



Facts and Figures

Investment Market for Residential Portfolios Germany
2020

“Reliable information is imperative for the success of an enterprise.”

Quote from Christopher Columbus

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!



Dr. Konrad Kanzler
Head of Research
+49 (0) 69 - 970 505-614
konrad.kanzler@nai-apollo.de



Stefan Mergen
Managing Partner Valuation
+49 (0) 69 - 970 505-613
stefan.mergen@nai-apollo.de



Lenny Lemler
Director Investment
+49 (0) 69 - 970 505-175
lenny.lemmler@nai-apollo.de



Kalina Atanasova
Senior Consultant Research
+49 (0) 69 - 970 505-623
kalina.atanasova@nai-apollo.de



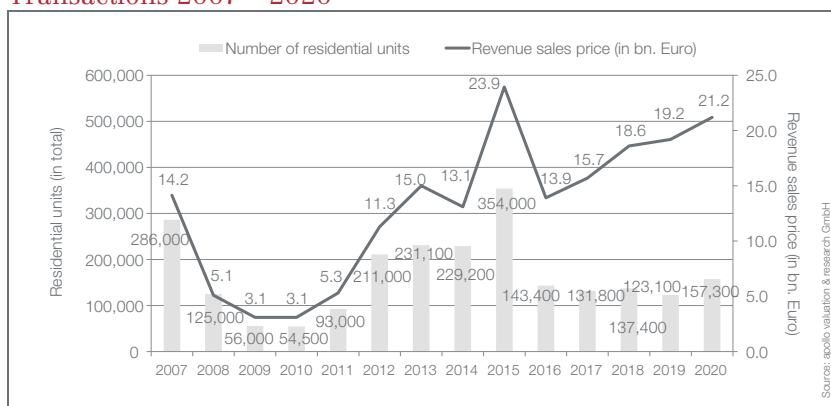
Market overview 2020

Transaction volume	€21.2 billion, approx. 10.6 % above the last year result
Sales of residential units	329 transactions with approx. 157,300 units
Regional focus	Strongest demand in North Rhine-Westphalia and Berlin, metropolises and secondary cities remain popular investment target
Type of investors	Dominant buyer and seller are the "Listed Property Companies / REITs"
Origin of investors	German investors with the highest number of transactions and the strongest purchase volume

Source: apollo valuation & research GmbH

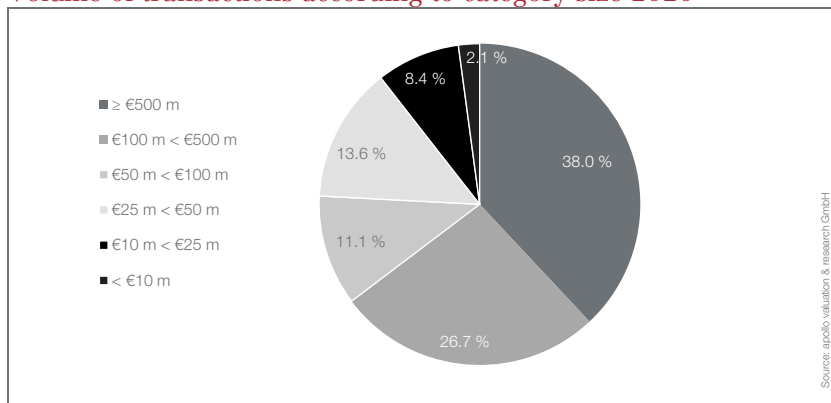
An outstanding result was again achieved in 2020 on the transaction market for residential portfolios* in Germany. Sales exceeded €20 billion for the second time ever, despite the coronavirus-related slowdown in processes. The total traded volume amounted to around €21.2 billion, which is around €2.7 billion below the record year of 2015. The previous year's result was exceeded by more than 10 %. The fourth quarter of 2020 contributed around €5.3 billion to the overall figure – the same level as in the fourth quarter of 2019.

Transactions 2007 – 2020



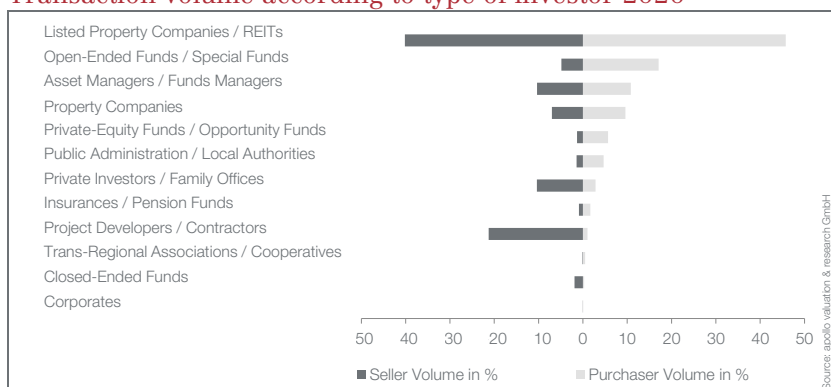
The 2020 transaction volume was boosted by the spectacular start to the year with €9.6 billion, when the mega-deal between Adler Real Estate and ADO Properties took place. This was followed by two weaker quarters when the traded volume fell to €3.4 billion and €2.9 billion respectively. The fourth quarter therefore represents the second strongest quarter in 2020.

Volume of transactions according to category size 2020



The number of residential units traded in the full year rose by 27.8 % year-on-year to 157,300 units, primarily because of corporate takeovers and major deals, and represents the second highest value since 2015 (354,000 units). The average price per apartment returned to 2018 levels because value added and opportunistic risk classes accounted for a large proportion of residential portfolios, falling 13.4 % year-on-year to around €135,000.

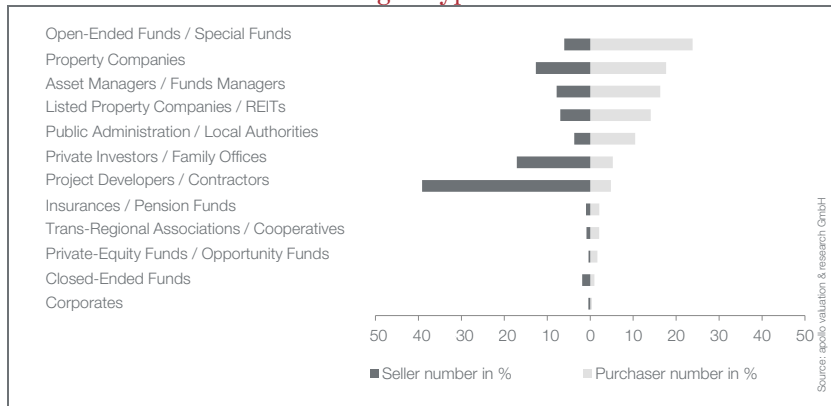
Transaction volume according to type of investor 2020



The biggest deals of the year were the €6 billion merger of Adler Real Estate and ADO Properties as well as the purchase by Swedish housing group Heimstaden Bostad of about 4,100 residential and commercial units in Berlin for around €830 million.

*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 2020



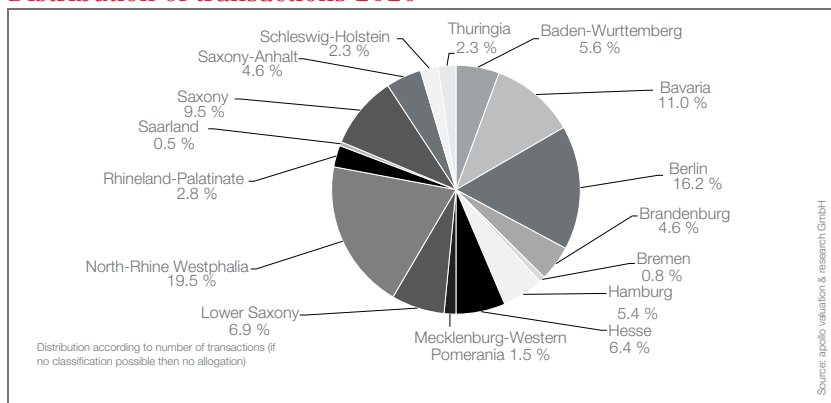
Transaction volume according to investors' origin 2008 - 2020



Transaction number according to investors' origin 2008 - 2020



Distribution of transactions 2020



A notable deal at the end of the year concerns the acquisition of a majority stake in Veler Immobilien AG with assets of over 7,500 residential and commercial units in North Rhine Westphalia, Saxony and Saxony-Anhalt by private equity fund KKR (via the European fund Real Estate Partners Europe II). As a result, a volume of around €8 billion is attributable to the “€500 million-plus” category, which corresponds to around 38 % of the total transaction volume.

Compared to the previous year, sales in this category increased by around 70 %. The second strongest segment relates to transactions in the “€100 million to €500 million” segment, which accounts for around €5.7 billion or a share of 26.7 %. One of the biggest acquisitions in the micro-apartments segment in Germany took place in this price category at the end of the year. Domicil Real Estate acquired 13 properties with around 1,480 units, located e.g. in Hamburg, Frankfurt and Cologne, for the Danish pension fund PFA and its own portfolio.

Transactions in the “sub-€100 million” category accounted for the remaining €7.5 billion of annual sales in 2020, or a 35.3 % share – a decrease of around €500 million compared to the previous year. In addition to the mega-deals segment, the “€25 million to €50 million” segment made gains over the year, while all other size categories lost revenue.

Demand for forward deals was still evident in the past few months. In general, the pace of purchasing activity has slowed down here as a result of the coronavirus crisis.

Selected residential portfolio transactions > €500 m

Adler Real Estate corporate takeover (main focus in Wilhelmshaven, Duisburg and Leipzig)	
Purchaser	Ado Properties S.A.
Purchase price (approx.)*	€6,000,000,000
Residential units*	58,000
Residential portfolio (Berlin)	
Purchaser	Heimstaden Bostad
Purchase price (approx.)*	€830,000,000
Residential units*	4,110
Residential portfolio (34 locations)	
Purchaser	LEG Immobilien AG
Purchase price (approx.)*	€658,000,000
Residential units*	6,420
*partly includes data concerning commercial shares / partly estimated	

Source: adol
valuation &
research GmbH

In addition, investment decisions have been retracted due to delays in completion, while new construction projects have been postponed or cancelled entirely. As a result, the investment volume in project developments fell by more than 40 % to around €3.3 billion compared to the previous year. Overall, purchasing activity increased in the area of large-volume and partly mixed-use neighbourhood developments. In addition to the “Molitor” residential neighbourhood development with 347 residential units in Mainz, Industria Wohnen also acquired part of the residential area on Eduard-Rosenthal-Strasse in Weimar with 288 units and the project development “Wohnquartier Am Rodelberg” in Mainz with 205 units.

“Listed Property Companies / REITs” emerged as the strongest group of buyers and sellers in 2020, with a purchase volume of €9.7 billion (45.8 %) and a sales volume of €8.5 billion (40.2 %). This is primarily owing to the merger of Adler Real Estate and ADO Properties. On the buyer side the group comprising “Open-Ended Funds / Special Funds” was next with 17.1 % of the transaction volume, followed by “Asset Managers / Funds Managers” with 10.8 %. On the seller side, “Project Developers / Contractors” (21.2 %) were in second place.

Foreign investors were increasingly active in the German residential portfolio market in the past year. At the end of the year, international buyers accounted for a market share of around 48.1 % (2019: 10.9 %). This corresponds to an increase in the transaction volume from €2.1 billion to €10.2 billion. The ADO/Adler merger proved decisive here. National investors regained the top position at the end of the year with a share of around 52 % of the purchase volume. They were also responsible for around 90 % of the transactions (by number).

In terms of the geographical focus, at federal state level the majority of residential portfolio investments (by number) in 2020 took place in North Rhine Westphalia and Berlin with market shares of 19.5 % (2019: 18.7 %) and 16.2 % (2019: 13.3 %) respectively. At municipal level, the German metropolises, especially Berlin, remained the primary investment targets in 2020. In addition, investment activity is still focused on secondary locations. An analysis of the number of transactions reveals strong interest in Leipzig, Dresden and Magdeburg, as well as Hannover and major cities in the Ruhr area.

In view of the second lockdown since mid-December 2020 and the introduction of tougher rules at the beginning of 2021, we expect market activity to be more subdued in the coming months with a slowdown in transaction processes. As things stand, the residential segment in Germany has so far been almost unaffected by the COVID-19 pandemic. The demand for low-risk investment opportunities is particularly high in times of economic uncertainty and is likely to drive more capital to the residential property market in future.

Following the large transactions of the previous year, we expect to see a growing supply of sub-portfolios that do not fit respective corporate strategies as part of differentiation processes. In addition, it seems that the period of corporate mergers is not yet over. Against this background, NAI apollo is again forecasting a positive final result for 2021 as a whole that should exceed the five-year average of €17.7 billion.

**ONE PARTNER. ALL SERVICES. ALL ASSET CLASSES.
OFFICE – RETAIL – LOGISTICS – RESIDENTIAL**

ASSET MANAGEMENT

VALUATION AND RESEARCH

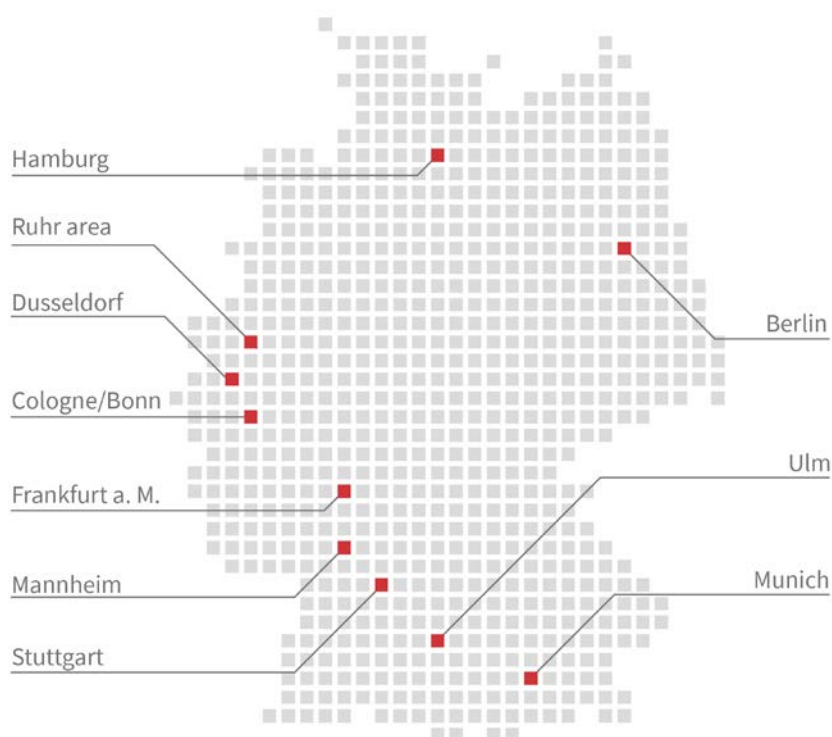
CORPORATE FINANCE ADVISORY

CORPORATE REAL ESTATE SERVICES

HEALTHCARE

SALES

LETTING



**YOUR PROPERTY PARTNER –
WE DISTINGUISH OURSELVES BY**

OWNER-MANAGED

PARTNER ACTIVE IN DAY-TO-DAY BUSINESS

MORE THAN 30 YEARS OF MARKET EXPERIENCE

INDEPENDENT – INNOVATIVE – SOLUTION-ORIENTED

LOCAL – NATIONAL – TOP NETWORK

FLEXIBLE – CUSTOMER-FOCUSED – COMPETENT



Copyright © apollo valuation & research GmbH, 2021.

This report is for information purposes only. It was compiled with the utmost care and is based on information from sources that we regard as being reliable, but for which we assume no liability for their accuracy, completeness or correctness. Estimates, figures and forecasts contained in this document are for guidance only. This report does not pursue the aim of promoting the purchase or sale of a particular financial investment and thus should not be considered as such an offer. The reader of this report must make his or her own independent decisions in regards to correctness and completeness. The apollo valuation & research GmbH assumes no liability for direct or indirect damage that arises through inaccuracies, omissions or errors in this report. We reserve the right to make changes and/or additions to the information contained therein at any time. Neither the report nor parts thereof may be published, reproduced or passed on without the written consent of the apollo valuation & research GmbH.