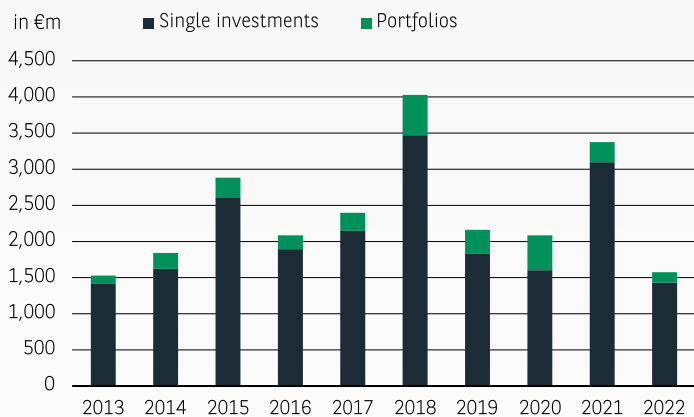




At a Glance **Q2 2022**

INVESTMENT MARKET MUNICH

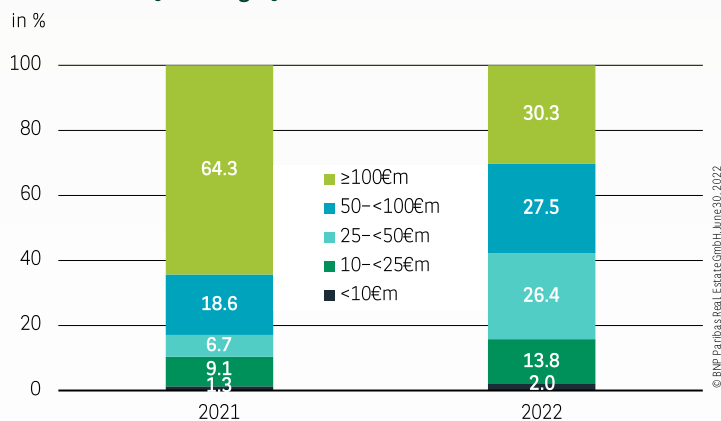
Investment volume H1



➤ HALF-YEAR RESULT CLEARLY BELOW AVERAGE

With an investment volume of around €1.6 billion, the Munich investment market registered a result clearly below-average at mid-year. The fact that the exceptional volume of the previous year (H1 2021: €3.4 billion) was missed is hardly surprising, however, the 10-year average was also failed by a good 34%. While the start of the year was still very respectable with a total volume of almost €1.1 billion, the transaction momentum cooled considerably in the second quarter. In the spring, only just under €500 million were placed in the market. Thus, for the moment, the market has sunk to a level it is no longer used to from the past decade. Against the background of the noticeably changing financing environment since the outbreak of the Ukraine war and the deteriorating economic outlook, Munich seems to have entered the price-finding phase of buyers and sellers, which can now be observed nationwide, earlier than other markets. Transactions are now taking much longer as both sides have to agree on a new price level that works for both. What the current figures do not yet reflect is the basic confidence of investors in Munich as a business location, but this can currently be felt in numerous ongoing investment deal negotiations.

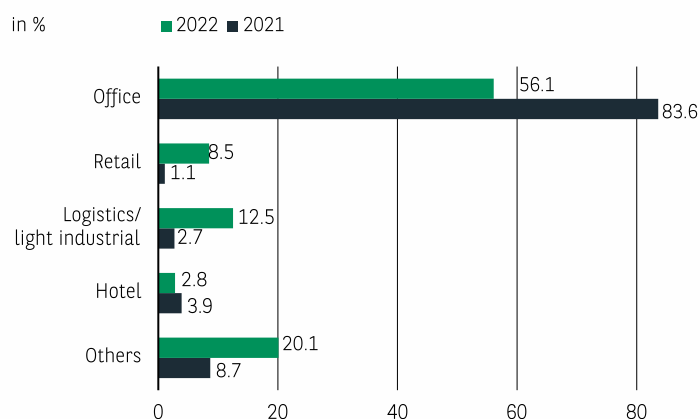
Investments by € category H1



➤ MOST MARKET ACTIVITY BETWEEN €25 AND 100 MILLION.

Market activity in the current year is clearly being driven by individual transactions. With a transaction volume of 1.4 billion, their market share amounts to 91%, but they also fall short of their 10-year average. In particular, there is a lack of transactions beyond the €100 million investment volume, which is otherwise typical for the Munich market. To date, only two deals have been concluded in this size segment in the first quarter. Significantly more movement was recorded in the deal size between €50 and 100 million with more than €430 million (27.5% pro rata). A similar volume (just under €420 million) was also generated in the €25 to 50 million size category. Especially in the latter segment, the market was still very dynamic in the second quarter.

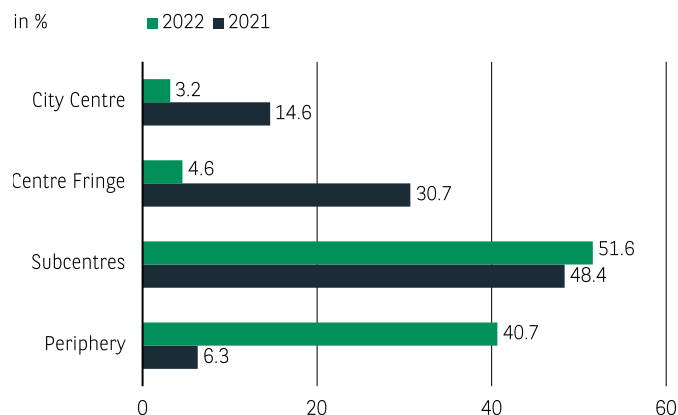
Investments by type of property H1



➤ LOGISTICS AND RETAIL ON THE RISE

Offices remain the leading asset class. However, after the brilliant first half of 2021 with prime office tower deals, they remain significantly behind the previous year with a current share of 56%, as expected. On the other hand, investments in logistics with almost €200 million (12.5% market share) and retail with more than €130 million (almost 9% share) have increased. Above all, the purchases of commercial development sites have pushed the market share of the collection group Others to around 20%.

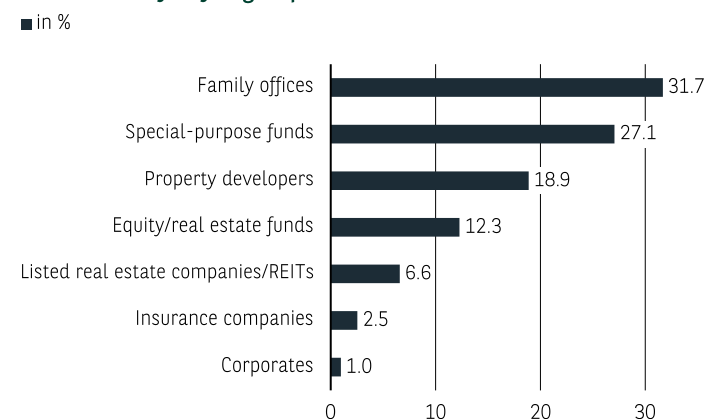
Investments by location H1



SUBCENTRES AND PERIPHERY OVER 92% MARKET SHARE

The distribution of the investment volume is currently rather unusual. Over 92% of the volume is accounted for by secondary locations (almost 52%) and the periphery (almost 41%). In the City Centre and the Centre Fringe, there is currently no discernible rhythm in the number of successful deals. Various factors are probably behind this pattern. On the one hand, the Munich metropolitan region has a traditionally above-average economic strength, which has proved very resilient and stable in the past in economically difficult waters. The decentralised locations also offer investors attractive opportunities with a relatively high degree of security. The largest deals have so far been registered in the Subcentres, while the highest number of deals has been identified in the Periphery. For the central locations, there was hardly any product on offer; however, transactions with a total volume of more than €1.0 billion are currently in preparation.

Investments by buyer group H1 2022



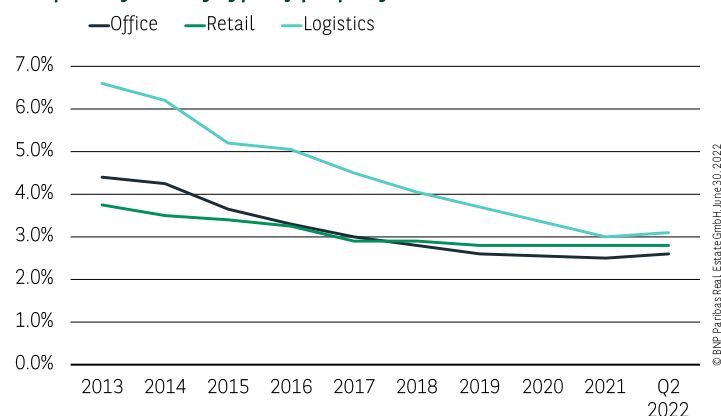
FAMILY OFFICES AND SPECIAL-PURPOSE FUNDS AT THE TOP

Family offices have been the most active buyer group to date, with a market share of 32%. In addition to a major transaction, this includes various purchases in the mid-sized segment. They have a particular focus on office properties, regardless of the centrality of the property in the market area. Special-purpose funds contribute a further 27% and invested in healthcare properties and light industrial, among others. Property developers account for an above-average €300 million (almost 19%), which is a strong indication of the value of the Munich market.

TREND REVERSAL IN YIELDS

In the slipstream of the changing financing environment, prime yields for office and logistics have risen again for the first time since the global financial crisis. In Munich, the rise in office prime yields is weaker than in the other top locations, at 10 basis points. The net prime yield now stands at 2.60%. Logistics properties also went up by 10 basis points (Q2: 3.10%). No change has yet been registered for retail high street properties (Q2: 2.80%).

Net prime yields by type of property



OUTLOOK

As soon as players feel more certainty about a possible new yield level, transaction activity should accelerate significantly; this is very likely to be the case at the end of Q4. Due to the strong investor focus in the important core segment, driven by the demand for space in Munich's city centre for premium office space, the city will account for a large share of the transaction volume in the second half of 2022.

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