



Market report Germany's Top 7 cities • 2021/2022
New Developments



ENGEL & VÖLKERS
DEVELOPMENT SERVICES



Market development

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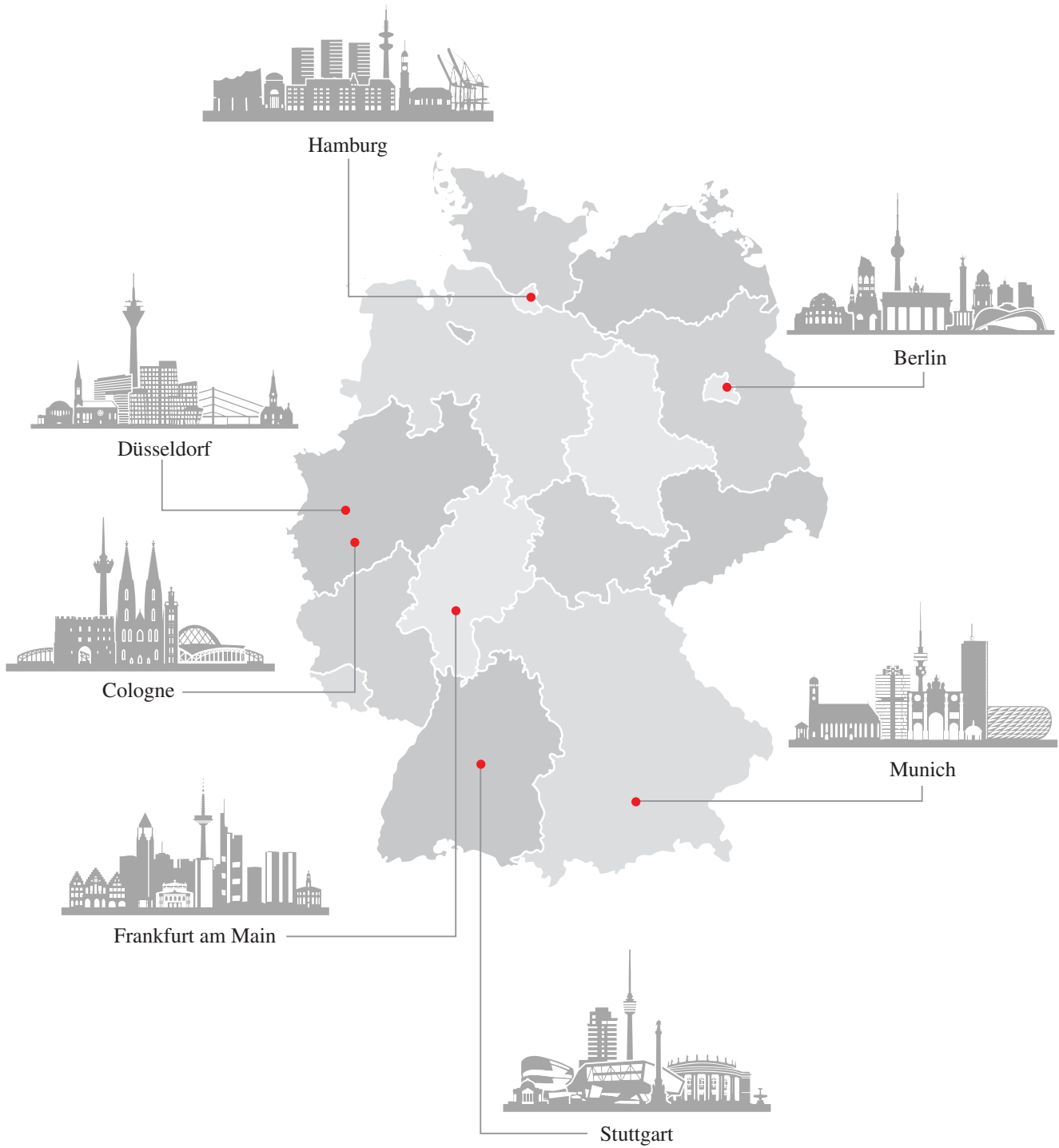
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Online

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and developments online

An analysis of the Top 7 cities





EDITORIAL

Dear Readers,

For over a decade now Germany's metropolises have been characterised by strong demand for housing. Despite increased construction activity in recent years supply has been unable to keep pace with demand. This is a great challenge for both city councils and for prospective tenants. Project developers in particular can help by creating new homes. Going forward the situation can only be improved by developing new residential projects and renovating buildings in poor condition. Construction companies and project developers face the additional challenges of high construction prices and occupants' changing needs.

Our second new developments market report analyses the new-build market in Germany's Top 7 cities and the country's growth regions. Learn everything you need to know about the impact of construction activity and demand patterns on price developments in various areas of these cities. We examine current trends and their development during the corona pandemic, while interviews with local experts in each of the cities and regions under consideration provide detailed insights into local developments and information on regional specifics.

If you are a project developer, then use this report to be fully prepared for new challenges and trends. And if you are considering buying new-build property, then use it to gain an overview of the current market. Our experts from the Engel & Völkers Development Services network will be happy to advise you on new developments or buying property. Please do not hesitate to contact us!

Yours

A handwritten signature in black ink, appearing to read 'Kai Enders'.

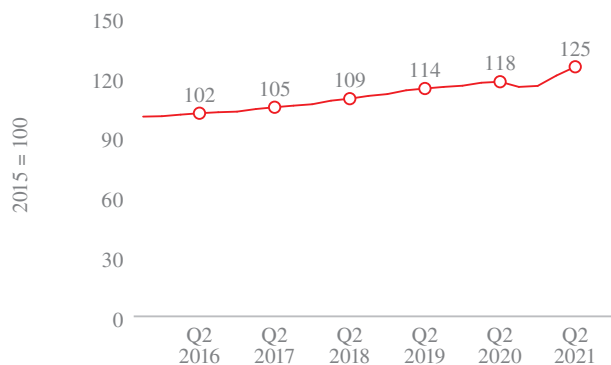
Kai Enders
Member of the Engel & Völkers AG management board

New challenges for project developers

Rising prices – Rising requirements – The new-build market is growing. The corona pandemic has not had any negative impact on demand for homes in Germany’s major cities. Houses and apartments in the Top 7 cities of Berlin, Hamburg, Munich, Frankfurt, Cologne, Düsseldorf and Stuttgart are sought after. After spending a prolonged period at home, quality of life has become more important to many people, as reflected in increased demand for new-build properties. In the 2nd quarter of 2021 prices for new-build apartments in the Top 7 cities increased by an average of 11.8% over the same quarter in the previous year, the highest increase of recent years.

noted that only a very small number of permits was issued in 2019 and the number for 2021 is expected to be even lower. This is primarily due to the sharp increase in construction prices, which has impacted the due diligence of some project developers. Problems with global supply chains and partially shut-down production facilities in recent months have resulted in significant price increases for key raw materials such as wood, steel, insulating materials and plastics. The subsequent shortage of materials is so great that construction companies are having to wait many months for supplies. This has driven prices up, with the second quarter of 2021 seeing the highest increases for 14 years. According to the German Federal Statistical Office construction prices in May were 6.4% higher than in the same month of the previous year. Despite high demand for new housing, these price rises and waiting times will lead to a stagnation in construction activity, which is, in turn, expected to drive prices for new-build properties up even more.

Construction price index for residential buildings



○ Construction price index
Sources: German Federal Statistical Office, Engel & Völkers Residential

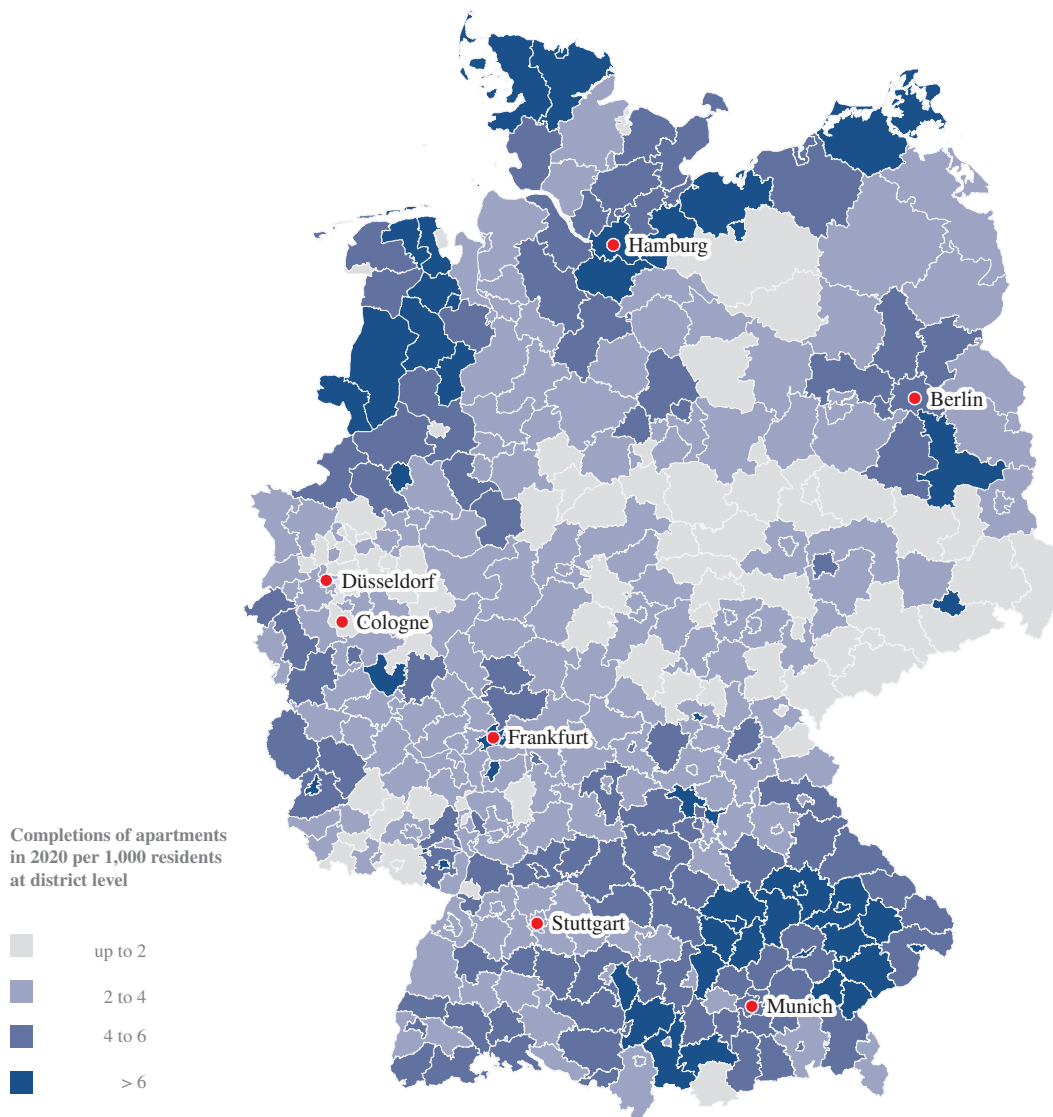
Changes in demand patterns

Although the pandemic did not have any negative impact on demand for housing it did result in a number of noticeable shifts. A number of key trends which were already apparent prior to the pandemic are determining demand patterns and will thus be highly relevant for project developers and construction companies in the future. Trends have also been amplified by the pandemic. Long periods of time spent at home and working from home have increased the amount of living space which many people require. A growing number of tenants and owner-occupiers thus need apartments with an extra room and there is also more demand for larger apartments. It will, however, take some time to complete residential projects which reflect these new requirements. In addition to this, it remains to be seen how the market for micro-apartments, which were in great demand pre-corona, will develop. Many projects in the micro-apartment, service apartment and co-living segments are currently coming onto the market, only to be faced with a slump in demand. Whether and how quickly these segments will recover is unclear. Despite these

Rising material costs

In addition to strong demand on the residential property market, market development is determined by construction activity. Most projects planned for 2020 were completed despite the pandemic, with the number of completions in Munich, Stuttgart and Hamburg even exceeding that of the previous year. In fact, the number of new-build apartments completed in Hamburg, where developers were particularly active, was the highest for decades. When it comes to building permits the story is very different, with only Cologne and Munich issuing more permits in 2020 than in the previous year. In this context it should, however, be

Construction intensity at district level



Sources: empirica Regio, Federal and State Statistical Offices, Engel & Völkers Residential

uncertainties, small apartments continue to be highly popular with capital investors. Both future-oriented investors and many owner-occupiers are placing greater value on the energy efficiency of new projects. Certified sustainable construction methods and the use of sustainable raw materials are playing a more important role in the selection of a property. A growing number of buyers are prepared to pay more money for these items, since they expect them to generate improved value appreciation and retention.

For years now a shortage of space in the inner cities of major urban areas has resulted in a greater number of development projects being carried out in peripheral areas. In some cases entire districts have been constructed in newly created residential locations. The trend for “living in a green environment”, which has been amplified by the pandemic, has led to a significant increase in demand in locations on the periphery of cities and in their hinterlands.

High prices have also resulted in an growing number of project developers and prospective buyers and tenants moving their focus away from central locations to peripheral areas. In some cities where less office space is required, changes of use could allow buildings to be converted into homes, generating more residential projects. This will, however, only be possible in a few cases and is unlikely to have any significant impact on residential offerings.

In Germany’s major cities it is probable that in the mid-term the new-build segment will be characterised by strong demand and rising prices. As long as interest rates remain low; construction prices high and there is a shortage of building plots, there can be no other alternative forecast. Changes in buyers’ demand patterns will force developers to revise future residential projects accordingly and there will thus be a corresponding delay before the residential offering can react to new requirements.

Future living trends

Global study confirms the consolidation of a number of demand trends since the beginning of the pandemic. The following is an excerpt from the study's findings.

Within the scope of the Future Living Study, in spring 2021 Engel & Völkers Development Services interviewed over 2,300 people worldwide on the topic of future living trends. In Germany alone 879 respondents answered questions on future living concepts; preferred locations and fixtures & finishes as well as key living trends. The findings provide interesting insights into the requirements which residential projects will need to fulfil in future and which locations could soon be the most popular on the market.

They also confirm that homes and living conditions are now more important to many people than prior to the corona pandemic. 58% of respondents in Germany thus stated that living conditions are the most important lifestyle factor for them and that, following their experiences in 2020, they are prepared to spend more money on their home. 59% stated that they would be prepared to move to another area of their city or to another place or to spend more money to get more living space. A similar number of respondents (58%) would like to move to a rural region or a more suburban region or, if they already live there, plan to stay. In contrast, only some 23% plan to move to or remain in an urban location in the next twelve months.

Among the respondents who could imagine living in a suburban or a rural area, the location characteristic which they considered most important was 'Quiet, Calm and Privacy' (53.4%). Respondents who would prefer to live in a city stated that good public transport connections are particularly important (46.3%). An urban infrastructure with a wide range of restaurants and bars is also an important factor (38.9%). Both groups would like to be close to basic shopping facilities, while trends such as car and bike sharing or charging stations for electric vehicles were rarely mentioned.

There were few differences between the groups with regard to the fixtures and finishes for which buyers would be prepared to pay more. In the case of apartments in an apartment building the key items were having a private balcony and a lift in the building. In the case of detached and semi-detached houses, they were having a large private garden, outdoor space and a garage. All these findings illustrate how strong the trends for larger living spaces and gardens/balconies are at present. Smart home technologies, on the other hand, were rarely mentioned. When asked which future living concept they could most identify with, respondents around the world considered sustainability/green issues most important. In Germany 55% of respondents chose this concept.

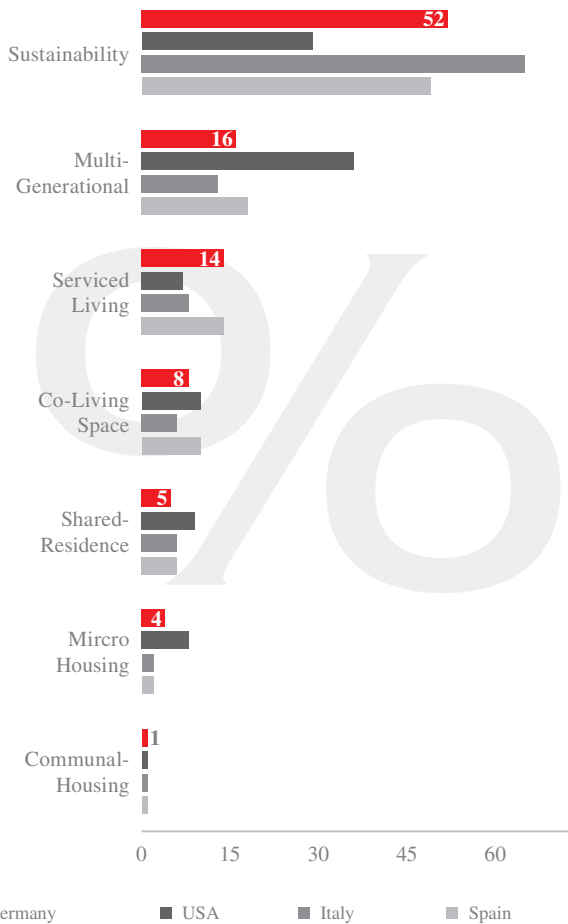


58.1%

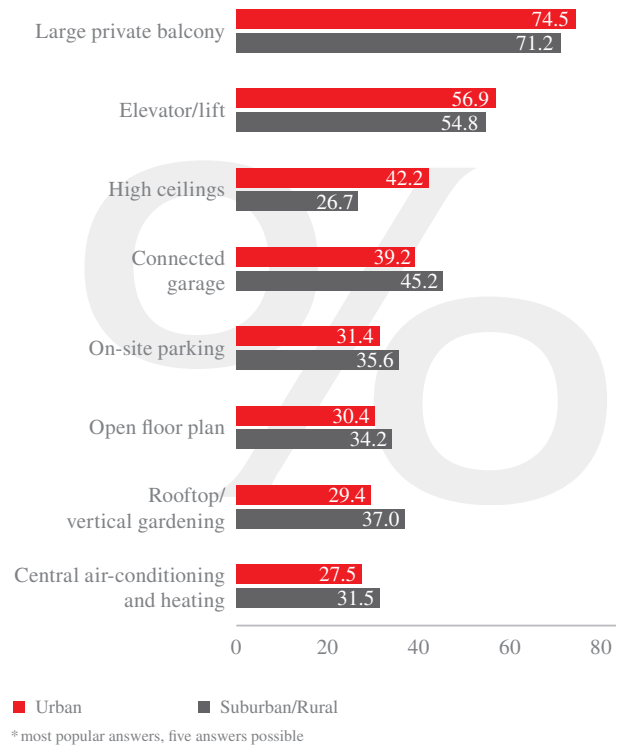


are considering to moving to or remaining in a more suburban or rural location.

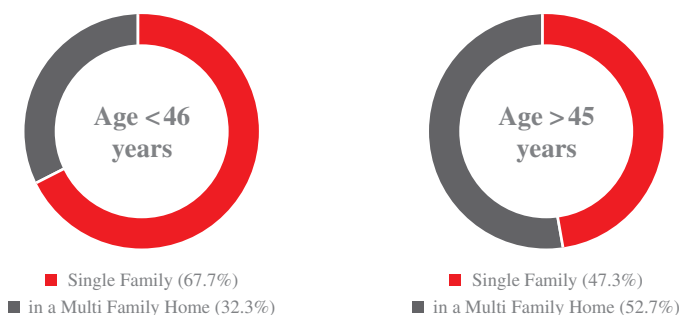
Futur Living Concepts



Top 5 Amenities I would pay more for (in a multi family home)*



The next home I purchase is likely to be described as



22.8%

plan to return to or move to an urban location in the next **12** months



ENGEL & VÖLKERS
DEVELOPMENT SERVICES

BERLIN



3,769,962

Population
+4.4% (over 2015)



22,015 euros

Per capita purchasing power
92.3 (purchasing power index)



0.8%

Vacancy rate
28.1 (vacancy rate index)



15.4%

Home ownership rate
35.1 (index)

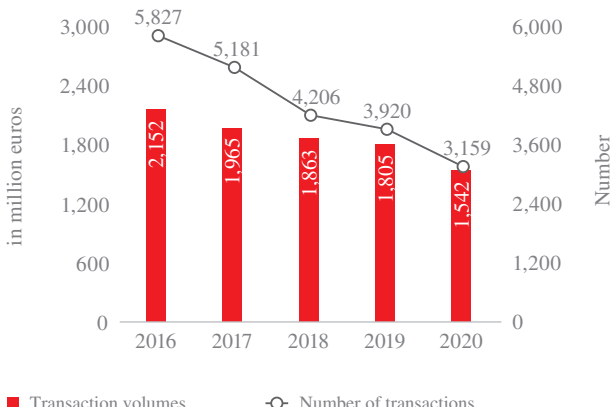


17.11 euros/m²

Rents quoted for new-builds
+8.4% (over 1st half of 2020)

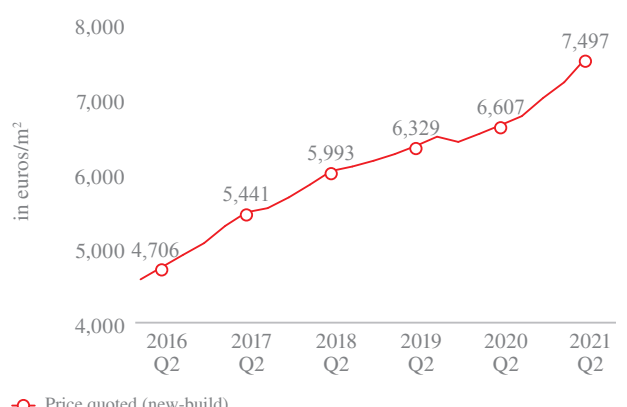
Sources: Municipal resident register, Nexiga, CBRE-empirica vacancy rate index, empirica regio, VALUE market database, Engel & Völkers Residential

New-build transactions for freehold apt.



■ Transaction volumes ○ Number of transactions
Sources: Berlin Committee of Valuation Experts, Engel & Völkers Residential

Prices quoted for new-build freehold apt.



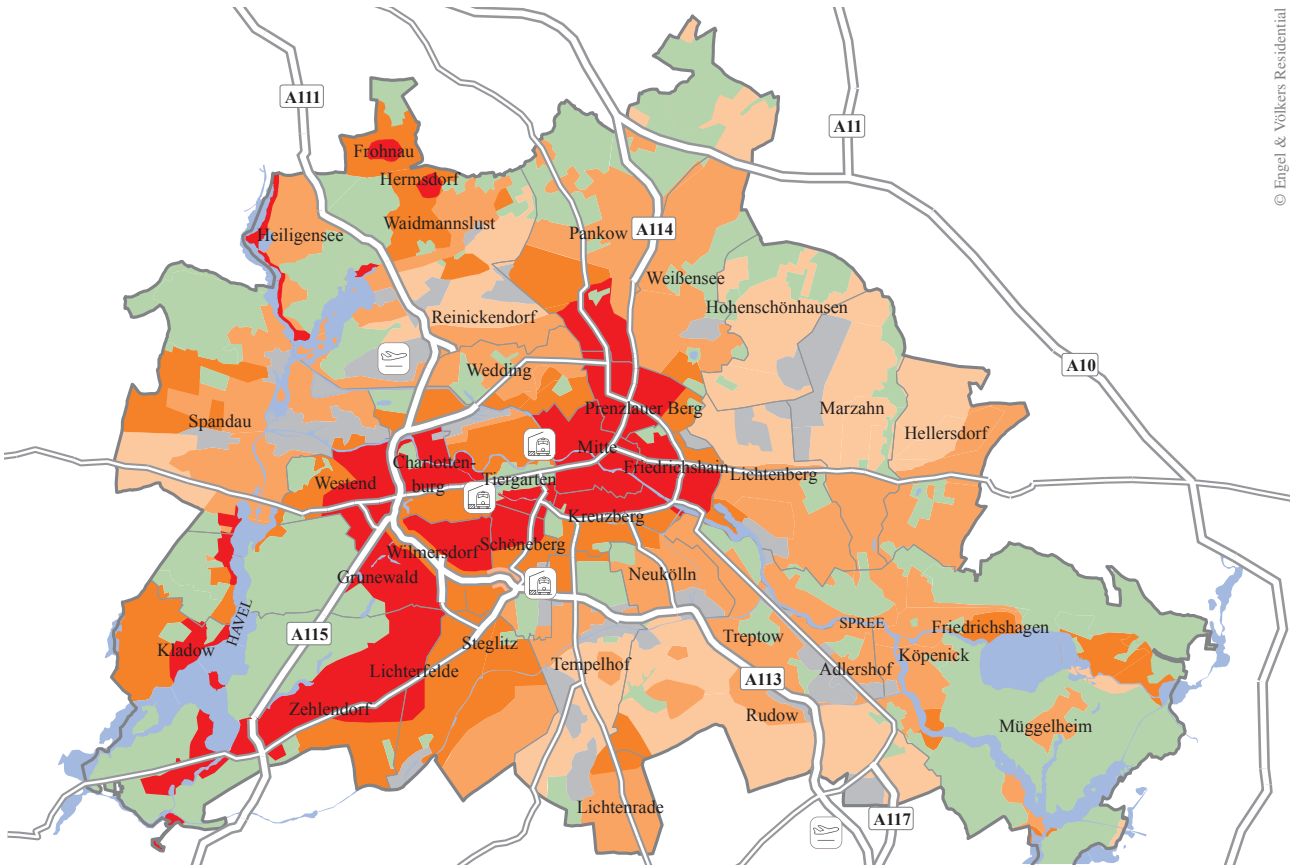
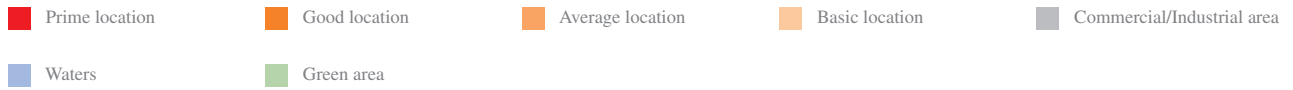
○ Price quoted (new-build)
Sources: VALUE market database, Engel & Völkers Residential

Prices quoted for new-build freehold apartments

Districts	Number of new-build apartments offered	Ø-Price quoted 2020 in euros/m ² (Δ 2019)
Weißensee	384	5,684 (+8.5%)
Charlottenburg	324	8,507 (+2.4%)
Pankow	317	5,920 (+6.1%)
Mitte	251	9,495 (+13.1%)
Prenzlauer Berg	208	7,387 (+14.8%)
Kreuzberg	165	8,042 (+6.8%)
Friedrichshain	161	7,938 (+12.7%)
Wilmersdorf	154	8,676 (+12.9%)
Tiergarten	152	8,274 (+11.1%)
Köpenick	133	5,677 (+16.7%)
Französisch Buchholz	128	4,931 (+8.3%)
Lichterfelde	127	6,673 (+5.8%)

Sources: VALUE market database, Engel & Völkers Residential

Residential real estate market locations



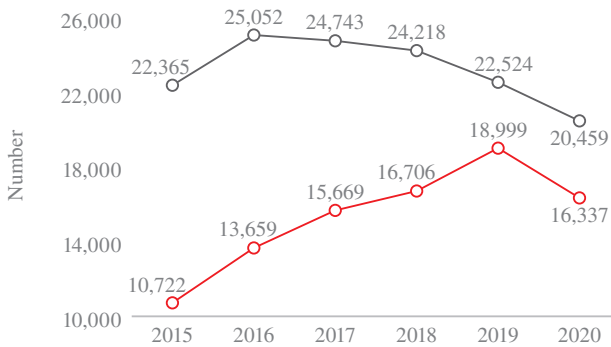
© Engel & Völkers Residential

Prices by location for new development apartments

	2019	2020	2021	Forecast
Price in euros/m ² ■	6,900 – 19,500	7,500 – 22,000	7,900 – 24,900	↗
■	5,700 – 9,200	6,100 – 9,900	6,500 – 10,200	↗
■	4,500 – 7,600	4,900 – 8,200	5,300 – 9,100	↗
■	3,900 – 5,500	4,300 – 5,700	4,600 – 6,100	↗

Source: Engel & Völkers Residential

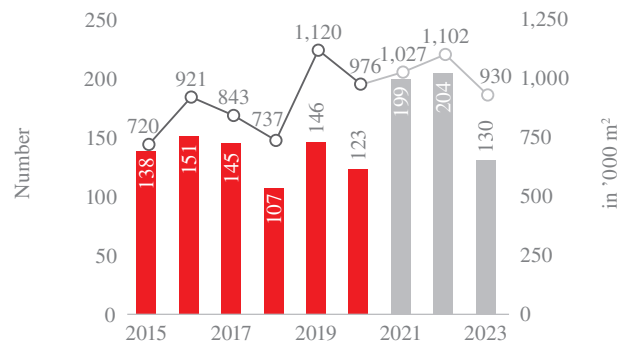
Construction activity



○ Completed apartments ○ Approved apartments

Sources: empirica-regio, destatis, Engel & Völkers Residential

Completed residential projects



■ Completed projects ○ Living space

■/○ Expected/Under construction

Sources: bulwiengesa, Engel & Völkers Residential

Current as of: 01.06.2021

Interview with a local expert



Hendrik Treff
Engel & Völkers
Development Services
Berlin

How is Berlin's market for residential projects currently developing?

After peaking in 2019, construction activity in Berlin has decreased. A falling number of building permits means that this situation is not set to change any time soon. In addition to this, a growing number of large-volume new building projects are being accompanied by forward deals and build-and-hold strategies. Taken in combination this has resulted in decreasing supply coupled with stable and, in some locations still increasing, demand. Since residential new building will be unable to meet demand in the short- and mid-term, prices are rising in all segments.

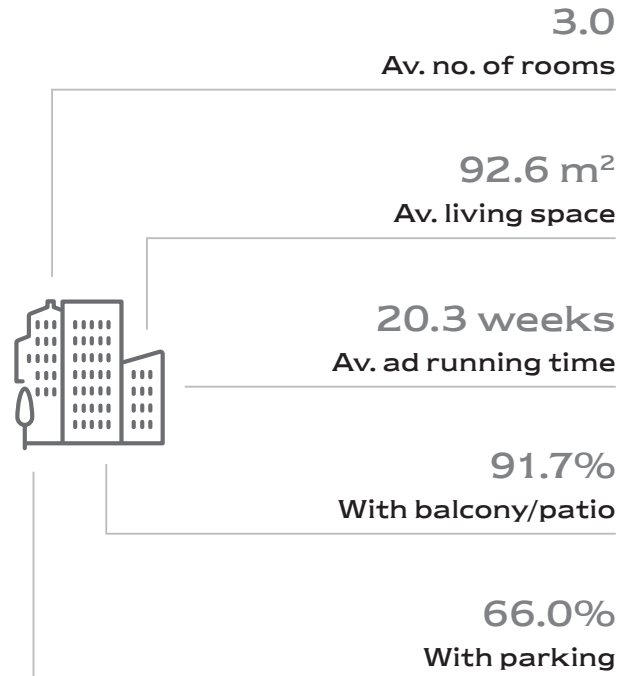
What impact has the corona pandemic had on the market?

To date demand has primarily been driven by the desire for improved living conditions. The first visible effect of the pandemic has been difficulty in obtaining raw materials for residential building projects. Rising construction costs in combination with stable/consistent demand have resulted in higher purchase prices. Looking forward we also expect significant migratory movement among skilled young people in Berlin, which will further increase demand in a variety of segments. Typically, demand for rental apartments first increases and is then followed by stronger demand for homes to buy.

Which districts are new residential projects currently focusing on? Which districts could become a focus?

As prices have continued to rise over recent years, the

New-build apartments in Berlin 2021



Sources: VALUE market database, Engel & Völkers Residential



Project: Havelblick

Waterside new-build, in Berlin-Konradshöhe

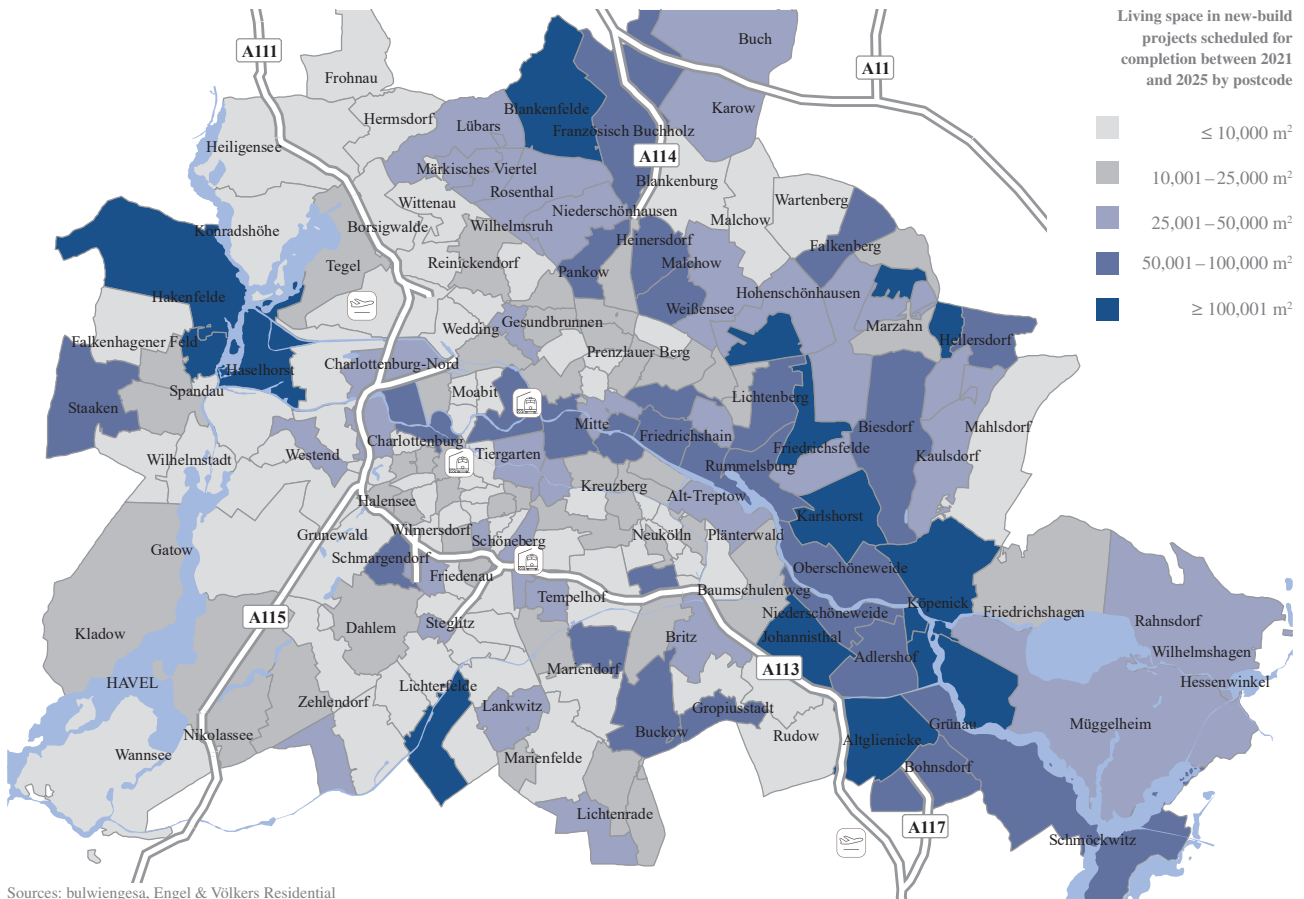
Units: 17

Number of rooms: 2 – 4

Living space: Approx. 83 – 185 m²

Av. purchase price: 8,700 euros/m²

Planned residential projects by living space



“escape from the city” trend has become increasingly evident and has been fuelled by the pandemic. To date this trend has, however, not impacted demand for housing in city centre locations but instead has functioned more as an additional stimulus to demand in suburban areas. Good connections and infrastructure continue to be the key to project success. It is particularly noticeable that the southern area of Pankow has become a prime location, with many buyers and tenants giving it preference over the Prenzlauer Berg district. This trend can no longer be considered as merely a purely price-based change of focus.

What demand trends are you seeing in Berlin?

At present compact family apartments with a balcony or patio remain the most sought-after properties, with demand strong in all locations. Four-room apartments with a floor space of around 100 m² have become the norm and are thus on average 15 – 20% smaller than five years ago. The luxury segment is an exception to this development, with buyers and tenants expecting apartments to be larger. The Konradshöhe area with its waterside location

has become a new focus of attention and our experience with the “Havelland” project shows that it is attracting many clients who were not previously familiar with this part of Berlin. Following the closure of Tegel Airport Konradshöhe has become a very quiet and idyllic place to live.

How will Berlin’s new-build market develop in future?

Berlin is experiencing stable to increasing demand; a decline in supply; rising construction prices and a growing shortage of building plots. In combination with continuing low interest rates, this fundamental data means that the only forecast for the future can be that prices will rise even more, despite the fact that they are already high. The question is more how much higher prices will become and which locations will perform best. I believe that micro-locations in established residential areas will experience further growth. These include waterside locations in Köpenick or Konradshöhe and in southern Pankow, with a strong increase in demand in the areas around Berlin. In this regard, there is an increasing focus on lakeside first and second homes.

DÜSSELDORF



644,280

Population
+2.5% (over 2015)



28,075 euros

Per capita purchasing power
117.7 (purchasing power index)



1.3%

Vacancy rate
48.1 (vacancy rate index)



21.2%

Home ownership rate
52.9 (index)

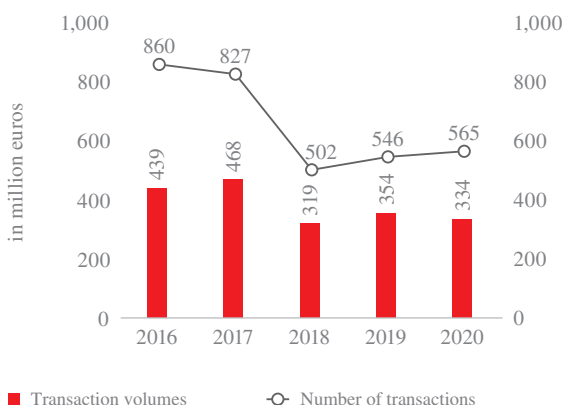


15.21 euros/m²

Rents quoted for new-builds
+4.3% (over 1st half of 2020)

Sources: Municipal resident register, Nexiga, CBRE-empirica vacancy rate index, empirica regio, VALUE market database, Engel & Völkers Residential

New-build transactions for freehold apt.



■ Transaction volumes ○ Number of transactions
Sources: Düsseldorf Committee of Valuation Experts, Engel & Völkers Residential

Prices quoted for new-build freehold apt.



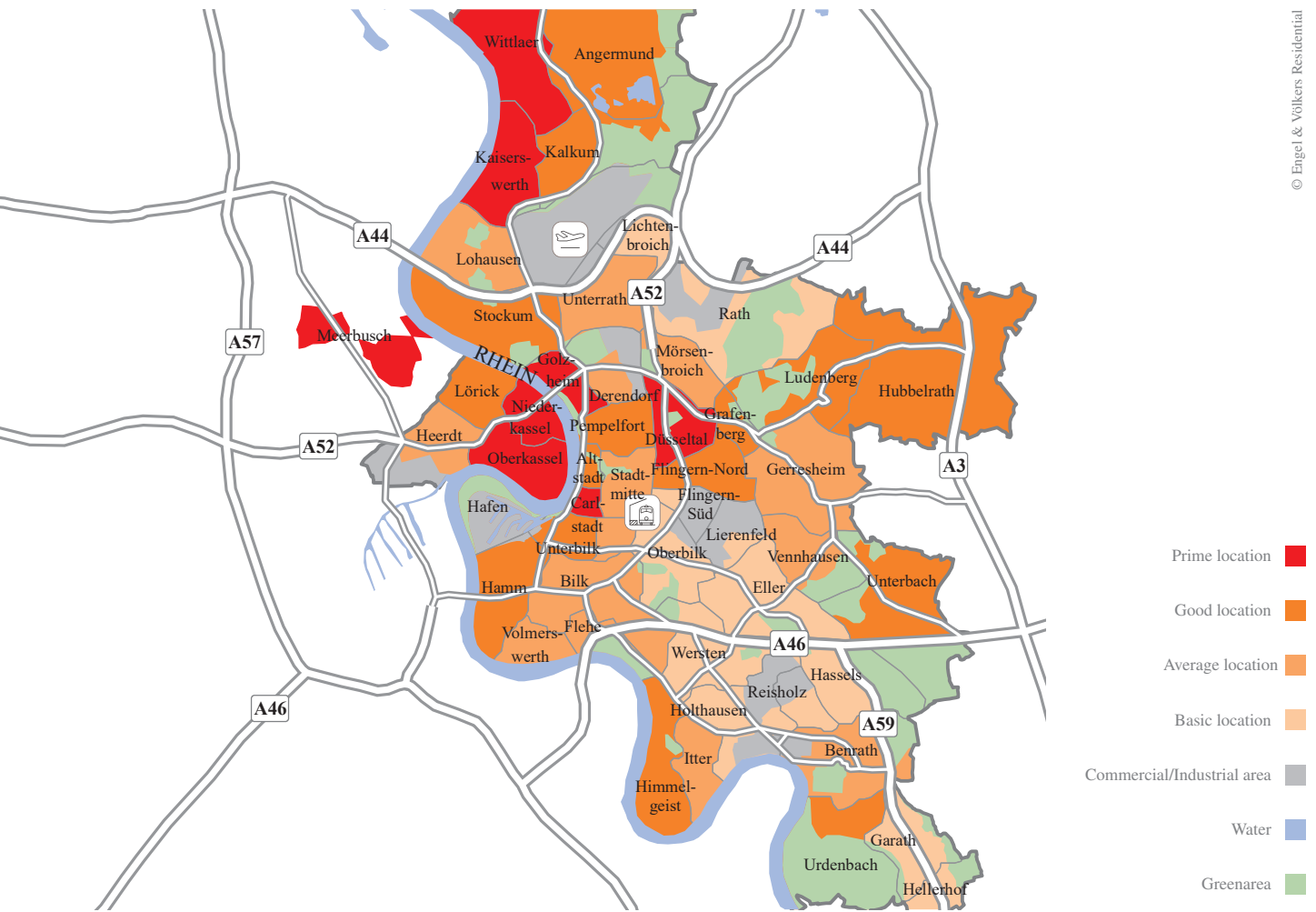
○ Price quoted (new-build)
Sources: VALUE market database, Engel & Völkers Residential

Prices quoted for new-build freehold apartments

Districts	Number of new-build apartments offered	Ø-Price quoted 2020 in euros/m ² (Δ 2019)
Düsseltal	37	9,483 (+21.8%)
Bilk	31	6,660 (+7.5%)
Mörsenbroich	28	5,065 (-2.4%)
Unterbach	26	5,407 (-)
Angermund	25	6,022 (+7.6%)
Witlaer	19	7,617 (-)
Flingern Nord	17	5,753 (+3.9%)
Gerresheim	13	5,020 (+18.8%)
Benrath	13	6,944 (+8.2%)
Altstadt	13	11,505 (+5.5%)
Golzheim	12	7,117 (+10.2%)
Oberkassel	11	9,740 (+13.4%)

Sources: VALUE market database, Engel & Völkers Residential

Residential real estate market locations

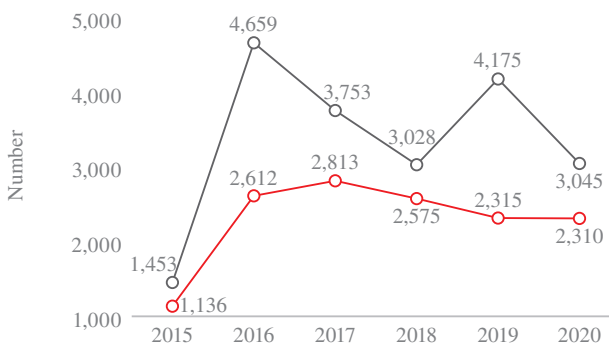


Prices by location for new development apartments

	2019	2020	2021	Forecast
Price in euros/m ² ■	9,000 – 14,500	9,500 – 15,000	10,000 – 15,500	↗
■	7,000 – 9,000	7,500 – 9,500	8,500 – 10,000	↗
■	4,000 – 7,500	5,000 – 8,000	6,500 – 9,000	↗
■	2,800 – 4,300	3,000 – 4,000	4,000 – 6,000	↗

Source: Engel & Völkers Residential

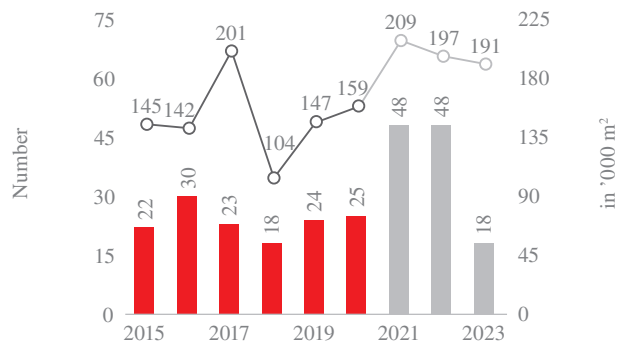
Construction activity



○ Completed apartments ○ Approved apartments

Sources: empirica-regio, destatis, Engel & Völkers Residential

Completed residential projects



■ Completed projects ○ Living space

■/○ Expected/Under construction

Sources: bulwiengesa, Engel & Völkers Residential

Current as of: 01.06.2021

Interview with a local expert



Birgit Pfeiffer
Engel & Völkers
Development Services
Düsseldorf

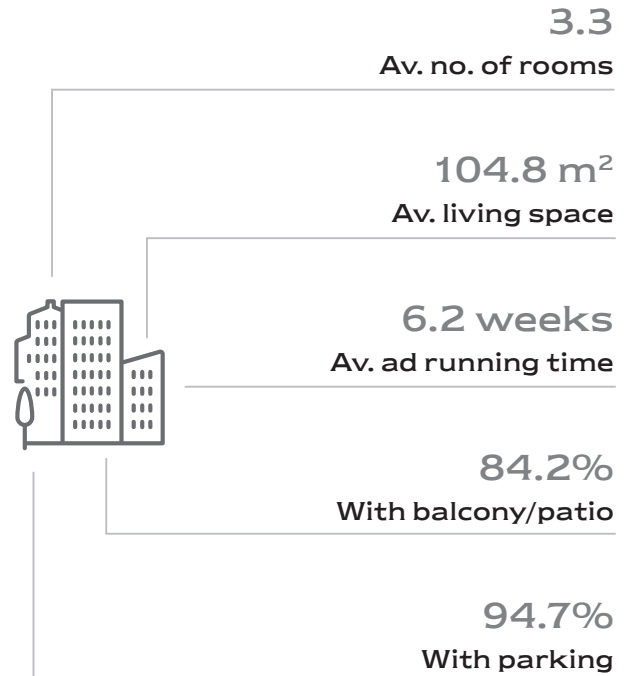
How is Düsseldorf's market for residential projects currently developing? What impact has the corona pandemic had on the market?

The number of new apartments in North Rhine-Westphalia's capital is declining. Demand, which is already strong, has further increased. At present clients searching for properties are, however, not yet willing to accept the resulting significant rises in prices for available offerings. Consequently, this has led to much longer selling cycles. The corona pandemic has also caused considerable completion delays for construction projects. This current situation is taking a heavy toll on buyers' patience and general satisfaction. Instead of the price discounts which some customers expected, prices have actually been increased by large amount during the selling process.

What special characteristics does the Düsseldorf market have? How does it differ from other markets?

Düsseldorf is 'manageable' in terms of size. Most of its districts have developed very positively in terms of quality of life and housing stock. Vacant plots are, however, extremely scarce and existing properties must be demolished to create new homes. As a result the construction of

New-build apartments in Düsseldorf 2021

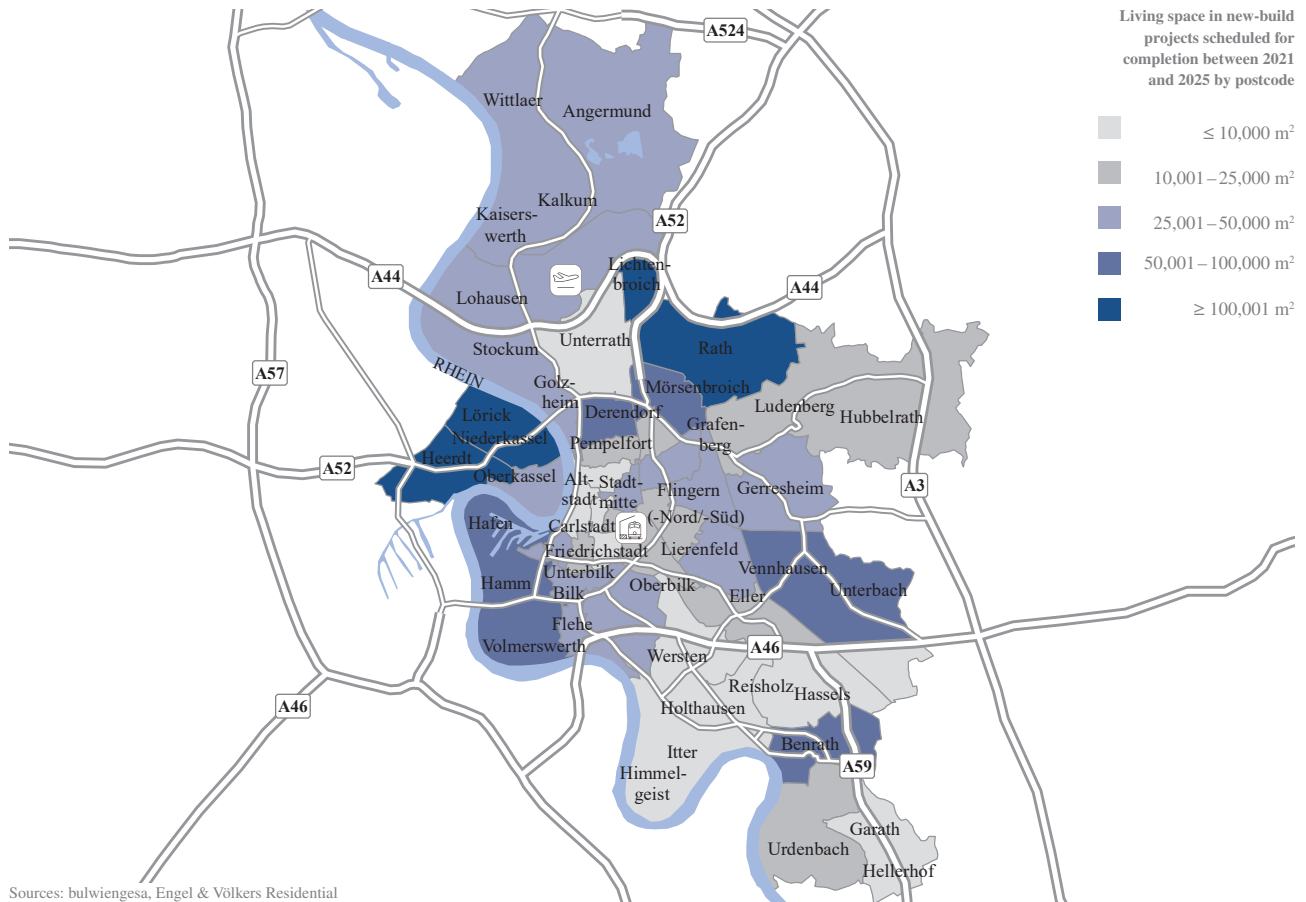


Sources: VALUE market database, Engel & Völkers Residential

social housing is often not possible, while submarkets with stylish, usually premium newly constructed properties are correspondingly more attractive. Parallel to this, there is a growing trend for the conversion of existing spaces, for example repurposing of primarily industrial



Planned residential projects by living space



areas into residential ones by demolishing factories and upgrading vacant plots by building modern apartments.

Which districts are new residential projects currently focusing on? Which districts could become a focus?

Response to top prices in prime locations is currently sluggish. Many purchasers are prepared to accept a location which is not quite as good if the prices there are lower. There continues to be a strong demand for locations in direct proximity to the Rhine, for example in Oberkassel, Pempelfort and Golzheim. In recent years a large volume of new housing has been constructed in Heerdt and Flingern in particular. Peripheral locations are also popular at present since prices for building land are lower and purchase prices for property can also be lower.

What demand trends are you seeing in Düsseldorf?

Demand for family-friendly apartments with larger gardens is particularly strong. They should ideally be part of a well-structured planning programme in a quiet

urban district. Large single-level apartments also continue to be popular. In addition to this, an increasing number of clients are placing value on sustainable properties. Project developers are, in turn, reacting to this demand by building solar complexes and passive homes.

How will Düsseldorf's new-build market develop in future?

Demand remains high and will ensure that in the mid-term the market accepts the rise in prices. Due to current construction delays and high material costs no improvement in the supply situation is in sight. Increasing conversion of office space into residential units could possibly relieve some of the pressure on the market. Working from home has proved to be a viable option and many office buildings are empty. Price levels remain at uniquely high level for North Rhine-Westphalia. For the first time, average prices quoted for new-build properties this year are higher than those in Hamburg.

FRANKFURT AM MAIN



758,847

Population
+4.7% (over 2015)



26,540 euros

Per capita purchasing power
111.2 (purchasing power index)



0.2%

Vacancy rate
8.6 (vacancy rate index)



19.4%

Home ownership rate
44.1 (index)

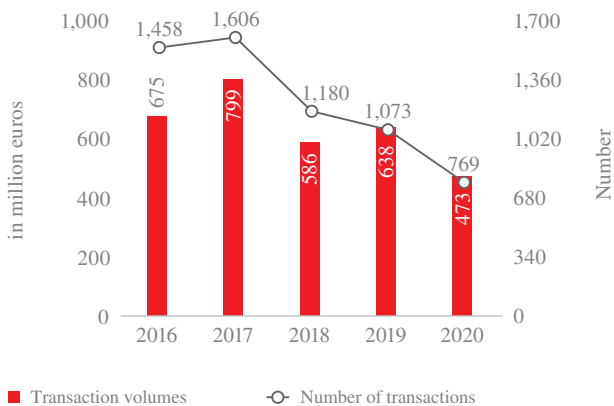


18.77 euros/m²

Rents quoted for new-builds
+9.7% (over 1st half of 2020)

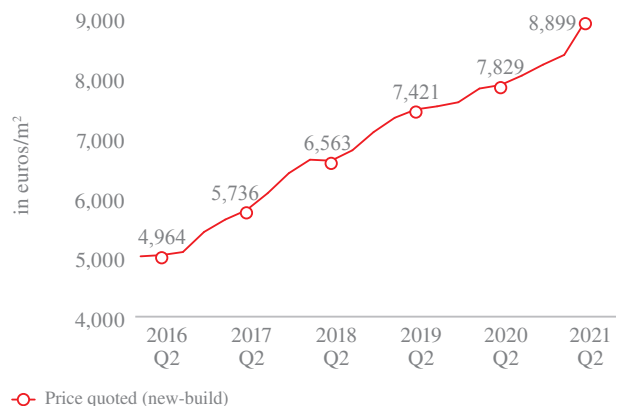
Sources: Municipal resident register, Nexiga, CBRE-empirica vacancy rate index, empirica regio, VALUE market database, Engel & Völkers Residential

New-build transactions for freehold apt.



■ Transaction volumes ○ Number of transactions
Sources: Frankfurt am Main Committee of Valuation Experts, Engel & Völkers Residential

Prices quoted for new-build freehold apt.



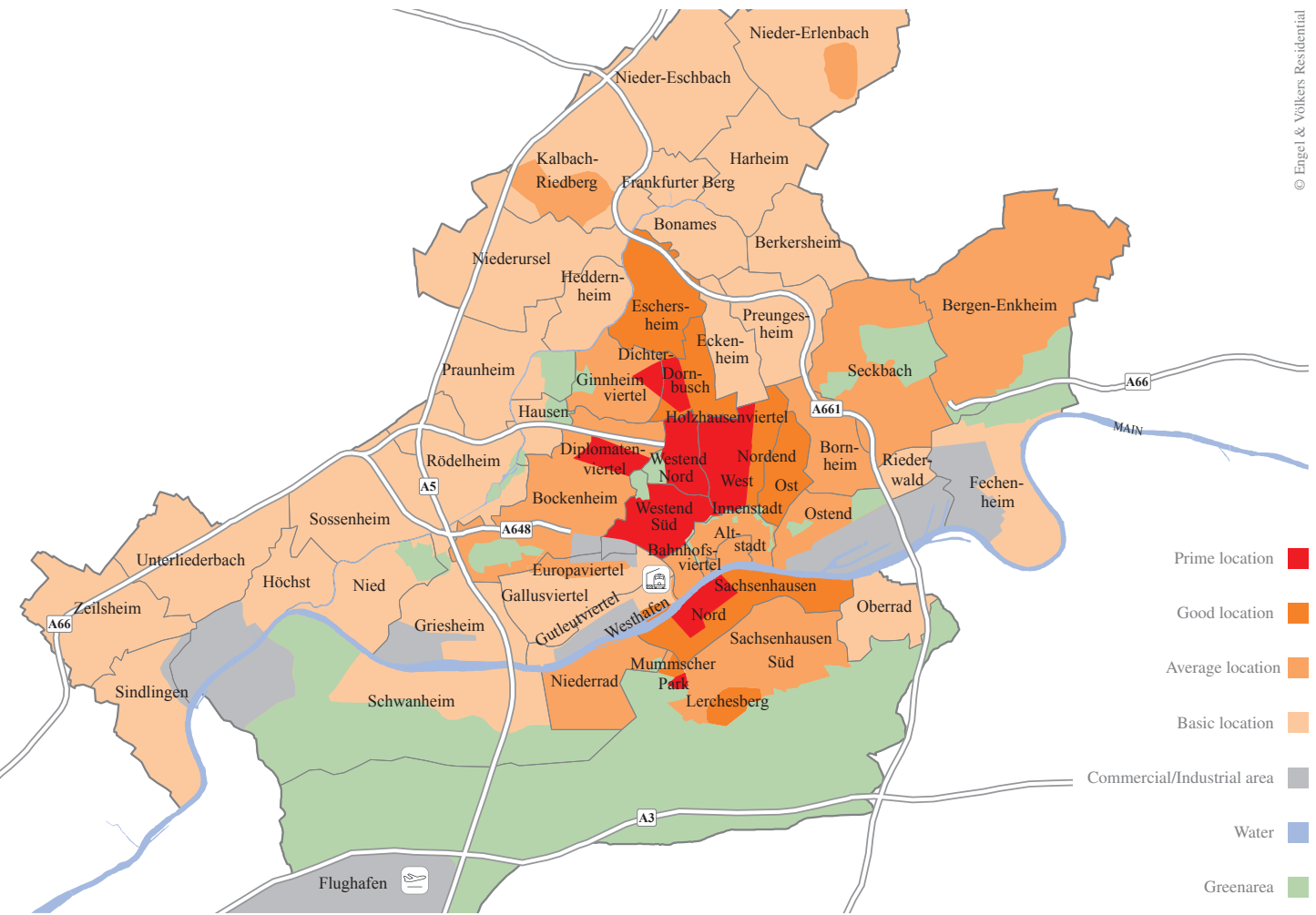
○ Price quoted (new-build)
Sources: VALUE market database, Engel & Völkers Residential

Prices quoted for new-build freehold apartments

Districts	Number of new-build apartments offered	Ø-Price quoted 2020 in euros/m ² (Δ 2019)
Gallus	192	9,271 (+12.8%)
Bockenheim	120	7,711 (+1.0%)
Ostend	101	8,500 (+5.6%)
Seckbach	94	6,950 (+4.9%)
Nordend-West	67	9,850 (+3.8%)
Kalbach-Riedberg	61	8,194 (+19.5%)
Bergen-Enkheim	44	6,707 (+9.1%)
Unterliederbach	31	5,175 (-0.8%)
Sachsenhausen-Nord	29	8,254 (+15.8%)
Sachsenhausen-Süd	27	8,841 (+5.9%)
Westend-Süd	27	11,235 (+1.3%)
Rödelsheim	26	7,206 (+12.0%)

Sources: VALUE market database, Engel & Völkers Residential

Residential real estate market locations

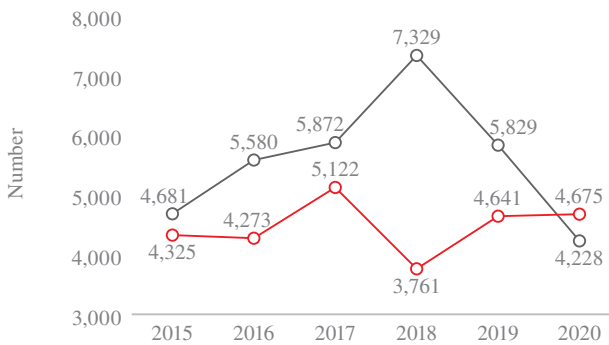


Prices by location for new development apartments

	2019	2020	2021	Forecast
Price in euros/m ² (Prime location)	10,000 – 16,000	10,600 – 16,500	11,000 – 16,500	→
(Good location)	7,900 – 10,500	8,200 – 11,200	9,500 – 11,500	↗
(Average location)	5,800 – 8,000	5,900 – 8,300	6,500 – 9,000	↗
(Basic location)	4,200 – 6,500	4,300 – 6,700	5,500 – 7,500	↗

Source: Engel & Völkers Residential

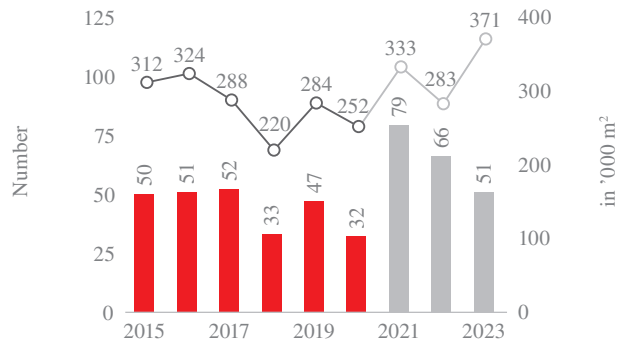
Construction activity



○ Completed apartments ○ Approved apartments

Sources: empirica-regio, destatis, Engel & Völkers Residential

Completed residential projects



■ Completed projects ○ Living space

■/○ Expected/Under construction

Sources: bulwiengesa, Engel & Völkers Residential

Current as of: 01.06.2021

Interview with a local expert



David Schmitt
Engel & Völkers
Development Services
Frankfurt am Main

How is Frankfurt's market for residential projects currently developing?

The market for new-build apartments in Frankfurt am Main continues to be dominated by strong excess demand. Average and good segments in particular are suffering from a shortfall in new-build development projects. Contrastingly, the luxury segment now has more supply than demand. This oversaturation of the market has prompted some developers to re-schedule or shelve planned residential projects. Correspondingly, prices are developing particularly positively in basic to good locations.

What impact has the corona pandemic had on the market?

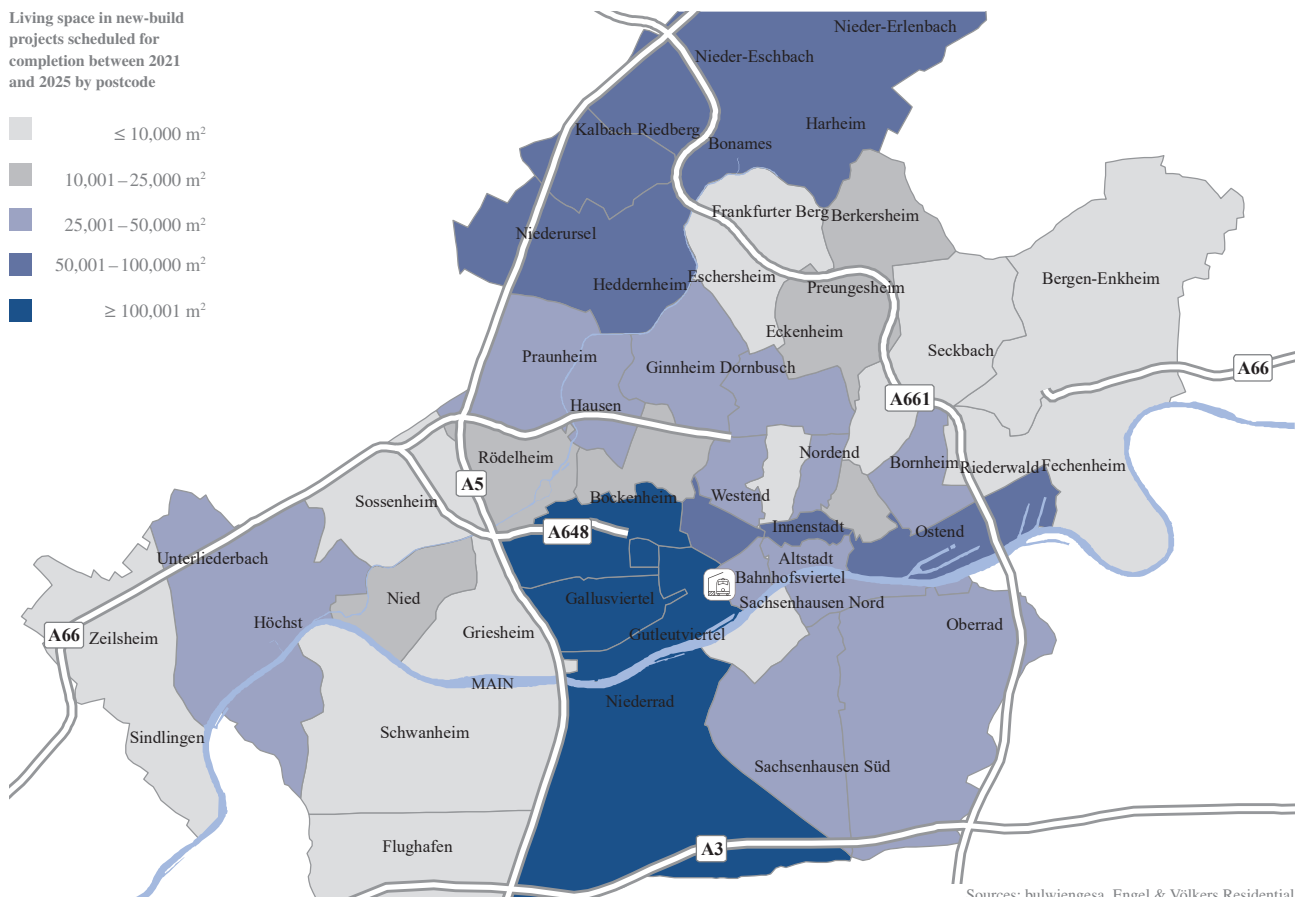
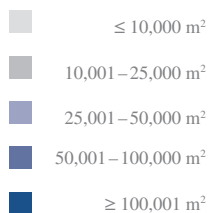
In retrospect the pandemic appears to have had no real impact on the market. Due to the corona lockdowns there were a number of interruptions to sales and/or wave patterns with regard to demand. These delays were, however, immediately made up for as soon as the relevant lockdown restrictions were relaxed. At present the conjecture of market players that interest rates are set to rise has resulted in exceptionally good demand.

Are there any special forms of development in specific locations in the city?

We have observed that developers are currently taking the risk of siting luxury developments in average locations. They are convinced that doing so will improve the quality of the relevant district. The relevant projects are not small boutique developments but instead com-

Planned residential projects by living space

Living space in new-build projects scheduled for completion between 2021 and 2025 by postcode



Sources: bulwiengesa, Engel & Völkers Residential



prehensive urban development projects including over 200 units. Peripheral locations are also continuing to attract project developers' attention. In Rödelheim, Griesheim or Nied the focus of residential projects is on middle-class families.

What demand trends are you seeing in Frankfurt?

The corona pandemic has revived the trend for homes with larger living spaces and more rooms. Users expect solutions which make it possible to work from home. Another trend is demand for outdoor space, unsurprisingly particularly for gardens although demand for patios and balconies is also strong.

How will Frankfurt's new-build market develop in future?

The future prospects for Frankfurt's market are good. Demand will remain strong and a new population influx following the pandemic could further increase pressure on the housing market. Frankfurt is expected to pass the 800,000 resident mark by 2030. Following the construction boom of recent years there was a significant decline in the number of building permits issued in 2020. This shows that the pressure on the supply side is unlikely to relax. Prices are continuing to rise sharply, making basic locations increasingly interesting for investors.

Project: ONE FORTY WEST

Hybrid tower (residential & hotel) in Westend

Units: 187 rental & freehold apartments

Number of rooms: 2 – 3

Room areas: Approx. 50 m² – 137 m²

Purchase price: From 13,000 euros/m²

New-build apartments in Frankfurt 2021

2.9

Av. no. of rooms

95.3 m²

Av. living space

15.3 weeks

Av. ad running time

93.7%

With balcony/patio

84.8%

With parking



Sources: VALUE market database, Engel & Völkers Residential

HAMBURG



1,904,444

Population
+3.8% (over 2015)



25,144 euros

Per capita purchasing power
105.4 (purchasing power index)



0.5%

Vacancy rate
16.8 (vacancy rate index)



23.4%

Home ownership rate
53.4 (index)

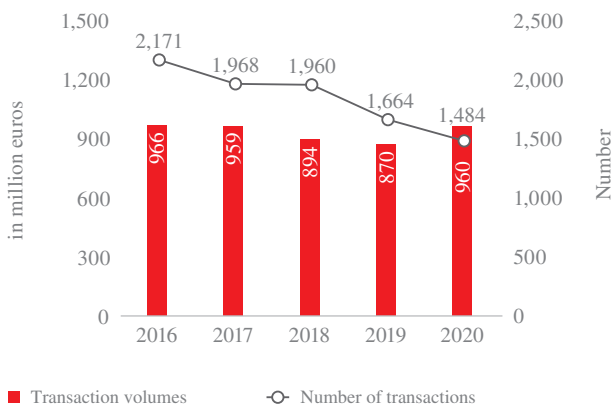


15.91 euros/m²

Rents quoted for new-builds
+6.3% (over 1st half of 2020)

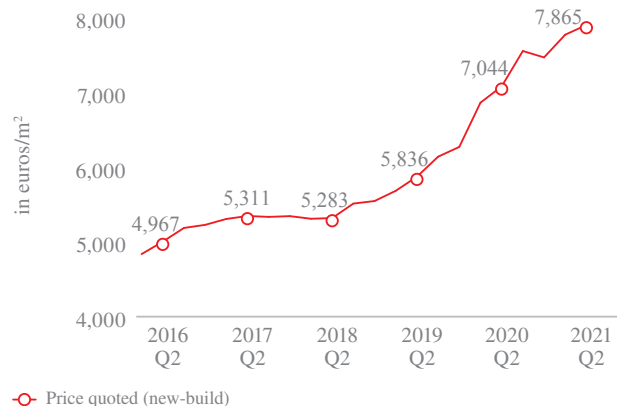
Sources: Municipal resident register, Nexiga, CBRE-empirica vacancy rate index, empirica regio, VALUE market database, Engel & Völkers Residential

New-build transactions for freehold apt.



■ Transaction volumes ○ Number of transactions
Sources: Hamburg Committee of Valuation Experts, Engel & Völkers Residential

Prices quoted for new-build freehold apt.



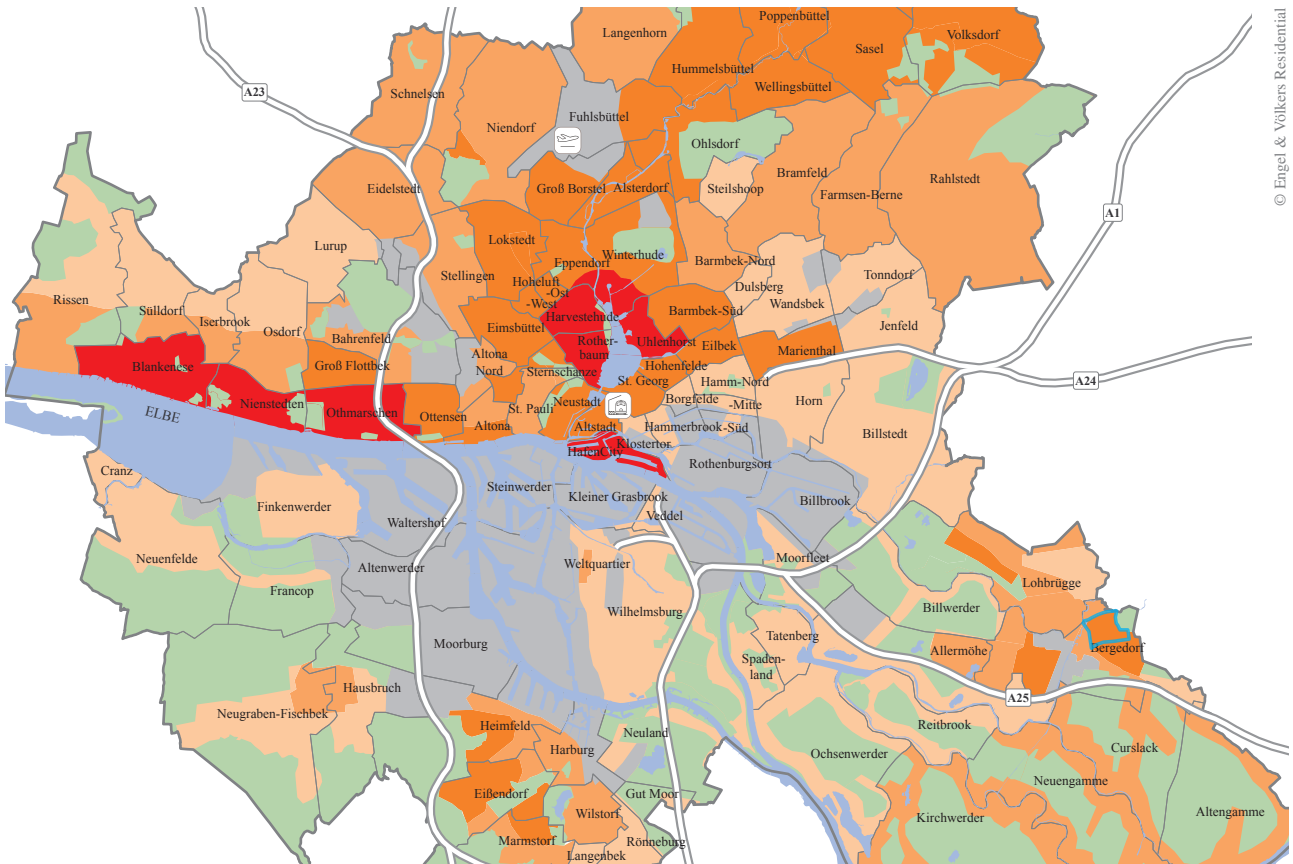
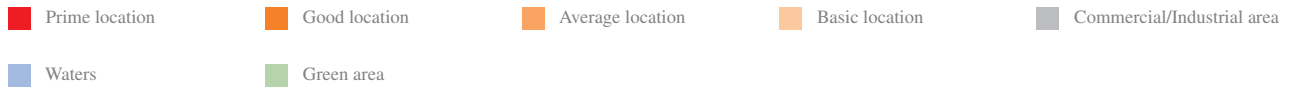
○ Price quoted (new-build)
Sources: VALUE market database, Engel & Völkers Residential

Prices quoted for new-build freehold apartments

Districts	Number of new-build apartments offered	Ø-Price quoted 2020 in euros/m ² (Δ 2019)
Uhlenhorst	119	11,032 (+8.5%)
Osdorf	109	6,749 (+4.7%)
Rahlstedt	108	5,210 (+13.9%)
Schnelsen	87	5,548 (+20.0%)
Winterhude	82	8,426 (-4.1%)
Niendorf	70	6,025 (+9.8%)
Wellingsbüttel	68	6,255 (-3.9%)
Sasel	58	5,838 (+7.1%)
Eilbek	57	6,908 (+7.3%)
Lokstedt	56	7,946 (+26.4%)
Eimsbüttel	52	7,766 (+8.4%)
Rissen	47	6,055 (+7.1%)

Sources: VALUE market database, Engel & Völkers Residential

Residential real estate market locations



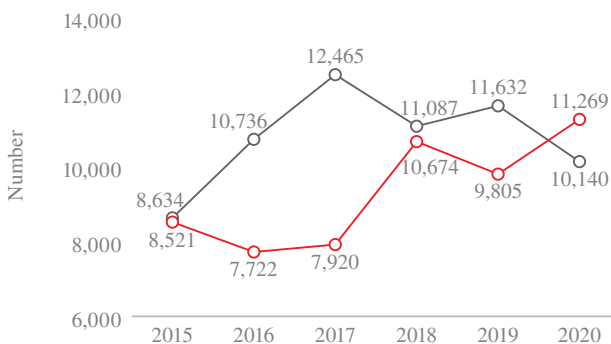
© Engel & Völkers Residential

Prices by location for new development apartments

	2019	2020	2021	Forecast
Price in euros/m ² ■	12,000 – 22,000	13,000 – 23,000	14,000 – 24,000	↗
■	9,000 – 12,000	10,000 – 13,000	11,000 – 14,000	↗
■	6,000 – 8,000	7,000 – 9,000	8,000 – 11,000	↗
■	4,000 – 5,500	4,500 – 6,000	5,000 – 8,000	↗

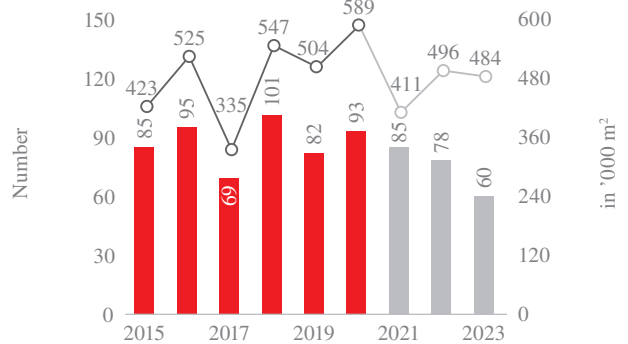
Source: Engel & Völkers Residential

Construction activity



○ Completed apartments
 ○ Approved apartments
 Sources: empirica-regio, destatis, Engel & Völkers Residential

Completed residential projects



■ Completed projects
 ○ Living space
■ Expected/Under construction
 Sources: bulwiengesa, Engel & Völkers Residential
 Current as of: 01.06.2021

Interview with a local expert



Philip Bonhoeffer
Engel & Völkers
Development Services
Hamburg

How is Hamburg's market for residential projects currently developing?

The new-build property market in Hamburg remains very dynamic. Thanks to its port Hamburg is an important business centre and in the coming years will also continue to be an inflow area. Further population growth is thus expected in the city. Assuming that the framework conditions for buyers and project developers stay the same, then prices for new-build freehold apartments will also continue to increase after 2021, since demand continues to be strong despite a low level of supply.

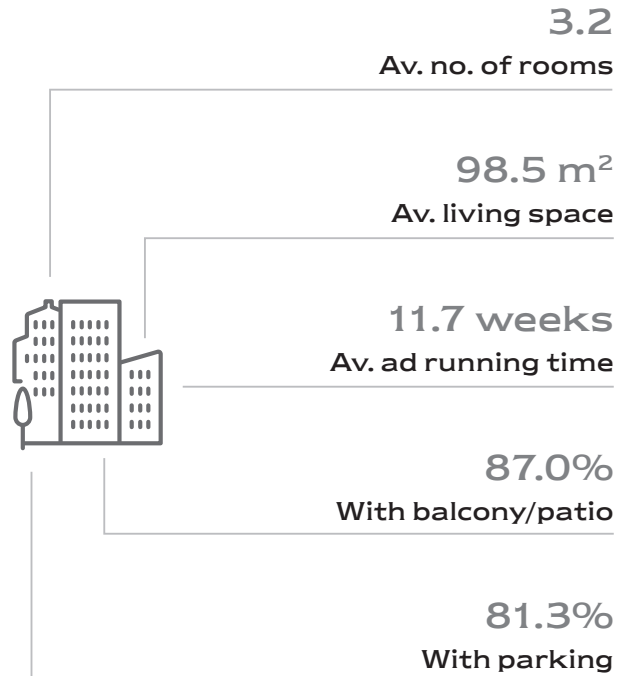
What impact has the corona pandemic had on the market?

In Hamburg the corona pandemic has further fuelled demand for property and, as a result, also led to a further significant rise in prices. Many clients have used the lockdown period to reconsider their personal living conditions. In addition to owner-occupiers' changing requirements for their homes, there is also increased demand for investment opportunities from capital investors, naturally also led by historically low interest rates. Strong demand coupled with bottlenecks in the supply of building materials, which have resulted in a sharp rise in construction costs, are clearly reflected in increasing prices for new-build properties.

Are there any special forms of development in specific locations in the city?

Demand in established locations around the Alster lake and along the Elbe river continues to be dynamic. The

New-build apartments in Hamburg 2021



Sources: VALUE market database, Engel & Völkers Residential

scarcity of offerings in these areas however presents an opportunity for other, central and urban, locations to develop. Along the Elbe river the focus is on developing the Baakenhafen und Elbtor areas of the eastern



Project: The Wave

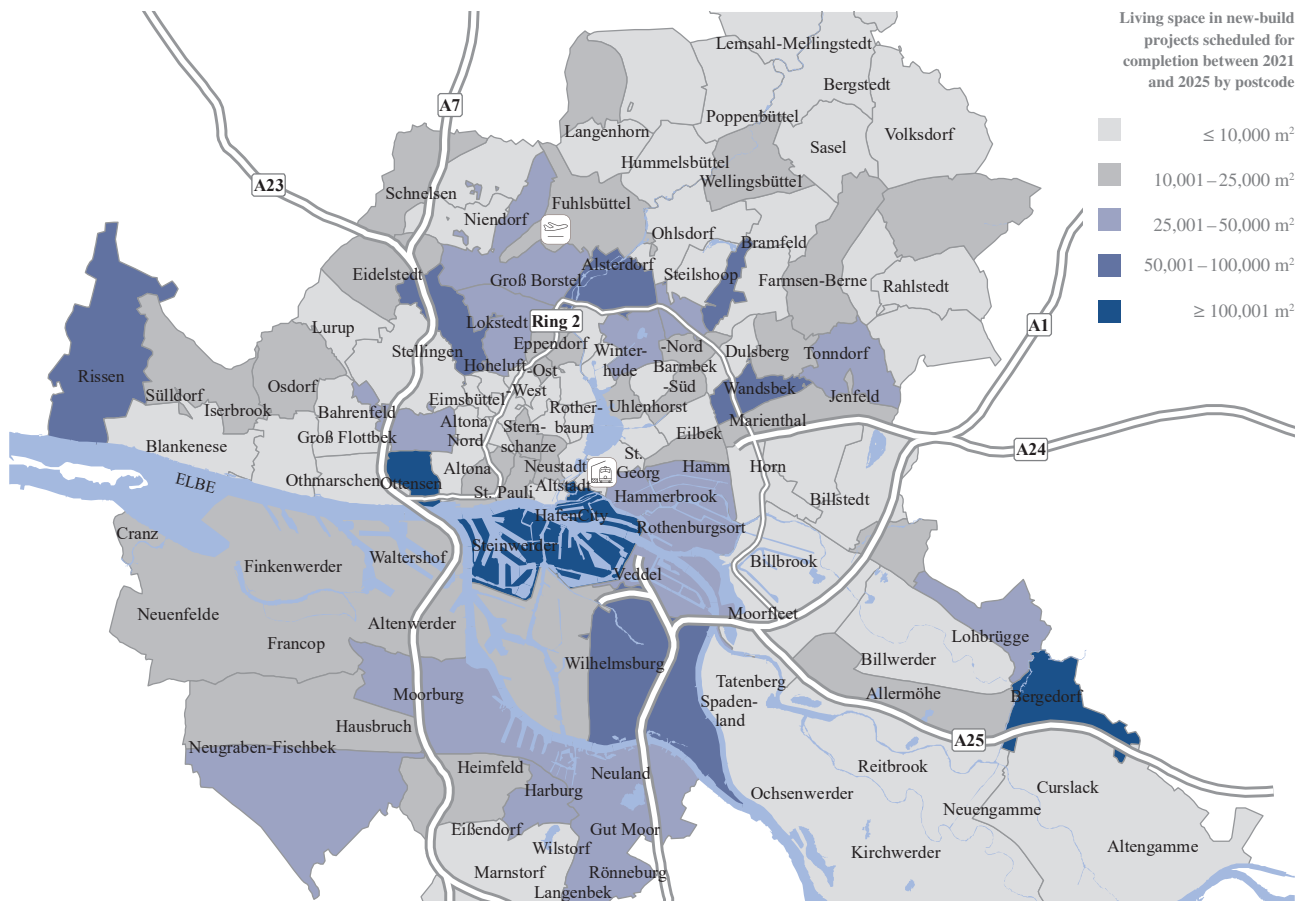
Project developer:

antaris projektentwicklung GmbH

Location: Baakenhafen / Hafencity

Picture source: ALT/SHIFT

Planned residential projects by living space



Sources: bulwiengesa, Engel & Völkers Residential

HafenCity district and the Elbtower project as well as the Kleiner Grasbrook district on the other bank. Another current topic is the further development and expansion of the City Nord district, while the Hamm, Hammerbrook, Harburg and Rothemburgsort districts, which border on the HafenCity, and the Wilhelmsburg district also remain interesting residential markets with great potential.

What demand trends are you seeing in Hamburg?

Construction projects do not always deliver what is popular and on trend. Demand is strong for apartments which have a larger number of rooms but the smallest possible footprint. High ceilings and light, airy rooms, for example with floor-to-ceiling windows, are also very popular. Apartments with large balconies and outdoor space are also on purchasers' wish lists. In addition to this, potential buyers are also increasingly focusing on energy efficient new-build projects and a well-developed charging infrastructure for e-mobility. As a general rule, attractive architecture generates higher sale prices than standard new-build designs in the same location.

How will Hamburg's new-build market develop in future?

Demand for housing in both inner city and central locations has risen sharply and this trend is likely to continue despite the corona pandemic. Hamburg not only offers good job opportunities but also an attractive urban lifestyle in trendy districts where amenities are in close proximity to one another and there are attractive shops and nightlife. In addition to this, there are also numerous cultural and leisure offerings, in particular green recreational areas in almost every district of the city, for example around the Alster lake and at the Elbe river.

The city remains an important business centre for the diverse, strongly growing start-up segment and is also popular with elderly people as a place to live. It has good transport connections and an excellent infrastructure. The challenge faced by Hamburg is to provide sufficient housing in the future – particularly in inner city areas.

COLOGNE



1,088,040

Population
+2.5% (over 2015)



25,316 euros

Per capita purchasing power
106.1 (purchasing power index)



0.9%

Vacancy rate
31.3 (vacancy rate index)



26.5%

Home ownership rate
60.6 (index)

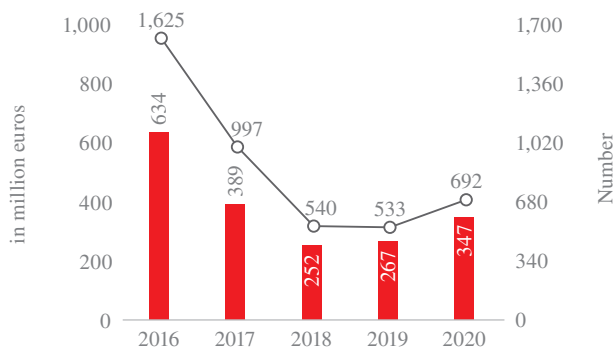


15.04 euros/m²

Rents quoted for new-builds
+12.7% (over 1st half of 2020)

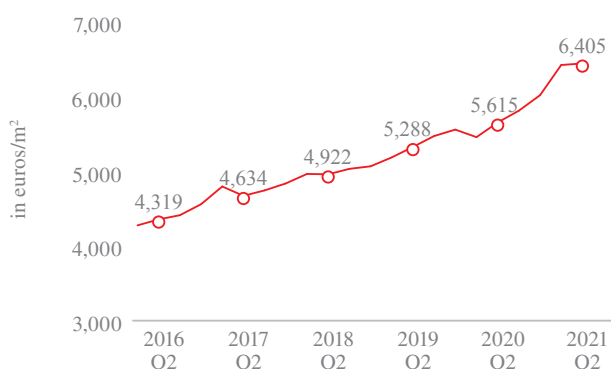
Sources: Municipal resident register, Nexiga, CBRE-empirica vacancy rate index, empirica regio, VALUE market database, Engel & Völkers Residential

New-build transactions for freehold apt.



■ Transaction volumes ○ Number of transactions
Sources: Cologne Committee of Valuation Experts, Engel & Völkers Residential

Prices quoted for new-build freehold apt.



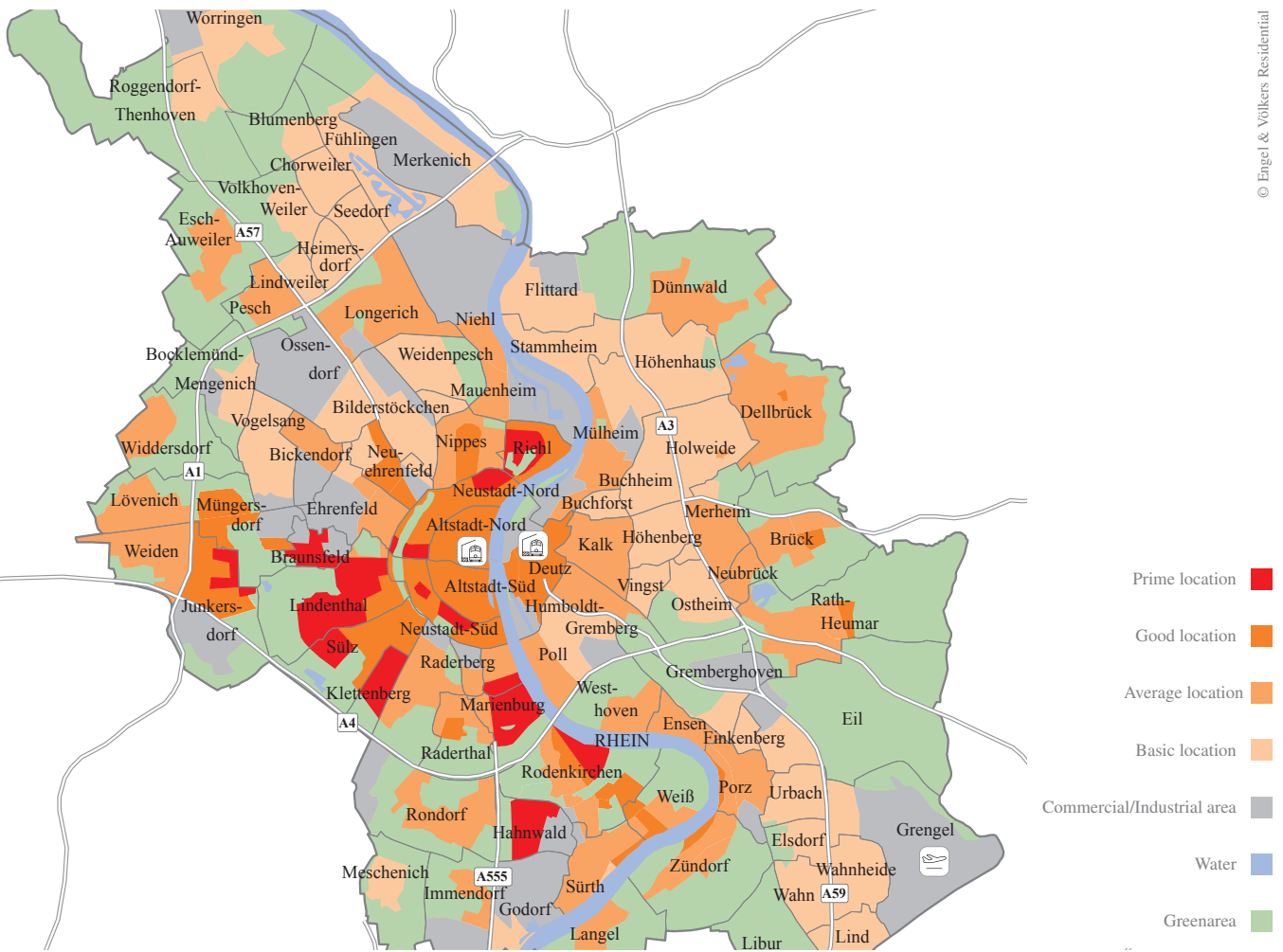
○ Price quoted (new-build)
Sources: VALUE market database, Engel & Völkers Residential

Prices quoted for new-build freehold apartments

Districts	Number of new-build apartments offered	Ø-Price quoted 2020 in euros/m ² (Δ 2019)
Ehrenfeld	170	6,222 (+17.2%)
Mülheim	65	4,891 (+1.4%)
Rodenkirchen	64	6,313 (+14.7%)
Lindenthal	39	6,623 (+12.7%)
Nippes	34	5,360 (+9.5%)
Kalk	30	4,881 (+4.9%)
Innenstadt	28	6,143 (-3.9%)
Porz	26	4,086 (+2.7%)
Chorweiler	12	3,991 (+17.3%)

Sources: VALUE market database, Engel & Völkers Residential

Residential real estate market locations

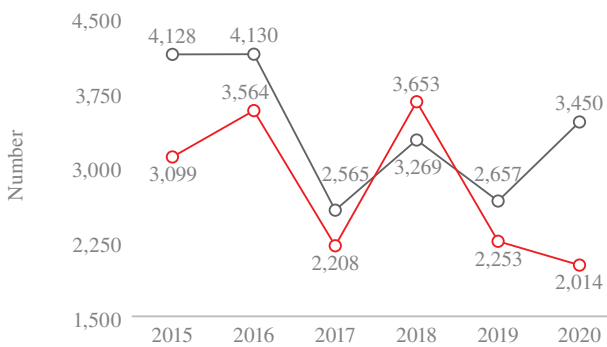


Prices by location for new development apartments

	2019	2020	2021	Forecast
Price in euros/m ² ■	6,050 – 7,500	6,750 – 8,500	8,500 – 12,000	↗
■	5,100 – 5,850	5,550 – 6,600	6,500 – 8,800	↗
■	4,100 – 4,950	4,750 – 5,750	5,200 – 6,800	↗
■	3,450 – 4,250	3,800 – 4,600	4,500 – 5,600	↗

Source: Engel & Völkers Residential

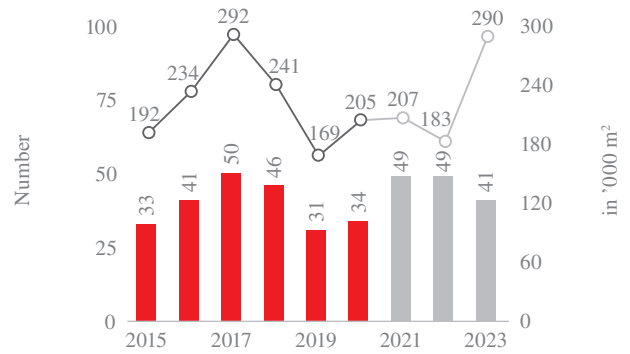
Construction activity



○ Completed apartments ○ Approved apartments

Sources: empirica-regio, destatis, Engel & Völkers Residential

Completed residential projects



■ Completed projects ○ Living space

■/○ Expected/Under construction

Sources: bulwiengesa, Engel & Völkers Residential

Current as of: 01.06.2021

Interview with a local expert



Tina Fröhlich
Engel & Völkers
Development Services
Cologne

How is Cologne's market for residential projects currently developing? What impact has the corona pandemic had on the market?

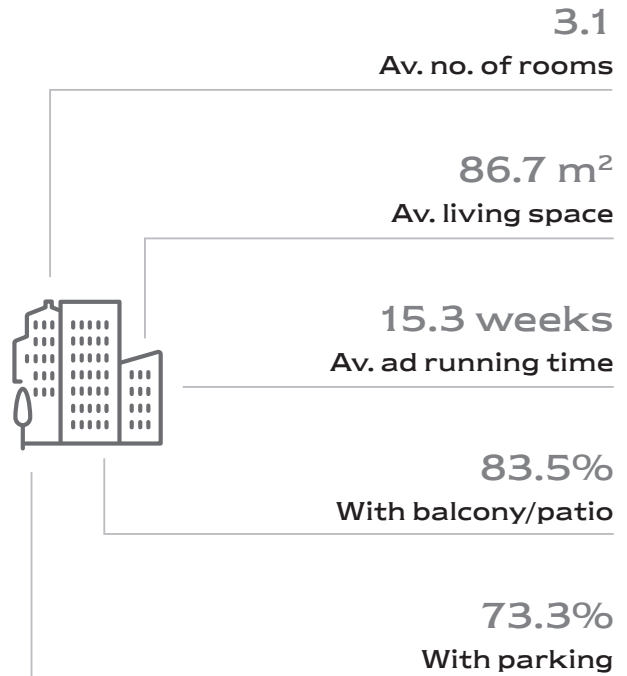
Demand for new-build apartments in Cologne remains high. Delays in completing projects mean that there is currently an enormous surplus of some 8,700 apartments in the city. Increased construction costs have also made it necessary to re-calculate and raise prices during the project phase. In addition to this, large urban development projects are about to be launched, however developers are being more cautious with their planning. The pandemic has further fuelled interest in buying property, although project developers are currently reluctant to commence work due to increasing construction costs and difficulties with deliveries of materials.

Are there any special forms of development in specific locations in the city?

In recent years districts on the right bank of the Rhine (known as Schäl Sick) have become ever more popular;



New-build apartments in Köln 2021



Sources: VALUE market database, Engel & Völkers Residential



City forest green belt

Cologne-Lindenthal

Freehold apartments: 4

Purchase price: From 9,400 euros/m²

where greater number of building plots are still available and can be acquired at lower prices. The focus is, in particular, on the districts of Deutz, Mülheim, Porz as well as some parts of Kalk. Corona has also significantly amplified the trend for moving to peripheral areas of the city. Families in particular are attracted by the high recreational value offered by the green areas surrounding Cologne. The lower housing density in such districts is also a big draw.

What demand trends are you seeing in Cologne?

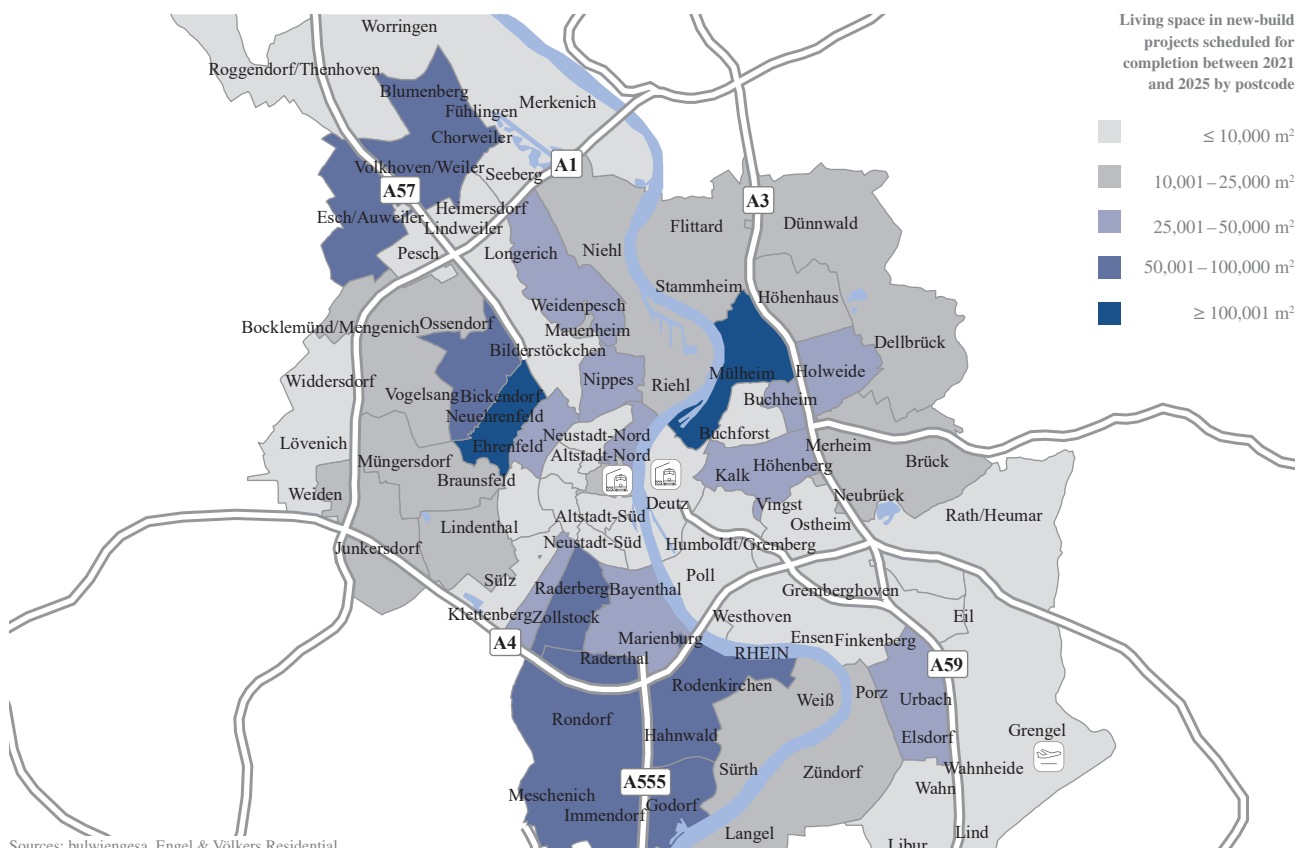
Pandemic lockdowns have resulted in demand trends being dominated by the issue of working from home. At present demand is particularly high for apartments from 80 m² in size with three to five rooms, of which at least one should be suitable for use as a separate space or office for working from home. In general buyers and tenants are now looking for an extra 20 m² or so of space. Many of them are also giving preference to green surroundings over a central location, while versatile outdoor space is also on their wish list. The trend for working from home means that a growing number of people are prepared to accept a longer commute to their workplace. In contrast, there has been a marked decline in

the construction boom in the micro-apartment segment, reflecting the noticeable fall in demand for commuter and furnished apartments. Project developers in Cologne will, in future, pay more attention to flexible layouts and unit sizes. A better mix of apartments in a building can be essential to meet the varying requirements of different buyer groups. Buyers, in turn, are increasingly focusing on recreational value and quality of life when determining their selection criteria. In addition to this, interest in sustainability and “green living” is on the rise and pets are another important factor when choosing a property.

How will Cologne’s new-build market develop in future?

The desire and need to secure capital by investing in property continues to be a key concern for our clients. It goes without saying that this also benefits the new-build market and we believe that it will be necessary to develop new strategies to meet market demand. Changes in the use and revitalisation of buildings are becoming noticeably more important. The pandemic and other uncontrollable events have resulted in changing buyer requirements, which will also influence developers’ plans for future construction projects and drive new concepts for living.

Planned residential projects by living space



MUNICH



1,562,096

Population
+2.7% (over 2015)



29,870 euros

Per capita purchasing power
125.2 (purchasing power index)



0.2%

Vacancy rate
7.1 (vacancy rate index)



24.2%

Home ownership rate
55.1 (index)

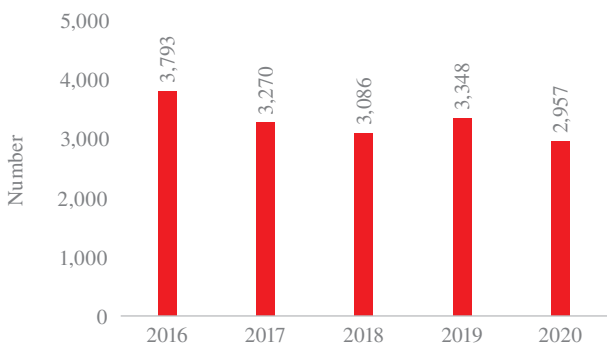


21.14 euros/m²

Rents quoted for new-builds
+3.5% (over 1st half of 2020)

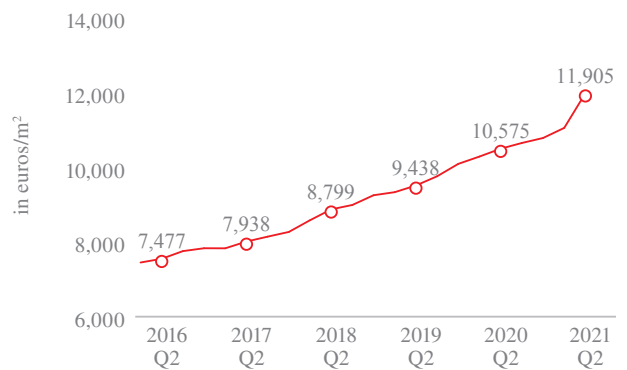
Sources: Municipal resident register, Nexiga, CBRE-empirica vacancy rate index, empirica regio, VALUE market database, Engel & Völkers Residential

New-build transactions for freehold apt.*



■ Number of transactions * The Munich Committee of Valuation Experts does not provide any figures for new-build transactions
Sources: VALUE Marktdatenbank, Engel & Völkers Residential

Prices quoted for new-build freehold apt.



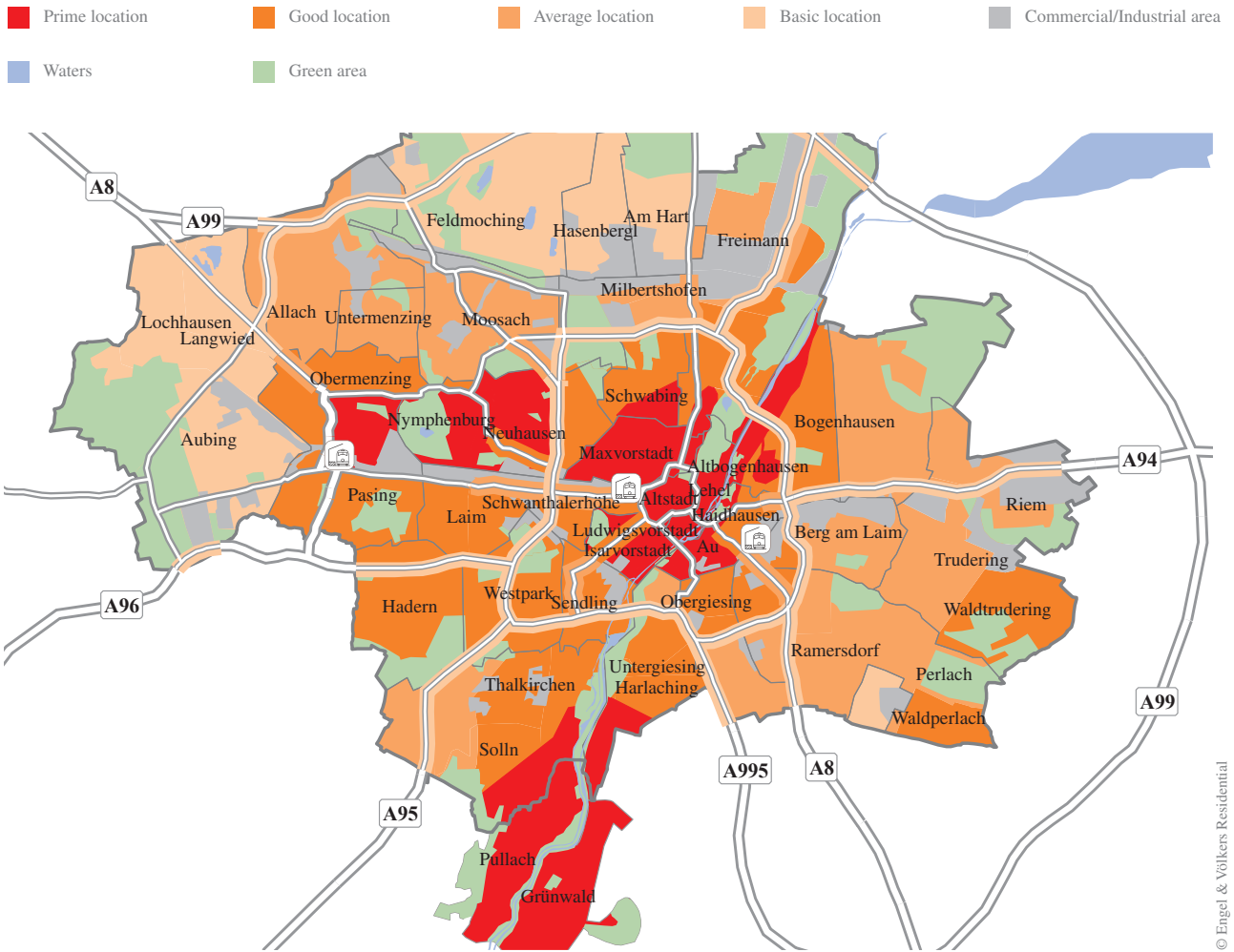
○ Price quoted (new-build)
Sources: VALUE market database, Engel & Völkers Residential

Prices quoted for new-build freehold apartments

Districts	Number of new-build apartments offered	Ø-Price quoted 2020 in euros/m ² (Δ 2019)
Untermenzing-Allach	185	8,556 (+4.0%)
Neuperlach	166	8,775 (+4.3%)
Aubing-Süd	152	8,783 (+4.3%)
Obermenzing	150	11,585 (+15.2%)
Lochhausen	138	8,036 (+0.6%)
Neupasing	137	9,067 (+5.1%)
Pasing	126	9,721 (+2.6%)
Neuhadern	93	9,809 (+1.5%)
Mittersending	90	10,334 (-0.4%)
Siebenbrunn	76	10,746 (-2.2%)
Harlaching	72	12,587 (+7.2%)
Ramersdorf	67	9,625 (+18.0%)

Sources: VALUE market database, Engel & Völkers Residential

Residential real estate market locations

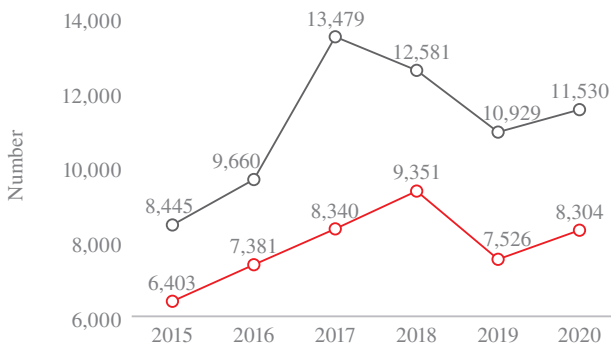


Prices by location for new development apartments

	2019	2020	2021	Forecast
Price in euros/m ² (Prime location)	11,500 – 25,000	11,500 – 25,000	14,500 – 35,000	↗
(Good location)	10,000 – 14,500	10,000 – 14,500	11,500 – 16,000	↗
(Average location)	8,500 – 11,500	8,500 – 11,500	9,000 – 13,000	↗
(Basic location)	6,500 – 8,500	6,500 – 8,500	7,500 – 9,500	↗

Source: Engel & Völkers Residential

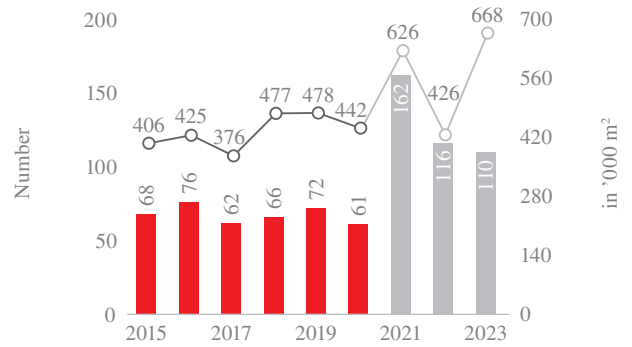
Construction activity



○ Completed apartments ○ Approved apartments

Sources: empirica-regio, destatis, Engel & Völkers Residential

Completed residential projects



■ Completed projects ○ Living space

■/○ Expected/Under construction

Sources: bulwiengesa, Engel & Völkers Residential

Current as of: 01.06.2021

Interview with a local expert



Silke Peschmann
Engel & Völkers
Development Services
Munich

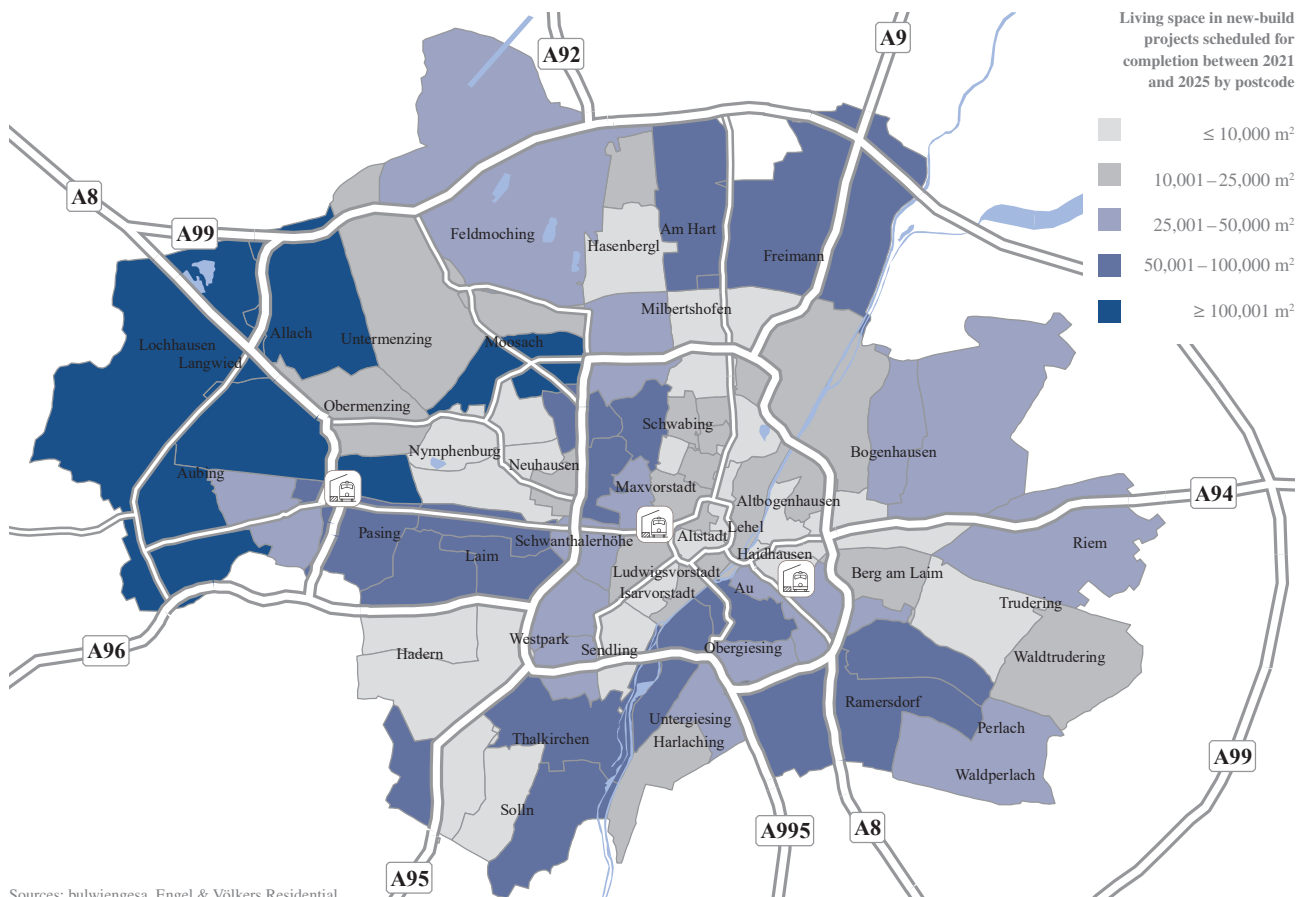
How is Munich's market for residential projects currently developing?

As soon as everyone had recovered from the “corona shock” at the end of last year the trend for home ownership intensified even further. This is still the case, increasing pressure on Munich's residential market, which is already tight. The demand overhang has climbed to an unprecedented level. In addition to this, greater demand from foreign investors is exacerbating the situation. On the supply side, the key factor dominating the market is the lack of building plots.

What impact has the corona pandemic had on the market?

The only impact of the corona pandemic was to delay real estate transactions during the first wave of infections. Overall the market had already begun to recover in the summer months of 2020 and stabilised very quickly in the following months. In the meantime demand has actually been stronger than in the pre-corona period, despite continuing pressure on Munich's residential market. On the supply side, there is a noticeable, unbroken trend in demand for larger apartments. Developers will, in future, need to pay more attention to integrated practical solutions for working from home when designing residential unit layouts. Fundamental demand for ground-floor garden apartments is growing, while there is a continuing trend for “living in a green environment” in less densely populated locations with good transport connections. This will make Munich's hinterland even more attractive.

Planned residential projects by living space



Project: Apartment building in Solln

Residential units: 8

Apartments: 5

Large penthouse: 1

“House within a house”: 2



Are there any special forms of development in specific locations in the city?

Generally speaking, the new-build apartment offering in central inner city locations is continuing to decline. New-build activity is shifting to neighbouring city districts and Munich's hinterland, whereby the radius of activity is becoming larger. Locations with good public transport locations throughout the metropolitan region are most popular, such as Augsburg, Ingolstadt, Landsberg or Rosenheim. Developers are increasingly turning their attention to western areas near the city centre, such as the districts of Allach, Aubing/Neu-Aubing, Untermenzing/Obermenzing, Lochhausen and Pasing. In the north of the city, demand in locations such as Milbertshofen and Freimann is becoming stronger. As long as the trend for working from home continues, these areas will ease some of the pressure on the inner city residential market. It remains to be seen whether and to what extent current high post-corona office/retail space vacancy rates in combination with intelligent repurposing solutions will be able to positively impact the housing shortage in inner city locations.

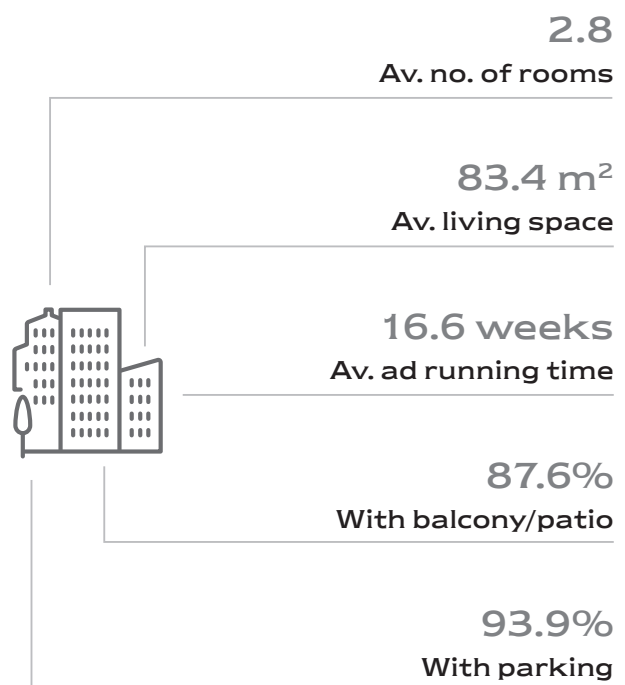
What demand trends are you seeing in Munich?

We are seeing higher demand for larger apartments with 3 or more rooms as well as for detached, semi-detached and townhouses. In this context there is a noticeable long-term trend for extra space to house smart home working solutions. Corona has resulted in an amplification of the trend for “living in a green environment” already described above, particularly among young families. In the investment segment there are initial signs that the market for rented furnished apartments is becoming saturated.

How will Munich's new-build market develop in future?

A combination of price drivers will have a generally negative impact on the market. These include the declining number of building permits together with the current sharp rise in construction costs caused by significant

New-build apartments in München 2021



Sources: VALUE market database, Engel & Völkers Residential

bottlenecks in the supply of building materials in combination with a lack of skilled building workers and unbroken excess demand. The pandemic has also caused Munich to become even more attractive as a reliable investment location. A lack of development areas means that there are natural limits to any substantial increase in housing density within the city's boundaries. This will, in turn, result in the hinterland become more important. The metropolitan region will maintain its position as one of the European real estate market's top addresses and looks set to further consolidate this position.

STUTTGART



608,260

Population
+1.0% (over 2015)



26,737 euros

Per capita purchasing power
112.1 (purchasing power index)



0.5%

Vacancy rate
16.6 (vacancy rate index)



31.3%

Home ownership rate
71.4 (index)

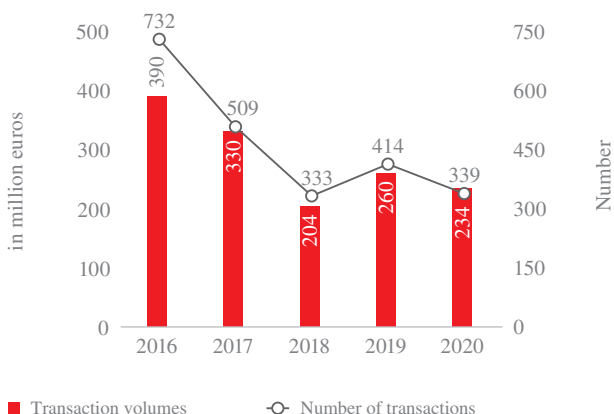


17.49 euros/m²

Rents quoted for new-builds
+2.0% (over 1st half of 2020)

Sources: Municipal resident register, Nexiga, CBRE-empirica vacancy rate index, empirica regio, VALUE market database, Engel & Völkers Residential

New-build transactions for freehold apt.



■ Transaction volumes ○ Number of transactions
Sources: Stuttgart Committee of Valuation Experts, Engel & Völkers Residential

Prices quoted for new-build freehold apt.



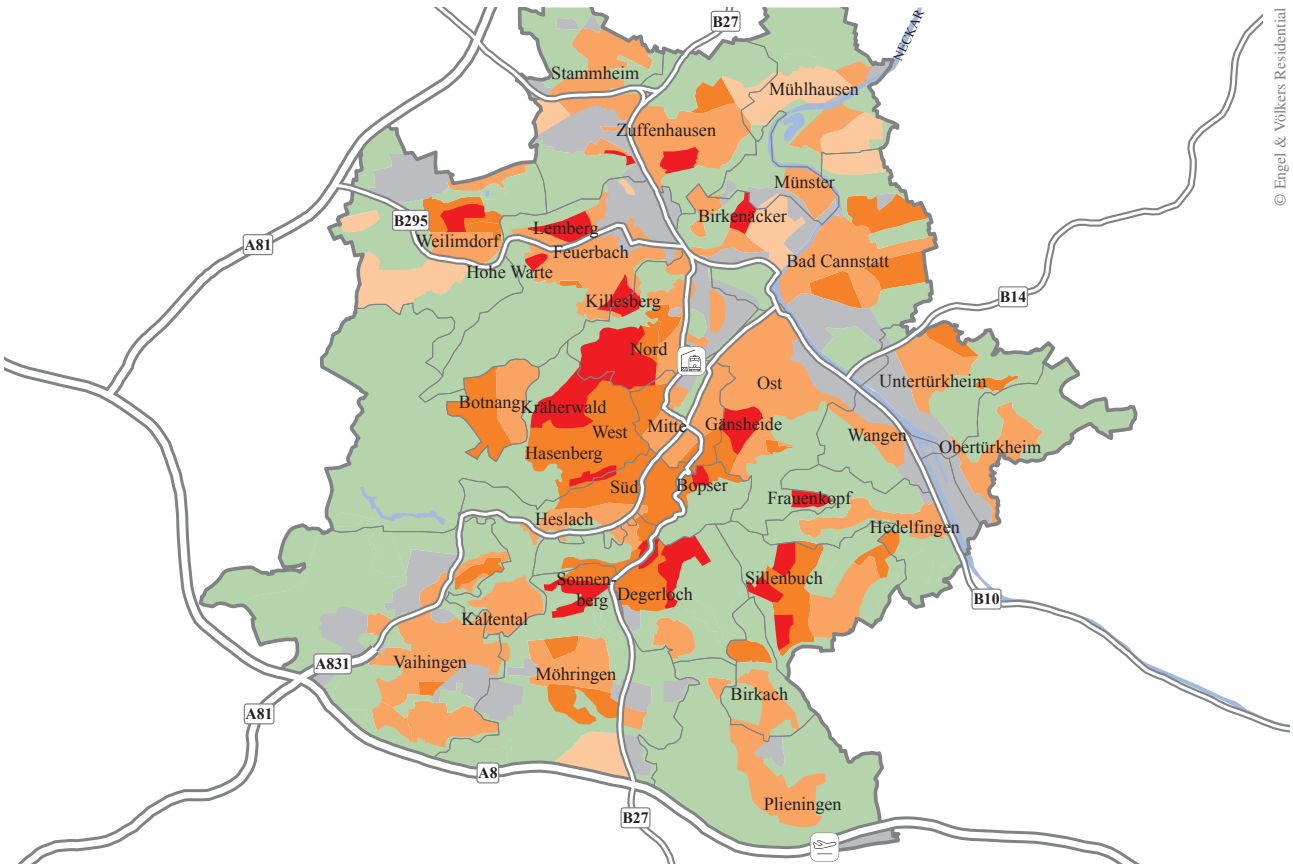
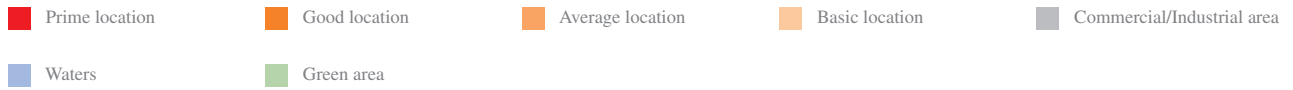
○ Price quoted (new-build)
Sources: VALUE market database, Engel & Völkers Residential

Prices quoted for new-build freehold apartments

Districts	Number of new-build apartments offered	Ø-Price quoted 2020 in euros/m ² (Δ 2019)
West	48	8,895 (+5.9%)
Vaihingen	40	7,291 (+11.8%)
Nord	37	9,581 (+15.6%)
Zuffenhausen	34	7,076 (+2.3%)
Möhringen	30	7,066 (+6.7%)
Ost	28	9,065 (+12.1%)
Bad Cannstatt	26	8,140 (+45.1%)
Sillenbuch	25	8,750 (+8.8%)
Weilimdorf	23	6,398 (+1.3%)
Degerloch	23	9,103 (+9.2%)
Obertürkheim	22	6,453 (-1.5%)
Birkach	21	5,926 (-1.6%)

Sources: VALUE market database, Engel & Völkers Residential

Residential real estate market locations



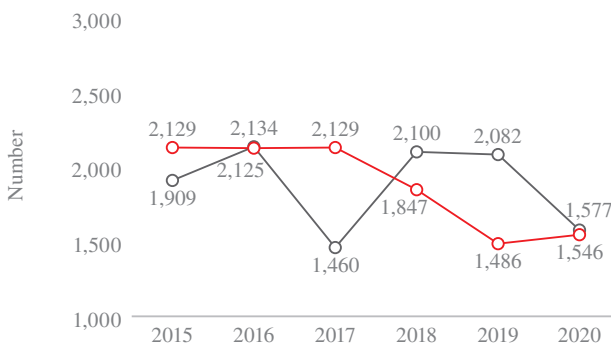
© Engel & Völkers Residential

Prices by location for new development apartments

	2019	2020	2021	Forecast
Price in euros/m ² ■	5,900 – 15,000	5,900 – 15,000	7,800 – 16,000	→
■	5,900 – 12,000	5,900 – 10,000	6,500 – 12,000	↗
■	5,200 – 9,000	5,200 – 9,000	5,800 – 9,000	↗
■	4,800 – 6,000	4,500 – 6,000	5,500 – 7,500	→

Source: Engel & Völkers Residential

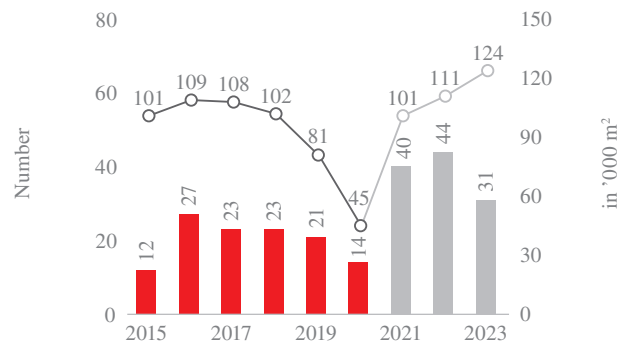
Construction activity



○ Completed apartments ○ Approved apartments

Sources: empirica-regio, destatis, Engel & Völkers Residential

Completed residential projects



■ Completed projects ○ Living space

■/○ Expected/Under construction

Sources: bulwiengesa, Engel & Völkers Residential

Current as of: 01.06.2021

Interview with a local expert



Stephan-Andreas Philipp & Thilo Preller
Engel & Völkers Development Services
Stuttgart

How is Stuttgart's market for residential projects currently developing? What impact has the corona pandemic had on the market?

Most recently there has been a slight increase in the number of new-build projects in Stuttgart. At around 9,000 euros/m², price levels in districts halfway up the surrounding hills are, in particular, very high. There are, however, sufficient offerings in the luxury segment to meet demand and longer selling cycles are thus not unusual. Demand is strongest in the lower and medium price segments and this is increasingly resulting in attention being shifted to the city's peripheral districts, where prices are lower and family-friendly homes in green surroundings are available.

What impact has the corona pandemic had on the market?

There is a general trend for more living and outdoor space as well as for good transport connections to green spaces, which has undoubtedly been influenced by the corona pandemic. In more general terms, even during pandemic times demand for housing continues to significantly outstrip supply. Low interest rates and the imposition of so-called custodian fees mean that buying property remains an attractive option.

Are there any special forms of development in specific locations in the city?

Districts such as Plieningen and Vaihingen (peripheral areas) are benefitting from a shortage of offerings and

high prices in the city. In addition to this, exclusive new-build projects are being constructed in the areas located halfway up or at the top of the surrounding hills in Killesberg, Gänsheide and Degerloch. Demand also continues to be very strong in "classic" Stuttgart areas. Western and southern districts, for example, remain very popular.

What demand trends are you seeing in Stuttgart?

There is high demand for family-friendly apartments from 100 m² in size and houses. Due to the corona pandemic



Extensive refurbishment:

Homes in a high-rise bunker near vineyards

Stuttgart-Untertürkheim

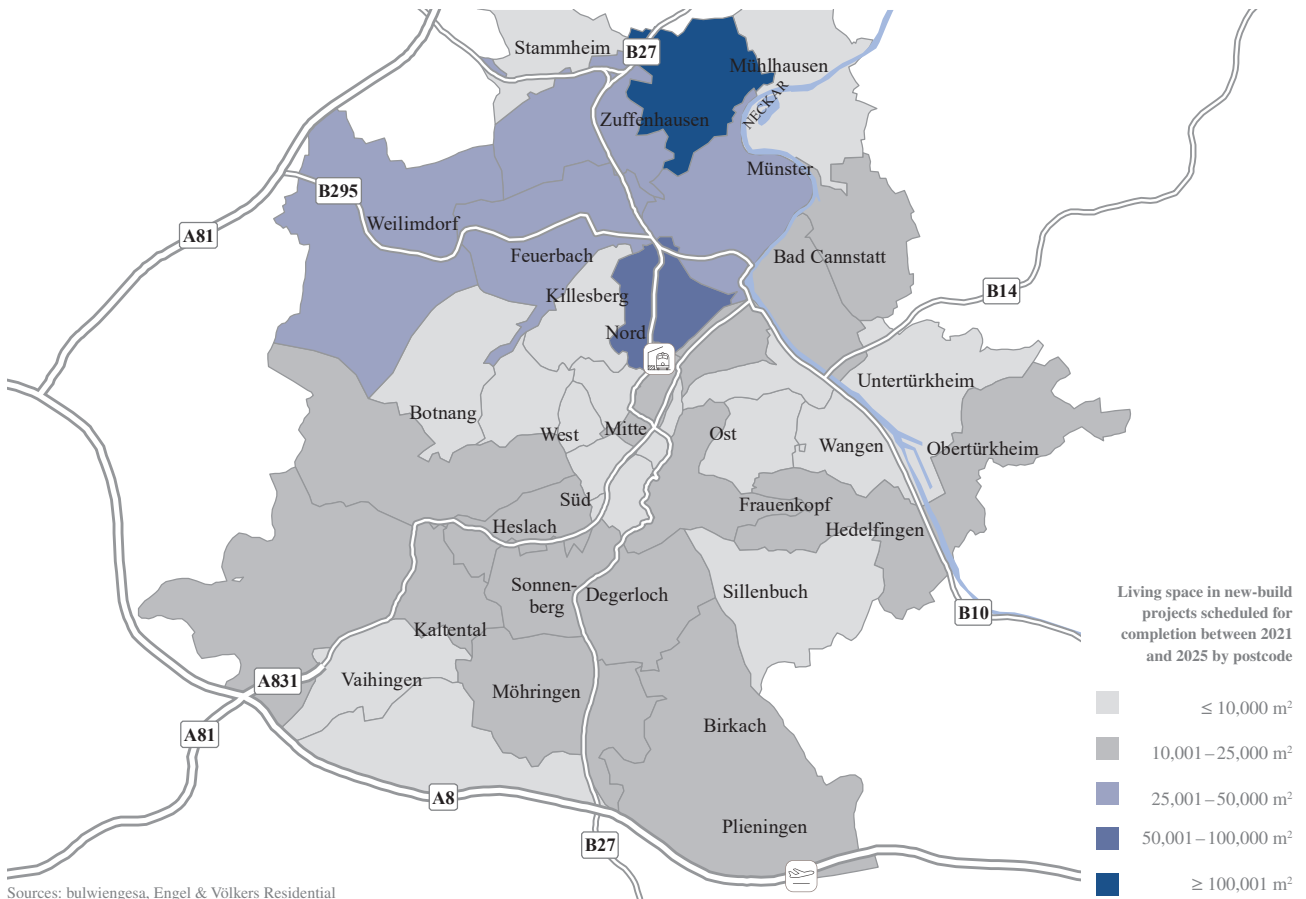
Residential units: 5

Number of rooms: 4

Room areas: Approx. 129 – 135 m²

Prices: From 919,000 euros

Planned residential projects by living space

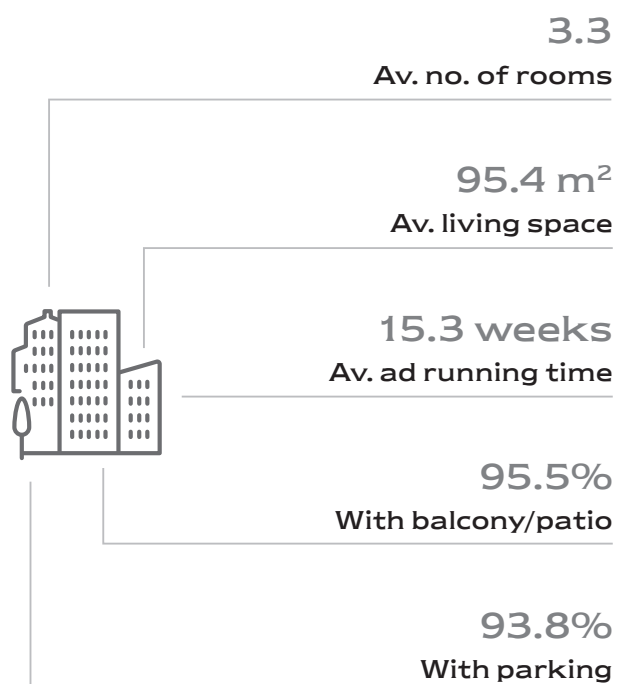


there has been a general increase in space requirements, with many people wanting room to work from home and generous outdoor space. Over and above this, buyers place great value on open-plan layouts and high-quality fixtures and fittings. The energy efficiency of buildings is also becoming more and more important. Demand in peripheral regions which have good transport connections to Stuttgart has risen significantly. In the new-build segment small units remain popular with capital investors.

How will Stuttgart's new-build market develop in future?

Going forward, the Stuttgart market will continue to be defined by strong demand. Supply, in contrast, will be limited by restricted options for expansion. As a result, increases in building density will become an ever more important topic. Peripheral regions will continue to benefit from high prices levels in the city centre in future and prices in the former are expected to continue to rise.

New-build apartments in Stuttgart 2021



Sources: VALUE market database, Engel & Völkers Residential

Stuttgart's hinterland - A growth region



Anton Wenz
Engel & Völkers
Development Services
Stuttgart Hinterland

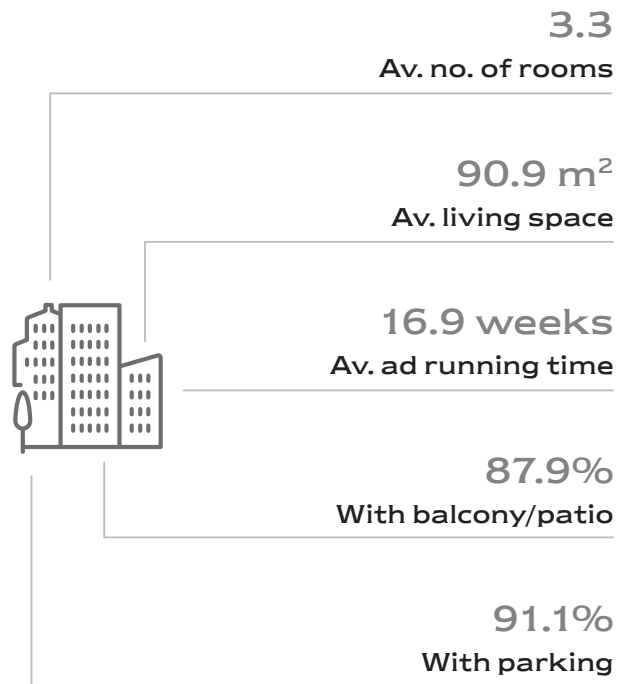
How is the market for residential projects currently developing in Stuttgart's hinterland?

Property prices in the areas surrounding Stuttgart are currently continuing to rise. Although the number of new-build apartments has increased slightly, excess demand for all types of housing remains a problem. Detached, semi-detached and townhouses are becoming more popular, however are becoming more and more rare. Buyers in the region are placing greater value on a fourth, extra room, particularly for use as a home office and are also prepared to move to Stuttgart's suburbs to get it.

What impact has the corona pandemic had on the market?

In general, own-use properties have become even more sought-after, which has also led to a rise in prices. Ground-floor garden apartments are attracting more attention, as are apartments with a balcony or patio. Many potential house buyers, however, are satisfied with a smaller garden and prepared to do without a larger plot. Young families in particular are open to moving to rural

New-build apartments in Stuttgart's hinterland 2021



Sources: VALUE market database, Engel & Völkers Residential

regions as long as these can provide a decent infrastructure, while young couples are looking for apartments with at least one additional study or child's bedroom. There has been a noticeable drop in the number of home owners moving for work-related reasons, thus fewer properties are coming onto the market in all price classes.

Are there any special forms of development in specific cities or communities?

Cities and communities located on S-Bahn rapid transport



Project: "Lucky Lu" West Stadt district

Ludwigsburg
Residential units: 38
Commercial units: 3
Number of rooms: 1 – 5
Living area: 30 – 150 m²
Prices: 249,000 – 1,049,000 €

Prices quoted for new-build freehold apartments

Parishes	Number of new-build apartments offered	Ø-Price quoted 2020 in euros/m ² (Δ 2019)
Leonberg	154	5,954 (+7.3%)
Sindelfingen	123	5,952 (+9.3%)
Ludwigsburg	105	6,242 (+10.5%)
Herrenberg	99	4,837 (+7.4%)
Leinfelden-Echterdingen	60	5,636 (+2.0%)
Böblingen	44	5,584 (+16.1%)
Korntal-Münchingen	43	6,139 (+25.7%)
Filderstadt	41	5,191 (+13.4%)
Remseck am Neckar	28	5,242 (+8.0%)
Kornwestheim	24	6,198 (+5.0%)

Sources: VALUE market database, Engel & Völkers Residential

and underground lines are extremely popular. In addition to this, demand for homes in small communities which have good traffic connections due to their proximity to motorways or national roads is high and continuing to grow. As a matter of principle, there is a strong focus on towns and cities such as Ludwigsburg, Ditzingen, Korntal, Leonberg, Gerlingen, Renningen, Böblingen, Sindelfingen, Herrenberg or Leinfelden-Echterdingen.

What demand trends are you seeing in Stuttgart's hinterland?

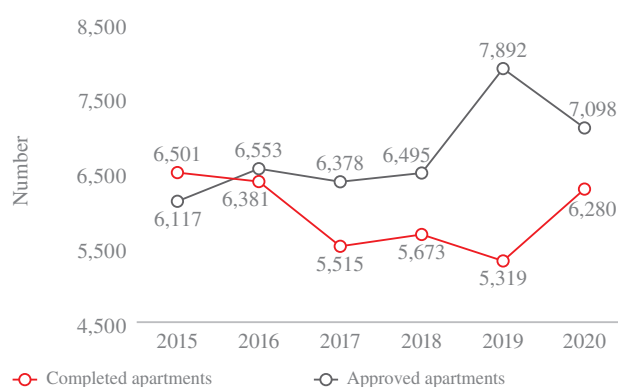
In the owner-occupier segment there is a trend for apartments with three or four rooms. The most popular type of apartment at present is a four-room ground-floor apartment with a garden and at least 105 m² or more living space. Among capital investors there is, in contrast,

a continuing trend for one- to two-room apartments. Over and above this, there is extremely strong demand for semi-detached houses and townhouses with small plots. In terms of location buyers are looking for somewhere close to the centre, whereby the property should not be on a busy road.

How will the new-build market develop in Stuttgart's hinterland in future?

Houses in particular will continue to rise in value in the popular hinterland areas. As regards larger apartments in direct proximity to Stuttgart, it would appear that we are gradually reaching a peak in prices, whereas prices for larger apartments in rural areas are rising and slowly reaching the same level as in larger towns and cities.

Construction activity*

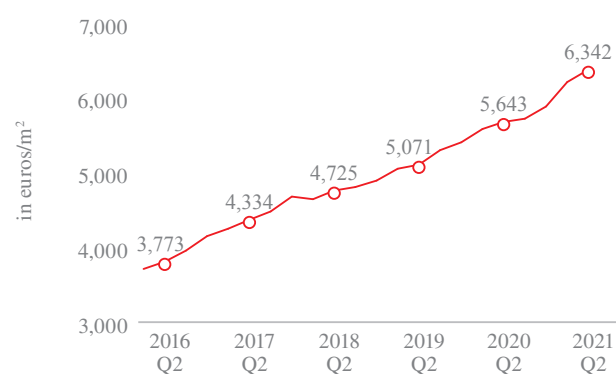


○ Completed apartments ○ Approved apartments

* Rural districts bordering Stuttgart

Sources: empirica-regio, destatis, Engel & Völkers Residential

Prices quoted for new-build freehold apt.*



○ Price quoted (new-build) * Aggregate of the most important parishes

Sources: VALUE market database, Engel & Völkers Residential

Thuringia - A growth region



André Dufft
Engel & Völkers
Development Services
Thuringia

How is Thuringia's market for residential projects currently developing?

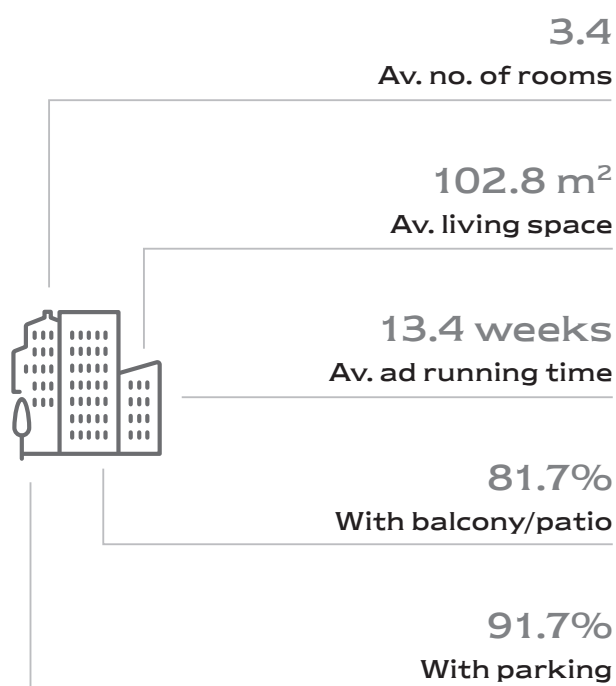
For several years now Thuringia has been experiencing a steady inflow of new residents to the larger conurbations. The resulting demand for housing can only be met by constructing new multi-floor buildings, particularly since vacant plots in cities are becoming increasingly scarce. Urban planners are thus focusing on multi-floor housing. It can therefore be assumed that demand for residential projects will continue to increase.



What impact has the corona pandemic had on the market?

Despite the current corona situation there has been a noticeable rise in demand on the residential market. To what extent the pandemic will have a long-term impact on the overall real estate market is largely dependent on how long restrictions continue to be imposed on the population and economy. The home as a safe haven and, increasingly, as a place to work has gained enormously in significance and is more important than ever.

New-build apartments in Thuringia 2021



Sources: VALUE market database, Engel & Völkers Residential

Industrial style loft apartments at the Alte Mühle (Old Mill)

Erfurt-Vieselbach
Units: 7
Living area: 69 – 144 m²
Large patios/ balconies

Prices quoted for new-build freehold apartments

Independent cities/Rural districts	Number of new-build apartments offered	Ø-Price quoted 2020 in euros/m ² (Δ 2019)
Erfurt	129	3,629 (+2.1%)
Jena	88	4,176 (+11.6%)
Gotha	46	2,809 (+2.1%)
Ilm-Kreis	46	3,031 (+15.2%)
Weimar	29	3,516 (+7.7%)
Gera	26	3,101 (+11.9%)
Sonneberg	15	2,872 (-)
Wartburgkreis	14	2,214 (+3.5%)
Suhl	13	2,697 (+3.5%)
Weimarer Land	12	2,583 (+4.8%)

Sources: VALUE market database, Engel & Völkers Residential

Are there any special forms of development in specific cities?

In Erfurt, Weimar und Jena, the region's most popular locations, real estate prices are continuing to rise. They have also gone up in popular areas in the hinterland. Demand is thus also increasingly strong outside of city boundaries. Over and above this, in addition to cheaper rural areas, almost all Thuringian towns with a local character are characterised by price peaks for modern, premium properties in high-demand locations.

What demand trends are you seeing in Thuringia?

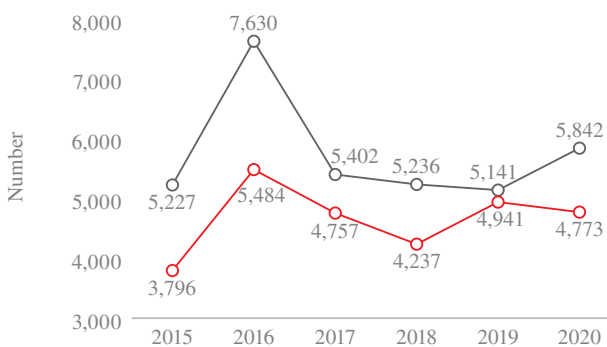
We are currently seeing very strong demand for premium apartments in good to prime residential locations, both for own use and as investments. In addition to location, high-end fixtures and finishes with all the convenience of modern living are key factors for property buyers. These

include a balcony, a lift, smart home technology, a second bathroom as well as energy efficiency and a modern architectural style. Capital and property investors are also increasingly turning their attention to large-scale new-build projects such as apartment buildings and residential complexes.

How will Thuringia's new-build market develop in the future?

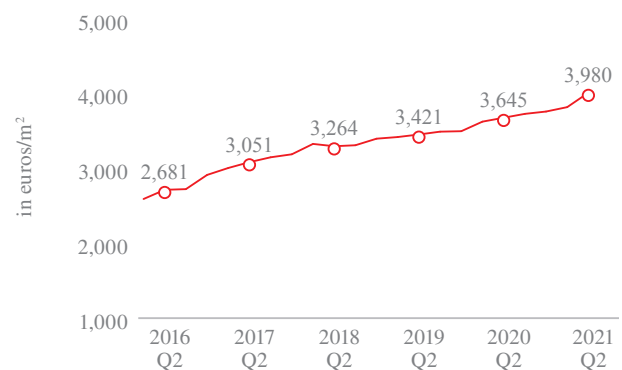
Home ownership has become much more important, with the majority of people still dreaming of buying their own four walls. This is a clear indication that there will be continuing demand for home ownership and that the gap in supply and demand will remain or may even widen. Thus, our conclusion is that purchasing a home has never been more attractive!

Construction activity



○ Completed apartments ○ Approved apartments
Sources: empirica-regio, destatis, Engel & Völkers Residential

Prices quoted for new-build freehold apt.*



○ Price quoted (new-build) * Average: Erfurt, Weimar, Jena, Gera
Sources: VALUE market database, Engel & Völkers Residential



ENGEL & VÖLKERS DEVELOPMENT SERVICES

Forward-looking concepts for long-term benefits

The range of services we offer is tailored to each project's location, type, scale and scope. Not every project requires every service, but all projects benefit from our involvement early and in every aspect of the process.

Competent advice from a single firm is becoming ever more important for the planning and implementing of real estate projects. It is becoming more difficult to build housing in urban conurbations in particular. Various complex factors must be taken into account for real estate development process. They include the demanding requirements and special needs of today's tenants and buyers. Usage and location analyses must also be carried out and target group-specific design concepts must be produced. Comprehensive expert advice on purchasing land; project conception; project management and marketing services all from one firm ensures that everything is done to meet the schedule and that real estate development runs smoothly for all involved. In addition to this, cooperation with Engel & Völkers ensures as early as the design phase that the future property will be ideally suited to the demands of the market so that your real estate development project is a success.

The brand addition "Development Services" positions Engel & Völkers as a strong partner providing consulting and marketing services for real estate development projects from the beginning to the very end. From the idea to the concept to marketing of real estate projects, Development Services encompasses all the services which Engel & Völkers offers to investors and project developers for main or second homes in Germany and abroad. Take advantage of our national and international network's over 40 years of expertise in the residential property market. Monthly sessions to share experiences with experts in Germany and close cooperation between our offices allow access to several thousand clients searching for real estate; the exchange of information regarding market and residential trend developments and extensive new development know-how. In addition to this, we have an "International Board", a team of new development experts drawn from five countries.



Your marketing success is our top priority – Our experts will accompany you on the journey to get there. Visit the **Engel & Völkers Development Services homepage**.

1. Concept

From land acquisition to target group analysis – we can help get your project off to an optimum start.

- Target and needs oriented land or property acquisition
- Location analyses based on continuous market and trend research
- Detailed market and competition analysis
- Definition of the profiles and priorities of target buyer groups
- Identification of use-specific market characteristics



2. Project development

Whether layout, unit mix or amenities, we will assist you to implement your plans in line with the market.

- Advice on the optimisation of layout sizes and characteristics
- Assistance with unit mix planning
- Recommendation of fixtures and finishes
- Sound initial pricing recommendations for your project Development of a tailored marketing concept



3. Marketing services

From strategic project marketing to contract closure, we can smooth your path to successful sales.

- A dedicated project team made up of specialists
- Review and advice on the suite of sales and notarisation documents Handling of visits and open-house dates
- Assistance with buyers' unit specifications
- Assistance with meetings to fit out show properties
- Ongoing reporting on all marketing activities
- Negotiation of contracts and handling of closure



4. After Sales

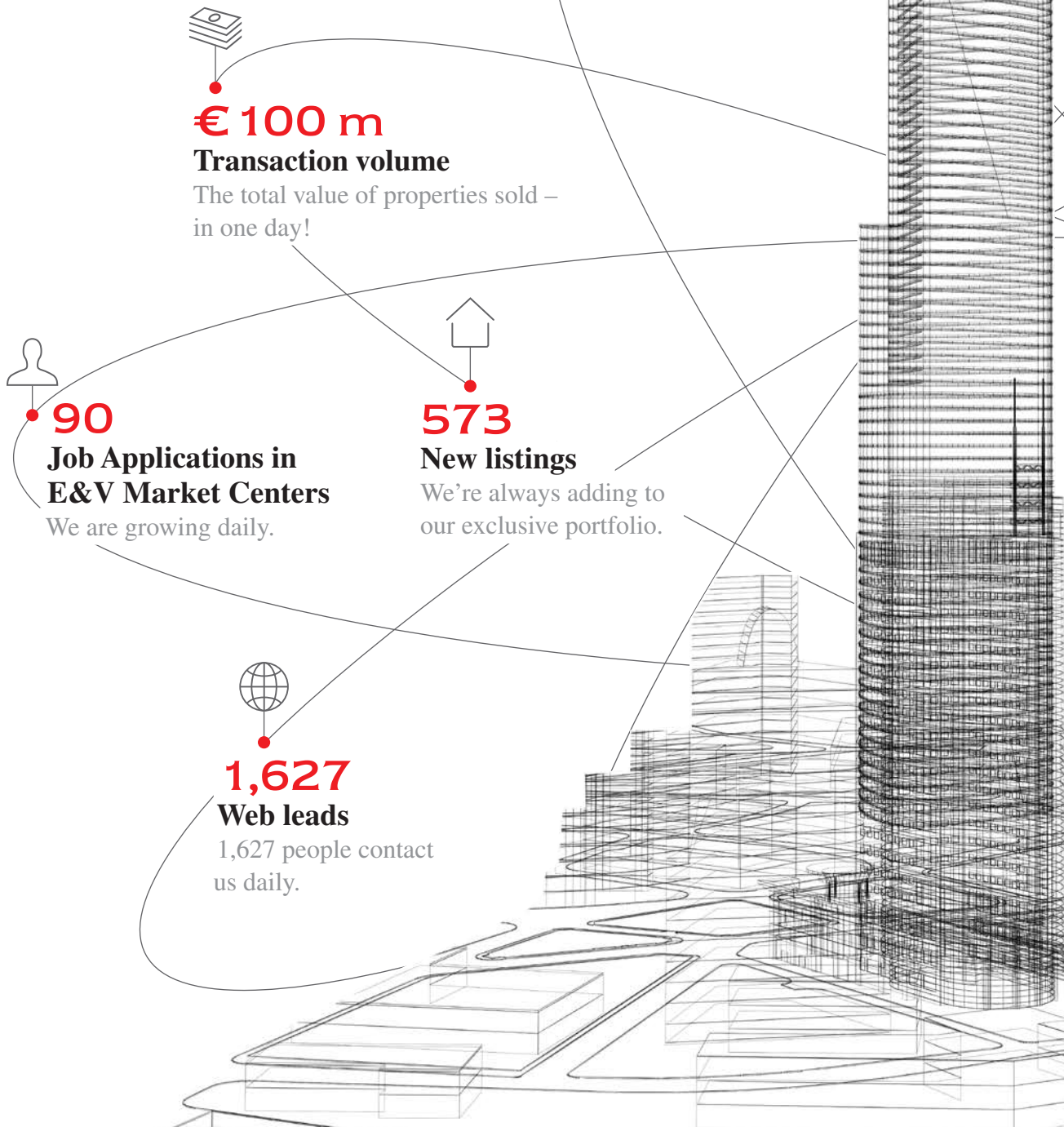
From leasing of individual units to final reporting, we can also assist you following handover.

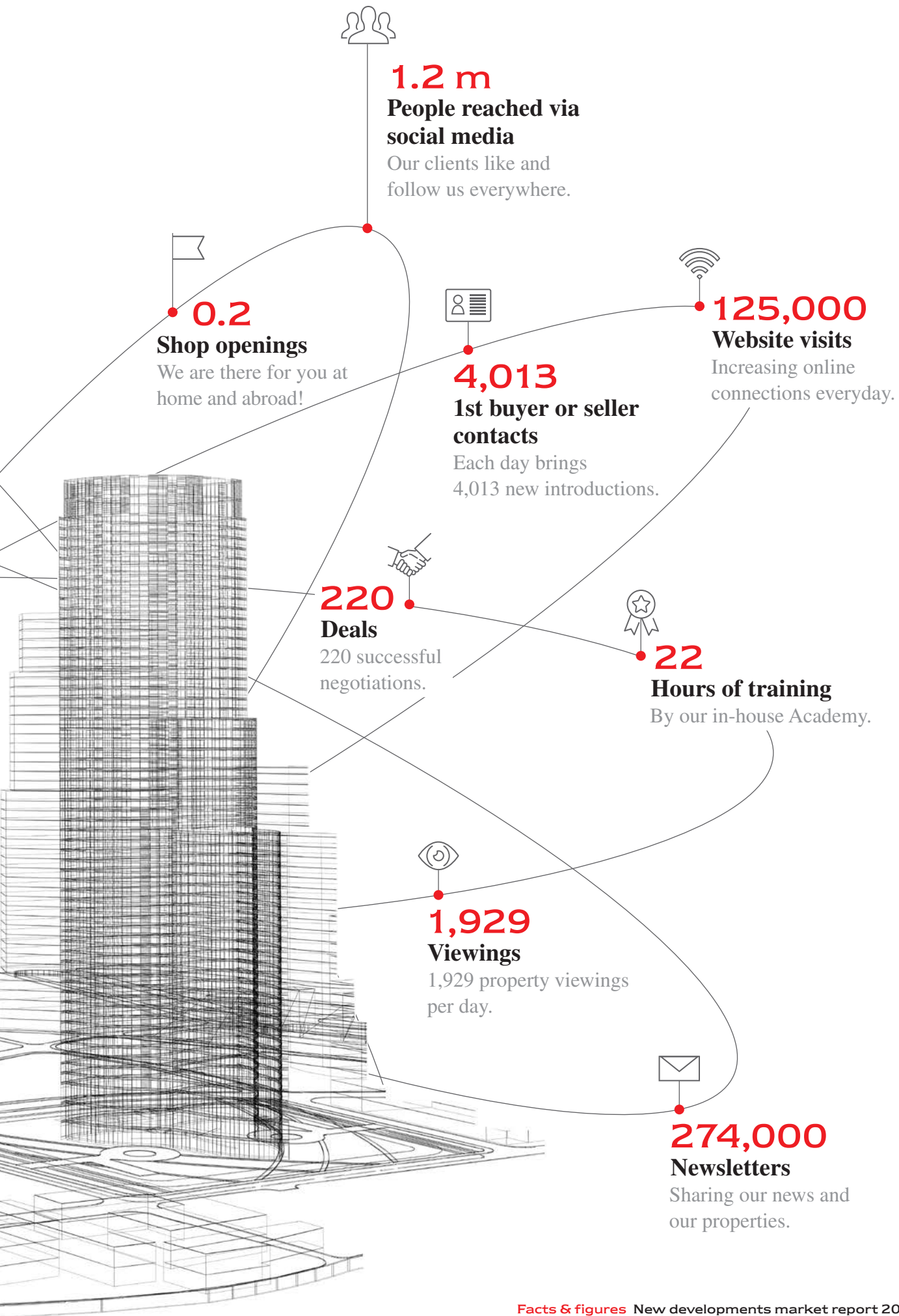
- Communications with clients until completion of closure
- Individual financing concepts produced by Engel & Völkers Finance Leasing of units for capital investors
- Detailed final project reporting
- Project-specific event management



24 hours at Engel & Völkers

Our brand strength and global network drive engagement 24/7, opening up a world of opportunities for your project.





Well-informed on every topic

The following section provides useful notes and explanations regarding the terms, diagrams and figures used in this market report.

New development:

'New development' is the term used to describe the sale of individual residential units in newly constructed and/or fully redeveloped properties. The residential units are often sold prior to completion of the project.

Figures:

Population figures are based on information provided by communal statistical offices. They include all residents with a registered main place of residence as of 31.12.2020.

Purchasing power refers to available per capita income (net income excluding taxes and social insurance contributions and including any benefits received) of a city's population. The data was obtained from Nexiga GmbH and dates from 2021.

The '**market active' vacancy rate** is based on information provided in the CBRE-empirica vacancy index (as of 31.12.2019).

Home ownership rate describes the percentage of all residential units in a city which are used by the owners themselves. The index refers to the national German average of 43.7%. Figures are based on data provided by the German Federal and State Statistical Offices (current as of 31.12.2020).

Rents quoted are based on evaluations of the VALUE market database. This refers exclusively to newly constructed properties. Evaluation period: The 1st half of 2021 and the 1st half of the preceding year for comparison.

New-build transactions:

Transactions are the result of properties sold within the scope of normal business transactions and their corresponding turnover volume (transaction volume) for the relevant city. In this context, new-build transactions are usually the first sale of apartments which were completed in the reporting year or in the two years prior to this. For the period up to and including 2016 in Frankfurt only the reporting year and the preceding year were taken into consideration.

Prices quoted:

Prices quoted for each quarter are based on evaluations of the VALUE market database and refer exclusively to newly constructed properties. Price quoted for each city district are based on the same source and relate to offerings in 2020.

Prices by locations:

The purchase price ranges for new-build apartments are stated in euros/m² and based on estimates made by Engel & Völkers Residential. The forecast arrow indicates the estimate for the second half of 2021 for the relevant market under consideration.

Construction activity:

The "Construction activity" diagram shows the total of all residential units completed or approved in the period under consideration and is based on data provided by the German State Statistical Offices or the German Federal Statistical Office, all up to the cut-off date of 31.12. of the stated year.

Completed residential projects:

The number and living area of completed residential development projects are based on data provided by bulwiengesa AG. From 2021 onwards the projects stated for each year are those which are expected/forecast to be completed in that year. This forecast is also based on data provided by bulwiengesa AG.

Number of rooms:

The average number of rooms refers to the mean value for the number of rooms in the apartments offered in the 1st half of 2021. This information is based on evaluations of the VALUE market database and refers exclusively to newly constructed properties.

Living area:

The average living area refers to the mean value for the floor space of the apartments offered in the 1st half of 2021. This information is based on evaluations of the VALUE market database and refers exclusively to newly constructed properties.

Advertisement running time:

The average advertisement running time refers to the average length of time before an advertisement was taken offline. The median value is used. This information is based on evaluations of the VALUE market database and refers exclusively to newly constructed properties.

Balcony/patio proportion:

This refers to the proportion of apartments which were offered with a balcony/patio. This information is based on evaluations of the VALUE market database and refers exclusively to newly constructed properties.

Proportion with parking:

This refers to the share of apartments which were offered with parking on the property. This information is based on evaluations of the VALUE market database and refers exclusively to newly constructed properties.

YOUR CONTACT FOR NEW DEVELOPMENTS AT THE EXAMINED LOCATIONS

Wherever you are, we are there.

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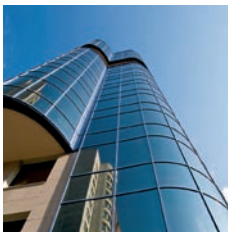
We are also represented at over 270 further locations in Germany.

Our diverse company profile



ENGEL & VÖLKERS

The success story of Engel & Völkers began in 1977 when the company started brokering prestigious residential property. Our strong brand is now bolstered by an acclaimed franchise system with a unique shop concept and a comprehensive range of services, as well as innovative marketing and IT capabilities.



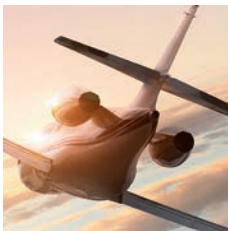
ENGEL & VÖLKERS COMMERCIAL

The Commercial division, founded in 1988, specialises in the brokerage of multi-purpose apartment and office blocks, office, industrial and retail space, agriculture and forestry, hotels and investment portfolios – and is represented with commercial offices in Europe, South Africa, South America, and the Middle East.



ENGEL & VÖLKERS YACHTING

Since 2007, the Yachting division has also formed a part of Engel & Völkers' comprehensive range of services. Alongside the brokerage of high-end yachts, this incorporates a charter service and management of new constructions and refitting projects.



ENGEL & VÖLKERS AVIATION

Our company's Aviation division was launched in 2015. It is dedicated to the global brokerage of business aircraft and private jets – from a charter service to sales, and from small propeller aircraft through to superjets for transatlantic flights.



ENGEL & VÖLKERS CHARITY

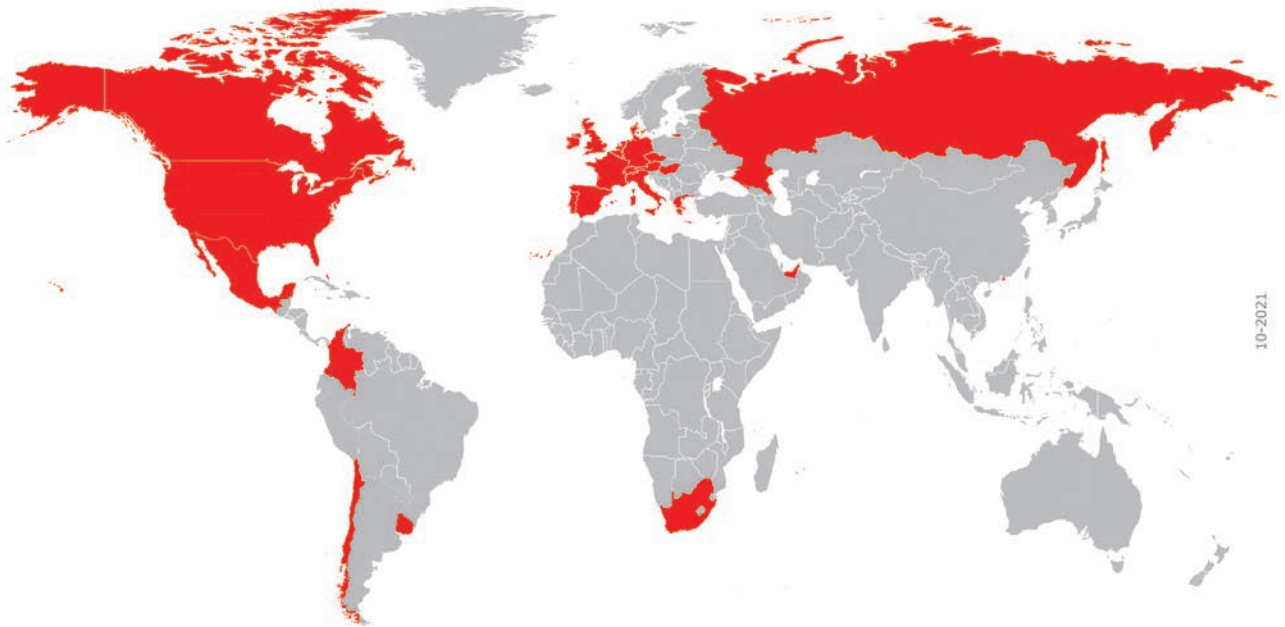
As part of our commitment to corporate social responsibility, we founded the Charity e.V. in 2008. With our primary school project in the village of Agbetiko, we aim to work with our cooperation partners to give the children there a dignified future. More information can be found at www.engelvoelkers.com/charity



As an independent magazine, GG offers enjoyment at its most sophisticated. Insightful interviews, trends and news from the worlds of architecture, lifestyle, design, fashion and luxury travel feature alongside exclusive homes and yachts from around the globe. Published quarterly in six languages, GG has a circulation of 300,000 copies.

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Hamburg, September 2021

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