

INITIATIVE UNTERNEHMENS IMMOBILIEN

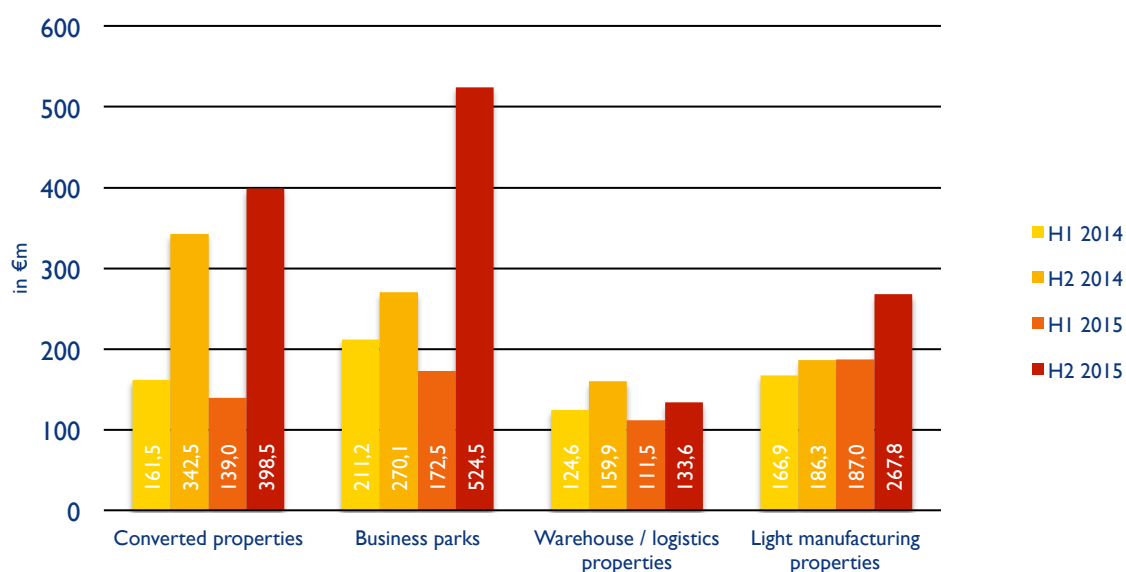


INITIATIVE UNTERNEHMENSIMMOBILIEN PRESENTS MARKET REPORT FOR THE 2nd HALF-YEAR OF 2015

Highest transaction revenue since the beginning of data collection –
1.32 billion euros

- Increase in transaction volume by 117% since H1
- Growing demand for light manufacturing properties among investors – average growth of 12.6% per semester
- Brisk investing activity triggers yield compression
- Berlin and greater area currently much sought among investors and occupiers
- Steady increase in light manufacturing space rentals suggests a long-term decline in owner-occupation of the manufacturing industry in Germany

Berlin, March 1st, 2016 – Germany's investment market for Unternehmensimmobilien (the German term for multi-use and multi-let commercial real estate) experienced an unusual dynamic during the second semester of 2015. Overall, 1.32 billion euros were invested in Unternehmensimmobilien, which implies a 117% increase over the mid-year total. "The internationally established asset class of 'light industrial' real estate is now experiencing strong tailwinds in Germany, too," says Dr. Wulf Meinel, Managing Director of Geneva Properties N.V., a new member of the Initiative Unternehmensimmobilien. At 1.93 billion euros, the year-end transaction total of 2015 matched the trend as it implied a year-on-year increase by 19%. By far the fastest-selling property category was that of business parks (524.5 million euros), followed by converted properties (398.5 million euros).



*Transaction volumes of the four property categories, H1 2014 – H2 2015
in rolling comparison (in €m)*

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Strong yield compression due to strong investment demand

Matching the trends in other asset classes, the dynamic market cycle in Unternehmensimmobilien put yield levels under considerable pressure. The clearly heightened awareness among the operators on the German market for institutional real estate investments is having a demonstrable effect, the same being true for the increased transparency within the asset class. Unternehmensimmobilien are increasingly positioning themselves as core investments: With their rising fungibility, manageable exposure, and sustainably secure rental income, they have very quickly become very attractive, rivalling classic asset classes like office or retail. The performance of the average yield (GIY) for converted properties is particularly impressive with a drop by 260 basis points over the previous six-month period, from 9.7% down to 7.1%. On the whole, the equivalent yield for Unternehmensimmobilien across categories declined by 180 basis points down to 8.1%. The dip in prime yields was most pronounced for business parks and converted properties, as gross initial yields in these two property categories slipped by 130 basis points to 5.6% for business parks and by 90 basis points to 5.4% for converted properties.

Investor Focus Shifts Increasingly to Light Manufacturing Properties...

A remarkable development was seen for the light manufacturing properties. In the past, this rather heterogeneous property category used to be more or less ignored by investors. This is explained, on the one hand, by the high owner-occupier ratio of manufacturing businesses, and, on the other hand, by the purpose-built nature of the properties to accommodate specific production patterns and workflows. More and more investors come to terms with the versatile use options for light manufacturing properties along with their obvious reversibility of use. As a result, the transaction volume for light manufacturing real estate grew at an average rate of 12.6% per semester over the past two years. In H2 2015, the total amount invested in light manufacturing properties equalled 267.8 million euros – which is a 43% increase over the previous six-month period.

... while Occupiers are Increasingly Interested in Light Manufacturing Space

In analogy to the continued growth in transactions, a steady increase was registered in lettings of light manufacturing space. Every six months, the take-up went up by an average rate of 84% compared to the respective prior survey period. At over 174,000 m², light manufacturing space represented the second-most popular floor area type of Unternehmensimmobilien during H2 2015. The trend confirms the observation that corporates are increasingly divesting themselves of proprietary property holdings and prefer to rent instead. Facilitating this trend, and thereby helping companies intensify the focus on their core competencies, is one of the stated goals of the Initiative Unternehmensimmobilien.

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Berlin and its Greater Area Highly Sought among Investors and Occupiers

The Berlin metro region with its gathering economic momentum emerged as the great gainer during the second half year of 2015. It turned out to be the country's fastest-selling region not just in terms of transactions but also in regard to letting take-up. Demand for investment-grade Unternehmensimmobilien and lettable area in Berlin substantially exceeded demand levels elsewhere in the country, while investments in Unternehmensimmobilien in the Berlin metro region totalled 272 million euros – 20% more than the runner-up, which is Hamburg and its greater area. Take-up in Berlin added up to 163,000 m² of usable area, roughly 50% more than the second-ranking region, Southern Germany. Here, Berlin's market benefits from its relatively low prices, a lively start-up scene, and an extensive supply in Unternehmensimmobilien sites that is explained not least by the city's history.

About the Initiative Unternehmensimmobilien

At the moment, the Initiative Unternehmensimmobilien consists of thirteen market operators of the Unternehmensimmobilien type and Germany's leading research institute for commercial real estate. The most recent members to join the Initiative are the German conglomerate Siemens and Geneba, a Dutch property PLC with focus on commercial real estate in the Netherlands and in Germany.

With the publication of its Market Report No. 4, the Initiative Unternehmensimmobilien made yet another contribution to the ongoing effort of enhancing transparency in this market segment, and of familiarising a wider audience with this heterogeneous property type. At the same time, it makes the fundamental ratios it identified available to experts and players active in this specific market.

Going forward, Initiative Unternehmensimmobilien will continue to map the corporate real estate stock of Germany's mid-market companies and industrials, and to position it as an asset class in its own right.

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