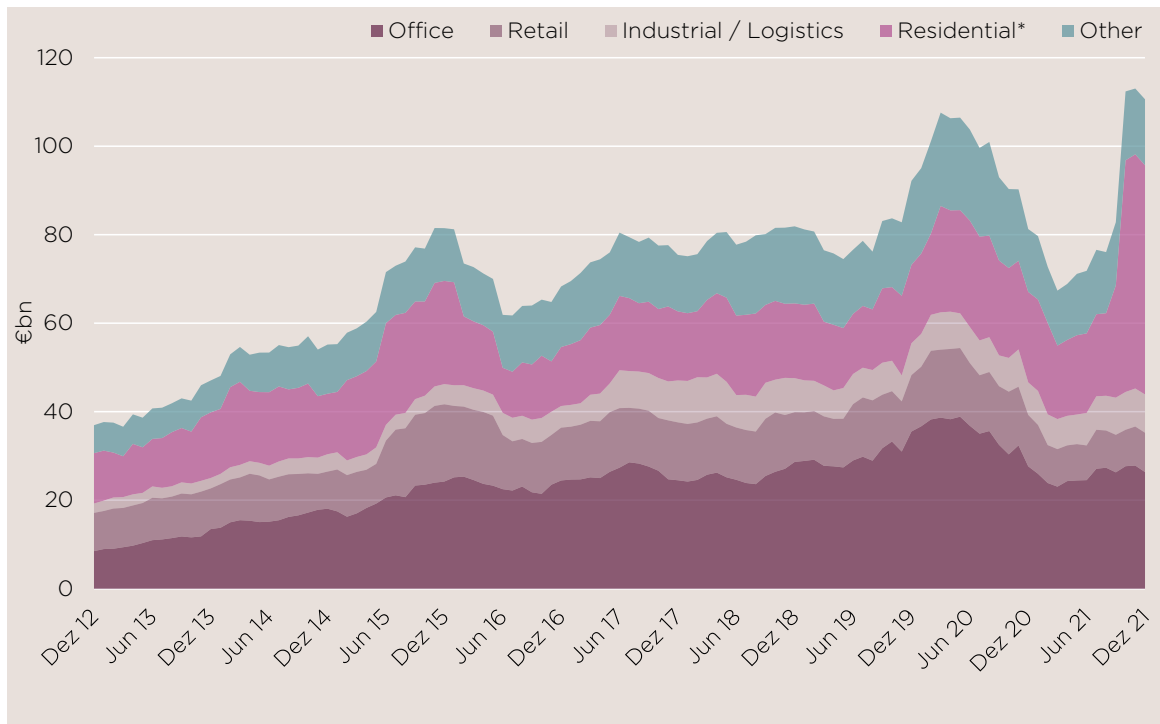


Investment Market Germany

Graph 1: Transaction volume Germany (past 12 months rolling)



Source Savills / * only residential transactions with at least 50 units

Record turnover amid the pandemic

Properties in Germany changed hands for approximately €110.6bn in 2021. Commercial properties accounted for approximately €58.8bn of this while residential properties were responsible for around €51.8bn (Table 1). This is the first time we have ever recorded an investment volume in excess of 100 billion euros in a calendar year. The fourth quarter alone witnessed investment of €50.3bn –the highest volume recorded in a quarter to date. A significant proportion of this was attributable to the majority interest taken in Deutsche Wohnen by Vonovia. Consequently, residential property produced the highest transaction volume of any sector for the first time. However, the residential investment market would have witnessed record volume even without this one-off transaction.

Investment in the commercial property market stabilised at a

very high level in the second year of the COVID-19 pandemic. Furthermore, on the demand side at least, there is nothing standing in the way of a further increase in investment. Demand remains high in the core segment and we have witnessed rising interest in the riskier segments in recent times. Several sale processes in the non-core segment became drawn out last year or were even aborted because sale price expectations were not fulfilled. However, we consider it a matter of time before a viable price level is re-established and, therefore, expect higher transaction activity in the non-core segment in the year ahead.

The residential investment market, which was already in the ascendant prior to the pandemic, soared to new highs last year. Residential property is regarded by many investors as a bond substitute par excellence, which resulted in further

Focus on selected figures



€8.6bn

Investment in logistics and industrial property rose to €8.6bn in 2021. This was only €260m lower than the transaction volume for retail property, which is the smallest gap ever.



+37%

Community welfare property witnessed unprecedented investment of approx. €3.3bn, which is 37% above the five-year average.



€10.0bn

Foreign players invested more than €10bn in apartments last year – the highest previous figure was €3.7bn.

Table 1: Transaction volume (€m)

	Dec 2021	last 12 months (Jan 2020 to Dec 2021)	against (Jan 2020 to Dec 2020)	against (Dec 2020 to Nov 2021)
Commercial	7,635	58,801	-3.3%	-2.2%
Residential*	947	51,790	+153.3%	-2.1%
Total	8,582	110,592	+36.1%	-2.2%

Source Savills / * only residential transactions with at least 50 units

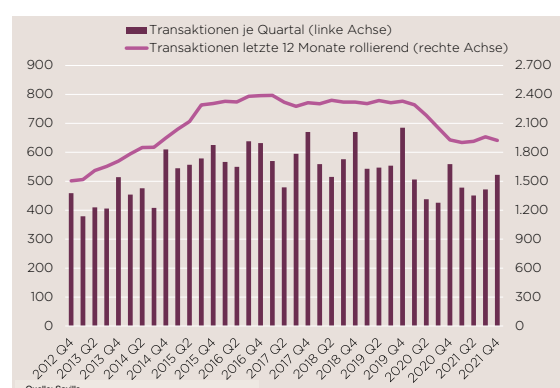
massive capital flows into the market. Existing property accounted for 89% of capital invested last year, which is the highest proportion since 2015. At the same time, an unprecedented amount of capital (€5.6bn) was invested into development projects. On the whole, the fundamentals also remain advantageous for investors going forward. On a regional level, however, supply and demand parameters are increasingly drifting apart, requiring a more differentiated analysis.

2022 is likely to be substantially characterised by the effects of ESG regulations. It appears that ESG criteria can be fulfilled more easily with new build property, which is why

we expect rising demand for new build. At the same time, there is increasing pressure to refurbish existing property. Extensive refurbishment of existing property is likely to be a challenge for many landlords. This may result in additional mergers to combine resources. We also expect to see an increasing number of disposals of non-refurbished properties as investors are adjusting their portfolios. All of this is likely to fuel transaction activity. Combined with the general strong demand in the capital markets, we expect above-average volume once again in 2022. Investment in commercial property is likely to reach approximately €65bn and we expect the transaction volume for residential property to exceed €20bn.

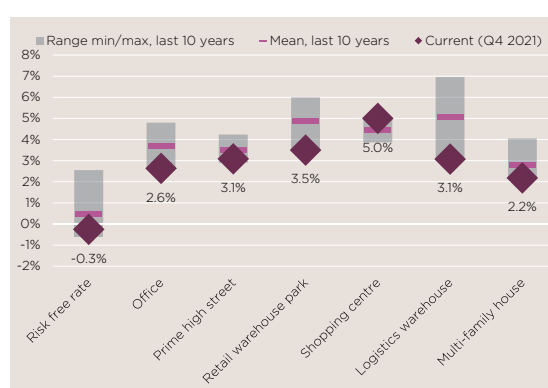
[Download the charts and raw data here](#) ↓

Graph 2: Transactions*



Source Savills / * commercial and residential properties

Graph 3: Prime yields (Ø Top 6)



Source Focus Economics, Savills / risk free rate = 10Y government bonds

Table 2: Top 10 transactions in December 2021*

Property /Portfolio Location(s)	(Main) Type of property	Volume (€m)↓	Area (sq m in 000s)	Buyer	Seller
Uptown Towers, Munich	Office	undisclosed	52	i. a. HIH, Pension scheme	DIC Asset AG
Oak House, Wiesbaden	Office	undisclosed	34	REInvest Asset Management	OFB Projektentwicklung
Laurenz Carré, Cologne	Mixed-use	undisclosed	26	Corestate Capital AG	Gerchgroup
Portfolio	Office	ca. 267	61	DIC Asset AG	TPG Capital
Portfolio	Retail	undisclosed	160	MiDeal Group	Revcap
Koreastraße 7, Hamburg	Office	undisclosed	18	JP Morgan Asset Management	Marquard & Bahls
Portfolio, Berlin	Mixed-use	undisclosed	33	unknown Investor	CPI Property Group
Art 155, Munich	Office	ca. 150	23	ABG; Pension schemes	Goldman Sachs; DW Real Estate
Eisenhutweg 54, Berlin	Residential	undisclosed	41	Degewo	KW-Development
Cäcilium, Cologne	Office	undisclosed	19	Union Investment Real Estate	Blackstone Group

Source Savills / * only published transactions are shown

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Savills is a leading global real estate service provider listed on the London Stock Exchange. The company, established in 1855, has a rich heritage with unrivalled growth. It is a company that leads rather than follows and now has over 600 offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East with more than 39,000 employees worldwide. Savills is present in Germany with more than 300 employees with eight offices in the most important estate sites.

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