



MUNICH

REPORT OFFICE MARKET

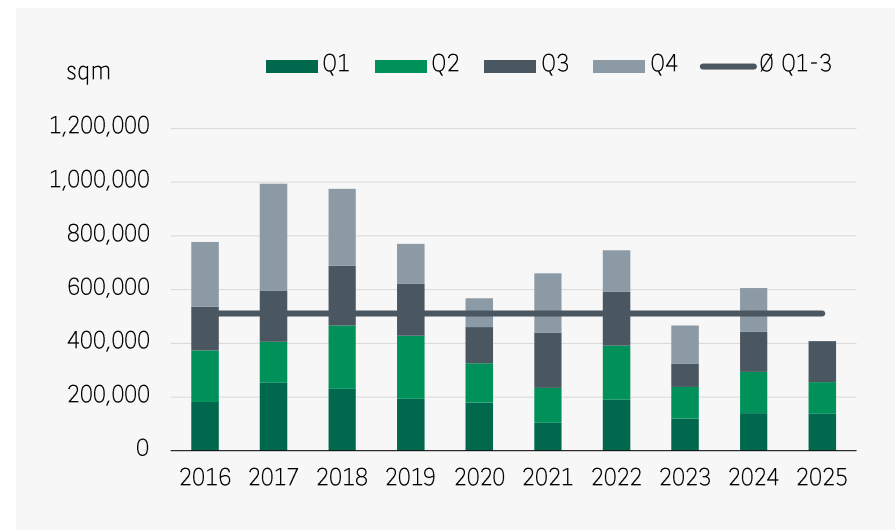
Q1-3 2025



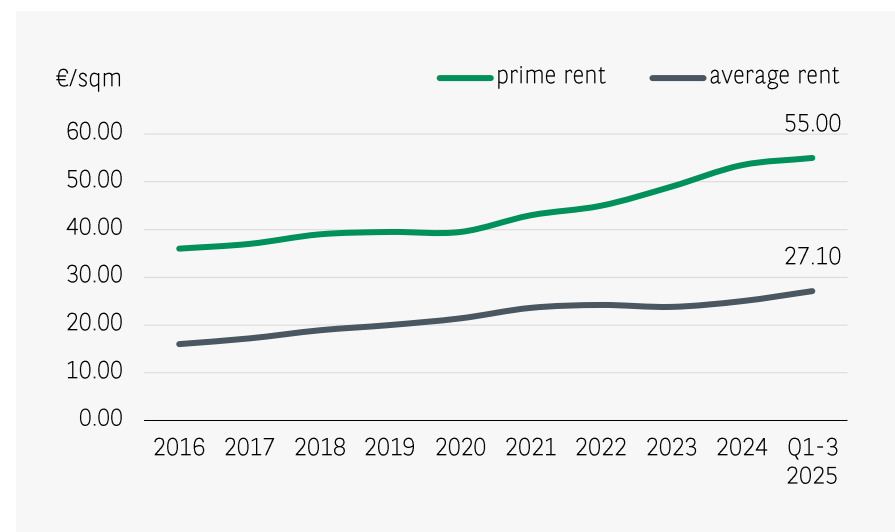
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REAL ESTATE for a changing world

Development of take-up



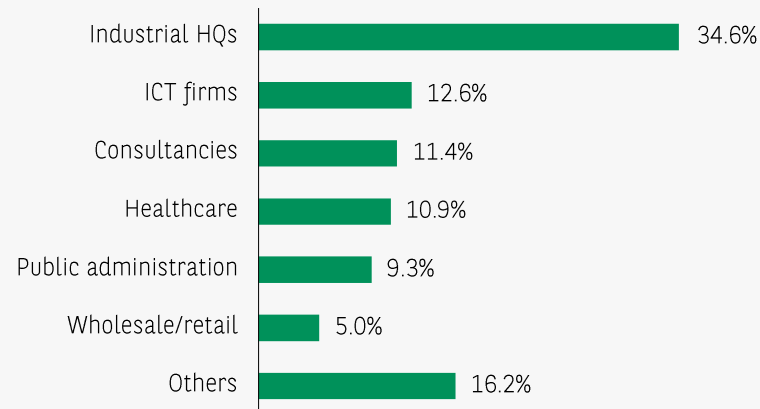
Prime and average rents



LOWER TAKE-UP, BUT GOOD QUARTERLY RESULTS AND STRONG MOMENTUM IN THE LARGE-SPACE SEGMENT

- Although the Munich office market did not report an increase in take-up during the first three quarters (-8%), several factors suggest that the overall rental market is performing well despite this. By the end of September, around 408,000 sqm of space had been let, with the last three months achieving the best quarterly result so far at 152,000 sqm.
- In addition to the positive developments throughout the year, other encouraging signs include the second-highest level of take-up compared to the top markets and the increased demand in the large-scale segment. Around one third of the total volume was accounted for by deals over 5,000 sqm, representing less than a quarter and just under 9% of total take-up in the economically challenging years of 2023 and 2024 respectively.
- Since the middle of the year, major contracts have primarily included the lettings of 12,700 sqm by the automotive and mechanical engineering supplier Schaeffler Technologies at the Tomorrow office building in the Werksviertel district. This deal was one of the main factors that contributed to the Cityrand Ost becoming the submarket with the highest take-up in the first three quarters, at 83,300 sqm. It is also encouraging, however, that the city centre ranks second among the office market zones with 58,000 sqm.
- Following an increase at the end of the first half of the year, prime rents have remained stable at €55/sqm in recent months. It should be noted, however, that rents for premium space and locations may occasionally exceed this level in individual cases.

Take-up by sector Q1-3 2025



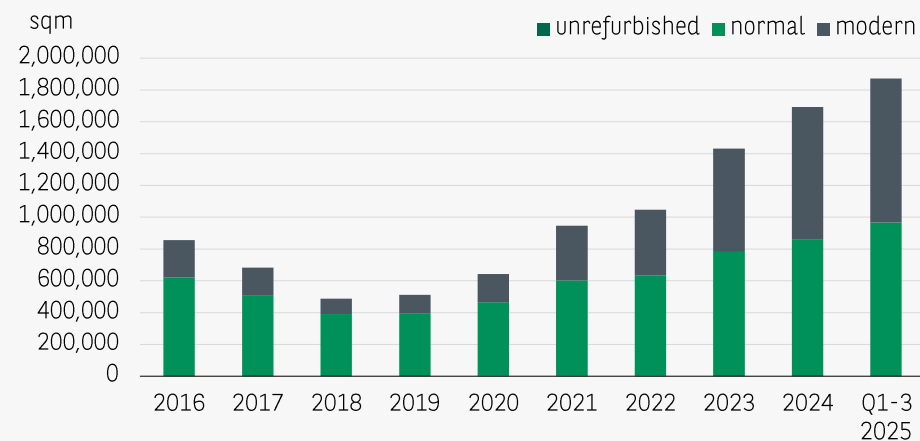
Major contracts Q1-3 2025

Quarter	Sub-market	Company	sqm
Q1	2.2	Siemens	33,000
Q2	2.4	Finanzamt München	16,000
Q1	2.4	Industrieunternehmen	14,000
Q3	2.2	Schaeffler Technologies	12,700
Q2	4.3	HENSOLDT Sensors	12,300
Q3	4.1	REPA Deutschland	7,300

LARGE DEALS MAINLY THROUGH INDUSTRIAL HQS

- The traditionally strong industrial headquarters sector accounted for four of the five largest deals in the first three quarters, as well as demonstrating dynamic letting activity in the small and medium-sized segment overall. Accordingly, the industry leader accounted for a high proportion of almost 35% and a substantial 141,000 sqm. Other active sectors included ICT companies (almost 13%), consulting firms (just over 11%), and the healthcare sector (also almost 11%), ensuring a diversified mix of sectors in the recorded contracts.
- On the supply side, vacancy have risen slightly again, reaching around 1.87 million sqm. The vacancy rate stands at 8.1%. Although vacancy continue to rise in B and C locations, there is still a shortage of new, first-time occupancy space in prime locations. The total volume of space available in the city centre and centre fringe amounts to just 34,800 sqm.

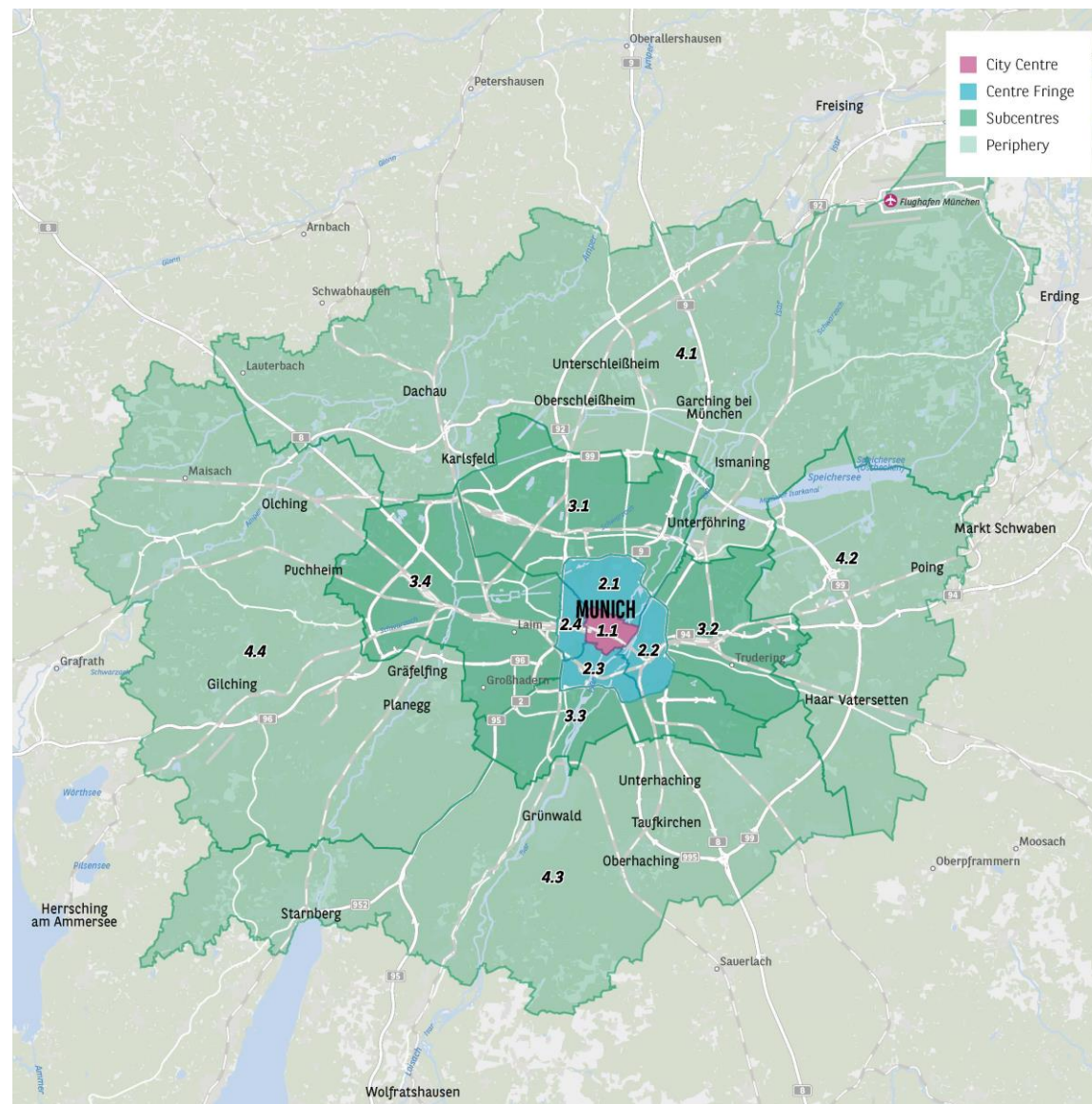
Development of vacant space



OUTLOOK

- At the end of September, the drivers behind take-up in the Munich office market once again demonstrated that the slight decline in interim results was primarily due to the ongoing consolidation process, rather than the general upturn in demand for office space.
- Overall, modern spaces accounted for around 73% of the current total, 51% of which was located in city centres or in centre fringe. This clearly indicates that high-quality fittings and central locations remain a top priority. This is particularly evident in the expansion and relocation decisions of international corporations, which have been cautious in recent years due to the overall economic situation, but who are now regaining confidence. Against this backdrop, it cannot be ruled out that take-up in the large-scale segment could increase further in the coming months.
- In terms of supply, it is expected that vacancies will approach 2 million sqm in the final quarter. However, this development is likely to result in a slowdown of the recent momentum in the short to medium term. At the same time, the amount of available construction space is expected to continue to decline.
- Despite prime rents currently being at a high level (€55.00/sqm), there is still scope for growth, driven by demand for top-quality, ESG-compliant spaces and locations within the premium segment.

Office submarkets Munich



Key indicators office market Munich

		PRIME RENT* (€/sqm)		TAKE-UP (sqm)		VACANT SPACE (sqm)		SPACE UNDER CONSTRUCTION (sqm)		SPACE ON OFFER (sqm)	
		from	to	Q1-3 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		55.00	58,000	117,500	52,300	9,500	132,700	100,000	217,500	410,300
2	Centre Fringe	32.50	- 39.00	148,500	300,900	197,500	25,300	276,100	147,600	448,500	532,800
3	Subcentres	27.50	- 31.00	102,500	839,600	397,200	145,200	153,200	108,400	948,000	1,141,900
Total Munich				309,000	1,258,000	647,000	180,000	562,000	356,000	1,614,000	2,085,000
4	Periphery	19.50	- 20.00	99,000	614,000	258,000	123,000	18,000	6,000	620,000	594,000
Total				408,000	1,872,000	905,000	303,000	580,000	362,000	2,234,000	2,679,000

* 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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