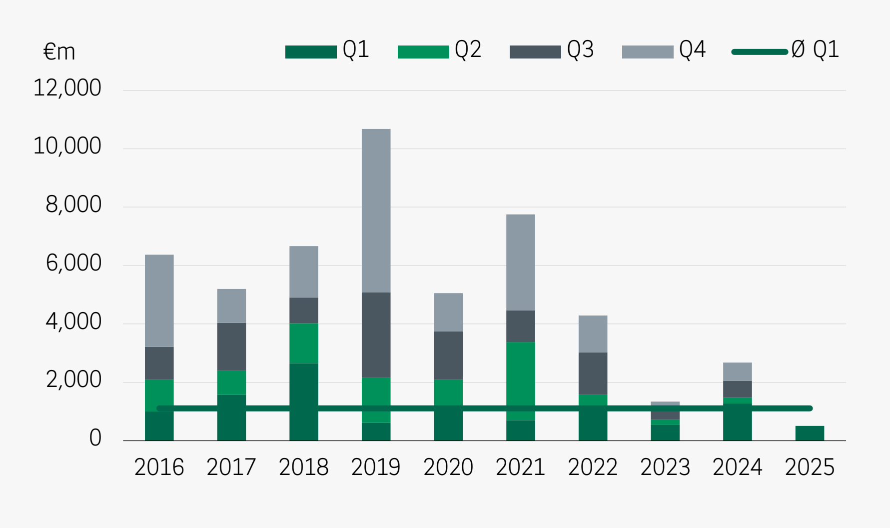
MUNICH

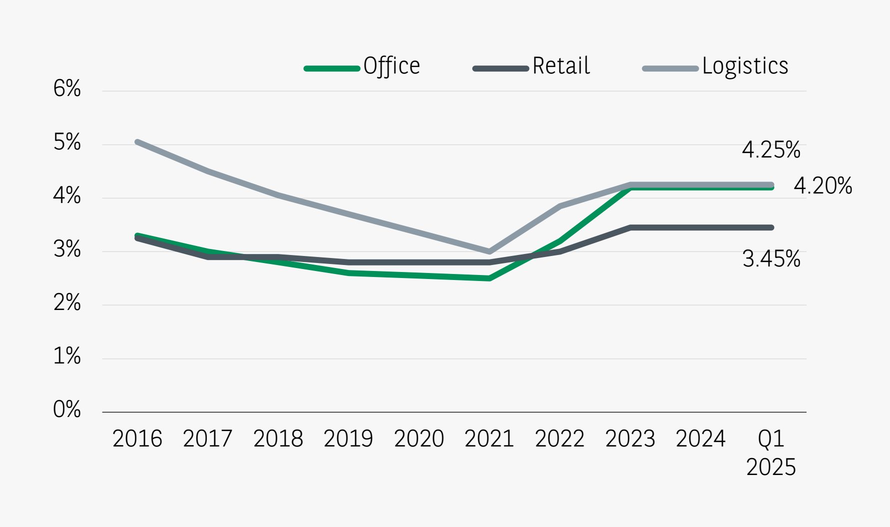
REPORT INVESTMENT MARKET

Q1 2025

Development of investment volume



Net prime yields by type of property



MUNICH IN SECOND PLACE BEHIND BERLIN INVESTMENT VOLUME OF OVER €500 MILLION

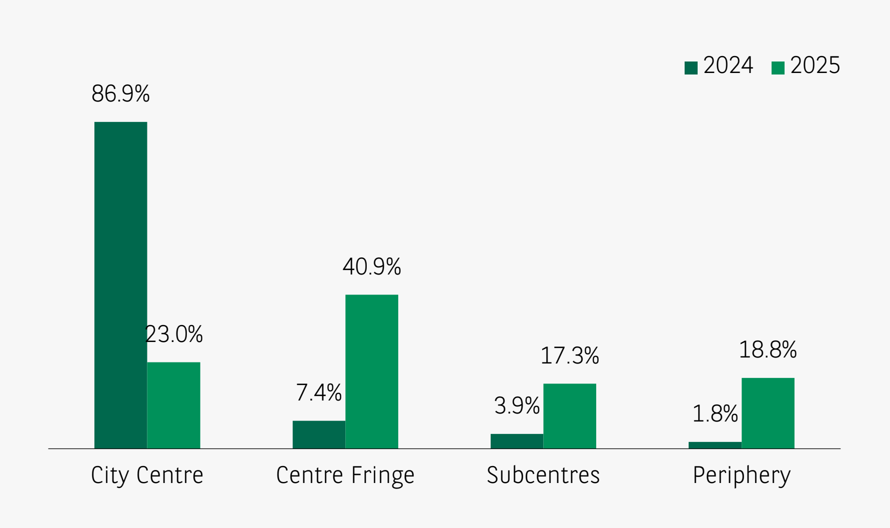
- The Munich investment market started 2025 with a transaction volume of a good €500 million. This puts the Bavarian capital in second place among the top locations, well behind Berlin (just under €1 billion) and just ahead of Hamburg (around €460 million).

- This result was 54% below the long-term average (average 10 years: €1.1 billion) and 60% below the previous year's quarterly result. Nevertheless, Munich's investment volume is above the average volume of the top markets (around €360 million). This underlines the fact that the improved market sentiment in the other top locations has not yet been reflected in a stronger increase in investment turnover. It should also be noted that the high investment turnover in Q1 2024 was driven particularly strongly by the major '5 Höfe' deal (€700 million).

- In the first three months of 2025, there was a particular lack of larger deals over €50 million that could have helped to improve the result. However, the sale of the R139 office tower in Berg am Laim was a major transaction worth around €150 million. This deal is a positive sign for the Munich investment market and a signal to the market that office investments are increasingly becoming the focus of investors again.

- Prime yields remain constant at the level found since the beginning of 2023. Office properties are still quoted at 4.20%, high street properties in prime retail locations at 3.45% and logistics properties at 4.25%.

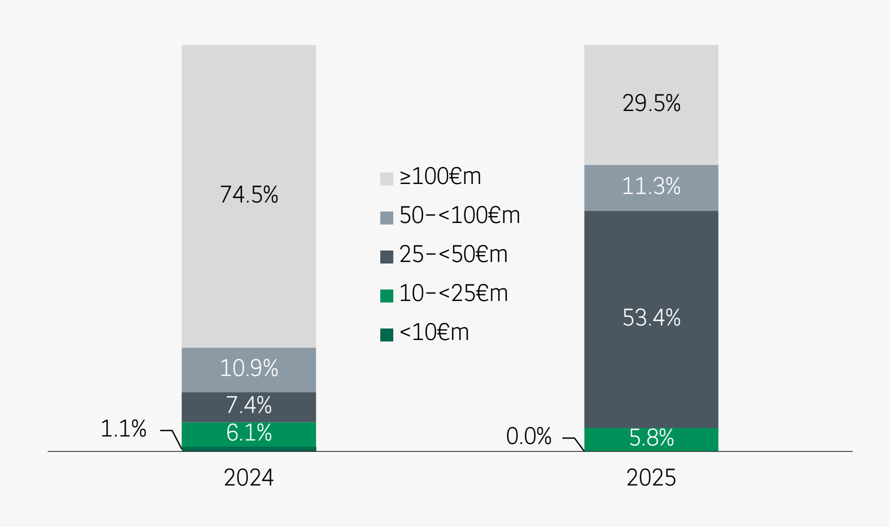
Investments by location Q1



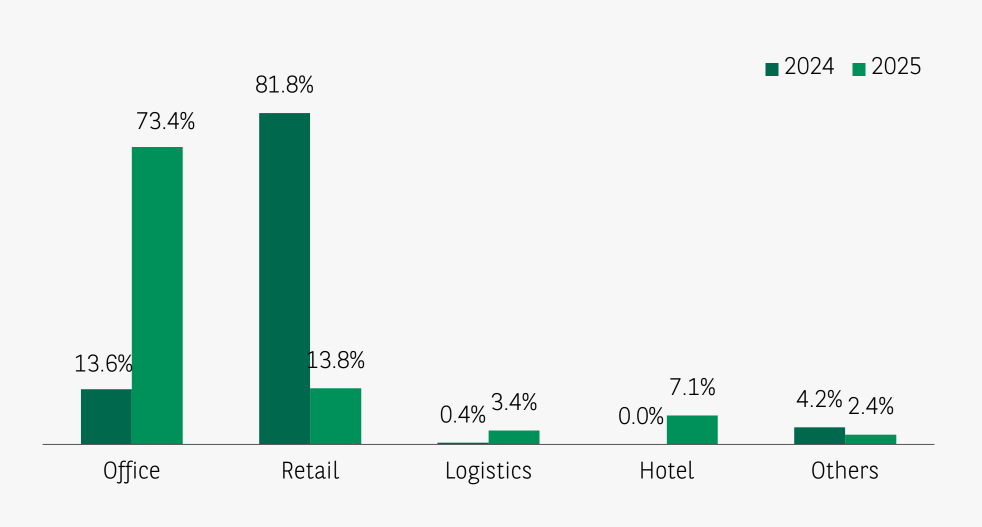
OFFICE STRONGEST ASSET CLASS

- Not only the above-mentioned major deal, but also the two largest deals that followed are attributable to the office asset class. With an investment turnover of over €370 million, office clearly dominated the Munich investment market in the first quarter of 2025. At 73%, the highest market share in the last ten years was recorded here (average 10 years: 51%).
- The two largest office deals also account for a significant share of the distribution of the result by location. At 41%, the Centre Fringe makes an above-average contribution to investment turnover (Ø10 years: 31%).
- Medium-sized deals between €25 million and €50 million account for a disproportionately high share of turnover of 53% (Ø10 years: 22%). After the first quarter, however, this analysis should rather be seen as a snapshot.

Investments by € category Q1



Investments by type of property Q1



OUTLOOK

- At just over €500 million in the first quarter, the volume of commercial investment in the Bavarian metropolis is well short of the billion euro mark and thus far from the very good result of the previous year and the long-term average. Nevertheless, Munich performed solidly compared to the other top locations and was able to maintain second place behind Berlin. It is pleasing to note that the office segment has already reported a successful return in the first quarter with several medium-sized deals and one major transaction, sending a positive signal to the market.

- Against the backdrop of the US tariff dispute and geopolitical risks, the economic recovery is currently facing a number of disruptive factors. Nevertheless, the recently adopted fiscal policy measures such as the infrastructure and defence package should give the German economy a noticeable boost. Munich's occupier markets should also benefit from this and demand for space should continue to rise. As a result, investments are likely to become increasingly attractive. As a result, yields are likely to remain stable.

- Against the backdrop of current financial and customs policy developments, a forecast for the year as a whole is currently subject to increased uncertainty. However, a result of between €2.0 billion and €2.5 billion can be regarded as a realistic scenario. Whether office properties in the three-digit million range can confirm a sustainable comeback remains to be seen as the year progresses. It has also become clear in recent weeks that there is significantly more product on the market again and that investors are increasingly focusing on Munich. A higher investment turnover is therefore also conceivable.

Key facts investment market Munich

INVESTMENT VOLUME	Q1 2024	Q1 2025	CHANGE
Total (€m)	**1,275**	**508**	**-60.2%**
Portfolio share	0.4%	0.0%	-0.4%pts
Share above €100 million	74.5%	29.5%	-45.0%pts
Office share	13.6%	73.4%	+59.8%pts
Share of city locations	86.9%	23.0%	-63.9%pts
Share of foreign investors	22.7%	52.8%	+30.1%pts

NET PRIME YIELDS	Q1 2024	Q1 2025	CHANGE
Office	4.20%	4.20%	+0bps
Retail	3.45%	3.45%	+0bps
Logistics	4.25%	4.25%	+0bps

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