

YoY Change 12-Month Forecast

**€890 m**

Transaction Volume (cum.)



**23%**

Share of Foreign Capital



**2.90%**

Office Prime Yield, net



**77%**

Share Office Investment Volume



## ECONOMIC INDICATORS

YoY Change 12-Month Forecast

**7.9%**

Dusseldorf Unemployment Rate (Jun 2021)



**205,600**

Dusseldorf Office Employees (Dec 2020)



**0.0%**

ECB Interest rate (Jun 2021)



**-0.23%**

10-Year Government Bond Yield (Q2 2021)



Source: Federal Employment Agency, Moody's Analytics

## STRONGER TRANSACTION VOLUME IN THE SECOND QUARTER, CLEAR FOCUS ON OFFICE PROPERTIES

The commercial investment market in Düsseldorf achieved a transaction volume of around €890 million in the first half of 2021. Compared to the equivalent period last year, this represents a decline of almost 51%. Nevertheless, transaction activity increased significantly in the second quarter and an investment volume of approximately €647 million was achieved. Compared to the first quarter of 2021, this result corresponds to an increase of almost 170%. Two major transactions with a purchase price of over €100 million each played a significant role in this positive development.

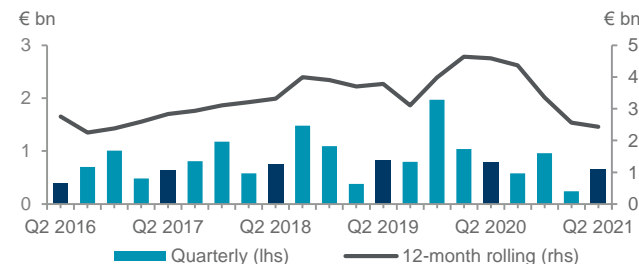
Office properties remain the most sought-after asset class among the investors and clearly dominated the first half's market activity with a transaction volume of almost €688 million. Their share of total investment volume is around 77%. Despite the initially rather sceptical assessment of future prospects, investor demand for office properties, especially for core and core+ properties, has not diminished as the pandemic has progressed.

Retail property investment achieved a transaction volume of around €38 million in the first half of the year. The result is thus approximately 66% below the equivalent period last year. The share of retail transactions to total investment only about 4%. Properties with grocery anchor tenants have become increasingly favoured, but the supply is very limited.

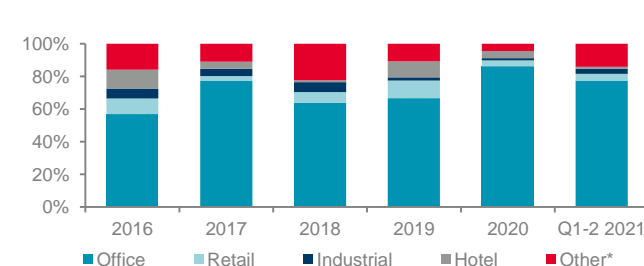
Despite high demand, transaction volume of logistics and industrial properties played a subordinate role in the first half of 2021. The main reason for this is the lack of attractive core properties and suitable land for potential last-mile logistics and distribution halls.

Transactions of other use types, especially plots of land, healthcare properties and mixed-use properties are recording strong growth in investment volume (+80% compared to Q1-2 2020). With a total of around €126 million (14% of total volume), they represent the second-strongest asset class.

## COMMERCIAL TRANSACTION VOLUME\*



## SHARE OF TRANSACTION VOLUME BY ASSET CLASS



\*Office, Retail, Logistics/Industrial, Hotel, Other (Leisure, Health Care, Mixed Use, Development Plots)

### STRONG DISTRIBUTION OF RISK CLASSES

At around 32%, opportunistic investments made the largest contribution to total investment volume, of with a significant proportion was generated by transactions of plots of land. Core properties achieved the second-strongest share at around 30%. The proportion of value-add transactions in the first half of the year is around 21% and underpins the increasing willingness of investors to invest in higher-risk investments again.

### LARGE TRANSACTIONS DRIVING VOLUME

Thanks to two large transactions above the €100 million threshold, the majority of the volume in H1 was contributed by this size category. However, the greatest market activity, measured by the number of transactions, was in the size segment up to €25 million.

### YIELD COMPRESSION CONTINUES

The prime yields of the three asset main classes - office, logistics and retail - have continued to compress over the past twelve months. At the end of the second quarter of 2021, the prime yield for high-quality core office properties, with tenants with strong credit ratings and long-term leases was 2.90%. Compared to the same point last year, this represents a decline of 20 basis points.

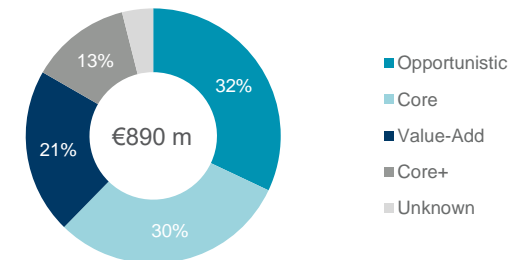
Stronger yield compression was registered for logistics properties over the same period. The prime yield here decreased by 60 basis points to the current 3.30%.

For city centre high street retail properties, the increase in prime yields as a result of the lockdown in 2020, had stopped by the end of the second quarter of 2021. The prime yield is currently 3.85% and is thus 5 basis points below the level of the first half of 2020.

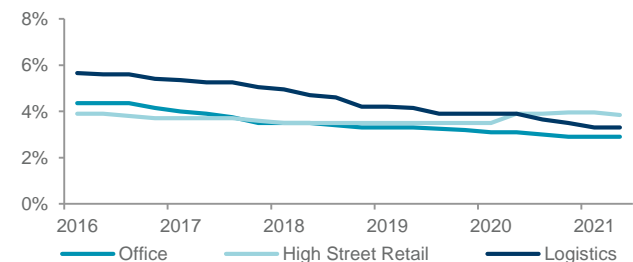
### Outlook

- The supply of low-risk core investment assets in prime locations remains very low in the second half of the year. Institutional owners continue to act very cautiously with regard to their exit strategies.
- Investors will increasingly shift their asset allocation towards value-add and core+ properties, especially for office investments.
- Some large-volume office properties are in the transaction pipeline as important investment volume drivers for the second half of the year. A total volume of €2.6 billion is therefore forecast for the full year 2021
- Yield compression for office and logistics properties will continue until the end of the year, albeit to a lesser extent.

### TRANSACTION VOLUME BY RISK CATEGORY Q1-2 2021

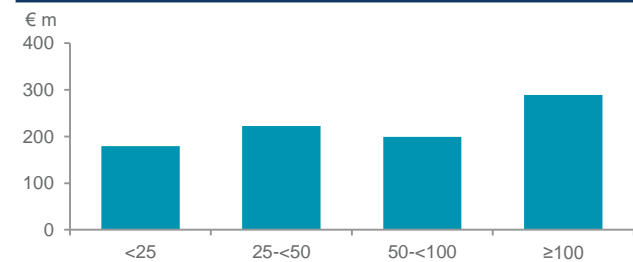


### PRIME YIELD BY ASSET CLASS\*



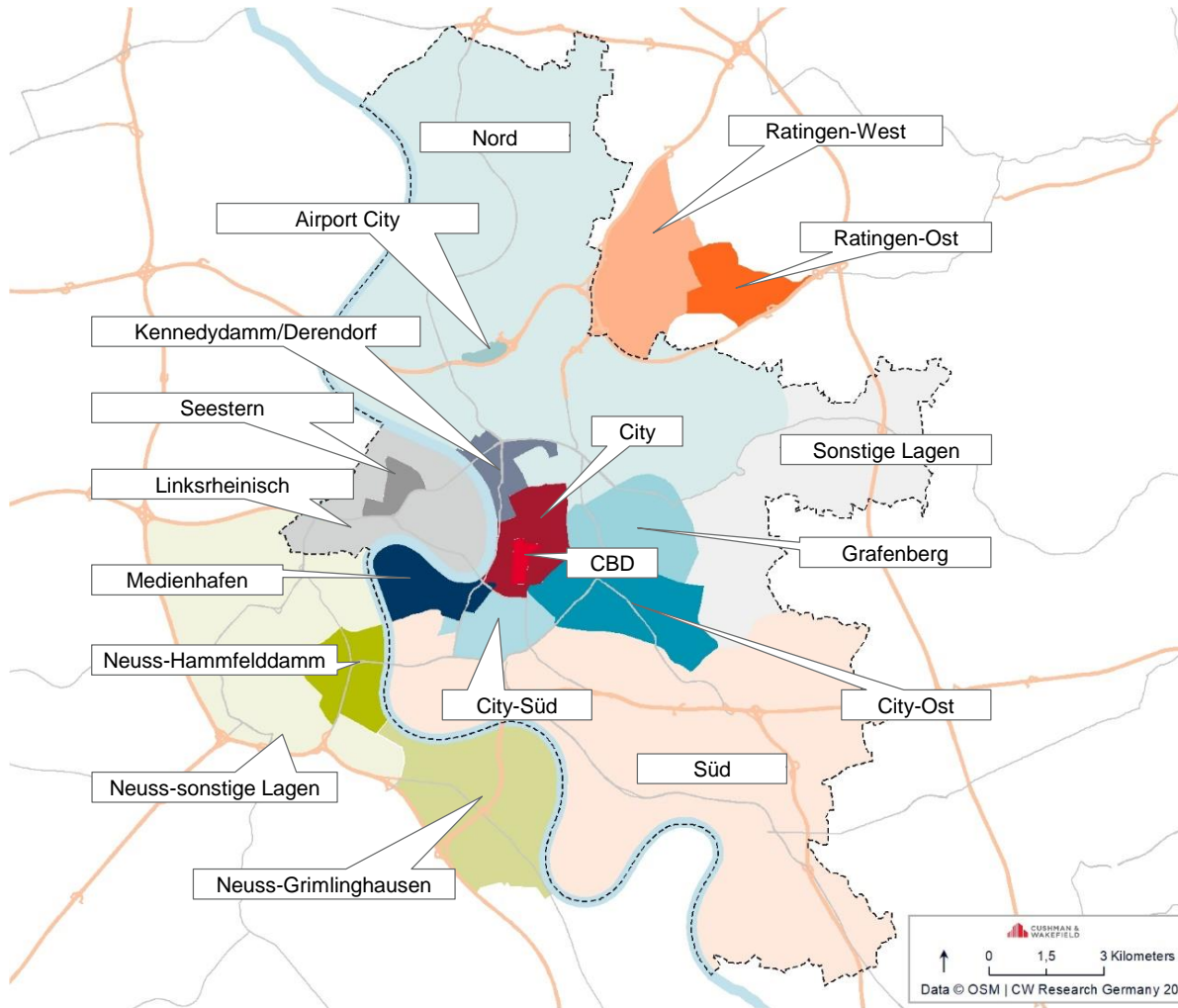
\* Net initial yield

### TRANSACTION VOLUME BY SIZE CATEGORY Q1-2 2021\*



\* Each size category in euro million

## OFFICE SUBMARKETS OVERVIEW



## TOP-5 SUBMARKETS BY TRANSACTION VOLUME Q1-2 2021





## MARKET STATISTICS Q1-2 2021

MARKET	Transaction Volume (€ bn)	Share of Office Volume	Share of Retail Volume	Share of Industrial Volume	Share of International Capital	Office Prime Yield*	High Street Retail Prime Yield*	Logistics Prime Yield*
Dusseldorf	0.89	77%	4%	3%	23%	2.90%	3.85%	3.30%
YoY Change	-51%	-10 PP	-2 PP	+2 PP	-13 PP	-20 bps	-5 bps	-60 bps
<b>Top-7 Markets</b>	<b>12.19</b>	<b>52%</b>	<b>3%</b>	<b>7%</b>	<b>35%</b>	<b>2.84%</b>	<b>3.68%</b>	<b>3.31%</b>
YoY Change	-14%	-14 PP	-6 PP	+3 PP	-3 PP	-11 bps	-2 bps	-60 bps
<b>Germany</b>	<b>22.08</b>	<b>43%</b>	<b>10%</b>	<b>16%</b>	<b>38%</b>	<b>2.84%</b>	<b>3.68%</b>	<b>3.31%</b>
YoY Change	-23%	+3 PP	-13 PP	+4 PP	-4 PP	-11 bps	-2 bps	-60 bps

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

PP = Percentage Points    bps = Basis Points

## SELECTED TRANSACTIONS 2021

Property / Transaction	Quarter	Type Of Use	Submarket	Vendor / Buyer	Price (€ million)
Project Crown, Königsallee 21-23	Q2	Office	CBD	HSBC / Momeni	~175
Smart Office, Klaus-Bungert-Straße 8	Q2	Office	Airport-City	BEMA Development / Hanse Merkur	~115
Upper Kö, Königsallee 106	Q2	Office	City	Blackbear Real Estate / Catella Projekt Capital	~75
Vallourec-Areal, Henkelstraße	Q2	Plot	Süd	Vallourec / Frasers Property	~70
H299, Hansaallee 299	Q1	Office	Linksrheinisch	Commodus Real Estate / CLS Holding	~49

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