Facts and Figures

Investment Market Germany
Q3 2021

“The best way of obtaining information is to provide some in the first place.“

Quote from Niccolò Machiavelli

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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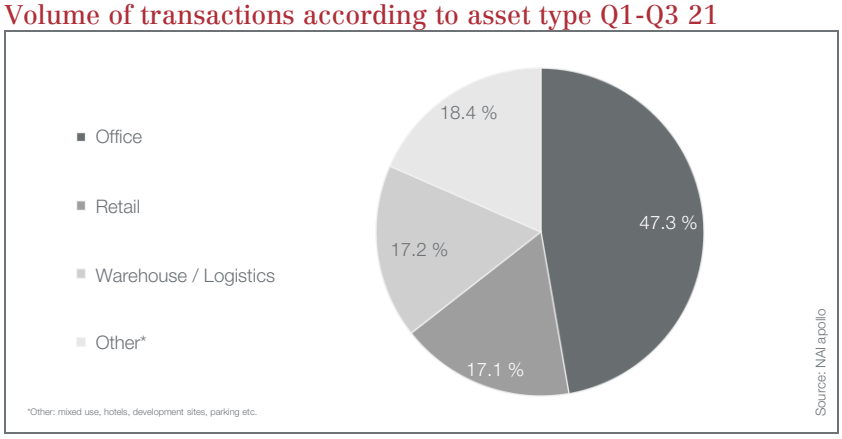
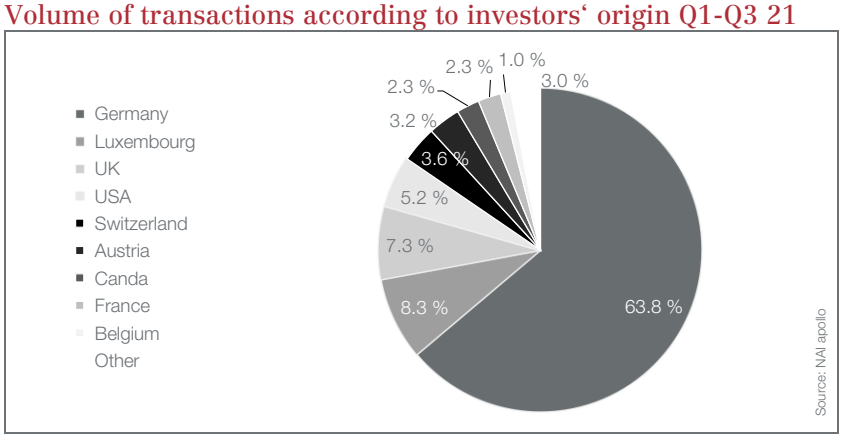
Volume of transactions 2012 – Q3 2021

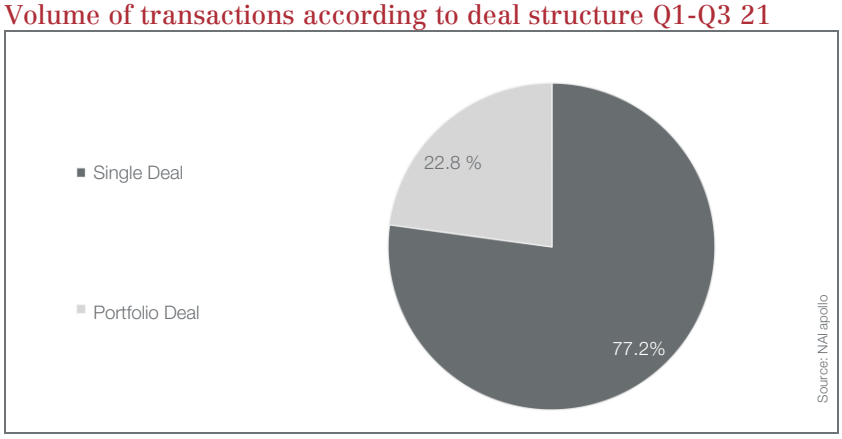
Volume of transactions according to asset type Q1-Q3 21



Volume of transactions according to investors‘ origin Q1-Q3 21



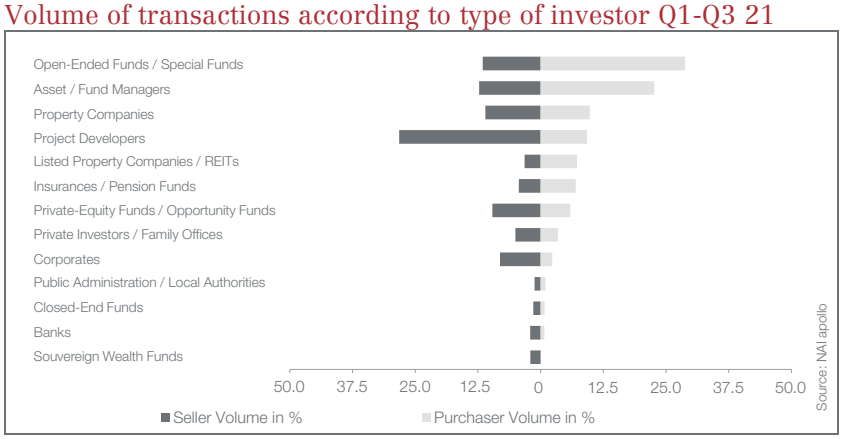
Volume of transactions according to deal structure Q1-Q3 21



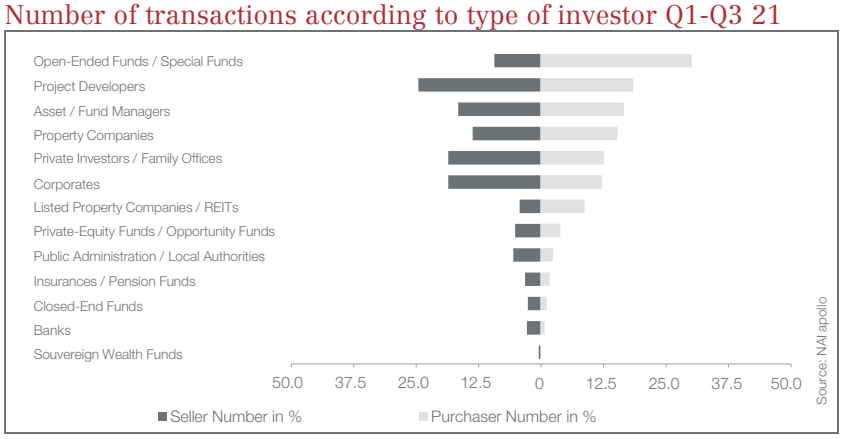
The German commercial property investment market was again characterised by a good performance in the third quarter of 2021. Around €14 billion was invested, which was in line with the previous quarter as well as a fifth higher than the previous year's level (Q3 2020: about €11.5 billion). As a consequence, the recent result is slightly below the five-year average of the third quarters (Q3 2016 - Q3 2020: about €14.2 billion). For the first nine months of 2021, the transaction volume amounted to €37.1 billion, which is only slightly below the average for the past five years (Q1-Q3 2016 – Q1-Q3 2020: €38.3 billion). This result illustrates the high level of confidence that investors have in the German market. Office properties as well as warehouse and logistics properties and food retail premises were at the top of investor shopping lists.

The result for the first nine months is primarily owing to single-asset transactions, which increased by 23 % year-on-year to €28.6 billion. Major transactions in this category include the "Skyper" and "Four – T1" office towers in Frankfurt as well as the "O2 Tower" and "Highlight Towers" in Munich. The above-mentioned deals are all in the high three-digit-million range and above. In contrast, portfolio transactions registered to date are about 50 % below the previous year's volume. The registered volume of €8.5 billion equates to a market share of around only 23 % (Q1-Q3 2020: 41.8 %). The past few months primarily saw transactions for food retail property portfolios. These included the Touchdown and Powerbowl portfolios, which together were sold for more than €700 million.

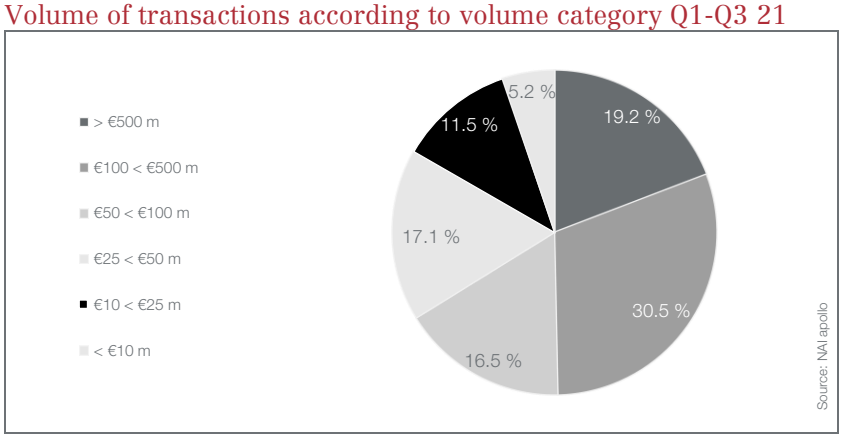
Volume of transactions according to type of investor Q1-Q3 21



Number of transactions according to type of investor Q1-Q3 21



Volume of transactions according to volume category Q1-Q3 21



Prime yields Q3 2021

	Prime office yields	Prime retail yields	Prime logistics yields
Berlin	2.45 %	2.90 %	3.20 %
Dusseldorf	2.90 %	3.25 %	3.20 %
Frankfurt a. M.	2.80 %	3.15 %	3.20 %
Hamburg	2.65 %	3.10 %	3.20 %
Munich	2.55 %	2.90 %	3.20 %
Total	Ø = 2.65%	Ø = 3.05%	Ø = 3.20%

Source: NAI apollo

Office property remained the most sought-after asset class in the first three quarters and accounted for a total volume of about €17.5 billion. Next were warehouse and logistics properties as well as retail properties with around €6.4 billion each. Although the retail property volume fell by about a third, warehouse and logistics properties increased by a fifth or more than €1 billion, making the latter category the biggest gainer to date. Property in the “other uses” category accounted for €6.8 billion of the volume in total. Thereof, hotels registered investments of almost €1.5 billion, which was 13 % below the year ago volume.

Domestic investors continued to be the most active players on the commercial property market in Germany, accounting for almost 64 % of the volume. The registered transaction volume of €23.7 billion is in line with previous years (Q1-Q3 2020: €23.5 billion). Among other things, German investors were disproportionately represented in major deals.

Foreign players invested €13.4 billion, which was almost €3.2 billion lower compared to Q1-Q3 2020. The most active foreign investors originated from Luxembourg, the United Kingdom, the United States, Switzerland and Austria. In addition to large single-asset purchases, international investors also participated in portfolio transactions. Lively interest from foreign players is again expected in the fourth quarter of the year, both in terms of single assets and portfolio sales.

"Open-ended funds / special funds" remained the most active investor group, investing even slightly more than last year in German property with a total of around €10.7 billion (Q1-Q3 2020: about €10.5 billion). "Asset / fund managers" were next with €8.4 billion or a market share of about 23 %. The five strongest investor groups also include "property companies", "listed property companies / REITs" and "project developers / contractors". The latter group was also dominant on the seller side with a 28 % market share.

The decline in portfolio investments is also reflected in the breakdown by size category. The two largest clusters, "> €500m" and "€100m < €500m", accounted for visibly lower shares than last year. In contrast, the "€25m < €50m" category, which had already increased its market share in the first six months, continued to grow and registered an increase of the investment volume of almost 40 %.

The German economy is in a recovery phase, but progress is being held back by problems with obtaining raw materials and intermediate goods. Numerous goods from abroad, including chips for electrical devices and cars, are currently only available on a limited basis, which means that companies have to reduce their production in some cases. In addition, not only private consumers but also the domestic economy are experiencing the effects of increased energy costs. As a result, the latest Joint Economic Forecast published on behalf of the Federal Ministry for Economic Affairs and Energy has reduced expected GDP growth for Germany as a whole to 2.4 % for 2021. Growth of 4.8 % is forecast for 2022. This is expected to be accompanied by an unemployment rate of 5.7% this year and 5.3% next year.

In the past three months, the continuing demand for the seemingly crisis-resistant warehouse and logistics property asset class led to an additional reduction in the prime yield of 5 basis points in all top five locations. There was also a further decrease in some office locations, whereby the average decline for the top five cities was 0.03 percentage points. The retail sector has remained broadly stable. Prime yields for high street retail properties remain at the previous quarter's level.

Within the warehouse and logistics properties, the average prime yield for all five locations now stands at 3.20 % after a further decrease of 0.05 percentage points compared to the previous quarter. Depending on the location, the prime yield has fallen by between 30 and 40 basis points in a 12-month period.

In the case of office properties, Berlin (2.45 %), Dusseldorf (2.90 %) and Hamburg (2.65 %) all registered a 0.05 percentage point reduction in the prime yield compared to the previous quarter. In Frankfurt and Munich, prime yields have remained stable over the past three months at 2.80 % and 2.55 %, respectively. In the 12-month analysis, the yield in the top five cities has fallen by up to 15 basis points.

High street retail properties registered no movement in yields, and so they remain unchanged at 2.90 % in Berlin and Munich, 3.10 % in Hamburg, 3.15 % in Frankfurt and 3.25 % in Dusseldorf.

The economic catch-up process combined with a resurgent or very robust user demand, especially on the office and warehouse/logistics markets, as well as the ongoing zero interest rate policy of the ECB, continue to fuel investor interest. A large number of properties are currently being marketed, some of which are large buildings or portfolios. Accordingly, for 2021 as a whole the transaction volume for the German commercial property investment market is currently estimated at between €50 billion and €55 billion.

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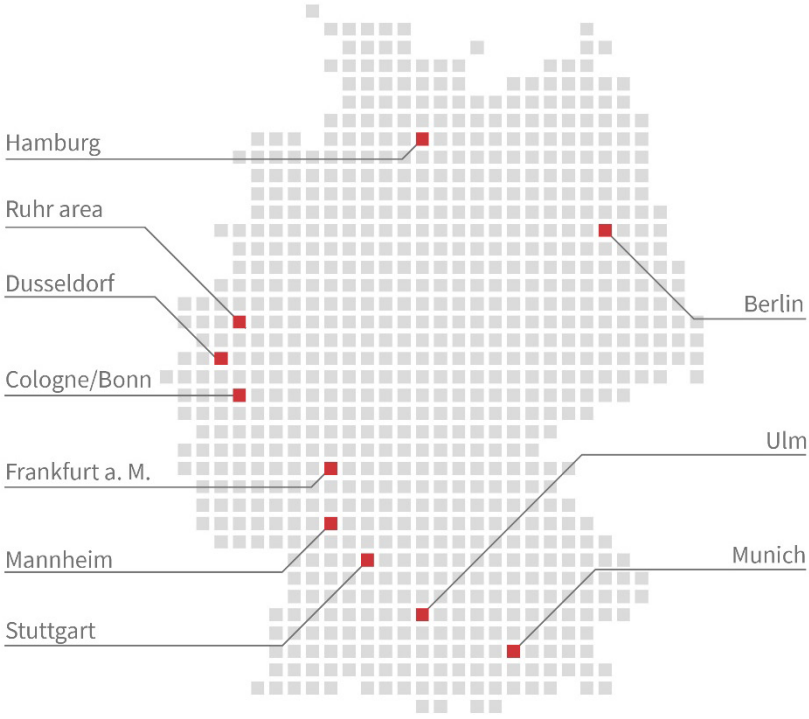

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