

# Investment Market monthly Germany

April 2018



## The market at a glance

Finely balanced investment markets – tighter regulation of the housing sector in sight

### Commercial investment market

■ It almost appears that the German commercial investment market has achieved a fine balance. At least, that is how the sideways movement in key market indicators in recent months, including transaction volume (Graph 1, Table 1), the number of transactions and transaction size (Graph 3) as well as yields (Graph 6), could be interpreted.

■ The stability of this equilibrium remains to be seen over the coming months. Yields on 10-year US government bonds have recently been climbing towards 3%, which will potentially make these a genuine investment alternative to real estate again. We are also observing an increase in supply, particularly in terms of retail property. In any event, this scenario promises a continued high transaction volume.

### Residential investment market

■ The transaction volume for German residential property stands at almost €4.6bn for the year to date, which is broadly in line with last year's level (Graph 9). Purchasers from European countries outside Germany have significantly increased their investment over the last twelve months. These have invested almost 28% more year on year and have increased their share of the transaction volume accordingly (Graph 13). Owing to the increasing international interest in the residential sector (see [Spotlight European Multifamily](#)), further investors are likely to seek investment opportunities in the liquid German residential market going forward.

■ There are strong indications that the rental cap will be tightened. Accordingly, landlords will be obliged to disclose the previous rent. Moreover, the apportionment of modernisation costs could also be significantly restricted. However, since new builds will remain exempt from these conditions, more investors could turn to acquiring development projects.

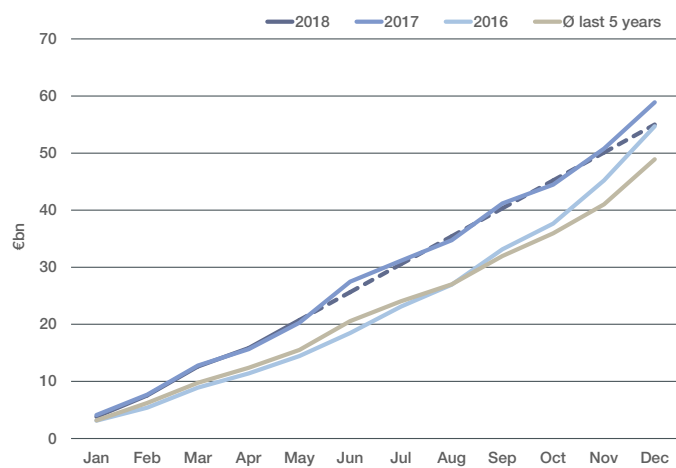
# Commercial investment market

TABLE 1  
Transaction volume by type of use

	Transaction volume (€m)					
	Apr 18	Jan to Apr 2018	against Jan to Apr 2017	May 2017 to Apr 2018	against Apr 2017 to Mar 2018	against May 2016 to Apr 2017
Office	1,142	6,979	+34%	25,810	+2%	+5%
Retail	923	2,964	-33%	12,887	-2%	-11%
Industrial/Logistics	839	2,322	-3%	8,960	+4%	+49%
Hotel	58	661	-17%	2,402	-2%	-46%
Development land	106	492	+73%	1,486	+1%	+9%
Other	186	2,439	-3%	7,432	-1%	-5%
<b>Total</b>	<b>3,254</b>	<b>15,857</b>	<b>+1%</b>	<b>59,101</b>	<b>+1%</b>	<b>+/-0%</b>

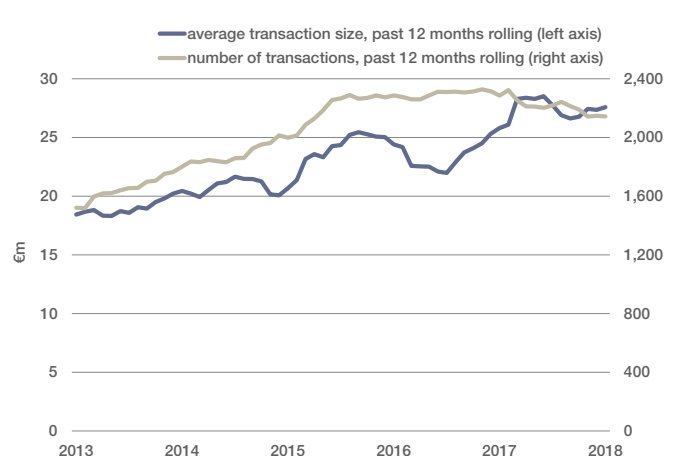
Source: Savills

GRAPH 1  
Accumulated transaction volume



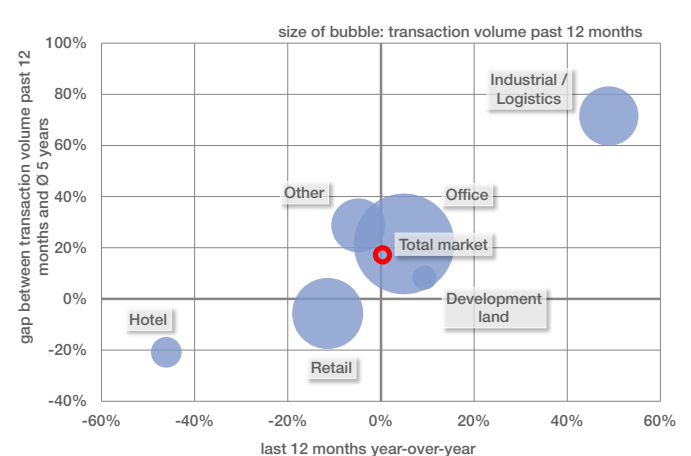
Source: Savills / Note: dotted line = forecast

GRAPH 3  
Deal size and number of transactions



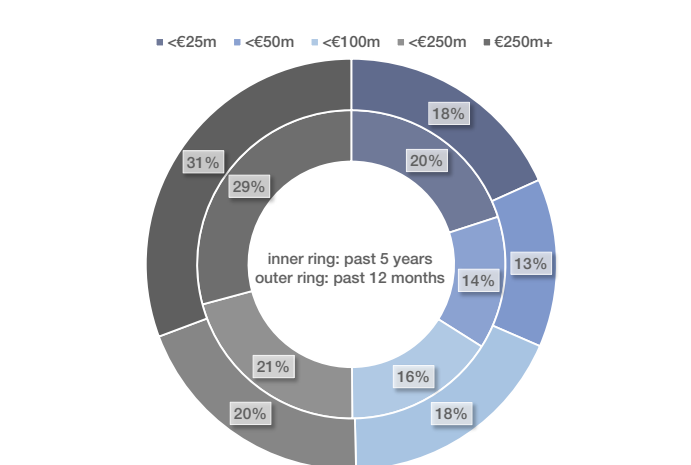
Source: Savills / Note: including portfolios

GRAPH 2  
Type of use



Source: Savills

GRAPH 4  
Transaction volume by deal size



Source: Savills

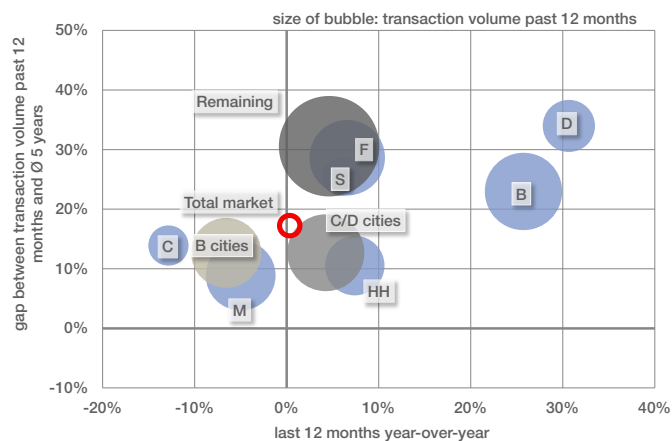
# Commercial investment market

TABLE 2  
Transaction volume by location

	Transaction volume (€m)					
	Apr 18	Jan to Apr 2018	against Jan to Apr 2017	May 2017 to Apr 2018	against Apr 2017 to Mar 2018	against May 2016 to Apr 2017
Berlin (B)	77	1,186	-30%	7,223	-1%	+26%
Düsseldorf (D)	249	949	+104%	3,286	+2%	+31%
Frankfurt (F)	96	1,585	+57%	6,874	-1%	+7%
Hamburg (HH)	190	1,446	+103%	4,274	+2%	+7%
Cologne (C)	125	584	-25%	1,952	+6%	-13%
Munich (M)	179	2,210	+43%	5,875	+2%	-5%
Stuttgart (S)	84	677	+164%	1,782	+4%	+6%
Germany	3,254	15,857	+1%	59,101	+1%	+/-0%

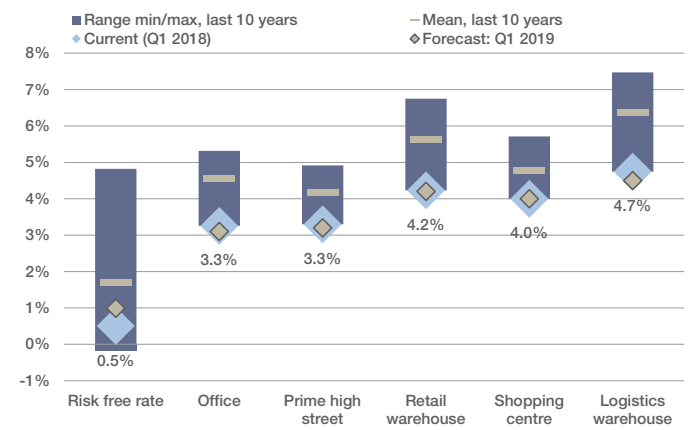
Source: Savills

GRAPH 5  
Regional distribution



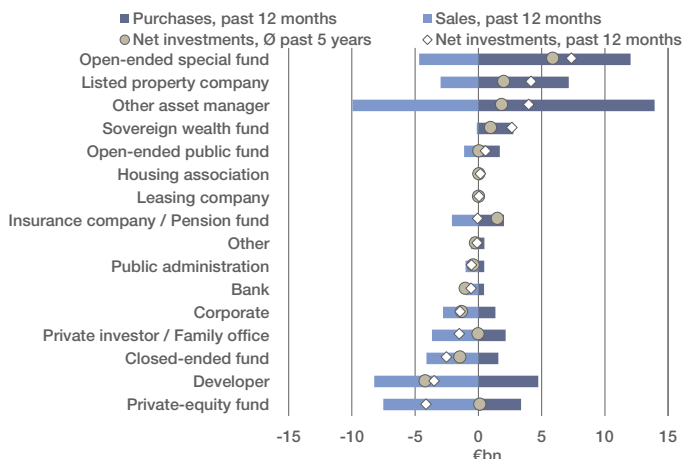
Source: Savills / Note: based on the Bulwiengesa classification

GRAPH 6  
Prime yields



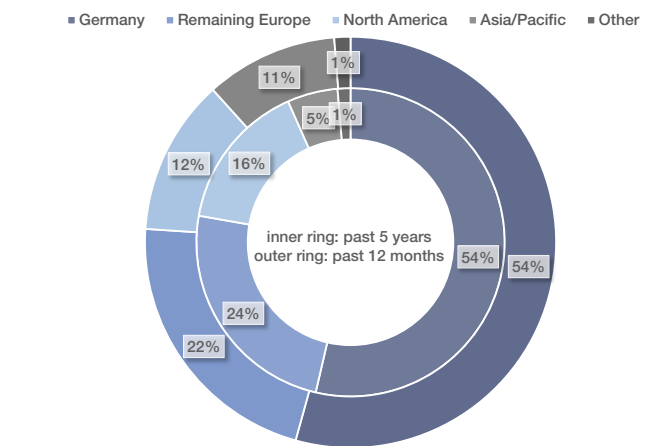
Source: Focus Economics, Savills / Note: always end of quarter values, risk free rate = 10Y Government Bunds, Prime Yields = 0 Top7

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
Nov-17	Primus (5 properties)	Berlin, Frankfurt, Hamburg, Munich	Mixed-use property	ca. 1,500	127,800	SIGNA Holding	RFR-Holding GmbH
Nov-17	Tower 185	Frankfurt am Main	Office	ca. 775	102,000	Deka Immobilien Investment GmbH	i. a. CA Immo-Gruppe
Dec-17	Steinmetz-Portfolio (13 properties)	i. a. Dresden, Hamburg, Nuremberg	Retail	ca. 650	n/a	RFR-Holding GmbH	BSG Investments Real Estate - Five Mounts Properties
Mar-18	Behördenzentrum	Frankfurt am Main	Office	ca. 500	88,200	Aroundtown Property Holdings Plc.	WealthCap Wealth Management Capital Holding GmbH
Feb-18	Alpha-Portfolio (18 properties)	n/a	Logistics and Industry buildings	undisclosed	447,500	Frasers Centrepoint Limited	Alpha Industrial GmbH & Co. KG
Apr-18	Geneba-Portfolio (17 properties)	n/a	Logistics and Industry buildings	ca. 450	431,600	Frasers Centrepoint Limited	Frasers Centrepoint Limited
Jan-18	Springer Quartier	Hamburg	Mixed-use property	ca. 400	56,000	i. a. Ärzteversorgung Mecklenburg-Vorpommern	Black Horse Investments, Momeni Projektentwicklung
Feb-18	Portfolio (100 properties)	n/a	Mixed-use property	undisclosed	n/a	Round Hill Capital	unknown Private Investor
Dec-17	Japan Center	Frankfurt am Main	Office	ca. 280	29,000	GEG German Estate Group AG	Commerz Real AG
Nov-17	Vodafone Campus Teilverkauf	Düsseldorf	Office	ca. 280	46,400	Mirae Asset Global Investments	AGC Equity Partners
Jan-18	Correo Quartier	Munich	Office	ca. 275	45,300	Credit Suisse	Deutsche Postbank AG
Dec-17	Bluefield (6 properties)	Bad Rappenau, Graben, Mainz	Logistics and Industry buildings	ca. 257	75,500	Frasers Centrepoint Limited	ECE Projektmanagement GmbH & Co. KG
Mar-18	aviva Munich	Munich	Office	undisclosed	60,000	Korea Investment Corporation (KIC)	KGAL GmbH & Co. KG
Dec-17	Goodman-Azurite (9 properties)	i. a. Dortmund, Halle, Hamm	Logistics and Industry buildings	ca. 250	239,700	Blackstone Group Deutschland GmbH	Goodman Property Investors
Dec-17	Rhein-Ruhr-Zentrum	Mülheim an der Ruhr	Retail	ca. 245	92,000	Morgan Stanley Real Estate Investment GmbH	Blackstone Group Deutschland GmbH
Dec-17	Main Airport Center (MAC)	Frankfurt am Main	Office	ca. 245	54,400	CapitaLand Limited, Lum Chang Holdings Limited	Finch Properties, Och-Ziff Capital Management Group
Feb-18	SZ Tower	Munich	Office	ca. 244	62,200	Art-Invest Real Estate GmbH & Co KG	AXA Real Estate, Norges Bank
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
Dec-17	East Side Offices	Munich	Office	ca. 235	63,000	InfraRed Capital Partners Limited	Officefirst

Source: Savills / \* only published transactions are shown

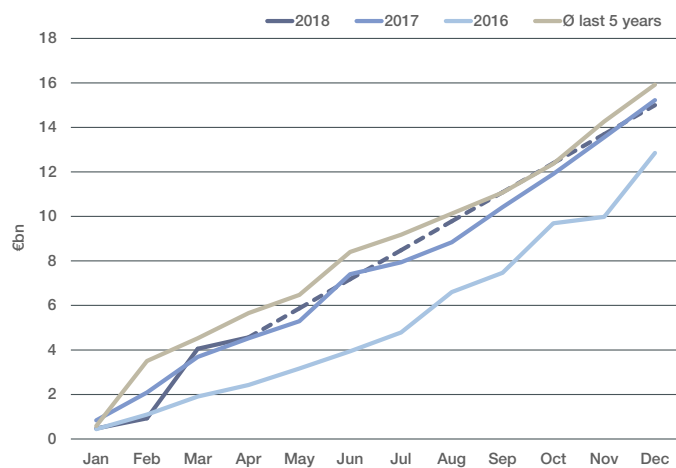
# Residential investment market

TABLE 4  
Transaction volume by city category

	Transaction volume (€m)					
	Apr 18	Jan to Apr 2018	against Jan to Apr 2017	May 2017 to Apr 2018	against Apr 2017 to Mar 2018	against May 2016 to Apr 2017
A-cities	213	1,552	-37%	5,943	-4%	-7%
B-cities	170	666	+30%	2,775	+4%	+40%
C-cities	11	1,008	+657%	2,077	-1%	+60%
D-cities	24	460	+49%	1,378	-2%	+25%
Other	93	880	-20%	3,092	-4%	-26%
Germany	511	4,567	+1%	15,264	-2%	+2%

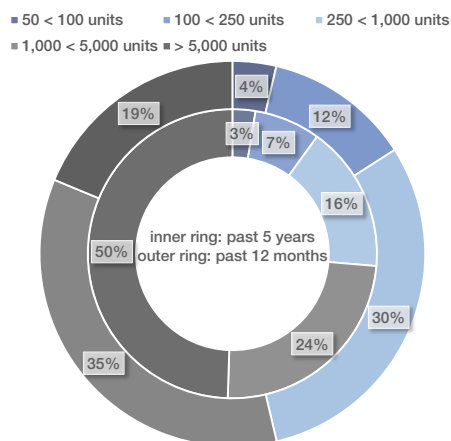
Source: Savills / Note: based on the Bulwiengesa classification

GRAPH 9  
Accumulated transaction volume



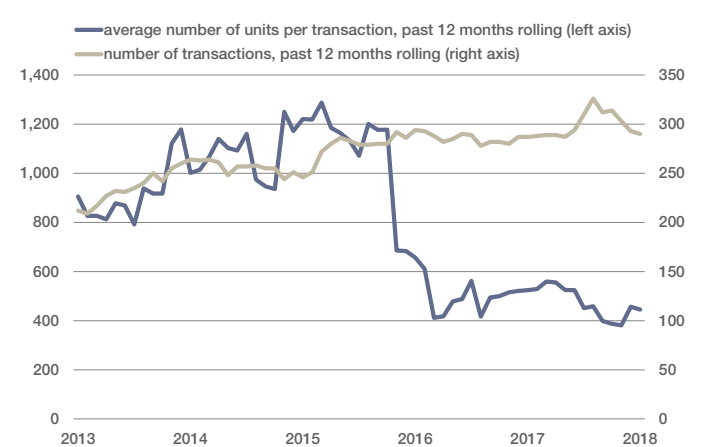
Source: Savills / Note: dotted line = forecast

GRAPH 11  
Traded units by size



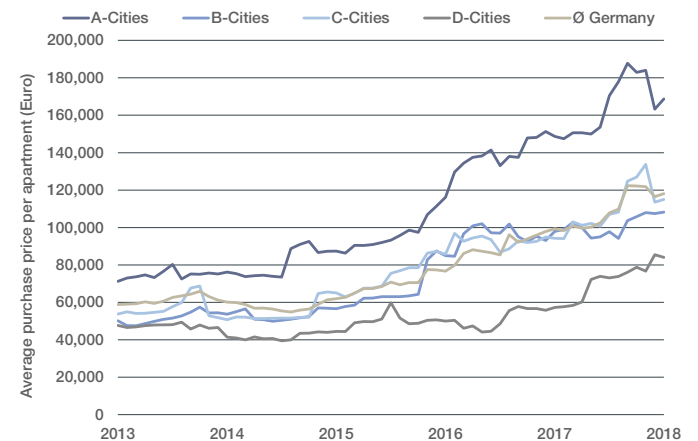
Source: Savills

GRAPH 10  
Deal size and number of transactions



Source: Savills / Note: including portfolios

GRAPH 12  
Development of prices



Source: Savills / Note: values are 12 months rolling

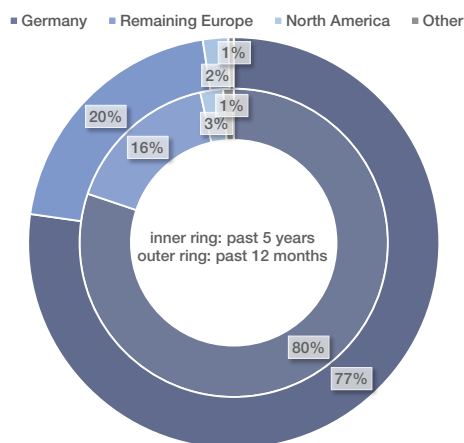
# Residential investment market

TABLE 5  
Traded units by city category

	Traded units					
	Apr 18	Jan to Apr 2018	against Jan to Apr 2017	May 2017 to Apr 2018	against Apr 2017 to Mar 2018	against May 2016 to Apr 2017
A-cities	678	13,429	-9%	35,222	-7%	-18%
B-cities	1,149	5,077	+7%	25,644	+3%	+27%
C-cities	50	9,716	+658%	18,065	-2%	+31%
D-cities	496	5,837	+5%	16,391	+/-0%	-15%
Other	917	9,470	-23%	33,894	-6%	-38%
Germany	3,290	43,529	+12%	129,216	-3%	-14%

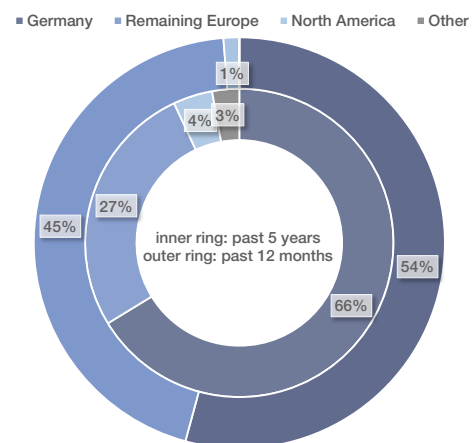
Source: Savills / Note: based on the Bulwiengesa classification

GRAPH 13  
Transaction volume by origin of buyer



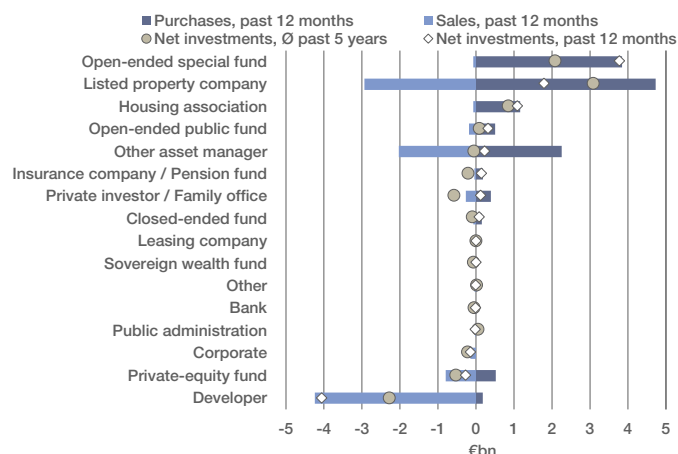
Source: Savills

GRAPH 14  
Transaction volume by origin of seller



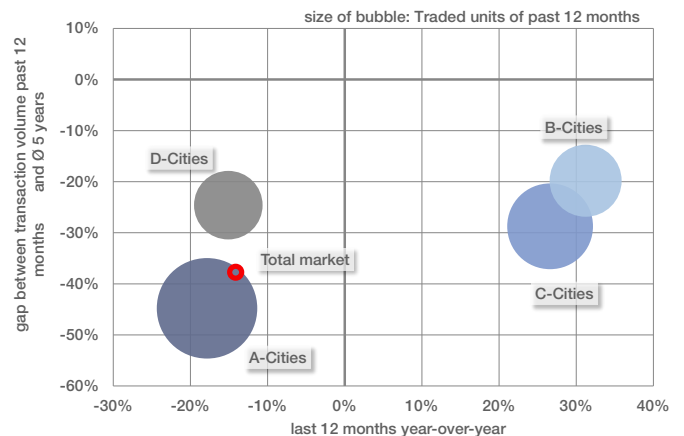
Source: Savills

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 18	Buwog acquisition (share of 73.8%)	24,687	undisclosed	Vonovia SE	BUWOG
Dec 17	i. a. Dresden, Düsseldorf, Cologne, Leipzig, Offenbach	1,742	ca. 670	Corestate Capital AG	CG Gruppe
Nov 17	Wasserstadt Mitte Berlin	710	undisclosed	Adler Real Estate AG	Benson Elliot, Kauri CAB Management
Nov 17	Bochum, Duisburg, Essen, Gelsenkirchen	2,710	undisclosed	VELERO PARTNERS	unknown investor
Mar 18	Bochum, Dortmund	2,000	undisclosed	Forte Capital Deutschland, Proprium Capital Partners	Angelo, Gordon & Co.
Dec 17	Staytoo-Portfolio i. a. Berlin, Bonn	1,123	undisclosed	Harrison Street	MPC Münchmeyer Petersen Capital GmbH
Mar 18	i. a. Frankfurt, Mainz, Wiesbaden	925	undisclosed	Round Hill Capital, Starwood Capital, Stepstone	unknown investor
Dec 17	Tannhaus Berlin	undisclosed	undisclosed	Global Student Accommodation (GSA)	Cresco Capital Ltd.
Nov 17	Berlin	325	ca. 130	Hansainvest - Hanseatische Investment GmbH	Groth Development GmbH & Co.KG
Feb 18	Erfurt	535	undisclosed	Gemeinnützige Wohnungsgesellschaft Hessen	unknown developer
Nov 17	Berlin, Cologne	420	ca. 110	Industria GmbH	Ten Brinke Groep B.V.
Mar 18	i. a. Düsseldorf, Leverkusen	964	undisclosed	unknown investor	Deutsche Invest Immobilien
Nov 17	i. a. Berlin, Bremen, Delmenhorst, Hamburg, Oldenburg	576	undisclosed	Corpus Sireo Asset Management Residential GmbH	A/S Tyske Metropoler
Mar 18	Hamburg	160	undisclosed	BMO Real Estate Partners	Aug. Prien Immobilien Gesellschaft, DC Residential
Nov 17	i. a. Amberg, Berlin, Deggen-dorf, Kitzingen	833	ca. 90	PATRIZIA Immobilien Kapital-anlagegesellschaft mbH	Peaksid Capital
Mar 18	Hamburg	321	undisclosed	Accentro Real Estate AG	unknown investor
Mar 18	Düren, Haan, Leverkusen, Wuppertal	940	undisclosed	Vivawest Wohnen GmbH	Deutsche Invest Immobilien (d.i.i.)
Dec 17	Thüringen	793	undisclosed	Peach Property Group AG	unknown investor
Mar 18	Regensburg	190	ca. 80	Deutsche Asset One GmbH	Hubert Haupt Immobilien, Bucher Properties
Dec 17	Hamburg	320	undisclosed	Round Hill Capital	unknown investor

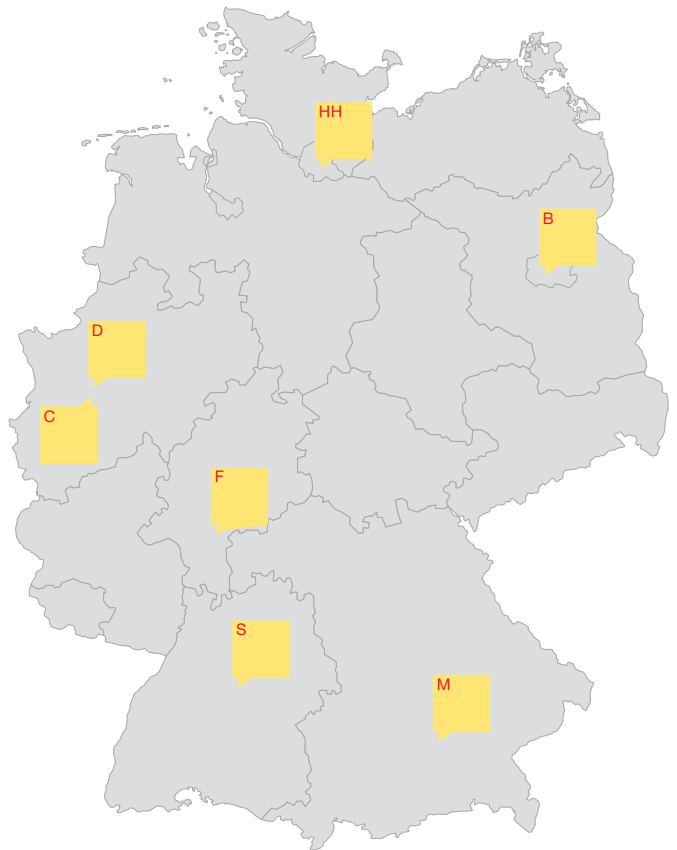
Source: Savills / \* only published transactions are shown

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