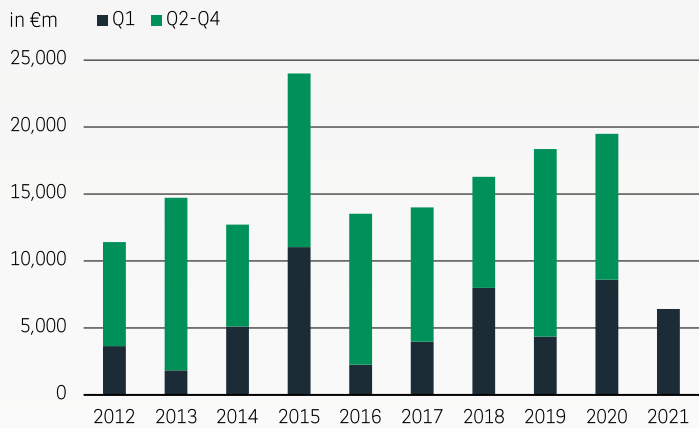




At a Glance **Q1 2021**

# RESIDENTIAL INVESTMENT MARKET GERMANY

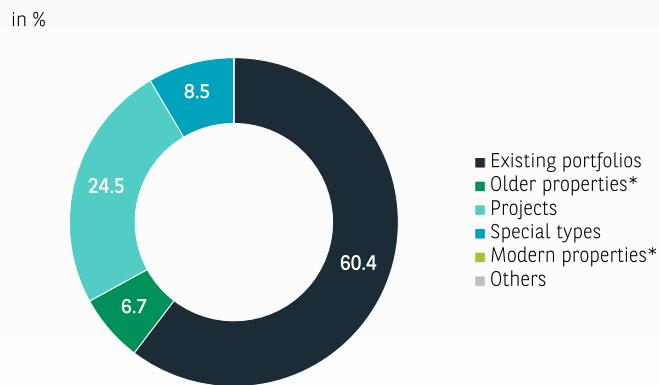
## Investment volume residential portfolios



### ➤ STRONG START TO THE YEAR ABOVE LONG-TERM AVERAGE

In the first quarter, a transaction volume of €6.4 billion was recorded for residential portfolios of 30 units or more, which represents an exceptionally good start to the year. The result is around a quarter lower than in the previous year, but it needs to be stressed that a direct comparison is not very meaningful as last year's result was driven by the acquisition of Adler Real Estate AG. This deal alone accounted for around 70% of sales at the beginning of 2020. By contrast, the only recorded major deal worth over €1 billion in the current year, the purchase of 7,500 Soka-Bau apartments by AEW, accounted for just under 20%. If the billion-euro deals are neglected in the analysis, the Q1 2021 result is almost twice as high as in the prior-year period. This statement is also underlined by the fact that the ten-year average was exceeded by a good 16%. There was very lively market activity in both the smaller and medium-sized size classes, which speaks for a broad demand base. Especially in uncertain times, residential investments guarantee not only stable long-term demand but also comparatively secure cash flows, and are therefore at the top of many investors' shopping lists.

## Investments by asset class Q1 2021

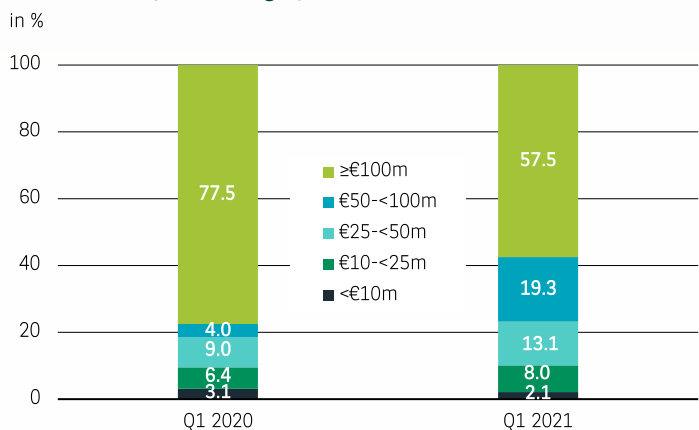


### ➤ PROJECTS AND SPECIAL FORMS OF HOUSING IN HIGH DEMAND

Not surprisingly, larger portfolios continue to account for the lion's share in the current year, at around 60%. However, their contribution is around ten percentage points lower than in the two previous years. By contrast, a disproportionate high amount was invested in project developments, which contributed almost a quarter (€1.57 billion) and set a new record in absolute terms. This shows that even a larger supply is absorbed without difficulty. The situation is similar for special forms of housing, which include student housing complexes and microapartments. At 8.5%, they also account for an above-average share of sales. This implies an investment volume of around €545 million and thus the second-highest result on record so far.

\* Block sales in one location

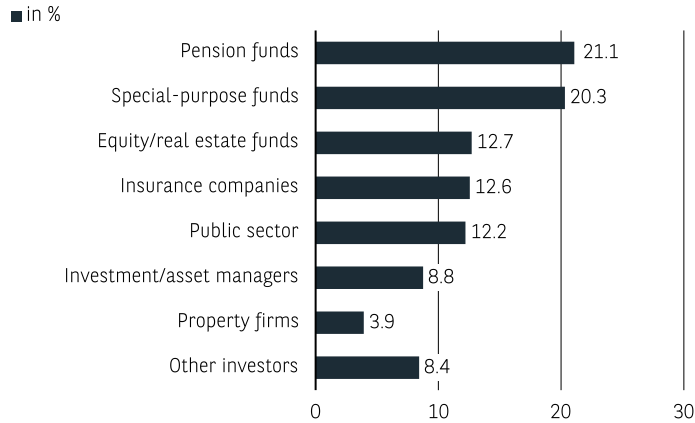
## Investments by size category



### ➤ SIGNIFICANTLY MORE HOMOGENEOUS DISTRIBUTION

Whereas sales in the three-digit million range accounted for almost 78% of investment volume in the previous year, this share is only at 58% in the current year. By contrast, the share of transactions between €25 million and €100 million has risen noticeably. In the first quarter of 2021, they accounted for almost a third of the total, compared with only around 13% in the same period last year. This distribution underscores the broad spectrum of buyers and the generally great interest from different investor groups.

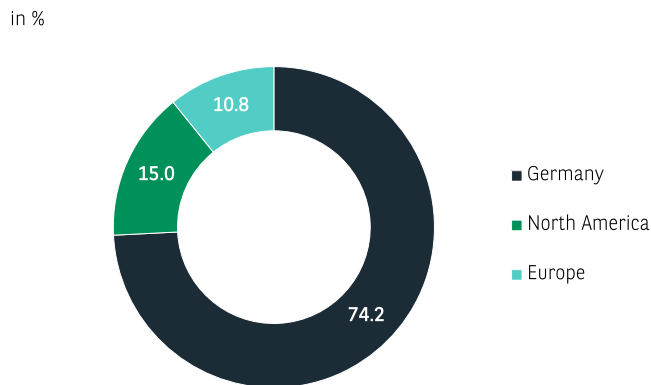
**Investments by buyer group Q1 2021**



**DIFFERENT INVESTORS WITH HIGH SHARES OF SALES**

The first quarter of 2021 is characterized by a high number of active buyers. In total, five investor types accounted for double-digit shares. At the top of the list are pension funds with a good 21%, which are looking for secure returns against a background of government bonds that are still yielding negatively. They are followed by special-purpose funds with 20% and equity/real estate funds with just under 13%. Similar shares are held by insurance companies with almost 13% and public sector companies with a good 12%. Investment managers contribute 9%. The high level of demand is evidenced not least by the fact that a number of major investment managers, which previously invested exclusively in commercial real estate, have now also launched residential funds.

**Investments by origin of capital Q1 2021**



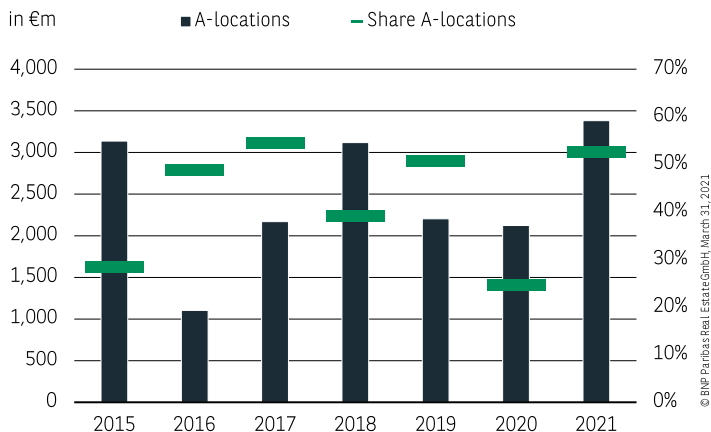
**FOREIGN INVESTORS ACCOUNT FOR ONE QUARTER**

A further indication of how sought-after German housing stocks are is the renewed and noticeable growth in interest from foreign investors. They currently account for around a quarter of total sales. North American investors lead the field with 15% market share, followed by European buyers with 11% share.

**A-LOCATIONS ARE THE FOCUS OF BUYERS**

More than half (53%) of investment volume was generated in A-locations (Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Munich and Stuttgart). This is around ten percentage points higher than the average, and a new record was also set in absolute terms at just under €3.4 billion. Investors are therefore continuing to rely on the attractiveness of the major cities and further growth in the number of inhabitants. As expected, Berlin takes the top position with a good €890 million, followed by Munich and Frankfurt with around €640 million each. However, Hamburg also achieved a strong result with over €510 million. In the other cities, sales ranged between €170 million and €270 million.

**Investment volume A-locations and share of total volume Q1**



**PERSPECTIVES**

Not only last year's results, but also the start of 2021 show that the housing markets are suffering little to no impact from the Corona pandemic. Much the contrary, the trend toward even higher demand, not least from new investor groups, underscores the fact that residential investments are seen as a safe investment, especially in a difficult economic environment. This is also reflected in further price increases, particularly in the new construction segment and for existing properties in very good locations. From today's perspective, this trend is set to continue for the rest of the year, meaning that a transaction volume in excess of the €20 billion threshold is surely within the bounds of possibility.

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