



Catella: Germany's hidden champions offer investment potential

In times of uninterrupted compression of returns, Investors are forced to reconsider their risk profile. Most commonly, this means investing in second and, occasionally, third-tier locations. But there is another geographical level that is largely yet to be analysed in terms of its relevance for the real estate industry, let alone being addressed by investors. This is where the Hidden Champions can be found. In terms of investment diversification, the locations of the 250 Hidden Champions analysed by Catella offer a promising outlook with higher yield expectations.

While second-tier locations continue to emerge as a popular investment option, the so-called German *Mittelstand* and its properties remain mostly unseen. To date, investors have barely moved into unknown regional domains or beyond the traditional nomenclature. This is one of the findings of the new Catella Market Tracker: "Uncovering hidden success – the unheralded locations beyond prime?" The German *Mittelstand* is investing here with impressive success. The *Mittelstand* consists of a large number of highly specialised small and medium-sized enterprises in supposedly peripheral locations which are leaders in their respective industries.

Catella has recorded and mapped 250 German Hidden Champions. This makes it possible to identify the hotspots within and outside the conurbations in western and, in particular, south-western Germany that boast substantial positive value creation at the level of the local economy in the areas of retail, consumer goods and residential real estate.

Many of the Hidden Champions can still be found in their historical locations, meaning that they own a lot of the buildings they occupy. Although most Hidden Champions are clustered around the major cities in the conurbations, very few actually have their production facilities and administrative offices there. "The typical Hidden Champion is based in a small or medium-sized city or in the surrounding area, with a commercial property market volume that is usually well under a million square metres, meaning that it can serve as an indicator of local economic activity," says Dr. Thomas Beyerle, Head of Group Research at Catella. Bottom line: a real estate investment with such stable long-term conditions pays off.

The Market Tracker "Uncovering hidden success – the unheralded locations beyond prime" is now available at www.catella.com/research.

For more information, please contact:

Dr. Thomas Beyerle
Head of Group Research
+49 69 310 19 30 220
thomas.beyerle@catella.de

Press contact:

Ann Charlotte Svensson
Head of Group Communications
+46 8 463 32 55, +46 72 510 11 61
anncharlotte.svensson@catella.se