Hamburg, 21 January 2021

**Steady growth path: Union Investment completes real estate transactions worth EUR 4.1 billion**

* **62 acquisitions with strong focus on logistics and offices in Europe**
* **Real estate funds post net sales of EUR 2.9 billion**
* **Stable fund income ensured**

Union Investment has continued to deliver reliable growth despite a challenging investment environment. In an exceptional year dominated by the pandemic, the Hamburg-based real estate investment manager invested around EUR 4.1 billion in the European commercial real estate markets in 2020, securing a total of 62 high-quality properties or projects for its real estate funds through a combination of single-property and portfolio deals. In the previous year, Union Investment’s acquisitions totalled around EUR 2.8 billion, spread across 28 transactions. The company’s successful investment year in the property segment is also reflected in the sharp rise in real estate assets under management, which grew by 8.9 per cent to a total of EUR 47.3 billion. Union Investment’s open-ended real estate funds attracted net inflows of around EUR 2.9 billion last year, meaning that the company further extended its leading position among providers of open-ended real estate funds.

“The past investment year was one of the most challenging in our company’s history and yet also one of the best. The figures testify to both the exceptional strength of our sales organisation and investment management teams and to the remarkable resilience of our networks in Germany and the major European business cities,” said Michael Bütter, head of the Real Estate segment and CEO of Union Investment Real Estate GmbH, when presenting the results for the year.

In the ongoing low interest rate environment, professional risk management remains particularly critical, Michael Bütter added. “We nevertheless look forward to the new year with optimism, from a position of strength, and believe that we can continue to deliver significant growth in our real estate business in 2021, both on the retail customer side and in institutional real estate.” Union Investment intends to create the groundwork for this expansion through even broader diversification in the five asset classes of offices, hotels, retail, logistics and European residential, with new property fund products for institutional clients and an even stronger direct presence in the key investment markets.

**Core strategy consistently implemented**

In the past financial year, Union Investment focused on acquisitions in established European business locations with continuing good growth prospects, paying particular attention to a sustainable yield on real estate assets. In 2020, Union Investment’s investment activity accordingly revolved around Germany and the Netherlands, with real estate acquisitions in Belgium, Ireland, Spain and the UK also being part of the mix. The largest single-property transactions included the Neue Balan Haus 27 office property in Munich and the Ericus-Contor building in Hamburg. With a total of three portfolio purchases worth a combined EUR 1.5 billion, Union Investment was one of the most active European buyers in terms of high value deals last year. The acquisition of the Medicus portfolio, comprising a total of six mixed-use core properties in Düsseldorf and Berlin, was one of the biggest office transactions in Germany. Union Investment also significantly expanded its market position in a key European growth segment by acquiring two substantial logistics portfolios with a total of 28 properties.

“The logistics and residential segments have proven particularly robust during the crisis. Union Investment is aiming for further European expansion in these areas in 2021,” said Martin J. Brühl, Chief Investment Officer and a member of the management team. With a total of 20 transactions, the core office property business is Union Investment’s main investment focus alongside logistics. Brühl sees 2021 as the right time to enter a number of markets that have a limited pipeline of speculative office space and which are therefore most likely to recover fast from the current crisis. Examples include Munich, Luxembourg and Stockholm.

**Return to global investment**

Over the medium term, Union Investment’s portfolio is also set to grow significantly again overseas as part of its strategy of international expansion. “The pressure of capital inflows into Europe’s safe havens shows no sign of abating,” commented Martin J. Brühl. “Global investment is an important element in our diversification strategy, which aims at achieving even better protection against future crises. The US and Japan in particular offer exciting opportunities for re-entering the market.”

**UniImmo: Deutschland is biggest buyer**

Investment in 2020 was divided between the funds for private investors (17 transactions) and for institutional investors such as banks, insurance companies and pension funds (45 transactions). UniImmo: Deutschland again posted the strongest acquisition performance of all Union Investment funds, with six transactions worth some EUR 1.2 billion, followed by UniImmo: Europa (EUR 492 million). Among the institutional funds, UII EuropeanM (EUR 212 million), UniInstitutional European Real Estate (EUR 184 million), UII German Prime Select (EUR 92 million) and UniInstitutional German Real Estate (EUR 69 million) were the most active. Due to successful new lettings and re-lettings, occupancy rates in the real estate retail funds were maintained at the previous year’s strong average of 95 per cent, despite the negative impact of the coronavirus pandemic.

**New real estate solutions for institutional investors**

Union Investment responded to the high demand for real estate investment from institutional investors in the past financial year by launching a number of new vehicles. These included special real estate fund UII German Prime Select, which focuses on the prime core segment and invests mainly in German top A cities and excellent micro-locations. Together with GARBE Industrial Real Estate, Union Investment also launched two special logistics funds, which were seeded with the ten properties contained in the Rocket portfolio.

As in previous years, the service mandates business again made a notable contribution to earnings. Through new mandates and the expansion of existing instructions, investment volumes rose by almost 20 per cent compared to the previous year, reaching a total of around EUR 7.6 billion. Institutional investment assets in Union Investment’s actively managed funds, Service KVG mandates and pooling vehicles rose by a total of 17.4 per cent to around EUR 14.9 billion (prior year: EUR 12.7 billion).

**Average performance of 2.0 per cent**

The company’s open-ended real estate retail funds for retail customers and institutional investors returned an average of 2.0 per cent as at the end of 2020, despite the coronavirus pandemic. “Open-ended real estate funds remain a comparatively attractive investment in the current environment, even given the slightly higher volatility that is expected,” said CEO Michael Bütter. Union Investment continues to regard the outlook for its real estate business as good. “Despite the Covid-19 crisis, there are a whole range of opportunities in the market, especially for equity-rich players. Union Investment has put itself in an excellent position to leverage these opportunities in a variety of ways by taking important investment decisions around digital transformation and through exemplary HR management during the coronavirus crisis,” said Michael Bütter. “When the markets recover, not least in the hard-hit hotel and retail segments, we intend to take advantage of that momentum for our investors in 2021. We will deploy all our resources and the entire real estate team in Hamburg, along with our offices in Paris, Madrid, New York and Singapore.”

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