Investment Locations Germany 2022
Office - Rents and Yields

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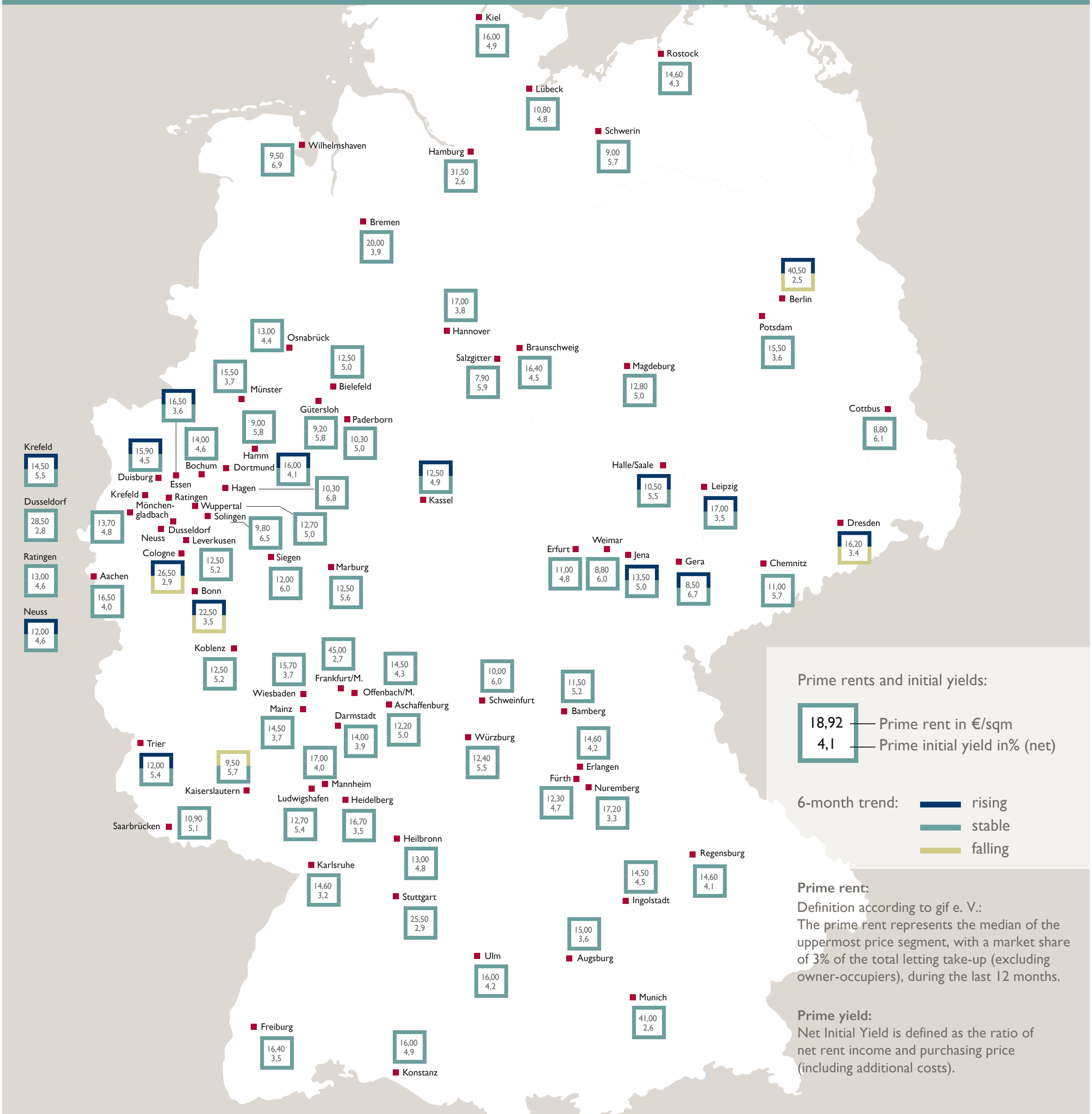
From the beginning of the pandemic until the first quarter of 2022, the German office markets proved to be extraordinarily stable and crisis-resistant. The persistently high investment demand generally ensures a stable level of returns, with slight increases in some locations compression can be seen. The office investment volume remains despite home office use, hybrid working methods and occupancy rates still at a high level. However, we are of the opinion that the so-called home office effect will still be priced in over the medium term. The spread between modern, flexible and sustainable prime office properties versus non-core properties in need of restructuring will increase significantly. Looking ahead to the next 6 months, we do not expect any measurable effects from a change in interest rates.



Prime rents and initial yields:

18,92 — Prime rent in €/sqm
4,1 — 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).

2022	Ø Prime rent	Δ 2021/2022	Ø Prime yield	Δ 2021/2022
A locations	€33.92/sqm	0.83%	2.70 %	-5.92 %
B locations	€16.20/sqm	2.08%	3.90 %	-2.74 %
C locations	€14.13/sqm	-0.21%	4.40 %	-1.57 %
D locations	€11.44/sqm	0.35%	5.50 %	-1.26%

As of 1st quarter 2022
Contact: research@catella.de
Source: Catella Research 2022

Performance profile office markets 2021

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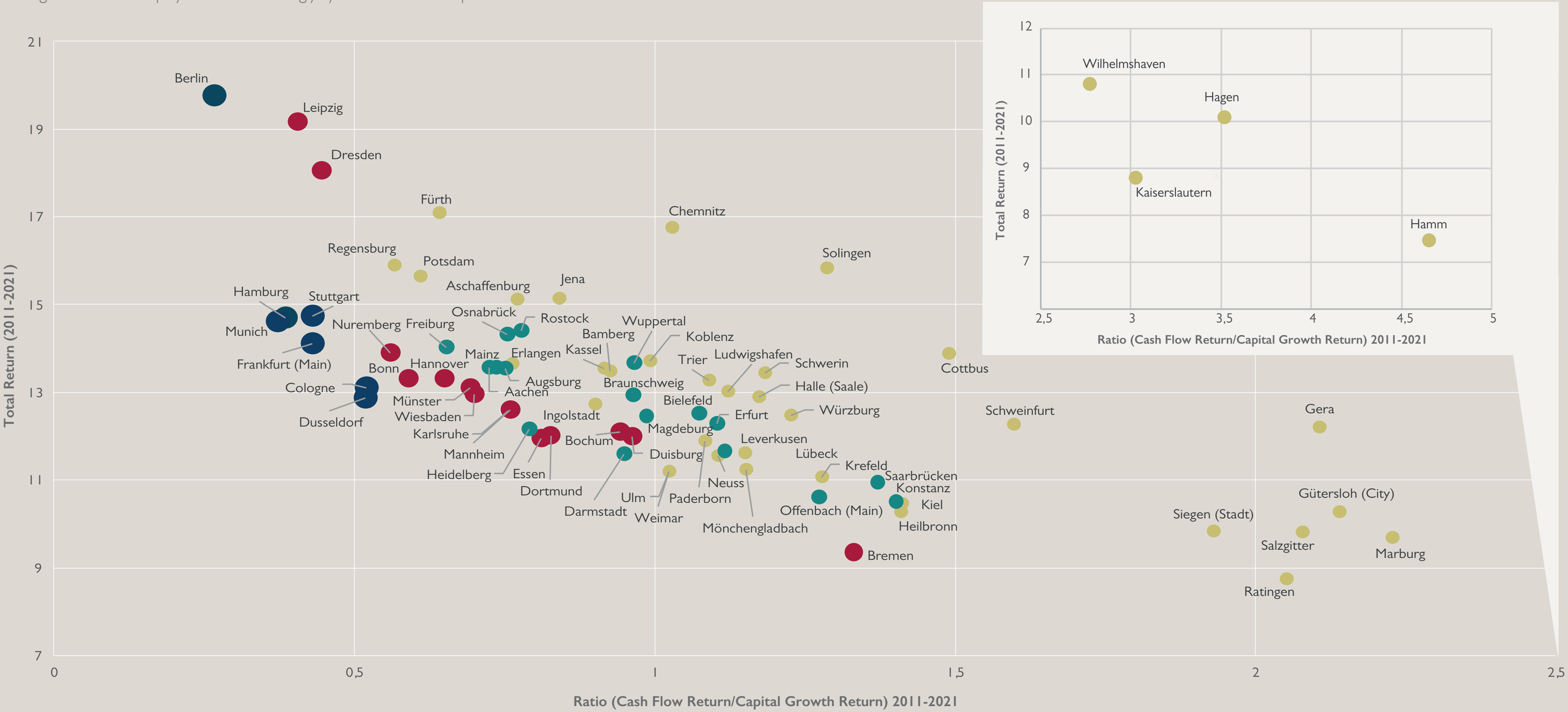
Changeover to TR display due to increasingly synchronous development of returns

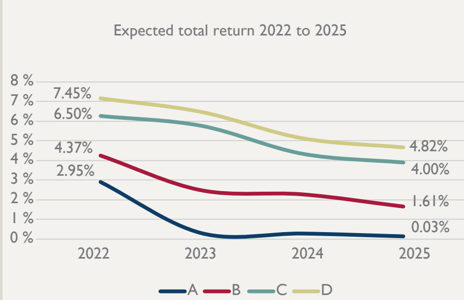


Office markets were classified according to their size (existing stock).

Category A = > 5 Mio. sqm.
B = ≥ 2 Mio. to 5 Mio. sqm.
C =
D = } < 2 Mio. 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 2022, As of 1st quarter 2022