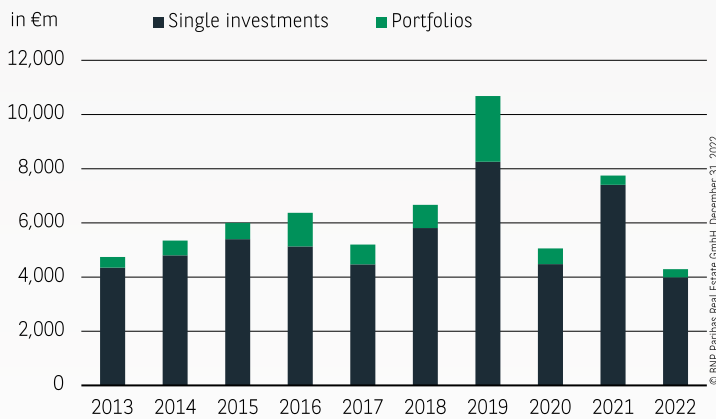




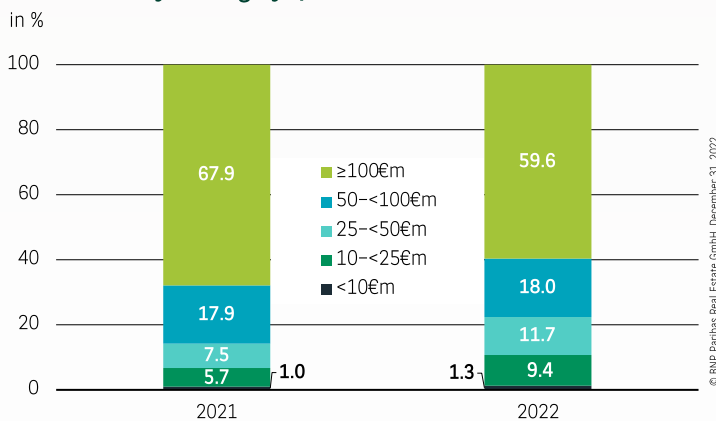
At a Glance **Q4 2022**

# INVESTMENT MARKET MUNICH

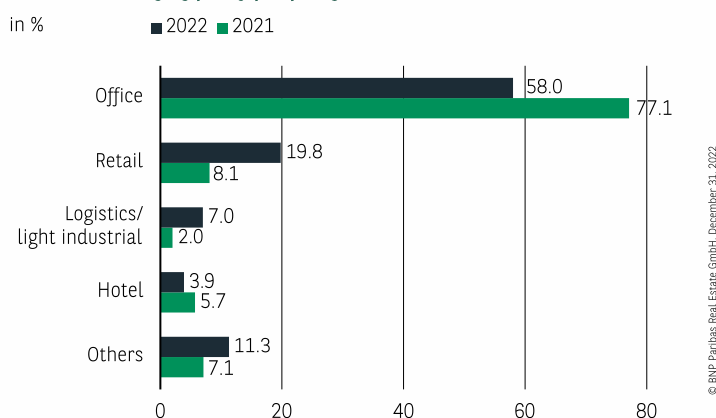
Investment volume Q1-4



Investments by € category Q1-4



Investments by type of property Q1-4



**MUNICH IS STRUGGLING DUE TO THE FINANCIAL SITUATION**

The transaction volume in Munich amounted to just under €4.3 billion, missing the very good result of the previous year by almost 45% and the ten-year average by 31%. Of all German A-locations, only Cologne recorded a larger decline in 2022. The Bavarian capital has been particularly affected by the rise in financing costs, which is reflected in this result. As the most expensive location in Germany on an average basis, the difference between the seller's and buyer's expectations of purchase prices is in many cases wider than in other cities, making the pricing process more difficult. In addition, in 2022 the contribution of portfolio segment is noticeably lower than usual at only 7%. For this reason, it is not surprising that Munich merely ranks in the midfield nationally, taking fourth place after Berlin, Frankfurt and Hamburg. However, that Munich continues to be one of the most attractive locations is shown by the number of prominent major transactions that have taken place; incidentally, also in the difficult fourth quarter. The most important deals include the sale of the Olympia Business Center and the Brienner Campus brokered by BNPPRE.

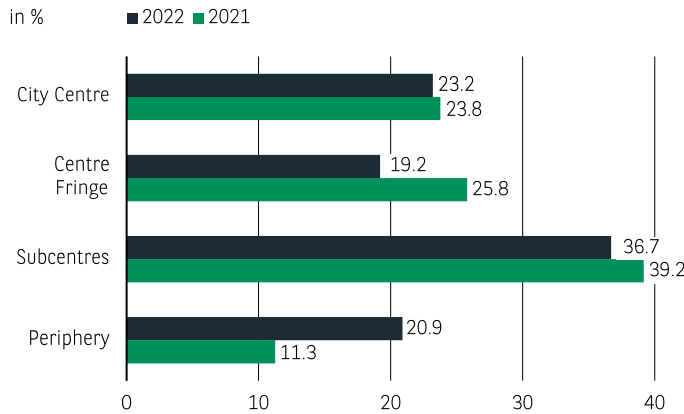
**SIZE STRUCTURE ALMOST UNCHANGED**

The relatively weak investment volume is not attributable to fundamental structural changes, but results primarily from temporarily difficult financing conditions, as shown by the distribution of the investments by size categories. In comparison to the previous year, only slight changes can be observed here. Most investments were again made in large deals of €100 million or more, which account for a share of almost 60%. In relative terms, this is slightly below the previous year's value, but at the same time above the long-term average. The other size categories also show similar shares of the total result as in the previous years.

**OFFICES IN FRONT, BUT BELOW LONG-TERM AVERAGE**

As expected, the most investments were again made in office properties in 2022. With a share of 58%, they are clearly at the top of the asset classes. However, the value is around six percentage points lower than the ten-year average. At the same time, the absolute transaction volume for offices has more than halved compared to the previous year. The large-volume market segment is particularly affected by the changed financing environment. Retail properties follow with almost 20% and a considerable increase in significance, as well as logistics properties (7%) and hotels with 4%.

**Investments by location Q1-4**

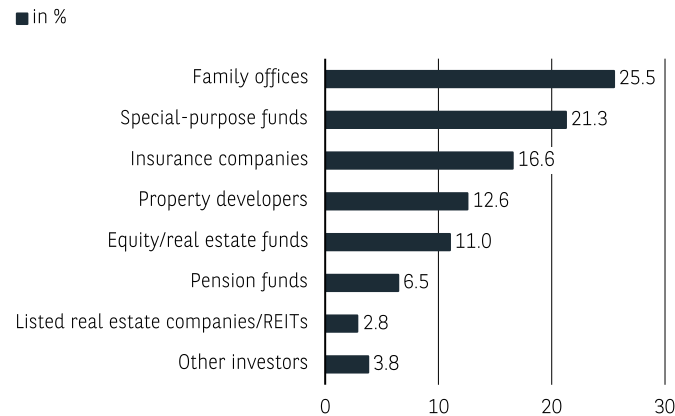


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**SUBCENTRES WITH HIGHEST INVESTMENT VOLUME**

The distribution of total volume across the market area shows no real peculiarities. Similar to previous years, by far the highest investment activity has taken place in the subcentres, which contribute almost 37% to the result. No other major city has this level of dynamics in subcentres, which shows that Munich as a whole, and not just the central locations, is at the top of investors' bucket lists. Second place is taken by the city centre, which accounts for 23% of the total volume, and exactly matches the usual level. The share of centre fringe locations is slightly below average (19%), while the periphery is slightly above average at 21%.

**Investments by buyer group Q1-4 2022**



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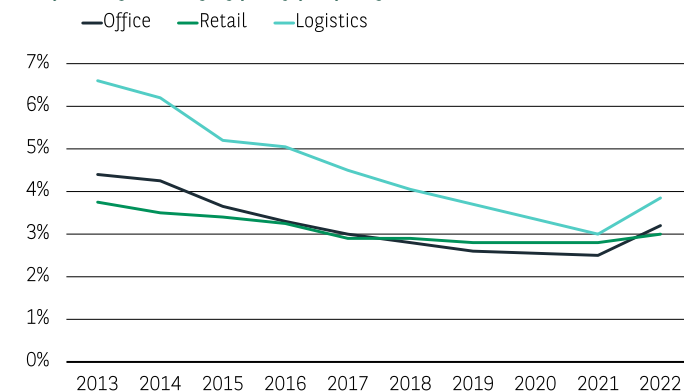
**BROAD DISTRIBUTION AMONG BUYER GROUPS**

In total, five buyer groups achieved double-digit transaction volume each. As a result, the range of buyers is more broadly positioned than in any other location and underlines Munich's position as one of the most important locations for investors with widely differing purchasing profiles. Family offices have taken the lead with a 25.5% of investment volume, having secured a number of large, prominent properties in particular. The remaining podium positions are occupied by special funds with a good 21% and insurance companies with just under 17%. In addition, project developers with almost 13% and equity/real estate funds with 11% made significant contributions to transaction volume.

**RISE IN YIELDS NOT YET COMPLETED**

The phase of rising yields has not yet ended and continued in the final quarter of the year. Due to additional interest rate increases by the major central banks, which were directly reflected in further rises in financing costs, net prime yields in all asset classes climbed further. For office assets, it increased by 40 basis points to currently 3.20% and for retail properties by 15 basis points to 3.00%. The strongest rise was recorded for logistics yields, which currently stand at 3.85% (+50 basis points).

**Net prime yields by type of property**



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**OUTLOOK**

As further interest rate increases by the major central banks are expected in the first months of 2023, markets are likely to be influenced by this at least in the first half of the year. In conjunction with a weak economic development or even a slight recession, investment volume will probably be comparatively moderate in the first half of the year. Even slightly rising yields might be possible. From today's perspective, however, there are many indications that interest rates may have peaked from the second quarter of 2023 and thus the price-fixing process is likely to be completed from that time onwards. With the economy recovering, a market revival is expected to set in and ensure a dynamic transaction activity in the second half of the year.

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