



# “An investment in knowledge pays the best interest.”

Quote from Benjamin Franklin

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!

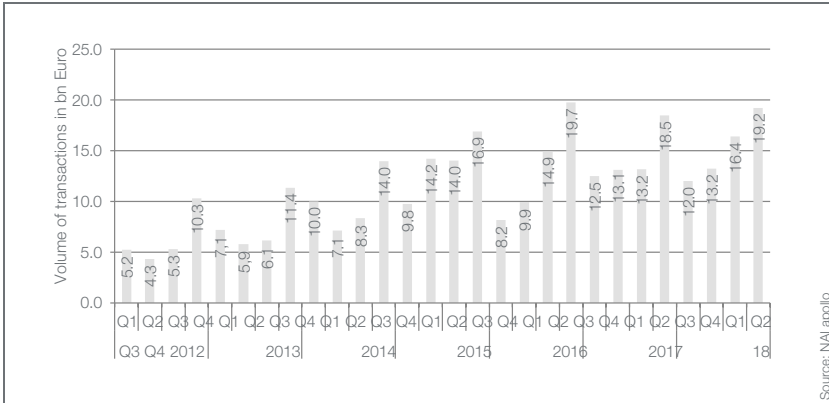


Dr. Marcel Crommen  
Chief Investment Officer  
+ 49 (0) 69 – 970 505-143  
[marcel.crommen@nai-apollo.de](mailto:marcel.crommen@nai-apollo.de)

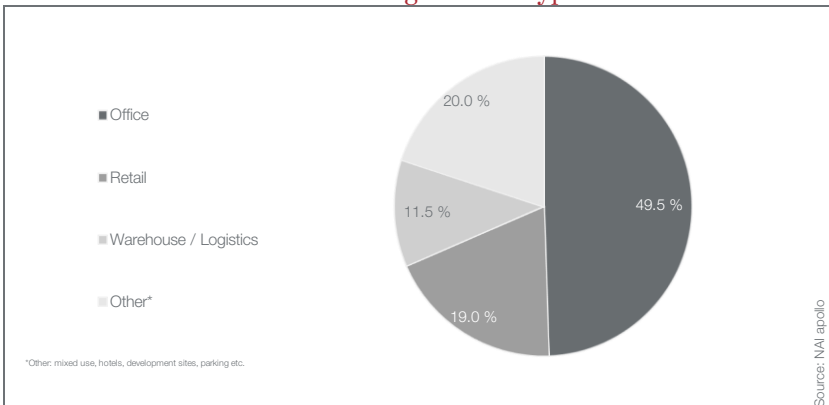
Lenny Lemler  
Director Investment  
+ 49 (0) 69 – 970 505-175  
[lenny.lemmer@nai-apollo.de](mailto:lenny.lemmer@nai-apollo.de)



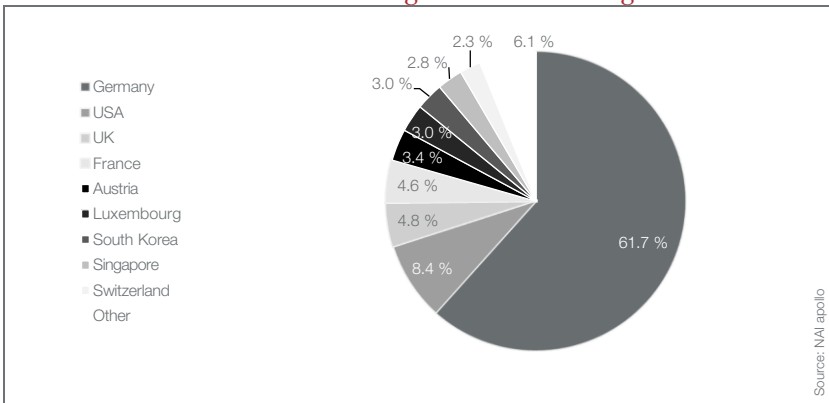
Volume of transactions 2012 – 2018



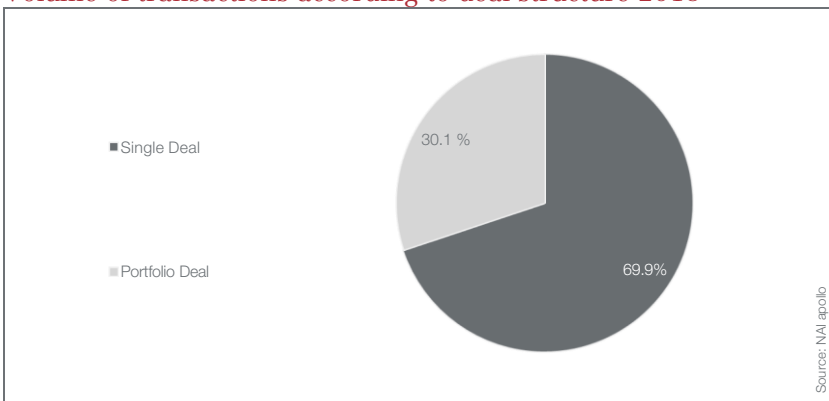
Volume of transactions according to asset type 2018



Volume of transactions according to investors' origin 2018



Volume of transactions according to deal structure 2018

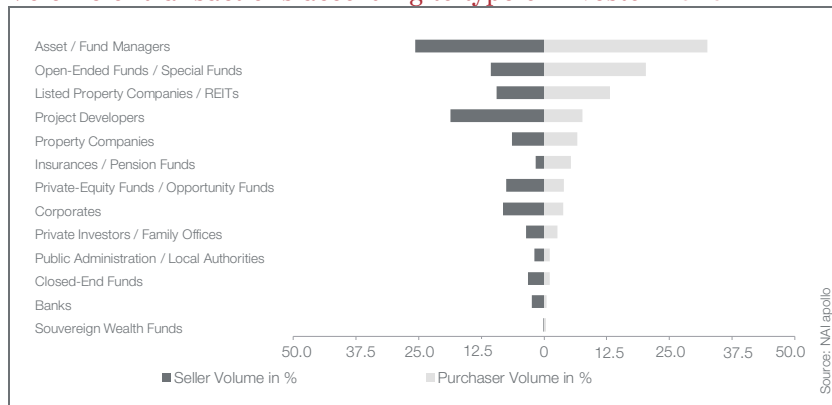


The German investment market for commercial real estate continued to perform strongly in 2018 and ended the year with a new record result. After a total of €19.2 billion was invested in German commercial properties in the fourth quarter of the year, the annual volume amounted to €60.84 billion. This result not only exceeded the previous year's record of €57.24 billion by 6.3 %, but surpassed the average for the past ten years by as much as 82.9 % (2008-2017: €33.27 billion).

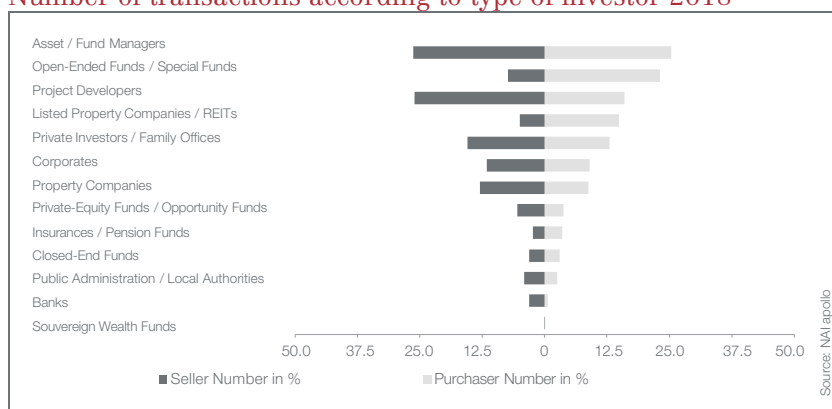
This significant increase in investments was primarily fuelled by single-asset transactions, which increased by 10.6 % year-on-year to €42.51 billion. The sale of trophy properties in the three-digit-million range made a substantial contribution here. In contrast, the investment volume generated by portfolio deals fell slightly by 2.5 % from €18.79 billion in the previous year to €18.33 billion.

Office properties continued to dominate the market in the final few months of 2018. A total of €30.11 billion (49.5 % share) was invested in this asset class, representing the second-highest amount since 2007 and also 8.9 % higher than the previous year's level. Investments in retail properties, on the other hand, plummeted by 17.2 % to €11.57 billion. The market share of this asset class stood at 19.0 %. Logistics properties were in third place with €7.02 billion (11.5 % share). Properties classified under "other uses" accounted for €12.14 billion. This also includes hotels, which dropped slightly to €3.71 billion compared to the previous year (€4.13 billion).

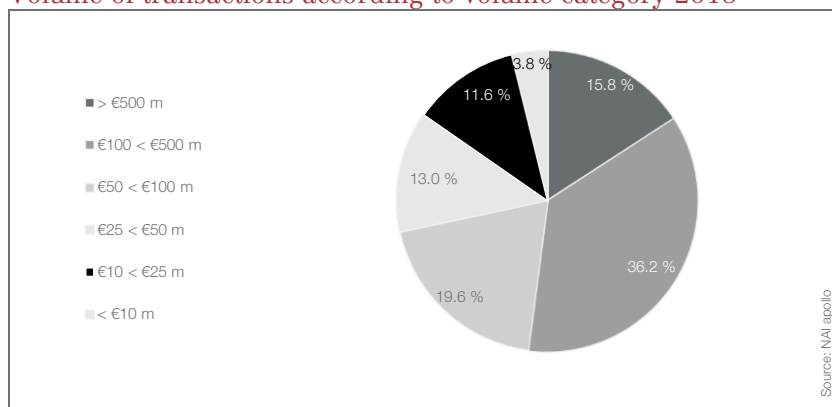
Volume of transactions according to type of investor 2018



Number of transactions according to type of investor 2018



Volume of transactions according to volume category 2018



Prime yields Q4 2018

	Prime office yields	Prime retail yields	Prime logistics yields
Berlin	2.80 %	2.85 %	4.15 %
Dusseldorf	3.20 %	3.15 %	4.15 %
Frankfurt a. M.	3.05 %	3.00 %	4.15 %
Hamburg	3.00 %	3.00 %	4.15 %
Munich	2.85 %	2.80 %	4.10 %
Total	Ø = 3.00%	Ø = 2.95%	Ø = 4.15%

Source: NAI apollo

The emerging trend over recent quarters of a stronger participation by German players in the domestic market was also evident in the fourth quarter. German investors were responsible for the lion's share of the investment volume, at 61.7 %. Compared to the previous year, this represents an increase of 23.4 %. At the same time, capital from foreign sources fell by 13.1 % to €23.32 billion (38.3 % market share). Countries with the highest transaction volumes were the USA, the UK, France and Austria, although Asian countries such as South Korea and Singapore achieved a top-ten ranking with market shares of almost 3.0 % each.

Transaction activity was primarily determined by "asset / fund managers", "open-ended funds / special funds" and "listed property companies / REITs". These three investor groups allocated more than €40 billion to German commercial properties in 2018. The sales side was dominated by "asset / fund managers" and "open-ended funds / special funds" as well as "project developers". The latter group sold commercial properties for a total value of more than €11 billion in 2018.

Due to the large number of major single-asset transactions, the investment volumes in the "€50m<€500m" and "€100m<€500m" segments increased by 18.6 % and 13.8 % respectively. The reduction in the portfolio volume also pushed down investments in the ">€500m" category by 8.3 %.

## Selected commercial transactions 2018

Kaufhof-Portfolio	
Purchaser	Primonial
Purchase Price (ca.)	€1.875.000.000
Asset Type	Retail
MPT-Portfolio	
Purchaser	Primonial
Purchase Price (ca.)	€817.500.000
Asset Type	Health Care
Trianon, Frankfurt	
Purchaser	Igis Asset Management
Purchase Price (ca.)	€670.000.000
Asset Type	Office
Laetitia Portfolio	
Purchaser	Beos
Purchase Price (ca.)	€630.000.000
Asset Type	Logistics
Omniturm, Frankfurt	
Purchaser	Commerz Real
Purchase Price (ca.)	€612.000.000
Asset Type	Office
Top-Five-Portfolio	
Purchaser	Amundi
Purchase Price (ca.)	€574.000.000
Asset Type	Office
Eurotower, Frankfurt	
Purchaser	Fubon Life
Purchase Price (ca.)	€530.000.000
Asset Type	Office
Optimus Prime Portfolio	
Purchaser	Helaba Invest
Purchase Price (ca.)	€520.000.000
Asset Type	Logistics
Alpha Industrial Portfolio (german part)	
Purchaser	Frasers Property
Purchase Price (ca.)	€520.000.000
Asset Type	Logistics
Frankfurt Civic Center	
Purchaser	Aroundtown
Purchase Price (ca.)	€500.000.000
Asset Type	Office

Source: NAI Apollo

The strong demand for German commercial properties was also reflected by a further prime yield contraction in the fourth quarter. Investors are particularly interested in the office and logistics asset classes, which experienced strong declines in yields in some cases. In contrast, yields for retail properties remained unchanged. The average rate of return for prime office properties in the top five markets fell by 8 basis points in the last three months of the year. The prime yield for logistics properties declined by a further 20 basis points in all top five markets.

The average prime yield for logistics properties in the top five markets now stands at 4.15 %. In Munich, the rate is only 4.10 %. Since the average yield for the top five markets fell by 30 basis points over the year, the rate is now expected to either bottom out or experience only a marginal reduction.

Office properties also experienced a sharp decline in yields in the fourth quarter of 2018. Owing to the high level of investment activity, Düsseldorf (3.20 %) and Frankfurt am Main (3.05 %) registered the biggest declines of 15 and 10 basis points respectively. In Berlin (2.80 %), Munich (2.85 %) and Hamburg (3.00 %), the prime yield fell by a further 0.05 %-points in all cases.

Although retail remains a sought-after asset class, there are increasing signs that the prime yields have gradually bottomed out. Thus, on a quarterly basis, yields in the top five markets were unchanged at 2.85 % in Berlin, 3.15 % in Düsseldorf, 3.00 % in Frankfurt and Hamburg and 2.80 % in Munich.

In 2019, the office property markets will again be characterised by insufficient completions and strong demand for space. Rental prices in most markets are therefore going in only one direction. User demand will also remain at a high level in the logistics markets. These asset classes will therefore continue to be of interest to investors.

Under the current market conditions, it is possible to predict a transaction volume for the commercial investment market of more than €50 billion for 2019.



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

ASSET MANAGEMENT

ACCOUNTING

BUILDING MANAGEMENT

PROJECT DEVELOPMENT

VALUATION AND RESEARCH

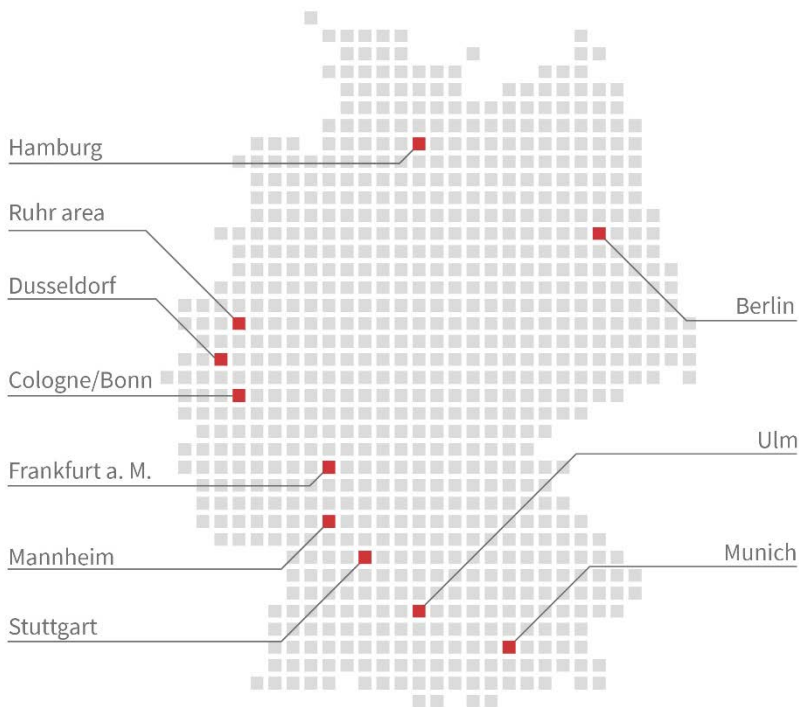
CORPORATE FINANCE ADVISORY

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 © NAI apollo, 2019.

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 NAI apollo 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 NAI apollo.