At the half-year point, the investment volume in Leipzig already more or less equalled the result for the whole of 2014; now, after nine months, a new record has been set with a total of 861 m €. This was more than 84 % higher than the already very good prior-year performance. An especially notable contribution to the total – almost 48 % in fact – was made by portfolio deals; included on a pro rata basis, they came to nearly 412 m €, which was almost five time higher than the corresponding figure at the end of September 2014. Another reason for the outstanding result, though, has been the sheer number of registered deals – that increased by close to 66 %.

HIGH TURNOVER IN ALL SIZE CLASSES

All the different size classes participated in the far higher turnover with considerable volume increases. That also applies to the biggest category, top deals upwards of 100 m €; unlike last year, this size bracket has now registered a transaction, the sale of the Höfe am Brühl (included on a pro rata basis). So together with the 50-100 m € bracket (nearly 17 %), large deals account for a comparatively high proportion of all investment, with almost one third of the total. But, as before, it is medium-sized sales which make the biggest contributions to the transaction volume, with just under 39 % (10-25 m €) and just over 17 % (25-50 m €). The number of small deals of up to 10 m € has almost doubled, and these accounted for 13 % of turnover.

RETAIL LEADS FIELD

To an even greater extent than last year, investors have chiefly targeted retail and office properties. Accordingly, these two asset classes registered more than twice the prior-year number of deals. In terms of turnover, investment in retail properties – which include inner-city retail/office buildings – has increased appreciably (plus 17 percentage points) and now accounts for just under half of the total transaction volume. Office buildings have almost doubled their turnover compared with 2014 and have generated a share of close to 30 %. Hotels have once again made a double-digit contribution (more than 11 %) and secured third place. The biggest decline was suffered by logistics complexes which added only just over 4 % to the total.
CITY CENTRE OUT IN FRONT AGAIN

At over 40%, the largest share of the transaction volume was generated by the City Centre precincts. So they continue to head the geographical distribution of investment across the market area. In second place come the subcentres, which have lifted their share by almost 27 percentage points to nearly 36% and in fact moved up two places in the ranking. This very positive result was supported in particular by the pro rata inclusion of the Pausnord Center deal in the first half. The Centre Fringe has obtained a share of slightly more than 22%, while in the periphery hardly any transactions at all have been registered.

PENSION FUNDS TAKE TOP SLOT

In the first three quarters of this year, pension funds have been the chief source of demand in the Leipzig investment market, accounting for nearly one third of all the capital deployed. This was due mainly to the large-unit shopping centre purchases already registered in the first half. Next in the ranking, quite a way behind, come listed real estate companies/REITs (over 16%) and equity/real estate funds (15%). Family offices have also invested on a sizeable scale (over 13%), while special-purpose funds and project developers have produced just single-digit shares, with around 6% each. Together, other buyer groupings have been responsible for more than 8%. Foreign investors generated a proportion of over 58%, investing substantially more in absolute terms than in the same period in 2014.

PRIME YIELDS TRENDING DOWNWARDS

As a result of the very strong demand in the face of limited supply, yields have fallen across all asset classes. Logistics complexes have been particularly affected: since the start of the year, their net prime yield has eased by a total of 60 basis points to 6.10% at present. Declines of 30 basis points have been noted for the net prime yields for centrally located premium office properties (5.10%) and retail/office buildings (4.60%).

OUTLOOK

In view of the investment volume achieved by the end of the first three quarters, there is a very good chance that the end-of-the-year total could better the previous whole-year high of 2007 and set a new record; in fact, the billion-euro mark is also coming within reach. With that, Leipzig would definitely have established a place for itself among the most important investment locations. From today's angle, no weakening of the strong interest shown by both domestic and international investors is in sight, although of course not every quarter can be expected to generate so many pro rata contributions from portfolio deals.