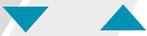
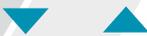


YoY Chg 12-Mo. Forecast

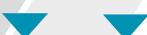
€9.54 bn
Transaction Volume (aggr.)



28%
Share of Foreign Capital



2.87%
Office Prime Yield Top-7*



*Average net initial yield in German Top-7 markets

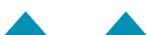
ECONOMIC INDICATORS

YoY Chg 12-Mo. Forecast

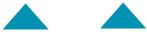
-2.2%
Germany GDP Growth (Q1 2021 vs. Q1 2020)



6.2%
Germany Unemployment Rate (March 2021)



96.6
Germany Ifo Business Climate Index (March 2021)



0.0%
ECB-Interest rate (March 2021)



-0.43%
10-Year Government Bond Yield (Q1 2021)



Source: Moody's Analytics, Agentur für Arbeit, Ifo-Institut

GENERAL CONDITIONS FOR REAL ESTATE INVESTMENTS REMAIN ATTRACTIVE

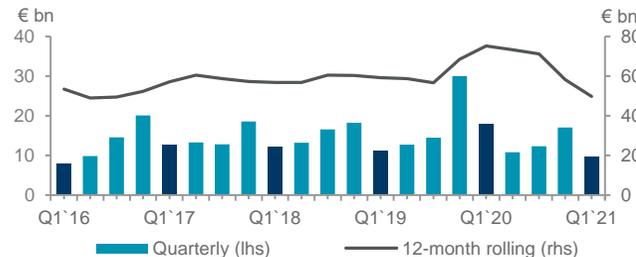
A significant driver of the continuing high demand for real estate investments continues to be the extremely attractive situation on the financial markets. Following its most recent meeting, the European Central Bank (ECB) is not only maintaining its zero and negative interest rate policy, it is also continuing its crisis bond purchase programme ("PEPP") until at least the end of March 2022. As a result, interest rates for government and corporate bonds will remain at a low level or in negative territory. Taking into account expiring German government bonds with a volume of around €250 billion up to and including 2024, institutional investors such as pension funds and insurance companies in particular are under considerable pressure to place capital. In view of the lack of alternative investments with as attractive a risk-return profile, stable cash flow and possible appreciation potential, volatile shares or commodities do not represent a comparable investment to real estate.

INVESTOR DEMAND REMAINS HIGH, SOLID START TO THE YEAR

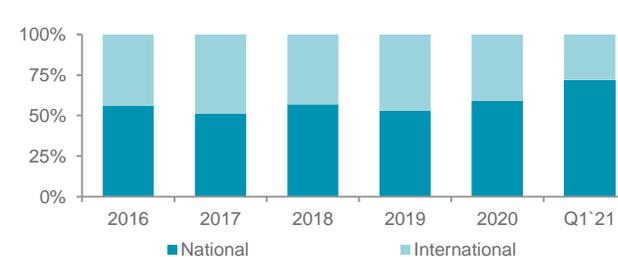
The German investment market for commercial real estate achieved a transaction volume of around €9.5 billion in the first quarter of 2021. The decline compared to the record value of the equivalent period last year amounts to almost 47%. Compared to the 10-year average of first quarters, there is also a decline in turnover, but it is significantly smaller at just under 4%. The main difference compared to the equivalent quarter last year is the lack of large transactions above the one billion euro mark, which are usually mainly attributable to portfolio transactions. The largest transaction in the first quarter of 2021 was the sale of two logistics properties to Tritax Eurobox for around €290 million. Portfolio transactions thus only contributed around a quarter of total transaction volume. As in the previous quarters, the sale of individual properties dominated the market.

Market activity was damped by the further increase in the number of new Covid-19 infections leading to contact and travel restrictions being tightened in some cases and extended to more countries. This had a significant negative impact on international investors' activity, with their share of total volume falling to around 28%. In the first quarter of last year, the figure was still around 44%. This is a clear indication that a physical on-site inspection forms an important part of the due diligence process for many investors.

COMMERCIAL TRANSACTION VOLUME



SHARE OF TRANSACTION VOLUME BY SOURCE OF CAPITAL



INVESTORS CHANGE WEIGHTING IN TYPE OF USAGE

In view of the ongoing Covid-19 crisis and the resulting incalculable uncertainties about the further economic development of the various sectors and even individual companies, investor interest is particularly focused on low-risk investments such as core and core+ properties. Office properties continue to enjoy a high level of investor confidence and confirmed their position as the preferred asset class with around 34% of volume. Industrial and logistics properties are gaining in importance with the help of the booming e-commerce sector and made an above-average contribution of just under 21%.

The transaction volume of health care properties was particularly positive. Sales of this asset class totalled almost €800 million in the first quarter of 2021 and thus contributed 9% of the total. Due to the lack of product availability within the other types of use and the opportunities afforded to the healthcare sector by the demographic shift, the high level of investor interest in this asset class is not surprising. Retail properties accounted for a share of around 13%. The focus here is ever more specifically on retail parks with a heterogeneous structure and a high proportion of tenants in the grocery sector.

TOP 7 MARKETS WITH BELOW-AVERAGE MARKET SHARES

The Top-7 markets achieved a transaction volume of €3.58 billion representing a stronger decline of 61% from the equivalent quarter last year than that experienced by regions outside the top-7, whose transaction volume fell by one third. Berlin remains the strongest market (€1.1 billion), closely followed by Frankfurt with around €900 million. Of the other markets, only Hamburg is above the €500 million threshold with €633 million.

PRIME YIELD AT LOW LEVEL

Against the background of unremittingly high competition, the prices for favoured investment product have reconfirmed their high level. In the office sector, the average prime yield in the Top-7 markets is 2.87%, a minimal compression of two basis points compared to the previous quarter (Q4 2020). Yield compression is more pronounced for prime logistics properties, for which the average value compressed by 15 basis points to 3.34% over the quarter. The yield gap to the average value for prime high street retail (3.78%) has thus widened to 44 basis points.

Outlook

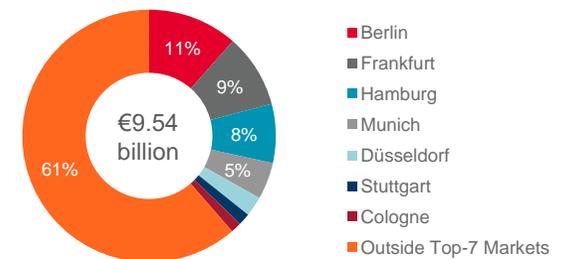
- In the further course of the year, it is assumed that the investors' capital placement pressure will not abate, capital market interest rates will remain low and more transactions will take place.
- Many investors are focusing on greater diversification of their portfolios - less retail, even a slightly lower weighting of office properties and more focus on residential, logistics and alternative types of use.
- In the search for attractive returns and good investment opportunities with stable cash flows, markets outside the Top-7 will also attract broad investor interest.
- Taking into account improved general conditions such as the significant pick-up in vaccination and increasing relaxation of travel restrictions, the full year 2021 should achieve a transaction volume of between €50 and €55 billion.

SHARE OF TRANSACTION VOLUME BY TYPE OF USE

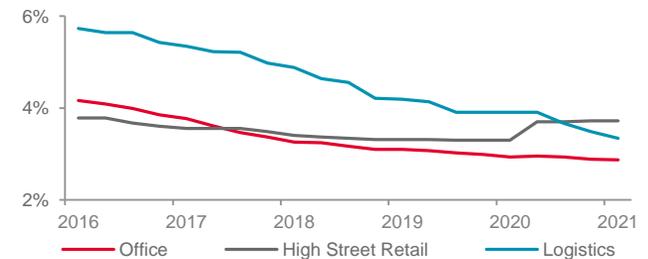


*Other (Leisure, Health Care, Mixed Use, Development Plots)

TRANSACTION VOLUME BY MARKETS Q1 2021



PRIME YIELD BY TYPE OF USE*



* Average net initial yield in German Top-7 markets, each by type of asset



OFFICE PROPERTIES STILL REMAIN MOST SOUGHT AFTER ASSET

Office real estate investment volume reached around €3.27 billion in the first quarter of 2021 and is thus almost 56% below the result of the comparable period last year. This was also 43% below the 5-year average of first quarters; the lowest first quarter performance since 2013. The lack of product availability of attractive and high-priced core office properties as important volume drivers decisively slowed purchase activities. In addition, the transaction activity to date has been dominated by individual property sales. Office properties continue to be the most sought after asset class and are defying the current critical discussions about the future prospects for this type of use. Office properties remain an important component as corporate headquarters as well as a place of learning and knowledge transfer. Risk assessment in terms of space flexibility and adaptability to innovative office concepts will become more important in future.

TOP-7 MARKETS REMAIN HOTSPOTS FOR OFFICE INVESTMENT

The Top-7 markets contributed the majority of office transaction volume in Germany, at around 58%. Frankfurt recorded the highest office transaction volume at €635 million, mainly thanks to two large-volume sales in the triple-digit-million-euro range. Hamburg follows in second place with around €405 million and a share of just under 12%. The other top markets remained below €400 million. Large variations can also be seen in comparison to the equivalent quarter of last year. The decline in volume ranges from around -15% in Hamburg to almost -85% in the German capital. In Berlin, a lack of portfolio deals, a lack of attractive product as well as the continuing wait-and-see attitude of buyers and sellers were the decisive influencing factors for the strong decline.

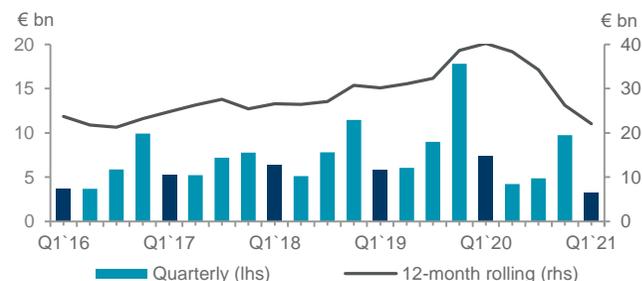
PRIME YIELDS FOR OFFICE PROPERTIES CONTINUE TO COMPRESS

Prime office yields for high-quality core properties in central locations in the Top-7 markets continue to decline and averaged 2.87% at the end of the first quarter of 2021. Compared to the first quarter of last year, this represents compression of 7 basis points. The lack of product availability in central locations has led numerous investors to adjust their purchasing criteria and increasingly invest in peripheral locations. On average, the prime yield in this location category is currently 3.79%, a compression of 9 basis points compared to the first quarter of 2020.

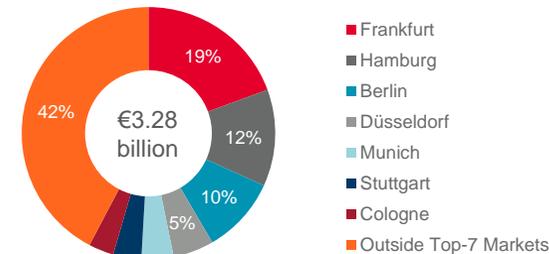
Outlook

- The high demand for appropriate investment product and willingness to invest, especially for low-risk core properties with long-term leases and tenants with strong credit ratings, will continue. Building and space efficiency will play an even greater role.
- Lack of availability of attractive office properties in central locations will lead to further shifts in demand to peripheral locations within the Top-7 markets.
- Further yield compression in the Top-7 markets is possible, albeit to a much lesser extent than in previous years. Stronger tightening is therefore likely in solid and less volatile secondary and tertiary markets.
- In the course of the year, a slight increase in value-add office investments in the Top-7 markets is expected, whereby a central location will become an increasingly important factor in this risk class.

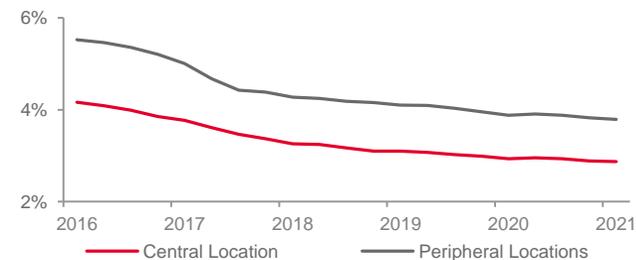
OFFICE TRANSACTION VOLUME



TRANSACTION VOLUME BY MARKETS Q1 2021



OFFICE PRIME YIELD BY LOCATION*



* Average net initial yield in German Top-7 markets, each by type of location

RETAIL REAL ESTATE INVESTMENT REMAINS WEAK

The retail property transaction volume in the first quarter of 2021 was around €1.26 billion. This was the second weakest start to any year since the financial crisis in 2009. Compared to the above-average equivalent quarter of last year, the result corresponds to a decrease in turnover of around 73% and is almost 51% below the 5-year average. The second lockdown, which has been in effect since November 2020, has made it increasingly difficult to make stable forecasts for the previous magnets of traditional shopping centres and especially in the pedestrian zones of the cities and, associated with this, a sustainable statement about their future structure. Not every investor can or wants to tackle this challenge. Investors are therefore increasingly focusing on retail parks with anchor tenants from the grocery sector.

DIVIDED YIELD DEVELOPMENT

In recent years, the yield development of individual property types within the retail sector has varied. The average prime yield for shopping centres in the Top-7 markets is softening and is quoted at around 5.00% in the first quarter of 2021, an increase of 74 basis points compared to the equivalent period last year. Since the start of the Covid pandemic in spring 2020, the prime yield for high street retail properties has also softened by 42 basis points year-on-year to 3.72%. The lowest high street prime yield is achieved in Munich at 3.30%. Demand for retail parks, on the other hand, has increased significantly and is reflected in steadily compressing yields. As of the first quarter of 2021, the median yield of the Top-7 markets is 4.16%, a decline of 15 basis points compared to the equivalent period last year.

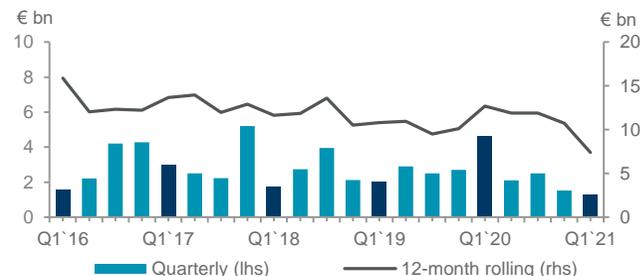
RETAIL PARKS DOMINANT

With around €629 million, half of the total retail volume was contributed by retail warehouse and retail park transactions. Here, properties with a high proportion of grocery retail tenants are particularly sought after. Around one third of the transaction volume is accounted for by high street retail properties. Their share is thus at the level of the 5-year average of first quarters.

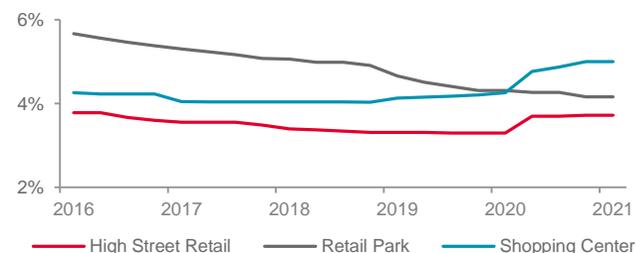
Outlook

- Retail properties with anchor tenants from the grocery sector as well as DIY will continue to be in high demand and will also increasingly become the focus of new investors. Further yield compression is to be expected here.
- Due to the structural change, investment in high street retail properties and shopping centres will be examined very intensively for future viability. Large share deal transactions, as seen in recent years, are becoming less attractive for many investors due to the recent amendment of the Real Estate Transfer Tax Act.
- It remains to be seen how buyers and sellers, but also tenants and owners in high street locations, will approach each other in terms of future prices and whether lease adjustments regarding turnover rents or break options will become established.
- For value-add and opportunistic investors, however, attractive investment opportunities may arise in shopping centres with a high revitalization status.

RETAIL TRANSACTION VOLUME

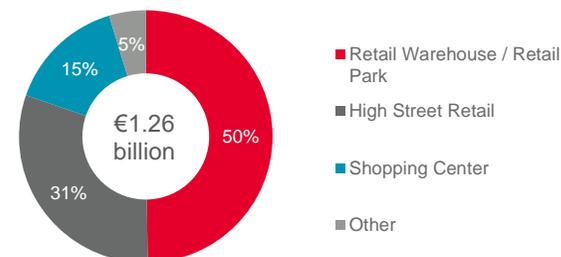


PRIME YIELD BY TYPE OF PROPERTY



* Average net initial yield in German Top-7 markets, each by type of property

TRANSACTION VOLUME BY TYPE OF PROPERTY Q1 2021





LOGISTICS AT A HIGH LEVEL

The dynamic transaction activity involving logistics properties continued in the first quarter of 2021, with transaction volume reaching around €1.96 billion and, with a decline of just under 6%, is only slightly below the result of a year earlier. The five-year average of first quarters, of around €1.55 billion, was even exceeded by some 26%. On the supply side - analogous to office real estate - the lack of product availability worsened and thus a higher transaction volume would have been quite possible. The largest transaction to date was the sale of a logistics portfolio of two properties to Tritax Eurobox for €290 million. Nevertheless, transaction activity is largely dominated by individual sales.

YIELD COMPRESSION CONTINUES

A continuous yield compression and price increase for logistics properties has already been evident for several years. The average prime yield for logistics properties in the Top-7 markets currently stands at 3.34%, which is already below the average prime yield for high street retail properties. Compared to the first quarter of last year, this corresponds to compression of 57 basis points. In contrast, the yield of light industrial properties is significantly more attractive for investors, currently at 5.56%. Within the last 12 months, the average yield here has moved in by 35 basis points.

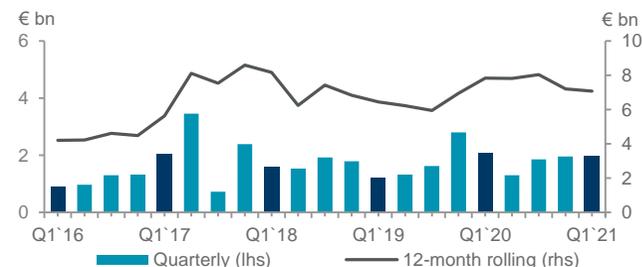
TOP-7 MARKETS WITH LOWEST TRANSACTION VOLUME

As usual, the majority of total transaction volume was generated by transactions in the regions outside the Top-7 markets. Thus, in the first quarter of 2021, around three quarters of the volume is attributable to the rest of Germany. The majority of both large portfolio transactions and individual property sales took place here. Within the Top-7 markets, small to medium-volume transactions predominate. Hamburg and Berlin are the only markets which achieved a transaction volume of more than €100 million in the first quarter, contribution around 8% and 7% respectively of the total. Due to the strong excess demand and low product availability of core properties, numerous investors are also increasingly considering core-plus properties, especially within the Top-7 markets.

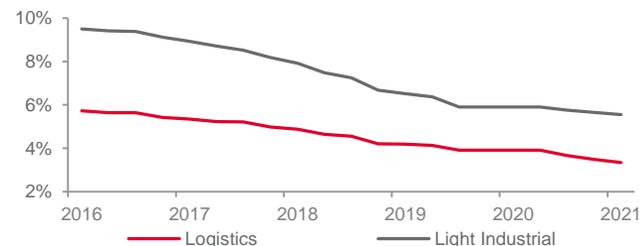
Outlook

- In view of the booming e-commerce sector, increasing digitalisation and growing importance of city and last-mile logistics, investor demand remains very high, while competitive pressure will continue to rise.
- Further price increases are possible, especially for modern logistics properties within the Top-7 markets. Here, in most locations there is a lack of attractive development sites.
- Investors will also increasingly integrate ecological as well as economic aspects into their investment strategy and consider properties with a high and flexible third-party use potential.

INDUSTRIAL TRANSACTION VOLUME

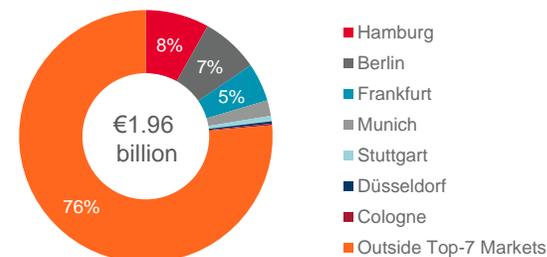


PRIME YIELD BY TYPE OF PROPERTY



* Average net initial yield in German Top-7 markets, each by type of property

TRANSACTION VOLUME BY MARKETS Q1 2021



MARKETBEAT GERMANY

Investment Q1 2021



MARKET	Transaction Volume (€ billion)	YoY Change (%)	Share Office Volume (%)	Share International Capital (%)	Office Prime Yield (%)	High Street Retail Prime Yield (%)	Logistics Prime Yield (%)
Berlin	1.09	-66	29	29	2.75	3.60	3.30
Düsseldorf	0.24	-77	70	47	2.90	3.95	3.30
Frankfurt	0.90	-51	70	10	2.75	3.40	3.30
Hamburg	0.72	-39	56	4	2.80	3.90	3.30
Cologne	0.13	-69	81	81	3.20	3.95	3.40
Munich	0.45	-61	30	53	2.50	3.30	3.30
Stuttgart	0.15	-54	81	52	3.20	3.95	3.50
Germany	9.54	-47	34	28	2.87*	3.72*	3.34*

*Prime yield is net initial yield, displaying achievable values. Prime yield Germany = Average of Top-7 Markets

MOST PROMINENT TRANSACTIONS 2021

Property / Transaction	Quarter	Type Of Use	Location	Vendor / Buyer	Price (€ million)
Logistics Portfolio (2 properties)	Q1	Logistics	Geiselwind, Lich	Dietz AG / Tritax Eurobox	~290
Health Care Portfolio (19 properties)	Q1	Health Care	Diverse	Azurit Gruppe / Aedeficia	~250
Industrial Park Meerane	Q1	Industrial	Meerane	MetaWerk / Deka Immobilien	~230
Office GIZ-HQ	Q1	Office	Eschborn	Phoenix / GIZ	~220
Welt des Wohnens	Q1	Retail	Neu-Ulm	Möbel Mahler GmbH / Hallmann Holding	~200
Hamburg Süd Headquarter	Q1	Office	Hamburg	Oetker Group / Union Investment	~155

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