

MUNICH

A new record with €5 bn of single deals investment in 2015



Good performance of the Munich office market

In 2015, office take-up in Munich recorded 741,000 m². It bettered the 2014 result by 24% and also exceeded the ten-year average by 6%. The activity in Munich was due first and foremost to the generally positive mood in the marketplace, and secondly to buoyant demand from public administration. Consequently vacancy has fallen sharply over the past twelve months, by 27% to stand at 930,000 m². Thus, for the first time since 2002, vacancy slipped below the one-million m² threshold. Compared with 2014, the prime rent has risen by 3% to € 426/m²/year. Basically, on the back of the growing scarcity of space, it is apparent that rental price levels are trending distinctly upwards.

Buoyant investment activity in 2015

With a transaction volume of € 6 billion, the Munich investment market was able to step up its already outstanding 2014 result by more than 12%. The ten-year average was bettered by all of 55%. In terms of single deals, the 2015 performance set a new record passing the € 5 billion threshold for the first time ever. In contrast to 2014 when offices attained a rather low proportion of turnover, in 2015 they were back closer to their long-term average, representing around two-thirds of the total. In absolute terms, they exceeded their 2014 investment volume by over one third. In the course of the last year, the prime net initial yield for office properties eased by 60 basis points to the present figure of 3.65%. This means that Munich remains Germany's lowest office prime yields.

Take-up (thousand m²)



Vacancy rate (%)



Office investment (€ million)



Prime office: rents & yields



Main office transactions - letting & sales

| Occupier | Space (m ²) | Building-address | Submarket |
|---------------------------------------|-------------------------|-------------------------|-----------------------------|
| Munich Criminal ⁽¹⁾ | 35,700 | Leonrodplatz | Centre Fringe North |
| Munich Inland Revenue | 18,900 | Marsstraße / Derostraße | City Centre |
| IBM Deutschland GmbH | 14,800 | M vd R S ⁽²⁾ | P. Schwabing ⁽³⁾ |

Main office transactions - investment

| Buyer | Price € million | Building-address | Submarket |
|---------------|-----------------|------------------|-----------------------|
| Axa | 230 | Elisenhof | City Centre |
| Amundi | 210 | 88 North | Moosach/Milbertshofen |

⁽¹⁾ Munich Criminal Justice Centre - ⁽²⁾ Mies-van-der-Rohe-Straße 4-10 - ⁽³⁾ 3.2 Parkstadt Schwabing

OFFICE MARKET

| | Take-up (m ²) | | | Vacancy Rate (%) | | | Prime Rent (€/m ² /year) | | |
|-------------------------|---------------------------|-----------|-----------|------------------|---------|---------|-------------------------------------|-------|-------|
| | 15 | 14 | 13 | Q4 15 | Q4 14 | Q4 13 | Q4 15 | Q4 14 | Q4 13 |
| Central Paris | 1,890,047 | 1,864,190 | 1,559,176 | 8.0% | 8.3% | 8.3% | 800 | 750 | 750 |
| Central London | 1,275,480 | 1,490,932 | 1,199,258 | 4.3% | 5.1% | 6.5% | 1,906 | 1,723 | 1,598 |
| Moscow | 962,000 | 506,892 | 523,290 | 16.0% | 17.0% | 12.8% | 475 | 444 | 326 |
| Berlin | 814,000 | 609,000 | 453,000 | 4.2% | 4.7% | 5.4% | 300 | 276 | 264 |
| Munich | 741,000 | 597,000 | 603,000 | 4.5% | 6.2% | 6.4% | 426 | 414 | 402 |
| Warsaw | 555,000 | 400,000 | 451,000 | 12.5% | 13.5% | 11.7% | 264 | 276 | 300 |
| Hamburg | 529,000 | 513,000 | 440,000 | 5.9% | 6.3% | 6.2% | 306 | 300 | 300 |
| Madrid | 451,527 | 370,118 | 365,213 | 15.5% | 16.0% | 15.3% | 336 | 318 | 288 |
| Frankfurt | 438,000 | 411,000 | 493,000 | 10.8% | 11.4% | 12.0% | 456 | 456 | 456 |
| Milan | 382,081 | 278,787 | 231,502 | 13.0% | 13.2% | 12.6% | 480 | 480 | 490 |
| Barcelona | 361,920 | 233,694 | 172,877 | 12.9% | 15.4% | 17.1% | 240 | 228 | 210 |
| Budapest | 341,791 | 251,606 | 190,572 | 12.1% | 16.2% | 18.4% | 204 | 192 | 192 |
| Brussels | 298,323 | 437,777 | 314,629 | 9.8% | 10.3% | 10.5% | 265 | 265 | 265 |
| Lyon | 272,483 | 242,627 | 251,655 | 6.6% | 6.2% | 5.9% | 295 | 280 | 315 |
| Dublin | 259,868 | 246,941 | 195,677 | 10.2% | 13.2% | 18.2% | 592 | 484 | 377 |
| Luxembourg | 229,519 | 206,828 | 150,005 | 4.1% | 4.6% | 5.2% | 540 | 480 | 480 |
| Amsterdam | 220,331 | 230,056 | 236,189 | 15.0% | 17.3% | 17.6% | 367 | 365 | 350 |
| Vienna | 210,000 | 250,000 | 300,000 | 6.4% | 6.6% | 6.6% | 312 | 309 | 306 |
| Bucharest | 202,000 | 233,800 | 173,900 | 11.2% | 12.6% | 14.5% | 216 | 216 | 216 |
| Saint Petersburg | 178,300 | 189,095 | 153,853 | 12.8% | 12.0% | 9.1% | 214 | 323 | 228 |
| Lille** | 172,086 | 165,791 | 171,384 | 198,108 | 230,498 | 248,491 | 220 | 220 | 220 |
| Marseille** | 154,927 | 126,375 | 106,742 | 228,350 | 262,214 | 234,606 | 270 | 265 | 260 |
| Rome | 146,021 | 110,763 | 159,882 | 8.0% | 8.2% | 7.6% | 400 | 400 | 400 |
| Lisbon | 144,513 | 126,529 | 77,802 | 11.1% | 12.1% | 13.2% | 222 | 228 | 222 |
| Manchester | 122,301 | 123,802 | 81,812 | 12.6% | 14.7% | 16.6% | 469 | 440 | 440 |
| Toulouse | 115,963 | 140,063 | 109,836 | 4.9% | 4.7% | 5.0% | 204 | 206 | 210 |
| Zurich | 106,400 | - | - | 2.9% | 2.8% | 2.7% | 877 | 895 | 904 |
| Birmingham | 88,608 | 66,283 | 61,701 | 8.4% | 11.1% | 13.9% | 440 | 440 | 418 |
| Edinburgh | 85,006 | 80,080 | 68,183 | 9.5% | 12.2% | 12.4% | 440 | 432 | 432 |
| Oslo | 82,832 | 100,000 | 110,000 | 8.4% | 8.1% | 8.1% | 449 | 456 | 409 |
| Glasgow | 75,058 | 85,514 | 77,241 | 11.5% | 16.5% | 16.7% | 425 | 418 | 396 |
| Athens | 52,000 | - | - | 12.1% | 13.0% | 14.0% | 216 | 216 | 168 |
| Istanbul* | 377,312 | 469,597 | 323,819 | 15.5% | 16.7% | 9.0% | 441 | 441 | 441 |
| Prague* | 173,000 | -7,000 | 43,647 | 14.6% | 15.3% | 13.0% | 228 | 234 | 246 |
| Helsinki* | 147,551 | 23,638 | 9,500 | 13.3% | 13.0% | 12.5% | 356 | 355 | 345 |
| Bratislava* | 71,296 | 28,000 | -20,000 | 8.9% | 13.8% | 14.5% | 190 | 186 | 186 |
| Vilnius* | 34,600 | 34,330 | 30,390 | 2.9% | 2.3% | 6.2% | 180 | 180 | 177 |
| Tallinn* | 31,342 | 17,662 | 35,268 | 7.0% | 5.5% | 5.5% | 210 | 210 | 204 |
| Geneva* | 28,114 | -43,263 | -20,387 | 4.1% | 1.6% | 1.9% | 744 | 766 | 829 |
| Belgrade* | 25,420 | 5,655 | 50,892 | 5.0% | 9.0% | 9.5% | 204 | 198 | 168 |
| Riga* | 12,923 | 39,253 | 12,290 | 6.7% | 8.5% | 7.5% | 175 | 168 | 152 |
| Stockholm* | 10,000 | 175,000 | 121,588 | 8.8% | 9.0% | 8.9% | 533 | 506 | 490 |

Source : BNP Paribas Real Estate

*: Net absorption

** : office supply (m²)

Constant Exchange Rate (Q4 2015 average) €/£: 1,3625 - €/CHF: 0,9229 - €/SEK: 0,1088 - €/NOK: 0,1041 - €/US\$: 0,9185

INVESTMENT MARKET

| | Investment volume (€ million) | | | Investment volume by product as % of 2015 | | | | Net office prime yield (%) | | |
|-----------------------|-------------------------------|--------|--------|---|----------|-----------|----------|----------------------------|-------|-------|
| | 2015 | 2014 | 2013 | % Office | % Retail | % Indust. | % Others | Q4 15 | Q4 14 | Q4 13 |
| Central London | 29,431 | 30,120 | 33,156 | 83% | 8% | 0% | 9% | 3.25% | 3.50% | 3.75% |
| Central Paris | 20,631 | 17,611 | 12,437 | 75% | 11% | 2% | 12% | 3.25% | 4.00% | 4.50% |
| Berlin | 8,283 | 4,276 | 3,589 | 54% | 25% | 2% | 19% | 4.00% | 4.45% | 4.70% |
| Frankfurt | 6,016 | 5,318 | 3,893 | 75% | 12% | 2% | 11% | 4.30% | 4.50% | 4.65% |
| Munich | 6,001 | 5,347 | 4,740 | 67% | 11% | 3% | 19% | 3.65% | 4.25% | 4.40% |
| Stockholm | 5,777 | 7,517 | 4,304 | 56% | 19% | 11% | 13% | 4.00% | 4.45% | 4.50% |
| Madrid | 5,592 | 3,692 | 976 | 54% | 25% | 4% | 17% | 4.50% | 5.00% | 6.00% |
| Milan | 4,491 | 1,229 | 1,597 | 61% | 10% | 0% | 30% | 4.90% | 5.40% | 5.75% |
| Hamburg | 3,983 | 3,824 | 2,674 | 60% | 8% | 11% | 21% | 4.00% | 4.40% | 4.65% |
| Oslo** | 3,485 | 1,955 | 2,225 | 46% | 43% | 7% | 4% | 4.25% | 4.75% | 5.00% |
| Prague | 2,837 | 2,061 | 1,137 | 13% | 0% | 0% | 87% | 5.75% | 6.00% | 6.25% |
| Dublin | 2,621 | 3,590 | 1,614 | 64% | 12% | 2% | 21% | 4.25% | 4.75% | 6.25% |
| Vienna | 2,480 | 2,045 | 1,030 | 67% | 13% | 0% | 21% | 4.45% | 4.70% | 4.90% |
| Geneva | 1,975 | 400 | 756 | 53% | 0% | 0% | 47% | 3.26% | 3.30% | 3.20% |
| Amsterdam | 1,864 | 2,148 | 1,546 | 67% | 15% | 3% | 14% | 5.10% | 5.45% | 5.55% |
| Lisbon | 1,790 | 317 | 280 | 45% | 57% | 5% | -6% | 5.50% | 6.25% | 7.50% |
| Helsinki** | 1,775 | 962 | 1,107 | 63% | 33% | 2% | 2% | 4.70% | 4.70% | 5.20% |
| Brussels | 1,577 | 1,790 | 1,136 | 85% | 6% | 3% | 6% | 4.20% | 5.00% | 5.00% |
| Birmingham | 1,447 | 1,148 | 1,054 | 68% | 9% | 2% | 20% | 5.00% | 5.25% | 5.75% |
| Lyon | 1,391 | 827 | 925 | 57% | 22% | 15% | 5% | 4.80% | 5.30% | 5.70% |
| Manchester | 1,285 | 1,841 | 1,120 | 66% | 9% | 7% | 17% | 5.25% | 5.25% | 5.75% |
| Barcelona | 1,250 | 1,327 | 1,216 | 41% | 15% | 8% | 36% | 5.00% | 5.50% | 6.50% |
| Rome | 1,062 | 717 | 1,107 | 42% | 4% | 6% | 48% | 5.40% | 5.80% | 6.25% |
| Luxembourg | 888 | 824 | 629 | 61% | 1% | 0% | 39% | 5.20% | 5.35% | 5.35% |
| Glasgow | 842 | 1,066 | 689 | 55% | 23% | 11% | 11% | 5.25% | 5.25% | 5.75% |
| Warsaw | 836 | 1,410 | 1,107 | 71% | 7% | 22% | 0% | 5.50% | 6.15% | 6.00% |
| Edinburgh | 801 | 818 | 350 | 59% | 19% | 2% | 20% | 5.25% | 5.25% | 5.75% |
| Istanbul | 752 | 1,157 | 827 | 0% | 0% | 0% | 100% | 6.50% | 6.75% | 7.25% |
| Budapest | 745 | 430 | 280 | 60% | 0% | 0% | 40% | 7.25% | 7.75% | 7.75% |
| Bratislava* | 560 | 83 | 214 | - | - | - | - | 6.90% | 7.15% | 7.25% |
| Tallinn | 428 | 85 | 86 | 27% | 37% | 3% | 34% | 7.00% | 7.00% | 7.25% |
| Bucharest | 414 | 574 | 242 | 46% | 23% | 30% | 1% | 7.75% | 8.00% | 8.25% |
| Marseille | 355 | 651 | 269 | 24% | 19% | 51% | 9% | 6.00% | 6.10% | 6.10% |
| Riga | 338 | 130 | 172 | 26% | 74% | 0% | 0% | 7.25% | 7.25% | 7.75% |
| Belgrade | 259 | 49 | 0 | 0% | 100% | 0% | 0% | 8.50% | 9.00% | 9.50% |
| Lille | 238 | 242 | 227 | 75% | 3% | 22% | 0% | 5.60% | 5.60% | 5.70% |
| Zurich | 192 | 1,187 | 567 | 58% | 42% | 0% | 0% | 2.40% | 2.90% | 2.80% |
| Vilnius | 190 | 178 | 126 | 53% | 32% | 4% | 11% | 7.00% | 7.00% | 7.50% |
| Toulouse | 173 | 463 | 233 | 72% | 8% | 20% | 0% | 6.00% | 6.00% | 6.20% |

Source : BNP Paribas Real Estate

*: Total investment In Slovakia (source RCA)

** : Source RCA

6 BUSINESS LINES in Europe

A 360° vision



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