



# German Listed Real Estate:

# Growth Engine for Europe

09 September 2015

VONOVIA

**DES**  
Deutsche EuroShop

**TAG** wohnen

**VIB** Vermögen AG

**TLG**  
IMMOBILIEN

**BUWOG**  
group

fair value  
REIT

**LEG**  
gewohnt gut.

Deutsche Office

**alstria**  
First German REIT

**PATRIZIA**  
WERTE ENTSCHEIDEN

Deutsche  
Wohnen

**DIC**

**WCM**

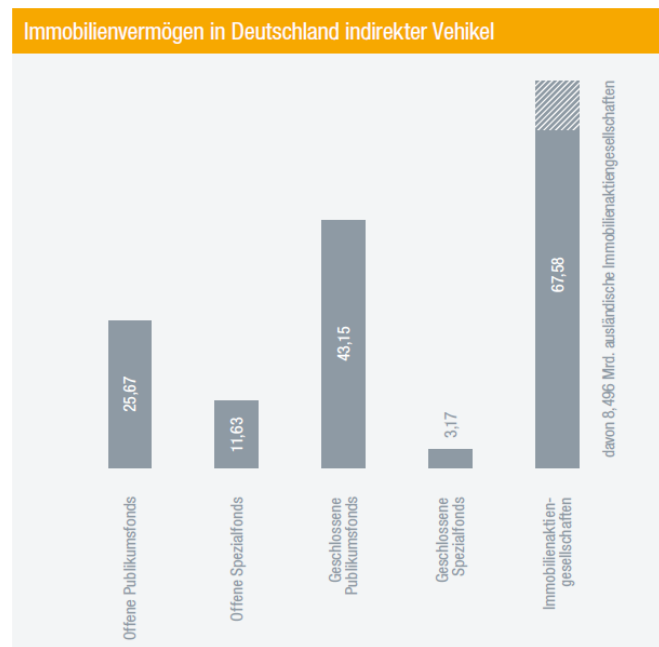
hamborner  
REIT  
ZUKUNFT BRAUCHT SUBSTANZ

**POLIS**



## Why Our Research Effort?

- Our previous research notes have shown that relevance of listed real estate has been massively underestimated in Germany due to a lack of comparable data



Quelle: Unternehmensangaben, ZIA, Barkow Consulting

- This 3rd research just emphasizes the growing importance of listed real estate in Germany



## 10 Research Highlights

1. Market capitalisation of German sector reaches EUR48bn (+ 73% yoy), temporarily exceeding EUR50bn mark
2. Record year of equity issuance already (EUR5.3bn YTD)
3. Germany with 56% share of European equity issuance
4. Germany now second largest country in Europe after UK
5. Free float of Top 18 companies increases to EUR35 bn
6. Largest German company Vonovia to enter main index DAX30
7. Five German companies > EUR2bn market cap.
8. Gross property value of listed sector increases to EUR78bn (+ EUR11.5 bn and 17% yoy)
9. German sector dominated by residential assets (77%)
10. Future growth depending on commercial sector



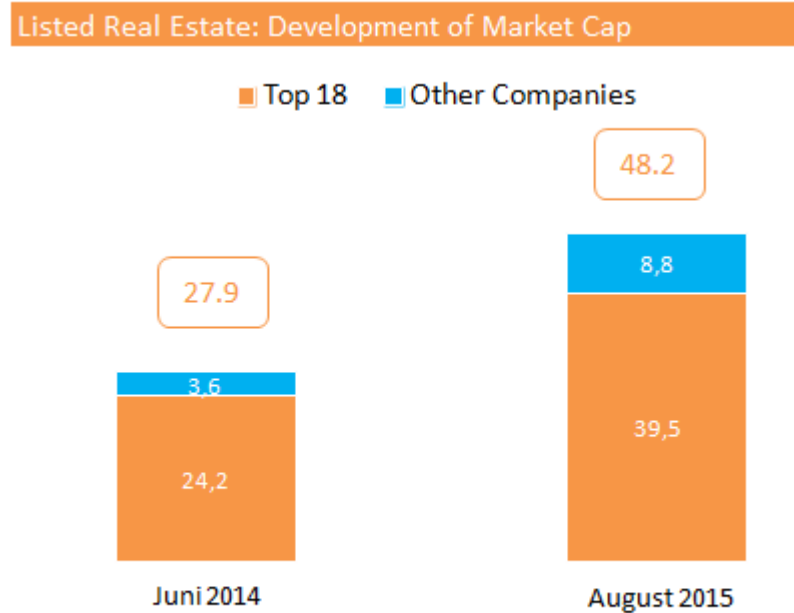
- 16 large German real estate companies support research effort and have provided data
- Crucial data gap closed to show importance of listed real estate in Germany

Scope of Data Procurement			
Company	2013	2014	2015
<i>Adler Real Estate</i>	<i>n/a</i>	<i>n/a</i>	<i>Researched</i>
Alstria	Provided	Provided	Provided
Buwog	n/a	Researched	Provided
Dt. Annington	Provided	Provided	Provided
Dt. Euroshop	Provided	Provided	Provided
Dt. Office	Researched	Provided	Provided
Dt. Wohnen	Provided	Provided	Provided
DIC Asset	Provided	Provided	Provided
Fair Value	Provided	Provided	Provided
GAGFAH	Provided	Provided	n/m
<i>Grand City Properties</i>	<i>n/a</i>	<i>Researched</i>	<i>Researched</i>
GSW	Provided	n/m	n/m
Hamborner	Provided	Provided	Provided
LEG	Provided	Provided	Provided
Patrizia	Provided	Provided	Provided
Polis	Provided	Provided	Provided
TAG	Researched	Provided	Provided
TLG	n/a	n/a	Provided
VIB	Researched	Provided	Provided
WCM	n/a	n/a	Provided
<b>Total Provided</b>	<b>12</b>	<b>14</b>	<b>16</b>
<b>Total Researched</b>	<b>3</b>	<b>2</b>	<b>2</b>



## Development of Market Capitalisation

- 82% of sector included in research
- Sector market cap reaches EUR48bn (up 73% yoy),
- Sector temporarily exceeded EUR50bn

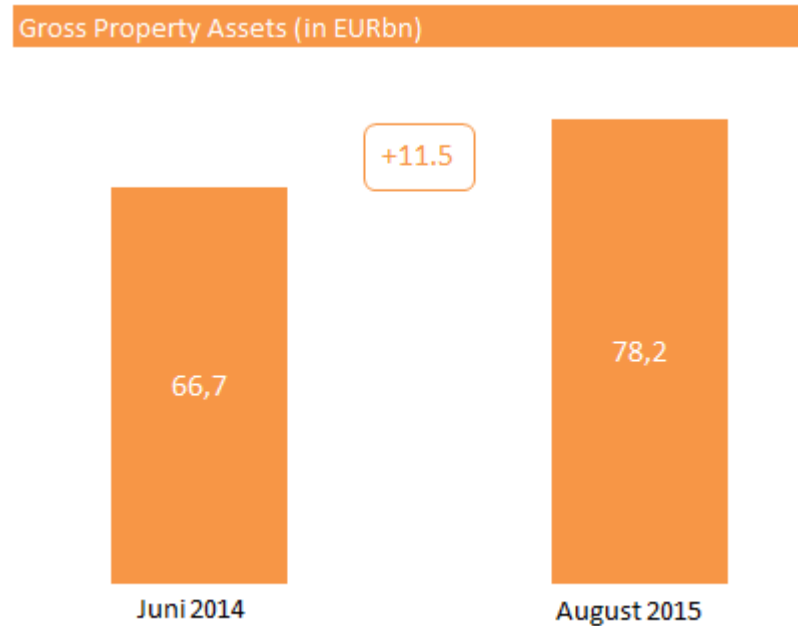


Source: Company data, Bloomberg, Ellwanger & Geiger, ZIA/Barkow Consulting



## Development of Gross Property Value

- Gross Property Assets increased to EUR78bn (up 17 % or EUR11.5bn yoy)



Source: Company data, Bloomberg, Ellwanger & Geiger, ZIA/Barkow Consulting

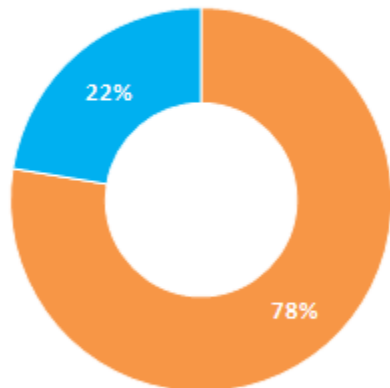


## Gross Property Assets

- Sector dominated by residential real estate assets ...
- Real estate assets almost exclusively located in Germany

Property Assets by Sector

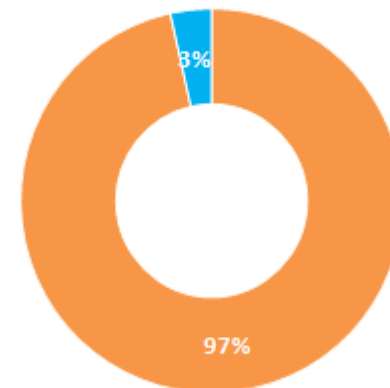
Residential Commercial



Source: Company data, Bloomberg, Ellwanger & Geiger, ZIA/Barkow Consulting

Property Assets by Region

Germany International

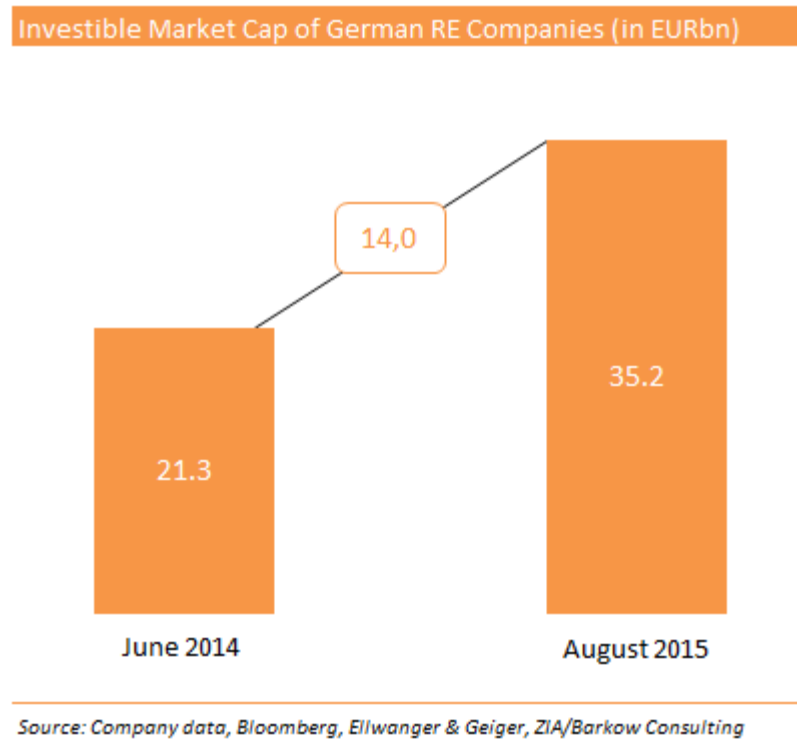


Source: Company data, Bloomberg, Ellwanger & Geiger, ZIA/Barkow Consulting



## Development of Top 18 Free Float

- Free Float up 66% yoy to EUR35bn



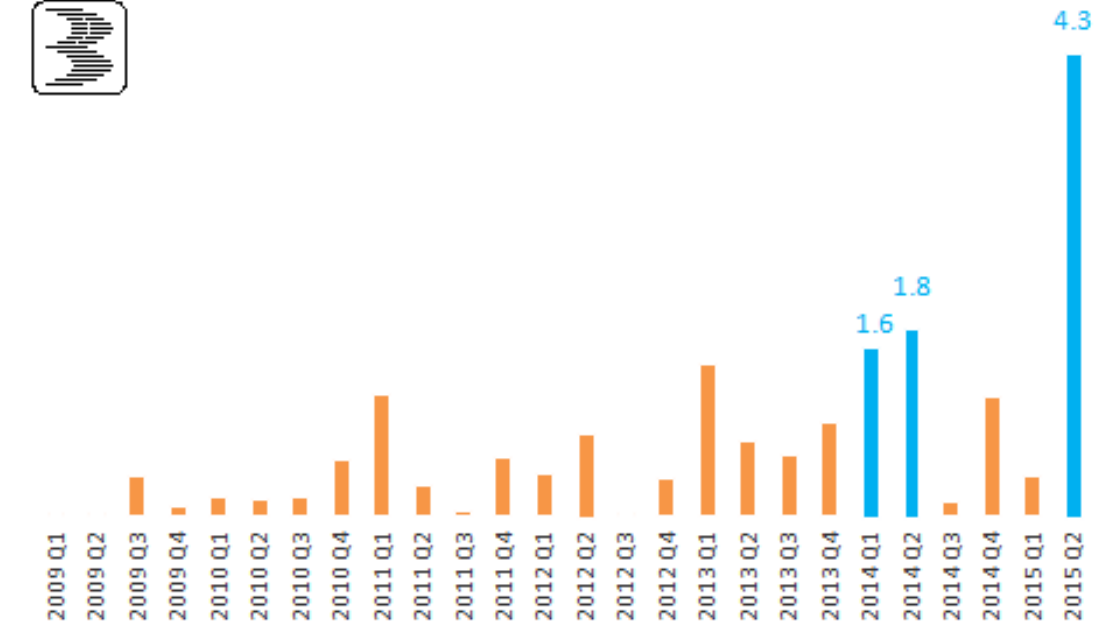




## Development of Equity Issuance

- Record H1: EUR4.7bn issued in H1 2015
- Record Quarter: EUR4.3bn issued in Q2 2015
- Record Year: EUR5.4bn issued 2015 YTD

Public Real Estate Issuance in Germany (in EURbn)



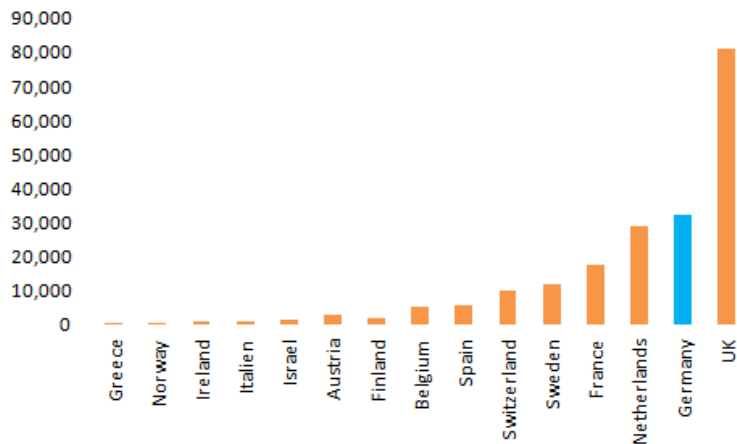
Source: Akselrod Consulting | Barkow Consulting 'German RE Capital Markets Database'



## Development in Context

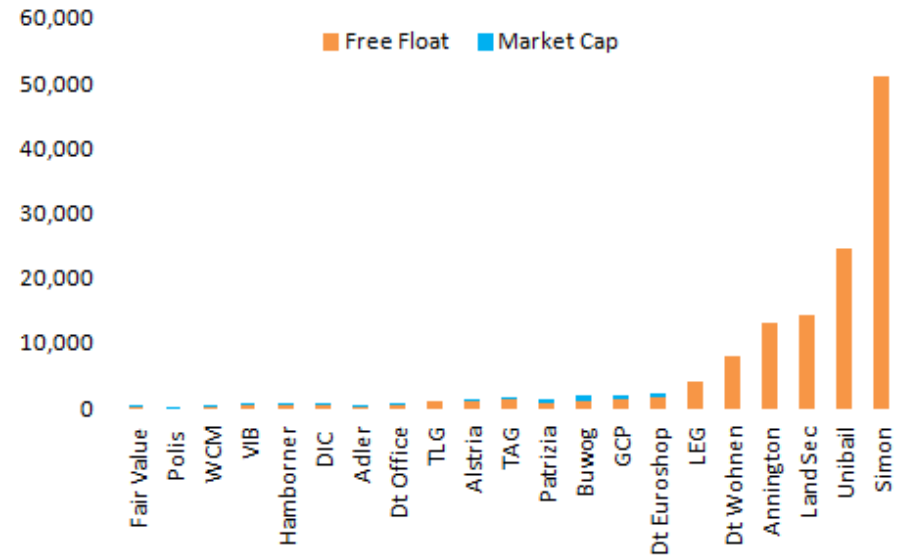
- Top 18 Companies now 160% of Unibail-Rodamco
- Germany, Europe's No 2 Country, Netherland surpassed

Free Float Cap by Country (EPRA Members, in EURm)



Source: Company data, Bloomberg, Ellwanger & Geiger, ZIA/Barkow Consulting

Free Float Cap by Company (EPRA Members, in EURm)



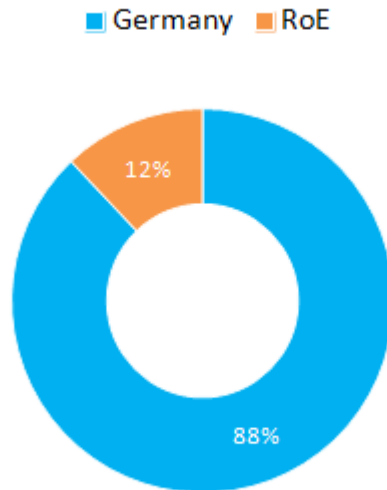
Source: Company data, Bloomberg, Ellwanger & Geiger, ZIA/Barkow Consulting



## European Sector Weights

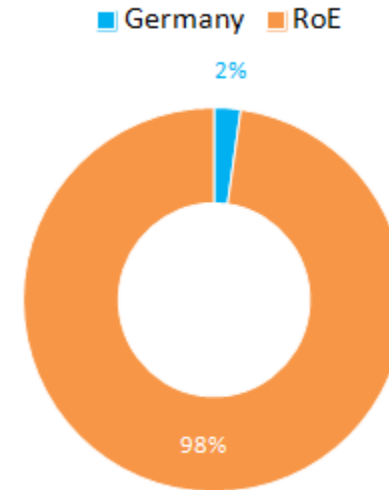
- German Resi dominates European residential sector
- Germany's weight in the European commercial sector is negligible

European Residential Sector



Source: EPRA, ZIA/Barkow Consulting

European Commercial Sector



Source: EPRA, ZIA/Barkow Consulting



## Almost all analysed data points reached new highs

German Listed Sector: Property Data				
in EURbn @ Period End	Jun-14	Jun-15	Delta <sup>13-14</sup>	Delta <sup>14-15</sup>
Total Property on Balance Sheet (total assets)	66.7	78.2	11.5	17.2%
<b>By Sector</b>				
Residential	52.1	60.6	8.4	16.2%
Commercial	14.4	17.5	3.0	20.8%
<b>By Geography</b>				
Germany	64.0	75.5	11.5	17.9%
International	2.7	2.7	0.0	0.7%
German Listed Sector: Capital Markets Data				
in EURbn @ Period End	Jun-14	Aug-15	Delta <sup>13-14</sup>	Delta <sup>14-15</sup>
DIMAX Market Cap	27.9	48.2	20.4	73.1%
Top 18 Market Cap	24.2	39.5	15.2	62.8%
Top 18 Free Float	21.3	35.2	14.0	65.7%
EPRA Europe ex UK EU German Share	24.0%	27.0%	3.0%	12.6%
EPRA Europe German Share	11.5%	15.9%	4.4%	38.7%

Source: Company data, EPRA, Ellwanger & Geiger, Bloomberg, ZIA, Akselrod Consulting | Barkow Consulting



## Can the trend continue?

- Hard to see how positive drivers can get better still
  - Interest rates close to zero
  - Large companies relatively well capitalised
  - Large portfolios hard to find
  
- Future growth will depend on
  - Improved growth momentum in commercial sector



## Thank You For Your Attention

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