

Investment Market Residential Portfolios Germany Q3 2024



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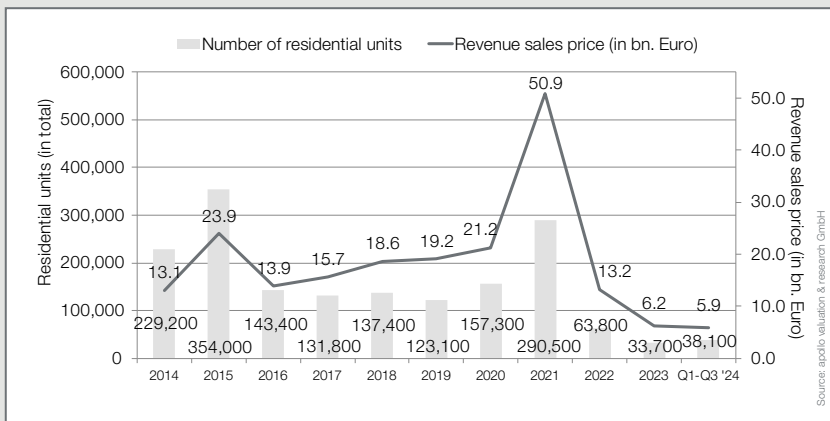
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Market overview

Transaction volume	Quarterly sales of EUR 2.7 billion (Q1-Q3 2024: EUR 5.9 billion) up around 90 % on the previous year's figure
Sales of residential units	38,100 units and thus almost 50 % more than in the same period last year
Regional focus	Berlin with the most deals, demand also high in other metropolises
Type of investors	Public sector remains strongest buyer group
Origin of investors	Market dominance of German investors, foreign buyers turn over 22.6 per cent more

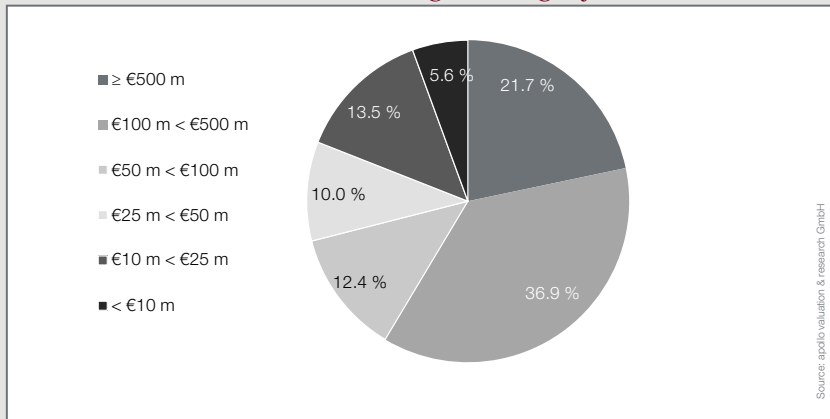
Source: apollo valuation & research GmbH

Transactions 2014 - 2024



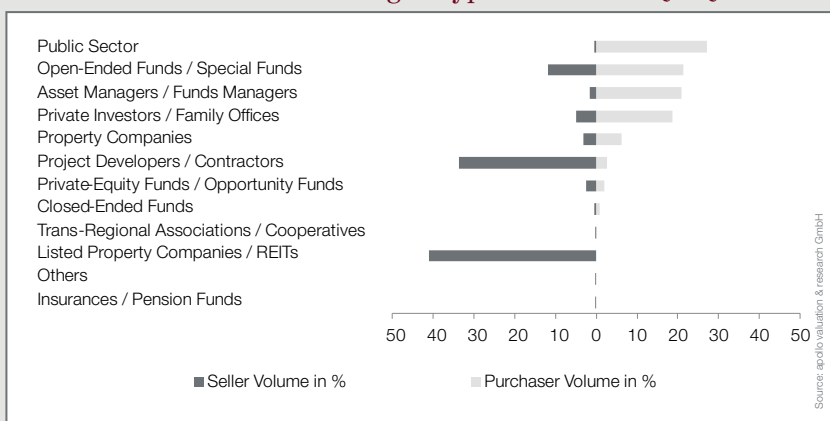
Source: apollo valuation & research GmbH

Volume of transactions according to category size Q1-Q3 2024



Source: apollo valuation & research GmbH

Transaction volume according to type of investor Q1-Q3 2024



Source: apollo valuation & research GmbH

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

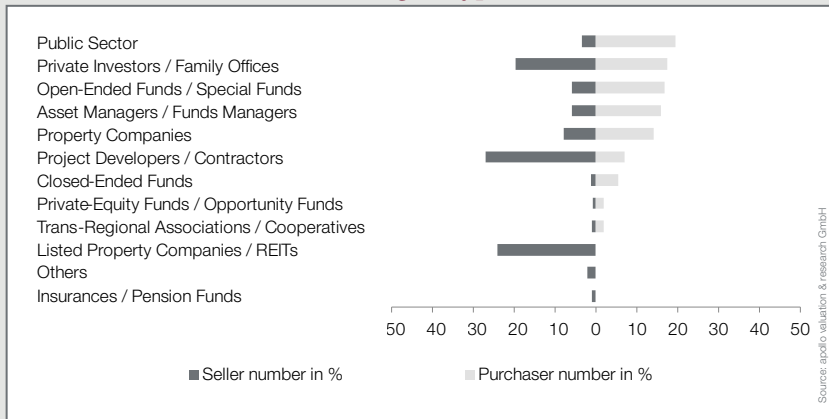
Following an increase in market activity in the large-volume segment, residential portfolios* with a total value of around €2.7 billion were traded in the past three months, making this the best quarterly result since the beginning of 2023. The recent figure was also almost 90 % higher compared to the previous year (Q3 2023: €1.4 billion) and about 13 % above the prior quarter (Q2 2024: €2.4 billion).

Residential portfolio (30 residential units or more) transactions amount to €5.9 billion in the year to date, topping the previous year's result by €1.2 billion. A total of around 38,100 units were sold in the past three quarters, which represents an increase of almost 50 % compared to the previous year.

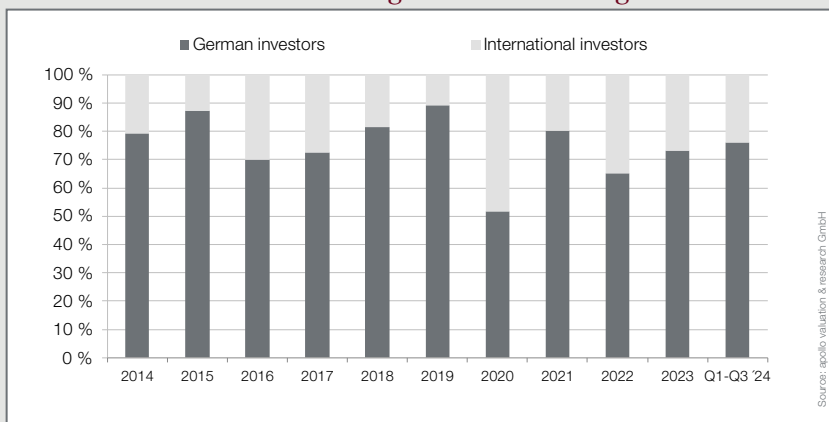
There is a clear upturn in activity on the German market, but the result achieved remains below average in a long-term comparison. Indeed, it is around 55 % lower than the nine-month average for the past five years, which is €13.2 billion. In addition to the challenging framework conditions and the weak start to the year, the record results of previous years are primarily responsible for this difference. Price markdowns, including those on property portfolios in need of restructuring in the value-add and opportunistic asset classes, also had a dampening effect on the absolute transaction volume achieved

Currently, residential portfolio transactions are moving sideways or slightly upwards, and should receive a boost from the ECB's latest interest rate cut. The new requirements regarding sustainability and energy efficiency are becoming increasingly important for both existing and new buildings. Market activity is focusing in particular on properties with development potential in high-growth metropolitan areas and new buildings, especially in the affordable housing segment.

Transaction number according to type of investor Q1-Q3 2024



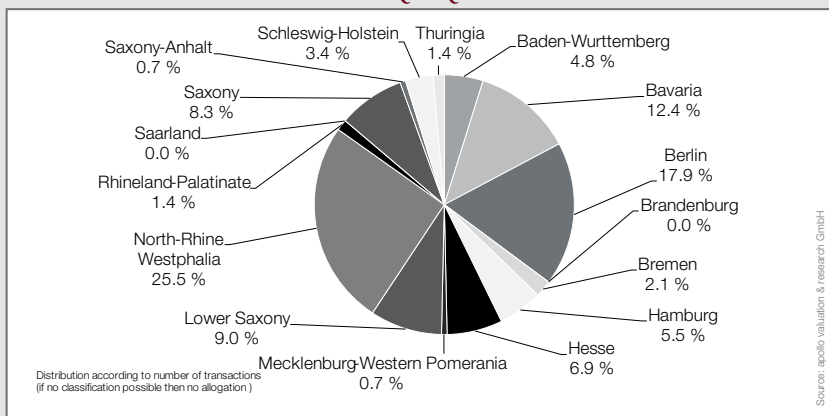
Transaction volume according to investors' origin 2014 – 2024



Transaction number according to investors' origin 2014 – 2024



Distribution of transactions Q1-Q3 2024



When broken down by size category, the large-volume segments in particular recorded a significant increase in transaction volume compared to the previous year. Total revenue of €3.5 billion was registered in the clusters above €100 million in the first three quarters of 2024. This represents an increase of around 31 % compared to the first three quarters of 2023. Above-average growth was also recorded in the segments below €25 million. In total, properties worth around €1.1 billion were traded in these clusters, which corresponds to a year-on-year increase of 29.1 %.

The purchase of a Vonovia portfolio with around 4,500 residential units (including 40 hectares of land) in Berlin for around €700 million in the second quarter is still the largest transaction in the year to date. It was led by the municipal housing association Howoge.

Since the beginning of the year, the Public Sector has stood out because of its increased purchasing activity, with a notable focus on affordable residential units, especially in project developments. The creation and provision of affordable housing in tighter markets will remain an important task for municipal companies in the coming years. In total, the Public Sector has acquired residential portfolios worth €1.6 billion (market share: 27.1 %). This corresponds to growth of €1.1 billion compared to the previous year (Q1-Q3 2023). Open-Ended Funds and Special Funds, as well as Asset Managers and Funds Managers, are the next-placed groups on the buy-side with volumes of €1.3 billion and €1.2 billion respectively.

On the sell-side, there is still pressure to sell in many places owing to refinancing and the securing of liquidity. Portfolio adjustments are the result. In 2024 to date, Listed Property Companies and REITs as well as Project Developers and Contractors are the most active players on the sell-side with sales volumes of €2.4 billion and around €2 billion respectively.

In particular, Project Developers and Contractors increased their sales volume by more than 80 % compared to the previous year. With regard to Listed Property Companies and REITs, growth was somewhat lower at around 45 %.

Despite the challenging conditions, trading in project developments has increased significantly. Compared to the previous year, the forward deals transaction volume rose by 81.5 % to €1.8 billion. This corresponds to a market share of 30 %. Municipal companies were also responsible for the majority of developments purchases in recent months. Price corrections for new developments and as-new properties that fulfil ESG criteria are now increasingly coming to an end, particularly in the top German markets. However, there is often still a need for adjustment when it comes to older properties, especially in structurally weak areas outside the growth regions.

In terms of the origin of investors, domestic investors once again dominated the market in the first nine months of 2024. In a year-on-year comparison, their sales volume rose from €3.6 billion to €4.5 billion. This corresponds to a market share of 76.2 %, a slight increase of 0.7 percentage points. In contrast, the share of foreign investors fell to 23.8 %. At the same time, however, the purchase volume of international investors has risen by 22.6 % to around €1.4 billion.

The current underlying conditions remain challenging, but the German residential portfolio market has seen a steady recovery since the first summer months, driven primarily by a more positive

investment sentiment among major investors. In particular, the Public Sector has emerged as an important player on the buy-side in 2024.

Steady rental growth in metropolitan areas as a result of the growing housing shortage and falling interest rates will continue to shore up market activity. At the same time, the downward momentum of prices compared to the previous year has slowed and in some cases stabilised. It can be expected that residential prices will at least bottom out in the coming months. Increases are also possible again in urban centres and for high-quality properties. This will place the market's recovery on a firmer footing.

An increase in larger transactions is to be expected. The limited supply of new buildings will in turn focus investor attention on existing portfolios with a manage-to-green approach. The transaction volume for 2024 as a whole will nevertheless be significantly below the five-year average (2019-2023: around €22.1 billion). However, an investment volume between 9 and 10 billion euros is considered possible.

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