The Frankfurt investment market remains in extremely good shape. In the first three quarters, the transaction volume totalled 2.15 bn €, equivalent to a year-on-year increase of more than 52%. Only in the boom year of 2007 was a significantly better performance registered. If the 2007 result is disregarded, this year's total is around 52% higher than the long-term average. And it means that nationwide, Frankfurt takes third place behind leader Munich and within striking distance of second-placed Berlin. Especially for investors looking for large-volume core properties, Frankfurt remains one of the most interesting locations – an estimation backed by several outstanding deals, such as the sale of the Skyper and Gallileo towers and of the retail/office building One Goetheplaza as part of the Prime portfolio.

Major deals upwards of 50 m € made by far the biggest contribution to the aggregate transaction volume, generating a share of 73.1%. Nowhere else in Germany do large sales play such an important role. This situation, which has a long history, is due among other things to Frankfurt's highly cosmopolitan character; this attracts foreign investors in particular. It is interesting to note that second place in the size ranking was taken by the 10–25 m € bracket with over 13% of the total, thus pushing the 25–50 m € class, which generated just 11% down into third place. So far this year, smaller sales in the category of up to 10 m € have made hardly any impact at all, accounting merely for a very modest 2%.

Even though they accounted for a share of nearly 60% to head the form-of-occupancy ranking by a considerable margin, the significance of office buildings as an asset class has declined somewhat. Fuelled by the sale of One Goetheplaza, retail assets stepped up their performance strongly in absolute terms to generate close to 22% of all turnover. The relative importance of logistics complexes has more than doubled; they contributed over 7%. Hotels accounted for slightly over 5%. The other types of property generated only negligible shares of the total.
CITY CENTRE STILL CHIEF FOCUS OF INVESTMENT

In Frankfurt, investors traditionally tend to focus strongly on the city centre and that has certainly been the case again this year. It leads the geographical ranking by an impressive margin, with about 80% of the transaction volume. Then, with almost exactly equal shares of around 9% come the subcentres and the centre fringe zones. Currently, several interesting deals are in the pipeline in the subcentres, and so their share is set to climb before the end of the year. Unlike in 2012, the peripheral areas have this year attracted very little investment (2.5%).

FOUR INVESTOR GROUPINGS WITH DOUBLE-DIGIT SHARES

Altogether, four different investor categories generated double-digit percentage shares of turnover. In first place came special-purpose funds, with more than 31%. Insurances took second place with 21.5% of the investment total. Then, quite a way behind in third place, came pension funds (over 12%), followed by private investors/family offices with slightly more than 10%. So between them, these four investor groupings accounted for nearly 76% of the transaction volume. This shows quite clearly once again that equity-rich and security-oriented investors in particular regard Frankfurt as one of the most important locations in Germany and indeed the whole of Europe. A further share of just over 7% was contributed by project developers. Foreign investors represent a proportion of around 36%; this is more or less the same as a year ago, although in absolute terms they have this year deployed appreciably more capital.

YIELDS UNCHANGED

In the third quarter, yields remained steady despite the robust scale of demand. So the net initial yield for office properties is still 4.75%. Only in Munich and Hamburg are yields even lower. Prime yields for retail/offices buildings in the best shopping streets are 4.30%, while the figure for logistics complexes is 6.50%. In this respect, too, Frankfurt is one of the most expensive locations in Germany.

BUOYANT ACTIVITY SET TO CONTINUE

There are already signs that activity in the Frankfurt investment market will remain very lively in the final quarter, too. As well as the ongoing very strong level of investor interest, there is the fact that several large and even spectacular sales are due to be concluded shortly. So 2013 looks likely to be one of the best investment years of recent times. From today’s angle there is even a realistic chance that the whole-year result will once again pass the 3 bn € mark, something that in the past has been achieved only four times.