



# Facts and Figures

Investment Market Germany  
H1 2023



# “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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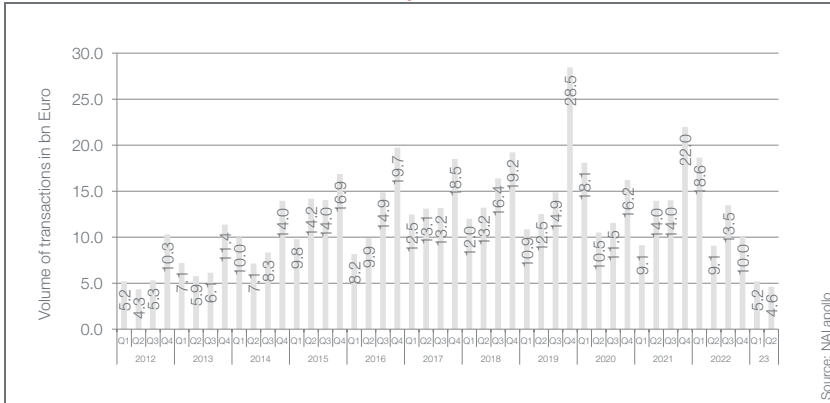
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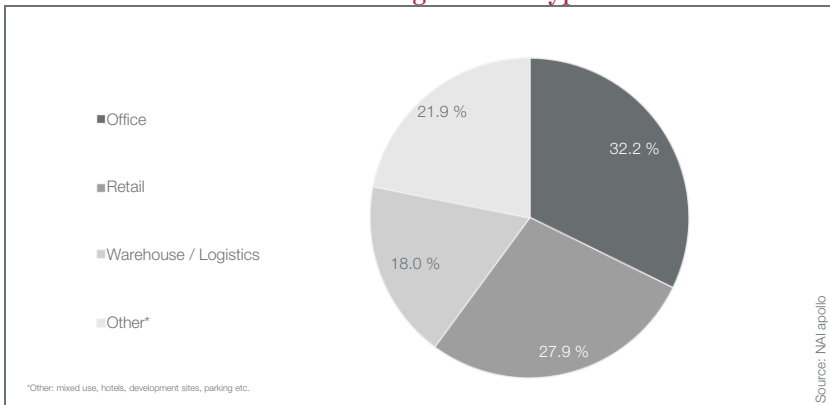


Volume of transactions 2012 – Q2 2023



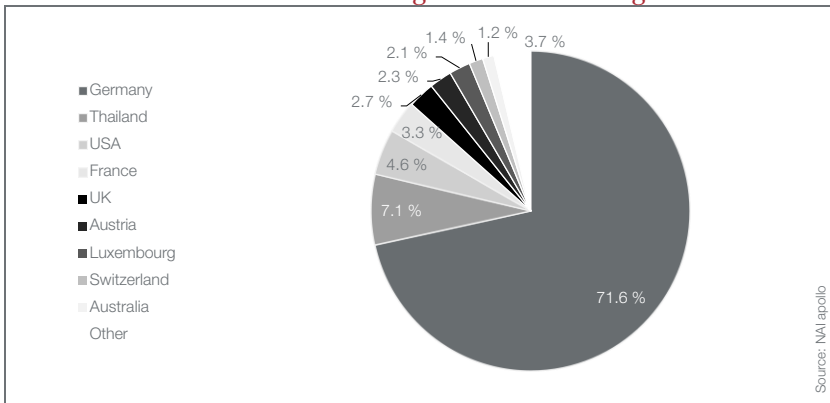
The German commercial investment market remained relatively subdued in the second quarter of 2023. There was still a gap between bidding and asking prices, and any market rebound is unlikely until an end to further interest rate hikes by the ECB is in sight. In total, €4.6 billion was invested in German commercial property in the period from April to June. This result represents the worst quarterly performance in 11 years and is over 60 % below the five-year Q2 average (Q2 2018 – Q2 2022: €11.9 billion). Investments in the first half of the year amounted to €9.8 billion, also more than 60 % below the five-year average for this period (H1 2018 – H1 2022: €25.6 billion).

Volume of transactions according to asset type H1 2023



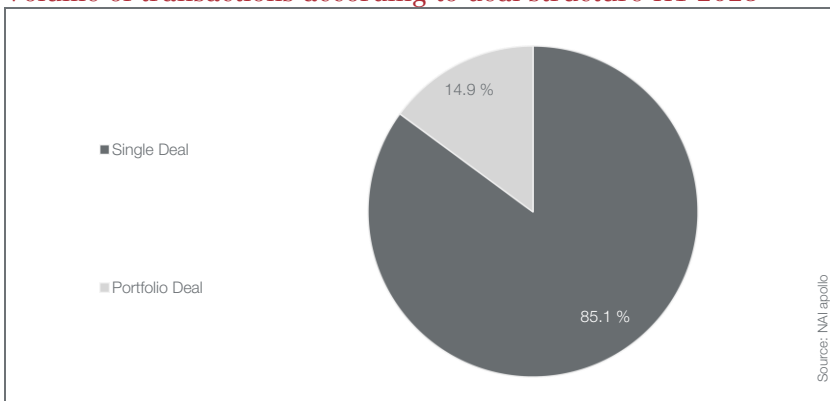
Both portfolio and single-asset transactions registered a sharp decline. In terms of portfolio deals, transactions fell by around 86 % year-on-year to a total monetary revenue of below €1.5 billion. This decrease was primarily owing to the positive impact of the Alstria acquisition on last year's result (€10.2 billion in H1 2022). The few deals that were registered involved small portfolios of retail properties with food anchor tenants. Standout deals included Deutsche EuroShop's three-digit million investment in six shopping centres.

Volume of transactions according to investors' origin H1 2023

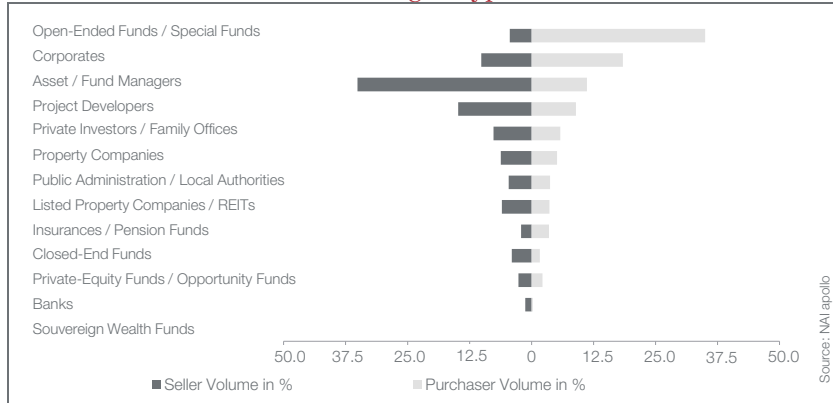


Single-asset transactions amounted to almost €8.4 billion, a drop of 50 % compared to last year (H1 2022: €17.5 billion). The partial takeover of KaDeWe in Berlin by the Thai Harg Central Department Store Ltd, owned by the Central Group, remained one of the largest single-asset sales in the first six months.

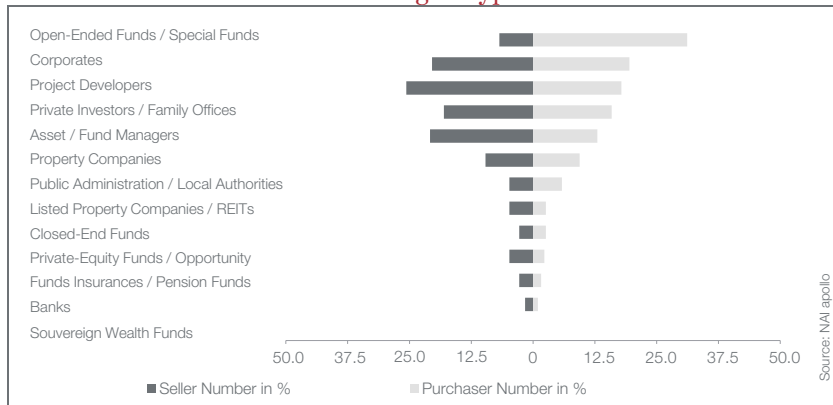
Volume of transactions according to deal structure H1 2023



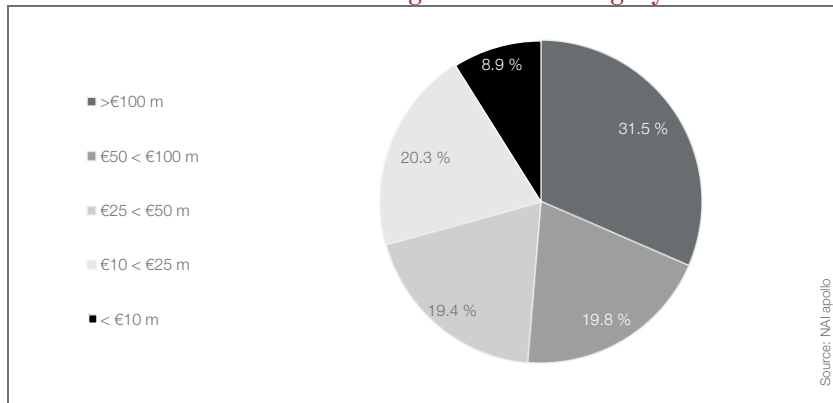
Volume of transactions according to type of investor H1 2023



Number of transactions according to type of investor H1 2023



Volume of transactions according to volume category H1 2023



Prime yields Q2 2023

	Prime office yields	Prime retail yields	Prime logistics yields
Berlin	3.85 %	3.85 %	4.00 %
Dusseldorf	4.05 %	4.00 %	4.00 %
Frankfurt a. M.	3.95 %	3.95 %	4.00 %
Hamburg	3.95 %	3.95 %	4.00 %
Munich	3.85 %	3.80 %	4.00 %
Total	Ø = 3.95 %	Ø = 3.90 %	Ø = 4.00 %

Large office sales, including partial acquisitions, in the triple-digit million range, such as “MYND” and “BEAM” in Berlin, the “Fritz Schumacher Building” in Hamburg and “Bayernwerk Zentrale” in Regensburg ensured that office properties again represented the strongest asset class at the end of the first half. A total of €3.17 billion was registered here, which corresponds to a market share of 32.2 %. Compared to the very strong previous year, this corresponds to a 77 % decline. Retail properties accounted for €2.74 billion, which is a quarter below the volume for the first six months of 2022. The warehouse and logistics properties asset class recorded investments of €1.77 billion. Here, too, the volume declined more than 70 % compared to the previous year. “Other uses” registered an investment volume of €2.15 billion in the first two quarters of 2023, which is about 50 % below the previous year’s result. Hotels accounted for €370 million of this amount, also a reduction of around 50 %.

In the second quarter of 2023, domestic investors again invested more in German commercial property than foreign players. At the end of the first half, German investors accounted for €7 billion, which corresponds to a share of 71.6 %. Meanwhile, foreign investors continued to practice caution and invested only €2.8 billion, a decrease of €12 billion compared to the previous year. Buyers from Thailand, the USA, France and the UK were the most active.

In terms of the types of buyer, “open-ended funds / special funds”, “corporates” and “asset / fund managers” stood out in the first half of the year, together accounting for two thirds of the transaction volume. On the seller side, “asset / fund managers” and “project developers” in particular, but also “corporates”, are more strongly represented.

Furthermore, investors are considerably more reluctant to engage in big ticket transactions and portfolios than smaller deals. Accordingly, the “€100m-plus” category registered the strongest decline in transactions, falling 80 % below the previous year’s value. Nevertheless, the largest transaction volume was recorded here at over €3 billion. In contrast, the volume in the “sub-€10 million” category only decreased by a quarter.

The overall economic outlook in Germany deteriorated again in the second quarter of 2023. According to the latest economic forecasts, GDP is now expected to decline by between 0.3 and 0.5 % in the current year. At the beginning of the year, slight GDP growth was still being forecast. For 2024, moderate growth of above 1.0 % is currently anticipated. At federal level, the current slowdown is reflected not only by a decline in the Ifo Business Climate Index, which fell by 3.0 points in June 2023 to 88.5 points, but also by the GfK Consumer Climate Index, which remains clearly in negative territory at -25.4 points (end of June 2023) and has thus recently declined again. This is partly owing to the continuing high rate of inflation, which stood at 6.4 % in Germany as of June 2023. The labour market is feeling the effects of the difficult economic conditions, but is still largely stable. The unemployment rate in Germany in June 2023 remained unchanged compared to the previous month. Compared to the previous year, it increased 0.3 percentage points to 5.5 %. At the same time, employment in Germany remains robust for the time being. In June, the number of people in employment stood at around 46 million, the same level as the previous month.

After the ECB raised the key interest rate for the ninth time within a year to its current position of 4.25 %, yields on 10-year German government bonds crept above 2.5 %. In the second quarter, this again had consequences, some of which were significant, for purchase price factors in the property sector. Compared to the first quarter, average prime yields in the top 5 markets rose by 18 basis points for office properties, 9 basis points for high street properties and 5 basis points for logistics properties.

The top 5 office markets recorded yield increases of 0.15 % to 0.20 % points in the second quarter and are thus approaching the 4.00 % mark. At 4.05 %, Dusseldorf has already exceeded this level. The other top 5 locations are at 3.85 % (Berlin and Munich) and 3.95 % (Frankfurt and Hamburg).

For high street properties, yields in the individual markets rose 10 basis points, with only Munich recording a rise of 5 basis points. The prime yields in the high street segment are 3.85 % in Berlin, 4.00 % in Dusseldorf, 3.95 % in Frankfurt and Hamburg, and 3.80 % in Munich.

In Q2 2023, warehouse and logistics properties recorded the smallest increase of 0.05 percentage points in each market, but also registered the highest average rate of 4.00 % in all top 5 markets.

The price negotiation phase on the German property investment market has not yet come to an end. This is only to be expected when a stabilisation of interest rates is in sight. Until then, a further increase in yields is to be assumed in all asset classes, accompanied by low investment activity. The currently difficult economic conditions are additionally slowing down market activity. A significant market recovery this year is thus becoming increasingly unlikely and is to be expected next year at the earliest. In this respect, only a below-average transaction volume in the range of the results recorded for 2010 and 2011 is deemed likely for 2023 as a whole.



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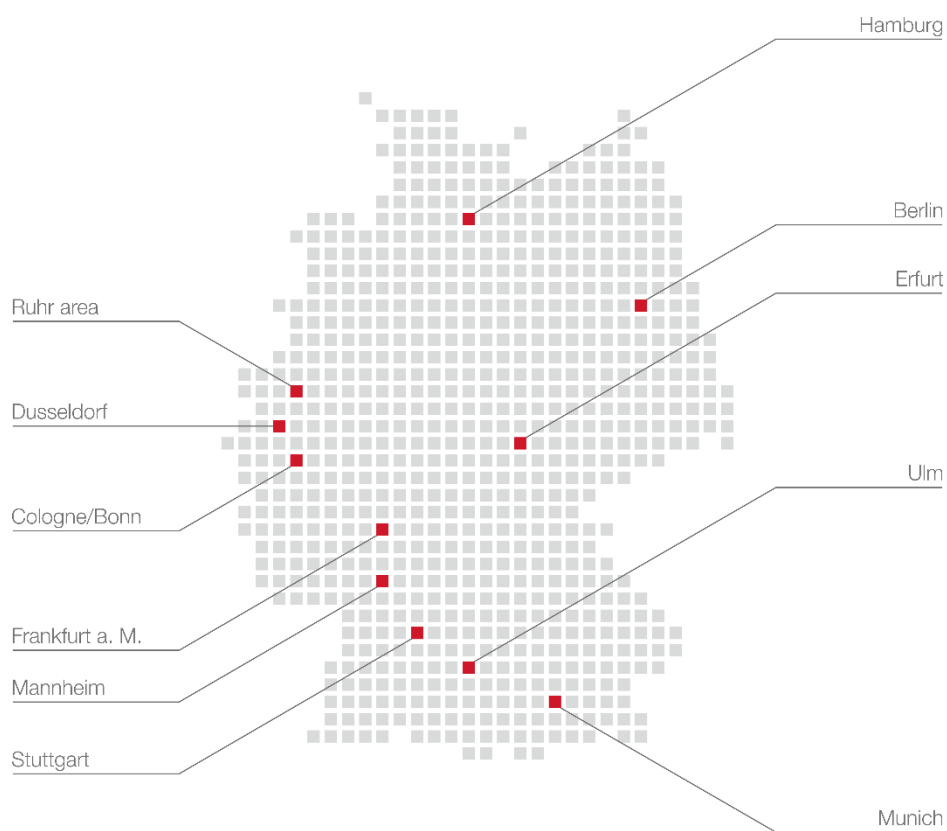
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