Investment Market monthly **Germany**

July 2017

The market at a glance

Asian investors have arrived – number one foreign purchasers in 2017

Commercial investment market

■ The entry of Asian investors into the market has been mooted for a long time. However, only this year have Asians actually become direct purchasers on a grand scale. They have invested directly more than €2.9bn during the year to date and have been the most active foreign purchasers, accounting for almost 9% of the transaction volume. Over the last five years, they have accounted for an average of just 4% (Graph 8).

■ July was a record month for Berlin's commercial investment market. With investment totalling €1.25bn (Table 2), July was the strongest month since the sale of Potsdamer Platz in October 2015.

■ While the transaction volume for offices and logistics property has risen significantly, investment in retail property has stagnated (Graph 2). One likely cause for this is the "threat" of online retail.

Residential investment market

■ The negative trend in the number of residential transactions, which has now continued for more than a year, has intensified further (Graph 10). Accordingly, July was the weakest month for three years with an investment volume of €295m.

■ The residential investment market has been primarily driven by transactions in the A-cities and in areas outside of the ABCD-cities over the last 12 months (Table 4). The strongest locations for investment outside of the ABCD-cities include many surrounding municipalities such as Schönefeld near Berlin, Oberschleißheim near Munich and Wesseling near Cologne. Such areas are benefiting from the housing shortages in the major cities and are likely to become even more attractive as residential locations. The recently published data on increased commuter numbers could be regarded as supporting evidence of this.

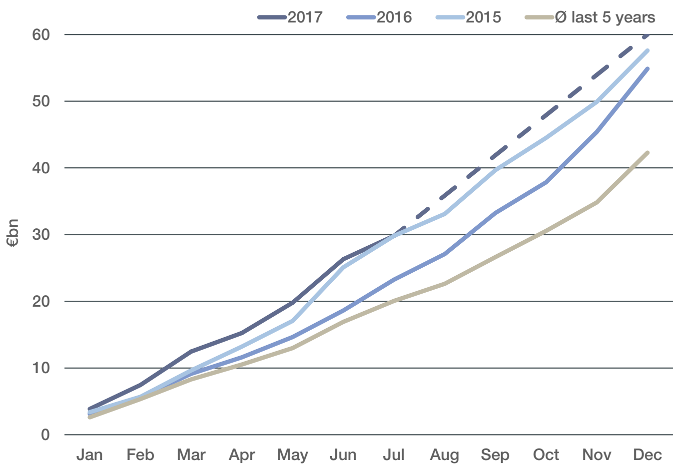
Commercial investment market

TABLE 1
Transaction volume by type of use

	Transaction volume (€m)					
	Jul 17	Jan to Jul 2017	against Jan to Jul 2016	Aug 2016 to Jul 2017	against Jul 2016 to Jun 2017	against Aug 2015 to Jul 2016
Office	2,257	12,454	+45%	27,843	+4%	+30%
Retail	424	6,399	-4%	13,521	-9%	-1%
Industrial/Logistics	246	5,383	+116%	7,678	-3%	+49%
Hotel	159	1,208	-47%	3,278	-6%	-20%
Development land	191	680	-24%	1,242	+7%	-17%
Other	239	3,705	+58%	7,701	-7%	+53%
Total	3,514	29,829	+28%	61,454	-2%	+20%

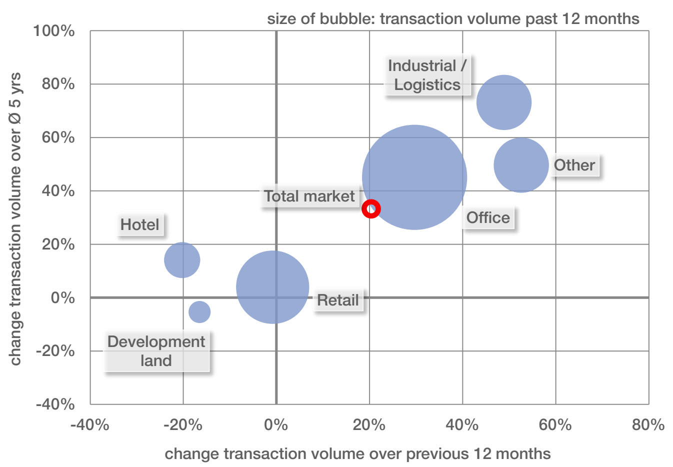
Source: Savills

GRAPH 1
Accumulated transaction volume



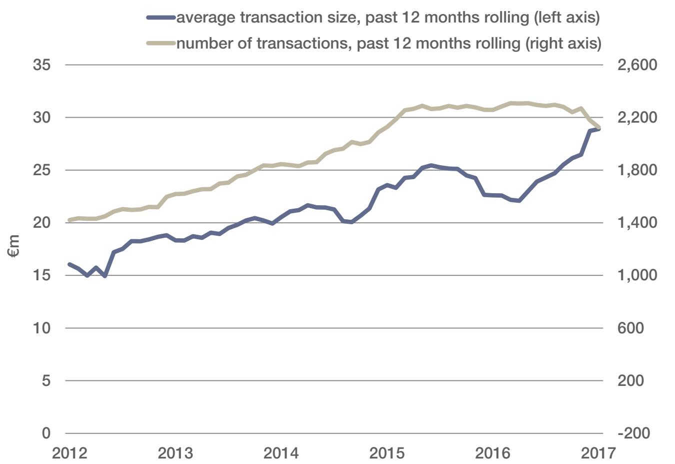
Source: Savills / Note: dotted line = forecast

GRAPH 2
Type of use



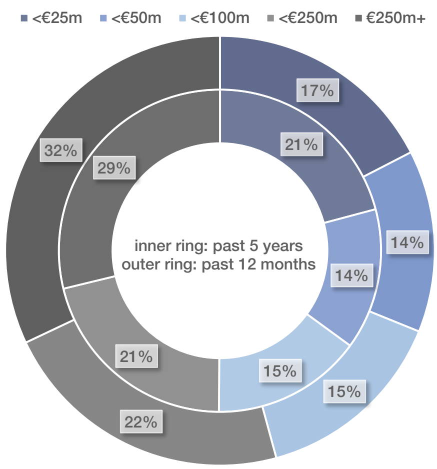
Source: Savills

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

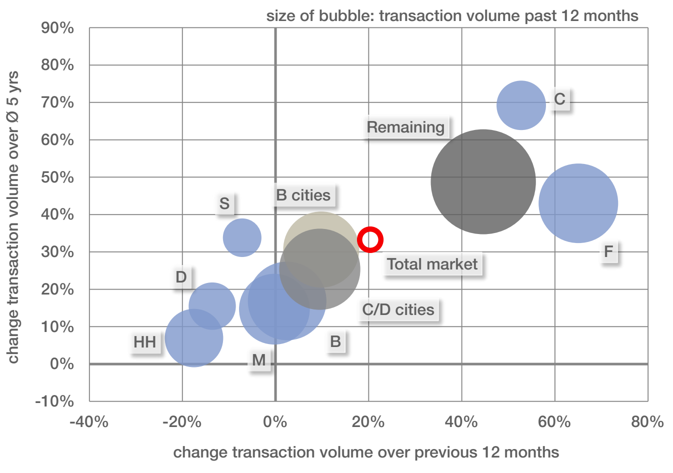
Transaction volume by location

	Transaction volume (€m)					
	Jul 17	Jan to Jul 2017	against Jan to Jul 2016	Aug 2016 to Jul 2017	against Jul 2016 to Jun 2017	against Aug 2015 to Jul 2016
Berlin (B)	1,252	4,036	+83%	6,794	+14%	+2%
Düsseldorf (D)	29	1,128	-2%	2,461	-12%	-14%
Frankfurt (F)	399	2,314	+45%	6,958	+4%	+65%
Hamburg (HH)	230	1,459	-37%	3,752	-4%	-18%
Cologne (C)	172	1,449	+229%	2,692	+3%	+53%
Munich (M)	80	2,094	-13%	5,491	-6%	+/-0%
Stuttgart (S)	64	618	-18%	1,638	-5%	-7%
Germany	3,514	29,829	+28%	61,454	-2%	+20%

Source: Savills

GRAPH 5

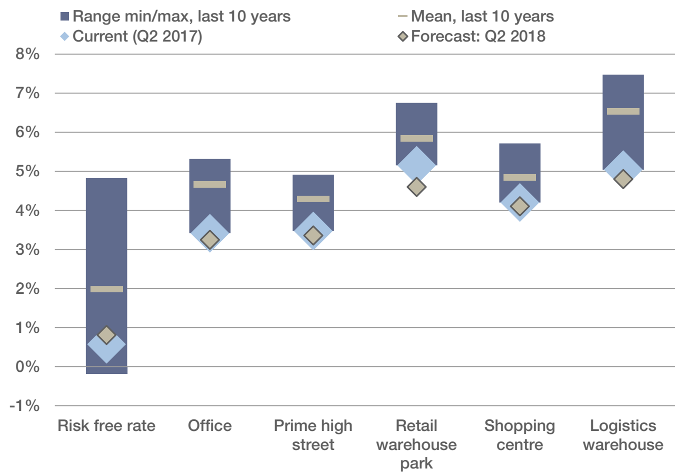
Regional distribution



Source: Savills / Note: based on the Bulwiengesa classification

GRAPH 6

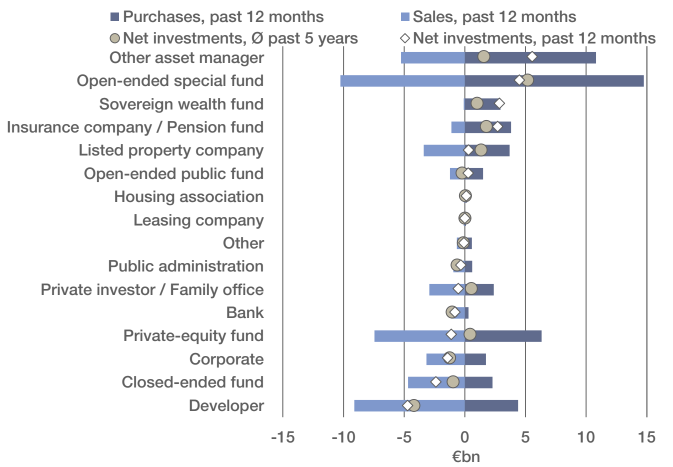
Prime yields



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

GRAPH 7

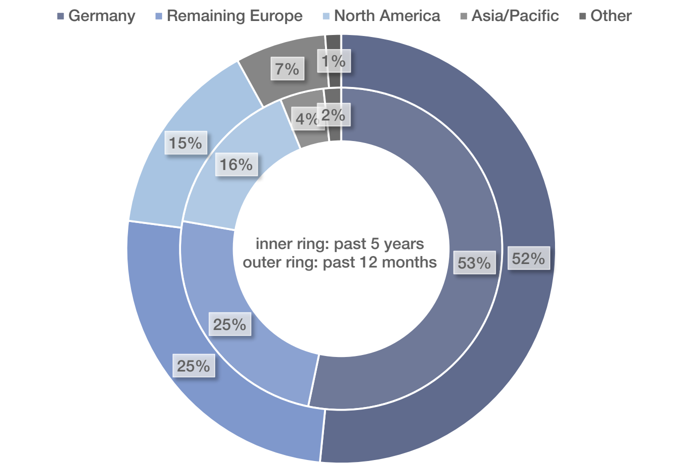
Type of investor



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. 2,000	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.
Jul 17	Axel Springer Mediencampus	Berlin	Office	ca. 425	52,200	Norges Bank Investment Management (NBIM)	Axel Springer AG
Jul 17	Axel-Springer Passage	Berlin	Office	ca. 330	52,700	Blackstone Group, Quincap Investment	Axel Springer AG
Jul 17	Allianz Headquarters	Berlin	Office	ca. 318	60,000	Hines Immobilien GmbH	CORPUS SIREO Asset Management Commercial GmbH
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.
Feb 17	Gravity (70 Objekte)	n/a	Retail	ca. 230	n/a	Castlelake	Marcol, Marathon Asset Management
Mrz 17	Kap West	Munich	Office	undisclosed	42,000	Allianz Real Estate GmbH Germany	OFB Projektentwicklung GmbH
Jun 17	City-Carée	Magdeburg	Mixed-use property	undisclosed	135,000	Revcap	WealthCap Wealth Management Capital Holding GmbH
Feb 17	Radisson Blu Hotel Hamburg	Hamburg	Hotel/gastronomy	ca. 200	n/a	Wenaasgruppen	Azure Property Group
Mar 17	Nova Eventis	Leuna	Retail	ca. 200	76,000	Ares Management LLC, Baupost	Prime Commercial Properties (PCP)
Mai 17	Sidewalk-Portfolio (20 properties)	nationwide	Retail	ca. 200	60,000	AEW Europe	BMO Real Estate Partners
Mrz 17	Zalando-Campus	Berlin	Office	ca. 196	42,000	Capstone Asset Management	UBM Realitätenentwicklung AG
Jul 17	Portfolio (12 properties)	n/a	Office	undisclosed	105,000	undisclosed	CORPUS SIREO Asset Management Commercial GmbH
Mrz 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 Vermögensverwltg.

Source: Savills / * only published transactions are shown

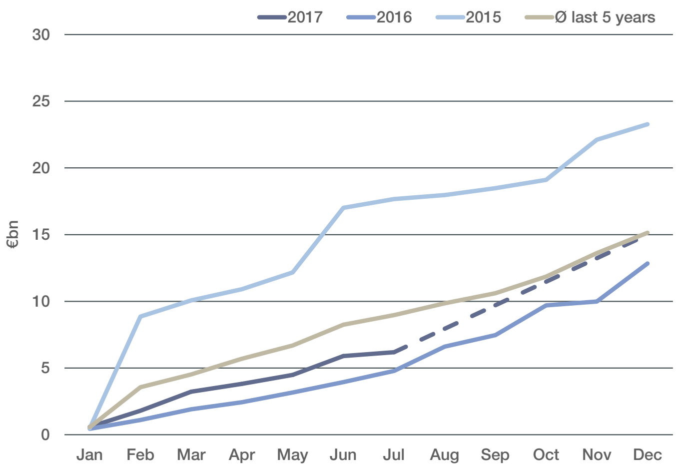
Residential investment market

TABLE 4
Transaction volume by city category

	Transacton volume (€m)					
	Jul 17	Jan to Jul 2017	against Jan to Jul 2016	Aug 2016 to Jul 2017	against Jul 2016 to Jun 2017	against Aug 2015 to Jul 2016
A-cities	132	2,911	+10%	5,378	-7%	-3%
B-cities	-	821	+2%	1,980	-4%	+65%
C-cities	51	408	+6%	1,308	-2%	+28%
D-cities	107	620	+125%	1,237	+4%	+46%
Other	5	1,426	+113%	4,335	-2%	+146%
Germany	295	6,187	+29%	14,239	-4%	+37%

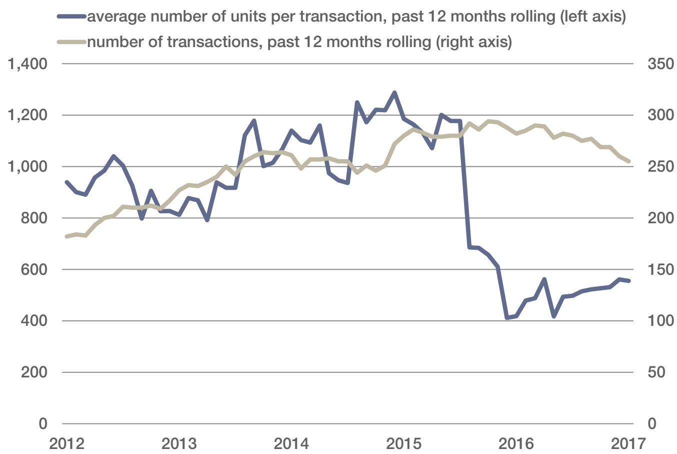
Source: Savills / Note: based on the Bulwiengesa classification

GRAPH 9
Accumulated transaction volume



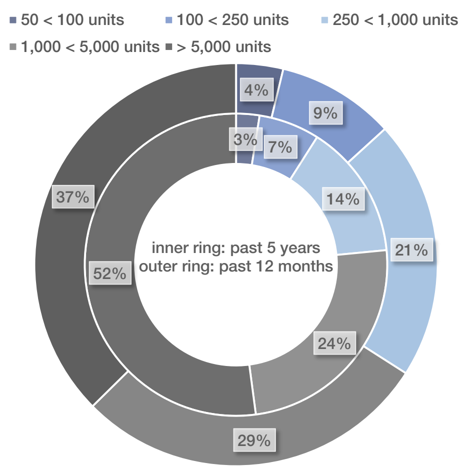
Source: Savills / Note: dotted line = forecast

GRAPH 10
Deal size and number of transactions



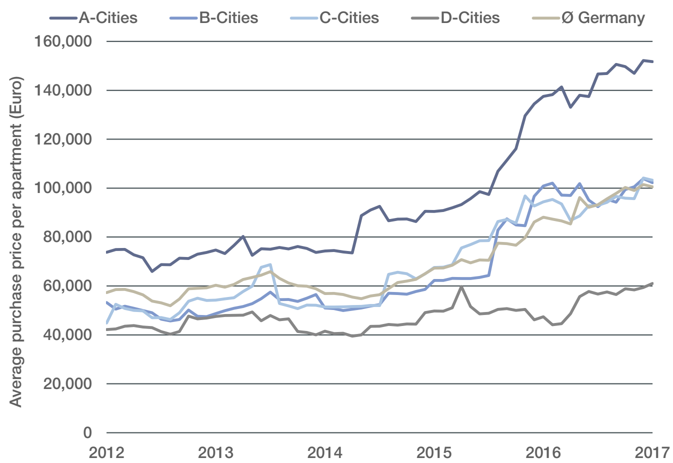
Source: Savills / Note: including portfolios

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

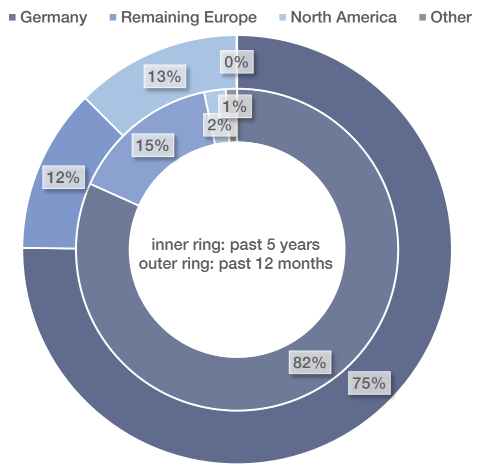
Traded units by city category

	Traded units					
	Jul 17	Jan to Jul 2017	against Jan to Jul 2016	Aug 2016 to Jul 2017	against Jul 2016 to Jun 2017	against Aug 2015 to Jul 2016
A-cities	701	16,488	-10%	35,450	-7%	-12%
B-cities	-	6,842	-15%	19,370	-2%	+63%
C-cities	412	2,990	-28%	12,671	-1%	+17%
D-cities	940	8,718	+125%	20,288	+1%	+13%
Other	77	14,024	+14%	53,833	-2%	+46%
Germany	2,130	49,062	+5%	141,612	-3%	+20%

Source: Savills / Note: based on the Bulwiengesa classification

GRAPH 13

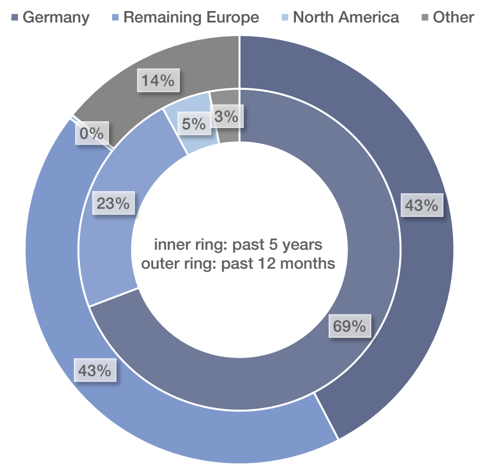
Transaction volume by origin of buyer



Source: Savills

GRAPH 14

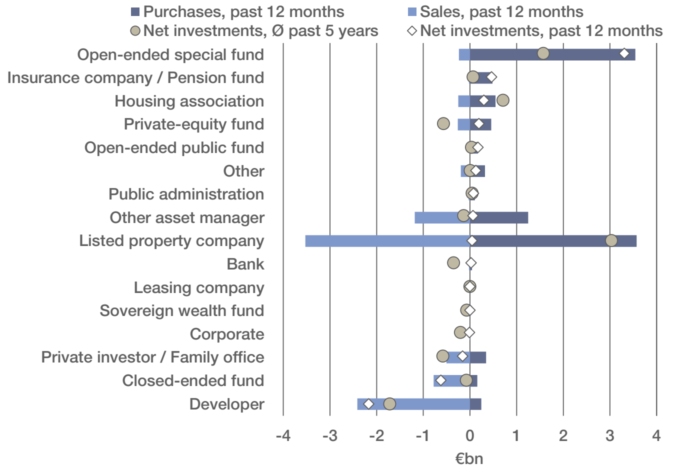
Transaction volume by origin of seller



Source: Savills

GRAPH 15

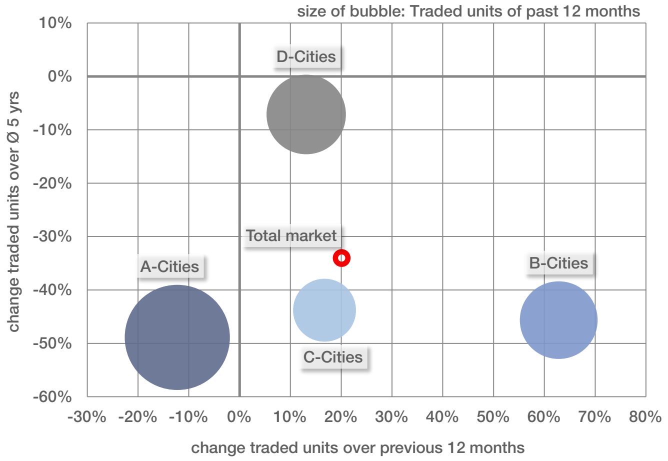
Transaction volume by type of investor



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	North Rhine-Westphalia	2,443	undisclosed	ZBI Zentral Boden Immobil-ien AG	Feondor Group
Jun 17	North Rhine-Westphalia	2,200	undisclosed	undisclosed	Immeo Wohnen GmbH
Apr 17	Berlin	770	undisclosed	Round Hill Capital	undisclosed
Jun 17	i. a. Chemnitz, Duisburg, Gelsenkirchen, Grüna	2,510	ca. 135	ZBI Zentral Boden Immo-bilien AG	Vonovia SE
Apr 17	Munich	679	undisclosed	unknown Private Investor	PATRIZIA Immobilien Kapi-talanlagegesellschaft mbH
Apr 17	Düsseldorf, Frankfurt, Göttin-gen, Hamburg, Reutlingen	1,055	ca. 118	Catella Real Estate AG Kapi-talanlagegesellschaft	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
Mar 17	Duisburg, Oberhausen	1,114	undisclosed	Peach Property Group AG	unknown Investor (Germany)
Mar 17	Skylineliving Stuttgart	146	undisclosed	Wüstenrot & Württember-gische AG	Bülow AG
Feb 17	Sechs Freunde / Kranbauten Hamburg	246	undisclosed	Aachener Grundvermögen	aurelis Real Estate GmbH & Co. KG
May 17	Theodor-Fontane-Höfe Schönefeld	334	undisclosed	Becker & Kries Immobilien Management	DIE Deutsche Immobilien Entwicklungs AG
Feb 17	Dresden	289	undisclosed	Axa Investment Managers	unknown Investor (Germany)
May 17	West Park Othmarschen Hamburg	115	undisclosed	unknown Pension scheme (Germany)	Magna Immobilien AG
Feb 17	Dresden	178	undisclosed	Aberdeen Asset Manage-ment Deutschland AG	Revitalis Real Estate AG, Dereco Real Estate
Jun 17	Blue Horizon Frankfurt	122	undisclosed	PATRIZIA Immobilien Kapi-talanlagegesellschaft mbH	Unmüssig-Gruppe

Source: Savills / * only published transactions are shown

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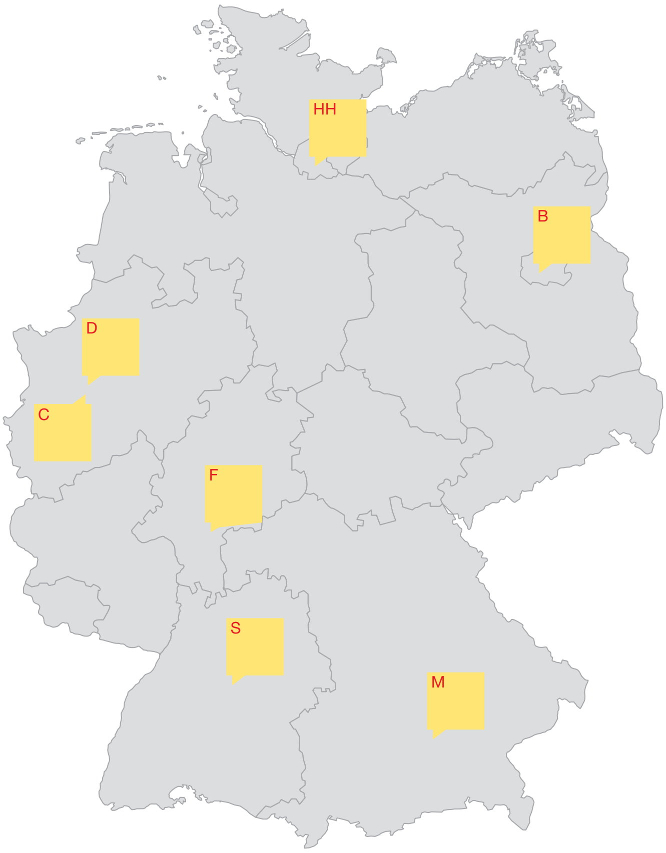

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