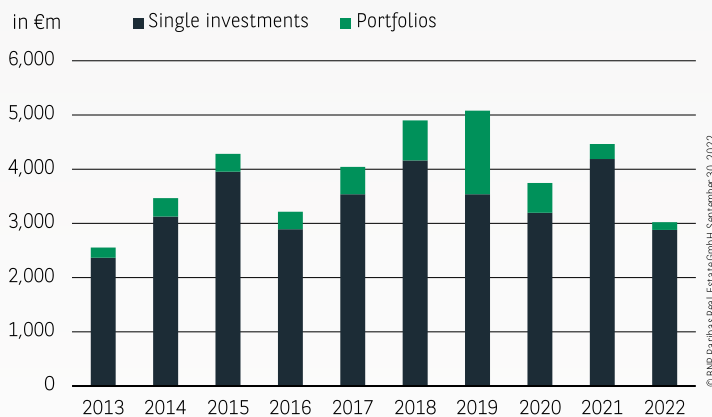




At a Glance **Q3 2022**

INVESTMENT MARKET MUNICH

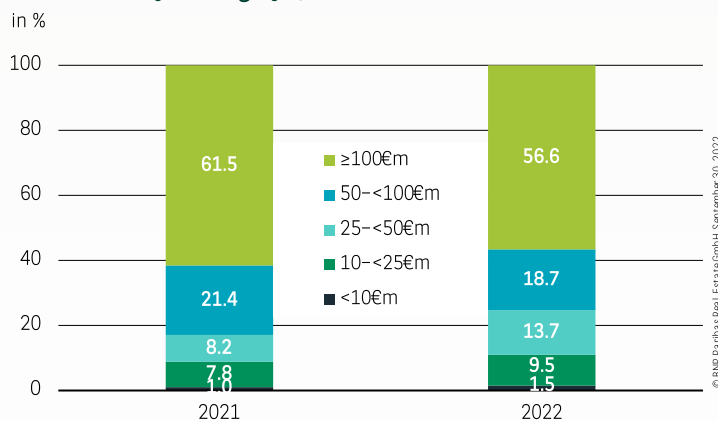
Investment volume Q1-3



BELOW AVERAGE, BUT WITH A SOLID THIRD QUARTER

Overall, the Munich investment market, with a transaction volume of a good €3 billion after the first three quarters, decrease short of both the very good result of the previous year (-32%) and the long-term average (-22%). However, the circumstance that the last three months alone, with almost € 1.5 billion, marked the strongest quarter of the current year in terms of volume, which is seen as a positive signal. Thus, despite the geopolitical and financial uncertainties in the months between July and the end of September, a good quarterly result was achieved. Several deals in the triple-digit million range are referred as investment drivers, whereby the volume of the Brienner Campus and, among others, the transaction of the Olympia Business Center were among the largest deals. Given this background, it is not surprising that the economy of the single investments (€2.9 billion) is much closer to its average value (only -15%) than that of the market as a whole. Proportionately included portfolios, on the other hand, play a rather subordinate role with a volume of just under €144 million.

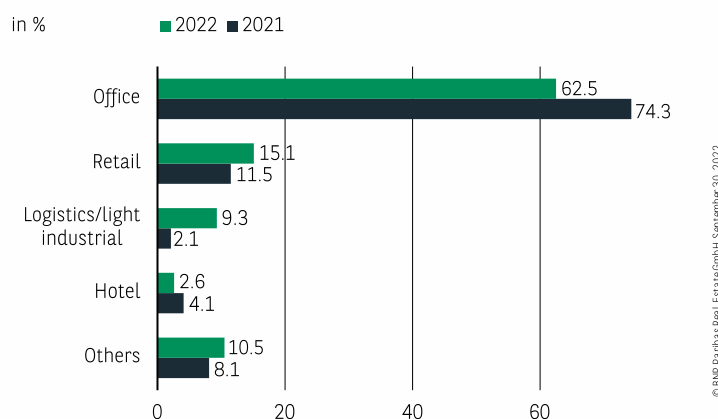
Investments by € category Q1-3



BIG DEALS IN Q3 DEFINE THE MARKET

The aforementioned accumulation of investments in the triple-digit million segment has contributed to the fact that the largest category was able to decisively expand its market share in the third quarter to currently just under 57% (at mid-year: pro rata 30%). In addition, only the two other top markets Berlin (€1.5 billion) and Hamburg (€1.3 billion) placed on big deals on a comparable scale to Munich (€1.2 billion) in recent months. The middle segment of transactions between €25 and €100 million generated a further 32%, while smaller properties up to €25 million recorded the most deals, but only accounted for 11% of volume.

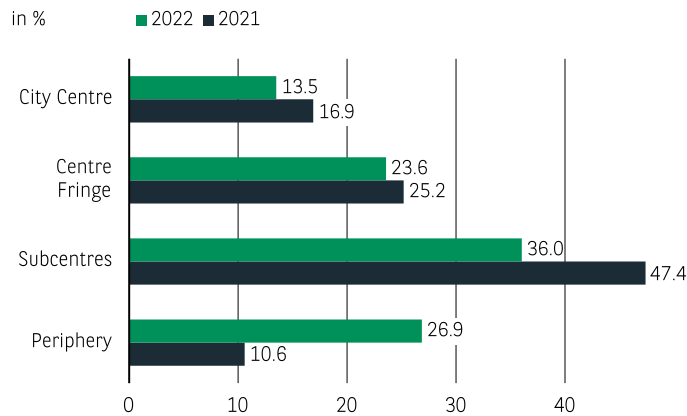
Investments by type of property Q1-3



OFFICES WITH HIGH AVERAGE VOLUME

With a transaction volume of almost 63%, office properties once again confirm their exceptional position, which they hold nationwide as well as on the Munich investment market. However, with a total volume of just under €1.9 billion, they cannot match the excellent result of the previous year (€3.3 billion). The overall lower volume is due to a significantly lower number of deals, while the average volume per transaction has risen to almost €120 million due to many larger investments. Retail and logistics properties are also more extensively involved in the market, contributing a good 15% and around 9% respectively. Hotels, on the other hand, have only been invested in sporadically (under 3%).

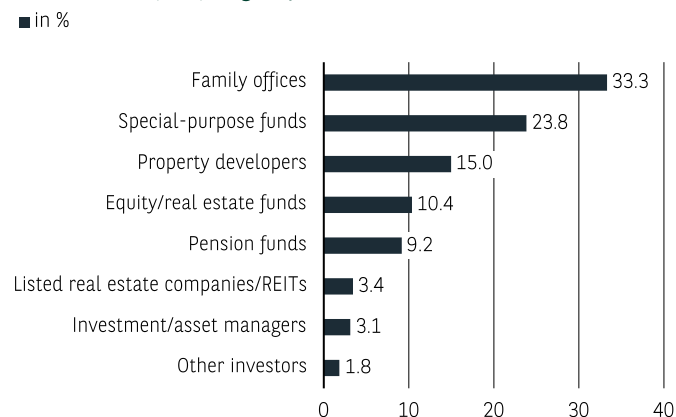
Investments by location Q1-3



MAJORITY OF VOLUME IN SUBCENTRES UND PERIPHERY

The distribution of the investment volume can be seen as an indication that decentralised locations in the Munich market area also offer investors attractive opportunities with a relatively high degree of security: Thus the Subcentres, with a share of a good 36%, take precedence over the periphery, which accounts for just under 27% of the volume. In the Subcentres, the three office complexes of the Olympia Business Center in Moosach, the Seidel Quartier in Neuperlach and BMW in Milbertshofen contributed to this in particular. The Periphery were responsible for the majority of transactions, most in the mid-sized segments. In the Centre Fringe, which accounted for just under 24%, the MK7 office property was one of the largest investments in the first three quarters. The lack of supply in central locations, on the other hand, is expressed in the City Centre (almost 14%), which benefit from a major transaction in the form of the Briener Campus in the third quarter.

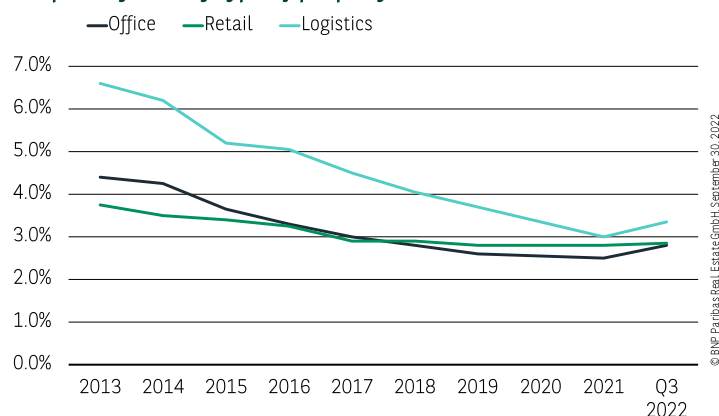
Investments by buyer group Q1-3 2022



FAMILY OFFICES AND SPECIAL FUNDS AT THE TOP

Family offices have been the most active buyer group to date, accounting for a good third of the total volume. This includes the major transactions of the Briener Campus and the Olympia Business Center. They focus particularly on office properties, regardless of the centrality of the property in the market area. Special funds contributed a further 24% to the volume and, in addition to offices, also invested in retail assets, healthcare properties and logistics properties. In addition, property developers accounted for an above-average €450 million (15%), which is a strong indication of the value of the Munich market. Equity/real estate funds also rank above the 10% mark.

Net prime yields by type of property



REVERSING TREND IN YIELDS WHILE ONGOING RISE

The significant increase in financing costs has led to the expected rise in yields, which continued in the third quarter. Currently, the net prime yield for office properties is at 2.80% (+20 basis points), although it is now ahead of Berlin (2.85%). By 5 and 25 basis points respectively, the prime yields for retail (2.85%) and logistics properties (3.35%) have also increased.

OUTLOOK

Despite the geopolitical and financial uncertainties, the Munich investment market experienced a good third quarter with several major transactions. What is reflected in the currently highest prime office yield nationwide is also reflected in the market sentiment: the high economic strength currently seems to give the Bavarian capital a slight competitive advantage over other top markets among investors. However, it remains to be seen whether and to which extent the transaction volume will be effected in the final quarter.

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