

# Market in Minutes

## Germany residential investment market

Q3 2017



### The facts at a glance

Smaller locations and portfolios, more new builds and even higher prices

■ The transaction volume for German residential property in the first three quarters of the year totalled around €9.5bn, representing an increase of 27% compared with the corresponding period last year (Table 1, Graph 1).

■ While A-cities remained the most sought-after investment locations, accounting for 45% of the transaction volume, B-cities and D-cities also witnessed significant growth in investment activity (Table 1). This can be attributed to the significantly lower price levels (Graph 4) and, to some extent,

better availability of product.

■ However, the stronger demand for smaller locations is also resulting in accelerating price growth. Prices per apartment in D-cities have risen by 68% within a year compared with 18% growth throughout Germany as a whole. Conversely, the price curve for A-cities is flattening (Graph 4).

■ Acquisitions of development projects remain a significant driver of the investment market. These have accounted for 26% of investment during the year to date,

which is materially ahead of the five-year average of 11%. Owing to the increase in development deals, the average transaction size has remained low at 524 apartments (Graph 2).

■ With long-term investors continuing to add to their holdings (Graph 7) and finding a corresponding supply of developments and smaller portfolios, the transaction volume this year is likely to reach approximately €15bn.

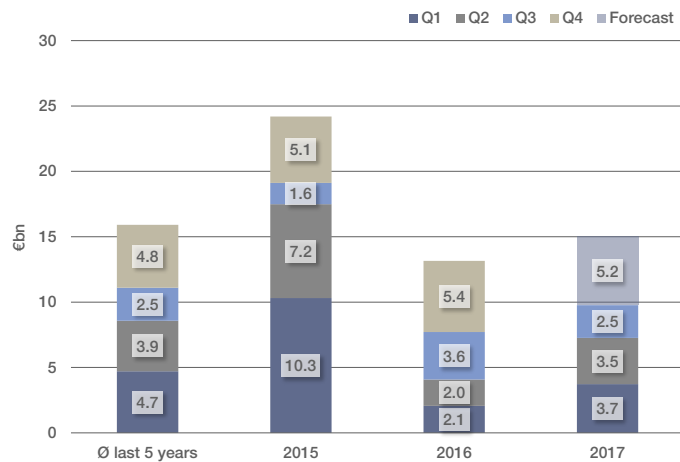
# Key figures at a glance

TABLE 1 Transaction volume and prices at a glance

	Transaction volume (€m)				Traded units			
	Q1 - Q3 2017	against Q1 - Q3 2016	Q4 2016- Q3 2017	against Q3 2016- Q2 2017	Q1 - Q3 2017	against Q1 - Q3 2016	Q4 2016- Q3 2017	against Q3 2016- Q2 2017
A-Cities	4,263	+27%	6,019	-6%	24,679	+10%	39,440	-7%
B-Cities	1,556	+57%	2,525	+18%	16,195	+57%	26,483	+26%
C-Cities	664	+36%	1,461	+4%	5,651	+7%	14,204	+6%
D-Cities	873	+51%	1,200	-5%	11,822	+3%	15,989	-25%
Other	2,100	+2%	3,631	-23%	24,945	-11%	48,964	-19%
Germany	9,455	+27%	14,836	-7%	83,292	+7%	145,080	-8%

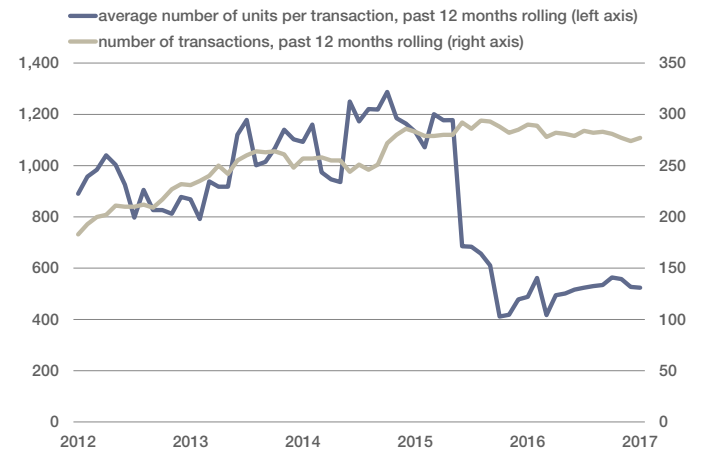
Source: Savills / Note: based on the Bulwiengesa classification

GRAPH 1 Transaction volume



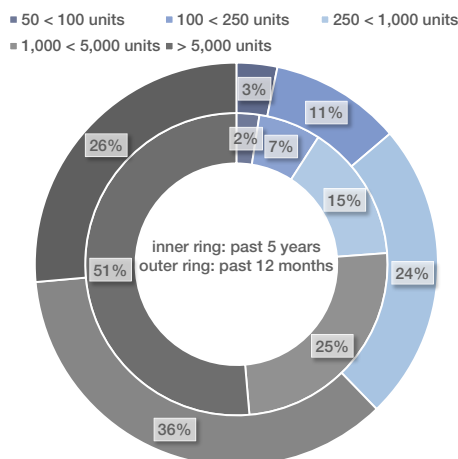
Source: Savills

GRAPH 2 Deal size and number of transactions



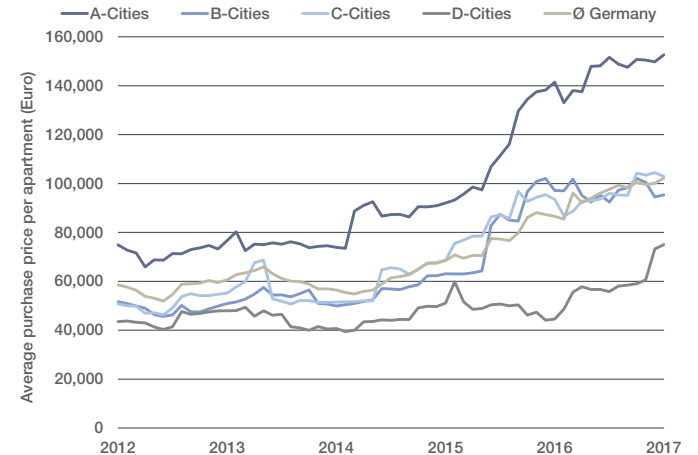
Source: Savills

GRAPH 3 Traded units by size



Source: Savills

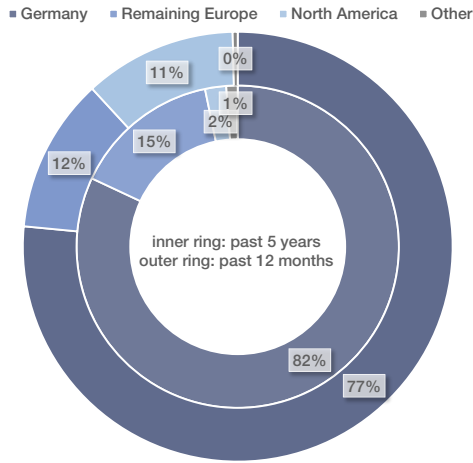
GRAPH 4 Development of prices



Source: Savills / Note: always past 12 months rolling

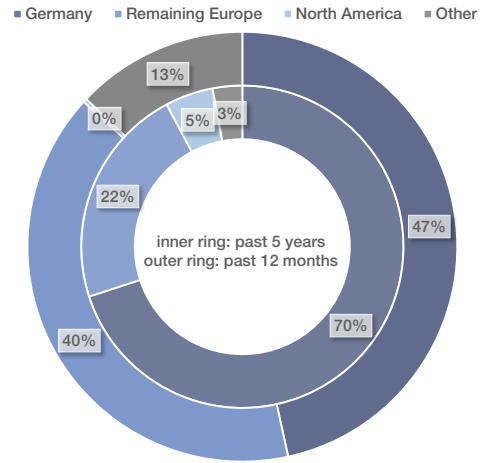
# Market players and development of prices

GRAPH 5 Transaction volume by origin of buyer



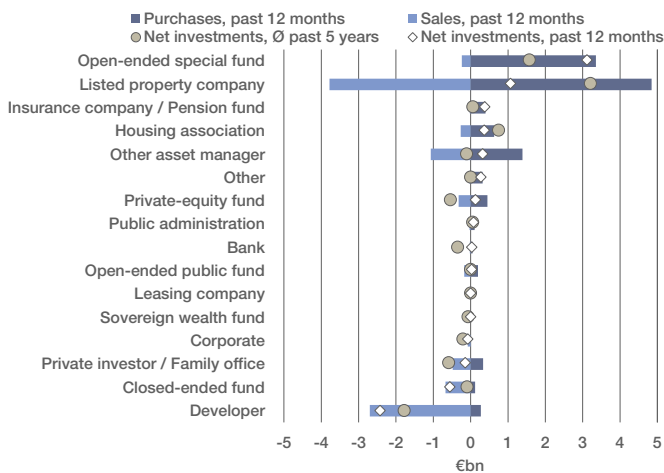
Source: Savills

GRAPH 6 Transaction volume by origin of seller



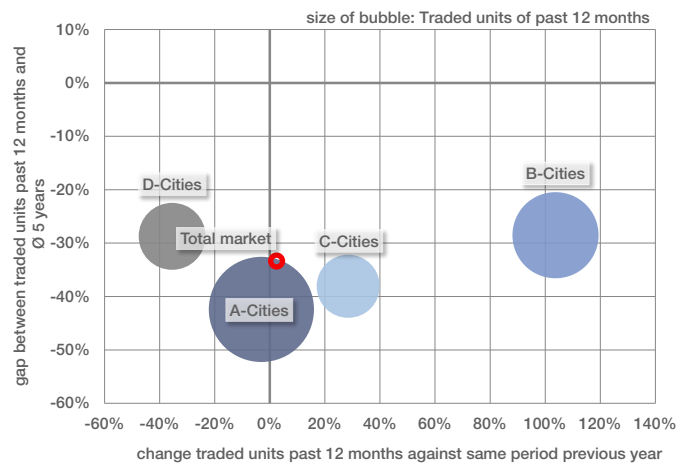
Source: Savills

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
May 17	Düsseldorf, Neuss	1,800	undisclosed	LEG Immobilien	In-West Immobilien, Elliott Management

Source: Savills / \* only published transactions are shown

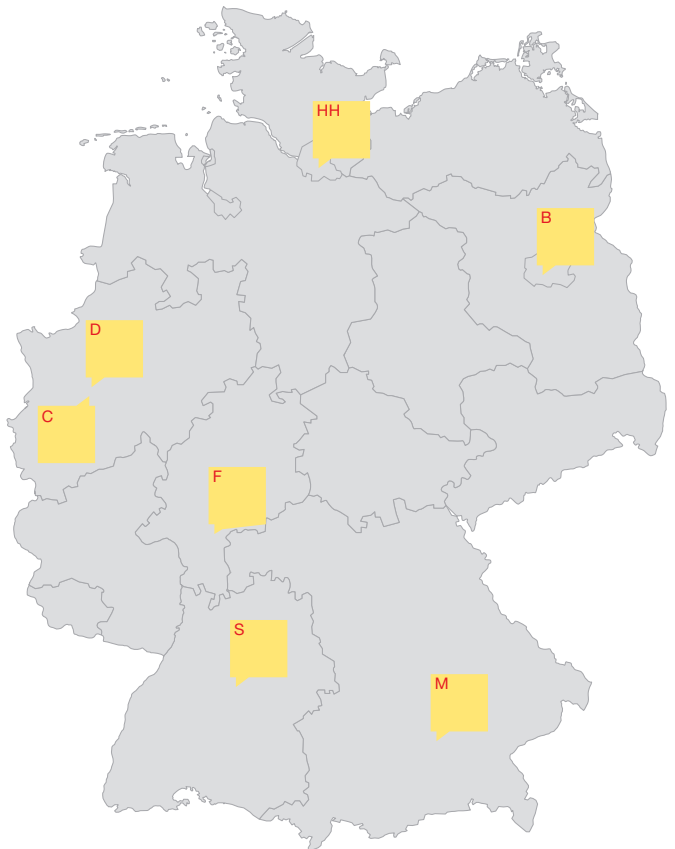
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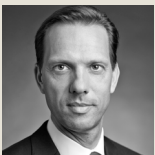
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