The Munich investment market continued to gather pace in the first half-year. The transaction volume of around 4.03 bn € not only beats the previous year’s very good figure by 68%, it also sets a new record. The result is even more than double the ten-year average. With this, the capital of Bavaria has reclaimed top spot among all German locations and pushed both Frankfurt and Berlin down the rankings. A real abundance of major deals has made a significant contribution to this brilliant half-year. To date 13 single transactions over 100 m € have already been completed. These include the sale of the Correo Quartier, the ATLAS, the SZ Tower and the Aviva in Munich Neuperlach. In total, transactions over 100 m € are responsible for well over half of the investment turnover. Portfolio sales included on a proportionate basis account for 556 m € (14%) of the total volume.

Due to the high number of large-volume deals, deals over 100 m € account for 57% of the turnover. This is also a very high figure compared over the long term and underlines the fact that professional investors, who are primarily interested in major deals, believe in the long-term stability of the Munich market. In second and third place are the category between 50 and 100 m € with just under 23% and the category between 10 and 25 m € with 12%. Deals between 25 and 50 m € only contribute 8% (previous year: 33%), with an inadequate supply primarily responsible for this.

As in the past, office properties are by far the most popular asset class. Their share is around the long-term average at just over 65%. Significantly more was invested in the category others (17%) than in the previous year, with larger development sites being a major reason for this. In absolute terms, the volume in this market segment has more than tripled. In the bronze position are hotels, which contribute just over 8% to the result. Noticeably less was invested in retail and logistics properties, however, due above all to supply-side reasons. Both have a share of just under 5%.
Subcentres maintain top spot

As in the previous year, the Subcentres account for the biggest share with 38%. There are two explanations for this unusual situation. Firstly there is the inadequate supply in the central locations, secondly it also underlines the attractiveness of the overall market: high rent increase potential is attested to the Subcentres, particularly in locations with good infrastructure and transport connections. Investors follow the tenants who switch to these locations when the pressure rises in the central areas of the city. The Centre Fringe, which accounts for 26%, has moved up to second place ahead of the Periphery, which contributes 20.5% to the transaction volume. Last place is again occupied by the City Centre with 15%.

Many buyers active

Munich’s popularity is also shown by the wide range of investors. A large number of different investor types with varying investment strategies are active. Only five groups had a double-digit share in turnover. This list is headed by special-purpose funds with just under 19%. They are followed in the other medal positions by investment managers and pension funds, which have just over 12% and are slightly ahead of property developers, which contribute almost 11%. The top five is completed by banks, whose share is around 10%. The remaining transaction volume of a sizeable 36% is spread across a range of further investor groups.

Yields in the last half-year largely stable

After again falling significantly in 2017, so far yields have remained largely steady at their now very low level in 2018. The net prime yield for offices is unchanged at 3.00%; only Berlin is more expensive. For inner city retail/office properties, the figure is 2.90%, whereby here in particular individual cases significantly higher prices can also still be achieved. A slight increase in prices was only recorded in the logistics segment in the first half of 2018, resulting in a prime yield of currently 4.40%.

Outlook

Against the background of continuing strong demand from investors, which is underpinned by good economic conditions and a still attractive financing environment, lively market activity is also foreseen for the second half of the year. For the year as a whole, an investment turnover in excess of 6 bn € is therefore likely, especially as further major transactions, which might be completed this year, are in the pipeline. There is a realistic chance that the current record of 6.69 bn € set in 2007 might be surpassed.