

# Market in Minutes Germany retail investment market

Q2 2015



# The facts at a glance

Transaction volume for the first half-year exceeds total volume for 2014

- German retail property has been and remains extremely sought-after among investors. Investment in the sector totalled more than €9.5bn during the first half of 2015; almost twice the transaction volume registered in the first half of 2014. The total annual investment volume for 2014 (approx. €9bn) was also surpassed in the first six months of current year.
- Transaction activity was predominantly focused on the portfolio segment. Portfolios accounted for almost two thirds of the total transaction volume.
- A total of thirty retail property portfolios changed hands for a combined volume of €5.7bn. By far the largest transaction was the disposal of the Kaufhof department store portfolio for approx. €2.4bn, followed by the acquisition of Corio by Klépierre (approx. €1.1bn), which was completed in the first quarter.
- Department stores represented the largest segment by transaction volume (approx. €2.7bn), followed by high street properties (approx. €2.5bn) and shopping centres (approx. €2.3bn).
- The capital invested originated from a variety of regions. However, domestic investors narrowly comprised the largest group, accounting for a quarter of the total volume. Asian investors were absent on the purchaser side, although they have been and remain active as bidders in several large sales processes.
- Against a background of sustained very high demand, yields remain under pressure but those on shopping centres may have already reached their cyclical low.

# Key figures and composition of transaction volume

+++ With €2.7bn department stores took rank 1 in transaction volume table +++

TABLE 1

## Key investment market figures

	Transaction volume (€m)				Prime yield* (%)			
	H1 2015	y-o-y change	12 months rolling	q-o-q change	Q2 2015	y-o-y change	q-o-q change	Trend next 6 months
High street properties	2,546	+73%	4,005	+11%	3.8	-28 bps.	-6 bps.	$\rightarrow$
Retail warehouse parks	809	+43%	1,448	+3%	5.4	-20 bps.	-10 bps.	<b>↓</b>
Departments stores	2,658	+560%	2,933	+507%	-	-	-	-
Shopping centres	2,326	+123%	2,967	+37%	4.2	-35 bps.	- 20 bps.	$\rightarrow$
Other	1,168	-25%	2,138	-8%	-	-	-	-
Total	9,507	+89%	13,492	+35%	-	-	-	-

Source: Savills / \* average of Top 7 markets

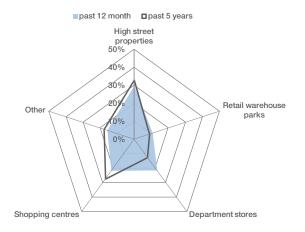
#### GRAPH 1

## **Transaction volume**



GRAPH 3

## Transaction volume by type of property



Source: Savills

### RAPH 2

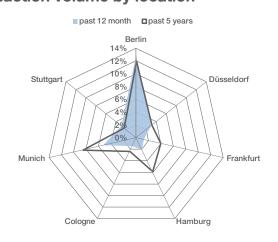
## Deal size and number of transactions



Source: Savills

GRAPH 4

## Transaction volume by location



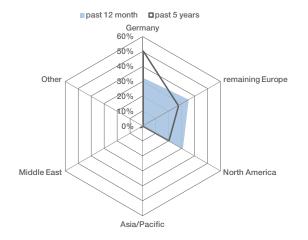
Source: Savills  $\ /\ ^*$  share of other locations 71% (past 12 months) and 62% (past 5 years) resp.

# Investors, yields and largest transactions

+++ Asian buyers are still missing but will enter the market soon | Yields came in +++

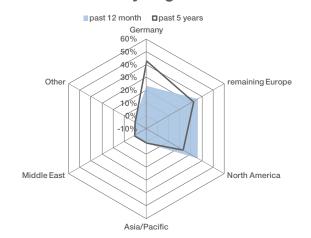
## GRAPH 5

## Transaction volume by origin of buyer



GRAPH 6

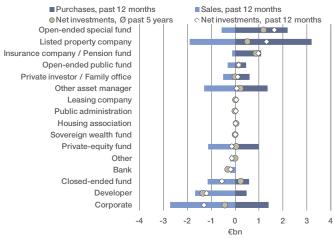
## Transaction volume by origin of seller



Source: Savills

GRAPH 7 ■

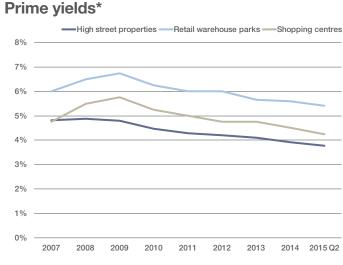
# Transaction volume by type of investor



Source: Savills

GRAPH 8

Source: Savills



Source: Savills / \* average of Top 7 markets

# The largest transactions in Q2 2015 at a glance\*

Property / Portfolio	Type of use	Location(s)	Volume	Buyer	Vendor
Kaufhof-Portfolio	Department store	across Germany	approx. €2,400m	HBC / Simon Properties	НВС
mfi interest share	Shopping centre	across Germany	approx. €394m	CPPIB	Unibail-Rodamco
Geschäftshaus-Portfolio	High street property	across Germany	undisclosed	Corestate	undisclosed
Ruhr-Park Bochum (50% interest share)	Shopping centre	Bochum	undisclosed	Axa Real Estate / Unibail-Rodamco	Perella Weinberg
Elisenhof	High street property	Munich	undisclosed	Axa Real Estate	Tishman Speyer

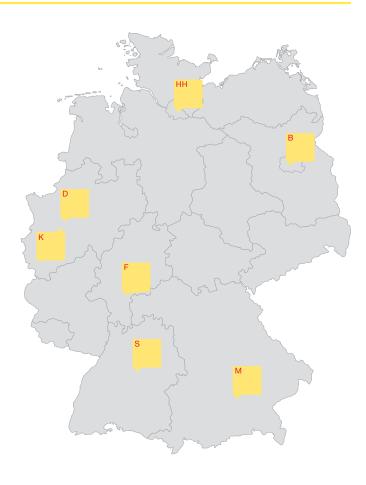
Source: Savills /  $^{\star}$  only published transactions are shown

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