

	YoY Change	12-Month Forecast
567,000 Take-Up, m ²	▼	▲
3.3% Vacancy Rate	▲	▲
891,800 Under Construction, m ²	▬	▬
€39.50 Prime Rent, €/m ² /month	▬	▬

LABOUR MARKET

95.5
Ifo Employment Barometer Germany (Dec 2020) ▼

563,100
Munich Office Employees (Dec 2019) ▲

3.1%
Munich Unemployment Rate (Dec 2020) ▲

Source: ifo-Institut, Riwis, Federal Employment Agency

ECONOMIC OVERVIEW

With more than 1.5 million inhabitants, the Bavarian capital is one of the largest cities in Germany. Its economic success is reflected in its unemployment rate, which at just 3.1% (end of 2020) is well below the national average of 5.9%.

TAKE-UP

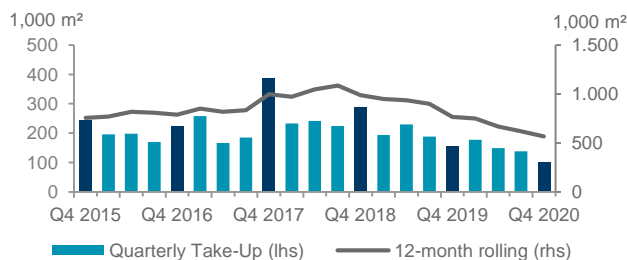
Take-up this year continues to exhibit a downward trend. In Q4, the Munich office market registered take-up of 100,800 m², making it the weakest since the turn of the millennium. For 2020 as a whole, take-up stands at 567,000 m², which is 34% below the five-year average of 859,000 m². Compared with the previous year's result of 766,000 m², a decline of 199,000 m² or 26% is evident, making 2020 the weakest year since 2009.

The submarket with the strongest demand in 2020 was City Centre East, where annual take-up rose by 66% to 108,000 m². It is followed by City Centre West, which ranks second despite a decrease in take-up, and City Centre North. Due to declines in take-up in the other central submarkets, however, a negative trend is evident overall for the central areas of the city. Annual total take up here was 304,000 m²; a 9% decline compared the previous year's result.

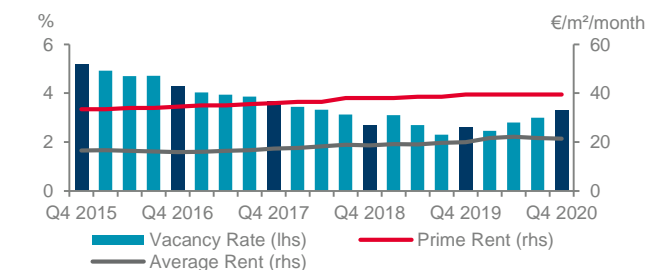
VACANCY

Compared with the previous year's figure of 550,800 m², the absolute vacancy figure has risen by 28% to 705,400 m². The vacancy rate in the Munich market area is thus now 3.3%. This means that the rising trend, which began with the onset of the Covid-19-Pandemic, continued at the end of the year.

TAKE-UP



VACANCY & RENT



COMPLETIONS

The annual figure for 2020 is at a similarly high level to the previous year of 330,000 m² in 2019. There is currently more than 400,000 m² under construction, which is scheduled for completion in 2021. The pre-leasing rate for this space is already just under 50% at the end of 2020. In total, just under 900,000 m² of modern office space is under construction and scheduled for completion in the next three years.

RENTS

Despite the Covid-19-Pandemic, prime rents remained stable throughout 2020 at €39.50/m²/month. This means that it remains at a historically high level. Like prime rents, the weighted average rent has also defied the Covid-19-Pandemic so far. At the end of the year, it stood at €21.45/m²/month, up €1.50 or 7.5% compared to the previous year's figure.

SELECTED PROJECT DEVELOPMENTS

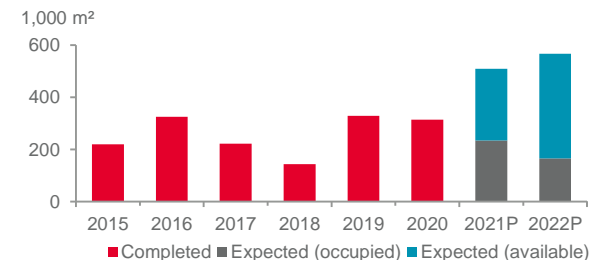
Property/Project	Submarket	Status	Year of Completion	Office Space (m ²)	Owner
Kap West	City Center West	Completed	2020	41,000	Allianz Real Estate
MY.O	City Center West	Completed	2020	26,300	CA Immo
M8 – Work & Create	City Center East	Completed	2020	16,800	Real I.S.
Davanto	City Center West	Under construction	2022	17,900	Bayerische Hausbau

MARKET STATISTICS

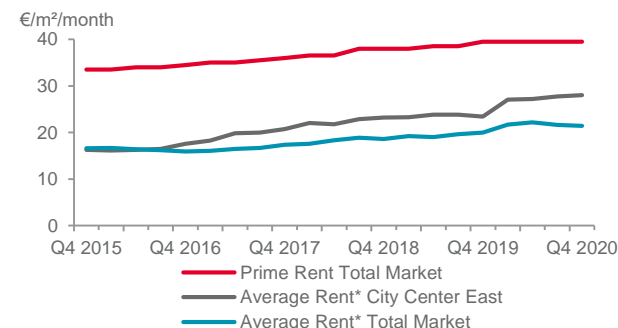
Selected Submarkets	Take-Up 2020 (m ²)	Completions 2020 (m ²)	Space under Construction Q4 2020 (m ²)	Prime Rent Q4 2020 (€/m ² /month)	Average Rent* 2020 (€/m ² /month)
CBD	14,000	0	0	39.50	32.05
City Center	290,000	188,600	503,000	37.00	26.40
Secondary Locations	117,000	59,600	278,000	23.00	17.50
Periphery	146,000	66,200	110,000	18.00	13.45
Total Market Munich	567,000	314,400	891,000	39.50	21.45

* Weighted Average Rent (12 months)

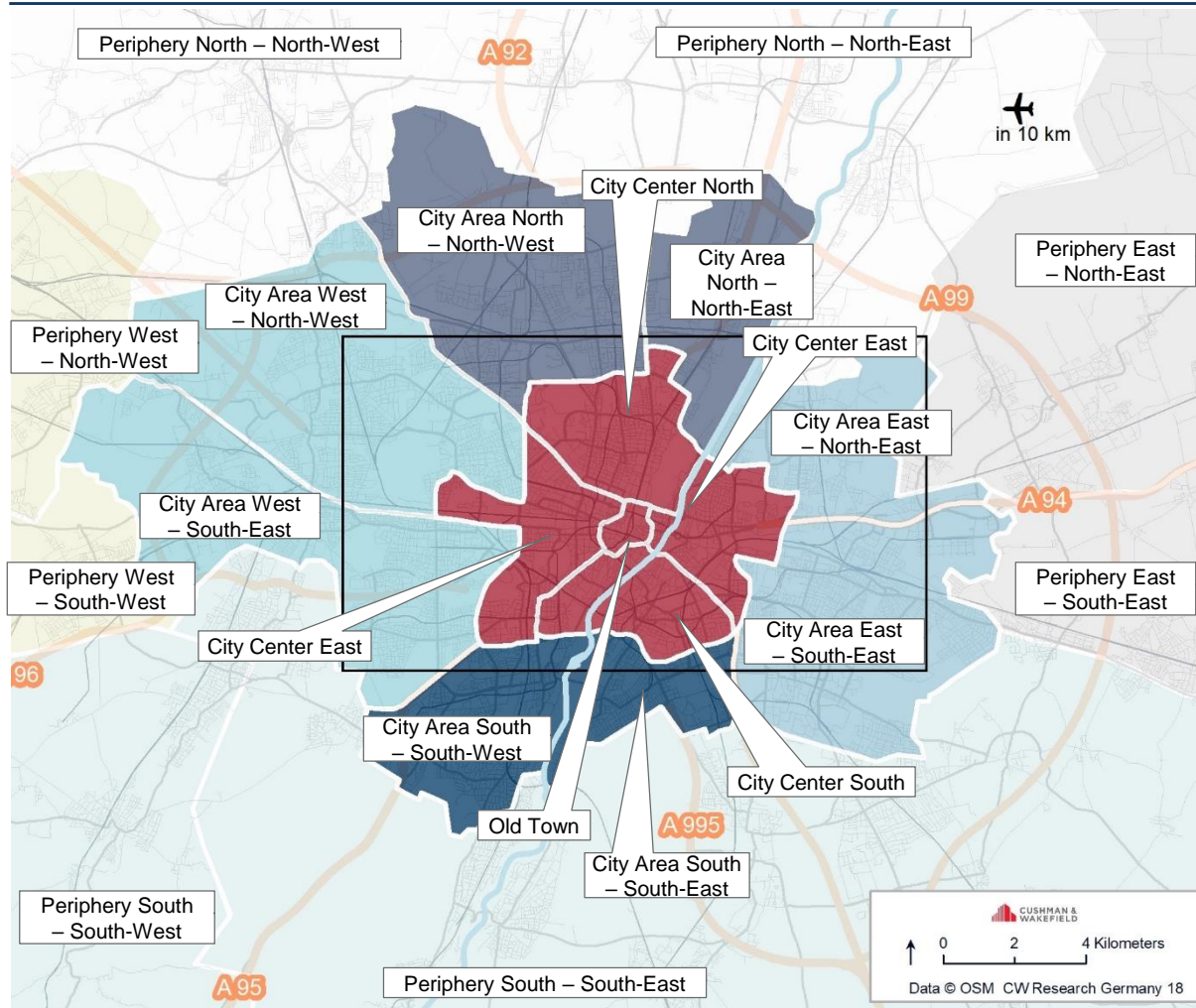
COMPLETIONS



RENTS



SUBMARKET OVERVIEW



RENTAL PRICE RANGE Q4 2020

Submarket	€/m ² /Month
Old Town	27.00 – 39.50
City Center North	19.00 – 34.50
City Center East	20.50 – 37.00
City Center South	17.50 – 26.00
City Center West	20.00 – 37.00
City Area North – North-East	14.00 – 23.00
City Area North – North-West	14.00 – 22.50
City Area Ost – North-East	12.50 – 19.50
City Area Ost – South-East	13.00 – 19.50
City Area Süd – South-East	12.00 – 16.50
City Area Süd – South-West	14.00 – 22.00
City Area West – South-West	13.50 – 21.50
City Area West – North-West	14.00 – 22.50
Periphery North – North-East	10.50 – 16.50
Periphery North – North-West	9.50 – 14.50
Periphery Ost – North-East	10.00 – 15.00
Periphery Ost – South-East	10.50 – 13.50
Periphery Süd – South-East	10.00 – 18.00
Periphery Süd – South-West	11.00 – 16.50
Periphery West – South-West	9.00 – 12.00
Periphery West – North-West	10.50 – 15.50

OFFICE INVESTMENT MARKET

In total, around €3.1 billion was newly invested in office properties and development projects in 2020 contributing 59% of total commercial real estate transaction volume. The largest transaction of 2020 took place at the end of the year. This was the sale of Neue Balan - Haus 27 by Allgemeine Südboden Grundbesitz in the 4th quarter for over €320 million. The net initial yield for very good properties in central locations has been 2.60% since December 2019, and 3.30% in non-central locations. The net initial yield is expected to decline in the coming year.

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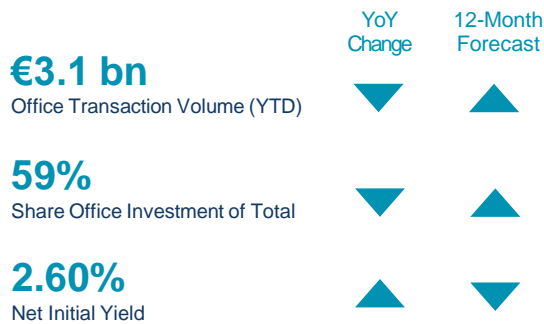
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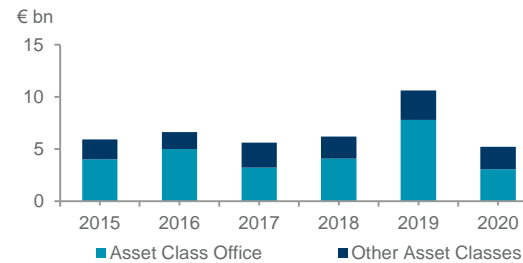
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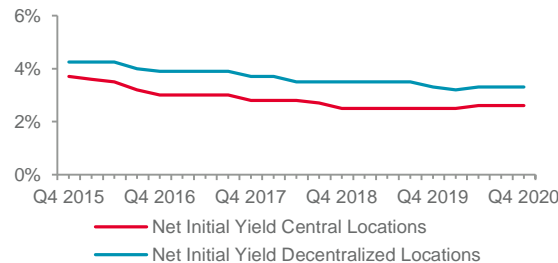
KEY FIGURES



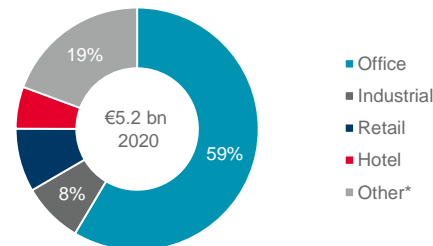
TRANSACTION VOLUME



PRIME YIELDS



TRANSACTION VOLUME BY ASSET CLASSES



*Mixed-use Property, Development Sites, Nursing Homes etc.

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