

# Munich Office Spotlight



Q2 2024

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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► The strong start to the year on the Munich office market continued in the second quarter. With a half-year result of 294,000 sqm, Munich ranks at the top of the seven most important markets. Although the result is 16% below the long-term average (351,000 sqm), the comparable figure for the previous year was exceeded by 23%, which underlines the positive market dynamics.

The result is driven by major deals of over 5,000 sqm in the first half of the year and the continued increase in the number of lettings. The largest deal of the quarter was the owner-occupier transaction of the Bayerische Versorgungskammer with 28,000 sqm in the “Tridea”, followed by the letting of 5,000 sqm in the “Alphahaus” to the Fortbildungszentrum der Bayerischen Wirtschaft. Kraftanlagen Energies & Services also signed a lease agreement for 4,800 sqm at the ADAC headquarters.

## Positive market trend continues, demand for premium space remains strong, prime rents reach new all-time high

A differentiated view of the market is still required. While the demand for high-quality office space in prime locations remains unbroken, older existing properties are increasingly struggling with vacancies. This is reflected in the respective figures. Vacancies reached just under 1.5 million sqm (+15% compared to Q2 2023) at the end of the second quarter, which corresponds to a vacancy rate of 6.5%. The supply of available premium space is scarce, which increases the pressure on prime rents. At €52.00/sqm/month, another all-time high was reached, while the average rent, as in the previous quarter, stood at €25.00/sqm/month.

# 294,000

Take-up [sqm]

# 6.5

Vacancy rate [%]

# 52.00

Prime rent [€/sqm/month]

# 143,000

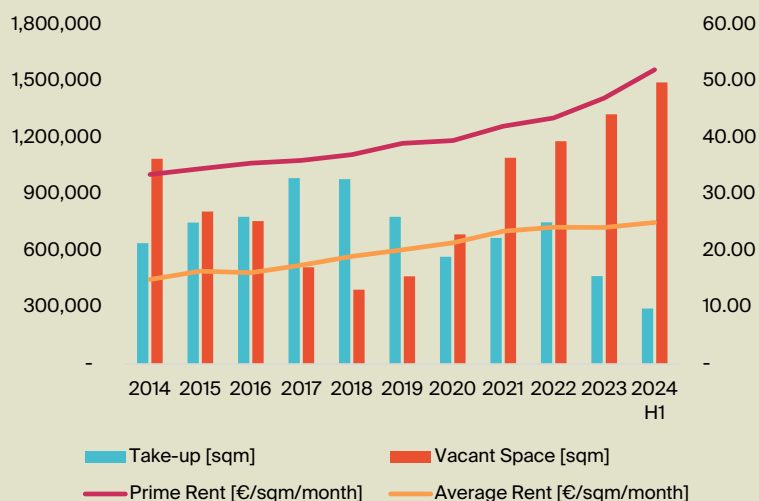
Completions [sqm]

# 712,000

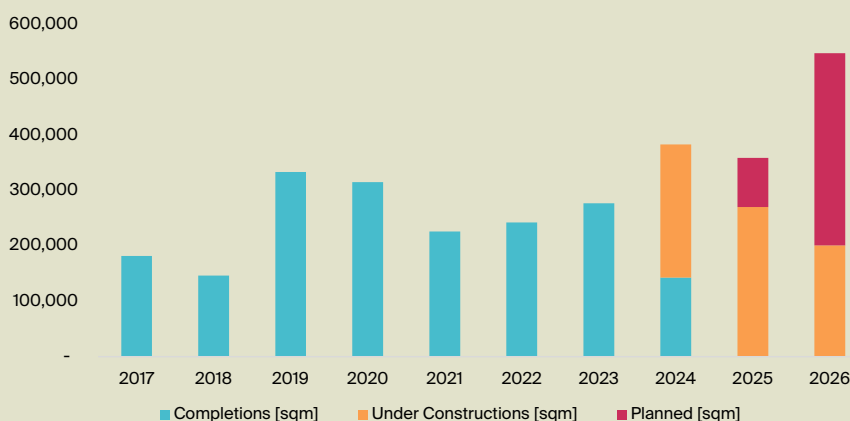
Under construction [sqm] (2024-2026)



### OVERVIEW

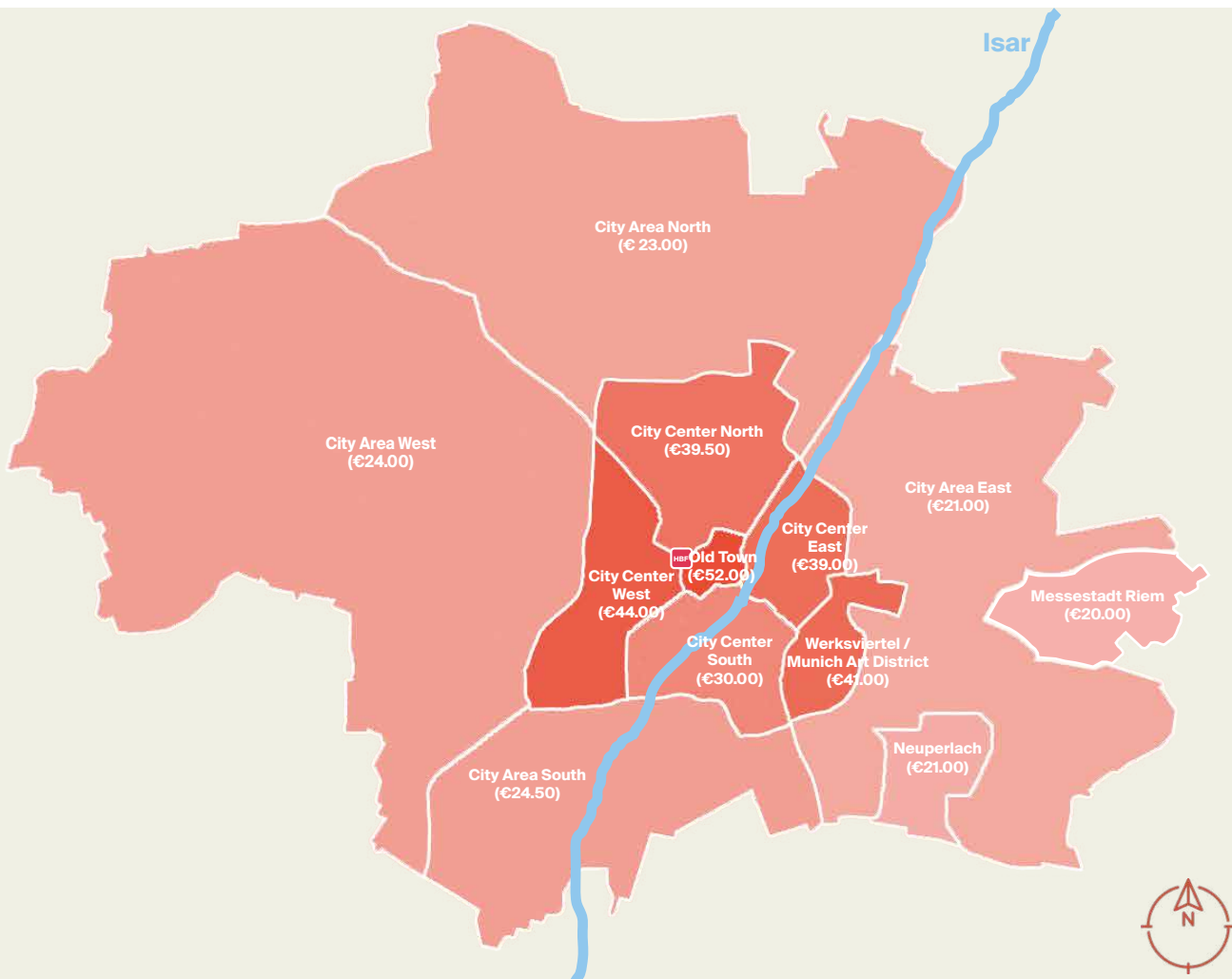


### DEVELOPMENTS



## OVERVIEW SUBMARKETS

	Old Town	City Center	City Area	Periphery
<b>Rental Range [€/sqm/month]</b>	34.00 - 52.00	19.50 - 44.00	12.50 - 24.50	10.00 - 20.00
<b>Vacant Space [sqm]</b>	15,000	302,500	594,000	566,800
<b>Vacancy Rate [%]</b>	1.8	4.0	6.6	11.1
<b>Completions [sqm]</b>	30,800	26,900	85,300	-
<b>Under Construction [sqm]</b>	12,500	317,100	294,000	88,000

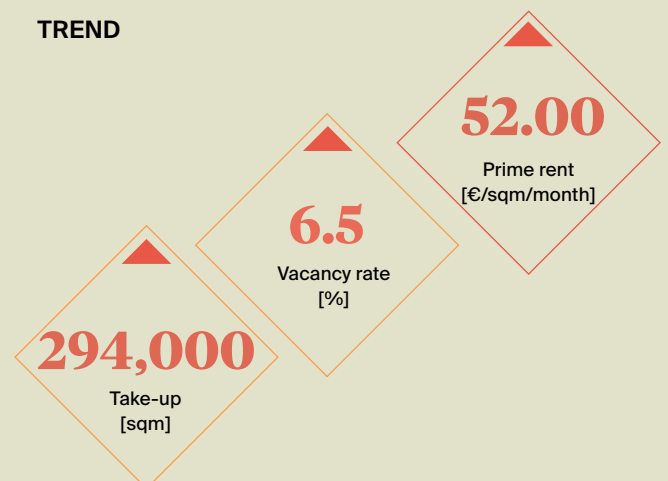


## OUTLOOK

Momentum on the Munich office rental market has steadily increased in recent quarters. Assuming the same development in the second half of the year, take-up of 550,000 sqm to 600,000 sqm seems realistic for the year as a whole. The high demand for premium space coupled with low supply and limited new construction activity indicates a further increase in prime rents.

It can be assumed that the vacancy rate will continue to rise in the coming quarters, with decentralized submarkets with older stock being particularly affected.

## TREND



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