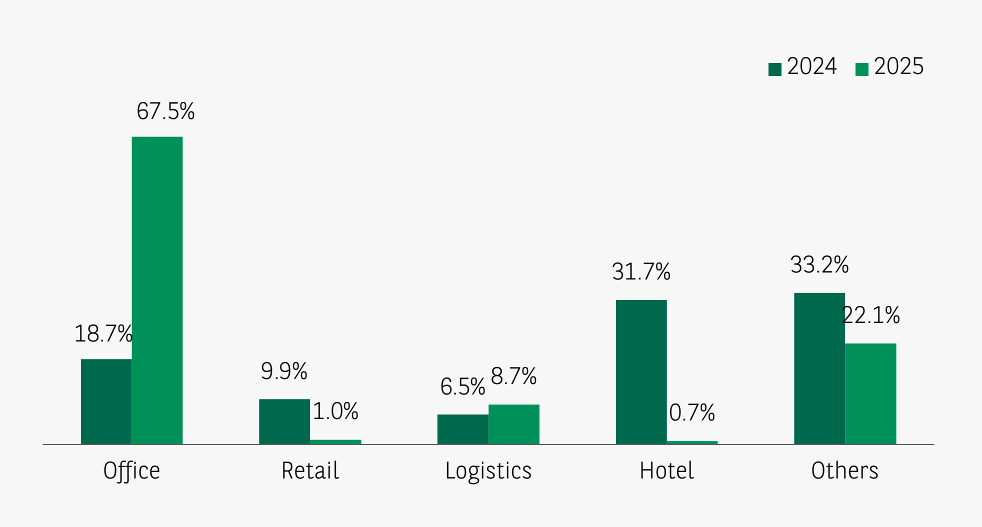
- The distribution of the volume across the asset classes is naturally characterised by the sale of the Upper West. Overall, office properties account for a good two thirds of the result. Logistics properties follow in second place, contributing almost 9%. Retail and hotel transactions have hardly contributed to turnover to date. However, it should be taken into account here that although the Upper West counts as an office property overall, a certain proportion of the value is also attributable to the Motel One hotel located in the property.

- As a result of the major deal mentioned above, the Topcity has taken over the top position with a turnover share of almost 46%. In a long-term comparison, however, the Topcity is only responsible for just under a quarter of the transaction volume. The City Centre is in second place, accounting for a third of the volume, which corresponds to its usual share. Overall, the central locations thus account for almost 80 % of the total.

Investments by € category Q1



Investments by type of property Q1



OUTLOOK

- In line with the nationwide trend, the slight upward trend seen in the Berlin investment market towards the end of the previous year continued in the first quarter of 2025. However, as in all locations, the future outlook will be determined to a large extent by external factors whose ultimate influence on the markets is almost impossible to predict. First and foremost are the considerable risks to the global economy resulting from the tariffs announced by the US, which harbour the potential for a full-blown trade war. If no adjustments are made, a worst-case scenario is not unrealistic, which could have devastating consequences for the economic development of many countries.

- On the plus side, on the other hand, the special fund that has been agreed, in conjunction with the greater financial leeway for defence spending, could trigger additional growth impetus for the German economy. This would probably contribute to slightly higher GDP growth than previously forecast. Due to extensive secondary effects, this would also stimulate the occupier markets, which should further improve the general conditions for property investments.

- From today's perspective, an increasing recovery of the German economy is the most likely scenario. As a result of the likely slight increase in demand for space on the occupier markets, real estate investments should become even more attractive. Yield trends will be determined primarily by the general conditions outlined above, meaning that a sideways movement is the most likely scenario for the coming quarters.

Key facts investment market Berlin

INVESTMENT VOLUME	Q1 2024	Q1 2025	CHANGE
Total (€m)	**457**	**986**	**+115.8%**
Portfolio share	12.0%	0.0%	-12.0%pts
Share above €100 million	31.7%	45.7%	+14.0%pts
Office share	18.7%	67.5%	+48.8%pts
Share of city locations	60.2%	78.8%	+18.6%pts
Share of foreign investors	50.3%	11.7%	-38.5%pts

NET PRIME YIELDS	Q1 2024	Q1 2025	CHANGE
Office	4.25%	4.25%	+0bps
Retail	3.70%	3.70%	+0bps
Logistics	4.25%	4.25%	+0bps

CONTACT

BNP Paribas Real Estate GmbH

Kranzler Eck | Kurfürstendamm 22 | 10719 Berlin

Phone: +49 (0)30-884 65-0

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