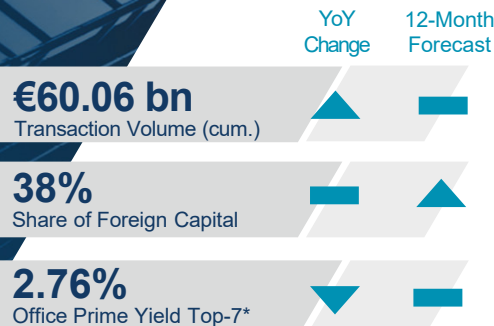


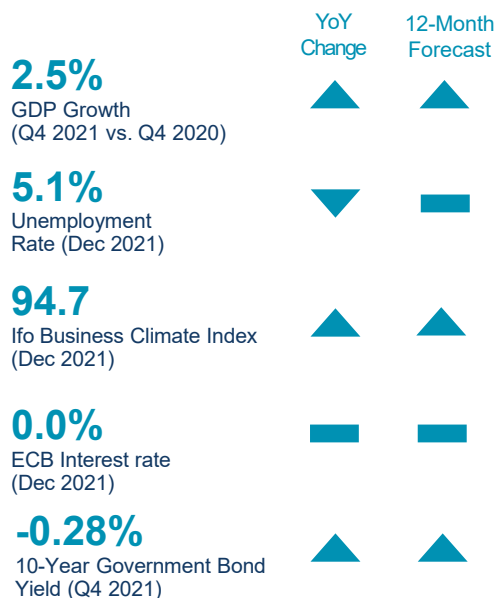
MARKETBEAT GERMANY

Investment Q4 2021



*Average net initial yield in German Top-7 markets

ECONOMIC INDICATORS



Sources: Moody's Analytics, National Labour Office, ifo institute

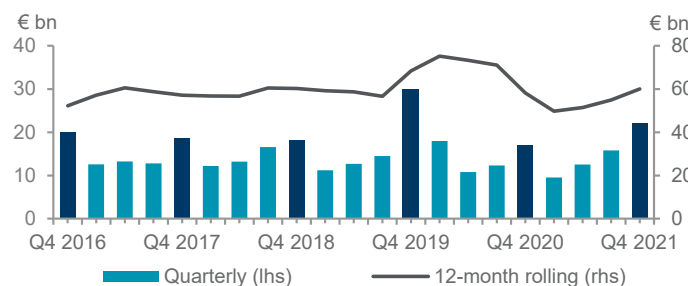
DESPITE HIGH INFLATION, NO MONETARY POLICY TURNAROUND BY THE ECB IN SIGHT YET

In 2021 as a whole, the German economy recovered significantly compared to the previous year, but the usual end of year upswing failed to materialise in the fourth quarter. The main issue for industry is supply chain problems and shortages of important raw materials. The Ifo Business Climate Index rose significantly year-on-year in December, but decreased from 96.5 points in November to 94.7 points in December 2021. Here, further constraints in response to the high incidence of Covid-19 have again severely slowed consumer-related service providers and the retail sector. In 2021, the inflation rate increased strongly, to 3.1%. In 2022, energy prices should increase less strongly than in 2021 and at the same time the temporary effect of the VAT cut in summer 2020 should no longer have any further impact on the inflation trend. Since the sharp curtailment of the ECB's crisis bond purchase programme ("PEPP"), yields on German government bonds have risen slightly. With the termination of the programme at the end of March 2022, the slight upward trend will thus continue. Nevertheless, they still do not offer an attractive investment alternative due to the wide yield spread compared to real estate. Investors continue to benefit from extremely low borrowing rates for long-term mortgages, currently at 1.10%.

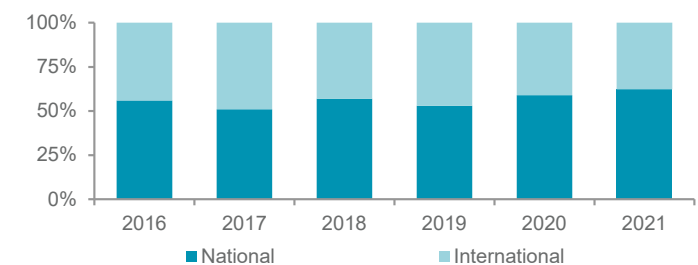
INVESTMENT VOLUME EXCEEDS THE €60 BILLION THRESHOLD AGAIN

The commercial real estate investment market in Germany achieved a transaction volume of around €60.1 billion in 2021. The previous year's result was thus exceeded by almost 3 %. Compared to the 10-year average, there was even an increase in transaction volume of around 28 %. Despite the ongoing pandemic, transaction volume thus exceeded the €60 billion mark for the third time, after 2018 and 2019. In addition, the strong year-end surge contributed around €22.2 billion in transaction volume in the last three months of the year. This was the second-strongest quarterly result ever in the history of the German real estate investment market. As in the third quarter, some very large-volume transactions contributed to the high result. These included the sale of an office development in Munich's Werksviertel district to Union Investment for around €600 million and the sale of the Europe Value Venture III Fund to GIC, via which numerous German logistics properties worth over €500 million changed hands.

COMMERCIAL TRANSACTION VOLUME



SHARE OF TRANSACTION VOLUME BY SOURCE OF CAPITAL



MARKETBEAT GERMANY

Investment Q4 2021



OFFICE PROPERTIES STILL DOMINANT ASSET CLASS

Office properties continue to be the clearly preferred asset class for investors. The transaction volume was around €27.9 billion in 2021, an increase of almost 7% compared to the previous year. This result corresponds to 47% of the total commercial real estate transaction volume. Office properties in the core category with crisis-proof tenants in central locations are particularly popular. The sustainability megatrend is now gaining further momentum due to the growing importance of ESG criteria and is also increasingly reflected in the purchase profiles of numerous investors. The transaction volume for logistics and industrial properties totalled around € 8.9 billion, an increase of 24 % compared to the previous year and the highest ever for this asset class. This corresponds to 15 % of total transaction volume. The retail property transaction volume continues to decline and stood at around € 7.2 billion. Compared to the previous year's result, this is a decrease of almost 33 %. There is however still strong demand for grocery-oriented retail properties.

BERLIN AND MUNICH CONTRIBUTE 30 PERCENT OF TOTAL TURNOVER

With a transaction volume of €1.2 billion, the top-7 markets were responsible for more than half of the total German volume increasing their result by almost 2% compared to the equivalent period last year. Berlin is the clear front-runner with a transaction volume of €6.7 billion. Frankfurt and Cologne are the markets with the strongest increase in transaction volume compared to a year previously (38 % and 26 %). Only Hamburg and Düsseldorf lagged behind last year's volumes (-45% and -38%).

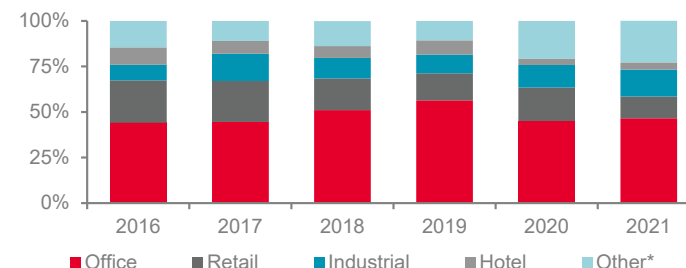
YIELD SPREAD BETWEEN OFFICE AND LOGISTICS NARROWING

The average prime yield for office properties in the top-7 markets is currently 2.76%, 13 basis points lower than the previous year. The average yield for logistics properties, compressed by 47 basis points to 3.01%. Prime average yield for high street retail properties is currently 3.51%, 26 basis points lower than at the end of 2020.

Outlook

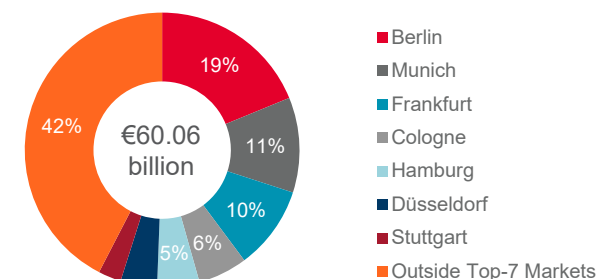
- The 2022 economic forecasts for Germany are positive and no turnaround in interest rate policy by the European Central Bank is in sight. Real estate therefore remains the preferred investment target of institutional and private investors.
- In the course of the year, further slight yield compressions are to be expected due to the high demand for low-risk core real estate investments. However, these are not expected to be as substantial as in recent years.
- 2022 is expected to be a lively transaction year with volume at a similarly high level to 2021.

SHARE OF TRANSACTION VOLUME BY ASSET CLASS

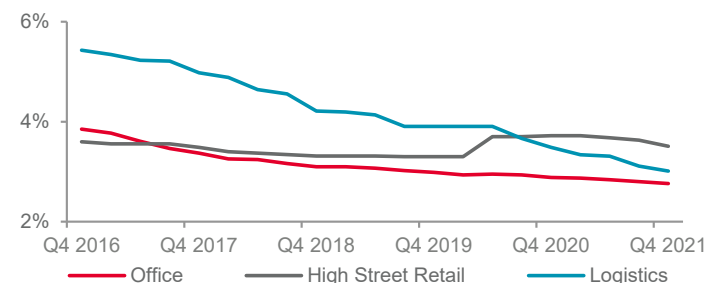


*Other (Leisure, Health Care, Mixed Use, Development Plots)

TRANSACTION VOLUME BY MARKET Q1-4 2021



PRIME YIELD BY ASSET CLASS*



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

MARKETBEAT GERMANY

Investment Q4 2021 – Office



HIGH OFFICE TRANSACTION VOLUME IN THE FOURTH QUARTER

The office real estate transaction volume totalled €27.9 billion in 2021. The previous year's result was thus exceeded by almost 7%. The 5-year average was only just missed by around 6%. The fourth quarter of 2021 saw a strong year-end rally, contributing around € 11.4 billion. Three transactions with purchase prices of over €500 million each played a significant role in this extremely strong quarterly result. Particularly noteworthy here is the acquisition of the properties Rheinpark Metropole and Koelnmesse for around €1.1 billion by RFR Holding.

The proportion of single-property office transactions in the three-digit-million-euro range amounted to around 44% in 2021. In the previous year, the proportion was only around 26 %.

MUNICH AND BERLIN DOMINATE OFFICE INVESTMENT MARKET

The top-7 markets contributed the major proportion of office transaction volume in Germany, at around 81% or €22.6bn. Munich, Berlin and Frankfurt alone account for 55% German office transaction volume. In a year-on-year comparison, Cologne, Munich and Stuttgart recorded significant increases. Cologne, where transaction volume more than tripled, stands out here. The sharpest declines, on the other hand, were in Düsseldorf (-39%) and Hamburg (-35%).

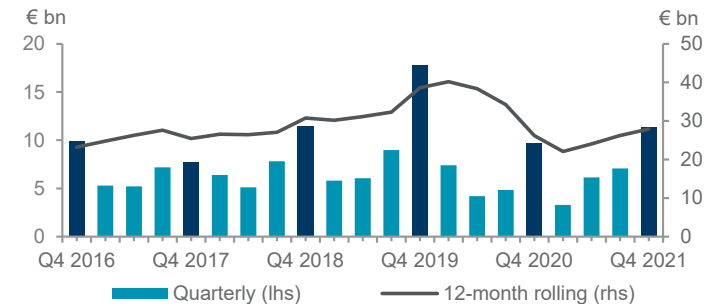
YIELD COMPRESSION CONTINUES, ALBEIT AT A SLOWER PACE

The average prime office yield for high-quality core properties in the top-7 markets was 2.76% at the end of 2021. Compared to the previous year, average yield compressed by 13 basis points. Within the top-7 markets, investor acquisitions are also increasingly shifting towards peripheral locations. Here, the average prime yield has decreased by 10 basis points in the past 12 months to the current 3.72%.

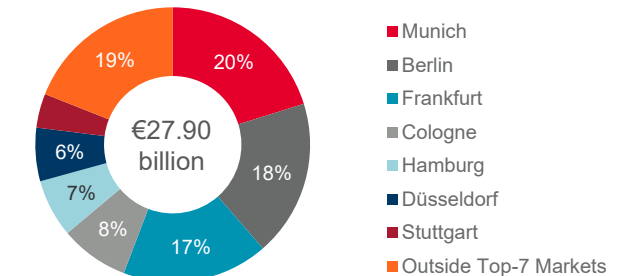
Outlook

- Investor demand will continue to focus on low-risk core properties, so that further slight yield compression is expected in central locations.
- Office properties with good ESG compliance are becoming increasingly important for many institutional investors. Rents are expected to have the highest growth potential in this segment.
- Within the top-7 office markets, investors will still act very selectively regarding value-add and core+ properties in peripheral locations. In some cases, owners will have to reckon with slight discounts on the purchase price.

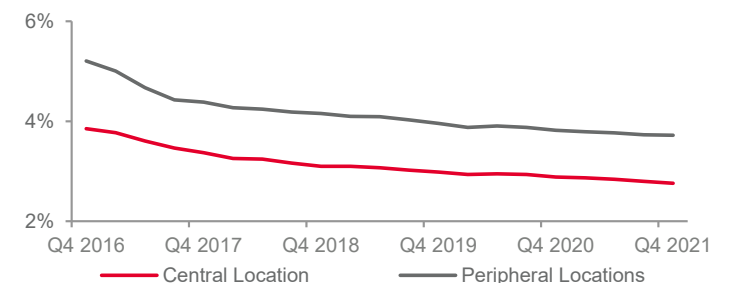
OFFICE TRANSACTION VOLUME



TRANSACTION VOLUME BY MARKET Q1-4 2021



OFFICE PRIME YIELD BY LOCATION*



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

MARKETBEAT GERMANY

Investment Q4 2021 – Retail



NO YEAR-END RALLY IN THE RETAIL INVESTMENT MARKET

Retail real estate transaction volume remained subdued in 2021. The total of just under € 7.2 billion corresponds to a decrease of around 33% compared to the previous year. The final quarter also fell short of expectations at around €1.9 billion, so that overall there is still no increase in transaction volume in the retail investment market in the second year of the Covid-19 pandemic. Many institutional investors are still acting very cautiously and selectively with regard to non-food retail properties. On the other hand, the availability of more sought after food-anchored properties is very limited, preventing higher transaction volumes. The largest transaction of the year remains the portfolio sale of 34 former real hypermarkets by the SCP Group to x-bricks for around €1.0 billion.

RETAIL WAREHOUSES AND RETAIL PARKS CLEAR FOCUS OF INVESTOR INTEREST

The highest proportion of retail transaction volume was generated by retail warehouse and retail parks, at around €5.1 billion. Compared to the previous year, this represents a decrease of around 6%. The low availability of large-volume portfolios and share deals had a negative impact on the total volume. Shopping centres and high street retail properties contributed only around 13% and 12% of total retail transaction volume respectively.

YIELDS OF HIGH STREET RETAIL PROPERTIES COMPRESSED SLIGHTLY

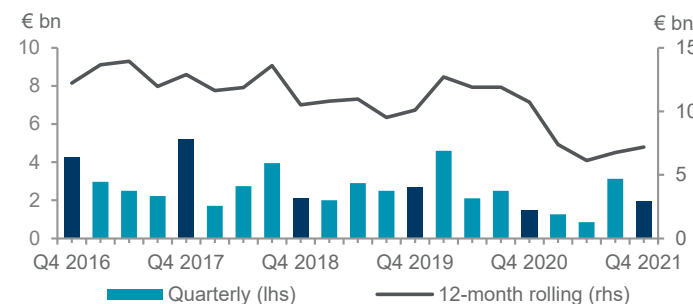
Despite continued weak transaction volumes, prime yields for the three retail property types have stabilised over the course of 2021. The average prime yield for high street retail properties in the top-7 markets is currently 3.51%, a decrease of 28 basis points compared to the previous year. Munich remains the most expensive market at 3.05%, followed by Berlin at 3.35%.

At 25 basis points, the yield compression for retail parks and retail warehouses was almost identical and currently stands at 3.91%. At an average of 5.00%, the prime yield for shopping centres remains unchanged.

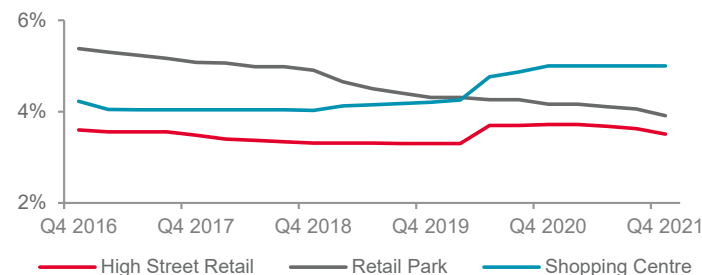
Outlook

- In 2022, retail properties such as supermarkets, food discounters and retail parks with anchor tenants from the grocery sector will remain the most sought after retail asset type.
- Regarding opportunistic or value-add high street retail properties, attractive investment opportunities with good potential for value appreciation are available.
- Department stores and shopping centres require targeted restructuring measures with a balanced mix of uses, but they also offer exciting and attractive yield prospects.

RETAIL TRANSACTION VOLUME

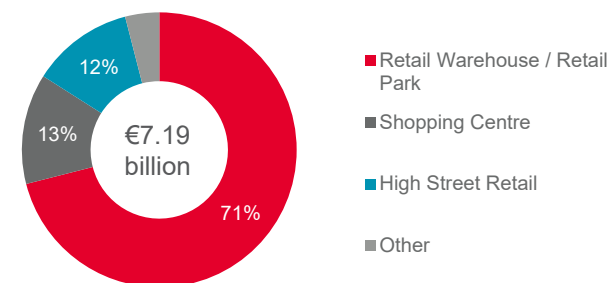


PRIME YIELD BY TYPE OF PROPERTY



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

TRANSACTION VOLUME BY TYPE OF PROPERTY Q1-4 2021



MARKETBEAT GERMANY

Investment Q4 2021 – Industrial



LOGISTICS AND INDUSTRIAL REAL ESTATE WITH RECORD TRANSACTION VOLUME

The logistics and industrial real estate transaction volume achieved a new record result in 2021 at around €8.9 billion, exceeding the already high result of the previous year by almost 24%. Compared to the 5-year average, this corresponds to an increase of around 16%. The largest transaction of the year, the sale of the pan-European portfolio by EQT Exeter from its Europe Value Venture Fund III to GIC from Singapore, took place in the fourth quarter. The purchase price for the 18 constituent logistics properties located in Germany was around €600 million. Demand for logistics properties remains high due to the strong growth of the e-commerce sector.

MANY LARGE TRANSACTIONS OUTSIDE THE TOP-7 MARKETS

The vast majority of the logistics and industrial transaction volume, with around €6.3 billion, was generated outside the top-7 markets. Only two individual transactions in the three-digit-million-euro range were registered in Berlin and Hamburg. In the top-7 markets, the transaction volume is dominated by sales in the price segment up to €30 million. Asset availability is also very limited in peripheral submarket locations of the top-7 markets, and there is also a lack of development sites for speculative new buildings.

STRONG YIELD COMPRESSION FOR LIGHT-INDUSTRIAL

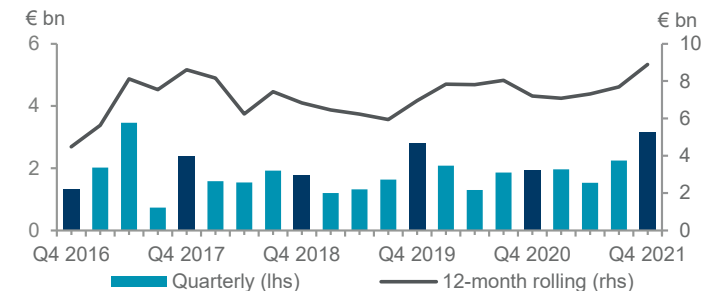
The prime yield for logistics properties in the top-7 markets is now 3.00%. The exception is Stuttgart at 3.10%. The average yield (3.01%) compressed by 47 basis points compared to the end of 2020. The spread between average prime office yield and average prime logistics yield has thus narrowed from 60 to 25 basis points.

In contrast, the yields on light industrial properties are significantly more attractive. In the top-7 markets the average yield currently stands at 4.76%. Compared to logistics properties, however, the yield compression is much stronger, at 90 basis points.

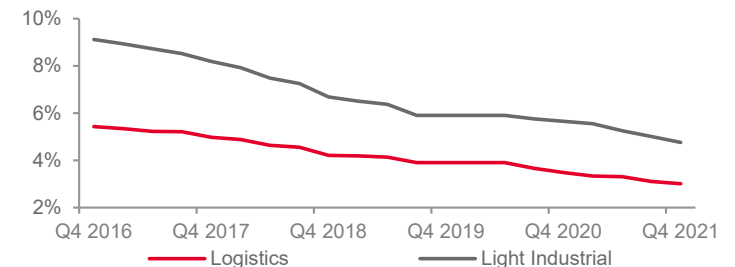
Outlook

- The continuing boom in the e-commerce sector and increasing demand for logistics and warehousing facilities from the healthcare and life science sectors mean there will be no easing on the demand side.
- Long-term disruptions in global supply chains will lead to a rethink among companies and possibly to the relocation of some production process to the domestic market. For investors, attractive investment opportunities in light industrial and manufacturing real estate may arise.
- The investment potential of sale-and-lease-back transactions has not yet been exhausted. However, it remains to be seen to what extent buyers and sellers are able to come to terms with regard to lease conditions and pricing.

INDUSTRIAL TRANSACTION VOLUME

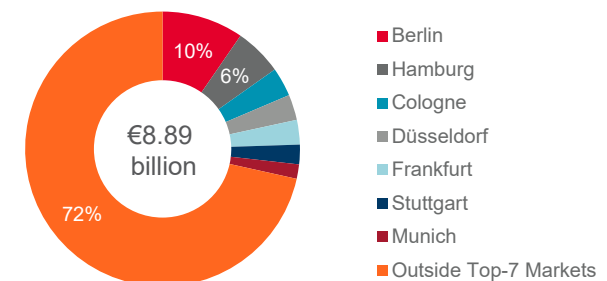


PRIME YIELD BY TYPE OF PROPERTY



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

TRANSACTION VOLUME BY MARKET Q1-4 2021



MARKETBEAT GERMANY

Investment Q4 2021



Market	Transaction Volume (€ billion)	Change YoY (%)	Share Office Volume (%)	Share International Capital (%)	Office Prime Yield (%)	High Street Retail Prime Yield (%)	Logistics Prime Yield (%)
Berlin	11.29	29	45	62	2.60	3.35	3.00
Düsseldorf	2.58	-23	68	38	2.80	3.70	3.00
Frankfurt	5.86	-10	82	15	2.60	3.45	3.00
Hamburg	3.03	-43	63	26	2.70	3.65	3.00
Cologne	3.47	175	65	87	3.00	3.70	3.00
Munich	6.72	29	84	35	2.50	3.05	3.00
Stuttgart	1.63	60	68	16	3.10	3.70	3.10
Germany	60.06	3	47	38	2.76*	3.51*	3.01*

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

SELECTED TRANSACTIONS 2021

Property / Transaction	Quarter	Type of Use	Location	Seller / Buyer	Price (€ million)
T1 (Frankfurt Four), Große Gallusstraße 10-14	Q3	Office	Frankfurt am Main	Groß & Partner / Allianz Real Estate, BVK	~ 1,400
Fürst, Kurfürstendamm 207-208	Q2	Mixed use	Berlin	Vivion / Aggregate Holdings	~ 1,250
Rheinpark-Metropole, Auenweg (three properties)	Q4	Office	Cologne	Esch-Fonds / RFR Holding	~ 1,100
34 former Real Hypermarkets	Q3	Retail	National	SCP Group / x+bricks	~ 1,000
MediaWorks Munich, Rosenheimer Straße 145	Q2	Office	Munich	Blackstone / Union Investment	~ 660
Highlight Towers, Mies-van-der-Rohe-Straße	Q2	Office	Munich	Commerz Real / Imfarr	~ 650

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