



## Facts and Figures

Investment Market for Residential Portfolios Germany  
2022

“Much as I know, I wish I knew more.”

Quote from Johann Wolfgang von Goethe

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

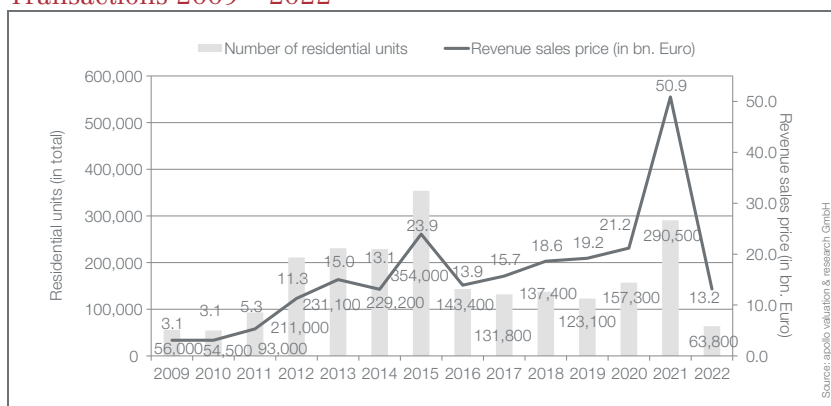


## Market overview 2022

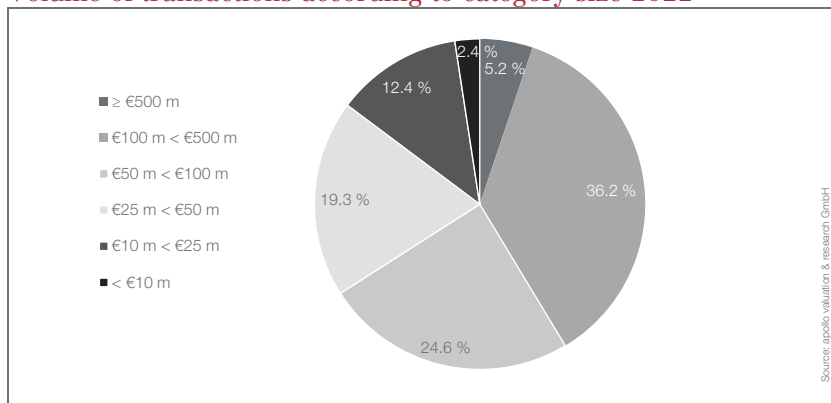
Transaction volume	€13.2 billion represents a decline of almost 50 % compared to the five-year average
Sales of residential units	295 transactions with approx. 63,800 units
Regional focus	Metropolises remain the most popular investment target, North Rhine-Westphalia and Berlin with the most transactions on federal state level
Type of investors	"Open-Ended Funds / Special Funds" dominant investors
Origin of investors	German investors are strongest market players with purchases of €8.6 billion

Source: apollo valuation & research GmbH

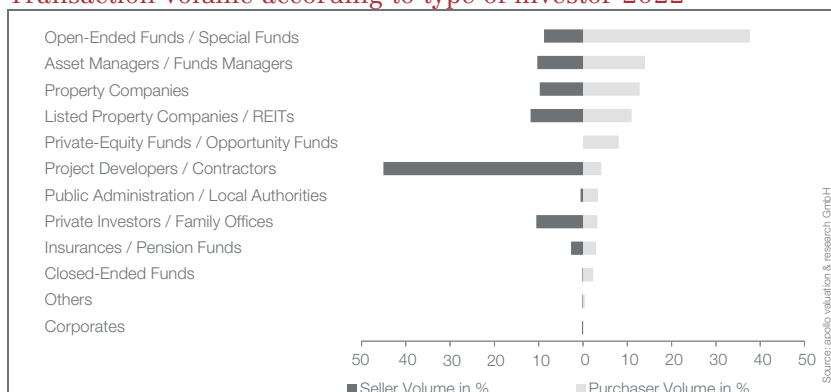
## Transactions 2009 – 2022



## Volume of transactions according to category size 2022



## Transaction volume according to type of investor 2022

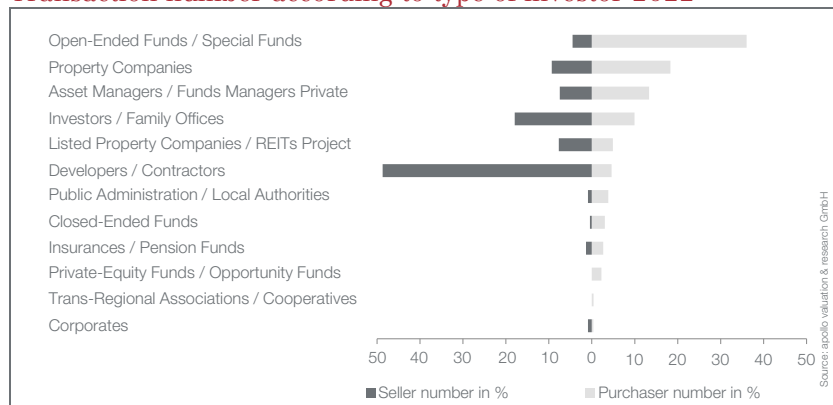


The transaction market for residential portfolios\* in Germany has ended the year 2022 with a below-average fourth quarter. Total transactions in the past three months amounted to around €2.9 billion, which represents a slight decline of about €140 million compared to the previous quarter. This also represents by far the lowest Q4 volume recorded for the last five years (average value: €9.9 billion). The annual volume stood at around €13.2 billion. A lower result than this has not been registered since 2014, when transactions amounted to €13.1 billion. The 2022 figure also fell far short of the record result for 2021 (€50.9 billion, which would have been €17 billion without mega deals above €500 million) and the five-year average (€25.1 billion) owing to the lower number of deals above €500 million. In this segment, only the majority takeover of S IMMO AG by the CPI Property Group can be mentioned. Here, this report only takes into account the German residential units as a proportion of the overall portfolio after the end of the acceptance period for S IMMO shareholders in November.

Buyers and sellers are still in the price negotiation phase and will act far more cautiously in the coming months than in previous years due to the rising financing costs resulting from the Ukraine war and the impending recession. At the same time, the imbalance between the supply of housing and demand is increasing as immigration picks up again and the number of new construction projects declines. This will have a motivating effect on market activity in the medium to long term.

\*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 2022



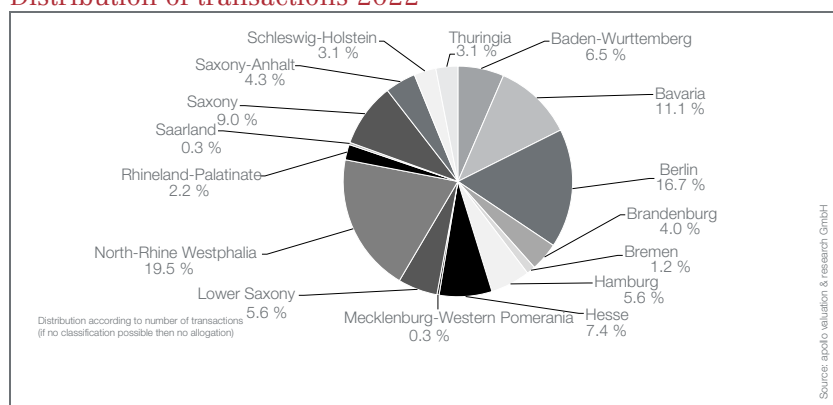
## Transaction volume according to investors' origin 2010 - 2022



## Transaction number according to investors' origin 2010 - 2022



## Distribution of transactions 2022



Around 63,800 units changed hands in 2022, the lowest number since 2010. The fact that market activity has weakened to such an extent is primarily owing to the wait-and-see attitude of investors as a result of the gap in price expectations between sellers and buyers, both for property stock purchases and the sale of new buildings and forward deals. In particular, the “Listed Property Companies / REITs” that have dominated the market in previous years are being more prudent about purchases but are offering large portfolios for sale. A fall in prices is now becoming a reality, especially for properties with significant renovation and energy requirements. While the price per apartment was €236,000 in the first quarter of the year, it will average around €206,000 in 2022. However, this is still 18 % higher than the average price of the previous year, which was primarily influenced by the Deutsche Wohnen takeover by Vonovia and other major transactions. The large proportion of project development sales, for which higher prices are achieved both in general and in view of ESG compliance, helped keep prices at a high level.

The low number of transactions above €500m on the property investment market was particularly noticeable in the past year. In the previous year, this segment accounted for a record volume of €33.9 billion and a share of 66.7 %. In 2022, the largest share of 36.2 %, or around €4.8 billion (2021: €6.9 billion), was attributable to the “€100m < €500m” category. In the medium-sized segment (“€50m < €100m”), sales totalled around €3.2 billion (2021: €4.2 billion). The remaining sum of about €4.5 billion (2021: €5.9 billion) relates to investments below €50 million. All size classes have thus recorded declines in sales compared to the previous year.

“Project Developers / Contractors” remained the most active group of sellers with a market share of 45.0 %. Residential construction projects that were sold before completion accounted for 33.7 % of sales in the final quarter, and 42.6 % or around €5.6 billion in 2022 as a whole. Yet while the market share of forward deals increased significantly compared to the previous year, the absolute volume clearly declined (2021: €7.1 billion). Above all, this reflects the shortage of tradable project developments. Strong investment interest has quickly reduced the supply here in recent years and caused prices to skyrocket. Over the course of 2022, both general construction activities and the trade in project developments decreased, mainly owing to the rise in prices as a result of interest rate hikes, inflation and increases in construction and energy costs. The transaction volume generated by forward deals fell from €2.2 billion in the first quarter to just under €1 billion in the final quarter of 2022. Existing properties that are both modern and energy-efficient will benefit from this development.

On the buyer side, the “Open-Ended Funds / Special Funds” accounted for the largest market share in 2022 as a whole with 37.6 % or around €5 billion (2021: €8.3 billion). They are followed by “Asset Managers / Funds Managers” with 14.0 % (2022: €1.8 billion/2021: €2 billion) and “Property Companies” with 12.8 % (2022: €1.7 billion/2021: €7.3 billion). An analysis of the origin of buyers reveals that as in previous years, German investors dominated the residential portfolio market in 2022. However, the volume of purchases made by domestic players has fallen significantly from €40.9 billion in the previous year to €8.6 billion. This sharp decline is primarily owing to the dominant role played by local investors in the mega deals that took place in 2021. In the past twelve months, foreign investors were responsible for purchases totalling around €4.6 billion, which was significantly lower by around 54 % year-on-year. However, it is higher than in the years before 2020.

It is difficult to make predictions about the development of the German residential portfolio transaction market in 2023. Continuing strong demand for new construction developments is to be expected. However, high construction and financing costs are slowing down both the realisation of such projects as well as transaction activities. Therefore, investors are increasingly seeking existing, energy-efficient buildings as well as properties that are associated with higher risks but offer potential for value increases, especially within the growth regions. For 2023, we anticipate a further correction in purchase prices to below the record levels of

previous years. However, we do not expect a sharp drop in prices across all markets due to the ongoing shortage of supply. The socially driven increase in the importance of sustainability aspects in residential construction will also have an impact on price development. In this context, ESG renovation potential is playing an increasingly important role in property valuations, and is especially significant for large portfolio owners. User demand is high, rents are rising. And political objectives for new residential construction are far from being achieved, which supports the transaction market. A recovery in the residential asset class can be expected in the course of the year, provided no new exogenous shocks occur. In addition, liquidity is available especially in the “Open-Ended Funds / Special Funds” group, and the gap between seller and buyer price expectations is narrowing. These are central framework conditions that are expected to increase the pace of market activity in the second half of 2023.

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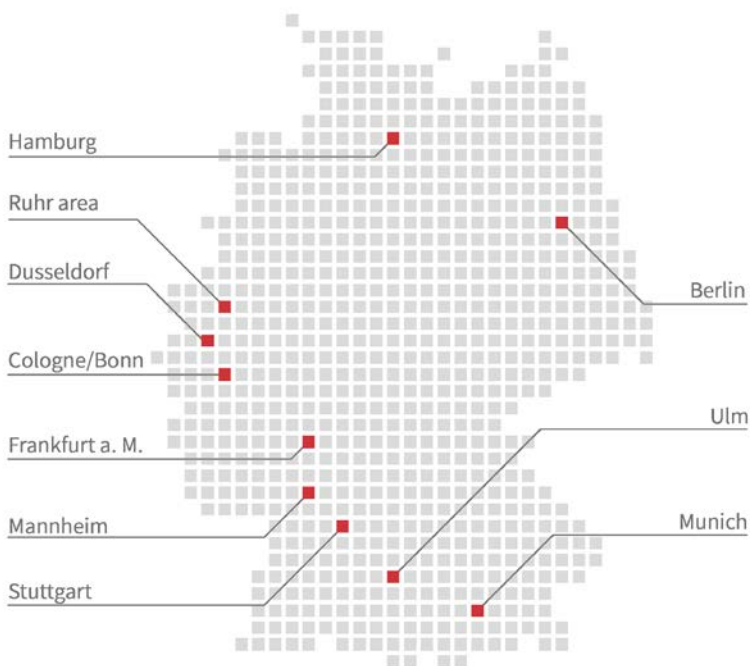
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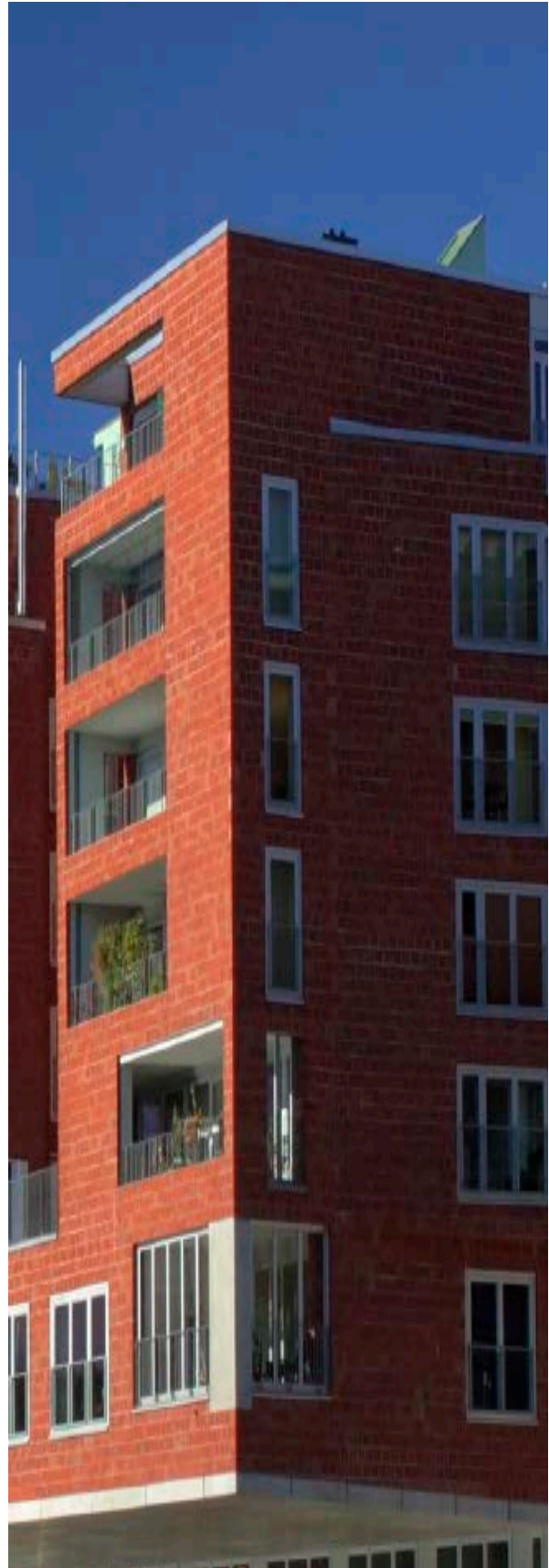
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