Above-Average Volume

In the first quarter of 2017, the volume of investments in sizeable housing stocks (upwards of 30 residential units) totalled 3.98 bn €. That not only bettered the prior-year result by 76% but also exceeded the ten-year average by more than 29%. Only three times previously had the opening quarter of any year produced a higher result. In addition to a very lively market with a substantial number of transactions, there were more deals in the triple-digit million euro range than there had been in the corresponding period last year. And the size class between 50 and 100 m € posted an absolutely record performance, with a volume of over one billion euros. By far the biggest transaction was the purchase by Deutsche Wohnen of the Helvetica portfolio in Berlin for around 665 m €. Altogether, the survey covered more than 90 deals involving a total of close to 30,000 residential units. The average price per sale was around 42 m €.

Marked Rise in Project Development Volume

In the distribution of the investment volume according to asset classes, first place was, as usual, taken by existing portfolios. But with just over 46% of the total, these gained only the same – comparatively low – share registered in the first three months of last year. The volume of project developments, on the other hand, continued to expand quite appreciably and for the first time broke through the one-billion-euro threshold, to generate a share of about 28.5%. Block sales of older housing in a single location – which is frequently a smaller-unit segment – contributed nearly 17% to the result and also achieved a new record volume. In fact, almost all asset classes were able to step up their prior-year figures in absolute terms.

Balanced Spread Across All Size Classes

Major deals upwards of 100 m € accounted for the biggest slice of investment, with just under 36%, but were again not so dominant as in many previous years. The very high volume of sales in the 50-100 m € bracket – over one billion euros – corresponded to a share of about 29%. The 25-50 m € size class, the prior-year leader, suffered a decline of 13 percentage points, taking it to 21%. Deals of between 10 and 25 m € generated close to 12%. The category of sales up to 10 m € was the only one not to register absolute growth and in fact started the year somewhat more reticently than usual, with just under 3%.
THREE GROUPINGS WELL OUT IN LEAD

Three investor groupings were together responsible for nearly 80% of the transaction volume. With a share of more than 32%, listed real estate companies/REITs took over first place from the prior-year leader, special-purpose funds, which this time accounted for about 29%. In third place again came property firms (just under 18%). This meant that the podium was occupied by the same categories of investors as last year. The remaining groupings all generated far lower shares, with fourth and fifth places going to investment/asset managers (6.5%) and private investors (4.5%).

GERMAN INVESTORS WITH BIGGEST SHARE BY FAR

German investors accounted for over 80% of the aggregate transaction volume, appreciably more than in the first three months of last year. So investors from abroad were responsible for just under one fifth of the total. The most active of these were buyers from other parts of Europe, who contributed almost 13%. Capital from the Middle East and North America played a considerably less significant role, with each of these regions generating only just around 3%.

BERLIN IS TOP LOCATION

Within Germany, Berlin remains the clear-cut No. 1 investment location, easily leading the inter-city ranking with a total of about 1.3 bn €. Well behind in second place comes Hamburg. Together, the Big Six markets (Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg and Munich) produced a volume of close to 2.1 bn €, almost double the prior-year figure. That corresponds to 52% of aggregate investment, which is above the already high proportion registered in 2016. So the economically healthy and growing metropolises remain the most favoured investment targets; they are benefiting not least from the increasing interest shown in project developments.

UNDIMINISHED BUOYANT DEMAND

The above-average first-quarter performance was based on broad demand in all segments and very strong overall market activity. In particular, project developments and forward deals in the prime locations continue to offer interesting opportunities for security-minded investors with a long-term orientation. In view of the consistently robust demand for residential assets, the remaining months of the year look set to generate similarly good turnover figures. So there is a realistic chance – even without taking the possibility of mega-deals into account – that the overall result will be able to pass the five-year average.