RETAIL INVESTMENTS REMAIN AT HIGH LEVEL

Some 8.5 bn € were invested in retail properties in the first nine months of the year, which is roughly on a par with last year’s result. The overall investment volume is up by a good fifth on the multi-year average. This is attributable in particular to the increased portfolio volume, where the investment volume has risen by 51 % in comparison to the first three quarters of last year and actually surpasses the multi-year average by around a third. The most prominent deal concerns the Corestate portfolio comprising 90 properties, which has been acquired by Bayerische Versorgungskammer for almost 690 m €. The result in the individual deals segment is down on last year’s outstanding figure, due to the prevailing supply situation. It is around 18 % below the corresponding figure for 2016, though still 15 % above the multi-year average.

BERLIN CONTINUES TO LEAD THE RANKINGS

Contrary to the nationwide trend, the retail investment volume has declined in the particularly sought-after Big Six locations. The transaction volume here totals a good 2 bn €, representing a drop of 16 %. Business was down in virtually all locations, with only Cologne improving on last year’s figure substantially to report a volume of 403 m € (+225 %), thanks to a number of larger transactions such as the sale of the DuMont Carré. Without Cologne’s volume, the overall drop would have been considerably more pronounced. Berlin properties continued to attract the most investment (746 m €), and the decline here was comparatively moderate, at -10 %. Munich follows up in second place with 442 m € and also a relatively modest drop (- 6 %). In Hamburg (321 m €), Frankfurt (65 m €) und Düsseldorf (39 m €) the volume not only falls well short of last year’s figure, but is also below the 10-year average.

RETAIL WAREHOUSES AND SUPERMARKETS BOLSTERING INVESTMENT

The breakdown of the volume by type of property presents largely the same picture as the corresponding period last year. Discounters/ supermarkets and specialised stores continue to account for the main share of the retail investment volume, at a good 43 %. Inner-city business premises take second place substantially to report a volume of 403 m € (+225 %), thanks to a number of larger transactions such as the sale of the DuMont Carré. Without Cologne’s volume, the overall drop would have been considerably more pronounced. Berlin properties continued to attract the most investment (746 m €), and the decline here was comparatively moderate, at -10 %. Munich follows up in second place with 442 m € and also a relatively modest drop (- 6 %). In Hamburg (321 m €), Frankfurt (65 m €) und Düsseldorf (39 m €) the volume not only falls well short of last year’s figure, but is also below the 10-year average.
SPECIAL-PURPOSE FUNDS THE UNDISPUTED NO. 1

Similarly to last year, special-purpose funds are responsible for the largest share of the total investment volume. With around 60 individual transactions and a number of portfolio investments, they contribute a good 23% to the overall result. The buyer groups with double-figure percentage shares further include investment/asset managers (16%), equity/real estate funds (13%) and pension funds (13%). Insurances have also invested strongly (a good 8% share), as have property developers and family offices (each with a share of around 4%). Less than one third (31%) of the invested capital originates from abroad. This is a markedly lower figure than applies to the commercial investment market as a whole (47%). While European investors have continued to be substantially active (23%), investors from overseas have played only a minor role to date.

HIGH DEMAND DRIVING PRICES UP

The price structure has continued to reflect the lack of suitable products over the past twelve months. Although already at their lowest level, the net prime yields for premium business premises in prime locations have dropped once again by an average of around 40 basis points in comparison to last year. Business premises are most expensive in Munich, Berlin and Hamburg, at 3.00%. Düsseldorf, Frankfurt and Cologne follow up in second place, all with a rate of 3.20%. It is to be noted in this connection that yields may also drop below this level in isolated cases, when all the relevant conditions are met.

The prices have also continued to rise for other retail properties. While the decline for shopping centres and individual specialised stores and supermarkets remained comparatively moderate, with a drop by 10 basis points in each case to 4.00% and 5.40% respectively, specialist retail centres have increased in price by a hefty 40 basis points. The prime rate here is now well below the 5% threshold, at 4.80%.

OUTLOOK

Dynamic market activity looks set to shape the final quarter, too. This will be driven not only by the exceptionally high demand, but also by the further increase in prices, which should prompt portfolio holders to part with their properties. Consequently, the possibility of last year’s very good result (13 bn €) being repeated cannot be ruled out. It will depend not least of all on the available supply in the portfolio segment whether and to what extent last year’s result can be surpassed. As no end to the excess in demand is foreseeable in the short term, a further moderate drop in top yields cannot be ruled out.