



# Facts and Figures

Investment Market Germany  
2019

# “Knowledge is the child of experience.”

Quote from Leonardo da Vinci

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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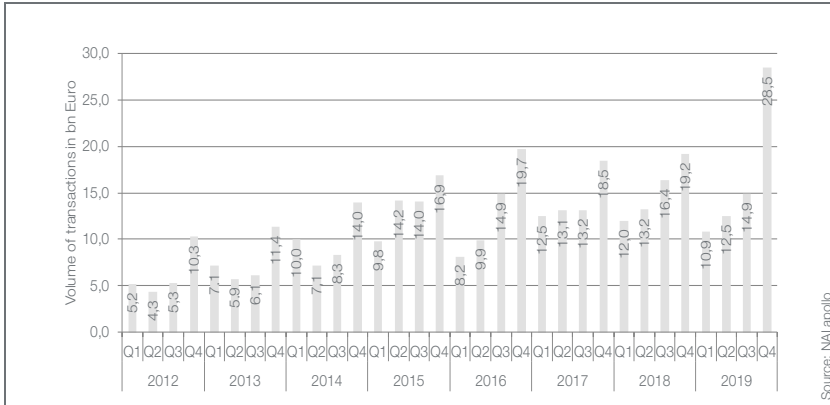
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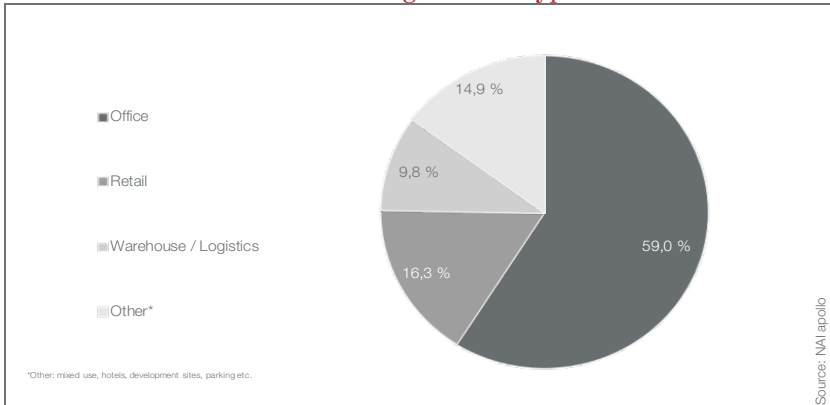


Volume of transactions 2012 – 2019



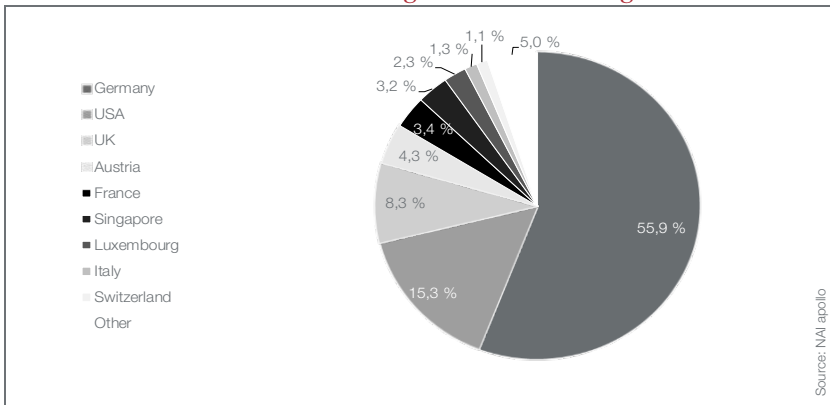
The German commercial property investment market ended 2019 with a new record result. The total transaction volume amounted to €66.7bn (excluding minority interests or shareholdings), which was 9.7 % above last year’s record figure and as much as 55.0 % higher than the long-term average (2010-2019: €43bn). The fourth quarter made a strong contribution towards this result with an outstanding transaction volume of €28.5bn.

Volume of transactions according to asset type 2019



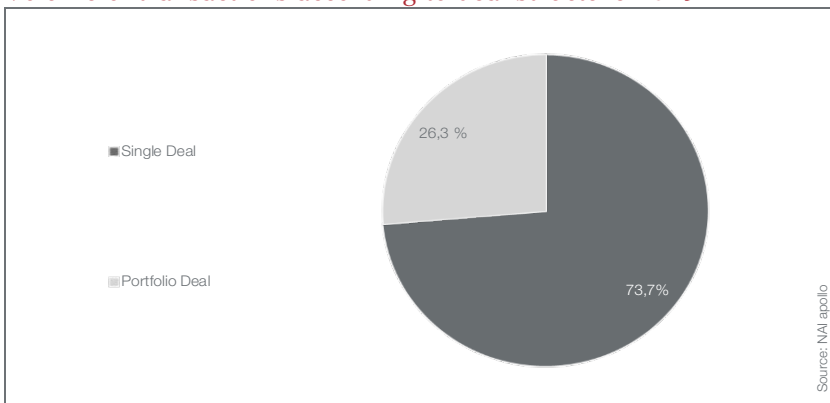
The increase in the transaction volume was driven primarily by single-asset transactions, which rose from €42.5bn in 2018 to €49.1bn (+15.6 %) last year. This primarily reflects the increased number of large deals in the top seven markets. In contrast, portfolio transactions amounted to €17.6bn and were broadly in line with the previous year’s volume (2018: €18.3bn).

Volume of transactions according to investors’ origin 2019

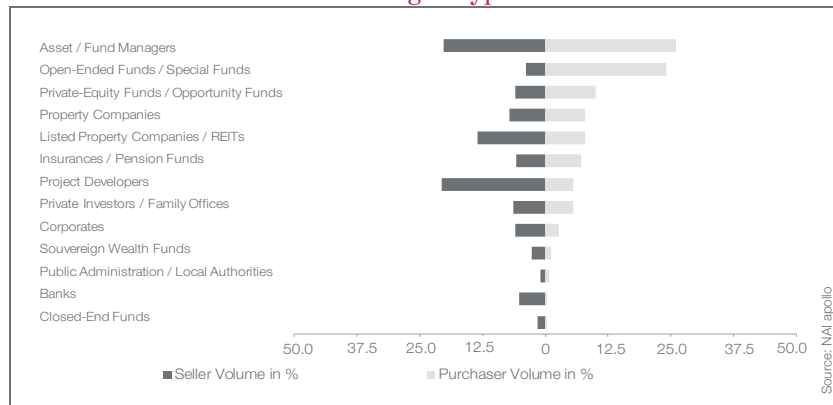


Office properties represented the most popular asset class. The office transaction volume increased by 30.8 % year-on-year and reached a new record figure of €39.4bn. Retail properties were next with around €10.9bn, followed by logistics properties with approx. €6.6bn. Both of the latter two asset classes registered a slightly lower volume compared to the previous year. The “other uses” category registered a transaction volume of €9.9bn, of which around half or almost €5bn applies to hotels.

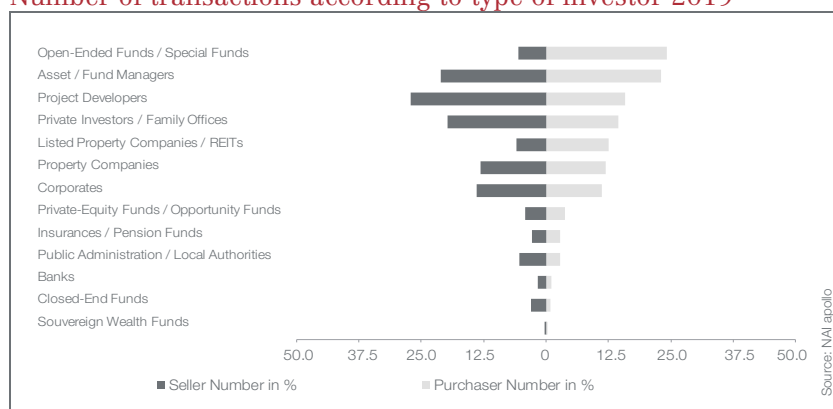
Volume of transactions according to deal structure 2019



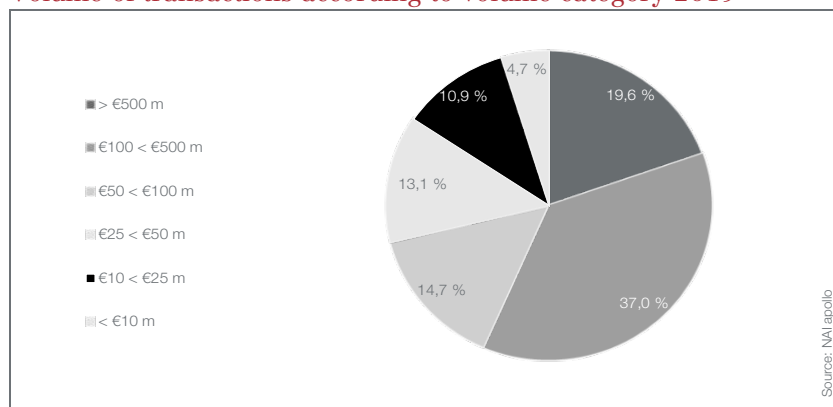
Volume of transactions according to type of investor 2019



Number of transactions according to type of investor 2019



Volume of transactions according to volume category 2019



Prime yields 2019

	Prime office yields	Prime retail yields	Prime logistics yields
Berlin	2,65 %	2,80 %	3,75 %
Dusseldorf	3,10 %	3,10 %	3,80 %
Frankfurt a. M.	2,85 %	3,00 %	3,75 %
Hamburg	2,85 %	3,00 %	3,75 %
Munich	2,70 %	2,80 %	3,70 %
Total	Ø = 2,85%	Ø = 2,95%	Ø = 3,75%

German investors were again responsible for the bulk of market activity (55.8 % market share). However, they invested a similar amount compared to the previous year, at €37.2bn in 2019 compared to €37.5bn in 2018. This indicates that foreign players invested more capital in German commercial property, increasing their total volume by over a quarter to about €29.5bn. The USA and the UK accounted for the biggest share, followed by Austria and France.

In terms of the different investor groups, “asset/fund managers” and “open-ended funds/special funds” dominated the market and were responsible for a combined 50 % share of the transaction volume. “Opportunity/private-equity funds”, “property companies”, “listed property companies/REITs” and “insurances/pension funds” were next, indicating that the remaining 50 % was distributed among a large number of market participants. On the sales side, “project developers” accounted for the biggest volume of almost €13.8bn, while “asset/fund managers” were responsible for a similar amount.

Owing to a wide range of large deals, including the Dream Global portfolio, the Millennium portfolio, the complete acquisition of Galeria Karstadt Kaufhof, The Squire in Frankfurt and Tucherpark in Munich, the €500m-plus category recorded one of the highest growth rates compared to the previous year, boosting its market share to 19.6 %. However, the “€100m<€500m” cluster accounted for the biggest volume in absolute terms, generating almost €24.7bn.

## Selected commercial transactions 2019

Dream Global Portfolio (German share)	
Purchaser	Blackstone
Purchase Price (ca.)	€3.000.000.000
Asset Type	Office, Logistics
Millennium Portfolio	
Purchaser	Commerz Real
Purchase Price (ca.)	€2.600.000.000
Asset Type	Office, Retail, Residential
Kaufhof-Portfolio (50 %-share)	
Purchaser	Signa
Purchase Price (ca.)	€1.250.000.000
Asset Type	Retail
Tucherpark, Munich	
Purchaser	Commerz Real / Hines
Purchase Price (ca.)	€1.100.000.000
Asset Type	Office, Hotel
The Squire, Frankfurt	
Purchaser	AGC Equity Partners
Purchase Price (ca.)	€935.000.000
Asset Type	Office, Hotel
Fürst, Berlin	
Purchaser	Ionview Holdings / Amir Dayan
Purchase Price (ca.)	€850.000.000
Asset Type	Office, Retail, Hotel
Omega-Portfolio	
Purchaser	Imfarr
Purchase Price (ca.)	€800.000.000
Asset Type	Office
Die Welle, Frankfurt	
Purchaser	Invesco Real Estate
Purchase Price (ca.)	€620.000.000
Asset Type	Office
Edge East Side, Berlin	
Purchaser	Allianz / Universal Investment (BVK)
Purchase Price (ca.)	€600.000.000
Asset Type	Office
Die Macherei, Munich	
Purchaser	Universal Investment (BVK)
Purchase Price (ca.)	€600.000.000
Asset Type	Office

Source: NAI Apollo

stand at 3.75 % in Berlin, Frankfurt and Hamburg and 3.80 % in Düsseldorf. Yield compression in 2019 ranged between 35 and 40 basis points.

In the fourth quarter, office yields also fell in all top five locations. The biggest decline within the last three months was recorded in Berlin, with a drop of 0.10 percentage points. Compared to the previous year, the yield in the German capital has decreased by 15 basis points. The yields narrowed by 0.05 percentage points in the other four top locations, and now stand at 2.70 % in Munich, 2.85 % in Frankfurt and Hamburg, and 3.10 % in Düsseldorf. Compared to 2018, yield compression ranged between 10 and 20 basis points.

Prime yields for retail properties remained unchanged in the fourth quarter. Within the past 12 months, only Berlin and Düsseldorf registered declines of 0.05%.

After the new record figure in 2019, the investment volume is again expected to be well above-average for 2020. The sustained investor demand for commercial real estate in combination with properties already on the market will prove beneficial here. Accordingly, a transaction volume of around €60bn is currently forecast for 2020.

Political uncertainty coupled with a liquid capital market ensured that German commercial property remained a sought-after investment. This was further fueled by the zero-interest rate policy of the ECB. It therefore comes as no surprise that prime yields for certain locations and asset classes fell further in the fourth quarter. The sharpest decline was registered in the logistics asset class, where the average prime yield for the top five markets fell by 10 basis points compared to the third quarter. The average office yield for the top five markets declined by six basis points, while the yield was stable in the retail category owing to a certain caution in this segment.

The logistics property yield fell in all top five locations in the fourth quarter, with an average reduction of 0.10 percentage points. Munich still registers the lowest prime yield of 3.70 %, which dropped by 0.40 % over the past 12 months. Yields in the other locations

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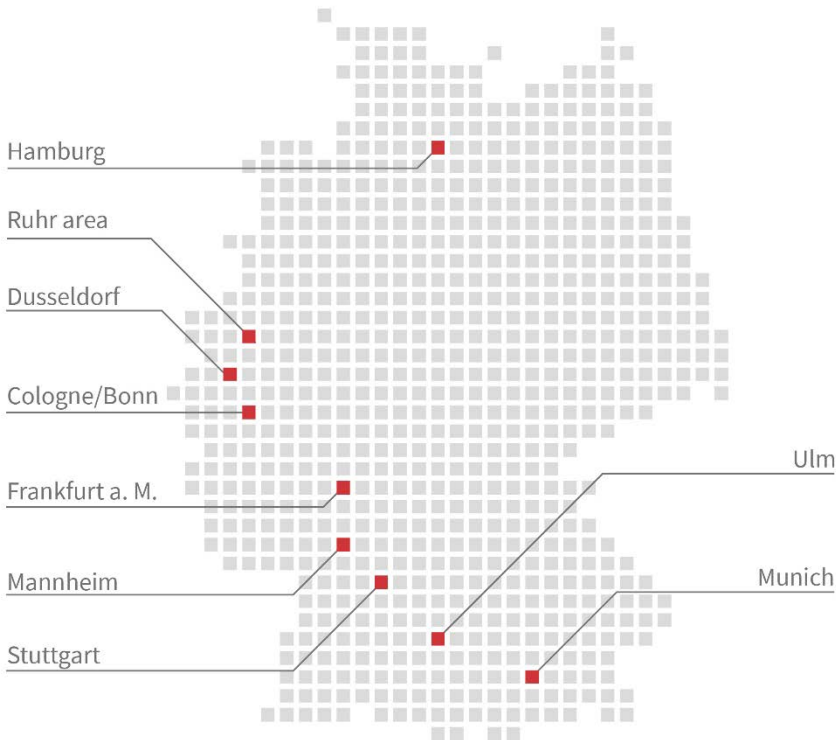
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