Munich Office Spotlight

Q1 2025

Spotlight Munich highlights the key issues in the Munich office market - supply, demand and prices are examined from the past, present and future.

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Overview leasing market

Solid Start to 2025 in the Munich Office Market – Driven by Large-Scale Deals and Continued Demand for Premium Space

The Munich office market has made a solid start to 2025. Take-up in the first quarter amounted to approximately **138,000 m²**, matching the volume of the same period last year and underlining the market's stability. Munich thus reaffirms its position as one of the leading office markets among Germany's Big 7, remaining resilient and attractive even in a challenging environment.

This strong quarterly result was primarily driven by **large-scale lease transactions**, including:

- **33,000 m² leased by Siemens AG in "Officehome Beat"**
- **16,000 m² leased by Thüga AG in "Bruckmann Quartier"**
- **5,400 m² leased by Sana Kliniken in "Ismaning Office"**

Industrial companies were particularly active this quarter, accounting for around 48% of total take-up. They were followed by the healthcare sector (13%) and management consultancies (9%). Small-scale leases (up to 1,500 m²) made up 38% of the total volume, mid-sized deals (1,500–5,000 m²) contributed 19%, while large transactions over 5,000 m² accounted for 43%. The prime rent rose by €0.50 quarter-over-quarter, reaching €54.00/m²/month, representing a 6% year-on-year increase. In sought-after submarkets such as Munich's historic city center, top rents upwards of €60.00/m²/month are still being achieved. The average rent stood at €26.00/m²/month at the end of the quarter. The vacancy rate increased slightly to 7.9% (Q4 2024: 7.1%). The market continues to exhibit high submarket heterogeneity: while the CBD (Altstadt) remains almost fully let with a vacancy rate of just 1.6%, and even inner-city districts within the Mittlerer Ring report low vacancy levels (<4%), older properties in peripheral locations are increasingly facing leasing challenges.

138,000

Take-up [sqm]

7.9

Vacancy rate [%]

54.00

Prime rent [€/sqm/month]

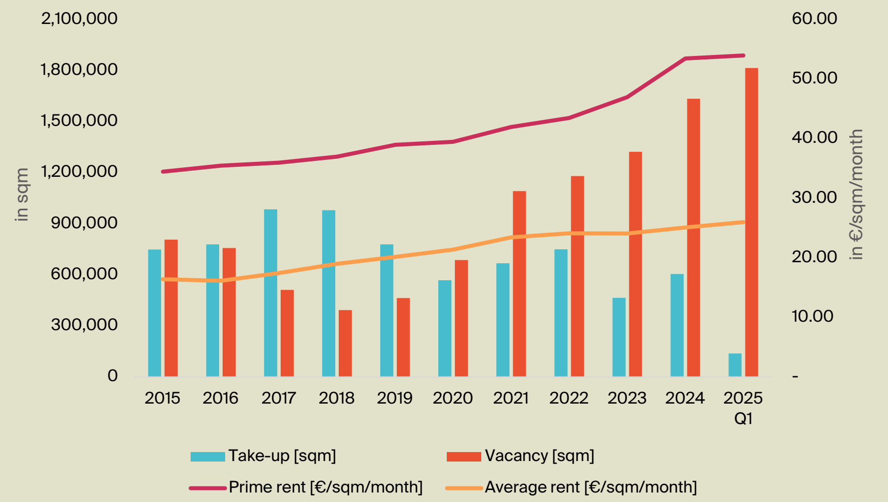
63,100

Completions [sqm]

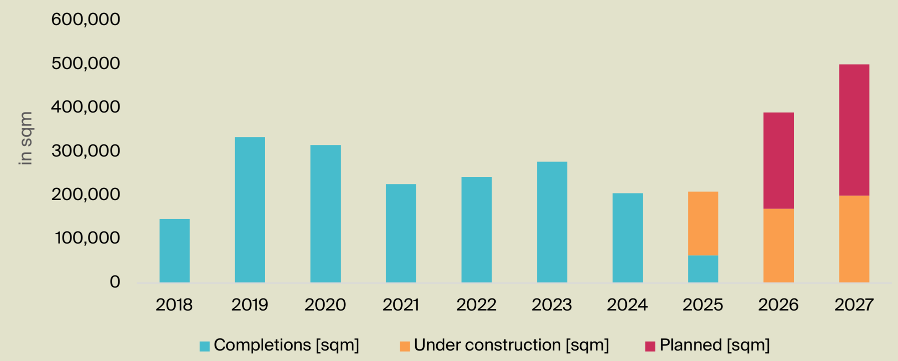
516,000

Under construction [sqm]

OVERVIEW



DEVELOPMENT



OVERVIEW SUBMARKETS

	CDB	City Centre	City Area	Periphery
Rental range [€/sqm/month]	37,00 - 54,00	25,00 - 47,00	14,50 - 25,00	10,00 - 20,00
Vacant space [sqm]	13,100	303,400	839,500	660,000
Vacancy rate [%]	1.6	3.7	7.8	12.3
Completitions [sqm]	-	56,330	6,750	-
Under construction [sqm]	56,000	233,400	171,600	55,000

OUTLOOK

Munich Office Market Remains Resilient Despite Global Uncertainty

Despite global uncertainties – particularly in light of Donald Trump's second term and escalating trade tensions – the Munich office market continues to demonstrate resilience. While internationally operating companies are currently showing more cautious leasing behavior, an annual take-up of approximately 600,000 m² remains a realistic scenario, provided demand from core industries persists. Modern office space in central locations remains both scarce and highly sought after. As a result, rental levels are expected to remain stable, with prime rents likely to continue rising over the medium term. This trend is driven by strong demand for premium space combined with a limited supply pipeline. By contrast, a moderate increase in vacancy rates is expected in non-central submarkets, particularly in older, outdated stock.

TREND

54.00
Prime rent
[€/sqm/month]

7.9
Vacancy rate
[%]

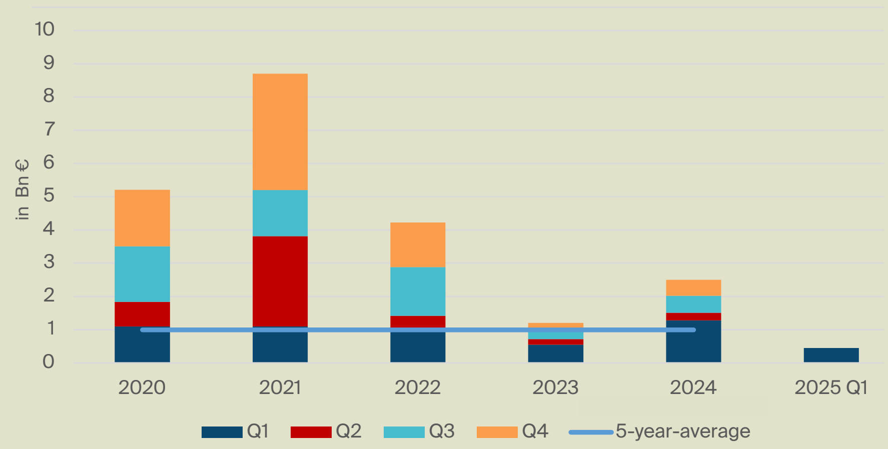
138,000
Take-up
[sqm]

Overview investment market

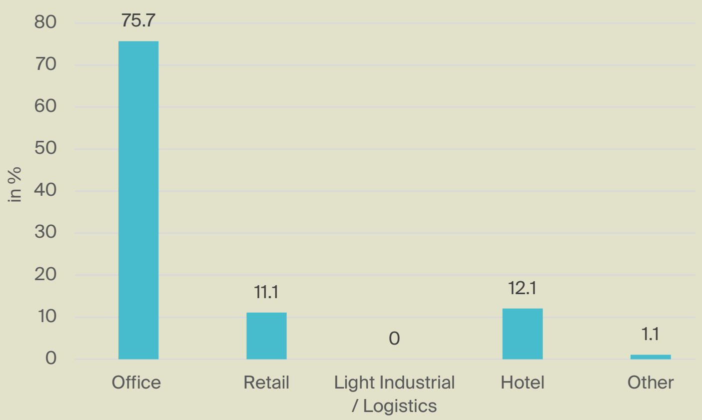
Office Back in Focus: Increased Supply and Positive Signals for Munich’s Commercial Investment Market

In the first quarter of 2025, commercial real estate investment activity in Munich reached a transaction volume of approximately €449 million. This figure falls 55% short of the five-year Q1 average and represents a 65% decline year-over-year. However, it is important to note that the first quarter of 2024 was significantly inflated by the €700 million+ sale of “Fünf Höfe”, which heavily skewed the comparative base. With approximately €340 million, the office sector accounted for the lion’s share of Q1 2025 volume, representing 75.7% market share – the highest proportion since Q2 2022. This also marks the strongest quarterly result for office assets since Q1 2023. Key contributions came from the sale of the R139 office tower (“Momenturm”) for approx. €150 million, along with several mid-sized office transactions. Although total volume remains well below the long-term average, early signs of recovery are emerging. The deals recorded in Q1 suggest a cautious return of investor interest in Munich office properties. Prime office yields remain stable at 4.3%. Compared to Germany’s other top investment locations, Munich continues to command the highest pricing, maintaining its position as the most expensive office market among the Big 7.

TRANSACTION VOLUME



TRANSACTION VOLUME BY ASSET CLASS



OUTLOOK

Investment Market Poised for Recovery Despite Geopolitical Headwinds

Geopolitical tensions and the ongoing trade conflict with the United States are currently acting as significant headwinds to economic recovery. However, government investment in infrastructure and defense may provide positive momentum – also for Munich’s commercial real estate market. Rising demand for office space and a stable prime yield environment indicate growing investor confidence. Despite heightened uncertainty, a transaction volume of €2 billion by year-end appears realistic – not least because a growing supply of assets is already available on the market, with additional properties expected to come online in the coming quarters. Combined with increasing investor interest, this positions the market for a potentially higher annual result, bringing a stronger year-end performance within reach.

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