

# Investment Market monthly Germany

August 2018



## The market at a glance

Momentum in the commercial and residential investment markets continues

### Commercial investment market

■ The momentum in the commercial property investment market was sustained in August. The transaction volume totalled almost €4.2bn, which was only modestly below the monthly average for the current year (approx. €4.3bn; Table 1, Graph 1).

■ In terms of the geographical distribution of investors, domestic investors have not only been by far the largest purchaser group over the last twelve months (Graph 8), they have also been the largest net purchasers, investing €1.5bn net (= acquisition volume minus disposal volume). Investors from the Asia-Pacific region have also been net purchasers (approx. €0.8bn), while North American (€-1.2bn) and European investors (€-0.8bn) have been net vendors of German commercial property.

### Residential investment market

■ The transaction volume in the German residential property investment market promises to be the second highest in the current market cycle (Graph 9). This is likely being driven by the continued excellent conditions in the occupier markets. Average residential rents in the 127 largest property markets have not fallen for 21 years and further rental increases are likely in many locations. Consequently, demand in the investment market is likely to remain high, leading us to expect a volume of up to €16bn by the end of the year.

■ Only in the C-cities and D-cities have more apartments changed hands over the last twelve months compared with the long-term average (Graph 16). However, average prices of apartments transacted in these cities have remained relatively stable in recent times (Graph 12). This may indicate an improved supply situation or the fact that poorer locations or qualities of property are now being accepted.

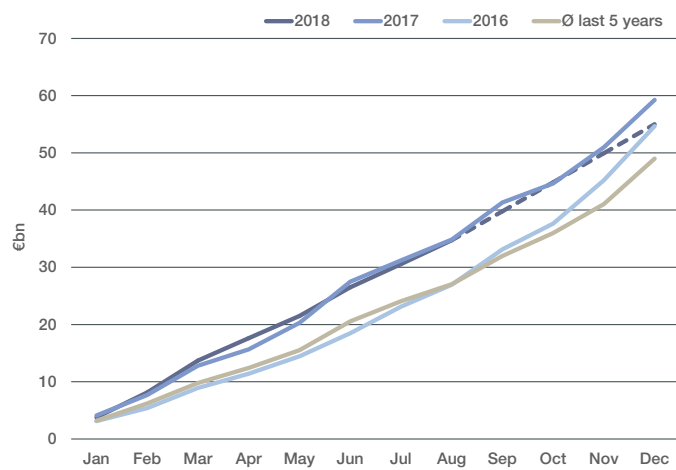
# Commercial investment market

TABLE 1  
Transaction volume by type of use

	Transaction volume (€m)					
	Aug 2018	Jan to Aug 2018	against Jan to Aug 2017	Sep 2017 to Aug 2018	against Aug 2017 to Jul 2018	against Sep 2016 to Aug 2017
Office	1,407	13,373	-8%	22,873	-2%	-18%
Retail	934	7,270	-3%	14,245	+1%	+3%
Industrial/Logistics	184	4,469	-29%	7,423	-1%	-11%
Hotel	160	1,891	+38%	3,082	+/-0%	-9%
Development land	67	1,212	+41%	1,680	-4%	+24%
Other	1,413	6,516	+56%	9,825	+11%	+28%
<b>Total</b>	<b>4,165</b>	<b>34,731</b>	<b>+/-0%</b>	<b>59,128</b>	<b>+1%</b>	<b>-5%</b>

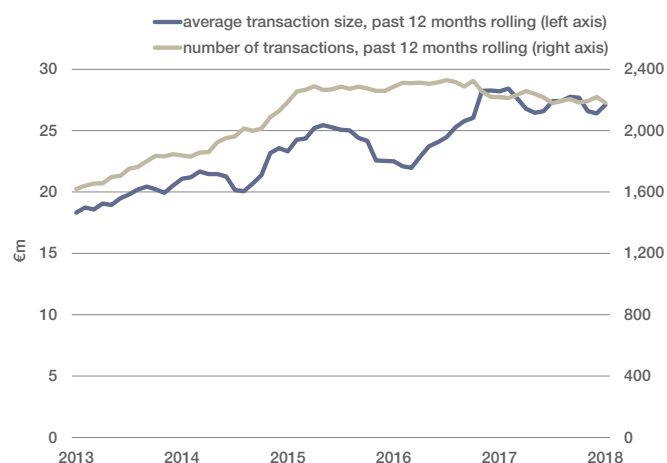
Source: Savills

GRAPH 1  
Accumulated transaction volume



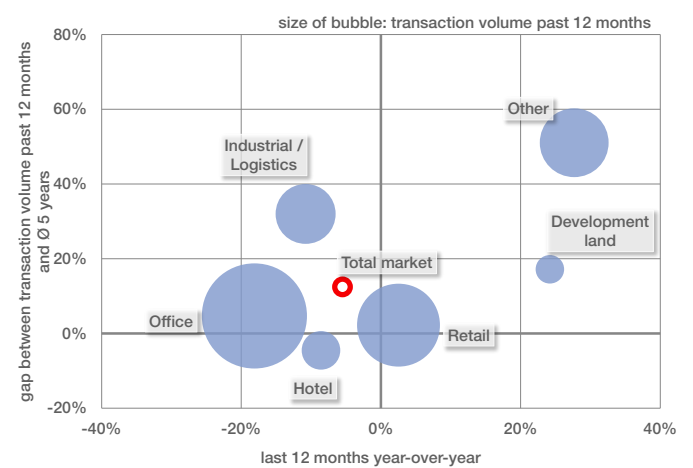
Source: Savills / Note: dotted line = forecast

GRAPH 3  
Deal size and number of transactions



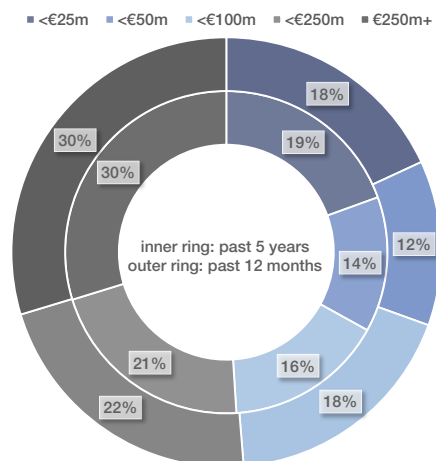
Source: Savills / Note: including portfolios

GRAPH 2  
Type of use



Source: Savills

GRAPH 4  
Transaction volume by deal size



Source: Savills

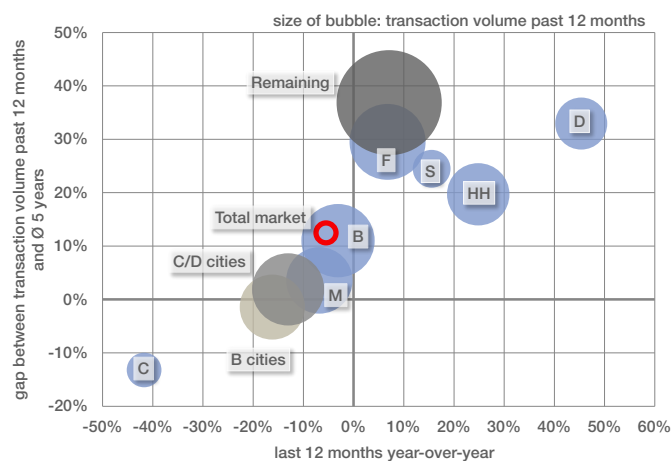
# Commercial investment market

TABLE 2  
Transaction volume by location

	Transaction volume (€m)					
	Aug 2018	Jan to Aug 2018	against Jan to Aug 2017	Sep 2017 to Aug 2018	against Aug 2017 to Jul 2018	against Sep 2016 to Aug 2017
Berlin (B)	468	3,585	-23%	6,800	-3%	-3%
Düsseldorf (D)	438	1,920	+44%	3,423	+9%	+45%
Frankfurt (F)	638	3,704	+35%	7,292	+5%	+7%
Hamburg (HH)	695	3,242	+73%	4,920	+12%	+25%
Cologne (C)	22	838	-43%	1,514	+/-0%	-42%
Munich (M)	62	3,197	+15%	5,587	-10%	-7%
Stuttgart (S)	280	1,137	+64%	1,803	+14%	+16%
Germany	4,165	34,731	+/-0%	59,128	+1%	-5%

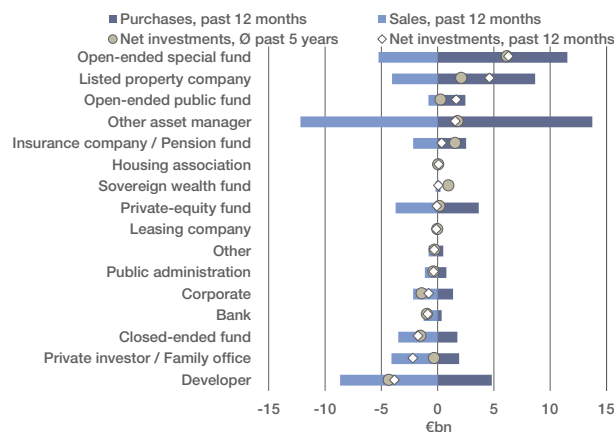
Source: Savills

GRAPH 5  
Regional distribution



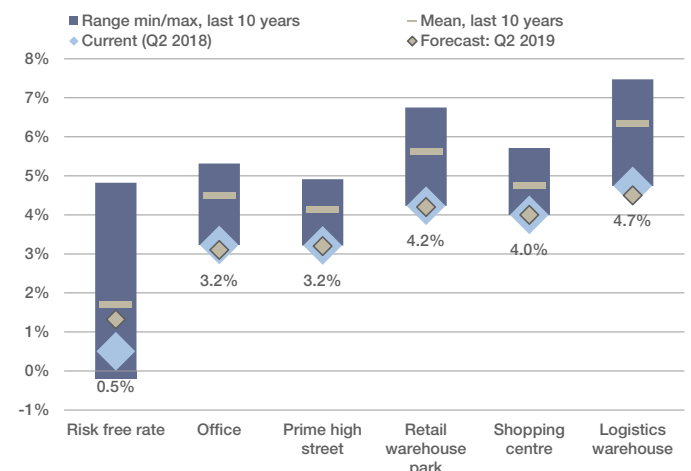
Source: Savills / Note: based on the Bulwiengesa classification

GRAPH 7  
Type of investor



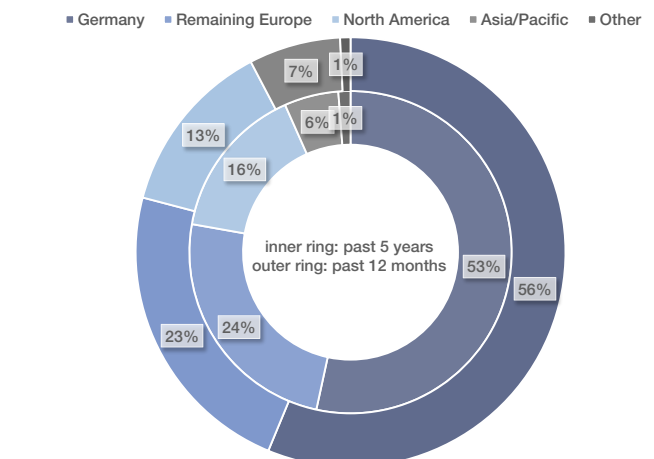
Source: Savills

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 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)	(Mayn) Type of property	Volume (€m) ↓	Area (sq m)	Buyer	Seller
Apr 18	Brack Capital-Portfolio (70%)	nationwide	Mixed-use property	undisclosed	722,000	Adler Real Estate AG	i.a. Redzone Empire Holding Limited
Jun 18	Health care portfolio (50%-share)	nationwide	Community welfare property	ca. 815	n/a	Primonial	Medical Properties Trust
Mar 18	Behördenzentrum	Frankfurt am Main	Office	ca. 500	88,200	Aroundtown Property Holdings Plc.	WealthCap Wealth Management Capital Holding GmbH
Apr 18	Geneba-Portfolio (17 properties)	nationwide	Logistics and Industry buildings	ca. 450	431,600	Frasers Centrepoint Limited	Frasers Centrepoint Limited
Aug 18	Junghof Plaza	Frankfurt am Main	Mixed-use property	ca. 400	32,700	Triuva Kapitalverwaltungsgesellschaft mbH	PGIM Real Estate, FGI Frankfurter Gewerbeimmobilien
Aug 18	Pflegen & Wohnen-Portfolio	Hamburg	Community welfare property	undisclosed	n/a	Deutsche Wohnen AG	Oaktree Capital Management LP
May 18	Gallileo	Frankfurt am Main	Office	ca. 356	40,500	CapitaLand Limited	Triuva Kapitalverwaltungsgesellschaft mbH
Jun 18	TSK1	Frankfurt am Main	Office	undisclosed	65,500	i.a. Credit Suisse (Deutschland) AG	Officefirst
Jun 18	High street prop. Leipziger Platz	Berlin	Retail	ca. 300	22,500	BMO Real Estate Partners	RFR-Holding GmbH, DC Values
Mai 18	Hilton Berlin	Berlin	Hotel/Gastronomy	ca. 297	n/a	Aroundtown Property Holdings Plc.	Park Hotels & Resorts Inc., unbekannter Investor
Jun 18	Quartier Four - Tower 4 (Aqua)	Frankfurt am Main	Office	undisclosed	22,700	Union Investment Real Estate GmbH	Groß & Partner Grundstücksentwicklung
Aug 18	Portfolio (17 properties)	i.a. Bonn, Frankfurt, Hannover	Community welfare property	undisclosed	n/a	Deutsche Wohnen AG	SHI Management GmbH
Jun 18	Olympus Zentrale	Hamburg	Office	undisclosed	48,400	Ärzteversorgung Westfalen-Lippe, Hines Immobilien	Zech Group, unknown investor
Aug 18	Das Schloss	Berlin	Retail	undisclosed	42,000	Deka Immobilien Investment GmbH	WealthCap Wealth Management Capital Holding GmbH
Jul 18	Portfolio (2 properties)	Ergolding, Marl	Logistics and Industry buildings	undisclosed	283,200	Goodman, Employee Provident Fund	Goodman
Mar 18	aviva Munich	Munich	Office	undisclosed	60,000	Korea Investment Corporation (KIC)	KGAL GmbH & Co. KG
Jul 18	Portfolio (5 properties)	i.a. Apfelstädt, Duisburg	Logistics and Industry buildings	undisclosed	263,000	Blackstone Group Deutschland GmbH	Hines Immobilien GmbH
Jul 18	Zalando-Campus	Berlin	Office	ca. 235	43,800	Hines Immobilien GmbH	Capstone Asset Management, L'Etoile
Aug 18	Hanseviertel	Hamburg	Mixed-use property	undisclosed	38,900	CBRE Investors	Allianz Real Estate GmbH Germany
May 18	Portfolio (4 properties)	i.a. Aschheim, Düsseldorf	Office	ca. 230	101,000	LGT Capital Partners, JP Morgan Asset Management	publity AG

Source: Savills / \* only published transactions are shown

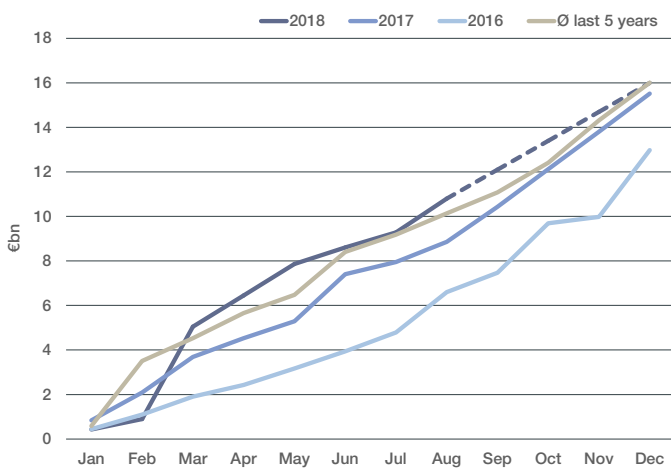
# Residential investment market

TABLE 4  
Transaction volume by city category

	Transaction volume (€m)					
	Aug 2018	Jan to Aug 2018	against Jan to Aug 2017	Sep 2017 to Aug 2018	against Aug 2017 to Jul 2018	against Sep 2016 to Aug 2017
A-cities	695	4,139	+12%	7,511	+9%	+28%
B-cities	180	1,736	+13%	2,862	-10%	+10%
C-cities	32	1,712	+175%	2,291	-3%	+52%
D-cities	158	1,008	+41%	1,522	+10%	+40%
Other	449	2,202	-4%	3,270	+8%	-21%
Germany	1,513	10,798	+22%	17,457	+4%	+15%

Source: Savills / Note: based on the Bulwiengesa classification

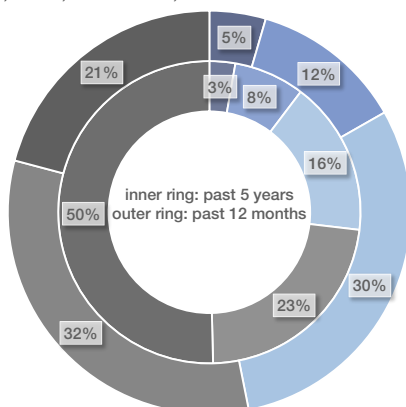
GRAPH 9  
Accumulated transaction volume



Source: Savills / Note: dotted line = forecast

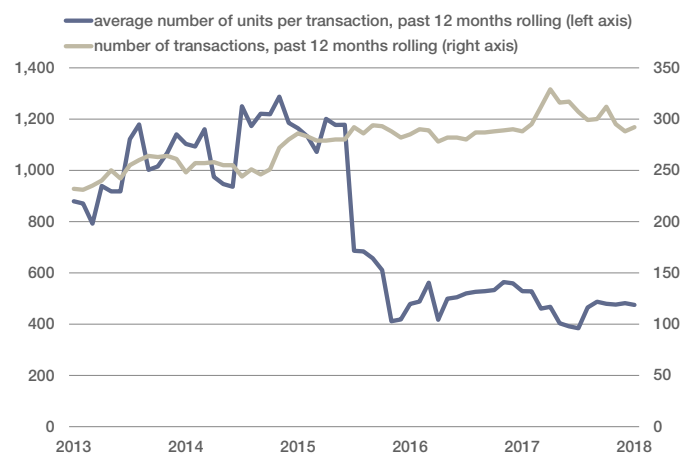
GRAPH 11  
Traded units by size

- 50 < 100 units
- 100 < 250 units
- 250 < 1,000 units
- 1,000 < 5,000 units
- > 5,000 units



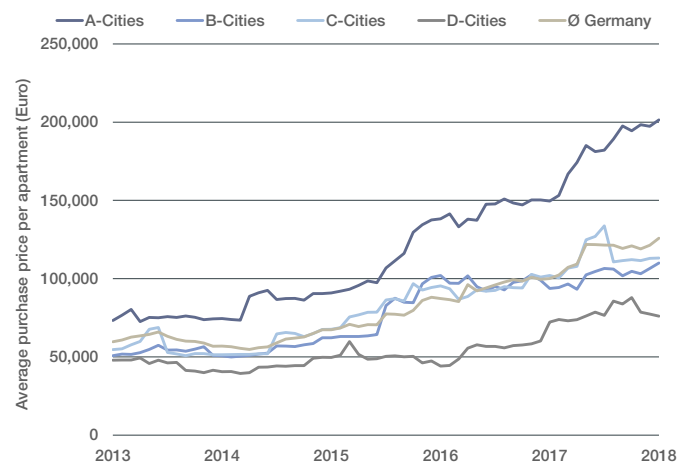
Source: Savills

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; based on the Bulwiengesa classification

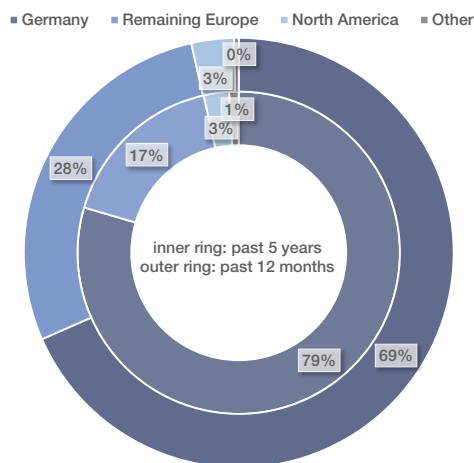
# Residential investment market

TABLE 5  
Traded units by city category

	Traded units					
	Aug 2018	Jan to Aug 2018	against Jan to Aug 2017	Sep 2017 to Aug 2018	against Aug 2017 to Jul 2018	against Sep 2016 to Aug 2017
A-cities	2,847	21,075	-4%	37,294	+7%	-5%
B-cities	2,621	16,092	+1%	26,015	-13%	-6%
C-cities	244	15,878	+202%	20,248	-3%	+37%
D-cities	2,368	14,359	+37%	20,028	+13%	+33%
Other	3,282	23,514	-9%	35,067	-1%	-37%
Germany	11,362	90,918	+14%	138,652	+/-0%	-9%

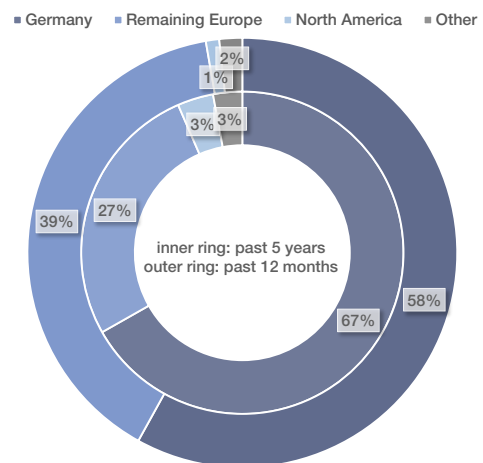
Source: Savills / Note: based on the Bulwiengesa classification

GRAPH 13  
Transaction volume by origin of buyer



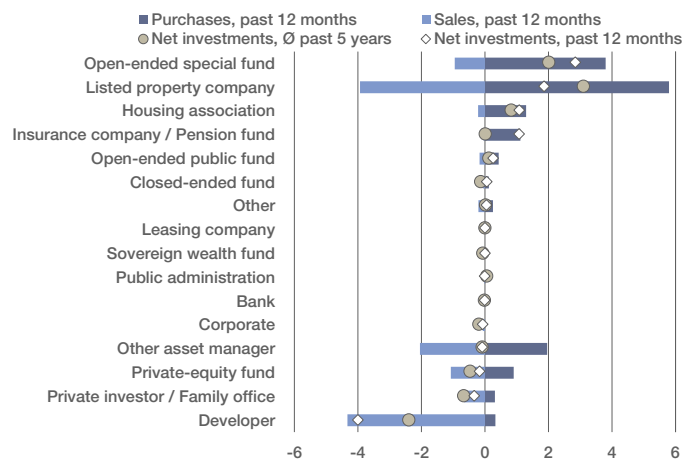
Source: Savills

GRAPH 14  
Transaction volume by origin of seller



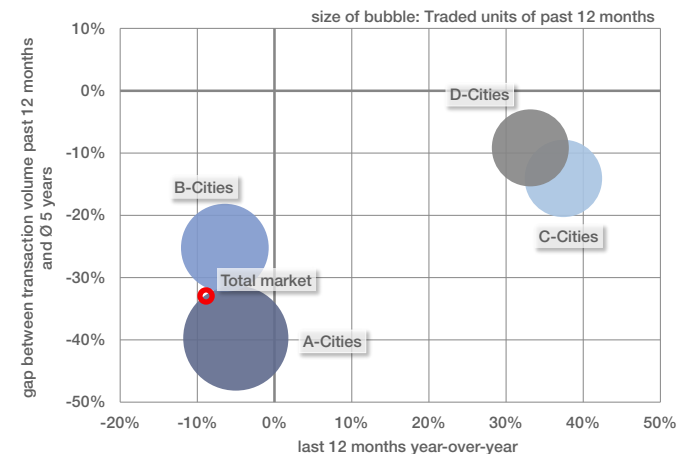
Source: Savills

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-takeover	27,176	undisclosed	Vonovia SE	BUWOG - Bauen und Wohnen Gesellschaft mbH
Aug 18	Century-Portfolio	3,700	ca. 900	PFA Pension, Domicil Beteiligungs GmbH	Industria GmbH
May 18	Berlin, Magdeburg	2,500	undisclosed	Blackstone Group Deutschland GmbH	Kauri CAB Management GmbH, Apeiron Capital Ltd.
Aug 18	Duisburg, Essen, Gelsenkirchen, Hagen	3,750	undisclosed	LEG Immobilien	Vivawest Wohnen GmbH
Mar 18	Bochum, Dortmund	2,000	undisclosed	Forte Capital Deutschland GmbH, Proprium Capital	Angelo Gordon
May 18	Berlin	690	undisclosed	GEWOBAG	Off Immobilien-Beteiligungs GmbH
Mar 18	Frankfurt, Wiesbaden	925	undisclosed	Round Hill Capital, Starwood, Stepstone Real Estate	unknown investor
Apr 18	nationwide	2,843	ca. 115	Benson Elliot Capital, Adler Real Estate AG	Adler Real Estate AG
May 18	Berlin	undisclosed	ca. 111	Covivio Immobilien GmbH	unknown investor
Mar 18	Düren, Düsseldorf, Leichlingen, Leverkusen	964	undisclosed	unknown investor	Deutsche Invest Immobilien (d.i.i.)
Jun 18	Berlin, Butzbach, Mainz	391	ca. 106	Industria GmbH	Ten Brinke Groep B.V.
Jul 18	Berlin, Dresden	undisclosed	ca. 106	Covivio Immobilien GmbH	unknown investor
Mar 18	Hamburg	160	undisclosed	BMO Real Estate Partners	Aug. Prien Immobilien, DC Residential
Jun 18	Berlin	568	undisclosed	Covivio Immobilien GmbH	Akzent Berlin-Weißensee Am Steinberg GbR
May 18	Heidenheim an der Brenz	1,075	undisclosed	Peach Property Group AG	unknown investor
May 18	Bonn	276	undisclosed	Bayerische Versorgungskammer	Instone Real Estate
Mar 18	Hamburg	321	undisclosed	Accentro Real Estate AG	unknown investor
Jun 18	Zwickau	2,940	undisclosed	ZBI Zentral Boden Immobilien, Union Investment	Vonovia SE
Aug 18	Berlin, Bielefeld, Düsseldorf, Gelsenkirchen, Hamburg	500	ca. 86	WealthCap Wealth Management Capital Holding GmbH	Domicil Beteiligungs GmbH
Mar 18	Düren, Haan, Leverkusen, Wuppertal	940	undisclosed	Vivawest Wohnen GmbH	Deutsche Invest Immobilien (d.i.i.)

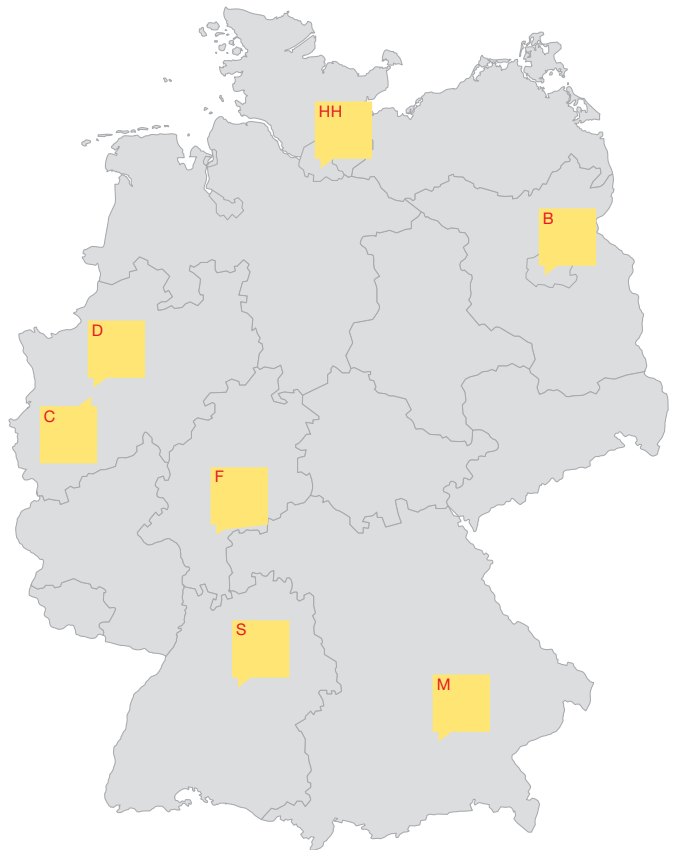
Source: Savills / \* only published transactions are shown

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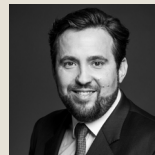
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