

Munich Office Spotlight



Q1 2026

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

► Munich's office market recorded a solid start to 2026, supported by a limited number of large-scale lease transactions and sustained demand for high-quality office space. Office take-up in the first quarter totalled approximately 156,600 sqm, representing an increase of around 15% year-on-year. Notably, more than 40% of leasing activity in Q1 was attributable to transactions exceeding 5,000 sqm. Within the German Top 7 office markets, Munich ranked as the second strongest market after Berlin. The favourable performance was largely driven by a renewed increase in leasing activity among Munich's key occupier sectors, notably the industrial and IT sectors. A rising volume of expansion-related take-up provides further indication of a gradual recovery in Munich's office letting market.

The quarterly result was supported in particular by several larger transactions, including:

- **23,000 sqm leased by JetBrains in "Tucherpark"**
- **21,500 sqm leased by E.ON SE in "An den Brücken"**
- **10,000 sqm leased by NXP Semiconductors in "AER"**

Central locations remained firmly in focus, accounting for more than two-thirds of total take-up, led by the CBD and inner-city submarkets. Industrial and ICT occupiers jointly accounted for over 60% of total demand, underlining the market's sectoral concentration.

Prime rent continued its upward trajectory, reaching a new record level of €57.50/sqm/month, while the average rent stood at €27.50/sqm/month. A pronounced flight to quality remains evident, with modern, ESG-compliant office space in inner-city locations in particularly high demand. In some prime assets, asking rents already exceed the current prime level, pointing to further upside potential.

The vacancy rate increased slightly to 8.1% (approx. 1.88 million sqm) in the first quarter. The vast majority of available space is concentrated in older, less competitive stock, while vacant space in prime locations continues to see solid market absorption, confirming the market's growing qualitative differentiation.

156,600

Take-up in sqm (Q1)

8.1

Vacancy rate in %

57.50

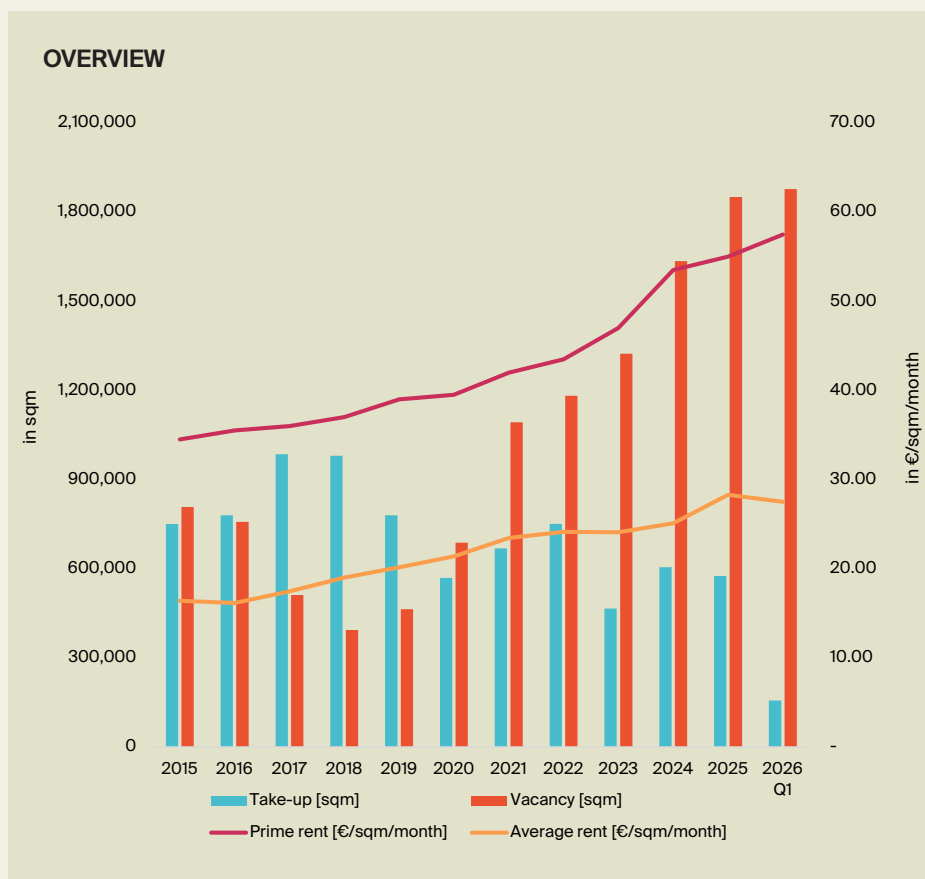
Prime rent in €/sqm/month

85,700

Completions in sqm (Q1)

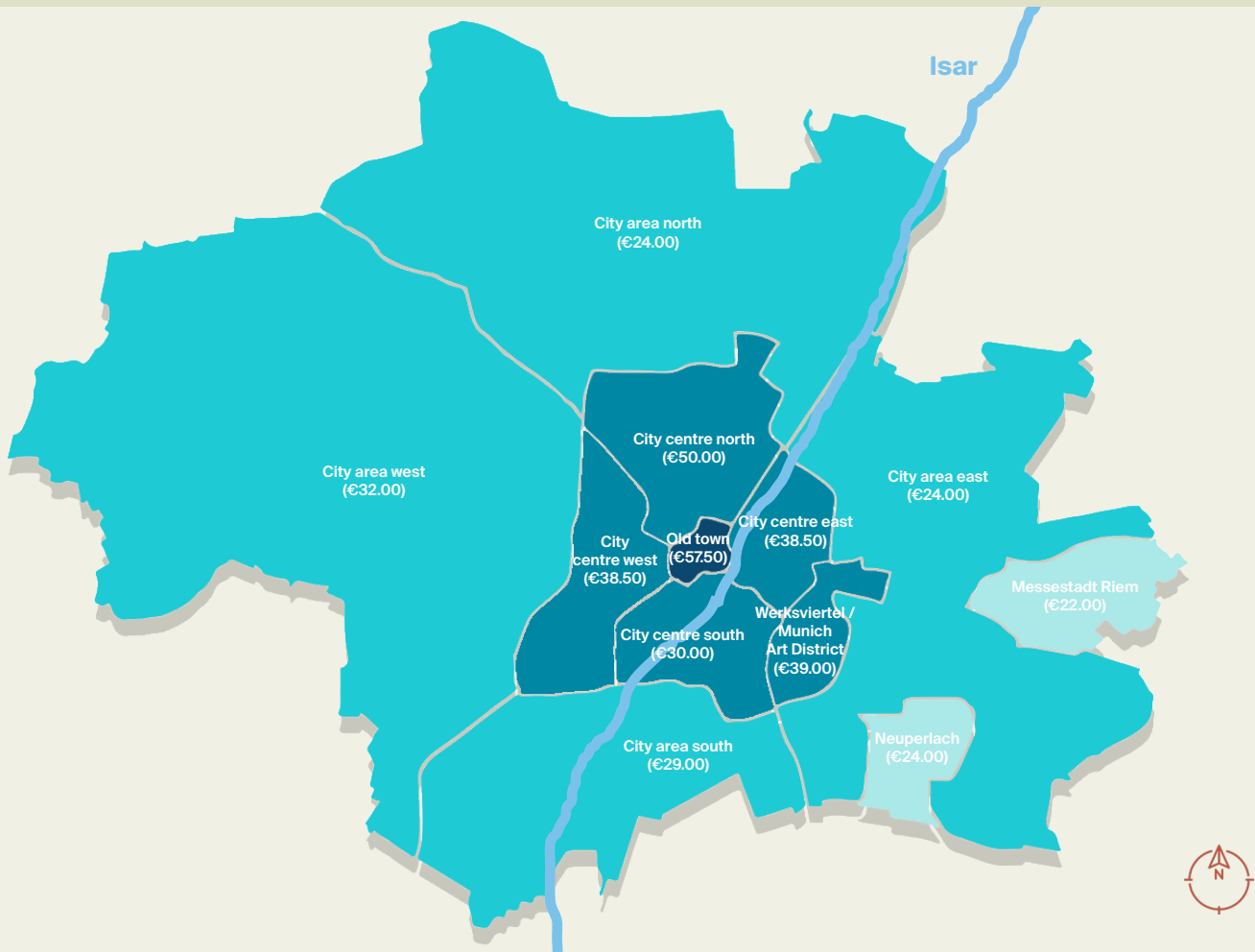
499,300

Under construction in sqm



OVERVIEW SUBMARKETS

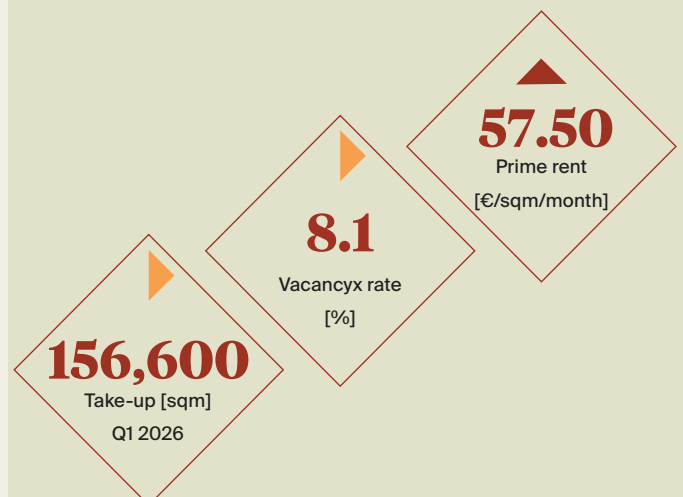
	CBD	City Centre	City Area	Periphery
Rental range [€/sqm/month]	39.00 - 61.00	28.00 - 53.00	16.50 - 32.00	11.00 - 24.00
Vacant space [sqm]	13,000	320,000	889,400	655,000
Vacancy rate [%]	1.5	4.3	9.5	13.5
Take-ups [sqm]	9,600	119,800	46,000	16,500



OUTLOOK

Looking ahead to the remainder of 2026, Munich's office market is expected to show increasing stabilisation alongside further differentiation by location and quality. Demand will remain focused on modern, ESG-compliant buildings in central, well-connected locations, while functionally obsolete stock and peripheral submarkets are likely to remain under pressure. Occupiers are also acting with greater selectivity than in previous years. The ongoing flight to quality will continue to shape market dynamics. Further polarisation is anticipated, with prime locations benefiting from limited supply and resilient demand, supporting additional rental upside, while secondary locations are expected to record stable to weaker performance. Despite the solid start to 2026, a broad-based cyclical recovery is unlikely. Instead, asset quality, location and adaptability will be the key determinants of leasing activity in the coming quarters.

TREND



Investment Market Overview

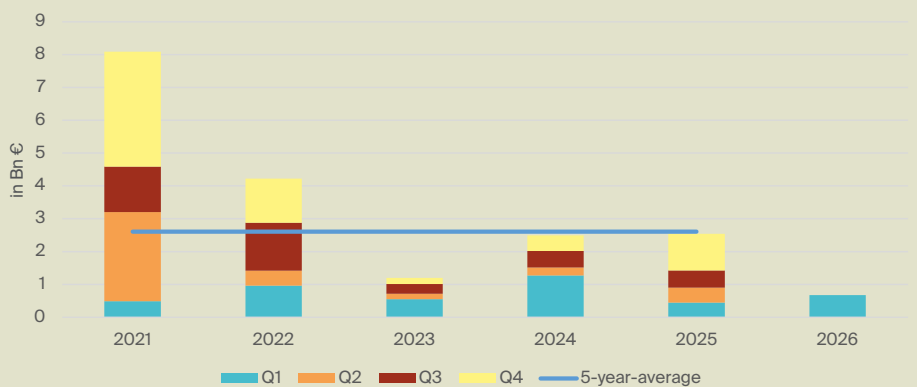
► Munich's investment market recorded a significantly stronger start to 2026 compared with the previous year. Transaction volume in the first quarter totalled approximately €672 million, representing an increase of around 50% year-on-year (Q1 2025), while remaining just under 10% below the five-year Q1 average. Compared with the exceptionally strong final quarter of 2025, volumes declined by an expected 40%, underlining the market's continued quarterly volatility.

Transaction activity was driven by a limited number of large-scale individual deals, delivering a stable overall result despite a challenging financing environment. Key momentum was provided by transactions such as the sale of the Alte Akademie and acquisitions by Stadtwerke München. With a volume of approximately €423 million, office assets once again constituted the dominant asset class, accounting for nearly 63% of total investment volume. The hotel sector captured a 14% share, while light industrial and logistics assets accounted for 12%, and other asset classes for around 11%. Retail properties played no role in the first quarter.

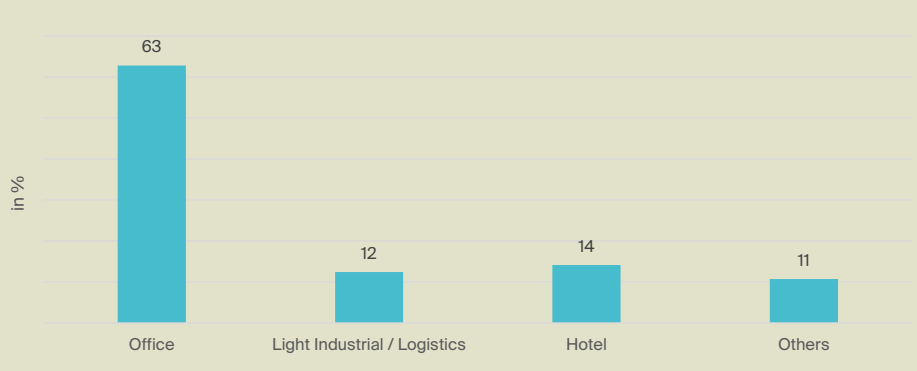
On the buyer side, activity was primarily shaped by private investors and family offices, supported by continued participation from the public sector. By contrast, international investors remained more cautious, particularly due to heightened yield expectations within the core segment. Despite ongoing geopolitical uncertainty, pricing conditions remained stable. Prime office yields held at approximately 4.3%, indicating a sideways movement at an elevated level. Overall, the strong start to the year points to a gradual convergence of buyer and seller expectations for high-quality core and core-plus assets, with product quality and location strength continuing to define market dynamics.



TRANSACTIONS VOLUME



TRANSACTION VOLUME BY ASSET CLASS Q1 2026



OUTLOOK

Looking ahead to the remainder of 2026, Munich's investment market is expected to enter a stabilised yet highly selective phase. Following the strong start to the year, transaction activity is likely to remain deal-driven, focusing on a limited number of large-volume core and core-plus transactions. Market dynamics will remain highly supply-dependent and timing-sensitive. Investor demand will continue to prioritise high-quality office assets in established inner-city locations, characterised by stable cash flows, sustainable building structures and strong ESG credentials. Secondary assets are expected to attract interest primarily within the context of value-add and repositioning strategies, further reinforcing price and risk differentiation. The buyer base in 2026 is likely to remain dominated by private investors, family offices and the public sector, while institutional and international capital continues to pursue a selective approach. Prime yields around 4.3% support expectations of ongoing price stability at a high level, with asset quality and location fundamentals remaining decisive for transaction viability.

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