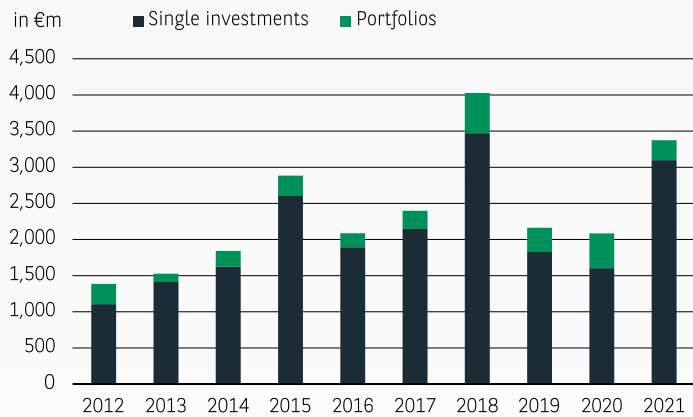




At a Glance **Q2 2021**

# INVESTMENT MARKET MUNICH

### Investment volume Q2

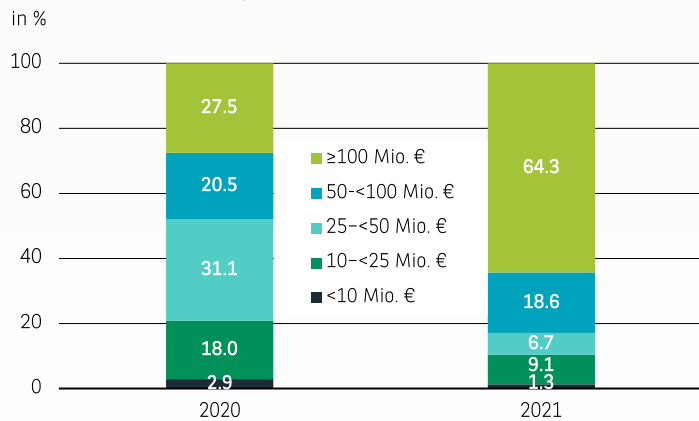


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### ➤ SECOND-BEST RESULT EVER

The Munich investment market looks back on a very strong first half of the year. With a transaction volume of a good € 3.37 billion, the second-best result of all time was achieved. Compared with the previous year, the transaction volume was up 62% and the ten-year average was also exceeded by an impressive 42%. Nationwide, only Berlin recorded an even better result. Looking at Q2 alone, a new record of €2.67 billion was set, well above the previous record. Responsible for this are also three major transactions, which are not recorded in this form every year. These include the sales of Highlight Towers and Uptown Munich Tower & Campus C brokered by BNPPRE, as well as the acquisition of the MediaWorks Munich property, which is to be further developed in the course of a refurbishment. All three transactions achieved a volume of over €600 million each. Against this backdrop, it is unsurprising that single deals account for the lion's share of earnings at almost €3.1 billion (92%), while portfolio transactions included on a pro rata basis make a relatively small contribution of just €277 million. Overall, the very good transaction volume underlines the confidence investors have in the Munich market.

### Investments by € category Q2

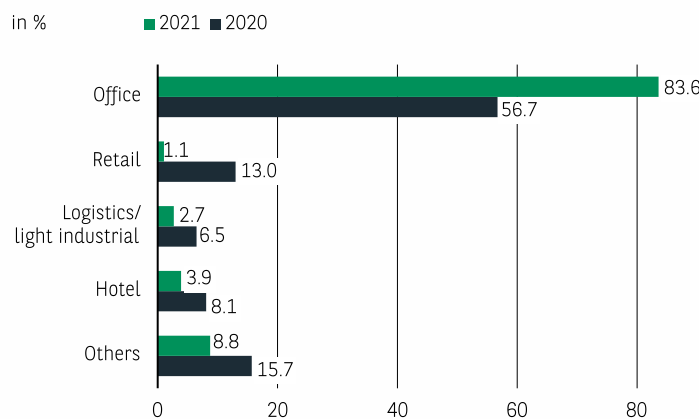


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### ➤ MAJOR DEALS SET NEW RECORD

The aforementioned transactions contribute to the fact that, at a good 64%, almost two-thirds of total investment volume is attributable to the size category of €100 million and above. Never before has this market segment made such a high contribution in the first half of the year. In absolute terms, the capital invested in this segment almost quadrupled compared with the previous year. However, properties between €50 million and €100 million also achieved a very respectable result with a share of just under 19%. The situation is somewhat different in the smaller classes, which have seen a decline in sales both in relative and absolute terms.

### Investments by type of property Q2

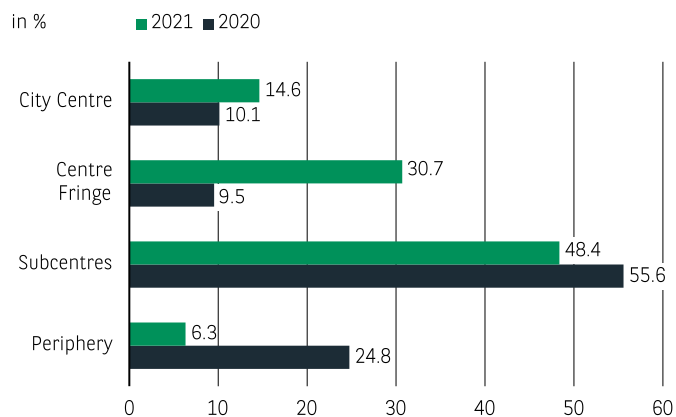


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### ➤ OFFICE INVESTMENTS CURRENTLY DOMINATE THE MARKET

The aforementioned major deals are also leaving their mark on the distribution of the transaction volume across the various types of use. In total, office sales amount to over €2.8 billion, which corresponds to a share of almost 84%. This is by far the highest share in the last ten years. Also, this reflects the high reputation which Munich enjoys among investors as an economic powerhouse. Investments in hotels (just under 4%) and logistics properties (around 3%) follow in the next places. In the retail segment, only a few deals have been recorded so far (1%).

**Investments by location Q2**

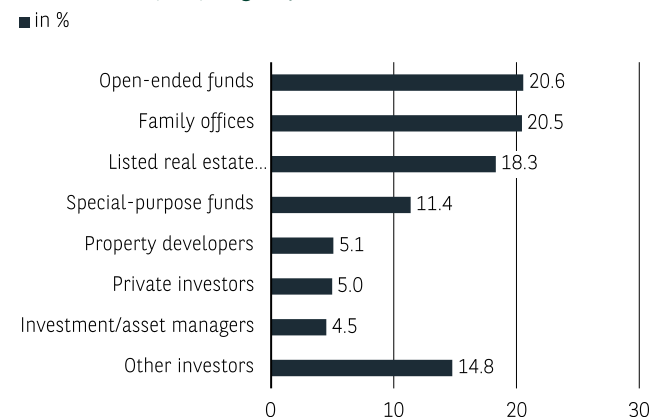


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**➤ SUPPLY DETERMINES DISTRIBUTION OF INVESTMENT VOLUME**

The short supply, especially of high-quality new construction projects, has been limiting the volume of investment in Munich city center for some time. This trend is also evident in the first half of the current year, in which central locations once again accounted for only just under 15% of earnings. Fortunately, however, the positive outlook for the market as a whole means that locations outside the CBD are also of interest to investors. As in previous years, Subcentres were again the main beneficiaries, contributing 49% of total investment volume. Two of the three major deals mentioned are also located here. Substantial sales were also registered in the peripheral areas of the city centre, which accounted for a good 30% of the total.

**Investments by buyer group Q2 2021**



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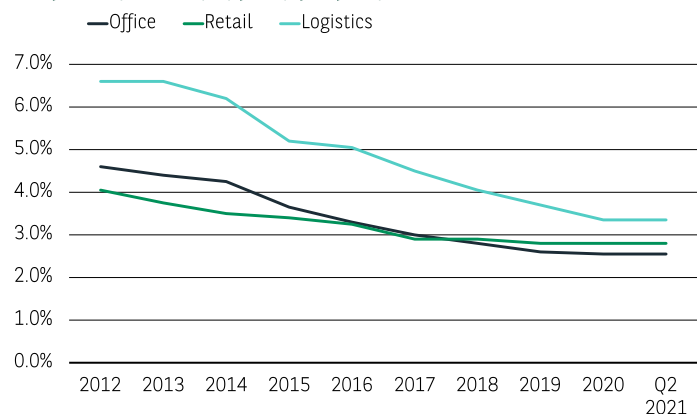
**➤ FOUR BUYER GROUPS WITH DOUBLE-DIGIT SALES SHARES**

That the Munich market is of interest to a wide range of different investors is demonstrated by the double-digit contributions which four buyer groups made to total investment volume. Open-ended funds and family offices are almost tied at the top, both accounting for more than 20% of the transaction volume. They are closely followed by listed real estate companies/REITs, which account for a good 18%. The leading quartet is completed by special-purpose funds, which contribute around 11%. Property developers, who have significantly expanded their development pipelines in recent years, are currently making a smaller contribution of slightly above 5%.

**➤ YIELDS UNCHANGED**

As in many other major locations, prime yields are stable despite the corona environment which continues to influence the market. The net prime yield for offices is thus unchanged at 2.55% and highstreet properties in the absolute premium locations are still quoted at 2.80%. The situation is exactly the same for logistics properties, which are currently yielding 3.35% after the impressive yield compression of previous years.

**Net prime yields by type of property**



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**➤ OUTLOOK**

Even though the second half of the year is unlikely to see a comparable number of very large-volume deals as in the first six months of the year, everything points to investment markets remaining very lively. The only limiting factor could be insufficient supply. On the other hand, buyers continue to show great interest in investing in Munich. Based on this, a transaction volume of over €6 billion for the year as a whole seems very likely. Whether the strong demand will once again be reflected in a moderate yield compression remains to be seen, but cannot be ruled out from today's perspective.

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