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### GERMANY’S OFFICE INVESTMENT MARKET STILL ELUDING DENT IN ECONOMIC ACTIVITY

### Transaction volume at €20.79 billion – up one percent year on year

### Market share of portfolio transactions climbs to 15 percent

### Prime yield in the Top 7 markets drops to 3.00 percent

### Frankfurt, October 18, 2019 – The German office investment market came in at €20.79 billion in the first three quarters of 2019, which is slightly higher than in the year-earlier period (up one percent). At 81 percent, the market share attributable to the Top 7 cities also remains stable (down 0.7 percent). By contrast, having posted a mere three percent in the second quarter of 2019, the share of portfolio transactions increased to 15 percent, also due to the sale of the large Generali Millennium Portfolio to Commerz Real. This is a conclusion drawn in a current analysis prepared by the global commercial real estate services company CBRE.

### “The demand for German office real estate is huge, which is corroborated by the prime yields that are already less than three percent in many of Germany’s top markets, for instance in Munich, Berlin and Hamburg. “The only constraint on the transaction volume is supply shortage”, says Fabian Klein, Head of Investment at CBRE Germany. Prime yield is running at 3.00 percent across the Top 7 markets, which marks a decline of 21 basis points compared with the corresponding period in 2018. “In fringe locations outside the top locations, yield compression is even steeper,” Klein adds.

### “The economy is slowing, but the office investment and letting markets nevertheless remain healthy. A closer look at the composition of Germany’s economic growth can shed light on this seeming paradox. In recent years, growth in the service sector was still able to cushion difficulties in production. Now, however, production is shrinking even further and consequently dragging on Germany’s general economic growth. Although the service sector is unable to fully decouple from this fundamental trend, service providers close to the office market and corporates, and characterized by robust levels of employment growth, are still doing well,” explains Dr. Jan Linsin, Head of Research at CBRE Germany.

### Outlook for the full year

### “Even if the pipeline is still well filled with a range of large-scale deals, a repeat of the big transaction volume in the final quarter of 2018 is unlikely. “A more likely scenario is that the investment volume for the full year 2019 will settle below the €30 billion threshold,” Klein predicts. “Yield compression will presumably also be ongoing to some small degree in the coming quarters.”

**Office investment market in a y-o-y comparison**

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Source: CBRE Research, Q3 2019.

**Investment volumes, net initial yields & yields of 10-Y Bunds**



Source: CBRE Research, Q3 2019.

**Prime yield for office properties by sub-market cluster**

 

Source: CBRE Research, Q3 2019.

**Office investment volume by location**

 

Source: CBRE Research, Q3 2019.

**More information on CBRE:**

CBRE Group, Inc. (NYSE:CBRE), a Fortune 500 and S&P 500 company headquartered in Los Angeles, is the world’s largest commercial real estate services and investment firm (based on 2018 revenue). The company has more than 90,000 employees (excluding affiliates), and serves real estate investors and occupiers through approximately 480 offices (excluding affiliates) worldwide.

CBRE offers a broad range of integrated services for the entire life cycle of a property, from strategic, digital and technical advice such as in sales and acquisitions or renting and letting, to managing and valuing properties to portfolio, transaction, project and facility management. CBRE offers individual advice for all asset classes from a single source.

CBRE Germany has been represented by its head office in Frankfurt am Main since 1973; there are further branch offices in Berlin, Düsseldorf, Essen, Hamburg, Cologne, Munich and Stuttgart.[www.cbre.de](http://www.cbre.de)

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