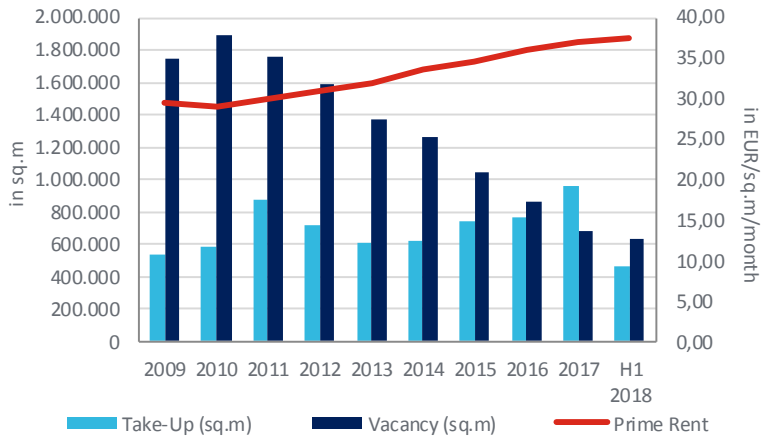




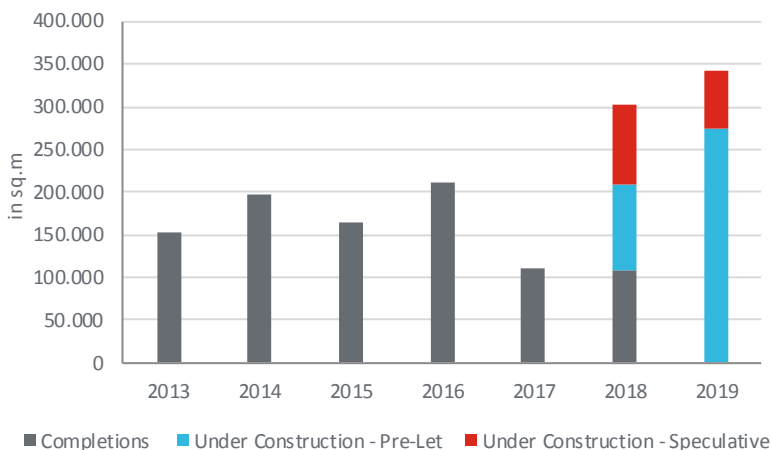
OFFICE MARKET MUNICH H1 2018



Overview

After a tremendous start to the year, the Munich office market kept its high pace in the second quarter. In Q2 some 245,000 sq.m was let, thereof 66,500 sq.m was generated by five deals each with a letting area above 10,000 sq.m. Accordingly, the H1 letting volume totalled 470,000 sq.m which implies a rise by 18% y-o-y. Office vacancy further decreased and the office vacancy is currently at 3.0%. In consequence, rent levels continued to rise – this includes the office prime rent.

Completion Volume



KEY MARKET FIGURES

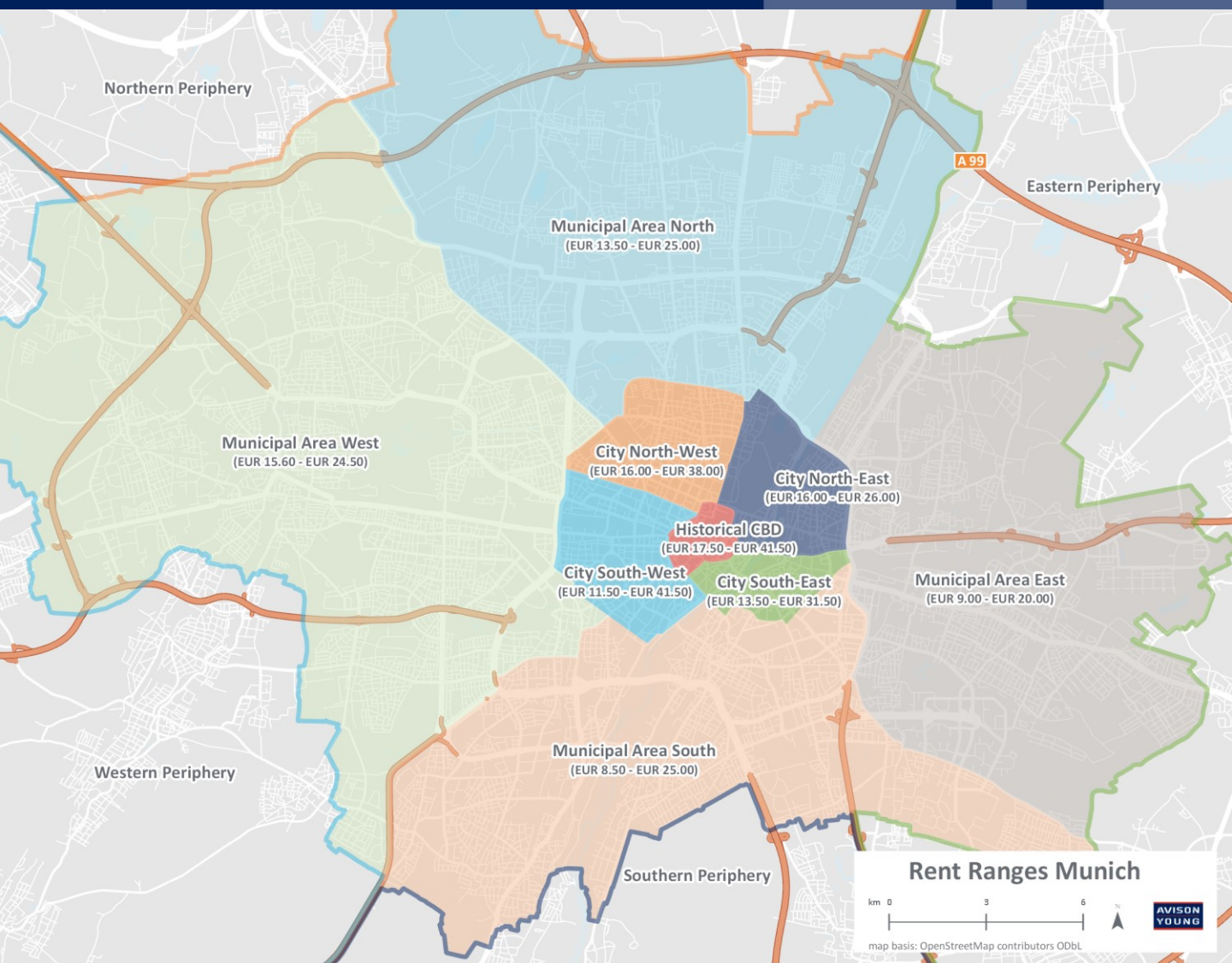
Market Area* Munich

Take-Up	470,000 s.qm
Vacancy	631,000 s.qm
Vacancy Rate	3.0%
Completions	108,000 s.qm
Under Construction	662,000 s.qm
Prime Rent	37.50 EUR/s.qm/month
Prime Yield (net initial)	3.15%

MUNICH

Inhabitants (12-2017)	1,526,056
Unemployment Rate (06-2018)	3.7% (German Average 5.0%)
Trade Tax Rate	490%

*Market Area = City of Munich + parts of surrounding municipalities



Outlook

- The Munich office market is on record course. Office demand is high and the noticeable rise in construction activity finally offers companies new space for expansion – at least for those who have a long-term planning horizon and are not obliged to move at short notice. The outlook is promising for an annual take-up volume exceeding the 800,000 sq.m mark.
- Office vacancy will further decrease in the months to come, because demand is high and firms which need to move to new premises at short notice have no option, but to move in vacant space in existing buildings. The office vacancy rate is set to fall below 3% in the latter half of the year.
- Rents are under upward pressure across all submarkets. We expect a noticeable rise in average rents. Moreover, pressure is also on the office prime rent in Munich.

Sources: Thomas Daily, Bundesagentur für Arbeit, Stadt München, Avison Young

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