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Facts and Figures

Investment Market Germany
2021

“As a general rule, the most successful man in life is the man who has the best information.”

Quote from Benjamin Disraeli

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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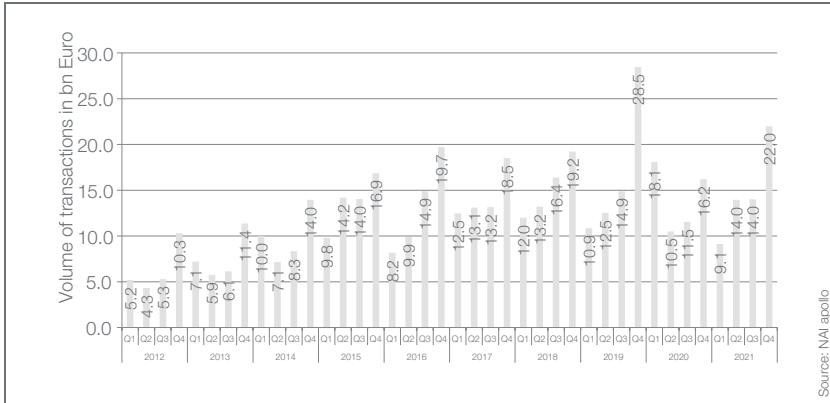
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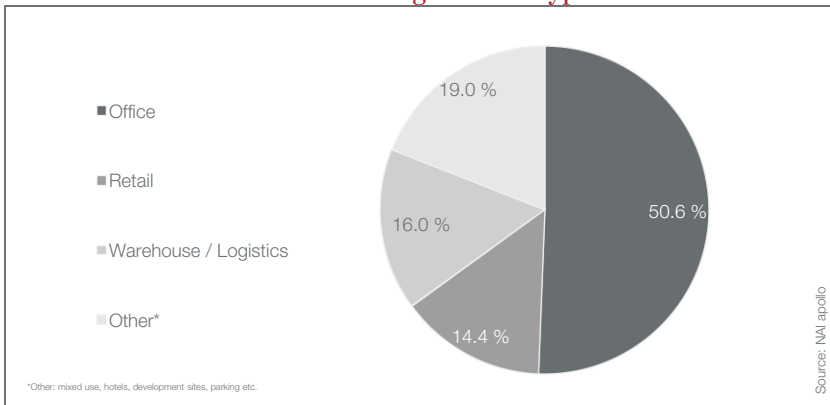


Volume of transactions 2012 – 2021



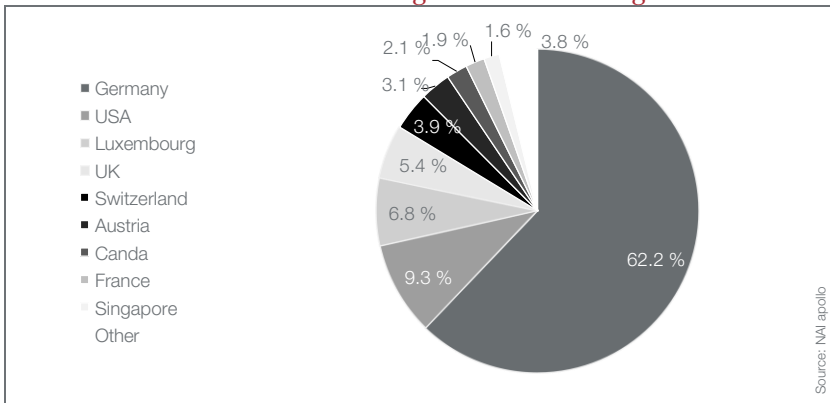
The German commercial property investment market experienced something of a year-end rally in the fourth quarter of 2021. The €22.0 billion that was generated in the period from October to December 2021 was more than a third above the year-ago volume (Q4 2020: €16.2 billion) and also exceeded the previous quarter (Q3 2020: €14.0 billion) by more than 50 %. Overall, the transaction volume amounted to €59.1 billion for 2021, which represents the third-highest result ever recorded after 2019 and 2018. Accordingly, the result for 2021 exceeds the average for the last ten years (2011 - 2020: €46.8 billion) by 26 %.

Volume of transactions according to asset type 2021



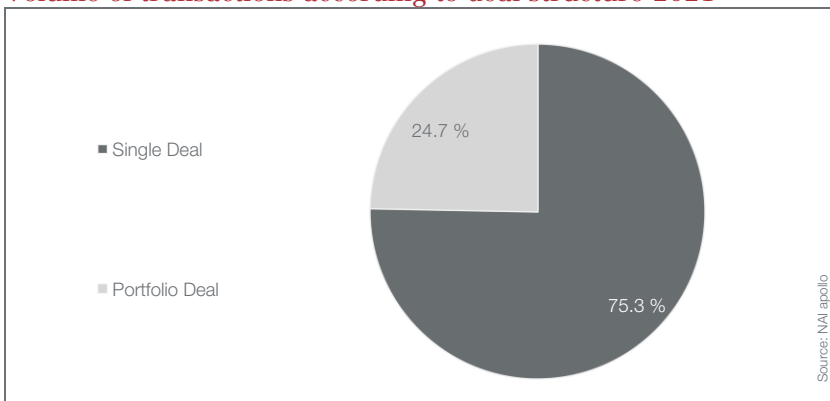
This extremely positive performance was also partly owing to the strong year-on-year rise in single-asset transaction volume by a quarter to €44.5 billion. A large number of single-asset sales in the triple-digit million range were registered, particularly in the top locations. Two deals above €1.0 billion even took place, namely the sales of the “Fürst” in Berlin and the “Four -T1” in Frankfurt. Other large property transactions included the so-called “O2 Tower” and the “Highlight Towers” in Munich, the “Skyper” office tower in Frankfurt, and the “Victoriastadt Lofts” and “Zalando HQ” in Berlin.

Volume of transactions according to investors' origin 2021

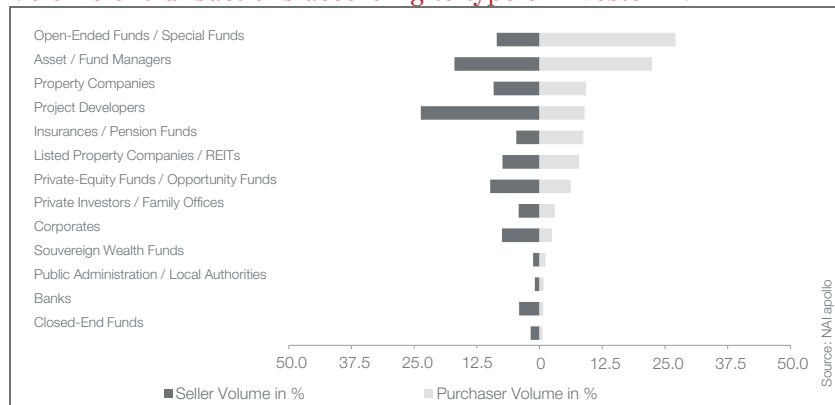


The portfolio volume, on the other hand, amounted to €14.6 billion in 2021 and was 30 % below the previous year. However, it should be noted here that the 2020 result was exceptionally high because of very large portfolio sales and company acquisitions. The largest portfolio sales in 2021 included the Summit portfolio, which was acquired by Tristan Capital Partners, and 34 former Real stores bought by x-bricks.

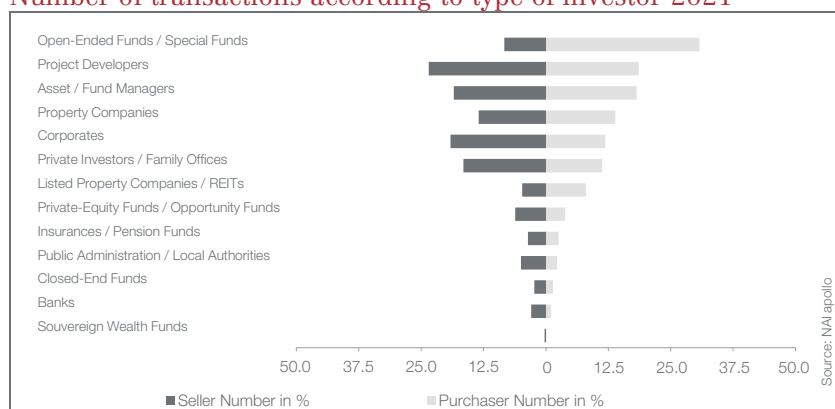
Volume of transactions according to deal structure 2021



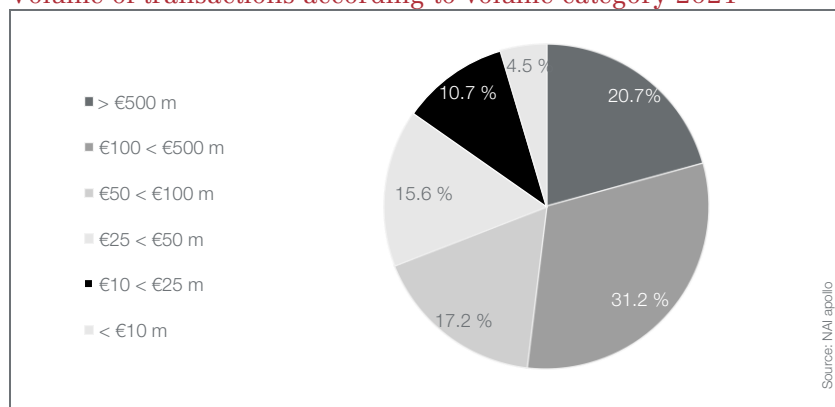
Volume of transactions according to type of investor 2021



Number of transactions according to type of investor 2021



Volume of transactions according to volume category 2021



Prime yields Q4 2021

	Prime office yields	Prime retail yields	Prime logistics yields
Berlin	2.40 %	2.90 %	3.00 %
Dusseldorf	2.80 %	3.25 %	3.10 %
Frankfurt a. M.	2.70 %	3.15 %	3.05 %
Hamburg	2.60 %	3.10 %	3.05 %
Munich	2.50 %	2.90 %	3.00 %
Total	Ø = 2.60%	Ø = 3.05%	Ø = 3.05%

Despite initial discussions about the degree to which the office would be required in its current form in future because of the rise in remote working, it has become clear that high-quality, central office space is here to stay. Investors therefore also continue to place office properties above all other asset classes. Office investments amounted to €29.9 billion in 2021, up 8 % on the previous year and the third-best result ever recorded in this asset class. After office properties, warehouse and logistics properties were not only able to defend their second position following a very strong fourth quarter but also set a new record with €9.45 billion. Third-placed retail properties generated a transaction volume of €8.5 billion, which was almost 30 % below the previous year. Here, the result was largely supported by transactions for properties with a food retail focus. “Other uses” were responsible for a total of €11.2 billion. Of this, hotels again accounted for around €2.4 billion, exceeding the previous year’s result by almost a fifth.

The commercial property investment market remained firmly in the hands of German investors in 2021. Local players increased their purchases by a further €2.8 billion to almost €36.8 billion and accounted for a market share of 62.5 %. The share of foreign players thus amounted to 37.5 % or €22.2 billion. Investors from English-speaking nations and other European countries stood out here with cumulative investment volumes in the billion euro range. These included the USA, Luxembourg, the UK, Switzerland, Austria and Canada.

“Open-ended funds / special funds” and “asset / fund managers” remained the most active investor groups on the German commercial property market. Together, they accounted for almost half of the invested capital and were also the only investor groups to have each invested in the double-digit billion range. Next are “property companies”, “project developers / contractors”, “insurances / pension funds”, “listed property companies / REITs” and “private-equity funds / opportunity funds”, among others.

Despite the decline in the portfolio investment volume, the “> €500m” category recorded slight growth compared to the previous year, due among other things to large-volume single-asset deals. As in the past, the “€100m<€500m” cluster accounted for the highest volume in absolute terms, with a market share of 31.2 %.

The future economic development in Germany and Europe is dependent on a number of unpredictable factors. In addition to the ongoing coronavirus pandemic, supply bottlenecks, rising inflation and a possible interest rate adjustment as well as geopolitical issues (including the Ukraine conflict) will all have an impact on 2022. Nevertheless, the German economy is expected to grow significantly in 2022, with corresponding positive consequences for the employment market. For example, the new federal government expects GDP to reach pre-crisis levels during 2022, with economic output (price-adjusted) rising by 3.6 %. This is expected to be accompanied by a drop in the unemployment rate to 5.1 % and an increase in the number of people in employment by 425,000.

Prime yields for office as well as warehouse and logistics properties in the top 5 cities have fallen further in recent months as a result of the high demand. The average office prime yield for the top-5 cities now stands at 2.60 %, while the corresponding figure for warehouse and logistics properties is 3.05 %. Compared to 2020, average prime yields in the top-5 cities have fallen by almost 20 or 35 basis points respectively. In 2022, a further slight reduction is likely in these asset classes. With respect to high street buildings, prime yields in the top-5 cities remained stable in 2021 after increasing in 2020. Here, the average prime yield stood at 3.05 % by the end of 2021.

Looking at the individual cities, the strong investor demand for warehouse and logistics properties in the fourth quarter of 2021 drove down prime yields in all top-5 cities. Berlin and Munich are in the lead with 3.00 %, followed by Frankfurt and Hamburg, each with 3.05 %, and Düsseldorf with 3.10 %.

In the case of office properties, too, unwavering investor interest in the top locations caused a further decline in prime yields in the fourth quarter of 2021. Berlin still boasts the lowest prime yield in Germany at 2.40 %, followed by Munich with 2.50 %, Hamburg with 2.60 %, Frankfurt with 2.70 % and Düsseldorf with 2.80 %.

High street properties yields remained stable in all top-5 cities at the end of 2021 and still ranged from 2.90 % in Berlin and Munich to 3.25 % in Düsseldorf. Before the outbreak of the pandemic, yields were more than 10 basis points lower on average.

An optimistic outlook is possible for 2022, supported by the continuing strong demand for investments especially in office and logistics properties as well as food-oriented retail properties, combined with a well-filled pipeline. We are therefore expecting to see a transaction volume in the region of €55 billion to €60 billion on the German commercial property investment market in 2022 as a whole.

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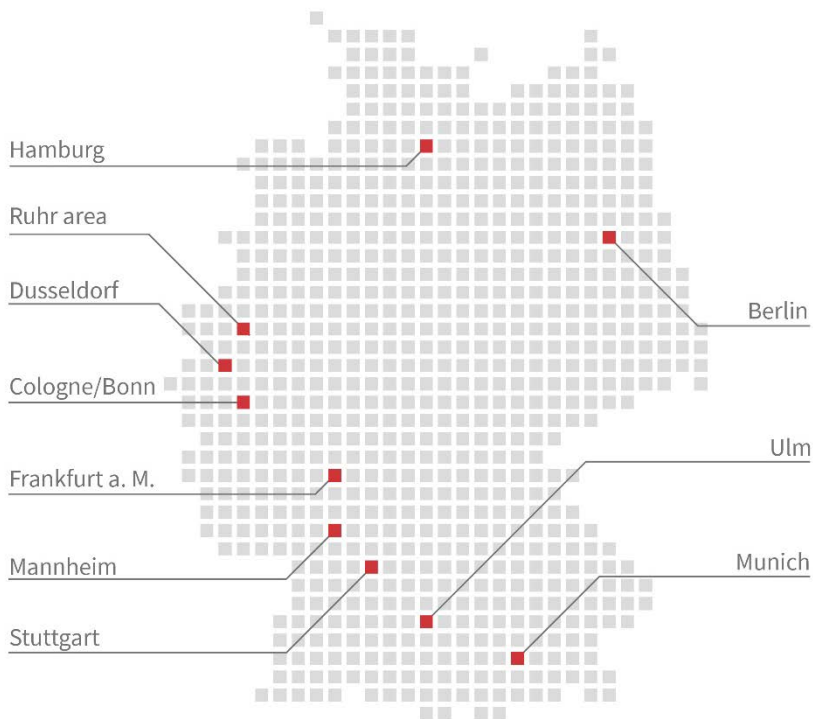
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