

MARKETBEAT DUSSELDORF

Investment Q1 2023



CUSHMAN &
WAKEFIELD

€230 m

Transaction Volume (cum.)

YoY
Change



68%

Share of Foreign Capital

3.90%

Office Prime Yield, net

28%

Share Office Investment Volume

ECONOMIC INDICATORS

6.8%

Dusseldorf Unemployment
Rate (Mar 2023)

YoY
Change



225,200

Dusseldorf Office Employees
(Mar 2023)

3.50%

ECB Interest rate
(Mar 2023)

2.34%

10-Year Government
Bond Yield (Q1 2023)



Sources: Federal Employment Agency, ECB, Moodys Analytics

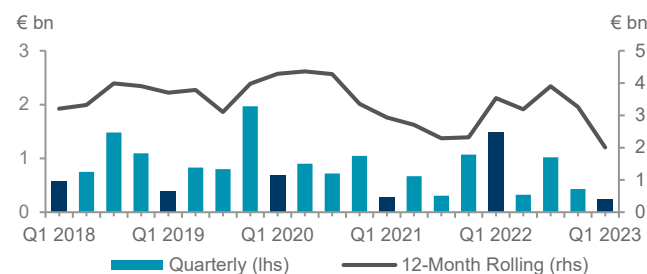
REAL ESTATE TRANSACTIONS STILL RESTRICTED IN THE FIRST QUARTER

The commercial real estate investment market in Dusseldorf and the extended logistics market area reached a total transaction volume of €230 million in the first quarter of 2023. On year-on-year comparison the results are very different: In Q1 2022 the investment market achieved, primarily due to the take-over of alstria office REIT, a strong transaction volume of €1.5 billion, so that the current result is down by 85%. The Q1 2023 transaction volume is 66% below the Q1 5-year average with €680 million. Uncertainty remains high on the buyer and seller side due to the difficult mixture of high and volatile interest rates and persistently above-average inflation.

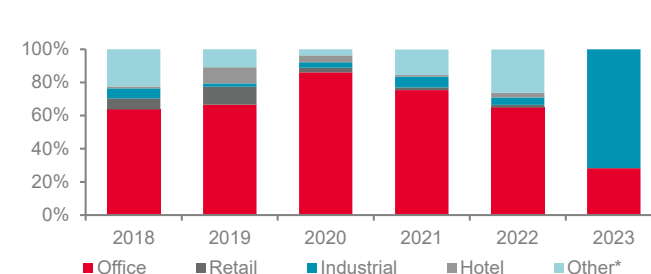
The reticence of market players was particularly noticeable in the office segment, with the result that the office transaction volume totaled to only €65 million. Thus, the current result reached a new record low transaction volume within the past ten years. The sale of one of the two office projects in the "maxfrei" quarter was the most significant transaction up to date. Barmeria Krankenversicherung acquired the project in the Kennedydamm submarket from Interboden and Hamburg Team in a forward deal.

The remaining transaction volume was attributable to sales involving logistics and industrial properties. Including the surrounding communities of Düsseldorf, the transaction volume in this segment reached €165 million and an increase of almost 38% compared to the equivalent period last year. The sale of the "Areal Böhler" in Meerbusch was responsible for most of this volume. The US company Jamestown acquired the 23-hectare site from the Voestalpine Group for around €160 million.

COMMERCIAL TRANSACTION VOLUME*



SHARE OF TRANSACTION VOLUME BY ASSET CLASS



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

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NO CORE-INVESTMENTS HAVE BEEN REGISTERED SO FAR

The low number of transactions to date hardly allows any qualitative conclusions to be drawn about investors' buying or demand behavior. Of the transactions registered to date, the majority of transaction volume (71% market share) is attributable to Value-add investments. Around a quarter (26%) of the total commercial transaction volume was achieved with properties of the Core+ segment.

As predicted by Cushman & Wakefield last year, transactions in the Core segment have so far come to a complete standstill. In this predominantly very high-priced segment, the Dusseldorf investment market continues to be in a price correction phase, in which the current interest rate level does not represent an attractive and profitable risk-return ratio for the majority of investors.

PRIME YIELDS CONTINUE UPWARD TREND

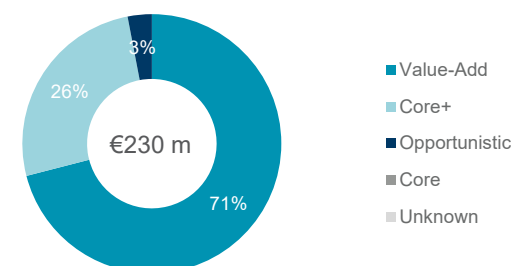
The prime yield for high-quality, modern core office properties continued to increase further since the interest rate turnaround in Q2 2022. Therefore, prime office yield currently stands at 3.90% which is the same level in 2017. Compared with the previous quarter (Q4 2022), this represents an increase of 40 basis points.

The prime yield for high-street retail properties is currently 3.50%, 30 basis points higher than in the previous quarter. The prime yield for first-class logistics properties has exceeded the 4% mark and now stands at 4.15%.

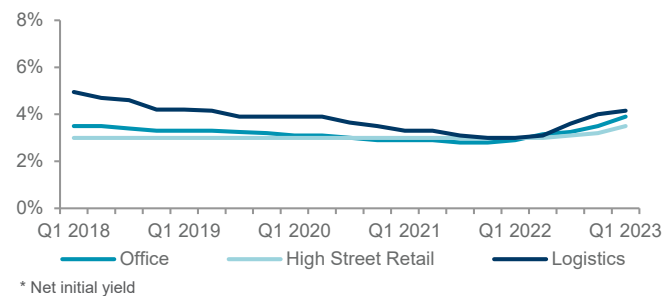
Outlook

- Inflation is still far from the target set by the European Central Bank (ECB). Further key interest rate hikes are expected in the course of 2023.
- On both the buyer and seller side, there are increasing signs of convergence and acceptance of new, realistic purchase prices. The price correction phase, particularly for core investments, will continue into the second half of the year.
- Demand for manage-to-core and value-add products in established office submarket locations with good reletting potential is likely to rise again in 2023.
- In view of the still very subdued propensity to invest and sell, as well as the volatile interest rate landscape, we expect prime yields to increase further until the end of the year.

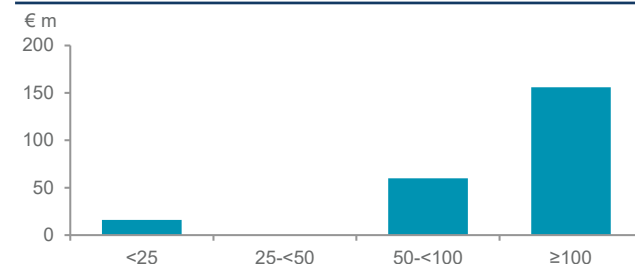
TRANSACTION VOLUME BY RISK CATEGORY Q1 2023



PRIME YIELD BY ASSET CLASS*



TRANSACTION VOLUME BY SIZE CATEGORY Q1 2023*



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MARKET STATISTICS Q1 2023

| 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 | 0.23 | 28% | 0% | 72% | 68% | 3.90% | 3.50% | 4.15% |
| YoY Change | -85% | -61 PP | 0 PP | +64 PP | -15 PP | +100 bps | +50 bps | +115 bps |
| Top-7 Markets | 2.62 | 23% | 38% | 13% | 53% | 3.83% | 3.90% | 4.15% |
| YoY Change | -73% | -54 PP | +35 PP | +4 PP | -16 PP | +109 bps | +53 bps | +114 bps |
| Germany | 5.08 | 21% | 31% | 16% | 34% | 3.83% | 3.90% | 4.15% |
| YoY Change | -72% | -32 PP | +18 PP | -5 PP | -16 PP | +109 bps | +53 bps | +114 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 2023

| Property / Transaction | Quarter | Type Of Use | City | Vendor / Buyer | Price (€ million) |
|------------------------|---------|-------------|------------|---|-------------------|
| Areal Böhler | Q1 | Industrial | Meerbusch | Voestalpine / Jamestown | ~160 |
| Maxfrei | Q1 | Office | Dusseldorf | Interboden, Hamburg Team / Barmenia Krankenversicherung | Confidential |
| Bonner Straße 117 | Q1 | Office | Dusseldorf | Henkel / Sassenscheidt Gruppe | Confidential |

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