



Facts and Figures

Investment Market for Residential Portfolios Germany
Q1 2019

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

Quote from Niccolò 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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Market overview Q1 2019

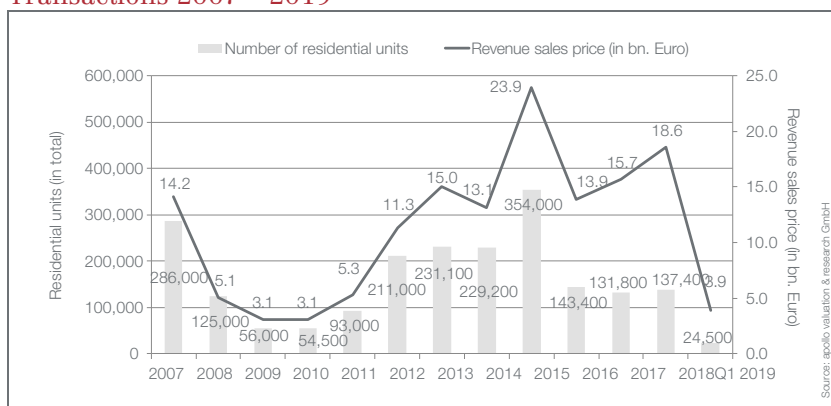
Transaction volume	€3.9 billion, 43.9 % below the volume of the previous year
Sales of residential units	89 transactions with approx. 24,500 units
Regional focus	North Rhine-Westphalia is the most popular investment target among the federal states (15.7 % of the transactions), investment activity in Berlin is rising
Type of investors	Dominant investors are listed property companies / REIT's (€1.0 billion)
Origin of investors	German investors are strongest market players with purchases of €3.3 billion

Source: apollo valuation & research GmbH

The transaction market for residential portfolios in Germany* has successfully maintained the strong momentum that was evident in previous years. Although the first quarter of the year saw a significant reduction in the volume to about €3.9 billion compared to €6.9 billion in the corresponding quarter of 2018.

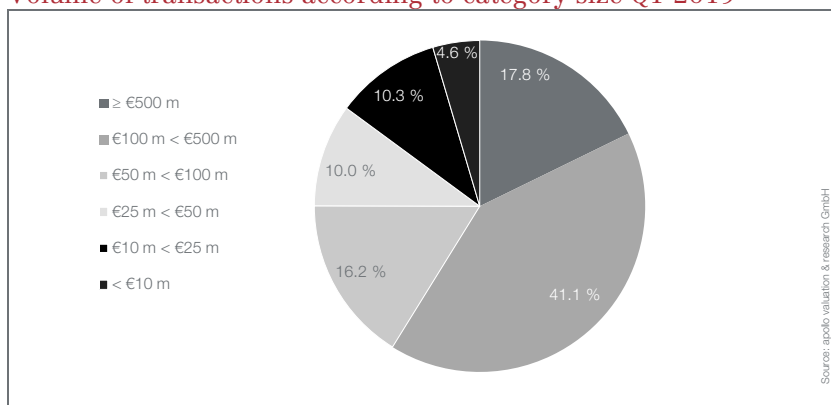
It should be noted that the previous year's figure was boosted by one large deal, namely the acquisition of BUWOG by Vonovia. If this transaction is excluded from the overall volume, the difference is significantly mitigated. Last year's volume would have amounted to about €4 billion, which almost exactly corresponds to the current result. Around 24,500 units were traded in the last three months.

Transactions 2007 – 2019



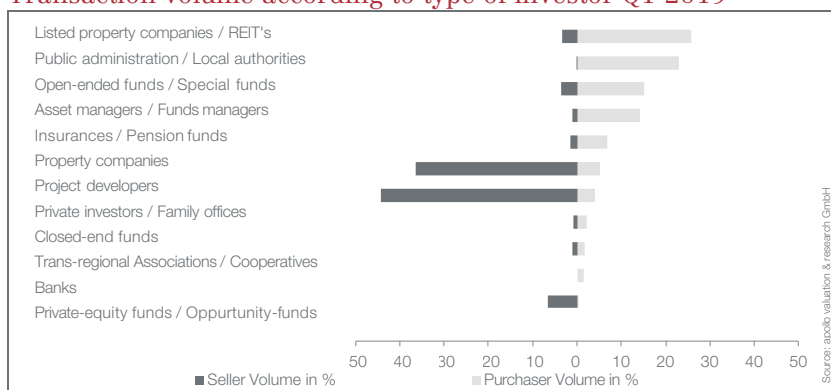
The acquisition of the Akelius portfolio by Deutsche Wohnen with 2,839 units was primarily responsible for the good result at the start of the year, along with a number of transactions priced between €100 million and €500 million with a total volume of about €1.6 billion. The mega deal with a purchase price of around €685 million was the sole transaction in the price segment above €500 million.

Volume of transactions according to category size Q1 2019



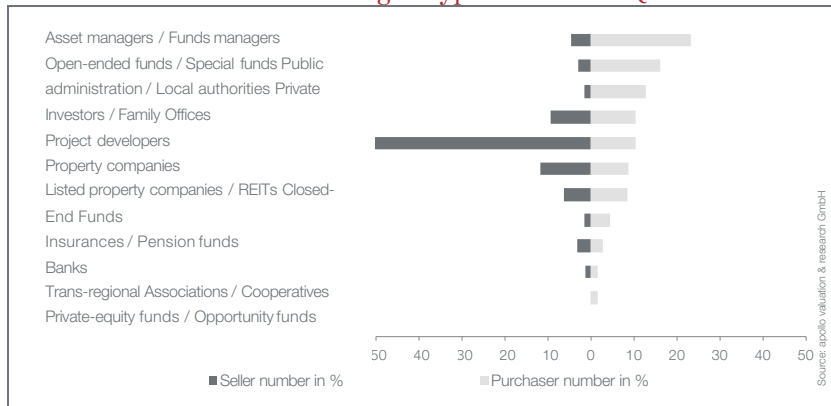
The two size categories accounted for a combined €2.3 billion, which was well above half the overall market volume at 58.8 %. The categories below €100 million accounted for shares of between 4.6 % and 16.2 %, with a combined absolute volume of about €1.6 billion.

Transaction volume according to type of investor Q1 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 Q1 2019



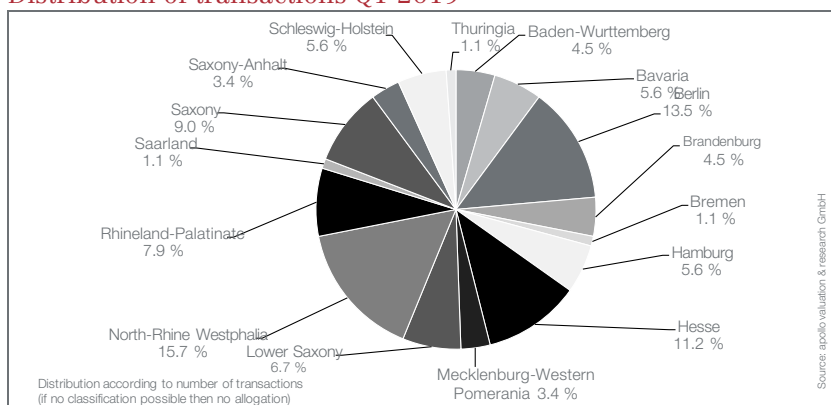
Transaction volume according to investors' origin 2007 - 2019



Transaction number according to investors' origin 2007 - 2019



Distribution of transactions Q1 2019



The now familiar upward trend in purchase prices for both second-hand properties and properties sold via forward deals has continued into 2019. Above all, the large number of new residential units that were sold during or before the construction phase, and which account for a market share of about 30 % and a volume of €1.2 billion, is reflected in the general price trend and contributed to the stable development of the transaction volume. Thus the average purchase price per unit has risen to about €157,000. This corresponds to an increase of almost €14,000 per unit compared to the first three months of 2018.

Public administrations and/or municipalities were particularly active on the market in the first three months of the year. These investors increased their purchase volume from €207 million in the first quarter of 2018 to around €890 million in the past three months. As a result, they have now become the second-strongest investor group with a market share of 23.0 %. The German state of Bremen is worth highlighting here as it acquired the 50 % stake held by Sparkasse Bremen in the Brebau housing association (with a total of around 6,000 units).

Other notable deals include the purchase by the federal state Berlin of more than 1,800 units from Schönefeld Wohnen GmbH & Co. KG in Berlin-Altglienicke. This clearly shows what is expected from the municipalities: socio-political engagement, particularly with regard to securing the supply of housing that is below market rates.

Selected residential portfolio transactions > €200 m

Brebau corporate takeover (Bremen)	
Purchaser	Federal state Bremen
Purchase price (approx.)*	235,000,000
Residential units*	approx. 3,000 (50 % share of total stock)
Akelius-Portfolio (Cologne, Dusseldorf, Frankfurt, Wiesbaden und Mainz)	
Purchaser	Deutsche Wohnen AG
Purchase price (approx.)*	€685,000,000
Residential units*	2,800
Kosmosviertel Apartments (Berlin)	
Purchaser	Municipality / federal state Wohnbauten-Gesellschaft mbH / WoGeHe Wohnungsbaugesellschaft Hellersdorf mbH
Purchase price (approx.)*	€250,000,000
Residential units*	1,800

*partly includes data concerning commercial shares / partly estimated

Source: apollo
valuation
research GmbH

However, “listed property companies and REITs” remained the most active investor group, primarily because of the acquisition of the Akelius portfolio by Deutsche Wohnen. This group accounted for an investment volume of €990 million and a share of 25.7 %. However, the volume dropped by 67 % compared to the previous year because of the absence of deals that were similar in size to the BUWOG acquisition last year.

Project developers and contractors are most strongly represented on the sellers’ side with a 44.2 % share, which ties in with the increased market significance of forward deals. The absolute transaction volume amounted to €1.7 billion, which is 19.6 % higher than the previous year’s figure. Property companies were next in line with a 36.4 % share and a volume of about €1.4 billion.

Compared to the previous year, German investors marginally increased their share of the purchase volume from 83.5 % to 84.8 %. However, the corresponding transaction volume fell from around €5.7 billion to about €3.3 billion. International investors registered an absolute decline of €1.1 billion to €590 million, reducing their market share by 1.3 percentage points to 15.2 %.

In terms of location, as in previous years the most dominant states in terms of number of transactions were North Rhine Westphalia with a 15.7 % share and Berlin with 13.5 %. German cities such as Düsseldorf, Cologne, Berlin and Frankfurt remained the market hotspots. Owing to the shortage of supply, however, investors continue to show interest in properties situated in secondary and tertiary locations.

Cities in Hesse, Rhineland Palatinate and Saxony (mainly Dresden and Leipzig) were well represented among the secondary investment locations in the first quarter of 2019, as were cities in and around the Ruhr region (including Solingen, Herne, Essen, Bochum). In addition, a major deal took place in Bremen with the acquisition of Brebau.

The outlook for 2019 remains promising, not least because the sale of the BGP group to the ZBI group and Union Investment was completed at the start of the second quarter. Here, about 16,000 residential and commercial units changed hands in locations including Berlin, Cologne, Düsseldorf and Münster as well as Kiel. In addition, high-priced sales of project developments as well as large portfolio deals with prices above €100 million will again strengthen market activity. The transaction volume will again exceed €15 billion by the end of the year.

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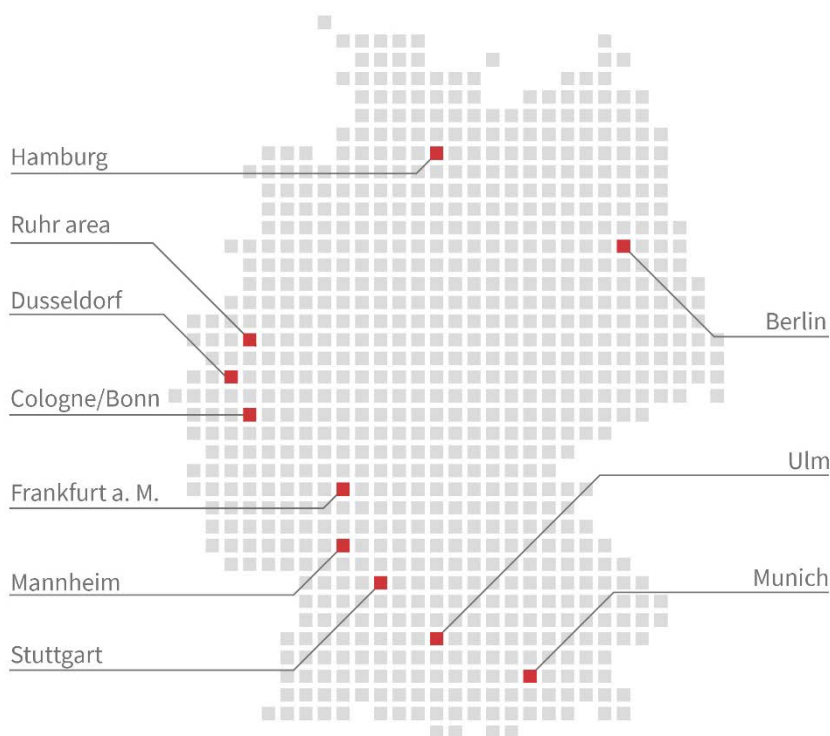
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