



Facts and Figures

Investment Market for Residential Portfolios Germany
Q1 2024

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

Quote from Niccoló 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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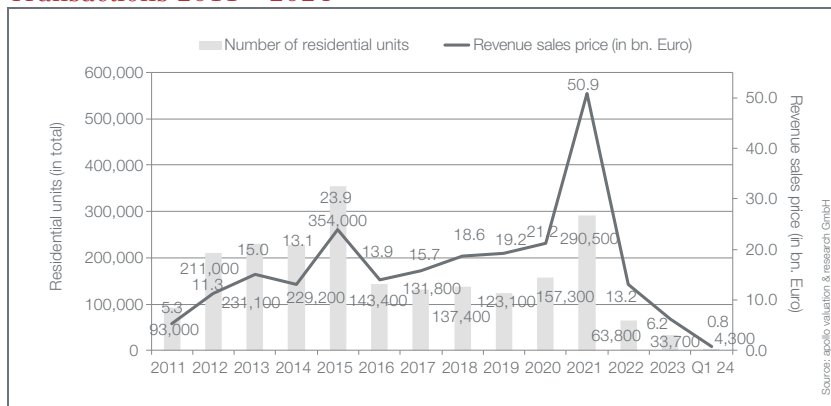
Market overview Q1 2024

Transaction volume	€790 m at the lowest level since 2010
Sales of residential units	4,300 units and thus around 44 percent less than in the prior-year quarter
Regional focus	Berlin and North Rhine-Westphalia with most transactions, metropolises in focus of demand
Type of investors	Strongest buyers are the "Asset Managers / Funds Managers" and "Public Sector"
Origin of investors	German investors dominate buy-side despite decline of 66 percent

Source: apollo valuation & research GmbH

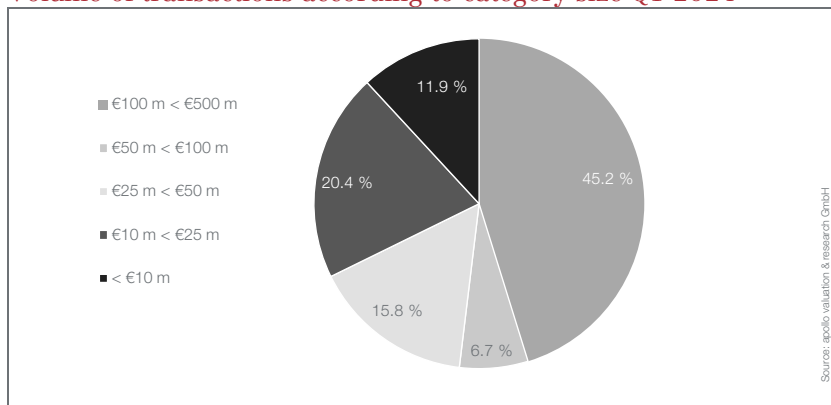
There were no signs of a turnaround on the German transaction market* for residential portfolios at the beginning of 2024. Total transactions amounted to €790 million in the past three months, which represents the lowest result in the last 14 years. Compared to the same quarter of last year (Q1 2023: €2 billion), the transaction volume fell by around 60 %. Owing to the extreme reluctance to invest among market participants, the figure was also around half the quarterly average for the very weak previous year (€1.6 billion).

Transactions 2011 – 2024



Investment sentiment on the German residential portfolio market remains subdued at the start of 2024. Market participants are still cautious owing to several ongoing factors including financing costs, which remain high even though they have fallen slightly, strict lending conditions and a deteriorating economic outlook. Only the Public Sector has made a positive impression with increased purchasing activities.

Volume of transactions according to category size Q1 2024



Overall, investment strategies are focusing on securing liquidity and strengthening portfolio resilience. The price negotiation phase has not yet been completed across the board, which is why some sales processes were cancelled or delayed at the beginning of the year.

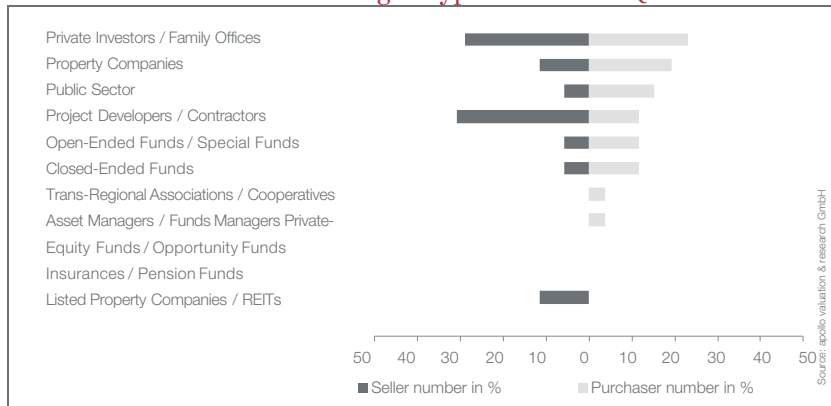
Transaction volume according to type of investor Q1 2024



In total, around 4,300 units were traded in the past three months, which represents a decline of around 44 % compared to the previous year. Larger transactions remained the exception, while market activity increased in the small-volume segment. Here, the most active investors on the buyer side tended to be those with a strong equity base.

*Sale of residential property portfolios or residential complexes with at least 30 units each as well as the sale of corporate shares which give the purchaser a controlling interest; without consideration of IPOs

Transaction number according to type of investor Q1 2024



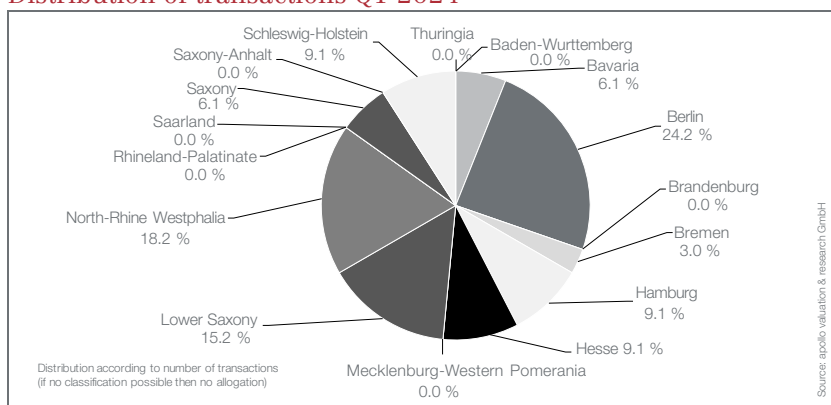
Transaction volume according to investors' origin 2012 – 2024



Transaction number according to investors' origin 2012 – 2024



Distribution of transactions Q1 2024



The number of transactions in Q1 2024 fell by 8.8 % compared to the previous year. There was an increase in deals below the €25 million mark, which accounted for 80 % of all transactions. As a result, the volume traded in these segments rose by 30.2 % to over €250 million, while their market share of the investment volume also increased from 9.9 % in Q1 2023 to 32.3 % in Q1 2024. However, the largest market share of around 45 % is still attributable to the “€100m-<€500m” category. At the same time, only around €360 million flowed into this segment, corresponding to a decline of 74 % compared to Q1 2023. Sales declines of 53 % and 63 % respectively were also recorded in the “€25m-<€50m” and “€50m-<€100m” price categories, which now total around €180 million. As in the same quarter of the previous year, no mega transactions above €500 million took place.

The largest transaction in the year to date concerns the acquisition of the “Greenpark” residential project in Berlin by Greystar Real Estate Partners from Bauwens with an expected 758 residential units, which are scheduled for completion in 2026. Other, also larger forward deals, such as the purchase of over 440 units by WBM Wohnungsbaugesellschaft Berlin-Mitte from the Cosimo Investment Group, helped boost the market share of project developments by 27.3 percentage points to 59.1 % compared to the previous year. Foreign capital and purchases by the Public Sector made important contributions here. However, in absolute terms we also saw declines in the new-building segment. The traded volume fell

from about €630 million to around €470 million compared to the same quarter of the previous year.

When broken down by investor type, the group comprising Asset and Funds Managers took first place with 30.1 %, as was the case in Q1 2023. However, a purchase volume of almost €240 million represents a significant decrease compared to the previous year (Q1 2023: €680 million). By contrast, the Public Sector made strong gains, currently utilising the available opportunities to expand its portfolios. It acquired residential portfolios worth around €220 million, which corresponds to growth of around 140 % and puts this group in second place in the investor ranking.

On the seller side, Project Developers and Contractors generated by far the highest sales revenue in Q1 2024 with around €520 million (Q1 2023: €640 million). Listed Property Companies & REITs were next but at a large distance. As in previous quarters, the Listed Property Companies that surfaced in the pre-crisis years by making major purchases are among the most important sellers. However, while they reported sales totalling over €460 million in the first three months of 2023, this figure has fallen to just around €80 million in 2024. At the same time, it is a fallacy that the sales ambitions of Listed Property Companies are slowly coming to an end. Further disposals of both smaller and large-volume portfolios are in the pipeline and are expected to come onto the market in the coming months.

German investors registered a significant decline of 65.8 % compared to the same quarter of the previous year, generating a transaction volume of around €540 million. As a consequence, while they remained dominant, the share of domestic players fell by 11.7 percentage points compared to Q1 2023 and now stands at 69 %. Accordingly, the share of foreign investors rose from 19.3 % to 31 %, with the forward deal by Greystar in Berlin playing a major role here. However, the absolute volume of international investors also fell by 35.8 % to around €240 million.

It is to be expected that the investment climate on the German residential portfolio market will slowly improve over the course of the year. The anticipated stabilisation of interest rates, an end to the price negotiation phase and growing pressure to invest and sell will drive up transaction activity. Distressed sales as a result of insolvencies or upcoming refinancing operations, among other things, will increase. There is also potential for greater market momentum as a result of portfolio rationalisation by large portfolio holders with distressed assets or the entry of international investors with opportunistic investment profiles.

However, it is not to be expected market activity to intensify until later in the year, when we are more likely to see a stronger recovery in the overall economic development. The fundamentals for the residential segment remain promising, particularly in the major cities and growth regions. The low housing supply ratio and the increasing housing shortage shore up the market, while the continuous rise in rents is creating opportunities for value appreciation.

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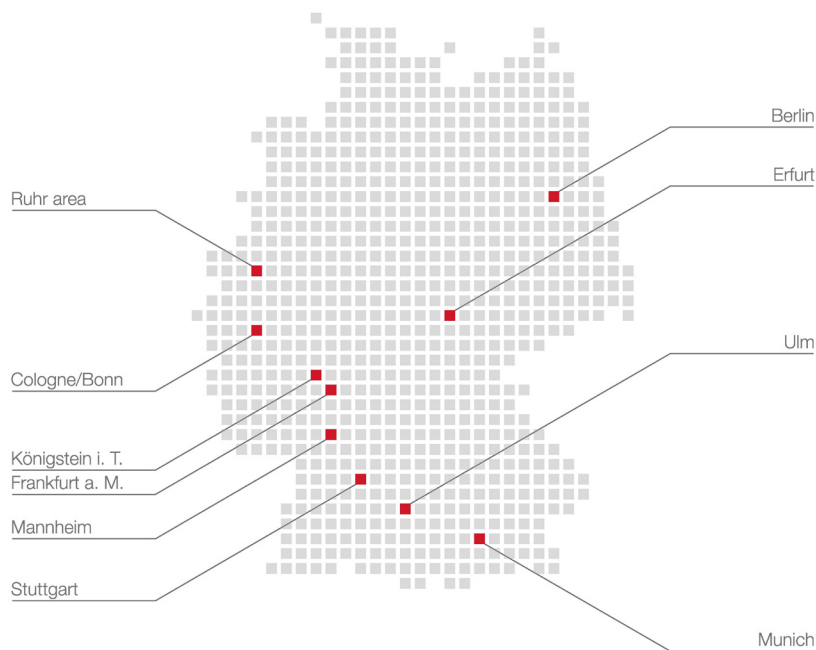
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