The Berlin investment market yet again knows no limits: As of mid-2018, investments total more than 3.1 bn €; there has never been a better interim result. Around 11% more was invested than in the same period of the previous year, but the result is even more impressive when compared over the long term. The ten-year average was beaten by a good two thirds. The share of properties sold in portfolios is exceptionally small at just 9%.

Accordingly, a lot was invested in individual properties. Here the volume totals almost 2.9 bn €, which beats the previous record set in the first half of 2017 by an impressive 19%. A number of larger office transactions contributed to this, but so did retail investments and hotel deals such as the Hilton Berlin for almost 300 m €.

Although offices are no longer as dominant as they used to be, they are still by far the most important asset class in the Berlin market with a 49% share of volume. They are also the clear leader measured by the number of sales. All other property types, by contrast, increased their share significantly compared to the previous year. Second place is currently occupied by retail properties, which are spread across the entire market region, with a contribution of just under 17%. Thanks primarily to the Hilton transaction, hotels are also very well represented with 13%. The same applies for logistics assets, which have risen to 8% thanks to a few major transactions.
Investments by location in Berlin H1 2018

- **Topcity** 6.1% 2018, 4.1% 2017
- **City Centre** 24.4% 2018, 24.4% 2017
- **Centre Fringe** 20.6% 2018, 26.5% 2017
- **Subcentres** 21.9% 2018, 31.9% 2017

**VERY EVEN SPREAD**

After the extraordinarily low investment turnover in the Topcity in the previous year, as of mid-2018 this extremely sought-after location again accounts for a significant share. This shows just how dependent turnover in the Berlin market is on supply. When there is a shortage of supply in the central locations, many investors switch to city districts and non-central locations, when the supply is right, they strike again in the top locations. Currently investments in the Topcity and Centre Fringe locations are at a similar level, each contribute just under 27% to the result. However, in the Topcity transactions were much bigger: The average volume per deal here is twice that in the Centre Fringe locations. There was also extensive investment in the City Centre and Subcentre locations (24% and 22% respectively).

Investments by buyer group in Berlin H1 2018

- **Investment/asset managers** 28.5%
- **Listed real estate companies/REITs** 15.8%
- **Special-purpose funds** 13.5%
- **Property developers** 11.7%
- **Pension funds** 9.7%
- **Family offices** 4.7%
- **Corporates** 3.8%
- **Others** 12.3%

**INVESTMENT MANAGERS NO. 1 AGAIN**

Investment managers, who act on behalf of a range of investor types such as fund structures, insurance companies and pension funds, again hold first place among top investors as of mid-2018 with just under 29%. Thanks to a few major purchases, listed real estate companies secure second place with around 16% ahead of special-purpose funds (14%), property developers (12%) and pension funds (10%), which also hold two-digit shares. All other groups contribute less than 5%. The share of foreign investors is, at 58%, again above the national average (41%) and at the high level typical for the Berlin market.

Net prime yields by type of property in Berlin

- **Office** 8%
- **Retail** 7%
- **Logistics** 6%

**YIELDS LARGELY STABLE SINCE THE END OF THE YEAR**

After the significant fall in net prime yields in the final quarter of 2017, they have since stabilised. Office properties are more expensive than anywhere else in Germany with a prime yield of 2.90%, while the prime yield for retail/office properties in the most highly frequented locations is also estimated at 2.90%. Only in the logistics segment was a reduction recorded again in the second quarter. Here the top yield is at 4.40%, a full 55 basis points below the previous year’s figure.

**OUTLOOK**

The investment figures speak for themselves: Berlin properties remain popular among potential investors. There is currently no sign of any doubt among investors due to a few global uncertainties. For the second half of the year a sustained high investment turnover, which should rank alongside the very good results of previous years, is also expected. With regard to prices, a further stabilisation is expected, at least in the premium segment.