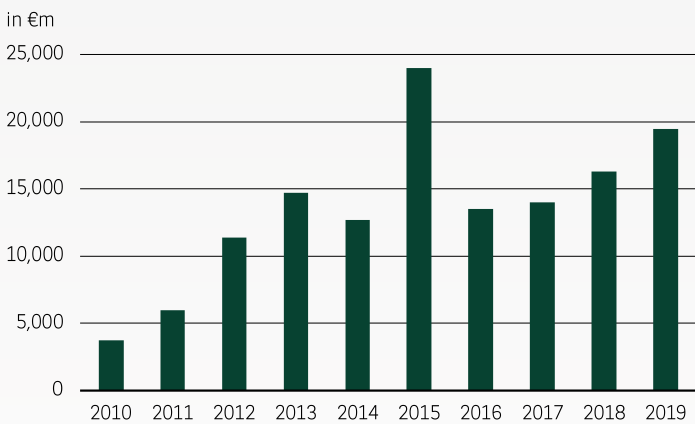




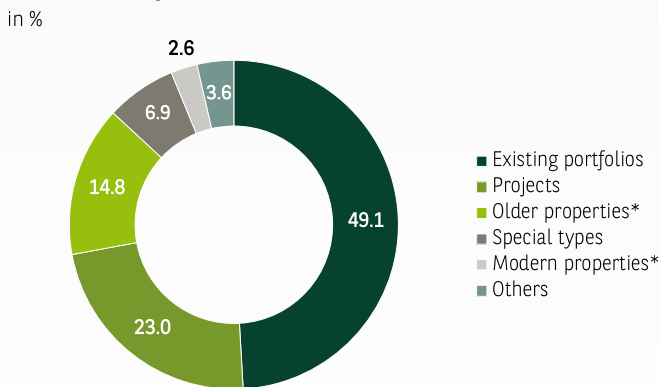
At a Glance **Q4 2019**

RESIDENTIAL INVESTMENT MARKET GERMANY

Investment volume residential portfolios

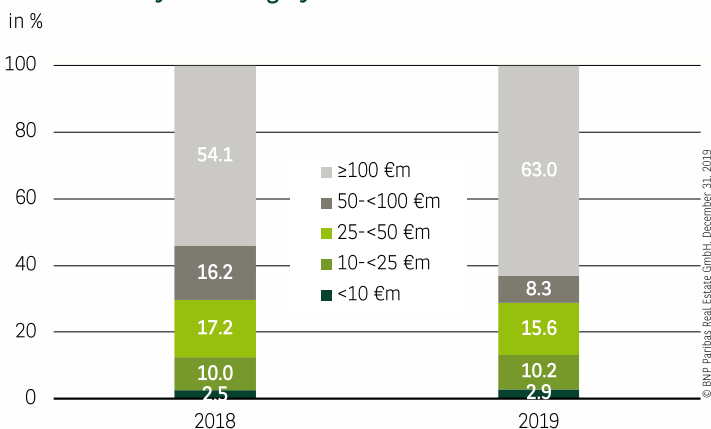


Investments by asset class 2019



* Block sales in one location

Investments by size category



RESIDENTIAL INVESTMENTS DEFY REGULATORY TRENDS

Demand for investments in larger residential portfolios (30 or more residential units) remains very high despite the many political discussions concerning the introduction of regulatory instruments: the total transaction volume in 2019 amounts to around €19.5 billion, the second-best result in the past 15 years. More was only invested in 2015, when the purchase of Gagfah by Vonovia and the acquisition of Süddeutsche Wohnen alone generated a volume of almost €10 billion. In 2019, too, a few major deals such as the sale of BGP Group with around 16,000 apartments to Union Investment are to be reported. But generally speaking, the 17% higher number of transactions testifies to a consistently lively demand across all size categories. A total of around 370 sales with roughly 144,000 residential units were included in the results. At €53 million, the average volume per transaction is roughly on a par with the previous year.

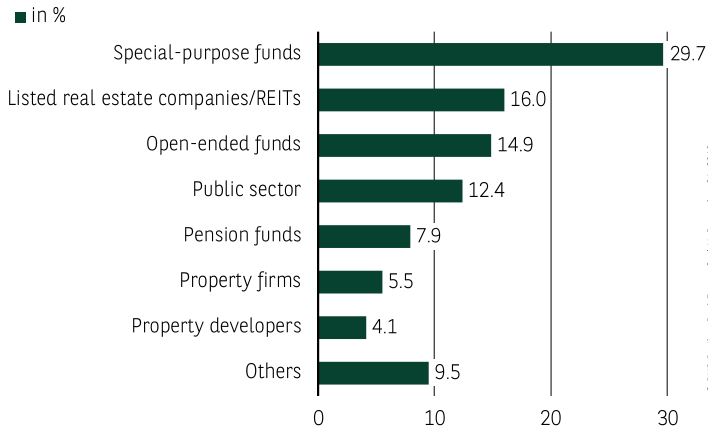
SHARE OF EXISTING PORTFOLIOS BELOW 50%

Large existing portfolios traditionally dominate the market. In recent years, however, the residential investment market has become increasingly diversified. In addition to new construction projects, which have been sought after for a long time by investors with a long-term perspective above all, special forms of housing such as student housing, micro-housing or barrier-free living are increasingly in demand. The high volume of construction in these segments is playing into the hands of demand and ensuring a significantly higher supply than just a few years ago. In 2019, a total of more than €1.3 billion was allocated into these forms of housing. Across all asset classes, some €5.3 billion was invested in new construction developments. This represents well over a quarter of total residential investment volume. Accordingly, it is not surprising that existing portfolios, at 49%, account for only just under half of the investment volume.

MORE TURNOVER OVER €100 MILLION

Compared to the previous year, portfolios in the triple-digit million range have grown significantly, so that they account for a large part of the result with 63%. A significant increase was also observed in almost all other size classes. Only in the second-largest category between €50-100 million is the turnover significantly lower (-39%), although this is primarily due to supply-side factors.

Investments by buyer group 2019

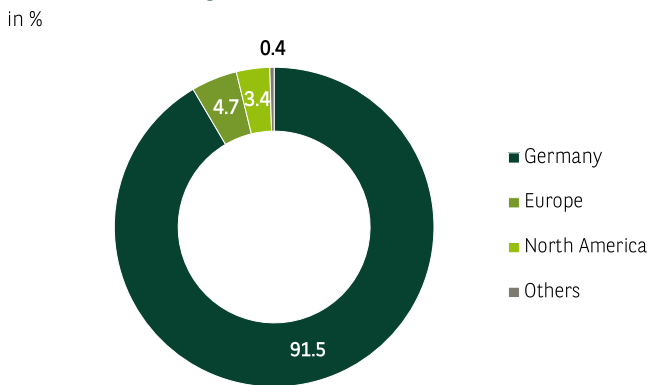


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NO SURPRISE ON THE FIRST TWO PLACES

With special-purpose funds (just under 30%) and listed real estate companies/REITs (16%), classic demand groups for residential investments occupy the first two places in the ranking by buyer group. Third place is taken by open-ended funds (15%), which achieve an unusually high ranking, primarily through the purchase of the BGP apartments. However, the public sector has also made substantial investments and, at over 12%, also has a double-digit share. In addition to the 50% takeover of Bremer Brebau, this reflects above all the sale of almost 6,000 Berlin apartments by ADO Properties to the municipal housing company Gewobag for over €900 million alone. In addition, pension funds (just under 8%) and property firms (almost 6%) also hold shares of over 5%.

Investments by origin of capital 2019



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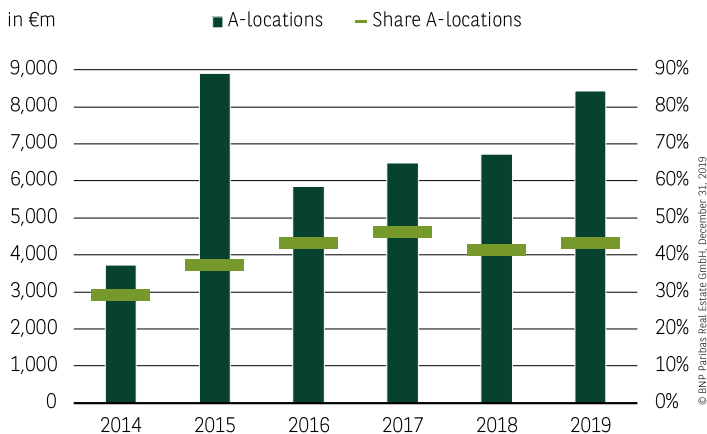
DOMESTIC INVESTORS DOMINATE

The residential investment market is firmly in domestic hands. Only 8.5% of the volume is accounted for by investors from abroad. In absolute terms, their volume has even more than halved compared to the previous year (-55%), whereas German buyers invested another 41% more with €17.8 billion. While issues such as rent caps and rent brakes, potential expropriation of real estate companies or drawn pre-emptive rights appear to have led to restraint among foreign investors, domestic players are less impressed and remain in a good buying mood.

A-LOCATIONS WITH SIGNIFICANT GROWTH

At a good €8.4 billion, the A-cities (Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Munich and Stuttgart) record an increase in the investment volume of a proud 25% over the previous year. They also once again increased their share of the total volume to around 43%. With €4.2 billion or a share of a good 50%, Berlin remains uncatchable. Considerable sums were also invested in Frankfurt (€1.2 billion) and Hamburg (approx. €1.1 billion). Munich also achieves an excellent result with almost €730 million, followed by Cologne and Düsseldorf with around €480 million each. Only Stuttgart, at a good €220 million, records a slightly lower turnover.

Investment volume A-locations and share of total volume



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PERSPECTIVES

Despite all the prophecies of doom, residential investments are still one of the most popular forms of investment, not only for private but also for institutional investors. This is unlikely to change in the new year. In principle, it can be assumed that the supply side will again be a key driver of the sales volume. Against this backdrop, an extraordinarily good result should also be achieved in 2020, although it remains to be seen to what extent it can approach the current one.

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