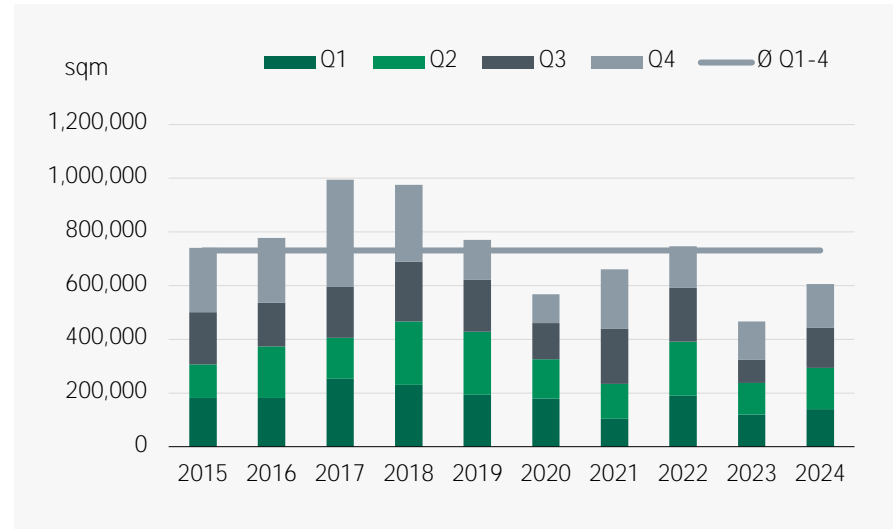


MUNICH

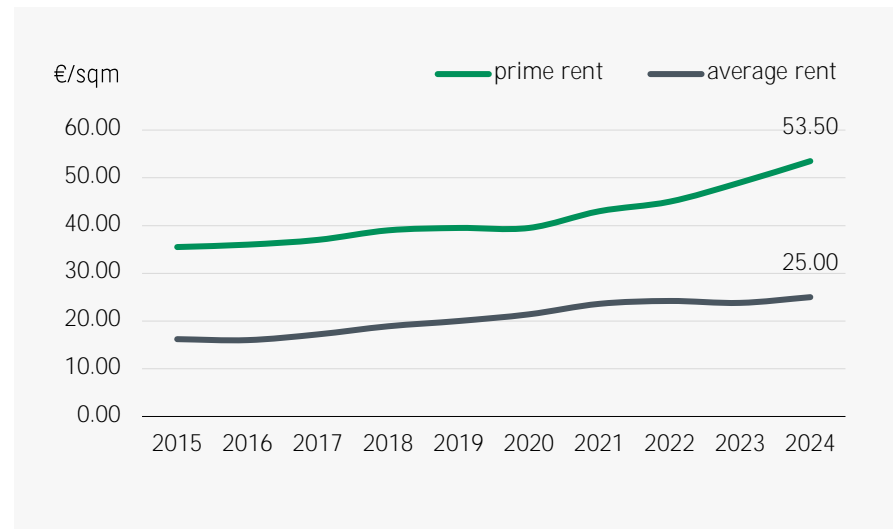
REPORT OFFICE MARKET

2024

Development of take-up



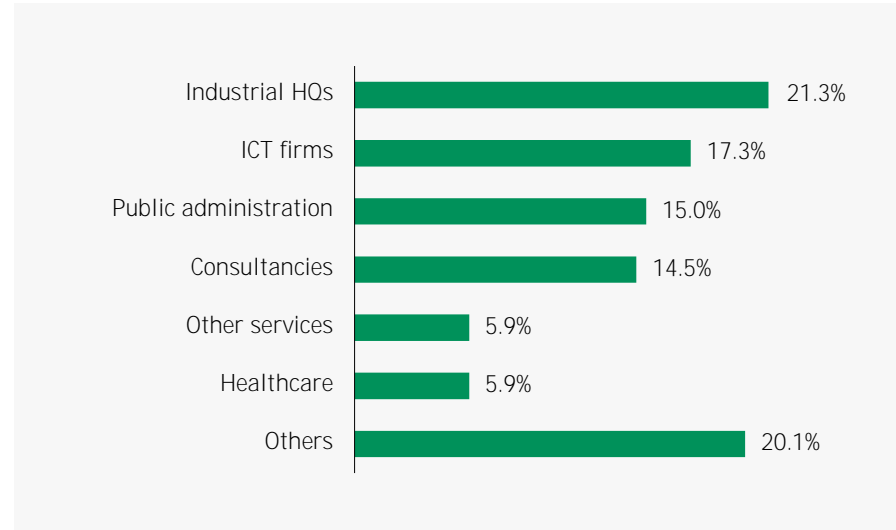
Prime and average rents



FRONTRUNNER AMONG THE GERMAN OFFICE MARKETS; SIGNIFICANT INCREASE IN TAKE-UP COMPARED TO 2023

- The Munich market for office properties recorded a take-up of 606,000 sqm in 2024, ranking just ahead of Berlin (581,000 sqm) and Hamburg (420,000 sqm) in first place among the top markets. Although the long-term average was missed by 17%, the weak previous year's result was clearly exceeded by 30%. The main drivers of the increase were lettings above the 10,000 sqm mark. Take-up in this segment increased tenfold compared to the previous year.
- It is pleasing to note that the letting momentum on the Munich office market was highly consistent in 2024. The final quarter was the strongest quarter recording a moderate year-end rally with take-up of 162,000 sqm.
- The large-volume segment in particular performed well in the fourth quarter. Two of the four largest lettings were reported in the final quarter. The largest deals in 2024 include the letting of 19,300 sqm on the airport site to the Technical University of Munich (TUM), which is developing an innovation campus there with the LAB 48/52, as well as 19,200 sqm of office space for the Bavarian State Parliament and the deal of Capgemini over 13,600 sqm in Prinzregentenstrasse.
- The very solid market development and the increased focus on premium locations and properties is reflected in the development of prime rents: prime rents have risen by 9% to €53.50 per sqm in the last 12 months. The average rent is listed at €25.00 per sqm.

Take-up by sector 2024



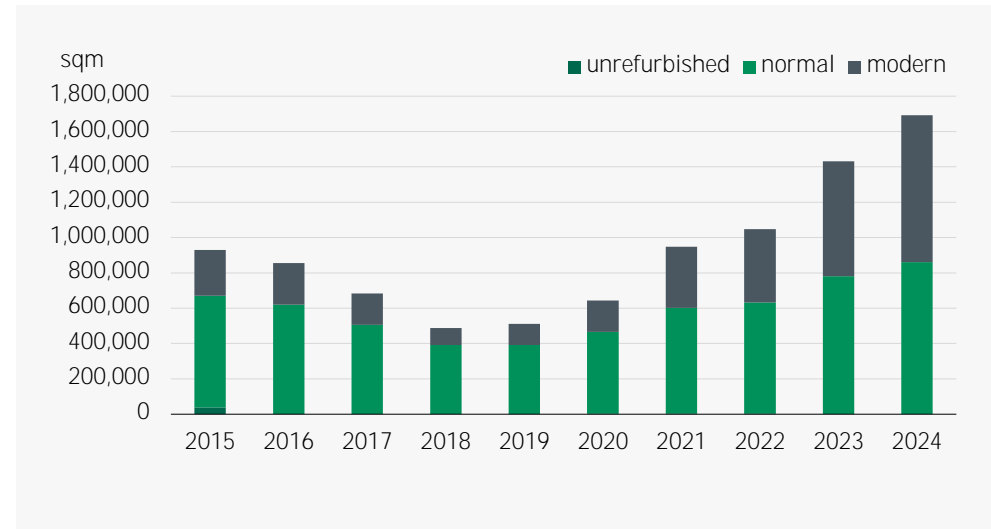
Major contracts 2024

| Quarter | Sub-market | Company | sqm |
|---------|------------|---|--------|
| Q2 | 3.2 | Bayerische Versorgungskammer | 25,200 |
| Q4 | 4.1 | Technische Universität München (TUM) | 19,300 |
| Q3 | 1.1 | Freistaat Bayern/Bayerischer Landtag | 19,200 |
| Q4 | 3.2 | Capgemini Deutschland | 13,600 |
| Q3 | 4.2 | Isar Aerospace | 11,700 |
| Q1 | 3.3 | BA die Bayerische Allgemeine Versicherung | 11,600 |

ADMINISTRATIONS OF INDUSTRIAL COMPANIES IN THE LEAD

- In a traditionally broad-based market, Munich's leading sectors were once again the main pillars of take-up in 2024: With a 21% market share, the administrations of industrial companies were ahead of ICT technologies with a 17% market share. Supported by various major lettings, public administration and consultancies each contributed around 15% to the result.
- The vacancy rate for the overall market has risen significantly by 1.1 percentage points compared to 2023 to currently 7.4% (total volume 1.69 million sqm). At a good 830,000 sqm, almost half of the vacancy volume is now attributable to modern space. In the city centre, on the other hand, only 2.9% is vacant (a total of 98,000 sqm of which only 5,500 sqm in first-time occupancy office spaces), which illustrates the high demand for premium office space and the increasing focus on very good locations.

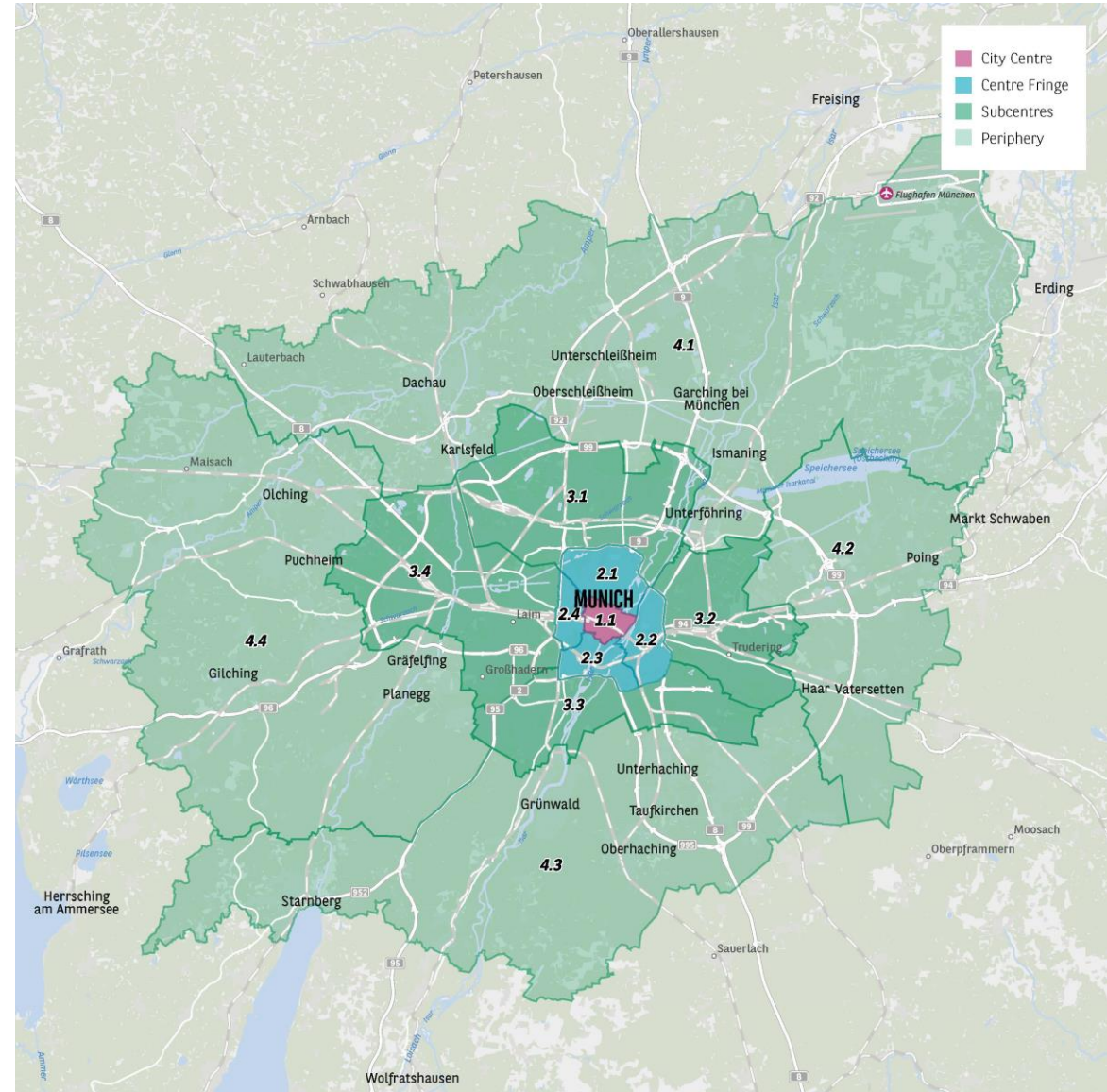
Development of vacant space



OUTLOOK

- The Munich office market experienced a much more dynamic year, particularly in comparison to the other top markets, which was characterized by great consistency over all four quarters of the year. On a positive note, an increasing number of large lettings over 10,000 sqm were registered again. However, the above-average take-up share of small and medium-sized contracts of up to 5,000 sqm also indicates a solid demand base across the board and emphasizes the strong occupier market in Munich.
- On the supply side, a further increase of the vacancy volume is also expected in the upcoming quarters. The supply-demand ratio is likely to diverge further between premium locations and subcentre and peripheral locations. While demand pressure will tend to increase further in central locations, a supply surplus will increasingly develop in less attractive neighborhoods.
- The economic engine is likely to gain momentum only slowly in 2025, with interference from the new US administration not unlikely. On the other hand, the new German government to be elected in February could provide more planning security and some economic support in the second half of the year, which could also push take-up figures on the Munich office market.
- Against the backdrop of a declining supply of premium office space in central locations, a number of requests for large-scale office spaces in the market area (increasingly by international groups) and a decline in the availability of space under construction, both take-up and prime rents are likely to increase significantly in the course of the year 2025.

Office submarkets Munich



Key indicators office market Munich

| | PRIME RENT* (€/m²) | | TAKE-UP (m²) | | VACANT SPACE (m²) | | SPACE UNDER CONSTRUCTION (m²) | | SPACE ON OFFER (m²) | |
|-----------------|-----------------------|-------|-----------------|-----------|----------------------|---------------------------|----------------------------------|-----------|------------------------|-----------|
| | from | to | 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 | | 53.50 | 93,500 | 98,000 | 48,100 | 5,500 | 37,300 | 26,800 | 124,800 | 390,900 |
| 2 Centre Fringe | 31.00 - | 38.00 | 125,100 | 261,200 | 174,900 | 28,700 | 246,700 | 122,100 | 383,300 | 397,100 |
| 3 Subcentres | 27.00 - | 31.00 | 245,400 | 735,800 | 352,000 | 113,800 | 171,000 | 74,100 | 809,900 | 1,419,000 |
| Total Munich | | | 464,000 | 1,095,000 | 575,000 | 148,000 | 455,000 | 223,000 | 1,318,000 | 2,207,000 |
| 4 Periphery | 18.00 - | 19.00 | 142,000 | 597,000 | 256,000 | 126,000 | 46,000 | 15,000 | 612,000 | 651,000 |
| Total | | | 606,000 | 1,692,000 | 831,000 | 274,000 | 501,000 | 238,000 | 1,930,000 | 2,858,000 |

* 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“.

*** The key indicator table at submarket level can be found under the following link: [key indicator table 2024](#)

Contact

BNP Paribas Real Estate GmbH

Maximilianstraße 35 | 80539 München

Phone: +49 (0)89-55 23 00-0

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