

## H1 2010

## compared to...

|                              | H1<br>2009 | H1<br>2008 |
|------------------------------|------------|------------|
| Investment turnover          | ↑          | ↓          |
| Number of transactions       | ↑          | ↓          |
| Prime office yield           | ↓          | ↑          |
| Capital value index office   | ↑          | ↓          |
| Prime retail yield           | →          | ↑          |
| Prime shopping center yield  | ↓          | ↑          |
| Prime retail warehouse yield | →          | ↑          |
| Prime logistics yield        | →          | ↑          |

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Developments on the investment market for commercial real estate in Germany continue to be very buoyant. The transaction volume of more than €8.65 billion, registered in the first half of 2010, shows an increase of 162% above that of the same period in the year before in terms of investments in commercial properties in Germany.

Germany has established itself among domestic and international investors as a safe haven for investments. With regard to the bond markets, we have registered continued, high demand for first class properties with low risk potential. Since secure long term rental income remains a concern, it is primarily fully-let core properties with long leases, very good covenant and very good tenant structures which investors are focusing on. It is solely the currently limited level of supply which is rather limiting and which hindered the potential for even greater investment activity in the first six months of 2010.

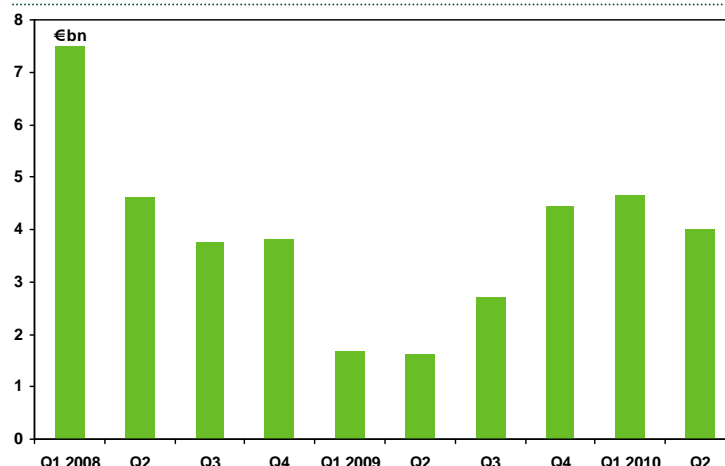
Due to a number of extraordinarily large-format shopping center investments it was retail properties (in terms of the asset classes) which were the focus of investment activity in the first six months of 2010, accounting for 48% of the transaction volume. This was followed by office properties (31%) and then by logistics/industrial properties, accounting for approximately 8% of the transaction volume.

The market for portfolio transactions is once again picking up momentum. Of the total €8.65 billion, more than €2.4 billion i.e. approximately 28% is attributable to portfolio transactions, whereby just under half of this was generated through the sale of the shopping center portfolio to Corio N.V. in Q1 2010. Single investments constituted 72% or approximately €6.23 billion. By comparison, in H1 2009 portfolio transactions were only 15% of the total transaction volume, with single asset transactions accounting for 85%.

A significantly more robust investment market is also being observed on all four major German investment centers (Berlin, Frankfurt, Hamburg und Munich), which at the current level of approximately €3.1 billion, is equal to twice the transaction volume for the same period of 2009 i.e. approximately 36% of the total German investment turnover has been generated by these four investment centers. Berlin takes the lead due to the sale of the Sony Center as well as various other shopping centre deals, with an investment turnover amounting to roughly €1.55 billion (+270% compared to the same period in 2009), followed by Munich and Hamburg with €746 million and €505 million (+53% and +65%), respectively. The transaction volume for the financial centre of Frankfurt, at €301million (-5%), hovered slightly below the results of the previous year. In this case, too, it is primarily the limited supply of high-quality investment opportunities which is the reason for the low transaction volume.

Prime yields (NIYs) for office properties in Munich are currently 4.90%, in Hamburg 5.00%, in Dusseldorf 5.20% and in Frankfurt 5.30%. In view of the high investor demand for prime properties in Berlin prime yields have fallen by 10 basis points to 5.40%. Prime yields for core properties in the logistics and retail park segment have also remained stable, as have the prime yields for first class high street retail properties in the top city centre locations. However, in the same period of 2009 prime yields for shopping centers in all of the investment centers declined by 25 basis points to 5.50% as a consequence of heightened investor interest in this type of property.

## Investment market turnover



Source: CB Richard Ellis