

BERLIN

Key Investment Trends

The Berlin investment market once again reported above average results in the first half of 2018. Although the transaction volume is slightly below the excellent results achieved during the same period last year, it is also well above the long-term average. Office property remains the most popular asset class among investors, accounting for 47% of transaction volumes. As usual, asset managers were particularly active among the buyer groups, followed by open-ended real estate funds and opportunity funds / private equity funds. Since the turn of the year, gross initial yields have reached a new historic low and have, in comparison to the previous year, once again dropped slightly. Yields of 3.20% are currently being achieved by office and retail assets. A transaction volume of around € 6 billion is expected for the entire year.

Market Position – Ranked by Yield

EMEA Rank	City	All sector Yield (%)	12 mth basis point change
1	Paris	3.23	-11
2	London	3.44	5
3	Hamburg	3.54	23
4	Frankfurt	3.56	-28
5	Berlin	3.58	-15
6	Munich	3.63	-7
7	Vienna	3.70	-16
8	Madrid	3.71	-41
9	Amsterdam	3.72	-55
10	Stuttgart	3.79	-22

Note: Lowest scoring yield ranks highest.

Yield Outlook

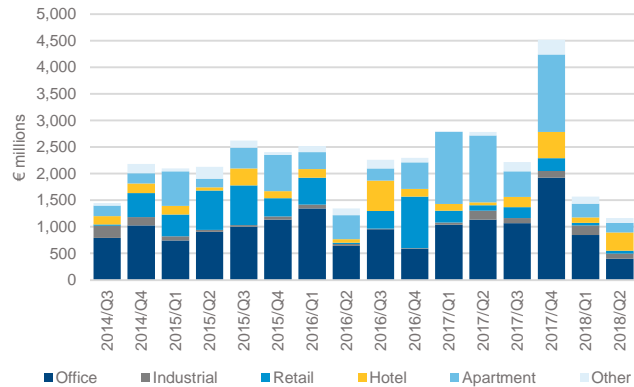


Sectors to watch out for in the next 12M

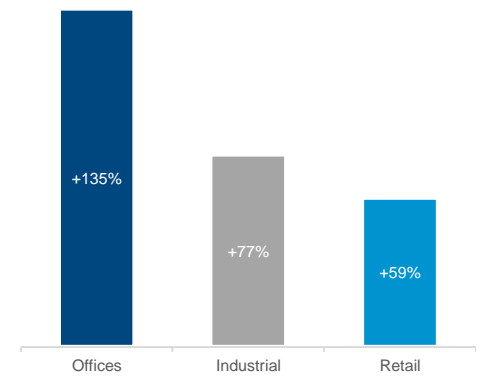


Source: Colliers International, Real Capital Analytics, Oxford Economics.

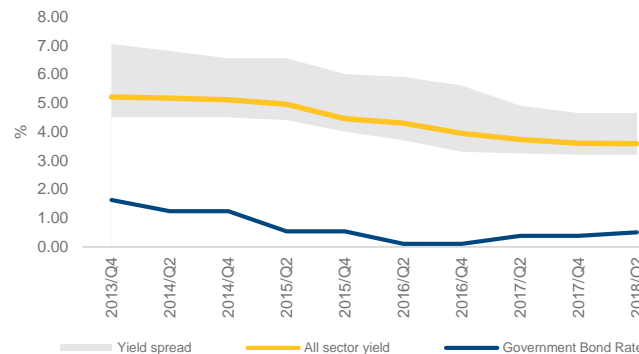
Quarterly investment volumes by sector (City & catchment)



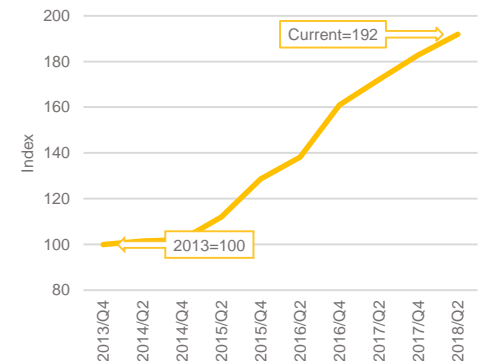
5yr cap. value growth – by sector



All sector yields vs. bond rates



All sector cap. value index



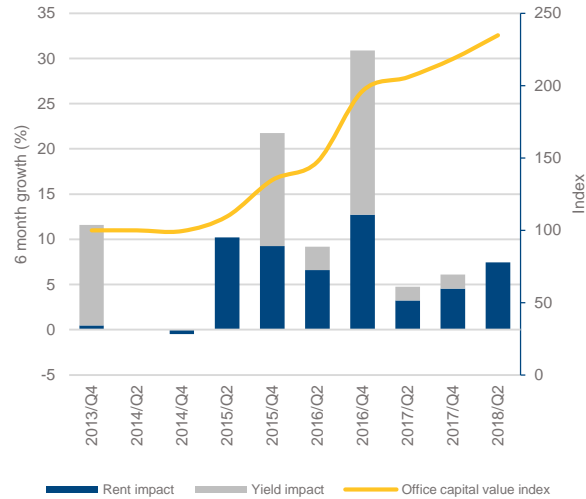
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"The Berlin commercial investment market has picked up speed compared to Q1. Several deals in the 9-figure range particularly fuelled Q2 activity."

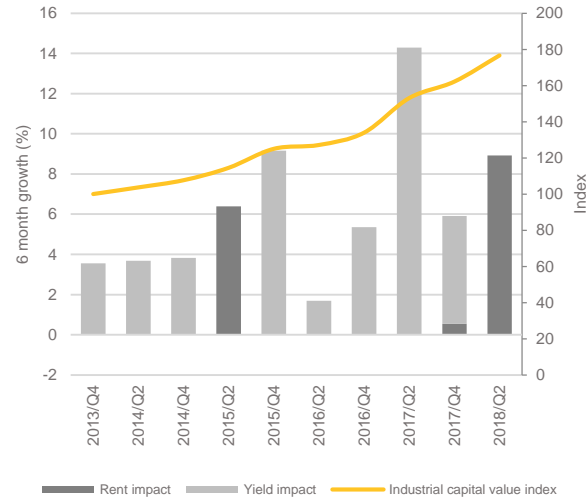
"The tremendous interest in Berlin real estate has exceeded supply for some time now, a trend that can be seen in the fact that gross initial yields remain quite low. Office and retail assets in prime locations are recording 3.20%. Logistics assets are posting prime yields of 4.65%."

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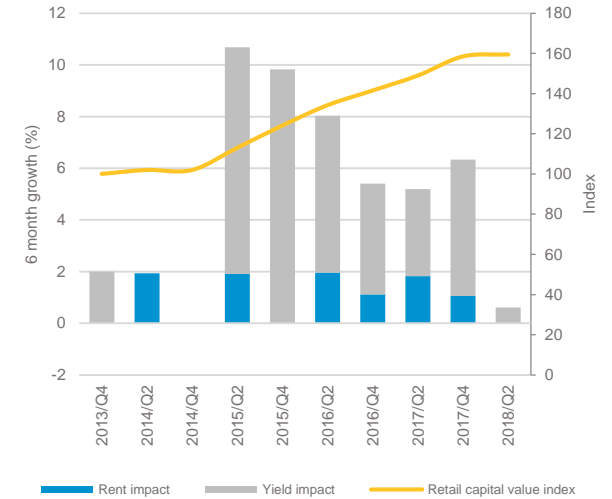
Cap. value index - rent/yield impact: Office



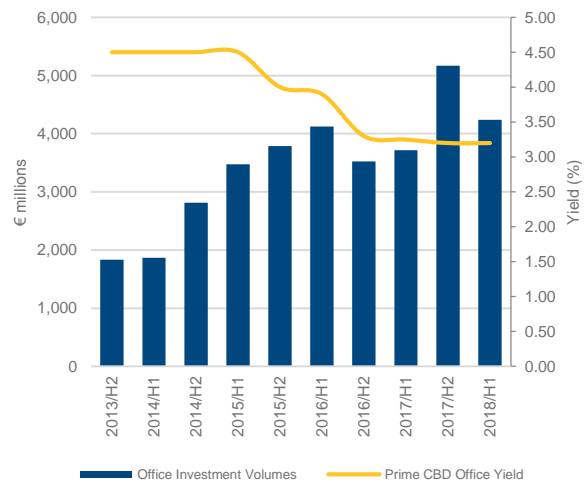
Cap. value index - rent/yield impact: Industrial



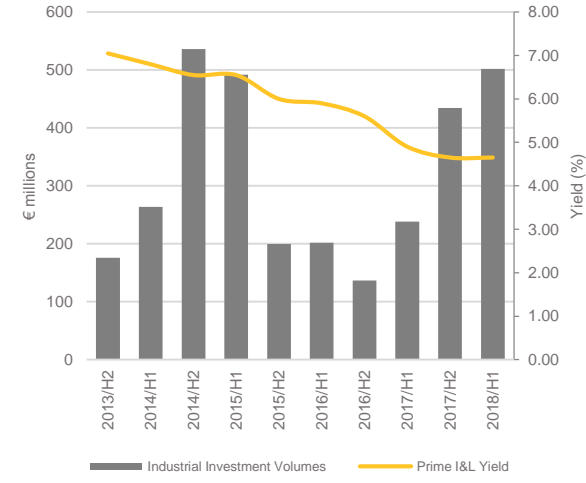
Cap. value index - rent/yield impact: Retail



Yields and 12M rolling investment volumes: Office



Yields and 12M rolling investment volumes: Industrial



Yields and 12M rolling investment volumes: Retail

