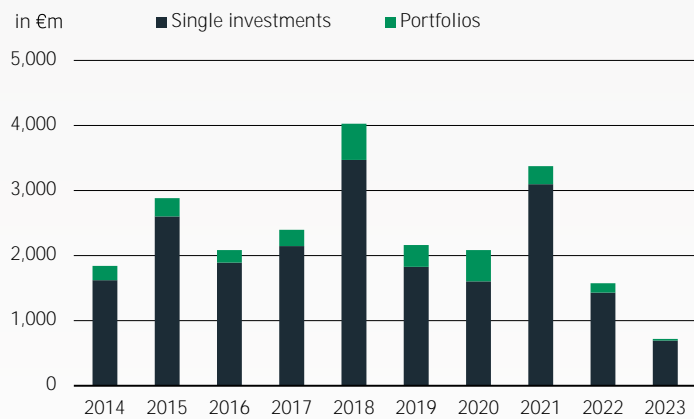




At a Glance **Q2 2023**

INVESTMENT MARKET MUNICH

Investment volume H1

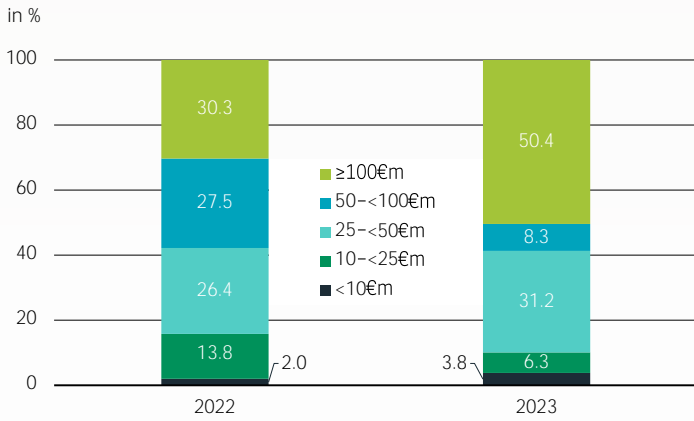


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TRANSACTION ACTIVITY REMAINS VERY SUBDUED

After the start of the year on the Munich investment market was already very subdued, there was no revival in transaction activity in the second quarter either. In the past three months, only € 178 million was placed on the market, which corresponds to the lowest quarterly result since the second quarter of 2009. At the end of the first half of the year, the volume totaled € 719 million, which corresponds to a decrease of 54% compared to the same period of the previous year. The long-term average was missed by 69%. Meanwhile, the portfolio share is also remarkably low. Although this share is usually lower in Munich compared to most other top cities, a share of only 3% or a half-year result of € 25 million is unusual even for the Bavarian capital. By far the largest registered transaction of the year is the acquisition of a development site by Apple for the expansion of their campus for around € 250 million.

Investments by € category H1

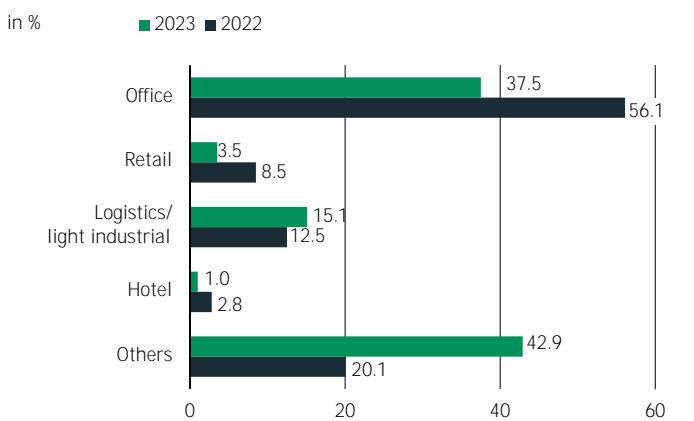


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LARGE DEALS CONTRIBUTING HALF OF THE RESULT

Although deals in the >€ 100 million segment currently achieve a result that is well below average in a long-term comparison (-64%) in absolute terms, they still contribute around half to the overall result due to the overall very restrained transaction activity. In addition to the development site for the Apple campus, another major transaction worth mentioning is the acquisition of the office part of the project "Vinzent" by the Kommunale Unfallversicherung Bayern (KUVB). Another significant shares are attributable to the size segment from € 25 to €50 million, which contributes around 31%.

Investments by type of property H1

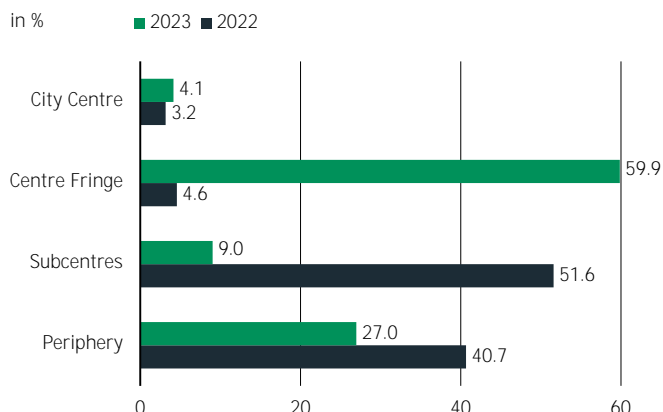


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OFFICE ASSETS NO LONGER ON TOP

The Munich investment market has been marked by many large-volume core transactions in the office segment over the past few years. Correspondingly, office investments have contributed at least half of the investment volume for years. In the first half of 2023, on the other hand, they only accounted for 37.5%. By contrast, the category "Other" took the lead with around 43%. Among other assets, development sites are subsumed in this category, driven mainly due to the large transaction by Apple as outlined above. Logistic properties (15%) come in third. Retail (3.5%) and hotel assets (1%) have so far only played a minor role.

Investments by location H1



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➤ CENTRE FRINGE FAR AHEAD ON TOP

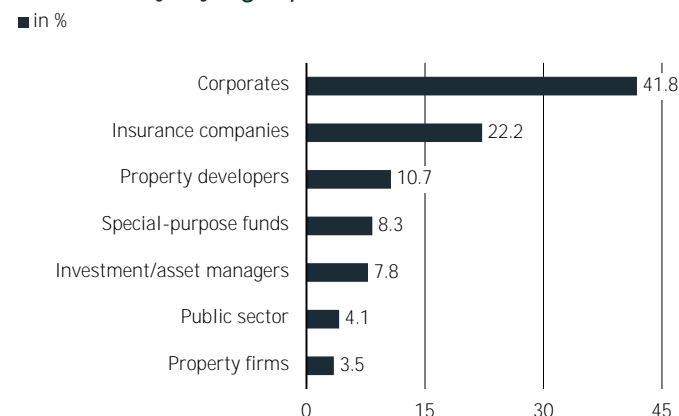
The distribution of the investment volume by location clearly reflects the subdued half-year on the Munich investment market. To date, only € 30 million has been invested in the City Centre, which is the lowest half-year figure ever recorded. The same also applies to the Subcentres, which usually form the focus of investment. Currently, only € 65 million can be located here and thus around 93% less than the long-term average. The majority of the volume was generated in the Centre Fringe, which contributed 60%. The Periphery (27%) follows in second place at a considerable distance.

➤ CORPORATES WITH A RECORD RESULT

Driven considerably by the Apple Campus, investments by buyer groups are led by corporates (42%), which at the same time achieve their best half-year result ever registered. Insurance companies stand in second place by a clear margin, contributing around 22%. The largest deal of this group of buyers is the acquisition of the Vinzent in Munich-Neuhausen by the KUVB from the property developer Bauwerk. Since KUVB sold its old site to Bauwerk in the course of this transaction, the property developers (11% share) also manage to break the 10% threshold. Further shares are also attributable to special-purpose funds (8%), investment/asset managers (8%), the public sector (4%) and property firms (3.5%).

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Investments by buyer group H1 2023

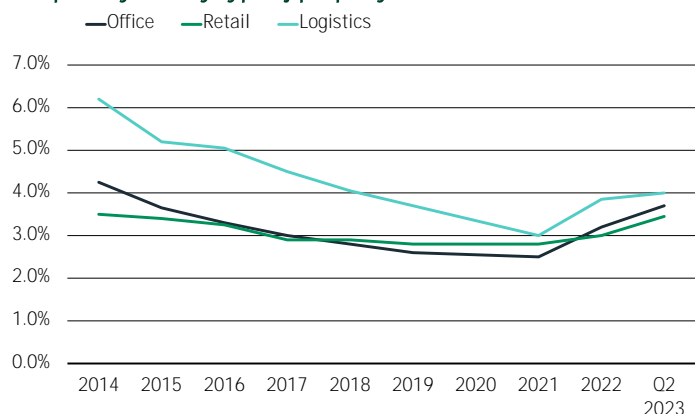


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➤ YIELDS STILL EXPANDING

Against the background of further interest rate hikes by the major central banks, yields increased slightly in the second quarter as well. For office properties, the current prime net yield is 3.70%, up 35 basis points from Q1. For highstreet-retail buildings, yields increased 20 basis points to 3.45%. At 5 basis points, the increase in the logistics segment (4.00%) is significantly more moderate.

Net prime yields by type of property



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➤ OUTLOOK

Due to the current situation it can be expected that further, although moderate, interest rate hikes by the central banks will follow in the second half of the year. Accordingly, the end of the price-finding phase and thus a significant upturn in transaction activity will be delayed. From today's perspective, however, it seems likely that the general conditions will improve gradually towards the end of the year. With inflation flattening out and the economy slowly picking up again, certain catch-up effects are likely to set in on the user markets. Investors with strong equity capital in particular are likely to see this as a significant opportunity for real estate investments.

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