



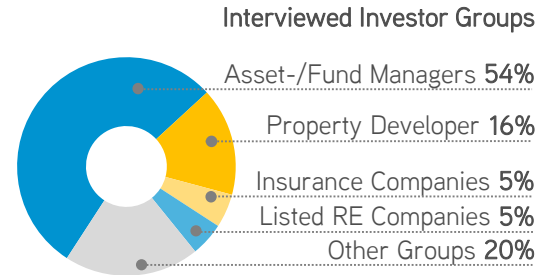
# COVID-19 SURVEY

## Impact on Real Estate Markets | Edition 3

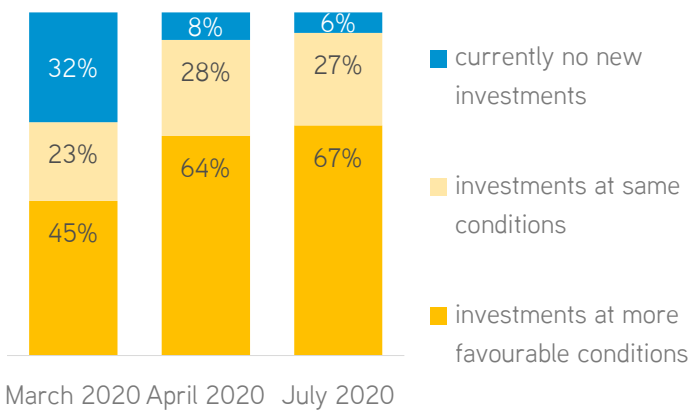


### How has the sentiment on German real estate markets changed?

Since March 2020 Colliers interviewed the same **top decision-makers** in the real estate industry. These key players have a value of around **500 billion euros in assets under management\***. We conducted a third survey in July – the fundamentally optimistic perspective of the investors can be confirmed, also the trend towards more core, office, residential and logistic assets continues.



### Investment decisions in the current market environment: Transaction processes resume again



#### Expectations of investors consolidate –

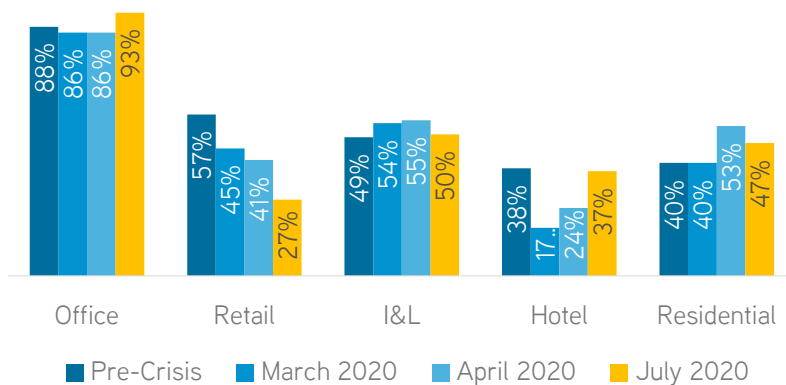
a stable majority is ready to buy again, however, the expectation to buy at more favourable terms prevails. Only 6% of those surveyed maintain a wait-and-see attitude. Corona-related price reductions are barely tangible yet.

„We expect and hope for a price correction. However, this is not yet noticeable.“

“Real core assets will be pricier than pre-crisis.”  
*Interviewed Company*

*Interviewed Company*

### Changes to the “Shopping List”



### Asset classes: Demand for office unabated

**Offices are still a favourite of investors** – with focus on core properties

**Logistics and residential prove crisis resistant** – interest remains high, increasing prices could explain slight decline on “shopping lists”

**Appetite for retail is still reduced** – buying behaviour is selective, interest more focused than ever on retail parks

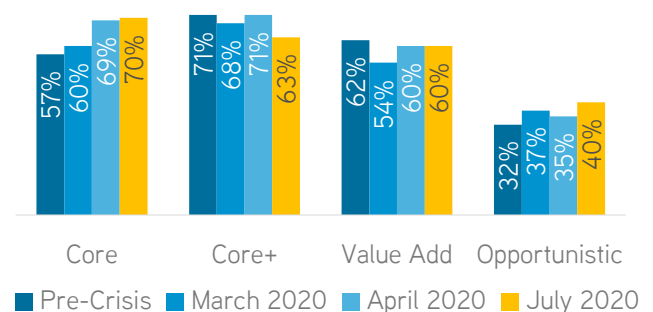
**Demand for hotel at pre-crisis level** – hope for price discounts could be responsible for increased interest

### Risk profile: Core at the top of the “shopping lists”

**Core continues growth course** – acceptance of high pre-crisis prices can be observed in this market segment

**Demand for Core+ eases** – due to risks being priced back in, Core+ has been taken off the lists for some investors

**Value Add and Opportunistic appetite is still high** – strongest price discounts are to be expected in these segments and investors that did not close deals during the boom phase look for opportunities



\*Assets under Management: All real estate assets of German investors headquartered in Germany were included. For international investors, the share of German assets was estimated.

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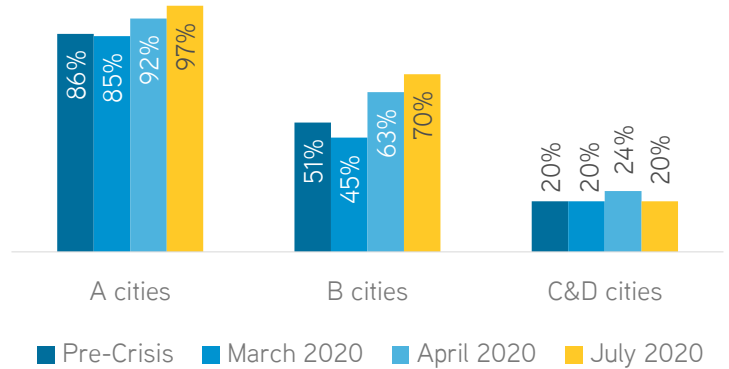


### Quality of location: Nearly all want to invest in A cities, B cities more in demand than ever

**A cities remain on top** – in the current climate the seven investment centres are considered a „safe haven“

**B cities manage to attract capital** – after an initial decline of importance they can maintain their upward trend and make it on 70% of the surveyed investors' lists

**C&D locations reach pre-crisis level** – the smaller C and D cities prove stable. Investors have retained their acquisition profile and are showing no signs of waning interest. They are on the list of every fifth investor.

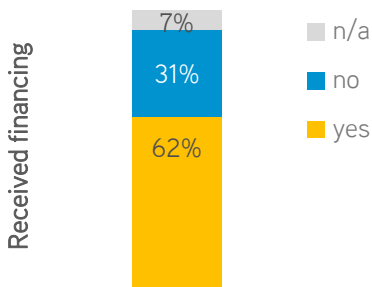


### Expected changes in purchase prices and rents: Assessments mostly unchanged

The expected development of rents and purchase prices remained nearly the same compared to the survey results from April – logistics and residential are most likely to see increases, furthermore, half of the respondents expect stable or slightly

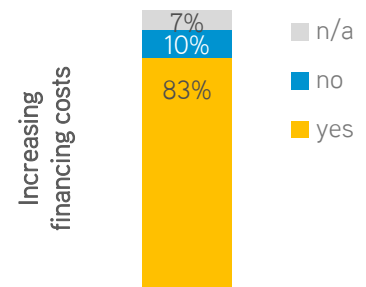
decreasing prices and rents for offices. Hotel and retail assets (with the exception of daily needs retail) still need to factor in price reductions.

### Financing environment: Financing costs are increasing and affect pricing



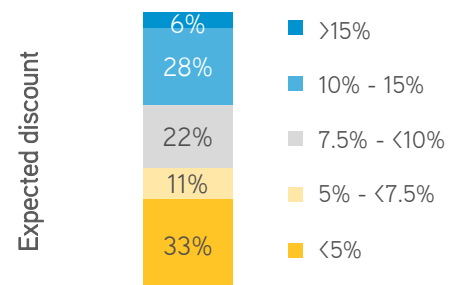
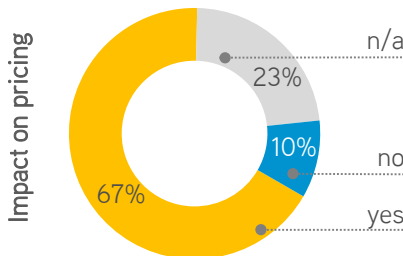
Nearly two thirds received the requested financing – most often the desired terms were not offered, increasing use of equity

For over 80% of investors, financing costs have risen significantly – on average by 50 basis points



Higher financing costs impact pricing – two thirds of respondents plan to adjust their pricing due to increased costs

Majority of 66% expect discounts of less than 10%



„The market trends are gaining in strength with a focus on core assets. However, increased financing costs and risks are being priced back in due to the current environment.“ **Matthias Leube, CEO Colliers Germany**

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