

## RESIDENTIAL INVESTMENT MARKET ACHIEVES SIGNIFICANT GROWTH IN 2024



Following a year-end rally, leading estate agents expect the upturn in the residential investment market to continue this year. CBRE, for example, speaks of a strong upswing and Colliers of a continuation of the positive market development. Figures for the past year provide the basis for the optimistic mood: According to these figures, the volume increased significantly. Colliers puts the transaction volume for residential property in 2024 at €10.7 billion (+18%). Portfolio holders and funds with large sales dominated the market. They sold several portfolios worth more than €400 million each, totalling around €2.8 billion.



CBRE even estimates growth of 50% compared to 2023 with a volume of €8.7 billion, Savills at €8.8 billion (+14%). Analysts at Cushman & Wakefield have calculated €9.25 billion, an increase of 45%. Brokers repeatedly point to the strikingly high proportion of project development purchases. JLL also speaks of a significant market upturn and transactions with a volume of €9.84bn (+20.6%). The analysts at NAI Apollo also see a strong increase of 52% to 9.4 billion euros. With their figures, the brokerage houses are underpinning a trend that emerged in initial reports at the start of the year.

*National and International Investors are likely to continue to focus on the German residential property investment market in the current year,*

according to reports. Estate agents are also expecting further rent increases, although Savills is rather cautiously optimistic in this respect and says that rental growth rates are not expected to be as high as in previous years - partly because cities are growing more slowly and skilled labour is not moving to Germany as strongly due to the weakening economy.



# RESIDENTIAL BUILDING APPROVALS DECLINE BY 20 %

**Even though many are forecasting a strong upward trend for housing in 2025, the decline in the number of approved new-build residential units will continue unabated at the end of 2024. It is still around 20% less than in the same period last year.**

According to the German Federal Statistical Office (Destatis), 175,800 new homes were approved in Germany between January and October 2024. This represents a decline of 19.5% compared to the same period last year. Approvals for new apartment blocks fell by 22.2% to 92,000 units. The number of single-family homes fell by 23.6% to 31,800 units (two-family homes: -13.6%). October alone (a total of 18,600 approved units) shows a drop of 18% compared to the same month in 2023. Extrapolated, this could result in a total number of new building permits of just over 200,000 for 2024. In 2023, the figure was 260,100 units. The comparison with 2022 (304,600 approved residential units) and 2021 (380,914) makes the new construction crisis particularly clear.



*“The crisis in the market for new-build properties is a yield driver for all owners of existing properties. This is because the lack of supply is causing rents and purchase prices to rise. Looking at building permits, this is likely to continue”*

Comments Einar Skjerven,  
Managing Director of the Skjerven Group.



## THE COMMERCIAL INVESTMENT MARKET IS SLOWLY RECOVERING

**The transaction volume on the German commercial property investment market increased significantly in 2024 - but remains far below historical levels.**

According to CBRE, the transaction volume in 2024 increased by 21% year-on-year to €34.3 billion.



**The final quarter of 2024 alone accounted for a good third of total turnover: at €12.4 billion, it was around 52% higher than the same quarter in 2023 and 69% higher than the third quarter of 2024.** CBRE's figures also include residential property - and this alone accounts for around a quarter of last year's investment pie. There were also significantly more major transactions last year, according to CBRE's figures: At €17 billion, around half of the total volume was accounted for by deals above the magic €100 million mark. In 2023, major deals totalled only €11 billion. In terms of the number of major transactions, CBRE counted 72 - compared to just 45 in 2023.

JLL saw its strongest single quarter in two years in Q4 2024: A transaction volume of €11.8 billion ensured a full-year result of €35.3 billion. Compared to the previous year, this represents an increase of 14%. Residential property even accounts for 30% or 10.5 billion euros of total turnover at JLL. Many investors are seeking their salvation in the residential segment, which is particularly noticeable in the capital: Berlin increased its transaction volume by more than 50% to 6.1 billion euros due to numerous residential property deals. Overall,

private investors and family offices were the second strongest buyer group with an investment volume of €3.8bn or a 15% market share, behind asset and fund managers with €8.2bn. The ranking of the most sought-after commercial asset classes is not led by offices or retail property, but by logistics and industrial property. According to Savills' calculations, these increased by a fifth to €6.9 billion in terms of transaction volume. Retail follows with €5.4 billion (up 8% on 2023), with offices just behind at €5.3 billion.



*ESG:*

## SHAPING THE FUTURE OF SUSTAINABLE REAL ESTATE

Environmental, Social, and Governance (ESG) principles have become essential in redefining how we approach real estate investment and management. As the industry grapples with its significant environmental impact—accounting for 40% of global energy consumption and 30% of greenhouse gas emissions—ESG offers a roadmap for creating long-term value while addressing pressing global challenges.

### WHAT IS ESG?

#### **ENVIRONMENTAL (E)**

---

Focuses on minimizing carbon emissions, improving energy efficiency, and adopting sustainable building practices. In Germany, for example, the introduction of carbon taxation incentivizes energy-efficient upgrades, directly impacting both costs and compliance.



## **SOCIAL (S)**

---

Emphasizes tenant well-being, affordable housing, and equitable development. Real estate that prioritizes community needs and inclusivity is increasingly preferred by tenants and investors.

## **GOVERNANCE (G)**

---

Ensures ethical business practices, transparency, and robust risk management to meet regulatory demands and build trust with stakeholders.

## **WHY DOES ESG MATTER IN REAL ESTATE?**

Governments worldwide are implementing stricter regulations, such as Germany's carbon taxation on building emissions, to accelerate the transition toward sustainable real estate. Properties with higher energy efficiency ratings are now more appealing to tenants and investors, commanding premium rents and higher sale values.

Moreover, ESG compliance mitigates risks associated with environmental liabilities and ensures that assets remain competitive as regulations and market expectations evolve.



## ESG AT SKJERVEN GROUP

At Skjerven Group, we see ESG as more than just a responsibility—it's a strategic advantage. By integrating ESG principles into our investment strategy.

### We Proactively Upgrade Energy Efficiency

Assessing and renovating properties to meet or exceed regulatory standards, reducing carbon emissions, and lowering operational costs.

### Leverage Data-Driven Insights

Using technology to monitor energy performance, plan renovations, and measure the environmental impact of our assets.

### Enhance Portfolio Value

Aligning with global sustainability goals ensures our properties remain attractive to environmentally conscious investors and tenants.

## WHAT'S NEXT?

Our future focus includes integrating climate resilience into real estate investments, engaging tenants in sustainable practices, and exploring innovative solutions such as Net Zero buildings and green certifications. As ESG continues to reshape the real estate landscape, **Skjerven Group is committed to leading the way—ensuring our portfolio contributes to a sustainable future while maximizing value for our stakeholders.** Stay tuned for deeper insights into ESG principles and their application in real estate in our upcoming updates.