PwC
Real Estate Investor Survey

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

Germany, Austria
and Switzerland

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Spotlight

Office to Home - COVID-19 as catalyst for conversions?

Volume 13
May 2021

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May 2021
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Introduction

Introduction

The data we retrieved on the German, Austrian and Swiss submarkets support further positive, albeit decelerating, developments within 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 the net purchase price.

For the first time in the history of the PwC Real Estate Investor Survey, we also collected data for the German residential real estate market.

In addition, we have interviewed investors regarding the future of office space and on whether there are any considerations of converting vacant office space into residential space in the upcoming years.

We gathered our data by interviewing various types of market participants, including funds, investment- or asset managers. For an overview of the results and for an overview of our approach and definitions, please refer to respective section.

Germany

Compared to the last survey, where we still observed yield compressions for offices in the Top 7 locations, we now notice increasing yields in all Top 7 cities (+ 17 bps on average). Unlike the prime locations, yield compressions are still observed for all B locations and the most Regions.

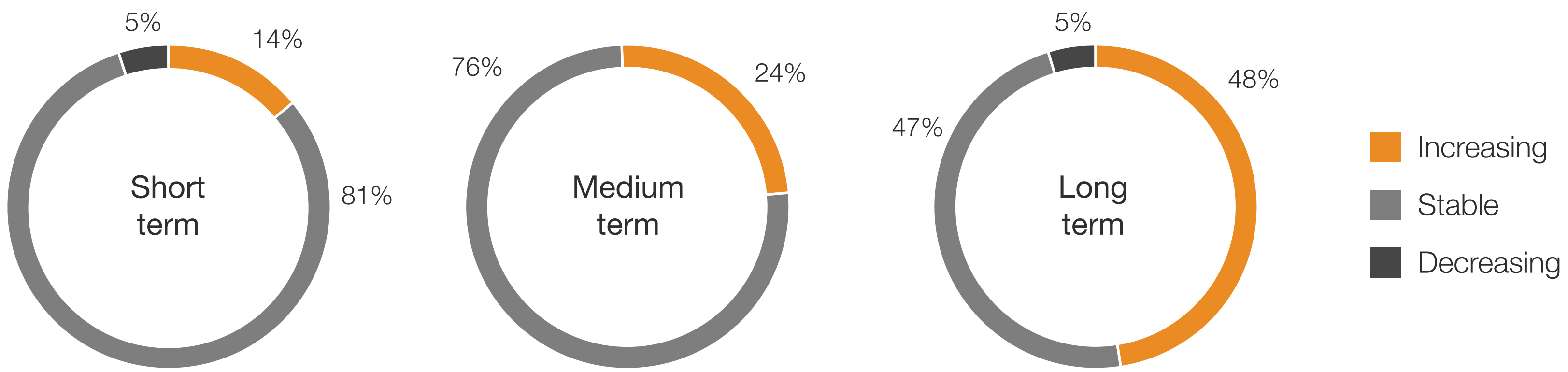
The turnaround in the retail investment market has now arrived throughout the German market with increasing yields for all locations and conservative expectations regarding market rent development and reletting assumptions.

As in the previous survey, the run on logistic properties continues with strong focus on locations outside the established Top 15 locations.

In all, logistics continue to be the most attractive German market and office properties in secondary locations outperform the Top 7 Cities.

Germany

Interest rate expectation



Short term

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

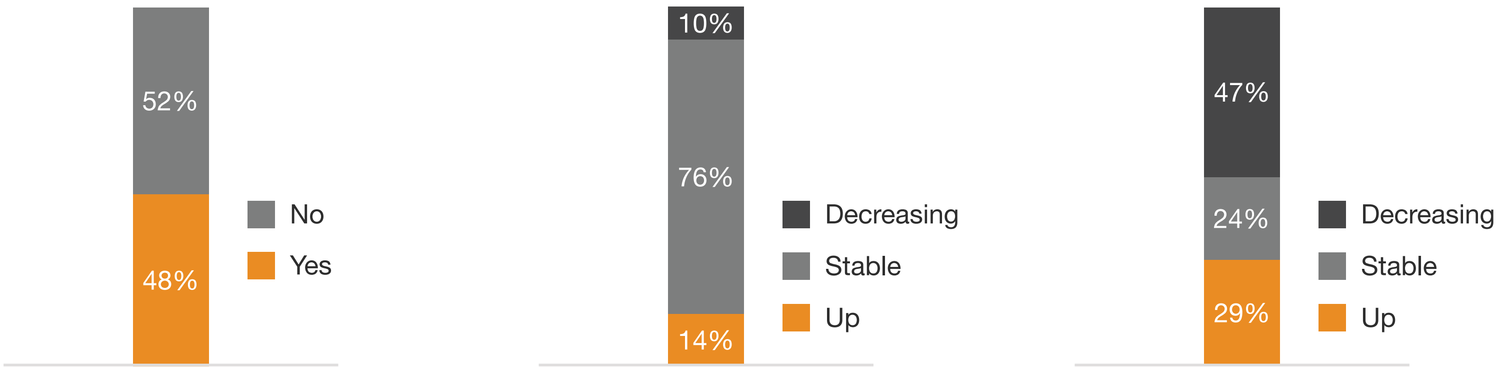
Medium term

For the next five years, the majority of investors continue to believe in stable interest rates.

Long term

In the long term, the opinions on the development of interest rates differ among the investors. Nearly half of the investors (47%) expect interest rates to remain constant whereas the other 48% believe in increasing interest rates.

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?

Unlike the last survey, where most investors expected property yields to develop in line with interest rates, the majority of the interviewed investors now believes that the development in property yields will not follow the trend in interest rates.

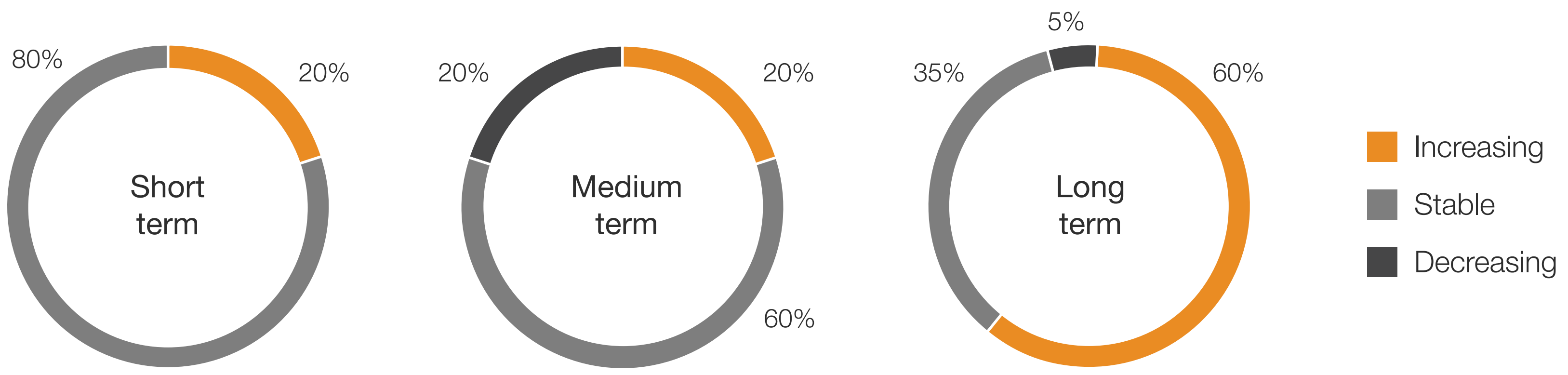
More than two thirds of the investors believe that rents will remain stable in prime locations. In secondary locations, nearly half of the investors expect decreasing rents instead. In contrast to the last survey six months ago, where one third believed in stable rents in secondary locations, one third now even expects an increase in secondary locations' rents.

Austria

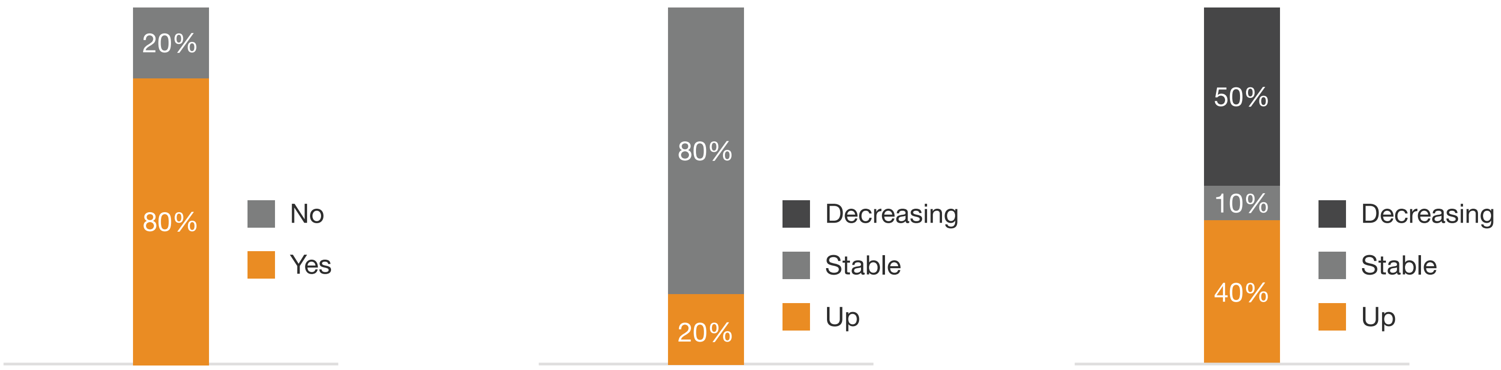
The Alpine Republic remains attractive, but struggles by limited supply. Low completion performance in the office segment means that limited increase is to be expected in 2021. In the hotel and retail sectors, which were hit particularly hard by the Corona crisis, sharp increases in yields took place. Consequently, hardly any transactions happened in 2020 in either asset class and investment volume decreased by almost 50%. The yields in the more resilient asset classes office and logistics remain under pressure. The positive development of the prime yield for logistics, which has fallen by 40 bps compared to the previous year, now stands at around 4.4% with further decline expected in 2021. Office and residential properties also recorded a further, albeit more moderate, decline in prime yields to 3.35% and 3.0% respectively. In the retail sector, particularly high-street retail and shopping centres suffered from COVID restrictions with an increase in prime yields of 35 and 45 bps respectively.

Austria

Interest rate expectation



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?

Short term

Similar to the results six months ago, most Austrian investors believe that interest rates will remain stable in the coming year. In contrast to the previous survey, a minority of investors expects short-term interest rates to increase.

Medium term

As of the medium-term outlook for the next 5 years, the overall perception remains analogue to H2 2020 results, with more than 60% of the investors still believing that interest rates will remain unchanged. However, about 20% of the investors assume that there may be a decrease in the medium term, and in contrary 20% predict the opposite movement.

Long term

With a turn in perception of interest rates to remain stable as of Vol. 12, the majority now assumes an increase beyond a period of 5 years. Nevertheless, more than one third of investors expect stable interest rates over the long term.

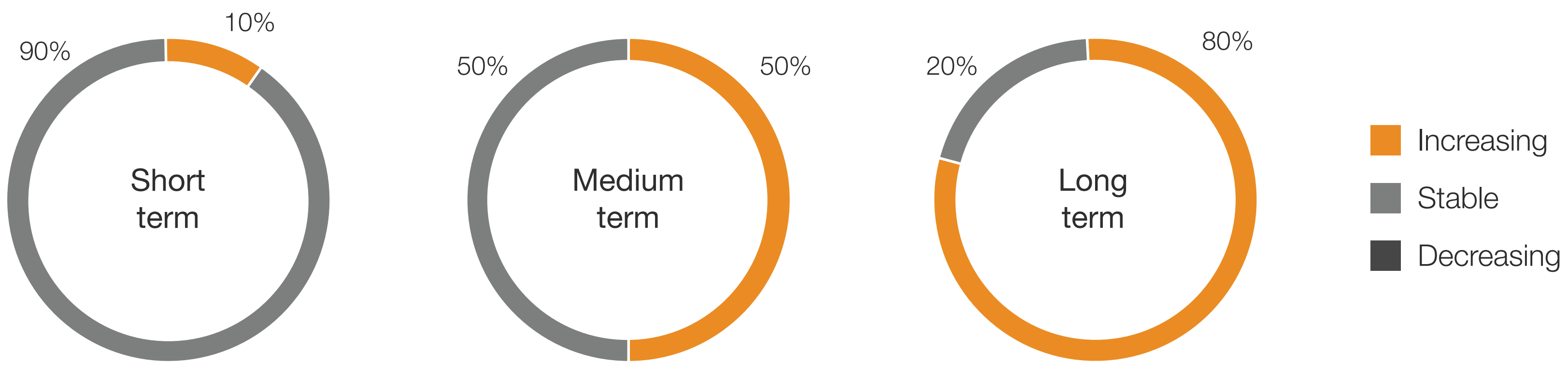
The investors perception of the development in property yields alongside the general trend in interest rates is moving apart. About 80% believe that yields increase in line with interest rates, whereas the rest supports the contrary. Almost 80% believe that rents in primary locations remain stable and 20% even predict an increase. In contrast, ca. 50% of investors expect a decline in rents for secondary locations.

Switzerland

Yields for Swiss residential properties continue to fall as investors exhibit a consistently high willingness to pay for this segment. In the office market, yields for core properties remain fairly stable, while the spread on less-than-core locations increases. However, investors seem to be highly divided about the magnitude of this spread, reflecting different views on the future of demand for office spaces. Spreads are also increasing in the high-street retail market, with sharp increases in yields for the second and third tier locations.

Switzerland

Interest rate expectation



Short term

90% of investors expect short-term interest rates to remain on their current levels, while only one in ten believes in a further decrease of rates.

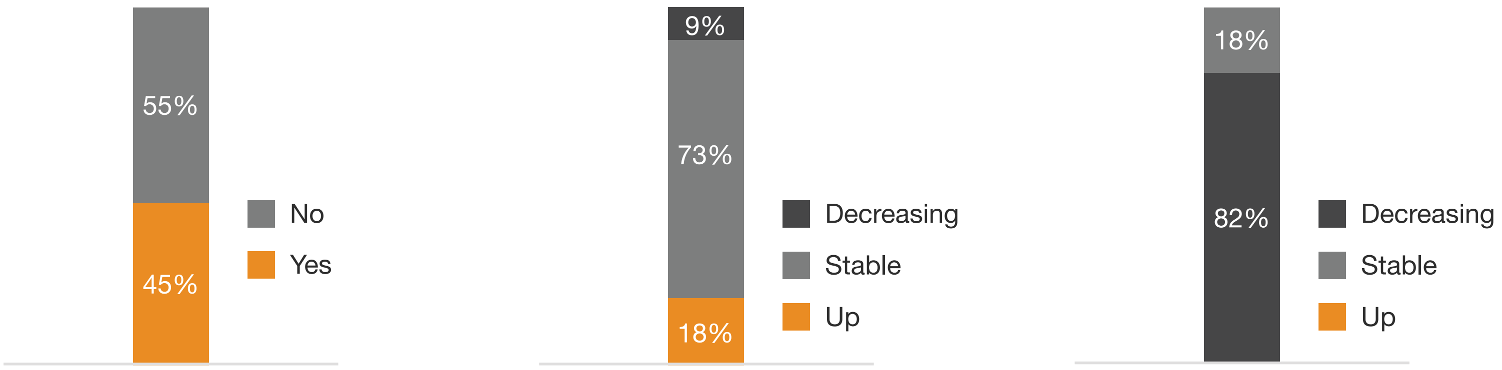
Medium term

The fraction of investors believing in flat interest rates over the two-to-five-years span has reduced from 90% to 50% over the past six months. The other half of the investors now believe in a rate increase over the medium term. The already small group of investors expecting rates to fall further has now vanished completely.

Long term

Over the long term, four out of five Swiss investors expect increasing rates. Only 20% expect current levels to persist over the ten-year horizon.

Investors’ expectations regarding yields and rent



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

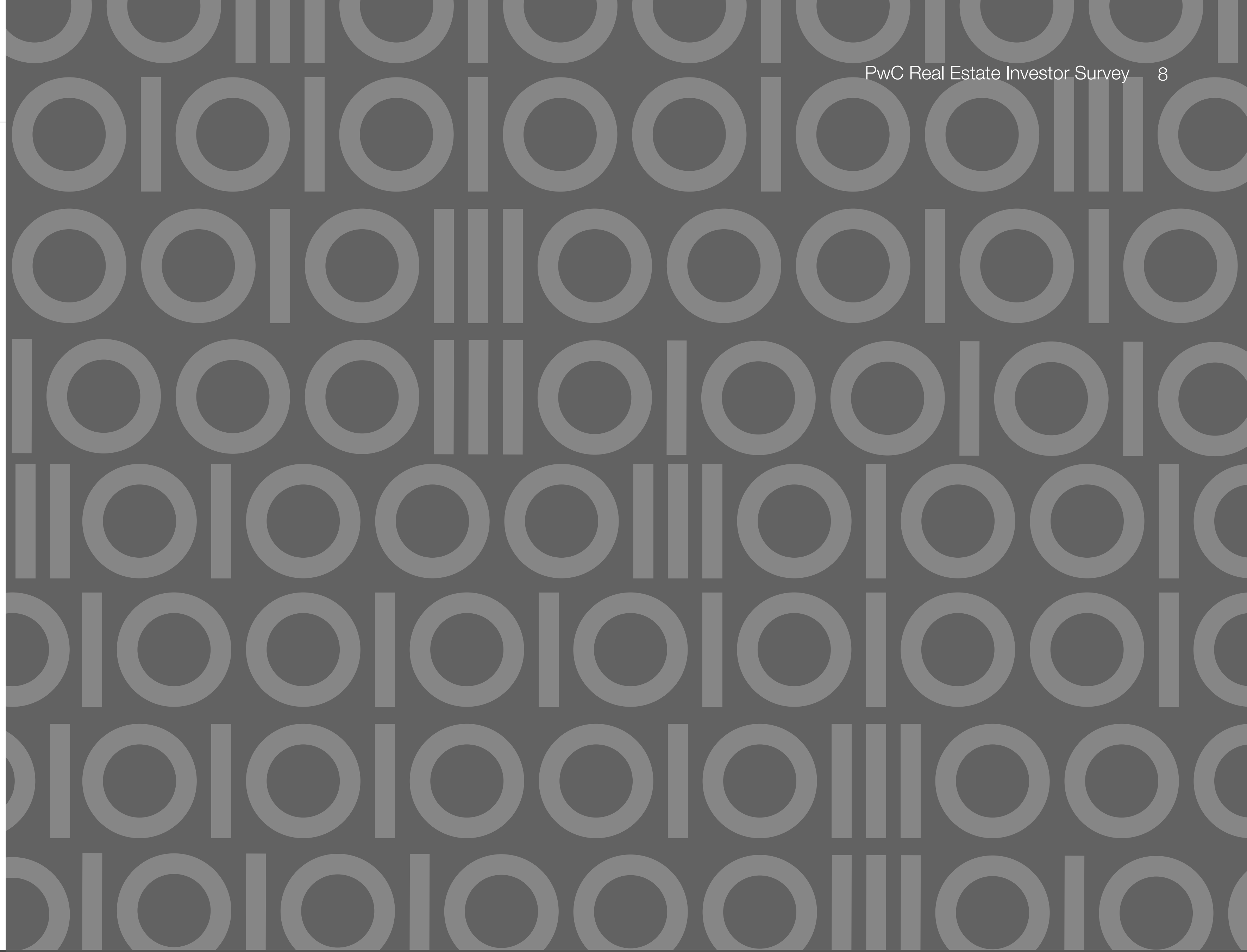
How will rents develop in primary locations?

How will rents develop in secondary locations?

For prime rents, there is growing consensus among Swiss investors that current market levels are here to stay. While a year ago (pre-COVID), a large majority of 69% expected further increasing rents for prime properties, this group has shrunk to 18% as of spring 2021. At the other end of the spectrum, also views on decreasing prime rents have become less popular (9%, down from 17% six months ago).

For secondary locations, a virtually unchanged majority of Swiss investors (82%) expects further decreases in rents.

Spotlight



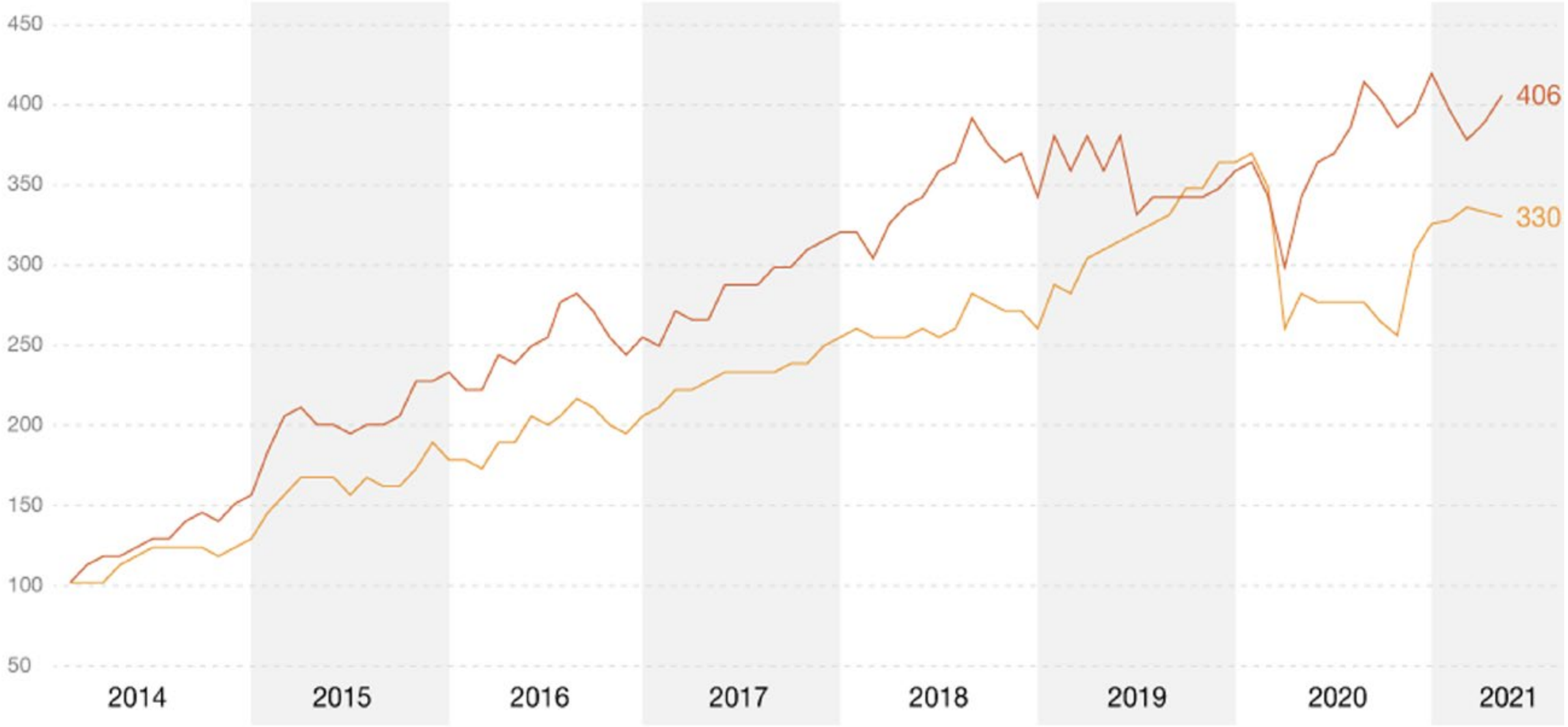
Spotlight

Office to Home - COVID-19 as catalyst for conversions?

More than one year ago, COVID-19 was declared a global pandemic by the World Health Organization. Regarding the impact on the German real estate market, we have observed that logistics and especially residential real estate emerged as beneficiary asset classes during the COVID-19 crisis in the previous year.

In December 2020, the PwC Real Estate Index for residential companies reached a new peak after an unabated rise since February 2020, indicating a high popularity of residential real estate. In January and February 2021, the PwC Real Estate Index for residential real estate fell, mainly caused by the rise of the commercial counterpart. From March 2021 onwards, the index for residential real estate was able to recover, as shown in the **PwC Real Estate Monitor as of May 2021**.

PwC Real Estate Index. Germany (Jan 2014 - Apr 2021)



Performance (30 April 2021)

Index	YTD	1 Month	3 Month	6 Month	1 Year	2 Years	3 Years	5 Years
Commercial	-3.02 %	4.8 %	2.5 %	5.2 %	17.7 %	12.5 %	19.9 %	72.2 %
Residential	1.86 %	-1.3 %	0.6 %	28.7 %	16.5 %	6.4 %	29.2 %	73.3 %

Source: PwC "Real Estate Monitor"

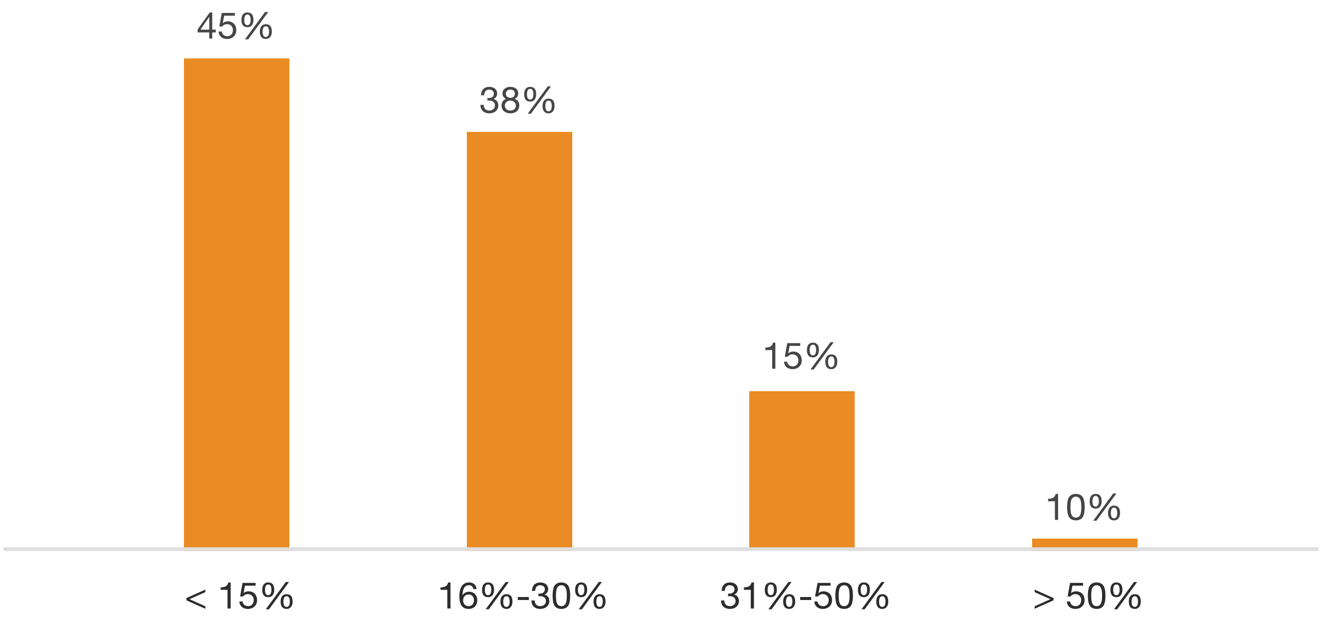
Spotlight

Office to Home - COVID-19 as catalyst for conversions?

The resilience of the asset class residential was already noted in our last edition of the PwC Real Estate Investor Survey, with home office as a major driver for a continued positive development of market KPIs.

The COVID-19 pandemic has led to an acceleration of what was initially a non-practice trend in most companies – the home office. The near future will show which solutions are coming up for office users. The resonance of our interviewees ranged from a clear outlook for a reduction in office space to more space per headcount, due to safety and health requirements. According to the PwC study on **Corporate Real Estate & Work from Home as of October 2020,** employers expected home office days to increase in the long-term from an average of 2.0 to 3.3. days per week. Furthermore, most companies surveyed, estimated a reduction in office space within the next three years. However, vacancy levels for office space remain low. Discussions on new working models are getting more balanced and consider the experience from more than 1 year away from office desks.

Employer: Change in office space requirements within next three years



Source: PwC Study "More Home, Less Office"

Spotlight

Office to Home - COVID-19 as catalyst for conversions?

Considering the aforementioned findings, we have interviewed investors regarding the future of office space and on whether there are any considerations of converting vacant office space into residential space in the upcoming years.

We have summarized the main statements of the participants of the survey below:

A. Future office space demand

The majority of the interviewed investors noted that office space is expected to decrease in the short-term, stabilizes in the medium-term and is planned to increase in the long-term.

Various investors confirmed that remote work is gaining importance and agreed on the increase of home office days after COVID-19. This results in long-term trends, such as the demand for an additional room in private homes (trend towards one additional room with the possibility for a separate working area), the extension of the residential district (migration from the city to suburbs), expansion of digitalization and enhancement of IT-equipment in private homes, and the usage of office space for community spaces.

B. Conversion of office space into residential space

Overall, the concept of converting office space into residential space is considered reasonable. However the concept is still uncommon in Germany, as stated by the investors. Possible reasons may be:

- the **consideration of enormous regulatory aspects,**

- **legal and structural barriers** (e.g. fire and noise protection),

- the **location of the office buildings mostly in non-residential areas** (lack of infrastructure),

- **high conversion costs**

Although the concept is still atypical in Germany, in the Netherlands and the United Kingdom it is already being applied, according to some survey participants.

In addition to the conversion of vacant office space, several investors have referred to the possibility of converting hotels and serviced apartments, which have been severely affected by the COVID-19 crisis.

It can be summarized that the expected change in the office market, which direction it will ever be, will not influence or significantly change the residential market in the short term. However, potential flex and work solutions will allow to live more out of town than before and is noted as a long term effect.

Furthermore, our survey identified additional trends in residential real estate:

Increase in the impact of ESG on inversors

Development of elderly-friendly residential quarters as a result of demographic change

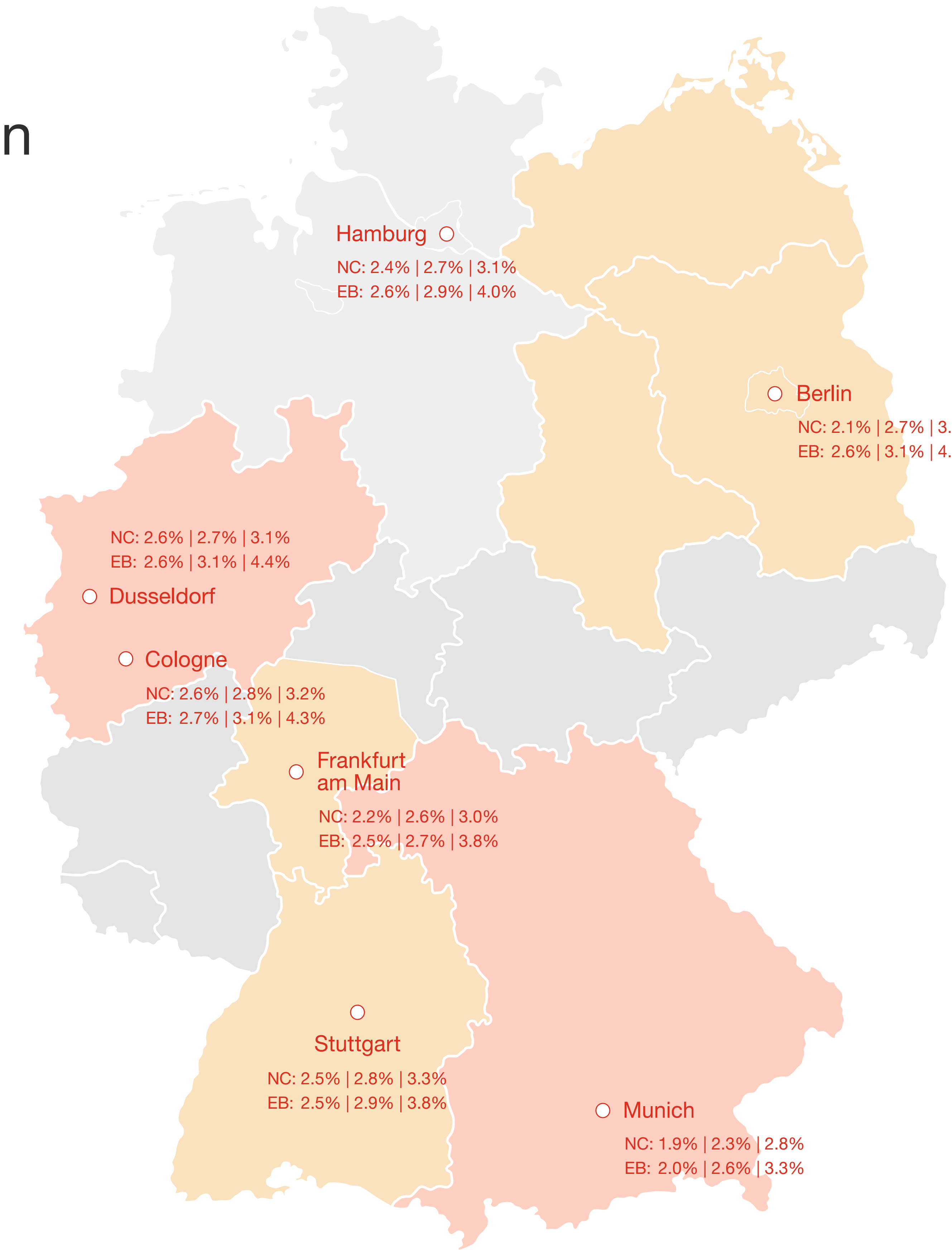
Implementation of the CO2 tax on buildings since January 1, 2021

Germany

Residential

Yields in German Top 7 Cities

Top 7 Cities
NC: New Construction
EB: Existitng Building



Min. % | Average % | Max. %

Top 7 Cities

For the first time in the history of the PwC Real Estate Investor Survey, we also collected data for the German residential real estate market.

For newly constructed multi family houses, the most expensive location among the Top 7 Cities is Munich with a prime yield of 1.9%. Second ranks Berlin (2.2%), followed by Frankfurt (2.2%). The average yield for newly constructed multifamily houses across all Top 7 Cities amounts to 2.3% for core properties, 2.6% for core-plus and 2.9% for riskier residential properties.

Regarding existing multi family houses, the average prime yield for core properties stands at 2.5% and is therefore only marginally higher than the prime yield for new constructions. Also in this asset class, Munich is outperforming the remaining cities with yields of 2.0% for core, 2.6% for core-plus and 3.3% for value-add properties.

Looking at sales per sqm, Munich is leading with an average maximum price of €23,333/sqm for newly built and an average price of €8,167/sqm for existing apartments. Average prime purchase price for all Top 7 Cities amounts to €14,007/sqm.

In terms of rents, Munich ranks first, again. Prime rent for newly constructed residential area in Munich stands at €30.7/sqm, whereas the average rent for existing residential space is at €17/sqm. The less expensive prime rent for new constructions shows Cologne (€17.6/sqm) and the lowest average rent in existing buildings is recorded in Berlin (€8.8/sqm).

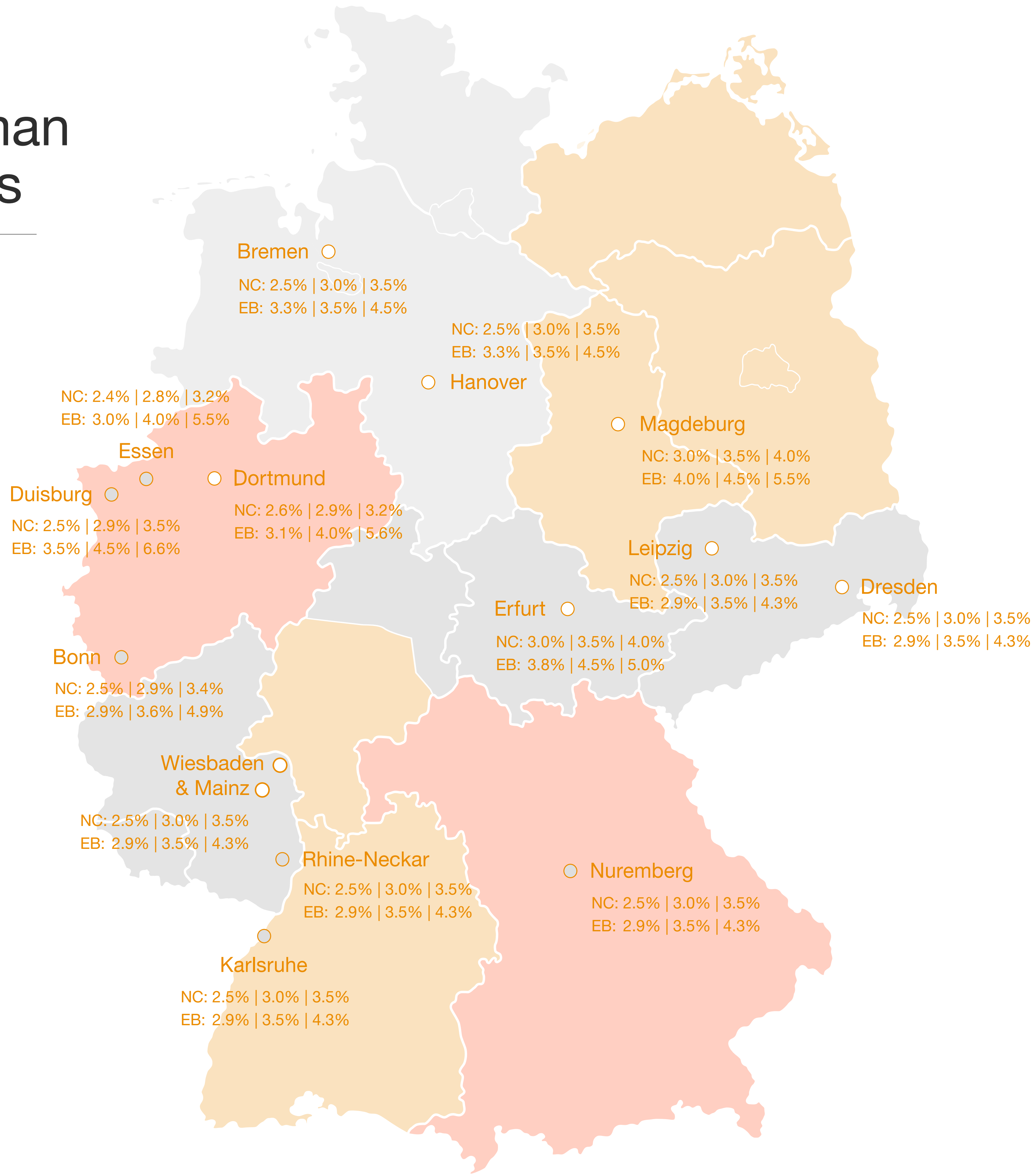
On average, investors expect an annual rental growth of 1.3%. The strongest annual rental growth is expected in Cologne (+1.8%), followed by Dusseldorf (+1.7%).

➔ View the graphs for *Yields ranges* on pages 17 and 18

Residential

Yields in German Regional Cities

Regional Cities
NC: New Construction
EB: Existitng Building



Min. % | Average % | Max. %

Regional Cities

With a prime yield of 2.6% for newly constructed multifamily houses, the Regional Cities are not significantly cheaper than the Top 7 Cities. The yield gap is more visible with respect to existing buildings where the average yield for core properties is at 3.1%, for core-plus properties at 3.8% and for value-add properties at 4.8%.

The highest average rents for existing residential properties can be achieved in Bonn (€9.8/sqm) and Dresden (€9.5/sqm).

Compared to the Top 7 Cities, Investors expect slightly higher annual rental growth in the Regional Cities (+1.6%). The greatest upside potential is expected for Bonn (+2.0%), followed by Dortmund and Essen (+1.9%, each).

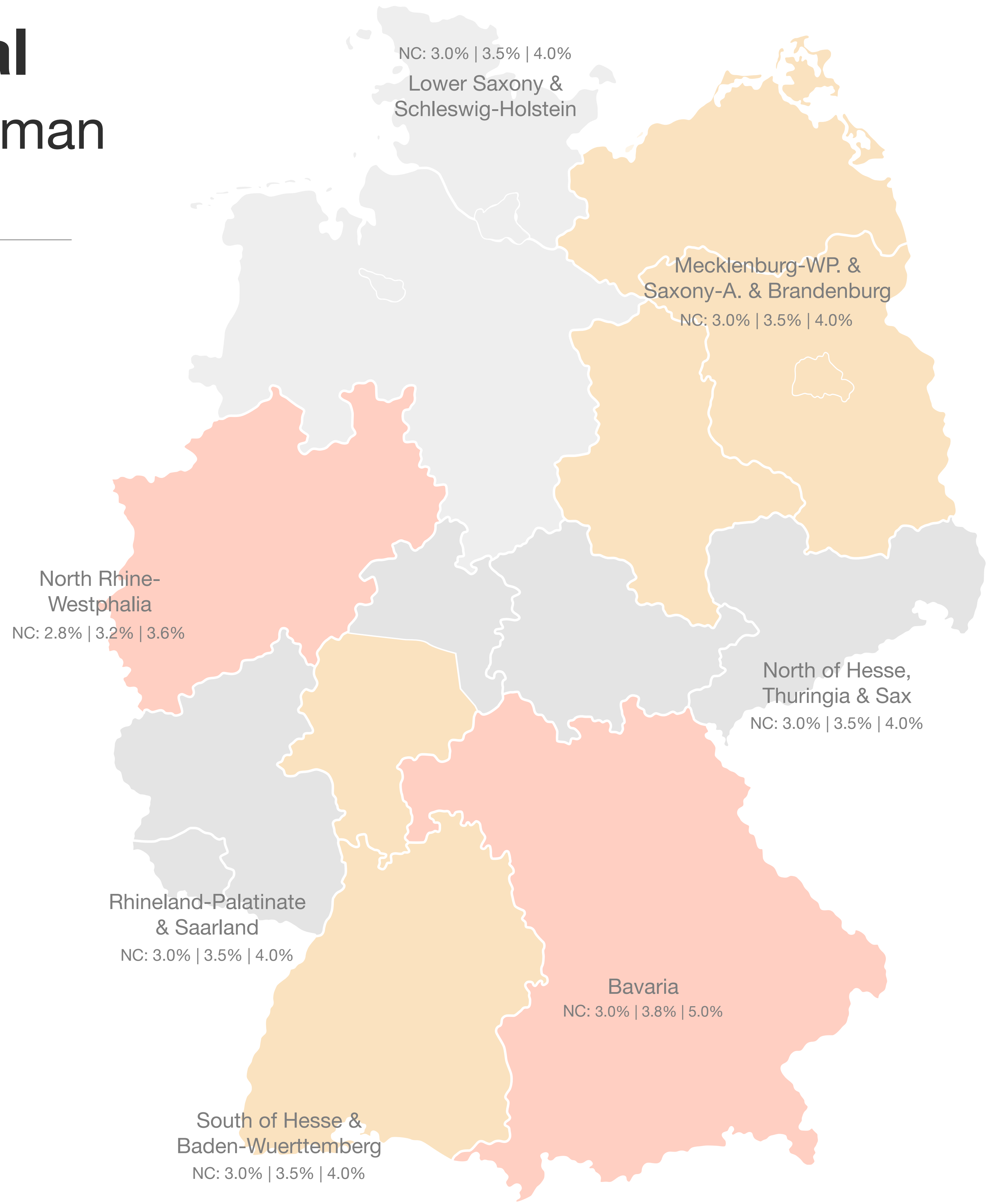
In terms of sales prices, the highest prices for existing buildings are paid in Dresden (€3,125/sqm), Mainz-Wiesbaden and Rhine-Neckar (€3,000/sqm, each).

➔ View the graphs for ***Yields ranges*** on pages 17 and 18

Residential

Yields in German Regions

Regions
NC: New Construction



Min. % | Average % | Max. %

Regions

Between the Regions, there are virtually any yield gaps when looking at the prime yields for newly constructed multifamily houses (3.0%, on average). For core-plus and value-add properties, the average yield stands at 3.5% and 4.1%, respectively.

Bavaria shows the highest returns across all risk categories.

As for the Top 7 Cities, Investors expect an average annual rental growth rate of 1.3% for the Regions. More upside potential is expected for the development of purchase prices (+2.7%, on average).

➔ View the graphs for ***Yields ranges*** on pages 17 and 18

Letting parameters

Top 7 Cities

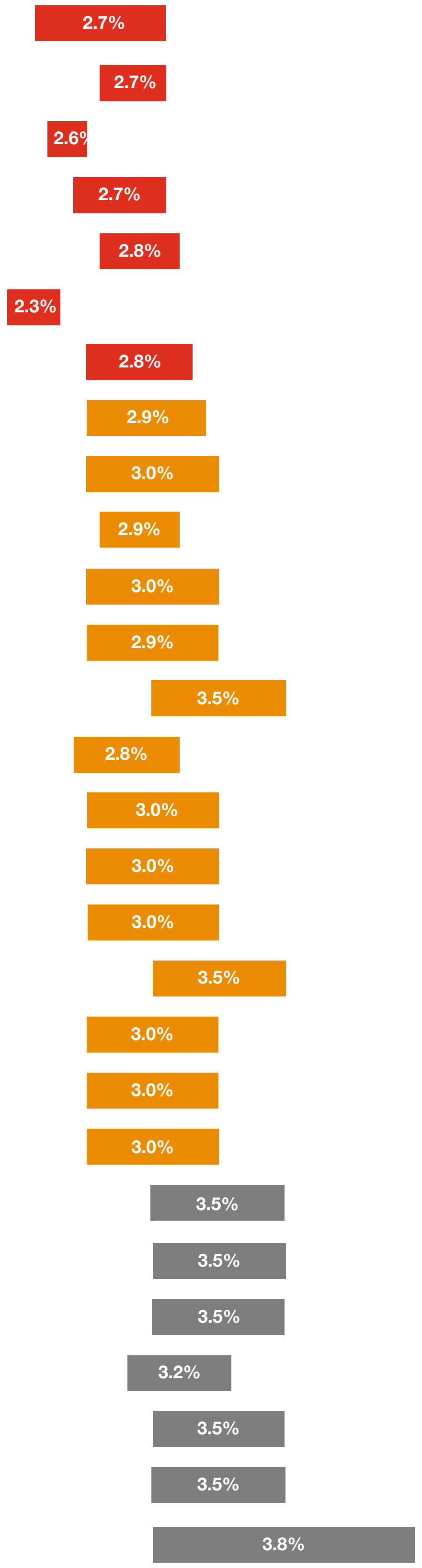
	New Construction		Existing Building			
	Prime rent (in EUR/m²/month)	Prime purchase price (in EUR/m²/month)	Average Rent (in EUR/m²/month)	Average purchase price (in EUR/m²/month)	Annual market rent growth rate	Annual market purchase price growth rate
Top 7 Cities	**Med.**	**Med.**	**Med.**	**Med.**	**Med.**	**Med.**
Berlin	19	11,125	9	3,475	0.6%	1.0%
Düsseldorf	19	10,288	10	3,684	1.7%	1.9%
Frankfurt am Main	22	16,167	13	5,533	1.3%	1.3%
Hamburg	24	12,500	11	4,667	1.3%	2.0%
Cologne	18	10,238	10	3,568	1.8%	2.0%
Munich	31	23,333	17	8,167	1.3%	2.0%
Stuttgart	23	14,400	14	5,867	1.1%	1.7%

New Construction Yields ranges

Top 7 Cities

Regional Cities

Regions



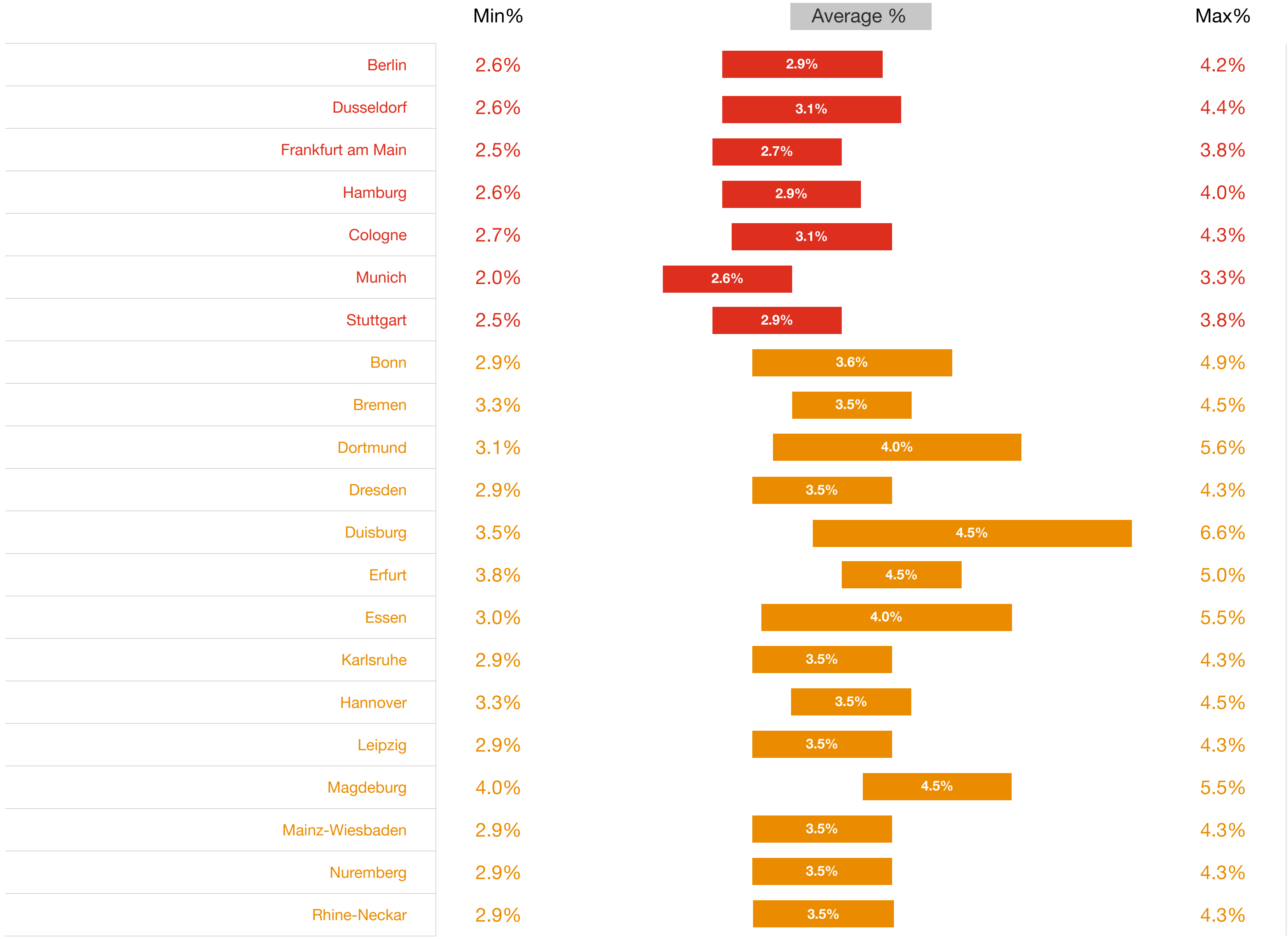
	Min%	Average %	Max%
Berlin	2.1%	2.7%	3.1%
Dusseldorf	2.6%	2.7%	3.1%
Frankfurt am Main	2.2%	2.6%	2.5%
Hamburg	2.4%	2.7%	3.1%
Cologne	2.6%	2.8%	3.2%
Munich	1.9%	2.3%	2.3%
Stuttgart	2.5%	2.8%	3.3%
Bonn	2.5%	2.9%	3.4%
Bremen	2.5%	3.0%	3.5%
Dortmund	2.6%	2.9%	3.2%
Dresden	2.5%	3.0%	3.5%
Duisburg	2.5%	2.9%	3.5%
Erfurt	3.0%	3.5%	4.0%
Essen	2.4%	2.8%	3.2%
Karlsruhe	2.5%	3.0%	3.5%
Hannover	2.5%	3.0%	3.5%
Leipzig	2.5%	3.0%	3.5%
Magdeburg	3.0%	3.5%	4.0%
Mainz-Wiesbaden	2.5%	3.0%	3.5%
Nuremberg	2.5%	3.0%	3.5%
Rhine-Neckar	2.5%	3.0%	3.5%
Lower Saxony & Schleswig-Holstein	3.0%	3.5%	4.0%
Macklenburg-West Pomerania & Saxony-Anhalt & Brandenburg	3.0%	3.5%	4.0%
Saxony & Thuringia & North of Hesse	3.0%	3.5%	4.0%
North Rhine-Westphalia	2.8%	3.2%	3.6%
Rhineland-Palatinate & Saarland	3.0%	3.5%	4.0%
South of Hesse & Baden-Wuerttemberg	3.0%	3.5%	4.0%
Bavaria	3.0%	3.8%	5.0%

Existing Building Yields ranges

Top 7 Cities

Regional Cities

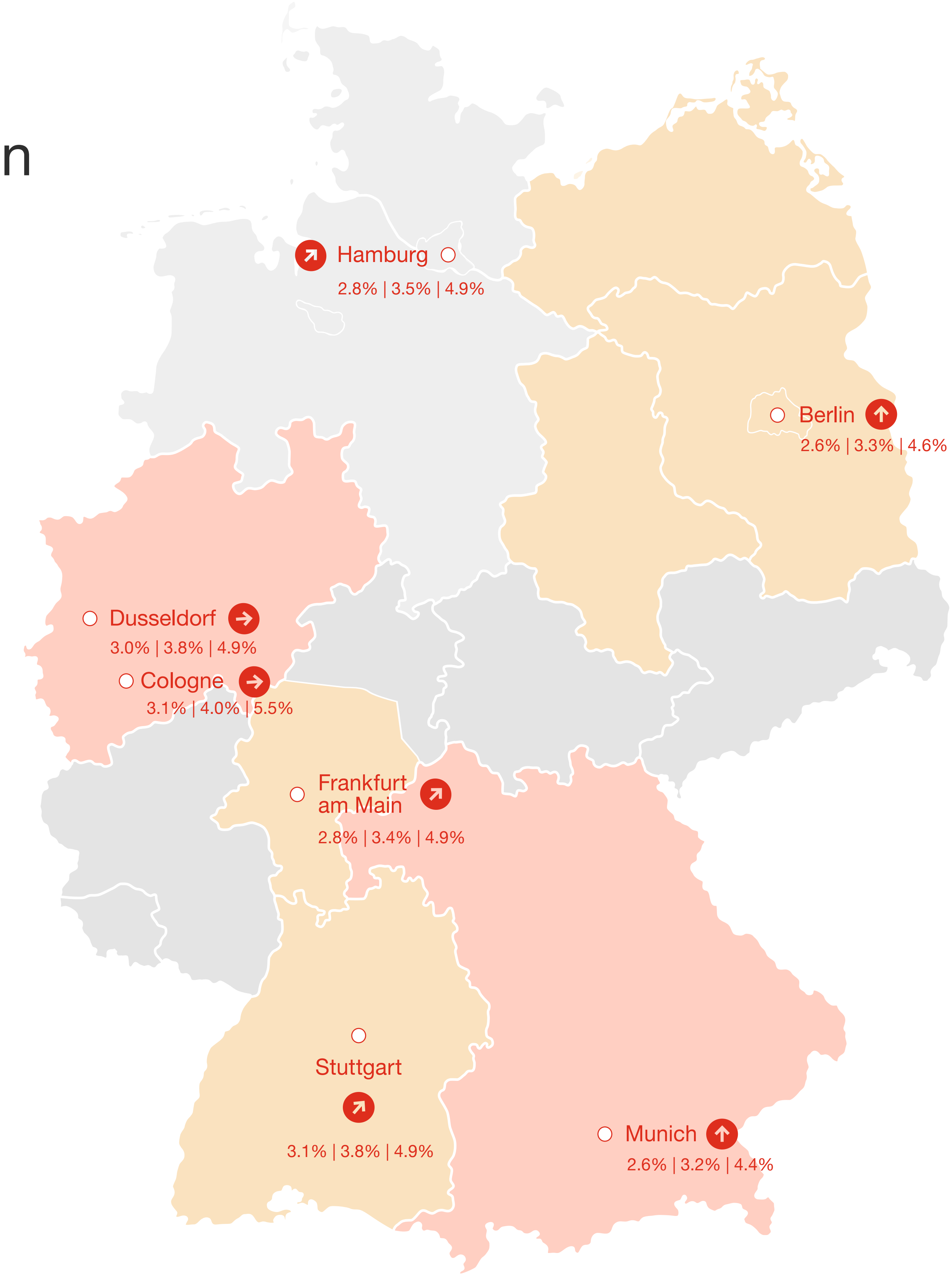
Regions



	Min%	Average %	Max%
Berlin	2.6%	2.9%	4.2%
Dusseldorf	2.6%	3.1%	4.4%
Frankfurt am Main	2.5%	2.7%	3.8%
Hamburg	2.6%	2.9%	4.0%
Cologne	2.7%	3.1%	4.3%
Munich	2.0%	2.6%	3.3%
Stuttgart	2.5%	2.9%	3.8%
Bonn	2.9%	3.6%	4.9%
Bremen	3.3%	3.5%	4.5%
Dortmund	3.1%	4.0%	5.6%
Dresden	2.9%	3.5%	4.3%
Duisburg	3.5%	4.5%	6.6%
Erfurt	3.8%	4.5%	5.0%
Essen	3.0%	4.0%	5.5%
Karlsruhe	2.9%	3.5%	4.3%
Hannover	3.3%	3.5%	4.5%
Leipzig	2.9%	3.5%	4.3%
Magdeburg	4.0%	4.5%	5.5%
Mainz-Wiesbaden	2.9%	3.5%	4.3%
Nuremberg	2.9%	3.5%	4.3%
Rhine-Neckar	2.9%	3.5%	4.3%

Office

Yields in German Top 7 Cities



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Minimum yields movement compared to last six months

Min. % | Average % | Max. %

Top 7 Cities

Berlin and Munich continue to be the most expensive markets for prime office properties with yields of 2.6% and 2.6%, respectively. Hamburg now replaces Frankfurt as the third most expensive office investment market with a prime yield of 2.8%. The highest prime office rents are recorded with €43/sqm in Frankfurt, followed by Munich with €40/sqm and Berlin with €39/sqm.

Unlike six months ago, all of the Top 7 Cities now experience an increase in yields. All risk classes are almost equally affected by this development: the average increase in yields for core, core plus and value-add properties amounts to 16 bps, 19 bps and 16 bps, respectively.

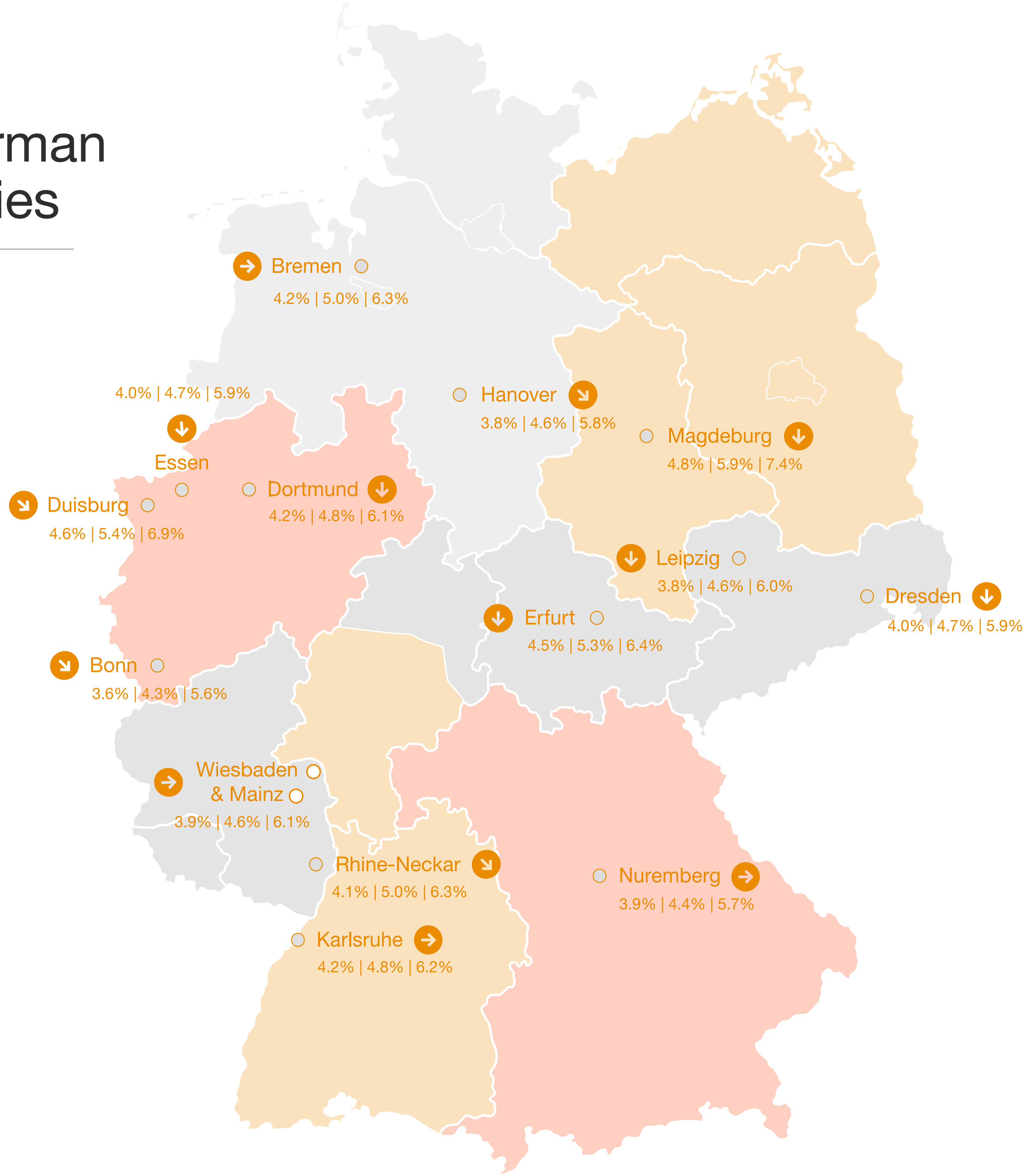
Munich (+27 bps) and Hamburg (+19 bps) record the highest average growth in office property yields across all risk classes among the Top 7 Locations. In Munich, the increase is mainly driven by the yield development for core properties (+33 bps) whereas Hamburg records a strong increase in the value-add sector (+26 bps). Dusseldorf is the least affected by the price decline on the office investment market (+5 bps on average).

Except for Stuttgart, which shows an expected annual rental growth of 0.3%, the expected development in rents is zero as for Berlin or negative for the remaining Top 7 Cities. The strongest decline shows Cologne (-0.3%), followed by Dusseldorf (-0.2%). This is in line with the development of the slightly increasing average duration until reletting.

→ View the graph for *Yields ranges and compression* on page 23

Office

Yields in German Regional Cities



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Minimum yields movement compared to last six months

Min. % | Average % | Max. %

Regional Cities

Investors’ appetite for office properties outside the Top 7 Locations is still high. The yields for office properties in Regional Cities further declined by 17 bps on average. Core properties showed higher compression (-20 bps).

Like six months ago, the most preferred Regional city is Bonn with the lowest yields for core properties of 3.6% as well as 4.3% for core-plus and 5.6% for value-add properties. Leipzig and Hanover rank second and third with prime yields of 3.8%, each. The Regional Cities Mainz-Wiesbaden and Nuremberg with prime yields of 3.9% are also below the 4% mark.

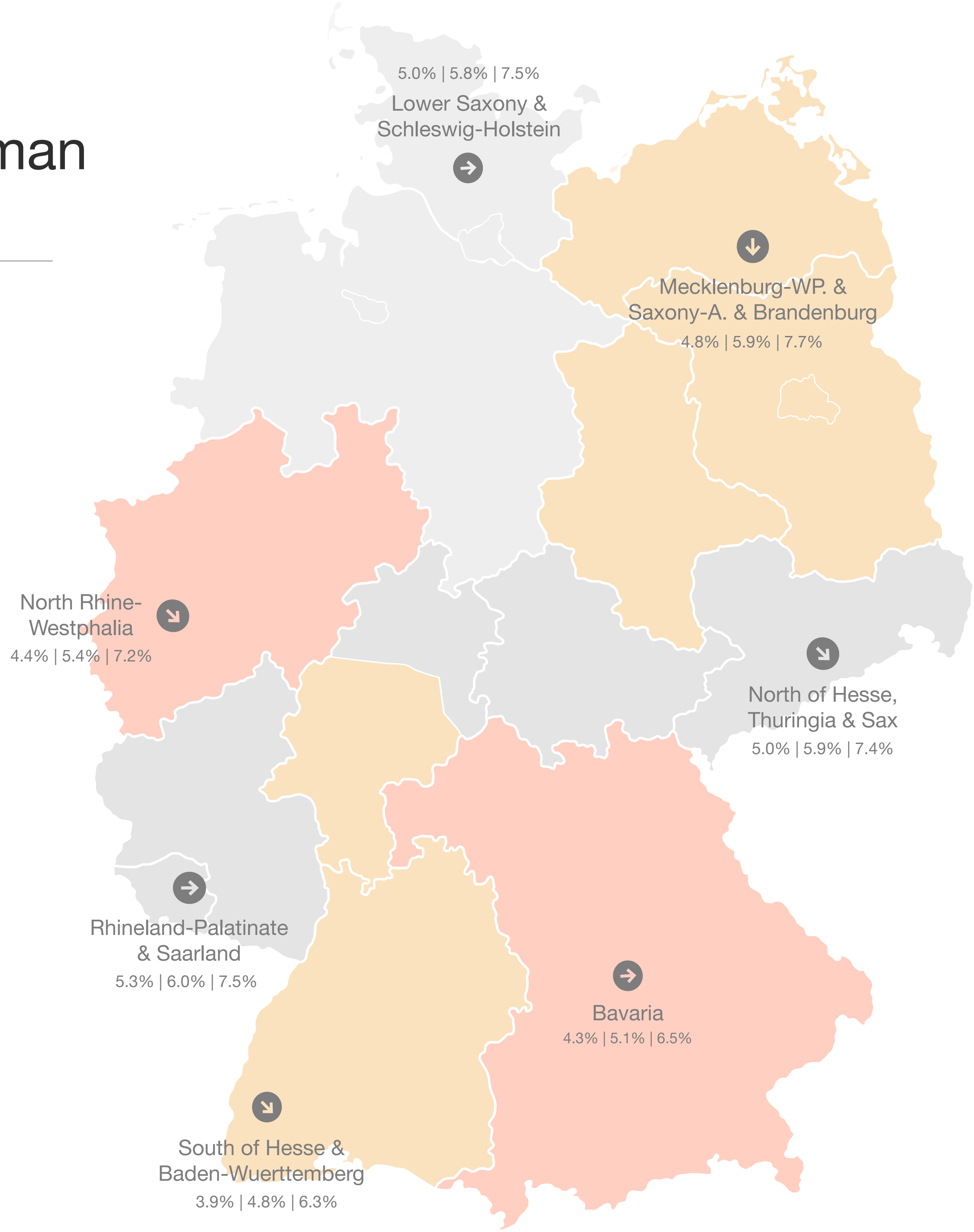
Again, Bonn shows the highest prime rent with €24/sqm, followed by Hanover and Karlsruhe (€18/sqm, each).

The strongest yield compressions are observed in Essen (-46 bps in core, -45 bps in core-plus and -46 bps in value-add properties) and Dresden (-35 bps in core, -30 bps in core-plus and -64 bps in value-add properties).

→ View the graph for *Yields ranges and compression* on page 23

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 continued to increase which is underlined by further yield compressions compared to the results six months ago. In this context, the focus of the investors is shifting from core to core-plus properties. On average, the Regions have experienced a yield compression for core, core-plus and value-add properties of 12 bps, 21 bps and 11 bps, respectively.

Only in Lower Saxony & Schleswig Holstein, the office property yields recorded a slight increase on average (+4 bps).

South of Hesse and Baden-Wuerttemberg are again the most expensive Regions with 3.9% (-20 bps) for core, 4.8% (-28 bps) for core-plus and 6.3% (-15 bps) for value-add properties.

→ View the graph for ***Yields ranges and compression*** on page 23

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	39	2	→	4	↗	70%	↓	0.0%	↓
Düsseldorf	24	4	↗	5	↗	61%	↓	-0.2%	↘
Frankfurt am Main	43	4	→	6	↑	65%	↑	-0.1%	↘
Hamburg	31	3	↘	4	→	70%	↑	-0.1%	↘
Cologne	25	4	→	5	↗	68%	↓	-0.3%	↓
Munich	40	2	↗	4	↗	75%	↓	-0.1%	↘
Stuttgart	25	4	↗	5	↑	71%	↑	0.3%	→

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

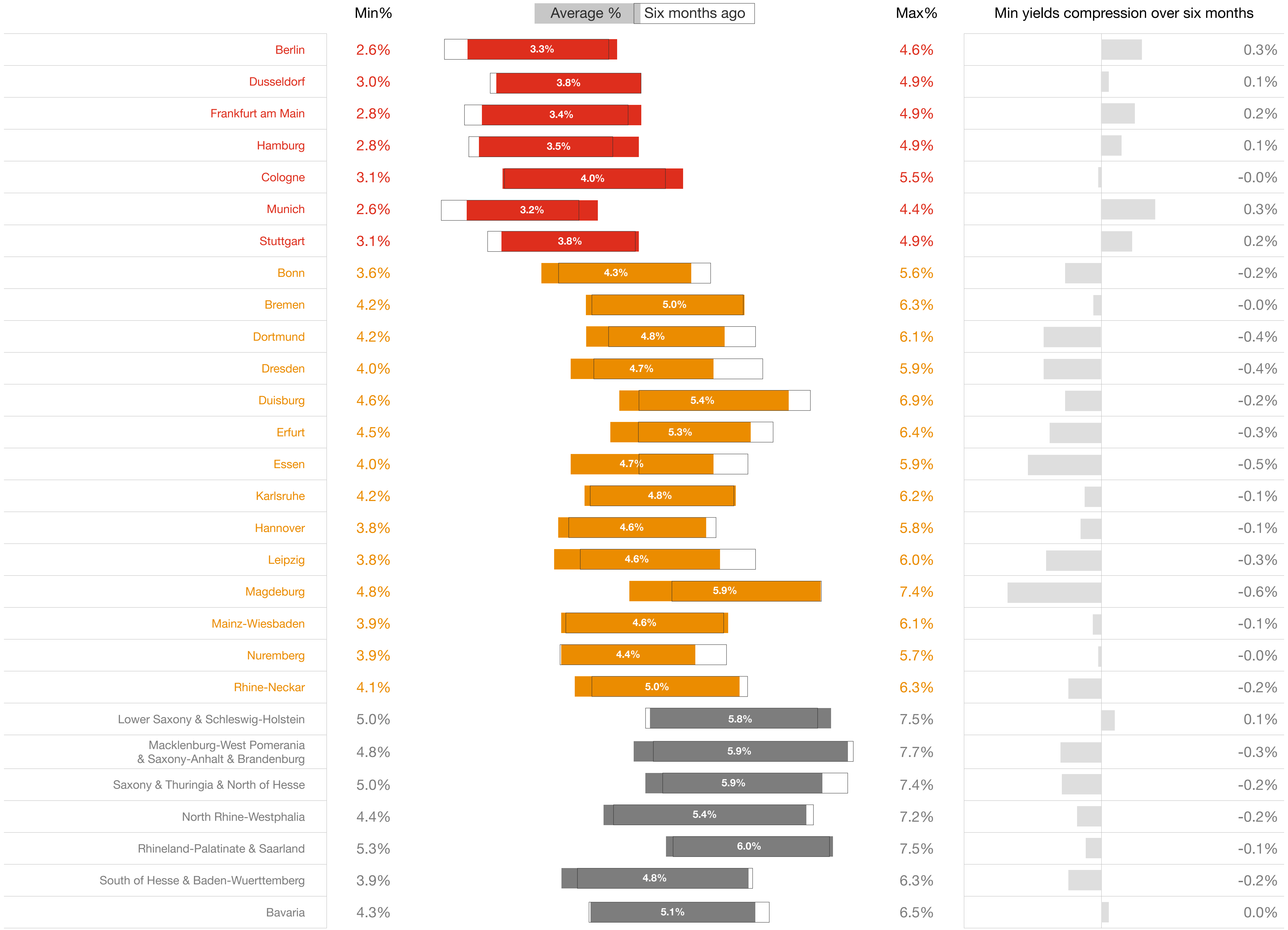
Compared to six months ago (majority of responses)

Yields ranges and compression

Top 7 Cities

Regional Cities

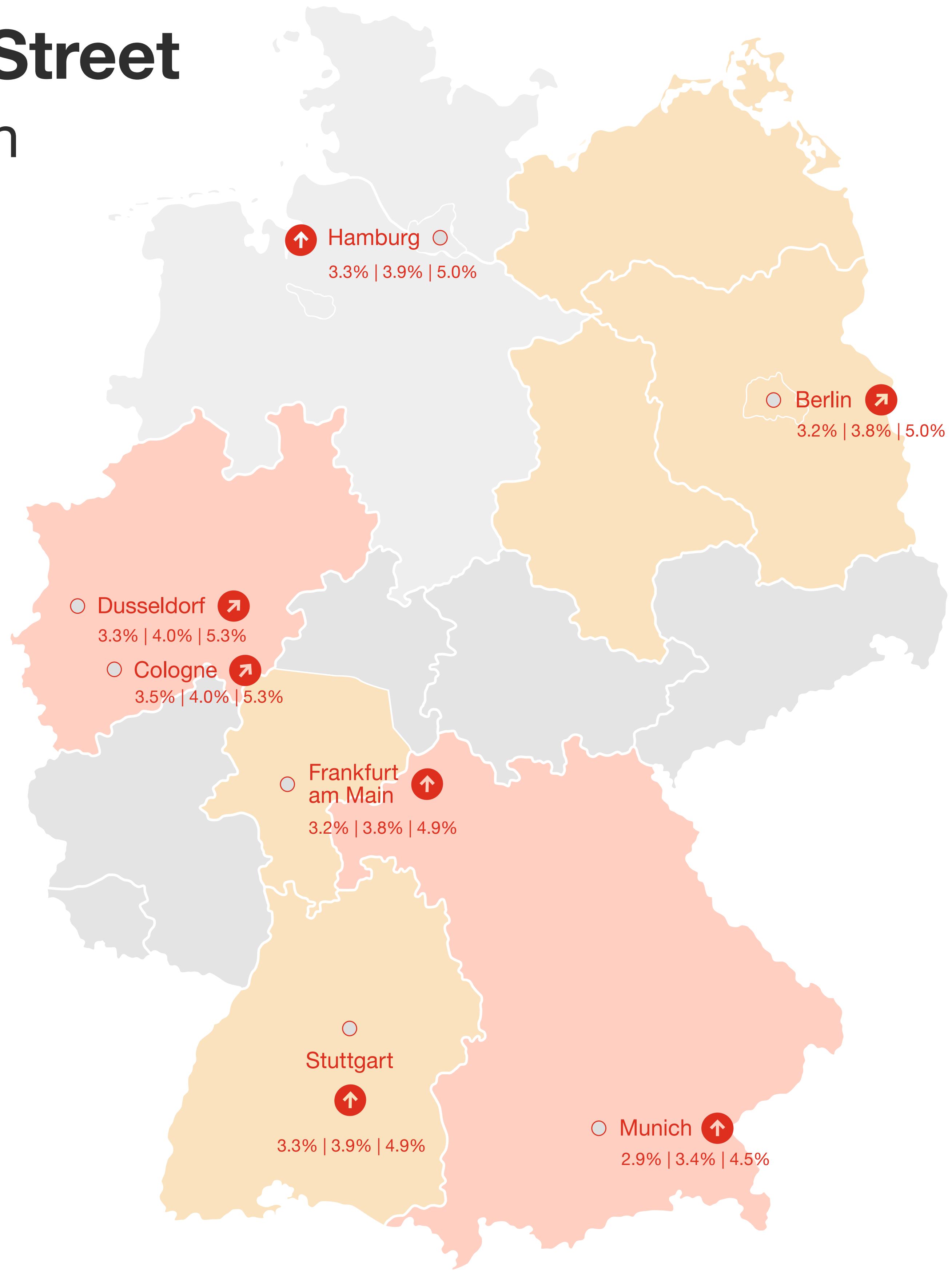
Regions



	Min%	Average %	Max%	Min yields compression over six months
Berlin	2.6%	3.3%	4.6%	0.3%
Dusseldorf	3.0%	3.8%	4.9%	0.1%
Frankfurt am Main	2.8%	3.4%	4.9%	0.2%
Hamburg	2.8%	3.5%	4.9%	0.1%
Cologne	3.1%	4.0%	5.5%	-0.0%
Munich	2.6%	3.2%	4.4%	0.3%
Stuttgart	3.1%	3.8%	4.9%	0.2%
Bonn	3.6%	4.3%	5.6%	-0.2%
Bremen	4.2%	5.0%	6.3%	-0.0%
Dortmund	4.2%	4.8%	6.1%	-0.4%
Dresden	4.0%	4.7%	5.9%	-0.4%
Duisburg	4.6%	5.4%	6.9%	-0.2%
Erfurt	4.5%	5.3%	6.4%	-0.3%
Essen	4.0%	4.7%	5.9%	-0.5%
Karlsruhe	4.2%	4.8%	6.2%	-0.1%
Hannover	3.8%	4.6%	5.8%	-0.1%
Leipzig	3.8%	4.6%	6.0%	-0.3%
Magdeburg	4.8%	5.9%	7.4%	-0.6%
Mainz-Wiesbaden	3.9%	4.6%	6.1%	-0.1%
Nuremberg	3.9%	4.4%	5.7%	-0.0%
Rhine-Neckar	4.1%	5.0%	6.3%	-0.2%
Lower Saxony & Schleswig-Holstein	5.0%	5.8%	7.5%	0.1%
Macklenburg-West Pomerania & Saxony-Anhalt & Brandenburg	4.8%	5.9%	7.7%	-0.3%
Saxony & Thuringia & North of Hesse	5.0%	5.9%	7.4%	-0.2%
North Rhine-Westphalia	4.4%	5.4%	7.2%	-0.2%
Rhineland-Palatinate & Saarland	5.3%	6.0%	7.5%	-0.1%
South of Hesse & Baden-Wuerttemberg	3.9%	4.8%	6.3%	-0.2%
Bavaria	4.3%	5.1%	6.5%	0.0%

Retail | High Street

Yields in German Top 7 Cities



↑ ↗ → ↘ ↓

Minimum yields movement compared to last six months

Min. % | Average % | Max. %

Top 7 Cities

In contrast to the last survey six months ago, core retail properties at the Top 7 Cities now record an increase in yields of 25 bps on average. The strongest yield growth was observed in Stuttgart (+37 bps) followed by Frankfurt and Munich (+29 bps, each).

The average increase in yields for core-plus properties was with +24 bps significantly lower than the increase in yields for value-add properties with +52 bps on average.

Munich is still the most expensive Top 7 city with the lowest yields across all risk classes; core (2.9%), core-plus (3.4%) and value-add (4.5%).

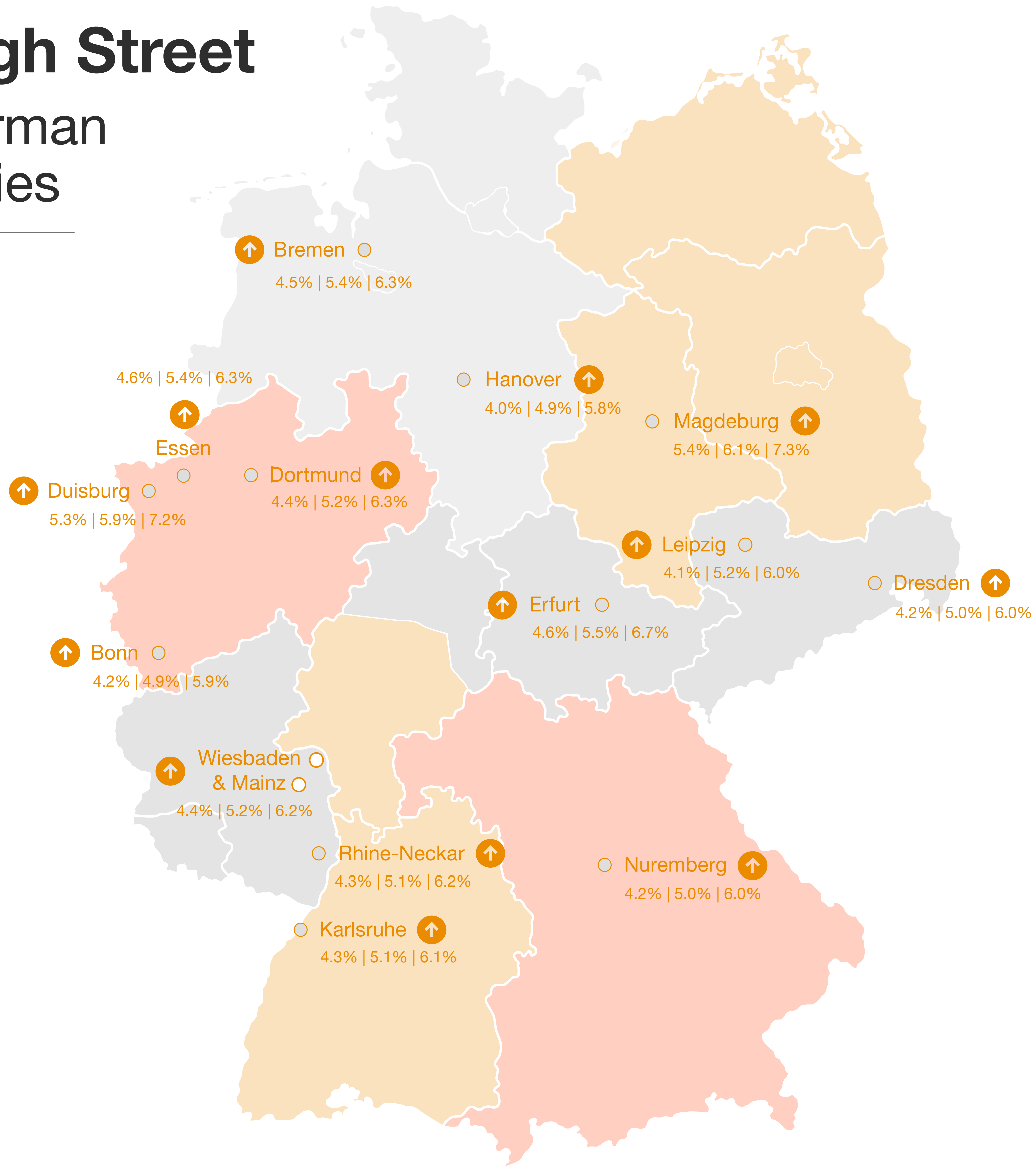
The annual market rental growth rate continued to fall to -2.4% on average (vs. -0.6% six months ago). Berlin, Dusseldorf and Cologne had the highest rent decrease of -2.7% followed by Stuttgart with -2.6%.

The prime rent was the highest in Munich again (€306/sqm), even though this rental level is 8% lower compared to the last survey. On average, the prime retail rents in the Top 7 Cities dropped by 5.8% over the last six months. The highest decline in prime rents experienced Stuttgart with almost 11% from €247/sqm to €220/sqm. Only Berlin recorded an increase in prime retail rents from €260/sqm to €274/sqm.

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

Retail | High Street

Yields in German Regional Cities



↑ ↗ → ↘ ↓

Minimum yields movement
compared to last six months

Min. % | Average % | Max. %

Regional Cities

Like the Top 7 Cities, all Regional Cities experienced an increase in yields across all risk classes. Though, the increase was significantly higher than in the Top 7 Locations. On average, the core properties yields have increased by 54 bps, core-plus by 72 bps and value-add by 82 bps.

Belonging to one of the most expensive Regional Cities only 6 months ago, the Rhine Neckar Area now recorded the strongest increase in retail property yields in all risk classes (+73 bps for core, +87 bps for core-pus and +120 bps for value-add properties).

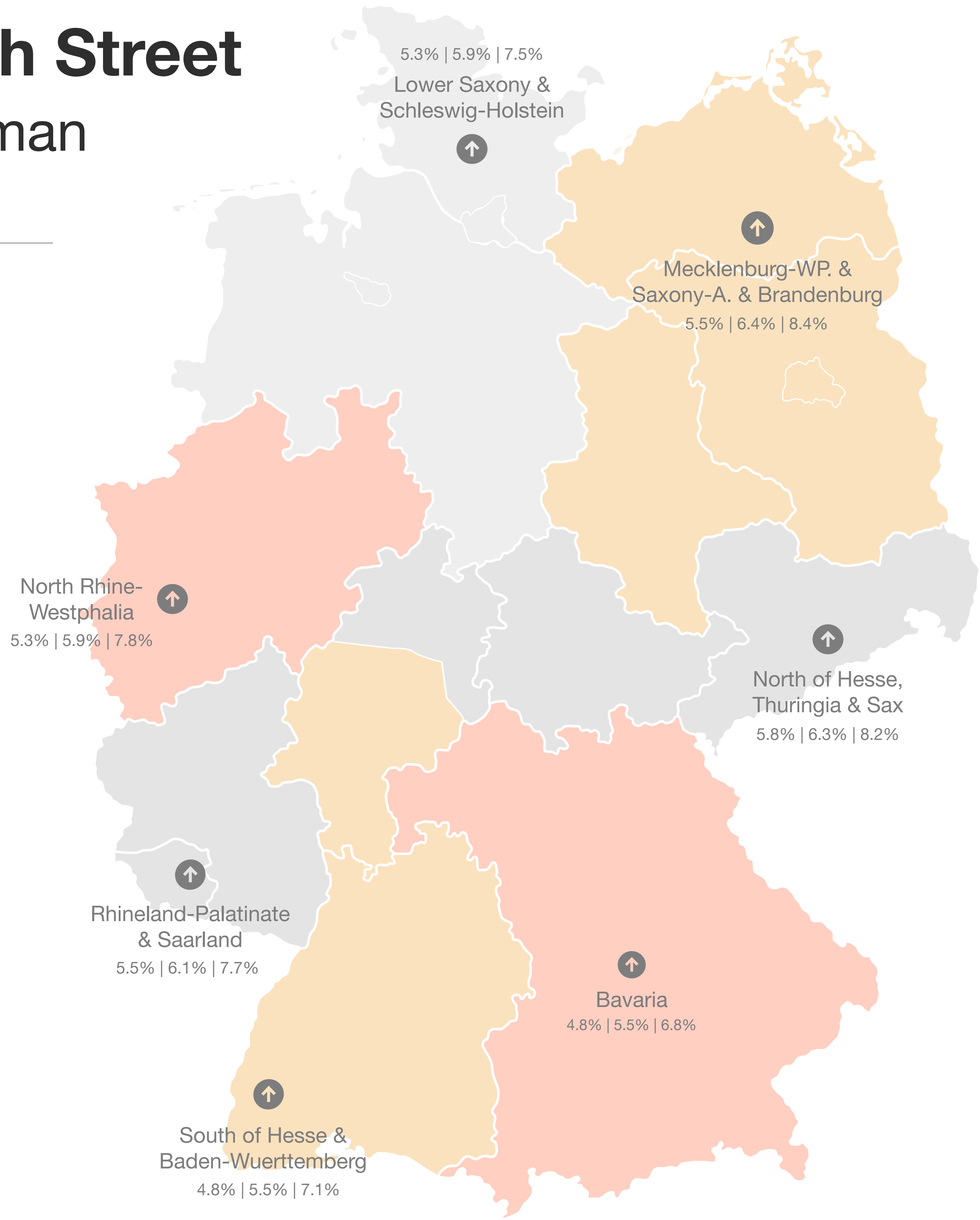
The most expensive Regional City is now Hanover with a prime yield of 4.0% for core retail properties.

Unlike six months ago, where investors still expected a slight annual market growth of 0.7%, the outlook for the market rent development is now negative (-1.0%).

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

Retail | High Street

Yields in German Regions



↑ ↗ → ↘ ↓

Minimum yields movement compared to last six months

Min. % | Average % | Max. %

Regions

Like in the last survey, the trend of increasing yields continues for the Regions. The average increase in yields for core properties amounts to 56 bps. For core-plus and value-add properties, the yields in the Regions increased by 39 bps and 64 pbs, respectively.

In terms of annual market growth, no movement is expected in the Regions.

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

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/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	**Med.**	**Med.**	**Dev.**	**Med.**	**Dev.**	**Med.**	**Dev.**	**Med.**	**Dev.**
Berlin	274	4	→	7	↘	65%	↓	-2.4%	↘
Dusseldorf	267	5	→	8	↘	60%	→	-2.7%	↓
Frankfurt am Main	268	5	↗	8	↘	60%	→	-2.2%	↓
Hamburg	264	5	↗	8	↘	65%	↓	-2.5%	↓
Cologne	234	5	→	8	↘	58%	↑	-2.7%	↓
Munich	306	4	→	7	↘	68%	→	-1.9%	↓
Stuttgart	220	5	↗	7	↘	59%	↓	-2.6%	↓

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

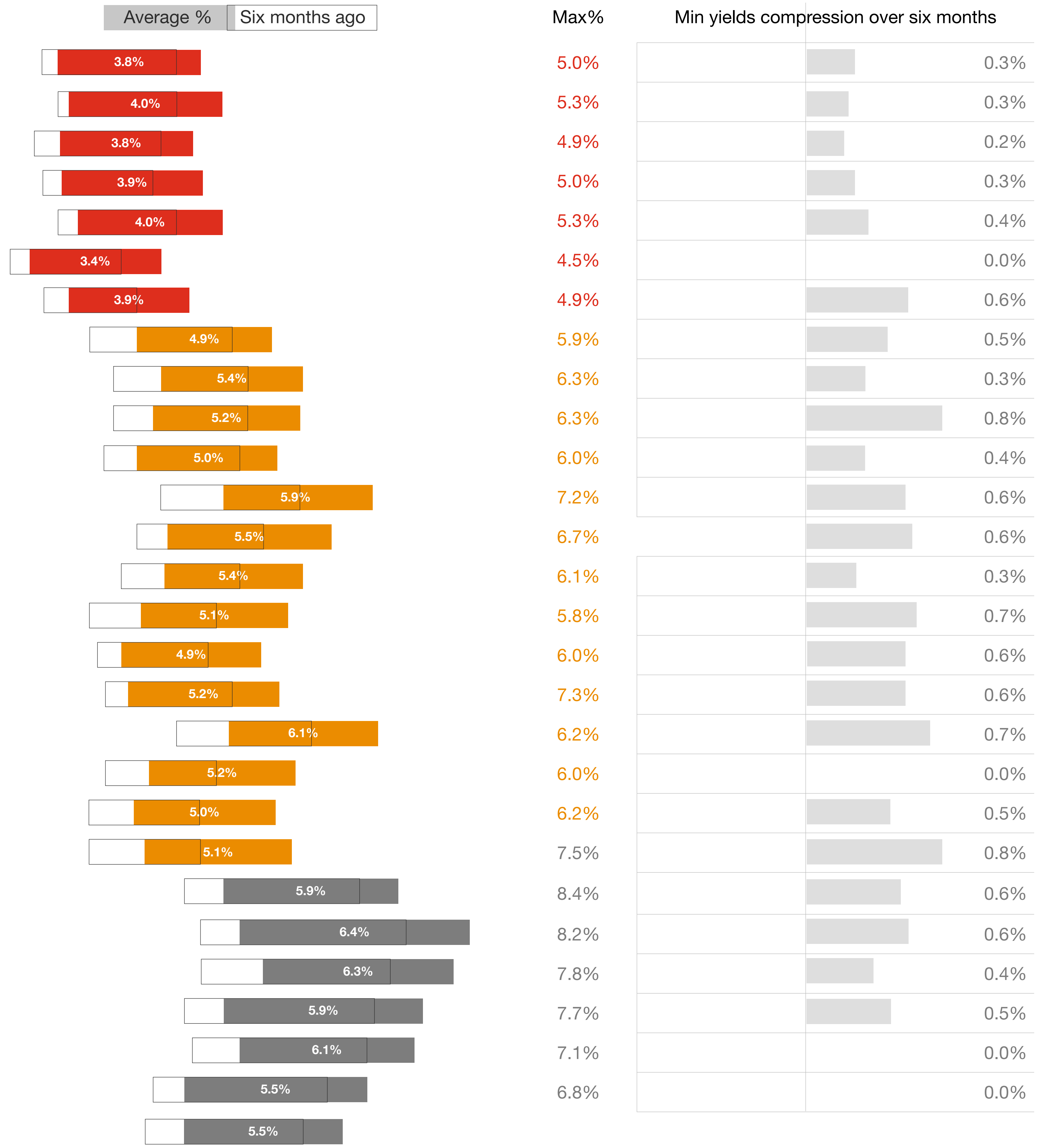
Compared to six months ago (majority of responses)

Yields ranges and compression

Top 7 Cities

Regional Cities

Regions



	Min%	Max%	Min yields compression over six months
Berlin	3.2%	5.0%	0.3%
Dusseldorf	3.3%	5.3%	0.3%
Frankfurt am Main	3.2%	4.9%	0.2%
Hamburg	3.3%	5.0%	0.3%
Cologne	3.5%	5.3%	0.4%
Munich	2.9%	4.5%	0.0%
Stuttgart	3.3%	4.9%	0.6%
Bonn	4.2%	5.9%	0.5%
Bremen	4.5%	6.3%	0.3%
Dortmund	4.4%	6.3%	0.8%
Dresden	4.2%	6.0%	0.4%
Duisburg	5.3%	7.2%	0.6%
Erfurt	4.6%	6.7%	0.6%
Karlsruhe	4.3%	6.1%	0.3%
Hannover	4.0%	5.8%	0.7%
Leipzig	4.1%	6.0%	0.6%
Magdeburg	5.4%	7.3%	0.6%
Mainz-Wiesbaden	4.4%	6.2%	0.7%
Nuremberg	4.2%	6.0%	0.0%
Rhine-Neckar	4.3%	6.2%	0.5%
Lower Saxony & Schleswig-Holstein	5.3%	7.5%	0.8%
Macklenburg-West Pomerania & Saxony-Anhalt & Brandenburg	5.5%	8.4%	0.6%
Saxony & Thuringia & North of Hesse	5.8%	8.2%	0.6%
North Rhine-Westphalia	5.3%	7.8%	0.4%
Rhineland-Palatinate & Saarland	5.5%	7.7%	0.5%
South of Hesse & Baden-Wuerttemberg	4.8%	7.1%	0.0%
Bavaria	4.8%	6.8%	0.0%

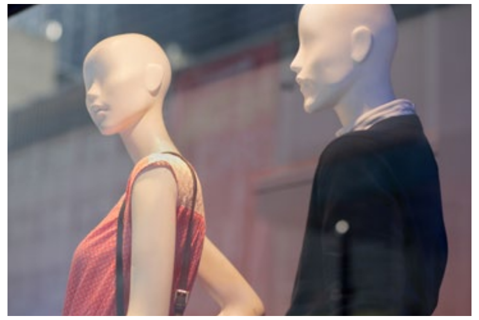
Retail | Non-High Street

Unlike in the last survey, where supermarkets and retail parks still recorded yield compressions, these asset classes now show slight yield increases of 18 bps, respectively 26 pbs on average. However, Investors still consider retail parks the most expensive asset class among the non-high-street retail with yields of 3.9% for core, 4.9% for core-plus and 6.5% for value-add properties.

Out-of-town shopping centers continue to record the strongest increase in yields with 95 bps across all risk classes.

Similar to the last survey, investors only expect negative growth in annual rental for out-of-town shopping centers with 180 bps. Positive rental growth is still expected for supermarkets (130 bps) and retail parks (20 bps).

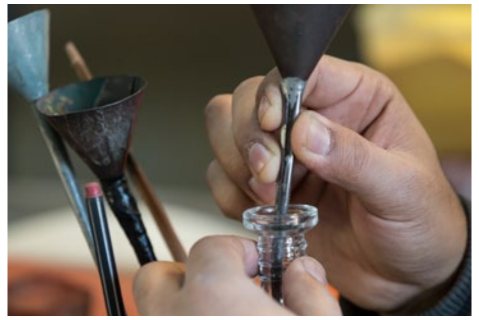
Expected 5-year yield development



↗ **Out-of-town Shopping Center**

→ **Retail Park**

↘ **Supermarket**



→ **DIY-Store**

Yields and letting parameters

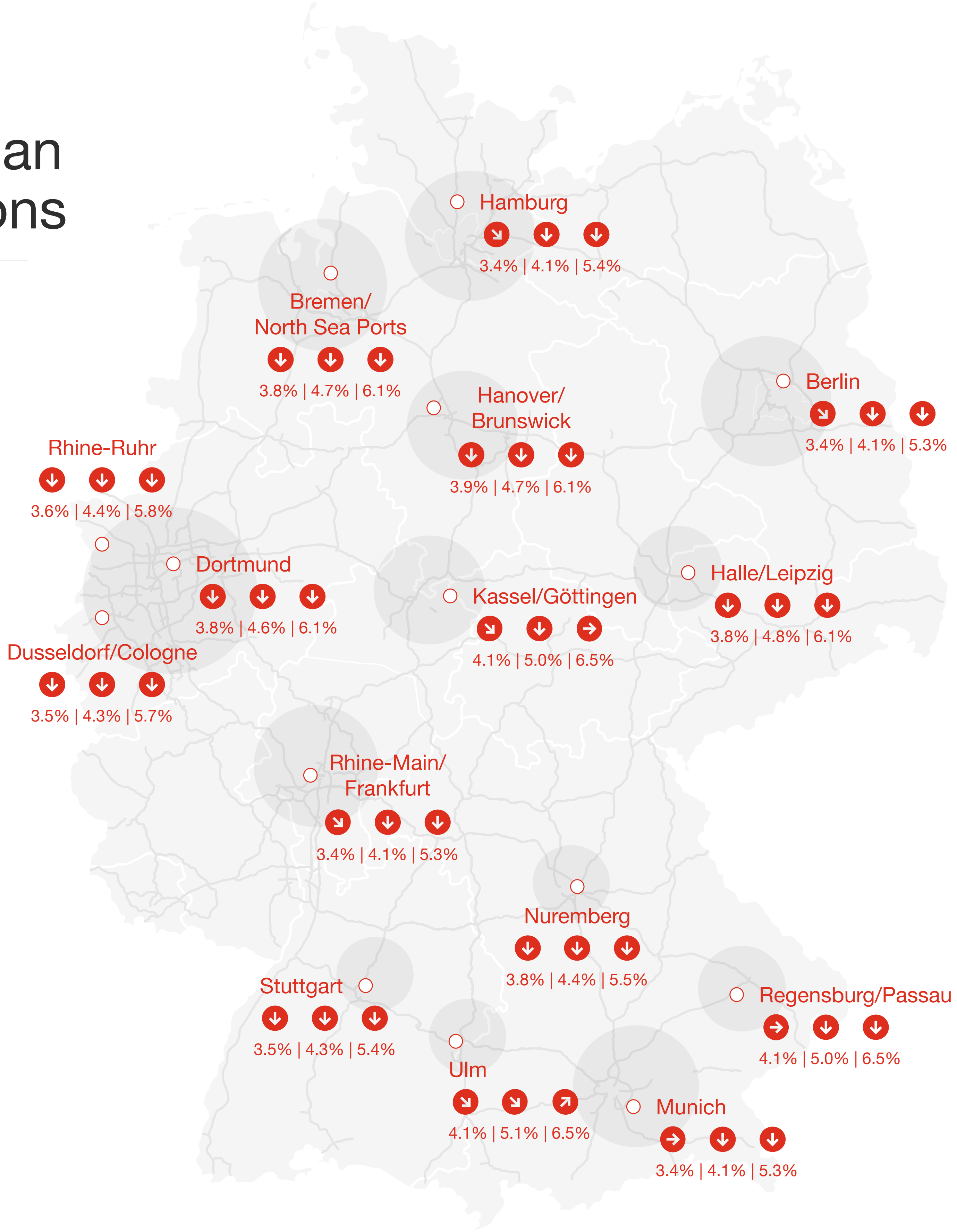
	All-risk-yield			Prime rent (in EUR/m^2/month)	Granted rentfree period (Med. in months)		Duration until reletting (Med. in months)		Extension probability		Annual market rent growth rate	
Top 7 Cities	**Min.**	**Med.**	**Max.**	**Med.**	**Med.**	**Dev.**	**Med.**	**Dev.**	**Med.**	**Dev.**	**Med.**	**Dev.**
Out-of-town Shopping Center	5.1%	6.1%	8.2%	18	5	↓	14	↑	47.5%	↓	-1.8%	↗
Retail Park	3.9%	4.9%	6.5%	20	3	↑	10	→	72.5%	↓	0.2%	↘
Supermarket	4.2%	5.2%	6.5%	19	2	→	8	↓	80.0%	↓	1.3%	↘
DIY-Store	5.5%	6.4%	7.7%	-	5	↑	15	↑	65.0%	↓	-1.0%	→

↓ <-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)

Logistics

Yields in German Top 15 Locations



↑ ↗ → ↘ ↓

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

Min. % | Average % | Max. %

Top 15 Locations

Logistics remains the investors' darling, although the yield compression has slowed down over the last six month.

Yield compression for core properties continues with 24 bps compared to 40 bps six months ago. The strongest average compression shows Nuremberg (-62 bps), followed by Rhine-Ruhr (-60 bps) and Stuttgart (-56 bps). Berlin, Hamburg, as well as Munich and Rhine-Main/Frankfurt continue to be the most expensive locations, with a 3.4% yield, each.

In core-plus and value-add properties, the yield compressions are 47 bps and 48 bps and hence similarly strong as in the last survey (-55 bps and -49 bps, respectively).

Investors expect further annual rental growth of 1.8%.

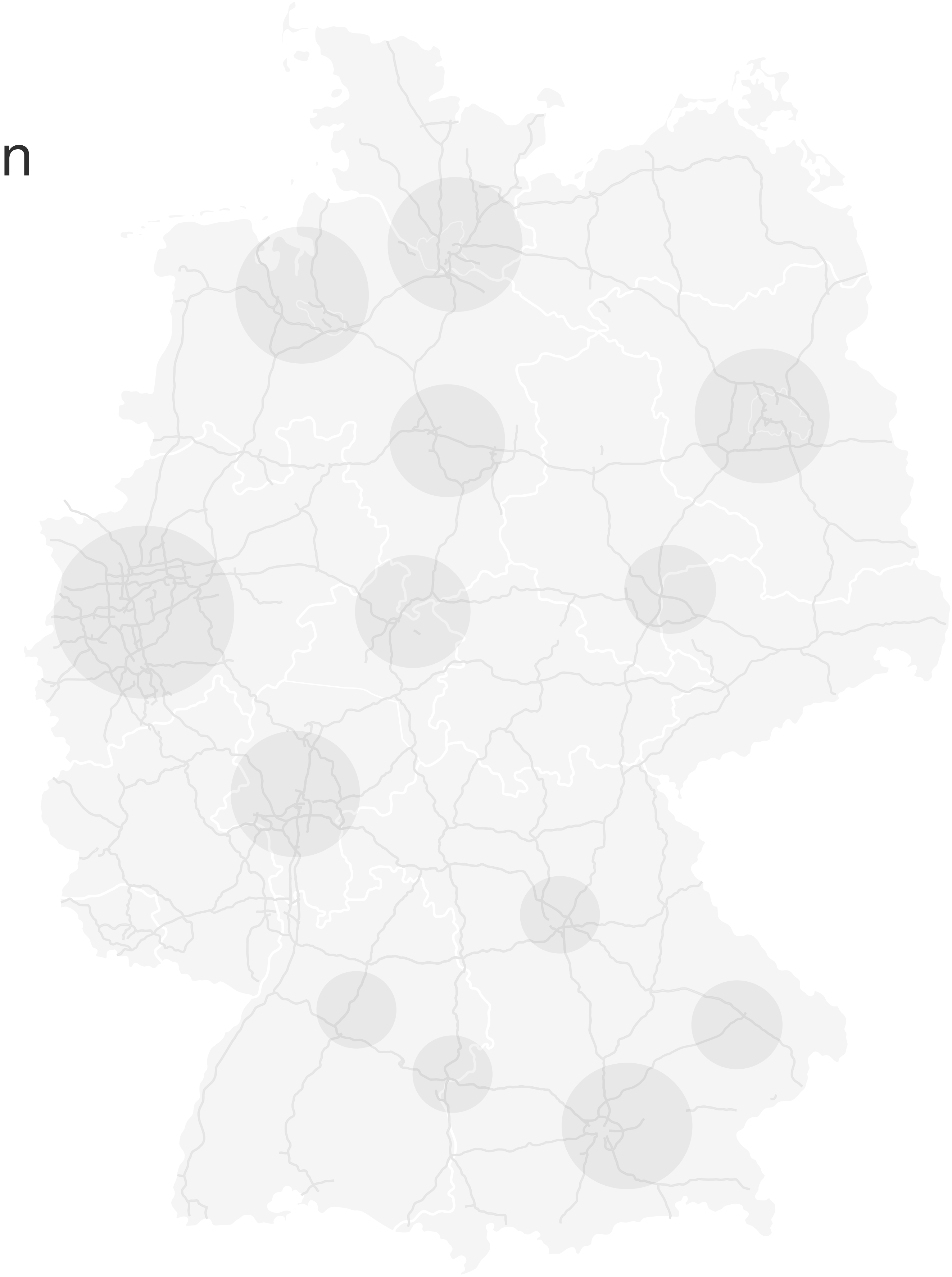
→ View the graph for *Yields ranges and compression* on page 34

Logistics

Yields in German submarkets

Small Locations
3.8% | 4.6% | 6.2%
↓ ↓ ↓

Rest Germany
4.4% | 5.1% | 6.5%
↓ ↓ ↓



↑ ↗ → ↘ ↓

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

Min. % | Average % | Max. %

Small Locations

Yield compression at Small Locations strongly continues. Yields have further decreased for core, core-plus and value-add properties by 123 bps, 79 bps and 105 bps, respectively.

However, investors expect a lower annual rental growth (+1.5%) compared to the result six months ago (+3.6%).

Rest of Germany

In contrast to the last survey, Rest Germany now shows a significant yield compression of 97 bps for core properties. For core-plus and value-add properties, the decrease in yields has intensified by 97 bps and 120 bps, respectively.

Investors expect weaker annual rental growth for the Rest Germany of 0.7% compared to Small Locations (1.5%).

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

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	↘	3	↓	83%	↑	2%	↗
Small Locations	-	4	→	5	→	70%	→	2%	↓
Rest Germany	-	5	→	6	→	70%	→	1%	↓

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

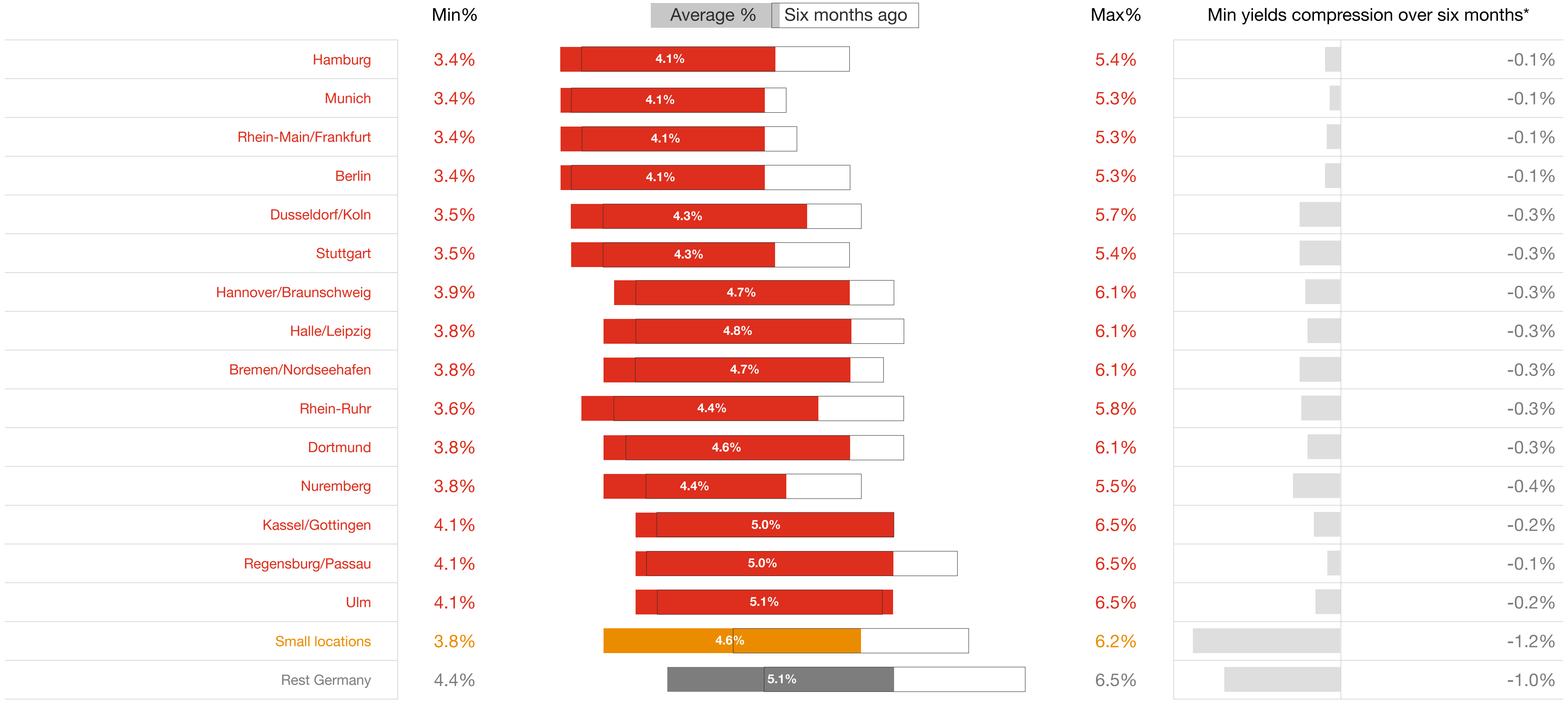
Compared to six months ago (majority of responses)

Yields ranges and compression

Top 15 Locations

Small Locations

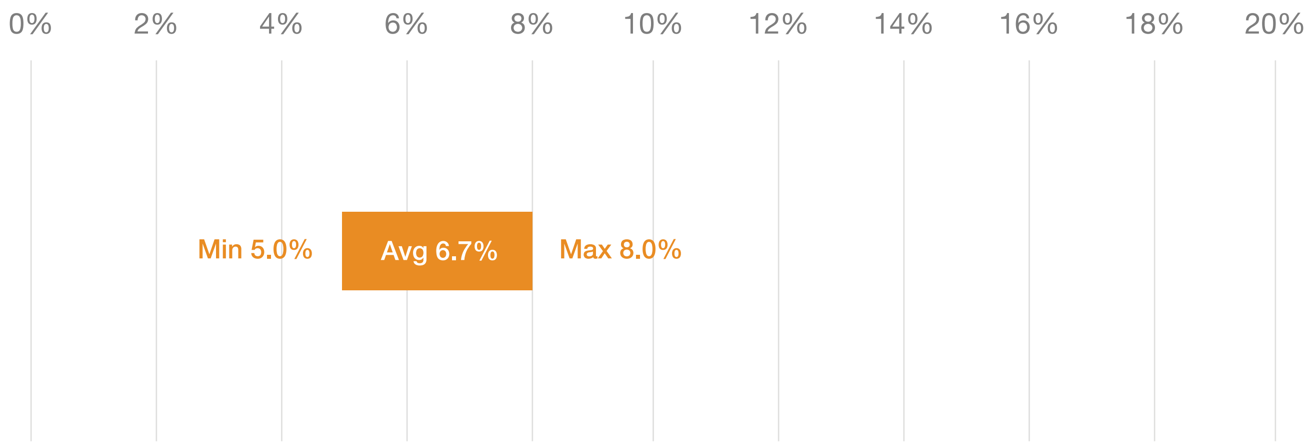
Rest Germany



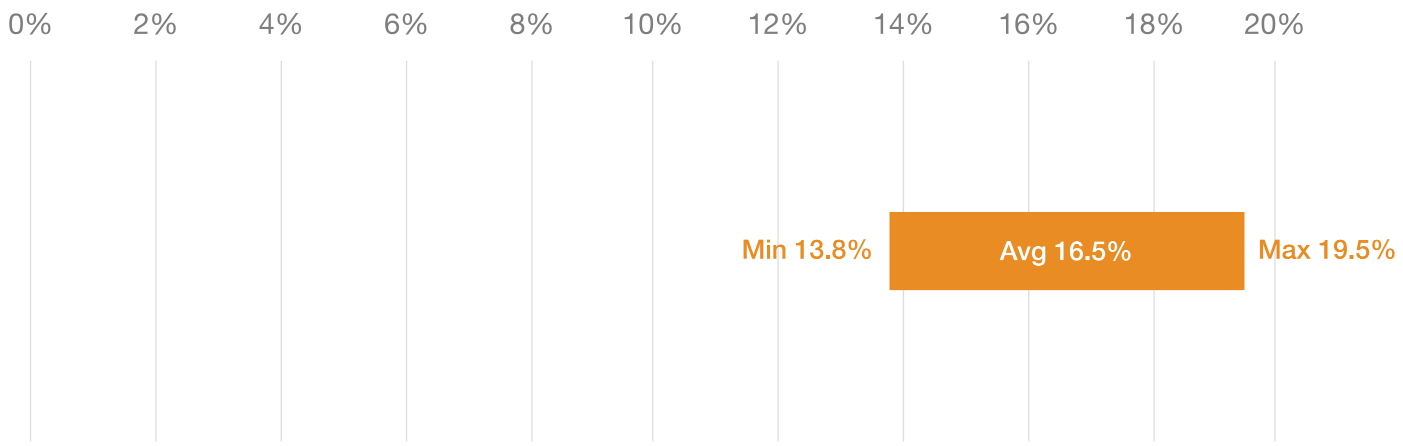
	Min%	Average %	Max%	Min yields compression over six months*
Hamburg	3.4%	4.1%	5.4%	-0.1%
Munich	3.4%	4.1%	5.3%	-0.1%
Rhein-Main/Frankfurt	3.4%	4.1%	5.3%	-0.1%
Berlin	3.4%	4.1%	5.3%	-0.1%
Dusseldorf/Koln	3.5%	4.3%	5.7%	-0.3%
Stuttgart	3.5%	4.3%	5.4%	-0.3%
Hannover/Braunschweig	3.9%	4.7%	6.1%	-0.3%
Halle/Leipzig	3.8%	4.8%	6.1%	-0.3%
Bremen/Nordseehafen	3.8%	4.7%	6.1%	-0.3%
Rhein-Ruhr	3.6%	4.4%	5.8%	-0.3%
Dortmund	3.8%	4.6%	6.1%	-0.3%
Nuremberg	3.8%	4.4%	5.5%	-0.4%
Kassel/Gottingen	4.1%	5.0%	6.5%	-0.2%
Regensburg/Passau	4.1%	5.0%	6.5%	-0.1%
Ulm	4.1%	5.1%	6.5%	-0.2%
Small locations	3.8%	4.6%	6.2%	-1.2%
Rest Germany	4.4%	5.1%	6.5%	-1.0%

NOI leakage

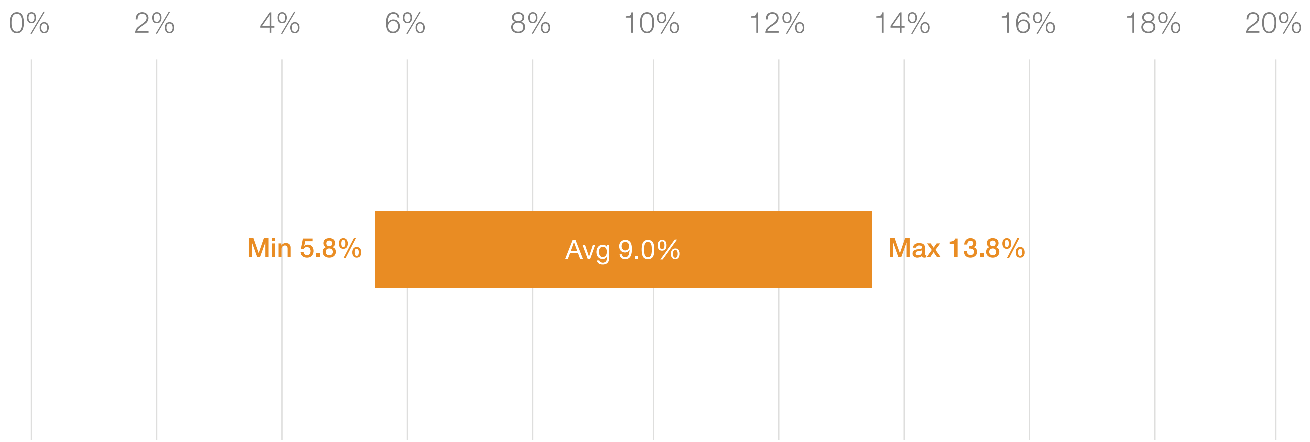
Office



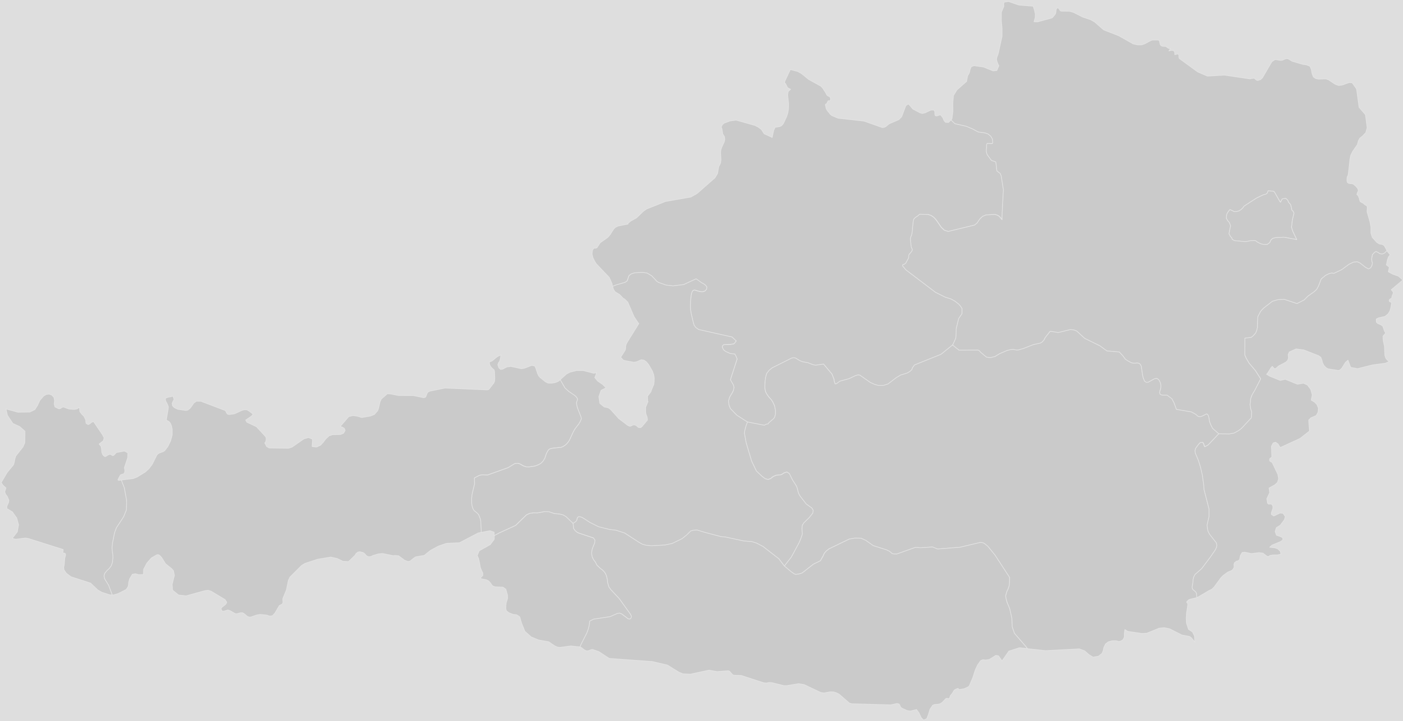
Residential



Retail

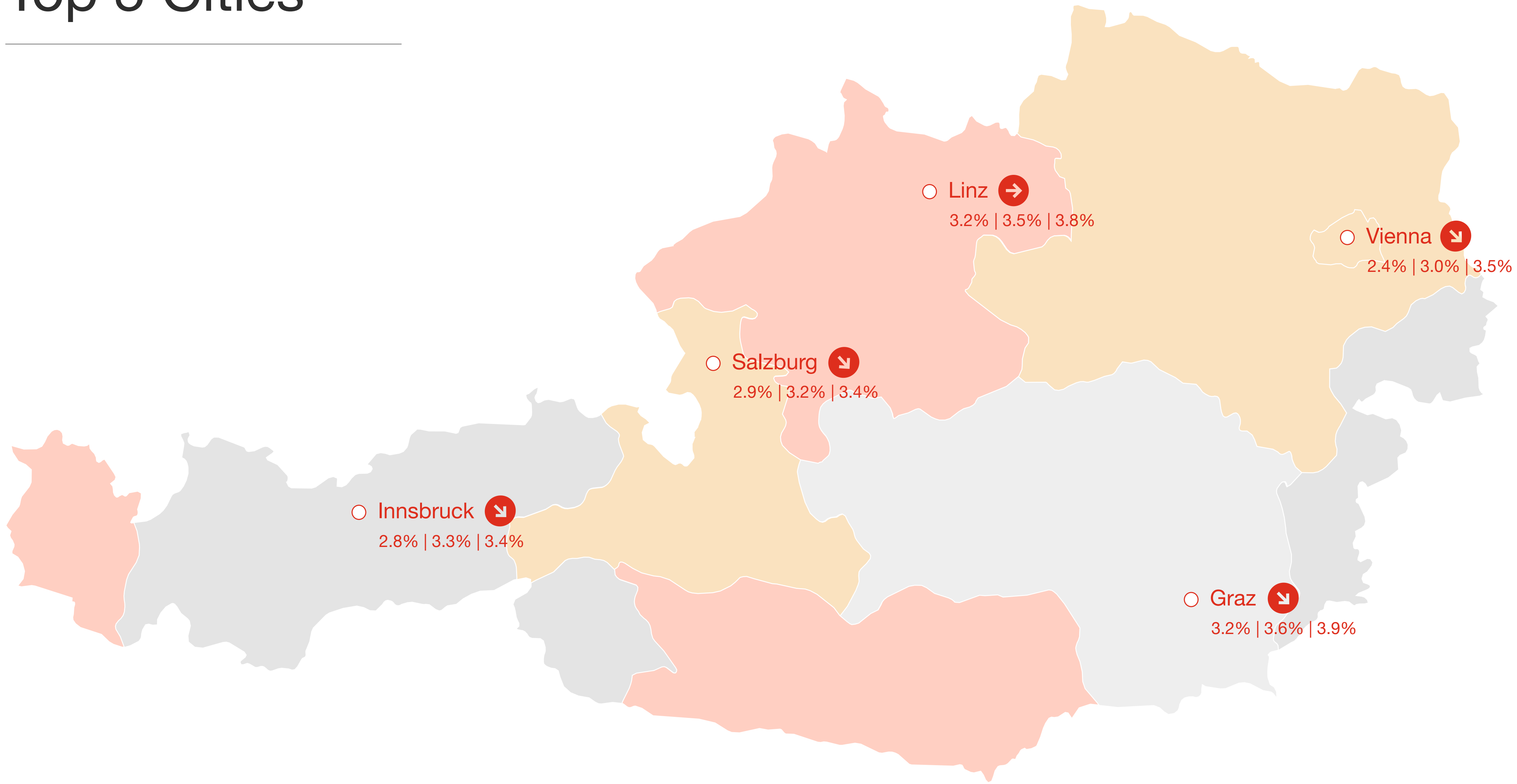


Austria



Residential

Yields in Austrian Top 5 Cities



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Minimum yields movement compared to last six months

Min. % | Average % | Max. %

Top 5 Cities

Residential has proven itself as the most robust asset class in Austria with regard to the impact on real estate caused by COVID-19. Prime rents in Vienna, Innsbruck and Salzburg remained stable and as investment locations continue to be the most expensive markets for prime residential properties with average minimum yields of 2.4%, 2.8%, and 2.9% respectively. These cities also have the leading prime rents in the country at €21/sqm in Vienna, €17/sqm in Innsbruck and €16/sqm in Salzburg. Prime purchase prices assigned to these cities in the same order within the residential sector range around €15,125/sqm, €9,800/sqm and €9,250/sqm.

Compared to the H2 2020 results the Austrian capital demonstrates a yield compression of 15 bps, whereas Innsbruck 13 bps, Salzburg and Graz both with around 12 bps and Linz remained the same. With regard to a preferred investment location, the majority of investors generally commit themselves to residential investments in Vienna.

The annual market rent growth rate is expected to be at 1.2% in Vienna and Innsbruck, followed by Salzburg with 0.9%, Linz with 0.7% and Graz with 0.5%. Looking at the five-year development, yields for all Top 5 Cities in Austria are forecasted to remain stable with an exception as of Vienna and Salzburg with a slight decline forecasted.

→ View the graph for ***Yields ranges and compression*** on page 39

Expected 5-year yield development

Top 5 Cities

↘ **Vienna**

→ **Graz**

→ **Linz**

↘ **Salzburg**

→ **Innsbruck**

Letting parameters & other KPI'S

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	18	↗	15,125	↗	1.5%	→
Graz	13	→	5,700	↗	1.1%	→
Linz	15	↗	6,200	→	1.1%	→
Salzburg	16	↗	9,250	↗	1.2%	→
Innsbruck	16	→	9,800	↗	1.3%	→

↓ <-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)

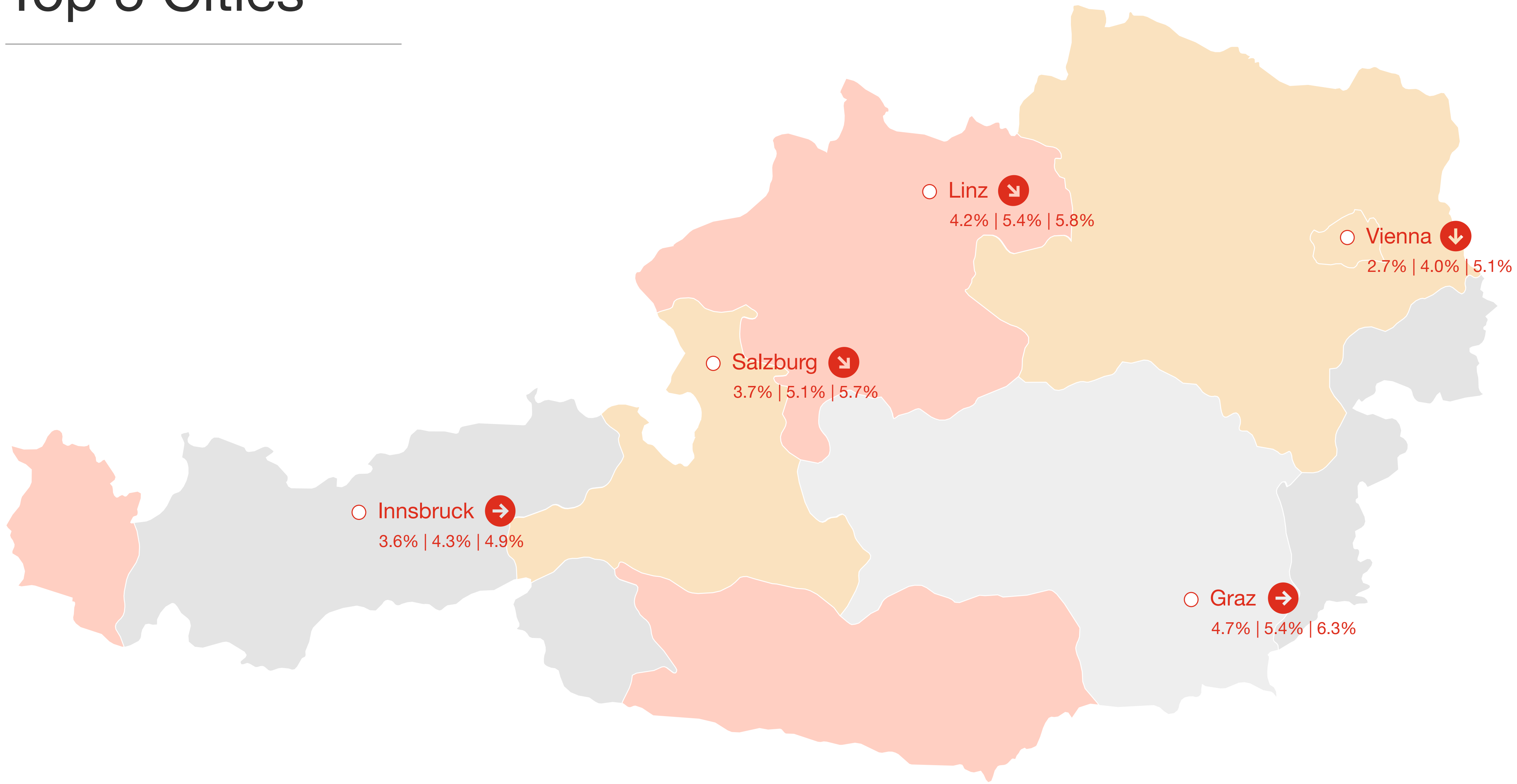
Yields ranges and compression

Top 5 Cities

	Min%	Average %	Max%	Min yields compression over six months*
Vienna	2.4%	3.0%	3.5%	-0.2%
Graz	3.2%	3.6%	3.0%	-0.1%
Linz	3.2%	3.5%	3.8%	0.0%
Salzburg	3.0%	3.2%	3.4%	-0.1%
Innsbruck	2.8%	3.3%	3.4%	-0.2%

Office

Yields in Austrian Top 5 Cities



↑ ↗ → ↘ ↓

Minimum yields movement compared to last six months

Min. % | Average % | Max. %

Top 5 Cities

Analogue to the yield compression in the residential market, Office properties recorded a further, albeit more moderate decline in prime yields to 3.4% in 2020.

As expected, Vienna is the top office market with a minimum yield of 2.7% and an average prime rent of €26/sqm. Followed by the other primary office investment locations led by Innsbruck and Salzburg with yields of 3.6% and 3.7% and prime rents of €17/sqm and €16/sqm respectively. Nevertheless, the main geographical focus in the office market as well as in other classes of use is almost exclusively on Vienna.

Looking at the development of minimum yields between the previous survey in H2 2020 and the current one as for H1 2021, the strongest decrease can be observed for Vienna, Salzburg, and Linz between 15 and 40 bps. Nevertheless, the expected average annual rental growth in the top 5 cities is 0.9%, with growth of 1.1% expected for Vienna and Salzburg followed by Innsbruck and Linz with 0.9% as well as Graz with 0.8%.

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.

→ View the graph for ***Yields ranges and compression*** on page 42

Expected 5-year yield development

Top 5 Cities

→ Vienna

→ Graz

→ Linz

→ Salzburg

→ Innsbruck

Letting parameters

Top 5 Cities

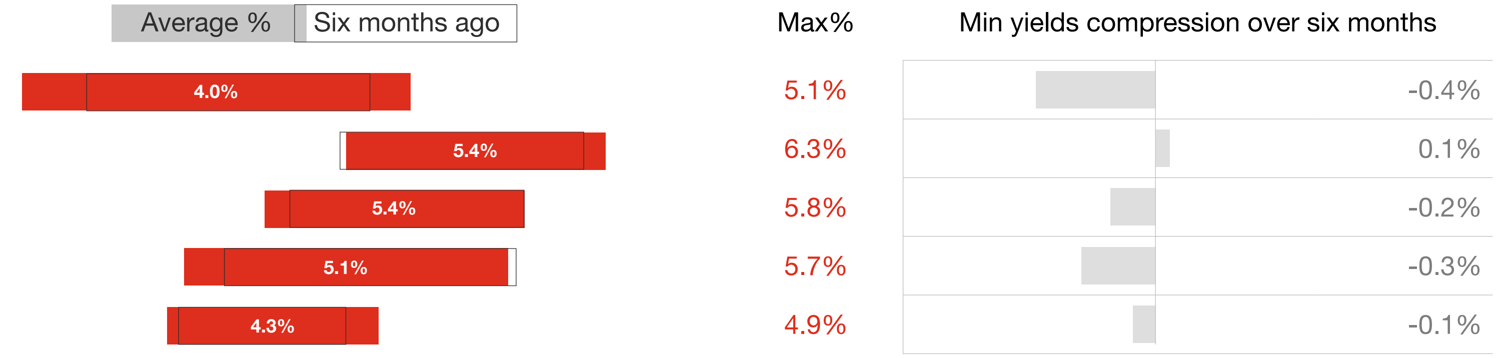
	Prime rent (in EUR/m²/month)	Granted rentfree period (Med. in months)		Duration until reletting (Med. in months)		Extension probability		Annual market rent growth rate	
Top 5 Cities	**Med.**	**Med.**	**Dev.**	**Med.**	**Dev.**	**Med.**	**Dev.**	**Med.**	**Dev.**
Vienna	26	7	↗	6	→	75%	↗	1.2%	→
Graz	14	6	↗	6	→	75%	↘	1.0%	→
Linz	14	6	↗	6	→	80%	→	1.1%	→
Salzburg	16	5	→	6	→	85%	→	1.2%	→
Innsbruck	17	5	↗	6	→	80%	→	1.0%	→

↓ <-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

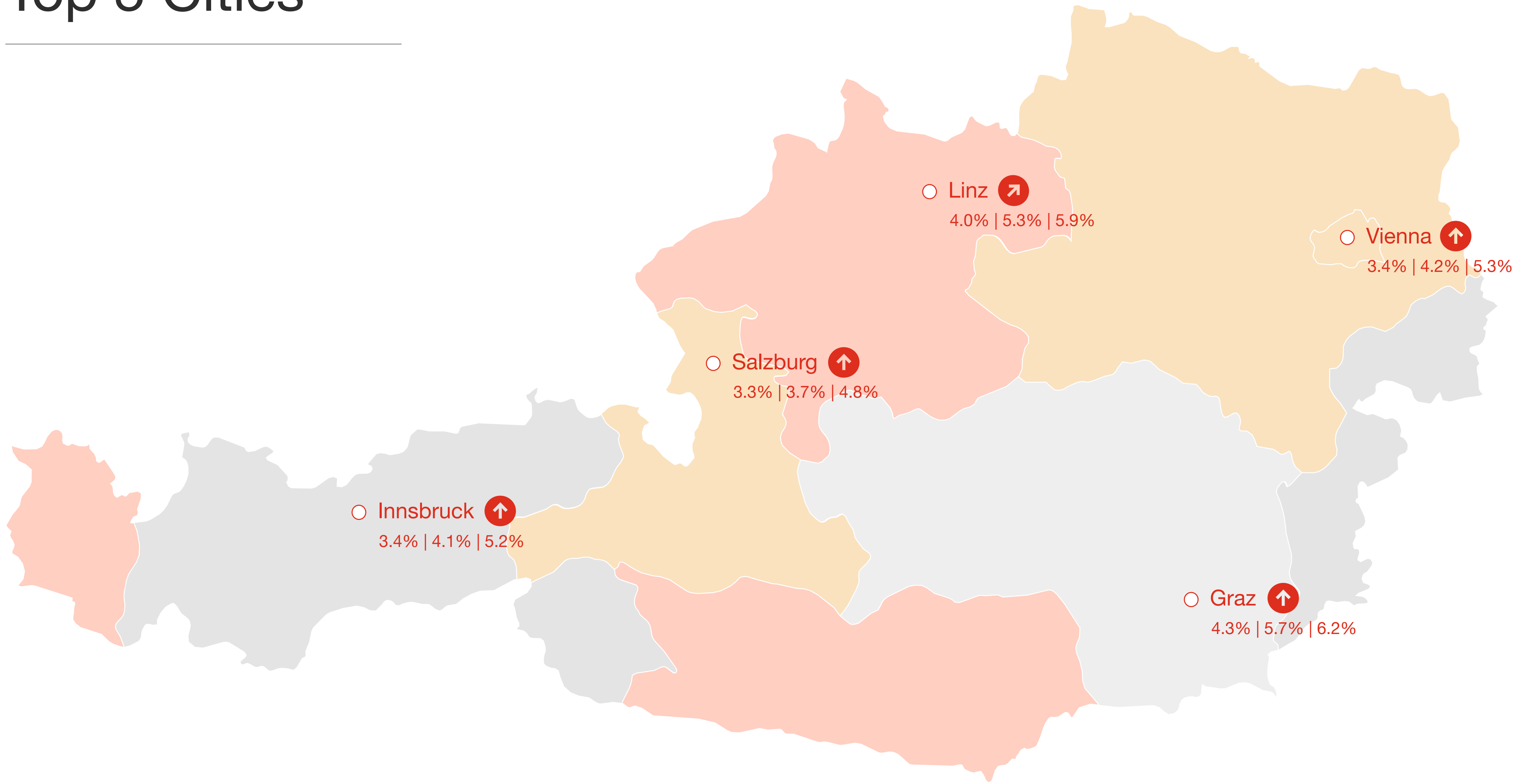
Top 5 Cities



	Min%	Average %	Max%	Min yields compression over six months
Vienna	2.7%	4.0%	5.1%	-0.4%
Graz	4.7%	5.4%	6.3%	0.1%
Linz	4.2%	5.4%	5.8%	-0.2%
Salzburg	3.7%	5.1%	5.7%	-0.3%
Innsbruck	3.6%	4.3%	4.9%	-0.1%

Retail | High Street

Yields in Austrian Top 5 Cities



↑ ↗ → ↘ ↓

Minimum yields movement compared to last six months

Min. % | Average % | Max. %

Top 5 Cities

The market that has shown the greatest sensitivity as of the COVID-19 disruptions in the last six months which is reflected in high-street retail by the increase of yields of an average of 40 bps. Vienna, as expected, is the top retail market with a minimum yield of 3.4% (+70 bps) and an average prime rent of €300/sqm. Followed by Salzburg and Innsbruck with minimum yields of 3.3% (+50 bps) and 3.4% (+40 bps) at average prime rents of €260/sqm, and €250/sqm respectively. Linz and Graz are somewhat behind with yields of 4.0% (+20 bps) and 4.3% (+35 bps) and an analogue prime rent of €120/sqm and €140/sqm accordingly. 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 top 5 cities for high-street retail is expected to be at -1.7%.

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 45

Expected 5-year yield development

Top 5 Cities

→ Vienna

→ Graz

→ Linz

→ Salzburg

→ Innsbruck

Letting parameters

Top 5 Cities

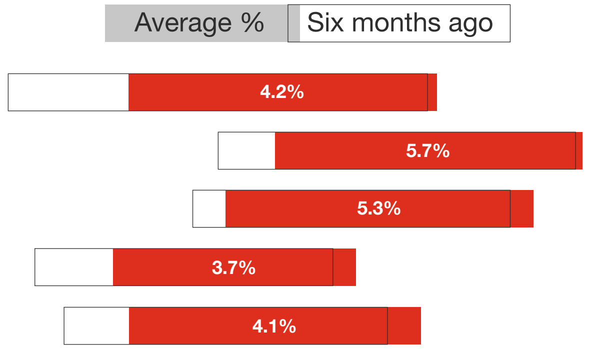
	Prime rent (in EUR/m²/month)	Granted rentfree period (Med. in months)		Duration until reletting (Med. in months)		Extension probability		Annual market rent growth rate	
Top 5 Cities	**Med.**	**Med.**	**Dev.**	**Med.**	**Dev.**	**Med.**	**Dev.**	**Med.**	**Dev.**
Vienna	300	3	↗	16	↑	60%	↗	-2.0%	↘
Graz	140	6	↑	18	↑	40%	↓	-3.0%	↓
Linz	120	6	↑	15	↗	50%	→	-2.5%	↓
Salzburg	260	4	↗	14	↗	60%	↗	-1.8%	↘
Innsbruck	250	4	↗	14	↗	55%	→	-2.0%	↘

↓ <-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 5 Cities

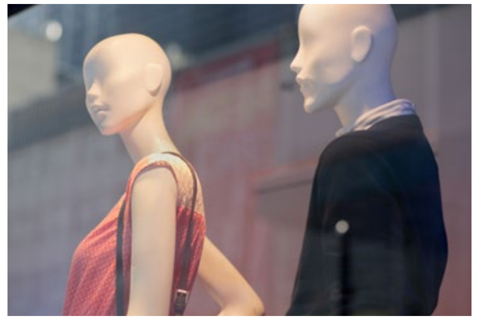


	Min%	Average %	Max%	Min yields compression over six months
Vienna	3.4%	4.2%	5.3%	0.7%
Graz	4.3%	5.7%	6.2%	0.3%
Linz	4.0%	5.3%	5.9%	0.2%
Salzburg	3.3%	3.7%	4.8%	0.5%
Innsbruck	3.4%	4.1%	5.2%	0.4%

Retail | Non-High Street

Apart from high-street retail, yields in the non-high street retail sector are at a minimum between 4.5% and 5.6%. Out-of-town shopping centers and supermarkets have the lowest yields at 4.5% and 4.7% respectively, while the yields of retail parks and DIY stores range between 4.9% and 5.6%. Investors expect an average growth in the annual rent for the non-high street retail sector of -0.8%.

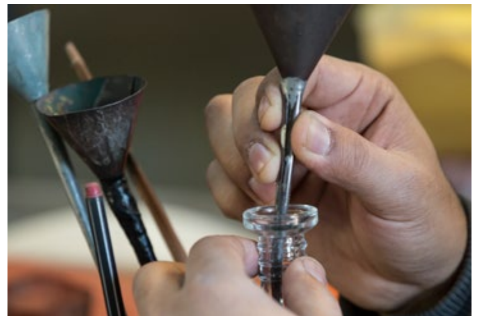
Expected 5-year yield development



↗ **Out-of-town Shopping Center**

↘ **Retail Park**

→ **Supermarket**



→ **DIY-Store**

Yields and letting parameters

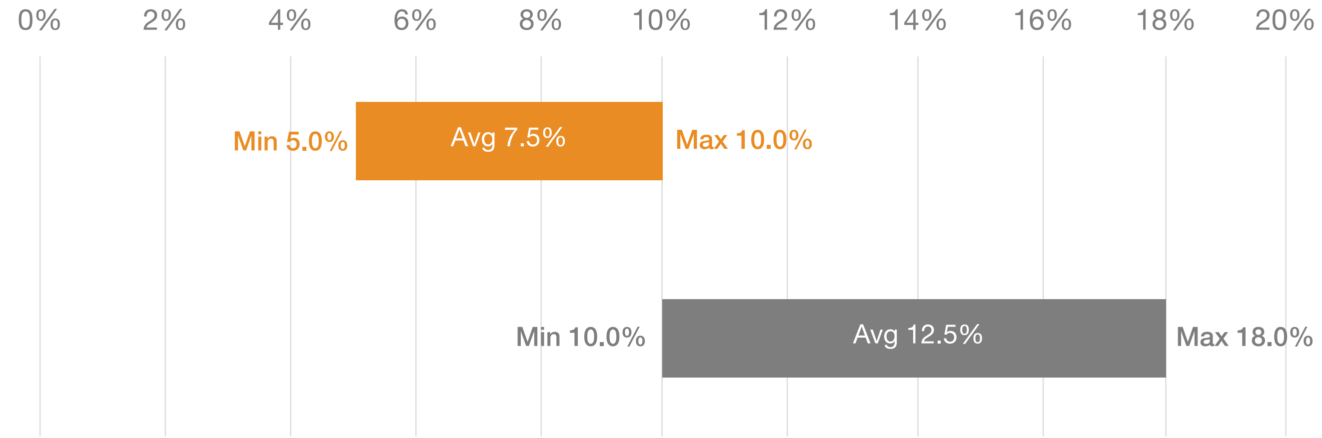
	All-risk-yield			Prime rent (in EUR/m^2/month)	Granted rentfree period (Med. in months)		Duration until reletting (Med. in months)		Extension probability		Annual market rent growth rate	
Top 7 Cities	**Min.**	**Med.**	**Max.**	**Med.**	**Med.**	**Dev.**	**Med.**	**Dev.**	**Med.**	**Dev.**	**Med.**	**Dev.**
Out-of-town Shopping Center	4.5%	4.9%	6.6%	200	4	↗	8	↗	50%	↓	-0.5%	→
Retail Park	4.9%	5.8%	6.6%	22	3	→	6	↗	75%	→	2.0%	↗
Supermarket	4.7%	5.8%	6.8%	19	6	↗	10	↑	50%	↓	0.0%	↘
DIY-Store	5.6%	6.4%	7.3%	12	8	↑	12	↑	50%	↓	0.0%	↘

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

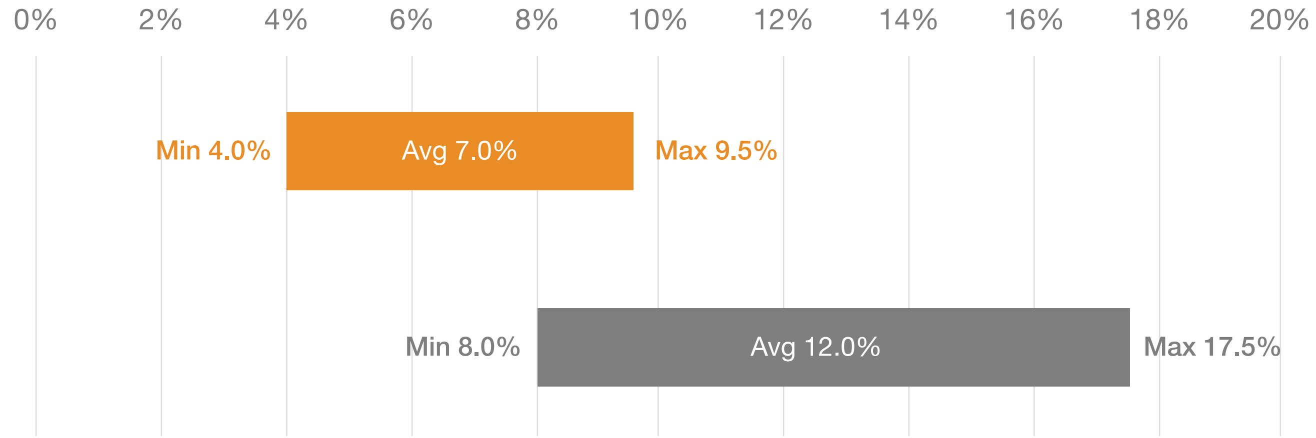
Compared to six months ago (majority of responses)

NOI leakage

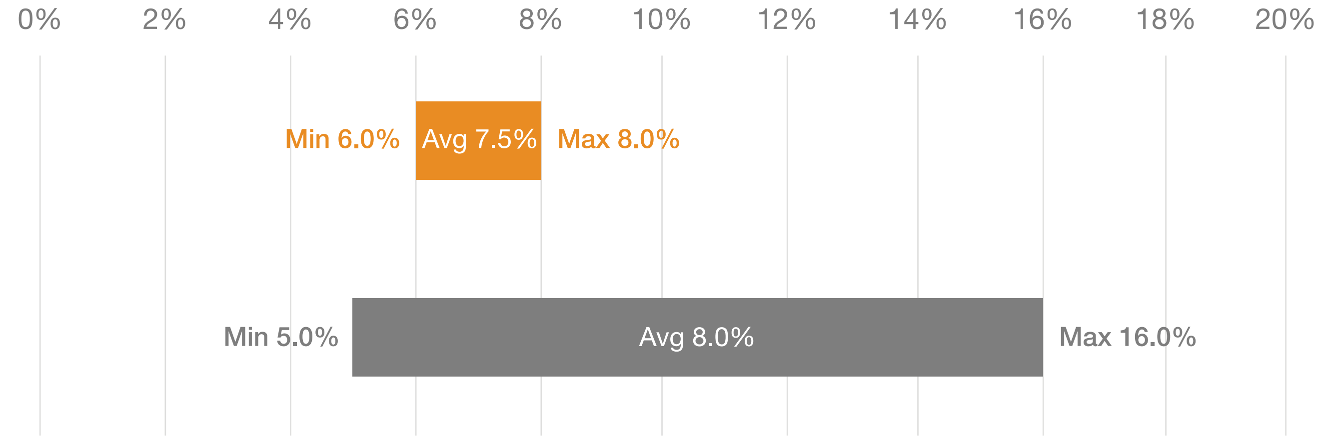
Office



Residential



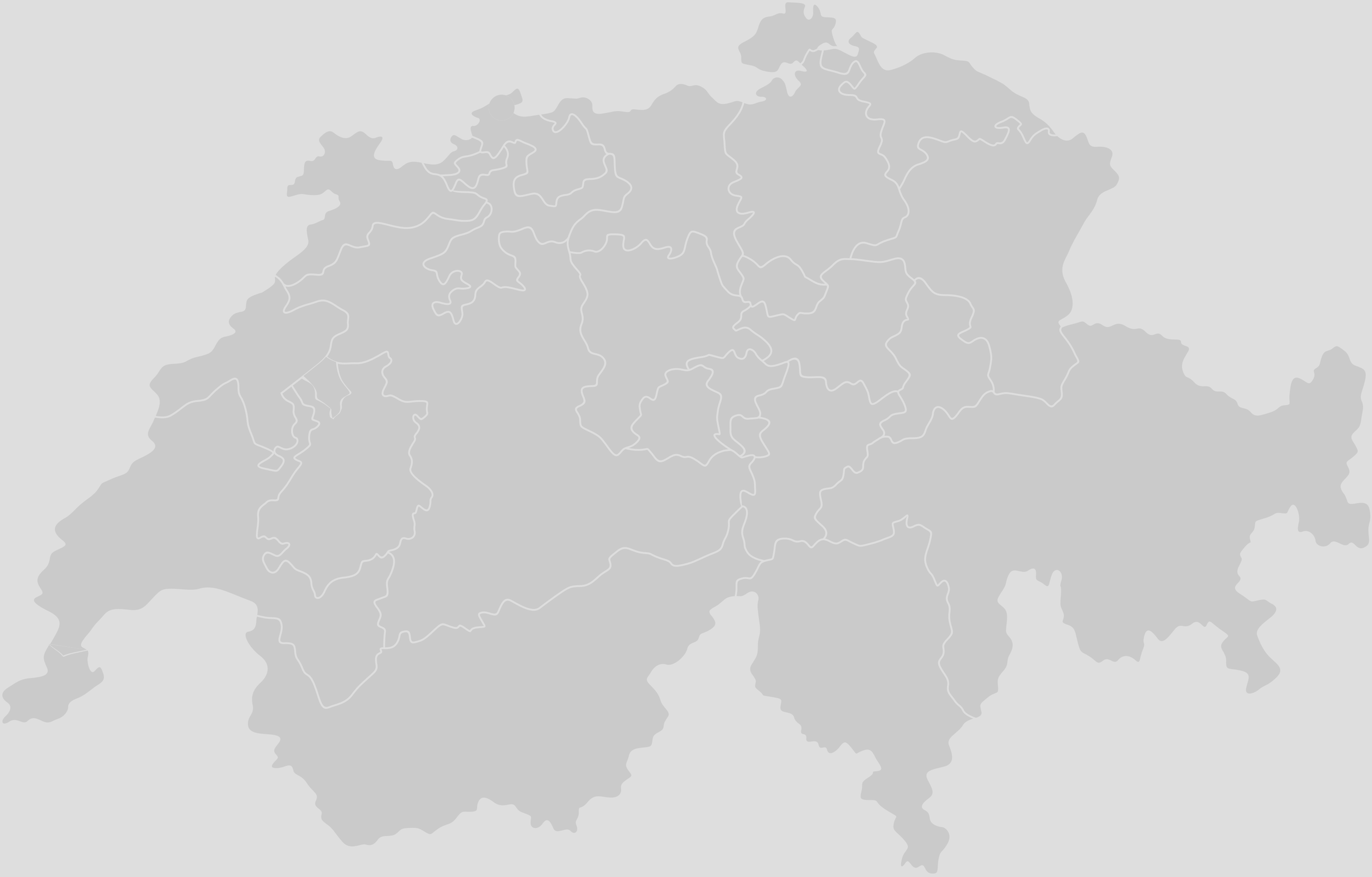
Retail



🟧 Excluding Capex ■ Including Capex

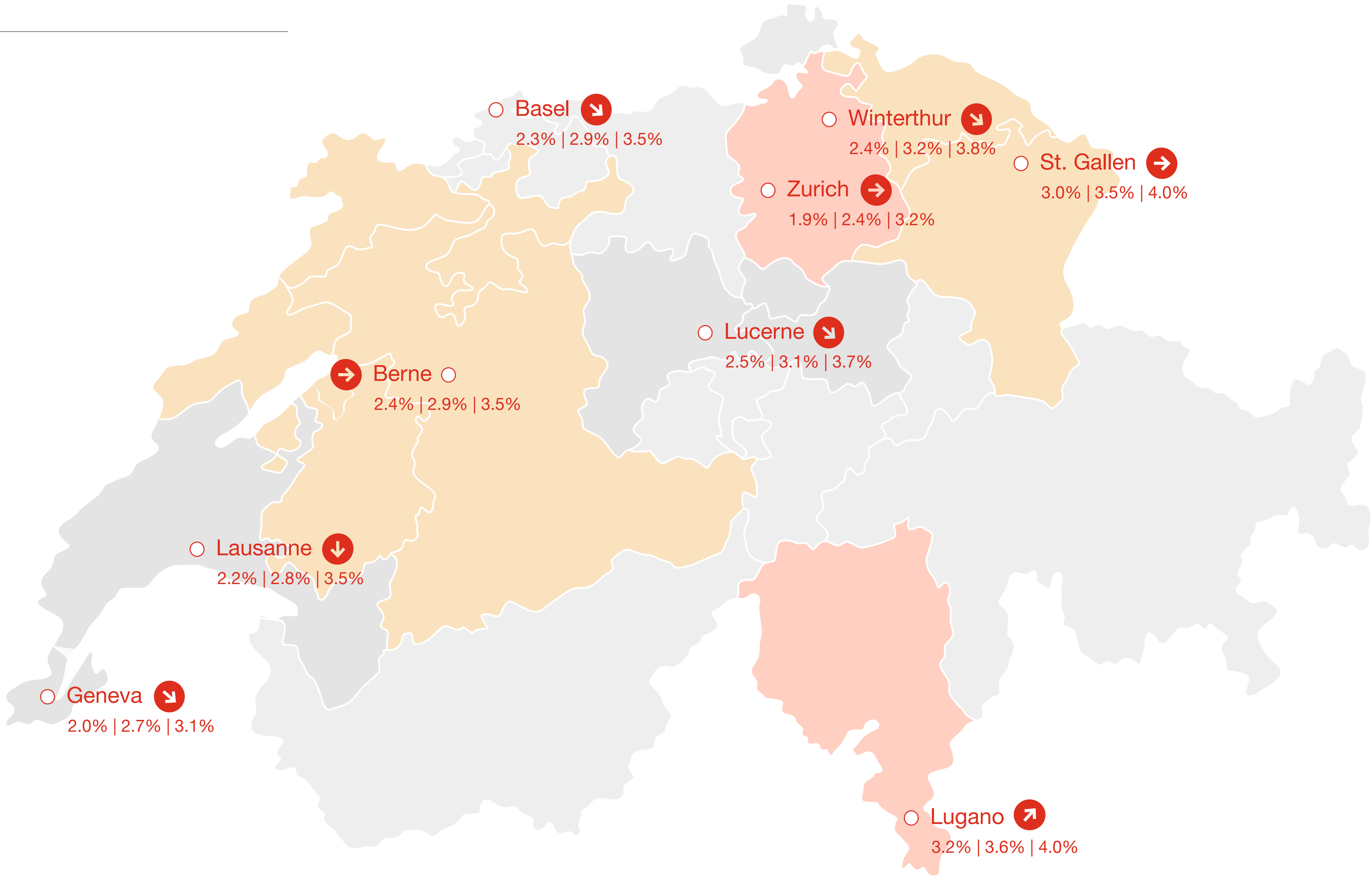
Switzerland

Residential	50	Retail	60
Office	55		



Residential

Yields in Swiss Top 9 Cities



↑ ↗ → ↘ ↓

Minimum yields movement
compared to last six months

Min. % | Average % | Max. %

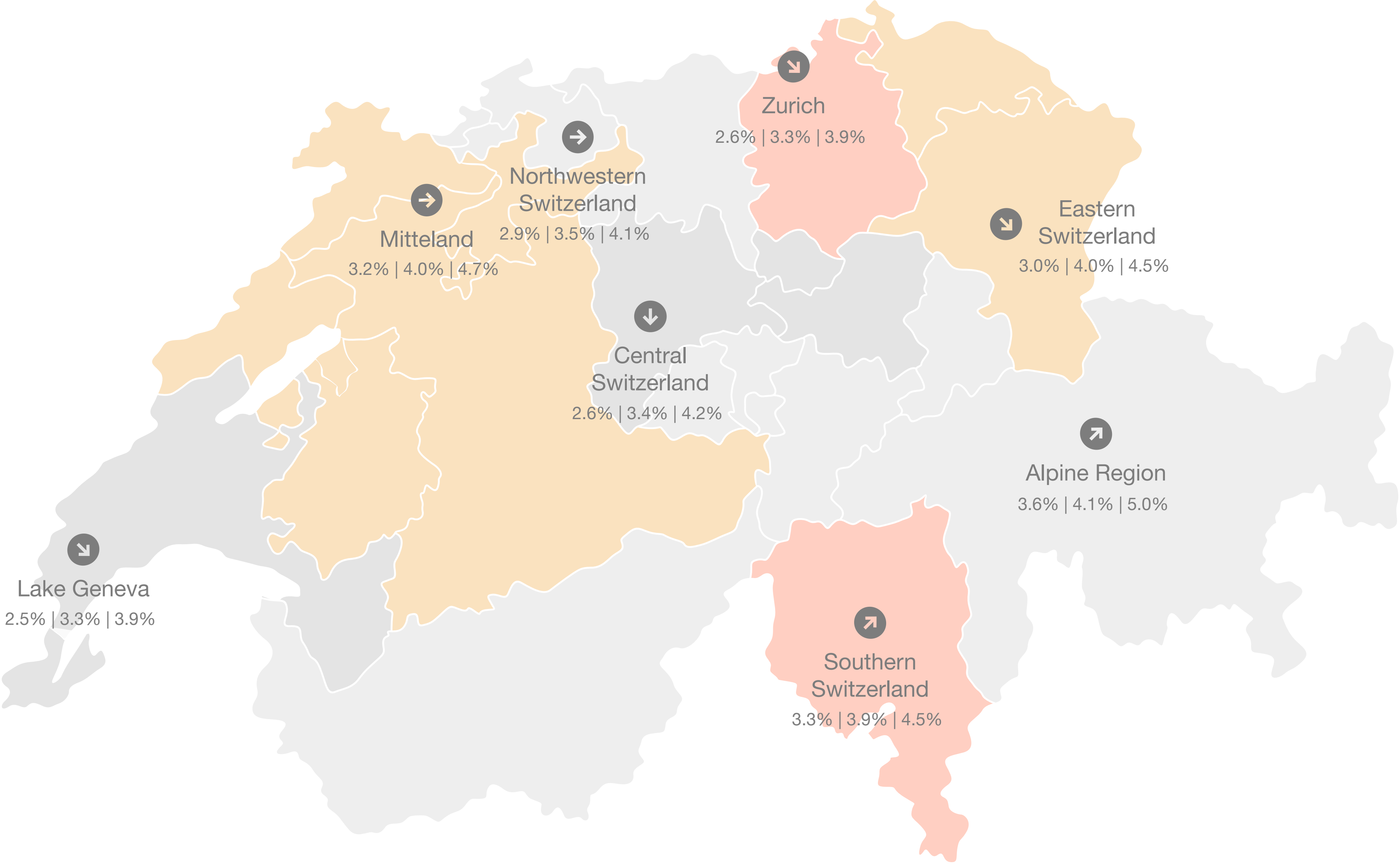
Top 9 Cities

Yields for Swiss residential properties continue their downward trajectory observed since the inception of this study in 2018. Compression across Swiss cities, particularly in the core segment, brings yields below 2.0% in Zurich and only slightly higher in Geneva, Lausanne, Basel, Berne, Lucerne and Winterthur. The traditionally weaker markets in St. Gallen and Lugano are exempt from this trend with yields in Eastern Switzerland's urban center remaining flat and those in Ticino's largest city reflecting the hard hit by the pandemic on the region (+20 bps).

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

Residential

Yields in Swiss Regions



↑ ↗ → ↘ ↓

Minimum yields movement compared to last six months

Min. % | Average % | Max. %

Regions

Outside the big cities, investors see a further yield compression for prime properties in Zurich, Lake Geneva, Eastern and Central Switzerland. In the average and value-add segment, investor responses reflect slightly increased caution and quality awareness. Yield increases can be observed especially in the Lake Geneva Region, the Mittelland, the Alpine Region, as well as Central and Eastern Switzerland.

→ 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**

→ **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	→	0.5%	→
Basel	0	→	1	→	0.5%	→
Berne	0	→	2	→	0.0%	→
Lausanne	0	→	1	→	0.0%	→
Winterthur	0	→	2	→	0.0%	→
Lucerne	0	→	2	→	0.3%	→
St.Gallen	0	→	2	↘	0.0%	→
Lugano	0	→	3	→	-0.3%	→

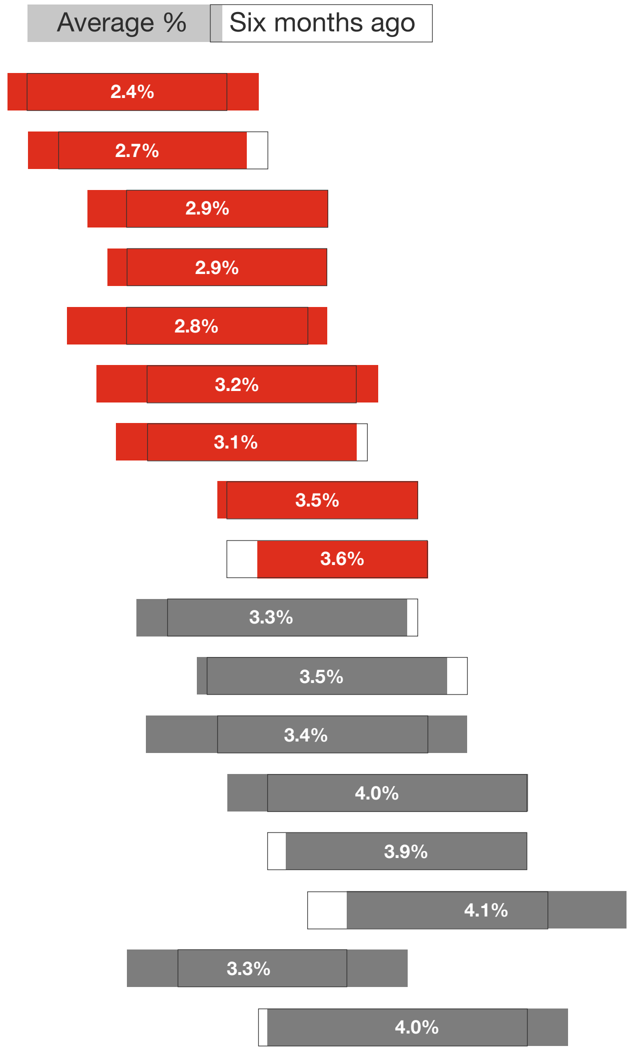
↓ <-1%   ↘ -1.0% to -0.25%   → -0.25% to 0.25%   ↗ 0.25% to 1.0%   ↑ >1.0%

Compared to six months ago (majority of responses)

Yields ranges and compression

Top 9 Cities

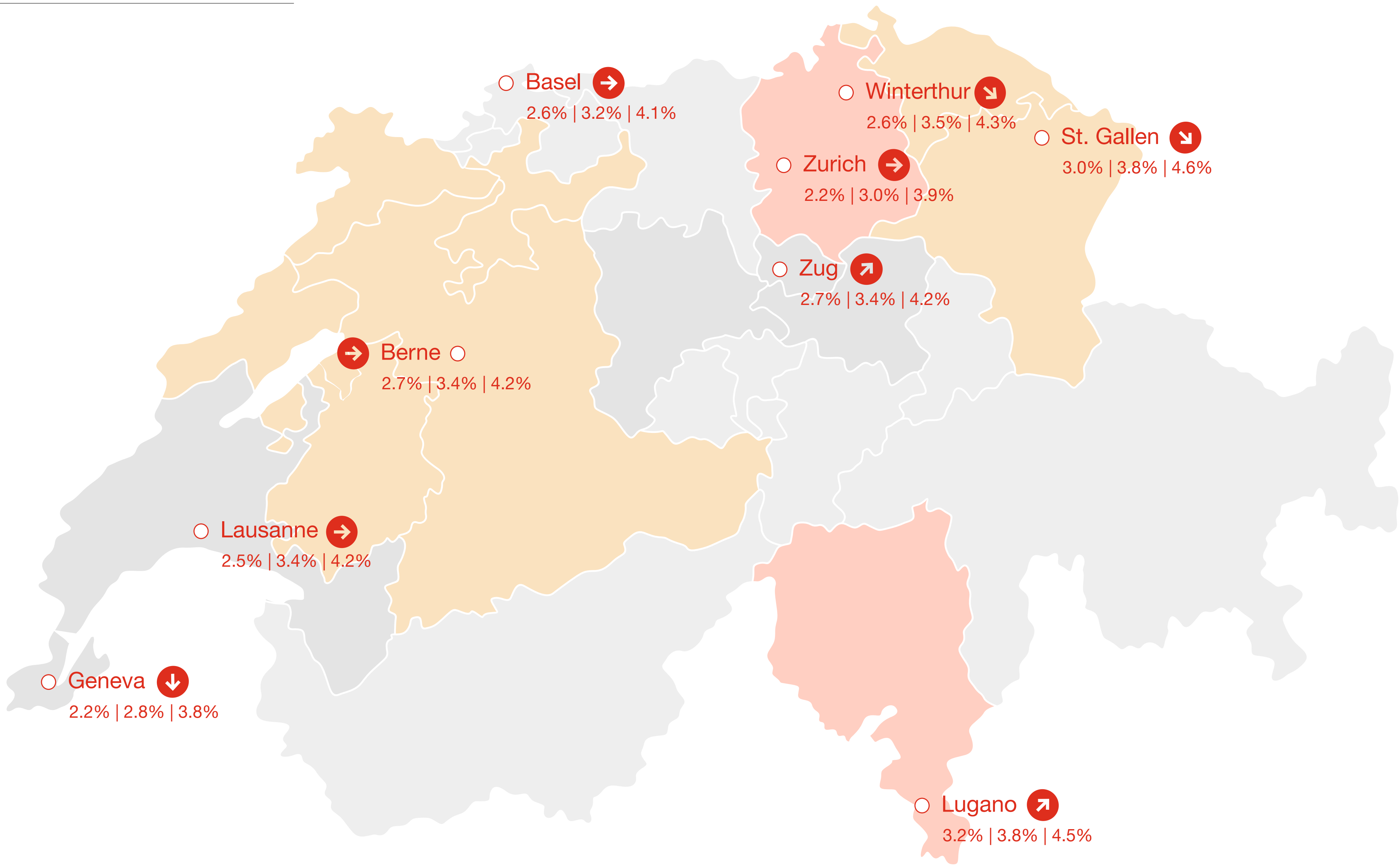
Regions



	Min%	Average %	Max%	Min yields compression over six months
Zurich	1.9%	2.4%	3.2%	-0.1%
Geneva	2.0%	2.7%	3.1%	-0.2%
Basel	2.3%	2.9%	3.5%	-0.2%
Berne	2.4%	2.9%	3.5%	-0.1%
Lausanne	2.2%	2.8%	3.5%	-0.3%
Winterthur	2.4%	3.2%	3.8%	-0.3%
Lucerne	2.5%	3.1%	3.7%	-0.2%
St. Gallen	3.0%	3.5%	4.0%	-0.1%
Lugano	3.2%	3.6%	4.0%	-0.2%
Zurich	2.6%	3.3%	3.9%	-0.2%
Northwestern Switzerland	2.9%	3.5%	4.1%	0.0%
Central Switzerland	2.6%	3.4%	4.2%	-0.4%
Eastern Switzerland	3.0%	4.0%	4.5%	-0.2%
Southern Switzerland	3.3%	3.9%	4.5%	0.1%
Alpine Region	3.6%	4.1%	5.0%	0.2%
Lake Geneva	2.5%	3.3%	3.9%	-0.2%
Mittelland	3.2%	4.0%	4.7%	0.1%

Office

Yields in Swiss Top 9 Cities



↑ ↗ → ↘ ↓

Minimum yields movement compared to last six months

Min. % | Average % | Max. %

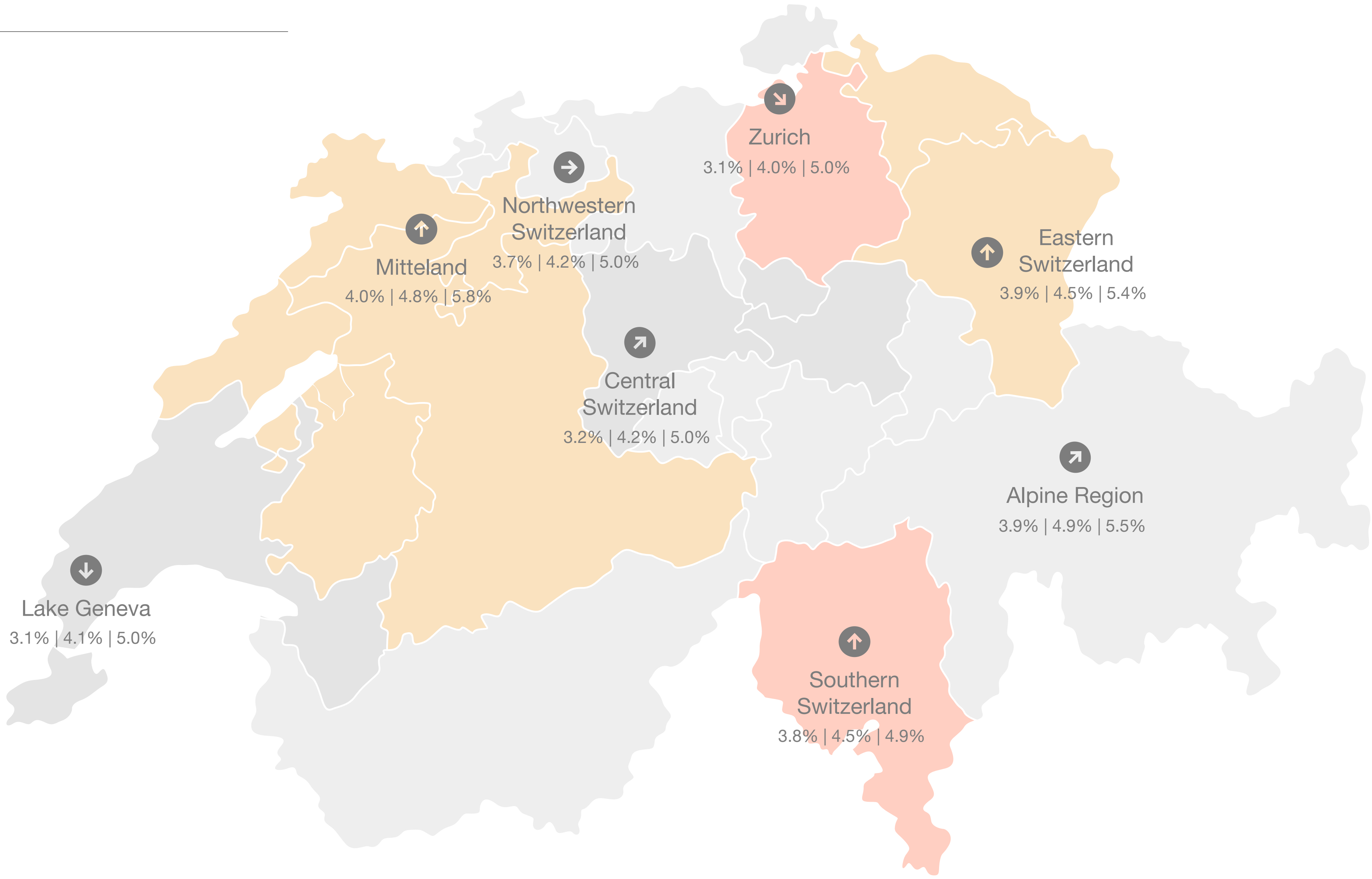
Top 9 Cities

While Swiss residential yields show a relatively consistent trajectory, the image for office yields is more mixed. At the lower end of the spectrum, core and average yields in Zurich remain fairly stable. In Geneva, the sharp increase from last autumn is reversed and core properties come back to similar levels as in Zurich (2.2%). In Lausanne, Winterthur, Zug, St. Gallen and Lugano, the spread between core properties and those in the average and value-add segment increases significantly, reflecting a more pronounced awareness for high-quality properties and locations among investors.

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

Office

Yields in Swiss Regions



↑ ↗ → ↘ ↓

Minimum yields movement
compared to last six months

Min. % | Average % | Max. %

Regions

Outside of the urban centers, only the Zurich and Lake Geneva Regions see a further decrease in core yields. In the average and value-add segment, investors report increasing yields across the board. The most significant increases can be observed in the Alpine Region and the Mittelland, but also the remaining regions experience increasing investor caution for their non-core properties. Apart from the direction of the moves, there is a large disparity in the investors' answers. This points to a variety in investor views with regards to the future of office properties, especially in less central locations.

→ 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

→ 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	↘	66%	→	-0.1%	→
Geneva	800	4	→	5	↘	66%	↗	-0.5%	→
Basel	450	3	↘	6	↓	60%	↓	-0.4%	→
Berne	388	3	↘	6	↘	60%	↓	-0.3%	→
Lausanne	400	3	↘	6	→	63%	→	0.0%	→
Winterthur	350	4	→	7	→	55%	→	-0.1%	→
Zug	400	3	→	6	→	65%	↘	0.0%	→
St.Gallen	310	4	→	8	↘	60%	↓	-0.5%	→
Lugano	320	6	↗	8	↘	30%	↓	-1.0%	→

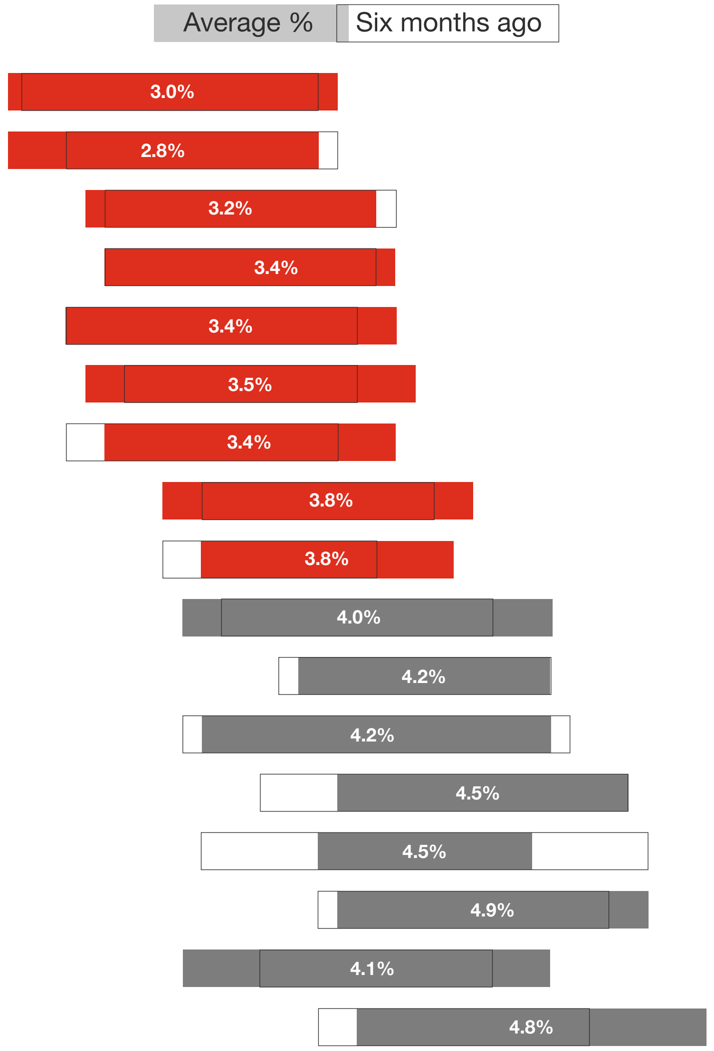
↓ <-1%   ↘ -1.0% to -0.25%   → -0.25% to 0.25%   ↗ 0.25% to 1.0%   ↑ >1.0%

Compared to six months ago (majority of responses)

Yields ranges and compression

Top 9 Cities

Regions

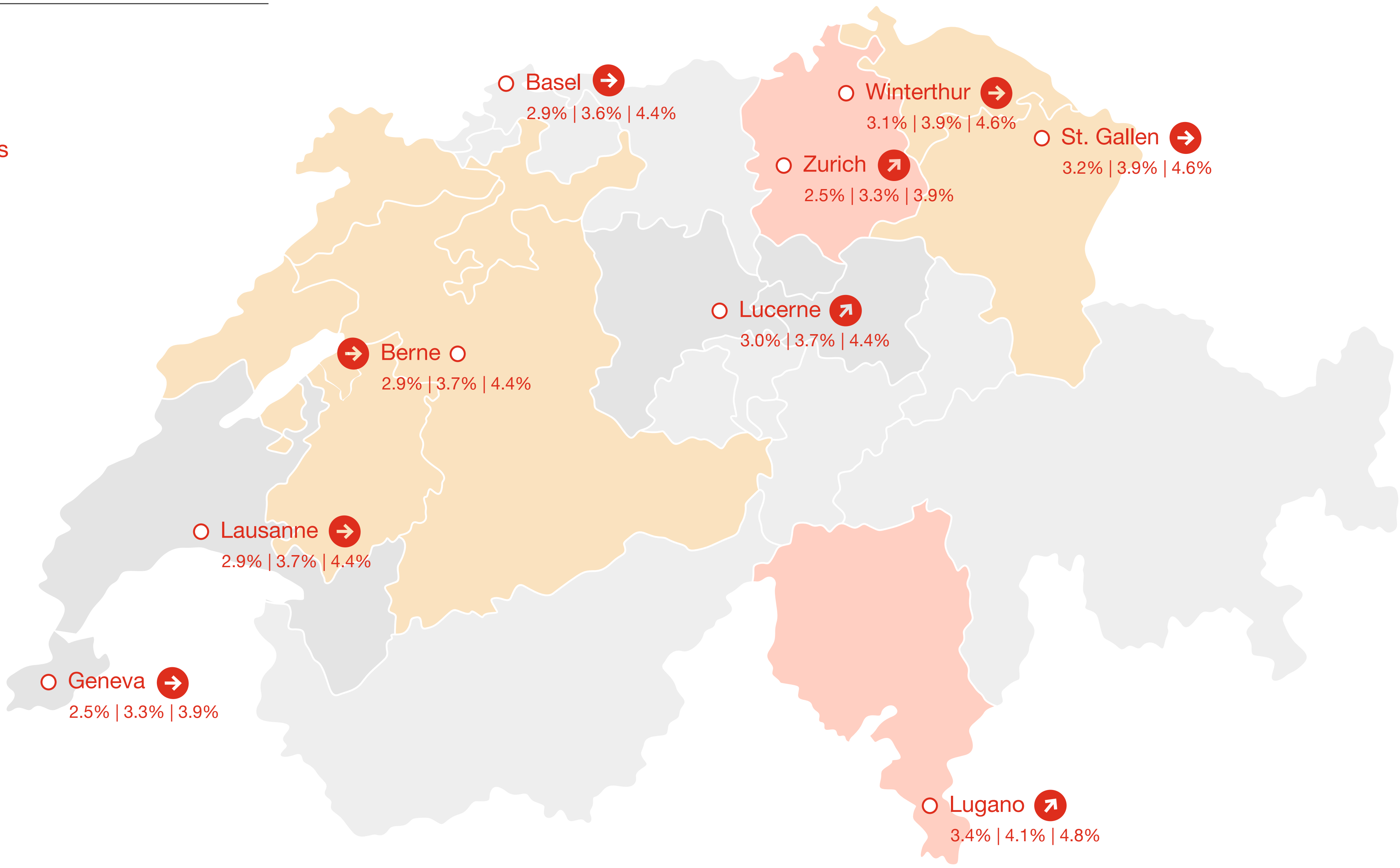


	Min%	Average %	Max%	Min yields compression over six months
Zurich	2.2%	3.0%	3.9%	-0.1%
Geneva	2.2%	2.8%	3.8%	-0.4%
Basel	2.6%	3.2%	4.1%	-0.1%
Berne	2.7%	3.4%	4.2%	0.0%
Lausanne	2.5%	3.4%	4.2%	0.0%
Winterthur	2.6%	3.5%	4.3%	-0.2%
Lucerne	2.7%	3.4%	4.2%	0.2%
St. Gallen	3.0%	3.8%	4.6%	-0.2%
Lugano	3.2%	3.8%	4.5%	0.2%
Zurich	3.1%	4.0%	5.0%	-0.2%
Northwetern Switzerland	3.7%	4.2%	5.0%	0.0%
Central Switzerland	3.2%	4.2%	5.0%	0.1%
Eastern Switzerland	3.9%	4.5%	5.4%	0.4%
Southern Switzerland	3.8%	4.5%	4.9%	0.6%
Alpine Region	3.9%	4.9%	5.5%	0.2%
Lake Geneva	3.1%	4.1%	5.0%	-0.4%
Mittelland	4.0%	4.8%	5.8%	0.3%

Retail | High Street

Yields in Swiss Top 9 Cities

Top 9 Cities



↑ ↗ → ↘ ↓

Minimum yields movement compared to last six months

Min. % | Average % | Max. %

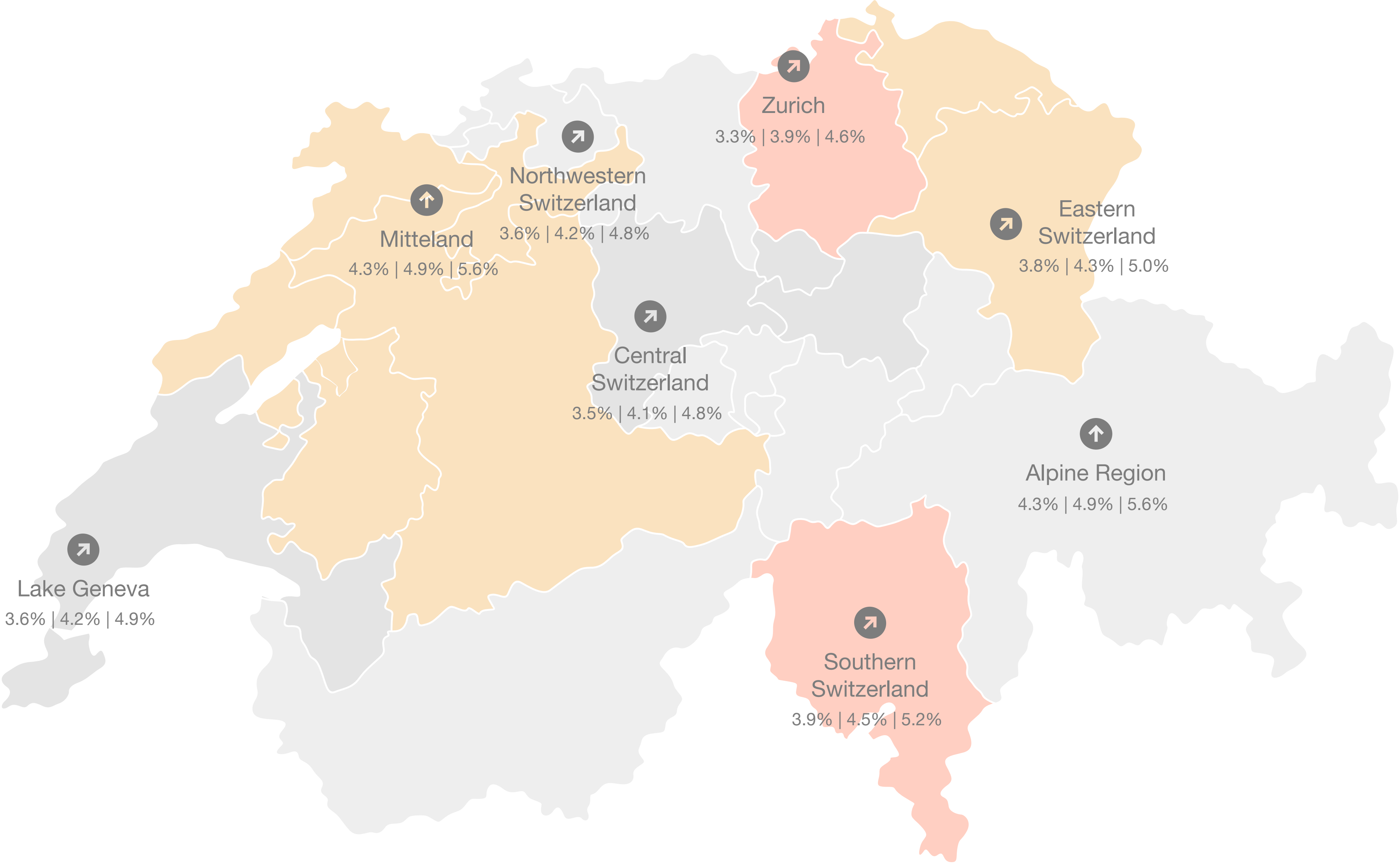
Top 9 Cities

While retail property yields had remained surprisingly stable in the last issue of this study in autumn 2020 and investors seemed to be divided about the proper pricing of this market segment post-COVID, the general market sentiment is more palpable now. Core retail yields in Switzerland's largest cities are expected to increase only slightly, between 0 and 10 bps. In the average and less frequented segments of high-street retail, yield increases vary from +10 to +50 bps. Most significant are the increases in yields for the cities of Lugano and Lucerne – two places particularly affected by the pandemic and the resulting downturn in the tourism industry.

→ View the graph for *Yields ranges and compression* on page 64

Retail | High Street

Yields in Swiss Regions



↑ ↗ → ↘ ↓

Minimum yields movement
compared to last six months

Min. % | Average % | Max. %

Regions

Yields on high-street properties outside the large centers show a similar pattern as their urban peers. Yields increase across all parts of high-street but are most stable in the prime locations. This leads to a further increase in the spread between the most and least frequented parts of commercial areas. The regions with the highest increases in yields are the Mittelland and the Alpine Region.

→ View the graph for *Yields ranges and compression* on page 64

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	5	→	6	↓	45%	↓	-0.8%	→
Geneva	4	↓	6	→	43%	→	-0.8%	→
Basel	5	↘	9	→	40%	↓	-1.0%	→
Berne	5	→	7	↘	45%	↓	-0.8%	↗
Lausanne	5	↘	7	↗	45%	↘	-0.5%	→
Winterthur	5	↓	8	↘	45%	↓	-0.5%	↗
Lucerne	5	→	8	→	35%	↓	-1.0%	→
St.Gallen	6	↓	10	↓	40%	↓	-1.5%	↗
Lugano	6	→	10	↗	20%	↓	-1.5%	→

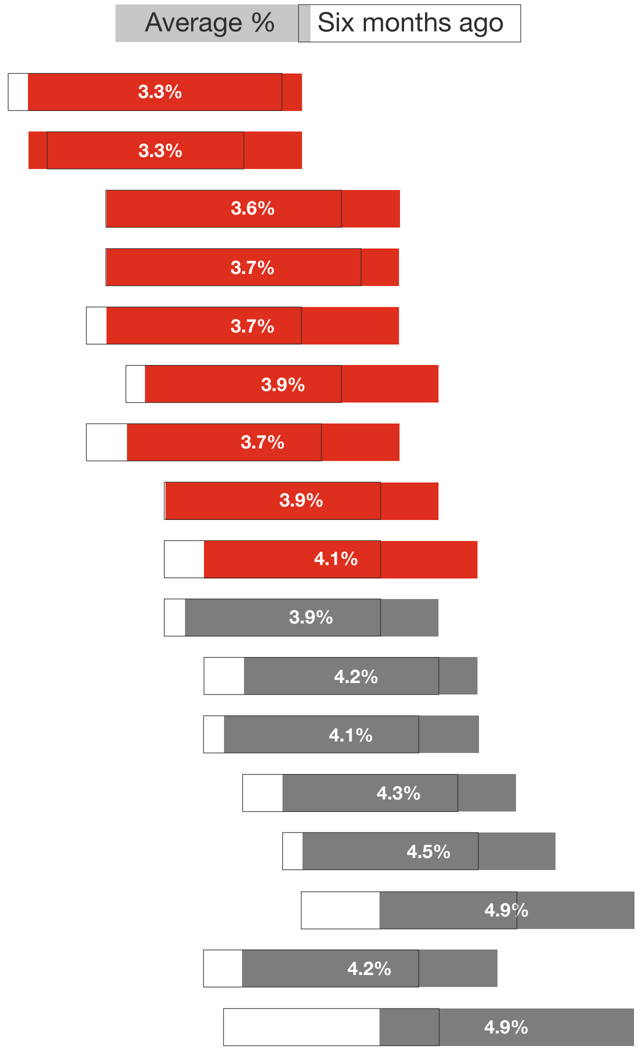
↓ <-1% ↘ -1.0% to -0.25% → -0.25% to 0.25% ↗ 0.25% to 1.0% ↑ >1.0%

Compared to six months ago (majority of responses)

Yields ranges and compression

Top 9 Cities

Regions

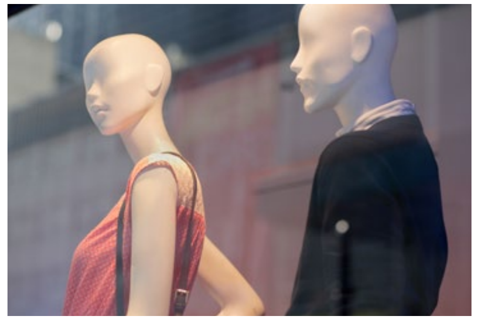


	Min%	Average %	Max%	Min yields compression over six months
Zurich	2.5%	3.3%	3.9%	0.1%
Geneva	2.5%	3.3%	3.9%	-0.1%
Basel	2.9%	3.6%	4.4%	0.0%
Berne	2.9%	3.7%	4.4%	0.0%
Lausanne	2.9%	3.7%	4.4%	0.1%
Winterthur	3.1%	3.9%	4.6%	0.1%
Lucerne	3.0%	3.7%	4.4%	0.2%
St. Gallen	3.2%	3.9%	4.6%	0.0%
Lugano	3.4%	4.1%	4.8%	0.2%
Zurich	3.3%	3.9%	4.6%	0.1%
Northwestern Switzerland	3.6%	4.2%	4.8%	0.2%
Central Switzerland	3.5%	4.1%	4.8%	0.1%
Eastern Switzerland	3.8%	4.3%	5.0%	0.2%
Southern Switzerland	3.9%	4.5%	5.2%	0.2%
Alpine Region	4.3%	4.9%	5.6%	0.5%
Lake Geneva	3.6%	4.2%	4.9%	0.2%
Mittelland	4.3%	4.9%	5.6%	0.8%

Retail | Non-High Street

Among non-high-street retail properties, the out-of-town shopping center experiences the largest correction in yields over the past six months. In the wake of continued restrictions on in-person shopping and the pandemic-induced boost on e-commerce, investors further adjust their pricing of this asset type by +25 to +60 bps. For the remaining three categories of non-high-street retail properties, investors partly correct their strong pricing adjustments in autumn 2020. The lowest yields can be seen for supermarkets and DIY Stores, which have proven robust through the pandemic, due to their essential nature and relatively mild restrictions on customers.

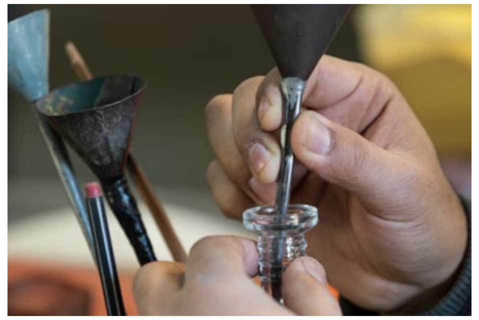
Expected 5-year yield development



↘ Out-of-town Shopping Center

↓ Retail Park

→ Supermarket



→ DIY-Store

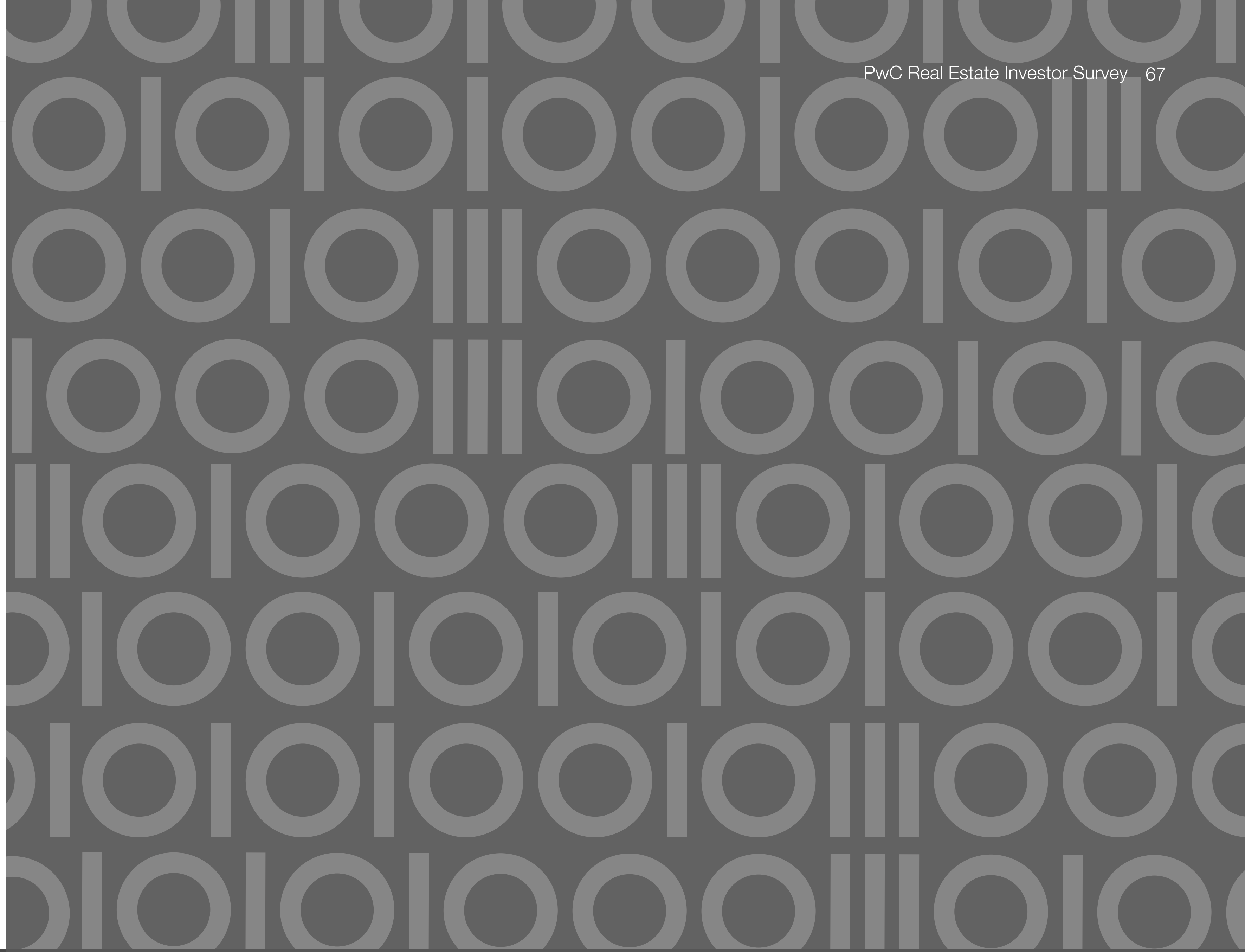
Letting parameters

	All-risk-yield			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.**	**Dev.**	**Med.**	**Dev.**	**Med.**	**Dev.**	**Med.**	**Dev.**
Out-of-town Shopping Center	4.0%	4.7%	5.5%	8	↗	9	→	40%	↘	-1.5%	↘
Retail Park	4.0%	4.7%	5.5%	7	↘	8	↘	50%	→	-2.0%	↘
Supermarket	3.8%	4.5%	5.3%	5	↘	7	↘	58%	↑	-0.5%	→
DIY-Store	3.8%	4.6%	5.4%	5	↘	6	↘	58%	↑	-0.3%	→

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

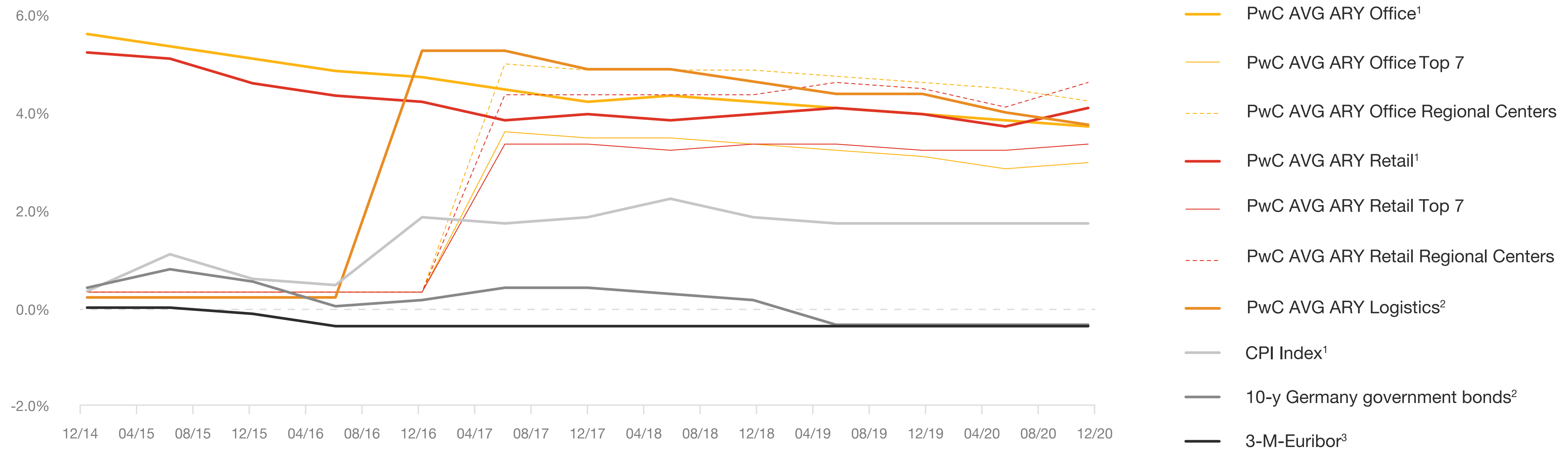
Compared to six months ago (majority of responses)

Overview of the results

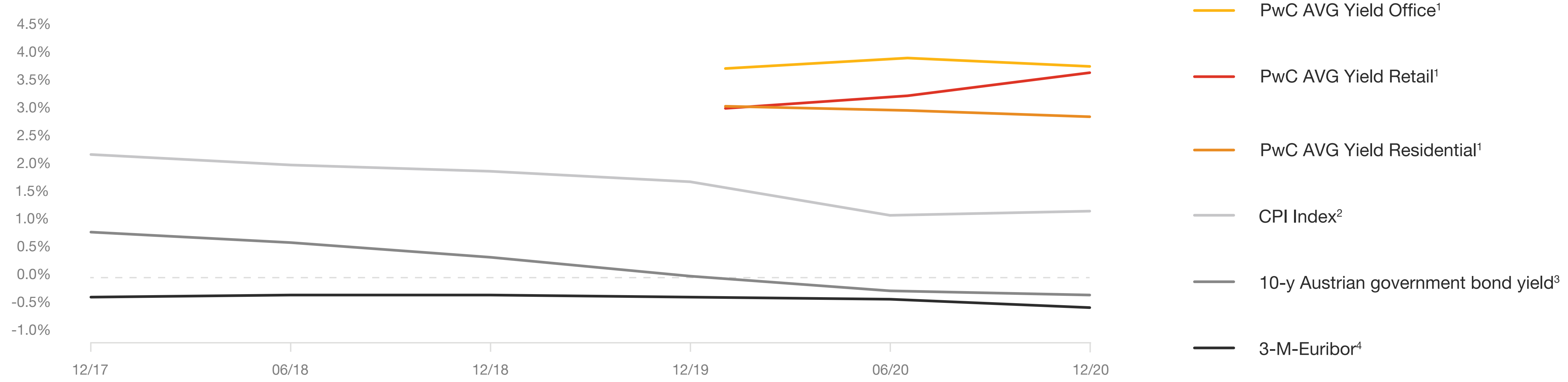


Yields comparison

Germany



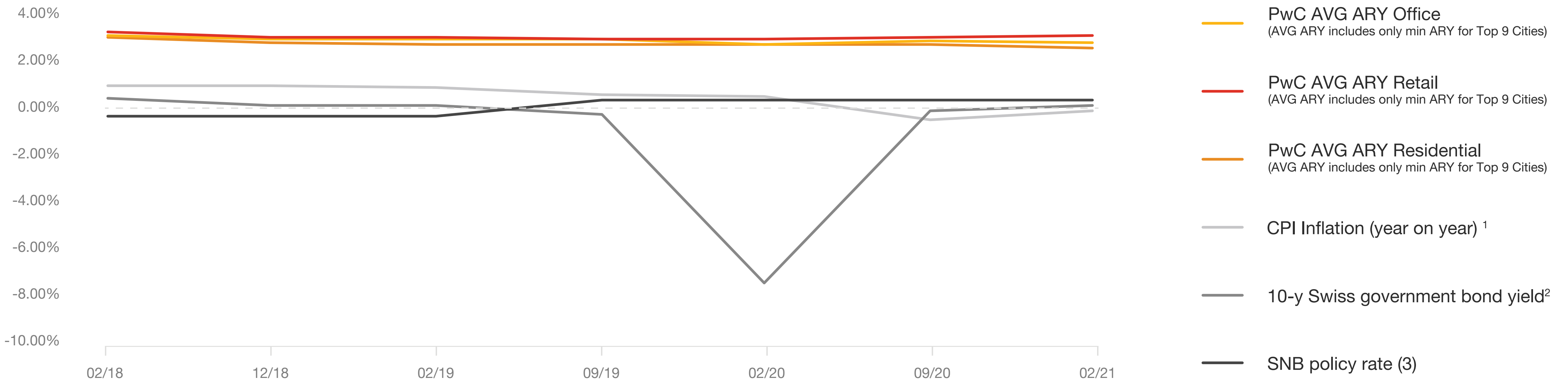
Austria



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 Germany

Residential

		New Construction			Existing Building		
		Min.	Avg.	Max.	Min.	Avg.	Max.
Top 7 Cities	Berlin	2.1%	2.7%	3.1%	2.6%	2.9%	4.2%
	Dusseldorf	2.6%	2.7%	3.1%	2.6%	3.1%	4.4%
	Frankfurt a. M.	2.2%	2.6%	2.5%	2.5%	2.7%	3.8%
	Hamburg	2.4%	2.7%	3.1%	2.6%	2.9%	4.0%
	Cologne	2.6%	2.8%	3.2%	2.7%	3.1%	4.3%
	Munich	1.9%	2.3%	2.3%	2.0%	2.6%	3.3%
	Stuttgart	2.5%	2.8%	3.3%	2.5%	2.9%	3.8%
Regional Cities	Bonn	2.5%	2.9%	3.4%	2.9%	3.6%	4.9%
	Bremen	2.5%	3.0%	3.5%	3.3%	3.5%	4.5%
	Dortmund	2.6%	2.9%	3.2%	3.1%	4.0%	5.6%
	Dresden	2.5%	3.0%	3.5%	2.9%	3.5%	4.3%
	Duisburg	2.5%	2.9%	3.5%	3.5%	4.5%	6.6%
	Erfurt	3.0%	3.5%	4.0%	3.8%	4.5%	5.0%
	Essen	2.4%	2.8%	3.2%	3.0%	4.0%	5.5%
	Karlsruhe	2.5%	3.0%	3.5%	2.9%	3.5%	4.3%
	Hannover	2.5%	3.0%	3.5%	3.3%	3.5%	4.5%
	Leipzig	2.5%	3.0%	3.5%	2.9%	3.5%	4.3%
	Magdeburg	3.0%	3.5%	4.0%	4.0%	4.5%	5.5%
	Mainz-Wiesbaden	2.5%	3.0%	3.5%	2.9%	3.5%	4.3%
	Nuremberg	2.5%	3.0%	3.5%	2.9%	3.5%	4.3%
	Rhine Neckar MA/HD/LU	2.5%	3.0%	3.5%	2.9%	3.5%	4.3%
Regions	Lower Saxony & Schleswig-Holstein	3.0%	3.5%	4.0%	-	-	-
	M-WP. & Sax.-A & Brandenburg	3.0%	3.5%	4.0%	-	-	-
	North of Hesse & Thu. & Sax	3.0%	3.5%	4.0%	-	-	-
	North Rhine-Westphalia	2.8%	3.2%	3.6%	-	-	-
	Rhineland-P & Saarland	3.0%	3.5%	4.0%	-	-	-
	South of Hesse & BaWue	3.0%	3.5%	4.0%	-	-	-
	Bavaria	3.0%	3.8%	5.0%	-	-	-

Result overview Germany

Office

		Current				6 Months ago			12 Months ago		
		Min.	Avg.	Max.	Exp. Growth*	Min.	Avg.	Max.	Min.	Avg.	Max.
Top 7 Cities	Berlin	2.6%	3.3%	4.6%	0.0%	2.3%	3.1%	4.5%	2.7%	3.6%	4.8%
	Dusseldorf	3.0%	3.8%	4.9%	-0.2%	2.9%	3.7%	4.9%	3.1%	4.2%	5.1%
	Frankfurt a. M.	2.8%	3.4%	4.9%	-0.1%	2.6%	3.3%	4.8%	2.9%	3.9%	4.9%
	Hamburg	2.8%	3.5%	4.9%	-0.1%	2.6%	3.3%	4.7%	2.9%	3.9%	4.9%
	Cologne	3.1%	4.0%	5.5%	-0.3%	3.1%	3.7%	5.3%	3.2%	4.4%	5.3%
	Munich	2.6%	3.2%	4.4%	-0.1%	2.3%	3.0%	4.1%	2.7%	3.6%	4.6%
	Stuttgart	3.1%	3.8%	4.9%	0.3%	2.9%	3.5%	4.9%	3.1%	4.1%	4.9%
Regional Cities	Bonn	3.6%	4.3%	5.6%	0.1%	3.8%	4.6%	5.9%	3.9%	4.8%	5.8%
	Bremen	4.2%	5.0%	6.3%	0.2%	4.3%	5.2%	6.3%	4.4%	5.4%	6.3%
	Dortmund	4.2%	4.8%	6.1%	0.0%	4.5%	5.1%	6.5%	4.5%	5.4%	6.5%
	Dresden	4.0%	4.7%	5.9%	0.1%	4.3%	5.0%	6.6%	4.4%	5.3%	6.4%
	Duisburg	4.6%	5.4%	6.9%	0.0%	4.9%	5.6%	7.2%	5.0%	5.9%	7.2%
	Erfurt	4.5%	5.3%	6.4%	0.1%	4.8%	5.5%	6.7%	4.9%	6.0%	6.9%
	Essen	4.0%	4.7%	5.9%	0.4%	4.4%	5.2%	6.4%	4.6%	5.5%	6.6%
	Karlsruhe	4.2%	4.8%	6.2%	0.0%	4.3%	4.9%	6.2%	4.3%	5.3%	6.4%
	Hannover	3.8%	4.6%	5.8%	0.3%	4.0%	4.8%	5.9%	4.0%	5.1%	6.1%
	Leipzig	3.8%	4.6%	6.0%	0.1%	4.1%	4.7%	6.5%	4.1%	5.2%	6.2%
	Magdeburg	4.8%	5.9%	7.4%	0.0%	5.3%	6.0%	7.4%	5.4%	6.7%	8.0%
	Mainz-Wiesbaden	3.9%	4.6%	6.1%	0.3%	3.9%	4.8%	6.0%	4.0%	5.2%	6.5%
	Nuremberg	3.9%	4.4%	5.7%	0.4%	3.9%	4.7%	6.1%	3.9%	4.9%	5.9%
	Rhine Neckar MA/HD/LU	4.1%	5.0%	6.3%	0.2%	4.3%	4.9%	6.4%	4.2%	5.3%	6.4%
Regions	Lower Saxony & Schleswig-Holstein	5.0%	5.8%	7.5%	0.0%	5.0%	5.9%	7.3%	5.1%	6.2%	7.2%
	M-WP. & Sax.-A & Brandenburg	4.8%	5.9%	7.7%	0.3%	5.1%	6.1%	7.8%	5.1%	5.9%	8.3%
	North of Hesse & Thu. & Sax	5.0%	5.9%	7.4%	-0.2%	5.2%	6.2%	7.7%	5.3%	6.3%	8.0%
	North Rhine-Westphalia	4.4%	5.4%	7.2%	-0.2%	4.6%	5.6%	7.2%	4.6%	5.6%	7.4%
	Rhineland-P & Saarland	5.3%	6.0%	7.5%	-0.2%	5.4%	6.1%	7.5%	5.5%	6.4%	7.6%
	South of Hesse & BaWue	3.9%	4.8%	6.3%	0.0%	4.1%	5.0%	6.4%	4.3%	5.4%	6.6%
	Bavaria	4.3%	5.1%	6.5%	0.3%	4.2%	5.3%	6.6%	4.4%	5.5%	6.6%

*Annual market rent growth rate

Result overview 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	3.2%	3.8%	5.0%	-2.4%	3.0%	3.9%	4.7%	3.0%	3.7%	4.5%
	Dusseldorf	3.3%	4.0%	5.3%	-2.7%	3.2%	3.7%	4.7%	3.2%	3.9%	4.8%
	Frankfurt a. M.	3.2%	3.8%	4.9%	-2.2%	2.9%	3.5%	4.5%	3.1%	3.8%	4.7%
	Hamburg	3.3%	3.9%	5.0%	-2.5%	3.0%	3.6%	4.4%	3.1%	3.7%	4.6%
	Cologne	3.5%	4.0%	5.3%	-2.7%	3.2%	3.8%	4.7%	3.3%	3.9%	4.9%
	Munich	2.9%	3.4%	4.5%	-1.9%	2.6%	3.1%	4.0%	2.7%	3.4%	4.3%
	Stuttgart	3.3%	3.9%	4.9%	-2.6%	3.0%	3.6%	4.2%	3.2%	3.9%	4.6%
Regional Cities	Bonn	4.2%	4.9%	5.9%	-1.0%	3.6%	4.4%	5.4%	3.9%	4.6%	5.3%
	Bremen	4.5%	5.4%	6.3%	-1.0%	3.9%	4.8%	5.6%	4.3%	5.1%	5.6%
	Dortmund	4.4%	5.2%	6.3%	-1.0%	3.9%	4.7%	5.6%	4.1%	4.8%	5.6%
	Dresden	4.2%	5.0%	6.0%	-1.0%	3.8%	4.5%	5.5%	4.0%	4.8%	5.6%
	Duisburg	5.3%	5.9%	7.2%	-1.0%	4.5%	5.1%	6.2%	5.1%	5.5%	6.6%
	Erfurt	4.6%	5.5%	6.7%	-1.0%	4.2%	4.8%	5.8%	4.5%	5.1%	5.9%
	Essen	4.6%	5.4%	6.3%	-1.0%	4.0%	4.7%	5.5%	4.4%	5.0%	5.7%
	Karlsruhe	4.3%	5.1%	6.1%	-1.0%	3.6%	4.4%	5.2%	4.1%	4.8%	5.5%
	Hannover	4.0%	4.9%	5.8%	-1.0%	3.7%	4.3%	5.1%	3.9%	4.6%	5.3%
	Leipzig	4.1%	5.2%	6.0%	-1.0%	3.8%	4.5%	5.4%	3.9%	4.7%	5.5%
	Magdeburg	5.4%	6.1%	7.3%	-1.0%	4.7%	5.3%	6.4%	5.3%	5.8%	6.7%
	Mainz-Wiesbaden	4.4%	5.2%	6.2%	-1.0%	3.8%	4.4%	5.2%	4.2%	4.7%	5.6%
	Nuremberg	4.2%	5.0%	6.0%	-1.0%	3.6%	4.3%	5.0%	3.9%	4.5%	5.3%
	Rhine Neckar MA/HD/LU	4.3%	5.1%	6.2%	-1.0%	3.6%	4.2%	5.0%	4.1%	4.7%	5.6%
Regions	Lower Saxony & Schleswig-Holstein	5.3%	5.9%	7.5%	0.0%	4.8%	5.5%	7.0%	4.7%	5.4%	6.4%
	M-WP. & Sax.-A & Brandenburg	5.5%	6.4%	8.4%	0.0%	5.0%	6.0%	7.6%	5.0%	5.6%	7.3%
	North of Hesse & Thu. & Sax	5.8%	6.3%	8.2%	0.0%	5.0%	5.8%	7.4%	5.1%	5.7%	7.0%
	North Rhine-Westphalia	5.3%	5.9%	7.8%	0.0%	4.8%	5.6%	7.2%	4.6%	5.4%	7.0%
	Rhineland-P & Saarland	5.5%	6.1%	7.7%	0.0%	4.9%	5.7%	7.1%	5.0%	5.5%	6.6%
	South of Hesse & BaWue	4.8%	5.5%	7.1%	0.0%	4.4%	5.3%	6.6%	4.4%	5.1%	6.2%
	Bavaria	4.8%	5.5%	6.8%	0.0%	4.3%	5.1%	6.3%	4.4%	4.9%	5.7%

*Annual market rent growth rate

Result overview 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	5.1%	6.1%	8.2%	-1.8%	4.5%	5.4%	6.6%	4.6%	6.3%	8.0%
Retail Park	3.9%	4.9%	6.5%	0.2%	3.8%	4.6%	6.1%	5.1%	6.8%	8.2%
Supermarket	4.2%	5.2%	6.5%	1.3%	4.0%	4.9%	6.3%	5.4%	6.8%	8.4%
DIY-Store	5.5%	6.4%	7.7%	-1.0%	5.3%	6.2%	7.6%	6.2%	7.5%	9.0%

*Annual market rent growth rate

Result overview Germany

Logistics

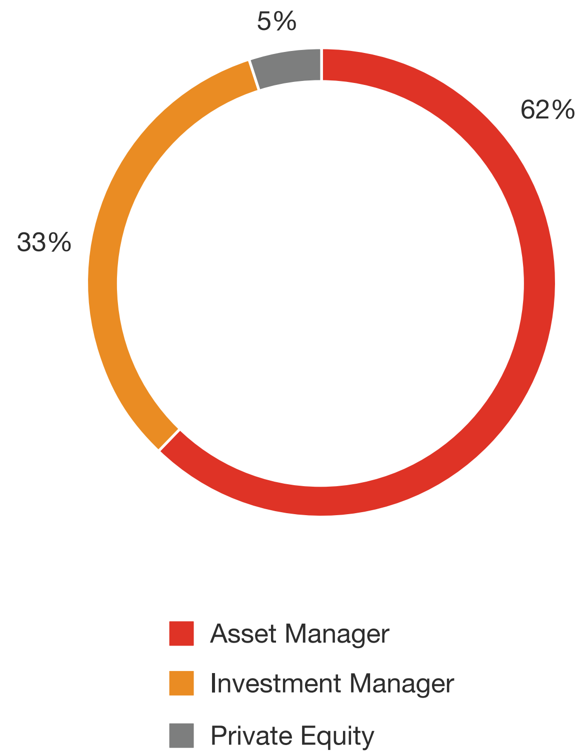
		Current				6 Months ago			12 Months ago		
		Min.	Avg.	Max.	Exp. Growth*	Min.	Avg.	Max.	Min.	Avg.	Max.
Top 15 Locations	Hamburg	3.4%	4.1%	5.4%	1.8%	3.6%	4.6%	6.1%	3.9%	5.0%	6.3%
	Munich	3.4%	4.1%	5.3%		3.5%	4.4%	5.5%	3.8%	4.9%	6.2%
	Rhine-Main/Frankfurt	3.4%	4.1%	5.3%		3.6%	4.5%	5.6%	3.9%	5.0%	6.3%
	Berlin	3.4%	4.1%	5.3%		3.5%	4.6%	6.1%	3.9%	5.1%	6.4%
	Dusseldorf/Cologne	3.5%	4.3%	5.7%		3.8%	4.9%	6.2%	4.1%	5.3%	6.5%
	Stuttgart	3.5%	4.3%	5.4%		3.8%	4.8%	6.1%	4.2%	5.4%	6.6%
	Hannover/Brunswick	3.9%	4.7%	6.1%		4.1%	5.2%	6.5%	4.4%	5.7%	7.1%
	Halle/Leipzig	3.8%	4.8%	6.1%		4.1%	5.2%	6.6%	4.5%	5.6%	7.0%
	Bremen/North Sea Ports	3.8%	4.7%	6.1%		4.1%	5.2%	6.4%	4.6%	5.9%	6.9%
	Rhine-Ruhr	3.6%	4.4%	5.8%		3.9%	5.0%	6.6%	4.3%	5.8%	7.1%
	Dortmund	3.8%	4.6%	6.1%		4.0%	5.3%	6.6%	4.4%	5.7%	6.9%
	Nuremberg	3.8%	4.4%	5.5%		4.2%	5.1%	6.2%	4.5%	5.6%	6.9%
	Kassel/Göttingen	4.1%	5.0%	6.5%		4.3%	5.4%	6.5%	4.9%	6.1%	7.4%
	Regensburg/Passau	4.1%	5.0%	6.5%		4.2%	5.4%	7.1%	4.8%	6.0%	7.3%
	Ulm	4.1%	5.1%	6.5%		4.3%	5.3%	6.4%	4.8%	6.1%	7.3%
Small Locations	Small Locations	3.8%	4.6%	6.2%	1.5%	5.0%	5.4%	7.2%	5.3%	6.0%	7.5%
Rest of Germany	Rest of Germany	4.4%	5.1%	6.5%	0.7%	5.3%	6.0%	7.7%	5.3%	6.2%	8.3%

*Annual market rent growth rate

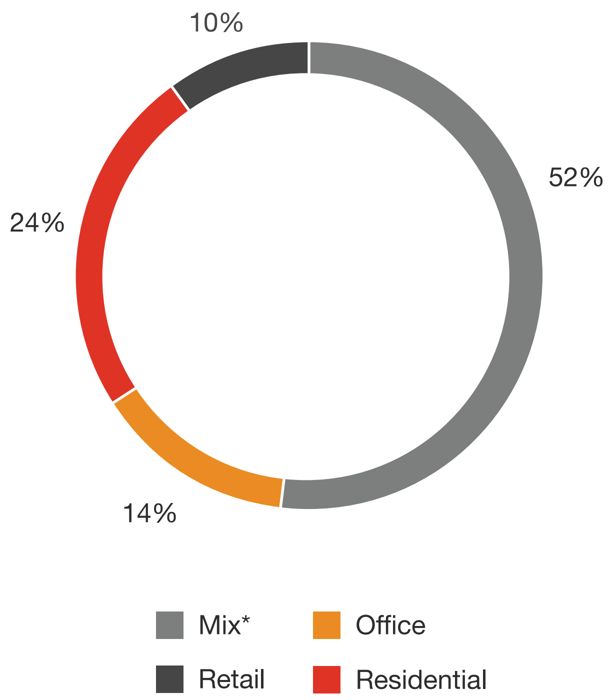
Result overview Germany

Participants

Participant type



Participant investment focus



*Mix includes Office, Retail & Logistics

Result overview Austria

Residential

		Current				6 Months ago			12 Months ago		
		Min.	Avg.	Max.	Exp. Growth*	Min.	Avg.	Max.	Min.	Avg.	Max.
Top 5 Cities	Vienna	2.4%	3.0%	3.5%	1.2%	2.6%	2.9%	3.3%	2.7%	3.2%	4.0%
	Graz	3.2%	3.6%	3.9%	0.5%	3.3%	3.4%	3.6%	3.5%	4.3%	5.0%
	Linz	3.2%	3.5%	3.8%	0.7%	3.2%	3.5%	3.8%	3.2%	3.9%	4.5%
	Salzburg	2.9%	3.2%	3.4%	0.9%	3.0%	3.3%	3.6%	3.0%	3.8%	4.5%
	Innsbruck	2.8%	3.3%	3.4%	1.2%	3.0%	3.1%	3.3%	2.9%	3.3%	3.8%

Office

		Current				6 Months ago			12 Months ago		
		Min.	Avg.	Max.	Exp. Growth*	Min.	Avg.	Max.	Min.	Avg.	Max.
Top 5 Cities	Vienna	2.7%	4.0%	5.1%	1.1%	3.1%	4.0%	4.9%	2.9%	3.9%	5.1%
	Graz	4.7%	5.4%	6.3%	0.8%	4.7%	5.3%	6.2%	4.5%	5.5%	7.5%
	Linz	4.2%	5.4%	5.8%	0.9%	4.4%	5.3%	5.8%	4.0%	5.5%	6.5%
	Salzburg	3.7%	5.1%	5.7%	1.1%	4.0%	5.0%	5.8%	3.8%	5.2%	6.2%
	Innsbruck	3.6%	4.3%	4.9%	0.9%	3.7%	4.4%	4.7%	3.5%	4.5%	5.5%

*Annual market rent growth rate

Result overview 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	3.4%	4.2%	5.3%	-1.6%	2.7%	4.1%	5.3%	2.5%	3.8%	4.9%
Graz	4.3%	5.7%	6.2%	-1.9%	4.0%	5.8%	6.2%	3.8%	5.7%	7.5%
Linz	4.0%	5.3%	5.9%	-1.7%	3.8%	5.2%	5.8%	3.5%	4.3%	5.0%
Salzburg	3.3%	3.7%	4.8%	-1.5%	2.8%	3.8%	4.7%	2.5%	3.5%	4.5%
Innsbruck	3.4%	4.1%	5.2%	-1.6%	3.0%	4.0%	5.0%	2.8%	3.5%	4.8%

Retail | Non-high street retail

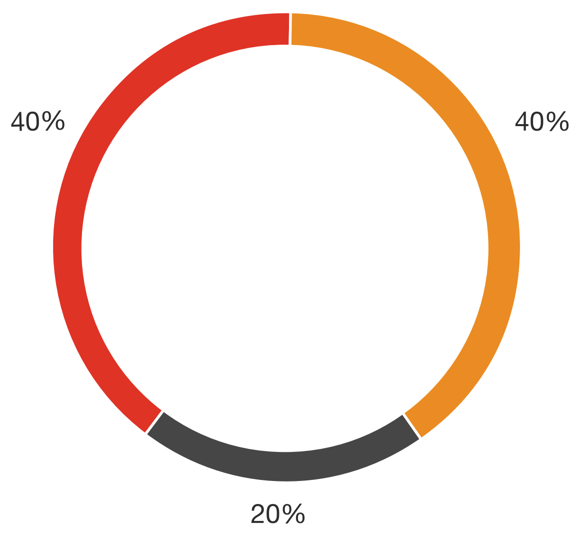
	Current				6 Months ago			12 Months ago		
	Min.	Avg.	Max.	Exp. Growth*	Min.	Avg.	Max.	Min.	Avg.	Max.
Out-of-town Shopping Center	4.5%	4.9%	6.6%	-1.2%	4.2%	5.0%	6.5%	4.0%	5.0%	6.0%
Retail Park	4.9%	5.8%	6.6%	-0.8%	4.8%	5.9%	6.5%	4.6%	5.4%	6.3%
Supermarket	4.7%	5.8%	6.8%	-0.5%	4.5%	5.7%	6.8%	4.8%	5.9%	7.0%
DIY-Store	5.6%	6.4%	7.3%	-0.5%	5.5%	6.5%	7.5%	5.0%	6.5%	8.0%

*Annual market rent growth rate

Result overview Austria

Participants

Participant type

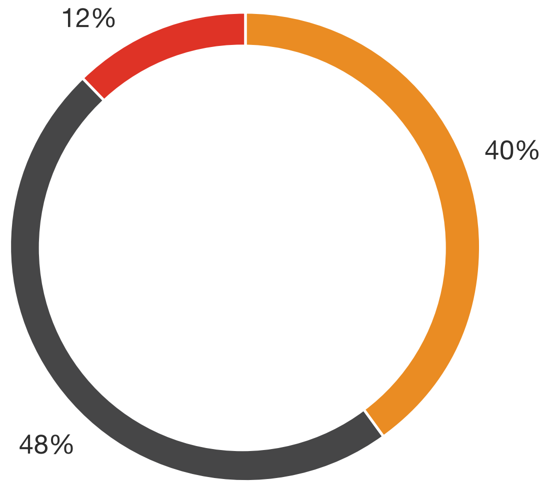


🟥 Private Real Estate Company

⬛ Fund Manager

🟧 Public Real Estate Company

Participant investment focus



🟧 Retail

⬛ Office

🟥 Residential

Result overview Switzerland

Residential

		Current				6 Months ago			12 Months ago		
		Min.	Avg.	Max.	Exp. Growth*	Min.	Avg.	Max.	Min.	Avg.	Max.
Top 9 Cities	Zurich	1.9%	2.4%	3.2%	0.5%	2.0%	2.5%	3.0%	2.0%	2.5%	3.1%
	Geneva	2.0%	2.7%	3.1%	0.5%	2.2%	2.7%	3.2%	2.2%	2.7%	3.1%
	Basel	2.3%	2.9%	3.5%	0.5%	2.5%	3.0%	3.5%	2.5%	3.0%	3.5%
	Berne	2.4%	2.9%	3.5%	0.0%	2.5%	3.0%	3.5%	2.6%	2.9%	3.5%
	Lausanne	2.2%	2.8%	3.5%	0.0%	2.5%	2.8%	3.4%	2.5%	2.8%	3.5%
	Winterthur	2.4%	3.2%	3.8%	0.0%	2.6%	3.0%	3.7%	2.7%	3.1%	3.6%
	Lucerne	2.5%	3.1%	3.7%	0.3%	2.6%	3.0%	3.7%	2.7%	3.0%	3.7%
	St Gallen	3.0%	3.5%	4.0%	0.0%	3.0%	3.2%	4.0%	3.0%	3.3%	4.0%
	Lugano	3.2%	3.6%	4.0%	-0.3%	3.0%	3.4%	4.0%	2.8%	3.2%	4.0%
Regions	Zurich	2.6%	3.3%	3.9%	0.0%	2.7%	3.2%	4.0%	2.6%	3.2%	3.9%
	Northwestern Switzerland	2.9%	3.5%	4.1%	-0.1%	2.9%	3.5%	4.2%	3.0%	3.5%	4.2%
	Central Switzerland	2.6%	3.4%	4.2%	0.0%	3.0%	3.4%	4.0%	2.8%	3.3%	4.1%
	Eastern Switzerland	3.0%	4.0%	4.5%	-0.5%	3.2%	3.8%	4.5%	3.2%	3.8%	4.5%
	Southern Switzerland	3.3%	3.9%	4.5%	-0.4%	3.2%	3.9%	4.5%	3.3%	3.8%	4.3%
	Alpine Region	3.6%	4.1%	5.0%	0.0%	3.4%	4.0%	4.6%	3.8%	4.2%	4.7%
	Lake Geneva Region	2.5%	3.3%	3.9%	0.0%	2.7%	3.1%	3.6%	2.8%	3.2%	3.8%
	Mittelland	3.2%	4.0%	4.7%	-0.3%	3.2%	3.6%	4.5%	3.3%	3.8%	4.5%

*Annual market rent growth rate

Result overview 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%	3.0%	3.9%	-0.1%	2.3%	3.0%	3.8%	2.2%	2.9%	3.8%
	Geneva	2.2%	2.8%	3.8%	-0.5%	2.5%	3.1%	3.9%	2.3%	2.9%	3.6%
	Basel	2.6%	3.2%	4.1%	-0.4%	2.7%	3.4%	4.2%	2.6%	3.2%	4.0%
	Berne	2.7%	3.4%	4.2%	-0.3%	2.7%	3.4%	4.1%	2.7%	3.1%	4.1%
	Lausanne	2.5%	3.4%	4.2%	0.0%	2.5%	3.2%	4.0%	2.3%	3.1%	3.9%
	Winterthur	2.6%	3.5%	4.3%	-0.1%	2.8%	3.2%	4.0%	2.5%	3.2%	4.1%
	Zug	2.7%	3.4%	4.2%	0.0%	2.5%	3.1%	3.9%	2.5%	3.1%	3.9%
	St Gallen	3.0%	3.8%	4.6%	-0.5%	3.2%	3.7%	4.4%	2.8%	3.7%	4.3%
	Lugano	3.2%	3.8%	4.5%	-1.0%	3.0%	3.5%	4.1%	2.8%	3.4%	4.1%
Regions	Zurich	3.1%	4.0%	5.0%	-0.5%	3.3%	3.6%	4.7%	2.9%	3.6%	5.0%
	Northwestern Switzerland	3.7%	4.2%	5.0%	-0.5%	3.6%	4.0%	5.0%	3.4%	3.8%	5.0%
	Central Swizterland	3.2%	4.2%	5.0%	0.0%	3.1%	4.0%	5.1%	2.9%	3.8%	5.1%
	Eastern Switzerland	3.9%	4.5%	5.4%	-0.8%	3.5%	4.3%	5.4%	3.4%	3.9%	5.2%
	Southern Switzerland	3.8%	4.5%	4.9%	-2.0%	3.2%	4.3%	5.5%	3.6%	4.3%	5.5%
	Alpine Region	3.9%	4.9%	5.5%	0.0%	3.8%	4.5%	5.3%	3.8%	4.4%	5.5%
	Lake Geneva Region	3.1%	4.1%	5.0%	-0.5%	3.5%	4.0%	4.7%	3.1%	3.6%	4.5%
	Mittelland	4.0%	4.8%	5.8%	-1.3%	3.8%	4.5%	5.2%	3.3%	3.9%	5.2%

*Annual market rent growth rate

Result overview 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	2.5%	3.3%	3.9%	-0.8%	2.4%	3.1%	3.8%	2.4%	3.0%	3.4%
	Geneva	2.5%	3.3%	3.9%	-0.8%	2.6%	3.1%	3.6%	2.5%	3.0%	3.3%
	Basel	2.9%	3.6%	4.4%	-1.0%	2.9%	3.3%	4.1%	2.8%	3.3%	4.0%
	Berne	2.9%	3.7%	4.4%	-0.8%	2.9%	3.4%	4.2%	2.9%	3.4%	3.9%
	Lausanne	2.9%	3.7%	4.4%	-0.5%	2.8%	3.3%	3.9%	2.8%	3.2%	3.6%
	Winterthur	3.1%	3.9%	4.6%	-0.5%	3.0%	3.4%	4.1%	3.0%	3.4%	4.1%
	Lucerne	3.0%	3.7%	4.4%	-1.0%	2.8%	3.2%	4.0%	2.6%	3.2%	4.0%
	St Gallen	3.2%	3.9%	4.6%	-1.5%	3.2%	3.8%	4.3%	3.2%	3.8%	4.3%
	Lugano	3.4%	4.1%	4.8%	-1.5%	3.2%	3.7%	4.3%	3.3%	3.7%	4.3%
Regions	Zurich	3.3%	3.9%	4.6%	-1.5%	3.2%	3.6%	4.3%	3.1%	3.6%	4.0%
	Northwestern Switzerland	3.6%	4.2%	4.8%	-2.3%	3.4%	3.9%	4.6%	3.5%	3.9%	4.3%
	Central Switzerland	3.5%	4.1%	4.8%	-1.5%	3.4%	3.9%	4.5%	3.4%	4.0%	4.5%
	Eastern Switzerland	3.8%	4.3%	5.0%	-2.0%	3.6%	4.1%	4.7%	3.7%	4.1%	4.6%
	Southern Switzerland	3.9%	4.5%	5.2%	-4.0%	3.8%	4.2%	4.8%	3.7%	4.2%	4.7%
	Alpine Region	4.3%	4.9%	5.6%	-3.0%	3.9%	4.3%	5.0%	3.9%	4.3%	5.0%
	Lake Geneva Region	3.6%	4.2%	4.9%	-1.5%	3.4%	3.9%	4.5%	3.3%	3.8%	4.3%
	Mittelland	4.3%	4.9%	5.6%	-2.0%	3.5%	4.3%	4.6%	3.6%	4.2%	4.5%

Retail | Non-high street retail

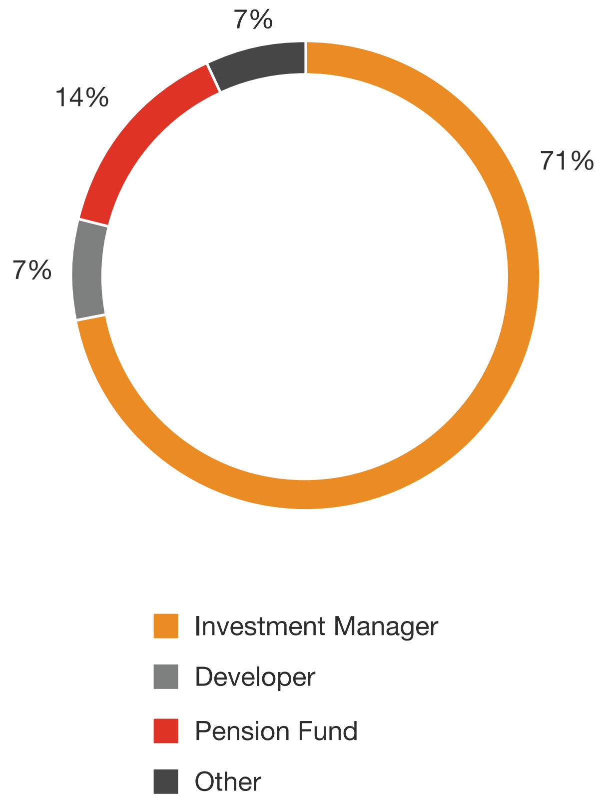
	Current				6 Months ago			12 Months ago		
	Min.	Avg.	Max.	Exp. Growth*	Min.	Avg.	Max.	Min.	Avg.	Max.
Out-of-Town Shopping Center	4.0%	4.7%	5.5%	-1.5%	3.7%	4.3%	4.9%	3.8%	4.3%	5.0%
Retail park	4.0%	4.7%	5.5%	-2.0%	4.1%	4.9%	5.7%	4.1%	5.0%	5.7%
Supermarket	3.8%	4.5%	5.3%	-0.5%	3.9%	4.8%	5.2%	3.3%	4.3%	5.2%
DIY Store	3.8%	4.6%	5.4%	-0.3%	3.9%	4.9%	5.4%	3.9%	4.8%	4.5%

*Annual market rent growth rate

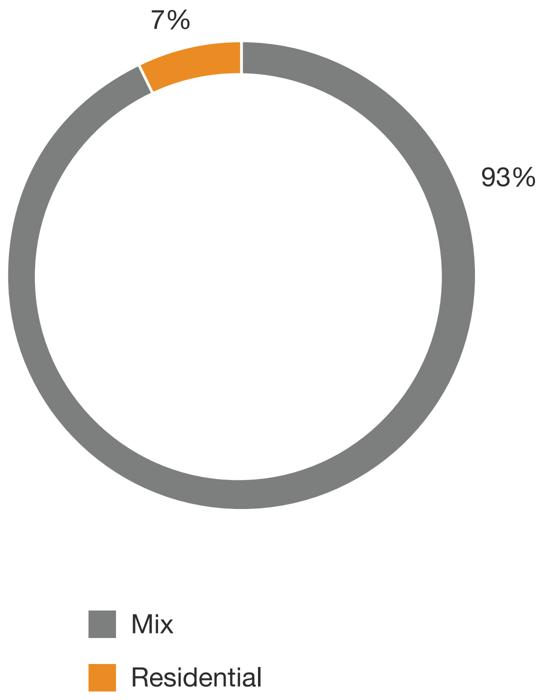
Result overview Switzerland

Participants

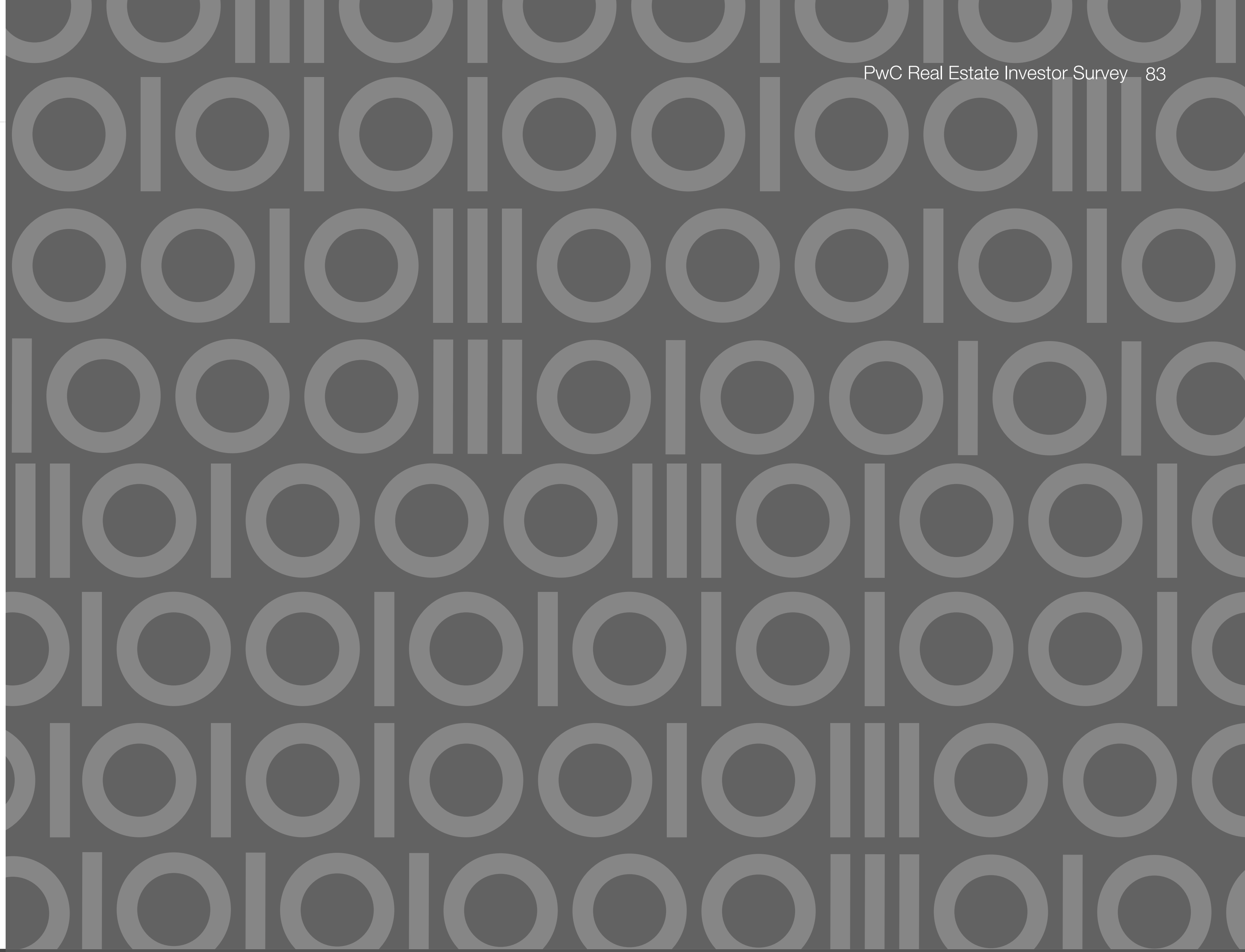
Participant type



Participant investment focus



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

For logistics properties we have defined three categories (minimum, maximum and average) as follows:

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.

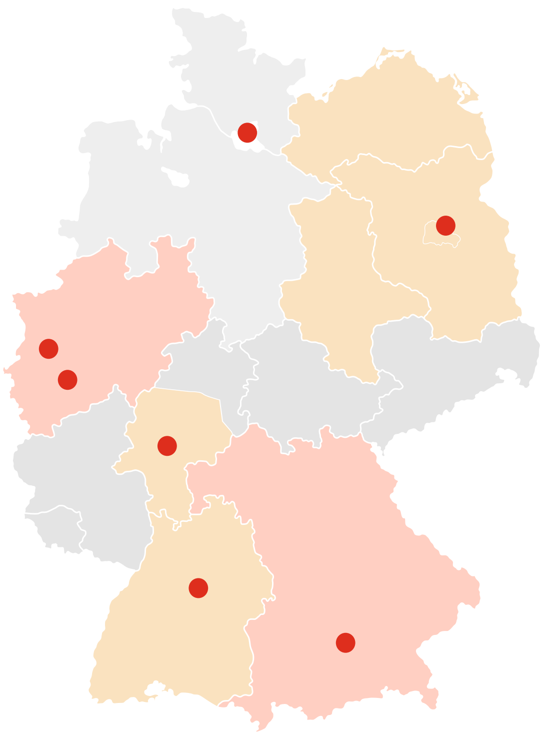
Within non-high street retail, we observe macro-locations to be of less importance, given that individual competition, performance and accessibility are the factors driving the value of such retail properties.

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

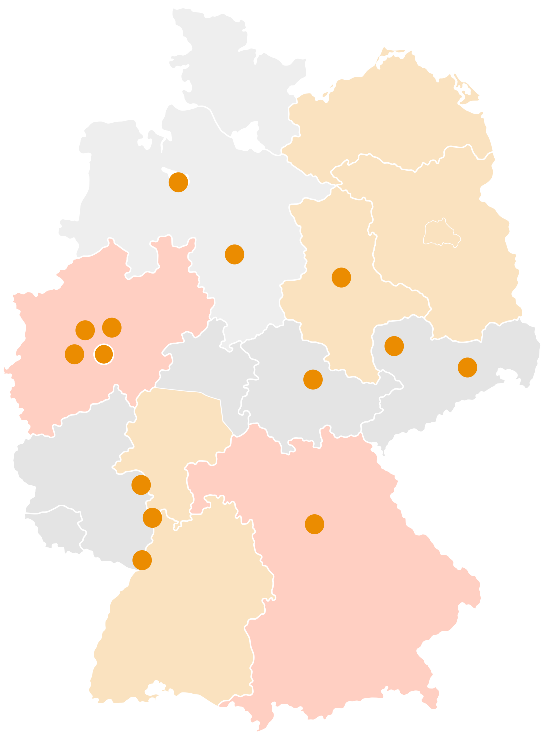
Identified submarkets

Germany

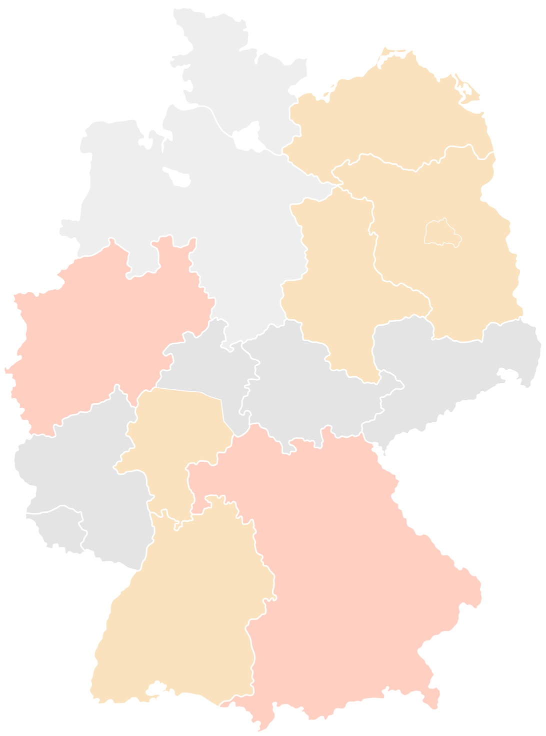
Top 7 Cities



Regional Cities

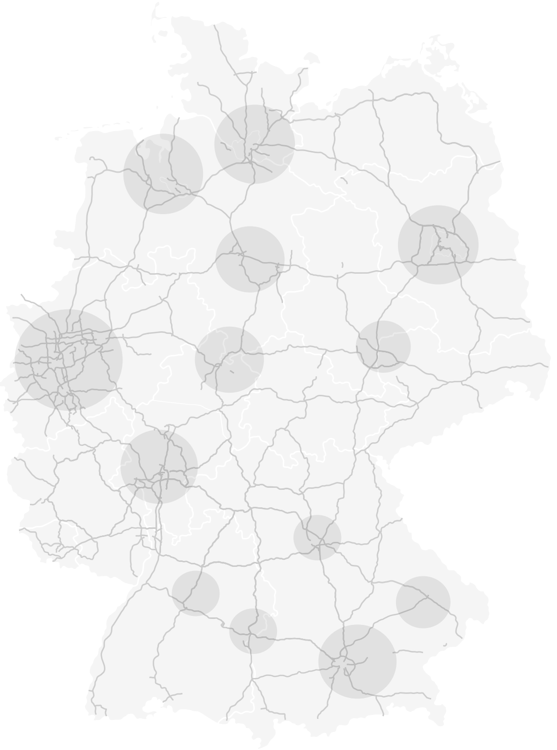


Regions



Based on Germany's geographical structure, we have identified three categories of markets for residential, 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



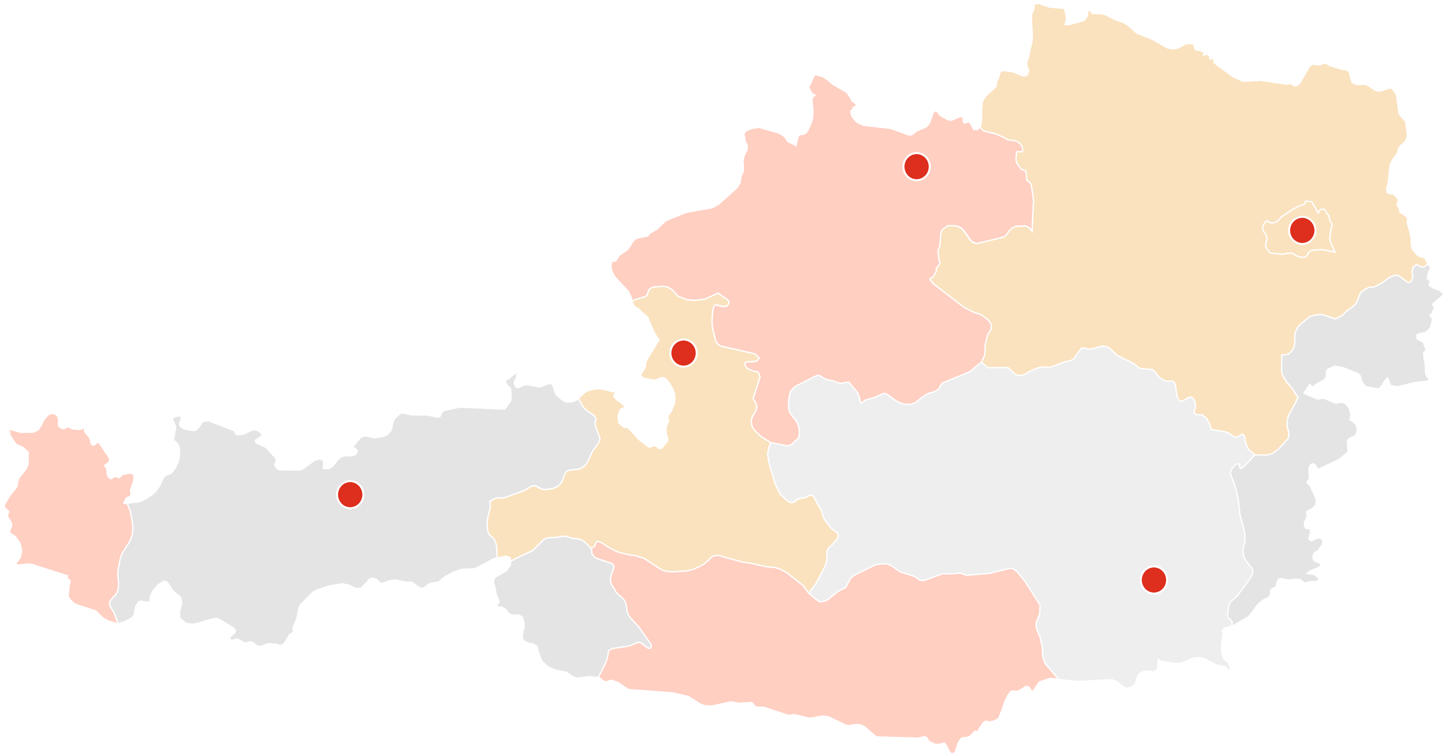
We identified two additional markets for logistics properties which result from varying location requirements: i) Top 15 Locations and ii) Small Locations.

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.

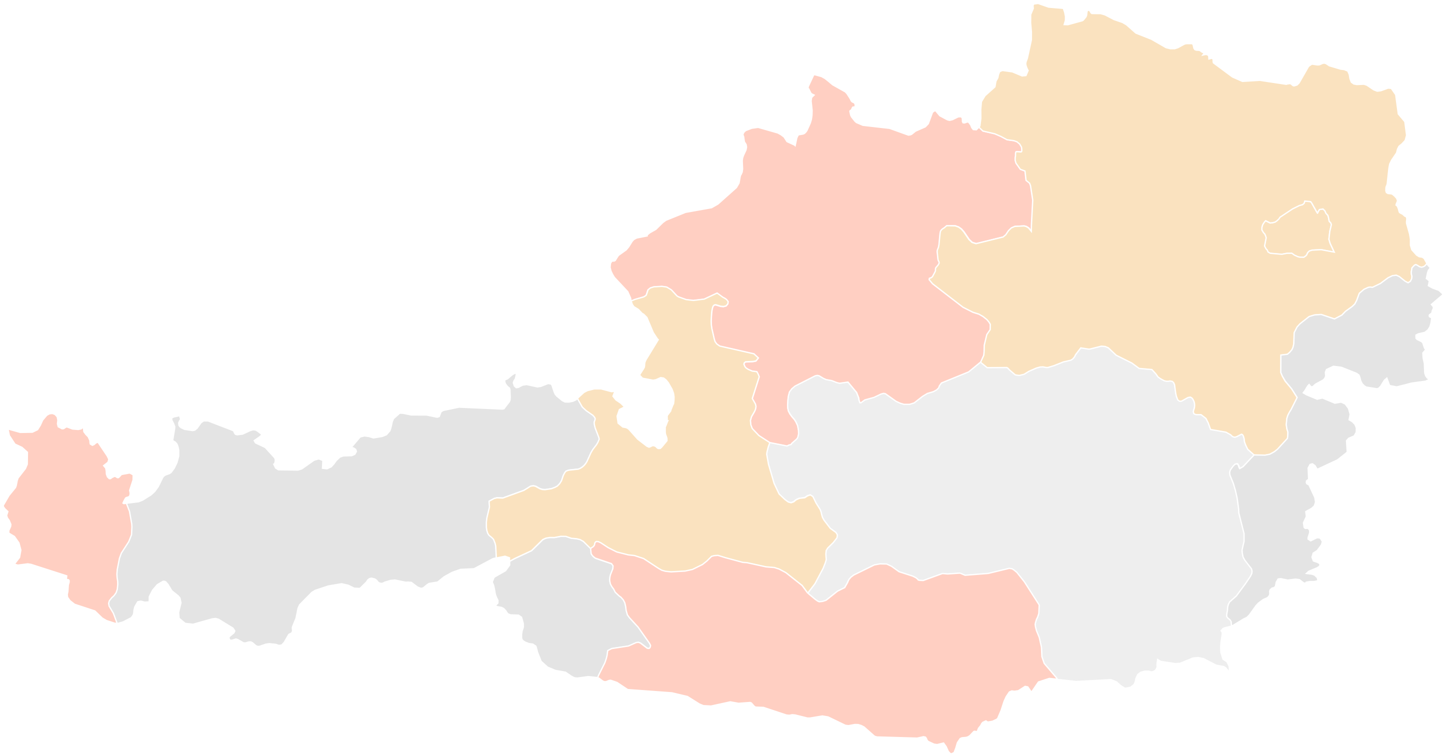
Identified submarkets

Austria

Top 5 Cities

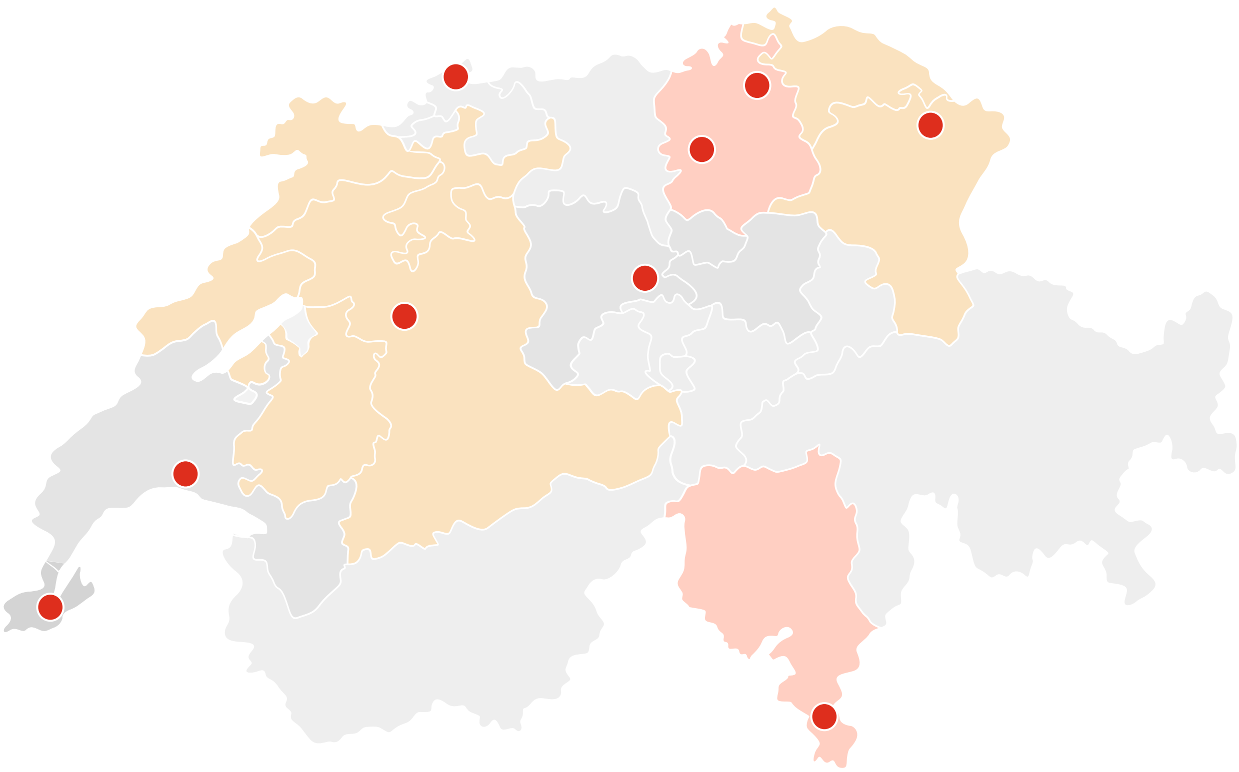


Regions

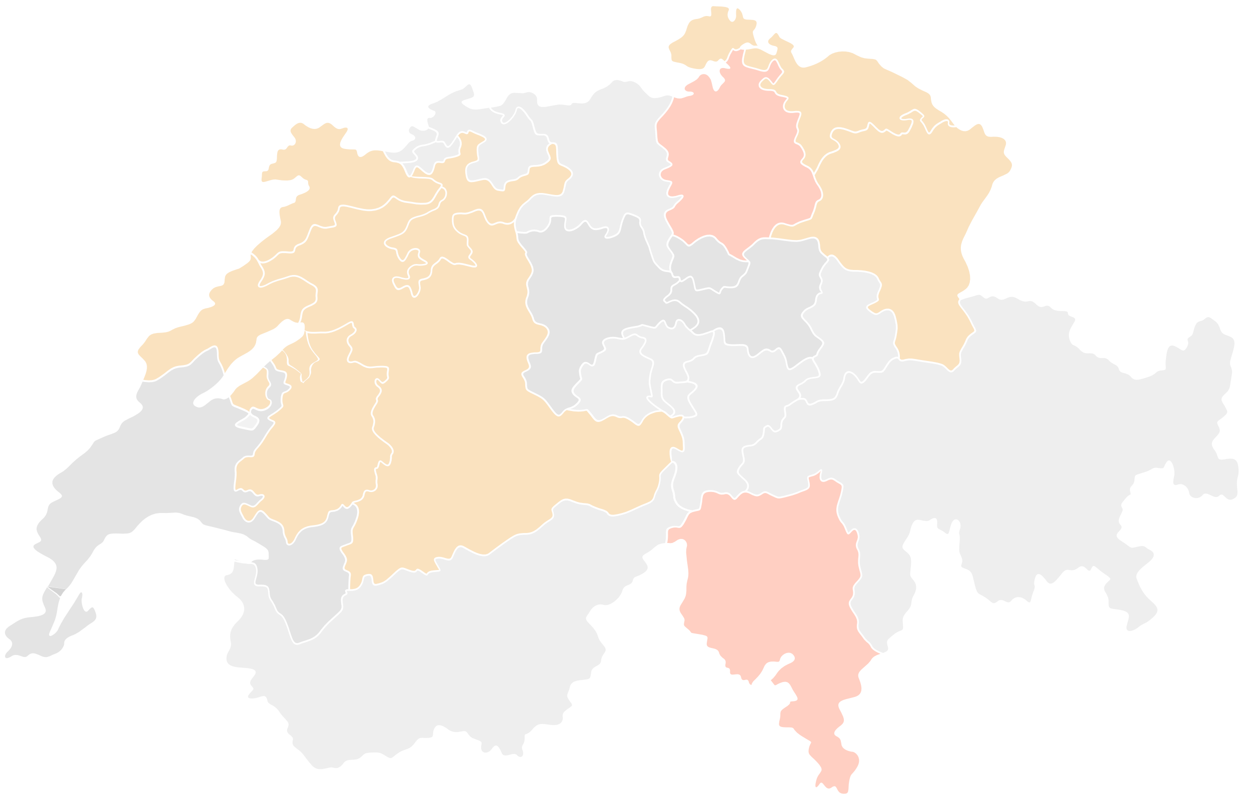


Identified submarkets
Switzerland

Top 9 Cities



Regions



Authors

PwC Germany

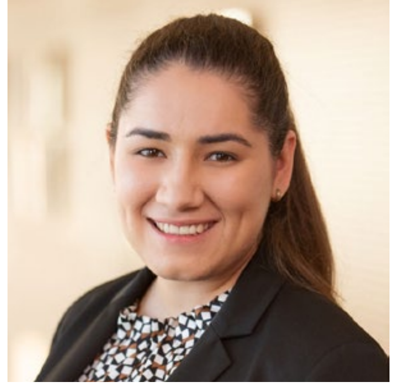
Thomas Veith
Leader Real Assets Germany
P: +49 175 434 0515
thomas.veith@pwc.com

Dirk Hennig
Real Estate VMA
P: 49 170 786 2547
dirk.hennig@pwc.com

Sarah Schraub
Real Estate Deals
P: +49 171 492 9229
sarah.schraub@pwc.com

Frederik Walbaum
Real Estate Consulting
P: +49 160 412 2132
frederik.walbaum@pwc.com

Nora Elshani
Real Estate Deals
P: +49 151 1119 1306
nora.elshani@pwc.com



Daiane Konrad
Real Estate VMA
P: +49 160 9065 8607
daiane.konrad@pwc.com

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Authors

PwC Switzerland

Sebastian Zollinger
Real Estate Advisory
P: +41 79 769 40 78
sebastian.zollinger@pwc.ch

Kevin Schmoker
Real Estate Advisory
P: +41 79 299 04 31
kevin.schmoker@pwc.ch

PwC Austria

Peter Fischer
Real Estate Deals
P: +43 664 523 8282
peter.fischer@pwc.com

Lennart Droemer
Real Estate Deals
P: +43 699 1630 5755
lennart.droemer@pwc.com

PwC Real Estate Practice

Germany

Advisory

Thomas Veith
Real Estate Industry Leader, Partner
Frankfurt am Main
Tel: +49 69 9585 5905
thomas.veith@pwc.com

Dirk Hennig
Real Estate Valuation Leader, Partner
Berlin
Tel: +49 30 2636-1166
dirk.hennig@pwc.com

Dirk Kadel
Valuations, Modeling & Analytics Partner
Frankfurt am Main
Tel: +49 69 9585-5583
dirk.kadel@pwc.com

Dr Harald Heim
Deals & Construction Partner
Berlin
Tel: +49 30 2636-1354
harald.heim@pwc.com

Thorsten Schnieders
Valuations, Modeling & Analytics Partner
Munich
Tel: +49 89 5790-6448
thorsten.schnieders@pwc.com

Assurance

Eva Handrick
Assurance Partner
Frankfurt
Tel: +49 69 9585-2217
eva.handrick@pwc.com

Dr Frederik Mielke
Assurance Partner
Berlin
Tel: +49 30 2636-4409
frederik.mielke@pwc.com

Uwe Rittmann
Assurance Partner
Düsseldorf
Tel: +49 211 981-1998
uwe.rittmann@pwc.com

Tax & Legal

Uwe Stoschek
Global Real Estate Tax Leader Tax
Partner, Berlin
Tel: +49 30 2636-5286
uwe.stoschek@pwc.com

Dr Michael A. Müller
Tax Partner
Berlin
Tel: +49 30 2636-5572
mueller.michael@de.pwc.com

Jana Greiser
Tax Partner
Berlin
Tel: +49 30 2636-5067
jana.greiser@pwc.com

Marcel Mies
Real Estate Tax Leader
Dusseldorf
Tel: +49 211 981-2294
marcel.mies@pwc.com

Sven Behrends
Tax Partner
Munich
Tel: +49 89 5790-5887
sven.behrends@pwc.com

Josip Oreskovic-Rips
Tax Partner
Frankfurt am Main
Tel: +49 69 9585-6255
josip.oreskovic-rips@pwc.com

PwC Real Estate Practice

Austria

Advisory

Peter Fischer
Vienna
Tel: +43 664 523 8282
peter.fischer@pwc.com

Matthias Eicher
Vienna
Tel: +43 1 501 88-2814
m.eicher@pwc.com

Tax

Franz Rittsteuer
Vienna
Tel: +43 676 833772933
franz.rittsteuer@pwc.com

Assurance

Marius Richter
Vienna
Tel: +43 699 16305167
marius.richter@pwc.com

PwC Real Estate Practice
Switzerland

Advisory

Sebastian Zollinger
Zurich
Tel: +41 79 769 40 78
sebastian.zollinger@pwc.ch

Tax

Begga Sigurdardottir
Zurich
Tel: +41 58 792 45 64
begga.s.sigurdardottir@pwc.ch

Assurance

Jean-Sébastien Lassonde
Lausanne
Tel: +41 58 792 81 46
jean.sebastien.lassonde@pwc.ch

Legal

Benjamin Fehr
Zurich
Tel: +41 58 792 43 83
benjamin.fehr@pwc.ch

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