



## Press Release

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### BNP Paribas Real Estate publishes market figures for 2011

## **Investment turnover in Germany increases by 20 percent to 23.5 billion euros**

- *The transaction volume in commercial property in 2011 totalled just under 23.5 billion euros. Defying the financial and currency crisis, the fourth quarter produced the best performance of the year, with investment amounting to about 6.18 billion euros.*
- *The overall result represented an increase of around 20 percent on the prior-year total of nearly 19.6 billion euros.*
- *During the final quarter, prime yields remained largely stable.*

Frankfurt am Main, January 6, 2012 – "With an investment turnover of 23.5 billion euros, the result achieved last year was comparable with that posted in 2005; only in the two boom years of 2006 and 2007 was the total significantly higher. So despite the turbulence in the financial markets, commercial property in Germany remains highly regarded by investors. This is highlighted by the fact that despite all the uncertainties, the fourth quarter turned in the best performance of the year. Core properties in particular continue to be very much in favour", says Piotr Bienkowski, CEO of BNP Paribas Real Estate Germany. More than one third (34 %) of aggregate turnover was generated by foreign investors, who continue to view Germany as a safe haven especially in difficult times. But for German investors (66 %) too, property as an asset class currently represents a virtually indispensable alternative to other forms of investment.

Single deals accounted for over 84 percent (19.8 bn €) of the transaction volume, with portfolios attracting just 3.67 billion euros (16 %). This is another indication of the marked orientation to high-grade, assured and predictable assets. Retail properties remain unchallenged in first place, with a 46 percent share of all turnover. "Retail investments are favoured by the fact that both consumers and business firms are in a surprisingly positive mood in spite of the downward forecasts on economic growth. The further decline in unemployment expected in 2012 is another sign that the prerequisites for the retail trade in Germany remain good", says Bienkowski. In Q4, sales of office



## **BNP PARIBAS REAL ESTATE**

buildings also picked up, giving them a share of 30 percent for the year as a whole. Other contributions to turnover came from logistics complexes (5 %) and hotels (4 %).

The Big Six locations (Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg and Munich) posted a transaction volume of over 12.1 billion euros in 2011, thus bettering their prior-year performance by almost 10 percent. However, developments varied between the individual locations: While Frankfurt, with 2.97 billion euros (plus 58 %), Munich, with 2.88 billion euros (plus 67 %) and Hamburg, with 2.19 billion euros (plus 9 %) were able to increase their transaction volumes, quite considerably in some cases, the other cities suffered appreciable declines compared with their very good prior-year results, something due not least to a shortage of suitable products. This applied especially to Berlin, with 2.34 billion euros (minus 26 %), but also to Düsseldorf, with 954 million euros (minus 20 %) and Cologne, with 810 million euros (minus 26 %).

In the final quarter of 2011, yields stabilized and remain unchanged. In the field of office buildings, Munich is still the city with the lowest prime yield (4.75 %). It is followed by Hamburg (4.80 %) and Frankfurt (4.90 %). Berlin is also just below the 5-percent mark, with 4.95 percent, in front of Düsseldorf (5 %) and Cologne (5.3 %). The prime yield for shopping centres, which were among the most sought-after assets, is 5.0 percent.

"Although it seems indisputable that economic growth in Germany, as elsewhere, will slow down in 2012, there are at present no signs of any recession being imminent. Since the situation in many other European countries is likely to be different in this respect, Germany's already strong position is likely to improve even further. At the same time, against the backdrop of the ongoing difficulties in financial markets, alternative asset classes will remain prone to uncertainty. This suggests that the framework conditions for the German investment markets, especially where core properties are concerned, will stay favourable overall in 2012. There is every indication that another strong transaction volume of at least 20 billion euros is feasible. Whether it will prove possible to match or perhaps even exceed the 2011 result, for instance through higher turnover in the opportunistic segment of the market, will depend more on how things on the financing side develop than on the interest exhibited by investors. On the whole, yields can be expected to stabilize. But in the face of tough competition for individual top properties, there is at least a possibility that they may ease again slightly", concludes Bienkowski.

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