Savills World Research
Germany Investment

Investment Market monthly **Germany**

November 2017

The market at a glance

Commercial transaction volume of €60bn - perhaps not?

Commercial investment market

■ With a transaction volume of almost €5.7bn, November was an above-average month in terms of investment activity. However, the rolling 12-month transaction volume fell by 3% compared with the previous month (Table 1). As a result, it is now unlikely that the €60bn mark will be reached by the end of the year (Graph 1). For this to happen, properties would have to change hands for almost €12bn in December.

■ In November alone, there were five individual and portfolio transactions for more than €200m (Table 3), accounting for more than half of the month's total volume. Conversely, however, this also indicates a lack of deals in the mid-price segment. Hence, while the number of transactions remains high, the average deal size has recently decreased (Graph 3).

Residential investment market

■ November also witnessed a high level of transaction activity for the third month in succession. Investment in the residential sector this year has already exceeded the total for 2016 (Graph 9). Besides Berlin, we are also seeing dynamic growth in "second-tier" cities (Table 4). Dresden, for instance, has registered a higher transaction volume during the year to date than Cologne and Munich combined. Meanwhile, Magdeburg has accounted for more investment volume than Stuttgart.

■ Such "second-tier" cities are also likely to benefit from the fact that investors are often unable to find any suitable product in "top-tier" cities. And, even if they do find opportunities, the prices are very high (Graph 12). Instead, some investors are also considering secondary locations or making compromises in terms of the quality of properties. Consequently, portfolios in "second-tier" cities are increasingly finding purchasers.

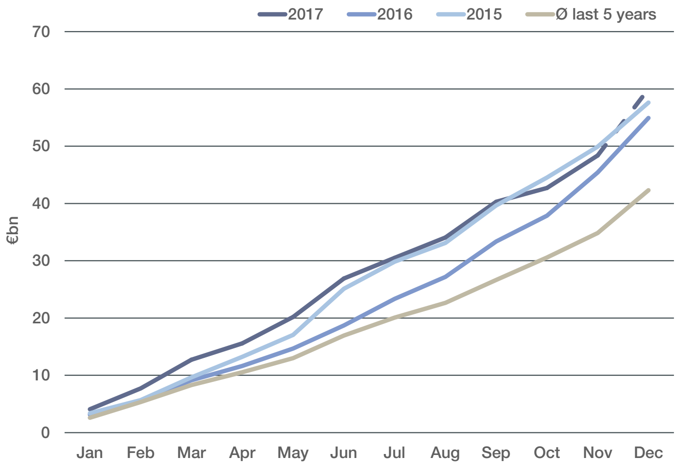
Commercial investment market

TABLE 1
Transaction volume by type of use

	Transaction volume (€m)					
	Nov 17	Jan to Nov 2017	against Jan to Nov 2016	Dec 2016 to Nov 2017	against Nov 2016 to Oct 2017	against Dec 2015 to Nov 2016
Office	2,167	19,317	+/-0%	24,156	-8%	+6%
Retail	2,187	11,829	+2%	14,014	+8%	+7%
Industrial/Logistics	130	6,854	+56%	7,165	-5%	+40%
Hotel	101	2,312	-26%	3,534	-9%	-8%
Development land	142	1,131	-13%	1,299	+4%	-11%
Other	955	6,942	+21%	7,561	-2%	+16%
Total	5,682	48,386	+7%	57,896	-3%	+9%

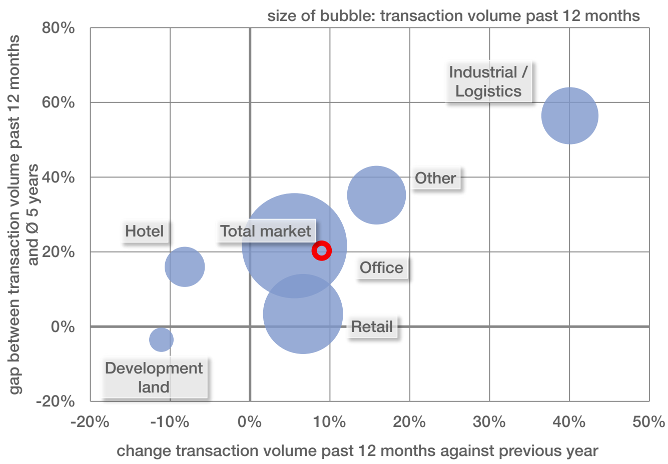
Source: Savills

GRAPH 1
Accumulated transaction volume



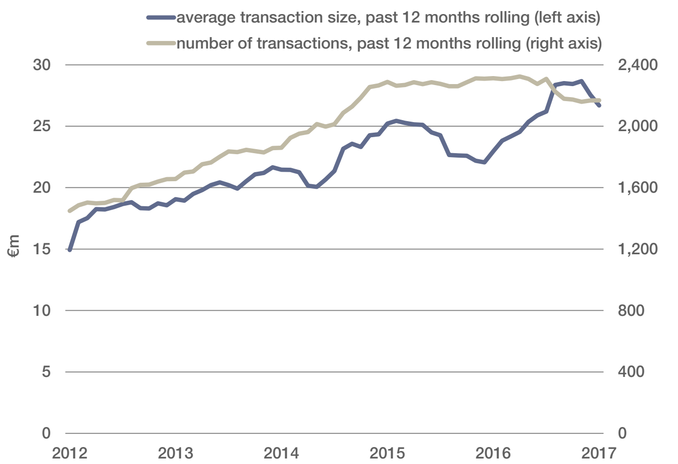
Source: Savills / Note: dotted line = forecast

GRAPH 2
Type of use



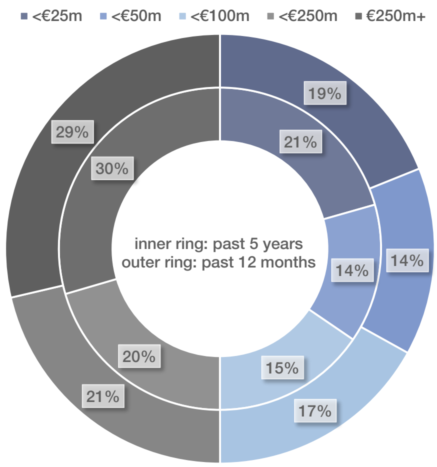
Source: Savills

GRAPH 3
Deal size and number of transactions



Source: Savills / Note: including portfolios

GRAPH 4
Transaction volume by deal size



Source: Savills

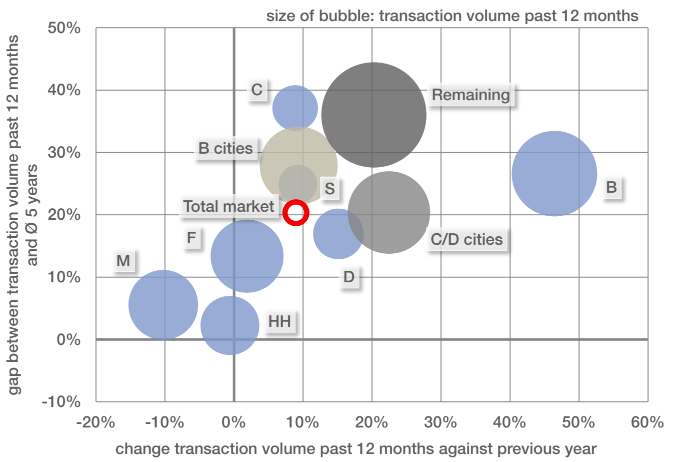
Commercial investment market

TABLE 2
Transaction volume by location

	Transaction volume (€m)					
	Nov 17	Jan to Nov 2017	against Jan to Nov 2016	Dec 2016 to Nov 2017	against Nov 2016 to Oct 2017	against Dec 2015 to Nov 2016
Berlin (B)	726	7,171	+64%	7,808	+2%	+46%
Düsseldorf (D)	641	2,336	+10%	2,732	+5%	+15%
Frankfurt (F)	1,050	4,272	-12%	5,688	-4%	+2%
Hamburg (HH)	634	2,729	-24%	3,717	+2%	-1%
Cologne (C)	167	1,904	+37%	2,217	-1%	+9%
Munich (M)	480	3,951	-14%	5,187	-9%	-10%
Stuttgart (S)	109	1,135	-12%	1,618	-12%	+9%
Germany	5,682	48,386	+7%	57,896	-3%	+9%

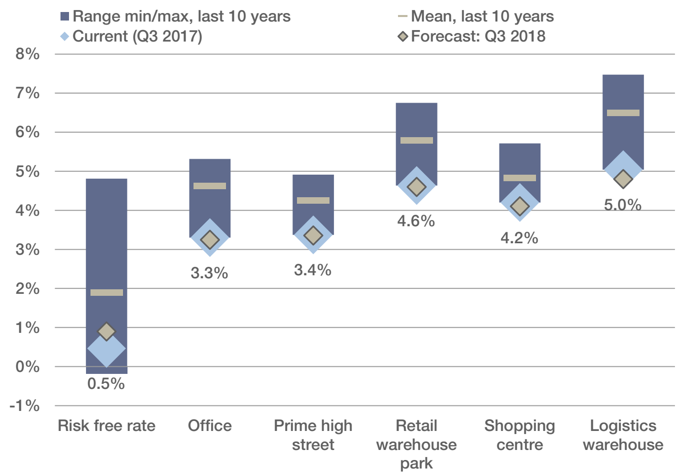
Source: Savills

GRAPH 5
Regional distribution



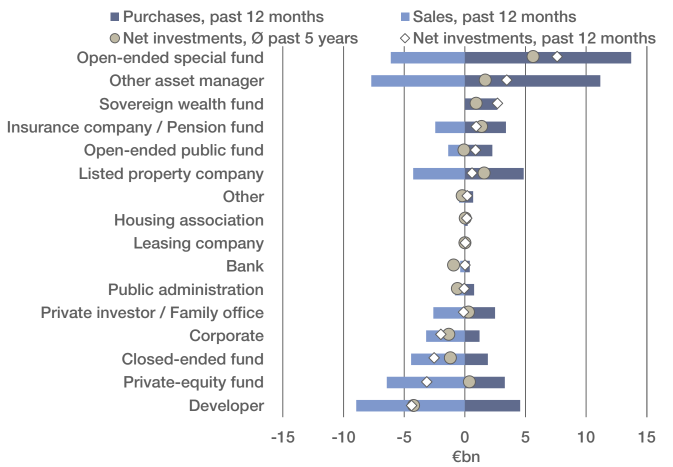
Source: Savills / Note: based on the Bulwiengesa classification

GRAPH 6
Prime yields



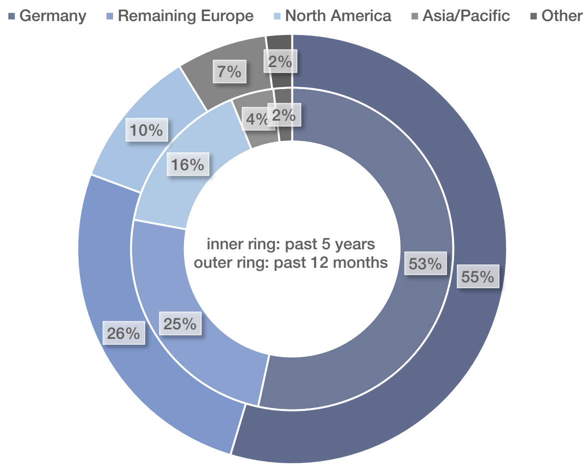
Source: Focus Economics, Savills / Note: always end of quarter values, risk free rate = 10Y Government Bunds, Prime Yields = Ø Top7

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	nationwide	Logistics and Industry buildings	ca. 2,000	2,295,100	China Investment Corporation (CIC)	Blackstone Group Deutschland GmbH
Nov 17	Portfolio (5 properties)	Berlin, Frankfurt, Hamburg, München	Mixed-use property	ca. 1,500	127,800	SIGNA Holding	RFR-Holding GmbH
Sep 17	Sony Center	Berlin	Mixed-use property	ca. 1,100	132,500	Oxford Properties Group, Madison International Realty	National Pension Service (NPS)
Nov 17	Tower 185	Frankfurt am Main	Office	ca. 775	102,000	Deka Immobilien Investment GmbH	i. a. CA Immo-Gruppe
Sep 17	WCM-Anteilsübernahme	nationwide	Mixed-use property	undisclosed	339,100	TLG Immobilien GmbH	DIC Asset AG, Private Investor
Sep 17	SITQ-Portfolio (11 properties)	i. a. Berlin, Dortmund, Düsseldorf	Hotel/gastronomy	undisclosed	n/a	Invesco Real Estate	Apollo Management Advisors GmbH
Jul 17	Axel Springer Mediencampus	Berlin	Office	ca. 425	52,200	Norges Bank Investment Management (NBIM)	Axel Springer AG
Sep 17	Quest (85 properties)	nationwide	Retail	undisclosed	235,600	PATRIZIA Immobilien Kapitalanlagegesellschaft mbH	PGIM Real Estate, Third Swedish National Pension
Jul 17	Axel-Springer Passage	Berlin	Office	ca. 330	52,700	Blackstone Group Deutschland, Quincap Investment	Axel Springer AG
Jul 17	Allianz -Zentrale	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
Nov 17	Vodafone Campus Teilverkauf	Düsseldorf	Office	ca. 280	46,400	Mirae Asset Global Investments	AGC Equity Partners
Jun 17	Symphonie (3 properties)	Dortmund, Frankfurt, Hamburg	Office	ca. 280	61,600	PATRIZIA Immobilien Kapitalanlagegesellschaft mbH	Orion Capital Managers L.P.
Aug 17	Hofmann Höfe	München	Office	ca. 250	75,000	Rock Capital GmbH, Private Investor (Germany)	PATRIZIA Immobilien Kapitalanlagegesellschaft mbH
Sep 17	Portfolio (16 properties)	n/a	Logistics and Industry buildings	undisclosed	n/a	GARBE Holding AG & Co. KG.	Doblinger Unternehmensgruppe
Nov 17	MIK	Düsseldorf	Office	ca. 240	53,000	Quantum Immobilien AG	Blackstone Group Deutschland GmbH
Nov 17	Bordeaux-Portfolio (10 properties)	n/a	Retail	ca. 240	257,800	Redos Real Estate GmbH	Invesco Real Estate, AEW Europe, CILOGER
Aug 17	Eschborn Plaza	Eschborn	Office	ca. 236	46,300	Aurec Capital Ltd., Insurance Company/Fund (Middle East)	Commerz Real AG
Jun 17	City-Carée	Magdeburg	Mixed-use property	ca. 220	135,000	Revcap	WealthCap Wealth Management Capital Holding GmbH
Sep 17	Kustermannpark	München	Office	undisclosed	70,000	BlackRock Investment Management	Ares Management LLC

Source: Savills / * only published transactions are shown

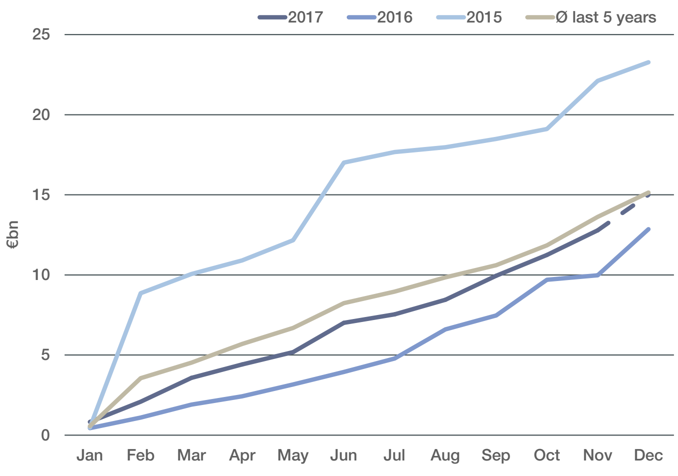
Residential investment market

TABLE 4
Transaction volume by city category

	Transacton volume (€m)					
	Nov 17	Jan to Nov 2017	against Jan to Nov 2016	Dec 2016 to Nov 2017	against Nov 2016 to Oct 2017	against Dec 2015 to Nov 2016
A-cities	887	5,597	+32%	6,480	+13%	+29%
B-cities	145	2,192	+69%	2,855	+3%	+99%
C-cities	53	938	+28%	1,490	+1%	+82%
D-cities	120	1,155	+48%	1,279	+10%	+58%
Other	341	2,907	-1%	3,553	+8%	+16%
Germany	1,546	12,789	+28%	15,656	+9%	+40%

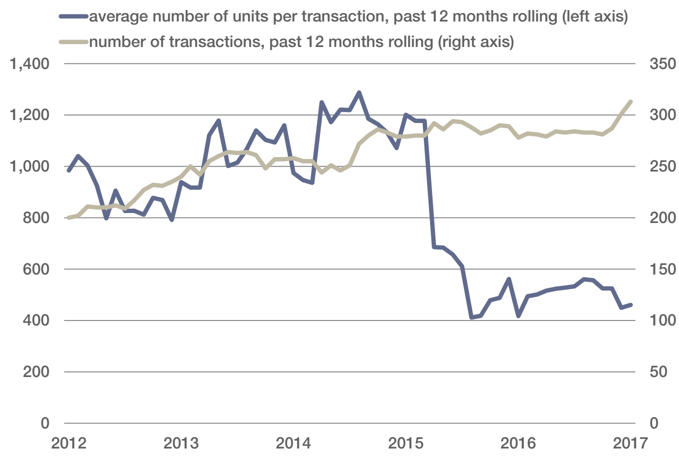
Source: Savills / Note: based on the Bulwiengesa classification

GRAPH 9
Accumulated transaction volume



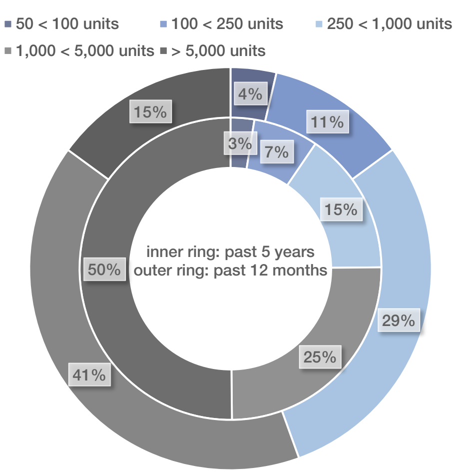
Source: Savills / Note: dotted line = forecast

GRAPH 10
Deal size and number of transactions



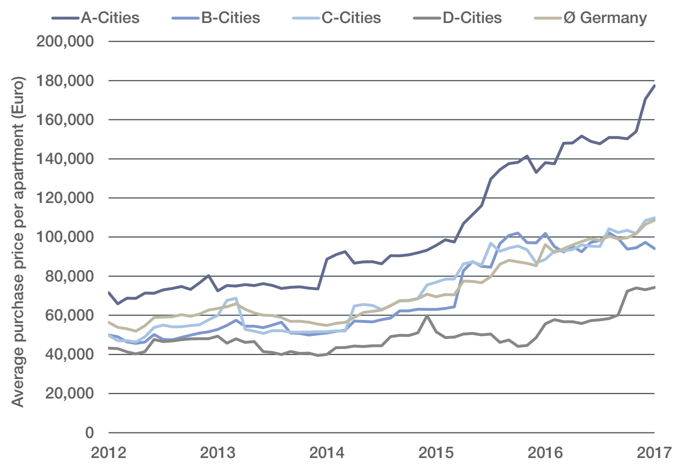
Source: Savills / Note: including portfolios

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

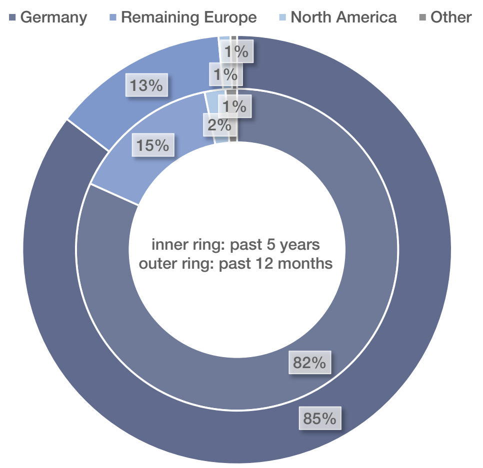
Traded units by city category

	Traded units					
	Nov 17	Jan to Nov 2017	against Jan to Nov 2016	Dec 2016 to Nov 2017	against Nov 2016 to Oct 2017	against Dec 2015 to Nov 2016
A-cities	3,799	30,520	-2%	36,549	+9%	+1%
B-cities	2,128	22,830	+74%	30,327	+7%	+115%
C-cities	435	8,257	-3%	13,560	+/-0%	+47%
D-cities	1,378	15,172	+12%	17,238	+9%	+18%
Other	3,484	33,702	-14%	46,464	+6%	+12%
Germany	11,224	110,481	+4%	144,138	+7%	+24%

Source: Savills / Note: based on the Bulwiengesa classification

GRAPH 13

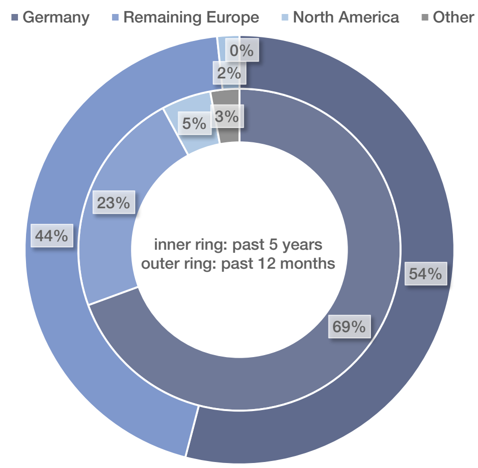
Transaction volume by origin of buyer



Source: Savills

GRAPH 14

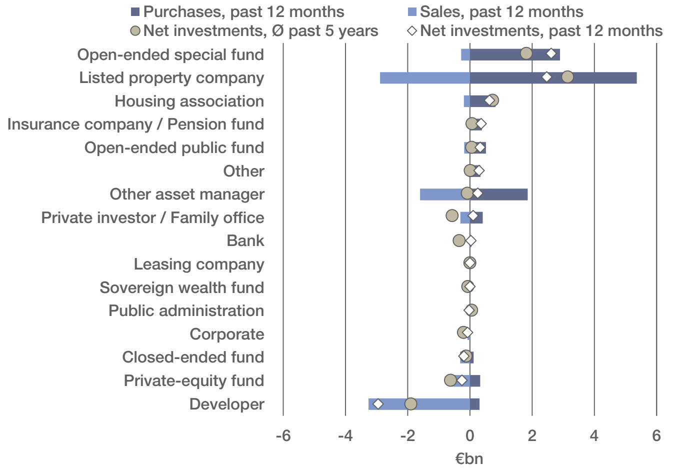
Transaction volume by origin of seller



Source: Savills

GRAPH 15

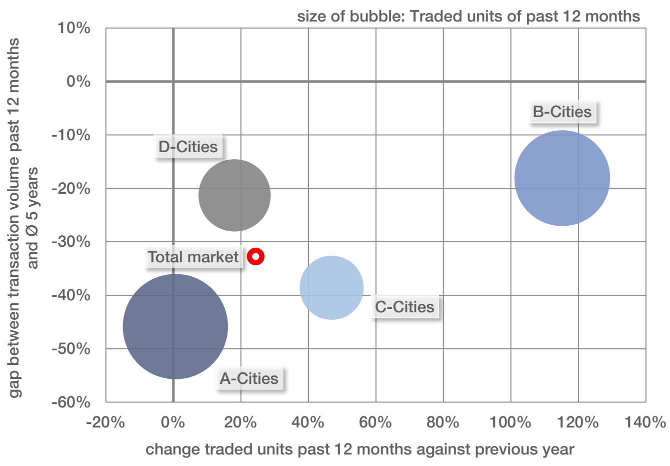
Transaction volume by type of investor



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
Nov 17	Wasserstadt Mitte Berlin	undisclosed	undisclosed	Adler Real Estate AG	Benson Elliot, Kauri CAB Management GmbH
Oct 17	i. a. Dresden, Erfurt, Fürth, Hannover, Kiel, Lübeck	1,900	ca. 260	Capital Bay	unknown Investor
Jun 17	Berlin, Köln, Mainz, Wup-pertal	635	ca. 226	Industria GmbH	Ten Brinke Groep B.V.
Aug 17	Bochum, Dortmund, Duis-burg, Essen	4,680	undisclosed	VELERO PARTNERS	unknown Investor
Aug 17	Dresden, Langebrück, Leipzig, Schönborn	1,100	undisclosed	Deutsche Wohnen AG	unknown Investor
Nov 17	Bochum, Duisburg, Essen, Gelsenkirchen	2,710	undisclosed	VELERO PARTNERS	unknown Investor
Jun 17	i. a. Bad Breisig, Bad Hers-feld, Bad Salzuflen	2,443	undisclosed	ZBI Zentral Boden Immo-bilien AG	Feondor Group
Oct 17	i. a. Berlin, Dresden, Duisburg	1,500	undisclosed	Deutsche Asset One GmbH	unknown Investor
Jun 17	Underberg i. a. Datteln, Duisburg	2,200	undisclosed	undisclosed	Immeo Wohnen GmbH
Jul 17	n/a	1,996	undisclosed	ZBI Zentral Boden Immobil-ien, Union Investment	unknown Investor
Jun 17	i. a. Chemnitz, Duisburg, Gelsenkirchen	2,510	undisclosed	ZBI Zentral Boden Immo-bilien AG	Vonovia SE
Oct 17	Mühlenquartier Düsseldorf	364	undisclosed	Vivawest Wohnen GmbH	i. a. Artemis Development GmbH, Convalor
Sep 17	i. a. Bad Oldesloe, Bielefeld, Bremen, Bremerhaven	2,505	ca. 130	Adler Real Estate AG	Ares Management LLC
Nov 17	Berlin	325	ca. 130	Hansainvest - Hanseatische Investment GmbH	Groth Development GmbH & Co.KG
Sep 17	Berlin	577	undisclosed	Round Hill Capital	unknown Investor
Jun 17	Proimmo Portfolio Berlin, Hannover	1,000	undisclosed	Vonovia SE	PROIMMO AG
Oct 17	i. a. Berlin, Bielefeld, Dres-den, Hamburg	undisclosed	ca. 120	Empira	unknown Investor
Nov 17	Berlin, Köln	420	ca. 110	Industria GmbH	Ten Brinke Groep B.V.
Nov 17	i. a. Berlin, Bremen, Delmen-horst, Hamburg, Leverkusen	576	undisclosed	Corpus Sireo Asset Manage-ment Residential GmbH	A/S Tyske Metropoler
Sep 17	Alfter, Bonn, Düsseldorf, Frechen, Troisdorf	572	ca. 92	ZBI Zentral Boden Immobil-ien AG	Wertgrund Immobilien AG

Source: Savills / * only published transactions are shown

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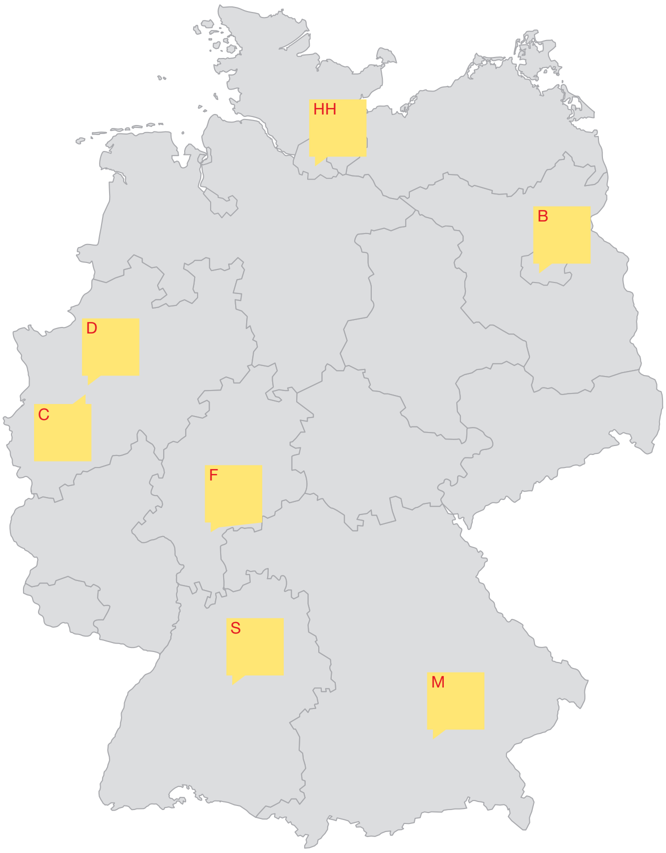

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