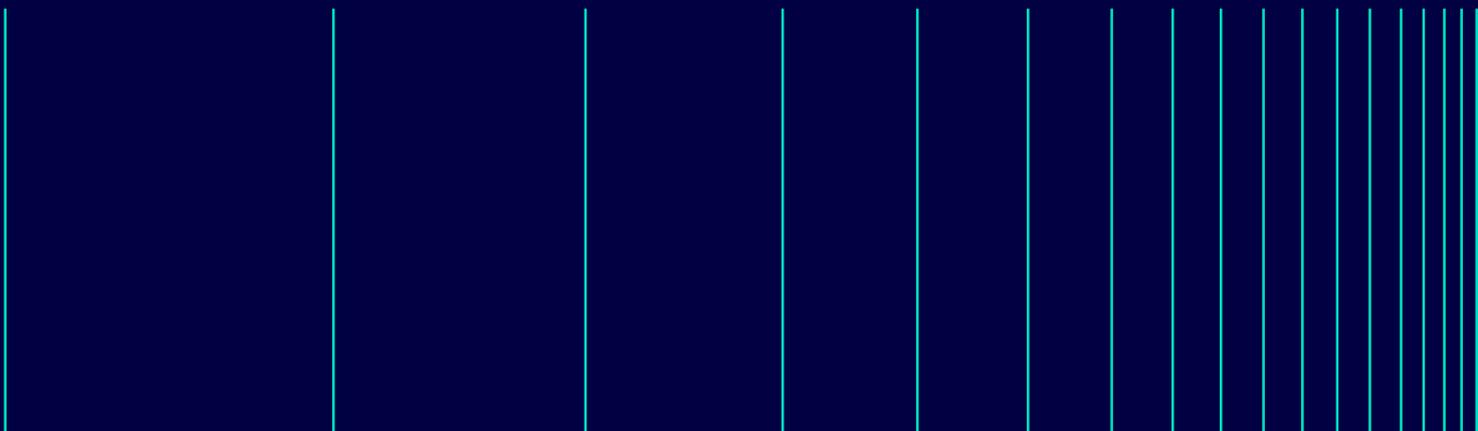




McDermott
Will & Schulte

A Year in Review

Real Estate Germany





Bold. Authentic.
Always Better.

FOREWORD

Dear business partners and friends,

The most frequent question we were asked throughout the past year certainly was *"What do you see in the market?"* – which type of assets are trading, do we see banks selling assets or loans, how do foreign investors view the German real estate market? – to name just a few areas of interest. While this review reflects on the year just passed, it also looks ahead to the opportunities to come. As the new year gains momentum, confidence continues to strengthen, capital is being deployed with increasing conviction, and opportunities are emerging across asset classes for those prepared to act decisively.

We are very pleased to include in this review an interview with Dr. Steffen Meinshausen, Head of Real Estate Germany at our client Tikehau Capital, offering first-hand insight into how

market leaders are approaching 2026 with discipline and confidence, alongside an overview of our market-leading events in the months ahead.

Looking back on 2025, we were privileged to have been involved in a wide range of successful projects and transactions, ranging from logistic/light industrial, residential/serviced apartments and PBSA to hospitality, (mainly food anchored) retail and indeed office, the latter particularly in Berlin, Hamburg and Munich. At the same time, we were and remain highly involved in a number of restructurings and turnaround investments, leveraging from our market-leading practice including our experts in finance, restructuring, regulatory and tax. We also advised on one of the few NPL deals that were successfully completed in 2025.

Clients from

10+ countries

150+

deals in 2025

More generally, on the real estate finance side of our practice, we experienced an increasing amount of financings provided by private debt funds and alternative lenders.

At McDermott Will & Schulte, 2025 also marks the year of our transformative merger with Schulte Roth & Zabel, fostering our market-leading private capital and investment funds practice.

As we move into the new year, we would like to express our sincere thanks to our clients for their continued trust and collaboration.

Whether we have worked together for many years or are at the beginning of a new relationship, we greatly value the opportunity to support our clients and their objectives. At McDermott Will & Schulte, we believe that personal connections, cultural alignment and mutual trust are fundamental to long-term success.

Here's to a successful 2026. We very much look forward to our continued collaboration.

Sincerely yours,

Your Real Estate Team Germany
at McDermott Will & Schulte



GERMAN REAL ESTATE MARKET & OUTLOOK



Dr. Johannes Honzen
Partner, Frankfurt

Demand for asset classes with strong fundamentals remains robust



Dr. Steffen Meinshausen
Head of Real Estate Germany,
Tikehau Capital

Over the past 18 months, Tikehau Capital, a global alternative asset manager with a strong track record across credit, real assets, private equity, and capital markets strategies, has been particularly active in the German real estate market. During this period, Tikehau Capital has deployed capital across several key sectors, including residential, hospitality, and grocery-anchored retail.

Among other engagements, the firm led by Dr. Johannes Honzen has advised Tikehau Capital on the acquisition of a Frankfurt office property for conversion into a service apartment complex as well as on the establishment of a residential joint-venture platform with BlueRock in Berlin.

In the following interview, Dr. Steffen Meinshausen, Head of Real Estate Germany at Tikehau Capital, shares his perspective on recent developments in the German real estate sector and reflects on the key challenges and trends shaping the market in 2025. The discussion also looks ahead to 2026, offering a forward-looking assessment of where opportunities and risks may emerge as the market continues its gradual adjustment.

Johannes: Steffen, thank you for taking the time to speak with us. Since you joined in mid-2024, Tikehau Capital has been actively involved in the German real estate market. How would you describe the German real estate market over the



past few years, and which developments have had the greatest impact from your perspective?

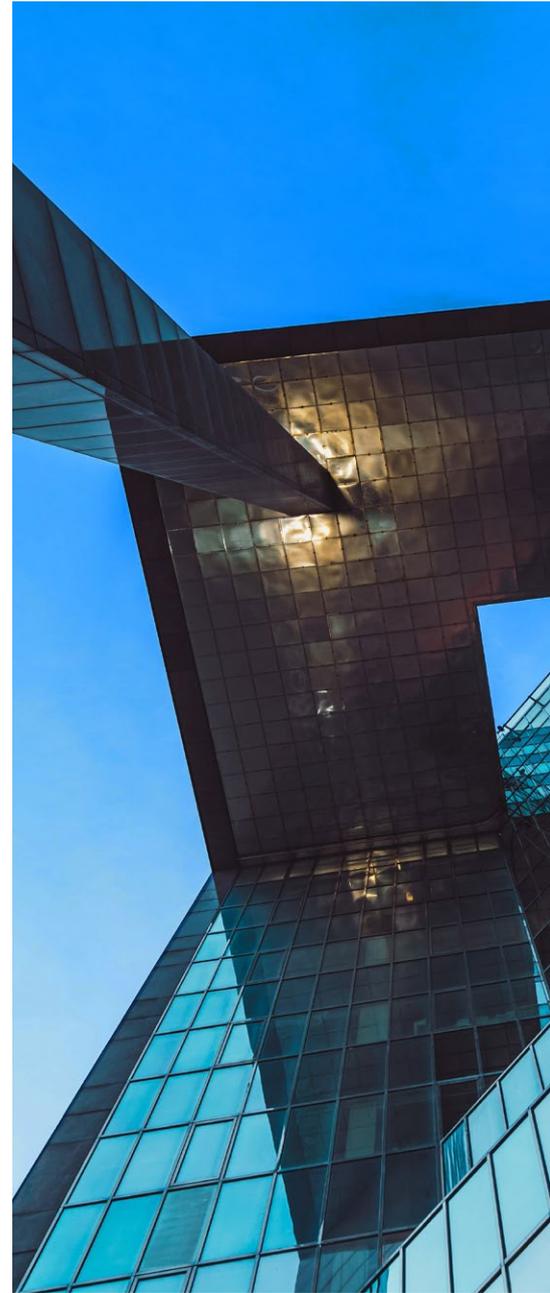
Steffen: To be honest, I think the greatest impact came from events that did not take place. In other words, the most significant influence has arguably been the absence of decisive events. For a prolonged period, many market participants have remained on the sidelines, waiting for a catalyst that simply did not materialise. As a result, there has been no clear trigger for a meaningful rebound in investment volumes.

A key factor continues to be the level of medium- to long-term interest rates, which has constrained investor confidence and momentum. In particular, large institutional investors have remained relatively passive, with many still over-allocated to real estate as an asset class.

Open-ended funds, which were among the main drivers of transaction volumes during the record years, continue to face valuation-related challenges. Ongoing redemption queues, combined with difficulties in generating liquidity through asset sales, have weighed heavily on market activity.

That said, this environment has also created opportunities. From a value-add perspective, we have been able to identify and execute on attractive transactions. While overall sentiment has remained subdued, these situations demonstrate that selective opportunities do exist.

In hindsight, the past year can be described as a transitional phase for the market – setting the stage for potential improvements ahead. It will be interesting to see what might change in 2026.



“

In hindsight, the past year can be described as a transitional phase for the market – setting the stage for potential improvements ahead.

Johannes: Have you observed any notable trends in transaction activity, financing, or project development?

Steffen: There were no major surprises, but one encouraging development has been the gradual normalisation of financing sentiment among senior lenders, particularly in selected asset classes.

As you know, in the residential sector and in food-anchored retail, we were able to complete several transactions with financing on notably compelling terms. This signals a renewed willingness on the part of banks to support fundamentally strong assets. A similar trend can be observed in logistics, where lenders remain open to financing, despite the sector not being our primary focus.

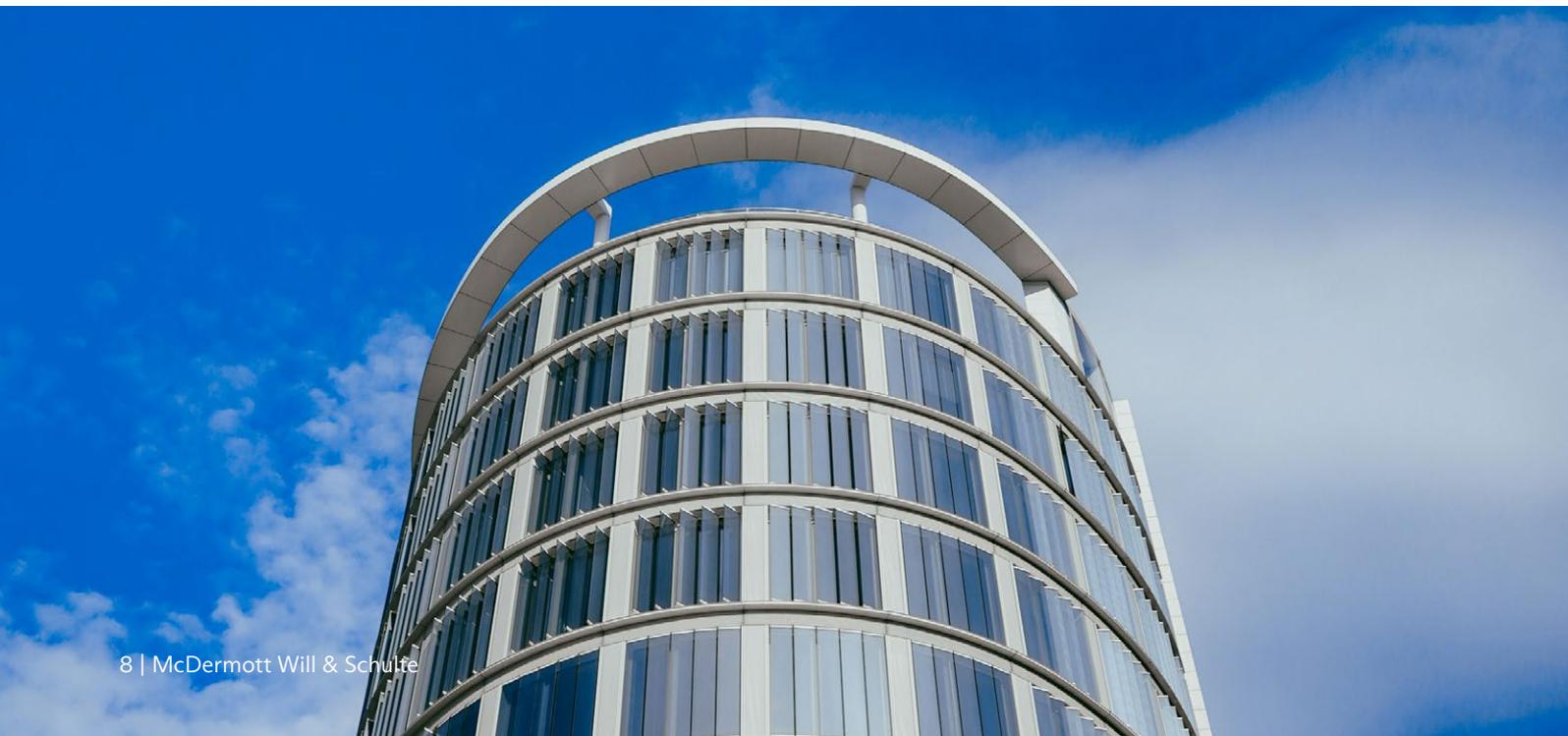
On the development side, construction costs have largely stabilised and, in some cases, even declined slightly. This has improved the viability of development projects and enhanced overall project economics.

One of the main challenges, however, remains the exit market. Investment activity is still subdued, liquidity is limited, and the pool of active buyers is smaller than in previous years. While this continues to be demanding, there are early signs that conditions may gradually improve over the medium term.

Johannes: What do you see as the key challenges for the real estate industry at present?

Steffen: Beyond the market dynamics already mentioned, the fundraising environment stands out as a major challenge. Many investors and limited partners remain significantly over-allocated to real estate.

As a multi-asset investment manager, we clearly see stronger investor interest shifting toward other asset classes, particularly corporate private debt and private equity. Compared to these strategies, real estate fundraising has remained difficult and subdued.



This dynamic has shaped the industry over the past year and is likely to remain relevant as we move forward. At the same time, it underscores the importance of clear strategies, disciplined capital deployment, and a strong focus on asset quality.

Johannes: Looking ahead, what is your outlook as a global alternative investment group, and how are you positioning yourself for the coming period?

Steffen: I would expect a gradual normalisation rather than a rapid rebound. This includes a steady increase in transaction activity and a continued improvement in investment sentiment.

Demand for asset classes with strong fundamentals remains robust. Residential continues to stand out, supported by long-term demographic and social trends. Logistics and industrial assets also retain solid prospects, even if rental growth moderates after several strong years. Food-anchored retail is another segment with resilient fundamentals, benefiting from stable cash flows and high-quality tenants.

In these sectors, I expect continued appetite from investors to both acquire and dispose of properties, supported by high-quality tenants and strong interest from financing banks, which should support liquidity and pricing stability. Offices, by contrast, will likely remain challenging. Structural changes accelerated in recent years are still playing out and are expected to lead to a new market equilibrium characterised by lower demand and persistent supply imbalances.

We will therefore continue to approach office investments selectively and cautiously, while maintaining a strong

focus on the asset classes that have proven their resilience.

Johannes: Tikehau Capital is globally investing in real estate. When we have a look at the real estate markets in Europe, do you see specific opportunities in Germany compared to other European countries?

Steffen: Absolutely. German residential real estate, in my view, remains one of the most attractive and resilient asset classes across Europe, underpinned by strong macroeconomic, demographic, and social fundamentals.

Food-anchored retail is more differentiated, but Germany stands out due to the exceptionally high quality of operators, which I would rank among the strongest in Europe. Logistics is another area where Germany benefits from its central location and role as a key hub within the European supply chain. Despite current challenges facing the German economy, it remains a strong logistics markets on the continent. Overall, while conditions remain selective, Germany continues to offer compelling opportunities across several sub-markets. With increasing clarity, stabilising fundamentals, and renewed confidence among lenders and investors, the outlook is constructive. As we move forward, there is reason to believe that the market is entering a phase of gradual recovery – one defined by discipline, selectivity, and sustainable growth.

Johannes: Thank you for taking the time to share your views, Steffen!

SELECTED TRANSACTIONS 2025

McDermott deal highlights

Sale of Pullman hotel in Cologne

We advised our long-term client **Art-Invest** on the sale of the Pullman hotel in Cologne to Swedish Pandox group. The transaction highlights continued investor interest in well-located hotel assets in major German cities.



ART INVEST
— REAL ESTATE —

Commercial property acquisitions in Berlin and Hamburg

We advised **Attestor** and **Bentham Capital** on a series of real estate acquisitions in Hamburg and Berlin. The transactions comprise a diversified portfolio of commercial properties in prime inner-city locations and underline our clients' investment strategy in the German real estate market.

Attestor

BC Bentham
Capital



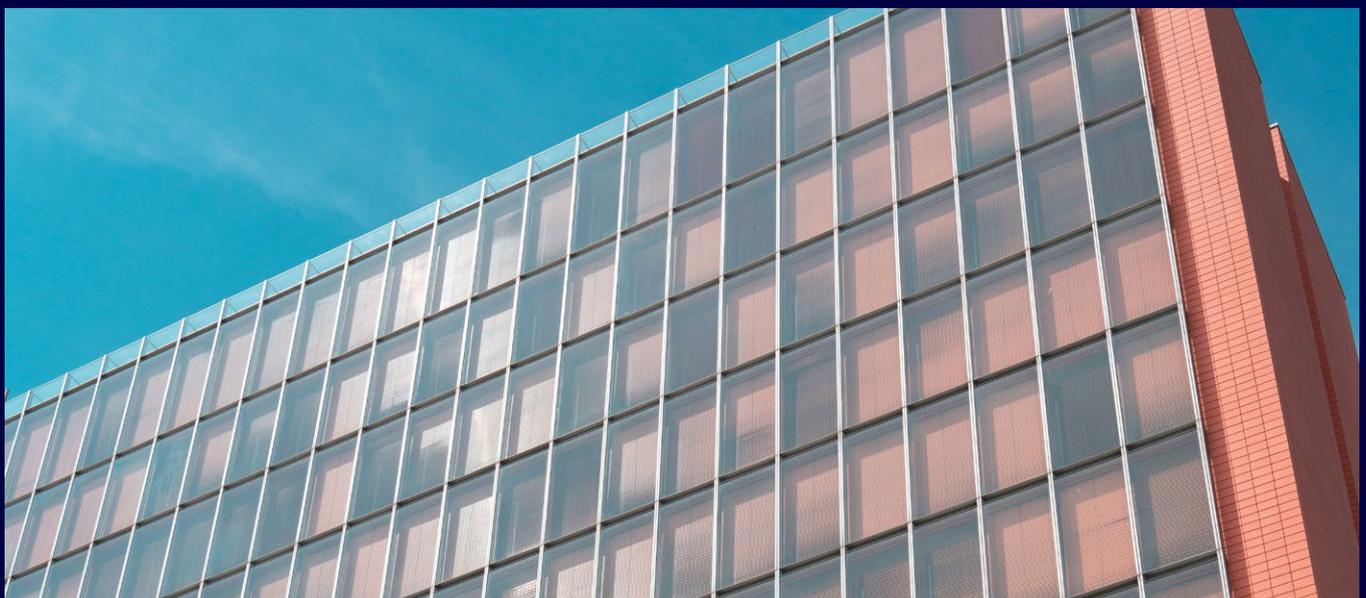
Refinancing of Berlin Ku'damm Eck

We advised **Empira** on the refinancing and development financing of the iconic “Ku'damm Eck”, a landmark mixed-use property located at one of Berlin's most prominent intersections. The transaction involved a complex stakeholder structure and included a significant development financing component, reflecting continued lender support for prime assets in core urban locations despite a challenging market environment for development financings.



The acquisition of the Marshall Portfolio

We advised **GPEP** on the acquisition of the Marshall Portfolio, comprising multiple commercial real estate assets. The transaction supports GPEP's investment strategy focused on value-driven acquisitions and portfolio growth in core and core-plus locations.



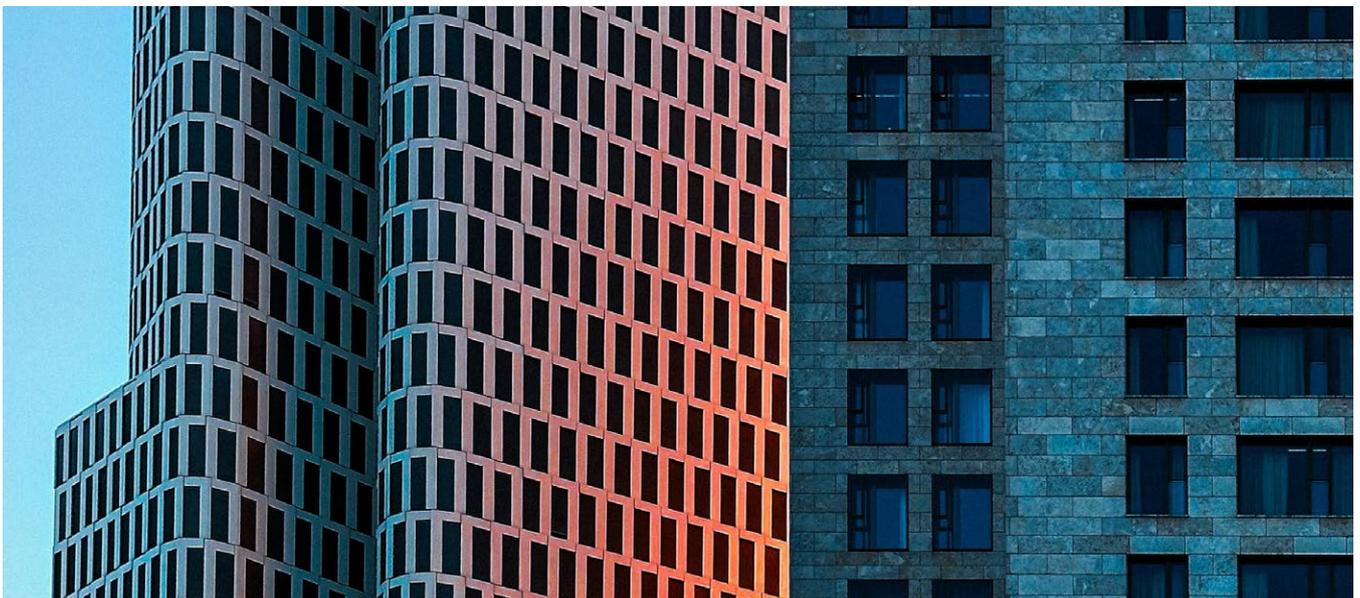
Acquisition of a local supply retail portfolio

We advised **Habona Invest Gruppe** on the acquisition of a portfolio of twenty-two local supply retail properties across Germany for a special fund of a German insurance company. The transaction underscores continued investor interest in resilient neighbourhood retail assets.



Acquisition of EDEKA retail properties

We advised **Hahn Gruppe** on the acquisition of a portfolio comprising six EDEKA retail properties for a newly launched institutional fund. The properties are characterized by established locations, long-term lease agreements and a focus on food-anchored retail assets.



Lease agreement for the landmark Central Business Tower

We advised **Helaba** on the conclusion of a long-term green lease agreement with Commerzbank AG for the landmark Central Business Tower project located in Frankfurt's banking district. The transaction highlights the growing importance of ESG-compliant leasing structures and sustainable office developments in Germany's premier financial center.

Helaba | 

Prime logistics sale-and-leaseback transaction in Duisburg

We advised **KKR** and **Mirastar**, KKR Real Estate's industrial and logistics platform in Europe, on the purchase of a prime logistics property in Duisburg, Germany through a sale-leaseback transaction. The deal marks KKR and Mirastar's second acquisition in the German logistics market.

KKR



Refinancing of residential assets

We advised **Linus Digital Finance** on a number of refinancings of mainly residential assets. The transactions involved the restructuring and optimisation of existing financing arrangements and reflect the continued relevance of digital investment platforms in the residential real estate sector.



Development Financing for LIZ Ludwigsburg

We advised **Patron Capital**, together with its partner INBRIGHT, on securing development financing in excess of EUR 100 million from BGO for the redevelopment of the Ludwigsburg Industrial Centre (LIZ) near Stuttgart. The financing comprises the refinancing of the acquisition facility and a development loan for the refurbishment and construction of state-of-the-art, ESG-compliant light industrial and logistics space.



Landmark development and logistics platform expansion

We advised **Quincap Investment Partners** on the acquisition of a 76,500 sqm brownfield in Kirchheim/Munich, to be developed into a state-of-the-art business and logistics center. We also advised Quincap on other acquisitions across Germany in the logistics and industrial sector amid sustained demand for modern distribution facilities.

QUINCAP
INVESTMENT PARTNERS

Acquisition of the iconic Lombardhaus

We advised **REInvest** on the acquisition of the iconic “Lombardhaus”, a landmark commercial property located in Hamburg’s prestigious “Rathausquartier”. The transaction involved a historically significant building in a prime inner-city location and underscores continued investor interest in trophy assets in Germany’s major cities.

REInvest
ASSET
MANAGEMENT



Acquisition of Upper West

We advised the **Schoeller Group** on the acquisition of the Upper West high-rise building in Berlin. The transaction is one of the largest single asset transactions in the German office real estate market in recent years and involves a prominent mixed-use high-rise asset located at a key Berlin city location.



Office conversion, residential joint venture and retail portfolio acquisition

We advised **Tikehau Capital** on the acquisition of an office property in Frankfurt for conversion into a serviced apartment complex as well as on the formation of a joint venture between Tikehau Capital and BlueRock in Berlin's residential property market. The transactions demonstrate Tikehau Capital's focus on repositioning and value-add strategies, including change-of-use concepts in response to evolving market demand. Furthermore, we were involved in Tikehau Capital's acquisition of a retail portfolio in a sale-and-leaseback from Aldi.



German residential real estate, in my view, remains one of the most attractive and resilient asset classes across Europe, underpinned by strong macroeconomic, demographic, and social fundamentals.

Dr. Steffen Meinshausen
Head of Real Estate Germany, Tikehau Capital



Upcoming events in 2026

Mar
05 | Immobilienmanager Awards | Cologne

Mar
11 | MIPIM Reception | Cannes
[REGISTER HERE](#)

Apr
29 | European Real Estate Reception | London
[EXPRESS INTEREST](#)

Jun
22 | Verbändetreffen | Frankfurt
[EXPRESS INTEREST](#)

Oct
06 | EXPO REAL Party | Munich
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EXPO REAL Party | Munich

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**real estate
trends**





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