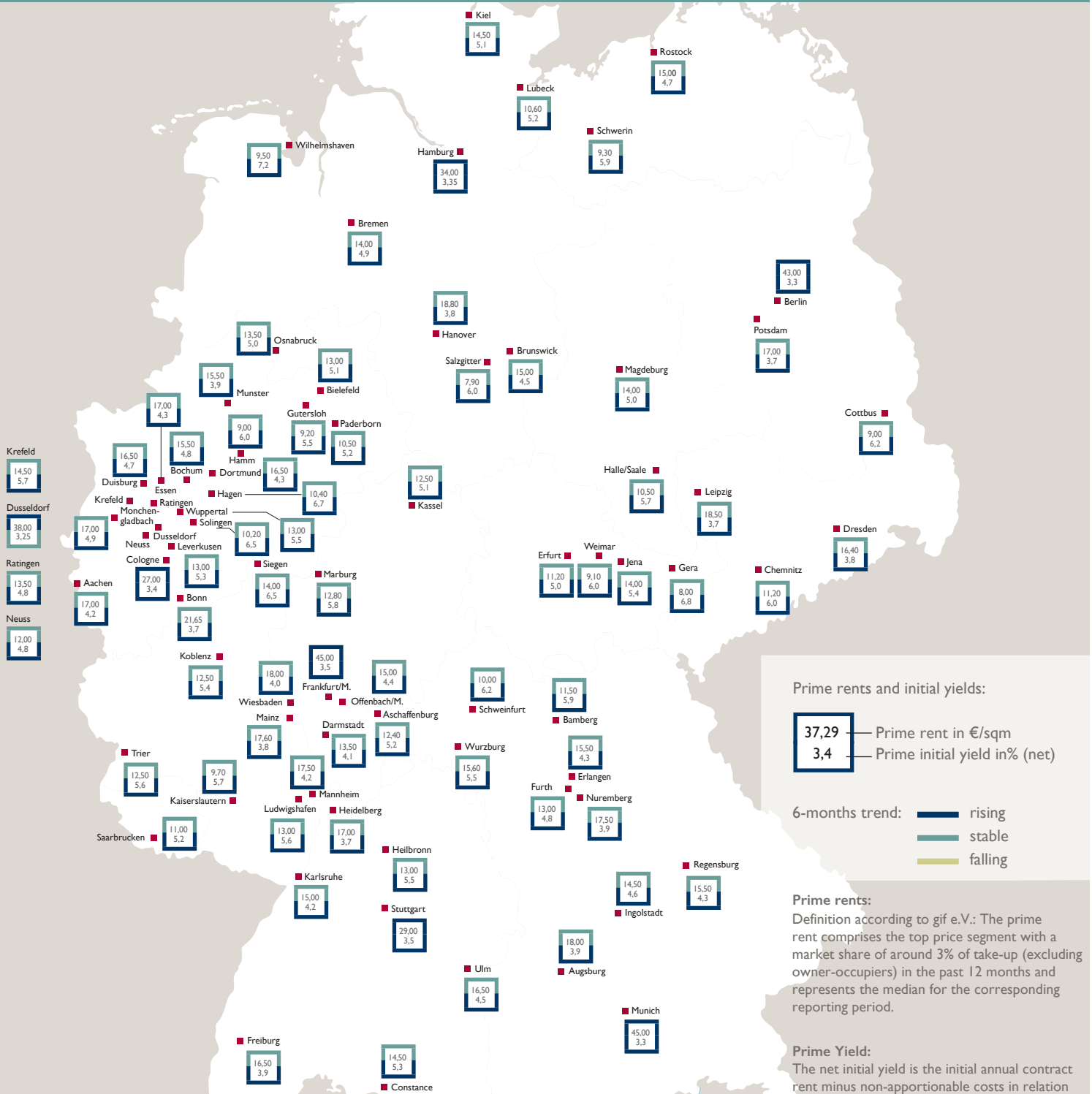


Investment locations Germany 2023

Office – Rents and Yields

CATELLA

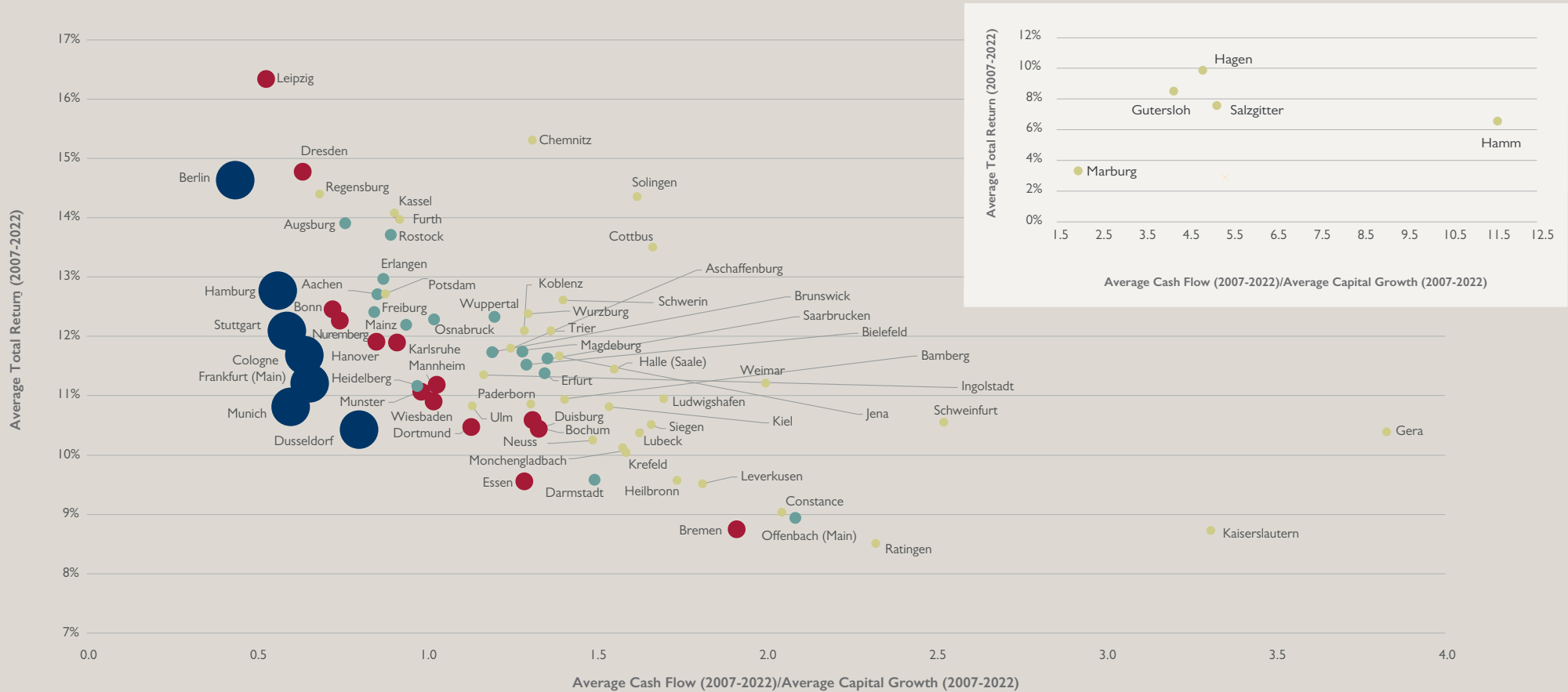
The interest rate change and the pandemic is clearly reflected for the first time in the key data for the office markets in Q1 2023. Yields are rising almost everywhere - however, with a simultaneous sharp decline in transaction activity. In addition, the phenomenon can be observed that top rents in the TOP 7 locations increased in 2022 and 2023 - but only in the premium segment "first-time occupancy new construction/manage to green, urban". On the other hand, problems are emerging which will result in a significant need for devaluation, especially in the coming months. This will increasingly be seen in existing buildings in peripheral locations.







2023	Ø Prime Rent	Δ 2022/2023	Ø Prime Yield	Δ 2022/2023
A-Locations	37,29 €/sqm	9,92 %	3,37 %	24,87 %
B-Locations	17,03 €/sqm	5,09 %	4,16 %	6,59 %
C-Locations	14,74 €/sqm	4,30 %	4,52 %	2,70 %
D-Locations	12,06 €/sqm	5,43 %	5,54 %	0,75 %

First quarter 2023
 Contact: creag_research@catella-investment.com
 Source: Catella Research 2023

Performance-Profile Office Market 2023



Office markets were classified according to their size (existing stock).

- Category A =  > 5 Mio. sqm.
- B =  ≥ 2 Mio. to 5 Mio. sqm.
- C =  < 2 Mio. sqm. (further differentiation
- D =  < 2 Mio. sqm. (further differentiation C & D according to regional importance)

- The average total return shown here is the sum of net rental income** (cash flow return) and capital growth return. The average 15-year ratio of the two components is shown on the X-axis.
- At the X-axis value of 1.0, the average return on actual rental income corresponds exactly to the average change in market value.
- If the ratio is < 1 (example Berlin), a larger part of the TR is due to changed market values (yield compression).
- Conversely, if the ratio is > 1, a larger portion of the total return is due to rental cash flow surpluses of the property.

** less non-apportionable operating costs