

*Q2 2024:*

# BERLIN RESIDENTIAL PROPERTIES ARE INVESTORS' DARLING



The Berlin investment market is experiencing an impressive recovery in the middle of the year. In the second quarter of 2024, commercial property purchases reached a comparatively high volume of 2.7 billion euros - a sharp increase compared to the first quarter with 0.8 billion euros. This brings investment turnover in the first half of the year to €3.5 billion, an impressive increase of two thirds compared to the previous year. This puts Berlin at the top of the list of German property strongholds by a huge margin, followed by Munich with 1.8 billion euros.

Despite the significant growth, investment turnover in the first half of the year is still below the long-term average: the five-year average was missed by 32% and the ten-year figure by 23%.



Einar Skjerven,  
Managing Director of  
Skjerven Group, comments  
on JLL's market report:

**“The residential investment market has woken up again. We are seeing numerous deals going on, as sellers and buyers have come closer together in terms of pricing,” comments Einar Skjerven, Managing Director of the Skjerven Group, on JLL's market report.**

The residential segment proved to be the strongest asset class in the first half of the year with an overwhelming share of 47%.





Investors paid particular attention to core and core-plus properties in the first six months, which together accounted for an impressive 90% of the transaction volume. Asset and fund managers were extremely active both as buyers and sellers.

Transaction volume in 2024 to date	Strongest Asset Class
3.53 billions €	Residential (47 %)
Change compared to previous year	Number of Deals +100 Mio. Euro
Plus 67 %	6 (H1 2023: 5)
Number of transactions	Share of international investors
48 (H1 2023: 39)	47 %



## THE CURVE IN THE RESIDENTIAL INVESTMENT MARKET POINTS UPWARDS AT MID-YEAR

**Consultancy firm Lübke Kelber is registering a renewed increase in the transaction volume for residential investments at the end of the first half of 2024. There is once again a consensus on prices.**

In the second quarter, the transaction volume for residential property in Germany was €1.8 billion. According to statistics from Lübke Kelber, this is the highest figure since the first quarter of 2023, although it is well below the ten-year average of €3.5 billion. Together with the first quarter, a half-year volume of EUR 2.9 billion has now been achieved, which is also well below the average (around -60%). The consultant sees a positive trend in the number of flats traded. With more than 10,000 units in the second quarter, the highest figure since the beginning of 2022 was achieved.

According to Lübke Kelber, large-volume transactions of more than €100 million are a significant driver on the market. They accounted for 51% of the total volume.



# STILL A BUYER'S MARKET

GERMAN  
REAL  
ESTATE **lübke  
kelber**



According to Lübke Kelber, buyers on the German residential property market are by no means only Anglo-Saxon private equity houses. There is indeed also domestic demand. The consultant cites this as evidence: In the past year and a half, more than 25 new property funds with a 'Resi Germany' investment focus have been initiated or announced. There were ten funds in 2022 and only nine in 2021. A large proportion of the new funds were initiated by German managers.

According to Lübke Kelber, pricing in the investment market has now bottomed out. Since the end of 2023, only minimal downward or upward trends have been observed. However, the investment market is still very much a buyer's market. This means that transactions only take place if the seller is prepared to sell at the maximum price offered by the buyer. There is not much room for manoeuvre upwards. Devaluations are still possible for existing portfolios of property companies and, in particular, property funds, because property valuations in some cases do not yet correspond to the price currently achievable on the market. However, the current steady rise in rents would have a positive effect on value development in the medium term. In view of the expected rather restrained turnaround in interest rates, it is likely that purchase factors will only increase slightly in the coming quarters. If factors remain the same and rents rise, however, the capital value of residential property will increase, predicts Lübke Kelber.



## Commercial Property Investments:

# TRANSACTION ACTIVITY IN BERLIN REMAINS SUBDUED, MARKET WILL NOT PICK UP UNTIL 2025

According to a report by Grossmann & Berger, investors on the Berlin market for commercial property investments remained cautious in the second quarter.

The report takes into account transactions involving office buildings, logistics/industrial and commercial properties. With a transaction volume of around 1.2 billion euros, the previous year's result was missed by 38%. Only a small number of large-volume transactions have been registered so far this year. However, the second half of the year could see more transactions in both the core and value-add segments, although

a significant market revival is not expected until 2025. According to Grossmann & Berger, yields should have bottomed out by now and could fall again slightly next year. It is assumed that the involvement of foreign investors in the Berlin market will remain positive in the second half of the year. As some Signa properties will find interested parties, a sales result of 3.5 to 4 billion euros is expected.

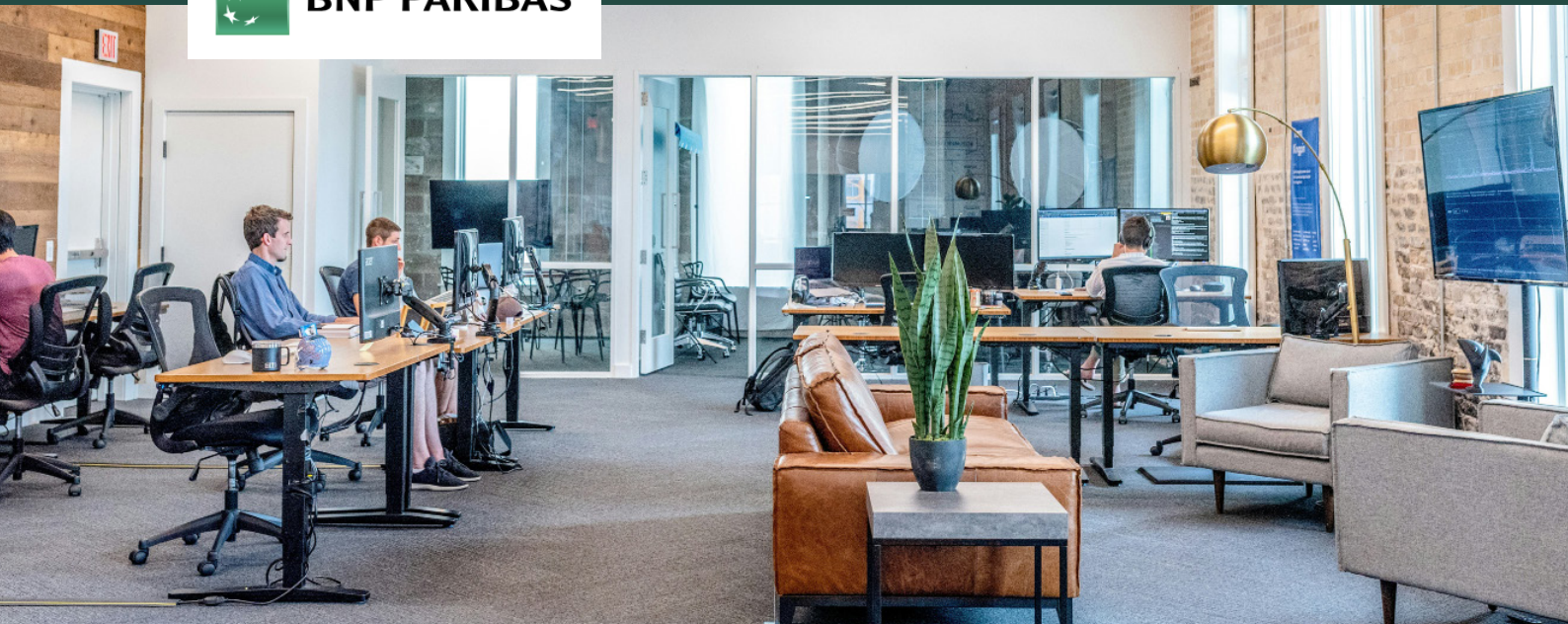


## BNP Report: NOT YET AT NORMAL LEVEL, BUT BETTER THAN LAST YEAR

BNP Paribas also shed light on the commercial property investment market in Berlin, which can look back on a successful first half of the year. It has once again established itself as a leading market, concluded several large transactions and maintained stable prices in the premium segment.



**BNP PARIBAS**



While activity in the smaller and mid-price segments is positive overall, the office segment is currently lacking the large-volume transactions that would be necessary for a significant increase in overall turnover.

On a positive note, take-up in the office lettings market has increased compared to the previous year, which indicates growing investor confidence in this segment.



In addition, the largely completed valuation corrections and the constant prime yields over the course of the year indicate that the pricing phase is well advanced. In addition to an improved economic situation, inflation has also fallen significantly, giving central banks more room for manoeuvre to cut interest rates. This in turn increases planning security for investors.

In view of these general conditions, it is unlikely that the long-term average of total sales will be reached by the end of the year. However, the previous year's level is likely to be exceeded due to the slight upward trend and the transactions currently in preparation.







## OWNER BRINGS INNOVATIVE PROPERTY LEASING MODEL TO FRANKFURT

OWNER, the pioneer in property leasing, is continuing its growth trajectory and expanding into the dynamic Frankfurt am Main region. The company offers innovative leasing models as an alternative to the traditional rental model, thus creating new opportunities for access to residential property. OWNER is one of the portfolio companies of 32nd floor GmbH, the PropTec investment company of the Skjerven Group.

OWNER's expansion into the Frankfurt region is significantly supported by the co-operation with Vereinigte Volksbank Raiffeisenbank (VVRB) in southern Hesse. VVRB provides the necessary debt capital to finance the acquisition and renovation of the properties. Since the end of 2023, the sales power has been increased by the cooperation with vobahome GmbH - a wholly owned subsidiary of VVRB that specialises in niche products in the property sector. This long-standing/established partnership enables OWNER to offer a wide range of properties and optimally meet customer demand.