

# Market in Minutes

## Germany commercial investment market

Q4 2017



### The market at a glance

Transaction volume increases to €57.1bn despite lower amount of deals

■ Commercial property changed hands for almost €57.1bn in 2017, an increase of 4% compared with the previous year (Graph 1). However, the number of transactions declined by 8% (Graph 3), which was likely a reflection of the supply shortage.

■ Industrial and logistics property registered a significant increase (+78% compared with 2016). Institutional investors in particular, including Asian sovereign wealth funds and pension funds, are capitalising on the structural growth in this sector. In contrast,

the transaction volumes for office property (-3% compared with 2016) and retail property (+2% compared with 2016) were largely unchanged.

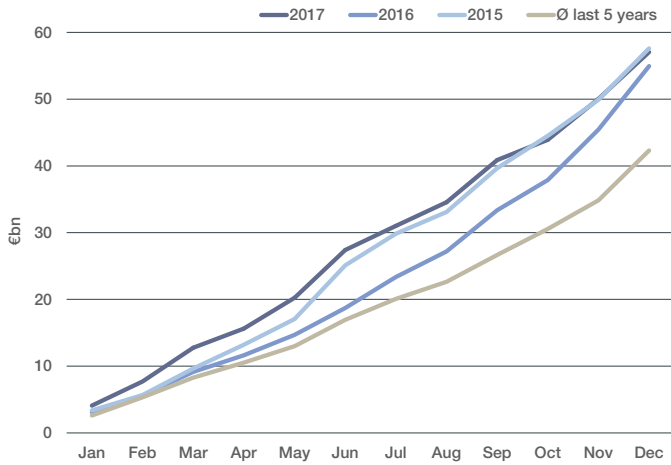
■ In retrospect, 2017 was the year in which Asian investors made a grand entry into the German commercial property market. Overall, these were responsible for more than 9% of the acquisition volume (Graph 5), occupying second place behind American investors (10%).

■ The majority of purchasers continue to be long-term investors

(Graph 6) seeking stable income. In view of the favourable economic projections, German real estate is likely to remain in high demand. The transaction volume in 2018 is expected to exceed the €50bn mark.

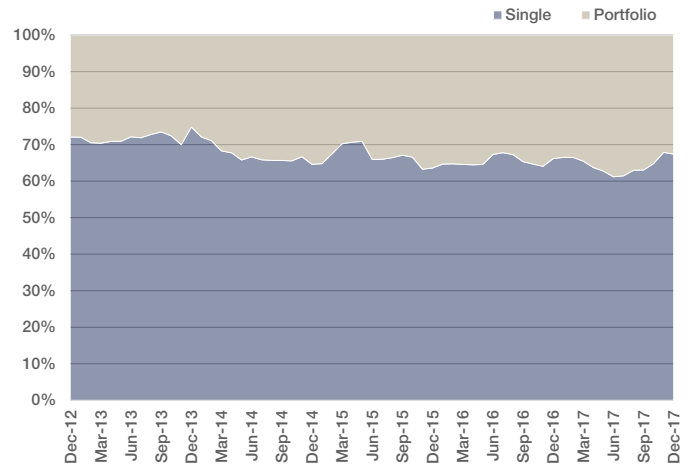
# Overview total market

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



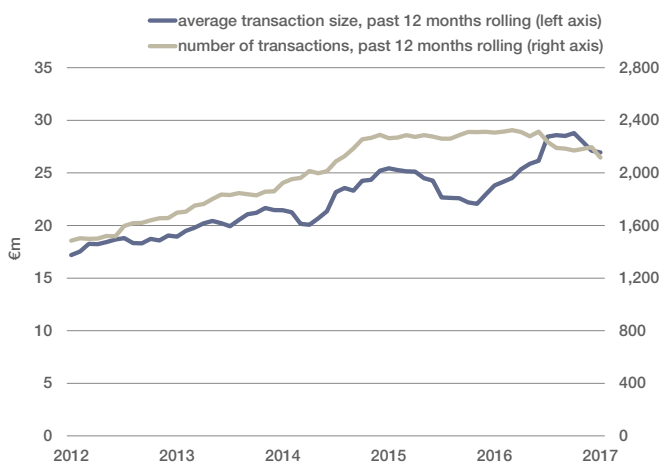
Source: Savills / Note: dotted line = forecast

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



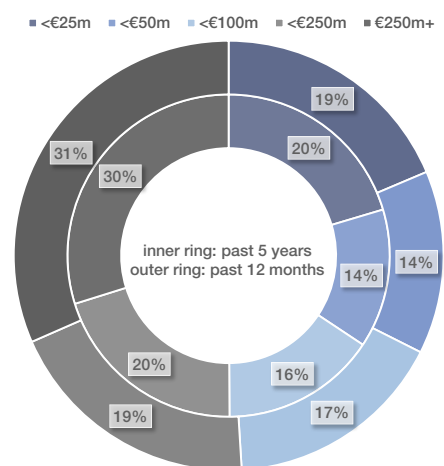
Source: Savills / Note: always past 12 months rolling

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



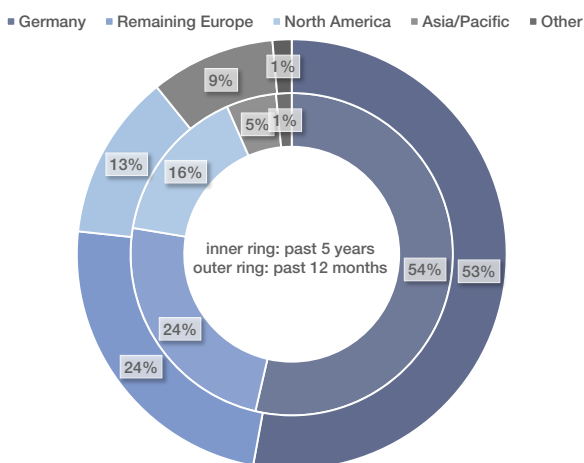
Source: Savills

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



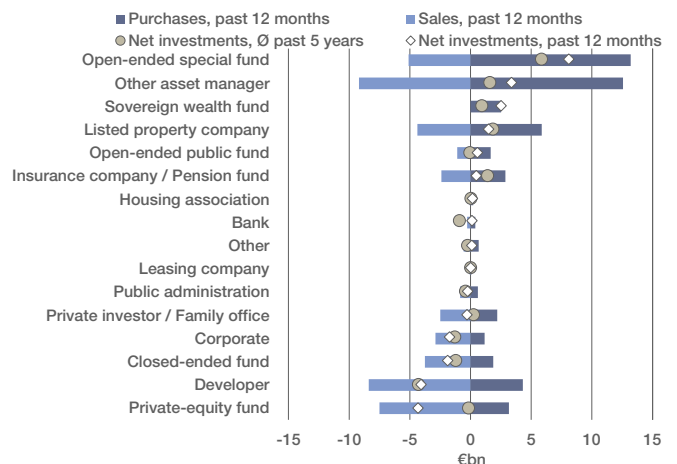
Source: Savills

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



Source: Savills

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



Source: Savills

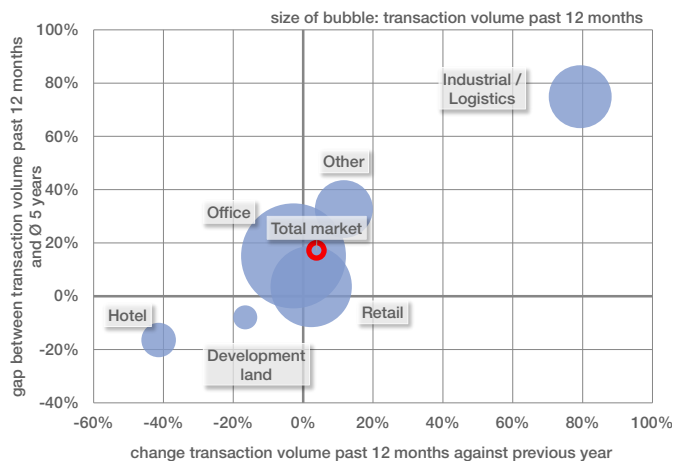
# Overview type of use

TABLE 1 Transaction volume by type of use

	Transaction volume (€m)		
	Q1 - Q4 2017	against Q1 - Q4 2016	against Q4 2016 - Q3 2017
Office	23,451	-3%	-14%
Retail	14,089	+2%	+2%
Industrial/Logistics	8,435	+79%	+4%
Hotel	2,539	-41%	-34%
Development land	1,224	-17%	-9%
Other	7,320	+12%	-9%
<b>Total</b>	<b>57,058</b>	<b>+4%</b>	<b>-9%</b>

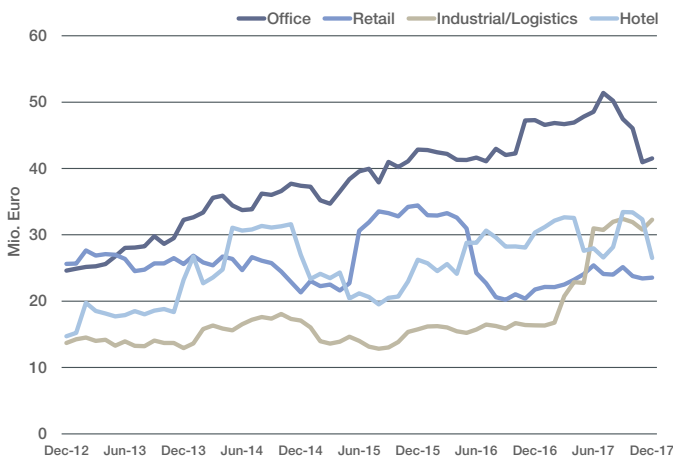
Source: Savills

GRAPH 7 Types of use: level and momentum



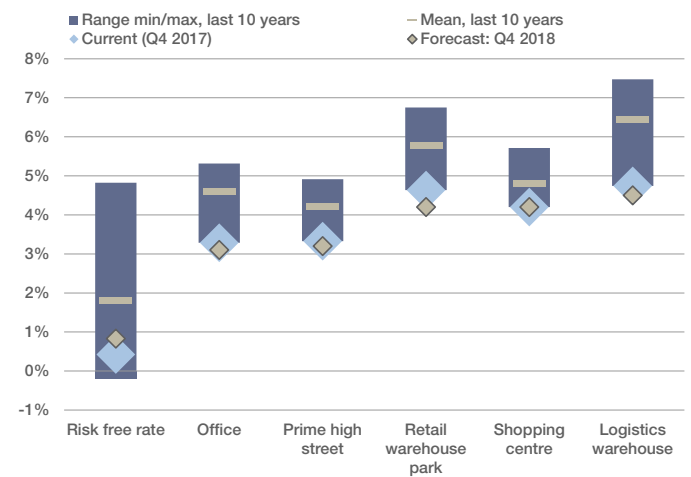
Source: Savills

GRAPH 9 Average size of transaction



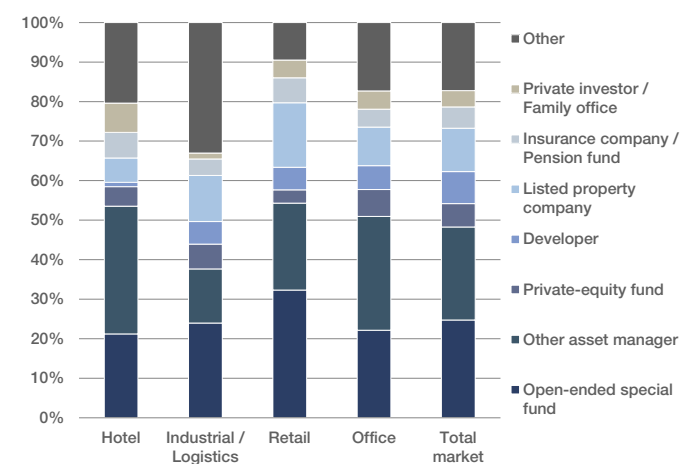
Source: Savills / Note: always past 12 months rolling, including portfolios

GRAPH 8 Prime yields



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

GRAPH 10 Structure of buyer



Source: Savills / Note: values always past 12 months

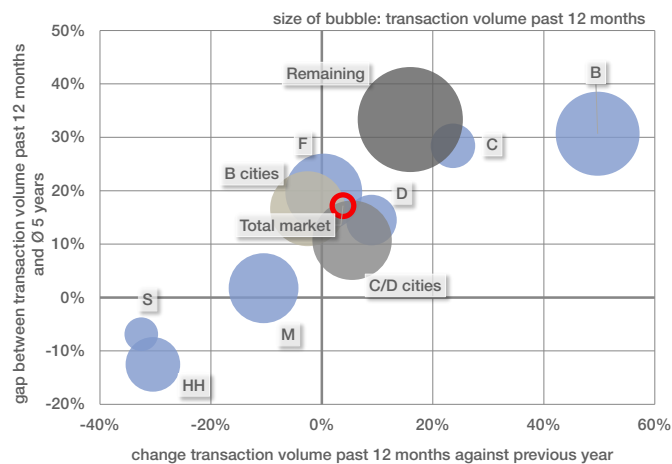
# Overview locations

TABLE 2 Transaction volume and yields by location

	Transaction volume (€m)			Prime yield Office			Prime yield Highstreet		
	Q1 - Q4 17	against Q1 - Q4 16	against Q4 16 - Q3 17	Q4 17	against Q3 17	against Q4 16	Q4 17	against Q3 17	against Q4 16
Berlin (B)	7,518	+50%	-5%	3.0%	-10bps	-50bps	3.3%	+/-0bps	+/-0bps
Düsseldorf (D)	2,735	+9%	+3%	3.7%	+/-0bps	-30bps	3.6%	+/-0bps	-10bps
Frankfurt (F)	6,308	+/-0%	-2%	3.1%	+/-0bps	-80bps	2.9%	-20bps	-60bps
Hamburg (HH)	3,184	-30%	-12%	3.3%	+/-0bps	-30bps	3.2%	+/-0bps	-40bps
Cologne (C)	2,107	+24%	-7%	3.7%	+/-0bps	-20bps	3.6%	+/-0bps	+/-0bps
Munich (M)	5,214	-11%	-13%	2.9%	+/-0bps	-40bps	2.9%	-10bps	-30bps
Stuttgart (S)	1,199	-33%	-27%	3.3%	+/-0bps	-20bps	3.8%	+/-0bps	+/-0bps
Germany*	57,058	+4%	-9%	3.3%	-1bps	-39bps	3.3%	-4bps	-20bps

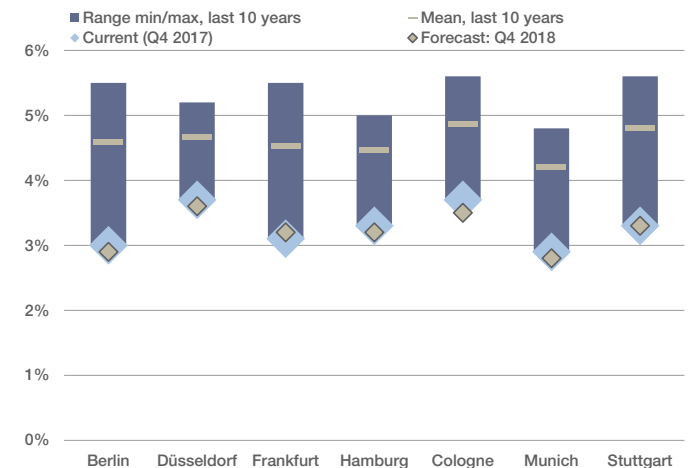
Source: Savills / \* Prime Yields = Ø Top 7

GRAPH 11 Investment activity: level and momentum



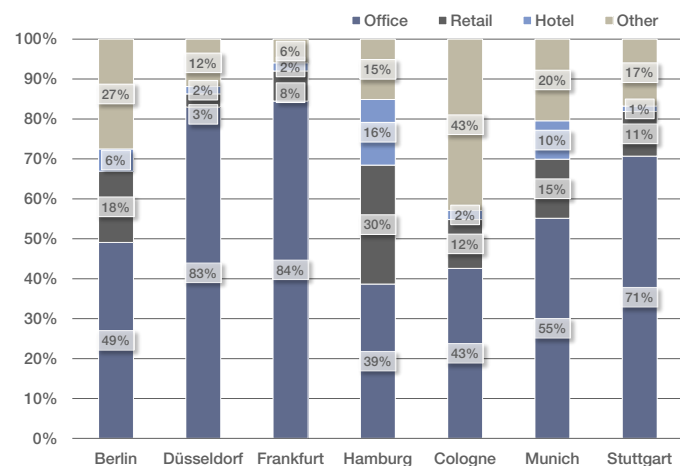
Source: Savills / Note: based on the Bulwiengesa classification

GRAPH 12 Prime yields



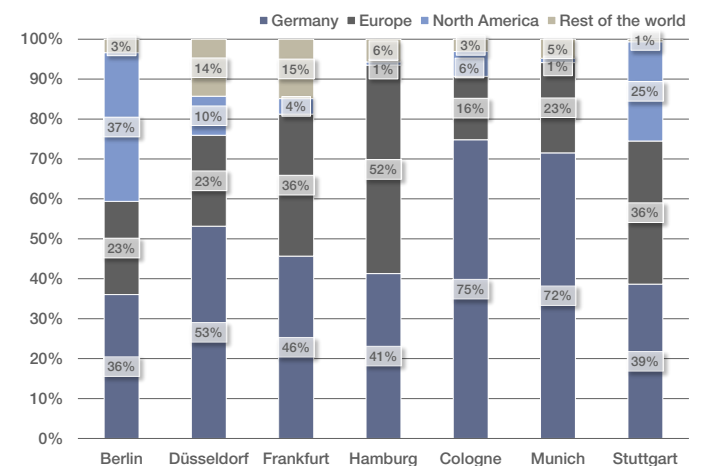
Source: Savills / Note: always final values of the quarter

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
Jun 17	Logicor-Übernahme	nationwide	Warehouse/ Logistics	ca. 2,000	2,295,100	China Investment Corporation (CIC)	Blackstone Group Deutschland GmbH
Nov 17	Primus Portfolio (5 properties)	u.a. Berlin, Frankfurt, Hamburg	Mixed-use property	ca. 1,500	127,800	Signa Holding	RFR-Holding GmbH
May 17	Apollo (42 properties)	nationwide	Office	undisclosed	702,500	INTOWN Property Management GmbH	Apollo Management Advisors GmbH
Sep 17	Sony Center	Berlin	Mixed-use property	ca. 1,100	132,500	Oxford Properties Group, Madison International Realty	National Pension Service (NPS)
Mrz 17	Portfolio (100 properties)	n/a	Warehouse/ Logistics	ca. 974	1,624,000	Blackstone Group Deutschland GmbH, M7 Real Estate	Hansteen Holdings PLC
Nov 17	Tower 185	Frankfurt	Office	ca. 775	102,000	Deka Immobilien Investment GmbH	CA Immo-Gruppe
Sep 17	WCM-Anteilsübernahme	nationwide	Mixed-use property	undisclosed	332,400	TLG Immobilien GmbH	DIC Asset AG, unbekannter Privatinvestor
Apr 17	Portfolio (90 properties)	n/a	Retail	ca. 687	290,000	Bayrische Versorgungskammer	Corestate Capital AG
Dec 17	Steinmetz (13 properties)	u.a. Dresden, Hamburg, Nürnberg	Retail	ca. 650	n/a	RFR-Holding GmbH	BSG Investments Real Estate
Oct 17	Gazeley-Übernahme	n/a	Warehouse/ Logistics	undisclosed	750,000	Global Logistic Properties (GLP)	Brookfield Europe LP
Apr 17	Portfolio (15 properties)	u.a. Berlin, Bodenheim, Bremen	Warehouse/ Logistics	ca. 465	586,900	Axa Investment Managers	Gramercy Property Trust Inc.
Sep 17	SITQ-Portfolio (11 properties)	u.a. Berlin, Dortmund, Düsseldorf	Hotel/ Gastronomy	undisclosed	n/a	Invesco Real Estate	Apollo Management Advisors GmbH
Jun 17	Geneba-Übernahme	n/a	Warehouse/ Logistics	undisclosed	n/a	Frasers Centrepoint Limited	Catalyst Capital GmbH
Jul 17	Axel Springer Mediencampus	Berlin	Office	ca. 425	52,200	Norges Bank Investment Management (NBIM)	Axel Springer AG
Sep 17	Quest (85 properties)	nationwide	Retail	undisclosed	235,600	PATRIZIA Immobilien Kapitalanlagegesellschaft mbH	PGIM, Third Swedish National Pension Fund
Jul 17	Axel-Springer Passage	Berlin	Office	ca. 330	52,700	Blackstone, Quincap Investment	Axel Springer AG
Jul 17	Allianz-Zentrale	Berlin	Office	ca. 318	60,000	Hines Immobilien GmbH	Corpus Sireo Asset Management Commercial GmbH
May 17	Grand Central	Frankfurt	Office	undisclosed	45,000	Amundi Real Estate	Groß & Partner, Phoenix development GmbH
Jun 17	Humboldtring 13	Mülheim an der Ruhr	Retail	undisclosed	92,000	Morgan Stanley Real Estate GmbH	Blackstone Group Deutschland GmbH
Dec 17	T8	Frankfurt	Office	ca. 300	30,000	Mirae Asset Global Investments	Credit Suisse AG

Source: Savills / \* only published transactions are shown

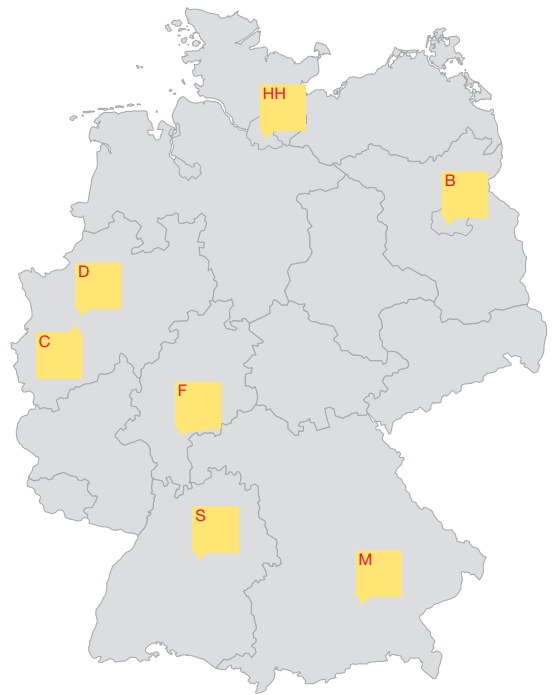
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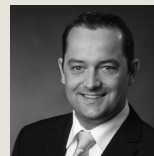
**Marcus Lemli**  
Investment Germany  
+49 (0) 69 273 000 11  
mlemli@savills.de



**Philippe Fischer**  
National Investment  
+49 (0) 30 726 165 169  
pfischer@savills.de



**Steffen Pulvermacher**  
Investment Berlin  
+49 (0) 30 726 165 187  
spulvermacher@savills.de



**Stefan Mellies**  
Investment Düsseldorf  
+49 (0) 211 22 962 221  
smellies@savills.de



**Jürgen Schmid**  
Investment Frankfurt  
+49 (0) 69 273 000 18  
jschmid@savills.de



**Sascha Hanekopf**  
Investment Hamburg  
+49 (0) 40 309 977 141  
shanekopf@savills.de



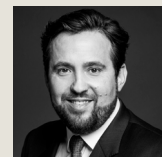
**Elmar Wirths**  
Investment Cologne  
+49 (0) 221 933 313 11  
ewirths@savills.de



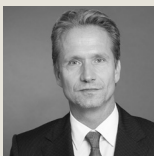
**Dr. Frank Urfer**  
Inv. Munich/Stuttgart  
+49 (0) 89 427 292 211  
furfur@savills.de



**Karsten Nemecek**  
Corp. Finance - Valuation  
+49 (0) 30 726 165 138  
knemecek@savills.de



**Draženko Grahovac**  
Corp. Finance - Valuation  
+49 (0) 30 726 165 140  
dgrahovac@savills.de



**Jörg Krechky**  
Retail Investment  
+49 (0) 40 309 977 144  
jkrechky@savills.de



**Bertrand Ehm**  
Industrial Investment  
+49 (0) 40 309 977 140  
behm@savills.de



**Matthias Pink**  
Research Germany  
+49 (0) 30 726 165 134  
mpink@savills.de

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