

Market in Minutes

Germany commercial investment market

Q1 2018



The market at a glance

The boom continues – record prices reflect favourable conditions

■ Commercial property changed hands for almost €12.2bn in the first quarter of 2018, a decrease of 5% compared with the corresponding period last year (Graph 1). This transaction volume is in line with the quarterly average over the last five years, which also underlines the longevity of the current boom.

■ The conditions for investors are almost perfect. The population and the economy are growing and, consequently, demand for space and rents are rising in many sectors. However, such a near-perfect

environment also entails record lows in initial yields. Prime office yields across the top seven cities remained at 3% (Graph 12). The yields also reflect rental growth prospects, which could allow long-term investors to achieve attractive returns on their invested capital going forward.

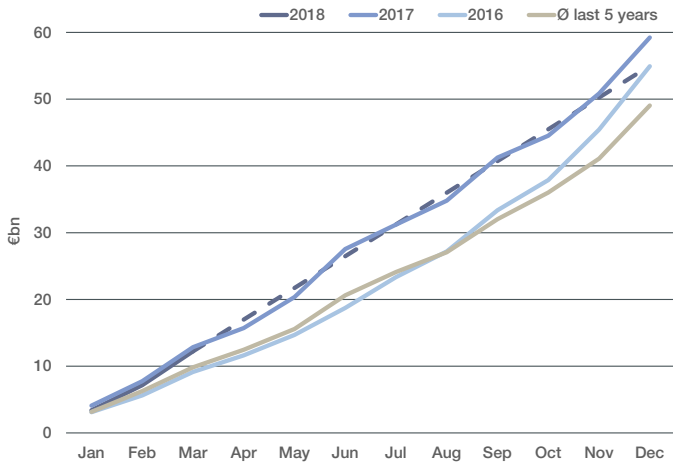
■ Despite the high pressure to invest, the majority of investors remain highly risk-averse. Accordingly, the top seven cities accounted for almost 49% of the overall transaction volume

(Table 1) and almost 90% of investment in the office sector. Investors are evidently placing great importance on the liquidity of these markets.

■ Even if the simmering trade dispute between the USA and China poses a risk to the export-oriented German economy, there is currently greater evidence to suggest that the boom in the commercial property market will continue. The overall investment volume for the year is expected to reach as much as €55bn.

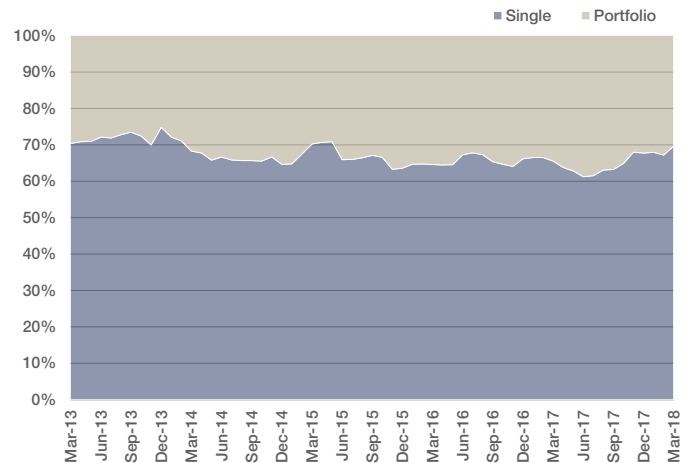
Overview total market

GRAPH 1
Accumulated transaction volume



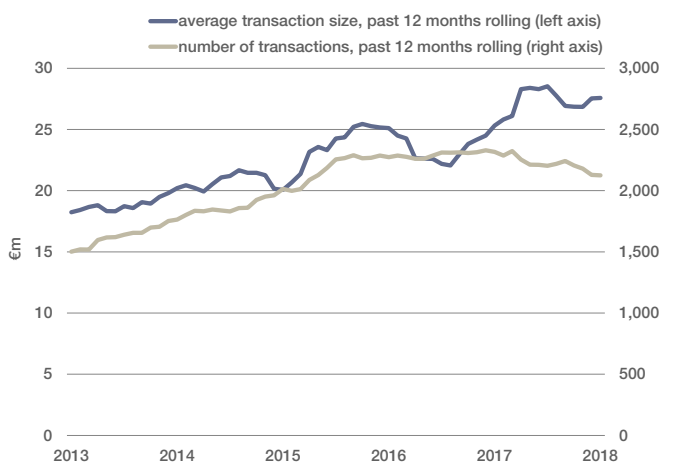
Source: Savills

GRAPH 2
Single and portfolio transaction volume



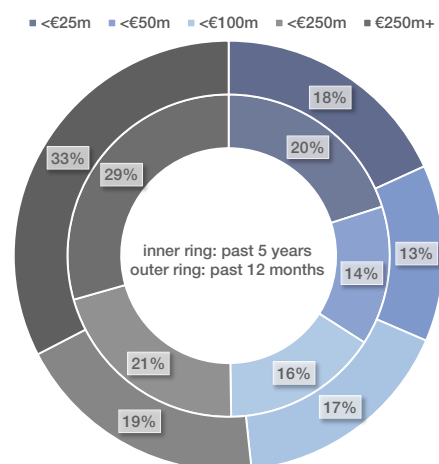
Source: Savills / Note: always past 12 months rolling

GRAPH 3
Deal size and number of transactions



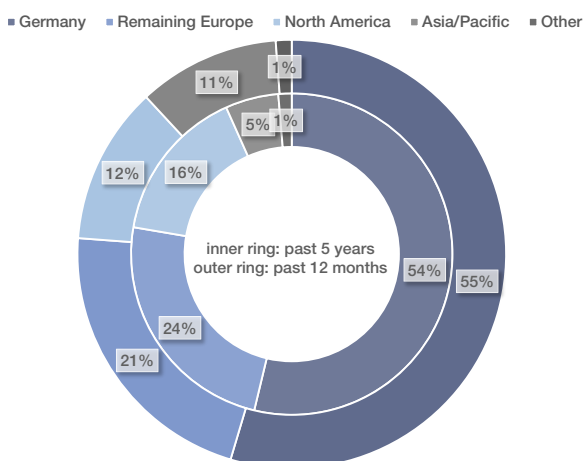
Source: Savills

GRAPH 4
Transaction volume by deal size



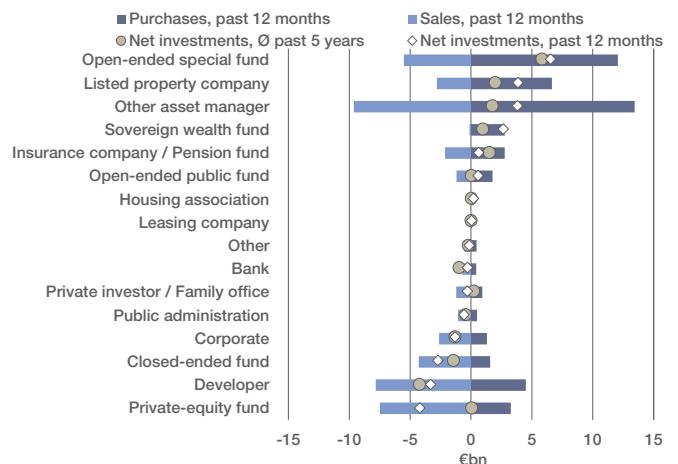
Source: Savills

GRAPH 5
Transaction volume by origin of buyer



Source: Savills

GRAPH 6
Transaction volume by type of investor



Source: Savills

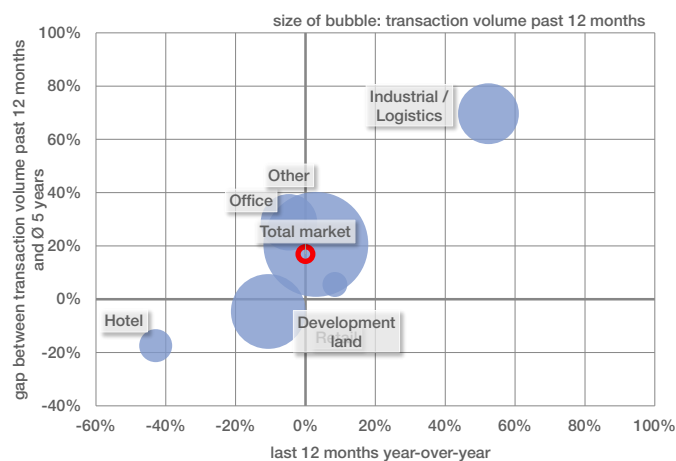
Overview type of use

TABLE 1 Transaction volume by type of use

	Transaction volume (€m)				
	Q1 18	against Q1 17	Q2 17 - Q1 18	against Q1 17 - Q4 17	against Q2 16 - Q1 17
Office	5,967	+32%	25,534	+6%	+3%
Retail	1,941	-41%	12,968	-9%	-11%
Industrial/Logistics	1,456	-23%	8,602	-5%	+52%
Hotel	671	-4%	2,515	-1%	-43%
Development land	360	+92%	1,443	+14%	+8%
Other	1,825	-20%	7,408	-5%	-5%
Total	12,220	-5%	58,601	-1%	+/-0%

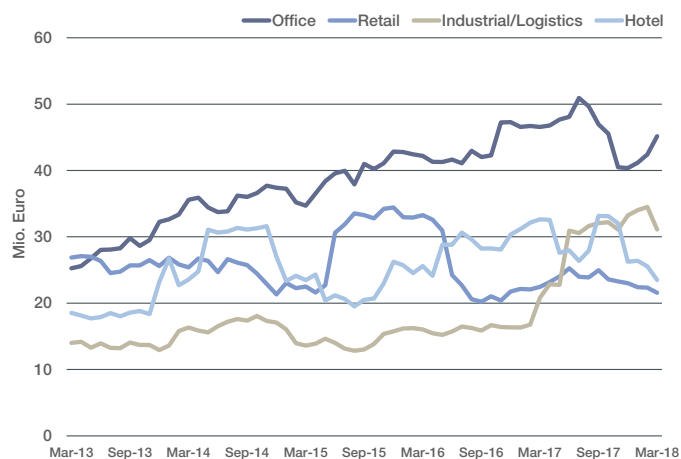
Source: Savills

GRAPH 7 Investment activity: level and momentum



Source: Savills

GRAPH 9 Average size of transaction



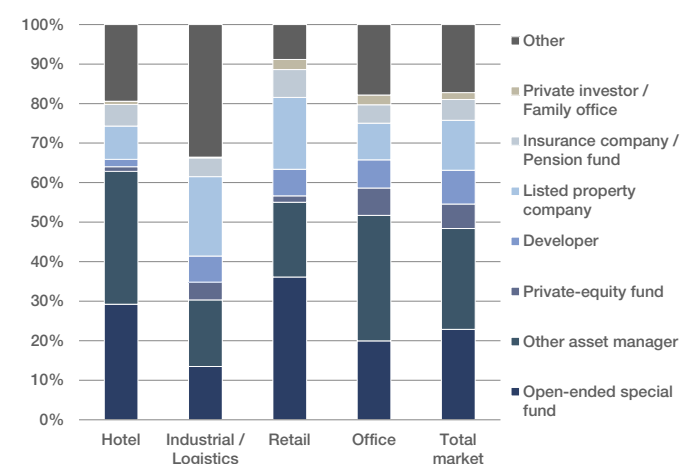
Source: Savills / Note: always past 12 months rolling

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

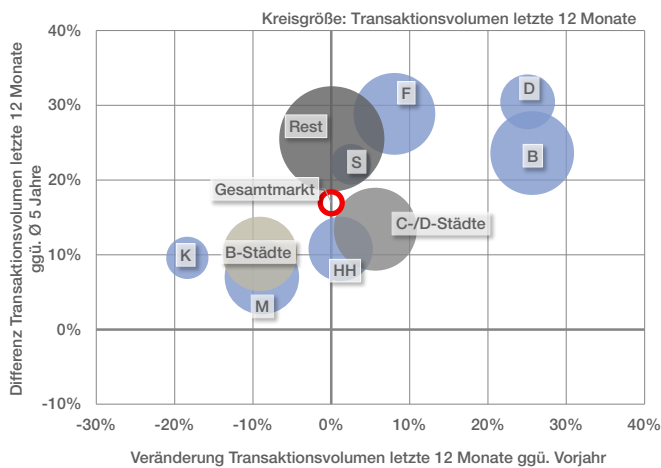
Overview locations

TABLE 2 Transaction volume and yields by location

	Transaction volume (€m)				Prime Yield Office			Prime Yield Highstreet		
	Q1 18	against Q1 17	Q2 17 - Q1 18	against Q1 17 - Q4 17	Q1 18	against Q4 17	against Q1 17	Q1 18	against Q4 17	against Q1 17
Berlin (B)	1,103	-29%	7,279	-6%	3%	+/-0bps	-40bps	3%	+/-0bps	+/-0bps
Düsseldorf (D)	600	+114%	3,122	+11%	4%	-20bps	-40bps	3%	-20bps	-30bps
Frankfurt (F)	1,462	+77%	6,942	+10%	3%	+/-0bps	-70bps	3%	+/-0bps	-60bps
Hamburg (HH)	1,003	+68%	4,303	+10%	3%	+/-0bps	-30bps	3%	+/-0bps	-40bps
Cologne (C)	479	-38%	1,857	-14%	4%	+/-0bps	-10bps	4%	+/-0bps	+/-0bps
Munich (M)	2,024	+37%	5,757	+10%	3%	+/-0bps	-30bps	3%	+/-0bps	-20bps
Stuttgart (S)	626	+157%	1,716	+29%	3%	+/-0bps	-20bps	4%	+/-0bps	+/-0bps
Germany*	12,220	-5%	58,601	-1%	3%	-3bps	-34bps	3%	-3bps	-21bps

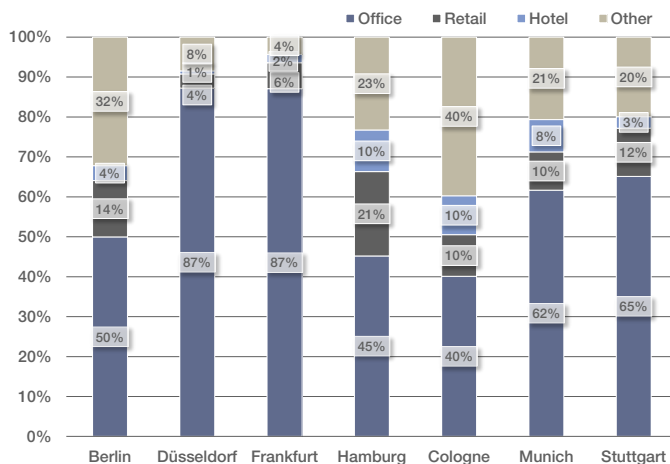
Source: Savills / * Prime Yields = Ø Top 7

GRAPH 11 Investment activity: level and momentum



Source: Savills / Note: based on the Bulwiengesa classification

GRAPH 13 Transaction volume by type of use



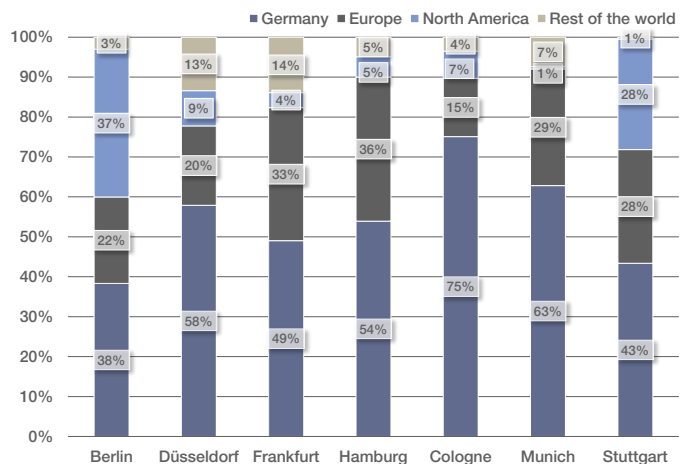
Source: Savills / Note: values always past 12 months

GRAPH 12 Prime yields



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

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 acquisition	nationwide	Warehouse/ Logistics	ca. 2,000	2,295,100	China Investment Corporation (CIC)	Blackstone Group Deutschland GmbH
Nov 17	Primus (5 properties)	Berlin, Frankfurt, Hamburg,	Mixed-use property	ca. 1,500	127,800	SIGNA Holding	RFR-Holding GmbH
May 17	Portfolio (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)
Nov 17	Tower 185	Frankfurt am Main	Office	ca. 775	102,000	Deka Immobilien Investment GmbH	i.a. CA Immo-Gruppe
Sep 17	WCM acquisition	n/a	Mixed-use property	undisclosed	339,100	TLG Immobilien GmbH	DIC Asset AG, unbekannter Privatinvestor
Oct 17	Gazeley (23 properties)	Kandel, Kassel, Werder, Winsen	Warehouse/ Logistics	undisclosed	558,800	Global Logistic Properties (GLP)	Brookfield Europe LP
Apr 17	Portfolio (90 properties)	n/a	Retail	ca. 687	290,000	Bayrische Versorgungskammer	Corestate Capital AG
Dec 17	Steinmetz-Portfolio (13 properties)	i.a. Dresden, Hamburg, Langebrück	Retail	ca. 650	n/a	RFR-Holding GmbH	BSG Investments Real Estate - Five Mounts Properties
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)	n/a	Warehouse/ Logistics	ca. 483	447,500	Frasers Centrepoint Limited	Alpha Industrial GmbH & Co. KG
Apr 17	Portfolio (15 properties)	i.a. Berlin, Bodenheim, Bremen	Warehouse/ Logistics	ca. 465	586,900	Axa Investment Managers	Gramercy Property Trust Inc.
Sep 17	SITQ-Portfolio (11 properties)	i.a. Berlin, Dortmund, Düsseldorf	Hotel/ Gastronomy	undisclosed	n/a	Invesco Real Estate	Apollo Management Advisors GmbH
Jun 17	Geneba acquisition	nationwide	Warehouse/ Logistics	undisclosed	494,300	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
Dec 17	Springer Quartier	Hamburg	Mixed-use property	ca. 400	56,000	Pension funds	Black Horse Investments, Momeni Projektentwicklung
Sep 17	Quest (85 properties)	n/a	Retail	undisclosed	235,600	PATRIZIA Immobilien Kapitalanlagegesellschaft mbH	PGIM Real Estate, Third Swedish National Pension
Jul 17	Axel-Springer Passage	Berlin	Office	ca. 330	52,700	Blackstone, Quincap Investment	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

Source: Savills / * only published transactions are shown

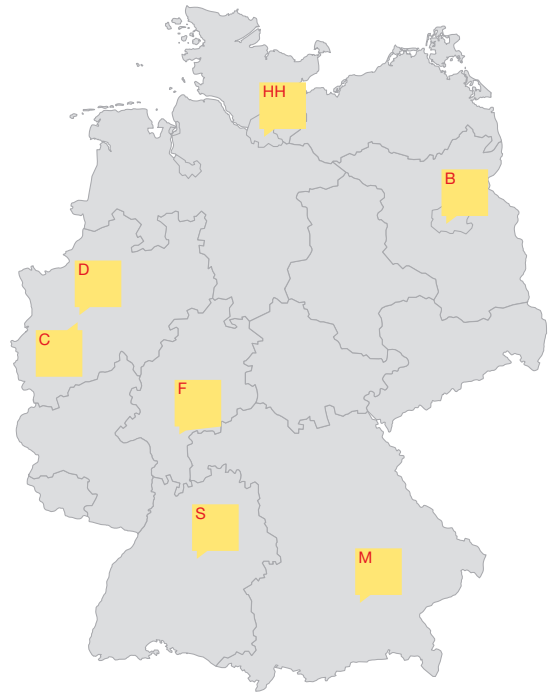
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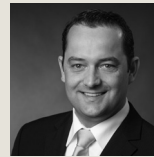
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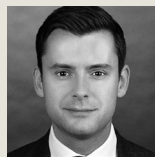
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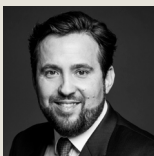
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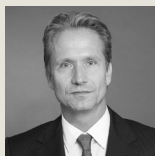
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