



## Facts and Figures

Investment Market for Residential Portfolios Germany  
Q1 2017



“To know things well, we must know them in detail.”

Quote from François VI. Duc de La Rochefoucauld

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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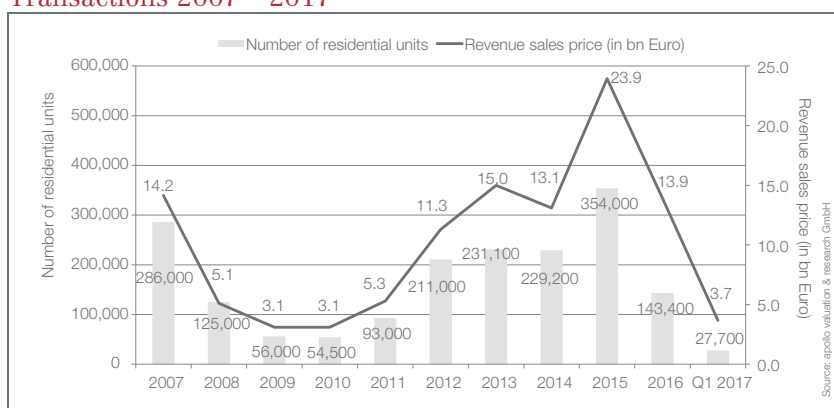
## Market overview Q1 2017

Transaction volume	€3.7 billion, 70.0 % below the volume of the previous year
Sales of residential units	104 transactions with approx. 27,700 units
Regional focus	Berlin is the most popular investment target (11.8 % of the transactions), investment activity in secondary and tertiary locations is rising
Type of investors	dominant investors are listed property companies / REIT's (€1.3 billion)
Origin of investors	German investors are strongest market players with purchases of €3.0 billion

Source: apollo valuation & research GmbH

The market for residential portfolio transactions\* in Germany made a better start to 2017 compared with 2016, with sales reaching around €3.7 billion (Q1 2016: €2.2 billion). Thus the transaction volume was 70 % above the previous year's level, but was still well below the €10.8 billion achieved in the first quarter of 2015.

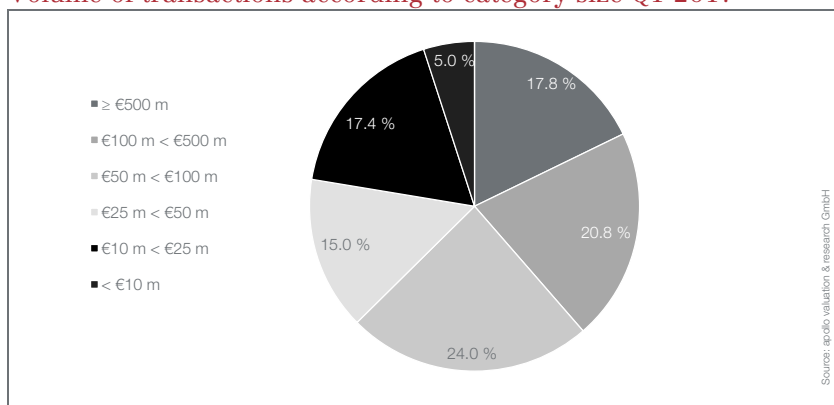
## Transactions 2007 – 2017



The number of traded residential units reached about 27,700 and exceeded the number of units sold in the first three months of 2016 (around 23,000) by 20.4 %. The number of transactions increased by 42.5 % to 104 transactions (Q1 2016: 73).

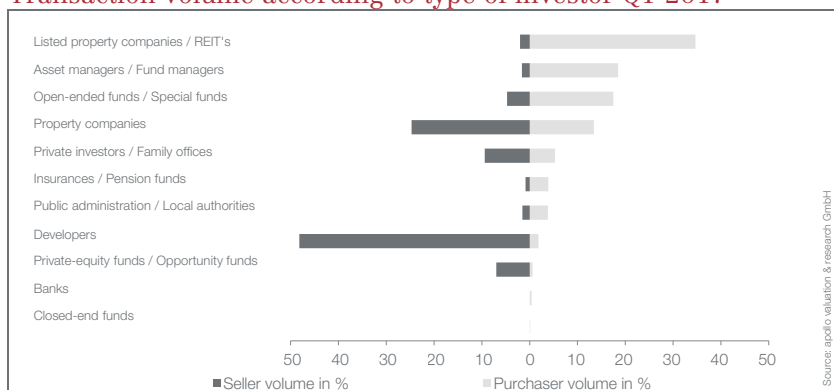
There were also more deals that exceeded €100 million. While only three deals in this range were realised in the first three months of 2016, the number doubled to six in the recent quarter. In addition, one transaction above €500 million took place, following a complete absence of such deals in Q1 2016.

## Volume of transactions according to category size Q1 2017



At the same time, the €100 million to €500 million and €50 million to €100 million categories also registered strong increases of approximately €0.4 billion apiece, or over 95 % and almost 88 % respectively. The volume of transactions worth above €50 million in project developments increased more than threefold from Q1 2016, rising to €0.7 billion.

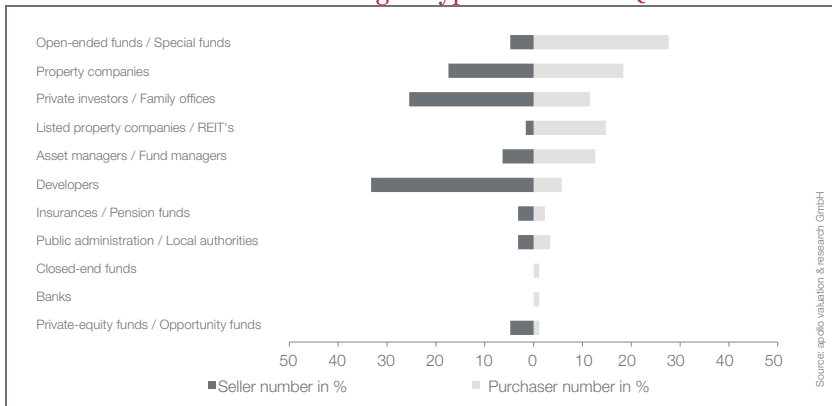
## Transaction volume according to type of investor Q1 2017



However, the transaction volume generated by small portfolio sales of between €10 million and €25 million also doubled to around €0.6 billion compared to Q1 2016.

\*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 2017



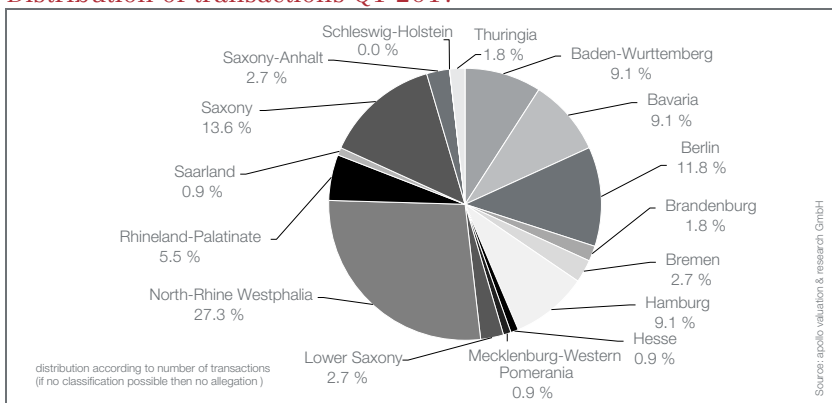
## Transaction volume according to investors' origin 2007 - 2017



## Transaction number according to investors' origin 2007 - 2017



## Distribution of transactions Q1 2017



“Open-ended funds / special funds” had been the most active buyers over the course of a year, but “listed property companies / REIT’s” regained the number one position in the first quarter of 2017 with a purchase volume of €1.3 billion and a 34.7 % share. In the first few months of 2016, this group accounted for €0.3 billion and a 14.9 % share of the overall volume. Thus it increased its transaction volume fourfold.

“Asset / fund managers” were in second place with total purchases amounting to €0.7 billion and an 18.5 % share (Q1 2016: €0.2 billion / 9.6 %). “Open-ended funds / special funds” were thus relegated to third place in Q1 2017 with a transaction volume of €0.6 billion (17.5 %) (Q1 2016: €0.4 billion / 20.0 %). Nevertheless, the latter group’s total volume increased by 48.8 % because of its continuing excellent performance.

With regard to the different groups of sellers, “project developers” continued to perform strongly in the first quarter of 2017. Their accumulated sales amounted to around €1.8 billion, which represents a threefold increase from the €0.6 billion that was achieved in the previous year and also accounts for almost half of the transaction volume. “Property companies” were next by some distance with €0.9 billion (24.7 %).

Domestic buyers continued to dominate the German market for residential portfolios, accounting for an 81.9 % share of the transaction volume in Q1 2017. This corresponds to around €3.0 billion (Q1 2016: €1.5 billion / 67.9 %).

## Selected residential transactions Q1 2017 &gt; €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 and Leipzig	
Purchaser	Foncière des Régions (FDR)
Purchase Price (approx.)*	€202,000,000
Residential Units*	1,800

Source: apollo  
valuation &  
research GmbH

\*partly includes data concerning commercial properties / partly estimated

Although the share attributable to international investors more or less halved to 18.1 % compared to Q1 2016, their investment volume of €0.67 billion in Q1 2017 was only slightly below the previous year's level of €0.69 billion. Thus their commitment to the German market remained at almost the same level.

In terms of location, Berlin topped the ranking of major cities and accounted for 11.8 % of all transactions (based on the number deals). However, the German capital's dominance was slightly less pronounced compared to the first few months of 2016 (Q1 2016: 18.7 %). At regional level, Saxony – with sales mostly in Dresden and Leipzig – was ranked in second place after long-standing leader North-Rhine Westphalia (27.3 % share) and was able to increase its share of the number of transactions to 13.6 % (Q1 2016: 9.3 %). This is also not least a sign that the increased interest registered by investors in secondary and tertiary locations at the beginning of 2017 is continuing.

The €655 million purchase by Deutsche Wohnen of a residential and commercial portfolio, comprising 4,170 units in Berlin, was the biggest of six major transactions this year. The second-largest purchase was carried out by Foncière des Régions (FDR), and concerned the acquisition of a residential portfolio with 1,800 units in Berlin as well as Leipzig for €202 million.

Based on all transactions in the quarter, the average price of a residential unit increased to €132,900 (Q1 2016: €94,200). The high average purchase price paid by Deutsche Wohnen in its portfolio deal partly contributed towards this increase. In addition, prices are continuing to rise for units in existing buildings as well as project developments.

The total sales volume in project developments increased by 54.2 % year-on-year to €1.1 billion (Q1 2016: €0.7 billion / 32.0 %). This segment therefore accounted for a 29.1 % share. The steady rise in prices and the increasing level of sales within project developments reflect both the ongoing shortage of supply in existing properties and the unwavering desire of investors to invest.

Based on the positive first quarter, the transaction volume in the year as a whole is expected to be in line with previous years, excluding the record result of 2015. Thus total sales should lie between €13 billion and €15 billion.



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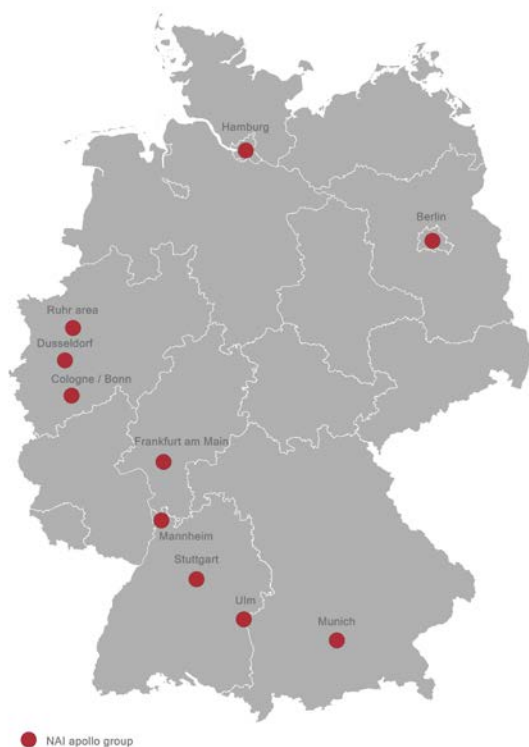
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