

Press information, 03/11/2020

Berlin Hyp Trendbarometer survey: German real estate is still the investment of choice – hybrid models on the rise

The key focus of the latest Berlin Hyp Trendbarometer expert survey is the office asset class. More than 230 real estate experts from Germany and abroad gave their assessment of the trends in the German real estate sector expert survey. For comparison, employees were questioned about their wants and needs via the survey tool Civey.

- Office and mobile working: Hybrid models are the future
- The biggest challenge of mobile working is the lack of interaction between colleagues
- Decreasing demand for workspaces, desk-sharing and developments in the labour market will transform the office sector
- The demand for office space is declining for the medium to long term
- Certified office properties at an advantage
- The appeal of the German real estate market is increasing
- COVID-19 will shape the coming real estate year

Hybrid model: A mix of office and mobile working is a realistic option for companies in the real estate sector

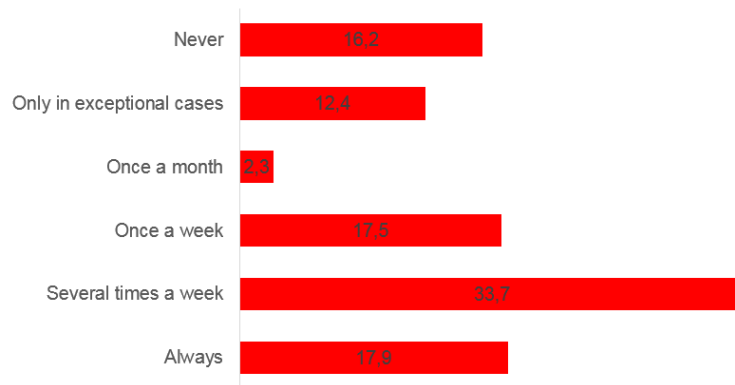
An absolute majority of 91% of respondents consider the hybrid model of office and mobile working as realistic. 63% of survey participants could imagine 1-2 days of mobile work in their company. Mobile working on 2-3 days was approved by another 23%. Only 1% could realistically imagine mobile work on a permanent basis in their company. 8% still prefer to be physically present in the office five days a week. As from the third day, 43% of respondents see more disadvantages than advantages.

Employers and employees share the same wants

During the lockdown last spring, companies relied heavily on mobile work as an emergency solution, insofar as this was technically possible. It generated positive results across most sectors and is on the rise as a working model for the future. Companies could save on office space or adapt existing spaces for a modern working and communication culture. Employees and employers appear to be aligned in terms of what they want.

Berlin Hyp asked employees about their wants and needs via the survey tool Civey. In September 2020, 2,500 employees were asked how often they would like to work from home. 33.7% of respondents would like to work on the go several times a week. 17.9% would like to work from home all the time and 17.5% would like to work from home once a week.

If you were free to decide. How often would you work from home after the COVID-19 pandemic? Data in per cent



Source: Civey for Berlin Hyp, sample size 2,500, survey period: 14 - 22 September 2020

From the companies' perspective, communication between employees must not be overlooked

For 38% of respondents, a lack of interaction between colleagues is the biggest difficulty when it comes to mobile work. We as communicative beings need interaction with others in order to be creative and innovative, both of which are fundamental prerequisites for successful work. Good ideas often stem from direct interaction with others, whether this be in the kitchen, at the coffee machine or while chatting in the corridor. Employees agree with this point of view. 56.7% of those surveyed like going to the office because they can talk to their colleagues and teamwork is easier (31.3%). For 46.5% of respondents, the separation between work and personal life is an argument in favour of going to the office.

Why do you like going to the office? Data in per cent



Source: Civey for Berlin Hyp, sample size 2,500, survey period: 14 - 22 September 2020

Permanent mobile work could reduce the demand for workspaces

An increasing and continuing recourse to mobile work (35%) are the main factors which reduce the demand for office space within the company. This is followed by new work concepts, the use of outsourcing solutions and a worse position of the company due to the economic situation. There are, however, opposing views: “The survey results underscore the importance of personal communication and sharing. This is why offices will still be sought after as places that enable and foster sharing and creativity”, says Sascha Klaus, Chairman of the Board of Management of Berlin Hyp. He therefore believes that a greater need for communication areas and the adherence to physical distancing rules will at least partially offset the decline in demand for office space. “Regardless of how the resulting net effect will ultimately play out, we assume that the demand for premium offices in central locations will remain unchanged,” adds Klaus. “A decrease in demand could only occur in the outskirts of cities, as a property’s conceptual design and location play an even greater role here than in prime locations.”

Decreasing demand for workspaces and desk-sharing are key factors influencing the office sector

26% of survey participants see a decreasing demand for office space due to desk-sharing and mobile work as deciding factors for the development of the office sector. For 17%, both the development of the labour market and economic recovery are also key factors. Only 5% are of the opinion that an expansionary monetary policy through the ECB’s Emergency Purchase Programme for loans is a crucial aspect for the development of the office sector.

It is remarkable that only 6% state an increase in demand for office space due to increasing hygiene regulations as an influencing factor. A possible explanation for this could be that decreasing demand for office space due to desk-sharing virtually cancels out the increasing demand for office space as an opposite effect.

Certified office properties at an advantage

There is a clear vote for certified office properties: 91% of survey participants see certified green office properties as having a slight to a very strong advantage compared with non-certified rental properties. Today, sustainability certificates are an important prerequisite for the tradeability of real estate, and they reflect a growing awareness for sustainability in the sector. With a view towards the ambitious environmental protection targets for the building sector for 2030 set in the Paris climate agreement, growing environmental awareness is a very important step. It is only when these standards become the norm that the target of reducing emissions in the building sector by two thirds in relation to the comparison year of 1990 can be reached.

Increased appeal of the German commercial real estate market

80% of survey participants consider the German commercial real estate market to be slightly or much more attractive than other European countries. This represents an increase of 16% compared to the approval ratings for the second Trendbarometer survey in June 2020. At 4%, the approval rating is stable amongst those participants who consider the

German commercial real estate market to be less or not attractive at all. The German real estate market appears to be not just resilient to all external influences, especially the COVID-19 pandemic, but is also proving to be particularly appealing during the crisis. Today, sustainability certificates are an important prerequisite for the tradeability of real estate, and they reflect a growing awareness for sustainability in the sector.

COVID-19: a determining factor

The COVID-19 pandemic has brought the world to its knees, along with the economy. After a recovery phase in late summer, infection rates are currently on the rise again in Germany, and there is growing concern of another lockdown. In this respect, it is only natural that 28% of survey participants believe that the COVID-19 pandemic will be the main factor to influence the coming real estate year.

According to the experts who took part, other determining factors are Germany as a “safe haven” (17%), interest rate levels (16%) and the economic crisis (13%). The major trend of demographics remains at the bottom of the list with 1% agreement.

About the Berlin Hyp Trendbarometer:

Berlin Hyp has been publishing the “**Trendbarometer**” expert survey for seven years in a row now. Real estate experts from Germany and abroad comment on their expectations of the real estate business in the coming year. The survey provides an assessment of the German real estate market in the current real estate year and a perspective for further development. More than 230 real estate experts participated in the current survey.

In order to provide a comparative perspective on the statements regarding mobile working, 2,500 active employees were questioned via the survey tool Civey in September 2020.

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Berlin Hyp specialises in large-volume real estate financing for professional investors and housing companies, for whom the Bank develops individual financing solutions. As an enterprise forming a Group together with the German savings banks, it also makes an extensive spectrum of products and services available to these institutions. Berlin Hyp is not only at the forefront as the issuer of the first Green Pfandbrief; the Bank also supports the financing of sustainable real estate. Berlin Hyp’s clear focus, about 150 years of experience and the ability to actively shape the digital transformation in the real estate sector characterise the Bank as a leading German real estate and Pfandbrief bank.