



Facts and Figures

Investment Market for Residential Portfolios Germany
Q1 2021

“Progress depends on the exchange of knowledge.”

Quote from Albert Einstein

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



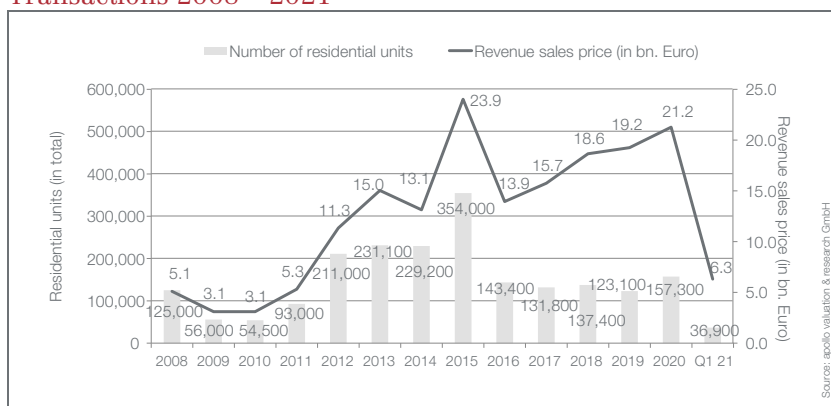
Market overview Q1 2021

Transaction volume	€6.3 billion, approx. 34 % below the last year quarter, but above the 5-year-average
Sales of residential units	109 transactions with approx. 36,900 units
Regional focus	Strongest demand in North Rhine-Westphalia, Berlin and Bayern, on metropolises and secondary cities lies the main focus of demand
Type of investors	Dominant buyer are the "Open-Ended Funds / Special Funds"
Origin of investors	German investors with the highest number of transactions and the strongest purchase volume

Source: apollo valuation & research GmbH

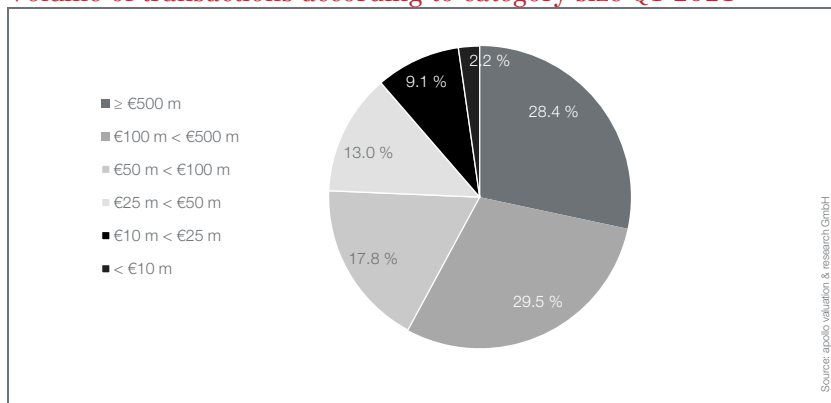
Last year's strong market momentum on the investment market for residential portfolios* in Germany has continued this year despite the ongoing lockdown. A transaction volume of around €6.3 billion was achieved in the first quarter of 2021. This exceeds the first-quarter average for the previous five years by around €1 billion.

Transactions 2008 – 2021



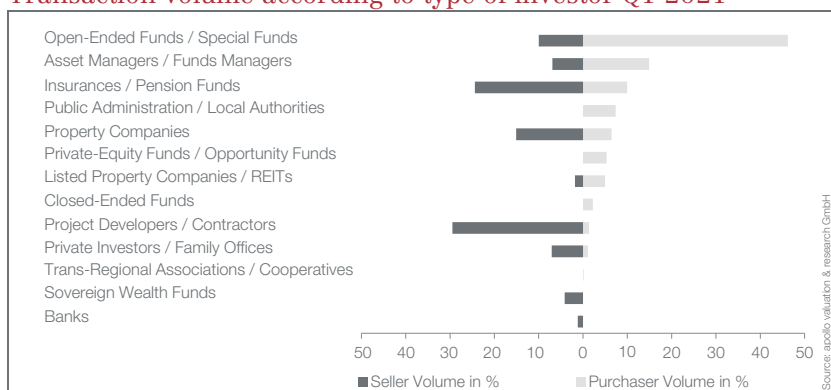
The figure is lower compared to the same quarter of the previous year (Q1 2020: €9.6 billion), but Q1 2020 was dominated by the merger of Adler Real Estate and Ado Properties, which alone was valued at around €6 billion. The largest transaction that took place in the first three months of 2021 was significantly smaller in comparison. It involved the acquisition of 7,500 units from the social security funds of the construction industry (Soka-Bau) by investment manager AEW for around €1.25 billion.

Volume of transactions according to category size Q1 2021



The residential investment market is solid as a rock. Domestic investors in particular still rely on the high stability and resilience of this asset class. A total of around 36,900 residential units changed hands in the past three months. Compared to the previous year, the average price per residential unit rose by almost 40 % to around €172,000, mainly owing to the high proportion of asset and forward deals in the core and core-plus risk classes.

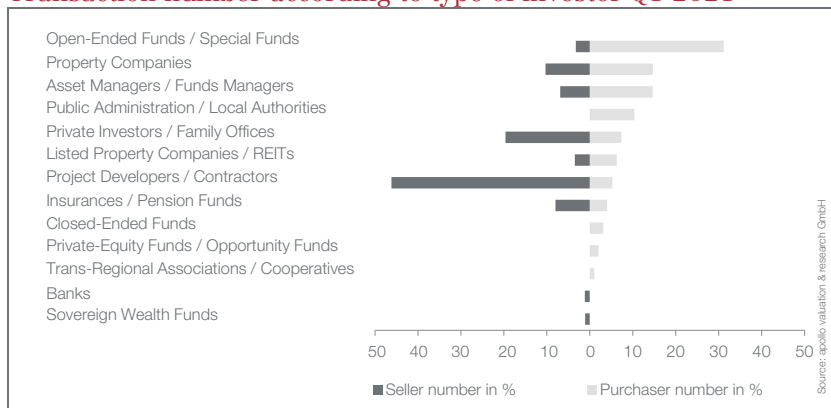
Transaction volume according to type of investor Q1 2021



Among other things, the transaction volume relating to sales in project developments increased from just over €1 billion in the first three months of 2020 to over €1.6 billion, which corresponds to a market share of 25.4 %

*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 2021



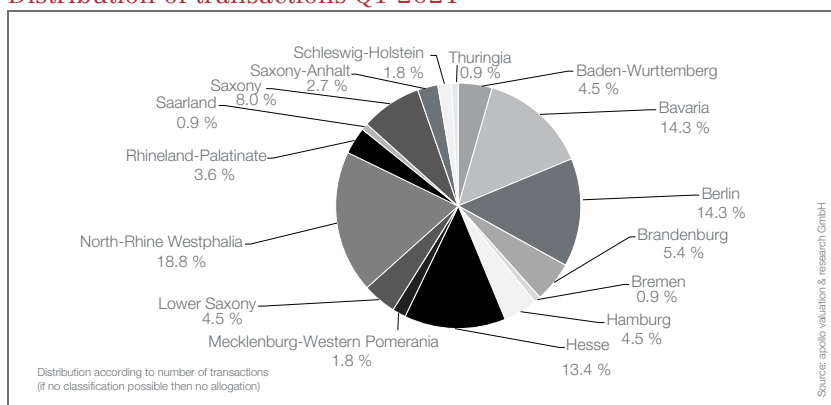
Transaction volume according to investors' origin 2009 - 2021



Transaction number according to investors' origin 2009 - 2021



Distribution of transactions Q1 2021



The good result in the first quarter was not only driven by the billion-euro AEW deal. Owing to several large transactions with a value of €100 million or more, sales in the corresponding price categories totalled around €3.7 billion. Portfolio deals above €100 million account for well over half of the market volume with a share of almost 60 %. Also worth noting is the substantial 83 % increase in the ‘€50m <€100m’ price range to around €1.1 billion. The remaining €1.5 billion is allocated to the sub-€50 million price ranges, which represent a total share of 24.3 % (Q1 2020: 15.8 %).

When looking at the different types of investors, the group comprising “open-ended funds and special funds” stood out in the first three months of the year. This group increased its purchase volume from €1.4 billion in the first quarter of 2020 to around €3 billion in the past three months, making it the strongest buyer group with 46.2 % of the transaction volume (Q1 2020: 14.2 %). “Asset managers and funds managers” are in second place with a volume of around €0.9 billion, followed by “insurances and pension funds”, with a total purchase volume of about €0.6 billion.

On the seller side, “project developers and contractors” occupy first place with a 29.5 % share or €1.9 billion, in accordance with the high market significance of project sales. “Insurances and pension funds” represented the second largest group of sellers in the first three months of 2021, mainly owing to the high level of market activity on the part of Soka-Bau. The total share of this group increased from 1.2 % to 24.4 % or around €1.5 billion.

German investors increased their share of the purchase price volume from 33 % in the previous year to 73.6 %, while the transaction volume rose from around €3.2 billion to about €4.7 billion. Accordingly, international investors reduced their investments from €6.4 billion (including €6 billion relating to the Ado Properties-Adler takeover) to around €1.7 billion, cutting their market share by 40 percentage points to 26.4 %.

At state level, most transactions (by number) in Q1 took place in North Rhine-Westphalia, Berlin and Bavaria with market shares of 14.3 % to 18.8 %. At municipal level, the focus is still mainly on the top seven cities in Germany. However, a high level of transaction activity is also evident at locations in the larger conurbations and growth centres, most recently in the metropolitan regions of Rhine-Main and Rhine-Ruhr as well as in major cities such as Leipzig and Nuremberg.

Despite the ongoing COVID-19 pandemic, the positive investment sentiment will persist in 2021. The entire residential property segment has so far been virtually unaffected by the health crisis. As a result, German residential property is being sought after by a growing number of investors since it is considered to be a comparatively low-risk investment opportunity, which means that transaction activity will remain at a high level.

The strong market momentum at the beginning of the year, in addition to transactions that are expected or have already been announced, including by the property giants, support an optimistic forecast. For the second year of the pandemic, NAI apollo is again forecasting an above-average result in the region of €20 billion, which would then clearly 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

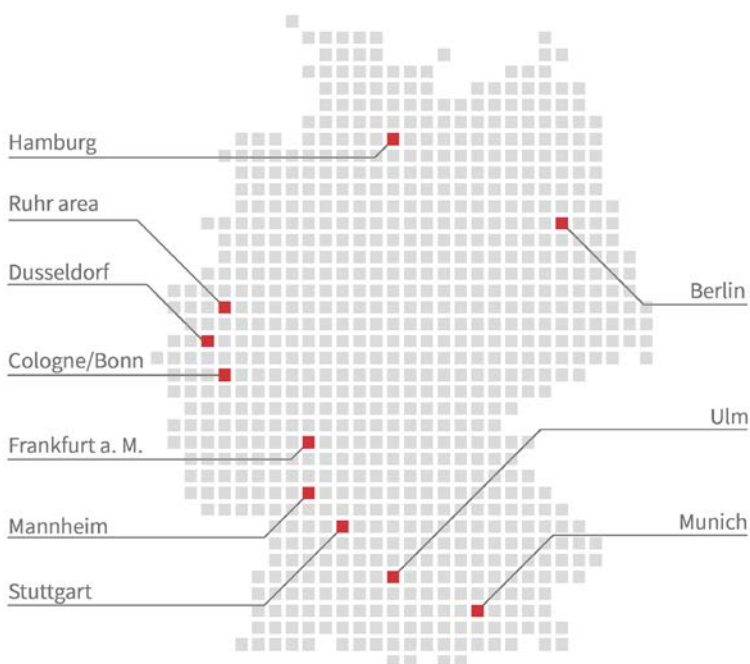
CORPORATE FINANCE ADVISORY

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.