Commercial property investments soar in Germany's "Big Seven" cities

Investments into commercial property in Germany went up by 50% in comparison to last year. In this report, **Tranio** expert Yulia Kozhevnikova investigates what makes Germany's "Big Seven" (i.e., Berlin, Hamburg, Düsseldorf, Cologne, Munich, Frankfurt am Main and Stuttgart) such influential investment destinations.

     • €38.1 billion invested in commercial property by October this year, compared to €39.8 billion for the whole of 2014
     • Offices (40%), retail premises (35%) and manufacturing/warehouse facilities (8%) named top market segments for investments.

Focusing on these leading market segments, the report considers fundamental decision-making factors such as rental demand, price dynamics, rent dynamics, occupancy, yields and lease contracts. Some key figures include:

- Most expensive office property in Munich at €10,442/sq m
- Over 90%: average occupancy rates in the Big Seven
- Maximum returns on subprime investments: 25%
- Lowest yields for retail premises: 3.5–4.0% for high-street shops
- Highest yields of all segments in warehousing at 6%
- Biggest investors: 53% of all transactions with foreign buyers

Germany's GDP is expected to grow until 2020 as unemployment rates continue to decrease and household incomes rise. These parameters are good indicators of positive market conditions for investing into commercial property. Optimal occupancy rates as well as stability and economic efficiency of the EU's leading nation has kept investors interested despite lower yields.

Read the whole article here:

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