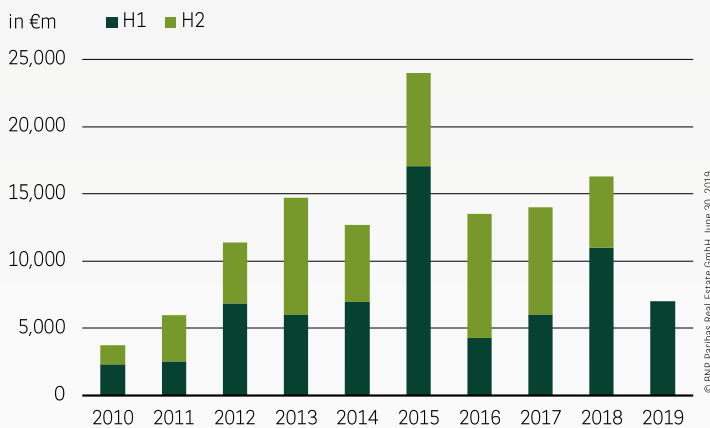




At a Glance **Q2 2019**

RESIDENTIAL INVESTMENT MARKET GERMANY

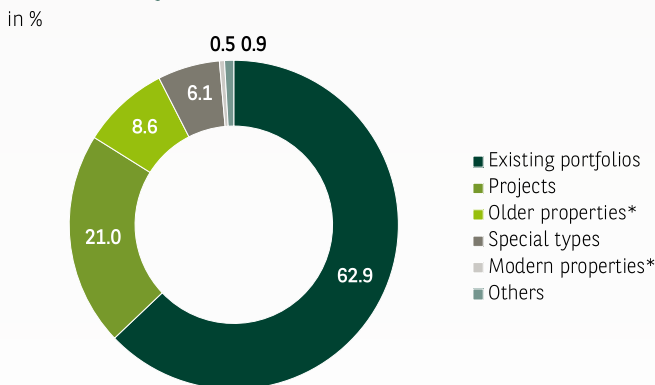
Investment volume residential portfolios



THIRD-BEST HALF-YEAR OF THE LAST DECADE

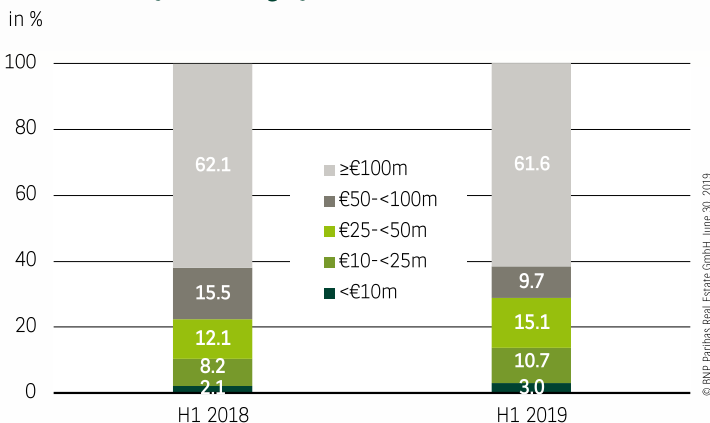
With an investment volume of around €7.02 billion, the interim balance on the residential investment market (from 30 residential units) is again pleasing. In the last ten years, only mid-2015 and mid-2018 have seen even better results. Both years, however, were marked by large corporate takeovers, which had not been recorded to the same extent or frequency so far. The high turnover from these two extraordinary years is also due to the fact that the current volume is only in the 10-year average. A total of more than 130 transactions with almost 59,000 residential units was included in the result. On average, the portfolios changed owners for around €53 million per sale, and thus significantly less than in 2018 (-17%). This, too, reflects the somewhat more fragmented nature of the market compared with the previous year.

Investments by asset class H1 2019



* Block sales in one location

Investments by size category



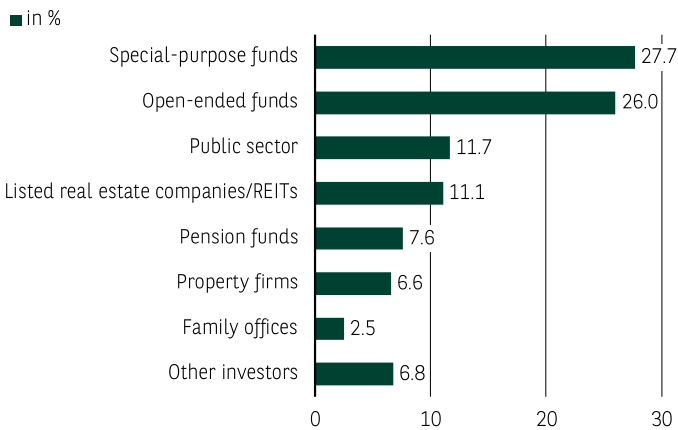
DEVELOPMENTS ACCOUNT FOR A GOOD FIFTH OF THE TOTAL

Even though extensive existing portfolios continue to be the largest source of the investment total (63%), new developments are increasingly establishing themselves as the second most important asset class. At the end of the first half of the year they account for slightly more than one fifth of the residential investment volume. In third place are existing older properties and residential complexes with almost 9%. In terms of the number of transactions alone, they are even clearly in the lead: existing properties account for about every third sale. The special types that were extraordinarily strong in the previous year, including micro apartments and student apartments, again make a substantial contribution to the result at 6%. However, like all other asset classes, they remain below the volume of the previous year due to the supply situation.

ESPECIALLY IN THE LARGER SEGMENTS LESS TURNOVER

At first glance, the percentage distribution of turnover across the various size classes reveals only a few changes compared with the previous year. Portfolios of over €100 million continue to contribute around 62%. In fact, however, the investment volume declined in absolute terms in all size classes. Especially in the segments above €100 million (-37%) and between €50 and €100 million (-60%), the undersupply has serious consequences on the investment volume. In the other, smaller categories, the declines are comparatively small at -9% to -20%.

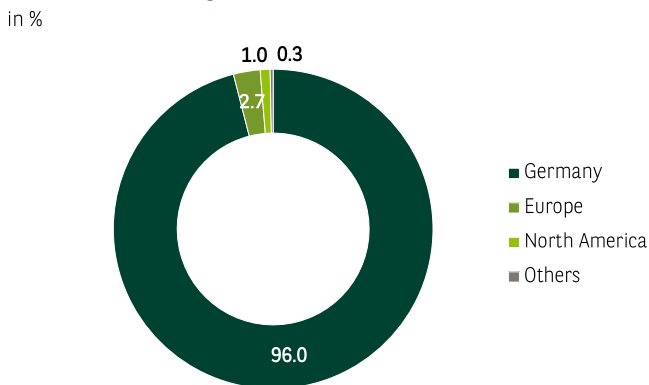
Investments by buyer group H1 2019



FUND IN FRONT

Special-purpose funds also hold their usual pole position on the buyer side during the first half of the year, accounting for around 28%. Directly behind them, open-ended funds come in second with 26%. This rather unusually high share is primarily due to the purchase of the approximately 16,000 BGP apartments by ZBI and Union Investment. The public sector, among others fuelled by the 50% takeover of the Bremen Brebau, and listed real estate companies/REITs, are almost on a par with just under 12% and a good 11% respectively. Pension funds (almost 8%) and property firms (around 7%) follow at a clear distance. All other types of investors have not yet made a major appearance.

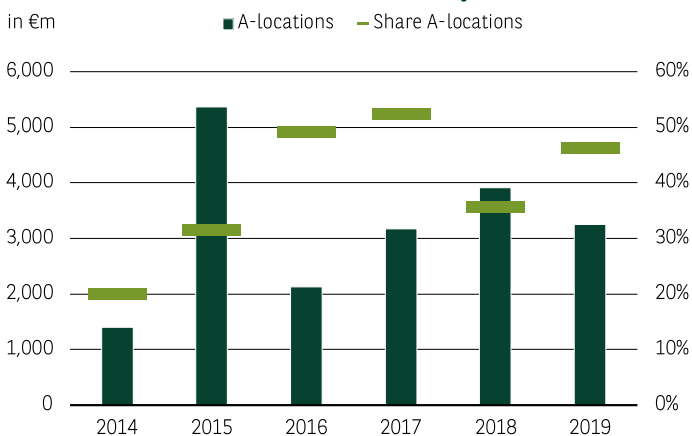
Investments by origin of capital H1 2019



RESIDENTIAL INVESTMENT MARKET IN GERMAN HAND

Traditionally, the residential investment market is characterised by domestic investors to a much greater extent than the commercial investment market. Nevertheless, at only 4%, the current contribution of foreign investors, is extremely low. In times of strong bidder competition for a persistently scarce supply, foreign investors have therefore not yet been able to make a significant impact in the first half of the year.

Investment volume A-locations and share of total volume H1



JUST BELOW HALF OF TURNOVER IN A-LOCATIONS

Around €3.25 billion or around 46% of the residential investment turnover is attributable to the A-locations and thus to cities with particularly tense housing markets. As usual, Berlin is in the lead among the A-locations. Here, more than €1.84 billion was invested in larger residential portfolios. Despite the hanging Damocles' sword of political interventions such as the rent cap, the capital still accounts for more than a quarter of the nationwide investment turnover. At just under €490 million, Hamburg is clearly in second place, with in particular developments finding new buyers here. In Cologne, Düsseldorf and Frankfurt, between €270 and €320 million were invested each, whereas there was a lack of offer for larger investments in Munich and Stuttgart.

PERSPECTIVES

Residential investments continue to represent an enrichment of the real estate portfolios, especially for institutional investors. Market interventions such as the rent brake or the targeted rent cap in Berlin do not appear to have diminished the attractiveness of this asset class for domestic investors. It remains to be seen, however, to what extent foreign buyers will increasingly appear in the second half of the year again or whether the aforementioned instruments could cause this group of buyers to remain cautious. Nevertheless, supply is still far from being able to meet demand, which could have a limiting effect on the annual investment volume.

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