

YoY Change 12-Month Forecast

**€525 m**

Transaction Volume (cum.)



**42%**

Share of Foreign Capital



**4.60%**

Office Prime Yield, net



**28%**

Share Office Investment Volume



### ECONOMIC INDICATORS

YoY Change 12-Mo. Forecast

**9.6%**

Berlin Unemployment Rate (Mar 2024)



**853,900**

Berlin Office Employees (Mar 2024)



**4.50%**

ECB Interest Rate (Mar 2024)



**2.33%**

10-Year Government Bond Yield (Q1 2024)



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

### SUBDUED START TO THE YEAR ON BERLIN'S REAL ESTATE INVESTMENT MARKET

For Q1 2024, a transaction volume of €525 million was noted in Berlin's commercial real estate market, which is 9% below the previous quarter's figure and 55% below that of Q1 2023 (€580 million). This is 74% below the Q1 5-year average and thus remains at a low level.

The largest deal was the sale of "Hotel de Rome" for around €145 million by the Singaporean sovereign wealth fund to the Italian Gruppo Statuto. The contribution of international capital to total transaction volume was 42%, which is in line with the 5-year average (41%).

The office real estate transaction volume amounted to €145 million in the first quarter. This represents a decrease of 9% compared to Q1 2023 and is 87% below the Q1 5-year average. Hotel properties also contributed €145 million, but this was only due to a single transaction.

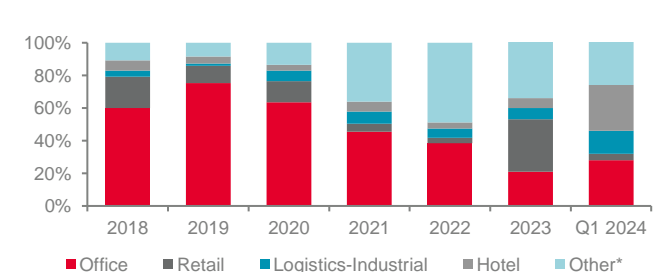
Land contributed €97 million, and mixed-use properties €40 million. At €20 million, C&W recorded a decline of 88% in retail real estate transaction volume compared to the previous quarter. Only two quarters have been weaker in the past ten years (Q3 2022 and Q2 2021).

In Q1, C&W recorded a logistics and industrial real estate transaction volume of €75 million, an increase of 25% compared to Q1 2023. This is largely contributed to Shurgard's acquisition of Pickens Self-Storage. This acquisition included three properties in the Berlin market area. Nevertheless, this property segment still fell 22% short of the Q1 5-year average.

### COMMERCIAL TRANSACTION VOLUME\*



### SHARE OF TRANSACTION VOLUME BY ASSET CLASS



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

### NO CORE TRANSACTIONS

The distribution of the transaction volume by risk class is predominantly characterised by value-add properties with a proportion of 39%. Core-plus properties are almost as strongly represented, accounting for 36% of the transaction volume. Opportunistic properties account for around 18%. Overall, the distribution of risk classes was strongly characterised by individual transactions, as there were still only a few deals on the Berlin investment market.

### ALMOST ALL TRANSACTIONS UNDER €50 MILLION

Four transactions accounted for half of the volume on Berlin's CRE investment market in the 1st quarter. The sale of the "Hotel de Rome" is the only one over €100 million. There was also only one transaction in the €50-100 million range. Overall, the transactions are often related to insolvencies: For example, of the seven largest deals, the Austrian company Signa was on the seller side three times with a total transaction volume of almost €130 million.

### PRIME YIELD REMAINS CONSTANT

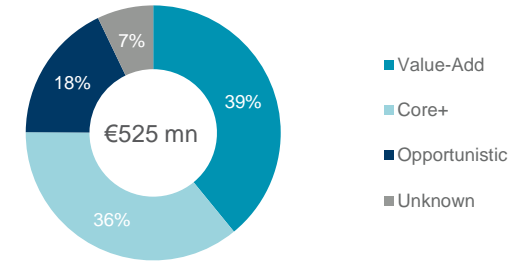
The prime yield for office properties has remained unchanged at 4.60% since the final quarter of 2023 (+80 basis points compared to Q1 2023). Within only two years, the cumulative increase amounts to 200 basis points, following the rapid rise in bond yields.

The prime yield for high-street retail properties also remained constant at 4.35% (+55 basis points compared to Q1 2023). For logistics properties, the prime yield is currently 4.50%, unchanged from the previous quarter and 35 basis points above the level of Q1 2023.

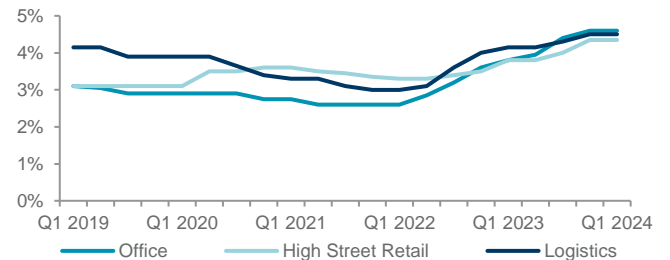
### Outlook

- Long-term bonds have been trading at a similarly high level since the end of 2022. This shows that the bond market does not (yet) expect long-term interest rates to fall significantly.
- The risk premium between the yield on the 10-year German government bond and the prime yield is still not high enough to persuade the majority of institutional investors to invest in real estate.
- With vacancy rates continuing to rise to over 1.5 million m<sup>2</sup> at present, owners need to take the vacancy risk of their properties more seriously than they did a few years ago.
- The continuing wave of insolvencies among property developers is likely to lead to further distress sales in the course of the year.

### TRANSACTION VOLUME BY RISK CATEGORY Q1 2024

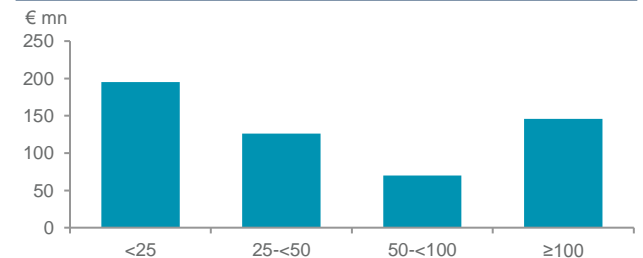


### PRIME YIELD BY ASSET CLASS\*



\* Net initial yield

### TRANSACTION VOLUME BY SIZE CATEGORY Q1 2024\*



\* Each size category in euro million

## MARKET STATISTICS Q1 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	0.53	28%	4%	14%	42%	4.60%	4.35%	4.50%
YoY Change	-55%	-14 pp	-59 pp	9 pp	-30 pp	80 bp	55 bp	35 bp
<b>Top-7 Markets</b>	<b>2.79</b>	<b>25%</b>	<b>2%</b>	<b>14%</b>	<b>20%</b>	<b>4.78%</b>	<b>4.49%</b>	<b>4.50%</b>
YoY Change	6%	2 pp	-30 pp	-5 pp	-33 pp	95 bp	50 bp	35 bp
<b>Germany</b>	<b>5.61</b>	<b>17%</b>	<b>14%</b>	<b>29%</b>	<b>34%</b>	-	-	-
YoY Change	10%	-4 pp	-17 pp	13 pp	0 pp	-	-	-

\*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
F210, Friedrichstraße 210	Q1	Office	Berlin	Signa / Ehret+Klein	~ 36
Rankestraße 8	Q1	Mixed use	Berlin	Signa / confidential	~ 23

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