

YoY Change 12-Month Forecast

235,900
Take-Up (cum.), m²



3.8%
Vacancy Rate



1,294,900
Under Construction, m²



€40.00
Prime Rent, €/m²/month



LABOUR MARKET

YoY Change

103.7

Ifo Employment Barometer Germany (Jun 2021)



432,100

Munich Office Employees (Dec 2020)



4.9%

Munich Unemployment Rate (Jun 2021)



Source: ifo-Institut, Moody's Analytics, Federal Employment Agency

ECONOMIC OVERVIEW

With more than 1.6 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 4.9% (June 2021) is well below the national average of 5.7%. Compared to the same point last year, the unemployment rate has risen by 0.4% points due to the pandemic.

TAKE-UP

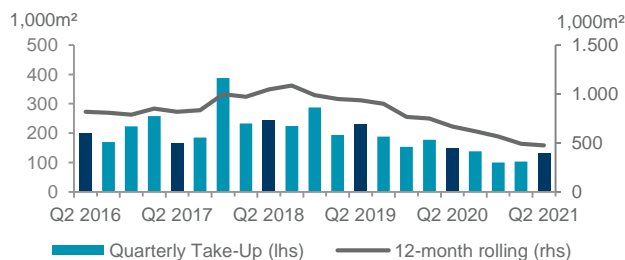
132,000m² of take-up was registered for the Munich office market in the second quarter of 2021. This is only a slight increase on the previous quarter's low take-up (103,900m²). The half-year result of 235,900m² is more than 28% below last year's equivalent result of 327,200m². Compared to the ten-year average, the current value is 36% lower.

In the first half of the year, the IT sector accounted for the largest proportion of take-up (21%). The industrial sector follows in second place with a 15% share of take-up. The strong results of 34,900m² is mainly due to the Wacker Chemie deal at Werksviertel, where the company leased over 14,000m². This is also the largest deal of the year so far and the only one above the 10,000m² mark.

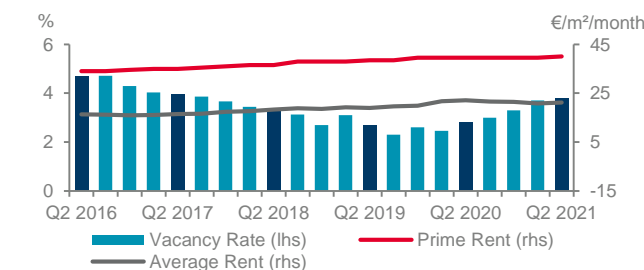
VACANCY

Due to the declining volume of new lettings since 2020, vacancy has increased over the past twelve months. Compared to the same time last year, it rose by 37% or 218,900m² to 806,400m². The vacancy rate in the market area is now 3.8% compared to 2.8% a year ago.

TAKE-UP



VACANCY & RENT



COMPLETIONS

Around 5,400m² of new office space was completed in the second quarter. This brings completion volume thus far in 2021 to 57,800m². This is 51% less than the 5-year average (117,200m²). A further 252,400m² of office space will be completed by the end of the year. Of this, 68% has already been pre-let. In addition, approximately 970,000m² of office space is under construction for completion in 2022 and 2023. The pre-letting rate here is currently 24%.

RENTS

The achievable prime rent reached a new historic high in the second quarter. It rose by a good 1% from €39.50/m²/month to €40/m²/month. The weighted average rent for all new leases of the past twelve months is €21.19/m²/month. This is 34 cents higher than in the first quarter of 2021, but 96 cents lower than at the end of the first half of 2020.

SELECTED PROPERTY DEVELOPMENT PROJECTS

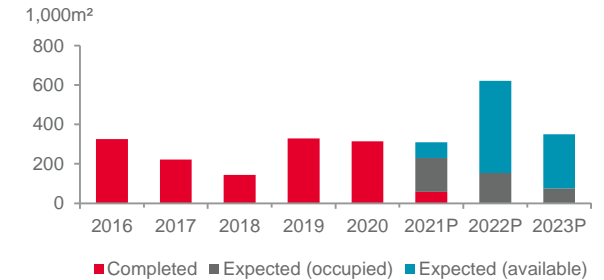
Property/Project	Submarket	Status	Year of Completion	Office Space (m ²)	Owner
Lichtspiel Loft	Periphery South-South-East	Completed	2021	5,400	DIC ONSITE
Die Macherei	City Centre East	Under Construction	2021	60,500	Bayerische Versorgungskammer
Triebwerk	Secondary Locations West-South-West	Under Construction	2021	21,400	Aurelis Real Estate Service

MARKET STATISTICS

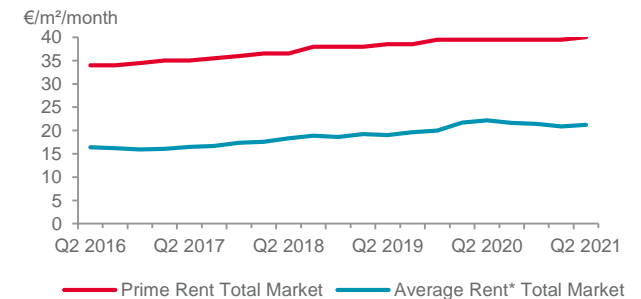
Submarket	Take-Up Q1-2 2021 (m ²)	Completions Q1-2 2021 (m ²)	Space under Construction Q2 2021 (m ²)	Prime Rent Q2 2021 (€/m ² /month)	Average Rent* Q2 2021 (€/m ² /month)
CBD	11,500	0	0	40.00	33.40
City Centre	96,500	1,800	131,900	35.00	26.00
Secondary Locations	61,300	41,800	44,900	25.00	18.90
Periphery	44,000	14,200	75,600	20.00	13.60
Total Market Munich	234,300	57,800	252,400	40.00	21.20

* Weighted Average Rent (12 months)

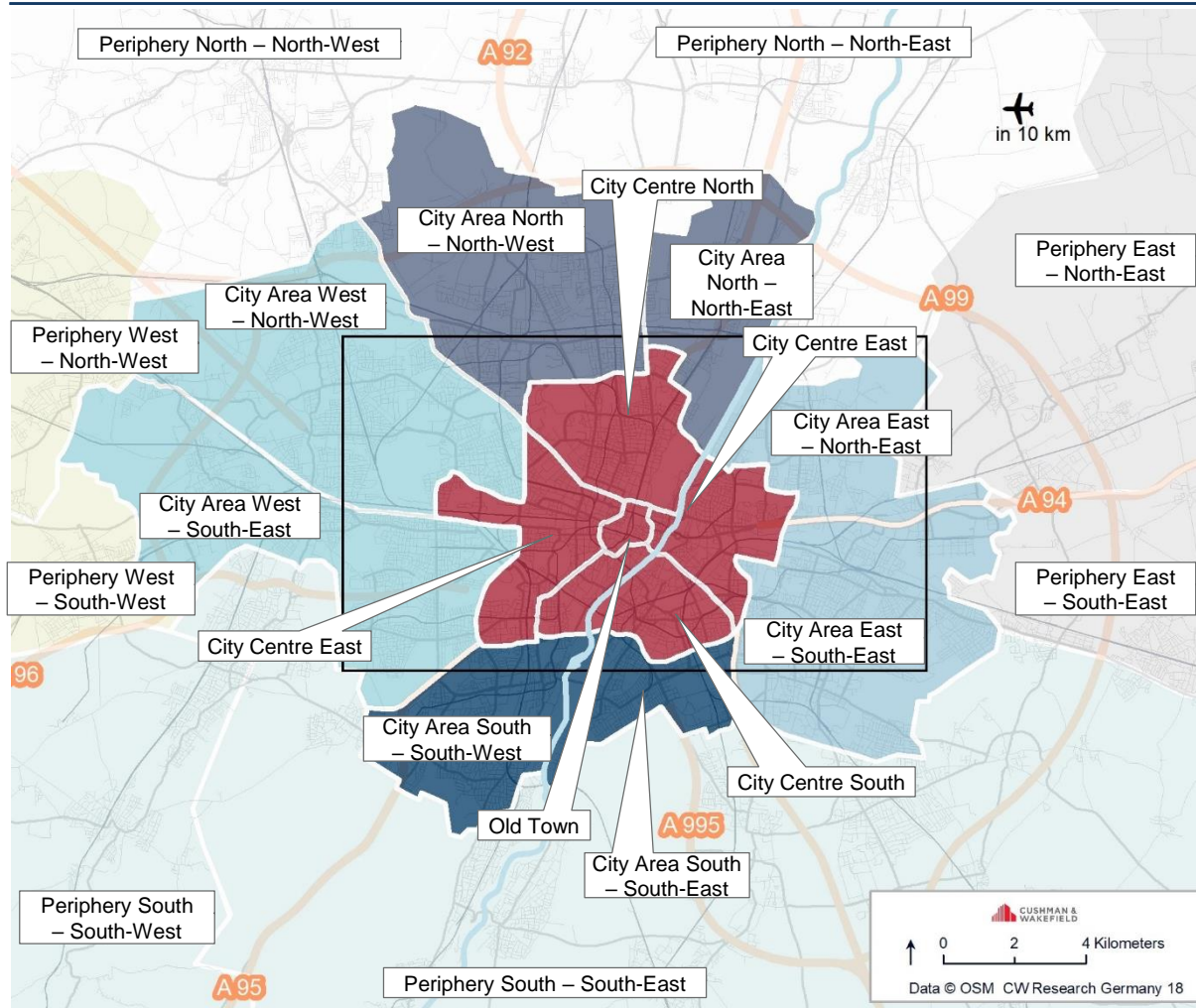
COMPLETIONS



RENTS



SUBMARKET OVERVIEW



RENTAL PRICE RANGES Q2 2021

Submarket	€/m ² /month
Old Town	26.50 – 40.00
City Centre North	17.50 – 35.00
City Centre East	14.00 – 35.00
City Centre South	20.50 – 25.00
City Centre West	17.00 – 32.00
City Area North – North-East	10.00 – 24.00
City Area North – North-West	11.50 – 24.00
City Area East – North-East	12.50 – 19.50
City Area East – South-East	11.50 – 16.00
City Area South – South-East	12.00 – 16.50
City Area South – South-West	16.00 – 25.00
City Area West – South-West	12.00 – 24.00
City Area West – North-West	16.00 – 25.00
Periphery North – North-East	9.50 – 14.50
Periphery North – North-West	8.50 – 15.00
Periphery East – North-East	8.50 – 12.50
Periphery East – South-East	9.50 – 16.00
Periphery South – South-East	9.50 – 16.00
Periphery South – South-West	9.00 – 17.00
Periphery West – North-West	10.00 – 13.00
Periphery West – South-West	10.00 – 13.50

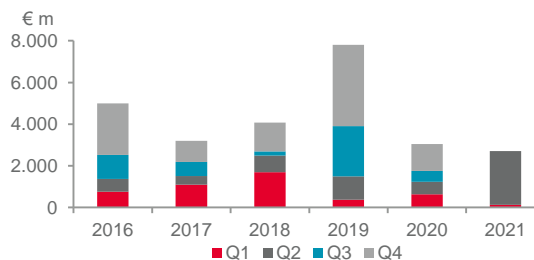
OFFICE INVESTMENT MARKET

With a transaction volume of more than €3 billion, the investment market for commercial real estate recorded its second-highest first-half result of the past ten years. After a weak start, market activity picked up significantly in the period from April to June, to exceed the mid-year figure of 2020 by 36%. In total, around €2.6 billion was invested in office properties and development projects in Q2 2021. This means office transaction volume contributed 86% of the total. The reason for the strong result is primarily three large-volume transactions of over €600 million each. The prime office yield is currently 2.50%, a decrease of 10 basis points compared to the second quarter last year. For office properties in non-central locations, the yield is currently 3.30%.

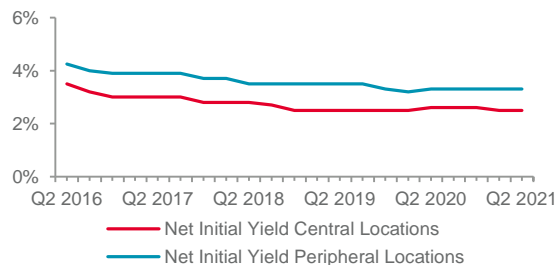
KEY FIGURES



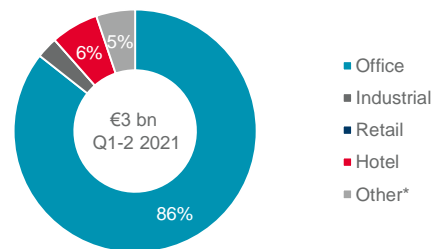
OFFICE TRANSACTION VOLUME



PRIME OFFICE YIELDS



TRANSACTION VOLUME BY ASSET CLASS



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

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