REVIEW
OFFICE MARKET

MUNICH Q1 2026

RESEARCH & INSIGHTS

BNP PARIBAS
REAL ESTATE

Real Estate for a changing world

- STRONG FIRST QUARTER; MUNICH BACK ON TRACK
- PRIME RENT CONTINUES TO RISE AND MOVES TOWARD THE €60/SQM

KEY FIGURES

172,000 Take-up (in sqm)	△ +25.5% y/y
59.50 Prime rent (in €/sqm)	△ +11.2% y/y
27.30 Average rent (in €/sqm)	△ +3.0% y/y

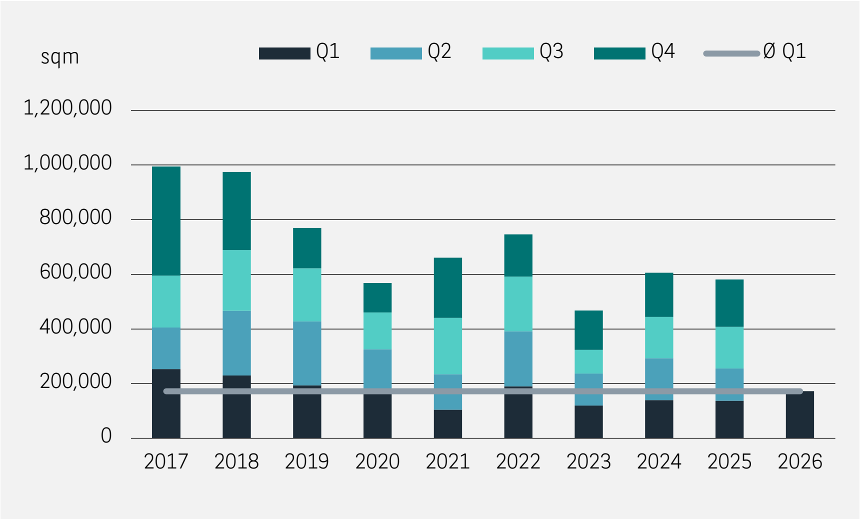
MARKET OVERVIEW

Following a noticeable upswing in market activity during the second half of 2025, this positive momentum was impressively sustained into the opening quarter of 2026, despite the persistently challenging economic and geopolitical environment. With office take-up totaling 172,000 sqm, the Munich office market delivered a strong first-quarter result, recording an increase of nearly 26% y-o-y. As a result, Munich not only ranked among the few markets to post growth, but also clearly moved to the top of Germany's major office locations.

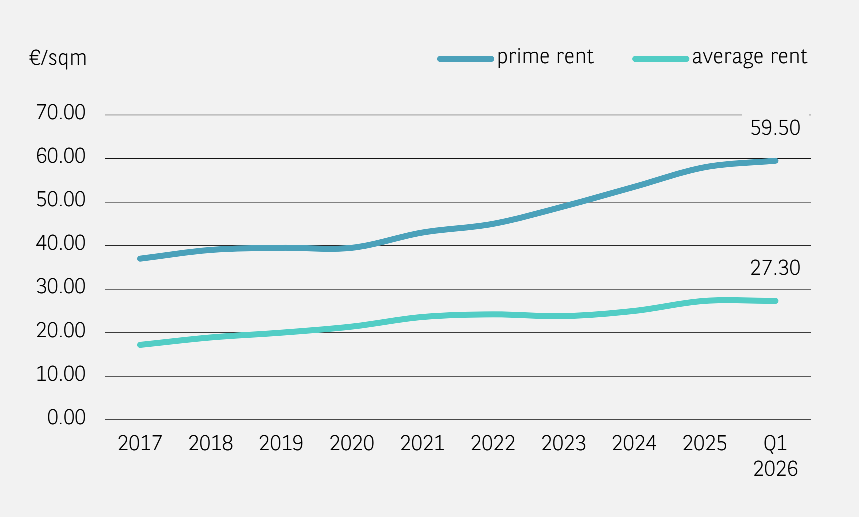
This strong performance was supported by the fact that several large-scale lettings were already concluded within the first three months of the year. Contracts in the size category above 5,000 sqm accounted for approximately 48% of total take-up, significantly exceeding the average of recent years. Among the most important lettings were JetBrains' lease of more than 21,000 sqm in the centre fringe north and the E.ON letting of around 20,500 sqm in the centre fringe west, which was successfully advised by BNP Paribas Real Estate. Consequently, the centre fringe zones recorded the largest share of take-up, with approximately 64,000 sqm, representing 37% of total volume.

Rental growth also remained highly dynamic. At €59.50/sqm, the prime rent increased once again, rising by 11% compared with Q1 2025 and moving very close to the €60/sqm mark. Munich therefore continues to be Germany's most expensive office location, ahead of Frankfurt and Berlin.

Development of take-up



Prime and average rents



Source: BNP Paribas Real Estate GmbH, March 31, 2026

- MUNICH'S CORE SECTORS LEAD THE RANKING
- VACANCY LEVELS SHOW SIDEWAYS MOVEMENT

KEY FIGURES

1,834,000 △ +0.9% y/y
Vacant space (in sqm)

8.0 △ +0.1% pts y/y
Vacancy rate (in %)

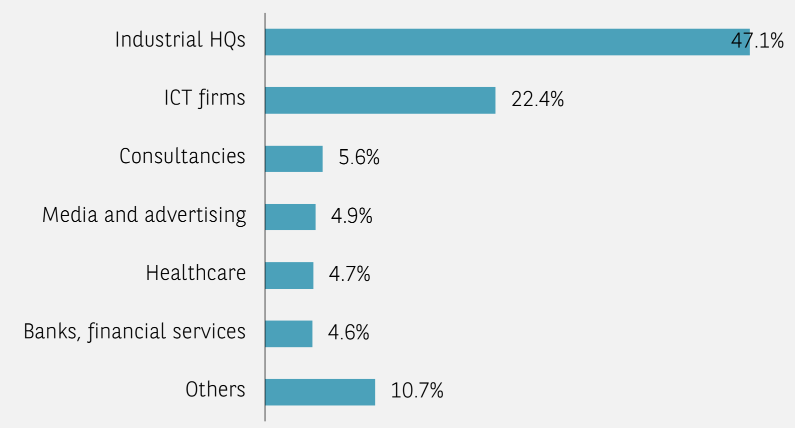
365,000 △ +23.7% y/y
Available space under construction (in sqm)

SECTOR DISTRIBUTION AND VACANCY

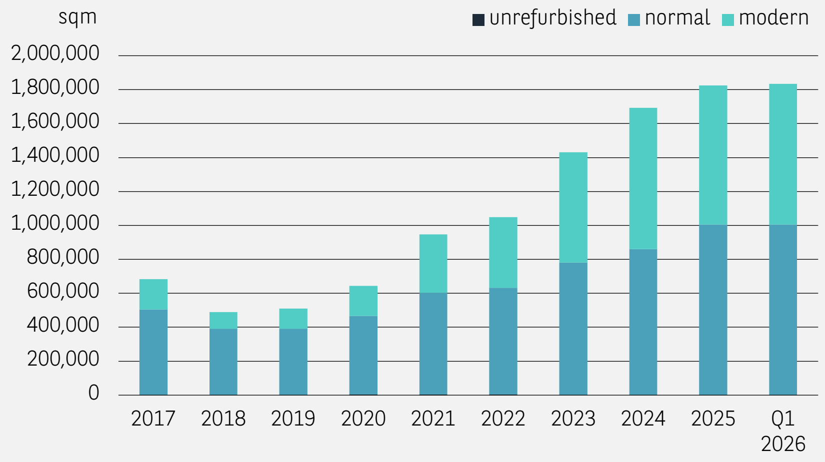
A key driver of Munich's strong performance has been the renewed momentum in leasing activity among the sectors that are particularly important to the local market. Supported by several large-scale lettings—most notably by E.ON, Uvision Europe and NXP—as well as a high number of contracts by industrial administrative occupiers across the market area, this occupier group clearly leads the sector ranking, accounting for around 47% of total take-up. This result also reflects the increased demand from the defense-related industries. ICT firms follows in second place with a market share of just over 22%, driven in part by the previously mentioned large-scale letting secured by JetBrains.

Total vacancy has remained largely stable year-on-year and currently stands at approximately 1.8 million sqm. Vacant modern office space—a key category for occupiers—declined slightly by around 5%. As a result, roughly 828,000 sqm, or 45% of total vacant space, currently offers modern fit-out quality. The overall vacancy rate across the market is 8.0%. Due to persistently strong demand in central locations, availability there remains very limited, which is also reflected in vacancy levels: in Munich's city center, the vacancy rate stands at just 3.4%. New-build first-occupation space is likewise scarce, particularly in central locations, totaling only around 8,000 sqm.

Take-up by sector Q1 2026



Development of vacant space



Major contracts

Quarter	Submarket	Company	sqm
Q1	2.1	JetBrains	21,000
Q1	2.4	E.ON	20,500
Q1	4.2	Uvision Europe	13,800
Q1	3.3	NXP Semiconductors Germany	8,700
Q1	3.1	Industrieunternehmen	8,000

Source: BNP Paribas Real Estate GmbH, March 31, 2026

OUTLOOK

Despite the challenging external environment, the Munich office market looks back on a strong first quarter with rising take-up, clearly differentiating itself from other major German office locations in a nationwide comparison.

While the ongoing geopolitical conflicts in the Middle East continue to weigh noticeably on the global economy and may also act as a drag on the German economy, several factors point to a continued robust leasing momentum in Munich. On the one hand, the investment programme for defense and infrastructure initiated by the federal government is likely to remain a key demand driver. Early indications of this trend can already be observed, as several lettings in this segment have been recorded since the start of the year. In addition, a few large-scale occupier searches currently active in the market are expected to support sentiment and translate into a higher market momentum. Against this backdrop, and in light of the strong start to the year, annual take-up in the range of the long-term average of approximately 650,000 sqm appears realistic.

On the supply side, vacancy is expected to stabilize at its current level, with signs pointing to the peak already having been reached. A moderate decline in vacancy volumes over the course of the year cannot be ruled out. In particular, the supply of premium office space is likely to continue to decrease, while upward pressure on prime rents remains high. Therefore, the €60/sqm threshold is likely to be exceeded in the short term.

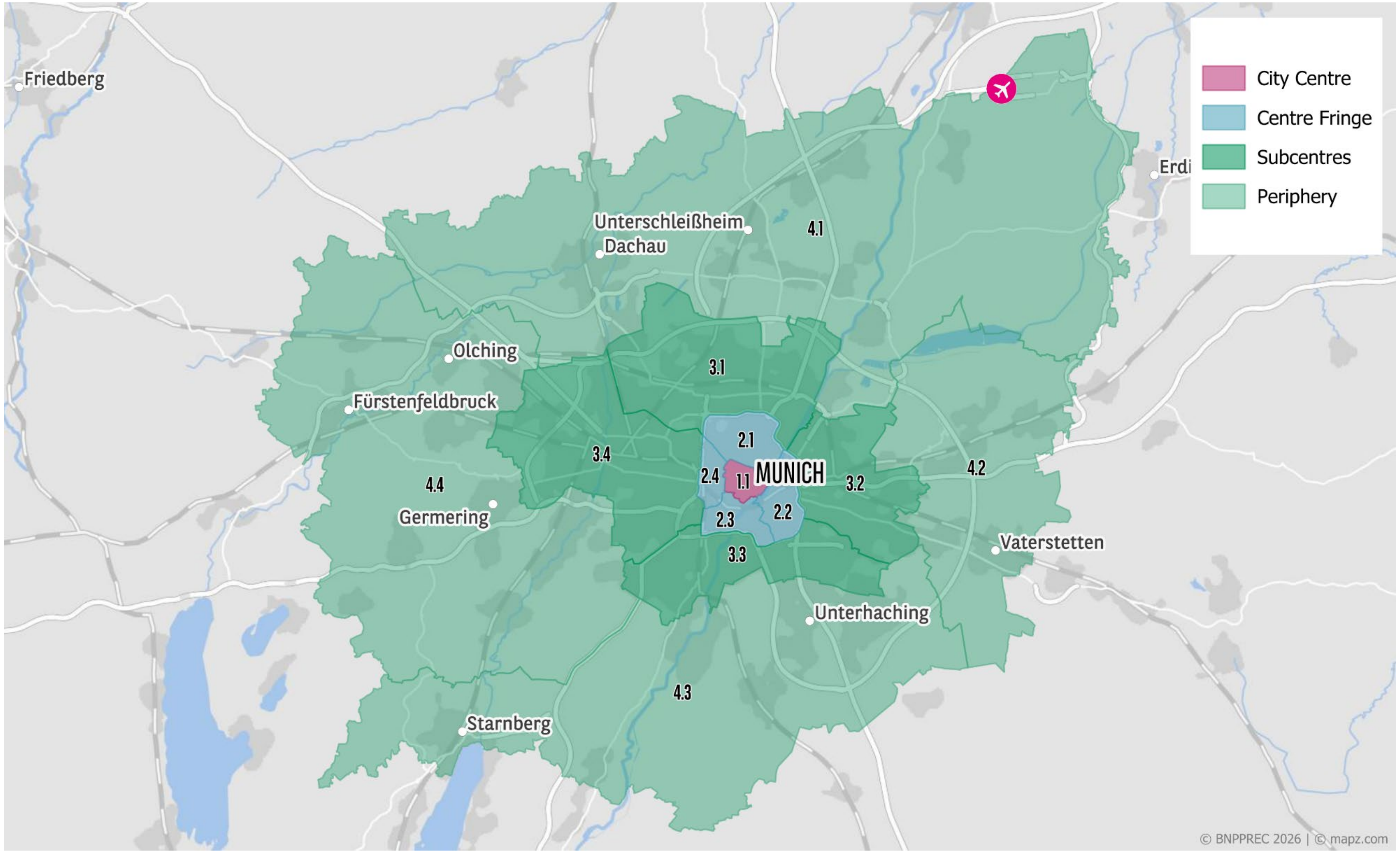
Key indicators office market Munich

		PRIME RENT* (€/sqm)			TAKE-UP (sqm)	VACANT SPACE (sqm)			SPACE UNDER CONSTRUCTION (sqm)		SPACE ON OFFER (sqm)	
		from		to	Q1 2026	total	modern	of this, since complation	total	available	available	projected
Submarkets		1			2	3	4	5	6	7	8 = (3 + 7)	9
1	City Centre											
1.1	City Centre			59.50	16,100	114,400	42,400	8,300	153,500	121,300	235,700	441,700
2	Centre Fringe	32.50	-	41.50	64,100	238,700	124,700	20,000	348,000	161,500	400,200	308,500
3	Subcentres	27.50	-	31.00	58,800	841,900	421,900	152,700	122,500	74,200	916,100	1,161,800
	Total Munich				**139,000**	**1,195,000**	**589,000**	**181,000**	**624,000**	**357,000**	**1,552,000**	**1,912,000**
4	Periphery	19.50	-	21.00	33,000	639,000	239,000	119,000	31,000	8,000	647,000	599,000
	Total				172,000	1,834,000	828,000	300,000	655,000	365,000	2,199,000	2,511,000

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

Source: BNP Paribas Real Estate GmbH, March 31, 2026

OFFICE SUBMARKETS MUNICH



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