



REAL ESTATE



Real estate: a growth market

It's all go on the retail market. The generally upbeat mood is being boosted by a widespread economic upswing in Europe. Germany's economy in particular is in feel-good mode, and is showing economic strength as well as reliable political framework conditions. This positive trend is also reflected in the market data: the transaction volume for commercial real estate investments was

around € 26 billion in the first half of 2017, representing a hefty increase of 47% compared with the first six months of 2016. The key drivers for dynamic development on the German real estate markets are, among others, the many institutional investors, to whom KGAL offers an array of different fund vehicles that capture the zeitgeist and meet diverse investment needs. ■

>1.000
portfolio and individual pieces of real estate

158
investment vehicles

Urbanisation: a megatrend

What shapes cities and the future of urban development? What can be learned from growing metropolises such as London and Paris? Answering these questions is hugely important for real estate investment in urban areas. For example, it's becoming increasingly important for living spaces and workplaces to be well connected. Young people in particular are more likely to want to travel by foot on a day-to-day basis, rather

than using public transport. This trend – referred to as “walkability” – has already been defining modern office requirements in the US for some years, and it can be expected to become more prevalent in Germany in the future. Cities and office complexes that fulfil walkability criteria are more attractive. For this reason, modern real estate investments have also taken into account this long-term societal trend. ■

Many years of expertise

KGAL has been active on the real estate market since the company was founded in 1968. To date, it has acquired real estate in individual or portfolio transactions for more than € 20 billion. A huge range of investment vehicles have been used in this process: public funds, private placements, special funds and other structured financing solutions. 71 KGAL Group employees in the real estate sec-

tor cover a wide range of services. They secure market access (transaction management), develop attractive concepts for investments in real estate (portfolio management), manage active commitments and objects (asset management), and make it possible to always react to market developments at an early stage (risk management). ■

Investment focus

In the real estate sector, KGAL focuses on 3 areas: offices, retail & mixed use, and residential. Depending on the usage, our selection of investment properties takes into account underlying aspects such as price and location, as well as particular criteria that guarantee the real estate's future viability. In

healthcare centres and retail parks for example, high visit frequency, a well-diversified tenant structure, and good public transport connections are important quality features that make the property less susceptible to economic fluctuations. ■



Office real estate

In office real estate, KGAL Investment Management focuses on properties with functional and high-quality facilities, as well as promising rental structures and tenants with good credit ratings. The location also plays a key role: Real estate in the “Big 7” German cities – Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Munich and Stuttgart - is preferred, alongside real estate in attractive European metropolises such as London, Paris and Vienna. ■

Retail real estate & mixed use

With retail real estate, KGAL Investment Management is currently focused on neighbourhood hubs with mixed use, as well as attractive retail parks in Germany and neighbouring foreign countries. A combination of the factors of basic provisions, dominance in the submarket, and future viability, forms the basis for a robust cash flow across all economic cycles. ■

Residential real estate

KGAL Group has implemented various fund structures for numerous residential building stocks across Germany since 1999. In the residential real estate sector, it focuses primarily on core investments with low volatility and long-term potential for value enhancement. Comparing the various real estate classes, residential real estate in A-rated locations is traditionally associated with the lowest risk, making them particularly suitable for defensive investment strategies. ■

References



Dock Düsseldorf: Fully leased, sixteen-storey office block in MedienHafen Düsseldorf, with good public transport connections.



ELI Liezen (Austria): An architecturally interesting shopping centre with more than 50 retail and restaurant businesses.

Diverse real estate portfolio



Use types in % of the active portfolio

4.9%

average total distribution per annum from the real estate funds

“ Investment in real estate requires a long-term perspective. Demographic developments and trends play a key role. ”

André Zücker

Contact



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