Offices remain the darling of investors. Office properties remain very interesting from the viewpoint of investors. With a transaction volume of just under 11.43 bn €, the previous year’s result was bettered once again by just over 11%. The result was only higher in 2007 due to the large number of portfolios sold. For single deals alone, which account for 10.36 bn € of take-up, a new record was set this year which is also almost double the ten-year average. Sentiment in the markets therefore remains high and buyers are being guided by the current fundamental data. Employment continues to grow and ensures that occupier markets will again provide a strong tailwind, as a result the outlook for significant rent increases is therefore good. The excellent result is partly due to the high number of large-scale single deals above 100 m €, of which 23 were recorded in the first half-year.

Further jump in turnover in A locations

The A locations (Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Munich, Stuttgart) have followed the nationwide trend with an investment turnover of just over 9.75 bn € and improved on the previous year’s result by 29%. Thus 85% of all office investments were completed in the top cities. Frankfurt and Munich were involved in an exciting head-to-head race for first place, with the banking metropolis winning the contest by a hair’s breadth with just under 2.64 bn € (+15.5%). The Bavarian metropolis has to make do with second place with 2.63 bn € (+140%), despite a new record and more large-scale deals over 100 m € (10). The top four is completed by Berlin with just under 1.53 bn € (-17%) and Hamburg with 1.36 bn € (+84%). However, the reduction in turnover in the capital is due exclusively to an inadequate supply. Düsseldorf set a new record with 794 m € (+16%), while Cologne remained around the previous year’s level with 352 m € (-4%). The result also fell in Stuttgart due to supply-side reasons (464 m €; -16.5%). A different development was seen outside of the A locations. Here investment turnover with single deals fell by 26% to just under 1.58 bn €. In particular B locations (-40%) and cities with less than 100,000 inhabitants (-35%) recorded a significant drop. The main reasons for this are an inadequate supply of bigger properties and the fact that investors have more confidence in the long-term development of the A locations.
The large number of major sales in the A locations is reflected in the shares of the size categories. Deals over 100 m € account for just over half of the volume, which equates to an increase of 8 percentage points compared to the same period of the previous year. The focus on major properties is underlined by the fact that the category between 50 and 100 m € contributes just over 19 %. The shares of the two clusters between 10 and 50 m € are each between 13 and 14 %. However, the share of small deals up to 10 m € has fallen to just over 3 %.

Office properties remain of great interest to a wide range of investors, with demand spread widely. Four buyer groups account for double-digit shares. Special-purpose funds have invested the most (19 %) ahead of pension funds and investment managers, which have an almost equal share of just over 12 % each. Listed real estate companies/REITs complete the top four with 11.5 %. Equity/real estate funds contribute just under 10 %. Over one third is attributable to all other investor types. This shows that all investors, despite having different investment profiles, agree that the markets will develop positively. This is underlined by the number of security-oriented core investors who are active. The share of foreign investors is 41 %.

Net prime yields were largely stable in the first half-year as expected, only in Düsseldorf did it fall once more, by 15 basis points. This suggests that investors also accept higher prices for a quality product outside of Berlin, Munich, Frankfurt and Hamburg. The most expensive location remains Berlin, where the net prime yield is 2.90 %. Second place is taken by Munich (3.00 %) and third place is shared by Hamburg and Frankfurt (each with 3.15 %). Düsseldorf follows in fifth place with 3.35 %, ahead of Stuttgart (3.40 %) and Cologne (3.55 %).

As things currently stand, everything points to very lively investment actively in the second half-year. Investors have so far hardly been unsettled by global uncertainties and disruptions and are acting rationally based on the continued very positive climate. Office properties represent a secure and high-yield asset class, particularly in times when the future development very much also entails risks. For the year as a whole it is therefore likely that the transaction volume will be around the same level as the previous year, not least because a number of major deals are currently being negotiated.