



Facts and Figures

Investment Market for Residential Portfolios Germany
2019

“Wisdom is the daughter 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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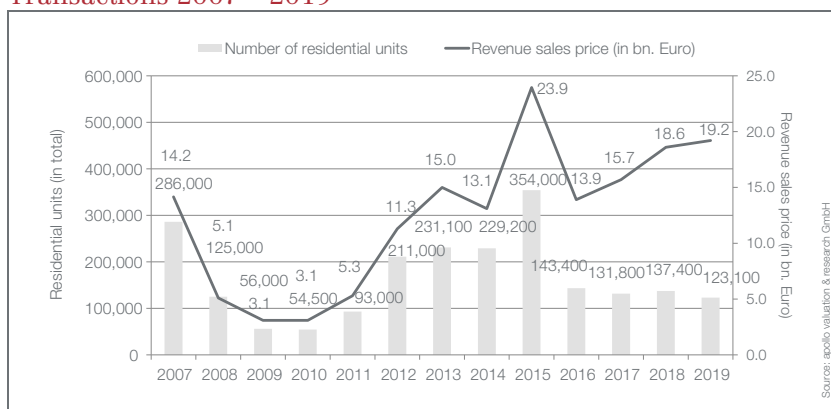
Market overview 2019

Transaction volume	€19.2 billion, 3.2 % above the volume of the previous year
Sales of residential units	390 transactions with approx. 123,100 units
Regional focus	Metropolises remain the most popular investment target, North Rhine-Westphalia and Hesse with the most transactions at federal state level
Type of investors	Open-ended funds / Special funds (€ 6.7 billion) continue dominant investors
Origin of investors	German investors are strongest market players with purchases of €17.1 billion

Source: apollo valuation & research GmbH

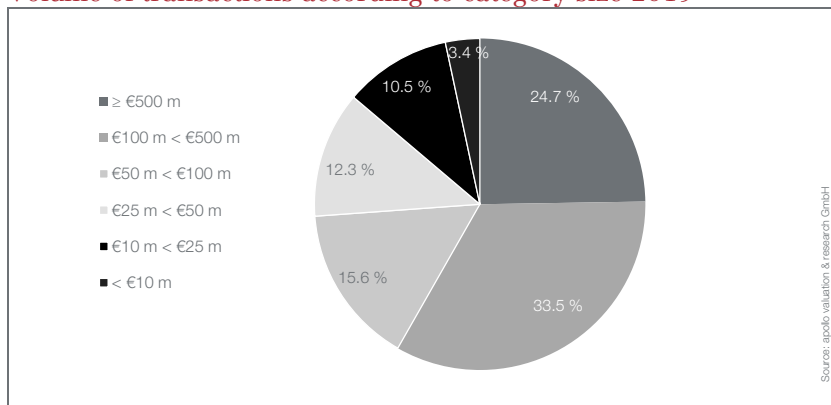
The investment market for residential portfolios* in Germany achieved its second-highest annual result in 2019 after the record year of 2015. Owing to the much higher transaction volume in the second half of the year (€11.1bn compared to €8.1bn in the first six months), the total traded volume generated by the completion of 390 deals in 2019 amounted to €19.2bn. This was €0.6bn above the very good result for the previous year. The transaction volume in the past three months again exceeded the €5bn mark with €5.3bn, representing the second-strongest quarter of 2019.

Transactions 2007 – 2019



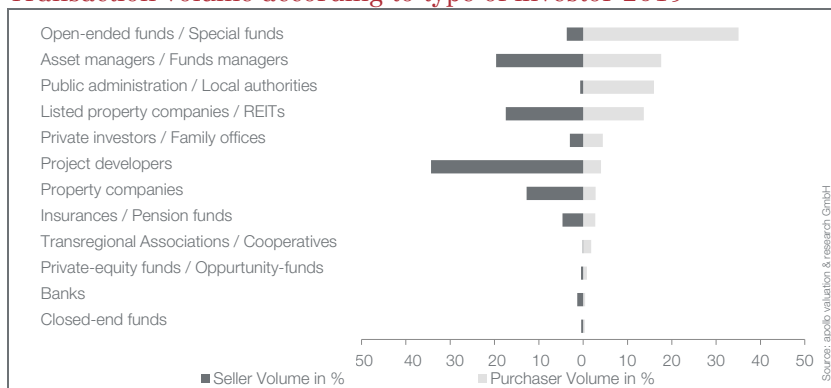
Large-scale portfolio sales and company share purchases in the three-digit million range again played a significant role last year. The market engagement by the public sector was particularly noticeable, with an increasingly strong presence on the buyer side. The number of traded units did fall slightly to just over 123,000 compared to the previous year. However, the average price per unit increased by 14.5 % to about €155,700 as a result of active demand for new developments and high-quality stock, and this is reflected in the overall volume.

Volume of transactions according to category size 2019



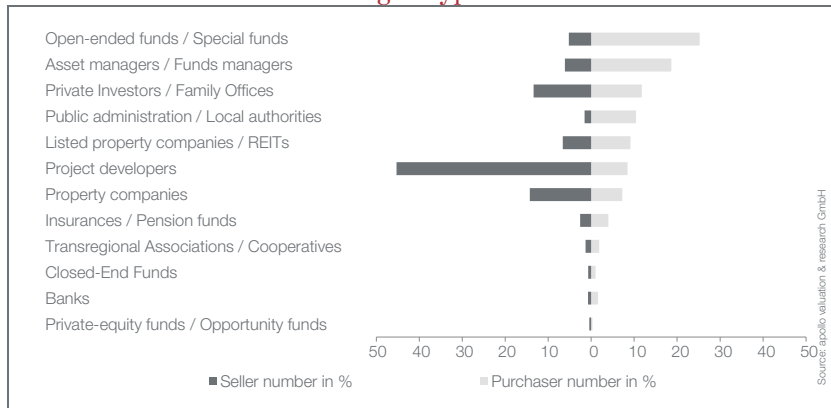
As in the previous year, the transaction volume was dominated by various mega deals with prices of more than €500m apiece. Two company takeovers represented the two largest deals. In the second quarter, property funds of a buyer consortium comprising Union Investment and ZBI Zentral Boden Immobilien acquired BGP Group with around 16,000 units.

Transaction volume according to type of investor 2019



*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 2019



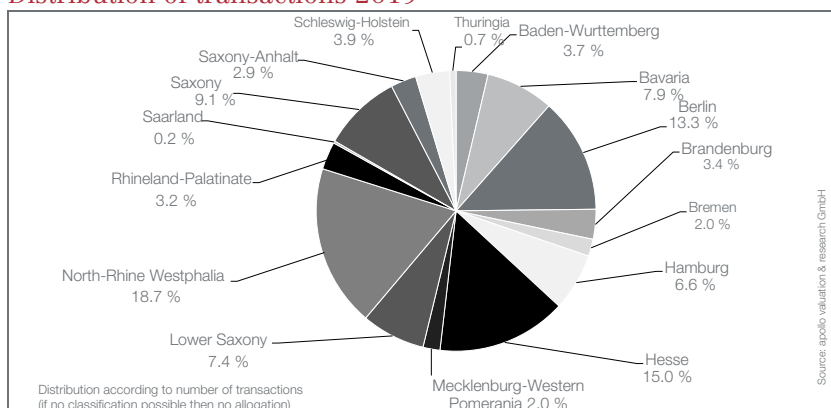
Transaction volume according to investors' origin 2007 - 2019



Transaction number according to investors' origin 2007 - 2019



Distribution of transactions 2019



Then in September, Ado Properties sold subsidiary companies with around 6,000 units in Berlin for €920m to the municipal housing company Gewobag. The ZBI Group made a further large acquisition in the third quarter, paying around €615m to Deutsche Wohnen in an asset deal for 6,350 units. In the first quarter, Deutsche Wohnen also acquired the Akelius portfolio with around 2,800 units for €685m. Also worth noting is the acquisition by Commerz Real of more than 1,000 units for its open-ended property fund as part of the Millennium portfolio from Generali Versicherung in the third quarter of the year.

Sales in excess of €500m therefore generated a total transaction volume of about €4.7bn, which was slightly below the previous year's figure of €5bn. The "€100m-€500m" segment made some gains, accounting for a combined €6.4bn. Thus the market share of sales above €100m increased from 52.8 % in 2018 to 58.3 %. The remaining categories including deals below €100m accounted for between 3.4 % and 15.6 % of the market (in total for 2019: €8bn/2018: €8.7bn). There was a further increase in the number of forward deals on the market last year. While sales in project developments reached €4.2bn in 2017, they generated €5.1bn in 2018 and then almost €5.8bn in 2019. The market share of such deals increased in parallel, rising from 27.5 % of the investment volume in the previous year to around 30 % in 2019. Standout deals include the sale of the Kleyerquartier development with 1,200 units in Frankfurt Gallus and the sale of part of the BCP project, which plans to build 1,500 units in the Glasmacherviertel (glassmakers' district) of Düsseldorf.

Selected residential portfolio transactions > €500 m

BGP corporate takeover	
Purchaser	ZBI / Union Investment (Wohnen ZBI / ZBI Union Wohnen Plus)
Purchase price (approx.)*	€1,900,000,000
Residential units*	16,000
Residential Portfolio with approx. 6,000 units	
Purchaser	Gewobag Housing Corporation Berlin
Purchase price (approx.)*	€920,000,000
Residential units*	6,000
Akelius-Portfolio (Cologne, Dusseldorf, Frankfurt, Wiesbaden and Mainz)	
Purchaser	Deutsche Wohnen AG
Purchase price (approx.)*	€685,000,000
Residential units*	2,800

*partly includes data concerning commercial shares / partly estimated

Source: Apollo
valuation &
research GmbH

The most active group of buyers in 2019 comprised “open-ended property funds and special funds” with a purchase volume of €6.7bn. In second place are “asset managers and fund managers”, which generated a record-breaking purchase volume of about €3.4bn (2018: about €1bn). The public sector was in third position, with just below €3.1bn. This group increased its investments by around €1.9bn compared to the previous year. The market share of federal states and municipalities has been increasing since the beginning of last year and now exceeds 15 %. The public sector is snapping up housing and stepping up buying activity in urban areas. Purchases worth noting include those by Gewobag, Degewo, Nassauische Heimstätte, Bremen city state and the state of Thuringia.

“Project developers and contractors” strengthened their leading position on the sell-side with a volume of around €6.6bn (2018: €5.9bn). They were followed by “asset managers and fund managers” in second place with a sales volume of €3.8bn.

While the investment volume of foreign players has been in decline since 2017, in 2019 German investors accounted for the highest market share since records began. In absolute terms, local players generated a purchase volume of about €17.1bn compared to €15.1bn in 2018. This corresponds to a market share of almost 90 %. International investors accounted for an investment volume of around €2.1bn (2018: €3.5bn). On one hand, this is owing to the fact that domestic investors tend to win the bidding more frequently. At the same time, a growing reluctance among international investors is having an impact on their market activity. They are deterred by a lack of knowledge about possible consequences and the need to deal with new regulations for individual housing markets.

In terms of the different locations, North Rhine Westphalia was ranked in first place with an 18.7 % share (by number of transactions), followed by Hesse with 15 % of the deals registered in 2019. At city level, the emphasis was again placed on the Big 7 - in particular Berlin, despite the ongoing debate about housing regulations. However, purchases by the public sector also contributed to this strong performance, while other groups of buyers in some instances prefer to wait and see what happens.

Despite the possibility of further statutory controls, conditions still look positive for the coming months with low interest rates, a lack of alternative investment options and a stable rental housing market. Demand for suitable investments remains at a high level. This year, large-scale forward deals will again take place alongside traditional asset deals. Furthermore, the merger of Adler Real Estate and Ado Properties, announced at the end of the year, is already heralding a new mega-deal. Against this background, we expect the 2020 result to be close to the investment volume for 2019. However, a new record volume is unlikely to be achieved this year.

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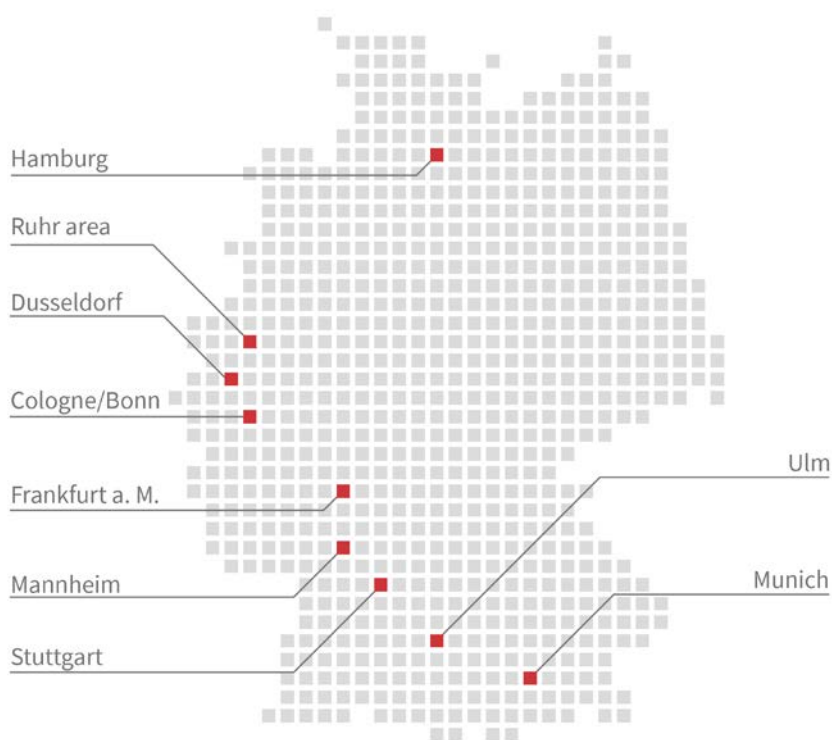
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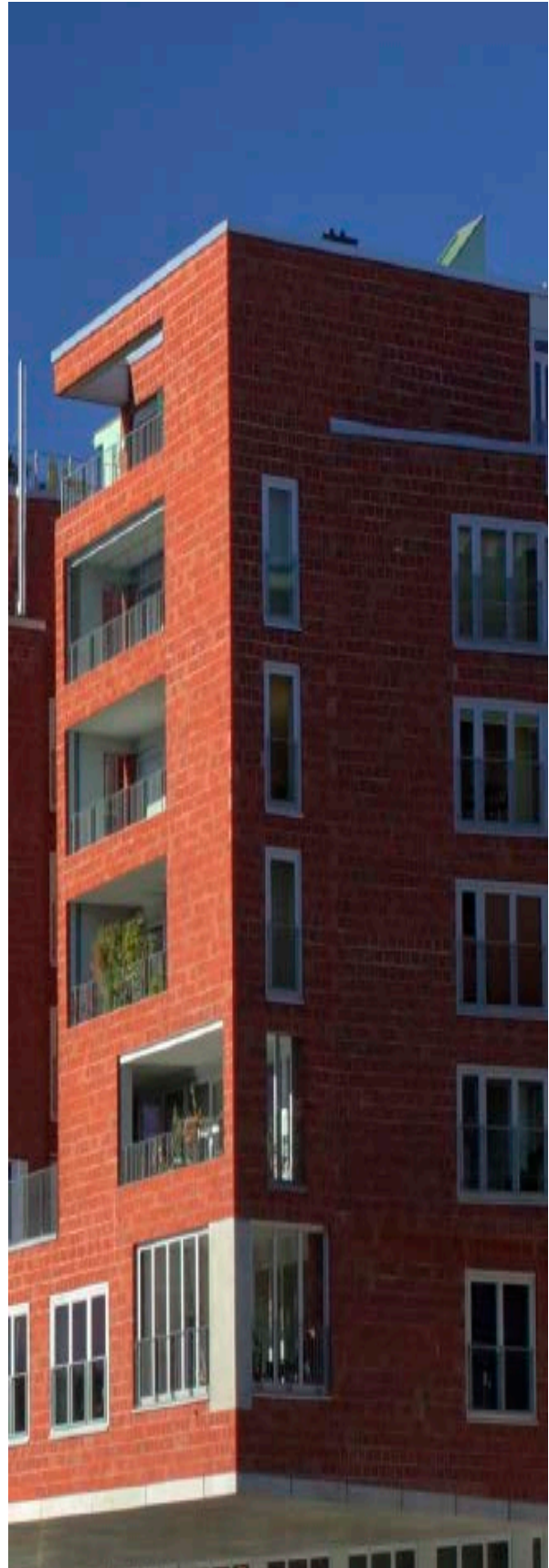
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