

G&B Real Estate Market Survey

Commercial | Investment

2022/Q1

Berlin



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Sales from the alstria portfolio have big impact on the market

At the start of 2022 investments in commercial properties in Berlin reached the second-highest total ever recorded. Trading of some €2.3bn translated into a result that was about 171% higher than the same quarter in 2021. The takeover of the alstria portfolio had a huge impact on the market as 12 of the portfolio properties, valued at more than €400m, were located in Berlin. Due to the portfolio transaction, listed real estate investment AGs/REITs were the biggest group of vendors (27%), followed by developers (20%). Fund managers comprised the largest group of buyers. It was noticeable that foreign investors have stepped up their activities. International players were behind some 83% of the total volume of transactions – year on year growth of around 190%.

Squeeze on yields – price trends are reversed

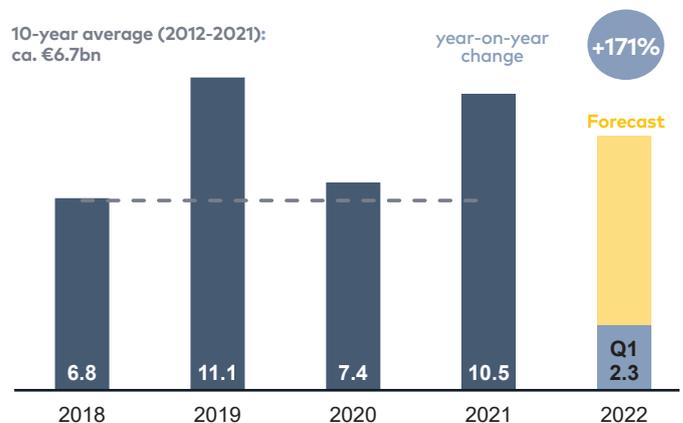
Yields remain under pressure due to the volume of demand. Prime yields, especially those on industrial and logistics properties, slipped further and dropped 0.55 percentage points year on year to 3.2%. Prime yields on office properties were also slightly lower, dropping 0.1 percentage points down to 2.6%. Commercial buildings' yields softened by 0.1 percentage points but remained at 2.70%. Due to the range of real estate on offer and ongoing preparations to sell numerous expensive properties, the year 2022 is expected to generate transactions totalling some €9bn. The reversal of interest policy in the USA and rising inflation rates are reasons to expect the ECB to announce changes this year. Thus the delta between potential negative interest and very low yields from the purchase of real estate will narrow and it is likely that the current price trend will be broken.

Holger Michaelis | Managing director

>> Loans, especially for forward deals, are already more expensive than four months ago because banks have started to charge risk premiums. If central banks raise interest rates as anticipated, it is likely to affect what buyers will pay and limit further price increases. <<

Transaction volume

2018–2022 | Berlin | in € bn



Source: Grossmann & Berger GmbH

Commercial Investment

Berlin | Key Facts

2022/Q1

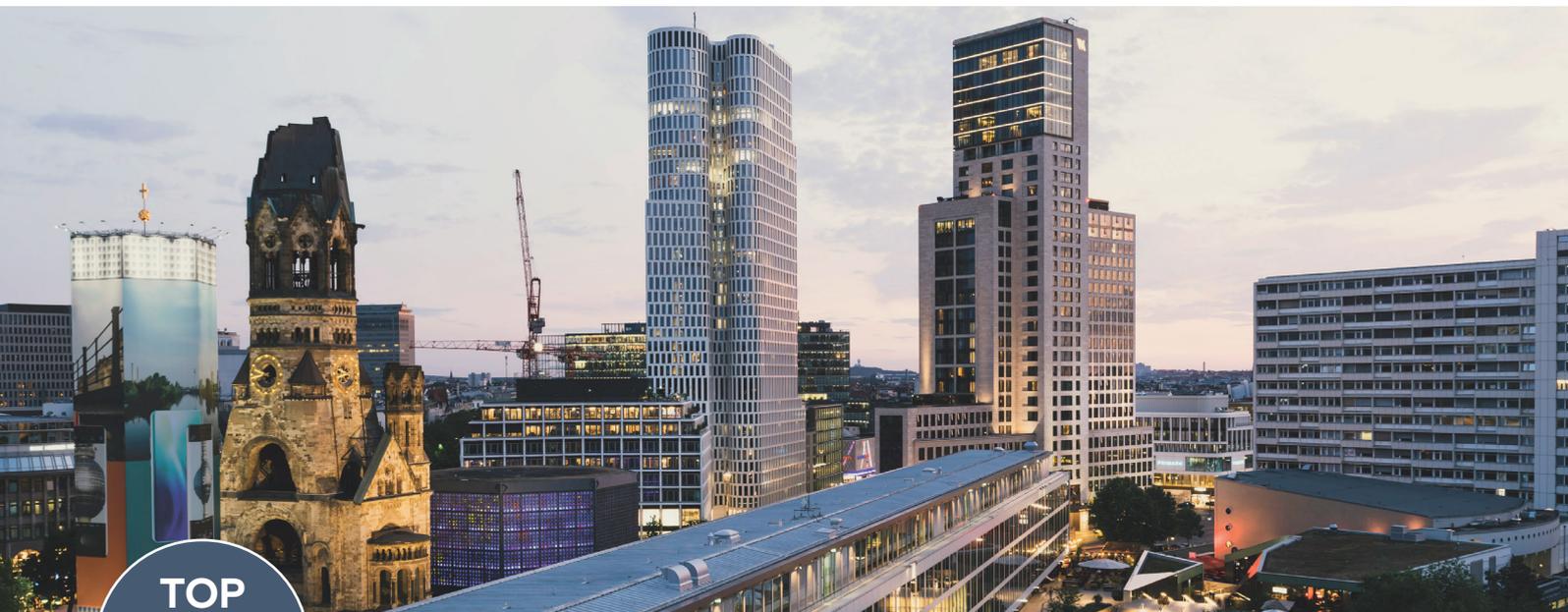


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**TOP
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Top contracts

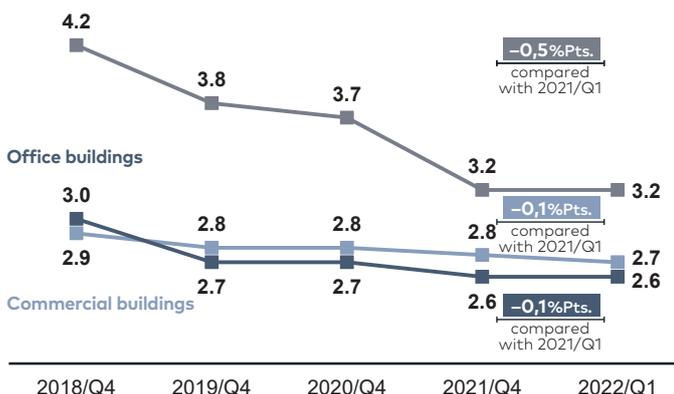
2022/Q1 | Berlin | Selection

- 1 | "Sheraton Berlin Grand Hotel" | Hotel | ca. €116m
Lützowufer 15 | Kreuzberg | Investor: Deutsche Finance International
- 2 | "Galerie Lafayette Quartier 207" | Office | confidential
Friedrichstrasse 76+78 | Mitte | Investor: Tishman Speyer
- 3 | "Rosi" | Mixed-use | confidential
Rosenthaler Strasse 44 | Mitte | Investor: BVK-Fund

Prime yields

2018–2022/Q1 | Berlin | (Net) initial yield | in %

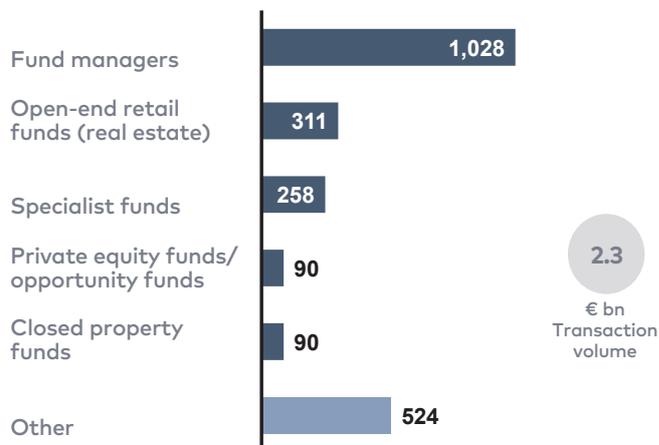
Industrial/logistics



Source: Grossmann & Berger GmbH

Investor groups

2022/Q1 | Berlin | Transaction volume | in € millions



Source: Grossmann & Berger GmbH



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We draw your attention to the fact that all statements made here are non-binding. Most of the information is based on third-party reports. The sole intention of this market survey is to provide general information for our clients.

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