

# Market in Minutes

## Germany commercial investment market

Q2 2018



### The market at a glance

#### Defensive investments on the rise

■ Commercial property changed hands for more than €25.2bn in the first half of 2018, a decrease of 8% compared with the corresponding period last year (Table 1). Nevertheless, this still represents the second highest investment volume for the corresponding period during the current market cycle.

■ Even in this late stage of the current market cycle, most investors are obviously still within their comfort zone in terms of risk. At the same time, however, defensive investment strategies appear to

be gaining traction. Examples of this include increasing investment in healthcare property, which is relatively independent of economic conditions, and acquisitions of operator-managed properties with long leases (Graph 7).

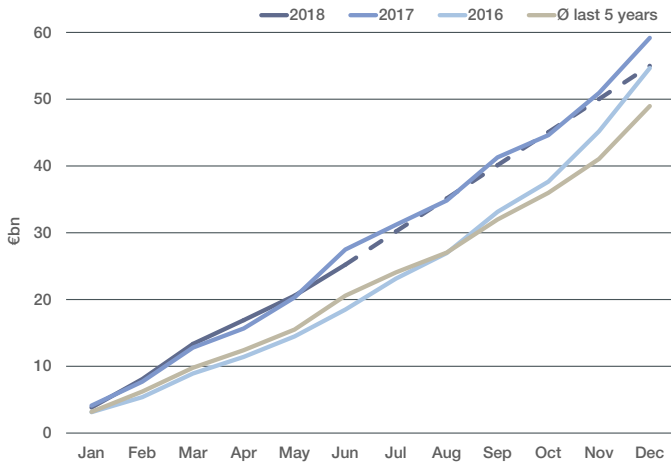
■ Despite minimal prospects of further yield compression in our opinion (Graph 12), many investors continue to see upside potential. Private-equity funds made net investments totalling almost €1bn during the first six months of the year (Graph 6). Their investments focused on office properties since

these offer good potential for rent-driven capital growth (see "Market in Minutes Germany office markets Q2 2018").

■ Even if intensifying trade conflicts pose a risk to the export-oriented German economy, this is unlikely to impact the German investment market at least for the remainder of this year. The overall investment volume for the year is expected to total as much as €55bn (2017: €59.2bn).

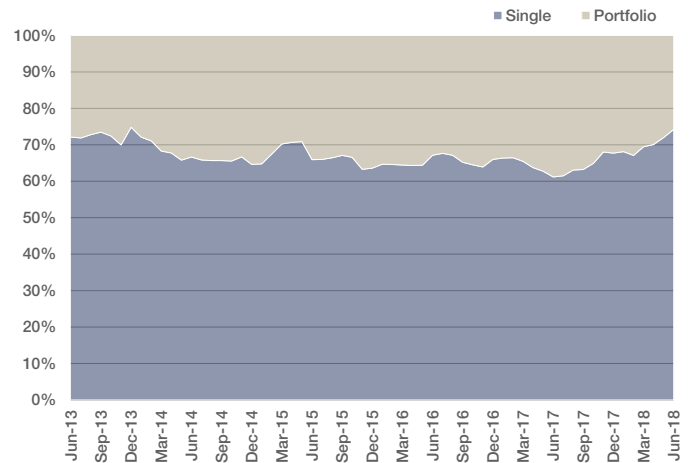
# Overview total market

**GRAPH 1**  
**Accumulated transaction volume**



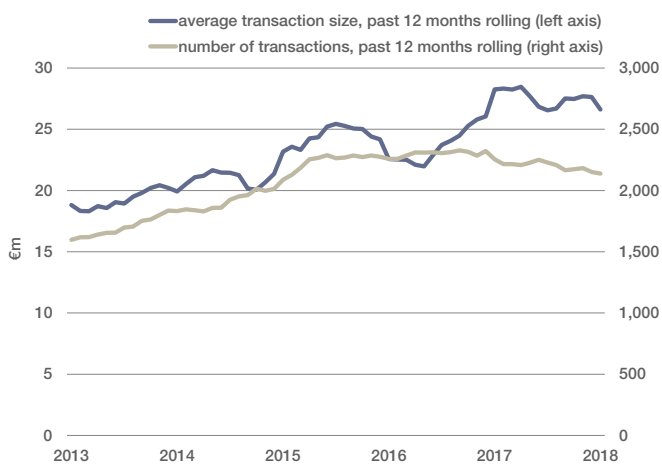
Source: Savills

**GRAPH 2**  
**Single and portfolio transaction volume**



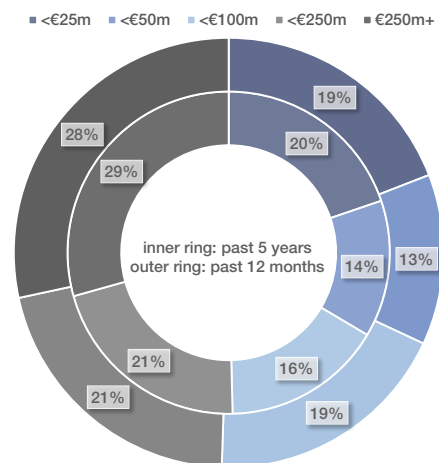
Source: Savills / Note: always past 12 months rolling

**GRAPH 3**  
**Deal size and number of transactions**



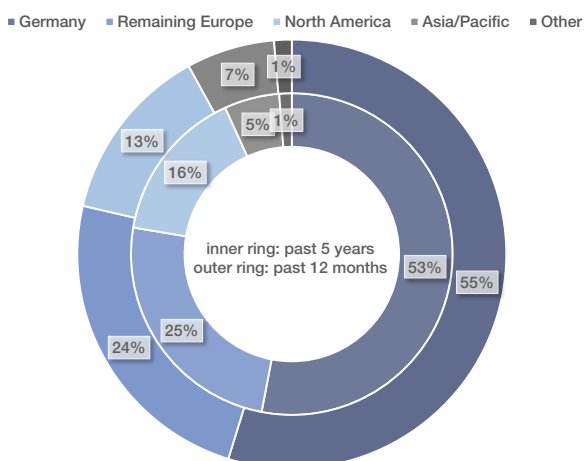
Source: Savills

**GRAPH 4**  
**Transaction volume by deal size**



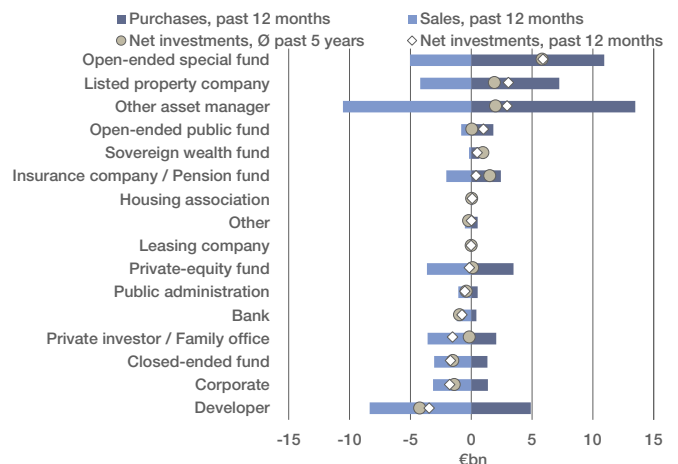
Source: Savills

**GRAPH 5**  
**Transaction volume by origin of buyer**



Source: Savills

**GRAPH 6**  
**Transaction volume by type of investor**



Source: Savills

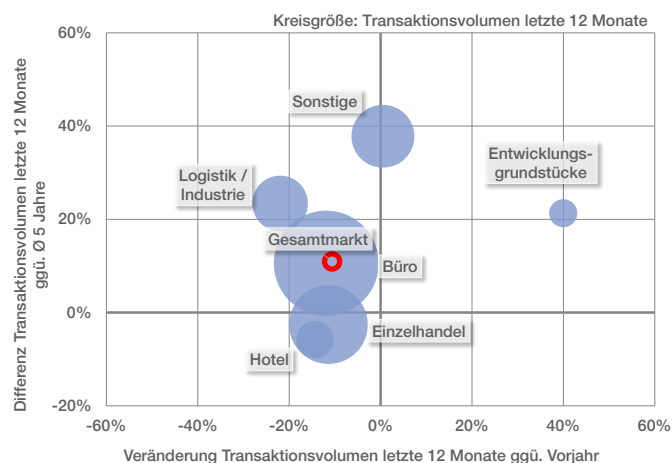
# Overview type of use

TABLE 1 Transaction volume by type of use

	Transaction volume (€m)				
	Q1 - Q2 2018	Annual change	12 month rolling	Quarterly change	Annual change
Office	10,009	-4%	23,744	-7%	-12%
Retail	5,030	-19%	13,312	-3%	-11%
Industrial/Logistics	3,152	-45%	6,648	-24%	-22%
Hotel	1,493	+41%	2,997	+20%	-14%
Development land	958	+81%	1,707	+15%	+40%
Other	4,576	+29%	8,512	+10%	+1%
<b>Total</b>	<b>25,219</b>	<b>-8%</b>	<b>56,919</b>	<b>-5%</b>	<b>-11%</b>

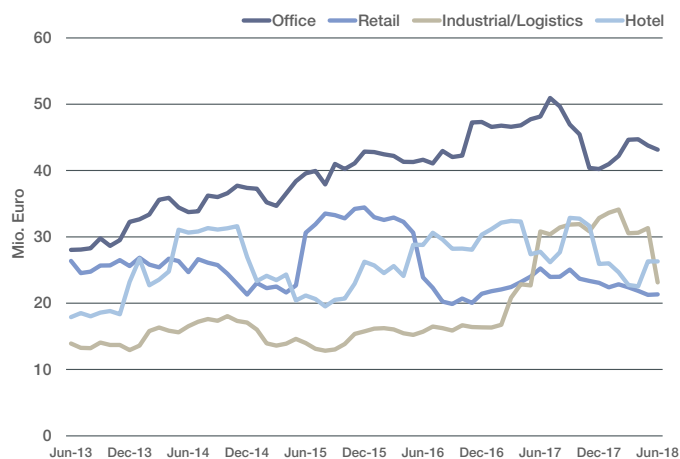
Source: Savills

GRAPH 7 Investment activity: level and momentum



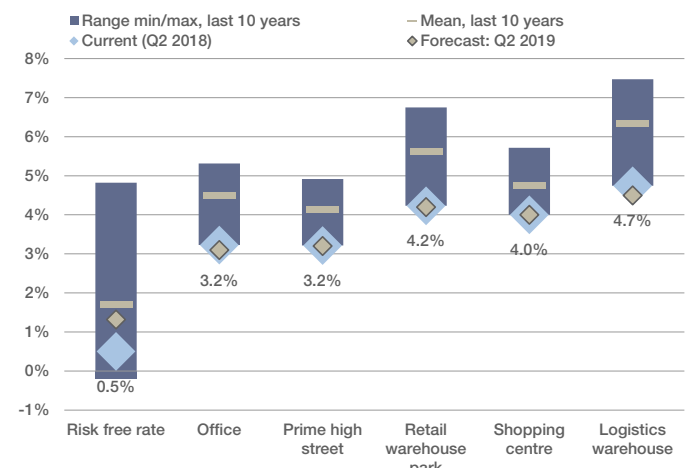
Source: Savills

GRAPH 9 Average size of transaction



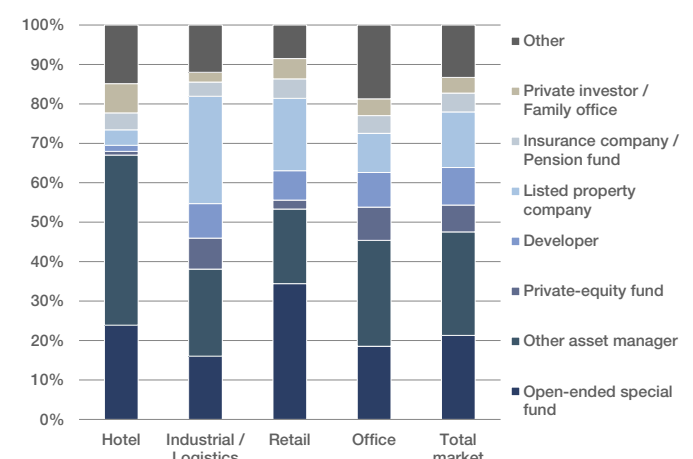
Source: Savills / Note: always past 12 months rolling

GRAPH 8 Prime yields



Source: Focus Economics, Savills  
Note: always final values of the month, min/max = local extremes, Prime Yields = Ø Top7

GRAPH 10 Structure of buyer



Source: Savills / Note: values always past 12 months

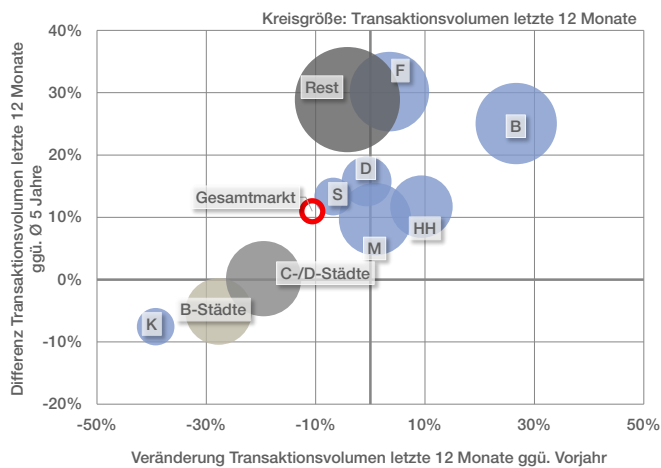
# Overview locations

TABLE 2 Transaction volume and yields by location

	Transaction volume (€m)				Prime Yield Office			Prime Yield Highstreet		
	Q1 - Q2 2018	Annual change	12 month rolling	Quarterly change	Q2 2018	q-o-q change	y-o-y change	Q2 2018	q-o-q change	y-o-y change
Berlin (B)	2,393	-12%	7,509	+2%	3.0 %	+/-0bps	-10bps	3.3 %	+/-0bps	+/-0bps
Düsseldorf (D)	1,119	-2%	2,817	-14%	3.3 %	-20bps	-50bps	3.2 %	-20bps	-40bps
Frankfurt (F)	2,933	+38%	7,167	+2%	3.1 %	+/-0bps	-20bps	2.9 %	+/-0bps	-50bps
Hamburg (HH)	2,291	+61%	4,420	+5%	3.3 %	+/-0bps	-20bps	3.2 %	+/-0bps	-30bps
Cologne (C)	723	-43%	1,596	-13%	3.7 %	+0bps	+0bps	3.6 %	+/-0bps	+/-0bps
Munich (M)	2,759	+36%	5,938	+3%	2.9 %	+/-0bps	-20bps	2.5 %	-40bps	-60bps
Stuttgart (S)	835	+47%	1,628	-6%	3.3 %	+/-0bps	-10bps	3.8 %	+/-0bps	+/-0bps
Germany*	25,219	-8%	56,919	-5%	3.2 %	-3bps	-19bps	3.2 %	-9bps	-26bps

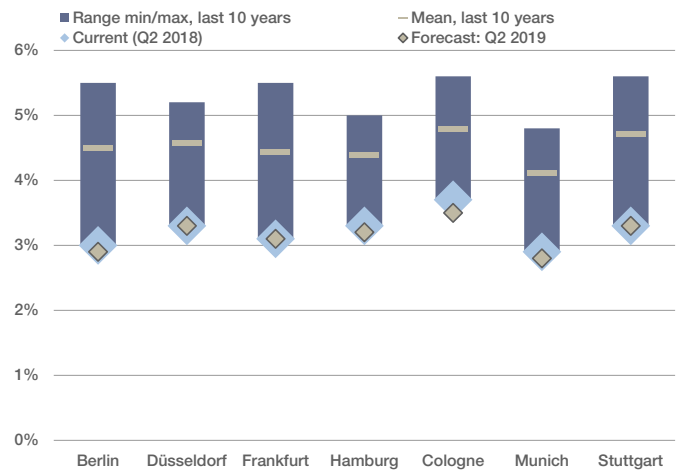
Source: Savills / \* Prime Yields = Ø Top 7

GRAPH 11 Investment activity: level and momentum



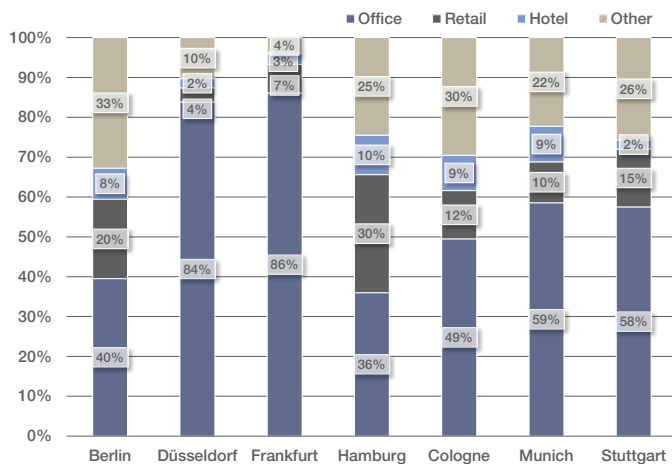
Source: Savills / Note: based on the Bulwiengesa classification

GRAPH 12 Prime yields



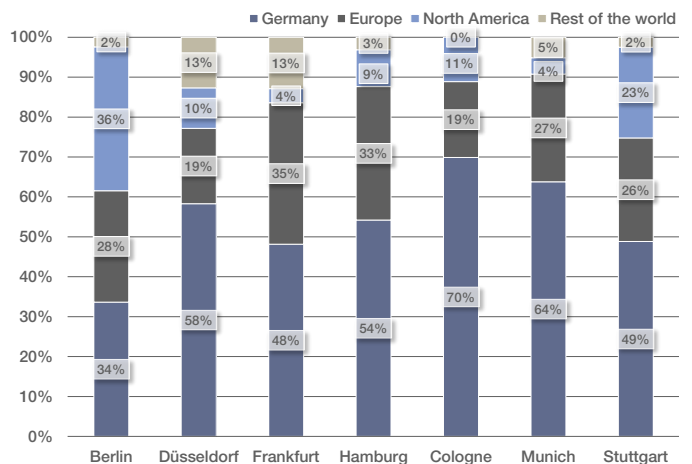
Source: Savills  
Note: always final values of the quarter, min/max = local extremes, Prime Yields = Ø Top 7

GRAPH 13 Transaction volume by type of use



Source: Savills / Note: values always past 12 months

GRAPH 14 Transaction volume by origin of buyer



Source: Savills / Note: values always past 12 months

## Overview transactions

TABLE 3  
Top 20 transactions of the last twelve months\*

Date	Property / Portfolio	Location(s)	(Main) Type of property	Volume (€m) ↓	Area (sq m)	Buyer	Seller
Nov 17	Primus (5 Properties)	i.a. Berlin, Frankfurt, Hamburg, München	Mixed-use property	ca. 1,500	127,800	SIGNA Holding	RFR-Holding GmbH
Sep 17	Sony Center	Berlin	Mixed-use property	ca. 1,100	132,500	Oxford Properties Group, Madison International Realty	National Pension Service (NPS)
Jun 18	Klinikportfolio (50%-share)	n/a	Community welfare property	ca. 815	n/a	Primonial	Medical Properties Trust
Nov 17	Tower 185	Frankfurt am Main	Office	ca. 775	102,000	Deka Immobilien Investment GmbH	CA Immo-Gruppe, Open-Ended Special Fund
Sep 17	WCM (60 Properties)	nationwide	Mixed-use property	undisclosed	339,100	TLG Immobilien GmbH	DIC Asset AG, unknown Private Investor
Oct 17	Gazeley (23 Properties)	i.a. Kandel, Kassel, Werder, Winsen	Warehouse/Logistics	undisclosed	558,800	Global Logistic Properties (GLP)	Brookfield Europe LP
Dec 17	Steinmetz-Portfolio (13 Properties)	i.a. Dresden, Hamburg, Neuwerk	Retail	ca. 650	n/a	RFR-Holding GmbH	BSG Investments Real Estate
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)	nationwide	Warehouse/Logistics	undisclosed	447,500	Frasers Centrepoint Limited	Alpha Industrial GmbH & Co. KG
Sep 17	SITQ-Portfolio (11 Properties)	i.a. Berlin, Dortmund, Düsseldorf	Hotel/Gastronomy	undisclosed	n/a	Invesco Real Estate, Invesco Real Estate	Apollo Management Advisors GmbH
Apr 18	Geneba-Portfolio (17 Properties)	nationwide	Warehouse/Logistics	ca. 450	431,600	Frasers Centrepoint Limited	Frasers Centrepoint Limited
Jul 17	Axel Springer Mediocampus	Berlin	Office	ca. 425	52,200	Norges Bank Investment Management (NBIM)	Axel Springer AG
Jan 18	Springer Quartier	Hamburg	Mixed-use property	ca. 400	56,000	Ärzteversorgung Mecklenburg-Vorpommern	Black Horse Investments GmbH
Sep 17	Quest (85 Properties)	n/a	Retail	undisclosed	235,600	PATRIZIA Immobilien Kapitalanlagegesellschaft mbH	PGIM Real Estate, Third Swedish National Pension
May 18	Gallileo	Frankfurt am Main	Office	ca. 356	40,500	CapitaLand Limited	Triuva Kapitalverwaltungsgesellschaft mbH
Jul 17	Axel-Springer Passage	Berlin	Office	ca. 330	52,700	Blackstone Group Deutschland GmbH, Quincap	Axel Springer AG
Feb 18	Portfolio (100 Properties)	n/a	Mixed-use property	undisclosed	n/a	Round Hill Capital	unknown private Investor
Jul 17	Allianz -Zentrale	Berlin	Office	ca. 318	60,000	Hines Immobilien GmbH	CORPUS SIREO Asset Management Commercial GmbH
Feb 18	Boulevard (18 Properties)	i.a. Berlin, Böblingen, Bochum, Celle	Retail	undisclosed	80,000	unknown Pensionskasse and Versorgungswerk	BMO Real Estate Partners
May 18	Hilton Berlin	Berlin	Hotel/Gastronomy	ca. 297	n/a	Aroundtown Property Holdings Plc.	Park Hotels & Resorts Inc., unknown Investor

Source: Savills / \* only published transactions are shown

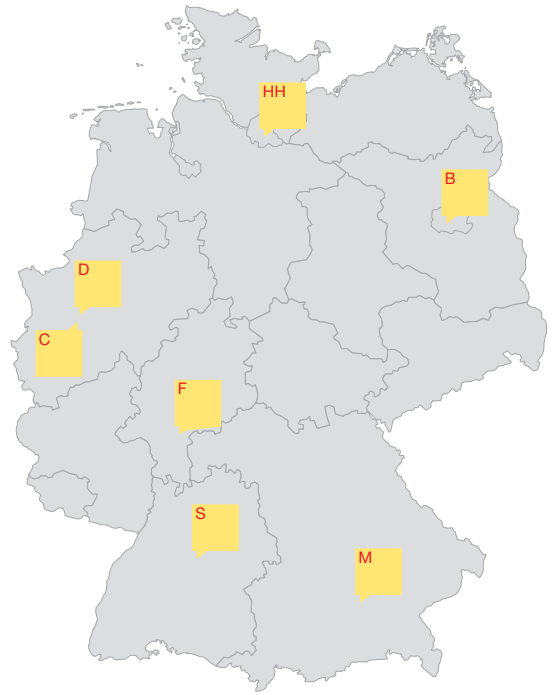
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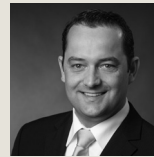
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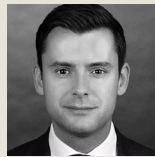
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