SECOND-BEST RESULT OF THE PAST TEN YEARS

The boom in the Munich investment market continues. A transaction volume of 4.04 bn € has already been reported in the first three quarters of the current year. This surpasses the previous year’s excellent figure by a good 25 % and also marks the second-best result of the past ten years. The significance of this investment volume in the longer-term context is indicated by the fact that it exceeds the ten-year average by almost two thirds. As such, it is no surprise that Munich takes second place in the nationwide rankings once again, with only Berlin putting in an even better performance. At 12.5 %, the volume of portfolio transactions relating to Munich is only slightly up on last year’s figure. Investment activity was brisk across all market segments and market zones, underscoring the broad demand base. A number of large-volume deals in the category above 100 m € have also bolstered the total volume, with nine such deals having been reported to date. The most important deals include the sale of the two Kap West projects at Hirschgarten and the Highrise One deal which was brokered by BNP Paribas Real Estate.

MEDIUM-SIZED PROPERTIES AND LARGE DEALS POPULAR

Major deals over 100 m € have contributed a disproportionately high share to the overall result, rising by almost five percentage points to 42 %. Medium-sized properties in the range between 25 and 50 m € have also been key contributors, gaining strongly to secure a good 24 % share. All other size categories have seen their shares diminish in relative terms. The transaction volume is also down in absolute terms, though only to a very moderate extent. This is attributable in part to the very short supply, which applies in particular to smaller properties in central locations.

BROAD SPREAD ACROSS DIFFERENT TYPES OF USE

In comparison to other cities, Munich shows a relatively broad spread across different types of use. While office properties have maintained their leading position with a share of 51 % of the total transaction volume, this figure places them well below their multi-year average. Hotels follow up in second place with a notable 22 % share. Their performance also marks a record transaction volume in absolute terms. Investors see Munich as one of the top hotel locations in Europe. Third place goes to retail investments, which contribute almost 11 % and are thus just ahead of logistics properties, on 9 %.
SHORT SUPPLY IN CITY CENTRE
A breakdown of the transaction volume according to location in the market territory shows that the central areas are afflicted by a particularly short supply. Consequently, the City Centre accounts for a share of only 15%, which is almost 20 percentage points below the multi-year average. The Centre Fringe, reporting a share of a good 28%, has also suffered drops in both relative and absolute terms. Subcentres have rallied accordingly, leading the rankings with 34%, while zones in the periphery have also contributed more than last year, with a good 22% share. Investors in Munich are thus also prepared to invest outside of the inner-city locations, as they believe in the city as a whole.

SPECTRUM OF INVESTORS VIRTUALLY UNCHANGED
Only minimal changes are to be observed with regard to the investors active on the market. Special-purpose funds continue to head the rankings, with a share in the total transaction volume of just under 21%. A notable aspect is that property developers are only just behind the leaders, contributing 18.5%. In many instances they have secured existing buildings and sites in order to participate in the expected future upturn by way of new developments or intensifications of existing developments. Third place goes to investment managers, who account for a share of a good 11%, placing them just ahead of insurances (10%), which are also firmly in the leading field at least of all as a result of Allianz’s purchase of Kap West.

RENEWED YIELD COMPRESSION
Munich’s popularity with investors is reflected by a further drop in yields. This is additionally a symptom of the keen competition for the limited supply of properties, combined with high expectations of further increasing rents, particularly in the office segment. The net prime yield for offices now stands at 3.10%, which is only 10 basis points higher than in Berlin. The corresponding figure for inner-city business premises is 3.00%, whereby lower rates are also possible in isolated cases. The prime yield for logistics properties has also dropped below the 5% threshold, to 4.70%.

6 BILLION EURO THRESHOLD WITHIN REACH AGAIN
A high investment volume already appears likely for the final quarter, too, in view of a number of large-volume deals which are nearing conclusion, the given macro-economic situation and the undiminished level of investor interest. Against this background, there is every indication that this year will see the 6 bn € threshold topped for the third time in succession. The short supply of attractive properties could have a slightly constraining effect, however, in view of which a further decline in yields cannot be totally ruled out. It remains to be seen whether yields may even drop below the 3% mark.