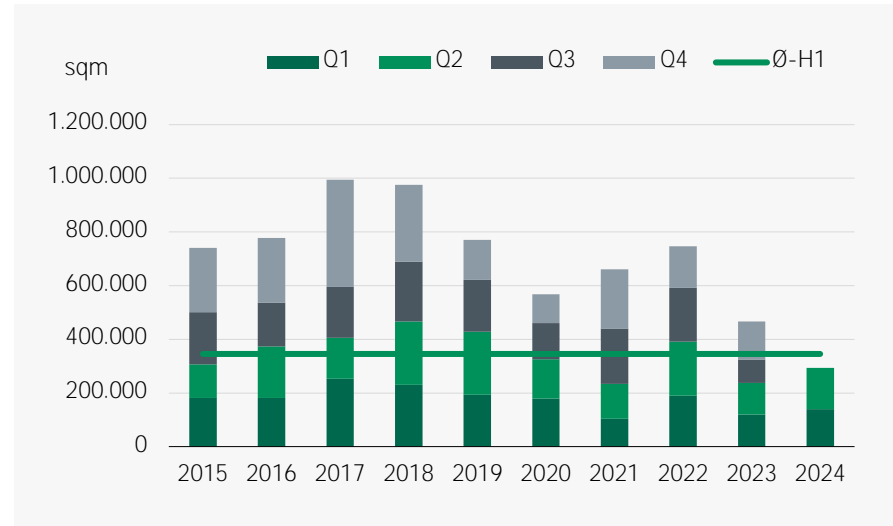


MUNICH

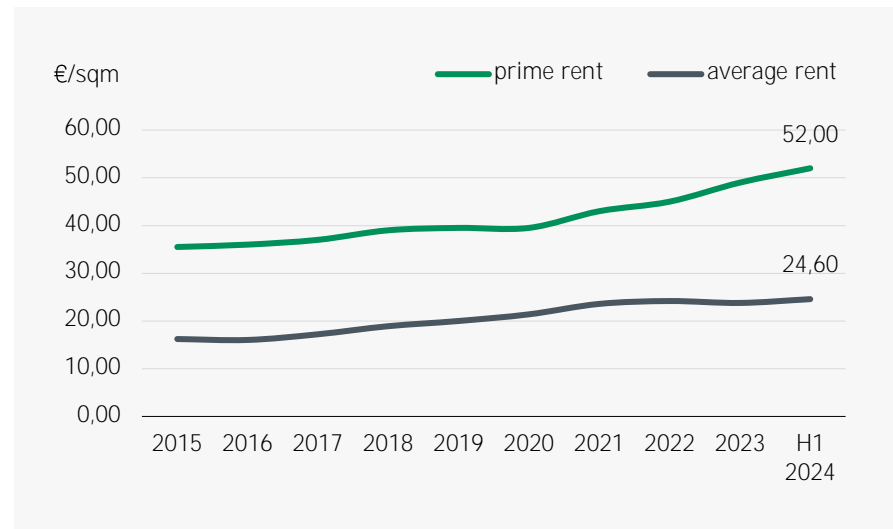
REPORT OFFICE MARKET

H1 2024

Development of take-up



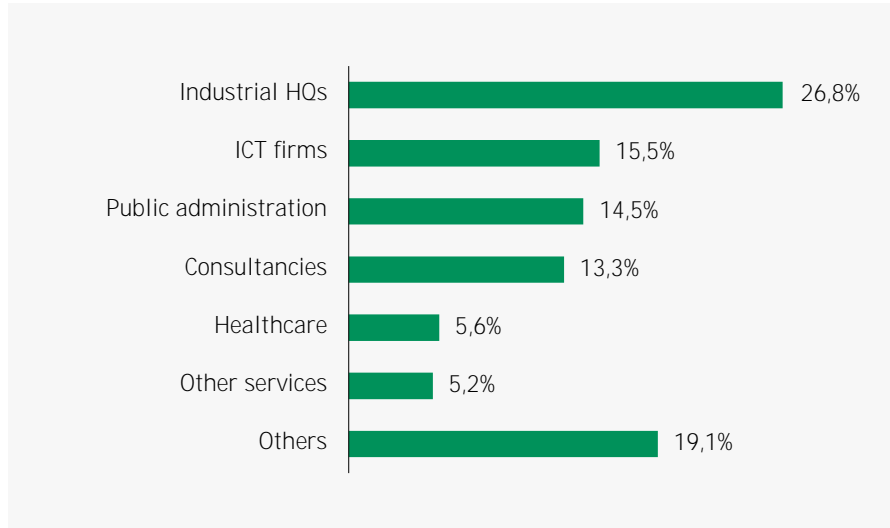
Prime and average rents



PRIOR YEAR'S RESULT EXCEEDED: MUNICH TAKES THE LEAD AMONG THE TOP MARKETS

- The Munich office market experienced good letting momentum in the first half of the year: With a total take-up of 293,000 sqm, the Bavarian capital ranks at the top of Germany's largest office markets.
- Even though the current result falls short of the long-term average of around 346,000 sqm (-15%), the significant increase in take-up of 24% compared to the same period last year underlines the lively market activity in the first six months.
- In this context, it is pleasing to note that the good market momentum is not only reflected in the volume, but is also supported by a noticeable rise in the number of contracts signed.
- Nonetheless, good results in terms of take-up are mostly based on individual major deals. An example is the laying of the foundation stone for owner-occupier Bayerische Versorgungskammer in the TRIDEA office complex in Munich-Bogenhausen which was one of the main factors driving the result in the past three months (q2). However, given that 55% of the recorded take-up volume was generated in the segments below 2,000 sqm and 45% in the categories above this level, we consider the overall distribution of take-up to be balanced.
- The good letting momentum is also reflected in the rent development: at currently €52 per sqm (+11% compared to H1 2023), Munich remains at the top in nationwide comparison. At mid year, the average rent stands at €24.60 per sqm.

Take-up by sector H1 2024



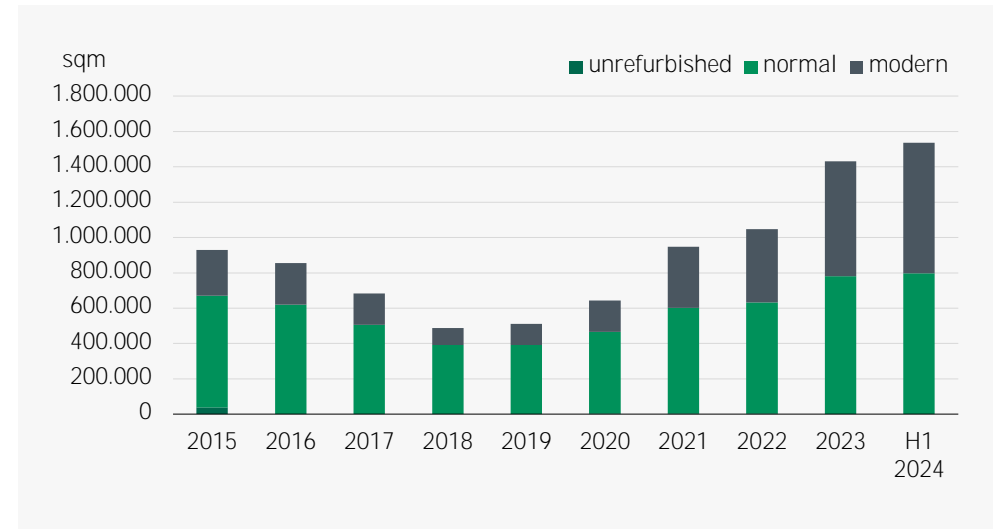
Major contracts H1 2024

Quarter	Sub-market	Company	sqm
Q2	3.2	Bayerische Versorgungskammer	25.200
Q1	3.3	BA die Bayerische Allgemeine Versicherung	11.600
Q1	3.1	DMG MORI Global Marketing	10.500
Q1	3.1	BMW	10.000
Q1	1.1	Milbank LLP	5.800
Q2	3.4	BFZ	5.000

VACANCIES INCREASED, BUT REMAIN VERY LIMITED IN MOST ATTRACTIVE SUBMARKETS

- In the first half of the year, the ranking by industries was dominated by manufacturing companies, which generated almost 27% of the overall result. One of the contributing factors was a contract signed by DMG MORI Global Marketing in the 'Go Four It' mixed-use development in Moosach. Other notable market shares include ICT (just under 16%), public administration (almost 15%) and consultancies (just over 13%).
- The development of vacancies continues to reflect the very heterogeneous performance of the various submarkets. The fact that the vacancy rate for the market as a whole is now around 6.7% (total volume 1.54 million sqm), while only 2.9% is vacant in the city centre (95,700 sqm in total), underlines the increasing importance of location dependency when looking at vacancies.

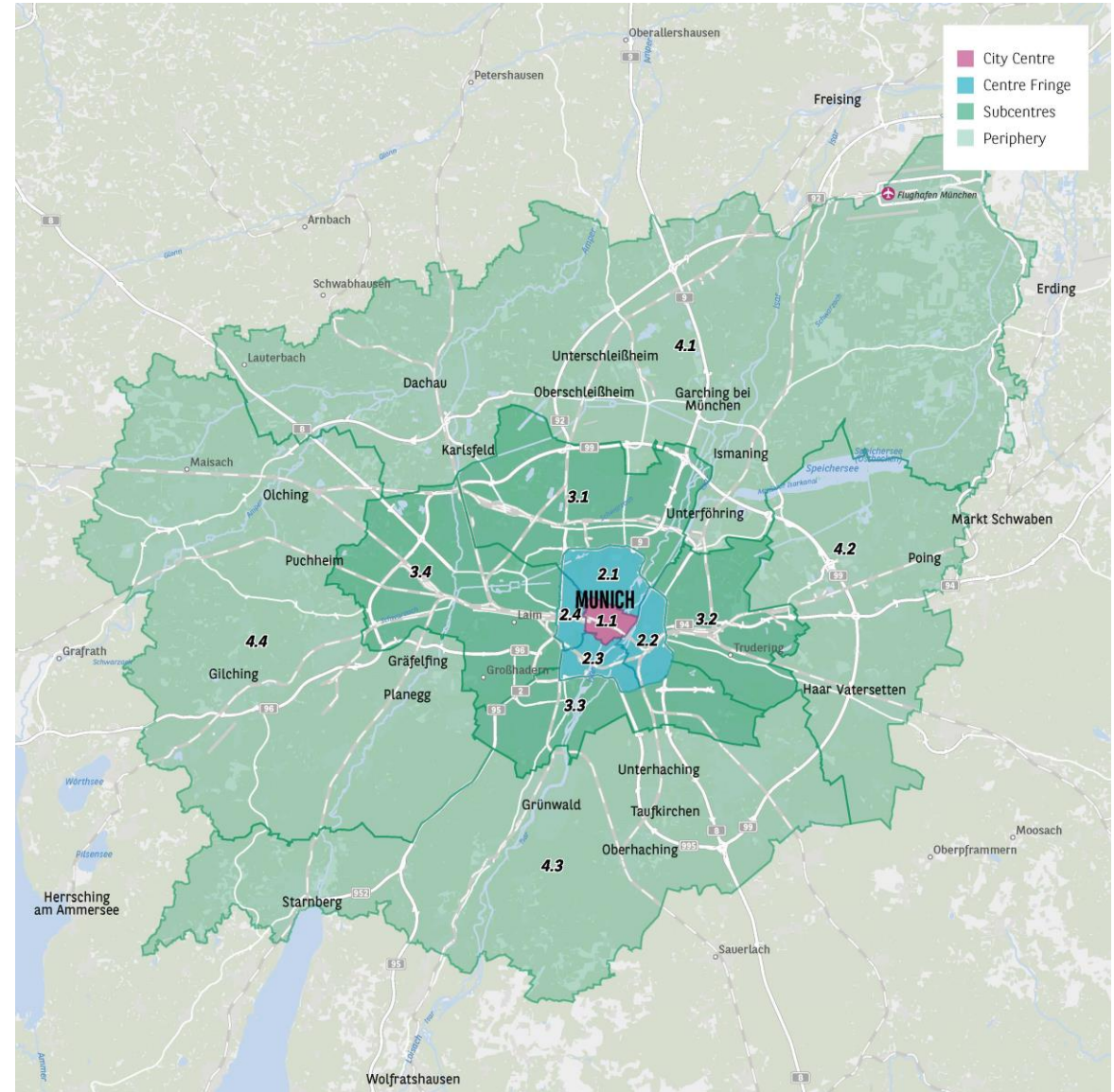
Development of vacant space



OUTLOOK

- Although the Munich office market did not achieve an exceptionally high result in the first half of 2024, the market was able to maintain its number one position in nationwide comparison. In H1, a solid base was laid for further improvement in the latter half of the year.
- The broadly structured demand base, which is characterised by both the good number of registered transactions and the relatively even distribution of take-up across the small, medium and large letting segment, is particularly pleasing. Taking into account the framework conditions outlined above, take-up for the full year is currently expected to be in the region of 620,000 sqm, which would represent a result that is still above the previous year and slightly below the long-term average.
- On the supply side, further increases in vacancies are expected in the short term and it cannot be ruled out that the 1.6 million sqm mark will come within reach.
- At the same time, the persistently challenging conditions for project developments and the expected completions will lead to a noticeable decline in construction activity in the coming quarters.
- Consequently, modern office space available in premium locations in the short term will remain scarce. This in turn will keep prime rents under upward pressure. Against this backdrop, there are signs that prime rents will continue to rise in the second half of the year.

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	H1 2024	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		52,00	43.600	95.700	35.800	0	36.000	32.000	127.700	373.300
2 Centre Fringe	30,00 -	38,00	54.700	179.200	91.200	7.400	211.300	85.200	264.400	398.000
3 Subcentres	27,00 -	30,00	136.700	684.100	368.000	129.600	210.700	101.800	785.900	1.449.700
Total Munich			235.000	959.000	495.000	137.000	458.000	219.000	1.178.000	2.221.000
4 Periphery	17,50 -	18,50	58.000	578.000	245.000	121.000	72.000	38.000	616.000	651.000
Total			293.000	1.537.000	740.000	258.000	530.000	257.000	1.794.000	2.872.000

* 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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