

# Real Estate Monitor

PwC's Real Estate Institute

January 2021

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## EBITDA Multiple for commercial real estate is back at the level of end of 2018

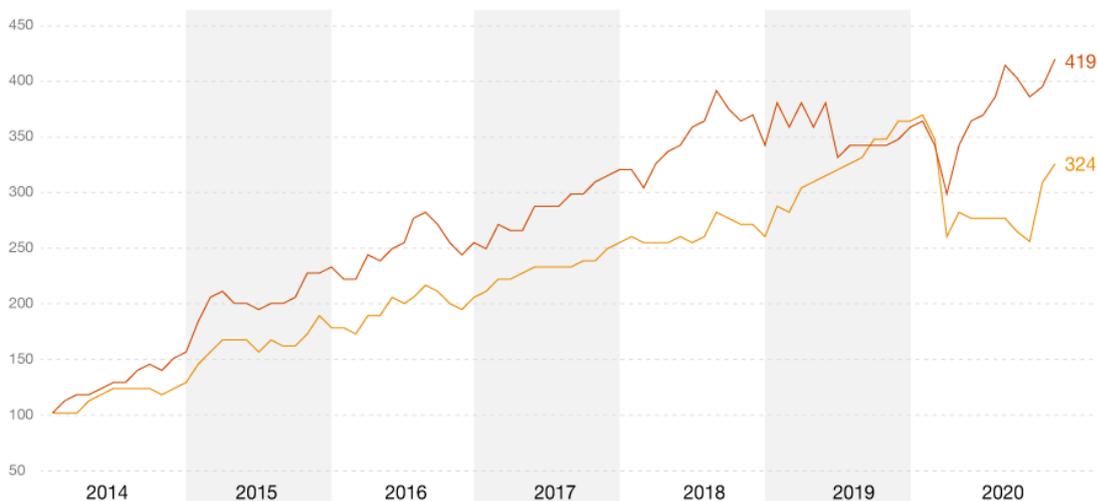
### Real Estate Monitor, January 2021

Following the trend of November, the PwC Real Estate Index for residential companies (5.7%) and for their commercial counterpart (4.6%) increased significantly. However, there is still a notable spread between the commercial and the residential sector development.

The global average Real Estate WACC is stable at 5.2%. Also the average Real Estate WACC for German real estate companies is stable when compared with last month, reflecting the constantly high confidence of investors in the German Market.

While the EBITDA multiple at the end of Q4 for residential real estate (35.2x) remains approx. at the same level as at end of Q3, it grew for commercial real estate (from 17.6x to 19.2x).

### PwC Real Estate Index – Germany (Jan 2014 – Dec 2020)



### Performance (31 December 2020)

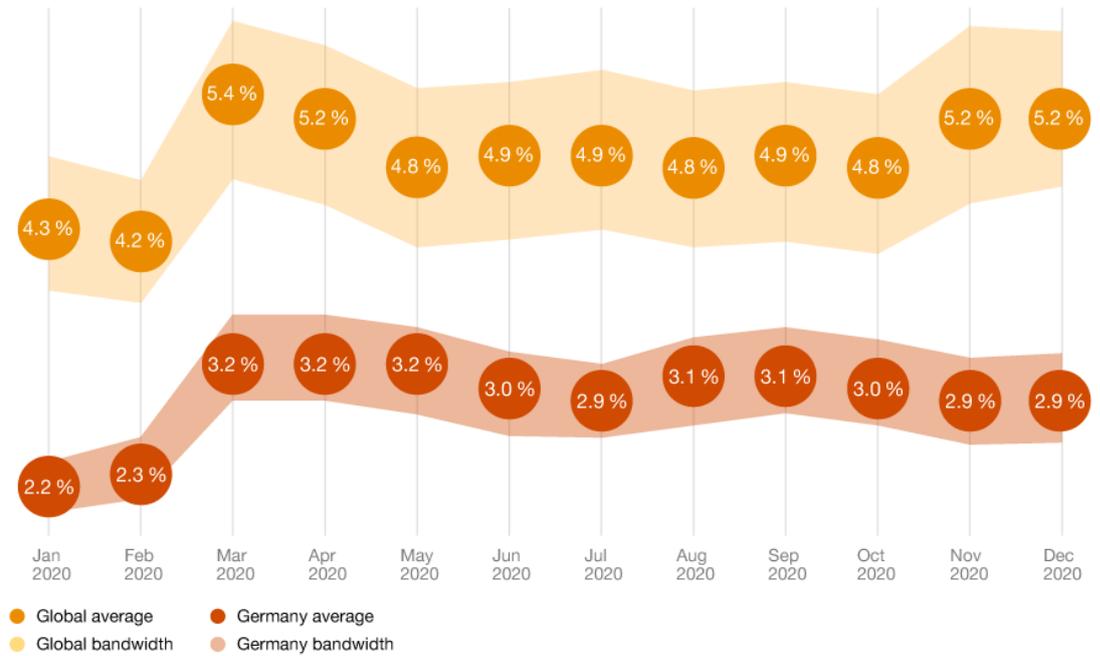
Index	YTD	1 Month	3 Month	6 Month	1 Year	2 Years	3 Years	5 Years
Commercial	-10.7 %	4.6 %	22.3 %	17.1 %	-10.7 %	23.4 %	28.0 %	79.8 %
Residential	17.1 %	5.7 %	4.0 %	13.5 %	17.1 %	22.5 %	30.2 %	79.3 %

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. This price is adjusted for stock splits. To obtain the price unadjusted for stock splits, multiply it by the data item called Cumulative Stock Split Factor. The applied adjustment is defined as: Close prices are adjusted for stock splits, cash dividends, rights offerings, and spin-offs.

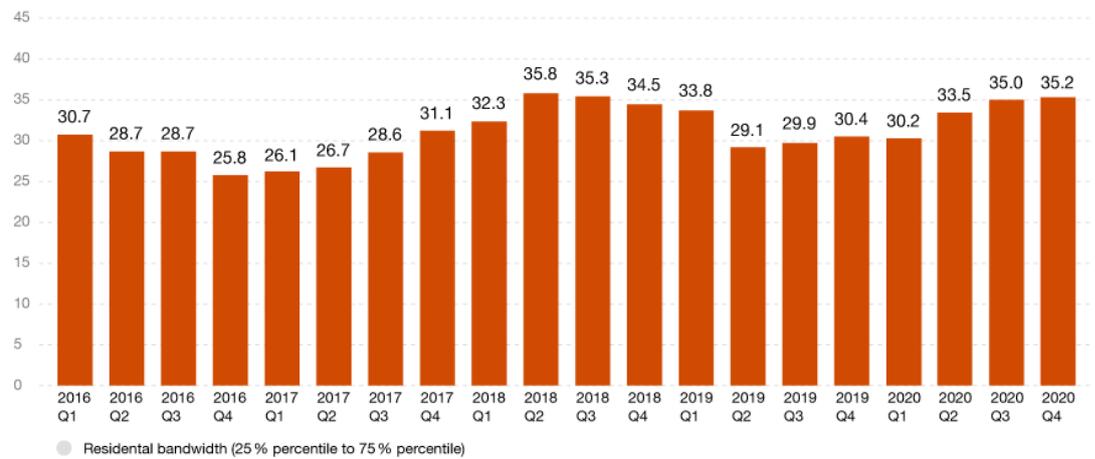
Note: Since the vacancy rates are taken from the quarterly and annual reports, they are only updated every three month and therefore not part of this edition of the RE Monitor.

## 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

## Commercial real estate back at numbers of end of 2018

### Residential real estate even above pre-crisis level of end of 2019

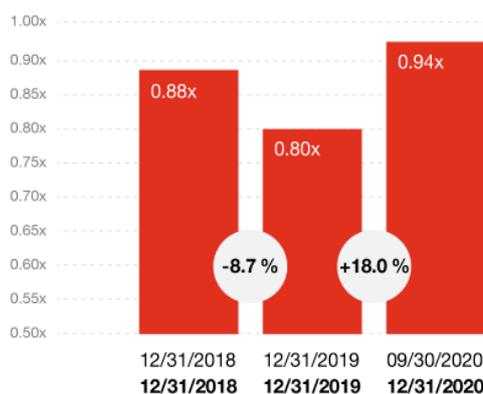
In order to gain insight into the changes in value of 18 major players in the German real estate market, we have analysed the sector-specific Real Estate KPIs FFO 1 and EPRA NAV from the financial periods FY2018, FY2019 and TFQ2020, i.e. Q4 2019 to Q3 2020 (TFQ: Trailing Four Quarters). We have put the share prices on the balance sheet dates 31 Dec 2018, 31 Dec 2019 and 31 Dec 2020 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 NAV Residential

##### FFO 1 multiple

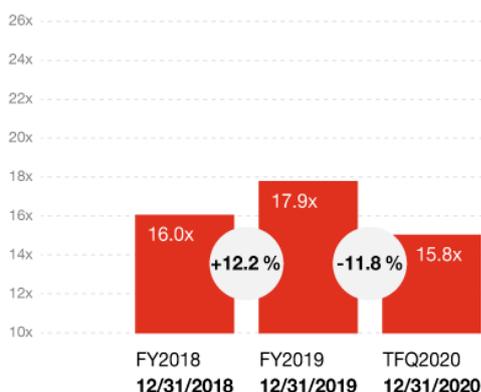


##### Price/EPRA NAV ratio



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

##### FFO 1 multiple



##### Price/EPRA NAV ratio



Source: PwC "Real Estate Monitor"

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

The table below shows the individual FFO 1 multiples and Price/EPRA NAV ratios of our peer group by segment. The key figures relate to the financial periods FY2018, FY2019 and TFQ2020 and the share prices as of 31 December 2018, 31 December 2019 and 31 December 2020.

Reading example: Vonovia was valued by the market at 21.3x of its FFO 1 as of 31 December 2019, whereas on 31 December 2020 it was valued at 26.0x of its FFO 1.

Stock price as of KPI (FFO and NAV) as of	FFO 1 multiple			Price/EPRA NAV ratio		
	12/31/2018 FY2018	12/31/2019 FY2019	12/31/2020 TTM2020	12/31/2018 12/31/2018	12/31/2019 12/31/2019	12/31/2020 09/30/2020
<b>RESIDENTIAL</b>						
ADLER Real Estate AG	13.9x	12.8x	15.8x	0.63x	0.49x	*** 0.69x
ADO Properties SA	30.1x	22.4x	* 33.2x	0.83x	0.49x	* 0.79x
Deutsche Wohnen SE	29.4x	24.3x	27.6x	0.95x	0.77x	0.91x
Grand City Properties SA	15.9x	16.8x	16.9x	0.84x	0.87x	0.83x
GSW Immobilien AG	36.2x	29.4x	* 35.1x	-	-	-
LEG Immobilien AG	18.1x	20.0x	24.2x	0.95x	1.00x	1.10x
TAG Immobilien AG	21.6x	21.9x	22.3x	1.15x	1.08x	1.24x
Vonovia SE	18.2x	21.3x	26.0x	0.79x	0.88x	1.03x
<b>25 %-Percentile</b>	17.5x	19.2x	20.9x	0.81x	0.63x	0.81x
<b>Average</b>	22.9x	21.1x	25.1x	0.88x	0.80x	0.94x
<b>75 %-Percentile</b>	29.6x	22.9x	29.0x	0.95x	0.94x	1.06x
<b>COMMERCIAL</b>						
alstria office REIT-AG	18.8x	26.6x	23.5x	0.81x	0.94x	0.83x
Aroundtown SA	18.5x	18.6x	16.5x	0.94x	0.92x	0.76x
CPI Property Group SA	38.8x	28.3x	27.4x	1.41x	1.18x	1.26x
Deutsche EuroShop AG	10.4x	10.9x	8.9x	0.59x	0.62x	** 0.46x
Deutsche Real Estate AG	5.9x	14.4x	* 11.0x	0.21x	0.52x	* 0.41x
DIC Asset AG	9.4x	12.0x	10.9x	0.59x	0.92x	0.79x
Fair Value REIT-AG	13.8x	16.6x	* 15.0x	0.77x	0.73x	* 0.60x
Hamborner REIT AG	12.7x	14.4x	13.1x	0.78x	0.84x	0.80x
TLG Immobilien AG	18.6x	20.8x	** 16.3x	0.92x	0.87x	0.67x
VIB Vermoegen AG	12.9x	16.8x	15.6x	1.04x	1.34x	1.23x
<b>25 %-Percentile</b>	11.0x	14.4x	11.6x	0.63x	0.75x	0.62x
<b>Average</b>	16.0x	17.9x	15.8x	0.80x	0.89x	0.78x
<b>75 %-Percentile</b>	18.6x	20.2x	16.4x	0.93x	0.93x	0.82x

\* No quarterly report available. Therefore, the stock market prices as of 31.12.2020 were put in relation to the Q2-2020 figures.

\*\* No data available in the quarterly report. Therefore, the stock market prices as of 31.12.2020 were put in relation to the Q2-2020 figures.

\*\*\* No data available in the quarterly report. Therefore, the stock market prices as of 31.12.2020 were put in relation to the FY2019 figures.

Source: PwC "Real Estate Monitor"

### Multiples for both commercial and residential sectors show positive development\*

When comparing 31 December 2020 with 31 December 2019, the assessed real estate KPIs are approx. -12% below for commercial real estate companies and approx. +18% above for residential real estate companies.

Comparing the actual numbers with last month (please see the previous edition of our monthly newsletter), commercial real estate FFO multiple and price/EPRA NAV ratio and German residential real estate companies both show a positive development with residential real estate having a bigger growth.

These trends fit to both FFO 1 multiple and price/EPRA NAV ratio in the same ranges.

\*Compared with last month's issue of the RE Monitor.

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