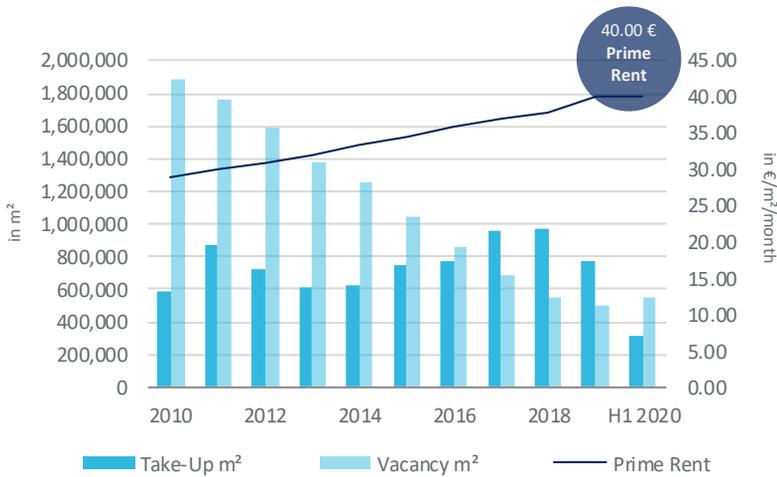


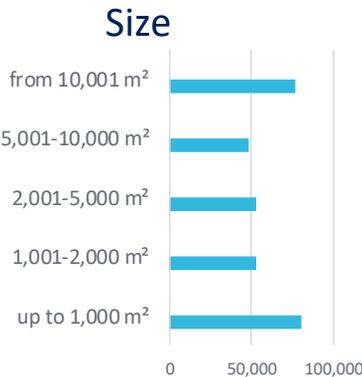
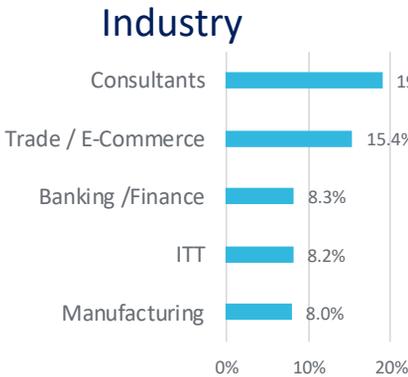
Take-Up, Vacancy and Prime Rent



Take-Up	312,000m ²
Vacancy	551,000m ²
Vacancy Rate	2.6%
Completions	103,000m ²
Under Construction	978,000m ²
Prime Rent	40.00 €/m ² /month
Average Rent	23.90 €/m ² /month
Prime Yield (NIY)	2.70%

Market Area = City of Munich + parts of surrounding municipalities

Take-Up H1 2020 by:

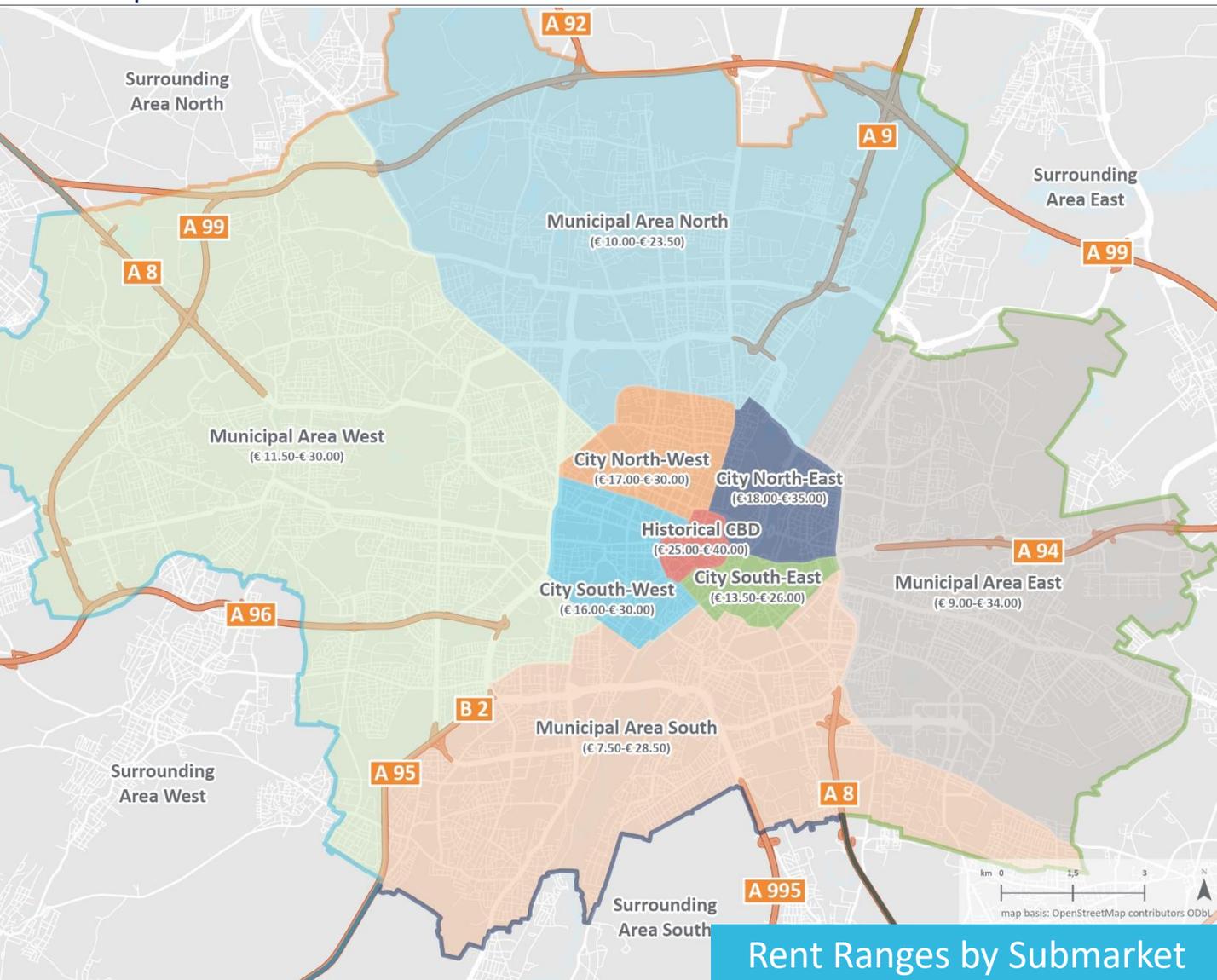


Overview

The effects of the COVID 19 pandemic can be clearly seen in the Munich office market. Only slowly the market is regaining momentum. 312,000m² of leased space in the first half of the year meant a decrease of approx. 25% year-on-year. Also compared to Q1 2020, turnover fell by 25%. A decline in take-up can be observed especially in the large scale segments. The largest contract of the half year with well over 30,000m² was signed by Amazon. Contrary to the long-standing trend, the vacancy rate rose by 30 basis points to 2.6% in Q2. However, the changed market situation has not yet had an impact on prime and average rents. The prime rent is still quoted at € 40.00 /m²/month.

Munich in Numbers

Inhabitants (03-2020)	1,487,146
Unemployment Rate (06-2020)	4.9% (Germany 6.2%)
Trade Tax Rate	490%



Rent Ranges by Submarket

Outlook

Whether the Munich office market will bottom out in summer depends on whether and if so, when a so-called "second wave" occurs. If the economy recovers sustainably in the third quarter, catch-up effects can also be expected for large deals. However, it is certain that the previous year's result will be clearly missed. The proportion of speculatively constructed space in Munich is above average, not least because of very high asking rents. It is questionable whether this space will now be quickly absorbed by the market given slower letting activity. Rather a rise in supply is likely in decentralized locations. We do not expect any noticeable changes in the rent structure in the latter half of the year. However, a change resp. increase in incentives is on the horizon.

Source: Bayerisches Statistisches Landesamt, Federal Labour Office, Destatis, gif, Avison Young

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