



MUNICH

REPORT OFFICE MARKET

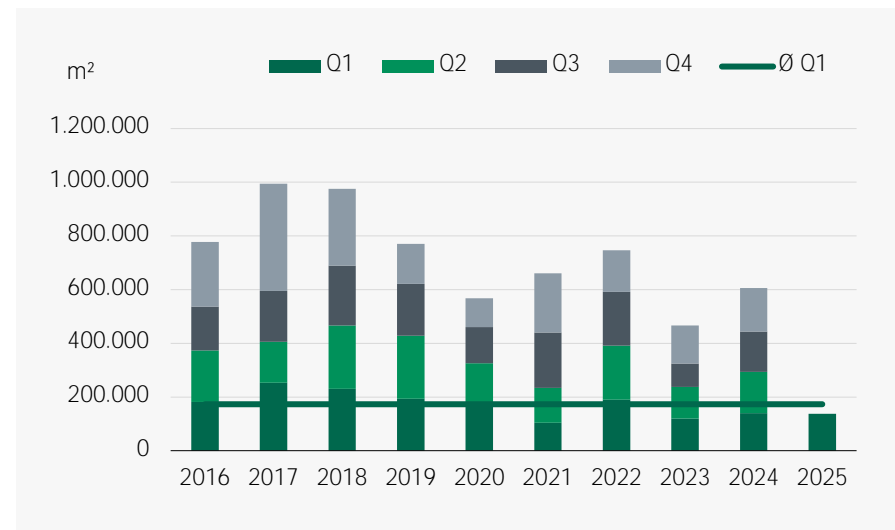
Q1 2025



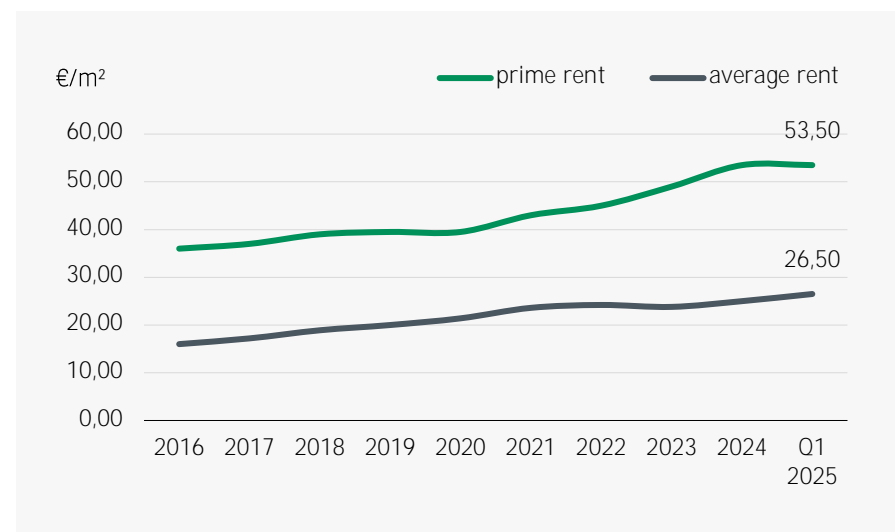
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Development of take-up



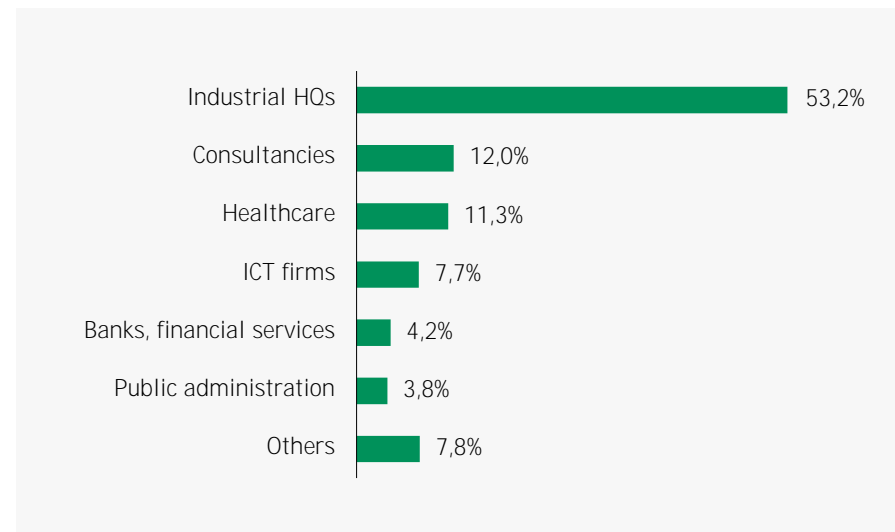
Prime and average rents



MARKET SENTIMENT SIGNIFICANTLY IMPROVED TAKE-UP AT PREVIOUS YEAR'S LEVEL

- The Munich office market has started 2025 with a solid take-up and generally more lively market activity. Despite the persistently challenging environment, the mood on the market has turned positive in recent months and the number of large-volume requests has risen noticeably. Take-up amounted to around 137,000 sqm in the first quarter and was therefore on a par with the prior year.
- Munich's office market continues to lack the important economic momentum needed to raise the level of lettings across the board. The long-term average is currently still being missed by just under 21%.
- For the most part, the market has now stabilized on a sustained basis, which applies to lettings of up to 1,000 sqm of rental space. They account for a good third of take-up. While momentum in the mid-sized segment is still volatile, contract signings in the large-volume segment are sending out positive signals. The two largest contracts in the market - Siemens AG with 33,000 sqm and an industrial company with 14,000 sqm - are also examples of the returning confidence in large contracts and the focus of demand on easily accessible, state-of-the-art office space. Both contracts were concluded in project developments.
- For the third quarter in a row, the prime rent is quoted at €53.50 per sqm but remains under upward pressure. In contrast, the average rent continued to rise in Q1 and now stands at €26.50 per sqm (+6.4% year-on-year).

Take-up by sector Q1 2025



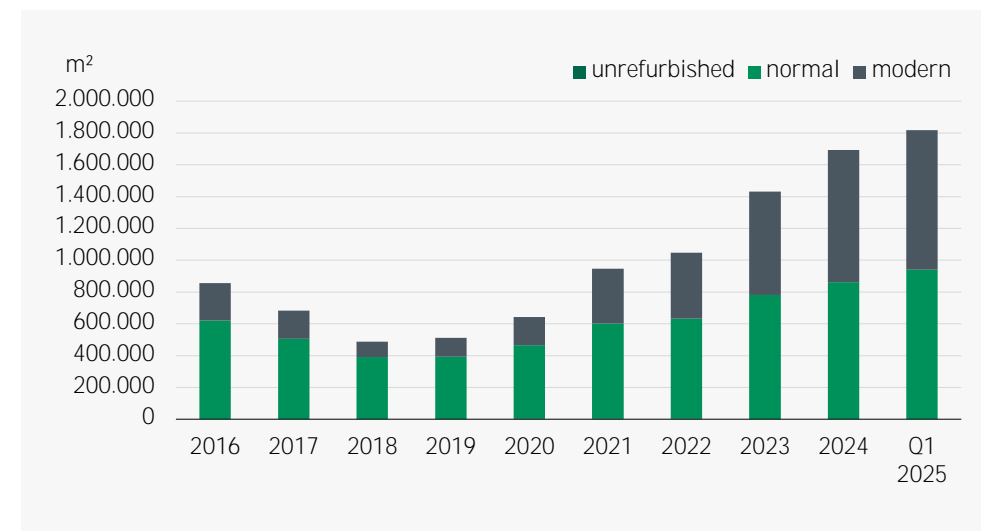
INDUSTRIAL HQS STRONGEST DRIVER OF TAKE-UP

- Three of the four largest contracts in the first quarter were concluded by industrial HQs, including the Siemens contract. Driven by lively rental activity in the small and medium-sized segment, this sector's market share amounts to a good 53%. It is therefore by far the strongest take-up driver. Consulting companies and the healthcare sector follow with market shares of 12% and 11% respectively. In both sectors, there is currently a lack of lettings above 5,000 sqm, while the volume of office deals signed by consultancy firms has not yet exceeded the 2,000 sqm mark.
- The vacancy volume has risen further and now stands at around 1.82 million sqm. The vacancy rate stands at 7.9%. While the vacancy level in the B and C locations remains unchanged, first-time occupancy space in the top locations remains scarce. Their volume in the city center amounts to only 6,000 sqm and in the centre fringe to low 39,200 sqm.

Major contracts Q1 2025

Sub-market	Company	m²
2.2	Siemens	33,000
4.1	Healthcare	5,400
4.1	SimonsVoss Technologies	5,300
1.1	Novartis Pharma	4,800
4.1	Bundesamt für Strahlenschutz	3,600

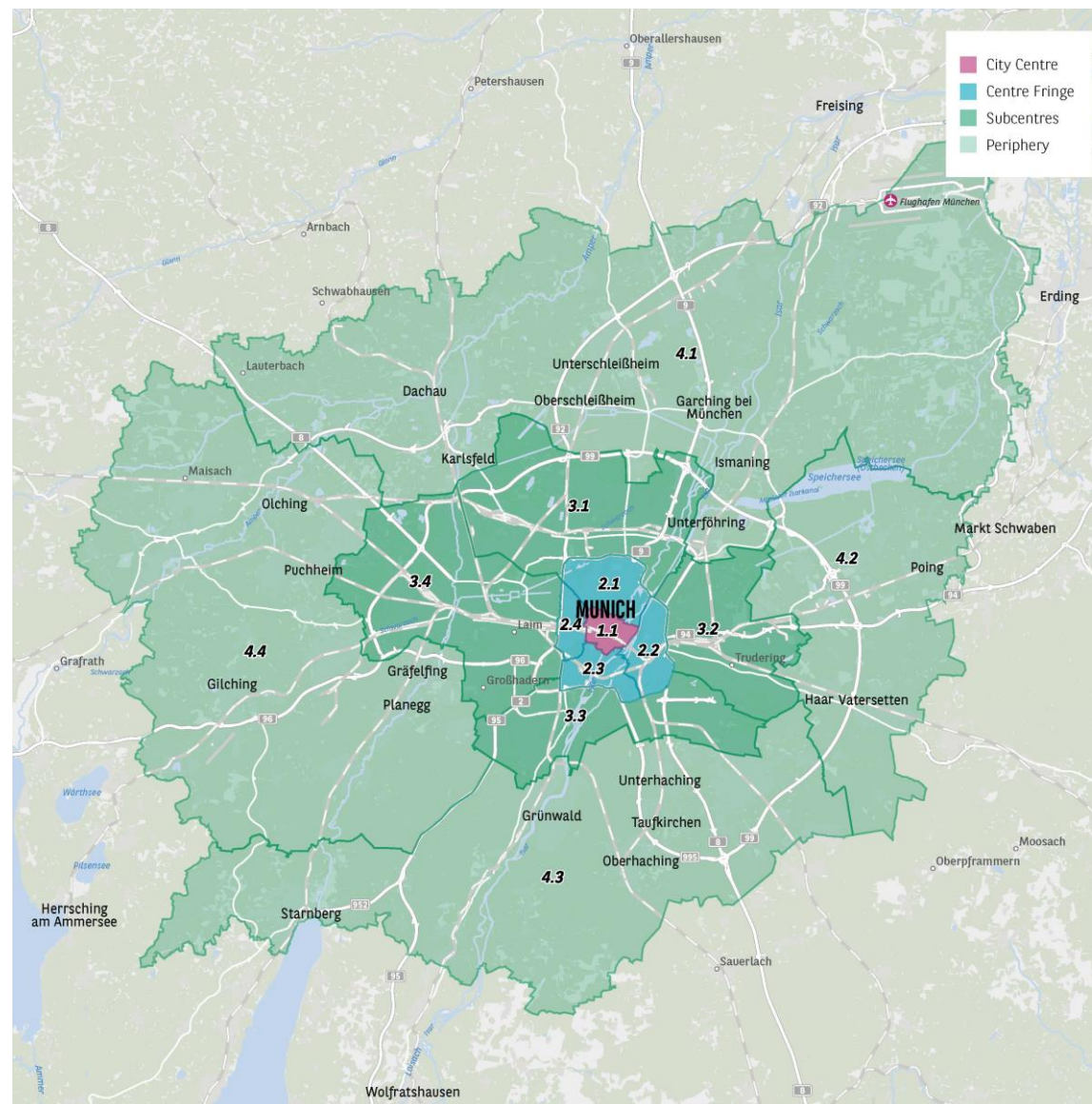
Development of vacant space



OUTLOOK

- The course has been set for positive market development in Munich's office market in 2025. The start of the year has provided the market with a solid basis and the two contracts signed by Siemens and an industrial company are giving the market momentum. They are exemplary of the growing certainty and decisiveness among corporate decision-makers when it comes to large-scale office lettings.
- Although the mid-sized space segment is still lacking the sustained surge in contract signings that would drive the market upwards across the board, the mood among market participants has brightened considerably over the winter months and a significant increase in demand has been registered. Unlike in the recent past, office space is no longer only being sought in central locations, but also in the areas surrounding Munich, which is a strong sign for Munich as a thriving business location.
- The vacancy level is likely to increase further throughout the year 2025, as the trend towards opting for smaller, but higher-quality space when renting new space will continue. As a result, prime space in central locations will remain in short supply, which in turn will drive prime rents in Munich further up towards the €55.00 per sqm mark.
- Munich as a business metropolis has its very own and above-average momentum, but the financial policy measures adopted should also provide an additional boost in the medium to long term. For the full year 2025, office space take-up is expected to be on a par with the long-term average and therefore above the 700,000 sqm mark.

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 2025	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		53.50	19,100	106,300	48,300	6,000	56,000	24,000	130,300	481,500
2 Centre Fringe	31.50	- 38.00	62,600	286,300	186,200	39,200	233,400	133,500	419,800	508,600
3 Subcentres	27.00	- 31.00	26,300	837,400	398,500	140,800	171,600	123,500	960,900	1,014,900
Total Munich			108,000	1,230,000	633,000	186,000	461,000	281,000	1,511,000	2,005,000
4 Periphery	18.00	- 19.50	29,000	587,000	243,000	121,000	40,000	14,000	601,000	589,000
Total			137,000	1,817,000	876,000	307,000	501,000	295,000	2,112,000	2,594,000

* 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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