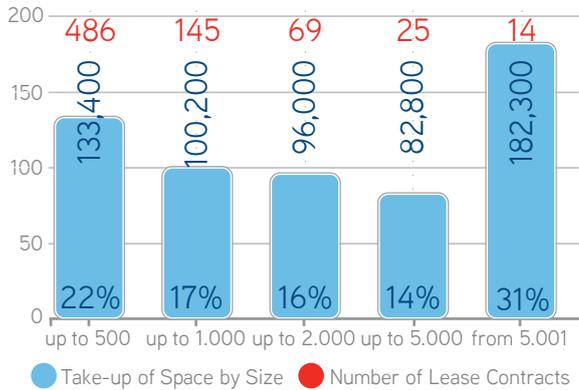
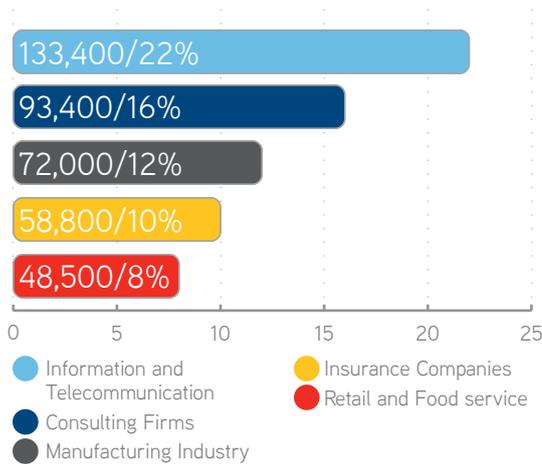


Take-up of space by size
(in 1,000 m² and %) and number of
lease contracts incl. owner-occupiers



Take-up by industries –
Top Five (in m²) and share of total office
space take-up (in %)



Prime and average rents
(in €/m²)



tion volume this year, which, according to current planning, should come to almost 240,000 m². The largest new building projects in 2014 include the 88North complex, the new Strabag headquarters on Leopoldstraße and the arabeska complex in Arabellapark.

Demand

In terms of demand, the year was characterized by a shift over to small-space leasing. Tenants focused on downtown and established office locations, although some tenants had to settle for areas near their preferred office location or renew their lease agreement due to limited supply. Munich's three main industries, IT, consulting and manufacturing, which includes the automotive industry, continued to rank highest in terms of demand. Following its peak in 2011 at over 200,000 m², the manufacturing industry dropped back down to 72,000 m² in take-up. IT companies took up around 5 % more space year-on-year, with consulting firms taking up around 13 % less.

In contrast, we saw a considerable increase in project leasing and leasing in properties still under construction. With a share of only 8 % going to these properties in 2011, a share of 19 % was recorded in 2012 and 20 % in 2013. Although there are some plans for speculative office developments in 2014, large-scale spaces in new buildings in established locations with immediate availability will remain scarce.

Rental Prices

Average rent over the last four quarters reflected a 4.7 % increase to € 15.28/m² as expected, putting average rent at a ten-year record high. Average monthly rent within the city boundaries was recorded at € 16.30/m² and at € 9.64/m² in the periphery. Numerous leases signed in good office locations, which raised the total market average, were responsible for this increase.

However, we saw considerable differences in a submarket comparison. Average rent inside the Altstadttring in the heart of Munich leapt 9.2 % to € 28.77/m² due to a number of deals signed for property on high-priced Maximilianstrasse and neighboring streets. The southern centre submarkets also experienced rental price increases between 9.0 % and 12.9 % thanks to new building leases with average rent remaining mostly stable compared to the previous year in the other centre submarkets and in most sub-markets outside the Mittlerer Ring. Prime rent continued its upward trend as well with a year-on-year increase of € 2.10/m² to € 32.70/m² for small-scale and high-end office space in prestigious locations. We can expect to see further price increases in the coming months, at least in terms of prime rent, since prestigious office locations in the city center are still in high demand with relatively limited supply.

Property Index IMMAX

The IMMAX property index shows the development of the supply and demand situation on the office market. It indicates the relationship between supply at a specific point in time and take-up of office space over the previous 12 months. Supply figures include current vacancies (space available within 3 months) and potential space that will become available within 12 months thanks to new