

Press Release

Market report shows: German real estate market for crowdfinancing booms

Munich/Berlin, 26 October 2016. The business with real estate financing via crowdfinancing is gaining momentum: Of the 47 deals taken into account since 2012, 60% were completed in 2016 alone. These results are made available in the new FAP Special Report on "Real Estate Crowdfinancing".

Crowdfinancing enables the participation in real estate projects with financial contributions of at least EUR 10. This form of investment is still in its infancy regarding the German market for subordinated capital, but has increased significantly over the last two years.

In 2015, 8 platforms achieved a combined investment volume totaling EUR 22.7m with 16 completed deals. EUR 17.5m (approx. 77%) of this was arranged via only 3 platforms. The capital invested across 7 crowdfinancing platforms in 2016 to date totals approx. EUR 19.1m with 28 completed deals. EUR 15.3m of this (approx. 80%) was arranged via only 3 platforms. The average crowd capital volume per deal to date is approx. EUR 0.6m.

For the overall year 2016, FAP forecasts an investment volume totaling approx. EUR 28m which produces an estimated implemented market value volume of EUR 335m. Crowdfinancing platforms so far focus on the residential sector. Increasingly also offices, retail, logistics, nursing homes and student/micro-apartments will be considered. Preferred risk classes are development projects, modernisations, refurbishments and value-add scenarios.

These results are provided in the FAP Special Report on "Real Estate Crowdfinancing", which has been published for the first time. Jörg Scheidler, Managing Director of FAP, comments: "Being a young, fast growing market segment, crowdfinancing is an exciting alternative. This new form of investment is going to evolve as an independent market for subordinated capital."