

Munich Office Spotlight



Q4 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

► The Munich office market regained momentum in the fourth quarter of 2025, recording take-up of approximately 170,000 sqm, the strongest quarterly result of the year. Total annual take-up reached around 576,000 sqm, representing a decline of approximately 5% compared with the previous year and standing about 6% below the five-year average. In a comparison of Germany's seven largest office markets, Munich ranked second behind Frankfurt. Despite the year-on-year decrease, occupier demand proved resilient and broadly based across all size brackets.

Annual take-up was underpinned by several sizeable transactions, including:

- **33,000 sqm leased by Siemens AG at "PANDION OFFICEHOME Beat"**
- **12,400 sqm leased by Penguin Random House at "SUN"**
- **12,300 sqm leased by Schaeffler at "Tomorrow"**

Tenant activity over the course of the year was predominantly concentrated in central locations. CBD West emerged as the most active submarket, accounting for approximately 18% of total take-up, followed closely by CBD East with just under 17%. The old town submarket ranked third, capturing around 8% of overall demand. Ongoing preference for well-connected, centrally located space continues to underpin rental levels across the inner-city markets.

The vacancy rate in Munich edged down marginally to 8.0% at year-end, equivalent to approximately 1.85 million sqm of vacant space. This suggests that the prolonged phase of vacancy expansion is beginning to stabilise, with the market likely having reached its cyclical peak. Demand for modern, high-quality office accommodation remains firm, supporting a stable prime rent of €55.00 per sqm per month. The average rent increased slightly to €28.30 per sqm per month.

576,000

Take-up [sqm] (Q1-Q4 2025)

8.0

Vacancy rate [%]

55.00

Prime rent [€/sqm/month]

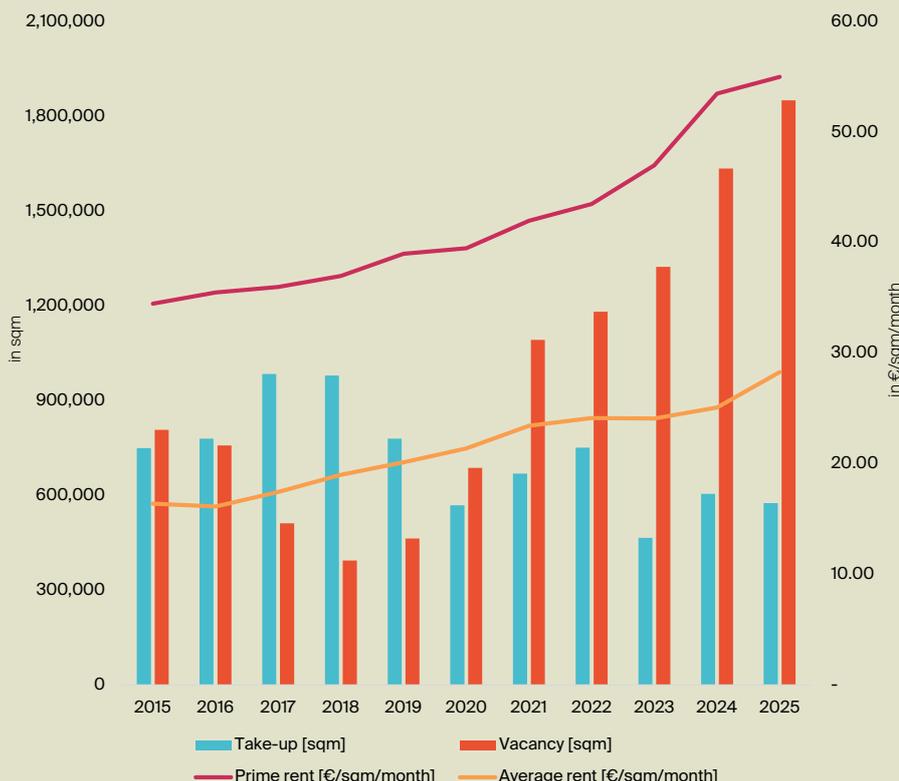
187,000

Completions [sqm] (Q1-Q4 2025)

585,000

Under construction [sqm]

OVERVIEW



OVERVIEW SUBMARKETS

	CDB	City Centre	City Area	Periphery
Rental range [€/sqm/month]	39.00 - 55.00	28.00 - 51.00	16.50 - 29.00	11.00 - 20.00
Vacant space [sqm]	18,900	319,400	873,500	639,200
Vacancy rate [%]	1.8	4.5	9.0	13.0
Completions [sqm]	16,000	73,000	52,900	45,100
Under construction [sqm]	118,700	279,100	168,200	19,000

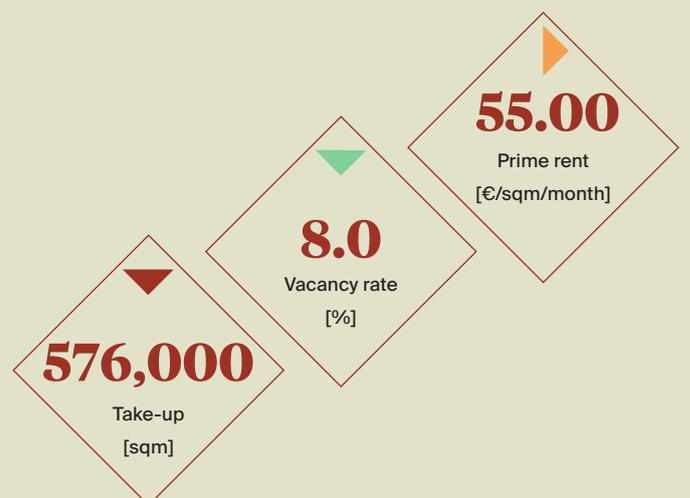


OUTLOOK

Following a strong year-end and a broad-based recovery in leasing activity, the outlook for the Munich office market in 2026 is cautiously optimistic. The robust fourth-quarter performance and Munich's continued strength in the national context highlight the market's solid fundamentals. Central locations are expected to remain the primary focus of occupier demand, although leasing activity is also showing signs of extending into non-core submarkets.

On the supply side, early indicators point towards a moderation in vacancy growth. The recent stabilisation in the vacancy rate suggests a gradual easing of market pressures. At the same time, competition for modern, well-specified office space remains intense, which is expected to support prime rents and may allow for selective rental growth. Overall, the Munich office market enters the new year with resilient occupier demand, stabilising supply dynamics and supportive underlying conditions.

TREND



Overview investment market

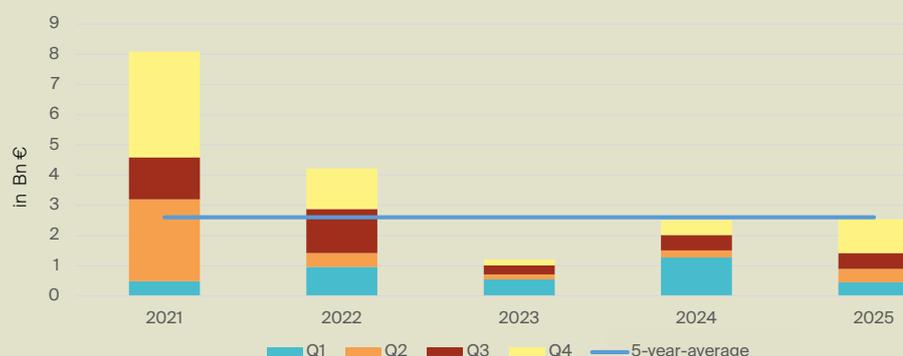
► The Munich investment market benefited from an exceptionally strong year-end in 2025. Transaction volume in the fourth quarter alone totalled approximately €1.12bn, accounting for around 44% of the annual volume. Overall, investment turnover for 2025 reached approximately €2.54bn, representing an increase of around 2% year-on-year, while remaining slightly below the five-year average.

The pronounced uplift in activity during the final quarter was primarily driven by several large single-asset transactions. Market activity was significantly shaped by the sale of the former Signa assets “Oberpollinger” and “Corbinian” in Munich’s city centre, both of which were transacted at three-digit million euro price levels and made a substantial contribution to the strong year-end performance. These exceptional transactions injected additional momentum into the investment market towards the end of the year and offset the comparatively subdued transaction activity seen earlier in 2025. At the same time, the market is showing increasing alignment between buyers and sellers for high-quality core and premium assets.

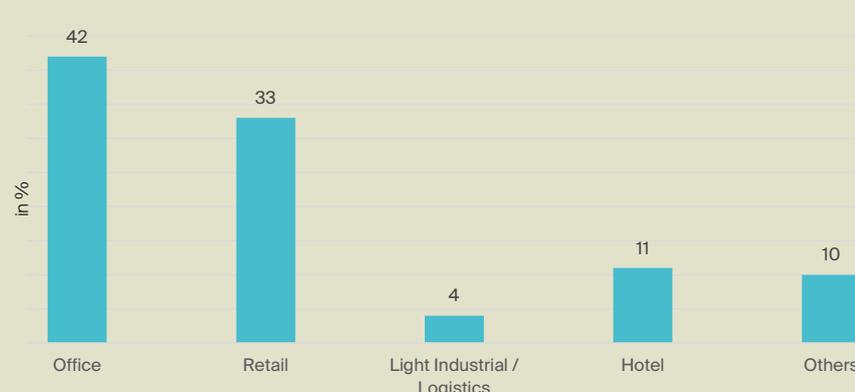
Office properties remained the dominant asset class over the full year 2025, accounting for approximately 42% of total transaction volume. Compared with the third quarter, however, the office share declined slightly and continues to sit below historic market levels. The retail sector ranked as the second-largest asset class with a share of around 33%, driven in particular by the disposals of “Sporthaus Schuster”, “Hirmer flagship store” and “Oberpollinger” in the second half of the year. The hotel sector accounted for approximately 11% of total volume and remained stable. Light industrial and logistics assets played a more marginal role, contributing around 4%. Overall, investment activity was broadly diversified across multiple asset classes. Investor caution remains evident amid the current financing environment and continues to influence price discovery. In the office segment, prime yields remained stable at 4.30%.



TRANSACTION VOLUME



TRANSACTION VOLUME BY ASSET CLASS 2025 (Q1-Q4)



OUTLOOK

The Munich investment market closed 2025 with a stable annual result. While a weaker outcome had appeared likely at times during the year, the strong final quarter lifted total transaction volume to a level slightly above that of the previous year. Once again, a small number of large-scale transactions provided decisive impetus for overall market activity. This performance provides a solid starting position for Munich as an investment location entering 2026. At the same time, it remains to be seen to what extent comparable large-ticket transactions can be realised in the coming months. Broad-based demand across asset classes is supportive, while the market environment continues to be shaped by developments in the financial and geopolitical spheres. Assuming stable underlying conditions, prime yields are expected to move broadly sideways at the beginning of the year.

CONTACT

Knight Frank GmbH & Co. KG
Prinzregentenstraße 22
80538 Munich
Germany

Sarah Červinka
Managing Partner | Head of Branch
+49 89 83 93 12 133
+49 170 8000782
sarah.cervinka@knightfrank.com

Sandra Baumgarten
Senior Research Consultant
+49 89 83 93 12 190
+49 170 9601040
sandra.baumgarten@knightfrank.com