



Facts and Figures

Investment Market Germany
H1 2024

“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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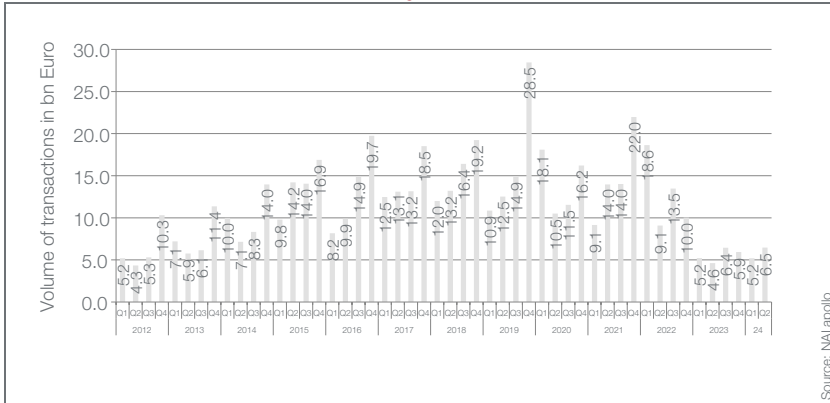
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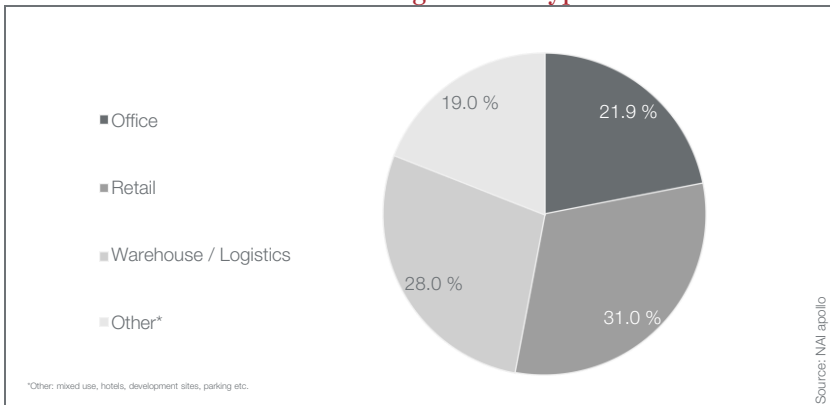
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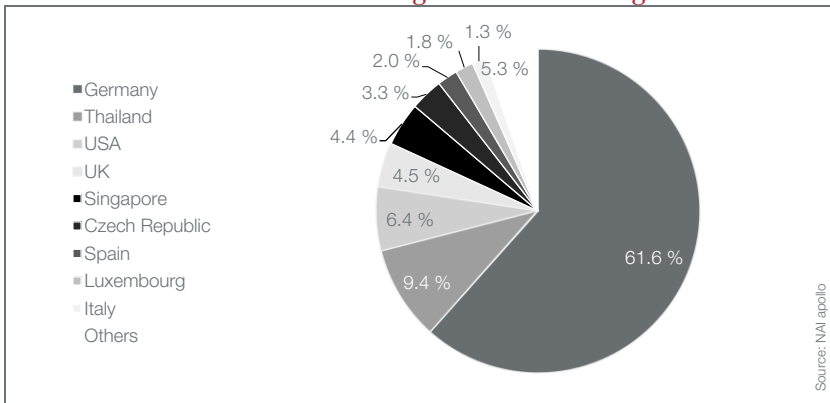
Volume of transactions 2012 – Q2 2024



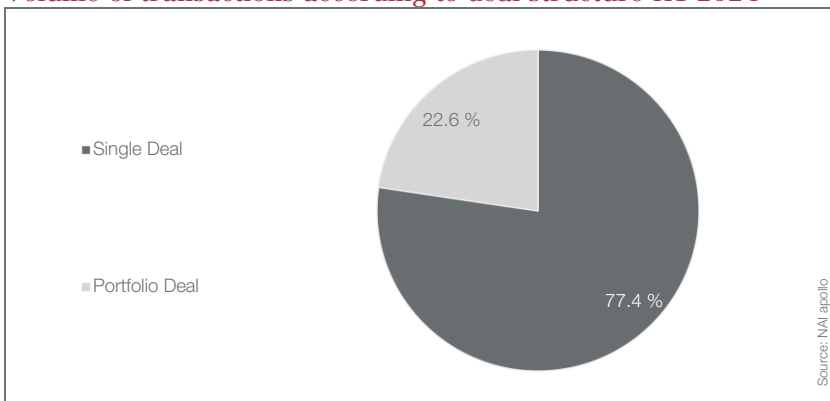
Volume of transactions according to asset type H1 2024



Volume of transactions according to investors' origin H1 2024



Volume of transactions according to deal structure H1 2024

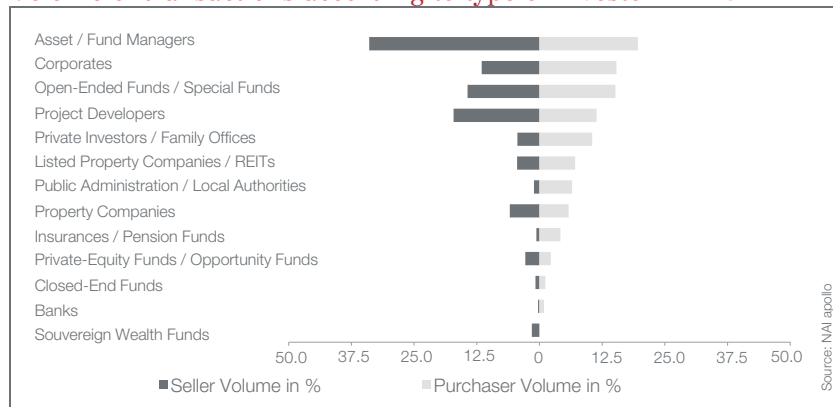


The German commercial investment market showed further signs of recovery in the second quarter of 2024 after starting to stabilise in the previous quarter. Commercial property investments totalled around €6.5 billion in the period from April to June, which represents a significant increase compared to both the previous quarter (+24.4 %) and the same quarter of the previous year (+36.2 %). Nevertheless, this result is more than a third below the average of the last five years (Q2 2019 - Q2 2023: €10.14 billion).

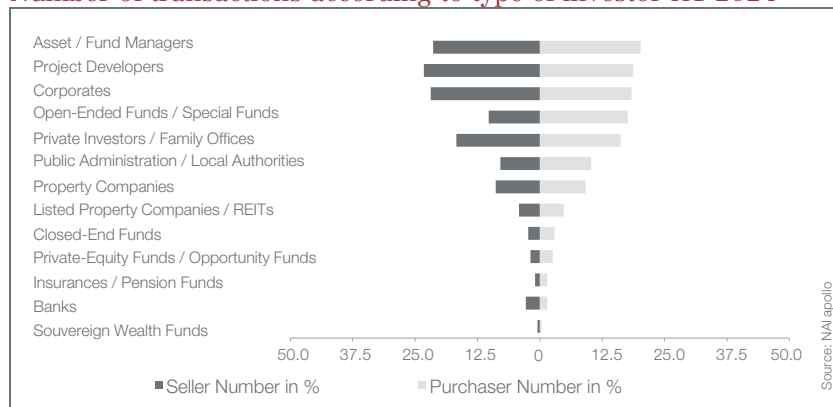
For the first half of 2024, the investment volume totalled €11.67 billion. This figure is 19 % above the previous year's level (€9.8 billion), but almost 50 % below the medium-term average (H1 2019 - H1 2023: €22.52 billion). The German commercial investment market is therefore on the road to recovery, although it will take some time before it returns to the level of previous years.

The upturn in the overall market is primarily owing to higher transaction activity in portfolios compared to the previous year. At €2.64 billion, the corresponding volume is around 80 % higher than the previous year's figure (H1 2023: €1.47 billion) and includes several logistics portfolios in the triple-digit million euro range as well as a few large portfolios in the retail segment. Single-asset sales achieved a volume of around €9.0 billion. Among the largest transactions were the sale of KaDeWe in Berlin, which was in the billion euro range, and the Munich commercial buildings 'Fünf Höfe' and '12-14 Maximilianstrasse', with purchase prices each in the three-digit million euro range.

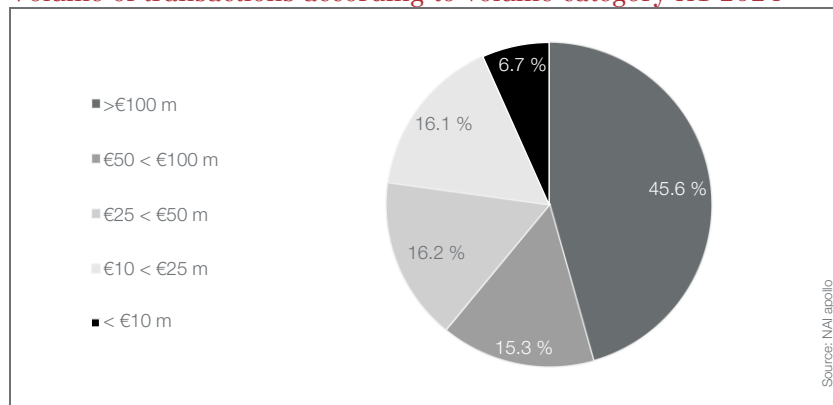
Volume of transactions according to type of investor H1 2024



Number of transactions according to type of investor H1 2024



Volume of transactions according to volume category H1 2024



Prime yields Q2 2024

	Prime office yields	Prime retail yields	Prime logistics yields
Berlin	4.40 %	4.15 %	4.40 %
Dusseldorf	4.50 %	4.30 %	4.40 %
Frankfurt a. M.	4.50 %	4.30 %	4.40 %
Hamburg	4.45 %	4.25 %	4.40 %
Munich	4.40 %	4.10 %	4.40 %
Total	Ø = 4.45 %	Ø = 4.20 %	Ø = 4.40 %

Among the asset classes, retail property achieved the highest volume at €3.62 billion. Compared to the same period last year, this represents an increase of around a third, which was driven by the aforementioned sales of KaDeWe and the commercial buildings in Munich, among other things. Logistics properties generated the second-highest transaction volume of €3.27 billion. Here, the year-on-year increase of around 85 % was attributable to a high portfolio share (44.4 %). As was previously the case, investors continue to be very selective with office investments. Compared to the previous year, they invested one fifth less in the office segment at €2.56 billion. This asset class continues to be influenced by the current difficult economic situation and structural changes (e.g. ESG, home working). ‘Other uses’ totalled €2.2 billion, of which €0.54 billion was attributable to hotels, an increase of 46 % (H1 2023: €0.37 billion).

While German players invested almost the same amount as in the previous year, with commercial investments totalling €7.19 billion at the end of H1 2024 (H1 2023: €7.04 billion), foreign investors have noticeably increased their invested capital. They invested around €1.7 billion or over 60 % more to reach a total of €4.48 billion, which also supports the impression of a slight market recovery. Investors from Thailand, the USA, the UK and Singapore were particularly active, also reflecting the largest deals of the year in the form of single-asset and portfolio sales.

The acquisition of KaDeWe by the Central Group means that 'corporates' have emerged as the second strongest investor type after 'asset / fund managers'. Next are 'open-ended funds / special funds', 'project developers' and 'private investors / family offices'. On the sell-side, 'asset / fund managers' are in dominant position ahead of 'project developers' and 'open-ended funds / special funds'.

The large single-asset sales, coupled with the revival in the portfolio segment in the triple-digit million euro range, led to an increase in the market share of deals above €100 million. Here, the transaction volume increased by more than 70 % compared to the same period of the previous year. In the other size categories, slight decreases of up to about 10 % year-on-year were recorded.

The German economy was impacted by negative key indicators in Q2 2024. Adjusted for price and calendar effects, gross domestic product fell by 0.1 % compared to the same quarter of the previous year. Current indicators, such as the Ifo Business Climate Index and the Ifo Employment Barometer, fell slightly in June 2024. The GfK Consumer Climate Index remains in negative territory, with a recent decline in the propensity to buy. Accordingly, no positive impetus from the private sector or domestic consumption is expected in the short term. The unemployment rate in Germany rose by 0.3 percentage points (y-o-y) to 5.8 % by the end of June 2024. However, the stabilisation of consumer prices, with an index almost within the targeted corridor at 2.2 % in June, offers a ray of hope. Overall, the German economy is likely to stagnate or see only marginal growth by the end of 2024.

Further interest rate cuts that are expected from the ECB will not only stimulate the property market in Germany, but also the economy as a whole. Although already partly priced in, borrowing costs for property will stabilise or fall slightly in the short to medium term, which in turn will increase the predictability of property investments. As a result, property yields are also likely to fall again in the medium term.

At the end of Q2 2024, prime yields remained unchanged compared to the previous quarter. Across the top-5 markets, they range between 4.20 % and 4.45 % on average depending on the asset class. This means that the delta between the risk-free interest rate (10-year German government bonds) and the average property yields in the top-5 markets is around 160 to 190 basis points, which means that the risk premium for property investments is moving back towards a reasonable level.

The average prime office yield in the top-5 markets remained unchanged at 4.45 % over the past three months, but has risen by around 0.50 percentage points over the past 12 months. It currently ranges between 4.40 % in Berlin and Munich and 4.50 % in Dusseldorf and Frankfurt. Hamburg sits in between at 4.45 %.

Logistics properties are still trading at an average prime yield of 4.40 %, which corresponds to an increase of 0.40 percentage points compared to Q2 2023. All top 5 markets currently have a prime yield level of 4.40 %.

The average prime yield for commercial properties in the top-5 locations is 4.20 %. Compared to Q2 2023, this is an increase of 0.30 percentage points. The rate ranges from 4.10 % in Munich to 4.30 % in Dusseldorf and Frankfurt.

Although macroeconomic developments are weaker than expected, which in turn continues to limit demand for space from occupiers, the German commercial investment market appears to be slowly moving upwards again. Market players are more optimistic and the number of marketing processes is increasing. Opportunities to enter the market are opening up owing to the stabilisation of yields and a possible decline in yields in 2025. Based on the expanding marketing pipeline, we currently estimate a transaction volume in the range of €25 billion to €30 billion for 2024 as a whole.

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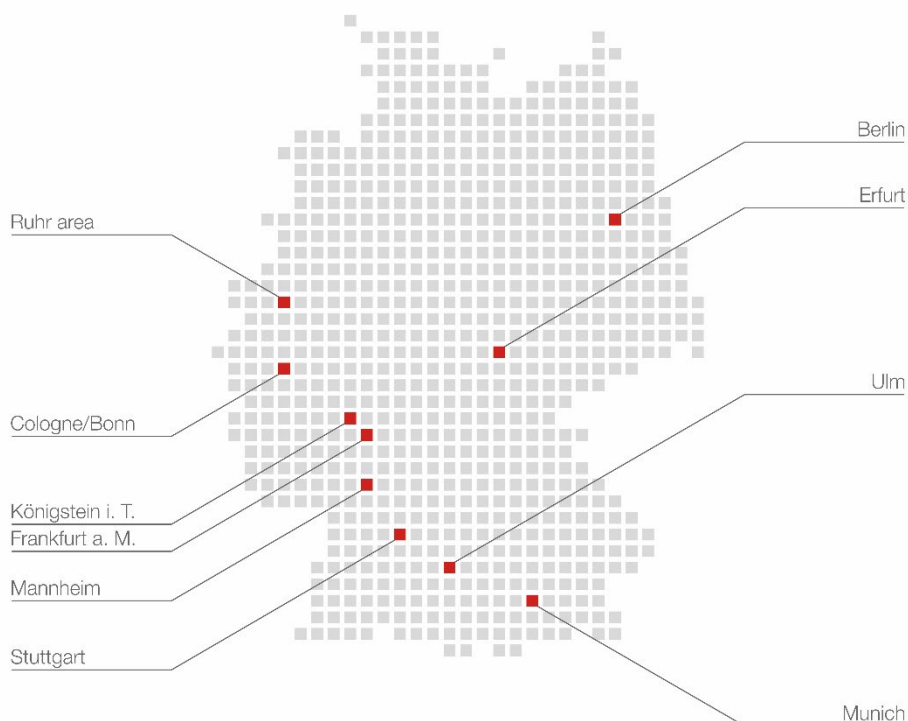
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