



**DENMARK
MULTIFAMILY MARKET**

Q2 2020

CBRE RESEARCH

**NORDICS REAL ESTATE
MARKET SNAPSHOT**

CBRE

MULTIFAMILY MARKET KEY FIGURES

TRANSACTION MARKET REMAINS STRONG

Full H1 investment volume in Denmark was in line with the volume recorded in the same period last year. The multifamily sector was still the largest, with volumes surpassing both office and logistics sectors. The volumes invested into multifamily in H1 were some 20% down on the same period last year.

While both prime and secondary retail yields softened, prime logistics and multifamily assets were better poised for recovery and have seen yields sharpening.

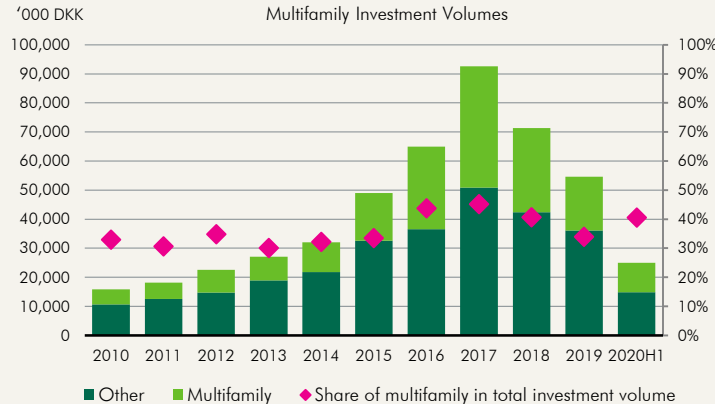
Investment volume TTM

DKK 21 bn

Q2 2020 (y-o-y)

▲▼ -22%

TTM = trailing twelve months



Cross-border investments
DKK 10bn



Share of total investment volume
37%



Number of transactions
231
▲▼ +3%



Largest single transaction
DKK 0.6bn



Prime yield¹
3.40%

Source: CBRE Research

THE INVESTMENT MARKET DURING THE QUARTER

The anticipated regulatory changes (the so-called paragraph 5.2) have been adopted and became effective starting July 1st. The uncertainty regarding the regulations has weighted heavily on the market, putting a cap on the investment volumes in the sector. Despite the negative reaction to the changes, clarity over adoption of what the regulations entail has been positive for the market.

The market is going through a period of risk adjustment in equity returns, which is due to repricing of debt. A reduction in LTV ratios and LTC ratios in case of development is expected to become visible. Additionally, some Danish mortgage lending institutions are increasing their selectivity regarding approving financing for assets that are regarded as riskier strategy.

LARGEST DEALS DURING H1 2020

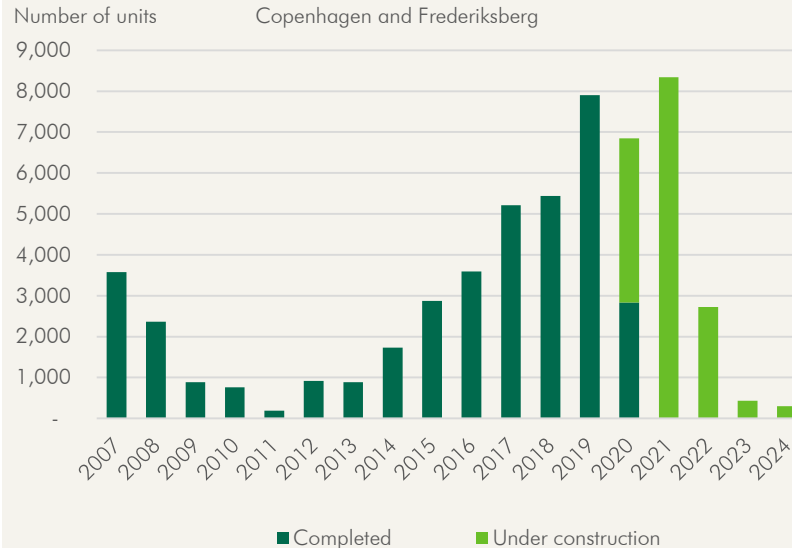
Properties	City	Buyer	Seller
Amager Strandvej	Copenhagen S	Europa Capital	Gefion Group
Enghaven Risskov	Risskov	Heimstaden AB	Konstrukt
Tirsbæk Bakker city houses	Vejle	Niam AB	Omnia Invest A/S
Kirkebjerg area	Brøndby	Tristan Capital Partners/Keystone	Casa
Trikotageparken	Copenhagen Ø	Hines pan-European Core Fund (HECF)	Bonava
Egedal Stationsby	Egedal	NREP	2E Group
Mikkeltorg	Hørsholm	SF Management	Niam AB
Nærheden Hedehusene	Hedehusene	NREP	Calum

THE COPENHAGEN MULTIFAMILY MARKET

According to official projections, the population figure in Copenhagen Municipality will reach 725,000 by 2031. On this basis there is an estimated requirement for 60,000 new housing units in Copenhagen. One quarter of this should be allocated to social housing. The requirements related to the average size of the newly constructed units have been revised, allowing for smaller units to be developed.

Structures such as forward-funding and forward-commitments are becoming increasingly popular, as investors want to get involved at an earlier stage of the development process in order to secure opportunities in target cities.

APARTMENTS UNDER CONSTRUCTION AND COMPLETED



2020 Q1
Copenhagen and Frederiksberg
Key Figures
Y-o-Y Change



Construction Starts
1,251 units
▲▼ -31%



New Completions
1,372 units
▲▼ -33%



Prime Annual Rent¹⁾
2,500 DKK/m²
▲▼ 0%



Average Sale Price²⁾
42,118 DKK/m²
▲▼ +4%



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