

# Market in Minutes

## Germany residential investment market

Q4 2016



### The facts at a glance

Development acquisitions cushion the decline in volume and drive prices

■ The German residential investment market registered a transaction volume of approximately €10.7bn in 2016. This represents a decline of 54% compared with the previous year.

■ The portfolio segment above 5,000 units witnessed a particularly significant reduction in activity last year owing to the lack of supply. Only four transactions were completed in this size category compared with an average of eight during the last five years. In contrast, the number of transactions in the segment

below 5,000 units rose moderately (2016: 248, 5-year average: 240).

■ Against a background of strained housing markets in many towns and cities, construction activity rose further. The number of building permits granted in the first ten months of 2016 was 23% higher than in the corresponding period in 2015. This also manifested itself in the investment market, where acquisitions of development projects accounted for 21% of the transaction volume (2015: 9%). Development acquisitions are likely to remain a key pillar of investment

activity in 2017 since opportunities among the existing building stock remain scarce.

■ Owing to the rising proportion of development acquisitions, the average price per apartment rose by more than 31% during the course of 2016, closing the year at €92,400. The changes on the supply side also produced a shift in the investor landscape. While property companies represented the most active purchasers in previous years, special funds led the field last year.

# Key figures at a glance

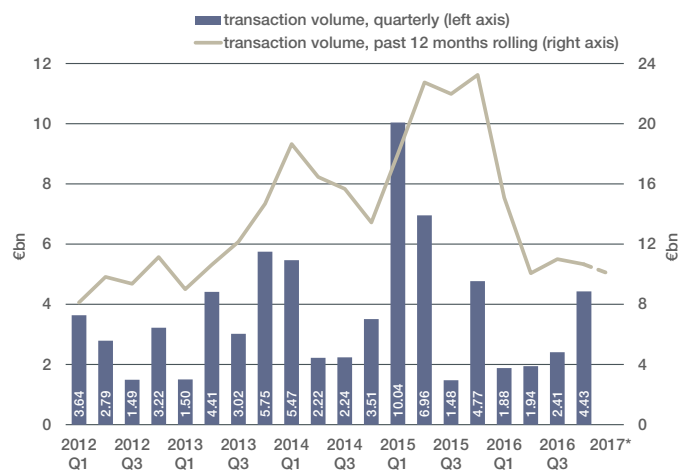
Significantly less transactions with more than 5,000 residential units

TABLE 1 Transaction volume and prices at a glance\*

	Transaction volume (€m)			Prices (€ per unit, 12 months rolling)		
	Q1 - Q4 16	against Q1 - Q4 15	against Q4 15 - Q3 16	Q1 - Q4 16	against Q1 - Q4 15	against Q4 15 - Q3 16
A-Cities	4,853	-48%	-13%	136,300	+38%	-3%
B-Cities	1,693	-7%	+37%	93,200	+47%	-3%
C-Cities	989	-8%	-3%	91,900	+17%	-3%
D-Cities	760	-4%	-31%	57,900	+19%	+28%
Other	2,365	-5%	+14%	62,600	+27%	+24%
Germany	10,661	-31%	-3%	92,300	+31%	+8%

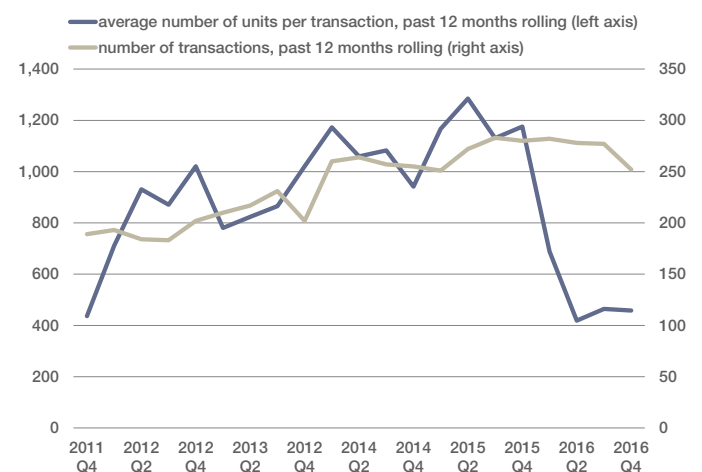
Source: Savills / \* based on the Bulwiengesa classification

GRAPH 1 Transaction volume



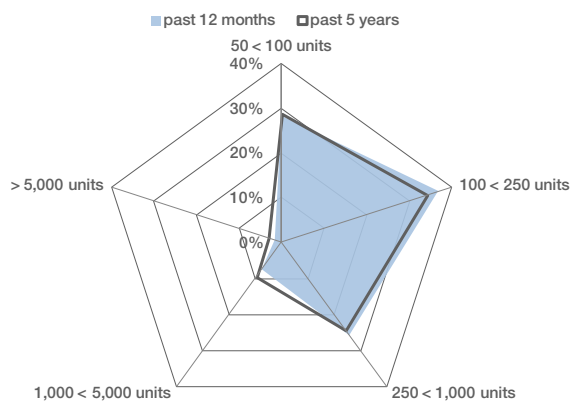
Source: Savills / \* Forecast

GRAPH 2 Deal size and number of transactions



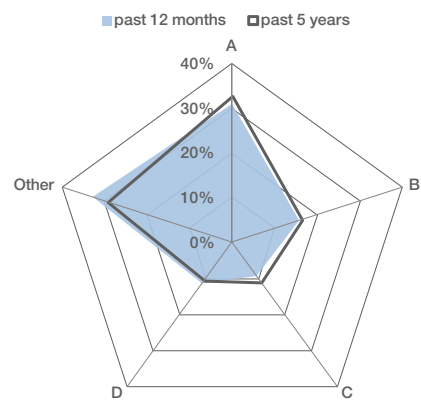
Source: Savills

GRAPH 3 Number of transactions by size



Source: Savills

GRAPH 4 Transacted units by type of city\*

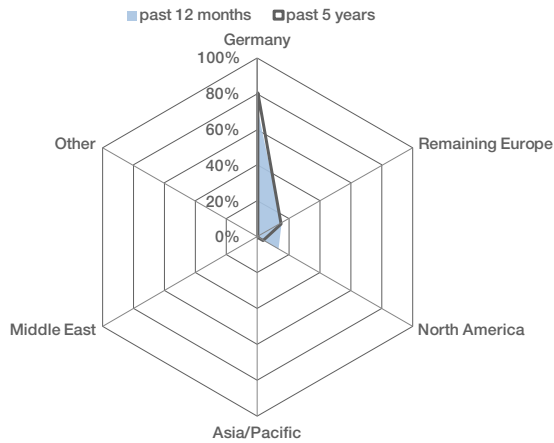


Source: Savills / \* based on the Bulwiengesa classification

# Market players and development of prices

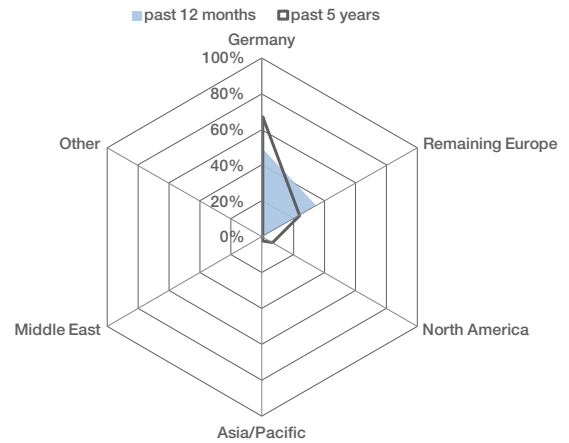
Open-ended special funds most active net investors | Prices driven by forward deals

**GRAPH 5**  
Transaction volume by origin of buyer



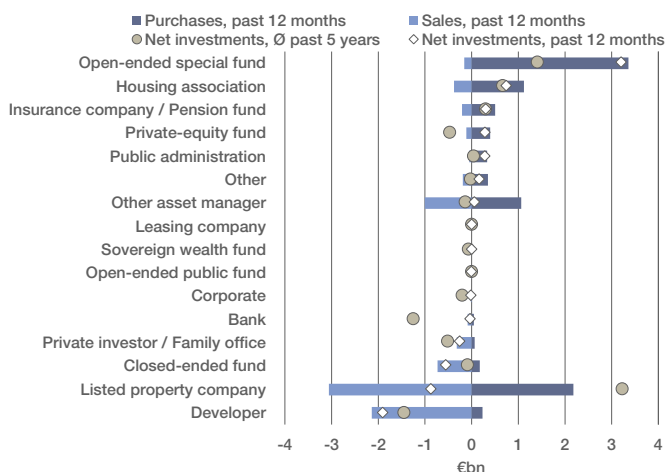
Source: Savills

**GRAPH 6**  
Transaction volume by origin of seller



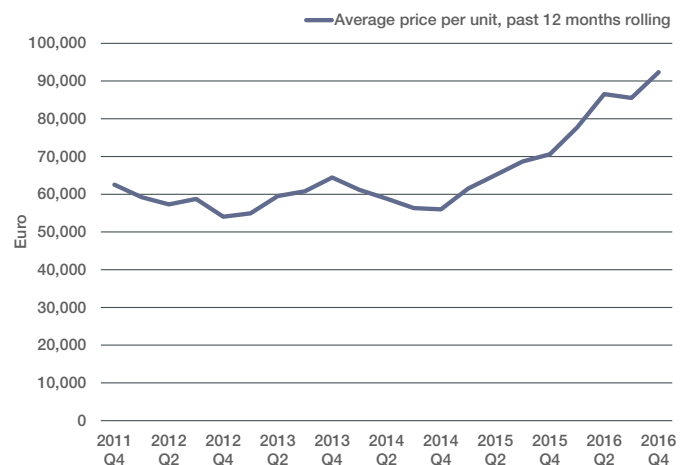
Source: Savills

**GRAPH 7**  
Transaction volume by type of investor



Source: Savills

**GRAPH 8**  
Development of prices



Source: Savills

**TABLE 2**  
The largest transactions in Q4 2016 at a glance\*

Portfolio	Number of units	Volume	Buyer	Vendor
Conwert acquisition (71.5% share)	approx. 16,900	undisclosed	Vonovia SE	Conwert Immobilien Invest SE
-	approx. 17,000	approx. €1,177m	Morgan Stanley Real Estate Investment GmbH	BGP Investment S.à r.l. (BGP)
-	approx. 3,500	undisclosed	PATRIZIA Immobilien Kapitalanlagegesellschaft mbH	Bouwfonds IM
-	approx. 1,200	approx. €135m	unknown institutional Investor (Europe)	unknown Family Office
THE FIZZ sub portfolio	approx. 1,200	undisclosed	Allianz Real Estate, CBRE Investors, International Campus AG	International Campus AG

Source: Savills / \* only published transactions are shown

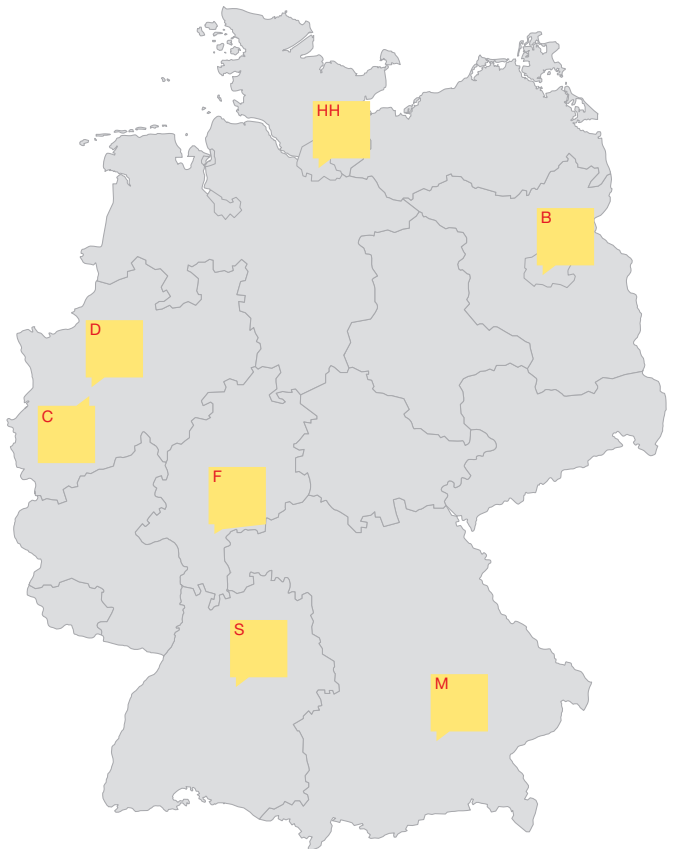
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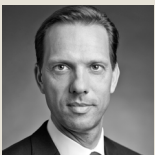
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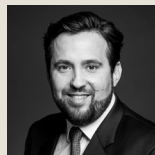
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