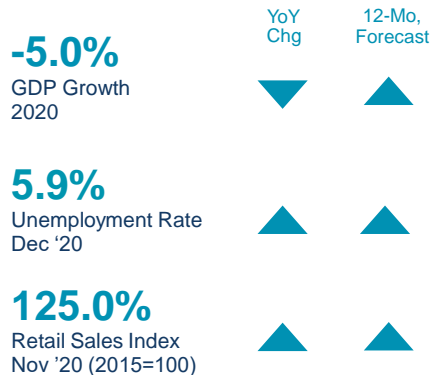


Source: GfK, National Statistical Office; all figures as of December 2020, Price index 2015=100

ECONOMIC INDICATORS 2020



Source: National Statistical Office, National Labour Office

GENERAL CONDITIONS: Restaurants and most shops closed

The final quarter of the year was another challenging one for bricks-and-mortar retailers. In October the rules regarding when and where people must wear a face mask were tightened and the number of people allowed to meet in public areas was reduced. Since November 2nd restaurants, bars, cafés and all event facilities have been closed, followed by the forced closure of non-essential shops on December 16th. Consumer sentiment, as measured by the GfK Consumer Climate Index, therefore worsened month by month but was not as weak as it was in the period May to July. The number of unemployed persons decreased a little in the final quarter to stand at 2.7 million at the end of the year.

Despite the challenges due to the Covid-19 pandemic retail sales grew by 5.7% y-o-y in 2020 (at current prices), according to figures from HDE Hauptgemeinschaft des Deutschen Einzelhandels. While e-commerce profited from a 24% increase in sales, the sales of brick-and mortar retailers improved by 4%, with fashion retailing suffering from a significant decrease in sales. Winners of the pandemic were food retailers in particular, but also DIY and furniture retailing..

DEMAND: Fewer new leases – Strong investment market

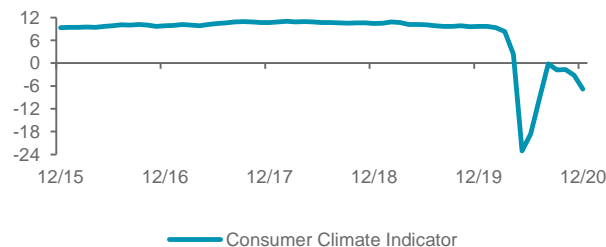
Due to the two hard lockdowns in 2020, fewer new leases were signed than the previous year and take-up of retail space is estimated to have decreased by 20% to 30% y-o-y. Supermarkets and food discounters but also fashion retailers were main drivers of demand. Pop-up stores have developed to become a significant market player and a trend has emerged of furniture stores returning to inner-city locations or tending to open a smaller shop there. For example, Ikea is operating three so-called planning studios in Berlin with areas of 500 to 1,000 sq.m

Investment volumes for retail assets (€10.7 bn) surpassed the level of the previous two years with half of the volume directed to supermarkets, food discounters and food-anchored retail parks.

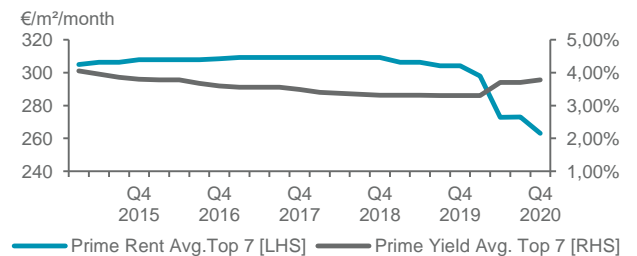
PRICING: Tenants ask for Rent Reviews

Prime rents for new lets in the major high streets adjusted downwards twice in 2020, in Q2 and again in Q4 and prime yields increased reflecting the economic challenges that the major retail segments are facing in the German high streets.

CONSUMER CLIMATE INDICATOR (GfK)



HIGH STREET RETAIL - PRIME RENTS AND YIELDS





MARKET STATISTICS

MARKETS	FOOTFALL* Dec 2020	Growth Y-o-Y*	PRIME RENT (EUR / M ² / MONTH)	Change Y-o-Y	PRIME YIELD	Change Y-o-Y
Berlin, Tauentzienstrasse	n/a	n/a	270	-12.9%	3.60%	50 bp
Cologne, Schildergasse	792,434	-69%	240	-15.8%	3.95%	45 bp
Dusseldorf, Königsallee	219,965	-64%	250	-13.8%	3.95%	45 bp
Frankfurt, Zeil	836,933	-59%	265	-14.5%	3.80%	50 bp
Hamburg, Spitalerstrasse	638,933	-69%	260	-13.3%	3.90%	50 bp
Munich, Kaufinger / Neuhauser Strasse	827,251	-74%	320	-12.3%	3.30%	50 bp
Stuttgart, Königsstrasse	722,517	-52%	235	-13.0%	3.95%	45 bp

*Source: Hystreet.com

KEY LEASE TRANSACTIONS Q4 2020

PROPERTY	MARKET	TENANT	M ²	TYPE
Carsch-Haus, Königsallee	Dusseldorf	The Sting	3,500	Short-term let till end 2021
Nordwestzentrum	Frankfurt	Decathlon	3,000	Relocation and expansion within the center
Quarree Wandsbek	Hamburg	TK Maxx	2,200	New let, 2 floors,
Kaufinger Strasse	Munich	Sketchers	860	Flagship store
Alte Schonhauser Strasse	Berlin	Rocycle	360	First store in Germany

KEY SALES TRANSACTIONS Q4 2020

PROPERTY	MARKET	SELLER / BUYER	M ²	PRICE (€MN)
Bahnhofspassagen (Shopping Center)	Potsdam	Wealthcap / Revcap	57,900	~ 180
Globetrotter (High Street)	Berlin	Hines / Ampega	6,300	~ 50
7 Karstadt department stores	Various	RFR / Apollo Group	n/a	~ 100

KEY CONSTRUCTION COMPLETIONS Q4 2020

PROPERTY	MARKET	MAJOR TENANT	M ²	OWNER / DEVELOPER
Altstadtforum	Gotha	Rewe / Woolworth / dm	6,500	Saller Bau
Cano	Singen	Edeka/ Müller Drogerie / Decathlon	16,000	ECE

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