

MARKETBEAT OFFICE SNAPSHOT

MUNICH

A Cushman & Wakefield Research Publication

Q1 2015



OVERVIEW

Munich is Bavaria's Federal Capital City and the centre of the European Metropolitan Region of Munich. The city has 1.41 million inhabitants and one of Germany's most important economic motors (970,000 employees). The unemployment rate in the city area of Munich was 5.1% in March 2015, below the German average of 6.8%.

OCCUPIER FOCUS

Munich's office market had a dynamic start to 2015. Take-up volume (including owner-occupiers) of 182,000m² exceeded the five-year average by some 22%. This marks the highest result of all opening quarters over this period. The average result of the previous ten opening quarters is exceeded by 12%. The market also developed well in more recent comparison. The take-up volume of Q1 15 is 12% higher than last year's result (163,000m²).

VACANCY AND PROJECTS

Vacancy in Munich's office market continued to decline. The volume of vacant office space totals some 1.24 million m². With a total stock of 20.30 million m², this represents a current vacancy rate of 6.1%. After Berlin (6.0%), this is the second-lowest level among Germany's top-5 office locations. The vacancy rate dropped by 0.7 percentage points during the last 12 months (Q1 14: 6.8%). Currently some 377,000m² of office space is under construction, which includes 220,000m² with a completion date this year. 56,200m² of office space has been completed in Q1.

RENTS

Munich's prime rent is registered at EUR 33.50 per m²/month. Despite high pre-leasing rates and lively demand for high-quality office objects in the CBD submarket, prime rents remained static over Q1 15.

INVESTMENT FOCUS

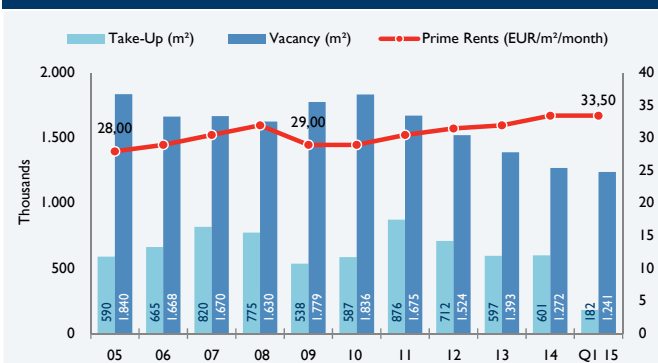
About EUR 1.14 billion was invested in commercial real estate in Q1 2015, putting Munich in second position after Berlin in top-5 comparison. Between January and March 2015 prime yields decreased from 4.00% to 3.85%. Munich's prime yields are the lowest in Germany.

IMPORTANT TRANSACTIONS

HypoVereinsbank leased some 11,000m² (GLA) in the City East submarket.

The government of the State Capital of Munich - Unit Human Resources and Organization concluded a lease for 10,100m² (GLA) in the City West submarket.

OFFICE MARKET MUNICH



RENTS FOR OFFICE SPACE

SUBMARKET	EUR/m ² /month
CBD	16.50 – 33.50
City North	12.50 – 19.50
City East	9.00 – 30.00
City South	10.00 – 16.50
City West	12.50 – 20.00
Periphery North	8.50 – 13.50
Periphery East	8.50 – 13.50
Periphery South	8.50 – 13.50
Periphery West	8.50 – 13.50

LOCAL MARKET OUTLOOK

PRIME RENTS	▼
PRIME YIELDS	▲
SUPPLY	▲
DEMAND	▶

Source: Cushman & Wakefield