

PRESS RELEASE

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New study published by DZ HYP: Real Estate Market Under "Corona Scrutiny"

- » Majority of five asset classes analysed showing a robust performance
- » Rents and purchase prices of residential real estate continue to rise
- » Subdued outlook for the retail and hotel sectors

So far, the German real estate market has weathered the stress test imposed by the COVID-19 pandemic, which has been raging for about six months, rather well. Although the retail and hotel sectors have been particularly hard hit by the lockdown, rents and purchase prices have largely maintained their high levels. Residential real estate provided the strongest performance, with demand remaining stable throughout the course of the year to date. Rents and purchase prices showed a slight increase. Transaction volumes of commercial investments declined during the second quarter; however, this decline was moderate against the background of low interest rates and the persistent yield pick-up over bonds. Accordingly, real estate investments have remained the asset class of choice for many investors. Within commercial real estate, logistics properties in particular have been benefiting from good prospects.

These are the key findings of "Real Estate Market Under 'Corona Scrutiny'", a current research study conducted by DZ HYP covering private and commercial housing markets as well as the office, retail, logistics and hotel segments. By way of introduction, the study covers the challenging economic environment and demographic developments. This is followed by an analysis of rents and purchase prices, investment volumes, yields, and new construction activity in the asset classes covered.

Dr Georg Reutter, Chief Executive Officer of DZ HYP, explained: "As expected, investment activity in residential and commercial real estate has slowed down this year. However, the environment of low interest rates and bond yields has remained unchanged. Whilst we see

challenges in the retail and hotel segments, other asset classes – such as housing and logistics – have proven to be robust. Given the developments shown to date, we are cautiously optimistic for the coming months. Contemporary properties in good locations will continue to play an important role for investors going forward.”

The full study, with detailed results, is available for download from our website www.dzhyp.de, or can be ordered from DZ HYP. The charts are also available upon request.

About DZ HYP AG

DZ HYP is a leading provider of real estate finance in Germany as well as a centre of competence for public-sector clients within the Cooperative Financial Network. DZ HYP services its clients and business partners with a comprehensive range of products and services from its three business divisions of Corporate Clients, Retail Customers, and Public Sector. The Bank's nationwide presence comprises two Head Offices (Hamburg and Munster), plus Regional Centres in Germany's economic centres and Regional Offices across Germany. Please visit www.dzhyp.de for more information.

Contact

Julia Jordan
Head of Communications and Marketing
DZ HYP AG
Rosenstrasse 2
20095 Hamburg, Germany
Telephone: +49 40 3334-2583
E-mail: julia.jordan@dzhyp.de