

Germany's Largest Property Deal Is Just the Beginning

By **Stephan Kahl**

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- Frankfurt based RFR Holding continues to look around Germany
 - Company sold five properties for 1.5 billion euros to Signa
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(Machine translation provided by Google and reviewed by Bloomberg editors.)

Even after announcing Germany's largest real estate deal in 2017, RFR Holding GmbH is still scouting the German property market.

"Our fundamental philosophy is to buy distinctive buildings that attract attention through their architecture or history, like the Bienenkorbhaus in Frankfurt," says managing director Alexander Koblischek in an interview with Bloomberg. "In addition, we have opened up to project developments, which we usually approach together with partners. We stick to our core competences: retail, office, hotels."

The focus is on real estate in major German cities, including Frankfurt, Hamburg and Berlin. "We invest with a long-term investment horizon, which does not mean that we do not respond to market opportunities," says Koblischek.





Bienenkorbhaus in Frankfurt. Source: RFR Management

In November, RFR announced the sale of a real estate package to Signa Prime Selection AG. It consisted of the skyscraper "Upper West" in Berlin, the Kaufmannshaus and the Alsterarkaden in Hamburg, the "Upper Zeil" in Frankfurt as well as the 50-percent RFR stake in the project "Karstadt am Muenchner Hauptbahnhof". The purchase price was around 1.5 billion euros.

According to an analysis by BNP Paribas Real Estate for Bloomberg, this was the largest commercial real estate transaction of the year in Germany. In second place follows the sale of the Sony Center in Berlin for about 1.1 billion euros.

BNP Paribas Real Estate forecasts <https://www.bloomberg.com/news/articles/2017-12-13/why-germany-s-real-estate-market-could-shrink-after-50-jumps> that investment turnover in the German commercial real estate market this year will total 58 billion euros. "For 2018, a number well beyond 50 billion euros is also expected," says Piotr Bienkowski, CEO of BNP Paribas Real Estate Germany.

All in all, RFR manages real estate assets of over 12 billion euros in the USA and Germany. The two founders Michael Fuchs and Aby Rosen are involved as shareholders in the German transactions, says Koblischek, who manages the German business from Frankfurt. "The day-to-day business is ours - as a management team we have a lot of freedom."

Koblischek observes rising property prices in the office market in Germany. "At the moment, the general conditions are very good due to the good economic situation in Germany. The real estate market has always been in cycles, and that will not change," he says. "Compared to European and international cities, prices here in Germany are still moderate."

The impact of Brexit on the Frankfurt market is difficult to assess "because at the moment we do not know when and in what form it will come," says Koblischek. "As far as the European banking supervision is concerned, the decision for Paris has just been made, which, in my opinion, should have no major impact on Frankfurt".

He does not want to reveal which properties he is targeting next. "If I answered that question, that would be like publishing the recipe for Coca-Cola."

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