GOOD HALF-YEAR BALANCE SHEET

With turnover of around 665 m €, the Düsseldorf investment market achieved one of its best results of the past ten years. Admittedly, the total fell about 27 % short of the prior-year figure but it comprised a much higher proportion of single deals: whereas in the first half of 2015, portfolio transactions included on a pro-rata basis had accounted for some two-thirds of all investment, this year, the contribution made by assets changing hands within the framework of larger packages has so far come to only 9 %. That is the lowest level since 2011. So Düsseldorf, too, has been affected by the nationwide decline in portfolios. Since the number of sales has remained steady year-on-year, the average volume per deal has fallen considerably, to 17 m € at the six-month point.

NO DEALS OF OVER 100 M € SO FAR

Unlike this period last year, there have up to now been no transactions in the triple-digit million euro range. On the other hand, aggregate turnover in the size classes of up to 100 m € was slightly higher than before (+12 %). Activity was especially marked in the middle and upper double-digit million euro segment, with each of the relevant categories stepping up their shares to around 32 %. Sales of between 10 and 25 m € added a further 23 %, while the remaining 13 % was contributed by the small size segment, of up to 10 m €.

OFFICES REGAIN LEAD IN ASSET-CLASS RANKING

In contrast to the first half of 2015, when the portfolio sale of the Kaufhof department stores gave retail properties the top slot in the asset-class ranking, in the first half of this year office buildings were by far the most favoured type of product. With a share of about 74 % and a volume of just under 500 m €, they also represent the only type of occupancy to have attracted more investment year-on-year (+68 %). Retail properties, on the other hand, have up to now been somewhat under-represented by long-term standards, gaining a share of 13 % and finishing way behind in second place. The share obtained by logistics complexes, at just under 8 %, was similar that at the mid-2015 point. Despite the extremely strong demand in the hotel segment, actual sales have been few and far between, giving them slightly less than 1 % of the total. Overall, though, it is the case not just in this field but in all the other asset classes, too, that the limited supply has restricted the transaction volume.
CENTRE FRINGE GENERATES NEARLY HALF TOTAL VOLUME

In the first half of this year, some 47 % of aggregate investment was generated by the Centre Fringe, which thus displaced the City Centre precincts from the top slot. Where the number of deals was concerned, both areas actually finished close together, but the average volume per sale was three times higher in the Centre Fringe than in any of the other parts of the market. The submarkets on the periphery again took second place in the ranking, with about 21 %. They were followed by the subcentres with around 18 %. The City Centre suffered the sharpest year-on-year decline, securing just an extremely small share of some 15 %. It is especially in this location, usually one of the most favoured in the whole of the Düsseldorf market, that the shortage of large-unit assets is making itself felt.

SPECIAL-PURPOSE FUNDS BIGGEST BUYER GROUPING

In Düsseldorf, just as elsewhere in Germany, special-purpose funds have been the most important buyer grouping. Here, they gained a clear-cut first place with around 27 % of the total. But a considerable number of other types of investors have also been active in this market. They include equity/real estate funds with around 14 %, insurances with close to 13 %, and private investors and investment managers, each with around 10 %. Listed real estate companies and property developers each obtained shares of 8 %. At about 30 %, the proportion of foreign investors has slipped significantly compared with last year, but is still more or less on a par with the nationwide average.

FURTHER DECLINE IN YIELDS

The imbalance between the enormous demand and the scanty supply in the core segment has exerted further pressure on yields. In the past twelve months, the net prime yields for premium office assets have eased by 40 basis points to 4.10 % at the end of June. Yield compression has also been much in evidence in the field of logistics complexes; here, the top yield fell by 35 basis points to 5.25 %. The yield on retail/office properties, which has already been low for some time, is now 3.75 %. Particularly in this segment, though, there are isolated cases of yields going even lower.

OUTLOOK

The first-half figures clearly reflect the shortage of large-unit products, especially in the core and core-plus segment, but since the investment volume in no way mirrors the actual scale of demand, it is difficult to make any forecasts about the probable turnover for the year as a whole. Unless activity in the field of large assets picks up substantially, the chance of again passing the 2 bn € threshold looks remote from today's angle. At the moment, the possibility of a further fall in yields cannot be excluded.