



Facts and Figures

Investment Market for Residential Portfolios 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!



Dr. Konrad Kanzler
Head of Research
+49 (0) 69 - 970 505-614
konrad.kanzler@nai-apollo.de



Stefan Mergen
Managing Partner Valuation
+49 (0) 69 - 970 505-613
stefan.mergen@nai-apollo.de



Lenny Lemler
Co-Head of Investment
+49 (0) 69 - 970 505-175
lenny.lemmler@nai-apollo.de



Franziska Henke
Consultant Research
+49 (0) 69 - 970 505-616
franziska.henke@nai-apollo.de



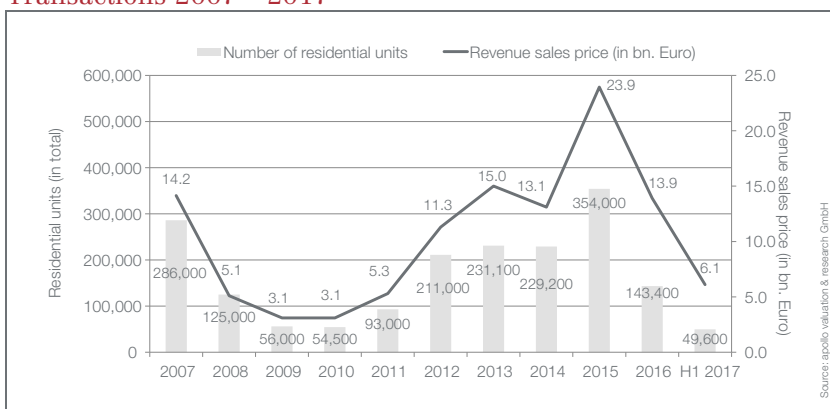
Market overview H1 2017

Transaction volume	€6.1 billion, 32.6 % above the volume of the previous year
Sales of residential units	178 transactions with approx. 49,600 units
Regional focus	Berlin is the most popular investment target among the metropolises (14.6 % of the transactions), investment activity in secondary and tertiary locations is rising
Type of investors	dominant investors are listed property companies / REIT's (€1.7 billion)
Origin of investors	German investors are strongest market players with purchases of €5.0 billion

Source: apollo valuation & research GmbH

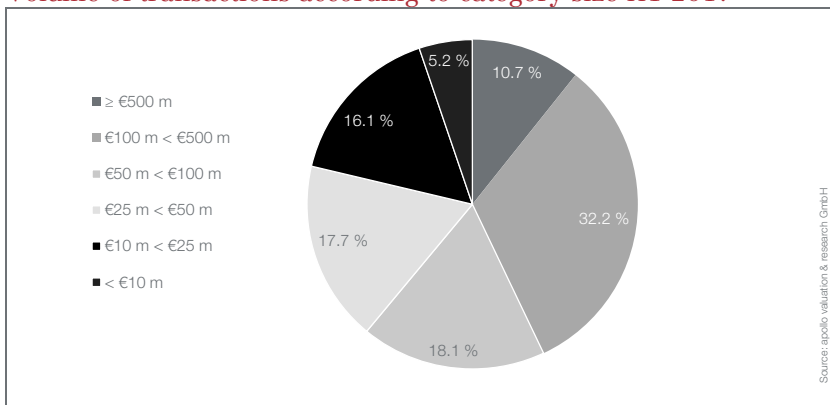
The market for residential portfolio transactions in Germany appeared more subdued in the second quarter of 2017, with a transaction volume of €2.4 billion. The total volume in the first half of the year amounted to approximately €6.1 billion. This represents an increase of 32.6 % compared to the first half of the previous year (H1 2016: €4.6 billion). However, it still lies far short of the record half-year volume of €17.2 billion achieved in 2015.

Transactions 2007 – 2017



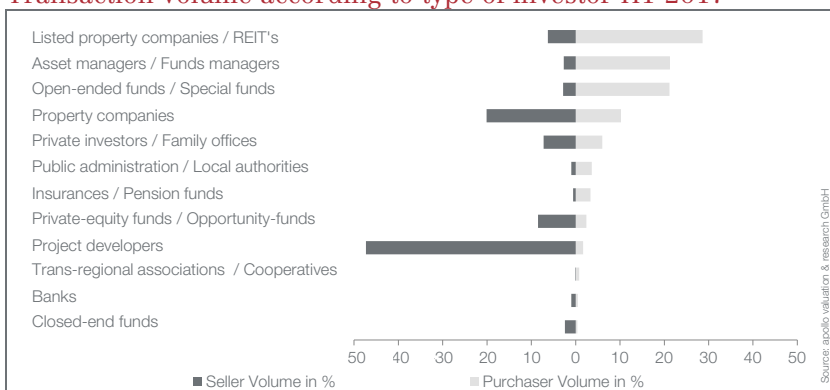
Compared to 2016, a higher number of residential units changed hands in the first half of the year, increasing to 49,600 (H1 2016: 47,200 units). The number of transactions also increased to 178 (H1 2016: 169).

Volume of transactions according to category size H1 2017



One noticeable development this year is the return to the market of more large transactions above €100 million. Transactions between €100 million and €500 million accounted for the largest share of the overall volume in the first six months, at 32.2 %. Their volume more than doubled from €0.8 billion in the first half of 2016 to €2.0 billion in 2017.

Transaction volume according to type of investor H1 2017

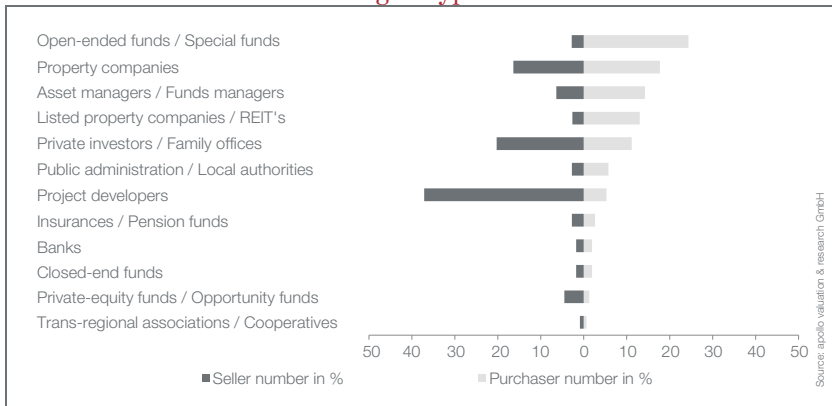


In addition, in contrast to the first half of 2016, a transaction above €500 million again took place this year after Deutsche Wohnen acquired a Berlin portfolio in the first quarter.

After last year's strong showing by open-ended funds and special funds, listed property companies and REITs have strengthened their position again this year. Compared to the first half of 2016 (€0.6 billion), these investors increased their transaction volume almost threefold to €1.7 billion (28.6 % share) and currently represent the most active group.

*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 2017



“Asset managers / Funds managers” were next in line, raising their purchase volume by 62.5 % to more than €1.3 billion (21.3 % share). “Open-ended funds / Special funds” remained in third place, and increased their investment volume by 18.2 % compared to the first half of 2016 to almost €1.3 billion (21.1 % share).

Transaction volume according to investors' origin 2007 - 2017



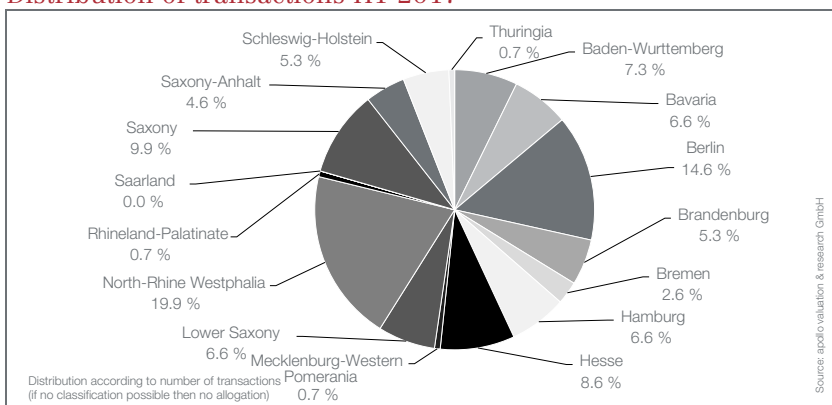
As was also the case last year, on the sell-side project developers accounted for the highest sales volume of €2.9 billion or a 47.3 % share of the transaction volume. This equates to an increase of 93.3 % compared to the previous year (H1 2016: €1.5 billion or 31.6 %) and also reflects the increasing importance of sales in project developments.

Transaction number according to investors' origin 2007 - 2017



In terms of the nationalities of different buyers, German investors increased their dominance of the domestic residential portfolio market compared to the first half of last year with a share of 81.6 %. This corresponds to an investment volume of €5.0 billion (H1 2016: 73.8 % share and €3.4 billion). In contrast, international investors lost a little ground, investing €1.1 billion in the first half of 2017 (H1 2016: €1.2 billion).

Distribution of transactions H1 2017



With regard to the regional distribution of all sales, in terms of the number of sales most transactions took place in North Rhine Westphalia with a 19.9 % share (H1 2016: 20.3 %). Berlin was again in second place, and remained the most important investment destination among Germany's major cities with a 14.6 % share (H1 2016: 18.6 %).

Selected residential transactions H1 2017 > €200 m

Residential portfolio with commercial part in Berlin	
Purchaser	Deutsche Wohnen
Purchase price (approx.)*	€655,000,000
Residential units*	4,170
Residential portfolio in Berlin, Cologne, Wuppertal and Mainz	
Purchaser	Special funds Industria Wohnen Deutschland V
Purchase price (approx.)*	€226,000,000
Residential units*	635
Residential portfolio in Berlin and Leipzig	
Purchaser	Foncière des Régions (FDR)
Purchase price (approx.)*	€202,000,000
Residential units*	1,800

Source: apollo
valuation &
research GmbH

Investment activity also remained at a high level in secondary and tertiary locations. For example, in the first half of 2017 five transactions with more than 1,000 residential units apiece took place in Brandenburg an der Havel, Halle an der Saale, Oberhausen (NRW), Duisburg as well as in Chemnitz and the surrounding area. Several hundred units also changed hands in Leipzig and Magdeburg in numerous smaller transactions.

Deutsche Wohnen was responsible for the biggest purchase in the year to date, acquiring a residential portfolio with a commercial share comprising 4,170 units in Berlin for around €655 million. The second-largest deal concerned the starting portfolio of special fund Industria Wohnen Deutschland V including 635 residential and commercial units in Berlin, Cologne, Wuppertal and Mainz. This portfolio of five project developments was acquired in a forward deal for approximately €226 million. This was followed by the third-largest transaction for a residential property portfolio including 1,800 units mostly in Berlin and Leipzig that was acquired by Foncière des Régions (FDR) for €202 million, as well as two purchases by ZBI Group with 2,500 residential units apiece.

Based on all transactions, the price for a residential unit stood at around €123,000 in the first half of 2017. This represents an increase of 26.2 % compared to the previous year (H1 2016: €97,500/unit). The high prices paid for large transactions made an important contribution here. In addition, prices are continuing to rise across all construction year categories. It is also important to note the increasing importance of project developments that are traded in the form of forward deals and affect price levels.

Sales in project developments reached a transaction volume of approximately €1.8 billion as well as a share of 30.2 %. Consequently, forward deals have increased by 50.0 % since the previous year (H1 2016: €1.2 billion or 25.0 %), which among other things continues to reflect the strong investment pressure on the residential property investment market.

Based on the good performance in the first half of the year as well as the slight increase in the number of large deals and the continuing strong demand for residential property investments, a transaction volume of more than €15 billion for 2017 as a whole can be expected. If this forecast turns out to be correct, the transaction volume would be higher compared to all previous years except the record year of 2015. At the same time, the real estate consultancy expects prices for existing properties to increase again as well as further sales in project developments, which will also have an effect on investment results.

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