

# Market in Minutes

## Germany residential investment market

Q2 2017



### The facts at a glance

Investors are purchasing more apartments - despite regulations and high prices

■ Even the rental cap and other housing policy interventions are evidently unable to diminish investors' interest in German residential property. The transaction volume in the first half of the year totalled almost €6bn, which represents an increase of more than 50% compared with the corresponding period last year (Tab. 1, Graph 1).

■ The high proportion of development acquisitions is noteworthy. Forward deals accounted for almost 30% of the overall transaction volume. There

are two likely reasons for this: Firstly, the supply is increasing since the number of apartment buildings approved continues to rise and, secondly, the rental cap (Mietpreisbremse) does not apply to new-built apartments. Consequently, many investors are focusing particularly or even exclusively on this sector.

■ The above-average proportion of development deals may also be a principal reason for the further increase in prices. The average price paid for a residential unit was almost €103,000, which is

almost a fifth higher than a year earlier (Graph 4). This is particularly remarkable since transaction activity is increasingly occurring outside of the A-cities (Graph 8).

■ North Rhine-Westphalia in particular witnessed greater investment activity in the last quarter. The planned abolition of the rental cap by the new coalition government could provide additional impetus. The same applies in Schleswig-Holstein.

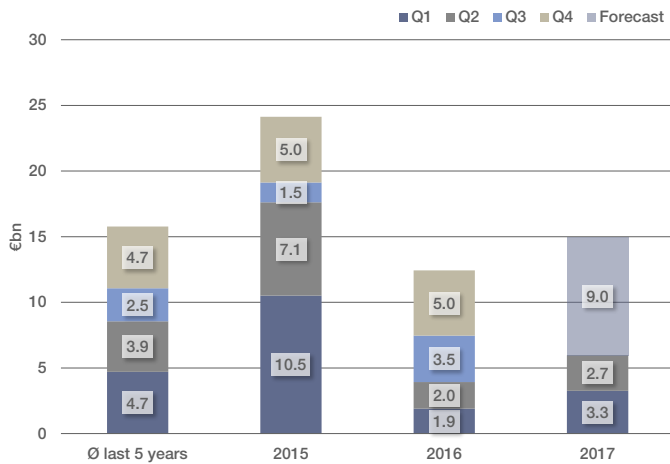
# Key figures at a glance

TABLE 1 Transaction volume and prices at a glance

	Transaction volume (€m)				Traded units			
	Q1 - Q2 2017	against Q1 - Q2 2016	Q3 2016- Q2 2017	against Q2 2016- Q1 2017	Q1 - Q2 2017	against Q1 - Q2 2016	Q3 2016- Q2 2017	against Q2 2016- Q1 2017
A-Cities	2,861	+37%	5,758	+/-0%	16,373	+11%	37,720	-1%
B-Cities	736	+2%	1,860	-1%	5,582	-27%	17,052	-14%
C-Cities	356	+14%	1,237	+5%	2,668	-27%	11,952	-3%
D-Cities	428	+100%	1,089	+8%	6,800	+115%	19,167	+3%
Other	1,586	+168%	4,526	+14%	15,445	+40%	55,001	+7%
Germany	5,967	+52%	14,470	+5%	46,868	+26%	140,892	+1%

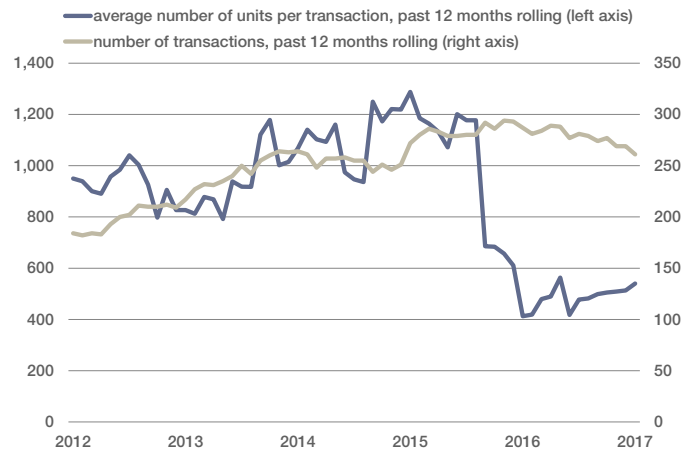
Source: Savills / Note: based on the Bulwiengesa classification

GRAPH 1 Transaction volume



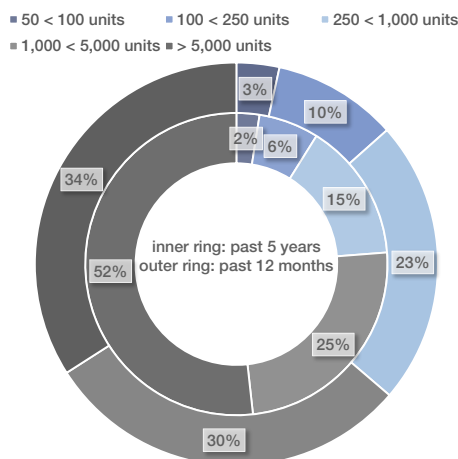
Source: Savills

GRAPH 2 Deal size and number of transactions



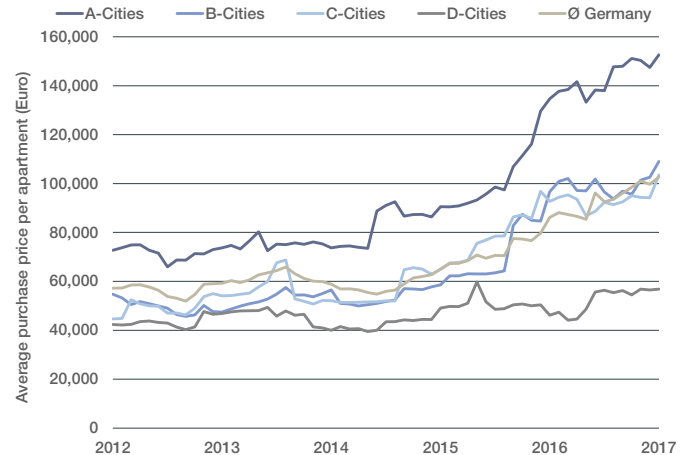
Source: Savills

GRAPH 3 Traded units by size



Source: Savills

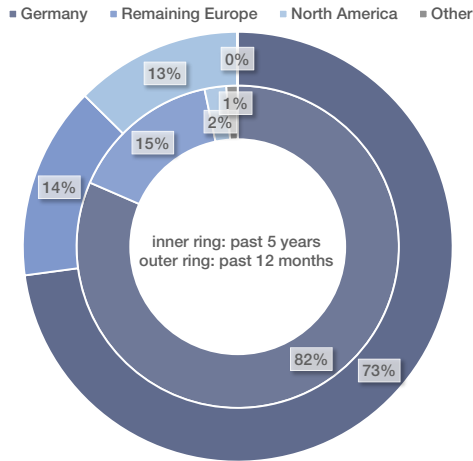
GRAPH 4 Development of prices



Source: Savills / Note: always past 12 months rolling

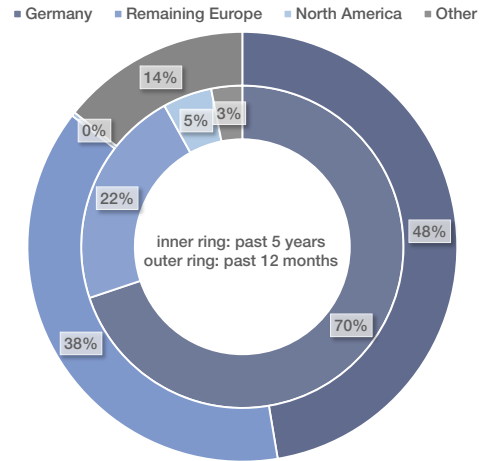
# Market players and development of prices

GRAPH 5  
Transaction volume by origin of buyer



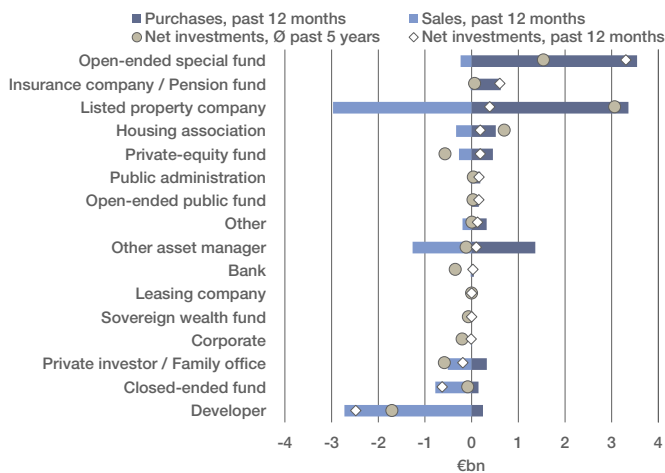
Source: Savills

GRAPH 6  
Transaction volume by origin of seller



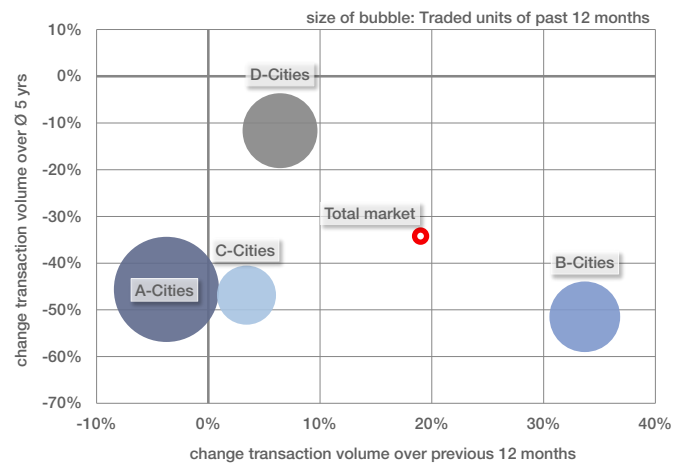
Source: Savills

GRAPH 7  
Transaction volume by type of investor



Source: Savills

GRAPH 8  
Traded units by type of city



Source: Savills / Note: based on the Bulwiengesa classification

TABLE 2  
The largest transactions of the last 12 months\*

Date	Name of portfolio Location(s)	Number of units	Volume (€m)	Buyer	Seller
Dec 16	Conwert-acquisition i. a. Berlin, Bochum	16,869	undisclosed	Vonovia SE	Conwert Immobilien Invest SE
Oct 16	i. a. Berlin, Bremen, Düsseldorf, Emden, Garching	17,000	ca. 1,177	Morgan Stanley Real Estate Investment GmbH	BGP Investment S.à r.l.
Mar 17	Berlin	4,170	ca. 655	Deutsche Wohnen AG	unknown Investor (abroad)
Oct 16	i. a. Bamberg, Barsinghausen, Berlin, Dortmund, Düren	3,500	undisclosed	PATRIZIA Immobilien Kapitalanlagegesellschaft GmbH	Bouwfonds IM
Aug 16	Berlin, Hamburg	1,500	undisclosed	DSR Deutsche Investment Kapitalanlagegesellschaft	S IMMO AG

Source: Savills / \* only published transactions are shown

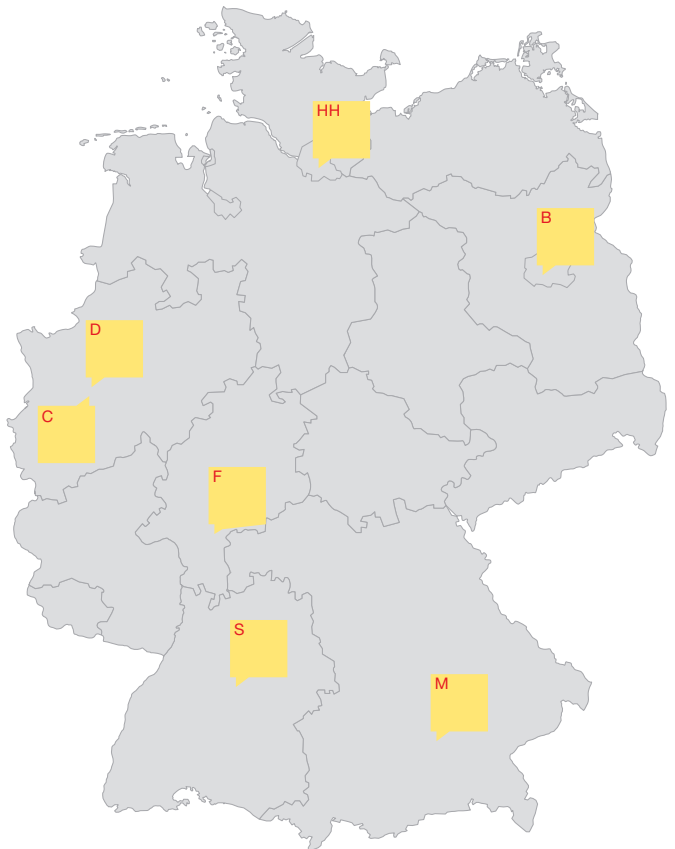
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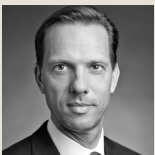
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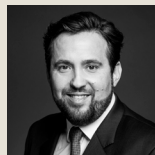
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