



Facts and Figures

Investment Market Germany
Q1 2019

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

Quote from Niccoló 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!



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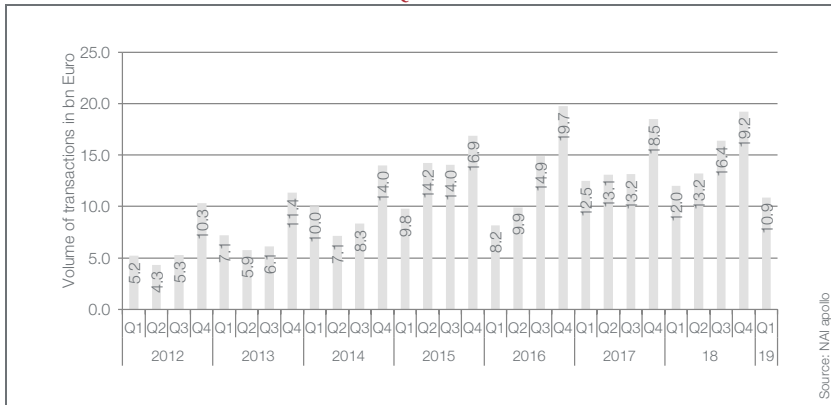
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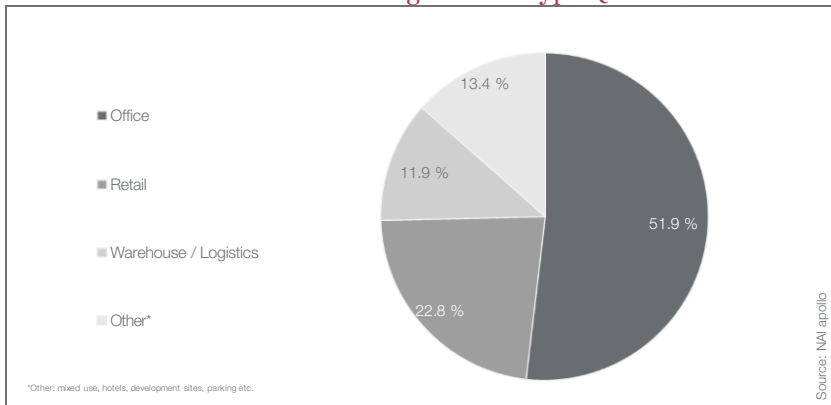


Volume of transactions 2012 – Q1 2019



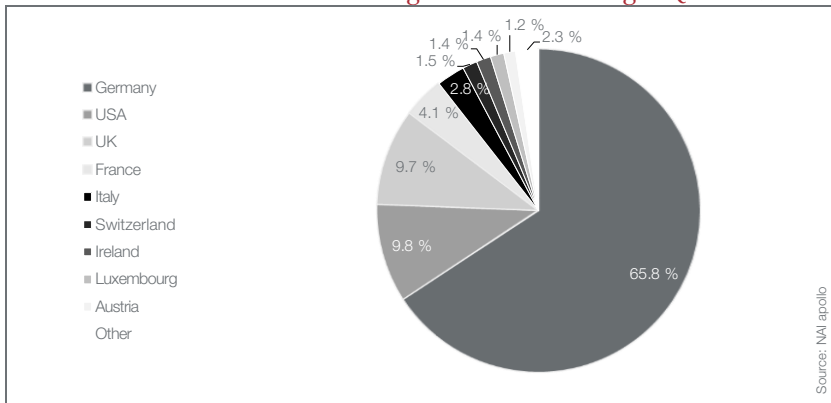
The German investment market for commercial real estate has made a somewhat slow start to 2019. In the first three months of the year, around €10.9 billion was invested in German commercial property — which is 9.5 % lower than in the previous year. However, this is still regarded as a good first quarter result because it exceeds the average (€10.48 billion) for the last five first quarters. Moreover, a higher level of product availability in the first three months of 2019 would have ensured a much better outcome.

Volume of transactions according to asset type Q1 2019



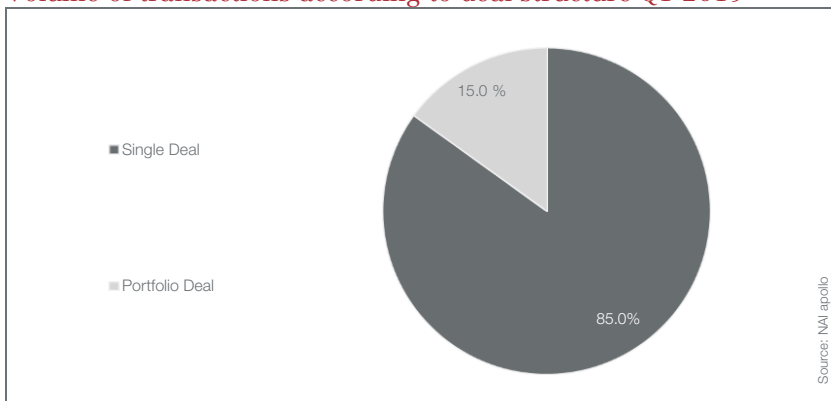
The market was largely dominated by single-asset transactions, although the volume in this segment fell by 10.7 % to €9.22 billion compared to the previous year. Portfolio deals generated a transaction volume that was almost in line with the prior year. In the first three months of 2019, €1.63 billion (Q1 2018: €1.67 billion) was registered here.

Volume of transactions according to investors' origin Q1 2019

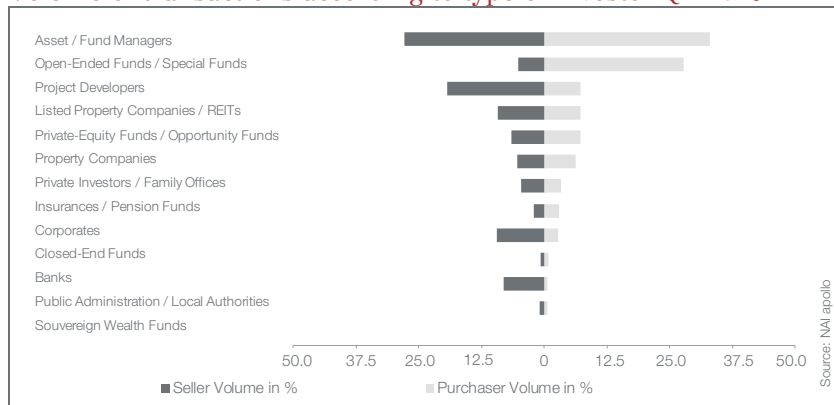


Office property remains the most popular asset class. A total of €5.63 billion was invested here, equating to a market share of 51.9 %. In the previous year, the volume in this segment amounted to €6.27 billion. Retail property experienced a significant upturn with a volume of €2.47 billion (22.8 % market share). This represents an increase of almost a third compared to the year-ago level. Logistics property was in third place, but also registered a decline of 11.9 % to €1.29 billion. “Other uses” accounted for €1.46 billion, of which €0.63 billion was invested in hotels.

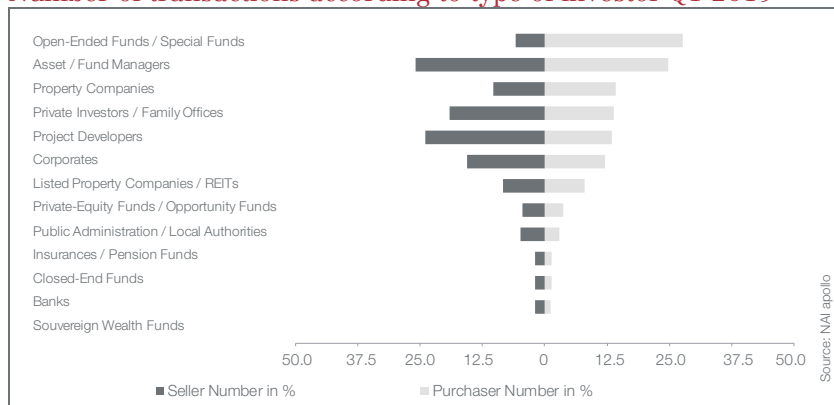
Volume of transactions according to deal structure Q1 2019



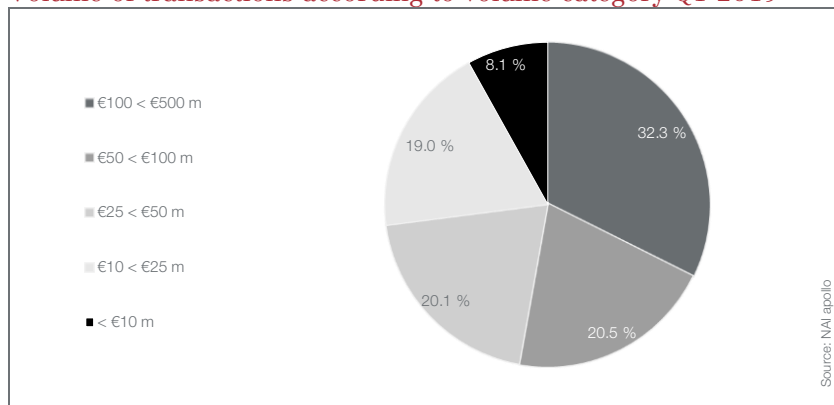
Volume of transactions according to type of investor Q1 2019



Number of transactions according to type of investor Q1 2019



Volume of transactions according to volume category Q1 2019



Prime yields Q1 2019

	Prime office yields	Prime retail yields	Prime logistics yields
Berlin	2.80 %	2.80 %	4.00 %
Dusseldorf	3.15 %	3.10 %	4.10 %
Frankfurt a. M.	3.00 %	3.00 %	4.00 %
Hamburg	3.00 %	3.00 %	4.00 %
Munich	2.80 %	2.80 %	3.95 %
Total	Ø = 2.95%	Ø = 2.95%	Ø = 4.00%

Although German players invested somewhat less in domestic commercial property compared to last year, their market share has been rising steadily. The transaction volume generated by German investors reached €7.14 billion in the recent first quarter, compared to €7.59 billion in Q1 2018, while their market share increased from 63.3 % to 65.8 %. Investments by foreign players fell disproportionately by -17.3 % to €3.71 billion. The most active investment countries were the USA, the UK, France, and Italy.

“Asset / fund managers” and “open-ended funds / special funds” remained the strongest investor groups with a combined 60.8 % market share. Worth noting is that “project developers” were responsible for the third-largest volume in the first three months, with a market share of 7.2 %. In this respect, the continuously increasing project pipeline should have a positive impact on product availability. “Listed property companies / REITs” and “private-equity funds / opportunity funds” were very close behind with a 7.1 % market share. On the sellers’ side, “asset/fund managers” generated €3.02 billion, followed by “project developers” with €2.10 billion.

In the first quarter of 2019, no deals above €500 million were registered. Slight decreases were recorded in the “€50m<€100m” and “€100m<€500m” segments, while smaller segments experienced growth.

Selected commercial transactions Q1 2019

Oberbaumcity, Berlin	
Purchaser	Blackstone / Quincap
Purchase Price (ca.)	€475,000,000
Asset Type	Office
Pressehaus, Berlin	
Purchaser	GEG German Estate Group
Purchase Price (ca.)	€365,000,000
Asset Type	Office
Königsbau-Passagen, Stuttgart	
Purchaser	Antirion / Poste Vita
Purchase Price (ca.)	€280,000,000
Asset Type	Retail, Office
Zoom, Berlin	
Purchaser	Corpus Sireo (BVK)
Purchase Price (ca.)	€265,000,000
Asset Type	Retail, Office
Logistics Portfolio Project Coldplay	
Purchaser	Barings Real Estate / Tristan Capital
Purchase Price (ca.)	€275,000,000
Asset Type	Logistics
Retail Portfolio Brack Capital	
Purchaser	Confidential
Purchase Price (ca.)	€180,600,000
Asset Type	Retail
Wallarkaden, Cologne	
Purchaser	Several Pension Plans
Purchase Price (ca.)	€140,000,000
Asset Type	Office, Retail
Herzog-Terrassen, Dusseldorf	
Purchaser	Godewind Immobilien AG
Purchase Price (ca.)	€140,000,000
Asset Type	Office
Westend Yards, Munich	
Purchaser	LaSalle IM
Purchase Price (ca.)	€140,000,000
Asset Type	Office
TLG Retail Portfolio	
Purchaser	Greenman Investments
Purchase Price (ca.)	€118,000,000
Asset Type	Retail

Source: NAI Apollo

Interest in German commercial property remained at a high level in the first quarter of 2019. This is easy to understand given that the ECB still maintains its zero interest rate policy. Owing to the continuing strong demand combined with a shortage of products, prime yields fell further depending on the asset class. In the top five markets, average prime yields fell by two basis points for retail property, three basis points for offices and as much as 13 basis points for logistics property in the last three months.

A closer analysis of the retail asset class in the individual top markets reveals that prime yields for commercial buildings fell by 0.05 %-points in both Berlin and Dusseldorf in the first quarter of 2019, to 2.80 % and 3.10 % respectively. In the other three top five markets, prime yields for commercial buildings remained at the previous year's level (Frankfurt and Hamburg: 3.00 %; Munich: 2.80 %).

In the highly popular office asset class, the product shortage in the first quarter of 2019 led to a further reduction by 0.05 %-points in three markets. That means prime yields in Dusseldorf, Frankfurt and Munich now stand at 3.15 %, 3.00 % and 2.80 %. In Berlin and Hamburg, prime yields are unchanged on a quarterly basis at 2.80 % and 3.00 % respectively.

The sharpest decline was registered in the logistics asset class. The extremely high demand from both German and foreign investors caused prime yields in the top five markets to fall by between five to 15 basis points. In Berlin, Frankfurt and Hamburg, the prime yield currently stands at 4.00 %. In Dusseldorf it amounts to 4.10 % while in Munich it has dropped to as low as 3.95 %. Further yield compression is deemed extremely likely over the course of the year.

Based on current marketing activities combined with the high demand for real estate, a commercial property transaction volume of €55 billion to €60 billion can be forecast for 2019 as a whole.

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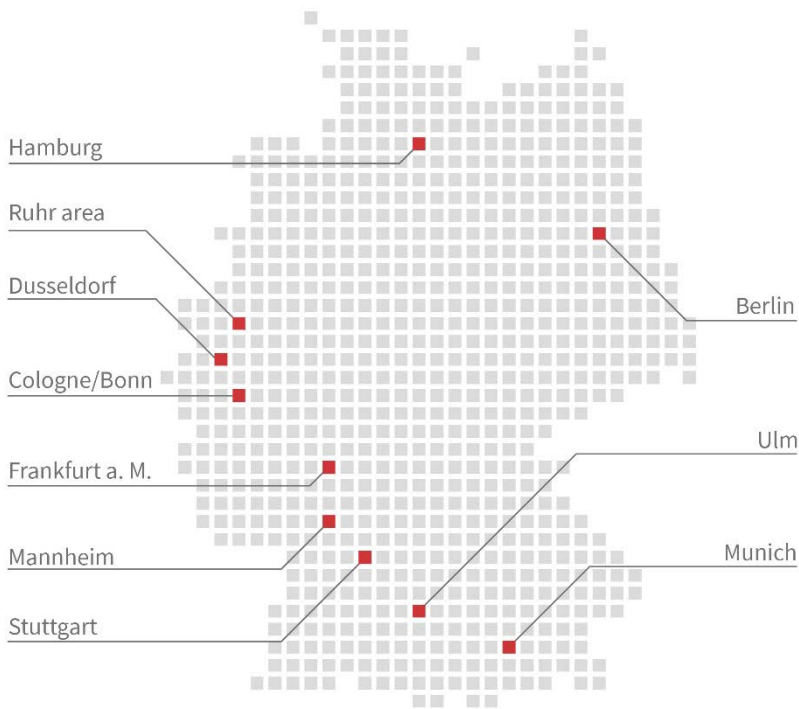
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