VERY GOOD START TO THE INVESTMENT MARKET YEAR
2017 has brought not just a continuation but in fact an acceleration of the dynamism exhibited by the Düsseldorf investment market: with a transaction volume of 522 m €, the result at the end of the first three months was substantially higher than in the comparable prior-year period (+87 %); in the past decade that total had been bettered only twice before. Particularly notable was the strong proportion generated by single deals (over 87 %); only in 2013 did the opening quarter produce a more extensive volume. Moreover, for the first time, the number of deals registered in the opening months was over 30, which is evidence of buoyant market activity. Year-on-year there has also been an increase in the average volume per deal, but in view of the considerable number of smaller sales this only came to just under 16 m €, which is still below the long-term mean.

STRONG MID-RANGE SEGMENT BUILDS BASIS
With a turnover share of just over 11 %, the contribution made by deals of over 50 m € was somewhat low in comparison with that registered in the other major German locations, but that is actually quite traditional in Düsseldorf. The biggest transaction was the sale of the Fantastic 44 office redevelopment in the Kennedy-damm submarket. The mid-range categories, on the other hand, turned in very buoyant performances, with the size classes 10-25 m € and 25-50 m € both setting new records and together accounting for nearly three-quarters of aggregate investment. The many sales of smaller assets enabled the size bracket of up to 10 m € to generate a further 15 % of the total.

OFFICES ONCE AGAIN LEAD FIELD IN FIRST QUARTER
Even though the proportion of turnover generated by office properties in the first three months, at just under 46 %, represented a considerable fall year-on-year, their volume, at 240 m €, was nevertheless impressive by long-term standards. It was fuelled primarily by several transactions in the mid-range segment. Gratifying results were also produced by the asset classes logistics and hotels, which contributed 16 % and just under 14 % respectively to the total. While the category of miscellaneous real estate, which mainly comprises development sites, generated an unusually high share, of over 19 %, retail properties have so far been under-represented, with only just over 5 %.
CENTRE FRINGE EXTENDS ITS LEAD

In the first quarter, the traditionally strong Centre Fringe was responsible for by far the biggest share of turnover, with almost half of all the capital deployed, and also generated more than double its prior-year volume in absolute terms. Due to a shortage of supply in the downtown areas, the City Centre has so far been somewhat less prominent, and its share, of just under 9 %, was down on last year’s figure. The largest investment in the Inner City was the sale of the Holiday Inn hotel. Fuelled among other things by the sale of several properties from the Hansteen portfolio, the periphery registered a very high proportion, of nearly 30 %. The subcentres contributed a further slice of over 13 %.

FOUR BUYER GROUPINGS WITH DOUBLE-DIGIT SHARES

More than 90 % of all turnover was generated by four categories of buyers, each with double-digit shares. Heading the ranking were investment managers with around one third of the total. In second place came special-purpose funds with just over 28 %. A place on the podium was also taken by property developers, with just under 18 %, most of which went into development sites. Together, all the other buyers were responsible for around 10 %. The proportion of foreign investors has risen year-on-year; it now stands at just over 35 %, which is, though, still below the nationwide average.

PRIME LOGISTICS YIELDS NOW ALSO BELOW 5 %

In the course of 2016, the excess of demand over supply impacted on the net prime yields for the three different types of property, prompting year-on-year declines of between 20 and 50 basis points. In the first quarter of this year, the only yield to fall further was that for premium logistics complexes; it slipped to 4.90 % at present. First-class office buildings have a prime yield of 3.85 %, which is just slightly above the figure commanded by ideally located high-street assets (3.60 %), where, though, prices can in isolated cases go even higher.

OUTLOOK

The groundwork for another successful investment year has been laid, with commercial property in Düsseldorf already attracting capital of well over half a billion euros in just the first three months. This shows that investor interest in this Rhineland city is undiminished. It now remains to be seen how supply in the core segment develops; the low shares generated by downtown precincts and retail assets indicates that up to now scarcity has spelt the scope for an even better result.