



Facts and Figures

Investment Market for Residential Portfolios Germany
H1 2018

“Reliable information is imperative for the success of an enterprise.”

Quote from Christopher Columbus

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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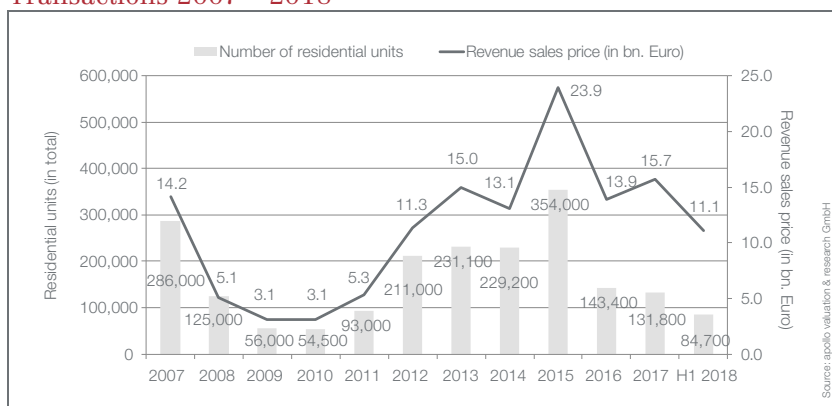
Market overview H1 2018

Transaction volume	€11.1 billion, 82.0 % above the volume of the previous year
Sales of residential units	246 transactions with approx. 84,700 units
Regional focus	Berlin is the most popular investment target among the metropolises (15.4 % of the transactions), investment activity in secondary and tertiary locations is rising
Type of investors	Dominant investors are listed property companies / REITs (€4.4 billion)
Origin of investors	German investors are strongest market players with purchases of €9.1 billion

Source: apollo valuation & research GmbH

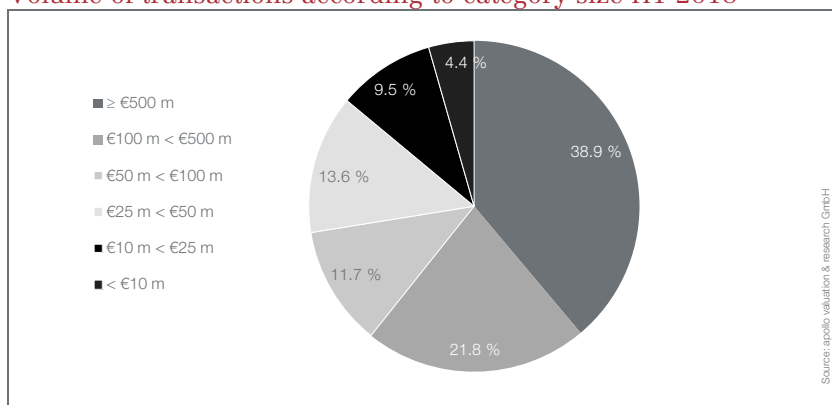
The German residential portfolio transaction market reached a volume of EUR 11.1 bn in H1 2018. This means that the full-year average of the past ten years (EUR 11.0 bn) has already been exceeded. Compared to H1 2017 levels (EUR 6.1 bn), transactions increased by approximately 82 %.

Transactions 2007 – 2018



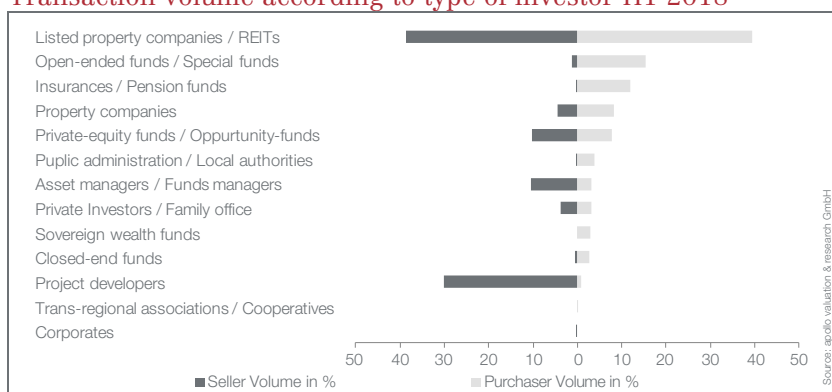
Following a very strong start at the beginning of the year, market dynamics remained high in Q2 2018 with a transaction volume of EUR 4.2 bn. Compared to EUR 2.4 bn in the year-ago quarter, Q2 2018 saw a 75.0 % jump in transaction volume. Thus, the current year is heading for the second best result after 2015.

Volume of transactions according to category size H1 2018



In H1 2018, the number of residential units traded rose significantly as well, beating the previous year's levels (H1 2017: approximately 49,600 units) by 70.8 % and reaching around 84,700 units.

Transaction volume according to type of investor H1 2018

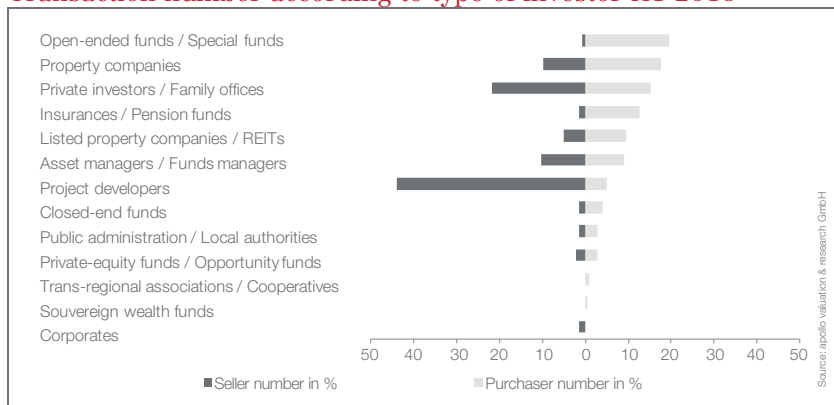


The H1 result was largely due to the takeover of Buwog by Vonovia in Q1, which accounted for roughly EUR 2.9 bn alone and thus was the top transaction in the course of this year. The second largest transaction was the acquisition of a 70 % share in Brack Capital Properties by Adler Real Estate for a calculational amount of EUR 700 m.

Coming in third was a portfolio of micro-apartment projects in large cities in North Rhine-Westphalia, Saxony and Hesse for a volume of EUR 670 m, which was acquired in Q1 by Corestate Capital on behalf of Bayerische Versorgungskammer's fund of funds.

*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 H1 2018



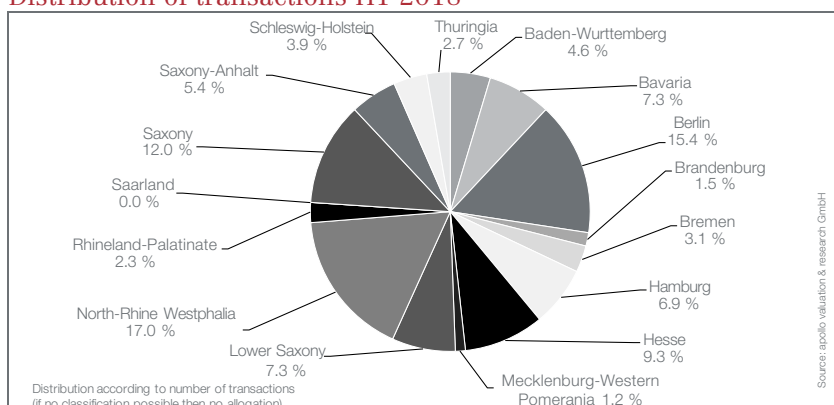
Transaction volume according to investors' origin 2007 - 2018



Transaction number according to investors' origin 2007 - 2018



Distribution of transactions H1 2018



Therefore, the class of deals in a size of “over EUR 500 m” represents the biggest share (approximately EUR 4.3 bn or 38.9 %) of the transaction volume in H1 2018, followed by the size class “between EUR 100 and 500 m” (EUR 2.4 bn or 21.8 %) and the remaining classes of deals “below EUR 100 m” (approximately EUR 4.4 bn or 39.3 % in total).

The average purchase price per residential unit increased by 6.1 % over year-ago levels to approximately EUR 130,500 (H1 2017: EUR 123,000). This is due to the ongoing rise in purchase prices of existing buildings and the high percentage of forward deals. Forward deals jumped by 77.8 % from EUR 1.8 bn in H1 2017 to EUR 3.2 bn in H1 2018. Part of the increase in the average purchase price was accounted for by the high trading volume of micro-apartment and student apartment buildings in Q1.

Representing EUR 4.4 bn or 39.5 % of the total transaction volume, “listed property companies and REITs” were the most active group of investors. Year-on-year, they more than doubled their acquisition volume (H1 2017: EUR 1.7 bn). Much of this development was accounted for by the EUR 2.9 bn take-over of Buwog. The second most active group was “open-ended funds and special funds”, which made investments to the amount of EUR 1.7 bn, a 30.8 % increase year-on-year (H1 2017: EUR 1.3 bn). The group of “insurances and pension funds” showed above-average growth with EUR 1.3 bn of transaction volume, increasing acquisitions more than sixfold (H1 2017: EUR 0.2 bn).

Selected residential portfolio transactions H1 2018 > €300 m

Buwog takeover	
Purchaser	Vonovia
Purchase price (approx.)*	€2,925,000,000
Residential units*	27,000
Brack Capital Properties takeover	
Purchaser	Adler Real Estate
Purchase price (approx.)*	€700,000,000
Residential units*	approx. 7,700
Project portfolio with micro-apartment buildings in Dresden, Düsseldorf, Köln, Leipzig & Frankfurt / Offenbach	
Purchaser	Corestate for a fund of funds for Bayerische Versorgungskammer (BVK)
Purchase price (approx.)*	€670,000,000
Residential units*	approx. 1,800
Student housing portfolio with Neon Wood (Berlin), Tannhaus (Berlin), Navale (Hamburg) and Urbanum (Frankfurt)	
Purchaser	Global Student Accommodation (GSA) within the partnership with GIC, sovereign wealth fund of Singapore
Purchase price (approx.)*	€330,000,000
Residential units*	1,900

*partly includes data concerning commercial shares / partly estimated

Source: apollo valuation & research GmbH

On the sellers' side, the "listed property companies and REITs" group is leading in terms of transaction volume as well, accounting for EUR 4.3 bn (H1 2017: EUR 0.4 bn). This is also due to the largest single transaction, the takeover of Buwog. The group of "project developers" reported sales of EUR 3.3 bn, another significant increase of 13.8 % over year-ago levels (H1 2017: EUR 2.9 bn).

As for the buyers' origin, German investors make up the largest group with a share of 82.6 % (H1 2017: 81.6 %). In absolute numbers, this corresponds to an acquisition volume of approximately EUR 9.1 bn in H1 2018, compared to EUR 5.0 bn in the same period of the preceding year (+82.0 %). Growth was almost as strong with international investors, which reported a 72.7 % boost in transaction volume, reaching an investment volume in excess of EUR 1.9 bn (H1 2017: EUR 1.1 bn).

In terms of regional distribution of investments (measured by the number of transactions), the group of German non-city states continues to be led by North Rhine-Westphalia; its share was 17.0 % in H1 2018.

Saxony, in particular, was able to catch up; it accounted for 12.0 % of all transactions. This increase shows that B- and C-locations are still gaining in importance as alternatives to top cities. Among metropolises, Berlin dominated in H1 2018, with a share of 15.4 % of transactions made.

In the first half of 2018, cities in the new federal states were again well represented among tier-two and tier-three (so-called B and C cities) locations with Dresden and Leipzig. In addition, a large purchase took place in Zwickau in the second quarter, when 3,000 residential units changed hands. Cities in and around the Ruhr area also remain strong investment locations. For example, a major transaction was again carried out for 2,000 residential units that were primarily situated in Dortmund and Bochum.

Based on the high transaction volumes seen in Q1 and Q2, we can already say that the full year 2018 will be above average. Although no major takeovers are in sight at the moment, it is likely that further large portfolios will be sold. Project development sales will remain high in H2. The full year 2018 is expected to beat the second strongest year to date, namely 2017 (when total transactions amounted to EUR 15.7 bn). However, the record result of 2015 (EUR 23.9 bn) will remain unmatched in all likelihood.

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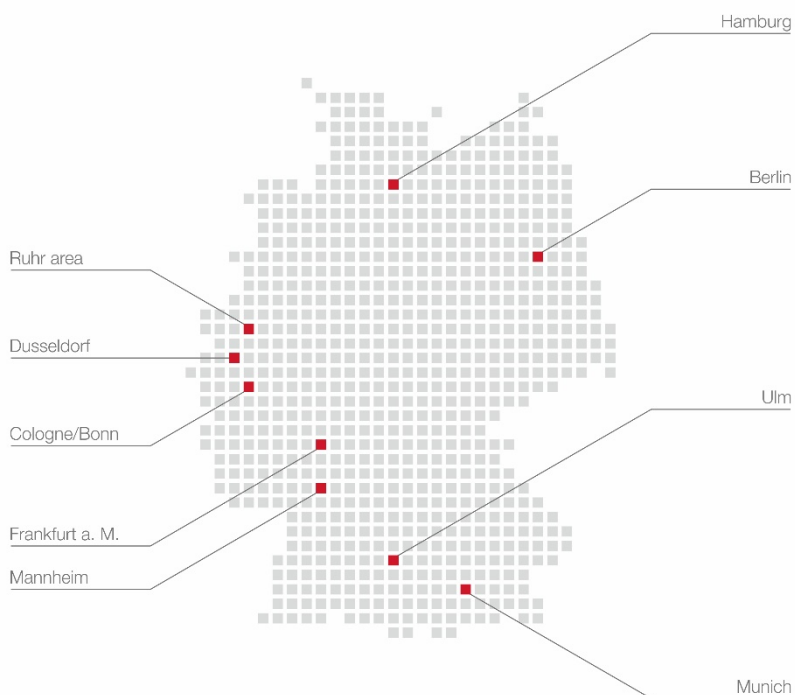
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