

REVIEW INVESTMENT MARKET

MUNICH Q4 2025

RESEARCH & INSIGHTS



**BNP PARIBAS
REAL ESTATE**

Real Estate for a changing world



Q4 2025

INVESTMENT MARKET MUNICH

- ALMOST LEVEL OF 2024,
44% OF VOLUME IN Q4
- SECOND PLACE IN THE LOCATION
COMPARISON

KEY FIGURES

2,558

Investment volume (€m)

▽ -4.6% y/y

3.1

Portfolio share (in %)

△ +1.3%pts y/y

44.9

Ø Deal size (in €m)

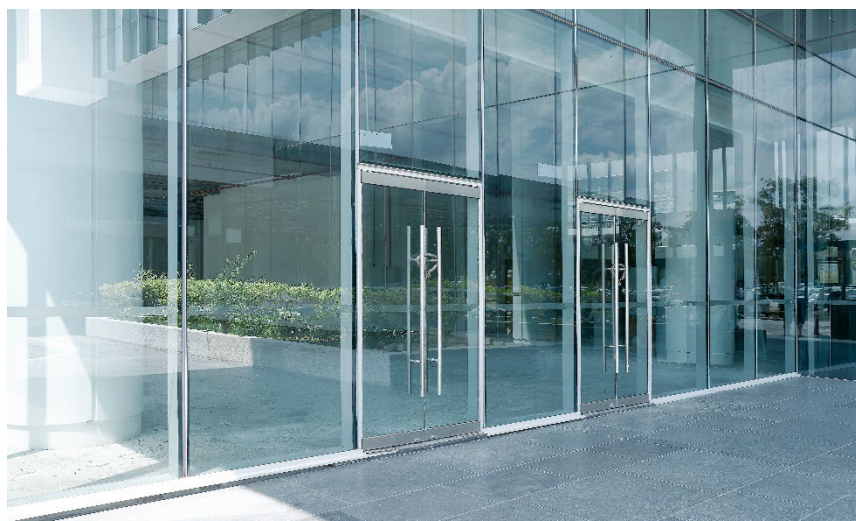
△ +3.7% y/y

MARKET OVERVIEW

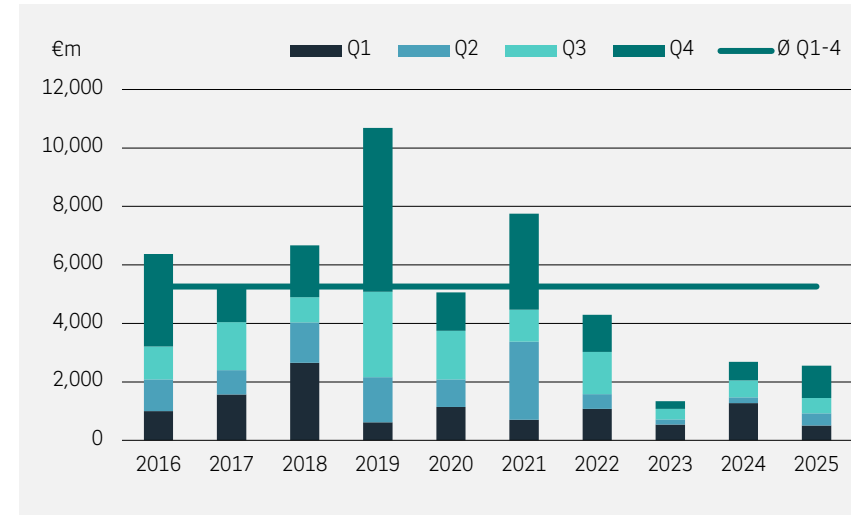
At the end of 2025, the Munich investment market was able to benefit from a strong final quarter, which was decisively boosted by one-off effects: Almost 44% or €1.1 billion of the total transaction volume of €2.56 billion was attributable to the period between October and the end of December alone. The high turnover in the fourth quarter is attributable in particular to the two three-digit million deals of the former Signa properties Oberpollinger and Corbinian in Munich city centre. Against this background, the overall volume was just under 5% short of the previous year's result, while in the third quarter a decline of around 30% still had to be reported.

But there is also lively market momentum apart from major transactions: At over €1.4 billion, investments in the small and medium-sized segment (<€100 million) increased by a good 15% compared to 2024 and ensured a broadly diversified deal basis.

Nevertheless, price sensitivity among investors is still noticeable in the still challenging financial market environment, which is also reflected in prime yields. As a result, the net prime yield for logistics assets has risen by 25 basis points over the course of the year to currently 4.50%. In contrast, the premium segment in the retail high street and office sectors recorded no change, trading at 3.45% and 4.20% respectively, as they did 12 months ago.



Development of investment volume



Net prime yields by type of property





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INVESTMENT MARKET
MUNICH

- CITY CENTRE WITH ALMOST 60% OF THE OVERALL TOTAL
- RETAIL AND OFFICES DOMINATE

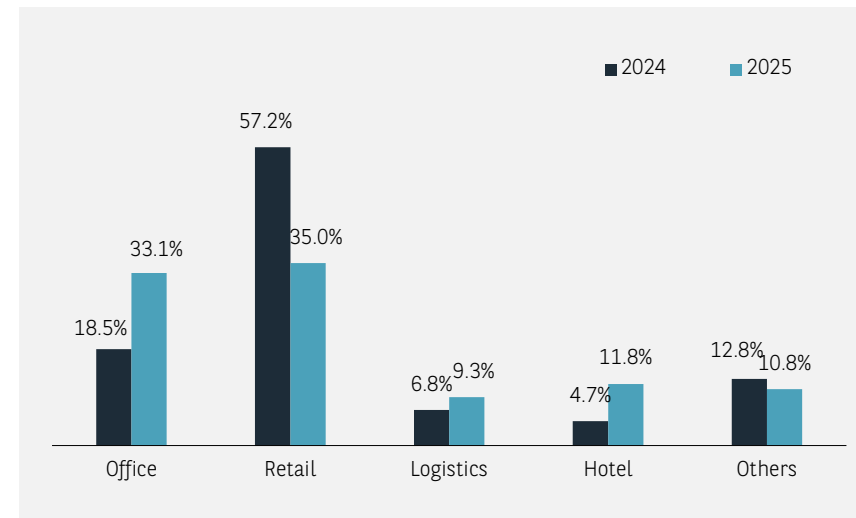
INVESTMENT MARKET STRUCTURE

When it comes to the distribution of investment volume across the Munich market area, the City Centre clearly stands out: with almost 60% of total turnover, the majority of the result was generated in the inner-city locations of the Bavarian capital. It is pleasing that, in addition to the Signa department store transactions, Germany's largest-volume hotel deal of the year (Mandarin Oriental) and several medium-sized office assets have also contributed to diversified investment activity in the City Centre.

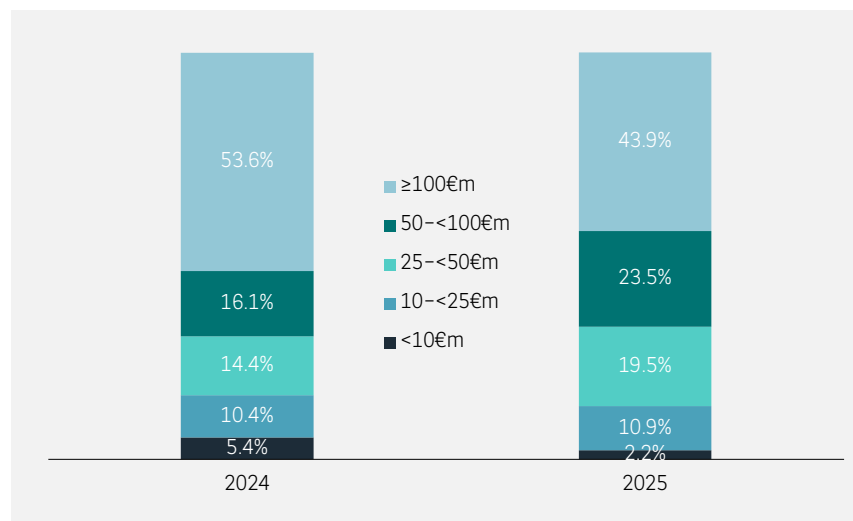
In the ranking of the property types, retail (35.0%) and office investments (33.1%) dominate the market: together, over 68% are accounted for by these two top sectors. While the retail division has the significantly higher average volume per sale due to major deals (€130 million vs. €45 million), offices are clearly at the top in terms of the number of transactions (one third of all investments). However, only office properties, which exceeded the weak previous year's result by 71%, recorded an increase in volume. In the retail segment, on the other hand, several very large exceptional transactions were already observed in 2024.

However, hotel assets also provide good demand impetus (just under 12% of the total), and logistics sales are represented in the ranking with around 9%.

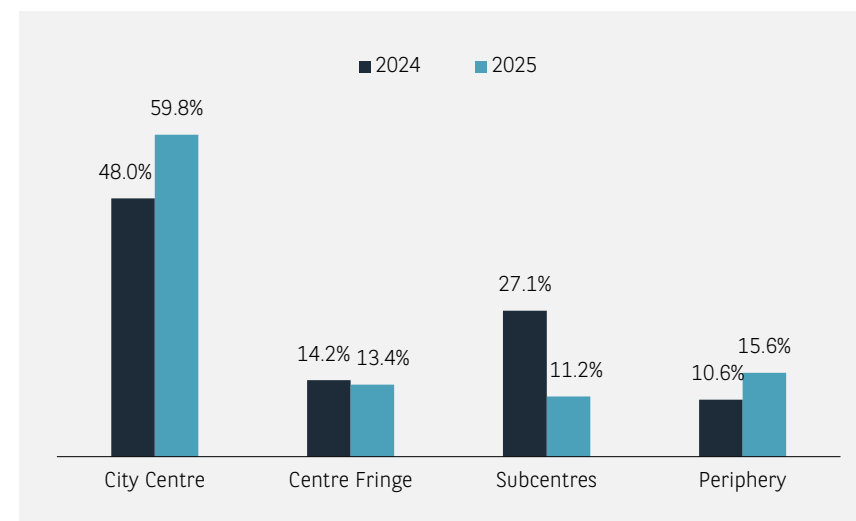
Investments by type of property



Investments by € category



Investments by location



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INVESTMENT MARKET MUNICH

- BROAD DEMAND GIVES CAUSE FOR OPTIMISM
- STABLE PRIME YIELDS EXPECTED FOR Q1 2026

ECONOMIC INDICATORS

+0.1

GDP Forecast 2025
(in %)

2.7

10ys bond yield
Ø Q4 2025 (in %)

87.6

ifo business climate index
(12 2025)

Source: ifo ecomic forecast, Deutsche Bundesbank, ifo Institut

△ +1bps q/q

▽ -0.4pts m/m

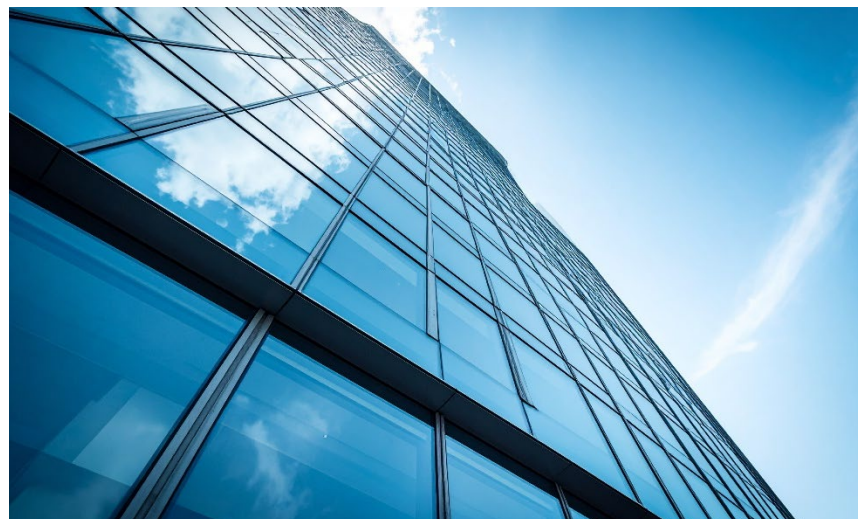
OUTLOOK

At the end of 2025, the Munich investment market is to be assessed differentiated: While in the previous quarters it looked for a long time as if the top market would have to report a significantly lower result, the annual result ultimately shows a comparable turnover to 2024.

In the past 24 months, Munich as an investment location has repeatedly been able to rely on several major deals that have also been among the top transactions in their respective asset classes in a nationwide context. As a result, the Bavarian capital is starting 2026 with confidence, but it remains to be seen whether and when major transactions can be brought over the finish line again.

Other positive factors that speak for a good development are the multi-sided demand impulses, which extend across the different types of properties and also show a wide range in size categories. However, market sentiment across locations remains strongly dependent on the geopolitical situation, which remains difficult to anticipate.

Assuming that the financial market environment is largely stable and ongoing geopolitical uncertainties, prime yields are expected to move sideways at the beginning of the year.



Investment market data

	2024	2025	CHANGE
Total (€m)	2,682	2,558	-4.6%
Portfolio share	1.7%	3.1%	+1.3%pts
Share above €100 million	53.6%	43.9%	-9.7%pts
Office share	18.5%	33.1%	+14.6%pts
Share of city locations	48.0%	59.8%	+11.8%pts
Share of foreign investors	34.7%	50.5%	+15.8%pts

NET PRIME YIELDS	2024	2025	CHANGE
Office	4.20%	4.20%	+0bps
Retail	3.45%	3.45%	+0bps
Logistics	4.25%	4.50%	+25bps



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