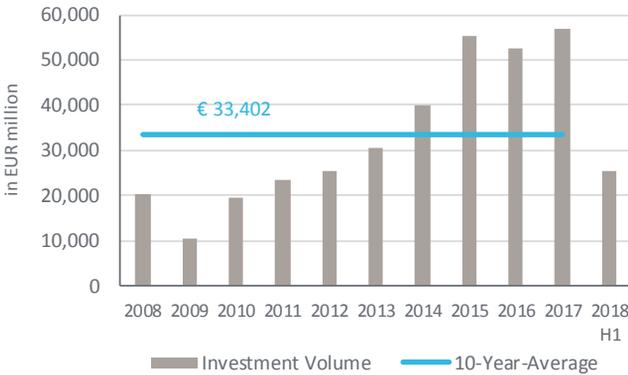


INVESTMENT MARKET H1 2018

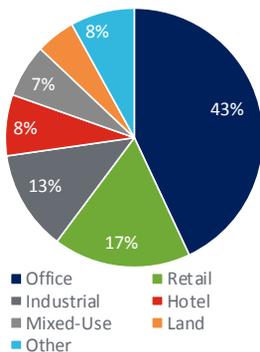
Investment Volume



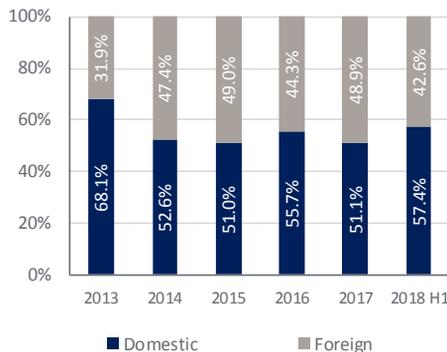
Investment Market Germany

- Investments in commercial real estate remained at the previous year's level with EUR 25.58bn invested in H1 2018 (H1 2017: EUR 25.65bn).
- Compared to the same period last year, the share of single deals was higher (72% vs. 63%), based on more transactions above the EUR 100 million mark. Portfolio deals predominantly closed in the logistics and health sectors. For example, a clinic portfolio was sold for some EUR 800m from Medical Properties Trust to Primonial. So far, this Q2 transaction is the largest in 2018.
- Office real estate remains in demand. Investment in office real estate amounted to EUR 11bn in H1 (+ 7% y-o-y).
- 19% of the investors came from other European countries. In total, 43% were foreign investors. Their focus is on A-cities.

Market Share by Segment



Investor Origin



Economic Background

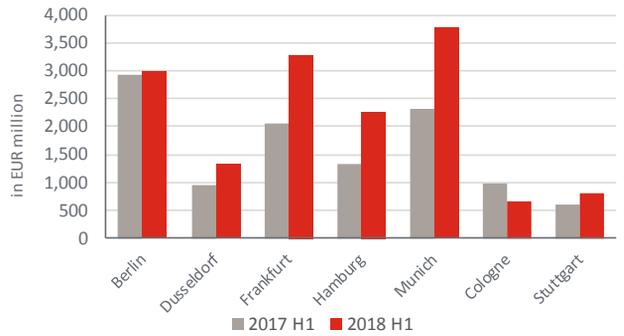
- unemployment at the lowest level since 1991
- number of employees at a record high
- wages and salaries tending upward
- inflation at 1.8%
- interest rates at a stable, low level
- consumption will continue to rise in 2018
- GDP expectations for 2018 at 2.3%
- sound public finances

GERMANY

population (09-2017)	82.7 million
unemployment rate (06-2018)	5.0%

Investment Volume by City (Top-7)

- With an outstanding result of EUR 3.8bn in H1, Munich defended its pole position, followed by Frankfurt - also with above-average half-year result. Berlin in 3rd place performed at last year's level.
- Overall, the country's top-7 cities contributed some EUR 15.1bn, accounting for 59% of the total investment result.



Prime Yields by Sector (net initial)

- Yields are increasingly moving sideways. For example, prime yields for core office assets and core retail assets remained stable at 2.90% in the spring months.
- Decreasing yields could still be observed in individual markets and locations. For example, the prime yield for office properties in Dusseldorf fell by 10 BPS to 3.40% in Q2.
- Logistics prime yield fell by 10 BPS in Q2, and by as much as 50 BPS over the past 12 months.



Prospect: "Record levels despite uncertainties"

The investment volume is steadily rising towards the EUR 50 billion mark. Confidence in Germany as a business location and in the upside potential of real estate remains high. Accordingly, real estate projects change owners long before completion. Meanwhile, the gray clouds on the horizon are thickening due to protectionist policies, and the potential turnaround of interest rates. Uncertainty is increasing.

Market Figures

	Germany	Berlin	Dusseldorf	Frankfurt	Hamburg	Munich	Cologne	Stuttgart
Investment volume in EUR million	25,580	2,970	1,330	3,280	2,260	3,780	650	810
Prime Yield in % (office)	2.90	2.90	3.50	3.25	3.20	3.15	3.50	3.50

Office	Highstreet	Shopping Center	Retail Warehouse	Retail Warehouse Park	Industrial (Logistics)
2.90	2.90	4.05	5.40	4.60	4.40

Sources: Thomas Daily, RCA, Bundesbank, GfK, Destatis, Bundesagentur für Arbeit, Avison Young

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