

MARKETBEAT FRANKFURT

Investment Q1 2024



YoY
Change

12-Month
Forecast

€215 m

Transaction Volume (cum.)



42%

Share of Foreign Capital



4.70%

Office Prime Yield, net



35%

Share Office Investment Volume



ECONOMIC INDICATORS

YoY
Change

12-Month
Forecast

6.4%

Frankfurt Unemployment
Rate (Mar 2024)



327,000

Frankfurt 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

HESITANT START OF THE YEAR WITH POTENTIAL FOR MORE

With a CRE transaction volume in the Frankfurt market area totalling around €215 million, the result for the 1st quarter of 2024 represents an increase by around 30% on the result of a year previously. However this still fell short of the Q1 10-year average by 79% and the Q1 5-year average by 81%.

Following the complete absence of office transactions in the preceding quarter, sales of office properties contributed €75 million and 35% to total CRE transaction volume for the 1st quarter of 2024. Year-on-year, the contribution of office transactions to the overall result fell by 10 percentage points. The acquisition of the LEIQ (Building A) in Offenbach-Kaiserlei from the HT Group by open-ended special fund HT Top 8 Invest and contributed to this result.

The sustained investor interest in logistics and industrial properties is reflected in the transaction volume. At €75 million, the logistics and industrial segment contributed around 35% to the total, similarly to the office segment. Deals included the purchase of a logistics property in Egelsbach by Frasers Logistics and Commercial Trust for around €57 million as part of a portfolio deal.

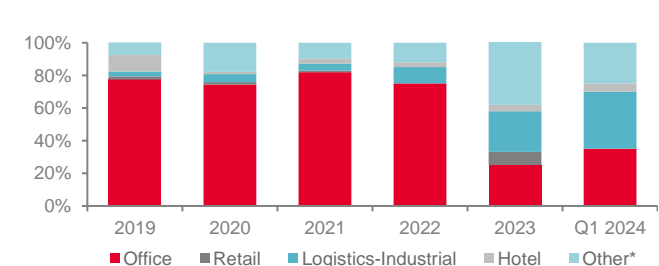
Mixed-use properties and development plots accounted for a total of €55 million and 26% of transaction volume in the 1st quarter. The sale of a development plot in Frankfurt-Unterliederbach by development company KEG to the City of Frankfurt for €10.4 million with the aim of constructing a solar park contributed to this result.

Hotel properties accounted for around €10 million or around 5% of CRE transaction volume. This included the sale of a B&B Hotel at Wilhelm-Fay-Strasse 53 in Frankfurt to Imaxxam Asset Management. No sales of retail properties were recorded in the quarter under review.

COMMERCIAL TRANSACTION VOLUME*



SHARE OF TRANSACTION VOLUME BY ASSET CLASS



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

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CORE+ STRONGEST RISK CLASS

At around 66%, transaction volume for the Core+ risk class predominated in the 1st quarter (Q1 2023: 11%). At just under 14%, the opportunistic risk class made the second-highest contribution to transaction volume in the 1st quarter. Transaction activity to date is still very subdued, meaning that it is difficult to derive reliable investment strategies and focal points for investors.

STABILISATION OF PRIME YIELDS IN QUARTERLY COMPARISON

From March 2023 to March 2024, the prime office yield for core properties in Frankfurt rose by 90 basis points to 4.70%. The prime yield for high-street retail properties increased by 45 basis points year-on-year to 4.55%. The prime yield for logistics properties is currently 4.50%, 35 basis points higher than a year ago. In a quarterly comparison, prime yields across all asset classes have remained stable for the first time in two years. C&W expects yields to remain stable for the rest of the year.

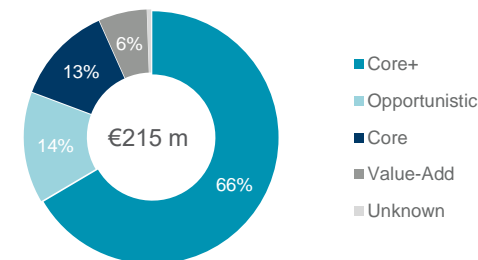
NO TRANSACTION OF €100 MILLION OR MORE

No transactions of €100 million or more took place in the 1st quarter of 2024. In the category of over €50 million to less than €100 million, two transactions contributed around 57% of total CRE transaction volume. Four deals took place in the from €10 million to under €25 million range, contributing 27% of the total and nine deals of less than €10 million accounted for 16% of the total. Purchases by international investors accounted for around 42% in the 1st quarter. In the 1st quarter of 2023, this figure was around 30%. Interest from international investors is particularly strong for portfolio deals, which contributed more than a third of the transaction volume at around 36%.

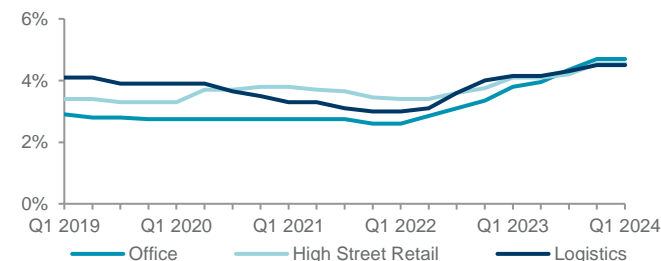
Outlook

- The mood among market participants has brightened overall. Buyers and sellers are increasingly on the same page when it comes to prices.
- An - albeit slight - upturn in transaction activity can be observed in the first quarter and a further increase in transaction activity is expected in the second half of the year.
- The stabilisation of yields and the ECB's key interest rate since September 2023 is likely to lead to greater certainty in price discovery processes and investment activity is likely to regain momentum.

TRANSACTION VOLUME BY RISK CATEGORY Q1 2024

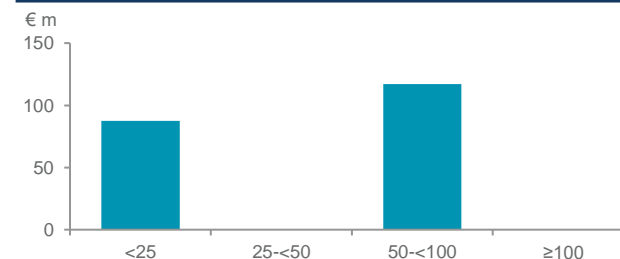


PRIME YIELDS BY ASSET CLASS*



* Net initial yield

TRANSACTION VOLUME BY SIZE CATEGORY Q1 2024*



* Each size category in euro million

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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*
Frankfurt	0.22	35%	0%	35%	42%	4.70%	4.55%	4.50%
YoY Change	-30%	-10 pp	0 pp	29 pp	12 pp	90 bp	45 bp	35 bp
Top-7 Markets	2.79	25%	2%	14%	20%	4.78%	4.49%	4.50%
YoY Change	6%	2 pp	-30 pp	-5 pp	-33 pp	95 bp	50 bp	35 bp
Germany	5.61	17%	14%	29%	34%	-	-	-
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)
LEIQ (BT A), Nordring 144	Q1	Office	Offenbach	Hamburg Trust / HT Top 8 Invest	Confidential
Parkstadt Liederbach, Hortensienring	Q1	Development plot	Frankfurt	KEG / City of Frankfurt am Main	~10
B&B Hotel, Wilhelm-Fay-Straße 53	Q1	Hotel	Frankfurt	a.a.a. Aktiengesellschaft / Imaxxam	Confidential

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