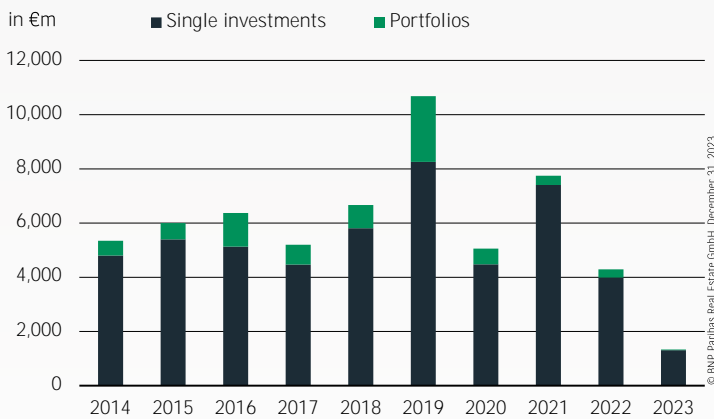




At a Glance **Q4 2023**

INVESTMENT MARKET MUNICH

Investment volume

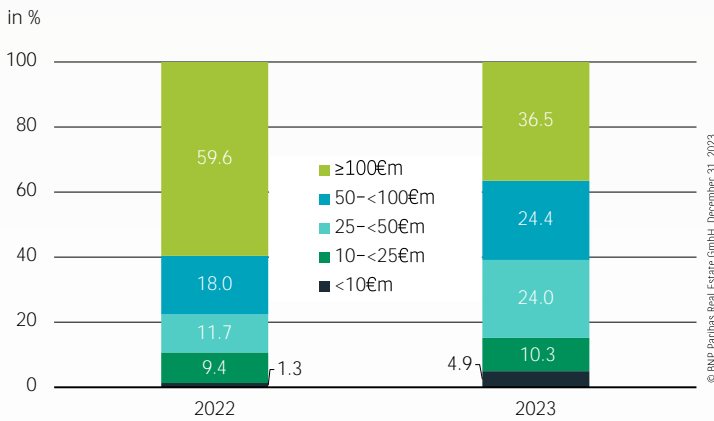


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➤ SECOND-BEST MARKET DESPITE MODERATE VOLUME

By the end of the year, there was no sustained trend reversal in transaction activity observed on either the national or Munich investment market. Munich's investment volume totalled just over €1.3 billion, which is well below the previous year's result (-69%) and the long-term average (-77%). However, it is worth noting that Munich ended 2023 as the second-best A-location behind Berlin (around €3.2 billion) and just ahead of Hamburg and Frankfurt. Although the financial market-driven adaptation processes continue to have a significant impact on the Munich market, the city remains in a favourable position compared to other locations. Additionally, it is encouraging that most deals were completed in the fourth quarter of the year. While this has not yet been significantly reflected in transactions, it is nevertheless an indication of investors' increasing confidence in the stabilising conditions. Overall, single transactions generated almost the entire volume at around €1.3 billion.

Investments by € category

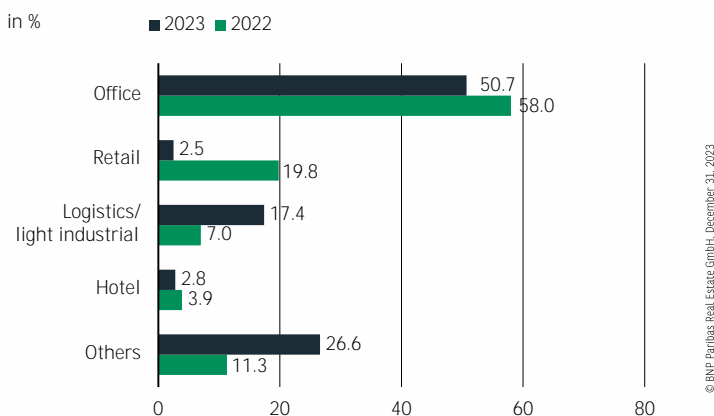


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➤ COMPARATIVELY HIGH NUMBER OF LARGE DEALS IN MUNICH

In terms of the distribution of transactions by size category, larger investments with a volume of at least €50 million accounted for the majority of turnover (together just under 61%). Despite the challenging market environment, the expansion site for the Apple Campus, the Bruckmann Quartier and the office part of the "Vinzent" project resulted in a relatively high number of large transactions above the €100 million mark (just under 37%) compared to other top locations. Medium-sized investments with a volume of €25 million to €50 million represent another important pillar of market activity, accounting for a further 24%. In contrast, smaller investments of up to €25 million contributed only around 15% of the volume and were comparatively insignificant.

Investments by type of property

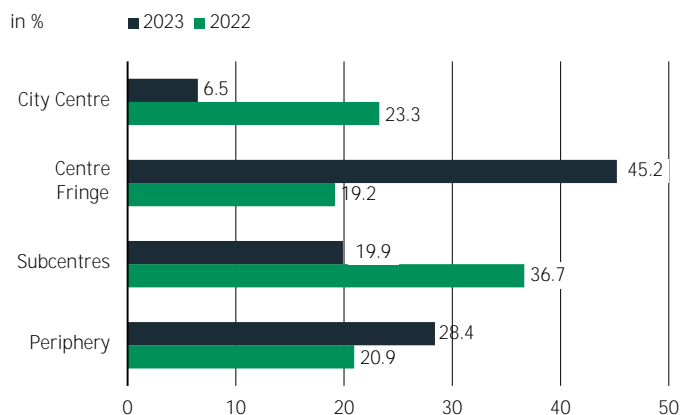


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➤ OFFICES AND DEVELOPMENT PROPERTIES IN FOCUS

Considering that office properties account for two of the three largest transactions (Bruckmann Quartier, "Vinzent" project) as well as the largest number of transactions, office investments have once again taken the lead in the ranking (just under 51%). In addition, development properties such as the Apple Campus are particularly noteworthy, having emerged as another important investment product within the other category this year (just under 27%). Logistics investments account for a good 17%, while retail and hotel properties only account for almost 3% each.

Investments by location

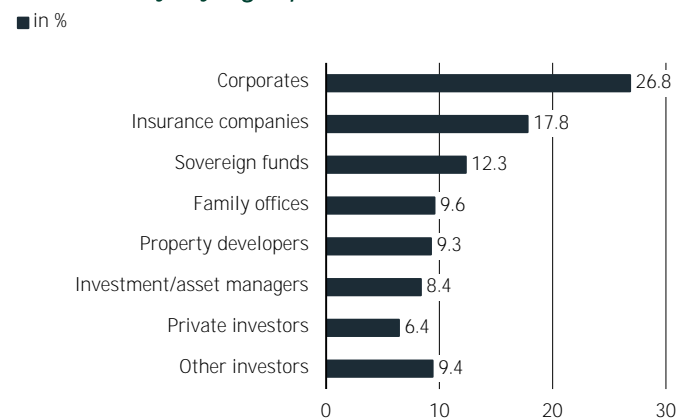


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➤ CENTRE FRINGE BENEFITS FROM MAJOR DEALS

As with the distribution of investments by size category and property type, the impact of the largest transactions is also evident in the ranking of location categories. All deals in the three-digit million segment are located on the centre fringe, accounting for 45% of the total. Several transactions with a significantly lower average volume per deal were also recorded in the periphery and subcentres. Peripheral locations (a good 28%) represented the strongest category in the fourth quarter, while smaller and medium-sized office properties dominated the subcentre locations (almost 20%) over the course of the year. In contrast, the city centre only accounted for just under 7%, and is currently lacking in large-volume transactions.

Investments by buyer group 2023



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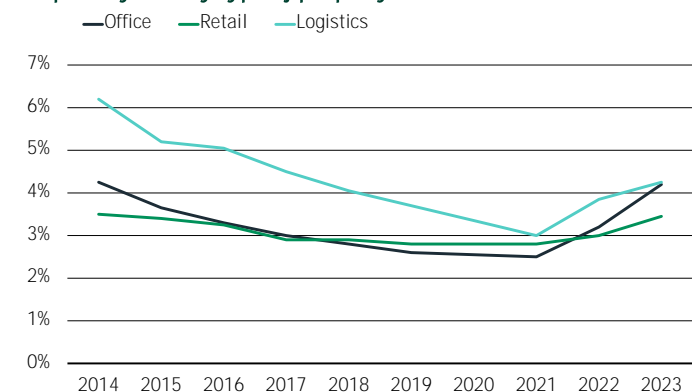
➤ CORPORATES OCCUPY POLE POSITION IN 2023

The ranking of investment volume by buyer group reflects the strategic efforts of corporations, which are active in the Munich investment market, to secure expansion or development sites for their own companies (e.g. Apple Campus). Insurance companies (almost 18%) follow in second place, which are responsible for the Vinzent office project, such as the Bavarian municipal accident insurance company. In the fourth quarter, sovereign funds were responsible for a significant logistics transaction near Munich Airport, representing over 12% of market activity in 2023. The remaining investors accounted for less than 10% each of market activity.

➤ AS EXPECTED, YIELDS HAVE RISEN SLIGHTLY

As the central banks' interest rate cycle was not yet fully completed, yields have continued to rise in the last three months. The net prime yield for office properties was corrected by 25 basis points to 4.20%, although Munich remains the most expensive location. In the logistics sector, yields rose by a further 15 basis points to 4.25%, while no further adjustments were observed in the retail sector in the second half of the year (3.45%).

Net prime yields by type of property



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➤ OUTLOOK

At the beginning of 2024, the Munich investment market will face a challenging environment that may limit a rapid recovery. However, despite these conditions, the Bavarian capital has maintained its position as the most expensive market. Moreover, the improved economic outlook is expected to boost Munich's traditionally strong user markets and increase confidence in transaction decisions. Additionally, the stabilization trend in prime yields should improve market sentiment.

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Further Information BNP Paribas Real Estate GmbH | Branch office Munich | Phone +49 (0)89-55 23 00-0 | www.realestate.bnpparibas.de