GERMANY

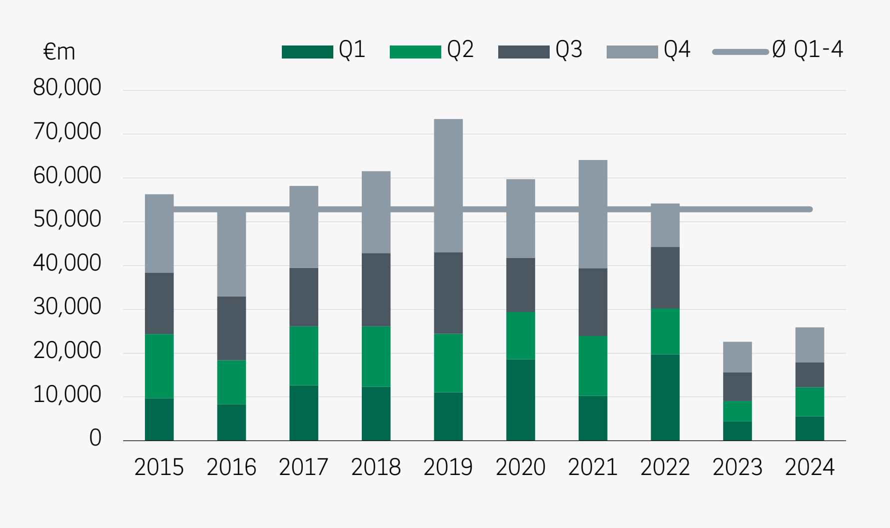
REPORT INVESTMENT MARKET

2024

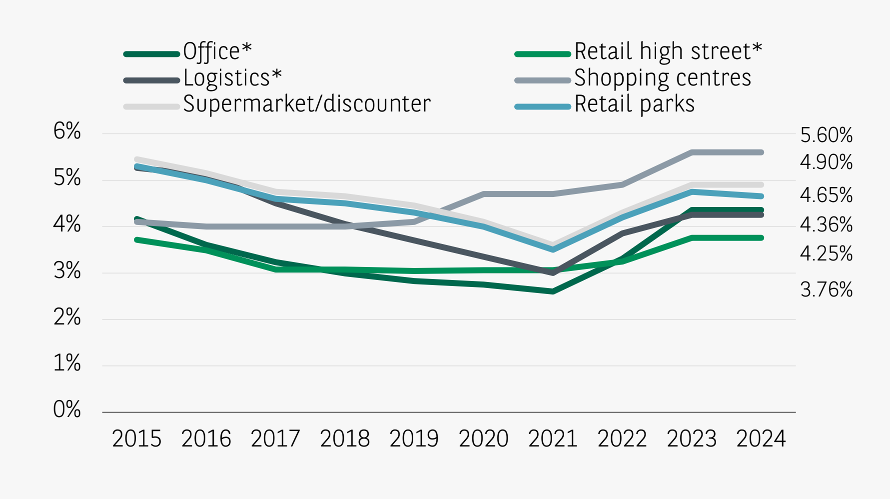
BNP PARIBAS REAL ESTATE

REAL ESTATE for a changing world

Development of investment volume



Net prime yields by type of property

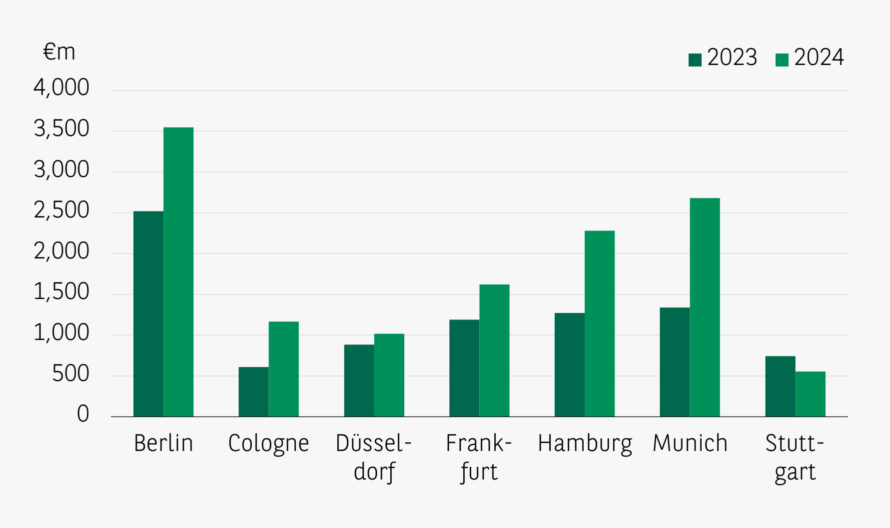


* Ø A-locations (Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Munich, Stuttgart)

UPTURN CONTINUES: STRONG FINAL QUARTER

- The commercial investment markets continued their expected recovery. With a volume of €25.9 billion, the annual result is almost 15% higher than the comparable figure for the previous year. The last three months alone accounted for €8 billion of this figure, making them by far the strongest quarter.
- It is particularly pleasing that not only the volume has increased, but also the number of registered transactions at a good 1,100 (+16%), which can be seen as an indication of greater buyer interest across the board. This positive market development cannot be taken for granted against the backdrop of the continuing difficult economic environment.
- At a good €6.87 billion, investments in logistics properties defended the top position they achieved for the first time last year (27% share). Investor interest, particularly in large-volume properties and portfolios, has increased noticeably. Retail properties follow in second place with a good €6.3 billion (25%). In relative terms, they therefore recorded the highest growth of all asset classes in 2024 (+28%). Office properties also landed on the podium, contributing a good 20% of investment turnover at €5.21 billion. Nevertheless, the office segment continues to suffer the most from the difficult macroeconomic environment.
- As expected, the slight reduction in key interest rates by the central banks has not yet been directly reflected in purchase price levels. As a result, stabilization was also largely observed in the fourth quarter. The net prime yields for office properties remain at an average of 4.36% for A-locations, 4.25% for logistics and 3.76% for inner-city high street properties.

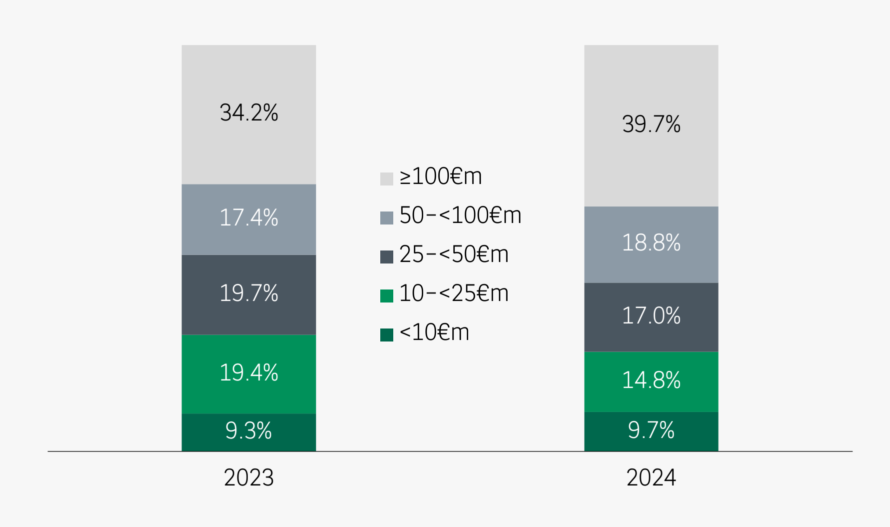
Investments in A-locations



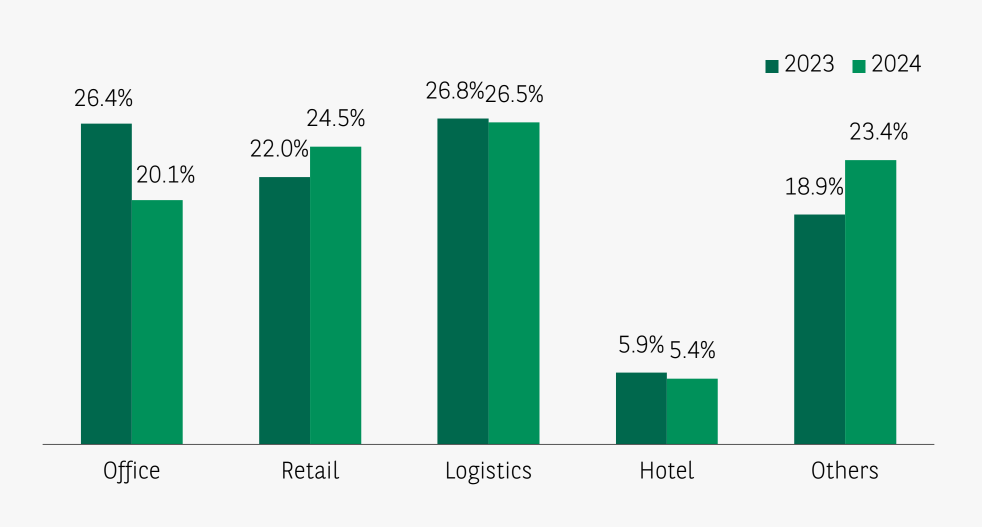
A-LOCATIONS WITH JUMP IN SALES

- The fact that investor sentiment has improved and market activity is slowly returning to the mechanisms familiar from the past is reflected not least in the jump in sales recorded in the A-locations. After the major cities in particular suffered from the difficult price adjustment processes, they have now started to catch up. With an investment volume of €12.87 billion, they were able to increase their previous year's figure by around half.
- Berlin is in first place by a wide margin with €3.55 billion (+41%), with the sale of KaDeWe making a significant contribution. Munich took second place with a good €2.68 billion and by far the largest increase (+101%). The €2 billion mark was also exceeded in Hamburg (€2.28 billion; +79%). The following places are taken by Frankfurt (€1.62 billion), Cologne (€1.17 billion), Düsseldorf (€1.02 billion) and Stuttgart (€555 million).

Investments by € category



Investments by type of property



OUTLOOK

- The further development of the investment markets in 2025 will continue to be determined by different framework conditions with partly contradictory influences. Current GDP forecasts indicate that the economic environment will remain challenging in 2025. There are also a number of uncertainty factors with regard to further global developments, such as the as yet unclear measures taken by the new US government or latent government crises such as in France or Austria.
- On the other hand, there is a whole range of positive factors from which the investment markets could benefit. These include the noticeable improvement in investor sentiment and growing interest from foreign investors. There are also indications that additional supply could be made available to the market in the coming months. In conjunction with possible further reductions in key interest rates and improving financing conditions, there is considerable potential for investors to increase value in the medium and long term. However, this requires the right timing. Buyers are increasingly concerned with not missing the right time to enter the market. These aspects are likely to stimulate and boost the investment markets.
- From today's perspective, there is much to suggest that the positive market influences will somewhat outweigh the negative ones and that the gradual recovery of the investment markets will continue in 2025. However, results that are significantly closer to the long-term averages are unlikely to be achieved again in 2025. As a result, we expect transaction volumes in 2025 to once again increase significantly compared to the previous year. However, the individual asset classes will benefit from this to varying degrees.

Key facts investment market Germany

INVESTMENT VOLUME	2023	2024	CHANGE
Total (€m)	**22,591**	**25,904**	**+14.7%**
Portfolio share	25.1%	23.7%	-1.4%pts
Share above €100 million	34.2%	39.7%	+5.5%pts
Office share	26.4%	20.1%	-6.3%pts
Share of A-cities	37.9%	49.7%	+11.8%pts
Share of foreign investors	34.9%	42.5%	+7.5%pts

NET PRIME YIELDS*	2023	2024	CHANGE
Office	4.36%	4.36%	0bps
Retail	3.76%	3.76%	0bps
Logistics	4.25%	4.25%	0bps

* Ø A-locations (Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Munich, Stuttgart)

CONTACT

BNP Paribas Real Estate GmbH

Goetheplatz 4| 60311 Frankfurt

Phone: +49 (0)69-298 99-0

LEARN MORE

Imprint: Publisher and copyright: BNP Paribas Real Estate GmbH
Edited by: BNP Paribas Real Estate Consult GmbH | As of: 31.12.2024
Photo credits: ©TensorSpark – stock.adobe.com