The surge in investment in the Frankfurt market apparent in the first half of this year continued undiminished in the third quarter. At more than 4.4 bn €, the transaction volume exceeded the already very good prior-year result by nearly 83 %. Only in the boom year of 2007 did the first nine months produce an even higher turnover, but that was due to a much greater extent to the pro rata inclusion of portfolio sales. In comparison: more than 85 % of this year’s total was generated by single deals, with portfolio transactions accounting for just 642 m €. In the nationwide ranking, Frankfurt takes second place behind Berlin, and in terms of just single deals actually finishes ahead of the German capital. The investment volume was fuelled above all by the high number of large-unit sales. Up to now, there have already been ten transactions in the triple-digit million range, and together these have been responsible for more than half the investment total.

Unlike in the prior-year period, transactions upwards of 100 m € have this year accounted for the biggest proportion of investment, with 51 % of the total. In fact, if deals in the 50–100 m € bracket are included, large-unit sales have actually been responsible for more than 72 % of the result. So Frankfurt has once again shown just how much investors appreciate the special range of assets on offer here, one that is unique in Germany. No other German city posts a higher average of really large transactions. The smaller size brackets have made an accordingly lower relative contribution to aggregate investment than they did last year. But in absolute terms, the 10–25 m € category, for instance, stepped up its volume quite substantially, to nearly 700 m €.

Frankfurt is above the city of major office investments, and that is reflected by the fact that this asset class accounted for more than 78 % of all turnover. This impressive result was fuelled primarily by several extraordinary high-rise transactions, such as the sales of the Eurotower and the Trianon, both of which drew on the services of BNP Paribas Real Estate. Way behind in second place in the asset-class ranking came retail properties, with 9.5 %. That chiefly comprises the Kaufhof building at Hauptwache, sold as part of a portfolio. All the other forms of occupancy have so far made only relatively low contributions to the transaction volume.
TOWER SALES GIVE CITY CENTRE THE LEAD
Not least because of the large-unit tower transactions, the City Centre has been able to expand the dominant role it already exhibited last year. So far this year, the central areas have accounted for about two-thirds of all investment. In second place with a share of just under 20% come the subcentres, which thus finish ahead of the periphery (8%) and the Centre Fringe (just over 6%). This means that compared with last year there has been little change in the basic distribution and geographical structure of market activity.

EQUITY/REAL ESTATE FUNDS TAKE TOP SLOT
The fact that the Frankfurt market is interesting for a great many investors with different risk profiles is confirmed by the spread of investment across the various categories of buyers. Heading the ranking are equity/real estate funds, with a share of just over 28% which was generated primarily in the value-add or core-plus segment, with a strong focus on the subcentres. Pension funds, in second place with just under 22%, presented a different picture: they were active exclusively in the City Centre area and concentrated more on core products. Other double-digit contributions were made by asset managers with just over 11% and project developers with just under 11%. In addition to development sites, the latter grouping also acquired older properties with the aim of marketing them again in the medium term in revamped form. Foreign market players accounted for 59% of investment and thus considerably more than a year ago.

YIELDS HAVE EASED FURTHER
The strong demand and the associated tough competition among investors are reflected by the way prime yields have developed. In the case of office assets, these have eased by 20 basis points in the past twelve months to 4.30% and are now getting close to their all-time low of mid-2007. For retail/office buildings in first-class locations the top figure at present is 3.80%. The sharpest fall has been registered by logistics complexes; these now have a prime yield of 5.60%.

SECOND-BEST YEAR IN SIGHT
The final three months of the year are also set to generate very buoyant investment activity, with several sizeable deals already in the pipeline. Nor are there signs of any factors which could impact on the great interest being shown by both domestic and international investors. Against this background, there is a very good chance that turnover in the year as a whole could exceed the already outstanding prior-year total and reach well above the 5.5 bn € mark. Whether or not it will prove possible to break through the 6 bn € barrier remains to be seen. At any rate, it should be the second-best transaction volume ever registered.