

# FRANKFURT AM MAIN

## Key Investment Trends

The investment market is riding high on the back of extremely positive performance in the rental market, combined with the continuing low interest rate environment. A transaction volume of just under € 3.2 bn in the first half of 2018, which represents an increase of almost 50% compared with the same period last year, reflects robust, stable levels of bullish demand. Several major transactions, including the purchase of the Gallileo high-rise by Capitaland Commercial Trust from Singapore, contributed to this result.

In the course of the second quarter, international investors increased their share on the buyer side - from around 40% in Q1 2018 to around 60% in Q2 2018. Due to the continuing high demand, the yields of the individual asset classes remain at a low level, although the yield compression did not continue in the second quarter.

## Market Position – Ranked by Yield

EMEA Rank	City	All sector Yield (%)	12 mth basis point change
1	Paris	3.23	-11
2	London	3.44	5
3	Hamburg	3.54	23
4	<b>Frankfurt</b>	<b>3.56</b>	<b>-28</b>
5	Berlin	3.58	-15
6	Munich	3.63	-7
7	Vienna	3.70	-16
8	Madrid	3.71	-41
9	Amsterdam	3.72	-55
10	Stuttgart	3.79	-22

Note: Lowest scoring yield ranks highest.

## Yield Outlook

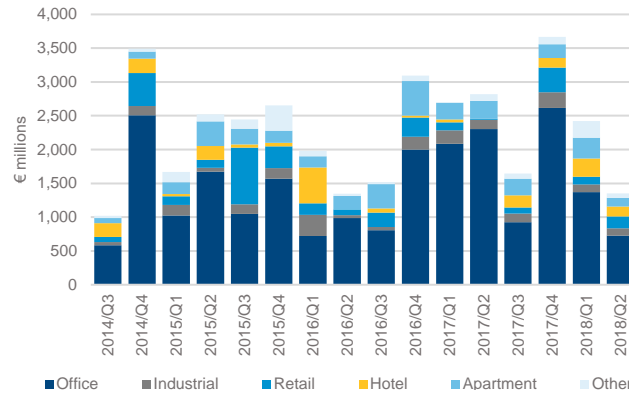


## Sectors to watch out for in the next 12M

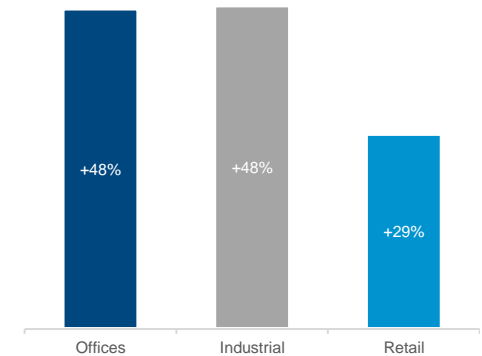


Source: Colliers International, Real Capital Analytics, Oxford Economics.

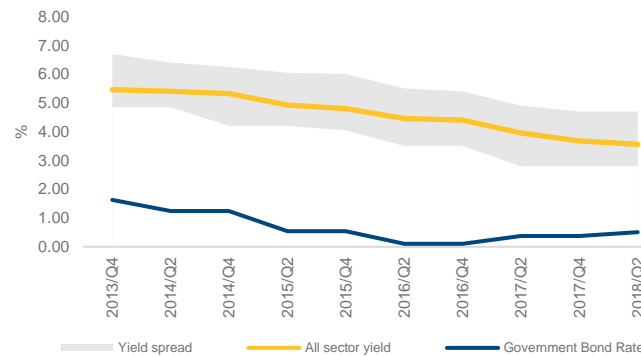
## Quarterly investment volumes by sector (City & catchment)



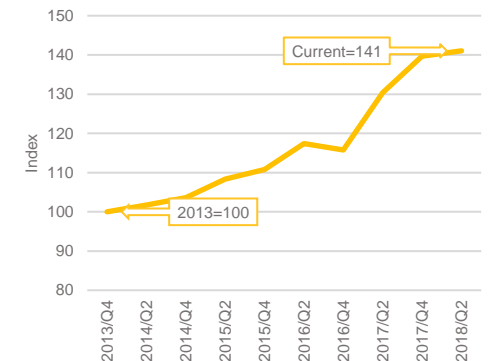
## 5yr cap. value growth – by sector



## All sector yields vs. bond rates



## All sector cap. value index

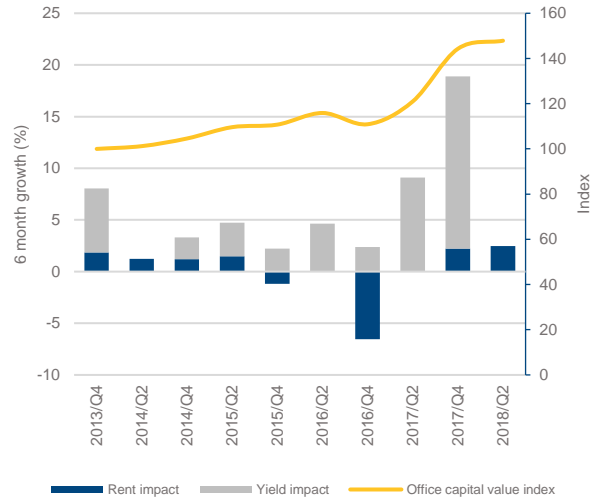


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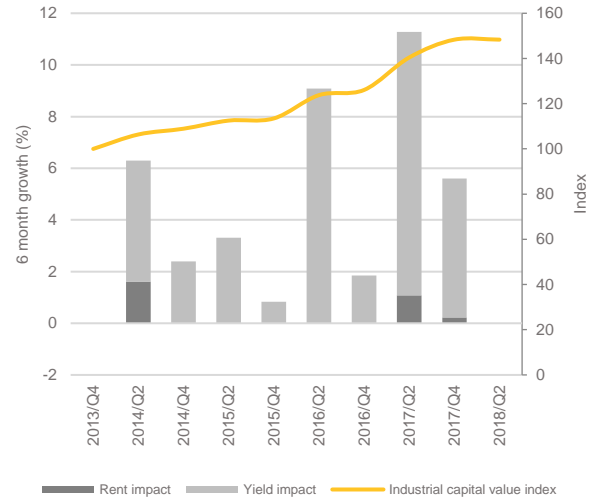
*"In the second quarter the Frankfurt investment market experienced a significant upturn. This result is based primarily on several large transactions worth over €100 m. The focus was once again on core and core plus properties. Potential rent increases in the future as well as declining vacancy rates increase the attractiveness of investments in Frankfurt. Therefore, a continued high price level and high market activity is expected for the rest of the year. The numerous major deals already in the pipeline are expected to generate an outstanding transaction volume."*

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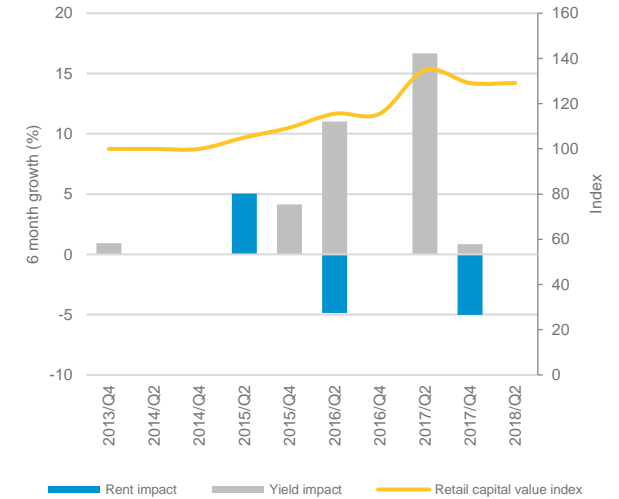
### Cap. value index - rent/yield impact: Office



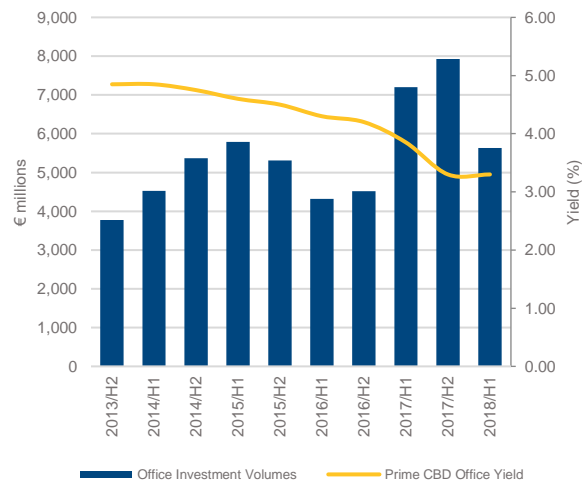
### Cap. value index - rent/yield impact: Industrial



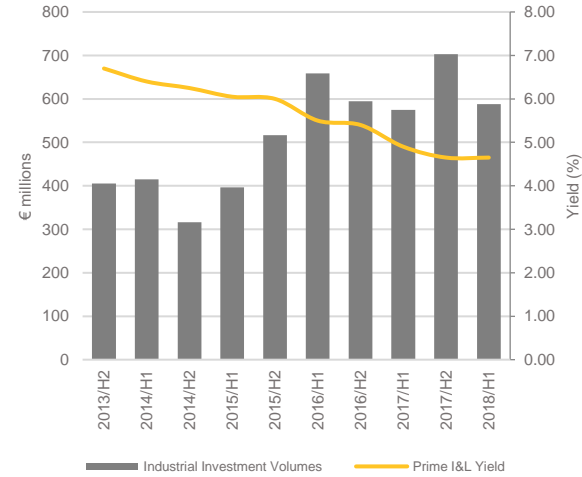
### Cap. value index - rent/yield impact: Retail



### Yields and 12M rolling investment volumes: Office



### Yields and 12M rolling investment volumes: Industrial



### Yields and 12M rolling investment volumes: Retail

