

YoY Change 12-Month Forecast

€2.44 bn

Transaction Volume (cum.)



63%

Share of Foreign Capital



4.80%

Office Prime Yield, net



13%

Share Office Investment Volume



ECONOMIC INDICATORS

YoY Change 12-Mo. Forecast

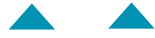
9.8%

Berlin Unemployment Rate (Sep 2024)



867,500

Berlin Office Employees (Sep 2024)



3.65%

ECB Interest Rate (Sep 2024)



2.31%

10-Year Government Bond Yield (Q3 2024)



Sources: Federal Employment Agency, ECB, Moody's Analytics

LOW INVESTMENT ACTIVITY IN THE BERLIN INVESTMENT MARKET

A CRE transaction volume of €2.44 billion was registered for the Berlin market in the first nine months of 2024. The volume is 58% below the 5-year average and 52% below the 10-year average for the first nine months of each year and therefore remains at a low level.

Following the major 'KaDeWe' transaction in the 2nd quarter, there were three further sales of former Signa properties in the 3rd quarter: the 'No. 1 Passauer', the 'Glace' and the 'Femina Palast'. The combined volume of these transactions totalled over €200 million. Previously, significant transactions included the takeover of a supra-regional portfolio of the Austrian S Immo by the Livos Group, of which the Berlin properties accounted for around €130 million, and the sale of the 'Hotel de Rome' at the beginning of the year for €145 million.

The transaction volume for office properties totalled €320 million by the end of September. This represents a decline of 26% compared to the same period last year. Of all types of use, office properties are currently experiencing the sharpest decline.

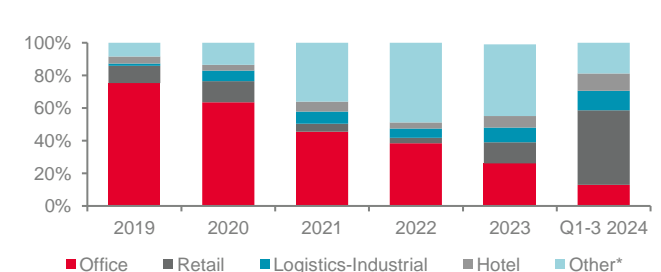
By the end of September, Cushman & Wakefield registered transactions in logistics and industrial properties with a volume of €285 million, an increase of 19% compared to the same period last year. Retail property accounted for €1.12 billion, mainly due to the sale of KaDeWe. There were also a number of sales of retail parks such as the 'Cladow-Center'.

Hotel properties changed hands for €255 million in the first nine months of this year. Six transactions were recorded here this year. Land was sold for €180 million and mixed-use properties for €309 million.

COMMERCIAL TRANSACTION VOLUME*



SHARE OF TRANSACTION VOLUME BY ASSET CLASS



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

CORE-PLUS AS THE SECOND MOST POPULAR RISK CLASS

The distribution across the risk classes is largely characterised by the sale of KaDeWe, which is why core properties account for by far the highest share of the transaction volume at 44%. Core-plus is at 19%. This is followed by the Value-Add segment with 12% and Opportunistic with 8%.

EIGHT TRANSACTIONS OVER €50 MILLION

The sale of the KaDeWe accounted for over a third of the volume on the Berlin investment market for commercial property in the first nine months of the year. Three other properties worth over €100 million were the sale of the ‘Hotel de Rome’, the ‘No. 1 Passauer’ and a light industrial property in Hoppegarten. There were four transactions in the €50 million to €100 million range.

OFFICE PRIME YIELD REMAINS CONSTANT

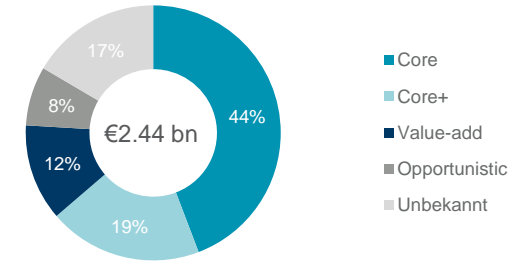
The prime yield for office properties remains constant compared to the previous quarter and currently stands at 4.80% (+40 basis points compared to Q3 2023). The increase thus totals 160 basis points within two years and follows the rapid rise in bond yields.

The prime yield for city centre commercial properties has remained constant since the end of March and is still at 4.35% (+35 basis points compared to Q3 2023). The prime yield for logistics properties is currently 4.50%, unchanged from the previous quarter but 20 basis points higher than at the end of Q3 2023.

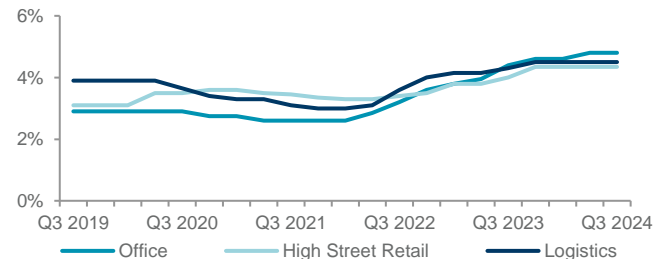
Outlook

- Despite two key interest rate cuts this year, long-term bonds are currently trading at the same level as 12 months ago. This is prompting institutional investors to continue to wait and see. Two more key interest rate cuts are expected this year.
- The major insolvency sales have been completed or are in preparation. Further transactions of this kind are to be expected. However, the number of distress sales is likely to slowly decline next year.
- With office vacancies currently rising to over 1.71 million m², property owners need to take the vacancy risk of their properties more seriously than they did a few years ago.

TRANSACTION VOLUME BY RISK CATEGORY Q1-3 2024

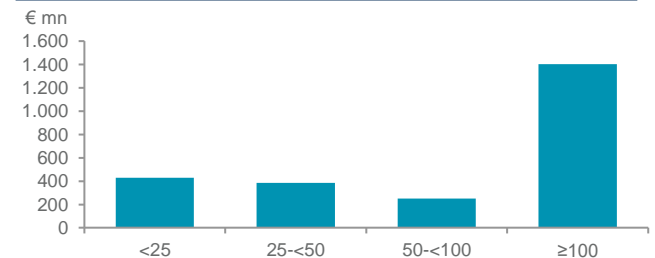


PRIME YIELD BY ASSET CLASS*



* Net initial yield

TRANSACTION VOLUME BY SIZE CATEGORY Q1-3 2024*



* Each size category in euro million

MARKET STATISTICS Q1-3 2024

MARKET	Transaction Volume (€ bn)	Share of Office Volume	Share of Retail Volume	Share of Logistics-Industrial Volume	Share of International Capital	Office Prime Yield*	Retail High Street Prime Yield*	Logistics Prime Yield*
Berlin	2.44	13%	46%	12%	64%	4.80%	4.35%	4.50%
YoY Change	22%	-9pp	37pp	0pp	37pp	40bp	35bp	20bp
Top-7 Markets	8.64	28%	20%	14%	35%	4.91%	4.46%	4.50%
YoY Change	51%	-6pp	8pp	-1pp	4pp	42bp	27bp	20bp
Germany	16.43	22%	22%	24%	40%	-	-	-
YoY Change	11%	0pp	-1pp	0pp	7pp	-	-	-

*Prime yield is net initial yield, displaying achievable values. Prime yield Germany = Average of Top-7 Markets
pp = percentage points; bp = basis points

SELECTED TRANSACTIONS 2024

Property / Address	Quarter	Type of Use	City	Vendor / Buyer	Price (€ million)
Hotel de Rome, Behrenstraße 37	Q1	Hotel	Berlin	GIC / Gruppo Statuto	~ 145
No. 1 Passauer	Q3	Mixed-use	Berlin	Signa / Collineo	~ 111
Karstadt, Müllerstraße 25	Q1	Development plot	Berlin	Signa / Versicherungskammer Bayern	~ 70
Lützow-Center	Q2	Office	Berlin	S Immo / Livos Gruppe	~ 65

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