AVERAGE RESULT

With a volume of 356 m €, the Leipzig investment market achieves a result around the long-term average. This was well below the exceptional record of 610 m € set in the previous year (-42 %). This development is due less to a lack of demand, but rather to the shortage of properties in the high-price segment above 100 m €, which boosted the previous year’s result. A total of 26 deals were registered in the first six months of the year, resulting in an average volume of just under 14 m € per commercial property sold. It is also worth noting that the result is based largely on single deals (308 m €), with the result that the portfolio share is just 13 %. In this connection the sales of the shopping centres Allee Center in Leipzig-Grünau and Pösna Park in Großpösna are of note.

RELATIVELY EVEN SPREAD ACROSS SIZE CATEGORIES

The investment volume is spread relatively evenly across the individual size categories. All groups below 100 m € have contributed a double-digit share to the result. However, unlike in the previous year, to date no deals above 100 m € have been registered in Leipzig, this being one reason for the lower result. The category between 50 and 100 m € has taken over top spot with 38 %. Deals between 10 and 25 m € account for just under 31 % and therefore almost 11 percentage points more than in the previous year. With 15 registered deals, the biggest number of transactions was under 10 m €, with this category accounting for a share of around 17 %. The category between 25 and 50 m € contributed just under 15 % and therefore the lowest share.

RETAIL THE CLEAR LEADER

Retail properties remain the darling of investors in Leipzig. With a share of almost 56 %, they lead the table for distribution of investment volume by type of property as in the same period of the previous year. In second place with 18 % is the group others, with development properties mainly behind this. In absolute terms, much less was invested in office properties than in the previous year, but they again account for a share of just over 15 %. Single-digit percentages are contributed by hotels with around 6 % and logistics properties with just over 4 %.
The high level of demand and limited supply have resulted in a fall in yields across all asset classes in recent years. After having fallen by 120 basis points since the end of 2009, net prime yields for offices fell once again in the first half of 2018 by 10 basis points to currently 4.50%. The situation is different with yields for retail/office buildings. Here they have stabilised since the end of 2017 at 4.80%. The prime yields for logistics properties corrected again in the second quarter of 2018 and fell slightly to currently 4.80%.

Subcentres with highest turnover

Compared to most other cities, in Leipzig the City Centre plays a much smaller role as a location for investment. In the last two years, due to the supply situation in the central locations, investors have focused instead on the Periphery and the Sub-centres. The table for distribution of investment volume is headed by the Subcentres, which have gained just under 30 percentage points compared to the previous year and therefore contribute almost 39% to the result. The Periphery, number one in the same period of the previous year, is responsible for just over 31% of the volume, and as a result the share of the City Centre and the Centre Fringe, with around 19% and with almost 12% respectively, is much less than in the first half of 2017.

Wide spread of investors

The ranking of active investors is led by equity/real estate funds, which benefited from the aforementioned sale of the Allee Center, with a share of 21%. Second place is taken by special-purpose funds with a share of 17%. Investment/asset managers contribute a further 11% to the investment volume. Property developers were also active in the market, accounting for around 10% of the volume. They are followed by listed real estate companies/REITs with 9%, corporates with almost 8% and real estate companies with just over 7%. The share of foreign investors has fallen slightly compared to the same period of the previous year, whereby this is still above average compared nationwide with around 51%.

Yields fall slightly again

Although the result for the first half-year is below that for the last three years, sentiment in the Leipzig investment market is rated as good. The Saxony metropolis has long been in the sights of investors because it offers, besides the A locations, an interesting investment alternative. However, the result is also heavily dependent on an adequate supply of properties. Against this background, the year as a whole should close with a figure slightly above the long-term average.