GERMANY

REPORT

RETAIL INVESTMENT MARKET

Q1-3 2025

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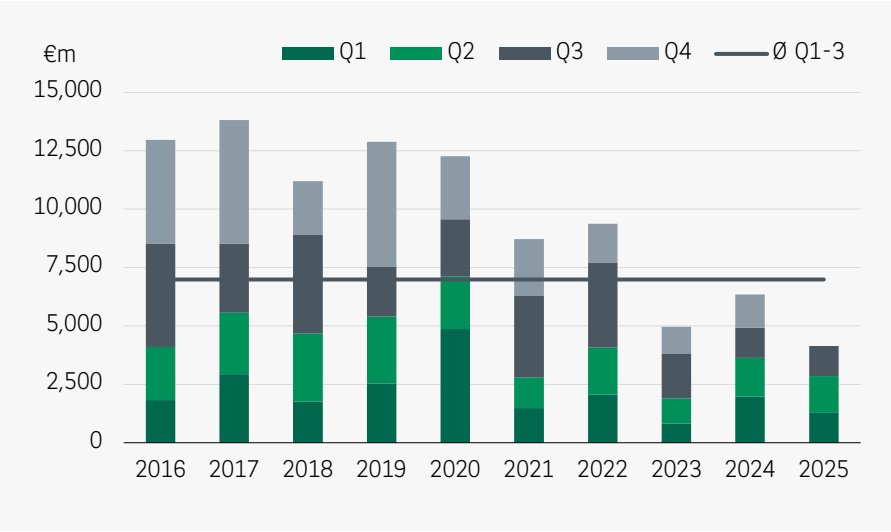
REAL ESTATE for a changing world

Development of retail investment volume



Retail investments by type of property Q1-3

RETAIL INVESTMENTS REMAIN ON TRACK: DYNAMIC MARKET DESPITE A SLIGHT DECLINE IN VOLUME

- Although the retail investment market reported a slight decline in investment volume to around €4.1 billion (-16% vs.Q1–3 2024), the lively transaction activity recorded in the first half of the year has continued in recent months. One reason for this is the high volume of single deals, which reached €944 million between July and September, the highest quarterly figure of the year so far.
- The market drivers therefore remain highly diversified. While individual sales currently prevail, portfolio transactions dominated over the course of the year. These were primarily driven by the Porta acquisition by XXXLutz, valued in the high three-digit millions. Recently, however, the package sales segment has seen smaller portfolios consisting of retail parks and food-anchored assets. However, in the portfolio sector in particular, new transaction processes are constantly being initiated. Although some of these are in the marketing phase for long periods of time, they nevertheless keep investment dynamics at a consistently high level.
- In terms of size categories, it is positive that deals in the three-digit million range are being concluded again for both portfolios and single assets. However, the average deal volume remains low at €24 million.
- The distribution of volume by property type continues to be determined by the Porta acquisition in the retail warehousing sector (a good 63%). While shopping centres are once again becoming a noticeable focus for investors (around 16% market share), investment in the high street and department store sectors has so far been predominantly small-scale (15% and 5% respectively).

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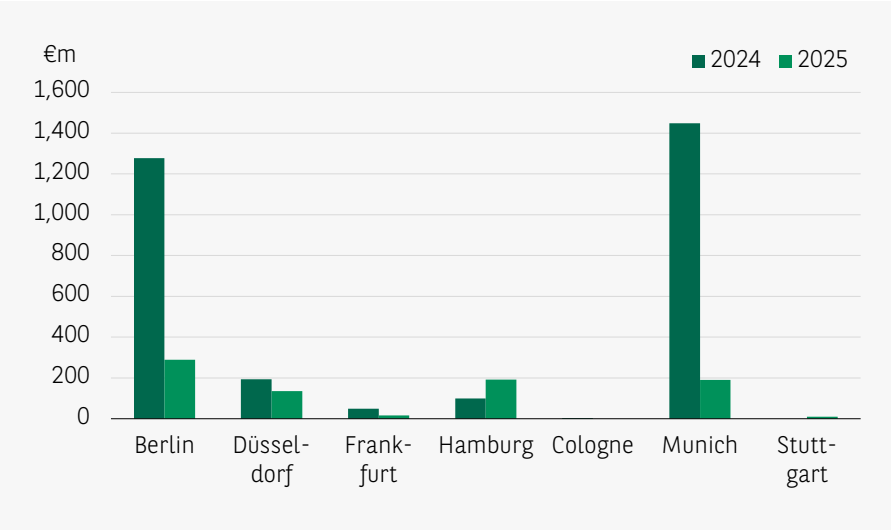
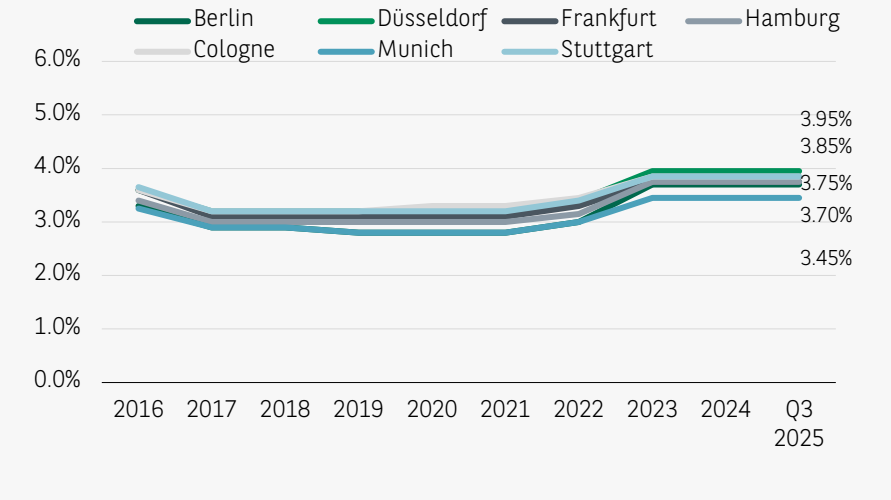
Retail investments in A-locations Q1-3



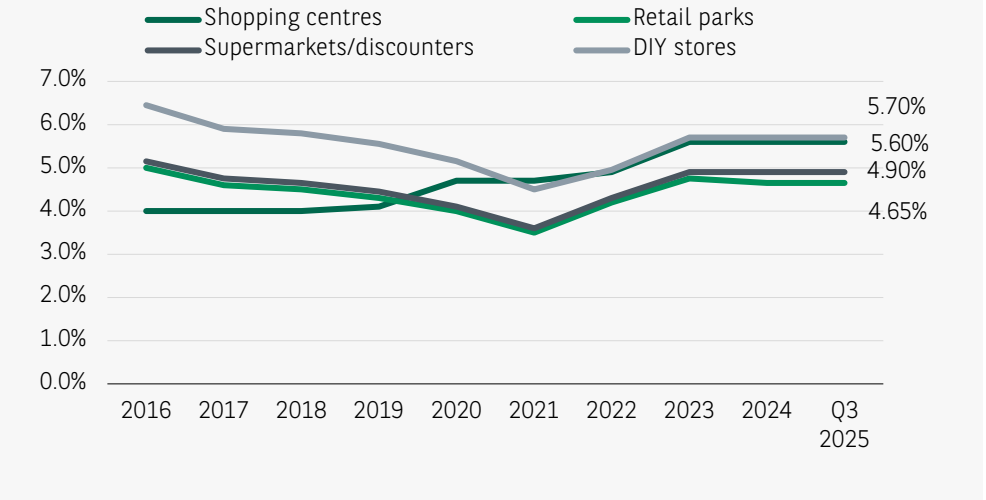
VOLUMES IN TOP MARKETS INCREASED, YIELDS STABLE

- In the context of the market-dominating volume of retail warehousing sector, it is unsurprising that Germany's A-cities, which are generally characterised by high-volume high street or shopping centre sales, have so far only contributed to a comparatively small extent to the result (just over 20%). To date, with a few exceptions, mainly smaller assets changed hands in the top markets. However, this should be viewed as a snapshot, and it cannot be ruled out that sales in the high street sector could pick up towards the end of the year. The fact that 53% of the A-locations' retail investment volume was generated in the third quarter alone underlines the upward trend in the largest investment markets.
- There were no changes in net prime yields in the first nine months. After a period of stability, retail warehousing parks saw their prices rise last at the end of 2024 (4.65%). Prime yields for stand-alone grocery stores remained at 4.90%, while for shopping centres they remained at 5.60% and for DIY stores at 5.70%.

Retail high street net prime yields in A-locations



Retail net prime yields by type of property



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OUTLOOK

- The retail investment market has seen considerable investment activity throughout 2025, with varying trends in each quarter. In the first half of the year, the retail warehouse and portfolio segments set the scene for positive performance. More recently, A-locations have gained ground, and there has been increasing momentum in large-scale deals and shopping centre investments. Accordingly, the outlook for the final quarter is positive, with many factors likely to have a favourable impact on the overall result.
- In terms of property types, demand continues to focus particularly on assets and portfolios in the non-food and food sector. In addition to food retail assets, which have been popular for many years, non-food assets or portfolios have also successfully established themselves in the second tier of the retail warehousing segment. Attractive yield premiums have helped this product category move further into the spotlight. The same applies to shopping centres, where prices expectations on the buyer and seller side are now closer together, creating attractive entry opportunities for investors in view of current yield levels.
- Furthermore, high street investments remain in demand in favourable macro locations, particularly in high footfall mass market or established luxury pitches. Although more than one in four single transactions is a retail high street deal, this segment only accounts for 15% of turnover.
- Taking market conditions as a whole, prime yields are likely to remain stable until the end of the year.

Key facts retail investment market Germany

INVESTMENT VOLUME	Q1-3 2024	Q1-3 2025	CHANGE
Total (€m)	**4,917**	**4,137**	**-15.9%**
Portfolio share	14.3%	46.2%	+31.9%pts
Share above €100 million	58.6%	44.2%	-14.4%pts
Share of A-cities	62.4%	20.1%	-42.3%pts
Share of foreign investors	44.7%	50.1%	+5.4%pts

NET PRIME YIELDS	Q3 2024	Q3 2025	CHANGE
Berlin	3.70%	3.70%	+0bps
Düsseldorf	3.95%	3.95%	+0bps
Frankfurt	3.75%	3.75%	+0bps
Hamburg	3.75%	3.75%	+0bps
Cologne	3.85%	3.85%	+0bps
Munich	3.45%	3.45%	+0bps
Stuttgart	3.85%	3.85%	+0bps

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