

Investment Market monthly Germany

June 2018



The market at a glance

Commercial purchasers focus on rental growth – rising number of residential buyers

Commercial investment market

■ In this late stage of the current cycle, most investors remain focused on the A-cities. The transaction volume across all top seven cities has shown stronger growth year on year than the overall market (Graph 5). This preference for the most liquid markets may be attributable to the fact that a large proportion of capital has been shifted into real estate from the bond market.

■ Yields are only likely to harden modestly further over the coming months (Graph 6). Consequently, investors are focusing on rent-driven capital growth. This is probably also why offices account for by far the largest share of capital inflows (Table 1), since these offer good potential for rental growth (see [“Market overview of the top six office markets Q2 18”](#)). However, interest in properties outside of the established sectors is underlined by the above-average investment volume in mixed-use and care properties (Graph 2).

Residential investment market

■ The transaction volume totalled approximately €8.8bn during the first half of the year, which was 19% higher than in the corresponding period last year (Table 4). During the last twelve months, there were 120 active purchasers in the market. This is almost 17% more than in the record year of 2015. Hence, the investor base has expanded further. Since many of these investors are seeking to expand their portfolios or have not yet achieved their target volumes, we expect the transaction volume to remain high during the remainder of the year (Graph 9). Listed companies and special funds will remain the dominant players (Graph 15).

■ Volumes in B- and C-cities have particularly increased over the last twelve months (Graph 16). Leipzig and Dresden have witnessed the strongest investment among these cities. Not only do these cities offer high liquidity, their projections for the number of households are similarly favourable to those for the A-cities (average of +6.4% by 2030).

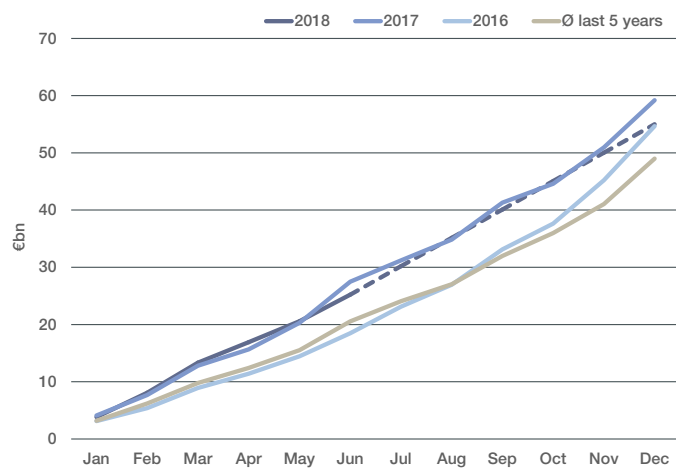
Commercial investment market

TABLE 1
Transaction volume by type of use

	Transaction volume (€m)					
	Jun 2018	Jan to Jun 2018	against Jan to Jun 2017	Jul 2017 to Jun 2018	against Jun 2017 to May 2018	against Jul 2016 to Jun 2017
Office	1,732	10,009	-4%	23,744	-3%	-12%
Retail	905	5,030	-19%	13,312	+1%	-11%
Industrial/Logistics	374	3,152	-45%	6,648	-26%	-22%
Hotel	162	1,493	+41%	2,997	-1%	-14%
Development land	292	958	+81%	1,707	+9%	+40%
Other	1,177	4,576	+29%	8,512	+5%	+1%
Total	4,642	25,219	-8%	56,919	-4%	-11%

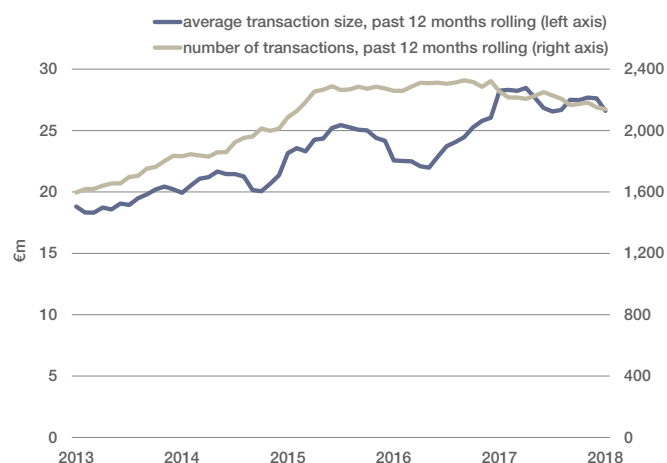
Source: Savills

GRAPH 1
Accumulated transaction volume



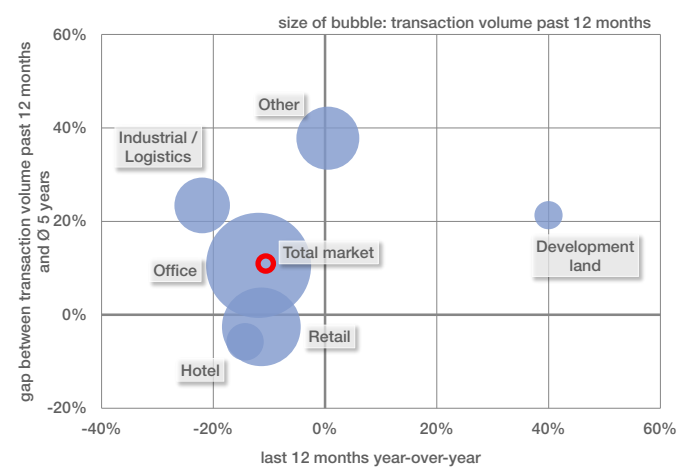
Source: Savills / Note: dotted line = forecast

GRAPH 3
Deal size and number of transactions



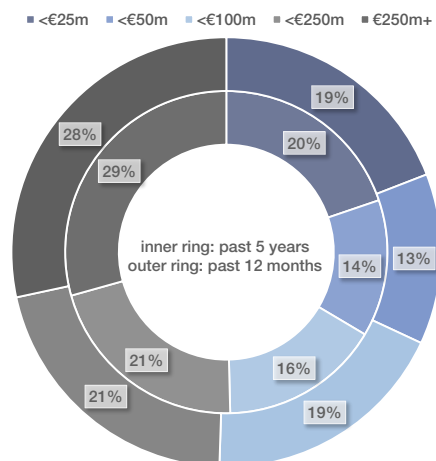
Source: Savills / Note: including portfolios

GRAPH 2
Type of use



Source: Savills

GRAPH 4
Transaction volume by deal size



Source: Savills

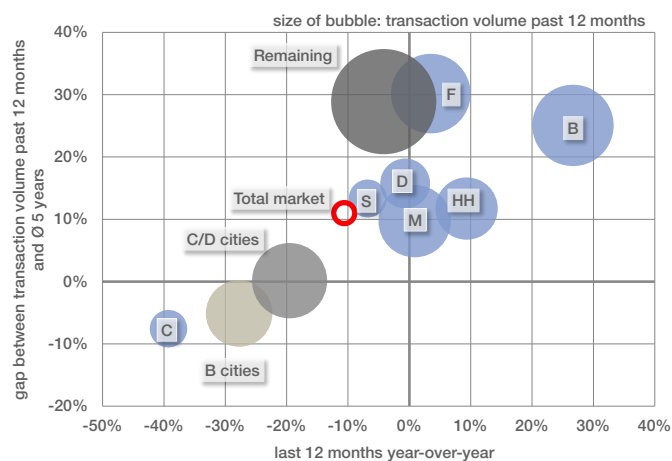
Commercial investment market

TABLE 2
Transaction volume by location

	Transaction volume (€m)					
	Jun 2018	Jan to Jun 2018	against Jan to Jun 2017	Jul 2017 to Jun 2018	against Jun 2017 to May 2018	against Jul 2016 to Jun 2017
Berlin (B)	496	2,393	-12%	7,509	-1%	+27%
Düsseldorf (D)	51	1,119	-2%	2,817	-9%	-1%
Frankfurt (F)	860	2,933	+38%	7,167	+6%	+3%
Hamburg (HH)	506	2,291	+61%	4,420	-1%	+9%
Cologne (C)	34	723	-43%	1,596	-15%	-39%
Munich (M)	153	2,759	+36%	5,938	-2%	+1%
Stuttgart (S)	56	835	+47%	1,628	-12%	-7%
Germany	4,642	25,219	-8%	56,919	-4%	-11%

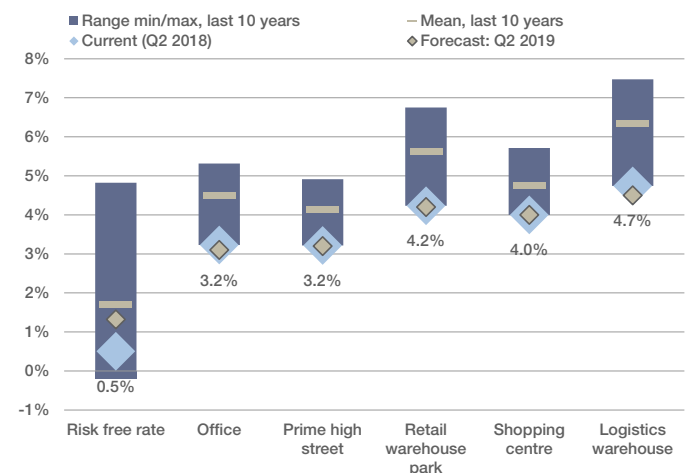
Source: Savills

GRAPH 5
Regional distribution



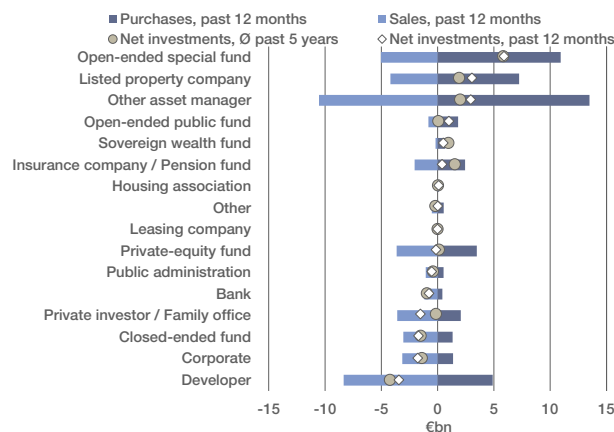
Source: Savills / Note: based on the Bulwiengesa classification

GRAPH 6
Prime yields



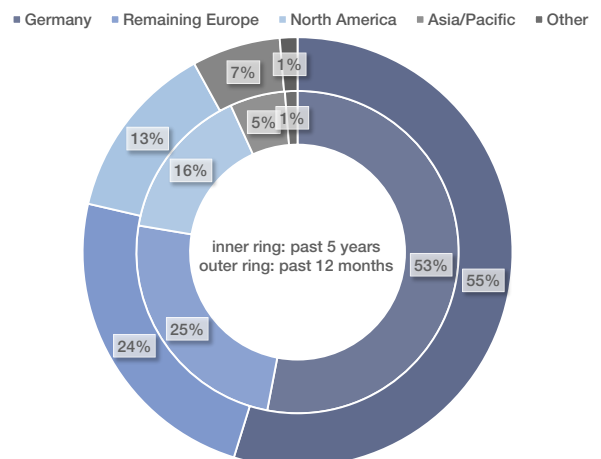
Source: Focus Economics, Savills / Note: always end of quarter values, risk free rate = 10Y Government Bunds, Prime Yields = Ø Top7

GRAPH 7
Type of investor



Source: Savills

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)	(Main) Type of property	Volume (€m) ↓	Area (sq m)	Buyer	Seller
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
Feb-18	Alpha-Portfolio (18 properties)	nationwide	Logistics and Industry buildings	undisclosed	447,500	Frasers Centrepoint Limited	Alpha Industrial GmbH & Co. KG
Apr-18	Geneba-Portfolio (17 properties)	nationwide	Logistics and Industry buildings	ca. 450	431,600	Frasers Centrepoint Limited	Frasers Centrepoint Limited
Jan-18	Springer Quartier	Hamburg	Mixed-use property	ca. 400	56,000	i.a. Ärzteversorgung Mecklenburg-Vorpommern	Black Horse Investments GmbH
May-18	Gallileo	Frankfurt am Main	Office	ca. 356	40,500	CapitaLand Limited	Triuva Kapitalverwaltungsgesellschaft mbH
Feb-18	Portfolio (100 properties)	n/a	Mixed-use property	undisclosed	n/a	Round Hill Capital	unknown Private Investor
Feb-18	Boulevard (18 properties)	i. a. Berlin, Böblingen, Bochum	Retail	undisclosed	80,000	unknown Pension Scheme (Germany)	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
Jan-18	Correo Quartier	München	Office	ca. 275	45,300	Credit Suisse AG,	Deutsche Postbank AG
Mar-18	aviva Munich	München	Office	undisclosed	60,000	Korea Investment Corporation (KIC)	KGAL GmbH & Co. KG
Feb-18	SZ Tower	München	Office	ca. 244	62,200	Art-Invest Real Estate GmbH & Co KG	AXA Real Estate Investment Managers, Norges Bank
Jun-18	TSK1	Frankfurt am Main	Office	ca. 237	65,500	Credit Suisse (Deutschland) AG	Officefirst
May-18	Portfolio (4 properties)	i. a. Aschheim, Düsseldorf, Ismaning	Office	ca. 230	101,000	LGT Capital Partners, JP Morgan Asset Management	publity AG
Feb-18	Pollux-Portfolio (10 properties)	i. a. Duisburg, Düsseldorf, Hamburg	Sports/ Leisure building	undisclosed	91,000	Aermont Capital LLP	Berlinovo Immobilien Gesellschaft mbH
Feb-18	Altes Polizeipräsidium	Frankfurt am Main	Office	ca. 213	n/a	Gerchgroup	unknown Public Administration (Germany)
Apr-18	Portfolio (15 properties)	i. a. Dresden, Düren, Essen, Flensburg	Retail	undisclosed	85,000	Corpus Sireo Asset Management Residential GmbH	DIC Asset AG
Feb-18	Atlas	München	Office	ca. 190	26,000	Allianz Real Estate GmbH Germany	Art-Invest Real Estate GmbH & Co KG
Apr-18	Artemis (11 properties)	n/a	Office	undisclosed	110,400	Swiss Life AG	Goldman Sachs
Jun-18	Sumatrakontor	Hamburg	Retail	ca. 180	31,000	REAL I.S. AG	Officefirst

Source: Savills / * only published transactions are shown

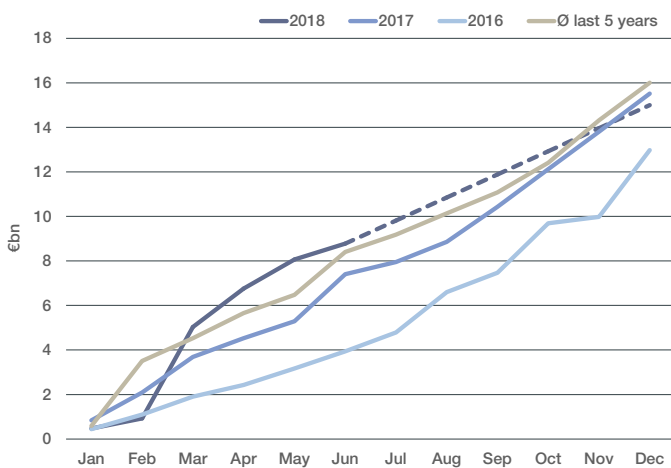
Residential investment market

TABLE 4
Transaction volume by city category

	Transaction volume (€m)					
	Jun 2018	Jan to Jun 2018	against Jan to Jun 2017	Jul 2017 to Jun 2018	against Jun 2017 to May 2018	against Jul 2016 to Jun 2017
A-cities	155	2,816	-19%	6,426	-6%	-2%
B-cities	153	1,684	+82%	3,413	-6%	+56%
C-cities	115	1,713	+290%	2,476	-5%	+72%
D-cities	115	915	+64%	1,586	-1%	+27%
Other	173	1,651	-18%	2,988	-18%	-40%
Germany	711	8,778	+19%	16,889	-8%	+3%

Source: Savills / Note: based on the Bulwiengesa classification

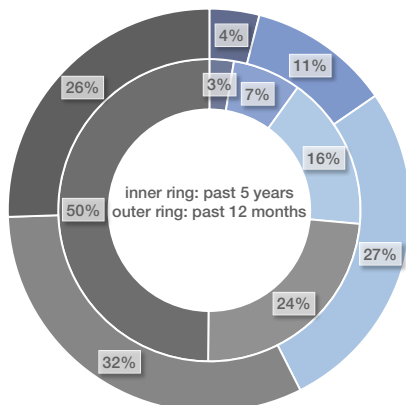
GRAPH 9
Accumulated transaction volume



Source: Savills / Note: dotted line = forecast

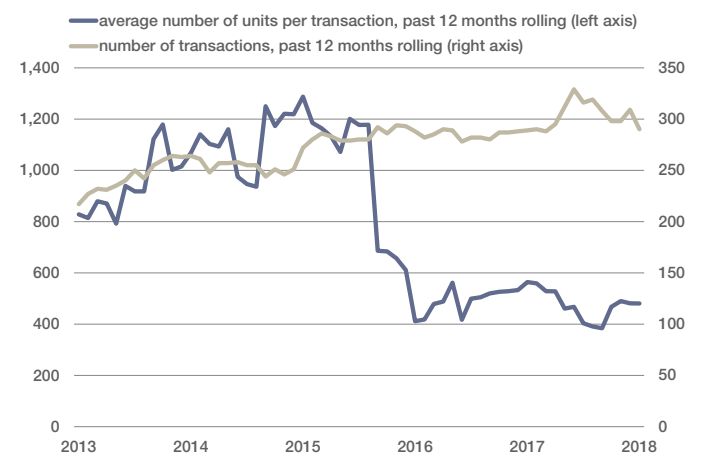
GRAPH 11
Traded units by size

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



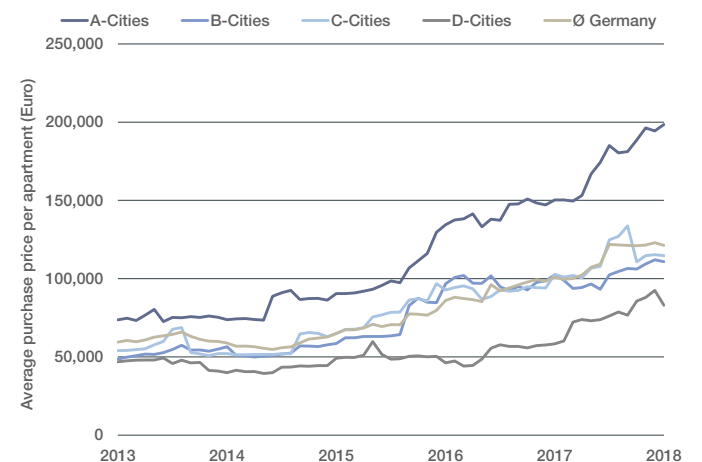
Source: Savills

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

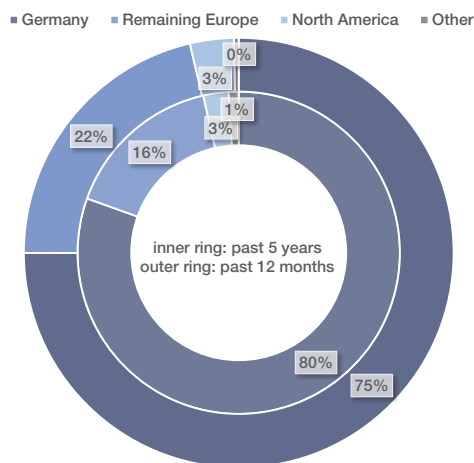
Residential investment market

TABLE 5
Traded units by city category

	Traded units					
	Jun 2018	Jan to Jun 2018	against Jan to Jun 2017	Jul 2017 to Jun 2018	against Jun 2017 to May 2018	against Jul 2016 to Jun 2017
A-cities	667	14,897	-28%	32,373	-8%	-26%
B-cities	1,451	12,948	+60%	30,787	-5%	+44%
C-cities	734	15,458	+341%	21,582	-4%	+54%
D-cities	3,218	11,857	+33%	19,099	+10%	-11%
Other	1,893	19,470	-9%	35,466	-14%	-43%
Germany	7,963	74,630	+19%	139,307	-6%	-15%

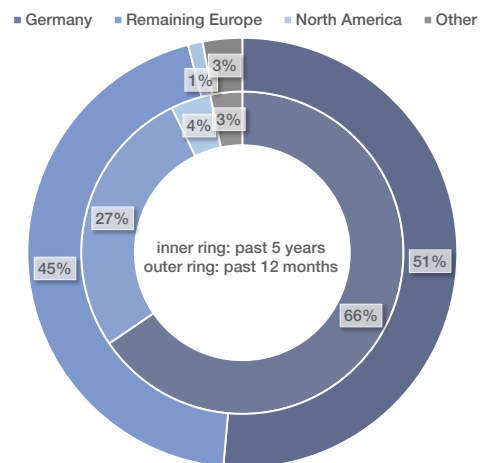
Source: Savills / Note: based on the Bulwiengesa classification

GRAPH 13
Transaction volume by origin of buyer



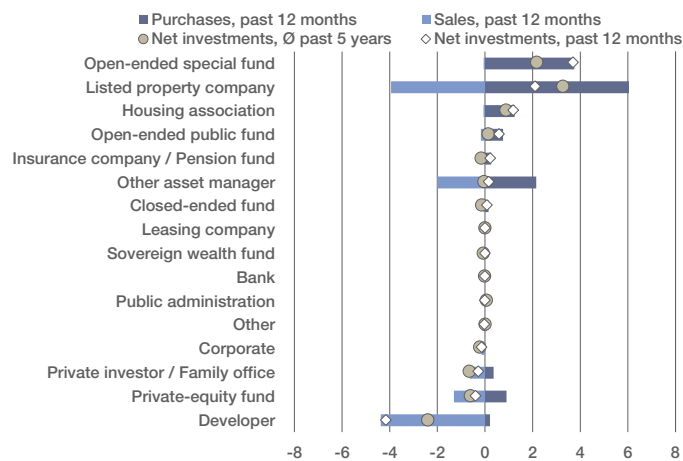
Source: Savills

GRAPH 14
Transaction volume by origin of seller



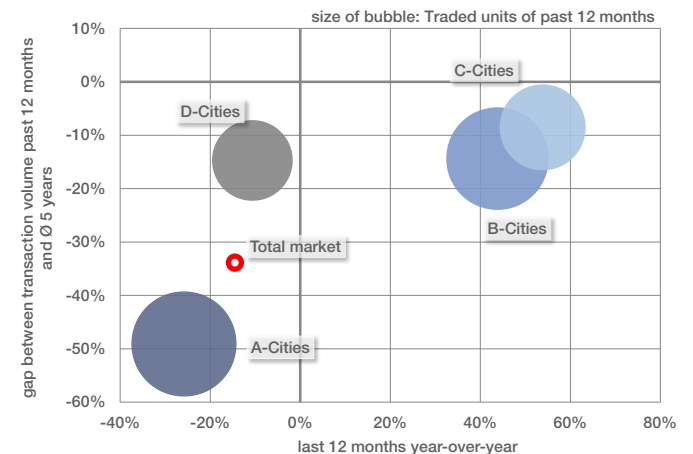
Source: Savills

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	27,177	undisclosed	Vonovia SE	BUWOG
Apr 18	Brack Capital-takeover (70 %-share)	8,406	undisclosed	Adler Real Estate AG	Redzone Empire Holding Limited
May 18	Berlin, Magdeburg	2,500	undisclosed	Blackstone Group Deutschland	Kauri CAB Management GmbH, Apeiron Capital Ltd
Mar 18	Bochum, Dortmund	2,000	undisclosed	Forte Capital Deutschland, Proprium Capital Partners	Angelo, Gordon & Co.
May 18	Berlin	690	ca. 150	GEWO BAG	Off Immobilien- Beteiligungs GmbH
Jan 18	Downtown Living Portfolio	376	ca. 136	Deutsche Investment Kapi- talverwaltungsgesellschaft	De Københavnske Ejendomsselskaber
Mar 18	i. a. Frankfurt, Mainz, Wiesbaden	925	undisclosed	Round Hill Capital, Starwood Capital, Stepstone	unknown Investor
Feb 18	Erfurt	535	undisclosed	Gemeinnützige Woh- nungsgesellschaft Hessen	unknown Developer
Apr 18	nationwide	2,843	ca. 115	Benson Elliot Capital Management	Adler Real Estate AG
Mar 18	i. a. Düsseldorf, Leverkusen	964	undisclosed	unknown Investor	Deutsche Invest Immobilien
Mar 18	Berlin, Butzbach, Mainz	391	ca. 106	Industria GmbH	Ten Brinke Groep B.V.
Mar 18	Hamburg	160	undisclosed	BMO Real Estate Partners	Aug. Prien Immobilien Gesellschaft, DC Residential
May 18	Berlin	568	undisclosed	Covivio Immobilien GmbH	unknown Investor
May 18	Heidenheim	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	ca. 90	ZBI Zentral Boden Immobilien	Venovia SE
Mar 18	Düren, Haan, Leverkusen, Wuppertal	940	undisclosed	Vivawest Wohnen GmbH	Deutsche Invest Immobilien
Mar 18	Regensburg	190	ca. 80	Deutsche Asset One GmbH	Hubert Haupt Immobilien, Bucher Properties
Mar 18	Bremen, Hannover, Klein Grönau, Lübeck, Lüneburg	725	ca. 73	BUWOG	unknown Investor

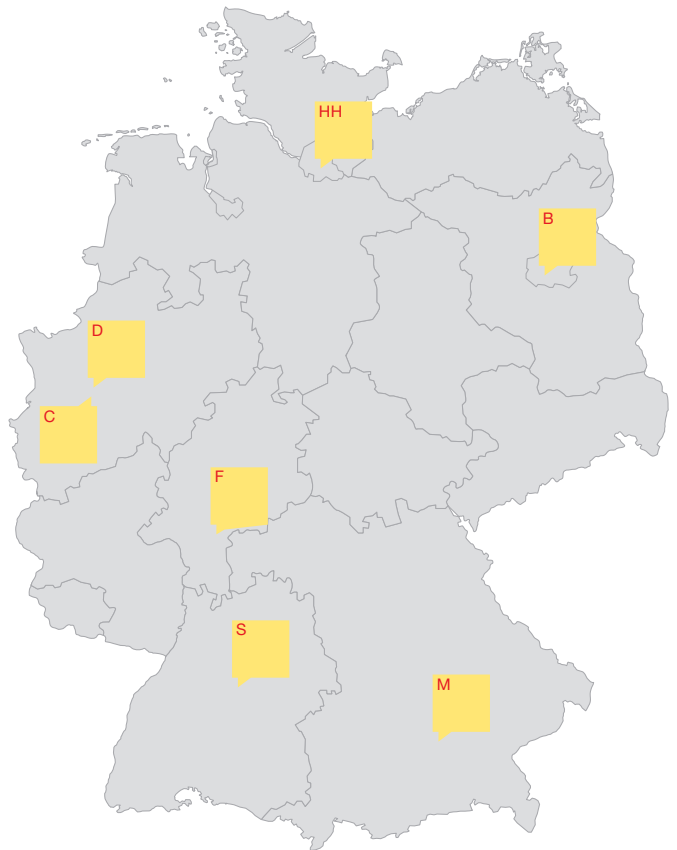
Source: Savills / * only published transactions are shown

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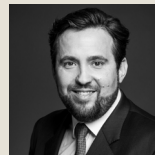
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