



# Facts and Figures

Investment Market Germany  
2020

# “Reliable information is imperative for the success of an enterprise.”

Quote from Christopher Columbus

If you require any further information, please do not hesitate to contact us. We can put you in touch with our specialists who are always happy to provide you with expert support. We look forward to hearing from you!



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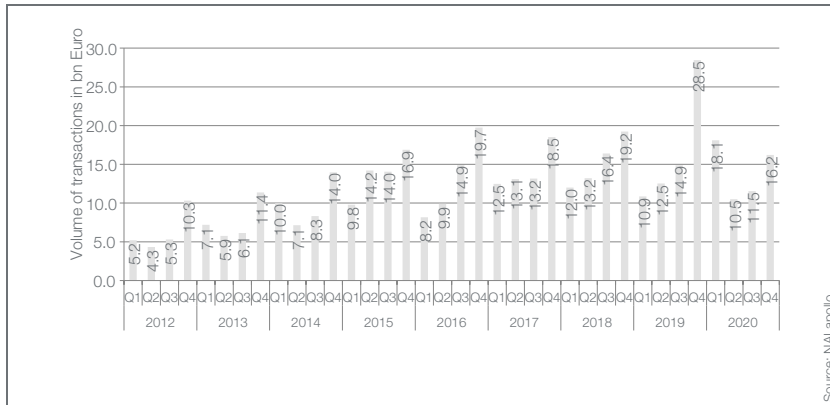
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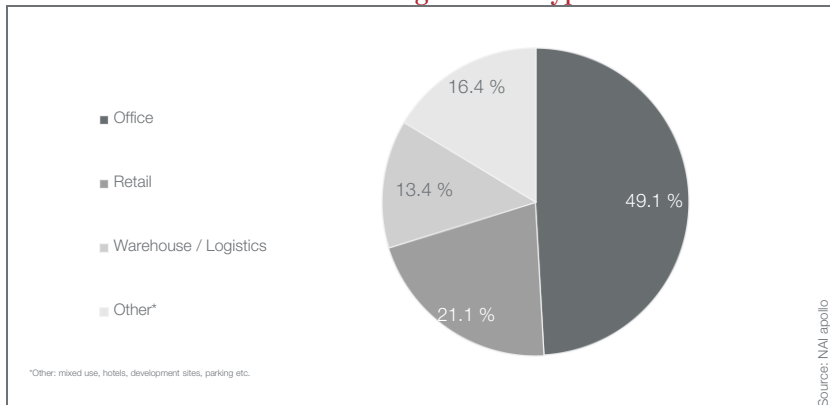


### Volume of transactions 2012 – 2020



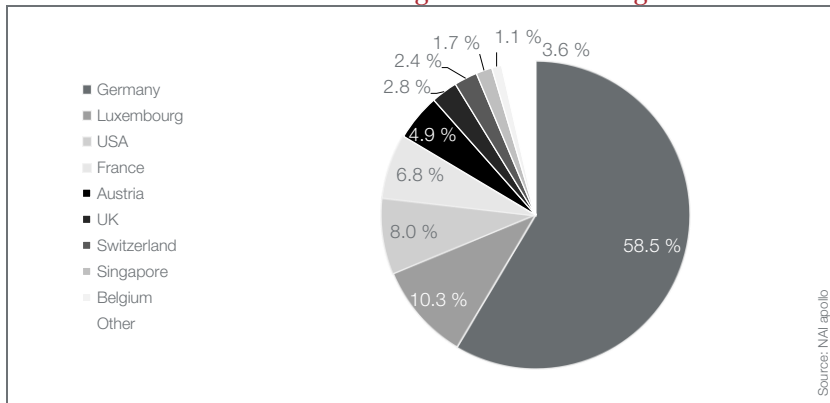
Confidence in a rapid economic recovery after overcoming the crisis caused by the COVID-19 pandemic ensures that investments in the German commercial property market still appear attractive. The German investment market for commercial property picked up momentum towards the end of the year, enabling it to put the two weak quarters in the middle of the year well behind it. Overall, the commercial property transaction volume amounted to €56.4 billion in 2020, which was 15.5 % below the previous year’s record figure of €66.7 billion. At the same time, the result was 31.0 % above the average volume for the last ten years (2010-2019: €43 billion).

### Volume of transactions according to asset type 2020



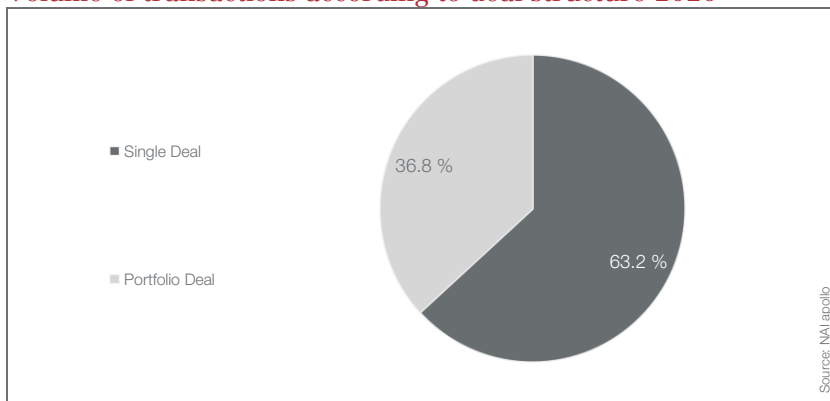
In the last few months of the year, the market was particularly influenced by single-asset transactions including those for larger properties. Accordingly, this segment’s share of the transaction volume increased to 63.2 % or €35.6 billion at the end of the year. However, the total single-asset transaction volume was 27.5 % lower compared to the previous year (2019: €49.1 billion). One of the most striking properties to be sold was the Silberturn in Frankfurt, which changed hands for €630 million.

### Volume of transactions according to investors’ origin 2020

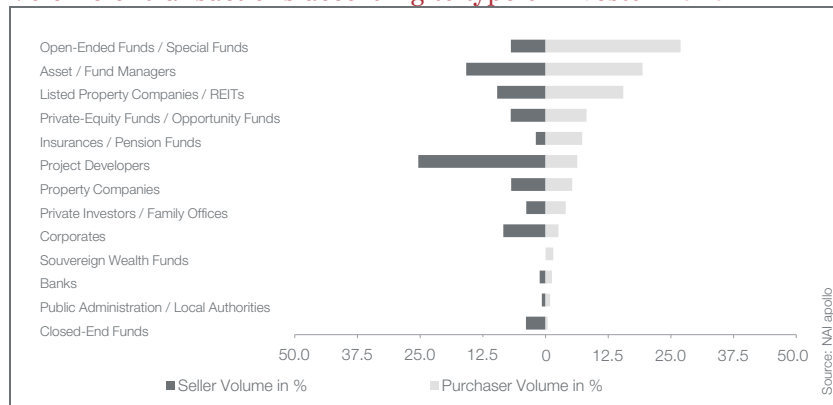


Portfolio transactions amounted to €20.7 billion (36.8 % share) and exceeded the previous year’s figure by almost €3.2 billion. The acquisition of TLG by Aaroundtown in the first quarter still represented the largest portfolio transaction of the year. Some logistics and retail portfolio deals were also recorded. For example, AEW secured the Roots portfolio for over €500 million. In the retail sector, one deal worth noting is the acquisition by P3 Logistic of the Matrix portfolio with 33 Metro wholesale stores for €800 million.

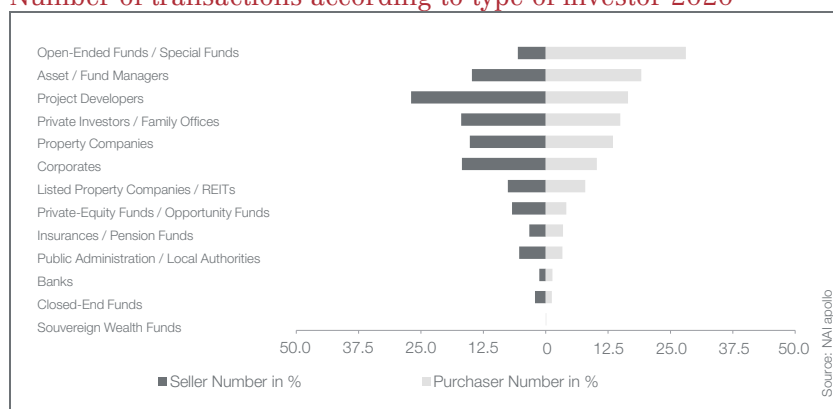
### Volume of transactions according to deal structure 2020



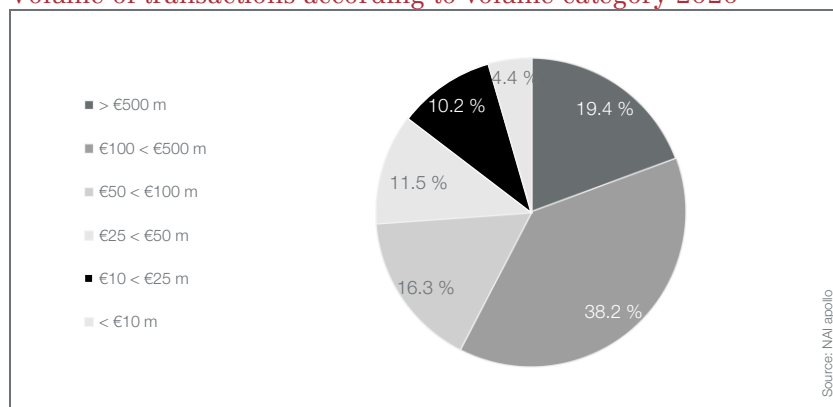
Volume of transactions according to type of investor 2020



Number of transactions according to type of investor 2020



Volume of transactions according to volume category 2020



Prime yields Q4 2020

	Prime office yields	Prime retail yields	Prime logistics yields
Berlin	2.60 %	2.90 %	3.40 %
Dusseldorf	3.00 %	3.25 %	3.45 %
Frankfurt a. M.	2.80 %	3.15 %	3.40 %
Hamburg	2.80 %	3.10 %	3.40 %
Munich	2.65 %	2.90 %	3.35 %
Total	Ø = 2.80%	Ø = 3.05%	Ø = 3.40%

Source: NAI apollo

Office property remained in demand despite the move towards home working because of the coronavirus pandemic. In total, this asset class registered investments of €27.7 billion and accounted for a 49.1 % share of the overall volume. However, the office property transaction volume was almost a third below the previous year's level. Retail property accounted for a 21.1 % share or €11.9 billion. This asset class registered an increase of 9.7 % compared to 2019. Portfolios with a strong focus on food retail played a significant role here. Warehouses and logistics properties represented the third-strongest category, which achieved the second-highest volume ever recorded of almost €7.6 billion. The volume was 15.1 % higher compared to the previous year, revealing a trend that is expected to continue during 2021. "Other uses" registered a transaction volume of €9.2 billion in total, of which hotels accounted for about €2 billion. The hotel segment has been particularly hard hit by the coronavirus pandemic and suffered a 60 % drop in transactions compared to the previous year.

In the year as a whole, the majority of the invested capital originated from Germany. Compared to the previous year, domestic investors increased their market share to 58.5 % (2019: 55.8 %). In absolute terms, however, the invested capital fell by €4.2 billion to around €33 billion. In contrast, foreign investors accounted for a volume of about €23.4 billion, a decrease of 20.8 %. Investors from Luxembourg, the United States and France were the most active, again primarily owing to portfolio deals. Market participants from Austria, the UK and Switzerland also invested billions in the market.

“Open-ended funds / special funds” were still the market leaders in the fourth quarter of 2020. In the year as a whole, they were responsible for a total purchase volume of €13.9 billion (26.7 %). Next in line were “asset- / fund managers” with around €10 billion, followed by “listed property companies / REITs” and “private equity funds / opportunity funds”. “Project developers / contractors” remained the dominant players on the seller side with a volume of €14.3 billion.

Owing to the high volume of portfolio sales as well as some major deals, the “>€500m” and “€100m<€500m” clusters accounted for a combined volume of almost €32.5 billion. The latter category boasts the highest market share of 38.2 %.

The German economy experienced noticeable signs of recovery in the third quarter of 2020. For example, when adjusted for price, seasonal and calendar effects, GDP increased 8.5 % compared to the previous quarter. The employment market also showed a correspondingly positive development. However, this development was brought to a virtual standstill by the introduction of a “lock-down-light” in November 2020, followed by a tightening of measures in December. In the fourth quarter, only a small increase of 0.1 % compared to the third quarter was recorded. Consequently, in its preliminary estimation the Federal Statistical Office predicts that GDP fell by 5.3 % in 2020 after adjustments for price and calendar effects. Meanwhile, the indicators suggest that the recovery will be more difficult and take longer than previously expected.

Yield performance is being influenced both by the adoption of wait-and-see attitudes on the part of investors and confidence in an imminent economic recovery. At the same time, the coronavirus pandemic is continuing to have a direct impact. In particular, demand has increased for already sought-after warehouse/logistics properties that are to a large extent benefiting from the current situation. Thus the average prime yield for this asset class in the top-five markets fell 15 basis points in the fourth quarter. In contrast, the average retail and office yields for the top five cities remained stable.

Munich again registered the lowest warehouse/logistics prime yield of 3.35 % at the end of the year, followed by Berlin, Frankfurt and Hamburg with 3.40 % apiece. Dusseldorf registered a rate of 3.45 %. All top five locations therefore registered a decline of 30 basis points compared to the previous year.

Office property yields fell by five basis points in four of the top five markets. Berlin recorded a rate of 2.60 %, followed by Frankfurt and Hamburg with 2.80 % each and Munich with 2.65 %. During 2020, Dusseldorf even registered a 0.10 percentage point decline in the prime yield to 3.00 %.

With regard to high street retail properties, the pandemic accelerated structural changes that were already evident. This was reflected by an increase in prime yields in the individual top five markets by between 10 and 15 basis points during 2020. The prime yields currently stand at 2.90 % in Berlin und Munich, 3.10 % in Hamburg, 3.15 % in Frankfurt and 3.25 % in Dusseldorf.

The strong performance at the end of 2020 provides the basis for a positive outlook for 2021. In addition, the economic development will certainly impact activity on the property investment market, albeit not as severely as in spring 2020. Meanwhile, capital pressure on investors remains intense since alternative investments of a comparable nature are rare and interest rates are unlikely to change in the foreseeable future. Commercial properties will therefore remain a popular investment target. Many investors indicate that they are still willing to buy, in some cases even at top prices. In particular, core office properties, warehouses/logistics properties and retail properties with a food focus are of interest to investors. At the same time, an increase in the sales pipeline has again become apparent. Taking all this into account, we are predicting a transaction volume in the range of €55 billion to €60 billion for 2021 as a whole.

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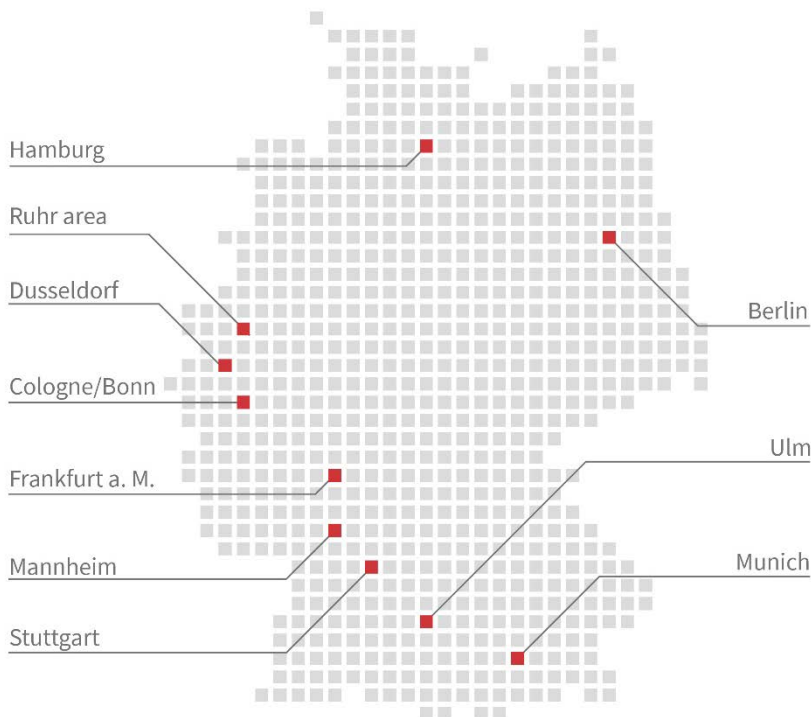
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