



Facts and Figures

Investment Market for Residential Portfolios Germany
Q3 2021

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

Quote from Niccolò 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!



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



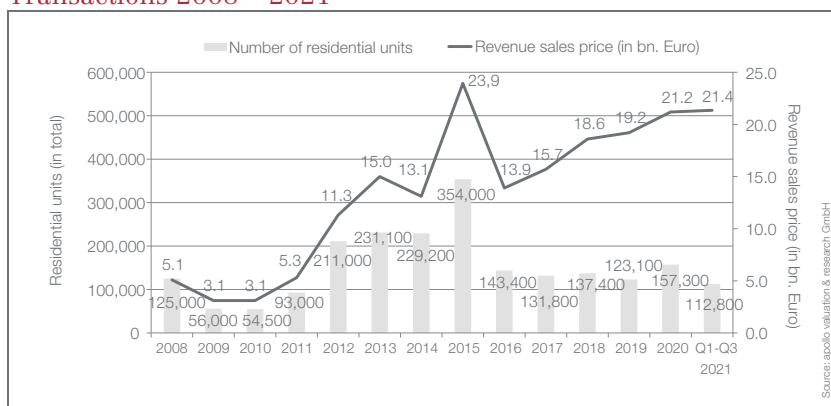
Market overview Q1-Q3 2021

Transaction volume	€21,4 billion at record level, approx. 35 % above the result in the same period of the previous year
Sales of residential units	287 transactions with approx. 112,800 units
Regional focus	Strongest demand in North Rhine-Westphalia und Berlin, prime cities remain the most popular investment target
Type of investors	Dominant buyer are the "Property Companies"
Origin of investors	German investors with the highest number of transactions and the strongest purchase volume

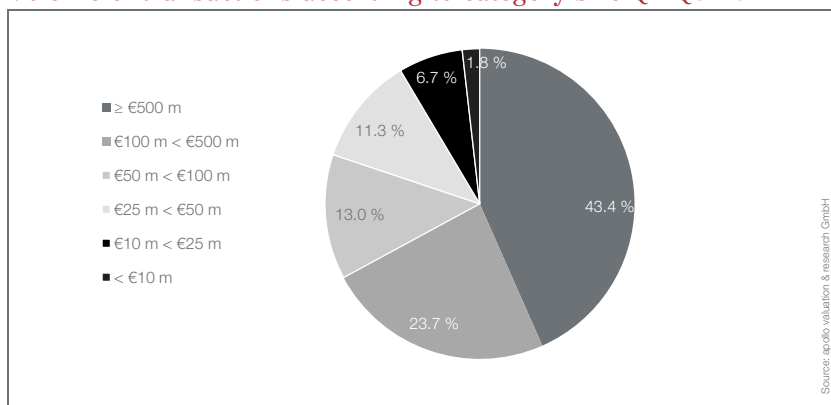
Source: apollo valuation & research GmbH

The residential portfolio transaction market* in Germany is on course to achieving its best annual result of all time. Following the recent strong performance in Q3, when transactions amounted to €11.3 billion and exceeded the volume for the whole of the first half (Q1 2021: €6.3 billion / Q2 2021: €3.7 billion), the traded volume in the first nine months of the year rose to around €21.4 billion (112,800 traded residential units). This means that after just three quarters, last year's second-highest annual result of €21.2 billion has already been surpassed. Along with the mega-merger between the large German housing groups Deutsche Wohnen and Vonovia, the market is heading towards an all-time high in 2021 and is set to far outstrip the previous record of €23.9 billion that was reported for 2015.

Transactions 2008 – 2021

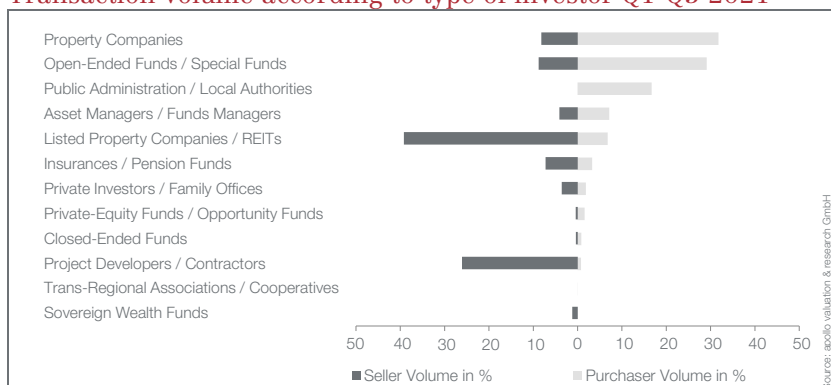


Volume of transactions according to category size Q1-Q3 2021



Sales equal to or larger than €500 million are currently playing a significant role on the transaction market, increasing their total volume by almost 24 % year-on-year to €9.3 billion this year. The third quarter alone accounted for €7.5 billion from purchases of almost 33,000 units.

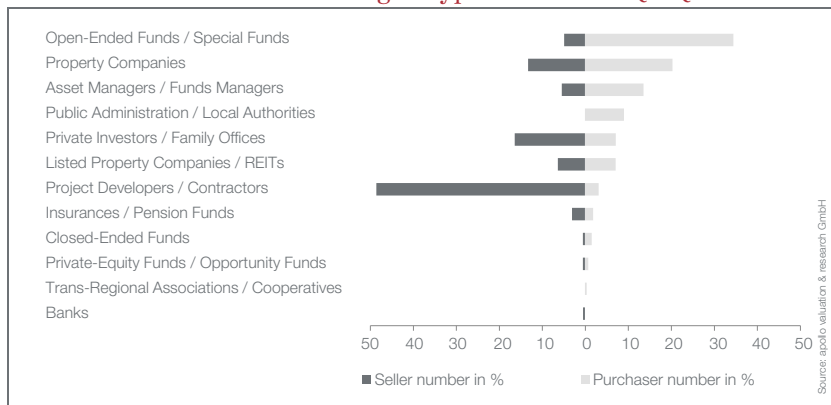
Transaction volume according to type of investor Q1-Q3 2021



The biggest deal of the year to date involved the sale of German housing stock by Akelius in the third quarter. The Swedish Heimstaden Group acquired the portfolio, which includes over 14,000 units in Berlin and almost 3,600 units in Hamburg. Also in the third quarter, the purchase of 14,750 apartments and around 450 commercial units by Berlin municipal property companies HOWOGE, Degewo and Berlinovo from Vonovia and Deutsche Wohnen for around €2.5 billion received a great deal of attention.

*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-Q3 2021



After a significant decline in the previous year, the proportion of transactions in project developments increased again. Following a high number of large forward deals, the corresponding transaction volume more than doubled to over €5 billion compared to the same period of the previous year. Deals in project developments now account for almost 24 % of the total volume after the first nine months of 2021.

Transaction volume according to investors' origin 2009 – 2021

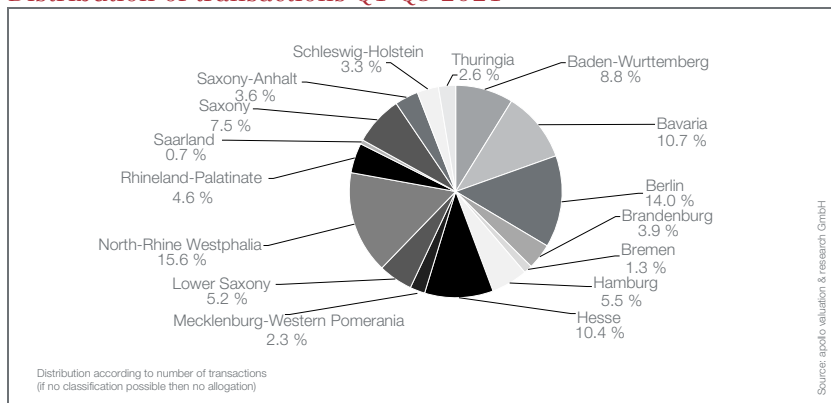


Several forward deals in the three-digit million range were also recorded. One of the largest transactions in a project development involved the acquisition of over 1,100 micro-apartments of the brands “The Fizz” and “HVNS” in Freiburg and Hamburg by International Campus from Capital Bay for €230 million. The first half of the year saw the acquisition of almost 540 apartments in the “Friedenauer Höhe” neighbourhood development in Berlin by Quantum from the joint venture of OFB Projektentwicklung and Instone Real Estate. Further examples of such deals took place in Bavaria, where several Schultheiss project developments changed hands. For instance, Allianz Real Estate secured several properties that are being built by Schultheiss Projektentwicklung for around €135 million in Nuremberg for various Allianz companies.

Transaction number according to investors' origin 2009 - 2021



Distribution of transactions Q1-Q3 2021



The key role played by project developments, the high proportion of core products and general price increases for both existing and new buildings have also influenced price development. The average price per unit rose to over €189,000 by the end of the third quarter, up from €176,500 per unit at the end of June.

In the first nine months of 2021, the transaction volume increased in all size categories. Increases ranged from 16.7 % (size category: “€10m < €25m” to €1.4bn) and 133.3 % (“€50m < €100m” to €2.8bn). Owing to large portfolio sales, deals above €100 million again accounted for the biggest proportion (67.1 %) of the transaction volume with around €14.3 billion (Q1-Q3 2020: €11.1 billion). Not only the billions invested in the mega deals contributed towards this, but also several asset deals in the three-digit million range. These included the acquisition of more than 4,300 residential and commercial units by Peach Property in North Rhine Westphalia and the greater Bremen area that was already mentioned in the report for the first half of the year.

Property companies represented the most active group of buyers in the first three quarters of 2021 with a purchase volume of €6.8 billion, which was €5.4 billion more than they invested in the previous year. The Swedish housing group Heimstaden Bostad was largely responsible for this strong increase, with purchases in Berlin, Hamburg and various eastern Germany cities. In second place, “Open-Ended Funds / Special Funds” built up their purchase volume from €2.3 billion in the first three quarters of 2020 to about €6.2 billion in 2021 to date, and now account for around 29.1 % of the overall volume. The public sector is in third place with €3.6 billion (Q1-Q3 2020: €0.7 billion) and was also able to significantly increase its contribution to the transaction volume compared to the previous year. This was primarily owing to the purchase by the Berlin state government of more than 15,000 residential and commercial units from the holdings of Deutsche Wohnen and Vonovia for around €2.5 billion. Prior to this sale, Deutsche Wohnen and Vonovia offered to sell 20,000 residential units to Berlin state in relation to the merger of the two large property groups. The municipal housing associations have now decided to buy a portion of the housing stock that was offered.

“Listed Property Companies / REITs” were again the most active group of sellers, accounting for 39 % or around €8.4 billion. Not surprisingly, “Project Developers / Contractors” followed in second place with a total share of 26 % or €5.6 billion.

In the first nine months of 2021, domestic investors secured the largest share of the transaction volume at 60 % and also increased their purchase volume by 78 % year-on-year to €12.8 billion. At the same time, they were responsible for most of the transactions with an 86 % share. As a consequence, the share of international investors fell to about 40 % (Q1-Q3 2020: 54.7 %).

Following a record performance in the first nine months of the year (€21.4 billion), the previous all-time high of €23.9 billion that was achieved in 2015 is now well within reach. Considering the takeover of Deutsche Wohnen by Vonovia, NAI apollo is forecasting a historic record volume of over €40 billion for the full year 2021. The mega-merger will also place even greater market focus on Berlin, where the largest transactions already taken place in recent months. At the same time, changes at the federal level with the arrival of a new government, as well as the Berlin referendum for expropriation of private housing companies with more than 3,000 flats, will have consequences. While an enforcement of expropriation is unrealistic, politicians will now endeavour to show greater socio-political engagement and improve the supply of housing below market rates.

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

ASSET MANAGEMENT

VALUATION AND RESEARCH

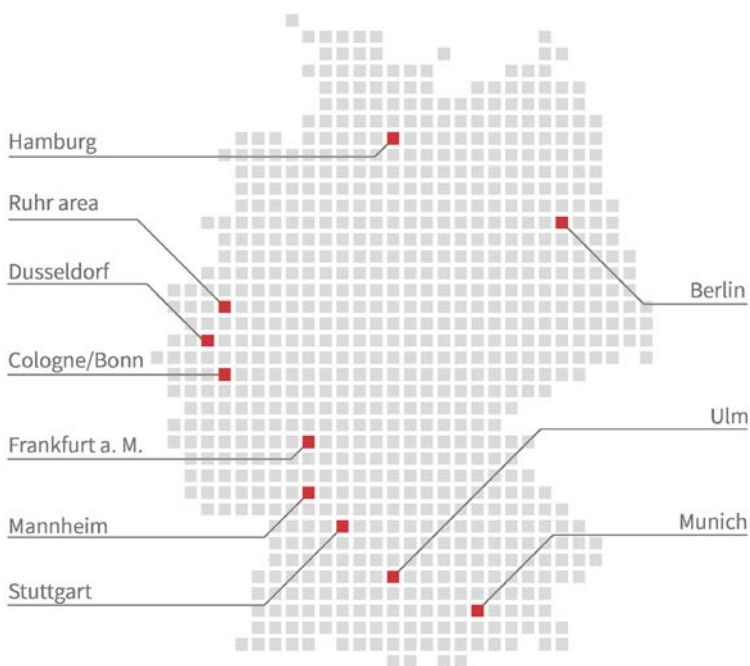
CORPORATE FINANCE ADVISORY

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.