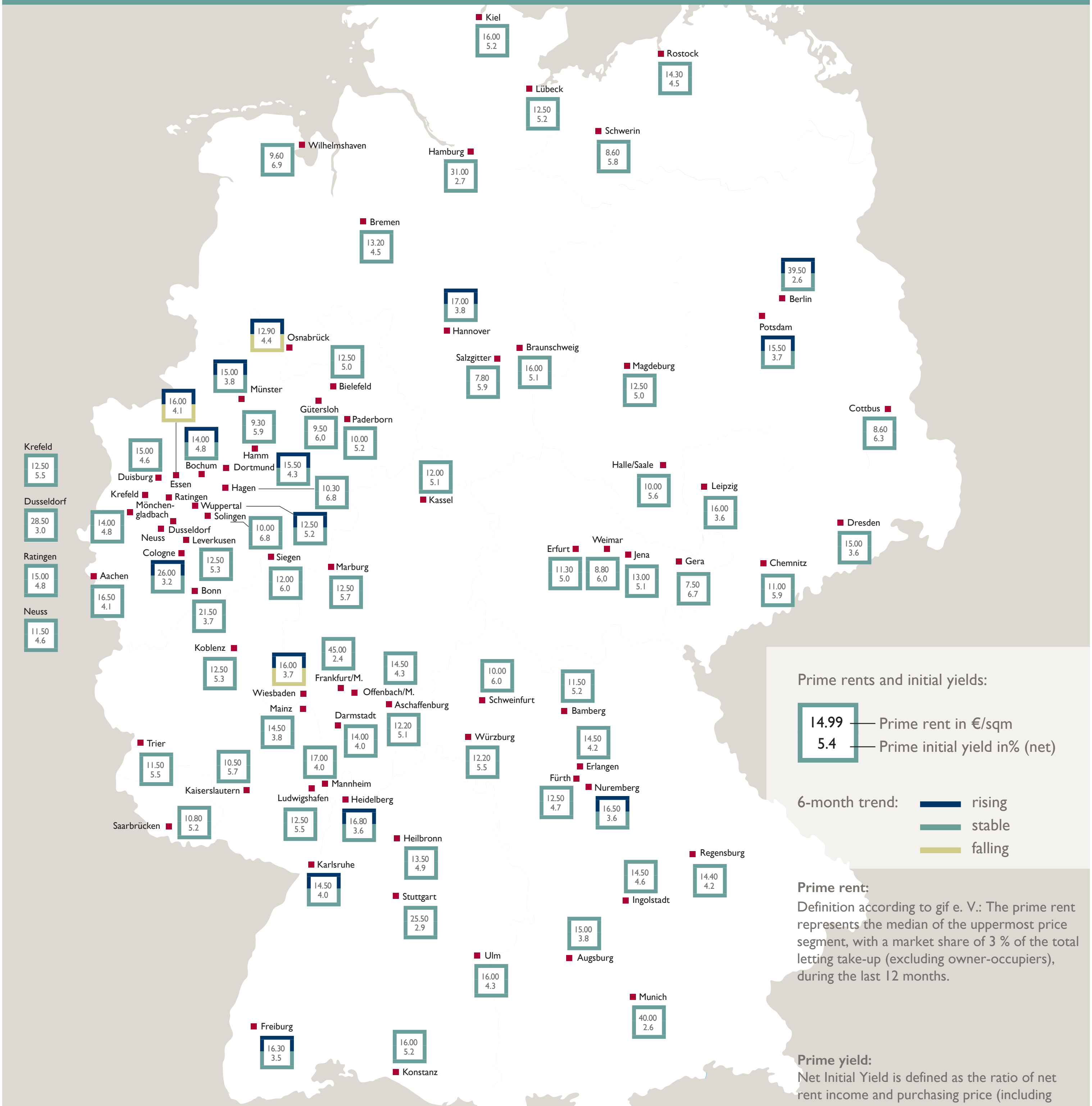
Investment Locations Germany 2021
Office – Rents and Yields

CATELLA

After a year of the pandemic, the German office markets are proving to be largely resilient to the crisis, despite the continuing high level of uncertainty and the resulting decline in take up. Investment demand is ensuring stable returns, while the low supply of space in many locations is only leading to a marginal increase in vacancies. B and C cities have become more attractive overall. Nevertheless, the outlook for the economically lagging office sector remains murky and the strong rent and price increases of recent years are increasingly being replaced by consolidation measures at Break Options 2021/2022 in the leases.



Prime rents and initial yields:

14.99 – Prime rent in €/sqm
5.4 – Prime initial yield in% (net)

6-month trend: rising / stable / falling

Prime rent:
Definition according to gif e. V.: The prime rent represents the median of the uppermost price segment, with a market share of 3 % of the total letting take-up (excluding owner-occupiers), during the last 12 months.

Prime yield:
Net Initial Yield is defined as the ratio of net rent income and purchasing price (including additional costs).

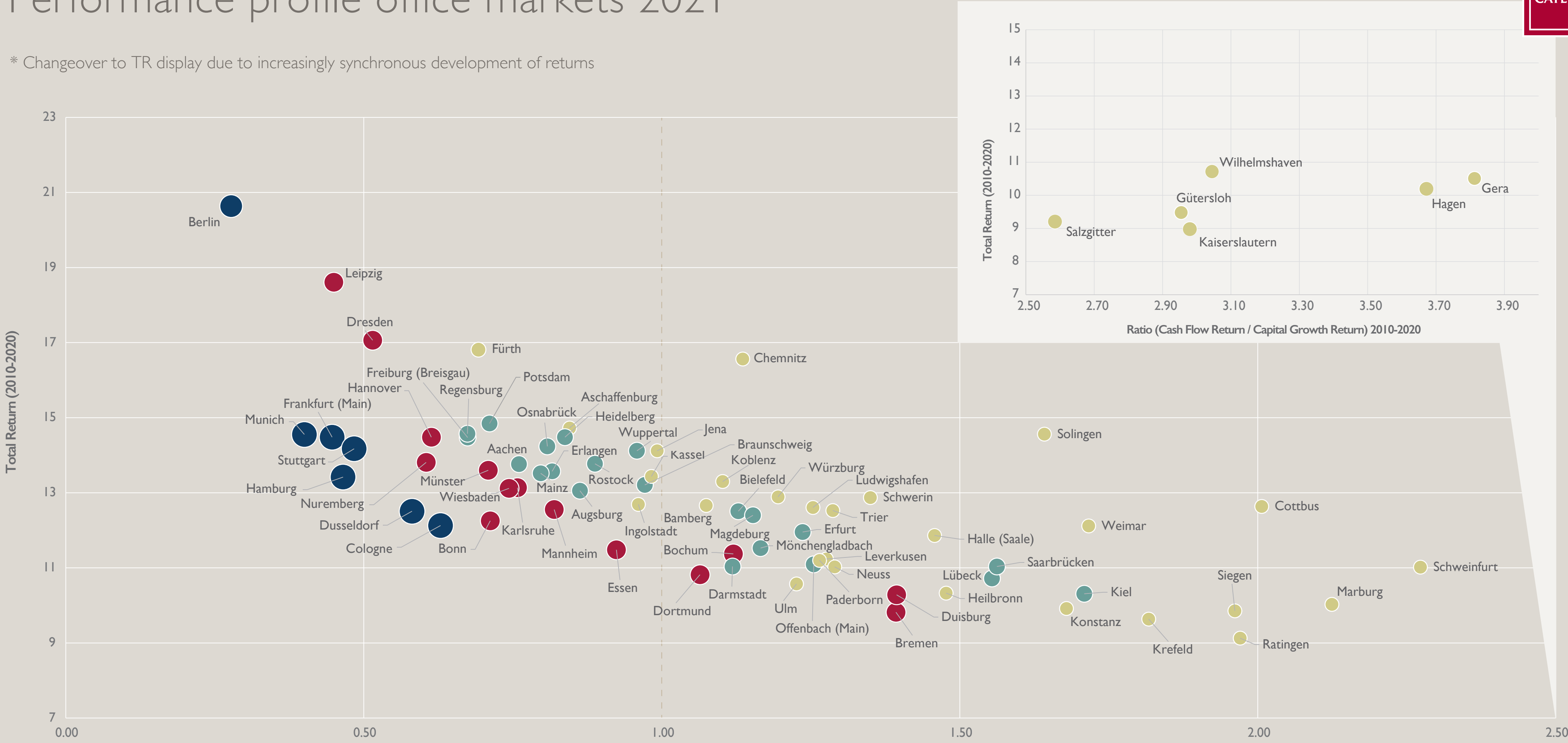
2021	Ø Prime rent	Δ 2020/2021	Ø Prime yield	Δ 2020/2021*
A locations	€33.64/sqm	1.05%	2.83%	-5 bp
B locations	€15.87/sqm	-0.94%	4.01%	-65 bp
C locations	€14.16/sqm	0.43%	4.47%	-111 bp
D locations	€11.40/sqm	0.44%	5.57%	-63 bp

* Due to changes in the methodology / data collection, a direct comparison with the previous year is not possible.

As of 1st quarter 2021
Contact: research@catella.de
Source: Catella Research 2021

Performance profile* office markets 2021

* Changeover to TR display due to increasingly synchronous development of returns



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

Category A = > 5 million sqm

B = ≥ 2 million to 5 million sqm

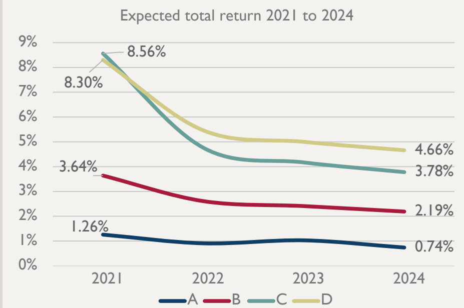
C =

D =

} < 2 million sqm (further differentiation C & D according to regional importance)

Total Return is calculated as the sum of income yield** (cash flow return) and capital growth return. The 10-year ratio of the two components is shown on the X-axis. At the X-axis value of 1.0, the return on actual rental income equals the change in capital value. If the ratio is <1 (example Berlin), a larger part of the TR is due to changed capital values (yield compression). Conversely, if the ratio is >1, a larger part of the total return is due to rental income surpluses of the property.

** less non-apportionable operating costs



Source: Catella Research 2021, As of 1st quarter 2021