

Market in Minutes

Germany residential investment market

Q4 2017



The facts at a glance

Transaction volume driven by rising prices – boom in developments

■ Residential property and residential portfolios changed hands for €13.7bn in 2017, representing an increase of 7% compared with 2016 (Table 1, Graph 1).

■ The number of residential units transacted decreased by 16% (Table 1), while average prices rose by 27% (Graph 4). The rising prices are likely a consequence of the supply shortage but can also be explained by a rising proportion of development acquisitions (28% of the transaction volume) and expectations of further rental

growth.

■ Some cities in the Ruhr region witnessed significantly higher transaction volumes. In Oberhausen and Mülheim an der Ruhr, investment totalled more than ten times the average figure over the last five years. The increased activity from investors in these cities is likely a consequence of pressure to invest.

■ Many recently launched residential funds have only just

started to build their portfolios and demand for residential property is likely to remain high across the board. With development activity also increasing, the transaction volume in 2018 is likely to exceed €15bn.

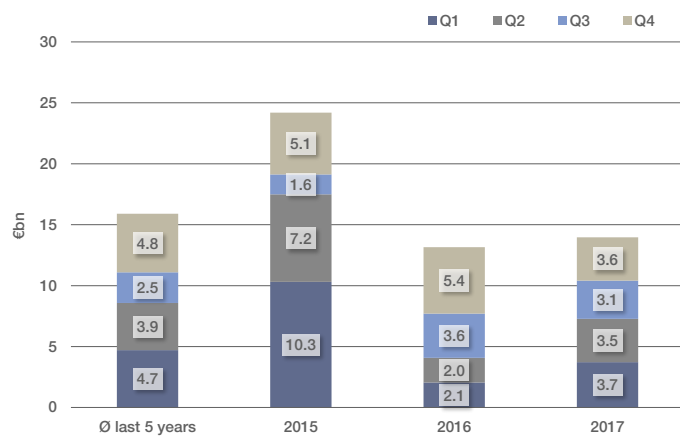
Key figures at a glance

TABLE 1 Transaction volume and prices at a glance

	Transaction volume (€m)			Traded units		
	Q1 - Q4 2017	against Q1 - Q4 2016	against Q4 2016- Q3 2017	Q1 - Q4 2017	against Q1 - Q4 2016	against Q4 2016- Q3 2017
A-Cities	6,206	+21%	+1%	34,099	-8%	-15%
B-Cities	2,394	+22%	-9%	24,706	+20%	-11%
C-Cities	1,003	-22%	-33%	8,999	-35%	-40%
D-Cities	1,225	+36%	+1%	15,935	+2%	-3%
Other	2,872	-20%	-27%	33,542	-36%	-36%
Germany	13,700	+7%	-11%	117,281	-16%	-23%

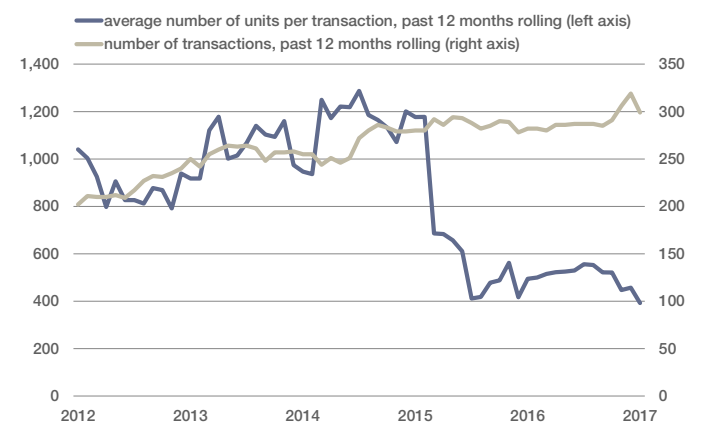
Source: Savills / Note: based on the Bulwiengesa classification

GRAPH 1 Transaction volume



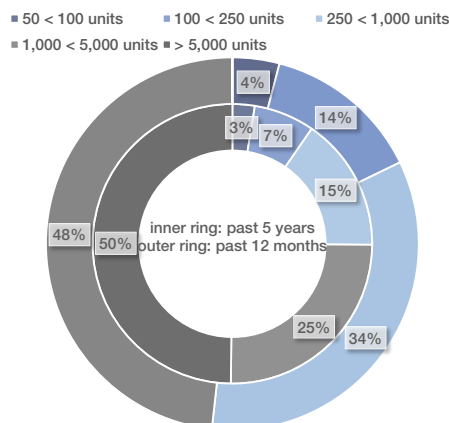
Source: Savills

GRAPH 2 Deal size and number of transactions



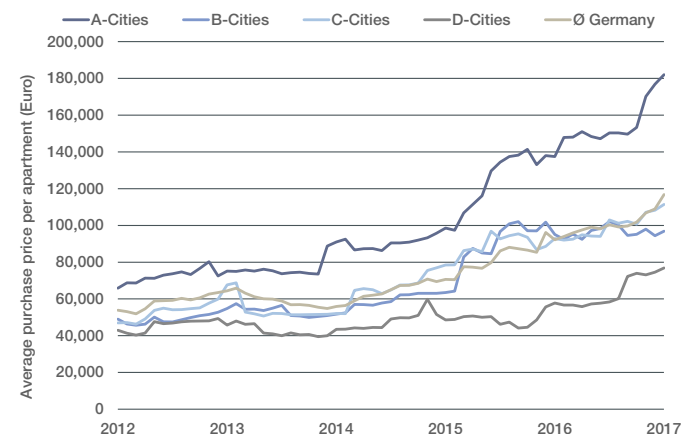
Source: Savills

GRAPH 3 Traded units by size



Source: Savills

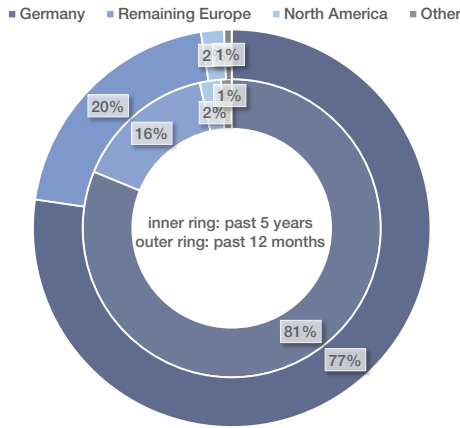
GRAPH 4 Development of prices



Source: Savills / Note: always past 12 months rolling

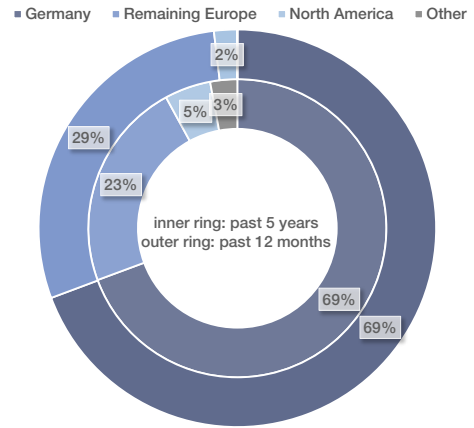
Market players and development of prices

GRAPH 5 Transaction volume by origin of buyer



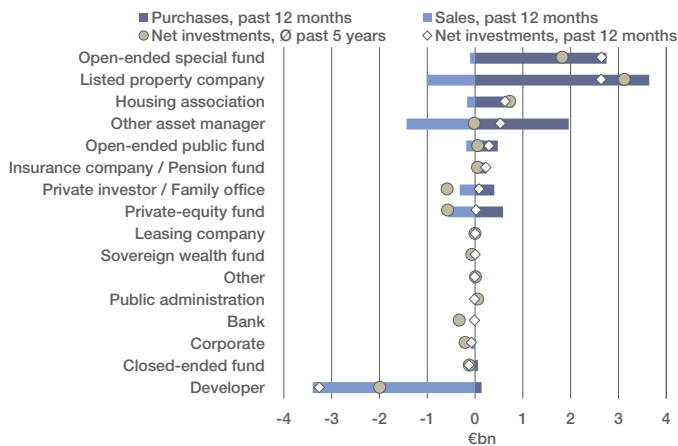
Source: Savills

GRAPH 6 Transaction volume by origin of seller



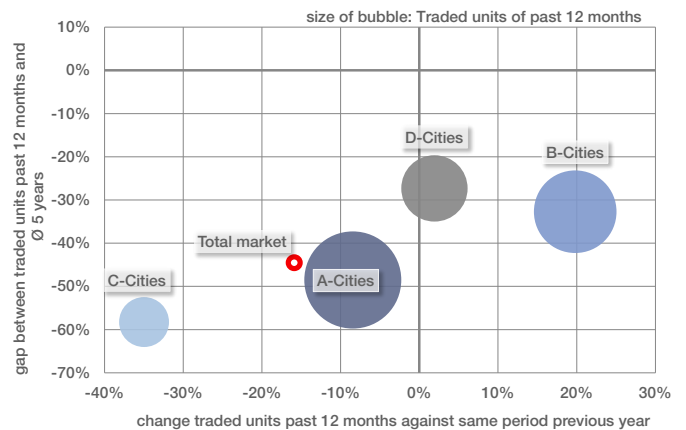
Source: Savills

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
Mar 17	Berlin	4,170	ca. 655	Deutsche Wohnen AG	unknown investor (abroad)
Nov 17	Wasserstadt Mitte Berlin	undisclosed	undisclosed	Adler Real Estate AG	Benson Elliot, Kauri CAB Management
May 17	Düsseldorf, Neuss	1,800	undisclosed	LEG Immobilien	In-West Immobilien, Elliott Management
Oct 17	i. a. Dresden, Erfurt, Fürth, Hannover, Kiel, Lübeck	1,900	ca. 260	Capital Bay	unknown investor
Jan 17	Berlin	1,360	ca. 245	GEWOBAG, HOWOGE, GESOBAU AG	Interhomes AG, Deutsche Eigenheim AG

Source: Savills / * only published transactions are shown

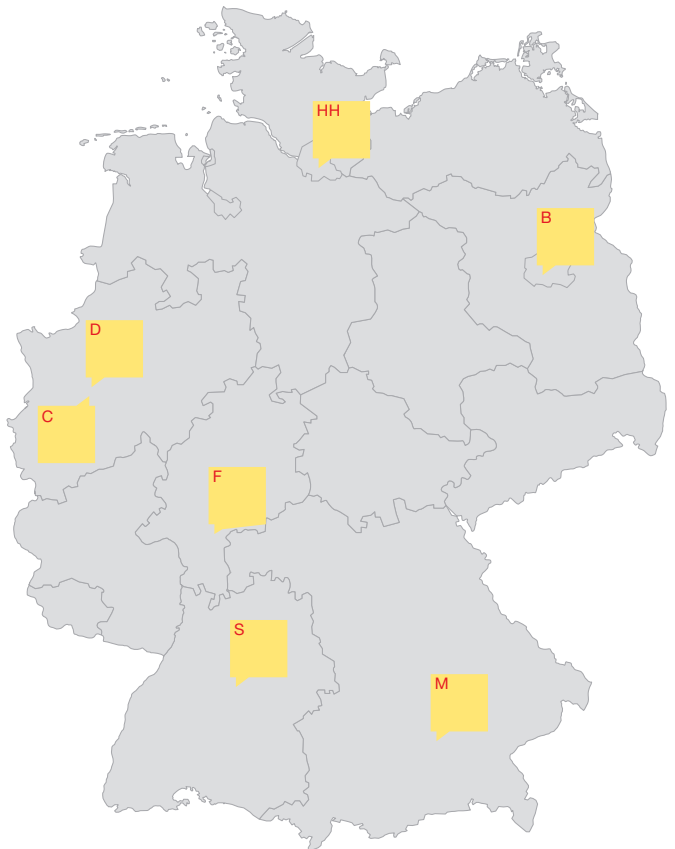
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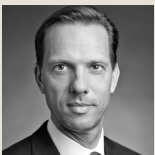
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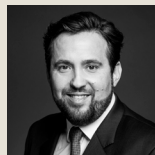
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