

**TAKE-UP**

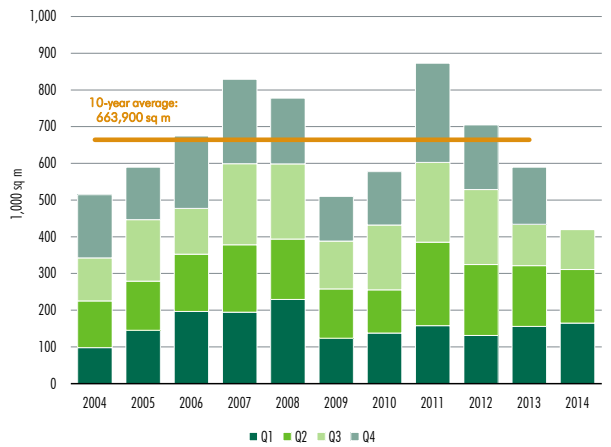
Compared with the same period in 2013, there has been around 3% less office space take-up in the past nine months. At the same time, the proportion attributable to owner-occupiers fell from 20% in 2013 to its current level of 4%. On the other hand, the letting performance alone rose by 16%, which shows that take-up performance in the Bavarian state capital in the first half of 2013 was highly supported by owner-occupier transactions.

It is evident, particularly from the last two quarters, that companies are now more cautious in the market than in the past because of more restrained economic development. There was no large-scale transaction of larger than 5,000 sq m in either the second or third quarter, which has meant that, particularly in the third quarter, the take-up of just 108,300 sq m remained at a below-average level for Munich. The largest transaction was a letting by CBRE of around 4,300 sq m of office space close to the Olympiapark to an Asian automotive company. On the other hand, small-scale deals of less than 500 sq m accounted for almost one third of the quarterly take-up. Over the course of the year, the highest level of take-up was in the City South-East submarket with 58,400 sq m (14%). Around half of this was attributable to deals by BayWa and the Bavarian Ministry for Health and Care close to the Ostbahnhof railway station from the first quarter. This was followed by the City North-West submarket with 50,200 sq m (12%), which was mainly due to a large number of transactions in the medium-size category, particularly in the Maxvorstadt and Moosach districts. In terms of sectors, retail companies led the take-up statistics with 60,100 sq m (14%), followed by consultants with 58,500 sq m (14%) and IT companies with 48,900 sq m (12%). 21% of the take-up volume in the current year was attributable to Munich's well established technology, media and telecommunications sector, which also includes the IT sector.

**VACANCY**

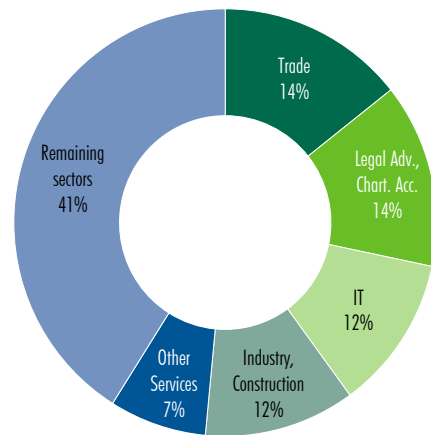
Office vacancy has reduced slightly since the mid-point of the year to its current level of 1.49m sq m (excluding space available for sub-letting). Therefore, there is now 0.8% less un-let office space in Munich than in the same period in 2013. The main reason for this is the high level of pre-lets in properties which have been completed in the meantime, e.g. Forum am Hirschgarten in the west of Munich and the Arabeska located in the Arabellapark, as well as the conversion of unmarketable obsolete office space to other uses, in combination with largely robust take-up volumes. The vacancy rate is currently at 7.0%, which equates to 0.1 %-points below the previous year's level. Within the city of Munich, office space vacancy is around 5.7%, and in the surrounding region around 12.5%. In terms of submarkets, the largest reduction in vacancy since September 2013 was in the City South-East submarket at 36%, which was mainly due to the aforementioned large-scale transactions from the first quarter. The most significant rise in vacancy of 60% was in the Urban Area North-West submarket, which was due in part to the completion of the 88North project at the start of the year, in which space is still available to let. The volume of space currently available to let in Munich is 1.59m sq m (a fall of 3% since Q3 2013), comprising vacant space, space available for sub-letting (30,500 sq m) and speculative completions expected over the next 12 months (69,000 sq m).

**Chart 1: Office space take-up**



Source: CBRE Research

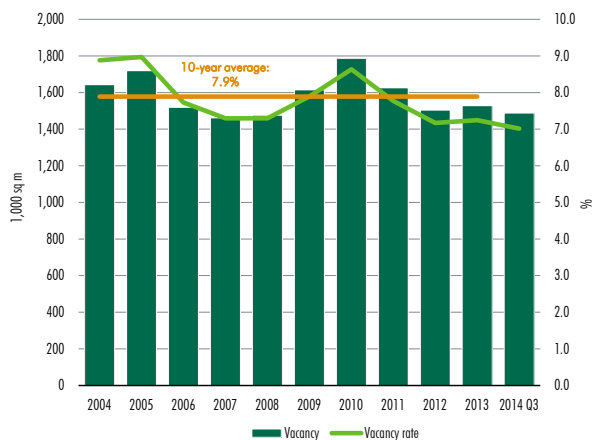
**Chart 2: Office space take-up (cumulated, %) by sectors\* - Top 5 -**



Source: CBRE Research

\*in total 20 sectors

**Chart 3: Office space vacancy**



Source: CBRE Research