



€1.56 bn

Transaction Volume (cum.)

YoY
Change



12-Month
Forecast

13%

Share of Foreign Capital



2.75%

Office Prime Yield, net



70%

Share Office Investment Volume



ECONOMIC INDICATORS

4.2%

Munich Unemployment Rate
(Jun 2022)

YoY
Change



12-Month
Forecast



453,500

Munich Office Employees
(Jun 2022)



0.0%

ECB Interest Rate
(Jun 2022)



0.99%

10-Year Government
Bond Yield (Q2 2022)



Sources: Federal Employment Agency, Riwis, Moody's Analytics

WEAK COMMERCIAL REAL ESTATE TRANSACTION VOLUME

Munich's commercial real estate transaction volume was around €1.56bn in the 1st half of 2022. Compared to the strong first half of the previous year, this represents a decline of 48%. The result is also 39% below the H1 five-year average (€2.56bn) and 31 percent below the H1 ten-year average (€2.25bn).

The three largest transactions in the first six months involved individual office properties and were already concluded in the first quarter: the Olympia Business Center, the Allianz building in Unterföhring and an office building in Milbertshofen leased to BMW.

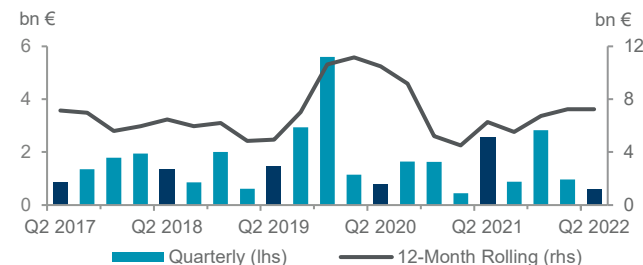
70% OF TRANSACTION VOLUME CONTRIBUTED BY THE OFFICE SECTOR

Office properties were clearly the focus of investors' attention and contributed almost 70% of commercial real estate transaction volume. At just under €1.1bn, the result for this asset class was well below the last year's equivalent figure (€2.6bn).

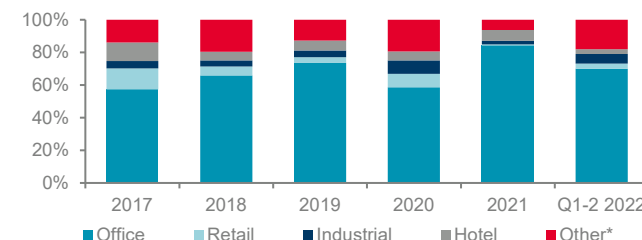
C&W registered a transaction volume of around €100m in the logistics and industrial segment. This corresponds to a contribution of 6%. The previous year's result (€86m) was significantly exceeded. The hotel segment contributed only around €50m, which corresponds to 3% of the total and was a very substantial fall from last year's mid-year figure of around €191m.

The participation of international capital was 13%, well below the previous year's 35%.

COMMERCIAL TRANSACTION VOLUME*



TRANSACTION VOLUME BY ASSET CLASS



* Office, Retail, Logistics / Industrial, Hotel, Other (Leisure, Health Care, Mixed Use, Development Plots)



LESS DEMAND FOR LOW-RISK INVESTMENTS

The focus on low-risk properties has diminished, while demand for opportunistic and value-add properties increased in the second quarter. Overall, 72% of commercial investment volume in the first six months of 2022 was in low-risk properties in the Core and Core+ risk classes.

INCREASE IN PRIME OFFICE YIELDS EXPECTED BY THE END OF THE YEAR

The last time prime yields were as high as the current level was in Q2 2018. The prime yield for Munich office properties at the end of Q2 2022 is 2.75%, which is 25 basis points higher than the previous quarter. In view of the significant increase in yields for government bonds and financing interest rates, the downward trend in office yields has reversed for the time being.

Logistics properties are currently trading at a prime yield of 3.10%. This is 20 basis points less than a year ago, but 10 basis points more than at the end of the previous quarter. The prime yield for inner-city commercial properties fell by 20 basis points year-on-year to 3.00%, after the pandemic initially pushed yields out by 50 basis points in 2020.

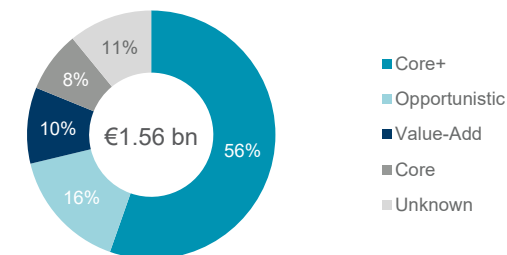
TRANSACTIONS BETWEEN €50 TO 100 MILLION DETERMINE THE MARKET

The largest turnover driver, however, was the €50 to 100 million size class with a total of eight deals and €533 million. A good third of the transactions were in this size range. There were no large-volume deals above €100 million in the last three months.

Outlook

- In the first half of the year, the transaction volume in Munich remained significantly below expectations. Many transactions are taking longer than expected or have been cancelled. This is mainly due to the changing interest rate environment, the resulting higher financing costs and lower purchase price offers.
- Currently Cushman & Wakefield sees price reductions of around 10% for some transactions, depending on asset class and property quality.
- Whether transactions will gain momentum again in Q3 and Q4 2022 based on this price level is, as yet, unforeseeable.
- Cushman & Wakefield expects yields to continue to rise slightly until the end of the year.

TRANSACTION VOLUME BY RISK CATEGORY Q1-1 2022

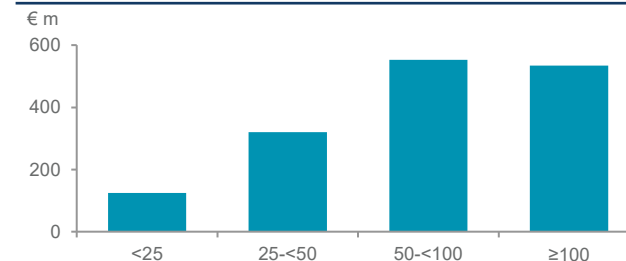


PRIME YIELD BY ASSET CLASS*



*Net initial yield

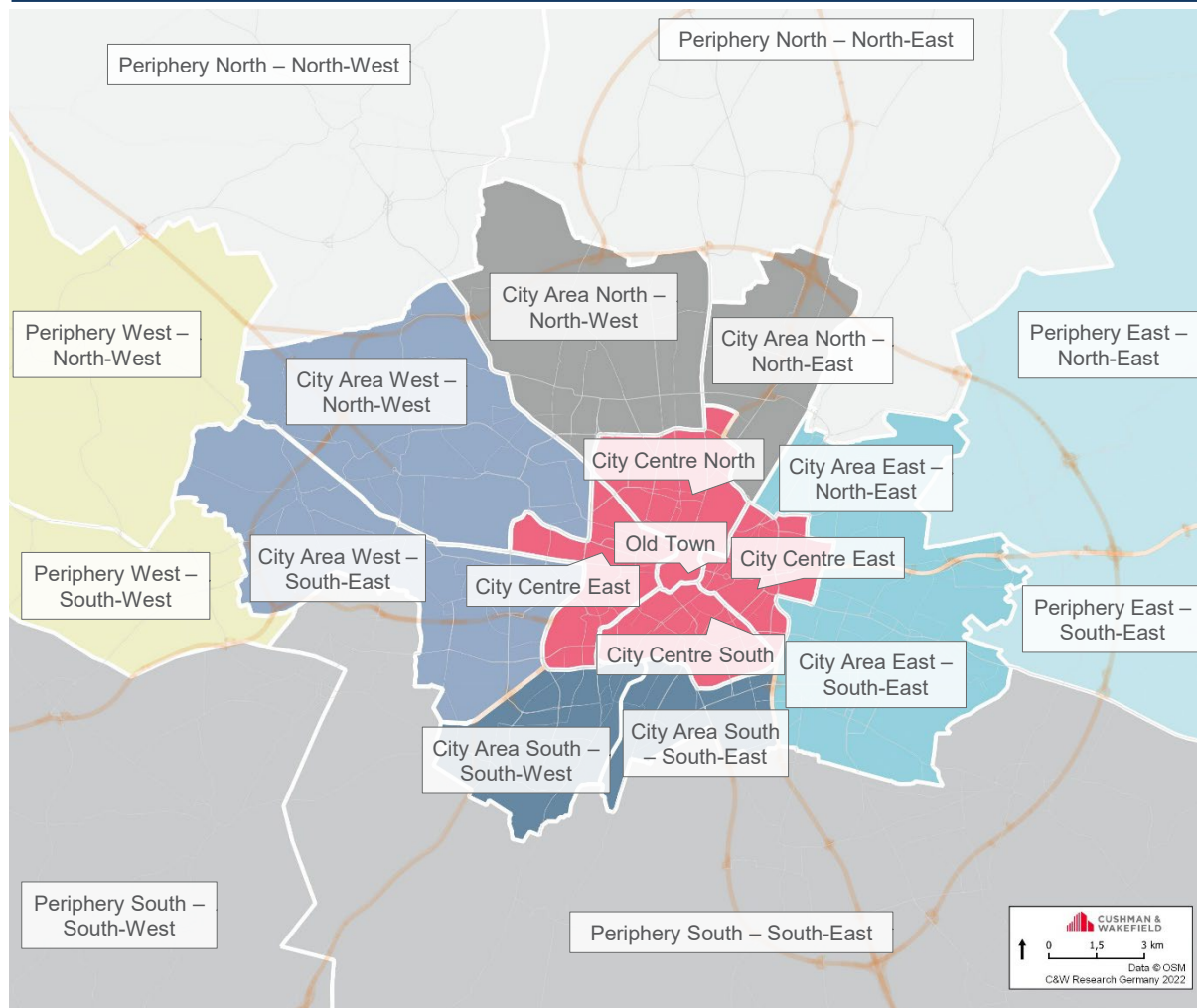
TRANSACTION VOLUME BY SIZE CATEGORY Q1-2 2022*



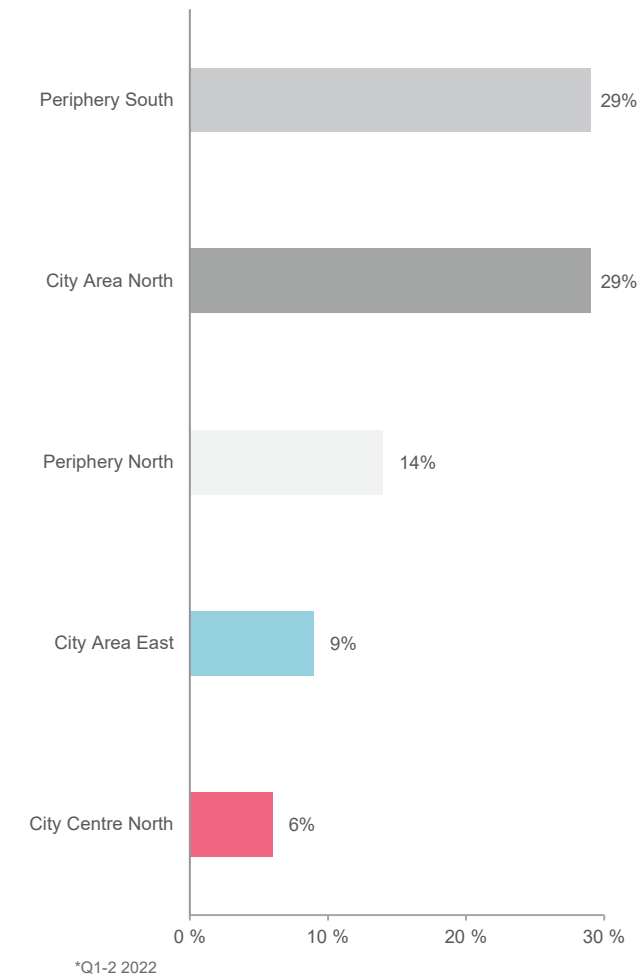
*Each size category in euro million



OFFICE SUBMARKETS OVERVIEW



TOP-5 SUBMARKETS BY TRANSACTION VOLUME*





MARKET STATISTICS Q1-2 2022

MARKET	Transaction Volume (€bn)	Share of Office Investments	Share of Retail Investments	Share of Industrial Investments	Share of International Capital	Office Prime Yield*	High Street Retail Prime Yield*	Logistics Prime Yield*
Munich	1.56	70%	3%	6%	13%	2.75%	3.00%	3.10%
YoY Change	-48%	-16pp	+3pp	+3pp	-22pp	25bps	-20bps	10bps
Top-7 Markets	14.66	65%	4%	11%	61%	2.99%	3.46%	3.11%
YoY Change	+14%	+13pp	+1pp	+4pp	+19pp	+15bps	-22bps	-20bps
Germany	27.67	44%	13%	21%	48%	2.99%	3.46%	3.11%
YoY Change	+25%	+1pp	+3pp	+5pp	+11pp	+15bps	-22bps	-20bps

*Prime yield is net initial yield, displaying achievable values. Prime yield for Germany = Average of Top-7 Markets

PP = Percentage Points bps = Basis Points

SELECTED INVESTMENT TRANSACTIONS 2022

Property / Transaction	Quarter	Type Of Use	Submarket	Vendor / Buyer	Price (€ million)
Olympia Business Center	Q1	Office	City Area North-North West	Bayern Projekt GmbH / Athos Service GmbH	~ 300
Allianz Gebäude	Q1	Office	Periphery North – North-West	DFH Deutsche Fonds Holding AG / Soravia Service GmbH	~ 110
BMW Office	Q1	Office	City Area North-North West	JP Morgan / CV Real Estate	~ 100
Denkraum	Q2	Office	City Centre North	LaSalle IM / Polis	~ 90
Webasto Headquarter	Q2	Office	Periphery South – South-West	Webasto Family Office / BEOS AG	~ 82

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