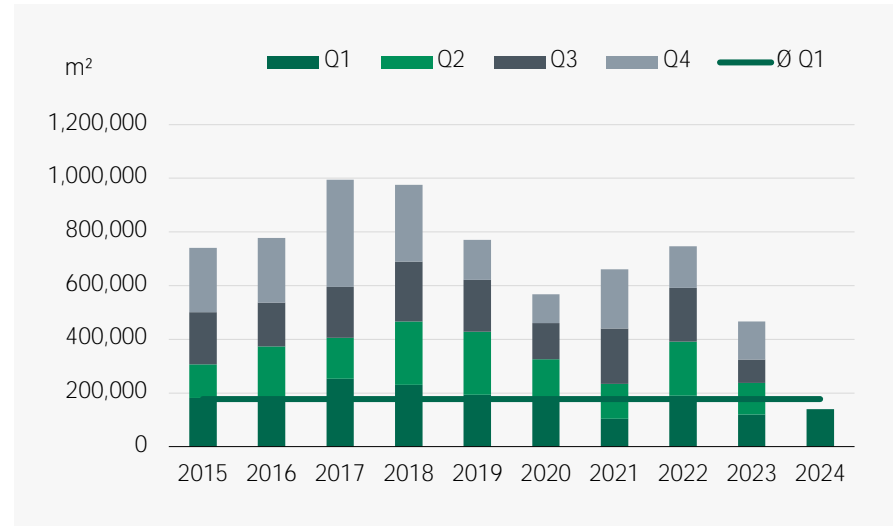


MUNICH

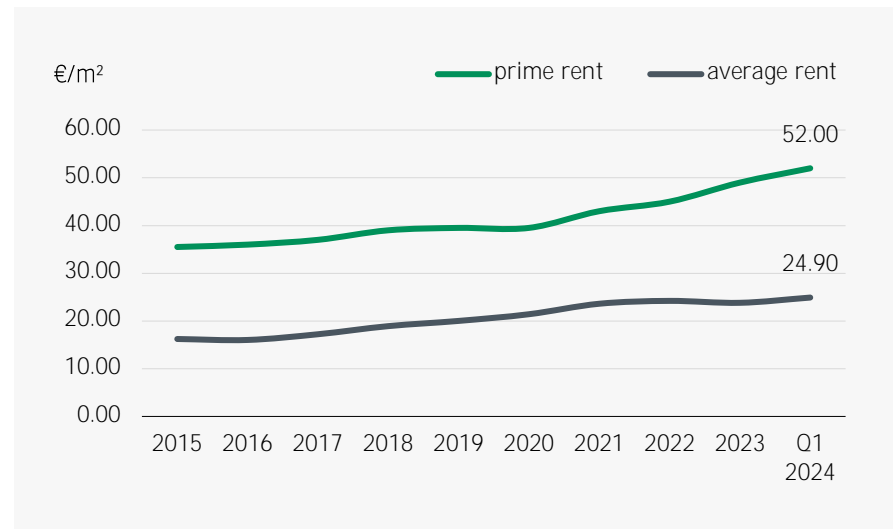
REPORT OFFICE MARKET

Q1 2024

Development of take-up



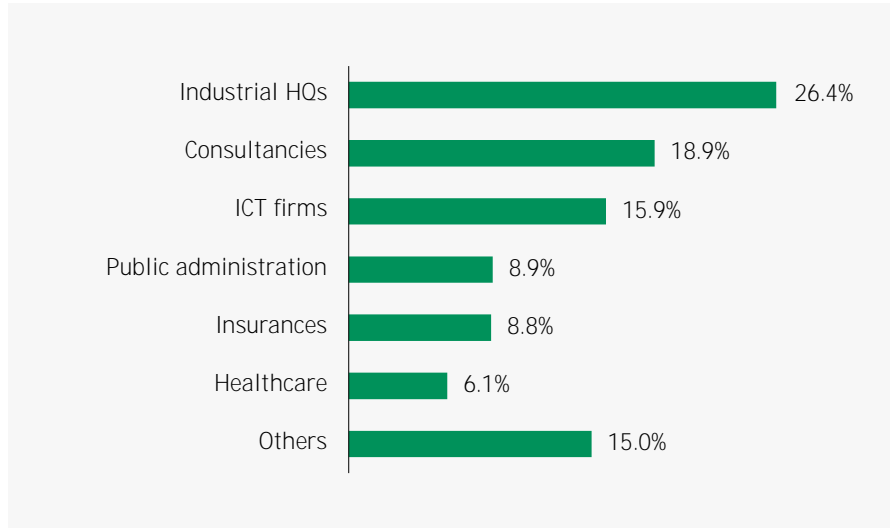
Prime and average rents



SOLID START TO THE YEAR: RESULT ABOVE PREVIOUS YEAR, BUT BELOW AVERAGE

- The Munich office market started 2024 with a pleasing first interim result: With take-up of around 140,000 m², the result did not match the ten-year average (-21 %), but the previous year's volume was exceeded (+17 %), reflecting the slight improvement in the economic outlook compared to 2023.
- Compared to the top office markets in terms of take-up, the Bavarian capital thus defended its second place just behind Berlin (146,000 m²) and ahead of Frankfurt (119,000 m²). Overall, market momentum in Munich, as in some other top markets, has increased slightly compared to the previous year, although it has not reached its long-term average.
- The distribution of take-up by size category is characterized by an even demand structure, with extensive market activity in both the small segment up to 2,000 m² (a good 47 %) and medium-sized units between 2,000 and 5,000 m² (just under 33 %) as well as large contracts for over 5,000 m² (almost 20 %). In terms of large contracts above the 10,000 m² mark, two large-volume lettings in new-build projects are worth mentioning: Bayerische Allgemeine Versicherung in "The Source" in Obersendling and DMG MORI Global Marketing in the "Go Four It" neighborhood in Moosach.
- The development of rents has also been dynamic: At currently €52/m² (+13% compared to Q1 2023), the prime rent passed the €50/m² mark for the first time at the beginning of the year.

Take-up by sector Q1 2024



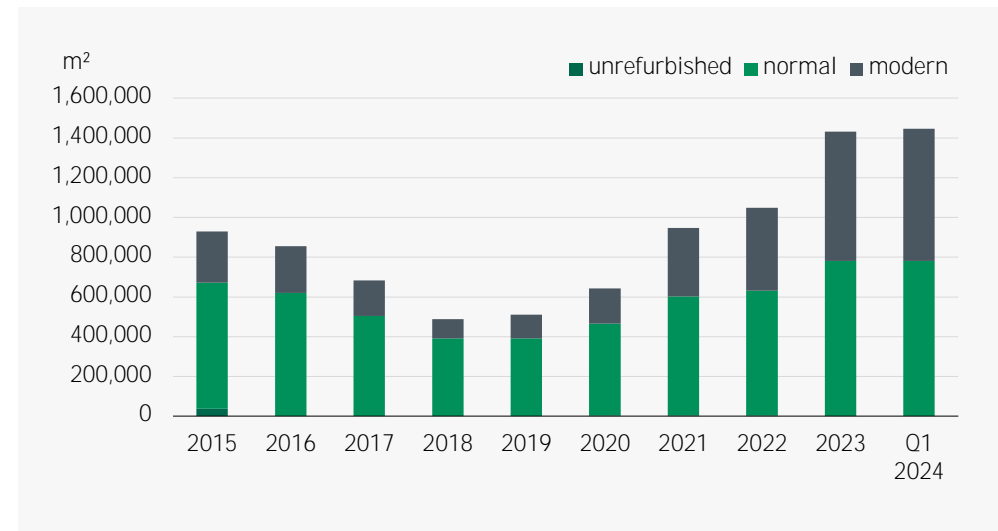
NO FURTHER INCREASE IN VACANCIES IN Q1 SO FAR

- Driven by large (e.g. DMG MORI Global Marketing), but also many contracts from industrial company administrations throughout the market area, this demand group leads the sector ranking with a good 26% of take-up. In addition, lettings to Milbank LLP, Jones Day General Partnership and Intaria, among others, contributed to the consulting firms' second place and a market share of 19 %. ICT completed the leading trio with smaller but numerous deals, accounting for a further almost 16%.
- On the supply side, unlike in some other top markets, there has been no significant increase in the vacancy volume since the end of 2023 (around 1.45 million m²; +1%). A total of 665,000 m² or 46% of the vacancies correspond to modern fit-out quality. Looking at individual submarkets, the vacancy rate continues to present a very heterogeneous picture (overall market: 6.4 %; city centre: 2.8 %).

Major contracts Q1 2024

Sub-market	Company	m ²
3.3	Bayerische Allgemeine Versicherung	11,600
3.1	DMG MORI Global Marketing	10,600
1.1	Milbank LLP	5,800
1.1	Jones Day General Partnership	4,100
2.3	Intaria	3,800
3.1	IMBY	3,500

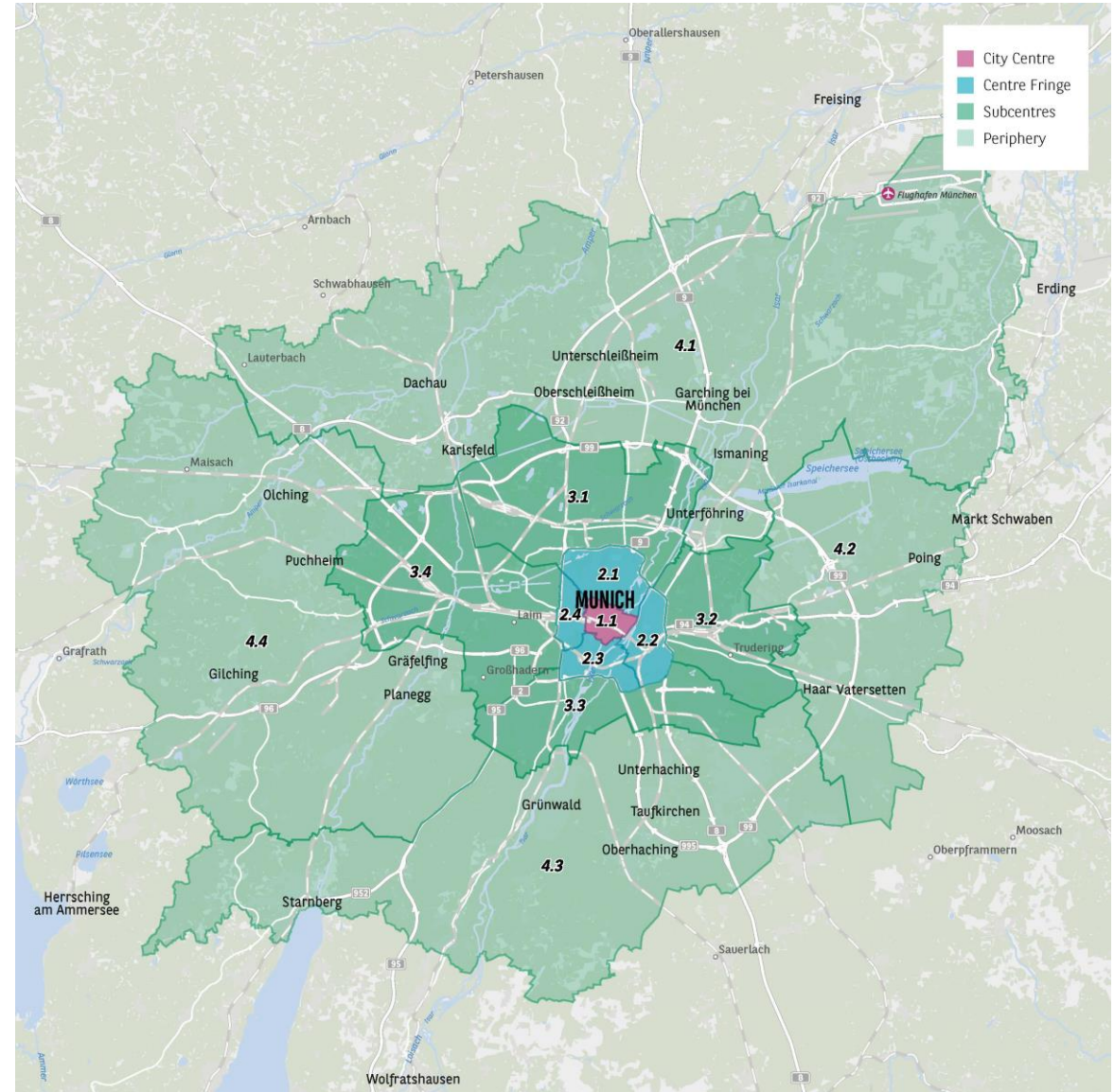
Development of vacant space



OUTLOOK

- In the first quarter of 2024, the Munich office market established the foundation for a positive market trend for the rest of the year. This assumption is underlined by a very balanced distribution of size categories, several very different sector groups participating extensively in take-up and a full pipeline for the coming months and quarters.
- Against this backdrop, a recovery in letting activity in the coming months is quite likely from today's perspective, which means that a positive interim balance should also be achieved by the middle of the year.
- At the same time, vacancy rates on the supply side remain below the fluctuation reserve, particularly in the most sought-after submarkets. In the project development segment, several completions and the cautious approach to initiating new projects have reduced the volume under construction.
- The limited supply of premium office space in Munich's top office locations is noticeable in the development of prime rents. With rents in the prime segment having already significantly exceeded the €50/m² mark in the first quarter, there are signs of a further increase in the coming months. The first contracts around the €60/m² mark have already been signed.

Office submarkets Munich



Key indicators office market Munich

	PRIME RENT* (€/m²)		TAKE-UP (m²)		VACANT SPACE (m²)		SPACE UNDER CONSTRUCTION (m²)		SPACE ON OFFER (m²)	
	from	to	Q1 2024	total	modern	of this, since completion	total	available	available	projected
Submarkets**	1		2	3	4	5	6	7	8 = (3 + 7)	9
1 City Centre										
1.1 City Centre		52.00	24,800	91,300	34,400	1,200	131,600	87,200	178,500	392,400
2 Centre Fringe	30.00 -	38.00	30,700	170,900	87,700	3,500	257,500	89,400	260,300	423,600
3 Subcentres	27.00 -	30.00	59,500	634,800	321,900	130,300	206,900	93,400	728,200	1,541,000
Total Munich			115,000	897,000	444,000	135,000	596,000	270,000	1,167,000	2,357,000
4 Periphery	17.50 -	18.50	25,000	549,000	221,000	100,000	82,000	39,000	588,000	651,000
Total			140,000	1,446,000	665,000	235,000	678,000	309,000	1,755,000	3,008,000

* The prime rent given applies to market segment of 3-5 % in each case.

** The relevant submarket can be found on our website under „Research“.

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