

Market Trends

Germany

Q2 2009

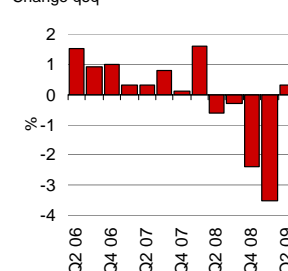
Economy

12-Months-Outlook ↘

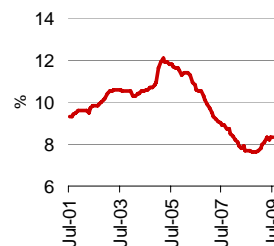
The severest contraction of Germany's economy after World War II peaked in Q1 2009, mainly caused by a slump in exports and companies' investments. However, the positively tending early warning indicators that had already indicated the imminent end of the recession are now being confirmed by positive GDP growth in Q2 2009. In contrast, the labour market that remained quite firm over the last months is expected to deteriorate significantly. This, in turn, will burden private consumption.

GDP

Change qoq



Unemployment Rate

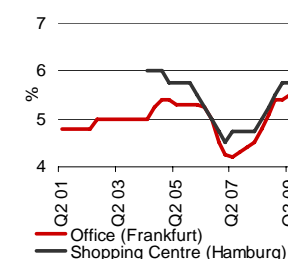


Investment

12-Months-Outlook →

The deepest corrections on the German investment market seem to be over as expected market value changes for the next 12 months are less negative than for the last 12 months. However, transaction activity particularly regarding office properties remains on extremely low levels. This situation is expected to continue during the rest of the year as in addition to malfunctions of the capital markets gloomy perspectives on the letting markets will constrain investor's confidence.

Prime Yields



Market Value Changes

Real Estate

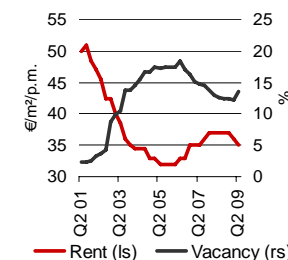
	Previous 12 Months	Outlook 12 Months
Office	-10%	-5%
Retail	-10%	-5%
Multi-Family	-5%	0%

Office

12-Months-Outlook ↘

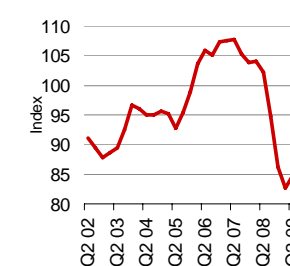
Following the economic cycle with a time-lag of several months, the upswing on the German office markets has just begun. As yet, most visible is the significant decline in take-up figures, reflected by recently risen vacancy rates and falling prime rents. Letting conditions turn to the favour of tenants who, however, react very cautiously as the latest rebound of the economic sentiment comes from historical low levels. Only a limited development pipeline will give release from the supply side.

Office Frankfurt



Economic Sentiment

Ifo-Index



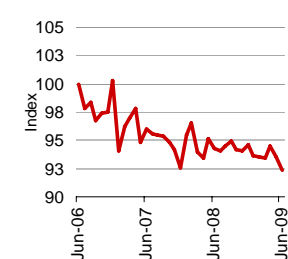
Retail

12-Months-Outlook ↘

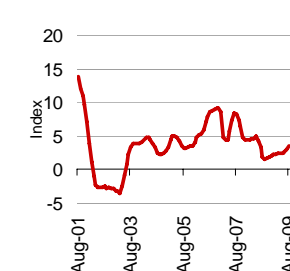
Despite the heavy recession, the retail sector remained comparatively robust as low inflation and governmental stimulus packages strengthened private consumption. Consumer confidence rebounded slightly, however, disposable income starts to deteriorate. The environment for retail companies gets negative, especially department stores and owner-operated shops suffers from the crises. Demand for prime retail space is now slightly restrained, retailers act more price sensitive.

Retail Sales

Volume, SA, June 2006 = 100



Consumer Confidence



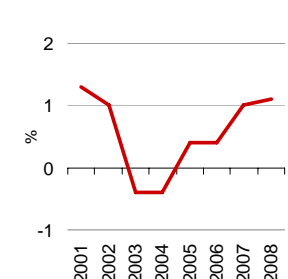
Residential

12-Months-Outlook →

The German housing market remains both unstressed and anemic at the same time. Low home ownership rate and only slightly increases in house prices over years point to low dynamic on the demand side. On the supply side, new orders and housing permits also consolidated on low levels. Slightly decreasing lending volumes, interpreted as households' rising cautiousness rather than stricter lending conditions, indicate that no vitalisation of the residential market is likely in the medium term.

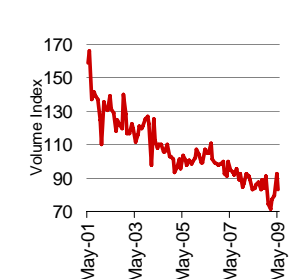
House Prices

Change yoy



Construction

New Orders, Volume Index, SA



ZRP-RAC Research

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