

# Munich Office Spotlight



Q3 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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With take-up of around 152,000 sqm in the third quarter, the Munich office market is building on the strong first half of the year. The result for the current year is around 446,000 sqm, which once again puts Munich at the top of the top 7 markets. The comparable figure for the previous year was exceeded by 37% (Q3 2023: 324,500 sqm), which highlights the constant market momentum. As in the previous quarter, the positive development was driven by large deals of over 5,000 sqm and the increased number of lease contracts signed. The largest deal of the quarter was the letting of 18,000 sqm to the Free State of Bavaria for the Bavarian state parliament in the "LEHELs", followed by the Interhyp Group's letting of 9,000 sqm in the "i-Campus i8". Siemens Betriebskrankenkasse SBK also signed a lease for 5,100 sqm in the "New Ganghofer". The strongest demand group in the third quarter was made up of companies from the industrial sector (18%), followed by companies from the ICT sector (14%) and public administration (12%). At 53%, around half of the volume was accounted for by the small to medium-sized segments (up to 1,500 sqm).

## Continued recovery on the Munich office market, premium space still in high demand, prime rent reaches all-time high once again

Tenants continue to focus on premium space in top locations, which is reflected in a further supply-driven increase in prime rents. At the end of the third quarter, a new all-time high of €53.00/sqm/month (+15% compared to Q3 2023) was reached. The average rent remained almost unchanged at €24.90/sqm/month. The vacancy rate rose slightly compared to the previous quarter and stood at around 1.52 million sqm at the end of the third quarter (+15% compared to Q2 2023). The heterogeneous nature of the submarkets must be taken into consideration when analyzing vacancy trends. While the overall market has a vacancy rate of 6.6%, it is only 1.7% in the Old Town, which underlines the dependence on location when renting space.

# 446,000

Take-up [sqm]

# 6.6

Vacancy rate [%]

# 53.00

Prime rent [€/sqm/month]

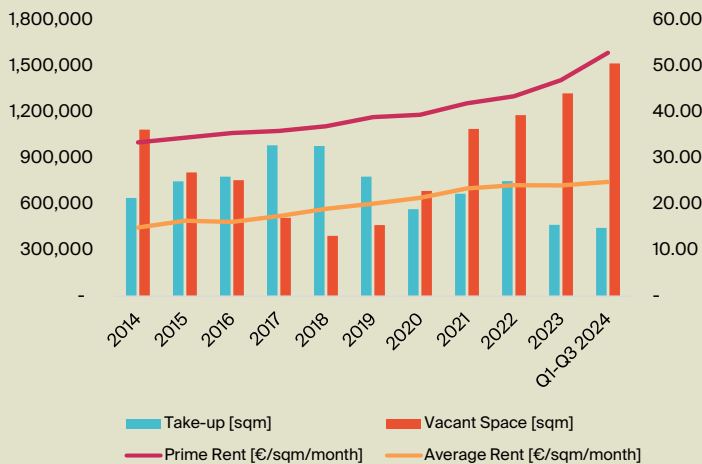
# 170,000

Completions [sqm] (Q1-Q3 2024)

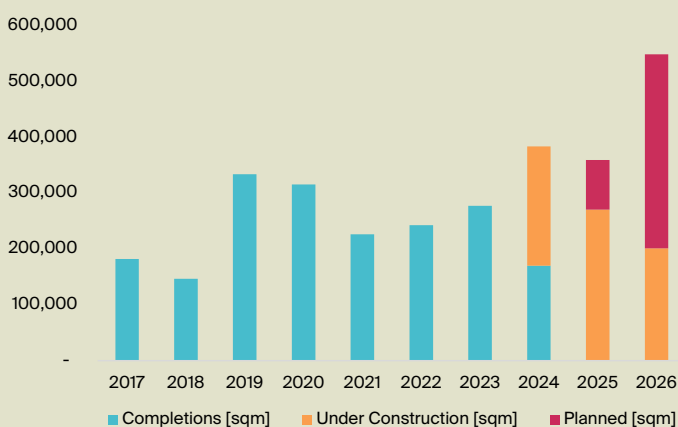
# 684,400

Under construction [sqm] (2024-2026)

### OVERVIEW

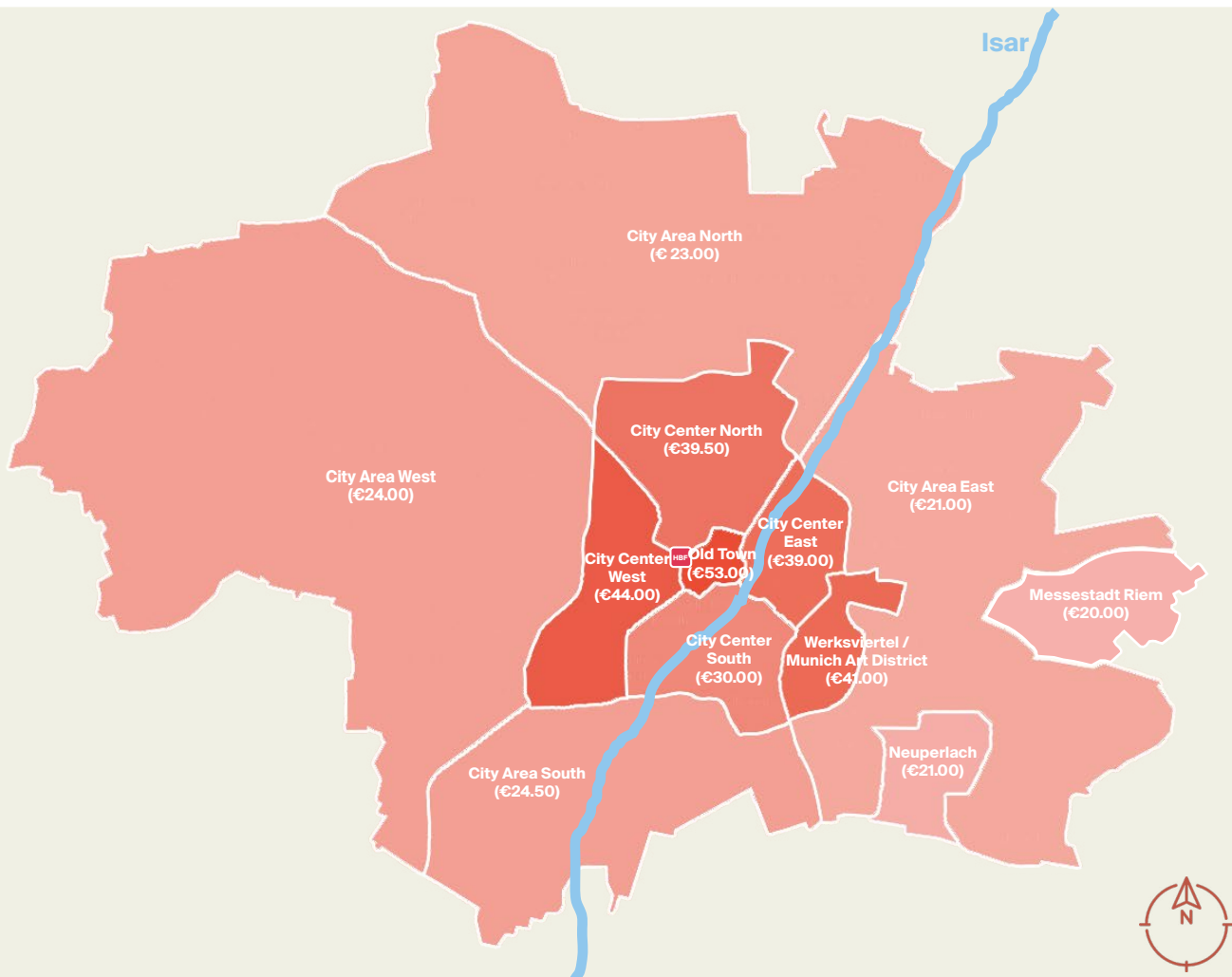


### DEVELOPMENTS



## OVERVIEW SUBMARKETS

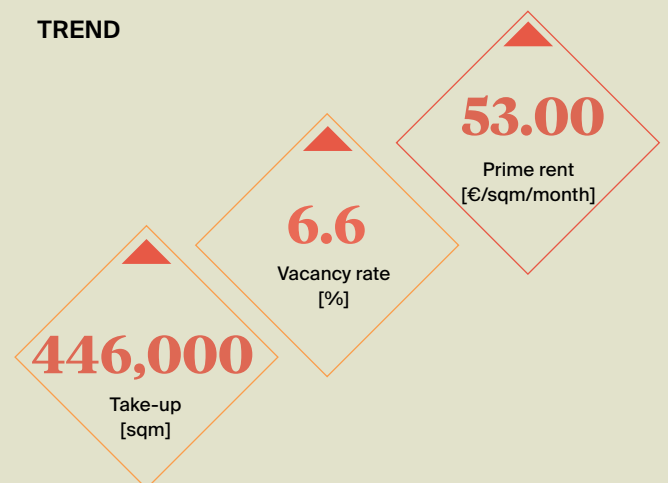
	Old Town	City Center	City Area	Periphery
<b>Rental Range [€/sqm/month]</b>	25.00 - 53.00	19.50 - 44.00	12.00 - 24.50	10.00 - 20.00
<b>Vacant Space [sqm]</b>	14.000	323,000	602,100	580.800
<b>Vacancy Rate [%]</b>	1.7	4.1	7.2	11.4
<b>Completions [sqm]</b>	30,800	48,900	90,300	-
<b>Under Construction [sqm]</b>	12,500	289,900	294,000	88,000



## OUTLOOK

The momentum on the Munich office leasing market has steadily increased in the first nine months of the year. Take-up of 600,000 sqm for the year appears realistic, particularly in view of upcoming major lettings. Due to the high demand for high-quality space coupled with low supply and declining new construction activity, a further increase in prime rents is the most likely scenario. It can be assumed that the vacancy rate will continue to rise in the coming quarters, which will primarily be reflected in a supply overhang in decentralized submarkets with old stock.

## TREND



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