Investment Market monthly **Germany**

June 2017

The facts in June

Logistics draws level with retail - a snapshot or a sign of things to come?

Commercial real estate

■ Highest half-year transaction volume since 2007! The commercial investment market remains on a record trajectory with industrial and logistics property making a substantial contribution (Table 1, Graphs 1 and 2).

■ Investment in the latter sector in the first half year exceeded the total for the whole of last year and almost equalled investment in retail property. We do not expect this to remain the case, particularly since three large portfolio transactions contributed to the total. However, this snapshot once more underlines the structural growth in the logistics sector.

■ It is interesting that the number of transactions has now stagnated for two years while the average transaction size has increased rapidly (Graph 3). One reason is the increasing number of portfolio sales.

Residential real estate

■ In the residential investment market, too, transactions have recently increased in size again while continuing to decline in number (Graph 10).

■ The fact that the transaction volume rose significantly compared with the corresponding period last year (Tab. 4, Graph 9) is primarily attributable to the further increase in prices (Graph 12). This, in turn, is explained by the fact that development acquisitions now account for almost a third of the overall transaction volume. The continued increase in new-build activity and the focus of many investors on new-build projects may result in a further increase.

■ It will be interesting to see whether and how the announced abolition of the rental cap in North Rhine-Westphalia and Schleswig-Holstein will impact investment activity in those regions.

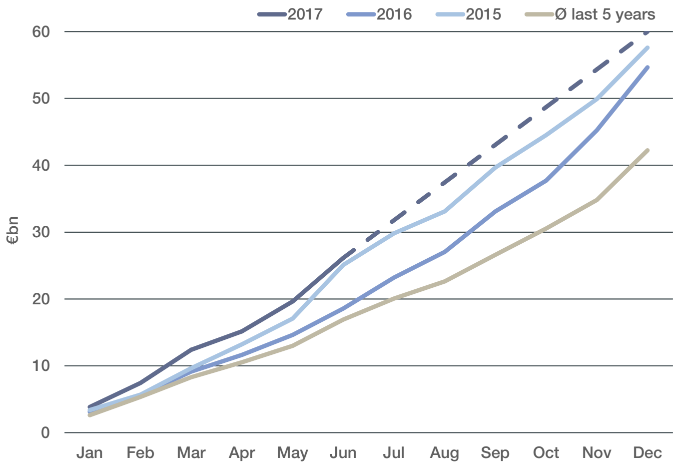
Commercial investment market

TABLE 1
Transaction volume by type of use

	Transaction volume (€m)					
	Jun 17	Jan to Jun 2017	against Jan to Jun 2016	Jul 2016 to Jun 2017	against Jun 2016 to May 2017	against Jul 2015 to Jun 2016
Office	2,446	10,126	+35%	26,502	+3%	+24%
Retail	804	5,894	+20%	14,732	-1%	-2%
Industrial/Logistics	2,272	5,075	+157%	7,875	+27%	+62%
Hotel	182	1,050	-44%	3,489	-4%	-8%
Development land	135	489	-34%	1,161	+1%	-18%
Other	675	3,517	+123%	8,271	+4%	+87%
Total	6,514	26,151	+41%	62,232	+4%	+22%

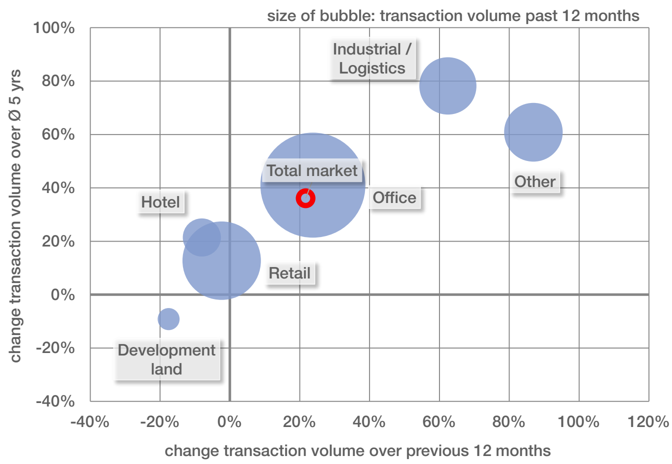
Source: Savills

GRAPH 1
Accumulated transaction volume



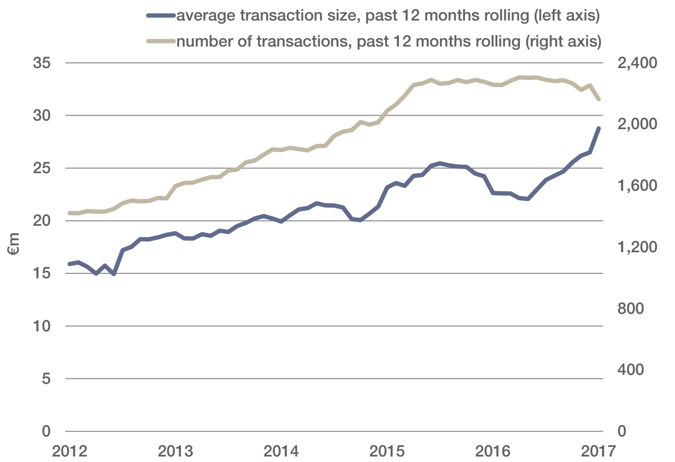
Source: Savills / Note: dotted line = forecast

GRAPH 2
Type of use



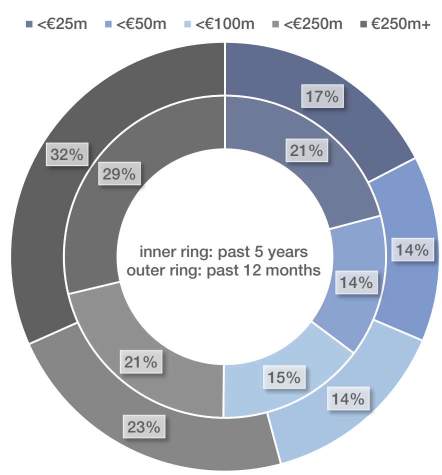
Source: Savills

GRAPH 3
Deal size and number of transactions



Source: Savills / Note: including portfolios

GRAPH 4
Transaction volume by deal size



Source: Savills

Commercial investment market

TABLE 2

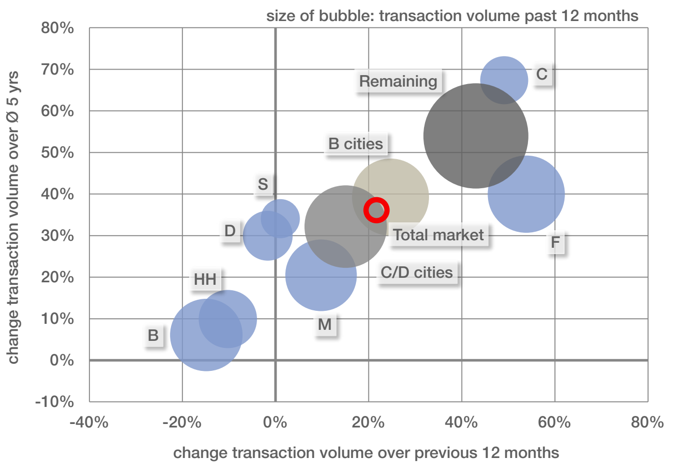
Transaction volume by location

	Transaction volume (€m)					
	Jun 17	Jan to Jun 2017	against Jan to Jun 2016	Jul 2016 to Jun 2017	against Jun 2016 to May 2017	against Jul 2015 to Jun 2016
Berlin (B)	645	2,780	+54%	5,920	+8%	-15%
Düsseldorf (D)	337	1,099	+43%	2,792	+2%	-2%
Frankfurt (F)	530	2,000	+36%	6,721	+1%	+54%
Hamburg (HH)	343	1,175	-40%	3,818	-4%	-10%
Cologne (C)	321	1,275	+260%	2,605	+12%	+49%
Munich (M)	298	2,003	+3%	5,778	+/-0%	+10%
Stuttgart (S)	262	554	-8%	1,732	+5%	+1%
Germany	6,514	26,151	+41%	62,232	+4%	+22%

Source: Savills

GRAPH 5

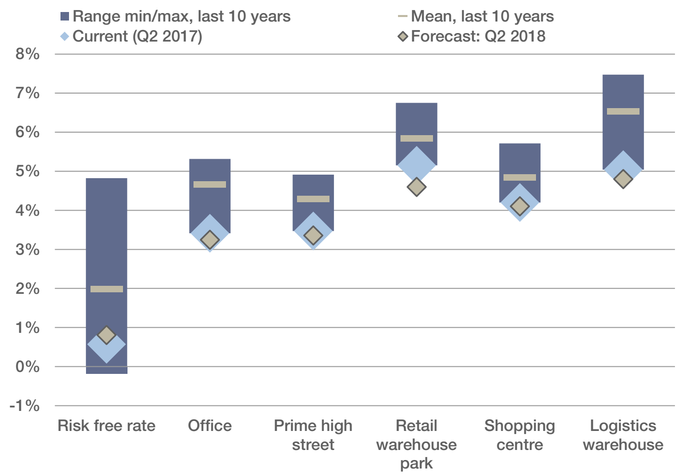
Regional distribution



Source: Savills / Note: based on the Bulwiengesa classification

GRAPH 6

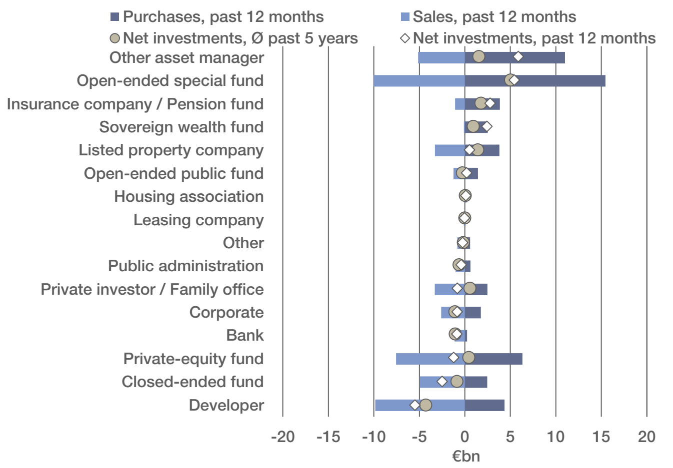
Prime yields



Source: Focus Economics, Savills / Note: always end of quarter values, risk free rate = 10Y Government Bunds, Prime Yields = Ø Top7

GRAPH 7

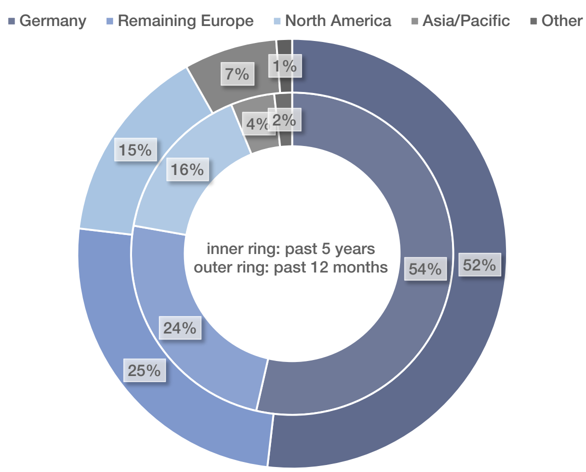
Type of investor



Source: Savills

GRAPH 8

Transaction volume by origin of buyer



Source: Savills

Commercial investment market

TABLE 3

Top 20 transactions of the last six months*

Date	Property / Portfolio	Location(s)	(Main) Type of property	Volume (€m) ↓	Area (sq m)	Buyer	Seller
Jun 17	Logicor acquisition	n/a	Logistics and Industry buildings	ca. 2000	2,295,100	China Investment Corporation (CIC)	Blackstone Group Deutschland GmbH
Mar 17	Portfolio (100 properties)	n/a	Logistics and Industry buildings	ca. 974	1,624,000	Blackstone Group Deutschland GmbH, M7 Real Estate	Hansteen Holdings PLC
Apr 17	Portfolio (90 properties)	n/a	Retail	ca. 687	290,000	Bayrische Versorgungskammer	Corestate Capital AG
Apr 17	Portfolio (15 properties)	i. a. Berlin, Bodenheim, Bremen	Logistics and Industry buildings	ca. 465	586,900	Axa Investment Managers	Gramercy Property Trust Inc.
Jun 17	T8	Frankfurt am Main	Office	ca. 300	30,000	Mirae Asset Global Investments	Credit Suisse (Deutschland) AG
Mar 17	Portfolio (10 properties)	i. a. Hamburg, Himmelweiler, Hofheim	Retail	undisclosed	197,600	Pradera	IKEA
Jun 17	Symphonie (3 properties)	Dortmund, Frankfurt, Hamburg	Office	ca. 280	61,600	PATRIZIA Immobilien Kapitalanlagegesellschaft mbH	Orion Capital Managers L.P.
Jun 17	City-Carée	Magdeburg	Mixed-use property	undisclosed	135,000	Revcap	WealthCap Wealth Management Capital Holding GmbH
Jan 17	East Side Mall	Berlin	Retail	undisclosed	38,000	RFR-Holding GmbH	FREO FINANCIAL & REAL ESTATE OPERATIONS SARL
Feb 17	Gravity (70 properties)	n/a	Retail	ca. 230	n/a	Castlelake	Marcol, Marathon Asset Management
Mar 17	Kap West	Munich	Office	undisclosed	42,000	Allianz Real Estate GmbH Germany	OFB Projektentwicklung GmbH
Mar 17	Nova Eventis	Leuna	Retail	ca. 200	76,000	Ares Management LLC, Baupost	Prime Commercial Properties (PCP)
Feb 17	Radisson Blu Hotel Hamburg	Hamburg	Hotel/gastronomy	ca. 200	n/a	Wenaasgruppen	Azure Property Group
Jan 17	Gerling-Quartier 2. building stage	Cologne	Mixed-use property	undisclosed	35,000	Proximus Real Estate AG, Quantum Immobilien AG	Immofinanz AG
Mar 17	Zalando-Campus	Berlin	Office	ca. 196	42,000	Capstone Asset Management	UBM Realitätenentwicklung AG
Mar 17	Puschkinallee 52	Berlin	Office	ca. 180	47,300	Bundesanstalt für Immobilienaufgaben	Taunus Holdings Limited
Jun 17	EightFloors	Berlin	Office	ca. 175	40,000	Allianz Real Estate GmbH Germany	Patron Capital Limited, Suprema Vermögensverwaltung
May 17	Portfolio (3 properties)	i. a. Nordhausen, Sondershausen	Retail	undisclosed	64,700	unknown Investor (Germany)	Edinburgh House Estates Ltd
Jun 17	DuMont Carré	Cologne	Mixed-use property	undisclosed	40,200	Tristan Capital Partners, Concepta Projektentwicklung	Oppenheim-Esch
Apr 17	Portfolio (12 properties)	i. a. Berlin, Düsseldorf, Hamburg	Office	ca. 169	106,300	Alstria Office AG	IVG Immobilien AG

Source: Savills / * only published transactions are shown

Residential investment market

TABLE 4

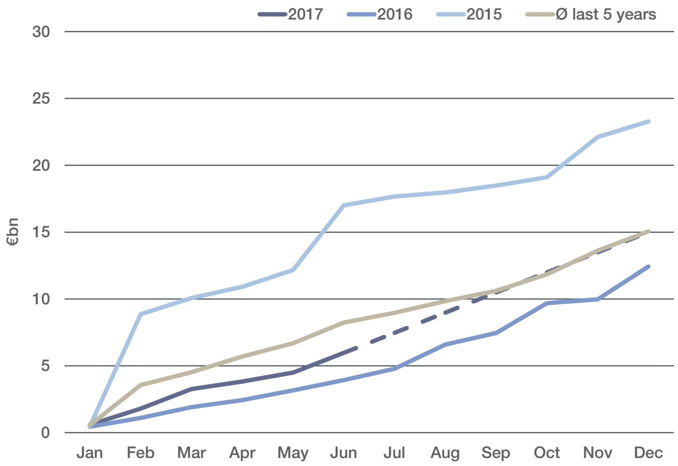
Transaction volume by city category

	Transacton volume (€m)					
	Jun 17	Jan to Jun 2017	against Jan to Jun 2016	Jul 2016 to Jun 2017	against Jun 2016 to May 2017	against Jul 2015 to Jun 2016
A-cities	329	2,861	+37%	5,758	+1%	+9%
B-cities	224	736	+2%	1,860	+3%	+51%
C-cities	166	356	+14%	1,237	+3%	+15%
D-cities	76	428	+100%	1,089	-1%	+31%
Other	678	1,586	+168%	4,526	+15%	+153%
Germany	1,474	5,967	+52%	14,470	+5%	+42%

Source: Savills / Note: based on the Bulwiengesa classification

GRAPH 9

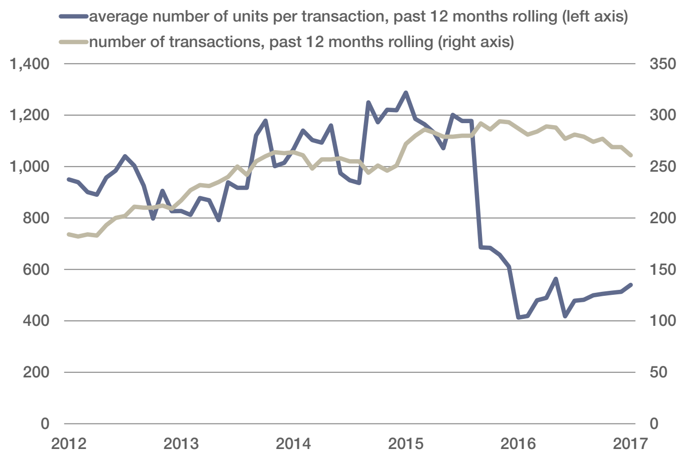
Accumulated transaction volume



Source: Savills / Note: dotted line = forecast

GRAPH 10

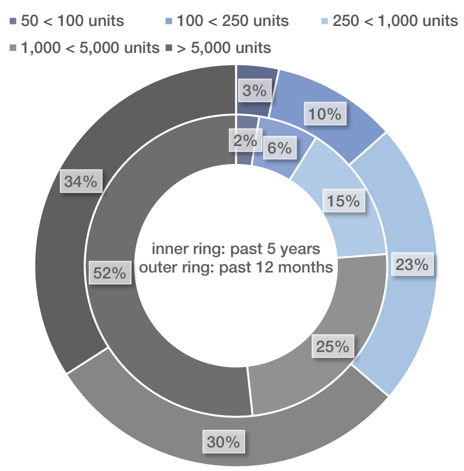
Deal size and number of transactions



Source: Savills / Note: including portfolios

GRAPH 11

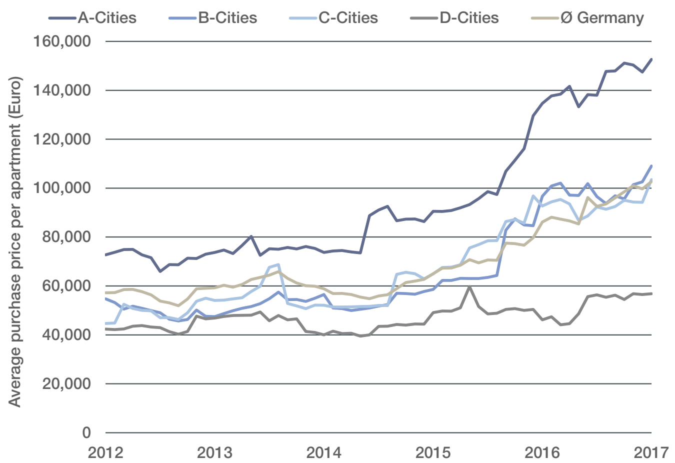
Traded units by size



Source: Savills

GRAPH 12

Development of prices



Source: Savills / Note: values are 12 months rolling

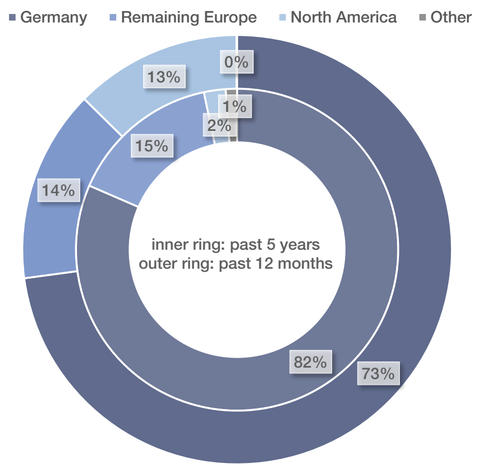
Residential investment market

TABLE 5
Traded units by city category

	Traded units					
	Jun 17	Jan to Jun 2017	against Jan to Jun 2016	Jul 2016 to Jun 2017	against Jun 2016 to May 2017	against Jul 2015 to Jun 2016
A-cities	1,417	16,373	+11%	37,720	-2%	-4%
B-cities	1,320	5,582	-27%	17,052	-3%	+34%
C-cities	1,046	2,668	-27%	11,952	-6%	+3%
D-cities	556	6,800	+115%	19,167	-2%	+6%
Other	6,281	15,445	+40%	55,001	+11%	+49%
Germany	10,620	46,868	+16%	140,892	+2%	+19%

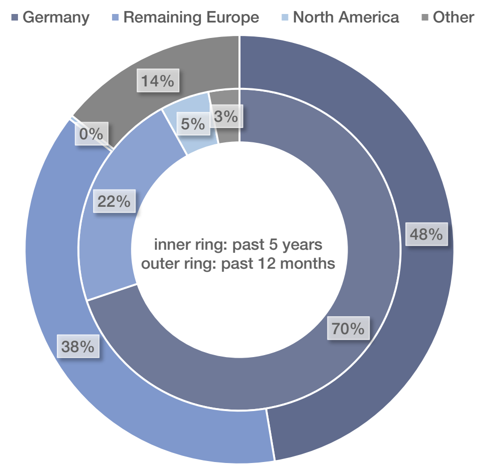
Source: Savills / Note: based on the Bulwiengesa classification

GRAPH 13
Transaction volume by origin of buyer



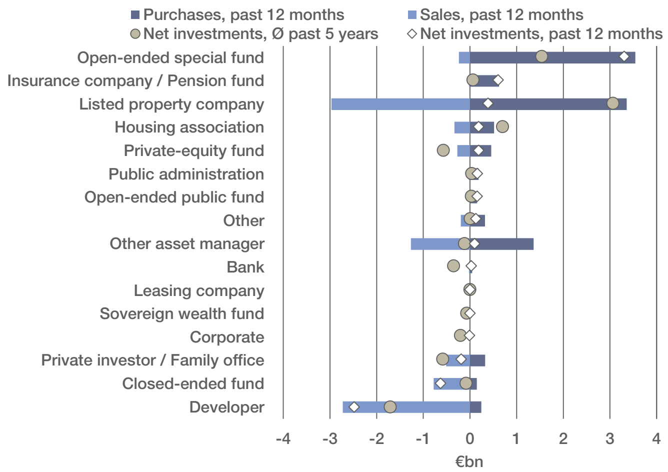
Source: Savills

GRAPH 14
Transaction volume by origin of seller



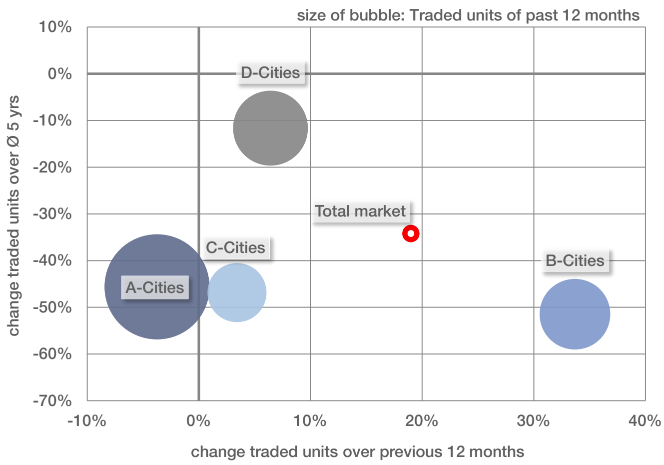
Source: Savills

GRAPH 15
Transaction volume by type of investor



Source: Savills

GRAPH 16
Traded units by city category



Source: Savills / Note: based on the Bulwiengesa classification

Residential investment market

TABLE 6

Top 20 transactions of the last six months*

Date	Name of portfolio Location(s)	Number of units	Volume (€m) ↓	Buyer	Seller
Mar 17	Berlin	4,170	ca. 655	Deutsche Wohnen AG	unknown Institutional Investor
Jun 17	Berlin, Cologne, Mainz, Wuppertal	635	ca. 226	Industria GmbH	Ten Brinke Groep B.V.
Feb 17	Berlin, Leipzig	1,800	ca. 202	Fonciere des Regions	undisclosed
May 17	Düsseldorf, Neuss	1,800	undisclosed	LEG NRW	In-West Immobilien, Benson Elliot Capital Management
Jun 17	i. a. Bad Breisig, Bad Hersfeld, Bad Salzuflen, Essen	2,443	undisclosed	ZBI Zentral Boden Immobilien AG	Feondor Group
Apr 17	Berlin	770	undisclosed	Round Hill Capital	undisclosed
Jun 17	i. a. Chemnitz, Duisburg, Gelsenkirchen, Grüna	2,510	ca. 135	ZBI Zentral Boden Immobilien AG	Vonovia SE
Apr 17	Munich	679	undisclosed	unknown Private Investor	PATRIZIA Immobilien Kapitalanlagegesellschaft mbH
Apr 17	Düsseldorf, Frankfurt, Göttingen, Hamburg, Reutlingen	1,055	ca. 118	Catella Real Estate AG Kapitalanlagegesellschaft	unknown Investor
Feb 17	Bremen, Hamburg, Hamburg-Insel Neuwerk	1,300	undisclosed	Ares Management, Forte Capital Deutschland	unknown Investor (abroad)
Mar 17	Hannover	796	undisclosed	Capital Bay	PI ProInvestor GmbH & Co. KG
Jan 17	Hamburg	255	undisclosed	Quantum Immobilien AG	Aug. Prien Immobilien, Köhler & von Bargen
Jan 17	Hamburg	250	undisclosed	unknown Institutional Investor (Europe)	Aug. Prien Immobilien, Köhler & von Bargen
Jan 17	Berlin	undisclosed	undisclosed	unknown Investor (Europe)	Nicolas Berggruen Holding GmbH
Feb 17	Berlin	undisclosed	undisclosed	Ado Properties	unknown Investor
Jan 17	Hamburg, Leipzig, München, Saarbrücken	730	undisclosed	DeWAG Deutsche WohnAnlage, Institutional Investor	unknown Investor
Mar 17	Duisburg, Oberhausen	1,114	undisclosed	Peach Property Group AG	unknown Unlisted Property Company (Germany)
Mar 17	Stuttgart	146	undisclosed	Wüstenrot & Württembergische AG	Bülow AG
Feb 17	i. a. Alfter, Bonn, Bornheim, Hennef, Königswinter	530	undisclosed	Vivawest Wohnen GmbH	unknown Investor
Feb 17	Hamburg	246	undisclosed	Aachener Grundvermögen	aurelis Real Estate GmbH & Co. KG

Source: Savills / * only published transactions are shown

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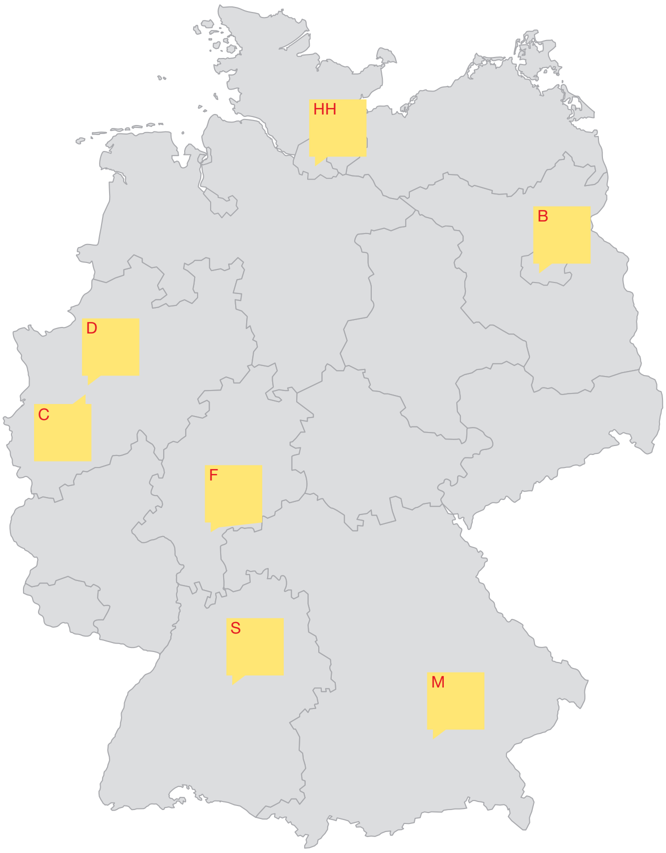

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