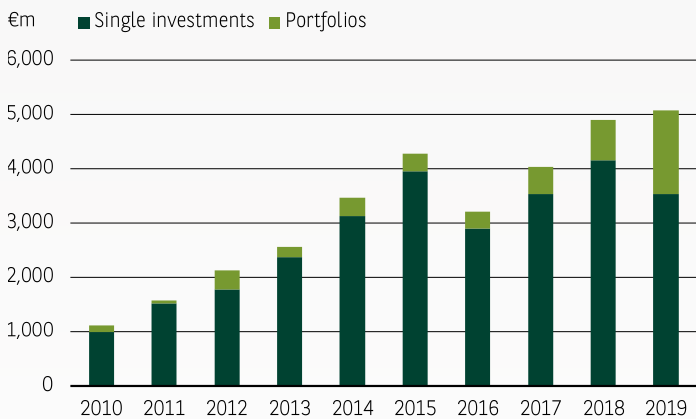




At a Glance **Q3 2019**

# INVESTMENT MARKET MUNICH

### Investment volume in Munich Q1-3

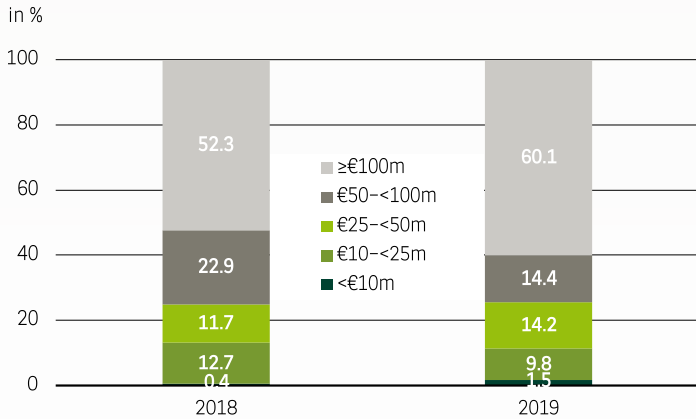


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### ➤ AFTER THREE QUARTERS ALREADY MORE THAN €5 BILLION

Already in the first three quarters, the Munich investment market was able to surpass the €5 billion threshold and achieves the second-best result ever recorded. Only in 2007 was the transaction volume slightly higher, mainly due to the high portfolio share. With the €5.08 billion invested, the already exceptional result of the previous year was again surpassed by 4%. The fact that the ten-year average was topped by as much as 57% shows just how good the year has been so far. In a nationwide comparison, the Bavarian state capital only has to admit defeat to the currently unstoppable capital Berlin. The high volume is partly due to a whole series of major deals in the three-digit million range, of which nine have already been counted in the first nine months and which alone account for a good 40% of the transaction volume. Portfolio sales included on a pro rata basis have not yet been taken into account in this figure. By far the largest transaction to date is the stake in the Siemens Campus in Neuperlach. But the sales of Ludwig and Kustermannpark are also worth well over €300 million.

### Investments by € category in Munich Q1-3

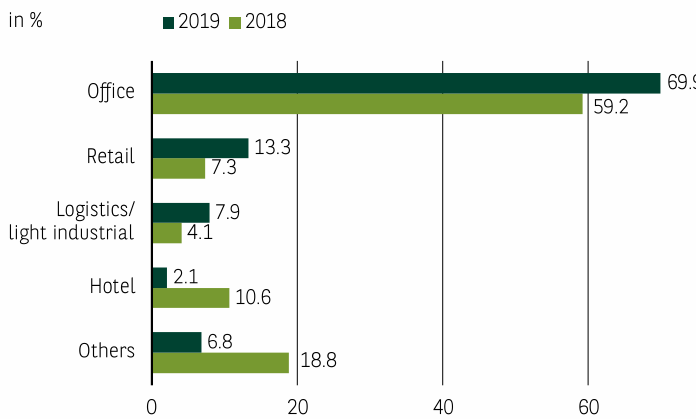


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### ➤ MAJOR DEALS WITH DISPROPORTIONATELY HIGH SHARE

The many large-volume individual deals are reflected in the distribution of the volume across the individual size classes. At 60%, transactions in the three-digit million range account for well over half of the total. Such a high share is unusual for Munich and has never been achieved in the past ten years. In addition, the categories between €50 and €100 million and between €25 and €50 million each contribute a good 14% to the result. Smaller sales of up to €25 million are responsible for a good 11% of the result.

### Investments by type of property in Munich Q1-3

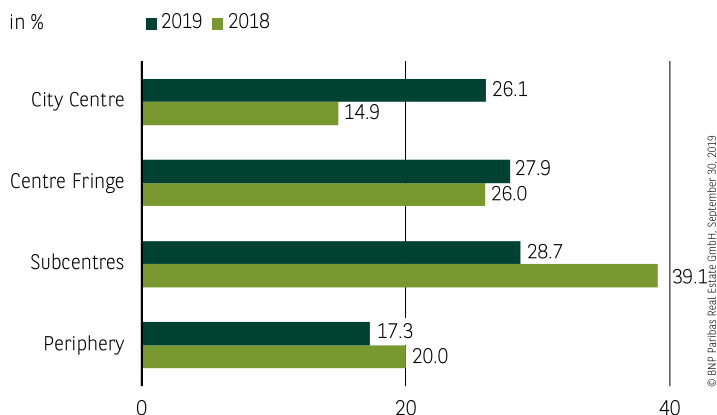


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### ➤ PERFORMANCE OF THE OFFICE MARKET CONVINCES BUYERS

The strong performance of the office market in recent years and the emerging potential for rent increases are convincing investors. Against this background, it is not surprising that around 70% of the turnover is accounted for by offices. Alone eight of the large-volume individual sales are attributable to this asset class. Second place is taken by retail properties, which contribute a good 13%, with the vast majority resulting from proportionately included portfolio sales. The share of logistics investments is also very high at just under 8%, whereas hotels only make up a good 2% due to a lack of supply.

**Investments by location in Munich Q1-3**



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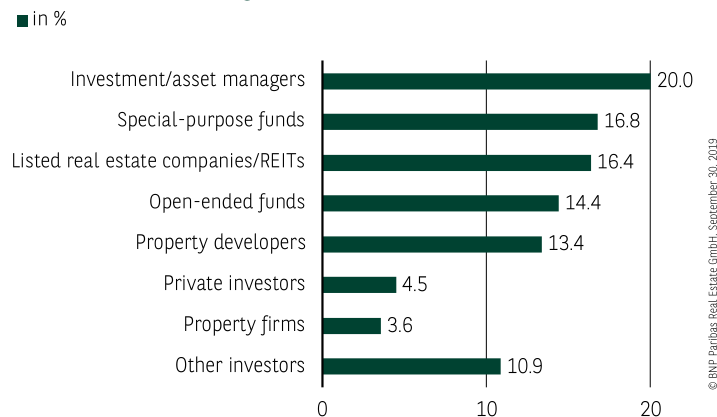
**INVESTORS BUY WHERE THE PRODUCT IS AVAILABLE**

While in some other cities investors are mainly interested in the central city locations, in Munich they have been buying where the corresponding offer is available for quite some time. In the first nine months of the current year, the distribution of investment turnover across the city area is more homogeneous than ever before. The share of the City Centre, Centre Fringe and Subcentres is between 26% and 29% each, and the Periphery also contributes more than 17% to the result. There is no better proof that investors have great confidence in Munich as a location as a whole.

**ALL BUYER GROUPS ACTIVE IN MUNICH**

The positive assessment of the market prospects is also underlined by the fact that almost all investors, irrespective of their risk profile, are looking for investment opportunities in Munich. In the first nine months of the year, five groups of buyers alone account for double-digit shares of the volume. Investment managers took the lead with 20%, followed by special-purpose funds with just under 17%. Behind both are often core investors, such as insurance companies or pension funds, who are active via these investment vehicles. Listed real estate companies/REITs also made it onto the podium, contributing a good 16%. But open-ended funds (a good 14%) and property developers with over 13% have also invested extensively. The proportion of foreign buyers is 30%, which is traditionally somewhat lower than the national average.

**Investments by buyer group in Munich Q1-3 2019**

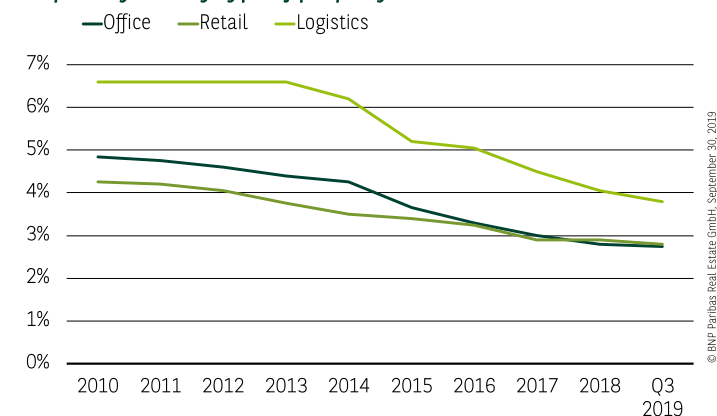


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**YIELD COMPRESSION CONTINUES**

The great interest of investors is also reflected in the fact that the yield compression is continuing. The net prime yield for offices has currently fallen by another 5 basis points to 2.75%, making Munich the second most expensive location after Berlin. The top yield in the logistics segment has even dropped by a further 10 basis points to 3.80%. For retail properties in high-street locations, it is currently stable at 2.80%, after easing at the beginning of the year.

**Net prime yields by type of property in Munich**



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**PERSPECTIVES**

Due to the strong third quarter, Munich has laid the foundation for another exceptional investment year. This is not least due to the fact that there is still high buyer interest in ongoing processes. Since a whole series of large-volume sales are on the home straight, there is a realistic chance that a new record result will be achieved for the year as a whole and that the €7 billion threshold will be exceeded for the first time. From today's perspective, a further slight decline in yields cannot be ruled out either.

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