At a Glance Q2 2018

RESIDENTIAL INVESTMENT MARKET GERMANY

Investment volume residential portfolios
in €m

- H1
- H2

![Graph showing investment volume residential portfolios]

- NO EASING UP: SECOND-BEST RESULT OF ALL TIME
To the end of June a total transaction volume with larger residential portfolios (30 residential units or more) of just under 11 bn € was recorded. This is the second-best result of all time and once again bettered the previous year’s figure by 82 %. The ten-year average was also beaten by around 70 %. The acquisition of the Austrian housing company Buwog by Vonovia, whose German stock is included in the result at over 2.7 bn €, has contributed significantly to this, but this would have been the second-best result even without this transaction. The busy market activity is also underlined by the number of sales included in the analysis, 170, which beats the ten-year average by more than half. The number of residential units taken into account totals over 100,000. The average price per sale is just over 63 m € and therefore more than 50 % higher than in the same period of the previous year.

- PROPERTY DEVELOPMENTS GROWING IN IMPORTANCE
A look at the different asset classes reveals current trends and the targets of investors. Just over 2.2 bn € and therefore 20 % of the total turnover was invested in property developments, often as forward deals. In absolute terms a new record was set. New, modern housing which meets the requirements of the market is therefore gaining increasingly in importance. The fact that investors are no longer focusing on just the big metropolises, unlike in previous years, is proven by the just over 1.25 bn € invested outside of the seven A locations. This equates to over half of the total volume. Existing portfolios again account for the highest share with 59 %, as by far the biggest supply is available here.

- Investments according to asset classes H1 2018
in %

- Existing portfolios
- Projects
- Miscellaneous
- Older properties*
- Modern properties*

* Block sales in one location

- Investments by € category
in %

- ≥100 €m
- 50-100 €m
- 25-50 €m
- 10-25 €m
- <10 €m

What is particularly noticeable is that just under 1.3 bn € (12 %) has been invested in special types of housing. This is the highest volume ever recorded and in absolute terms almost three times higher than the record set in the previous year. These include for example projects in the senior and student housing segments as well as micro apartments. In these figures a trend can be seen which will gather pace in the next few years and gain increasing-ly in importance. By far the most dynamic development can be seen in the market for micro apartments. With an investment volume of over 800 m €, this market segment accounts for 62 % of the turnover with special types of housing.
**Investments by buyer group H1 2018**

<table>
<thead>
<tr>
<th>Buyer Group</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Listed real estate companies/REITs</td>
<td>43.8</td>
</tr>
<tr>
<td>Special-purpose funds</td>
<td>15.1</td>
</tr>
<tr>
<td>Pension funds</td>
<td>10.5</td>
</tr>
<tr>
<td>Property firms</td>
<td>7.8</td>
</tr>
<tr>
<td>Investment/asset managers</td>
<td>6.5</td>
</tr>
<tr>
<td>Equity/real estate funds</td>
<td>5.6</td>
</tr>
<tr>
<td>Sovereign funds</td>
<td>3.0</td>
</tr>
<tr>
<td>Others</td>
<td>7.7</td>
</tr>
</tbody>
</table>

**Very High Share for Listed Real Estate Companies**

Listed real estate companies have invested the most with a share of 44%. The acquisition of Buwog by Vonovia has contributed significantly to this. They have pushed special-purpose funds, which topped the ranking last year, down to second place. With 15%, they have a smaller share than in previous years, but in absolute terms they have hardly invested less. Pension-funds have also contributed a double-digit share to turnover, 10.5%. This shows that in particular core investors seeking security also believe that there will be a sustained positive development in the German housing markets.

**German Investors Again Dominant**

The fact that German housing stocks are not only popular in Germany is made clear by the share of foreign investors, which at 19% is around 3 percentage points higher than in the same period of the previous year. European buyers, who account for 9.5%, were again the busiest, ahead of North American investors, who contribute around 6%. What is particularly noticeable is the increase in the share of Asian investors to 3%, which equates to volume of over 330 million euros.

**Further Increase in Turnover in Berlin**

The number one destination for investment remains Berlin, where the previous year's turnover was increased again once by 17% to over 2.15 billion euros, which equates to a 20% share in the nationwide transaction volume. The increase in turnover was much bigger in most of the other major locations, although noticeably less was invested in absolute terms than in the capital. Second and third place are taken by Hamburg with approx. 700 million euros (+32%) and Düsseldorf with 467 million euros (+62%). In Frankfurt (215 million euros) and Munich (230 million euros) the volume has even multiplied. The share of the Big Six locations (Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Munich) in the nationwide transaction turnover is currently just under 36%.

**Busy Market Activity in the Second Half-Year as Well**

In summary of the above, it is clear that the housing markets will remain exciting from the viewpoint of investors and that there are many opportunities for attractive and above all sustainable investments particularly in fast-developing new market segments. Against this background, brisk turnover is expected for the second half of 2018 which, as things stand, might beat the 16 billion euros mark and be the second-best result ever recorded. With regard to prices, the signs suggest that they will stabilise at the level reached at least in the big metropolises.

---

All rights reserved. At a Glance is protected in its entirety by copyright. No part of this publication may be reproduced, translated, transmitted, or stored in a retrieval system in any form or by any means, without the prior permission in writing of BNP Paribas Real Estate GmbH.

The statements, notifications and forecasts provided here correspond to our estimations at the time when this report was prepared and can change without notice. The data come from various sources which we consider reliable but whose validity, correctness or exactness we cannot guarantee. Explicitly, this report does not represent a recommendation of any kind, nor should it be regarded as forming a basis for making any decisions regarding investment or letting or renting property or premises. BNP Paribas Real Estate cannot accept any liability whatsoever for any information contained or statements made herein.

Imprint Publisher and Copyright: BNP Paribas Real Estate GmbH | Prepared by: BNP Paribas Real Estate Consult GmbH | Status 30.06.2018

Further information BNP Paribas Real Estate GmbH | Udo Cordts-Sanzenbacher, Head of National Residential Investment | Telephone +49 (0)30-884 650 | udo.cordts-sanzenbacher@bnpparibas.com

www.realestate.bnpparibas.de

Real Estate for a changing world