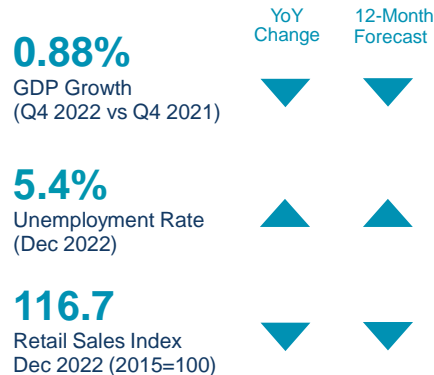


Sources: GfK, National Statistical Office; all figures as of Dec 2022, Price index 2015=100

ECONOMIC INDICATORS



Sources: Moody's Analytics, National Labour Office, National Statistical Office

GERMAN ECONOMY MORE ROBUST THAN EXPECTED

Despite the energy price shock, persistently high inflation and supply chain problems the German economy in Q4 2022 proved more robust than previously forecast at the end of September, and a winter recession was avoided. Compared to a year previously, slight GDP growth of around 0.9 % was achieved. The ifo Business Climate Index is also sending positive signals. The index rose to 88.6 points in December 2022, from 86.4 points the previous month. Among the economic sectors, retail has particularly benefitted due to extensive fiscal packages by the federal government supporting private consumption.

VISITORS WOULD LIKE MORE ENTERTAINMENT IN SHOPPING CENTRES

Compared to the last two years, which were strongly impacted by the restrictions imposed to counter the Covid-19 pandemic, a significant increase in footfall on Germany's main shopping streets was observed in 2022 according to Hystreet's analysis. Regarding shopping centres according to a survey by PwC, consumers in Germany state that they attach great importance to a comprehensive range of leisure, entertainment and gastronomy being on offer. To meet these expectations, many shopping centres would need to be repositioned, however, the current high interest rate environment makes it difficult for owners to raise large sums for repositioning measures and to make shopping centres more attractive for visitors.

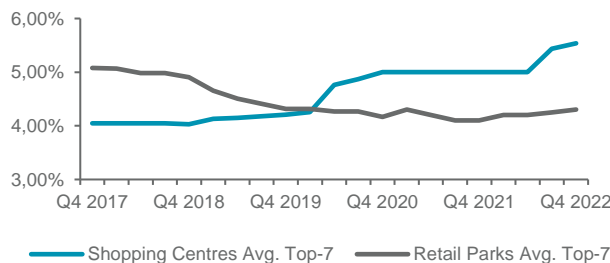
€7.9 BILLION TRANSACTION VOLUME FOR RETAIL ASSETS

Total retail real estate transaction volume in 2022 was around €7.9 billion which is 9% higher than the previous year's result and just under 24% below the 5-year average. Retail park properties remain the most sought-after asset class and account for just under half of the retail transaction volume at 48%. The largest transaction over the course of the year was the increase in Oaktree's and Otto Family Office's stakes in Deutsche Euroshop (DES) for more than €1 billion.

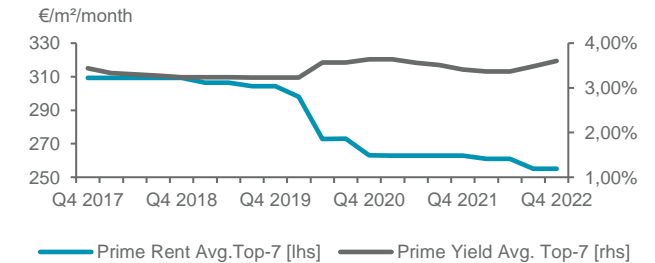
RISE IN YIELDS ACROSS ALL RETAIL SEGMENTS, MIXED DEVELOPMENT IN RENTS

Prime yields have risen again in the last three months. The average prime yield for shopping centres in the top-7-markets has risen by 10 basis points to 5.54% at the end of Q4 2022, while average prime yield for retail parks is 4.30%, an increase of 5 basis points. The average prime yield for city centre high street mixed commercial properties is 3.60%, having increased by 12 basis points compared to the third quarter. High-street prime rents in the top-7-markets have fallen on average by around 3% year-on-year. Munich remains the frontrunner with a prime rent of € 320/m²/month. Prime rents for shopping centres rose by an average of 1.3%, while prime rents for retail parks and supermarkets remained virtually static.

PRIME YIELDS - SHOPPING CENTRES/RETAIL PARKS



HIGH STREET RETAIL - PRIME RENTS and YIELDS



MARKET STATISTICS

Markets	Prime Rent* High Street	Change YoY	Prime Rent* Shopping Centres	Change YoY	Prime Rent* Retail Parks	Change YoY	Prime Rent** Super-markets	Change YoY	Prime Yield** High Street	Change YoY	Prime Yield** Shopping Centres	Change YoY	Prime Yield** Retail Parks	Change YoY	Prime Yield** Super-markets	Change YoY
Berlin	250	-7.4%	35.00	1.5%	15.20	0.0%	16.00	5.3%	3.50%	15bps	5.60%	60bps	4.30%	20bps	4.30%	25bps
Cologne	240	0.0%	35.00	1.5%	14.70	0.0%	14.70	0.0%	3.90%	20bps	5.60%	50bps	4.30%	20bps	4.30%	25bps
Düsseldorf	250	0.0%	39.50	1.3%	14.70	0.0%	14.70	0.0%	3.20%	20bps	5.60%	50bps	4.30%	20bps	4.30%	25bps
Frankfurt	250	-5.7%	38.30	1.3%	15.50	0.0%	16.50	6.5%	3.75%	30bps	5.60%	50bps	4.30%	20bps	4.30%	25bps
Hamburg	250	-3.8%	40.00	1.3%	15.50	0.0%	15.50	0.0%	3.75%	10bps	5.65%	65bps	4.30%	20bps	4.30%	25bps
Munich	320	0.0%	47.10	1.1%	16.75	0.0%	16.75	0.0%	3.20%	15bps	5.10%	50bps	4.30%	20bps	4.30%	25bps
Stuttgart	225	-4.3%	38.50	1.3%	15.20	0.0%	15.20	0.0%	3.90%	20bps	5.60%	50bps	4.30%	20bps	4.30%	25bps

*EUR/m²/month; ** net initial

SELECTED LEASE TRANSACTIONS Q4 2022

Property	Market	Tenant	m ²	Type
Gutenberg-Center, Haifa-Allee 1	Mainz	Decathlon	7,300	The sporting goods chain Decathlon opened on 1 December 2022
Sophienstraße 139	Karlsruhe	Alnatura	530	Opening of the third Alnatura store in Karlsruhe
One-Goetheplaza, Goetheplatz 5-11	Frankfurt	LVMH	390	Louis Vuitton expands its space

SELECTED SALES TRANSACTIONS Q4 2022

Property	Market	Seller / Buyer	m ²	Price (€ million)
Former Mayersche bookstore building	Essen	Deka / Lang & Cie. JV Wave Real Estate	11,000	~30
Kaufhaus Chemnitz	Chemnitz	DIC Asset / Krieger Gruppe	26,900	confidential
Lurup Center	Hamburg	CBRE IM / Captiva	13,300	confidential

SELECTED CONSTRUCTION COMPLETIONS Q4 2022

Property	Market	Major Tenant	m ²	Owner / Developer
Tegel Quartier	Berlin	Galeria	10,000	HGHI Holding GmbH

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