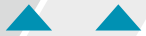


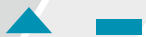
YoY
Change

12-Month
Forecast

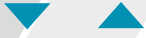
767,000m²
Take-Up (cum.)



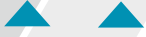
5.2%
Vacancy Rate



967,000m²
Under Construction



€43.50
Prime Rent, €/m²/month



LABOUR MARKET

YoY
Change

99.5

Ifo Employment Barometer
Germany (Dec 2022)



456,600

Munich Office Employees
(Dec 2022)



4.1%

Munich Unemployment Rate
(Dec 2022)



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

ECONOMIC OVERVIEW

Despite the ongoing economic uncertainties, the labour market in Munich has continued to develop well over the past 12 months. Compared with a year previously, the number of people registered as unemployed has remained almost constant, at 35,570, in December 2022, while the unemployment rate increased slightly from 4.0% to 4.1%. Office employment has shown a positive trend with an increase of around 3% since December 2021. For companies, high energy and raw material prices, supply difficulties and material shortages as a result of the Ukraine war and the Covid-19 pandemic remain the major challenges.

TAKE-UP

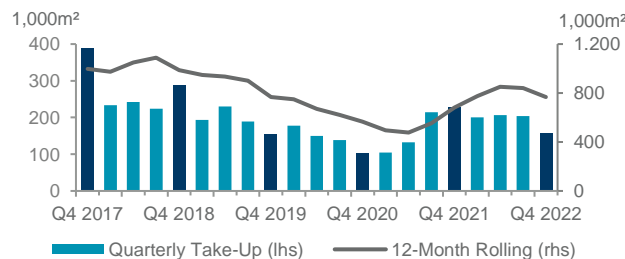
Following three consecutive quarters with take-up in each of over 200,000m², the fourth quarter was significantly weaker at around 156,000m², as expected larger deals were postponed until 2023. Still, the Munich office market recorded a strong year with a total take-up of around 767,000m² (+13% compared with 2021). The major contributors to take-up in Q4 were deals signed by the Bavarian Red Cross for around 14,000m² and by an IT company for around 12,000m². 15 transactions were pre-lettings in development projects with a focus on office space above 1,000m². The IT sector again exhibited the greatest demand for office space. Around 189,000m² of office take-up was attributable to 139 deals recorded in this sector throughout 2022, which corresponds to around 25% of the total take-up in the Munich office market area. This is followed by the industrial sector which contributed around 20% of take-up. IT companies are particularly attracted to the City Centre West submarket. Almost 40% of lettings to this sector took place here.

For 2023, Cushman & Wakefield currently expects take-up of around 800,000m².

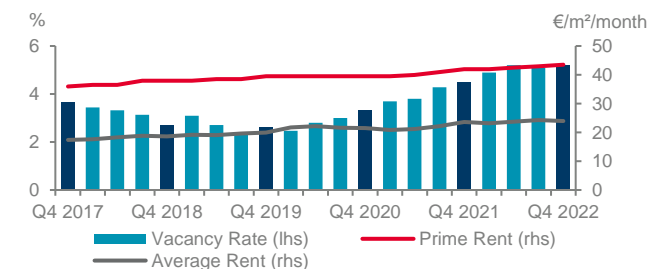
VACANCY

Absolute vacancy at the end of the fourth quarter was around 1.1 million m², an increase of around 16% compared to a year previously. The vacancy rate in the Munich market is therefore currently 5.2% and, after falling in the third quarter, has returned to the level seen at the end of June 2022.

TAKE-UP



VACANCY & RENT



COMPLETIONS

In 2022, a total of around 250,000m² of office space was completed in the Munich office market area. This is around 3% more than the previous year (around 241,000m²). At the time of the respective completions, 30% of the space was still available. A total of around 967,000m² of office space is currently under construction, which is around 30% less than in the previous year. The pre-letting rate for these development projects is currently an above-average 59%. With a further 1.6 million m² of office space, Munich also has a well-filled planning pipeline.

RENTS

The achievable prime office rent continued to rise in Q4 2022 to €43.50/m²/month, a new all-time high. Compared with a year previously, this is an increase of €1.50 or 4%. The achievable prime rents are being achieved primarily in the Old Town (CBD), City Centre West and City Centre South submarkets. A further slight increase in prime rents is expected for 2023. The weighted average rent for new leases in the past twelve months also reached a new peak, at €23.95/m²/month.

SELECTED PROPERTY DEVELOPMENT PROJECTS

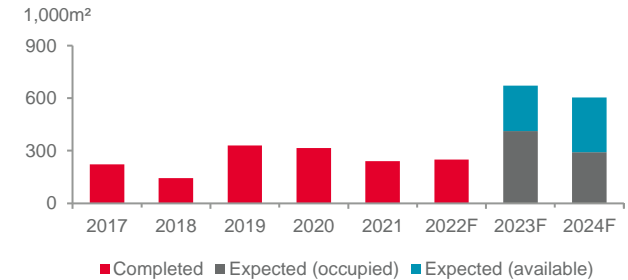
Property/Project	Submarket	Status	Year of Completion	Office Space (m ²)	Owner
MARK	City Area West – South-West	Completed	2022	54,600	AXA Investment
Heads	Periphery East – North-East	Under Construction	2023	41,800	Rock Capital
iCampus (i5,i6,i7)	City Centre East	Completed	2022	40,000	R&S Immobilienmanagement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

MARKET STATISTICS

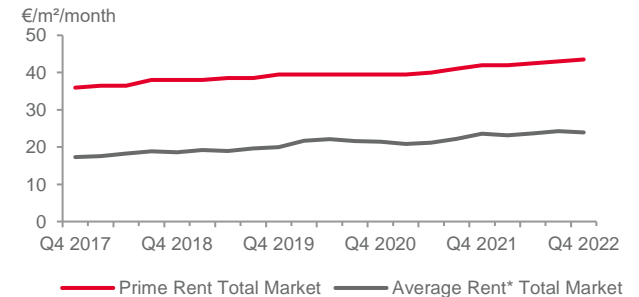
Submarket	Take-Up Q1-4 2022 (m ²)	Completions Q1-4 2022 (m ²)	Space under Construction Q4 2022 (m ²)	Prime Rent Q4 2022 (€/m ² /month)	Average Rent* Q4 2022 (€/m ² /month)
CBD	33,000	0	56,000	43.50	35.10
City Centre	307,000	152,000	551,000	40.50	30.30
Secondary Locations	225,000	86,000	233,000	30.00	20.00
Periphery	202,000	12,000	127,000	21.50	14.40
Total Market Munich	767,000	250,000	967,000	43.50	23.95

* Weighted Average Rent (12 months)

COMPLETIONS

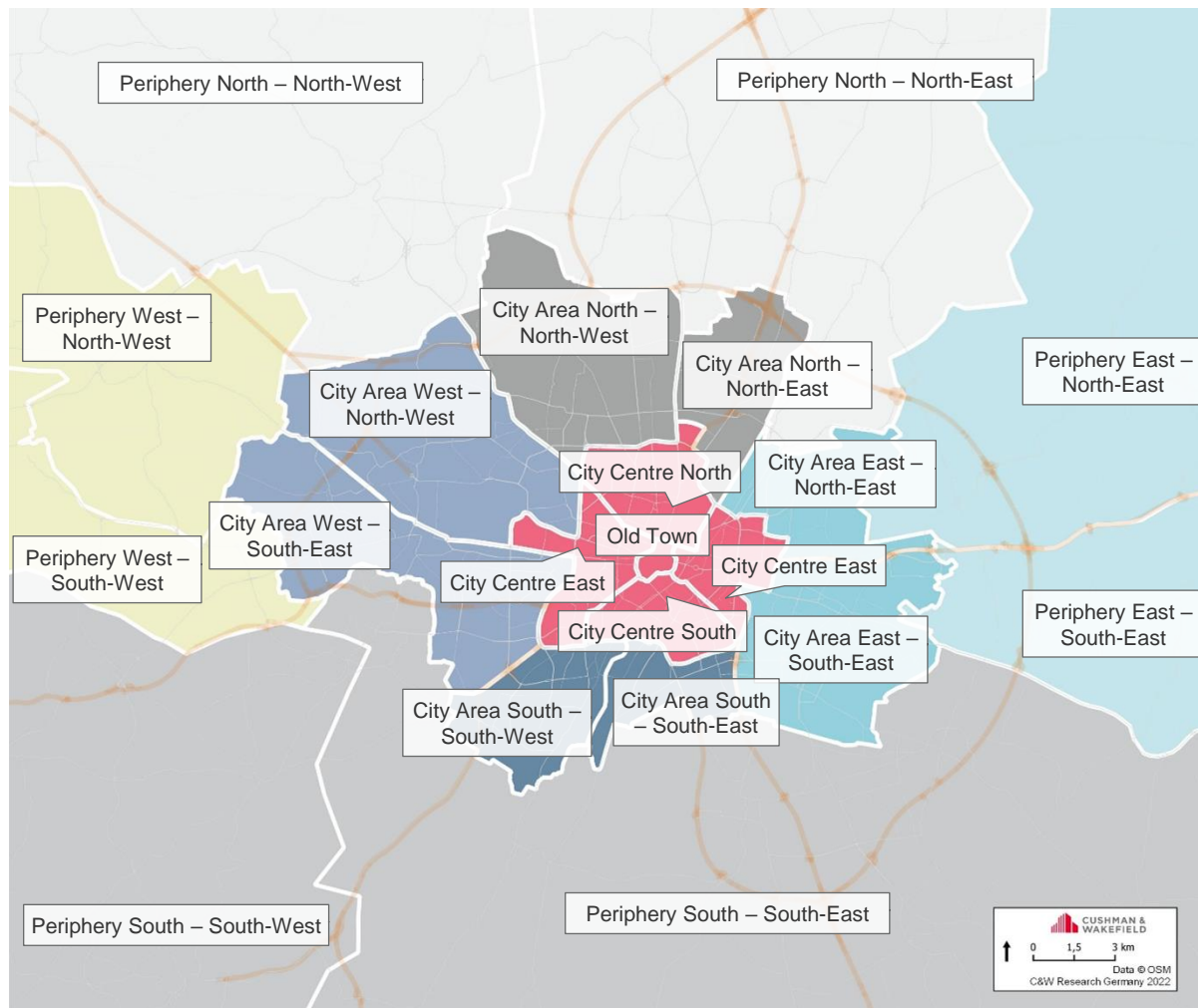


RENTS





SUBMARKET OVERVIEW



RENTAL PRICE RANGES Q4 2022

Submarket	€/m ² /month
Old Town	23.60 – 43.50
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 – North-West	13.25 – 25.00
City Area West – South-West	14.00 – 26.50
Periphery North – North-East	7.80 – 21.50
Periphery North – North-West	9.10 – 16.00
Periphery East – North-East	8.50 – 15.00
Periphery East – South-East	9.50 – 15.50
Periphery South – South-East	7.25 – 18.75
Periphery South – South-West	10.90 – 17.50
Periphery West – North-West	8.50 – 12.00
Periphery West – South-West	8.50 – 13.50



OFFICE INVESTMENT MARKET

Munich's commercial real estate transaction volume was around €810 million in Q4 2022 bringing the total for 2022 to around €3.72 billion. Office properties remained the main contributor to transaction volume in Munich, accounting for 63% (€2.34 billion) of the total. The sale of the Leopoldstrasse 4 and 6 office building, was the sole transaction which exceeded a volume of €100 million in the fourth quarter.

The prime yield for high-quality core office properties was 3.30% at the end of Q4, 80 basis points above the level of the previous year. Cushman & Wakefield expects a further increase in prime yields in the first quarter of 2023.

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KEY FIGURES

€2.34 bn

Office Transaction Volume (cum.)

63%

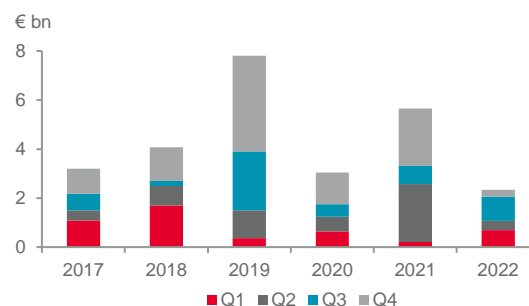
Share Office Investment of Total

3.30%

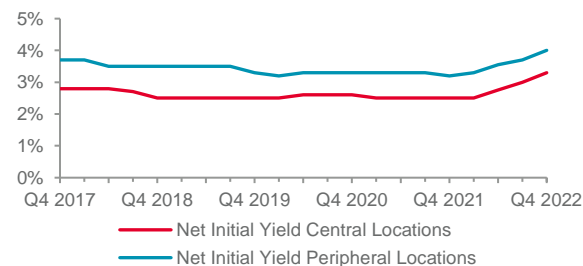
Net Initial Yield Office



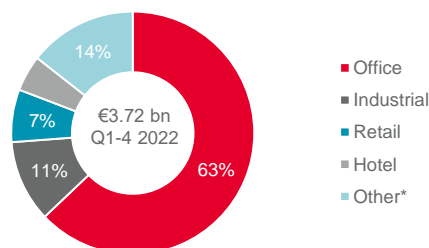
OFFICE TRANSACTION VOLUME



PRIME OFFICE YIELDS



TRANSACTION VOLUME BY ASSET CLASS



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