

# Market in Minutes

## Germany residential investment market

Q4 2018



### The facts at a glance

Modest decline in transaction volume – more than a third of investors were first-time purchasers

■ Properties in the German residential investment market changed hands for a total of almost €15.1bn last year. Despite a modest decrease of 3% in investment volume compared with the previous year, the market registered its third highest transaction volume of the last ten years (Table 1, Graph 1). In view of the strained rental apartment markets and a continued shortage in new-build activity, the situation in the residential property market is still positive from an investor's perspective.

■ Despite the large Buwog acquisition, market activity was somewhat more fragmented last year (Table 2). Transactions with a double-digit or triple-digit quantity of apartments accounted for 48% of all apartments transacted (Graph 3). On the one hand, the smaller lot sizes are a reflection of the large volume of development acquisitions, which accounted for around 26% of the transaction volume. On the other hand, the lack of supply of large portfolios means that investors can only increase their holdings by acquiring smaller residential portfolios.

■ Of the purchasers in 2018 known by name, almost 38% were investing in the German residential market for the first time in the last ten years. This further growth in the investor base is likely to ensure further high levels of investment activity in 2019, with the transaction volume likely to exceed €15bn once again.

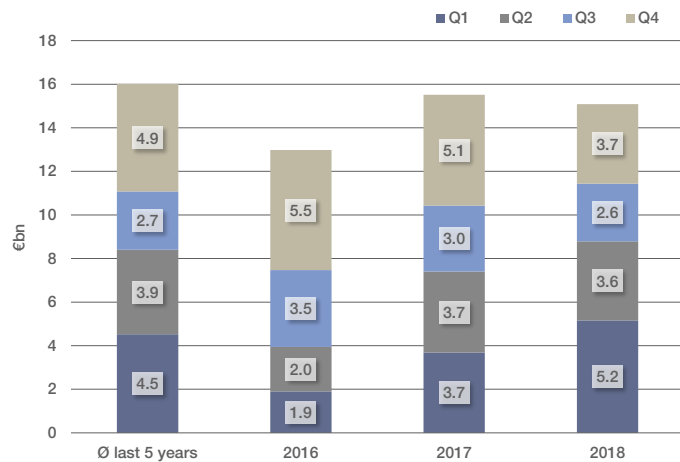
# Key figures at a glance

TABLE 1 Transaction volume and prices at a glance

	Transaction volume (€m)			Traded units		
	Q1 - Q4 2018	Annual change	Quarterly change	Q1 - Q4 2018	Annual change	Quarterly change
A-Cities	6,247	-12%	-9%	30,732	-20%	-10%
B-Cities	2,233	-16%	-22%	19,461	-25%	-24%
C-Cities	1,989	+65%	-11%	17,676	+84%	-9%
D-Cities	1,195	-3%	-14%	16,726	+4%	-11%
Other	3,424	+2%	+10%	37,228	+/-0%	+13%
Germany	15,088	-3%	-9%	121,823	-4%	-7%

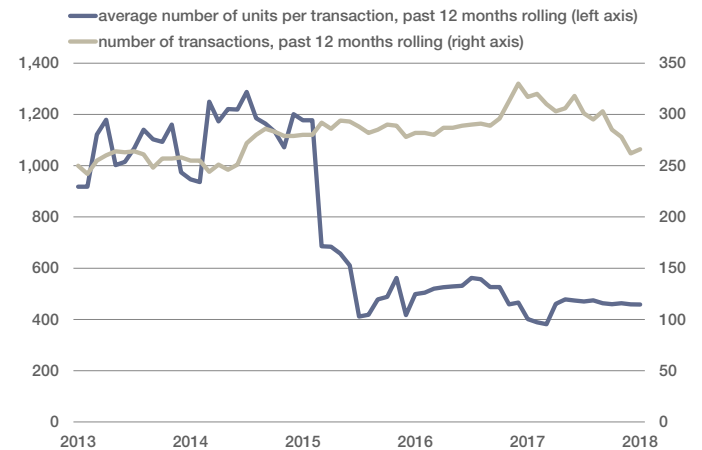
Source: Savills / Note: based on the Bulwiengesa classification

GRAPH 1 Transaction volume



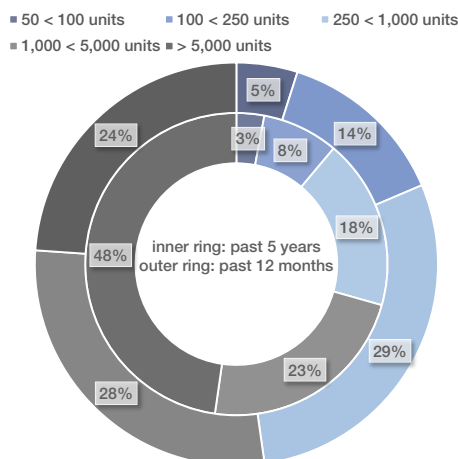
Source: Savills

GRAPH 2 Deal size and number of transactions



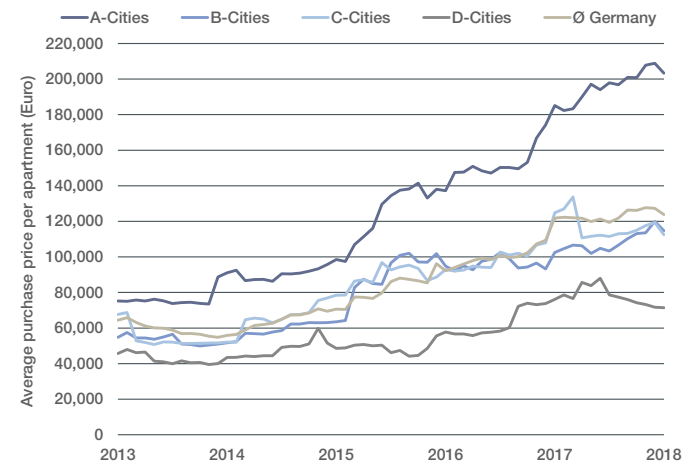
Source: Savills

GRAPH 3 Traded units by size



Source: Savills

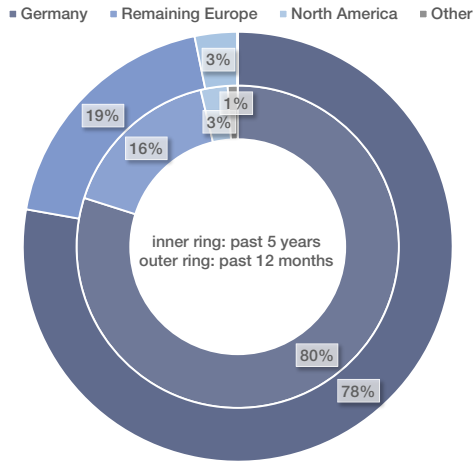
GRAPH 4 Development of prices



Source: Savills / Note: always past 12 months rolling

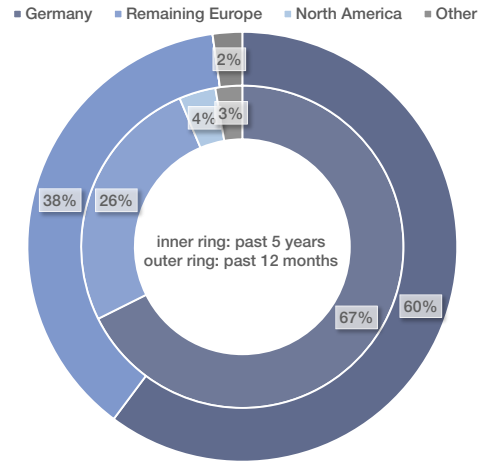
# Market players and development of prices

GRAPH 5 Transaction volume by origin of buyer



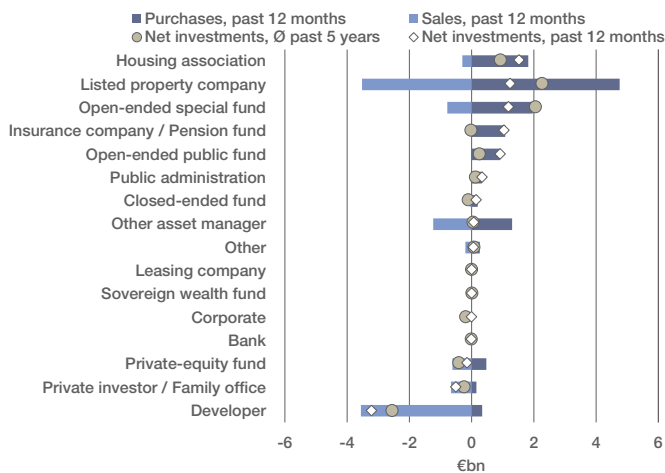
Source: Savills

GRAPH 6 Transaction volume by origin of seller



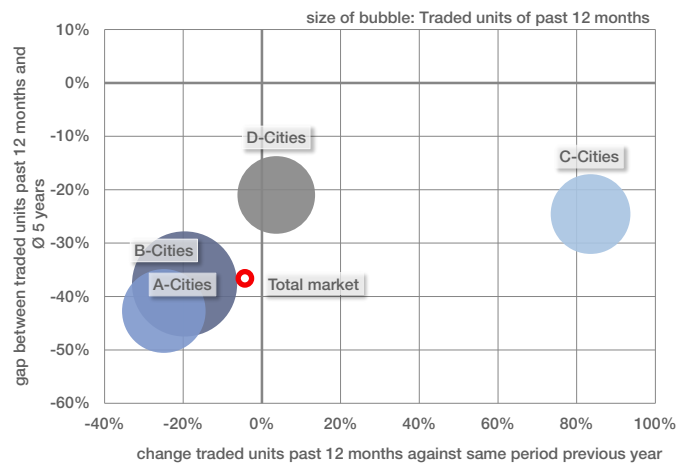
Source: Savills

GRAPH 7 Transaction volume by type of investor



Source: Savills

GRAPH 8 Traded units by type of city



Source: Savills / Note: based on the Bulwiengesa classification

TABLE 2 The largest transactions of the last 12 months\*

Date	Name of portfolio Location(s)	Number of units	Volume (€m)	Buyer	Seller
Mar 18	Buwog-Acquisition	ca. 27,180	undisclosed	Vonovia SE	Buwog
Aug 18	Century i. a. Berlin, Hamburg	ca. 3,700	ca. 900	PFA Pension, Domicil Beteiligungs GmbH	Industria GmbH
May 18	Berlin, Brandenburg, Magdeburg	2,500	undisclosed	Blackstone Group Deutschland GmbH	i. a. Kauri CAB, Apeiron Capital Ltd.
Oct 18	primarily Northern Germany	3,547	undisclosed	ZBI Zentral Boden Immobilien AG, Union Investment	unknown Investor
Oct 18	Düsseldorf	450	undisclosed	Vivawest Wohnen GmbH	BEMA Rheinland Projekte, ABG-Unternehmensgruppe

Source: Savills / \* only published transactions are shown

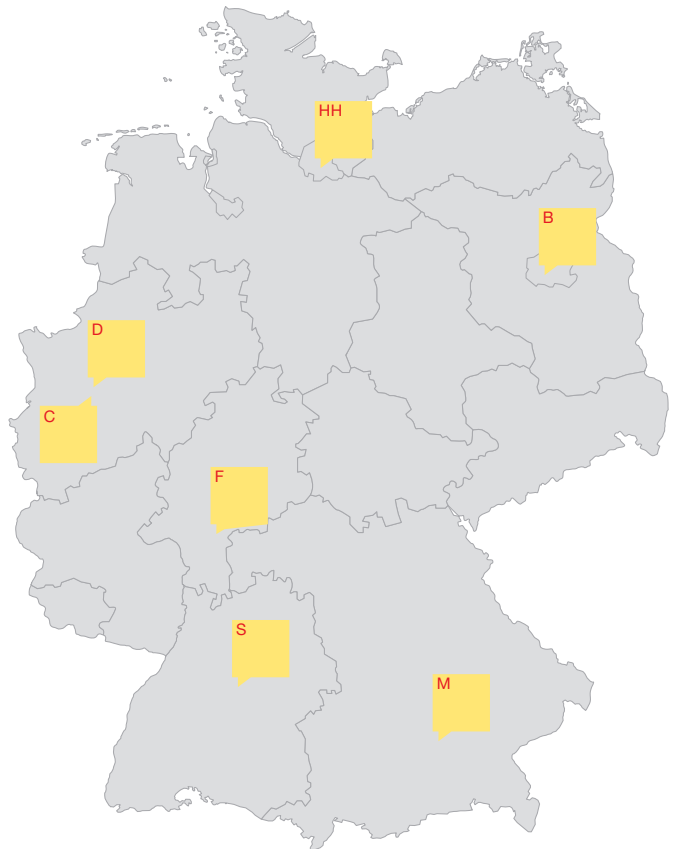
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[www.savills.de](http://www.savills.de)



## Savills Germany

Please contact us for further information



**Marcus Lemli**  
 CEO / Investment  
 +49 (0) 69 273 000 12  
 mleml@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



**Matti Schenk**  
 Research Germany  
 +49 (0) 30 726 165 128  
 mschenk@savills.de

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