

Investment Market monthly Germany

December 2018



The market at a glance

A new record and many new purchasers

Commercial investment market

■ The commercial investment market has a new record in its annals. The transaction volume in 2018 totalled €60.4bn, breaking the €60bn barrier for the first time ever (Table 1, Graph 1). Last year was also the fourth successive year in which investment has totalled more than €50bn, underlining Germany's status as a safe haven for investment. The transaction volume in 2019 is also expected to reach at least €50bn.

■ Of those investors that acquired German commercial property for at least €50m last year, around fifty were making their first investments in Germany in a decade. The German market continues to be predominantly defined by risk-averse, equity-rich investors (Graph 7).

Residential investment market

■ Properties in the German residential investment market changed hands for almost €15.1bn last year, the third highest transaction volume in the last ten years (Table 4). Transactions with a double-digit or triple-digit quantity of apartments accounted for around 48% of all apartments transacted. This is a reflection, on the one hand, of the increasing prevalence of development acquisitions and, on the other hand, the likelihood that the lack of supply of large portfolios has increased investors' willingness to acquire smaller residential portfolios.

■ The continued strong appeal of the residential property market to institutional investors is demonstrated by the large number of first-time purchasers. Of the purchasers in 2018 known by name, almost 38% were investing in the German residential market for the first time in the last ten years.

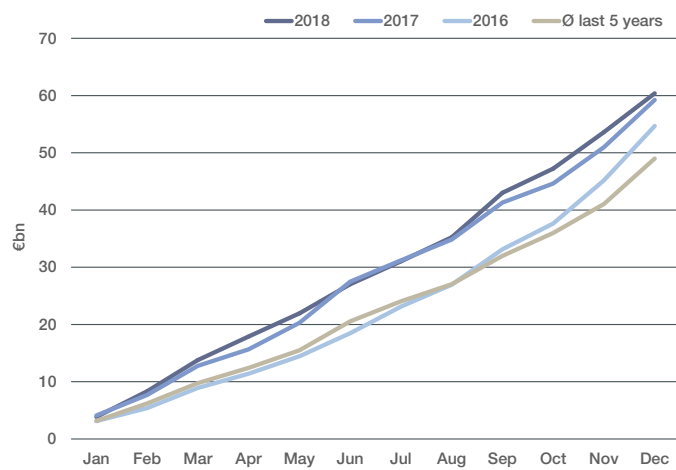
Commercial investment market

TABLE 1
Transaction volume by type of use

	Transaction volume (€m)			
	Dec 2018	Jan to Dec 2018	against Jan to Dec 2017	against Dec 2017 to Nov 2018
Office	5,250	27,104	+13%	+4%
Retail	794	12,991	-10%	-9%
Industrial/Logistics	160	6,717	-28%	-10%
Hotel	161	2,881	+12%	-1%
Development land	33	2,056	+55%	-4%
Other	362	8,630	+15%	-4%
Total	6,760	60,379	+2%	-2%

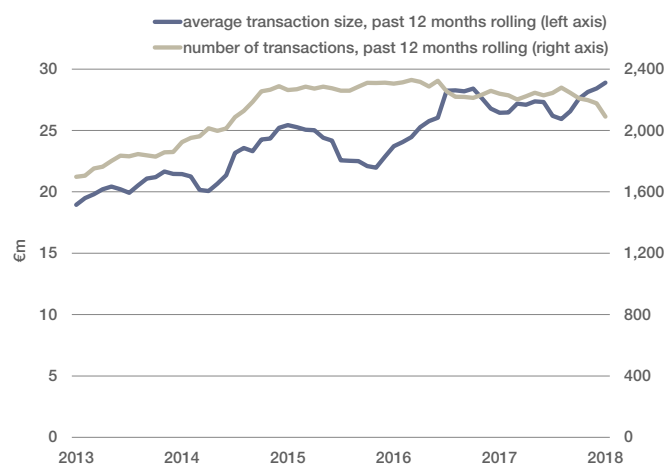
Source: Savills

GRAPH 1
Accumulated transaction volume



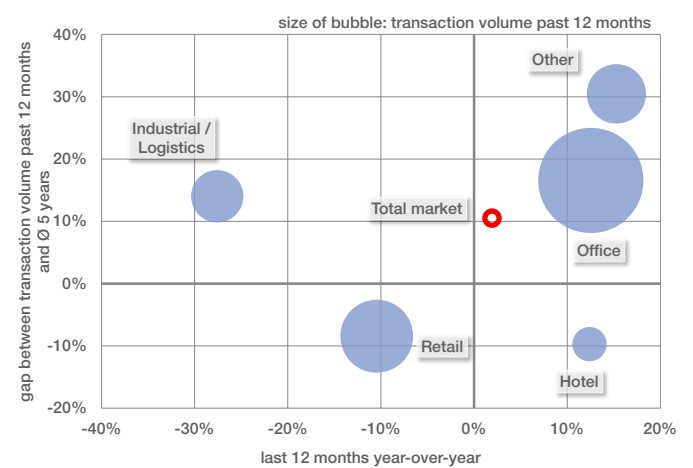
Source: Savills / Note: dotted line = forecast

GRAPH 3
Deal size and number of transactions



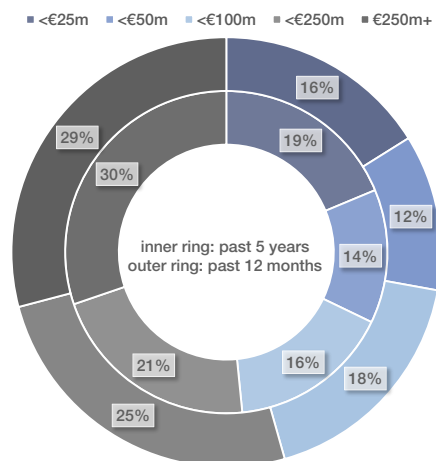
Source: Savills / Note: including portfolios

GRAPH 2
Type of use



Source: Savills

GRAPH 4
Transaction volume by deal size



Source: Savills

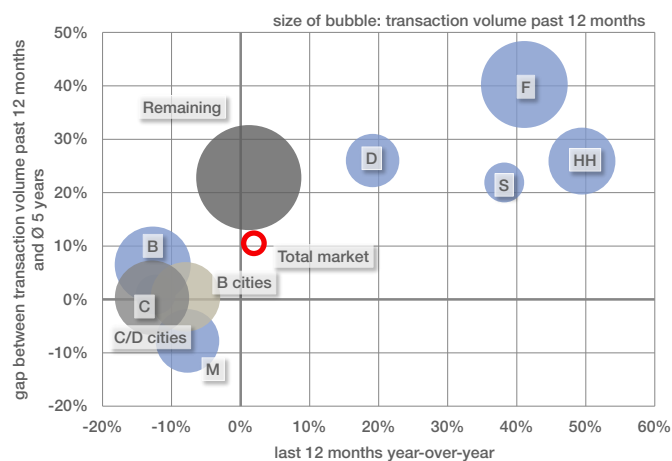
Commercial investment market

TABLE 2
Transaction volume by location

	Transaction volume (€m)			
	Dec 2018	Jan to Dec 2018	against Jan to Dec 2017	against Dec 2017 to Nov 2018
Berlin (B)	961	6,845	-13%	+3%
Düsseldorf (D)	184	3,377	+19%	-7%
Frankfurt (F)	1,360	8,938	+41%	-6%
Hamburg (HH)	777	5,304	+49%	+9%
Cologne (C)	144	1,885	-12%	-5%
Munich (M)	900	4,779	-8%	+3%
Stuttgart (S)	495	1,882	+38%	+17%
Germany	6,760	60,379	+2%	-2%

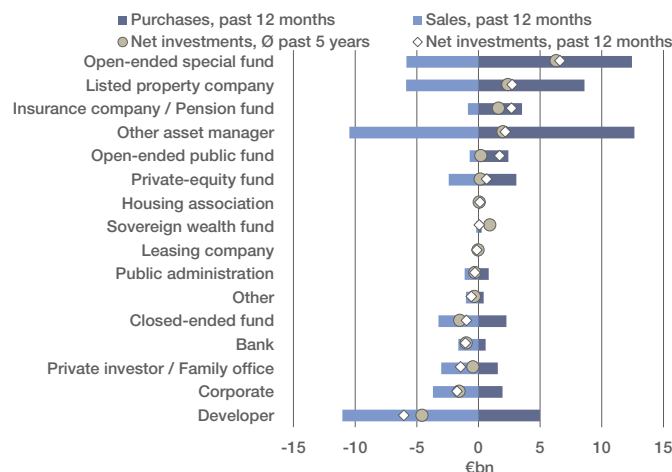
Source: Savills

GRAPH 5
Regional distribution



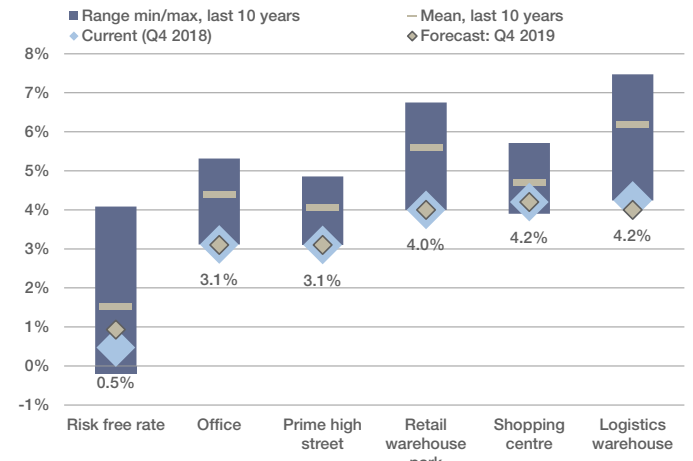
Source: Savills / Note: based on the Bulwiengesa classification

GRAPH 7
Type of investor



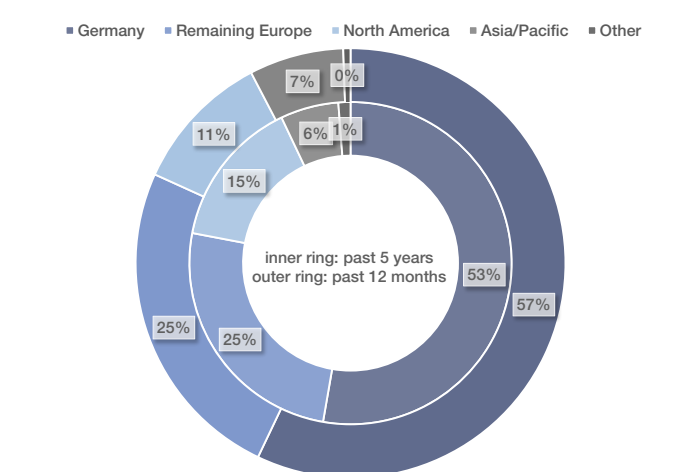
Source: Savills

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
Sep 18	Karstadt-Kaufhof Fusion (39 prop.)	nationwide	Retail	undisclosed	533,900	SIGNA Holding	Simon Property Group, Hudson's Bay Company (HBC)
Sep 18	Omniturm	Frankfurt	Office	ca. 700	54,300	Commerz Real AG	Tishman Speyer
Nov 18	Trianon	Frankfurt	Office	ca. 670	68,400	Hana Financial Group, IGIS Asset Management Co Ltd	NorthStar
Nov 18	Laetitia (32 properties)	nationwide	Logistics and Industry buildings	ca. 630	538,000	Beos AG	Aurelis Real Estate GmbH & Co. KG
Dec 18	Portfolio (5 properties)	i. a. Berlin, Frankfurt, Hamburg	Office	ca. 574	73,000	Amundi Real Estate (France)	Warburg-HIH
Dec 18	Eurotower	Frankfurt	Office	ca. 530	46,600	Fubon Life	PATRIZIA Immobilien Kapitalanlagegesellschaft mbH
Nov 18	Optimus Prime (21 properties)	i. a. Berlin, Hamburg	Logistics and Industry buildings	ca. 520	565,000	Landesbank Hessen-Thüringen (Helaba)	Beos AG
Sep 18	Karstadt-Kaufhof Fusion	Düsseldorf, Köln	Retail	ca. 430	146,000	SIGNA Holding	Simon Property Group, Hudson's Bay Company (HBC)
Aug 18	Junghof Plaza	Frankfurt	Mixed-use property	ca. 400	32,700	Triuva Kapitalverwaltungsgesellschaft mbH	PGIM Real Estate, FGI Frankfurter Gewerbeimmobilien
Dec 18	Oskar	Munich	Office	ca. 390	26,000	SwissLife Asset Management GmbH	Hines Immobilien GmbH
Sep 18	Portfolio (2 properties)	Frankfurt	Office	undisclosed	53,700	Warburg-HIH	Aurelis Real Estate GmbH & Co. KG
Aug 18	Pflegen&Wohnen Portfolio (13 prop.)	Hamburg	Community welfare property	undisclosed	n/a	Deutsche Wohnen AG	Oaktree Capital Management LP
Sep 18	Global Tower	Frankfurt	Office	undisclosed	33,000	Hansainvest - Hanseatische Investment GmbH	GEG German Estate Group AG
Nov 18	Olymp (11 properties)	nationwide	Retail	undisclosed	154,400	Redos Real Estate GmbH	TH Real Estate
Dec 18	Allianz-Campus	Stuttgart	Office	ca. 340	89,100	Hines Immobilien GmbH	Officefirst
Aug 18	Portfolio (17 properties)	i. a. Bonn, Frankfurt, Hannover	Community welfare property	undisclosed	n/a	Deutsche Wohnen AG	SHI Management GmbH
Sep 18	Garden Tower	Frankfurt	Office	ca. 275	27,500	GEG German Estate Group AG	Tristan Capital Partners
Sep 18	Metro-Straße 1	Düsseldorf	Office	ca. 270	75,500	Arminius Kapitalgesellschaft mbH	Triuva Kapitalverwaltungsgesellschaft mbH
Aug 18	Das Schloss	Berlin	Retail	ca. 255	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 Property Inv., Employee Provident Fund	Goodman Property Investors

Source: Savills / * only published transactions are shown

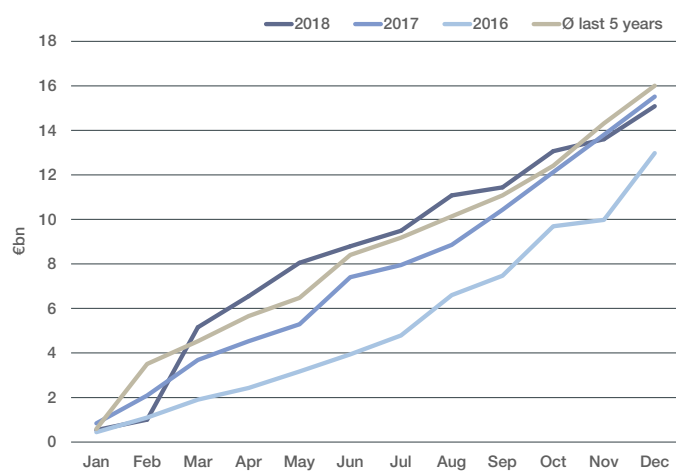
Residential investment market

TABLE 4
Transaction volume by city category

	Transaction volume (€m)			
	Dec 2018	Jan to Dec 2018	against Jan to Dec 2017	against Dec 2017 to Nov 2018
A-cities	910	6,247	-12%	+/-0%
B-cities	125	2,233	-16%	-10%
C-cities	13	1,989	+65%	-11%
D-cities	22	1,195	-3%	-2%
Other	410	3,424	+2%	+9%
Germany	1,480	15,088	-3%	-1%

Source: Savills / Note: based on the Bulwiengesa classification

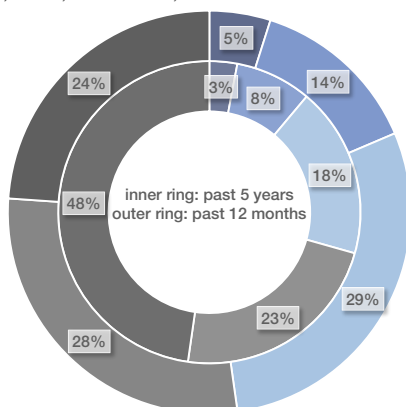
GRAPH 9
Accumulated transaction volume



Source: Savills / Note: dotted line = forecast

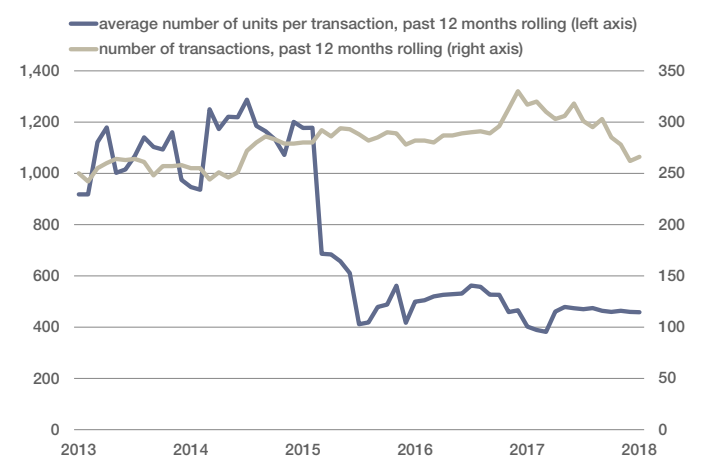
GRAPH 11
Traded units by size

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



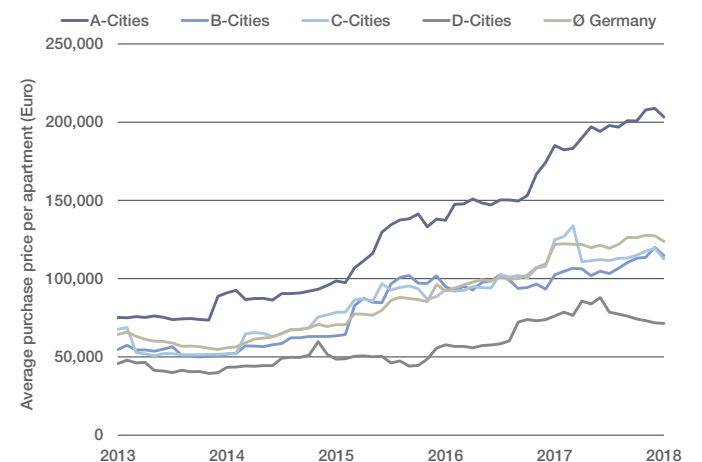
Source: Savills

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

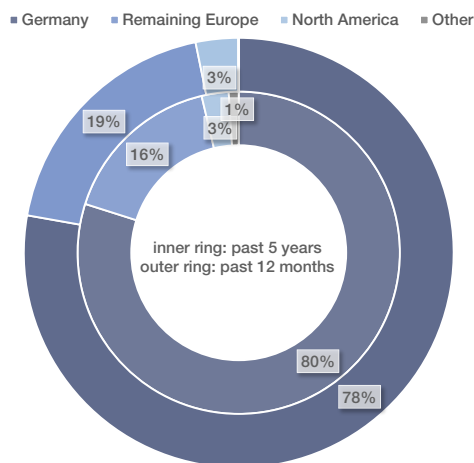
Residential investment market

TABLE 5
Traded units by city category

	Traded units			
	Dec 2018	Jan to Dec 2018	against Jan to Dec 2017	against Dec 2017 to Nov 2018
A-cities	4,808	30,732	-20%	+3%
B-cities	661	19,461	-25%	-6%
C-cities	58	17,676	+84%	-5%
D-cities	238	16,726	+4%	-2%
Other	4,371	37,228	+/-0%	+10%
Germany	10,136	121,823	-4%	+1%

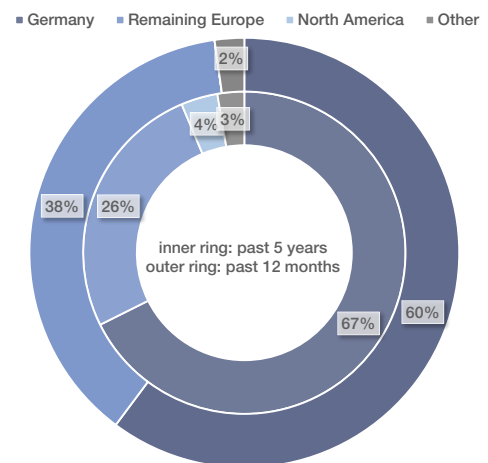
Source: Savills / Note: based on the Bulwiengesa classification

GRAPH 13
Transaction volume by origin of buyer



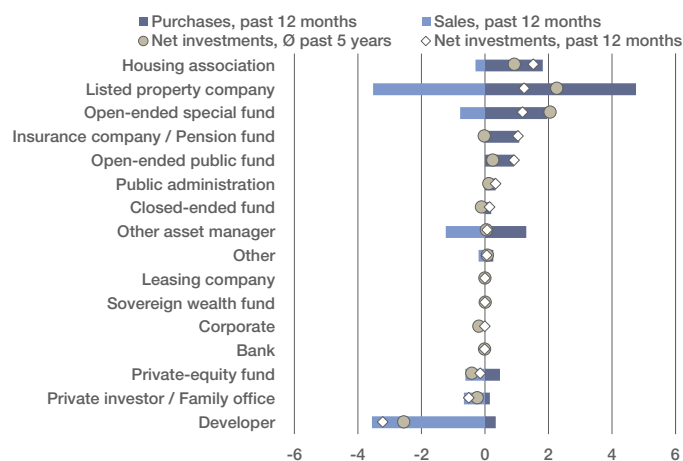
Source: Savills

GRAPH 14
Transaction volume by origin of seller



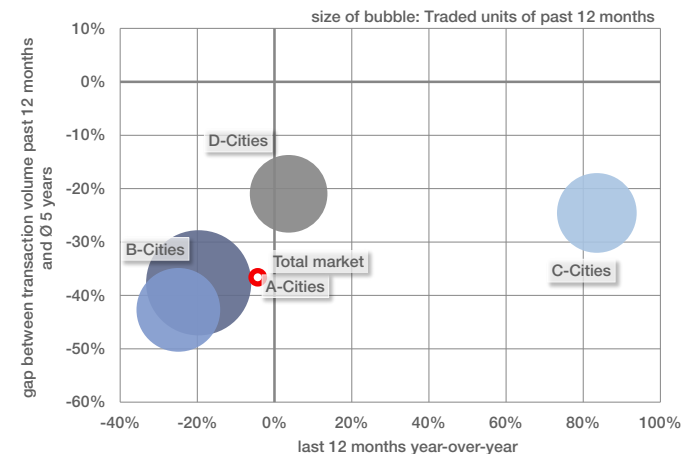
Source: Savills

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
Aug 18	Century-Portfolio	3,400	ca. 740	PFA Pension, Domicil Beteiligungs GmbH	Industria GmbH
Oct 18	nationwide	3,547	undisclosed	ZBI Zentral Boden Immobilien, Union Investment	unknown Investor
Oct 18	Düsseldorf	450	undisclosed	Vivawest Wohnen GmbH	BEMA Rheinland Projekte, ABG-Unternehmensgruppe
Dec 18	Schönefeld	559	undisclosed	unknown Institutional Investor	EYEMAXX, DIE Deutsche Immobilien Entwicklungs AG
Aug 18	Duisburg, Essen, Gelsenkirchen, Hagen	3,750	undisclosed	LEG Immobilien	Vivawest Wohnen GmbH
Nov 18	Munich	300	ca. 160	GWG Städtische Wohnungsgesellschaft München	Industria GmbH
Oct 18	nationwide	1,201	undisclosed	Union Investment, ZBI Zentral Boden Immobilien	unknown Investor
Oct 18	Frankfurt	509	undisclosed	Invesco Real Estate	LBBW Immobilien Development GmbH
Jul 18	Berlin, Dresden, Langebrück, Schönborn	721	ca. 106	Covivio Immobilien GmbH	unknown Investor
Dec 18	Stuttgart	250	undisclosed	Bayrische Versorgungskammer	Instone Real Estate
Oct 18	Chemnitz, Kassel, Mannheim, Wuppertal	1,500	ca. 100	Primus Valor AG	unknown Investor
Dec 18	Berlin	530	undisclosed	GEWOBAG	unknown Investor
Oct 18	i. a. Hamburg	750	ca. 90	Deutsche Asset One GmbH	unknown Family Office (Germany)
Aug 18	i. a. Berlin, Bielefeld, Düsseldorf	500	ca. 86	WealthCap Wealth Management Capital Holding GmbH	Domicil Beteiligungs GmbH
Sep 18	Münster	282	undisclosed	Vivawest Wohnen GmbH	CM Immobilien Entwicklung
Nov 18	Berlin	245	undisclosed	HOWOGE Wohnungsbaugesellschaft mbH	Ten Brinke Groep B.V.
Oct 18	Darmstadt	318	undisclosed	Industria GmbH	J. Molitor Immobilien GmbH, Klotz Gruppe
Oct 18	Berlin	362	ca. 75	Round Hill Capital, Ivanhoe Cambridge Europe	unknown Investor
Oct 18	nationwide	485	undisclosed	Gewoba AG Wohnen und Bauen	unknown Investor
Jul 18	Berlin	484	ca. 66	Heimstaden AB	unknown Family Office (Germany)

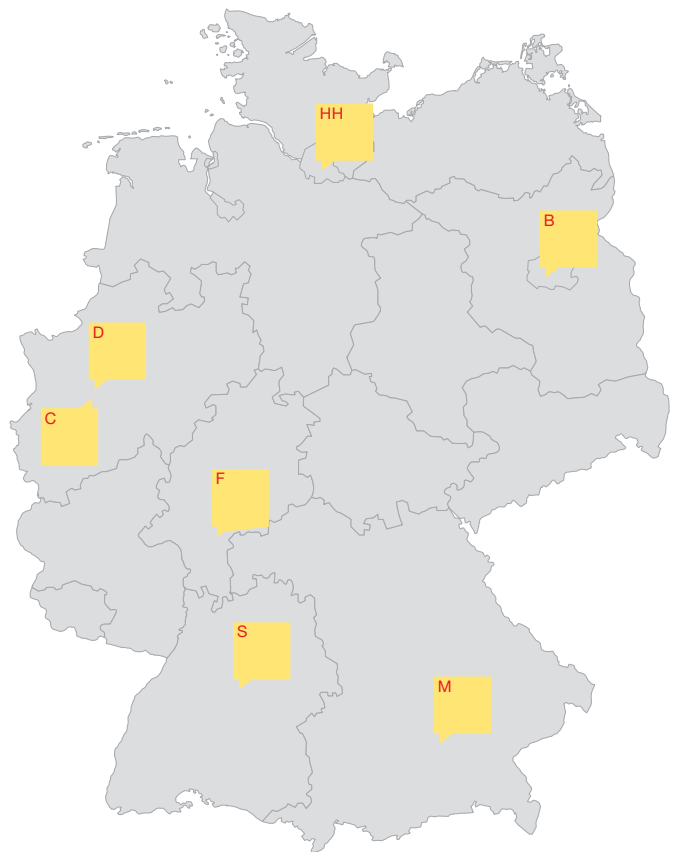
Source: Savills / * only published transactions are shown

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