

YoY Change 12-Month Forecast

€1.59 bn
Transaction Volume (cum.)



26%
Share of Foreign Capital



2,75%
Office Prime Yield, net



56%
Share Office Investment Volume



ECONOMIC INDICATORS

YoY Change 12-Month Forecast

6.6%
Frankfurt Unemployment Rate (Jun 2021)



305,500
Frankfurt 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

SHARE OF OFFICE INVESTMENTS REMAINS HIGH

In the first half of the year, commercial properties and development sites in Frankfurt changed hands at a total transaction volume of €1.59 billion, €689 million of which was in the second quarter. However, this failed to match the €2.94 billion achieved in the first half of 2020, in which the 10 largest transactions alone totaled more than €1.5 billion.

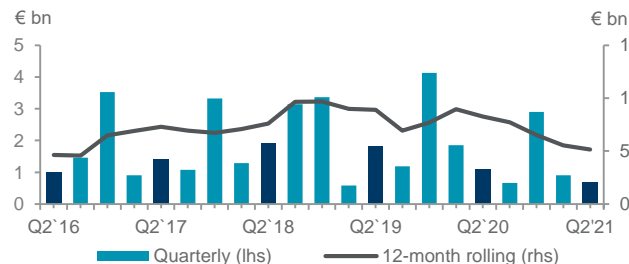
The largest contribution to transaction volume, at 56%, is attributable to the office asset class. At €887 million, the result is significantly lower than in the first half of 2020 (€2.07 billion). On the demand side, there is sufficient capital available, but on the supply side there is a lack of core+ and core investment product. This is particularly true of the office asset class, which is in particularly high demand, but where a significant proportion of lettings have been postponed. In the course of the year to date, there have only been three office transactions in the triple-digit-million-euro range, including the acquisition of the Westend Carree office building by Ardan Real Estate from the Publiity subsidiary Preos for more than €200 million in the second quarter.

The transaction volume for retail properties is very low at €30 million and was significantly influenced by pandemic-related uncertainties. The result is therefore some 57% lower than in the same period of last year. The contribution of retail properties to total investment volume is only 2%.

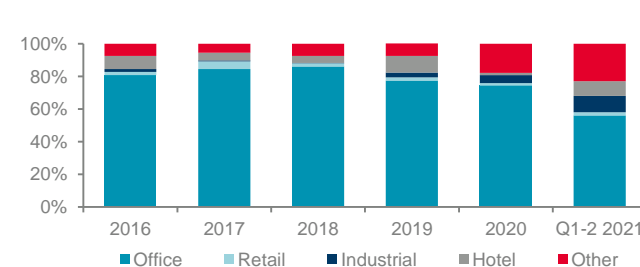
Despite high demand, logistics and industrial properties recorded a transaction volume of only €157 million in the first half of 2021, corresponding to a share of just under 10% of the total. The main reason for this is the lack of availability attractive core properties and suitable sites for potential last-mile logistics and distribution facilities.

Strong growth of almost 70% compared with the first half of 2020 was recorded by transactions in other types of use, primarily comprising mixed-use and healthcare properties as well as development sites. With some €369 million contributing 23% of the total volume, this was the second-strongest asset class.

COMMERCIAL TRANSACTION VOLUME*



TRANSACTION VOLUME BY ASSET CLASS



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

SOME LARGE TRANSACTIONS

Four sales above the €100-million mark were transacted in the first half of the year comprising one mixed-use property and three office properties. Together, these accounted for 50% of transaction volume. Another positive volume driver of Frankfurt's investment market was the size category of between €25 million and under €50 million, with a share of 23% of the total volume.

Foreign capital accounted for 26% of the total transaction volume in the first half of the year. In comparison with the last five years, where the share of foreign investors was between 41% and 63%, the low level of this contribution is apparent.

The strong demand for low-risk real estate is reflected in the high proportion of core transactions, which account for around 43% of total commercial real estate transaction volume. The shares of core+ and value-add properties were almost equal at 21% and 23%, respectively.

MORE PRESSURE ON LOGISTICS YIELDS

The net initial yield for prime quality office properties in prime locations has remained unchanged since December 2019 at 2.75%, and in peripheral locations at 4.45%.

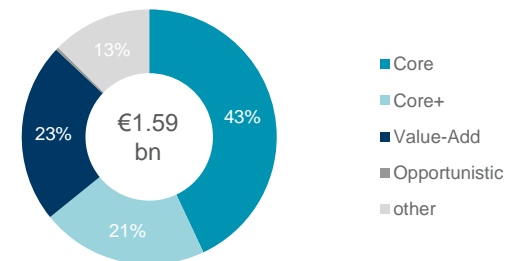
The prime yield for logistics properties was 3.30% at the end of June. The demand for logistics services triggered by the COVID-19 pandemic and the resulting competition for logistics properties intensified pressure on yields still further, causing them to compress by 60 basis points over the past twelve months.

The prime yield for city centre high-street properties at the end of June 2021 was 3.70% and thus stable year-on-year.

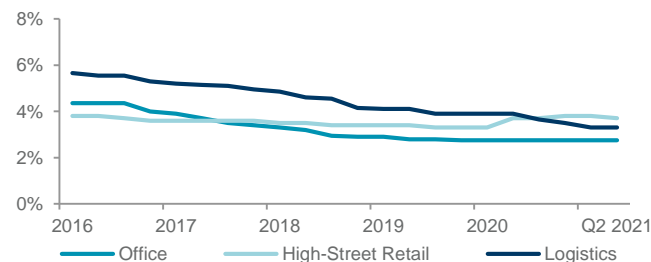
OUTLOOK

- With increasing momentum in the letting market, investors' willingness to invest will also increase in the second half of the year - higher-risk investments could then also come back into focus.
- Nevertheless, neither the office transaction volume nor the total commercial transaction volume for the year as a whole will approach the levels seen in 2020.
- In the second half of the year, a further slight compression of logistics yields is expected, while prime yields for office and high-street retail properties will remain stable.

TRANSACTION VOLUME BY RISK CATEGORY Q1-2 2021

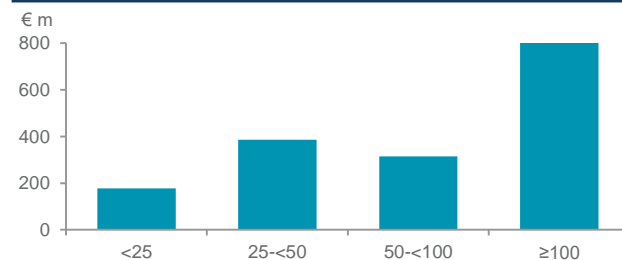


PRIME YIELDS BY ASSET CLASS*



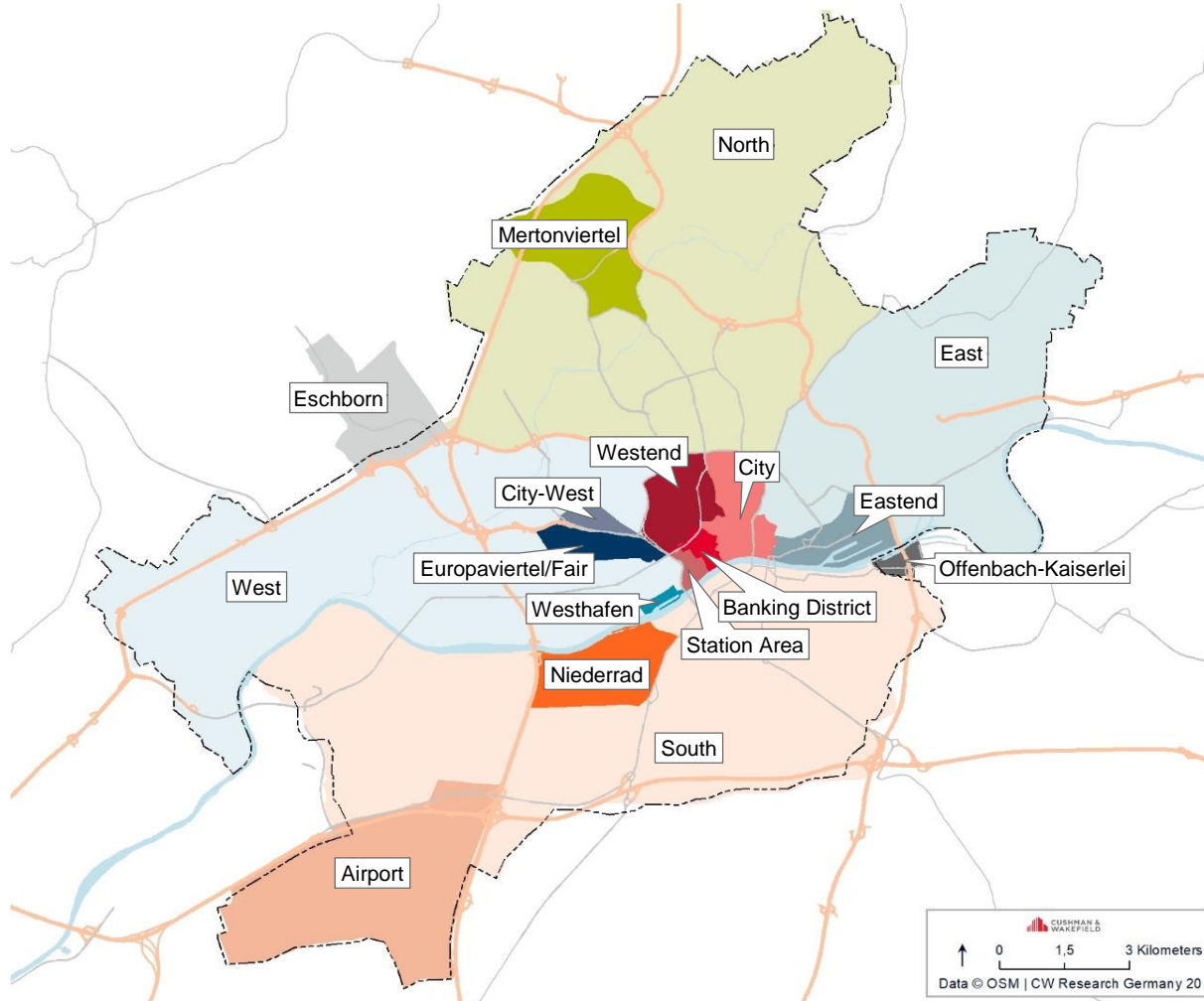
* Net initial yield

TRANSACTION VOLUME BY SIZE CATEGORY Q1-2 2021*

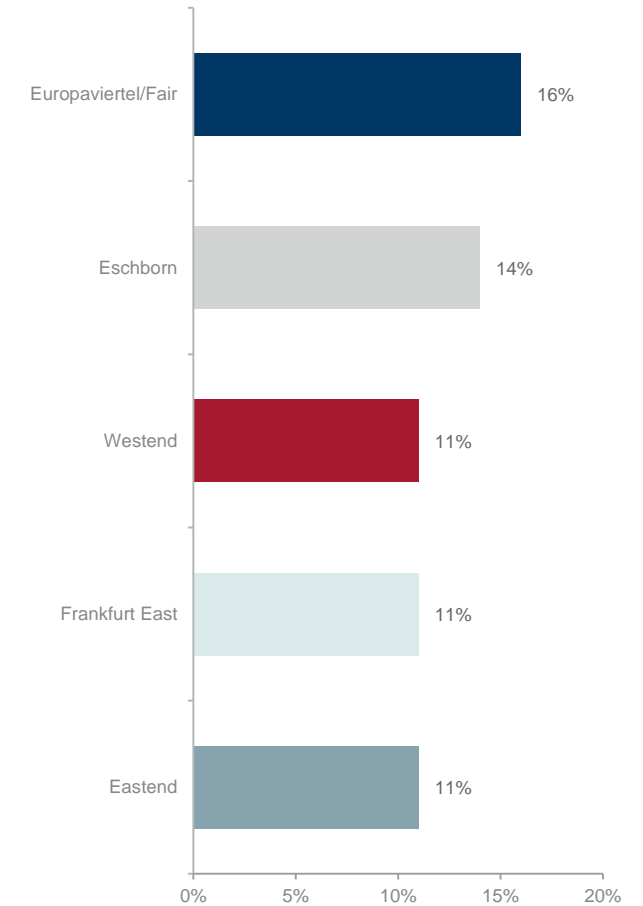


* Each size category in euro million

SUBMARKET OVERVIEW



TOP-5 SUBMARKETS BY TRANSACTION VOLUME Q1-2 2021



MARKETBEAT FRANKFURT

Investment Q2 2021



MARKET STATISTICS Q1-2 2021

MARKT	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*
Frankfurt	1.59	56%	2%	10%	26%	2,75%	3,70%	3,30%
YoY Change	-33%	-26 PP	-2 PP	+10 PP	-23 PP	0 bps	0 bps	-60 bps
Top-7 Markets	12.18	52%	4%	7%	43%	2,84%	3,68%	3,31%
YoY Change	-60%	-14 PP	-5 PP	+3 PP	-2 PP	-11 bps	+2 bps	-60 bps
Germany	12.54	43%	10%	16%	38%	2,84%	3,68%	3,31%
YoY Change	-23%	+3 PP	-13 PP	+3 PP	-4 PP	-11 bps	+2 bps	-60 bps

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

PP = Percentage Points bps = Basis Points

SELECTED INVESTMENT TRANSACTIONS 2021

Property / Address	Quarter	Asset Class	Submarket	Seller / Buyer	Price (€ million)
Sparda-Bank Tower, Europa-Allee	Q2	Mixed-Use	Europaviertel/Fair	Gustav Zech Stiftung / Sparda-Bank Hessen	~ 250
Headquarter GIZ, Ludwig-Erhard-Straße	Q1	Office	Eschborn	Phoenix / GIZ	~ 220
Westend Carree, Im Trutz 53-55	Q2	Office	Westend	Preos / Ardian Real Estate	~ 200
Cielo, Theodor-Heuss-Allee 100-104	Q1	Office	City-West	RFR / Demire	~ 135

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