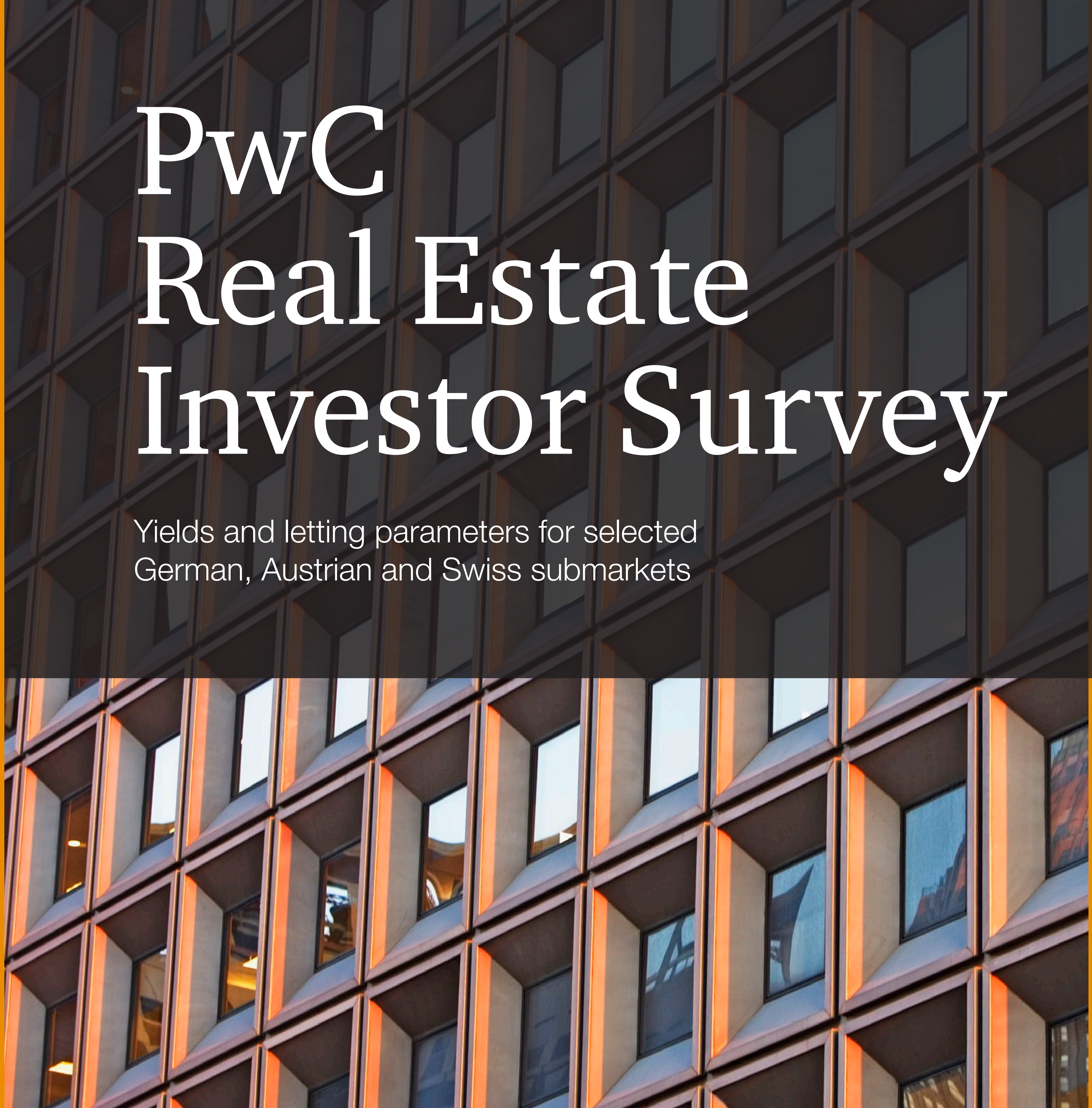

PwC Real Estate Investor Survey

Yields and letting parameters for selected German, Austrian and Swiss submarkets

Germany, Austria and Switzerland

pwc.de/investor-survey
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pwc.at/real-estate

Spotlight

Is alternative real estate just a buzzword?

Volume 11
March 2020

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Introduction

Introduction

The data we retrieved on the German, Austrian and Swiss submarkets supports further positive, albeit decelerated development of the real estate market. These trends are reflected in the "all-risk-yields" ("Yields") which represent the relationship between the stabilised net operating income (NOI) and net purchase price.

In addition, we discussed with the participants of this survey, if they consider deviating from their initial investment strategy to alternative real estate classes or geographical locations that differ from their investment profile, to achieve higher returns in the ongoing low yield environment.

We gather out data by interviewing various types of market participants, like fund, investment or asset managers. For an overview of the results and for our approach and definitions, please refer to respective section.

Germany

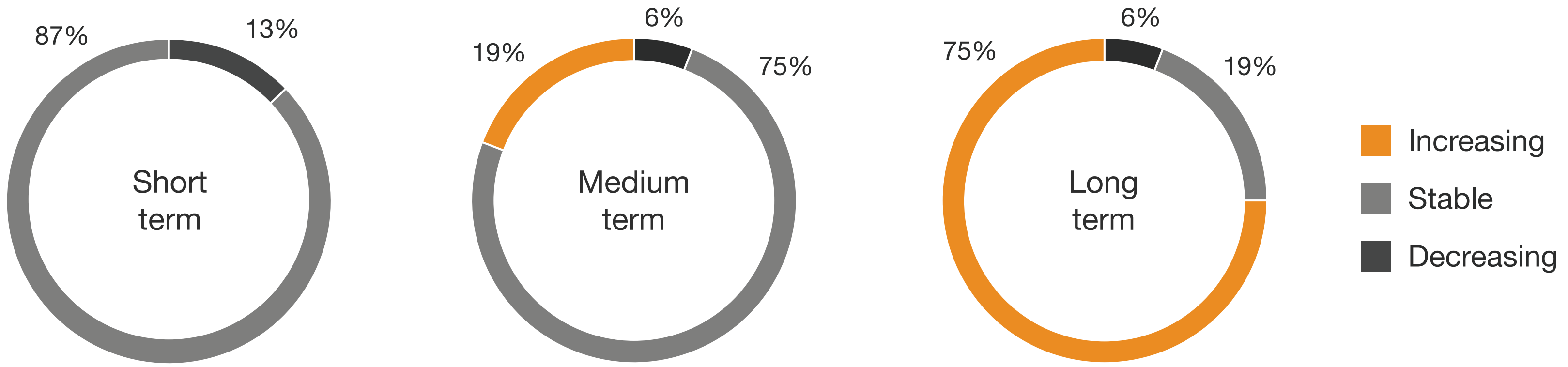
Compared to the last survey, investors are more willing to invest in German secondary market location - especially in office properties. Generally, there is still ongoing yield compression for offices in Top 7 locations but weaker compared to B locations and previous years.

The retail market is recovering and showed in Top 7 Cities a yield compression in 10 bps on average, after we reported a decrease six months ago. Logistics' popularity is still growing, regardless of its location - tenant, remaining lease term and property size are moving more into focus.

All in all, office and logistics continue to be the most attractive German markets.

Germany

Interest rate expectation



Short term

In line with the survey results six months ago, the majority of the investors still believe that the short-term interest rates will remain stable over the next 12 months.

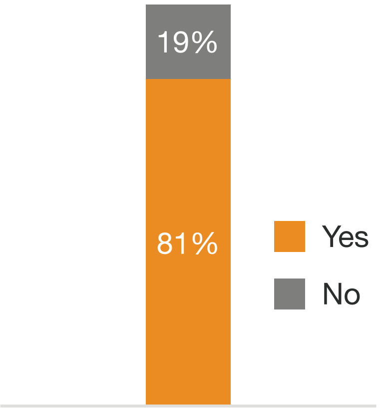
Medium term

Unlike the expectations 12 months ago when investors believed that medium term interest rates will increase, the majority of the investors now expect interest rates to remain stable over the next five years.

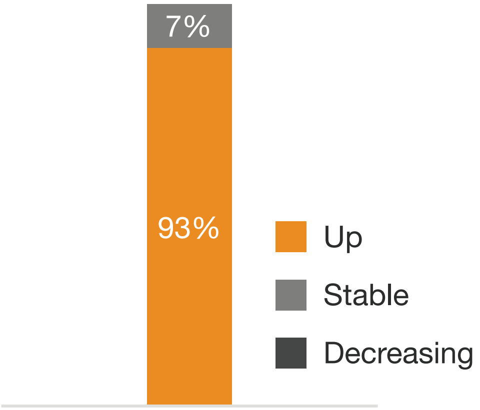
Long term

Similar to the results six months ago, long-term interest rates are expected to increase.

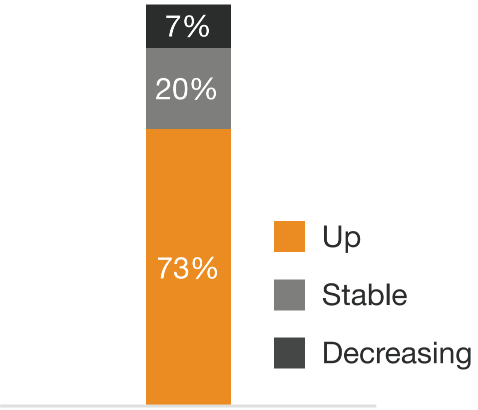
Investors' expectations regarding yields and rent



Will property yields increase in line with general trend in interest rates?



How will rents develop in primary locations?



How will rents develop in secondary locations?

The majority of investors anticipate that yields will increase in line with the expected increase in the interest rates. Almost all investors expect rents to go up in primary locations. In secondary locations, over a quarter of the investors believe that rents will remain stable or go down while most investors expect rents to increase.

Introduction

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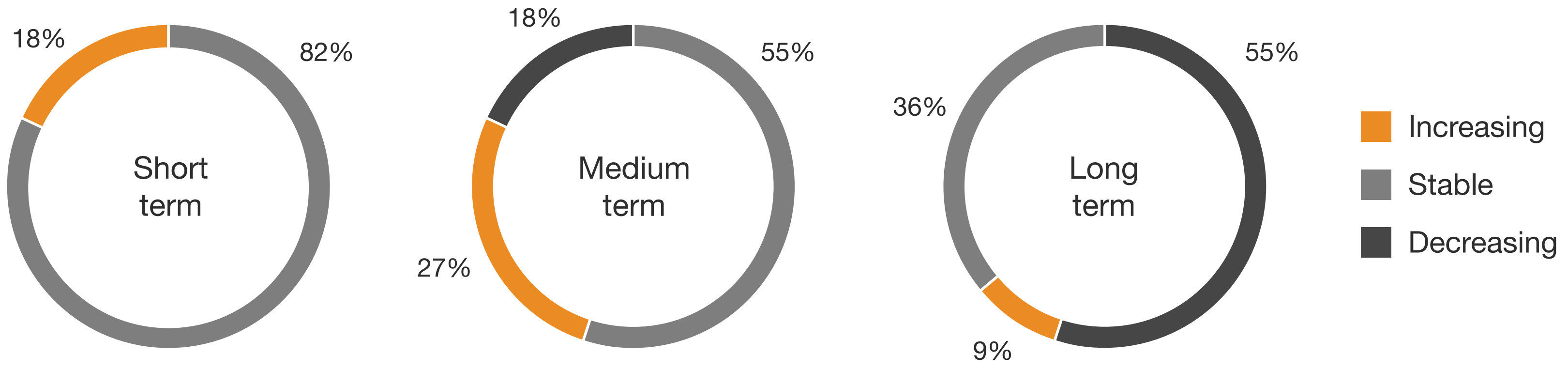
Austria

The Austrian investment market is characterised by institutional investments that are majorly completed by international investors. The high demand for transactions, with a lion's share in office and residential, could especially be perceived in the federal capital Vienna. Expectations and investment pressure sparked another decline of min yields in almost all asset classes, hitting new lows in H2 2019. Increasingly mixed-use buildings that have been perceived as rather unattractive, now become more interesting for investors and shift into focus. As of 2020 yields will remain under compression.

Austria

Interest rate expectation



Short term

Most Austrian investors believe that interest rates will remain stable in the coming year. In contrast, a minority of investors expects short-term interest rates to rise, but nobody believes that further cuts are likely next year.

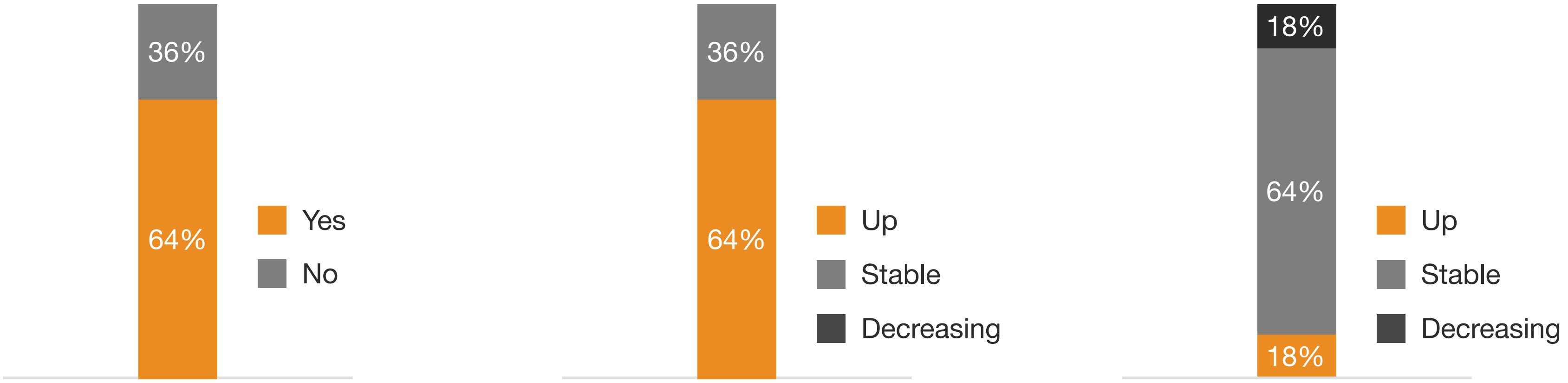
Medium term

Looking at the medium-term outlook for the next 5 years, more than half of the investors still believe that interest rates will remain unchanged. Interestingly, however, some investors assume that there may be a further reduction in the medium term. Nearly one third expect rising interest rates within the next 5 years.

Long term

The majority of investors expect rising interest rates over the long term. Nevertheless, more than one third still assume that interest rates will remain unchanged beyond a period of 5 years.

Investors' expectations regarding yields and rent



Will property yields increase in line with general trend in interest rates?

How will rents develop in primary locations?

How will rents develop in secondary locations?

Almost two-thirds of investors assume that property yields will behave in line with the general trend in interest rates and that rents in primary locations will increase. In contrast, the majority of investors in secondary locations expect no change in rents.

Introduction

The data we retrieved on the German, Austrian and Swiss submarkets supports further positive, albeit decelerated development of the real estate market. These trends are reflected in the “all-risk-yields” (“Yields”) which represent the relationship between the stabilised net operating income (NOI) and net purchase price.

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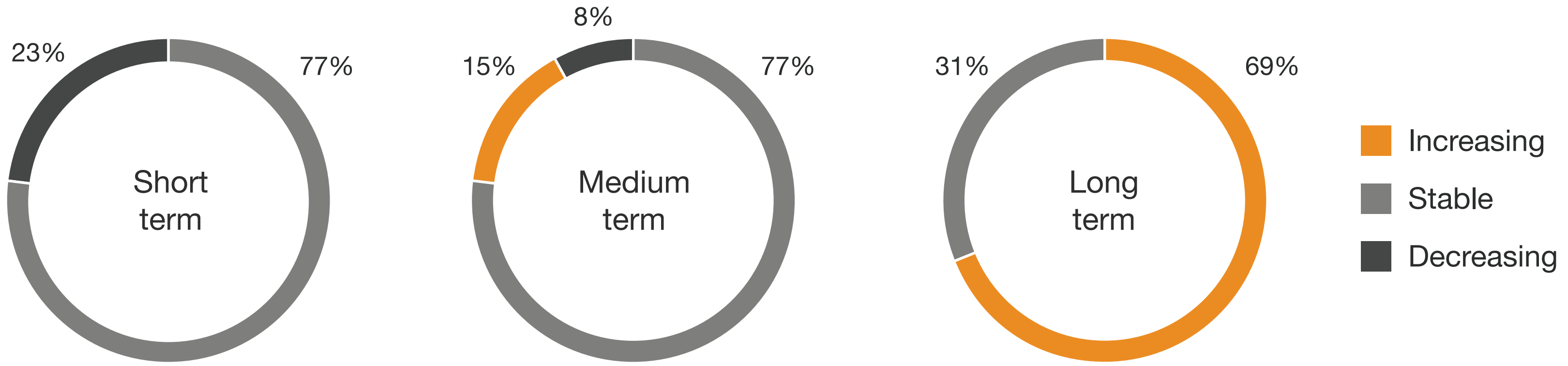
Switzerland

The Swiss residential market remained widely stable over the past six months, showing only marginal changes in yields. In the value-add segment, yield spreads over core properties reverted to their previous levels after we reported a tightening six months ago. The retail market showed similar levels of stability with only few exceptions outside of the centers. Meanwhile, office yields showed sizeable compression, reaching new lows – particularly in the core segment of both major and regional cities.

Switzerland

Interest rate expectation



Short term

More than 75% of Swiss investors expect the interest rates to remain stable in the short term, while the remaining part believes to see a further decrease of rates.

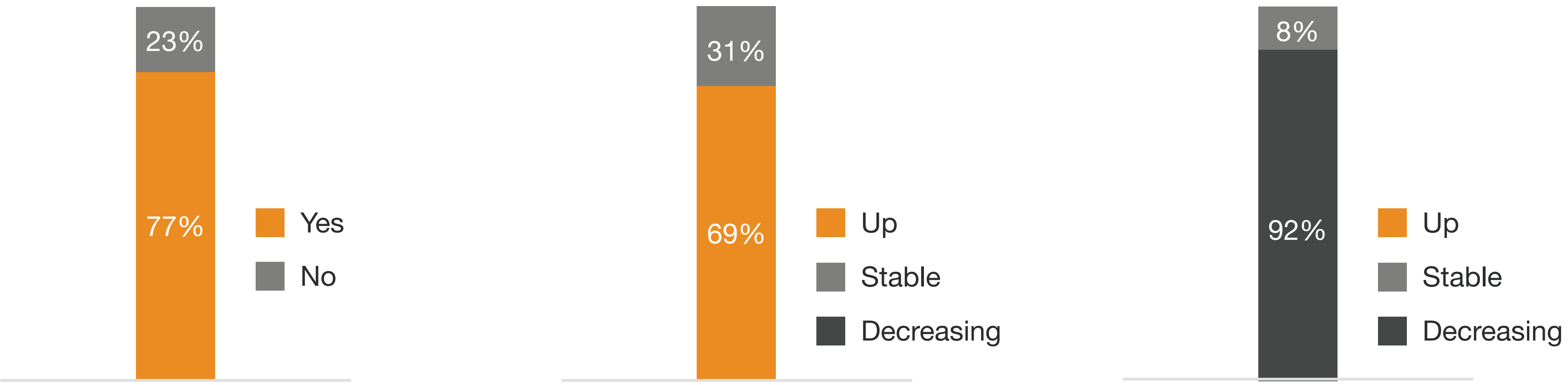
Medium term

In the medium term, an equal part expects no change, while the remaining 23% assume the interest rates to either increase or decrease. The share of investors, assuming increasing rates over the 5-year span has shrunk significantly from 44% to 15%.

Long term

Over the long term (10 years), over two thirds of Swiss investors still expect an increase in rates (down from 81% in summer 2019).

Investors’ expectations regarding yields and rent



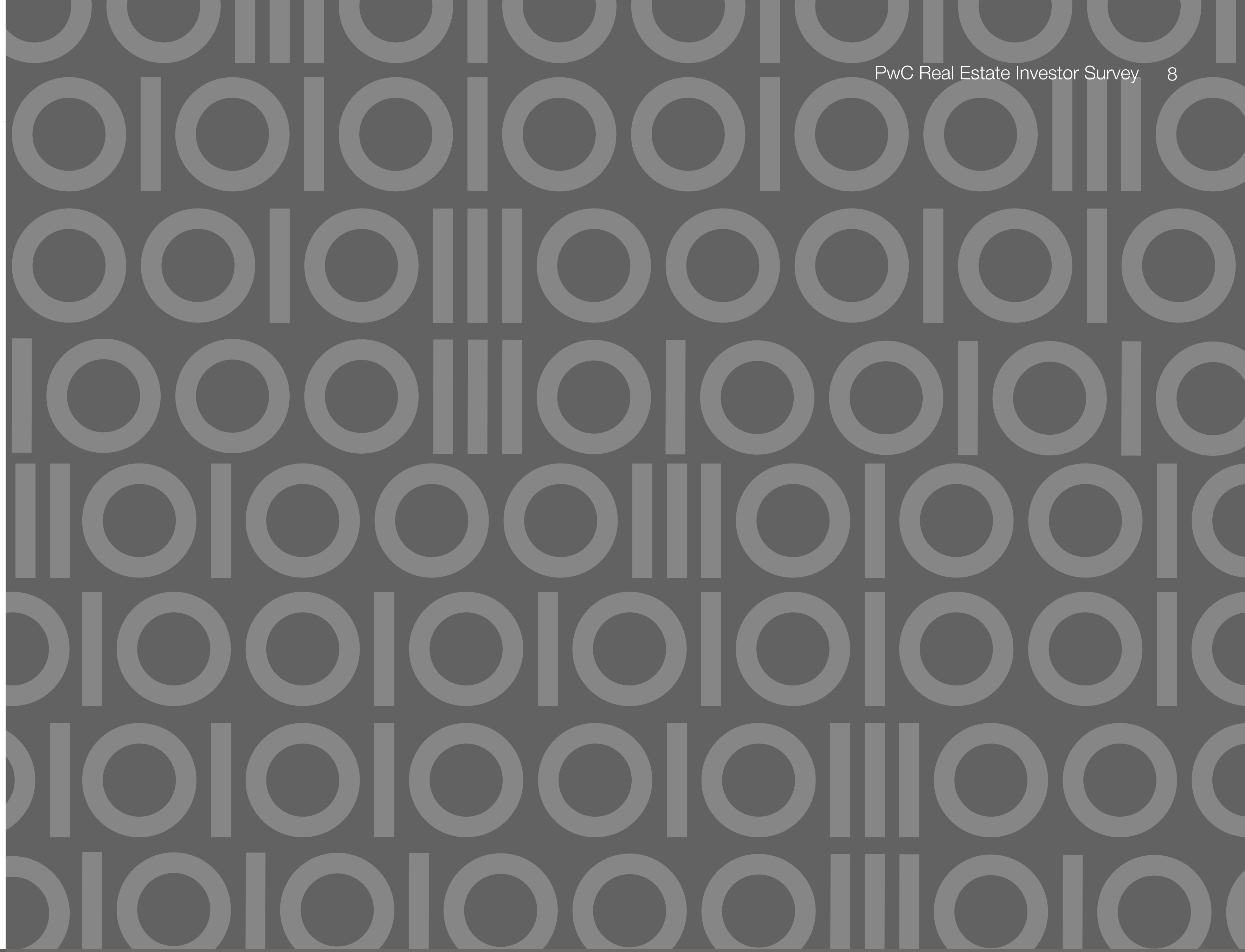
Will property yields increase in line with general trend in interest rates?

How will rents develop in primary locations?

How will rents develop in secondary locations?

The percentage of investors expecting a further increase in prime location rents has more than doubled from 33% to 69% compared to the previous survey. The remaining 31% forecasts prime rent developments to remain flat. For secondary locations, investors almost unanimously (92%) predict a downward trajectory for the rents. Compared to summer 2019, this is an increase of 5 percentage points.

Spotlight



Spotlight

Is alternative real estate just a buzzword?

The ongoing popularity of real estate investments has led to a hunt on the market for the best assets. The constant high demand is met by scarce supply which results in ongoing yield compression in the most popular asset classes.

The survey Emerging Trends in Real Estate® Europe, a joint survey by PwC and Urban Land Institute, has outlined the state of flux of alternative real estate sectors over the last five years.

The participants of the survey remarked that alternative real estate investments are trending upwards in face of the rising prices for popular assets and locations. Especially less-cyclical income generating properties such as student accommodation, senior living and healthcare properties or sectors with demographic support are expected to be among the most sought-after asset classes in 2020.

This led us to the question, whether investors are also considering deviating from their initial investment strategy to alternative real estate classes or geographical locations that differ from their core investment profile.

Our interviewed investors have noted that supply in niche-asset classes such as **co-living, senior housing and student housing** is increasing. However, they stressed that single niche sectors are too small to develop a strategy out of it.

Some investor groups believe that the price level has already been exhausted for most areas, but they assume that alternative investments will become more important in the future.

Investors are in general more willing to expand to **related asset classes** or reacting **opportunistically**. For instance, one investor included closeby located parking areas during the course of an office transaction.

Business centres and **co-working** are no new concepts - as Regus proves - but rather received a new branding. These concepts are still popular, despite all the agitation around WeWork.

Kindergarten objects are seldom transacted as a single asset class but mostly as part of a mixed-use property. First joint ventures of investors and kindergarten-operators were founded.

Car parks are also seen as too specific and only in the hands of a few dedicated investors.

Senior housing is interesting, but also associated with external risks and some investors do not think that they have the internal know-how to manage this asset-class.

Operator-driven properties such as **hotels** or **data centres** are generally seen as too special for investors without experience. These asset classes are perceived to be more relevant to private equity investors as the performance is rather operator driven.*

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*To further examine the trend about data centres, we conducted a survey, which will be published later this year.

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The PwC study Emerging Trends in Real Estate Europe has outlined the state of flux of alternative real estate sectors over the last five years.

	Sector prospects in 2020	Investment	Rank	Development	Rank
1	Logistics facilities	4.35 🟢	2	4.29 🟢	1
2	Retirement/assisted living	4.37 🟢	1	4.26 🟢	2
3	Co-living	4.31 🟢	3	4.23 🟢	3
4	Private rented residential	4.17 🟢	7	4.14 🟢	5
5	Student housing	4.25 🟢	4	4.06 🟢	9
6	Affordable housing	4.13 🟢	9	4.17 🟢	4
7	Healthcare	4.21 🟢	5	4.09 🟢	7
8	Data centres*	4.14 🟢	8	4.14 🟢	6
9	Serviced apartments	4.11 🟢	11	4.06 🟢	8
10	Flexible/services offices and co-working	4.12 🟢	10	4.01 🟢	10
11	Industrial/warehouse	4.03 🟢	12	3.98 🟢	11
12	Self-storage facilities*	4.19 🟢	6	3.81 🟢	15
13	Hotels	4.03 🟢	13	3.87 🟢	12
14	Housebuilding for sale	3.92 🟢	15	3.87 🟢	13
15	Science parks*	4.00 🟢	14	3.76 🟢	16
16	Social housing	3.84 🟢	17	3.87 🟢	14
17	Central city offices	3.92 🟢	16	3.69 🟢	17
18	Leisure	3.71 🟢	18	3.41 🟡	18
19	Parking	3.56 🟢	19	3.39 🟡	19
20	Business parks	3.39 🟡	20	3.19 🟡	21
21	Suburban offices	3.34 🟡	21	3.22 🟡	20
22	High street shops	3.02 🟡	22	2.75 🟡	22
23	Retail parks	2.90 🟡	23	2.44 🔴	24
24	City centre shopping centres	2.87 🟡	24	2.44 🔴	23
25	Out-of-town-shopping centres	2.47 🔴	25	2.18 🔴	25

🟢 Generally good (above 3.5) 🟡 Fair (2.5 - 3.5) 🔴 Generally poor (under 2.5)

*A significantly lower number of respondents scored this sector.

Source: Emerging Trends in Real Estate® Europe survey 2020
Note: Respondents scored sectors' prospects on a scale of 1=very poor to 5=excellent, and the scores for each sector are averages; the overall rank is based on the average of the sector's investment and development score.

Spotlight

Is alternative real estate just a buzzword?

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The PwC study Emerging Trends in Real Estate Europe has outlined the state of flux of alternative real estate sectors over the last five years.

Other investors are investing alternatively by changing their **geographical focus**. Staying with the initial, familiar asset class but enlarging the geographical reach seems as the more reasonable way to enhance the investment footprint. A survey participant whose initial investment strategy was focused on core investments, is now increasingly investing in **suburban** or **peripheral** areas which are **core plus** investments for them or what they call **"Future Core"**.

This trend was also followed by other survey respondents who plan to stay with their established asset classes but **extend their geographical focus** towards more **regional areas**. Some will also consider investments in other European countries, such as the Netherlands, The Nordics and France.

Some participants already have alternative investments in Spain and the Nordics (residential and student housing) and pursue ideas to expand into the **light industrial** and **urban logistics** sectors. They plan to shift from retail towards more logistics investments, which they describe as the "flavour of the year".

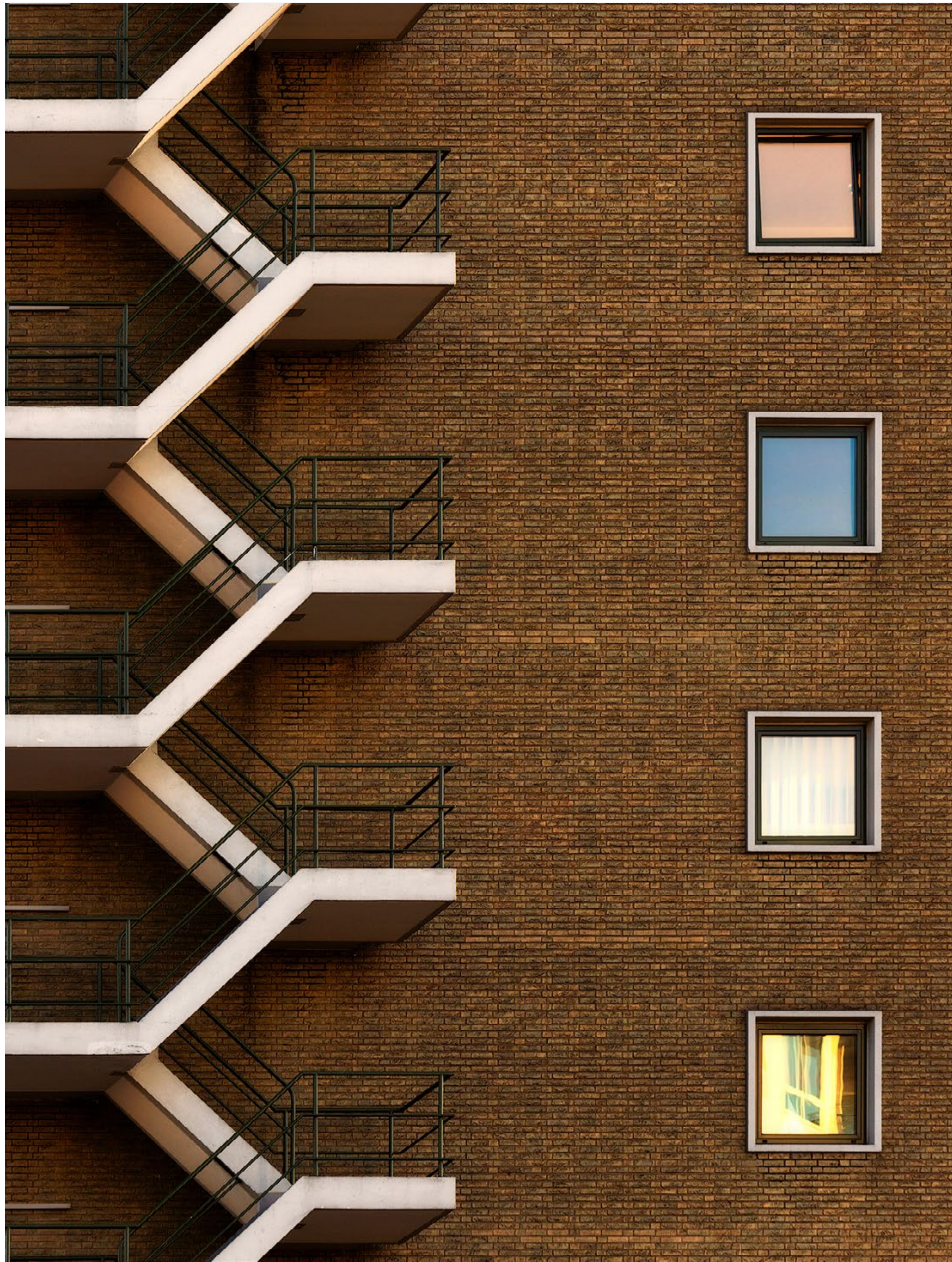
Overall most of the survey respondents are not principally opposed to alternative investments. But they believe that they lack the internal know-how and expertise **to switch completely to a different asset class.**

The main sentiment is a **wait-and-see approach**, meaning that investors are not actively looking for alternative real estate investments but rather act in an **opportunity-driven** manner.

In our Emerging Trends in Real Estate® Europe survey we have also seen, that even though some investors are diversifying into alternative sectors such as the beds and sheds strategy, which means the integration of retail and residential units in the same building, the product that is perceived to be and remain the most liquid, is still a **newly-constructed office building** in a prime location in a major city.

Investors are **concerned about long-term liquidity of alternative assets** and argue that for this reason the alternative investments get a 'discount' compared to the classical real estate products. This is further supported by the fact that **debt capital lenders**, who are naturally more focused on the risk side, are more **restrained to lend to alternative real estate uses**.

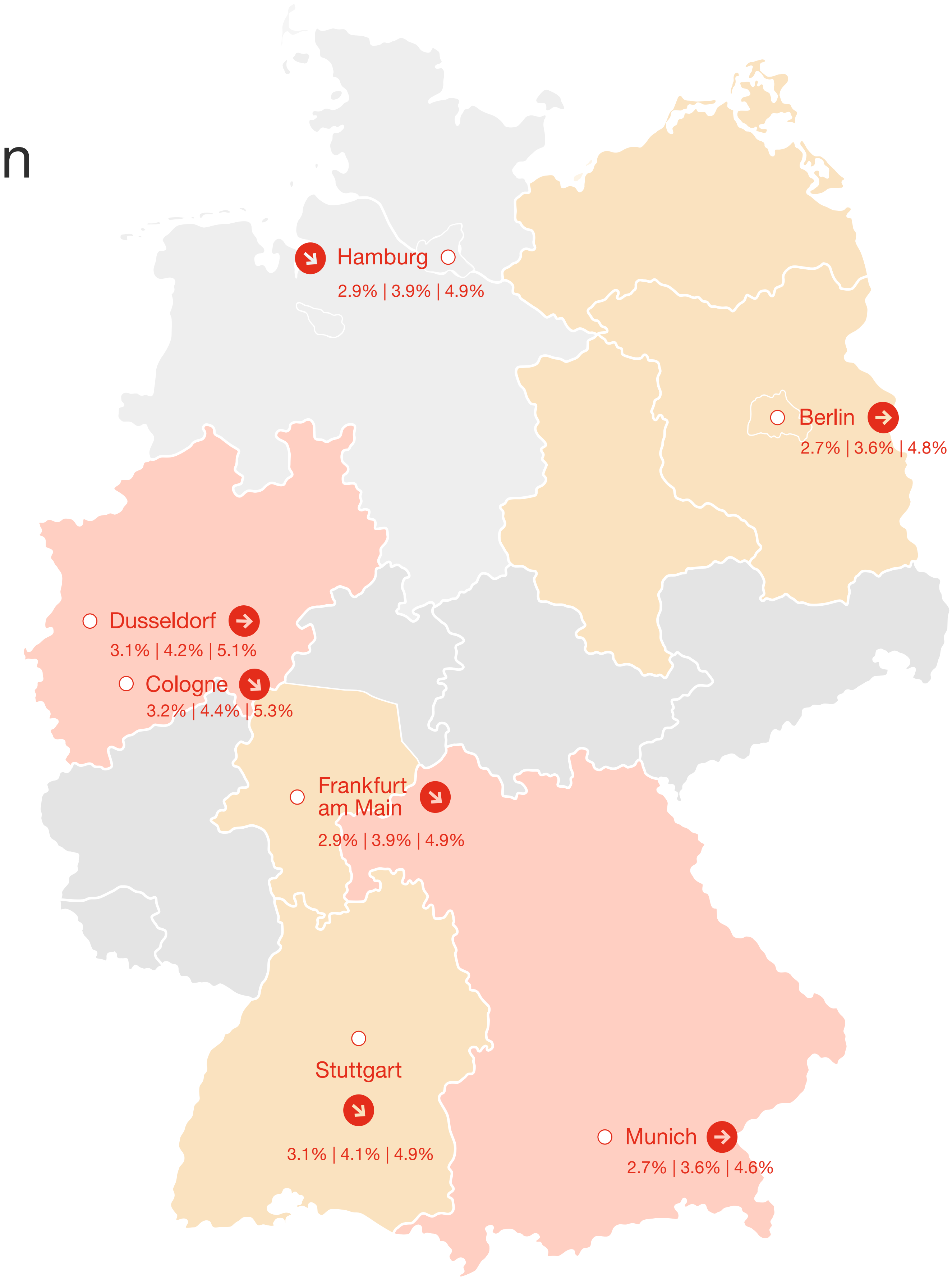
However, a **popular option** to alternative real estate investment is the **conversion or repurposing of existing assets**. About two thirds of the survey respondents from the Emerging Trends in Real Estate® Europe expect a rise of repurposing over the next five years, especially into residential and mixed-use units.



Germany

Office

Yields in German Top 7 Cities



↑ ↗ → ↘ ↓

Minimum yields movement compared to last six months

Min. % | Average % | Max. %

Top 7 Cities

Berlin, Munich and Frankfurt continue to be the most expensive markets for prime office properties with yields of 2.7%, 2.7%, and 2.9% respectively. These cities also have the highest prime rents of €44/sqm in Frankfurt, €40/sqm in Berlin and €39/sqm in Munich.

All of the Top 7 Cities continue to experience yield compression, however barely for core-plus properties (1 bps on average) but rather for core (13 bps on average) and value-add (24 bps on average).

Although Cologne still has the highest yield among the Top 7 Cities, the yield compression of 23 bps was the strongest for core properties. Cologne is also amongst the most popular Top 7 Cities together with Berlin, Frankfurt, Munich and Hamburg.

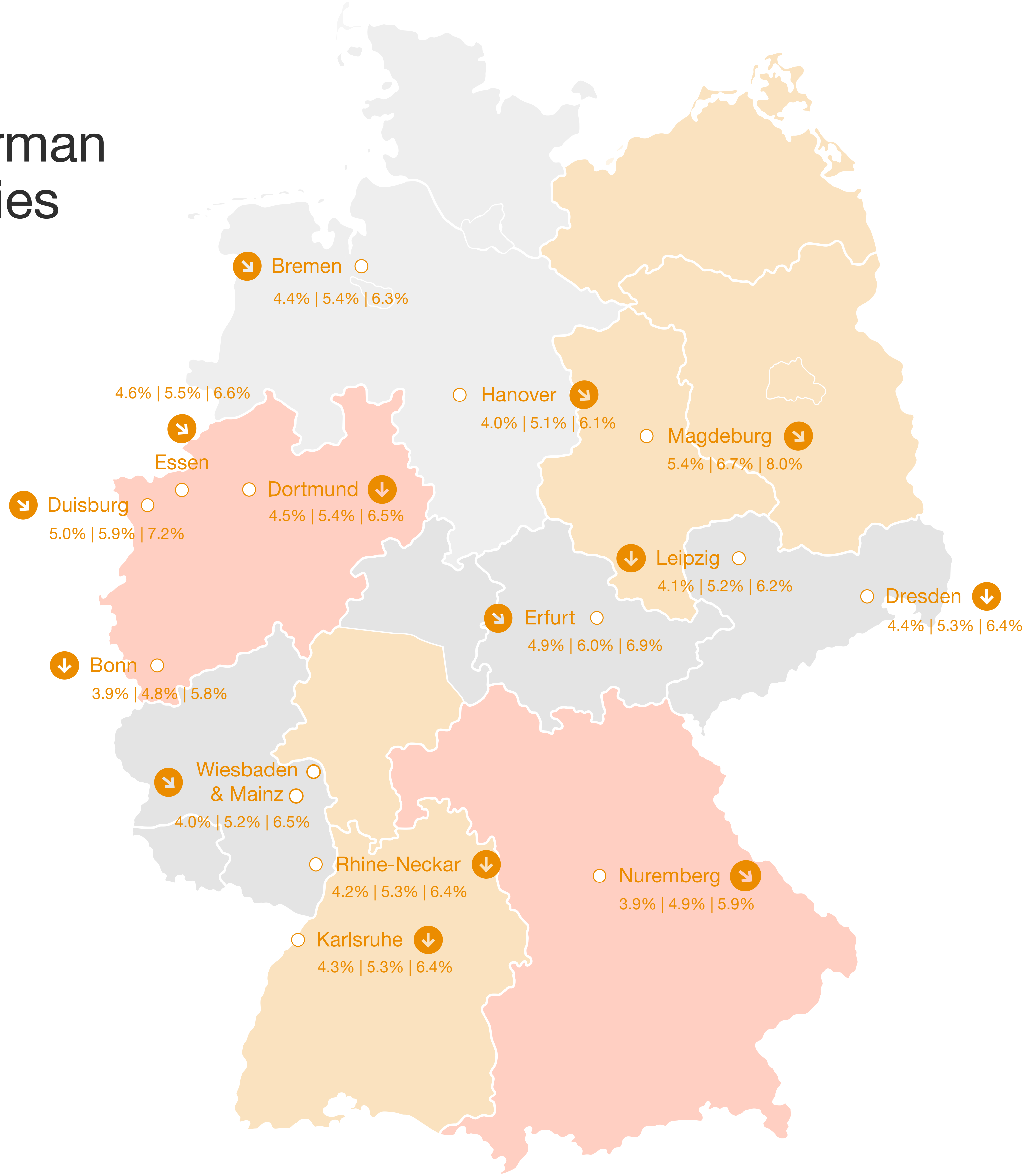
The yield compression is slowing down in Munich and Berlin; core properties yields have decreased by only 4 bps for Munich and 6 bps for Berlin compared to the results six months ago. On the other hand, value-add properties yields have decreased by 17 bps for Berlin (compared to the results six months ago) and by 34 bps (compared to the results 12 months ago).

The average annual rental growth is 2.0% with Berlin (3.2%) and Munich (2.2%) in the lead. This is in line with the results from six and 12 months ago. Nevertheless, despite all pressure on demand, investors are observing an increasing average duration until reletting.

→ View the graph for ***Yields ranges and compression*** *on page 17*

Office

Yields in German Regional Cities



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Minimum yields movement
compared to last six months

Min. % | Average % | Max. %

Regional Cities

The yield compression in Regional Cities for core properties (23 bps on average) has resumed. Core-plus and value-add properties showed lower compression (4 bps and 15 bps respectively).

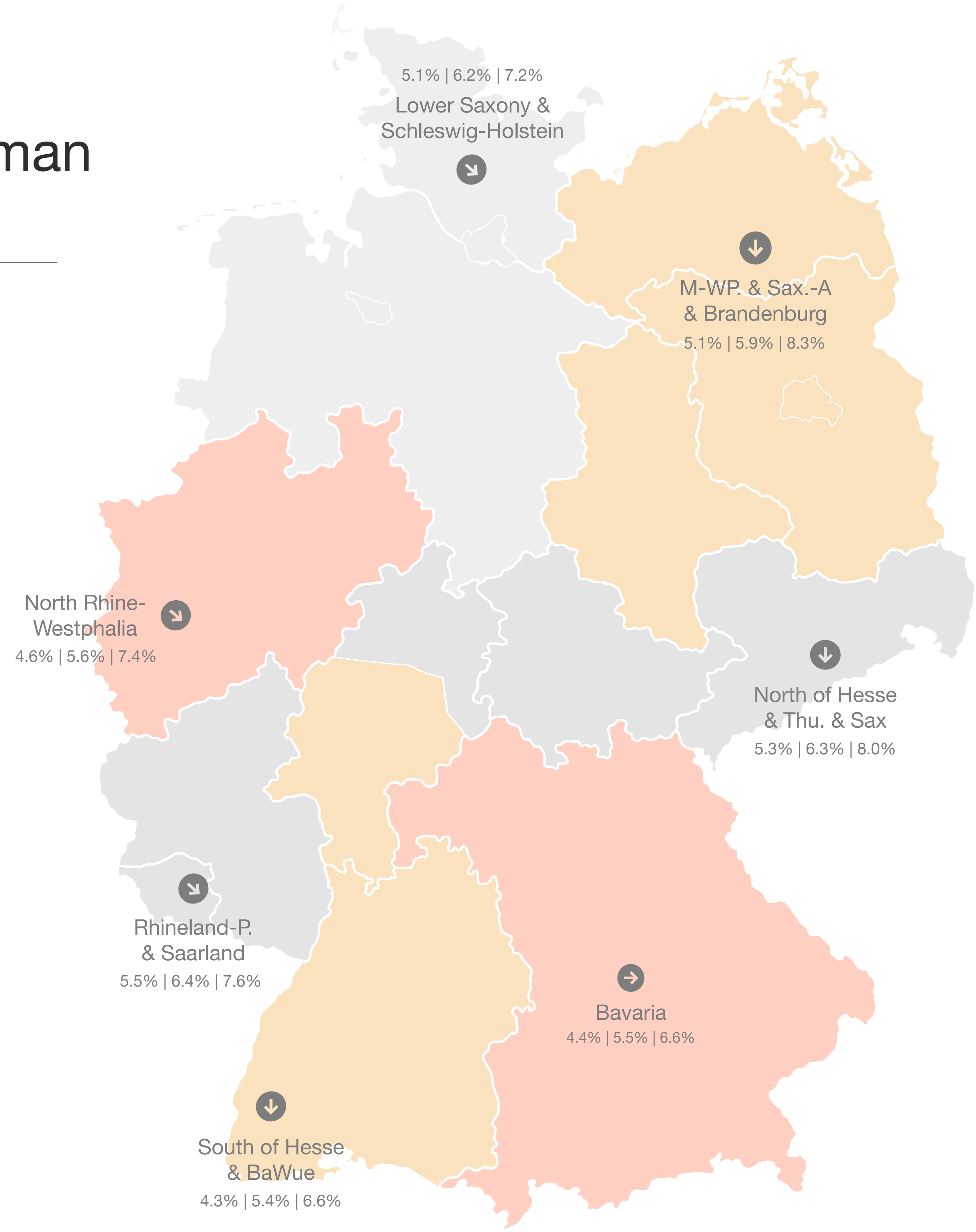
The most preferred Regional Cities are Nuremberg (with the lowest yield for core properties of 3.9%) and Bonn (with the lowest yield of 4.8% for core-plus and 5.8% for value-add properties). Bonn shows the highest prime rent of €21/sqm whereas Nuremberg was named by the participants as the most popular Regional City to invest in followed by Essen and Leipzig.

The highest yield compressions are observed in Dortmund (45 bps in core, 16 bps in core-plus and 21 bps in value-add properties) and Leipzig (29 bps in core, 12 bps in core-plus and 27 bps in value-add properties).

→ View the graph for *Yields ranges and compression on page 17*

Office

Yields in German Regions



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Minimum yields movement
compared to last six months

Min. % | Average % | Max. %

Regions

Investors interest in Regions has increased. The increased yield compression compared to the results six and 12 months ago supports this. On average, all Regions have experienced a yield compression for core and core-plus properties with 24 bps and 14 bps respectively. Only the yields for value-add properties have not improved any further.

South of Hesse and Baden-Wuerttemberg have replaced Bavaria as the most expensive region with 4.3% for core properties, 5.4% for core-plus properties and 6.6% for value-add properties. In comparison Bavaria offers 4.4% for core properties, 5.5% for core-plus properties as well as 6.6% for value-add properties.

→ View the graph for ***Yields ranges and compression*** *on page 17*

Expected 5-year yield development

Top 7 Cities

→ **Munich**

→ **Hamburg**

→ **Berlin**

→ **Stuttgart**

→ **Frankfurt am Main**

→ **Dusseldorf**

↘ **Cologne**

Letting parameters

Top 7 Cities

	Prime rent (in EUR/m²/month)	Granted rentfree period (Med. in months)		Duration until reletting (Med. in months)		Extension probability		Annual market rent growth rate	
Top 7 Cities	**Med.**	**Med.**	**Dev.**	**Med.**	**Dev.**	**Med.**	**Dev.**	**Med.**	**Dev.**
Berlin	40	2	→	3	↗	81%	↑	3.2%	→
Dusseldorf	28	3	→	5	↗	75%	↑	1.7%	→
Frankfurt am Main	44	4	→	5	→	74%	↑	2.0%	→
Hamburg	31	3	→	5	↗	76%	↑	1.7%	→
Cologne	26	3	→	5	→	75%	↑	1.6%	→
Munich	39	2	→	3	↗	81%	↑	2.2%	↘
Stuttgart	25	3	→	4	↗	78%	↑	1.8%	→

↓ <-1%   ↘ -1.0% to -0.25%   → -0.25% to 0.25%   ↗ 0.25% to 1.0%   ↑ >1.0%

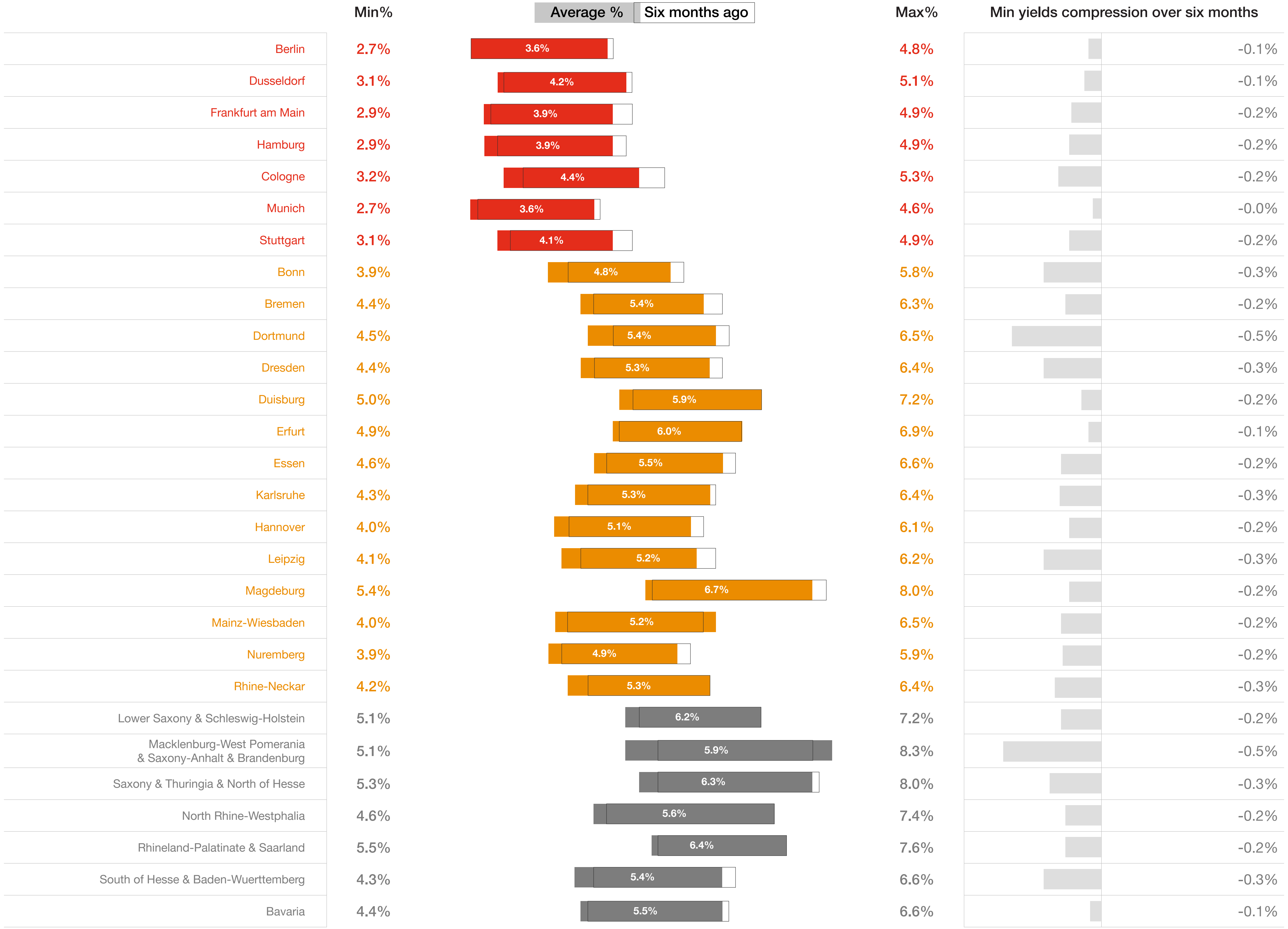
Compared to six months ago (majority of responses)

Yields ranges and compression

Top 7 Cities

Regional Cities

Regions



	Min%	Average %	Max%	Min yields compression over six months
Berlin	2.7%	3.6%	4.8%	-0.1%
Dusseldorf	3.1%	4.2%	5.1%	-0.1%
Frankfurt am Main	2.9%	3.9%	4.9%	-0.2%
Hamburg	2.9%	3.9%	4.9%	-0.2%
Cologne	3.2%	4.4%	5.3%	-0.2%
Munich	2.7%	3.6%	4.6%	-0.0%
Stuttgart	3.1%	4.1%	4.9%	-0.2%
Bonn	3.9%	4.8%	5.8%	-0.3%
Bremen	4.4%	5.4%	6.3%	-0.2%
Dortmund	4.5%	5.4%	6.5%	-0.5%
Dresden	4.4%	5.3%	6.4%	-0.3%
Duisburg	5.0%	5.9%	7.2%	-0.2%
Erfurt	4.9%	6.0%	6.9%	-0.1%
Essen	4.6%	5.5%	6.6%	-0.2%
Karlsruhe	4.3%	5.3%	6.4%	-0.3%
Hannover	4.0%	5.1%	6.1%	-0.2%
Leipzig	4.1%	5.2%	6.2%	-0.3%
Magdeburg	5.4%	6.7%	8.0%	-0.2%
Mainz-Wiesbaden	4.0%	5.2%	6.5%	-0.2%
Nuremberg	3.9%	4.9%	5.9%	-0.2%
Rhine-Neckar	4.2%	5.3%	6.4%	-0.3%
Lower Saxony & Schleswig-Holstein	5.1%	6.2%	7.2%	-0.2%
Macklenburg-West Pomerania & Saxony-Anhalt & Brandenburg	5.1%	5.9%	8.3%	-0.5%
Saxony & Thuringia & North of Hesse	5.3%	6.3%	8.0%	-0.3%
North Rhine-Westphalia	4.6%	5.6%	7.4%	-0.2%
Rhineland-Palatinate & Saarland	5.5%	6.4%	7.6%	-0.2%
South of Hesse & Baden-Wuerttemberg	4.3%	5.4%	6.6%	-0.3%
Bavaria	4.4%	5.5%	6.6%	-0.1%

Retail | High Street

Yields in German Top 7 Cities

↑ ↗ → ↘ ↓

Minimum yields movement compared to last six months

Min. % | Average % | Max. %

Top 7 Cities

Core retail properties in the Top 7 Cities had a compression in yields of 10 bps on average. In contrast to the development six months ago, the yields in Top 7 Cities are now back in compression. The highest yield compression was in Stuttgart (15 bps) followed by Berlin (14 bps).

Core-plus and value-add properties had yield compression of 1 bps and 18 bps on average respectively. The highest yield compression was in Munich for core-plus (4 bps) and in Berlin for value-add (23 bps).

Munich is the most expensive Top 7 City with the lowest yields across all risk classes; core (2.7%), core-plus (3.4%) and value-add (4.3%).

The annual market rent growth rate continued to fall to 0.3% on average (vs. 0.5% six months ago). Munich had the highest rent growth of 0.6% followed by Berlin (0.5%) and Frankfurt (0.5%).

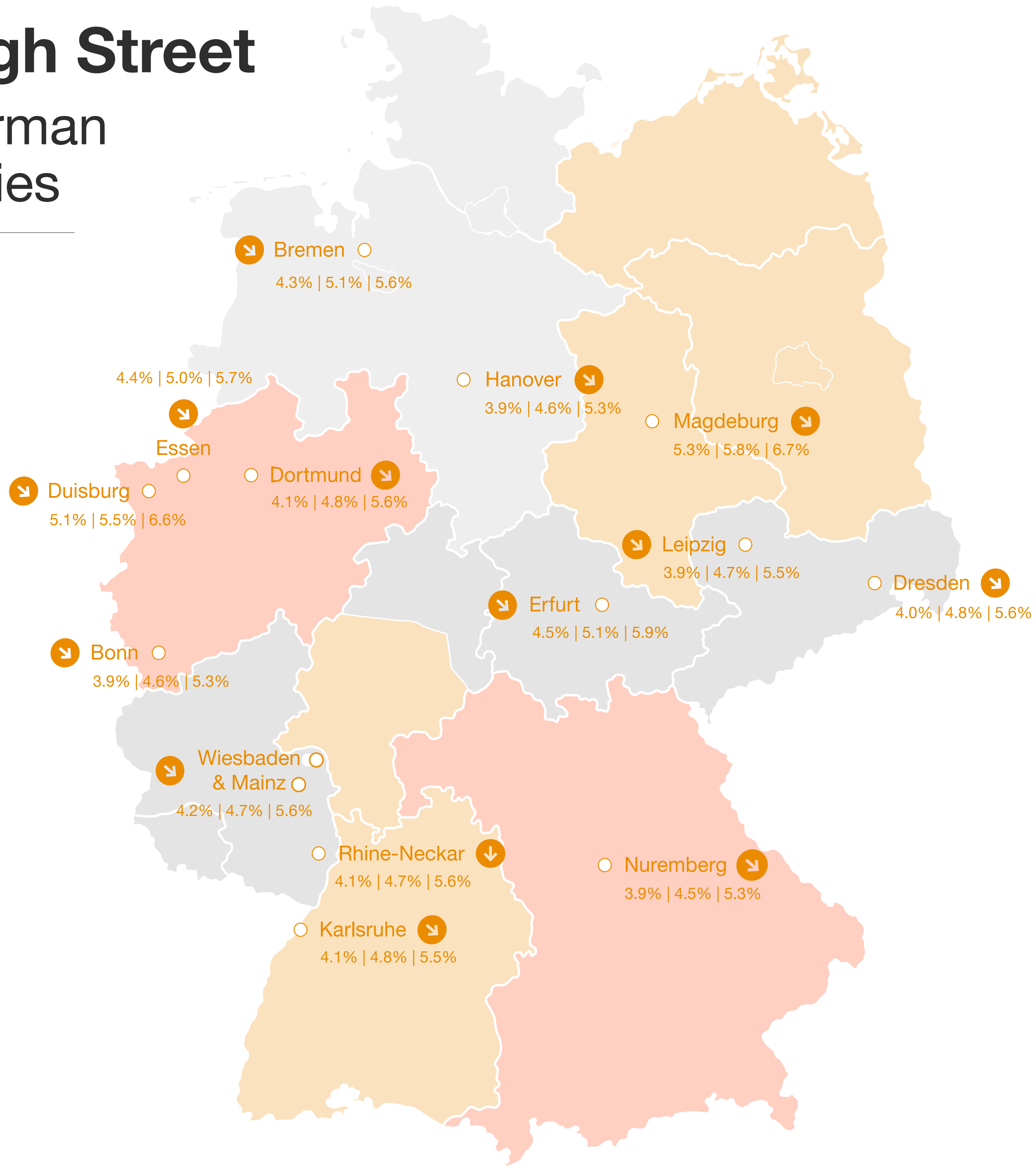
The prime rent was the highest again in Munich (€356/sqm) followed by Berlin (€326/sqm) and Frankfurt (€298/sqm).

Munich is the top preferred retail location among the Top 7 Cities, followed by Berlin.

→ View the graph for *Yields ranges and compression on page 22*

Retail | High Street

Yields in German Regional Cities



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Minimum yields movement
compared to last six months

Min. % | Average % | Max. %

Regional Cities

All the Regional Cities have experienced a decrease in yields across all risk classes. On average, the core properties yields have decreased by 19 bps, core-plus by 15 bps, and value-add by 25 bps.

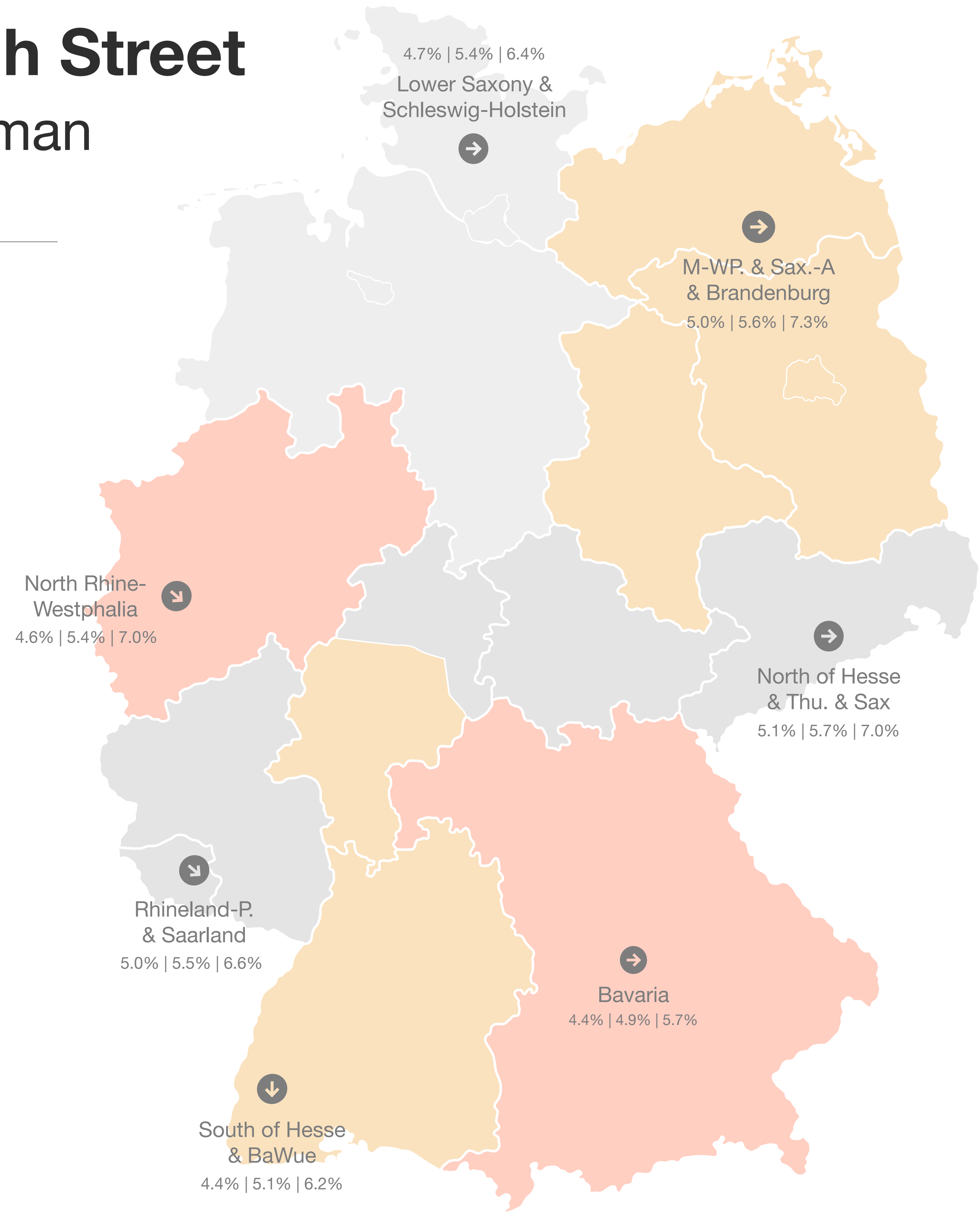
Leipzig is the most expensive city among the Regional cities with a yield of 3.9% for core properties (in line with Bonn, Hanover and Nuremberg). It is also the most preferred retail location among the Regional Cities.

Unlike the results of last six months, investors experience positive annual market rent growth of 0.5% on average in the Regional Cities.

→ View the graph for *Yields ranges and compression on page 22*

Retail | High Street

Yields in German Regions



↑ ↗ → ↘ ↓

Minimum yields movement compared to last six months

Min. % | Average % | Max. %

Regions

The Regions core-plus and value-add properties have experienced an increase in yields of 5 bps and 20 bps respectively. On the other hand, core properties remain relatively stable with a slightly yield compression of 1 bp.

Investors experienced again a negative annual market rent growth of 0.4% on average in the Regions – same development as six months ago.

→ View the graph for *Yields ranges and compression on page 22*

Expected 5-year yield development

Top 7 Cities

↗ Munich

→ Hamburg

→ Berlin

→ Stuttgart

↗ Frankfurt am Main

→ Dusseldorf

↗ Cologne

Letting parameters

Top 7 Cities

	Prime rent (in EUR/m²/month)	Granted rentfree period (Med. in months)		Duration until reletting (Med. in months)		Extension probability		Annual market rent growth rate	
Top 7 Cities	**Med.**	**Med.**	**Dev.**	**Med.**	**Dev.**	**Med.**	**Dev.**	**Med.**	**Dev.**
Berlin	326	3	→	4	↘	62%	↓	0.5%	↘
Dusseldorf	284	4	→	6	↘	64%	↓	0.4%	→
Frankfurt am Main	298	3	→	5	↘	64%	↓	0.5%	→
Hamburg	288	3	→	5	↘	64%	↓	0.2%	→
Cologne	260	4	→	6	↘	60%	↓	0.2%	→
Munich	356	3	→	4	→	66%	↓	0.6%	→
Stuttgart	243	3	→	5	→	63%	↓	0.0%	↘

↓ <-1% ↘ -1.0% to -0.25% → -0.25% to 0.25% ↗ 0.25% to 1.0% ↑ >1.0%

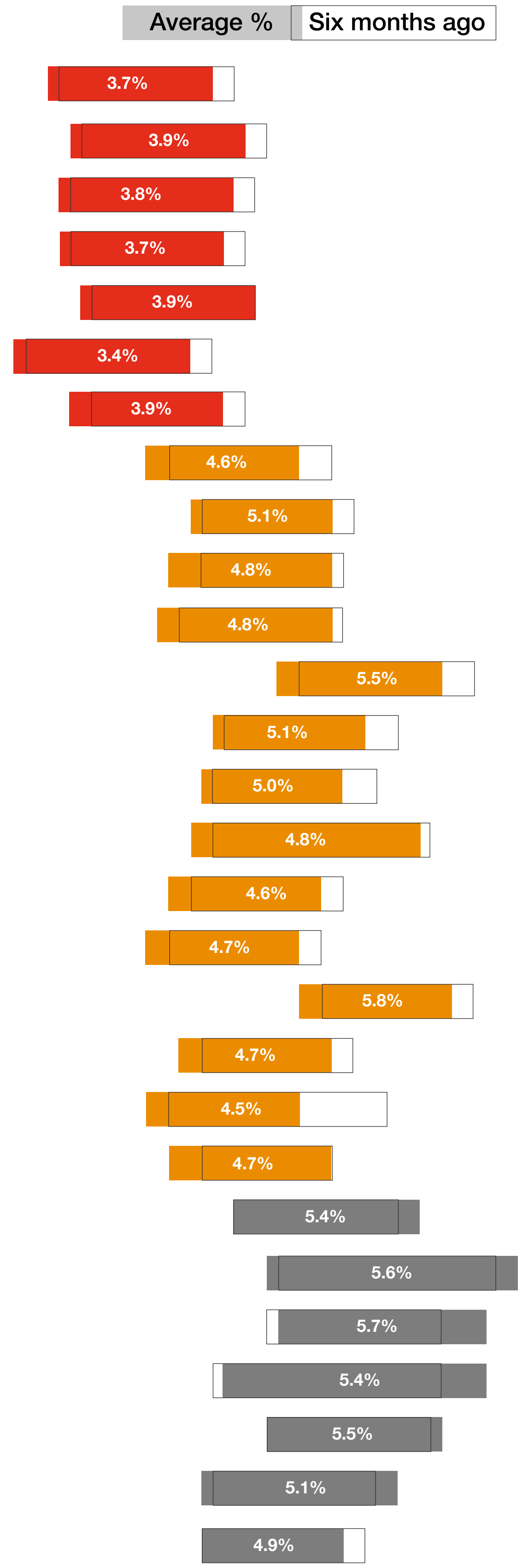
Compared to six months ago (majority of responses)

Yields ranges and compression

Top 7 Cities

Regional Cities

Regions



	Min%	Average %	Max%	Min yields compression over six months
Berlin	3.0%	3.7%	4.5%	-0.1%
Dusseldorf	3.2%	3.9%	4.8%	-0.1%
Frankfurt am Main	3.1%	3.8%	4.7%	-0.1%
Hamburg	3.1%	3.7%	4.6%	-0.1%
Cologne	3.3%	3.9%	4.9%	-0.1%
Munich	2.7%	3.4%	4.3%	-0.1%
Stuttgart	3.2%	3.9%	4.6%	-0.1%
Bonn	3.9%	4.6%	5.3%	-0.2%
Bremen	4.3%	5.1%	5.6%	-0.1%
Dortmund	4.1%	4.8%	5.6%	-0.2%
Dresden	4.0%	4.8%	5.6%	-0.2%
Duisburg	5.1%	5.5%	6.6%	-0.1%
Erfurt	4.5%	5.1%	5.9%	-0.2%
Essen	4.4%	5.0%	5.7%	-0.1%
Karlsruhe	4.1%	4.8%	5.5%	-0.2%
Hannover	3.9%	4.6%	5.3%	-0.2%
Leipzig	3.9%	4.7%	5.5%	-0.2%
Magdeburg	5.3%	5.8%	6.7%	-0.1%
Mainz-Wiesbaden	4.2%	4.7%	5.6%	-0.2%
Nuremberg	3.9%	4.5%	5.3%	-0.2%
Rhine-Neckar	4.1%	4.7%	5.6%	-0.3%
Lower Saxony & Schleswig-Holstein	4.7%	5.4%	6.4%	-0.0%
Macklenburg-West Pomerania & Saxony-Anhalt & Brandenburg	5.0%	5.6%	7.3%	-0.1%
Saxony & Thuringia & North of Hesse	5.1%	5.7%	7.0%	0.1%
North Rhine-Westphalia	4.6%	5.4%	7.0%	0.1%
Rhineland-Palatinate & Saarland	5.0%	5.5%	6.6%	0.0%
South of Hesse & Baden-Wuerttemberg	4.4%	5.1%	6.2%	-0.1%
Bavaria	4.4%	4.9%	5.7%	0.0%

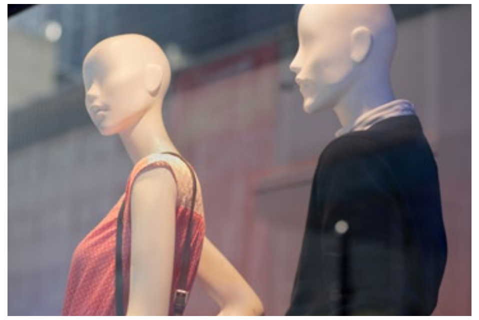
Retail | Non-High Street

Apart from high street retail, all non-high street retail asset classes have experienced compression. The highest being in value-add DIY stores (59 bps) and out-of-town shopping centers (41 bps).

Investors expect negative growth in annual rental for out-of-town shopping centers as well as DIY-stores and rental growth in supermarkets (+ 100 bps) and retail parks.

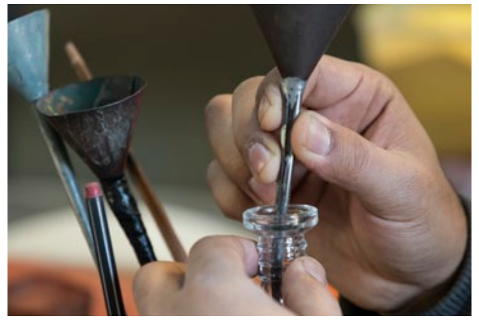
Expected 5-year yield development

→ Retail Park



↗ Out-of-town Shopping Center

→ Supermarket



↗ DIY-Store

Yields and letting parameters

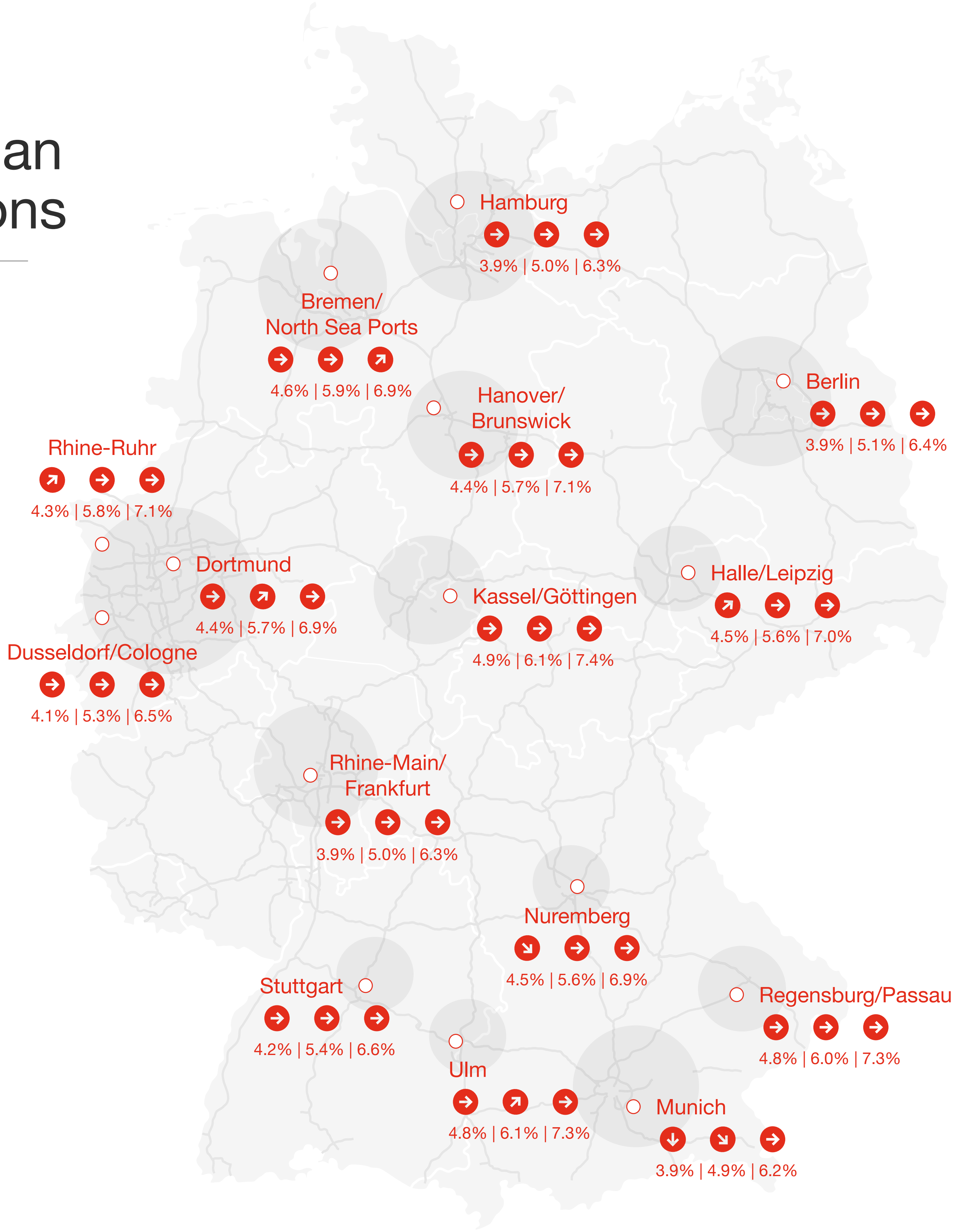
	All-risk-yield			Prime rent (in EUR/m^2/month)	Granted rentfree period (Med. in months)		Duration until reletting (Med. in months)		Extension probability		Annual market rent growth rate	
Top 7 Cities	**Min.**	**Med.**	**Max.**	**Med.**	**Med.**	**Dev.**	**Med.**	**Dev.**	**Med.**	**Dev.**	**Med.**	**Dev.**
Out-of-town Shopping Center	4.8%	5.6%	6.7%	75	6	↑	7	↓	46%	↑	-0.6%	↗
Retail Park	4.2%	4.9%	6.3%	50	3	↓	4	↓	75%	↑	0.5%	↘
Supermarket	4.6%	5.4%	6.3%	50	3	↓	6	↑	75%	→	1.0%	→
DIY-Store	5.4%	6.1%	7.1%	50	4	↓	5	→	63%	↑	-0.2%	↘

↓ <-1% ↘ -1.0% to -0.25% → -0.25% to 0.25% ↗ 0.25% to 1.0% ↑ >1.0%

Compared to six months ago (majority of responses)

Logistics

Yields in German Top 15 Locations



↑ ↗ → ↘ ↓

Minimum, average and maximum yields movement compared to last six months

Min. % | Average % | Max. %

Top 15 Locations

As in the past years, logistics remain a strong asset class and once again, it was able to assert itself as the third strongest asset class in Germany after office and retail. The popularity of logistics is continuously growing. Nevertheless, it appears that yields have peaked.

For logistics, the location is becoming increasingly unimportant. Rather, the decisive factors became the tenant (Amazon, DHL and Hermes as the top tenants), the remaining lease term as well as the property size.

Yield compression continues for core properties with only 1 bp compared to 24 bps six months ago. The strongest compression shows Nuremberg (11 bps). Halle/Leipzig as well as Dortmund had the biggest increase in yields of 12 bps and 8 bps respectively. Munich followed by Berlin, Rhein-Main/Frankfurt and Hamburg are the most expensive locations, with a 3.8% and 3.9% yield.

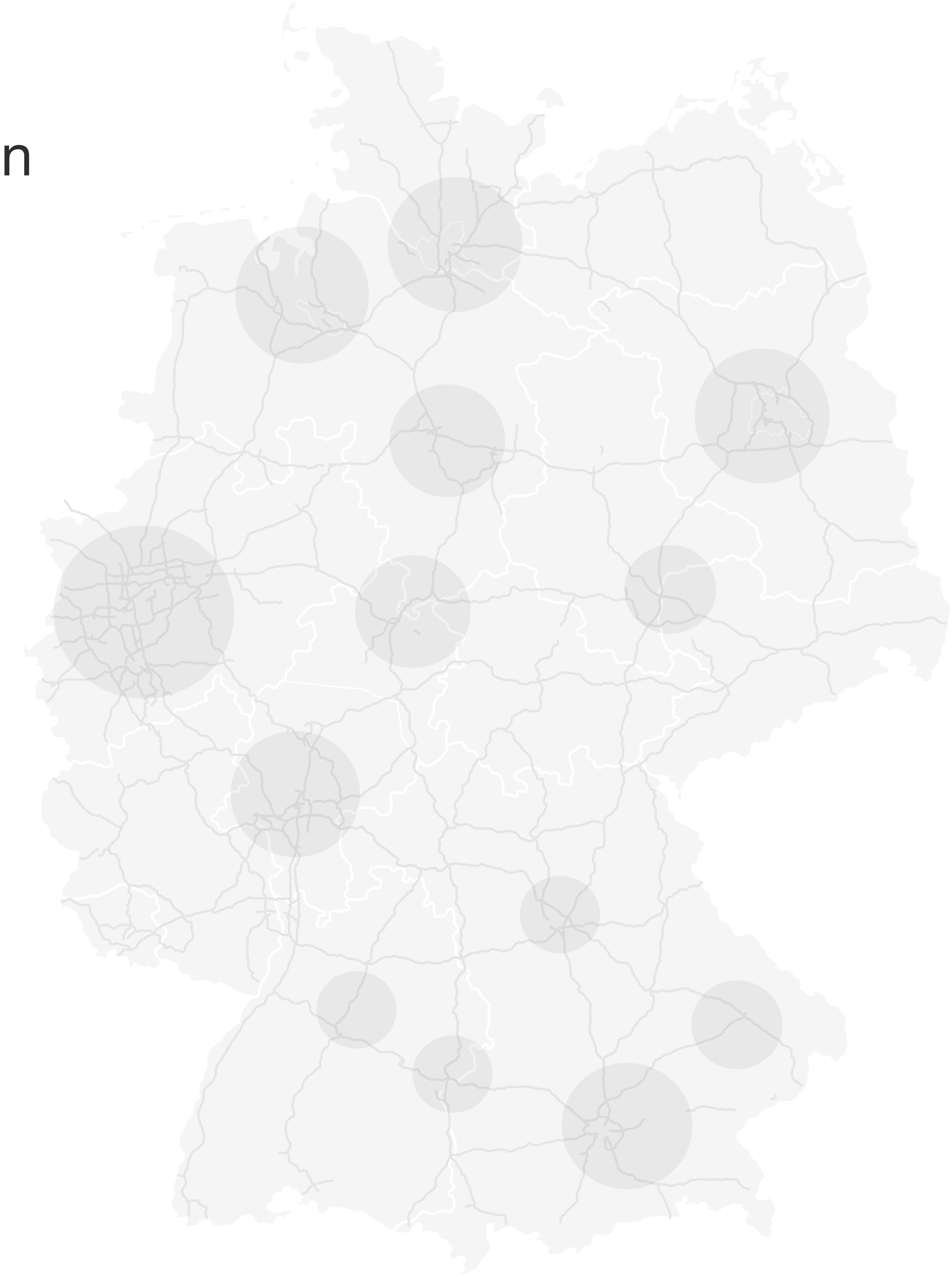
We did not observe yield compression in core-plus and value-add properties as they showed a 3 bps and 7 bps increase in yields respectively.

Investors expect the five years yield to remain stable but assume a higher annual rent growth (2.0%) compared to the results six months ago (1.6%).

→ View the graph for *Yields ranges and compression on page 28*

Logistics

Yields in German submarkets



Small Locations
5.3% | 6.0% | 7.5%
↗ ↑ ↗

Rest Germany
5.3% | 6.2% | 8.3%
↑ ↑ ↑

↑ ↗ → ↘ ↓

Minimum, average and maximum yields movement compared to last six months

Min. % | Average % | Max. %

Small Locations

For the second time, yield compression at Small Locations has stopped. Yields have increased for core and value-add properties (12 and 23 bps respectively) and only decreased for core-plus properties (10 bps).

Investors expect a higher annual rental growth (1.6%) compared to the result six months ago (1.3%).

Rest of Germany

The Rest of Germany shows the strongest yield compression in core properties (9 bps) followed by core-plus properties (7 bps). There is no further compression at value-add products compared to the last 6 months.

Investors expect weaker annual rental growth for Rest Germany of 1.4% compared to the Small Locations (1.6%).

→ View the graph for *Yields ranges and compression on page 28*

Expected 5-year yield development

→ Top 15 Locations

↗ Small Locations

↗ Rest Germany

Letting parameters

	Prime rent (in EUR/m²/month)	Granted rentfree period (Med. in months)		Duration until reletting (Med. in months)		Extension probability		Annual market rent growth rate	
	Med.	**Med.**	**Dev.**	**Med.**	**Dev.**	**Med.**	**Dev.**	**Med.**	**Dev.**
Top 15 Locations	6	3	↘	4	↗	82%	↑	2.0%	↗
Small Locations	4	4	↓	7	↘	25%	↓	1.6%	↗
Rest Germany	-	4	→	8	↓	60%	↑	1.4%	→

↓ <-1%　↘ -1.0% to -0.25%　→ -0.25% to 0.25%　↗ 0.25% to 1.0%　↑ >1.0%

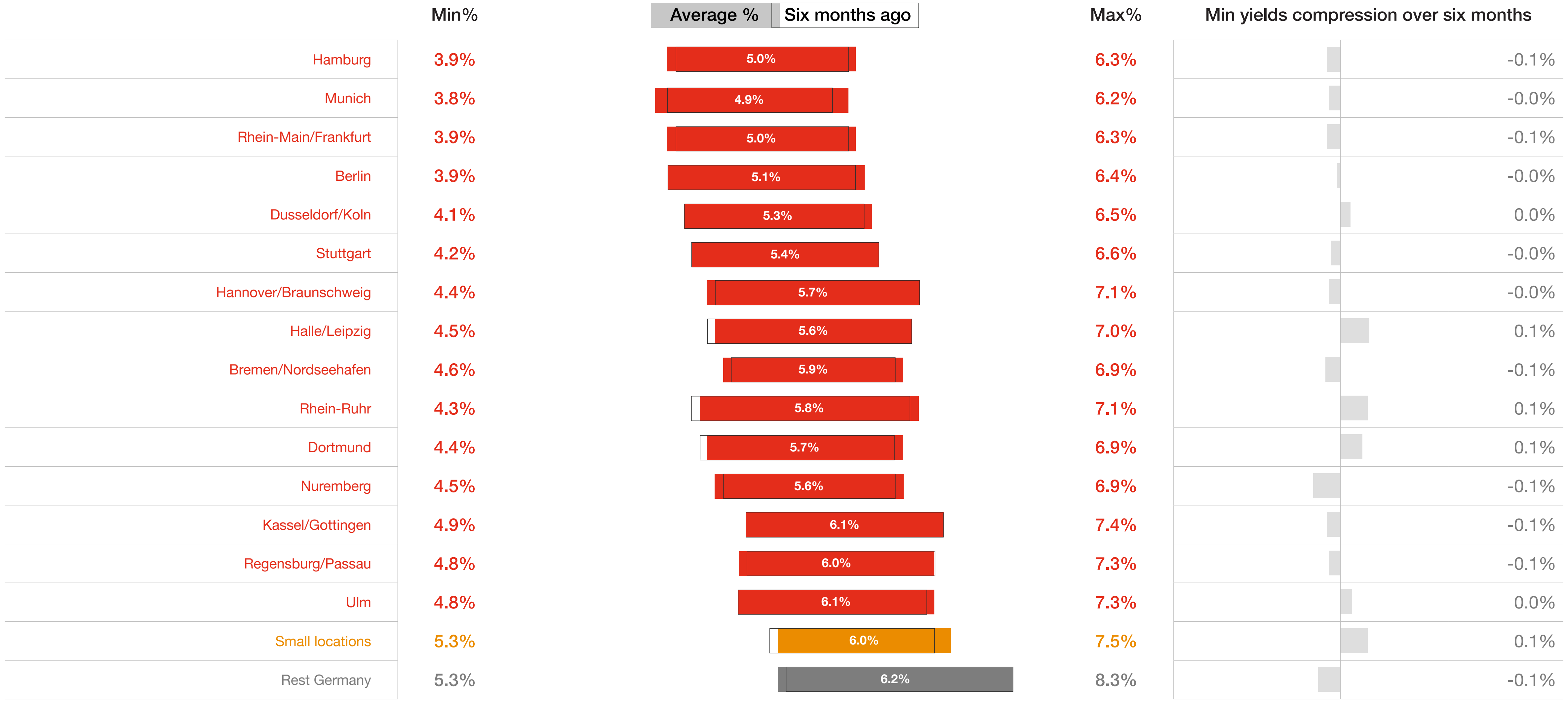
Compared to six months ago (majority of responses)

Yields ranges and compression

Top 15 Locations

Small Locations

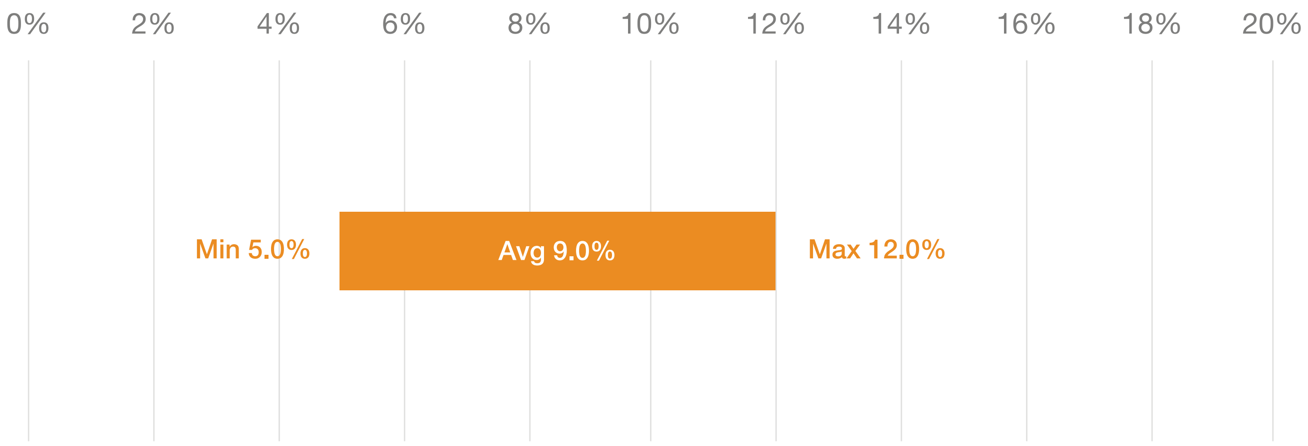
Rest Germany



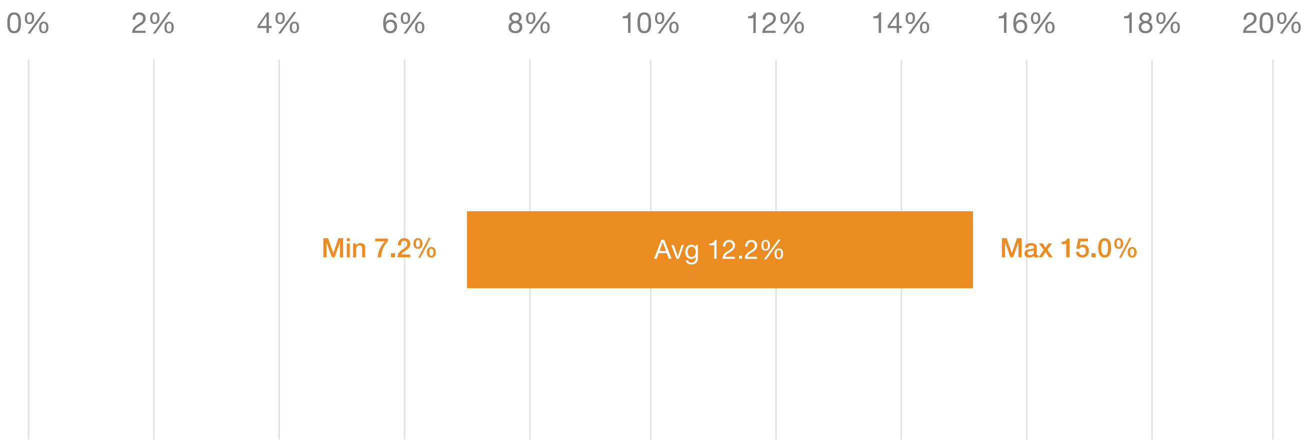
	Min%	Average %	Max%	Min yields compression over six months
Hamburg	3.9%	5.0%	6.3%	-0.1%
Munich	3.8%	4.9%	6.2%	-0.0%
Rhein-Main/Frankfurt	3.9%	5.0%	6.3%	-0.1%
Berlin	3.9%	5.1%	6.4%	-0.0%
Dusseldorf/Koln	4.1%	5.3%	6.5%	0.0%
Stuttgart	4.2%	5.4%	6.6%	-0.0%
Hannover/Braunschweig	4.4%	5.7%	7.1%	-0.0%
Halle/Leipzig	4.5%	5.6%	7.0%	0.1%
Bremen/Nordseehafen	4.6%	5.9%	6.9%	-0.1%
Rhein-Ruhr	4.3%	5.8%	7.1%	0.1%
Dortmund	4.4%	5.7%	6.9%	0.1%
Nuremberg	4.5%	5.6%	6.9%	-0.1%
Kassel/Gottingen	4.9%	6.1%	7.4%	-0.1%
Regensburg/Passau	4.8%	6.0%	7.3%	-0.1%
Ulm	4.8%	6.1%	7.3%	0.0%
Small locations	5.3%	6.0%	7.5%	0.1%
Rest Germany	5.3%	6.2%	8.3%	-0.1%

NOI leakage

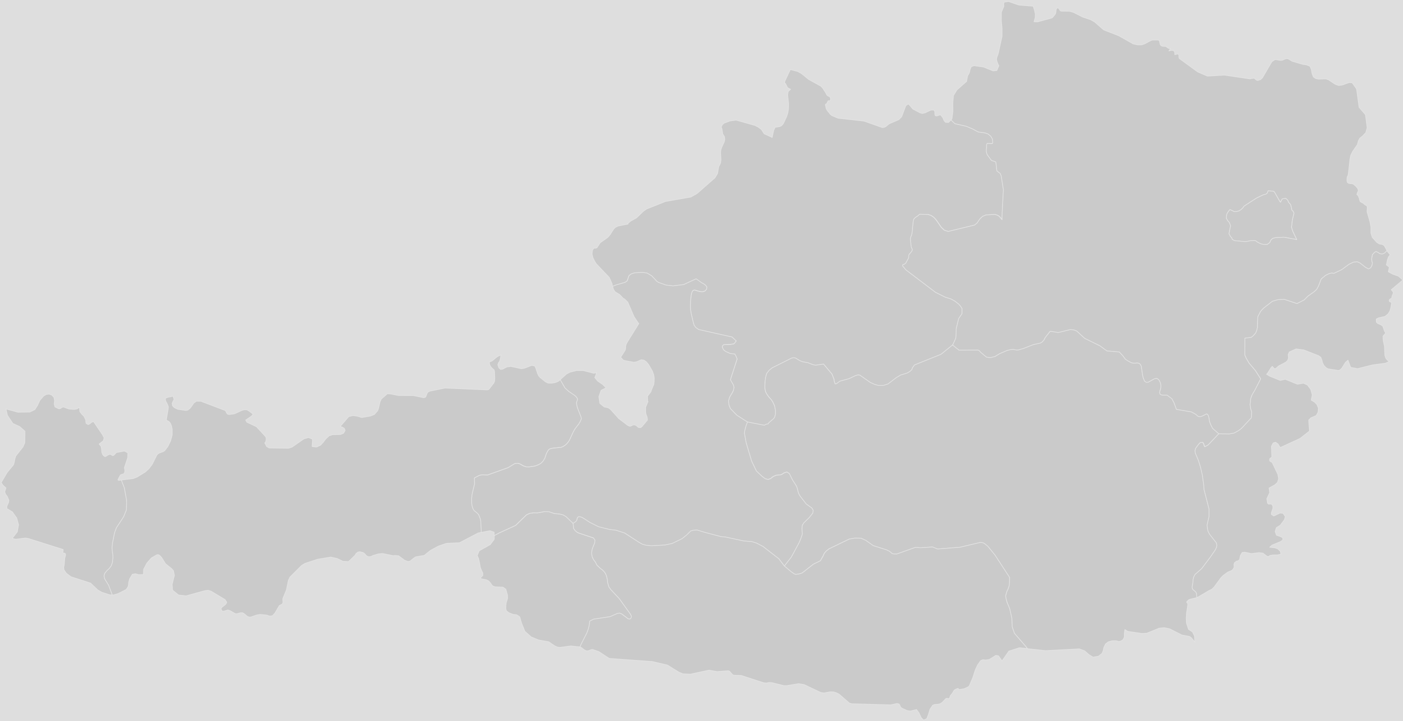
Office



Retail

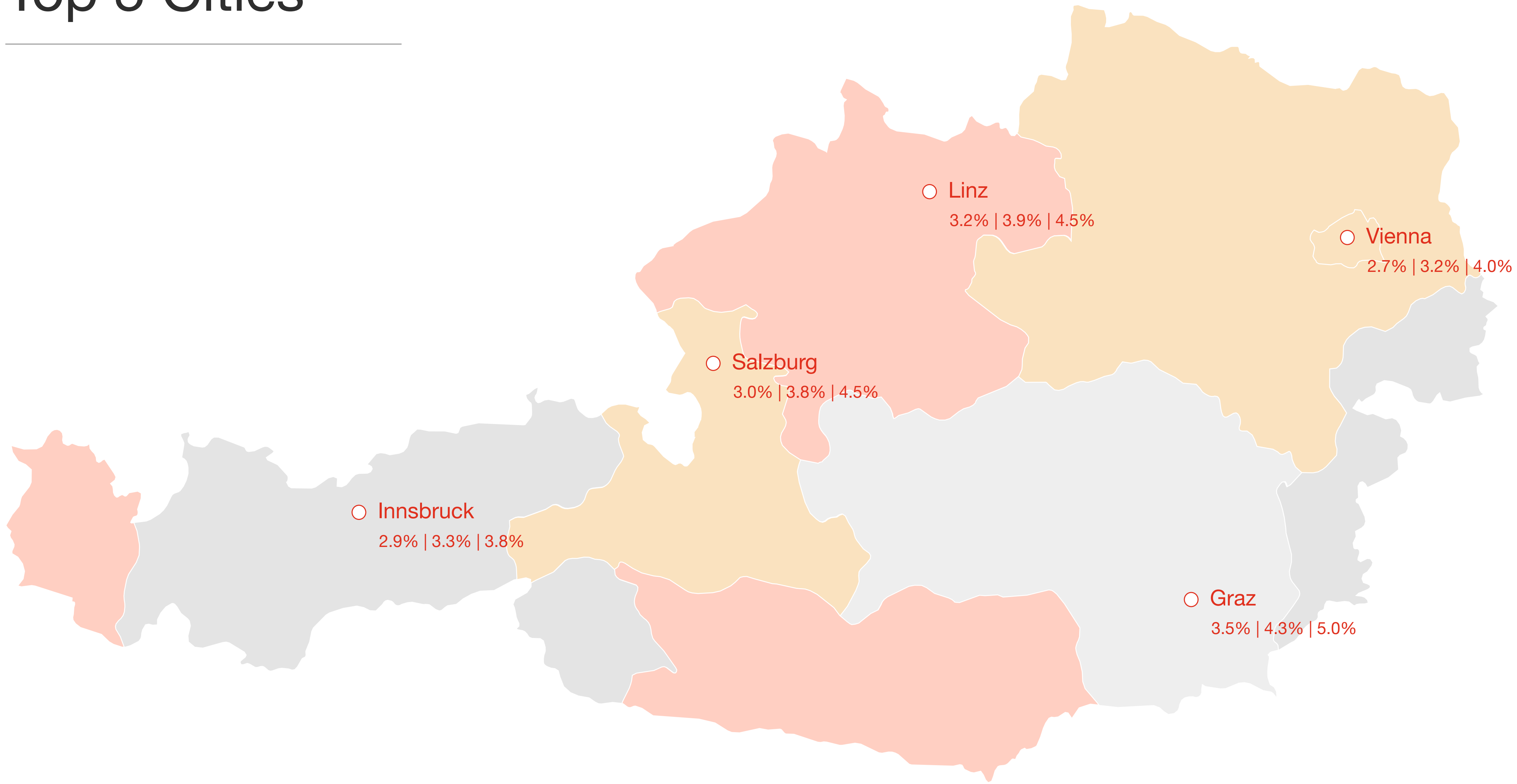


Austria



Residential

Yields in Austrian Top 5 Cities



Min. % | Average % | Max. %

Top 5 Cities

Along with prime rents in the other main asset classes, Vienna, Innsbruck and Salzburg continue to be the most expensive markets for prime residential properties with average minimum yields of 2.7%, 2.9%, and 3.0% respectively. These cities also have the highest prime rents of €19/sqm in Vienna, €17/sqm in Innsbruck and €15/sqm in Salzburg. Prime purchase prices assigned to these cities in the same order within the residential sector range around €14,875/sqm, €10,000/sqm and €8,000/sqm.

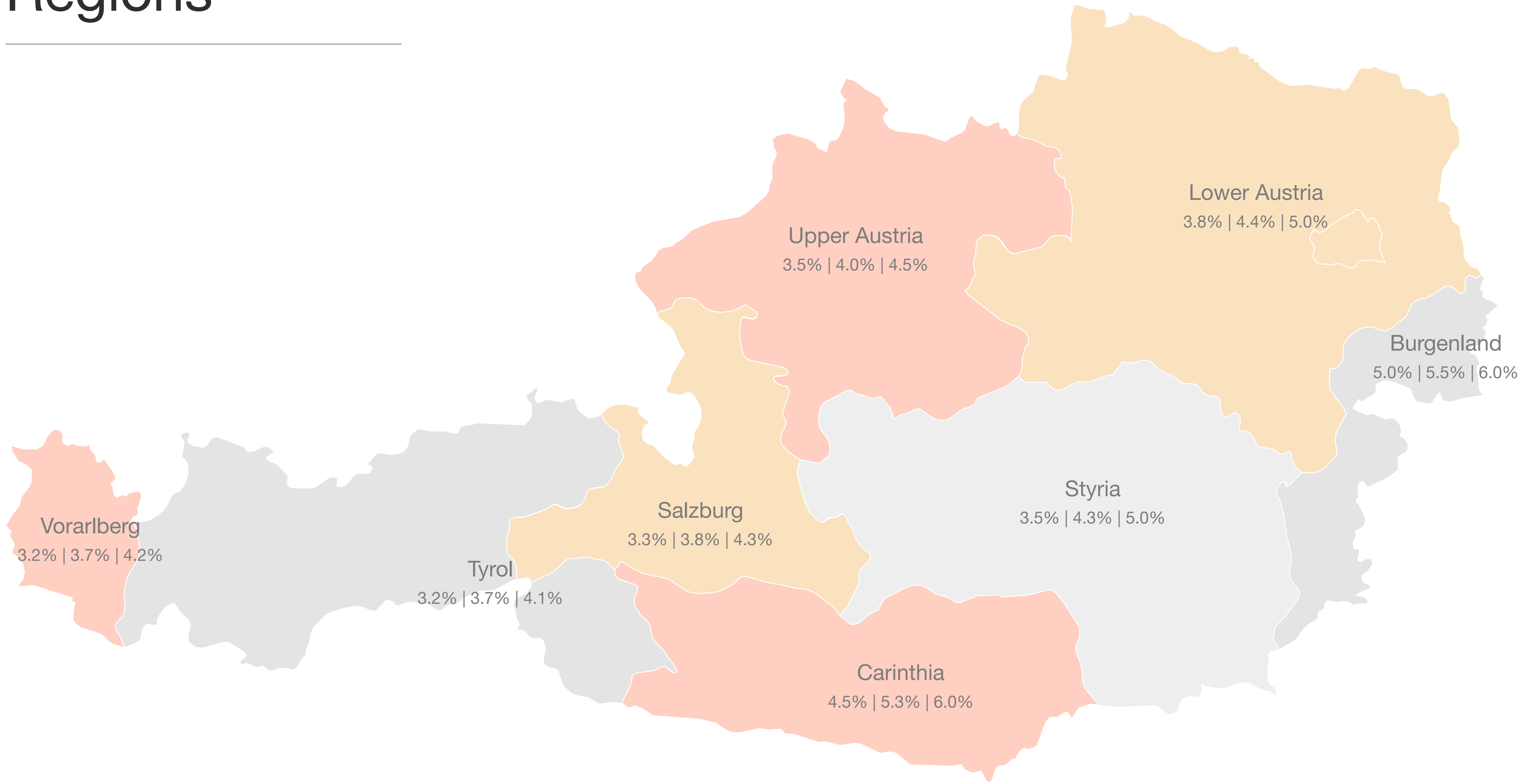
The annual market rent growth rate is expected to be at 1.3% in Vienna and regarding Linz, Graz, Salzburg and Innsbruck to be at only 0.3%. Looking at the five-year development, yields for all Top 5 Cities in Austria are forecasted to slightly increase.

In 2019 it could be perceived, that institutional investors increasingly shifted their investment activities towards other state capitals in Austria. Especially Salzburg, Linz and Graz could draw the attention of national and international investors.

View the graph for ***Yields ranges and compression*** *on page 34*

Residential

Yields in Austrian Regions



Min. % | Average % | Max. %

Regions

In comparison to the yields in the city centres, it is mainly the (winter) tourism regions that lead the list of the most sought-after regions. The average minimum yields for properties not located in the top cities are between 3.2% and 3.3% in Salzburg, Tyrol and Vorarlberg. Styria, Lower Austria and Upper Austria are in the middle range with 3.5% to 3.8%. Carinthia and Burgenland close the list with 4.5% and 5.0% respectively.

➔ View the graph for ***Yields ranges and compression*** *on page 34*

Expected 5-year yield development

Top 5 Cities

↗ **Vienna**

↗ **Graz**

↗ **Linz**

↗ **Salzburg**

↗ **Innsbruck**

Letting parameters and other KPIs

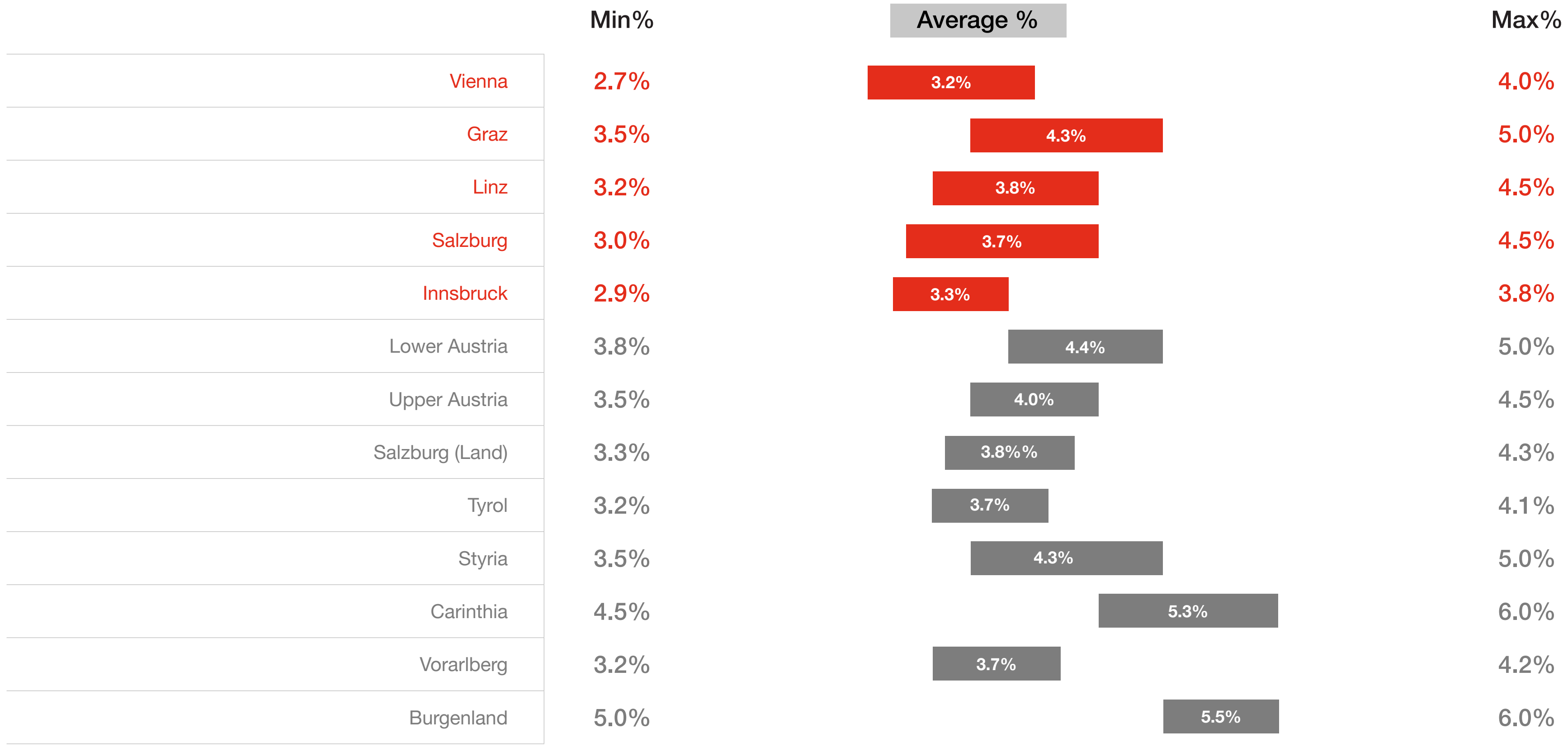
Top 5 Cities

	Prime rent (in EUR/m^2/month)		Prime purchase price (in EUR/m^2)		Annual market rent growth rate	
	Med.	**Dev.**	**Med.**	**Dev.**	**Med.**	**Dev.**
Vienna	19	-	14,875	-	1.3%	-
Graz	12	-	5,900	-	0.3%	-
Linz	13	-	6,250	-	0.3%	-
Salzburg	15	-	8,000	-	0.3%	-
Innsbruck	17	-	10,000	-	0.3%	-

Yields ranges and compression

Top 5 Cities

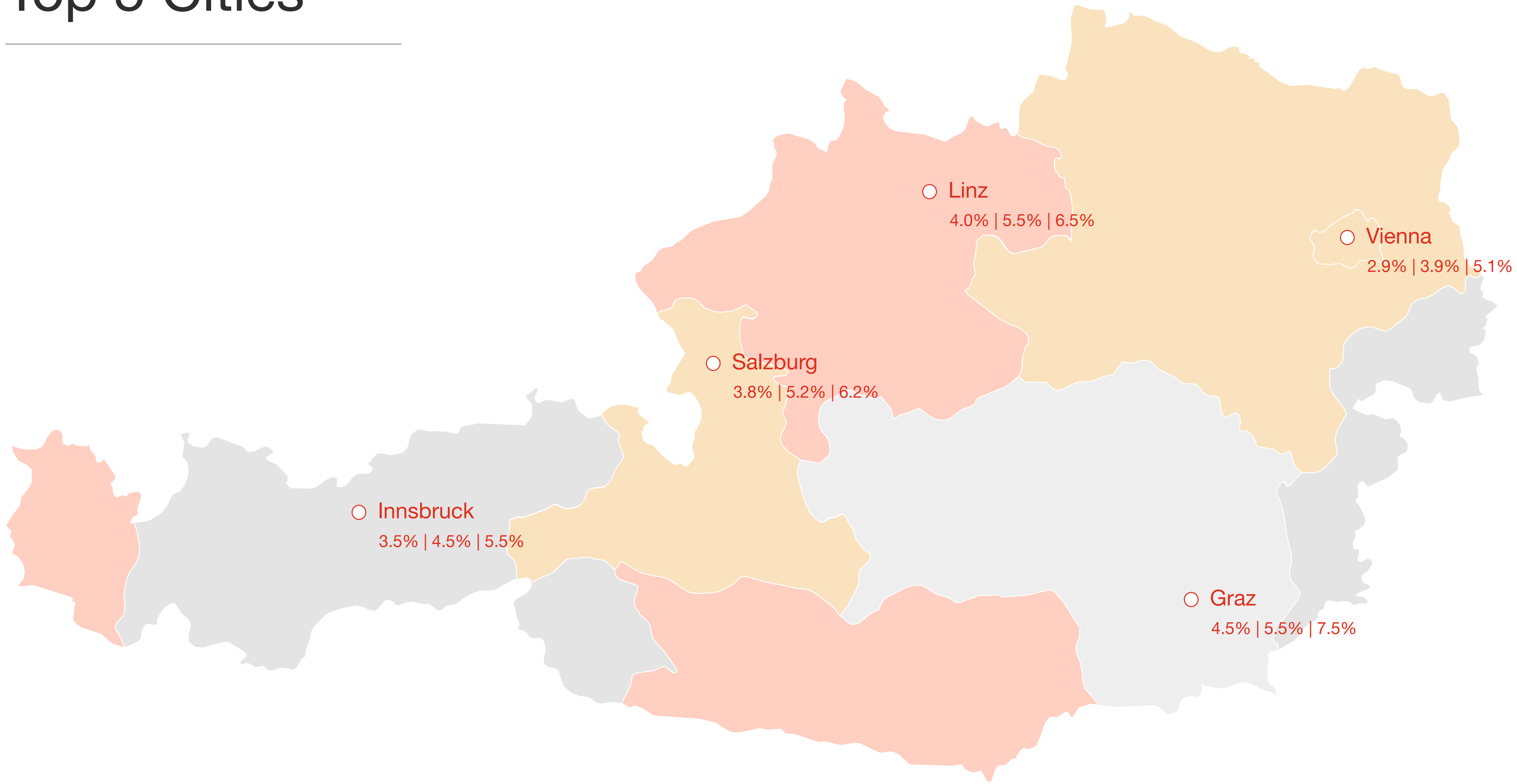
Regions



	Min%	Average %	Max%
Vienna	2.7%	3.2%	4.0%
Graz	3.5%	4.3%	5.0%
Linz	3.2%	3.8%	4.5%
Salzburg	3.0%	3.7%	4.5%
Innsbruck	2.9%	3.3%	3.8%
Lower Austria	3.8%	4.4%	5.0%
Upper Austria	3.5%	4.0%	4.5%
Salzburg (Land)	3.3%	3.8%%	4.3%
Tyrol	3.2%	3.7%	4.1%
Styria	3.5%	4.3%	5.0%
Carinthia	4.5%	5.3%	6.0%
Vorarlberg	3.2%	3.7%	4.2%
Burgenland	5.0%	5.5%	6.0%

Office

Yields in Austrian Top 5 Cities



Min. % | Average % | Max. %

Top 5 Cities

As expected, Vienna is the top office market with a minimum yield of 2.9% and an average prime rent of €25/sqm. This is followed by the other cities led by Innsbruck and Salzburg with yields of 3.5% to 3.8% and prime rents of €16/sqm. Nevertheless, the main geographical focus in the office market as well as in other classes of use is almost exclusively on Vienna.

The expected average annual rental growth in the 5 most important cities is 1.1%, with growth of 1.3% expected for Vienna and a decline of up to -5.0% for Graz. Innsbruck and Salzburg are in the midfield with 2.0%, and an increase of up to 5.0% is expected for Linz.

The main focus will continue to be on core and core plus segments and the demand for office spaces will furthermore prevail especially in Vienna, as the completion of new developments in this asset class has reached its bottom level in the previous period.

Only the Top 5 Cities were covered, as the investment activities of the participants are not significantly present in the Regions.

➔ View the graph for ***Yields ranges and compression*** *on page 37*

Expected 5-year yield development

Top 5 Cities

Vienna

Graz

Linz

Salzburg

Innsbruck

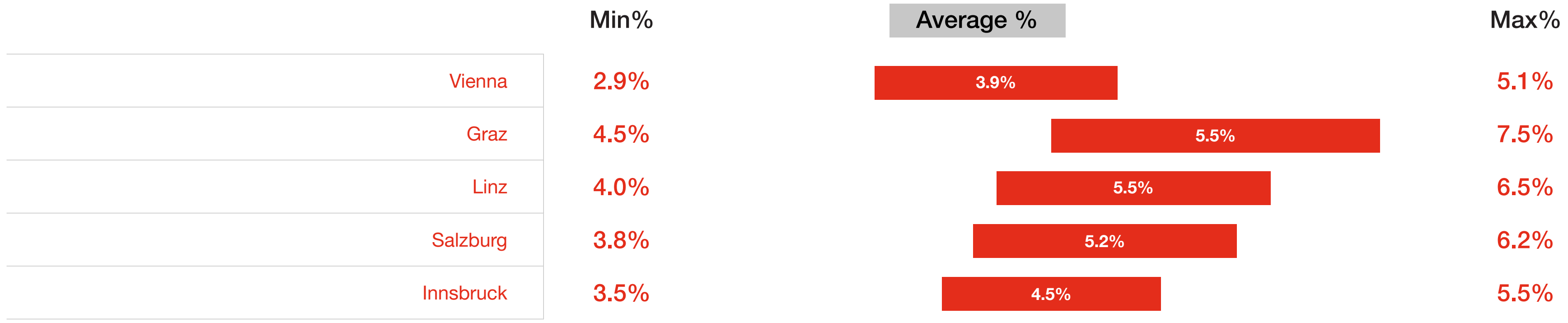
Letting parameters

Top 5 Cities

	Prime rent (in EUR/m²/month)	Granted rentfree period (Med. in months)		Duration until reletting (Med. in months)		Extension probability		Annual market rent growth rate	
Top 5 Cities	**Med.**	**Med.**	**Dev.**	**Med.**	**Dev.**	**Med.**	**Dev.**	**Med.**	**Dev.**
Vienna	25	5	-	5	-	63%	-	1.3%	-
Graz	14	12	-	12	-	15%	-	-5.0%	-
Linz	15	8	-	8	-	25%	-	5.0%	-
Salzburg	16	6	-	8	-	35%	-	2.0%	-
Innsbruck	16	5	-	6	-	50%	-	2.0%	-

Yields ranges and compression

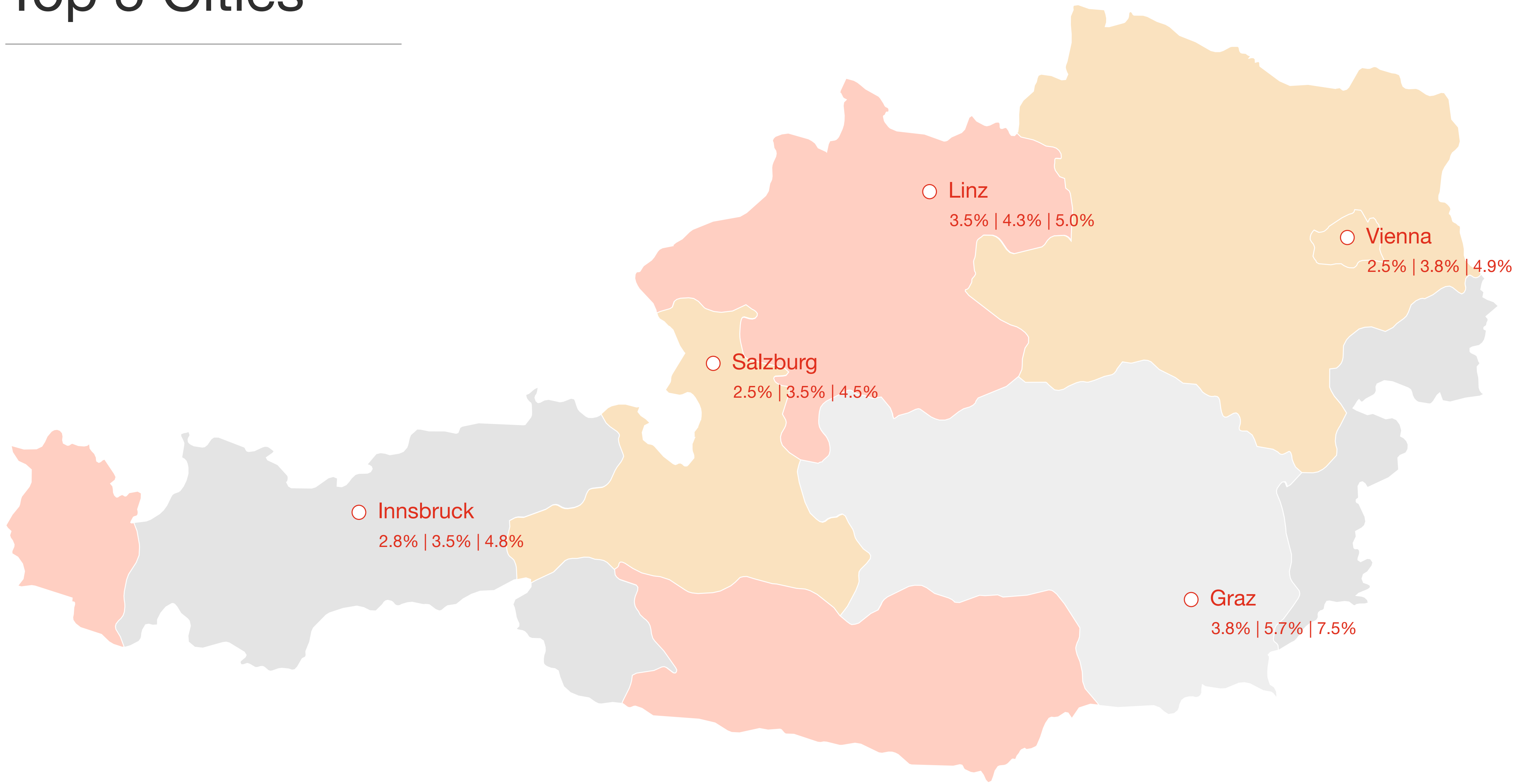
Top 5 Cities



	Min%	Average %	Max%
Vienna	2.9%	3.9%	5.1%
Graz	4.5%	5.5%	7.5%
Linz	4.0%	5.5%	6.5%
Salzburg	3.8%	5.2%	6.2%
Innsbruck	3.5%	4.5%	5.5%

Retail | High Street

Yields in Austrian Top 5 Cities



Min. % | Average % | Max. %

Top 5 Cities

As expected, Vienna followed by Salzburg are the top retail markets with a minimum yield of 2.5% and an average prime rent of €320/sqm (Vienna) respectively €295/sqm (Salzburg). This is followed by Innsbruck with a yield of 2.8% and an average prime rent of €280/sqm. Linz and Graz are somewhat behind with yields of 3.5% to 3.8% and prime rents of €135/sqm to €150/sqm. Nevertheless, the main geographical focus in the retail market as well as in other classes of use is almost exclusively on Vienna.

The expected average annual rental growth in the 5 most important cities is 1.4%, with growth of 2.0% expected for Vienna and a decline of up to -5.0% for Graz. An increase between 3.0% and 3.5% is expected for Innsbruck, Salzburg and Linz.

Only the Top 5 Cities were covered, as the investment activities of the participants are not significantly present in the Regions.

➔ View the graph for ***Yields ranges and compression*** *on page 40*

Expected 5-year yield development

Top 5 Cities

→ Vienna

↑ Graz

→ Linz

→ Salzburg

→ Innsbruck

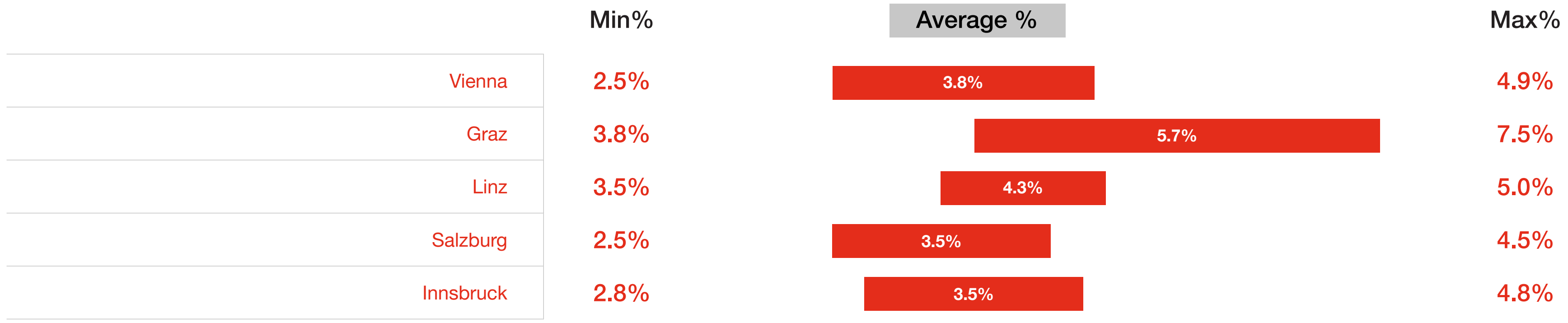
Letting parameters

Top 5 Cities

	Prime rent (in EUR/m^2/month)	Granted rentfree period (Med. in months)		Duration until reletting (Med. in months)		Extension probability		Annual market rent growth rate	
Top 5 Cities	**Med.**	**Med.**	**Dev.**	**Med.**	**Dev.**	**Med.**	**Dev.**	**Med.**	**Dev.**
Vienna	320	3	-	6	-	50%	-	2.0%	-
Graz	150	8	-	18	-	25%	-	-5.0%	-
Linz	135	6	-	8	-	50%	-	3.5%	-
Salzburg	295	3	-	8	-	50%	-	3.5%	-
Innsbruck	280	3	-	6	-	50%	-	3.0%	-

Yields ranges and compression

Top 5 Cities



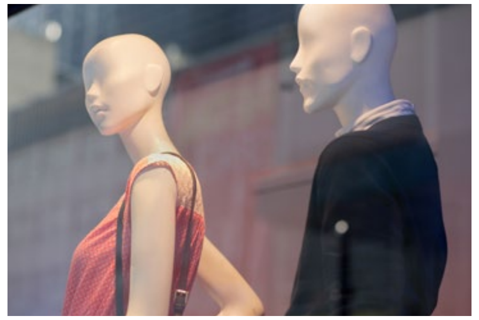
	Min%	Average %	Max%
Vienna	2.5%	3.8%	4.9%
Graz	3.8%	5.7%	7.5%
Linz	3.5%	4.3%	5.0%
Salzburg	2.5%	3.5%	4.5%
Innsbruck	2.8%	3.5%	4.8%

Retail | Non-High Street

Apart from high-street retail, yields in the non-high street retail sector are at a minimum between 4.0% and 5.0%. Out-of-town shopping centers have the lowest yields at 4.0%, while the yields of retail parks and supermarkets range between 4.6% and 4.8%. DIY stores are at 5.0%. Investors expect an average growth in the annual rent for the non-high-street retail sector of 0.9%.

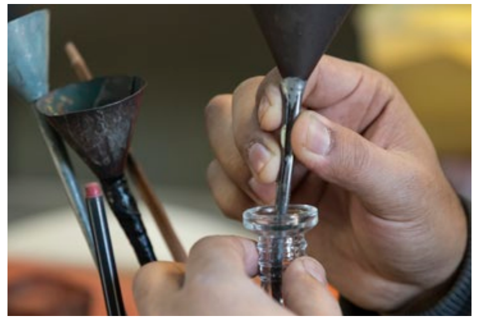
Expected 5-year yield development

↗ Retail Park



→ Out-of-town Shopping Center

↗ Supermarket



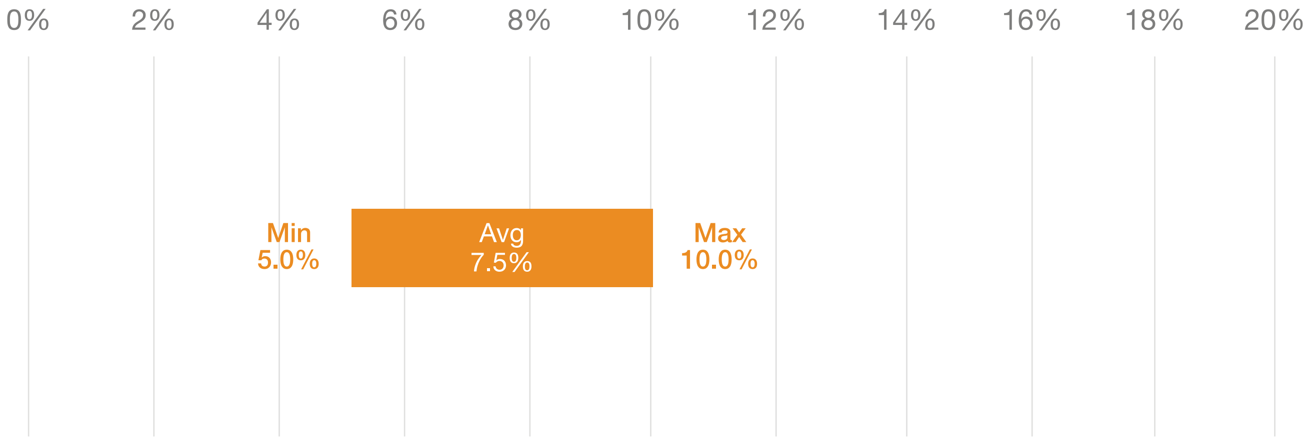
↗ DIY-Store

Yields and letting parameters

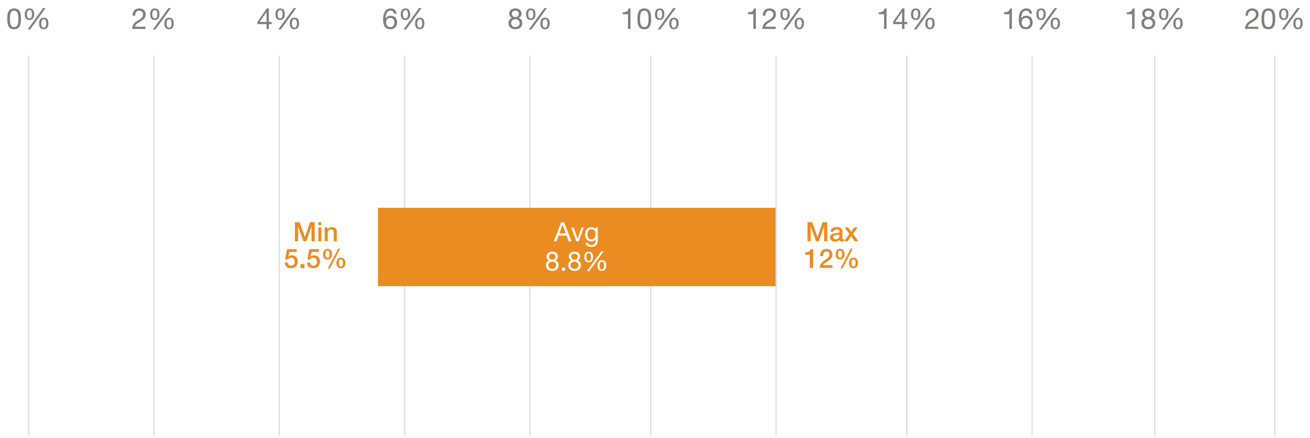
	All-risk-yield			Prime rent (in EUR/m^2/month)	Granted rentfree period (Med. in months)		Duration until reletting (Med. in months)		Extension probability		Annual market rent growth rate	
Top 7 Cities	**Min.**	**Med.**	**Max.**	**Med.**	**Med.**	**Dev.**	**Med.**	**Dev.**	**Med.**	**Dev.**	**Med.**	**Dev.**
Out-of-town Shopping Center	4.0%	5.0%	6.0%	250	3	-	6	-	50%	-	2.0%	-
Retail Park	4.6%	5.4%	6.3%	34	6	-	12	-	25%	-	1.3%	-
Supermarket	4.8%	5.9%	7.0%	18	12	-	12	-	25%	-	0.0%	-
DIY-Store	5.0%	6.5%	8.0%	10	12	-	18	-	25%	-	0.5%	-

NOI leakage

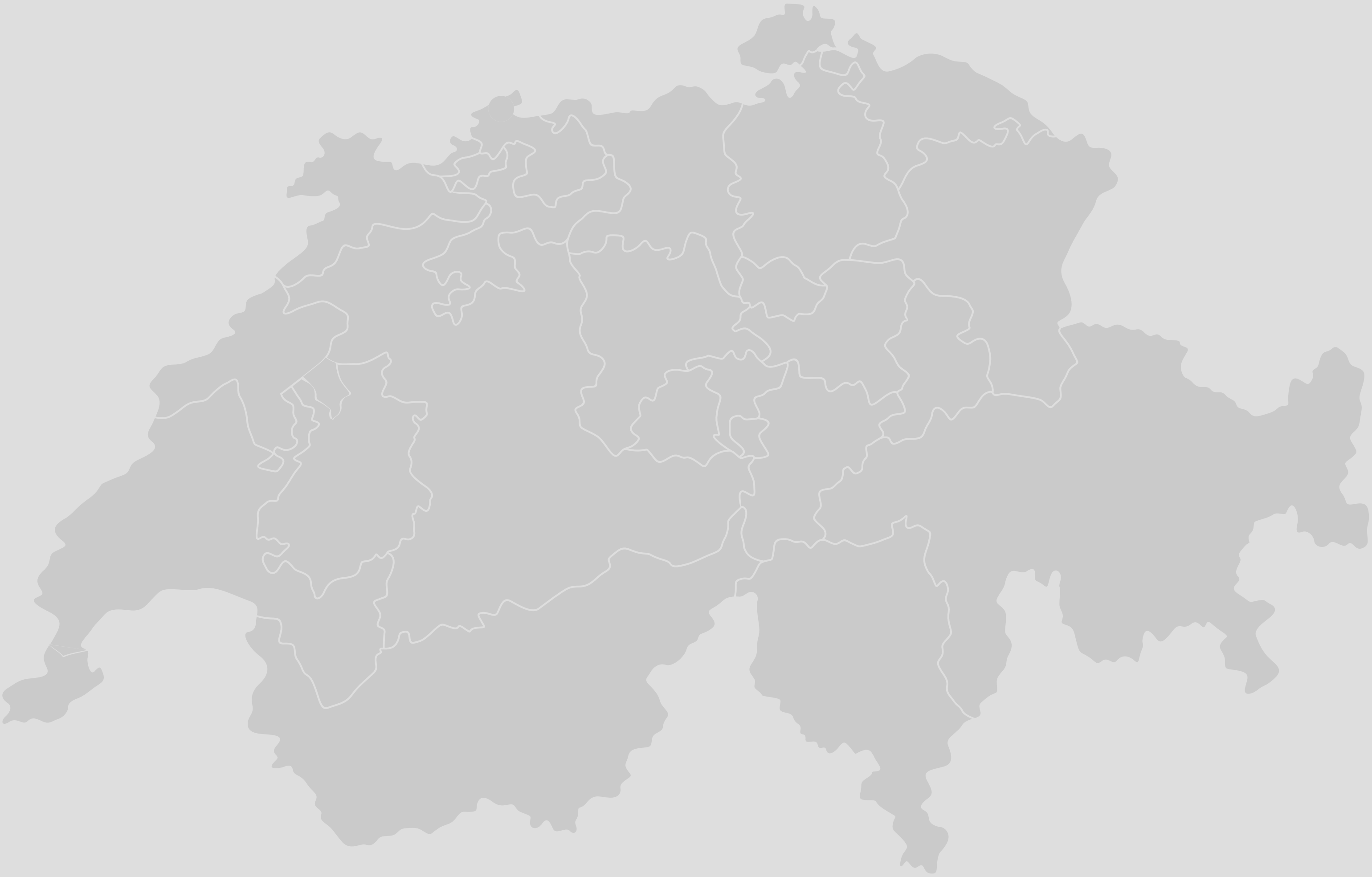
Office



Retail

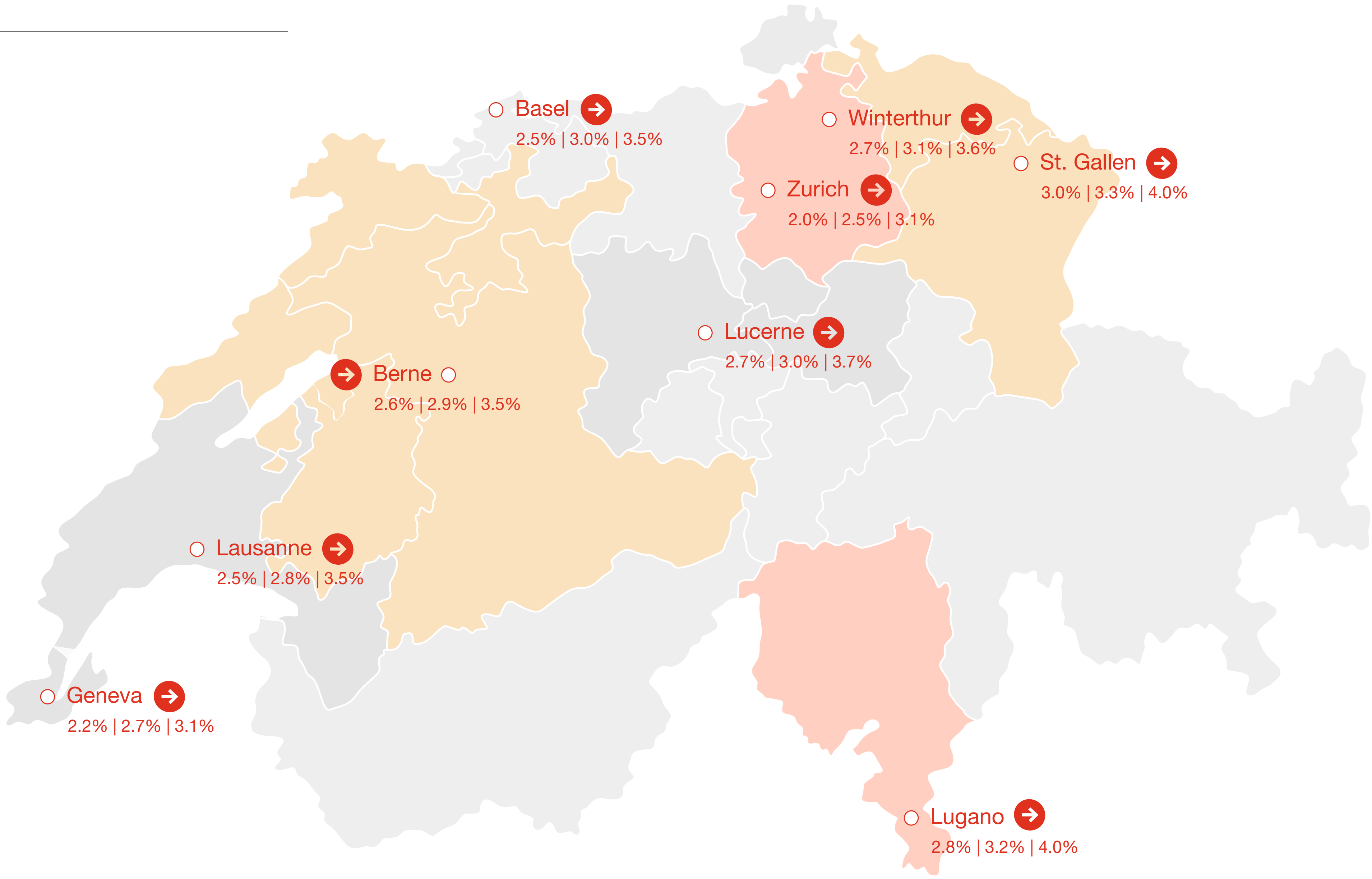


Switzerland



Residential

Yields in Swiss Top 9 Cities



↑ ↗ → ↘ ↓

Minimum yields movement
compared to last six months

Min. % | Average % | Max. %

Top 9 Cities

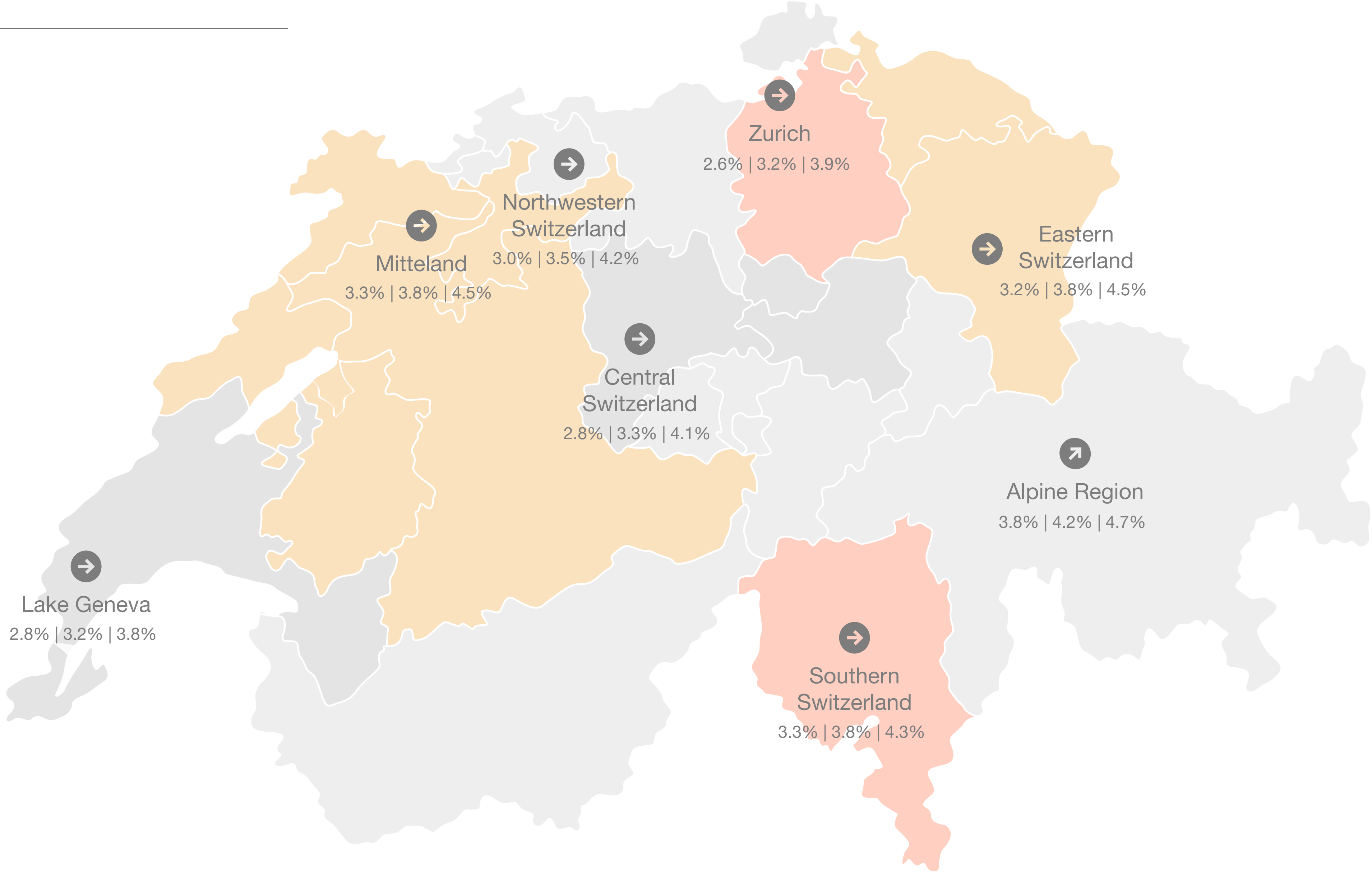
Residential yields for most of the Swiss Top 9 Cities only moved insignificantly over the past six months. At the lower end, core yields in Zurich and Geneva compressed by 10 bps each to their lowest levels ever recorded in this survey at 2.0% and 2.2%, respectively. Similarly, core yields for the remaining Top 9 Cities hovered around their level of the previous two issues within a margin of +/- 10 bps. Basel, Berne and Lausanne maintain a spread of 30 to 50 bps above Zurich and Geneva with yields of 2.5% to 2.6% on core properties. The only city that has not yet broken through the 3%-mark is St. Gallen, where core yields sit at 3.0% for the third issue in a row.

In the value-add segment, some stronger movements can be observed for yields in Winterthur, Lucerne and Lugano, that each increased by 25 bps. However, as these yields had decreased by almost the same extent in summer 2019, they are now back at roughly the same levels reported a year ago.

→ View the graph for *Yields ranges and compression on page 49*

Residential

Yields in Swiss Regions



↑ ↗ → ↘ ↓

Minimum yields movement
compared to last six months

Min. % | Average % | Max. %

Regions

Core and average yields outside the big cities have remained similarly stable as within the urban centers. Central Switzerland, as one exception, experienced a slight compression of 10 bps on its core and average yields. The Alpine Region, where core yields increased by 10 bps for the second time in a row to 3.8%, is the other exception. In the value-add segment we observed some numbers that had decreased last summer reverting to their previous levels reported in March 2019. This is the case for namely Zurich, Northwestern, Central and Southern Switzerland, the Lake Geneva Region and the Mittelland.

→ View the graph for *Yields ranges and compression on page 49*

Expected 5-year yield development

Top 9 Cities

→ Zurich

→ Geneva

→ Basel

→ Berne

→ Lausanne

→ Winterthur

→ Lucerne

↗ St. Gallen

↗ Lugano

↓ <-1% ↘ -1.0% to -0.25% → -0.25% to 0.25% ↗ 0.25% to 1.0% ↑ >1.0%

Compared to six months ago (majority of responses)

Letting parameters

Top 9 Cities

	Granted rentfree period (Med. in months)		Duration until reletting (Med. in months)		Annual market rent growth rate	
	Med.	**Dev.**	**Med.**	**Dev.**	**Med.**	**Dev.**
Zurich	0	→	1	→	0.5%	→
Geneva	0	→	1	→	0.0%	→
Basel	0	→	2	→	0.1%	→
Berne	0	→	2	→	0.0%	→
Lausanne	0	→	2	→	0.1%	→
Winterthur	0	→	2	→	0.0%	→
Lucerne	0	→	2	→	0.0%	→
St.Gallen	0	→	3	↗	0.0%	→
Lugano	0	→	4	→	0.0%	→

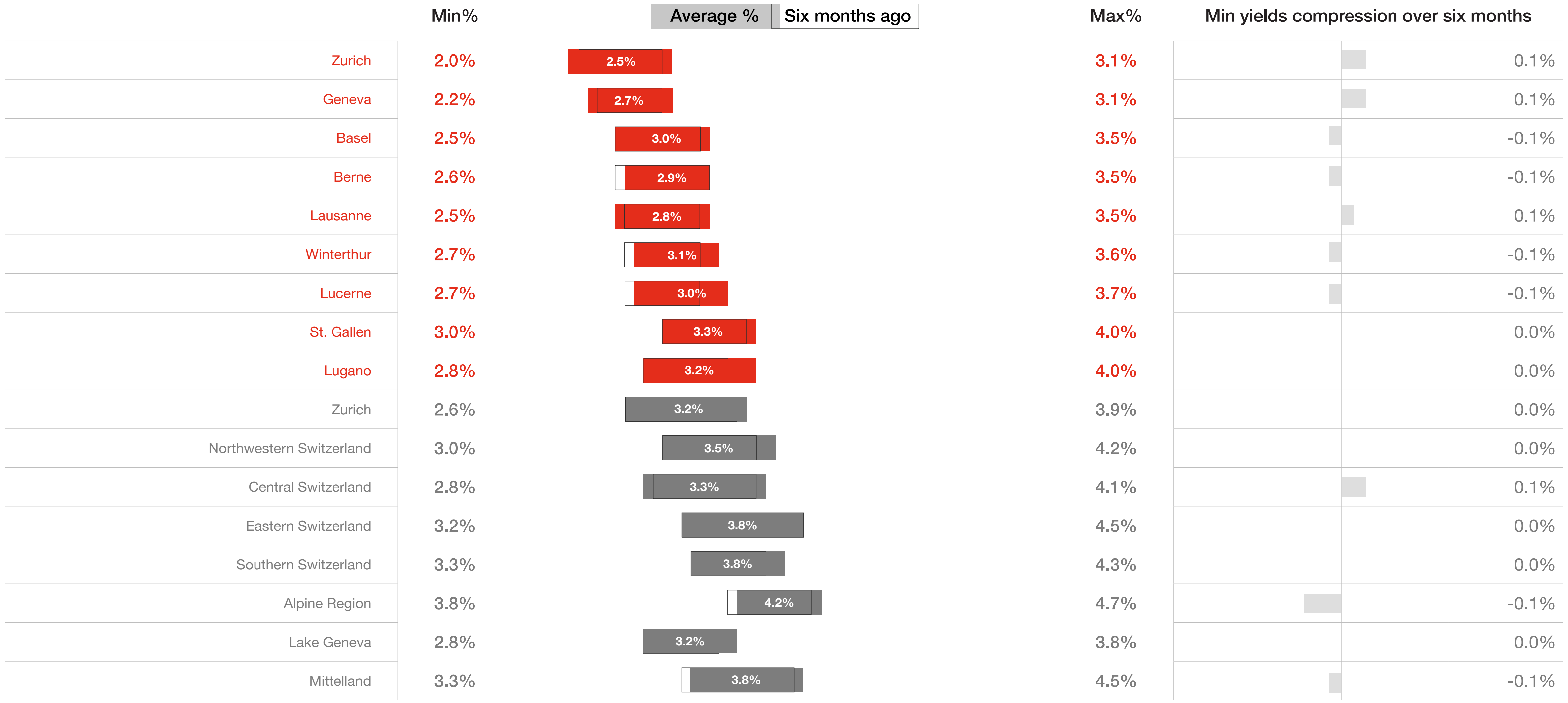
↓ <-1% ↘ -1.0% to -0.25% → -0.25% to 0.25% ↗ 0.25% to 1.0% ↑ >1.0%

Compared to six months ago (majority of responses)

Yields ranges and compression

Top 9 Cities

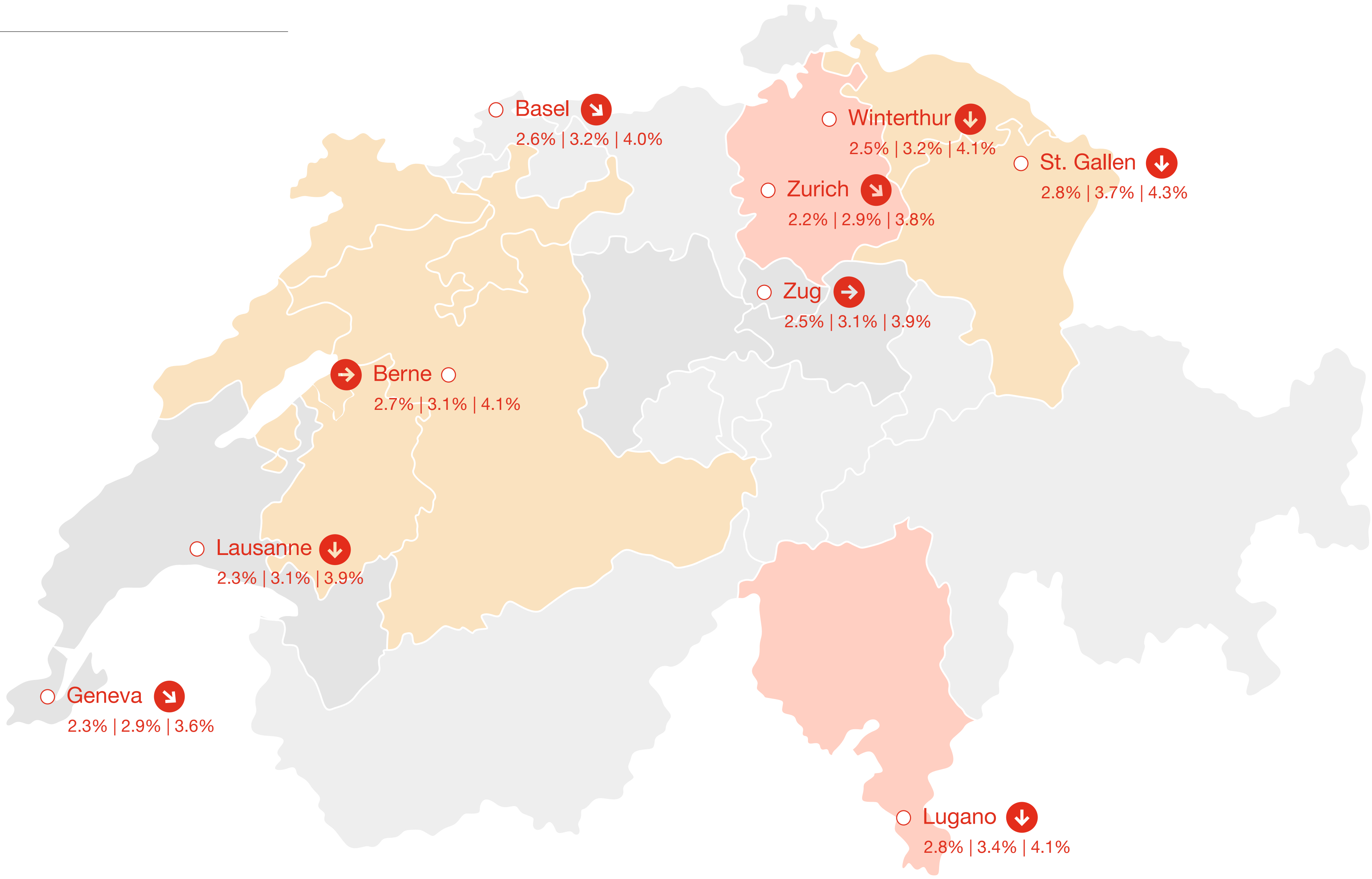
Regions



	Min%	Average %	Max%	Min yields compression over six months
Zurich	2.0%	2.5%	3.1%	0.1%
Geneva	2.2%	2.7%	3.1%	0.1%
Basel	2.5%	3.0%	3.5%	-0.1%
Berne	2.6%	2.9%	3.5%	-0.1%
Lausanne	2.5%	2.8%	3.5%	0.1%
Winterthur	2.7%	3.1%	3.6%	-0.1%
Lucerne	2.7%	3.0%	3.7%	-0.1%
St. Gallen	3.0%	3.3%	4.0%	0.0%
Lugano	2.8%	3.2%	4.0%	0.0%
Zurich	2.6%	3.2%	3.9%	0.0%
Northwestern Switzerland	3.0%	3.5%	4.2%	0.0%
Central Switzerland	2.8%	3.3%	4.1%	0.1%
Eastern Switzerland	3.2%	3.8%	4.5%	0.0%
Southern Switzerland	3.3%	3.8%	4.3%	0.0%
Alpine Region	3.8%	4.2%	4.7%	-0.1%
Lake Geneva	2.8%	3.2%	3.8%	0.0%
Mittelland	3.3%	3.8%	4.5%	-0.1%

Office

Yields in Swiss Top 9 Cities



↑ ↗ → ↘ ↓

Minimum yields movement
compared to last six months

Min. % | Average % | Max. %

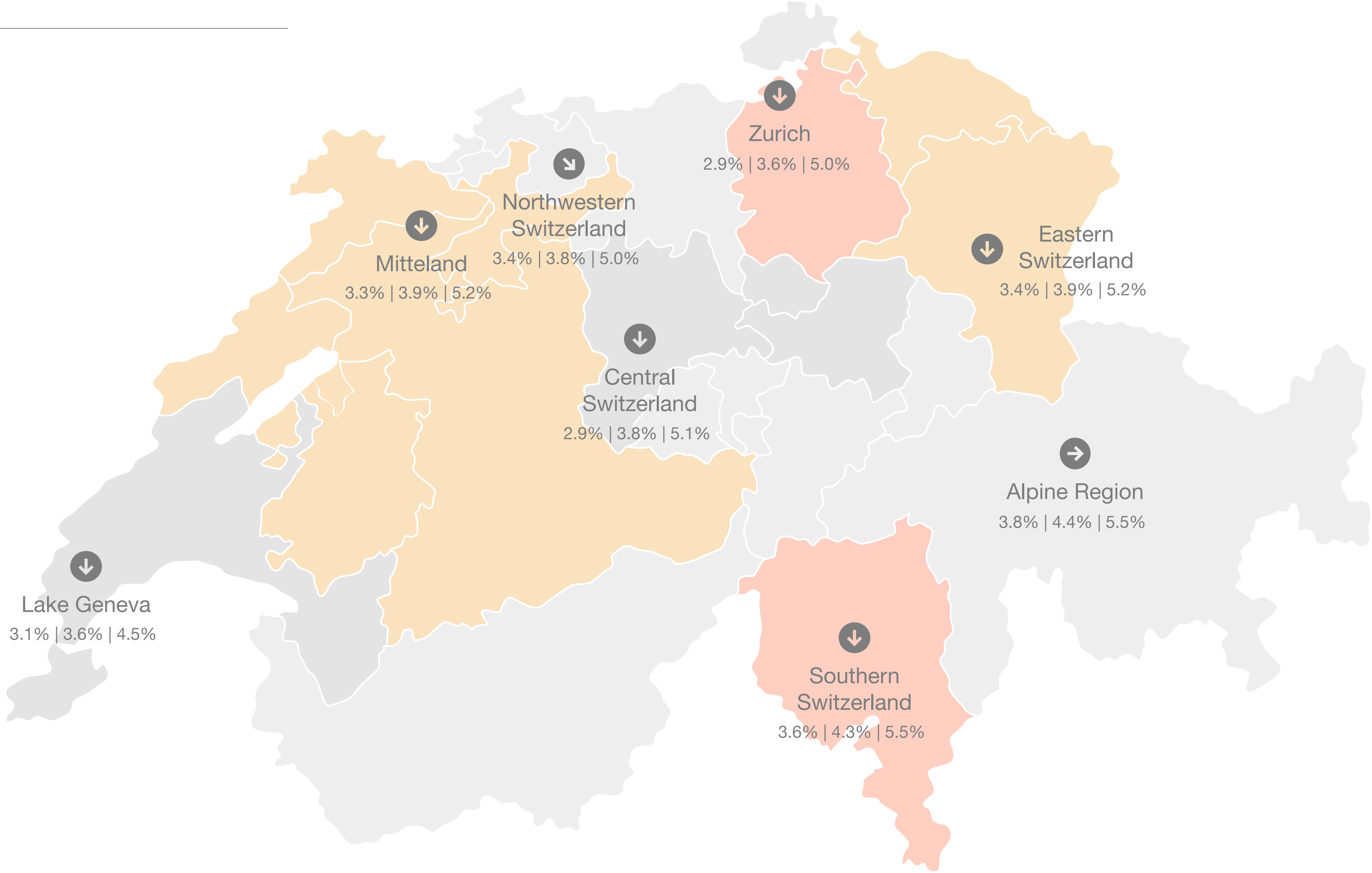
Top 9 Cities

Swiss office yields showed the most significant compression across the three property categories. In Zurich, Geneva and Basel core property yields decreased by 20 basis points each over the past six months, bringing them to new lows of 2.2%, 2.3% and 2.6%, respectively. Even more pronounced was the decrease in core yields in Lausanne, Winterthur, St. Gallen and Lugano where the compression was between 30 and 43 bps. As a consequence, core properties in Lausanne are priced at the same yields as the ones in Geneva for the first time (2.3%) and Winterthur moves below Basel at 2.5%. Investors still report the highest core office property yields among Top 9 Cities for Lugano and St. Gallen but see them fall below 3% for the first time at 2.8% each. No notable compression was observed in Berne and Zug.

→ View the graph for *Yields ranges and compression on page 54*

Office

Yields in Swiss Regions



↑ ↗ → ↘ ↓

Minimum yields movement compared to last six months

Min. % | Average % | Max. %

Regions

Outside the urban centers, office yields decreased even more sharply than in the Top 9 Cities. In the Canton of Zurich, core office properties are priced below 3% for the first time. The same is true for Central Switzerland, which, for the office market, includes the city of Lucerne (since Zug is defined as the region's "Top 9" office market). Core yields in Eastern and Southern Switzerland, the Lake Geneva Region and the Mittelland also compressed significantly over the past six months, moving closer to the 3% mark.

→ View the graph for *Yields ranges and compression on page 54*

Expected 5-year yield development

Top 9 Cities

→ **Zurich**

→ **Geneva**

→ **Basel**

→ **Berne**

→ **Lausanne**

→ **Winterthur**

→ **Zug**

↗ **St. Gallen**

↗ **Lugano**

↓ <-1%
↘ -1.0% to -0.25%
→ -0.25% to 0.25%
↗ 0.25% to 1.0%
↑ >1.0%

Compared to six months ago (majority of responses)

Letting parameters

Top 9 Cities

	Prime rent (CHF/m² p.a.)	Granted rentfree period (Med. in months)		Duration until reletting (Med. in months)		Extension probability		Annual market rent growth rate	
	Med.	**Med.**	**Dev.**	**Med.**	**Dev.**	**Med.**	**Dev.**	**Med.**	**Dev.**
Zurich	800	3	→	5	↘	70%	→	0.3%	→
Geneva	650	4	→	6	→	60%	→	-0.5%	→
Basel	368	3	→	7	→	70%	→	0.0%	→
Berne	363	4	→	7	→	70%	→	0.0%	→
Lausanne	400	4	→	8	↗	70%	→	0.0%	→
Winterthur	345	4	→	8	↗	70%	→	0.0%	→
Zug	403	4	→	6	→	70%	→	0.0%	→
St.Gallen	310	6	→	9	→	50%	↓	-0.5%	→
Lugano	310	6	↗	11	↗	50%	↓	-0.5%	→

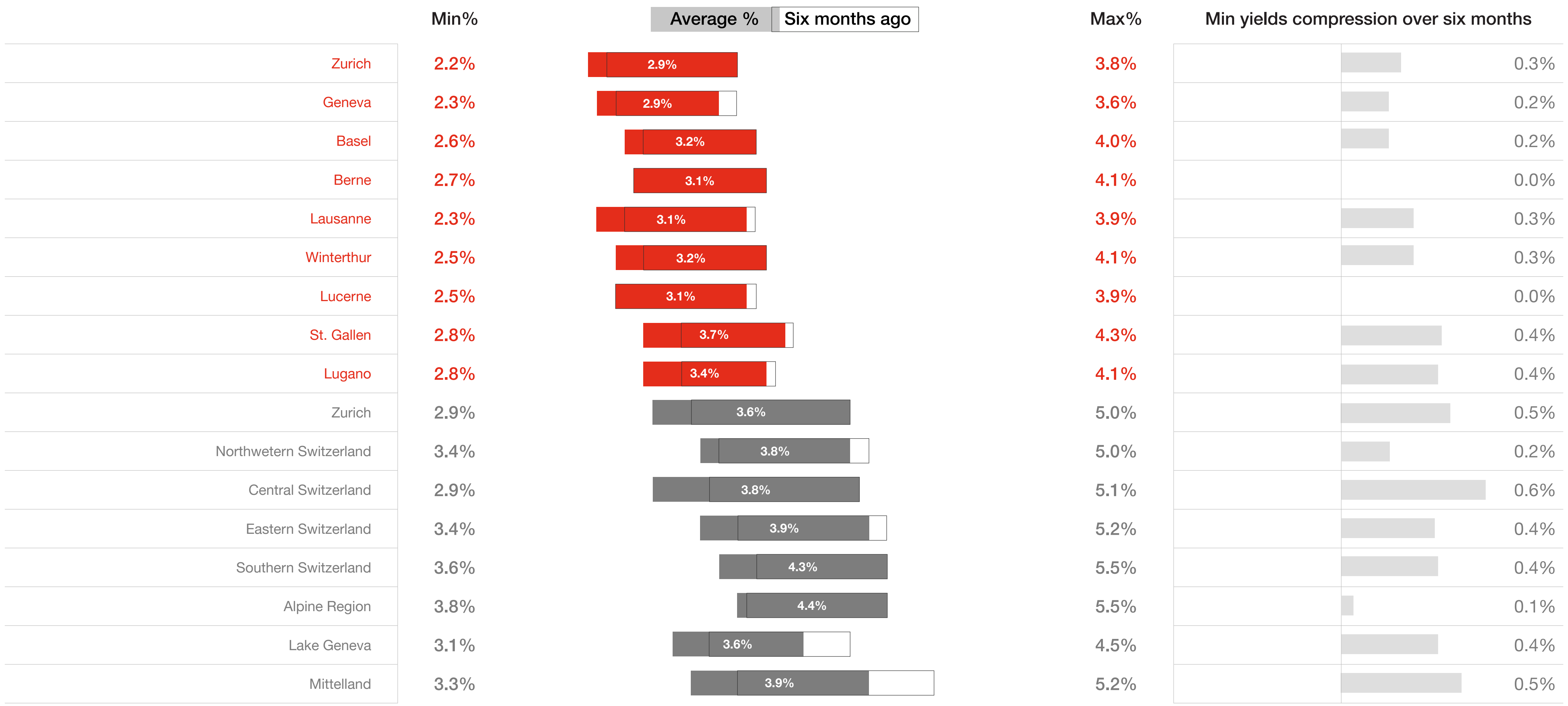
↓ <-1% ↘ -1.0% to -0.25% → -0.25% to 0.25% ↗ 0.25% to 1.0% ↑ >1.0%

Compared to six months ago (majority of responses)

Yields ranges and compression

Top 9 Cities

Regions

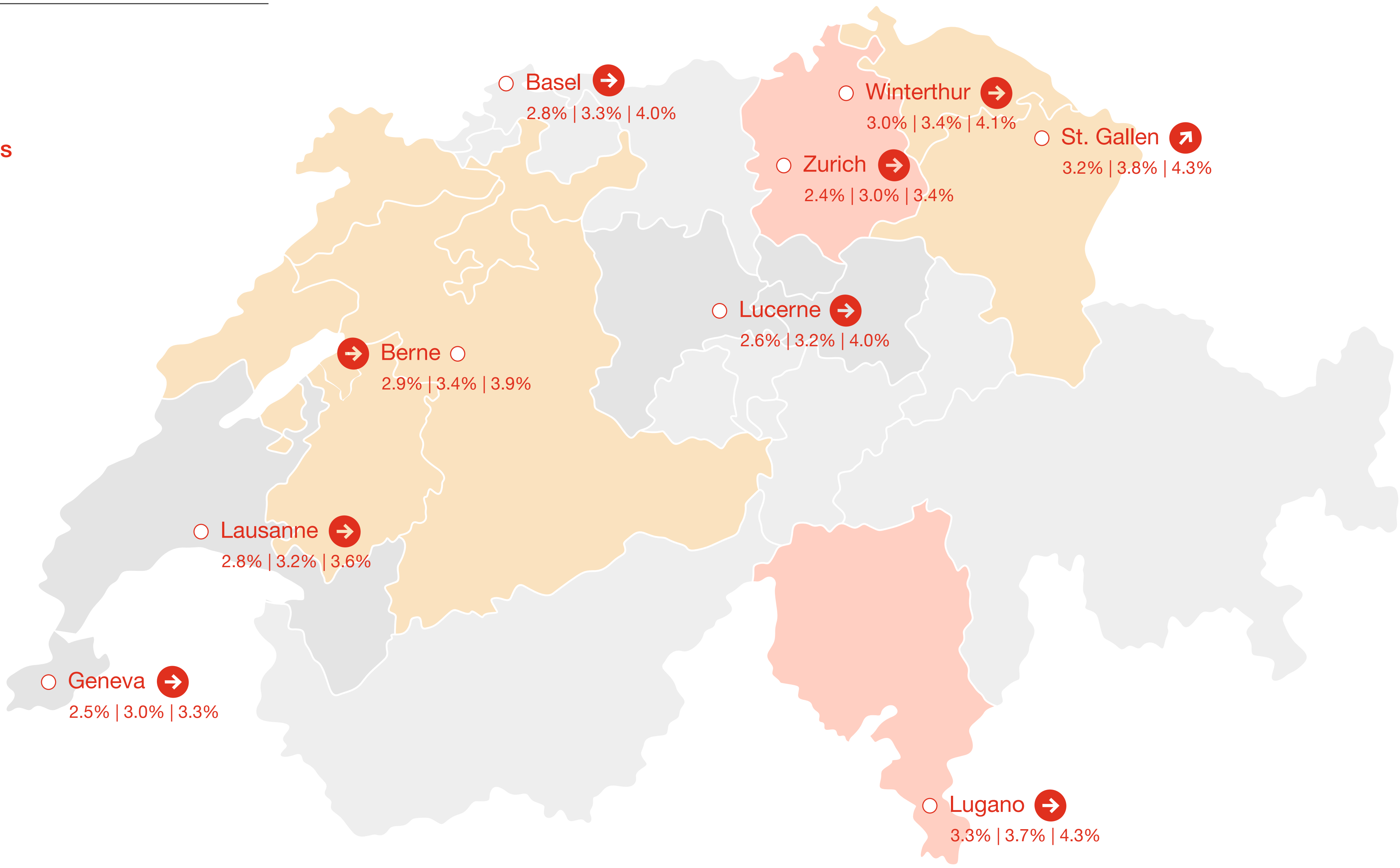


	Min%	Average %	Max%	Min yields compression over six months
Zurich	2.2%	2.9%	3.8%	0.3%
Geneva	2.3%	2.9%	3.6%	0.2%
Basel	2.6%	3.2%	4.0%	0.2%
Berne	2.7%	3.1%	4.1%	0.0%
Lausanne	2.3%	3.1%	3.9%	0.3%
Winterthur	2.5%	3.2%	4.1%	0.3%
Lucerne	2.5%	3.1%	3.9%	0.0%
St. Gallen	2.8%	3.7%	4.3%	0.4%
Lugano	2.8%	3.4%	4.1%	0.4%
Zurich	2.9%	3.6%	5.0%	0.5%
Northwetern Switzerland	3.4%	3.8%	5.0%	0.2%
Central Switzerland	2.9%	3.8%	5.1%	0.6%
Eastern Switzerland	3.4%	3.9%	5.2%	0.4%
Southern Switzerland	3.6%	4.3%	5.5%	0.4%
Alpine Region	3.8%	4.4%	5.5%	0.1%
Lake Geneva	3.1%	3.6%	4.5%	0.4%
Mittelland	3.3%	3.9%	5.2%	0.5%

Retail | High Street

Yields in Swiss Top 9 Cities

Top 9 Cities



↑ ↗ → ↘ ↓

Minimum yields movement
compared to last six months

Min. % | Average % | Max. %

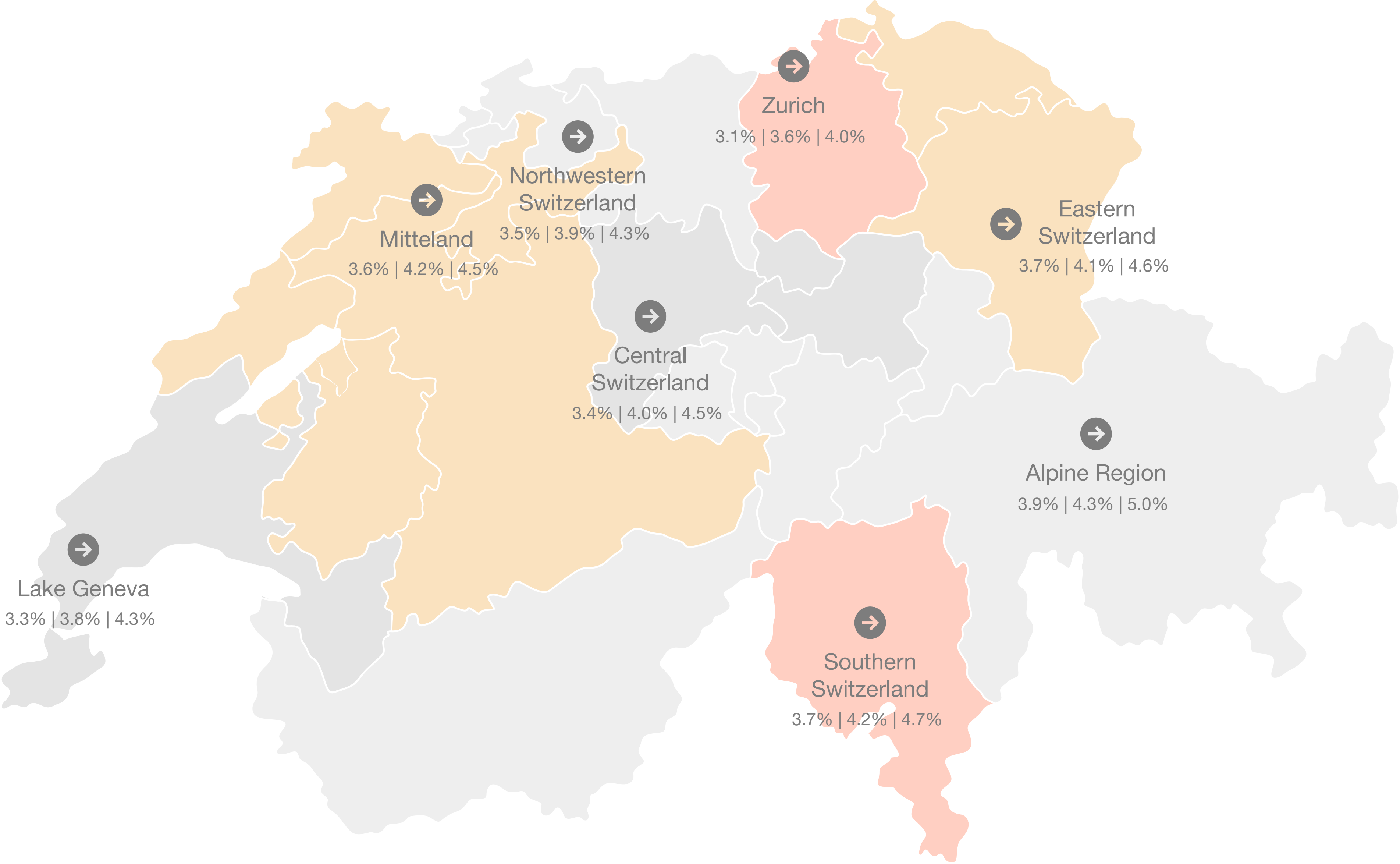
Top 9 Cities

High-street retail yields in Switzerland remained relatively flat over the past six months. The lowest yields are recorded in Zurich and Geneva at 2.4% and 2.5%, respectively. In both these cities, yield compression could be observed on average and secondary segments of the high-street. When investing on the prime shopping miles of Switzerland's two largest cities, investors expect yields not to exceed 3.4%. The only city that saw retail yields go up slightly over the past six months is St. Gallen, where yields on prime high-street properties now stand at 3.2% (+10 bps).

→ View the graph for *Yields ranges and compression on page 59*

Retail | High Street

Yields in Swiss Regions



↑ ↗ → ↘ ↓

Minimum yields movement
compared to last six months

Min. % | Average % | Max. %

Regions

Outside the large centers, high-street retail yields remained similarly stable. The lowest core yields are still recorded in Zurich (3.1%), followed by the Lake Geneva Region (3.3%) and Central Switzerland (3.4%). The only slight compression could be observed in Southern Switzerland, where core yields fell to 3.7% (-20 bps) over the past six months.

→ View the graph for *Yields ranges and compression on page 59*

Expected 5-year yield development

Top 9 Cities

→ Zurich

↗ Geneva

→ Basel

→ Berne

↗ Lausanne

→ Winterthur

→ Lucerne

↗ St. Gallen

↗ Lugano

↓ <-1% ↘ -1.0% to -0.25% → -0.25% to 0.25% ↗ 0.25% to 1.0% ↑ >1.0%

Compared to six months ago (majority of responses)

Letting parameters

Top 9 Cities

	Granted rentfree period (Med. in months)		Duration until reletting (Med. in months)		Extension probability		Annual market rent growth rate	
	Med.	**Dev.**	**Med.**	**Dev.**	**Med.**	**Dev.**	**Med.**	**Dev.**
Zurich	4	↗	7	↘	70%	↑	-1.0%	→
Geneva	5	↗	6	↘	50%	→	-1.0%	→
Basel	4	→	8	↘	65%	↑	-1.3%	→
Berne	4	↗	8	↘	65%	→	-1.3%	→
Lausanne	4	↗	6	↘	60%	→	-1.0%	→
Winterthur	4	→	8	↘	65%	→	-1.5%	→
Lucerne	4	↗	7	↘	65%	→	-0.5%	→
St.Gallen	6	→	9	↘	65%	↑	-2.5%	→
Lugano	6	→	8	↗	60%	↗	-1.5%	→

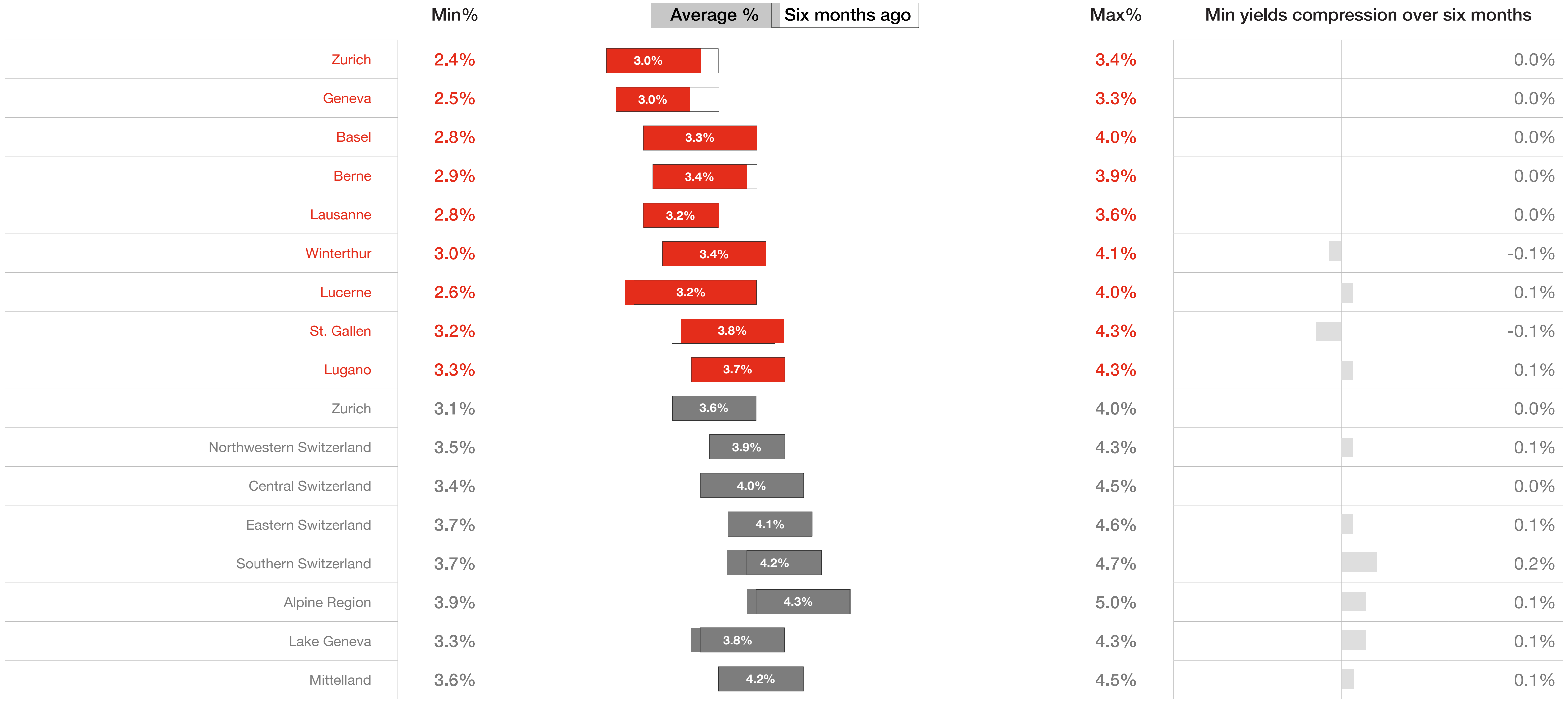
↓ <-1%   ↘ -1.0% to -0.25%   → -0.25% to 0.25%   ↗ 0.25% to 1.0%   ↑ >1.0%

Compared to six months ago (majority of responses)

Yields ranges and compression

Top 9 Cities

Regions



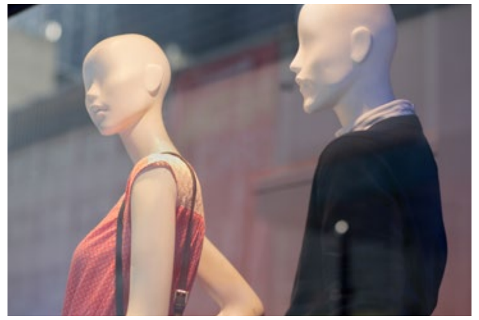
	Min%	Average %	Max%	Min yields compression over six months
Zurich	2.4%	3.0%	3.4%	0.0%
Geneva	2.5%	3.0%	3.3%	0.0%
Basel	2.8%	3.3%	4.0%	0.0%
Berne	2.9%	3.4%	3.9%	0.0%
Lausanne	2.8%	3.2%	3.6%	0.0%
Winterthur	3.0%	3.4%	4.1%	-0.1%
Lucerne	2.6%	3.2%	4.0%	0.1%
St. Gallen	3.2%	3.8%	4.3%	-0.1%
Lugano	3.3%	3.7%	4.3%	0.1%
Zurich	3.1%	3.6%	4.0%	0.0%
Northwestern Switzerland	3.5%	3.9%	4.3%	0.1%
Central Switzerland	3.4%	4.0%	4.5%	0.0%
Eastern Switzerland	3.7%	4.1%	4.6%	0.1%
Southern Switzerland	3.7%	4.2%	4.7%	0.2%
Alpine Region	3.9%	4.3%	5.0%	0.1%
Lake Geneva	3.3%	3.8%	4.3%	0.1%
Mittelland	3.6%	4.2%	4.5%	0.1%

Retail | Non-High Street

After seeing some volatility in the past two issues of this survey, yields for Shopping Centers, Retail Parks and DIY Stores remained virtually unchanged over the past six months. In contrast, supermarket yields show high volatility over the past six and twelve months. In core locations, investors saw a steady compression over the past year and most recently reported yields 30 bps below their September 2019 levels. In non-core locations, however, investors report a yield increase in this issue of the survey after having posted a strong compression in the previous one.

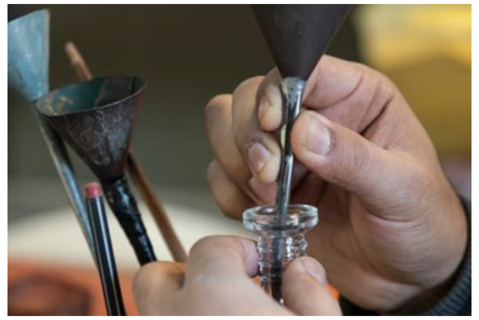
Expected 5-year yield development

↗ Retail Park



↗ Out-of-town Shopping Center

↗ Supermarket



↗ DIY-Store

Letting parameters

	Granted rentfree period (Med. in months)		Duration until reletting (Med. in months)		Extension probability		Annual market rent growth rate	
Top 7 Cities	**Med.**	**Dev.**	**Med.**	**Dev.**	**Med.**	**Dev.**	**Med.**	**Dev.**
Out-of-town Shopping Center	6	→	9	→	50%	→	-1.0%	→
Retail Park	8	↗	9	→	55%	→	-1.5%	→
Supermarket	6	↗	8	↘	60%	↓	-0.5%	→
DIY-Store	6	→	8	↘	50%	↓	-0.5%	→

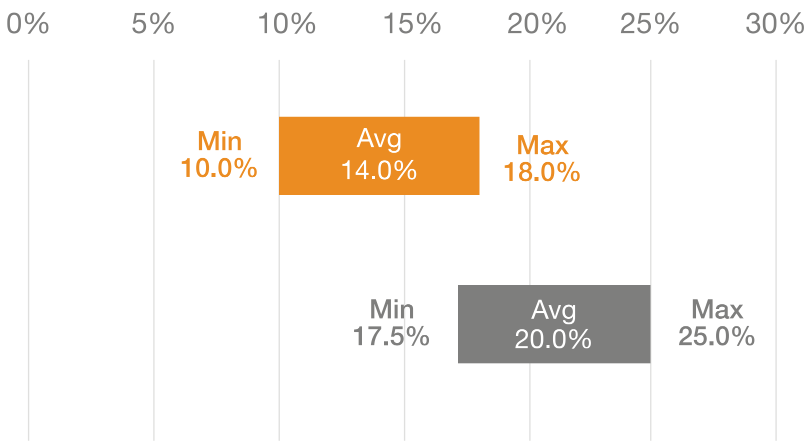
↓ <-1% ↘ -1.0% to -0.25% → -0.25% to 0.25% ↗ 0.25% to 1.0% ↑ >1.0%

Compared to six months ago (majority of responses)

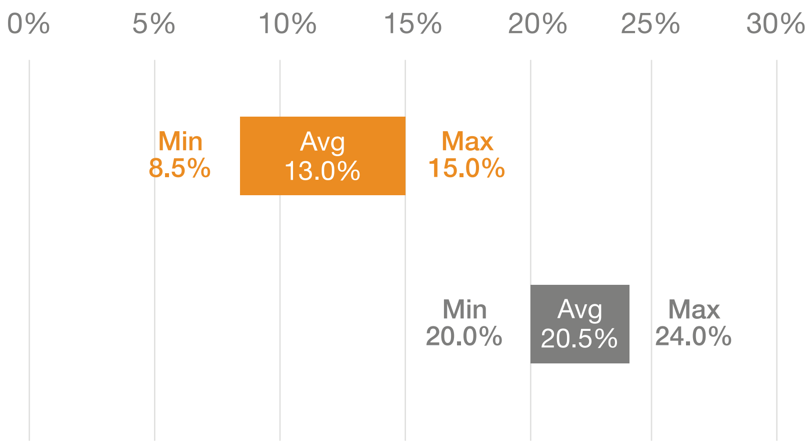
NOI Analysis

NOI leakage for core assets

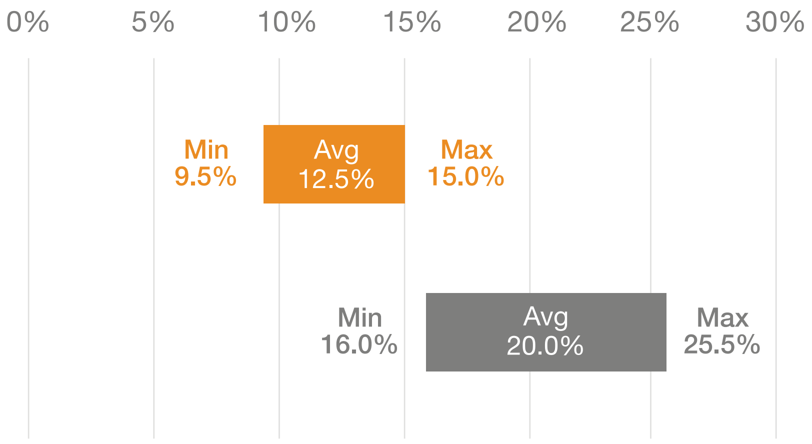
Residential



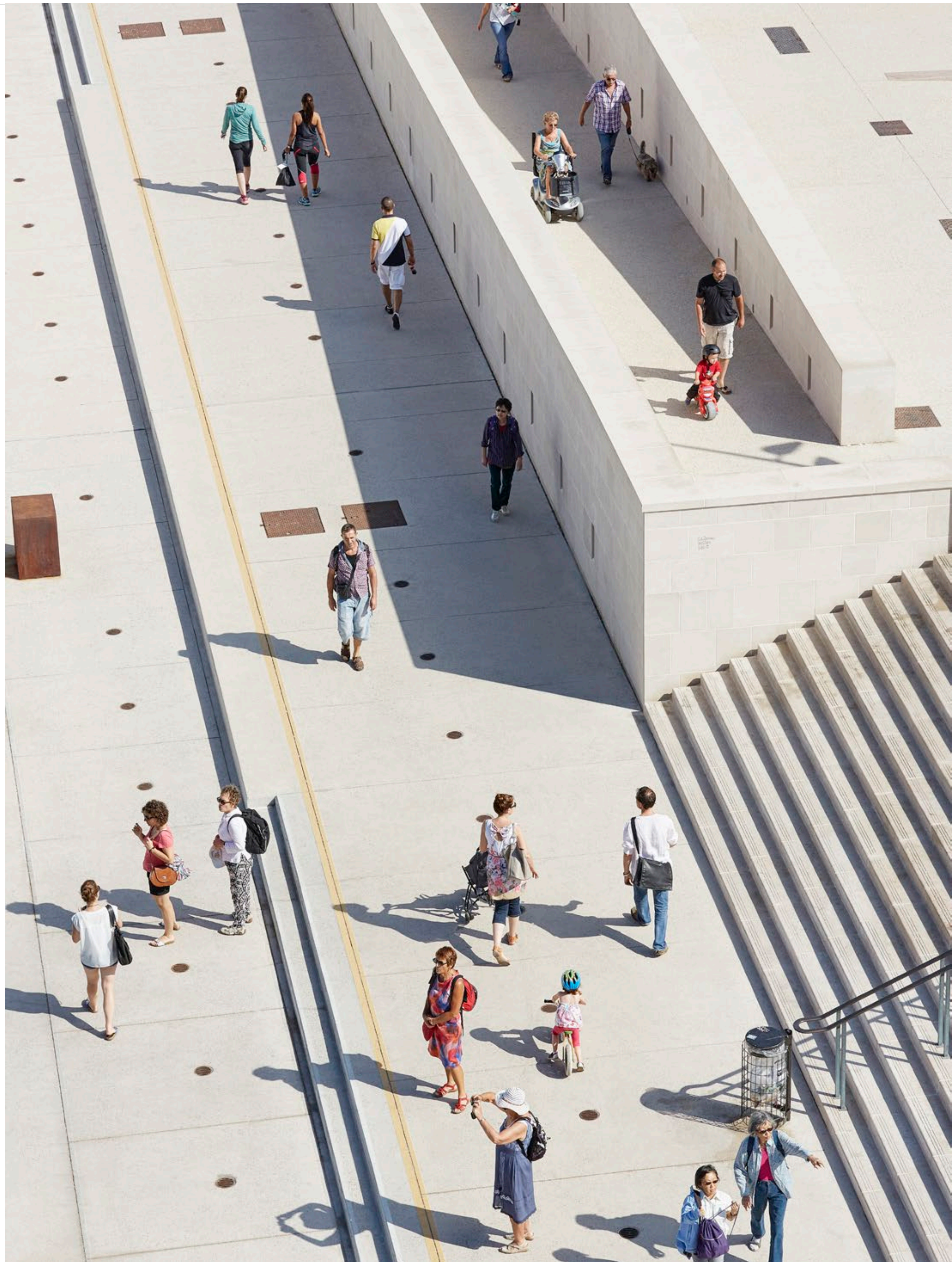
Retail



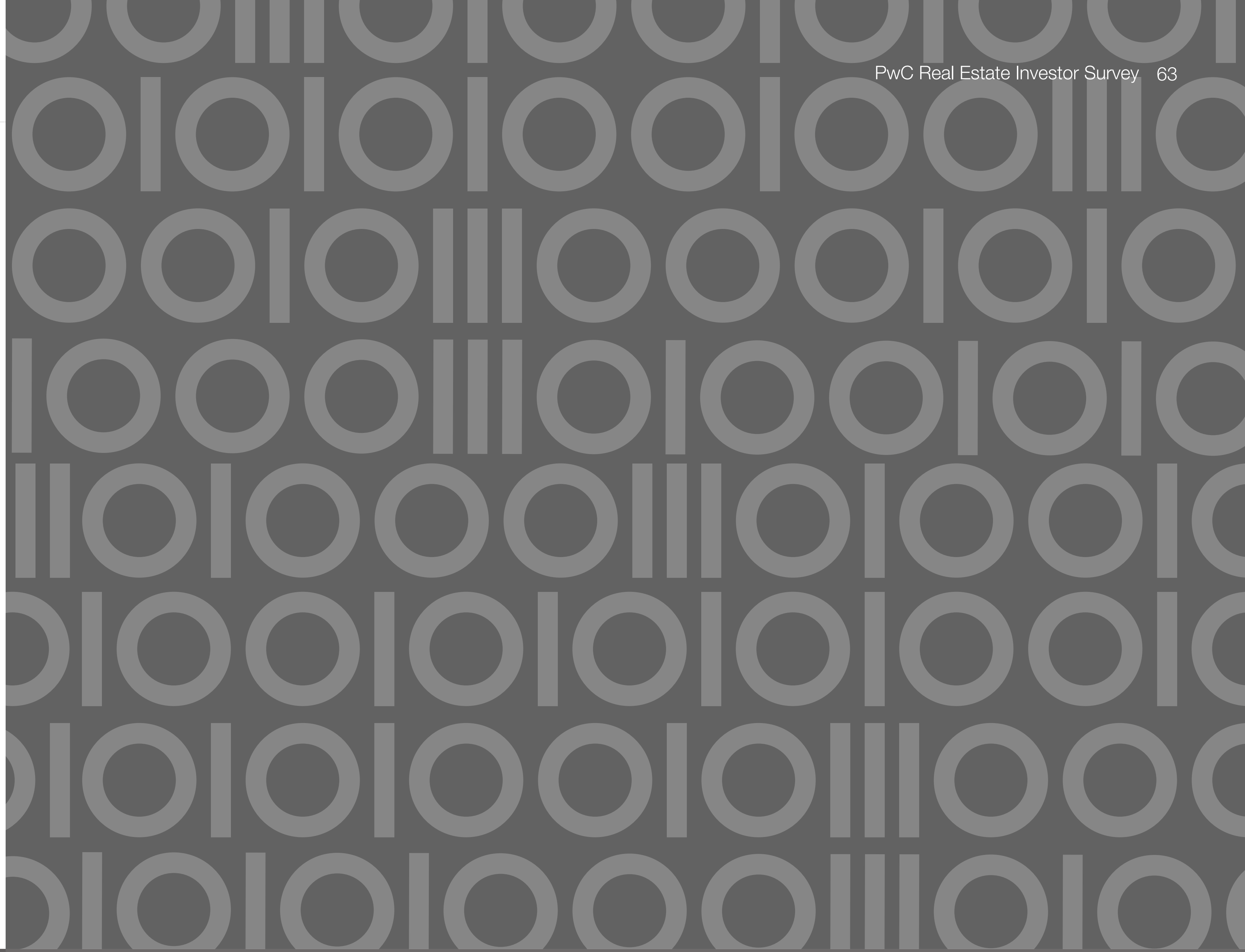
Office



🟧 Excluding Capex ⬛ Including Capex

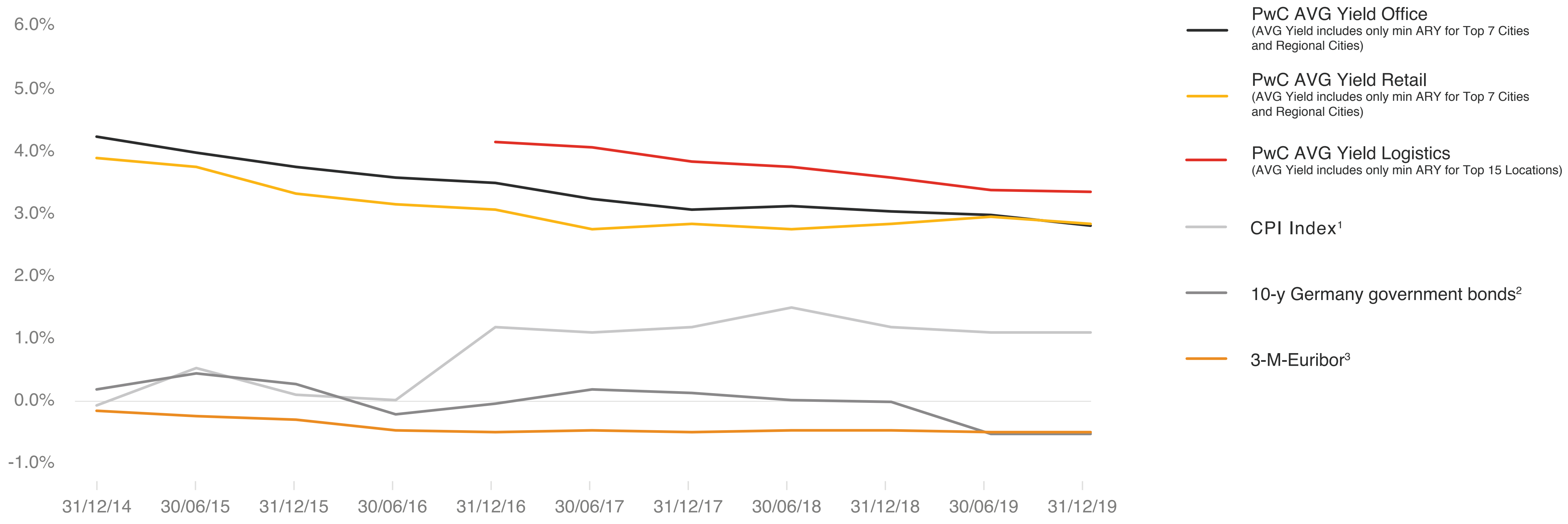


Overview of the results

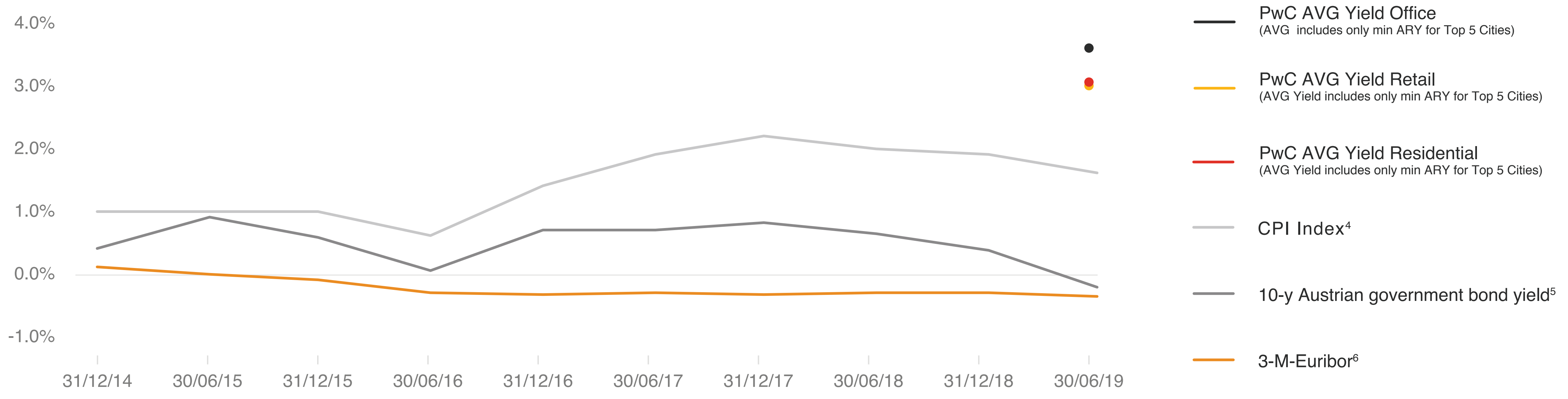


Yields comparison

Germany



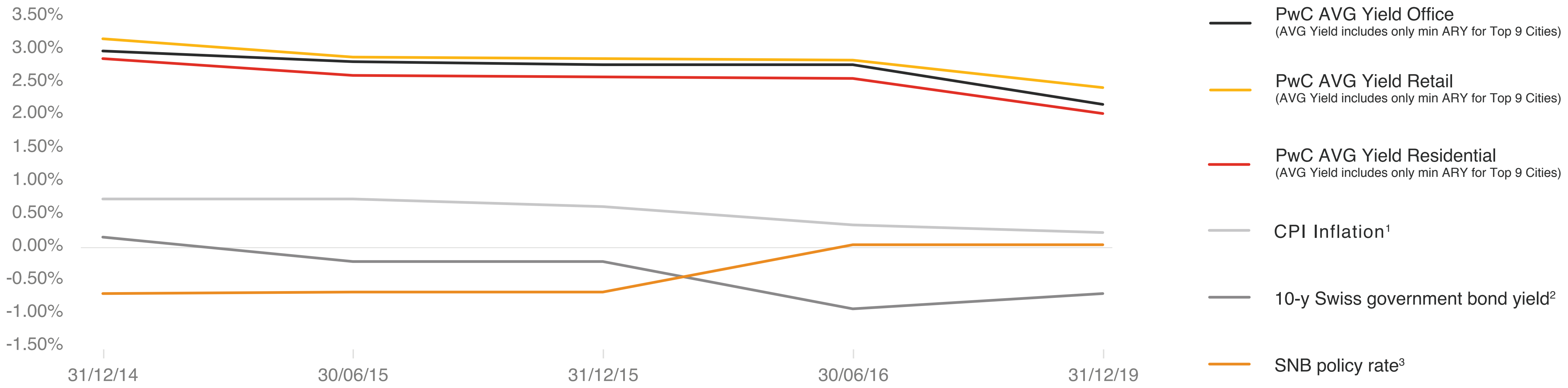
Austria



1. Statistisches Bundesamt
2. Bloomberg
3. ECB: Historical close, average of observations through period
4. Statistics Austria
5. Bloomberg
6. ECB: Historical close, average of observations through period

Yields comparison

Switzerland



1. Bundesamt für Statistik
2. Swiss National Bank
3. Swiss National Bank *in June 2019 the SNB policy rate replaced the 3-M Libor

Result overview for Germany

Office

		Current				6 Months ago			12 Months ago		
		Min.	Avg.	Max.	Exp. Growth*	Min.	Avg.	Max.	Min.	Avg.	Max.
Top 7 Cities	Berlin	2.7%	3.6%	4.8%	3.2%	2.7%	3.7%	4.9%	2.8%	3.6%	5.1%
	Dusseldorf	3.1%	4.2%	5.1%	1.7%	3.2%	4.1%	5.2%	3.4%	4.1%	5.6%
	Frankfurt a. M.	2.9%	3.9%	4.9%	2.0%	3.0%	4.1%	5.2%	3.1%	4.2%	5.5%
	Hamburg	2.9%	3.9%	4.9%	1.7%	3.1%	3.8%	5.1%	3.1%	4.0%	5.4%
	Cologne	3.2%	4.4%	5.3%	1.6%	3.5%	4.4%	5.7%	3.6%	4.7%	5.9%
	Munich	2.7%	3.6%	4.6%	2.2%	2.8%	3.6%	4.7%	2.9%	3.6%	4.7%
	Stuttgart	3.1%	4.1%	4.9%	1.8%	3.3%	4.1%	5.2%	3.3%	4.3%	5.5%
Regional Cities	Bonn	3.9%	4.8%	5.8%	1.7%	4.2%	4.9%	6.1%	4.2%	5.1%	6.5%
	Bremen	4.4%	5.4%	6.3%	1.4%	4.6%	5.5%	6.6%	4.6%	5.6%	6.9%
	Dortmund	4.5%	5.4%	6.5%	0.9%	4.9%	5.6%	6.7%	4.9%	5.8%	7.1%
	Dresden	4.4%	5.3%	6.4%	1.3%	4.6%	5.5%	6.6%	4.7%	5.8%	7.0%
	Duisburg	5.0%	5.9%	7.2%	0.7%	5.2%	5.7%	7.2%	5.2%	6.1%	7.6%
	Erfurt	4.9%	6.0%	6.9%	1.2%	5.0%	5.8%	6.9%	5.0%	5.9%	7.2%
	Essen	4.6%	5.5%	6.6%	0.8%	4.8%	5.7%	6.8%	4.8%	5.8%	7.0%
	Karlsruhe	4.3%	5.3%	6.4%	1.5%	4.5%	5.3%	6.5%	4.5%	5.3%	6.5%
	Hannover	4.0%	5.1%	6.1%	1.6%	4.2%	5.2%	6.3%	4.3%	5.4%	6.7%
	Leipzig	4.1%	5.2%	6.2%	1.7%	4.4%	5.3%	6.5%	4.5%	5.6%	6.9%
	Magdeburg	5.4%	6.7%	8.0%	0.7%	5.7%	6.6%	8.2%	5.7%	6.5%	7.8%
	Mainz-Wiesbaden	4.0%	5.2%	6.5%	1.6%	4.2%	5.2%	6.4%	4.4%	5.2%	6.7%
	Nuremberg	3.9%	4.9%	5.9%	1.7%	4.1%	5.0%	6.1%	4.3%	5.2%	6.5%
	Rhine Neckar MA/HD/LU	4.2%	5.3%	6.4%	1.5%	4.5%	5.3%	6.4%	4.5%	5.4%	6.7%
Regions	Lower Saxony & Schleswig-Holstein	5.1%	6.2%	7.2%	1.1%	5.3%	6.0%	7.2%	5.4%	6.1%	7.1%
	M-WP. & Sax.-A & Brandenburg	5.1%	5.9%	8.3%	0.9%	5.6%	6.5%	8.0%	5.6%	6.7%	7.9%
	North of Hesse & Thu. & Sax	5.3%	6.3%	8.0%	0.9%	5.6%	6.4%	8.1%	5.5%	6.5%	7.9%
	North Rhine-Westphalia	4.6%	5.6%	7.4%	0.8%	4.8%	5.7%	7.4%	4.8%	5.9%	7.7%
	Rhineland-P & Saarland	5.5%	6.4%	7.6%	1.0%	5.6%	6.4%	7.6%	5.5%	6.1%	7.6%
	South of Hesse & BaWue	4.3%	5.4%	6.6%	1.5%	4.6%	5.6%	6.8%	4.6%	5.5%	6.6%
	Bavaria	4.4%	5.5%	6.6%	1.3%	4.5%	5.7%	6.7%	4.7%	5.4%	6.6%

*Annual market rent growth rate

Result overview for Germany

Retail | High street retail

		Current				6 Months ago			12 Months ago		
		Min.	Avg.	Max.	Exp. Growth*	Min.	Avg.	Max.	Min.	Avg.	Max.
Top 7 Cities	Berlin	3.0%	3.7%	4.5%	0.5%	3.1%	3.7%	4.7%	3.1%	3.9%	4.8%
	Dusseldorf	3.2%	3.9%	4.8%	0.4%	3.3%	3.9%	5.0%	3.3%	4.1%	5.0%
	Frankfurt a. M.	3.1%	3.8%	4.7%	0.5%	3.2%	3.7%	4.9%	3.2%	3.9%	4.9%
	Hamburg	3.1%	3.7%	4.6%	0.2%	3.2%	3.8%	4.8%	3.2%	3.9%	4.9%
	Cologne	3.3%	3.9%	4.9%	0.2%	3.4%	3.9%	4.9%	3.4%	4.1%	5.2%
	Munich	2.7%	3.4%	4.3%	0.6%	2.8%	3.5%	4.5%	2.8%	3.5%	4.6%
	Stuttgart	3.2%	3.9%	4.6%	0.0%	3.4%	3.9%	4.8%	3.3%	3.9%	4.9%
Regional Cities	Bonn	3.9%	4.6%	5.3%	0.4%	4.1%	4.7%	5.6%	3.9%	4.7%	5.3%
	Bremen	4.3%	5.1%	5.6%	0.6%	4.4%	5.2%	5.8%	4.2%	5.1%	5.6%
	Dortmund	4.1%	4.8%	5.6%	0.3%	4.4%	4.9%	5.7%	4.2%	4.9%	5.8%
	Dresden	4.0%	4.8%	5.6%	0.7%	4.2%	4.9%	5.7%	4.0%	4.7%	5.5%
	Duisburg	5.1%	5.5%	6.6%	0.2%	5.3%	5.7%	6.9%	5.0%	5.5%	6.7%
	Erfurt	4.5%	5.1%	5.9%	0.6%	4.6%	5.2%	6.2%	4.4%	5.1%	5.9%
	Essen	4.4%	5.0%	5.7%	0.6%	4.5%	5.3%	6.0%	4.4%	5.4%	5.9%
	Karlsruhe	4.1%	4.8%	5.5%	0.7%	4.3%	4.9%	5.7%	4.0%	4.8%	5.5%
	Hannover	3.9%	4.6%	5.3%	0.6%	4.1%	4.7%	5.5%	3.9%	4.7%	5.3%
	Leipzig	3.9%	4.7%	5.5%	0.7%	4.2%	4.9%	5.7%	4.0%	4.8%	5.5%
	Magdeburg	5.3%	5.8%	6.7%	0.4%	5.5%	5.9%	6.9%	5.1%	5.7%	6.8%
	Mainz-Wiesbaden	4.2%	4.7%	5.6%	0.7%	4.4%	4.9%	5.8%	4.1%	4.9%	5.6%
	Nuremberg	3.9%	4.5%	5.3%	0.6%	4.1%	4.7%	5.6%	3.9%	4.7%	5.5%
	Rhine Neckar MA/HD/LU	4.1%	4.7%	5.6%	-0.2%	4.4%	5.1%	6.2%	4.0%	4.7%	5.5%
Regions	Lower Saxony & Schleswig-Holstein	4.7%	5.4%	6.4%	-0.5%	4.7%	5.2%	6.2%	4.8%	5.6%	6.1%
	M-WP. & Sax.-A & Brandenburg	5.0%	5.6%	7.3%	-0.5%	5.1%	5.7%	7.1%	5.0%	5.9%	6.6%
	North of Hesse & Thu. & Sax	5.1%	5.7%	7.0%	-0.5%	5.0%	5.5%	6.6%	5.2%	6.0%	6.7%
	North Rhine-Westphalia	4.6%	5.4%	7.0%	-0.5%	4.5%	5.3%	6.6%	4.5%	5.6%	6.7%
	Rhineland-P & Saarland	5.0%	5.5%	6.6%	-0.5%	5.0%	5.5%	6.5%	4.9%	5.5%	6.4%
	South of Hesse & BaWue	4.4%	5.1%	6.2%	-0.1%	4.5%	4.9%	6.0%	4.4%	5.2%	5.8%
	Bavaria	4.4%	4.9%	5.7%	-0.1%	4.4%	5.0%	5.9%	4.4%	4.9%	5.8%

*Annual market rent growth rate

Result overview for Germany

Retail | Non-high street retail

	Current				6 Months ago			12 Months ago		
	Min.	Avg.	Max.	Exp. Growth*	Min.	Avg.	Max.	Min.	Avg.	Max.
Out-of-town Shopping Center	4.8%	5.6%	6.7%	-0.6%	4.9%	5.9%	7.1%	4.6%	5.7%	7.3%
Retail Park	4.2%	4.9%	6.3%	0.5%	4.4%	5.2%	6.6%	4.3%	5.1%	6.7%
Supermarket	4.6%	5.4%	6.3%	1.0%	4.6%	5.6%	6.7%	4.8%	5.8%	6.9%
DIY-Store	5.4%	6.1%	7.1%	-0.2%	5.5%	6.4%	7.7%	5.4%	6.4%	8.3%

*Annual market rent growth rate

Result overview for Germany

Logistics

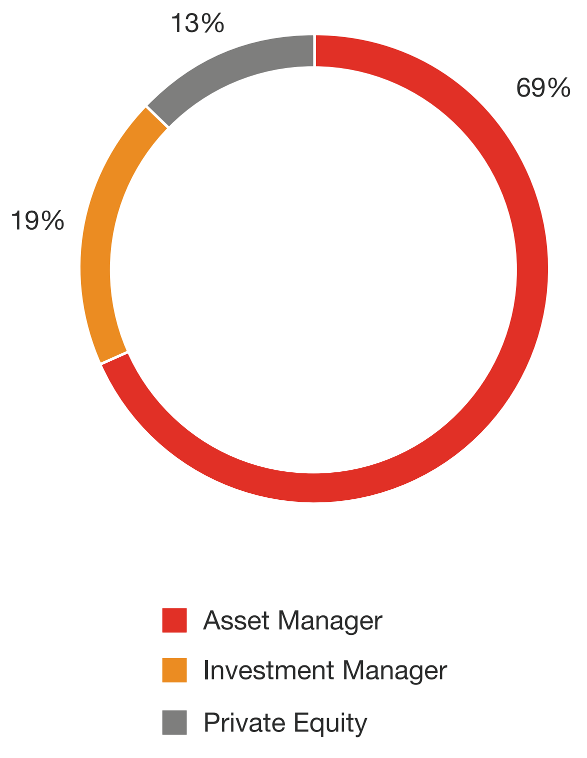
		Current				6 Months ago			12 Months ago		
		Min.	Avg.	Max.	Exp. Growth*	Min.	Avg.	Max.	Min.	Avg.	Max.
Top 15 Locations					2.0%						
	Hamburg	3.9%	5.0%	6.3%		4.0%	5.1%	6.2%	4.3%	5.3%	6.4%
	Munich	3.8%	4.9%	6.2%		3.9%	4.9%	6.0%	4.2%	5.1%	6.0%
	Rhine-Main/Frankfurt	3.9%	5.0%	6.3%		4.0%	5.0%	6.2%	4.3%	5.2%	6.1%
	Berlin	3.9%	5.1%	6.4%		3.9%	5.1%	6.3%	4.3%	5.3%	6.4%
	Dusseldorf/Cologne	4.1%	5.3%	6.5%		4.1%	5.3%	6.4%	4.3%	5.3%	6.3%
	Stuttgart	4.2%	5.4%	6.6%		4.2%	5.4%	6.6%	4.3%	5.3%	6.4%
	Hannover/Brunswick	4.4%	5.7%	7.1%		4.5%	5.7%	7.1%	4.8%	5.7%	6.9%
	Halle/Leipzig	4.5%	5.6%	7.0%		4.4%	5.5%	7.0%	4.9%	5.7%	6.8%
	Bremen/North Sea Ports	4.6%	5.9%	6.9%		4.7%	5.8%	6.8%	4.9%	5.7%	6.7%
	Rhine-Ruhr	4.3%	5.8%	7.1%		4.2%	5.8%	7.0%	4.6%	5.6%	6.6%
	Dortmund	4.4%	5.7%	6.9%		4.3%	5.6%	6.8%	4.7%	5.6%	6.5%
	Nuremberg	4.5%	5.6%	6.9%		4.6%	5.6%	6.8%	4.7%	5.5%	6.5%
	Kassel/Göttingen	4.9%	6.1%	7.4%		4.9%	6.0%	7.4%	4.9%	5.8%	6.9%
	Regensburg/Passau	4.8%	6.0%	7.3%		4.9%	6.0%	7.3%	4.8%	5.7%	6.8%
	Ulm	4.8%	6.1%	7.3%		4.8%	5.9%	7.2%	4.9%	5.8%	7.0%
Small Locations	Small Locations	5.3%	6.0%	7.5%	1.6%	5.2%	6.1%	7.3%	5.0%	5.7%	7.2%
Rest of Germany	Rest of Germany	5.3%	6.2%	8.3%	1.4%	5.4%	6.2%	8.3%	5.3%	5.8%	7.6%

*Annual market rent growth rate

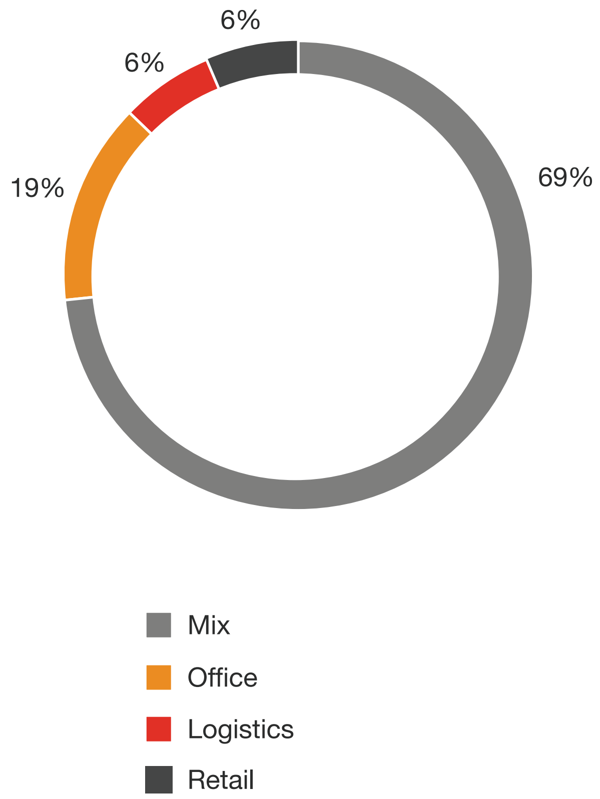
Result overview for Germany

Participants

Participant type



Participant investment focus



Result overview for Austria

Residential

		Current				6 Months ago			12 Months ago		
		Min.	Avg.	Max.	Exp. Growth*	Min.	Avg.	Max.	Min.	Avg.	Max.
Top 5 Cities	Vienna	2.7%	3.2%	4.0%	1.3%	-	-	-	-	-	-
	Graz	3.5%	4.3%	5.0%	0.3%	-	-	-	-	-	-
	Linz	3.2%	3.9%	4.5%	0.3%	-	-	-	-	-	-
	Salzburg	3.0%	3.8%	4.5%	0.3%	-	-	-	-	-	-
	Innsbruck	2.9%	3.3%	3.8%	0.3%	-	-	-	-	-	-
Regions	Lower Austria	3.8%	4.4%	5.0%	0.2%	-	-	-	-	-	-
	Upper Austria	3.5%	4.0%	4.5%	0.2%	-	-	-	-	-	-
	Salzburg (Land)	3.3%	3.8%	4.3%	0.2%	-	-	-	-	-	-
	Tyrol	3.2%	3.7%	4.1%	0.2%	-	-	-	-	-	-
	Styria	3.5%	4.3%	5.0%	0.2%	-	-	-	-	-	-
	Carinthia	4.5%	5.3%	6.0%	0.2%	-	-	-	-	-	-
	Vorarlberg	3.2%	3.7%	4.2%	0.2%	-	-	-	-	-	-
	Burgenland	5.0%	5.5%	6.0%	0.2%	-	-	-	-	-	-

Office

		Current				6 Months ago			12 Months ago		
		Min.	Avg.	Max.	Exp. Growth*	Min.	Avg.	Max.	Min.	Avg.	Max.
Top 5 Cities	Vienna	2.9%	3.9%	5.1%	1.3%	-	-	-	-	-	-
	Graz	4.5%	5.5%	7.5%	-5.0%	-	-	-	-	-	-
	Linz	4.0%	5.5%	6.5%	5.0%	-	-	-	-	-	-
	Salzburg	3.8%	5.2%	6.2%	2.0%	-	-	-	-	-	-
	Innsbruck	3.5%	4.5%	5.5%	2.0%	-	-	-	-	-	-

*Annual market rent growth rate

Result overview for Austria

Retail | High street retail

Top 5 Cities

	Current				6 Months ago			12 Months ago		
	Min.	Avg.	Max.	Exp. Growth*	Min.	Avg.	Max.	Min.	Avg.	Max.
Vienna	2.5%	3.8%	4.9%	2.0%	-	-	-	-	-	-
Graz	3.8%	5.7%	7.5%	-5.0%	-	-	-	-	-	-
Linz	3.5%	4.3%	5.0%	3.5%	-	-	-	-	-	-
Salzburg	2.5%	3.5%	4.5%	3.5%	-	-	-	-	-	-
Innsbruck	2.8%	3.5%	4.8%	3.0%	-	-	-	-	-	-

Retail | Non-high street retail

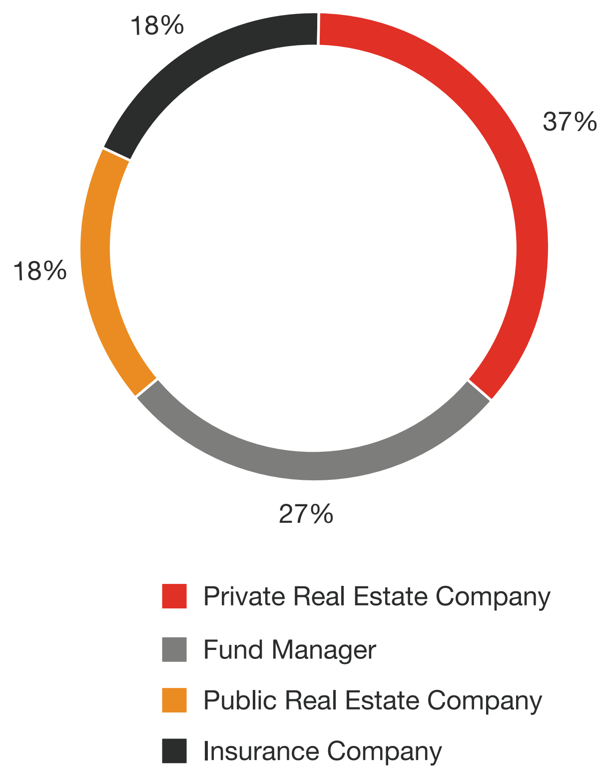
	Current				6 Months ago			12 Months ago		
	Min.	Avg.	Max.	Exp. Growth*	Min.	Avg.	Max.	Min.	Avg.	Max.
Out-of-town Shopping Center	4.0%	5.0%	6.0%	2.0%	-	-	-	-	-	-
Retail Park	4.6%	5.4%	6.3%	1.3%	-	-	-	-	-	-
Supermarket	4.8%	5.9%	7.0%	0.0%	-	-	-	-	-	-
DIY-Store	5.0%	6.5%	8.0%	0.5%	-	-	-	-	-	-

*Annual market rent growth rate

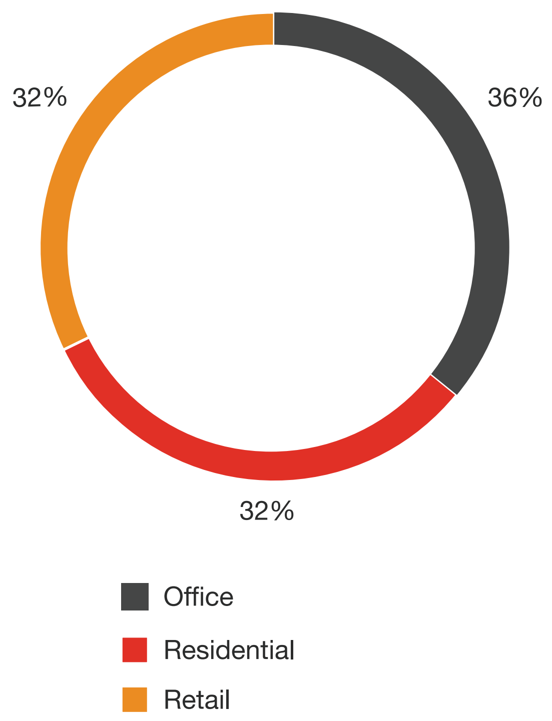
Result overview for Austria

Participants

Participant type



Participant investment focus



Result overview for Switzerland

Residential

		Current				6 Months ago			12 Months ago		
		Min.	Avg.	Max.	Exp. Growth*	Min.	Avg.	Max.	Min.	Avg.	Max.
Top 9 Cities	Zurich	2.0%	2.5%	3.1%	0.5%	2.1%	2.5%	3.0%	2.2%	2.8%	3.3%
	Geneva	2.2%	2.7%	3.1%	0.0%	2.3%	2.7%	3.0%	2.3%	2.8%	3.3%
	Basel	2.5%	3.0%	3.5%	0.1%	2.5%	2.9%	3.4%	2.5%	3.0%	3.5%
	Berne	2.6%	2.9%	3.5%	0.0%	2.5%	3.0%	3.5%	2.6%	3.0%	3.5%
	Lausanne	2.5%	2.8%	3.5%	0.1%	2.6%	2.8%	3.4%	2.5%	3.0%	3.5%
	Winterthur	2.7%	3.1%	3.6%	0.0%	2.6%	3.1%	3.4%	2.5%	3.0%	3.6%
	Lucerne	2.7%	3.0%	3.7%	0.0%	2.6%	3.0%	3.4%	2.6%	3.2%	3.9%
	St Gallen	3.0%	3.3%	4.0%	0.0%	3.0%	3.3%	3.9%	3.0%	3.3%	3.9%
	Lugano	2.8%	3.2%	4.0%	0.0%	2.8%	3.2%	3.7%	3.0%	3.5%	3.8%
Regions	Zurich	2.6%	3.2%	3.9%	0.0%	2.6%	3.2%	3.8%	2.9%	3.2%	4.0%
	Northwestern Switzerland	3.0%	3.5%	4.2%	-0.5%	3.0%	3.5%	4.0%	3.0%	3.5%	4.3%
	Central Switzerland	2.8%	3.3%	4.1%	-0.1%	2.9%	3.4%	4.0%	2.9%	3.4%	4.0%
	Eastern Switzerland	3.2%	3.8%	4.5%	-0.5%	3.2%	3.8%	4.5%	3.3%	3.6%	4.5%
	Southern Switzerland	3.3%	3.8%	4.3%	-0.1%	3.3%	3.8%	4.1%	3.4%	3.7%	4.2%
	Alpine Region	3.8%	4.2%	4.7%	-0.1%	3.7%	4.1%	4.6%	3.6%	4.1%	4.7%
	Lake Geneva Region	2.8%	3.2%	3.8%	0.0%	2.8%	3.2%	3.6%	3.0%	3.4%	4.0%
	Mittelland	3.3%	3.8%	4.5%	-0.1%	3.2%	3.6%	4.4%	3.3%	3.7%	4.5%

*Annual market rent growth rate

Result overview for Switzerland

Office

		Current				6 Months ago			12 Months ago		
		Min.	Avg.	Max.	Exp. Growth*	Min.	Avg.	Max.	Min.	Avg.	Max.
Top 9 Cities	Zurich	2.2%	2.9%	3.8%	0.3%	2.4%	3.0%	3.8%	2.5%	3.0%	4.0%
	Geneva	2.3%	2.9%	3.6%	-0.5%	2.5%	3.0%	3.8%	2.5%	3.1%	4.0%
	Basel	2.6%	3.2%	4.0%	0.0%	2.8%	3.3%	4.0%	2.8%	3.4%	4.0%
	Berne	2.7%	3.1%	4.1%	0.0%	2.7%	3.2%	4.1%	2.8%	3.5%	4.2%
	Lausanne	2.3%	3.1%	3.9%	0.0%	2.6%	3.2%	4.0%	2.6%	3.3%	4.0%
	Winterthur	2.5%	3.2%	4.1%	0.0%	2.8%	3.2%	4.1%	2.8%	3.5%	4.2%
	Zug	2.5%	3.1%	3.9%	0.0%	2.5%	3.1%	4.0%	2.6%	3.5%	4.1%
	St Gallen	2.8%	3.7%	4.3%	-0.5%	3.2%	3.7%	4.4%	3.0%	3.8%	4.5%
	Lugano	2.8%	3.4%	4.1%	-0.5%	3.2%	3.5%	4.2%	3.2%	3.6%	4.1%
Regions	Zurich	2.9%	3.6%	5.0%	-0.5%	3.3%	4.0%	5.0%	3.4%	4.0%	5.0%
	Northwestern Switzerland	3.4%	3.8%	5.0%	-0.8%	3.6%	4.0%	5.2%	3.7%	4.4%	5.2%
	Central Swizterland	2.9%	3.8%	5.1%	-0.3%	3.5%	4.2%	5.1%	3.5%	4.4%	5.1%
	Eastern Switzerland	3.4%	3.9%	5.2%	-0.5%	3.8%	4.5%	5.5%	3.8%	4.5%	5.5%
	Southern Switzerland	3.6%	4.3%	5.5%	-0.3%	4.0%	4.6%	5.5%	4.0%	4.5%	5.3%
	Alpine Region	3.8%	4.4%	5.5%	0.0%	3.9%	4.5%	5.5%	4.0%	4.7%	5.5%
	Lake Geneva Region	3.1%	3.6%	4.5%	-0.3%	3.5%	4.0%	5.0%	3.6%	4.5%	5.0%
	Mittelland	3.3%	3.9%	5.2%	-0.5%	3.8%	4.5%	6.0%	4.0%	4.6%	5.4%

*Annual market rent growth rate

Result overview for Switzerland

Retail | High street retail

		Current				6 Months ago			12 Months ago		
		Min.	Avg.	Max.	Exp. Growth*	Min.	Avg.	Max.	Min.	Avg.	Max.
Top 9 Cities	Zurich	2.4%	3.0%	3.4%	-1.0%	2.4%	3.1%	3.6%	2.5%	3.0%	3.6%
	Geneva	2.5%	3.0%	3.3%	-1.0%	2.5%	3.1%	3.6%	2.5%	3.1%	3.7%
	Basel	2.8%	3.3%	4.0%	-1.3%	2.8%	3.3%	4.0%	2.7%	3.4%	4.1%
	Berne	2.9%	3.4%	3.9%	-1.3%	2.9%	3.4%	4.0%	2.9%	3.5%	4.1%
	Lausanne	2.8%	3.2%	3.6%	-1.0%	2.8%	3.2%	3.6%	2.8%	3.3%	3.6%
	Winterthur	3.0%	3.4%	4.1%	-1.5%	3.0%	3.4%	4.1%	3.0%	3.5%	4.1%
	Lucerne	2.6%	3.2%	4.0%	-0.5%	2.7%	3.2%	4.0%	2.8%	3.4%	4.1%
	St Gallen	3.2%	3.8%	4.3%	-2.5%	3.1%	3.7%	4.2%	3.1%	3.8%	4.2%
	Lugano	3.3%	3.7%	4.3%	-1.5%	3.3%	3.8%	4.3%	3.3%	3.9%	4.3%
Regions	Zurich	3.1%	3.6%	4.0%	-2.8%	3.1%	3.6%	4.0%	3.5%	3.9%	4.7%
	Northwestern Switzerland	3.5%	3.9%	4.3%	-3.0%	3.5%	4.0%	4.3%	4.0%	4.4%	4.9%
	Central Swizterland	3.4%	4.0%	4.5%	-2.8%	3.4%	4.0%	4.5%	3.9%	4.2%	4.7%
	Eastern Switzerland	3.7%	4.1%	4.6%	-3.0%	3.7%	4.2%	4.6%	4.0%	4.3%	4.9%
	Southern Switzerland	3.7%	4.2%	4.7%	-1.0%	3.9%	4.2%	4.7%	4.2%	4.5%	5.0%
	Alpine Region	3.9%	4.3%	5.0%	-2.8%	4.0%	4.4%	5.0%	4.0%	4.5%	5.8%
	Lake Geneva Region	3.3%	3.8%	4.3%	-0.5%	3.4%	3.8%	4.3%	3.5%	4.0%	4.6%
	Mittelland	3.6%	4.2%	4.5%	-3.0%	3.6%	4.2%	4.5%	4.0%	4.4%	5.3%

Retail | Non-high street retail

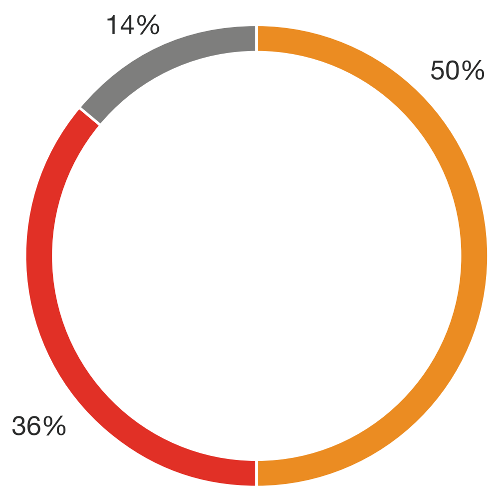
	Current				6 Months ago			12 Months ago		
	Min.	Avg.	Max.	Exp. Growth*	Min.	Avg.	Max.	Min.	Avg.	Max.
Out-of-Town Shopping Center	3.8%	4.3%	5.0%	-1.0%	3.8%	4.3%	4.9%	4.0%	4.5%	5.2%
Retail park	4.1%	5.0%	5.7%	-1.5%	4.1%	4.9%	5.6%	4.2%	5.0%	5.8%
Supermarket	3.3%	4.3%	5.2%	-0.5%	3.6%	4.0%	4.8%	3.9%	4.8%	5.4%
DIY Store	3.9%	4.8%	4.5%	-0.5%	3.9%	4.8%	4.5%	3.9%	5.0%	5.5%

*Annual market rent growth rate

Result overview for Switzerland

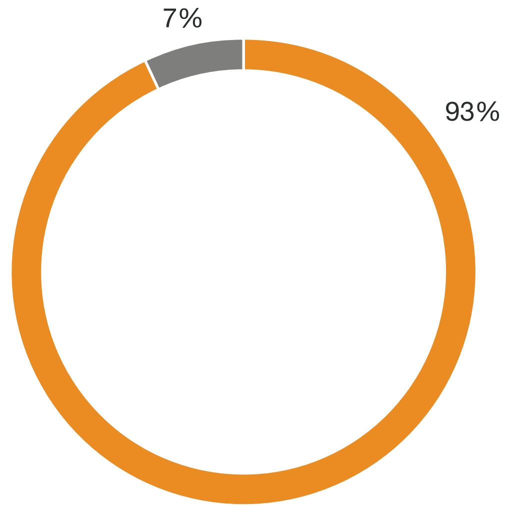
Participants

Participant type



- 🟧 Investment Manager
- 🟥 Pension Fund
- ⬛ Developer

Participant investment focus



- 🟧 Mix
- ⬛ Residential

Approach and definitions

Classification for yields ranges

In our survey, we concentrated on all-risk-yields or ARYs ("Yields"), as these reflect the relationship (capitalisation rate) between stabilised net operating income (NOI) and an expected purchase price. It thus takes into account the individual risk-return relationship and provides an insight into future market trends and developments in rent levels. The YIELD is the capitalisation rate that is used in the direct capitalisation method. The yields presented in our results are a simple average of the single data points received for the respective submarkets.

To account for a broader market – comprising Core, Core+, and Value-Add properties – we put the yields into three categories: minimum (Core), maximum (Value-Add) and average (Core+). Using office properties in Frankfurt as one example, we have defined these categories as follows.

The maximum yield does not cover assets that cannot be valued with a direct capitalisation method – that is to say, where there is no sustainable cash flow or opportunistic development assets.

Office

	Location	WAULT	Vacancy	Age
Min	CBD (eg, Frankfurt Financial District)	> 5	~ 5%-10%	< 5 years
Average	Immediate vicinity to CBD (eg, Frankfurt trade fair)	~ 5	~ 10% -15%	~ 5-20 years
Max	Peripheral office locations (eg, Frankfurt-Niederrad)	< 4	>15%-40%	> 25 years

Logistics

	Motorway access	Third party usability	WAULT	Age
Min	< 5 minutes	excellent	~ 10%	< 5 years
Average	~ 5-15 minutes	good	~ 5	~ 5-20 years
Max	> 15 minutes	limited	< 4	> 25 years

Retail High Street

	Location/Retail class	WAULT	Vacancy	Age
Min	City centre high street or 1a shopping centre (Frankfurt Goethestrasse)	> 5	< 5%	< 5 years
Average	Lesser frequented sections of the high street	~ 5	~ 5%	~ 5-15 years
Max	Close proximity to the high street, within 100m distance	< 4	~ 20%	> 15 years

Retail Non-High Street

	Competition	WAULT	Vacancy	Age
Min	Dominant situation	> 5	< 5%	< 5 years
Average	In competition with equal competitors	~ 5	~ 5	~ 5-15 years
Max	Inferior to competitors	< 4	~ 25	> 15 years

Regarding the **retail** sector, we separated in-town high street retail from location-independent retail. Out-of-town shopping centers, retail parks, single grocery stores (supermarkets) and DIY stores represent typical subclasses of the location-independent retail market.

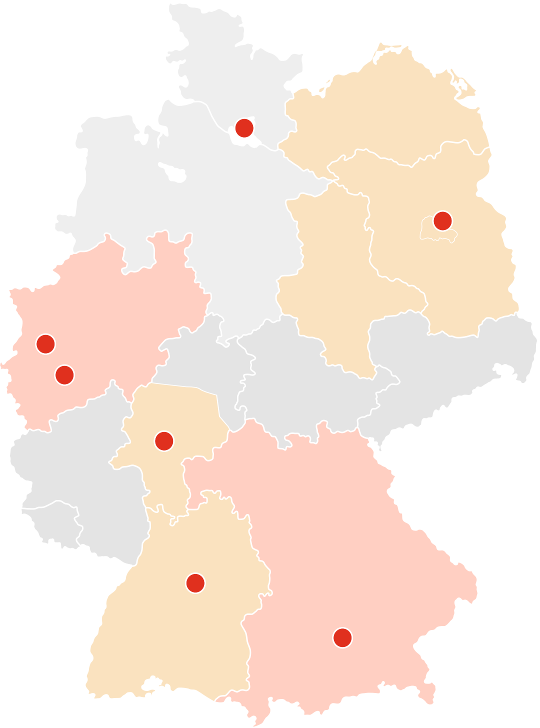
Within non-high street retail, we observe macro-locations to be of less importance, given that individual competition, performance and accessibility are the factors driving the value of such retail properties.

As a result, we have divided the definition of retail as seen above.

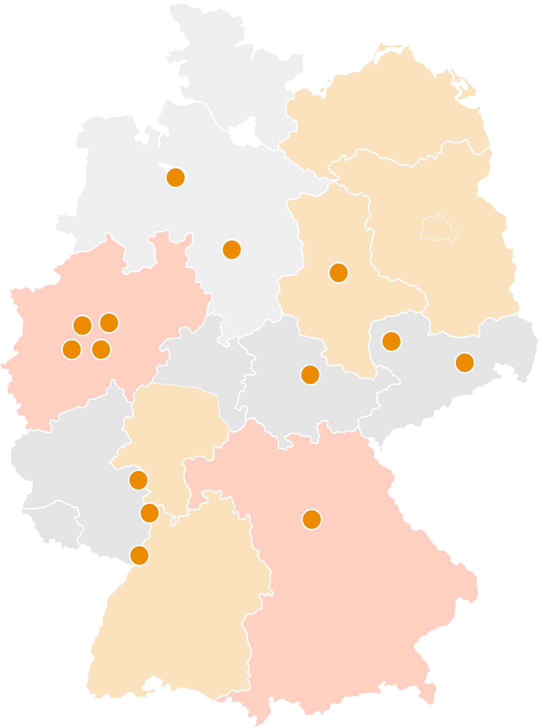
Identified submarkets

Germany

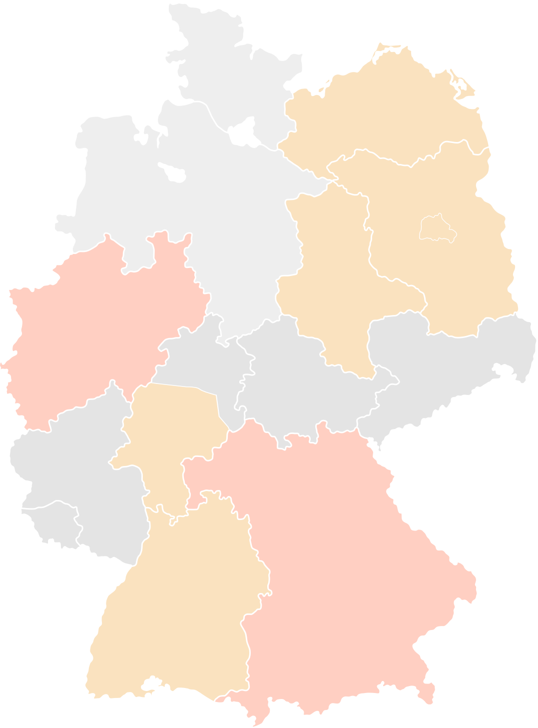
Top 7 Cities



Regional Cities

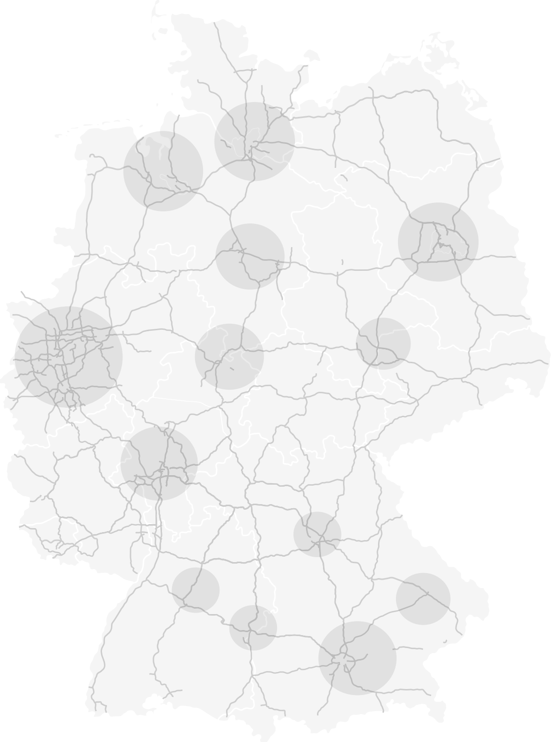


Regions



Based on Germany's geographical structure, we have identified three categories of markets for office and retail properties: i) Top 7 Cities, ii) Regional Cities and iii) Regions. The Top 7 Cities reflect the Yields of the seven most populated cities in Germany. Regional Cities represent a selection of 14 cities with a population ranging from 200,000 to 600,000. The Regions provide the yields in the respective areas, excluding all Top 7 Cities and Regional Cities.

Logistics



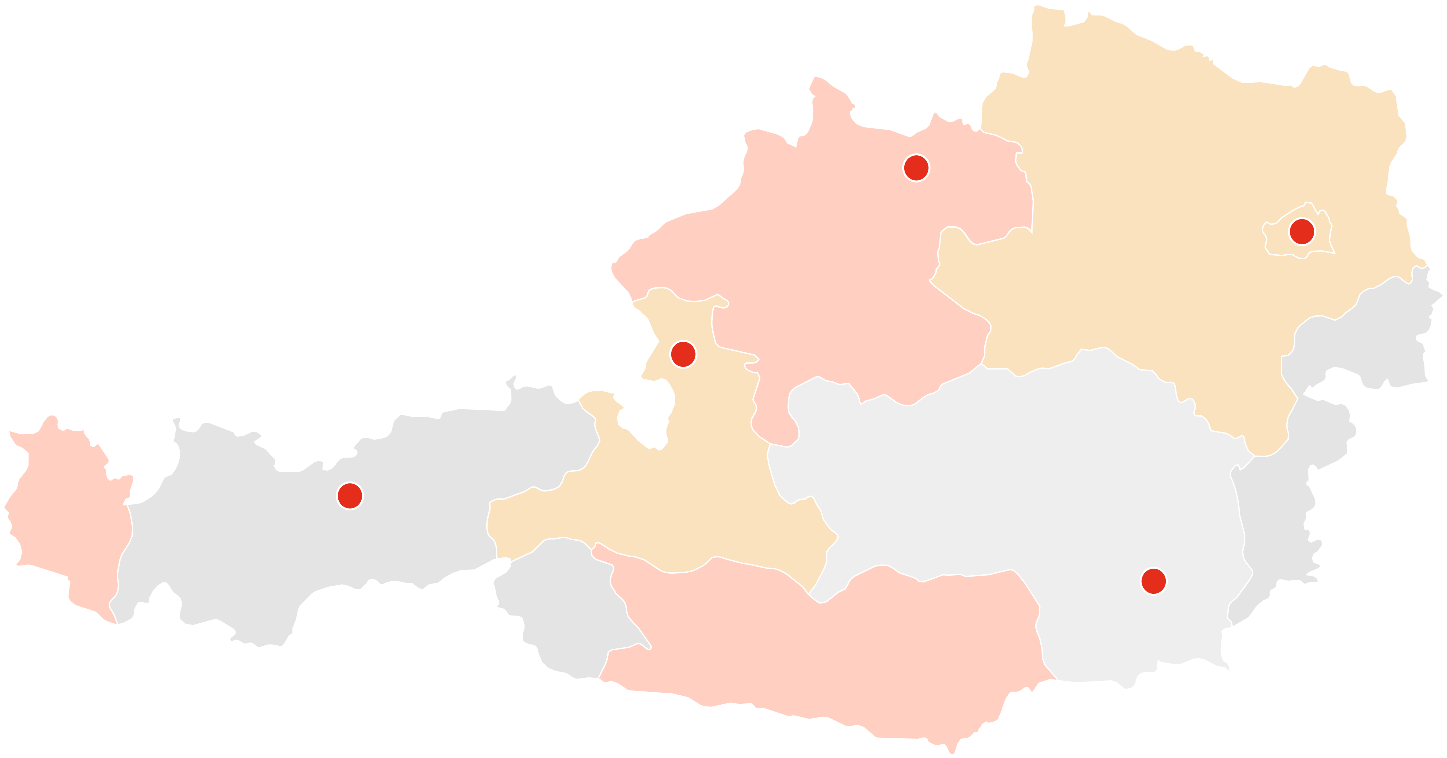
We identified two additional markets for logistics properties which result from varying location requirements: i) Top 15 Locations and ii) Small Locations.

The Top 15 Locations reflect the Yields of the 15 most successful logistics locations in Germany in respect of the investment volume of the last five years and min yields of the last two years. Small Locations represent the remaining established logistics regions in Germany.

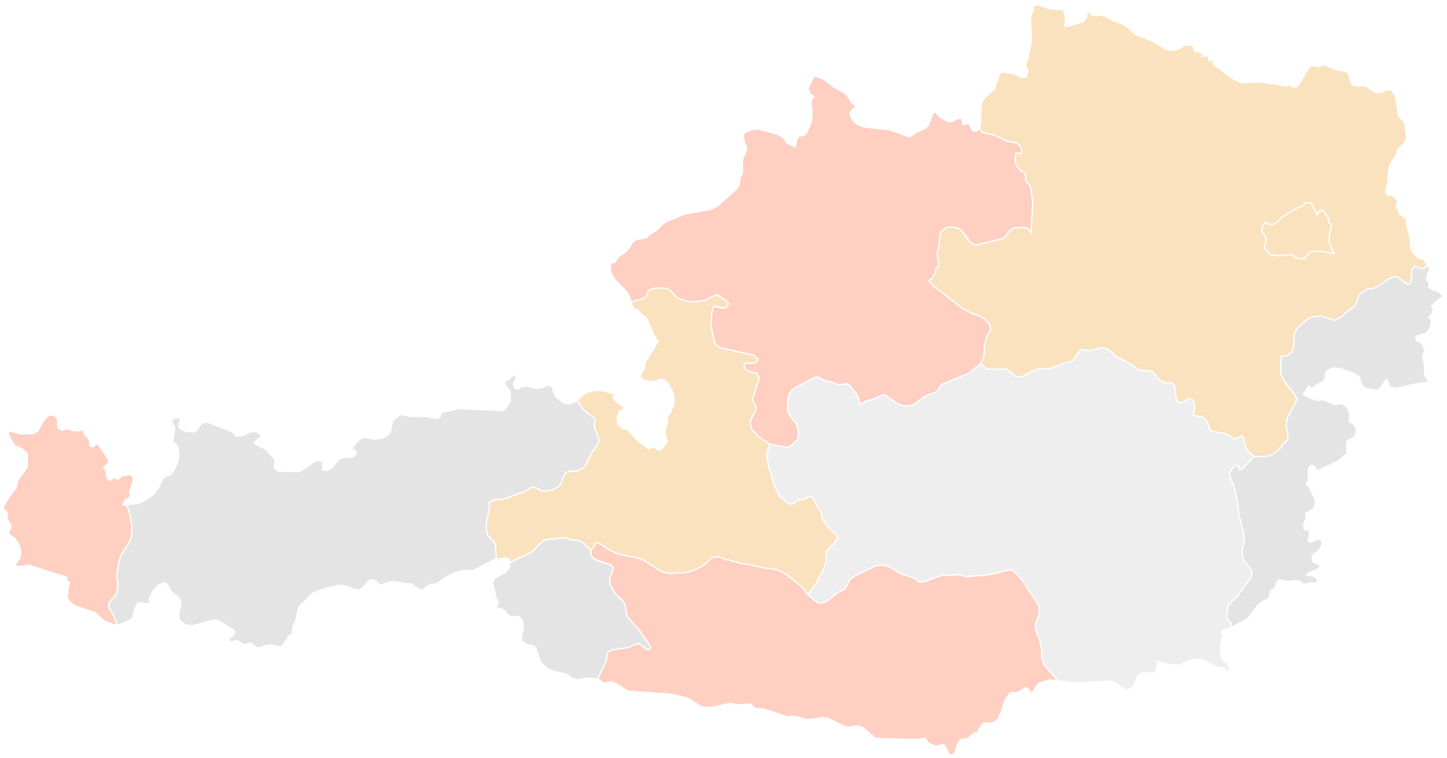
Identified submarkets

Austria

Top 5 Cities

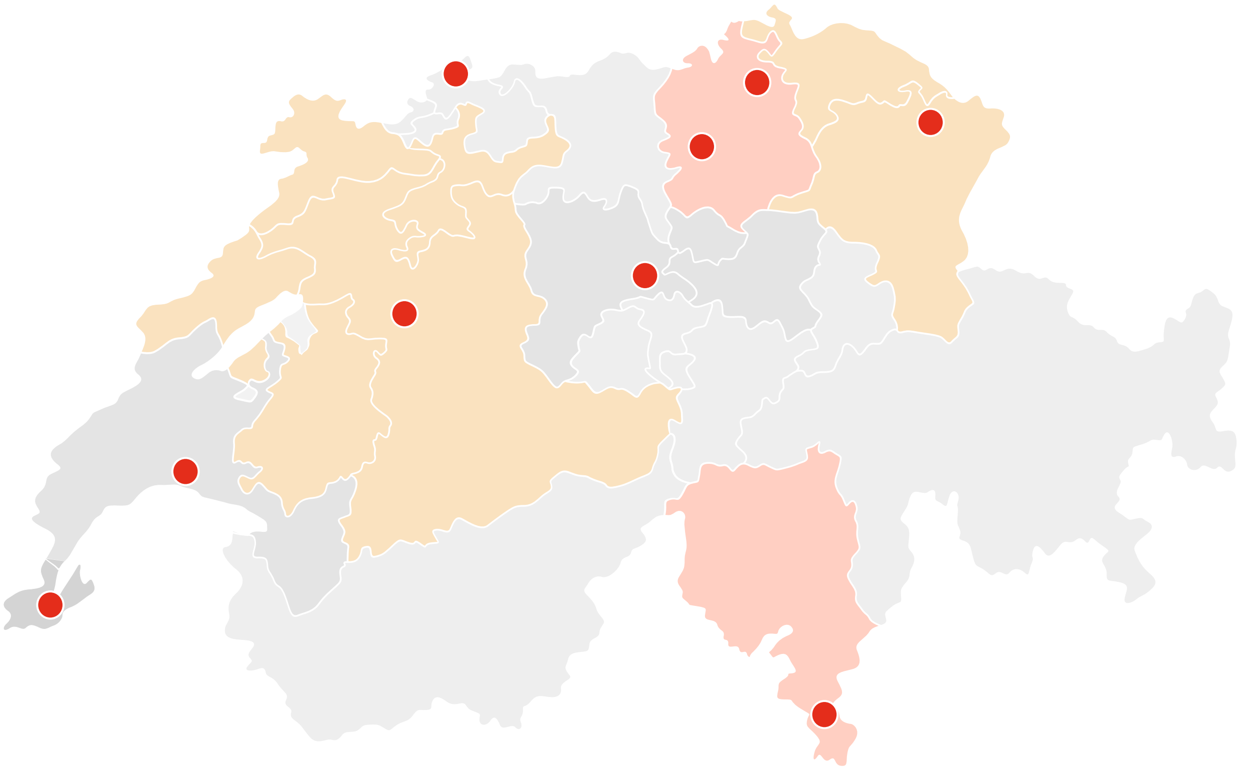


Regions

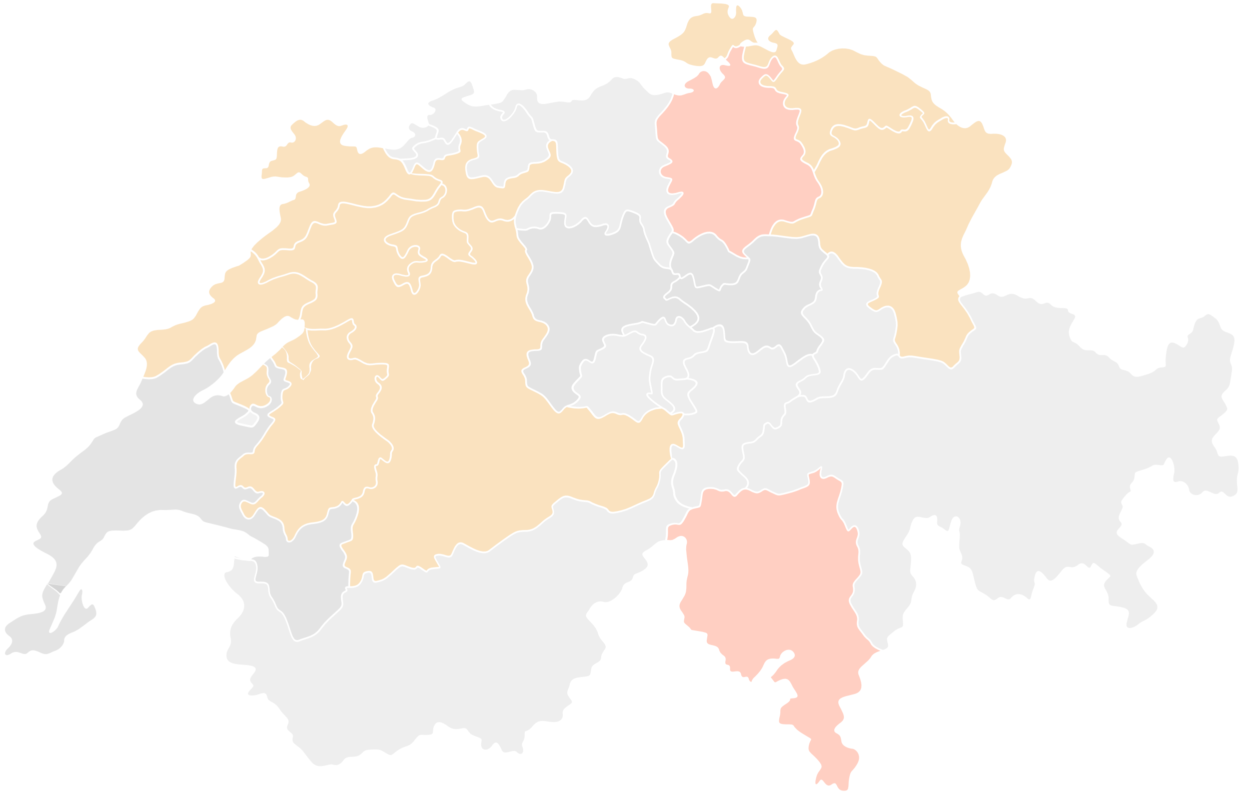


Identified submarkets
Switzerland

Top 9 Cities



Regions



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