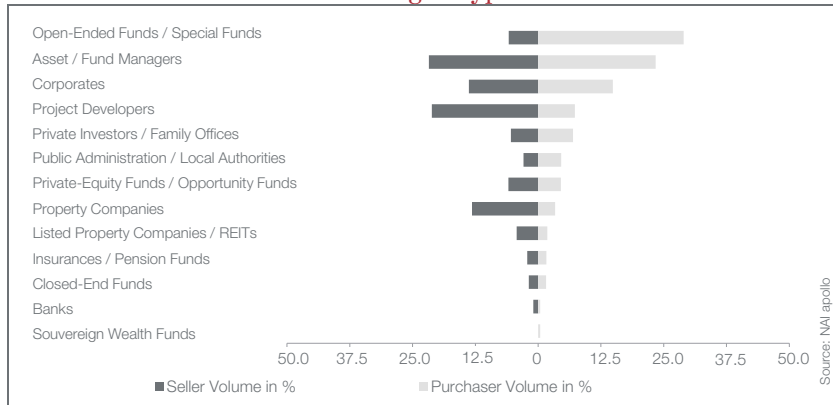
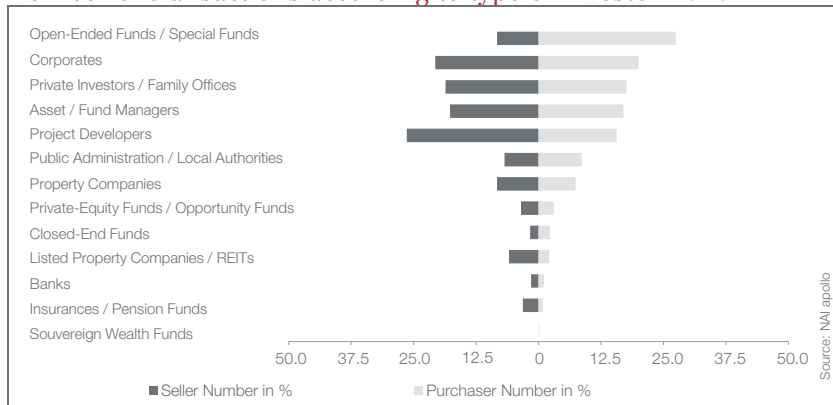


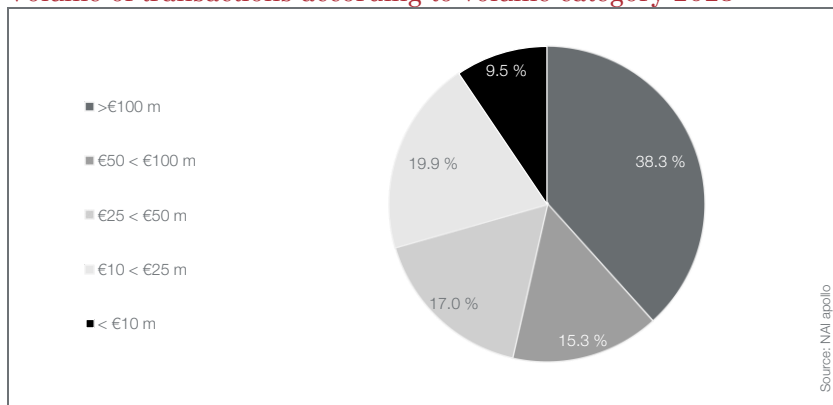
Volume of transactions according to type of investor 2023



Number of transactions according to type of investor 2023



Volume of transactions according to volume category 2023



Prime yields Q4 2023

	Prime office yields	Prime retail yields	Prime logistics yields
Berlin	4.40 %	4.15 %	4.40 %
Dusseldorf	4.50 %	4.30 %	4.40 %
Frankfurt a. M.	4.50 %	4.30 %	4.40 %
Hamburg	4.45 %	4.25 %	4.40 %
Munich	4.40 %	4.10 %	4.40 %
Total	Ø = 4.45 %	Ø = 4.20 %	Ø = 4.40 %

Owing to the more advanced price correction combined with improved prospects for the rental market and greater product availability, storage and logistics properties were positioned as the strongest asset class for the first time with €5.71 billion and a market share of 25.7 %. However, a decline of 41 % was still registered here compared to the record result in 2022. Following close behind were office properties with €5.52 billion and retail properties with €5.40 billion. The retail segment registered the smallest decline with a drop of 38 %. In the office property segment, in addition to the generally difficult market situation on the commercial investment market, other issues such as the future significance of office space owing to recent trends such as working from home, changing space requirements, ESG and the noticeable drop in demand for space as a result of the economic downturn have exacerbated the reluctance to invest. Accordingly, the office transaction volume fell 76 % from the previous year and reached the lowest figure since 2009 (€4.40 billion).

In the “other uses” segment, which achieved a total volume of €5.57 billion, hotels maintained a moderately good position with €1.44 billion owing to a strong fourth quarter with two deals each in the three-digit million euro range.

Over the course of 2023, German investors were significantly more active on the domestic market than foreign investors. National investors were responsible for a market share of 67.2 % or €14.92 billion, whereby the volume was 44 % lower compared to the previous year. Foreign players, on the other hand, invested around 70 % less in German property, at €7.29 billion.

In terms of investor types, “open-ended property funds/special funds”, “asset/fund managers” and “corporates” stood out in 2023 with market shares of above 10 %. On the seller side, the highest volumes are attributable to “asset/fund managers” and “project developers”.

Overall, smaller transactions dominated the investment market in 2023. While deals above €100 million accounted for more than 50 % of investment activity and sales below the €50 million threshold for around 30 % in the period from 2016 to 2022, this ratio was reversed last year owing to the sharp decline in large transactions. Deals below €50 million were responsible for 46.4 % of the transaction volume in 2023, while deals over €100 million represented 38.3 % of the market.

The overall economic slowdown in Germany manifested itself in a price-adjusted GDP decline of -0.3 % in 2023. The outlook remains cautious for 2024, with latest economic forecasts predicting growth of below 1.0 %. National economic development is characterised by a combination of continued high prices, unfavourable financing conditions and low domestic and foreign demand. Despite the current environment, the labour market remains robust for the time being. In December 2023, the unemployment rate in Germany was 5.7 %, up 0.1 percentage points on the previous month and 0.3 percentage points on the previous year. At 5.7 %, the annual average was 0.4 percentage points higher than in 2022. The consumer price index averaged 5.9 % in Germany in 2023. Although the December figure of 3.7 % was slightly higher again due to a base effect (“December emergency aid” in 2022), the overall price trend is declining. Accordingly, the ECB’s restrictive interest rate policy could be relaxed somewhat in 2024.

At the end of 2023, the ECB’s key interest rate remained unchanged at 4.50 %. As inflation continues to decline, the financial markets are anticipating interest rate cuts over the course of 2024, some of which have already been factored into the risk-free interest rate or property loan interest rates. At the end of 2023, these stood at 2.2 % or around 3.4 % (10-year financing). This will provide slightly positive impetus for the property industry.

After further increases in prime commercial yields in the fourth quarter of 2023, only smaller yield increases are likely to follow in 2024, also helped by the widening spread between risk-free interest rates and property yields.

During 2023, office property yields in the top 5 markets increased by 95 basis points on average to 4.45 %. Prime office yields currently range between 4.40 % in Berlin and Munich and 4.50 % in Düsseldorf and Frankfurt. In Hamburg, the prime yield is 4.45 %.

Logistics properties in the top markets registered an average increase of around 55 basis points over the last 12 months, resulting in a prime yield of 4.40 % in all five markets by the end of the year.

The average prime yield for high street properties in the top 5 markets rose by around 50 basis points to about 4.20 %. Munich registered 4.10 %, Berlin 4.15 % and Hamburg 4.25 %, while Düsseldorf and Frankfurt each recorded 4.30 %.

The subdued market development has continued into 2024. Significant challenges remain and the market is still plagued by uncertainty about issues such as the development of borrowing costs or possible further value adjustments. Greater clarity is expected as the year progresses, and this should result in an upturn in the investment market in the second half of 2024. As a consequence, we currently expect to see a commercial transaction volume of between €25 billion and €30 billion for the year as a whole.

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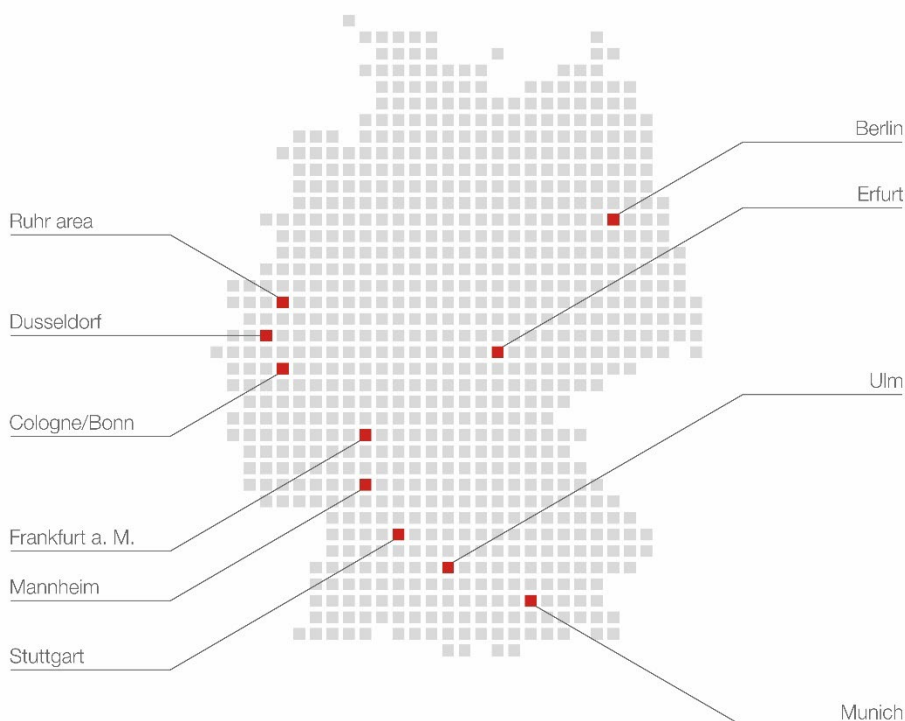
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