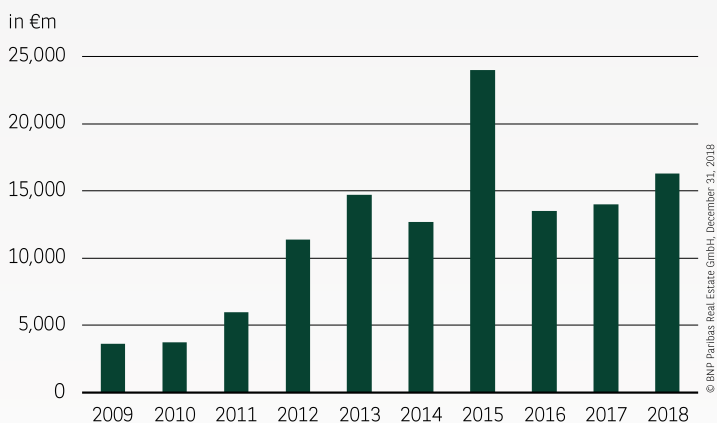




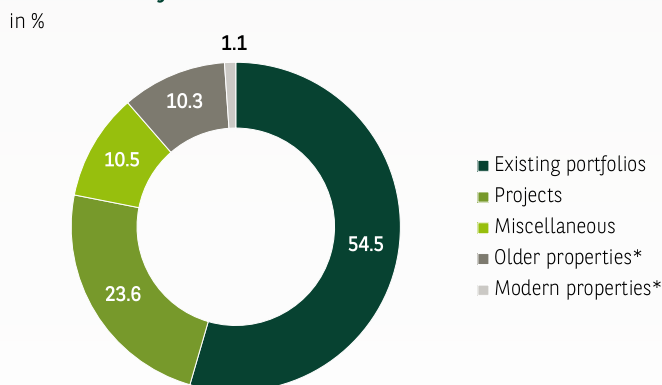
At a Glance **Q4 2018**

RESIDENTIAL INVESTMENT MARKET GERMANY

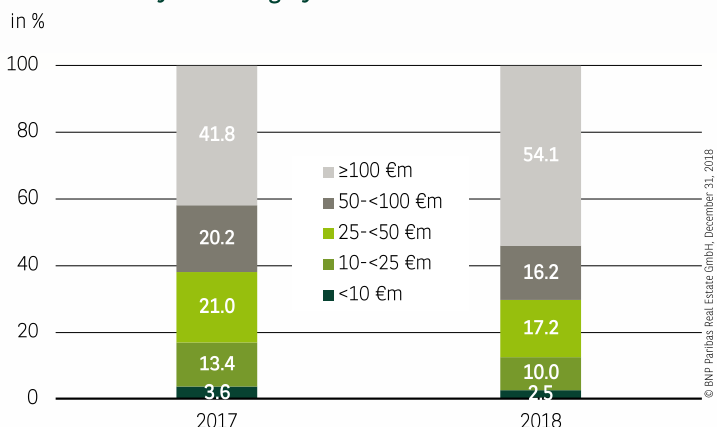
Investment volume residential portfolios



Investments by asset class 2018



Investments by size category



RENEWED INCREASE IN RESIDENTIAL INVESTMENT VOLUME

The transaction volume with larger residential portfolios (30 residential units or more) has increased again year-on-year. In total, residential portfolios changed ownership accounting for around 16.3 bn €, an increase of 16 % compared with 2017. Only in 2015 was the volume even higher thanks to the purchases of Gagfah and Süddeutsche Wohnen by today's Vonovia, which alone generated sales of almost 10 bn €. However, the takeover of the Austrian housing group Buwog by Vonovia in 2018, whose German holdings were included at over 2.7 bn €, also marked a significant deal. One of the largest portfolios of the year is also the Century portfolio, which the Danish pension fund PFA acquired from Industria Wohnen. Like all the others, however, it remained below the 1 bn € mark. A total of well over 300 transactions involving around 133,000 residential units were included in the result. On average, both the package size, at around 420 units, and the average portfolio volume, at just over 50 m €, is above the previous year's figure.

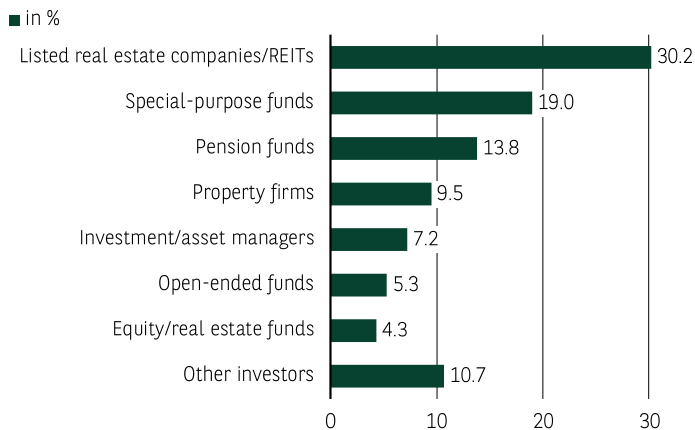
EXISTING PORTFOLIOS DOMINATE

As in previous years, existing portfolios in particular accounted for just below 55 % of sales. However, two asset classes have been on the rise for several years: on the one hand, project developments are in high demand both in the particularly tense housing markets of the A-cities and in many smaller locations. They contribute around 24 % to the result. On the other hand, special forms such as student apartments and micro-apartments have increasingly established themselves as asset classes. In 2018, more than 1.7 bn € went into these forms of housing - more than ever before, so that they were even able to just exceed the older existing properties (10 %).

MORE TURNOVER BEYOND 100 M €

After the fairly balanced size class distribution from the previous year, the segment over 100 m € will once again be more significant in 2018, accounting for slightly more than half of the result. At the same time, this is also the only category in which sales were still up on the previous year. All the others are no longer at the previous year's level, not only on a pro rata basis but also in absolute terms. However, this should be justified less towards the demand side but rather to the supply side.

Investments by buyer group 2018



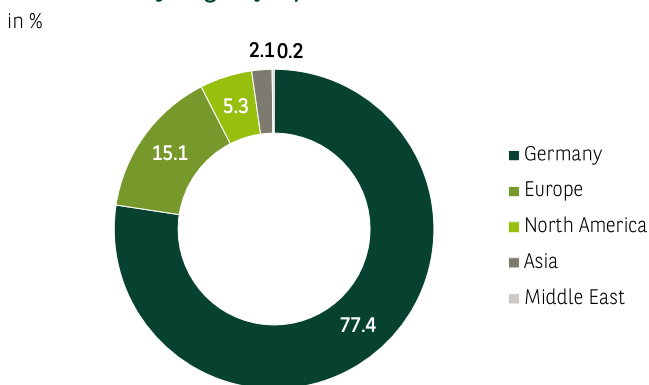
TRADITIONAL INVESTOR GROUPS BACK AT THE FOREFRONT

Once again the leading duo of 2017 secured the top positions in 2018, albeit in reverse order: together listed real estate companies/REITs (around 30 %) and special funds (19 %) account for almost half of turnover. Pension funds have also invested extensively - primarily in project developments, including micro-apartments and student apartments, as well as high-quality existing portfolios - and are in third place with 14 %. In addition, property firms (just under 10 %), investment/asset managers (7 %) and open-ended funds (5 %) also contributed more than 5 %.

GERMAN INVESTORS SHAPE THE MARKET

Compared to the commercial investment market, the residential investment market is significantly more dominated by domestic investors: German buyer groups accounted for 77.4 %, or more than three-quarters, of the volume, while their contribution to commercial real estate was significantly lower at 40.6 %. Nevertheless, the just under 3.7 bn € invested by foreign investors in the housing market represents the highest volume ever registered. With 2.45 bn €, a large part comes from the European region, which is also a new record value that underlines the attractiveness of the German housing market. North American buyers and investors from the Asian region also achieved excellent results with a good 860 m € and more than 330 m €, respectively.

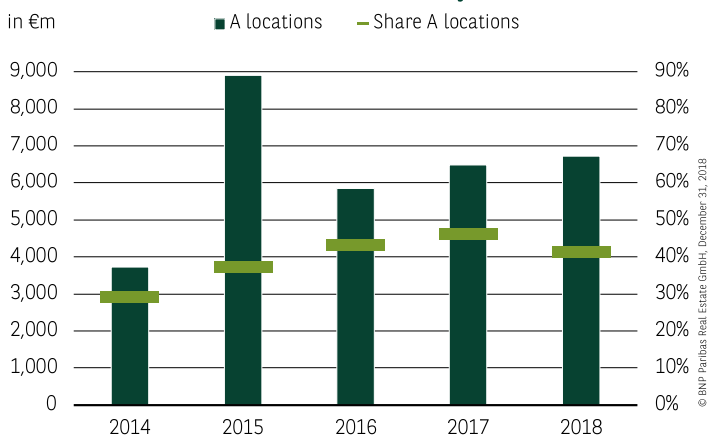
Investments by origin of capital 2018



GROWTH ESPECIALLY OUTSIDE THE A LOCATIONS

Even though the A locations (Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Munich, Stuttgart) still account for a considerable share of the residential investments (6.7 bn €), the increase in turnover is due in particular to the locations outside these big cities. The increase in the rest of Germany is 27 % compared with just 4 % in the top cities, which can be seen as a clear indication of the broad-based demand. Most of the investments were made again in the capital: More than 3.3 bn € was registered here, accounting for around half of the volume of A locations.

Investment volume A locations and share of total volume



PERSPECTIVES

With its extensive product range in both the existing and the new construction segments, the residential investment market offers interesting investment opportunities for a large number of investor types that rely on stable long-term cash flows. Residential investments should also be among the most popular real estate investments in 2019. However, the supply side remains the bottleneck, making reliable turnover forecasts difficult. However, a clearly above-average result should be possible.

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