

# Investment Market Residential Portfolios Germany 2024



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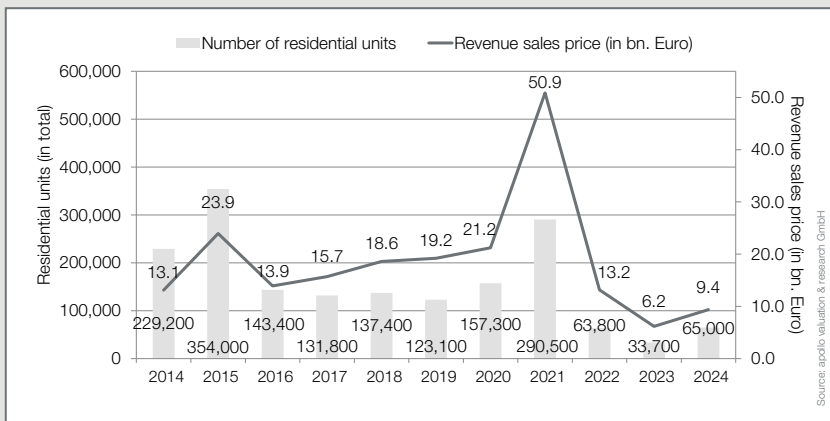
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### Market overview 2024

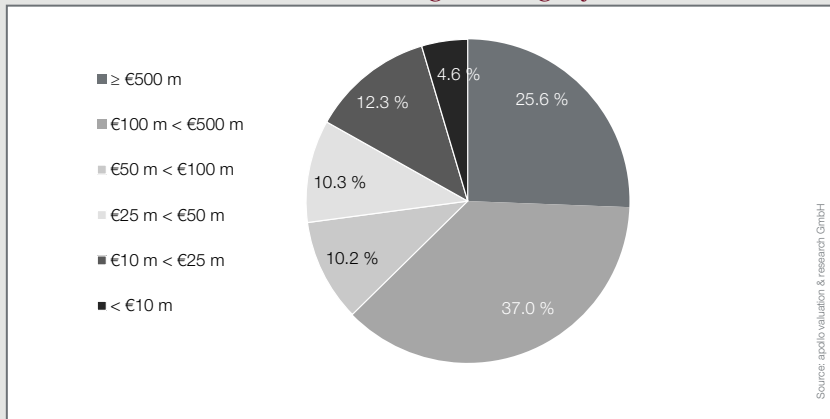
Transaction volume	Quarterly sales of EUR 3.4 billion (2024: EUR 9.4 billion) best quarterly result since Q1 2022
Sales of residential units	65,000 units and thus over 90 % more than in the same period last year
Regional focus	Metropolises in the focus of demand, Berlin still with the most transactions
Type of investors	Public sector remains strongest buyer group
Origin of investors	German and foreign investors increase transaction volume by more than 50 per cent

Source: apollo valuation & research GmbH

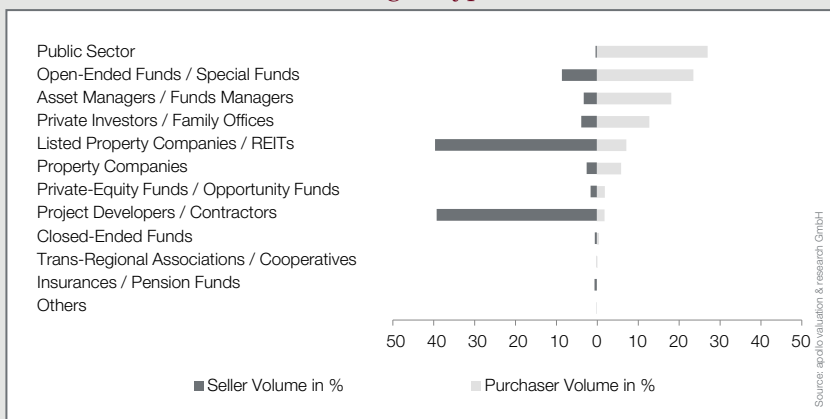
### Transactions 2014 - 2024



### Volume of transactions according to category size 2024



### Transaction volume according to type of investor 2024

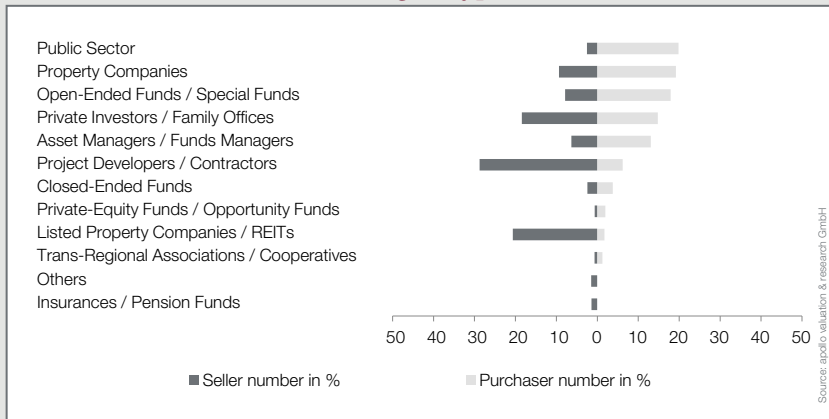


\* Sale of residential property portfolios or residential complexes with at least 30 units each as well as the sale of corporate

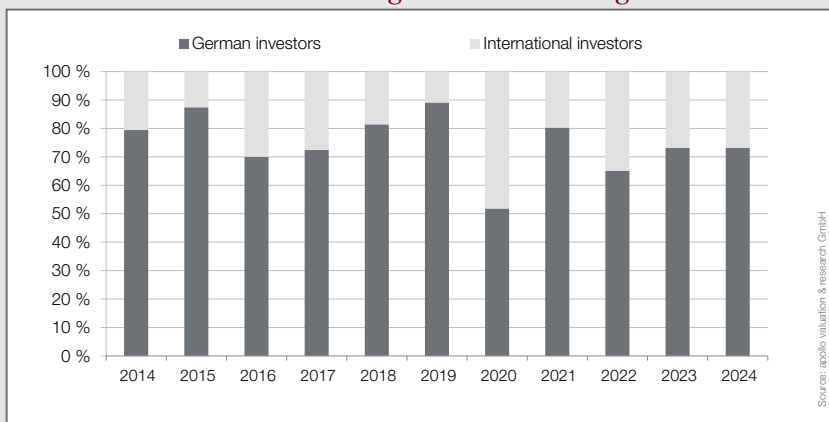
The transaction market for residential portfolios\* in Germany ended 2024 with the strongest quarterly result since spring 2022, which is also after the period when low interest rates came to an end. As a result of a significant increase in market activity in the large-volume segment, residential portfolios were traded for a total of €3.4 billion in the past three months, which is more than double the previous year's figure (Q4 2023: €1.5 billion). For 2024 as a whole, the transaction volume amounts to €9.4 billion, which exceeds the previous year's level (2023: €6.2 billion) by 51.9 %. However, the latest annual result is well below the average of the last five years (2019-2023: €22.1 billion). There was also a year-on-year increase in the number of traded residential units to around 65,000, which is 90 % higher compared to 2023.

Investment activity on the German market for residential portfolios has increased continuously since spring 2024. This development has been driven by factors including the stabilisation of financing costs, the fact that the pricing negotiation phase has largely come to an end, and the sometimes favourable entry opportunities in the value add and opportunistic segments. There is also considerable interest in the core segment. Also evident were major company share purchases by foreign players, among others. Forward deals accounted for almost a third of the market volume. As before, the Public Sector is the strongest buyer group. However, other long-term investors, such as Open-Ended Funds and Special Funds, have also increased their investments, particularly in properties that are as good as new and those that have affordable rental accommodation. development potential in high-growth metropolitan areas and new buildings, especially in the affordable housing segment. The low point of transaction activity should therefore have been passed, supported by a few mega deals above €500 million.

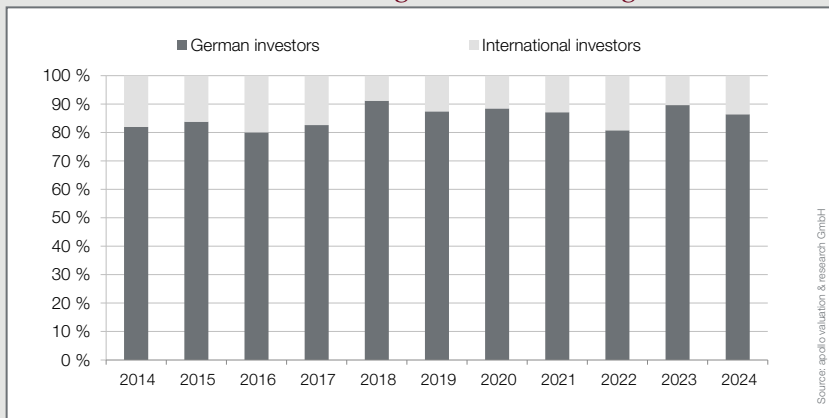
### Transaction number according to type of investor 2024



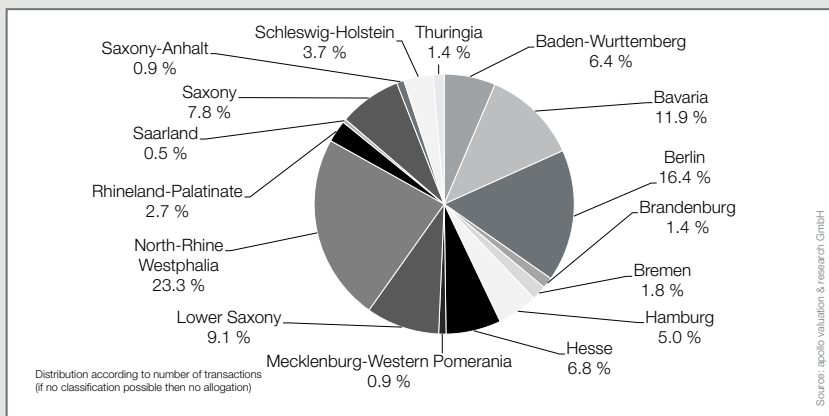
### Transaction volume according to investors' origin 2014 – 2024



### Transaction number according to investors' origin 2014 – 2024



### Distribution of transactions 2024



Sideways or slight upward movements in purchase prices and increases in rents, particularly in conurbations and metropolitan areas, are making an important contribution to the improved market climate. The German residential property market will remain attractive in the long term owing to the increasing imbalance between housing demand and supply. Outside the growth regions, however, investment activity is expected to remain subdued.

A closer look at the different size category reveals significant differences compared to the previous year. In particular, the large-volume segments of €100 million and above recorded a significant increase in transaction volume with a total market share of 62.6 %. Particularly noteworthy is the huge increase in investment revenue from transactions above €500 million, up from €0.6 billion in 2023 to €2.4 billion in 2024. Investments below €100 million totalled over €3.5 billion (2023: €3.1 billion). This means that the “€100m < €500m” size category accounted for the largest proportion of sales at 37.0 % or around €3.5 billion (2023: €2.5 billion).

The largest deal concerned the acquisition of Vonovia's portfolio of around 4,500 residential units (including 40 hectares of land) in Berlin in the second quarter for around €700 million, which was led by the municipal housing association Howoge in the form of a share deal. Other majority takeovers of company shares were primarily recorded at the end of the year. These included the sale of a portfolio of around 5,200 units by Peach Property to the Polish company Globe Trade Centre and the sale of a majority stake in Brack Capital Properties by the Adler Group to LEG Immobilien.

The latter purchase also provides an example of how Listed Property Companies have become active again on the buyer side. However, such transactions were often associated with significant price discounts.

In many places, prices have stabilised or even increased again, especially for new developments and existing properties that have been modernised, but there is still a need to adjust prices for older properties, especially outside the major German cities and growth areas.

The strongest buyer group in 2024 as a whole was the Public Sector with a market share of 27.2 % (2023: 11.3 %). This group invested around €2.5 billion, which exceeded the previous year's level by €1.8 billion. The focus here is particularly on securing affordable housing, especially in the subsidised segment, and the acquisition of project developments. Supported by this, the total transaction volume generated by forward deals has doubled from €1.4 billion in the previous year to €2.9 billion. The market share will therefore increase from 22.0 % in 2023 to around 30.9 %. As in 2023, the group comprising Open-Ended Funds and Special Funds is in second place on the buy-side with €2.2 billion (2023: €1.2 billion) or a share of 23.7 %.

As in the previous year, Listed Property Companies played the leading role on the sell-side (sales volume in 2024: €3.7 billion, market share 39.6 %). These companies also returned to the market as buyers in the fourth quarter of 2024 after a lengthy break from participating in major transactions. The group of Project Developers and Contractors achieved a sales volume of just under €3.7 billion, representing an increase of more than 130 % compared to the previous year. Growth among Listed Property Companies and REITs was somewhat lower at 56.3 %.

In terms of investor origin, domestic investors tended to be the dominant players over the course of 2024. However, transaction activity by foreign investors is also noteworthy, especially in the €100 million to €500 million segment, with the value add and opportunistic risk classes dominating. Compared to the previous year, both groups saw an increase in their transaction volumes of more than 50 % to €6.9 billion and €2.5 billion respectively. Domestic investors play a particularly key role in the core segment.

The general conditions remain difficult. Germany is experiencing economic stagnation and structural problems at companies. Important political decisions are being postponed until a new federal government is formed. The geopolitical environment also remains challenging. However, the residential property segment is proving to be a safe and inflation-proof investment, especially in times of crisis. A further recovery in this asset class can therefore be expected over the course of this year, provided no new exogenous shocks occur.

In 2025, the residential segment will once again offer promising investment opportunities. It is also becoming apparent that investors will attempt to realise existing purchasing intentions in the short to medium term before a possible increase in prices occurs. Also expected in 2025 is greater interest from institutional buyer groups with a focus on existing portfolios and a manage-to-green approach as well as project developments, with the Public Sector continuing to play a key role overall. On the supply side, we will continue to see portfolio adjustments this year, particularly among large property companies. In this context we believe that an investment volume of between €10 billion and €15 billion is possible in 2025, which would be around the 2022 level (€13.2 billion).

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## ASSET CLASSES

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- RETAIL
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- INDUSTRY/LOGISTICS
- LIFE SCIENCE
- MICRO LIVING
- RESIDENTIAL

## LOCATIONS

- BERLIN
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- ESSEN/MÜHLHEIM
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