



Facts and Figures

Investment Market for Residential Portfolios Germany
2021

“As a general rule, the most successful man in life is the man who has the best information.”

Quote from Benjamin Disraeli

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!



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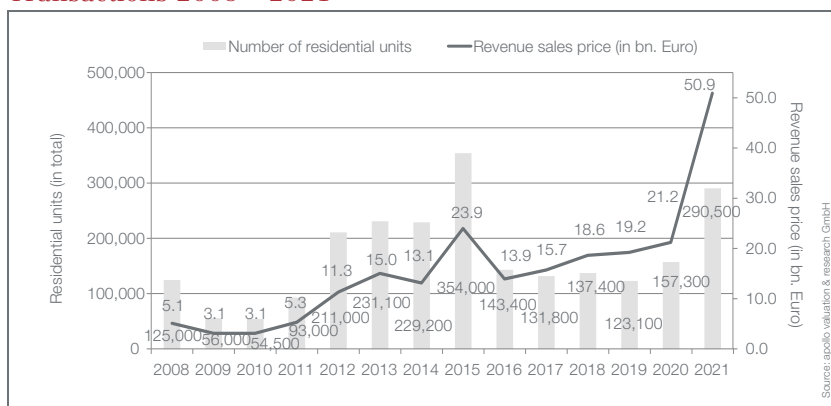


Market overview 2021

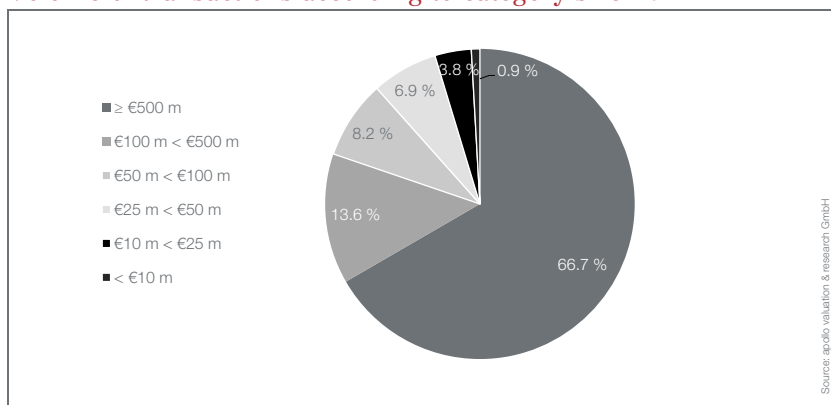
Transaction volume	Record result with 50.9 billion euros, about 140 % above the previous year's result
Sales of residential units	389 transactions with approx. 290,500 units
Regional focus	Prime cities remain the most popular investment target, Berlin at the centre of market activities
Type of investors	Dominant buyers and sellers 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

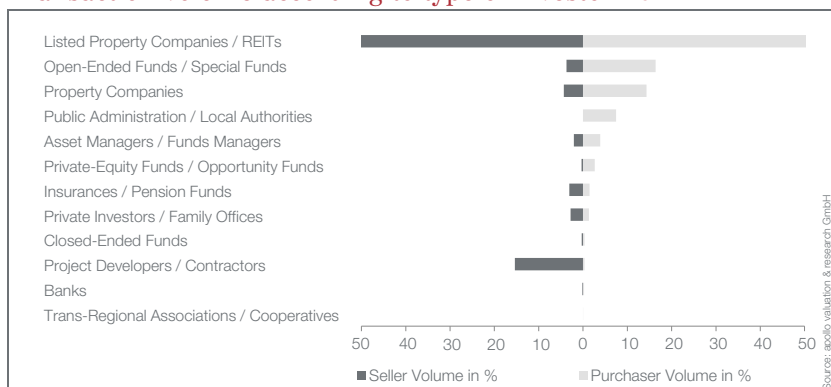
Transactions 2008 – 2021



Volume of transactions according to category size 2021



Transaction volume according to type of investor 2021



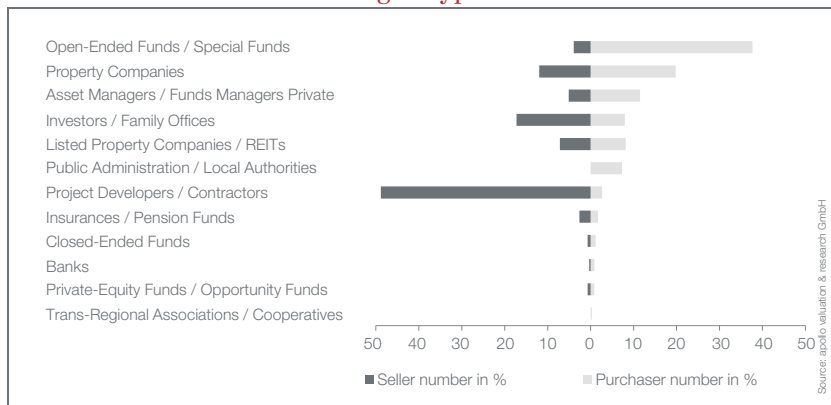
The residential portfolio market* in Germany reached a historic high in 2021, the second year of the COVID-19 pandemic. Owing to the best all-time quarterly transaction volume of €29.5 billion, which alone exceeded the previous peak of €23.9 billion for 2015 as a whole, the traded volume rose to €50.9 billion in 2021 (290,500 traded units). The €50-billion threshold was exceeded for the first time ever last year in spite of the uncertainties caused by the pandemic, which was primarily owing to the merger of Vonovia and Deutsche Wohnen. Yet even without this merger, a new all-time high of €30 billion would have been achieved. The mega deal created the largest housing company in Europe after Vonovia secured almost 90 % of the shares in its former rival. It gained Deutsche Wohnen assets with a pro rata value of an estimated €22 billion. Most of the residential units are situated in Berlin, which puts the federal capital even more in the focus of market activity.

The majority acquisition of Deutsche Wohnen also means that the “€500m-plus” category now represents by far the biggest cluster with a market share of 66.7 % or €33.9 billion of the volume, exceeding the corresponding result from a year ago by €26 billion. In the previous record year of 2015, when several corporate takeovers also influenced the result, mega deals amounted to €13.2 billion and equated to 55.2 % of the volume.

Demand for residential investments has increased further during the pandemic. This not only led to a record transaction volume by the end of the year, but also drove up prices. Owing to a large number of forward deals, a high percentage of core products and general price

*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 2021



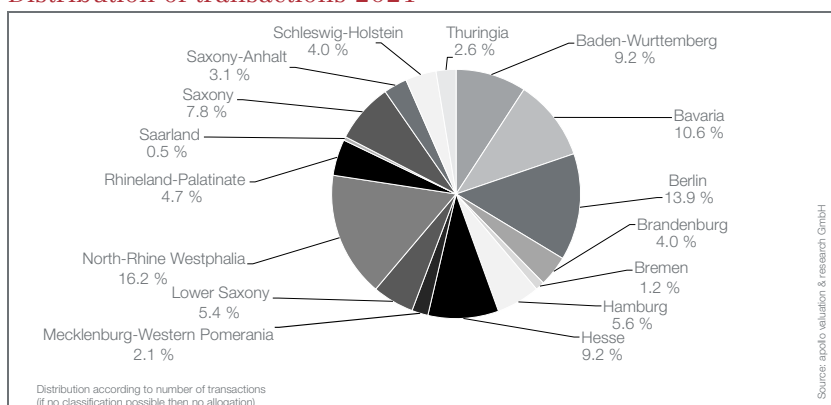
Transaction volume according to investors' origin 2009 - 2021



Transaction number according to investors' origin 2009 - 2021



Distribution of transactions 2021



increases in all investment classes of the residential portfolio segment, the average price per unit rose above €175,000. This represents a 30 % increase compared to 2020, when the average price year was affected by a high proportion of value add and opportunistic residential portfolios.

Compared to 2020, the market share of mega deals above €500 million increased by around 28.6 percentage points, which corresponds to a more than fourfold increase in the transaction volume. The contrast was even greater for deals in the €1 billion-plus cluster. Only one deal, the ADO-Adler merger valued at €6 billion, took place in this segment during 2020. In 2021, total transactions above €1 billion amounted to €32.5 billion. After Deutsche Wohnen, the largest deal last year involved the sale of German residential assets owned by Akelius in the third quarter. Here, the Swedish Heimstaden Group acquired more than 14,000 units in Berlin and almost 3,600 units in Hamburg for an estimated €5 billion. This was followed by the purchase of more than 15,000 residential and commercial units by the state of Berlin for local housing associations HOWOGE, Degewo and Berlinovo from Deutsche Wohnen and Vonovia for €2.5 billion, also in the third quarter. The three largest deals of the year were all concentrated on Berlin. This underlines the enormous appeal of the capital despite the discussions about expropriation and regulation.

In addition to the large deals, smaller segments also showed a positive development in 2021. Although sub-€500m segments lost market share in a year-on-year comparison owing to the dominance of large deals, the transaction

volume still increased in all segments without exception. The rates of growth ranged between 5.6 % (€10m < €25m to €1.9 billion) and 75 % (€50m < €100m to €4.2 billion).

After dropping off somewhat in 2020, which was also the first year of the pandemic, transactions in project developments picked up significantly in 2021. Importantly, the pace of purchasing activity in the core segment is stepping up due to the growing importance of sustainability as an investment criterion. ESG-compliant properties are experiencing steadily growing demand. For example, Pangea Life, part of the Die Bayerische insurance group, launched its Blue Living residential fund in the second half of the year and invested in new residential projects built to sustainable standards in Berlin, Düsseldorf and Hamburg. The total investment volume of forward deals more than doubled in 2021 compared to 2020 and has therefore grown to around €7.1 billion. This corresponds to almost 14 % of total sales.

In view of the takeover of Deutsche Wohnen by Vonovia, it is hardly surprising that “Listed Property Companies / REITs” were the most active buyers and sellers, accounting for a purchase volume of €26.2 billion (51.5 % share) and a sales volume of €34.2 billion (67.2 % share). With correspondingly smaller shares of the transaction volume, the next most-active buyers are “Open-Ended Funds / Special Funds” with 16.4 % and “Property Companies” with 14.3 %. As in the previous year, “Project Developers / Contractors” were in second place on the sellers’ side with a market share of 15.4 %, which was also well behind “Listed Property Companies / REITs”.

The residential portfolio market was largely dictated by German investors in 2021. The market share of local buyers rose to around 80.3 % over the course of the year, corresponding to an increase in the transaction volume from €11 billion in the previous year to €40.9 billion. The merger of Vonovia and Deutsche Wohnen played a decisive role here. Moreover, German buyers were not only ahead when it came to transaction size; they also accounted for the highest number of purchases with a share of 87.1 %. Foreign investors were responsible for around 19.7 % of the purchase volume. Their transaction volume therefore decreased only slightly by 1.8 % to around €10 billion.

Amid the economic uncertainties, most of which are related to the COVID-19 pandemic, the residential portfolio segment established itself as the strongest asset class on the German property market in 2021. There will be little change in this situation in 2022. Forward deals are expected to remain of high significance. At the same time, portfolio adjustments following the recent major transactions should result in a greater supply of existing properties. In addition, it seems that the time of company mergers or larger company investments is not yet over. The unusually high number of mega deals will certainly not be repeated in 2022. Nevertheless, NAI apollo expects sales to exceed €20 billion in the coming year. Based on the experience of the past few quarters, we do not anticipate that investment activity will decline because of the ongoing coronavirus pandemic. Residential property is a safe and sought-after investment target, especially in times of crisis. The German residential portfolio market will receive additional support in 2022 from the federal government’s housing strategy. In addition, there is an increased need for investment because of new energy requirements, which will bring about further portfolio adjustments.

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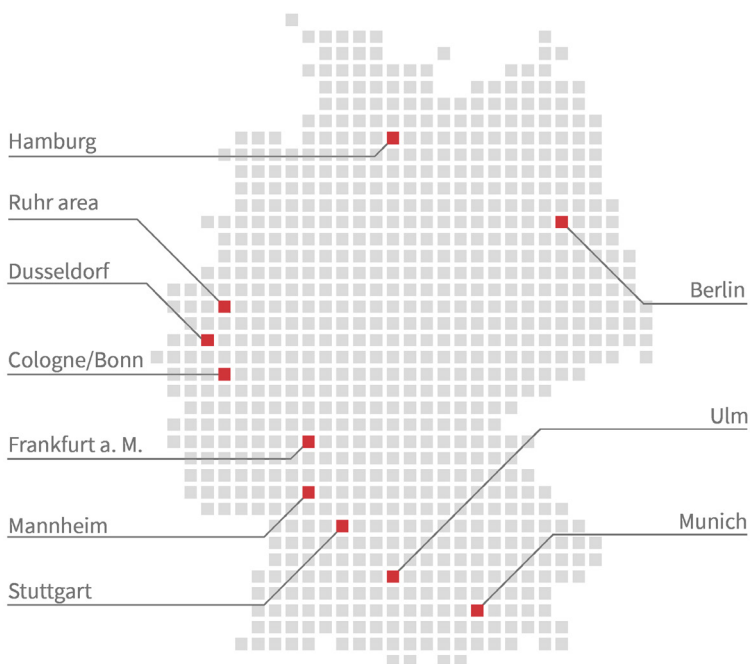
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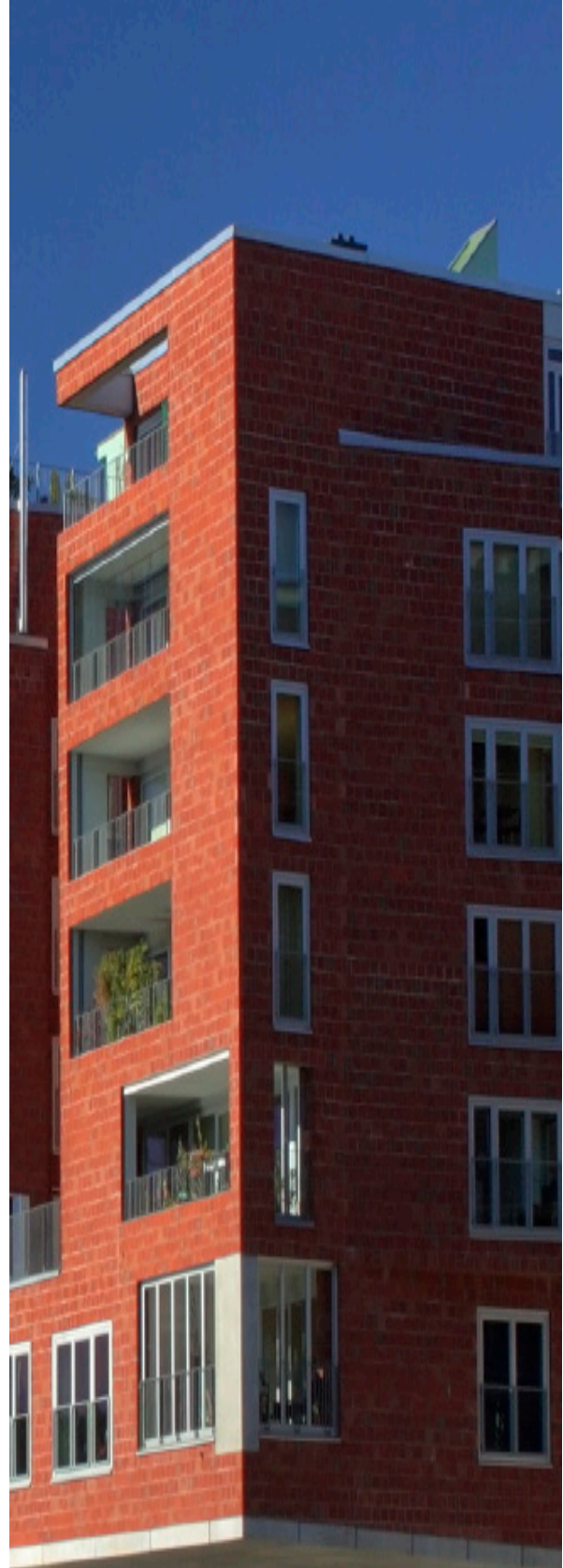
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