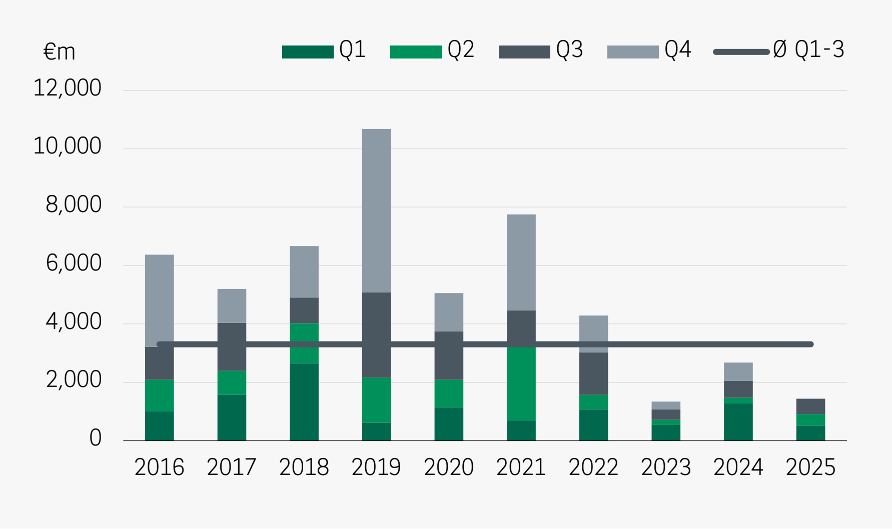
MUNICH

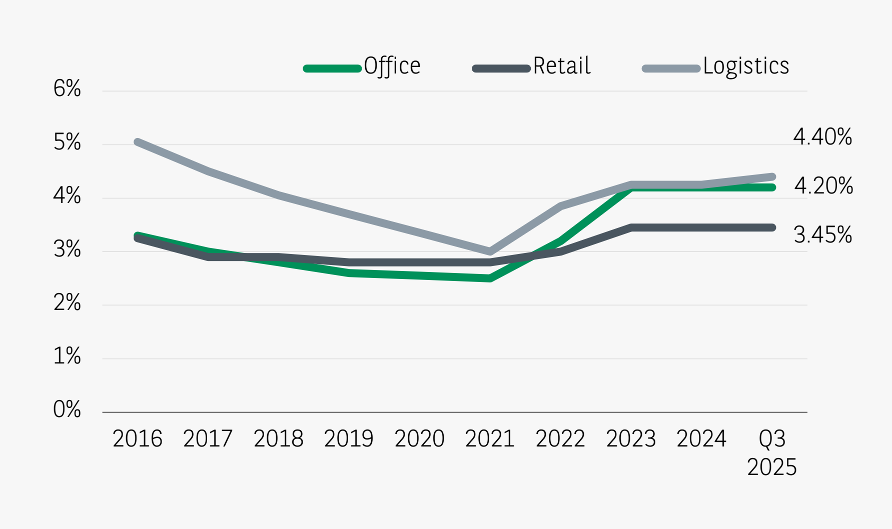
REPORT INVESTMENT MARKET

Q1-3 2025

Development of investment volume



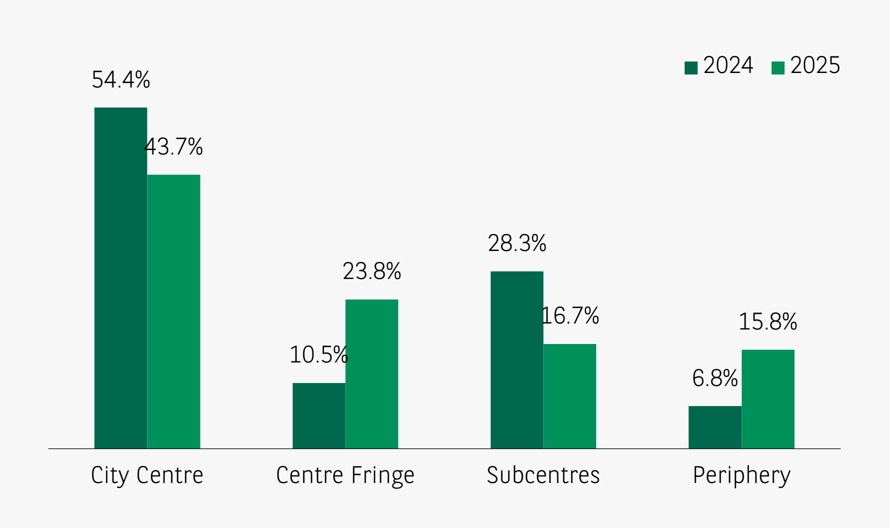
Net prime yields by type of property



SECOND STRONGEST INVESTMENT MARKET NATIONWIDE

- Although Munich's investment market recorded its best quarterly result of the year so far in Q3, with an investment volume of €525 million, the overall result of just over €1.44 billion is still lower than last year. Overall, the decline amounts to around 30%. It should be noted, however, that last year's figure was disproportionately influenced by two major deals involving 5 Höfe and Pasing Arcaden. Actually, disregarding these large deals, which are rare even for Munich, the current volume would have been stronger than last year's result. Market activity was significantly livelier in 2025 than in the previous year, particularly in the size categories up to €50 million (+20%) and between €50 million and €100 million (+93%).
- Despite the rather modest interim results at first glance, Munich ranks second in the nationwide city ranking. Only Berlin achieved a higher investment volume in the first three quarters. Key transactions in Munich included the sale of the R139 office tower in Berg am Laim and the Schuster sports store near Marienplatz. The sale of the Mandarin Oriental hotel in the centre of Munich is also a benchmark deal in the hotel sector nationwide.
- Prime yields have remained largely unchanged at current levels. The exception is the logistics segment, where the net prime yield has risen by 15 basis points to 4.40%. The figure for office properties remained at 4.20%, while for retail high street properties in prime locations it is stable at 3.45%.

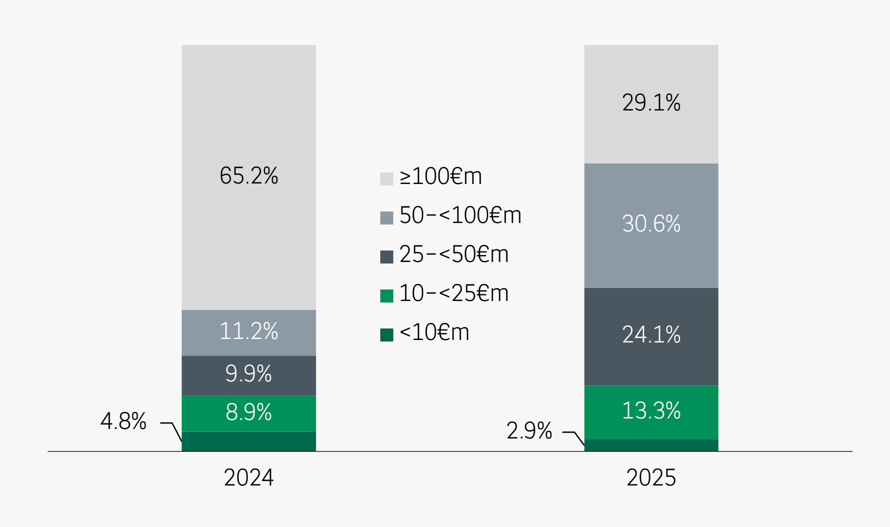
Investments by location Q1-3



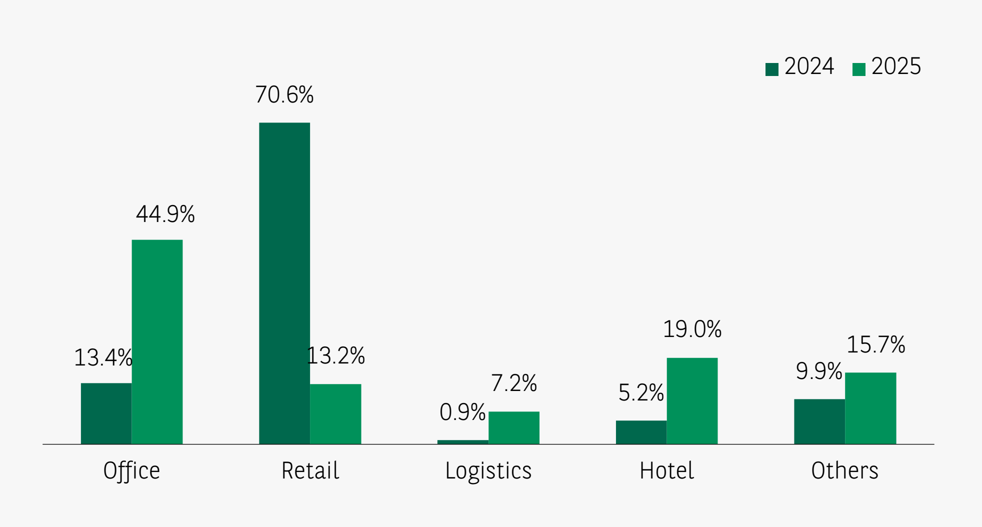
OFFICE INVESTMENTS WITH SIGNIFICANTLY HIGHER SHARE

- Following a significant reduction in investment in office properties in all major German locations over the past two years, this sector is slowly regaining importance. The distribution of investment volume in Munich reflects this trend. So far this year, office properties have accounted for almost 45% of the transaction volume, indicating that the figure is cautiously returning to previous levels. Hotel investments follow with a share of 19%, significantly influenced by the Mandarin Oriental, while retail properties contribute a further 13%.
- The distribution across size categories is broad. Each of the three categories between €25 million and over €100 million accounts for between 24% and 31% of the total. This suggests a broad base of demand. The highest levels of investment were also seen in central locations. City Centre locations generated almost 44% of investment volume, while locations in the Centre Fringe contributed a further 24%.

Investments by € category Q1-3



Investments by type of property Q1-3



OUTLOOK

- The moderate transaction volume in a long-term comparison shows that the market recovery anticipated at the beginning of the year has not yet been reflected in the investment volume. This is largely due to the ongoing weak economic situation and high level of uncertainty surrounding the development of global trade relations and geopolitical risks.
- Nevertheless, there are currently many indications that a significant market recovery is expected in the fourth quarter. More sales processes are currently in advanced stages of negotiation and exclusivity than has been the case in a long time. This situation is accompanied by a general improvement in sentiment, which should positively impact transaction volume in the final quarter. Whether this trend continues into the coming year, or possibly gains momentum, depends on economic developments. If GDP growth significantly increases in 2026, it will be the first time in many years that the markets feel tailwinds.
- Meanwhile, it should be noted that, compared to the past two years, buyers and sellers are now often finding it somewhat easier to agree on purchase prices. The expectation that property prices will rise in the near future is changing. If this trend continues, it will likely contribute to a moderate rise in investment volume.
- Despite the challenging environment, there are many indications that the markets will continue the slight recovery seen in Q3 into the final quarter and that this upside trend will stabilize in 2026. A stable development is the most likely scenario for yields.

Key facts investment market Munich

INVESTMENT VOLUME	Q1-3 2024	Q1-3 2025	CHANGE
Total (€m)	**2,051**	**1,443**	**-29.7%**
Portfolio share	0.2%	0.8%	+0.5%pts
Share above €100 million	65.2%	29.1%	-36.1%pts
Office share	13.4%	44.9%	+31.5%pts
Share of city locations	54.4%	43.7%	-10.7%pts
Share of foreign investors	38.5%	50.0%	+11.5%pts

NET PRIME YIELDS	Q3 2024	Q3 2025	CHANGE
Office	4.20%	4.20%	+0bps
Retail	3.45%	3.45%	+0bps
Logistics	4.25%	4.40%	+15bps

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