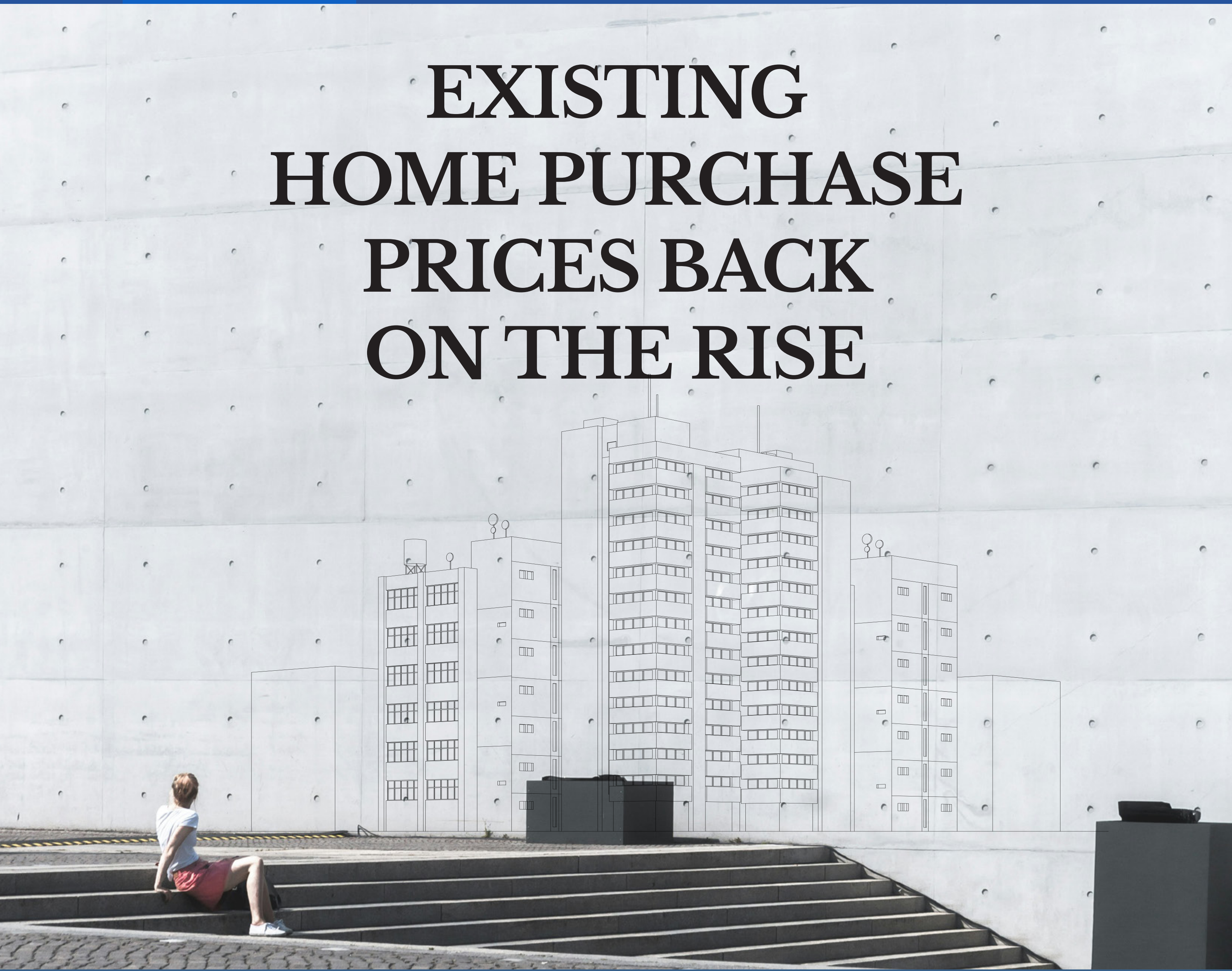
SKJERVENGROUP

SKJERVEN GROUP - *Monthly Newsletter*

Berlin - April 30, ISSUE #63/2025

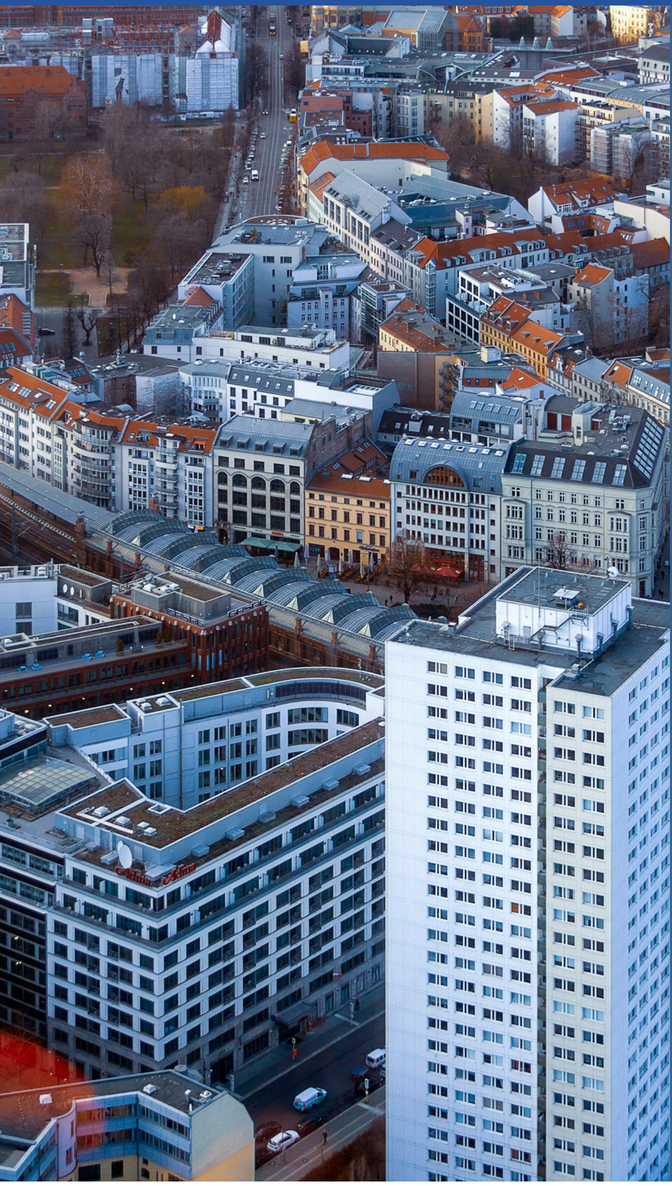
EXISTING HOME PURCHASE PRICES BACK ON THE RISE



The house price index from property financier Europace reports rising prices in all residential segments in March 2025. According to the index, slightly higher interest rates have not slowed the upward trend.

According to the Europace index, existing owner-occupied homes (detached and semi-detached houses) are now on the rise again after a long downward trend. After falling in February (-0.47%) and January (-0.28%), prices have returned to positive territory (+0.20%). Over the past twelve months, prices

Continue to Page 02



have risen by 2.79%. Prices for new detached and semi-detached houses again rose slightly in March (+0.23%) compared to February. In relation to the same period last year, prices rose by 0.92%. According to Europace, the condominium segment (new and existing properties) recorded a price increase of 0.29% in March. In a year-on-year comparison, prices rose by 5.8%.

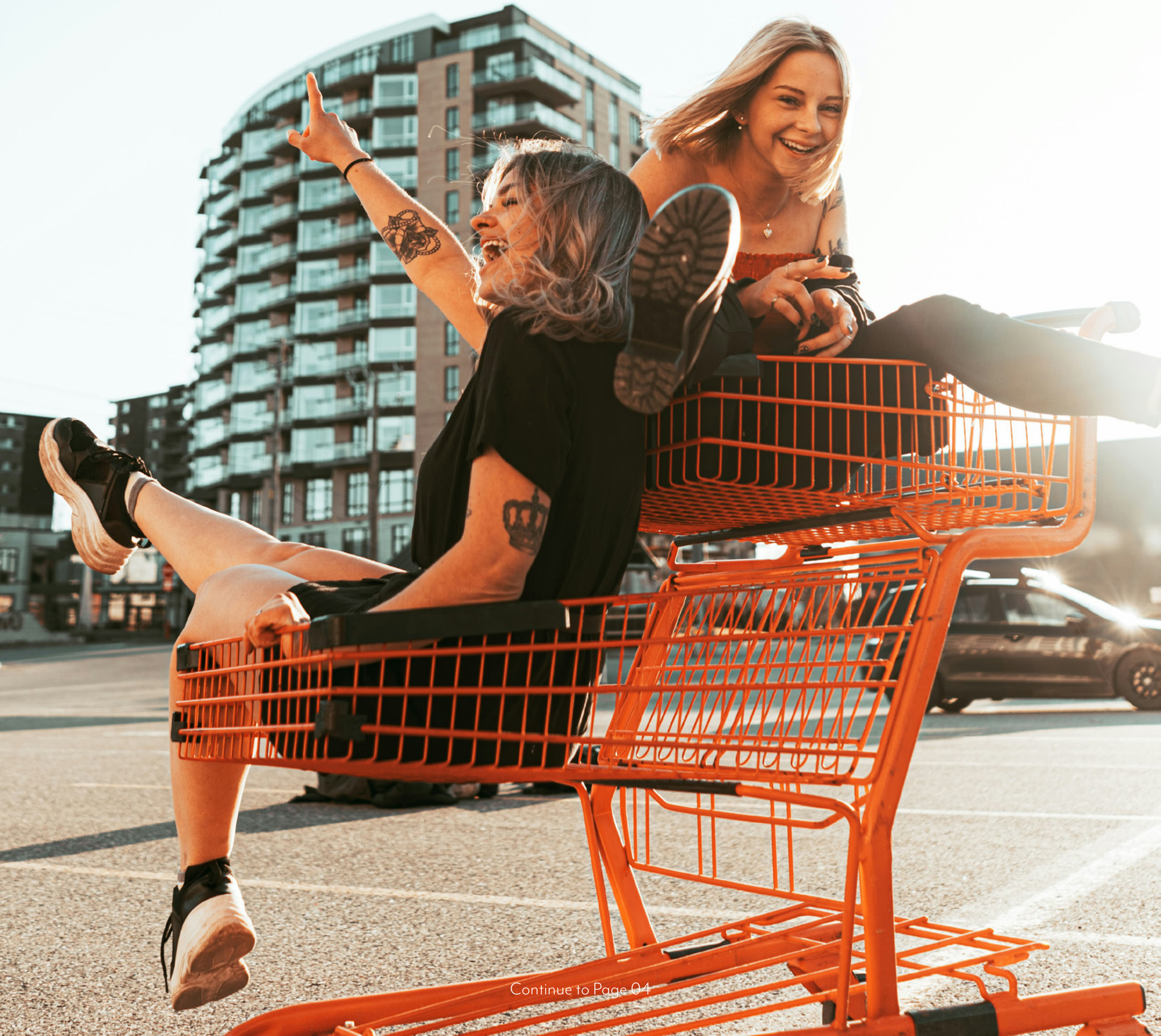
The trend in actual purchase prices paid is in line with the trend in asking prices for residential property. According to the latest Value analysis, prices for second-hand flats rose again in March by 0.7%. Prices for detached and semi-detached houses were also up in March, climbing by 0.5% compared to the previous month.

BERLIN'S COMMERCIAL REAL ESTATE MARKET SHOWS STRONG SIGNS OF RECOVERY

In Berlin, the transaction volume in the first quarter of 2025 increased by around 45% year-on-year to a good € 870 m - mainly thanks to Signa's sale of the Upper West office and hotel tower at Kantstrasse 163-164 to the Schoeller Group for € 450 m.

Continue to Page 03

This was **reported by Grossmann & Berger Immobilien.** Another top deal was the sale of the Schloss-Straßen-Center at Walther-Schreiber-Platz 1. The slight upturn on the Berlin market for commercial property investments that began in the final quarter of the previous year thus continued after the turn of the year. The net prime yield in the office segment is 4.4%, for commercial properties 4.3% and for logistics 4.4%. Due to a lack of market evidence, yields have been maintained at the previous year's level for the time being.



Continue to Page 04

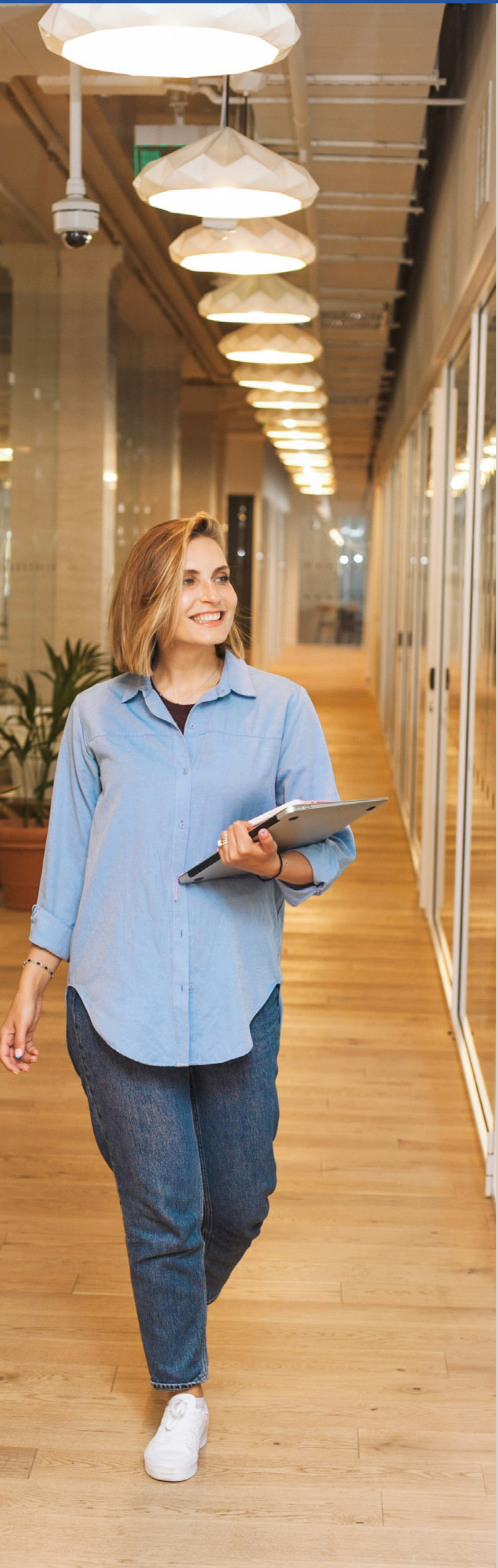
QUARTERLY INVESTMENTS RISE DESPITE MARKET UNCERTAINTIES

The major estate agents registered more sales preparations and structured bidding processes on the investment market in the first quarter. Offices are experiencing a comeback, while logistics is weakening.

The exact investment turnover in the first quarter of this year cannot be clearly quantified on the basis of the various estate agent reports. The range for the registered sales volume of residential and commercial properties is very broad, between € 6.9bn (Savills) and € 8.4bn (BNPPRE). This also makes it difficult to say how much turnover has increased compared to the same period last year. While Colliers observed an increase of a whopping 55%, the figure for BNPPRE was 33%, but only 26% for JLL. Almost all market observers are reporting growth, and all agree that residential is once again the strongest asset class, accounting for over a third of take-up.

As turnover in logistics properties weakened in the first quarter, offices regained their

Continue to Page 05



traditional leading position in the commercial property segment this time (approx. € 1.8 bn). This was not only due to the sale of the Upper West in Berlin for € 450 m. JLL counted a total of 56 office property sales within three months, more than in the two previous quarters. CBRE, on the other hand, is now pinning its hopes primarily on foreign investors. Their share of buyers on the German office market was already 17% in the quarter.

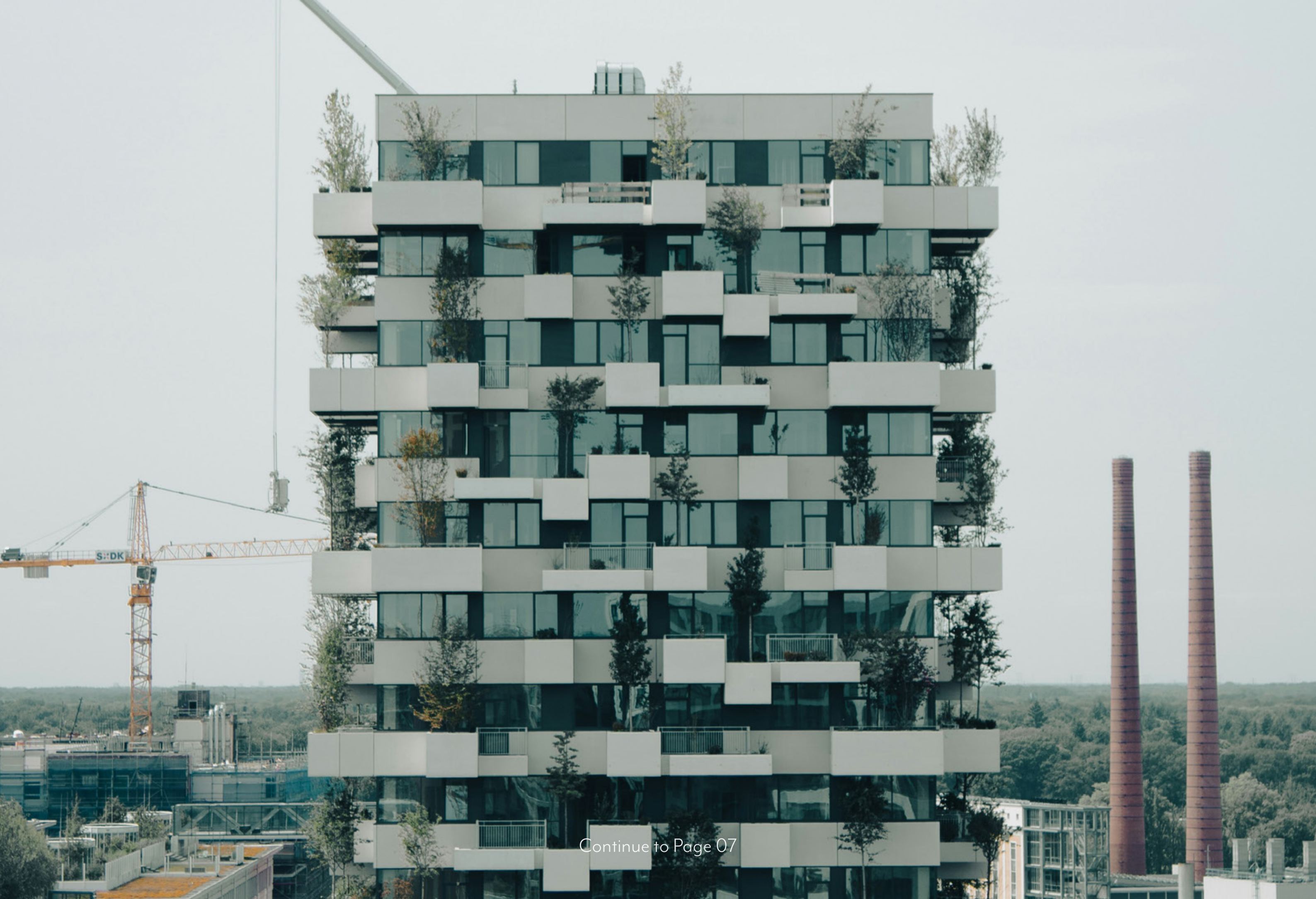
Although logistics take-up in the first three months was significantly lower than in previous quarters, Christopher Raabe, Head of Logistics at BNPPRE, speaks of 'lively' activity. In terms of both the pure number of deals and transactions of up to € 100 m, the first quarter of 2025 was above average, with only the large portfolio deals missing. Brokers counted logistics turnover of around € 1.2 bn.

How things will continue in 2025 depends on the uncertain development of global trade and the automotive industry, which accounts for around a third of industrial warehouse lettings in Germany. Retail investments finished just behind logistics. Here, the sale of the Designer Outlet Wustermark for € 230 m helped the statistics.

Continue to Page 06

NEW-BUILD APARTMENT PRICES SURPASS 2022 HIGHS

The Berlin-based Empirica Institute has compared the pre-crisis values with the advertised purchase prices for residential property in the first quarter of 2025. According to this comparison, the new-build segment has reached new highs. On average across Germany, the pre-crisis maximum advertised price for new-build flats in the third quarter of 2022 was € 4,767/sqm. The price fell to € 4,728/sqm (-1%) by the second quarter of 2023. It has now reached a new all-time high of € 4,906/sqm in the first quarter of 2025 (+3% in relation to the third quarter of 2022).



Continue to Page 07

EXPERTS SAY:

GERMAN PROPERTY MARKET THE MOST ATTRACTIVE ONE IN EUROPE

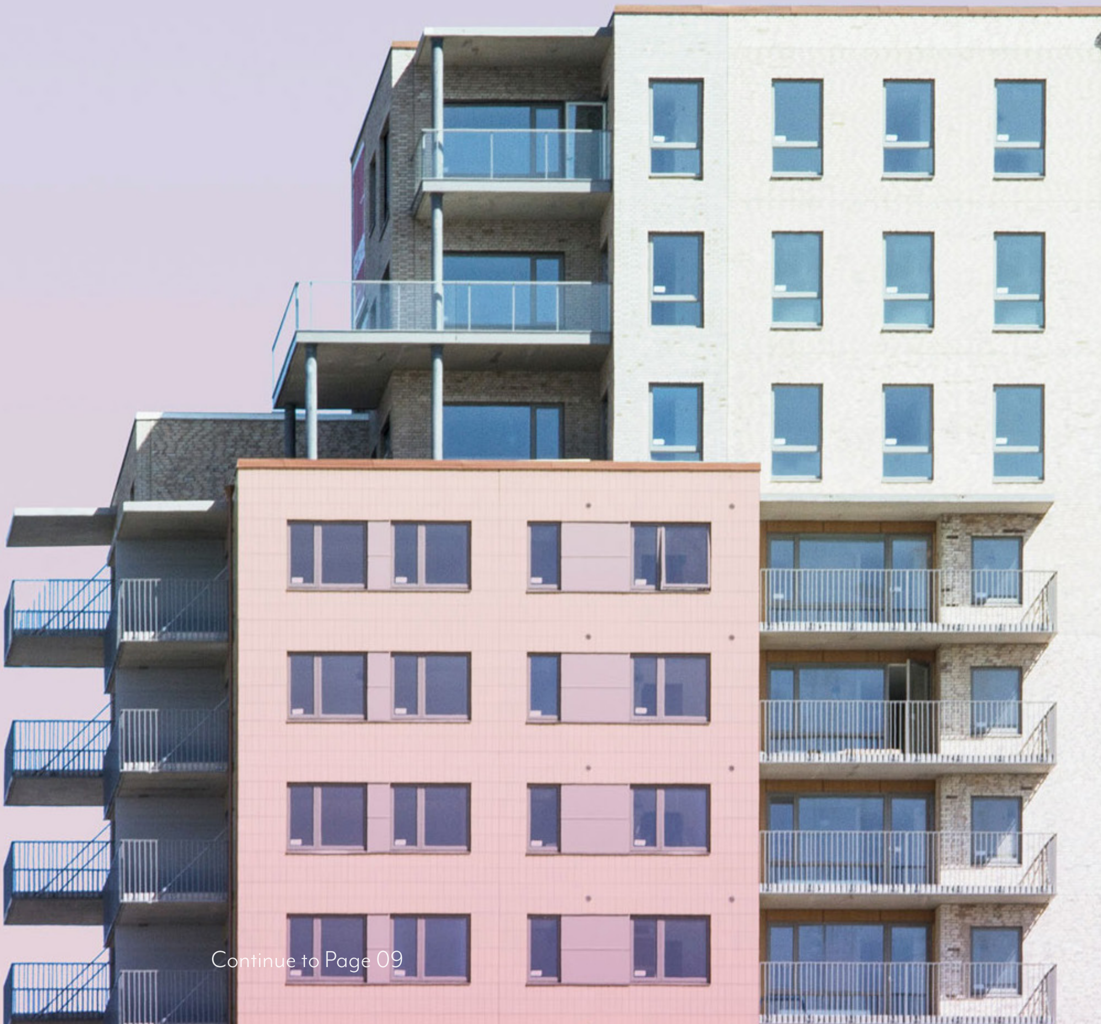
In its latest trend barometer, real estate financier Berlin Hyp has analysed the potential impact of trade conflicts and flaring protectionism on perceptions of the real estate markets in light of US customs policy. To this end, the bank surveyed almost 140 property professionals on their assessment of the European outlook and their perception of the German market.

When asked about the attractiveness of the German commercial property market in a European comparison, there was a slight shift compared to last autumn's Trendbarometer survey.

Continue to Page 08

At that time, 25% rated the attractiveness of the German market as unchanged; now there has been a significant increase of 19 percentage points to 44%. In contrast, the assessment of a less attractive market in a European comparison has fallen from 35% to 30%, while 22% of respondents rate the German market as slightly more attractive.

Almost half of the respondents rated the domestic market as attractive. Overall, respondents rated the German domestic market very positively. It was rated as particularly attractive by 48% of participants, the highest figure of all European countries in the survey. It was followed by Scandinavia with 40% and the Benelux countries with a combined 29%. Spain came fourth with 25%, while Italy brought up the rear with 9%.



Continue to Page 09

"The survey highlights the attractiveness of the German property market. Investors value the stable political system and the effective rule of law, especially in the current climate. Particularly noteworthy is the high price volatility combined with the continued strong demand for residential property."

Comments Einar Skjerven,
Managing Director of the Skjerven Group,
on the current trend barometer.