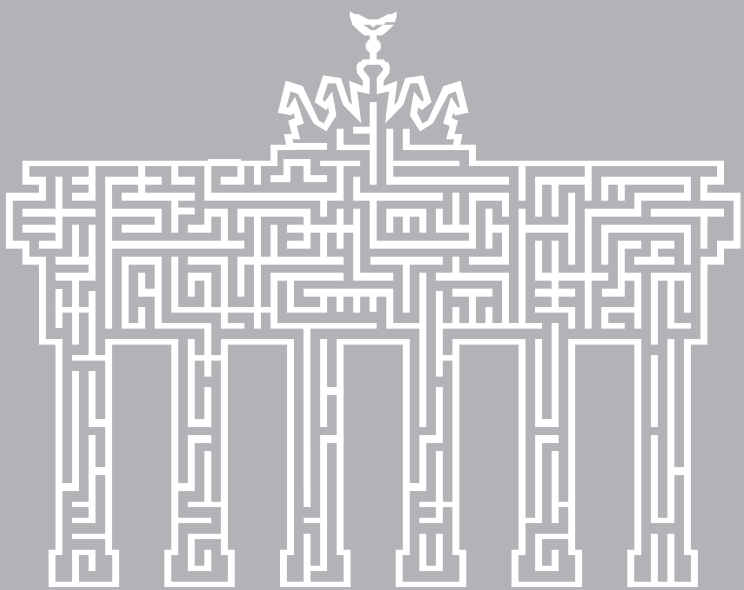
MARKET REPORT GERMANY 2020



KENSTONE
REAL ESTATE VALUERS

CONTENTS

POLITICAL AND ECONOMIC ENVIRONMENT	PAGE 4
OFFICE MARKET	PAGE 6
RETAIL MARKET	PAGE 8
HOTEL MARKET	PAGE 10
LOGISTICS MARKET	PAGE 12
RESIDENTIAL MARKET	PAGE 14
INVESTMENT MARKET	PAGE 16
DISCLAIMER	PAGE 18
IMAGE EVENT	PAGE 19

This market report has been compiled by the experts of KENSTONE Real Estate Valuers (KENSTONE). The basis of the report is provided by data from valuations evaluated centrally and publicly accessible information. KENSTONE was in charge of putting together the evidence from these sources, evaluating it and presenting the results of its analysis in the market report. It gives the reader a general overview of the situation in the office, retail, hotel, logistics, investment and residential markets in Germany. It focuses on eight German cities: Berlin (B), Dusseldorf (D), Frankfurt (F), Hamburg (HH), Cologne (C), Leipzig (L), Munich (M) and Stuttgart (S).

POLITICAL AND ECONOMIC ENVIRONMENT

Weakening of growth in 2019 …

After the forecasts for GDP growth for 2019 were corrected downwards again and again, important economic indicators such as the Ifo business confidence indicator slipped and a technical recession was also temporarily expected, looking back on the financial year 2019, GDP growth of 0.6 % was recorded – albeit at a level significantly below that of the previous year.

… followed by recession in 2020

Following the influence of the worldwide pandemic and the national lockdown at the start of the year the Germany economy also slipped into recession in 2020. Significant parts of the economy such as industry, retail and the hotel and catering businesses recorded significant drops in turnover. In some sectors operations almost ground to a halt.

Rapid recovery following the collapse …

Following the lifting of the lockdown 20 April and the gradual lifting of restrictions, the economic recovery from the deep recession started. The population can go to bars and restaurants again, turnover in retail is growing and certain sectors are even experiencing a mini-boom. The Dax, following the collapse in the first part of the year, has now largely ironed out its losses and the Ifo-Index is rising again.

… albeit with braking factor

One cannot fail to recognize however that the wide range of state aid packages, including short-time work and the temporary reduction in VAT, will in the short-term stem the consequences of the economic collapse. In the long-term however rising debt in companies and rising unemployment represent a brake on growth. In addition the experience gained in the crisis such as e.g. home-office work or the increased usage of online services may lead to structural adjustments.

Years of upturn on the labour market over

The main pillars of the German economy – the labour market which had been almost unstoppable for a long time and strong consumption – have now been dented. After unemployment fell to a low of 4.9% in 2019, it jumped to over 6 % in the first part of the year thus wiping out the falls of the last four to five years, Given the large number of people on short-time work it is anticipated that the unemployment rate in 2021 will rise to 6.5%.

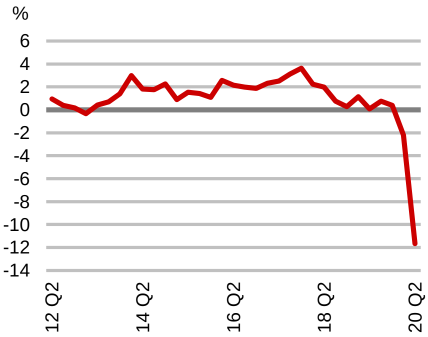
Outlook for consumption and wages weaker

Wage growth and consumer behaviour should, in the medium-term, provide a dampening effect. Consumption patterns in the crisis constituted a very mixed picture. On the one hand the collapse in consumer confidence made it clear that the consumer was indeed affected by the new environment in terms of his behaviour. On the other hand the mini-booms in certain retail segments demonstrated that a willingness to purchase is definitely given and that this has adapted to the new environment.

Economy to grow again following recession

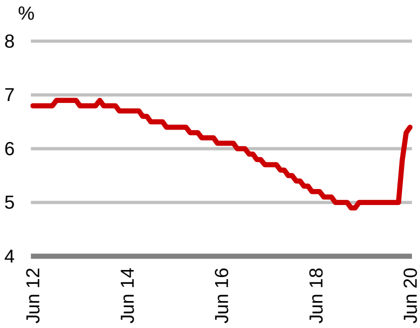
Following the collapse of the economy in the early part of the year, a fall in GDP of 5.5% for the year as a whole is anticipated – when compared to the previous year. For 2021 growth of 4.5% is forecasted. Germany, in comparison to many other countries, slipped into the crisis in a very strong position and should therefore, given a solid political and social environment, be able to come out of recession more easily even if the progression of the pandemic remains uncertain. After this, issues such as the Brexit or increasing protectionism which have slipped into the background will provide further challenges for the economy.

GDP Annual growth rate (real)



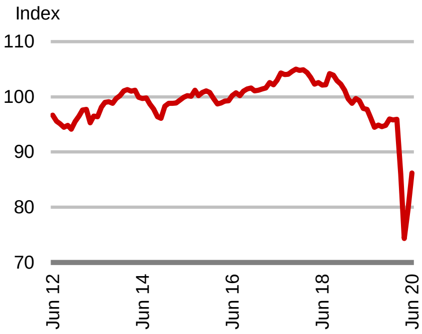
Sources: Kenstone, German Federal Statistics Office

UNEMPOYMENT RATE



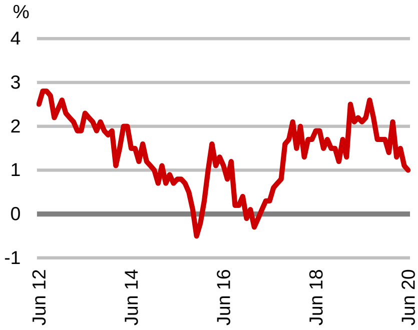
Sources: KENSTONE, Federal Employment Agency

IFO BUSINESS CLIMATE INDEX



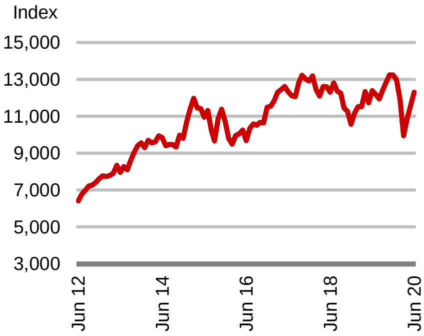
Sources: KENSTONE, Ifo

INFLATION



Sources: KENSTONE, German Federal Statistics Office

DAX



Sources: KENSTONE, Deutsche Bundesbank, Deutsche Börse AG

FORECASTS

Annual Change		**2019**	**2020**	**2021**
GDP	%	0.6	-5.5	4.5
Consumer Spending	%	1.6	-5.6	8.6
Inflation	%	1.4	0.7	1.9
Absolute				
Unemployment Rate	%	5.0	6.2	6.5

Source: Commerzbank

OFFICE MARKET

A long upturn period is over

The German office markets have enjoyed a long period of growth. Following the significant downturn at the start of the century the only direction was up with short bumps during the financial market crisis 2008/2009 and the subsequent European national debt crisis in 2012. Falling vacancy rates, moderate rent rises and then significant increases characterized the market for a long time coupled with lively take-up.

Take-up in decline in the first half year

The lockdown and the recession which followed clearly call into question the continuation of this trend. It is not surprising that take-up fell to a level in the first half of the year which was last recorded during the financial crisis in 2009.

The very high level of short-time work, unemployment which is rising sharply and the increase in job cuts will impact negatively on office rental markets for the foreseeable future. Companies will probably hesitate in the medium term when it comes to renting space. What is much more likely is that some companies may see the need to put space which is not required back on the market or even to just not occupy it.

Construction at high level

In addition, in dynamic and volatile locations, unlike in the last two downturns, a significant level of office space is being planned and developed and this space will be looking for tenants in the next few quarters. Even if on average over 50% of this space is already rented this is still a burden for the further development of office markets.

Vacancy rate rising from a low level

On the other hand vacancy rates fell to a very low level at the start of 2020 which signals in some locations almost full occupancy. In the course of the first half year vacancy rates have risen again slightly. However they still remain at a low level which only provides tenants with a limited choice of rental space.

Rents still rising

Office rents in all the markets considered here have risen significantly. It is quite unlikely that this increase will continue. In the context of uncertainty in the market which will only abate gradually, company cost sensitivity in terms of accepting higher rents will increase. It is far more likely, in view of the experience gained in previous cycles, that falling rents will be the result even if low vacancy rates and therefore a low volume of rental space available support the existing rental levels.

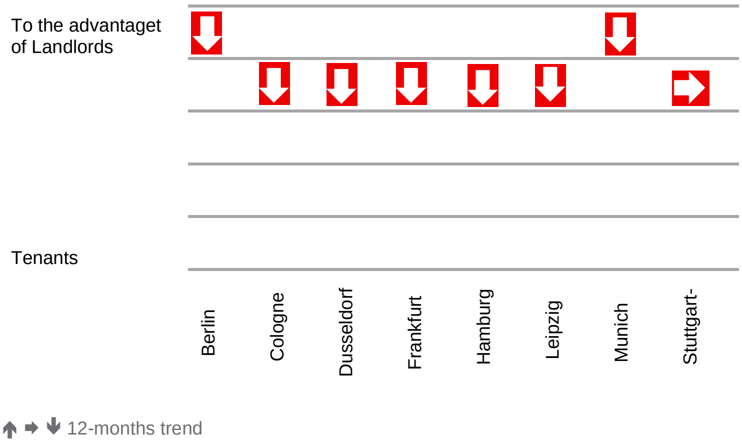
Not only cyclical factors at play

In addition to the usual cyclical factors influencing the market, the pandemic and the actions associated with it and also structural issues will also have an impact. Home office work which has been utilized by many companies during the lockdown has gained in significance – at least temporarily. Whether and to what extent home office work will impact on the need for office space is unclear. Experience in the long-term relating to company management, protection at work and communication is not yet available. Equally it remains to be seen how distancing rules and climatic aspects will influence office usage and whether they have an impact in terms of need.

Outlook subdued

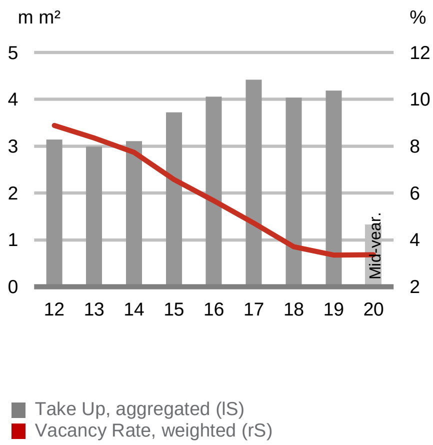
All in all, given the pandemic and the consequences of the severe recession, it will become necessary to adapt to weakening office markets. The advantage in the context of a downturn is that it will not be necessary to correct any excesses either.

OFFICE MARKET CONDITIONS and 12-months trend



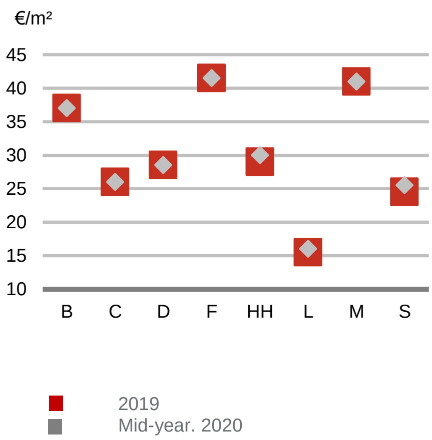
Source: KENSTONE

TAKE UP / VACANCY RATE



Sources: KENSTONE, agents

PRIME RENTS



Sources: KENSTONE, agents

MARKET DATA MID-YEAR. 2020

		B	C	D	F	HH	L	M	S
Stock	m m²	20.5	8.0	9.2	11.6	15.0	3.8	20.7	8.8
Take Up	1,000 m²	329	87	167	112	167	49	332	79
Vacancy	1,000 m²	380	263	565	728	406	189	562	183
Vacancy Rate	%	1.9	3.3	6.2	6.3	2.7	5.0	2.7	2.1
Under construction	1,000 m²	1,382	134	283	715	444	71	1,046	473
Prime Rent	€/m²	37.00	26.00	28.50	41.50	30.00	16.00	41.00	25.50

Sources: KENSTONE, agents

RETAIL MARKET

Pandemic hampering retail

The year 2020 will probably go down in history for German retail, too. Years of economic upturn with at least moderate growth levels in retail turnover and almost unstoppable consumer confidence are now abruptly ended by the pandemic and the lockdown.

In 2019 in real terms retail grew by a quite decent 3.1 % but this positive trend is now almost inconceivable following the collapse in Spring 2020..

Negative labour market effects

On the one hand politicians are attempting to counter the social and economic consequences of the pandemic with a wide range of economic aid. However the number of people on short-time work and also the unemployment level have both risen very rapidly. In addition restrictions such as the compulsory wearing of masks and hygiene requirements are subduing consumer confidence.

Purchasing propensity collapsing

Consumer confidence collapsed to an all-time low in March and is still clearly negative despite a recovery in the Summer and this reflects the high level of uncertainty.

Very different impact from sector to sector

Therefore the environment for retail overall l is clearly negative although the impact differs enormously from sector to sector – unlike any other. There are many losers but also a host of winners too.

Economic position of many traders precarious

Given the background of the closure of shops from March until May the majority of those in stationary retail is confronted by enormous challenges. Following re-opening these were reduced but not completely eliminated - no income or significantly lower income with ongoing costs. Seasonal merchandise, especially in fashion, is not selling well at all. The situation for a number of retailers is precarious.

Online-business the winner in the crisis…

However, there are also winners benefitting from the lockdown and also some who reaped benefits due to changes in consumer needs. This primarily includes online business but also food shops which remained open and which had to meet the needs of numerous people working in their home office, furthermore DIY shops and then after the lockdown cycle shops whose products make staying at home more enjoyable.

… but not traditional business models

It is different for the traditional, established retail locations and shopping centres which are characterized by fashion and textiles. Textiles were already experiencing changing consumer behaviour patterns before the crisis and the crisis accelerated this further. To date only a small number of retailers have given up in the course of the pandemic. The situation does however remain challenging and this is underlined by the decision to close some Karstadt-branches.

Retail crisis hitting rental market too

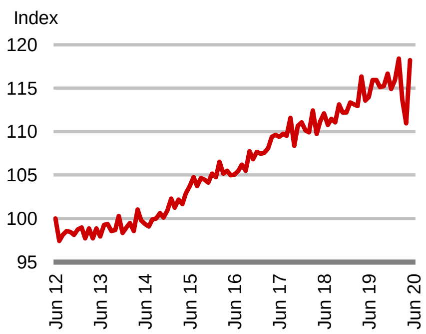
This is all less good news for the property market. A not inconsiderable number of users had problems or had difficulty gaining enough turnover to cover the rent. Landlords on the other hand felt obliged to show goodwill in order to have a chance of survival for the post-Corona period. Pressure on retail rents should therefore rise further although in the past there was already a downward spiral with the exception of top rents in individual towns and cities or for specific business models.

Recovery ahead – but structural change remains

In the future retail will recover from this huge economic downturn. The visitor numbers in shopping centres and retail locations have already significantly recovered. Irrespective of this, the change in retail will continue and make necessary a differentiation between individual market segments.

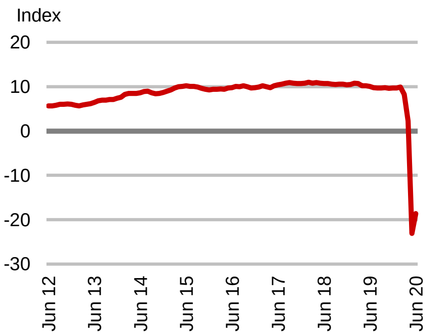
RETAIL SALES

Real



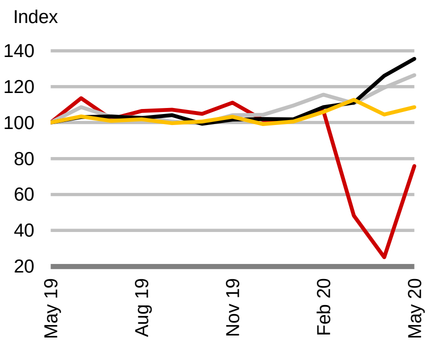
Sources: KENSTONE, Federal Statistical Office

CONSUMER SENTIMENT



Sources: KENSTONE, GfK

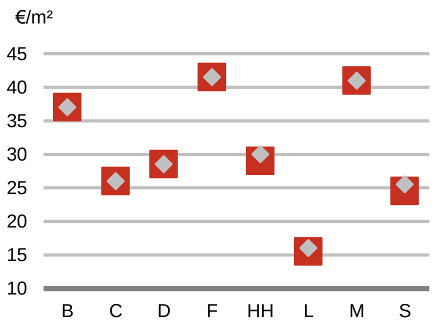
TURNOVER BY SEGMENT



DIY
Clothing
Retail
Online-/mail order

Sources: KENSTONE, Federal Statistical Office

PRIME RENTS



Mid-year. 2019
Mid-year. 2020

Sources: KENSTONE, agents

MARKET DATA

		B	C	D	F	HH	L	M	S
Population	1,000	3,769	1,092	646	759	1,847	602	1,561	622
Population (2019 versus 2014)	%	5.8	3.6	4.2	7.1	4.8	10.5	4.7	3.6
Prime Rent Mid-year 2020	€/m²	330	250	290	310	280	120	360	270

Sources: KENSTONE, agents, Statistical Offices

HOTEL MARKET

Pandemic ends a long growth phase

The accommodation market is without doubt one of the sectors in the global economy most affected by the global pandemic and the temporary lockdown. Following the lockdown there was a collapse in overnight stays never seen before. This ended a very long period of growth which had provided every year new highs in terms of overnight stays since the financial crisis in 2008/2009.

2019 recorded another new overnight stay record

In 2019 a new record was set with approx. 495.6 m overnight stays and this exceeded the level of the previous year by an impressive 3.7 %. Therefore the growth dynamic was almost uninterupted even if one considers that the number of overnights on the part of guests from abroad only grew moderately by 2.6% in comparison to the previous year.

Lockdown brings accommodation market to a halt - temporarily

In 2020 this peak was followed by a collapse with the lockdown which ultimately brought the accommodation market to a standstill. The number of overnight stays in April fell by 94.2 % in comparison to the previous year. For the period January to April 2020 the number was a hefty -39.6%.

Accommodation companies facing considerable economic burdens

This poses great challenges for accommodation companies. In the event of no or low returns the costs still have to be paid. In addition, the Corona restrictions such as hygiene and distancing rules burden the profitability of these companies and still do so following the reopening of their businesses. The ability of the accommodation companies to meet their obligations – e.g. rental contracts – is therefore under severe pressure and leads to an increased risk of insolvency in the sector.

Recovery probably only limited

The question for the next few months will be less whether or how quickly the market recovers and far more which level will be achieved. Even if gloomy forecasts may be inappropriate, it will probably take a long time before confidence is restored on the part of travellers both domestically and abroad and the tourist magnets can develop again to their full potential.

Holiday hotel business confident

After travel restrictions were relaxed again in June for the holiday season the holiday hotel business showed more confidence again. The desire to travel for the Germans had not fundamentally disappeared and could lead to a catching-up effect. The contribution to demand from abroad which in the past mostly grew more rapidly than that domestically still remains unclear in view of the existing travel restrictions and the global pandemic which is still continuing.

Ongoing restrictions affecting urban hotels in particular

It looks different for town hotels and event hotels. Given that large events such as fairs, congresses or concerts are still forbidden, significant demand is still missing. There is also still a question mark next to business trips insofar as the weak economy and ongoing uncertainty mean cost-cutting and the qualities of online-conferencing during the crisis provide an alternative in the long-term, too.

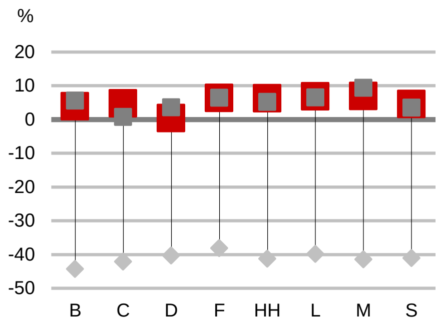
Occupancy should remain below pre-crisis level in the medium-term despite expected recovery

The occupancy of hotels should on the one hand gradually recover from this severe blow but not achieve in the short- and medium-term the high levels of previous years. An additional burden will be the capacity still being built or planned – as soon as this comes on the market. To this extent one can assume that the level of competition will intensify and that there could be a process of selection on the part of providers.

Reduced revenues but in the medium-term higher costs

Irrespective of how room rates develop after years of moderate growth in the changing, more intense competitive environment, revenues will be below the level of previous years and provide a challenge for management in terms of profitability, particularly in view of the fact that the Corona restrictions lead to higher costs.

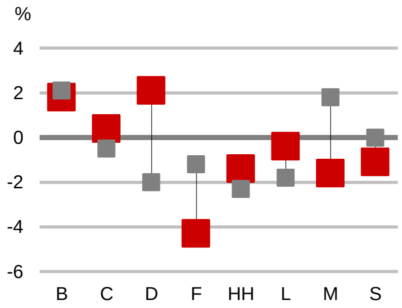
OVERNIGHT STAYS Annual Change



2018 2019 Jan. - Apr. 2020

Sources: KENSTONE, Statistical Offices

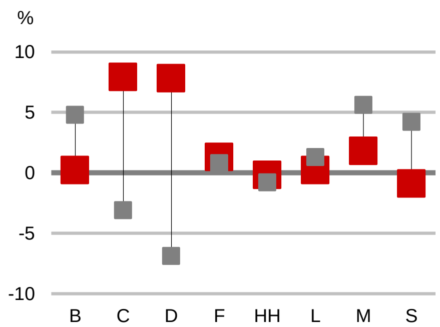
OCCUPANCY (ROOMS) Annual Change



2018 2019

Sources: KENSTONE, IHA

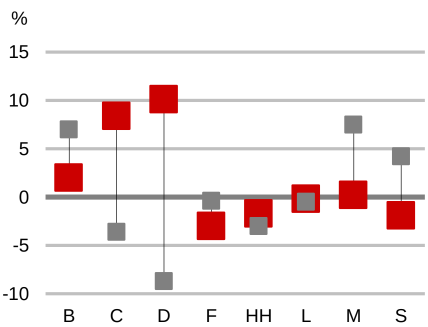
ARR Annual Change



2018 2019

Sources: KENSTONE, IHA

REVPAR Annual Change



2018 2019

Sources: KENSTONE, IHA

MARKET DATA

		B	C	D	F	HH	L	M	S
2019									
Overnight Stays	1,000	34,124	6,579	5,001	10,786	15,427	3,603	18,292	4,087
of which foreign guests	1,000	15,500	2,319	2,014	4,722	3,802	533	8,787	1,269
Guests	1.000	13,963	3,826	3,049	6,193	7,619	1,930	8,751	2,180
of which foreign	1,000	5,485	1,244	1,122	2,546	1,678	260	3,916	589
Hotels	Number	803	280	218	311	279	142	464	171
Occupancy (Beds)	%	62.7	52.9	48.4	49.4	59.5	49.2	59.1	50.7
Occupancy (Rooms, AC)	%	↗	→	↗	↘	↘	→	↘	↘
ARR (AC)	%	→	↗	↗	↗	→	→	↗	↘
RevPAR (AC)	%	↗	↗	↗	↘	↘	→	→	↘
January – April 2020		Change on previous Year							
Overnight Stays	%	-44.4	-42.2	-40.4	-38.2	-41.3	-39.9	-41.5	-41.1
of which foreign guests	%	-49.1	-44.9	-42.1	-39.9	-47.7	-41.8	-45.5	-49.5

↗ rising ↘ declining → stable

Sources: KENSTONE, Statistical Offices, IHA

LOGISTICS MARKET

Logistics properties have enjoyed significant growth for years

Logistics properties have enjoyed significant growth in the last few years. With the economic upturn which lasted a long time, the increase in globalisation and the development of e-commerce the need for logistics properties grew rapidly.

Activity at a high level before pandemic

In 2019 take-up of approx. 6.7 m m² was achieved throughout Germany as a whole and this was clearly above the long-term mid-range level. However, it did not quite hit the level of the previous year when a new record of 7.3 m m² was recorded. Signs of economic weakness became apparent as early as the second half of the year which hampered the dynamism and which became noticeable in both conurbations and outside. In the first half of the year 2020 the logistics sector fell victim to the worldwide pandemic which not only threw the world economy into recession but also had a negative impact onto existing logistics structures.

Transport figures in 2019 partly weaker, significant collapse in 2020

After at the end of 2019 freight traffic was showing a negative trend in German freight airports this accelerated significantly in March and April. As scheduled flights were scaled down, freight traffic associated with it collapsed too as freight could not be replaced by using freight only flights. Container handling in German sea ports was still at a stable level in 2019 and this, however, in the first 6 months of 2020 should also become significantly negative, too.

Confidence indicators hit rock bottom – recently slight improvement in expectations

The logistics indicator of the BVL (National Association of Logistics – registered charity) collapsed to a level below that last seen at the time of the financial crisis. The logistics sector was not spared from the closed borders of the lockdown. Following the lifting of the restrictions, expectations in May improved dramatically but are still negative and indicate to this extent a slow recovery.

Take-up 2020 well down

As a result of this difficult environment, take-up of logistics floor space was well below the level of the previous year. In this regard neither the growth of individual market segments in the economy such as food or online business nor seasonal requirements such as storage of unsold goods were able to change this. Here the need for floor space on the part of industry, trade and the logistics sector was satisfied largely by new project developments which continuously cover more than half of take-up.

Rents now stable following rise in 2019

The prime rents for logistics space recorded a slight rise in 2019 – supported by solid demand. Top rents in Munich reached, at 7.10 €/m², the highest level and for individual, whereas rents for extremely modern properties even outside the top 5 regions were recorded which were significantly higher. For the first half of 2020 however no further rises were recorded.

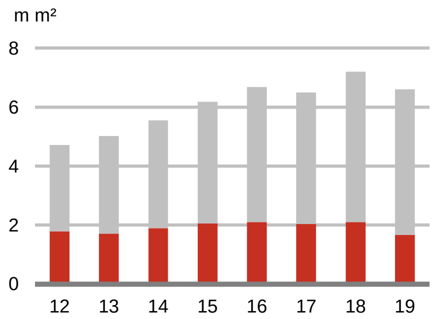
Outlook subdued…

The critical factor for the future development will be how quickly society and the economy recover from this recession. Considering that this is a global recession and that the pandemic is hampering society and economic structures – despite the aid packages – one can expect that the recovery will take a long time and that not all market players will come out of the crisis in the same position they entered it.

… differentiating between different market segments necessary

The quality of users, contracts and property quality will – at least in the short- and medium-term – gain in importance in comparison to the past and this will lead to a more noticeable differentiation. Even though digitalization has provided the logistics market with an increase in its importance, and will probably also do so in the future, the rental of space in the medium-term should be rather more challenging again which may be at the expense of older properties.

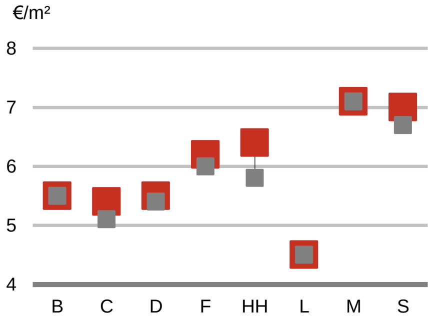
TAKE UP



21. TAKE UP
Outside of the core areas Core areas (Big 5)

Sources: KENSTONE, JLL

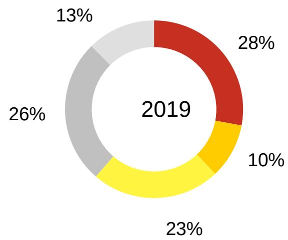
PRIME RENTS



22. PRIME RENTS
2018 2019

Sources: KENSTONE, agents

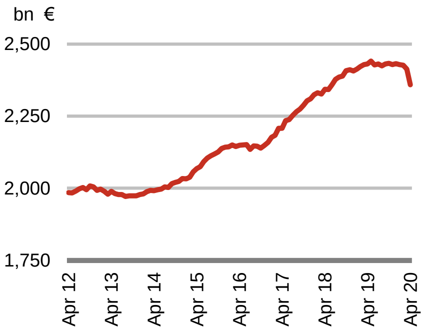
TAKE UP By Region



Berlin Dusseldorf Frankfurt
Hamburg Munich

Sources: KENSTONE, IHA

EXPORTS + IMPORTS 12-months-cumulative



Sources: KENSTONE, Federal Statistical Office

MARKET DATA 2019

		B	C	D	F	HH	L	M	S
Take Up	1.000 m²	493.1	140.0	177.1	413.0	464.0	164.0	219.0	153.0
Prime Rents	€/m²	5.50	5.40	5.50	6.20	6.40	4.50	7.10	7.00

Sources: KENSTONE, JLL, agents

RESIDENTIAL MARKET

Solid as a rock

The German residential market is still as solid as a rock. Demand on this market remained high in 2019 and prices are continuing to outstrip the inflation rate.

The driving factors up to the lockdown in Spring were still the strong labour market, rising incomes, the very low interest rates and the lack of alternative investments. Fear of negative interest rates on savings was an additional driver.

No sign of the crisis

Whether and to what extent the economic collapse in Spring 2020 is going to fundamentally change anything remains unclear. Observation of the market in the Summer indicates that interest in residential property is still high and that negative effects on prices cannot be seen. At least offering prices are recording an ongoing rising trend throughout the Summer. The upturn which has now lasted for years has achieved the status of a safe investment which is perhaps especially noticeable in times of crisis and uncertainty.

Drivers of demand in tact

The worries regarding negative interest rates and rising inflation due to rising national debt have not disappeared as a result of the crisis. Further, alternative investments with limited risk levels are still rare. The hopes to get a bargain because of the economic crisis are therefore unfounded.

Risks rising

However, the economic downturn means that the tailwind from the labour market and income rises are weakening. This will, in the medium-term have an effect on the residential market which traditionally reacts very sluggishly, particularly due to the state aid which continues throughout the Summer to stem the effects of the recession.

Price continue to grow– outlook weakening however

The house price index published by the National Statistics Office records an increase for 2019 of 5.8 % in the median range. In some locations the rises are significantly higher. The gap between the swarm towns and the structurally weak rural areas remains. On the other hand high prices and low levels of supply in towns lead to a knock-on effect in the surrounding areas which promotes price growth. At least the tempo of price rises should fall in 2020. However, there is no evidence for a change in the trend in general.

Financing market still positive

Financing remains positive for the residential market, too. Interest rates have hit a new low such that costs for consumers have fallen continuously despite prices which have risen strongly. In addition there is no significant deterioration in credit standards which could dramatically reduce the level of activity in the market.

Rental price rises still in tact

Unlike prices, the development of rents in the past few quarters has been more subdued. To date however, a rise in rates can be observed.

Construction still stable at high level

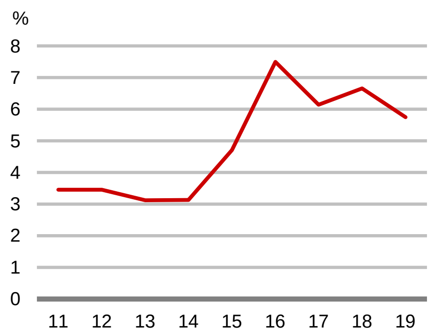
On the supply side no significant changes can be seen. Construction was still at a high level in 2019 with a slight increase in the number of planning approvals in comparison to the previous year. In this regard the development for the building of blocks of flats is more dynamic than for individual house-building which has remained more or less stable for years. The lockdown will definitely act as a brake for 2020 too but this should only be slight due to the long planning phases for planning permission.

Further development in market more subdued

All in all the residential market is to be regarded as very stable irrespective of the challenging environment. Whether home-office and home-learning in the medium- and long-term will result in changing needs regarding location and quality of living remains to be seen.

HOUSE PRICES

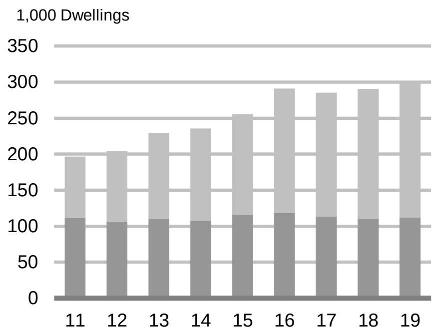
Annual Change



Sources: KENSTONE, Federal Statistical Office

BUILDING PERMISSIONS

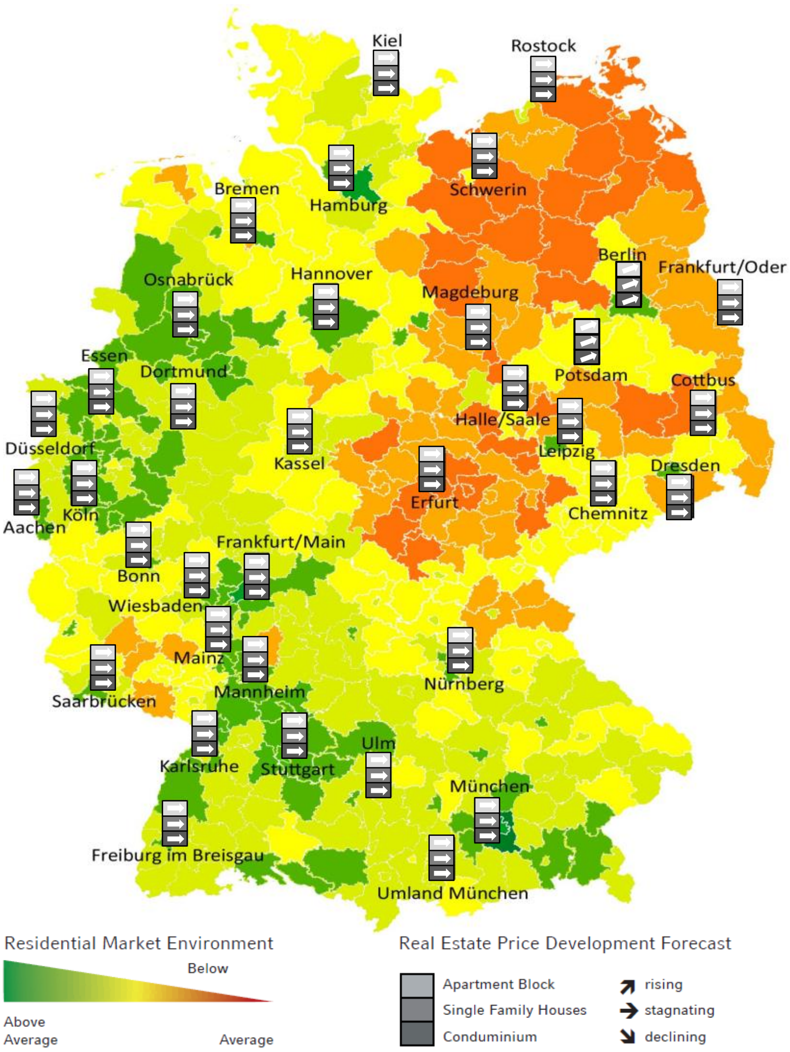
New Dwellings



Apartment Block
Single/Double Family Houses

Sources: KENSTONE, Federal Statistical Office

MARKET OUTLOOK 2021



Source: Kenstone

INVESTMENT MARKET

Investment turnover at high level

The German CRE-Investment market exceeded again its level of the previous year and recorded another high at € 73.4 bn. All property segments were sought after and traditionally office properties always record the highest level and this was approx. 29.4 bn in 2019.

Signs of braking in Q2 2020

The very high level of dynamism on the market continued in the first quarter of 2020 when an extremely high level was recorded at € 18.6 bn. The second quarter was significantly quieter following the consequences of the pandemic in which turnover of €10.8 bn was clearly below the level of the previous year.

Foreign investors very active to date

In addition to a wide range of domestic investors, foreign investors were also active and they were responsible in 2019 for approx. 41 % of investment volume as was the case for the first half year 2020. European investors were most active followed by the Americans. The proportion of Asian investors was slightly lower

Tailwind to subside due to user markets

Until the crisis the tailwind for investment markets was provided by user markets which mainly developed positively with low vacancy rates, high levels of demand and rising rents. This should abate significantly and affecting the investors' yield expectations negatively.

Investment in residential segment at high level despite pandemic

The investment market for residential property was not very impressed by the pandemic. Turnover volume in 2019 and also the first half of 2020 is still at a high level which underlines the stability of the German residential property market with calculable, stable cash-flow for investors.

Access to external capital more difficult

If capital markets and financing markets in 2019 were to be regarded as still solid overall then financing conditions since the crisis are regarded as much more restrictive as banks are now taking increasing margins.

Following long decline in returns …

The level of yields has fallen despite the comparatively low level of previous years. With approx. 2.65 % Berlin still shows the lowest level of prime office yields which is 0.25% below the level of the previous year.

For the bulk of other segments slight falls in yields are to be observed in comparison to the previous year. The exception to this is shopping centres where yields have continued their slightly upward trend.

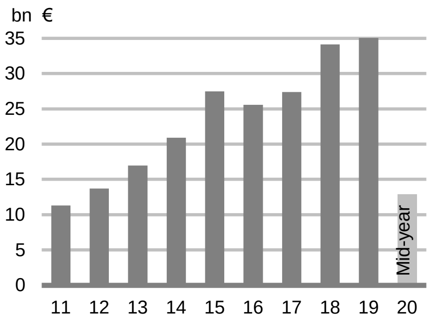
… they are now stagnating at a very low level

For the first half year no significant change in yields is to be ascertained and this may be due to lower transaction volumes and backlash effects. Changes in return levels may become apparent when uncertainty has vanished and the market players have adjusted the risk profiles for individual market segments.

Solid starting point to exit the crisis

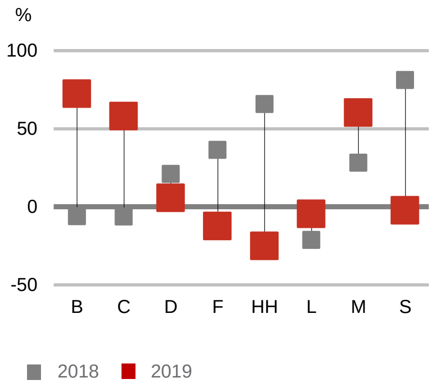
The CRE-Investment market is a trade-off between very low interest rates, the collapse of the economy and a general need to invest. The range of indicators available does not suggest that in the short- to medium-term market activity at the level before the crisis will be achieved again. On the other hand investors are also noting that the solid political and fiscal environment with comprehensive aid packages provide a strong starting point to exit the crisis in comparison to other countries.

INVESTMENT VOLUME (B, D, F, HH, M)



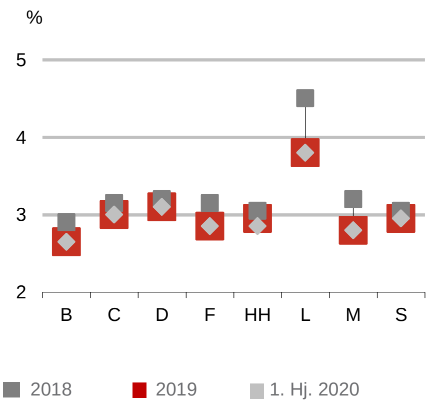
Sources: KENSTONE, BNP Paribas Real Estate

INVESTMENT VOLUME Annual Change



Sources: KENSTONE, BNP Paribas Real Estate

PRIME OFFICE YIELDS



Sources: KENSTONE, agents

CHANCES IN MARKET VALUES

	Change on last 12 months	Outlook next 12 month
Office	10%	-5%
Retail	0%	-5%
Logistics	10%	0%
Residential (apartment blocks)	5%	0%

Source: KENSTONE

MARKET DATA

		B	C	D	F	HH	L	M	S
2019									
Investment Volume of which	m €	12,800	3,127	4,125	8,942	4,403	762	10,683	2,481
Foreigners	%	51.1	36.2	24.1	47.6	38.7	47.9	31.3	50.9
Office	%	69.7	70.2	66.3	75.3	66.4	18.9	70.2	60.9
Prime Yields									
Office	%	2.60	3.00	3.00	2.80	2.80	3.80	2.60	3.00
Retail	%	2.80	3.20	3.20	3.10	3.00	4.00	2.80	3.20
Logistics	%	3.70	3.70	3.70	3.70	3.70	4.05	3.70	3.70
Mid-year 2020									
Investment Volume	m €	3,850	700	1,840	2,900	2,180	467	2,100	833
Prime Yields									
Office	%	2.65	3.00	3.10	2.85	2.85	3.80	2.80	2.95

Sources: KENSTONE, agents

DISCLAIMER

IMAGE EVENT

POLITICAL AND ECONOMIC ENVIRONMENT

1. GDP Annual growth rate	2. UNEMPOYMENT RATE	PAGE 5
3. IFO BUSINESS CLIMATE INDEX	4. INFLATION	PAGE 5
5. DAX	6. FORECASTS	PAGE 5

OFFICE MARKET

7. OFFICE MARKET CONDITIONS and 12-months trend		PAGE 7
8. TAKE UP / VACANCY RATE	9. PRIME RENTS	PAGE 7
10. MARKET DATA MID-YEAR. 2020		PAGE 7

RETAIL MARKET

11. RETAIL SALES	12. CONSUMER SENTIMENT	PAGE 9
13. TURNOVER BY SEGMENT	14. PRIME RENTS	PAGE 9
15. MARKET DATA		PAGE 9

HOTEL MARKET

16. OVERNIGHT STAYS	17. OCCUPANCY (ROOMS)	PAGE 11
18. ARR	19. REVPAR	PAGE 11
20. MARKET DATA		PAGE 11

LOGISTICS MARKET

21. TAKE UP	22. PRIME RENTS	PAGE 13
23. TAKE UP By Region	24. EXPORTS + IMPORTS	PAGE 13
25. MARKET DATA 2019		PAGE 13

RESIDENTIAL MARKET

26. HOUSE PRICES	27. BUILDING PERMISSIONS	PAGE 15
28 MARKET OUTLOOK 2021		PAGE 15

INVESTMENT MARKET

29. INVESTMENT VOLUME (B, D, F, HH, M)		PAGE 17
30. INVESTMENT VOLUME, Annual Change		PAGE 17
31. PRIME OFFICE YIELDS	32. CHANCES IN MARKET VALUES	PAGE 17
33. MARKET DATA		PAGE 17

As at October 2020 · Protective Charge 50,– €

CONTACT

KENSTONE GmbH

REAL ESTATE VALUERS

www.kenstone.de

Dr. Michael Brandl	**Martinus Kurth**
Managing Director	**Managing Director**
KENSTONE GmbH	**KENSTONE GmbH**
Real Estate Valuers	**Real Estate Valuers**
Leopoldstr. 230	**Lützowplatz 4**
80807 München	**10785 Berlin**
Phone +49 (0) 89.35 64-2456	**Phone +49 (0) 30.26 53-2070**
Fax +49 (0) 89.35 64-2231	**Fax +49 (0) 30.26 53-2073**
michael.brandl@kenstone.de	martinus.kurth@kenstone.de