



RETAIL INVESTMENT GERMANY Q1 2018

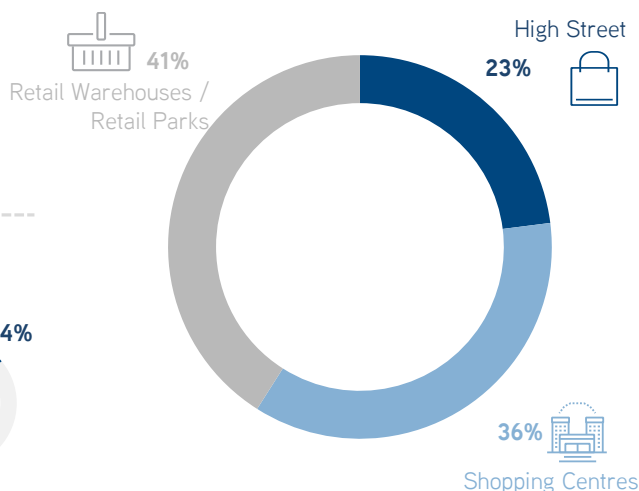


TRANSACTION VOLUME (bn €)

[Outlook 2018 →]



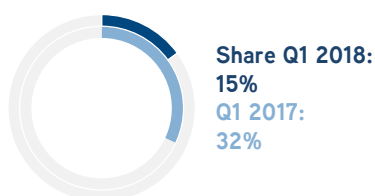
TRANSACTION VOLUME BY TYPE OF BUILDING



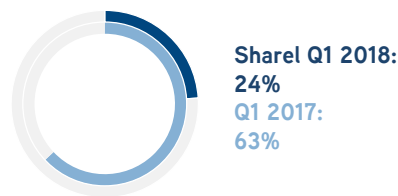
TOP 3 BUYER GROUPS



INTERNATIONAL BUYERS



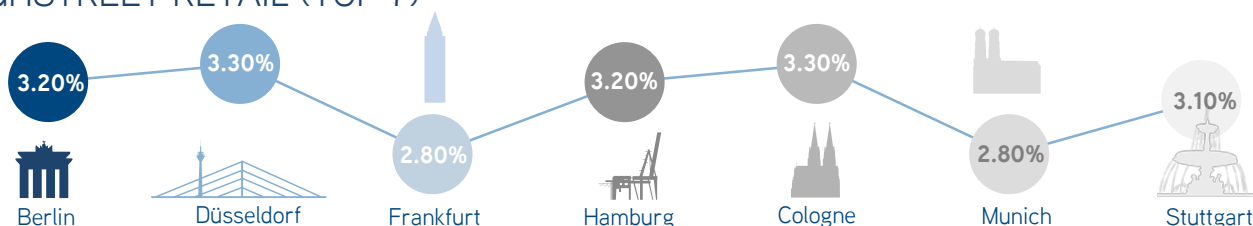
PORTFOLIO DEALS



PRIME YIELD (gross)

HIGHSTREET RETAIL (TOP 7)

[Outlook 2018 →]



MARKET AT A GLANCE

Compared to the German investment market's generally strong start to the year, Q1 proved quite calm for the retail asset class, with transaction volume (TAV) down 62% yoy from 2017's record result. That puts retail assets in third place behind office and logistics with a current market share of 11%. The absence of high-volume transactions deserves particular mention, with no deals in the upper 9-figure range recorded. Portfolio deals, which spurred investment activity during the previous year where they accounted for almost two-thirds of total transaction volume, were particularly absent. Retail warehouses and retail parks remain the most popular retail formats, followed by smaller shopping centers. Transactions in prime locations involving buildings featuring an office-retail mix have declined

sharply, mainly due to shortage of supply. Foreign investors claimed a very low share in Q1 2018 as a result at only half of what they generated in Q1 2017. Prime rents have largely stabilized over the past three months with Düsseldorf and Cologne the only major German cities to experience a slight drop in the high street segment. As a result, the yield spread in Germany's Big 7 has dwindled to 50 bps. Yields for retail warehouses and retail parks remain relatively attractive at over 5%. In light of the ongoing favorable market conditions for German retail and the fact that a large number of transactions are expected to be finalized shortly, we expect to see another strong year on the German retail investment market with TAV at over €10bn.

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