REVIEW OFFICE MARKET

MUNICH Q2 2026

RESEARCH & INSIGHTS

BNP PARIBAS REAL ESTATE

Real Estate for a changing world

- ABOVE-AVERAGE RESULT IN H1 2026
- MUNICH REMAINS THE MOST EXPENSIVE MARKET

KEY FIGURES

354,000 △ +38.3% y/y
Take-up (in sqm)

59.50 △ +8.2% y/y
Prime rent (in €/sqm)

27.00 ▽ -4.9% y/y
Average rent (in €/sqm)

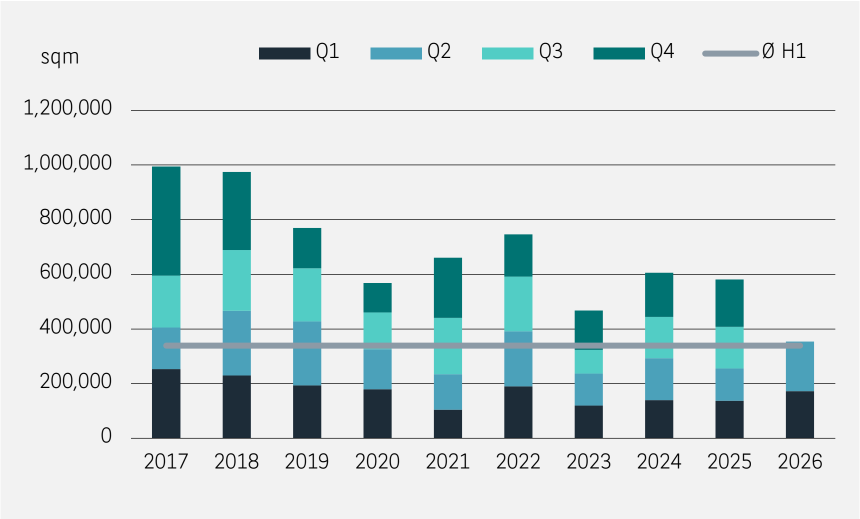
MARKET OVERVIEW

Despite the subdued economic environment, ongoing geopolitical uncertainties and structural changes on the demand side, the Munich office market remained stable at a high level. With take-up of 354,000 sqm, the Bavarian state capital recorded a strong first half of 2026. The momentum from the first quarter, with 172,000 sqm, continued in the second quarter with a further 182,000 sqm. As a result, the subdued previous-year result was exceeded by around 38%, while the ten-year average was surpassed by a good 4%. Munich is therefore one of the few German office markets with rising take-up volumes and, alongside Berlin, the only location to achieve a result above its long-term average.

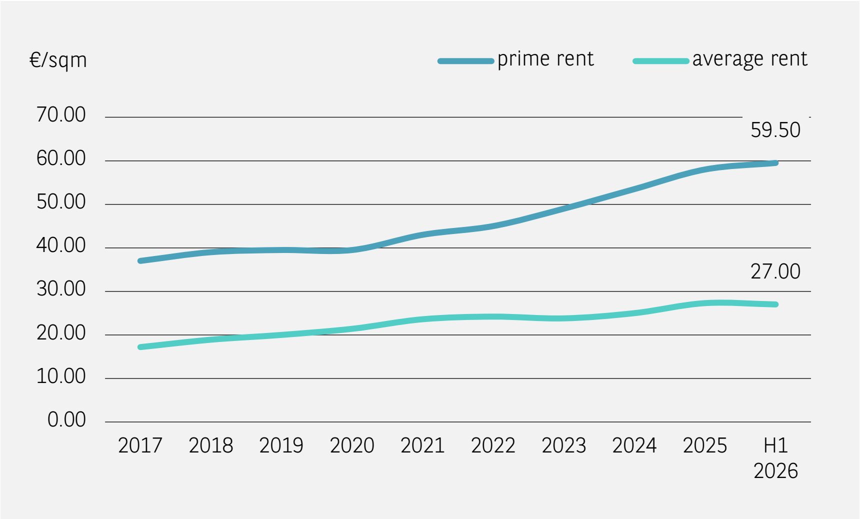
Although lively demand can be observed across almost all size categories, large-scale lettings above 10,000 sqm made a particularly significant contribution to the strong half-year result. They accounted for an above-average market share of just under 24%. Also noteworthy is the volume of medium-sized deals between 2,000 and 5,000 sqm, which registered the highest take-up since 2019, accounting for almost 24% of the total. The most important contracts in the first half of the year include Apple's owner-occupier new-build project with 29,200 sqm in Munich's city center, as well as the largest letting of the current year: the 21,500 sqm lease by E.ON, which was brokered by BNP Paribas Real Estate.

The high demand for modern and high-quality space is also reflected in rental development. The prime rent increased year-on-year to €59.50 per sqm, representing growth of around 8%.

Development of take-up



Prime and average rents



Source: BNP Paribas Real Estate GmbH, June 30, 2026

- KEY SECTORS DRIVE TAKE-UP
- VACANCY STABLE, MODERN SUPPLY DECLINING

KEY FIGURES

1,855,000 ▽ -0.1% y/y
Vacant space (in sqm)

8.0 ▽ -0.0% pts y/y
Vacancy rate (in %)

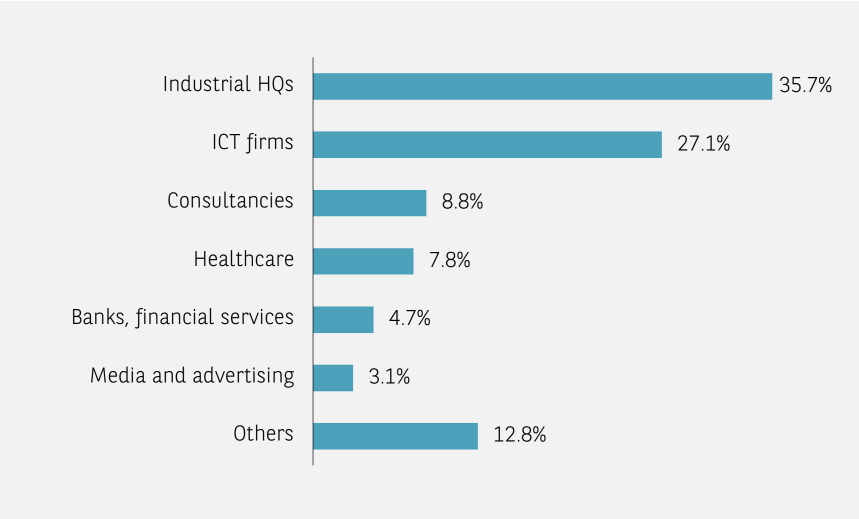
370,000 △ +11.1% y/y
Available space under construction (in sqm)

SECTOR DISTRIBUTION AND VACANCY

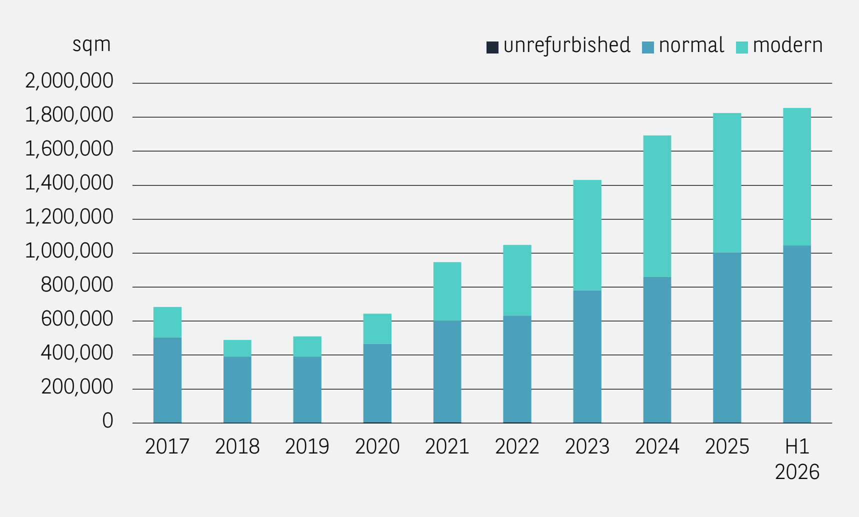
Munich's key sectors once again showed extremely strong leasing activity in the current year. Both industrial HQs (around 36%) and companies from the ICT sector (around 27%) significantly increased their take-up volumes compared with the previous year. At around 126,000 sqm and 96,000 sqm respectively, both sectors were clearly above their long-term averages. This was driven primarily by large-scale lettings to companies such as E.ON and Uvision Europe in the industrial sector, as well as Apple and JetBrains in the software technology segment. Rising demand from the defense industry is also becoming increasingly visible and is reflected in current letting activity.

Although the volume of vacant space changed only marginally compared with the same period of the previous year and remains at 1.86 million sqm, vacancy in modern office space declined by around 11%. Currently, only around 810,000 sqm, or 44% of total vacancy, is attributable to modern office space. The vacancy rate across the overall market area stands at 8.0%. Due to persistently high demand pressure in Munich's central locations, supply there remains scarce. This is particularly evident in the city center, where the vacancy rate is just 3.5%. Accordingly, new-build first-occupancy space is also available only to a limited extent, particularly in city locations, amounting to just 16,000 sqm there.

Take-up by sector H1 2026



Development of vacant space



Major contracts

Quarter	Submarket	Company	sqm
Q2	1.1	Apple Inc.	29,200
Q1	2.4	E.ON	21,500
Q1	2.1	JetBrains	21,000
Q1	4.2	Uvision Europe	13,800
Q1	3.3	NXP Semiconductors Germany	8,700

Source: BNP Paribas Real Estate GmbH, June 30, 2026

OUTLOOK

Despite the challenging economic and geopolitical framework conditions, the Munich office market recorded a successful first half of 2026. Due to higher take-up and an above-average half-year result, the Bavarian capital clearly stands out from other German top office markets in a nationwide comparison.

After the Munich office market proved highly robust in the first half of the year, several factors also point to a positive development in the second half of the year. On the one hand, ongoing geopolitical tensions in the Middle East are weighing on the global economy and are also having a noticeable impact on the German economy. At the same time, the federal government's investment program in the fields of infrastructure and defense is likely to generate additional momentum for office demand. Initial contracts from these sectors have already confirmed this development since the beginning of the year. In addition, several large-scale office searches are currently active in the market and could provide further momentum if concluded successfully. Against this backdrop, take-up of around 650,000 sqm in 2026 appears realistic.

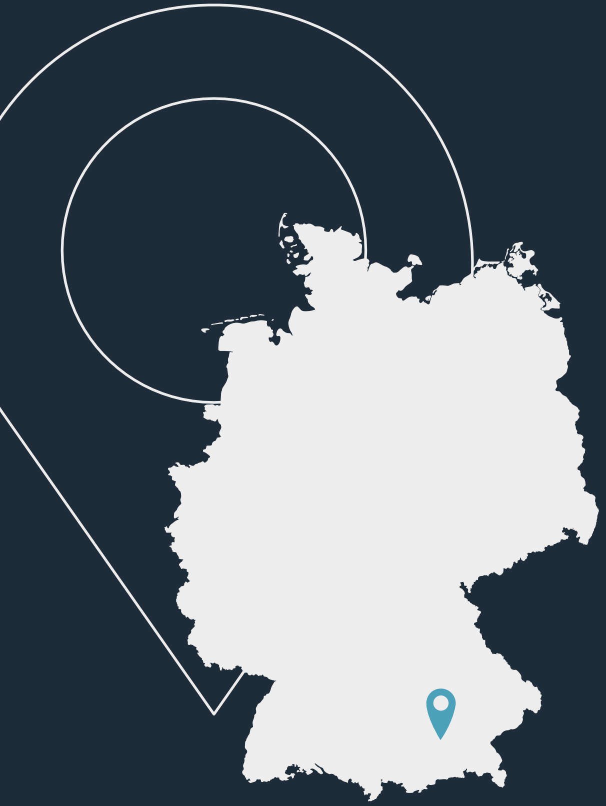
On the supply side, vacancy is meanwhile showing signs of stabilization. In the segment of high-quality premium space, however, available supply is likely to tighten further. At the same time, upward pressure on prime rent remains, meaning that the €60/sqm mark should be exceeded in the short term.

Key indicators office market Munich

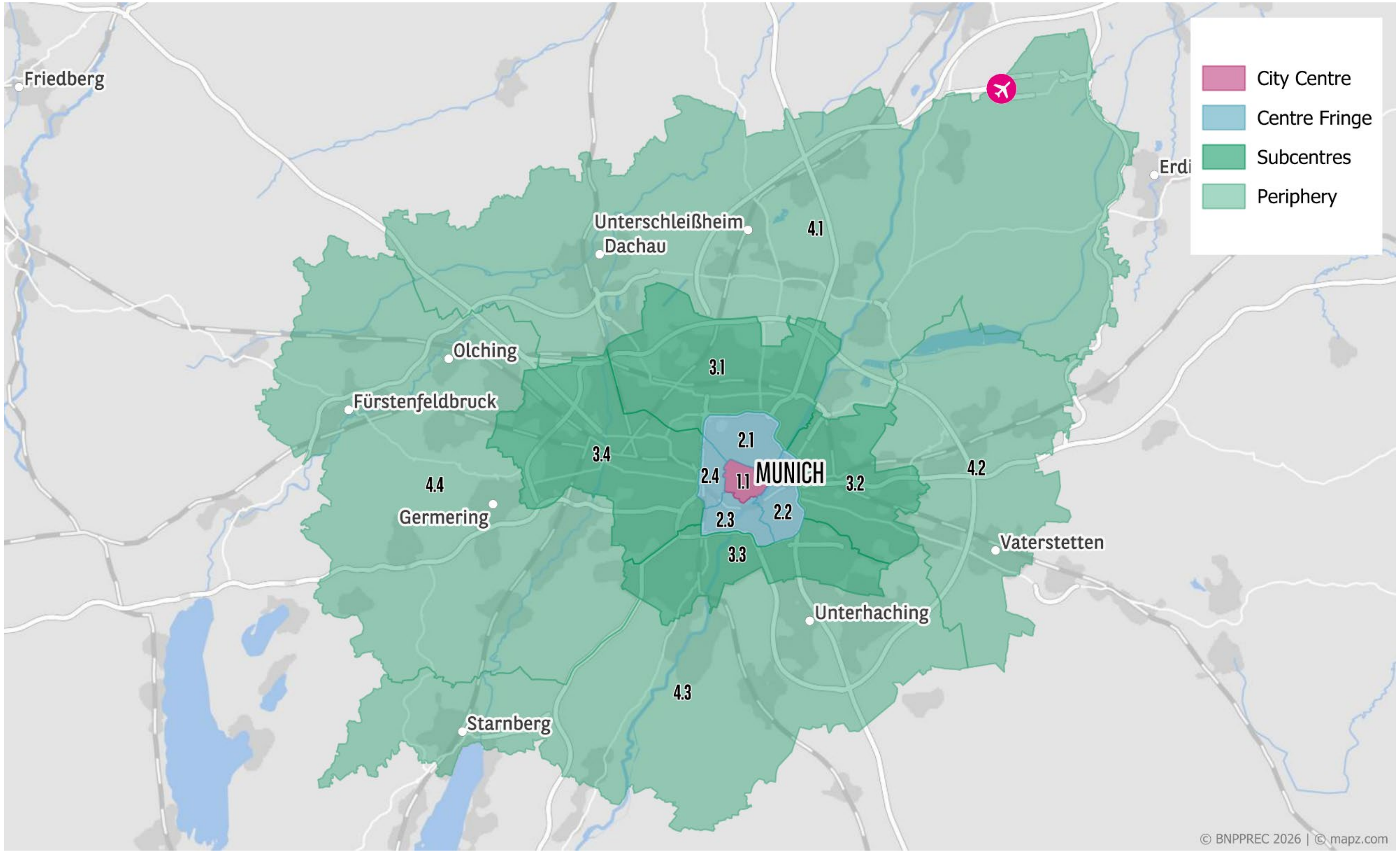
		PRIME RENT* (€/sqm)			TAKE-UP (sqm)	VACANT SPACE (sqm)			SPACE UNDER CONSTRUCTION (sqm)		SPACE ON OFFER (sqm)	
		from		to	H1 2026	total	modern	of this, since complation	total	available	available	projected
Submarkets		1			2	3	4	5	6	7	8 = (3 + 7)	9
1	City Centre											
1.1	City Centre			59.50	72,000	119,400	44,600	15,700	165,700	105,700	225,100	415,500
2	Centre Fringe	32.50	-	41.50	100,600	231,900	114,000	16,700	318,700	171,100	403,000	256,900
3	Subcentres	27.50	-	31.00	126,400	849,700	409,400	145,600	127,600	80,200	929,900	1,268,600
	Total Munich				**299,000**	**1,201,000**	**568,000**	**178,000**	**612,000**	**357,000**	**1,558,000**	**1,941,000**
4	Periphery	19.50	-	21.00	55,000	654,000	242,000	121,000	37,000	13,000	667,000	566,000
	Total				354,000	1,855,000	810,000	299,000	649,000	370,000	2,225,000	2,507,000

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

Source: BNP Paribas Real Estate GmbH, June 30, 2026



OFFICE SUBMARKETS MUNICH



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