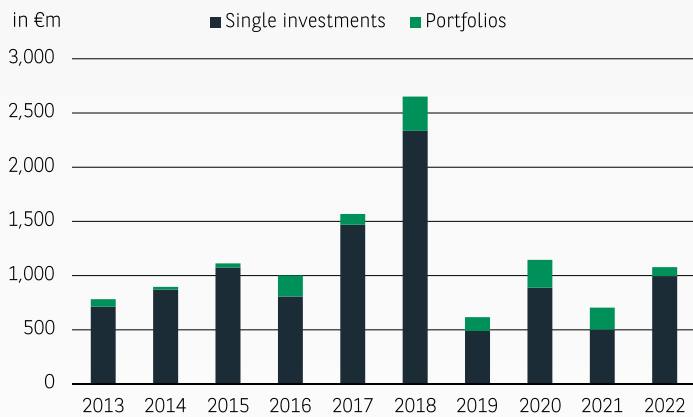




At a Glance **Q1 2022**

# INVESTMENT MARKET MUNICH

### Investment volume Q1

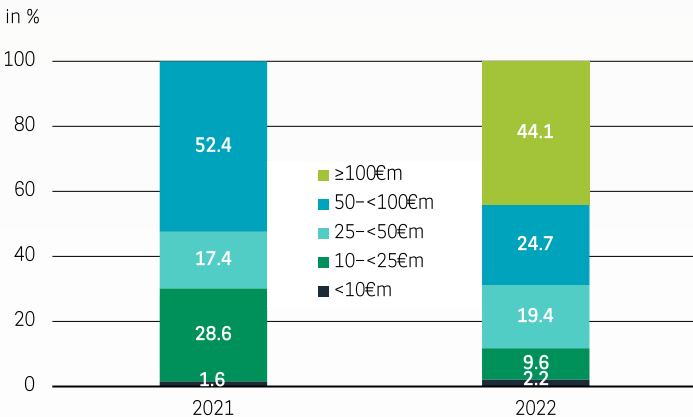


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### ➤ €1 BILLION MARK SURPASSED AND PREVIOUS YEAR TOPPED

In the first quarter, the Munich investment market was able to maintain the momentum of 2021 and top its result from the previous year's period by 53% with a transaction volume of slightly over €1 billion. Although the result is moderately below average in a long-term comparison (-7%), this is closely related to the fact that an exceptional result was achieved in the first quarter of the year 2018. Single investments had a major impact on the current very good result, generating a total volume of €996 million representing a share of 92%. Compared to the past five years, this corresponds the best result since 2018. The latest total was driven by the transaction of the Olympia Business Center (OBC), located in the Moosach district, which was one of the largest office transactions at the beginning of the year. Given these circumstances, it is not surprising that the average transaction volume of €47 million also reached a high level in long-term comparison (Q1 2021: €28 million).

### Investments by € category Q1

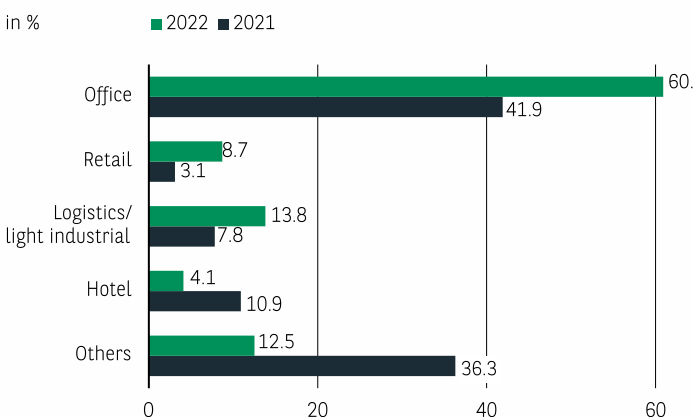


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### ➤ TRIPLE-DIGIT MILLION SEGMENT TIPS THE SCALES

As already mentioned, the investment volume in the first quarter was significantly boosted by large-sized transactions above €100 million, which accounted 44% of total investment volume. In addition to the above-mentioned Olympia Business Center, the single tenant office complex in Milbertshofen leased to BMW is also a noteworthy transaction. However, the medium-sized segment between €50 million and €100 million (just under 25%) and between €25 million and €50 million (a good 19%) are no less important and account together for a further 44%. Smaller properties under €25 million, on the other hand, have had a significantly lower share, accounting for almost 12%.

### Investments by type of property Q1

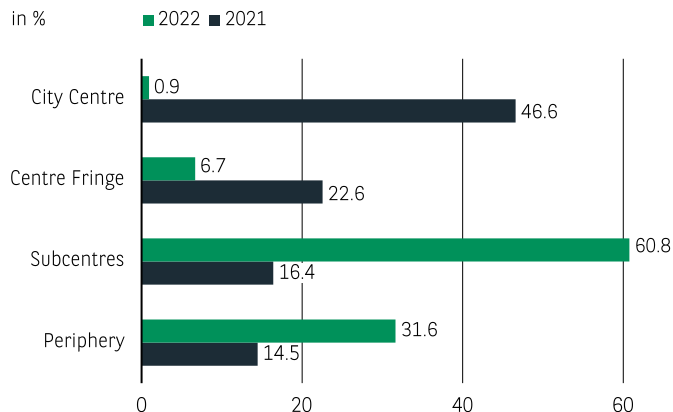


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### ➤ OFFICE INVESTMENTS CLEARLY AHEAD DUE TO LARGE DEALS

The two large transactions of the Olympia Business Center and the BMW office complex in Milbertshofen are also clearly reflected in the distribution of investment volumes among the various property types and once again push office investments to the top of the ranking (almost 61%). With a total investment volume of €656 million, they even achieved the best start to the year since 2018. Logistics properties and retail properties also recorded a year-on-year increase in volumes, with shares of almost 14% and around 9% of the market. Hotels, on the other hand, have so far been a minor contributor in the current year, at just over 4%.

**Investments by location Q1**

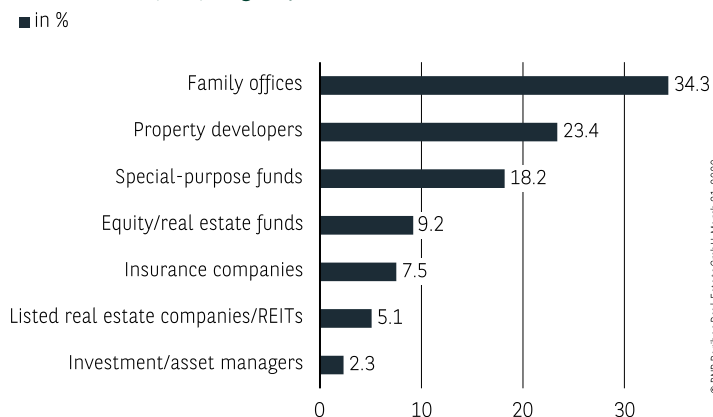


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**INVESTMENT FOCUS UNTIL NOW ON SUBCENTRES**

The distribution of investment volume across the market area reflects the unbroken high attractiveness of non-central office locations in Munich. About 94% of office investments are located in Subcentres and the Periphery, leading the ranking of location categories. Subcentres are well ahead of the field, contributing almost 61% of the overall result with a volume of €655 million. The periphery, which holds a share of almost 32%, mainly includes small and medium-sized office transactions as well as several investments in logistics properties and retail warehousing assets. In contrast, the Centre Fringe (almost 7%) and the City Centre (just under 1%) have so far been underrepresented, but this has to be considered as a snapshot and can be explained by a lack of supply.

**Investments by buyer group Q1 2022**

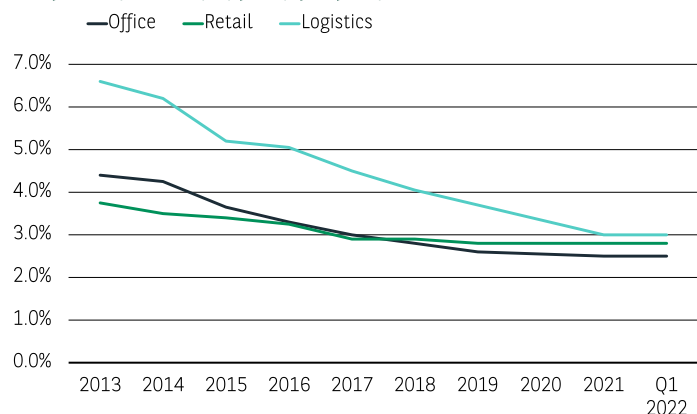


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**UNUSUAL INVESTORS STRUCTURE DUE TO LARGE DEAL**

The distribution of the investment volume across the various buyer groups reflects a rather unusual picture after the first three months due to the large deal of the Olympia Business Center: Thus, Family offices lead the investors' ranking with 34% of the overall result. In the first quarter, project developers (23%) also emerged as important buyers, who are still interested in initiating new developments or redevelopments in the Bavarian capital due to the excellent location conditions. Special-purpose funds were also active, accounting for 18% while all other investors such as equity/real estate funds (a good 9%), insurance companies (just under 8%) and real estate AGs/REITs (around 5%) remained below 10%.

**Net prime yields by type of property**



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**YIELDS IN Q1 WITH SIDEWAYS MOVEMENT**

While yields in the logistics and office sectors dropped last year, they have held stable so far in the first quarter of 2022. The net prime yield for offices remain at 2.50%, for highstreet properties at 2.80% and logistics properties at 3.00%.

**OUTLOOK**

In the first quarter, the Munich investment market paved the way for a good first half of the year. It is worth noting that both City Centre and Centre fringe contributed relatively little to the overall result at the beginning of the year. Given this situation, it is likely that investment opportunities will also arise in these locations in the further course of the year, which should have a positive impact on the overall investment volume. In terms of yields, a sideways movement can be expected for the second quarter.

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