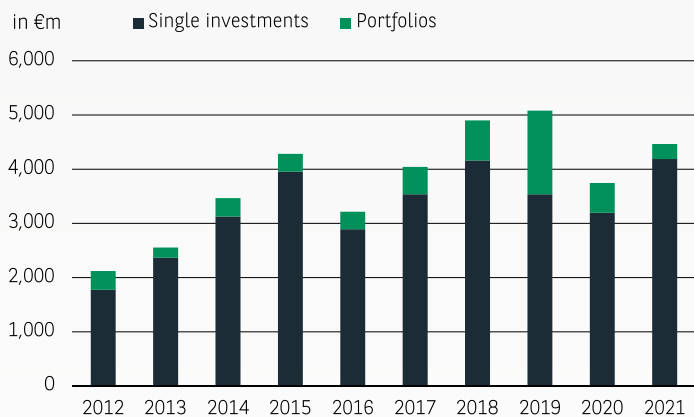




At a Glance **Q3 2021**

INVESTMENT MARKET MUNICH

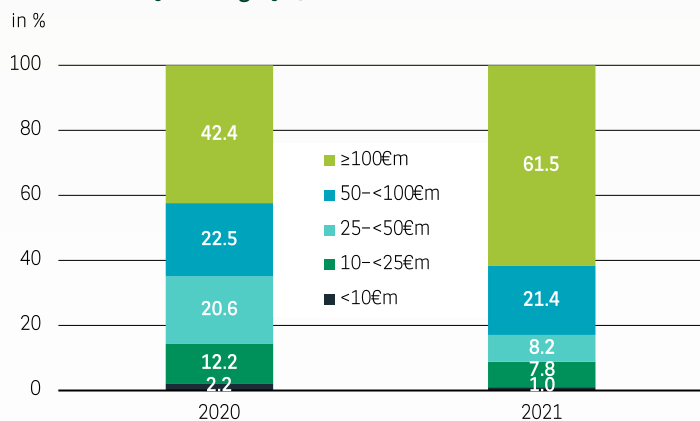
Investment volume Q1-3



► SINGLE DEALS DRIVE RECORD VOLUMES

By the end of September, almost €4.5 billion had been placed on the Munich investment market. This exceeded the previous year's result by a good 19% and the 10-year average by almost 18%. The current result ranks behind the peak years 2018 and 2019, which is all the more remarkable as individual transactions are almost single-handedly responsible for this, accounting for around 94%. A record volume of €4.2 billion was achieved, driven not least by the Highlight Towers and Uptown office tower transactions (both brokered by BNP Paribas Real Estate) and the sale of the Media-Works office property. All three deals had a volume in the mid three-digit million range. Portfolio transactions have generated just under €280 million in the current year. The transaction volume in this category is clearly below average and missed the previous year's value by almost 50% respectively the ten year average by 46%.

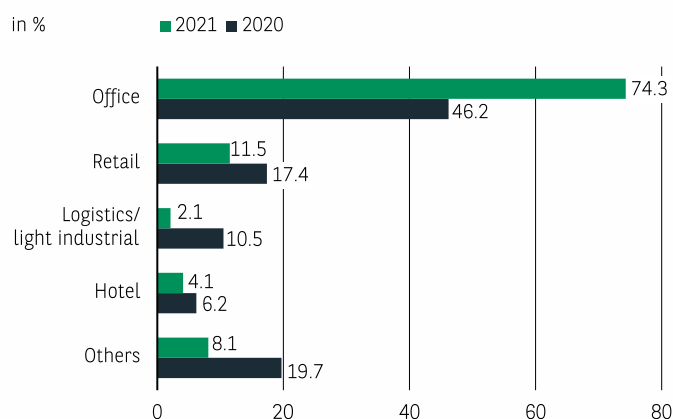
Investments by € category Q1-3



► MARKET ACCELERATION ESPECIALLY FOR LARGE DEALS

Transactions with an investment volume of at least €100 million currently dominate the market with a share of 61.5%. Investors have invested around €2.7 billion in this size segment and thus ensured the second highest result in the long-term view. Compared to the previous year, this represents an increase of 73%. The market is also dynamic in the size category of €50 to 100 million with a transaction volume of a good €950 million (+13% compared to the same period last year). The comparatively moderate market activity in the segment between €25 and 50 million with a volume of just under €370 million is striking. On average over the past 10 years, this size category has reliably contributed about 19% to the turnover volume in the market. Currently, however, it is only a good 8%.

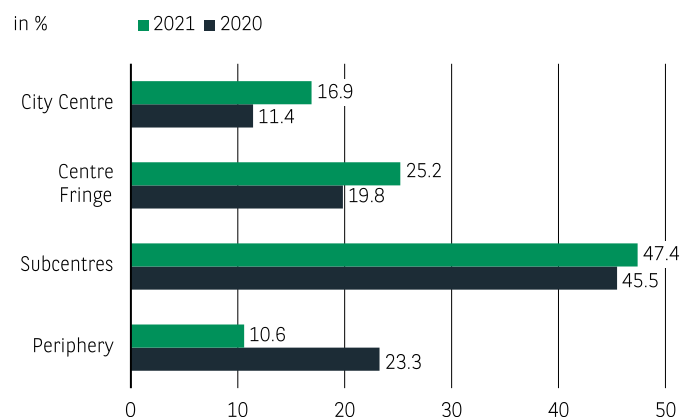
Investments by type of property Q1-3



► OFFICE PROPERTIES FAR OUT IN FRONT

With a market share of a good 74% and an investment volume of €3.3 billion, office properties are far ahead of all other asset classes. For the second time, the €3 billion mark was surpassed at the end of September. In addition to the large-volume transactions already mentioned above, the high number of deals is remarkable. Almost half of all registered deals to date are office properties. Retail real estate can hold its own in second place with 11.5%. Due to the still prevailing lack of supply, only around €90 million has flowed into logistics properties so far (a good 2% market share). Various medium-sized transactions in the hotel segment have accounted for a good 4% of transaction volume.

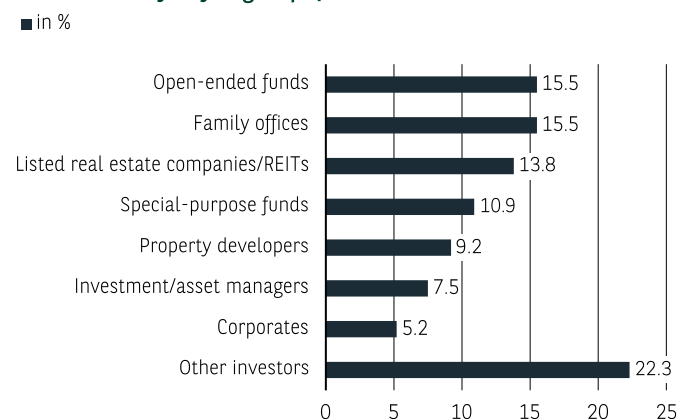
Investments by location Q1-3



SUBCENTRES CONTINUE TO HOLD THEIR OWN AT THE TOP

Munich's Subcentres are once again at the top of the location ranking with a market share of a good 47%. This was already the focus of investment last year. This year, a new high was achieved with around €2.1 billion, which is around 68% above the 10-year average. In addition to the major transactions Uptown and High-light Towers, investment activity in this location was very dynamic overall. Also true for Munich: Supply determines the market. The relative lack of product is therefore responsible for the City Centre's continued moderate market share. The Centre Fringe presents itself significantly stronger than in the previous year with a volume of around €1.1 billion. In addition to the Media-Works and Arnulfbogen, numerous transactions in the small and medium size segment have been successfully concluded here. In Munich's Periphery, with a few exceptions, only comparatively small-volume transactions have been registered, so that their share only amounts to just under 11%.

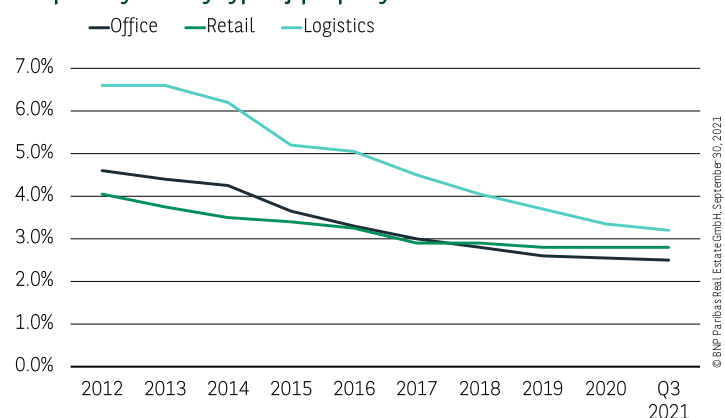
Investments by buyer group Q1-3 2021



BROAD-BASED INVESTOR UNIVERSE

The distribution by buyer groups reflects the great interest of all buyer groups in Munich real estate. Four buyer groups are close together with market shares ranging from just under 11% to a good 15%. The top-ranked open-ended funds, as well as the second-placed family offices, recorded significant increases in investment volumes compared to the previous year. Listed real estate companies/REITs are also currently operating noticeably more dynamically than a year ago. In contrast, the investment volume of special-purpose funds, currently around €490 million, is significantly below the previous year's result (around -47%) and also short of the level that they have been accustomed to since 2017 (more than €800 million annually).

Net prime yields by type of property



OFFICE AND LOGISTICS AGAIN WITH YIELD COMPRESSION

The high investment demand coupled with a continued relatively limited supply of products has recently been reflected in further yield compression for office and logistics properties. For office properties, a decline of 5 basis points to 2.50% was registered in the third quarter. The compression was stronger for top logistics properties (minus 15 basis points to currently 3.20%). In contrast, the prime yields for highstreet properties remained stable at 2.80%.

OUTLOOK

The Munich investment market will continue to be lively at the end of the year. The result will leave the previous year's level far behind and should again target the €6 billion threshold. The excess demand will remain market-dominating, so that further moderate yield compression cannot be ruled out in isolated cases.

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Further Information BNP Paribas Real Estate GmbH | Branch office Munich | Phone +49 (0)89 55 23 00-0 | www.realestate.bnpparibas.de