

MUNICH

Key Investment Trends

Investment volumes are heading towards a record high. In the first six months of 2018, 13 transactions exceeded the €100 mn mark. However, investment activity is being constrained by a scarcity of supply, putting downward pressure on volumes. There are many investors willing to enter the Munich market, who haven't been successful in the bidding processes yet.

As a result, prime yields are stable, still displaying a slight downwards trend, albeit at a slower pace than in previous quarters, since the prime yield level is already low. It must be noted that transactions in prime locations are rare, because many owners are long-term oriented. Yield compression continues unabated in secondary locations. Investors are now on the look-out for properties with development potential and under-rented properties.

Market Position – Ranked by Yield

EMEA Rank	City	All sector Yield (%)	12 mth basis point change
1	Paris	3.23	-11
2	London	3.44	5
3	Hamburg	3.54	23
4	Frankfurt	3.56	-28
5	Berlin	3.58	-15
6	Munich	3.63	-7
7	Vienna	3.70	-16
8	Madrid	3.71	-41
9	Amsterdam	3.72	-55
10	Stuttgart	3.79	-22

Note: Lowest scoring yield ranks highest.

Yield Outlook

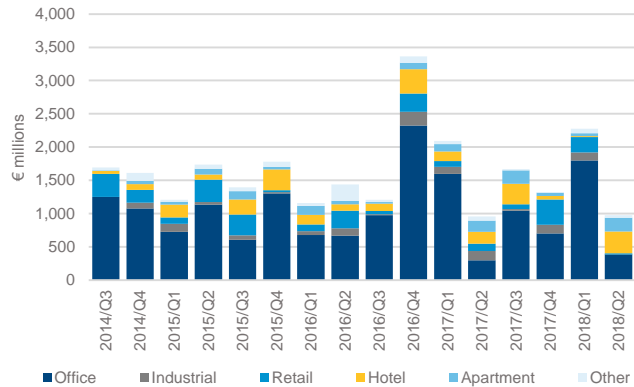


Sectors to watch out for in the next 12M

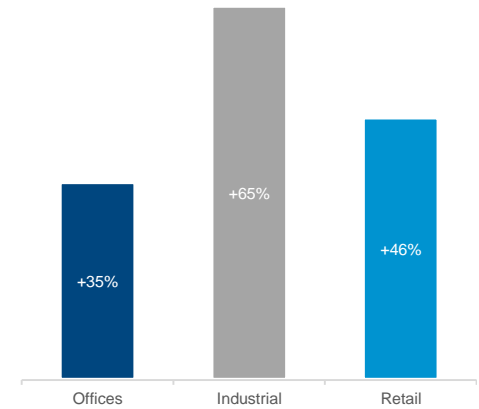


Source: Colliers International, Real Capital Analytics, Oxford Economics.

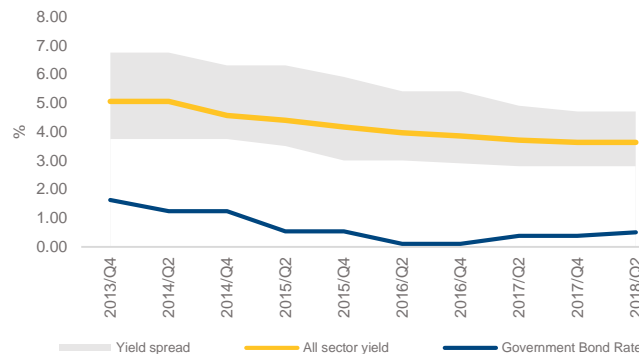
Quarterly investment volumes by sector (City & catchment)



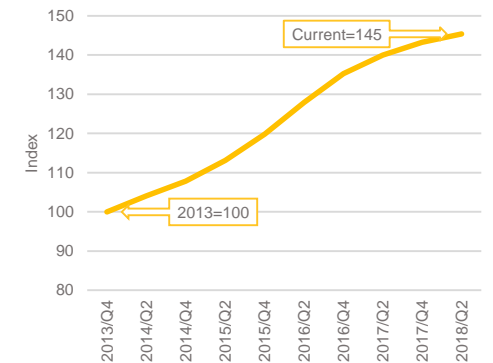
5yr cap. value growth – by sector



All sector yields vs. bond rates



All sector cap. value index

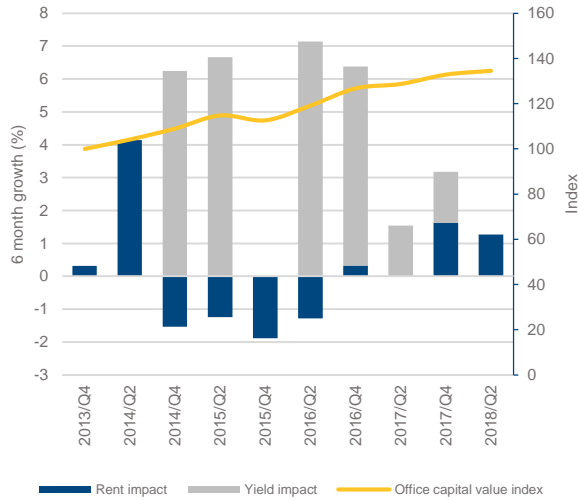


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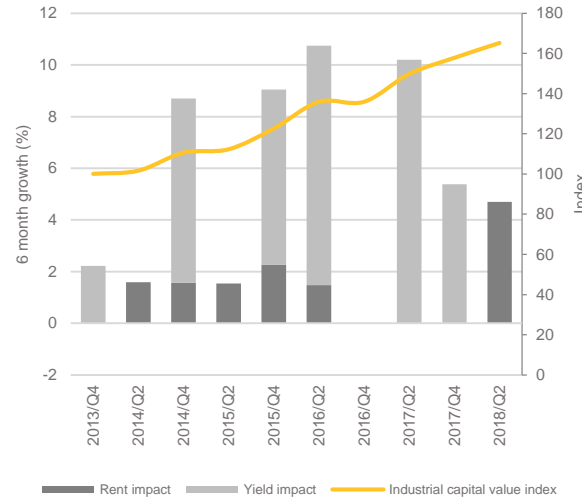
“Munich provides investment opportunities for many different types of investors. Long-term oriented core investors can find high-volume properties which is a big advantage in times of high liquidity. Investors with higher return requirements can put their money on developments or properties with upside potential to participate in the rent price increase that can be expected. We see a continuous influx of capital from investors which haven't been present in Munich yet as the city is gaining significance as an international hub. For 2018 we expect the transaction volume to reach a record high of €7bn.”

MUNICH

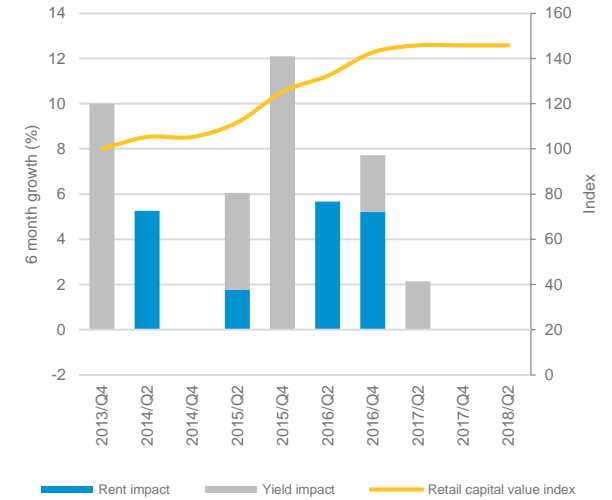
Cap. value index - rent/yield impact: Office



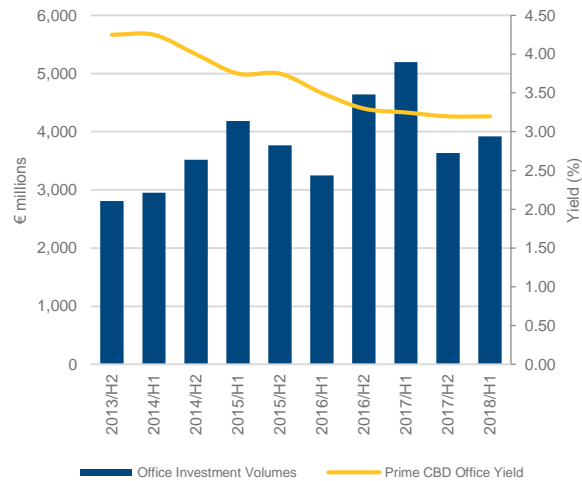
Cap. value index - rent/yield impact: Industrial



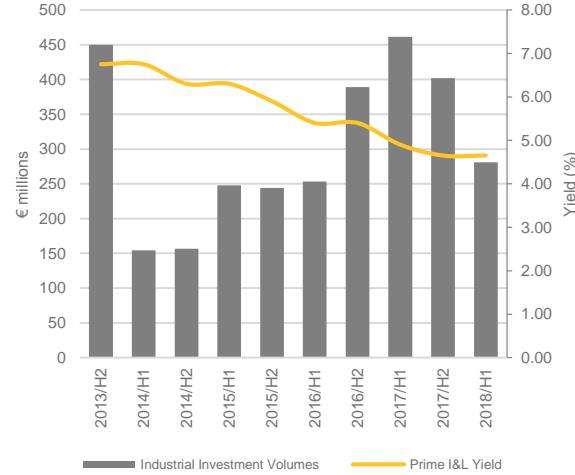
Cap. value index - rent/yield impact: Retail



Yields and 12M rolling investment volumes: Office



Yields and 12M rolling investment volumes: Industrial



Yields and 12M rolling investment volumes: Retail

