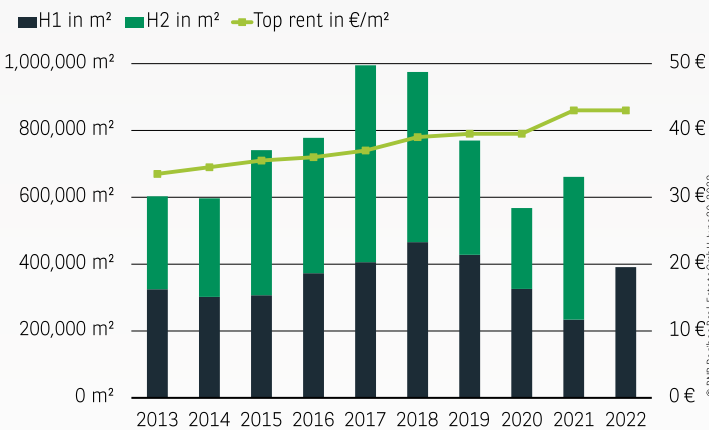




At a Glance **Q2 2022**

OFFICE MARKET MUNICH

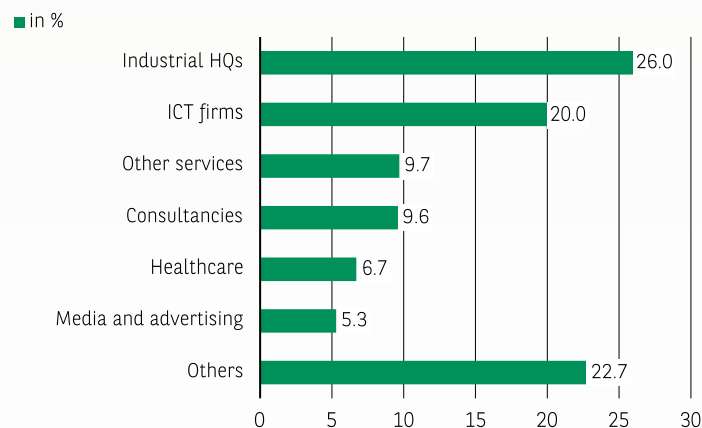
Development of take-up and top rents



OFFICE MARKET STABLE AT A HIGH LEVEL

With a take-up of 391,000 m², the Bavarian capital took the lead among the major German office locations in the first half of 2022. The subdued result of the previous year was exceeded by a whopping 67% and the current result is also 10% above the long-term average. The dynamic from the strong first quarter with a take-up of 190,000 m² continued in the second quarter with a remarkable take-up of 201,000 m². The market presents itself very stable at a high level. Looking retrospectively, the Munich market has been running at full speed since the third quarter of 2021. With exception of the final quarter of 2021, Munich has always held pole position in a nationwide comparison. A significant year-on-year increase in rental activity is registered for all size categories, with the increase in large rentals beyond 10,000 m² particularly notable. To date, 5 contracts of this size have been registered with a total volume of around 94,000 m².

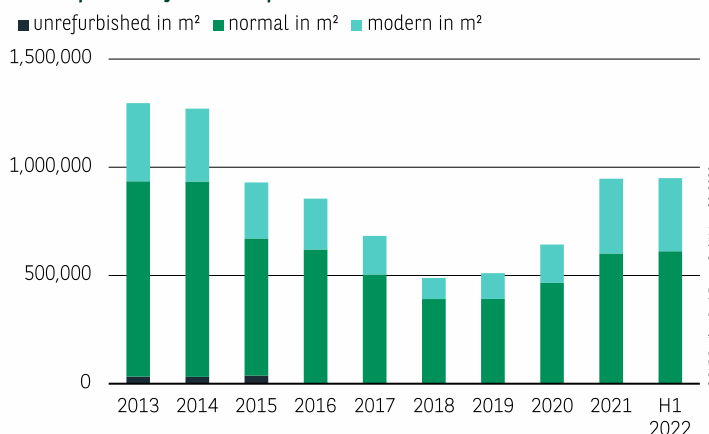
Take-up by sector H1 2022



MUNICH'S KEY INDUSTRIES PARTICULARLY STRONG

Munich's key industries are once again showing a very strong performance at leasing activity in the current year. Significant year-on-year increases in take-up are being registered for both industrial headquarters and ICT firms. With 102,000 m² (+91 %) and around 78,000 m² (+94 %) of take-up respectively, both sectors are above their long-term average. Furthermore, the other services have returned to their former level, which is not yet the case for the consultancies. However, they have been able to increase their take-up by 14% year-on-year to around 38,000 m², which corresponds to a market volume of just under 10%.

Development of vacant space



VACANCY VOLUME RISES ONLY MODERATELY

The vacancy volume again rose moderately to 950,000 m² in the second quarter. Compared with the first half of 2021, this represents an increase of around 8%. The vacancy rate is currently quoted at 4.3% and thus remains below the fluctuation reserve. Around 36% of the space available at short notice has a modern standard fit-out. In opposition to the overall market trend, the supply in this quality segment has fallen, particularly in the city centre and the centre fringe north. Only around 9,000 m² is available in the city centre, and just under 47,000 m² in the entire centre fringe. The largest volume of modern vacant space is found in the centre fringe north (88,000 m²).

Major contracts

Sub-market	Company	m²
3.4	Hoffmann	22,100
3.4	TÜV Süd	20,000
3.3	Bosch Building Technologies	19,700
4.1	ProSiebenSat.1 Media	17,300
4.1	SAP	10,000
3.3	NanoTemper Technologies	8,300

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Trends in important market indicators

	H1 2021	H1 2022	Trend remaining year
Take-up	234,000 m²	391,000 m²	↗
Vacant space	879,000 m²	950,000 m²	↗
Space under construction (total)	892,000 m²	893,000 m²	→
Space under construction (available)	534,000 m²	453,000 m²	↘
Top rent	39.50 €/m²	43.00 €/m²	↗

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➤ CONSTRUCTION VOLUME CONTINUES TO DECLINE SLIGHTLY

For the second quarter in a row, the volume of space under construction has fallen in the Munich market area. With the utmost probability construction activity has peaked for now. Currently, the construction volume amounts to around 893,000 m², which corresponds almost exactly to the volume of last summer. For 2022 as a whole, construction completions are expected to reach a high of around 530,000 m². Of this, 248,000 m² of office space is still available to the rental market. The picture is likely to change noticeably in the coming year. The volume of construction completions is expected to fall to 302,000 m² with a pre-letting rate of 75%.

➤ RENTAL PRICE LEVELS STABLE TO RISING

Munich's prime rent has remained stable at a high level of 43.00€/m² for the last three quarters. As expected, the average rent has recently been more volatile. After a brief decline at the turn of the year, it is now trending upwards again and stands at 22.80 €/m².

➤ OUTLOOK

Following the outbreak of the war in Ukraine, economic and financial market uncertainties have certainly increased noticeably, but it remains to be seen how this will affect the Munich market in the short and medium term. The office market in the traditionally above-average economic metropolis of Munich is ideally placed for a promising second half of the year. Take-up is very unlikely to lose any of its dynamic. Price levels should continue to trend upwards due to strong leasing activity in the high-quality segment.

Key indicators H1 2022

	Top rent* (€/m²)		Take-up (m²)	Vacant space (m²)			Space under construction (m²)		Space on offer (m²)	
	from	to	H1 2022	total	modern	of this, since completion	total	available	available	projected
	1	2	2	3	4	5	6	7	8 = (3 + 7)	9
1 City Centre										
1.1 City Centre		43.00	58,000	45,500	9,000	2,000	67,500	9,500	55,000	367,000
2 Centre Fringe (inside Mittlerer Ring)	27.50	- 35.00	82,000	105,500	46,500	11,500	223,000	34,500	140,000	524,000
3 Subcentres	24.00	- 29.50	137,000	400,000	174,500	70,500	380,500	264,000	664,000	1,109,000
Total Munich			277,000	551,000	230,000	84,000	671,000	308,000	859,000	2,000,000
4 Periphery	16.90	- 17.50	114,000	399,000	108,000	8,000	222,000	145,000	544,000	692,000
Total			391,000	950,000	338,000	92,000	893,000	453,000	1,403,000	2,692,000

* The top rent given applies to a market segment of 35 % in each case.

** The relevant office market zone can be found on our website under "Research".

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