Investment Market Germany Q3 2025

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At a glance – situation and outlook

Commercial transaction volume	€16.4 billion
Prime yields	unchanged
Portfolio share	23.6 %
Share of foreign buyers	40.8 %
Strongest asset class	Office
Strongest buyer group	Asset- & Fundmanagers

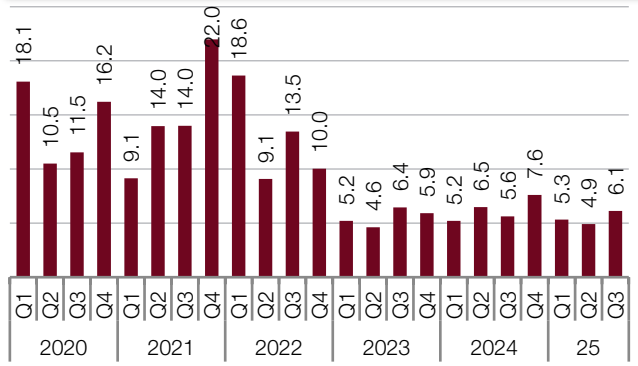
The German commercial real estate investment market was able to recover in the third quarter of 2025 after the summer period witnessed less activity. In the past three months, commercial properties with a total of €6.1 billion were traded. This result exceeds the previous quarter and the same quarter last year by 24.5 % and 9.2 %, respectively. The cumulative result for the year up to the end of September increased to €16.4 billion, which is only slightly below last year's figure of €17.3 billion. However, the differences are much more evident in a longer-term comparison. The current result is 46.2 % below the medium-term five-year average of €30.4 billion.

The main reason for the difference compared to the much stronger years in the past is the low number of large-volume transactions. Although activity in this segment has recently increased, the turnover from deals above the €100 million mark remains clearly below last year's result, both in absolute terms and as a market share. In contrast, there have been significant increases (+18.9 %) in the size segments below €100 million, underlining the currently important role of medium-sized transactions for market activity.

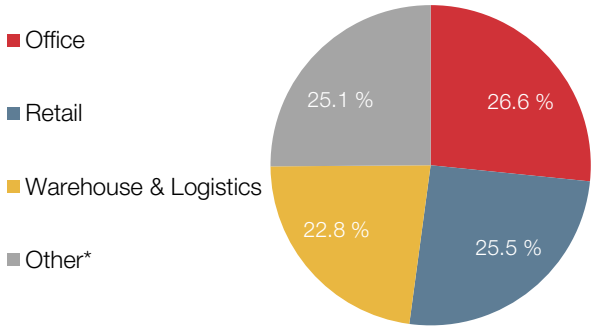
Both the transaction volume from portfolio deals and from single-asset transactions have decreased compared to the previous year. The portfolio share of the total volume is low at just under 24 %. The largest transaction of the year remains the trade of more than 100 furniture stores, with a price in the high triple-digit million range, which occurred as part of XXXLutz's acquisition of the Porta Group. Among the largest sales in the third quarter is the "Helix" logistics portfolio, which Palmira and Nuveen Real Estate sold to Starwood for around €350 million. The largest single-asset transaction recently was the acquisition of the Berlin Gropius Passagen, for which Hayfin Capital Management paid around €240 million.

In the office segment, several deals above €100 million were also registered, allowing this asset class to regain the top position among the asset classes considered at the end of the third quarter, with €4.4 billion (+8.5 % year-on-year). Retail follows with €4.2 billion (–16.2 % year-on-year), with the retail park sector making the most significant contribution. Around €3.7 billion is attributable to warehouse and logistics properties, which is a decline of 11.5 % compared to the previous year.

Volume of transactions in billion euro

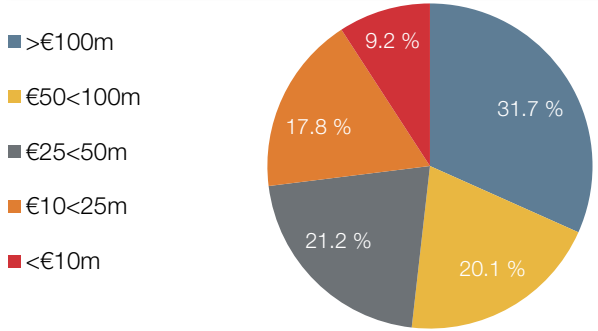


Volume of transactions by asset class



*Other: mixed use, hotels, development sites, parking etc.

Volume of transactions by volume category



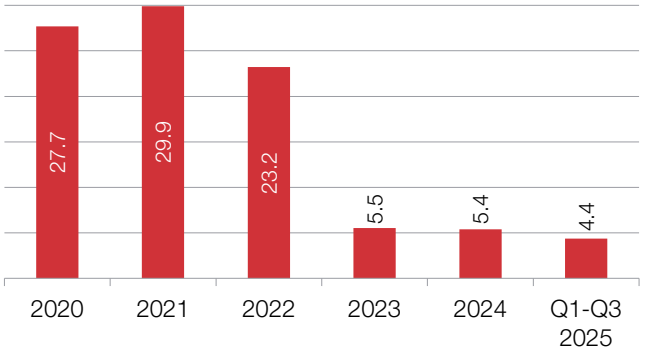
Source: NAI apollo

In the first nine months of the year, the “other properties” segment accounted for a transaction volume of €4.1 billion. Included in this figure are hotel sales, which total to €1.5 billion (+0.7 % year-on-year). There continues to be virtually no change in commercial property yields. For example, the prime yield (net) for offices in the average of the top five markets remains stable at 4.45 %. High-street properties currently trade at around 4.20 %. Only warehouse and logistics properties noticed a slight increase of 5 basis points to 4.40 %. For hotels, the prime yield has remained constant at 4.80 % for two years, which can be achieved for well-known, very well-established, or prominent properties in sought-after locations.

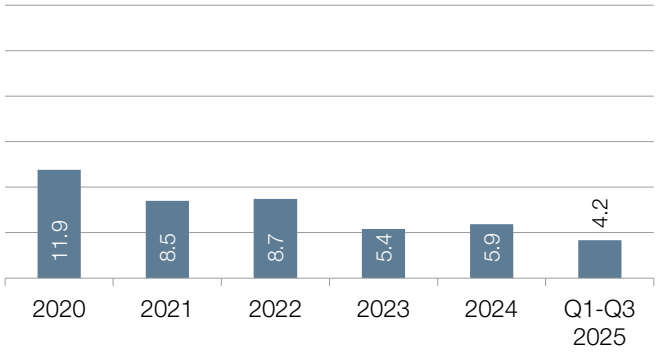
Outlook

The consolidation of the commercial real estate investment market is taking longer than expected at the beginning of the year. However, a clear increase in market activity was observed in the third quarter. This should solidify in the coming months. Nevertheless, economic and geopolitical challenges remain significant, so the recovery will only proceed in small steps. Positive effects mainly result from the stabilization of ECB key interest rates, which leads to greater predictability of financing, as well as from the government’s expansive fiscal policy, which supports the economy. Thus, a year-end result for the investment market at around €25 billion and thus in the range of the previous year still appears achievable. Several large transactions are close to finalization. Furthermore, generally increasing investor interest in real estate—especially from abroad—supports this forecast. For prime yields, predominantly sideways movements are still expected.

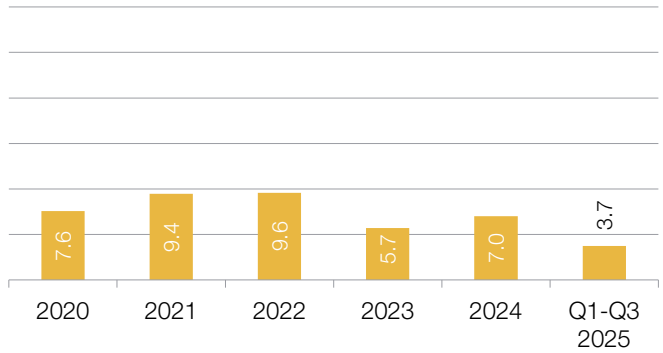
Office-transaction volume in billion euro



Retail-transaction volume in billion euro



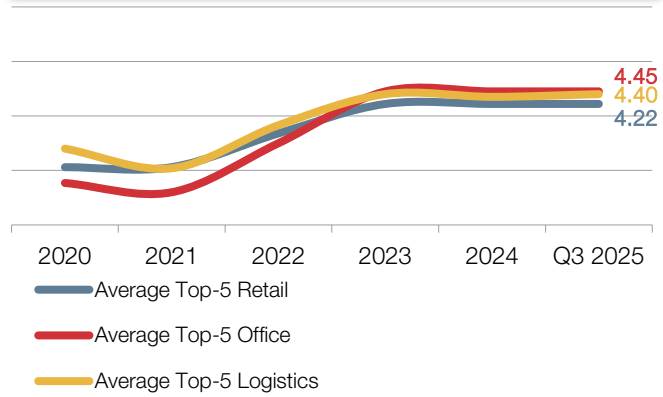
Logistics-transaction volume in billion euro



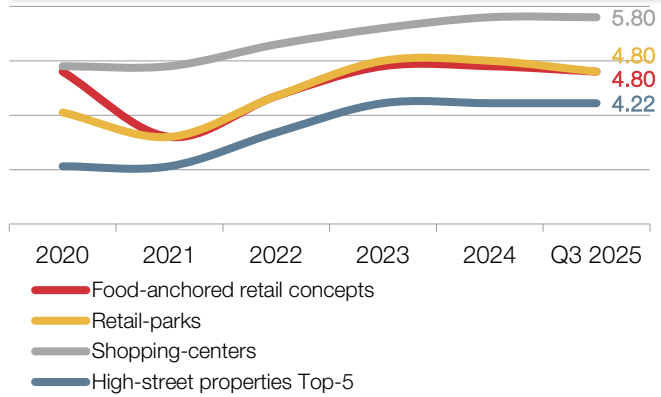
Prime yields top 5-markets Q3 2025

	Office	Retail	Logistics
Berlin	4.40 %	4.15 %	4.40 %
Dusseldorf	4.50 %	4.30 %	4.40 %
Frankfurt (Main).	4.50 %	4.30 %	4.40 %
Hamburg	4.45 %	4.25 %	4.40 %
Munich	4.40 %	4.10 %	4.40 %

Prime yields time series



Prime yields for retail property types



Source: NAI apollo

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