Facts and Figures

Investment Market Germany
H1 2021

“An investment in knowledge pays the best interest.“

Quote from Benjamin Franklin

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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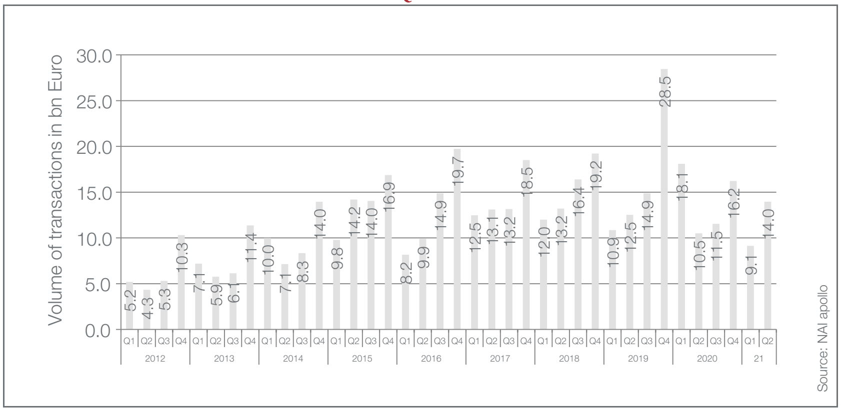
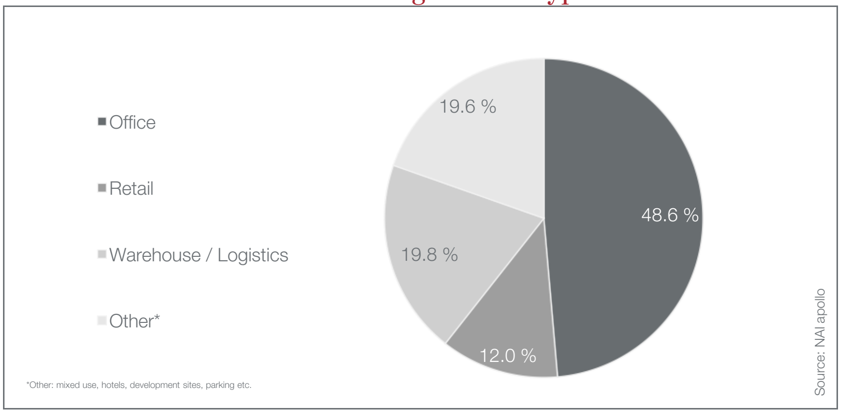
NAI apollo

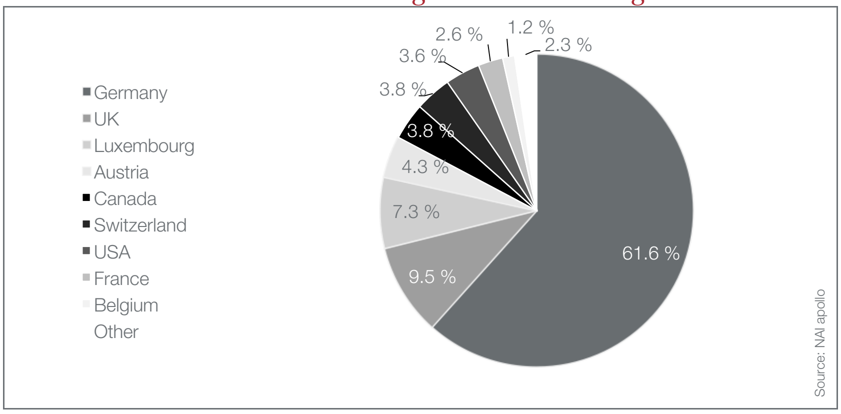
Volume of transactions 2012 – Q2 2021



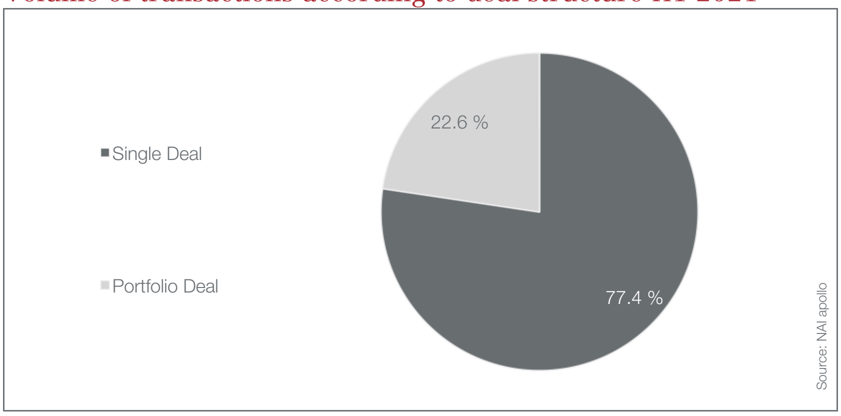
Volume of transactions according to asset type H1 2021



Volume of transactions according to investors‘ origin H1 2021



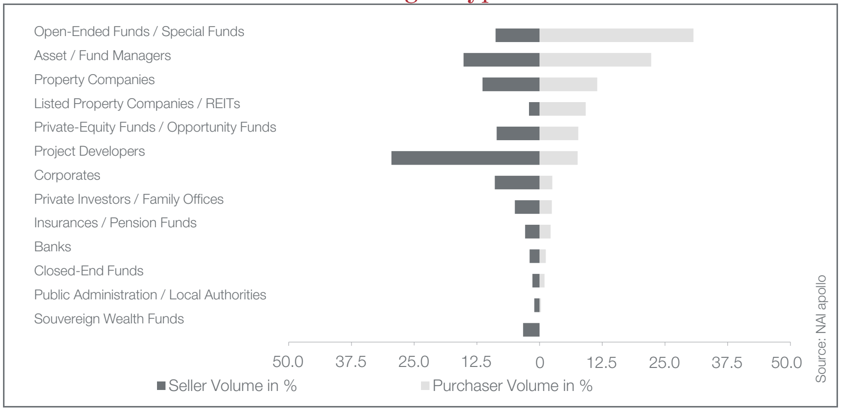
Volume of transactions according to deal structure H1 2021



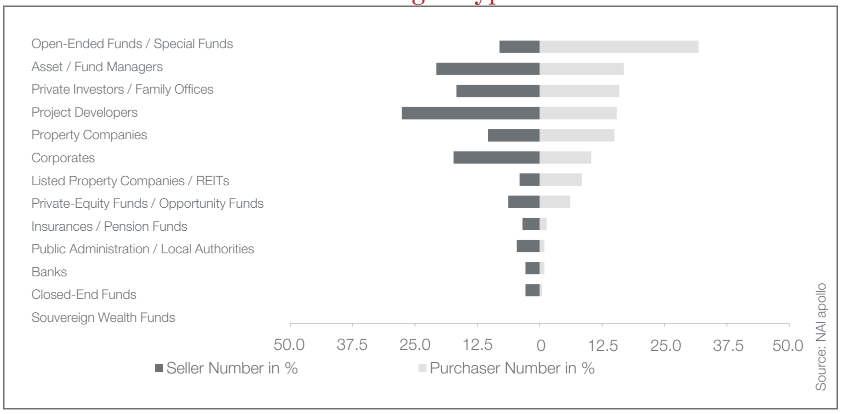
The German commercial investment market proved to be extremely active in the first six months of 2021. Increased confidence in the German commercial property market, combined with falling COVID-19 infection rates and related steps to reopen society and the economy, facilitated a transaction volume in the amount of €23.1 billion. This result was in line with 2019 (H1 2019: €23.4 billion), when a record annual volume was achieved. The strong performance was largely owing to the second quarter when around €14 billion was registered. This is around a third higher than the year-ago figure (Q2 2020: €10.5 billion) and almost a fifth above the average for the past five years (Q2 2016 – Q2 2020: €11.8 billion).

Single-asset transactions particularly came into play here. The corresponding transaction volume increased to about €17.9 billion in the first six months of 2021 from €15.7 billion in the same period of the previous year. Sales in the three-digit million range were registered in Munich, Hamburg, Frankfurt and Berlin. Examples of such deals include “MediaWorks Munich” and “Highlight Towers”. Both are located in Munich and changed hands for more than €600 million. Portfolio deals accounted for a volume of €5.2 billion, which as expected was almost 60 % below the previous year’s level. Last year, the TLG acquisition had a decisive impact on the market. The biggest portfolio deals in 2021 to date include the Summit portfolio, which the Tristan fund Episo 5 acquired for €1 billion.

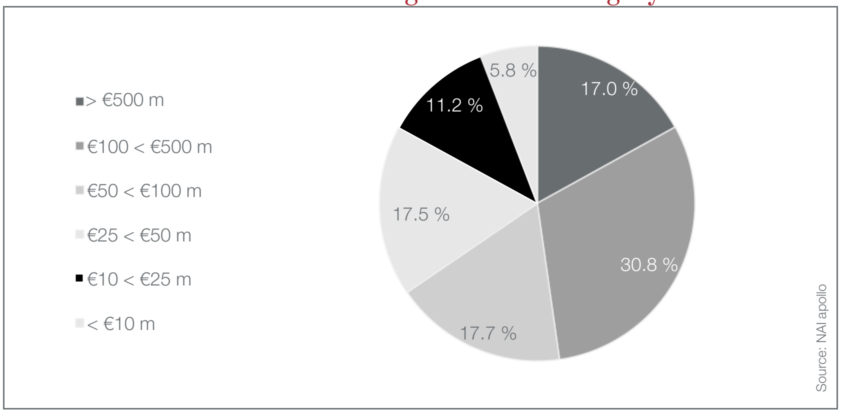
Volume of transactions according to type of investor H1 2021



Number of transactions according to type of investor H1 2021



Volume of transactions according to volume category H1 2021



Prime yields Q2 2021

	Prime office yields	Prime retail yields	Prime logistics yields
Berlin	2.50 %	2.90 %	3.25 %
Dusseldorf	2.95 %	3.25 %	3.25 %
Frankfurt a. M.	2.80 %	3.15 %	3.25 %
Hamburg	2.70 %	3.10 %	3.25 %
Munich	2.55 %	2.90 %	3.25 %
Total	Ø = 2.70%	Ø = 3.05%	Ø = 3.25%

Source: NAI apollo

Office property remained the most sought-after assets in the first half of 2021. A total of €11.2 billion was recorded here, only 16 % less than the volume reported for the very good first half of 2020. Warehouse and logistics properties were able to defend their position as the second most sought-after asset class with a transaction volume of €4.6 billion. This volume corresponds to a market share of 19.8 % and is almost 30 % higher compared to H1 2020. Retail properties are next with around €2.8 billion, which equates to a market share of 12.0 %. This means that around €4.0 billion less was invested here than in the previous year, primarily owing to the exceptional performance in early 2020. “Other uses” registered a total of €4.5 billion. Hotels were responsible for almost €1.0 billion, which in turn was a third lower compared to the first half of 2020.

After the travel restrictions were relaxed and confidence in a rapid economic recovery is expected, the proportion of foreign capital has also risen again. While the market share of foreign players was 31.7 % in the first quarter, this has since risen to 38.4 %. Notable countries are the United Kingdom, Luxembourg, Austria, Canada and Switzerland. At the same time, this also means that the majority of investments still originate from German investors, which invested €14.2 billion in the first six months. The decrease in the volume invested by German players (-10.7%) compared to the previous year was less pronounced compared to foreign investors (-30.0 %).

"Open-ended funds / special funds" and "asset / fund managers" continue to dominate the market with a combined market share of around 53 % of the transaction volume. Next are "property companies", "listed property companies / REITs", "private-equity funds/opportunity funds" and "project developers / contractors". "Project developers / property developers" were again the most active sellers with a market share of almost 30 %.

Although some portfolio and large property transactions were recorded, the "> €500 million" cluster ranks behind some other size classes. The segment "€100 <€500 million" accounts for the largest share of the transaction volume with almost 31 %. The "€25 <€50 million" segment registered an increase of almost a third compared to the previous year, while all other size categories shrank year-on-year.

The noticeable improvement in the economic situation and business sentiment should also be reflected by a stronger economic performance than previously assumed. In its spring forecast, the German government is now predicting price-adjusted GDP growth of 3.5 % in 2021. For 2022, the government is estimating GDP growth of 3.6 %. In addition to the recovery in domestic demand, the growth is supported by impetus from export markets. Above all, demand from China and the USA should make itself felt here.

The strong demand for logistics and core office properties has caused yields in these asset classes to fall in some cases. The average prime yield for logistics properties in the top five cities fell by 15 basis points compared to the previous quarter. In the case of office properties, the average decrease in the top five markets was 0.07 percentage points. By contrast, retail properties remained stable compared to the previous quarter.

In terms of the different locations, the prime yield for logistics properties fell to 3.25 % in all top five markets by the end of the second quarter. This corresponds to yield compression of between 10 basis points in Munich and 20 basis points in Düsseldorf.

Office yields fell by up to 10 basis points compared to the previous quarter. In Düsseldorf, for example, the rate fell 0.05 percentage points to 2.95 %, while in Berlin (2.50 %), Hamburg (2.70 %) and Munich (2.55 %) the prime yield declined by a further 0.10 percentage points. Frankfurt has remained stable for the time being at 2.80 %.

High street property prime yields in remained unchanged in the top cities, and were quoted at 2.90 % in Berlin and Munich, 3.10 % in Hamburg, 3.15 % in Frankfurt and 3.25 % in Düsseldorf.

Investment activity looks set to pick up in the second half of 2021 owing to the economic recovery combined with positive sentiment among market players and a stronger pipeline. In particular, logistics property, food-anchored retail property and core office property should remain in demand. On this basis, the transaction market for commercial property is currently expected to comfortably exceed €50 billion in 2021 as a whole.

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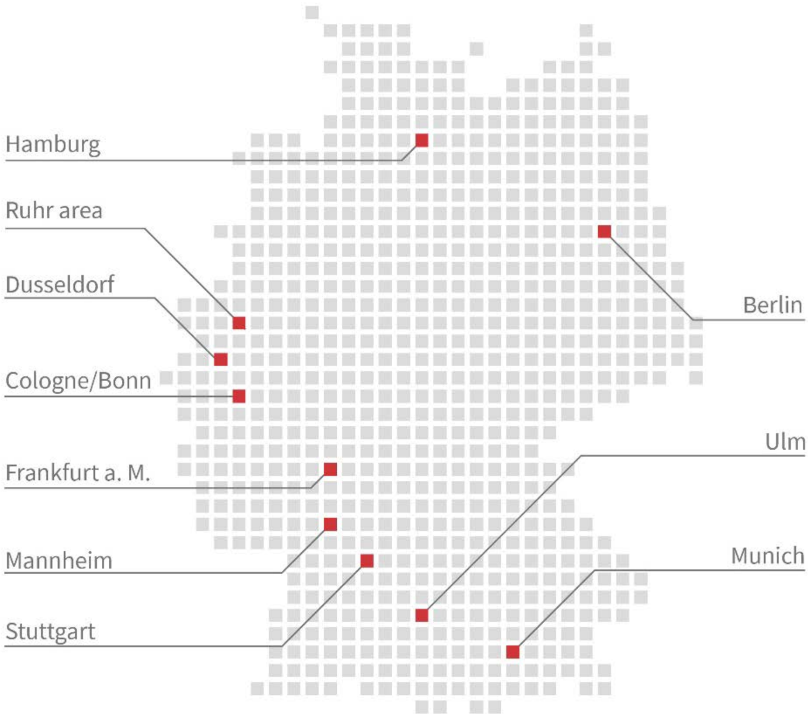

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