



AT A GLANCE

Residential Investment Market Germany Q4 2011

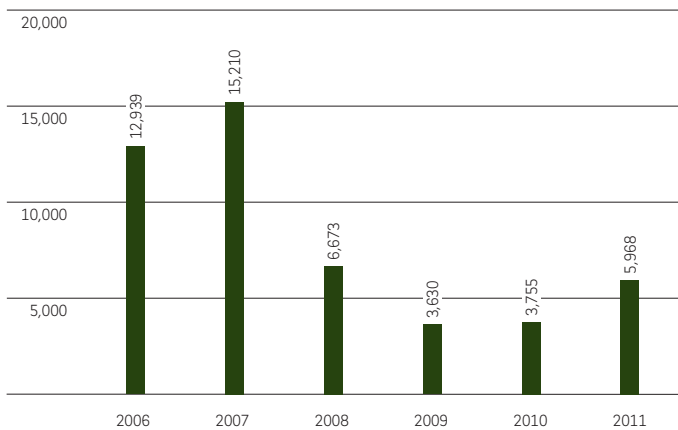
TRANSACTION VOLUME OF NEARLY 6 BN €

Nationwide investment in sizeable residential portfolios remained very dynamic in Q4. The transaction volume registered in 2011 as a whole was 5.97 bn €, equivalent to an increase of 59 % on the already good prior-year result. The survey covered a total of 235 sales, involving just under 92,000 residential units. So the average volume per transaction, just like the year before, was slightly over 25 million €. Berlin attracted by far the largest sales volume, with almost 2.5 bn €, generated by a total of 47 deals.

The liveliness of market activity is underlined by the fact that 43 % of all the transactions included in the survey represented an investment volume of under 10 million €. The average sales price across all the different asset classes was close to 1,000 €/m². Although foreign investors actually deployed more capital in absolute terms than they had in 2010, their share of the total fell year-on-year from 38 % to just under 29 %.

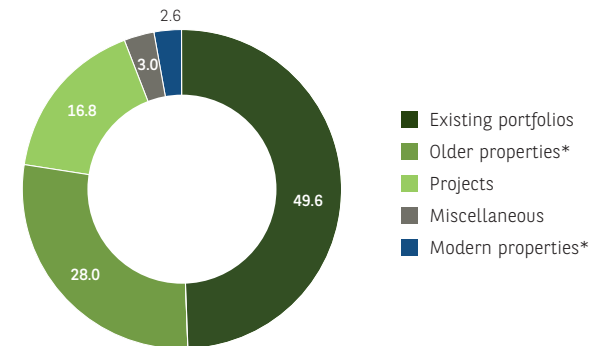
Investment volume residential portfolios 2006-2011

in million €



Investments according to asset classes 2011

in %



* Block sales in one location

ALL ASSET CLASSES BENEFIT FROM TURNOVER INCREASE

The higher transaction volume benefited all asset classes and they all stepped up their turnover. In first place, as before, came traditional portfolios of existing properties, which accounted for around half (2.96 bn €) of the overall result. The biggest contribution in this segment was made by listed real estate companies, fuelled for instance by the acquisition of the majority holding in Colonia Real Estate by TAG. But special-purpose funds and equity/real

estate funds were also very active in this field, especially because of the relatively high yields. The average purchase price was around 780 €/m².

Smaller stocks of older assets contributed more than 1.67 bn € to the aggregate volume, equivalent to a share of 28%. At just over 1,000 €/m², the average purchase price in this segment was some 29 % higher than in the case of the larger portfolios. On the other hand, stocks

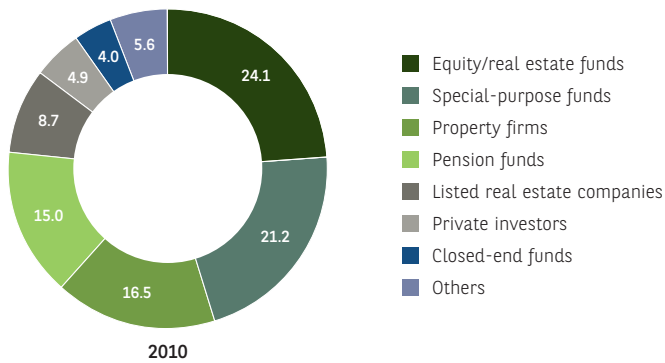
of modern properties up to a maximum age of 10 years achieved an average price of around 1,600 €/m².

Investment in project developments also exceeded the one-billion-euro threshold and accounted for nearly 17 % of the transaction

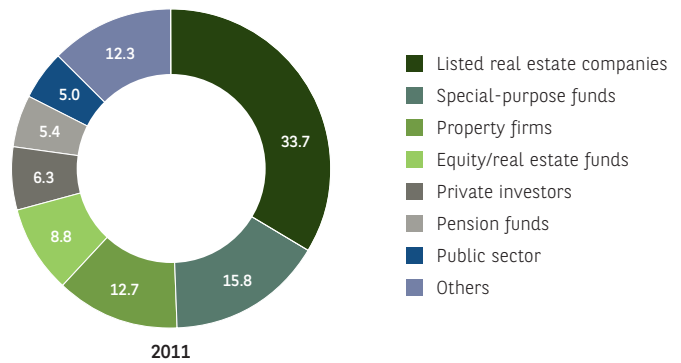
volume. Since this market segment is primarily of interest to security-minded investors, it is hardly surprising that more than 80 % of the total was due to three investor groups: special-purpose funds, pension funds and insurances. At just over 2,600 €/m², the average price level in this segment was slightly higher than in 2010.

Investments according to buyers' groups 2010 and 2011

in %



2010
Foreign investment share 37.8



2011
Foreign investment share 28.5

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2012 ALSO LIKELY TO SEE MAJOR INVESTOR INTEREST

Even though the economic slow-down and, in particular, the still difficult financial markets continue to create a degree of uncertainty regarding the ability to obtain financing, there are many signs that the transaction volume in 2012 will again be good. Investor demand and investor interest both remain very strong. This is particularly true of private investors who, in their search for secure assets,

increasingly favour real estate and then inject capital either directly or indirectly via funds. Assuming that some of the large deals which are fundamentally in the pipeline – like the sale of 33,000 units by BayernLB, 21,000 units by Landesbank Baden-Württemberg and 11,500 units by TLG – are in fact realized, there are good chances that the 2011 result can at least be matched and perhaps even exceeded.

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