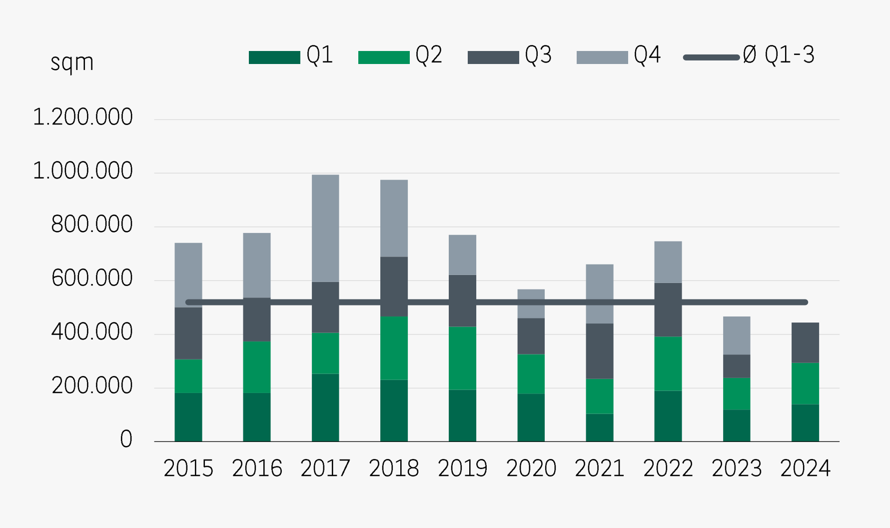
MUNICH

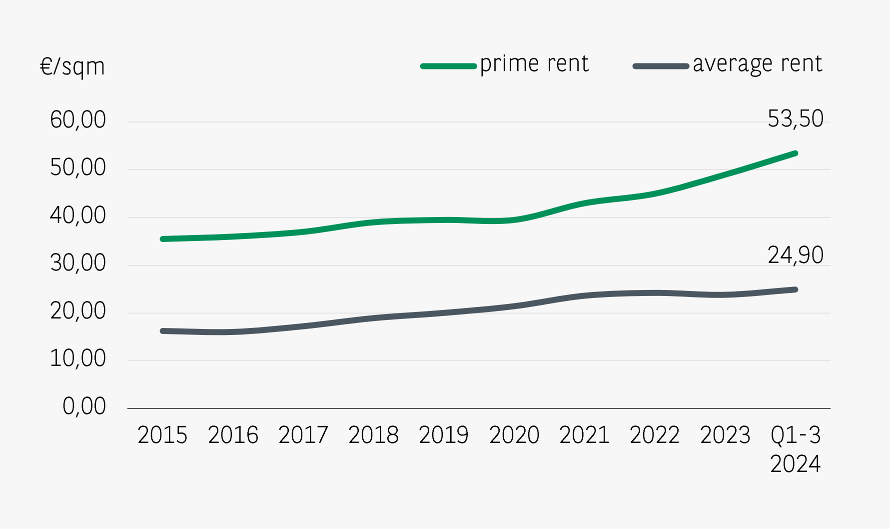
REPORT OFFICE MARKET

Q1-3 2024

Development of take-up



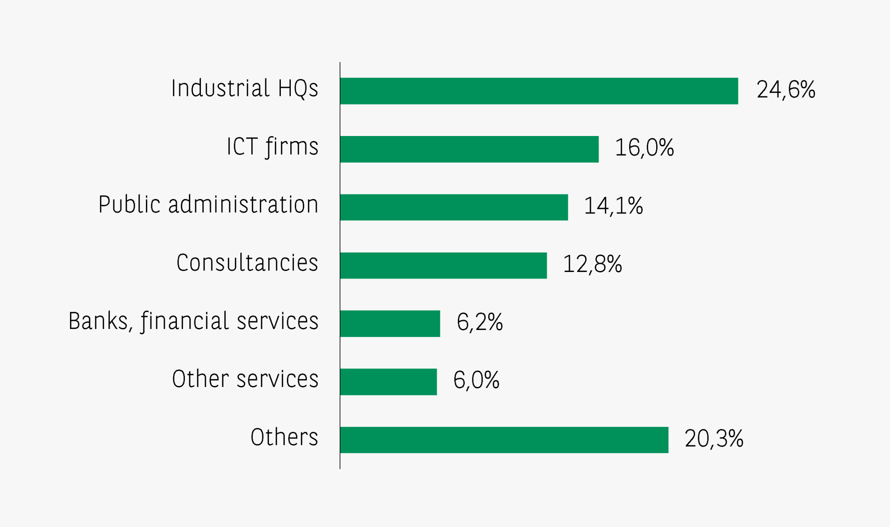
Prime and average rents



AT THE END OF Q3, MUNICH CONTINUES TO LEAD THE CITY RANKING FOR TAKE-UP AND PRIME RENTS

- In the third quarter, the Munich office market maintained where it left off in the first half of the year: With take-up of around 444,000m², the Bavarian capital once again took the lead among the top markets, ahead of Berlin (421,000m²) and Frankfurt (307,000m²).
- Although the ten-year average was missed by just under 15%, when comparing the last five years - which were characterized by various crises - only 2% are missing.
- Accordingly, the very small range of only 8% separating the three isolated quarters is a clear indication of the constant letting momentum over the current year.
- In the segment of major contracts, the letting to the Free State of Bavaria for the Bavarian state parliament in the LEHELS building ensemble in the Altstadt-Lehel district (19,200m²) was particularly noteworthy in the past three months. Other major lettings between July and September included Interhyp AG (9,000m²) as well as SBK Siemens-Betriebskrankenkasse (5,100m²) at Centre Fringe East and West respectively.
- The positive market development combined with the increasing focus on premium locations and properties is reflected in the development of rents in the top segment: prime rents have risen by 11% to €53.50/m² in the last 12 months. The average rent stands at €24.90/m².

Take-up by sector Q1-3 2024



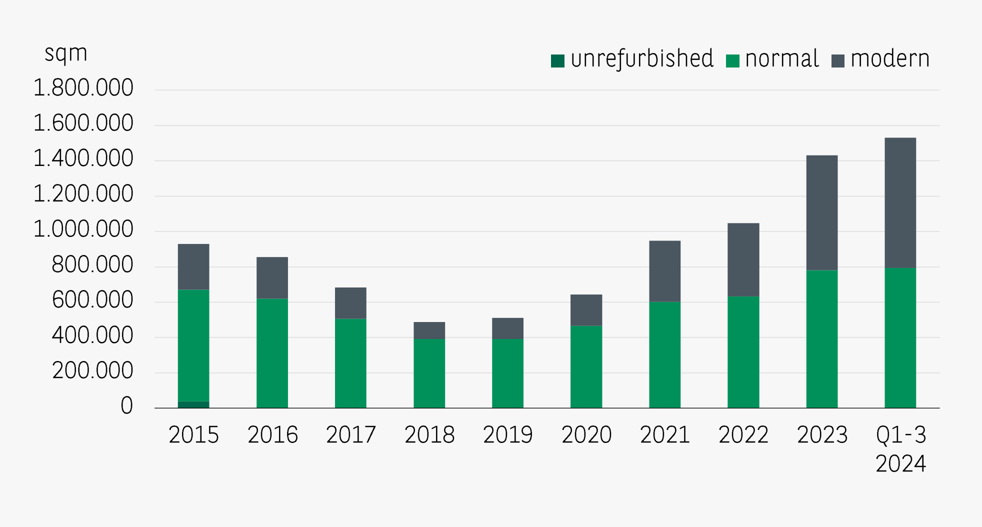
INDUSTRIAL HQS LEADING THE SECTOR DISTRIBUTION

- The distribution of take-up by sector in the first nine months was dominated by the administrations of industrial companies, which accounted for almost a quarter of total take-up. The manufacturing sector, which is traditionally strong in Munich, made a strong appearance due to several large-scale lettings, including that of MORI Global Marketing (10,500m²) in the North area of the city. ICT (16%) and public administration (14%) also ranked among the top three sectors.
- The development of of office vacancy continues to reflect the very heterogeneous market dynamics of the various submarkets. The fact that the vacancy rate for the entire market is now around 6.7% (total volume 1.53 million m²), while only 2.7% is vacant in the city centre (90,600m² in total), underlines the increasing dependency on a specific location when analysing vacancies.

Major contracts Q1-3 2024

Quarter	Sub-market	Company	m²
Q2	3.2	Bayerische Versorgungskammer	25,200
Q3	1.1	Freistaat Bayern/Bayerischer Landtag	19,200
Q3	4.2	Isar Aerospace	11,700
Q1	3.3	BA die Bayerische Allgemeine Versicherung	11,600
Q1	3.1	DMG MORI Global Marketing	10,500
Q1	3.1	BMW	10,000

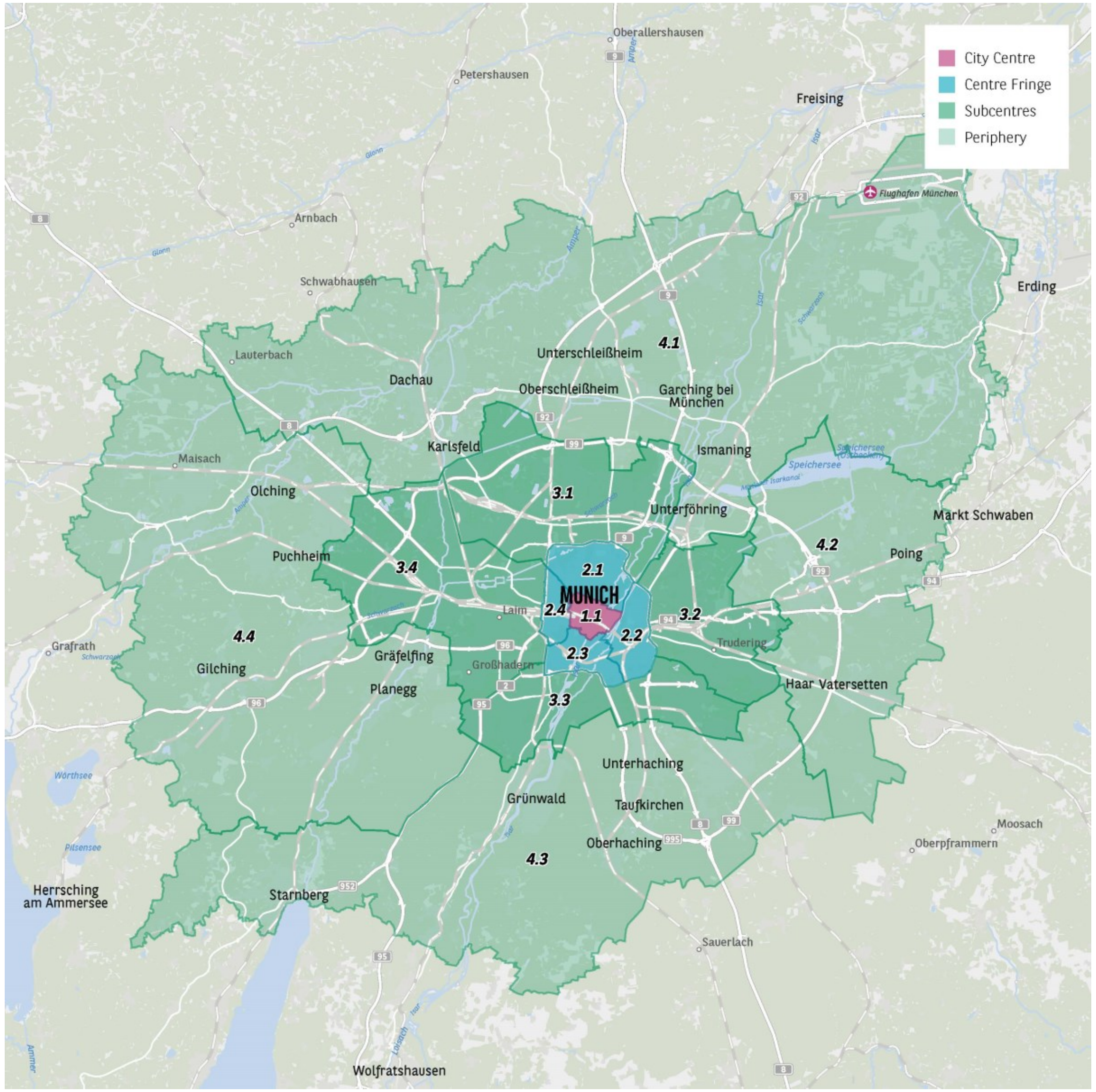
Development of vacant space



OUTLOOK

- The Munich office market experienced good and, above all, extremely consistent letting momentum in the first three quarters. Despite the fact that large deals above 10,000m² are generally less frequent in the current market environment, six contracts were concluded in this category, which reflects occupier confidence in the economic strength of the Bavarian capital. However, the majority of take-up was generated in the size categories up to 5,000m² (75% proportionately), which is a further indication of the broad distribution of demand.
- On the supply side, further increases in vacancies cannot be ruled out for now, whereby the 1.6 million m² mark is within reach. While the pressure of demand in the most attractive locations continues to increase, there is rising surplus of supply in some secondary and peripheral locations.
- At the same time, the persistently challenging conditions for new projects as well as for planned completions of assets currently under construction are leading to a further decline in construction activity. Modern space available in premium locations in short-term is therefore still in tight supply, which keeps the pressure on prime rents high. Against this backdrop, the upward trend in prime rents is set to continue despite the already high level.
- For the year as a whole, the good letting momentum is likely to continue in the final quarter, bringing the long-term average of around 600,000 m² within reach.

Office submarkets Munich



Key indicators office market Munich

		Prime rent* (€/m²)		Take-up (m²)	Vacant space (m²)			Space under construction (m²)		Space on offer (m²)	
		from	to	Q1-3 2024	total	modern	of this, since completion	total	available	available	projected
Submarkets**		1		2	3	4	5	6	7	8 = (3 + 7)	9
1	City Centre										
1.1	City Centre		53.50	77,200	90,600	42,800	3,500	36,000	32,000	122,600	376,300
2	Centre Fringe	31.00 -	38.00	86,000	182,100	96,800	4,700	199,100	74,700	256,800	425,600
3	Subcentres	27.00 -	31.00	182,800	685,300	352,400	119,800	208,900	93,300	778,600	1,399,100
	Total Munich			**346,000**	**958,000**	**492,000**	**128,000**	**444,000**	**200,000**	**1,158,000**	**2,201,000**
4	Periphery	18.00 -	19.00	98,000	573,000	245,000	117,000	46,000	14,000	587,000	651,000
	Total			**444,000**	**1,531,000**	**737,000**	**245,000**	**490,000**	**214,000**	**1,745,000**	**2,852,000**

* The prime rent given applies to market segment of 3-5 % in each case.
** The relevant submarket can be found on our website under „Research".

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