

**€505 m**

Transaction Volume (cum.)

YoY  
Change



**53%**

Share of Foreign Capital

**3.50%**

Office Prime Yield, net

**37%**

Share Office Investment Volume

YoY  
Change



**4.4%**

Munich Unemployment Rate  
(Mar 2023)

**458,100**

Munich Office Employees  
(Mar 2023)

**3.50%**

ECB Interest Rate  
(Mar 2023)

**2.34%**

10-Year Government  
Bond Yield (Q1 2023)



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

### MUNICH REAL ESTATE INVESTMENT RESTRAINED

Munich's commercial real estate investment market recorded a transaction volume of €505 million in Q1 2023. Compared to Q1 2022 (€960 million), this corresponds to a significant decline of 47%.

### FEW MAJOR OFFICE TRANSACTIONS

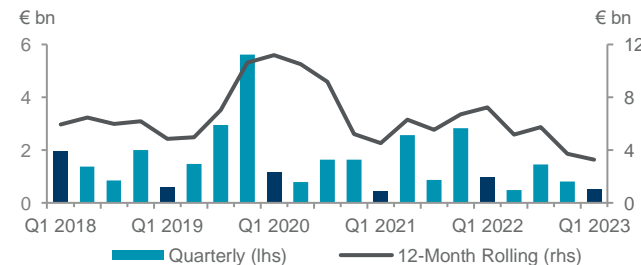
While 73% of the transaction volume was contributed by the office segment in Q1 2022, this fell to 37% (€185 million) in Q1 2023. Cushman & Wakefield recorded three office transactions, including two in the value-add segment, the sale of the property at Nymphenburger Straße 112 for around €65 million to Becken Holding AG and the sale of Ungererstraße 71 for around €18 million to Bauwerk Capital GmbH & Co. KG. One property in the core segment was acquired by an insurance company for over €100 million.

By way of comparison, six office buildings changed hands for a total transaction volume of €700 million in the first quarter of 2022.

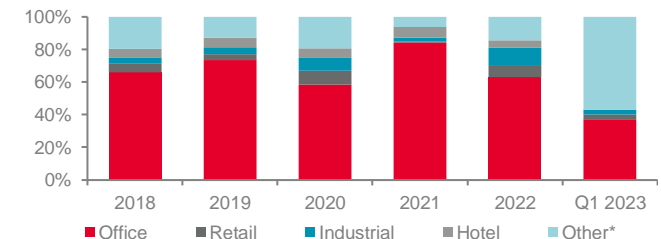
### OTHER ASSET CLASSES IN INVESTOR FOCUS – A LAND SALE WAS THE LARGEST DEAL OF THE FIRST QUARTER

At around €290 million or 57%, the focus of transaction activity in Q1 2023 was on property types beyond the asset classes of office, retail, hotel, industrial/logistics. A plot of land at Seidlstrasse 15 was sold for €250 million, which was the largest transaction of the quarter. Among the transactions in Q1 were also mixed-use buildings and an educational building. Retail and industry/logistics each achieved a turnover of €15 million in Q1 2023. Compared to the first quarter of 2022, this represents a significant decline of 70% and 85%, respectively.

### COMMERCIAL TRANSACTION VOLUME\*



### SHARE OF TRANSACTION VOLUME BY ASSET CLASS



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



### CORE ASSETS' SHARE OF TRANSACTION VOLUME SHRINKS

The transaction volume for low-risk core and core-plus assets decreased significantly in Q1 2023 compared to a year ago. While their contribution was 65% in Q1 2022, this fell to only 29% in Q1 2023. The effect of changed financing environment of recent months is thus particularly noticeable in these two risk classes. The value-add segment dominated investment activity at the start of the year with a transaction volume of €348 million.

### FURTHER INCREASE IN PRIME YIELDS EXPECTED

The prime yield for high-quality, modern, core office properties in Munich is 3.50% at the end of the first quarter of 2023, 20 basis points higher than in the previous quarter and 100 basis points higher than a year earlier. In the first quarter of 2022, the prime yield was still quoted at 2.50%.

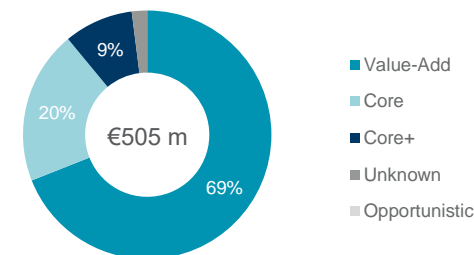
The prime yield for retail properties reached 3.40% at the end of the first quarter, 20 basis points higher than in the previous quarter. Logistics properties traded at a prime yield of 4.15% in Q1 2023, breaking the 4% threshold.

High borrowing rates continue to complicate the pricing processes between buyers and sellers. In view of persistently high inflation and an expected further increase in the European Central Bank's (ECB) main refinancing rate, yields can thus be expected to rise further.

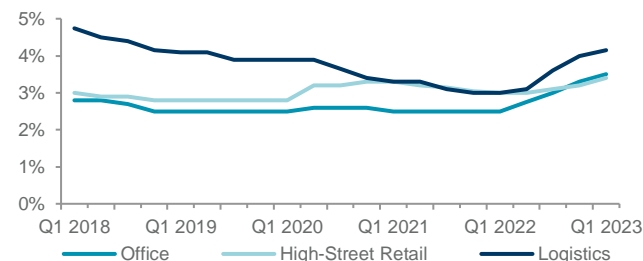
### Outlook

- Purchase price expectations between buyers and sellers will continue to drift apart for high-priced core and core-plus investments.
- Prime yields will continue to rise in the three main property use-types - office, retail, logistics - in the following quarters.
- While investors from the insurance or pension fund sectors are likely to remain cautious, increased activity by private buyers and family offices is expected.
- Properties from the value-add segment will continue to be given greater consideration in investors' purchase profiles, as the Munich office letting market is proving robust.

### TRANSACTION VOLUME BY RISK CATEGORY Q1 2023

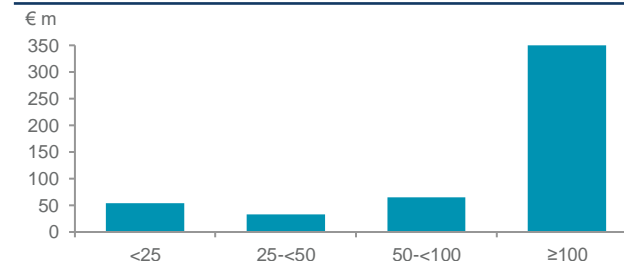


### PRIME YIELD BY ASSET CLASS\*



\*Net initial yield

### TRANSACTION VOLUME BY SIZE CATEGORY Q1 2023\*



\*Each size category in euro million

### MARKET STATISTICS Q1 2023

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	0.51	37%	3%	3%	53%	3.50%	3.40%	4.15%
YoY Change	-47%	-36 PP	-2 PP	-7 PP	+34 PP	+100 bps	+40 bps	+115 bps
Top-7 Markets	2.62	23%	38%	13%	53%	3.83%	3.90%	4.15%
YoY Change	-73%	-54 PP	+35 PP	+4 PP	-16 PP	+109 bps	+53 bps	+114 bps
Germany	5.08	21%	31%	16%	34%	3.83%	3.90%	4.15%
YoY Change	-72%	-32 PP	+18 PP	-5 PP	-16 PP	+109 bps	+53 bps	+114 bps

\*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 2023

Property / Address	Quarter	Type Of Use	City	Vendor / Buyer	Price (€ million)
Plot of land / Seidlstraße 15-19	Q1	Office	Munich	Freistaat Bayern / Apple	~ 250
Office building / Confidential	Q1	Office	Munich	Project Developer / Insurance company	~ 100
Nymphenburger Straße 112	Q1	Office	Munich	Allianz Lebensversicherungs AG / Becken Holding AG	~ 65

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