

REAL ESTATE MARKET REPORT Rhine-Neckar 2023

Office | Retail | Commercial | Investment
In focus: On the path to a sustainable region

www.standorte-rhein-neckar.de

Peter Johann, Managing
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Rhein-Neckar GmbH



Dear Readers,

The Rhine-Neckar Metropolitan Region is a powerhouse in Europe. To further expand this position, business, municipalities, universities and politics are working closely together here. Especially in these challenging times, this is all the more important. "When the sky is covered with dark clouds, you have to create your own rays of hope." The rays of hope in the Rhine-Neckar region are the many advances in areas such as research, digitization and health, as well as our activities as a hydrogen model region. They make our region interesting for investors.

The opportunities for the real estate market are therefore good. In this report, we would like to give decision-makers and investors sound insights into the relevant submarkets of the real estate industry. The topic of sustainability plays an important role here. In this issue's focus article, we take a close look at the region's development toward a more environmentally friendly future. In particular, we look at companies' growing awareness of ecological issues and their increasing commitment to sustainable change. This includes energy-conscious construction, renovation and neighborhood management. We strive to become a model region for climate-friendly building and would like to encourage private builders to recognize and embrace their role in shaping a sustainable region.

We hope you enjoy reading this report!

A handwritten signature in black ink, appearing to read 'P. Johann'.

Peter Johann

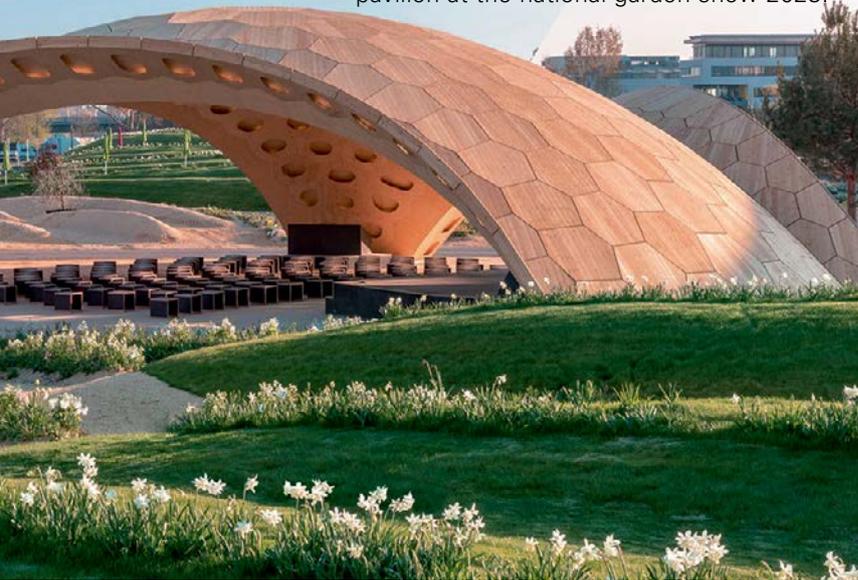


28 **Market Segment: Retail**
Downtown retail filled
with life again in 2022.

Title Image

The new headquarters of the Pfalzwerke Group found its place in the middle of Ludwigsplatz's city center. On the former C&A site not far from Berliner Platz, Pro Concept Holding AG erected the office building, which was completed in 2022, replacing the old premises in the South district.

04 Location: Rhine-Neckar
 The Rhine-Neckar Metropolitan Region presents itself and numerous institutions in the wooden pavilion at the national garden show 2023.



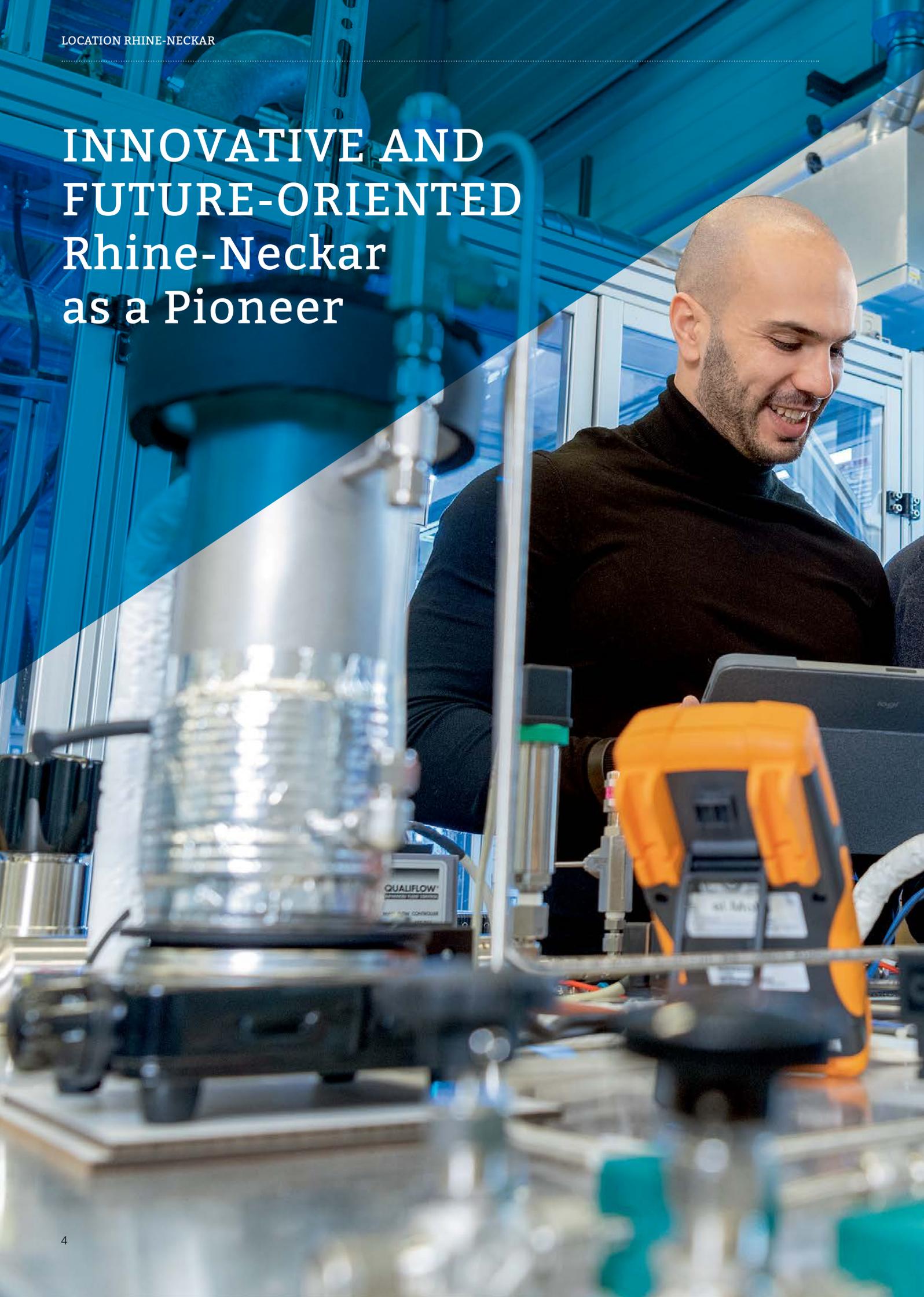
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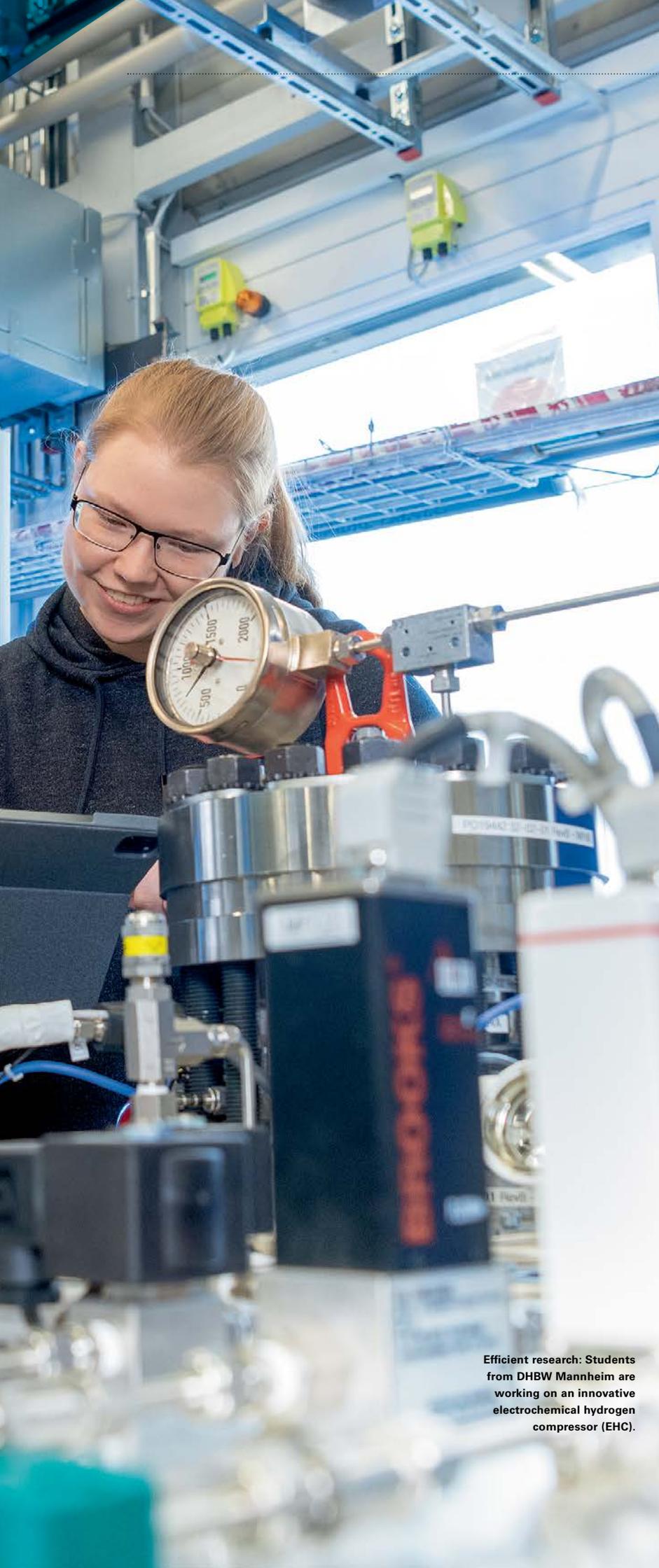
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 Investors in logistics and production facilities continue to rely on the Rhine-Neckar region as location.



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INNOVATIVE AND FUTURE-ORIENTED Rhine-Neckar as a Pioneer





Efficient research: Students from DHBW Mannheim are working on an innovative electrochemical hydrogen compressor (EHC).

Sustainably successful, smart, and future-proofing. That is the Rhine-Neckar Metropolitan Region. Thanks to innovative technologies, efficient infrastructures, and strong networks, where business, administration, politics, and society collaborate on the solutions for tomorrow.

When it comes to innovation strength, the Rhine-Neckar Metropolitan Region is at the forefront in comparison to other regions in Germany. This is evident from a study conducted by the Centre for European Economic Research (ZEW) in Mannheim. The region not only demonstrates high innovation performance in areas such as research and development, patent applications, and knowledge-intensive start-ups, but it is also home to numerous well-connected intermediaries: economic development agencies, clusters, technology centers, startup initiatives, chambers, and venture capitalists. This positions the region well to intelligently combine its traditional strengths in chemistry, biotechnology, IT, and production technologies with future-oriented topics such as hydrogen, bio-economy, and e-government.

Regional responses to the challenges of the energy transition

Since the outbreak of the Ukraine war in 2022, our energy security has been threatened. Action is now required to implement the energy transition promptly. The demands placed on future energy generation are high: it should be crisis-proof, climate-friendly,



Refueling with hydrogen for a clean future: Groundbreaking ceremony for the new hydrogen distribution center in Mannheim as part of the South Hydrogen Week.

Investing in hydrogen supply is a step towards the energy transition.

HYDROGEN IN LOGISTICS

As the world's largest manufacturer of commercial vehicles, Daimler Truck in Wörth am Rhein is already producing fully electric trucks. Taking a step further, the company aims to utilize hydrogen fuel cell technology and is conducting test drives as a precursor to serial production.

and affordable. The Rhine-Neckar Metropolitan Region has ready-made answers: here, there are discussion platforms such as the Energy Forum that bring together business, politics, and science for lively exchanges on the transformation of energy supply and the possibilities of intensified energy efficiency. However, the region also offers innovative projects that demonstrate how the various requirements for energy generation can harmonize.

At the end of June 2022, the Rhine-Neckar Metropolitan Region made a clear statement in favor of utilizing the alternative energy carrier with the groundbreaking ceremony for the "H2 Hub," a hydrogen distribution center in Mannheim. This central high-pressure

filling center will supply three tons of hydrogen per day for mobility applications and provide industrial customers in the region with green-certified H2. The "H2 Hub" is part of the "H2Rivers" and "H2Rhine-Neckar" projects, which are supported by the federal government and the state of Baden-Württemberg. These projects aim to plan and scale the entire value chain of hydrogen. Sustainability is also a trump card in other respects: many industrial companies in the metropolitan region are increasingly orienting themselves towards natural material cycles and relying on biological resources and processes. Bioeconomic approaches thus become important drivers of resource-efficient economic practices.

However, the best ideas are of no use if the implementation takes too long. That's why regional development, with its e-government projects, promotes the acceleration of administrative procedures. To ensure a continuous flow of innovations, the digital infrastructure must be in place. In this regard, the Rhine-Neckar Metropolitan Region takes a

The attractiveness of the region and its companies aims to counteract the shortage of skilled workers.

leading position nationwide. Recently, the new broadband portal has been ensuring faster processes in fiber optic expansion. The digitized application processes improve the exchange of information between applicants and relevant authorities, ensuring that businesses, municipalities, citizens, and visitors benefit from widespread high-speed internet and efficient administrative procedures.

But that's not all: the entire Rhine-Neckar Metropolitan Region is set to become "smart and sustainable." Numerous pilot applications contribute to this goal, supported by the Verband Region Rhein-Neckar (VRRN), the Metropolregion Rhein-Neckar GmbH (MRN), the city of Heidelberg, the Rhine-Neckar district, and other partners under the project "Das WIR wirkt. Smarte und nachhaltige Metropolregion Rhein-Neckar."

MORE OPPORTUNITIES

For more information about the skilled worker campaign of the MRN, please visit www.mehr-rhein-neckar.de.

(The WE has an impact. Smart and sustainable Rhine-Neckar Metropolitan Region). The agenda includes exploring ways to permanently reduce CO₂ emissions through clever and seamless mobility options for work and leisure, as well as creating new impulses for tourism, cultural professionals, and leisure activities through innovative ideas and digitally supported tools.

The universities in the region play an important role in facilitating the transfer of ideas between academia, business, politics, and civil society. The collaborative project "Transfer Together" between the Pädagogische Hochschule (PH) Heidelberg and the MRN GmbH has successfully established sustainable networks of exchange, thus creating the conditions for sustainable regional development. The project, together with regional partners, has identified needs in various educational contexts and unlocked potentials for the implementation of smart educational spaces.

The success of such efforts is demonstrated by the educon Education Hackathon, which aims to find solutions for knowledge transfer challenges through collaborative creative processes and transform them into educational innovations. And the younger generation is also taken care of. With the funding programs "AUF!leben" and "Deine Lernbox," the MRN GmbH addresses learning and developmental gaps in children and adolescents that have arisen due to the pandemic. Approved projects include initiatives from sports, culture, arts, education, and other areas.

Making the attractiveness of the location visible to skilled professionals

In addition to the energy transition, digitalization, and education, the shortage of skilled professionals is the fourth major challenge on the path to creating a future-proof region. In this regard, the Rhine-Neckar Metropolitan Region is progressive. For the past 10 years, the funding program "unternehmensWert:Mensch" has been supporting

Diverse career opportunities in the Rhine-Neckar region: The new skilled worker campaign showcases opportunities and provides companies with the opportunity to participate.



small and medium-sized enterprises in developing employee-oriented and future-oriented HR policies through individual consulting services, thereby securing skilled professionals. The skilled workforce campaign launched by the MRN GmbH in March 2023, under the slogan "More Opportunities," showcases the attractiveness of the region and its companies on social media and the internet.

The promotion of entrepreneurship is also an important component on the path to attracting more skilled professionals, as demonstrated by the "START Rhein-Neckar" Start-up Day in 2022 at the MAFINEX Technology Center in Mannheim. Currently, business models in the field of green entrepreneurship, the social economy, and the IT sector are particularly popular. The skilled trades sector also sees significant potential for self-employment due to the climate, energy, and mobility transition. However, to activate these resources, sustainable networks are essential.

One of the best opportunities for networking is provided by the Real Estate Network Rhine-Neckar, which celebrated its tenth anniversary in 2022. The guiding principle of "together we are stronger" led to the official establishment of the network in 2012. Building contractors, property developers, architects, urban planners, insurance companies, banks, law firms, investors, real estate agents, property owners, and municipalities all belong to this strong alliance, which has now grown to over 100 members and remains stable even in times of crisis.

The aim of the consortium is to establish the Rhine-Neckar Metropolitan Region as an attractive, innovative, and competitive region in the commercial real estate sector, both nationally and internationally. The MRN GmbH is responsible for organizing the network: it not only initiates model projects and publications but also engages in press and public relations activities and actively

promotes the region through its presence at renowned commercial real estate fairs such as Expo Real and MIPIIM. Additionally, the MRN GmbH organizes annual real estate summer tours, during which journalists visit recently completed or ongoing construction

The real estate network Rhine-Neckar creates a strong sense of cohesion in the region.

projects. Furthermore, the network invites participants to various events throughout the year, such as real estate dialogues, partner meetings, and an annual reception. The stated goal is to connect stakeholders, address current topics, and convince investors of the diversity and potential of the location.

REAL ESTATE NETWORK RHINE-NECKAR
For more information, visit www.m-r-n.com/immobilienetzwerk



AT A GLANCE

Strategic growth areas:

- **Life Sciences & Health**
- **Hydrogen model region**
- **Digitisation & AI**
- **Chemical research**

Strong and highly dynamic business location

- **160,000** companies
- **980,000** employees subject to social security contributions
- **90** billion gross value added
- **9** listed companies with a market capitalisation of **€ 192.2** billion, **3** of which are listed on the DAX

Population and area

- **2.4** million inhabitants
- **5,600** km²
- **15** urban and rural districts
- Interstate

Education and research

- **30** international recognised research institutions
- **22** universities
- Approx. **90,000** students
- **16** Nobel laureates

Infrastructure and accessibility

- **8** motorways
- **22** kilometres of fast cycle path from Mannheim to Heidelberg
- **240** long distance trains daily from Mannheim main railway station:
 - 0h30** to Frankfurt International Airport
 - 3h00** to Paris Gare de l'Est
 - 2h43** to Munich main railway station

Real estate market

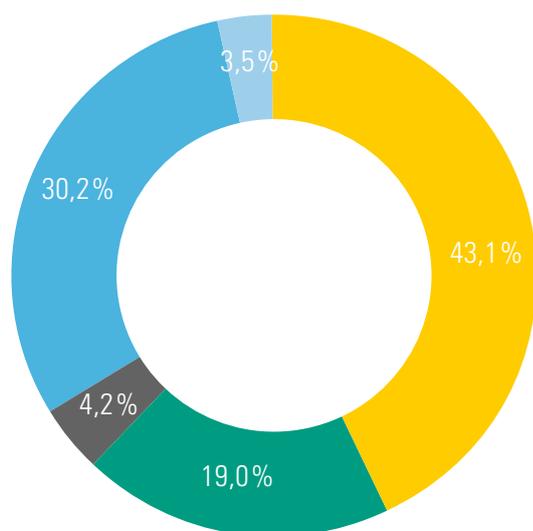
- **4.2** million m² of office space
- **121,000** m² of office space turnover
- **647** billion total transaction volume



The private grammar school Mannheim will be the new tenant in the office and logistics property Acreo, which ADLER Investment acquired by the end of 2022.

Office properties continue to be attractive for investors

Despite the decline in transaction volume in 2022, the Rhine-Neckar Metropolitan Region remains attractive to real estate investors. As in previous years, office properties were of primary interest to investors, followed by logistics and retail.



Investments in the Rhine-Neckar region

Type of property	Volume in € million	Proportion in percent
Office and commercial	279.3	43.1
Retail	123.3	19.0
Light Industrial	27.0	4.2
Warehouse, logistics	195.3	30.2
Other	22.6	3.5
Total	647.5	100.0

In cooperation with bulwiengesa, the survey identified 30 transactions for the Rhine-Neckar region. The volumes are partly based on estimates.

While the transaction volume in the Rhine-Neckar Metropolitan Region shone with a new record high of 1.3 billion euros in 2020 and remained just below the previous year's record level at 1.25 billion euros in 2021, the past year was marked by the lingering effects of the COVID-19 pandemic, the war in Ukraine, a significantly increased inflation rate, and interest rate developments. With a transaction volume of 647.5 million euros, 2022 saw a nearly 50 percent decrease compared to the previous year and was approximately 328 million euros lower than the 5-year average.

The office property asset class continued to hold the top position with 43.1 percent, as it did in previous years, followed by the industrial and logistics segment, which saw strong growth and nearly a tenfold increase in its share from 3.3 percent in 2020 to 30.2 percent.

Office properties remain the focus of investors

Office properties remained at the top of investors' interest, as in previous years. However, the total volume decreased by over 50 percent in 2022, reaching 279.3 million euros compared to around 600 million euros in the previous year. Only a few large-scale investments

Retail properties are once again gaining increased attention from investors.

were recorded, with the Acreo project by Adler Immobilien Investment from Viernheim standing out. This project, located in the Neuostheim district of Mannheim, spans approximately 24,000 square meters, with around 11,000 square meters of office and hall space. It is distinguished by its location and good infrastructure. The seller was a company affiliated with the Tristan Capital Partners EPISO 5 Fund. The Mannheim Private Grammar School will be among the first new tenants in the business park, which already has a certain campus-like character.

Erhard & Stern from Heidelberg sold the two healthcare centers, Salutem in Mannheim and Heidelberg, totaling 17,300 square meters, to Swiss Life Asset Managers, the asset management company of Swiss Life.

The central location convinces investors

The central location of the Rhine-Neckar Metropolitan Region, situated at the intersection of the three states of Baden-Württemberg, Hesse, and Rhineland-Palatinate, convinced investors once again in 2022. With a transaction volume of 195.2 million euros, the logistics and warehouse segment ranks second in terms of investment activities.

Amongst other players, Panattoni is one of the major actors in attracting industrial and logistics companies to the region. In 2022, the company announced the successful lease of its Panattoni Park in Speyer to Hornbach Baumarkt AG. Covering an area of approximately 32,000

square meters, Panattoni developed a logistics property with a total usable area of around 20,000 square meters, including 17,639 square meters of logistics space, 877 square meters of office space, and 1,365 square meters of mezzanine space. The exterior areas include two truck and 47 car parking spaces. The logistics center benefits from its proximity to Bundesstraße B9 and Bundesautobahn A61, providing excellent connectivity to the A6/A5 highway interchange towards Karlsruhe, Frankfurt, and Mannheim. The Panattoni Park Speyer was established on a former site used for food packaging production. Panattoni revitalized the area at the end of 2020 and implemented numerous sustainability measures.

In Germersheim, located in the Palatinate region, P3 Logistic Parks acquired a property with over 49,000 square meters of rental space, fully leased to CLI Contract

Due to its location, the region benefits from excellent transportation connections.

GmbH (Compass Logistics International). The company is part of the L.I.T. Unternehmensgruppe, which operates at over 65 locations in 13 countries and employs over 3,000 staff, providing a wide range of national and international logistics services for various industries. The logistics property was developed by Dietz AG from Bensheim and had been jointly owned and managed by Dietz since its construction.

Selected transactions 2022

	Name of property	Town/City	Quarter	Name of seller	Name of buyer	Rentable space
Office and commercial	Springer Verlag	Heidelberg	Q4	Springer Verlag	GGH/Kraus	25,000 m ²
	Acreo	Mannheim	Q4	Tristan Capital Partners	Adler Immobilien Investment	11,00 m ² 0
	Hafen Eins	Ludwigshafen am Rhein	Q3	Schroders	Swiss Life AM	10,400 m ²
	Salutem Gesundheitszentrum	Mannheim	Q1	Erhard & Stern	Swiss Life AM	9,200 m ²
	Salutem Gesundheitszentrum Bahnstadt	Heidelberg	Q1	Erhard & Stern	Swiss Life AM	8,100 m ²
Retail	Kaufland Heidelberg	Heidelberg	Q3	TREI Real Estate	MEAG	8,950 m ²
	Geschäftshaus (Hauptstraße 67-69)	Heidelberg	Q1	Redevco Europe	Values Real Estate	4,500 m ²
	Geschäftshaus (Maximilianstrasse 70-71)	Speyer	Q3	HIH Invest Real Estate	Spiramax GmbH & Co. KG	2,368 m ²
	Einzelhandelsimmobilie	Deidesheim	Q3	n/a	Habona Invest GmbH	2,200 m ²
Light Industrial	fmr Planet-Kart-Bahn	Mannheim	Q3	Wertbar GmbH & Co. KG	Panattoni	10,500 m ²
	Honeycamp	Mannheim	Q4	Honeycamp-Gruppe	BNP Paribas REIM	9,200 m ²
Warehouse, logistics	Logistikimmobilie (Siegfried-Jantzer-Strasse 6)	Germersheim	Q4	Dietz AG	P3 Logistic Parks	48,999 m ²
	Logistikimmobilie (Riedstraße 21)	Dannstadt	Q1	Panattoni Europe	LIP Invest GmbH	23,300 m ²
	Logistikimmobilie (Lombardinostraße 1)	Germersheim	Q4	ID Logistics	Patrizia	23,000 m ²
Other (Living)	Wohn- u. Geschäftshaus (Augustaanlage 51-55)	Mannheim	Q2	n/a	Alpha Real Estate Group	5,950 m ²

Source: bulwiengesa/in-house survey



Different users as a basis for predictable returns

Light Industrial represents a distinct category of properties in the logistics context and is characterized by various possible uses. Light Industrial properties are attractive to institutional investors because, from a landlord or invest-

Light industrial properties provide a solid foundation for predictable returns.

tor perspective, they offer a solid foundation for stable and predictable returns. The key feature is the availability of smaller rental units that can be easily tailored to the needs of new tenants and can accommodate various types of light industrial production.

Honeycamp is a novel Light Industrial concept that provides tenants with a professionally managed user community through an on-site community manager. Located

in Honeycamp Mannheim on the Taylor conversion site, it offers 76 office and commercial units covering a total rental space of approximately 9,200 square meters on a plot of nearly 11,500 square meters. These units can be flexibly divided into sizes ranging from 110 to 1,000 square meters. Additionally, there are a total of 113 parking spaces available. The multi-tenant property was opened in 2021 and is currently fully leased to 45 different users, including manufacturers, production companies, service providers, researchers, developers, and mechanical engineers. In 2022, BNP Paribas Real Estate Investment Management (BNP Paribas REIM) Germany acquired the Honeycamp co-creation property from the project developer, Honeycamp Group, for one of their funds.

The transactions in the retail investment segment have stabilized after two years of very low sales. From three percent in 2020 and 2021, the share increased to 19 percent of the total volume in 2022, amounting to 123.3 million euros. The leased areas involved ranged from just under 9,000 to 2,200 square meters. The largest deal was the transfer of Kaufland Heidelberg from TREI Real Estate to MEAG for an estimated 20 million euros.

Industrial charm meets modernity: Aurelis Turbinenwerk Mannheim serves as a flagship project for the successful conversion of industrial areas through renovation and densification.



Rising peak rents and declining vacancy rates

The office markets in the Rhine-Neckar Metropolitan Region showed a mixed performance in 2022 due to the challenging economic conditions. Although the take-up of office space did not match the previous year's level in all primary centers, the vacancy rate nevertheless decreased.

The Rhine-Neckar Metropolitan Region, with its core markets of Mannheim, Heidelberg, and Ludwigshafen, is an extremely attractive office location that has shown very positive development in 2022. It is particularly appealing for institutional investors or family offices due to the steadily increasing prime rents. Additionally, the region boasts an interesting mix of industries and company sizes. Mannheim is the most significant office location in the Rhine-Neckar Metropolitan Region, with an office space inventory of approximately 2.135 million square meters, followed by Heidelberg with around 1.101 million square meters and Ludwigshafen with a space inventory of approximately 0.941 million square meters. Apart from the current office space inventory, the three primary centers also differ in other parameters such as take-up volume, vacancy rate, average rents, and prime rents.

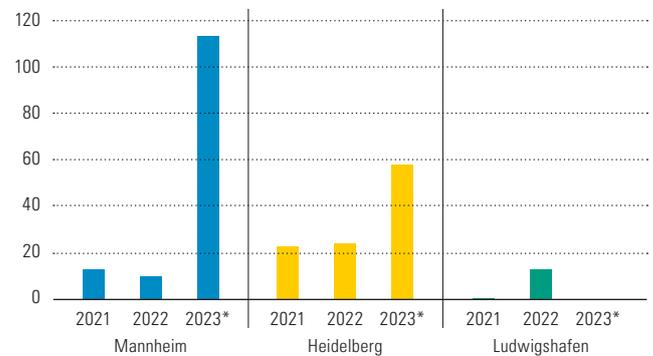
Mannheim stands out with the highest prime rents

Mannheim, located in the geographic center of the Rhine-Neckar Metropolitan Region, is the second-largest municipality in Baden-Württemberg with approximately 312,000 inhabitants. The city has successfully undergone a structural transformation from an industrial city to an attractive and dynamic location for production, trade, services, research, and education. In 2022, Mannheim had a total office space inventory of 2.135 million square meters, representing a slight increase of 10,000 square meters compared to 2021. However, the area’s transaction volume decreased by 33,000 square meters within a year, reaching 63,000 square meters. The vacancy rate decreased from 6.1 percent to 5.7 percent, amounting to 121,000 square meters of vacant space. On the other hand, both average and prime rents experienced significant growth. Mannheim leads the way in prime rents within the Rhine-Neckar Metropolitan Region, with a rate of 22.00 euros per square meter, particularly in the Glückstein-Quartier. This represents an increase of 2.10 euros per square meter compared to 2021, sending a strong signal to investors. The achieved average rent also reached a new record value of 14.70 euros per square meter, compared to 14.30 euros per square meter in the previous year.

History meets modernity

The transformation of previously industrially used areas into modern business districts can be seen optimally in the Turbinenwerk (turbine factory) of the project develop-

Development of completions in 1,000 square meters



Source: gif/in-house survey

er Aurelis. The approximately 20-hectare site has a vibrant industrial history and is occupied by halls and office buildings constructed between approximately 1900 and 2009. Where history meets modernity, where brick facades blend with contemporary architecture, rental spaces for offices, manufacturing, and services are being created through renovation and densification. Building permits have already been granted for the planned new buildings Lilienthal and Galvani, as well as for the renovation of the Laval building. In total, there is potential for 32,200 square meters of rental space. Currently undergoing renovation is the Thomson building, spanning approximately 3,000 square meters. Since acquiring the site in 2019,

The Glückstein-Quartier impresses investors with new record-high office rental prices.

Aurelis has entered into various lease agreements with companies from different industries, including ABB and their logistics service provider Huettemann, the Arbeiter Samariter Bund, Bauhaus, beegy GmbH, GBG-Unternehmensgruppe, and Yunex. The project office of Aurelis Region Mitte is also located in a newly renovated building on the site.

Adler Immobilien Invest from Viernheim is currently actively involved in the Neuostheim district of Mannheim. In the Connect4 project, approximately 10,000 square meters of office space are being created using climate-efficient construction methods, including roof and vertical greenery. The topping-out ceremony is scheduled to take place in mid-May, and completion is expected later this year. Siemens has been secured as the anchor tenant by Adler.

In addition to the ongoing projects, two major owner-occupied projects are also expected to be completed this year. The new headquarters of Bauhaus AG, spanning 25,000 square meters, and the ABB Campus in Käferthal, with 20,000 square meters of office space, will be among them. Furthermore, the construction work on the LOKSITE project by DIRINGER & SCHEIDEL is set to be

The Europaplatz serves as the link between Bahnstadt and the city center of Heidelberg.

completed in the third quarter of 2023. The project comprises high-quality office spaces on one of the last available plots in the Glückstein-Quartier, with a total area of 24,000 square meters.

Heidelberg with a consistently high volume of office space turnover

Heidelberg, a university town and center of scientific research, is an attractive location for research institutions and service companies. This was confirmed by a McKinsey study in 2020, which recognized Heidelberg as one of the 46 'Superstar Hubs' in Europe with dynamic growth and high future potential. Reflecting this attractiveness, the office market in Heidelberg continues to show a positive performance.

In recent years, Heidelberg has greatly benefited from conversion projects, including the transformation of both former civilian and military areas. One notable example is the Heidelberg Bahnstadt, which was built in energy-efficient passive house construction on former railway tracks and overgrown gravel areas of the former Heidelberg



freight station. Today, approximately 5,800 people, including many families and students, reside in the Bahnstadt.

On the southern side of the main train station, the Gustav Zech Foundation is developing the Europaplatz, a new quarter that will feature residential units, retail spaces, a hotel, and an additional 33,750 square meters of office space. In addition, new residential areas have been created in the Mark Twain Village and Campbell Barracks in the southern part of Heidelberg, which were previously occupied by the U.S. armed forces. This development includes architecturally impressive office buildings such as the H-Gebäude and the ap88 Architects' new building at Marlene-Dietrich-Platz, making a statement in an area that is also characterized by carefully restored existing buildings.

The office market indicators for Heidelberg show a slight increase in the total office space stock, reaching 1.1 million square meters in 2022. The take-up of office space remained unchanged at 51,000 square meters, and the vacancy rate decreased to a low level of 4.3 percent. In 2022, new record highs were achieved in both prime and average rents. The achieved prime rent reached 17.50 eu-



ros per square meter, while the achieved average rent also significantly increased to 16.00 euros per square meter. This is attributed to an exceptionally high share of lease agreements for new construction projects. The level of new construction and project development activities remains very high.

The Heidelberg Innovation Park is a location for companies in the fields of IT, AI, and life sciences.

New construction projects in the Bahnstadt district and hip

On the approximately 15-hectare site of the former Patton Barracks, located between Bahnstadt and Kirchheim, there were once residential buildings for soldiers and other properties for military structures of the US Armed Forces. Since the withdrawal of the Americans, the Pat-

Overview of office market data

Office market data for Mannheim

Indicators	2022	2021	2020
Existing space	2.135 Mio. m ²	2.125 Mio. m ²	2.130 Mio. m ²
Office space turnover	63,000 m ²	96,000 m ²	71,000 m ²
Vacancy rate	5.7%	6.1%	4.9%
City centre, peak rent	22.00 €/m ²	18.90 €/m ²	18.90 €/m ²
City centre, average rent	16.60 €/m ²	15.90 €/m ²	17.60 €/m ²
City centre periphery, peak rent	17.90 €/m ²	15.00 €/m ²	14.50 €/m ²
City centre periphery, average rent	15.00 €/m ²	14.40 €/m ²	13.60 €/m ²
Periphery, peak rent	14.00 €/m ²	14.00 €/m ²	13.00 €/m ²
Periphery, average rent	12.00 €/m ²	12.40 €/m ²	10.50 €/m ²

Office market data for Heidelberg

Indicators	2022	2021	2020
Existing space	1.101 Mio. m ²	1.077 Mio. m ²	1.054 Mio. m ²
Office space turnover	51,000 m ²	51,000 m ²	48,000 m ²
Vacancy rate	4.3%	4.6%	5.5%
City centre, peak rent	17.50 €/m ²	16.80 €/m ²	16.80 €/m ²
City centre, average rent	16.50 €/m ²	15.60 €/m ²	15.10 €/m ²
City centre periphery, peak rent	16.80 €/m ²	16.00 €/m ²	16.00 €/m ²
City centre periphery, average rent	15.50 €/m ²	14.80 €/m ²	14.60 €/m ²
Periphery, peak rent	13.30 €/m ²	12.80 €/m ²	13.00 €/m ²
Periphery, average rent	12.00 €/m ²	12.10 €/m ²	10.40 €/m ²

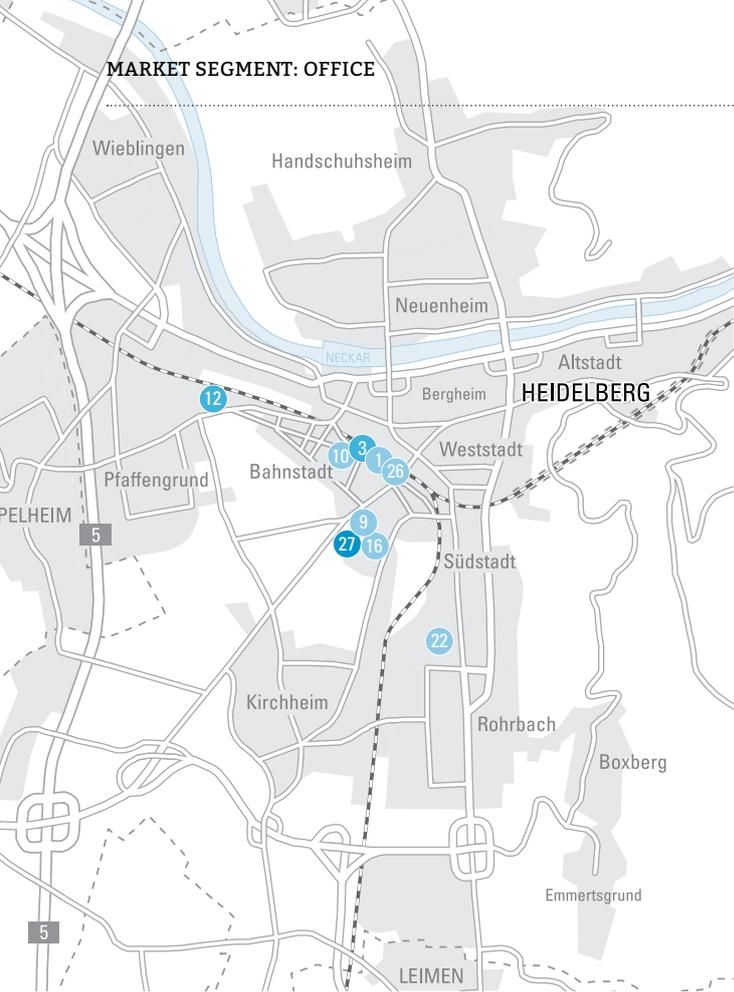
Office market data for Ludwigshafen

Indicators	2022	2021	2020
Existing space	0.941 Mio. m ²	0.928 Mio. m ²	0.927 Mio. m ²
Office space turnover	7,000 m ²	20,000 m ²	10,000 m ²
Vacancy rate	3.1%	3.5%	2.8%
City centre, peak rent	13.00 €/m ²	13.00 €/m ²	12.80 €/m ²
City centre, average rent	11.90 €/m ²	12.10 €/m ²	11.80 €/m ²
City centre periphery, peak rent	- *	- *	- *
City centre periphery, average rent	- *	- *	- *
Periphery, peak rent	- *	- *	- *
Periphery, average rent	- *	- *	- *

* Cannot be determined due to a lack of transaction data. In Ludwigshafen, most transactions are completed in the city centre.

Source: gif/in-house survey

MARKET SEGMENT: OFFICE



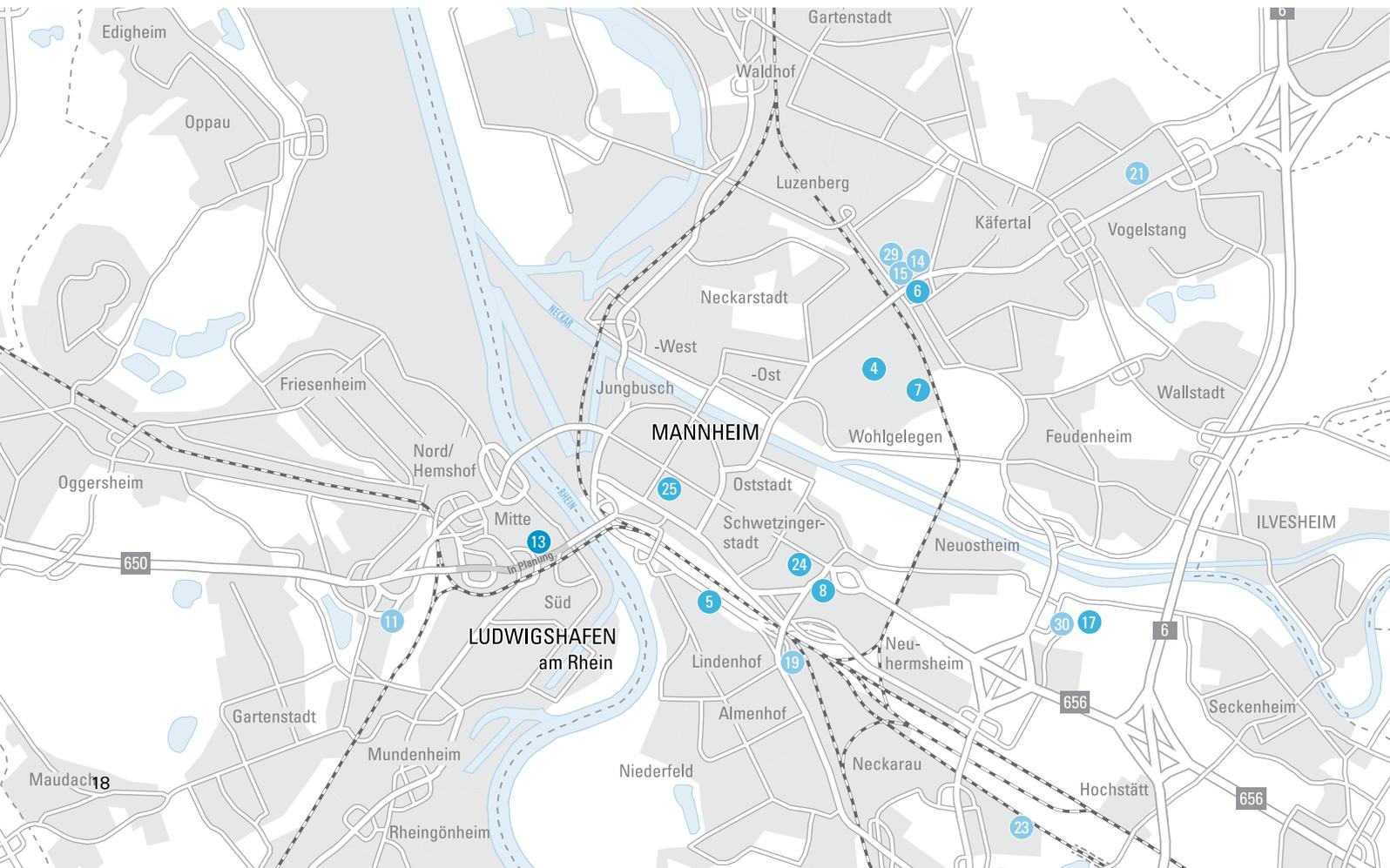
Many new office buildings are under construction in Heidelberg, Ludwigshafen and Mannheim. Their locations are shown on the two maps. Further information on the projects can be found in the table on page 21.

ton Barracks have become one of Heidelberg’s conversion areas that are being repurposed for new use. Now, the Heidelberg Innovation Park (hip) is growing on the site, attracting companies in the fields of IT, Artificial Intelligence (AI), and life sciences. In the hip, the Heidelberg project developer Erhard & Stern is planning the Health and Life Science Campus, which is expected to be completed in 2025. With a footprint of almost 20,000 square meters, it will encompass up to 17,700 square meters of office space as well as additional laboratory facilities. Kolb + Partner from Dieburg are also involved in the hip. Their project, PROXY-Heidelberg Innovation Park, offers flexible floor plans for evolving work environments such as home offices or open spaces, as well as traditional individual offices, to adapt to the future changes in the real estate market.

In addition to the construction activities in the hip, further projects are being realized in the Bahnstadt. Skylabs Development & Construction GmbH, on behalf of the Max-Jarecki Foundation, is planning and developing office and laboratory properties in Heidelberg in collaboration with local, regional, national, and international partners. While the Ascendis Pharma Headquarter SkyOne is expected to be completed in 2025, the construction of another office and laboratory building is set to commence in

● Planned ● Under construction ● Completed

Source: VRRN Geobasisdaten: © GeoBasis-DE / BKG 2016 (data changed)



early 2024. SkyField will be built south of the new conference center of the city of Heidelberg along Max-Jarecki-Straße. Approximately 17,000 square meters of rental space will be created, with the interior design and layout fully customizable to meet the requirements of future tenants.

Low vacancy rate in Ludwigshafen

Ludwigshafen, with a population of approximately 172,000 residents, is the second-largest city in the state of Rhineland-Palatinate, following the state capital Mainz. It is also the second-largest city in the Rhine-Neckar Metropolitan Region, after Mannheim. Ludwigshafen is characterized by a strong industrial presence. Despite being the smallest office location among the three core centers with a total area of 0.941 million square meters, the city offers a wide range of industrial employment opportunities and serves as an important economic hub in

Despite its central regional location, Ludwigshafen stands out with particularly attractive conditions for office rentals.

the region. In 2022, Ludwigshafen recorded a modest take-up of office space with 7,000 square meters, slightly lower compared to the previous year. However, the further decrease in the vacancy rate to just 3.1 percent indicates a strong tenant stability in the office market. With prime rents at the lower end, standing at 13.00 euros per square meter, Ludwigshafen provides attractive opportunities for companies seeking a central location.

The completion of the new building for Pfalzwerke AG in the city center of Ludwigshafen, realized by Mannheimer Pro Concept Holding AG, resulted in the creation of 575 new office workspaces for approximately 600 employees in 2022. The building occupies an area of around 3,000 square meters, spread over seven floors.

An existing property from 1974 located on Ernst-Boehe-Straße in the Ludwigshafen industrial area known as “Technologiemeile” is undergoing a comprehensive revitalization. The former Postbank building, now named Ludwigstürme, is centrally located in Ludwigshafen and is being energetically renovated. This includes the reno-

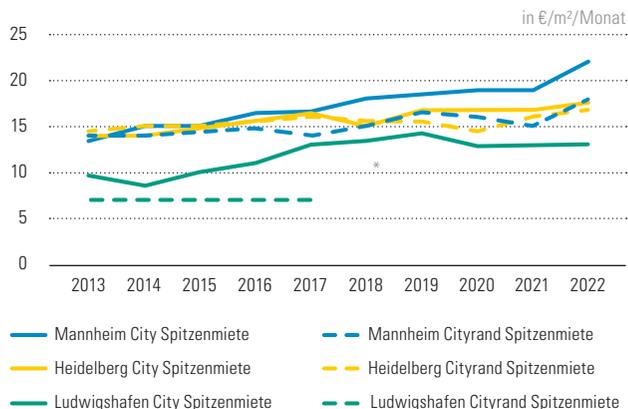
vation of the facade and the technical building equipment. The goal of the transformation is to create contemporary and innovative office concepts. The landlord, UNMÜSIG Bauträgergesellschaft Baden mbH, can implement tenant-specific tenant improvements to accommodate individual requirements for new work environments such as open-plan and combined offices or modern cellular office configurations. In the future, starting from the first quarter of 2026, flexible space sizes ranging from 300 to approximately 16,000 square meters will be available. Laboratory spaces can also be offered to support the thriving industries in the Rhine-Neckar Metropolitan Region, including life sciences, biotechnology, medical technology, and chemistry. The property aims to achieve DGNB Gold certification upon completion..

Office projects in the region

Not only the three major centers in the Rhine-Neckar Metropolitan Region are attracting attention with their ambitious concepts. One of the largest ongoing office projects is the renovation of the headquarters of software company SAP in Walldorf, which is investing 219 million euros in the modernization of the property. Only the shell of the approximately 30-year-old building will remain, and upon completion of the revitalization in autumn 2026, the structure will provide space for 3,300 employees on nearly 52,000 square meters.

In 2022, the Medivicus Health Center was completed, providing 10,000 square meters of office space. It represents a significant contribution to the expansion of the medical infrastructure in the city of Landau.

Entwicklung der Spitzenmieten im City- und Cityrandbereich



*In Ludwigshafen, most of the deals fall in the city centre area. Due to an insufficient database, it is therefore not possible to determine the peak rent at the city centre periphery.

Source: gif/in-house survey

PROJECTS AND AREAS FOR INVESTORS AND COMPANIES

The Rhine-Neckar Metropolitan Region offers a new free commercial real estate portal for interested parties such as municipalities, brokers, investors, and companies. On the platform, both available properties can be listed and sought-after properties can be found. Visit the location portal at www.standorte-rhein-neckar.de to take advantage of this opportunity.





Ort



Alle Angebote



Preis bis (€/m²)

Alle Typen

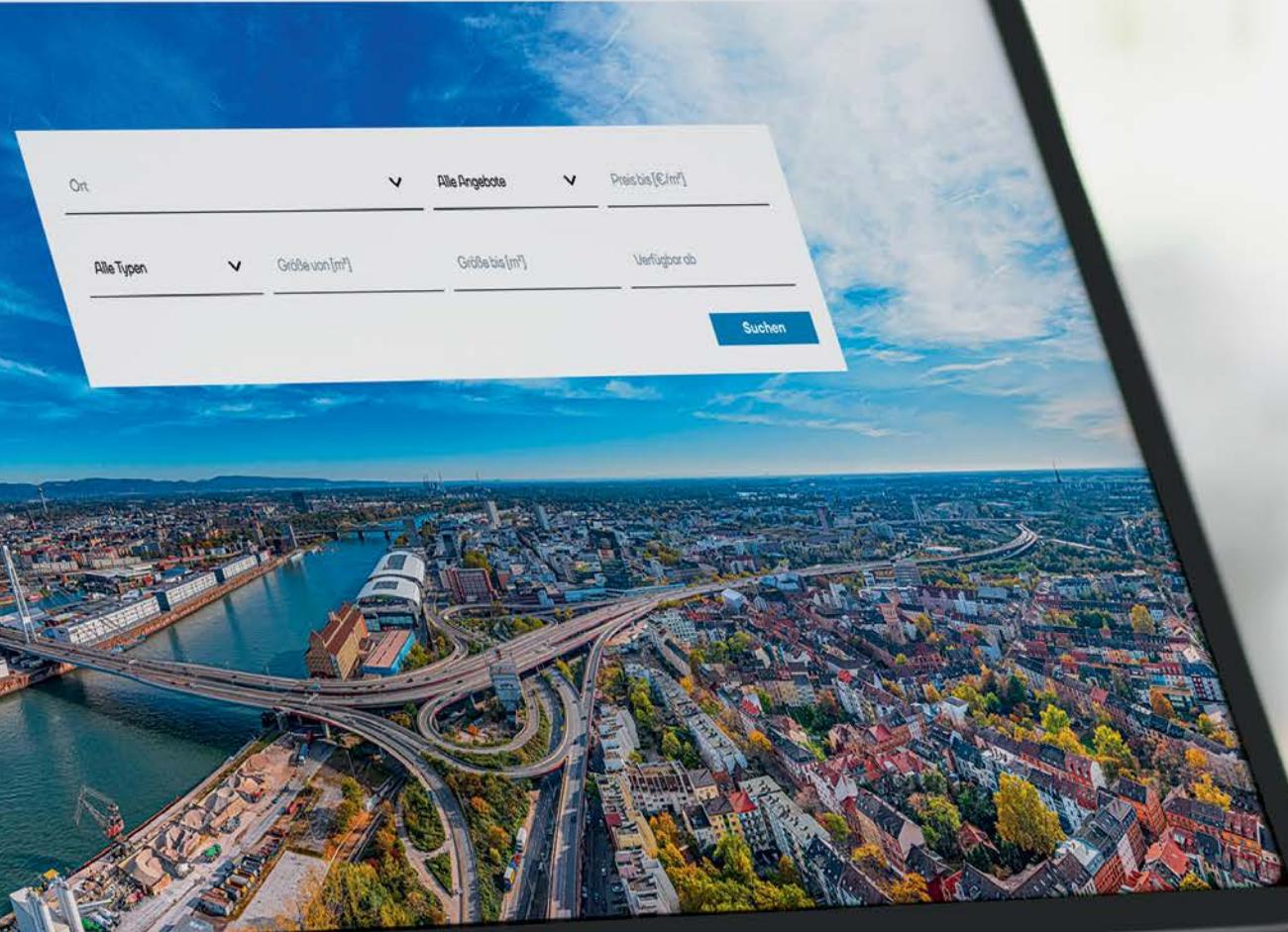


Größe von (m²)

Größe bis (m²)

Verfügbar ab

Suchen



Key development projects in the Rhine-Neckar region

Overview of key office projects

No. in map	Town / City	Project name	Investor / Operator	Site area	Investment volume	Schedule
1	Heidelberg	Czerny-Quartier	OFFICEFIRST Real Estate GmbH	53,000	n/s	Planned
2	Walldorf	Konzernzentrale SAP	SAP SE	51,865	€219 M	Planned
3	Heidelberg	Europaplatz 6-9	Gustav Zech Stiftung	33,750	€300 M*	Under construction, completion 2023
4	Mannheim	Hauptverwaltung Bauhaus	Bauhaus AG	25,000	€60 M	Under construction, completion 2023
5	Mannheim	LOKSITE (Baufeld 1)	DIRINGER & SCHEIDEL Wohn- und Gewerbebau GmbH	24,000	> €100 M	Under construction, completion 2023
6	Mannheim	Kallstadter Strasse	ABB	20,000	n/s	Under construction, completion 2023
7	Mannheim	KONRADHAUS	Gröner Unternehmensgruppe	19,000	n/s	Under construction, completion 2023
8	Mannheim	KOROS	ACTIVUM	18,434	n/s	Under construction, completion 2023
9	Heidelberg	hip - Health and Life Science Campus	Erhard+Stern	17,700	n/s	Planned
10	Heidelberg	SkyField	Max-Jarecki-Stiftung	17,000	n/s	Planned
11	Ludwigshafen	Ludwigstürme	Unmüßig Bauträgergesellschaft Baden mbH	16,200	n/s	Planned
12	Heidelberg	Bahnbetriebswerk	private Investoren	15,000	n/s	Under construction, completion 2023/2024
13	Ludwigshafen	Pfalzwerke	Pro Concept Holding AG	13,000	€55 M	Completed 2022
14	Mannheim	Turbinenwerk - Haus Lilienthal	Aurelis	13,000	n/s	Planned
15	Mannheim	Turbinenwerk - Haus Galvani	Aurelis	12,500	n/s	Planned
16	Heidelberg	hip - Baufeld G2/G3 Neubau	Kolb + Partner	12,500	n/s	Planned
17	Mannheim	CONNECT4	Adler Immobilien Investment	10,000	n/s	Under construction, completion 2024
18	Landau	Gesundheitszentrum Medivicus	Stellwerk Süd GmbH & Co. KG	10,000	€35 M	Completed 2022
19	Mannheim	TRIWO Gewerbepark	TRIWO	10,000	n/s	Planned
20	Walldorf	The Hub Walldorf	DUDOQ Real Estate Süd GmbH	10,000	n/s	Under construction, completion 2024
21	Mannheim	Hitachi Columbus Campus	3iPro	9,000	n/s	Planned
22	Heidelberg	"Campbell Barracks Gesundheitscampus - Torhaus (BF 7)"	Hans-Jörg Kraus	8,600	n/s	Planned
23	Mannheim	Mallastr. 66-68	DIRINGER & SCHEIDEL Wohn- und Gewerbebau GmbH	8,000	n/s	Planned
24	Mannheim	CARL RISE	alstria office REIT-AG	8,150	n/s	Under construction, completion 2023
25	Mannheim	TRIO, former Peek & Cloppenburg	Horn Grundbesitz	6,200	n/s	Under construction, completion 2023
26	Heidelberg	Montpellier Carré	Erhard+Stern	6,000	n/s	Planned
27	Heidelberg	hip - Baufeld G1.1 - Gebäude 115	Hoepfner iWERKx	6,000	n/s	Completed 2022
28	Frankenthal	Verwaltung Stadtwerke Frankenthal	Stadtwerke Frankenthal GmbH	5,000	> €10 M	Under construction, completion 2023
29	Mannheim	Turbinenwerk - Haus Laval	Aurelis	5,000	n/s	Planned
30	Mannheim	Artem	Adler Immobilien Invest KG	3,870	n/s	Planned

● Planned ● Under construction ● Completed

Areas stated in accordance with the MF/G definition
* Figures refer to the total planned investment volume.

Many new office buildings are under construction in Heidelberg, Ludwigshafen and Mannheim. Their locations are shown in the two maps on page 18.

Selected investments in production and logistics real estate

No. in Town / City map	Type of location	Investor / Operator	Land area	Investment volume	Jobs	Schedule
1	Wiesloch	Production, Warehouse, logistics hall	VGP Industriebau GmbH	129,000 m ²	n/s	Schedule Under construction, completion 2023
2	Wiesloch	Production, Warehouse, logistics hall	VGP Industriebau GmbH	82,000 m ²	n/s	280 Planned
3	Walldürn	Niederlassung mit Sortieranlage	InterZero Holding GmbH	72,000 m ²	> €100 M	> 100 Planned
4	Dannstadt	Logistics centre	Panattoni Germany Properties GmbH/ IFCO Systems GmbH	41,500 m ²	on request	40 Completed 2022
5	Osterburken	Niederlassung mit Logistik und Autostoresystem	REISSER-Schraubentechnik GmbH	40,000 m ²	€45 M	60-80 Under construction, completion 2024
6	Bensheim	Company headquarters with production	Sanner GmbH	30,000 m ²	n/s	220-230 Under construction, completion 2024
7	Bensheim	Logistics centre	Panattoni Germany Properties GmbH/ fully rented	29,805 m ²	on request	n/s Under construction, completion 2023
8	Leimen	Car dealership	Autohaus Geisser GmbH	27,500 m ²	n/s	150 Completed 2022
9	Landau	Company building with office, production and logistics	Weptech elektronik GmbH	23,768 m ²	n/s	230 Under construction, completion 2023
10	Groß-Rohrheim	Logistics centre	Aurelis Real Estate GmbH	23,600 m ²	n/s	n/s Planned
11	Bensheim	Produktion, Büroflächen	AS Projektentwicklung GmbH	20,700 m ²	€15 M	n/s Planned
12	Elztal	Produktion, Lager, Bürofläche	Druckerei Laub GmbH & Co. KG	16,000 m ²	€2,4 M	n/s Completed 2022
13	Frankenthal	Industrial park with showroom, production and office space	VarioPark GmbH/ largely rented	10,550 m ²	€10 M	n/s Completed 2022
14	Mannheim	Industrial park	Panattoni Germany Properties GmbH/ not yet rented	10,000 m ²	on request	n/s Planned
15	Buchen	Nutzungsänderung und Umbau	Haselmeier GmbH	4,227 m ²	€1.735 M	n/s Under construction

Selected industrial parks in the Rhine-Neckar Metropolitan Region

No. in Municipality map	Name of industrial park	Zoning law / Type of area	Total area	Still available	Available lot sizes	Guideline value	Purchase price
1	Heidelberg/Leimen	Interkommunales Gewerbe- und Industriegebiet Heidelberg/Leimen	GI / GE	990,000 m ²	100,000 m ²	on request	280 €/m ² n/s
2	Worms	N 101 (Worms-Nord I)	GI / GE	250,000 m ²	47,000 m ²	on request	110 - 140 €/m ² on request
3	Heidelberg	Bahnstadt - Nördlich Eppelheimer Straße	B-Plan in Aufstellung	85,000 m ²	40,000 m ²	on request	480 €/m ² n/s
4	Mannheim	Steinweg	GEx	110,000 m ²	32,499 m ²	1,271 - 7,509 m ²	n/s 143 - 149 €/m ²
5	Worms-Rheindürkheim	Worms- Nord II	GI / GE	1,000,000 m ²	30,000 m ²	6,000 - 22,000 m ²	120 €/m ² on request
6	Buchen	Interkommunaler Gewerbepark Odenwald - IGO	GE / GI	400,000 m ²	30,000 m ²	1,000 - 7,000 m ²	42.50 €/m ² 42.50 - 100 €/m ²
7	Wiesloch	Metropolpark	GE	28,000 m ²	28,000 m ²	on request	on request on request
8	Plankstadt	Alreal III	GE	82,396 m ²	27,858 m ²	1,250 - 26,608 m ²	170 €/m ² 185 €/m ²
9	Weinheim	Gewerbegebiet Nord	GE	88,600 m ²	22,235 m ²	877 - 4,507 m ²	165 €/m ² 165 - 185 €/m ²
10	Heppenheim	Gewerbegebiet Süd	GE	300,000 m ²	21,900 m ²	10,000 - 21,900 m ²	120 €/m ² on request
11	Höpfingen	Rübenacker	GE / GI	43,000 m ²	21,000 m ²	1,500 - 15,800 m ²	25 €/m ² on request
12	Grasellenbach	Wahlen Süd	GE	20,000 m ²	20,000 m ²	on request	40 €/m ² on request
13	Wald-Michelbach	Gewerbegebiet Affolterbach	GE	20,000 m ²	20,000 m ²	on request	50 €/m ² on request
14	Höpfingen	Mantelsgraben	GE	105,000 m ²	20,000 m ²	1,000 - 2,500 m ²	32 €/m ² on request
15	Böhl-Iggelheim	"Gewerbegebiet südl. der Bahnlinie und westl. der Iggelheimer Straße"	GE / GI	15,300 m ²	15,300 m ²	on request	105 €/m ² n/s
16	GVV Hardheim-Walldürn	Verbands.Industrie.Park Walldürn	GI	290,277 m ²	14,064 m ²	1,000 - 14,064 m ²	38 €/m ² 38 €/m ²

Map key

Locations

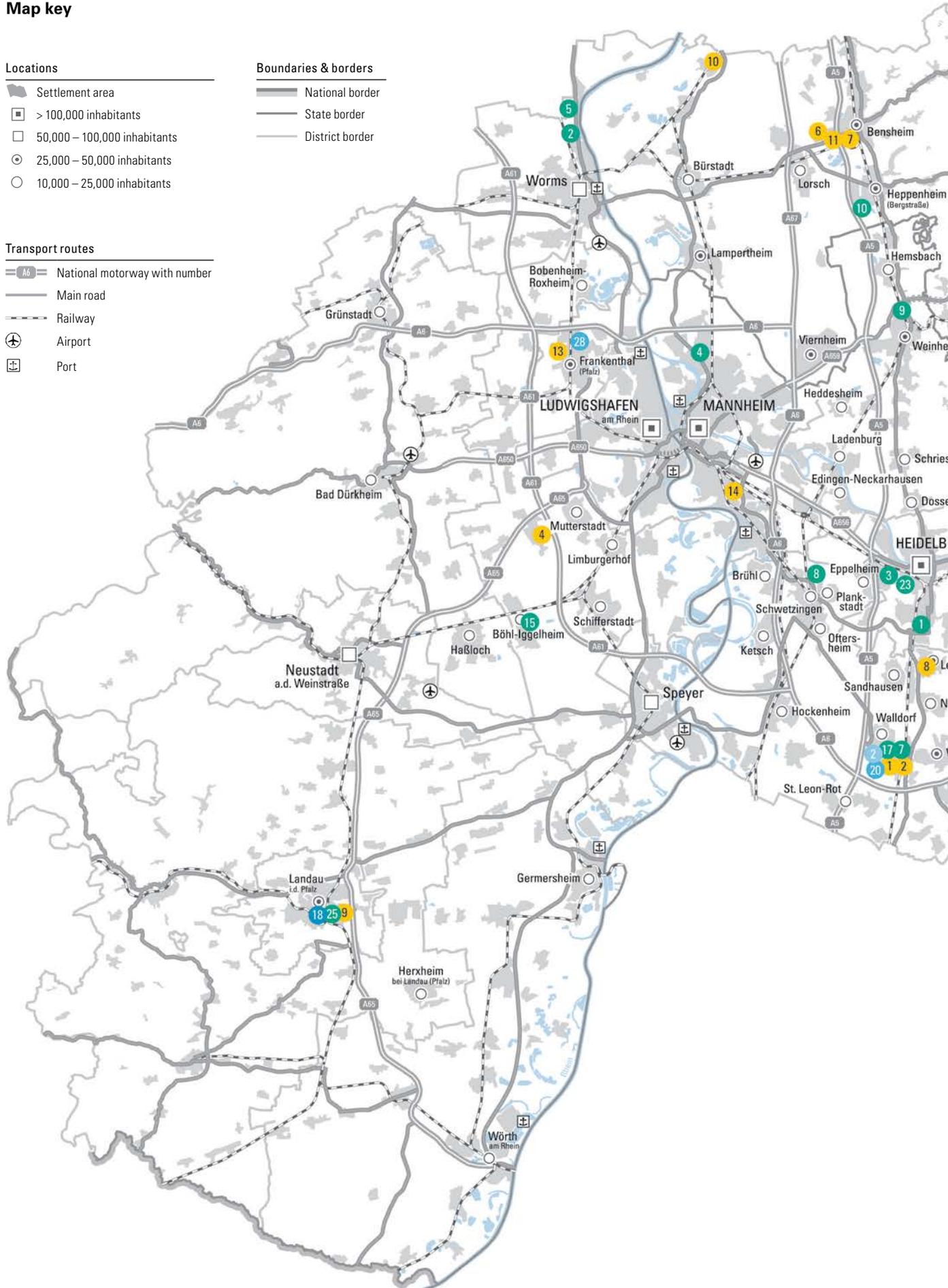
-  Settlement area
-  > 100,000 inhabitants
-  50,000 – 100,000 inhabitants
-  25,000 – 50,000 inhabitants
-  10,000 – 25,000 inhabitants

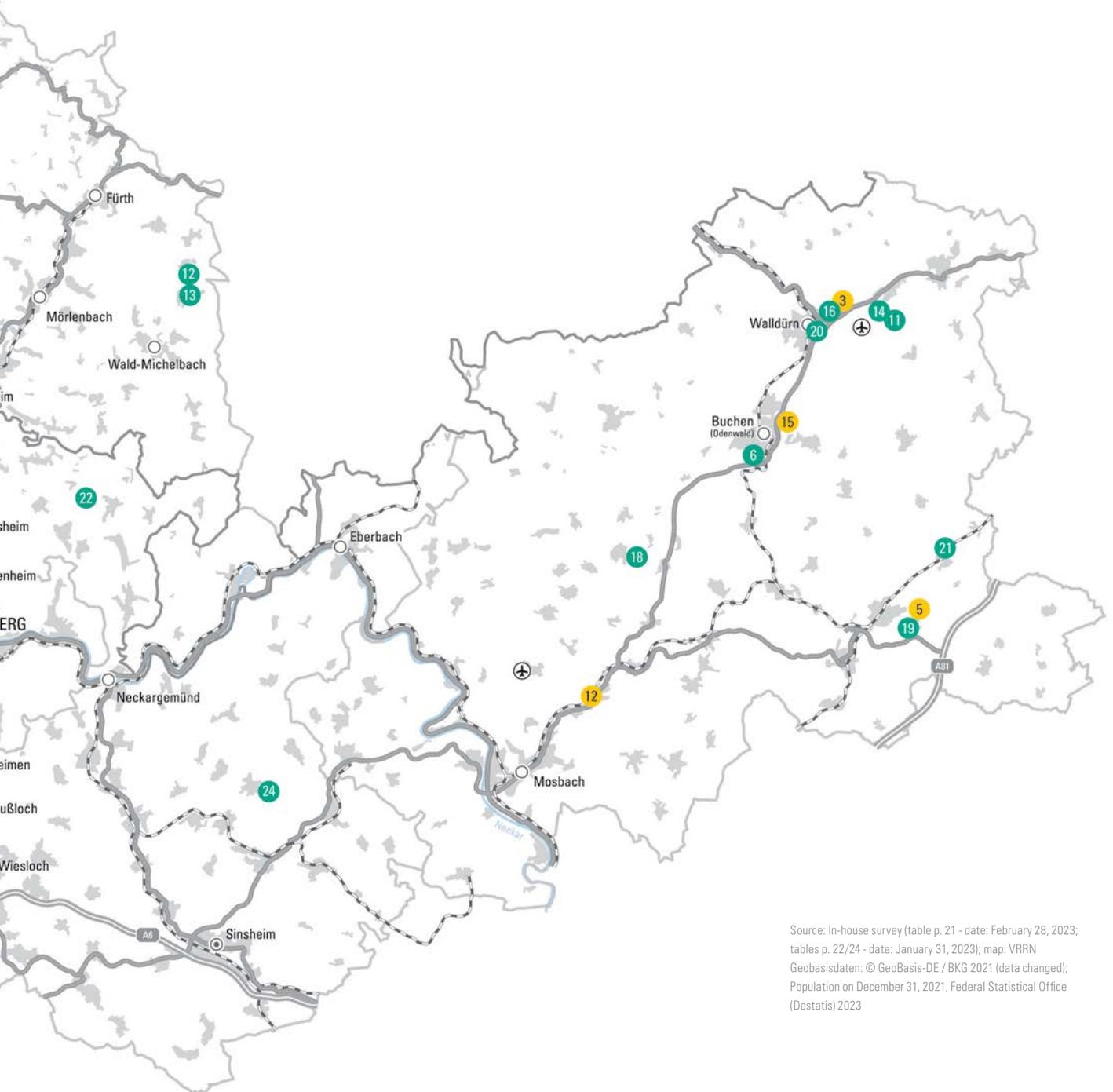
Boundaries & borders

-  National border
-  State border
-  District border

Transport routes

-  National motorway with number
-  Main road
-  Railway
-  Airport
-  Port





Source: In-house survey (table p. 21 - date: February 28, 2023; tables p. 22/24 - date: January 31, 2023); map: VRRN Geobasisdaten: © Geobasis-DE / BKG 2021 (data changed); Population on December 31, 2021, Federal Statistical Office (Destatis) 2023

No. in map	Municipality	Name of industrial park	Zoning law / Type of area	Total area	Still available	Available lot sizes	Guideline value	Purchase price
17	Walldorf	MetropolPark Wiesloch-Walldorf / Großer Stadtacker	GE / GI	13,500 m ²	13,500 m ²	13,500 m ²	on request	on request
18	Limbach	Haasenäcker II	GE	103,247 m ²	12,365 m ²	1,858 - 5,557 m ²	31 €/m ²	n/s
19	Osterburken	Regionaler Industriepark Osterburken (RIO)	GI / GE	491,000 m ²	10,000 m ²	1,500 - 10,000 m ²	28 €/m ²	n/s
20	Walldürn	Spangel	GE	38,023 m ²	9,321 m ²	4,500 - 9,321 m ²	60 €/m ²	n/s
21	Rosenberg	Nord-Ost	GE	83,000 m ²	9,000 m ²	on request	33 €/m ²	on request
22	Heiligkreuzsteinach	Im Neuenacker	GE	22,390 m ²	7,902 m ²	2,247 - 5,655 m ²	110 €/m ²	on request
23	Heidelberg	Heidelberg Innovation Park (hip)	GE	148,000 m ²	7,054 m ²	1,050 - 2,791 m ²	490 €/m ²	n/s
24	Epfenbach	Zuckerbaum II	GE	30,000 m ²	5,200 m ²	2,400 - 2,800 m ²	50 €/m ²	n/s
25	Landau	Gewerbepark "Am Messegelände"	GE	420,000 m ²	4,594 m ²	2,162 - 2,432 m ²	120 €/m ²	n/s

The surrounding area shapes the locations for commercial and logistics properties

The municipalities in the Rhine-Neckar Metropolitan Region are striving to meet the demand for commercial space through the repurposing of brownfield, industrial, and conversion areas, the expansion of existing industrial parks, and inter-municipal collaboration.

The asset class of warehousing and logistics, which experienced a significant decline with 3.3 percent of the transaction volume in 2020, made a strong comeback in the following year, reaching 262.5 million euros and 21 percent of the total investment volume. In 2022, it secured the second-place position with 30.2 percent of all investments in the Rhine-Neckar Metropolitan Region. The strategic location of the region, situated between Bad Bergzabern in the southwest, Bensheim in the north, and Buchen in the east, and encompassing the major centers of Mannheim, Ludwigshafen, and Heidelberg, makes it an attractive destination for investments in production and logistics properties. Excellent transportation connectivity, including a network of highways such as A5, A6, A67, and A659, the ICE/IC hubs in Mannheim and Heidelberg, the inland port in Mannheim along the Rhine and Neckar rivers, and the proximity to the international airport in Frankfurt, are compelling factors for further commercial establishment in the region.

The land values vary significantly

The 25 commercial areas in the Rhine-Neckar Metropolitan Region, evaluated based on the annual survey conducted with municipalities, cover a total area of 5.18 million square meters, of which 569,000 square meters are currently available as undeveloped open spaces in the short term. The respective land values vary significantly depending on the location. Currently, the land value is 480 euros per square meter in the area north of Eppelheimer Straße in Heidelberg's Bahnstadt, where there are still 40,000 square meters available out of a total area of 85,000 square meters. The lowest land value

is reported in the Rübenäckern area in Höpfingen near Buchen in the Odenwald. The municipality estimates it to be 25 euros per square meter for the corresponding commercial area.

The available open spaces in the commercial areas also vary in size. In the inter-municipal commercial and industrial area of Heidelberg-Leimen, there are currently 100,000 square meters available out of a total area of 990,000 square meters. As of January 1, 2021, a joint association was established by the cities of Heidelberg and Leimen, with each municipality contributing equally. The purpose of this association is to collaborate with local businesses and property owners to promote sustainable development of the built and undeveloped areas within the area.

In the Steinweg commercial area, located in the Schönau district of Mannheim, there are still approximately 32,500 square meters available for the preferred use of crafts and service companies. The same target industries are intended for the Weinheim Nord commercial area: crafts businesses in the construction sector, production-oriented enterprises in metal, textile, wood, or plastic processing, as well as service companies. Out of the total area of 88,600 square meters in the Nord commercial area, there are still 22,235 square meters available in parcel sizes ranging from approximately 900 to 4,500 square meters.

The joint metropolitan park of Wiesloch-Walldorf, located on a centrally located area around the shared train sta-



REISSER-Schraubentechnik GmbH is investing 45 million euros in the construction of a new logistics center with an adjacent office building and parking garage.

tion of the two cities, is being developed by the Zweckverband MetropolPark Wiesloch-Walldorf. It aims to create an attractive location for service providers as well as manufacturing industries. There are still 13,500 square meters available for development in this area.

The economically strong Rhine-Neckar region convinces renowned commercial enterprises in their search for a location.

The Interkommunaler Gewerbepark Odenwald (IGO) is an association based in Buchen, which brings together the city of Buchen with the neighboring municipalities of Limbach and Mudau. The IGO offers approximately 40 hectares of commercial space within a legally binding development plan, located directly along the federal highway B27. Currently, there are still 30,000 square meters available in plots ranging from 1,000 to 7,000 square meters.

The Rhine-Neckar region and Odenwald are in the focus of investors

Investments in production and logistics properties can create job opportunities. One such example is the VGP Industriebau GmbH from Düsseldorf, a logistics real estate manager and developer, who is realizing the VGP Park Wiesloch-Walldorf at the Wiesloch location in the

Rhine-Neckar district, on the premises of Heidelberger Druckmaschinen AG. Located just 15 kilometers from the city center of Heidelberg, the park will encompass an area of 129,000 square meters, providing approximately 75,000 square meters of warehouse, production, and logistics space. Upon completion, it is expected to generate around 500 new job opportunities this year. The newly constructed halls will be available for rent starting from a minimum area of 1,000 square meters.

The Odenwald is not only a recreational idyll for stressed city dwellers but also home to many successful companies, some of which have a long history. In the Neckar-Odenwald district, Reisser-Schraubentechnik, as part of the Würth Group, is constructing a new logistics center. The medium-sized company is investing 45 million euros in the new branch on a plot of land measuring 40,000 square meters in the municipality of Osterburken. The completion of the property is scheduled for 2024. In Elztal, located in the Odenwald between Mosbach and Schefflenz, the printing company Laub, which was founded in 1897 as a stamp factory, now operates in its newly expanded facilities constructed at a cost of 2.4 million euros.

The Sanner Group, headquartered in Bensheim, was founded in 1894 and has evolved into a provider of customized solutions in the fields of medical technology and diagnostics, pharmaceuticals, and consumer healthcare. The new company headquarters, along with the connected production facility, is currently under construction and is expected to create up to 230 jobs upon completion in 2024.

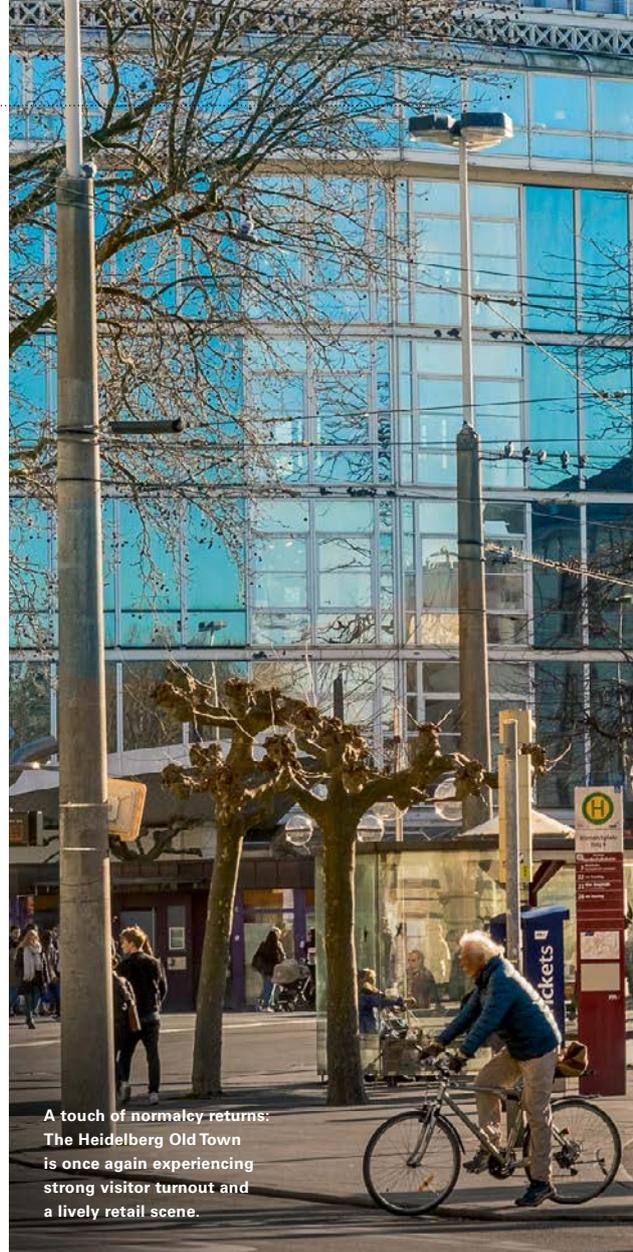
Vibrant city centers, high customer loyalty, but lower revenues

The inner-city retail sector of the Rhine-Neckar Metropolitan Region remains attractive. This is evidenced by increased pedestrian traffic and stable retail centrality. However, stationary retailers had to accept lower revenues in 2022 due to inflationary pressures.

The Corona crisis posed one of the greatest economic challenges for the national and international economy since World War II, including for the retail sector in the Rhine-Neckar Metropolitan Region. Following the outbreak of the COVID-19 pandemic in Germany, the first lockdown was implemented in mid-March 2020. Retail industries, such as brick-and-mortar clothing stores, experienced massive revenue losses during the lockdown months. This trend was also reflected in investments in retail properties in the Rhine-Neckar Metropolitan Region, which reached a low point in 2021 with a decrease to three percent or 37.25 million euros of the total turnover. The crisis is not completely over yet. The COVID-19 pandemic, supply chain disruptions, and inflation continue to pose significant challenges for retailers in the shopping streets of German city centers. The revenue losses of the typical stores found in city centers dampen the overall development of the brick-and-mortar retail sector. One consequence of this is that fashion retailer Peek &

Cloppenburg, prominently represented in prime locations such as Mannheim's "Planken," has filed for protective shield proceedings. P&C is undergoing internal restructuring, but all 67 stores in Germany, as well as the online shop, remain open without restrictions. Additionally, Galeria Karstadt Kaufhof is also facing a crisis. Forty-seven Galeria locations across Germany are set to be closed in two phases, with the branches at Heidelberg's Bismarckplatz and Viernheim's Rhein-Neckar-Zentrum closing on January 31, 2024. However, there are no plans to close Galeria Karstadt Kaufhof at Mannheim's Paradeplatz and Heidelberg's Hauptstraße.

However, there is light at the end of the tunnel as the sentiment towards commercial properties has improved. Investments in this asset class in the Rhine-Neckar region increased to 123.3 million euros or 19 percent last year, ranking third after investments in office and logistics properties. However, the development of prime rents for



A touch of normalcy returns: The Heidelberg Old Town is once again experiencing strong visitor turnout and a lively retail scene.

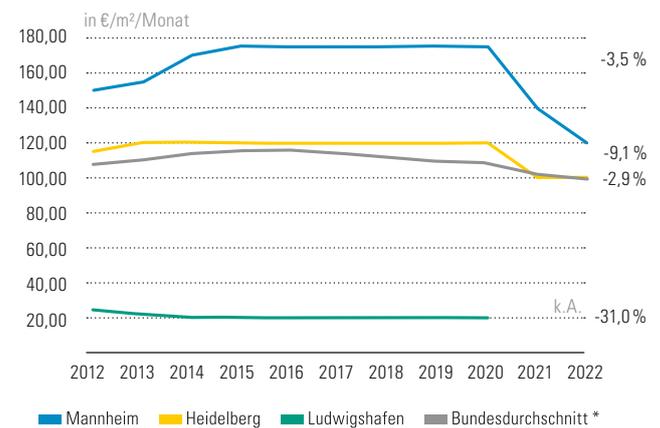


retail properties in the region has not kept pace with this increase. In 2022, prime rents decreased to 120 euros per square meter in Mannheim, while in Heidelberg, they managed to maintain the value of 100 euros per square meter. In the ranking of 66 comparable cities in Germany, Mannheim is now in 14th place, dropping one spot from 2021, while Heidelberg has improved from 20th place to 19th place in 2022.

The pedestrian traffic is increasing again

The old town of Heidelberg and the city center of Mannheim are among the liveliest and most attractive city centers in Germany, according to the annual nationwide study "Vibrant City Centers." Heidelberg has improved its ranking and is above the average for similarly sized cities. In the survey of pedestrians, Heidelberg impresses with its overall attractiveness, atmosphere, quality of stay, and retail offering. The respondents rate all categories as "very good" or "good." Heidelberg receives top marks for

Entwicklung der Spitzenmieten für Einzelhandelsimmobilien



*In 2021, the evaluation of retail-relevant cities was changed from 185 to 66. The average values were adjusted accordingly.

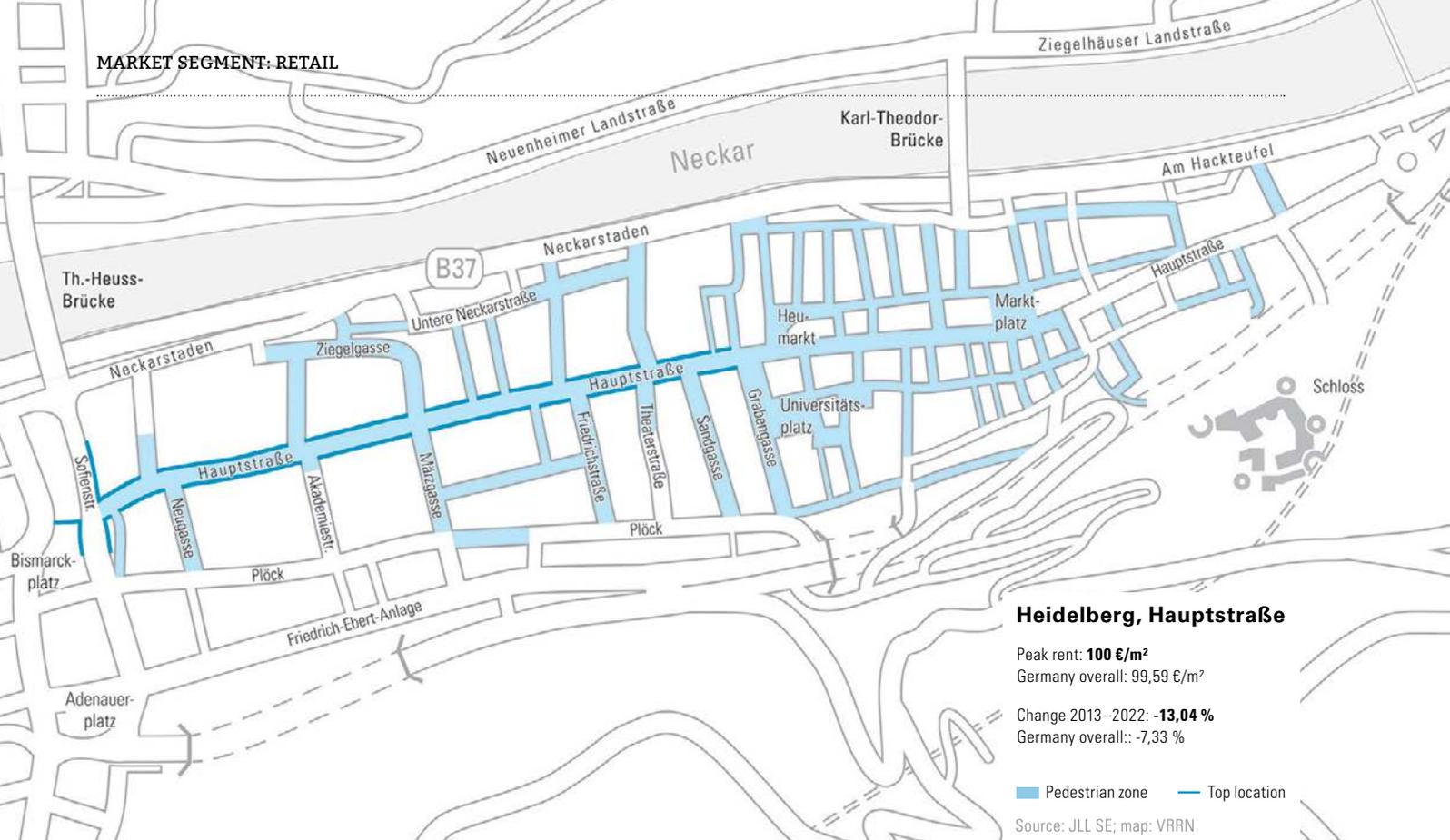
Source: Presentation by MRN based on data supplied by JLL SE

its ambiance and flair, especially for the vibrancy, cleanliness, and safety of the city center. In the comparison of cities with a population between 200,000 and 500,000, Mannheim's city center continues to be highly regarded by visitors and achieves top marks in terms of vibrancy, family-friendliness, and particularly the evaluation of the

The retail sector successfully navigates the major challenges post-pandemic.

retail and gastronomy offerings. Over the years since the first survey as part of the "Vibrant City Centers" study in 2014, a positive development in overall attractiveness is clearly evident. This attractiveness is also reflected in the count of pedestrian traffic; all values have multiplied in 2022 compared to the previous year. On the Mannheim Planken, the numbers recorded on Saturdays in April

MARKET SEGMENT: RETAIL



and May between 1:00 pm and 5:00 pm varied between 23,874 and weather-related 14,053 pedestrians.

The development of pedestrian traffic in Heidelberg's Hauptstraße was also positive and showed only minor variations compared to the numbers in Mannheim. However, there is no available count for Ludwigshafen.

Ludwigshafen is focusing on transformation

The retail sector in Ludwigshafen's city center is undergoing a transformation process. Vacancies and underutilization of commercial properties have contributed to a decline in the attractiveness of the city center. To counter this trend, various concepts have been developed to repurpose these spaces and revitalize Ludwigshafen's



After its renovation, the ÖVA-Passage in Mannheim shines with a new look and proudly welcomes Levi's as its new tenant in December 2022.



city center. A reorientation of the city center is crucial, shifting from a strong focus on retail and its subsequent decline during evening and night hours, to vibrant neighborhoods with mixed uses such as residential areas, culture, events, gastronomy, and of course, shopping. These goals are outlined in Ludwigshafen's integrated urban development concept for the urban renewal area in the city center.

The retail sector in the large new development area of the southern Rhine riverbank in Ludwigshafen has been relatively limited thus far. However, this is about to change significantly, as the future of the Walzmühle building on Yorckstraße lies in a major local supply center. Pro Concept AG, which acquired the Walzmühle Center in 2020, plans to commence the complete renovation of the property in the summer of 2023, pending the receipt of the building permit. The renovation will include upgrading the building's technical systems to current standards and addressing the specific needs and requirements of

the tenants. Among the future retailers that have been mentioned are a full-range supermarket, a discount store, a textile specialist store, a drugstore, a nationwide pharmacy chain, and a retail chain in the food and non-food sector. With a total area of over 8,000 square meters, 70 percent of the ground floor space is already leased.

The attractiveness of Mannheim's city center is enticing renowned manufacturers to open their own stores.

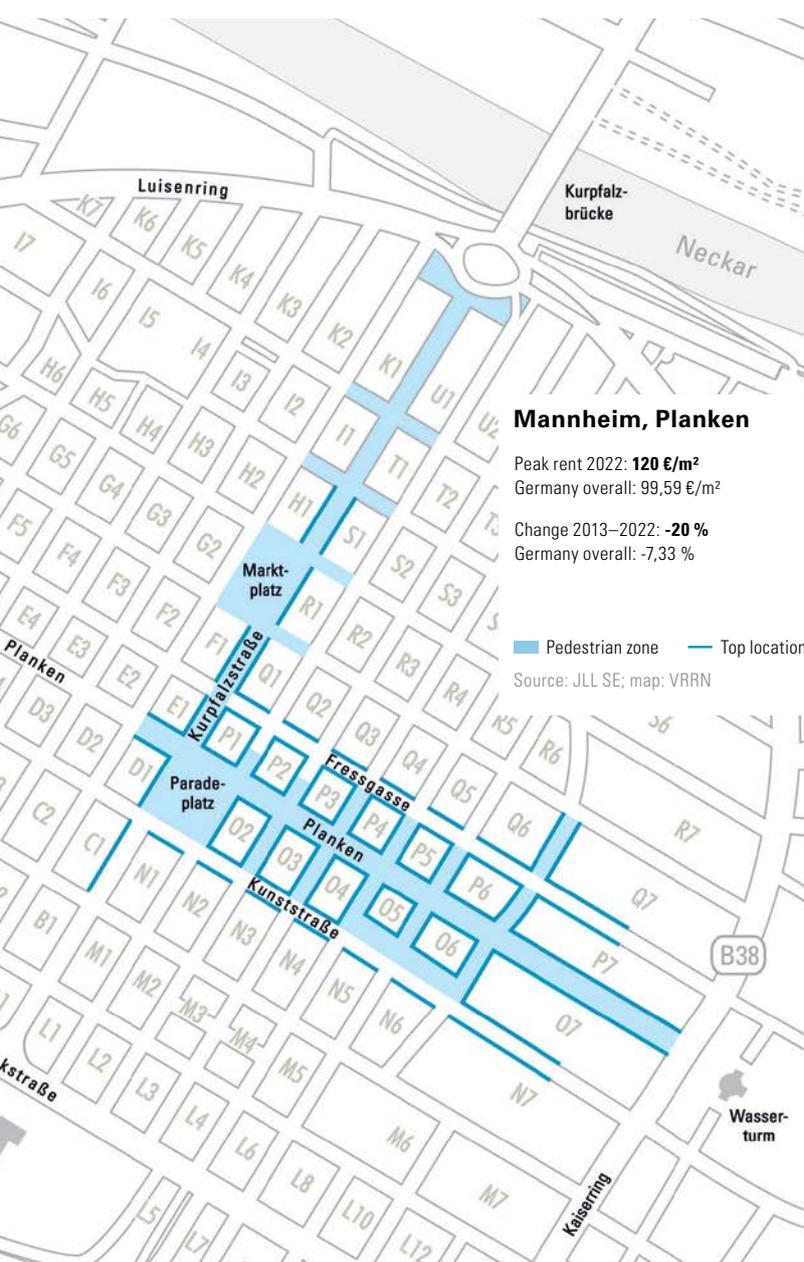
The general purchasing power is increasing

The Chamber of Industry and Commerce Rhine-Neckar has conducted a purchasing power analysis, providing detailed information on the 18 primary, secondary, and tertiary centers, as well as purchasing power indicators for the remaining 65 cities and municipalities in the region. According to the analysis, the general purchasing power increased in 2022 compared to the previous year. The purchasing power relevant to the retail sector also saw an increase, albeit at a lower growth rate. The primary centers, Mannheim and Heidelberg, accounted for over 50 percent of the region's stationary retail sales. This indicates the significance of these cities as major contributors to the retail industry in the region.

The general purchasing power per capita in Germany is approximately 25,000 euros. In the Rhine-Neckar Metropolitan Region, this value is around 25,700 euros, with Weinheim and Ladenburg significantly higher at 29,500 euros each. These two cities also rank at the top with a per capita retail-relevant purchasing power of 8,000 euros in 2022. In terms of retail centrality, several municipalities in the Rhine-Neckar Metropolitan Region exhibit exceptional appeal and attract shoppers to their stores. Schwetzingen holds the top position with a retail centrality index of 202.9, followed by Viernheim with 180.9 and Hockenheim with 166.1. Frankenthal, on the other hand, experiences a relatively balanced inflow and outflow of purchasing power, indicated by a centrality index of 103.3.

Dynamic retail in Heidelberg

Heidelberg defines its prime location for retail properties in the Hauptstraße, from Bismarckplatz to Universi-



tätsplatz at Grabengasse. The city center of Heidelberg extends beyond the old town to the main train station. Along this axis, new urban impulses are emerging in the coming years, including for the retail sector. On the site of the former BAUHAUS market, DIRINGER & SCHEIDEL is creating the Goethe-Quartier Heidelberg in the Weststadt area, between Kurfürsten-Anlage and Bahnhofstraße, which will provide residential, office, commercial, and gastronomy spaces by the end of 2026.

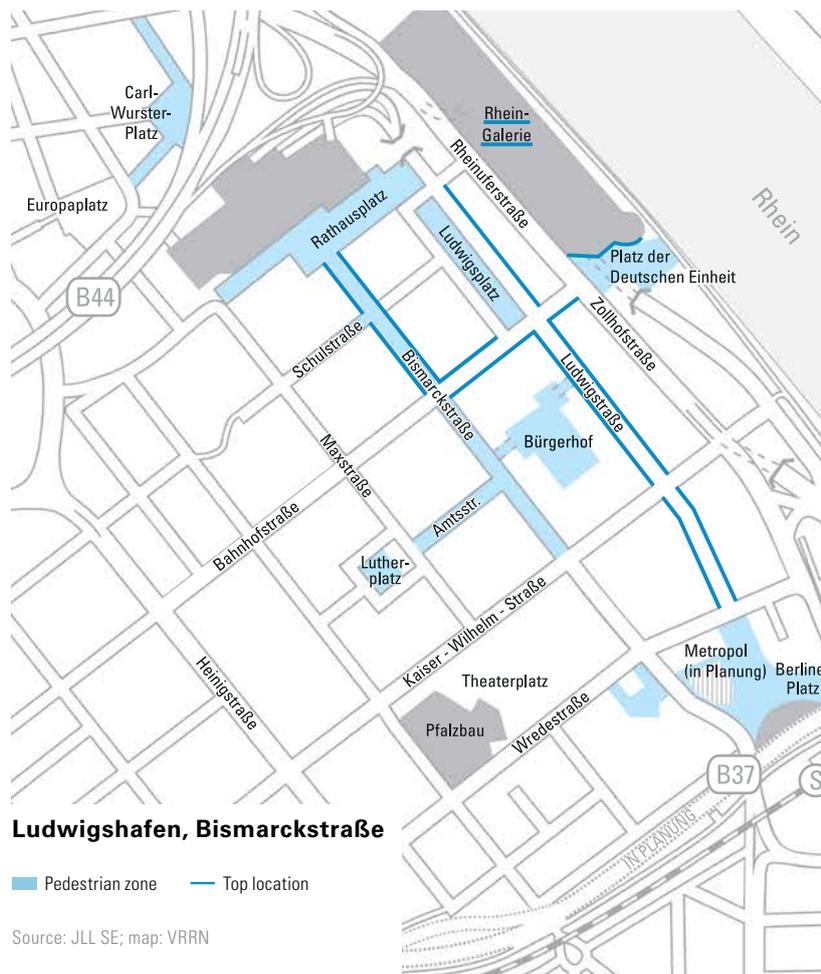
The retail sector in Heidelberg is characterized by high dynamics, with a significant number of store closures and an equal number of new openings. The Darmstädter-Hof-Centrum, serving as a gateway to the Hauptstraße and the old town, will welcome a new anchor tenant, Rewe supermarket, occupying the long-vacant space previously occupied by Saturn electronics store. The site is set to undergo renovations, with a building permit already submitted. The future use of the Galeria Karstadt Kaufhof property at Bismarckplatz, following its expected closure in early 2024, has not yet been determined.

Heidelberg has applied for the federal program “Future-oriented Towns and Centers” to receive funding. With the five million euros in financial support, the city aims to provide impetus for the enhancement and revitalization of its downtown area, as well as initiate and implement various projects.

Mannheim’s city center in a transformation over time

The retail sector in Mannheim is diverse and multifunctional. The presence of new openings from well-known brands reinforces the attractiveness of Mannheim’s retail industry. New retailers such as Urban Outfitters in O2, a Levi’s Store, Immergrün, and the shoe and apparel provider ONYGO in the extensively renovated ÖVA-Passage, as well as Paper & Tea in Quadrat O6, have expressed their commitment to the location. Media Markt has also relocated within the city, now situated in the Q6Q7 city

The southern Rhine river-bank will be enhanced through the establishment of a local supply center.



quarter. After renovation and reopening, AppelrathCüpper showcases the world of exclusive women’s fashion on the Planken in a new look.

To enhance the public space, the city of Mannheim is currently investing in the renewal of the side streets of the Planken, following the extensive redesign of the Planken themselves. These side streets lead towards well-frequented specialty stores and the gastronomy establishments in Fressgasse and Kunststraße. As the start of the Bundesgartenschau (Federal Garden Show) approaches, construction work on seven out of the eleven side streets has been completed. Additionally, the installation of bollards will restrict delivery traffic temporarily, ensuring undisturbed strolling and leisurely walks in the pedestrian zone of the Planken. The remaining four side streets are scheduled for renovation in 2024.

The city is undergoing a transformation, and the construction activity in Mannheim’s city center is hard to miss. One project that significantly alters the cityscape

With the "Innenstadt-Impulse" (City Center Impulses) funding program by the state of Rhineland-Palatinate, Ludwigshafen is creating space for new initiatives, including new seating furniture and green oases.



is the conversion of the former Galeria Kaufhof property on Kunststraße into the NEW 7 concept by DIRINGER & SCHEIDEL. This redevelopment is an outstanding example of urban transformation and sustainable densification. The lower floors of the former department store in Quadrat N7 will be converted into highly flexible office and commercial spaces. From the second to the sixth upper floors, new urban housing will be created, partially constructed with wood in a hybrid building approach.

Just across the street, on Kapuzinerplancken in O6, K1 Holding is realizing THE SIX, a new building that will feature retail and office spaces, as well as condominiums and penthouses. In Quadrat T1 on Breite Straße, the demolition of the former Woolworth building has begun. Here, the British company Whitbread is constructing a Premier Inn hotel. And another hotel is opening its doors—the Motel One in the former main post office at Mannheimer Paradeplatz.

To ensure the future viability of Mannheim's city center as an innovative, attractive, and sustainable location at the heart of the metropolitan region, visions and measures are being developed in collaboration with residents and stakeholders, strengthening the city's guiding principles. For this purpose, the city of Mannheim receives funding from the federal program "Future-Proof Cities and Centers" to support these efforts.

Retail indices in the key centres of the Rhine-Neckar Metropolitan Region

Municipality	Inhabitants	Purchasing power	Turnover	Centrality
Mannheim	311,831	95.6	133.5	139.6
Ludwigshafen	172,145	90.7	102.4	112.9
Heidelberg	159,245	92.3	113.8	123.2
Worms	83,850	93.9	130.2	138.6
Neustadt	53,491	106.7	120.2	112.6
Speyer	50,565	102.4	144.0	140.6
Frankenthal	48,773	92.3	95.4	103.3
Landau	46,919	96.6	141.2	146.1
Weinheim	45,197	111.5	131.5	117.9
Bensheim	40,629	111.4	117.8	105.7
Sinsheim	35,707	93.5	114.4	122.3
Viernheim	34,189	99.7	180.4	180.9
Lampertheim	32,682	103.0	85.4	82.9
Leimen	27,016	96.4	54.3	56.3
Wiesloch	26,546	103.5	91.3	88.2
Heppenheim	26,357	105.5	142.1	134.7
Mosbach	23,307	98.1	158.0	161.0
Schwetzingen	21,620	109.2	221.7	202.9
Hockenheim	21,435	100.4	166.7	166.1
Germersheim	20,716	82.7	116.6	141.0
Schifferstadt	20,403	106.3	67.4	63.4
Haßloch	20,215	102.7	94.8	92.3
Bad Dürkheim	18,576	108.3	112.1	103.5
Wörth	18,274	97.9	111.5	113.9
Buchen	17,756	94.9	125.5	132.1

Source: GfK Geomarketing (Indices: 2022), Federal Statistical Office (Population count as of 31.12.2021 based on the 2011 census)

On the path to a sustainable region

2022 was a challenging year due to the outbreak of the war in Ukraine, the sharp rise in energy prices and the summer drought. A resilient society can navigate through such difficult times without suffering long-term damage.

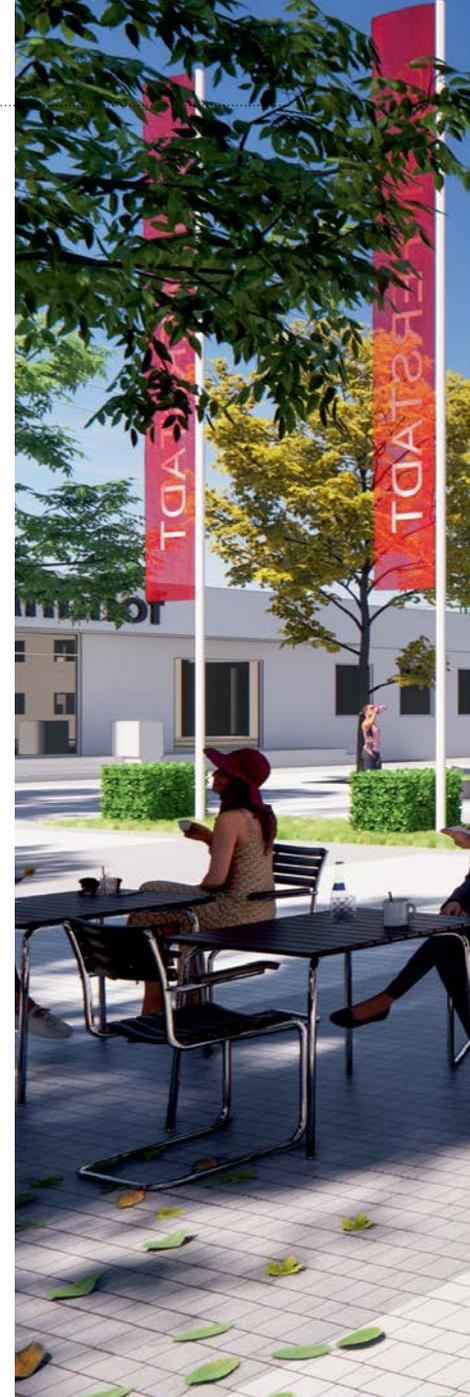
MODEL REGION

With a series of model projects, the Rhine-Neckar Metropolitan Region aims to become a role model for other regions in Germany. The focus is on CO₂-neutral construction, renovation, and operation of buildings and neighborhoods.

Climate protection measures, the transition to sustainable economic models, and the strengthening of civil society collaboration are all important measures that can contribute to increased resilience. The Rhine-Neckar Metropolitan Region has already made significant progress on this path.

The MRN GmbH, on behalf of the Stadtwerke Speyer, has developed a "Sustainability Dashboard" that visualizes selected data, making, for example, the feed-in of electricity from PV systems visible. The goal is

to further advance climate protection in a more efficient manner. This objective is reflected in the cooperation agreement signed in July 2022 between the Verband Region Rhein-Neckar (VRRN), the Germersheim district, the association municipalities and cities within the district, and the Energieagentur Rheinland-Palatinat (Energy Agency Rhineland-Palatinate). To achieve this goal, the participating institutions are committed to effectively supporting citizens in saving energy and engaging in climate protection measures.





KREISHAUS

With the new district administration building of Rhein-Pfalz-Kreis in Schifferstadt, Heberger sends a strong signal for sustainability and implements a sub-project of the model region.

The building sector plays a significant role in climate protection, accounting for approximately 40 percent of global greenhouse gas emissions. Therefore, the Rhine-Neckar Metropolitan Region is pursuing with great commitment the goal of becoming a model region for climate-friendly construction, renovation, and neighborhood management. The strong interest in these topics locally was demonstrated by the large Construction Industry Symposium that took place at the end of June 2022 as part of the International Building Exhibition (IBA) Heidelberg. The

The building sector is responsible for approximately 40 percent of global greenhouse gas emissions.

plan now is to develop innovative flagship projects with national impact through collaboration between industry, businesses, academia, administration, and politics.

Fips is an environmentally friendly on-demand service by rnv that conveniently transports you from point A to point B within designated zones using electric vehicles.



MOBILITY PACT RHEIN-NECKAR

The stakeholders of the Rhein-Neckar region have decided to jointly develop a mobility pact to address the challenges in infrastructure. The pact includes measures to improve mobility in areas such as traffic management, corporate mobility management, public transport, cycling and pedestrian traffic, as well as ensuring sufficient capacity for crossing the Rhine.

One example of climate-friendly construction can be seen in Neckargerach, where Penny Markt GmbH constructed a discount store using sustainable timber construction methods on an area of approximately 5,200 square meters as part of a pilot project. The consistent use of wood as a building material reduces CO₂ emissions by about 55 percent compared to a standard construction. Additionally, the building incorporates air heat pumps without a gas connection, and a photovoltaic system operates on the roof, eliminating the use of fossil fuels. Furthermore, new trees were planted on the site, improving biodiversity at the location. Another Penny store opened last year in Gaiberg, which was awarded the DGNB Gold certification due to its sustainable construction approach.

Sustainable mobility concepts are crucial for reducing CO₂ emissions in transportation.

In addition to climate-friendly construction, sustainable mobility concepts are significant elements on the agenda of regional sustainability. Growing metropolises require innovative mobility solutions that reduce CO₂ emissions while strengthening public transportation. However, mobility concepts need to be citizen-oriented. Therefore, the Association of the Rhine-Neckar Region (VRRN) established an online participation platform for citizens in early May 2022 to gather suggestions and ideas on how to further optimize mobility in the region and make it more climate-friendly and sustainable. The results of the evaluation will be incorporated into the implementation of the Mobility Pact Rhine-Neckar, which aims to improve people's transportation options in Baden-Württemberg, Hesse, and Rhineland-Palatinate.

The possibilities of climate-friendly and equitable passenger and freight transport, as well as the enhancement of public transportation attractiveness, were also at the core of the 5th Regional Conference on Mobility Transformation, organized by the Rhine-Neckar Metropolitan Region and the Karlsruhe Technology Region in May 2022. Experts provided insights on how mobility and urban planning can be aligned and presented regional and international best-practice examples.

An example of how these concepts can be implemented is demonstrated by an offering in Neustadt an der Weinstraße: Mobility-on-Demand provides an intelligent and on-demand supplement to the existing public transportation system. Using a mobile app, users can input their destination and departure time. Electric vehicles then transport passengers along similar routes for a nominal fee. Additionally, the Rhein-Neckar-Verkehr GmbH (rnv) offers fips, a service that allows passengers to travel from the bus or tram stop to their doorstep. This service currently operates in three districts of Mannheim and is planned to be expanded to Heidelberg by the end of 2023.

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