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## Union Investment accelerates global real estate investment

- **US markets account for around 35 per cent of acquisition volume in 2016**
- **Hotels and shopping centres contribute to strong growth outside Europe**
- **Fund assets rise to EUR 32 billion**

Union Investment Real Estate GmbH has posted the strongest growth in the company's history in America. In 2016, the equivalent of more than EUR 1.3 billion was devoted to property purchases in the US, with almost 35 per cent of the realised acquisition volume for the year being attributable to US real estate markets. A total of six acquisitions in the hotel and retail segments made a major contribution to the record transaction volume in America, together accounting for around EUR 570 million. In addition to entering two further US hotel markets, in 2016 Union Investment gained exposure to the retail markets of New York City, Philadelphia and San Francisco via a joint venture. "The US real estate markets are the second pillar of our business alongside Europe. What has long been true with regard to the office sector now also applies to our successful investments in the hotel and retail segments," said Dr. Reinhard Kutscher, Chairman of the Management Board of Union Investment Real Estate GmbH, Hamburg. Over the past three years, Union Investment has invested some EUR 5.3 billion in new properties in overseas markets (North and Central America, Asia and Australia). As a result, the share of non-European real estate as a proportion of total property assets held by Union Investment doubled from 11 per cent to a current level of 21 per cent during this period.

"The increasing number of international transactions in the last three years has been a key factor in helping to further reduce the average age of our holdings," added Dr. Reinhard Kutscher. Union Investment's property acquisitions and sales in the past year accounted for 17 per cent of total real estate assets, which have a value of around EUR 28.2 billion. Faster portfolio turnover further improved the age profile of overall holdings: 13.1 and 15.3 per cent of the portfolio was successfully reallocated in 2014 and 2015, respectively.

Over the past three years, Union Investment has successfully divested commercial properties with a total value in excess of EUR 3 billion and an average age of 15.2 years. During the same period, acquisitions worth some EUR 10 billion and with an average age of 4.4 years were made for the company's retail and special funds. The newly acquired properties are thus

a good eleven years younger than the sales portfolio. The high proportion of project acquisitions is a major factor in the young age profile of the new additions. Since 2014, Union Investment has invested around EUR 2.3 billion in acquiring development projects, with the past year accounting for more than half of that amount (approx. EUR 1.2 billion).

### **39 acquisitions in ten countries**

In 2016, the Union Investment teams headed by Dr. Frank Billand and Martin Brühl handled a transaction volume of EUR 4.6 billion, spread across 39 acquisitions and 20 sales. The acquisitions were made possible by continued strong cash inflows into the funds. Real estate fund assets actively managed by Union Investment rose over the course of the year from EUR 28.5 billion to EUR 31.8 billion.

At around EUR 4.0 billion, acquisitions exceeded the previous year's level of EUR 3.5 billion. The sales programme was down on the previous year at EUR 610 million, with the prior year's figures having been boosted by the Aqua portfolio sale.

"Despite the continuing high level of investor demand across all real estate segments, our special and thematic funds for institutional investors and also our broadly diversified retail funds secured excellent properties in the past year that offer good prospects for long-term income," said Dr. Reinhard Kutscher. "Our forward-looking approach to investment also applies in 2017. With comfortable occupancy levels averaging 95 per cent, our investment profile remains clearly focused on core properties."

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