

# Real Estate Monitor

PwC's Real Estate Institute

November 2024

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## Diverging movement in Real Estate Indices: Residential falls, Commercial rises in October 2024

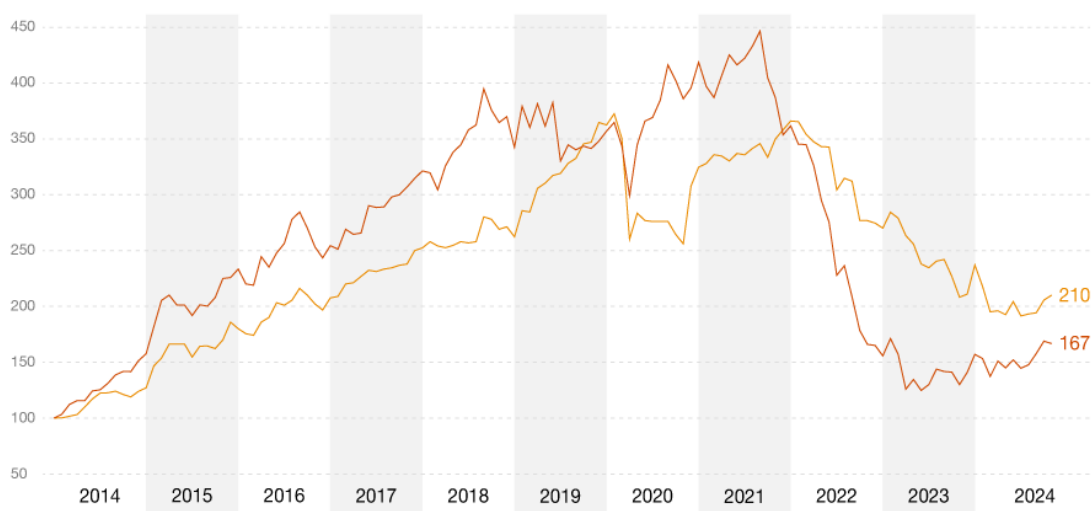
### Real Estate Monitor, November 2024

In October 2024, the PwC Real Estate Indices for residential and commercial property holders followed different trends. While the index for residential property holders decreased by -1.5% on average to 167 points, the index for commercial property holders slightly increased by +2.0% during the same period, reaching 210 points.

The WACC for German (5.5%) real estate companies remained unchanged, whereas the global counterpart (7.4%) slightly decreased by -10 bps.

The German government is set to simplify building regulations to boost residential construction through the "Building Type E" law, allowing builders to skip certain non-safety-related standards. This change aims to reduce construction costs and tackle housing shortages. This could have a positive impact on the share prices of listed residential property portfolio holders in the future.

### PwC Real Estate Index – Germany (Jan 2014 – October 2024)



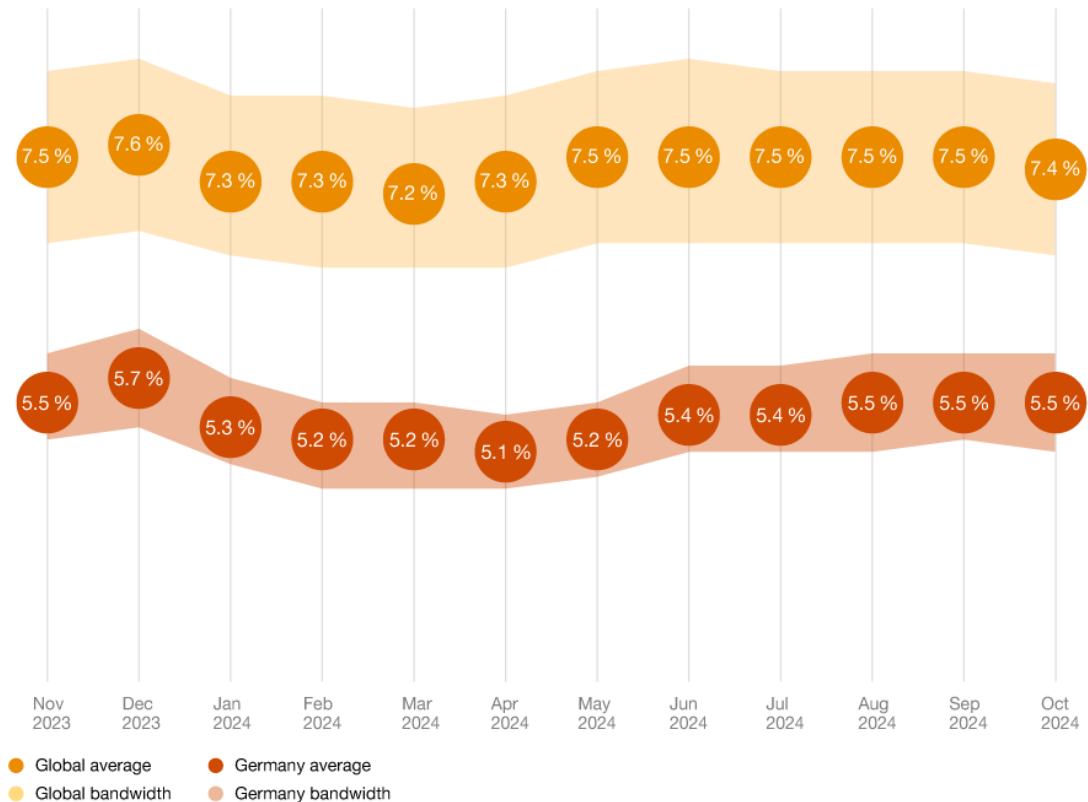
### Performance (31 October 2024)

Index	YTD	1 Month	3 Month	6 Month	1 Year	2 Years	3 Years	5 Years
Commercial	-11.0 %	2.0 %	9.0 %	9.1 %	1.1 %	-24.2 %	-40.0 %	-39.5 %
Residential	5.9 %	-1.5 %	13.0 %	14.7 %	28.2 %	0.1 %	-56.9 %	-51.2 %

Source: PwC "Real Estate Monitor"

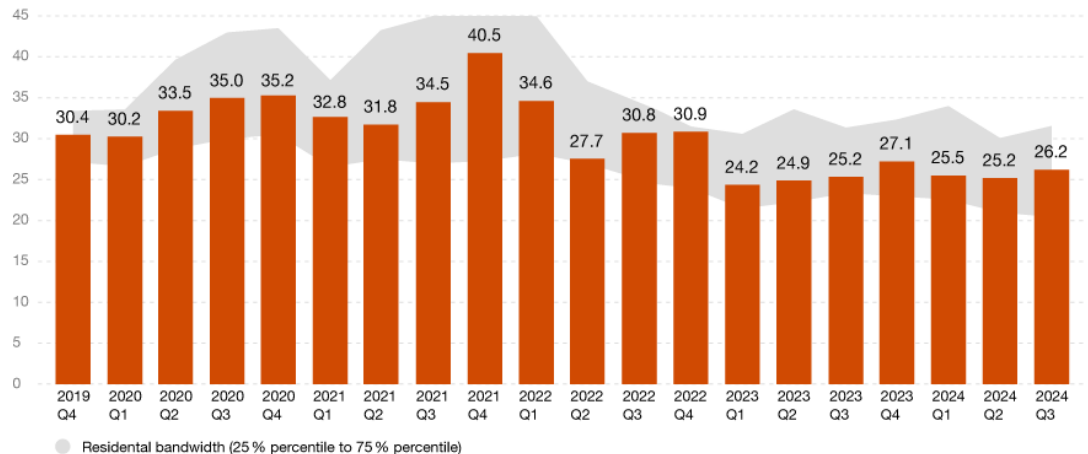
Stock price data per company within the respective peer group is collected using the S&P Capital IQ Data Item „IQ\_ClosePrice\_Adj“. Capital IQ defines the Close Price as: The closing price of the day, calculated once per day after the market close. Close prices are adjusted for stock splits, cash dividends, rights offerings, and spin-offs. The underlying peer groups are revised and adjusted once per year on 31 December. New players on the German real estate market are thus identified and included, while delisted companies are excluded.

**Weighted Average Cost of Capital (WACC)**

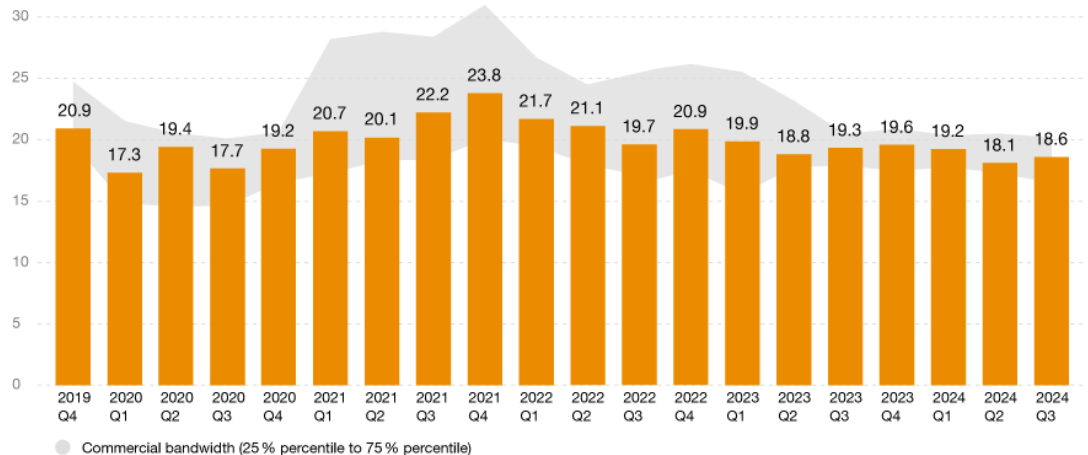


Source: PwC "Real Estate Monitor"

**EBITDA Multiple – Residential Germany (per quarter)**



**EBITDA Multiple – Commercial Germany (per quarter)**



Source: PwC "Real Estate Monitor"



# Real Estate Monitor

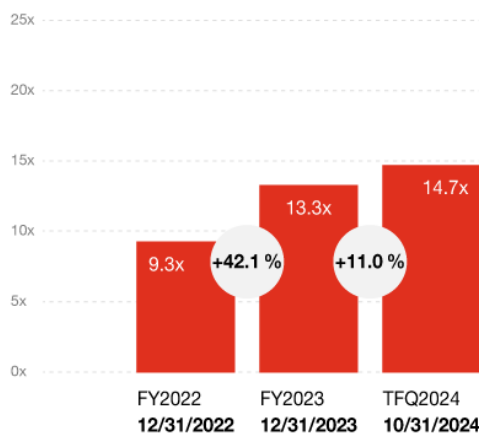
PwC's Real Estate Institute – Real Estate KPIs

## Relative valuation level based on sector-specific key figures

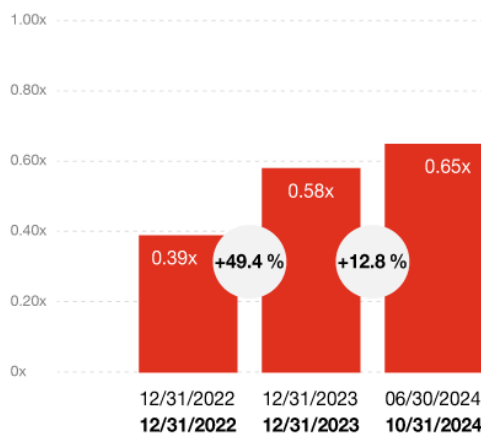
In order to gain insight into the changes in value of 17 major players in the German real estate market, we have analysed the sector-specific Real Estate KPIs FFO 1 and EPRA NTA from the financial periods FY2022, FY2023 and TFQ2024 (TFQ: Trailing Four Quarters). We have put the share prices as of the balance sheet dates 31 Dec 2022, 31 Dec 2023 and 31 Oct 2024 in relation to the above-mentioned key figures from the corresponding financial periods. The resulting average ratios by segment are shown in the figures below.

### Sector-specific KPIs FFO 1 and EPRA NTA Residential

#### FFO 1 multiple

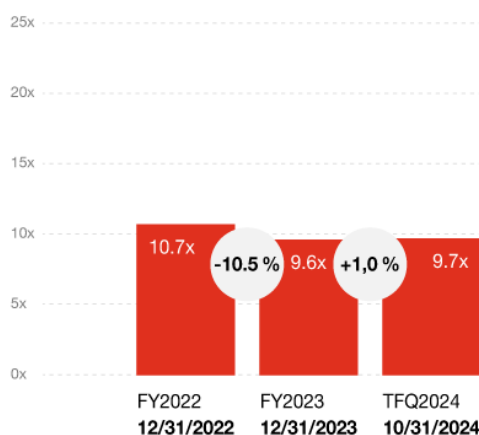


#### Price/EPRA NTA ratio

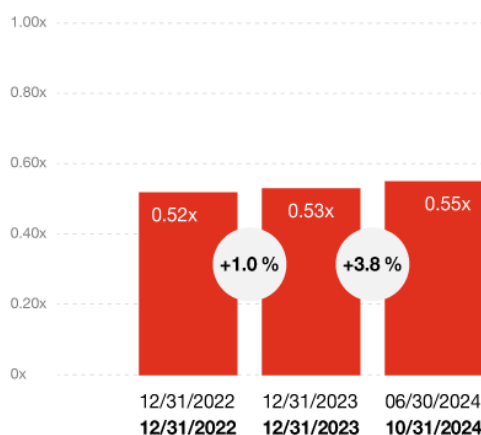


### Sector-specific KPIs FFO 1 and EPRA NTA Commercial

#### FFO 1 multiple



#### Price/EPRA NTA ratio



## FFO 1 multiples and Price/EPRA NTA ratios by segment

The table below shows the individual FFO 1 multiples and Price/EPRA NTA ratios of our peer group by segment. The key figures relate to the financial periods FY2022, FY2023 and TFQ2024 and the share prices as of 31 Dec 2022, 31 Dec 2023 and 31 Oct 2024.

Reading example: TAG Immobilien AG was valued by the market at 13.5x of its FFO 1 as of 31 Dec 2023, whereas on 31 Oct 2024, it was valued at 15.7x of its FFO 1.

Stock price as of KPI (FFO and NTA) as of	FFO 1 multiple			Price/EPRA NTA ratio		
	12/31/2022 FY2022	12/31/2023 FY2023	10/31/2024 TFQ2024	12/31/2022 12/31/2022	12/31/2023 12/31/2023	10/31/2024 06/30/2024
<b>RESIDENTIAL</b>						
Deutsche Wohnen SE	15.2x	17.6x	17.8x	0.39x	0.56x	0.56x
Grand City Properties SA	7.9x	9.4x	11.3x	0.30x	0.43x	0.53x
LEG Immobilien SE	9.3x	12.9x	14.4x	0.40x	0.63x	0.71x
Phoenix Spree Deutschland Limited				0.55x	0.50x	0.58x
TAG Immobilien AG	5.6x	13.5x	15.7x	0.29x	0.72x	0.83x
Vonovia SE	8.6x	12.9x	14.4x	0.38x	0.61x	0.68x
<b>25%-Percentile</b>	7.9x	12.9x	14.4x	0.32x	0.52x	0.57x
<b>Average</b>	9.3x	13.3x	14.7x	0.39x	0.58x	0.65x
<b>75%-Percentile</b>	9.3x	13.5x	15.7x	0.40x	0.63x	0.70x
<b>COMMERCIAL</b>						
alstria office REIT-AG	13.1x	7.4x	13.9x	0.54x	0.40x	0.67x
Aroundtown SA	9.0x	8.2x	9.6x	0.32x	0.34x	0.39x
Branicks Group AG	5.6x	5.4x	4.3x	0.53x	0.28x	0.23x
DEFAMA Deutsche Fachmarkt AG	12.9x	12.0x	13.4x			
Deutsche EuroShop AG	10.5x	10.1x	9.5x	0.59x	0.71x	0.67x
Deutsche Konsum REIT-AG	6.6x	3.9x	5.4x	0.48x	0.31x	0.39x
Deutsche Real Estate AG	15.4x	12.0x	9.0x			
FCR Immobilien AG	15.5x	17.0x	12.8x			
Hamborner REIT AG	10.7x	10.1x	9.6x	0.57x	0.68x	0.67x
Sirius Real Estate Limited	10.1x	13.4x	14.5x	0.76x	1.15x	1.07x
VIB Vermögen AG	9.0x	6.3x	4.9x	0.38x	0.34x	0.28x
<b>25%-Percentile</b>	9.0x	6.9x	7.2x	0.46x	0.33x	0.36x
<b>Average</b>	10.7x	9.6x	9.7x	0.52x	0.53x	0.55x
<b>75%-Percentile</b>	13.0x	12.0x	13.1x	0.58x	0.69x	0.67x

Source: PwC "Real Estate Monitor"

### Valuation level (measured by RE KPIs)

Compared to the end of FY2023, Commercial's current valuation level (as of 31 Oct 2024) has decreased by +1.0% (FFO 1 multiple) and +3.8% (Price/EPRA NTA ratio). On the other hand, the current valuation level of Residential has increased by +11.0% (FFO 1 multiple) and +12.8% (Price/EPRA NTA ratio).

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