

AVENTOS Equity Research Report – March 2025: Instone Real Estate Group

- In the field of Capital Markets, AVENTOS initiates and advises investment vehicles that invest globally in real estate equities. AVENTOS regularly publishes Equity Research Reports on selected listed real estate companies, providing in-depth market analyses and assessments.
- As part of this series, the report on Instone Real Estate Group follows.
- The series will continue to be published with additional reports. Other specialist publications from AVENTOS, such as the biannual Listed Real Estate Report, can be found in the AVENTOS Capital Markets MAGAZINE, which contains a variety of relevant market analyses and reports: <https://aventos.group/capital-markets/acm-magazin>

Berlin, 18th March 2025 – AVENTOS Capital Markets publishes the first **Equity Research Report of 2025**. In this report developments in the German residential market and the position of Instone Real Estate Group are highlighted. The report describes how the company is well-positioned to benefit from the current market conditions, with a strong development pipeline and financial stability, in a challenging market environment.

About Instone Real Estate Group:

Instone Real Estate Group is a leading company in the field of residential real estate development in Germany. The company is listed on the Frankfurt Stock Exchange and focuses on the development of high-quality residential projects in urban centres across Germany. Instone owns a development pipeline worth €7.1 billion and excels through efficiency in project development and construction. The company serves a broad target audience, including young professionals, families, and seniors, and combines premium housing with affordable living solutions through its "nyoo" product line. Instone is further distinguished by its strong market position and expertise in navigating regulatory processes.

Summary of the Analysis:

- **Dynamics of the German Residential Market:** The German real estate market continues to suffer from a significant supply-demand gap, with a projected annual shortfall of 372,600 apartments in 2025. This market gap represents a significant economic opportunity for established companies like Instone, offering the chance to simultaneously contribute to solving the housing shortage.
- **Instone's Strong Market Position:** Instone owns a development pipeline worth €7.1 billion and is primarily active in high-demand urban markets. The company has achieved stable sales figures in recent years and benefits from a solid balance sheet, along with healthy liquidity, holding €270 million in cash reserves.
- **Growth Strategy and Acquisitions:** The company plans to acquire projects worth €1.5 to €2 billion over the next 12 to 18 months to further expand its portfolio and take advantage of the current market conditions.
- **Construction Method and Efficiency:** Instone employs a modular construction approach and relies on a vertically integrated structure, which allows the company to achieve cost advantages. This results in a stable gross margin of 24.2% (2024, Q1-Q3).

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Key Figures:

- Market Capitalisation: €373 million
- Gross Margin (9M 2024): 24.2%
- Number of Units in the Pipeline: 14,650
- Expected Gross Development Value (GDV): €7.1 billion
- Cash Reserves: €270 million
- Net Debt to EBITDA: 1.3x

Market Outlook: Instone is well-positioned to capitalise on the structural challenges of the German market. The company focuses on development in high-demand urban areas and leverages its expertise in dealing with regulatory processes to drive projects efficiently.

Summary:

Instone is well-positioned to benefit from the structural challenges of the German residential market, such as housing shortages and climate-related demands. With a strong development pipeline of €7.1 billion and solid margins, the company delivers stable results even in uncertain market phases. Instone benefits from efficient cost management, a strong financial position, and disciplined capital allocation. With its expertise in land development and repurposing, the company is well-positioned for long-term growth.

Further information on Instone and the full Equity Research Report can be found at: <https://aventos.group/capital-markets/acm-magazin/beitraege/equity-research-report-no-1>

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About AVENTOS

AVENTOS is an investment manager with two business segments: Development and Capital Markets. In the Development division, the company acquires commercial and industrial properties with development potential. The focus is on Germany's top 7 locations and growth regions. It pursues a value investment approach. In the Capital Markets division, AVENTOS initiates and consults investment vehicles that invest in property shares worldwide. The founder and managing partner is Dr Karim Rochdi.

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