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Union Investment records strong lettings quarter with emphasis on Germany

New lettings and relettings in third quarter of 2016 total 161,000 sq m of rental space

Union Investment continued to see strong letting performance in the third quarter of 2016, with worldwide lettings and relettings totalling approximately 161,000 sq m. The German market features most prominently in the results, accounting for around 97,000 sq m or some 60 per cent.

The largest lettings in Germany were at the Alexa shopping centre in Berlin with a total of 16,400 sq m and the Theo 106 office property in Frankfurt with 10,600 sq m, which has been fully let to a big-name financial institution. The main reason for the strong Alexa result is that existing tenant Media Markt extended its lease for 12,300 sq m of space. The property forms part of the portfolio of Unilmmo: Deutschland.

The other European markets accounted for approximately 34,000 sq m in the third quarter. Highlights include letting successes in Benelux comprising approximately 8,700 sq m at the Brussels-Zaventem Corporate Village and some 10,000 sq m in Luxembourg, split between the Da Vinci and K2 Dolce properties. At the same time, progress was made across Europe, with 2,500 sq m of office space being let at Portico, Madrid and 4,000 sq m in Krisztina Palace, Budapest. Markets outside Europe contributed approximately 10,300 sq m to the overall result via smaller-scale lettings. Examples include 2,200 sq m at the Paseo de la Reforma office building in Mexico City and 825 sq m at 101 Seaport Boulevard in Boston.

At 107,000 sq m, the majority of lettings and relettings in the third quarter related to office properties, followed by retail, which made up over 20 per cent of the quarterly result with 39,000 sq m of space. Alongside the strong figures for Alexa in Berlin, the Fünf Höfe CityQuartier complex in Munich and the Manufaktura mall in Łódź each contributed approximately 3,000 sq m.

Due to ongoing letting success, occupancy rates based on rental income remain at a consistently high level across all actively managed funds. At the end of the third quarter of 2016, the figures for the three open-ended real estate funds for private investors were 97.2 per cent for Unilmmo: Deutschland, 96.2 per cent for Unilmmo: Europa and 94.3 per cent for Unilmmo: Global.

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Alexa shopping centre in Berlin