

Press release, 05 December 2018

## Berlin Hyp Publishes the “Trendbarometer” Expert Survey

- **Interest rate level remains determining factor**
- **Digitisation megatrend with the greatest impact on the real estate industry**
- **New lending clearly focuses on Residential and Office asset classes**

In the “Trendbarometer” expert survey conducted by Berlin Hyp, around 320 real estate experts from Germany and abroad assessed the trends in the German real estate sector.

### **Interest rate level remains determining factor**

According to the survey’s respondents, the interest rate level and the political framework conditions in Europe continue to remain the determining factors for the development of the German real estate market. There has been no change in the ranking compared to last year. Demographic effects, one of the key issues in recent years, now occupies sixth place.

### **The megatrend of megatrends: Digitisation**

Digitisation will be the determining megatrend of the commercial real estate market over the next 24 months. As no other issue dominates the industry’s reporting as much as digitisation, this is definitely not a surprising result. Around 30% of the respondents were able to agree on the topic of digitisation. Urbanisation came in second with 19%, modern working environments third with 17%. Demography, mobility and connectivity occupy the lower ranks.

### **New lending remains stable**

According to 69% of the survey’s respondents, new lending will also remain stable or increase over the next 12 months. Only 28% expect new lending to decline. The average credit volume here will be between EUR 10 and 50 million. With 54%, this is the majority opinion of the survey’s respondents, followed by lot sizes between EUR 50 and 100 million (26% of the survey’s respondents). Only 12% of the respondents assume that average volumes of over EUR 100 million will be lent in the coming real estate year.

### **Margins stable to moderately rising**

An interesting development: 61% of the survey’s respondents expect margins to remain stable or even rise over the next 12 months. Only 37% assume that margins will continue to fall. Margins may have bottomed out by now. In the current late phase of the real estate boom, real estate financiers are acting accordingly cautiously and are providing less, but selected, lending. This has resulted in a shortfall in real estate financing. In addition, the decline in prepayments means that new lending will be recognised in the balance sheet more quickly and Basel IV is gradually requiring more equity needed to back operational risk.

## **Focus on Residential and Office asset classes**

When it comes to new lending, the Residential and Office asset classes are by far the most important, followed by Logistics.

Berlin Hyp has been publishing the “Trendbarometer” expert survey for five years now. Real estate experts from Germany and abroad comment on their expectations for the coming real estate year. The survey provides an assessment of the German real estate market in the current real estate year and a perspective for further development.

The complete expert survey can be found here: [Trendbarometer](#)

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Berlin Hyp specialises in large-volume real estate finance for professional investors and housing societies, for whom the Bank develops individual financing solutions. As an enterprise forming a Group together with the German savings banks, it also makes an extensive spectrum of products and services available to these institutions. Berlin Hyp is not only at the forefront as the issuer of the first Green Pfandbrief; the bank also supports the financing of sustainable real estate. Berlin Hyp’s clear focus, 150 years of experience and the ability to actively shape the digital transformation in the real estate sector with an eye to the future characterize the Bank as a leading German real estate and Pfandbrief bank.