









“Open-ended funds / special funds”, “asset fund managers” and “listed property companies / REITs” remained the most active types of investors. Overall, these three investor groups were responsible for 62 % of the total volume. Next are “private equity funds / opportunity funds”, “project developers” and “insurance companies / pension funds”

In terms of the size of deals, the partial takeover of Deutsche Euroshop in the third quarter represented the only transaction above €500 million. As a result, this cluster has lost market share over the past few quarters and contributed 23.4 % to the total volume by the end of Q3. In the first nine months of the year, the “€100 million-€500 million” category recorded both the highest share and the strongest increase compared to the previous year.

The leading economic research institutes have halved their GDP forecast according to the latest joint economic forecast, primarily owing to the massive gas price increases and the associated loss of purchasing power. Economic growth of only 1.4 % is forecast for the current year, which is primarily owing to the strong start to the year. An economic downturn of 0.4 % is expected for 2023. At 8.4 %, the inflation rate for the current year will also be well above the ECB’s inflation target. Inflation is expected to increase even further to 8.8 % for 2023. The ECB raised the main refinancing interest rate to 1.25 % in September. Further rate hikes have also been announced. It remains to be seen to what extent the ECB will be able to combat inflation caused by exogenous factors. The so-called “Gaspreisbremse” or subsidy scheme for gas bills is likely to have a greater short-term effect on both the economy and private households and therefore on domestic consumption. Ten-year government bonds already exceeded 2.0 % in September 2022. As a result, property financing has again become noticeably more expensive and is currently around the 4 % mark. The consequence of this is that property investors can pay significantly lower prices in order to achieve their desired return on equity. This in turn is met with high price expectations on the part of the seller. It is to be expected that a new market equilibrium will not be reached until later in 2023.

At the beginning of autumn, all asset classes experienced a further strong increase in prime yields. In the top five office markets this was most apparent in Q3 2022 with an average rise of 35 basis points. For high street and logistics properties, the yield increased by 19 and 25 basis points respectively. This trend will continue in the coming quarters.

Within the top five office markets, the increase in prime yields ranged between 0.30 % and 0.45 %. This means that the 3.00 % mark has now been reached or exceeded again in all top locations. The yields are 3.00 % in Berlin and Munich, 3.10 % in Hamburg, 3.15 % in Frankfurt and 3.25 % in Dusseldorf.

In the high street segment, the prime yield grew between 15 and 20 basis points and now stands at between 3.15 % in Berlin and Munich and 3.45 % in Dusseldorf.

For logistics properties, all top markets are equally affected by an increase of around 0.25 percentage points. Accordingly, the yields at the end of Q3 2022 amounted to 3.40 % in Berlin and Munich and 3.45 % in Dusseldorf, Frankfurt and Hamburg.

The current situation can still be described as very tense. It will take a few more quarters before a new market balance is found. As a result, commercial property prices will continue to fall. Certain processes are still in the marketing phase and a few of these will certainly be completed. Nevertheless, most marketing activities have been completely suspended for the time being, and institutional investors in particular are currently extremely cautious. All things considered, a maximum transaction volume of only €50 billion is seen as achievable for the year as a whole.

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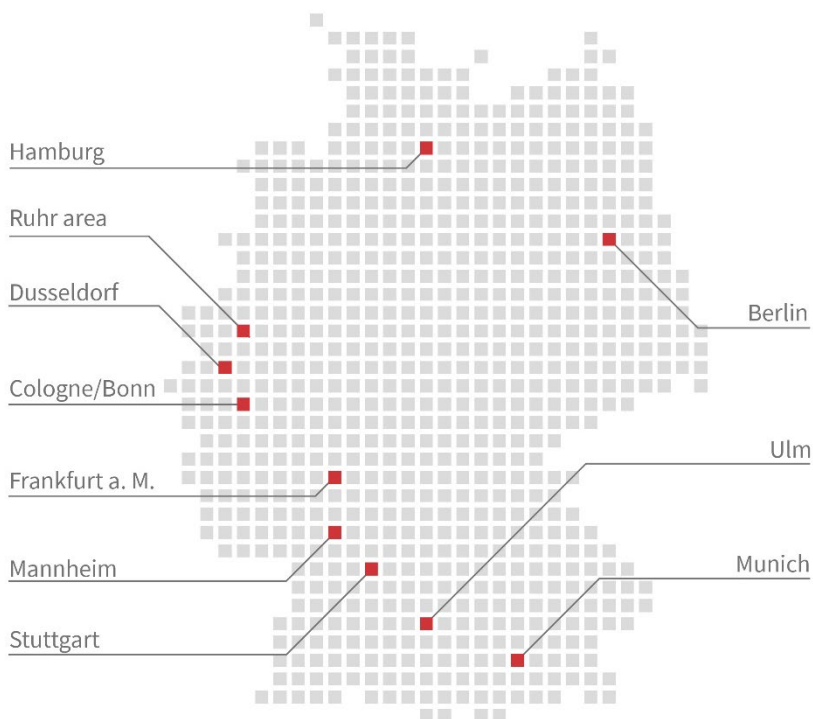
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