

YoY Change 12-Month Forecast

610,800m²
Take-Up (cum.)



5.1%
Vacancy Rate



1.11m m²
Under Construction



€43.00
Prime Rent, €/m²/month



LABOUR MARKET

YoY Change

99.5

Ifo Employment Barometer Germany (Sep 2022)



452,900

Munich Office Employees (Sep 2022)



4.2%

Munich Unemployment Rate (Sep 2022)



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

ECONOMIC OVERVIEW

Despite major economic uncertainties, the labor market in Munich has developed well over the past 12 months. The number of people registered as unemployed in September 2022 decreased by 1,227 year-on-year to a total of 44,039. The unemployment rate of 4.2% has thus remained unchanged from the September figure for the previous year. For the majority of companies, high energy and raw material prices, delivery problems and material shortages currently represent the greatest business risks.

TAKE-UP

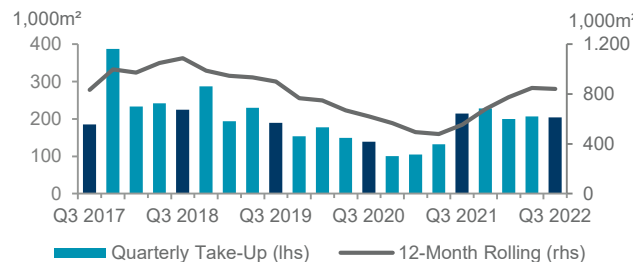
In the first three quarters of 2022 the office market in Munich registered an office take-up of 610,800m². The result is thus back at the pre-Covid-19 level and around 8% above the 5-year average. Compared to last year's equivalent result, the increase in take-up is around 35%. Take-up in the 3rd quarter amounted to 203,900m², meaning there have been three consecutive quarters with take-up above the 200,000m² mark, a feat which last occurred in 2018. A particularly large boost in take-up in the third quarter was provided by the conclusion of a lease by the software company Personio GmbH for around 39,900m² in the "Elementum" office project. In terms of space, this major letting also represents the third-largest letting ever concluded in Munich's office letting market.

The economic uncertainties have become noticeable among companies in recent months; particularly with regard to the question of the size of space to be leased. Leasing decisions are being made more slowly, but ultimately very purposefully.

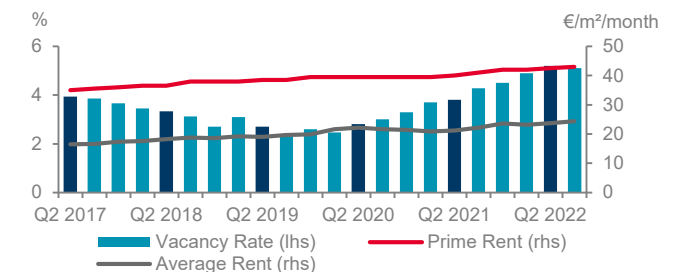
VACANCY

Absolute vacancy at the end of the third quarter was around 1.09 million m², an increase of around 18% compared to the same point last year. The vacancy rate in the Munich market is therefore currently 5.1%. In Q2 2022, vacancy still totalled 1.10 million m² and 5.2%. Prior to this, the office vacancy rate had increased continuously from quarter to quarter since the beginning of the pandemic.

TAKE-UP



VACANCY & RENT



COMPLETIONS

A total of around 203,200m² of office space was completed in the Munich office market in the first three quarters of 2022. Compared to last year, the completion volume has increased by around 21%. Of this, just under 29% is currently still available. Another 80,500m² of office space will be completed by the end of the year - if construction progresses as planned. A total of 1.1 million m² of office space is under construction for completion by 2026. New properties with highly modern and flexible space and ESG-compliant orientation are very popular.

RENTS

The achievable prime office rent continued to rise in Q3 2022 and currently stands at €43.00/m²/month. Compared to the previous year, this is an increase of around 5%. The achievable prime rent is mainly achieved in the Altstadt submarket and the Innenstadt West submarket.

The area-weighted average rent for new lettings in the past twelve months also reached a new peak. It now stands at €24.30/m²/month, an increase of €2.10/m²/month on the same point last year. Office prime and average rents are expected to rise until the end of the year.

SELECTED PROPERTY DEVELOPMENT PROJECTS

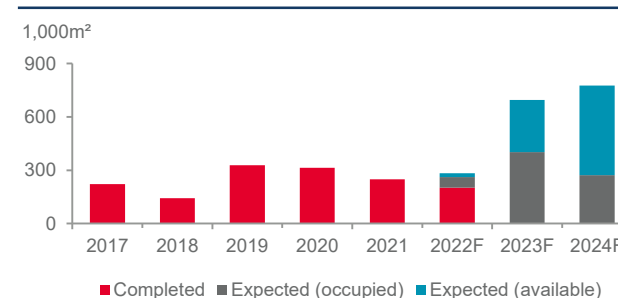
Property/Project	Submarket	Status	Year of Completion	Office Space (m ²)	Owner
MARK	City Area West – South-East	Completed	2022	54,600	AXA Investment
Heads	Periphery East – North-East	Under Construction	2023	41,800	Rock Capital
iCampus (i5,i6,i7)	City Centre East	Completed	2022	40,000	R&S Immobilienmanagement
Optineo	City Centre East	Under Construction	2022	32,000	Wöhr + Bauer

MARKET STATISTICS

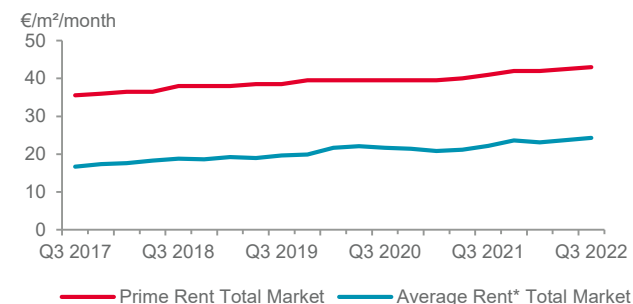
Submarket	Take-Up Q1-3 2022 (m ²)	Completions Q1-3 2022 (m ²)	Space under Construction Q3 2022 (m ²)	Prime Rent Q3 2022 (€/m ² /month)	Average Rent* Q3 2022 (€/m ² /month)
CBD	28,100	0	55,600	43.00	38.75
City Centre	234,200	125,900	602,400	40.50	29.85
Secondary Locations	174,900	74,500	253,000	30.00	19.50
Periphery	173,600	2,600	136,100	20.00	14.45
Total Market Munich	610,800	203,000	1,047,100	43.00	24.30

* Weighted Average Rent (12 months)

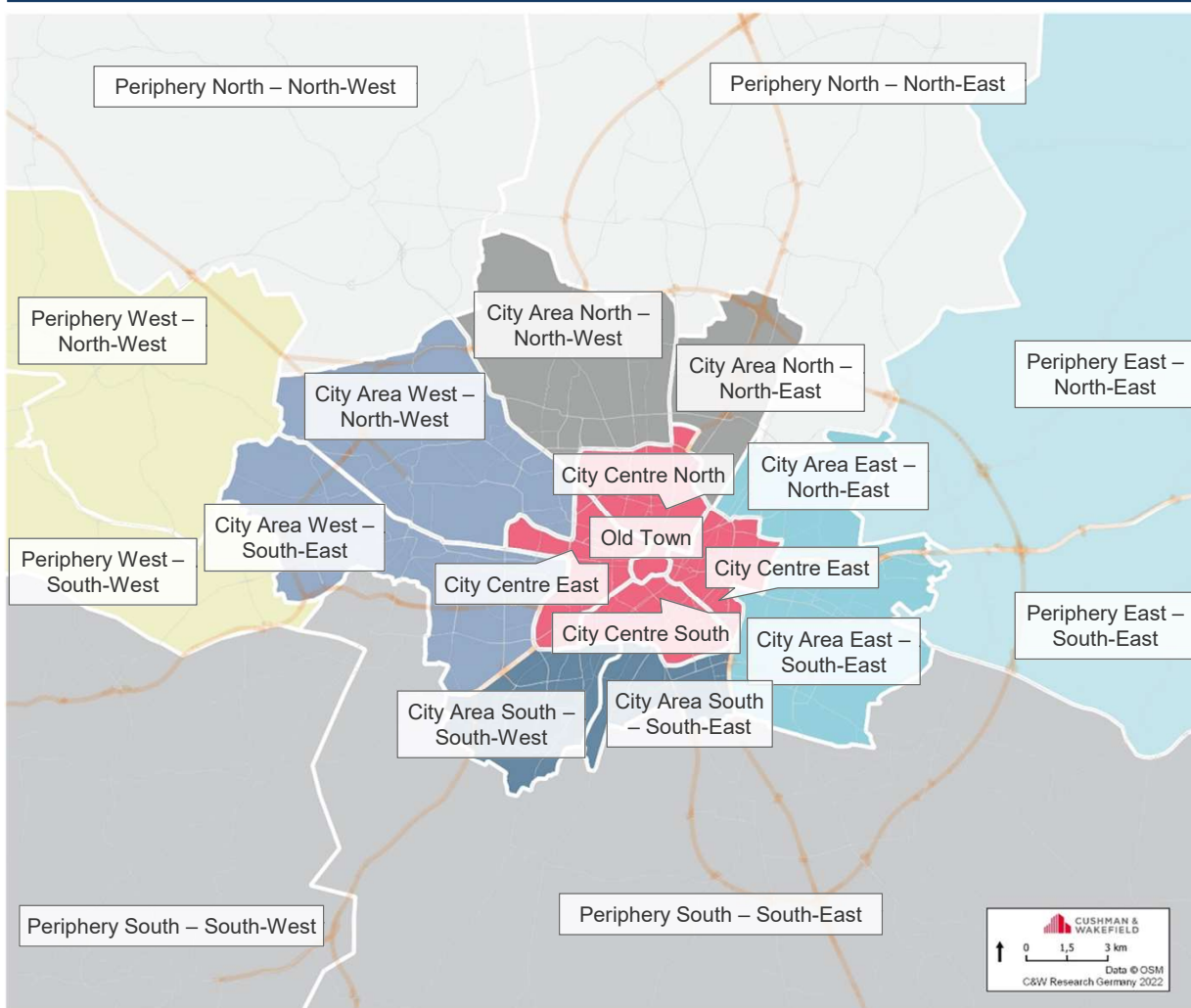
COMPLETIONS



RENTS



SUBMARKET OVERVIEW



RENTAL PRICE RANGES Q3 2022

Submarket	€/m ² /month
Old Town	23.60 – 43.00
City Centre North	16.10 – 39.50
City Centre East	14.50 – 37.00
City Centre South	12.50 – 30.25
City Centre West	16.65 – 40.50
City Area North – North-East	13.00 – 30.00
City Area North – North-West	12.90 – 25.00
City Area East – North-East	11.00 – 16.00
City Area East – South-East	11.00 – 19.50
City Area South – South-East	12.50 – 18.25
City Area South – South-West	14.00 – 25.00
City Area West – South-West	13.25 – 25.00
City Area West – North-West	14.00 – 26.00
Periphery North – North-East	7.80 – 21.50
Periphery North – North-West	9.10 – 16,00
Periphery East – North-East	8.50 – 13.50
Periphery East – South-East	9.50 – 15.00
Periphery South – South-East	7.25 – 18.75
Periphery South – South-West	10.90 – 16.90
Periphery West – North-West	8.50 – 11.00
Periphery West – South-West	8.50 – 13.00

OFFICE INVESTMENT MARKET

Munich's commercial investment market reached a transaction volume of €2.91 billion in the first three quarters of 2022. Compared to the equivalent period last year, this represents a decrease of 25%. The transaction volume in Q3 2022 was significantly more dynamic than in the first two quarters and, at around €1.45 billion, reached the highest quarterly transaction volume of the year to date. Office properties are the main driver of transaction volume and reached a result of around €2.06 billion from January to September. In the 3rd quarter, four office buildings with purchase prices of over €100 million each changed hands.

Prime yield for high quality core office properties stands at 3.00% at the end of the 3rd quarter, 25 basis points above the level of the previous quarter.

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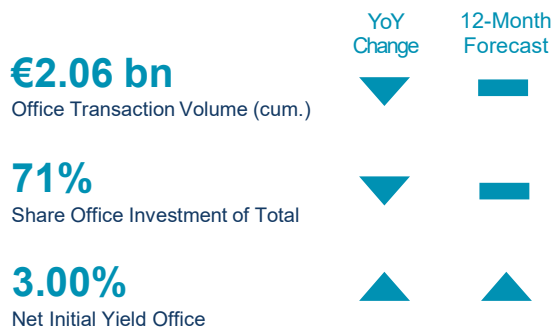
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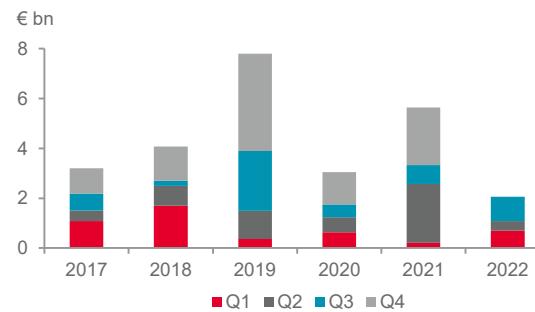
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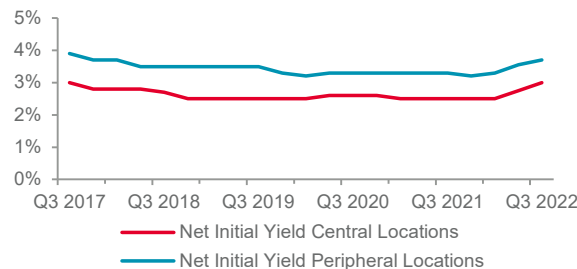
KEY FIGURES



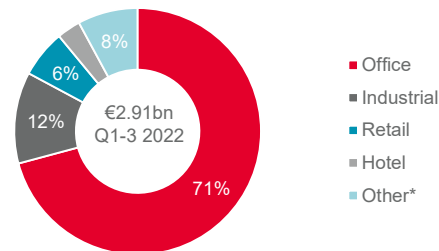
OFFICE TRANSACTION VOLUME



PRIME OFFICE YIELDS



TRANSACTION VOLUME BY ASSET CLASS



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