

YoY Change 12-Month Forecast

€2.04 bn

Transaction Volume (cum.)



28%

Share of Foreign Capital



4.60%

Office Prime Yield, net



22%

Share Office Investment Volume



ECONOMIC INDICATORS

YoY Change 12-Month Forecast

3.4%

Munich Unemployment Rate (Sep 2024)



463,500

Munich Office Employees (Sep 2024)



3.65%

ECB Interest Rate (Sep 2024)



2.31%

10-Year Government Bond Yield (Q3 2024)



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

OFFICE TRANSACTION HAS DOUBLED COMPARED TO THE SAME PERIOD LAST YEAR

In the first three quarters, a transaction volume of €2.04 billion was recorded for the CRE market in Munich. This corresponds to a doubling (+98%) compared to the same period of the previous year. The 3rd quarter alone accounted for €595 million, which is even 190% higher than the previous quarter's figure (€205 million).

Compared to the 5-year average for the first nine months of each year, the current year is still 38% worse. The 10-year average decline is even 43%.

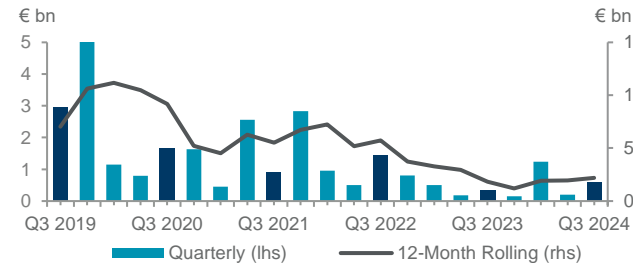
In the year to date, two sales have accounted for more transaction volume than all others combined: The mixed-use property 'Fünf Höfe' sold by Union Investment to Athos with around €700 million in the first quarter and the shopping centre 'Pasing Arcaden', for which IKEA's sister company Ingka Centers paid €388 million.

Both major transactions have a significant impact on the volume of the respective types of use. Mixed-use properties account for the highest share of the transaction volume at 50%. Despite the major shopping centre transaction, retail properties are behind office properties at €415 million (20%), accounting for €445 million (22%). One of the largest office transactions in 2024 to date is still the sale of the 'Romy' office and commercial building at Rosenstrasse 8 sold by Signa Prime Selection to Concept Reals for around €85 million in the first quarter.

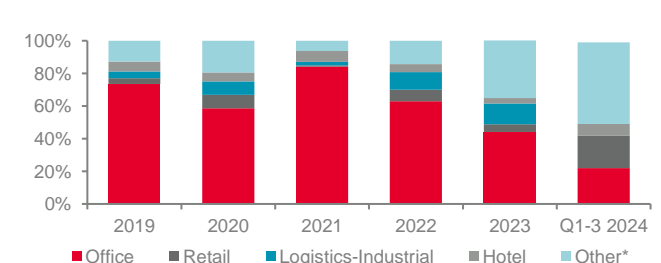
Hotel properties achieved a transaction volume of €145 million in the year to September, which is already more than three times the figure for the whole of last year (€40 million).

Just two industrial and logistics properties were traded in the first three quarters of the year, meaning that this type of use only accounts for around 0.5% of the CRE transaction volume on the Munich market at €10 million.

COMMERCIAL TRANSACTION VOLUME*



SHARE OF TRANSACTION VOLUME BY ASSET CLASS



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

CORE TRANSACTIONS AS THE STRONGEST RISK CLASS

In the first three quarters of 2024, the largest share of the transaction volume (66%) was allocated to the core segment. Overall, transactions from the core and core-plus segment amounted to 81%. 18% of the transaction volume was attributable to properties in the value-add and opportunistic categories. These include properties with development and enhancement potential, particularly those with high vacancy rates and land intended for future development.

STABLE PRIME YIELDS FOR ALL ASSET CLASSES

The level of prime yields in Munich is the lowest among the top 7 German markets. Since the end of last year, prime yields for office, logistics and commercial property have remained stable. The prime yield for office properties is 4.60% (+40 basis points compared to the previous year). Logistics properties are currently achieving 4.50% (+20 basis points) and city centre commercial properties 4.10% (+30 basis points). The further outlook is also stable.

LARGE TRANSACTIONS OVER €100 MILLION SHAPE TRANSACTION VOLUME

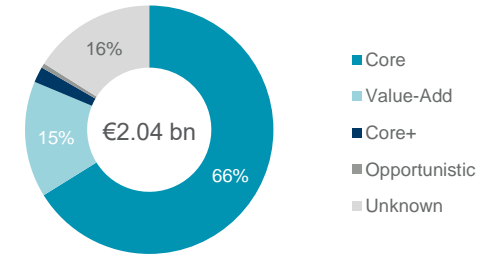
The transaction volume by size categories is dominated by three large transactions, which together account for over €1.3 billion. Transactions of less than €100 million, on the other hand, only account for 35% of the total volume.

Foreign market participants invested around €580 million, 63% more than in the previous year (28% share).

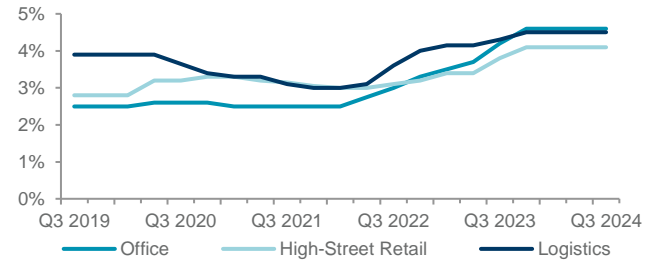
Outlook

- Despite the third key interest rate cut this year, long-dated bonds are currently trading at the same level as 12 months ago. This is prompting institutional investors to wait and see. 74% of Munich's transaction volume in the first nine months of 2024 was attributable to private individuals and family offices.
- The increase in interest in property investments and the stabilisation of purchase prices in the third quarter of 2024 make us optimistic about the future. These trends could lead to an increase in transactions.
- The stability of prime yields is expected to continue. Yields have reached their peak.

TRANSACTION VOLUME BY RISK CATEGORY Q1-3 2024

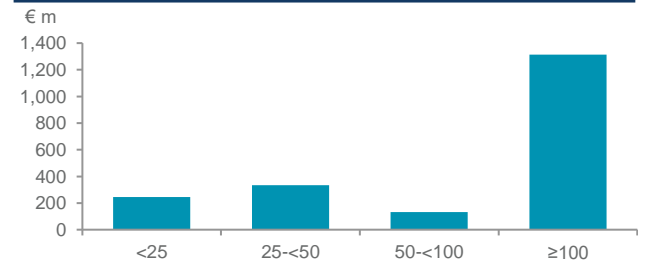


PRIME YIELD BY ASSET CLASS*



*Net initial yield

TRANSACTION VOLUME BY SIZE CATEGORY Q1-3 2024*



*Each size category in euro million

MARKET STATISTICS Q1-3 2024

MARKET	Transaction Volume (€ bn)	Share of Office Volume	Share of Retail Volume	Share of Logistics-Industrial Volume	Share of International Capital	Office Prime Yield*	Retail High Street Prime Yield*	Logistics Prime Yield*
Frankfurt	2.04	22%	20%	0%	28%	4.60%	4.10%	4.50%
YoY Change	98%	-28pp	15pp	-7pp	-6pp	40bp	30bp	20bp
Top-7 Markets	8.64	28%	20%	14%	35%	4.91%	4.46%	4.50%
YoY Change	51%	-6pp	8pp	-1pp	4pp	42bp	27bp	20bp
Germany	16.43	22%	22%	24%	40%	-	-	-
YoY Change	11%	0pp	-1pp	0pp	7pp	-	-	-

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

pp = percentage points; bp = basis points

SELECTED TRANSACTIONS 2024

Property / Address	Quarter	Type Of Use	City	Vendor / Buyer	Price (€ million)
Fünf Höfe, Theatinerstraße 7-11	Q1	Mixed use	Munich	Union Investment / Athos	~ 700
Pasing Arcaden, Pasinger Bahnhofplatz 5	Q3	Retail	Munich	Unibail Rodamco Westfield / Ingka Centers	~ 390
Moshammer Haus, Maximilianstraße 12-14	Q1	Mixed use	Munich	Centrum / Commerz Real	~ 250
Romy, Rosenstraße 8	Q1	Office	Munich	Signa / Concept Real	~ 85

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