

# Real Estate Monitor

PwC's Real Estate Institute

October 2024

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## Cautious optimism: Real estate markets start the fourth quarter with a positive momentum

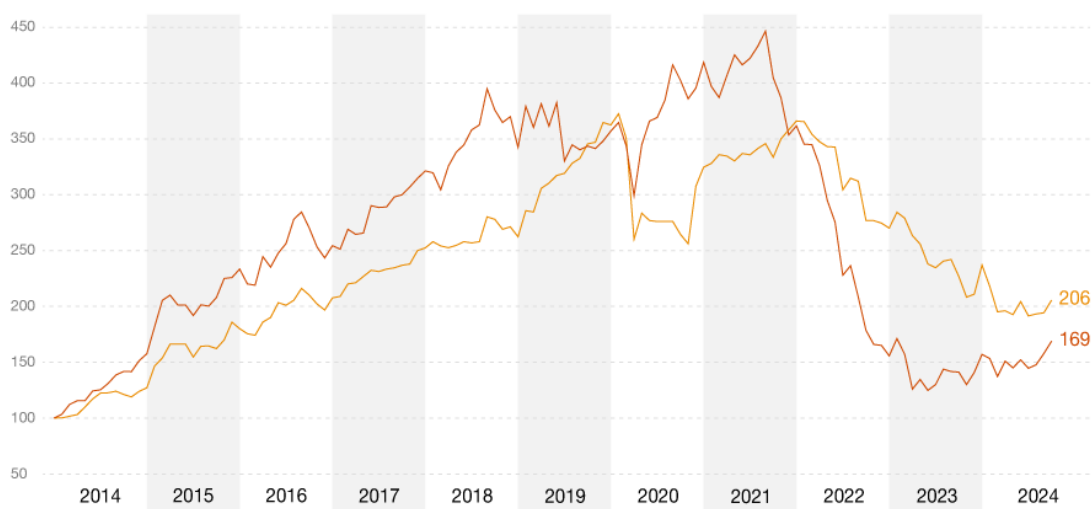
### Real Estate Monitor, October 2024

In September 2024, the PwC Real Estate Indices for residential and commercial property holders increased significantly. While the index for residential property holders increased by +7.2% on average to 169 points, commercial slightly rose by +6.3% during the same period, reaching 206 points.

The WACC for German (5.5%) and global (7.5%) real estate companies remained unchanged.

The EBITDA multiples for Residential (26.2x) are slightly above the average of recent quarters. However, the EBITDA multiples for Commercial (18.6x) tend to be below the average of recent quarters, reflecting the still somewhat overall challenging market environment for commercial property portfolio holders.

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



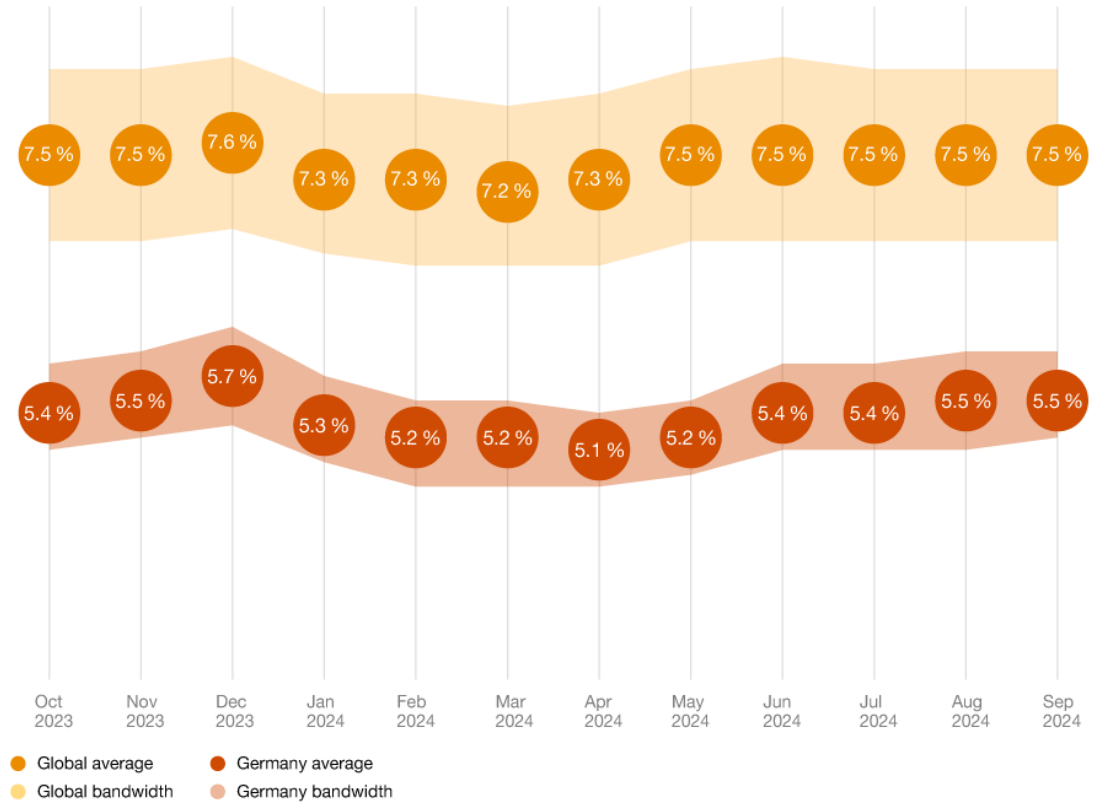
#### Performance (30 September 2024)

Index	YTD	1 Month	3 Month	6 Month	1 Year	2 Years	3 Years	5 Years
Commercial	-12.8 %	6.3 %	7.2 %	5.0 %	-9.2 %	-25.7 %	-38.1 %	-40.4 %
Residential	7.5 %	7.2 %	16.7 %	11.8 %	20.2 %	-5.4 %	-58.1 %	-50.8 %

Source: PwC "Real Estate Monitor"

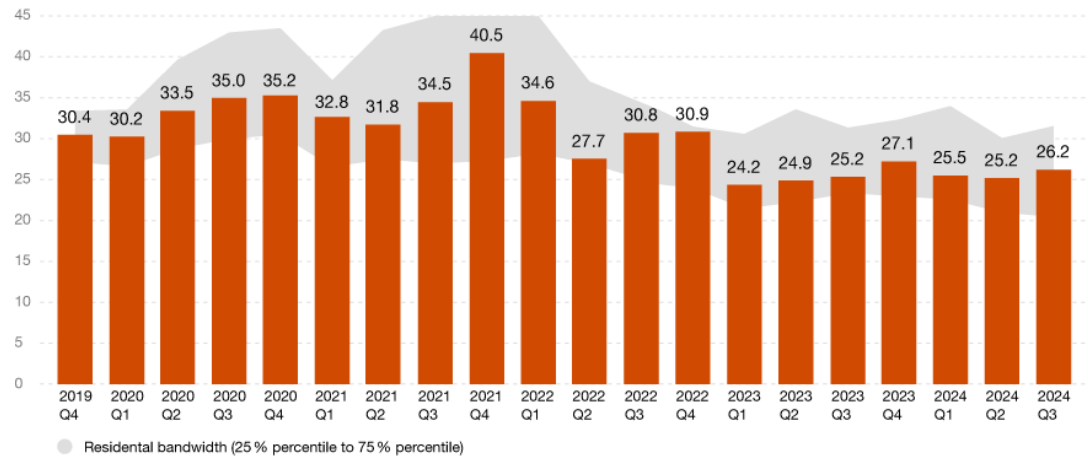
Stock price data per company within the respective peer group is collected using the S&P Capital IQ Data Item „IQ\_ClosePrice\_Adj“. Capital IQ defines the Close Price as: The closing price of the day, calculated once per day after the market close. Close prices are adjusted for stock splits, cash dividends, 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)

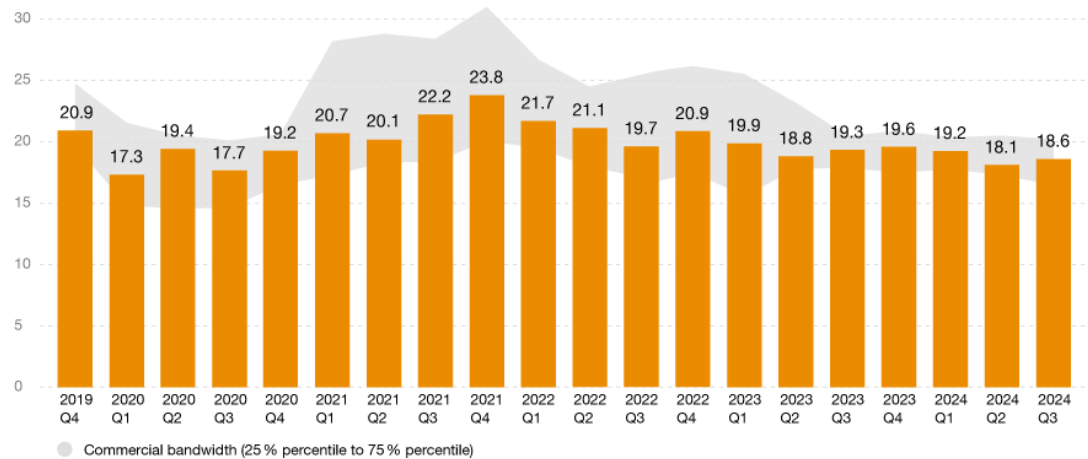


Source: PwC "Real Estate Monitor"

## EBITDA Multiple – Residential Germany (per quarter)



## EBITDA Multiple – Commercial Germany (per quarter)



Source: PwC "Real Estate Monitor"

# Real Estate Monitor

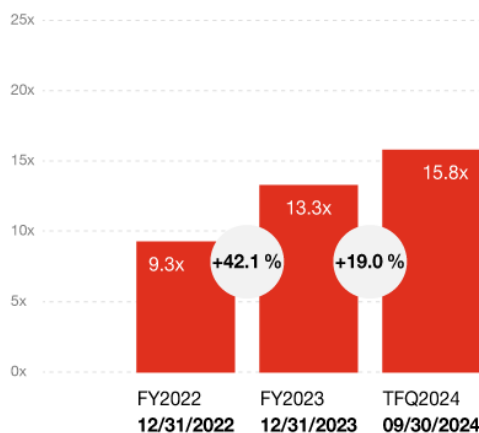
PwC's Real Estate Institute – Real Estate KPIs

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

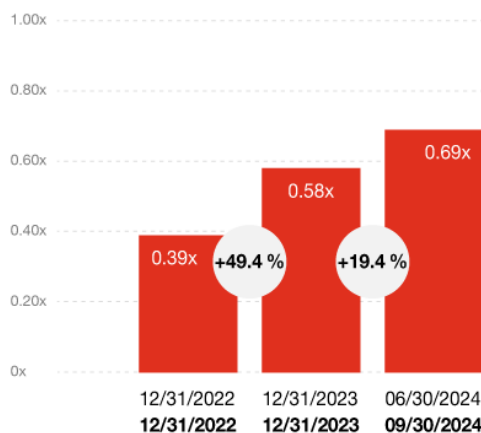
In order to gain insight into the changes in value of 17 major players in the German real estate market, we have analysed the sector-specific Real Estate KPIs FFO 1 and EPRA NTA from the financial periods FY2022, FY2023 and TFQ2024 (TFQ: Trailing Four Quarters). We have put the share prices as of the balance sheet dates 31 Dec 2022, 31 Dec 2023 and 30 Sep 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

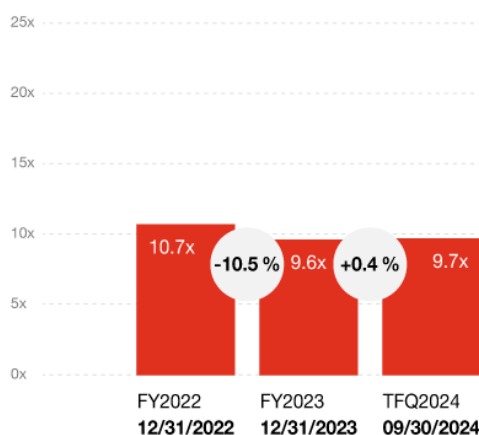


#### Price/EPRA NTA ratio

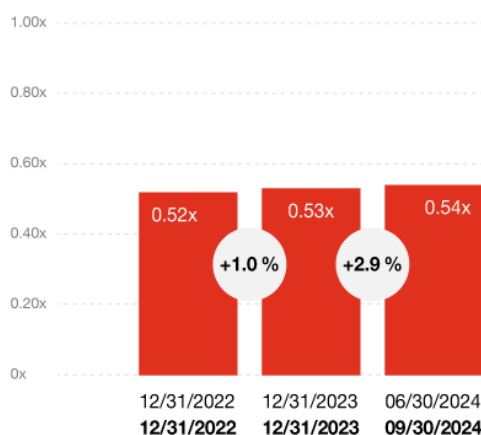


### Sector-specific KPIs FFO 1 and EPRA NTA Commercial

#### 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 30 Sep 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 30 Sep 2024, it was valued at 17.1x 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	09/30/2024 TFQ2024	12/31/2022 12/31/2022	12/31/2023 12/31/2023	09/30/2024 06/30/2024
<b>RESIDENTIAL</b>						
Deutsche Wohnen SE	15.2x	17.6x	18.9x	0.39x	0.56x	0.59x
Grand City Properties SA	7.9x	9.4x	11.7x	0.30x	0.43x	0.55x
LEG Immobilien SE	9.3x	12.9x	15.6x	0.40x	0.63x	0.76x
Phoenix Spree Deutschland Limited				0.55x	0.50x	0.57x
TAG Immobilien AG	5.6x	13.5x	17.1x	0.29x	0.72x	0.91x
Vonovia SE	8.6x	12.9x	15.6x	0.38x	0.61x	0.74x
<b>25%-Percentile</b>	7.9x	12.9x	15.6x	0.32x	0.52x	0.58x
<b>Average</b>	9.3x	13.3x	15.8x	0.39x	0.58x	0.69x
<b>75%-Percentile</b>	9.3x	13.5x	17.1x	0.40x	0.63x	0.76x
<b>COMMERCIAL</b>						
alstria office REIT-AG	13.1x	7.4x	13.0x	0.54x	0.40x	0.63x
Aroundtown SA	9.0x	8.2x	9.9x	0.32x	0.34x	0.40x
Branicks Group AG	5.6x	5.4x	3.4x	0.53x	0.28x	0.18x
DEFAMA Deutsche Fachmarkt AG	12.9x	12.0x	13.0x			
Deutsche EuroShop AG	10.5x	10.1x	10.2x	0.59x	0.71x	0.71x
Deutsche Konsum REIT-AG	6.6x	3.9x	4.1x	0.48x	0.31x	0.30x
Deutsche Real Estate AG	15.4x	12.0x	9.1x			
FCR Immobilien AG	15.5x	17.0x	13.2x			
Hamborner REIT AG	10.7x	10.1x	9.8x	0.57x	0.68x	0.68x
Sirius Real Estate Limited	10.1x	13.4x	16.0x	0.76x	1.15x	1.18x
VIB Vermögen AG	9.0x	6.3x	4.4x	0.38x	0.34x	0.25x
<b>25%-Percentile</b>	9.0x	6.9x	6.8x	0.46x	0.33x	0.29x
<b>Average</b>	10.7x	9.6x	9.7x	0.52x	0.53x	0.54x
<b>75%-Percentile</b>	13.0x	12.0x	13.0x	0.58x	0.69x	0.69x

Source: PwC "Real Estate Monitor"

### Valuation level (measured by RE KPIs)

Compared to the end of FY2023, Commercial's current valuation level (as of 30 Sep 2024) has decreased by +0.4% (FFO 1 multiple) and +2.9% (Price/EPRA NTA ratio). On the other hand, the current valuation level of Residential has increased by +19.0% (FFO 1 multiple) and +19.4% (Price/EPRA NTA ratio).

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