

YoY Change 12-Month Forecast

€1.91 bn

Transaction Volume (cum.)



69%

Share of Foreign Capital



4.80%

Office Prime Yield, net



17%

Share Office Investment Volume



ECONOMIC INDICATORS

YoY Change 12-Mo. Forecast

9.5%

Berlin Unemployment Rate (Jun 2024)



853,000

Berlin Office Employees (Jun 2024)



4.25%

ECB Interest Rate (Jun 2024)



2.53%

10-Year Government Bond Yield (Q2 2024)



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

LOW INVESTMENT ACTIVITY IN THE BERLIN INVESTMENT MARKET

A CRE transaction volume of €1.91 billion was registered for the Berlin market in the 1st half of 2024. The volume is 49% below the 5-year average for the respective 1st half-year and thus remains at a low level.

Of the €1.91 billion transaction volume in the 1st half of the year, around €1 billion was attributable to the complete sale of Signa's KaDeWe property to the Thai Central Group. This makes the transaction volume 35% higher than in the 1st half of 2023. Without this sale, the volume for the 1st half of the year would have been the lowest in ten years.

Another significant transaction was the acquisition of a supra-regional portfolio of Austrian S Immo by the Livos Group, of which the Berlin properties account for around €130 million. The sale of the "Hotel de Rome" at the beginning of the year was similarly large at €145 million.

The transaction volume for office properties totalled €320 million in the first half of the year. This represents a decline of 11% compared to the 1st half of 2023 or 83% compared to the 5-year average of the respective 1st half-years. Of all types of use, office properties are currently experiencing the sharpest decline.

In the 1st half of the year, Cushman & Wakefield registered logistics and industrial property transactions with a volume of €130 million, which corresponds to an increase of 24% compared to the 1st half of 2023. Retail properties accounted for €1.08 billion, mainly due to the sale of KaDeWe. There were also some sales of retail parks such as the "Cladow-Center".

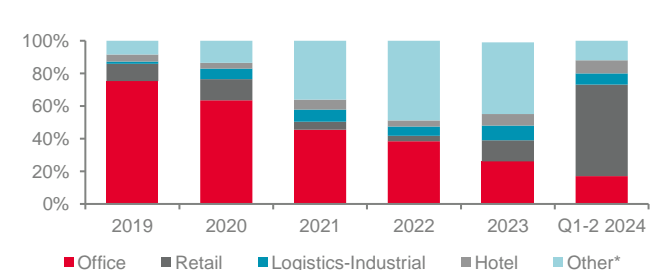
Hotel properties changed hands for €155 million. However, only two transactions were recorded here. Land was sold for €177 million and mixed-use properties for €229 million.

COMMERCIAL TRANSACTION VOLUME*



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

SHARE OF TRANSACTION VOLUME BY ASSET CLASS



CORE+ 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 58%. Core+ is at 15%, although it would be the most popular risk class without this sale. This is followed by the Value-Add segment with 14% and Opportunistic with 8%.

ALMOST ALL TRANSACTIONS UNDER €50 MILLION

The sale of the KaDeWe accounted for more than half of the volume on the Berlin investment market for commercial property in the 1st half of the year. The only other single property over €100 million was the sale of the "Hotel de Rome". There were only two transactions in the €50-100 million range. Overall, the €25 to €50 million size category is now stronger than the €50 to €100 million category, which was rare until two years ago.

PRIME YIELD RISES SLIGHTLY

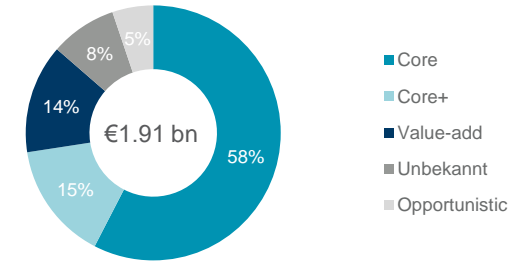
The prime yield for office properties has risen slightly and now stands at 4.80% (+85 basis points compared to Q2 2023). The increase thus totals 195 basis points within two years and follows the rapid rise in bond yields.

The prime yield for high-street retail properties remained constant compared to the end of March and is still at 4.35% (+55 basis points compared to Q2 2023). The prime yield for logistics properties is currently 4.50%, unchanged from the previous quarter but 35 basis points higher than at the end of Q2 2023.

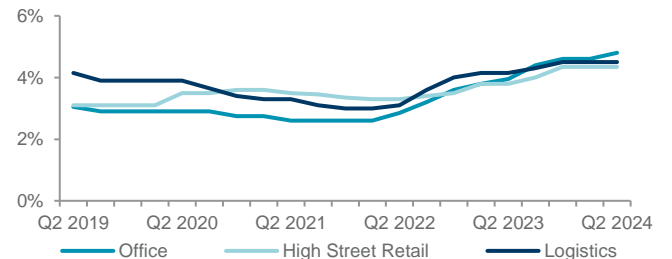
Outlook

- Long-dated bonds are currently trading at the same level as a year ago. Even though the first interest rate cut was implemented in mid-June, the markets are not expecting any further rapid reductions. This is prompting institutional investors to continue to wait and see.
- The major insolvency sales have been completed or are in preparation. Further transactions of this kind are expected in the course of the year.
- With office vacancies currently rising to over 1.67 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 Q1-2 2024

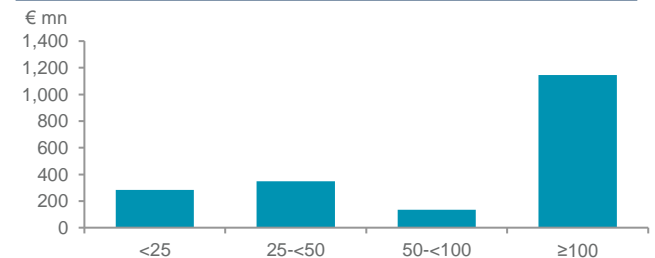


PRIME YIELD BY ASSET CLASS*



* Net initial yield

TRANSACTION VOLUME BY SIZE CATEGORY Q1-2 2024*



* Each size category in euro million

MARKET STATISTICS Q1-2 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	1.91	17%	56%	7%	69%	4.80%	4.35%	4.50%
YoY Change	35%	-8pp	50pp	0pp	46pp	85bp	55bp	35bp
Top-7 Markets	6.00	25%	21%	10%	30%	4.91%	4.46%	4.50%
YoY Change	46%	-8pp	10pp	-6pp	-5pp	87bp	47bp	35bp
Germany	11.16	21%	22%	23%	37%	-	-	-
YoY Change	22%	-5pp	3pp	4pp	8pp	-	-	-

*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
Karstadt, Müllerstraße 25	Q1	Development plot	Berlin	Signa / Versicherungskammer Bayern	~ 70
Lützow-Center	Q2	Office	Berlin	S Immo / Livos Gruppe	~ 65
F210, Friedrichstraße 210	Q1	Office	Berlin	Signa / Ehret+Klein	~ 36

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