

YoY Change 12-Month Forecast

€11.16 bn

Commercial Trans. Vol. (cum.)



37%

Share of Foreign Capital



4.91%

Office Prime Yield Top-7*



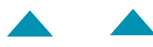
*Average net initial yield in German Top-7 markets

ECONOMIC INDICATORS

YoY Change 12-Month Forecast

0.05%

GDP Growth (Q2 2024 vs. Q2 2023)



5.8%

Unemployment Rate (Jun 2024)



88.6

Ifo Business Climate Index (Jun 2024)



4.25%

ECB Interest rate (Jun 2024)



2.53%

10-Year Government Bond Yield (Q2 2024)



Sources: Moody's Analytics, National Labour Office, Ifo Institute

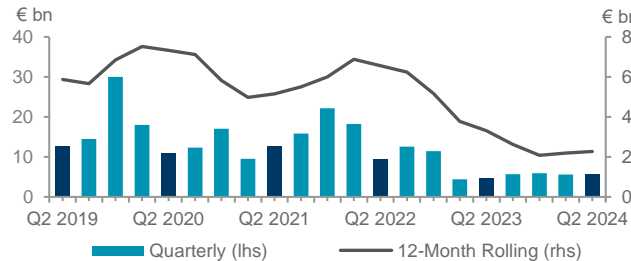
INFLATION RISK KEEPS INTEREST RATES HIGH, SLIGHT GDP INCREASE AT THE END OF THE YEAR

Germany's economy gained momentum in the second quarter, supported by wage increases that were significantly higher than inflation, which led to a recovery in private consumption. This consumption-driven upturn is likely to continue for the rest of the year, although leading indicators of the ifo business climate signal downside risks for forecasts. For example, the business climate fell again in June to 88.6 points after reaching 89.3 points in May. According to Consensus Economics forecasts, Germany's economy will grow by around 0.2% by the end of the year. Meanwhile, the European Central Bank's restrictive interest rate policy has reached its peak and has begun to have a slight impact on the financial markets. According to the monetary authority's latest quarterly survey of banks, a gradual recovery in lending to companies can also be expected. With the ECB's first key interest rate cut in June 2024 to 4.25%, at least short-term interest rates (3-month Euribor) fell slightly from 3.75% at the end of May to 3.68% at the end of June. Despite the inflation rate in the eurozone (2.5% in June) approaching the 2% target, the ECB did not make any further interest rate hikes in July. Inflation risks are still pronounced, meaning that the next interest rate decision is heavily dependent on the data situation and does not appear realistic until September at the earliest. As a result, long-term bond yields have tended to move sideways to slightly higher over the past three months. The yield on 10-year German government bonds stood at 2.49% at the end of June 2024, 0.2 percentage points higher than at the end of March. As expected, mortgage rates (10-year term) also rose by 0.1 percentage points to 3.66% at the end of June. It can therefore only be assumed that interest rates will fall once inflation has been successfully and sustainably combated in the region of the 2% target.

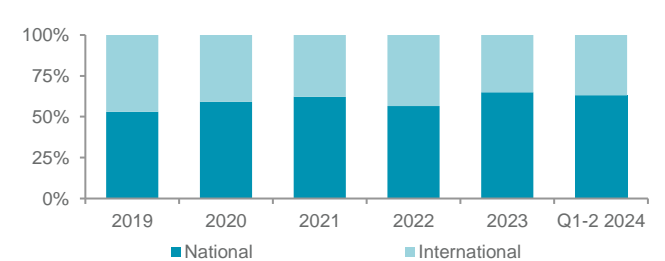
RECOVERY OF THE INVESTMENT MARKET PROGRESSES ONLY SLOWLY

A transaction volume of €11.16 billion was achieved on the commercial investment market in Germany in the first half of 2024. Compared to the same period of the previous year, this corresponds to an increase in turnover of 22%. Despite the ECB's first interest rate cut, volatility and yield levels on the German bond market remain high. In addition, the high level of interest rates continues to curb the willingness of institutional investors to invest and core transactions were still only rarely registered. However, several large single transactions in the triple-digit million euro range brought the investment market an increase. The transaction volume in the 2nd quarter amounted to €5.55 billion and was therefore only slightly below the €5.61 billion recorded in the 1st quarter of 2024.

COMMERCIAL TRANSACTION VOLUME*



SHARE OF TRANSACTION VOLUME BY SOURCE OF CAPITAL



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



NO CLEAR DOMINANCE IN THE TYPES OF USE

With some large single and portfolio transactions within the classic office, retail and logistics industry usage types, there has been no clear dominance of individual asset classes in the year to date. At €2.59 billion and a 23% share of transaction volume, most of the capital was invested in industrial logistics properties. Several large portfolio sales contributed to the positive result here. Retail properties generated €2.46 billion in the 1st half of 2024. The main sales driver was the sale of the KaDeWe department store in Berlin to Central Group for around €1 billion. The office transaction volume reached €2.34 billion and was slightly lower compared the previous year (-1%). Mixed-use properties stood out in the Other segment due to several transactions. In particular, the sale of the “Fünf Höfe” in Munich for over €700 million.

MAJOR DEALS CHARACTERIZE THE RESULT IN BERLIN AND MUNICH

Around €5.99 billion was invested in the Top-7 markets (54% proportion). For the first time since the 4th quarter of 2022, these markets once again accounted for more than half of the total transaction volume in Germany. In the same period of the previous year, the share was 45%. Almost €1.90 billion more was also invested compared to the previous year. Berlin and Munich recorded the highest transaction volume due to large single transactions, with a total of €1.90 billion and €1.44 billion respectively. In contrast, Hamburg (€465 million) and Stuttgart (€100 million) recorded the lowest transaction volumes.

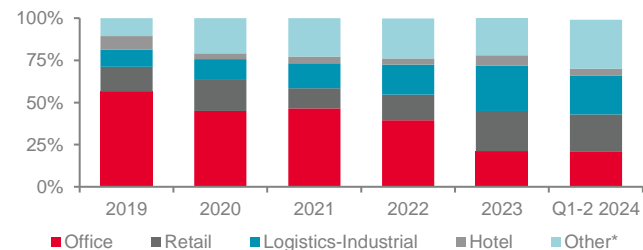
YIELD INCREASE IN OFFICE SEGMENT

Over the course of the year, prices and yields in the core segment of retail and logistics properties continued to stabilize, while prime yields in the office segment rose again. At the end of the 2nd quarter 2024, the average prime office yield for core properties in the top 7 markets was 4.91%, up by 13 basis points compared to the previous quarter. The prime yield for high-street retail properties stood at 4.46% and for logistics properties at 4.50%.

Outlook

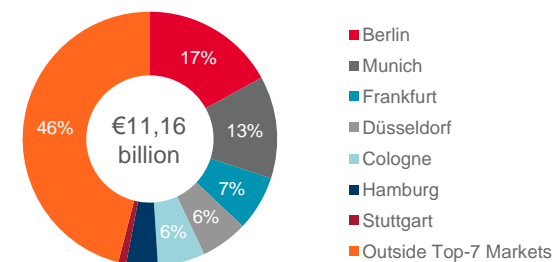
- Despite inflation gradually approaching the 2% target set by the ECB, inflation risks remain pronounced. Following the pause in interest rates in July, a further rate hike in September seems quite likely.
- In the second half of the year, Cushman & Wakefield expects increased momentum in terms of willingness to sell. Not least due to the increase in insolvencies.
- Cushman & Wakefield expects prime yields for office, retail and logistics properties to move sideways until the end of the year. The increasing stability of yields should further encourage institutional investors in their decision to make investments.

SHARE OF TRANSACTION VOLUME BY ASSET CLASS

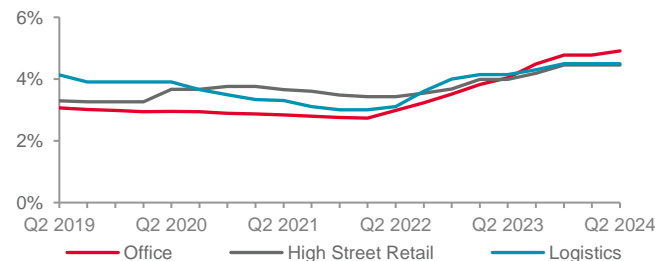


*Other (Leisure, Healthcare, Mixed Use, Development Plots)

TRANSACTION VOLUME BY MARKET Q1-2 2024



PRIME YIELD BY ASSET CLASS*



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



OFFICE INVESTMENTS HAVE NOT YET BOTTOMED OUT

The recovery on the office investment market is still progressing only very hesitantly. For many investors, the structural change in the office sector is still associated with considerable uncertainty with regard to future space requirements. The main focus of institutional investors is primarily on high quality buildings and locations. Overall, transaction activity was somewhat livelier than in the previous year, although there have been no large single transaction over €100 million to date. The largest office transaction of the year was the sale of the S-Immo AG portfolio consisting of 19 office properties to the Livos Group for around €255 million. In the first half of 2024, the volume of office transactions across Germany totaled around €2.34 billion, only slightly below the previous year (-1%).

TOP-7 MARKETS REMAIN PREFERRED INVESTMENT LOCATIONS

In the 1st half of 2024, the majority of the office transaction volume was attributable to the Top-7 markets, where around €1.50 billion was invested, corresponding to 64% of total volume. There have been no sales above the €100 million mark so far; instead, the majority of the volume was generated with office properties from the core-plus and value-add segment in the €50 million or less range. Particularly in older properties in very good inner-city locations, there is still potential for sustainable value appreciation through targeted ESG and modernization measures. At around €395 million, most capital was invested in office properties in Frankfurt in the 1st half of the year.

FURTHER YIELD CORRECTION IN THE CORE SEGMENT

Both sellers and buyers are still very cautious regarding core investments, which is inevitably reflected in the purchase price expectations. At the end of the 2nd quarter of 2024, the average prime office yield for core properties in the Top-7 markets was 4.91%. Compared to the previous year, the average prime yield has therefore increased by 87 basis points. Compared to the previous quarter, the increase amounted to 13 basis points. The lowest prime office yields are currently being achieved in Munich and Berlin at 4.60% and 4.80% respectively.

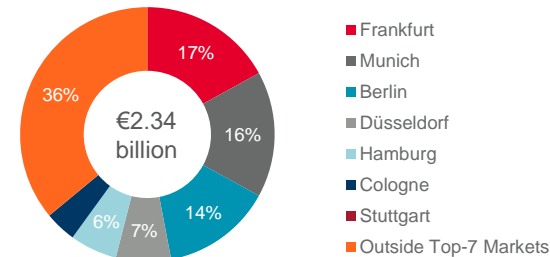
Outlook

- Cushman & Wakefield expects to see a renewed increase in demand from institutional investors for office properties with a clear focus on locations close to city centers and high building quality. In the coming quarters, we expect attractive investment opportunities within the Top-7 markets, particularly due to high project completions with high pre-letting rates in some cases.
- In the core segment, yields are expected to stabilize by the end of the year. However, purchase price discounts are still to be expected for older existing buildings in decentralized and peripheral locations.

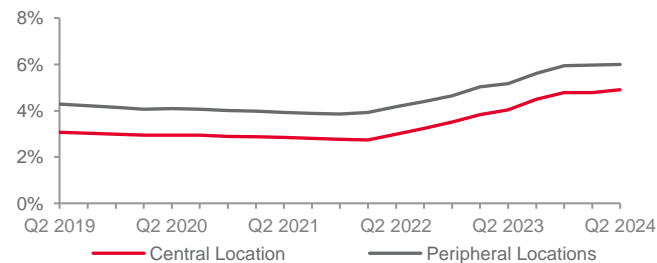
OFFICE TRANSACTION VOLUME



TRANSACTION VOLUME BY MARKET Q1-2 2024



OFFICE PRIME YIELD BY LOCATION*



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

KADEWE SALE PROVIDES BOOST TO TRANSACTION VOLUME

Retail properties achieved a transaction volume of €2.46 billion in the 1st half of 2024, almost 45% more than in the same period of the previous year. The sale of KaDeWe in Berlin by the insolvent Signa Holding to the Central Group for around €1 billion made a significant contribution to the positive result. Signa also sold its retail property Am Wehrhahn 1 in Düsseldorf to the City of Düsseldorf for over €100 million for the construction of the new opera house, and a further seven Galeria Karstadt department stores were acquired by RFR. Transaction activity to date has been dominated by individual transactions of up to €50 million, with only one portfolio sale in the three-digit million euro range registered to date.

MANY RETAIL PARK TRANSACTIONS, WEAK VOLUME WITH SHOPPING CENTERS

Due to the sale of KaDeWe and the Galeria holdings of the insolvent Signa, city center and department stores are responsible for 61% of the total retail transaction volume. Retail parks recorded almost €840 million in the 1st half of 2024, which is on a par with the previous year. Although there was a lack of large-volume transactions here, Germany-wide transaction activity was largely dominated by retail warehouse parks and retail parks. The €200 million portfolio purchase by ORES Germany is the largest and only transaction above €100 million to date. At just under €100 million, the transaction volume with shopping centers achieved the lowest half-year result in the past 10 years.

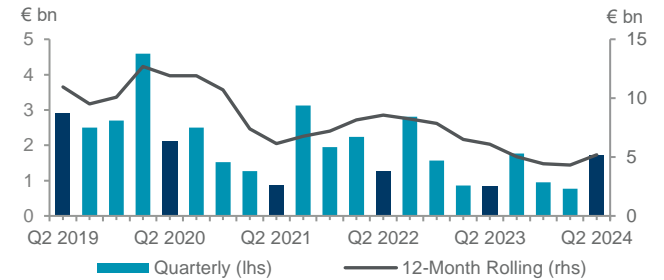
PRIME YIELDS IN RETAIL SECTOR STABLE

As in the previous quarter, the average prime yield for high-street retail properties stood at 4.46% at the end of Q2 2024. In the 2nd quarter of 2023, the average prime yield was 3.99%. The prime yields for retail parks and shopping centers also stabilized quarter-on-quarter at 5.10% and 6.28% respectively.

Outlook

- The stabilization of prices and yields in the core-segment will continue in all retail segments in the 2nd half of the year.
- Cushman & Wakefield expects demand to remain high for high-street retail properties in highly frequented locations. The remaining Signa portfolios are of particular interest.
- Higher transaction volumes with shopping centers are still not expected. There is great market liquidity in the value-add and opportunistic segment, but this is offset by high investment costs for repositioning or modernization measures.

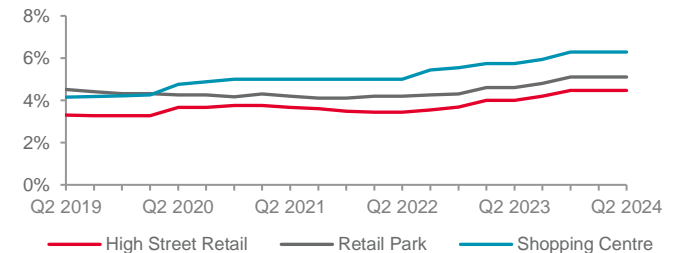
RETAIL TRANSACTION VOLUME



TRANSACTION VOLUME BY TYPE OF PROPERTY Q1-2 2024



PRIME YIELD BY TYPE OF PROPERTY



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



TRANSACTION VOLUME INCREASES COMPARED TO THE PREVIOUS YEAR

In the 1st half of 2024, logistics and industrial properties recorded a transaction volume of €2.59 billion, an increase of 52% compared to the previous year. Large-volume portfolio transactions from the 1st quarter were the main contributors to this positive result, above all the €320 million acquisition of shares in five logistics properties from Swiss Life and Beos to LaSalle Investment Management. In Q2 2024, the transaction volume decreased to €990 million due to lower portfolio sales, compared to €1.61 billion in the 1st quarter. In contrast to office and retail properties, some core transactions were registered in the logistics sector and were responsible for around 9% of the total logistics and industrial transaction volume.

HARDLY ANY CORE-TRANSACTIONS WITHIN THE TOP MARKETS

The limited supply of attractive investments within the Top-7 markets also meant that transaction volume in the 1st half of 2024 was almost 10% lower than in the same period of the previous year at around €600 million. Their current proportion amounted to 23%, the share was last even lower in the 1st half of 2020 (20% proportion). Only one of the total 6 core-transactions was registered within the Top markets. Hamburg, Berlin and Frankfurt were the only markets to exceed the €100 million mark in the 1st half of the year, while only €10 million was invested in logistics and industrial properties in Munich.

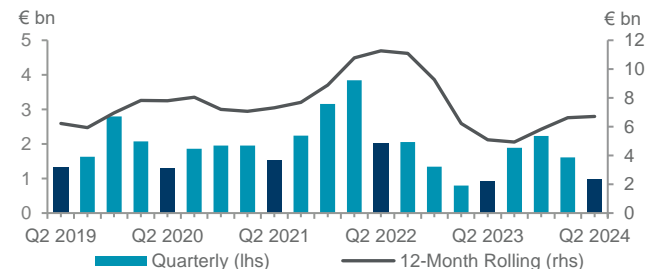
LOGISTICS PROPERTIES REQUIRE LOWER PRICE DISCOUNTS

The average prime yield for logistics properties remained unchanged at 4.50% and was therefore on a par with the previous quarter. Over the past 12 months, the prime yield has risen by 35 basis points. The stabilization of prices and yields is also continuing for light industrial properties. Within the Top-7 markets, the average prime yield is unchanged quarter-on-quarter at 5.51%, but 50 basis points higher than a year ago.

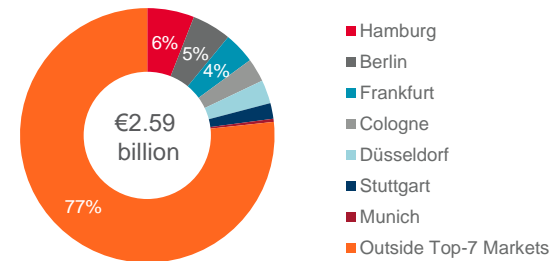
Outlook

- Logistics properties remain the preferred asset class for investors among commercial types of use. Institutional investors are increasingly focusing on ESG-compliant investments.
- As the inflation and interest rate environment stabilizes, foreign investors are also likely to increasingly seek to enter the German market and explore investments.
- Long-term trends such as outsourcing and nearshoring will further increase the demand for logistics space and thus also the attractiveness of the asset class for investors.

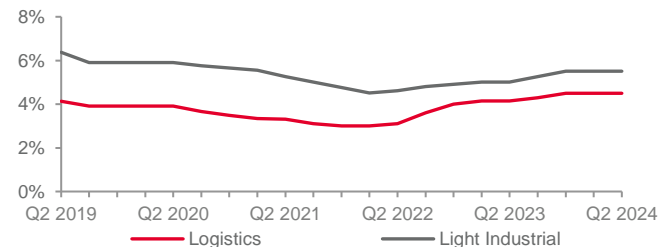
LOGISTICS-INDUSTRIAL TRANSACTION VOLUME



TRANSACTION VOLUME BY MARKET Q1-2 2024



PRIME YIELD BY TYPE OF PROPERTY



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

RESIDENTIAL TRANSACTION MOMENTUM INCREASES, YIELD STABILIZATION

Transaction activity on the residential investment market is picking up again and achieved a transaction volume of €3.05 billion in the 1st half of 2024. Between April and June alone, €2.05 billion was invested, more than twice as much as in the 1st quarter (€1.00 billion). In Q2 2024, large, often locally concentrated portfolio transactions dominated with a transaction volume of €1.35 billion. Single transactions amounted to €610 million in this period, compared to €854 million in the 1st quarter. The two largest transactions took place in Berlin. The Vonovia/Howoge portfolio stood out here, which was sold for €700 million. A total of 4,495 apartments changed hands here. In addition, MEAG acquired three properties in Berlin with a total of 544 apartments in Prenzlauer Berg and Mitte. The transaction volume for micro-living and student residences totaled €155 million in the 1st half of the year, already exceeding the full-year result for 2023 (€122 million). The average prime yield for multi-family homes within the Top-7 markets remained unchanged at 3.90% at the end of the 2nd quarter 2024, up by just 10 basis points year-on-year.

OPERATOR MARKET FOR HEALTHCARE REAL ESTATE ON THE MOVE

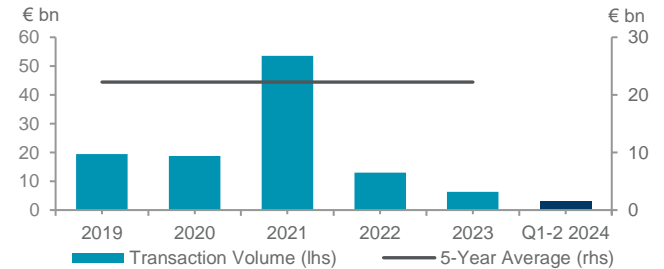
The investment market for healthcare properties remains significantly below the previous year's results and achieved a transaction volume of around €260 million in the 1st half of 2024. This is almost 60% less than a year earlier. Nursing properties accounted for around 70% of the total volume. The operator market for healthcare facilities is showing a lot of movement, as insolvent operators such as Hansa Group, Novent and Curata are now being taken over by regional champions, family offices and large operators.

The prime yield for nursing homes in Germany remained unchanged at 5.10% in the 2nd quarter of 2024. There was also no movement for senior residences for assisted living and the value was quoted at 4.50%, as in the previous quarter.

Outlook

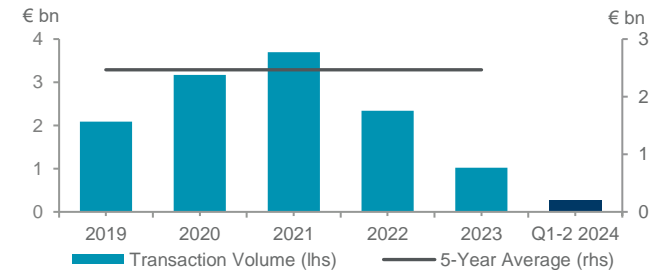
- Demand for residential space in all asset classes remains high. National and international investors are increasingly focusing on the residential sector. Increasing price stability is also encouraging investors to enter this sector or expand their exposure again.
- Healthcare properties remain the focus of institutional investors. The rising demand for care places and medical services in Germany offers opportunities in the new real estate cycle. The yield premium compared to other real estate classes makes these investments equally attractive for national and international investors.

RESIDENTIAL TRANSACTION VOLUME*



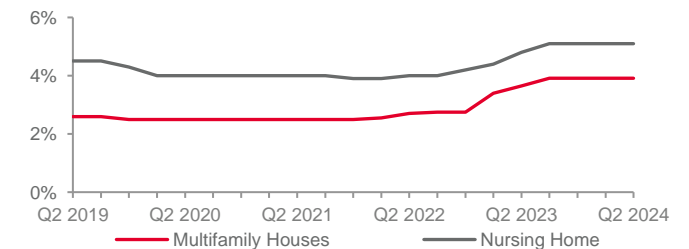
*properties with more than 20 residential units

HEALTHCARE TRANSACTION VOLUME*



* Nursing Homes, assisted Living, ambulant- and stationary medical properties

PRIME YIELD BY TYPE OF PROPERTY



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

MARKET STATISTICS COMMERCIAL TRANSACTION VOLUME

Market	Transaction Volume (cum.) (€ bn)	Change YoY (%)	Share of Office Volume (%)	Share of International Capital (%)	Office Prime Yield (%)	Retail High Street Prime Yield (%)	Logistics Prime Yield (%)
Berlin	1.91	35	17	69	4.80	4.35	4.50
Dusseldorf	0.64	17	27	3	5.10	4.45	4.50
Frankfurt	0.78	112	51	21	4.90	4.55	4.50
Hamburg	0.47	3	32	44	4.90	4.50	4.50
Cologne	0.67	244	13	4	5.10	4.65	4.50
Munich	1.45	109	26	3	4.60	4.10	4.50
Stuttgart	0.10	-77	10	5	5.00	4.65	4.50
Germany	11.16	22	21	37	4.91*	4.46*	4.50*

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

SELECTED TRANSACTIONS 2024

Property / Address	Quarter	Type of Use	Location	Seller / Buyer	Price (€ million)
KaDeWe, Tauentzienstraße 21-24	Q2	Retail	Berlin	Signa / Central Group	~ 1,000
Vonovia Portfolio (4,495 Units)	Q2	Residential	Berlin	Vonovia / Howoge	~ 700
Fünf Höfe	Q1	Mixed-Use	Munich	Union Investment / Athos Real Estate	~ 700
Koelnmesse – Nordgelände	Q2	Other	Cologne	RFR Holding / Stadt Köln	~ 390
Swiss Life / Beos Logistics portfolio (90%-share)	Q1	Logistics-Industrial	Various	Swiss Life, Beos / LaSalle Investment Management	~ 320
S-Immo Portfolio (19 properties in Germany)	Q2	Office	Various	S-Immo / Livos Gruppe	~ 255
Blackstone Logistics portfolio (5 properties)	Q1	Logistics-Industrial	Various	Blackstone Group / Clarion Partners	~ 170
Pickens Selfstorage Takeover	Q1	Logistics-Industrial	Berlin, Hamburg	Pickens / Shurgard	~ 120

SIMON JESCHIORO

Head of Capital Markets & Investment Advisory Germany

Tel: +49 69 506 07 32 60

simon.jeschioro@eur.cushwake.com

HELGE ZAHRT MRICS

Head of Research & Insight Germany

Tel: +49 40 300 88 11 50

helge.zahrt@cushwake.com

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cushmanwakefield.com

ANDREAS SLUPIK

Senior Research Analyst

Tel: +49 211 54 08 98 70

andreas.slupik@cushwake.com