

Investment Market Residential Portfolios Germany H1 2025



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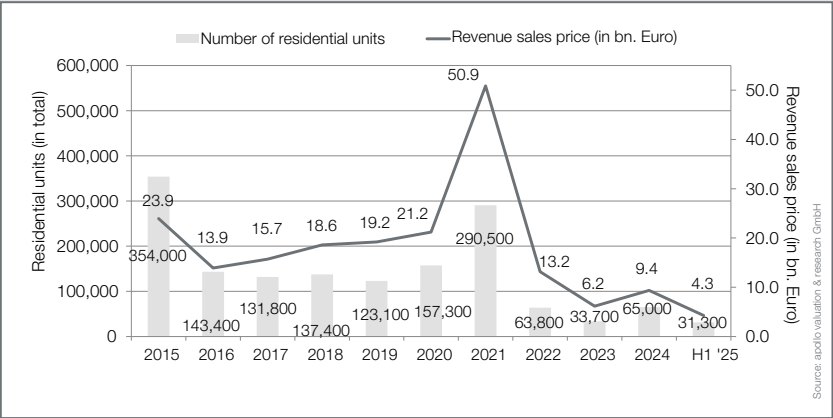
Market overview H1 2025

Transaction volume	Transaction volume of €4.3 billion exceeds the previous year's figure by 33 %
Residential units	Number of traded units increased by around 64 % to 31,300 compared to mid-2024
Regional focus	Metropolises and especially Berlin in the focus of demand
Type of investors	Open-Ended Funds & Special Funds strongest players on the buy- and sell-side
Origin of investors	German investors dominate the market, but increased activity by foreign investors in large-volume portfolios

Source: apollo valuation & research GmbH

Following a strong performance in the first three months of 2025, the German transaction market for residential portfolios* experienced a slight decline in the investment volume in the second quarter. While the sale of around 8,000 residential and commercial units from the open-ended fund Unilmmo: Wohnen ZBI contributed towards a significant transaction volume of €2.3 billion in the January-March period, no deals of this size were completed in the second quarter. The transaction volume was therefore lower at €2.0 billion.

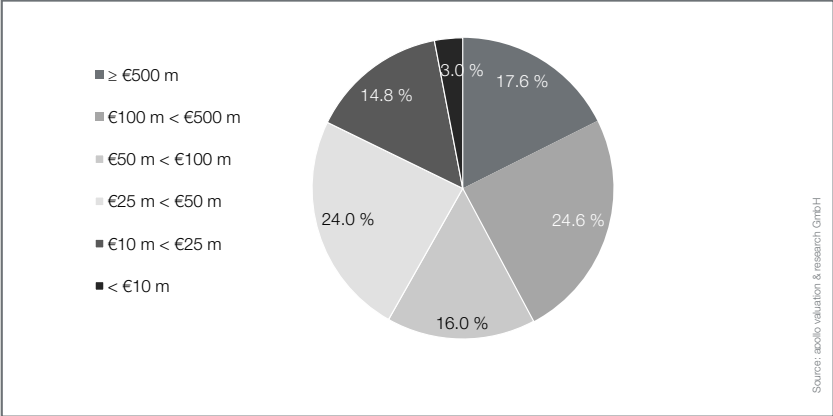
Transactions 2015 - 2025



Source: apollo valuation & research GmbH

The transaction volume of €4.3 billion for the first half of the year exceeded the previous year's figure by 33 %, and was also 30 % higher than the result for the same period in 2023. The 64 % year-on-year increase in the number of traded units to around 31,300 also reflects the stronger market momentum compared to previous years. However, longer-term comparisons offer a more realistic picture since the result is well below the first-half average for the previous five years of €7.3 billion.

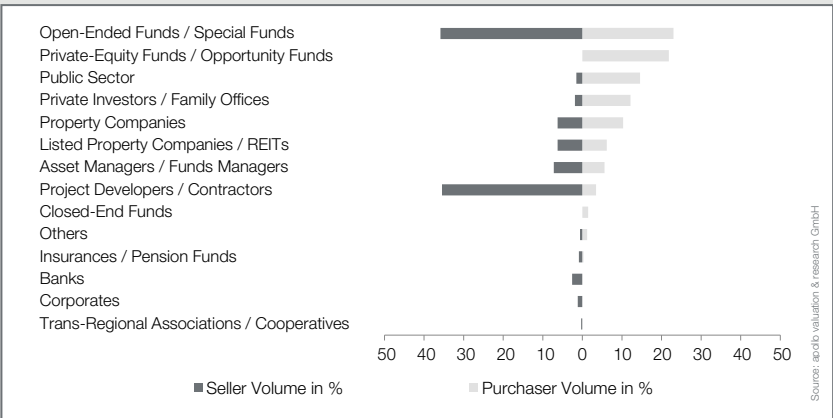
Volume of transactions according to category size H1 2025



Source: apollo valuation & research GmbH

Current sentiment on the transaction market for residential portfolios can be described as cautiously optimistic. Loan interest rates have stabilised in recent months. At the same time, economic and geopolitical risks in particular, as well as the ongoing conservative lending behaviour of banks, are having a dampening effect on market activity. More positive influences include the continuing high demand for residential space, more dynamic market activity on the part of institutional investors, and rising rents and prices. Interest from investors — particularly from foreign players that regard the German market for residential portfolio transactions as a safe haven — has also increased again in recent months.

Transaction volume according to type of investor H1 2025

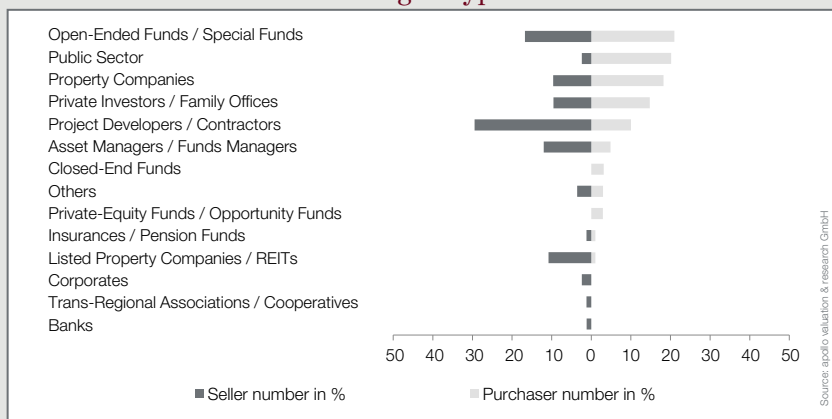


Source: apollo valuation & research GmbH

When differentiating the transactions by size, the mid-market segment between €25 million and €50 million recorded particularly significant sales growth and formed the second-strongest category in the first half of 2025 with a 24 % market share (H1 2024: 12.5 %).

* Sale of residential property portfolios or residential complexes with at least 30 units each as well as the sale of corporate

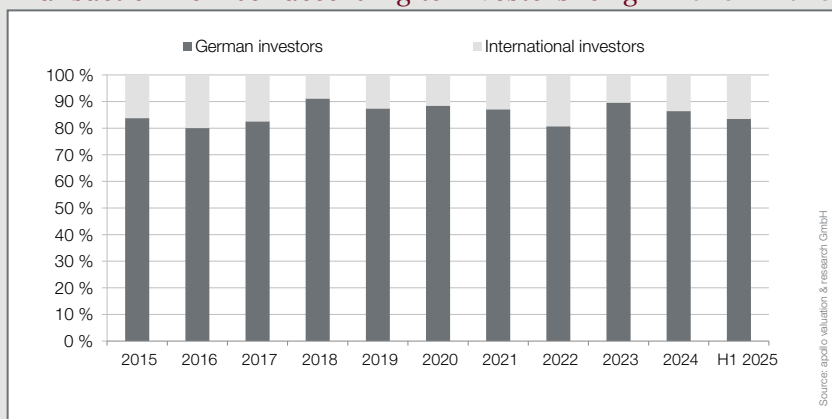
Transaction number according to type of investor H1 2025



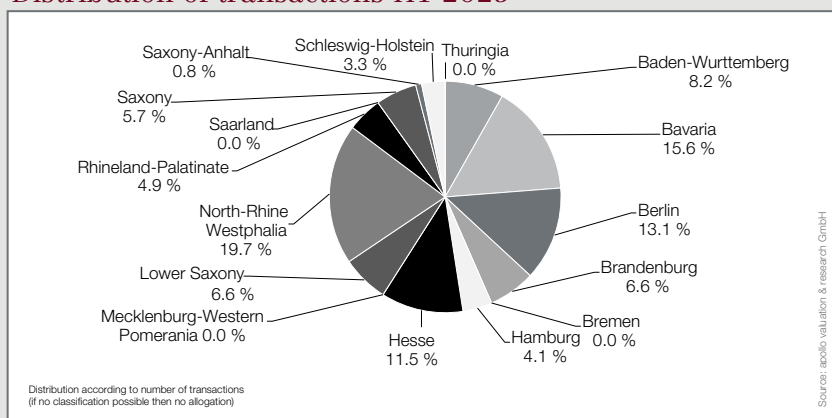
Transaction volume according to investors' origin 2015 – 2025



Transaction number according to investors' origin 2015 – 2025



Distribution of transactions H1 2025



The transaction volume here rose to just over €1 billion — an increase of more than €620 million compared to the previous year. This growth was primarily driven by demand for core and core-plus properties. A similar result is seen in the €100 - <500m segment, which generated the highest investment volume of €1.05 billion (H1 2024: €894 million). Transactions between €50 million and €100 million also increased noticeably, with a 60.5 % rise in the transaction volume. In contrast, smaller portfolios below €10 million registered a 47.3 % year-on-year decline in the transaction volume.

In the first six months of 2025, Open-Ended Funds and Special Funds in particular showed pronounced buying and selling activity. Towards the middle of the year, significant growth was recorded on the sell-side in particular. The volume rose from €41 million at the end of June last year to €1.53 billion. The sale of large-volume portfolios from the holdings of the ZBI-Union Investment partnership played a significant role here. This group of investors therefore moved into the top position in the current sell-side ranking, closely followed by last year's leaders, Project Developers and Contractors, which sold properties with a total volume of €1.51 billion in H1 2025.

Open-Ended Funds and Special Funds also recorded a significant increase on the buy-side. Their transaction volume rose from around €260 million in the first half of 2024 to €980 million by the end of June 2025 and propelled the group into the top spot. The previous quarter's leaders, Private-Equity Funds and Opportunity Funds, are now in second place but also recorded robust growth compared to the previous year. Their purchase volume rose from around €110 million in the same period of the previous year to €930 million.

A slight upturn in project development investments was also evident compared to the previous year. Consolidation in the project development market is approaching its final phase. Sales from forward deals increased by 25.2 % year-on-year to €1.1 billion, which corresponds to a market share of 25.9 % (H1 2024: 27.4 %). However, this is still below relevant results for previous years, such as the €3.4 billion registered for the first half of 2022. New developments with sustainable building standards and a higher proportion of socially subsidised housing are particularly in demand, with the Public Sector continuing to play an increasingly important role on the buy-side. In view of persistently high construction costs and long approval times, many investors are increasingly focusing on serial renovations and modular extensions. Among project developers, there is a clear trend towards building redevelopment, which is also in response to the increasing scarcity of building land.

In terms of the origin of the investors, there was a significant year-on-year increase in foreign investor engagement. Their investment volume rose from €708 million to almost €1.8 billion. However, domestic investors maintained their dominant market position at the end of June. Although their transaction volume stagnated at around €2.5 billion compared to the previous year, their market share remains high at 58.6 %, even despite a noticeable decline of 19.3 percentage points compared to the first half of 2024.

The general conditions on the residential portfolio market provided a mixed picture at the end of June 2025. Opportunities are opening up owing to increased investor confidence on the part of major institutional investors, but restrictive financing conditions remain a significant obstacle. Economic and geopolitical uncertainties are also having an impact. On the other hand, market activity in many German cities is supported by positive rental price trends and growing excess demand from users.

In the long term, the government's planned construction drive could act as a catalyst for investment in residential property. Faster approvals and lower planning costs will improve the prospects for returns, while targeted subsidies and facilitating densification will open up new opportunities for investors in urban areas.

The focus has increasingly shifted to long-term investment strategies as well as sustainable and social building projects, which will increasingly rely on serial and modular construction methods owing to the high construction costs in conventional construction. At the same time, there is interest in existing properties in metropolises and their surrounding areas, particularly in the value-add sector. These properties are often held in portfolios as part of manage-to-green strategies. However, the transaction volume is not expected to increase noticeably before 2026. Although mega-transactions are also under discussion again — according to media reports, the Adler Group is considering the sale of its entire Berlin residential portfolio of around 18,000 units — short-term decisions are unlikely here. As a result, an investment volume of around €10 billion is forecast for 2025 as a whole, which is in line with the previous year's level.

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