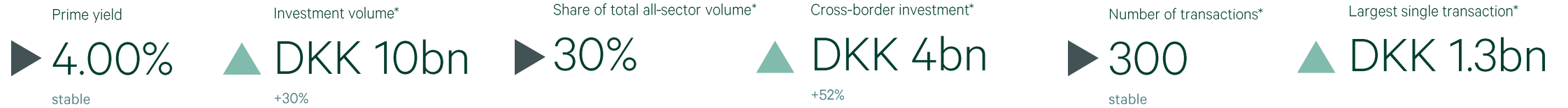


FIGURES | DENMARK MULTIFAMILY | Q3 2024

# Clarity on new price levels supports deal activity

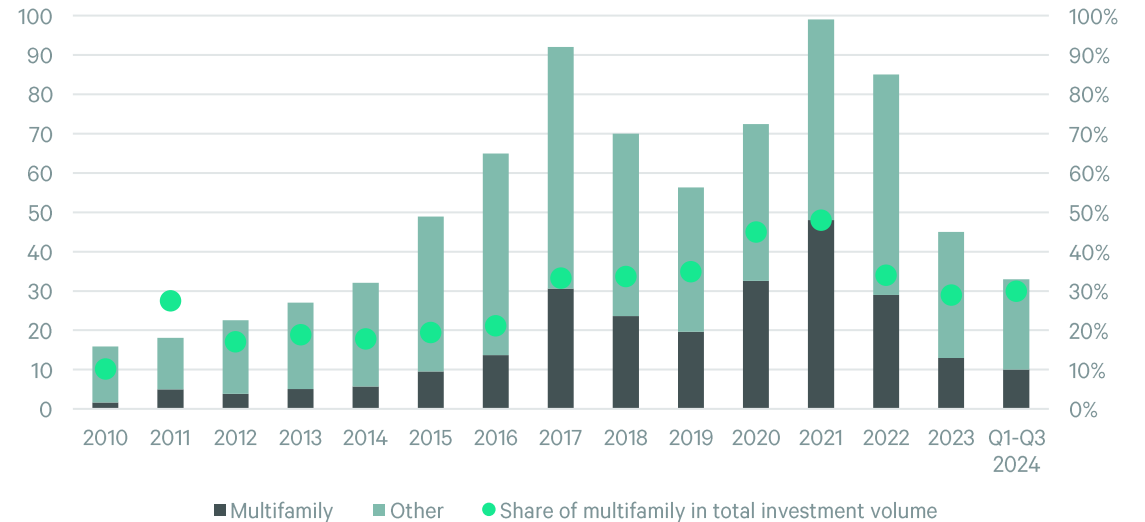
MULTIFAMILY INVESTMENT MARKET KEY FIGURES Q1-Q3 2024



Note: \* Cut-off at DKK 10 million; Arrows indicate change y-o-y, except for prime yield (q-o-q)

- Investors’ interest in Danish MFH showed a healthy uptick in Q1-Q3 2024, resulting in total investment activity in this segment landing 30% above the result recorded in Q1-Q3 2023.
- The stabilisation of residential values is increasingly viewed as a signal to (re)enter the market. The expectation therefore remains that MFH will keep its place as one of the largest asset classes in the Danish commercial real estate market in the coming years.
- Although policy rates are expected to fall further, it is anticipated that there will be a lag before net initial yields begin to decline. With interest rates falling, capital values are expected to rise again, and more product coming to the market. An increasing number of investors are mindful of not missing what could be an attractive investment window.

INVESTMENT VOLUME (DKK billion)



Source: CBRE Research, Erhvervsmaeglerens Branchedata

In the largest deal year-to date, CBRE has advised Birch Ejendomme and Aermont Capital on the sale of a single-family residential portfolio consisting of eight properties located on Zealand and in the Triangle Region in Jutland. The properties were all recently developed by Birch Ejendomme and comprise a total area of approx. 57,000 sq m (667 terraced houses). The buyer was Velkomn/Matter Real Estate.

Nordic property company NREP has been involved in several deals: (1) the acquisition of a multi-family rental project from Skanska. The forward purchase deal is expected to complete when the project, Hørkær Have, is handed over in the second quarter of 2025; (2) 165 units in Ørestad, acquired from the Danish pension fund PFA; and (3) joint venture agreement with SquareMeter to develop new residential area in Harbour South district.

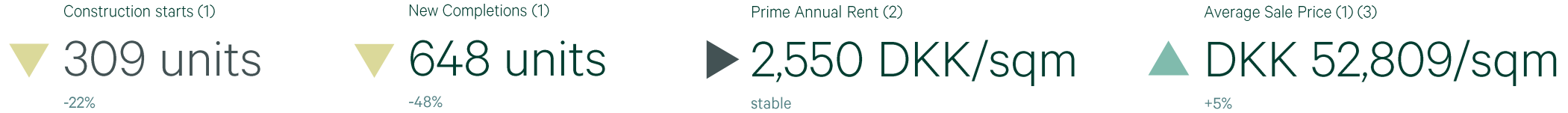
K-Fastigheter has divested a property portfolio on Zealand, covering some 25,000 sq m (311 residential units). The buyer was a fund managed by Viga Real Estate.

## SELECTED DEALS DURING Q1-Q3 2024

PROPERTY/PORTFOLIO	CITY/REGION	BUYER	SELLER
Single family housing portfolio	Nation-wide	Velkomn/Matter Real Estate	Birch Ejendomme
Building rights	Copenhagen SV	AP Ejendomme	By&Havn
Hørkær Have	Herlev	NREP	Skanska
Viften 24, mfl.	Zealand	Viga Real Estate	K-Fastigheter
2 buildings	Ørestad	NREP	PFA
Elmehuset & Poppelhuset	Ballerup	CBRE IM	Invesco
JV agreement	Copenhagen SV	NREP	SquareMeter

DENMARK MULTIFAMILY

COPENHAGEN AND FREDERIKSBERG KEY FIGURES Q3 2024



(1) Q2 2024;  
 (2) Rental apartment buildings. No conversion to co-ops;  
 (3) Subregion Copenhagen City; Transaction price realized, owner-occupied flat;  
 Note: Arrows indicate change q-o-q, except for Construction Starts and New Completions (y-o-y)

Over the past few years, the supply of new MFH units has not kept up with demand, resulting in increase in house prices. The squeeze on affordability has been further exacerbated by higher interest rates. Ultimately, the spur in house prices has caused buying to become increasingly expensive compared to renting. This does not necessarily mean that households in owner-occupied housing are now switching to the rental market, but rather that tenants are now staying longer in their rental homes.

Household earnings have not kept up with the rise in inflation and its impact on interest rates. This means that households have less of their budget after mortgage payments, putting affordability under pressure. A similar trend can be observed in the rental market, where in both Copenhagen and Frederiksberg, the average household experiences a burden of housing cost (>33.3%) when renting at the prime rent level. However, the pressure on affordability has alleviated somewhat with the recent drop in interest rates.

APARTMENTS UNDER CONSTRUCTION AND COMPLETED



Copenhagen and Frederiksberg; Source: CBRE Research

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