Munich Office Spotlight

Q2 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

Following a solid start to the year, leasing momentum in the Munich office market eased somewhat in the second quarter of 2025. While the first quarter recorded a take-up of approximately 138,000 sqm, the second quarter saw around 118,000 sqm transacted. This brings total take-up for the first half of the year to approximately 256,000 sqm, which is roughly 27% below the long-term average and about 13% below the figure for the same period last year. Among Germany's top seven office markets, only Frankfurt achieved a higher take-up volume, primarily driven by a few atypically large transactions that are not reflective of the broader market trend.

Munich's second-quarter result was supported in particular by several major leases, including:

- **16,000 sqm taken by the tax authority at the "Steuercampus" (an owner-occupier transaction)**
- **5,600 sqm leased by Innoscripta SE at Landsberger Straße 150–154**
- **4,900 sqm taken by Agile Robots SE in the "SoHo"**

In terms of sector activity, public authorities accounted for 18% of total take-up, followed closely by the IT sector at 17%, and industrial companies at 16%. Overall, the Munich market continues to exhibit a broad sectoral mix.

The vacancy rate in Munich rose slightly from 7.9% in the previous quarter to 8.0%, equating to a total vacant stock of around 1.85 million sqm. While the upward trend in vacancy continues, the pace of increase has recently shown signs of slowing.

Ongoing strong demand for modern space in central locations continued to put upward pressure on rents. Compared to the first quarter of 2025, prime rents increased by €1.50 to €55.00/sqm/month, while average rents rose from €26.00 to €27.50/sqm/month.

256,000

Take-up [sqm] (H1 2025)

8.0

Vacancy rate [%]

55.00

Prime rent [€/sqm/month]

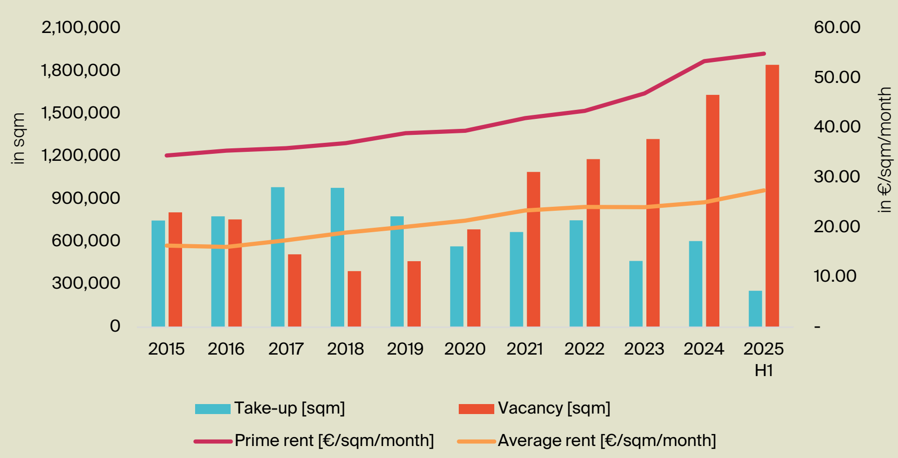
98,100

Completions [sqm] (H1 2025)

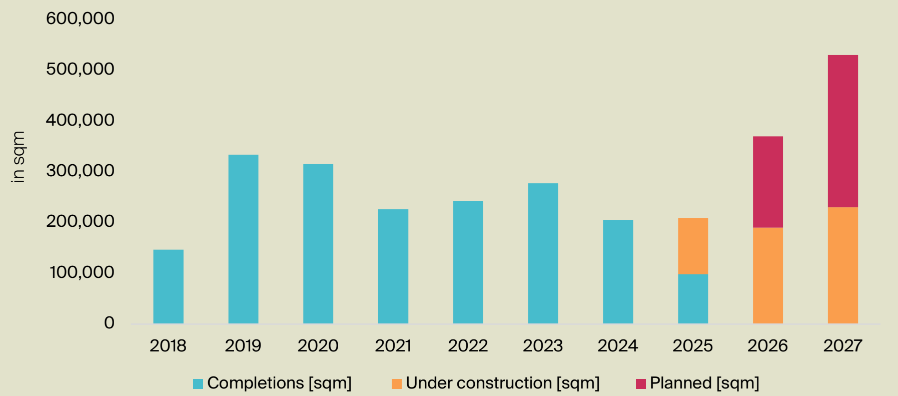
531,000

Under construction [sqm]

OVERVIEW

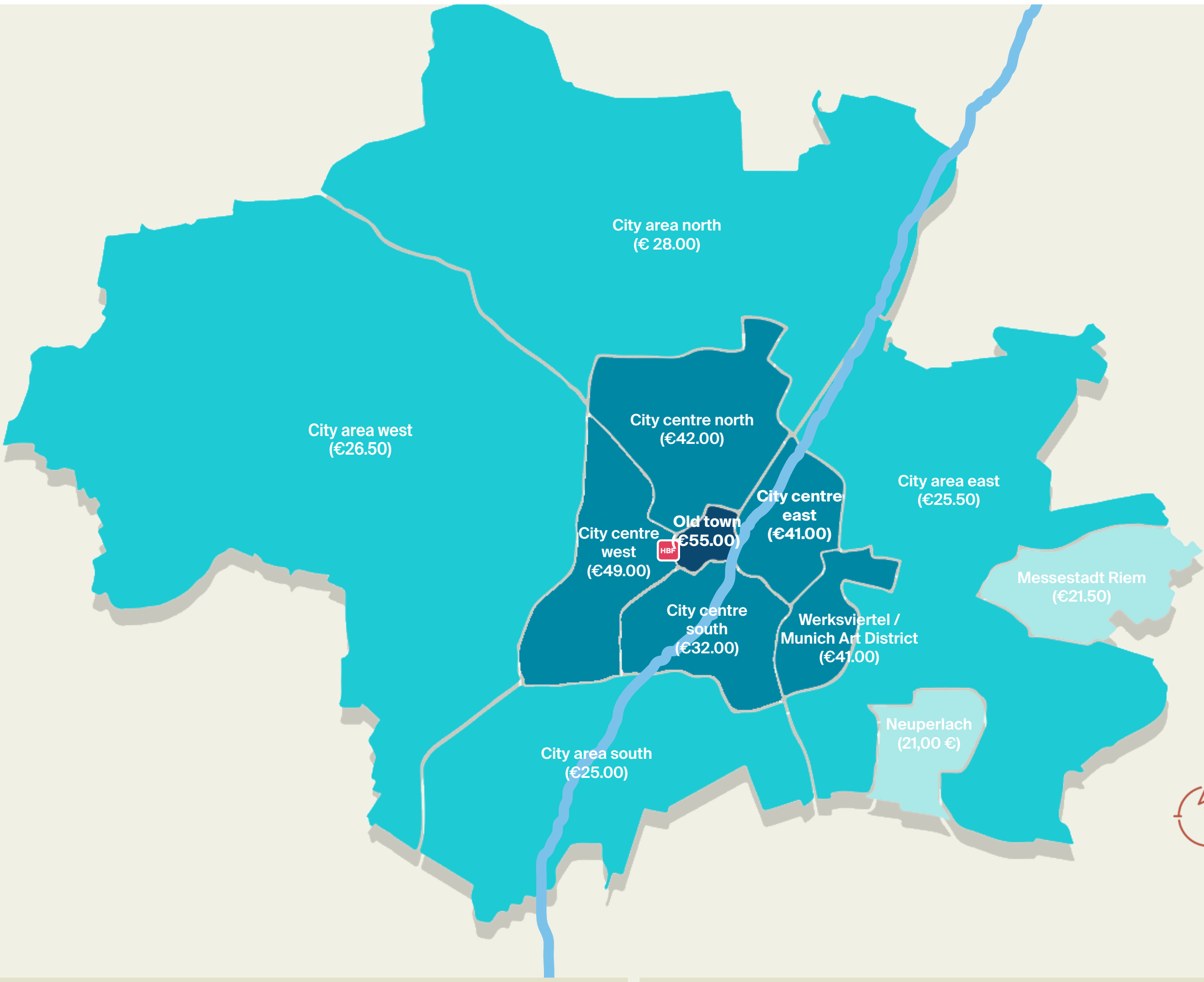


DEVELOPMENT



OVERVIEW SUBMARKETS

	CDB	City Centre	City Area	Periphery
Rental range [€/sqm/month]	38.00 - 55.00	26.00 - 49.00	16.00 - 28.00	11.00 - 20.00
Vacant space [sqm]	12,900	313,400	849,700	670,000
Vacancy rate [%]	1.6	4.0	7.8	12.3
Completitions [sqm]	-	65,300	25,800	6,000
Under construction [sqm]	83,000	233,400	171,600	43,000



OUTLOOK

Despite a below-average performance in the first half of the year, sentiment on the Munich office market remains positive. Munich continues to hold a strong position among Germany's top seven office markets. Several large-scale active requirements and a renewed uptick in demand for larger units suggest that take-up could regain momentum in the coming quarters. An annual take-up volume between 550,000 sqm and 600,000 sqm still appears achievable.

Modern office space in central locations remains highly sought after due to limited availability, providing further upward potential for rental growth. In contrast, vacancy rates in less central areas with older building stock are likely to rise moderately over the coming months.

TREND

55.00
Prime rent
[€/sqm/month]

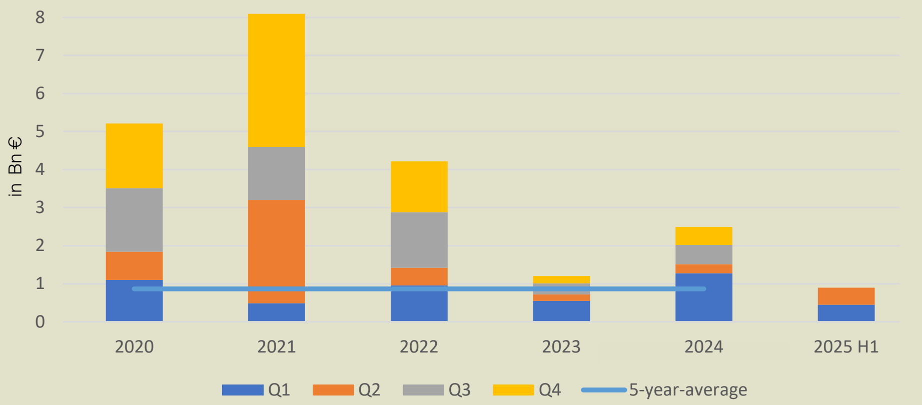
8.0
Vacancy rate
[%]

256,000
Take-up
[sqm]

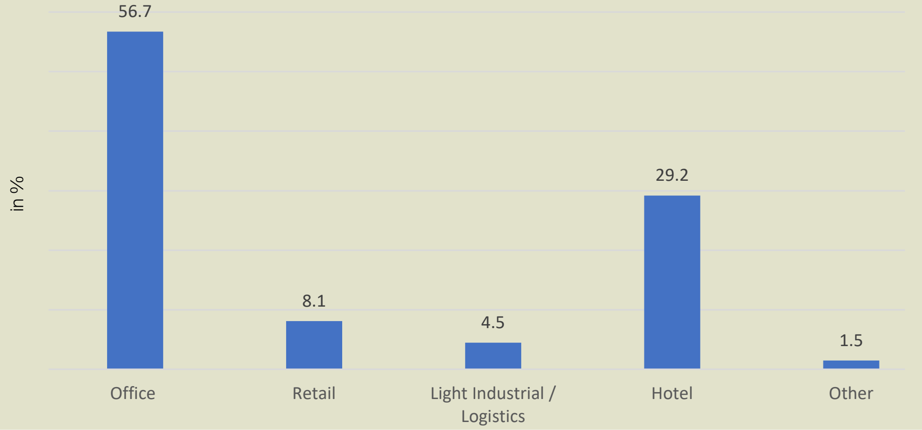
Overview investment market

In the first half of 2025, the Munich commercial real estate investment market recorded a total transaction volume of approximately €900 million. Of this amount, around €449 million was generated in the first quarter and roughly €451 million in the second, making Q2 slightly stronger than the start of the year. While the half-year result is around 40% below the previous year's figure and approximately 55% below the long-term average, it is important to note that H1 2024 was significantly influenced by the landmark sale of the "Fünf Höfe" property, which alone contributed approximately €750 million to the transaction volume at the time. Despite the decline, Munich once again ranks second among Germany's top seven investment markets, trailing only Berlin, which recorded a volume of around €1.25 billion. Office properties maintained their position as the leading asset class throughout both quarters of 2025, accounting for 56% of total transaction volume in the first half of the year. The most notable deal was the sale of the "Momenturm" development project at Rosenheimer Straße 139, which changed hands for approximately €150 million. The hotel segment experienced a noticeable upswing in the first half of 2025. While it played only a minor role during the same period in 2024, it now accounts for around 30% of total investment volume. This was largely driven by the €150 million sale of the Mandarin Oriental in Munich, complemented by several smaller hotel transactions. The retail sector, by contrast, showed a significantly weaker performance and accounted for only 7% of the transaction volume in H1 2025, marking a clear decline compared to the previous year. Prime office yields remained stable at 4.30%, showing no movement compared to the previous quarter.

TRANSACTION VOLUME



TRANSACTION VOLUME BY ASSET CLASS



OUTLOOK

Although the Munich investment market did not reach the previous year's level or the long-term average in terms of transaction volume by mid-2025, the overall outlook remains positive. Munich continues to assert its strong position among Germany's leading real estate markets, with office properties remaining the backbone of investment activity. While geopolitical tensions and the economic repercussions of ongoing trade conflicts are currently dampening investment momentum, government spending particularly in infrastructure and defense could generate positive stimuli for the Munich property market. Despite ongoing uncertainties, a full-year transaction volume of around €2 billion is still considered realistic. This expectation is underpinned by the increased supply of investable properties, which is likely to grow further over the coming quarters. Combined with rising interest from institutional investors, this could bring a higher-than-expected annual result within reach.

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