Investment in sizeable stocks of residential units in the first half of 2013 totalled 6.01 bn €. This was slightly more than 12 % down on the record result of the prior-year period but nevertheless represented the second-best performance of the past six years. This impressively confirms the fact that German residential assets remain very high on the shopping list of investors. In particular the second quarter, with a transaction volume of nearly 4.2 bn €, was one of the strongest three-month periods registered in recent years. In all, the survey covered just over 100 deals, with a total of more than 95,000 homes. The average volume per sale, at just over 57 m €, remains relatively high but was somewhat lower than the prior-year figure (65 m €). Altogether, 11 trans-actions with an investment volume upwards of 100 m € were noted. The most important deals included the sale of over 29,000 GBW units for more than 2 bn € and the Blackstone disposal of around 6,900 homes to Deutsche Wohnen AG for about 370 m €.

Market activity continued to be dominated by existing portfolios spread across a number of locations. These accounted for some 84 % of the transaction volume, with the registered major deals making a substantial contribution to this. Project developments have now moved up into second place with a share of over 8 % of all investment. This can be seen as evidence that high-quality new-build projects in the large German locations are becoming increasingly attractive, especially for security-minded investors. Block sales of older properties also played a role, with a share of just under 7 % of the result.

As usual, the largest proportion of turnover was generated by major deals of more than 100 m €; these accounted for around 70 % of the total. The three mid-range size classes between 10 and 100 m € presented a very balanced picture, with each contributing some 9 % to the transaction volume. This result indicates a very broad and stable basis of demand for German residential units. Although small sales of up to 10 m € comprised only just over 3 % of aggregate investment they were responsible for 39 % of all the individual deals.
The investor ranking is headed by listed real estate companies and pension funds, each with 22%. A major role in this was played by the large-volume purchases by Deutsche Wohnen AG and the GBW acquisition (close to 92%) by a consortium of 27 institutional investors led by Patrizia. In third place came special-purpose funds with almost 14%, ahead of equity/real estate funds in fourth place with 12.5%. Other groupings exhibiting substantial activity were insurances (11.5%) and property firms (just under 8%). All the other types of investors only accounted for shares of less than 5%.

German investors predominated
Where the origin of the deployed capital is concerned, German investors increased their prior-year lead over the rest of the field. With more than 84% of the overall transaction volume, they dominated market activity in the first half of 2013 by a large margin. Second place in the first six months was taken by investors from the rest of Europe (just under 12%), who were more active again in acquiring assets. Next in the list, with slightly more than 3%, were North American buyers, who were somewhat more reticent than they had been in the same period last year. Up to now, players from other regions have not put in much of an appearance in the German residential investment market.

Increase in average prices
In comparison with the prior-year period, average purchase prices – taking all the transactions into account – have risen appreciably, by 16%. In part, though, this increase can be explained by the higher volume of trading in project developments. In this segment, prices largely continue to range between 3,000 and 3,500 €/m² but can go considerably higher in individual cases. Most of the portfolios of existing units commanded prices of between 700 and 850 €/m². Block sales brought in 1,000 to 1,300 €/m² on average.

Interest in German residential units sustained
The strong interest shown in German residential assets is unabated. It covers both portfolios of older dwellings with correspondingly attractive yields and also high-grade new-build projects where the emphasis is on security and the potential for value enhancement. Against this background, the second half of this year can also be expected to exhibit lively markets and high turnovers, although the transaction volume in the major portfolio segment will probably decline somewhat. Nevertheless, an investment total upwards of 10 bn € in the year as a whole seems realistic.