SECOND-BEST TURNOVER IN THE LAST TEN YEARS

The investment volume with larger residential portfolios (30 residential units or more) totalled 7.99 bn € in the first quarter. This was not only more than double the previous year's result, it was also the second-best result in the last ten years. The takeover of the Austrian housing company Buwog by Vonovia was included and accounted for much of this figure. The volume of the German portfolio is well over 2.7 bn €. However, it would have been the second-best result and the previous year's figure would still have been beaten by almost one third even without this extraordinary deal. One of the main reasons for this is the significant increase in the number of major deals over 100 m €, which more than doubled to 14. In total more than 80 deals involving just under 64,000 residential units were included in the analysis. The average price per sale is just over 96 m €, more than double the figure for the same period of the previous year.

PROJECTS AND SPECIAL HOUSING ON THE RISE

Due to the takeover of Buwog, existing portfolios account for by far the biggest share of turnover (62 %). What is particularly noticeable is the continued success of project developments. The transaction volume of just over 1.37 bn € not only beat the previous year's result by 21 %, it also set a new record. Investors continue to bet on demand and population growth in the conurbations. This statement is also underlined by the fact that around 735 m € (9 %) was invested in micro apartments and the student housing segment also contributed over 5 % (425 m €). The product range is therefore continuing to grow for investors due to social developments.

MAJOR DEALS GENERATE BIGGEST SHARE OF TURNOVER

The share of major deals over 100 m € has increased significantly again due not least to the takeover of Buwog and is just under 73 %. A marked increase in the number of other deals in this segment has also contributed to this development though. Accordingly, the contribution to turnover of the other size categories has reduced noticeably in relative terms. Based on absolute volume, however, turnover was only slightly less than in the same period of the previous year in the categories up to 100 m €, with a smaller number of transactions being primarily responsible for this.
Investments by buyer group Q1 2018

- Listed real estate companies/REITs: 47.7%
- Special-purpose funds: 13.1%
- Pension funds: 11.4%
- Investment/asset managers: 8.3%
- Equity/real estate funds: 6.4%
- Property firms: 5.7%
- Sovereign funds: 4.2%
- Others: 3.3%

Listed real estate companies undischputed number one
Accounting for just under 48%, listed real estate companies/REITs are again by far the most active group of buyers, although the takeover of Buwog by Vonovia is also strongly reflected in this figure. Special-purpose funds, the second major group of investors in recent years, have also maintained their strong position and contribute just over 13% to the total turnover. The top three is completed by pension funds with just over 11%. It remains the case that in particular institutional core investors are very interested in residential investments and above all modern project developments in attractive locations.

Investments by origin of capital Q1 2018

- Germany: 79.7%
- Europe: 8.2%
- North America: 4.2%
- Asia: 0.2%
- Middle East: 0.1%

German investors continue to dominate
As in previous years, market activities are dominated by German investors, who again make the biggest contribution to the overall result with 80%. In joint second place with an almost identical share of around 8% each are European and North American investors. The longstanding trend of Asian buyers also being interested in larger residential portfolios and not just in individual or a few residential units also continues. Their share in the first quarter of 2018 totals just over 4%.

Big six cities highly sought after
As in previous years, the big German metropolises were particularly popular among investors. A total of just over 3.1 bn € was invested in the Big Six cities (Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg and Munich), which equates to a share of almost 39% in the nationwide transaction volume. Berlin is again the undisputed number one. The turnover registered here totals just over 1.9 bn €. However, in particular the capital had a relatively high share in the sale of the German part of the Buwog portfolio. In other words: Berlin accounts for almost one in every four euros of the overall result. In second place is Hamburg with 546 m €, while third place is taken by Düsseldorf with 235 m €.

Interest from investors remains high
Even if the transaction volume in the coming quarters is less than at the start of the year, everything points to demand remaining strong. Population growth in most of the major cities and the very stable economic environment will ensure that residential investments remain safe long term. What is more, the product range continues to grow with products such as micro and student apartments or forward deals. Against this background there is much to suggest that an investment volume of more than 15 bn € can be realised in the year as a whole.