



Facts and Figures

Investment Market Germany
H1 2017

“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!



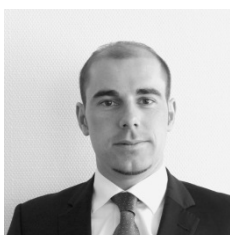
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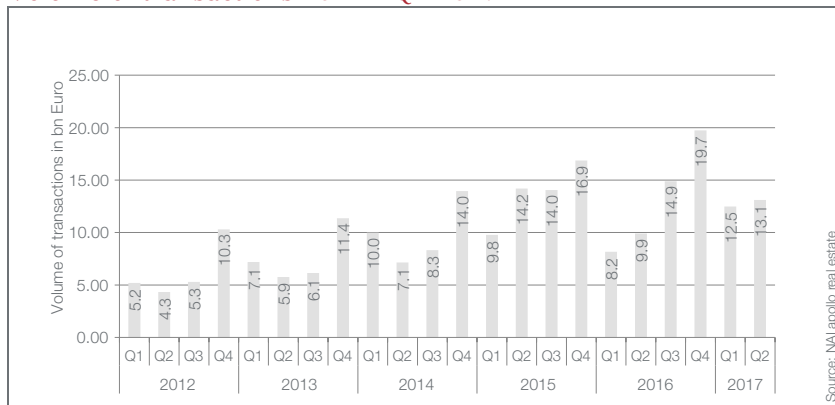
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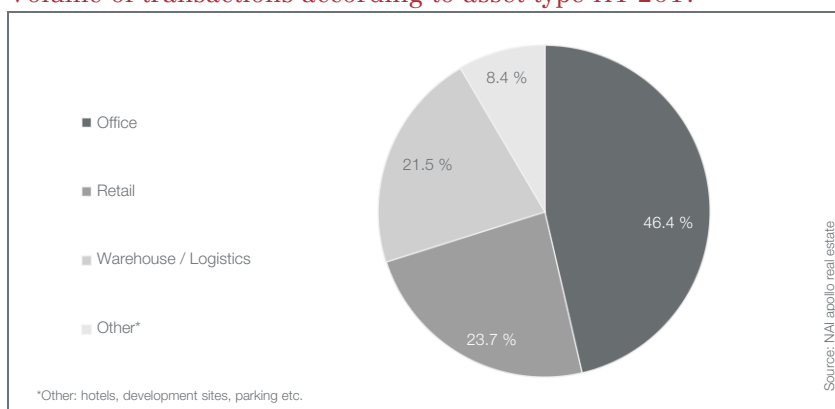


Volume of transactions 2012 – Q2 2017



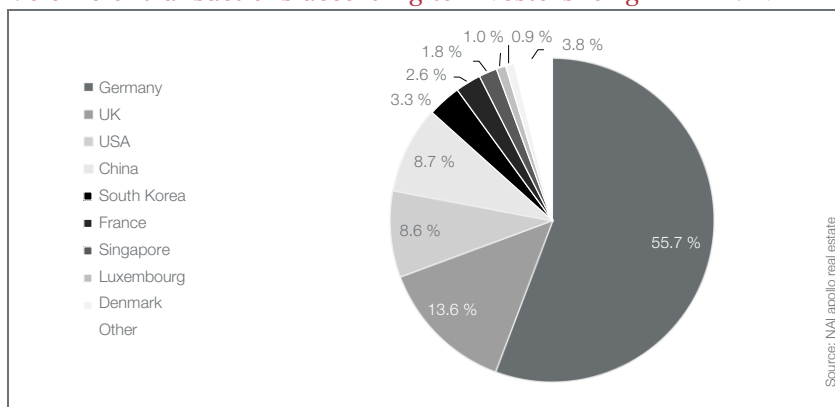
Following a record start to 2017, the German investment market for commercial real estate continued to perform strongly in the second quarter of the year. In the months from April to June 2017, a further €13.10 billion was invested in the German market. This is a third more than in the same quarter of the previous year. The total transaction volume for the first six months amounted to €25.58 billion, which is 41.5 % above the first six months of 2016.

Volume of transactions according to asset type H1 2017



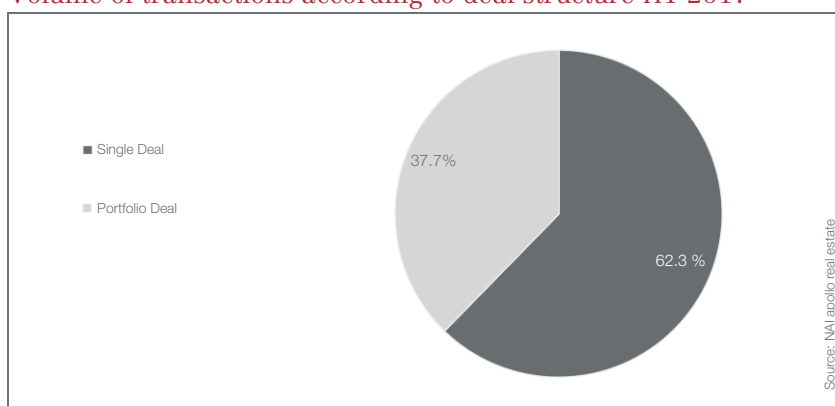
Portfolio transactions thereby increased disproportionately, and were responsible for sales of €9.64 billion in the first six months of 2017. This not only represents 37.7 % of the total volume, but was also almost double the investment level compared to the previous year. The sale of the European logistics platform Logisor to Chinese state fund China Investment Corporation (CIC) contributed substantially to this development. The German share has an estimated value of €2.0 billion. Individual transactions increased year-on-year by 22.0 % to a transaction volume of €15.93 billion.

Volume of transactions according to investors' origin H1 2017

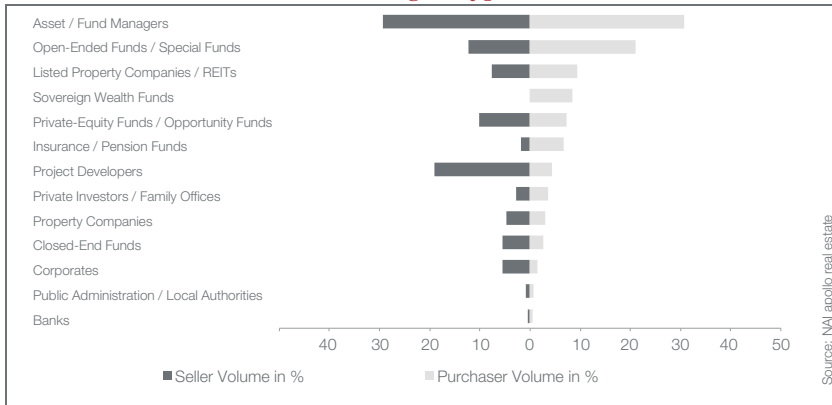


Office properties remained the dominant asset class with €11.86 billion or a 46.4 % market share. Retail properties were in second place with €6.06 billion (23.7 % share). Logistics properties achieved the strongest growth of 154.0 %. The absolute volume of this asset class reached €5.49 billion, and already exceeded all previous annual volumes after only the first six months of 2017.

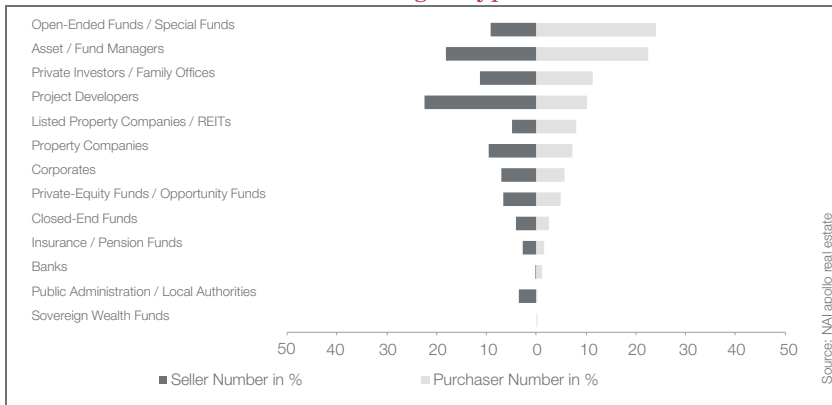
Volume of transactions according to deal structure H1 2017



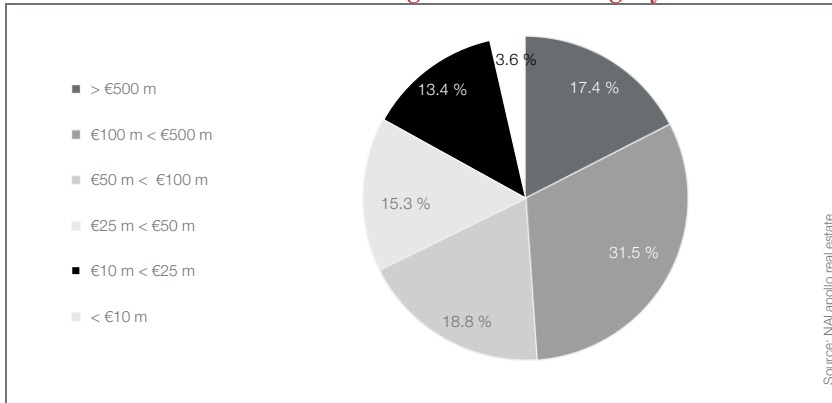
Volume of transactions according to type of investor H1 2017



Number of transactions according to type of investor H1 2017



Volume of transactions according to volume category H1 2017



Prime yields Q2 2017

	Prime office yields	Prime retail yields	Prime logistics yields
Berlin	3.20 %	3.30 %	4.80 %
Dusseldorf	3.90 %	3.45 %	4.80 %
Frankfurt a. M.	3.50 %	3.50 %	4.80 %
Hamburg	3.25 %	3.35 %	4.80 %
Munich	3.15 %	3.00 %	4.75 %
Total	Ø = 3.40 %	Ø = 3.30 %	Ø = 4.80 %

Source: NAI apollo real estate

The share of the investment volume that was generated by foreign investors increased from 34.2 % to 44.3 % within the last 12 months. The purchase volume increased by 83.2 % from €6.18 billion to €11.32 billion. Particularly worth highlighting are the market shares generated by British, U.S. and Chinese investors. German investors were responsible for €14.26 billion of the transaction volume, an increase of 19.9 % compared to the first half of 2016.

The usual investor groups dominated market activity, with “asset / fund managers” and “open property funds / special funds” responsible for the highest investment volumes. These two investor groups generated more than half of the transaction volume. As a result of the purchase by CIC, “sovereign wealth funds” were also catapulted into fourth place after third-placed “listed property companies / REITs”. On the sellers’ side, “project developers” only achieved second place with a volume of €4.86 billion. “Asset / fund managers” were in the lead here, selling property worth €7.50 billion.

The increased number of very large portfolio deals was also evident in the distribution of the transaction volume among the different size categories. While only about €700 million was invested in the “€500 million-plus” segment in the previous year, the current value is €4.46 billion (+556.0 %). The “€100 million < €500 million” segment accounted for the largest absolute transaction volume with €8.05 billion, corresponding to a 31.5 % share.

Selected commercial transactions H1 2017

Logicor-Portfolio (German-part)	
Purchaser	CIC
Purchase Price (ca.)	€2,000,000,000
Asset Type	Logistics
Hansteen-Portfolio (German-part)	
Purchaser	Blackstone / M7
Purchase Price (ca.)	€974,000,000
Asset Type	Logistics
Retailportfolio	
Purchaser	BVK
Purchase Price (ca.)	€687,000,000
Asset Type	Retail
Gramercy-Portfolio (German-part)	
Purchaser	AXA IM
Purchase Price (ca.)	€465,000,000
Asset Type	Logistics
Geneba (German-part)	
Purchaser	Frasers Centrepoint (FCL)
Purchase Price (ca.)	€430,000,000
Asset Type	Logistics
T8, Frankfurt	
Purchaser	Mirae Asset Global Investments
Purchase Price (ca.)	€300,000,000
Asset Type	Office
Ikea-Portfolio (German-part)	
Purchaser	Pradera
Purchase Price (ca.)	€295,000,000
Asset Type	Retail
Symphonie-Portfolio	
Purchaser	Patrizia
Purchase Price (ca.)	€280,000,000
Asset Type	Office
Kap West, Munich	
Purchaser	Allianz Real Estate
Purchase Price (ca.)	€242,000,000
Asset Type	Office
Gravity-Portfolio	
Purchaser	Castlake
Purchase Price (ca.)	€230,000,000
Asset Type	Retail

Source: NAI apollo real estate

In the second quarter of 2017, the top 5 logistics markets registered a decline in prime yields by 15 basis points throughout. Munich remained the most expensive logistics market in Germany with 4.75 %. The prime yields in the other top 5 markets amount to 4.80 % in each location.

Although the average prime yield for retail property was 5 basis points below the rate in the first quarter of 2017, a closer look at each of the top 5 markets reveals a mixed picture. For example, in Munich the yield fell by a further 20 basis points to 3.00 %. Hamburg registered a reduction of 5 basis points to 3.35 %. In Berlin (3.30 %), Dusseldorf (3.45 %) and Frankfurt (3.50 %), yields were unchanged in a quarterly comparison.

Following the spectacular start to the year by the German commercial property investment market, activity is expected to remain at a high level during the rest of the year. In addition to the continuing strong interest from investors in the property asset class, portfolios and large properties that are currently in the marketing phase will influence further investment activity. Furthermore, the second half of 2017 is also likely to see a large number of transactions. NAI apollo real estate therefore expects the transaction volume for the commercial property investment market to again exceed €50 billion in 2017 as a whole.

The high demand on the commercial investment market is also reflected by a further reduction in yields. In the office property class, the average prime yield for the top 5 markets fell by 7 basis points. For logistics properties, the yield declined by as much as 15 basis points, while retail properties registered a fall of 5 basis points.

Frankfurt and Munich recorded the highest reduction in office property yields of 0.10 % points (Frankfurt: 3.50 %; Munich: 3.15 %). In Berlin (3.20 %), Dusseldorf (3.90 %) and Hamburg (3.25 %), the office yields fell by five basis points in each case.

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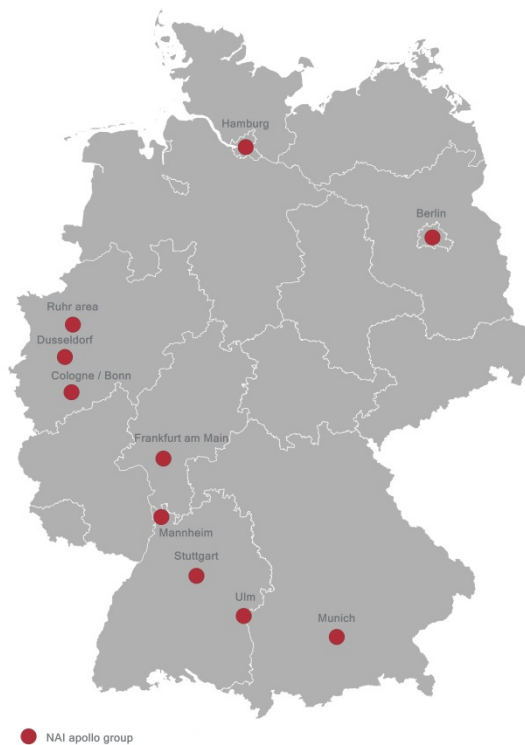
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