

G&B Real Estate Market Survey

Commercial | Investment

2022/Q1-2

Berlin



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Interest rates curbing market activity

Following a strong start to the year, the market for investment in commercial properties in Berlin slowed somewhat in the 2nd quarter of 2022. In the first half of 2022 the transaction volume totalled €4.1bn for a small year on year decline of 5%. The volume of transactions totalled €1.8bn in the 2nd quarter alone, a figure higher than the ten-year average (€1.7bn) but much of this total stemmed from the investment made by the Norwegian Pension Fund in May, which took a 50 per cent stake in the "Sony Center". This portfolio transaction accounted for €677m. Whether business revives in the second half of 2022 will crucially depend on stable interest rates and a return to normal construction costs.

Outlook

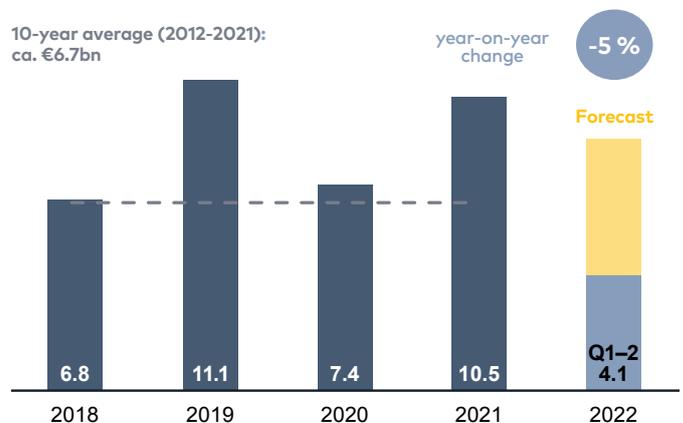
Despite the difficult business environment, the forecast trading volume for the year 2022 remains at about €9bn in view of the properties on the market and the amount of cash available. Many sales which were initiated in the second quarter have been postponed until the second half year due to the surge in interest rates. Provided that interest rates stabilize, these transactions will be concluded from the third quarter onwards. The trend which has seen prime yields steadily declining was reversed in the first half year. Initially, yields on offices (2.85 %) and commercial buildings (3.0 %) have risen modestly, by 0.15 and 0.2 percentage points respectively. During the course of the year yields on all asset classes are expected to rise.

Holger Michaelis | Managing director

>> There is still demand for investment properties. The most important factor to generate more transactions would be good news regarding volatile interest rates and the tense geopolitical environment, so that investors could plan their future spend with more certainty. <<

Transaction volume

2018-2022 | Berlin | in € bn



Source: Grossmann & Berger GmbH

Commercial Investment

Berlin | Key Facts

2022/Q1-2

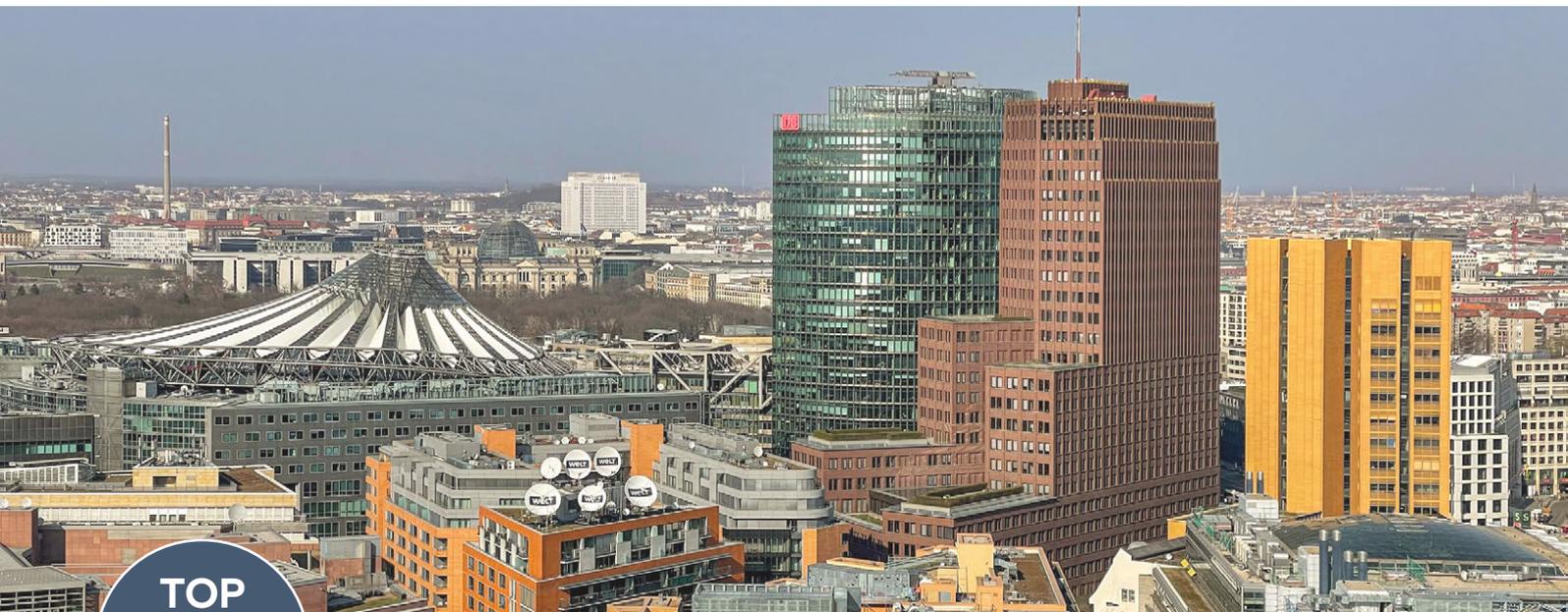


Photo: Grossmann & Berger GmbH

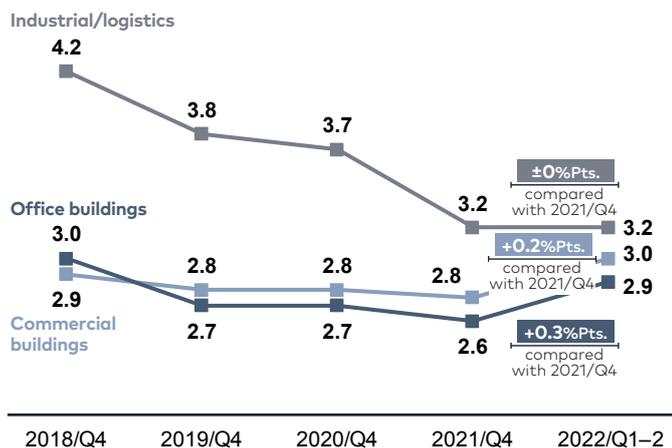
**TOP
4**

Top contracts 2022/Q1-2 | Berlin | Selection

- 1 | **„Sony-Center“ | Office | ca. €677m**
Potsdamer Platz 2 | Tiergarten | Investor: Norges Bank Investment Management/Norwegian Government Pension Fund Global
- 2 | **„Wriezener Karree“ | Commercial land | confidential**
Wriezener Karree 15 | Friedrichshain | Investor: Edge Technologies
- 3 | **„Karstadt“ | Retail | confidential**
Müllerstraße 25 | Wedding | Investor: Signa Development Section
- 4 | **„Galerie Lafayette Quartier 207“ | Office | confidential**
Friedrichstraße 76-78 | Mitte | Investor: Tishman Speyer

Prime yields

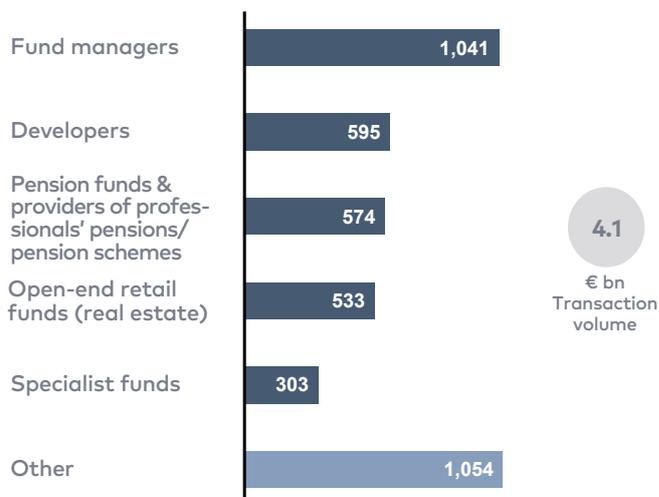
2018-2022/Q1-2 | Berlin | (Net) initial yield | in %



Source: Grossmann & Berger GmbH

Investor groups

2022/Q1-2 | Berlin | Transaction volume | in € millions



Source: Grossmann & Berger GmbH



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We draw your attention to the fact that all statements made here are non-binding. Most of the information is based on third-party reports. The sole intention of this market survey is to provide general information for our clients.

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