

KGAL’s neighbourhood quarter “Perlach Plaza” in Munich gets off to a flying start

Grünwald, 12/01/2023 – In August 2020, KGAL Investment Management acquired "Perlach Plaza" as a forward deal from project developers CONCRETE and BHB Baurträger GmbH Bayern, for a total investment cost of around EUR 250 million on behalf of three institutional investors. Now, only a few weeks after the handover of the completed property in the east of Munich, the 111 flats and 104 student apartments are already fully let. In addition, 98 percent of the commercial space is occupied. "Perlach Plaza", with its total floor space of around 50,000 square metres, has therefore met the high expectations from the very beginning. As a specialist for mixed-use neighbourhoods, KGAL intends to realise further projects in the future in the spirit of the "15-minute city".

For almost 50 years, Hans-Seidel-Platz in the centre of Neuperlach – a district in the east of Munich – was an oversized, dusty car park. Today, it encompasses the architecturally exceptional "Perlach Plaza" with its individually designed levels and characteristic arches and arcades. In addition to modern living space, the quarter offers a 5,000 square metre park, a weekly market, shopping, supermarkets, gastronomy, a 172-room hotel, a fitness studio, hundreds of bicycle parking spaces, a multi-storey car park with 45 e-charging points and a direct access to an underground station. As a green building, the new complex also meets high ESG requirements.

Living, shopping, leisure – the new quarter has everything, all within a small space, in keeping with the "15-minute city" concept and guaranteeing a first-class quality of stay. Together with other new residential buildings on the opposite side of Hans-Seidel-Platz, "Perlach Plaza" forms the heart of Neuperlach.

Advantages of the mixed-use quarter are obvious

"Perlach Plaza has been very well received, and the path to a lively district centre has been mapped out," explains André Zücker, Managing Director of KGAL Investment Management. "When CONCRETE offered us exclusively the purchase of the property in summer 2020, we were not put off by the dreary history of Hans-Seidel-Platz. We could see the long-term potential of the location, as we have been successfully investing in mixed-use quarters since 2010 and are focused on the topic." For the three investors who participated in KGAL’s club deal, the advantages are also obvious: a positive location and valuation perspective, attractive cash flows and – last but not least – diversification across different types of use within a single property.

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"Another important criterion for such large-scale projects is reliable project developers," adds Zücker. "CONCRETE and BHB delivered on time and to a high spec, despite the massive challenges presented by Corona, supply chain problems and rising construction costs". CONCRETE specialises in Munich and southern Germany, focusing on crisis-proof residential and commercial properties in economically strong locations.

Complex structures need experienced asset managers

The right buyers with a long-term perspective are also important for the success of mixed-use quarters. "Perlach Plaza" combines the perfect blend in terms of use – residential, retail and hotel. "This mix is highly attractive, but not every investor masters the management of such a complex structure," emphasises Peter Fritsche, Managing Director of CONCRETE. "That's why KGAL, with its in-house, broad-based asset management expertise, is the ideal partner for us".

Going forward, KGAL intends to press its advantage in asset management in mixed-use neighbourhoods. Florian Martin, Managing Director of KGAL Investment Management: "We are convinced of the concept of the '15-minute city'. And we have already proven, time and again, that we bring together promising projects, the right investors and our expertise to deliver long-term success in mixed-use projects."

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